



Fred. Olsen Energy ASA

Report for the 1st quarter 2013

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 791 MILLION IN 1Q 2013

HIGHLIGHTS

- Revenues were 1,591 million
- EBITDA was 791 million
- Operating profit (EBIT) was 446 million
- Profit before tax was 469 million
- Earnings per share were 6.7
- Borgny Dolphin - secured a 1 year contract extension

Post quarter events:

- Borgland Dolphin - awarded a 3 well contract extension, estimated to six months

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Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2012 in brackets*)

Operating revenues in the quarter were 1,591 million (1,628 million), a decrease of 37 million compared with the previous quarter. Revenues from the offshore drilling division were 1,547 million (1,591 million), a decrease of 44 million. Revenues from the engineering and fabrication division were 44 million (37 million), an increase of 7 million. The decrease in revenues within the offshore drilling division is mainly due to Borgholm Dolphin coming off contract in early February, partly offset by Borgsten commenced operation as a Tender Support Vessel (TSV) unit in February.

Operating costs were 800 million (872 million), a decrease of 72 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 71 million, while the operating cost within the engineering and fabrication division decreased by 1 million. The decrease in operating costs within the offshore drilling division is mainly due to a lower repair and maintenance level as well as reduced overhead cost compared to previous quarter.

Operating profit before depreciation (EBITDA) was 791 million (755 million). EBITDA within the offshore drilling division increased by 27 million to 789 million (762 million), and EBITDA within engineering and fabrication division was 2 million (negative 7 million).

Depreciation and amortisation amounted to 345 million (356 million).

Operating profit after depreciation (EBIT) was 446 million (399 million).

Net financial expenses were positive 23 million (81 million). Capitalized interest expenses related to the newbuilds in the quarter amounted to 24 million (17 million).

Profit before tax was 469 million (318 million).

Net profit, including an estimated tax charge of 25 million (26 million), was 444 million (292 million).

Earnings per share were 6.7 (4.4).

The Board has proposed to the Annual General Meeting on 28th May 2013 an ordinary dividend payment of NOK 10 per share and an extraordinary dividend of NOK 10 per share. Subject to approval, the shares will be quoted ex. dividend from 29th May 2013. Estimated date of payment of dividend is 20th June 2013.

OPERATIONS

Drilling Division

The offshore fleet of Fred. Olsen Energy ASA with subsidiaries (the Group) consists of two deepwater units, five mid-water semi-submersible drilling rigs, one tender support vessel and one accommodation unit. Three of the semi-submersible drilling rigs are operating on the Norwegian Continental Shelf. The Group has two newbuilds under construction, one ultra deepwater drillship scheduled to be delivered in 3Q 2013 and one ultra deepwater harsh environment semi-submersible scheduled to be delivered in 1Q 2015. Both units are ordered at Hyundai Heavy Industries Co., Ltd.

Norway

Bideford Dolphin continued operations under a three-year drilling contract for Statoil ASA. The contract will expire in January 2014. In October 2012, a three-year extension of the current drilling contract was entered into with Statoil ASA. The extension is in direct continuation with the current contract, with estimated commencement in January 2014. An option exists for a further two years contract extension. The unit will undertake its five-year Class Renewal Survey second quarter 2014.

Borgland Dolphin continued operations under the four-year drilling contract with a consortium of several oil companies, managed by Rig Management Norway AS. The contract will expire in February 2014. In September 2012 a new 15 well drilling contract, estimated to three years, was entered into with a Rig Management Norway consortium of four oil companies. In April 2013 the contract was extended with additional 3 wells, estimated to 180 days. The unit will undertake its five-year Class Renewal Survey fourth quarter 2014.

Bredford Dolphin continued operations under a 10 well drilling program for Lundin Norge, with estimated completion in 1Q 2014. In September 2012, a new drilling contract was entered into for an eight well drilling campaign, estimated to 570 days. The contract is with an AGR coordinated group of four oil companies for operation on the Norwegian Continental Shelf. The operators have the right to extend the contract period with four additional wells within 30th of June 2013. Subject to execution of the first four optional wells, the operators have the right to extend the contract with minimum additional five wells within contract commencement. The unit completed its five-year Class Renewal Survey in August 2012.

International

Belford Dolphin continued operations under the four-year drilling contract with Anadarko Petroleum Corporation. The contract will expire end 2015. The unit is currently operating offshore Mozambique. The unit will undertake its five-year Class Renewal Survey 1Q 2015.

