Petrofac

Half Year Results 2022

11 August 2022

Tinrhert gas development, Algeria

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Agenda

Petrofac

- H1 2022 overview
- Financial results
- Operational performance and outlook
- Q & A

H1 2022 Overview

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Revenue	EBIT[1,2]	Backlog	Pipeline[3]	Net debt[4]
US$1,228m	**US$2m**	**US$3.7bn**	**US$57bn**	**US$341m**
H1 2021: **US$1,595m**	H1 2021: **US$49m**	Dec 2021: **US$4.0bn**	June 2021: **US$46bn**	Dec 2021: **US$144m**
• Lower E&C backlog • Project progress delays • Robust AS performance	• Lingering impact of Covid on E&C portfolio • AS & IES continuing to deliver	• AS: strong H1 order intake • E&C: record high bidding activity	• Industry structurally underinvested • High energy prices • Energy security • Energy transition	• Delayed commercial settlements • Payment of SFO fine in H1[5]

1. Business performance before separately disclosed items
2. The prior period numbers are restated in relation to the adoption of the IFRIC decision on cloud configuration and customisation costs in April 2021; see note 2.6 of the interim condensed consolidated financial statements
3. The 18-month Group bidding pipeline excludes opportunities in Saudi Aramco, Iraq and Russia
4. Net debt comprises interest-bearing loans and borrowings less cash and short-term deposits (i.e. excludes IFRS 16 lease liabilities)
5. US$104 million paid in H1 2022. No further amounts are payable and the investigation is concluded

Key focus areas 2022

‘Travelling the journey’ towards medium term ambition[1]

Rebalance

(business continuity)

Conclude commercial settlements and reduce working capital

Reshape

(efficiency, consistency, assurance)

Focus on delivery of mature backlog and embedding 1tec

Rebuild

(backlog)

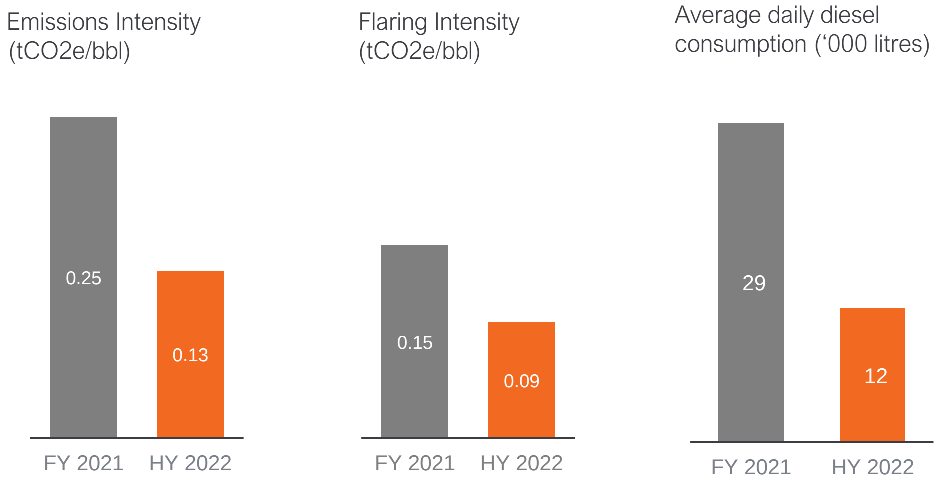
Record level of bidding activity and focus on partnerships

1. Group revenue of US$4-5bn, including c.$1bn from new energies, with a sector-leading 6-8% EBIT margin and a return to a net cash position

Delivering on our sustainability commitments

Significant reduction in emissions intensity in PM304

- Delivering our decarbonisation strategy
  - 29% reduction in the carbon intensity of our production from PM304[1] asset
- Emissions reduction achieved by:
  - 36% reduction in flaring intensity[2]
  - Switching from diesel to gas power
  - Optimising operations
- Flare Reduction Taskforce established



1. PM304 represents ~85% of Petrofac Group emissions; no material change in carbon intensity of other BUs in H1'22
2. Gas flaring reduced by 5 mmscf/d from November 2021 following a well workover to isolate a gas producing zone of the reservoir

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Financial Performance

Afonso Reis e Sousa
CFO

Business performance results[1]

US$m	H1 2022	H1 2021 (restated)[5]	Change
Revenue	**1,228**	1,595	**(23)%**
EBITDA[3]	**39**	82	**(52)%**
EBITDA margin	**3.2%**	5.1%	**(1.9)ppts**
EBIT[4]	**2**	49	**(96)%**
EBIT margin	**0.2%**	3.1%	**(2.9)ppts**
Net finance expense	**(43)**	(14)	**207%**
Net profit/(loss)[2]	**(35)**	41	**(185)%**
Net margin[2]	**(2.9)%**	2.6%	**(5.5)pts**
Income tax credit	**1**	6	**(83)%**
Diluted (loss) / earnings per share[2]	**(6.8) ¢**	12.1 ¢	**(156)%**

