

# Sevan Marine ASA

Fourth quarter 2016

Oslo, February 21, 2017

Reese McNeel, CEO



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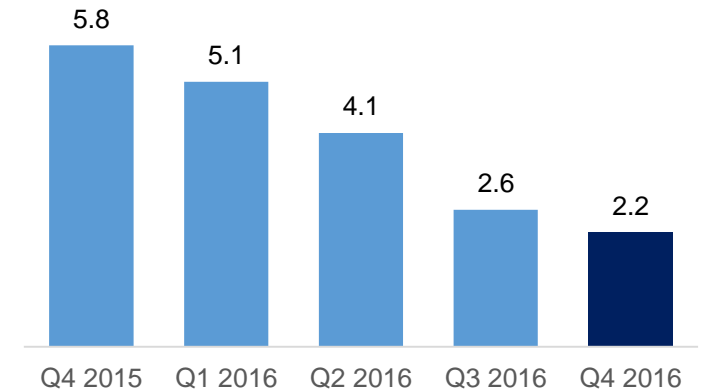
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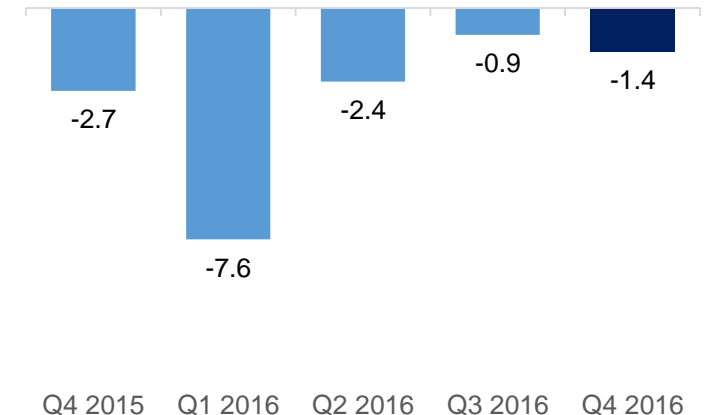
# Highlights - Q4 2016

- 12,000 engineering hours with Western Isles, UK Sector, FLNG for US Oil Major, Goliat and Wisting
- Operating revenue for continued operations of USD 2.2 million
  - Cancellation of the Logitel units negatively affected revenues
- Further cost reduction initiatives implemented, including further headcount reductions
- Solid financial position
  - Cash position of USD 24.8 million and no interest bearing debt
- Formal notification from TechnipFMC to exercise option to acquire Sevan Marine's 51% shareholding in KANFAAS

