

Fred. Olsen Energy ASA

4Q 2008 presentation

February 11, 2009



AGENDA

- **FINANCIAL RESULT 4Q 2008**
- MARKETS
- OPERATIONS
- SUMMARY AND OUTLOOK

Income Statement – Key Figures

(NOK mill)	4Q 2008	3Q 2008
Operating revenues	2 014	1 271
Recharged income	72	50
Total revenues	2 086	1 321
Operating costs	(657)	(525)
Recharged expenses	(67)	(52)
Oper. result before depr. (EBITDA)	1 362	744
Depreciation	(269)	(173)
Impairment	(35)	-
Operating result (EBIT)	1 058	571
Net financial items	(438)	(58)
Result before tax	620	513
Estimated tax	(8)	(5)
Net result	611	508

Comparison of 4Q 2008 versus 3Q 2008 EBITDA

EBITDA 4Q 2008 vs. 3Q 2008			
EBITDA 3Q			744
plus:	Blackford Dolphin	150	
	Borgsten Dolphin	125	
	Bredford Dolphin	108	
	Borgny Dolphin	80	
	Belford Dolphin	79	
	Harland&Wolff	23	
	Other	53	
			618
EBITDA 4Q			1362

Financial Items Breakdown

(NOK mill)	4Q 2008	3Q 2008
Interest income	10	7
Other financial income	2	3
Financial income	12	10
Interest expenses	(97)	(47)
Losses on financial instruments	(295)	(14)
Other financial expenses	(8)	(6)
Financial expenses	(400)	(67)
Net foreign currency gain/(loss)	(50)	(1)
Net financial items	(438)	(58)

Offshore Drilling Segment

(NOK mill)	4Q 2008	3Q 2008
Operating revenues	1 957	1 225
Recharged income	72	50
Total revenues	2 029	1 275
Operating costs	(632)	(488)
Recharged expenses	(67)	(52)
Oper. result before depr. (EBITDA)	1 330	735
Depreciation	(268)	(172)
Impairment	(35)	-
Operating result (EBIT)	1 027	563

Engineering & Fabrication Segment

(NOK mill)	4Q 2008	3Q 2008
Operating revenues	56	47
Operating costs	(23)	(36)
Oper. result before depr. (EBITDA)	33	11
Depreciation	(1)	(2)
Operating result (EBIT)	32	9

