Petrofac

30

CELEBRATING 30 YEARS OF
Petrofac
1981-2011

2010

Final Results

7 March 2011

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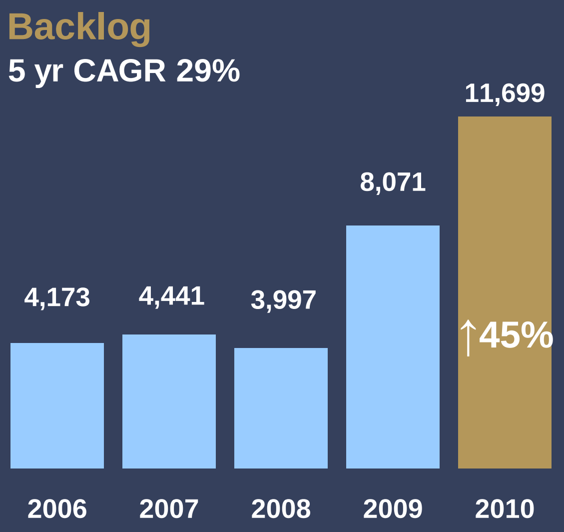
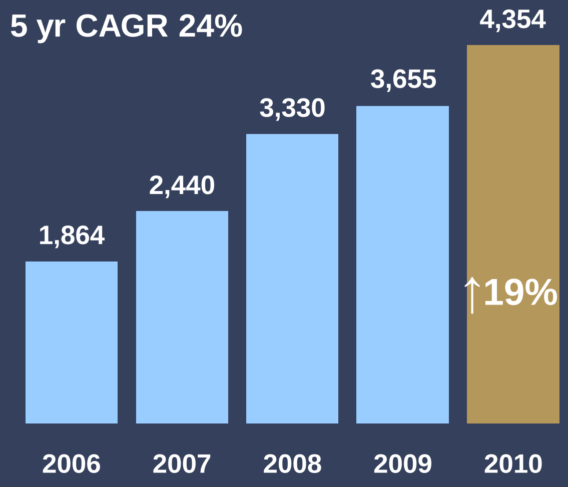
Headlines

- Strong financial performance in 2010, including US$125m gain on EnQuest demerger
- Year-end backlog increased to US$11.7bn following record order intake of US$7.8bn; augmented by US$1.2 billion award in January, giving outstanding revenue visibility
- Medium-term Engineering & Construction net margin guidance ↑100bps to around 11%
- Guidance of like-for-like net profit growth of at least 15% for 2011(1)



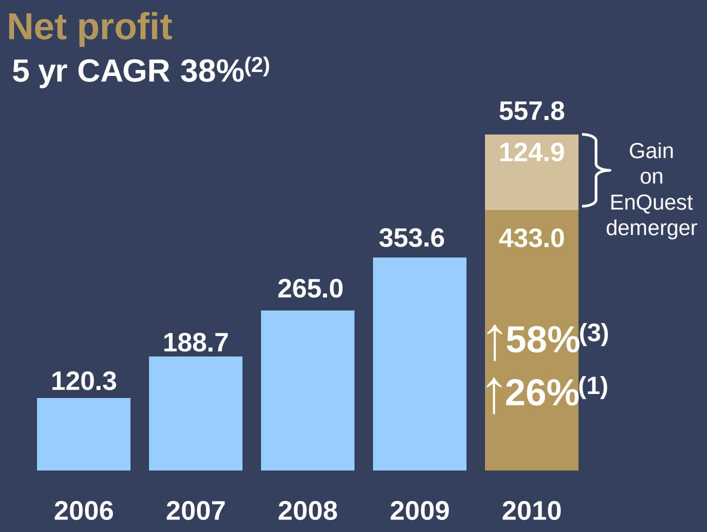
Backlog

5 yr CAGR 29%



Revenue

5 yr CAGR 24%



Net profit

5 yr CAGR 38%(2)

Note: all figures presented above are for the group's continuing operations and are for financial years ended 31 December (US$ millions)

(1) Like-for-like net profit growth, excluding the gain on the EnQuest demerger and the trading net profit from the Don assets for 2009 and 2010

(2) Excluding the gain on the EnQuest demerger

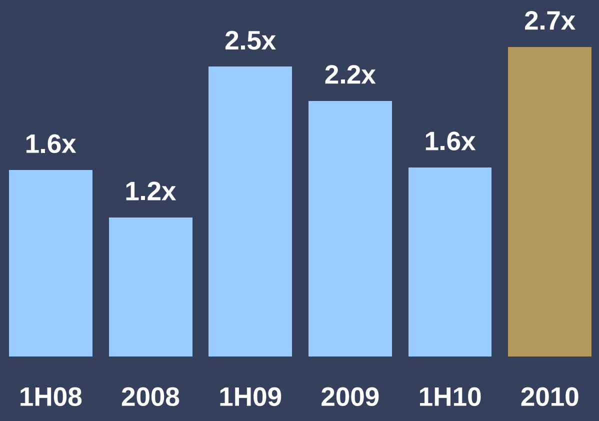
(3) Including the gain on the EnQuest demerger

Backlog

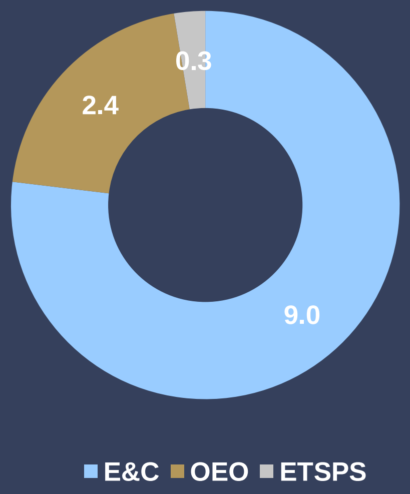
- Record backlog gives outstanding revenue visibility
- Engineering & Construction backlog ↑45% to US$9.0bn following awards in Turkmenistan, Qatar, Kuwait and Malaysia
- Offshore Engineering & Operations backlog ↑54% due to good bidding success and a general improvement in market conditions

Backlog visibility

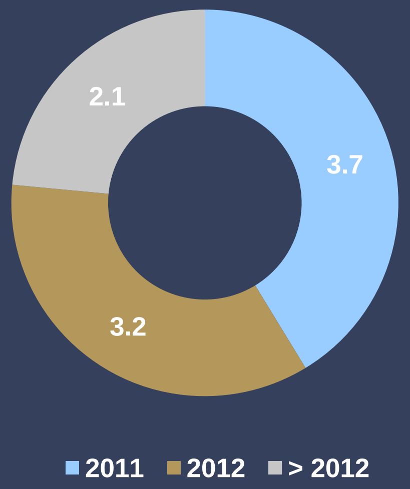
Backlog / Trailing 12 month revenues



2010 backlog (US$bn)



E&C 2010 backlog by year (US$bn)



Managing risk as we grow

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- We continue to grow our geographic footprint and expand our service offering
- Achieving growth successfully requires a robust approach to risk management:
  - leveraging our local knowledge and relationships to move into adjacent geographies
  - strategic methods of country entry
  - innovative and flexible commercial structures

Examples of managed growth:

