

Sevan Marine ASA

Results

Fourth Quarter 2014

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Sevan Marine

- **Debt free** - cash in excess of USD 27 million
- **Large unutilized tax losses** - in excess of NOK 3.5 billion
- **Asset light and technology heavy** - no vessel ownership
- **Strong partners** - Teekay and Technip
- **Multiple applications** - FPSOs, FSOs, Drilling rigs, Accomodation units, FLNG
- **A proven design** - delivering enhanced motion characteristics at competitive cost level

Highlights

Floating Production

Other Applications

Investments

Financials

Outlook

Fourth Quarter Highlights



Q4 Highlights

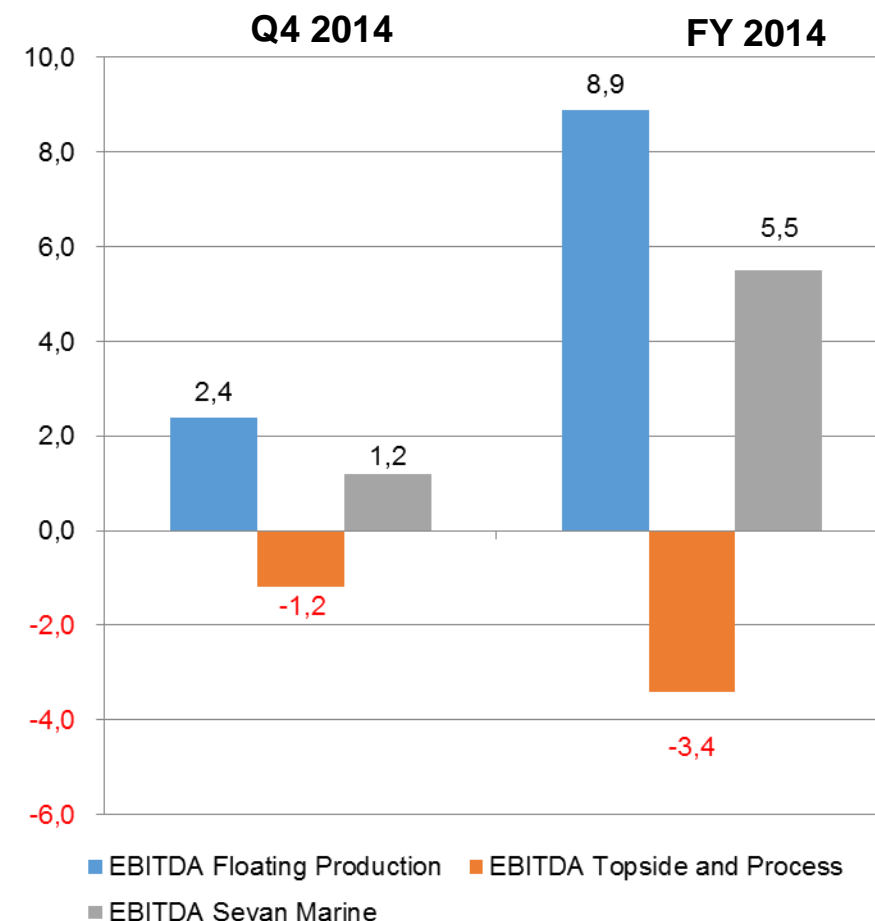
Floating Production:

- High workload for Goliat, Western Isles and Logitel
- Number of studies for FSO, FPSO and Drilling
- Final Western Isles fixed license payment in Q4
Variable structure subject to production
- Notice from Skatt Sør (Norwegian tax authorities)
Potential NOK 30 – 40 million cash impact in 2015

Topside and Process:

- Kanfa AS decline in project margins and loss provisions
- Kanfa Aragon costs for Houston (50% ownership)

EBITDA (USD Million)



Note: Topside and Process includes KANFA AS and Kanfa Aragon which are fully consolidated. Sevan ownership is 51% in KANFA AS and 50% in Kanfa Aragon

After balance sheet date

- Kanfa AS awarded USD 50 million EPC LOA for FPSO Yinson Production in Q1
- Arendal Spirit successfully delivered in Q1 2015 with USD 10 million payment expected in August 2015
- Several prospects postponed or delayed in Q1 2015
- Ordinary dividend suspended. Extraordinary dividend to be evaluated during year
- Cost reduction program started

