

# Sevan Marine ASA

Third Quarter 2017

Oslo, 21 November 2017

Reese McNeel, CEO



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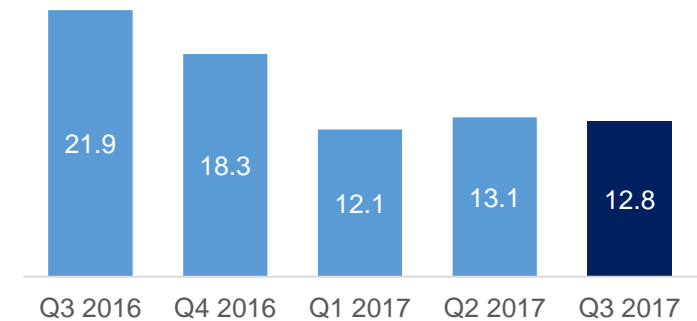
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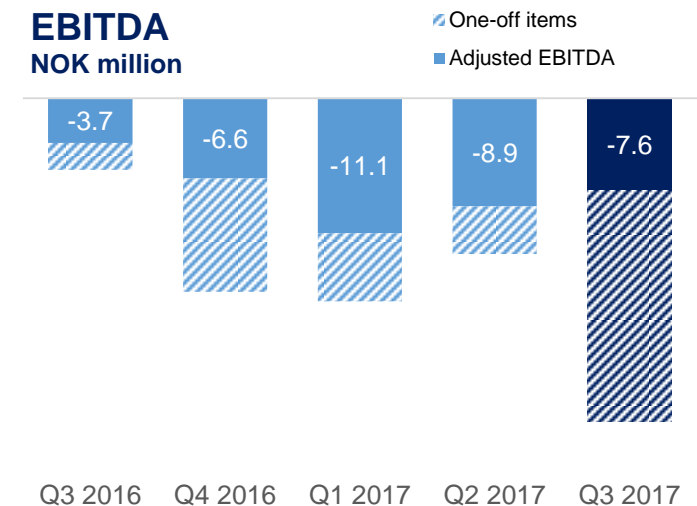
# Highlights – Q3 2017

- Stable operating revenue
- Adjusted EBITDA of NOK -7.6 million, NOK 1.3 million better than prior quarter
  - Total EBITDA of NOK -26.6 million
  - Includes one-off items of NOK 19 million, mainly related to the Logitel arbitration settlement (NOK 12 million) and accrued legal costs related to the Logitel Bond Loan case (NOK 4 million)
- Settlement with Logitel/Teekay on the disputed Fourpartite Agreement
  - USD 4.5 million (NOK 35.7 million) received in October 2017
- Solid financial position
  - Q3 2017 cash position of NOK 162 million and no interest bearing debt

