THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document comprises: (i) a circular prepared in accordance with the Listing Rules made under section 73A of the FSMA for the purpose of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a simplified prospectus for the purposes of Article 14 of the UK version of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") as amended (the "**Prospectus Regulation**") relating to Petrofac Limited ("**Petrofac**" or the "**Company**") prepared in accordance with the prospectus regulation rules of the UK Financial Conduct Authority (the "**FCA**") made under section 73(A) of the FSMA (the "**Prospectus Regulation Rules**").

The prospectus contained herein has been approved by the FCA, as competent authority under the Prospectus Regulation, in accordance with the Prospectus Regulation Rules. The FCA only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of shares in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. It should be remembered that the price of securities and the income from them can go down as well as up.

This document together with the documents incorporated into it by reference (as set out in Part XI of this document) will be made available to the public in accordance with Prospectus Regulation Rule 3.2.1 by the same being made available, free of charge, at www.petrofac.com and at the Company's registered office at Intertrust Corporate Services (Jersey) Limited, 44 Esplanade, St Helier, Jersey JE4 9WG.

If you sell or have sold or have otherwise transferred all of your Shares (other than ex-entitlement) held in certificated form before 8.00 a.m. (London time) on 27 October 2021 (the "**Ex-Entitlement Date**"), please send this document, together with the Application Form, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to, the United States or any of the Excluded Territories. If you sell or have sold or have otherwise transferred all or some of your Existing Shares (other than ex-entitlement) held in uncertificated form before the Ex-Entitlement Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-entitlement) held in certificated form before the Ex-Entitlement Date, you should refer to the instruction regarding split applications in Part III of this document and in the Application Form.

The Company and its directors, whose names appear on page 41 of this document (the "**Directors**"), accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and makes no omission likely to affect its import.

The distribution of this document, any other offering or publicity material relating to the Firm Placing and Placing and Open Offer and/or any Application Form and/or the transfer of New Shares into jurisdictions other than the United Kingdom, may be restricted by law and therefore persons into whose possession this document and/or any accompanying document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the enclosures and the Application Form and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories.

Petrofac

Petrofac Limited

(incorporated and registered in Jersey with registered number 81792)

Firm Placing of 87,119,226 Firm Placing Shares at £1.15 each

Placing and Open Offer of 86,478,186 Open Offer Shares at £1.15 each

Notice of General Meeting

Sponsor and Joint Bookrunner	*Joint Bookrunner*
J.P. Morgan Cazenove	**Goldman Sachs International**

Your attention is drawn to the letter of recommendation from the Chairman which is set out in Part I **of this document. Your attention is also drawn to the section headed "Risk Factors" at the beginning of this document, which sets out certain risks and other factors that should be considered by Shareholders when deciding on what action to take in relation to the Firm Placing and Placing and Open Offer, and by others when deciding whether or not to subscribe for New Shares.**

A Notice of General Meeting of the Company, to be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, is set out at the end of this document. If you wish to appoint a proxy, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, Equiniti (Jersey) Limited, by not later than 10.00 a.m. on 10 November 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting excluding any part of a day that is not a working day). You may also submit your proxy electronically at http://www.sharevote.co.uk using the Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. If you are a member of CREST you may be able to use the CREST, electronic proxy appointment service.

The Company will continue to closely monitor the developing impact of COVID-19, including the latest guidance from the UK Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, this will be notified to Shareholders on the Group's website and/or via a Regulatory Information Service.

The Shares are listed on the premium listing segment of the Official List maintained by the FCA and traded on the London Stock Exchange's main market for listed securities. Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively (together, "**Admission**"). It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. (London time) on 15 November 2021.

The New Shares and the Application Forms will not be registered or qualified for distribution to the public under the securities laws of the United States or any Excluded Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions. There will be no public offer in the United States or any of the Excluded Territories.

J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) ("**J.P. Morgan**") and Goldman Sachs International ("**Goldman Sachs**") (together, the "**Joint Bookrunners**") are each authorised and regulated in the United Kingdom by the FCA. Each of the Joint Bookrunners is acting exclusively for the Company and no one else in connection with the Firm Placing and Placing and Open Offer and Admission, will not regard any other person (whether or not a recipient of this document) as its client in relation to the Firm Placing and Placing and Open Offer or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, or for providing advice, in relation to the Firm Placing and Placing and Open Offer, Admission or any other transaction or arrangement referred to herein.

None of the Joint Bookrunners or their respective affiliates accepts any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Shares, the Application Form or the Firm Placing and Placing and Open Offer or any other transaction or arrangement referred to herein. Each of the Joint Bookrunners and their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any duty, liability, or responsibility whatsoever, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Bookrunners or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future, provided that nothing in this paragraph shall seek to exclude or limit any responsibilities or liabilities which may arise under the FSMA or the regulatory regime established thereunder.

The contents of this document are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his or her own legal adviser, business adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

It is expected that Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will be sent an Application Form on 27 October 2021, and that Qualifying CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will receive a credit to their appropriate stock accounts in CREST in respect of the New Shares to which they are entitled on 28 October 2021. The New Shares so credited are expected to be enabled for settlement by Euroclear as soon as practicable after Admission.

The Joint Bookrunners may, in accordance with applicable legal and regulatory provisions and subject to the Placing Agreement, engage in transactions in relation to the Shares (including New Shares) and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Accordingly, references in this document to Shares (including New Shares) being offered or sold should be read as including any offering or sale of Shares (including New Shares) to the Joint Bookrunners or any of their respective affiliates acting in such capacity. In addition, either Joint Bookrunner and its respective affiliates may enter into financing arrangements (including swaps, warrants or margin loans) with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time acquire, hold or dispose of Shares (including New Shares). Except as required by applicable law or regulation, the Joint Bookrunners and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

Each of the Joint Bookrunners and their respective affiliates may have engaged in transactions with, and may provide various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Each of the Joint Bookrunners and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

The latest time and date for acceptance and payment in full for the Open Offer Shares Qualifying Shareholders is expected to be 11.00 a.m. on 11 November 2021. The procedures for acceptance and payment are set out in Part III of this document and, for Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories), also in the Application Form. Overseas Shareholders with registered addresses in the United States or the Excluded Territories should refer to paragraph 7 of Part III of this document.

Notice to investors and Shareholders in the United States and Excluded Territories

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Shares in the United States.

The New Shares are being offered: (i) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the Securities Act ("**QIBs**") who are subscribing for the New Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that sellers of the New Shares are relying upon an exemption from the registration requirements of Section 5 of the Securities Act.

The New Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Subject to certain exceptions, this document does not constitute an offer of the New Shares to any person with a registered address, or who is resident or located in the United States or any of the Excluded Territories. Notwithstanding the foregoing, the New Shares may be offered or sold to, and Application Forms may be delivered to, QIBs in the Open Offer pursuant to an applicable exemption from the registration requirements of the Securities Act. The New Shares may also be offered or sold to QIBs in the

Placing or the Firm Placing pursuant to an applicable exemption from the registration requirements of the Securities Act.

Any person in the United States who obtains a copy of this document or an Application Form and who is not a QIB is required to disregard them. QIBs that satisfy the Company as to their status may exercise the Open Offer Entitlements by delivering a properly completed Application Form to the Receiving Agent in accordance with the procedures set out in this document. QIBs must also complete, execute and return to the Company, an Investor Representation Letter as described in Section 9.4 of Part III (Details of the Capital Raise) of this document, and may be required to make certain certifications in the Application Form for the Open Offer Entitlements.

The New Shares have not been and will not be registered or qualified under the relevant laws of any state, province or territory of the United States or any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States or any Excluded Territory except pursuant to an applicable exemption from registration requirements.

Notice to all Investors

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Shares is prohibited. By accepting delivery of this document, each offeree of the New Shares agrees to the foregoing.

The distribution of this document and/or the Application Form and/or the transfer of the New Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories. The New Shares and the Application Forms are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 7 of Part III of this document. No action has been taken by the Company, or by the Joint Bookrunners, that would permit an offer of the New Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Application Forms in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by the Joint Bookrunners. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Without limitation, the contents of the Group's websites do not form part of this document.

Capitalised terms have the meanings ascribed to them in Part XII of this document.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (b) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the offer of New Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A, respectively, of the FCA Handbook Conduct of Business Sourcebook; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018); and (iii) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that they are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**MiFID II Target Market Assessment**"). Notwithstanding the MiFID II Target Market Assessment, Distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The MiFID II Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer of New Shares. Furthermore, it is noted that, notwithstanding the MiFID II Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the MiFID II Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Shares.

Each Distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

WHERE TO FIND HELP

Part II of this document answers some of the questions most often asked by shareholders about placings and open offers. If you have further questions, please call Equiniti Limited ("Equiniti"). If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.–5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

This document is dated 26 October 2021.

TABLE OF CONTENTS

SUMMARY

A. INTRODUCTION AND WARNINGS

A.1.1 *Name and international securities identifier number (ISIN) of the securities*

The name of the issuer is Petrofac Limited and the ISIN code of the Shares is GB00B0H2K534.

A.1.2 *Identity and contact details of the issuer, including their legal entity identifier (LEI)*

The Company is incorporated and registered in Jersey as a public limited company, limited by shares. Its registered office is situated at 44 Esplanade, St Helier, Jersey, JE4 9WG, and its registered number is 81792. The Company also maintains a corporate services office at 117 Jermyn Street, London SW1Y 6HH. The Company's telephone number is +44 (0) 207 811 4900 and its LEI is 2138004624W8CKCSJ177.

A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This document has been approved by the FCA, as competent authority in the United Kingdom, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom, and telephone number +44 20 7066 1000, in accordance with the Prospectus Regulation.

A.1.4 *Date of approval of the document*

This document was approved as a prospectus by the FCA on 26 October 2021.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or if it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the securities.

B. KEY INFORMATION ON THE ISSUER

B.1 *Who is the issuer of the securities?*

B.1.1 *Domicile, legal form, Legal Entity Identifier (LEI), jurisdiction of incorporation and country of operation*

The Company was incorporated and registered in Jersey on 10 January 2002, with registered number 81792, as a public company limited by shares under the Companies (Jersey) Law 1991.

The Company is domiciled in Jersey and its registered office is at 44 Esplanade, St Helier, Jersey, JE4 9WG. The Company also maintains a corporate services office at 117 Jermyn Street, London SW1Y 6HH. The Company's main telephone number is +44 (0) 207 811 4900.

The Company's LEI is 2138004624W8CKCSJ177.

The principal legislation under which the Company operates is the Companies (Jersey) Law 1991.

B.1.2 *Principal activities*

Petrofac is a leading international service provider to the energy industry, with a diverse client portfolio that includes many of the world's leading integrated, independent and national energy companies as well as renewable energy companies, and enterprises involved in decarbonisation activities. The Group's purpose is to enable its clients to meet the world's evolving energy needs, which it aims to undertake through its vision to be the preferred services partner to the energy industry.

Since Petrofac's inception in 1981 as a Texas-based designer and fabricator of modular plants, the Group has grown its operations across 29 countries. The Group's operating activities include designing, building, managing and maintaining infrastructure for clients in energy industries by providing services at each stage of the project lifecycle. In nearly four decades of operations, Petrofac has developed a wide range of skills and capabilities, which it uses to help hydrocarbon resource holders develop and unlock the value of new and existing oil and gas assets, both onshore and offshore. In addition, it has developed skills that are used by renewable energy companies to access offshore wind electricity generation, carbon capture and sequestration and hydrogen generation. In recent years, the Group has refocused on its core activities, reducing the capital intensity of the Group in a move towards a capital-light business model.

The Group's operations are organised according to three operating segments, each of which comprises a separate operating division: Engineering & Construction ("**E&C**"), Engineering & Production Services ("**EPS**") and Integrated Energy Services ("**IES**"). In addition, Petrofac has an established track record in supporting new energy projects in a wide range of different technologies, which it coordinates across its service activities through the New Energy Services ("**NES**") business line.

B.1.3 *Major shareholders*

Insofar as the Company had been notified under the Disclosure Guidance and Transparency Rules, the names of the persons who, directly or indirectly, have an interest in 3% or more of the Company's issued share capital, and their respective interests, as at 25 October 2021 (being the latest practicable date prior to the date of this document) (based solely on the latest notifications that have been made to the Company by the relevant shareholder) are as follows:

Name	**Number of Shares**	**Percentage of Share Capital***
Ayman Asfari and family	65,163,614	18.838
Schroders plc	57,398,880	16.593

So far as the Company is aware, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government or any other natural or legal person, severally or jointly.

None of the major Shareholders referred to above has different voting rights from other Shareholders.

B.1.4 *Key managing directors*

Sami Iskander is the Chief Executive and Afonso Reis e Sousa is the Chief Financial Officer of the Company.

B.1.5 *Identity of statutory auditors*

Ernst & Young LLP, a member firm of the Institute of Chartered Accountants in England and Wales with its address at 1 More London Place, London, SE1 2AF, United Kingdom, is the statutory auditor to the Company.

B.2 ***What is the key financial information regarding the issuer?***

The tables below set out the Group's summary financial information for the periods indicated, as reported in accordance with IFRS. The consolidated financial information for the Group for the three financial years ended 31 December 2020, 2019 and 2018 has been extracted without material adjustment from the consolidated financial statements included in the Group Annual Report and Accounts for 2020, 2019 and 2018, respectively, except as noted herein. The consolidated financial information for the Group for the six-month periods ended 30 June 2021 and 2020 has been extracted without material adjustment from the unaudited consolidated interim financial statements included in the Group's interim statement for the six months ended 30 June 2021, except as noted herein.

Summary Consolidated Income Statement Data

	Six months ended 30 June		Financial year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(US$ millions)				
	(unaudited)				
Revenue	**1,595**	**2,103**	**4,081**	**5,530**	**5,829**
Cost of sales	(1,488)	(1,937)	(3,802)	(4,909)	(5,110)
Gross profit	107	**166**	**279**	**621**	**719**
Selling, general and administration expenses	(82)	(81)	(167)	(228)	(216)
Operating profit/(loss)	**(82)**	**(36)**	**(148)**	**220**	**159**
Profit/(loss) before tax	**(91)**	**(48)**	**(171)**	**192**	**107**
Income tax (expense)/credit	5	(33)	(18)	(126)	(46)
Net profit/(loss)	**(86)**	**(81)**	**(189)**	**66**	**61**

Summary Consolidated Balance Sheet Data

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
		(US$ millions)		
	(unaudited)			
Assets				
Non-current assets	872	823	1,028	1,477
Current assets	3,483	3,378	4,348	4,329
Assets held for sale as part of a disposal group	—	—	600	—
Total assets	**4,355**	**4,201**	**5,976**	**5,806**
Liabilities				
Current liabilities	3,526	3,336	3,802	3,794
Liabilities held for sale as part of a disposal group	—	—	120	—
Non-current liabilities	463	425	1,140	1,003
Total liabilities	**3,989**	**3,761**	**5,062**	**4,797**
Net assets	**366**	**440**	**914**	**1,009**
Equity				
Equity attributable to equity holders of the parent	499	433	633	707
Non-controlling interests	7	7	281	302
Total equity	**366**	**440**	**914**	**1,009**

Summary Consolidated Statement of Cash Flows Data

	Six months ended 30 June		Financial year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(US$ millions)				
	(unaudited)				
Net cash flows (used in)/generated from operating activities	(21)	22	(16)	238	553
Net cash flows (used in)/from investing activities	(19)	(14)	(21)	(59)	213
Net cash flows generated from/(used in) financing activities	109	(116)	(242)	30	(992)
Net (decrease)/increase in cash, cash equivalents	**69**	**(108)**	**(279)**	**209**	**(226)**
Net foreign exchange difference	—	4	4	—	(5)
Cash and cash equivalents at 1 January	639	914	914	705	936
Cash and cash equivalents at period end	**708**	**810**	**639**	**914**	**705**

There are no qualifications in the audit opinions on the audited consolidated financial statements of the Company included in: (i) the 2020 Annual Report and Accounts, as of and for the year ended 31 December 2020 (the "**2020 Audited Consolidated Financial Statements**"); (ii) the 2019 Annual Report and Accounts, as of and for the year ended 31 December 2019 (the "**2019 Audited Consolidated Financial Statements**"); and (iii) the 2018 Annual Report and Accounts, as of and for the year ended 31 December 2018 (the "**2018 Audited Consolidated Financial Statements**"). The review report with respect to the Group's unaudited consolidated financial information as at and for the six months ended 30 June 2021, (the "**2021 Unaudited Interim Consolidated Financial Statements**") contains an explanatory paragraph which does not modify the conclusion on the 2021 Unaudited Interim Consolidated Financial Statements that draws attention to note 2 in the unaudited 2021 Unaudited Interim Consolidated Financial Statements, which describes a material uncertainty related to the Company's ability to continue as a going concern which is subject to the Capital Raise, which is conditional on shareholder approval.

Pro Forma Financial Information

The unaudited pro forma net assets of the Group set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Capital Raise and implementation of the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, on the net assets of Petrofac Limited as at 30 June 2021 as if they had taken place at that date:

	Group as at 30 June 2021[(1)]	**Adjustment for Capital Raise**[(2)]	**Adjustment for Remainder of Refinancing Plan**[(3)]	***Pro forma* as at 30 June 2021**
		(US$ millions) *(unaudited)*		
Total non-current assets	872	—	—	872
Total current assets	3,483	259	(458)	3,284
Total assets	**4,355**	**259**	**(458)**	**4,156**
Total non-current liabilities	463	—	510	973
Total current liabilities	3,526	—	(960)	2,566
Total liabilities	**3,989**	**—**	**(450)**	**3,539**
Net assets	**366**	**259**	**(8)**	**617**

Notes:

(1) The net assets of the Group at 30 June 2021 have been extracted without material adjustment from the Group's unaudited interim consolidated balance sheet.

(2) The adjustments to reflect the impact of the Capital Raise with gross proceeds of £200 million (US$275 million) and fees, including VAT, of £12 million (US$16 million).

(3) The adjustments to reflect the remainder of the Refinancing Plan include:

- A decrease in cash and short-term deposits of US$438 million, reflecting (i) an increase in cash and short-term deposits of US$500 million in proceeds from the Bridge Facility and US$50 million in proceeds from the New ADCB Facility; and (ii) a decrease in cash and short-term deposits of US$350 million from repayment of US$350 million drawn under the Existing Revolving Credit Facility, US$414 million from repayment of the Covid Corporate Finance Facility ("**CCFF**"), US$106 million from payment of the SFO Fine (which will take place in January and February 2022), US$90 million from repayment of the Existing ADCB Term Loan Facility, payment of US$40 million in fees and expenses incurred in connection with the refinancing plan (other than the Capital Raise), including structuring and related fees, and repayment of US$8 million on an existing overdraft facility.
- An increase in non-current interest-bearing loans and borrowings of US$530 million, which comprises (i) US$500 million in proceeds from the Bridge Facility; (ii) US$50 million in proceeds from the New ADCB Facility; and (iii) US$40 million in fees and expenses incurred in connection with the Refinancing Plan (other than the Capital Raise), including structuring and related fees. No adjustment has been made to reflect funding fees incurred under the Bridge Facility of up to US$6.3 million, as the Group currently expects to refinance the Bridge Facility by way of a public bond before 30 days or replace this Bridge Facility prior to it being drawn down with a public bond.
- A decrease in trade and other payables of US$106 million, in connection with payment of the SFO Fine (which will take place in January and February 2022).
- A decrease in current interest-bearing loans and borrowings of US$854 million, in connection with (i) repayment of US$350 million drawn under the Existing Revolving Credit Facility, US$414 million in borrowings under the CCFF, US$90 million in borrowings under the Existing ADCB Term Loan Facility and US$8 million on an existing overdraft facility, and (ii) write-off of US$8 million in debt acquisition costs (income statement charge).

No account has been taken of the trading of the Group since 30 June 2021. Since 30 June 2021, the Group has drawn additional amounts under the Existing Revolving Credit Facility of US$196 million (30 September 2021: US$546 million drawn).

B.3 ***What are the key risks that are specific to the issuer?***

- Petrofac's future business performance depends on the renewals and extensions of existing contracts and the award of new contracts, which are not within its control
- Failure to successfully execute on projects, including as a result of delay or cost overrun, may result in substantial penalties or losses
- The COVID-19 pandemic has materially and adversely affected the Group's business, as the unprecedented market conditions disrupted project schedules, increased project costs and delayed tender awards. Its ultimate impact on the Group's business and financial results will depend on future developments
- The Group is subject to restrictive covenants, which may restrict its ability to conduct its business
- The Group faces risk arising from refinancing the Bridge Facility
- Ethical misconduct or breaches of applicable laws by Petrofac's employees or those acting on its behalf could be damaging to its reputation or result in substantial fines or penalties
- Petrofac is exposed to concentration risks from its dependence on a small number of large contracts and a limited number of significant clients at any given time
- Demand for the majority of Petrofac's services is linked to the level of expenditure by the energy industry and fluctuating prices of, and supply and demand for, crude oil, natural gas, oil products and petrochemicals, any of which may decline
- Petrofac operates in a competitive environment, and changes relating to competitive factors in its industry may negatively impact its results of operations
- Petrofac is exposed to MENA-specific risks as it generates significant revenue in the region
- Petrofac's operations expose it to political and social instability, terrorism and acts of war or piracy, which could lead to operating disruptions or losses

KEY INFORMATION ON THE SECURITIES

C.1 ***What are the main features of the securities?***

C.1.1 *Type, class, ISIN*

Pursuant to the Capital Raise, the Company is proposing to offer 173,597,412 New Shares at an Issue Price of £1.15 (US$1.58) per New Share, comprising 87,119,226 Firm Placing Shares and 86,478,186 Open Offer Shares. Each New Share is expected to be issued at a premium of US$1.56 to its nominal value of US$0.02. When admitted to trading, the New Shares will be registered with ISIN number GB00B0H2K534 and SEDOL number B0H2K53.

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The New Shares are denominated in US Dollars.

On 25 October 2021 (being the latest practicable date prior to the publication of this document), the Company had 345,912,747 Shares of US$0.02 each and the nominal share capital of the Company amounted to US$6,918,254.94.

C.1.3 *Rights attached to the securities*

The New Shares will, when issued and fully paid, rank equally in all respects with the Existing Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Shares.

C.1.4 *Rank of securities in the issuers' capital structure in the event of insolvency*

The Shares do not carry any rights as respects to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law.

C.1.5 *Restrictions on the free transferability of the securities*

There are no restrictions on the free transferability of the Shares.

C.1.6 *Dividend or pay-out policy*

The Group's current dividend policy targets a dividend cover over the long term of between 2.0x and 3.0x business performance net profit. However, in April 2020, the Board suspended the payment of the final dividend in response to the COVID-19 pandemic and the fall in oil prices. The Board recognises the importance of dividends to shareholders, but in light of current market conditions has decided that dividend payments will remain suspended and therefore no interim dividend will be paid in respect of 2021.

C.2 ***Where will securities be traded?***

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective on 15 November 2021 and that dealings on the London Stock Exchange in New Shares will commence as soon as practicable after 8.00 a.m. on that date.

C.3 ***What are the key risks that are specific to the securities?***

- Prospective investors and Shareholders should be aware that there may be possible volatility in the price of the Shares
- A trading market for the New Shares may not develop
- Most Shareholders will experience dilution in their ownership of Petrofac as a result of the Capital Raise

D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

D.1 Under which conditions and timetable can I invest in this security?

The Company is proposing to raise proceeds of approximately US$259 million (£188 million) (net of fees, costs and expenses) in the Capital Raise by way of:

(i) a Firm Placing of 87,119,226 Firm Placing Shares; and

(ii) a Placing and Open Offer of 86,478,186 Open Offer Shares,

in each case at an Issue Price of £1.15 (US$1.58) per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

The Issue Price of £1.15 (US$1.58) per New Share represents a 27.2% discount to the Closing Price.

The Firm Placing

The Company is seeking to raise approximately US$138,007,744 (£100,187,110) (gross) through the Firm Placing of 87,119,226 Firm Placing Shares at the Issue Price to the Firm Placees. The Firm Placing is not subject to clawback. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer. The Firm Placing is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Placing Agreement.

The Open Offer

The Company is seeking to raise approximately US$136,992,256 (£99,449,914) (gross) through the Placing and Open Offer of 86,478,186 Open Offer Shares at the Issue Price. Subject to the fulfilment of the conditions below, Qualifying Shareholders are being given the opportunity to subscribe for New Shares *pro rata* to their Existing Holdings on the basis of 1 Open Offer Shares for every 4 Existing Shares held by them and registered in their name at the Record Date.

Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlements will be rounded down to the nearest whole number. The fractional entitlements will be aggregated and sold for the benefit of the Company under the Placing.

The Placing

Any Open Offer Shares which are not applied for under the Open Offer will be allocated to Conditional Placees pursuant to the Placing.

The Capital Raise is conditional on the Resolutions having been passed by Shareholders at the General Meeting, Admission becoming effective by not later than 8:00 a.m. on 15 November 2021 or such later time and/or date as the Company and the Joint Bookrunners may agree and the Placing Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission. If any of the conditions are not satisfied or, if applicable, waived, then the Capital Raise will not take place. The Placing and Open Offer is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Placing Agreement.

Expected Timetable

It is expected that Admission of the New Shares will become effective and that unconditional dealings will commence at 8.00 a.m. on 15 November 2021.

Director Subscriptions

The Company will also raise proceeds of approximately US$488,977 (£354,974) by way of Director Subscriptions of 308,673 Subscription Shares at the Issue Price of £1.15 (US$1.58) per Subscription Share. The Subscription Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

Dilution

If a Qualifying Shareholder who is not a Placee does not (or is not permitted to) take up any of his or her Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 33.5% as a result of the Capital Raise and the Director Subscriptions.

If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlement in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.8% as a result of the Capital Raise and the Director Subscriptions.

Fees, costs and expenses

The aggregate expenses of, or incidental to, the Firm Placing and Placing and Open Offer to be borne by the Company are estimated to be approximately US$16 million, which the Company intends to pay out of the proceeds of the Firm Placing and Placing and Open Offer. Investors will not be charged expenses by the Company in respect of the Firm Placing and Placing and Open Offer.

D.2 ***Why is this document being produced?***

The Company proposes to issue 173,597,412 New Shares in connection with the Capital Raise. The Firm Placing and Placing and Open Offer are fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Placing Agreement.

The Group intends to use the net proceeds from the Capital Raise of US$259 million (£188 million), in combination with: (i) the proceeds of a bridge financing facility in the amount of US$500 million; (ii) a new ADCB facility in the amount of AED$185 million (US$50 million); and (iii) cash available on its balance sheet, in order to pay, in January and February 2022, the £77 million in penalties and fees imposed by Southwark Crown Court in relation to the SFO Investigation and to repay indebtedness under its existing revolving credit facility (US$546 million), its existing term loan with ADCB (US$90 million), its commercial paper under the CCFF (£300 million) and an existing overdraft facility (US$8 million), as well as estimated fees and expenses in connection with its refinancing plan (US$32 million). Taken together, these actions will extend the Group's debt maturities and strengthen the Group's platform to execute its strategy.

Material interests

There are no interests, including any conflicting interests, known to the Company that are material to the Company or the Capital Raise.

RISK FACTORS

The Capital Raise and any investment in the New Shares are subject to a number of risks. Accordingly, prospective investors and Shareholders should carefully consider the factors and risks associated with any investment in the New Shares, Petrofac and the industries, sector or markets in which it operates, together with all other information contained or incorporated by reference into this document, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. Some of the following factors relate principally to Petrofac's business; other factors relate principally to the Capital Raise. The business, operating results, performance, financial condition and prospects of Petrofac could be materially and adversely affected by any of the risks described below. In such case, the market price of the New Shares may decline and investors may lose all or part of their investment.

Prospective investors and Shareholders should note that the risks relating to Petrofac and the industries, sectors or markets in which it operates and the risks relating to the New Shares summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor or Shareholder of whether to invest in the New Shares. However, prospective investors and Shareholders should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks described below.

The following is not an exhaustive list or explanation of all risks which investors and Shareholders may face when making an investment in the New Shares and should be used as guidance only. Additional risks relating to Petrofac that are not currently known to the Directors or the Company, or that they currently deem or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition and results of operations and, if any such risk should occur, the price of the New Shares may decline and prospective investors and Shareholders could lose all or part of their investment. Prospective investors and Shareholders should consider carefully whether an investment in the New Shares is suitable for them in the light of the information in this document and their personal circumstances.

None of the statements made in the risk factors that follow in any way qualifies the Company's working capital statement contained in paragraph 14 of Part X of this document.

Risks relating to Petrofac's Business

Petrofac's future business performance depends on the renewals and extensions of existing contracts and the award of new contracts, which are not within its control

Petrofac's future business performance depends on the renewals and extensions of existing contracts and the award of new contracts for large-scale projects. It is generally very difficult to predict whether and when Petrofac will be awarded contracts for large-scale projects that it bids on, as they frequently involve a lengthy and complex bidding and selection process. This process is affected by a number of factors, such as market conditions, competition, availability of client financing and governmental approvals. In addition, as contract awards are in most cases also affected by price, the Group's ability to win new contracts and extensions is highly dependent on its ability to operate efficiently, including its ability to continue executing on cost-cutting strategies in the coming years.

The costs associated with bidding for new contracts or for extensions in the scope of work or renewals of existing contracts can be significant, and they may not necessarily result in the award of new contracts or in the extension or renewal of existing contracts.

Petrofac participates in a number of such bids each year and failure to win such bids may have a material adverse effect on its business, financial position and results of operations. In addition, a reduction in bidding opportunities will also have a negative impact on the business. For example, the Group experienced a reduction in the number of bidding opportunities for new projects in the year ended 31 December 2020, as compared to prior periods, as a result of the COVID-19 pandemic, which negatively affected capital investment and new awards by national and international energy companies. This deterioration in new bidding opportunities led to muted performance in the Group's order intake in the six months ended 30 June 2021, which resulted in a decrease in Petrofac's Backlog to US$3.8 billion as at 30 June 2021 from US$5.0 billion as at 31 December 2020, which was in itself a 34% decrease from US$7.4 billion as at 31 December 2019, prior to the start of the pandemic in the Group's key markets. For a discussion of other risks related to the COVID-19 pandemic, see "*The COVID-19 pandemic has materially and adversely affected the Group's business, as the unprecedented market conditions disrupted project schedules, increased* *project costs and delayed tender awards. Its ultimate impact on the Group's business and financial results will depend on future developments*" in this Part II.

Furthermore, Petrofac has many long-standing relationships with clients, and any damage to these relationships, from performance-related issues or otherwise, could result either in a failure to win new contracts or in a client's decision to restructure, terminate or not to renew or extend existing contracts. The loss of any one major client or group of clients could have an adverse impact on Petrofac's financial performance. For example, in early 2021, the Group was suspended by ADNOC in the UAE from bidding for new work as a result of the SFO Investigation into the Company, its subsidiaries, and their respective officers, employees and agents for suspected bribery, corruption and/or money laundering, which commenced in 2017 and was recently closed against the Petrofac Group, resulting in the imposition of a £77 million fine against the Company (see "*Ethical misconduct or breaches of applicable laws by Petrofac's employees or those acting on its behalf could be damaging to its reputation or result in substantial fines or penalties*" below). In addition, the loss of a major client could also damage the Group's reputation, which could jeopardise Petrofac's existing relationships with other clients or its ability to establish new client relationships.

In addition to new investment decisions, which directly affect the Group's bidding opportunities and contract extensions, the Group also faces risks arising from variation orders to existing agreements. In particular, part of the Group's strategy and targeted operating and financial performance includes anticipated variations to the original contract scope, including in relation to capacity, design and other specifications, which can increase the amount of work the Group undertakes and revenue it receives under existing contracts. While the Group has successfully negotiated such variations on a number of contracts, it has at times been difficult to negotiate variations that preserve profit margins for the expected life of a given project. If the Group is not able to successfully negotiate variations to existing agreements, its financial results may not meet expectations. Further, under certain circumstances, customers may also seek to reduce the scope of work, as was the case with the mutually agreed rescoping of the Sakhalin contract in the six months ended 30 June 2021.

Petrofac's ability to win new work and continue existing work is also dependent on its ability to procure surety bonds, letters of credit and guarantees in connection with the services that it provides to clients. These arrangements, which the Group enters into in the normal course of business, are contractually required to secure performance, advance payment or in lieu of retentions being withheld. As these arrangements are contractually required by the relevant client, any difficulty obtaining such arrangements, or changes in the cost of doing so, could negatively impact the Group's ability to win new work or enter into new services agreements. Securing these arrangements has become more difficult in recent years, reflecting both changes in the Group's operating environment and challenges the Group has faced, including due to the SFO Investigation. The Group is subject to the additional risk that its providers of letters of credit can request cash collateral in certain circumstances. If the Group is not able to secure adequate arrangements on commercially acceptable terms, or at all, this could limit the Group's ability to effectively bid for new work, make doing so more expensive, or negatively impact its attractiveness to potential and existing clients as a service provider.

Any of the factors above could have a material adverse impact on the Group's business, financial position and results of operations.

Failure to successfully execute on projects, including as a result of delay or cost overrun, may result in substantial penalties or losses

Petrofac is subject to a number of commercial risks in relation to execution of its projects. These can range from failing to estimate costs accurately or execute within budget, to failures completing projects in a timely manner or bringing contracts to a successful conclusion, any of which can give rise to significant penalties or losses, which could have a negative impact on the business.

