

FULL YEAR RESULTS 2019

25 February 2020



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OPERATIONS

- Solid operational performance
- US\$3.2bn of new orders
- Improved cost position

RESULTS

- Good results
- Retained net cash position
- Maintained full year dividend



STRATEGY

- Focus on best-in-class delivery
- Position for growth
- Enhance returns

OUTLOOK

- 2020: a year of transition
- Market conditions improving
- Investing in bench strength
- Targeting book-to-bill >1.0x

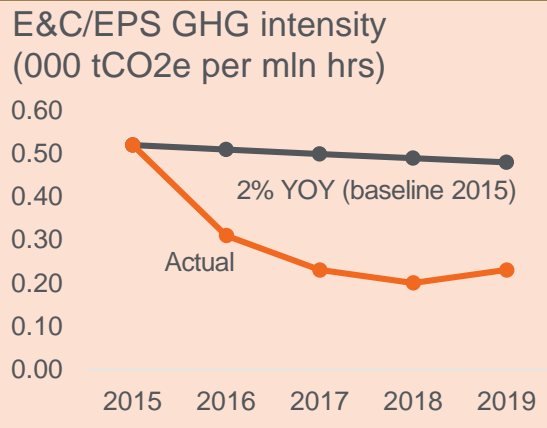


Delivering Our Strategy Sustainably

2019 HIGHLIGHTS

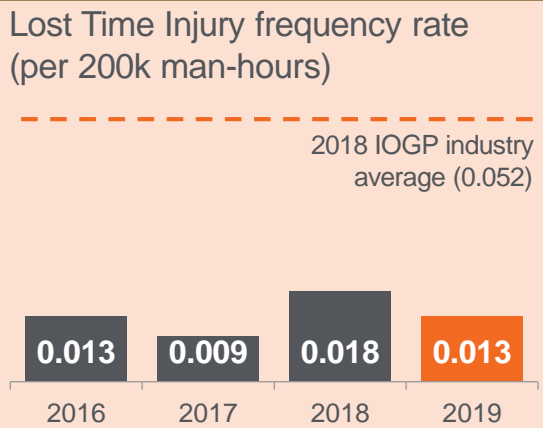
Environment

- CDP¹ rating improved to B
- 56% reduction in emissions since 2015
- 45% reduction in spill volumes



Social

- Excellent safety record
- Increased ICV² spend
- Sector-leading human rights standards



Governance

- Enhanced Code of Conduct
- Robust internal systems & controls
- Strong values and culture

Code of Conduct



OWN DISCUSS RECORD

1. Carbon Disclosure Project
2. In Country Value

FINANCIAL PERFORMANCE



2019 Financial Summary

- Solid financial results
- Strong balance sheet
- Good revenue visibility
- Maintained dividend

Net profit ¹

US\$276m

(22%)

Net cash ²

US\$15m

(83%)

Backlog ²

US\$7.4bn

(23%)

Dividend ³

38.0¢

n/c

1. Business performance before exceptional items & certain re-measurements attributable to Petrofac Limited shareholders
2. Comparative period is 31 December 2018
3. Total dividend for the year

Business Performance Results ¹

US\$m	2019	2018	Change
Revenue	5,530	5,829	(5%)
EBITDA	559	671	(17%)
EBITDA margin ²	10.1%	11.5%	(1.4 ppts)
Net finance expense	(45)	(67)	(33%)
Net profit ²	276	353	(22%)
Net margin ²	5.0%	6.1%	(1.1 ppts)
Effective tax rate	29.4%	24.4%	5.0ppts
Diluted earnings per share ²	80.4¢	102.3¢	(21%)
Dividend per share	38.0¢	38.0¢	n/c

1. Business performance before exceptional items and certain re-measurements

2. Attributable to Petrofac Limited shareholders

Exceptional Items

REPORTED NET PROFIT INCREASED TO US\$73M ¹

- US\$203m of exceptional items
 - Agreed sale of Mexico operations
 - PM304 impairment charge
 - Pánuco fair value adjustment
- Modest cash impact of US\$31m

US\$m (post tax)	2019	2018
Mexico	49	111
JSD6000	6	10
Greater Stella Area	0	71
Chergui	0	4
Asset divestments	55	196
Malaysia – PM304	86	0
Mexico - Pánuco	37	43
Other	25	50
Total	203	289

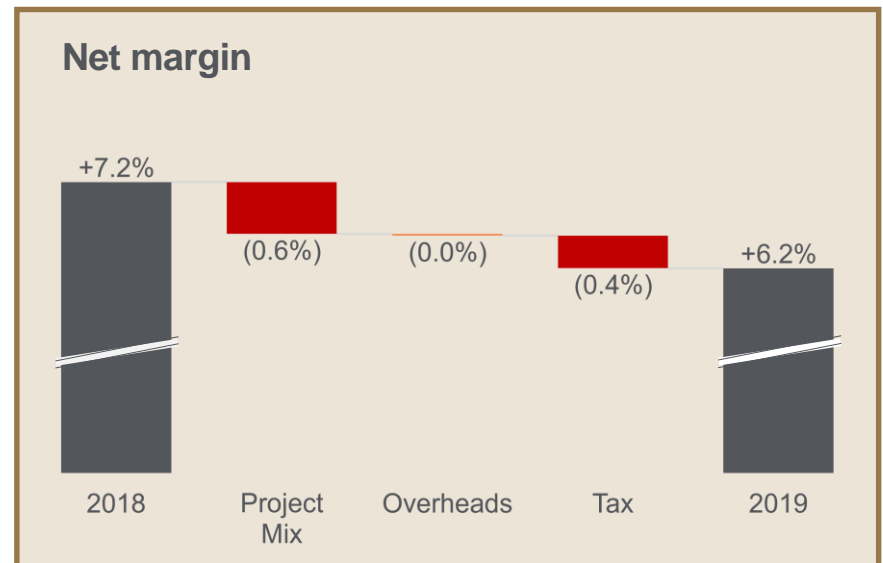


Engineering & Construction

RESULTS BROADLY IN LINE WITH GUIDANCE

- Revenue down 5%
 - Project phasing
 - Increase in variation orders
- Net margin down 1.0 ppts
 - Project mix impact
 - Higher tax
- Net profit down 18%

US\$m (except as otherwise stated)	2019	2018 ³
Revenue	4,475	4,713
EBITDA ¹	412	458
Net profit ²	278	338
Backlog (US\$bn)	5.7	8.0



1. Business performance before exceptional items & certain re-measurements

2. Business performance before exceptional items & certain re-measurements attributable to Petrofac Limited shareholders

3. On 1 January 2019, the EPCm business was reclassified from EPS to E&C. The EPCm business is presented within E&C in prior period comparative figures

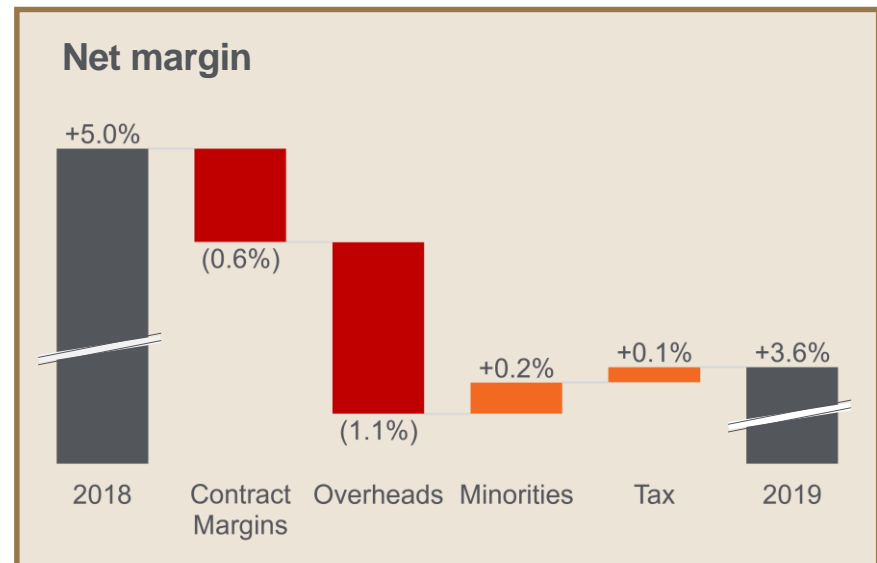


Engineering & Production Services

GROWTH IN REVENUE OFFSET BY DECLINE IN MARGINS

- Revenue up 4%
 - Strong Projects growth
 - Lower Operations activity
- Net margin down 1.4 ppts
 - Decline in contract margins
 - Investment in BD & digital
- Net profit down 26%