**Revenues continued operations**  
USD million



**EBITDA continued operations**  
USD million





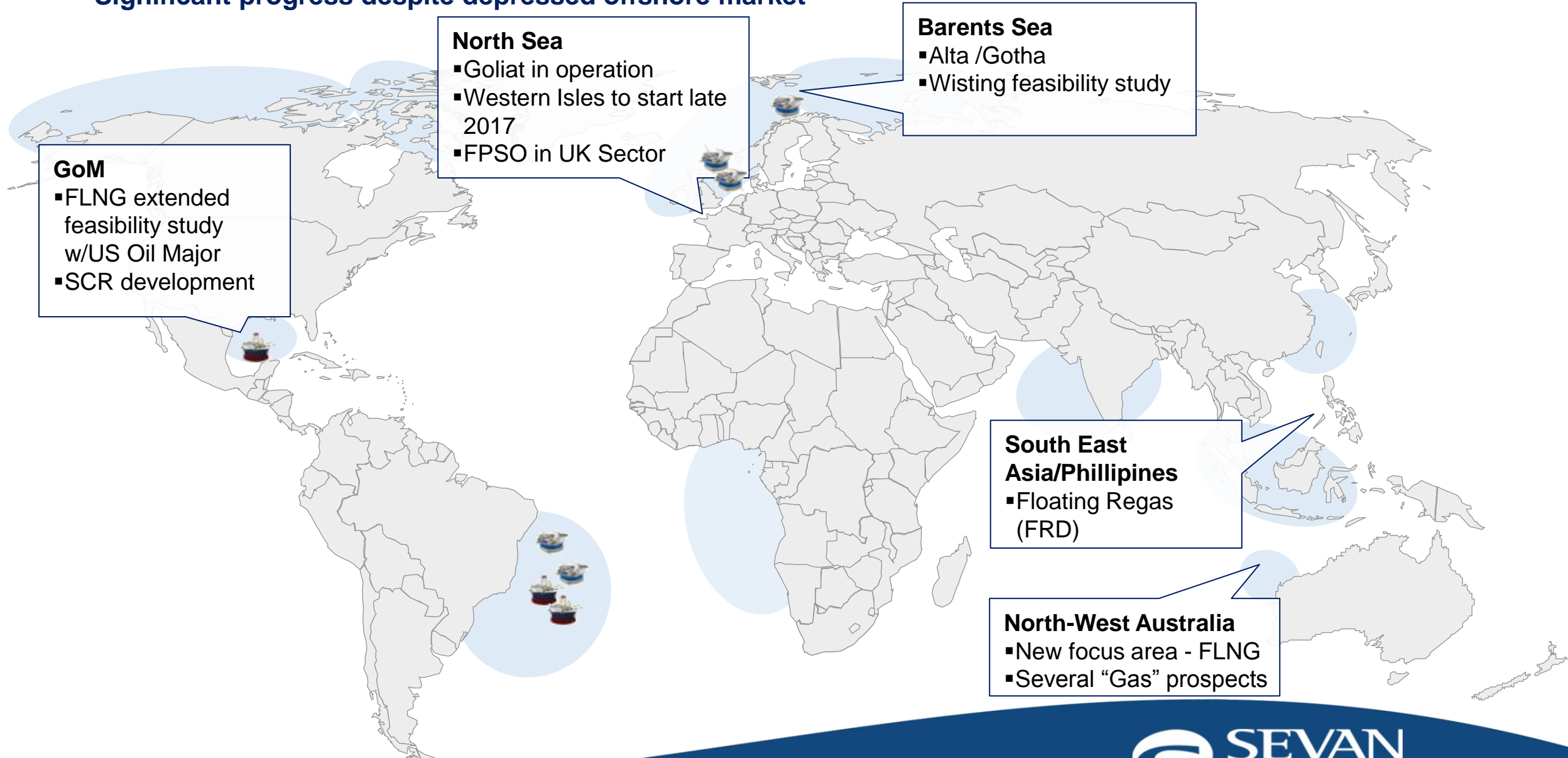
# Operations





# Current Activities Worldwide

Significant progress despite depressed offshore market

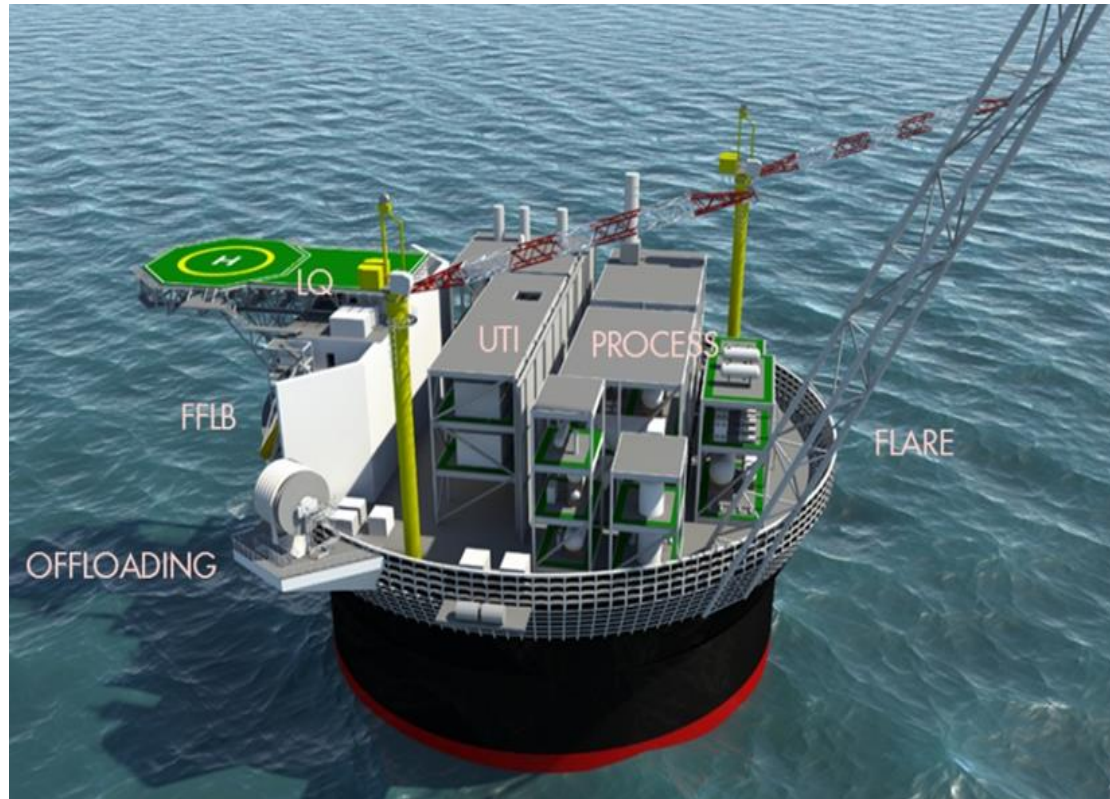


# Sevan FPSO – Western Isles field



- Start of transport to Europe expected in coming days
- First oil planned for late 17
- Plateau production is expected to be around 40,000 boepd, with a field life of 15 years
- Continued support from Sevan Marine
- Sevan Marine will receive USD 0.5 per produced barrel when in operation

# Sevan FPSO – UK Sector Prospect



- Sevan Marine entered into a license agreement for this prospect in Q4 2015
- Payments under the license agreement remain subject to the field developers' final investment decision and start of construction of the unit,
- Prospective license fee potential in late 2017 or 2018
- Sevan Marine has carried out detailed engineering for the hull and continues to support the client



# Sevan FLNG project



- Operated by US based oil major
- Sevan Marine was awarded in 2015 a study with a US oil major to explore the use of Sevan Marine's cylindrical hull for a specific FLNG development