The Group provides products and services, in particular in its E&C division, under fixed-price lump sum turnkey ("**LSTK**") contracts, under which cost overruns are generally not recoverable from the client. Actual expenses incurred in executing these fixed-price contracts can vary substantially from those originally anticipated for reasons including, but not limited to:

- technical challenges and equipment/material failures;
- additional works that do not constitute variations (including due to unilateral interpretation of ambiguous parts of the relevant contract);

- unforeseen costs related to the procurement of necessary equipment and materials;
- unforeseen delays in delivery of necessary equipment and materials;
- labour shortages in the markets where the contracts are performed;
- unexpected costs accruing during commissioning and start-up of the project;
- delays caused by local weather conditions, health issues and/or natural disasters; and
- a failure of suppliers, subcontractors or joint venture partners to perform their contractual obligations.

If the Group's cost estimate for an LSTK contract is inaccurate for any of these reasons, the project may be less profitable than expected or result in losses which could be significant.

One such example is the Group's Jazan project in Saudi Arabia. Deficiencies in engineering deliverables coupled with inefficient construction activities caused major cost overruns and delays. In addition, the failure of another major subcontractor to deliver (both in terms of time and specification) had a knock-on effect on other aspects of the project. Petrofac was required to take over one subcontractor's scope and self-execute through direct hire resources. The project was also subject to certain approval delays and other operational issues, all of which contributed to the recognition of significant losses in relation to this project.

Delays in completion of a project or failure to meet certain key performance indicators may also cause reputational damage, and in certain circumstances also expose Petrofac to claims and liquidated damages payable to its clients, some of which may be significant. Additionally, delays in certain projects could lead to delays in subsequent projects that were scheduled to use resources and common vendors or subcontractors still being utilised on the delayed project.

Moreover, revenue from Petrofac's fixed-price LSTK contracts are recognised using the percentage-of-completion method of accounting. This involves recognising an increasing proportion of contract revenues and earnings as the contract progresses towards completion. Revenue from cost-plus-fee contracts is recognised on the basis of costs incurred during the year plus the fee earned measured by the cost-to-cost method. Petrofac's revenues and earnings (or losses) are largely based on estimates of contract revenue, costs and profitability at completion and may not reflect actual revenues, earnings or losses to date on the contract.

Although such revenue and earnings may be recognised for accounting purposes, these amounts do not represent actual cash received by Petrofac. Cancellations of projects, delays in completion of contracts or delay or failure of clients to pay in a timely manner could affect the revenue and earnings actually received from contracts and, in certain circumstances, may result in a reduction, reversal or elimination of previously reported revenue or earnings.

Finally, because of the nature of its business, the Group is subject to significant fluctuations in liquidity and working capital on a month-to-month basis.

Any of the factors above could have a material adverse impact on the Group's business, financial position and results of operations.

The COVID-19 pandemic has materially and adversely affected the Group's business, as the unprecedented market conditions disrupted project schedules, increased project costs and delayed tender awards. The ultimate impact on the Group's business and financial results will depend on future developments

The ongoing pandemic of a novel strain of coronavirus, COVID-19, has spread rapidly around the world, including in the countries in which the Group operates. The COVID-19 pandemic, and measures implemented to tackle it, have caused significant social, economic and financial disruption and protracted volatility in international markets, impacting business operations across most public and private sectors.

The COVID-19 pandemic, particularly at its onset, brought major disruption to the oil and gas industry and a deterioration in market conditions. This led the Group to experience lower order intake, increased competitive pressures, delays and increased project costs, which significantly impacted its performance. As a result of the COVID-19 pandemic and its impact, the Group experienced decreased demand for its products and services as a sharp decline in oil prices put both national and international oil companies under financial pressure to reduce costs and protect their balance sheets. This resulted in the deferral of capital spending and a scarcity of contract awards, with the Group experiencing reduced awards in all of its key markets in 2020. The Group has also experienced slower payments from clients and a more challenging commercial environment with respect to contractual claims. While a recovery in oil prices and increased capital expenditure by clients has resulted in an increase in tendering activity in 2021, COVID-related uncertainty is likely to continue, which may have a material adverse effect on the Group's ability to deliver on its anticipated backlogs and growth targets.

The COVID-19 pandemic, and measures implemented by various authorities in response, including quarantines and nationwide lockdowns, have had a substantial impact on the Group's operations. Strict travel restrictions and health protocols have created contractual and execution challenges in the Group's supply chain, including with subcontractors and clients, requiring costly intervention and resulting in a reduction in productivity and project delay. There is no guarantee that project recovery plans will enable successful project execution, which could negatively impact the Group's profitability and relationships with key stakeholders. If these factors related to the pandemic continue to materially and adversely affect the Group for a prolonged period of time, or they increase in severity, it could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to restrictive covenants, which may restrict its ability to conduct its business

In connection with the Capital Raise, the Group is entering into a number of new financing arrangements. These arrangements include entry into a US$180 million New Revolving Credit Facility, the AED185 million New ADCB Facility, maturing 24 months following its utilisation date, and the US$50 million Amended RAK Facility, maturing on 1 November 2023, as well as the US$500 million Bridge Facility, which the Company expects to be refinanced via the issuance of public bonds.

The restrictions imposed by these financing arrangements (alongside the Group's existing financing arrangements) may limit the Group's ability to react to market conditions or take advantage of potential opportunities should they arise. These restrictions, which include financial covenants and other operating restrictions, including restrictive covenants in relation to granting security, disposals, the incurrence of financial indebtedness, making distributions and mergers (each subject to customary exceptions), could limit or restrict the Group's ability to undertake strategic initiatives or opportunities that arise in the future without the prior consent of the relevant lenders. No guarantee or assurance can be provided that any such lender consent will be given or, if it is, as to its terms, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces risk arising from refinancing the Bridge Facility

On 26 October 2021, in connection with the Refinancing Plan, the Company entered into the US$500 million Bridge Facility. The Bridge Facility is due to mature 12 months from that date, with an option (at the Company's election, and without requiring the lenders' consent but subject to satisfaction of customary conditions) to extend the maturity by six months to 26 April 2023.

It is intended that the Bridge Facility will be repaid and/or cancelled prior to its maturity (including the Company's option to extend its term) in 2023 using the proceeds of an issuance of public bonds. The Group's ability to complete a public bond offering prior to 26 April 2023 will depend on a number of factors, including reasons beyond the Group's control, such as investor sentiment and appetite with respect to the sector or the industry and jurisdictions in which it operates, as well as factors that affect conditions in global financial markets and macroeconomic conditions. On 26 October 2021, the Group launched a proposed bond offering with an aim to raise gross proceeds of US$500 million (£363 million) (the "**Proposed Bond Offering**"). If the Group is unable to complete the Proposed Bond Offering on acceptable terms, it will continue to monitor market conditions and would expect, prior to 26 April 2023, to make one or more further attempts to complete a public bond offering in order to repay the balance of the Bridge Facility then outstanding.

If the Group is not able to undertake an issuance of public bonds to refinance the Bridge Facility prior to its extended maturity date on 26 April 2023, it would remain subject to the terms and conditions set out therein, including restrictive covenants, as described in "*The Group is subject to restrictive covenants, which may restrict its ability to conduct its business*".

In addition, if the Group is not able to complete the Proposed Bond Offering or a later issuance of public bonds prior to the maturity of the Bridge Facility (including the Company's option to extend its term) in 2023, it will be required to renew, refinance or otherwise maintain access to similar facilities or arrangements. Such alternative borrowing arrangements could create risks for the Group beyond the 12-month period covered by the Group's working capital statement included herein. There can be no assurance that the Group will be able to refinance the Bridge Facility on terms that it considers to be attractive or acceptable, or at all. For example, such alternative borrowing arrangements could include covenants that place significant restrictions on the Group's ability to make investments in its business or undertake attractive or strategic operating activities, or they could include pricing terms that significantly impact the Group's cash flows in future periods.

As a result, if the Group is unable to refinance the Bridge Facility on the timing or terms it anticipates, it could have a material adverse effect on the Group's business, financial condition and results of operations.

Ethical misconduct or breaches of applicable laws by Petrofac's employees or those acting on its behalf could be damaging to its reputation or result in substantial fines or penalties

The Group is subject to risks arising from non-compliance by the Group, its employees and agents and other parties acting on its behalf with applicable laws and regulations, as well as ethical business practices and standards in the countries where the Group operates. Any failure by these parties to meet these requirements, including the Group's internal standards to ensure good practices and compliance, could expose the Group to substantial regulatory fines or penalties or to reputational damage.

The Group maintains a number of policies and programmes that aim to ensure compliance with these laws and good practices. For example, Petrofac's Code of Conduct ("**Code of Conduct**") defines its commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions that Petrofac expects of its businesses and people wherever it operates, and it has been made available in electronic and printed formats and has produced versions in Arabic, English, French, Hindi, Malay, Russian, Spanish, Thai and Turkish. Petrofac also maintains a Standard for the Prevention of Bribery and Corruption, and an anti-money laundering standard. In addition, the Group has also put in place training programmes, including virtual and remote training and a whistle-blower platform hosted by an independent third party. In addition, pursuant to these internal policies, the Group has also ceased the use of agents—save for the use of one agent relationship in Kuwait, where it is legally required to do so.

Despite these initiatives and policies, Petrofac faces risks that non-compliance by Group employees could create legal or other exposure. Incidents, or alleged incidents, of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery and anti-corruption laws and regulations, could result in Petrofac being subject to significant fines, call into question the integrity of its operations and result in damage to its reputation. On 24 September 2021, the Group entered guilty pleas to seven counts of historical offences of failing to prevent bribery contrary to section 7(1) of the Bribery Act 2010, in the period from 2011 to 2017 in relation to 10 projects (including variation orders and extensions) in Iraq, Saudi Arabia and the UAE. On 4 October 2021, Southwark Crown Court handed down a sentence imposing a fine of £77 million on the Company (comprising a confiscation order of £22.8 million payable by 3 January 2022, a fine of £47.2 million payable by 14 February 2022 and an order to reimburse SFO costs in the amount of £7 million also payable by 14 February 2022). While the SFO Investigation into the Company has now been concluded, there is a risk of charges by the SFO against key individuals implicated in the SFO Investigation (all of whom are no longer employed by Petrofac but which could cause adverse publicity and have an ongoing negative impact on Petrofac's reputation), as well as a risk of criminal investigations and/or enforcement action against Petrofac Group entities or against individuals by authorities in the jurisdictions concerned. In addition, the Company has from time to time over the last two and a half years received correspondence from claimant law firms making reference to the possibility of civil claims relating to these matters. To date, no such claims have been brought, and any such claims would face substantial obstacles. Regardless of whether the Group or its employees, where applicable, are ultimately found to have violated any applicable law or regulation, significant management time and attention may be required in connection with such matters. Regardless of whether the Group or its employees, where applicable, are found to have violated any applicable law or regulation, significant management time and attention may be required in connection with such matters.

Any alleged misconduct or finding that the Group or its employees or agents have breached applicable laws or regulations may have a material adverse effect on the Group's business, financial position and results of operations.

Petrofac is exposed to concentration risks from its dependence on a small number of large contracts and a limited number of significant clients at any given time

Due to the size of many of Petrofac's projects, the majority of its revenue in any year may be derived from a relatively small number of contracts. For example, for the six months ended 30 June 2021, Petrofac's 10 largest contracts represented 51% of its revenue. Consequently, should any one of those contracts prove less profitable than forecast, or be loss making (as was the case with the Group's Jazan project, which is discussed above), that could have a significant adverse impact on Petrofac's profitability.

In addition, Petrofac may have multiple projects for the same client and therefore one client may comprise a significant percentage of Petrofac's Backlog or its revenue for any given period. For example, for the six months ended 30 June 2021, Petrofac's top five clients accounted for 47% of its Backlog. Although Petrofac has long-standing relationships with many of its significant clients, clients may unilaterally reduce in scope, delay or cancel their contracts at any time. A loss or deferral of business from a significant client could have a material adverse effect on Petrofac's business, results of operations and financial condition.

Petrofac relies on third-party equipment manufacturers and sub-contractors and may be exposed to liability for their act and/or omissions

Petrofac relies on third-party equipment manufacturers and sub-contractors in the execution and performance of its contracts and ordinary course activities. In the construction phase of its major EPC contracts, in particular, Petrofac relies on a large number of sub-contractors. To the extent that it cannot engage sub-contractors or acquire equipment or materials according to its plans and budgets, Petrofac's ability to complete a project or contract in a timely fashion or at a profit may be impaired. If the amount Petrofac is required to pay for these goods and services exceeds the amount estimated in bidding for fixed-price work, Petrofac could experience losses under the relevant contracts. In addition, if a sub-contractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms or on time, Petrofac may be required to purchase such services, equipment or materials from another source at a higher price. Furthermore, where a sub-contractor fails to meet quality standards or to deliver its services or equipment according to negotiated terms or on time, Petrofac may be subject to claims. There can be no guarantee that Petrofac will be able to recover such costs from the relevant party. The resulting additional costs or claims may be substantial, and Petrofac may be required to compensate the project client. Petrofac may not be able to recover these costs, in whole or in part, in all circumstances, which may reduce the profit to be realised or result in a loss on a project for which services, equipment or materials were needed. Such events may have a material adverse effect on Petrofac's reputation, business, financial position and results of operations.

The Group may not realise revenue on its current Backlog due to client order reductions, cancellations or acceptance delays, or client insolvency or default, which may negatively impact its financial results

The Group tracks its Backlog, which is the estimated revenue attributable to the uncompleted portion of E&C projects and EPS services (based on the estimated revenue attributable to the lesser of the remaining term of the contract and five years) as a metric of its operating performance and visibility on projected future revenue. As at 30 June 2021, the Group's Backlog was US$3.8 billion, compared to US$5.0 billion as at 31 December 2020. In certain limited circumstances the Group's clients have invoked termination clauses leading to order reductions, cancellations, and acceptance delays, and it may experience more of these in the future, including as a result of the evolving COVID-19 pandemic. Order reductions have, for instance, resulted from contract overruns—if these are severe, they could put project economics in jeopardy or, in extreme circumstances, result in potential client cancellation.

Additionally, acts of state related to nationalisation, expropriation or change in the applicable legal framework may impose or require changes to contract terms which could in turn affect the Group's Backlog and may result in the suspension or termination of contracts.

The Group may be unable to collect revenue for orders reflected in its Backlog, or it may be unable to collect cancellation penalties, to the extent that it has the right to impose them, or the revenues may be delayed and pushed into future periods. In addition, clients who are more highly leveraged or otherwise unable to pay their creditors in the ordinary course of business may become insolvent or be unable to operate as a going concern. The Group may be unable to collect amounts due or damages that it is awarded from these clients, and its efforts to collect such amounts may negatively affect client relationships.

Any of these factors could have a material adverse effect on the Group's business, financial position and results of operations.

Certain major projects and operations are conducted using consortium or joint venture partners and associates thereby reducing the degree of control it may exercise

Increasingly, Petrofac may bid for a particular contract jointly with joint venture or consortium partners, and a number of its projects are conducted through joint ventures, joint ventures or associates. For example, the contract for the Upper Zakum field development in Abu Dhabi is being undertaken in consortium with DSME, and the contract for the Clean Fuels Project is being undertaken in consortium with Samsung Engineering and Chicago Bridge & Iron. In addition, in August 2017, Petrofac was awarded the Duqm refinery project (final notice to proceed was received in 2018) in consortium with Samsung Engineering Co. Ltd. Petrofac (in joint operation with Samsung Engineering and Saipem) is also executing the Clean Fuels Project for Thai Oil Public Company Ltd., following commencement of the contract in October 2018. These and other joint venture, joint operation and consortium arrangements often involve complex risk allocation and decision-making processes and indemnification arrangements. In certain cases, Petrofac may have less control of such activities than it would have if it had full operational control. In these circumstances, Petrofac's ability to maximise the profitability of any contract awarded to it may be adversely affected by the performance of its joint venture, joint operation or consortium partners. In addition, Petrofac may be dependent on the expertise of partners in assessing certain costs of the contract. To the extent that such costs are inaccurately calculated in relation to LSTK contracts, Petrofac may be exposed to its share of any cost overruns of the joint venture, joint operation or consortium, which may have a material adverse effect on its business, financial position and results of operations.

Furthermore, joint venture, joint operation or consortium partners may have economic or business interests or objectives that are inconsistent with, or opposed to, Petrofac's interests or objectives and may exercise veto rights to block certain key decisions or actions or approve such matters without its consent. Further, cash in joint venture or joint operation bank accounts may be restricted in being made available to the Group for its general corporate use without the agreement of the joint operation or joint venture partner(s) (as applicable). In addition, should accidents or incidents occur in operations in which Petrofac participates, whether as operator or otherwise, and where it is held that its joint venture or consortium partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to indemnify Petrofac fully against the costs it incurs on behalf of the joint venture or contractual arrangement.

Petrofac may be jointly and severally liable for the acts or omissions of its joint venture, joint operation or consortium partners. This typically arises under the terms of the contract with Petrofac's client, or may also arise under the terms of the joint venture, joint operation or consortium arrangement or because Petrofac is exposed to the losses of any joint venture, joint operation or consortium vehicle, including through bonding or other guarantee arrangements that may be required by the client on specific projects where Petrofac accepts primary liability for the overall performance of the underlying contract even if it only provides part of the goods or services to the client. If a client were to pursue claims against Petrofac or against a joint venture, joint operation or consortium vehicle as a result of the acts or omissions of Petrofac's partners, Petrofac's ability to obtain recompense from such partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all, which may have a material adverse effect on Petrofac's business, financial position and results of operations.

Petrofac's operating and financial performance could be adversely affected if it is unable to attract and retain sufficient skilled personnel across its operations

Petrofac relies on skilled personnel across the Group's operations to provide services to its clients. As a result, the Group's future growth and its operating performance depend to a large extent on its continued ability to attract, retain, motivate and organise appropriately qualified personnel in the jurisdictions where it operates in a variety of roles. Its ability to meet operational requirements and its future growth and profitability may be affected by the scarcity of engineers, production operations personnel and other technical and management personnel or by potential increases in compensation costs associated with attracting and retaining these employees. The shortage of personnel may be potentially more acute where Petrofac is required by NOCs to use local workforces, which may be less experienced. In addition, long-term relationships with Petrofac's strategic clients and partners depend, to a certain extent, on the relationship that its key employees have with these clients. If Petrofac is unable to attract and retain sufficient numbers of skilled employees, or if the compensation costs associated with attracting and retaining employees increase significantly, this may have a material adverse effect on its business, financial position and results of operations.

Petrofac's businesses may be subject to claims based on contractual liabilities, including equipment warranties, that may not be covered or may be beyond its insurance coverage

Petrofac's services involve the risk of contractual non-compliance and professional errors and omissions and other liability claims being made against it, as well as negative publicity that may adversely affect its financial position and results of operations. Furthermore, Petrofac provides performance warranties as to the services it provides and as to the proper operation and adherence to specifications of the plants and equipment it designs, modifies or constructs. Failure of this equipment to operate properly or to meet specifications may give rise to claims against Petrofac and may increase its costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a client and these failures may be significant and costly. Petrofac may not be able to maintain or obtain adequate insurance coverage to cover such litigation, warranty or other claims at rates it considers reasonable or it may take the decision not to insure such risks. Even where coverage is obtained, claims may be denied or exceed such insurance coverage and may harm its reputation. To the extent that such claims are not covered by insurance or exceed its insurance coverage, the Group's business, financial position and results of operations may be adversely affected.

Petrofac is subject to risks associated with its expansion into New Energy Services

Petrofac's ongoing expansion of its New Energy Services capabilities, or entry into any other new business areas in the future, may expose it to additional business risks that are different from those that it has experienced to date. In particular, the Group expects demand for its services on new energy projects to continue to grow in the coming years, including as a result of changes to regulatory regimes affecting clients or the Group. However, this market may not grow as quickly or otherwise develop in the way that the Group expects. See "*Risks Relating to Petrofac's Operating and Regulatory Environment – Existing or future laws and regulations relating to greenhouse gas emissions and climate change may adversely affect the Group's business or result in reputational damage to the Group*". If the Group is unable to effectively tailor its service capabilities to new energy projects, or to maintain its reputation as a leading service provider for clients undertaking new energy projects, it could experience a loss of existing clients and a failure to win targeted new clients or bids.

Petrofac's ability to successfully expand its business capabilities or acquire new business to enable such expansion may be limited by many factors and it may not be successful in its efforts to estimate the financial effects and/or synergies of such transactions on its business. In addition, Petrofac's focus on expanding its New Energy Service capabilities may divert management attention, financial and human resources or other capabilities away from its existing business or require additional expenditures. Such developments could have a material adverse effect on Petrofac's business, results of operations and financial condition.

If Petrofac fails to anticipate or manage any such risks successfully in the future, it may not be able to recover its investments made during the course of such expansion, or could fail to put in place appropriate risk mitigation measures, and could incur losses and liabilities it had not anticipated, which may have a material adverse effect on its business, financial position and results of operations.

A failure of the Group's information technology infrastructure, including as a result of cyber-attacks, could adversely impact its business and results of operations

The Group relies upon the capacity, reliability, and security of its information technology ("**IT**") hardware and software infrastructure and its ability to expand and update this infrastructure in response to changing needs. The Group has been subject to cyber-attacks in the past, including phishing, malware, and ransomware. No such attack to date has had a material adverse effect on Petrofac's business; however, this may not be the case with future attacks. The Group's systems may be vulnerable to damage from such attacks, as well as from natural disasters, failures in hardware or software, power fluctuations, unauthorised access to data and systems, loss or destruction of data (including confidential client information), human error, and other similar disruptions, and the Group cannot give assurance that any security measures it has implemented or may in the future implement will be sufficient to identify and prevent or mitigate such disruptions.

The Group relies on third parties to support the operation of its IT hardware, software infrastructure, and cloud services, and in certain instances, utilises web-based and software-as-a-service applications. These third parties include vendors that provide infrastructure and business system support services (such as Oracle for its enterprise resource management system). Third-party reviews are performed prior to engagement to assess security and controls. The security and privacy measures implemented by such third parties, as well as the measures implemented by any entities the Group acquires or with whom it does business, may not be sufficient to identify or prevent cyber-attacks, and any such attacks may have a material adverse effect on its business. While the Group's IT vendor agreements typically contain provisions that seek to eliminate or limit its exposure to liability for damages from a cyber-attack, the Group cannot ensure that such provisions will withstand legal challenges or cover all or part of such damages.

Threats to the Group's IT systems arise from numerous sources, not all of which are within its control, including fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to its property or assets, outbreaks of hostilities, or terrorist acts. The failure of the Group's IT systems or those of its vendors to perform as anticipated for any reason or any significant breach of security could disrupt the Group's business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, reputational harm, increased overhead costs and loss of important information, which could have a material adverse effect on the Group's business and results of operations. In addition, the Group may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

The Group's insurance coverage may not cover all of the costs and liabilities it incurs as the result of any disruptions or security breaches, and, if its business continuity and/or disaster recovery plans do not effectively and timely resolve issues resulting from a cyber-attack, it may have a material adverse effect on its business, financial position and results of operations.

The Group handles personal data in the ordinary course of its business, and any failure to maintain the confidentiality of that data could result in fines, legal liability for the Group and reputational harm to its business

Data protection laws and rules impose certain standards of protection and safeguarding on the Group's ability to collect and use personal information relating to its employees, clients and potential clients, and could make the Group liable in the event of a loss of control of such data or as a result of unauthorised third-party access. In particular, the Group is subject to the General Data Protection Regulation (EU) 2019/679 (including as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018 and implemented through the Data Protection Act 2018) (the "**GDPR**"), which requires the ability to evidence compliance against a large number of mandatory obligations relating to personal data processing activities including being able to respond to an increased range of data subject rights and mandatory personal data breach response reporting, with potential financial penalties up to the higher of 4% of the annual worldwide turnover of company groups or €20 million in the event of material breach.

Unauthorised data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches and physical security breaches due to unauthorised personnel gaining physical access. The Group, and its clients and suppliers who carry out these services on an outsourced basis, could be subject to breaches of security by hackers. A future breach of the Group's system or that of one of its clients or outsourcing partners may subject the Group to material losses or liability, including fines, claims for unauthorised use of personal and sensitive data or other claims.

A misuse of such data or a cyber-security breach could harm the Group's reputation, increase its operating expenses in order to correct the breaches or failures, expose it to uninsured liability, increase its risk of regulatory scrutiny, subject it to lawsuits, result in the imposition of material penalties and fines under any applicable international laws or regulations, and adversely affect its business and results of operations. The Group has policies and procedures in place to seek to prevent such breaches and maintain compliance with the GDPR and other applicable data protection rules and regulations, and it carries out detailed root cause analysis on any breach that does occur in order to ensure that similar occurrences do not arise. However, if a single material breach or a series of less material breaches were to occur, the Group could face liability under data protection laws, lose the goodwill of its clients and have its reputation damaged, any of which could have a material adverse effect on the Group's business, financial position and results of operations.

Limitations on Petrofac's ability to protect its intellectual property rights, including trade secrets, could cause a loss in revenue and reduce any competitive advantage that it holds

In providing its services, Petrofac uses both know-how which it regards as proprietary and certain intellectual property which it licenses from third parties. Where Petrofac has not protected its proprietary know-how by patents or other registered form of intellectual property right protection (or if its patents or other protections are inadequate), it is possible that third parties may access and utilise this know-how to its detriment. Petrofac's business may be adversely affected if it infringes patents or other intellectual property rights held by third parties or if certain licences are withdrawn or not renewed. In addition, Petrofac invests resources in building the goodwill and brand recognition applicable to the trademarked Petrofac names and the Petrofac "oil drop" logo. Failure to protect adequately its brand and goodwill may have a material adverse effect on its business, financial position and results of operations.

Petrofac is subject to fluctuations in foreign currency exchange rates

Petrofac's reporting currency is the US dollar. In the year ended 31 December 2020, 42% of the Group's revenue and 45% of its costs were denominated in currencies other than the US dollar. From time to time, Petrofac enters into contracts or incurs costs denominated in currencies other than US dollars and Petrofac may not always be able to match revenue with costs denominated in the same currency. While Petrofac attempts to minimise its exposure to such foreign exchange risks through measures such as buying the local currencies of its suppliers and vendors forward at the date on which the contract is awarded and by including escalation provisions for projects in inflationary economies, there can be no assurance that Petrofac will be able to successfully hedge and mitigate its foreign currency exchange risks in whole or in part. If Petrofac fails to successfully hedge or mitigate its foreign currency exchange risks, it may have a material adverse effect on its business, financial position and results of operations.

The Group is subject to risks related to contingent consideration amounts arising from disposals

In recent years, the Group has undertaken certain targeted disposal activities involving non-core assets, in particular from IES, pursuant to its refocused strategy. For example, on 18 October 2018, the Group completed the sale of 49% of Petrofac Netherlands Holdings B.V., which owned the Group's operations in Mexico, and on 3 November 2020, the Group completed the sale of the remaining 51% interest. Pursuant to the disposal agreements, certain consideration amounts payable to the Group are contingent based on, among other factors, performance of the sold business against pre-defined criteria set out in the sale and purchase agreements. As at 30 June 2021, the fair value of this contingent consideration was US$36 million.

In addition, on 11 December 2018, the Group completed the disposal of its wholly owned subsidiary, Petrofac GSA Holdings Limited, which owned a 20% interest in the Group's Great Stella Area joint operation and a 25% interest in Petrofac FPF1 Limited. Under the terms of the sale and purchase agreement, certain consideration is payable to the Group over a period of three years. As at 30 June 2021, the reported value of this deferred consideration was US$51 million.

Although the Group regularly evaluates the value of these assets, including as required by relevant accounting standards for purposes of the Group's financial reporting, doing so involves certain estimations and judgments by the Group's management, which may not ultimately be correct. In addition, the amount of consideration ultimately received by the Group will depend on a number of factors outside its control, including the performance of the relevant operations under, and credit-worthiness of, their new owners. As a result, the Group may not receive the expected amount of contingent considerations in relation to these disposals, which could have a material adverse effect on its business, financial position and results of operations.

Risks Relating to Petrofac's Operating and Regulatory Environment

Demand for the majority of Petrofac's services is linked to the level of expenditure by the energy industry and fluctuating prices of, and supply and demand for, crude oil, natural gas, oil products and petrochemicals, any of which may decline

Demand for the majority of Petrofac's services is dependent on expenditure and activity by and in the energy sector for the exploration and development of, and production from, crude oil and natural gas reserves. The level of expenditure and activity is in turn driven largely by current and expected market prices, as well as supply and demand, for oil and gas, among other factors, which have been volatile at times in recent years and contribute to determinations about the capital and operating expenditure budgets of Petrofac's principal clients, including upstream and downstream infrastructure investment, refinery capacity build out, integrated chemicals capacity and decommissioning activities for aging oil and gas infrastructure. As a result, the Group's bidding opportunities and operating activities continue to depend to a very large extent on fundamentals of the global energy market that influence oil and gas energy companies': (i) level of exploration, development, and production activity; (ii) capital spending; and (iii) processing of oil and natural gas in refining units, petrochemical sites, and natural gas liquefaction plants. Any substantial or extended decline in the discovery and development of new reserves of oil and gas and the reduced exploitation of existing wells could adversely affect demand for the Group's services, which historically have been volatile and are likely to continue to be volatile in the future.

The level of exploration, development and production activity is directly affected by price trends for oil, natural gas, oil products and petrochemicals, which are affected by supply and demand, both globally and regionally. There can be no assurance that projections for the size and shape of the global energy market or for oil and gas demand will be realised, including long-term industry estimates such as the IEA "Stated Policies Scenario" or "Sustainable Development Scenario", which aim to model the global energy market, including the level of expenditure on industry investment in upstream oil and gas in the coming decades. If levels of investment are significantly below these expectations, for any reason, it could negatively affect demand for the Group's services. Similarly, while the Group expects significant growth in demand for new energy projects in the coming years, based on industry expectations and stated policy support for renewable energy sources, there can be no assurance that these expectations will be realised.

Other factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, economic conditions and growth rates; the rate of decline of existing reserves; costs of exploring for, producing and delivering oil and natural gas; demands for and availability of alternative fuel sources (for example, hydro, wind or other "green" forms of energy); environmental regulations; oil refining and transportation capacity; technological advances affecting energy consumption; and actions by major oil exporting countries (including excess production) and other countries.

In recent years, including as a result of the COVID-19 pandemic, global crude oil prices have experienced periods of significant volatility, which may continue in the future for a variety of reasons. For example, in early 2020, oil prices fell by around 66% to approximately US$24 per barrel (Brent) and US$29 per barrel (West Texas Intermediate), levels not seen since the early 2000s. As clients often take a longer-term view on future oil prices in deciding on whether to sanction major oil and gas projects, these types of substantial or extended declines, or continued volatility, in oil or gas prices would be likely to cause a decline or delays in the demand for Petrofac's services, while short-term recoveries or other increases in oil and gas prices alone may not result in an increase in demand for Petrofac's services. Although there has been significant price recovery since 2020, including as a result of projected economic growth following the COVID-19 pandemic, there remains uncertainty regarding future investment levels in the oil and gas sector.

As experience in recent years has demonstrated, lower expenditure by the oil and gas sector may result in lower demand for Petrofac's services, which may have a material adverse effect on its business, financial position and results of operations.

Petrofac operates in a competitive environment, and changes relating to competitive factors in its industry may negatively impact its results of operations

The Group bids for projects on the basis of a number of different factors, which include experience and expertise in a given geography and/or scope, price, service offerings, project execution capabilities and client relationships. Contracts for the Group's services are generally awarded following a competitive bidding process. While the Group's capabilities, reputation and experience, among other factors, are typically considered as part of client decisions for new contracts, price is often a major factor in these bid awards.

The sector in which Petrofac operates is subject to price competition, and if price competition were to intensify in the future, the number of bids which could deliver appropriate margins to the Group could decline and Petrofac's financial performance could be adversely affected. For example, in 2020, there was a reduced number of overall awards in all of the Group's key markets as a result of the COVID-19 pandemic, which created increased competition and pricing pressures. In addition, many of Petrofac's major competitors are diversified multinational companies that are large and have substantial financial resources making them better able to compete in providing faster, more efficient services or reduced prices, including by working for lower margins. These companies may also be more resilient to cyclical downturns in the oil and gas industry. The Group also competes against local and regionally-focused companies that may be favoured in bidding processes. In addition, Petrofac is facing competition from market participants from China and India that operate from a lower cost base.

Any of these competitive factors could cause Petrofac to lose market share in one or more of its key markets or strategic market position, which may have a material adverse effect on its business, financial position and results of operations.

Petrofac is exposed to MENA-specific risks as it generates significant revenue in the region

The Middle East and North Africa ("**MENA**") region accounted for approximately 49% of Petrofac's consolidated revenue for the six months ended 30 June 2021. In addition, MENA countries accounted for 44% of Petrofac's Backlog as at 30 June 2021. Economies of many MENA countries are heavily dependent on exports of oil, gas and oil products. Therefore, decreases in global prices for hydrocarbons, such as during the early stages of the COVID-19 pandemic, in the past have, and in the future may have, adverse effects on their economic environments. As a result, these decreases place greater pressure on MENA governments to find alternative means of raising revenues which may increase the risk of social and labour unrest as well as negatively impact their spend on exploration and extraction of hydrocarbons and/or production of oil products and petrochemicals, which may have a material adverse effect on Petrofac's business, financial position and results of operations. See "*Demand for the majority of Petrofac's services is linked to the level of expenditure by the energy industry and fluctuating prices of, and supply and demand for, crude oil, natural gas, oil products and petrochemicals, any of which may decline*" in this Part II.

In addition, some MENA countries have experienced prolonged periods of political, social and economic instability and civil disturbances. These disturbances severely affected Petrofac's operations in those countries. If such disturbances were to occur in the countries where Petrofac operates in the future, this may have a material adverse effect on Petrofac's business, financial position and results of operations. See "*Petrofac's operations expose it to political and social instability, terrorism and acts of war or piracy, which could lead to operating disruptions or losses*" in this Part II. In addition, most of Petrofac's MENA clients are state-controlled NOCs and should its relationship with an NOC client in the particular MENA country deteriorate, this may have a material adverse effect on Petrofac's business in such country and/or the entire MENA region. See "*Petrofac is exposed to concentration risks from its dependence on a small number of large contracts and a limited number of significant clients at any given time*" in this Part II.

