

# Sevan Marine ASA

First quarter 2017

Oslo, 23 May 2017

Reese McNeel, CEO



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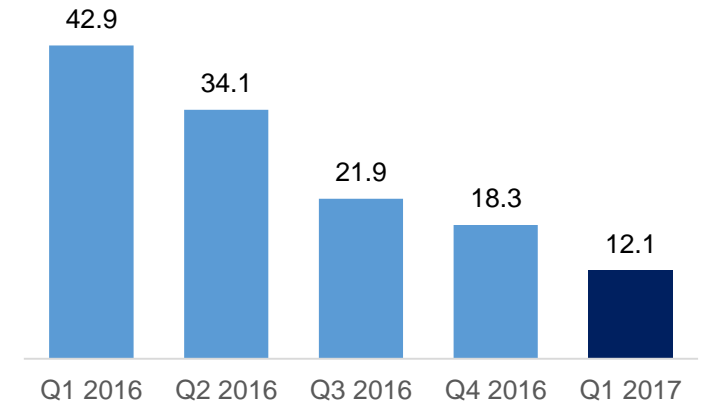
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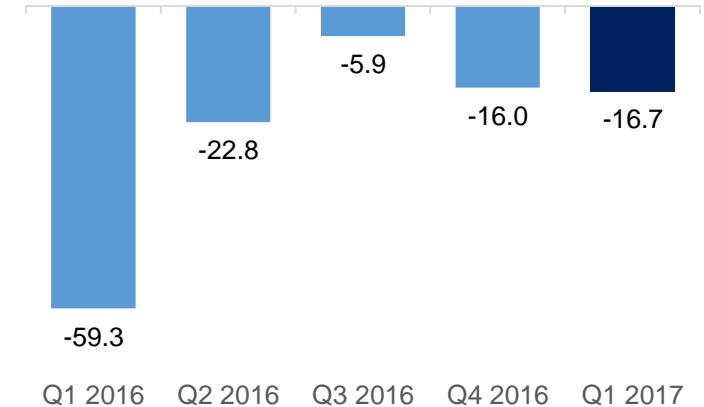
# Highlights – Q1 2017

- Long term framework agreement signed with ExxonMobil for provision of services and use of the cylindrical hull technology
  - A milestone in the development of Sevan Marine, our technology and our engineering capabilities
  - First work order under the contract issued for 5,000 hours work in 2017
- Operating revenue for continued operations of NOK 12.1 million
  - Reduction in study activity negatively affected revenues
- Reduction of cost base in line with the reduced activity level
- EBITDA for continued operations was negative NOK 16.7 million
  - Restructuring charge of NOK 3.7 million
- Solid financial position
  - Cash position of NOK 152 million and no interest bearing debt

**Revenues continued operations**  
NOK million



**EBITDA continued operations**  
NOK million





# Operations





# Sevan FPSO – Western Isles field



- In April, the FPSO arrived at Keppel Verolme in Rotterdam
- First oil planned for late 2017
- 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



- Long term framework agreement signed with ExxonMobil for provision of services and use of the cylindrical hull technology for FLNG and other applications
- A milestone in the development of Sevan Marine, our technology and our engineering capabilities
- Work order under the contract issued for 5,000 hours for further development of FLNG concept for a specific field



# Potential new developments

## HiLoad LNG Offloading and FRD

- Co-operation with Flour Corporation announced regarding FRD regas unit
- Offloading concept included in current FLNG study