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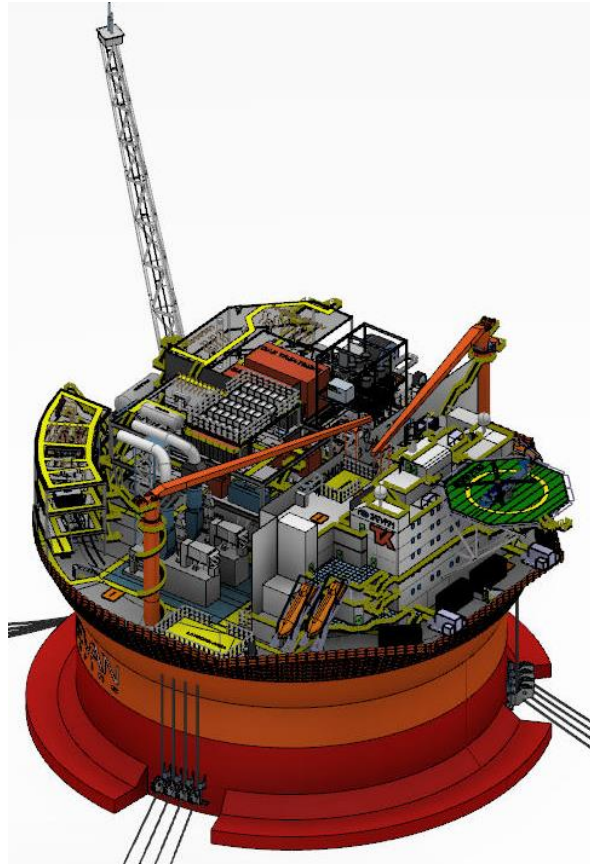
Outlook

Floating Production (FPSO, FSO, FLNG)