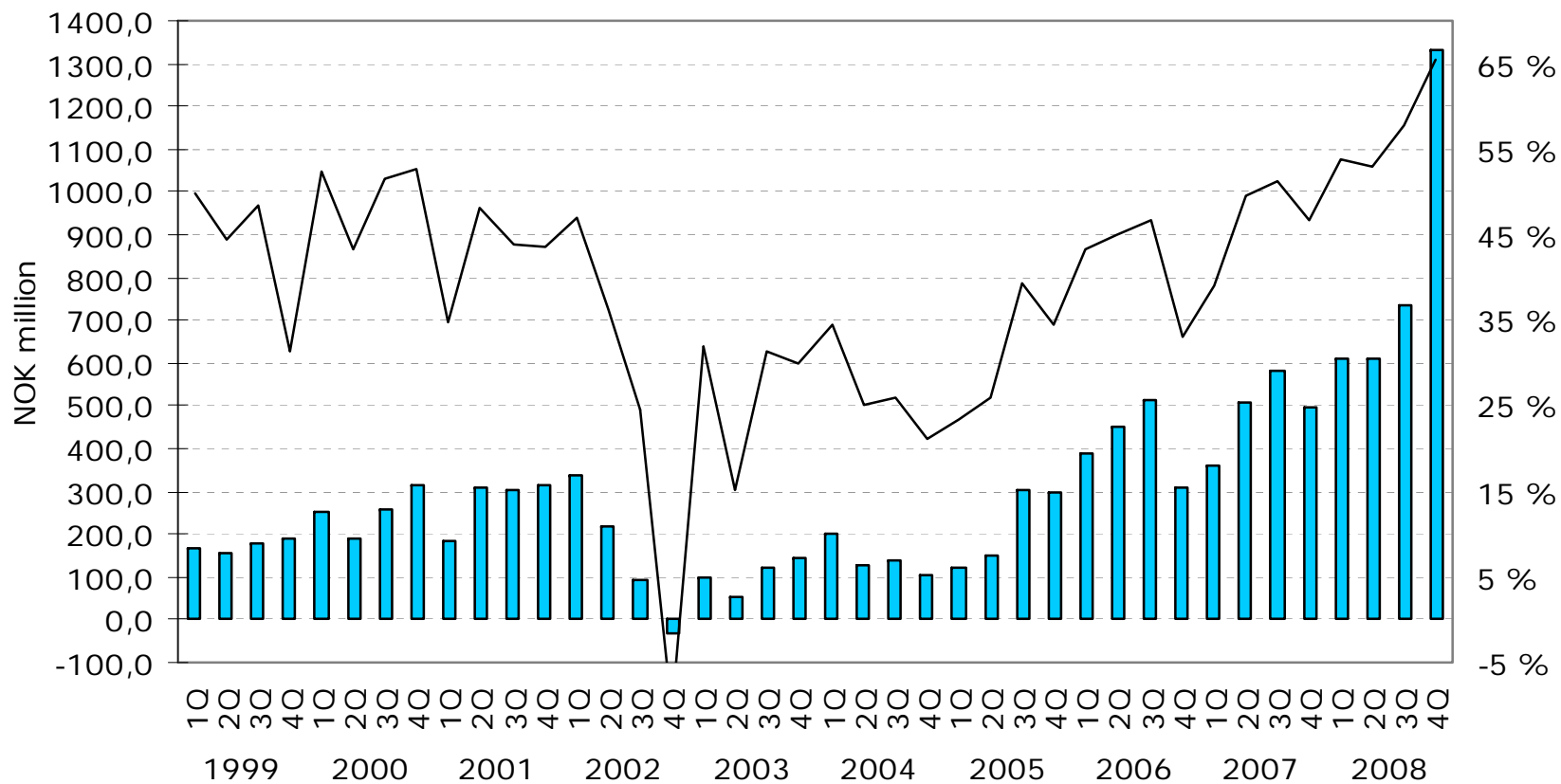
Consolidated Balance Sheet

(NOK mill)	4Q 2008	3Q 2008
Intangible assets	99	99
Property, plant & equipment	10 415	8 746
Other non-current assets	42	22
Total non-current assets	10 556	8 867
Other current assets	2 456	1 937
Cash and cash equivalents	3 674	1 255
Total current assets	6 130	3 192
Total assets	16 686	12 059
Equity	5 533	4 126
Non-current interest bearing debt	8 123	5 362
Other non-current liabilities	398	196
Total non-current liabilities	8 521	5 558
Current liabilities	792	788
Current interest bearing debt	1 840	1 587
Total current liabilities	2 632	2 375
Total equity and liabilities	16 686	12 059

Consolidated Cash Flow

(NOK mill)	4Q 2008	3Q 2008
Profit before income taxes	620	513
Depreciation and impairment	304	173
Interest expense	97	47
Loss/(gain) sale of assets	1	-
Changes in working capital	(127)	(563)
Unrealized currency loss/(gain)	-	56
Cash generated from operations	895	226
Interest paid	(118)	(12)
Taxes paid	(18)	(9)
Net cash flow from operating activities	759	205
Net investment in fixed assets	(363)	(532)
Cash flow from investment activities	(363)	(532)
Net borrowing/repayment of loans	1 628	527
Purchase of treasury shares	(80)	-
Cash flow from financing activities	1 548	527
Foreign currency	475	251
Net change in cash and cash equivalents	1 944	200
Cash at beginning of period	1 255	804
Cash at end of period	3 674	1 255

