Petrofac

Full Year Results 2020

20 April 2021

Ghazeer Project

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Agenda

Petrofac

- Reflections
- 2020 highlights and key focus areas in 2021
- Financial performance
- Operational performance
- Strategy and outlook
- Q & A

Reflections

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STRENGTHS TO BUILD ON

- Our people
- Attractive core markets
- Petrofac delivery model
- Technology neutral
- Capital light business model

AREAS TO ADDRESS

- Restoring confidence
- Rebuild backlog
- Growing in new energies
- Simplifying the group
- Return to net cash position

2020 in numbers

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Continuing to deliver in challenging conditions

$4 billion	$48 million	$1.6 billion
Revenue	Net profit	Order intake

Swift action taken in response

$140 million	⬇27%	~600,000
Cost savings	Reduction to E&C headcount	Virtual team meetings

Priorities for 2021

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Rebalance
(business continuity)

Reshape
(efficiency, consistency, assurance)

Rebuild
(backlog)

ESG in Petrofac

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WHAT WE DO

Design — Build — Operate — Train — Decom

ENVIRONMENT	SOCIAL	GOVERNANCE

ENVIRONMENT

- Our carbon footprint
- Clients' emissions
- Circular economy

SOCIAL

- Safety leadership
- Diversity
- Local content
- Human rights

GOVERNANCE

- Best-in-class ethics & compliance
- Robust internal systems & controls
- Board oversight

Driven — Agile — Respectful — Open

OUR VALUES

Our ESG ambition for 2030

Petrofac

NET ZERO

Committed to Net Zero[1] Scope 1 and 2 emissions[2] by 2030

30%

Building diversity: targeting 30% of women in senior roles[3] by 2030

GOVERNANCE

Committed to driving best-in-class compliance through ethical business practice, conduct, compliance and climate disclosures

1. Net Zero: no net increase in GHG emissions to the atmosphere as a result of GHG emissions associated with Petrofac's activities, where residual emissions will be offset by carbon credits.
2. Scope 1 (direct emissions e.g., production processes) and Scope 2 (indirect emissions e.g. energy purchased).
3. Executive management and direct reports (as per Hampton Alexander standard).

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Financial Performance

2020 Full year results summary

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Challenging market conditions mitigated by swift management action

- Results materially impacted by COVID-19 & low oil prices
  - Disrupted project schedules
  - Increased costs
  - Delayed project awards
- Swift action taken
  - Delivered $140 million in cost savings
  - Conserved US$275 million cash
  - Divested Mexico
- Dividend remains suspended

Net profit [1]

US$48m

Down 83%

Net debt

US$116m

2019: US$15m net cash

Backlog [2]

US$5.0bn

Down 32%

Dividend

nil

2019: 12.7¢

1. Business performance before separately disclosed items attributable to Petrofac Limited shareholders

Business performance results [1]

US$m	2020	2019	Change
Revenue	**4,066**	5,530	(26%)
EBITDA [2]	**211**	559	(62%)
EBITDA margin [2]	**5.2%**	10.1%	(4.9ppts)
Net finance expense	**(28)**	(45)	(36%)
Net profit [2]	**48**	276	(83%)
Net margin [2]	**1.2%**	5.0%	(3.8ppts)
Effective tax rate	**32.8%**	29.4%	3.4ppts
Diluted earnings per share [2]	**14.2¢**	80.4¢	(82%)
Dividend per share	**nil**	12.7¢	(100%)

1. Business performance before exceptional items and certain re-measurements
2. Attributable to Petrofac Limited shareholders

Separately disclosed items

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Reported net loss of US$180m [1]

- US$228 million of separately disclosed items
  - Mexico fair value adjustment on sale
  - PM304 impairment
  - Early settlement of GSA deferred consideration
  - Redundancy & restructuring costs
- Modest cash impact of US$19 million

US$m (post tax)	**2020**	**2019**
Mexico operations	121	49
Malaysia – PM304	64	70
UK – Greater Stella	15	-
Mexico - Pánuco	8	37
Other (net)	20	47
Total	**228**	203

1. Attributable to Petrofac Limited shareholders

Engineering & Construction

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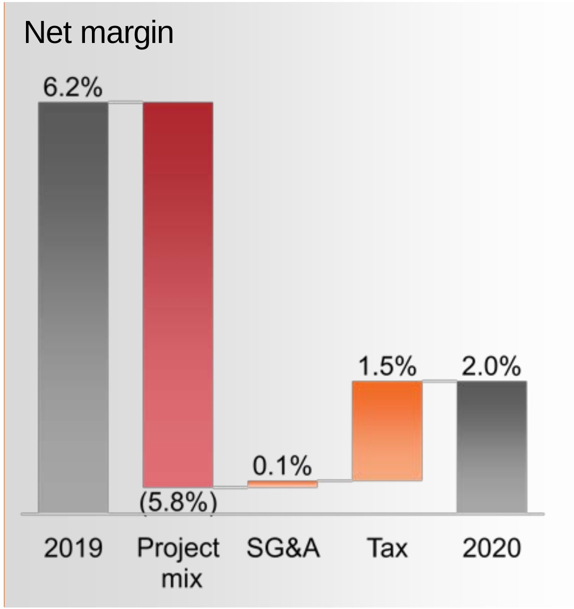
Decisive action taken to mitigate impact of COVID-19

- Revenue down 31%
  - Lower activity
  - Lower variation orders
- Net margin down 4.2 ppts
  - Cost increases & project losses
  - Lower project support costs
  - Lower tax
- Net profit down 78%
- US$0.7bn of new order intake
  - Decline in industry awards

US$m (except as otherwise stated)	2020	2019
Revenue	**3,090**	4,475
EBITDA [1]	**113**	412
Net profit [1]	**62**	278
Backlog (US$bn)	**3.3**	5.7



1. Business performance before separately disclosed items attributable to Petrofac Limited shareholders

Engineering & Production Services

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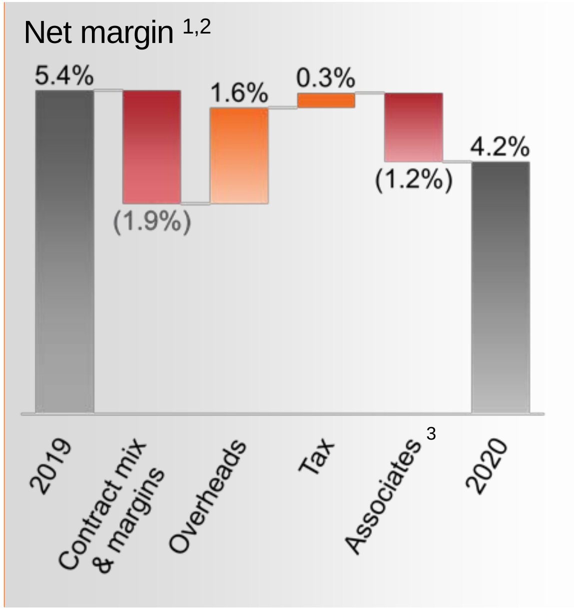
Resilient performance benefitting from robust order intake and lower costs

- Revenue up 5%
  - Modest growth in Projects
  - Lower Operations activity
- Net margin down 1.2 ppts [1,2]
  - Decline in contract margins
  - Lower associates contribution
  - Lower overheads
- Net profit down 19% [1,2]
- 1.0x book-to-bill

US$m (except as otherwise stated)	2020	2019 Restated
Revenue	**933**	889
EBITDA [1,2]	**59**	67
Net profit [1,2]	**39**	48
Backlog (US$bn)	**1.7**	1.7



1. Business performance before separately disclosed items attributable to Petrofac Limited shareholders
2. 2019 restated to include US$16m associate income from the Group's investment in PetroFirst. Reclassified from IES to EPS from 1 January 2020
3. Fair valuation gain of US$10m recognised in 2019, arising from re-recognition of lease asset and lease liability due to changes in lease terms

