



Fred. Olsen Energy ASA
4Q 2017 results presentation

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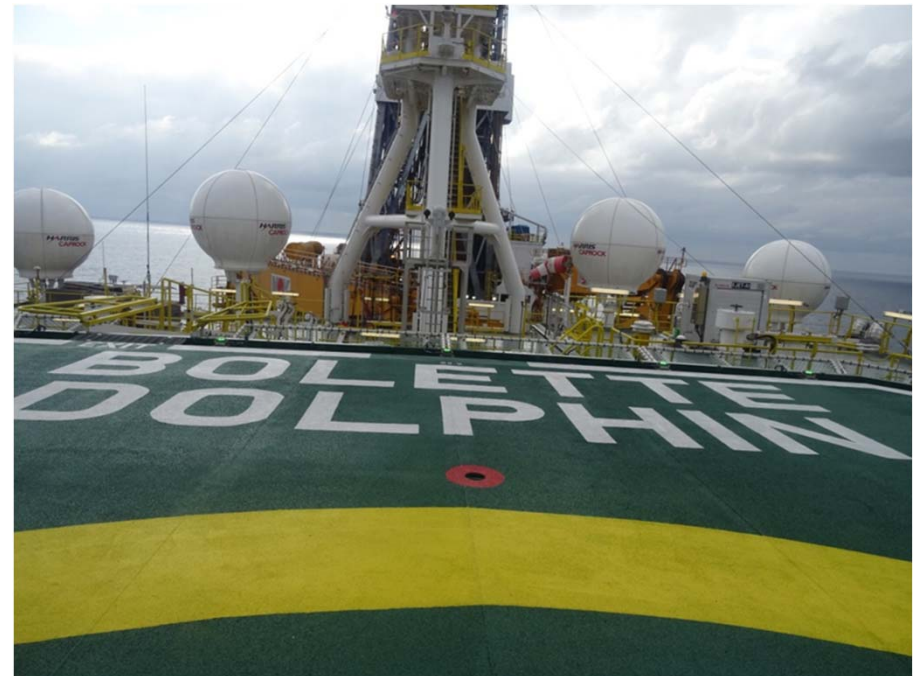
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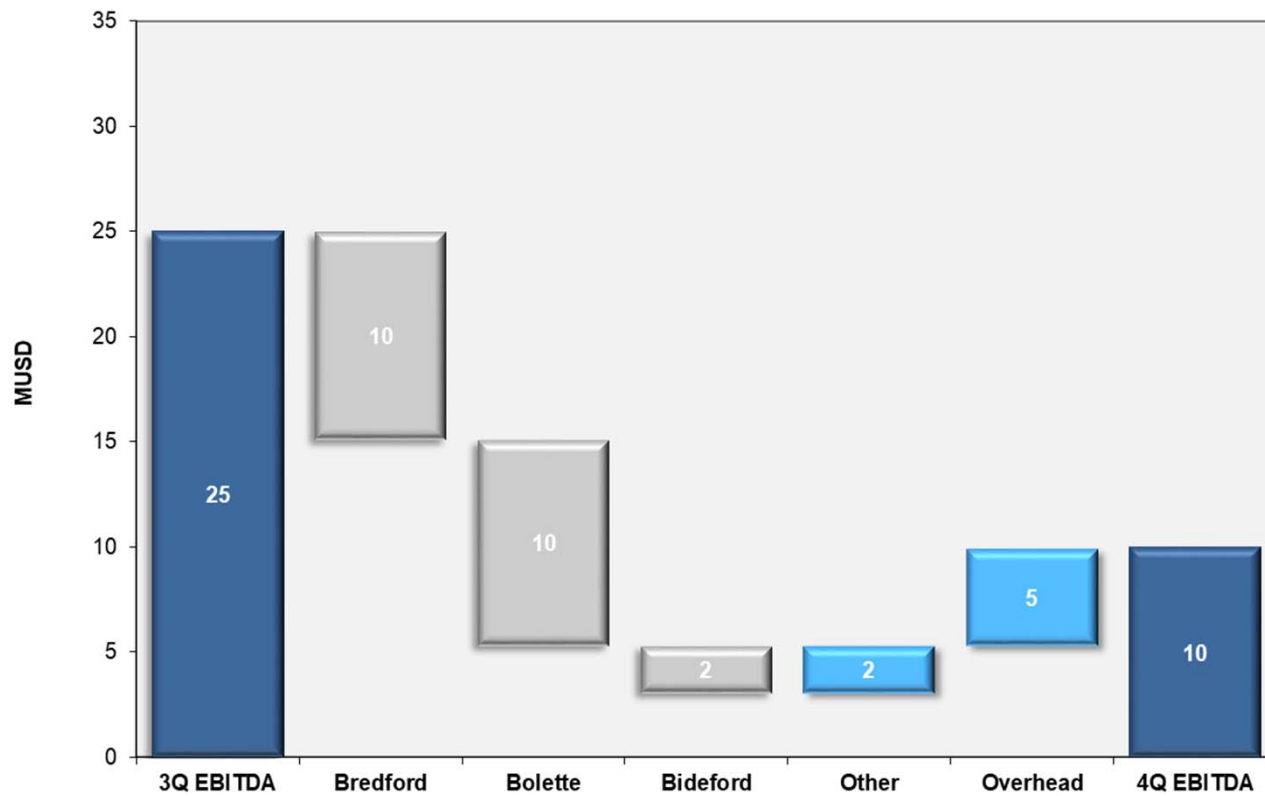
- **FINANCIAL RESULTS**
- MARKET
- OPERATIONS
- SUMMARY



