

Sevan Marine ASA

Presentation of first quarter results 2014



Hotel Continental, Oslo, 21 May 2014
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- First quarter highlights
- Floating Production (FPSO, FSO, FLNG)
- Other Applications (Drilling, Accommodation)
- Investments (Logitel, KANFA/Technip, KANFA Aragon)
- Financials
- Outlook

Highlights

○ Operations

- Operating revenue (24.6 MUSD) was 5.1 MUSD higher than Q1 2013
- EBITDA (1.6 MUSD) was 1.3 MUSD higher than Q1 2013

○ Sales

- High tendering activities within the FPSO/FSO segment expected to materialize in FEED studies and potential license agreements
- The new FLNG concept has been presented to several IOCs and with positive response

○ Finance

- Cash position remains healthy at 37 MUSD as at Q1 2014
- Received settlement from ONGC and proceeds from Technip after balance sheet date

○ Dividend

- Board recommendation to pay dividend

Events after balance sheet date

- Technip acquired 49% of KANFA AS
 - The transaction represents a successful conclusion of the stepwise growth plan for the KANFA Group
 - Creates a platform for further growth whereby a co-operation with Technip will open new market opportunities in terms of project size as well as geographic reach
- Three-party LOI with Teekay and CeFront regarding Logitel
 - Upside: Teekay as Logitel owner with clearly stated strategic intent to become a major player in the floating accommodation market, with skills and financial resources to deliver on their ambitions, and with resulting potential for Sevan
 - Downside protection: The transaction will also significantly reduce Sevan's risk exposure through, inter alia, removal of the intervening party guarantee with Petrobras, and providing a more solid counterparty under the convertible

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Proven technology: Sevan designed FPSOs

Piranema Spirit

Field operator:
Petrobras
Field: Piranema
Location: Offshore
Aracaju, Brasil
Water depth: 1000 m
Hull size: Sevan 300



Hummingbird Spirit

Field operator: Centrica
Field: Chectnut
Location: UK Central
North Sea
Water depth: 120 m
Hull size: Sevan 300



Voyageur Spirit

Field operator: E.ON
Field: Huntington
Location: UK Central
North Sea
Water depth: 91 m
Hull size: Sevan 300



Goliat

Field operator : ENI
Field: Goliat
Location: Sub-arctic Barents
Sea
Hull size: Sevan 1000
Under construction at the HHI
yard in Korea



Western Isles

Field operator: Dana Petroleum
Location: Northern North Sea,
160km east of the Shetlands and
12 km west of Tern
Hull size: Sevan 400
Under construction at the Cosco
yard in China