## Drilling unit for Mid-water harsh environment

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



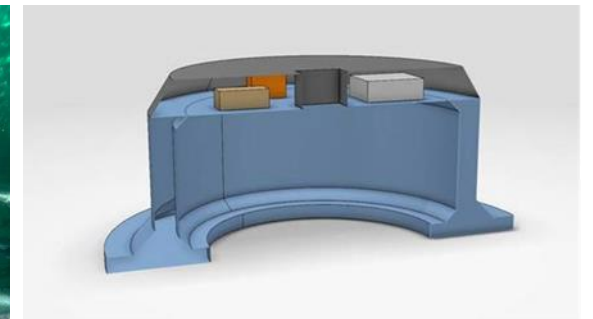
## Fish farming

- 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

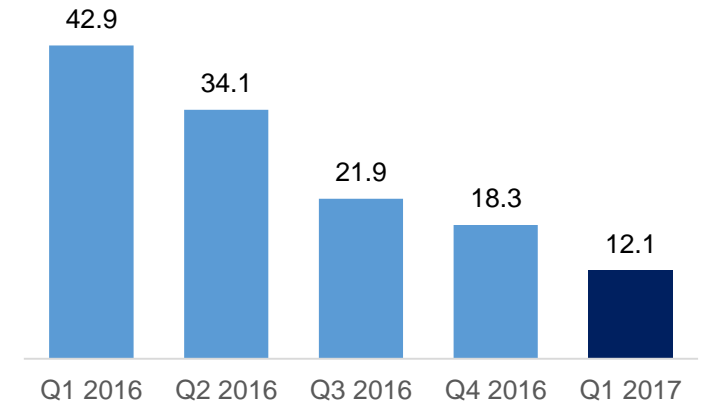




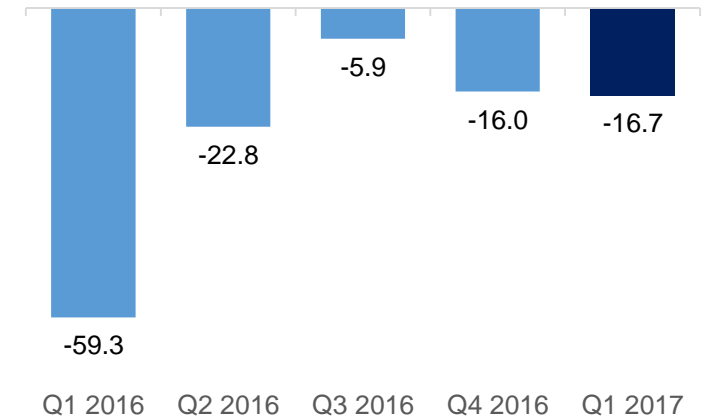
# Financial highlights

- Changed functional and presentation currency to NOK from USD with effect from January 01, 2017. Reassessment according to IFRS as vast majority of the company's revenue, cost and assets are based in NOK
- Operating revenue for continued operations NOK 12.1 million, negatively affected by reduced activity on studies
- EBITDA negative NOK 16.7 million, impacted by reduction in revenue and restructuring costs of NOK 3.7 million
- Settlement with Teekay regarding the Piranema ANP environmental fine
  - Fine had been accrued for and dates back to 2011
  - Cash payment of NOK 25.3 million and a positive NOK 6.4 million financial gain in the quarter

**Revenues continued operations**  
NOK million



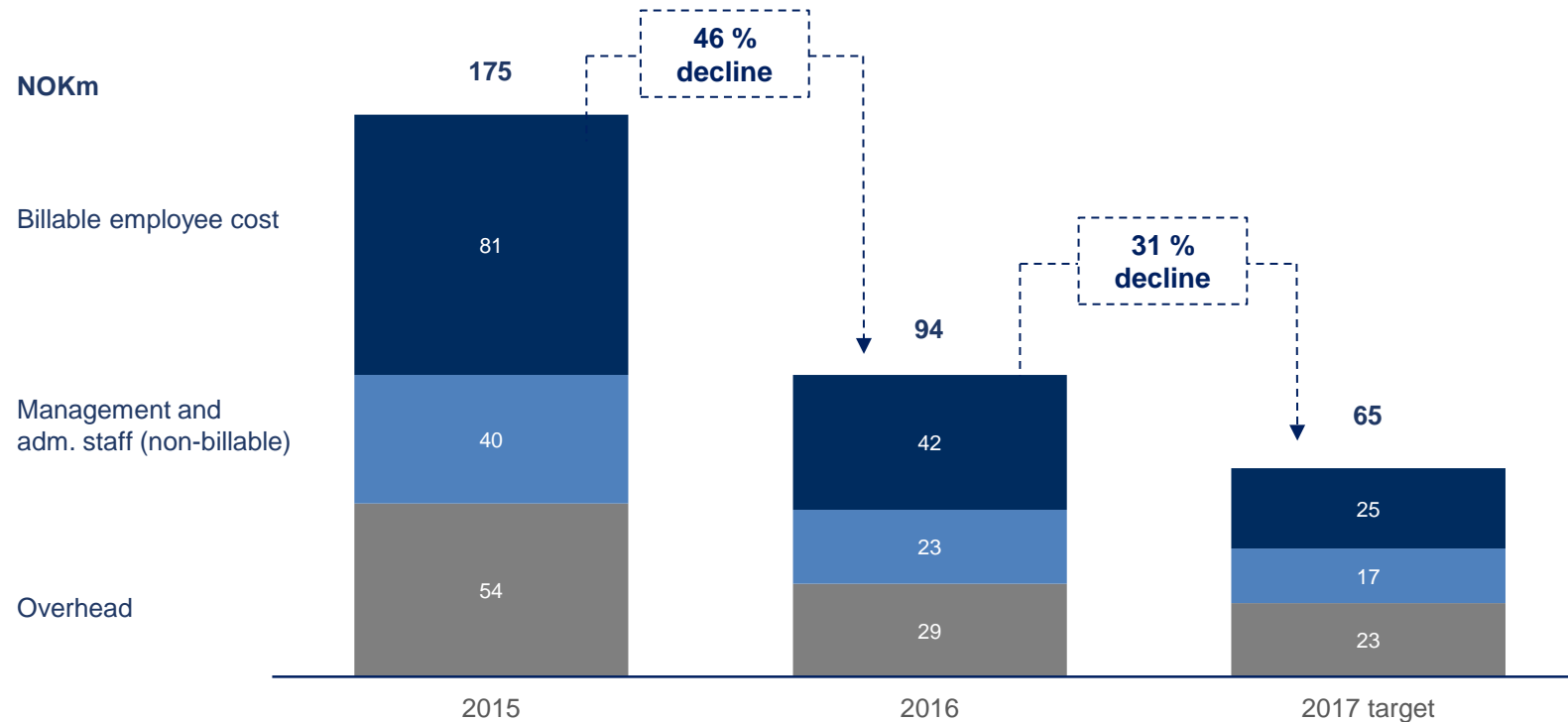
**EBITDA continued operations**  
NOK million