- South Yoloten, Turkmenistan: country entry via two stage contract
- Laggan Tormore, UK: first EPC contract in UK leveraging in-country experience and capability from across the group
- Seven Energy, Nigeria: country entry via strategic alliance with indigenous company
- Berantai and Sepat, Malaysia: leveraging in-country experience to develop commercial offering

South Yoloten, Turkmenistan

- Two-stage contract awarded in December 2009 by state-owned Turkmengas
  1) US$100m FEED study/initial planning for 10 bcma gas processing facility and surface field facilities for 20 bcma
  2) lump-sum EPC for above, with value of US$3.4bn; commenced December 2010
- Good start to EPC phase with main subcontractors appointed

- Turkmenistan has 4th largest gas reserves in world
- South Yoloten project represents a critical step in Turkmenistan's hydrocarbon strategy
- South Yoloten field gas is sour (more than 6% H2S content) - Petrofac has extensive expertise in this area
- Further in-country opportunities may follow as significant investment expected over next few years

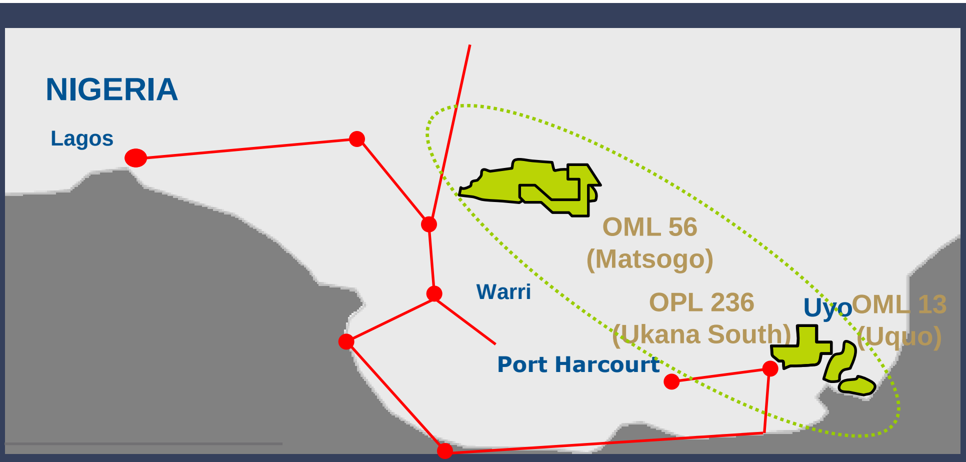
Laggan Tormore, UK

- Offshore Engineering & Operations led contract for the development of a gas processing plant on the Shetland Islands for Total
- Supported by Engineering & Construction; highlights the strength of our combined service offering
- First predominantly lump-sum EPC contract in the UK; part of strategic growth plan for Offshore Engineering & Operations

- 500 million standard cubic feet per day gas processing plant
- The Shetland Islands is a remote location with harsh weather conditions, to which we can bring our significant experience
- Total is a major international customer for whom Offshore Engineering & Operations has been providing operations and maintenance support in the North Sea since 2005

Seven Energy, Nigeria

- We have entered into a strategic alliance with Seven Energy, a Nigerian production and development company
- We will assist with Seven Energy to develop its production, processing and transportation assets
  - Seven Energy's focus on gas supply projects near to delivery is a key differentiator
- Through our alliance we aim to establish an ongoing local presence in Nigeria



🟩 Seven Energy field

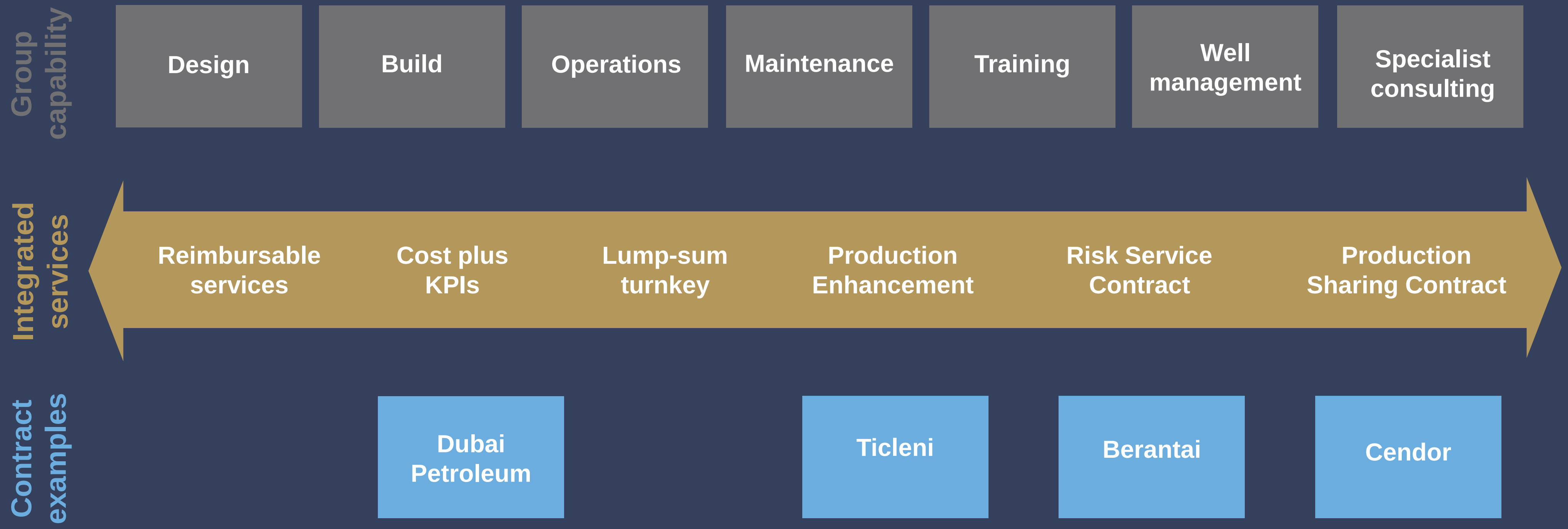
Core area of operation based on gas market and security assessment

Gas pipeline

- Petrofac has been exploring options for entry into Nigeria for several years
- Nigerian oil & gas market is characterised by large reserves and undeveloped domestic infrastructure
- Shortage of credible and competent providers of engineering and project management services in Nigeria

Integrated services

- Increased opportunity to provide integrated services to resource holders
- A broad range of commercial models are offered by Production Solutions and Energy Developments
- Anticipate significant investment over the next 5 years