**Revenues**  
NOK million



**EBITDA**  
NOK million





# Operations



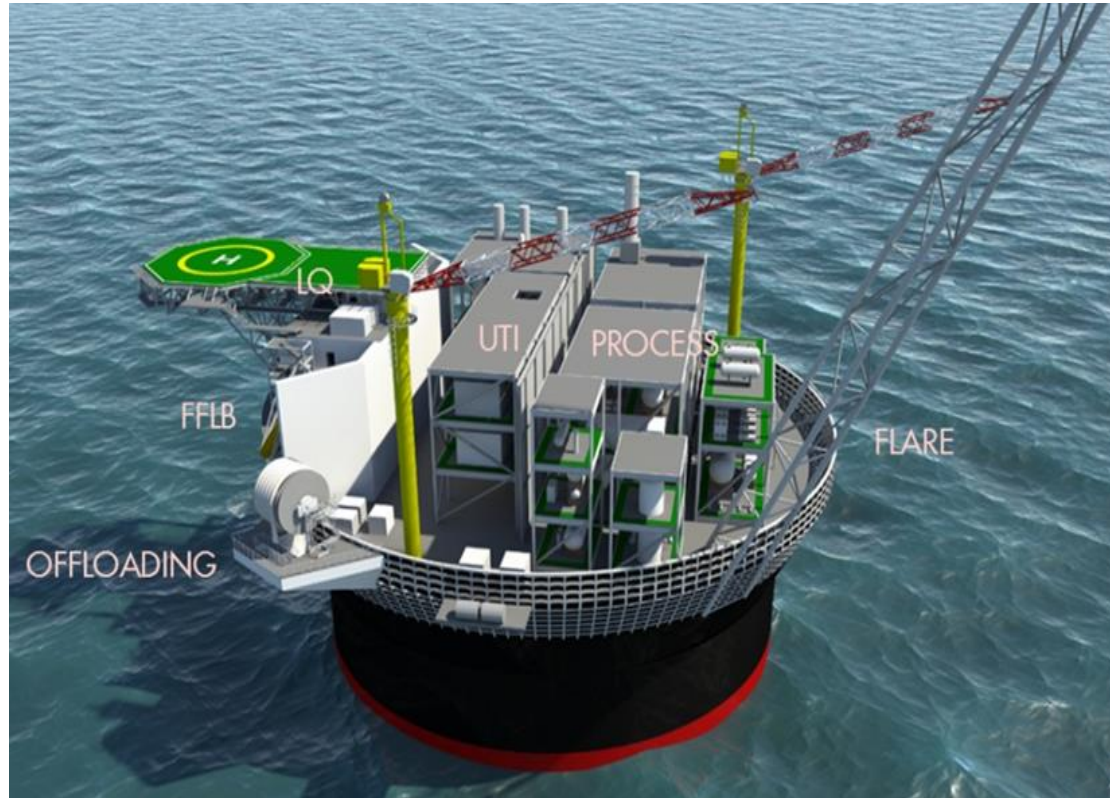


# Sevan FPSO – Western Isles field



- Start up
- Commissioning activities ongoing
- Plateau production is expected to be around 40,000 boepd, with a field life of 15 years
- Sevan Marine will receive USD 0.5 per produced barrel when in operation

# Sevan FPSO – Shell Penguins Redevelopment



- Prospective license fee potential in 2018 and additional engineering support through project EPC
- Sevan Marine entered into a license agreement for this prospect in Q4 2015
- Payments under the license agreement are subject to the field developers' final investment decision
- Sevan Marine has carried out detailed engineering for the hull and continues to support the client

# Sevan FLNG project



- Work with ExxonMobil to support specific FLNG opportunity
- Total work orders for 2017 in the range of 6,000 hours



# New developments

## HiLoad LNG Offloading and Regas

- Co-operation with Fluor Corporation for Regas. First study for specific project carried out
- Looking to team up with partner for LNG offloading



## Drilling unit for harsh environment

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



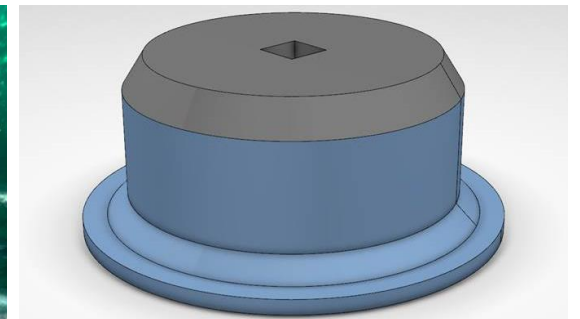
## Fish farming

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



## Power hub for wind or subsea operations

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





# Financials

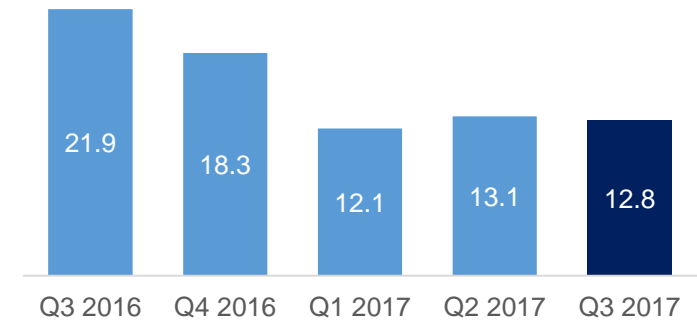




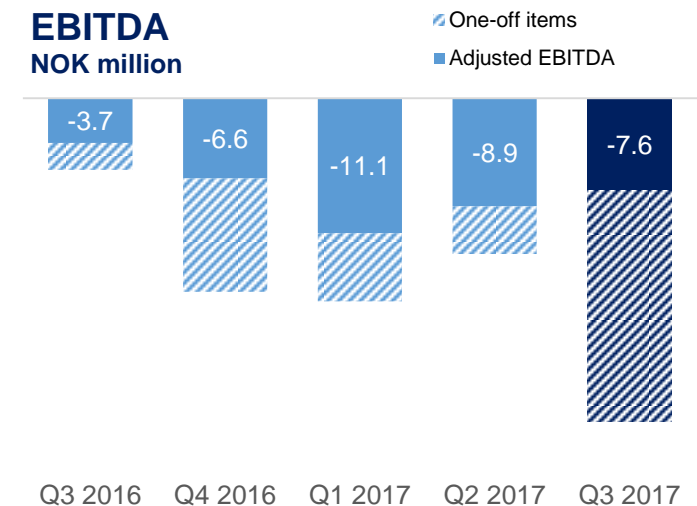
# Financial highlights

- Stable operating revenue of NOK 12.8 million
- EBITDA was NOK -26.6 million
  - Excluding one-off items, EBITDA improved by NOK 1.3 million versus previous quarter
  - One-off items of NOK 19 million mainly related to Logitel arbitration settlement loss and legal costs of Logitel dispute