US\$m (except as otherwise stated)	2019	2018 ⁴
Revenue	889	853
EBITDA ¹	51	68
Net profit ²	32	43
Backlog (US\$bn) ³	1.7	1.6



1. Business performance before exceptional items and certain re-measurements

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

3. Backlog comparative period is 31 December 2018

4. On 1 January 2019, the EPCm business was reclassified from EPS to E&C. The EPCm business is presented within E&C in prior period comparative figures

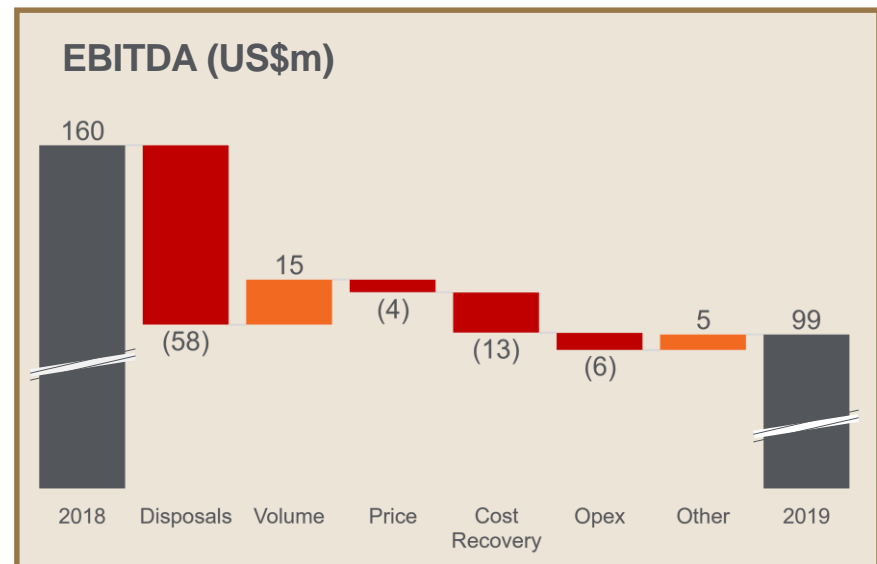


Integrated Energy Services

UNDERLYING INCREASE IN PROFITABILITY

- Underlying revenue down 1%⁴
 - Increase in equity production
 - Lower average realised price⁵
 - Lower PEC cost recovery
- Underlying EBITDA down 4%⁴
 - Increase in associate income
 - Higher opex
- Underlying net profit up US\$11m⁴

US\$m (except as otherwise stated)	2019	2018
Revenue	195	282
EBITDA ¹	99	160
Net profit ²	12	39
Production (net) ³	4.3 mboe	6.2 mboe



1. Business performance before exceptional items & certain re-measurements

2. Business performance before exceptional items & certain re-measurements attributable to Petrofac Limited shareholders

3. Equity upstream interest volumes (2.1 mboe) and Production Enhancement Contract volumes (2.2 mboe) (net of royalties and hedging)

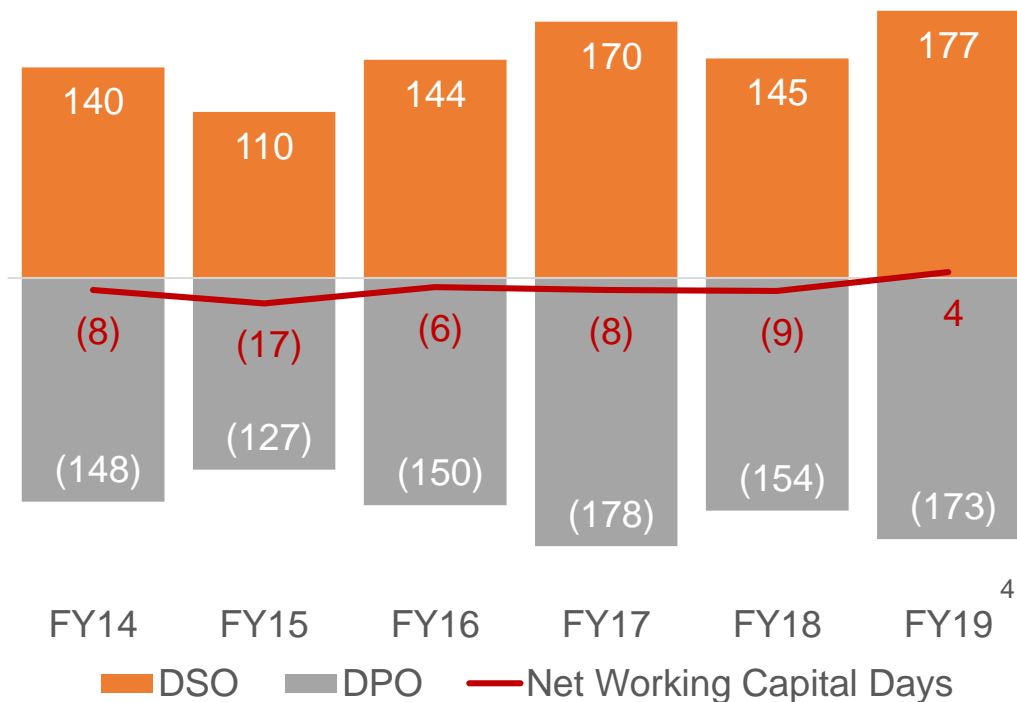
4. Excludes the Greater Stella Area development and Chergui gas concession which were sold in 2018

5. Average realised price of US\$67/boe (2018: US\$70/boe) is calculated on equity sales volumes, which may differ from production due to under/over-lifting in the period

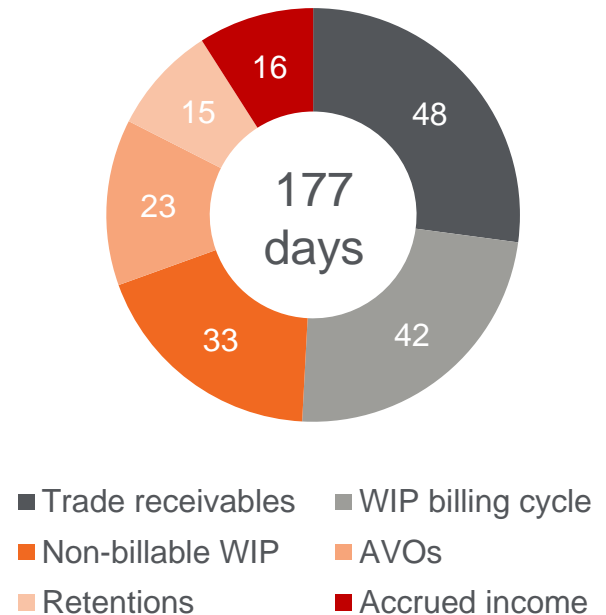
Contract Cash Conversion

INCREASE IN NET WORKING CAPITAL

Cash conversion cycle (days)