Offshore drilling EBITDA and margin



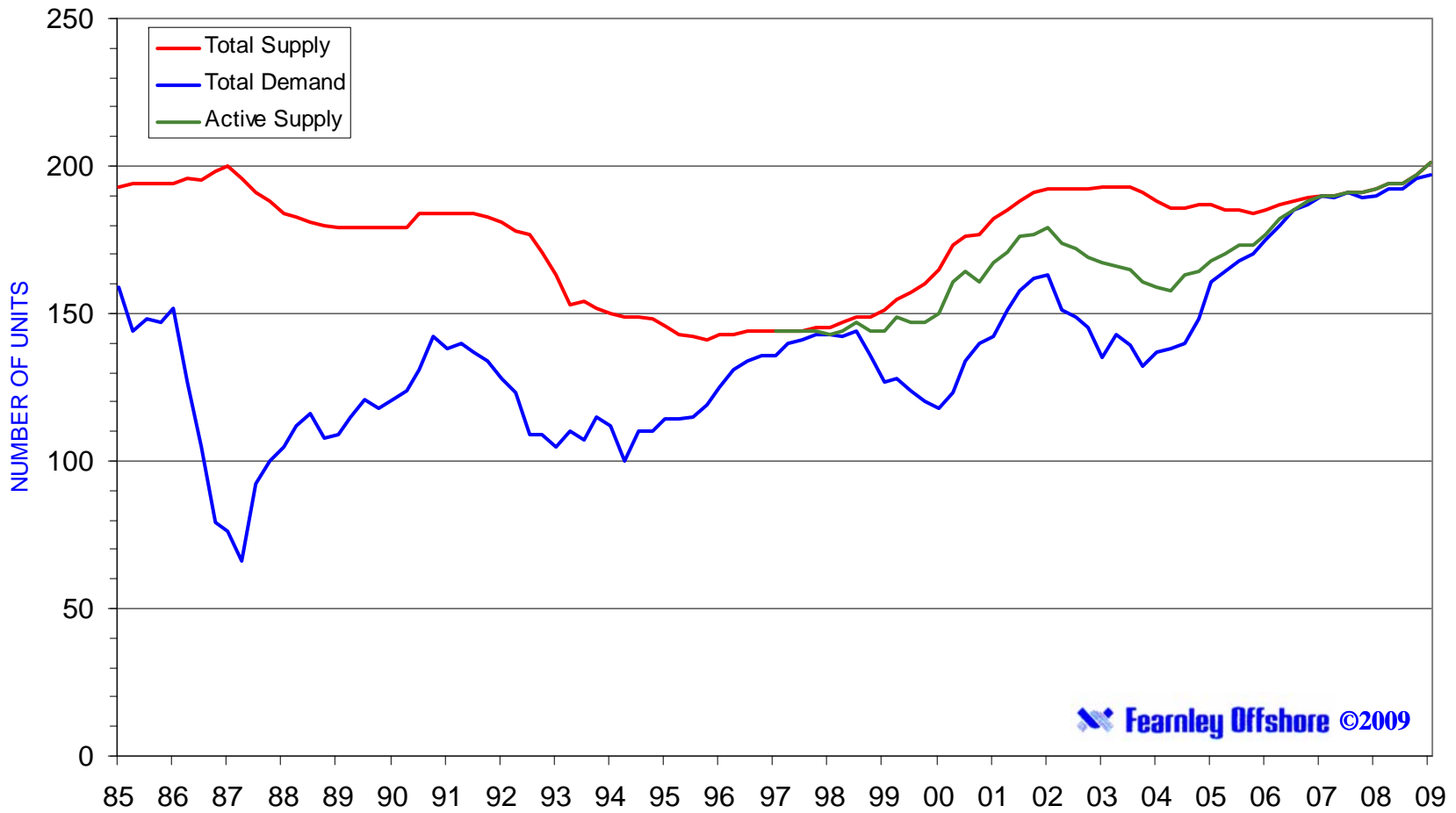
Fleet status

Rig	Type / design	W depth ft	Location	Client	Contract status	Day rate in USD	Next CR survey
Deepwater units							
Belford Dolphin	Drillship	10 000	USGoM	Anadarko	Until April '10	427 000	2Q 2010
				Anadarko	April '10- April '13	525 000	
Blackford Dolphin	SS / Aker H-3	7 000	Ghana	Tullow	Until 2Q'09	424 000	3Q 2013
				Reliance	Until 3Q '11	398 000	
Midwater floaters Norway							
Bideford Dolphin	SS / Aker H-3	1 500	Norway	StatoilHydro	Until January '11	NOK 2,65 mill.	2Q 2009
Borgland Dolphin	SS / Aker H-3	1 500	Norway	StatoilHydro	Until January '10	344 000	4Q 2009
				Consortium*	January '10 - January '14	NOK 850' + USD 379'	
Bredford Dolphin	SS / Aker H-3	1 500	Norway	AGR**	Until June '10	392 000	2Q 2012
Midwater floaters UK - Brazil							
Borgsten Dolphin	SS / Aker H-3	1 500	UK	Maersk	Until June '09	385 000	2010
Borgny Dolphin	SS / Aker H-3	2 300	Brazil	Petrobras	Until September '13	233 000	1Q 2009
Byford Dolphin	SS / Aker H-3	1 500	UK	Senergy	October '08- July '09	405 000	4Q 2009 /
				Undiscl.	1Q 2010 - 1Q 2013	410 000	1Q 2010
Accomodation floater							
Borgholm Dolphin	Acc. / Aker H-3		UK	BG	October '08-January '09	230 000	4Q 2012
				BG	February '09-October '10	225 000	
Participants in the consortiums:							
* BP, Bridge, Discover, EON, Nexen, OMV, Rocksource, Wintershall							
** BG, Detnor, Endavour, Lundin, Marathon, Revus							

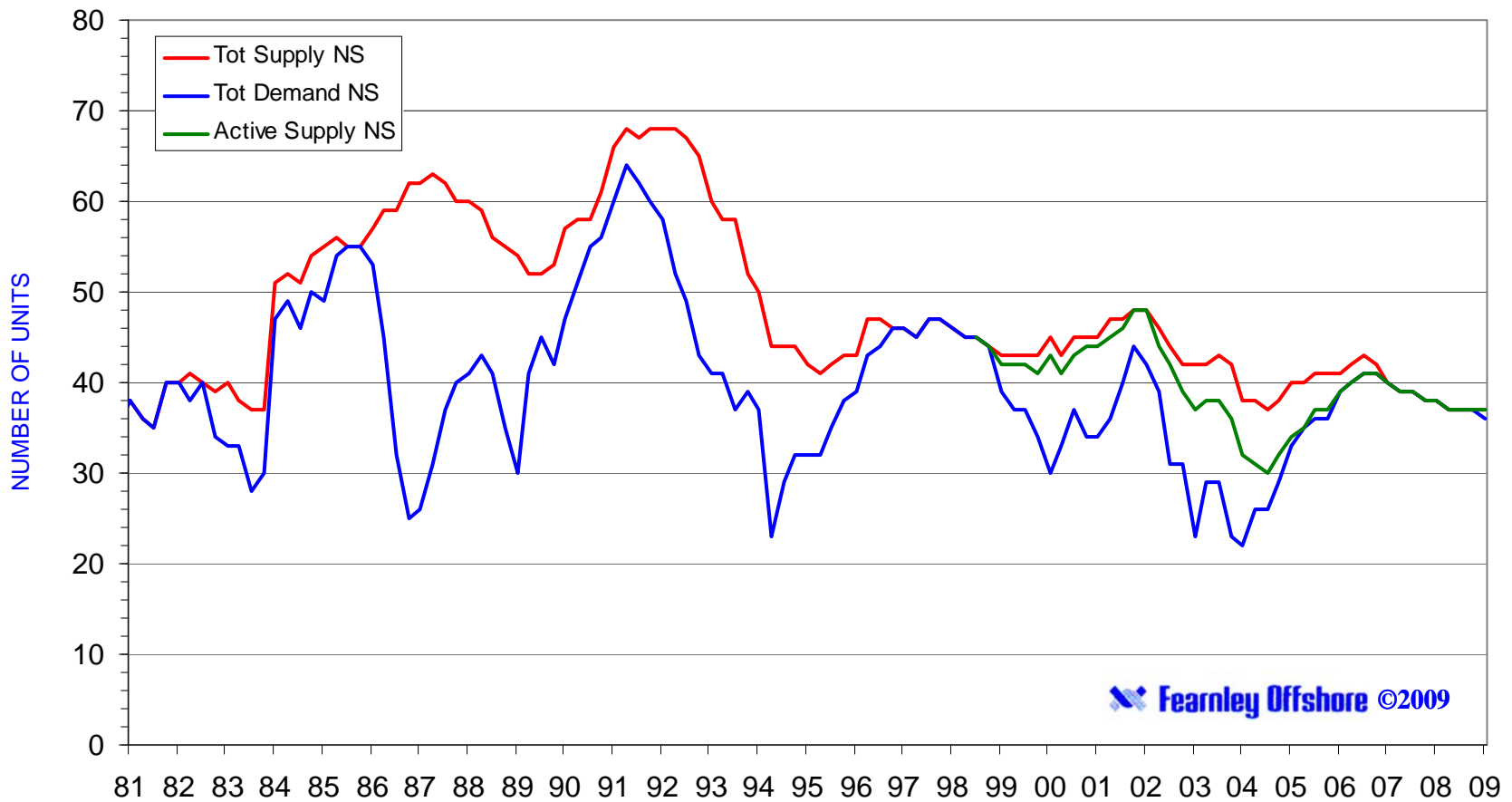
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SUPPLY AND DEMAND WORLDWIDE FLOATERS