- Sevan Marine is now working on follow up studies focusing on the hull and marine aspects of Sevan Marine's cylindrical design
- This study is expected to continue throughout 2017



# Potential new developments

## HiLoad LNG Offloading

- Strong interest from engineering partners
- Concept included as part of ongoing FLNG study



## Drilling unit for Mid-water harsh environment

- New concept development
- Potential for cost savings by designing unit for niche market



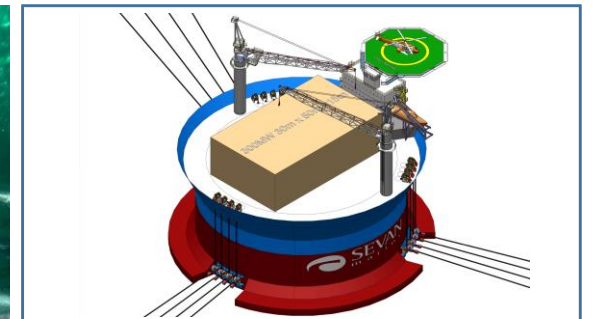
## Fish farming

- New concept development
- Looking to apply cylindrical design and knowledge to growing market



## Power hub for wind or subsea operations

- Further development of existing concept
- Low cost, geo-stationary, stable unit to handle power systems (potentially unmanned)





# Financials

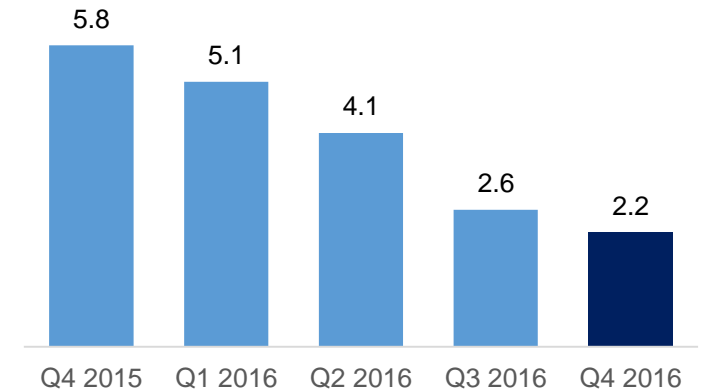




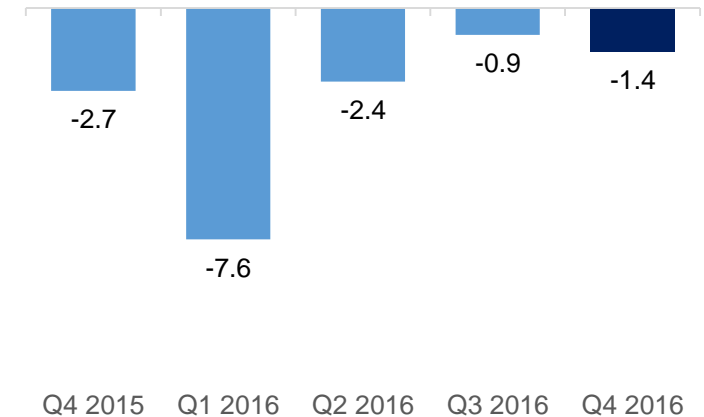
# Financial highlights

- Operating revenue for continued operations USD 2.2 million, down USD 0.4 million, negatively affected by cancellation of Logitel units of USD 0.6 million
- EBITDA negative USD 1.4 million, impacted by restructuring costs of USD 1.0 million and write-down loss on rental agreements of USD 0.3 million

