

Sevan Marine ASA

Presentation of first half results 2014



Hotel Continental, Oslo, 20 August 2014

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Kjetil Vangsnes, CFO

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- Floating Production (FPSO, FSO, FLNG)
- Other Applications (Drilling, Accommodation)
- Investments (Logitel, KANFA, KANFA Aragon)
- Financials
- Outlook

Highlights

- Increased activity within the FPSO/FSO market segment
 - In April, Teekay signed a MOU with Xcite for a bridge-linked FSO solution on the Bentley field, based on the Sevan design
 - This, together with studies on prospects such as Bream for Premier Oil and Penguins with Shell, represents increased activity for the company
- Stronger KANFA through strategic partnership with Technip
 - In April, Sevan sold 49 per cent of KANFA AS to Technip Norge AS
 - KANFA gets access to a larger market within the topside and process industry
- New Logitel agreements with Teekay
 - Reduce Sevan's risk exposure relative to Logitel
 - Strengthen floating accommodation initiative
- Healthy operations and financial position
 - Operating revenue of USD 52 million, USD 6.8 million higher than first half 2013
 - EBITDA of USD 2.8 million was USD 1 million lower than first half 2013
 - Cash position remains comfortable at 36 USD million as at June 30, 2014
- USD 10.5 million dividend distributed in May
 - Strategic target of being able to pay an annual dividend also in the future

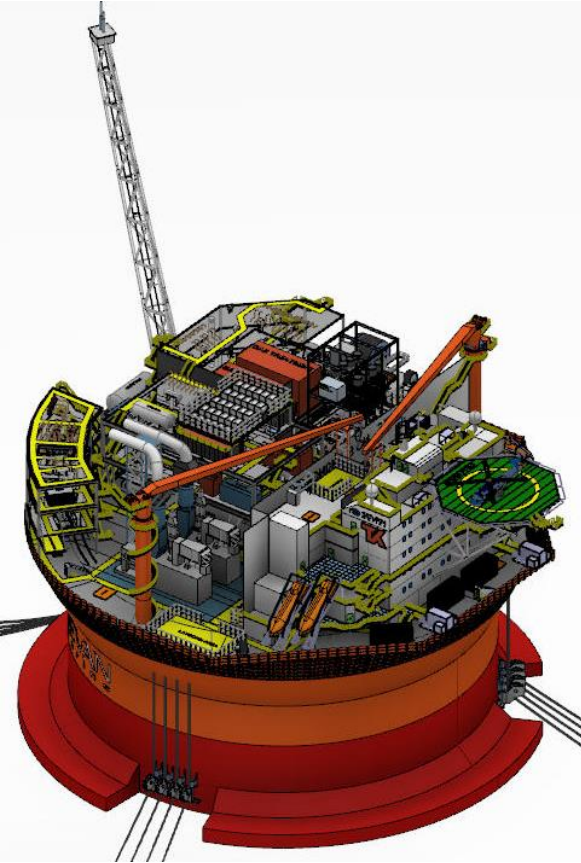
Events after balance sheet date

- Logitel Offshore: Another Floating Accommodation Unit ordered
 - Teekay exercised the first of six options to build another FAU based on the Sevan design
 - Thus expanding the current building programme to three units
 - Delivery of the third unit from the Cosco Shipyard, Nantong in Q3 2016