Income statement – key figures

(USD mill)	4Q 2017	3Q 2017	Change
Operating revenues	47,4	72,3	(24,9)
Recharged income	2,1	4,0	(1,9)
Total revenues	49,5	76,3	(26,8)
Operating costs	(37,0)	(47,2)	10,2
Recharged expenses	(2,2)	(3,8)	1,6
Total operating expenses	(39,2)	(51,0)	11,8
Oper. result before depr. (EBITDA)	10,3	25,3	(15,0)
Depreciation	(55,4)	(55,0)	(0,4)
Operating result (EBIT)	(45,1)	(29,7)	(15,4)
Net financial items	(11,1)	(15,5)	4,4
Result before tax	(56,2)	(45,2)	(11,0)
Estimated tax	(5,9)	(0,5)	(5,4)
Net result	(62,1)	(45,7)	(16,4)

EBITDA comparison 4Q 2017 vs. 3Q 2017



Offshore Drilling Segment

(USD mill)	4Q 2017	3Q 2017	Change
Operating revenues	42,9	67,1	(24,2)
Recharged income	2,1	4,0	(1,9)
Total revenues	45,0	71,1	(26,1)
Operating costs	(31,6)	(39,0)	7,4
Recharged expenses	(2,2)	(3,8)	1,6
Total operating expenses	(33,8)	(42,8)	9,0
Oper. result before depr. (EBITDA)	11,2	28,3	(17,1)
Depreciation	(54,9)	(54,5)	(0,4)
Operating result (EBIT)	(43,7)	(26,2)	(17,5)

Financial Items Breakdown

(USD mill)	4Q 2017	3Q 2017	Change
Interest income	1,9	3,1	(1,2)
Gains on financial instruments	0,3	0,2	0,1
Financial income	2,2	3,3	(1,1)
Interest expenses	(9,1)	(9,0)	(0,1)
Losses on financial instruments	(0,2)	(0,3)	0,1
Other financial expenses	(1,4)	(1,5)	0,1
Financial expenses	(10,7)	(10,8)	0,1
Net foreign currency loss	(2,6)	(8,0)	5,4
Net financial items	(11,1)	(15,5)	4,4

Engineering & Fabrication Segment

(USD mill)	4Q 2017	3Q 2017	Change
Operating revenues (external)	4,5	5,2	(0,7)
Inter-segment revenues	-	-	-
Total operating revenues	4,5	5,2	(0,7)
Operating costs	(5,4)	(8,2)	2,8
Oper. result before depr. (EBITDA)	(0,9)	(3,0)	2,1
Depreciation	(0,5)	(0,5)	-
Operating result (EBIT)	(1,4)	(3,5)	2,1