Integrated Energy Services

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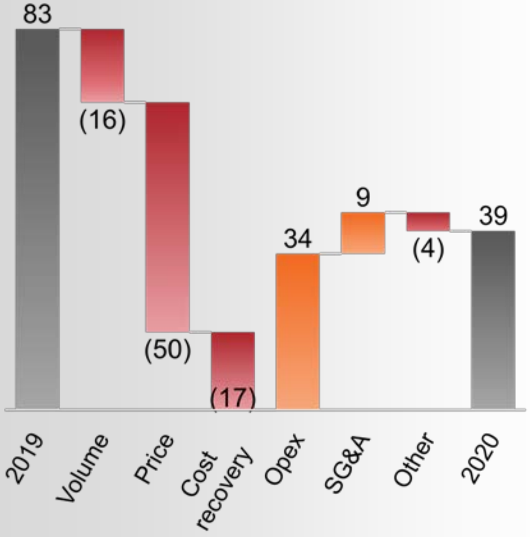
Financial results impacted by sharp decline in oil prices & disposals

- Mexico sale completed
- Revenue down 43%
  - Lower average realised price [2]
  - Decrease in equity production [3]
  - Lower PEC cost recovery
- EBITDA down 54% [4]
  - Decline in revenue
  - Lower costs
- $14m increase in net loss [4]

US$m (except as otherwise stated)	2020	2019 Restated
Revenue	**110**	195
EBITDA [1,4]	**39**	83
Net loss [1,4]	**(18)**	(4)
Production (net) [3]	**3.9 mboe**	4.3 mboe

EBITDA (US$m) [4]



1. Business performance before separately disclosed items attributable to Petrofac Limited shareholders
2. Average realised price of US$39/boe (2019: US$67/boe) is calculated on equity sales volumes, which may differ from production due to under/over-lifting in the period
3. Equity interest volumes of 1.9 mboe (2019: 2.1 mboe) and Production Enhancement Contract volumes of 2.0 mboe (2019: 2.2 mboe) (net of royalties and hedging)
4. 2019 restated to remove US$16m associate income from the Group's investment in PetroFirst. Reclassified from IES to EPS from 1 January 2020

Cost savings

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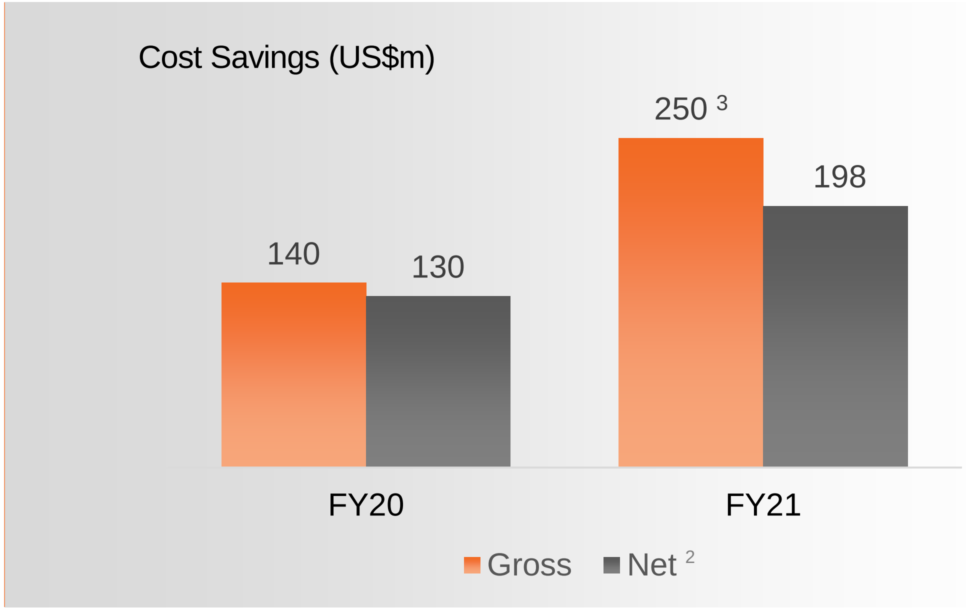
Swift action taken to reduce costs in response to COVID-19 and low oil prices

- Out-performed 2020 savings target
  - Headcount reduction of 16%
  - Salaries cut by up to 15%
  - Non-staff costs cut
- Benefit spread over life of contract [1]
- Quick payback: cash cost of US$36m
- Preserved core capability
- Continuing to invest in digital, automation & process efficiency



1. The benefit of reductions in project support costs is recognised in accordance with IFRS15
2. Net cost savings shows the P&L benefit in the period (pre-tax)
3. Target cost savings relative to pre-pandemic levels measured at February 2020

Working capital

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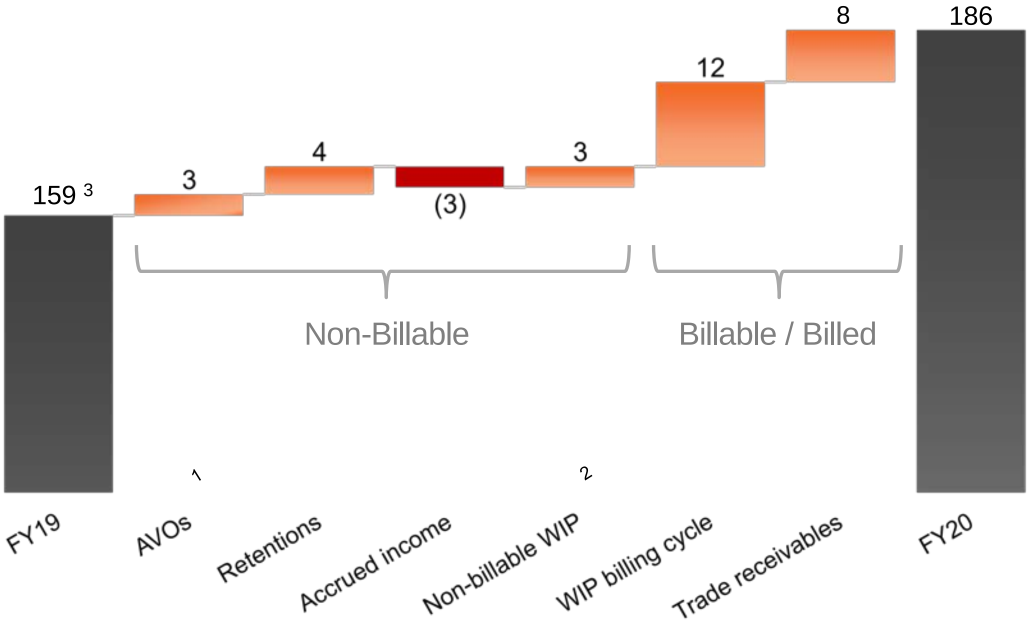
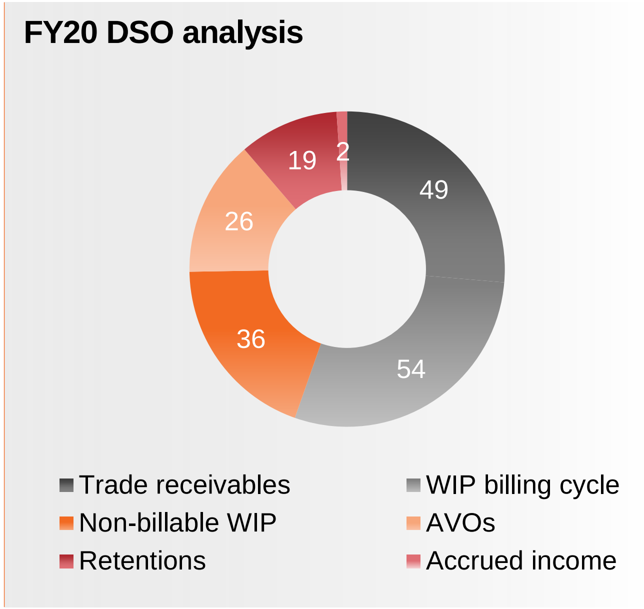
Increase in DSO driven by longer invoicing and payment cycle





1. Assessed variation orders
2. Non-billable WIP is expenses incurred on a project for which the contractual milestones have not yet been reached in order to invoice the client
3. Adjusted to exclude assets held for sale. FY19 had included the DSO related to the Mexico operations, which were sold in Q4 2020

