

HALF YEAR RESULTS 2018

29 August 2018



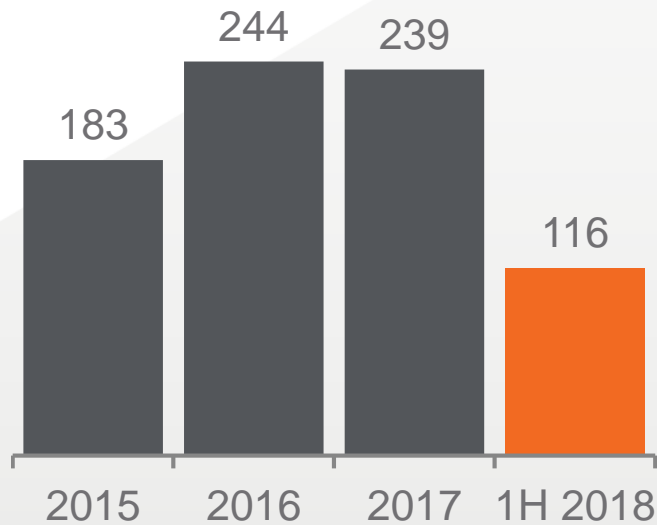
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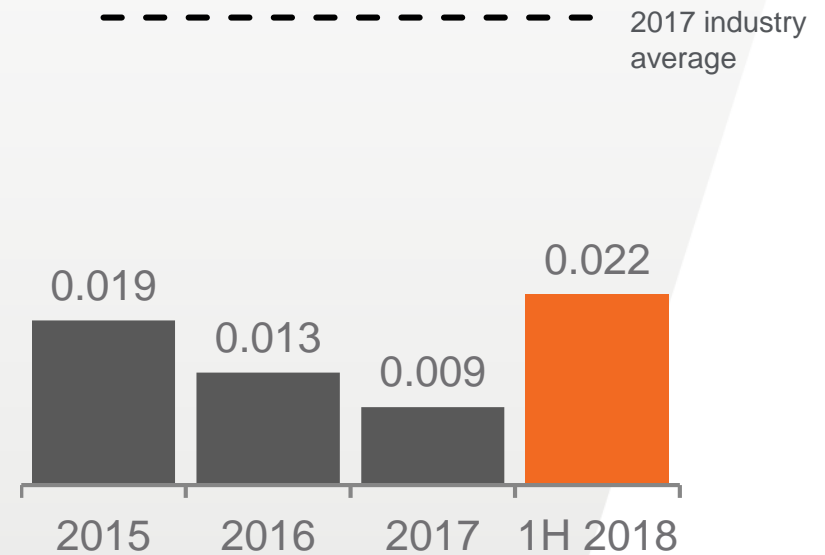
Safety Performance

LTI rate remains well below industry average

Man-hours worked (million)



Lost Time Injury frequency rate
(per 200k man-hours)



Operations

- Strong operational performance
- Good progress across our project portfolio
- Operational excellence protecting margins

Results

- Good results driven by strong execution
- Strengthening our balance sheet
- Improving returns

Strategy

- Delivering growth: US\$3.3bn of new awards
- Transitioning back to capital light business
- Sold US\$0.8bn of non-core assets
- Exited deep-water EPC market

Outlook

- Healthy backlog and good revenue visibility
- Targeting book-to-bill >1x in FY2018
- Well-positioned for 2H 2018 and beyond

FINANCIAL PERFORMANCE



2018 Half Year Financial Summary

Net Profit¹

US\$190m

+20%

Net Debt

US\$0.9bn

(44%)

Backlog²

US\$9.7bn

(5%)

Interim Dividend

12.7¢

n/c

- Good financial results
- Strengthening the balance sheet
 - Net debt in line with guidance
 - Agreed US\$0.8bn of divestments YTD³
 - Maintaining healthy liquidity
- Positive outlook
- Interim dividend in line with policy

¹ Business performance before exceptional items & certain re-measurements attributable to Petrofac Limited shareholders

² Backlog comparative period is 31 December 2017

³ US\$98m of cash disposal proceeds received in H1 2018

Business Performance Results ¹

US\$m	1H 2018	1H 2017	Change
Revenue	2,785	3,126	(11%)
EBITDA	333	323	+3%
Net finance costs	(28)	(38)	(26%)
Net profit ²	190	158	+20%
Net margin ²	6.8%	5.1%	+1.7 pts
Effective tax rate	18.1%	19.3%	(1.2 pts)
Diluted earnings per share	56.1¢	46.1¢	+22%
Dividend per share	12.7¢	12.7¢	n/c

¹ Business performance before exceptional items and certain re-measurements

² Attributable to Petrofac Limited shareholders

Exceptional Items

Reported net loss of US\$17m¹

- US\$207m of post-tax exceptional items including impairments
 - Divestments triggered US\$173m of non-cash impairments
 - Other exceptionals of US\$34m
- US\$0.8bn carrying value of IES^{2,3}
- Modest cash impact of US\$19m

US\$m ²	Pre-Tax	Post-Tax
Mexico	157	110
JSD6000	8	8
GSA	79	55
Exceptional items	35	34
Total	279	207

1 Attributable to Petrofac Limited shareholders

2 Includes balances within oil & gas assets, intangible assets, interest in associates, other financial assets and assets held for sale

3 Net book value at 30 June 2018. Agreed divestments are expected to reduce net book value by c.US\$0.4bn on completion

Financial Impact of IFRS 15

Implemented on 1 January 2018

Revenue from contracts with customers

Income statement

- Revenue recognition changed from 'output' to 'input' method
 - Potential for modest acceleration of revenue recognition in E&C
 - EPS & IES: no material impact
- VOs & LDs: 'best estimate' replaced by 'expected value'¹ approach
 - VOs only recognised if highly probable a significant reversal will not occur
 - May result in later recognition of VOs
- No transition adjustments
- No change in guidance

Balance sheet

- Some balance sheet reclassification, enhanced disclosure and changes to nomenclature
- Net US\$61m reduction to opening equity balance

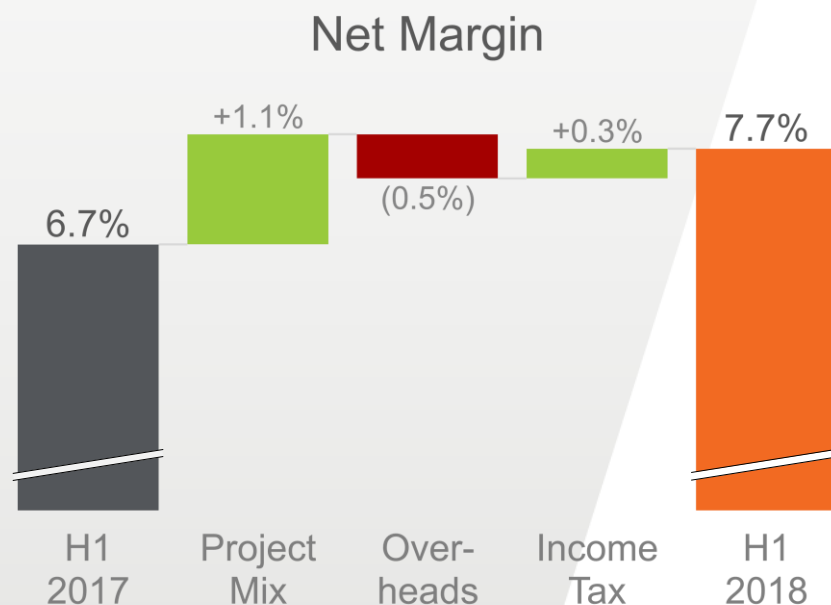
¹ Probability weighted expected outcome (see Note 2 of the Interim consolidated financial statements)

Engineering & Construction

Best-in-class execution

- Revenue down 19%
 - Driven by project phasing
 - Man-hours broadly flat
 - Lower variation orders
- Net margin up 1.0 ppts
 - Improvement in project mix
 - Lower overhead recovery
 - Lower tax
- Net profit down 7%
- Healthy backlog

US\$m (except as otherwise stated)	1H 2018	1H 2017
Revenue	1,946	2,390
EBITDA ¹	191	231
Net profit ²	149	161
Backlog (US\$bn) ³	6.9	7.5