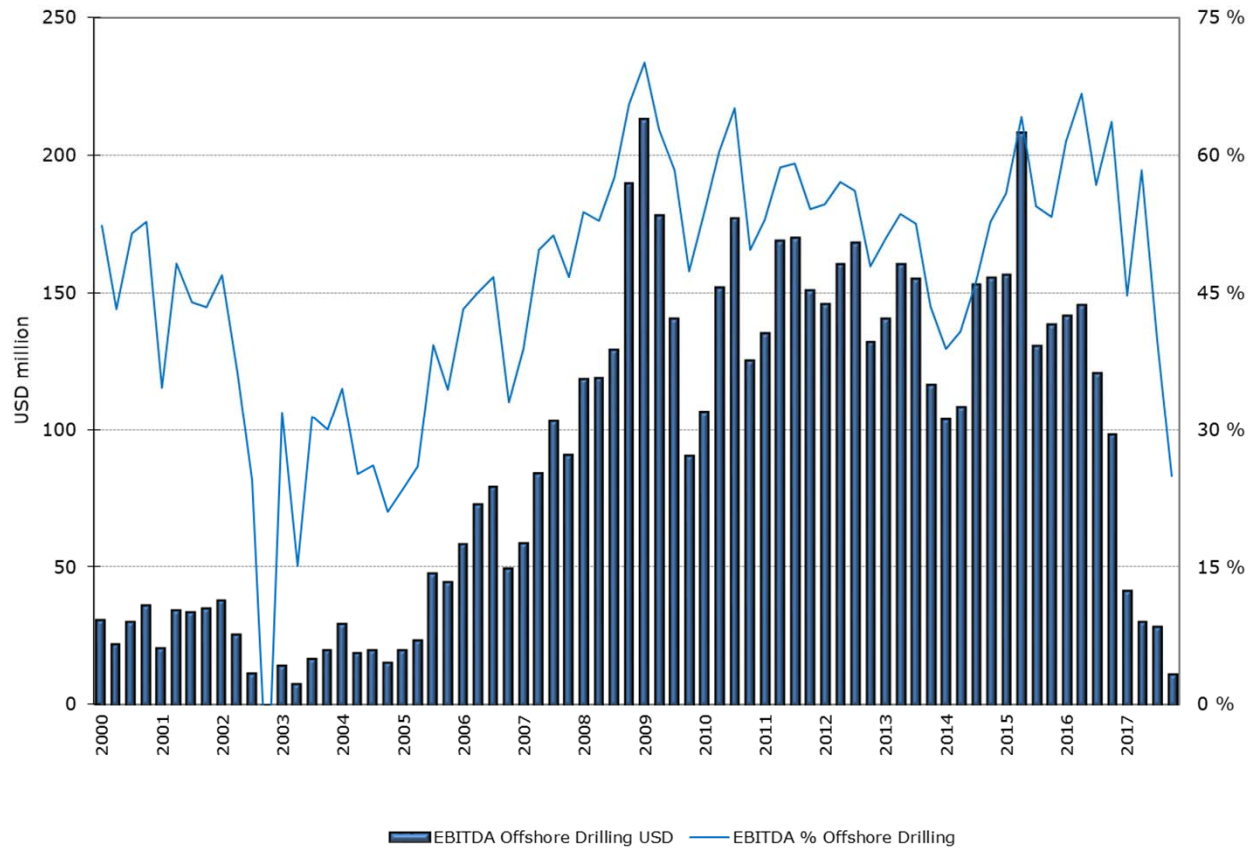
Consolidated Balance Sheet

(USD mill)	31 Dec 2017	30 Sep 2017	Change
Property, plant & equipment	1 073,4	1 124,0	(50,6)
Other non-current assets	1,7	11,1	(9,4)
Total non-current assets	1 075,1	1 135,1	(60,0)
Other current assets	131,4	159,9	(28,5)
Cash and cash equivalents	435,0	451,9	(16,9)
Total current assets	566,4	611,8	(45,4)
Total assets	1 641,5	1 746,9	(105,4)
Equity	593,3	660,3	(67,0)
Non-current interest bearing debt	686,2	688,9	(2,7)
Other non-current liabilities	61,2	70,0	(8,8)
Total non-current liabilities	747,4	758,9	(11,5)
Current interest bearing debt	190,9	190,9	-
Other current liabilities	109,9	136,8	(26,9)
Total current liabilities	300,8	327,7	(26,9)
Total equity and liabilities	1 641,5	1 746,9	(105,4)

Consolidated Cash Flow

(USD mill)	4Q 2017	3Q 2017	Change
Profit before income taxes	(56,2)	(45,2)	(11,0)
Depreciation and impairment	55,4	55,0	0,4
Interest expense	10,2	10,0	0,2
Gain on sale of property, plant and equipment	(0,1)	(2,8)	2,7
Changes in working capital	(5,8)	83,6	(89,4)
Unrealized loss financial instruments	(4,4)	6,1	(10,5)
Cash generated from operations	(0,9)	106,7	(107,6)
Interest paid	(9,1)	(8,1)	(1,0)
Taxes paid	(1,6)	(0,3)	(1,3)
Net cash flow from operating activities	(11,6)	98,3	(109,9)
Proceeds from sale of equipment	-	4,6	(4,6)
Net investment in fixed assets	(3,2)	(1,0)	(2,2)
Cash flow from/used in investment activities	(3,2)	3,6	(6,8)
Repayments of interest bearing loans	-	(3,8)	3,8
Cash flow used in financing activities	-	(3,8)	3,8
Foreign currency	(2,1)	1,9	(4,0)
Net change in cash and cash equivalents	(14,8)	98,1	(112,9)
Cash at beginning of period	451,9	351,9	100,0
Cash at end of period	435,0	451,9	(16,9)