Cash flow & liquidity

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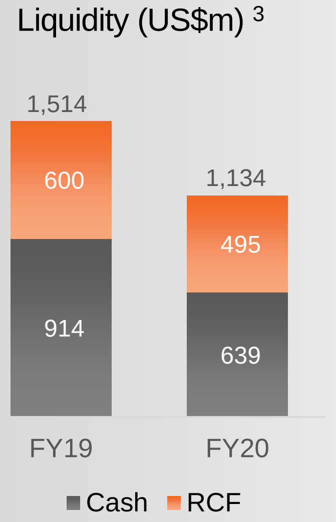
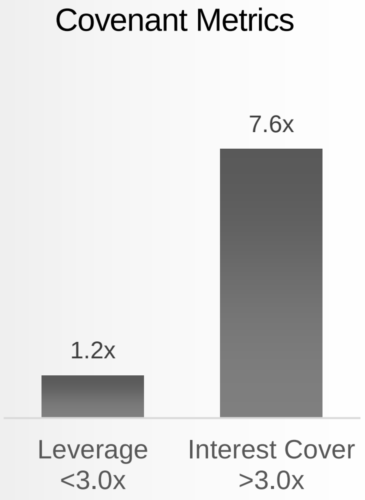
Conserved cash, divested non-core assets & refinanced near term debt maturities

US$m	2020	2019
Opening net cash / (debt)	15	90
EBITDA [1]	**211**	**559**
Movement in working capital	(160)	(179)
Tax and net interest paid [4]	(107)	(179)
Capex	(57)	(92)
Other cash flows (incl. divestments [5])	40	29
Free cash flow [2]	**(73)**	**138**
Dividend	-	(129)
Other cash flows from financing activities	(58)	(84)
Cash (outflow) / inflow	**(131)**	**(75)**
Closing net (debt) / cash	**(116)**	**15**





1. See A3 in Appendix A to the consolidated financial statements
2. See A6 in Appendix A to the consolidated financial statements
3. Gross liquidity comprised US$0.6 billion of gross cash and US$0.5 billion of undrawn committed facilities, and excludes overdraft facilities
4. Net finance expense cash flow in 2020 was US$33 million (2019: US$46 million)
5. Of the US$57 million received in deferred consideration for GSA, US$13 million was recognised as disposal proceeds and US$44 million recognised as a reduction in contract assets

Positioning the business for a recovery

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Delivering our near-term strategic priorities

- Transitioned to capital light business
  - More cash generative
  - Higher ROCE potential
- Improving cost competitiveness
- Protecting the balance sheet
  - Conserving cash
  - Maintaining strong liquidity

$140 million
Cost Savings in 2020

$275 million
Cash conserved in 2020

$140 million
Divestments in 2020[1]

$808 million
Current liquidity[2]

1. Gross proceeds of US$140 million. Net cash impact of US$75 million after deconsolidating Mexico cash balances
2. Liquidity at 31 March 2021 (adjusted for refinancing announced on 7 April 2021)

Operations and outlook

2020 Health & safety performance

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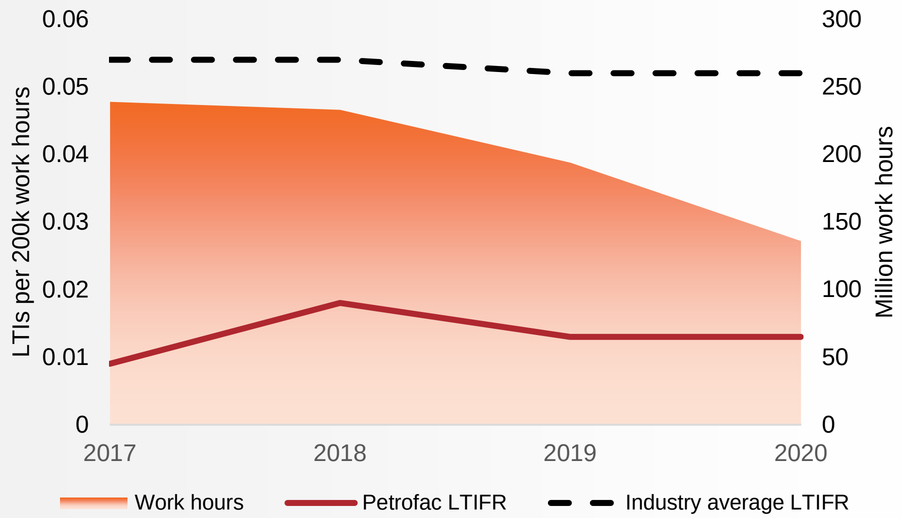
Continued emphasis on Horizon Zero ambition during COVID-19

- Response to COVID-19:
  - Stringent health protocols implemented
  - ~300 Petrofac staff cases, ~2,100 subcontractor cases
- Transition to IOGP life saving rules
- Aspiration to be the safest contractor

Petrofac LTIFR [1] vs industry average [2] LTIFR vs work-hours



1. Lost Time Injury Frequency Rate
2. International Association of Oil & Gas Producers

2020 Operational performance

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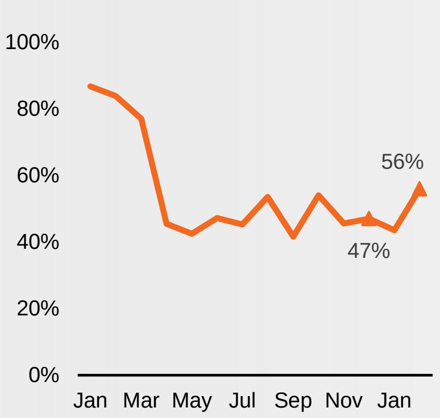
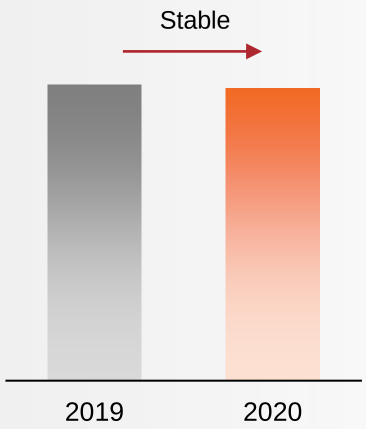
Continuing to deliver despite material impact of COVID-19 on projects

- Continued to deliver high level of service quality in 2020
- E&C:
  - Material impact from COVID-19 on construction activity
  - Tighter commercial environment
- EPS successfully managing the challenges
  - Digitally enabled offshore mobilisation

E&C construction progress vs plan [1]



EPS production efficiency [2]



1. Average actual project progress vs Jan2020 planned project progress on projects in the construction phase
2. Production efficiency of assets operated by Petrofac in the UKCS

2020 closing backlog

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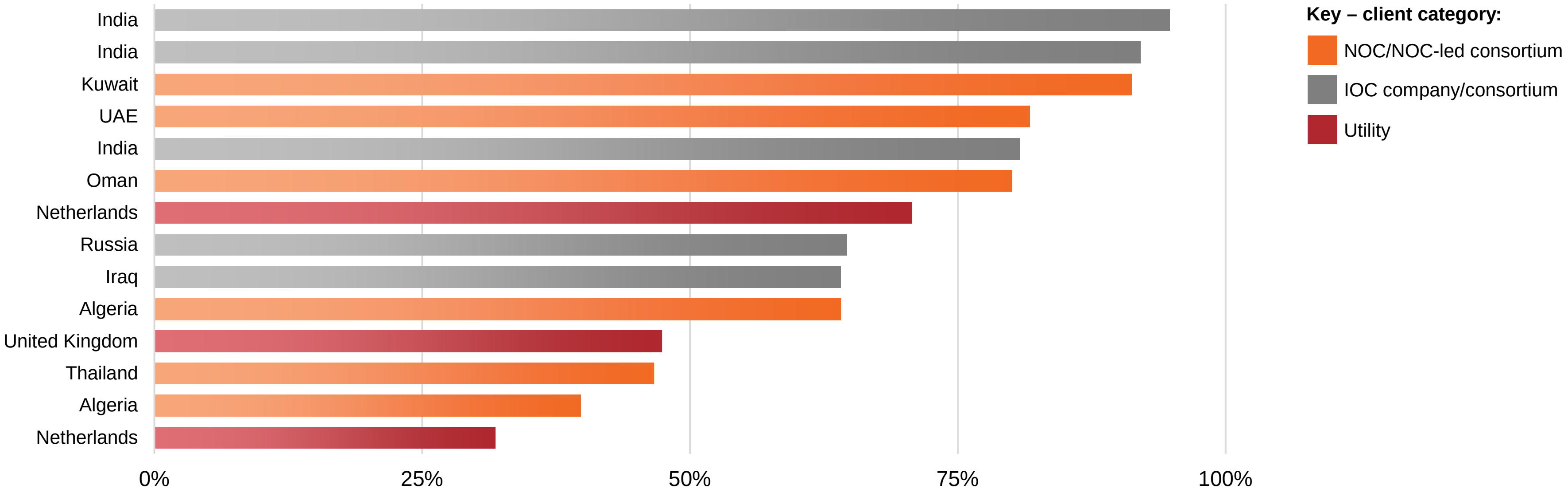
Good E&C visibility for 2021 with $2.2 billion scheduled for execution in the period