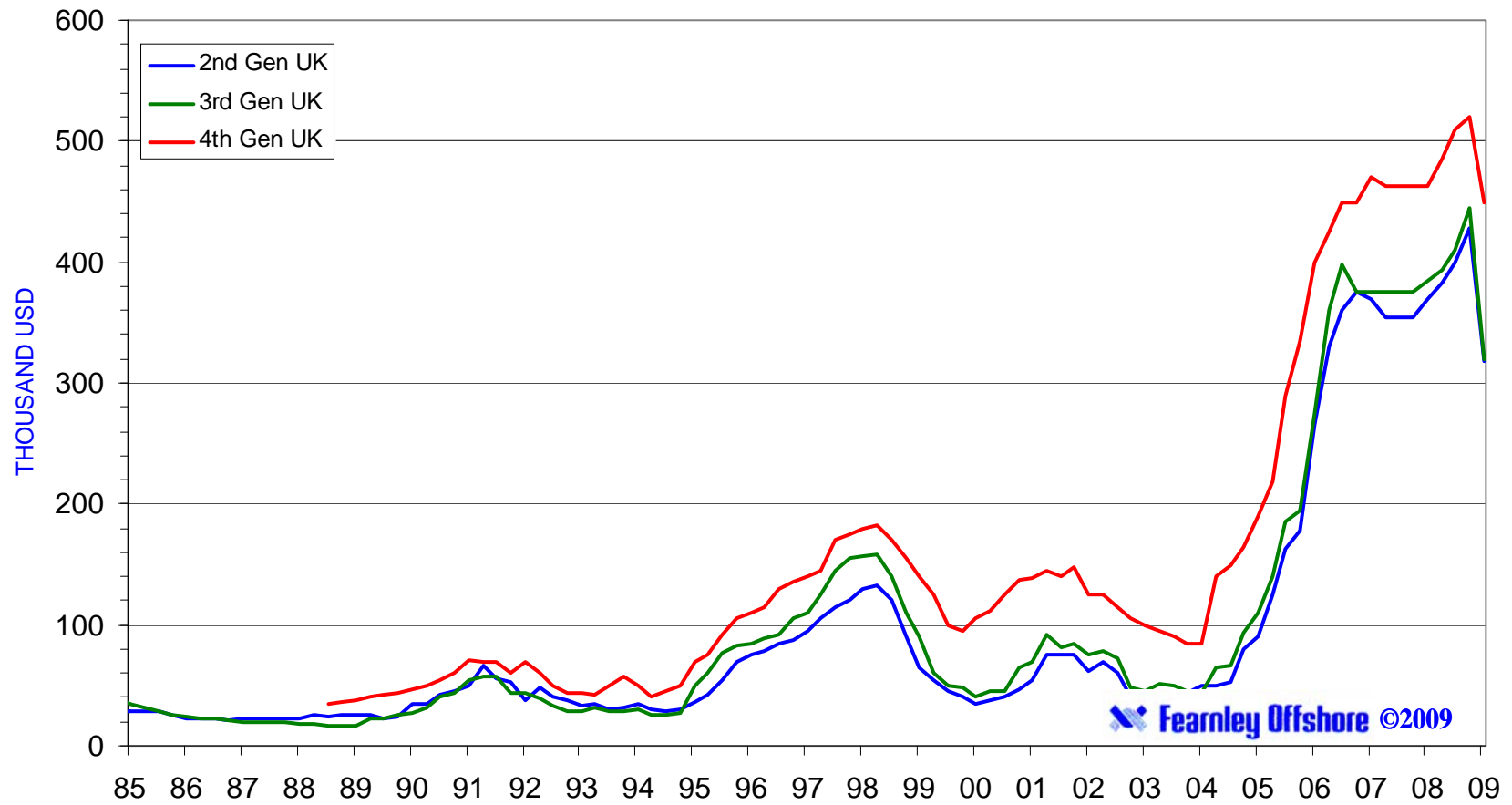


SUPPLY AND DEMAND NORTH SEA AREA SEMISUBMERSIBLE DRILLING UNITS



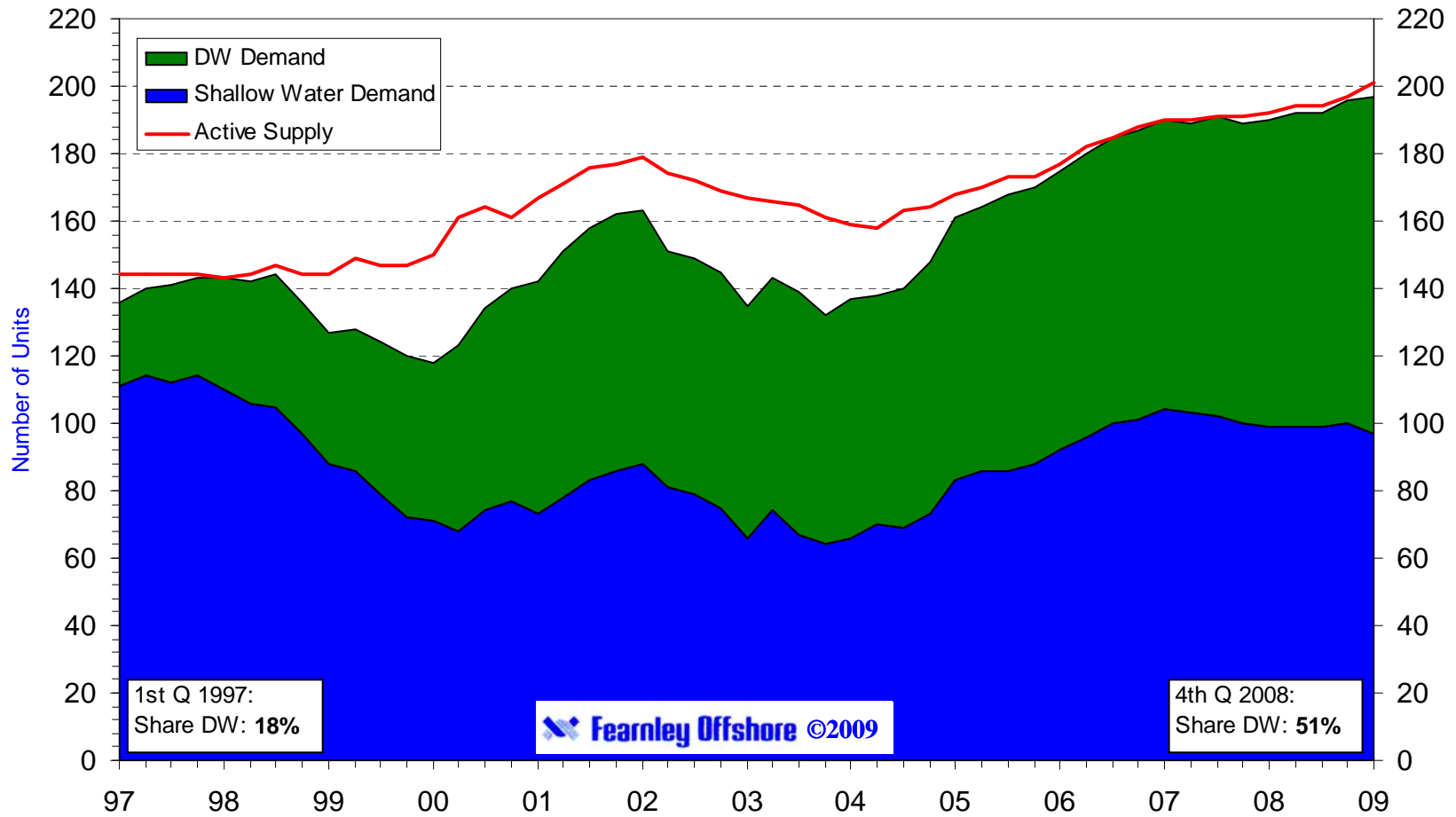
Fearnley Offshore ©2009