Sevan FPSOs current prospects

Bream

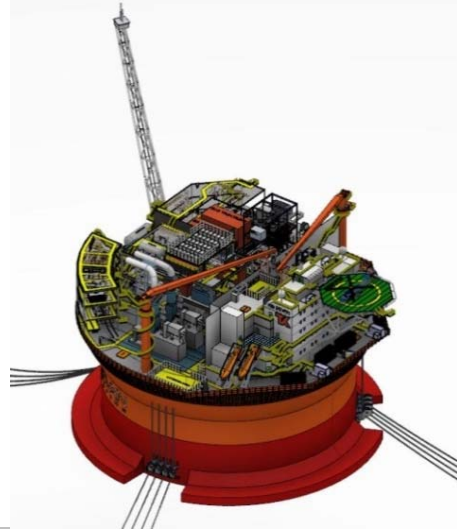
Field operator: Premier Oil

Field: Goliat

Location: Norwegian CNS

Hull size: Sevan 650

FEED expected to commence
June '14



Penguins

Field operator: Shell

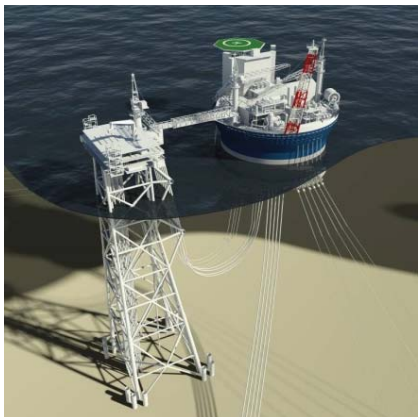
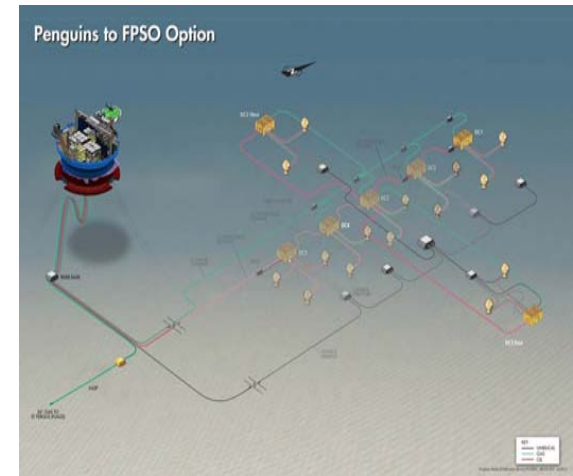
Field: Penguins

Location: Northern North Sea

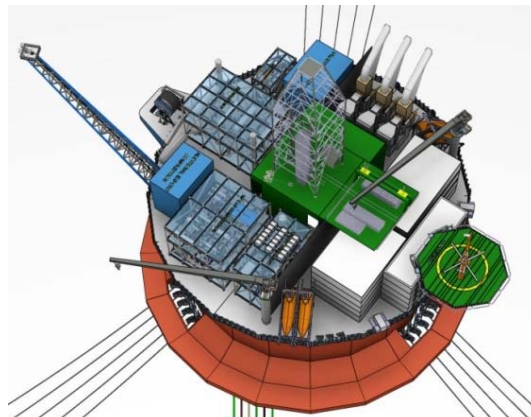
Hull size: Sevan 400

Pre-FEED ongoing

FEED expected to start Q4/'14



Bridge-linked FPSO



FDPSO

- A number of FPSO prospects have been identified among several potential clients