Key E&C projects status, December 2020:

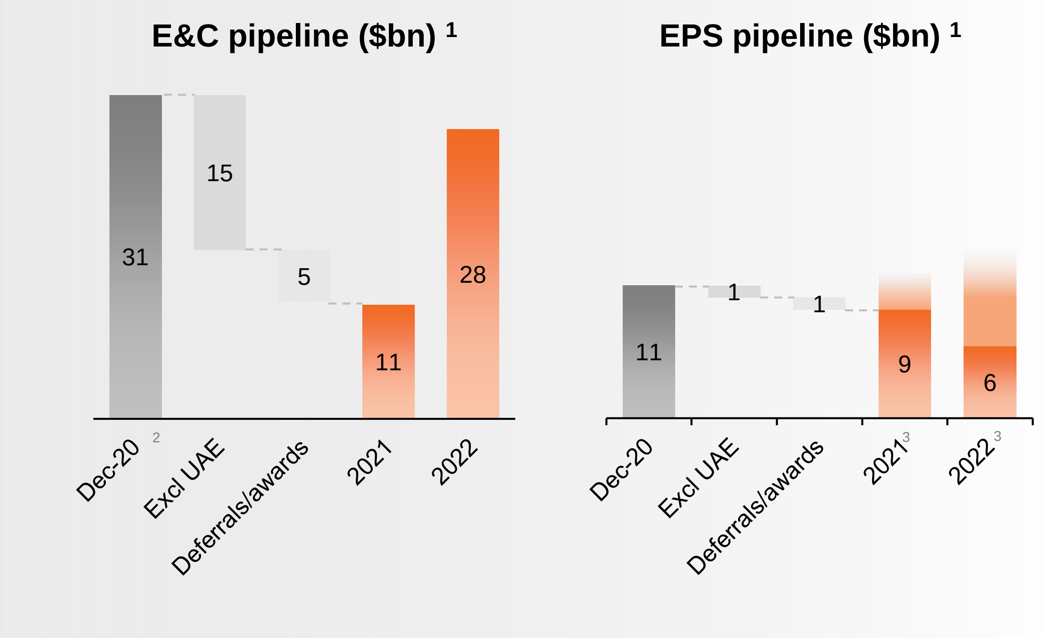


1. Excludes projects that are > 95% complete or reimbursable (EPCm)

Bidding pipeline

Focused on geographic diversification and energy transition

- E&C:
  - $15 billion impact by removal of UAE
  - $5 billion project deferrals/awards
  - Large addressable market supports recovery in 2022
- EPS:
  - Healthy pipeline in 2021
  - Good visibility into 2022
  - Pipeline in 2021 and 2022 will expand given normal evolution as we move forward



1. The Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq
2. This is the pipeline of awards as at December 2020 scheduled for award by the end of 2021
3. In Q1 it is typical that the EPS pipeline for the future periods will grow materially given the short cycle nature of the business

2021 E&C bidding pipeline ($11 billion)

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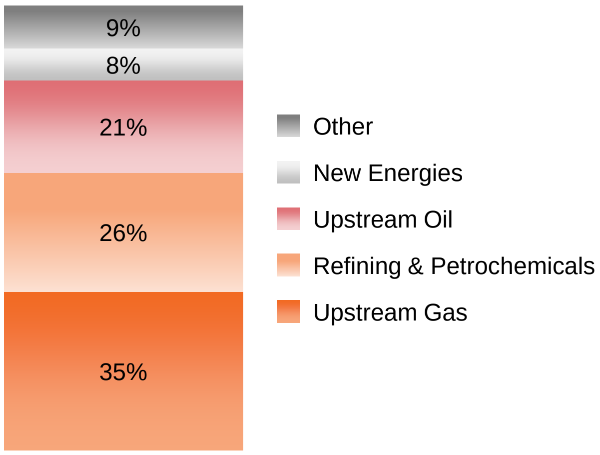
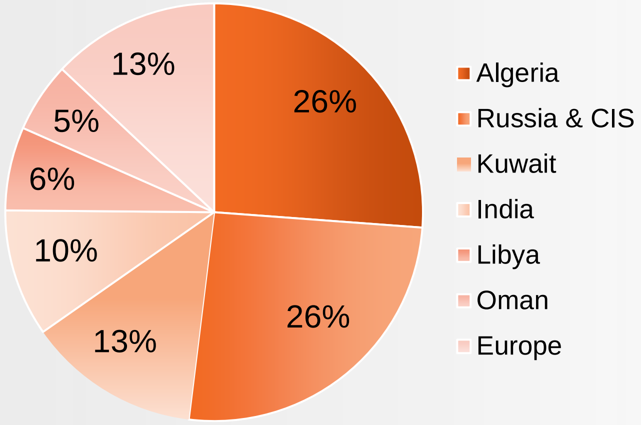
E&C bidding pipeline[1] by market



E&C bidding pipeline[1] by geography



1. The 2021 Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq

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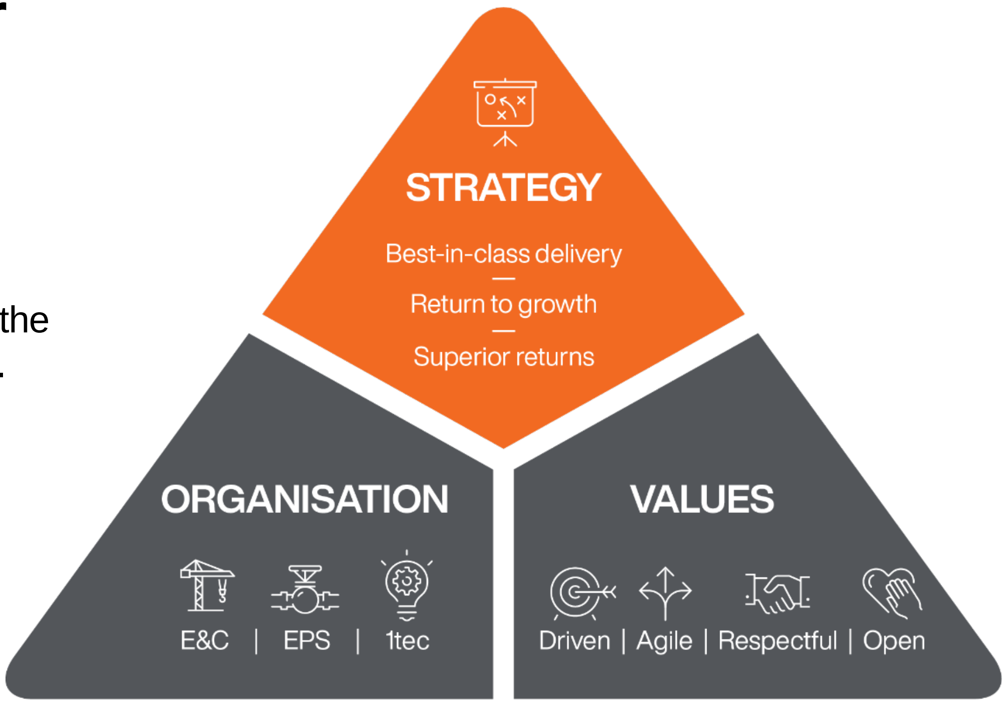
Strategy update

Who we are, what we stand for

OUR PURPOSE

We enable our clients to meet the world's evolving energy needs.