¹ Business performance before exceptional items & certain re-measurements

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

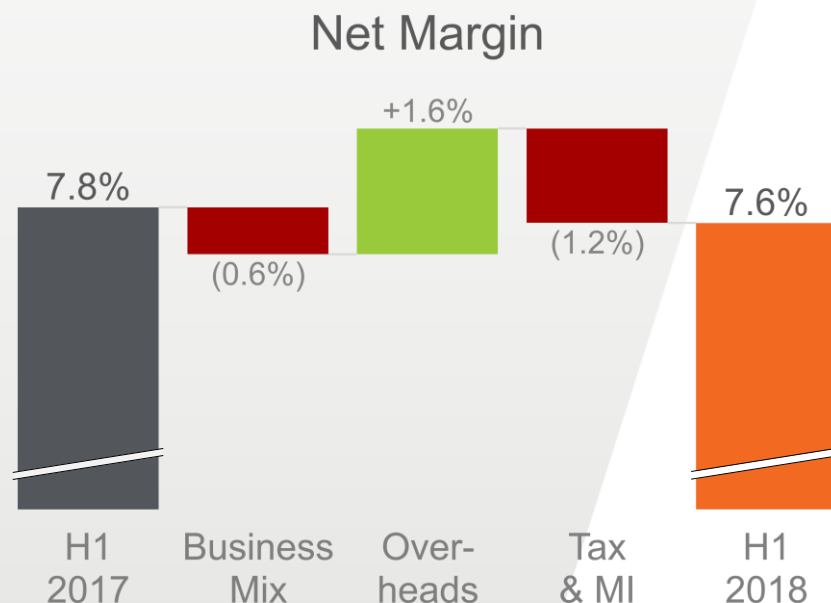
³ Backlog comparative period is 31 December 2017

Engineering & Production Services

Good financial and operational performance

- Revenue up 9%
 - Lower Projects activity
 - Modest growth in Operations
 - Strong growth in EPCm
- Net margin down 0.2 ppts
 - Business mix impact
 - Lower overhead costs
 - Higher tax & minorities
- Net profit up 6%
- Backlog up 3%

US\$m (except as otherwise stated)	1H 2018	1H 2017
Revenue	712	653
EBITDA ¹	73	62
Net profit ²	54	51
Backlog (US\$bn) ³	2.8	2.7



¹ Business performance before exceptional items & certain re-measurements

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

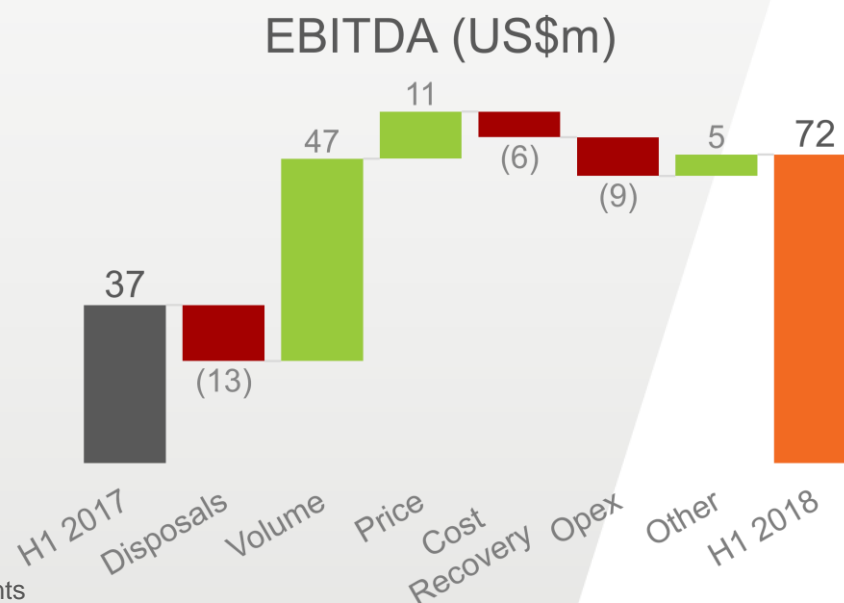
³ Backlog comparative period is 31 December 2017

Integrated Energy Services

Return to profit

- Underlying ⁴ revenue up 62%
 - Average realised price ⁵ up 7%
 - Equity volumes up 102% to 1.8 mboe
 - Lower PEC revenue reflecting Santuario migration
- Underlying ⁴ EBITDA up 115%
 - Equity interests: EBITDA / boe flat reflecting increase in unit opex
 - PECs: higher contribution driven by lower opex
- Underlying ⁴ net profit up 162%

US\$m (except as otherwise stated)	1H 2018	1H 2017
Revenue	136	97
EBITDA ¹	72	37
Net profit ²	16	(19)
Production (net) ³	3.1 mboe	3.4 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 (1.8 mboe) and Production Enhancement Contract volumes (1.3 mboe) (net of royalties and hedging)

⁴ Excludes sale of Pánuco Production Enhancement Contract (completed in August 2017)

⁵ Average realised price is calculated on sales volumes, which may differ from production due to under/over-lifting in the period

Working Capital

US\$m	1H 2018	FY 2017	Key drivers
Inventories	4	8	-
Trade & other receivables	1,566	2,020	<ul style="list-style-type: none"> • Increase in advances to vendors • IFRS 15 impact: US\$(538m)³
Contract assets ¹	2,245	2,223	<ul style="list-style-type: none"> • Decrease in WIP (net of AVOs) • IFRS 15 impact: +US\$275m^{3, 4}
Trade & other payables	(1,090)	(1,675)	<ul style="list-style-type: none"> • IFRS 15 impact: +US\$474m^{4, 5}
Contract liabilities ²	(420)	(198)	<ul style="list-style-type: none"> • IFRS 15 impact: US\$(211)m⁵
Accrued contract expenses	(1,597)	(1,956)	<ul style="list-style-type: none"> • Higher payment milestones
Total	708	422	

1 Contract assets comprise work in progress (including AVOs), retentions receivables and accrued income

2 Contract liabilities comprise billings in excess of costs & estimated earnings and advances from customers

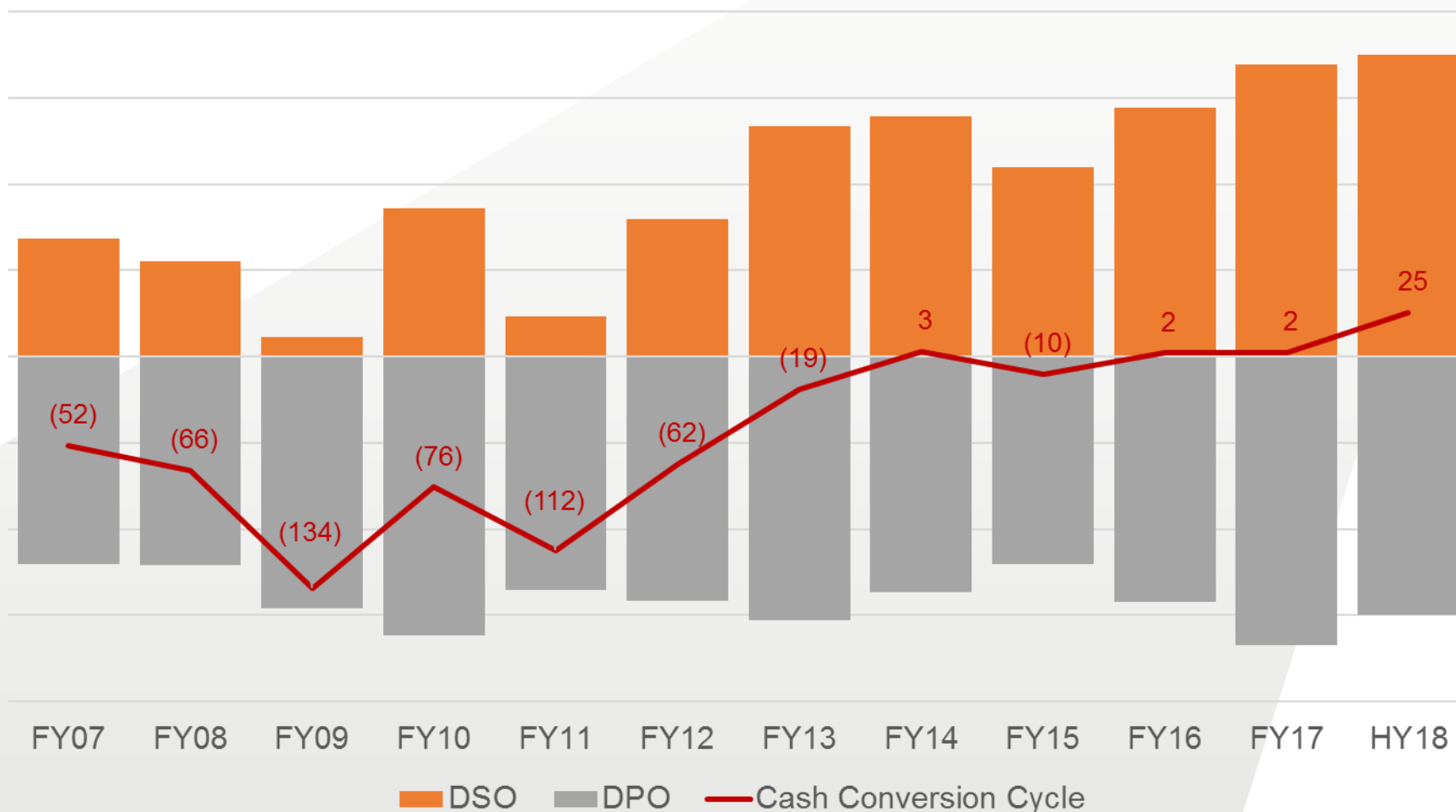
3 Retention receivables of US\$369m and accrued income of US\$169m reclassified from trade and other receivables to contract assets