# Substantial cost reductions achieved

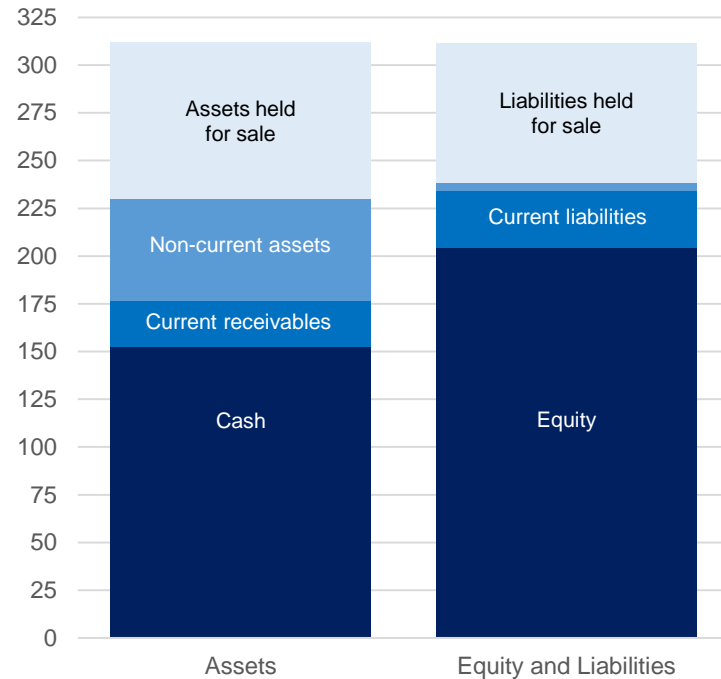
- Target is to reduce cash burn to a minimum in 2017 in expectation of recovery in 2018/2019
- In Q1 2017, further reductions, including headcount, have been carried out



Note: Figures exclude one-off costs and variable project costs.

# Balance sheet composition

Balance sheet composition at 31 March 2017 (NOKm)



- Cash and cash equivalents
  - NOK 152.3 million for continued operations
- Equity ratio of 66%
- No interest bearing debt



# Concluding remarks





# 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, ExxonMobil framework agreement, UK sector prospect and Barents Sea opportunities in particular
- Our strategy remains to be the world's leading provider of cylindrical floater designs, engineering and related services