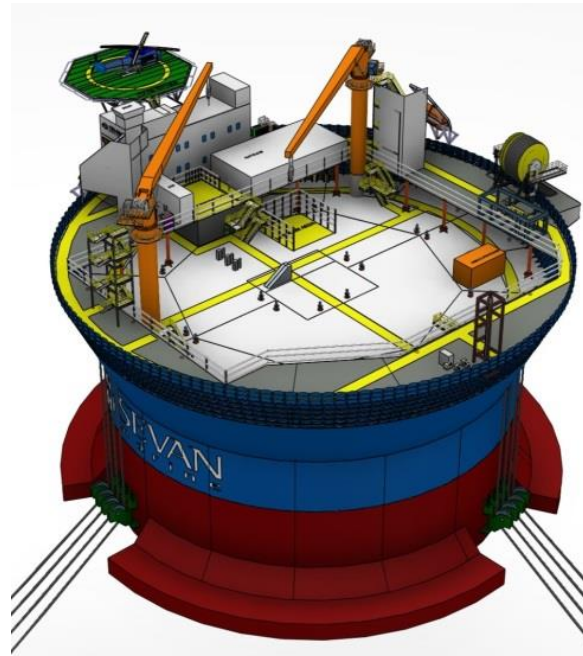
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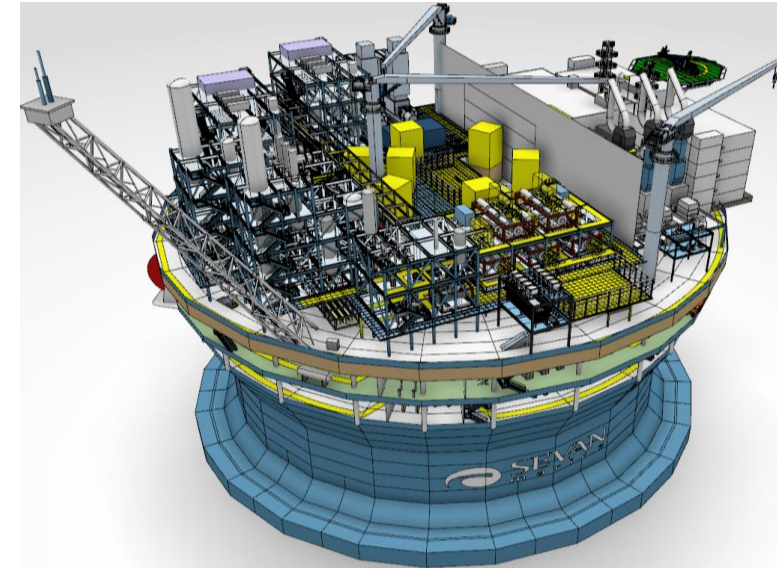
Sevan's core technology



FPSO



FSO



FLNG

Proven technology: Sevan designed FPSOs

Piranema Spirit

Field operator: Petrobras
Field: Piranema
Location: Brasil
Hull size: Sevan 300



Hummingbird Spirit

Field operator: Centrica
Field: Chestnut
Location: UK North Sea
Hull size: Sevan 300



Voyageur Spirit

Field operator: E.ON
Field: Huntington
Location: UK North Sea
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

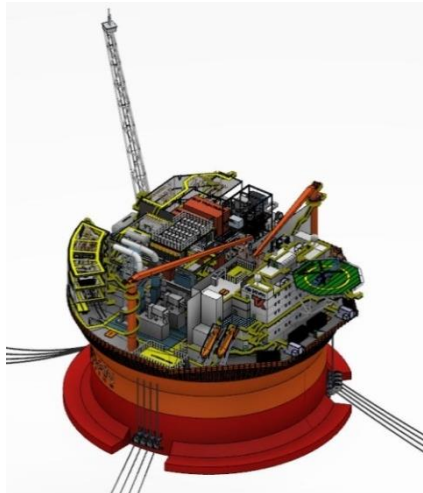


Sevan FPSOs current major prospects

Bream

Field operator: Premier Oil
Field: Bream
Location: Norwegian NCS
Hull size: Sevan 650

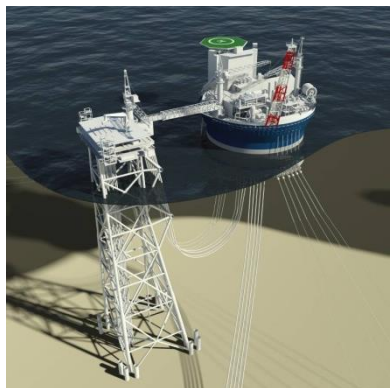
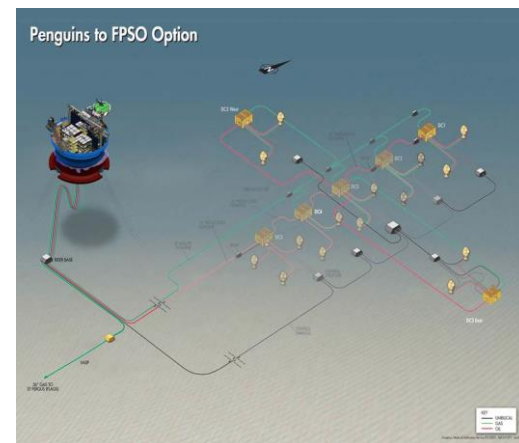
FEED phase ongoing



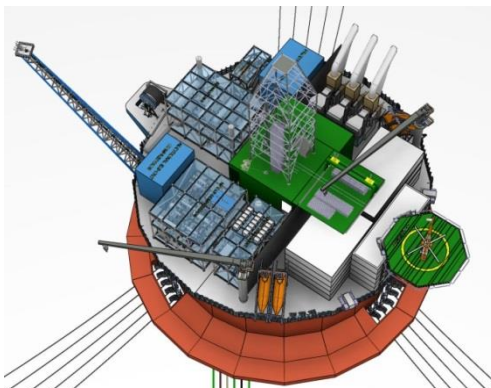
Penguins

Field operator: Shell
Field: Penguins
Location: Northern North Sea
Hull size: Sevan 400

