

HALF YEAR RESULTS 2017

30 AUGUST 2017



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Operations

- Good operational performance
- US\$2.7 billion of new order intake YTD
- Active pipeline of bidding opportunities

Results

- Delivered solid first half results
- Taking measures to strengthen balance sheet
- Rebased dividend

Strategy

- Focus on the core
- Deliver organic growth
- Reduce capital intensity

Outlook

- Market environment remains challenging
- Tendering activity high, but competitive
- Well positioned for 2017

FINANCIAL PERFORMANCE

ALASTAIR COCHRAN
CHIEF FINANCIAL OFFICER



1H 2017 Financial Summary

Net Profit¹

US\$158m

(4%)

Net Debt

US\$1.0bn

+59%

Interim Dividend

12.7 cents

(42)%

Order Backlog

US\$12.5bn

(13%)

- Solid first half results
- Good revenue visibility
- Taking range of measures to strengthen balance sheet
 - Operational excellence
 - Reducing capex
 - Divesting non-core assets
 - Rebased dividend; new sustainable dividend policy

Business Performance Results¹

US\$m	1H 2017	1H 2016	Change
Revenue	3,126	3,888	(20%)
EBITDA	323	362	(11%)
Net finance costs	(38)	(52)	(27%)
Tax	(39)	(44)	
Net profit	158	165	(4%)
Earnings per share ²	46.06c	48.10c	
Dividend per share	12.7c	22.0c	(42%)
ROCE ³	15%	12%	
<i>Pre Laggan-Tormore losses:</i>			
EBITDA	323	463	(30%)
Net profit	158	266	(41%)
Net margin	5.1%	6.8%	(1.7) ppts

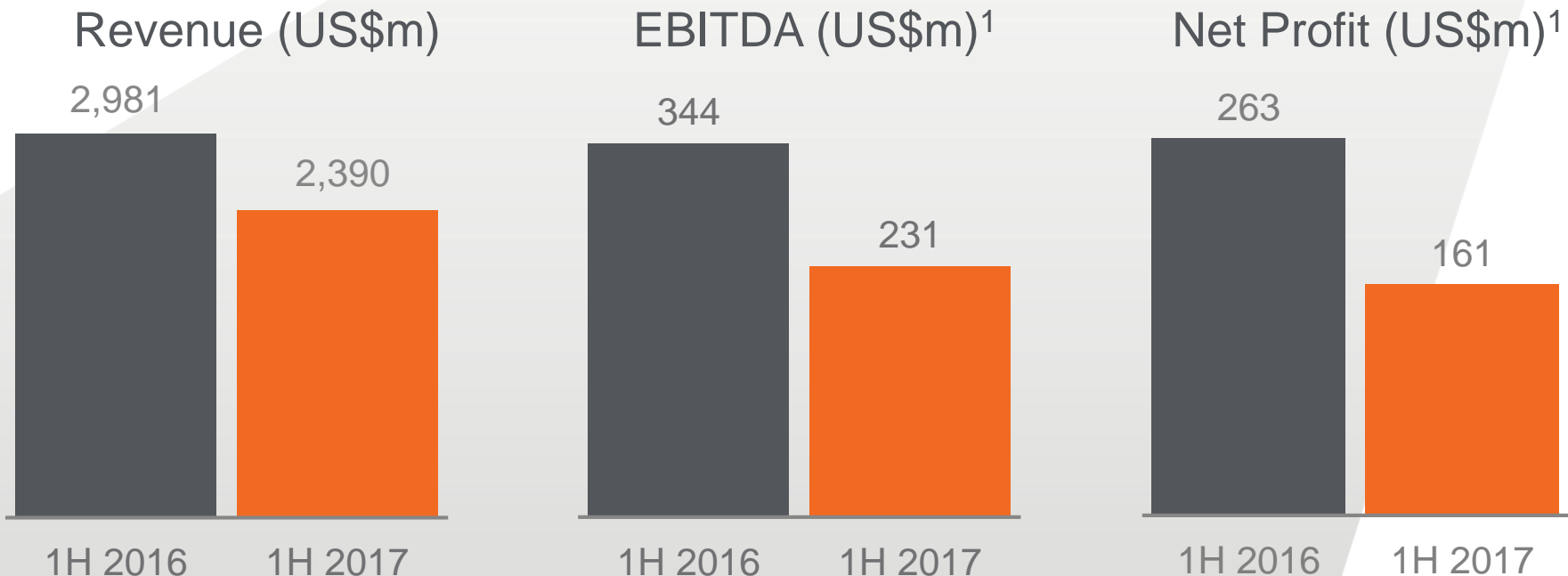
¹ Business Performance before exceptional items and certain re-measurements

² Diluted earnings per share

³ EBITA for the 12 months ended 30 June 2017 divided by average capital employed (total equity and non-current liabilities) adjusted for gross-up of finance lease creditors