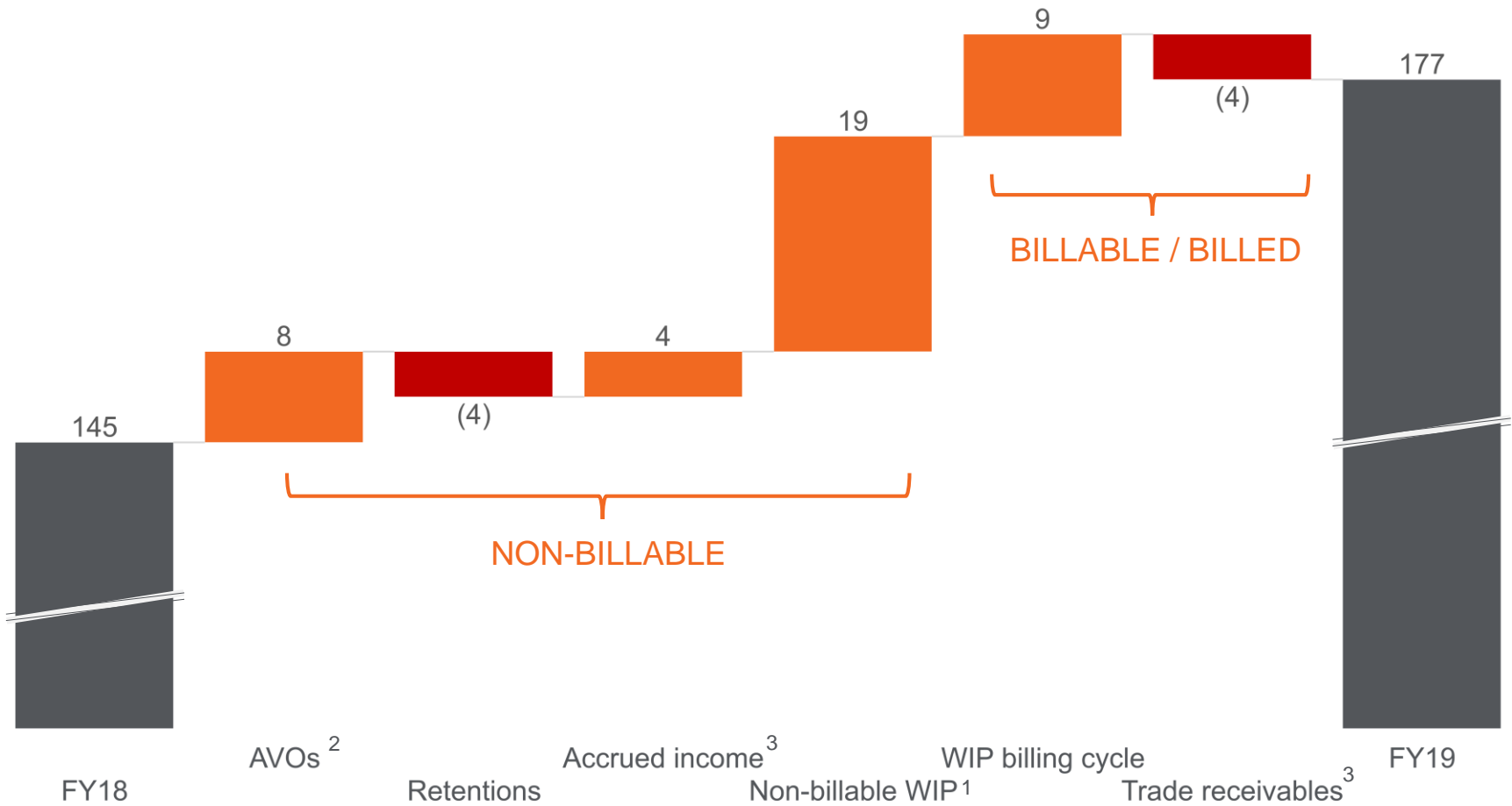
FY19 DSO analysis



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. FY19 adjusted to add back relevant 'assets held for sale' balances related to Mexico assets

DSO Bridge

INCREASE IN NON-BILLABLE WIP

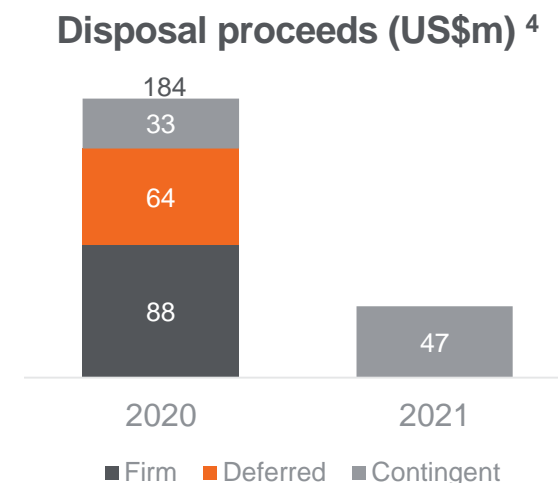
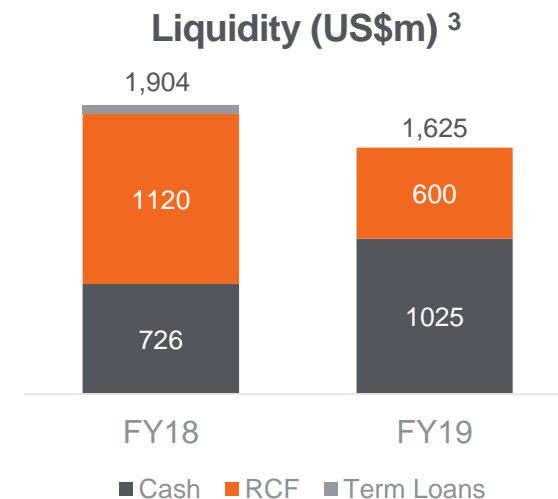


1. Non-billable WIP is expenses incurred on a project for which the contractual milestones have not yet been reached in order to invoice the client
 2. Assessed variation orders
 3. FY19 adjusted to add back relevant 'assets held for sale' balances related to Mexico assets

Cash Flow & Liquidity

MAINTAINED STRONG BALANCE SHEET AND LIQUIDITY

US\$m	2019	2018
Opening net cash / (debt)	90	(612)
EBITDA ¹	559	671
Movement in working capital	(179)	(15)
Tax and net interest paid ⁵	(179)	(168)
Capex	(92)	(98)
Other cash flows (incl divestments)	29	531
Free cash flow ²	138	921
Dividend	(129)	(128)
Other cash flows from financing activities	(84)	(91)
Cash (outflow) / inflow	(75)	702
Closing net cash	15	90



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 comprises readily available cash plus undrawn committed facilities
4. Firm consideration relates to sale of 51% interest in Mexico operations
5. Net finance expense in 2019 was US\$46 million (2018: US\$64 million)

Enhancing Returns

TRANSITIONING BACK TO A CAPITAL LIGHT BUSINESS

- Reduced costs
- Reduced average gross debt
- Maintained capital discipline
- Agreed sale of IES Mexico

ROCE



OPERATIONS AND OUTLOOK



2019: Delivering Our Strategy

CONSISTENT STRATEGY FOCUSED ON IMPROVING SHAREHOLDER RETURNS



Best-in-class delivery

- Reduced costs
- Enhanced ICV differentiation
- Invested in bench strength
- Leader in digital innovation



Position for growth

- Diversified bidding pipeline
- Grew renewables
- Expanded US presence with W&W acquisition



Enhance returns

- Agreed disposal of IES Mexico
- Reduced capex
- Maintained strong balance sheet



A Leader In Digital Innovation

US\$50 MILLION INVESTMENT IN IT AND DIGITAL IN 2020

- Digital applications live on client projects
 - Connected Worker
 - Petrolytics
 - Connected Construction
- Delivering internal transformation programme
 - ERP
 - Materials management
 - Automation

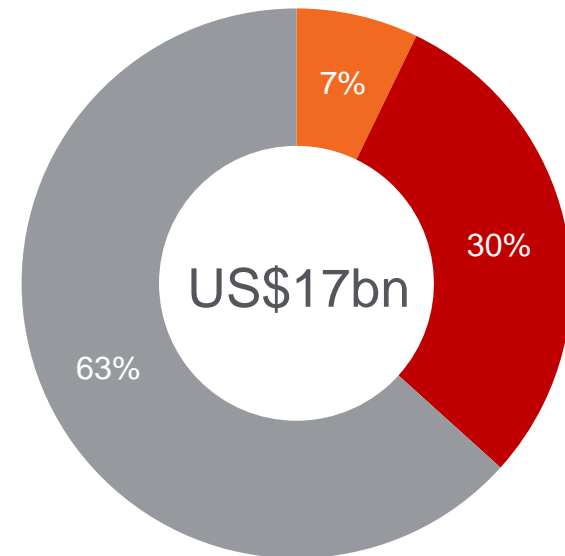


2019 New Order Intake

IMPACTED BY DELAYED AND LOST AWARDS

- Group book-to-bill: 0.6x
- E&C target not met
 - Loss of awards in Saudi and Iraq
 - Delays to awards in other markets
- EPS book-to-bill: 1.2x
 - Recovery in projects market
 - Investment in business development
- Remain competitive
 - Good start to 2020: US\$1.8 bn in new orders
 - Excellent client relationships

E&C completed bids (2019)