# 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



# Appendix



# Profit & loss statement

NOK million	Q1 17	Q4 16	Q1 16	2016
<b>Continued operations</b>				
Operating revenue	12.1	18.3	42.9	117.1
Operating expense	-28.7	-34.2	-102.2	-221.1
<b>EBITDA</b>	<b>-16.7</b>	<b>-16.0</b>	<b>-59.3</b>	<b>-104.0</b>
Depreciation, amortization and impairment	-0.6	-2.0	-0.5	-3.3
<b>Operating profit/(loss)</b>	<b>-17.3</b>	<b>-18.0</b>	<b>-59.8</b>	<b>-107.3</b>
Financial income/(expense)	7.3	-0.6	-24.1	-127.7
FX gain/(loss) relating to financing	-2.0	9.1	-18.3	-12.2
<b>Net financial items</b>	<b>5.3</b>	<b>8.5</b>	<b>-42.4</b>	<b>-139.8</b>
<b>Profit/(loss) before tax</b>	<b>-11.9</b>	<b>-9.5</b>	<b>-102.2</b>	<b>-247.1</b>
Tax income/(expense)	0.0	-0.2	-0.1	5.7
<b>Net profit/(loss) continued operations</b>	<b>-11.9</b>	<b>-9.7</b>	<b>-102.3</b>	<b>-241.4</b>
<b>Discontinued operations</b>				
Disposal group classified as held for sale	-2.5	-1.3	5.7	28.5
<b>Net profit/(loss) discontinued operations</b>	<b>-2.5</b>	<b>-1.3</b>	<b>5.7</b>	<b>28.5</b>
<b>Net profit/(loss)</b>	<b>-14.4</b>	<b>-11.0</b>	<b>-96.6</b>	<b>-212.9</b>

# Balance sheet

<i>NOK million</i>	31.03.17	31.03.16	31.12.16
Fixed assets	1.2	2.8	1.4
Intangible assets	5.5	7.9	5.9
Deferred tax assets	0.0	0.9	0.0
Loan	0.0	108.3	0.0
Other non-current assets	46.4	45.3	46.7
<b>Total non-current assets</b>	<b>53.1</b>	<b>165.2</b>	<b>54.0</b>
Trade and other receivables	24.6	123.8	22.2
Cash and cash equivalents	152.3	344.5	213.9
<b>Total current assets</b>	<b>176.9</b>	<b>468.3</b>	<b>236.1</b>
Assets held for sale	81.8		75.5
<b>Total assets</b>	<b>311.8</b>	<b>633.5</b>	<b>365.5</b>
Share capital	210.4	210.4	210.4
Other equity	-12.9	119.8	-0.1
<b>Total shareholders' equity</b>	<b>197.5</b>	<b>330.2</b>	<b>210.4</b>
Non-controlling interest	7.0	9.0	8.6
<b>Total equity</b>	<b>204.5</b>	<b>339.2</b>	<b>218.9</b>
Retirement benefit obligations	4.2	8.1	6.4
Other non-current liabilities/provisions	0.0	3.3	0.0
<b>Total non current liabilities</b>	<b>4.2</b>	<b>11.4</b>	<b>6.4</b>
Current liabilities	29.8	282.8	77.1
<b>Total current liabilities</b>	<b>29.8</b>	<b>282.8</b>	<b>77.1</b>
<b>Total liabilities</b>	<b>34.0</b>	<b>294.2</b>	<b>83.4</b>
Liabilities held for sale	73.3		63.2
<b>Total equity and liabilities</b>	<b>311.8</b>	<b>633.5</b>	<b>365.5</b>



# Cash flow statement

<i>NOK million</i>	Q1 17	Q4 16	Q1 16	2016
<b>Cash flows from operating activities</b>				
Cash from operations	-61.6	4.8	-12.3	-44.3
Taxes paid	0.0	0.0	-31.7	-31.7
<b>Net cash generated from continued operating activities</b>	<b>-61.6</b>	<b>4.8</b>	<b>-44.1</b>	<b>-76.0</b>
Net cash generated from discontinued operating activities	11.8	2.4	66.5	-40.2
<b>Net cash generated from operating activities</b>	<b>-49.9</b>	<b>7.2</b>	<b>22.4</b>	<b>-116.2</b>
<b>Cash flows from investment activities</b>				
Sale of shares KANFA Aragon	0.0	0.0	0.0	20.0
<b>Net cash from continued investment activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>
Net cash from discontinued investment activities	0.0	0.0	0.0	0.0
<b>Net cash from investment activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>
<b>Cash flows from financing activities</b>				
Dividends paid	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>
Net cash from discontinued financing activities	0.0	0.0	0.0	0.0
<b>Net cash from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash flow for the period - continued activities</b>	<b>-61.6</b>	<b>4.8</b>	<b>-44.1</b>	<b>-56.0</b>
<b>Net cash flow for the period - discontinued activities</b>	<b>11.8</b>	<b>2.4</b>	<b>66.5</b>	<b>-40.2</b>
Cash balance at beginning of period	225.9	218.7	322.1	322.1
<b>Cash balance at end of period</b>	<b>176.0</b>	<b>225.9</b>	<b>344.5</b>	<b>225.9</b>
Cash balance at end of period continued operations	152.3	213.9	225.9	213.9
Cash balance at end of period discontinued operations	23.7	12.0	118.6	12.0