Underpinned by our people and commitment to strong ESG performance

Our strategy

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We enable our clients to meet the world's evolving energy needs

BEST-IN-CLASS DELIVERY

- Simplify the organisation
- Global capability, local execution
- Digitally enabled
- Strategic partnerships / technology neutral

RETURN TO GROWTH

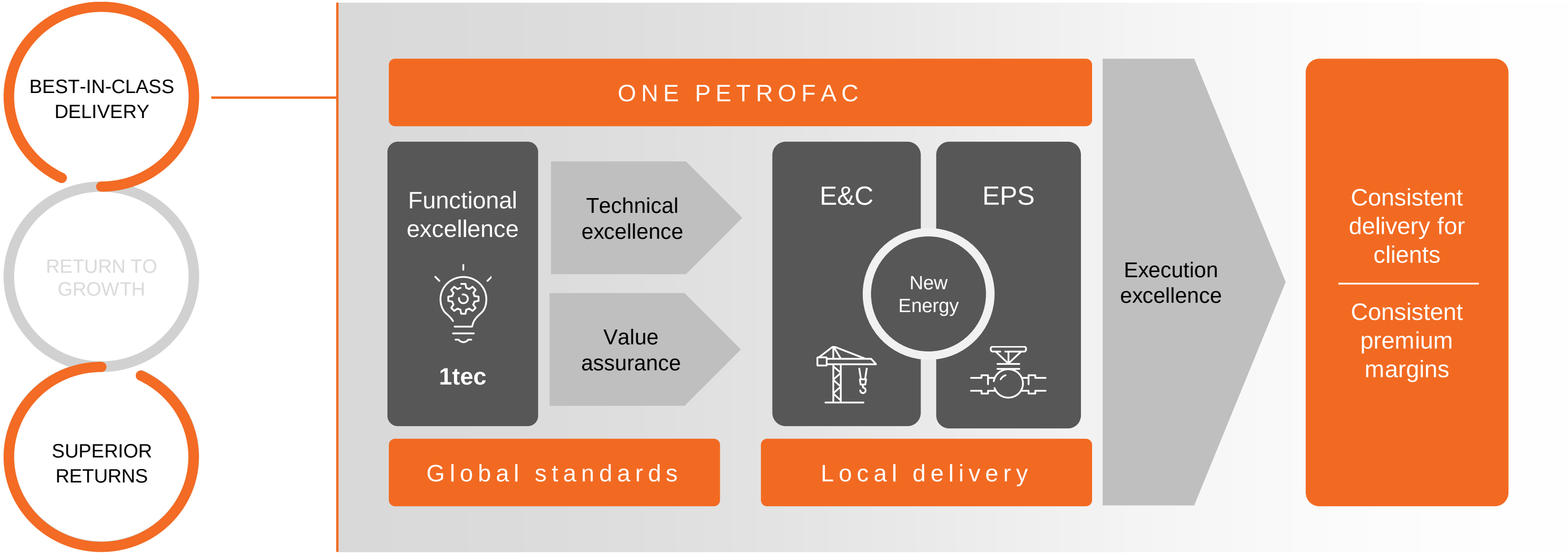
- Customer centric approach
- Rebuild backlog
- Selective growth in new geographies
- Leverage capabilities in new energies

SUPERIOR RETURNS

- Enhanced risk management framework
- Deliver premium margins, consistently
- Capital light business model
- Maintain strong balance sheet

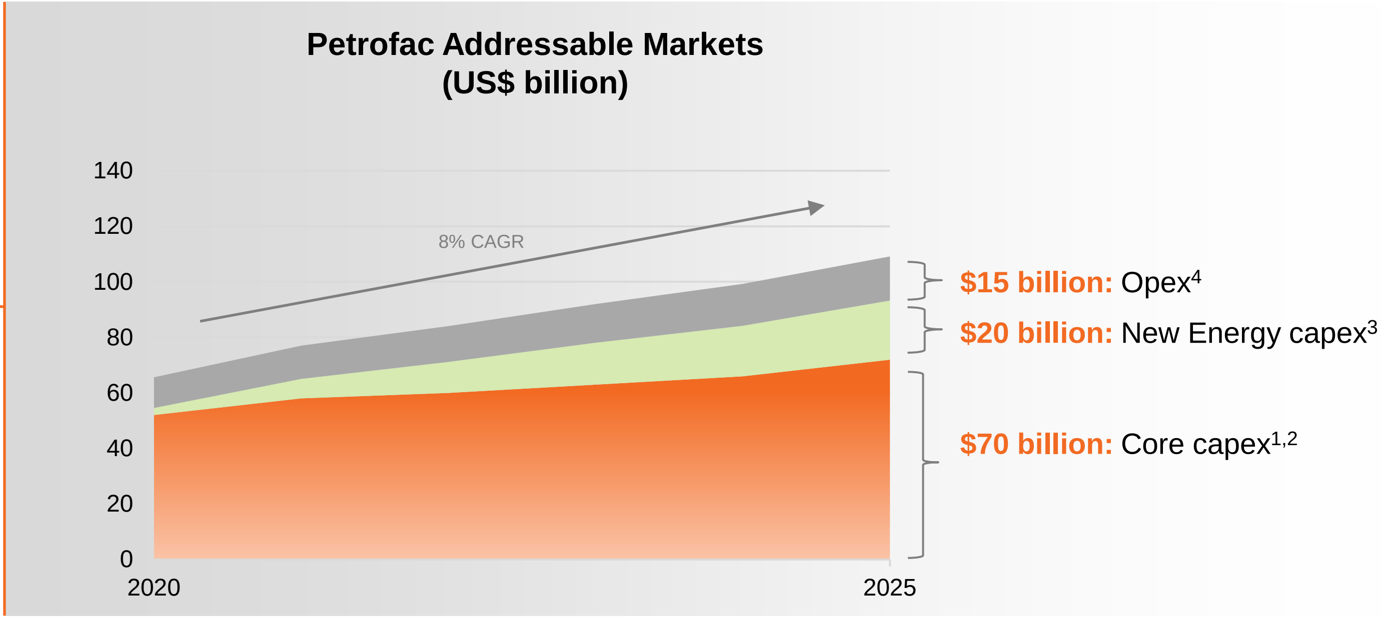
Simplify the organisation

Functional excellence supporting execution excellence to deliver premium margins



Return to growth

C.$105 billion annual addressable market in 2025



Source: Petrofac Analysis

1. Core (upstream and refinery)and adjacent (petrochemical) sectors excluding UAE, Saudi and Iraq
2. Top 5 countries by aggregate addressable market 2021-25 are Algeria, Oman, Kuwait, India and Russia
3. New Energy sectors include Offshore wind, CCUS and H2 and Waste to X
4. Opex for upstream and new energies

Converting addressable market to pipeline

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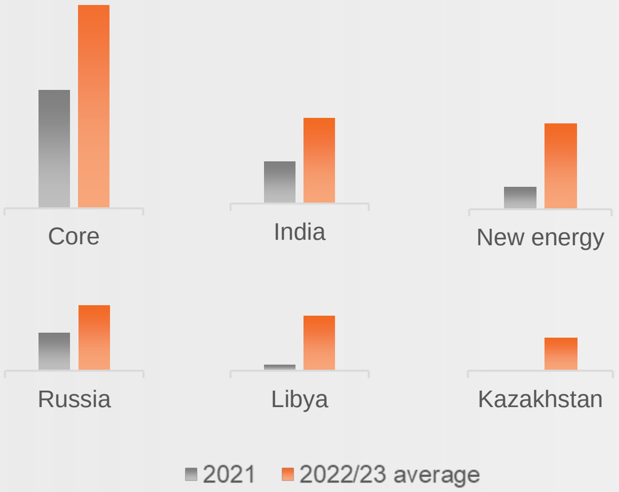
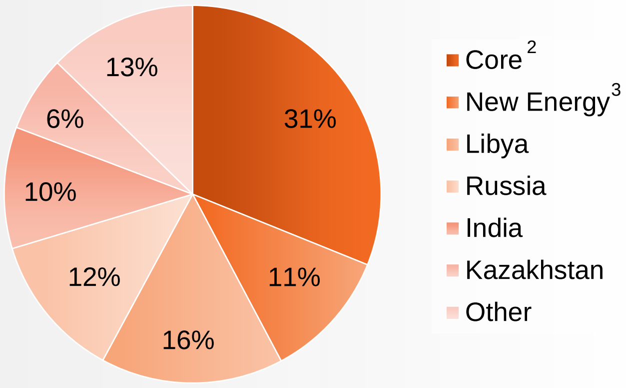
Growth in pipeline underpinned by core geographies and new energy