Group capability

Design

Build

Operations

Maintenance

Training

Well management

Specialist consulting

Integrated services

Reimbursable services

Cost plus KPIs

Lump-sum turnkey

Production Enhancement

Risk Service Contract

Production Sharing Contract

Contract examples

Dubai Petroleum

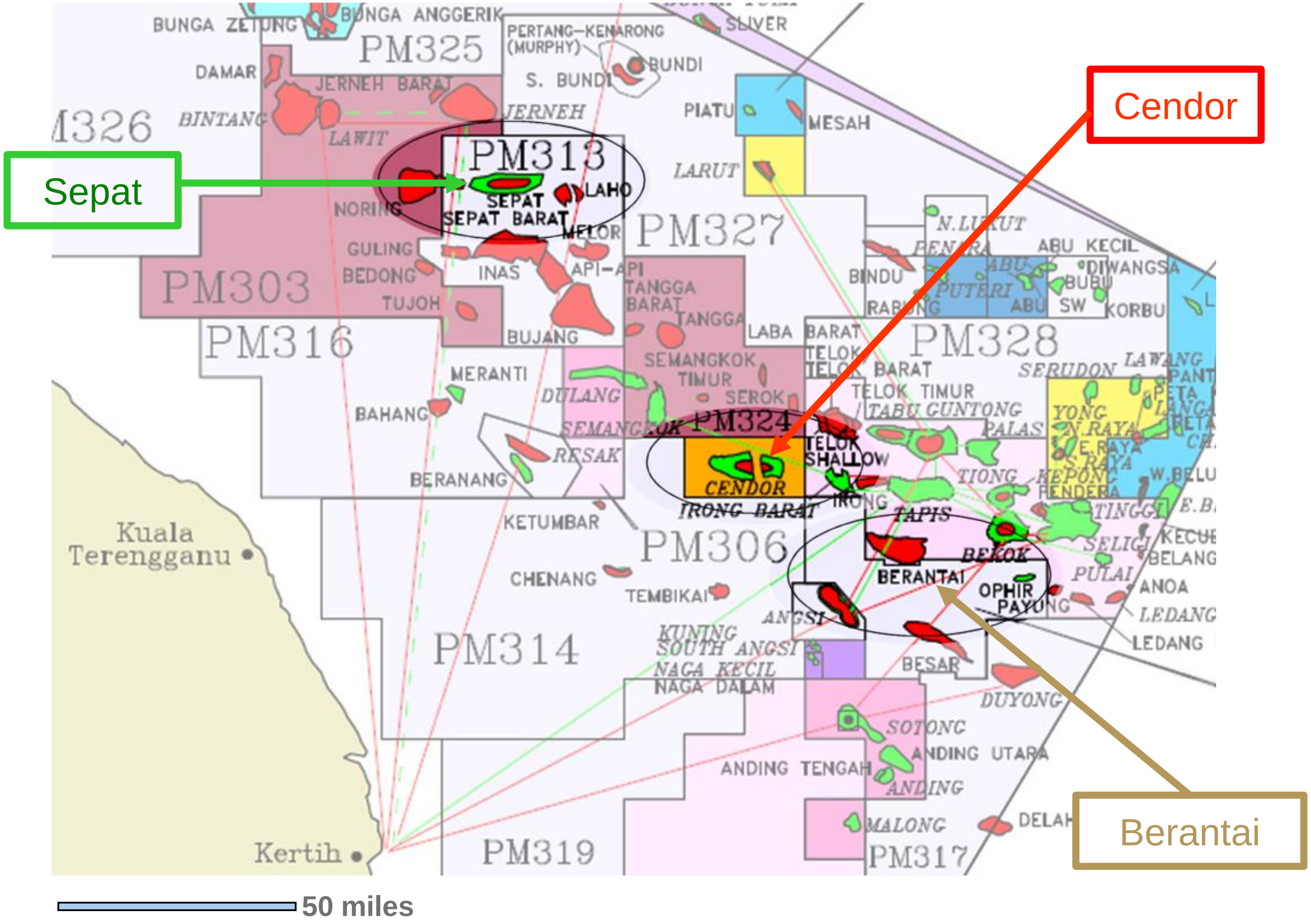
Ticleni

Berantai

Cendor

Malaysian operations

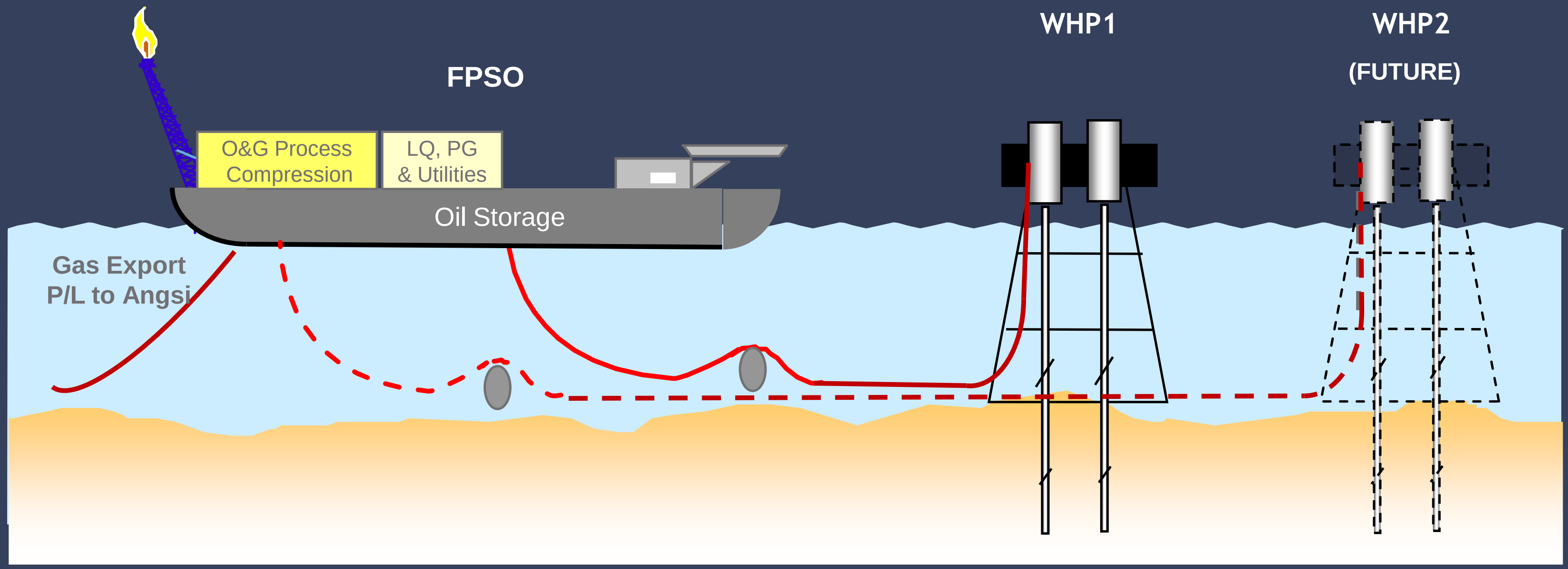
- Multiple ongoing projects creates efficiencies and alignment with the customer



Berantai field, Malaysia

- We have signed a Risk Services Contract to lead the development of the Berantai field
- We will work with local partners Kencana and Sapura to develop the field and then operate it for seven years
- Departure from the established Production Sharing Contract framework in Malaysia
  - lower exposure to subsurface and commodity price risk
  - return linked to performance against agreed incentive structure