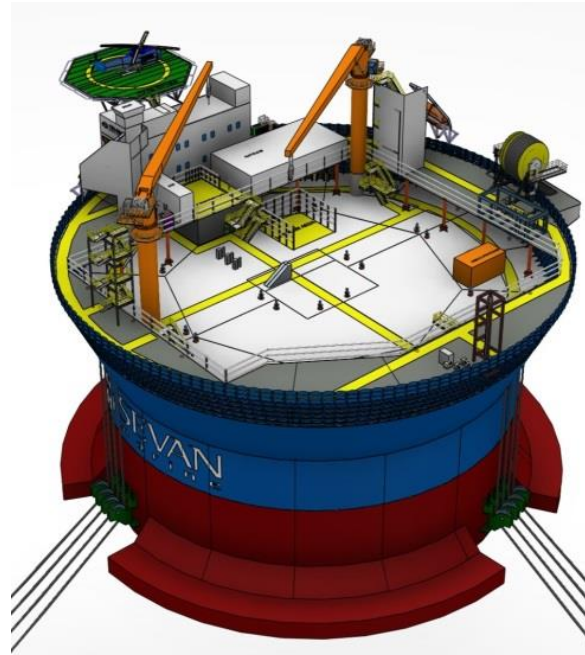


Sevan's core technology

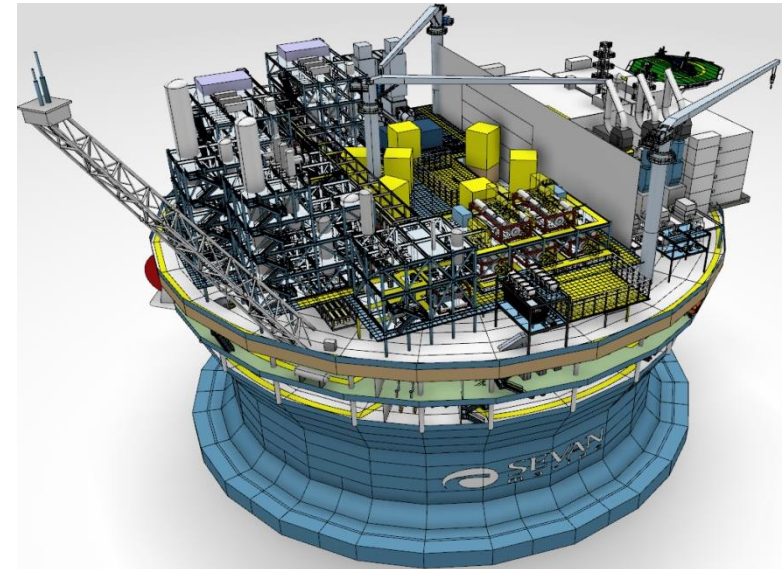
FPSO



FSO



FLNG



Sevan FPSOs: Ongoing projects

Goliat



Field operator: ENI

Location: Sub-arctic Barents Sea

Hull size: Sevan 1000

Under transportation to Norway

Western Isles



Field operator: Dana Petroleum

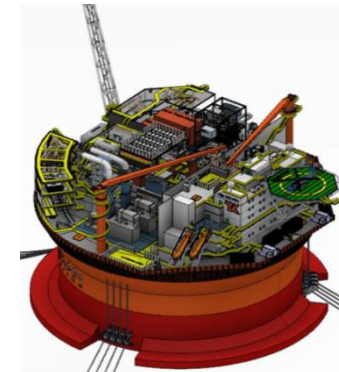
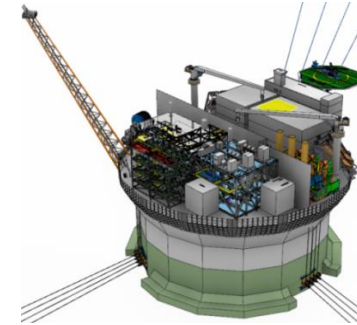
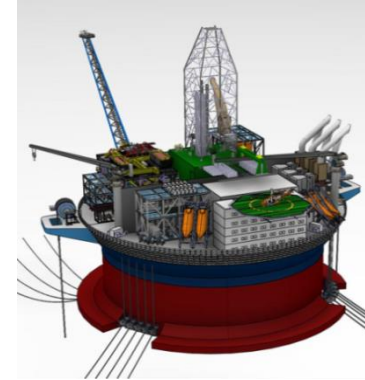
Location: North Sea, UK

Hull size: Sevan 400

Under construction at the
Cosco yard in China

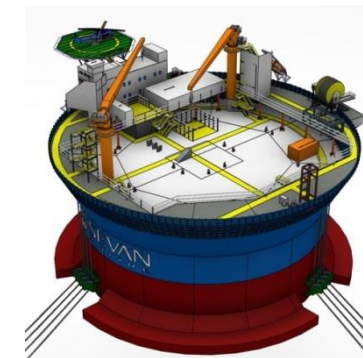
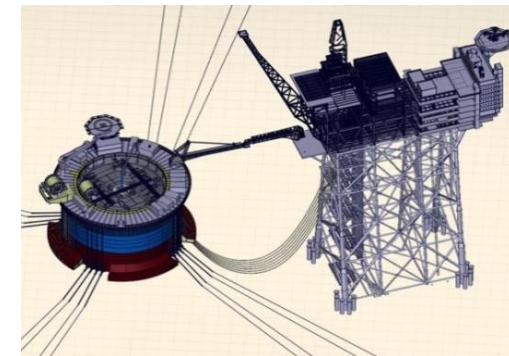
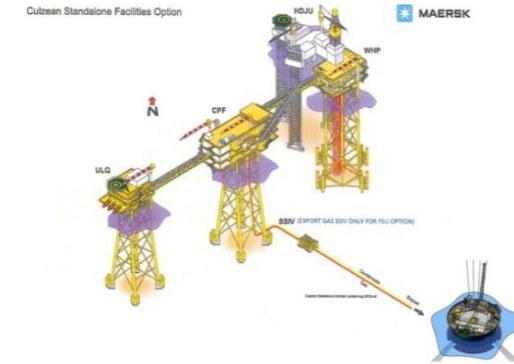
Sevan FPSOs: Main prospects

- Continuing work on several studies and tenders for upcoming FPSO prospects, like the potential FPSOs for the Bream (Vette) and Penguin fields
- Several prospects have been postponed or delayed in 2015 due to the rapid decline in oil price and consequent reduction in investment levels



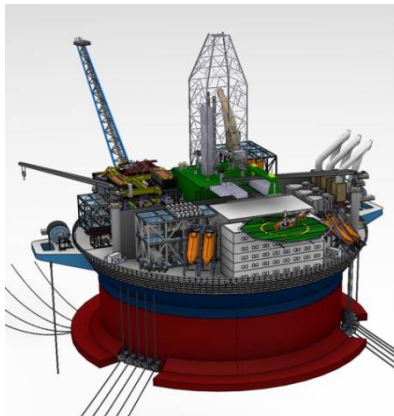
Sevan FSOs: Main prospects

- Continuing work on several studies and tenders for FSO prospects, like the potential FSOs for the Bentley and Culzean fields
- Some of these prospects have also met challenges due to the low oil price and general decline in market sentiment