**Revenues continued operations**  
USD million

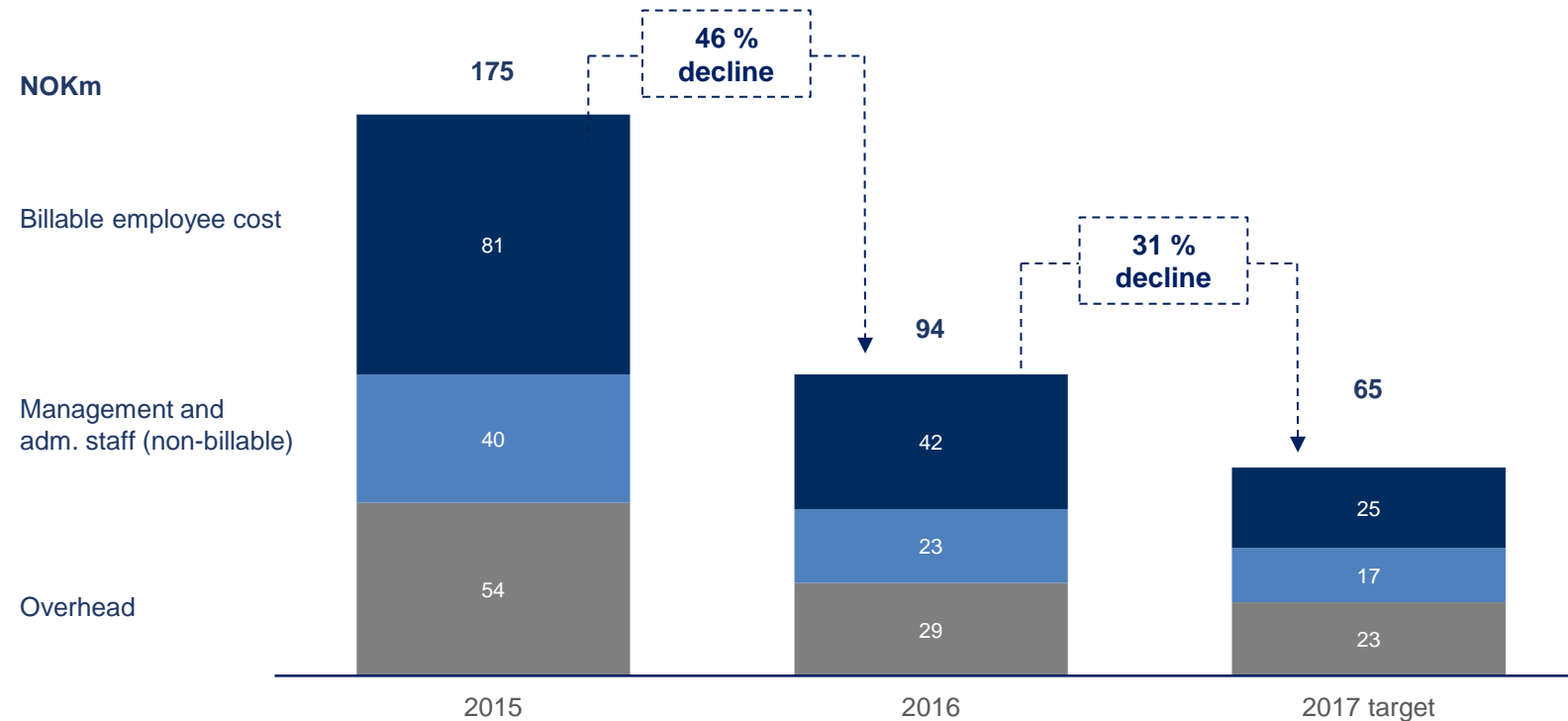


**EBITDA continued operations**  
USD million



# Substantial cost reductions achieved

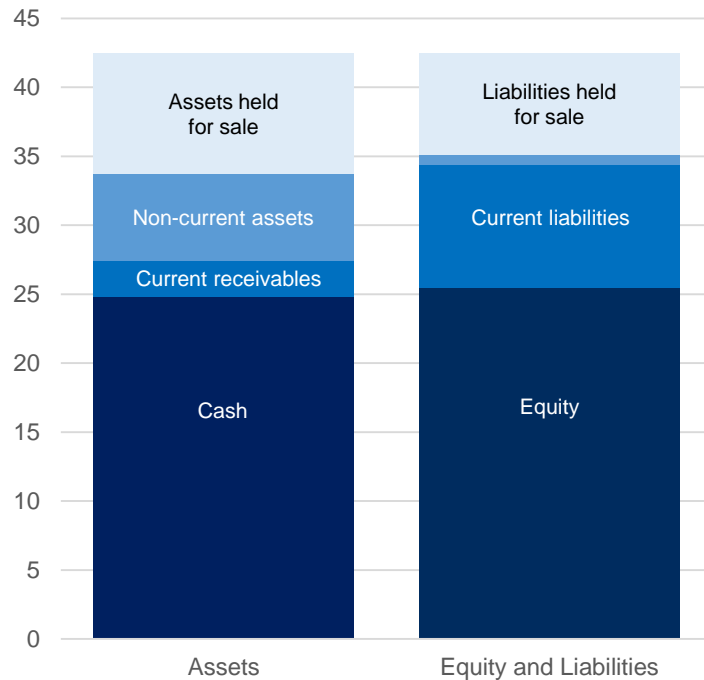
- Further reductions, including headcount, carried out
- Target is to reduce cash burn to a minimum in 2017 in expectation of recovery in 2018/2019





# Balance sheet composition

Balance sheet composition at year-end 2016 (USDm)



- Cash and cash equivalents
  - USD 24.8 million for continued operations
- Equity ratio of 60%
- No interest bearing debt
- ANP fine related to Piranema expected to be paid soon



# Concluding remarks





# Our focus

- Building relationships with large oil companies to
- Promote the proven Sevan Marine design and our specialty marine engineering services and to
- Be well positioned to take advantage of opportunities in an improving market



# Summing up

- Expect work to continue with Western Isles, UK FPSO and FLNG projects
- Cost reductions being carried out to meet expected reduced workload and minimize cash burn
- Continued investment in the development of new applications
- Positive interest and prospects going into 2017, particularly from Oil Majors for FLNG and Barents Sea and North Sea opportunities