2021-23 E&C pipeline - top geographies:



E&C pipeline 2022 ($28 billion):



1. The bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq
2. Core geographies include Algeria, Kuwait and Oman
3. New energy pipeline opportunities are predominantly offshore wind in Europe

New Energy: $20bn addressable market by 2025

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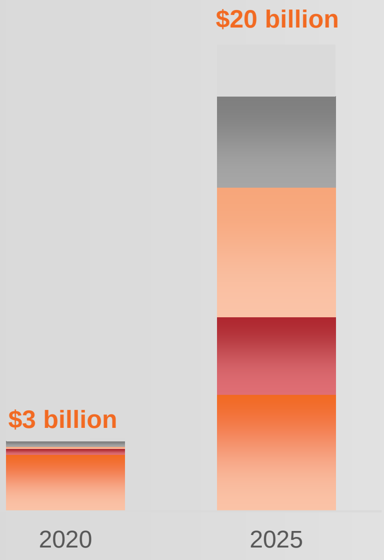
BEST-IN-CLASS DELIVERY

RETURN TO GROWTH

SUPERIOR RETURNS



	Existing capabilities:
Emissions reduction	Leveraging extensive experience in operating & optimising oil and gas assets
Waste-to-x	EPC experience and process knowledge combined with refining design skills
Blue & Green hydrogen	Using our grey hydrogen experience combined with our CCUS & High Voltage capabilities enables us to deliver a range of solutions
CCUS	Expertise in gas and CO2 processing. Unique integrated service includes facilities design, pipeline management and wells capability
Offshore wind	10 years track record in designing and building offshore electrical substations

1. Offshore wind, CCUS and H2, Waste to X, emissions reduction

Return to growth in the medium term

- Recovery in core markets
- Growth in new geographies
- Acceleration in new energies
- Differentiated margins
  - Simplifying the organisation
  - Enhanced risk management
  - Improved cost competitiveness

Medium term performance framework:

$4-5 billion Group revenue[1]	**c.$1 billion** New Energy revenue
>20% Revenue contribution from New Energy	**Net cash** Strong balance sheet

1. No contribution from Iraq/KSA/UAE

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Appendix

Definitions

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Average realised price: Average realised price (US$ per boe) net of royalties and hedging gains or losses. Calculated on sales volumes, which may differ from production due to under/over-lifting in the period

AVO: Assessed variation order

Backlog: The estimated revenue attributable to the uncompleted portion of Engineering & Construction operating segment projects; and, with regard to Engineering & Production Services, the estimated revenue attributable to the lesser of the remaining term of the contract and five years

Book-to-bill: Ratio of new order intake received to revenue billed for a specified period

BOE: Barrels of oil equivalent

DPO: DPO (days payable outstanding) comprises [((Trade Payables + Accrued Expenses + Accrued Contract Expenses + Other Payables) – (Loans and Advances + Prepayments and Deposits)) / COS)] x 365

DSO: DSO (days sales outstanding) comprises [(Trade Receivables + Contract Assets - Contract Liabilities) / Revenue)] x 365

E&C: Engineering & Construction operating segment

EPC: Engineering, Procurement & Construction

EPCm: Engineering, Procurement & Construction management

EPS: Engineering & Production Services operating segment

ICV: In-country value, measured as the total spend retained in-country that can benefit business development, contribute to human capability development and stimulate productivity in the local economy

IES: Integrated Energy Services operating segment

LTI: Lost Time Injury

New order intake: New contract awards and extensions, net variation orders and the rolling increment attributable to EPS contracts which extend beyond five years.

PMC: Project Management Consultant

PSC: Production Sharing Contract

ROCE: Return on Capital Employed (calculated as EBITA divided by average capital employed (total equity and non-current liabilities) adjusted for gross-up of lease creditors)

UKCS: United Kingdom Continental Shelf

Segmental performance

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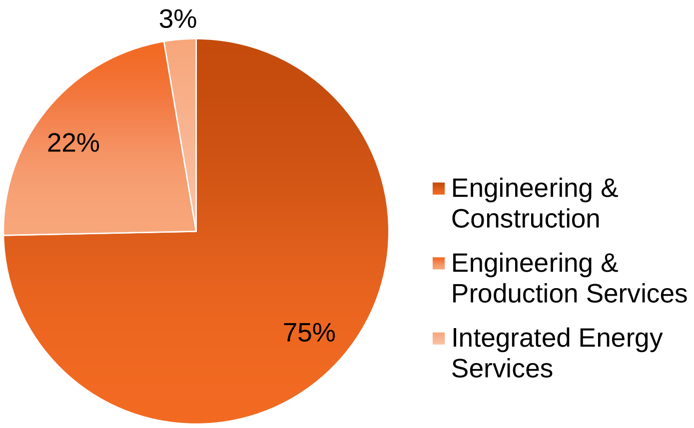
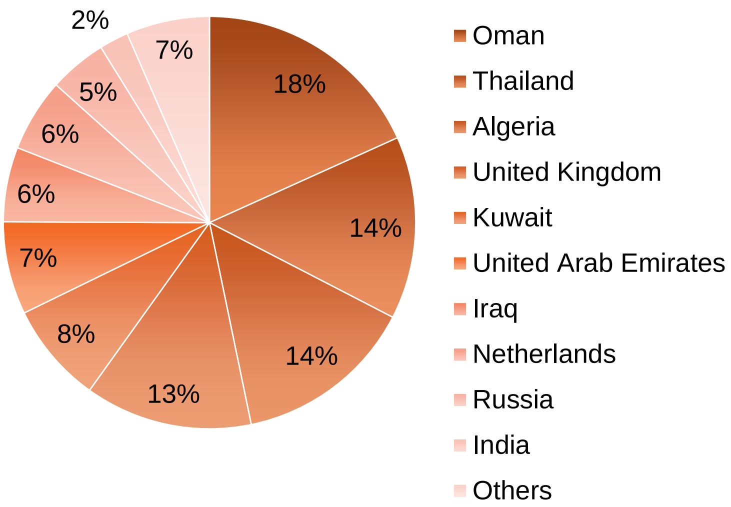
FY 2020 revenue by business unit



FY 2020 revenue by geography



1. Core geographies include the UAE, Kuwait, Oman, Algeria, Saudi Arabia, Iraq and the UK North Sea

2021 EPS bidding pipeline ($9 billion)

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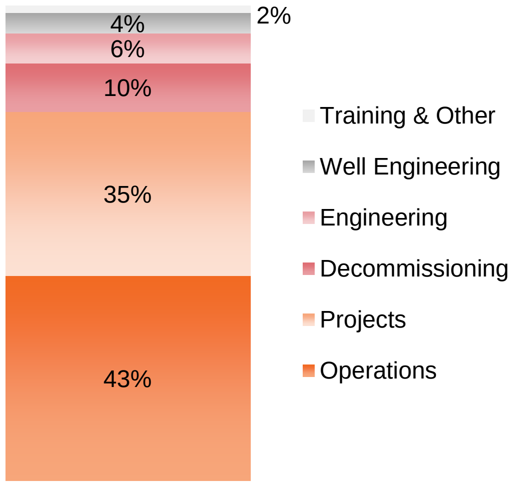
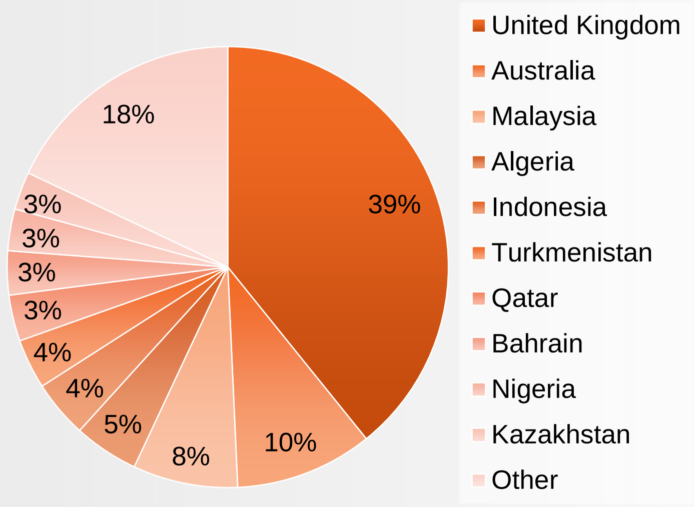
EPS bidding pipeline[1] by service line