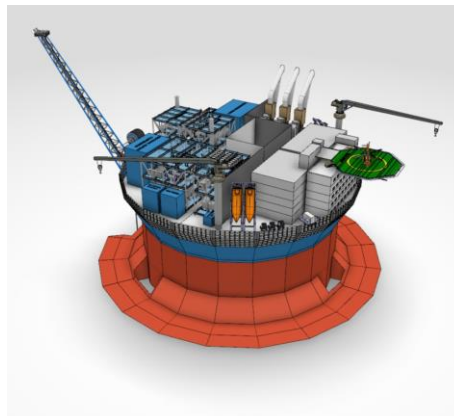
Sevan FPSOs: Future FPSO opportunities

SEVAN FDPSO



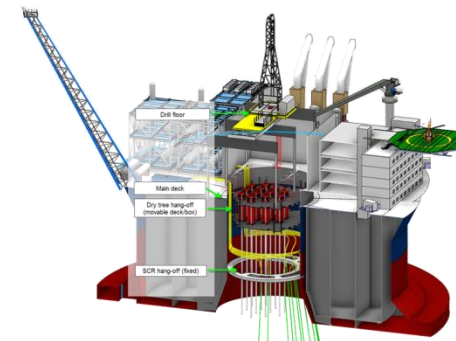
Concept study
completed on a Sevan
FDPSO

SEVAN SCR FPSO



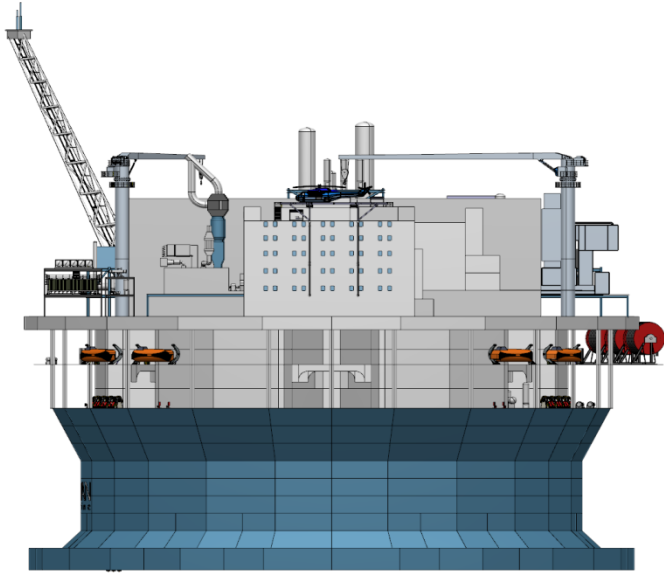
Concept developed for a
non-disconnectable
deepwater FPSO
utilizing Steel Catenary
Risers (SCR)

FWPSO



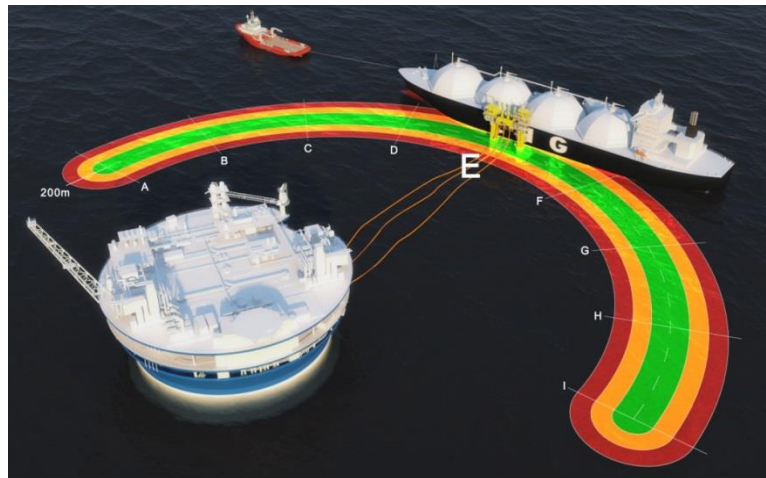
Study proposal
prepared to explore
the possibility of using
dry-trees on a Sevan
unit