Engineering & Construction

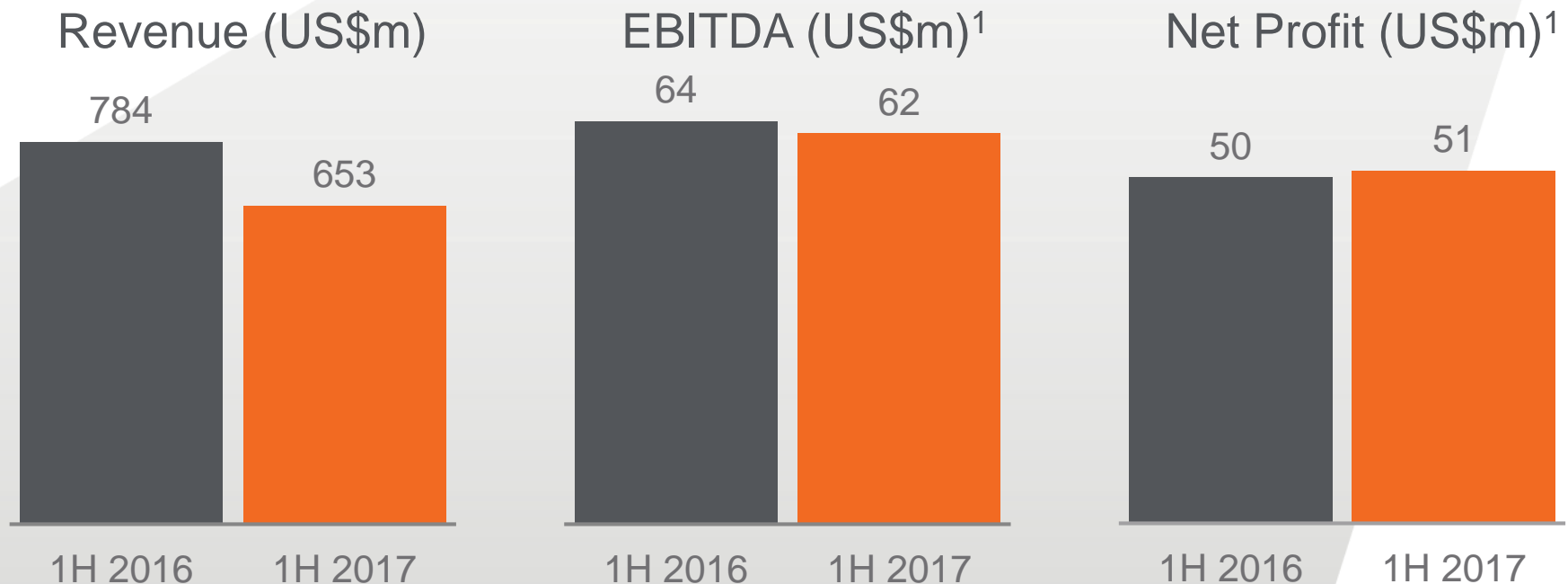
- Revenue down 20% reflecting project scheduling
- Business performance net profit broadly flat
- Underlying net profit down 39%
- Underlying margin down 2.1ppts to 6.7% reflecting project mix & phasing



1 Underlying Business Performance before exceptional items and certain re-measurements and Laggan-Tormore project losses

Engineering & Production Services

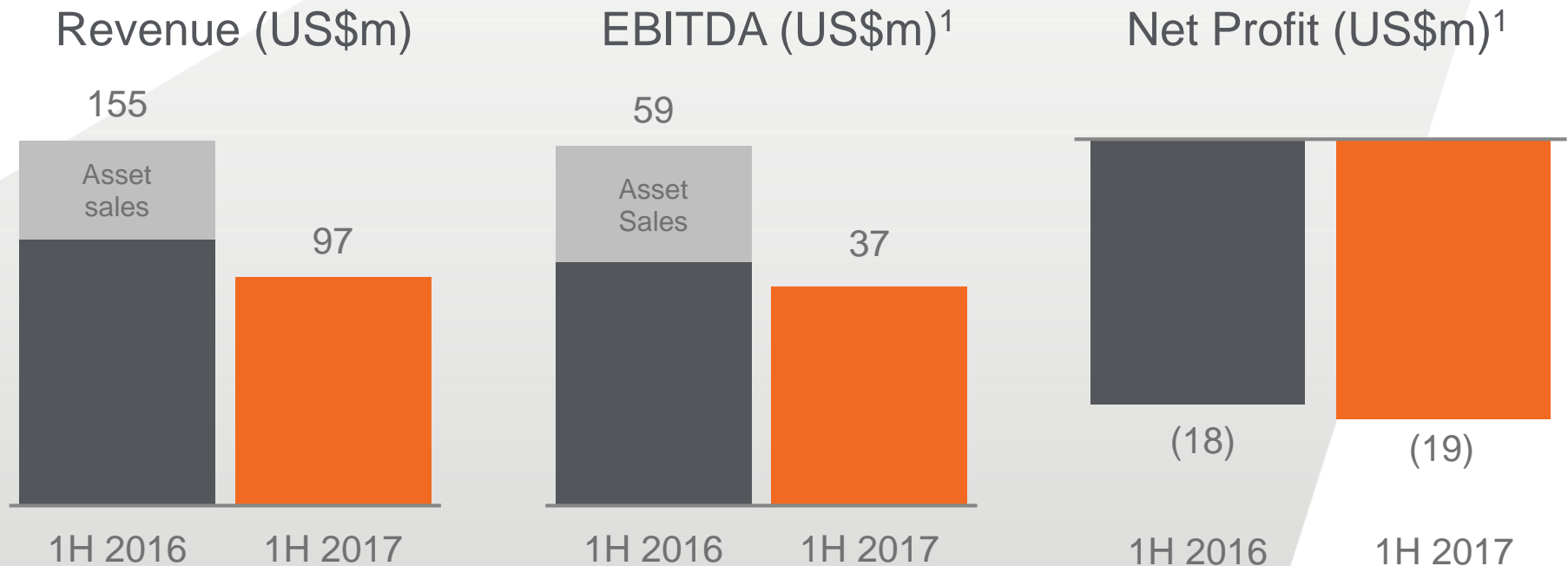
- Revenue down 17% reflecting lower activity, utilisation, order intake & FX
- Net margin up 1.4ppts to 7.8% reflecting business mix
- Net profit up 2%



¹ Underlying Business Performance before exceptional items and certain re-measurements

Integrated Energy Services

- Underlying revenue down 14% excluding asset sales
- Lower production, lower investment & delayed GSA licence entry
- Offset by reductions in opex & overheads
- Net loss of US\$19m



¹ Underlying Business Performance before exceptional items and certain re-measurements

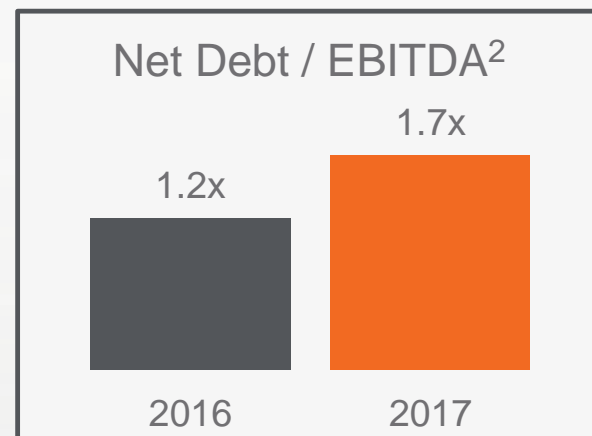
Movements In Working Capital

US\$m	June 2017	YE 2016	Cash Flow
WIP & inventories	2,190	2,193	2
Trade & other receivables	2,038	2,162	112
Advances	(616)	(703)	(87)
Trade & other payables	(1,054)	(1,271)	(167)
Accrued contract expenses	(1,859)	(2,060)	(201)
Billings > cost & estimated earnings	(23)	(44)	(21)
Working capital (balance sheet)	676	277	(362)
Other ¹			66
Net working capital outflow (cash)			(296)
<i>Of which:</i>			
E&C / EPS	261	(54)	
IES	415	331	