**Revenues**  
NOK million



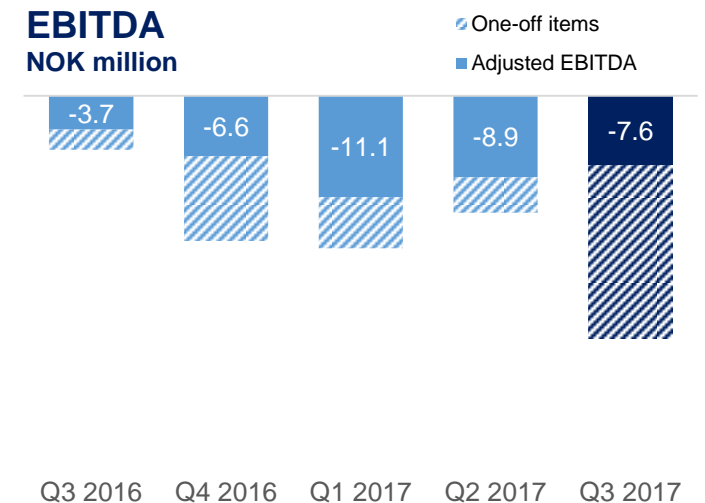
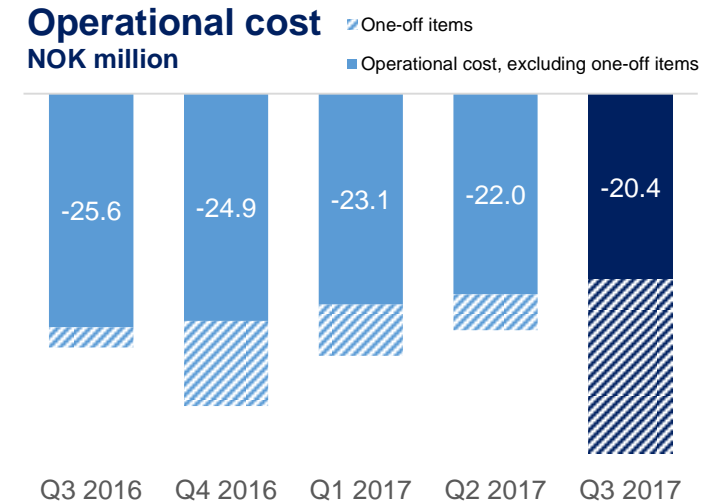
**EBITDA**  
NOK million





# Performance – EBITDA adjusted for one-offs

- Reported EBITDA impacted by one-off items
- Revenue decrease versus Q3 2016, stable through 2017
- Underlying operational costs decreasing consistently over last quarters
- Likelihood of significant one-off items decreasing
- EBITDA going forward dependent on engineering studies and license income from Dana Western Isles and Shell Penguins redevelopment projects



# Logitel disputes

## Logitel bond loan court case

- Oslo District Court rejected claims related to the Logitel bond loan and awarded Logitel legal costs of NOK 4.1 million which have been accrued for in Q3 2017
- The decision has been appealed. The appeal will most likely not be heard before the second half of 2019
- While Sevan Marine is optimistic that the Appeal Court will overturn the Oslo District Court ruling, there remains material uncertainty regarding the amount and timing of any recovery

## Settlement agreement with Logitel/Teekay with respect to the disputed Fourpartite Agreement

- USD 4.5m (NOK 35.7m) cash payment received in October as full and final settlement
- NOK 12.0m loss in Q3 2017 which includes accrued legal fees related to the arbitration



# Alleged Patent Infringement

- Sevan Marine ASA was informed during the quarter that Sembmarine SSP Inc. and Jurong Shipyard Pte Ltd have initiated patent infringement proceedings against Sevan Marine ASA as well as Sevan Drilling Ltd and Sevan Drilling North America LLC in the Southern District Court of Texas in relation to the U.S. Patent No. 9,266,587
- Sevan Marine has yet to be formally served the lawsuit
- Sevan Marine believes the case is without merit and will vigorously defend it
- The plaintiffs have not yet quantified their claim for damages
- Seven Maine does not believe that this will result in any material negative consequences with respect to either existing or future uses of the Sevan technology



# Concluding remarks





# Summing up – developments in the quarter

- Stable activity level through summer months
- Continuing reductions in cost base
- Large one-off impacts in quarter
- Closure of Logitel arbitration case

# Summing up – short term outlook

- Western Isles license start up
- Shell Penguins redevelopment project FID expected 2018
- Continued development of new concepts
- Further development and marketing of FSRU concept, Floating Regas Dock (FRD), with partners
- Continued focus on selling design packages and winning new engineering work