1. Business performance before separately disclosed items
2. Attributable to Petrofac Limited shareholders
3. Earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated as operating profit, including the share of net profit of associates and joint ventures, adjusted to add back charges for depreciation and amortisation
4. Earnings before interest and tax (EBIT) is calculated as operating profit, including the share of net profit of associates and joint ventures
5. The prior period numbers are restated in relation to the adoption of the IFRIC decision on cloud configuration and customisation costs in April 2021; see note 2.6 of the interim condensed consolidated financial statements

Separately disclosed items

Reported net loss of US$14 million[1]; significant reduction in separately disclosed charges

- US$21 million net credit for separately disclosed items:
  - Net impairment reversal of US$21 million
    - PM304 reversal: US$22 million[2]
  - Fair value credit of US$9 million for divestment consideration received[3]
  - Cloud ERP implementation costs due to change in accounting treatment in 2021
- Positive cash impact of separately disclosed items: US$1m

US$m (post tax)	H1 2022	H1 2021 (restated)[4]
Impairment (reversal) / charge	(21)	2
Fair value re-measurements	(9)	6
ERP implementation costs	4	5
Other	5	11
UK SFO penalty	-	106
Total (credit) / charge	**(21)**	130

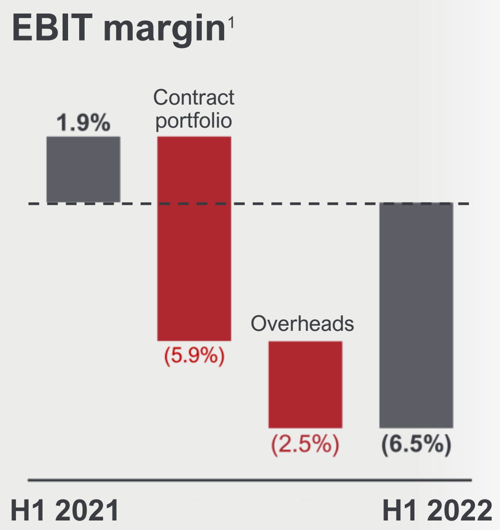
1. Attributable to Petrofac Limited shareholders
2. Following a review of the carrying amount of the investment in Block PM304 in Malaysia, principally based on higher forecast oil prices
3. Comprises a fair value gain in relation to the divestment of the Mexico operations due to the receipt of consideration in excess of the value previously recognised on the balance sheet
4. The prior period numbers are restated in relation to the adoption of the IFRIC decision on cloud configuration and customisation costs in April 2021; see note 2.6 of the interim condensed consolidated financial statements

Engineering & Construction

Performance continued to be impacted by COVID-19

- Revenue down 40%
  - Lower backlog
  - Project progress delays
  - Delayed new contract awards
- EBIT margin down to (6.5)%
  - COVID-19 disruption
  - Unfavourable commercial settlements
  - Adverse operating leverage

US$m (except as otherwise stated)	H1 2022	H1 2021 (restated)[3]
Revenue	**673**	1,113
EBITDA[1]	**(38)**	35
EBIT[1]	**(44)**	21
Net (loss) / profit[1,2]	**(35)**	30
Backlog (US$bn)	**1.8**	2.1
Order intake (US$bn)	**0.2**	0.1



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2. Attributable to Petrofac Limited shareholders
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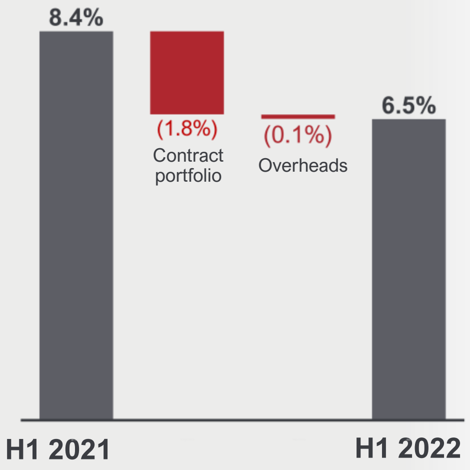
Asset Solutions

Robust performance driven by strong order intake positioning for growth

- Revenue down by 3%
  - Slower start in executing new awards
- EBIT margin down to 6.5%
  - Completion of high margin MENA contract in 2021
  - Investment in New Energy Services overheads for growth
- Growth in order intake
- 1.7x book-to-bill
- Ramp up in New Energies activity

US$m (except as otherwise stated)	H1 2022	H1 2021 (restated)[3]
Revenue	**508**	526
EBITDA[1]	**38**	49
EBIT[1]	**33**	44
Net profit[1,2]	**30**	35
Backlog (US$bn)	**1.9**	1.7
Order intake (US$bn)	**0.9**	0.4

EBIT Margin[1]