4 Advances from customers of US\$263m reclassified from trade and other payables for individual contracts that offset against contract assets

5 Advances from customers of US\$211m that do not fully offset against contract assets reclassified from trade and other payables to contract liabilities

Contract Cash Conversion

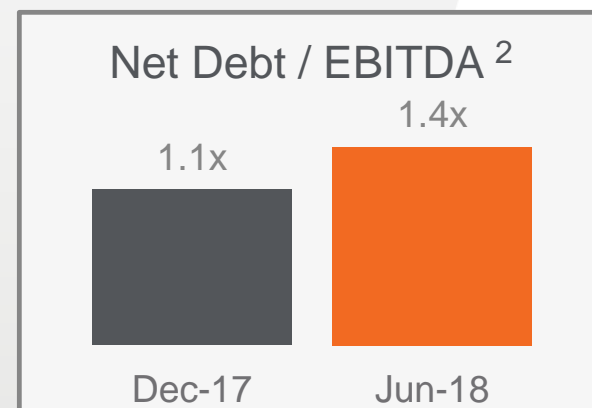
Contract Cash Conversion Cycle (Days)



1 DSO: days sales outstanding (see definition in Appendix)
 2 DPO: days payable outstanding (see definition in Appendix)
 3 Contract Cash Conversion Cycle = DSO - DPO

Cash Flow and Net Debt

US\$m	1H 2018
Opening net debt	(612)
EBITDA ¹	333
Movement in working capital	(438)
Tax & interest	(117)
Investing activities	55
Other	41
Free cash flow	(126)
Dividend	(86)
Treasury shares / other	(58)
Cash outflow	(270)
Closing net debt	(882)



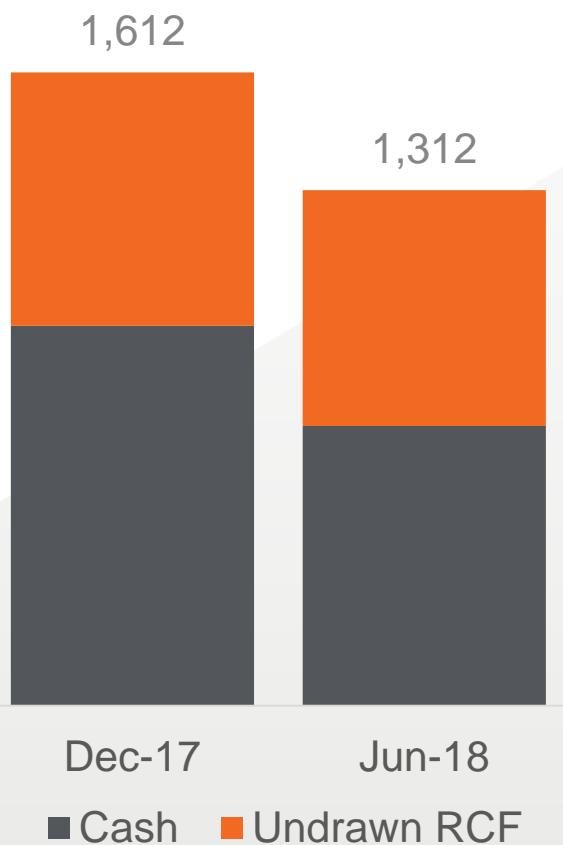
¹ Includes share of profits from associates and joint ventures

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

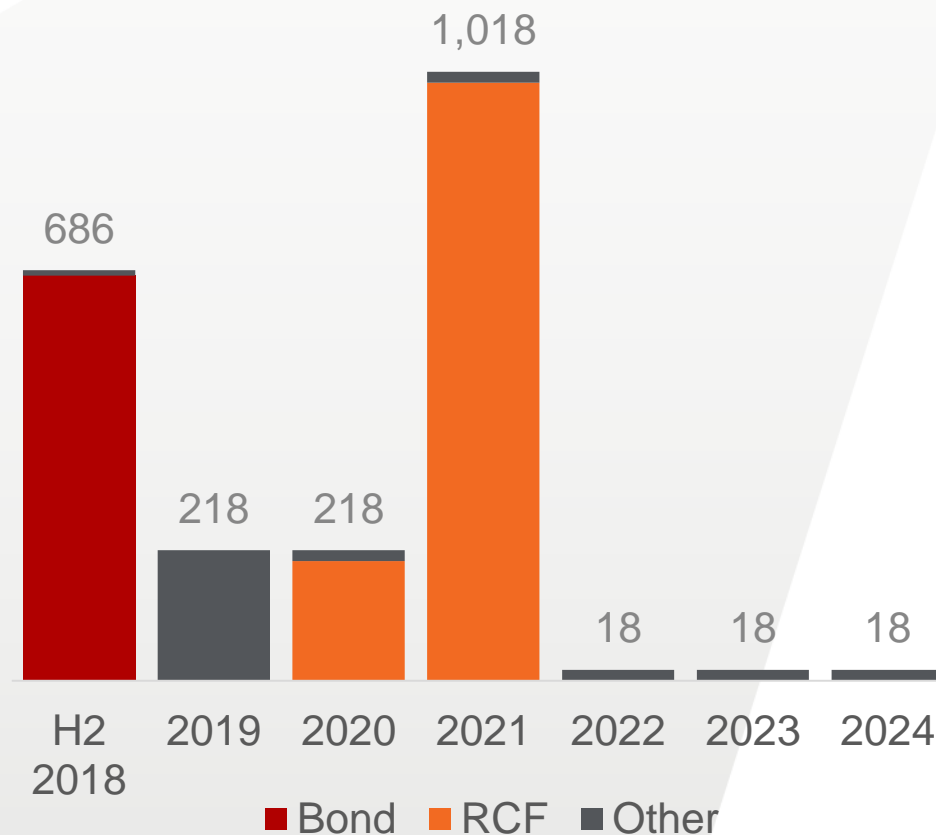
Liquidity and Funding

Pre-funded US\$677m October 2018 Bond maturity

Gross Liquidity (US\$m)