Petrofac's operations expose it to political and social instability, terrorism and acts of war or piracy, which could lead to operating disruptions or losses

Petrofac's international operations, particularly those in the MENA region, may be susceptible to political, social and economic instability and civil disturbances. Risks for operating in such areas include, but are not limited to:

- health and safety of employees;
- difficulties in collecting accounts receivable and longer collection times than usual;
- disruption to operations, including strikes, hostage, kidnap, civil actions or political interference;
- restrictions on the movement of funds or limitations on the repatriation of funds;
- compliance with anti-corruption laws;
- the imposition of sanctions by the UK government, the EU Commission, the US government or other governments, regional or international organisations;
- limited access to certain geographies for periods of time;
- exposure to expropriation;
- lack of established legal systems; and
- arbitrary or unpredictable tax rulings.

Any of the above factors could result in disruptions to Petrofac's business, increased costs, loss of capital invested, liability for liquidated damages and reduced profits and limited future growth opportunities.

Potential developments that could impact Petrofac's business include international sanctions, conflicts such as war, acts of political or economic terrorism and acts of piracy on the high seas, as well as civil unrest and local security concerns that threaten the safe operation of facilities, safety of employees and the transport of products. For example, at the Group's Majnoon project site in Iraq, as a result of widespread political and economic unrest, the field entrance was blockaded on a number of occasions in 2019 and 2020 and there were incursions into the field by protesters. Petrofac locked down the field for a period of time, and its local workforce was unable to report for work, resulting in delays and costs to the project. Separately, large-scale protests have been a persistent feature of Algeria for a number of years, resulting in the resignation of President Bouteflika in 2019. As a result of the unrest, protest levels have been closely monitored by Petrofac's Algiers office, and special measures were implemented for Petrofac's expatriate staff working at this office, including lockdowns, reduced working days and delayed deployment into the country. The Group's Jazan project in south-west Saudi Arabia has experienced disruption as a consequence of the civil war in Yemen. The Jazan site has been subject to periodic rocket attacks targeting both Jazan and the Asir province. The airport in Jazan has been targeted and a rocket was reported to have landed within the perimeter of the Jazan Economic City development where the Group's Jazan project is located. In addition, the Group has recently commenced a new E&C project in Libya, growing its presence in a market that carries a high security risk rating, as the country remains very fragmented with a range of local, regional and tribal power centres. If these and other such risks materialise, they could result in disruption to business activities, which may have a material adverse effect on Petrofac's business, financial position and results of operations.

Petrofac conducts its business within a strict environmental regime and may be exposed to potential liabilities and additional regulatory measures that may result in project delays and higher costs

Petrofac is subject to extensive and increasingly stringent laws and regulations relating to environmental protection in conducting the majority of its operations, including laws and regulations governing emissions into the air, discharge into waterways, and the generation, storage, handling, treatment and disposal of waste materials.

Petrofac incurs, and expects to continue to incur, increasing capital and operating costs to comply with environmental laws and regulations. The technical requirements of compliance with environmental laws and regulations are becoming increasingly expensive, complex and stringent. These laws may provide for strict liability for damage to natural resources or threats to public health and safety. Strict liability can render a party liable for environmental damage whether or not negligence or fault on the part of that party can be shown. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. Petrofac may also be subject to civil proceedings brought by environmental groups, local communities or other individuals, which could result in substantial claims, fines and penalties against it, as well as orders that could halt its operations.

Petrofac's business often involves working around and with volatile, toxic and hazardous substances and other highly regulated materials, the improper characterisation, handling or disposal of which could constitute violations of applicable legislation and result in criminal and civil liabilities. Environmental laws and regulations generally impose limitations and standards for certain pollutants or waste materials and require Petrofac to obtain permits and comply with various other requirements. Governmental authorities may seek to impose fines or penalties on Petrofac, or revoke or deny issuance or renewal of operating permits for failure to comply with applicable laws and regulations. Petrofac has from time to time been subject to penalties relating to environmental accidents, and Petrofac could become subject to potentially material liabilities relating to the investigation and clean-up of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances or as a result of accidents or other incidents at facilities constructed or managed by Petrofac or otherwise resulting from its operations, and its insurance may not be able to address these claims. Any such fine, penalty or liabilities relating to environmental accidents may have a material adverse effect on Petrofac's business, financial position and results of operations.

In respect of certain of the assets which Petrofac operates or has operated in the past, Petrofac may be required by local law and/or contract to dismantle and dispose (also known as decommissioning) of assets that are no longer of use, in compliance with environmental or contractual requirements. It is difficult to estimate and adequately provide for the costs involved in decommissioning an asset many years in the future, especially as environmental regulations and best practice are continually evolving. Decommissioning liabilities are subject to the accuracy of estimates of the future cost of the goods and services necessary to carry out the decommissioning and such estimates may be incorrect or otherwise underestimate the actual decommissioning costs. Petrofac may not have provided adequately for such decommissioning costs, which may have a material adverse effect on its business, financial position and results of operations.

In addition, certain of Petrofac's contracts subject it to possible claims if Petrofac fails to meet certain environmental standards, which may be more stringent than those imposed under the regulatory regime in force in the relevant country of operation or execution, and Petrofac may be required to indemnify the asset owner for any losses arising out of an environmental incident or regulatory breach. Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements may require Petrofac to incur additional costs, halt or delay its operations, or become the basis of new or increased liabilities that may materially reduce earnings and cash available for operations, may harm its reputation and have a material adverse effect on its business, financial position and results of operations.

Existing or future laws and regulations relating to greenhouse gas emissions and climate change may adversely affect the Group's business or result in reputational damage to the Group

Climate change continues to attract considerable public, corporate and scientific attention. As a result, numerous laws, regulations, and proposals have been enacted and more are expected at international, national, and regional levels of government to monitor and limit emissions of carbon dioxide, methane, and other greenhouse gases. These efforts have included cap-and-trade programmes, carbon taxes, greenhouse gas reporting and tracking programmes that directly limit greenhouse gas emissions from certain sources.

Such existing or future laws, regulations, and proposals concerning the release of greenhouse gases or that concern climate change (including laws, regulations and proposals that seek to mitigate the effects of climate change) may adversely impact demand for the systems and services the Group provides. For example, oil and natural gas exploration and production may decline as a result of such laws, regulations, and proposals and consequently, demand for the Group's services may also decline. In addition, demand for the Group's services would be significantly impacted by non-regulatory changes in demand for oil, natural gas, oil products and petrochemicals, including as a result of changes in consumer preferences and behaviour. Such factors could also impact the Group's reputation or prospects. These factors could result in a decline in demand for the Group's services, and implementation of these or similar obligations in respect of its operations may adversely affect its financial condition or results of operations.

In addition, increasing concentrations of greenhouse gases in the Earth's atmosphere may lead to more extreme climate related events that have significant physical effects, such as increased frequency and severity of storms, floods, droughts, and other extreme climatic events; if any such effects were to occur in areas where the Group operates, they could have an adverse effect on the Group's operations or the operations of its clients and/or lead to significant non-recoverable costs and losses.

Petrofac conducts its operations within a strict health and safety regime. Failure to comply with the relevant regulations could adversely affect its reputation and future revenue

Petrofac is subject to strict health and safety regimes governing the full spectrum of its operations, across the jurisdictions where it operates, including Algeria, Libya, Oman, Iraq, UAE, Kuwait, India, Thailand, Malaysia, Brunei, Germany, UK, Australia, Russia and the United States. Petrofac may be exposed to fines, penalties or prosecutions by governmental authorities in respect of any non-compliance with applicable regulations, which may restrict its ability to operate.

In addition, many of Petrofac's services are carried out in hazardous environments, such as development and production installations, and it both designs and constructs large industrial facilities in which a systems failure could be catastrophic. The health, safety and security risks to which Petrofac is potentially exposed cover a wide spectrum, given the geographic range, operational diversity and technical complexity of its operations. Petrofac has operations that include drilling for and producing oil and gas, working with hazardous materials, transport and shipping of hydrocarbons, and refining in difficult geographies or climate zones, as well as environmentally sensitive regions, such as maritime environments. This exposes Petrofac to the risk, amongst others, of major process safety incidents. If a major risk materialises, such as an explosion or hydrocarbon spill, this could result in injuries, loss of life, environmental harm, loss of operating licences, disruption to business activities and, depending on their cause and severity, material damage to its reputation. Petrofac may also be liable for acts and omissions of sub-contractors or joint venture or joint operation or consortium partners which cause such loss or damage. Petrofac's insurance and its contractual limitations on liability may not adequately protect it against liability for such events, including events involving pollution, or against losses resulting from business interruption. In addition, indemnities which Petrofac receives from third parties may not be easily enforced if the relevant counterparties do not have adequate resources or otherwise put their resources out of reach. Moreover, Petrofac's insurance may not be able to address any such claims. Petrofac may not be able to ensure that every contract contains adequate limitations on liabilities and any claims made under its insurance policies are likely to cause its premiums to increase. Any future damage caused by Petrofac's products or services that are not covered by insurance, are in excess of policy limits, are subject to substantial deductibles or are not limited by contractual limitations of liability may have a material adverse effect on its business, financial position and results of operations.

In addition, as part of Petrofac's management role in assisting certain clients to discharge responsibilities under production licences granted by the UK Department of Energy & Climate Change, the Group takes on full responsibility for the safe management of these offshore installations. In such cases, under the applicable offshore safety regulations, Petrofac is considered to be acting as Duty Holder in performing this role. It is responsible, among other matters, for preparing and updating a safety case, demonstrating that it has considered all the possible hazards that may occur on the installation, their likelihood of occurrence and how, as Duty Holder, it has minimised the associated risks. The applicable offshore health and safety regulations are enforced by a team of inspectors from the UK Health and Safety Executive ("**HSE**"). Improvement notices or prohibition notices may be filed or prosecutions may be brought against a Group entity by the HSE for its failure to comply with these regulations. Furthermore, Petrofac is subject to the health and safety regimes of other jurisdictions in which it operates, such as Kuwait, Oman, UAE, Saudi Arabia, India, Algeria, Malaysia, Tunisia, Mexico, Russia and Turkey. A health and safety prosecution could expose the Petrofac Group to fines or penalties and/or adversely affect its reputation, including, in particular, its reputation as an operator. This, in turn, may adversely affect the Petrofac's Group's ability to operate and to generate new business, which may have a material adverse effect on Petrofac's business, financial position and results of operations.

Petrofac is subject to trade controls, laws and regulations that could subject it to anti-corruption laws, legal and regulatory risks and economic sanctions programmes

Doing business on a worldwide basis requires Petrofac to comply with anti-corruption laws and regulations, such as the US Foreign Corrupt Practices Act of 1977 (the "**FCPA**") and the U.K. Bribery Act of 2010 ("**Bribery Act**"). Any violation of the FCPA, the Bribery Act or other applicable anti-corruption laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect Petrofac's business, results of operations or financial condition. In addition, actual or alleged violations could damage its reputation and ability to do and win business. Further, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of Petrofac's Senior Management.

As a result of its international activities, Petrofac is subject to certain laws and regulations of, concerning, or pertaining to entities, companies, individuals and in some instances the governing regimes of some countries that are, or have been, subject to economic sanctions. Further, in certain instances, Petrofac is subject to licensing requirements for exports of goods, software and technology, imposed by the United States, the European Union, the United Kingdom and other jurisdictions in which it operates, as well as the United Nations. These include, or have in the past included, Iran, Sudan and Syria. Due to such laws and regulations, it terminated its business activities in Syria and Iran in 2011 and in Sudan in 2013. Petrofac believes that its business in such jurisdictions did not violate applicable economic sanctions or export controls laws and regulations. However, Petrofac cannot predict with confidence US, EU, UK, UN or other applicable enforcement policies with respect to economic sanctions and export controls, and it is possible that the relevant authorities will take a different view regarding its status or the compliance measures it has taken in respect of prior activities.

Furthermore, laws, regulations or licensing policies on economic sanctions or export controls could change in a way that could affect Petrofac's business, exports or sales in such countries or could result in restrictions, penalties or fines. In addition, changes to US, EU, UK or other applicable regulations could result in the restriction of Petrofac's ability to continue with existing business and expand into new markets or attract new clients.

Events in or relating to Russia, including further trade restrictions and other sanctions, could adversely impact any of Petrofac's operations or investments in Russia. In August 2017, the United States enacted the Countering America's Adversaries Through Sanctions Act ("**CAATSA**"). CAATSA broadens the number of potential sanctions targets in Russia and therefore creates a risk for any business conducting activities in Russia. Besides codifying the existing US sanctions against Russia, CAATSA reduces the maximum permitted tenor of short-term US debt financing to entities covered by sectoral sanctions, and it increases the restrictions on the US supply of goods or services to oil exploration and production projects in which certain Russian energy companies have an interest. CAATSA provides for the possible imposition of "secondary sanctions", which would target activities of non-US persons. Under the secondary sanctions, foreign persons who engage in certain activities in Russia could face adverse economic consequences such as denial of access to US markets or denial of other US-linked benefits. The activities potentially subject to secondary sanctions include transactions related to the construction, modernisation and repair of energy export pipelines, transactions with sanctioned entities and individuals, and activities that undermine the cyber-security of any person or government. The expansion of US sanctions may have a material adverse effect on the Russian financial markets and investment climate and the Russian economy generally.

While CAATSA would not appear to have any immediate impact on Petrofac's business, there could be areas of potential concern depending on how it is interpreted and enforced after implementing regulations are issued. For example, the provision giving the US President the discretion to penalise companies for engaging in certain activities related to Russian energy export pipelines may have a commercial impact on companies that conduct related activities. Petrofac's ability to pursue any business objectives and to recognise any production and reserves relating to Russia could be adversely impacted. Further, it may become prohibited to deal with persons or entities bound by relevant sanctions. The United States has issued significant CAATSA sanctions on a number of Russian individuals and companies operating in the energy sector and additional sanctions may follow. On 6 April 2018, the US government designated these energy-sector-related individuals and entities as Specially Designated Nationals ("**SDNs**") under Executive Order 13662 of the US government and CAATSA. In addition to the specific individuals and companies designated as SDNs through direct designation, under US rules, a company is considered "blocked by operation of law" (a "blocked entity") even if not specifically designated, if one or more SDNs hold an aggregate ownership interest in the company of 50% or more. US persons are prohibited from engaging directly or indirectly with any SDNs, their property or their interests in property. Although non-US persons are not subject to this general prohibition, any such dealings between them and an SDN or blocked entity would violate law if the transaction had a US nexus. In addition, non-US persons may face US secondary sanctions penalties for knowingly facilitating significant transactions for or on behalf of Russian SDNs or blocked entities. The Office of Foreign Assets Control ("**OFAC**") has also advised the exercise of caution when dealing with non-blocked entities where an SDN has an ownership interest or exercises control.

The imposition of economic sanctions on individuals or entities within Petrofac may result in persons or affiliates associated with it being subject to restrictions and penalties. Non-compliance with current or future applicable laws or regulations could result in civil or criminal liability for individuals and entities within Petrofac, joint venture, joint operation or consortium partners or sub-contractors, the imposition of significant fines, the denial of export privileges, debarment from participation in government contracting, or other penalties, as well as negative publicity or reputational damage. In addition, Petrofac may generate revenue in other countries that become subject in the future to US, EU, UK or other applicable trade embargoes or sanctions which are currently not restricted, or could inadvertently conduct business with counterparties subject to such trade embargoes or sanctions. Any of the foregoing may have a material adverse effect on its business, financial position and results of operations.

The United Kingdom's departure from the European Union may negatively affect the Group's business.

The United Kingdom's departure from the European Union has introduced uncertainty and additional difficulties to the Group's operations, including in relation to supply chain and staffing activities, as increased regulatory complexities and greater restrictions on the free movement of goods, services, people and capital between the UK and the remaining EU countries, and there can be no assurance that these factors will not have a significant impact on the Group's operating activities in the future. For example, construction companies consulting with the Group on EPC bid opportunities for New Energy Services have indicated that factors such as increased import duties, increased tax duties and lack of availability have led to increases in costs for raw materials such as cement, sand and gravel, which could result in increased project costs and negatively impact the Group's profitability or, in certain circumstances, lead to delays in clients' decisions to undertake new projects. In addition, although Petrofac does not directly employ many EU nationals, they do comprise an important part of the Group's sub-contractor workforce, so if newly introduced restrictions on free movement of EU nationals negatively impact their willingness to work in the UK, this could have a material adverse effect on the Group, for example for Seagreen. Any of these factors could have a material adverse effect on the Group's business, financial position and results of operations.

Petrofac's operations are susceptible to unforeseen catastrophic events and natural disasters

Certain of Petrofac's operations are located in areas at risk from the effects of natural disasters and other potentially catastrophic events, such as earthquakes, floods, hurricanes, riots, typhoons and wars. The occurrence of any of these events may disrupt its operations and materially and adversely affect its business, financial position and results of operations.

Severe weather conditions or climatic changes, resulting in conditions such as hurricanes, typhoons, dense fog, low visibility, heavy rains, wind and waves, may force Petrofac to temporarily suspend operations. For example, hurricanes have in the past forced Petrofac to delay operations or production. There can be no assurance that natural disasters will not occur and result in significant delays in project execution or major damage to important infrastructure facilities or cause significant disruption to operations, all of which may have a material adverse effect on its business, financial position and results of operations.

Risks Relating to Taxation

Changes in certain fiscal regimes, tax incentives, agreements, treaties or concessions, or the interpretation or application thereof could adversely impact Petrofac's financial position

Changes in tax laws, exemptions and concessions, or the interpretation or application thereof

Petrofac's profitability is impacted by the levels of direct and indirect taxation levied on its profits and services and on the profits and services of its clients in the locations in which it operates. Changes in tax laws or increases in the direct or indirect tax rates can adversely affect the returns that can be achieved by Petrofac and its clients and may result in a decline in profits. Some parts of the business rely on tax incentives and concessions, and withdrawal or expiry of such exemptions or concessions could have an adverse impact on the profit that can be achieved by Petrofac or its clients under the relevant contract and could, in certain cases, lead Petrofac or its clients to question the economic viability of their presence in that country. In addition, the interpretation of guidelines, rules and legislation by governmental tax authorities in the countries in which Petrofac operates may change from time to time. Petrofac's conduct of operations may not be held to be consistent with such changes in interpretation, which could require it to change aspects of its operations which may correspondingly lead to a decline in revenue and profits. Moreover, changes in tax rules or guidance or in their interpretation may have retrospective effect. Any of the above may have a material adverse effect on Petrofac's business, financial position and results of operations.

The Group also operates in multiple tax jurisdictions where uncertain tax treatments may be challenged at a later date by the relevant authorities, and Group entities are routinely subject to tax audits and assessment. The carrying amount of uncertain tax treatments recognised within the income tax payable line item of the consolidated balance sheet as at 30 June 2021 was US$116 million, held principally in respect of tax deductions previously taken, transfer pricing arrangements and ongoing tax audits. This is an area which requires management to exercise significant judgement as to the likelihood of an adverse outcome for the Group and estimation as to the likely outflow in the event of such a finding. While the Group has determined, based on its tax compliance and transfer pricing studies, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by taxation authorities, there can be no assurance that this will be the case in every situation.

One of the Group's subsidiaries, Petrofac Facilities Management Limited ("**PFML**"), is subject to an ongoing challenge by HM Revenue and Customs ("**HMRC**") on the historical application of National Insurance Contributions ("**NICs**") to workers in the UK Continental Shelf. In October 2020, a decision was issued by HMRC against PFML in relation to this matter. PFML has appealed against the decision, and no payment has been made to HMRC pending the outcome of the appeal, which is expected in the fourth quarter of 2022 or the first quarter of 2023. The maximum potential exposure to PFML in relation to this matter should it be unsuccessful in defending its position is approximately US$170 million (including interest, to date).

Petrofac anticipates specific changes to indirect taxes that have been introduced recently or are expected imminently may affect its tax position. In particular, member states of the Gulf Cooperation Council ("**GCC**") have ratified the GCC's Value Added Tax Framework Agreement ("**VATFA**"). VATFA came into force from 1 January 2018 at a standard rate of 5%, although each member state of the GCC is required to enact domestic legislation, and as of the date of this document, Bahrain, Oman, Saudi Arabia and the United Arab Emirates have done so. The remaining GCC member states, Kuwait and Qatar, are expected to introduce VATFA but they have not yet published domestic legislation or confirmed the list of goods and services to which it will apply. In particular, under VATFA, GCC member states have the right to subject the oil sector, petroleum derivatives and gas to a zero rate of VAT. The introduction of such new indirect taxes may increase costs to Petrofac's business in the relevant jurisdictions, and, if such taxes are applied to its services directly, may affect not only the net profit from provision of its services but also the timing of cash flows, both of which could have a material adverse effect on its business, financial position and results of operations.

Petrofac's recognition of deferred tax assets is based on judgements and assumptions. It recognises deferred tax assets on all deductible temporary differences to the extent that there are sufficient taxable temporary differences to justify the recognition of a deferred tax asset or to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference will be utilised. Management is required to make judgements and assumptions regarding the interpretation of tax laws and regulations as they apply to events in the period and the amount of deferred tax that can be recognised based on the magnitude and likelihood of future taxable profits which are estimated from management assumptions with respect to the outcome of future events. Such judgements or assumptions may need to be adjusted, particularly in response to changes to, and to the interpretation of, tax law or regulation or to changes in those estimated future taxable profits in any jurisdiction in which the Group recognises deferred tax assets. A reduction in the value of any deferred tax assets could have a material adverse effect on Petrofac's financial position.

Changes in or challenges to the application or interpretation of international treaties

Petrofac's international allocation of revenue and profits, and hence its global tax profile, depend on numerous international tax treaties.

On 19 July 2013, the Organisation for Economic Cooperation and Development ("**OECD**") published its Action Plan on Base Erosion and Profit Shifting (the "**BEPS Action Plan**"), which proposed 15 actions intended to counter international tax base erosion and profit shifting, including the amendment of tax rules on deductions for interest costs, controlled foreign companies, permanent establishments and transfer pricing. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On 5 October 2015, the OECD published final reports, analyses and sets of recommendations for all of the 15 actions it identified as part of its BEPS Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the "**Final Report**"). The Final Report was endorsed by G20 leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey and most OECD member states are in the process of implementing various of the actions, although member states may take different approaches and apply different timetables to the implementation of the actions.

Under Action 15 of the BEPS Action Plan, OECD member states agreed to cooperate to design a multilateral instrument in order to allow countries to swiftly amend their tax treaties to implement the tax treaty-related BEPS recommendations (the "**MLI**"). The MLI officially opened for signature on 7 June 2017 and, as at the date of this document, 95 states have signed it while another four have expressed their intention to sign. The MLI entered into force on 1 July 2018. In relation to some of the provisions of the MLI, there is optionality, and each state must indicate which option is, or is not, being taken. The downside of having such options is that it becomes more complicated, and taxpayers who will be making claims under treaties in the future will need to check which countries have opted into which changes, for both contracting states, to determine how any particular treaty has been changed. A change in the application or interpretation of any relevant tax treaties, a challenge by the authorities to such application or interpretation, or a change in the international allocation of revenue and profits and hence Petrofac's global tax profile (in each case, whether pursuant to the BEPS Action Plan or otherwise), could have material adverse tax implications for it or may otherwise have a material adverse effect on its business, financial position and results of operations.

Changes in agreements with tax authorities

In a number of jurisdictions in which Petrofac operates, the tax treatment of one or more of its entities is governed by agreements with local tax authorities, rather than solely by tax laws and tax authorities' published practice.

Changes to or the termination of such agreements, or the interpretation or application of those agreements in an unexpected manner by local tax authorities or courts, could have adverse tax implications for Petrofac, potentially including penalties, interest and charges in relation to current or previous years, which may have a material adverse effect on its business, financial position and results of operations.

If the Company or certain of its affiliates were deemed to be resident for taxation purposes outside the jurisdictions in which they are currently tax resident, this could have adverse tax implications

Although Petrofac as a whole pays tax in the jurisdictions in which it operates in accordance with local regulations, certain members of Petrofac are only resident for tax purposes in certain jurisdictions. For example, the Company itself, which is the Group holding company, and certain of its subsidiaries are tax resident in Jersey. While Petrofac has no reason to believe that any authority in any other jurisdiction could successfully claim that any member of Petrofac was tax resident in that jurisdiction, there can be no assurance that such a claim will not be brought or, if brought, will not be successful. In this event, the relevant member of Petrofac could face penalties, interest and charges to taxation in respect of current and earlier years, which may have a material adverse effect on its business, financial position and results of operations.

Weaknesses in the tax system and legislation, and lack of specific tax legislation governing some of Petrofac's contractual arrangements in some of the countries in which it operates, could create an uncertain environment for its business activity and could subject it to additional material tax liabilities

Petrofac operates in various jurisdictions and tax legislation that is currently in effect in some of these jurisdictions is not sophisticated or well developed and is subject to varied interpretations by the local authorities. Moreover, Petrofac's business in such jurisdictions and the contractual arrangements under which it operates may not be specifically or clearly addressed in such tax systems and the tax treatment of its arrangements may therefore not be clear. Despite Petrofac's efforts to comply with the applicable tax legislation, relevant concessions, and the terms of any negotiated or formalised agreement with the relevant tax authorities, the application of the relevant laws to all or any individual part of a contractual arrangement is at the discretion of local authorities. The selective or arbitrary application of such tax legislation, concession or negotiated agreement, or the departure from the terms of such an agreement, could complicate its tax planning and business decisions. Furthermore, such collective or arbitrary application puts its existing arrangements and structures at risk of sudden and unexpected tax audits, which may have a material adverse effect on its business, financial position and results of operations.

From time to time, Petrofac is, and has been, assessed to tax in an arbitrary manner. Such assessments are appealed and defended on an appropriate and reasonable basis, and adequate provisioning is made in consultation with Petrofac's professional advisers and reviewed by its external auditors. However, such provisions may prove to be insufficient to cover any eventual liability. Additionally, although provisions are held until Petrofac has appropriate assurance that the relevant liability will not become payable, a liability may become payable even if the associated provision has been discharged.

Risks relating to the Firm Placing and Placing and Open Offer

Prospective investors and Shareholders should be aware that there may be possible volatility in the price of the Shares

The market price of the Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares (or securities similar to them), including, in particular, in response to various facts and events, including any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Shares.

A trading market for the New Shares may not develop

Application has been made to admit the New Shares to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective at 8.00 a.m. on 15 November 2021. There can be no assurance, however, that Admission will become effective or that an active trading market in the New Shares will develop upon or following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Most Shareholders will experience dilution in their ownership of Petrofac as a result of the Capital Raise and the Director Subscriptions

The economic and voting interests (as a percentage of the Enlarged Share Capital) of Shareholders who do not participate in the Firm Placing will be diluted as a result of the Capital Raise and the Director Subscriptions, even if they take up all of their Open Offer Entitlements. Even if a Shareholder participates in the Firm Placing or the Placing (in addition to taking up his or her Open Offer Entitlements), his or her interests in Petrofac will still be diluted as a result of the Capital Raise and the Director Subscriptions.

If a Qualifying Shareholder who is not a Placee does not (or is not permitted to) take up any of his or her Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 33.5% as a result of the Capital Raise and the Director Subscriptions.

If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlement in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.8% as a result of the Capital Raise and the Director Subscriptions.

Shareholders outside the United Kingdom may not be able to subscribe for New Shares in the Firm Placing and Placing and Open Offer or participate in future equity offerings

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Firm Placing and Placing and Open Offer. In particular, holders of Shares who are located in the United States may not be able to take up their rights under the Firm Placing and Placing and Open Offer unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Firm Placing and Placing and Open Offer will not be registered under the Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their New Shares.

Any future issue of Shares will further dilute the holdings of Shareholders and could adversely affect the market price of Shares

Other than pursuant to the Capital Raise, Petrofac has no current plans for an offering of Shares, apart from possible issues in relation to certain of the Share Schemes. However, it is possible that Petrofac may decide to offer additional Shares in the future either to raise capital or for other purposes. If Shareholders of Petrofac do not take up such offer of Shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in Petrofac would be reduced and the percentage that their Shares would represent of the total share capital of Petrofac would be reduced accordingly. An additional offering, or significant sales of Shares by major Shareholders, could have a material adverse effect on the market price of Shares.

IMPORTANT INFORMATION

DISCLAIMER

In considering whether to participate in the Capital Raise, Shareholders must rely on their own examination, analysis and enquiry of Petrofac and the terms of the Capital Raise, including the merits and risks involved. None of Petrofac or the Joint Bookrunners or any of their respective representatives is making any representation to any Shareholder or prospective investor regarding the legality or advisability of an investment in the securities of Petrofac or related or other securities or instruments (including, but not limited to, Application Forms and/or New Shares) under the laws applicable to such Shareholder or prospective investor. The contents of this document are not to be construed as legal, business, tax or financial advice. Each Shareholder or prospective investor should consult with their own adviser as to the legal, business, tax, financial and related aspects of participation in the Capital Raise.

Any decision in connection with the Capital Raise should be made solely on the basis of the information contained in this document. Without limitation to the foregoing, reliance should not be placed on any information in any announcements released by Petrofac prior to the date of this document, except to the extent that such information is repeated or incorporated by reference into this document and not superseded or revised.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners under FSMA or the regulatory regime established thereunder: (a) the Joint Bookrunners do not accept any responsibility whatsoever or make any representation or warranty, express or implied, in relation to the content of this document, including its accuracy, completeness or verification or in relation to any other statement made or purported to be made by them, or on their behalf, in connection with Petrofac, the New Shares or the Capital Raise and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future; and (b) the Joint Bookrunners accordingly disclaim, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise which they might otherwise have in respect of this document or any such statement.

Neither the Joint Bookrunners nor any person acting on behalf of them accepts any responsibility or obligation to update, review or revise the information in this document or to publish or distribute any information which comes to its attention after the date of this document and the distribution of this document shall not constitute a representation by the Joint Bookrunners, or any such person, that this document will be updated, reviewed or revised or that any such information will be published or distributed after the date of this document.

Recipients of this document acknowledge that: (a) they have not relied on the Joint Bookrunners or any person affiliated with them in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this document or their investment decision; and (b) they have relied only on the information contained in or incorporated by reference into this document, and that no person has been authorised to give any information or to make any representation concerning Petrofac, any other member of the Group or the New Shares (other than as contained in or incorporated by reference into this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Petrofac or the Joint Bookrunners.

The Joint Bookrunners may, in accordance with applicable legal and regulatory provisions and subject to certain restrictions in the Placing Agreement, engage in transactions in relation to the New Shares and/or related instruments for its or their own account for the purpose of hedging their commitments under the Placing Agreement. Except as required by applicable law or regulation, the Joint Bookrunners do not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or make any representations other than those contained in this document or incorporated by reference herein and, if given or made, such information or representations must not be relied upon as having been authorised by Petrofac or by the Joint Bookrunners. Neither Petrofac nor the Joint Bookrunners take any responsibility for, or can provide assurance as to the reliability of, other information that you may be given. Subject to FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and the UK Market Abuse Regulation, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Petrofac since the date of this document or that the information in this document is correct as at any time subsequent to its date. Without limitation, the contents of the Group's website do not form part of this document (other than the information expressly incorporated by reference in this document).

Market and Industry Information

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. These include International Energy Agency, "World Energy Outlook 2020", and BloombergNEF, "Downstream Oil Investment Shrugs Off COVID-19", September 2020. In addition, the Group obtained market data and industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by third parties (together, the "**Group market analysis**"). Third-party sources regularly reviewed by the Group when evaluating its operating environment include Energy Industries Council, Globaldata, the International Energy Agency and Rystad.

The Company confirms that all third-party data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's market position are based on recently available data.

The industry forecasts are forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" below.

Cautionary Note Regarding Forward-Looking Statements

This document and the information incorporated by reference into this document include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, among other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group and the sectors and markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Directors' or the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual operating results, financial condition, dividend policy and the development of the sectors and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of the Group, and the development of the sectors and markets in which it operates, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, including resulting from the impact of the COVID-19 pandemic and responses by governments to it, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the Group and/or the sectors or markets in which it operates and those risks described in the section of this document headed "Risk Factors".

You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the section of this document headed "Risk Factors", for a further discussion of the factors that could affect the Group's future performance and the sectors and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR), neither the Company nor the Joint Bookrunners undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

The statements above relating to forward-looking statements should not be construed as a qualification on the Company's working capital statement in paragraph 14 of Part X of this document.

Presentation of Financial Information

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this document. An overview of the basis for presentation of financial information is set out below.

The consolidated historical financial information of the Company and its subsidiary undertakings and, where the context requires, its associated undertakings from time to time (the "**Group**") as at and for the years ended 31 December 2020 (the "**2020 Audited Consolidated Financial Statements**"), 31 December 2019 (the "**2019 Audited Consolidated Financial Statements**") and 31 December 2018 (the "**2018 Audited Consolidated Financial Statements**" and, together with the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, the "**Audited Historical Financial Information**") and the Group's unaudited consolidated financial information as at and for the six months ended 30 June 2021, including for comparison the Group's unaudited consolidated financial information as at and for the six months ended 30 June 2020 (the "**2021 Unaudited Interim Consolidated Financial Statements**" and, together with the Audited Historical Financial Information, the "**Historical Financial Information**") incorporated by reference into this document, has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and applicable requirements of Jersey law. The audit reports on the Group's 2020 Audited Consolidated Financial Statements, 2019 Audited Consolidated Financial Statements and 2018 Audited Consolidated Financial Statements were unqualified. The review report with respect to the 2021 Unaudited Interim Consolidated Financial Statements contains an explanatory paragraph which does not modify the conclusion on the 2021 Unaudited Interim Consolidated Financial Statements that draws attention to note 2 in the unaudited 2021 Unaudited Interim Consolidated Financial Statements, which describes a material uncertainty related to the Company's ability to continue as a going concern which is subject to the Capital Raise, which is conditional on shareholder approval.