Offshore drilling EBITDA and margin

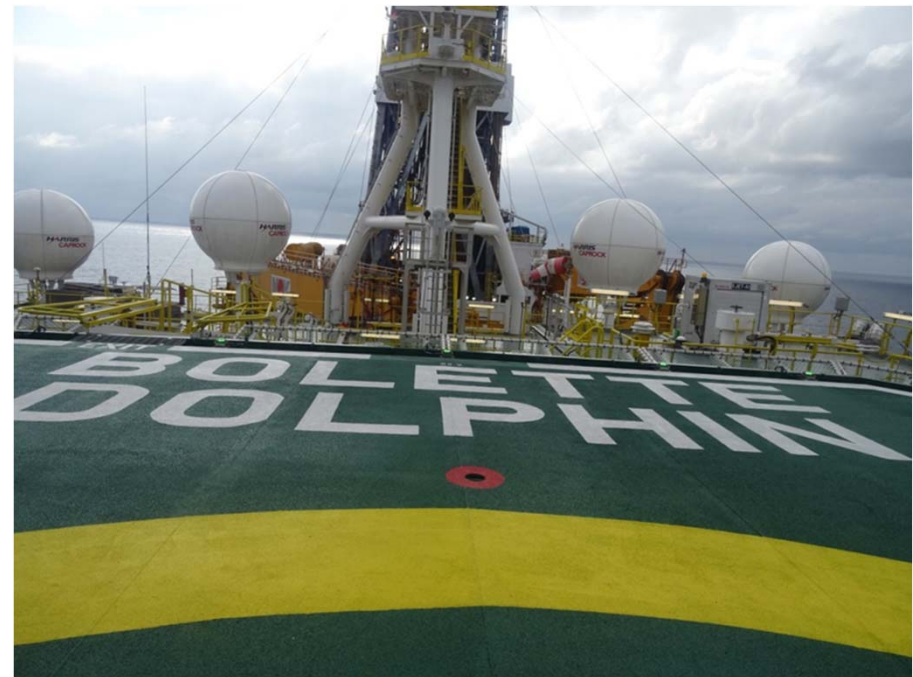


Fleet status

RIG	DESIGN	W DEPTH	LOCATION	CLIENT	CONTRACT STATUS	DAY RATE	NEXT CRS
ULTRA- / DEEPWATER UNITS							
Bolette Dolphin	DS/ Gusto P10'	12 000	Tenerife		Termination for convenience	Termination fee USD 96 million	
Blackford Dolphin	SS / Aker H-3	7 000	UK	BP	May-August 2018 Options: September- November	GBP 98 900	2Q 2020
Belford Dolphin	DS / LMG Marin	10 000	Malaysia		Preserved and maintained		
MID WATER FLOATERS NORWAY							
Bideford Dolphin	SS / Aker H-3	1 500	Norway		Smart stacked		2Q 2019*
Borgland Dolphin	SS / Aker H-3	1 500	Norway		Smart stacked		2Q 2021*
Bredford Dolphin	SS / Aker H-3	1 500	Norway		Preserved and maintained		2Q 2017
MID WATER FLOATERS UK							
Byford Dolphin	SS / Aker H-3	1 500	Norway (UK compliant)		Smart stacked		3Q 2021*

* Will be further postponed if further smart stacking period

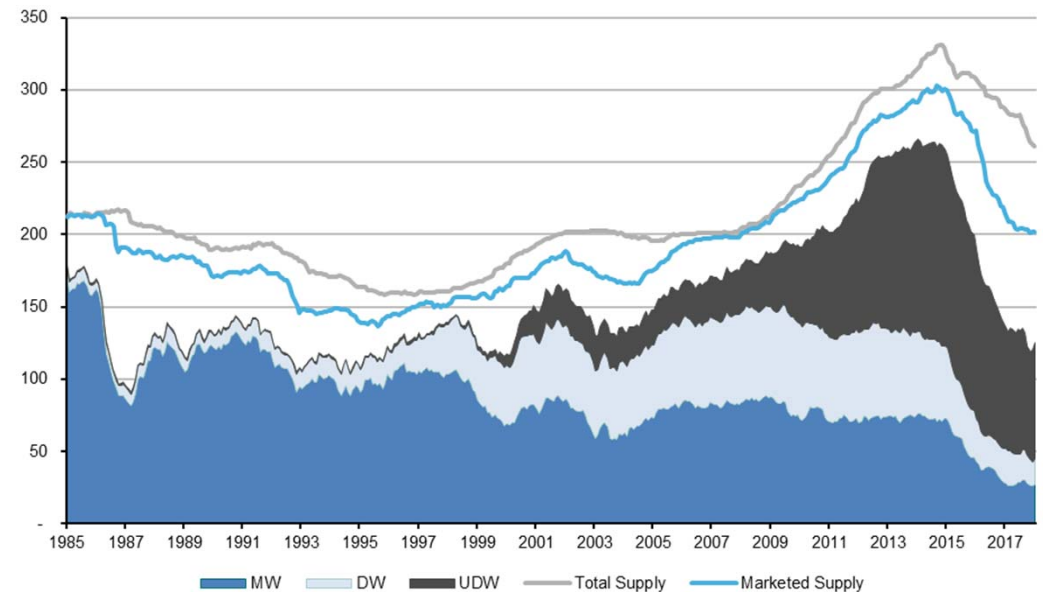
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Global market

Floating units

- The market turnaround in 2017 has resulted in an increased number of contract awards
- Particularly in the North Sea market, a strong increase in requests and contract activity has materialised
- This has resulted in an increase in the dayrates in the North Sea market, in particular for field development work in 2019/20
- There has also been higher activity in the UDW market with an increased number of tenders and contract awards
- Dayrates for the UDW market are still impacted by the large oversupply of UDW rigs