# Our focus

Building relationships with large oil companies to:

- Promote the proven Sevan Marine design and our specialty marine engineering designs and services and to
- Be well positioned to take advantage of opportunities in an improving market





# Appendix

# Profit & loss statement

<i>NOK million</i>	Q3 17	Q2 17	YTD Q3 17	Q3 16	YTD Q3 16	2016
<b>Continued operations</b>						
Operating revenue	12.8	13.1	38.0	21.9	98.8	117.1
Operating expense	-39.4	-25.9	-94.1	-27.8	-186.8	-221.1
<b>EBITDA</b>	<b>-26.6</b>	<b>-12.9</b>	<b>-56.1</b>	<b>-5.9</b>	<b>-88.0</b>	<b>-104.0</b>
Depreciation, amortization and impairment	-0.5	-0.6	-1.7	-0.4	-1.3	-3.3
<b>Operating profit/(loss)</b>	<b>-27.1</b>	<b>-13.5</b>	<b>-57.8</b>	<b>-6.3</b>	<b>-89.3</b>	<b>-107.3</b>
Financial income/(expense)	0.6	2.8	10.7	0.7	-127.1	-127.7
FX gain/(loss)	-3.6	-1.8	-7.4	-4.6	-21.3	-12.2
<b>Net financial items</b>	<b>-3.0</b>	<b>1.0</b>	<b>3.3</b>	<b>-3.9</b>	<b>-148.3</b>	<b>-139.8</b>
<b>Profit/(loss) before tax</b>	<b>-30.1</b>	<b>-12.5</b>	<b>-54.5</b>	<b>-10.2</b>	<b>-237.6</b>	<b>-247.1</b>
Tax income/(expense)	0.0	39.3	39.3	6.2	6.0	5.7
<b>Net profit/(loss) continued operations</b>	<b>-30.1</b>	<b>26.8</b>	<b>-15.3</b>	<b>-4.0</b>	<b>-231.6</b>	<b>-241.4</b>
<b>Discontinued operations</b>						
Disposed group classified as held for sale	0.0	-7.6	-10.1	1.1	26.4	25.1
<b>Net profit/(loss) discontinued operations</b>	<b>0.0</b>	<b>-7.6</b>	<b>-10.1</b>	<b>1.1</b>	<b>26.4</b>	<b>25.1</b>
<b>Net profit/(loss)</b>	<b>-30.1</b>	<b>19.2</b>	<b>-25.4</b>	<b>-2.9</b>	<b>-205.3</b>	<b>-216.3</b>

# Balance sheet

NOK million	Note	30.09.17	30.06.17	30.09.16	31.12.16
Fixed assets		0.2	0.3	2.0	1.4
Intangible assets		4.7	5.1	7.6	5.9
Deferred tax assets		0.0	0.0	0.9	0.0
Other non-current assets	3	3.5	45.5	43.9	46.7
<b>Total non-current assets</b>		<b>8.4</b>	<b>50.9</b>	<b>54.4</b>	<b>54.0</b>
Trade and other receivables	3	52.3	19.6	114.2	22.2
Cash and cash equivalents		161.6	179.1	218.7	213.9
<b>Total current assets</b>		<b>214.0</b>	<b>198.7</b>	<b>332.9</b>	<b>236.1</b>
Assets held for sale					75.5
<b>Total assets</b>		<b>222.4</b>	<b>249.6</b>	<b>387.3</b>	<b>365.5</b>
Share capital	2	210.4	210.4	210.4	210.4
Other equity		-17.1	13.0	11.0	-0.7
<b>Total shareholders' equity</b>		<b>193.4</b>	<b>223.4</b>	<b>221.5</b>	<b>209.7</b>
Non-controlling interest		0.2	0.3	9.2	9.2
<b>Total equity</b>		<b>193.6</b>	<b>223.7</b>	<b>230.6</b>	<b>218.9</b>
Retirement benefit obligations		0.0	4.2	6.4	6.4
Other non-current liabilities/provisions		0.0	0.0	3.3	0.0
<b>Total non current liabilities</b>		<b>0.0</b>	<b>4.2</b>	<b>9.7</b>	<b>6.4</b>
Current liabilities		28.8	21.7	146.9	77.1
<b>Total current liabilities</b>		<b>28.8</b>	<b>21.7</b>	<b>146.9</b>	<b>77.1</b>
<b>Total liabilities</b>		<b>28.8</b>	<b>25.9</b>	<b>156.7</b>	<b>83.4</b>
Liabilities held for sale					63.2
<b>Total equity and liabilities</b>		<b>222.4</b>	<b>249.6</b>	<b>387.3</b>	<b>365.5</b>



# Cash flow statement

NOK million	Q3 17	Q2 17	YTD Q3 17	Q3 16	YTD Q3 16	2016
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