Blackford Dolphin completed two wells in the quarter, under a three-well drilling contract with Karoon Petroleo & Gas S.A. The unit is currently drilling the third well, which will be followed by a one well-contract with Anadarko in Brazil. The unit will undertake its five-year Class Renewal Survey second half 2013.

Borgny Dolphin continued operations under a five-year drilling contract with Petrobras. In January 2013 the contract with Petrobras was extended with

Figures in NOK

approximately one year and is now estimated to expire in September 2014. The unit will undertake its five-year Class Renewal Survey second half 2014.

Byford Dolphin commenced a new three year contract with BP Exploration Operating Co. Ltd. in the second half of April. The contract is estimated to expire 2Q 2016. The planned early Class Renewal Survey in first quarter 2014 has been postponed, and the unit is estimated to undertake its CRS in first quarter 2015.

Borgsten Dolphin commenced in mid February a 40 months contract as Tender Support Vessel (TSV) at the Dunbar platform with Total E&P UK Ltd.. Options exist for a contract extension of two six month periods. The unit completed its five-year Class Renewal Survey and upgrades to a TSV in February 2013.

Borgholm Dolphin has completed its five-year Class Renewal Survey at the Fayard yard in Denmark. The cost for the CRS and upgrades was USD 32 million. In November 2012 a new one year accommodation contract was entered into with Shell U.K. Limited with commencement mid May 2013, following mobilization from the Fayard yard. In December 2012 a new 9 months accommodation contract was entered into with BG with estimated commencement in August 2014.

The ultra deepwater drillship newbuild, Bolette Dolphin, currently under construction at Hyundai Heavy Industries in Korea, is scheduled to be delivered in 3Q 2013 and commence a four-year drilling contract with Anadarko Petroleum Corporation in 4Q 2013.

The harsh environment ultra-deepwater semi-submersible drilling rig Bollsta Dolphin, currently under construction at Hyundai Heavy Industries in Korea, is scheduled to be delivered end first quarter 2015 and commence a five-year drilling contract with Chevron North Sea Limited in 3Q 2015.

Engineering and Fabrication

The Harland & Wolff shipyard continued its core activities within engineering, ship repair and shipbuilding. In the quarter H&W commenced the Kværner Verdal AS contracts for fabrication of pile sleeve clusters and floatation tanks for Lundin's Edvard Grieg jacket and Total's Martin Linge jacket. In the quarter Harland & Wolff was awarded the contract for design and fabrication of the Humber Gateway offshore wind farm substation jacket for E.ON. This jacket will be completed and ready for installation Q1 2014.

Oslo, 6th May 2013

The Board of Directors

Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

GROUP INCOME STATEMENT

Unaudited

(NOK mill)	Note	1Q 2013	4Q 2012 *	1Q 2012 *	Year 2012 *	Year 2012 *
Operating revenues		1 535,8	1 568,6	1 530,3	6 637,4	6 637,4
Recharged income		55,3	59,2	76,1	239,4	239,4
Total revenues		1 591,1	1 627,8	1 606,4	6 876,8	6 876,8
Operating costs		(746,5)	(816,7)	(686,9)	(3 115,2)	(3 115,2)
Recharged expenses		(53,3)	(55,6)	(75,5)	(228,1)	(228,1)
Total operating expenses		(799,8)	(872,3)	(762,4)	(3 343,3)	(3 343,3)
Oper. profit before depr. (EBITDA)		791,3	755,5	844,0	3 533,5	3 533,5
Depreciation and amortisation	6	(344,7)	(355,9)	(338,3)	(1 350,7)	(1 350,7)
Operating profit (EBIT)		446,6	399,6	505,7	2 182,8	2 182,8
Net financial (expense)/income	8	22,8	(81,6)	(110,3)	(276,1)	(276,1)
Profit before income taxes		469,4	318,0	395,4	1 906,7	1 906,7
Income tax expense		(24,9)	(26,4)	(26,5)	(82,8)	(82,8)
Profit for the period		444,5	291,6	368,9	1 823,9	1 823,9
Attributable to:						
Shareholders		444,4	292,5	368,8	1 821,3	1 821,9
Non-controlling interests		0,1	(0,9)	0,1	2,6	2,0
Profit for the period		444,5	291,6	368,9	1 823,9	1 823,9
<i>EPS :</i>						
Basic earnings per share		6,7	4,4	5,6	27,5	27,5
Diluted earnings per share		6,7	4,4	5,6	27,5	27,5
Outstanding shares						
Average number of ordinary shares, basic		66,3	66,3	66,3	66,3	66,3
Average number of ordinary shares, diluted		66,3	66,3	66,3	66,3	66,3