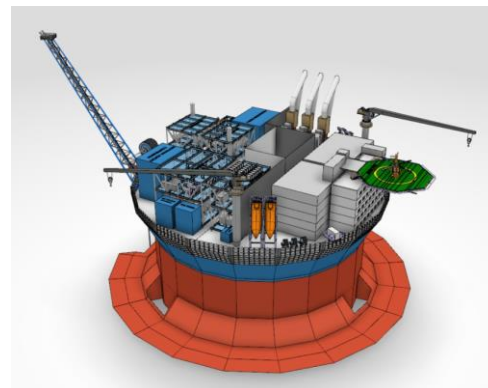
Pre-FEED ongoing



Bridge-linked FPSO



FDPSO



FPSO w/SCR

Sevan FSOs current major prospects

Bentley

Field operator: Xcite
Field: Bentley
Location: North Sea, UK
Hull size: Sevan 1000

MOU signed between
Xcite and Teekay

Pre-FEED ongoing

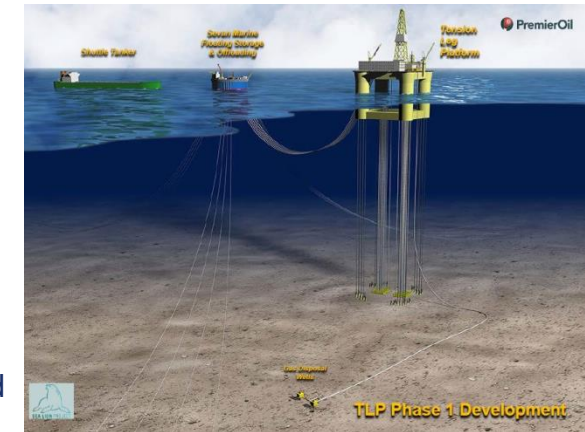


Sea Lion

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

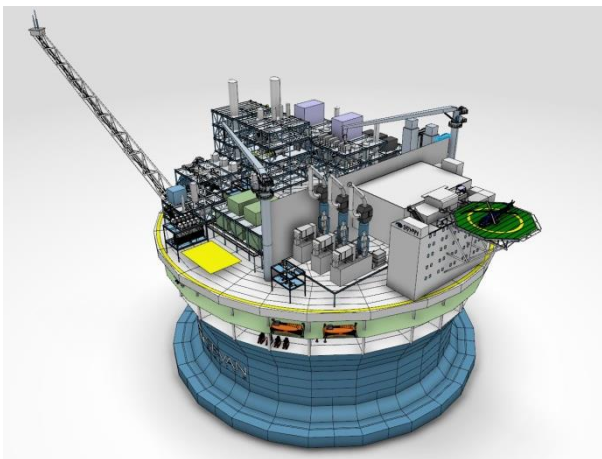


FSO

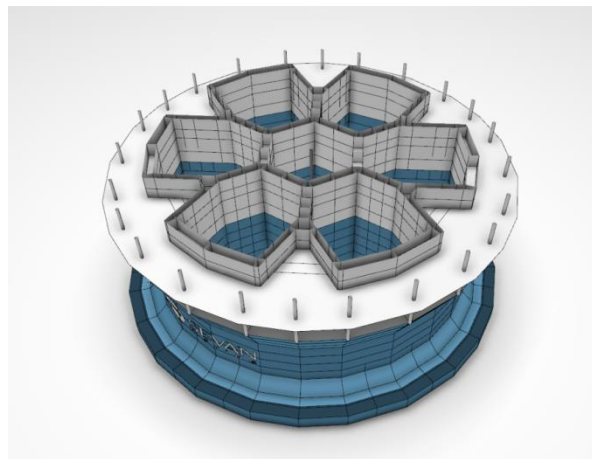


FSO

Sevan FLNG concept



Topside



Hull and containment



Offloading based on HiLoad

- Marketing ongoing
- More than 20 FLNG projects
- Encouraging response from several IOCs
- 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

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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: 2012
Design: Sevan 650



Sevan Louisiana

Field operator: LLOG
Location: US GoM
Building year: 2013
Design: Sevan 650



Sevan Developer

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



Sevan MODU MKII and Sevan Arctic MODU



- Concept study for Arctic MODU ongoing in co-operation with Sevan Drilling/North Atlantic Drilling/Seadrill