Sevan FSOs current prospects

Bentley

Field operator: Xcite

Field: Bentley

Location: North Sea, UK

Hull size: Sevan 1000

MOU signed between Xcite and Teekay

Pre-FEED ongoing



Sea Lion

Field operator: Premier Oil

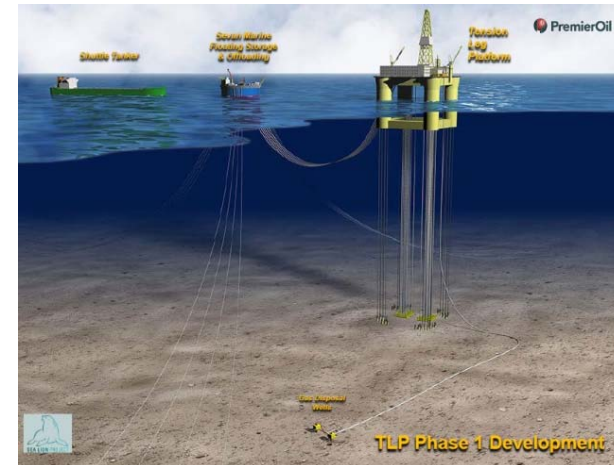
Field: Sea Lion

Location: Falklands Sea

Hull size: TBD

Development concept selected: TLP and FSO with shuttle tanker

Pre-qualification performed



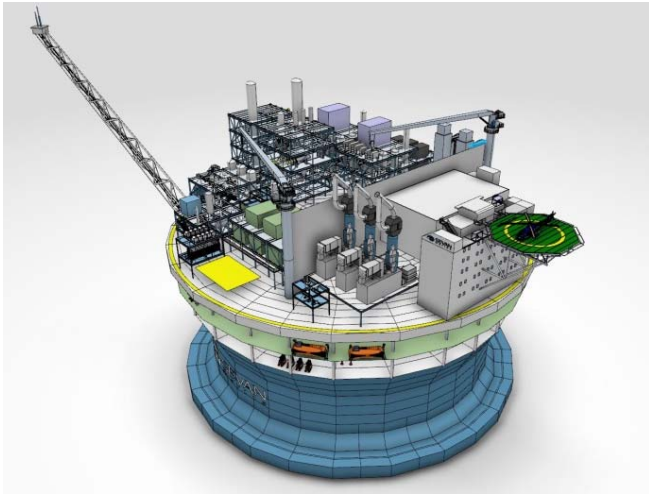
FSO



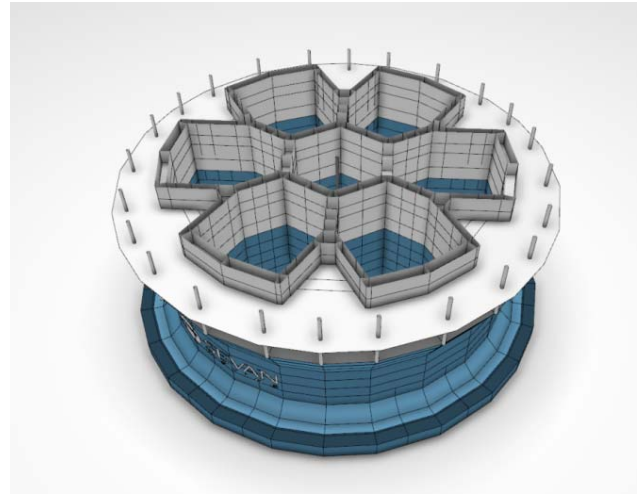
FSO

- Currently working with Teekay Offshore on several potential prospects

Sevan FLNG concept



Topside



Hull and containment



Offloading based on HiLoad

- Conceptual design completed
- Liquefaction technology: KANFA Aragon's Dual Nitrogen Expansion
- Liquefaction capacity: 2.4 mtpa
- Storage capacity: 220,000 m³
- HiLoad technology for offloading
- Constructability study with major Korean yard
- Marketing ongoing
- More than 20 FLNG projects
- Encouraging response from several IOCs

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Proven technology: Sevan designed Drilling Units

Sevan Driller

Field operator: Petrobras
Field: Pre-salt Brazil
Building year: 2009
Design: Sevan 650



Sevan Brasil

Field operator: Petrobras
Field: Pre-salt Brazil
Building year: E2012
Design: Sevan 650



Sevan Louisiana

Field operator: LLOG
Bluewater
Location: US Gulf of Mexico
Building year: E2013
Design: Sevan 650



Sevan Developer

Design: Sevan 650
Building year: 2013 /2014
Yards: Cosco Shipyard, China



Arctic MODU



- Concept study for Arctic MODU currently ongoing in co-operation with Sevan Drilling/North Atlantic Drilling
- FEED expected to start H2 2014

Proven technology: Sevan designed Accommodation Units

Two Accommodation Units under construction

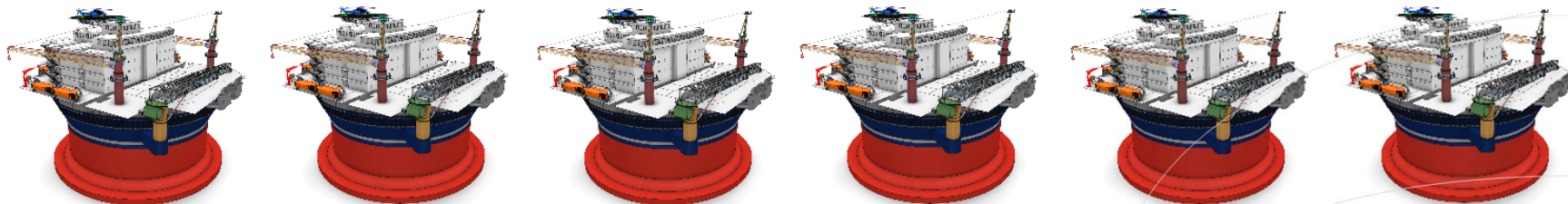


Logitel Offshore has entered into a 3 year charter contract with Petrobras commencing end 2014 for the provision on one accommodation unit, currently under completion at the COSCO yard in China, to be stationed offshore Brazil.