The Historical Financial Information contained in this document has been presented in accordance with the requirements of the Prospectus Regulation Rules and the Listing Rules.

The Group's 2020 Audited Consolidated Financial Statements, 2019 Audited Consolidated Financial Statements and 2018 Audited Consolidated Financial Statements, together with the audit reports thereon, are incorporated by reference into this document from the Group's 2020 Annual Report and Accounts, 2019 Annual Report and Accounts and 2018 Annual Report and Accounts, respectively. The Group's 2021 Unaudited Interim Consolidated Financial Statements, together with the review report thereon, is incorporated by reference into this document from the Group's 2021 Interim Report.

Where information has been extracted from the Group's Audited Historical Financial Information, the information is audited unless otherwise stated.

Factors Affecting Comparability of Financial Statements

The Group's operations are organised according to three operating segments: E&C, EPS and IES. On 1 January 2019, the EPCm line of business was reorganised from the EPS operating segment to the IES operating segment, which resulted in reclassification of associated revenues for the year ended 31 December 2018 as presented, for purposes of comparison, in the 2019 Audited Consolidated Financial Statements. See note 4 of the 2019 Audited Consolidated Financial Statements.

On 1 January 2020, investment in associates (i.e., PetroFirst Infrastructure Limited and PetroFirst Infrastructure 2 Limited) were reorganised from the IES operating segment to the EPS operating segment, which resulted in reclassification of associated revenues for the year ended 31 December 2019 as presented, for purposes of comparison, in the 2020 Audited Consolidated Financial Statements. See note 4 of the 2020 Audited Consolidated Financial Statements. In this document, for purposes of comparison, segmental financial data for the year ended 31 December 2018 has been reclassified to reflect this reorganisation.

See "*Factors Affecting Comparability of Financial Statements*" in Part V: "*Operating and Financial Review*" for more information.

Alternative Performance Measures

The Group has included in this document alternative performance measures ("**APMs**") of its financial performance, financial position and cash flows that are not required by, or presented in accordance with, IFRS. These APMs include Business Performance EBITDA, Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders, Business Performance Net Margin, Free Cash Flow, Adjusted Gross Profit Margin, Net Capital Expenditures and Cash Conversion. The Group considers that these APMs, which are not a substitute for or superior to IFRS measures, provide stakeholders with additional useful information by adjusting for certain reported items which impact upon IFRS measures or, by defining new measures, to aid the understanding of the Group's financial performance, financial position and cash flows.

Summaries and definitions of these APMs, applicable reconciliations to the closest equivalent IFRS measure, a description of the relevant adjustments to reconcile to the Group's primary financial statements and the rationale for adjustments are included in the Historical Financial Information which has been incorporated by reference in this document in the following locations:

- 2021 Interim Report: page 45.
- 2020 Annual Report and Accounts: Appendix A to the 2020 Audited Consolidated Financial Statements, pages 191 to 196, inclusive.
- 2019 Annual Report and Accounts: Appendix A to the 2019 Audited Consolidated Financial Statements, pages 174 to 177, inclusive.
- 2018 Annual Report and Accounts: Appendix A to the 2018 Audited Consolidated Financial Statements, pages 177 to 182, inclusive.

In addition, this document also presents the Group's Backlog as at stated period-end dates. Backlog represents the estimated revenue attributable to the uncompleted portion of lump-sum EPC contracts and variation orders plus, with regard to EPS and IES contracts, the estimated revenue attributable to the lesser of the remaining term of the contract and five years. Backlog is not booked on IES's PSC contracts where Petrofac is entitled to a share of production. The value of a contract in a currency other than US dollars is booked at the applicable month-end exchange rate of the month in which the award is made and is revalued each month at the prevailing month-end exchange rate. Backlog is a measure of the Group's potential future revenue, and represents an estimate of a significant portion of anticipated future revenue. Petrofac's Senior Management and Directors accordingly consider Backlog to be one of the Group's key performance indicators. Backlog information represents forward-looking statements. Completion of projects at the value reflected in the Backlog is subject to a number of assumptions, risks and estimates, as well as the receipt of required governmental consents, permits, and regulatory clearances, which are the responsibility of the project owner and may be outside the Group's control. There can be no assurance that all or any of the revenue anticipated in Petrofac's Backlog will be realised in the timeframe expected or at all, or will result in profits. See "*Risk Factors—Risks relating to Petrofac's Business – The Group may not realise revenue on its current Backlog due to client order reductions, cancellations or acceptance delays, or client insolvency or default, which may negatively impact its financial results*".

Pro Forma Financial Information

In this document, any reference to "*pro forma*" financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Part VIII: "*Unaudited Pro Forma* Financial Information" of this document. The unaudited *pro forma* statement of net assets contained in that section is intended to show how the Capital Raise might have affected the net assets of Petrofac as if the Capital Raise and implementation of the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, had occurred on 30 June 2021.

The unaudited *pro forma* financial information is for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the Company's financial position. Future results of operations may differ materially from those presented in the *pro forma* information due to various factors.

Currencies

In this document and the information incorporated by reference into this document, references to "**US$**", "**dollars**" or "**US Dollars**" are to the lawful currency of the United States, and all references to "**GBP**", "**£**" or "**pounds**" are to the lawful currency of the United Kingdom.

Notice to Investors in the United States of America

Neither this document nor the Application Form constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, New Shares to any Shareholder with a registered address in, or who is resident of, the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or under any securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States. The New Shares are being offered: (i) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the Securities Act (QIBs) who are subscribing for the New Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that sellers of the New Shares are relying upon an exemption from the registration requirements of Section 5 of the Securities Act.

The New Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Available Information

If, at any time, the Company is neither subject to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any holder or beneficial holder of the New Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. In such cases, the Company will also furnish to each such owner all notices of general Shareholders' meetings and other reports and communications that the Group generally makes available to Shareholders.

Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the section of this document headed "Definitions". Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

Website

The contents of the Company's website or of any website accessible via hyperlinks from the Company's website are not incorporated into, and do not form part of, this document and investors should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on the Company's website (http://www.petrofac.com).

CAPITAL RAISE STATISTICS

Number of Shares in issue on 25 October 2021[1]	345,912,747
Number of Firm Placing Shares to be issued by the Company pursuant to the Firm Placing	87,119,226
Number of Open Offer Shares to be issued by the Company pursuant to the Placing and Open Offer	86,478,186
Number of Subscription Shares to be issued by the Company pursuant to the Director Subscriptions	308,673
Aggregate number of New Shares to be issued by the Company pursuant to the Capital Raise and the Director Subscriptions	173,906,085
Enlarged Share Capital immediately following completion of the Capital Raise and the Director Subscriptions[2]	519,818,832
New Shares as a percentage of Enlarged Share Capital immediately following completion of the Capital Raise and the Director Subscriptions[2]	33.5%
Open Offer Entitlement	1 New Shares for every 4 Existing Shares
Issue Price	£1.15 (US$1.58)
Discount of the Issue Price to the Closing Price of £1.58 (US$2.18) per Share on the Reference Date	27.2%
Estimated fees, costs and expenses in connection with the Capital Raise	US$16 million
Estimated net proceeds of the Capital Raise receivable by the Company	US$259 million

Notes:

(1) Being the latest practicable date prior to the date of this document.

(2) Assuming that no Shares are issued pursuant to options exercised under any of the Share Schemes are exercised between the date of this document and Admission becoming effective.

EXPECTED TIMETABLE FOR THE FIRM PLACING AND PLACING AND OPEN OFFER[(1)(2)]

Record Date for entitlements under the Open Offer	6.00 p.m. on 25 October 2021
Publication of this document, the Notice of General Meeting and the Form of Proxy	**26 October 2021**
Ex-Entitlement Date for the Open Offer	27 October 2021
Posting of this document, Application Forms (to Qualifying Non-CREST Shareholders only) and Forms of Proxy	27 October 2021
Open Offer Entitlements credited to stock accounts in CREST (Qualifying CREST Shareholders only)	as soon as practicable after 8.00 a.m. on 28 October 2021
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 5 November 2021
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 8 November 2021
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 9 November 2021
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 10 November 2021
Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate)	**11.00 a.m. on 11 November 2021**
General Meeting	**10:00 a.m. on 12 November 2021**
Announcement of the results of the General Meeting and the results of the Open Offer	12 November 2021
Admission and dealings in New Shares to commence on the London Stock Exchange	**8.00 a.m. on** 15 November **2021**
New Shares credited to CREST stock accounts (uncertificated holders only)[(3)]	As soon as practicable after 8.00 a.m. on 15 November 2021
Despatch of definitive share certificates for the New Shares in certificated form (to Qualifying Non-CREST Shareholders only)[(3)]	by no later than 29 November 2021

Notes:

(1) The times and dates set out in the timetable above and referred to throughout this document and the Application Form may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders.

(2) References to times in this document are to London time, unless otherwise stated.

(3) Subject to certain restrictions relating to Overseas Shareholders. See paragraph 7 of Part III of this document.

DIRECTORS AND ADVISERS

Board of Directors

A list of the Directors is set forth in the table below.

Name	Position
Sami Iskander	Chief Executive
René Médori	Chairman
Afonso Reis e Sousa	Chief Financial Officer
Matthias Bichsel	Senior Independent Director
Ayman Asfari	Non-Executive Director
Andrea Abt	Non-Executive Director
Sara Akbar	Non-Executive Director
David Davies	Non-Executive Director
Francesca Di Carlo	Non-Executive Director
George Pierson	Non-Executive Director

Each of the Director's business address is the Company's registered address at 44 Esplanade, St Helier, Jersey JE4 9WG, and each of the Director's business telephone number is +44 (0) 207 811 4900.

Registered Office:	44 Esplanade, St Helier, Jersey JE4 9WG
Company Secretary:	Intertrust Corporate Services (Jersey) Limited 44 Esplanade, St Helier, Jersey JE4 9WG
Sponsor and Joint Bookrunner	J.P. Morgan Cazenove 10 Aldermanbury, London EC2V 7RF
Joint Bookrunner:	Goldman Sachs Plumtree Court, 25 Shoe Lane, London EC4A 4AU
Auditor to the Company:	Ernst & Young LLP 1 More London Place London SE1 2AF
Legal advisers to the Company as to English and United States law:	Linklaters LLP One Silk Street London EC2Y 8HQ
Legal advisers to the Company as to Jersey law:	Carey Olsen Jersey LLP 47 Esplanade St Helier Jersey JE1 0BD
Legal advisers to the Joint Bookrunners as to English and United States law:	Clifford Chance LLP 10 Upper Bank Street, London E14 5JJ
Registrar:	Equiniti (Jersey) Limited 26 New Street St Helier Jersey JE2 3RA
Receiving Agent:	Equiniti Limited Aspect House, Spencer Road Lancing West Sussex BN99 6DA

PART I – LETTER FROM THE CHAIRMAN OF PETROFAC LIMITED

Directors:	**Registered Office:**
René Médori, Chairman	44 Esplanade
Sami Iskander, Chief Executive	St Helier
Afonso Reis e Sousa, Chief Financial Officer	Jersey JE4 9WG
Matthias Bichsel, Senior Independent Director	
Ayman Asfari, Non-Executive Director	
Andrea Abt, Non-Executive Director	
Sara Akbar, Non-Executive Director	
David Davies, Non-Executive Director	
Francesca Di Carlo, Non-Executive Director	
George Pierson, Non-Executive Director	

26 October 2021

Dear Shareholder

PROPOSED FIRM PLACING AND PLACING AND OPEN OFFER

1 Introduction

Petrofac has today announced a proposed capital raise by way of a Firm Placing and Placing and Open Offer to raise gross proceeds of approximately US$275 million (£200 million) as part of a Refinancing Plan to extend its debt maturities and strengthen the Group's platform to execute its strategy.

87,119,226 New Shares will be issued through the Firm Placing and 86,478,186 New Shares will be issued through the Placing and Open Offer on the basis of 1 New Shares for every 4 Existing Shares.

The Issue Price of £1.15 (US$1.58) per New Share represents a 27.2% discount to the Closing Price of £1.58 (US$2.18) per Existing Share on the Reference Date. The Issue Price (and the discount) has been set by the Directors following their assessment of the prevailing market conditions and anticipated demand for the New Shares. The Board, having taken appropriate advice from its advisers, believes that the Issue Price (including the discount) is appropriate in the circumstances.

The Capital Raise has been fully underwritten by the Joint Bookrunners, on the terms and subject to the conditions set out in the Placing Agreement.

The purpose of this letter is to explain the background to and reasons for the Capital Raise, to summarise the key terms and conditions of the Firm Placing and Placing and Open Offer and to explain why the Board considers the Capital Raise to be in the best interests of the Group and Shareholders as a whole, and to seek your approval of the Resolutions to be proposed at the General Meeting.

The Capital Raise is conditional on, among other things, the passing of the Resolutions by Shareholders at the General Meeting, which is scheduled to take place at 10:00 a.m. on 12 November 2021. You can find the Notice of General Meeting at the end of this document. Your attention is drawn to paragraph 16 of this letter for more information on the importance of your vote. The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as each of the Directors intends to do in respect of their own beneficial holding of Shares.

2 Background to and Rationale for the Capital Raise

2.1 Background to the Capital Raise

Petrofac is a FTSE-listed leading international service provider to the energy industry, with a diverse customer portfolio spanning Europe, MENA and Asia. Petrofac provides a comprehensive suite of services for energy infrastructure assets across the full asset lifecycle from design and construction to management and maintenance. Petrofac is also accelerating its focus on new energies and is pursuing rapid growth in those segments where its core capabilities and transferable skills can immediately create value, namely offshore wind, carbon capture and storage, waste-to-fuels/energy and hydrogen.

Petrofac has a track record spanning more than 40 years. It has delivered over 200 major projects, with 16 major projects currently ongoing. It currently operates 31 offices in 29 countries, fields 8,499 employees, with procurement spend over US$1.3 billion in 2020. In 2020, Petrofac ranked as number 20 in Engineering News-Record's list of top 250 international contractors worldwide, and secured first place in Refining and Petrochemicals Middle East magazine's Top 30 EPC Contractors listing.

Petrofac is led by a newly appointed CEO with more than 30 years' international experience in both oilfield services and upstream exploration and production. He brings to Petrofac a set of systems and practices derived from the largest and most successful companies in the energy sector. He is supported by a new CFO with almost a decade at Petrofac, spanning a number of roles including most recently as Group Treasurer and Head of Tax, Insurance and Risk.

Petrofac's new management team is driving a series of initiatives to further embed the Group's culture and technical performance. A new "One Petrofac" operating model is being deployed globally to clearly define the Group's values, policies and behaviours, so that customers worldwide experience consistent delivery and service quality. The Group has also created a collaborative technical organisation called "1tec", which brings together its technical experts in a series of "Functions" such as proposals, engineering, supply chain and quality assurance, to ensure that best practices are developed and shared effectively across the organisation and that Petrofac's teams across the globe deliver world class performance in every location.

Petrofac targets a global energy market that is expected to reach an annual spend of approximately US$850 billion by 2025, based on the Group's market analysis. In aggregate, the addressable market for Petrofac is expected to exceed US$100 billion by 2025 (excluding opportunities within the UAE, Saudi Arabia and Iraq, which Petrofac expects to re-enter over time). An estimated US$70 billion within this addressable market is expected to be spent annually by 2025 in Petrofac's core business segments, namely upstream, refineries and petrochemicals, where Petrofac believes that it has a compelling customer proposition and an enviable track record. A further US$20 billion is expected to be spent in those new energies markets where the Group is accelerating its efforts, namely offshore wind, carbon capture and storage, waste-to-fuels/energy and hydrogen by 2025. And finally, operating expenditure for upstream and new energies infrastructure, where Petrofac believes that it can deploy its operations and maintenance capabilities, is expected to grow to US$15 billion per annum by 2025.

The Directors believe that Petrofac's recently refreshed leadership and systems, and its clear strategy, leave it well positioned to pursue material opportunities in both core markets and new energies, positioning the group to deliver solid growth and superior returns. The Group has secured revenue of approximately US$1.5 billion for the six months ending 31 December 2021, which comprises approximately US$1.0 billion from E&C and approximately US$0.5 billion from EPS, and of approximately US$1.6 billion for the year ending 31 December 2022, which comprises approximately US$0.9 billion from E&C and approximately US$0.7 billion from EPS. In the medium term, execution of Petrofac's strategy aims to deliver revenues of US$45 billion (with more than 20% from new energies), consistently premium margins and a strong balance sheet with a net cash position.

On 24 September 2021, the Company announced that it had entered a plea agreement with the SFO. Pursuant to the plea agreement, the Company entered guilty pleas to seven counts of historical offences of failing to prevent bribery by former employees, contrary to section 7(1) of the Bribery Act 2010. Taken together, these seven counts involved five former Group employees. Under the terms of the plea agreement, the Company pleaded to failure to prevent these former employees from offering or making payments to agents who intended to obtain or retain business and/or an advantage in the conduct of busines, in relation to 10 projects (including variation orders and extensions) in Iraq, Saudi Arabia and the UAE in the period from 2012 to 2017. The Company and the SFO's representations to the Court outlined instances of failure of the Company's compliance systems and oversight structures during that period to identify and prevent instances of bribery by employees of the Group. In particular, attempts were made by these former employees to conceal their misconduct. No members of the Company's current Board of Directors were implicated in the plea agreement agreed with the SFO. Since these events, the Company has engaged in an extensive programme to enhance its corporate governance framework. This includes both changes to executive management and the departure of the relevant employees named in the pleas from the Group, as well as the continued enhancement of the Group's compliance systems and oversight structures to prevent these types of behaviour in the future. The SFO and the Court have recognised that the Group has undergone extensive corporate reform in recent years and continues to put in place a robust compliance programme. See paragraph 3.2.7 "*Reinforced compliance structure*" in this Part I and Part IV: "*Business Overview—Corporate Responsibility and Environmental, Social and Governance ("ESG") Framework—Governance*" for further information. On 4 October 2021, Southwark Crown

Court handed down a sentence imposing a fine of £77 million on the Company (comprising a confiscation order of £22.8 million payable by 3 January 2022, a fine of £47.2 million payable by 14 February 2022 and an order to reimburse SFO costs in the amount of £7 million also payable by 14 February 2022) (the "**SFO Fine**"). In determining the penalty, the Court and the SFO acknowledged the Company's extensive corporate reform through its transformation of its leadership, personnel, compliance and assurance processes. In addition, the strengthening of the Company's compliance programme, due diligence function and ongoing, independent third-party scrutiny of compliance arrangements was noted and it was acknowledged that serious attempts have been made by the Company to improve its corporate culture and address the issues.

The Directors are not aware of any further criminal investigations or proceedings being taken, or planned to be taken, against the Group in relation to these incidents. Subject to payment of the penalty in accordance with the terms set out above, the SFO Investigation as it relates to the Company and its subsidiaries is now closed.

The SFO Investigation into past issues caused significant damage to the Group, including to its order intake, financial position, customer relationships and reputation. Although the Group has engaged in an extensive programme of corporate reform since the time of these events, and has in recent years taken a number of steps to further bolster its compliance programme, the SFO Investigation negatively affected a number of customer relationships and trading activity. In 2019, customers in Iraq and Saudi Arabia suspended Petrofac from bidding on new contracts, while allowing the Group to execute pre-existing contracts, followed by a UAE customer in 2020. Iraq, Saudi Arabia and the UAE accounted for 27% of total revenue in the period 2015-2019, prior to the first suspension, and revenue from these countries decreased to 12% in 2020. Other existing and prospective customers sought better terms during this time, when Petrofac's bargaining power was constrained, and it became difficult to attract and retain key personnel. In addition, the Group has incurred the SFO Fine in respect of which it has recognised a US$106 million payable on its balance sheet as at 30 June 2021. Each of these factors, along with the allocation of significant resources, both internally as a result of management time and externally through advisers, had a substantial impact on the Group's revenue and profitability. Furthermore, it became more challenging for the Group to secure long-term financing.

These challenges were compounded in 2020 when the COVID-19 pandemic brought major disruption to the energy sector and a rapid deterioration in market conditions which, for Petrofac, led to project delays and increased costs. The sharp decline in oil prices in 2020 put both national and international oil companies under financial pressure, with many taking steps to reduce costs and protect their balance sheets. This resulted in deferred capital spending and a scarcity of new project awards. Petrofac also experienced slower payments and a more challenging commercial environment in which to settle contractual claims.

Resolution of the SFO Investigation removes many of the uncertainties that have influenced order intake, financial position, customer relationships and reputation, as well as constraints that have limited Petrofac's ability to win work, compete with peers, retain key talent and deliver its strategy, and as a result is expected to instill confidence in existing and potential customers in the Group's ability to undertake major projects in the coming years. It also presents a critical opportunity to re-engage with key customers in the Group's traditional markets. Consequently, the Petrofac Board believes the long-term fundamentals of the business are strong with its addressable market expected to exceed US$100 billion by 2025. Petrofac has outlined its strategy to provide **best-in-class delivery** to customers through consistent execution, to **return to growth** by targeting attractive opportunities in its core markets and the very strong growth anticipated in new energies, and to deliver **superior returns** with a balanced approach to risk, generating premium margins and supported by a strong balance sheet.

The Board believes that this strategy, as set out in detail below, provides a credible and sustainable route to deliver long-term value for shareholders and other stakeholders. However, the terms of the SFO resolution including the payment of the penalty, combined with the current level of indebtedness and the terms and maturity profile of its existing financing arrangements, materially constrain the Group's ability to implement its strategy. The Petrofac Board believes that additional steps are required to accelerate deleveraging of the Group's balance sheet and to transition to a long-term, sustainable capital structure appropriate to the size of the Group and its strategy.

Accordingly, the Petrofac Board has, following engagement with a group of its core lending banks and other stakeholders, developed a Refinancing Plan, as defined below, to strengthen its capital base and financial position. The Refinancing Plan will deleverage the Group's balance sheet, extend the maturity profile of the Group's financing arrangements and strengthen the Group's capital structure. This will increase the financial flexibility and stability of the Group and improve the credit perception of Petrofac with customers, partners and suppliers. The Petrofac Board believes that this will, in turn, enable the Group to pursue its strategy more effectively and enhance long-term shareholder value.

2.2 The Refinancing Plan

Petrofac's existing lending facilities comprise: (i) a syndicated revolving credit facility of US$610 million maturing on 2 June 2022 (the "**Existing Revolving Credit Facility**"); (ii) a bilateral term loan of the equivalent of US$90 million, from Abu Dhabi Commercial Bank (the "**Existing ADCB Term Loan Facility**"), maturing on 1 April 2022; (iii) a bilateral term loan of US$50 million (the "**Existing RAK Term Loan Facility**"), from The National Bank of Ras Al-Khaimah (P.S.C.) ("**RAK Bank**"), maturing on 31 October 2023; (iv) £300 million of commercial paper, issued under the Covid Corporate Finance Facility (the "**CCFF**") due to be repaid on 31 January 2022; and (v) an US$8 million overdraft facility that is drawn and is to be repaid.

The "**Refinancing Plan**" includes the following components:

- the raising of gross proceeds of US$275 million (£200 million) by way of the Firm Placing and Placing and Open Offer (US$259 million after deduction of estimated expenses, including underwriting commissions);
- the establishment of a US$500 million bridge financing facility, which matures on 26 October 2022, with an option (at the Company's election, and without requiring the lenders' consent) to extend the maturity by six months (the "**Bridge Facility**"), and which is expected either to be: (a) drawn in full and subsequently refinanced by way of a public bond issuance prior to its maturity; or (b) replaced prior to being drawn down by way of a public bond issuance, in either case following the closing of the Capital Raise;
- the establishment of an AED185 million (US$50 million) new term loan facility with ADCB, maturing 24 months following its utilisation date (the "**New ADCB Facility**");
- the amendment of the US$50 million Existing RAK Term Loan Facility (as amended, the "**Amended RAK Facility**", maturing 1 November 2023); and
- the establishment of a US$180 million revolving credit facility, maturing 26 October 2023 (the "**New Revolving Credit Facility**").

The Company intends to use the proceeds of Firm Placing and Placing and Open Offer, in combination with the proceeds from the Bridge Facility, the New ADCB Facility and available cash reserves in order to pay, in January and February 2022, the £77 million in penalties and fees imposed by Southwark Crown Court in relation to the SFO Investigation and to repay indebtedness under its existing revolving credit facility (US$546 million), its existing term loan with ADCB (US$90 million), its commercial paper under the CCFF (£300 million) and an existing overdraft facility (US$8 million), as well as estimated fees and expenses in connection with its refinancing plan (US$36 million).

See "*Part VIII: Unaudited Pro Forma* Financial Information".

Petrofac entered into the Bridge Facility, the New Revolving Credit Facility, the New ADCB Facility and the Amended RAK Facility on 26 October 2021. The effectiveness of the Refinancing Plan, however, is contingent on completion of the Capital Raise, which is conditional on the Resolutions having been passed by Shareholders at the General Meeting.

2.3 Assessment of the Refinancing Plan

The Refinancing Plan aims to deliver the Group's key objectives of:

- reducing indebtedness, taking into account the resolution of the SFO resolution, including the payment of the SFO Fine;
- diversifying the Group's sources of capital by accessing the debt capital markets in order to replace the Bridge Facility or to refinance borrowings under the Bridge Facility prior to its maturity; and

- extending the maturity profile of the Group's financing arrangements, providing the Group with long-term certainty, flexibility, balance sheet strength, improved liquidity, covenant headroom and ultimately an appropriate capital structure to deliver its strategy.

The Refinancing Plan will also facilitate, and allow the Group to focus its efforts on, the implementation of its strategy. The Directors believe that successful delivery of the Group's strategy, together with the implementation of the Refinancing Plan, will enable Petrofac to grow its businesses and generate increased surplus cash flow with a view to further deleveraging the Group, while providing a platform for the Group to resume dividend payments in the future. The Petrofac Board, having carefully considered the available alternatives, believes that the Refinancing Plan is the optimal solution available to support delivery of the Group's strategy, and has confidence in being able to issue the proposed public bonds on market-competitive terms.

Petrofac closed 2020 with US$1.1 billion of liquidity and ample covenant headroom. The Refinancing Plan provides sufficient operating liquidity over the coming years based on Petrofac's internal forecasts. Petrofac expects to continue to delever and transition to a net cash position in the medium term.

3 The Group's Strategy and Key Strengths

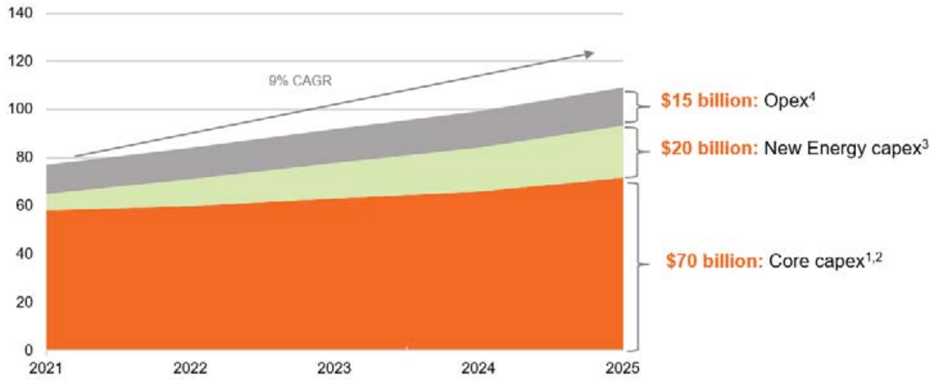
3.1 Market Outlook

Global energy demand growth is underpinned by population growth, with an increase of 2 billion people expected by 2050, together with increasing levels of prosperity in emerging economies which are urbanising quickly and improving their access to energy.

There are a range of different scenarios, considering the aggregate views of the IEA, OPEC and other commentators, for future energy demand depending on government policies, speed of recovery from the COVID-19 pandemic and environmental targets. However, in all scenarios, absolute energy demand is expected to increase in the period to 2050. Renewables are expected to grow most rapidly, but all forms of energy will be required for the foreseeable future and oil and gas are expected to constitute a considerable proportion of the total energy supply for the foreseeable future in all scenarios.

Based on the Group's market analysis, it expects that worldwide capital investment in all forms of energy will grow to approximately US$850 billion by 2025. In aggregate, the addressable market for Petrofac is expected to exceed US$100 billion by 2025 (excluding opportunities within the UAE, Saudi Arabia and Iraq, which Petrofac expects to re-enter over time). In the period up to 2025, Petrofac is focused on three compelling addressable markets that align closely with its core capabilities and track record. Firstly, capital expenditure on upstream, refining and petrochemicals, where Petrofac has a compelling customer proposition and a strong track record of project execution, is expected to rise to approximately US$70 billion per annum by 2025. The MENA region upstream capex forecast is expected to grow at 10% CAGR 2021-2025 (Source: Rystad). Secondly, opportunities within new energies (comprising offshore wind, carbon capture and storage, waste-to-fuels/energy and hydrogen), where Petrofac is accelerating its efforts, are expected to grow to approximately US$20 billion per annum by 2025. Thirdly, operating expenditure for upstream and new energies infrastructure, where Petrofac believes that it can deploy its operations and maintenance capabilities, is expected to grow to US$15 billion per annum by 2025.

Petrofac Addressable Markets (US$ billion)



Source: Group market analysis

Notes:
(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, H2 and Waste to Value
(4) Opex for upstream and new energies.

3.2 Key Strengths

3.2.1 Leading international service provider and trusted partner to the energy industry with long-standing customer relationships

Petrofac is a trusted partner to a diverse portfolio of customers, providing services covering every stage of the project lifecycle from conception to completion, and able to offer flexible commercial models. The Group has operations in 29 countries with 16 major projects ongoing and 8,499 employees worldwide.

The Group has long and deep customer relationships with international and national oil companies. Its E&C division has a 40-year track record in designing and building major energy infrastructure projects with over 200 major projects delivered. It has a particularly strong presence in the MENA region where it has, for example, built 70% of the gas infrastructure in Oman and built infrastructure in Kuwait that supports 35% of the country's oil production. These positions have supported revenues of US$25 billion in E&C MENA operations between 2014 and 2020.

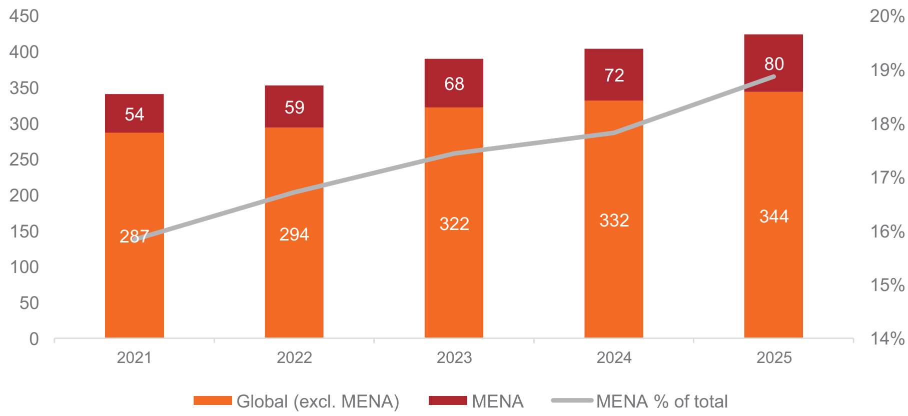
Petrofac has a reputation for having an exceptional EPC capability in the market. The Group's estimated 40% market share in operations and maintenance in the UK is a testament to its market-leading capabilities and service offering. In 2020, Petrofac secured first place in Refining and Petrochemicals Middle East magazine's Top 30 EPC Contractors listing, which cited the Group's operational delivery, its strong safety record and its digitalisation programme.

3.2.2 Strategic positioning in attractive core markets with addressable spend expected to rise by 40% by 2025

Petrofac has a leading presence in key regions, including MENA, which has some of the lowest marginal costs of oil and gas production in the world, as well as the UK North Sea, which benefits from resilient spending throughout the cycle. The Group is resilient to cyclical downturns in the oil and gas industry given the breadth of its diversification and this will increase as it builds expertise and expands into new energies.

The Group is well-positioned as the oil and gas sector emerges from the COVID-19 pandemic. Its core markets in MENA are likely to be the first to recover and to remain the most resilient. Upstream capex in the MENA region is expected to grow at 10% CAGR 2021-2025 (Source: Rystad) providing long term tailwinds for the Group.

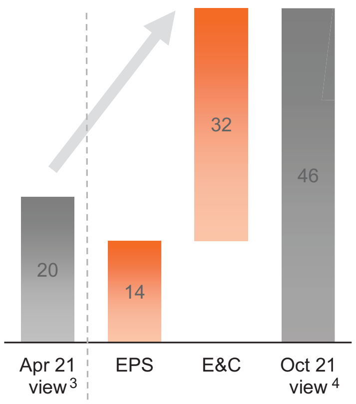
MENA region to grow at 10% CAGR 2021-2015
Global upstream capex forecast ($ billion)[1]



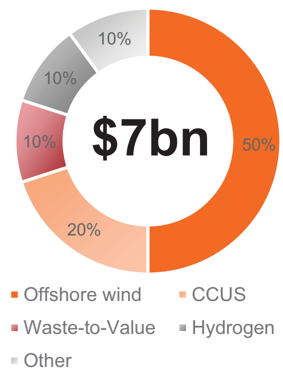
Petrofac has been successfully diversifying its bidding pipeline into geographies beyond core markets, including India, South-East Asia, the Commonwealth of Independent States, Europe and the United States, where Petrofac has demonstrable track records. It has addressable markets that are expected to grow to US$105 billion per annum by 2025 (excluding opportunities within the UAE, Saudi Arabia and Iraq, which Petrofac expects to re-enter over time), including US$70 billion in core capital expenditure (comprising upstream and refinery and adjacent (petrochemical) sectors), US$20 billion in new energies and US$15 billion in operating expenditure.