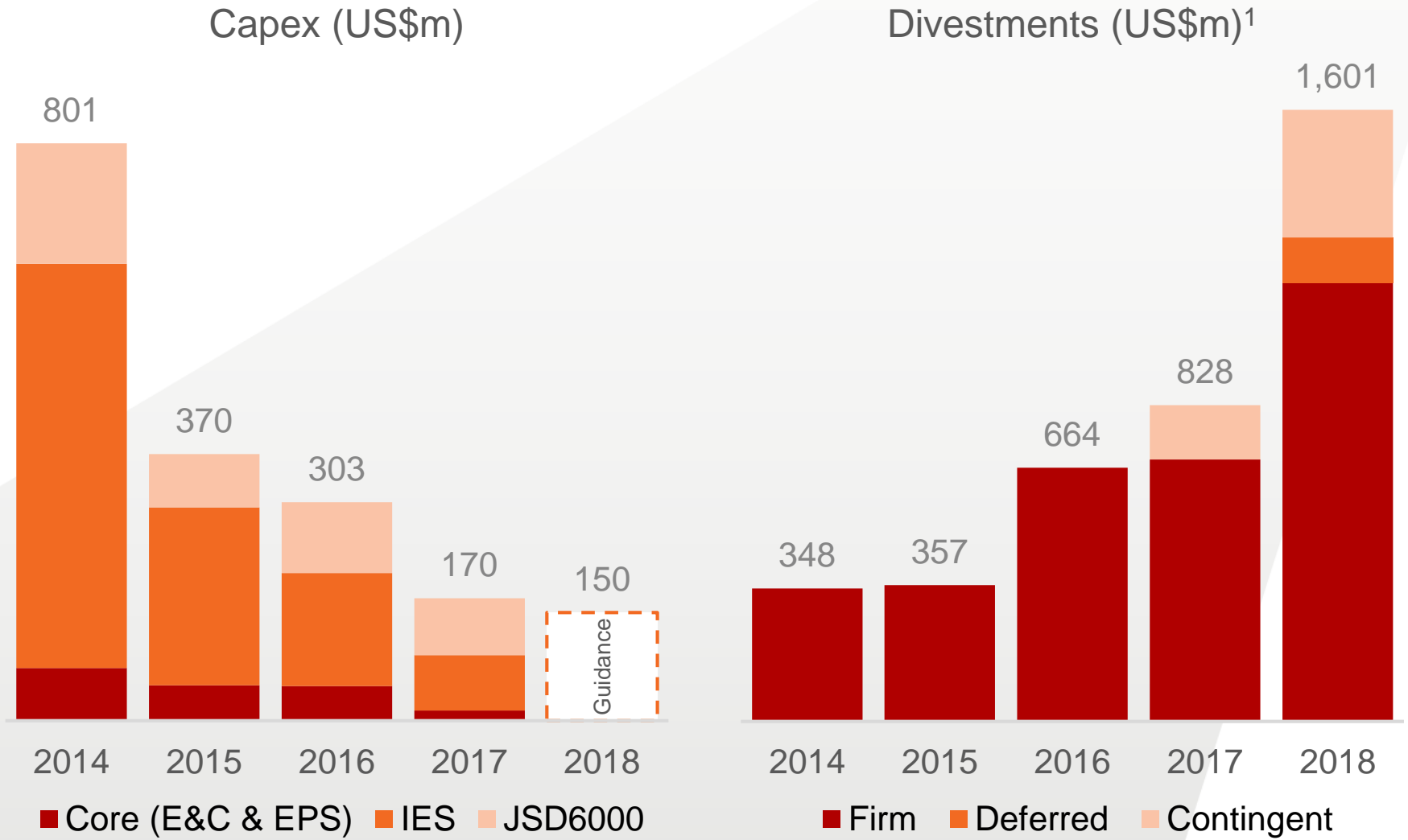
Committed Facilities Maturity (US\$m)



Excludes US\$300m of new committed facilities secured in August 2018

Reducing Capital Intensity

Good progress transitioning back to a capital light business



¹ Cumulative maximum consideration payable for asset sales agreed to date

Focused On Returns

Improving cash flow conversion and returns

Organic Growth Focus

- Target book-to-bill >1x

Cost & Capital Discipline

- Reduce costs
- Protect margins
- Improve working capital
- Reduce capital expenditure

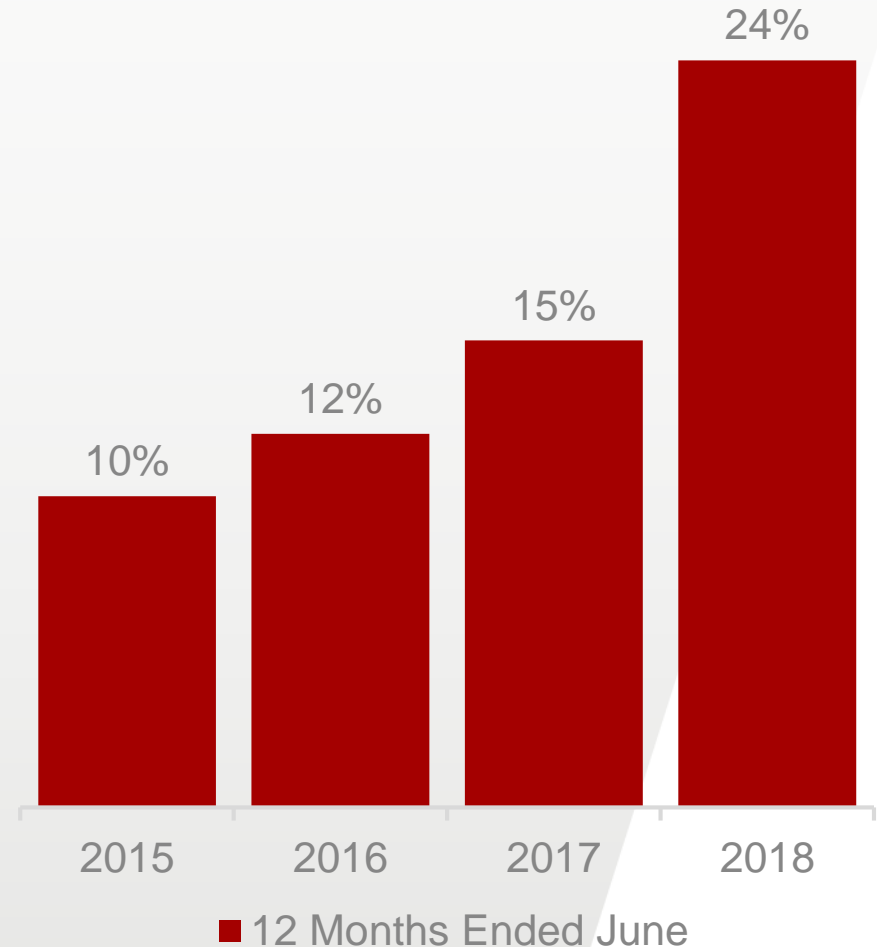
Strengthen Balance Sheet

- Maintain investment grade metrics
- Eliminate net debt

Shareholder Distributions

- Sustainable dividend policy

ROCE ¹



¹ EBITA divided by average capital employed (total equity and non-current liabilities) adjusted for gross-up of finance lease creditors

OPERATIONS AND OUTLOOK



Excellent Progress Delivering Our Strategy

Strategic milestones in 2018 YTD

Focus
on our
core

- Delivering sector-leading margins
- Operational excellence protecting margins
- New organisational leadership appointed

Deliver
organic
growth

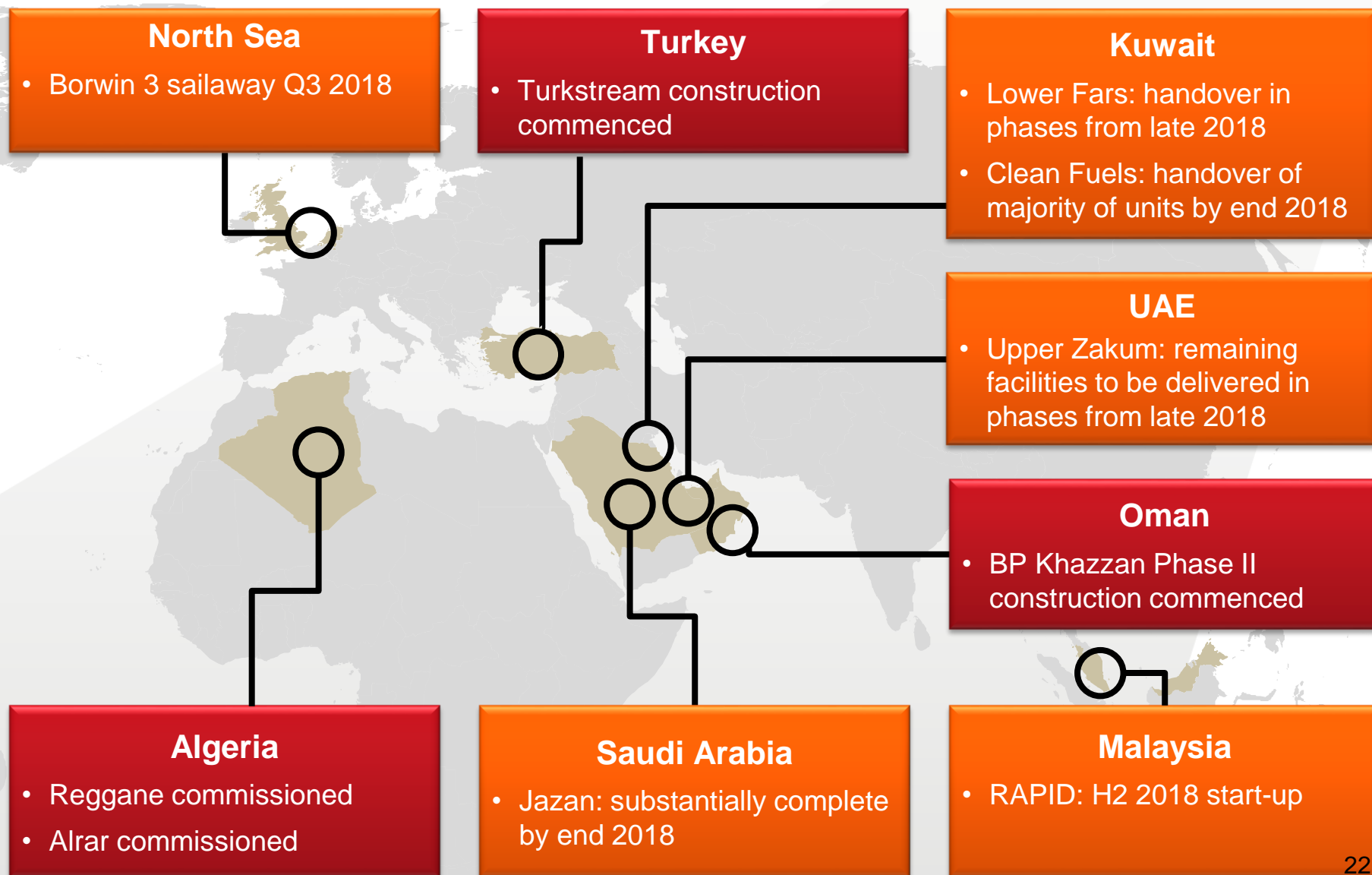
- US\$3.3bn of new awards
- US\$0.8bn of awards in growth markets
- Tendering downstream projects