Six FAU Options with the Cosco Shipyard

- Teekay Offshore Partner has signed an MOU with the intention to acquire Logitel Offshore
- Logitel Offshore has the option to build 6 more FAUs at the Cosco Shipyard
- The first option is expected to be called off in 2014



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Logitel Offshore transaction



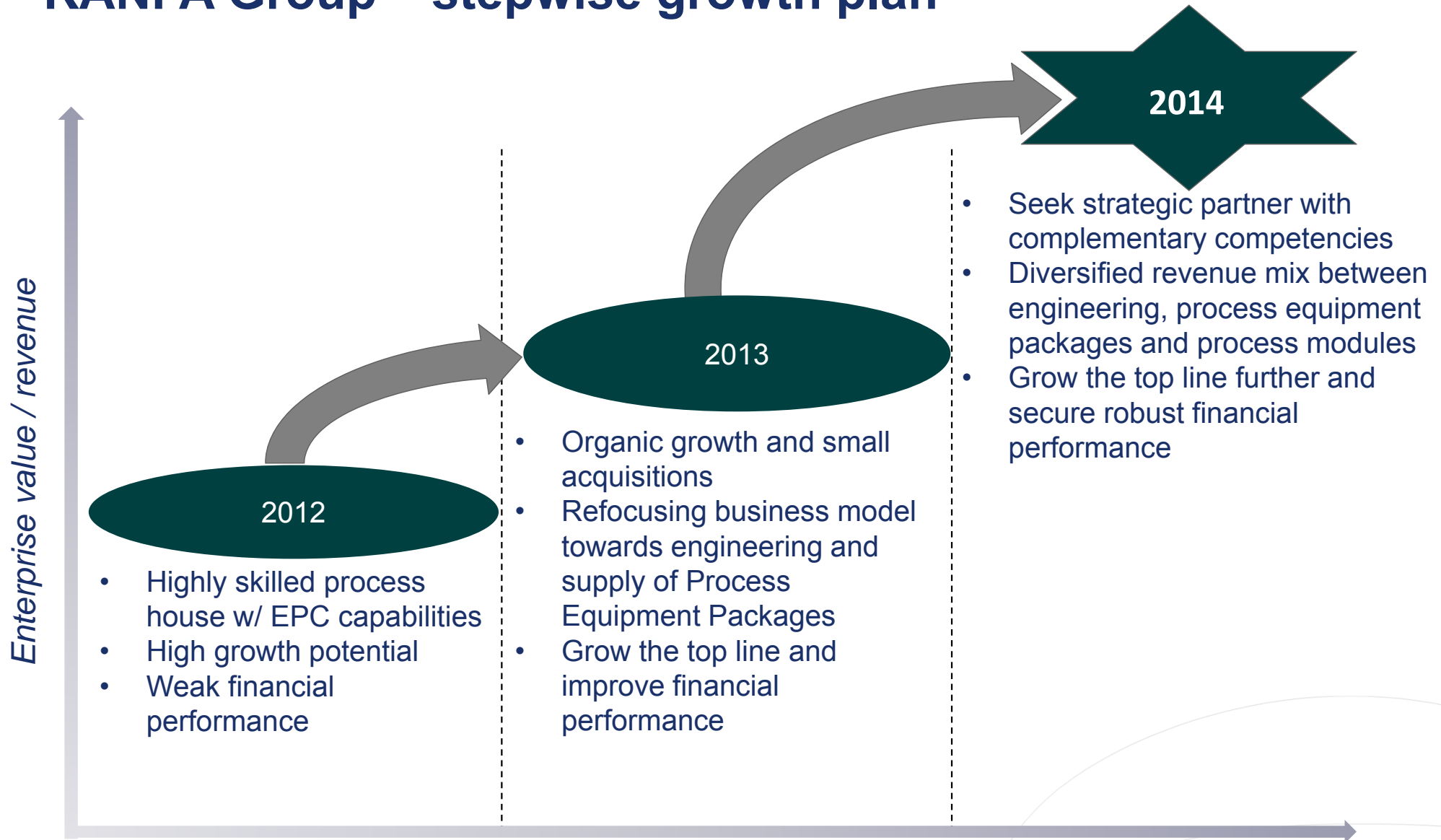
- As holder of the convertible bond, Sevan has entered into a three-party agreement with:
 - Teekay Offshore Partners LP as buyer
 - Cefront Technology AS as seller
 - of Logitel Offshore
- With Teekay acquiring Logitel we see an owner who has the expressed intention to become a major player in the market for Floating Accommodation Units, and with the necessary capital and skill set to deliver upon their ambitions
- Hence representing a new business stream for Sevan