Sevan FLNG and Offloading concepts



Sevan FLNG Unit

- The concept has been developed on a generic basis as far as we want at this stage. Further development will be in connection with a concrete project
- Several oil companies and project developers have shown an interest in the solution



HiLoad LNG

- High focus on offloading in the industry from a safety perspective
- High interest from clients to explore HiLoad LNG as an alternative to the current side-by-side offloading solutions
- Small study awarded

Highlights

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Other Applications with Partners (Drilling, Accommodation)



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



- Continued interest for an Ice version and a Harsh Environment version
- Potential for opportunistic projects based on the Sevan Technology

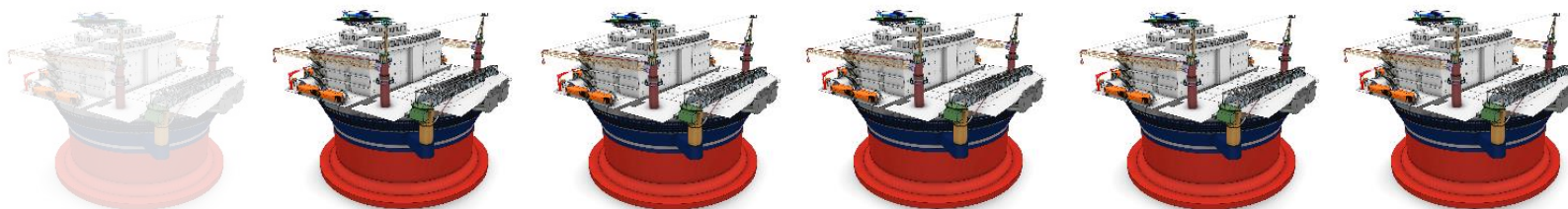
Proven technology: Sevan designed Accommodation Units

Three Accommodation Units – One delivered and two under construction



Six FAU Options with the Cosco Shipyard – one exercised

- The FAU 'Arendal Spirit' was delivered in February 2015 from the Cosco, Nantong yard to Teekay Offshore Partners
- Logitel Offshore has the option to build 5 more FAUs at the Cosco Shipyard



Logitel agreement structure

FAU #1	10 MUSD loan repayment due August 2015* 8 – 10 MUSD variable compensation (license and interest)** 3 – 4 MUSD engineering and site support revenue***
FAU # 2 & 3	2 x 10 MUSD loan repayment* 10 – 12 MUSD variable compensation (license and interest)** 4 – 8 MUSD engineering and site support revenue***
FAU 4 – 6 (not exercised to date)	3 x 10 MUSD loan repayment Estimated 30 MUSD in license fees, interest and services

* USD 10 million due 6 months after delivery from the yard

** Variable compensation due 12 months after acceptance of each unit by the charter party and subject to performance KPIs

*** Engineering and site support paid on an ongoing basis, estimated at approximately 3 – 4 MUSD per annum during construction

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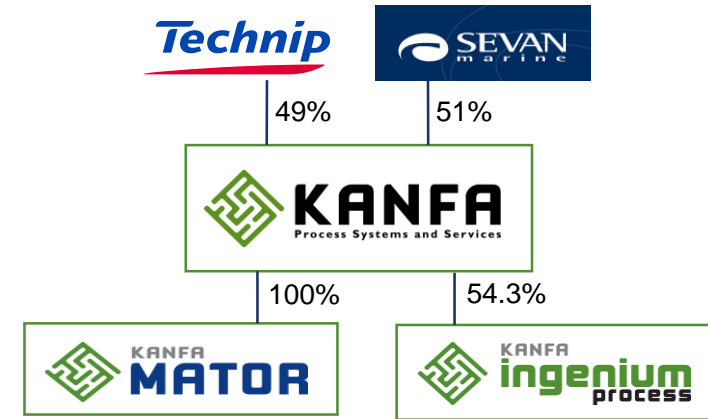
Outlook

Investments (KANFA, KANFA Aragon)