■ Won (Total) ■ Lost (ex Saudi & Iraq) ■ Lost (Saudi & Iraq)

2020: A Year Of Transition

FOCUS ON REBUILDING ORDER BACKLOG AND IMPROVING COST COMPETITIVENESS

EXPECTATIONS

- Lower revenue
- Lower E&C margins driven by investment in bench strength
- Sale of non-core assets

KEY PRIORITIES

- Retaining core capability
- Rebuilding backlog
- Improving cost competitiveness
- Completing non-core divestments

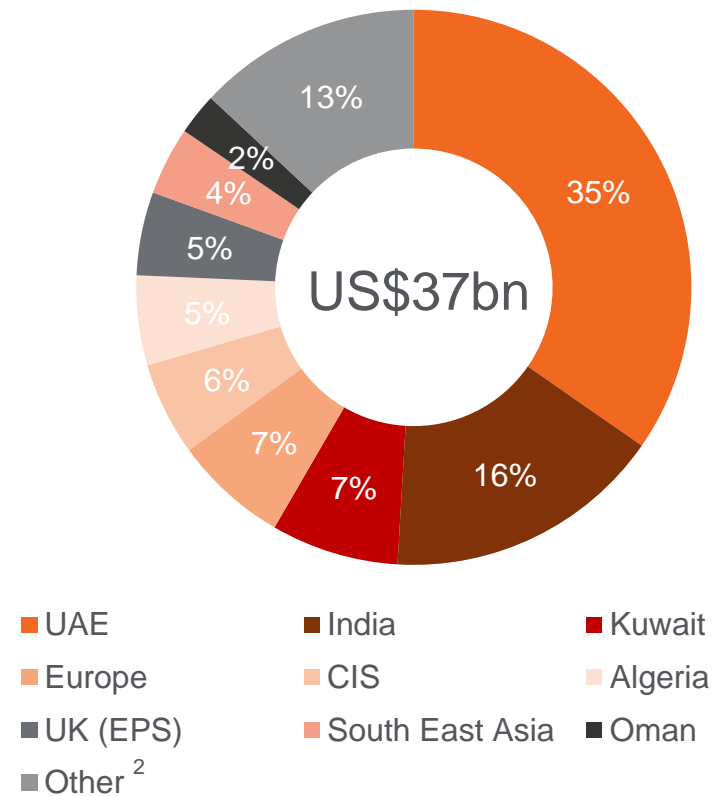


2020 Bidding Pipeline

TARGETING BOOK-TO-BILL OF GREATER THAN 1.0X

- Improving market outlook
- Strong bidding pipeline
 - US\$37bn pipeline
 - Lower margin mix
 - Well positioned in target markets
- Diversifying into growth markets
- Maintaining bidding discipline

2020 Group bidding pipeline ¹ (by geography)



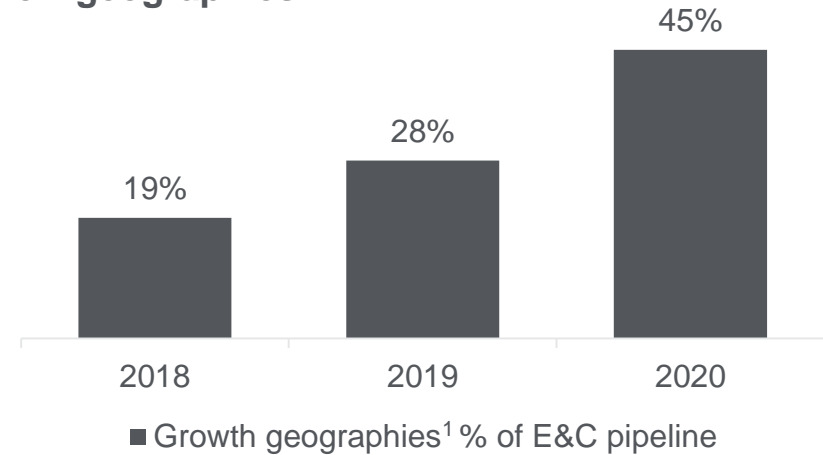
1. Pipeline at Jan-20 excludes US\$10bn of Saudi Arabia & Iraq opportunities
2. "Other" includes various geographies individually contributing <3% of the Group 2020 bidding pipeline

Positioned For Growth

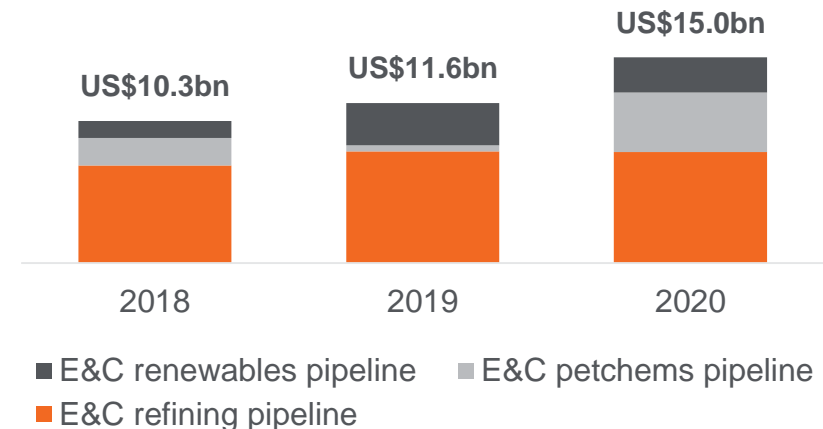
KEY STRATEGIC PRIORITY

- Expand geographically
 - Building & diversifying pipeline
 - Key growth markets: India, SEA, CIS and Europe
- Grow share of target markets
 - Diversifying beyond upstream oil into gas and other markets
 - E&C: targeting refining, petchems & renewables
 - EPS: targeting brownfield projects and wells

New geographies



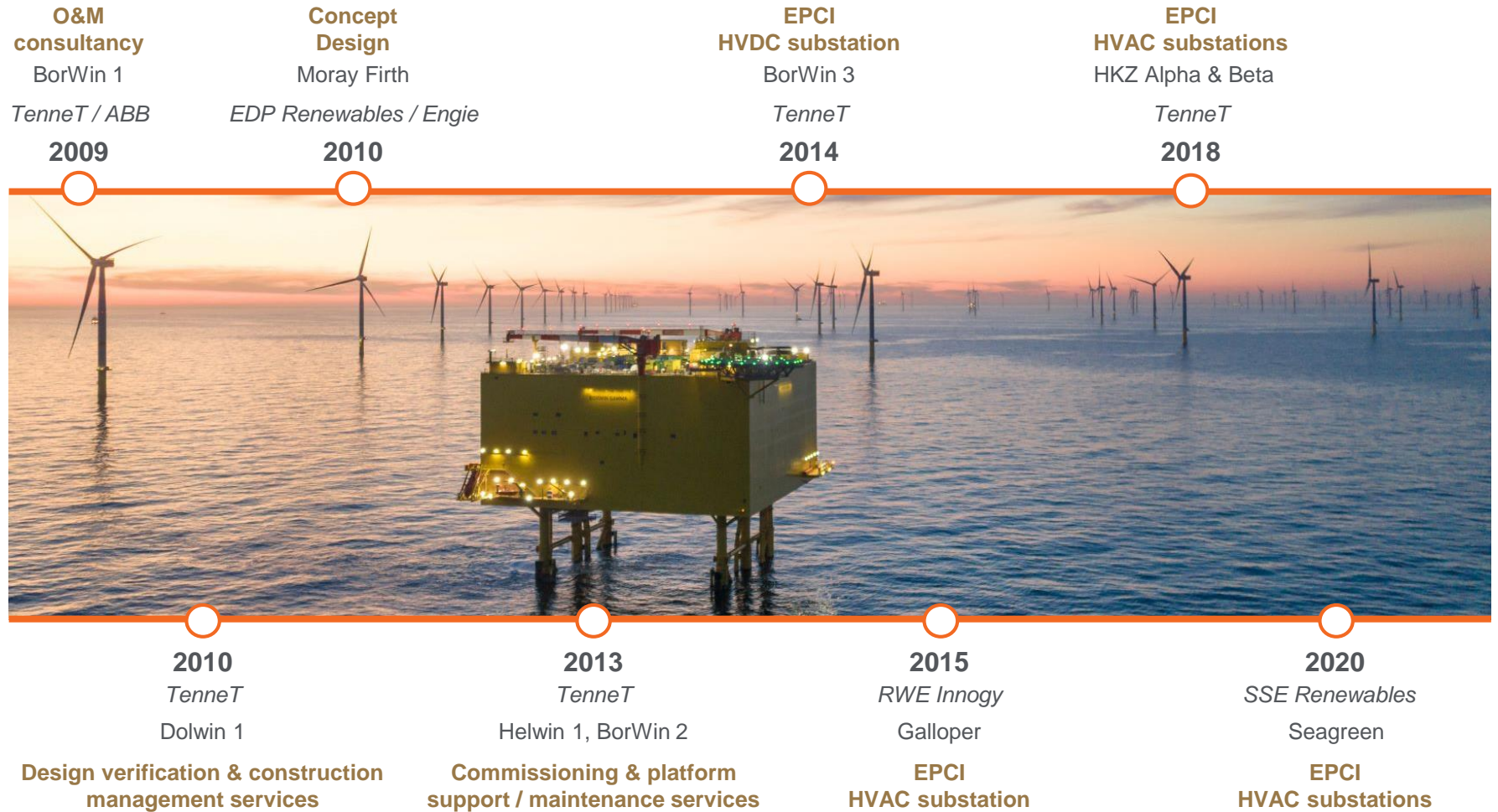
Target markets (\$bn)