Petrofac has a Group pipeline of US$46 billion scheduled for award to the industry by the end of 2022, which comprises US$32 billion in E&C and US$14 billion in EPS. The large addressable market in 2022 supports Petrofac's recovery trend and includes a fast-growing pipeline of new energies projects, which currently comprises US$7 billion of opportunities in offshore wind, carbon capture and storage, hydrogen and waste-to-value.

US$46bn group pipeline [1]



New energies [2]

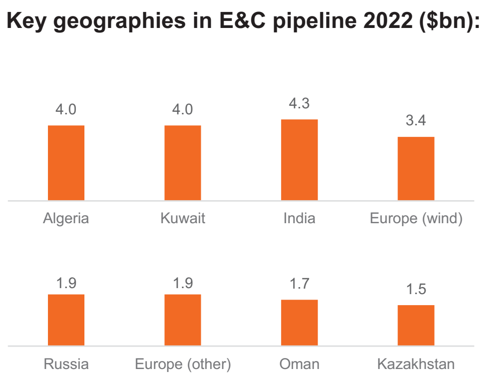


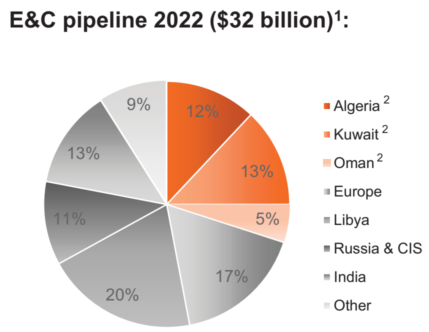
1. Opportunities scheduled for award to the industry by the end of 2022. The Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq
2. New energy opportunities are contained within E&C and EPS pipelines
3. For 8 months to December 2021
4. For 14 months to December 2022

In E&C, the US$32 billion pipeline is underpinned by its core MENA addressable markets in Algeria, Kuwait and Oman, where it has had a long-standing presence and its differentiated local delivery model and strong in-country-value makes it particularly competitive.

In growth geographies, such as India, it is currently executing multiple EPC contracts and has in-country centres of excellence for engineering. It has a successful track record of execution in Russia and Kazakhstan and has recently secured its first project in Libya, where there is significant growth potential.

The Group has already secured revenue of US$1.0 billion from E&C for the six months ending 31 December 2021 and approximately US$0.9 billion for the year ending 31 December 2022.





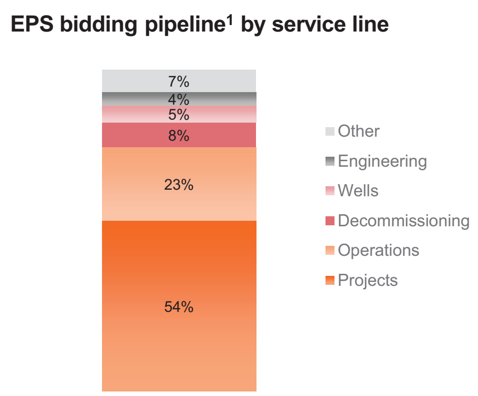
1. The bidding pipeline includes E&C opportunities scheduled for award to the industry by end of 2022. Excludes opportunities in UAE, Saudi Arabia and Iraq
2. Core E&C geographies comprise Algeria, Kuwait and Oman

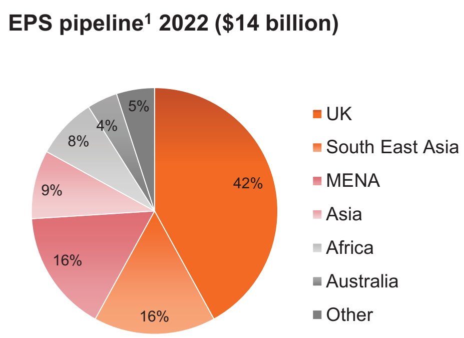
Furthermore, the Company is anticipating significant upside potential upon return to markets in Saudi Arabia, Iraq and the UAE.

The EPS business unit has demonstrated its resilience to the downturn delivering a book-to-bill of 1.0x in 2020, one of the most challenging years in the history of the industry, and is on course to do the same in 2021.

The Group has already secured revenue of approximately US$0.5 billion from EPS for the six months ending 31 December 2021 and approximately US$0.7 billion from EPS for the year ending 31 December 2022.

As discussed above, it has a diverse US$14 billion pipeline, with over 50% of the opportunities outside its core market in the UK. For the six months ended 30 June 2021, 50% of the revenue share of the EPS business was from its core market in the UK with 50% from non-UK EPS markets.

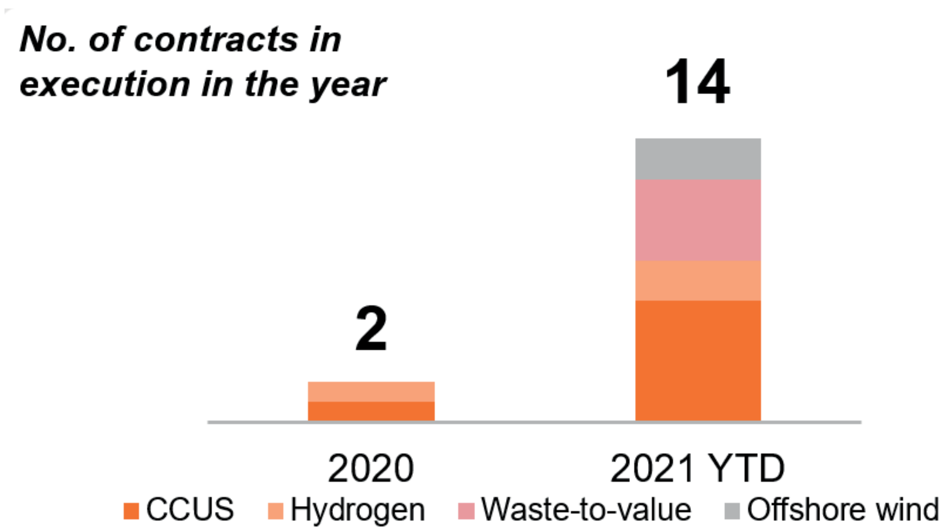




1. The Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq

In addition, there has been a strong improvement in the Group's track record of supporting new energy projects across a wide range of different technologies where, within the EPS segment, activity in new energy has increased significantly with 14 contracts secured in 2021 to date compared with two contracts in 2020.

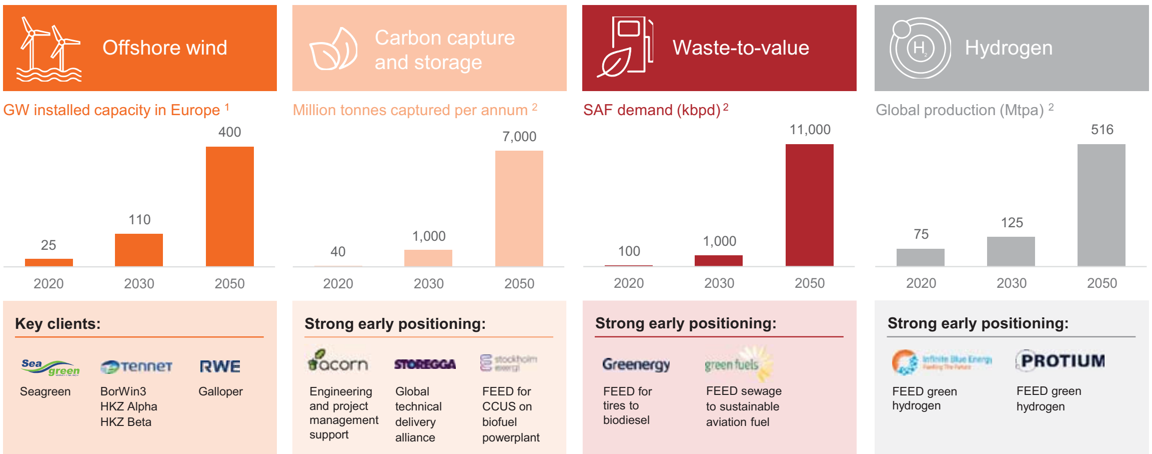
Growth in new energy contracts (growth shown for EPS segment)



3.2.3 Future-ready and well positioned to leverage existing capabilities to deliver growth within the energy transition

The energy transition has been at the core of Petrofac's future strategy in terms of expansion into new energies and building capabilities, as well as subject matter expertise that enables the transition of its customers. Petrofac is building expertise in segments that offer attractive near to long-term growth prospects and has already established a strong position in key high-growth sectors such as offshore wind, carbon capture and storage, hydrogen production, and waste-to-value.

Over US$3 billion of offshore wind opportunities are already in the pipeline scheduled for award to the industry by the end of 2022, with a projected new energies addressable market of US$20 billion by 2025, based on the Group's market analysis.



1. Source Wind Europe. 25GW installed capacity in 2020 growing to 400GW in 2050
2. Carbonomics, Goldman Sachs

Petrofac has a 10-year track record in offshore wind and a leading position in EPC for substations, with growing expertise in emissions reduction, CCUS, blue and green hydrogen and waste-to-value. The Company is able to deploy experienced resources familiar with engineering, construction, operations and maintenance across the full array of its target new energies markets. Life-of-asset service offering, a technology-neutral approach and flexible commercial models provide additional competitive differentiation.

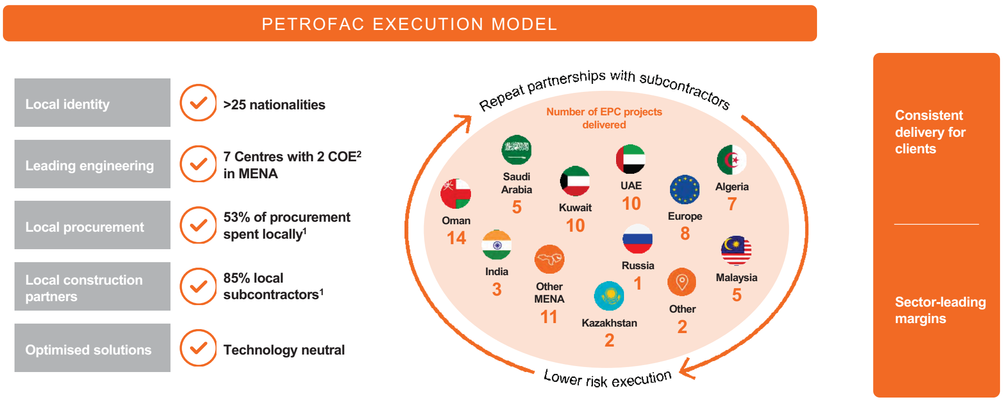
Strategic alliances formed with project developers and technology providers across CCUS, hydrogen and waste-to-fuels further boost capabilities and the depth of service offering. The Group's new energies strategy is driven by a strong leadership team with an exceptional track record in the energy services industry. The leadership team is fully equipped to enable Petrofac to become a leader in energy transition services across its targeted high-growth sectors.

3.2.4 Strong competitive position with sector-leading margins

Petrofac has a long track record of delivering differentiated margins. The Group's strong local delivery capability de-risks execution of contracts enabling it to provide best-in-class execution. It is the only tier 1 EPC company with centres of excellence for engineering in the Middle East.

Petrofac has a solid local identity in more than 25 nationalities globally. Its diversity offers a high level of cultural alignment to its customers, which they value, and forges stronger and enduring relationships.

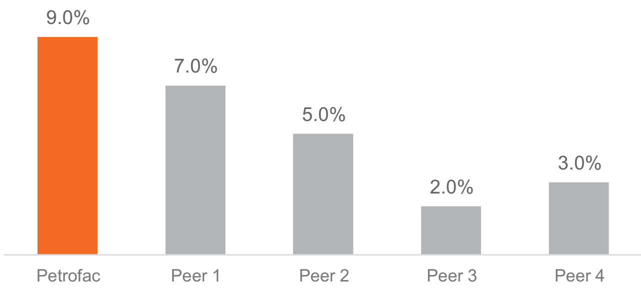
Historically, the Company has delivered consistent premium margins to clients through strong local delivery underpinned by local procurement and working with local construction partners. In 2020, 53% of procurement spend was carried out locally and involved 85% of local subcontractors as construction partners.



1. For the financial year 2020
2. COE denotes centres of excellence

Over the last 10 years Petrofac's average E&C EBIT margin has been 9% which was markedly higher than the sector peers.

Petrofac EBIT margin vs peers (2010-2020)[1]



1. Average EBIT margin 2010-2020. Comparison of E&C margins with closest comparable European peers' E&C divisions

The Company's strategy is to enhance its best-in-class delivery by simplifying the organisation and delivering to one global Petrofac standard, ensuring predictable and consistent execution. It has a highly cost-competitive structure underpinned by ongoing cost-saving measures, and is further improving efficiency through organisational simplification, investment in digitalisation and increasing automation.

3.2.5 Committed to minimising environmental impact of energy industry and driving greater diversity

Petrofac is committed to reducing the environmental impact of operations targeting Net Zero Scope 1 and 2 emissions by 2030. The Company is fully compliant with Task Force on Climate-Related Disclosures ("**TCFD**") and has a Carbon Disclosure Project ("**CDP**") rating of B. It is furthermore working to influence its supply chain partners to set their own emission reduction targets.

At a divisional level, Petrofac is committed to achieving Net Zero in its EPS business by 2025, while E&C and PM304 producing asset in Malaysia will do so by 2030. Work is underway to assess the Group's Scope 3 emissions baseline as it looks to decarbonise its supply chain; and it will set emissions reductions targets grounded in climate science through the Science Based Target Initiative.

The Company has also demonstrated an increased focus on diversity and inclusion, including through the setting of ambitious new diversity targets, and the appointment of its first Global Head of Diversity and Inclusion. The Company aims to expand diversity of workforce with the objective of 30% of women in senior roles by 2030. As measured per the Hampton Alexander methodology, the Group has successfully increased senior women in leadership roles from 8% in 2019 to 24% in June 2021.

The Group has been recognised for its commitment to sustainability, having achieved an AA sustainability rating from MSCI in March 2021.

3.2.6 Capital-light business, with strong focus and track record of cost discipline

Petrofac has a disciplined approach to capital allocation and bidding with a focus on maintaining a strong balance sheet and returning to a net cash position. The Company's recent divestments in non-core assets accelerated the transition to a capital-light business, enabling lower capital expenditure in the E&C and EPS businesses (2.7% of EBITDA in the six months ended 30 June 2021) and high free cash flow generation as Petrofac returns to growth.

The successful refinancing of all near-term maturities, through the Refinancing Plan, will reinforce Petrofac's balance sheet and liquidity position enabling it to be at an optimal position to benefit from the expected market recovery. The Company has introduced multiple cost-reduction measures to reduce overhead and project support costs, while preserving core capabilities. The Company is on track to deliver more than US$250 million cost savings relative to pre-pandemic levels.

3.2.7 Reinforced compliance structure

The Group's commitment to the highest level of ethical and effective governance is supported by a culture of integrity, transparency, and trust. The Group's compliance framework utilises a three lines of defence approach, with each line forming a feedback loop that informs improvement: leadership & people, processes & controls, and assurance. There is a strong alignment between management incentives and ESG performance metrics, with ESG performance metrics making up on average 40% of senior leadership incentives. Over the last several years, the Group has strengthened its cultural focus on ethical conduct, supported by a well-developed, independently-audited compliance and governance regime committed to best-in-class compliance systems and practices. MSCI's ESG ratings upgraded the Group to "AA" in March 2021, denoting industry leadership, with the Group's "robust business ethics policies driving the upgrade" and rating the Group's business ethics policies "strong" relative to peers, its corporate governance practices as "leading those of peers" and highlighting improvement since 2020.

The Company has established a Board Compliance & Ethics Committees which oversees and upholds implementation of principles and rules relating to compliance and ethics and provide assurance to Petrofac's shareholders that policies and standards are both adequate and effective.

The changes implemented have led to the creation of a highly qualified compliance leadership team based in Sharjah, including new Group General Counsel, Chief Compliance Officer and Investigations Director and dedicated officers in major operating hubs.

Furthermore, the Company has made significant investments in new technologies with new confidential reporting tools and externally hosted due diligence screening tools and has established an independent compliance investigations team.

The Company's implementation of an independent review and subsequent regular audit process reporting directly to the Compliance & Ethics Committee adds additional layers to and further strengthened its compliance structure.

A revised Code of Conduct was launched in January 2020, with mandatory eLearning training for employees and third parties who work with the Group to ensure that expected standards and behaviours are understood and enacted.

With the new compliance structure implemented, Petrofac has established a Zero tolerance approach to Code of Conduct breaches, retaliation, victimization and bullying and harassment.

3.2.8 Reinvigorated management team with demonstrable expertise

The appointment of a new CEO, Sami Iskander, with more than 30-years of international experience in both oilfield services and upstream exploration and production companies immensely strengthens the Company's leadership. Sami is supported by a new CFO, Afonso Reis e Sousa, with almost a decade at Petrofac, in a number of roles including most recently as Group Treasurer and Head of Tax, Insurance and Risk. The new leadership team has a wealth of experience in the sector and is well positioned to lead the transformation of the Company and has established clear values to underpin the Group's purpose and societal licence to operate, which govern how Petrofac functions. Clearly defined behavioural expectations set by the Petrofac Board for those that work for and with the Group support a culture of superior performance coupled with high standards of ethical business conduct.

3.3 Strategy

As announced in April 2021 at its full year results, the Group's strategy is underpinned by three overarching objectives: best-in-class delivery, returning to growth and generating superior returns.

3.3.1 Best-in-class delivery

Best-in-class delivery requires an optimal execution structure supported by technology, lean, efficient processes, and local, customer-focused delivery to a global standard where quality and value are independently assured, and risks mitigated.

<u>Simplify the organisation</u>

Petrofac is simplifying its organisation, creating a streamlined structure supported by technology and efficient processes. This includes the establishment of a collaborative technical organisation 1tec, which brings together the Group's technical experts in a series of "Functions" such as proposals, engineering, supply chain and quality assurance, to ensure that best practices are developed and shared effectively across the Group and that Petrofac's teams across the globe deliver world class performance in every location.

This efficient and digitally enabled organisation is also expected to further enhance the Group's cost competitiveness, leaving it well positioned to rebuild its Backlog when the market recovers and to consistently deliver premium margins for shareholders.

Global capability, location execution

The enhanced organisational structure, with 1tec as its backbone, will aim to ensure that projects are executed to one global standard in all countries in which Petrofac operates, via a local, customer focused delivery system. This local delivery model is expected to bring the Group closer to its customers and deepen Petrofac's understanding of the markets in which it operates, which will further de-risk execution and enhance profitability.

At the same time, Petrofac will continue to maximise in-country value (measured by the value of local expenditure on goods and services), a source of competitive advantage, by investing in new local leadership with the mandate to build strong and resilient businesses, underpinned by supply chains, in key markets. For reference, Petrofac's in-country-value expenditure in 2020 was 53% on non-joint venture projects and significantly higher in certain core geographies. When submitting bids for new work, in-country-value is a key metric evaluated by customers and Petrofac's success rate in winning tenders confirms that it is a market leader on this front.

Digitally enabled

Petrofac has invested, and continues to invest, heavily in its digital capability which, coupled with technical expertise, enhances productivity and provides optimal solutions to customers while driving greater consistency and cost reduction across portfolios.

For example, in December 2020, Petrofac's work to digitalise its operations and maintenance delivery was recognised with a prestigious award from Oil & Gas UK, the leading representative body for the offshore energy industry in the UK. Combining digital twin and mobile technologies with the Group's proprietary software, BuildME™, Petrofac has digitalised its inspection processes. Proven across more than 4,000 North Sea inspections, the approach has driven a 200% improvement in productivity.

The Group has also made significant investments in its internal systems to increase automation and drive efficiency. These investments have already improved the Group's productivity, and will be an important lever in maximising the Group's cost competitiveness when pursuing future contract awards.

Strategic partnerships

Petrofac has a number of successful strategic partners, which allow customers to benefit from combined expertise as well as delivering higher in country-value.

In NES, Petrofac is forming strategic partnerships with both developers and technology providers. These customer-centric relationships not only facilitate the development of projects now, but also enhance the Group's ability to pursue future opportunities.

For example, Petrofac has formed a global technical delivery alliance ("**TDA**") with Storegga, which has the potential to be the first industrial-scale carbon capture and storage project in the UK. The TDA combines Petrofac's world class engineering, project delivery and operational expertise with Storegga's project development capability, supporting fast-track delivery of critical net zero infrastructure both in the UK and internationally.

Technology neutral

In addition, as a technology-neutral service provider, Petrofac will continue to leverage its subject matter experts to offer optimal bespoke solutions to customers, without being limited by the need to deploy any particular in-house technologies.

This not only enables the Group to provide optimal solutions to its customers, but it also maximises the market opportunities available to Petrofac. This is particularly relevant for the new energies segment where there is a wide array of new technologies, each of which is limited to specific niches within particular sub-sectors. For instance, the Group estimates that there are around 1,000 large industrial sites suitable for carbon capture in Europe alone, which will all require bespoke solutions to suit each producer's exhaust volumes, CO_2 gas percentage, and the physical layout of its facilities. A wide range of technologies will be required to provide solutions across this heterogeneous opportunity set, and Petrofac's technology-neutral approach ensures that it can serve the entirety of this market.

3.3.2 Return to growth

Petrofac's focus on return to growth will be supported by improving customer centricity, becoming closer to both existing and new customers to drive growth in core markets, pursue growth opportunities in selective new markets, and accelerate the Group's expansion into new energies.

Customer-centric approach

As discussed in "— *Key Strengths*" above, the Group has long-standing customer relationships in its core addressable geographies, such as Oman, Algeria and Kuwait, where it has demonstrated a continuous presence, a commitment to building local supply chains, and a reputation for strong delivery and execution. To further enhance its influence and performance in these key countries, Petrofac is appointing dedicated country managers to continuously engage with customer executive management teams and local authorities and to deepen its understanding of local suppliers and subcontractors.

In Petrofac's growth geographies (as described below), it is appointing local business development leaders based in country, to engage with potential customers, establish Petrofac as a credible service provider and develop a pipeline of new opportunities.

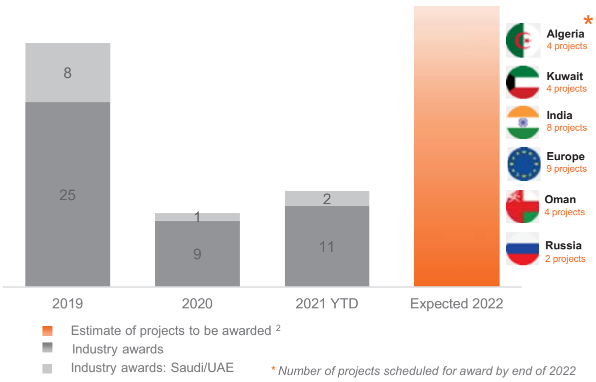
Rebuild the Backlog

Petrofac aims to re-build its Backlog by leveraging its extensive track record and targeting opportunities in its growing addressable core and growth markets, which it believes are well placed for a robust recovery. The Directors also believe that the Group's decisive action to cut costs, in combination with efficiencies it has gained through simplifying the organisation, leave Petrofac well positioned for a strong recovery across its operations.

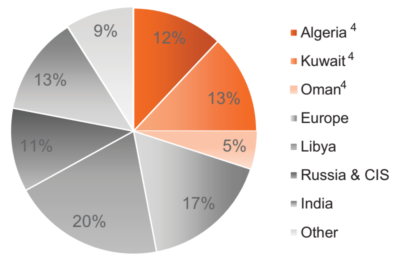
The Group is expected to enter a period of strong growth in project awards once the pandemic pressure eases. The Group intends to capitalise on its strong 2022 bidding pipeline, which benefits from a large and growing addressable market, including new energies. As discussed in "— *Key Strengths*" above, the Group's E&C pipeline is exposed to the most attractive growth markets in MENA (Algeria, Kuwait and Oman) which constituted 65% of the Group's MENA E&C revenue from 2014 to 2020 and where the Company maintained historical win rates of 30-50% from 2015 to 2021.

The Group experienced a sharp decline in awarded contracts in 2020 and the year to date in 2021, caused by the COVID-19 pandemic and oil price crash, the degree of which has not been experienced in recent history. As a result and with the oil price recovery, management believes that there will be a sustained recovery with a significant increase in awards in 2022.

Historic industry awards[1] vs outlook



E&C pipeline 2022 ($32 billion)[3]:



---

1. Number of projects awarded includes all projects that were in the Petrofac pipeline and were awarded to the industry
2. Management's best estimate of number of awards in 2022 from current pipeline
3. The bidding pipeline includes E&C opportunities scheduled for award by end of 2022. Excludes opportunities in UAE, Saudi Arabia and Iraq
4. Core E&C geographies comprise Algeria, Kuwait and Oman

The E&C pipeline is well complemented by the robust US$14 billion EPS pipeline, which has proven its resilience during the pandemic.

Selective growth in new geographies

As well as executing projects in its core markets, Petrofac will target opportunities across the wider MENA region, as well as other growth markets, such as Russia, India, Libya and Kazakhstan. These opportunities will be pursued in a disciplined way, consistent with Petrofac's conservative bidding approach. For example, when Petrofac entered the EPC market in India in 2018, it secured a small refinery project with a value of US$135 million. Similarly, it has recently entered Libya with a c.US$100 million EPC contract having built a close relationship with the NOC through the delivery of several front-end engineering and design ("**FEED**") contracts. This measured approach enabled Petrofac to develop a deep knowledge of local markets and supply chains before bidding on larger projects.

Leverage capabilities in new energies

Building on its extensive experience, Petrofac will target opportunities within new energies, namely offshore wind, carbon capture and storage, waste-to-fuels/energy and hydrogen. In aggregate, these opportunities are expected to represent US$20 billion by 2025 based on the Group's market analysis.

The Directors believe that Petrofac's capability and track record in engineering, construction, operations and maintenance leave it well-equipped to deliver an array of projects across the new energy industries. Petrofac already has a 10-year track record in offshore wind and is currently executing three EPC contracts for offshore substations in Europe. Furthermore, it is pursuing a substantial pipeline of over US$3 billion of offshore wind opportunities scheduled for award to the industry by the end of 2022. While the other target sectors are less mature, rapid growth is expected, based on the Group's market analysis. Consistent with its strategy, in the first half of 2021 Petrofac secured 14 contracts covering carbon capture, utilisation & storage ("**CCUS**"), blue and green hydrogen and waste-to-fuels. These early-stage concept and FEED contracts have the potential to develop into material project awards, leveraging Petrofac's differentiated life-of-asset customer offering.

3.3.3 Superior returns

The Group has established a new value assurance framework that will capture and address key risks and drive consistent execution across the Group's portfolio in order to further enhance its ability to deliver strong, consistent margins while maintaining the flexibility of an asset-light business model.

The Group believes that this approach, and the key components of the framework set out below, are supported by a prudent financial policy, which is expected to support its aim of returning to an investment grade rating profile over the medium-term.

Enhanced risk management framework

Petrofac is implementing and embedding the "One Petrofac" operating model into the Group's operations, which includes an enhanced "Value Assurance" framework. A Value Assurance team will provide independent, objective oversight during the preparation of proposals and during the execution of projects and operations. This team will participate in formal reviews at specific milestones throughout the project life cycle to help assess the quality of Petrofac's efforts and to identify key risks that require mitigation. They will not have financial performance objectives but rather will focus entirely on best-in-class performance across the entire lifespan of Petrofac's projects, from conception to completion.

Deliver premium margins, consistently

Petrofac has a strong reputation for operational excellence and earning differentiated margins. By standardising its execution practices via 1tec and deploying an independent Value Assurance team, the Directors believe that Petrofac will reduce risk during execution and return to delivering consistent sector-leading margins.

Capital-light business model

Over recent years, Petrofac has transitioned back to its core activities, providing services to infrastructure assets in the energy sector, including growing demand within new energies, and has largely divested its non-core and capital-intensive Integrated Energy Services portfolio. This asset-light business model is highly cash flow generative and as the business returns to growth and premium margins, Petrofac will be well placed to deliver attractive returns for shareholders.

Maintain strong balance sheet

Over the medium term, the Group intends to return to a net cash position. Maintaining a strong balance sheet is a key component of the Group's strategy and will enable it to reinstate a sustainable dividend over time. The successful refinancing of all near-term maturities through the Refinancing Plan will deleverage the Group's balance sheet, extend the maturity profile of the Group's financing arrangements and strengthen the Group's capital structure. This will increase the financial flexibility and stability of the Group and improve the credit perception of Petrofac.

3.3.4 Financial implications

The Petrofac Board firmly believes that successful implementation of the strategies outlined above will result in a growing, profitable business with premium margins underpinned by strong cost competitiveness and consistent execution, resulting in a strong balance sheet.

In the medium-term the Board is targeting:

- Group revenue of US$4-5 billion;
- New energies contributing more than 20% of revenue or approximately US$1 billion;
- EBIT margins of 6-8%; and
- Net cash position enabling Petrofac to reinstate a sustainable dividend over time.

4 Use of Proceeds

The Group intends to use the net proceeds from the Capital Raise of US$259 million (£188 million), in combination with: (i) the proceeds of a bridge financing facility in the amount of US$500 million; (ii) a new ADCB facility in the amount of AED185 million (US$50 million); and (iii) cash available on its balance sheet, in order to pay, in January and February 2022, the £77 million in penalties and fees imposed by Southwark Crown Court in relation to the SFO Investigation and to repay indebtedness under its existing revolving credit facility (US$546 million), its existing term loan with ADCB (US$90 million), its commercial paper under the CCFF (£300 million) and an existing overdraft facility (US$8 million), as well as estimated fees and expenses in connection with its refinancing plan (US$36 million). Taken together, these actions will extend the Group's debt maturities and strengthen the Group's platform to execute its strategy.

See "*Part VIII: Unaudited Pro Forma* Financial Information".

5. Current Trading and Prospects

Since 30 June 2021, the Group's trading and financial performance has remained steady and in line with expectations, with E&C Business Performance Net Margin for the year expected to be in line with 2020 and EPS Business Performance Net Margins expected to be 5-6% for full-year 2021.

Backlog has developed as expected, with E&C Backlog reducing modestly as a result of the Group's execution of ongoing projects in recent months, partially offset by the award to deliver the Erawin Field Development Project Phase 1 Early Production Facilities project with Zallaf Libya Oil & Gas Exploration and Production Company in a contract valued at over US$100 million. In EPS, Backlog has remained stable, with new order intake broadly in line with revenue during the period since 30 June 2021, reflecting new awards by Tatweer Petroleum to support its gas distribution network in Bahrain and by Petronas in Malaysia. In EPS, the Group expects a book-to-bill for full-year 2021 (and beyond) of at least 1x.

In the third quarter of 2021, the Group experienced an increase in net debt to US$371 million (excluding US$127 million IFRS 16 lease liabilities) as at 30 September 2021, representing gross debt of US$1,209 million and cash and short-term deposits of US$711 million, from US$188 million as at 30 June 2021 (excluding US$141 million IFRS 16 lease liabilities). High cash collections in late June reduced net debt from approximately US$290 million as reported in the Group's trading update on 24 June to US$188 million at 30 June before normalising in the third quarter. The increase in net debt in the third quarter was in line with the Company's expectations, albeit exacerbated by timing of receipts on certain projects and a low number of new awards in the E&C division during the quarter.

Against the backdrop of volatile trading conditions and the prolonged impact of the COVID-19 pandemic on the sector, the Group's outlook for the macro operating environment continues to improve for the coming months and years. Brent oil prices reached new highs in the third quarter of 2021, and this rally is forecasted to continue in the coming months, with year-end Brent projected by industry sources to reach US$90 boe. The Group expects to secure at least one large E&C project over the remainder of 2021, and it has observed an increase in bidding activity that is expected to continue in the coming months. Furthermore, the Group has received positive feedback from clients following the resolution of the SFO Investigation in October 2021. Order intake in EPS is expected to be strong in the remainder of 2021, and this momentum is expected to continue into 2022.

As this information is preliminary and in some cases refers to future periods, it is subject to change, and those changes could be material. See "*Risk Factors*" and "*Important Information—Cautionary Note Regarding Forward-Looking Statements*" for a discussion of certain of the factors that could affect the Group's future performance and results of operations.

6 Financial Impact of the Capital Raise

Had the Capital Raise taken place as at the last balance sheet date, being 30 June 2021, adjusted for the draw down on the revolving credit facility which increased by US$196 million between June 2021 and September 2021, the effect on the balance sheet would have been to decrease Petrofac's pro forma net debt to US$172 million. In the same period cash increased by US$3 million, however the cash increase is not included in the pro forma net debt. See Part VIII of this document, which contains an unaudited *pro forma* statement of net assets of Petrofac Limited that illustrates the impact of the Capital Raise and the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, on the net assets and liabilities of Petrofac Limited as at 30 June 2021 as if they had taken place at that date.