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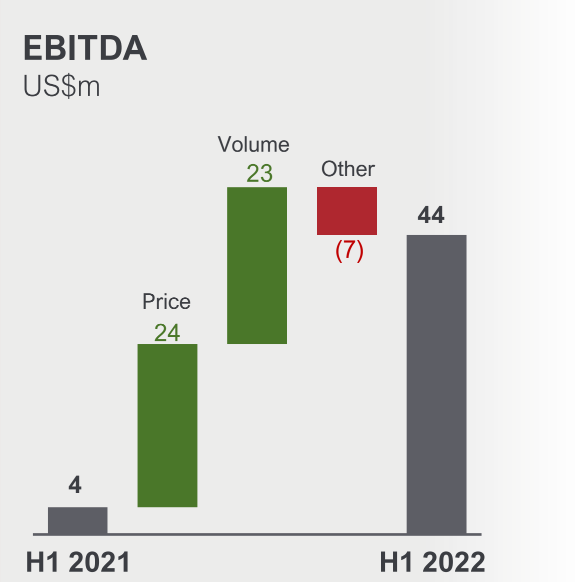
Integrated Energy Services

Strong financial performance underpinned by oil price recovery and production increase

- Significant increase in revenue
  - Increase in oil price
  - Increase in production
- Additional production from East Cendor[3]
- Partial reinstatement of the main Cendor field production
- EBITDA increased to US$44 million

US$m (except as otherwise stated)	H1 2022	H1 2021
Revenue	**56**	15
EBITDA[1]	**44**	4
EBIT[1]	**21**	(6)
Net profit / (loss)[1,2]	**19**	(4)
Production (net)[4]	**553kbbls**	210kbbls
Oil price (per bbl)[5]	**$99**	$70



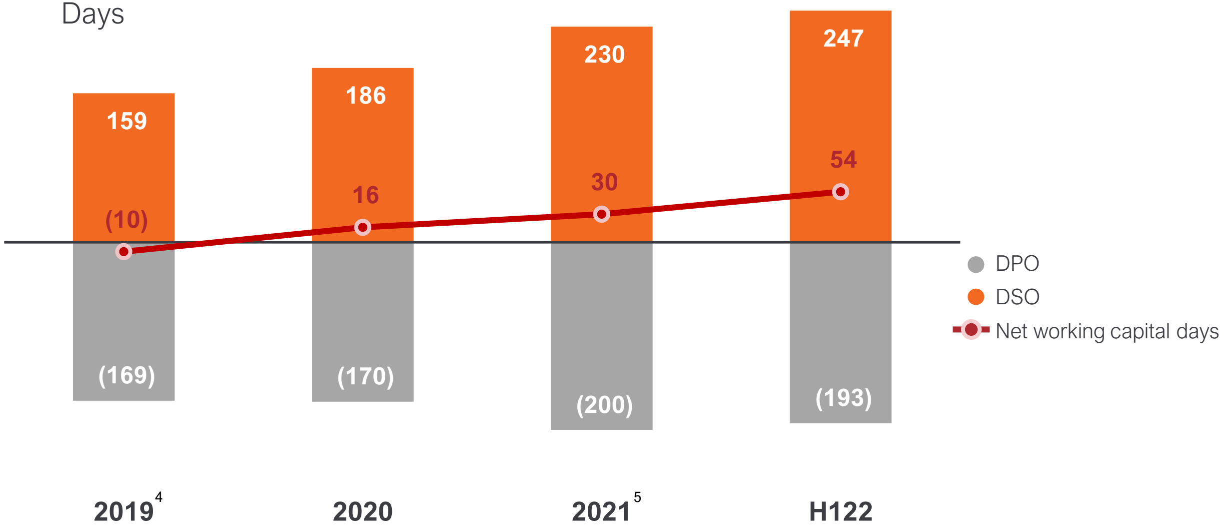
1. Business performance before separately disclosed items
2. Attributable to Petrofac Limited shareholders
3. Production from the East Cendor development commenced in June 2021
4. H1 2022 average daily production was 2.9 kbbls/d. The expectation for the full year average daily production is 3.0-3.5 kbbls/d
5. Average realised oil price is shown net of hedging impact

Working capital

Delayed commercial settlements drove an increase in DSO

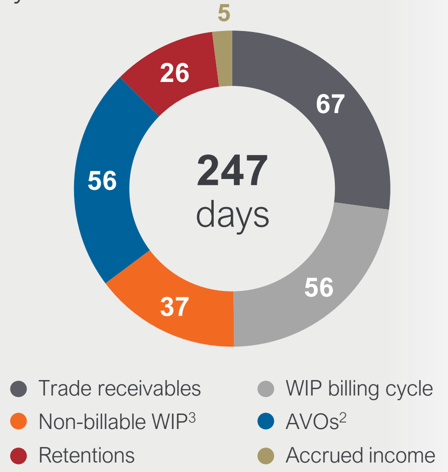
Cash Conversion Cycle[1]