Proven technology: Sevan designed Accommodation Units

Three Accommodation Units under construction



Six FAU Options with the Cosco Shipyard

- Teekay Offshore Partner has completed the acquisition of Logitel Offshore
- Logitel Offshore has the option to build 6 more FAUs at the Cosco Shipyard
- The first option was exercised in August 2014, with delivery Q3 2016



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Logitel Offshore



- Teekay has acquired Logitel with the intention to become a major player in the market for Floating Accommodation Units (FAUs)
- Hence representing a new business stream for Sevan
- Teekay has exercised the first of six options to build another Floating Accommodation Unit (FAU) based on the Sevan design. The current building programme is three units

Logitel Offshore 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 Teekay Offshore Partner

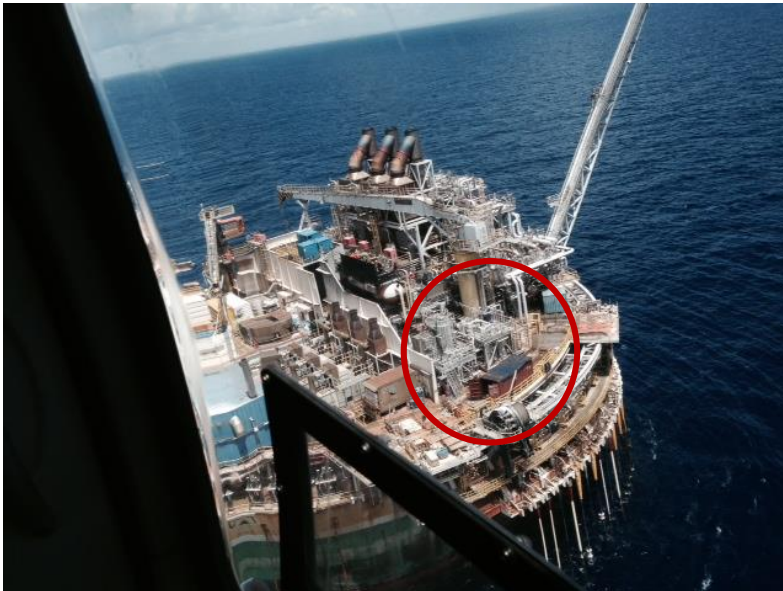
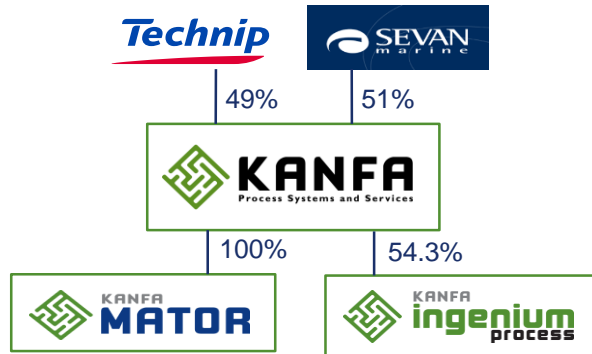
KANFA Technip transaction - strategic rationale



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

- The cooperation with KANFA is expected to 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 Technip in offshore FEED and EPC projects on the NCS

KANFA



- KANFA has 50 employees, with main offices in Asker, Norway
- Currently involved in the execution and delivery of process equipment packages for projects like Edvard Grieg, Piranema, Aasta Hansteen, Nyhamna and Martin Linge
- 2 new orders for process equipment packages (Ivar Aasen, Odfjell Drilling) and a FEED study for the THHE Process Topside Layang FPSO won in Q2
- High tendering activities are expected to materialize in new orders within the coming weeks and months