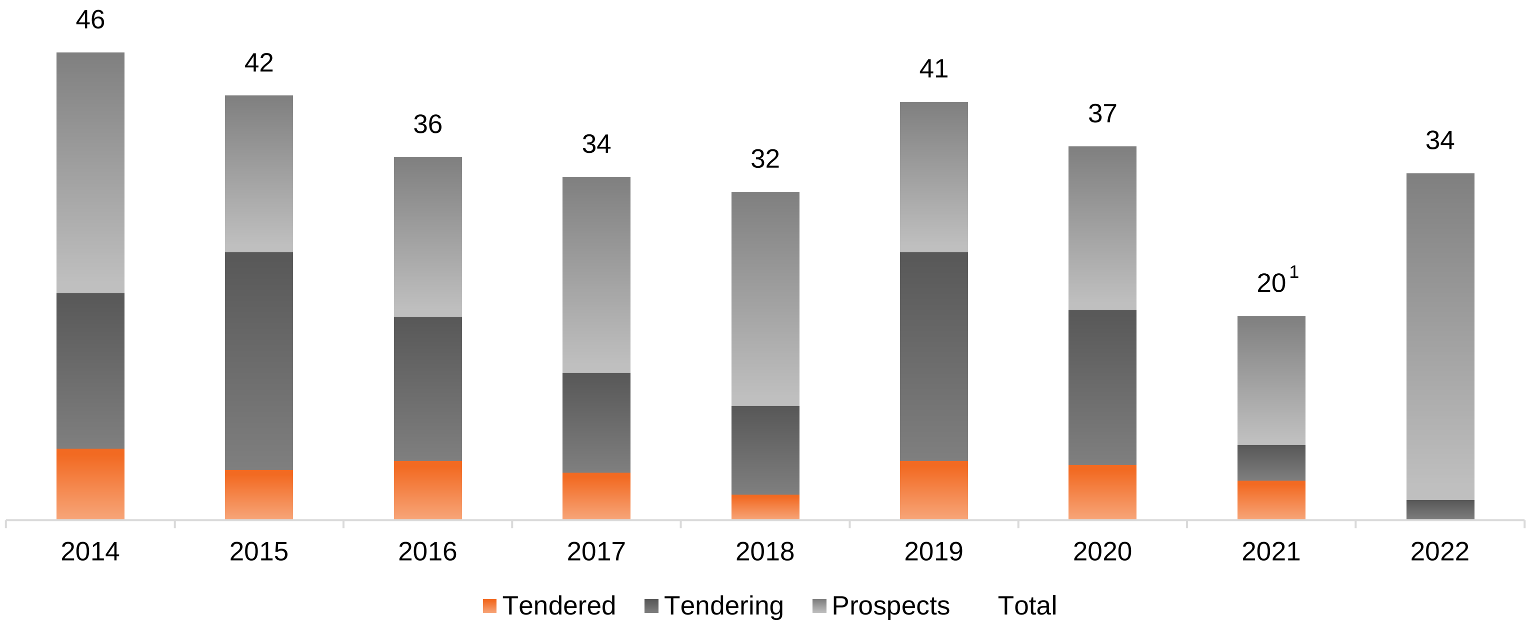
EPS bidding pipeline[1] by geography



1. The 2021 Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq

Group bidding pipeline

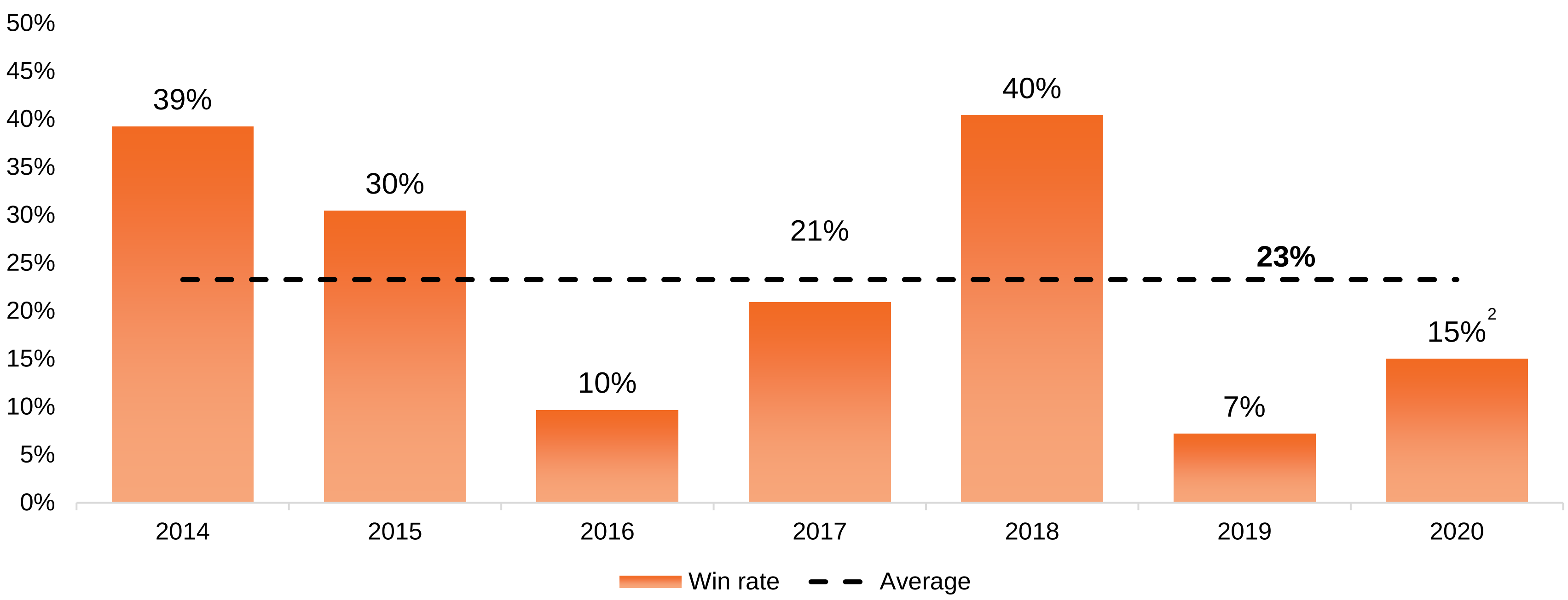
2014 - 2021



1. Includes opportunities scheduled for award by the end of 2021 only

E&C win rate[1]

2014 - 2020



1. Win rate: Value of bids won / (Value of bids won + value of bids lost)
2. 2020 win rate excludes award of Dalma contracts. Including Dalma the win rate was 50%

IES carrying amount

US$m	Country	FY20	FY19
Santuario, Magallanes, Arenque [1]	Mexico	**0**	242
Block PM304	Malaysia	**116**	150
Other (including investments in associates) [2]		**0**	28
Total		**116**	420

1. Share of net assets attributable to Petrofac Limited shareholders
2. Restated 2019 to exclude the investment in associates for the Group's investment in PetroFirst. Reclassified from IES to EPS from 1 January 2020