Reduce
capital
intensity

- Sold US\$0.8bn of non-core assets
- Exited deep-water EPC market

Focus On Our Core

Strong project execution across our portfolio



In-Country Value

Petrofac well-placed to benefit from greater focus on ICV

- NOCs in established markets prioritising ICV
- Expected to reshape bidding approach in some geographies in short-to-medium term
- Petrofac generally meeting and increasing ICV requirement in each country we operate in



Deliver Organic Growth

Clear, focused strategy

Engineering & Construction

- Expand geographically
- Enter petrochemicals market
- Grow offshore wind transmission

Engineering & Production Services

- Expand operations services offerings
- Grow brownfield projects in core countries
- Build PMC offering
- Expand EPCm outside Oman

Growth In Established Markets

Algeria

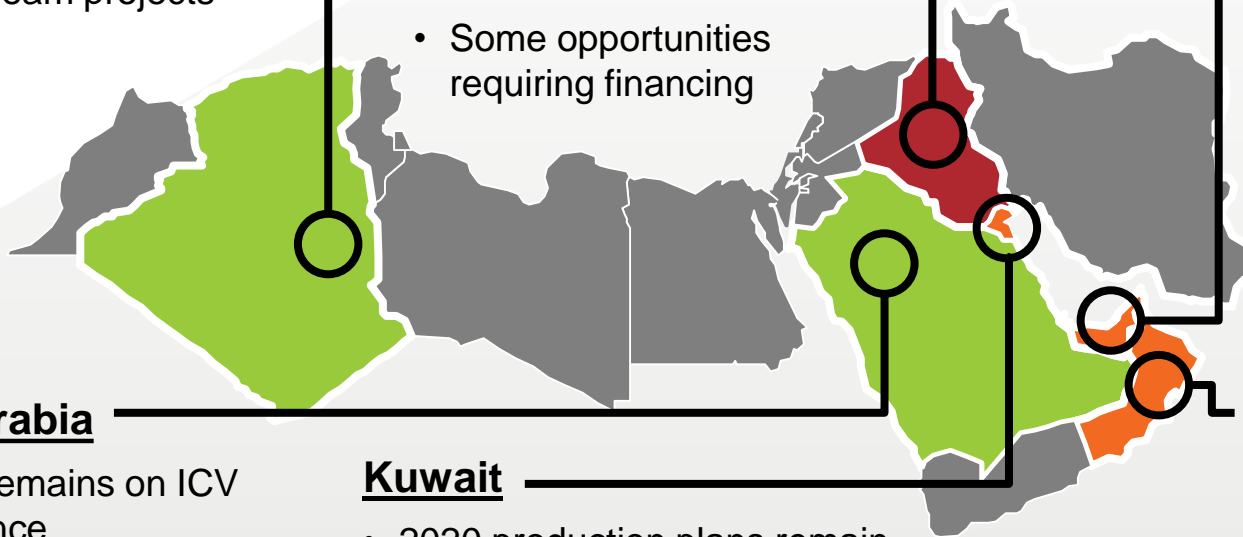
- Increased gas export targets
- Targeting foreign investors
- Expanded EPC bidder list
- Focus on new downstream projects

Iraq

- Re-start IOC investment to increase production
- IOCs to boost E&P to increase reserves
- MOO developing gas and reducing flaring
- Some opportunities requiring financing

UAE

- ADNOC into 'spending mode'
- Cost pressures remain
- New focus on ICV
- Planning downstream developments



Saudi Arabia

- Focus remains on ICV adherence
- Expanding gas production capacity

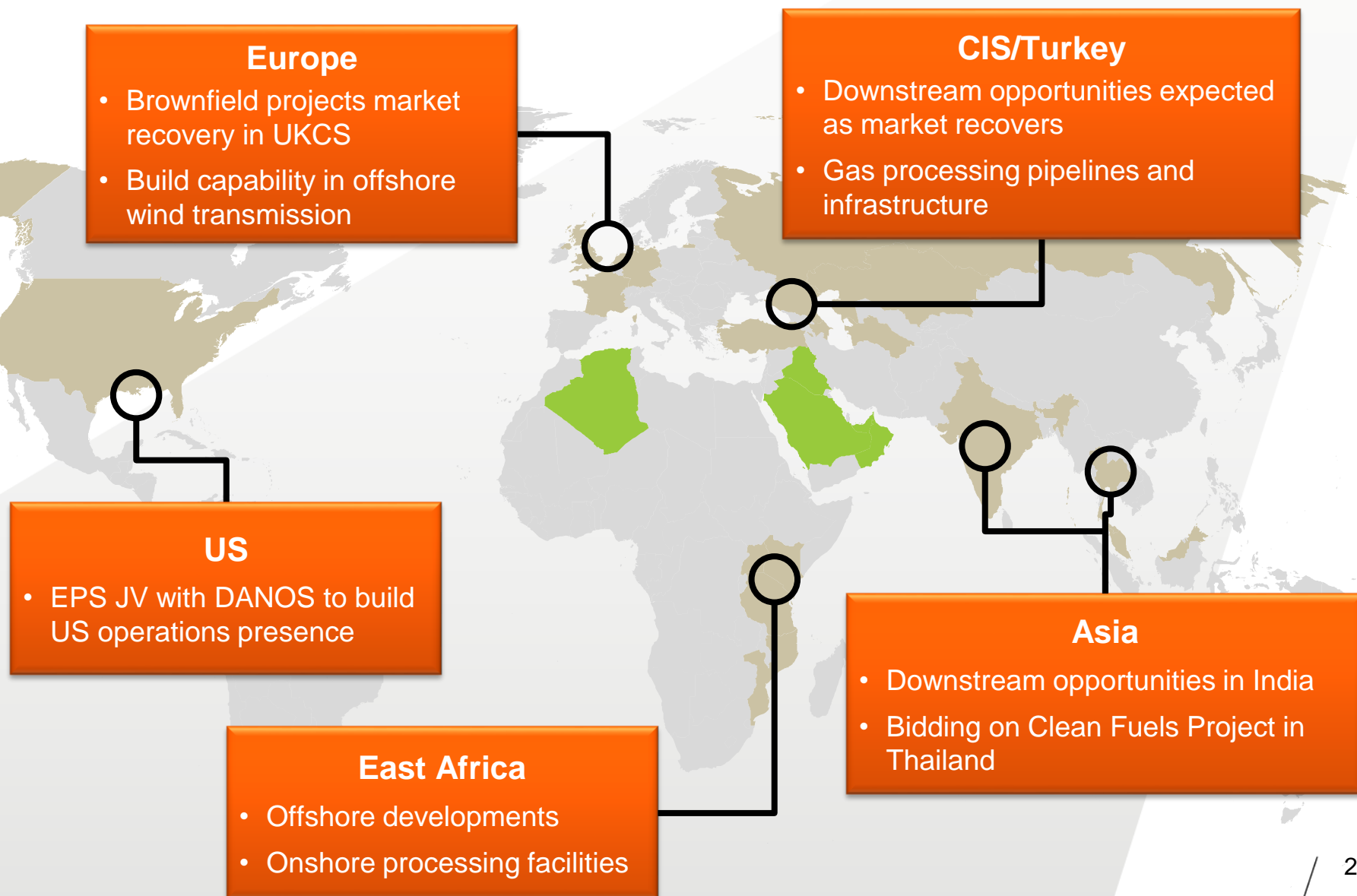
Kuwait

- 2020 production plans remain intact despite cost pressures and OPEC cuts
- Plans for integrated petrochemical complexes for 2019/2020