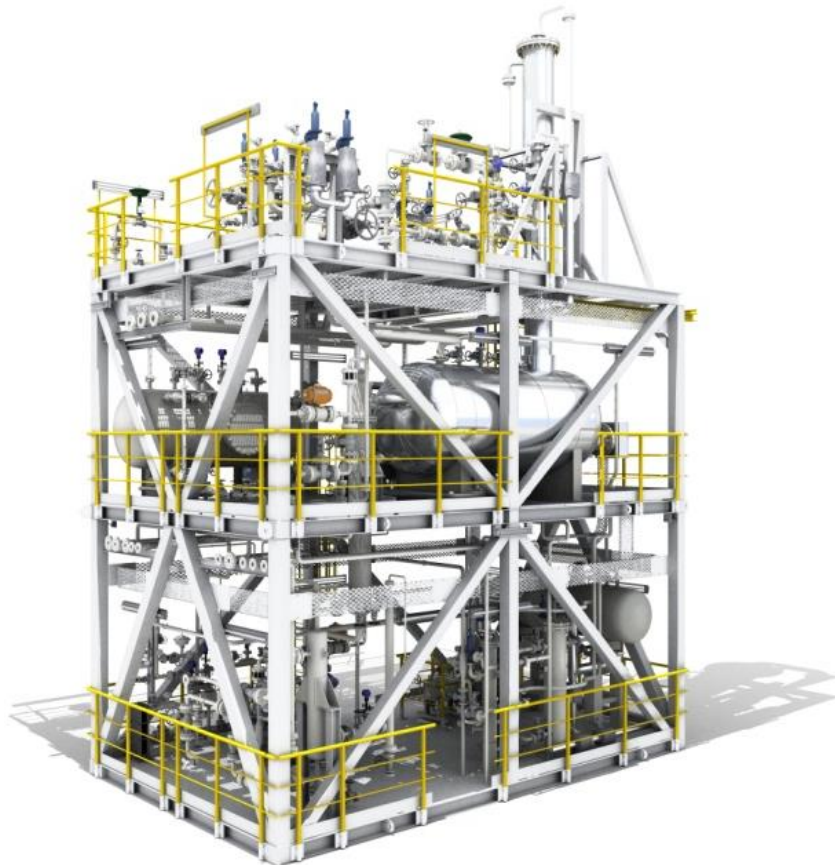
KANFA Aragon



A process technology company focusing on FLNG as well as 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



- Located in Bergen, Norway
- 25 employees
- Has designed the 2.4 mtpa topside for the Sevan FLNG concept
- Involved with the dehydration (TEG) and vapour gas recovery packages for the Aasta Hansteen project
- 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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Q2 2014 – Profit & Loss statement

<u>Unaudited figures in USD million</u>	<u>Q2 14</u>	<u>Q1 14</u>	<u>Q2 13</u>	<u>Comment</u>
Operating revenue	27,4	24,6	25,7	Increased revenue KANFA
EBITDA	1,2	1,6	3,6	Same activity level as Q1; one-off effects in Q2/13
Operating profit	1,1	1,5	3,5	As above
Net profit	1,4	2,3	25,3	Deconsolidation of Voyageur in Q2/13

Stable activity level (approximately MUSD 100 per year)

Note: See press release and Q2 2014 interim report dated August 19, 2014 for a more detailed description of the Q2 interim financial results.

Q2 2014 – Balance Sheet

<i>Unaudited figures in USD million</i>	30.06.2014	31.03.2014	31.12.2014	30.06.2013	<u>Comment</u>
Sevan Capital Assets	-	-	-	-	Voyageur deconsolidated in Q2/13
Intangible assets	13	13	13	13	Related to KANFA
Deferred income tax assets	8	8	8	8	
Loan	60	60	60	51	Loan to Logitel
Other non-current assets	8	6	4	2	
Total non-current assets	89	86	85	74	
Trade and other receivables	39	42	41	32	Working capital changes
Cash and cash equivalents	36	37	39	53	Healthy cash position after paying dividend of MUSD 10.5
Total current assets	75	79	80	84	
Assets of Disposal Group (*)	-	-	-	-	
Total assets	163	165	165	158	
Total equity	127	129	126	120	Paid out dividend NOK 1.2 per share
Total non-current liabilities	3	3	4	5	
Total current liabilities	33	33	35	33	
Total liabilities	36	36	39	38	
Liabilities of Disposal Group (*)	-	-	-	-	
Total equity and liabilities	163	165	165	158	
<i>equity-% excl. minority interest</i>	<i>71 %</i>	<i>76 %</i>	<i>75 %</i>	<i>75 %</i>	

Asset light and high equity

Note: See press release and Q2 2014 interim report dated August 19, 2014 for a more detailed description of the Q2 interim financial results.

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- **Outlook**

Outlook

- Generally positive for the FPSO/FSO market segment
 - Increased focus on cost effective solutions should be an advantage for Sevan
 - Tighter monitoring of capital expenditure may lead to longer tendering processes and postponements of certain projects
- The drilling segment is expected to remain challenging in the short and medium term
 - The co-operation with Sevan Drilling / NADL / Seadrill is expected to generate new opportunities in the longer term
- Teekay's entry into the FAU market is positive for Sevan
 - Is likely to generate increased activity in the short and medium term
- The co-operation with Technip is expected to open a larger market for KANFA
 - In terms of project size and geographic reach
- Expectations of paid studies for further development of FLNG concept
 - Medium term

Q & A