1 Including financial derivatives, restricted cash , amounts due from/to related parties

Cash Flow and Net Debt

US\$m	1H 2017
Opening net debt	(617)
EBITDA¹	323
Movement in working capital	(296)
Tax & interest	(83)
Capex	(110)
Other	17
Free cash flow	(149)
Dividend	(148)
Financing / other	(70)
Cash outflow	(367)
Closing net debt	(984)



Credit Ratings

S&P	BBB-
Moody's	Ba1

Liquidity

Gross debt	(1,886)
Gross cash	902
Liquidity	1,332



1 Includes Share of Associates and JVs

2 Ratio includes net finance leases; bank covenants requires <3.0x

Strengthening the Balance Sheet

Implementing a range of measures

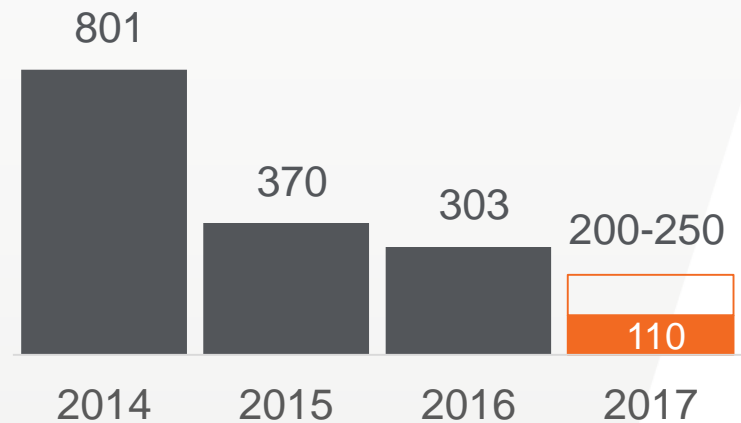
Relentless focus on operational excellence

Reducing capex

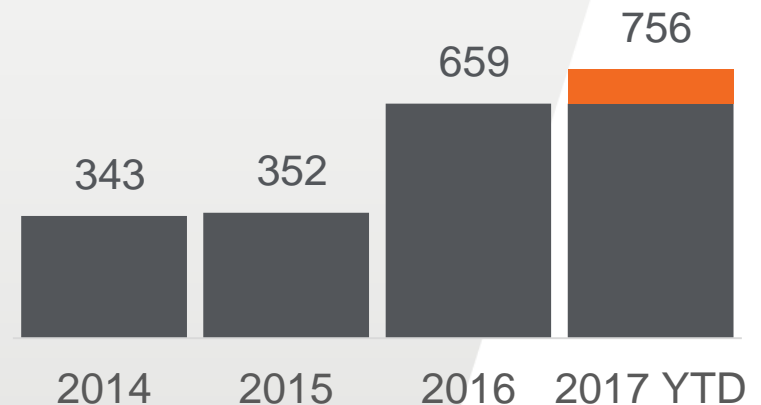
Sustainable dividend policy

Divesting non-core assets

Capex (US\$m)



Total Disposals¹ (US\$m)