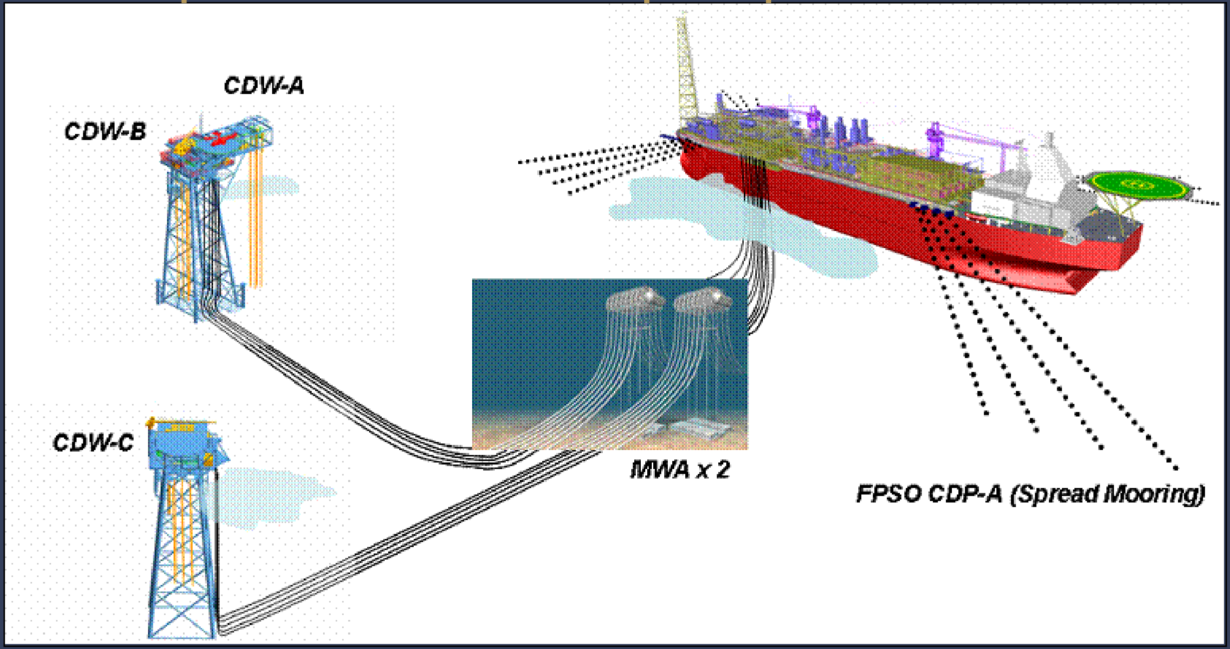
Berantai full field development plan



Cendor field (phase 2), Malaysia

- Second phase of development of Block PM304 is underway
- Near field resource areas identified which could sustain production from phase 2 infrastructure for many years
- Berantai Field Development Plan mirrors Cendor phase two, we can leverage experience and teams as a result

Cendor phase two full field development plan



- Existing MOPU and FSO to be replaced with a permanent FPSO and fixed wellhead structures
- Designed to increase production capacity to 35,000 bopd

Income Statement

US$m	2010	2009 Restated	Variance
Revenue	4,354.2	3,655.4	↑ 19%
Operating profit	663.5	432.0	↑ 54%
Profit before tax	668.4	438.3	↑ 52%
Income tax expense	(110.5)	(84.5)	
Profit for the period	557.9	353.8	↑ 58%
EnQuest gain	124.9		
Profit excluding EnQuest gain	433.0	353.6	↑ 22%
Full year dividend	43.8	35.8	↑ 22%

	2010 inc EnQuest gain	2010 exc EnQuest gain	2009
ROCE	65.2%	53.0%	46.9%
EPS, diluted (cents per share)	162.5	126.1	103.2
EPS growth	↑ 57%	↑ 22%	

Note: all figures presented above are for the group's continuing operations and are for the full year period ended 31 December (US$ millions);

Cash flow and gross cash balances

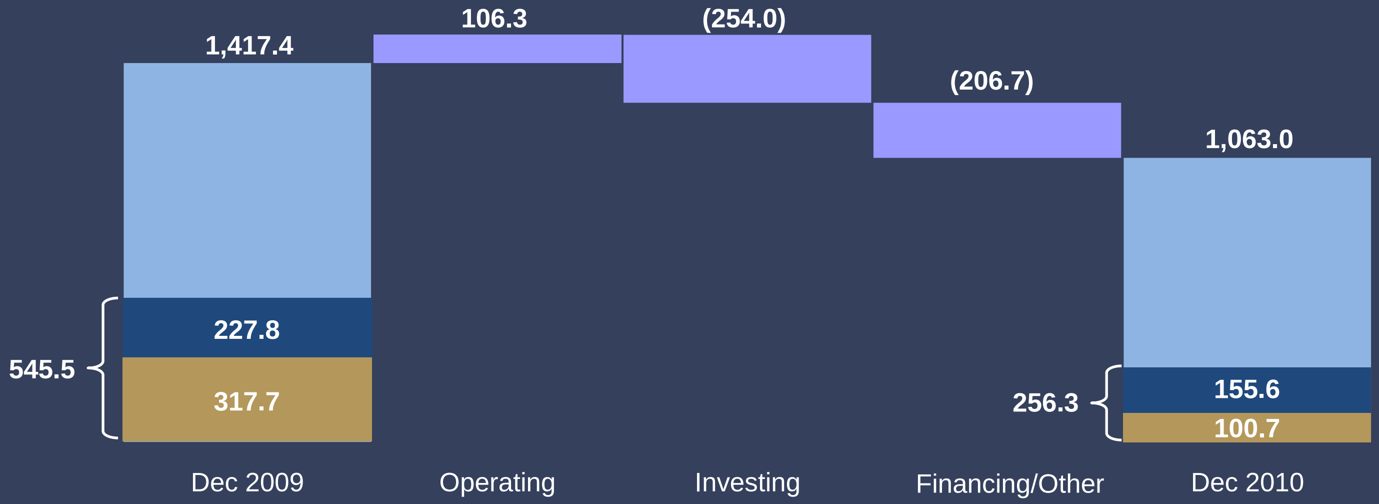
Cash position remains strong at US$1.1bn:

- Net working capital outflows due to an increase in WIP on Engineering & Construction contracts and a reduction in advance payments
- Investing activities include US$115m of capex additions and US$100m on Seven Energy investment
- Financing activities include payment of dividends of US$132m

Gross cash position and cash flow movements (US$m)

🟦 = *'Billings in excess of cost and estimated earnings' less amounts billed in advance but not received*

🟫 = *'cash advances', measured as 'Advances received from customers' net of any associated work in progress (on a project by project basis)*