1. Growth geographies include: India, Europe, CIS, South East Asia

Positioned For Growth: Renewables

CAPITALISING ON 10 YEAR TRACK RECORD IN OFFSHORE WIND

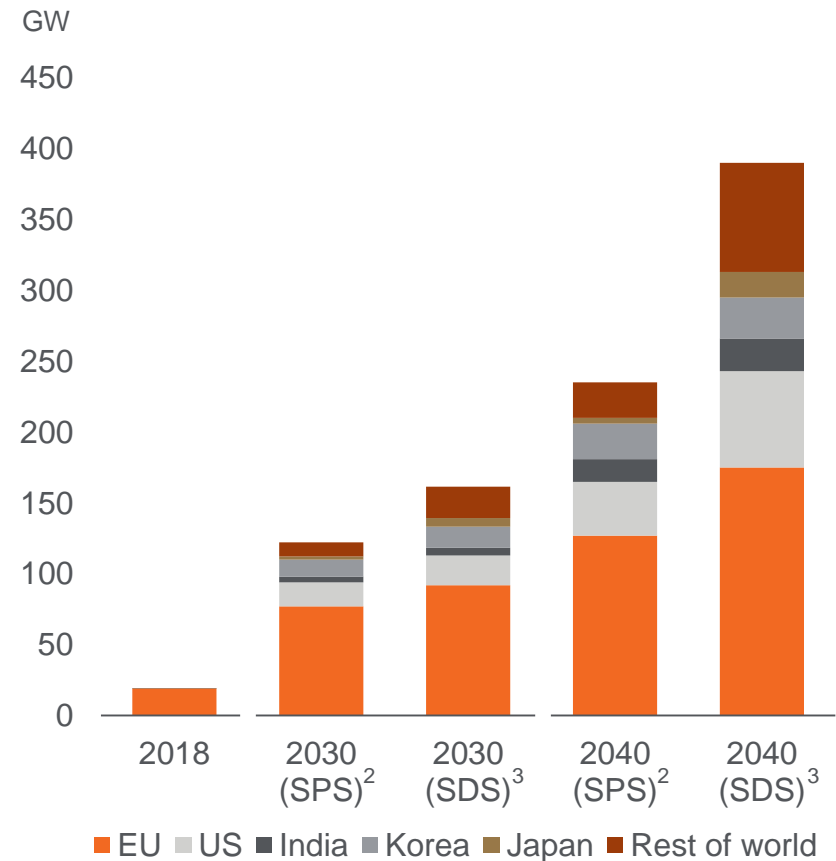


Positioned For Growth: Renewables

OFFSHORE WIND MARKET SET TO GROW RAPIDLY

- Addressable offshore wind market is growing
- Petrofac's differentiated offering
 - Sophisticated engineering and project management
 - Aligned with OEMs
 - Competitive cost base
 - Track record
- Opportunities in concentrated solar and CCUS
- Targeting >10% revenue p.a. from renewables

Outlook for global offshore wind installed capacity (ex. China)¹



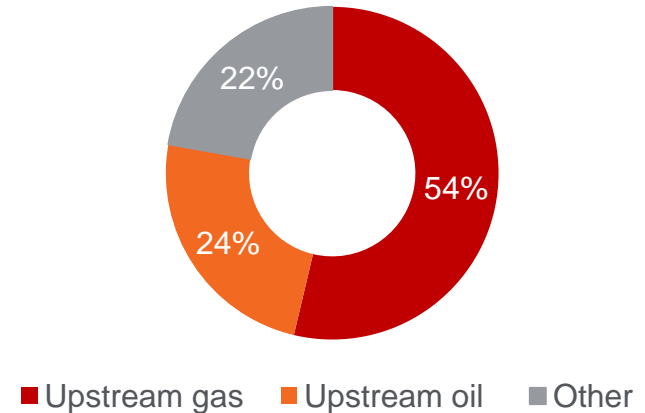
1. IEA World Energy Outlook 2019
2. SPS: IEA's Stated Policies Scenario
3. SDS: IEA's Sustainable Development Scenario

Positioned For Growth: Gas

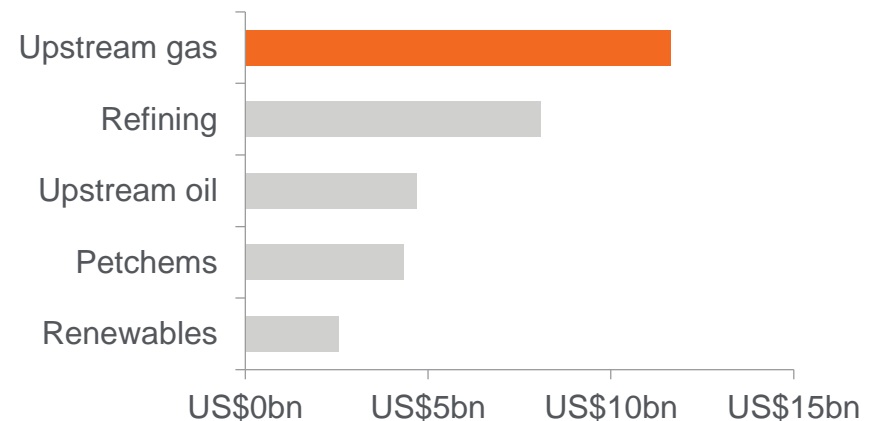
LEVERAGING STRONG TRACK RECORD IN KEY TRANSITION FUEL

- Growth in global gas demand driven by energy transition
- Petrofac has strong track record and expertise in upstream gas
- Gas is single largest component of 2020 E&C pipeline

Total E&C projects executed by market (2008-2018)



2020 E&C bidding pipeline (by market)



1. Upstream gas includes projects that either exclusively or partly focus on upstream gas

Our Investment Proposition

FOCUSED ON MAINTAINING DIVIDEND & RETURNING TO GROWTH

- Resilient core markets
- Attractive growth pipeline
- Delivering best-in-class execution & sector leading margins
- Capital light business model
- Strong balance sheet
- Maintaining dividend
- Positioned for return to growth



APPENDIX

Definitions

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 $[(\text{Trade Payables} + \text{Accrued Expenses} + \text{Accrued Contract Expenses} + \text{Other Payables}) - (\text{Loans and Advances} + \text{Prepayments and Deposits})] / \text{COS}] \times 365$

DSO: DSO (days sales outstanding) comprises $[(\text{Trade Receivables} + \text{Contract Assets} - \text{Contract Liabilities}) / \text{Revenue}] \times 365$

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.