¹ Cumulative total consideration

OPERATIONS AND OUTLOOK

AYMAN ASFARI
CHIEF EXECUTIVE OFFICER



Operational Summary

Good operational performance

Delivered and installed all modules to the Upper Zakum Islands in Abu Dhabi



Hydrocarbons introduced to Khazzan central processing facility in Oman



Started up the process units on the Sohar Refinery Improvement project in Oman

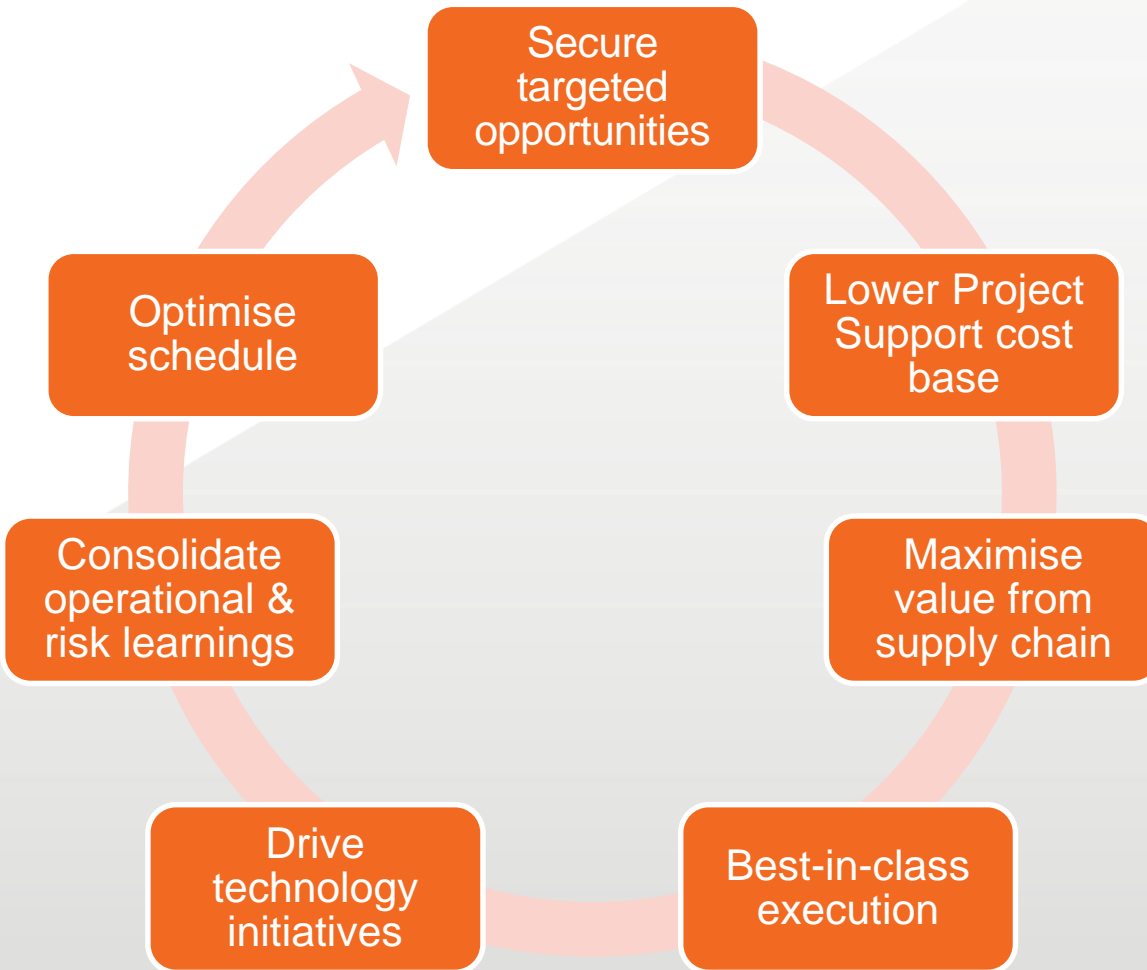


10-year EPCm framework agreement builds upon good progress on Rabab Harweel Integrated Project & Yibal Khuff project



Relentless Focus on Operational Excellence

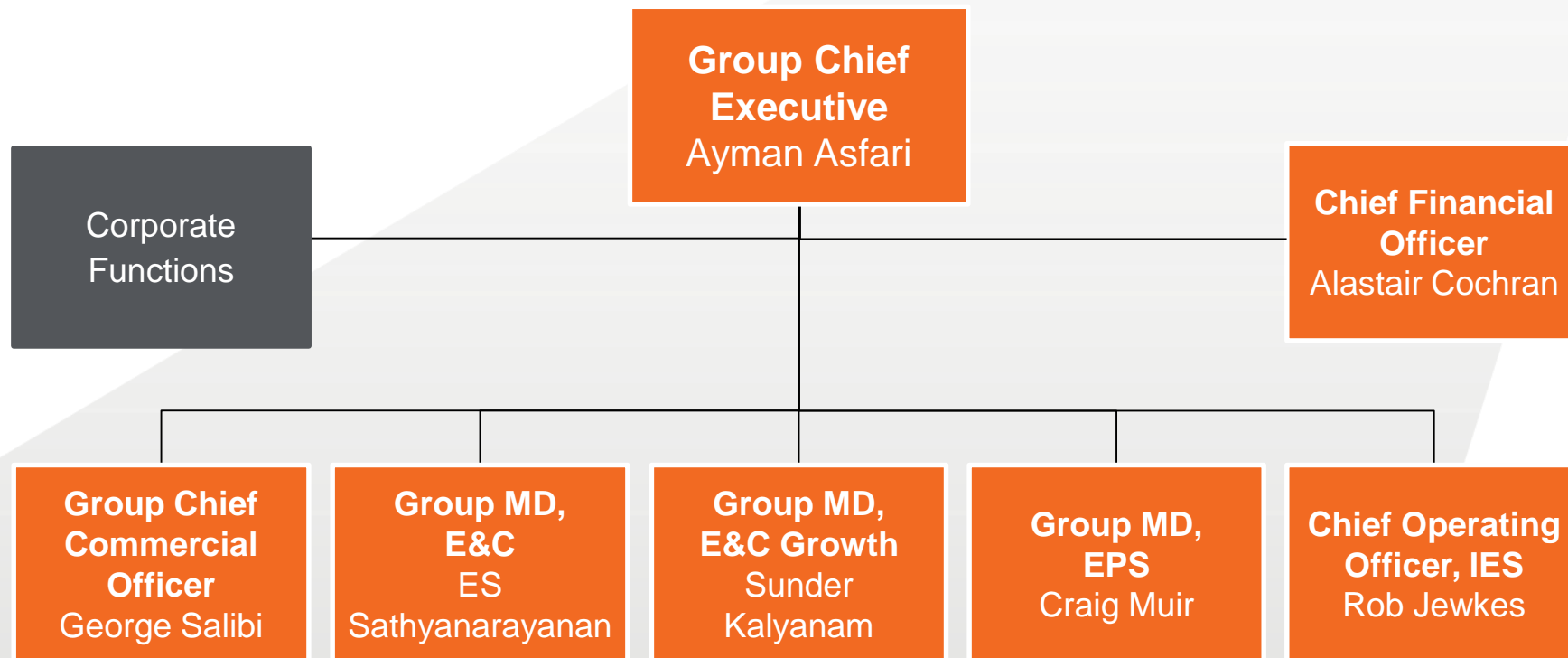
Delivering best in class execution & maintaining our cost position



Case study

- Invested time upfront to avoid quality issues & cost later
- Design & cost optimisation delivered significant value to client
- Optimised procurement jointly with client
- Introduced new vendors to help lower procurement costs
- Clear construction strategy, with good sub-contractor alignment

Leadership focused on core & growth markets



Focused on Organic Growth

Leveraging our core strengths

- Leverage extensive track record to
 - Expand into adjacent markets
 - Build downstream capability