Days



H1 2022 DSO Analysis

days



1. Cash Conversion Cycle = DSO – DPO
2. Assessed variation orders
3. 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
4. Adjusted to exclude assets held for sale. FY19 had included the DPO related to the Mexico operations, which were sold in Q4 2020
5. DPO excludes the US$104 million SFO related court penalty recognised in the balance sheet within Trade and Other Payables

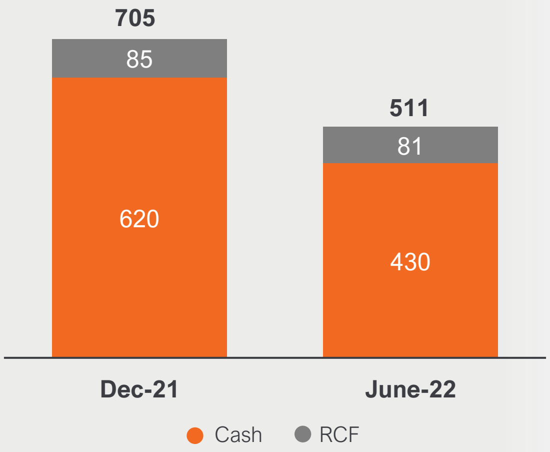
Cash flow & liquidity

Sufficient liquidity and in compliance with covenants[1]

US$m	H1 2022	H1 2021 (restated)[2]
Opening net debt	(144)	(116)
EBITDA	**39**	**82**
Movement in working capital	(66)	(34)
Net income taxes paid	(37)	(16)
Interest paid	(38)	(11)
Capex	(22)	(24)
Other cash flows and adjustments[3]	(69)	(66)
Free cash flow	**(193)**	**(69)**
Dividend	-	-
Other cash flows from financing activities & FX	(4)	(3)
Cash outflow	**(197)**	**(72)**
Closing net debt	**(341)**	**(188)**

Gross liquidity[4]

US$ million



1. Certain adjustments for one-off costs related to Covid-19 were permitted for the calculation of EBITDA for the purpose of testing the covenants
2. The prior period numbers are restated in relation to the adoption of the IFRIC decision on cloud configuration and customisation costs in April 2021; see note 2.6 of the interim condensed consolidated financial statements
3. Other cash flows and adjustments include payment of the SFO Court penalty (US$104 million), net proceeds from disposals (US$98 million), repayment of lease liabilities (US$13 million), ECL provision release (US$22 million) and other items
4. Gross liquidity of US$511 million on 30 June 2022 consisted of US$430 million of gross cash and US$81 million of undrawn committed facilities. Gross cash included US$36 million held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. It also included US$233m in joint operation bank accounts which are generally available to meet the working capital requirements of those joint operations, but which can only be made available to the Group for its general corporate use with the agreement of the joint operation partners.

Guidance for FY 2022

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Group	• Decline in revenue (vs 2021) • P&L tax: US$15-25 million • Capex: US$50-55 million • Neutral free cash flow in H2
E&C	• Secured revenue H2 2022: US$0.6 billion • Marginal EBIT profit in H2
AS	• Secured revenue H2 2022: US$0.5 billion • FY EBIT margin: 5-6%
IES	• FY Net production: 3.0-3.5 kbbls • FY EBITDA: increased to US$90-100 million at US$100 oil price

Operational Performance

Sami Iskander
CEO

H1 2022 health & safety performance

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Improved performance and launched our revised HSE strategy centred on five pillars

HSE strategy

01 Leadership
- Accountability
- Visibility

02 Employee engagement
- Mobile technology
- Communication

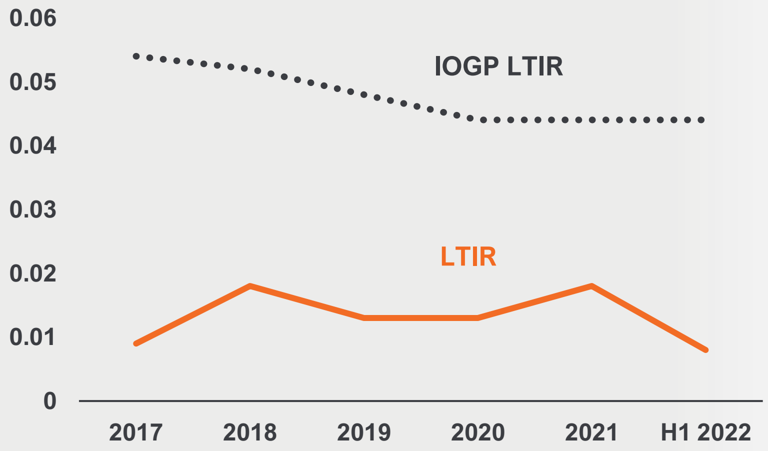
03 Compliance
- Adherence
- Repeatable

04 Contractor Management
- Influence
- Consistency

05 Training
- Standardize
- Digital

Petrofac LTIR[1] vs industry average[2]