- Our strategy remains to be the world's leading provider of cylindrical floater designs, engineering and related services



# Appendix

# Profit & loss statement

USD million	Q4 2016	Q3 2016	2016	Q4 2015	2015
<b>Continued operations</b>					
Operating revenue	2.2	2.6	14.0	5.8	28.3
Operating expense	-3.7	-3.5	-26.1	-8.5	-36.2
FX gain/(loss) relating to operation	0.1	0.0	-0.2	0.0	-0.4
<b>EBITDA</b>	<b>-1.4</b>	<b>-0.9</b>	<b>-12.4</b>	<b>-2.7</b>	<b>-8.4</b>
Depreciation, amortization and impairment	-0.7	-0.1	-0.9	-0.1	-6.3
<b>Operating profit/(loss)</b>	<b>-2.2</b>	<b>-0.9</b>	<b>-13.3</b>	<b>-2.8</b>	<b>-14.7</b>
Financial income/(expense)	-0.1	0.1	-13.1	0.0	-36.4
FX gain/(loss) relating to financing	-0.8	0.4	0.4	-0.6	-2.3
<b>Net financial items</b>	<b>-0.9</b>	<b>0.5</b>	<b>-12.7</b>	<b>-0.6</b>	<b>-38.7</b>
<b>Profit/(loss) before tax</b>	<b>-3.1</b>	<b>-0.4</b>	<b>-26.0</b>	<b>-3.4</b>	<b>-53.4</b>
Tax income/(expense)	0.0	0.7	0.7	-4.4	-4.8
<b>Net profit/(loss) continued operations</b>	<b>-3.1</b>	<b>0.3</b>	<b>-25.3</b>	<b>-7.8</b>	<b>-58.1</b>
<b>Discontinued operations</b>					
Disposed group	-1.0	0.0	0.0	-0.3	-2.9
Disposal group classified as held for sale	-0.2	0.1	1.8	-0.3	-1.0
<b>Net profit/(loss) discontinued operations</b>	<b>-1.2</b>	<b>0.1</b>	<b>1.7</b>	<b>-0.6</b>	<b>-3.8</b>
<b>Net profit/(loss)</b>	<b>-4.3</b>	<b>0.4</b>	<b>-23.6</b>	<b>-8.4</b>	<b>-62.0</b>