Current Portfolio Focus

- Algeria
- Saudi Arabia
- Iraq
- Kuwait
- UAE
- Oman
- Malaysia
- Germany
- UK

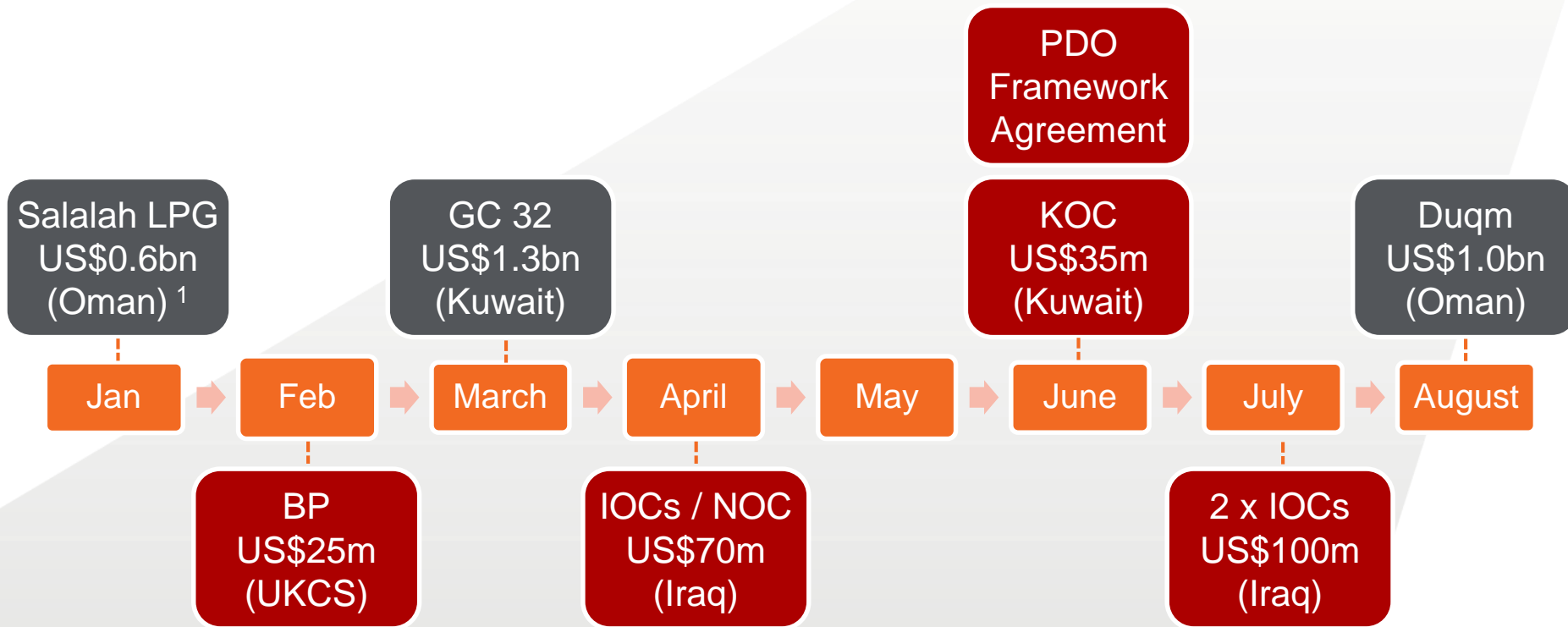
Increase Market Presence


- Azerbaijan*
- Egypt
- Turkmenistan
- Thailand*
- Tanzania
- Uganda
- Libya
- Russia
- Kazakhstan
- India*
- Mozambique
- Kenya
- Turkey