LTIs per
200k work hours



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

E&C: H1 2022 operational performance

Covid-19 increased costs and slowed progress on projects

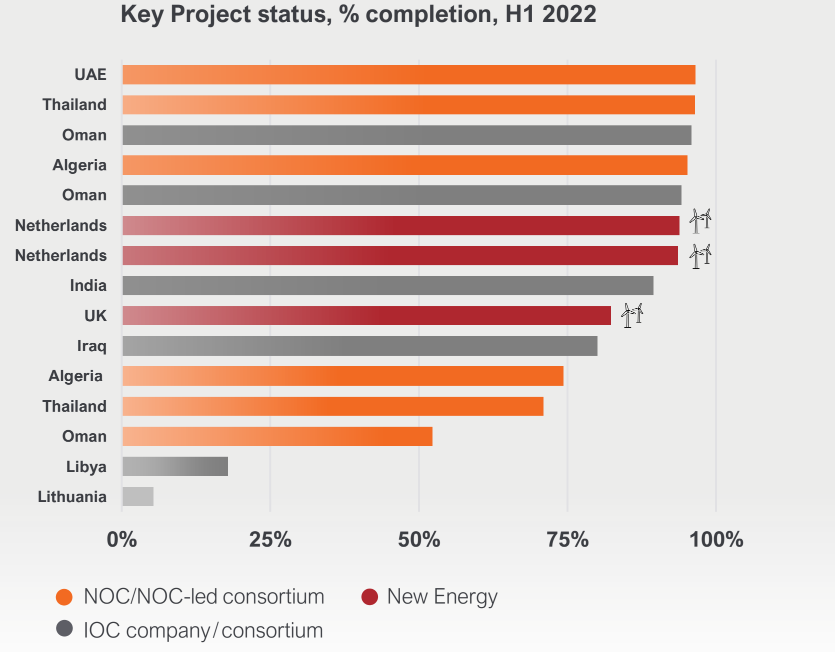
Current portfolio:

- Continued impact of Covid-19
- Unfavourable commercial settlements
- Limited inflation risk
- Challenges are short term

Future portfolio:

- "1tec" functional excellence embedded
- Resourcing plan in place for growth
- Consistent best-in-class delivery

Mature portfolio, low inflation risk



Asset Solutions: H1 2022 operational performance

Robust H1 performance (BTB[1] of 1.7x) and positioning for growth

Protecting the core

- Maintaining 40% market share in UK
- 80% renewal rate on O&M contracts

H1 2022 UK orders:

- Contract extensions
- Well operations contracts
- Small brownfield projects

Geographic expansion

- Leveraging UK centre of excellence
- Supporting UK clients internationally

Key H1 2022 orders by geography:

- Australia
- Gulf of Mexico
- India
- Sub-Saharan Africa
- Libya

Integrated services

- Increases differentiation
- Scope for pull through services

Key H1 2022 integrated services orders:

- Integrated decommissioning:
  - Two significant contracts
- ISC[1] with Anasuria (UK)

1. BTB means book-to-bill; the ratio of new order intake divided by revenue (backlog executed)
2. Integrated Services Contract

Energy transition: integrated decommissioning

Unique integrated offering with focus on safety and the environment

- Strong growth in Wells & Decom[1]
- Service offering is a key enabler of the energy transition
- H1 order intake: US$0.5bn
- Strategic awards in Gulf of Mexico & Australia

Unique integrated service offering
providing a **one-stop-shop** for full decommissioning

1. Wells & Decommissioning is a service line within Asset Solutions
2. "Duty holder" means having full responsibility from a regulatory perspective as operator of the infrastructure. Petrofac is the only company with a fully integrated service offering that can take regulatory responsibility for facilities, pipelines and wells

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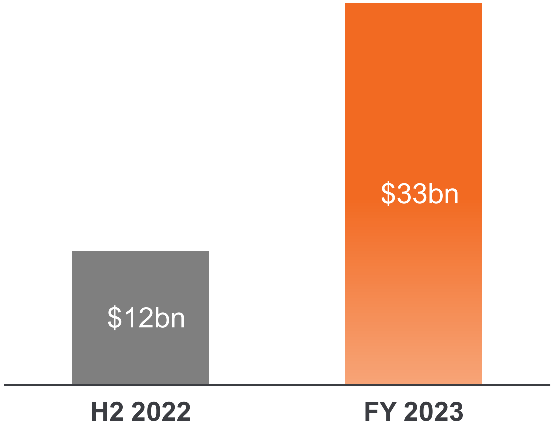
Outlook

$57 billion 18-month Group bidding pipeline

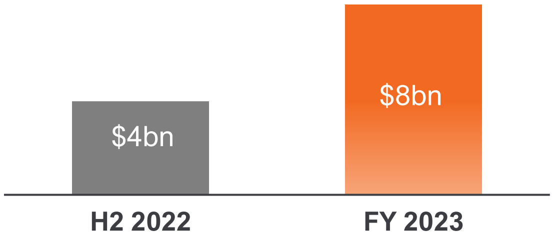
Record level of bidding activity; strong order intake expect in E&C in H2