AVERAGE DAYRATES UK SECTOR SEMI SUBMERSIBLE DRILLING UNITS



Fearnley Offshore ©2009

ACTIVE SUPPLY AND DEMAND WORLDWIDE FLOATERS



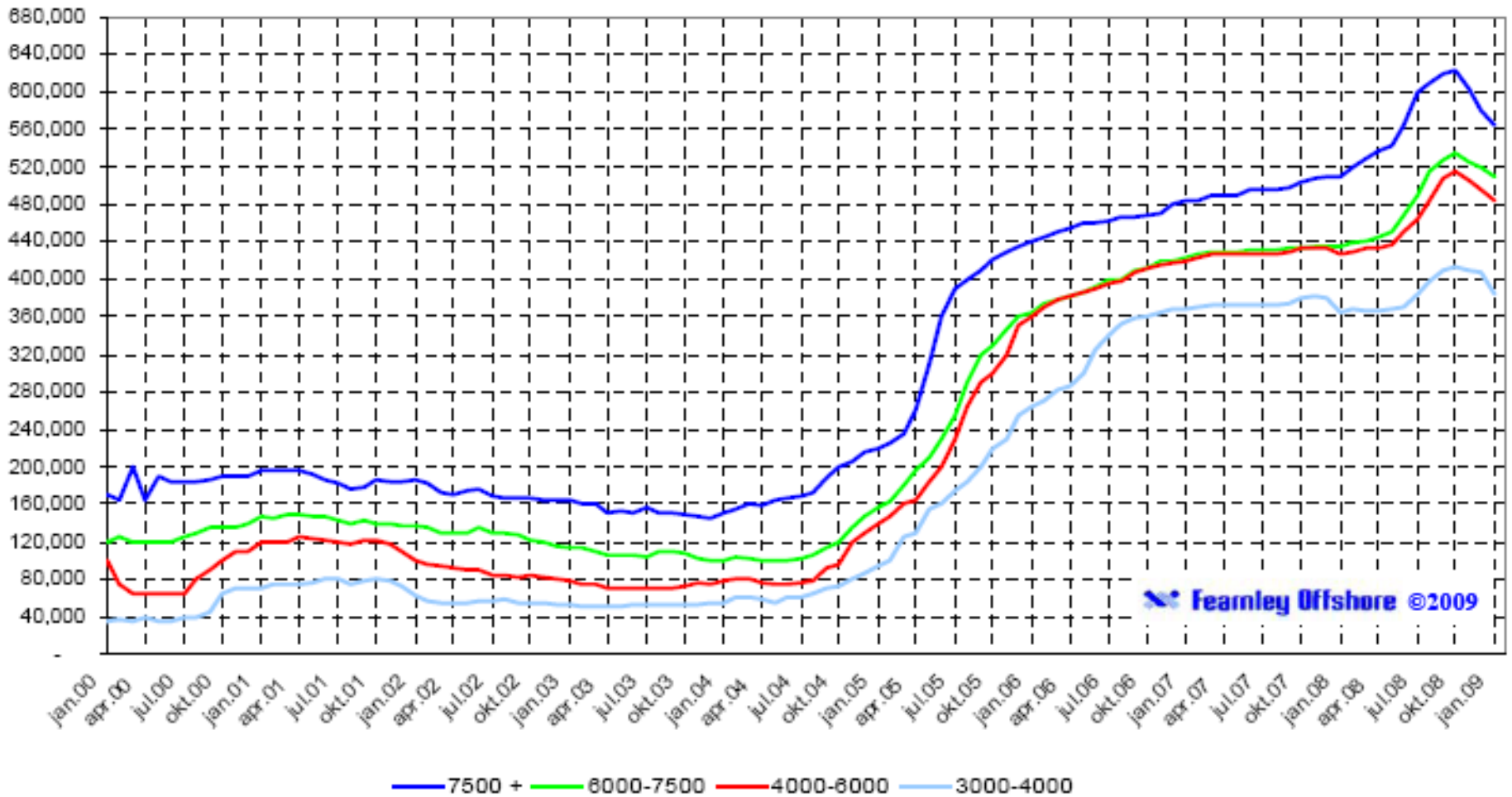
1st Q 1997:
Share DW: 18%