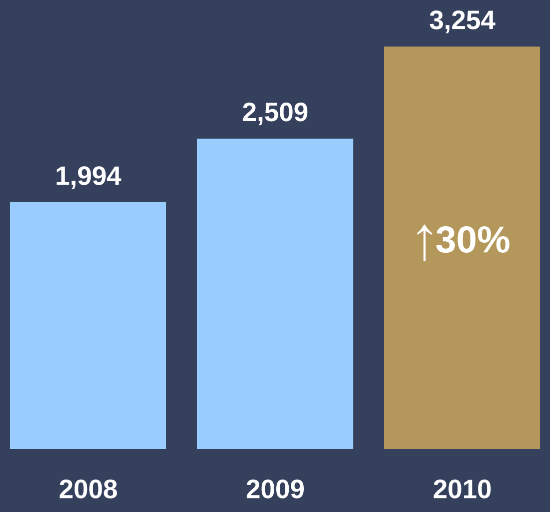


Engineering & Construction

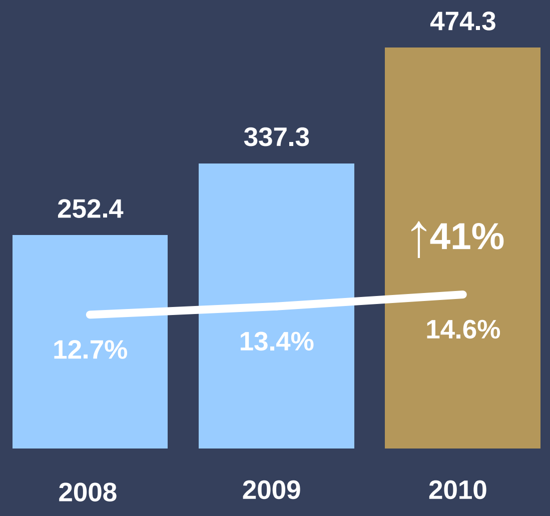
Continues to perform strongly:

- Revenue ↑30% - high activity levels due to projects won in 2009 and late 2008
- Net profit ↑41% - due to continued strong operational performance, substantial completion of projects and first time profit recognition
- Net profit margin increased to 11.5%
- Net profit margin guidance increased by 100bps to around 11%

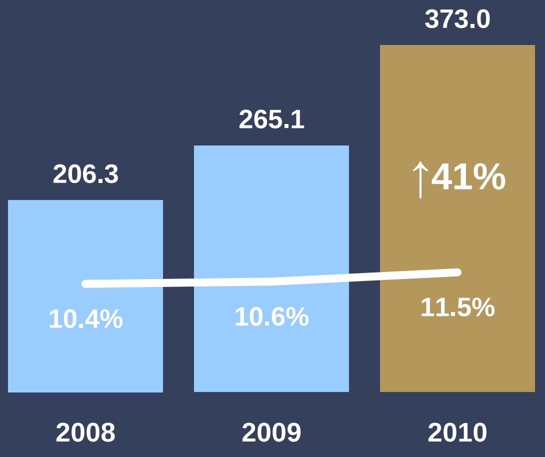
Revenue (US$m)



EBITDA (US$m) and margin



Net profit (US$m) and margin

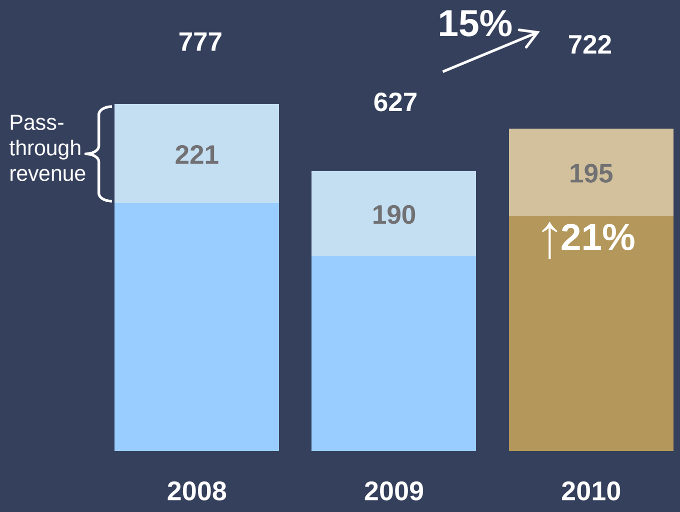


Offshore Engineering & Operations

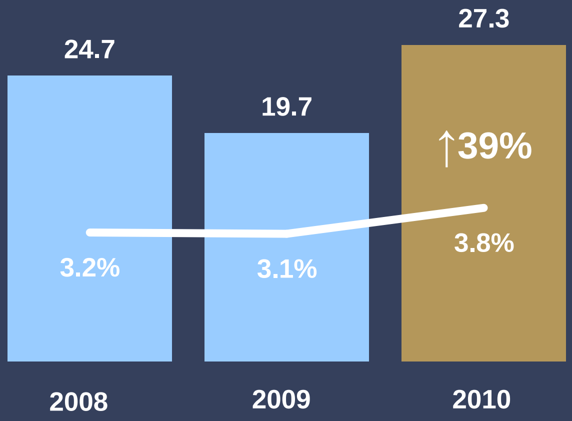
Growth in revenue and net profit:

- Net revenue ↑21%, net profit ↑34% - due to increased activity levels from major new contract awards in 2H 2009 and 2010 and a general improvement in market conditions
- Net margin on net revenue increased from 2.9% to 3.3%, driven by:
  - new higher margin contracts
  - careful management of SG&A costs

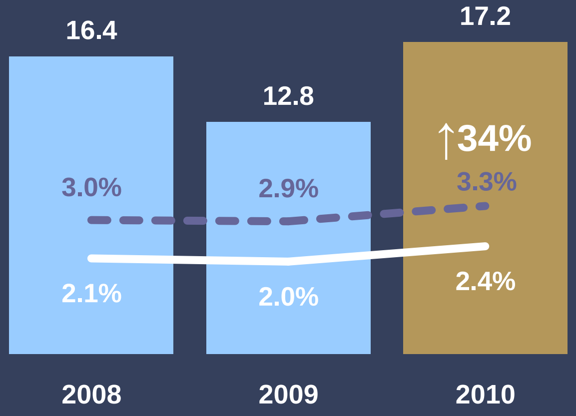
Revenue (US$m)



EBITDA (US$m) and margin



Net profit (US$m) and margin(1)