- Strong macro environment
- High bidding activity
- US$7 billion bids submitted and US$7 billion tendering
- 2022 opportunities expected to be awarded evenly over the period
- Multi-year upcycle
- Pipeline includes US$7 billion in new energies[2]

E&C pipeline[1]:
$45 billion



Asset Solutions pipeline[1]:
$12 billion



1. The 18-month Group bidding pipeline excludes opportunities in Iraq, Russia and with Saudi Aramco
2. A risk adjustment factor has been applied to new energies pipeline for opportunities outside offshore wind to account for the relative immaturity of the sectors, requirement for financing and other factors that reduce the likelihood of awards on schedule. This has resulted in a decline in the pipeline of US$4 billion

A diverse pipeline across markets and geographies

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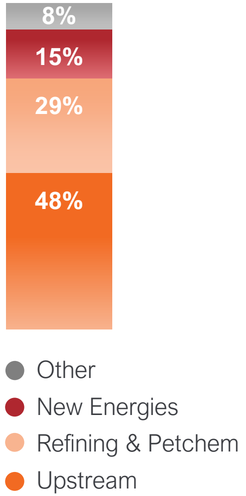
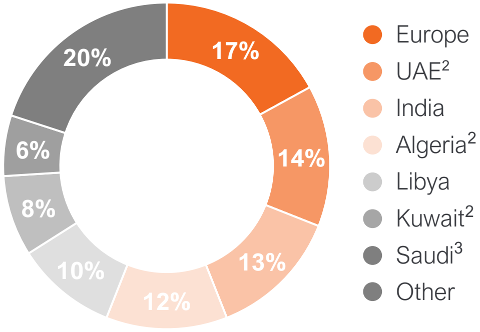
E&C: $45 billion 18-month pipeline[1]

Diverse pipeline of opportunities

by market



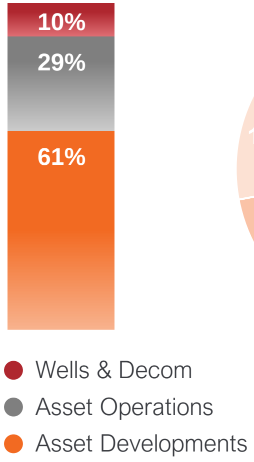
by geography



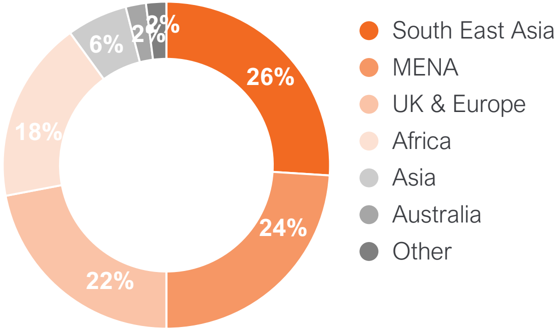
Asset Solutions: $12 billion 18-month pipeline[1]

Increasing geographic diversity and projects opportunities

by service line



by geography



1. The bidding pipeline includes opportunities scheduled for award by end of 2023. The Group bidding pipeline excludes opportunities in Iraq, Russia and with Saudi Aramco.
2. Core E&C geographies comprise UAE, Algeria, Kuwait and Oman
3. Saudi opportunities exclude Aramco

New Energies growth driven by offshore wind

Hitachi collaboration strengthens our market position

- Collaboration with Hitachi Energy
  - Leading provider of HVDC technology
  - One of only three key suppliers
- Significant opportunity with TenneT
  - Plans to connect 40GW offshore wind in German and Dutch North Sea
  - Forecast 15 to 20 offshore HVDC projects by 2030
  - Total estimated order volume: **EUR 30 billion**
  - First awards scheduled for 2023
- Other key transmission operators planning expansion with HVDC


Source: TenneT – 2GW HVDC 2GW platform

1. HVDC is a high-voltage, direct current electric power transmission system, which uses direct current (DC) for the transmission of electrical power

H1 2022 Summary

- Challenges in E&C are short-term
- Significantly improved outlook for awards
- Asset Solutions continues to deliver
- Strong performance in IES
- Confidence in delivering of medium term performance ambition[1]

1. Group revenue of US$4-5bn, including c.$1bn from new energies, with a sector-leading 6-8% EBIT margin and a return to a net cash position

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Appendix

Definitions

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- **AS:** Asset Solutions operating segment
- **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 Asset Solutions, the estimated revenue attributable to the lesser of the remaining term of the contract and five years

- **BTB:** Book-to-bill, the 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
- **IES:** Integrated Energy Services operating segment
- **LTI:** Lost Time Injury
- **NES:** New Energy Services