Fearnley Offshore ©2009

4th Q 2008:
Share DW: 51%

Worldwide Deepwater Drilling Units Market Rate Assessment by Waterdepth Segment

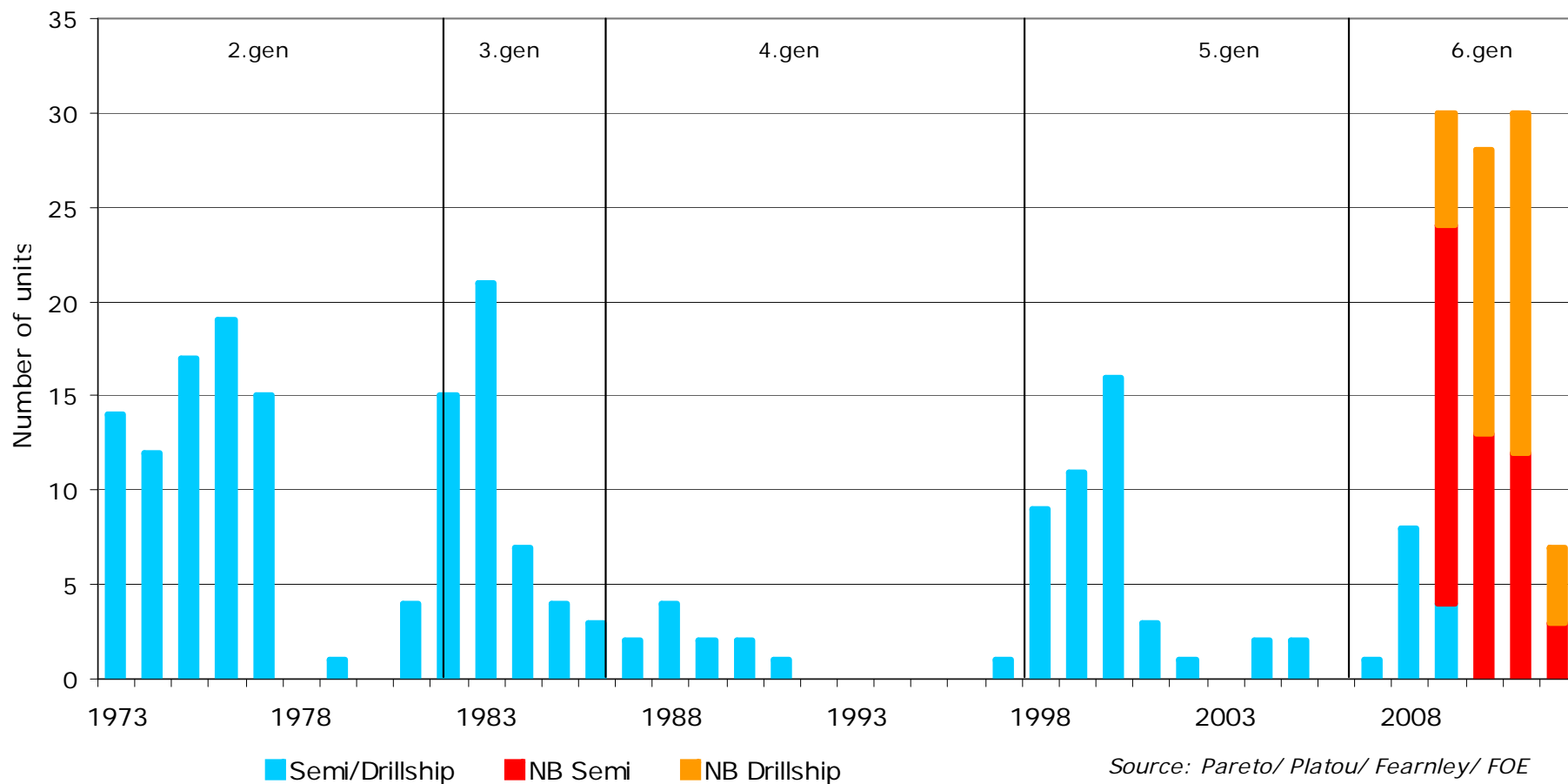
Dayrate [USD]