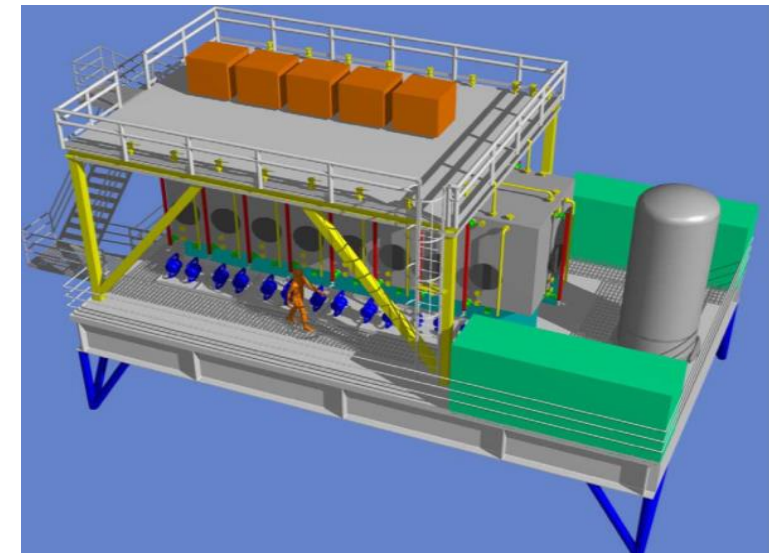
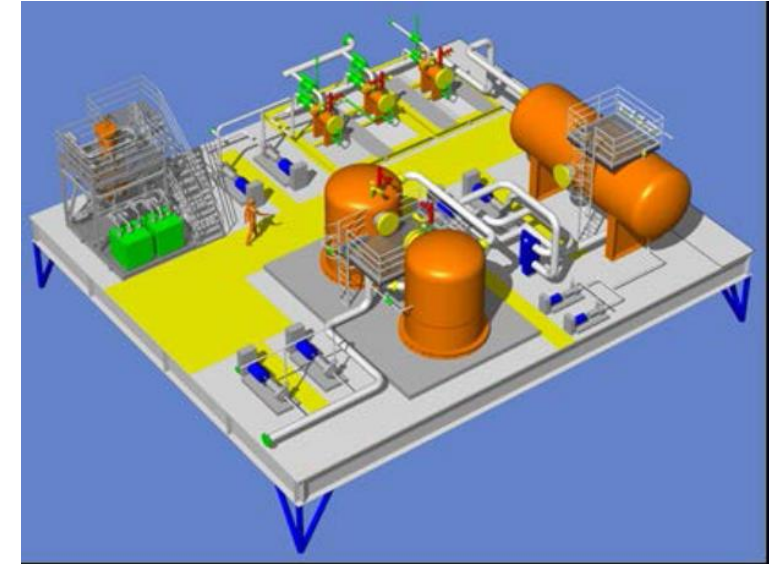
KANFA

- 60 employees
- A process technology company focusing on process equipment packages and modules as well as studies and FEEDs together with Technip
- Traditional process equipment packages and modules include: Main Separation systems, Water Injection systems, Produced Water Treatment systems, Chemical Injection systems
- Involved in the execution and delivery of process equipment packages for projects like:
 - Edvard Grieg
 - Aasta Hansteen
 - Nyhamna
 - Martin Linge
 - Ivar Aasen
- EPC LOA for FPSO Yinson Production. USD 50 million value over 15 months



LOA for EPC Contract – FPSO Yinson Production

- Estimated duration of 15 months with a contract value of approximately USD 50 million
- The FPSO 'Yinson Production' will be deployed at the recently sanctioned Offshore Cape Three Points Block (OCTP), located in the Tano Basin, around 60 km off the coast of Ghana. The OCTP Block is operated by ENI's subsidiary ENI Ghana and joint venture partners
- Scope of Supply includes the following 4 modules:
 - M10 – MEG Regeneration Unit, Diesel, Subsea CI
 - M12 – Produced Water Treatment, Sand Treatment
 - M13 – Cooling Medium & Seawater Coarse Filter
 - M14 – Chemical Injection Package



KANFA Aragon

- 30 employees
- A process technology company focusing on FLNG as well as traditional gas processing
- Patented FLNG liquefaction process based on an optimized dual nitrogen expander cycle
- Traditional gas processing and gas conditioning (Gas compression, gas dehydration, CO₂ and H₂S removal and dew point control)
- 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
- Established an engineering company in Houston, Texas together with five experienced engineering professionals in the Gas Processing and LNG Industry