- **New order intake:** New contract awards and extensions, net variation orders and the rolling increment attributable to Asset Solutions contracts which extend beyond five years.
- **O&M:** Operations & maintenance
- **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)

Strong and ambitious ESG policies

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E

NET ZERO

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

S

30%

Building diversity: Targeting 30% of women in senior roles[3] **by 2025**

G

GOVERNANCE

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

Strong ESG performance recognised by third-parties…

MSCI

AA

Denotes industry leadership

- **AA rating**: 'robust business ethics policies driving the upgrade'
- Petrofac's **business ethics policies considered 'strong' relative to peers**
- **Corporate governance practices** ranked as **'leading those of peers'**, and improving since 2020

UN Global Compact

cited Petrofac's

TCFD report

as good industry practice to model[4]

Note: MSCI report as of June 11, 2022

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); target has been accelerated from 2030 to 2025. Board diversity is 25% with two female non-executive directors
4. In early 2021 the Group produced its first climate response report in full compliance with the recommendations of the UK Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD")

Long term capital structure

With potential scope to reduce cost of debt after 2023

Five year bond:

- 9.75% coupon
- Bond callable from Nov-23
  - Redemption costs
    - 50% of the annual coupon from Nov-23
    - 25% of the annual coupon from Nov-24
    - None from Nov-25

Facility	Amount (US$m)	Maturity
Revolving credit facility	180	Oct 23
Bilateral term loan 1	50	Oct 23
Bilateral term loan 2	50	Nov 23
Bond	600	Nov 26
Total gross debt facilities	**880**	

Segmental performance

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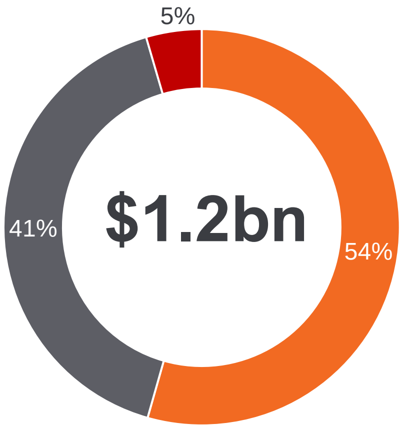
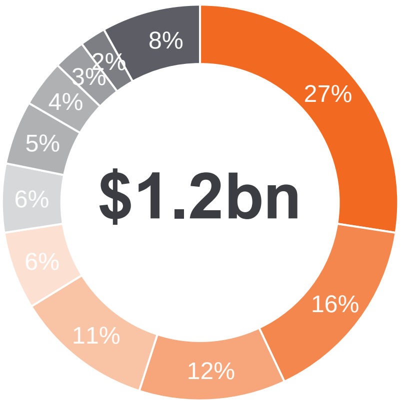
H1 2022 revenue by business unit



- **54%** Engineering & Construction
- **41%** Asset Solutions
- **5%** Integrated Energy Services

H1 2022 revenue by geography



- **27%** United Kingdom
- **16%** Algeria
- **12%** Oman
- **11%** Thailand
- **6%** Iraq
- **6%** Kuwait
- **5%** United Arab Emirates
- **4%** Singapore
- **3%** USA
- **2%** Bahrain
- **8%** Others

Working capital

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Movement in working capital (US$m)	**Jun 2022**	**Dec 2021** restated[2]	**Cash flow**
Contract assets and inventories	**1,503**	1,603	112
Trade and other receivables	**758**	668	(71)
Restricted cash[2]	**110**	137	27
Trade and other payables[1]	**(857)**	(1,090)	(119)
Accrued contract expenses	**(668)**	(780)	(103)
Contract liabilities	**(158)**	(58)	96
Working capital (balance sheet)	**688**	480	**(58)**
Other adjustments			(8)
Net working capital outflow (cash flow)			**(66)**

Working capital by operating segment (US$m)	**Jun 2022**	**Dec 2021** restated[2]
Engineering & Construction	**588**	494
Asset Solutions	**56**	42
Integrated Energy Services	**(20)**	(19)
Corporate/other[1]	**64**	(37)
	688	480