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Global floater fleet and newbuilds

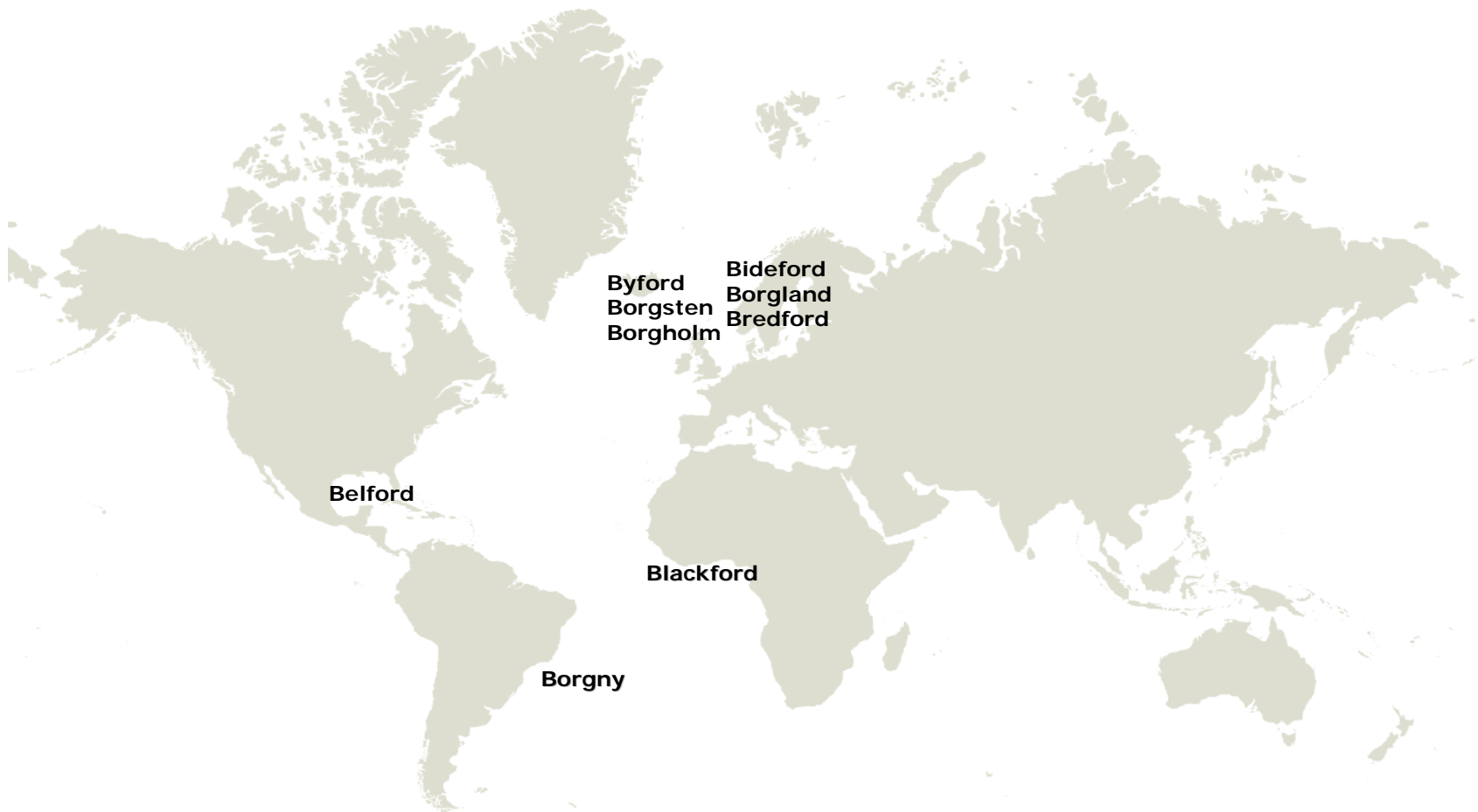
Age profile floaters



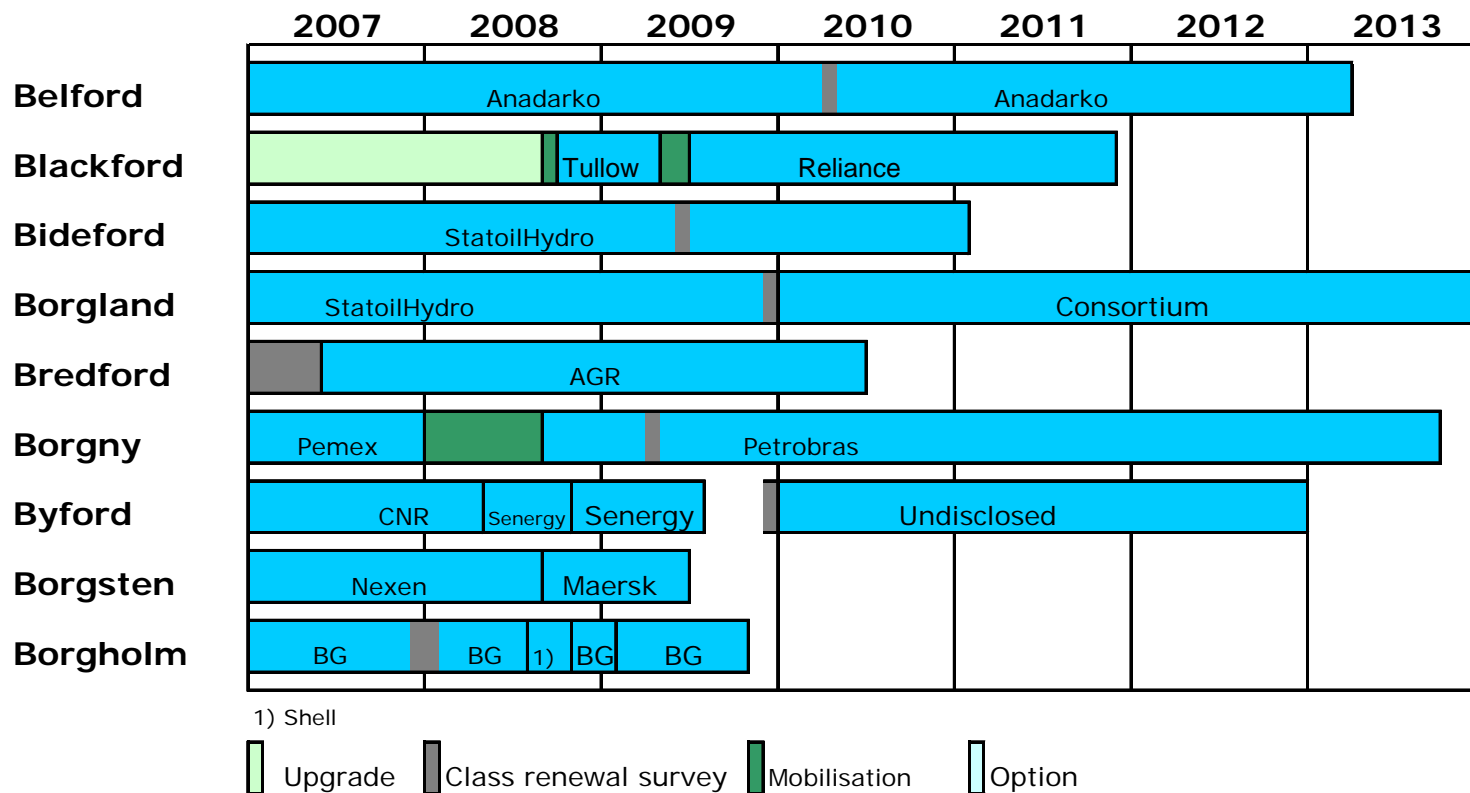
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Fred. Olsen Energy operating worldwide



Contract schedule as per 11 February 2009



Average contract length: 32 months

Blackford Dolphin - Deepwater upgrade

- 7 000 ft water depth
- 30 000 ft drilling depth
- 21" Deepwater Riser
- 15 ppg Mud Weight
- 15k, 18 ¾" BOP
- 120 berths (2-men Cabins)

- The rig has commenced operations under a 200 days contract for Tullow Oil in Ghana
- Secured 3-years contract with Reliance Industries Ltd. in India including the contract with Tullow Oil in Ghana



US Gulf

Belford Dolphin

- 3-years drilling contract with Anadarko from April 2007 in the US Gulf
- New 3-years drilling contract from April 2010 with Anadarko
- Five-year class renewal survey planned for 2010



Norway

Bideford Dolphin

- Operating for StatoilHydro under a three years contract offshore Norway expiring January 2011
- Five-year class renewal survey planned for second quarter 2009



Borgland Dolphin

- Operating for StatoilHydro offshore Norway under a three year contract commenced January 2007
- Secured four year contract with consortium, estimated commencement early 2010
- Five-year class renewal survey planned for fourth quarter 2009



Norway / United Kingdom

Bredford Dolphin

- Three years contract through AGR for 7 operators in Norway, commenced in June 2007
- Five-year class renewal survey and upgrade to comply with regulations on the Norwegian Continental Shelf completed in June 2007



Borgholm Dolphin