PEC: Production Enhancement Contract

PMC: Project Management Consultant

PSC: Production Sharing Contract

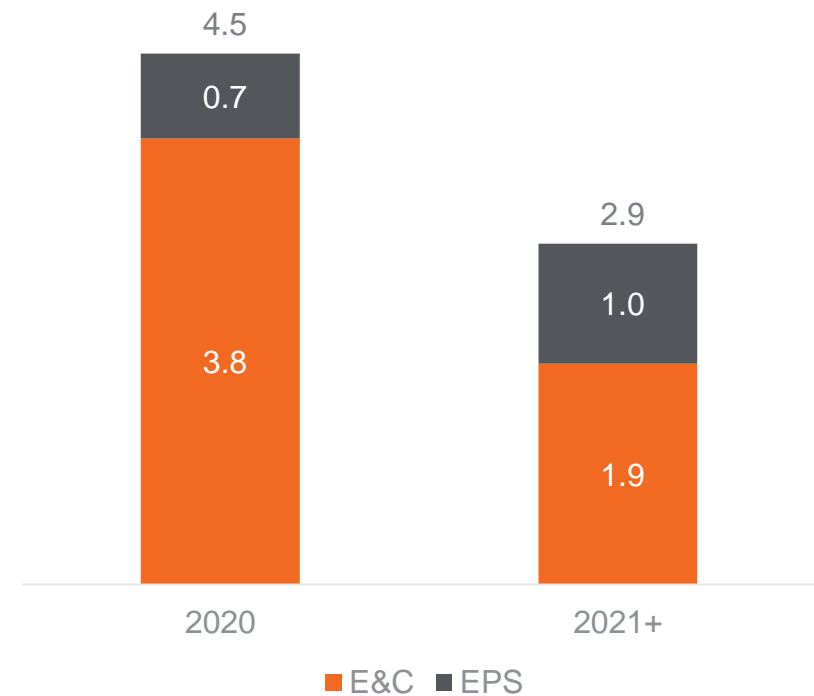
ROCE: Return on Capital Employed (calculated as EBITA divided by average capital employed (total equity and non-current liabilities) adjusted for gross-up of lease creditors)

UKCS: United Kingdom Continental Shelf

2020 Full Year Guidance

- Group:
 - Decline in Revenue
 - ETR: 25% to 30%
 - Capex of c.US\$150m
- E&C:
 - US\$3.8bn revenue secured for 2020
 - Net margins: 5.0% to 5.75%
- EPS:
 - Expect good growth in revenue
 - US\$0.7bn revenue secured for 2020
 - Net margin of 3.5% to 4.5%
- IES:
 - Small loss at current spot prices

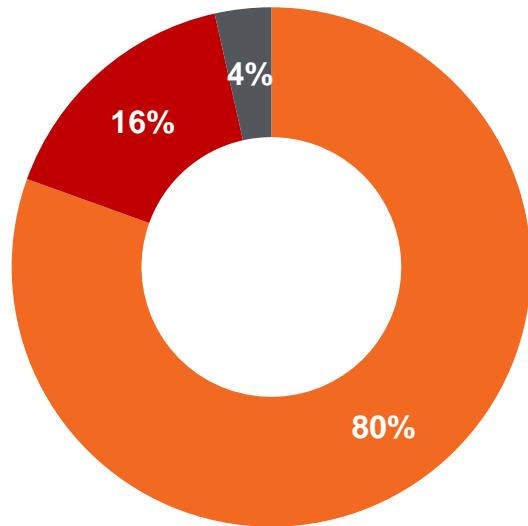
Backlog by Year of Execution (US\$bn)



Segmental Performance

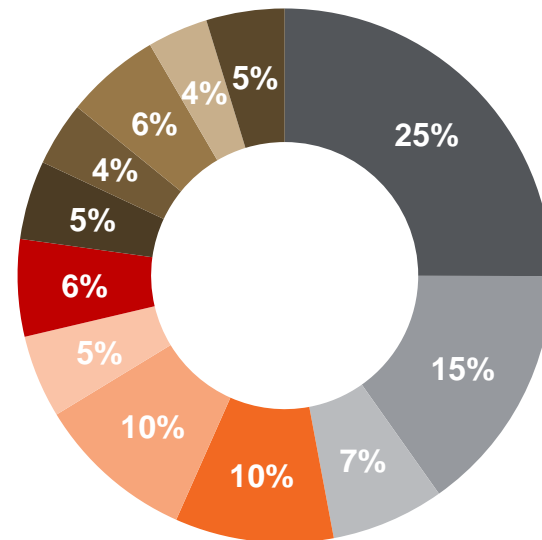
CORE MENA¹ MARKETS ACCOUNTED FOR 67% OF GROUP REVENUES

2019 revenue by business unit



- Engineering & Construction
- Engineering & Production Services
- Integrated Energy Services

2019 revenue by geography



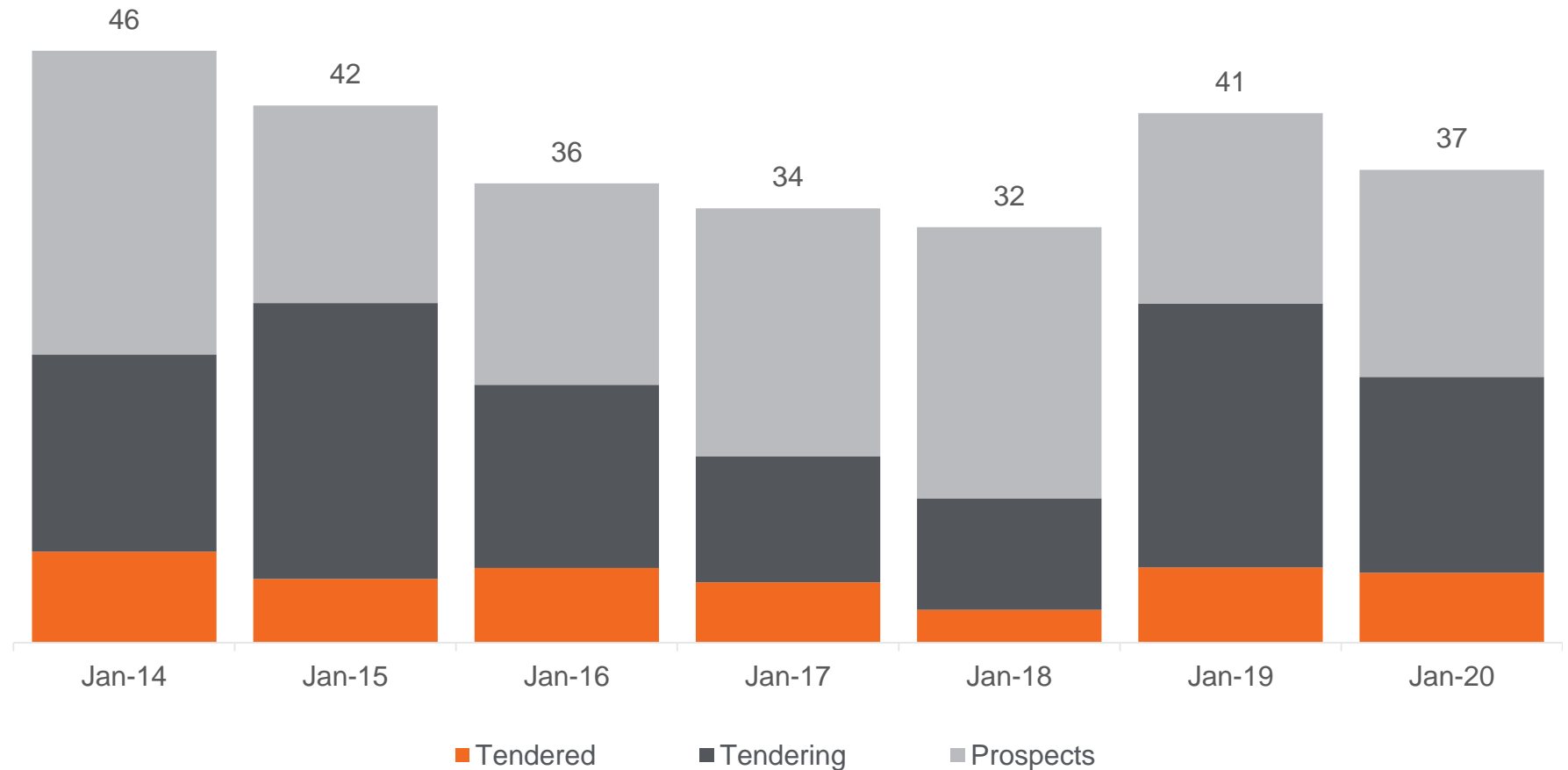
- Oman
- Kuwait
- Saudi Arabia
- UK
- UAE
- India
- Iraq
- Turkey
- Russia
- SE Asia
- Algeria
- Others