GROUP STATEMENT OF COMPREHENSIVE INCOME

Unaudited

	1Q 2013	4Q 2012 *	1Q 2012 *	Year 2012 *	Year 2012 *
Profit for the period	444,5	291,6	368,9	1 823,9	1 823,9
Actuarial gains/(losses) on defined benefit pension plans	-	(32,9)	-	(32,9)	(32,9)
Income tax relating to components of other comprehensive income	-	6,5	-	6,5	6,5
Exchange differences on translation of foreign operations	328,6	(199,9)	(361,4)	(583,1)	(583,1)
Total comprehensive income for the period	773,1	65,3	7,5	1 214,4	1 214,4
Attributable to:					
Shareholders	773,0	66,4	7,5	1 212,9	1 212,9
Non-controlling interests	0,1	(1,1)	-	1,5	1,5
Total comprehensive income for the period	773,1	65,3	7,5	1 214,4	1 214,4

* Restated. Concerning certain employee benefits do not correspond to the interim condensed consolidated financial statements for 2012, see note 3 and 9 for details.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		31 Mar 13	31 Mar 12	31 Dec 12
			* restated	* restated
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	6	13 494,6	9 936,7	12 684,5
Other non-current assets		157,2	153,6	158,4
Total non-current assets		13 750,4	10 188,9	12 941,5
Inventories		501,0	461,8	431,0
Trade and other receivables		1 187,8	1 203,1	964,5
Other current assets		208,1	143,1	188,8
Cash and cash equivalents		1 395,9	2 039,8	1 386,8
Total current assets		3 292,8	3 847,8	2 971,1
Total assets		17 043,2	14 036,7	15 912,6
Share capital		1 333,9	1 333,9	1 333,9
Other equity		7 044,7	6 390,0	6 271,6
Non-controlling interests		-	-	-
Total Equity		8 378,6	7 723,9	7 605,5
Non-current interest-bearing loans and borrowings	5	4 050,5	3 653,6	4 196,9
Other non-current liabilities		683,9	705,0	691,1
Total non-current liabilities		4 734,4	4 358,6	4 888,0
Current interest-bearing loans and borrowings	5	764,3	701,7	730,3
Other current liabilities	6	3 165,9	1 252,5	2 688,8
Total current liabilities		3 930,2	1 954,2	3 419,1
Total equity and liabilities		17 043,2	14 036,7	15 912,6

GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited

(NOK mill)

	Share capital	Share premium	Translation reserves	Reserve for own shares	Retained earnings	Total	Non-contr. interests	Total equity
Jan - Mar 2012								
Balance at 1 January 2012	1 333,9	548,1	(350,3)	(8,6)	6 193,3	7 716,4	-	7 716,4
Total comprehensive income	-	-	(361,4)	-	368,9	7,5	-	7,5
Balance at 31 Mar 2012	1 333,9	548,1	(711,7)	(8,6)	6 562,2	7 723,9	-	7 723,9
Year 2012								
Balance at 1 January 2012	1 333,9	548,1	(350,3)	(8,6)	6 193,3	7 716,4	-	7 716,4
Total comprehensive income	-	-	(583,1)	-	1 797,5	1 214,4	-	1 214,4
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
Balance at 31 Dec 2012	1 333,9	548,1	(933,4)	(8,6)	6 665,5	7 605,5	-	7 605,5
Jan - Mar 2013								
Total comprehensive income	-	-	328,6	-	444,5	773,1	-	773,1
Balance at 31 March 2013	1 333,9	548,1	(604,8)	(8,6)	7 110,0	8 378,6	-	8 378,6