* Principally includes downstream opportunities

New Order Intake

Remain competitive in challenging markets



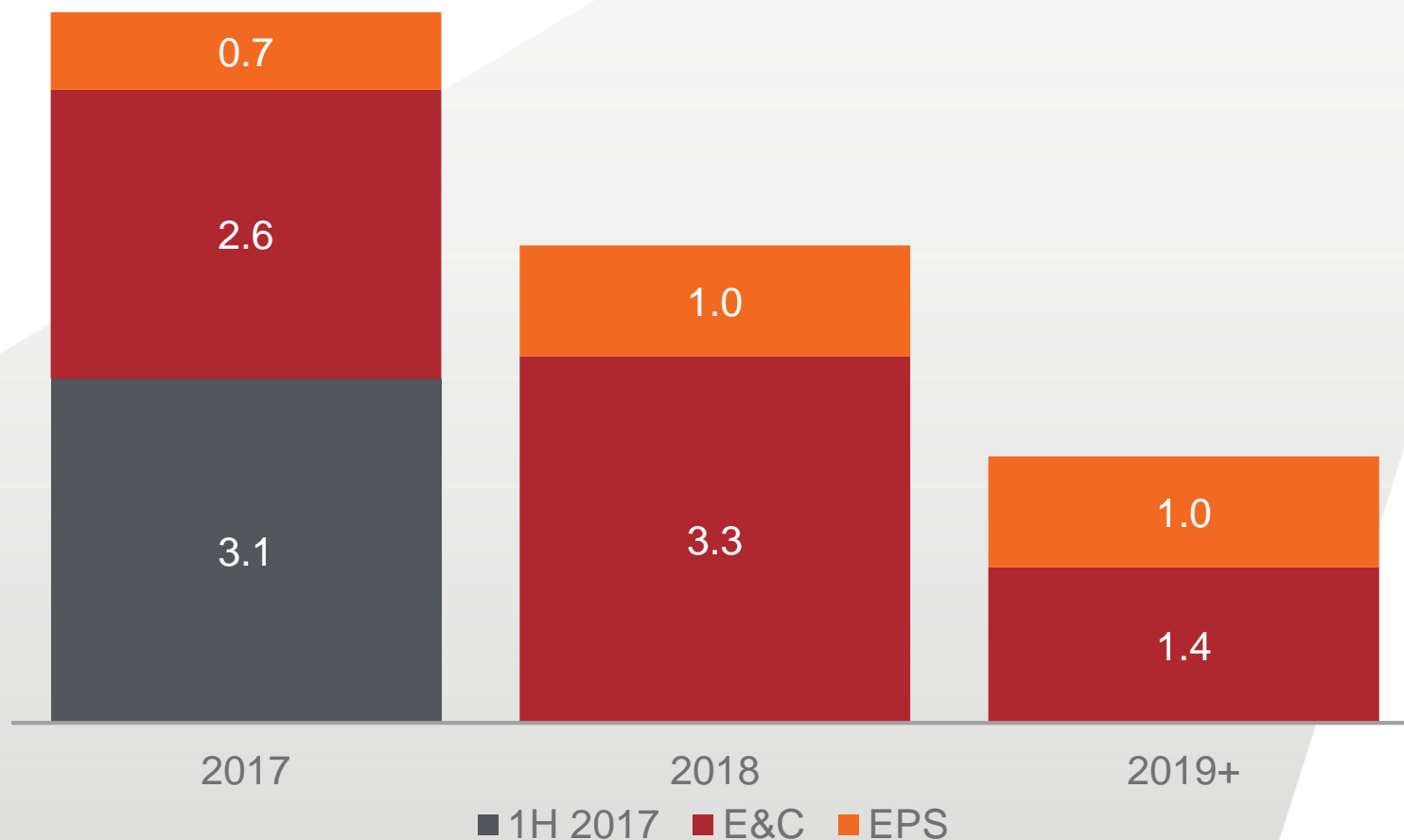
 Engineering & Production Services

 Engineering & Construction

1 Included in 2016 backlog

Good Revenue Visibility

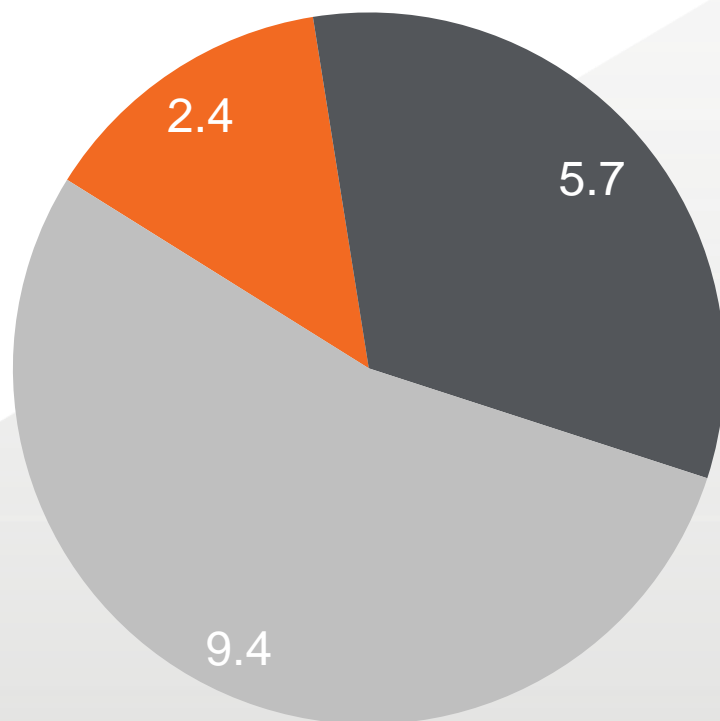
Backlog Ageing (US\$bn)¹



¹ As at 30 June 2017; excludes the US\$1bn Duqm Refinery award (August 2017) & PDO framework agreement

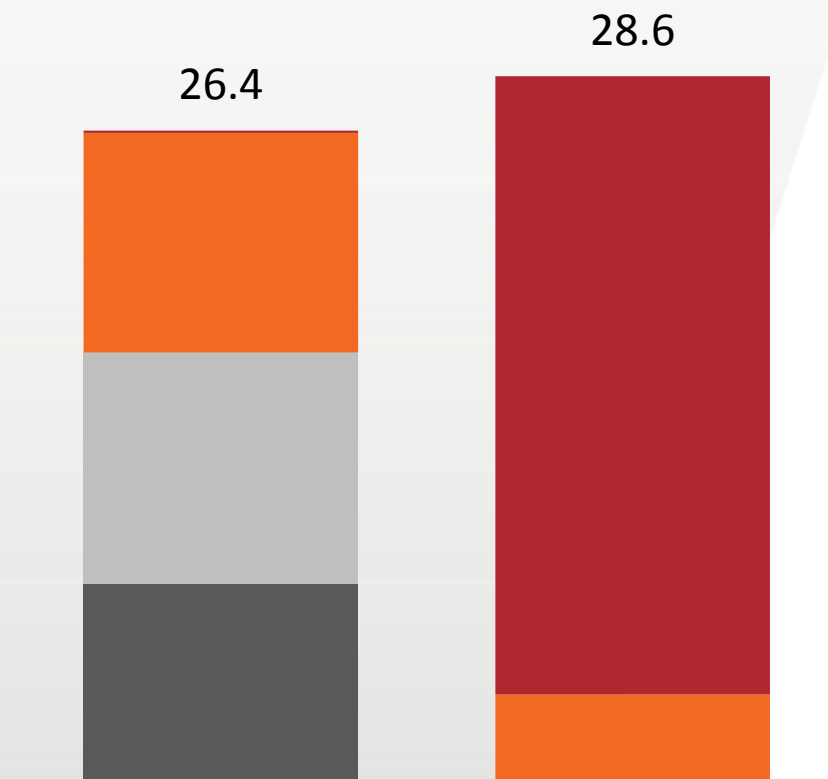
Tendering Activity Remains High

Tendered Bids: 2017 YTD¹
(US\$bn)