Source: DNB

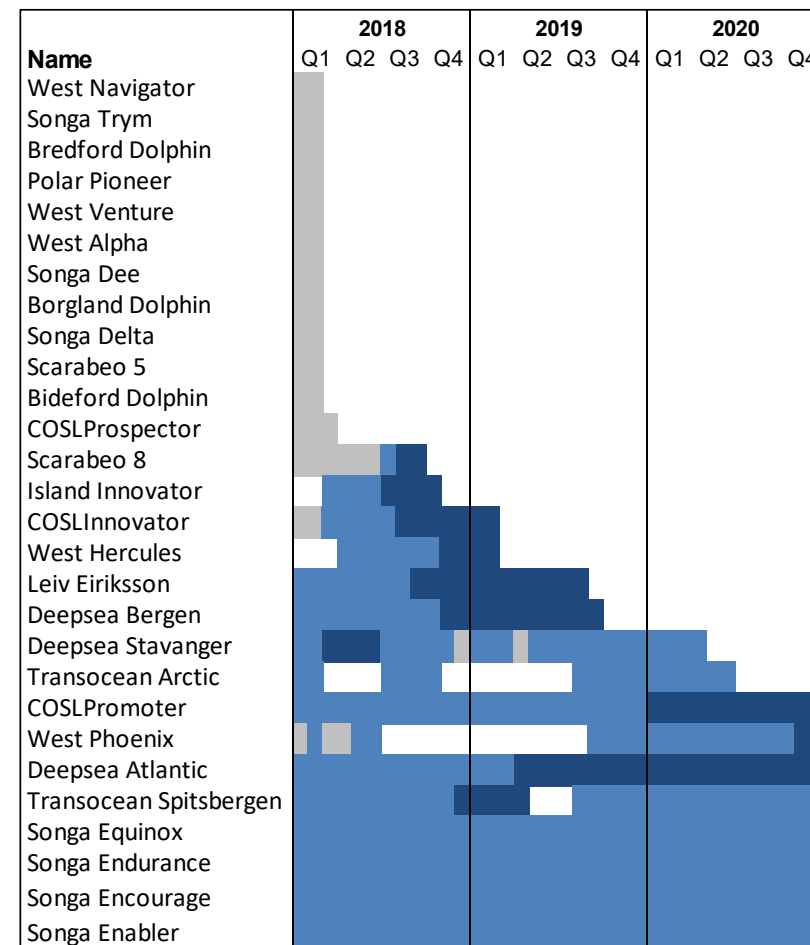
Dayrates- worldwide



Source: Clarksons Platou Offshore

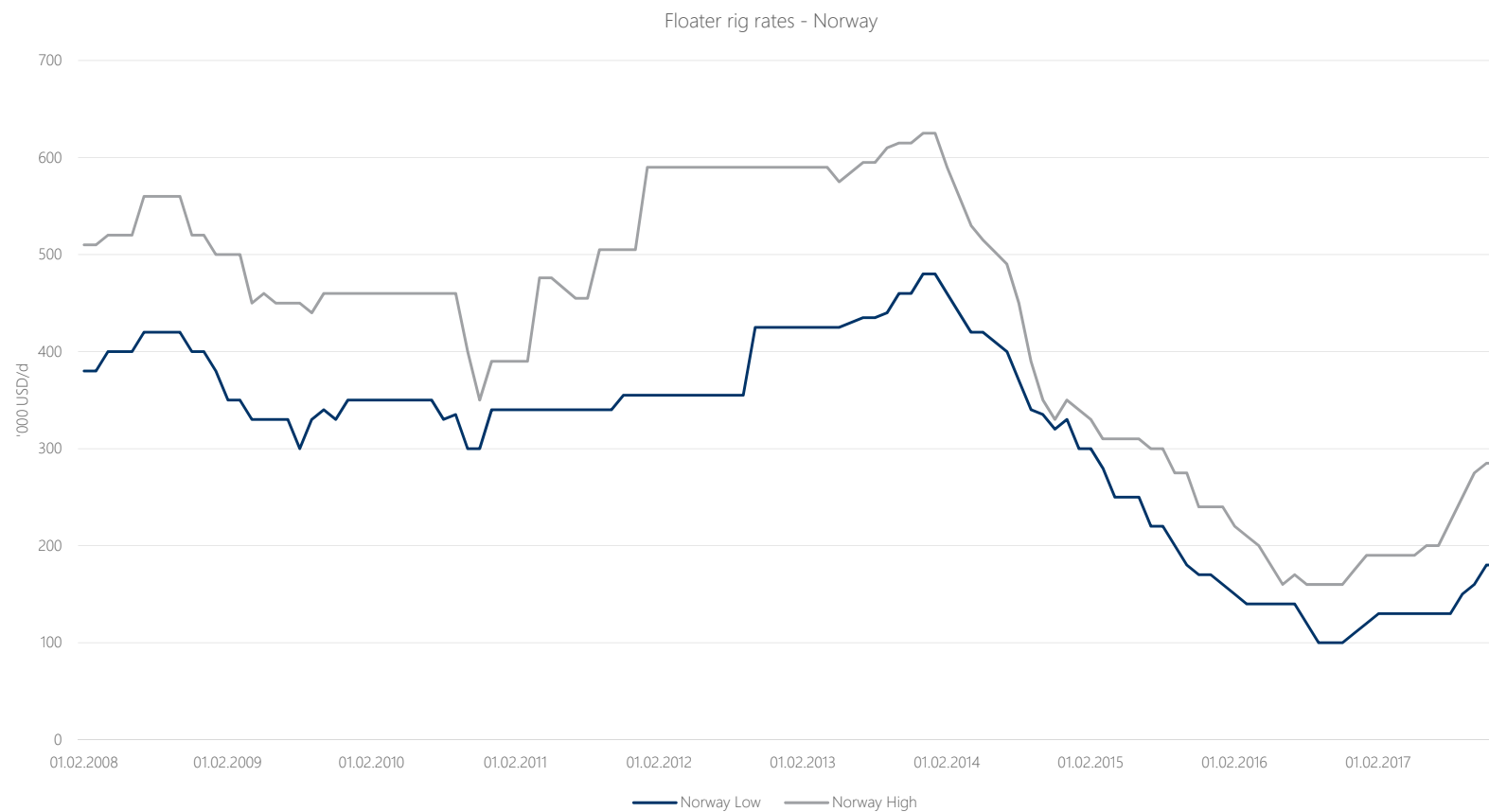
Norwegian floater market

- The recovery in the Norwegian market was confirmed during the last year with continued increase in activity
- New contracts have been awarded for work in 2019 and 2020, predominantly for field development activities
- Further sanctioning of new development projects are expected through 2018
- As for exploration requirements, an increase in requests and tenders for work in 2018 is now becoming evident