# Balance sheet

USD million	31.12.16	30.09.16	31.12.15
Fixed assets	0.2	0.5	0.6
Intangible assets	0.7	1.2	1.3
Loan	0.0	0.0	16.0
Other non-current assets	5.4	5.4	5.4
<b>Total non-current assets</b>	<b>6.3</b>	<b>7.1</b>	<b>23.3</b>
Trade and other receivables	2.6	14.2	26.7
Cash and cash equivalents	24.8	27.0	36.6
<b>Total current assets</b>	<b>27.4</b>	<b>41.3</b>	<b>63.3</b>
Assets held for sale	8.8		
<b>Total assets</b>	<b>42.5</b>	<b>48.3</b>	<b>86.6</b>
Share capital	34.6	34.0	34.6
Other equity	-10.2	-6.3	8.4
<b>Total shareholders' equity</b>	<b>24.4</b>	<b>27.8</b>	<b>43.0</b>
Non-controlling interest	1.0	1.1	6.8
<b>Total equity</b>	<b>25.5</b>	<b>28.9</b>	<b>49.8</b>
Retirement benefit obligations	0.7	0.8	0.9
Other non-current liabilities/provisions	0.0	0.3	0.3
<b>Total non current liabilities</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>
Current liabilities	8.9	18.3	35.5
<b>Total current liabilities</b>	<b>8.9</b>	<b>18.3</b>	<b>35.5</b>
<b>Total liabilities</b>	<b>9.7</b>	<b>19.5</b>	<b>36.7</b>
Liabilities held for sale	7.4		
<b>Total equity and liabilities</b>	<b>42.5</b>	<b>48.3</b>	<b>86.6</b>

# Cash flow statement

USD million	Q4 2016	Q3 2016	2016	Q4 2015	2015
<b>Cash flows from operating activities</b>					
Cash from operations	-1.0	-1.1	-4.7	-2.7	-4.9
Taxes paid	0.0	0.0	-3.5	-0.2	-0.9
<b>Net cash generated from continued operating activities</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-8.2</b>	<b>-2.9</b>	<b>-5.8</b>
Net cash generated from discontinued operating activities	0.2	-3.6	-4.5	1.5	5.3
<b>Net cash generated from operating activities</b>	<b>-0.8</b>	<b>-4.7</b>	<b>-12.7</b>	<b>-1.4</b>	<b>-0.5</b>
<b>Cash flows from investment activities</b>					
Purchase of property, plant and equipment (PPE)	0.0	0.0	0.0	0.0	-0.1
Purchase of intangible assets	0.0	0.0	0.0	-0.8	-0.8
Sale of shares KANFA Aragon	0.0	0.0	2.4	0.0	0.0
Repayment of Logitel loan	0.0	0.0	0.0	0.0	10.0
<b>Net cash from continued investment activities</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>	<b>-0.8</b>	<b>9.1</b>
Net cash from discontinued investment activities	0.0	0.0	0.0	0.0	0.0
<b>Net cash from investment activities</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>	<b>-0.8</b>	<b>9.1</b>
<b>Cash flows from financing activities</b>					
Dividends paid	0.0	0.0	0.0	0.0	0.0
<b>Net cash from continued financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Net cash from discontinued financing activities	0.0	0.0	0.0	0.6	0.6
<b>Net cash from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>0.6</b>
<b>Net cash flow for the period - continued activities</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-5.8</b>	<b>-3.7</b>	<b>3.4</b>
<b>Net cash flow for the period - discontinued activities</b>	<b>0.2</b>	<b>-3.6</b>	<b>-4.5</b>	<b>2.2</b>	<b>5.9</b>
Cash balance at beginning of period	27.0	31.7	36.6	38.1	27.3
<b>Cash balance at end of period</b>	<b>26.2</b>	<b>27.0</b>	<b>26.2</b>	<b>36.6</b>	<b>36.6</b>
Cash balance at end of period continued operations	24.8	25.8	24.8	30.6	30.6
Cash balance at end of period discontinued operations	1.4	1.2	1.4	5.9	5.9