* Opening balance 1 January 2012 and comprehensive income are restated concerning certain employee benefits, see note 3 and 9 for details.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Note	Jan-Mar 2013	Jan-Mar 2012	Year 2012
Cash flows from operating activities				
Profit before income tax		469,4	395,4	1 906,7
<i>Adjustment for:</i>				
Depreciation and amortisation		344,7	338,3	1 350,7
Interest expense	8	29,6	29,7	135,4
Gain/(loss) on sales of fixed assets		0,9	-	4,9
Changes in working capital		(276,1)	85,7	524,1
Unrealised loss/(gain) financial instruments		(1,7)	(15,2)	(46,2)
Cash generated from operations		566,8	833,9	3 875,6
Interest paid		(54,8)	(41,6)	(203,4)
Taxes paid		(9,5)	(27,7)	(91,2)
Net cash from operating activities		502,5	764,6	3 581,0
Cash flows from investing activities				
Net investment in fixed assets		(236,5)	(183,7)	(2 551,0)
Proceeds from sale of equipment		1,9	-	5,8
Net cash used to investing activities		(234,6)	(183,7)	(2 545,2)
Cash flows from financing activities				
Borrowing of interest bearing debt		-	-	4 487,5
Repayments of interest bearing debt	5	(286,7)	(640,7)	(4 855,3)
Dividend paid		-	-	(1 325,3)
Net cash from financing activities		(286,7)	(640,7)	(1 693,1)
Foreign currency		27,9	(84,0)	(139,5)
Net change in cash and cash equivalents		(18,8)	(59,8)	(657,3)
Cash and cash equivalents at the beg. of period		1 386,8	2 183,6	2 183,6
Cash and cash equiv. at the end of period		1 395,9	2 039,8	1 386,8



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Notes

1. Segment information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
1Q 2013				
Revenues from external customers	1 546,8	44,3	-	1 591,1
Inter-segment revenues	-	-	-	-
Total revenues	1 546,8	44,3	-	1 591,1
Operating costs	(757,9)	(41,9)	-	(799,8)
Oper. profit before depr. (EBITDA)	788,9	2,4	-	791,3
Depreciation and amortisation	(342,4)	(2,3)	-	(344,7)
Operating profit (EBIT)	446,5	0,1	-	446,6
4Q 2012				
Revenues from external customers	1 591,0	36,8	-	1 627,8
Inter-segment revenues	-	-	-	-
Total revenues	1 591,0	36,8	-	1 627,8
Operating costs	(828,8)	(43,5)	-	(872,3)
Oper. profit before depr. (EBITDA)	762,2	(6,7)	-	755,5
Depreciation and amortisation	(354,1)	(1,8)	-	(355,9)
Operating profit (EBIT)	408,1	(8,5)	-	399,6
1Q 2012				
Revenues from external customers	1 539,9	66,5	-	1 606,4
Inter-segment revenues	-	-	-	-
Total revenues	1 539,9	66,5	-	1 606,4
Operating costs	(698,0)	(64,4)	-	(762,4)
Oper. profit before depr. (EBITDA)	841,9	2,1	-	844,0
Depreciation and amortisation	(336,4)	(1,9)	-	(338,3)
Operating profit (EBIT)	505,5	0,2	-	505,7
Year 2012				
Revenues from external customers	6 485,1	391,7	-	6 876,8
Inter-segment revenues	-	-	-	-
Total revenues	6 485,1	391,7	-	6 876,8
Operating costs	(2 982,0)	(361,3)	-	(3 343,3)
Oper. profit before depr. (EBITDA)	3 503,1	30,4	-	3 533,5
Depreciation and amortisation	(1 343,0)	(7,7)	-	(1 350,7)
Operating profit (EBIT)	2 160,1	22,7	-	2 182,8
Year 2012				
Revenues from external customers	6 485,1	391,7	-	6 876,8
Inter-segment revenues	-	-	-	-
Total revenues	6 485,1	391,7	-	6 876,8
Operating costs	(2 982,0)	(361,3)	-	(3 343,3)
Oper. profit before depr. (EBITDA)	3 503,1	30,4	-	3 533,5
Depreciation and amortisation	(1 343,0)	(7,7)	-	(1 350,7)
Operating profit (EBIT)	2 160,1	22,7	-	2 182,8

* Includes Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
31 Mar 13				
Segment assets	16 773,5	321,7	(52,0)	17 043,2
Segment liabilities	8 334,4	330,2	-	8 664,6
31 Mar 12				
Segment assets	13 768,5	319,1	(50,9)	14 036,7
Segment liabilities	5 993,0	370,7	(50,9)	6 312,8
31 Dec 12				
Segment assets	15 625,1	341,8	(54,3)	15 912,6
Segment liabilities	7 955,7	351,4	-	8 307,1

* Includes Fred. Olsen Energy ASA

2. Introduction

The consolidated interim financial statements for 1st Quarter 2013 ended 31 March 2013, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

The consolidated financial statements of the Group for the year ended 31 December 2012 are available upon request from the Company's office in Oslo or at www.fredolsen-energy.com.