Source: DNB

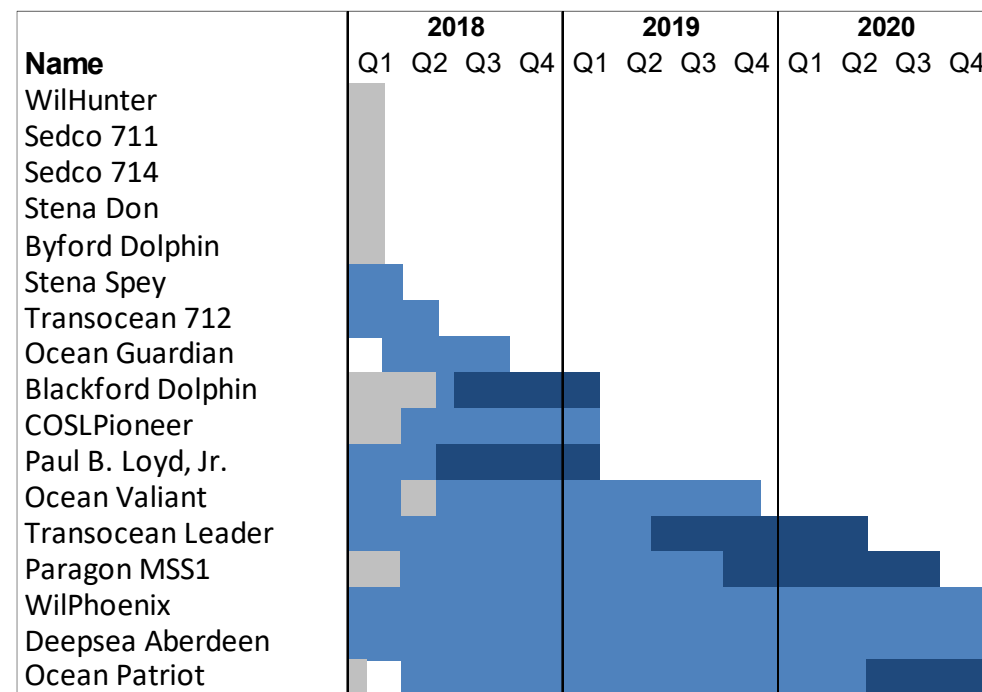
Average dayrates Norway



Source: Clarksons Platou Offshore

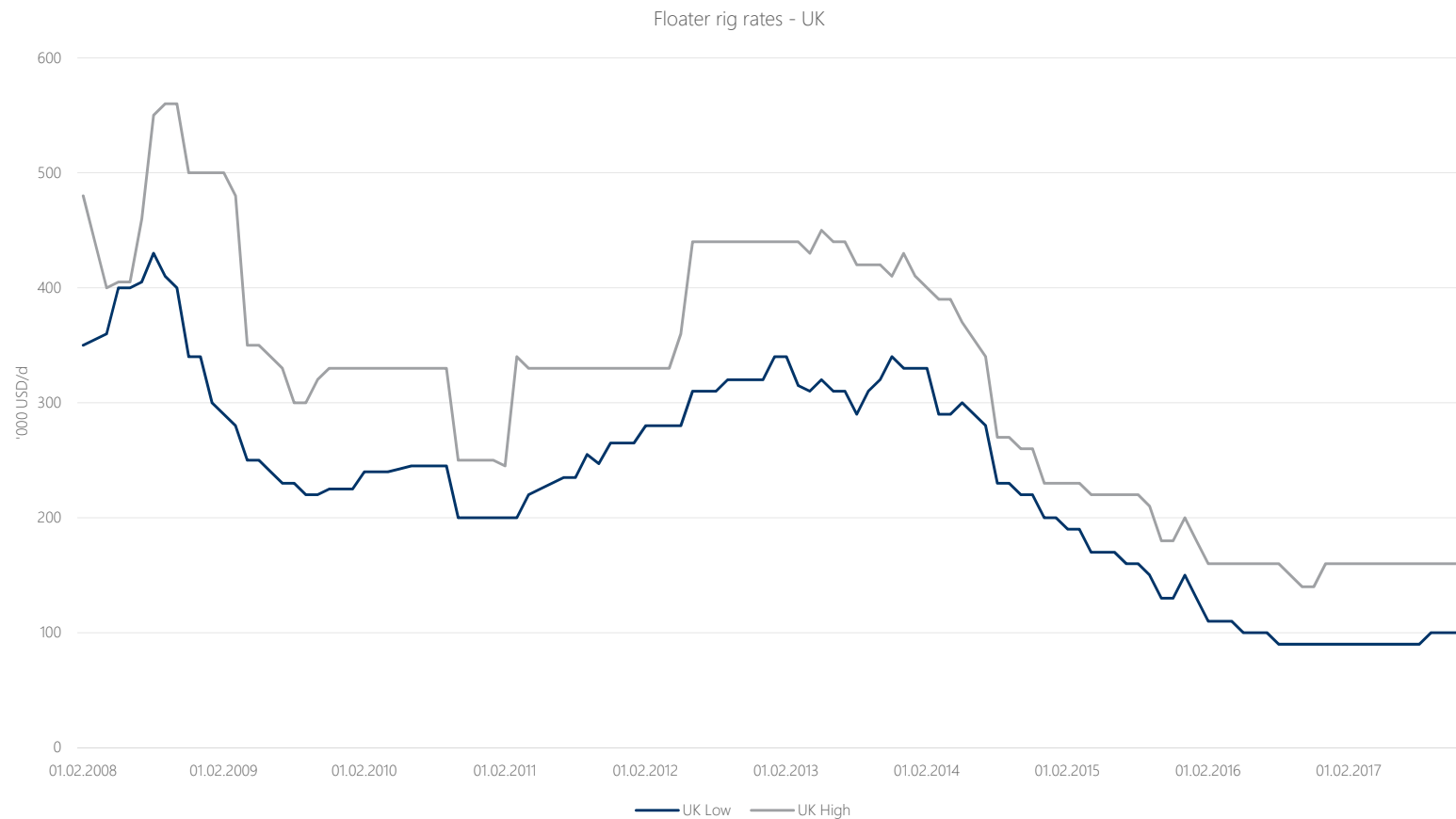
UK floater market

- The UK market is active with several contract awards and a number of tenders still ongoing, particularly targeting 2018 work
- Additionally, a high number of requests for work in 2019 are still open
- Blackford Dolphin was awarded a one well contract with BP Exploration