Logitel Offshore transaction cont'd



- Sevan is relieved from its exposure as intervening party under Logitel Offshore's employment contract with Petrobras
- Repayment profile and maturity for the Convertible to be amended to six instalments of 10 MUSD per unit delivered
- Sevan will receive license fees and provide services, as further FAUs are built by TOO
- LOI is expected to become effective within two months

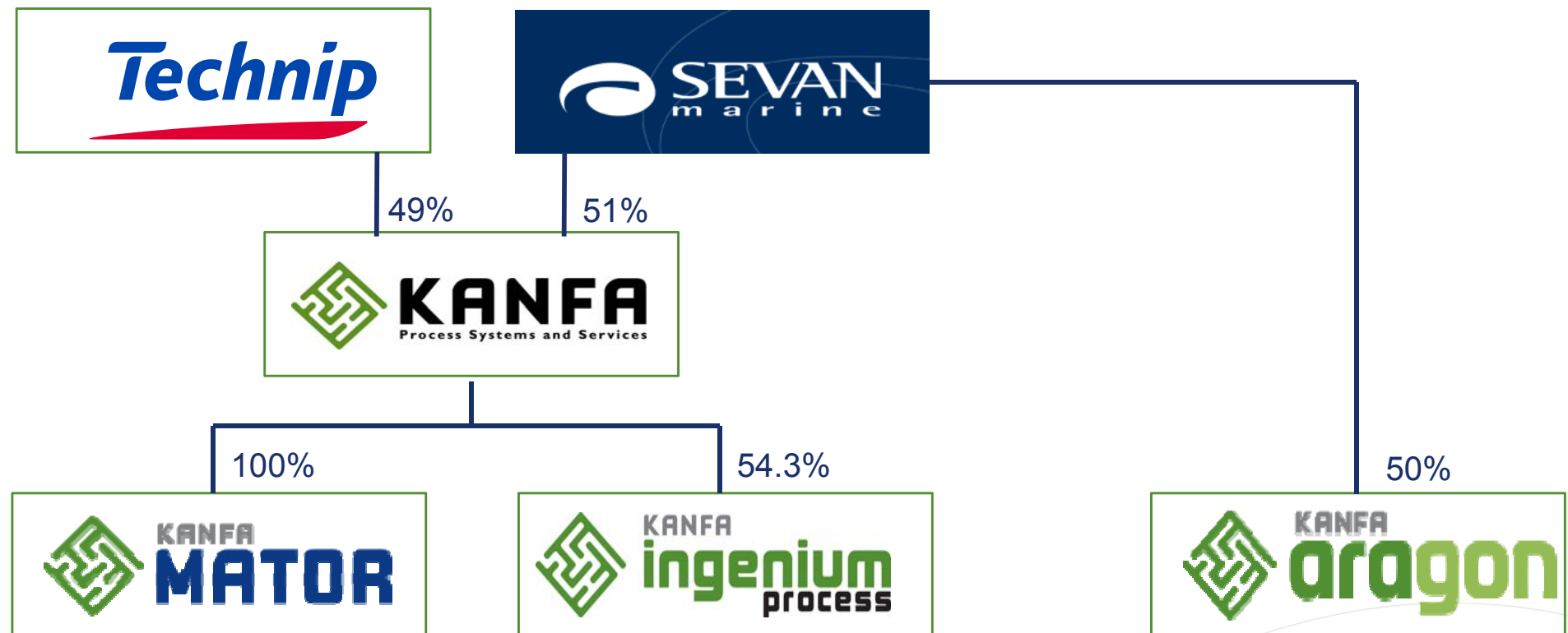
KANFA Group – stepwise growth plan



KANFA Group – company structure before the Technip transation