7 Principal Terms of the Firm Placing and Open Offer

The Company is proposing to raise proceeds of approximately US$259 million (£188 million) (net of fees, costs and expenses) by way of:

(i) a Firm Placing of 87,119,226 Firm Placing Shares, to raise gross proceeds of US$138,007,744 (£100 million); and

(ii) a Placing and Open Offer of 86,478,186 Open Offer Shares, to raise gross proceeds of US$136,992,256 (£99 million),

(together, the "**Capital Raise**"), in each case at the Issue Price of £1.15 (US$1.58) per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

The Capital Raise is being fully underwritten by the Joint Bookrunners, subject to certain customary conditions in the Placing Agreement, details of which are set out in paragraph 9.1 of Part X: "*Additional Information*". The Capital Raise is conditional on, among other things, the Resolutions having been passed by Shareholders at the General Meeting.

A cash box structure will be used for the issue of the Firm Placing Shares and the Open Offer Shares, as described in paragraph 1 of Part III: "*Details of the Capital Raise*" and paragraph 10.2 of Part X: "*Additional Information*". The Board has considered the best way to structure the proposed equity capital raise in light of the Group's current financial position. The decision to structure the equity capital raise by way of a combination of a Firm Placing and a Placing and Open Offer takes into account a number of factors, including the total net proceeds to be raised. The Board believes that the Firm Placing will enable the Company to satisfy demand from potential new investors as well as current Shareholders wishing to increase their equity positions in the Company. The Board have sought to balance the dilution to existing Shareholders arising from the Firm Placing with the need to bring in substantial investors with guaranteed commitments to ensure the success of the Capital Raise. As a result, 49.8% of the New Shares being issued will be available to existing Shareholders through the Open Offer on a *pro rata* basis.

Further details of the terms and conditions of the Capital Raise, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part III: "*Details of the Capital Raise*" and, where relevant, the Application Form.

Offer Price

The Issue Price of £1.15 (US$1.58) per New Share represents a 27.2% discount to the Closing Price of £1.58 (US$2.18) per Existing Share on the Reference Date. The Issue Price (and the discount) has been set by the Directors following their assessment of the prevailing market conditions and anticipated demand for the New Shares. The Board, having taken appropriate advice from its advisers, believes that the Issue Price (including the discount) is appropriate in the circumstances.

Firm Placing

The Company proposes to issue 87,119,226 Firm Placing Shares to Firm Placees at the Issue Price, on a non-pre-emptive basis. The Firm Placing will not be subject to clawback to satisfy Open Offer Entitlements taken up by Qualifying Shareholders.

Placing and Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their Existing Holdings on the basis of 1 Open Offer Shares for every 4 Existing Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

To the extent that any Firm Placee or Conditional Placee procured by the Joint Bookrunners fails to subscribe for any or all of the Firm Placing Shares and/or Placing Shares which have been allocated to it, subject to certain conditions, each of the Joint Bookrunners shall severally subscribe or procure subscribers for the Firm Placing Shares and/or the Placing Shares at the Issue Price. Further details of the terms and conditions of the Placing Agreement are set out in paragraph 9.1 of Part X:"*Additional Information*" of this document.

Impact of not applying for New Shares

Any New Shares which are not applied for under the Open Offer will be allocated to Conditional Placees pursuant to the Placing. Pursuant to the Placing Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure conditional subscribers (subject to clawback to satisfy Open Offer Entitlements taken up by Qualifying Shareholders) for the New Shares at the Issue Price. If the Joint Bookrunners are unable to procure subscribers for any New Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer (including in the event that a prospective Conditional Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Offer Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such New Shares in the agreed proportions.

Dilution

If a Qualifying Shareholder who is not a Placee does not (or is not permitted to) take up any of his or her Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 33.5% as a result of the Capital Raise and the Director Subscriptions.

If a Qualifying Shareholder who is not a Placee takes up their Open Offer Entitlements in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.8% as a result of the Capital Raise and the Director Subscriptions.

Shareholders in the United States (other than QIBs) and the other Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raise and the Director Subscriptions.

Conditionality

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

i. the Resolutions having been passed by Shareholders at the General Meeting;

ii. the Placing Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; and

iii. Admission having become effective by not later than 8:00 a.m. on 15 November 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Petrofac may agree, not being later than 29 November 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Firm Placing and Placing and Open Offer will not take place. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

Upon Admission, the Placing Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). For further details of the Placing Agreement, please see paragraph 9.1 of Part X: "*Additional Information*".

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective on 15 November 2021 and that dealings on the London Stock Exchange in the New Shares will commence by 8.00 a.m. on that date. The New Shares and the Existing Shares are in registered form and can be held in certificated form or uncertificated form via CREST.

8 Director Commitments

Director Commitments

The Directors unanimously recommend investors to vote in favour of the Resolutions to approve the Capital Raise. All Directors who are existing Shareholders have committed to vote in favour of the Resolutions at the General Meeting.

- Ayman Asfari, Non-Executive Director, and family hold (in aggregate) approximately 19% of the Shares in the Company. Mr. Asfari and family have irrevocably committed to invest at least $38 million into the Capital Raise, which they intend to achieve through participation in both the Firm Placing and the Open Offer. Mr. Asfari and family's ultimate participation may increase from this level, but will not exceed the pro-rata entitlement related to their aggregate shareholding. Following the Capital Raise, Mr. Asfari and family will hold at least 17.1% of the Enlarged Share Capital.

  The Company is grateful to Mr Asfari and family for their commitment with respect to the Capital Raise, and their ongoing support of the business.

In addition, all of the Directors other than Mr. Asfari have committed to invest in the Company, in connection with the Capital Raise and at the Issue Price, pursuant to a direct subscription with the Company for the purchase of additional Shares (conditional upon Admission), the details of which are set out below (individually each a "**Director Subscription**" and which, taken together, shall comprise the "**Director Subscriptions**"):

- Sami Iskander, Group CEO, does not currently hold any Shares in the Company following his appointment as CEO earlier this year. Mr Iskander has committed to subscribe for Shares at the Issue Price for an aggregate price of £250,000.

- All other Directors have committed to subscribe Shares at the Issue Price, at a minimum, pro-rata to their shareholdings acquired by virtue of their position as directors or as employees of the Company.

In aggregate, 308,673 Shares are expected to be issued by the Company in connection with the Director Subscriptions and the Company will raise additional proceeds of approximately US$488,977 (£354,974).

Related Party Transactions

Ayman Asfari and family

Ayman Asfari and family are a substantial shareholder for the purposes of Chapter 11 of the Listing Rules and Mr Asfari is a director of the Company. Mr Asfari and family are therefore considered to be a related party for the purposes of Chapter 11 of the Listing Rules. Mr Asfari and family have irrevocably committed to subscribe for New Shares in the Capital Raise with an aggregate value of approximately US$38 million.

This commitment constitutes a related party transaction under Listing Rule 11.1.5R and is of sufficient size to require Shareholder approval under Listing Rule 11.1.7R(3). This approval will be sought at the General Meeting and Mr. Asfari and family will not, and have taken all reasonable steps to ensure that their respective associates will not, vote on such resolution. Any additional New Shares issued to Mr. Asfari and family as a result of their taking up Open Offer Entitlements are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

Schroders

Schroders plc (acting on behalf of its clients) ("**Schroders**") is a substantial shareholder for the purposes of Chapter 11 of the Listing Rules. Schroders is therefore considered to be a related party for the purposes of Chapter 11 of the Listing Rules. Schroders has agreed to subscribe for 34,222,244 New Shares at the Offer Price, comprising 17,174,308 New Shares pursuant to the Firm Placing and 17,047,936 New Shares as a Conditional Placee in respect of the Placing and Open Offer.

The participation in the Capital Raise by Schroders constitutes a related party transaction under Listing Rule 11.1.5R and is of sufficient size to require Shareholder approval under Listing Rule 11.1.7R(3). This approval will be sought at the General Meeting and Schroders will not, and has taken all reasonable steps to ensure that its associates will not, vote on such resolution. Any additional New Shares issued to Schroders as a result of their taking up Open Offer Entitlements are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

Directors

Each Director is a related party of the Company for the purposes of the Listing Rules. Pursuant to the Director Subscription, each of the Directors (other than Mr. Asfari) has agreed to subscribe for Shares at the Issue Price, conditional upon Admission. The Director Subscriptions fall within the scope of the Listing Rules, however, due to the size of each individual subscription relative to the Company's market capitalisation, the Director Subscriptions are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

9 Dividend Policy

The Group's current dividend policy targets a dividend cover over the long term of between 2.0x and 3.0x business performance net profit. However, in April 2020, the Board suspended the payment of the final dividend in response to the COVID-19 pandemic and the fall in oil prices. The Board recognises the importance of dividends to shareholders, but in light of current market conditions has decided that dividend payments will remain suspended and therefore no interim dividend will be paid in respect of 2021.

10 General Meeting Arrangements

You will find set out at the end of this document a notice convening a general meeting of Petrofac to be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ at 10.00 a.m. on 12 November 2021. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions. A summary and explanation of the Resolution is set out below, but please note that this does not contain the full text of the Resolutions and you should read this section in conjunction with the Resolution in the Notice of General Meeting at the end of this document.

The Company will continue to closely monitor developments relating to COVID-19, including the latest UK Government restrictions and legislation. In the event that it becomes necessary or appropriate to revise the arrangements for the General Meeting, the Company will issue a further communication via a regulatory information service and the Company's website at www.petrofac.com. Petrofac would like to thank all shareholders for their co-operation and understanding.

11 Resolutions

Your attention is drawn to the fact that the Capital Raise is conditional and dependent upon the Resolutions being passed.

In summary, the resolutions seek the approval of Shareholders:

- Resolution 1: to issue 23,783,684 New Shares to Ayman Asfari and family pursuant to the Capital Raise, in light of Mr. Asfari and family being related parties of the Company for the purposes of the Listing Rules.
- Resolution 2: to issue 34,222,244 New Shares to Schroders pursuant to the Capital Raise, in light of Schroders being a related party of the Company for the purposes of the Listing Rules.
- Resolution 3:
  - to the terms of the Capital Raise as set out in this document; and
  - to grant the Board authority to allot Shares pursuant to the Capital Raise and the Director Subscriptions.

The Resolutions will be proposed as ordinary resolutions requiring a simple majority of votes in favour. The Resolutions must be approved by Shareholders who together represent a simple majority of the Shares being voted for (whether in person or by proxy) at the General Meeting.

For further information in relation to the Resolutions to be proposed at the General Meeting, see the "*Notice of General Meeting*" at the end of this document.

12 Actions to be Taken

12.1 Actions to be Taken in Respect of the General Meeting

Petrofac is seeking approval of the Capital Raise and the Resolutions at the General Meeting. Your support is important to us. Please vote on the Resolutions. Please read the notes to the Notice of General Meeting attached at pages 221 to 225 of this document as shareholders are strongly encouraged not to attend and vote at the General Meeting by proxy.

You will find enclosed a Form of Proxy for the General Meeting. You are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any the Form of Proxy must be deposited at Equiniti (Jersey) Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 10.00 a.m. on 10 November 2021, or by no later than 48 hours prior to the time appointed for the holding of any adjourned General Meeting.

Alternatively, you may wish to register your proxy vote online; to do so, visit www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed on your Proxy Form). Alternatively, if have you already registered with the Company's Registrar's online portfolio service, Shareview, you can submit your Proxy Form at www.shareview.co.uk using your usual user ID and password. The deadline for receipt of electronic proxies is 10.00 a.m. on 10 November 2021.

If you hold your Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction form so that it is received by Equiniti (under CREST participant ID RA19) by no later than 10.00 a.m. on 10 November 2021. The time of receipt will be taken to be the time from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

The completion and return of a Form of Proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person should you wish to, do so.

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.-5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

12.2 Actions to be Taken in Respect of the Capital Raising

The latest time for acceptance by Shareholders under the Open Offer is 11.00 a.m. (UK time) on 11 November 2021. The procedure for acceptance and payment is set out in Part III: "*Details of the Capital Raise*" of this document. Further details also appear in the Application Form which will be sent to all Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those Qualifying Non-CREST Shareholders with a registered address in the Excluded Territories).

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

13 Overseas Shareholders

The ability of certain Shareholders to participate in the Capital Raise is restricted by the relevant securities laws of the jurisdictions in which they are located. The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom, is drawn to the information in paragraph 7 of Part III of this document.

The provisions of paragraph 7 of Part III of this document will apply generally to Overseas Shareholders who cannot or do not take up the New Shares provisionally allotted to them.

14 Importance of Your Vote

The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

The Resolutions, as set out in paragraph 11 above, must be passed by Shareholders at the General Meeting in order for the Capital Raise to proceed and, as a result, the Refinancing Plan to be implemented. The Directors believe that the Refinancing Plan, which is contingent upon completion of the Capital Raise, is necessary to provide the Group and its management with operational and financial flexibility to implement its new strategy, as described in paragraph 3 above, including winning new work and re-engaging with key customers in the Group's traditional markets.

If the Capital Raise does not proceed (and, as a result, the Refinancing Plan is not implemented), the Group anticipates that it would continue to experience reduced demand from existing and targeted clients and difficulty obtaining surety bonds, letters of credit and guarantees to secure performance under new contracts. Under these circumstances, if the Group's reasonable worst case scenario (which it prepared as part of its evaluation of its working capital requirements, based on its principal risks and uncertainties) were to transpire, and the Group were unable to successfully implement the mitigating actions set out below, the Group may experience a liquidity shortfall of up to US$188 million when its borrowings pursuant to the CCFF comes due on 31 January 2022. As described below, an inability to repay the full balance of the CCFF on its maturity date would also result in a cross-default under the Group's other financing arrangements that would entitle lenders to make a repayment demand on balances outstanding.

If the Capital Raise does not proceed (and, as a result, the Refinancing Plan is not implemented), and this reasonable worst case scenario were to transpire, the Group would take a number of coordinated actions designed to enable it to meet its repayment obligations under the CCFF and its other financing arrangements, and to continue to satisfy its covenant requirements, over the next 18 months. Such actions could include, among other things, seeking waivers from its existing lenders in respect of relevant covenant test dates, reducing costs, pursuing the monetisation of non-core assets in order to reduce its net debt position, and entering into negotiations with its lenders to amend the terms its existing financing arrangements, including to extend the terms of these agreements. The Group believes that it will be in the interests of its lenders to work with the Group to find an alternative capital structure or solution which is acceptable to such lenders. Accordingly, the Directors believe that they have a reasonable basis to conclude that the combination of mitigating actions described above would (in the event the Refinancing Plan is not implemented) enable the Group to avoid a default under its financing arrangements during the next 12 months. However, any monetisation of non-core assets is likely to be at a discount to their market value, and re-negotiations with lenders are likely to cause the Group to incur significant costs (including, for example, amendment fees, legal costs and increased interest payments) and to accept the imposition of restrictions on the ability of management to pursue its strategy.

If the Group were unable to implement the mitigating actions described above, and it would result in the following:

- a cross-default that would entitle lenders to make a repayment demand on balances outstanding under, and cancel, each of the Existing Revolving Credit Facility, of which US$546 million was drawn as at 30 September 2021, the US$90 million Existing ADCB Term Loan Facility, which was fully drawn as at 30 September 2021, and the US$50 million Existing RAK Term Loan Facility, which was fully drawn as at 30 September 2021, creating an aggregate shortfall with the CCFF of up to US$874 million; and
- a potential cross-default or cross-acceleration of a further US$2,870 million (as at 30 September 2021) in respect of the Group's ordinary course surety bonds, letters of credit and guarantees, including the potential requirement to post cash collateral to banks where such requirement arises as a result of the on-demand nature of that facility. There is also a risk that client beneficiaries of such ordinary course surety bonds, letters of credit and guarantees make a call under that instrument versus the issuing banks, such liability then being counter-indemnified by the Group in a potential aggregate (or client calls on the aggregate guarantee amount of US$3,294 million, as at 30 September 2021).

In such case, the Group does not expect that it would have access to funds immediately available to repay amounts that would come due at that time. In this circumstance, Shareholders are at risk of losing all or a substantial amount of their investment as the Group would be facing insolvency.

15 Further Information

Your attention is drawn to the further information set out in Parts II to X of this document. Shareholders and prospective investors should read the whole of this document and not rely solely on the information set out in this letter. In addition, you should consider the risk factors set out on pages 14 to 33 of this document.

Shareholders may also submit questions to the Board in advance of the General Meeting via email to IR@petrofac.com.

16 Board Recommendation

The Board, which has been so advised by J.P. Morgan Cazenove, believes that the terms of Ayman Asfari and family's and Schroders' participations in the Capital Raise are fair and reasonable insofar as the Company's Shareholders are concerned. As a related party and member of the Board, Mr Asfari has not taken part in the Board's consideration of the terms of his participation in the Capital Raise. In providing its advice to the Board, J.P. Morgan Cazenove has taken into account the Directors' commercial assessment of the relevant related party transactions.

The Board believes that the Capital Raise and the Resolutions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of all of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings (except for Mr Asfari and family and their respective associates in respect of the First Resolution who, because of his status as a related party under the Listing Rules, must abstain from voting on that Resolution), amounting in aggregate to 65,607,213 Shares, which represent approximately 18.966% of the issued share capital in the Company (and, in relation to the First Resolution, 443,599 Shares when excluding Mr Asfari, which represent 0.128% of the issued share capital in the Company) as at 25 October 2021 (being the latest practicable date prior to the date of this document).

Yours faithfully

René Médori
Chairman

PART II — QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

This Part II deals with general questions relating to the Placing and Open Offer and more specific questions relating to Shares held by persons resident in the UK who hold their Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 7 of Part III of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your right to buy New Shares. If you hold your Shares in uncertificated form (that is, through CREST) you should read Part III of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Shares are in certificated or uncertificated form, please call Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m. — 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Times and dates referred to in this Part II have been included on the basis of the expected timetable for the Placing and Open Offer set out on page 40.

1 What is a Placing and Open Offer?

A placing and open offer is a way for companies to raise money. They usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for new investors to subscribe for new shares in the company (a placing) to the extent that they are not taken up under the open offer. The fixed price is normally at a discount to the closing mid-market price of the Existing Shares prior to the announcement of the open offer.

2 What is the Open Offer?

This Open Offer is an invitation by Petrofac to Qualifying Shareholders to apply to subscribe for an aggregate of 86,478,186 Open Offer Shares at a price of £1.15 per Open Offer Share. If you held Shares at the Record Date or have a *bona fide* market claim, have not sold all of your Shares prior to the Ex-Entitlement Date and are not a Shareholder located in the United States or any Excluded Territory (for further information, see paragraph 7 of Part III of this document), you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Shares for every 4 Existing Shares held by Qualifying Shareholders (other than, subject to certain exceptions, Shareholders located in the United States or any Excluded Territory) at the Record Date. The Issue Price of £1.15 (US$1.58) per Open Offer Share represents a 27.2% discount to the Closing Price of £1.58 (US$2.18) on the Reference Date.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will be not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit under, the Open Offer.

Shareholders should note that the Open Offer is conditional upon: (i) the Resolutions having been passed by Shareholders at the General Meeting; (ii) the Placing Agreement becoming unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; and (iii) Admission having become effective by not later than 8.00 a.m. on

15 November 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Petrofac may agree, not being later than 29 November 2021).

3 Am I eligible to participate in the Placing?

New Shares will only be placed to Conditional Placees in the Placing to the extent that they are not taken up or subscribed for pursuant to the Open Offer, and so do not form part of the Open Offer. Unless you are a Conditional Placee, you will not be able to participate in the Placing.

4 What happens next?

The Application Forms are due to be despatched on or about 27 October 2021 to Qualifying Non-CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) and the Open Offer Entitlements are due to be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) as soon as practicable after 8.00 a.m. on 28 October 2021.

The Company has called a General Meeting to be held at 10.00 a.m. on 12 November 2021 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom. Please see the Notice of General Meeting set out at the end of this document. As you will see from the contents of the Notice of General Meeting, the Directors are seeking shareholder approval of the terms of the proposed Capital Raise and the allotment of the New Shares.

If the Resolutions are approved at the General Meeting, the Capital Raise will proceed (subject to certain conditions).

The Capital Raise is subject to Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 15 November 2021 (or such later time and/or date as the Joint Bookrunners may agree, not being later than 29 November 2021).

5 What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Shares in certificated form. It sets out your entitlement to subscribe for the Open Offer Shares and is a form which you should complete if you want to participate in the Open Offer.

6 I subscribed for my Existing Shares prior to the Record Date and hold my Existing Shares in certificated form. What if I do not receive an Application Form or I have lost my application form?

If you do not receive an Application Form but hold your Existing Shares in certificated form or have lost your Application Form, this probably means that you are not able to subscribe for New Shares under the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to subscribe for New Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Shares in uncertificated form on 25 October 2021 and who have converted them to certificated form;
- Shareholders who bought Existing Shares before 8.00 a.m. on 27 October 2021 and who hold such Shares in certificated form but were not registered as the holders of those Shares at the close of business on 25 October 2021; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one, please call Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.–5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

7 If I buy Shares after the Record Date, will I be eligible to participate in the Open Offer?

If you bought Shares after the Record Date but prior to 8.00 a.m. on the Ex-Entitlement Date, you may be eligible to participate in the Open Offer.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Shares at or after 8.00 a.m. on 27 October 2021, you will not be eligible to participate in the Open Offer in respect of those Shares.

8 I hold my Existing Shares in uncertificated form through CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part III of this document. Persons who hold Shares through a CREST member should be informed by the CREST member through which they hold their Shares of the number of Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

9 I hold my Existing Shares in certificated form. How do I know if I am able to subscribe for Open Offer Shares under the Open Offer?

If you receive an Application Form and are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories (subject to certain exceptions), then you should be eligible to subscribe for Open Offer Shares under the Open Offer (as long as you have not sold all of your Existing Shares before 8.00 a.m. on the Ex-Entitlement Date, in which case you will need to follow the instructions on the front page of this document).

10 I hold my Existing Shares in certificated form. How will I be informed of how many Open Offer Shares I am entitled to buy?

If you hold your Existing Shares in certificated form and are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories (subject to certain exceptions), you will be sent an Application Form that shows:

- how many Existing Shares you held at the close of business on 25 October 2021 (the Record Date);
- how many Open Offer Shares you are entitled to buy; and
- how much you need to pay if you want to take up your right to buy all of the Open Offer Shares comprised in your Open Offer Entitlement.

Subject to certain exceptions, if you have a registered address in the United States or the Excluded Territories, you will not receive an Application Form.

11 I am a Qualifying Shareholder with a registered address in the United Kingdom and I hold my Existing Shares in certificated form. What are my choices and what should I do with the Application Form?

(a) If you want to take up all of your Open Offer Entitlement

If you want to take up all of the Open Offer Shares under your Open Offer Entitlement, all you need to do is send the completed and signed Application Form, together with your cheque or banker's draft for the full amount, payable to "Equiniti Ltd re Petrofac Ltd Jersey O/O", by post or by hand (during normal business hours only) to Equiniti Limited at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, to arrive by no later than 11.00 a.m. on 11 November 2021. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. Full instructions are set out in Part III of this document and will be set out in the Application Form.

Please note third-party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 29 November 2021.

If you take up your Open Offer Entitlement in full then, assuming that the Capital Raise proceeds, your interest in Petrofac will be diluted by 16.8%.

Full instructions are set out in Part III of this document and will be set out in the Application Form.

(b) If you do not want to take up your Open Offer Entitlement at all

If you do not want to take up your Open Offer Entitlement, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will not receive any money if the Open Offer Shares you could have taken up are sold; this differs from a rights issue where you receive money for any shares that you could have taken up, provided that the price at which such shares are sold exceeds the costs and expenses of effecting the sale of such shares. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 11 November 2021, the Group has made arrangements under which it may issue the Open Offer Shares comprising your Open Offer Entitlement to the Conditional Placees. Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the Form of Proxy enclosed with this document. You may also submit your proxy electronically at www.signalshares.com.

If you do not take up any of your Open Offer Entitlement then, assuming that the Capital Raise proceeds, your interest in Petrofac will be diluted by 33.5%.

(c) If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in your Application Form. For example, if you have an Open Offer Entitlement for 500 Open Offer Shares but you only want to apply for 250 Open Offer Shares, then you should write '250' in your Application Form. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '250') by the Issue Price of £1.15 (US$1.58) giving you an amount of £288 (US$396) in this example. You should write this total sum in the Application Form, and this should be the amount your cheque or banker's draft is made out for. You should send the Application Form, together with your cheque or banker's draft for the full amount, payable to "Equiniti Ltd re Petrofac Ltd Jersey O/O", by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, to arrive by no later than 11.00 a.m. on 11 November 2021. Within the United Kingdom only, you can use the reply paid envelope which will be enclosed with the Application Form. Full instructions are set out in Part III of this document and will be set out in the Application Form.

Please note third party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 29 November 2021.

12 What if I change my mind?

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Shares for which you have applied, except in the very limited circumstances which are set out in paragraph 6 ("Withdrawal Rights") of Part III: "*Details of the Capital Raise*" of this document

13 I am a Qualifying Shareholder, do I have to apply for all of the Open Offer Shares that I am entitled to apply for?

You can take up any whole number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional.

Please refer to question 11 for further information.

14 I hold my Existing Shares in certificated form. If I apply for Open Offer Shares, when will I receive the certificate representing my Open Offer Shares?

If you take up your entitlement to Open Offer Shares, share certificates for the Open Offer Shares are expected to be posted by no later than 29 November 2021.

15 What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 8.00 a.m. on the Ex-Entitlement Date who are eligible to participate in the Open Offer). If the result is not a whole number, you will not be allotted an Open Offer Share in respect of the fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

16 Will I be taxed if I take up my entitlements?

If you are resident in the United Kingdom for tax purposes, you should not have to pay UK tax when you take up your right to receive Open Offer Shares, although the Placing and Open Offer will affect the amount of UK tax you may pay when you subsequently sell your Shares.

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in Part IX of this document. This information is intended as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Firm Placing and Placing and Open Offer in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the shareholder helpline will not be able to assist you with taxation issues.

17 What should I do if I live outside the United Kingdom?

While you have an entitlement to participate in the Open Offer, your ability to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses in the United States or the Excluded Territories are, subject to certain exceptions, not able to participate in the Open Offer. Your attention is drawn to the information in paragraph 7 of Part III of this document.

18 I hold my Existing Shares through a nominee and want to participate in the Open Offer. What should I do?

You should contact your nominee for further assistance on how to take up your Open Offer Entitlements.

19 What if I hold options and awards under the employee share plans?

Participants in employee share plans operated by the Group will be contacted separately with further information on the impact (if any) of the Capital Raise on their options and awards under such plans.

20 How do I transfer my rights into the CREST system?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete Box 9 (on the Application Form) and ensure they are delivered to CCSS to be received by 3.00 p.m. on 8 November 2021 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 5 of Part III of this document for details on how to pay for the Open Offer Shares.

21 What should I do if I think my holding of Shares is incorrect?

If you have recently bought or sold Shares, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Application Form or otherwise concerned that your holding of Shares is incorrect, please call Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.—5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

PART III — DETAILS OF THE CAPITAL RAISE

1 Introduction

The Company is proposing to raise proceeds of approximately US$259 million (£188 million) (net of fees, costs and expenses) by way of:

(i) a Firm Placing of 87,119,226 Firm Placing Shares, to raise gross proceeds of US$138,007,744 (£100,187,110); and

(ii) a Placing and Open Offer of 86,478,186 Open Offer Shares, to raise gross proceeds of US$136,992,256 (£99,449,914),

in each case, at the Issue Price of £1.15 (US$1.58) per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their Existing Holdings on the basis of 1 Open Offer Shares for every 4 Existing Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

Times and dates referred to in this Part III have been included on the basis of the expected timetable for the Firm Placing and Placing and Open Offer set out on page 40 of this document.

The Issue Price of £1.15 (US$1.58) per New Share represents a 27.2% discount to the Closing Price of £1.58 (US$2.18) per Existing Share on the Reference Date.

A cash box structure will be used for the issue of the Firm Placing Shares and the Open Offer Shares. The Company will allot and issue the Firm Placing Shares and the Open Offer Shares to the Firm Placees, the Conditional Placees and those Qualifying Shareholders who take up their Open Offer Entitlements, in consideration for the Bank Subscriber transferring its holding of preference shares in JerseyCo to the Company. Accordingly, instead of receiving cash as consideration for the issue of Firm Placing Shares and the Open Offer Shares, at the conclusion of the Firm Placing and Placing and Open Offer, the Company will own the entire issued share capital of JerseyCo whose only assets will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Firm Placing and Placing and Open Offer. Details of these arrangements are summarised in paragraph 10.2 of Part X: "*Additional Information*".

1 The Open Offer

Subject to the terms and conditions set out in this Part III (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being invited to subscribe for Open Offer Shares *pro rata* to their Existing Holdings at the Issue Price (payable in full and free of all fees, costs and expenses) on the following *pro rata* basis:

1 Open Offer Shares for every 4 Existing Shares

held and registered in their name on the Record Date (and so in proportion to any other number of Existing Shares then held) (the "**Open Offer Entitlement**"). Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements. Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlement.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer is 86,478,186 Open Offer Shares.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim by Euroclear UK's Claims Processing Unit.

Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive

any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to Conditional Placees, subject to the terms and conditions of the Placing Agreement, with the proceeds retained for the benefit of Petrofac.

Overseas Shareholders or any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom should consider paragraph 7 below. The offer of Open Offer Shares under the Open Offer will not be made into certain territories. Subject to the provisions of paragraph 7 below, Shareholders with a registered address in the United States or the Excluded Territories are not being sent this document and will not be sent Application Forms.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is as at 6.00 p.m. on 25 October 2021. Application Forms for Qualifying Non-CREST Shareholders accompany this document and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 28 October 2021. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 11 November 2021.

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective on 15 November 2021 and that dealings on the London Stock Exchange in the New Shares will commence by 8.00 a.m. on that date. The New Shares and the Existing Shares are in registered form and can be held in certificated form or uncertificated form via CREST.

The Existing Shares are already admitted to CREST. No further application for admission to CREST is required for the New Shares and all of the New Shares when issued and fully paid may be held and transferred by means of CREST.

2 Conditionality

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

(i) the Resolutions having been passed by Shareholders at the General Meeting;

(i) the Placing Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; and

(ii) Admission having become effective by not later than 8.00 a.m. on 15 November 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Petrofac may agree, not being later than 29 November 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Firm Placing and Placing and Open Offer will not take place. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

3 Action to be taken in connection with the Open Offer

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of their entitlement under the Open Offer or has had their Open Offer Entitlements credited to his or her CREST stock account:

(i) If you are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories, please refer to paragraphs 4 and paragraphs 6 to 13 (inclusive) below.

(ii) If you are a Qualifying CREST Shareholder with a registered address outside the United States and the Excluded Territories, please refer to paragraphs 5 to 13 (inclusive) below and to the CREST Manual for further information on the CREST procedures referred to below.

(iii) If you are a Qualifying Shareholder either: (a) subject to certain exceptions, with a registered address in the United States or the Excluded Territories; or (b) holding Shares on behalf of, or for the account or benefit of any person on a non-discretionary basis who, subject to certain exceptions, has a registered address in the United States or the Excluded Territories, please refer to paragraph 7 below.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer Entitlements in respect of the Open Offer Entitlements of such members held in CREST.

All enquiries in relation to the Application Forms should be addressed to Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.-5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

4 Action to be taken by Qualifying Non-CREST Shareholders in connection with the Open Offer

4.1 General

Save as provided in paragraph 7 below, Qualifying Non-CREST Shareholders will have received an Application Form with this document. The Application Form sets out:

(i) the number of Existing Shares registered in such person's or persons' name on the Record Date (on which a Qualifying Non-CREST Shareholder's Open Offer Entitlement is based);

(ii) the Open Offer Entitlement of such person(s);

(iii) how much such person(s) would need to pay in pounds sterling if they wish to take up their Open Offer Entitlement in full;

(iv) the procedures to be followed if such person(s) wishes to dispose of all or part of his or her Open Offer Entitlement or to convert all or part of their entitlement into uncertificated form; and

(v) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Qualifying Non-CREST Shareholders may also hold an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

On the basis that Application Forms are posted on or about 27 October 2021, the latest time and date for **acceptance of the Application Forms and payment in full will be 11.00 a.m. on 11 November 2021.** The Open Offer Shares are expected to be issued on 15 November 2021. After such date the Open Offer Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

If the Firm Placing and Placing and Open Offer is delayed so that Application Forms cannot be despatched on 29 October 2021 or if the timetable for the Firm Placing and Placing and Open Offer is otherwise amended, the expected timetable, as set out at the front of this document, may be adjusted accordingly, in which case the revised dates will be set out in the Application Forms and announced through a Regulatory Information Service. All references to times and/or dates in this Part III should be read as being subject to such adjustment.

Qualifying Shareholders who do not want to take up or apply for Open Offer Shares should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy, registering their proxy appointment electronically or by completing and transmitting a CREST Proxy Instruction.

4.2 *Bona fide* market claims

Applications to subscribe for Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Shares through the market prior to 8.00 a.m. on 27 October 2021 (the "**Ex-Entitlement Date**"). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his or her holding of Shares prior to the Ex-Entitlement Date, being 8.00 a.m. on 27 October 2021, should consult his or her broker or other professional adviser as soon as possible, as the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 6 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any of the Excluded Territories. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5 below.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 8.00 a.m. on 26 October 2021 should, if the market claim is to be settled outside CREST, complete Box 6 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Excluded Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Shares shown in Box 1 of their Application Form prior to 8.00 a.m. on 27 October 2021 should, if the market claim is to be settled outside CREST, complete Box 6 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by no later than 3.00 p.m. on 9 November 2021. The Receiving Agent will then create new Application Forms, mark the Application Forms 'Declaration of sale or transfer duly made' and send them by post to the person submitting the original Application Form. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Excluded Territory.

4.3 Application procedures

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares to which they are entitled must complete, sign and return the Application Form in accordance with the instructions thereon. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by the Receiving Agent as soon as possible and, in any event, not later than 11.00 a.m. on 11 November 2021, after which time (subject to the limited exceptions set out below) Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in paragraph 6 below, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Multiple applications will not be accepted.