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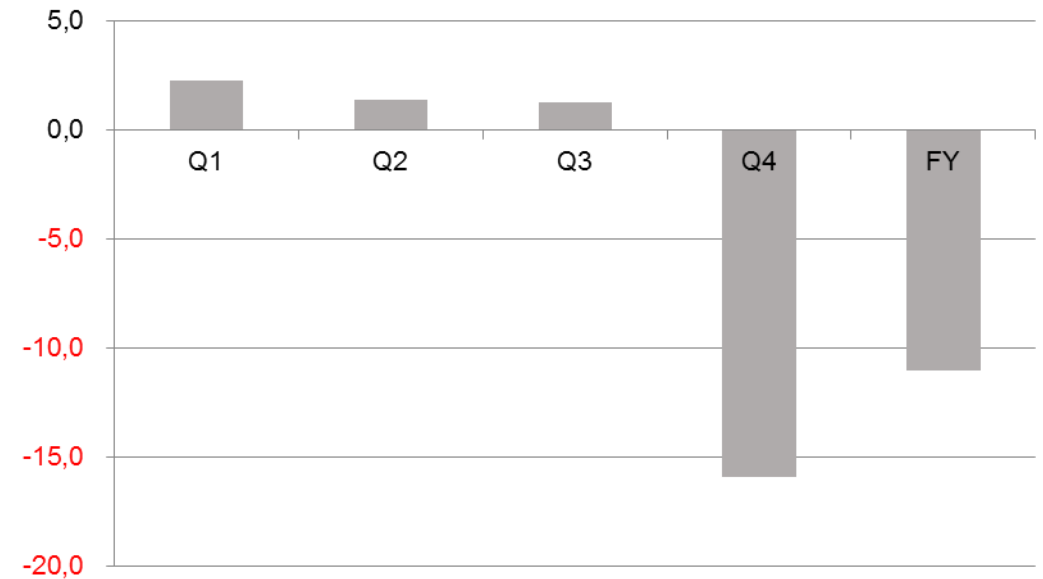
Financials



Q4 Net Result

- USD 17.0 million in non-cash charges during quarter
 - Write down of Kanfa Goodwill of USD 5.9 million
 - Write down of deferred tax asset of USD 8.0 million
 - NOK 3.5 billion in tax losses remain within Group
 - USD 3.1 million in unrealised foreign exchange losses