Oman

- Limited immediate pipeline of projects
- Project financing required
- Investing c.US\$20bn over 5 years

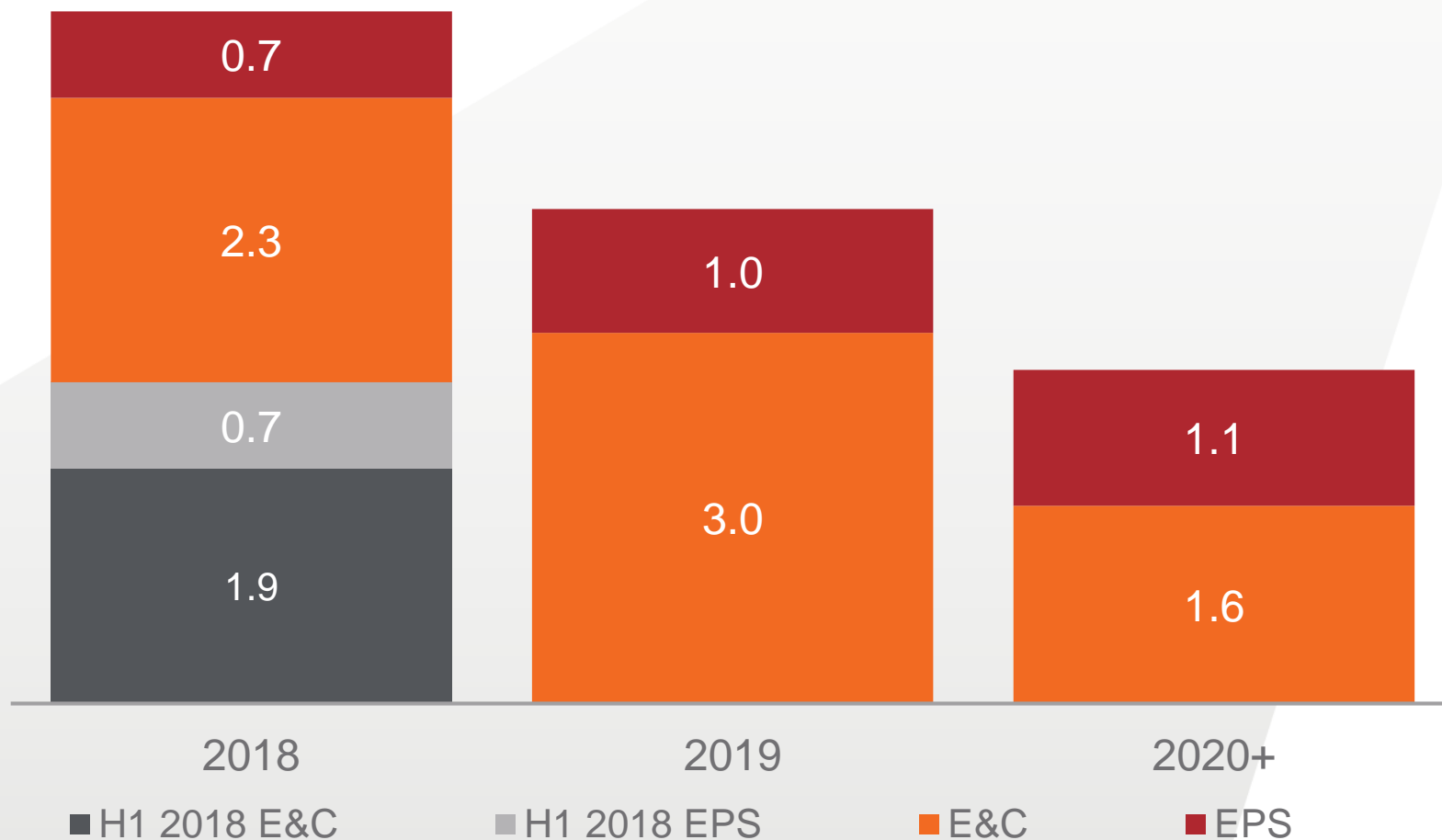
Growth In Adjacent Markets



Healthy Backlog

Provides good revenue visibility

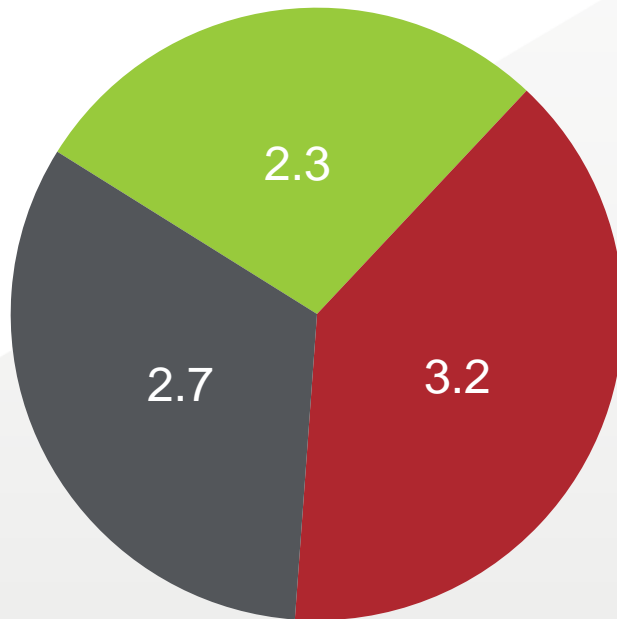
30 June 2018 backlog by year of execution (US\$bn)



Bidding Pipeline

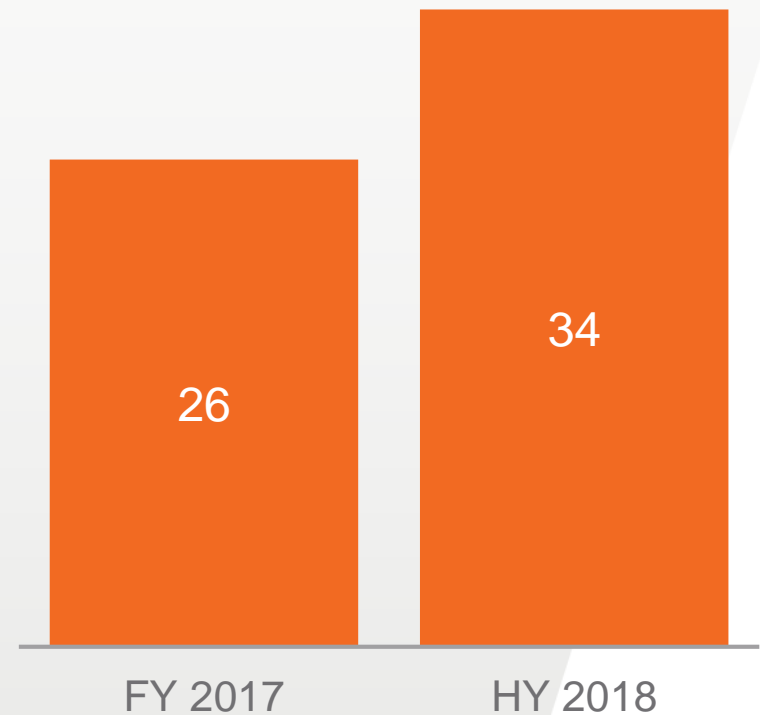
Targeting a book-to-bill of >1x in 2018

E&C tendered bids: 2018
YTD (US\$bn)



■ Won ■ Lost ■ Outstanding

Rolling 12-month bidding
pipeline (US\$bn)



Our Strategy Is Delivering

2018 achievements

Net profit up 20%

Delivered sector leading margins of 6.8%

Secured US\$3.3bn in new orders

Agreed sale of US\$0.8bn of non-core assets

Increased return on capital employed to 24%

Well-positioned for a return to growth

APPENDIX

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 division projects; and, for the Engineering & Production Services division, the estimated revenue attributable to the lesser of the remaining term of the contract and five years
Book-to-bill	Ratio of new orders received to revenue billed for a specified period
BOE	Barrels of oil equivalent
DPO	DPO (days payable outstanding) comprises $[(\text{Trade Payables} + \text{Accrued Expenses} + \text{Accrued Contract Expenses}) - (\text{Loans and advances} + \text{Prepayments and deposits}) / \text{COS}] \times 365$
DSO	DSO (days sales outstanding) comprises $[(\text{Contract Assets} + \text{Trade Receivables} - \text{Contract Liabilities}) / \text{Revenue}] \times 365$
E&C	Engineering & Construction division
EPC	Engineering, Procurement & Construction
EPCm	Engineering, Procurement & Construction management
EPS	Engineering & Production Services division