Completed Application Forms should be returned together with payment in accordance with paragraph 4.4 below.

4.4 Payment

All payments must be made by cheque or banker's draft in pounds sterling payable to "Equiniti Ltd re Petrofac Ltd Jersey O/O". Cheques must be for the full amount payable on acceptance, and sent by post to Equiniti Limited at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 11 November 2021. A pre-paid envelope for use within the UK only is enclosed with the Application Form.

Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK or the Channel Islands and which is either a settlement member of Cheque & Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has otherwise arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Petrofac reserves the right to have cheques and banker's drafts presented for payment on receipt. It is a term of the Open Offer that cheques must be honoured on first presentation and Petrofac may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies may be kept in an interest-bearing account retained for Petrofac until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, following the lapse of the Open Offer.

If Open Offer Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, Petrofac may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of Petrofac's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part III in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither Petrofac nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All documents and cheques or banker's drafts posted to or by Qualifying Shareholders and/or their transferees or renounces (or their agents, as appropriate) will be posted at their own risk.

4.5 Discretion as to the validity of acceptances

If payment is not received in full by 11.00 a.m. on 11 November 2021, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, Petrofac may (but shall not be obliged to) and the Joint Bookrunners (acting in good faith) may require Petrofac to treat as valid:

(i) Application Forms and accompanying remittances that are received through the post not later than 4.30 p.m. on 11 November 2021 (the cover bearing a legible postmark not later than 11.00 a.m. on 11 November 2021); and

(ii) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 11 November 2021 from an authorised person (as defined in section 31(2) of the FSMA) specifying the number of Open Offer Shares to be subscribed for and undertaking to lodge the relevant Application Form, duly completed, by 4.30 p.m. on 11 November 2021 and such Application Form is lodged by that time.

Petrofac may also (in its absolute discretion) and the Joint Bookrunners (acting in good faith) may require Petrofac to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

Petrofac (acting in consultation with the Joint Bookrunners) reserves the right to treat as invalid any application or purported application for the Open Offer Shares pursuant to the Open Offer that appears to Petrofac to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in, the United States or an Excluded Territory.

4.6 Effect of application

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

(i) represents and warrants to Petrofac and each of the Joint Bookrunners that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations, under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);

(iii) requested that the New Shares to which he or she will become entitled be issued to him or it on the terms set out in this document and subject to the Articles;

(iv) agrees with Petrofac and each of the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(v) confirms to Petrofac and each of the Joint Bookrunners that in making the application he or she is not relying on any information or representation other than that contained in this document (or incorporated into this document by reference), and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, he or she will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(vi) confirms that in making the application he or she is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his or her investment decision;

(vii) represents and warrants to Petrofac and the Joint Bookrunners that if he or she has received some or all of his or her Open Offer Entitlements from a person other than Petrofac, he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) confirms to the Company and the Joint Bookrunners that he or she acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company or the New Shares (other than as contained in this document or incorporated into this document by reference) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners;

(ix) confirms to each of the Company and the Joint Bookrunners that in making the application he or she is not relying and has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation on the accuracy of any information contained in this document or incorporated by reference into this document or his or her investment decision;

(x) acknowledges that his or her or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 6 ("Withdrawal Rights") of this Part III apply; and

(xi) represents and warrants to Petrofac and each of the Joint Bookrunners that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he or she received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(xii) represents and warrants to Petrofac and the Joint Bookrunners that:

(a) he or she is not, nor is he/she applying on behalf of any person who is, located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law; and

(b) he or she is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of his or her application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

(xiii) represents and warrants to Petrofac and each of the Joint Bookrunners that he or she is not, and nor is he or she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and

(xiv) requests that the Open Offer Shares to which he or she will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association.

4.7 **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, such agent should carry out the verification of identity requirements and the agent's stamp should be inserted on the Application Form.

Submission of an Application Form shall constitute a warranty to Petrofac and the Joint Bookrunners that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the person lodging the Application Form (the "applicant"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, to provide promptly to the Receiving Agent such information and other evidence as may be specified by the Receiving Agent and/or the Company as being required for

the purpose of the Money Laundering Regulations and agree for the Receiving Agent to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant Open Offer Shares (notwithstanding any other term of the Firm Placing and Placing and Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, Petrofac or the Joint Bookrunners will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity (and in any event by 11.00 a.m. on 11 November 2021), the Receiving Agent has not received evidence satisfactory to it as aforesaid, Petrofac may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying such requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) If payment is made by cheque or banker's draft in pounds sterling drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right-hand corner, the following applies. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Equiniti Ltd re Petrofac Ltd Jersey O/O". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

(ii) If the Application Form is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive ((EU) 2018/843) as amended, or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United Kingdom, the United States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form(s) and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority.

(iii) If an Application Form is lodged by hand by the applicant in person, he/she should ensure that he/she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and evidence of his or her address (for example, a recent bank statement).

To confirm the acceptability of any written confirmation referred to in paragraph (ii) above, or in any other case, the applicant should contact Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950, lines are open 8.30 a.m.–5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

4.8 Issue of Open Offer Shares in certificated form

Definitive share certificates in respect of the Open Offer Shares to be held in certificated form are expected to be despatched by post on or around 27 October 2021, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

5 Action to be taken by Qualifying CREST Shareholders in connection with the Open Offer

5.1 General

Save as provided in paragraph 7 below in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his or her CREST stock account of his or her Open Offer Entitlement in respect of his or her entitlement under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Shares held at the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 8.00 a.m. on 28 November 2021 or such later time as Petrofac shall decide, Application Forms shall, unless Petrofac and the Joint Bookrunners determine otherwise, be sent out in substitution for the Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may, with the consent of the Joint Bookrunners, be adjusted as appropriate. **References to dates and times in this document should be read as subject to any such adjustment.** Petrofac will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates **but Qualifying CREST Shareholders may not receive any further written communication**.

Qualifying CREST Shareholders who wish to take up all or part of their entitlements in respect of Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of Open Offer Shares.

5.2 *Bona fide* market claims

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

5.3 Unmatched Stock Event (USE) Instructions

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

(ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above.

5.4 Content of USE Instructions in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);

(ii) the ISIN of the Open Offer Entitlement. This is JE00BNSMC240;

(iii) the CREST participant ID of the CREST member;

(iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;

(v) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 2RA60;

(vi) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is RA367401;

(vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 11 November 2021;

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;

(x) a contact name and telephone number (in the free format shared note field); and

(xi) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 November 2021. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 11 November 2021 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled at or before 11.00 a.m. on 11 November 2021, or such other time and/or date as may be agreed between Petrofac and the Joint Bookrunners, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

5.5 CREST procedures and timings

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his or her CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 11 November 2021. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 11 November 2021 will constitute a valid application under the Open Offer.

5.7 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, Petrofac (acting in consultation with the Joint Bookrunners), through the Receiving Agent, reserves the right:

(i) to reject the application in full and refund the payment to the CREST member in question (without interest);

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); or

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 **Effect of valid application**

A CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures thereby:

(i) represents and warrants to Petrofac and each of the Joint Bookrunners that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations, under any contracts resulting therefrom and that he/she is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);

(iii) requested that the New Shares to which he/she or it will become entitled be issued to him or her or it on the terms set out in this document and subject to the Articles;

(iv) agrees with Petrofac and each of the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(v) confirms to Petrofac and each of the Joint Bookrunners that, in making the application he/she is not relying on any information or representation other than that contained in this document (or incorporated into this document by reference), and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, he/she will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(vi) confirms that in making the application he/she is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his or her investment decision;

(vii) represents and warrants to Petrofac and the Joint Bookrunners that if he/she has received some or all of his or her Open Offer Entitlements from a person other than Petrofac, he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) confirms to the Company and the Joint Bookrunners that he/she or it acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company or the New Shares (other than as contained in this document or incorporated into this document by reference) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners;

(ix) confirms to each of the Company and the Joint Bookrunners that in making the application he/she or it is not relying and has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation on the accuracy of any information contained in this document or incorporated by reference into this document or his, her or its investment decision;

(x) acknowledges that his/her or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 6 ("Withdrawal Rights") of this Part III apply; and

(xi) represents and warrants to Petrofac and each of the Joint Bookrunners that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(xii) represents and warrants to Petrofac and the Joint Bookrunners that:

(a) he/she is not, nor is he/she applying on behalf of any person who is, located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law; and

(b) he/she is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of his or her application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

(xiii) represents and warrants to Petrofac and each of the Joint Bookrunners that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;

(xiv) requests that the Open Offer Shares to which he/she will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association; and

(xv) agrees with Petrofac and each of the Joint Bookrunners to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application).

5.9 **Discretion as to rejection and validity of acceptances**

Petrofac (acting in consultation with the Joint Bookrunners) may:

(i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in paragraph 10 above. Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 11 November 2021 (or by such later time and date as Petrofac and the Joint Bookrunners may determine), Petrofac shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5, that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 10 above unless Petrofac is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

(ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;

(iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as Petrofac may determine;

(iv) treat a properly authenticated dematerialised instruction (in this paragraph 5, the "**first instruction**") as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either Petrofac or the Receiving Agent has received actual notice from Euroclear UK of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor a Qualifying CREST Shareholder is unable to validly apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

5.10 **Money Laundering Regulations**

If you hold your Existing Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (for example, a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Equiniti is required to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application and any submission of a USE Instruction constitutes agreement for the Receiving Agent to make a search via a credit reference agency where deemed necessary. A record of search results will be retained. You must therefore contact Equiniti before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to Petrofac and the Joint Bookrunners to provide promptly to the Receiving Agent any information Equiniti Limited and/or the Company may specify as being required for the purposes of the verification of identity requirements in the Money Laundering Regulations or the FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with Petrofac and the Joint Bookrunners, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If such information and other satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of Petrofac and the Joint Bookrunners to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide satisfactory evidence).

5.11 **Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his or her Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box 9 of their Application Form, entitled 'CREST Deposit Form' and then deposit their Application Form with the CREST courier and sorting service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that: (i) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST courier and sorting service; and (ii) only the Open Offer Entitlement shown in Box 2 of the Application Form may be deposited into CREST.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box 6 must be completed or (in the case of an Application Form which has been split) marked 'Declaration of sale or transfer duly made'. If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 9 of your Application Form must be completed and deposited with the CREST courier and sorting service in accordance with the instructions above.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as an Open Offer in CREST, is 3.00 p.m. on 8 November 2021. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to Petrofac, the Joint Bookrunners and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed 'Application Letter' in the Application Form, and a declaration to Petrofac and the Receiving Agent from the relevant CREST member(s) that it is/they are not located in, or citizen(s) or resident(s) of, the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.12 Right to allot and issue Open Offer Shares in certificated form

Despite any other provision of this document, Petrofac reserves the right to allot and to issue any Open Offer Shares under the Open Offer in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

6 Withdrawal Rights

Qualifying Shareholders who have the right to withdraw their acceptances under Article 23(2) of the Prospectus Regulation after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must send a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by email to offer@equiniti.com, no later than two Business Days after the date on which a supplementary prospectus is published. Notice of withdrawal given by any other means or which is sent after expiry of such period will not constitute a valid withdrawal. Petrofac will not permit the exercise of withdrawal rights after payment by the relevant person for Open Offer Shares in full and the allotment of such Open Offer Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

7 Overseas Shareholders

7.1 General

This document has been approved by the FCA, being the competent authority in the United Kingdom. The making or acceptance of the proposed offer of New Shares to persons who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries

other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to subscribe for New Shares to satisfy him- or herself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his or her position should consult his or her professional adviser without delay.

Having considered the circumstances, the Board has formed the view that it is necessary or expedient to restrict the ability of persons in the United States or the Excluded Territories to subscribe for New Shares or otherwise participate in the Firm Placing and Placing and Open Offer due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or an Application Form and/or any other document issued by Petrofac in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or receiving a credit of Open Offer Entitlements to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or the Application Form and/or any other documents issued by Petrofac in connection with the Firm Placing and Placing and Open Offer and/or Admission must be treated as sent for information only and should not be copied or redistributed.

Open Offer Entitlements will be credited to all Shareholders on the register at the close of business on the Record Date, including Overseas Shareholders. However, Application Forms will not be sent to, and Open Offer Entitlements will not be credited to, CREST accounts of, Shareholders with registered addresses in the United States or the Excluded Territories or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

The crediting of Open Offer Entitlements does not constitute an offer to Shareholders and, specifically, no offer is being made to Shareholders: (i) with a registered address in the United States or the Excluded Territories; or (ii) in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for the Shares. CREST Shareholders will be entitled to participate in the Firm Placing and Placing and Open Offer only if such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or any other document issued by Petrofac in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to such person, nor should such person in any event use any such Application Form and/or any other documents issued by Petrofac in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to such person and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST (as the case may be) could lawfully be used or dealt with, and any transaction resulting from such use or dealing could be effected, without contravention of any registration or other legal or regulatory requirements. In such circumstances, where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form and/or any other documents issued by Petrofac in connection with the Firm Placing and Placing and Open Offer and/or Admission are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or an Application Form or whose stock account is credited with Open Offer Entitlements should not, in connection with the Firm Placing and Placing and Open Offer, distribute or send the same in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If an Application Form or a credit of Open Offer Entitlements is received by any person in any such territory, or by his or her agent or nominee, he/she must not seek to take up the rights referred to in the Application Form or in this document unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or an Application Form into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 7.

Subject to paragraphs 7.2 to 7.5 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to subscribe for New Shares in connection with the Firm Placing and Placing and Open Offer must satisfy him- or herself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

(i) appears to the Company or its agents to have been executed, effected or despatched from the United States or an Excluded Territory unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or

(ii) in the case of an Application Form, provides an address for delivery of the share certificates or other statements of entitlement or advice in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, statements or advice or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or

(iii) in the case of a credit of New Shares in CREST, is to a CREST member or CREST sponsored member whose registered address would be in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to make such a credit or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

The attention of Overseas Shareholders with registered addresses in the United States and the Excluded Territories is drawn to paragraphs 7.2 to 8.2 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Shareholder to participate in the Firm Placing and Placing and Open Offer on the terms and conditions set out in this document as if it were a Qualifying Shareholder if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will arrange for the relevant Shareholder to be sent an Application Form if he/she is a Qualifying Non-CREST Shareholder or, if he/she is a Qualifying CREST Shareholder, arrange for Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4 and 5 of this Part III above.

Overseas Shareholders should note that all subscription monies must be paid in pounds sterling by cheque or banker's draft and should be drawn on a bank in the United Kingdom, made payable to "Equiniti Ltd re Petrofac Ltd Jersey O/O".

7.2 **United States of America**

The New Shares and the Application Forms have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Firm Placing and Placing and Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, none of this document or the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to subscribe for any New Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to any Shareholder with a registered address in the United States. Subject to certain exceptions, Notwithstanding the foregoing, the New Shares may be offered or sold to, and Application Forms may be delivered to, QIBs in the Open Offer pursuant to an applicable exemption from the registration requirements of the Securities Act. The New Shares may also be offered or sold to QIBs in the Placing or the Firm Placing pursuant to an applicable exemption from the registration requirements of the Securities Act.

The Company reserves the right to treat as invalid any Application Form: (i) that appears to it or its agents to have been executed in or despatched from the United States or that provides an address in the United States for the acceptance or renunciation of the Open Offer; (ii) that does not include the relevant warranty set out in paragraph 10 of the Application Form to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States and is not acquiring the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares in the United States; or (iii) where the Company believes acceptance of such Application Form may violate applicable legal or regulatory requirements, and the Company shall not be bound to allot (on a non-provisional basis) or issue any New Shares in respect of any such Application Form. In addition, the Company and the Joint Bookrunners reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of Open Offer Entitlements.

The Company reserves the right to treat as invalid any Application Form (or renunciation thereof) that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Open Offer, or which does not make the warranty set out in the Application Form to the effect that the person accepting the Application Form does not have a registered address and is not otherwise located in the United States and is not subscribing for the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any New Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any New Shares may be transferred.

In order to take up Open Offer Entitlements or otherwise acquire any New Shares, each shareholder located in the United States will be required to execute and deliver to the Company such certifications and other instruments as the Company shall, in its sole discretion, determine.

7.3 Australia, Canada, Japan, Switzerland and South Africa

Due to restrictions under the securities laws of Australia, Canada, Japan, Switzerland and South Africa, this document and Application Forms in relation to the New Shares will not be sent to Shareholders, and no Open Offer Entitlements will be credited to a stock account in CREST of, persons with registered addresses in the Excluded Territories. Qualifying CREST Shareholders with registered addresses outside the Excluded Territories will not be entitled to take participate in the Firm Placing and Placing and Open Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. The New Shares may not be transferred or sold to, or renounced or delivered in, the Excluded Territories. No offer of New Shares is being made by virtue of this document or the Application Forms into the Excluded Territories.

7.4 Overseas territories other than the United States and the Excluded Territories

Application Forms will be posted to Qualifying Non-CREST Shareholders with registered addresses outside of the United States and the Excluded Territories (subject to certain exceptions) and Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) and Placees. Such Qualifying Shareholders and Placees may, subject to the laws of the relevant jurisdictions, accept their rights under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to accept their rights.

Member States of the EEA

In relation to each member state of the EEA (each, a "**Relevant Member State**"), no New Shares have been offered or will be offered pursuant to the to the public in that Relevant Member State prior to the publication of this document in relation to the New Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Regulation, except that offers of New Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the EU Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the EU Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of New Shares shall require the Company to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially subscribes for any New Shares or to whom any offer is made under the Firm Placing and Placing and Open Offer will be deemed to have represented, acknowledged, and agreed that it is a "**qualified investor**" within the meaning of Article 2(e) of the EU Prospectus Regulation.

For the purposes of this provision, the expression "**offer to the public**" in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Firm Placing and Placing and Open Offer and the New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares, and the expression "**EU Prospectus Regulatio**n" means Regulation (EU) 2017/1129.

In the case of the New Shares being offered to a financial intermediary, as that term is used in the EU Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Shares subscribed for by it have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares to the public other than their offer or resale in a Relevant Member State to "**qualified investors**" within the meaning of Article 2(e) of the EU Prospectus Regulation. The Company, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Australia

This document, and any other document issued by the Company in connection with the Firm Placing and Placing and Open Offer, does not constitute a prospectus or other disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**"). It does not and is not required to contain all the information which would be required under the Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investment Commission. The New Shares will be offered to persons in Australia only to the extent that such offers of securities for issue do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of New Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporation Act. In particular, offers for the issue of New Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by section 708 of the Corporations Act. Any person to whom New Shares are issued pursuant to an exemption provided by section 708 of the Corporations Act must not within 12 months are the issue of those New Shares offer those New Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

Canada

The New Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the New Shares. The New Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

7.5 Waiver

The provisions of this paragraph 0 and of any other terms of the Firm Placing and Placing and Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and the Joint Bookrunners in their absolute discretion. Subject to this, the provisions of this paragraph 8 supersede any terms of the Firm Placing and Placing and Open Offer inconsistent herewith. References in this paragraph 7 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

8 Representations and warranties relating to Shareholders

8.1 Qualifying Non-CREST Shareholders

Any person accepting an Application Form or requesting registration of the New Shares comprised therein represents and warrants to the Company and the Joint Bookrunners that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction: (i) such person is not accepting the Application Form, or requesting registration of the relevant New Shares, from within the United States or the Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the United States or any Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any Excluded Territory or any territory referred to in (ii) above. The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any Excluded Territory (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver share certificates or sales advice); or (c) purports to exclude the warranty required by this paragraph 8.1.

8.2 **Qualifying CREST Shareholders**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and the Joint Bookrunners that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction: (i) he or she is not within the United States or any of the Excluded Territories; (ii) he/she is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares; (iii) he/she is not accepting on a non-discretionary basis for, on behalf of, or for the account or benefit of, a person located within the United States or any Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he/she is not subscribing for New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any Excluded Territory or any territory referred to in (ii) above.

8.3 **Further representations applicable to Qualifying Shareholders outside the United States**

Each person or purchaser (except for QIBs executing an Investor Representation Letter) that exercises his or her Open Offer Entitlements, or otherwise acquires any New Shares in the Capital Raising will also be deemed by his or her subscription for, or purchase of, the New Shares to represent, warrant and agree that:

- he or she is, and the person, if any, for whose account or benefit it is acting is, outside the United States (within the meaning of Regulation S) at the time (x) he or she, or his or her direct or indirect nominee, receives the New Shares, (y) he or she, or his or her direct or indirect nominee, subscribes for New Shares, and (z) if he or she is purchasing New Shares, the buy order for such securities is originated outside the United States;
- he or she understands that the New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions on transfer;
- if in the future he or she decides to offer, sell, transfer, assign or otherwise dispose of the New Shares, he or she will do so only in compliance with an exemption from the registration requirements of the Securities Act;
- he or she has carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Shares to any persons within the United States, nor will he or she do any of the foregoing;
- the Company and the Joint Bookrunners and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognise any offer, sale, pledge or other transfer of the securities made other than in compliance with the above stated restrictions; and
- if any of the representations or agreements made by him or her are no longer accurate or have not been complied with, he or she will immediately notify the Company and the Joint Bookrunners, and, if he or she is acquiring any New Shares as a fiduciary or agent for one or more accounts, he or she has sole investment discretion with respect to each such account and he or she has full power to make such foregoing representations and agreements on behalf of each such account.

8.4 Further representations applicable to Qualifying Shareholders inside the United States

To establish eligibility, each Shareholder and Placee that is located in the United States that exercises its Open Offer Entitlements or otherwise acquires any New Shares in the Capital Raising acknowledges, represents to and agrees with the Company and the Joint Bookrunners (and acknowledges that it will be required to execute an Investor Representation Letter to such effect), among other things, that:

- it is, and at the time of any subscription or application made by it in respect of the Open Offer Entitlements or other acquisition of New Shares will be, a "qualified institutional buyer" within the meaning of Rule 144A and, if it is acting for the accounts of other persons, such persons are also "qualified institutional buyers", within the meaning of Rule 144A;
- it understands and acknowledges (and each other QIB, if any, for whose account it is exercising Open Offer Entitlements or acquiring New Shares has been advised, understands and has acknowledged) that none of the Open Offer Entitlements or the New Shares has been or will be registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States, and that they may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered (collectively, "transferred"), directly or indirectly, in the United States, other than in accordance with paragraph (iv) below and that the New Shares will be acquired by it in a transaction that is exempt from the registration requirements of the Securities Act and that the New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;
- as a purchaser in a private placement of securities that have not been registered under the Securities Act, it may only exercise Open Offer Entitlements or subscribe for or acquire New Shares for its own account, or for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such New Shares;
- it understands and agrees that, although offers and sales in the United States of the Open Offer Entitlements and the New Shares are being made only to QIBs, and that the Open Offer Entitlements may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in paragraph (iii) above, or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, hypothecate or otherwise transfer any New Shares, it and such other person will do so only: (i) pursuant to an effective registration statement under the Securities Act, (ii) to the Company, (iii) in an offshore transaction in accordance with Rule 904 of Regulation S under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such New Shares into the United States), or (iv) pursuant to the exemption from registration under the Securities Act provided by Rule 144 under the Securities Act or pursuant to another exemption from, or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state, province or territory of the United States and of any other jurisdiction. It understands (and each beneficial owner for which it is acting, if any, has been advised and understands) that no representation can be made as to the availability of the exemption provided by Rule 144 or Rule 144A under the Securities Act for the resale of New Shares;
- it understands that for so long as New Shares are "restricted securities" within the meaning of US federal securities laws, no such New Shares may be deposited into any American depository receipt facility established or maintained by a depository bank, other than a restricted depository receipt facility, and that such New Shares will not settle or trade through the facilities of The Depository Trust Company or any other US exchange or clearing system;
- it acknowledges that it has (i) conducted its own investigation and appraisal with respect to the New Shares and the Company and (ii) received and reviewed all information, including a copy of the Prospectus, that it believes is necessary or appropriate in connection with its investment decision to purchase the New Shares as contemplated hereby on the basis of its own independent investigation and appraisal of the business, financial condition, prospects, creditworthiness, status and affairs of the Company and the New Shares. It has made its own

assessment concerning the relevant tax, legal and other economic considerations relevant to the exercise of the Open Offer Entitlements or an investment in the New Shares. It acknowledges that none of J.P. Morgan Securities plc or Goldman Sachs International (together, the "Banks") nor any person representing any of them has made any representation, express or implied, to it with respect to the Company or the offering or sale of New Shares. It acknowledges that neither the Company nor any person representing the Company has made any representation, express or implied, to it with respect to the Company or the offering or sale of any New Shares other than as set forth in the Prospectus, upon which it will rely solely in making its investment decision with respect to the Open Offer Entitlements and the New Shares. It acknowledges and agrees that it will read and will agree to the matters stated in this Paragraph 8.4;

- it understands that the Prospectus has been prepared in accordance with UK format and style, which differs from US format and style. In particular, but without limitation, the financial information contained in the Prospectus relating to the Capital Raise has been prepared in accordance with IFRS, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles;
- it has held and will hold the Prospectus and any related application form in confidence, it being understood that the Prospectus and any related application form that it has received or will receive are solely for its use and that it has not duplicated, distributed, forwarded, transferred or otherwise transmitted such documents or any other presentational or other materials concerning the Capital Raise (including electronic copies thereof) to any persons within the United States, and it acknowledges and agrees that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by it within the United States (other than to a QIB on behalf of which it acts in the manner described in paragraph (i) above);
- it, and each other QIB, if any, for whose account it may exercise the Open Offer Entitlements or subscribe for or acquire the New Shares, as applicable, in the normal course of business, exercises, invests in or purchases securities similar to the Open Offer Entitlements and the New Shares, as applicable, has such knowledge and experience in financial and business matters that it is capable of evaluating, and has evaluated, the merits and risks of exercising, purchasing or subscribing for the Open Offer Entitlements and the New Shares, as applicable, fully understands the limitations on ownership and transfer and restriction on sales of the Open Offer Entitlements and the New Shares and is aware that it must bear the economic risk of the exercise of the Open Offer Entitlements or an investment in the New Shares, as applicable, for an indefinite period of time and is able to afford the complete loss of such investment and bear such risk for an indefinite period;
- it is not acquiring New Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television or as a result of any seminar or meeting whose attendees have been invited by general solicitation or general advertising, or directed selling efforts as such term is defined in Regulation S under the Securities Act;
- to the extent that it has received or does receive an Application Form in respect of the Placing and Open Offer, it understands and agrees that it shall bear a legend substantially in the form below:

  THE OPEN OFFER ENTITLEMENTS AND THE NEW SHARES OF THE COMPANY TO WHICH THIS APPLICATION FORM RELATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES. THE OPEN OFFER ENTITLEMENTS AND THE NEW SHARES MAY NOT, SUBJECT TO CERTAIN EXCEPTIONS, BE OFFERED, SOLD, TAKEN UP OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA OR ITS TERRITORIES OR POSSESSIONS.
- it understands that the New Shares (to the extent that they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect: THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY

AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF EXCEPT (A) TO THE COMPANY; OR (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (AND NOT IN A PRE-ARRANGED TRANSACTION RESULTING IN THE RESALE OF SUCH SHARES INTO THE UNITED STATES); OR (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, PROVINCE OR TERRITORY OF THE UNITED STATES AND OF ANY OTHER JURISDICTION, SUBJECT TO DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT THE COMPANY MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" (AS SO DEFINED) THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

- it understands and acknowledges that the Company may make notation on its records or give instructions to the Company's Receiving Agent and any transfer agent of the Open Offer Entitlements or the New Shares in order to implement the restrictions on transfer set forth and described herein;
- no agency of the United States or any state thereof, or any non-US agency, has made any finding or determination as to the fairness of the terms of, or any recommendation or endorsement in respect of, the New Shares;
- it represents that if, in the future, it offers, resells, pledges or otherwise transfers the New Shares, it shall notify such subsequent transferee of the transfer restrictions set out herein;
- it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company, and is not acting on behalf of an affiliate of the Company;
- the terms and provisions of these representations and agreements shall inure to the benefit of and shall be enforceable by the Company, the Banks, their respective affiliates, their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees;
- it and any person acting on its behalf have all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- it undertakes promptly, and in any event prior to any attempted exercise of the Open Offer Entitlements or attempted purchase of or subscription for New Shares to inform the Company if, at any time prior to 15 November 2021, any of the foregoing statements ceases to be true; and
- it understands and acknowledges that the Company, the Banks and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representation, warranties, acknowledgements and agreements, and it irrevocably authorises the

Company and the Banks to produce these representations and agreements or a copy thereof to any interested party in any administrative, arbitration or legal proceeding or official enquiry with respect to the matters set forth herein.

A Shareholder that is located in the United States will be permitted to take up its entitlements to Open Offer Shares under the Open Offer, and a Placee that is located in the United States will be permitted to purchase Firm Placing Shares or Placing Shares, only if such investor, respectively, executes an Investor Representation Letter in the form provided by the Company, which will contain representations, warranties and agreements in substantially the same form as those contained in this paragraph 8.4, and delivers it to the Company in accordance with the instructions contained therein.

9 Taxation

Information on taxation in the United Kingdom and Jersey with regard to the Firm Placing and Placing and Open Offer is set out in Part IX of this document. The information contained in Part IX of this document is intended only as a general guide to the current tax position in the United Kingdom and Jersey, and Placees and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Firm Placing and Placing and Open Offer in light of their own circumstances. Placees and Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

10 Time and dates

The Company shall, in its discretion and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched and amend or extend the latest time and date for acceptance under the Open Offer and all related times and dates set out in this document and in such circumstances shall notify the FCA, and make an announcement via a Regulatory Information Service approved by the FCA. **In the event that such an announcement is made, Qualifying Shareholders may not receive any further written communication in respect of such amendment or extension of the dates included in this document.**

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document (or such later date as may be agreed between the Company and the Joint Bookrunners), the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

11 Employee Shareholders

To the extent that employees are also Shareholders, their Shares will be treated in the same way in the Open Offer as Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to Equiniti Limited. If calling from the UK, please contact 0333 207 6378 or, alternatively, if calling from overseas, +44 (0) 121 415 0950. Lines are open 8.30 a.m.–5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

If the employee Shareholder holds his or her Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, as to how to vote at the General Meeting and whether or not to accept the rights attaching to the employee's Shares. Employee Shareholders should contact their nominee in this regard.

12 Governing Law

The terms and conditions of the Capital Raise as set out in this document and the Application Form shall be governed by, and construed in accordance with, English law.

13 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form and any non-contractual obligations arising out of or in connection with them. By accepting rights under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-

CREST Shareholders, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV – BUSINESS OVERVIEW

Overview

Petrofac is a leading international service provider to the energy industry, with a diverse client portfolio that includes many of the world's leading integrated, independent and national energy companies, as well as renewable energy companies and enterprises involved in decarbonisation activities. The Group's purpose is to enable its clients to meet the world's evolving energy needs, which it aims to undertake through its vision to be the preferred services partner to the energy industry.

Since Petrofac's inception in 1981 as a Texas-based designer and fabricator of modular plants, the Group has grown its operations across 29 countries. The Group's operating activities include designing, building, managing and maintaining infrastructure for clients in energy industries by providing services at each stage of the project lifecycle. In nearly four decades of operations, Petrofac has developed a wide range of skills and capabilities, which it uses to help hydrocarbon resource holders develop and unlock the value of new and existing oil and gas assets, both onshore and offshore. In addition, it has developed skills that are used by renewable energy companies to access offshore wind electricity generation, carbon capture and sequestration and hydrogen generation. In recent years, the Group has refocused on its core activities, reducing the capital intensity of the Group in a move towards a capital-light business model.

The Group's operations are organised according to three operating segments, each of which comprises a separate operating division:

- *Engineering & Construction* (E&C): delivers onshore and offshore engineering, procurement, construction, completion and well-engineering services generally on a lump-sum turnkey ("**LSTK**") (fixed price for delivery of complete project to a client) basis. E&C contributed 70% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 75% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.
- *Engineering & Production Services* (EPS): comprises the Group's services capability across brownfield projects and operations, greenfield projects through concept, feasibility and front-end engineering and full project delivery for small/medium projects, as well as a range of operations, maintenance and engineering services for onshore and offshore projects. EPS services are generally structured as reimbursable arrangements, where costs are charged to the clients with a fixed (or a variable KPI-based) margin added on top. EPS contributed 29% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 22% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.
- *Integrated Energy Services* (IES): provides an integrated service for clients, deploying the Group's capabilities using a traditional equity upstream investment model to operate Block PM304 in Malaysia's offshore Cendor field through a production sharing contract (PSC). IES contributed 1% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 3% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.

In addition to its services and capabilities across its three reporting segments, Petrofac has an established track record in supporting new energy projects in a wide range of different technologies, which it coordinates across its service activities through the New Energy Services (NES) business line. The Group's integrated NES offering, which sits within E&C and EPS, spans all phases of the project lifecycle, from initial design through to greenfield and brownfield engineering, procurement and construction ("**EPC**"), operation, maintenance and training. NES contributed 8% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 6% (after intra-Group eliminations) for the year ended 31 December 2020, with such revenue included within E&C and EPS for reporting purposes.

Petrofac's operations are run out of seven main operating centres in Aberdeen, Chennai, Kuala Lumpur, Mumbai, Sharjah and Woking, in addition to a further 31 offices worldwide. As at 30 June 2021, the Group had 8,499 employees, enabling the Group with scale and depth across its business to provide services to clients internationally across the life cycle of oil and gas assets.

Petrofac's revenue, Business Performance Net Profit attributable to Petrofac shareholders and EBITDA for the six months ended 30 June 2021 were US$1,595 million, US$394 million and US$82 million, respectively, and for the year ended 31 December 2020 were US$4,081 million, US$48 million and US$211 million, respectively. See "*Important Information – Presentation of Financial and Other Information*" in Part III" for an explanation and the basis of preparation of, and certain cautionary statements with respect to, the foregoing financial measures.