These consolidated interim financial statements were approved by the Board of Directors on 6 May 2013.

3. Significant accounting policies

The main accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2012 except IAS 19 Employee Benefits (IAS 19R). The Group applied IAS 19 (Revised 2011) for the first time as of 1 January 2013.

IAS 19R changed the measurement principles of expected return on plan assets and removed the accounting policy choice for recognition of actuarial gains and losses using the corridor method. Actuarial gains and losses are recognized in other comprehensive income correspondingly affecting the net benefit liability or asset in the statement of financial position. The effect of the adoption of IAS 19R is explained in Note 10.

4. Estimates

The preparations of interim financial statements require use of estimates, judgments and assumptions which may affect the use of accounting principles and recognized assets, liabilities, income and expenses. The resulting accounting estimates may differ from the eventual outcome.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts are the same as described in the annual report for the year 2012.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

5. Interest-bearing loans and borrowings

The Group has repaid USD 50.3 million of the new facility during 1st quarter 2013. Per 31 March 2013 USD 342.5 million is undrawn and available under the credit facility for general corporate purposes.

6. Property, plant and equipment

(NOK mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2013	18 840,4	466,5	111,9	19 418,8
Acquisitions	566,0	17,1	0,0	583,1
Disposals	(22,5)	0,0	0,0	(22,5)
Movements in foreign currency	877,3	(4,6)	0,2	872,9
Balance at 31 Mar 2013	20 261,2	479,0	112,1	20 852,3
Depreciation				
Balance at 1 January 2013	6 301,5	371,2	61,6	6 734,3
Depreciation	338,2	6,2	0,3	344,7
Disposals	(21,6)	0,0	0,0	(21,6)
Movements in foreign currency	304,6	(4,4)	0,1	300,3
Balance at 31 Mar 2013	6 922,7	373,0	62,0	7 357,7
Carrying amounts				
At 1 January 2013	12 538,9	95,3	50,3	12 684,5
At 31 Mar 2013	13 338,5	106,0	50,1	13 494,6

The drillship under construction, Bolette Dolphin, is included as acquisition above with \$46 million based on percent of completion. The total accrued cost related to Bolette Dolphin per 31 March 2013 is \$344 million recorded under other current liabilities.

7. Related parties

In the ordinary course of business, the Group recognises revenues and expenses with related companies. Related parties are (1) Ganger Rolf ASA and Bonheur ASA which are the owners of a combined 51.9% (adjusted for own shares) of the Group, (2) their subsidiaries and (3) Fred.Olsen & Co. The Group receives certain administrative, financial, and legal advisory services from Fred.Olsen & Co. There are no material changes since the financial statements for the year ended 31 December 2012.

8. Financial expenses

Net financial income per 31 March 2013 include NOK 17 million of unrealised gain related to changes in fair value of interest rate contracts and NOK 15 million of unrealised loss on currency contracts. Interest cost of NOK 24 million is capitalized to Bolette Dolphin and Bollsta Dolphin under construction.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

9. Employee benefits

IAS 19R has been applied retrospectively from 1 January 2012. The impact for the Group is summarized below:

(NOK mill)

Changes in Statement of Financial Position:

	31.12.2012	31.03.2012
Pension assets	0,6	-2,9
Employee benefit liability	-391,4	-362,8
Deferred tax assets	100,1	95,6
Net decrease in retained earnings	-290,7	-270,1
Translation reserves	3,5	1,6
Retained earnings	-285,6	-264,8
Non-controlling interests	-8,6	-6,9
Net decrease in retained earnings	-290,7	-270,1

Changes in Group Income Statement and Comprehensive income:

	Year 2012	1Q - 2012	4Q - 2012
Decrease in pension cost	5,3	-	5,3
Tax	-1,5	-	-1,5
Profit for the period	3,8	-	3,8
Actuarial losses on defined benefit pension plans	-32,9	-	-32,9
Income tax related to components of other comprehensive income	6,5	-	6,5
Exchange differences on translation of foreign operations	3,6	1,6	3,1
Total comprehensive income for the period	-19,0	1,6	-19,5