■ Won ■ Lost ■ Outstanding

Bidding Pipeline (US\$bn)¹



2017 2018
■ Completed ■ Tendered - o/s
■ Tendering ■ Prospects

¹ E&C bidding pipeline only

Summary

Clear, focused strategy

Remain competitive in challenging markets

Good operational and financial performance in first half

Taking range of measures to strengthen balance sheet

Well positioned for second half of 2017



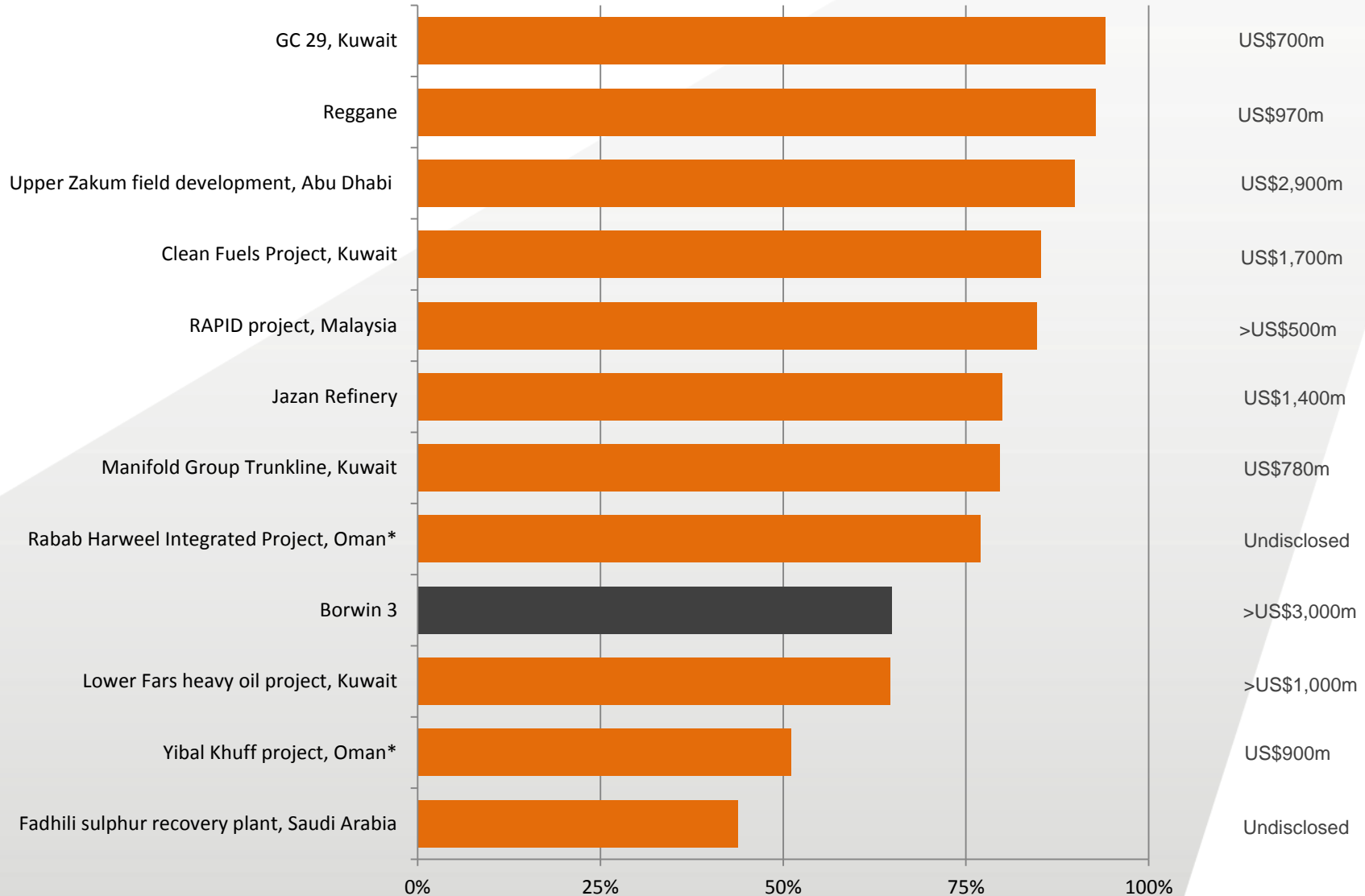
APPENDIX

Key E&C/EPs* projects

Percentage of Completion

■ NOC/NOC led company/consortium

■ Joint NOC/IOC company/consortium



Key IES projects

Production Enhancement Contracts (PEC)

END DATE

Magallanes and Santuario, Mexico

2037

Pánuco, Mexico*

2043

Arenque, Mexico

2043

Equity Upstream Investments

Block PM304, Malaysia

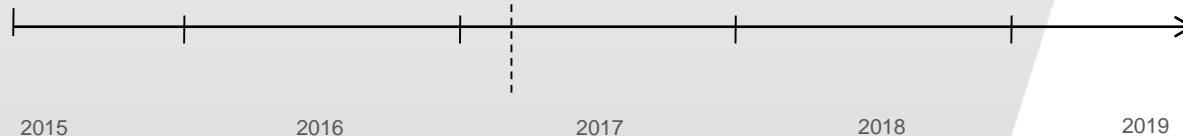
2026

Chergui gas concession, Tunisia

2031

Greater Stella Area development, UK

Life of field



* Exited Panuco PEC in August 2017

IES net book value

	Oil and gas assets (Block PM304, Chergui and PECs) US\$m	Intangible oil and gas assets (Block PM304, and other pre- development costs) US\$m	Greater Stella Area development (note 13) US\$m	Total US\$m
Cost				
At 1 January 2017	1,146	80	276	1,502
Additions	8	6	35	49
Write off/accrual adjustment	–	(8)	–	(8)
Transfers	(5)	5	–	–
At 30 June 2017	1,149	83	311	1,543
Depreciation				
At 1 January 2017	(466)	–	–	(466)
Charge for the period	(54)	–	–	(54)
Charge for impairment	(7)	–	(83)	(90)
At 30 June 2017	(527)	–	(83)	(610)
Net carrying amount: At 30 June 2017	622	83	228	933
At 31 December 2016	680	80	276	1,086
Other (assets held for sale US\$97m, FPSO Opportunity US\$10m, interest in associates US\$61m (note 12))				168
TOTAL (excluding working capital)				1,101