Definitions

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 division
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 finance lease creditors)
UKCS	United Kingdom Continental Shelf

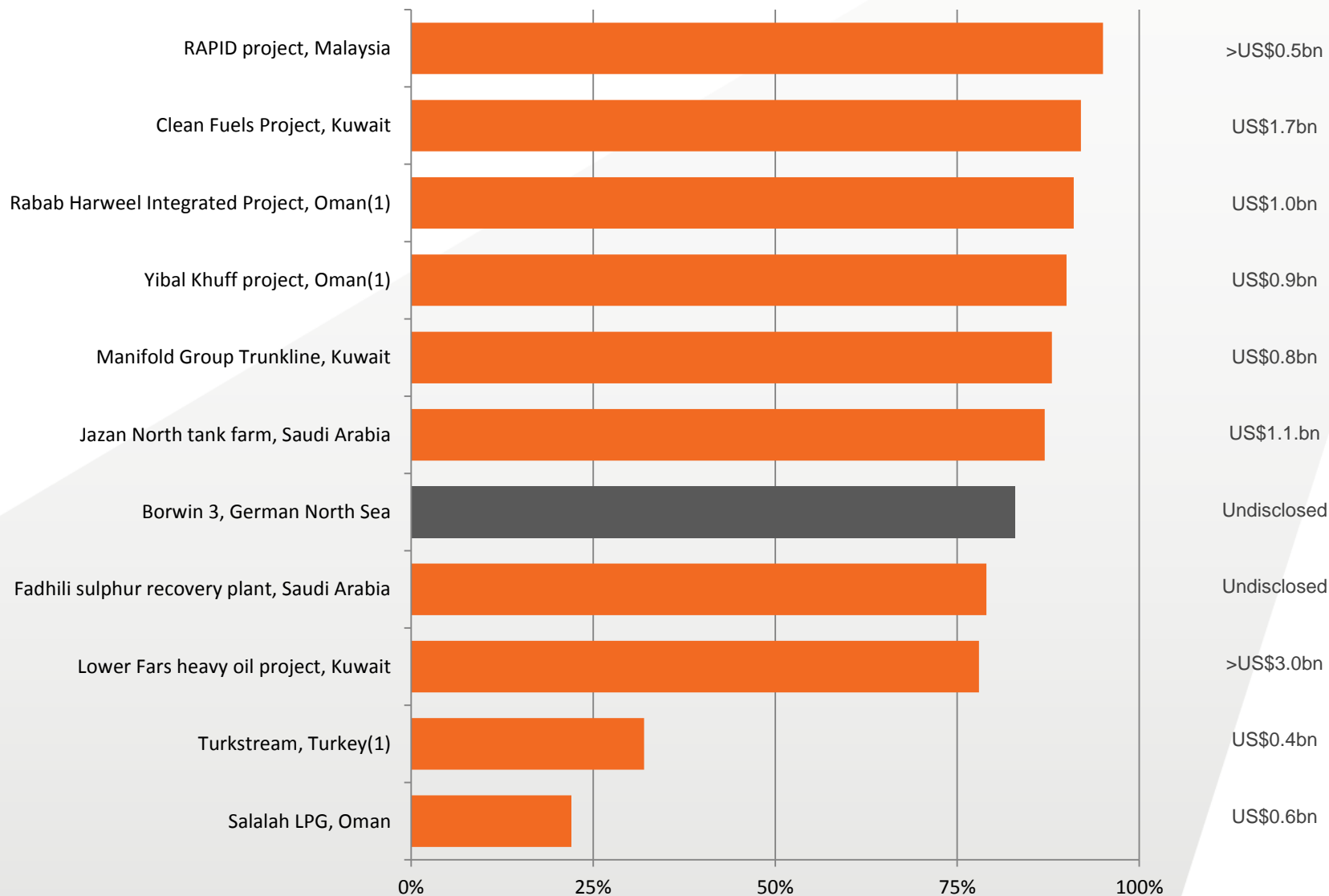
Key E&C/EPS Projects

■ NOC/NOC led company/consortium

■ Joint NOC/IOC company/consortium

Progress at June 2018²

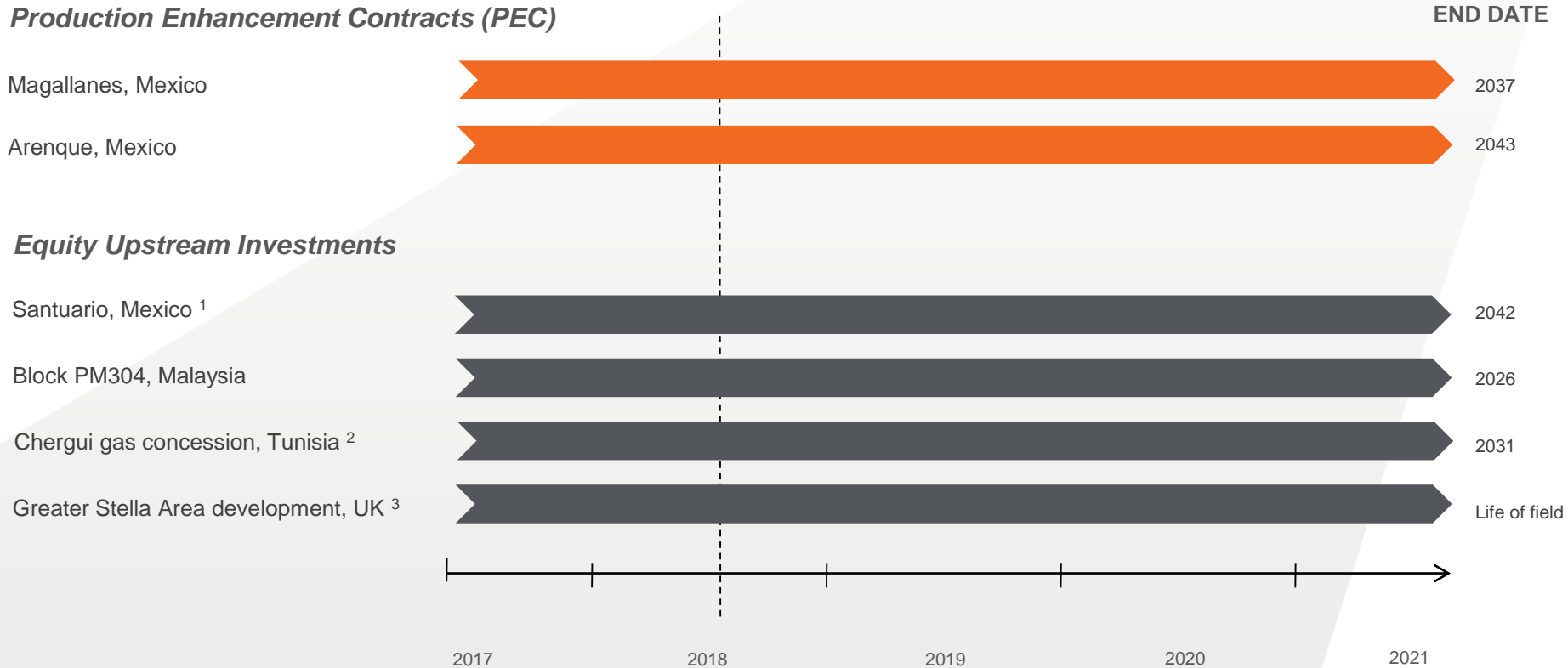
Original contract value to Petrofac



1 EPS division projects

2 Excludes projects which have not yet reached profit recognition threshold, projects > 95% complete and projects < US\$250m

Key IES Projects



1 Migrated from PEC to PSC on 18 December 2017
2 Sale agreed June 2018, completion expected by end 2018
3 Sale agreed August 2018, completion expected by Q1 2019

IES Portfolio Carrying Amount ¹

<i>US\$m</i>	Country	30 June 2018	31 December 2017
Santuario, Magallanes, Arenque	Mexico	226	382
Block PM304	Malaysia	269	286
Greater Stella Area development	United Kingdom	184	255
Chergui gas concession ²	Tunisia	57	47
Other (including PetroFirst)		58	61
Total		794	1,031

1 Including balances within oil & gas assets, intangible assets, interest in associates, other financial assets and assets held for sale. Agreed divestments is expected to reduce the net book value by approximately US\$0.4bn on completion.