1. Middle East and North Africa

Group Bidding Pipeline

2014-2020

E&C/OPS Rolling 12-Month Bidding Pipeline (US\$bn) ¹

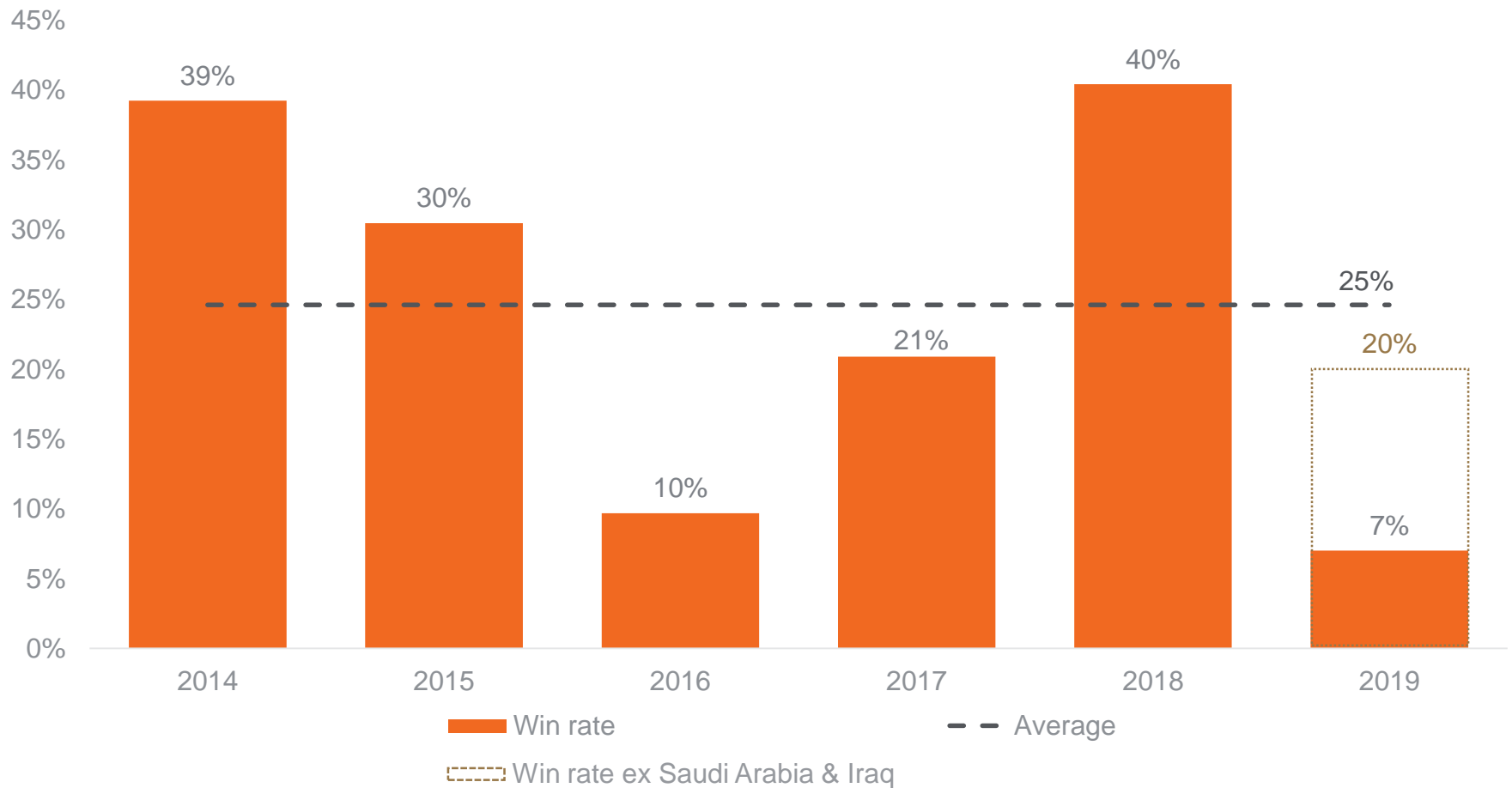


1. Pipeline at Jan-20 excludes US\$10bn of Saudi Arabia & Iraq opportunities

E&C Win Rate

2014-2019

E&C Win Rate¹: 2014-2019 (%)



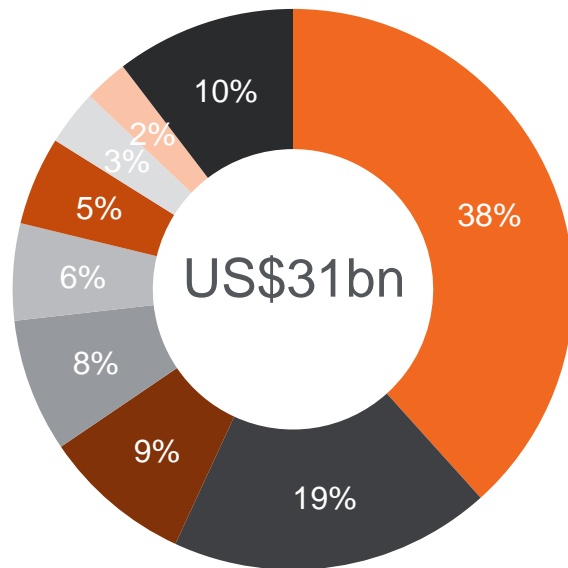
1. Win rate: Value of bids won / (Value of bids won + value of bids lost)

2020 E&C & EPS Bidding Pipeline

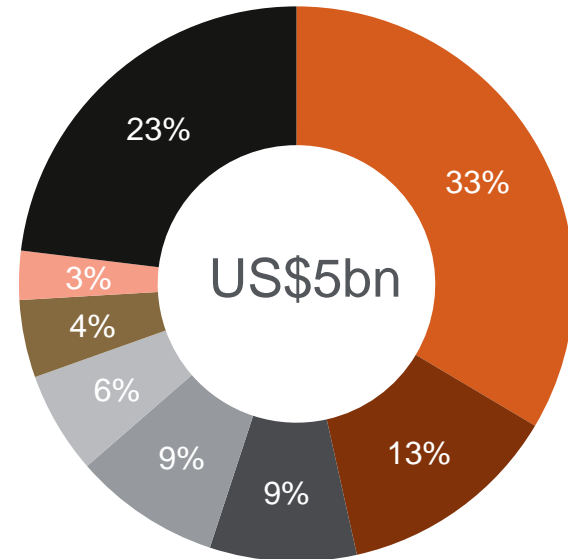
BY GEOGRAPHY

2020 E&C Rolling 12-Month Bidding Pipeline (by geography) ¹

2020 EPS Rolling 12-Month Bidding Pipeline (by geography) ¹



- UAE
- India
- Kuwait
- Europe
- CIS
- Algeria
- South East Asia
- Oman
- Other



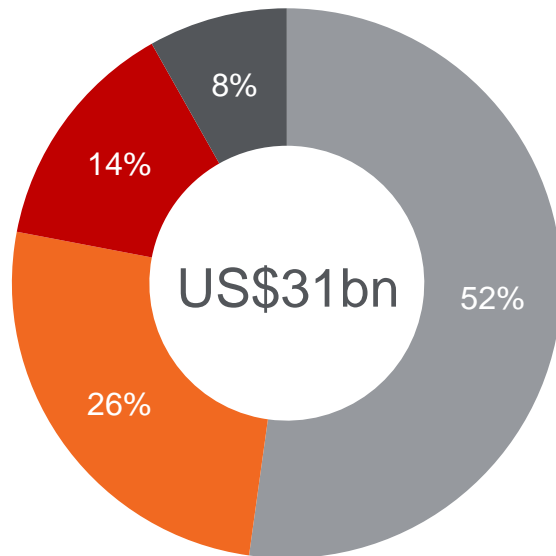
- UK
- UAE
- South East Asia
- Australia
- Algeria
- CIS
- India
- Other

1- Total pipeline is US\$37 billion. The difference with the combined pipeline shown here is due to rounding