Effective Tax Rate

Effective tax rate (ETR) by segment¹

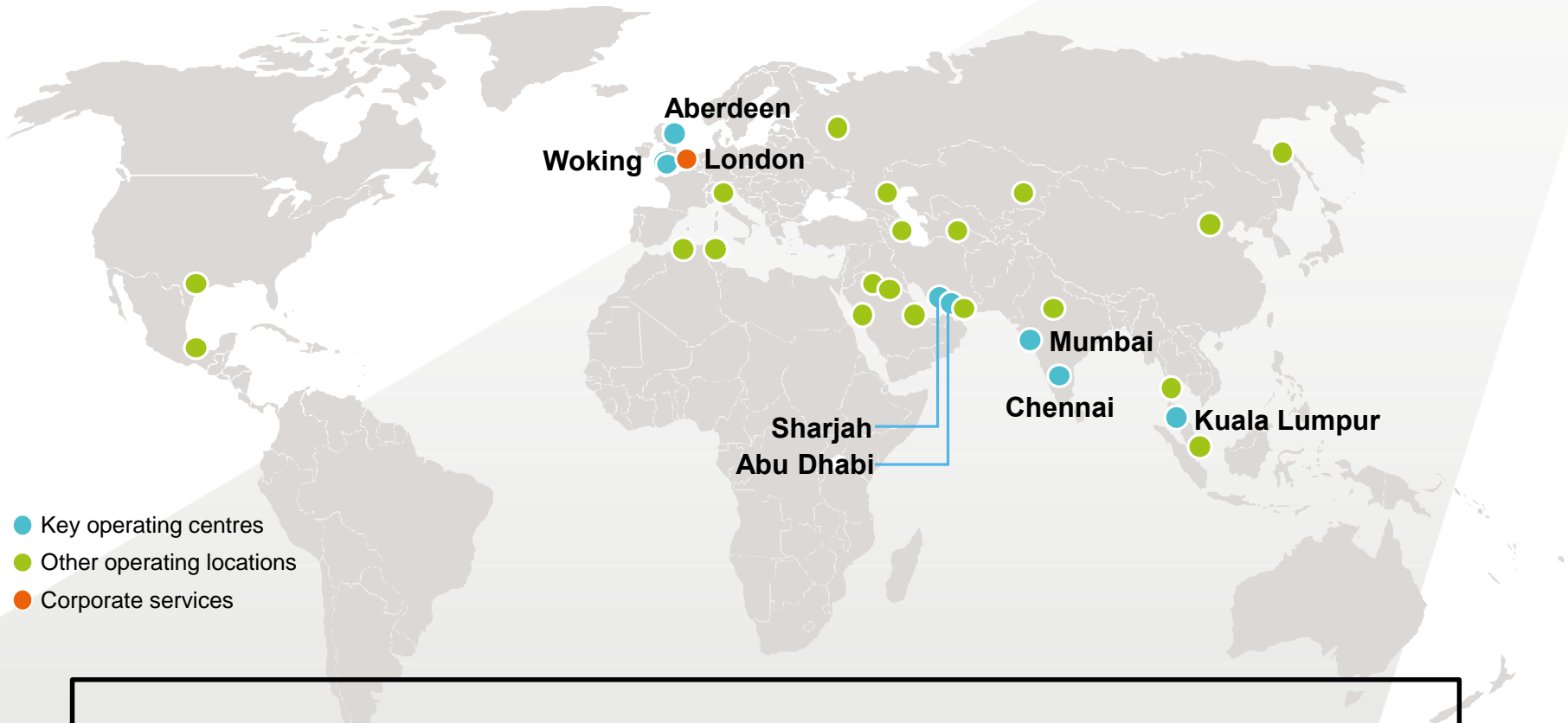
	1H 2017	1H 2016 (restated)
Engineering & Construction	20%	23%
Engineering & Production Services	12%	17%
Integrated Energy Services	32%*	40%*
Group	19%	20%

¹ Before exceptional items and certain re-measurements

* Tax credit on net loss

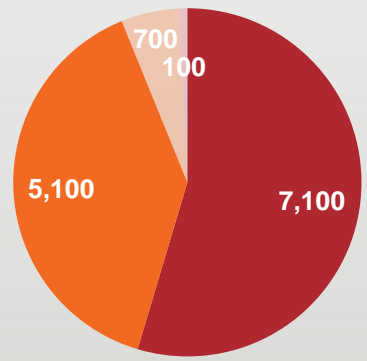
- The effective tax rates are principally impacted by the mix of profits in the jurisdictions in which the profits are earned, as well as the disallowance of expenditure which is not deductible for tax purposes
- 2017 ETR expected to be broadly in line with the historical underlying rate of 18%-20%, excluding the impact of exceptional items and certain re-measurements and the impact of proposed changes to UK loss-relief on deferred tax assets (see note 7 to the financial statements)

Employee Numbers



- Key operating centres
- Other operating locations
- Corporate services

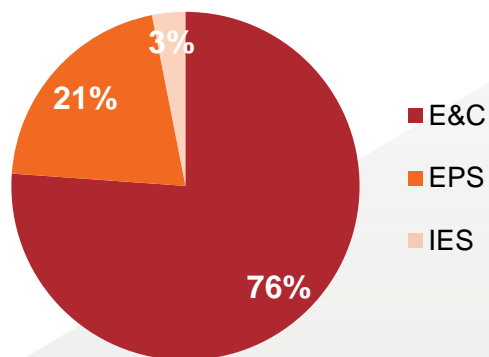
- Approximately 13,000 people in 7 key operating centres and 24 offices
- 41% of our employees are shareholders/participants in employee share schemes



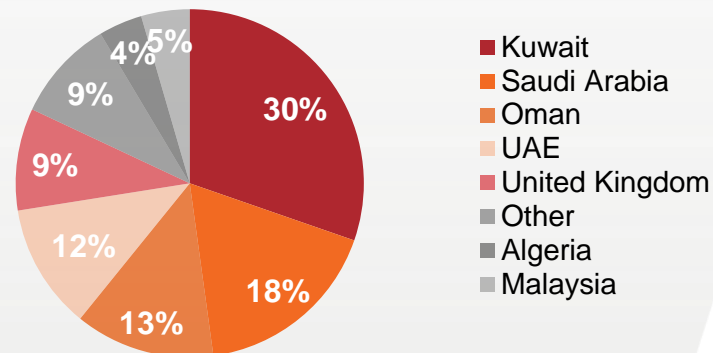
- E&C
- EPS
- IES
- Corporate

Segmental Performance

1H 2017 revenue by reporting segment



1H 2017 revenue by geography



- Engineering & Construction earned 76% of Group revenues in 2016
- Middle East and North Africa region accounted for nearly 80% of Group revenues, reflecting geographic mix of recent project awards

Working Capital Summary

US\$m	Balance Sheet			Working capital change analysis				
	30-Jun-17	31-Dec-16	Change	FX	Disposals	Transfers	Other	Per Cash Flow
Inventories	13	11	(2)				(1)	(3)
WIP	2,177	2,182	5					5
Contract receivables	1,224	1,377	153	(6)				147
Retentions	346	305	(41)					(41)
Advances to suppliers	248	293	45					45
Other	220	187	(33)				(6)	(39)
Trade and other receivables	2,038	2,162	124					112
Advances from customers	(616)	(703)	(87)					(87)
Trade and other payables	(625)	(725)	(100)					(100)
Accrued expenses	(429)	(546)	(117)	(5)			55	(67)
Trade and other payables	(1,670)	(1,974)	(304)					(254)
Accrued contract expenses	(1,859)	(2,060)	(201)					(201)
Billings in excess of cost and estimated earnings	(23)	(44)	(21)					(21)
WORKING CAPITAL TOTAL	676	277	(399)	(11)	-	-	48	(362)
Due to/from related parties, current financial assets & assets held for sale	477	644	167				(101)	66
<i>Per cash flow = US\$40m - \$336m</i>								(296)

Group working capital¹



¹ Inventories, work in progress and trade and other receivables, less trade and other payables, accrued contract expenses and billings in excess of costs and estimated earnings.

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