2 Included within assets held for sale

Effective Tax Rate ¹

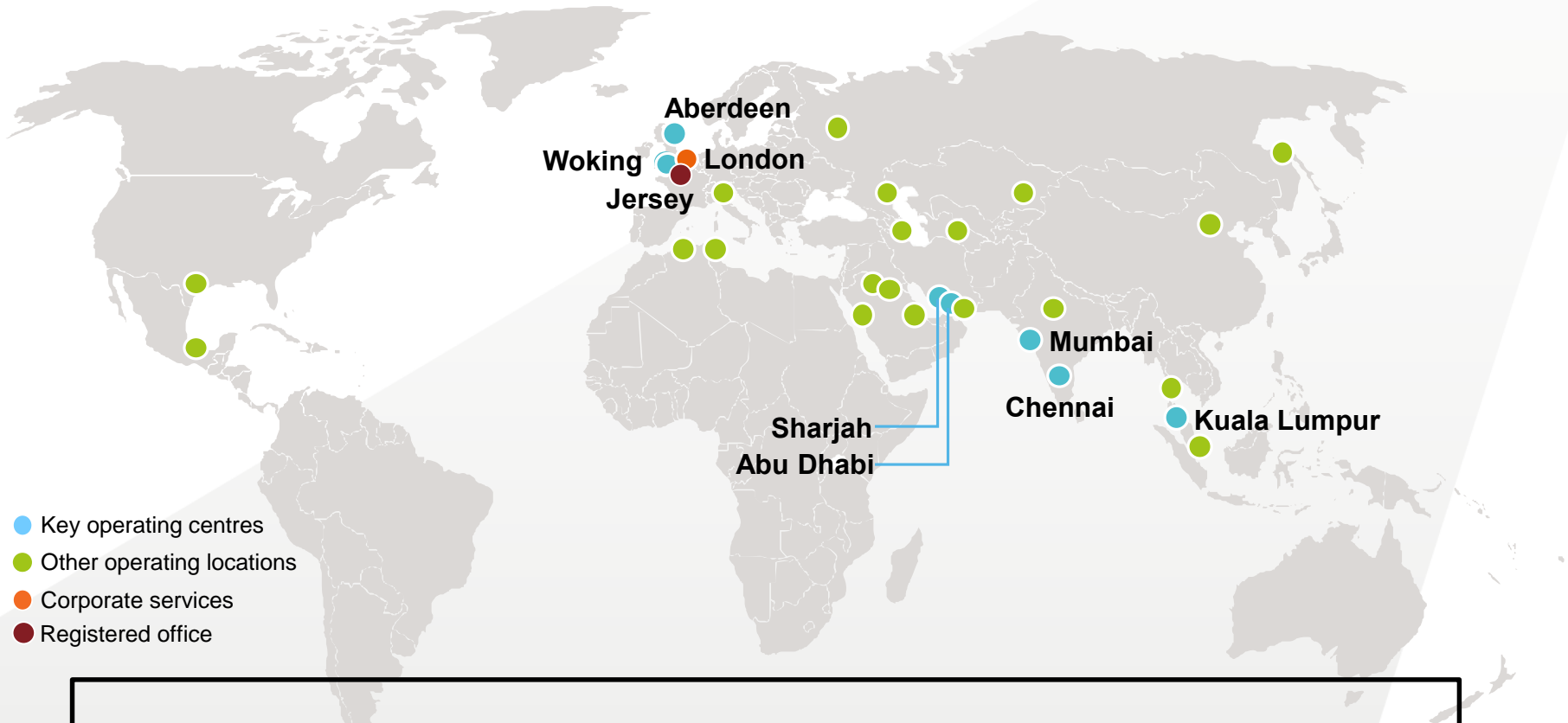
	1H 2018	1H 2017
Engineering & Construction	17%	20%
Engineering & Production Services	19%	12%
Integrated Energy Services	6%	32%*
Group effective tax rate (ETR)	18%	19%

¹ Before exceptional items and certain re-measurements

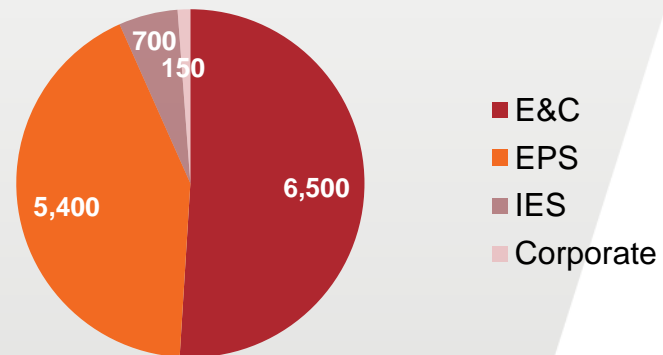
* Tax credit on net loss

- We expect the full year Group ETR to be at or around the top of our guidance range of 20-24%, excluding the impact of exceptional items and certain re-measurements. However, it should be noted that the Group's effective tax rate is sensitive to business mix, profit mix, estimates of future profitability and any divestments completed in the period

Employee Numbers

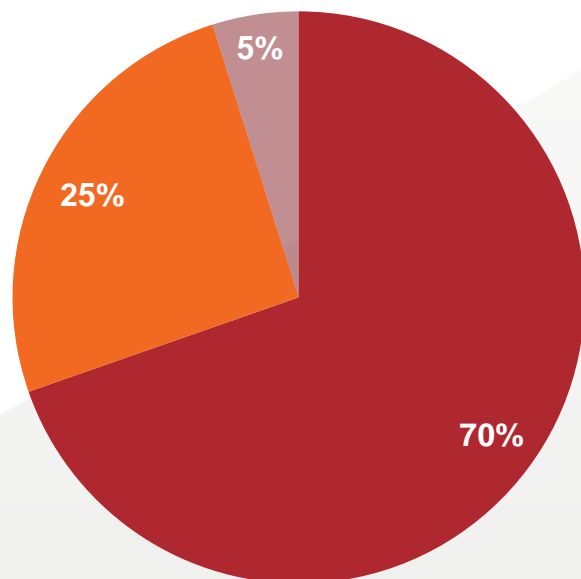


- Approximately 12,750 people in 7 key operating centres and 24 offices
- 38% of our employees are shareholders/participants in employee share schemes



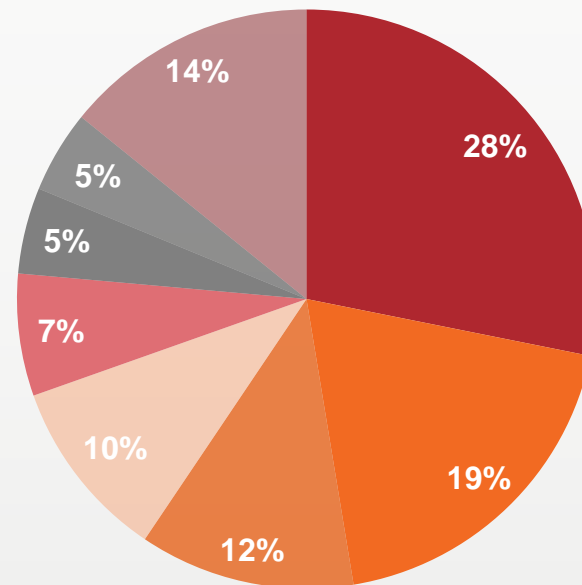
Segmental Performance

1H 2018 revenue by reporting segment



■ E&C ■ EPS ■ IES

1H 2018 revenue by geography



■ Kuwait ■ Saudi Arabia ■ Oman
■ UK ■ UAE ■ Germany
■ Algeria ■ Others

- Established market of Middle East and North Africa region accounted for 75% of Group revenues, reflecting geographic mix of recent project awards

Movements In Working Capital

US\$m	30 Jun 2018	31 Dec 2017 ²	Cash Flow
Contract assets & inventories	2,249	2,422	67
Trade & other receivables	1,566	1,478	(90)
Trade & other payables	(1,090)	(1,139)	(13)
Accrued contract expenses	(1,597)	(1,956)	(421)
Contract liabilities	(420)	(383)	36
Working capital (balance sheet)	708	422	(421)
Other ¹			(17)
Net working capital outflow (cash flow)			(438)

¹ Including related party receivables, other current financial assets and assets held for sale

² Pro forma balance sheet as if IFRS 15 had applied at 31 December 2017. See IFRS 15 presentation on www.petrofac.com

For further details, please contact



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