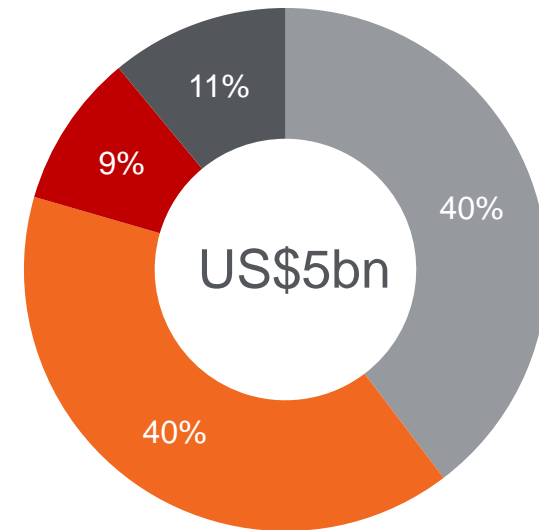
2020 E&C & EPS Bidding Pipeline

BY MARKET

2020 E&C Rolling 12-Month Bidding Pipeline (by market) ¹



2020 EPS Rolling 12-Month Bidding Pipeline (by market) ¹



■ Upstream oil & gas ■ Refining ■ Petchems ■ Renewables

■ Operations ■ Projects ■ Wells ■ Other

1- Total pipeline is US\$37 billion. The difference with the combined pipeline shown here is due to rounding

Leases

LIMITED IMPACT OF IFRS 16

US\$m	31 Dec 2019	01 Jan 19	Change
Gross up on Lease Assets – PM304	259	313	(54)
Finance leases – IAS 17		(451)	
IFRS 16 transition adjustment		(85)	
Lease liabilities	(438)	(536)	98
Net lease liabilities	(179)	(223)	(44)

- US\$370 million of lease liabilities relates to PM304
 - Petrofac has 30% operated interest in the asset
 - Required under IFRS to recognise 100% of the lease liability
 - Corresponding US\$259 million lease asset is recognised for the 70% share payable by PM304 partners
- Net lease liabilities excluding PM304 Malaysia is US\$68 million

Working Capital

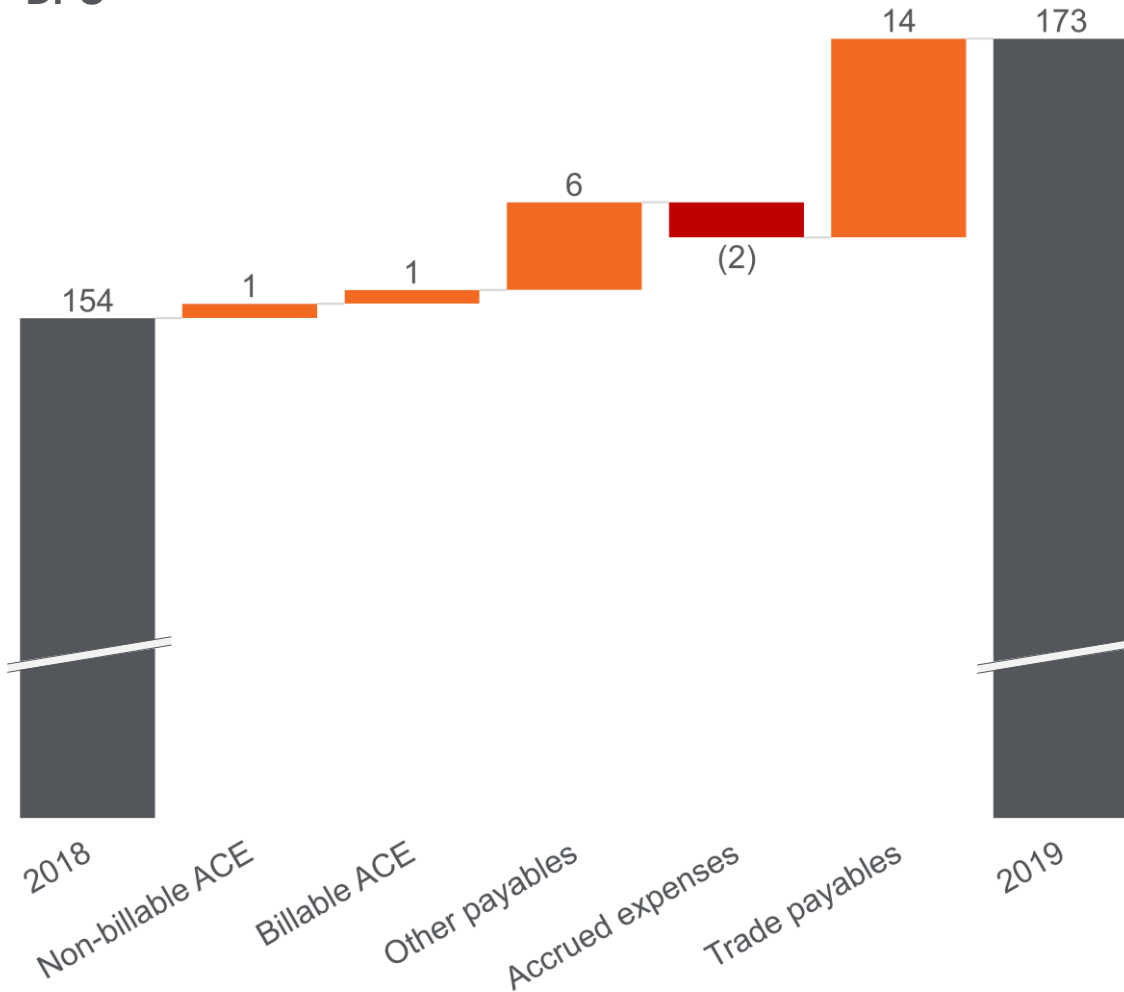
Movement in working capital (US\$m)	FY19	FY18	Cash Flow
Contract assets and inventories	2,081	2,019	(183)
Trade and other receivables	1,102	1,431	35
Trade and other payables	(1,075)	(962)	161
Accrued contract expenses	(1,599)	(1,645)	12
Contract liabilities	(273)	(504)	(231)
Working capital (balance sheet)	236	339	(206)
Other current financial assets			27
Net working capital outflow (cash flow)			(179)

Working capital by operating segment (US\$m)	FY19	FY18
Engineering & Construction	136	14
Engineering & Production Services	150	66
Integrated Energy Services	(48)	270
Corporate/other	(2)	(11)

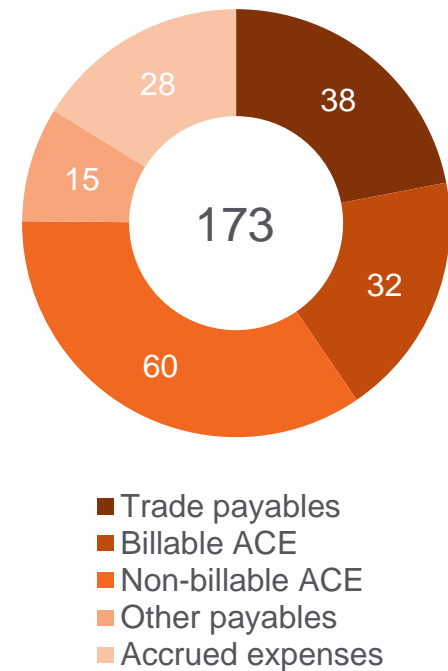
Working Capital – DPO analysis

DPO INCREASED BY 19 DAYS TO 173

DPO



FY19 DPO analysis



Committed Facilities

Facility	Maturity date
Revolving credit facility – US\$1,200 million	US\$200 million – June 2020
	US\$1,000 million – June 2021
Term loan 1 - US\$ 75 million	February 2020 (now repaid)
Term loan 2 - US\$ 150 million	August 2020
Term loan 3 - US\$ 75 million	August 2020
Bank overdraft	Repayable on demand

Effective Tax Rate ¹

	2019	2018
Engineering & Construction	27%	20%
Engineering & Production Services	27%	22%
Integrated Energy Services	21%	34%
Group effective tax rate (ETR)	29%	24%

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

Non-Core Asset Divestments

MAXIMUM CONSIDERATION FROM AGREED DIVESTMENTS, 2020+¹

US\$m	2020	2021	2022+	Total
Mexico:				
Firm consideration	88	-	-	88
Contingent consideration	18	47	303	368
Greater Stella Area:				
Deferred consideration	63	-	59	122
Contingent consideration	15	-	-	15
JSD6000:				
Contingent consideration	-	-	5	5
Gross proceeds	184	47	366	598

¹ Consideration payable includes contingent consideration, conditional on achieving performance conditions

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