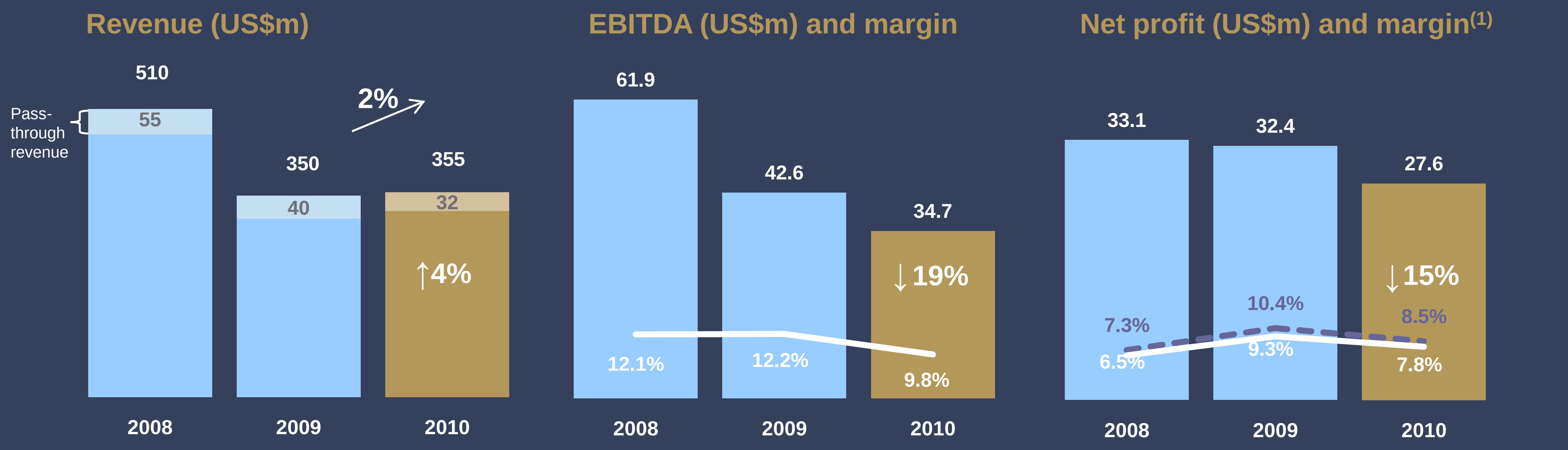


(1) Dotted line indicates net margin on revenue net of pass-through revenue

Engineering, Training, Production Solutions

Mixed results across the business units:

- Revenues slightly improved – an increase in Training and Engineering Services, largely offset by lower revenues in Production Solutions
- Net profit ↓15%, net margins decreased to 8.5% – mostly due to change in scope on Dubai Petroleum contract (subsequently reported in Offshore Engineering & Operations)



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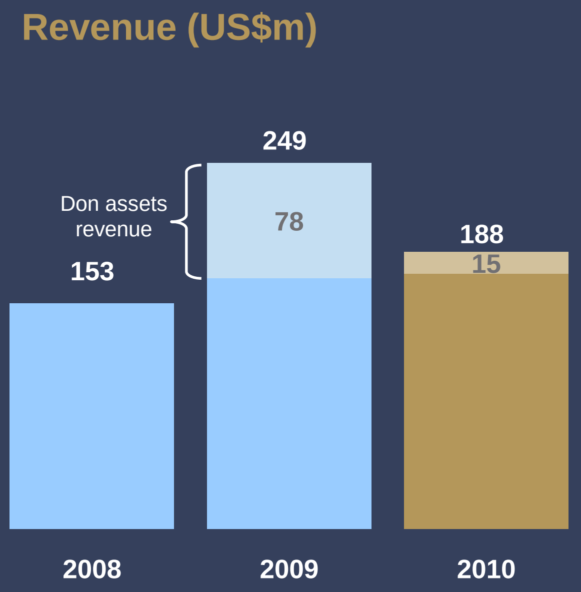
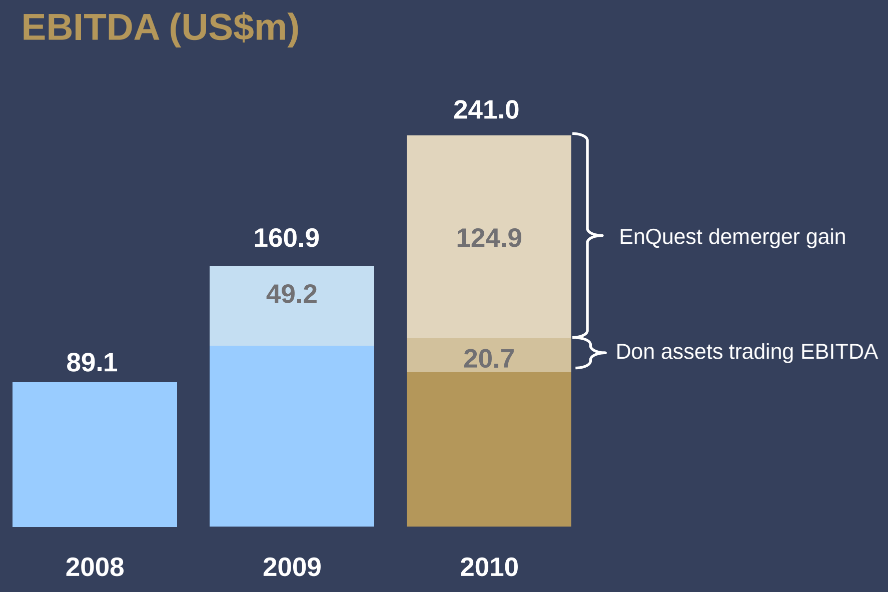
(1) Dotted line indicates net margin on revenue net of pass-through revenue

Energy Developments

Results primarily affected by EnQuest demerger gain and loss of contribution from the Don assets:

- Excluding Dons’ contribution revenue ↑2% primarily due to higher average oil prices
- Excluding demerger gain and Dons’ contribution EBITDA ↓15% primarily due to lower production on Cendor





Summary and outlook

- Strong financial performance, with 2010 net profit growth of 26% on a like-for-like basis
- Record year-end backlog of US$11.7 billion, augmented by US$1.2 billion award in January, gives outstanding revenue visibility for 2011 and beyond
- Competitive position in our core markets, which have strong growth prospects
- Guidance on sector-leading Engineering & Construction net margins raised by 100bps to around 11%
- Increasing opportunities to provide integrated services directly for resource holders, under flexible commercial models

We are confident that we will deliver like-for-like net profit growth in 2011 of at least 15%