- Aker H-3 accommodation rig with 600 bed capacity. Class renewal survey completed in January 2008
- Finished a 12 weeks contract end of January
- Commenced a new 8,5 months contract with BG Group end of January



United Kingdom (cont.)

Byford Dolphin

- Commenced a new nine months contract in UK mid October 2008, contract estimated to end mid July 2009
- Three year Letter of Award in the UK, estimated commencement 1Q 2010
- Five-year class renewal survey planned for 4Q 2009 or 1Q 2010



Borgsten Dolphin

- Operating under a nine month contract with Maersk in the UK. Contract estimated to end by June 2009
- The unit is available for contract from June 2009



Brazil

Borgny Dolphin

- Commenced operation under a five year drilling contract with Petrobras in Brazil, expiring September 2013
- Class renewal survey planned for second quarter 2009



Harland & Wolff

- Focus on ship repair, ship building, steel fabrication and engineering services
- Holds a Waste Management License for ship demolition.
- During the quarter most of the yard area has served as a logistics and assembly base for offshore windfarms
- This will be a focus area for the future, in addition to ship building and ship repair



Summary and outlook

- Significant change in sentiment caused by reduced access to financing and decline in oil price during the last months
- Oil companies reviewing budgets and postponing projects
- A number of small UK independent companies particularly affected
- The balance between supply and demand seems healthy in a longer perspective
- The Board of Fred. Olsen Energy ASA proposes a dividend of NOK 25 per share
- Seven out of nine units have long term contracts
- Average contract duration: ca. 32 months