Working capital

Petrofac

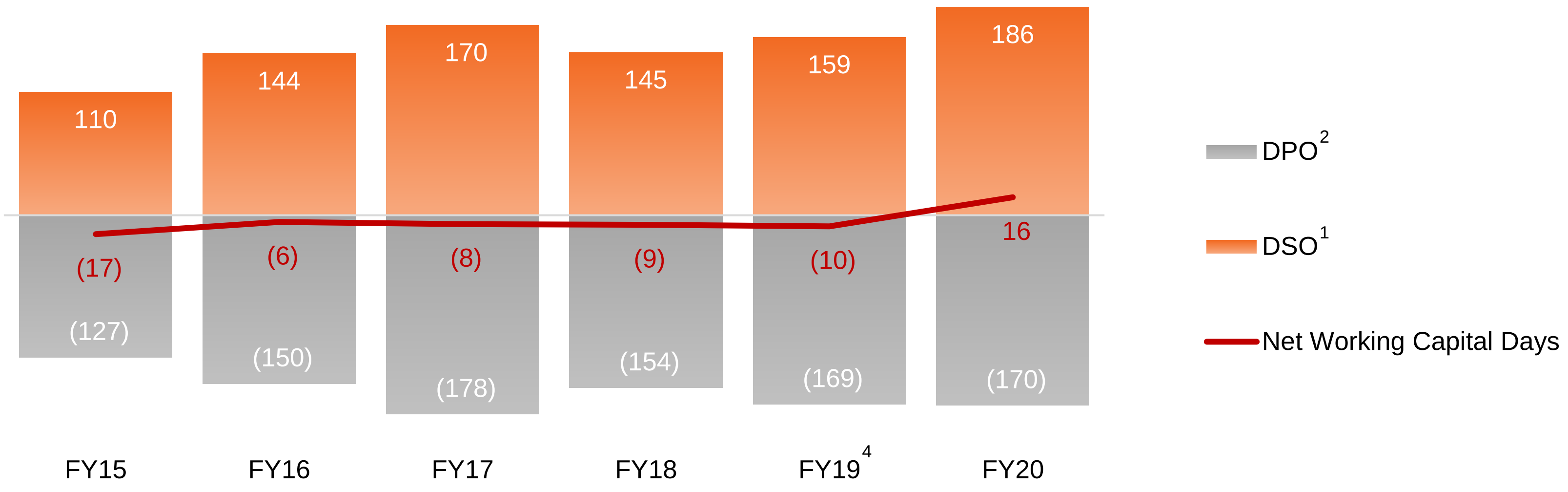
Movement in working capital (US$m)	FY20	FY19	Cash flow
Contract assets and inventories	**1,660**	2,081	413
Trade and other receivables	**876**	1,102	122
Trade and other payables	**(887)**	(1,075)	(156)
Accrued contract expenses	**(1,134)**	(1,599)	(369)
Contract liabilities	**(120)**	(273)	(153)
Working capital (balance sheet)	**395**	**236**	**(143)**
Other adjustments			(17)
Net working capital outflow (cash flow)			**(160)**

Working capital by operating segment (US$m)	FY20	FY19
Engineering & Construction	**334**	136
Engineering & Production Services	**84**	150
Integrated Energy Services	**(25)**	(48)
Corporate/other	**3**	(2)

Contract cash conversion

Petrofac

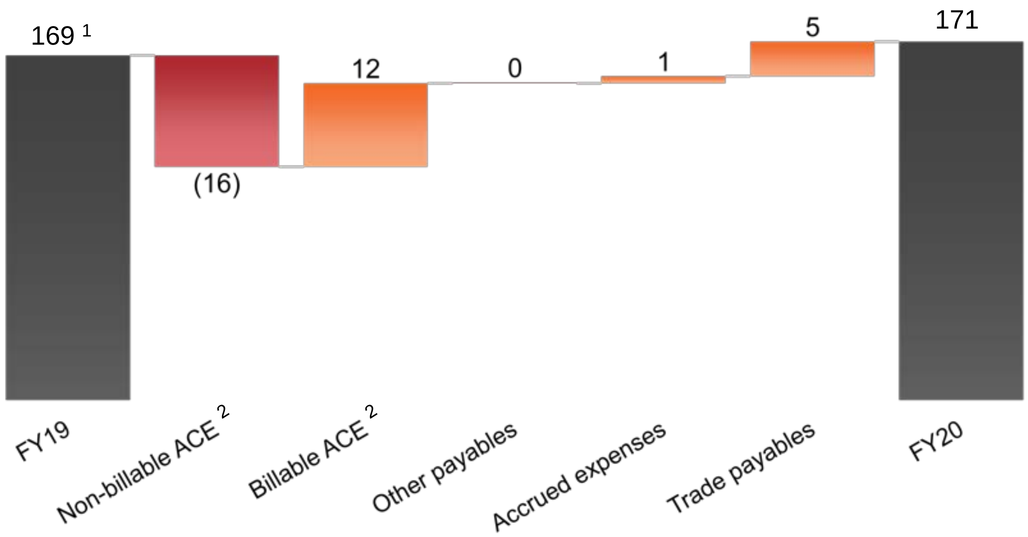
Cash conversion cycle [3] (days):



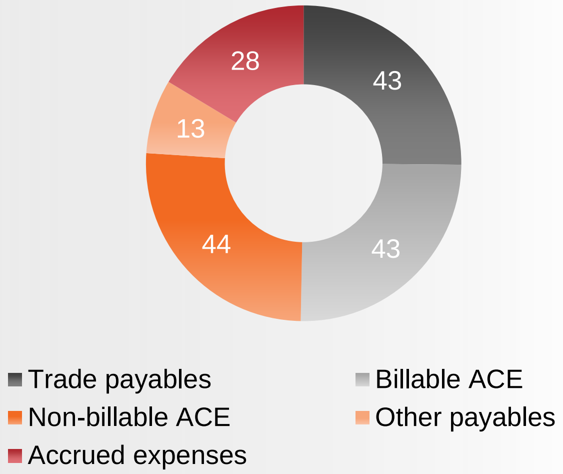
1. DSO: days sales outstanding (see appendix for definition)
2. DPO: days payable outstanding (see appendix for definition)
3. Contract Cash Conversion Cycle = DSO – DPO
4. Adjusted to exclude assets held for sale. FY19 had included the DPO related to the Mexico operations, which were sold in Q4 2020

Working capital – DPO analysis

Petrofac



FY20 DPO analysis



1. Adjusted to exclude assets held for sale. FY19 had included the DPO related to the Mexico operations, which were sold in Q4 2020
2. ACE is accrued contract expenses

Committed facilities

As at 06 April 2021 following the refinancing

Facility	Maturity date
Revolving credit facility – US$610 million	June 2022
Term loan 1 – US$90 million	April 2022
Term loan 2 – US$50 million	October 2023
Covid Corporate Finance Facility – £300 million	January 2022

Effective tax rate[1]

Petrofac

	FY20	FY19
Engineering & Construction	**27%**	27%
Engineering & Production Services [2]	**20%**	20%
Integrated Energy Services [2]	**34%**	133%
Group Effective Tax Rate (ETR)	**33%**	29%

The Group's ETR is sensitive to business mix, profit mix, estimates of future profitability and any divestments completed in the period.

1. Before separately disclosed items
2. 2019 restated to reclassify associate income from the Group's investment in PetroFirst from IES to EPS from 1 January 2020

Non-core asset divestments

Petrofac

Maximum consideration receivable from agreed divestments[1]

US$m	2021	2022+	Total
Mexico:			
Contingent consideration	6.7	**69.0**	75.6
Disputed consideration [2]	34.6	**45.6**	80.2
Greater Stella Area:			
Deferred consideration		**59.1**	**59.1**
JSD6000:			
Contingent consideration		**5**	**5**
Gross proceeds	41.3	**178.7**	**225.0**

1. Consideration payable includes contingent consideration, conditional on achieving performance conditions. Values in the table are the maximum receivable on an unrisked basis and is not representative of the carrying amount held on the balance sheet
2. Petrofac is pursuing the recovery of US$80.2 million consideration, which is disputed by the buyer, via arbitration