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Appendices

Appendix 1: Largest current EPC contracts

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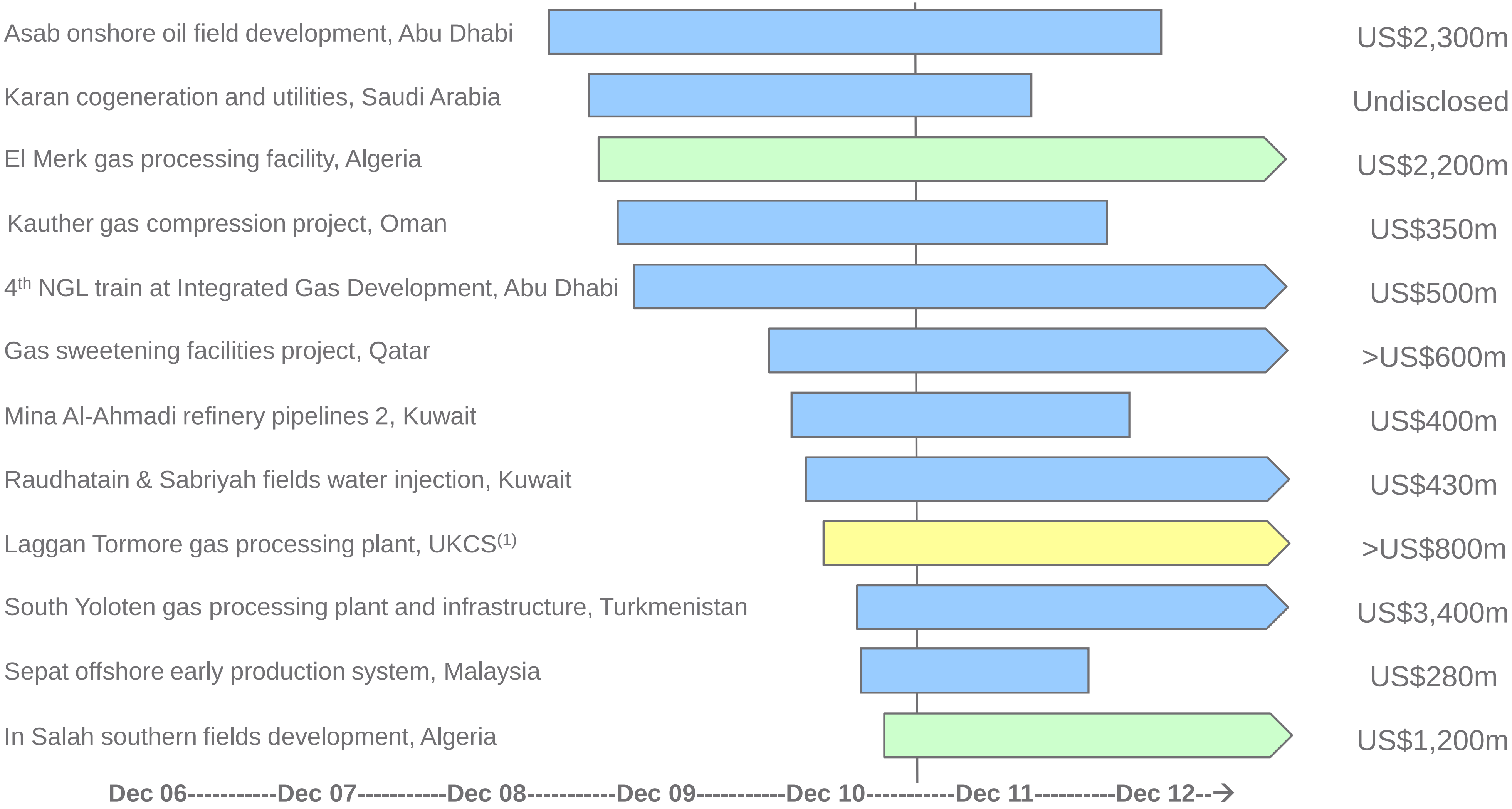
Customer key:
🟦 *NOC/NOC led company/consortium* 🟩 *Joint NOC/IOC company/consortium* 🟨 *IOC/IOC led company/consortium*



	Original contract value to Petrofac
Asab onshore oil field development, Abu Dhabi	US$2,300m
Karan cogeneration and utilities, Saudi Arabia	Undisclosed
El Merk gas processing facility, Algeria	US$2,200m
Kauther gas compression project, Oman	US$350m
4th NGL train at Integrated Gas Development, Abu Dhabi	US$500m
Gas sweetening facilities project, Qatar	>US$600m
Mina Al-Ahmadi refinery pipelines 2, Kuwait	US$400m
Raudhatain & Sabriyah fields water injection, Kuwait	US$430m
Laggan Tormore gas processing plant, UKCS(1)	>US$800m
South Yoloten gas processing plant and infrastructure, Turkmenistan	US$3,400m
Sepat offshore early production system, Malaysia	US$280m
In Salah southern fields development, Algeria	US$1,200m

Dec 06-----------Dec 07-----------Dec 08-----------Dec 09-----------Dec 10-----------Dec 11----------Dec 12--→

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(1) Scope shared between E&C and OEO

Appendix 2: Effective tax rate

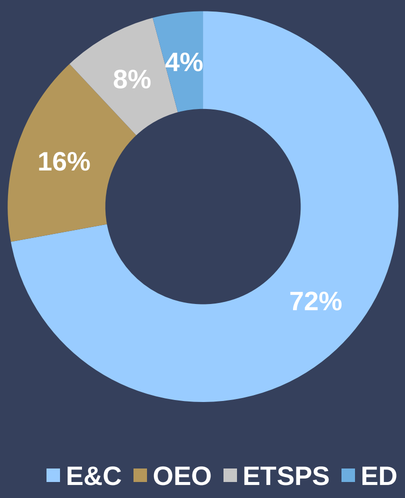
Tax charge by segment	2010 reported(1)	2009 restated
Engineering & Construction	17%	19%
Offshore Engineering & Operations	27%	27%
Engineering, Training and Production Solutions	(4%)	2%
Energy Developments(1)	50%	31%

- Engineering & Construction ETR marginally lower due to material changes in the jurisdictions in which profits were earned
- Engineering, Training and Production Solutions incurred a tax credit relating largely to Engineering Services
- Energy Developments higher due to ring fence expenditure supplement no longer being available for claim following the EnQuest demerger

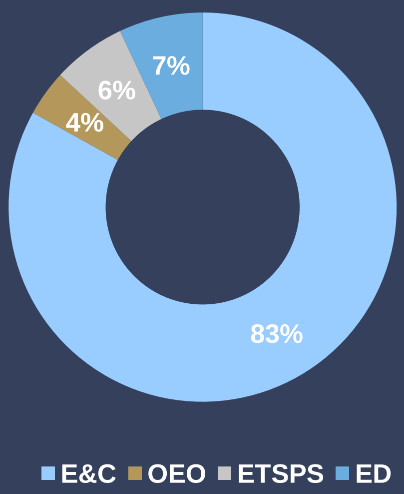
(1) Excluding the US$124.9m gain on the EnQuest demerger (non-chargeable gain for UK tax)

Appendix 3: Segmental performance

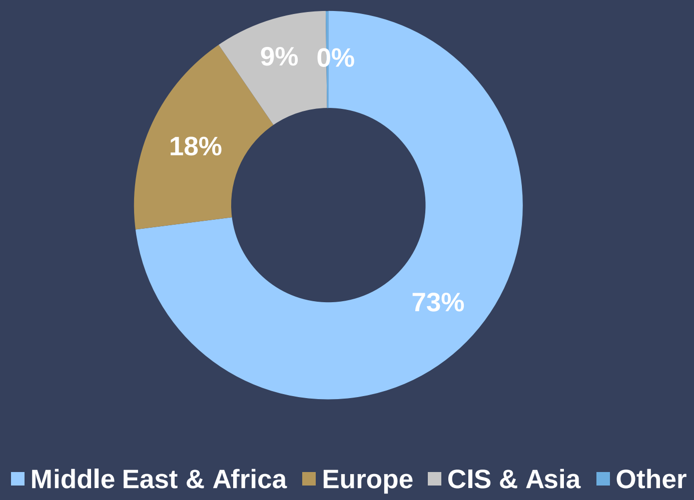
- Engineering & Construction earned 72% of revenue and 83% of net profit
- Middle East and Africa: a key geographic market for Engineering & Construction
- Europe: activity principally in UK North Sea, where majority of Offshore Engineering & Operations revenues are generated
- CIS & Asia: primarily relates to Engineering & Construction activity in Kazakhstan, with increasing contributions from Turkmenistan and Malaysia



2010 Revenue



2010 Net Profit(1)



2010 Revenue

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(1) Excluding the US$124.9m gain on the EnQuest demerger

Appendix 4: Employee numbers

- 13,900 people in 6 key operating centres and 19 offices
- EPC headcount includes the engineering offices in Mumbai and Chennai, which although reported in ETSPS principally support E&C activities
- Approximately 4,000 employee shareholders or participants in employee share schemes