Operating Company Ltd. Four options were linked to the contract of which two are exercised. The contract is estimated to commence in May 2018



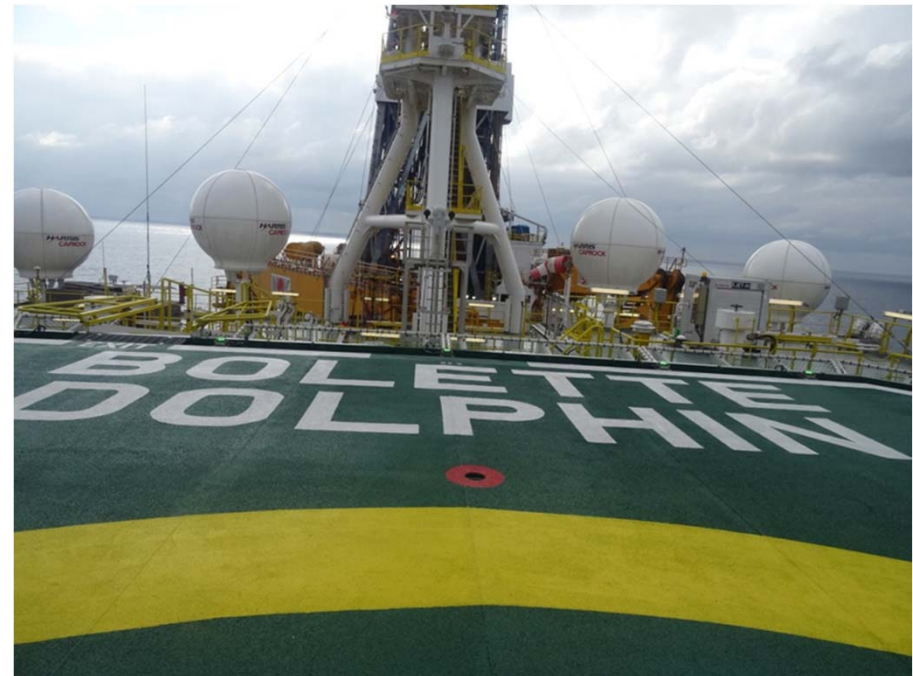
Source: DNB and the Company

Average dayrates UK



Source: Clarksons Platou Offshore

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The core fleet

- ✓ High operational performance
- ✓ Fit for purpose
- ✓ - High technical condition
- ✓ Ready for operations