KANFA Group – company structure after the Technip transation



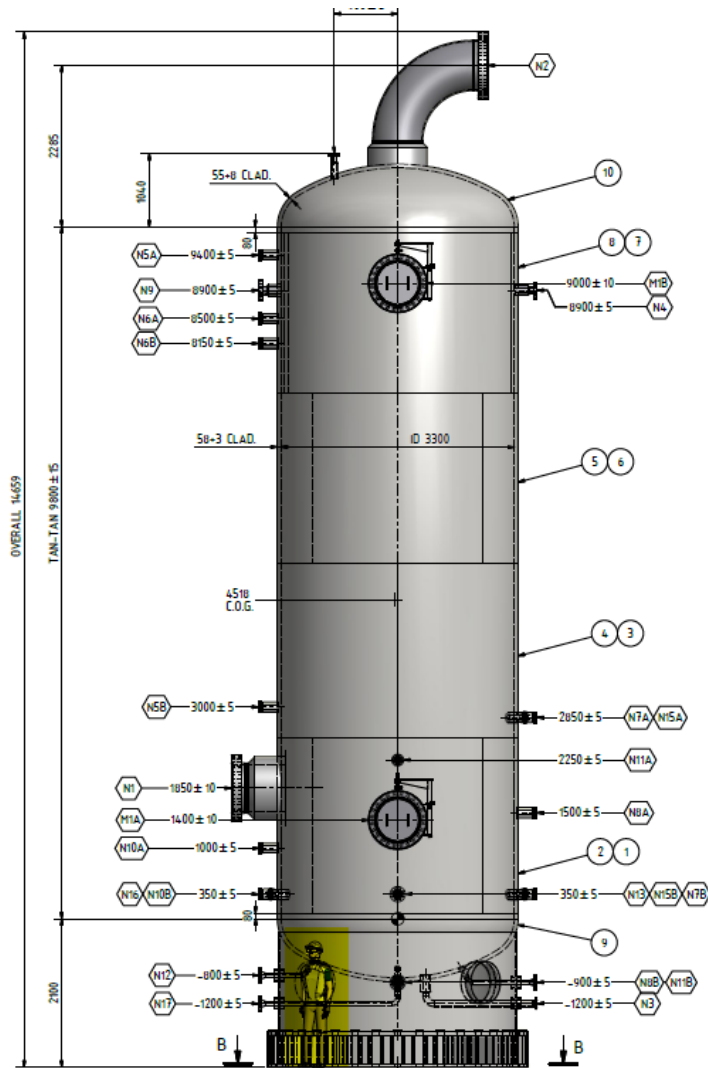
KANFA Technip transaction - strategic rationale



Technip has a global footprint and is one of the world's leading oil & gas services groups

- The cooperation with KANFA will provide:
 - New opportunities to develop the North Sea business
 - Access to other oil and gas markets
- KANFA continues to focus on:
 - Existing business model
 - Support to Technip in offshore FEED and EPC projects on the NCS