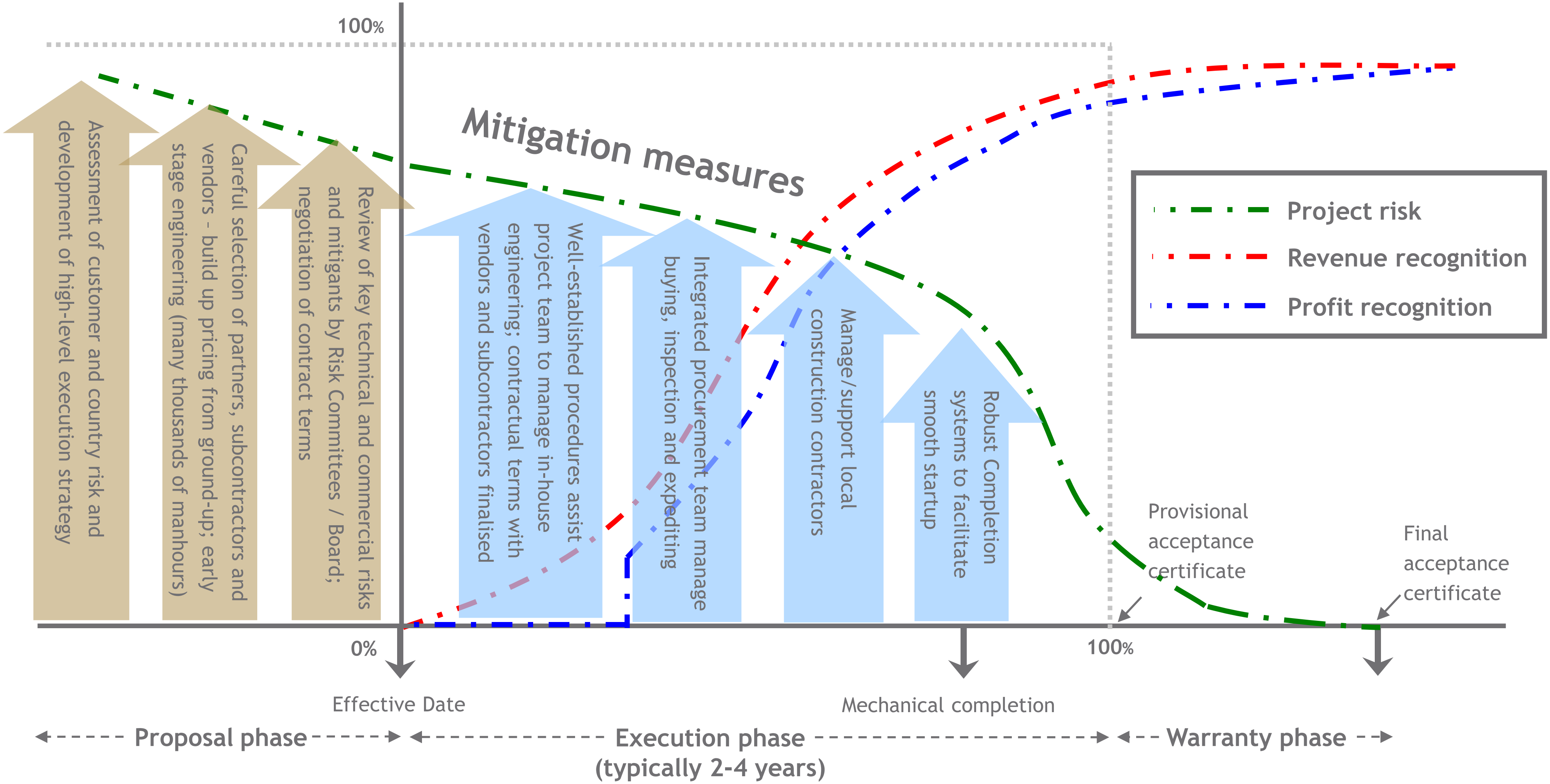
EPC headcount

5 yr CAGR 31%

Appendix 5: Organisational structure

Reporting Segments	Engineering & Construction		Offshore Engineering & Operations	Engineering, Training Services and Production Solutions			Energy Developments
Business Units	Engineering & Construction Sharjah	Engineering & Construction Ventures	Offshore Engineering & Operations	Engineering Services	Training	Production Solutions	Energy Developments
Key Elements	Sharjah EPC business	EPC in new markets: Abu Dhabi Saudi Arabia LNG	Operations Management Offshore Projects	Reimbursable engineering • Woking • Mumbai • Chennai	Health & Safety training Technical training Consultancy	SPD Eclipse Caltec Plant Asset Mgmt.	Co-investment in upstream and energy infrastructure assets

Appendix 6: EPC risk management



Mitigation measures

Assessment of customer and country risk and development of high-level execution strategy

Careful selection of partners, subcontractors and vendors - build up pricing from ground-up; early stage engineering (many thousands of manhours)

Review of key technical and commercial risks and mitigants by Risk Committees / Board; negotiation of contract terms

Well-established procedures assist project team to manage in-house engineering; contractual terms with vendors and subcontractors finalised

Integrated procurement team manage buying, inspection and expediting

Manage/support local construction contractors

Robust Completion systems to facilitate smooth startup

Proposal phase

Execution phase (typically 2-4 years)

Warranty phase

Notes

- EBITDA means earnings before interest, tax, depreciation and amortisation and is calculated as profit from operations before tax and finance costs adjusted to add back charges for depreciation, amortisation and impairment.
- Net profit (for the group) means profit for the period from operations attributable to Petrofac Limited shareholders
- Backlog consists of the estimated revenue attributable to the uncompleted portion of lump-sum engineering, procurement and construction contracts and variation orders plus, with regard to engineering services and facilities management contracts, the estimated revenue attributable to the lesser of the remaining term of the contract and, in the case of life of field facilities management contracts, five years. To the extent work advances on these contracts, revenue is recognised and removed from the backlog. Where contracts extend beyond five years, the backlog relating thereto is added to the backlog on a rolling monthly basis. Backlog includes only the revenue attributable to signed contracts for which all pre-conditions to entry have been met and only the proportionate share of joint venture contracts that is attributable to Petrofac. Backlog does not include any revenue expected to arise from contracts where the customer has no commitment to draw upon services from Petrofac. Backlog is not an audited measure. Other companies in the oil and gas industry may calculate these measures differently. Order intake comprises new contracts awarded, growth in scope of existing contracts and the rolling increment attributable to contracts which extend beyond five years.
- The group reports its financial results in US dollars and, accordingly, will declare any dividends in US dollars together with a Sterling equivalent. Unless shareholders have made valid elections to the contrary, they will receive any dividends payable in Sterling. Conversion of the 2010 final dividend from US dollars into Sterling is based upon an exchange rate of US$1.6290:£1, being the Bank of England Sterling spot rate as at midday, 4 March 2011.
- Operating profit means profit from operations before tax and finance costs.

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Contact information:

Jonathan Low
Head of Investor Relations
ir@petrofac.com
020 7811 4900

Tess Palmer
Investor Relations Officer
ir@petrofac.com
020 7811 4900