Norway

Bideford
Dolphin



- ✓ Total rebuild '98
- ✓ Drilling & completion workhorse
- ✓ Consistent top performer for Statoil

Borgland
Dolphin



- ✓ Total rebuild '99
- ✓ Drilling & completion workhorse
- ✓ Top performance for a variety of customers

UK

Blackford
Dolphin



- ✓ Total rebuild '08
- ✓ High spec UK rig
- ✓ Versatile, DW capable

Byford
Dolphin



- ✓ The last 6 years with BP in UK
- ✓ Mix of drilling and completion/work-over
- ✓ 12pts mooring

International

Bolette
Dolphin



- ✓ High spec. 6G UDW
- ✓ Consistent top performance
- ✓ Proven MPD operations

Positioning the company for a recovering market

Unit	Contract schedule		Class renewal survey schedule			
	2017	2018	2019	2020	2021	2022
Bolette	Anadarko		Continuous class during operations			
Blackford	Chevron Smart stacked					
Bideford	Statoil	Statoil				
Borgland	Smart stacked					
Byford	Smart stacked					
Belford	Preserved and maintained					
Bredford	Preserved and maintained					

Original CRS date
 Current CRS date if operations restarted today

Certificates prolonged 2 years if 2 yrs smart stacked (pot. 3 years)

Firm contract
 Terminated for convenience
 Option

- Conserve class certificates on core units to benefit from expected recovery in dayrates
- Postponed capex outlays
- Our Aker H3 units are well suited for cost effective smart stacking
- Bolette Dolphin is hot stacked, contract opportunities are pursued aggressively

Main operational focus areas

Operational excellence

- Reactivation and commencement of operations for Blackford Dolphin
- Prioritize capital expenditures to support high regularity and quality

New contracts

- Pursue the right contract opportunities for the core units
- Secure contracts with balanced risk profile and acceptable commercial value

Units ready for operations

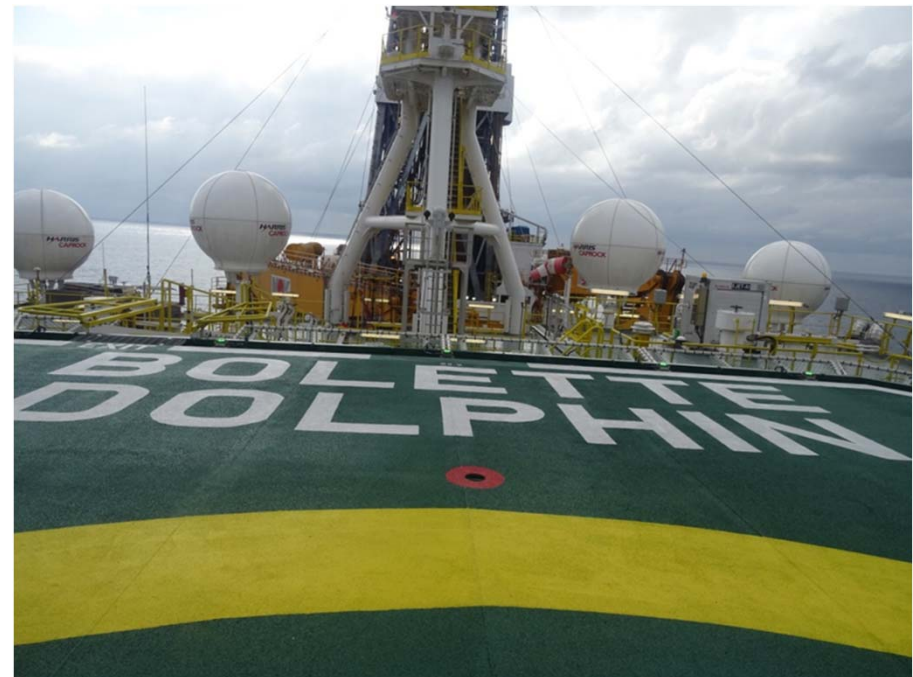
- Smart Stacking; preservation, maintenance, regular testing of integrated systems
- Detailed reactivation plans; organizational and operational

Harland & Wolff

- The main activities in the quarter were completion of the suction buckets for ST3 in relation to Dong Energy's Borkum Riffgrund 2, as well as ship repairs and dockings
- An increase in activity is expected the first quarter of 2018, both related to dockings and projects



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Summary

Financial

- Revenues were USD 50 million
- EBITDA was USD 10 million
- Profit after tax was negative USD 62 million

Market

- Bideford Dolphin completed the contract end of December 2017
- New contract for Blackford Dolphin with BP scheduled to commence May 2018

Operational

- Smart stacking of units continues with high focus on technical condition and preparation for efficient restart
 - Bolette Dolphin hot stacked while pursuing new contract opportunities
-