KANFA Technip transaction cont'd



- KANFA has 50 employees, with main offices is in Asker, Norway
- Currently involved in the execution and delivery of various process equipment packages for projects like Edvard Grieg, Piranema, Aasta Hansteen, Nyhamna and Martin Linge
- Carrying out various engineering studies
- High tendering activities are expected to materialize in new orders within the coming weeks and months

KANFA Aragon – company profile



A process technology company focusing on FLNG as well as more traditional gas processes

- Patented FLNG liquefaction process based on an optimized dual nitrogen expander cycle
- Traditional gas processing and gas conditioning includes:
 - Gas compression
 - Gas dehydration, CO₂ and H₂S removal
 - Dew point control
 - Etc

KANFA Aragon cont'd



- Located in Bergen, Norway
- Has currently 25 employees
- Has designed the 2.4 mtpa topside for the Sevan FLNG concept
- Currently involved with the dehydration (TEG) and vapour gas recovery packages for the Aasta Hansteen project
- Currently also involved in various FLNG Pre-FEED studies
- Has recently established an engineering company in Houston, Texas together with five experienced engineering professionals in the Gas Processing and LNG Industry

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Q1 2014 – Profit & Loss statement

<u>Unaudited figures in USD million (*)</u>	<u>Q1 14</u>	<u>Q4 13</u>	<u>Q1 13</u>	<u>Comment</u>
Operating revenue	24,6	31,2	19,5	26% growth YOY; Samsung settlement in Q4 13
EBITDA	1,6	1,1	0,3	YOY change due to increased margins in both segments
Operating profit	1,5	0,9	0,1	As above
Net profit	2,3	1,5	0,4	

(*) Continued operations

Activity picking up, expect continued increase in both segments

Note: See press release and Q1 2014 interim report dated May 20, 2014 for a more detailed description of the Q1 interim financial results.

Q1 2014 – Balance Sheet

<i>Unaudited figures in USD million</i>	31.03.2014	31.12.2013	31.03.2013	<u>Comment</u>
Sevan Capital Assets	-	-	41	
Intangible assets	13	13	13	Related to KANFA
Deferred income tax assets	8	8	8	
Loan	60	60	-	Loan to Logitel
Other non-current assets	6	4	2	
Total non-current assets	86	85	64	
Trade and other receivables	42	39	34	Increased activity in KANFA
Cash and cash equivalents	37	41	61	Healthy cash position after financing of Logitel
Total current assets	79	80	94	
Assets of Disposal Group (*)	-	-	507	
Total assets	165	165	665	
Total equity	129	126	92	
Total non-current liabilities	3	4	2	
Total current liabilities	33	35	40	Working capital changes
Total liabilities	36	39	42	
Liabilities of Disposal Group (*)	-	-	531	
Total equity and liabilities	165	165	665	
<i>equity-%excl. minority interest</i>	<i>76 %</i>	<i>75 %</i>	<i>14 %</i>	

(*) Voyageur Spirit project was deconsolidated from Sevan Marine Group as at Q2/2013

Asset light and no interest-bearing debt

Note: See press release and Q1 2014 interim report dated May 20, 2014 for a more detailed description of the Q1 interim financial results.

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- **Outlook**

Outlook

- The outlook for the FPSO/FSO market segment is generally positive. However, tighter monitoring of capital expenditure may lead to longer tendering processes, and potentially, postponements of certain projects. Increased focus on cost effective solutions should be an advantage for Sevan
- For mobile offshore units we expect the drilling segment to remain challenging in the short and medium term. However, we believe that the co-operation with Sevan Drilling / NADL / Seadrill will generate new opportunities in the longer term
- Likewise, the entry of Teekay into the FAU market is a clear positive for Sevan and is likely to generate increased activity in the short and medium term
- After Technip Norge has acquired a 49% stake in KANFA, we expect that the strategic relationship and co-operation with Technip for the process topside segment will open up a larger market for KANFA, both in terms of project size and geographic reach

Q & A