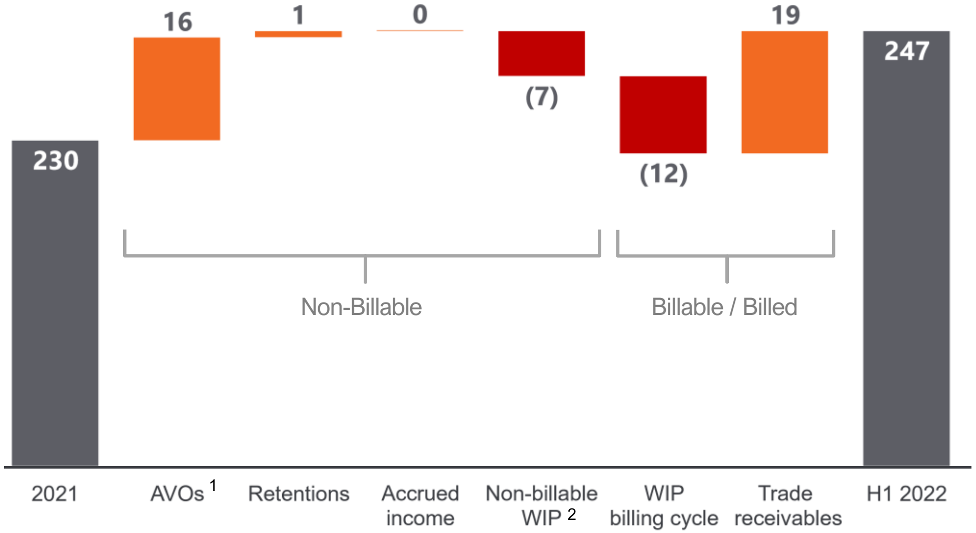
1. Dec 2021 includes US$104 million payable for the court imposed penalty in relation to the concluded SFO investigation. Payment is shown as a separately disclosed item in the cash flow statement
2. The prior period numbers are restated to include restricted cash within working capital

Working capital – DSO analysis

Longer billing cycles and commercial settlements driving an increase in DSO

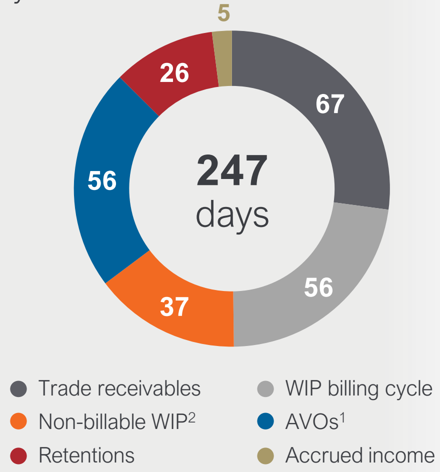
DSO analysis

Days



H1 2022 DSO Analysis

days

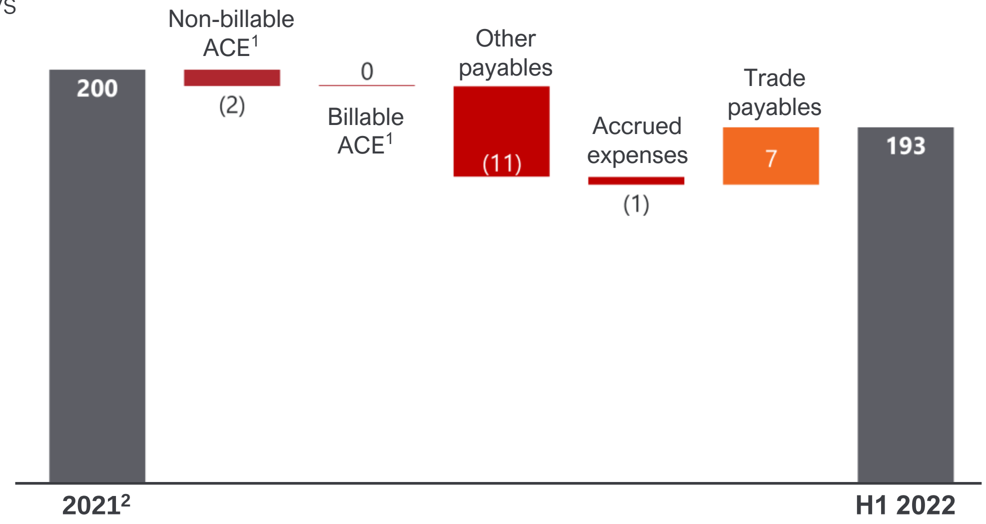


1. Assessed variation orders
2. Non-billable WIP is expenses incurred on a project for which the contractual milestones have not yet been reached in order to invoice the client

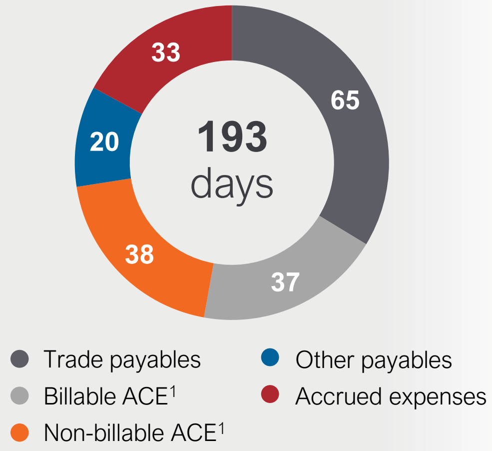
Working capital – DPO analysis

Petrofac

DPO analysis
Days



H1 2022 DPO analysis
Days



1. ACE is accrued contract expenses
2. Excludes the $104 million court penalty liability recognised in trade and other payables