2014 Net Result (USD Million)

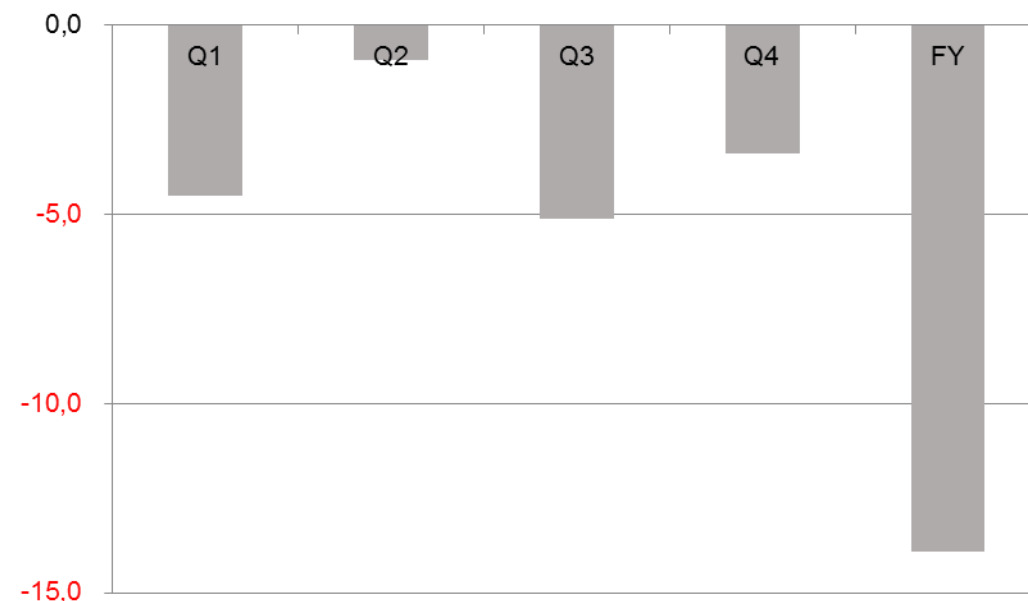


Q4 Cash Flow

- USD 3.4 million decline in cash in Q4
 - Negative working capital movement, largely Kanfa
 - Foreign exchange effect
- USD (13.9) million decline in cash during 2014
 - Negative results of topside and process segment. USD (10.0) million negative operating cash flow
 - Positive cash flow from floating production
 - Net divestment proceeds of USD 6.7 million
 - Dividend of USD (10.5) million
- USD 27.3 million in cash at end Q4
- Piranema claim unresolved (USD 4.4 million provided for)
- Notice from Skatt Sør (Norwegian tax authorities)

Potential NOK 30 – 40 million cash impact in 2015

2014 Cash Flow (USD Million)



Q4 2014 – Profit & Loss statement

<u>Unaudited figures in USD million</u>	<u>Q4 14</u>	<u>Q3 14</u>	<u>Q4 13</u>	<u>Comment Q4 vs Q3</u>
Operating revenue	25,2	25,2	31,2	Reduced revenue in Sevan from Dana license expiry offset by increase in Kanfa revenue
EBITDA	1,2	1,5	1,1	Kanfa AS loss provisions and less Sevan license income offset by foregoing of 2014 bonus
Operating profit	-4,8	1,4	0,9	Goodwill impairment charge of 5,9 million related to Kanfa AS
Net profit	-15,9	1,3	1,5	Write down of deferred tax asset of USD 8,0 million and USD 3,1 million in unrealised foreign exchange losses

Large impact of non-cash charges in the quarter

Q4 2014 – Balance Sheet

Condensed Consolidated Balance Sheet

<u>Unaudited figures in USD million</u>	<u>31.12.2014</u>	<u>30.09.2014</u>	<u>31.12.2013</u>	<u>Comment</u>
Intangible assets	7	13	13	Goodwill KANFA
Deferred income tax assets	0	8	8	
Loan	50	50	50	Loan to Logitel
Other non-current assets	10	9	14	Accrued Logitel license of USD 8.4 million
Total non-current assets	67	80	85	
				USD 10 million of Logitel loan and USD 2.8 million in accrued interest classified as current asset
Trade and other receivables	51	54	39	
				Exchange rate and working capital movements
Cash and cash equivalents	27	31	41	
Total current assets	78	85	80	
Total assets	145	164	165	
Total equity	111	128	126	
Total non-current liabilities	2	3	4	
				USD 10 million Kanfa related. USD 4.4 million Piranema provision
Total current liabilities	31	34	35	
Total liabilities	34	36	39	
Total equity and liabilities	145	164	165	
<i>equity-% excl. minority interest</i>	<i>71 %</i>	<i>72 %</i>	<i>75 %</i>	

USD 27.3 million of available cash
USD 71.2 million or roughly 50% of balance sheet related to Logitel transaction

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Outlook



Outlook

- The FPSO/FSO market
 - Despite the current low oil price environment and consequently delayed project sanctions, we remain positive with regards the FPSO/FSO market segment
 - Increased focus on cost effective solutions should be an advantage for Sevan
- The Sevan FLNG and HiLoad LNG Offloading solutions
 - This market segment is expected to be one of the fastest growing within LNG globally
 - Our concept, both for FLNG and Offloading, has been well received in the market
- The Floating Accommodation market
 - An important milestone was achieved by the delivery of 'Arendal Spirit'
 - Teekay's efforts in this area, through Logitel, is positive with respect to new units
- The Drilling market
 - The Drilling market is expected to remain challenging
 - We see continued interest for the Ice versions of our design as well as the possibility for someone to build a unit on speculative basis

Outlook

- The Topside Process Systems market
 - The co-operation with Technip with regards to KANFA is expected to open a larger market in terms of project size and geographic reach
 - The recent award of 4 process modules for the FPSO Yinson Production is a clear positive
 - The upcoming Johan Sverdrup project represents an opportunity for process equipment packages
- Comprehensive Cost Reduction Program
 - In reaction to the revised market outlook Sevan has initiated a comprehensive cost reduction program
 - The target will be to reduce fixed cost by USD 3 million per annum in Sevan
- Strategic Review
 - Also, in light of the changes in business environment, Sevan will start a strategic review with the objective to seek strong partners for the further growth strategy

Q & A