Petrofac has global operations with an especially strong position in the MENA region, which accounted for 49% of its revenue for the six months ended 30 June 2021 and 54% of its revenue for the year ended 31 December 2020.

The following table sets forth the Group's revenue by jurisdiction of origin for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(US$ millions)		
Kuwait	159	183	330	839	1,651
Oman	223	453	748	1,384	939
United Arab Emirates	69	170	296	533	402
Saudi Arabia	5	(50)	(32)	379	794
United Kingdom	265	282	534	531	575
Algeria	206	288	576	203	156
Malaysia	12	30	57	118	113
Thailand	207	280	583	182	25
Netherlands	120	36	233	29	—
Other	329	431	756	1,332	1,174
Total	**1,595**	**2,103**	**4,081**	**5,530**	**5,829**

The Group's Key Strengths and Strategy

Key Strengths

Leading international service provider and trusted partner to the energy industry with long-standing customer relationships

Petrofac is a trusted partner to a diverse portfolio of customers, providing services covering every stage of the project lifecycle from conception to completion, and able to offer flexible commercial models. The Group has operations in 29 countries with 16 major projects ongoing and 8,499 employees worldwide.

The Group has long and deep customer relationships with international and national oil companies. Its E&C division has a 40-year track record in designing and building major energy infrastructure projects with over 200 major projects delivered. It has a particularly strong presence in the MENA region where it has, for example, built 70% of the gas infrastructure in Oman and built infrastructure in Kuwait that supports 35% of the country's oil production. These positions have supported revenues of US$25 billion in E&C MENA operations between 2014 and 2020.

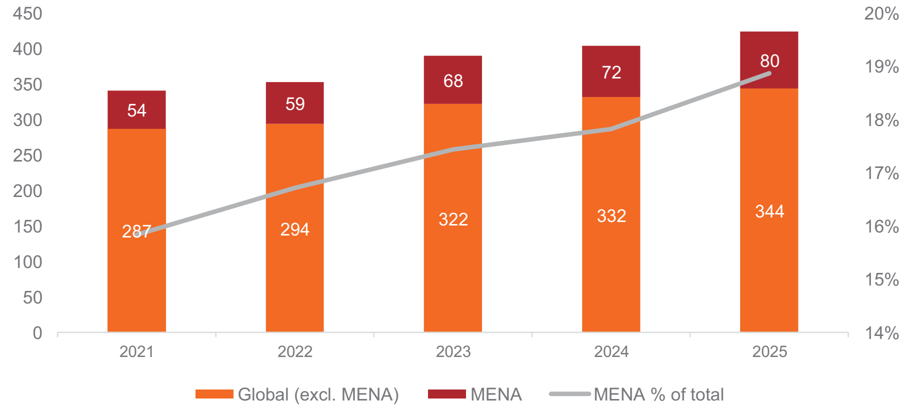
Petrofac has a reputation for having an exceptional EPC capability in the market. The Group's estimated 40% market share in operations and maintenance in the UK is a testament to its market-leading capabilities and service offering. In 2020, Petrofac secured first place in Refining and Petrochemicals Middle East magazine's Top 30 EPC Contractors listing, which cited the Group's operational delivery, its strong safety record, and its digitalisation programme.

Strategic positioning in attractive core markets with addressable spend expected to rise by 40% by 2025

Petrofac has a leading presence in key regions, including MENA, which has some of the lowest marginal costs of oil and gas production in the world, as well as the UK North Sea, which benefits from resilient spending throughout the cycle. The Group is resilient to cyclical downturns in the oil and gas industry given the breadth of its diversification and this will increase as it builds expertise and expands into new energies.

The Group is well-positioned as the oil and gas sector emerges from the COVID-19 pandemic. Its core markets in MENA are likely to be the first to recover and to remain the most resilient. Upstream capex in the MENA region is expected to grow at 10% CAGR 2021-2025 (Source: Rystad) providing long term tailwinds for the Group.

MENA region to grow at 10% CAGR 2021-2015
Global upstream capex forecast ($ billion)[1]

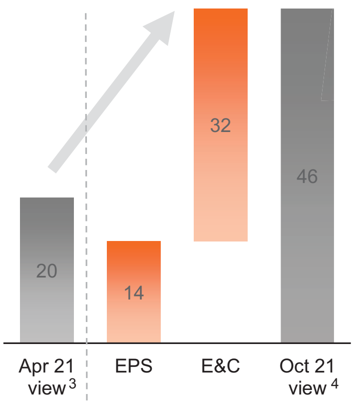


1. Source: Rystad

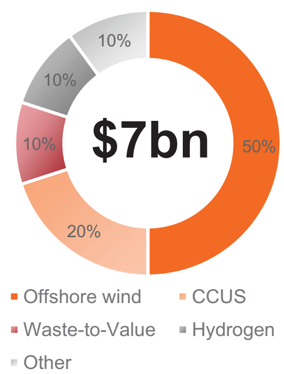
Petrofac has been successfully diversifying its bidding pipeline into geographies beyond core markets, including India, South-East Asia, the Commonwealth of Independent States, Europe and the United States, where Petrofac has demonstrable track records. It has addressable markets that are expected to grow to US$105 billion per annum by 2025 (excluding opportunities within the UAE, Saudi Arabia and Iraq, which Petrofac expects to re-enter over time), including US$70 billion in core capital expenditure (comprising upstream and refinery and adjacent (petrochemical) sectors), US$20 billion in new energies and US$15 billion in operating expenditure.

Petrofac has a Group pipeline of US$46 billion scheduled for award to the industry by the end of 2022, which comprises US$32 billion in E&C and US$14 billion in EPS. The large addressable market in 2022 supports Petrofac's recovery trend and includes a fast-growing pipeline of new energies projects, which currently comprises US$7 billion of opportunities in offshore wind, carbon capture and storage, hydrogen and waste-to-value.

US$46bn group pipeline [1]



New energies [2]

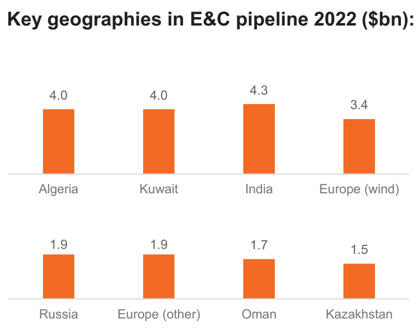


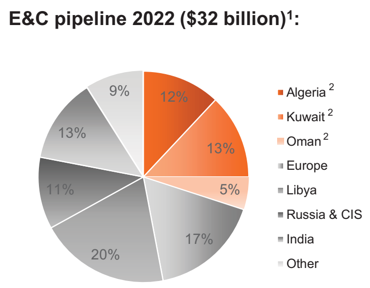
1. Opportunities scheduled for award to the industry by the end of 2022. The Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq
2. New energy opportunities are contained within E&C and EPS pipelines
3. For 8 months to December 2021
4. For 14 months to December 2022

In E&C, the US$32 billion pipeline is underpinned by its core MENA addressable markets in Algeria, Kuwait and Oman, where it has had a long-standing presence and its differentiated local delivery model and strong in-country-value makes it particularly competitive.

In growth geographies, such as India, it is currently executing multiple EPC contracts and has in-country centres of excellence for engineering. It has a successful track record of execution in Russia and Kazakhstan and has recently secured its first project in Libya, where there is significant growth potential.

The Group has already secured revenue of US$1.0 billion from E&C for the six months ending 31 December 2021 and approximately US$0.9 billion for the year ending 31 December 2022.





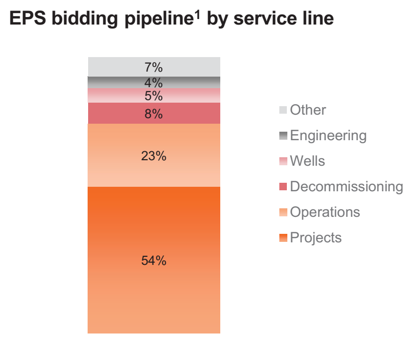
1. The bidding pipeline includes E&C opportunities scheduled for award to the industry by end of 2022. Excludes opportunities in UAE, Saudi Arabia and Iraq
2. Core E&C geographies comprise Algeria, Kuwait and Oman

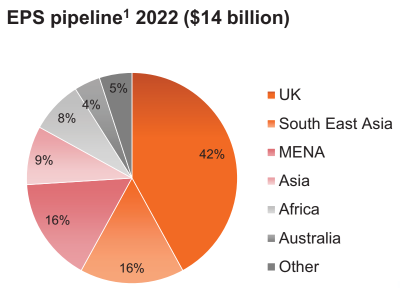
Furthermore, the Company is anticipating significant upside potential upon return to markets in Saudi Arabia, Iraq and the UAE.

The EPS business unit has demonstrated its resilience to the downturn delivering a book-to-bill of 1.0x in 2020, one of the most challenging years in the history of the industry, and is on course to do the same in 2021.

The Group has already secured revenue of approximately US$0.5 billion from EPS for the six months ending 31 December 2021 and approximately US$0.7 billion from EPS for the year ending 31 December 2022.

As discussed above, it has a diverse US$14 billion pipeline, with over 50% of the opportunities outside its core market in the UK. For the six months ended 30 June 2021, 50% of the revenue share of the EPS business was from its core market in the UK with 50% from non-UK EPS markets.

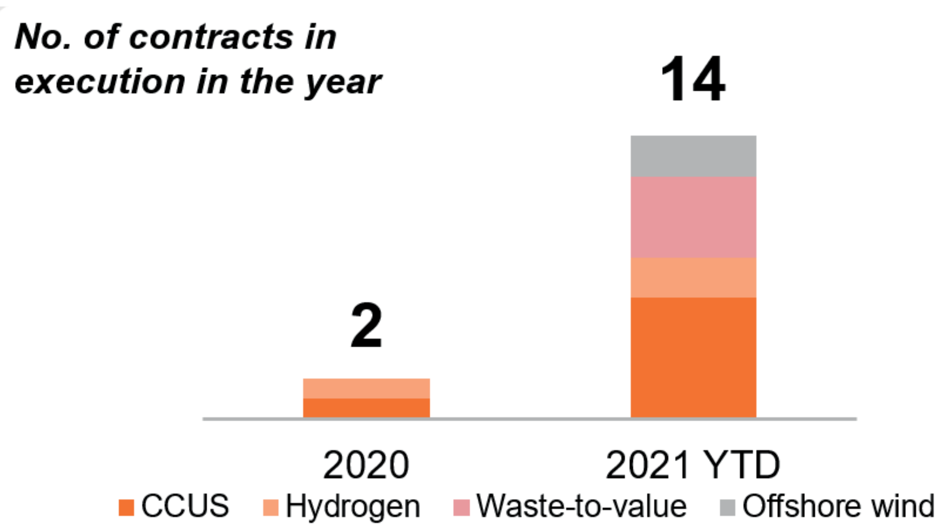




1 The Group bidding pipeline excludes opportunities in UAE, Saudi Arabia and Iraq

In addition, there has been a strong improvement in the Group's track record of supporting new energy projects across a wide range of different technologies where, within the EPS segment, activity in new energy has increased significantly with 14 contracts secured in 2021 to date compared with two contracts in 2020.

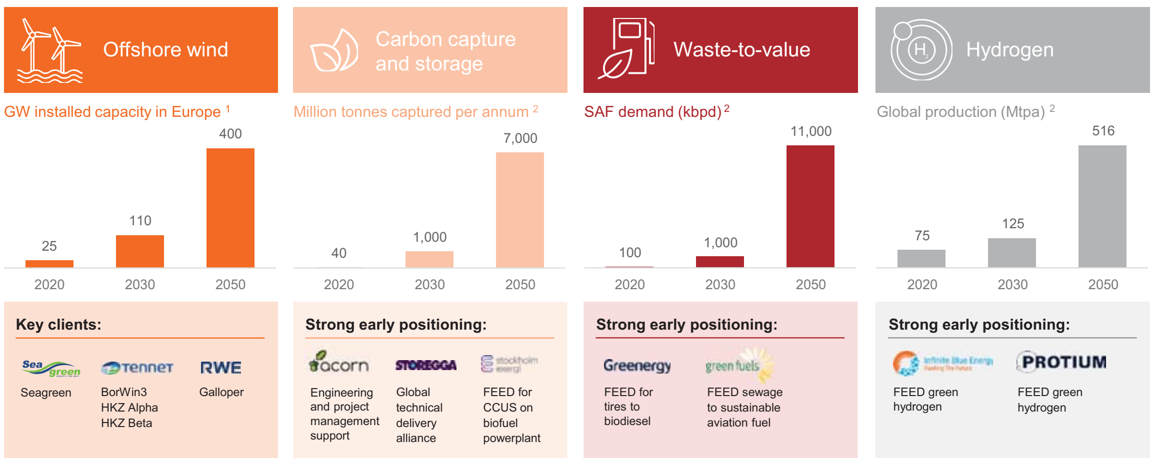
Growth in new energy contracts (growth shown for EPS segment)



Future-ready and well positioned to leverage existing capabilities to deliver growth within the energy transition

The energy transition has been at the core of Petrofac's future strategy in terms of expansion into new energies and building capabilities, as well as subject matter expertise that enables the transition of its customers. Petrofac is building expertise in segments that offer attractive near to long-term growth prospects and has already established a strong position in key high-growth sectors such as offshore wind, carbon capture and storage, hydrogen production, and waste-to-value.

Over US$3 billion of offshore wind opportunities are already in the pipeline scheduled for award to the industry by the end of 2022, with a projected new energies addressable market of US$20 billion by 2025, based on the Group's market analysis.



1. Source: Wind Europe. 25GW installed capacity in 2020 growing to 400GW in 2050
2. Carbonomics, Goldman Sachs

Petrofac has a 10-year track record in offshore wind and a leading position in EPC for substations, with growing expertise in emissions reduction, CCUS, blue and green hydrogen and waste-to-value. The Company is able to deploy experienced resources familiar with engineering, construction, operations and maintenance across the full array of its target new energies markets. Life-of-asset service offering, a technology neutral approach and flexible commercial models provide additional competitive differentiation.

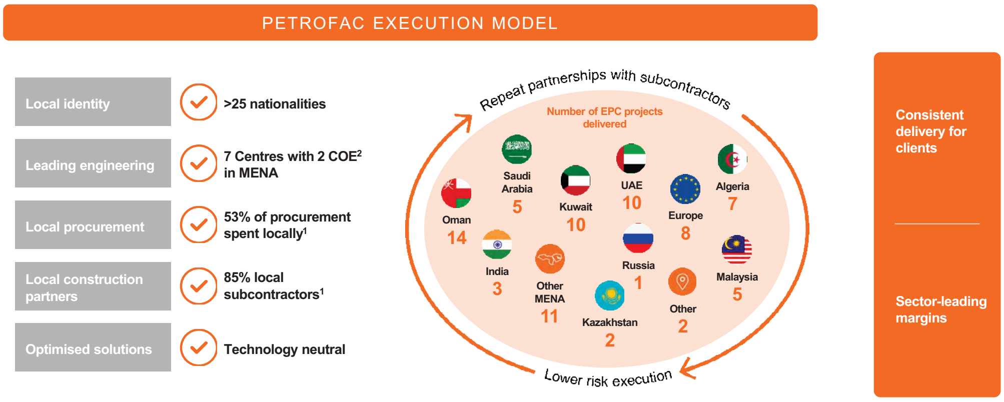
Strategic alliances formed with project developers and technology providers across CCUS, hydrogen and waste-to-fuels further boost capabilities and the depth of service offering. The Group's new energies strategy is driven by a strong leadership team with an exceptional track record in the energy services industry. The leadership team is fully equipped to enable Petrofac to become a leader in energy transition services across its targeted high-growth sectors.

Strong competitive position with sector-leading margins

Petrofac has a long track record of delivering differentiated margins. The Group's strong local delivery capability de-risks execution of contracts enabling it to provide best-in-class execution. It is the only tier 1 EPC company with centres of excellence for engineering in the Middle East.

Petrofac has a solid local identity in more than 25 nationalities globally. Its diversity offers a high level of cultural alignment to its customers, which they value, and forges stronger and enduring relationships.

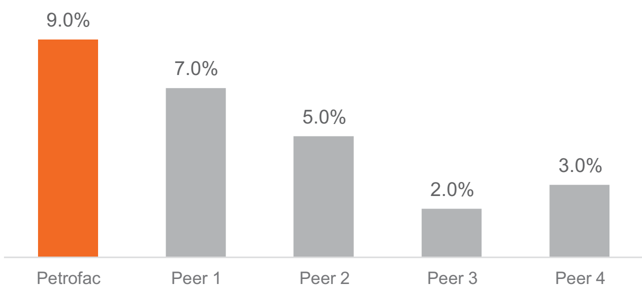
Historically, the Company has delivered consistent premium margins to clients through strong local delivery underpinned by local procurement and working with local construction partners. In 2020, 53% of procurement spend was carried out locally and involved 85% of local subcontractors as construction partners.



1. For the financial year 2020
2. COE denotes centres of excellence

Over the last 10 years Petrofac's average E&C EBIT margin has been 9% which was markedly higher than the sector peers.

Petrofac EBIT margin vs peers (2010-2020)[1]



1. *Average EBIT margin 2010-2020. Comparison of E&C margins with closest comparable European peers' E&C divisions*

The Company's strategy is to enhance its best-in-class delivery by simplifying the organisation and delivering to one global Petrofac standard, ensuring predictable and consistent execution. It has a highly cost-competitive structure underpinned by ongoing cost saving measures, and is further improving efficiency through organisational simplification, investment in digitalisation and increasing automation.

Committed to minimising environmental impact of energy industry and driving greater diversity

Petrofac is committed to reducing the environmental impact of operations targeting Net Zero Scope 1 and 2 emissions by 2030. The Company is fully compliant with Task Force on Climate-Related Disclosures ("**TCFD**") and has a Carbon Disclosure Project ("**CDP**") rating of B. It is furthermore working to influence its supply chain partners to set their own emission reduction targets.

At a divisional level, Petrofac is committed to achieving Net Zero in its EPS business by 2025, while E&C and PM304 producing asset in Malaysia will do so by 2030. Work is underway to assess the Group's Scope 3 emissions baseline as it looks to decarbonise its supply chain; and it will set emissions reductions targets grounded in climate science through the Science Based Target Initiative.

The Company has also demonstrated an increased focus on diversity and inclusion, including through the setting of ambitious new diversity targets, and the appointment of its first Global Head of Diversity and Inclusion. The Company aims to expand diversity of workforce with the objective of 30% of women in senior roles by 2030. As measured per the Hampton Alexander methodology, the Group has successfully increased senior women in leadership roles from 8% in 2019 to 24% in June 2021.

The Group has been recognised for its commitment to sustainability, having achieved an AA sustainability rating from MSCI in March 2021.

Capital-light business, with strong focus and track record of cost discipline

Petrofac has a disciplined approach to capital allocation and bidding with a focus on maintaining a strong balance sheet and returning to a net cash position. The Company's recent divestments in non-core assets accelerated the transition to a capital-light business, enabling lower capital expenditure in the E&C and EPS businesses (2.7% of EBITDA in the six months ended 30 June 2021) and high free cash flow generation as Petrofac returns to growth.

The successful refinancing of all near-term maturities, through the Refinancing Plan, will reinforce Petrofac's balance sheet and liquidity position enabling it to be at an optimal position to benefit from the expected market recovery. The Company has introduced multiple cost-reduction measures to reduce overhead and project support costs, while preserving core capabilities. The Company is on track to deliver more than US$250 million cost savings relative to pre-pandemic levels

Reinforced compliance structure

The Group's commitment to the highest level of ethical and effective governance is supported by a culture of integrity, transparency, and trust. The Group's compliance framework utilises a three lines of defence approach, with each line forming a feedback loop that informs improvement: leadership & people, processes & controls, and assurance. There is a strong alignment between management incentives and ESG performance metrics, with ESG performance metrics making up on average 40% of senior leadership incentives. Over the last several years, the Group has strengthened its cultural focus on ethical conduct, supported by a well-developed, independently-audited compliance and governance regime committed to best-in-class compliance systems and practices. MSCI's ESG ratings upgraded the Group to "AA" in March 2021, denoting industry leadership, with the Group's "robust business ethics policies driving the upgrade" and rating the Group's business ethics policies "strong" relative to peers, its corporate governance practices as "leading those of peers" and highlighting improvement since 2020.

The Company has established a Board Compliance & Ethics Committees which oversees and upholds implementation of principles and rules relating to compliance and ethics and provide assurance to Petrofac's shareholders that policies and standards are both adequate and effective.

The changes implemented have led to the creation of a highly qualified compliance leadership team based in Sharjah, including new Group General Counsel, Chief Compliance Officer and Investigations Director and dedicated officers in major operating hubs.

Furthermore, the Company has made significant investments in new technologies with new confidential reporting tools and externally hosted due diligence screening tools and has established an independent compliance investigations team.

The Company's implementation of an independent review and subsequent regular audit process reporting directly to the Compliance & Ethics Committee adds additional layers to and further strengthened its compliance structure.

A revised Code of Conduct was launched in January 2020, with mandatory eLearning training for employees and third parties who work with the Group to ensure that expected standards and behaviours are understood and enacted.

With the new compliance structure implemented, Petrofac has established a Zero tolerance approach to Code of Conduct breaches, retaliation, victimisation and bullying and harassment.

Reinvigorated management team with demonstrable expertise

The appointment of a new CEO, Sami Iskander, with more than 30 years of international experience in both oilfield services and upstream exploration and production companies immensely strengthens the Company's leadership. Sami is supported by a new CFO, Afonso Reis e Sousa, with almost a decade at Petrofac, in a number of roles including most recently as Group Treasurer and Head of Tax, Insurance and Risk. The new leadership team has a wealth of experience in the sector and is well positioned to lead the transformation of the Company and has established clear values to underpin the Group's purpose and societal licence to operate, which govern how Petrofac functions. Clearly defined behavioural expectations set by the Petrofac Board for those that work for and with the Group support a culture of superior performance coupled with high standards of ethical business conduct.

Strategy

As announced in April 2021 at its full year results, the Group's strategy is underpinned by three overarching objectives: best-in-class delivery, returning to growth and generating superior returns.

Best-in-class delivery

Best-in-class delivery requires an optimal execution structure supported by technology, lean, efficient processes, and local, customer-focused delivery to a global standard where quality and value are independently assured, and risks mitigated.

<u>Simplify the organisation</u>

Petrofac is simplifying its organisation, creating a streamlined structure supported by technology and efficient processes. This includes the establishment of a collaborative technical organisation 1tec, which brings together the Group's technical experts in a series of "Functions" such as proposals, engineering, supply chain and quality assurance, to ensure that best practices are developed and shared effectively across the Group and that Petrofac's teams across the globe deliver world class performance in every location.

This efficient and digitally enabled organisation is also expected to further enhance the Group's cost competitiveness, leaving it well positioned to rebuild its Backlog when the market recovers and to consistently deliver premium margins for shareholders.

<u>Global capability, location execution</u>

The enhanced organisational structure, with 1tec as its backbone, will aim to ensure that projects are executed to one global standard in all countries in which Petrofac operates, via a local, customer focused delivery system. This local delivery model is expected to bring the Group closer to its customers and deepen Petrofac's understanding of the markets in which it operates, which will further de-risk execution and enhance profitability.

At the same time, Petrofac will continue to maximise in-country value (measured by the value of local expenditure on goods and services), a source of competitive advantage, by investing in new local leadership with the mandate to build strong and resilient businesses, underpinned by supply chains, in key markets. For reference, Petrofac's in-country-value expenditure in 2020 was 53% on non-joint venture projects and significantly higher in certain core geographies. When submitting bids for new work, in-country-value is a key metric evaluated by customers and Petrofac's success rate in winning tenders confirms that it is a market leader on this front.

<u>Digitally enabled</u>

Petrofac has invested, and continues to invest heavily in its digital capability which, coupled with technical expertise, enhances productivity and provides optimal solutions to customers while driving greater consistency and cost reduction across portfolios.

For example, in December 2020, Petrofac's work to digitalise its operations and maintenance delivery was recognised with a prestigious award from Oil & Gas UK, the leading representative body for the offshore energy industry in the UK. Combining digital twin and mobile technologies with the Group's proprietary software, BuildMETM, Petrofac has digitalised its inspection processes. Proven across more than 4,000 North Sea inspections, the approach has driven a 200% improvement in productivity.

The Group has also made significant investments in its internal systems to increase automation and drive efficiency. These investments have already improved the Group's productivity, and will be an important lever in maximising the Group's cost competitiveness when pursuing future contract awards.

Strategic partnerships

Petrofac has a number of successful strategic partners, which allow customers to benefit from combined expertise as well as delivering higher in country-value.

In NES, Petrofac is forming strategic partnerships with both developers and technology providers. These customer-centric relationships not only facilitate the development of projects now, but also enhance the Group's ability to pursue future opportunities.

For example, Petrofac has formed a global TDA with Storegga, which has the potential to be the first industrial-scale carbon capture and storage project in the UK. The TDA combines Petrofac's world class engineering, project delivery and operational expertise with Storegga's project development capability, supporting fast-track delivery of critical net zero infrastructure both in the UK and internationally.

Technology neutral

In addition, as a technology-neutral service provider, Petrofac will continue to leverage its subject matter experts to offer optimal bespoke solutions to customers, without being limited by the need to deploy any particular in-house technologies.

This not only enables the Group to provide optimal solutions to its customers, but it also maximises the market opportunities available to Petrofac. This is particularly relevant for the new energies segment where there is a wide array of new technologies, each of which is limited to specific niches within particular sub-sectors. For instance, the Group estimates that there are around 1,000 large industrial sites suitable for carbon capture in Europe alone, which will all require bespoke solutions to suit each producer's exhaust volumes, CO2 gas percentage, and the physical layout of its facilities. A wide range of technologies will be required to provide solutions across this heterogeneous opportunity set, and Petrofac's technology-neutral approach ensures that it can serve the entirety of this market.

Return to growth

Petrofac's focus on return to growth will be supported by improving customer centricity, becoming closer to both existing and new customers to drive growth in core markets, pursue growth opportunities in selective new markets, and accelerate the Group's expansion into new energies.

Customer-centric approach

As discussed in "— *Key Strengths*" above, the Group has long-standing customer relationships in its core addressable geographies, such as Oman, Algeria and Kuwait, where it has demonstrated a continuous presence, a commitment to building local supply chains, and a reputation for strong delivery and execution. To further enhance its influence and performance in these key countries, Petrofac is appointing dedicated country managers to continuously engage with customer executive management teams and local authorities and to deepen its understanding of local suppliers and subcontractors.

In Petrofac's growth geographies (as described below), it is appointing local business development leaders based in country, to engage with potential customers, establish Petrofac as a credible service provider and develop a pipeline of new opportunities.

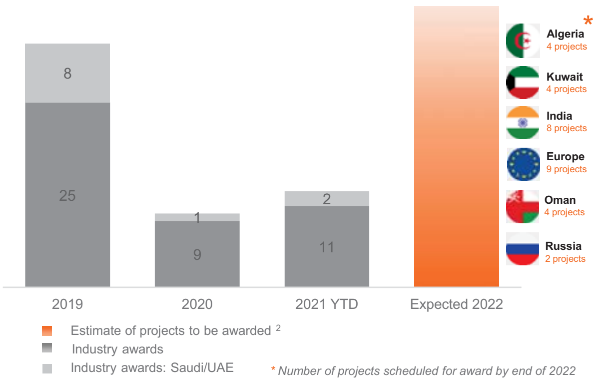
Rebuild the Backlog

Petrofac aims to re-build its Backlog by leveraging its extensive track record and targeting opportunities in its growing addressable core and growth markets, which it believes are well placed for a robust recovery. The Directors also believe that the Group's decisive action to cut costs, in combination with efficiencies it has gained through simplifying the organisation, leave Petrofac well positioned for a strong recovery across its operations.

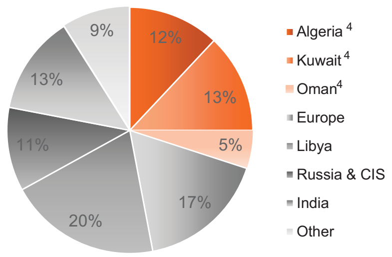
The Group is expected to enter a period of strong growth in project awards once the pandemic pressure eases. The Group intends to capitalise on its strong 2022 bidding pipeline, which benefits from a large and growing addressable market, including new energies. As discussed in "— *Key Strengths*" above, the Group's E&C pipeline is exposed to the most attractive growth markets in MENA (Algeria, Kuwait and Oman) which constituted 65% of the Group's MENA E&C revenue from 2014 to 2020 and where the Company maintained historical win rates of 30-50% from 2015 to 2021.

The Group experienced a sharp decline in awarded contracts in 2020 and the year to date in 2021, caused by the COVID-19 pandemic and oil price crash, the degree of which has not been experienced in recent history. As a result and with the oil price recovery, management believes that there will be a sustained recovery with a significant increase in awards in 2022.

Historic industry awards[1] vs outlook



E&C pipeline 2022 ($32 billion)[3]:



1. Number of projects awarded. Includes all projects that were in the Petrofac pipeline and were awarded to the industry
2. Management's best estimate of number of awards in 2022 from current pipeline
3. The bidding pipeline includes E&C opportunities scheduled for award by end of 2022. Excludes opportunities in UAE, Saudi Arabia and Iraq
4. Core E&C geographies comprise Algeria, Kuwait and Oman

The E&C pipeline is well complemented by the robust US$14 billion EPS pipeline, which has proven its resilience during the pandemic.

Selective growth in new geographies

As well as executing projects in its core markets, Petrofac will target opportunities across the wider MENA region, as well as other growth markets, such as Russia, India, Libya and Kazakhstan. These opportunities will be pursued in a disciplined way, consistent with Petrofac's conservative bidding approach. For example, when Petrofac entered the EPC market in India in 2018, it secured a small refinery project with a value of US$135 million. Similarly, it has recently entered Libya with a c.US$100 million EPC contract having built a close relationship with the NOC through the delivery of several FEED contracts. This measured approach enabled Petrofac to develop a deep knowledge of local markets and supply chains before bidding on larger projects.

Leverage capabilities in new energies

Building on its extensive experience, Petrofac will target opportunities within new energies, namely offshore wind, carbon capture and storage, waste-to-fuels/energy and hydrogen. In aggregate, these opportunities are expected to represent US$20 billion by 2025 based on the Group's market analysis.

The Directors believe that Petrofac's capability and track record in engineering, construction, operations and maintenance leave it well-equipped to deliver an array of projects across the new energy industries. Petrofac already has a 10-year track record in offshore wind and is currently executing three EPC contracts for offshore substations in Europe. Furthermore, it is pursuing a substantial pipeline of over US$3 billion of offshore wind opportunities scheduled for award to the industry by the end of 2022. While the other target sectors are less mature, rapid growth is expected, based on the Group's market analysis. Consistent with its strategy, in the first half of 2021 Petrofac secured 14 contracts covering CCUS, blue and green hydrogen and waste-to-fuels. These early-stage concept and FEED contracts have the potential to develop into material project awards, leveraging Petrofac's differentiated life-of-asset customer offering.

Superior returns

The Group has established a new value assurance framework that will capture and address key risks and drive consistent execution across the Group's portfolio in order to further enhance its ability to deliver strong, consistent margins while maintaining the flexibility of an asset-light business model.

The Group believes that this approach, and the key components of the framework set out below, are supported by a prudent financial policy, which is expected to support its aim of returning to an investment grade rating profile over the medium-term.

Enhanced risk management framework

Petrofac is implementing and embedding the "One Petrofac" operating model into the Group's operations, which includes an enhanced "Value Assurance" framework. A Value Assurance team will provide independent, objective oversight during the preparation of proposals and during the execution of projects and operations. This team will participate in formal reviews at specific milestones throughout the project life cycle to help assess the quality of Petrofac's efforts and to identify key risks that require mitigation. They will not have financial performance objectives but rather will focus entirely on best-in-class performance across the entire lifespan of Petrofac's projects, from conception to completion.

Deliver premium margins, consistently

Petrofac has a strong reputation for operational excellence and earning differentiated margins. By standardising its execution practices via 1tec and deploying an independent Value Assurance team, the Directors believe that Petrofac will reduce risk during execution and return to delivering consistent sector-leading margins.

Capital-light business model

Over recent years, Petrofac has transitioned back to its core activities, providing services to infrastructure assets in the energy sector, including growing demand within new energies, and has largely divested its non-core and capital-intensive Integrated Energy Services portfolio. This asset-light business model is highly cash flow generative and as the business returns to growth and premium margins, Petrofac will be well placed to deliver attractive returns for shareholders.

Maintain strong balance sheet

Over the medium term, the Group intends to return to a net cash position. Maintaining a strong balance sheet is a key component of the Group's strategy and will enable it to reinstate a sustainable dividend over time. The successful refinancing of all near-term maturities, through the Refinancing Plan, will deleverage the Group's balance sheet, extend the maturity profile of the Group's financing arrangements and strengthen the Group's capital structure. This will increase the financial flexibility and stability of the Group and improve the credit perception of Petrofac.

Financial implications

The Petrofac Board firmly believes that successful implementation of the strategies outlined above will result in a growing, profitable business with premium margins underpinned by strong cost competitiveness and consistent execution, resulting in a strong balance sheet.

In the medium-term the Board is targeting:

- Group revenue of US$4-5 billion;
- New energies contributing more than 20% of revenue or approximately US$1 billion;
- EBIT margins of 6-8%; and
- Net cash position enabling Petrofac to reinstate a sustainable dividend over time.

Description of the Group's Business

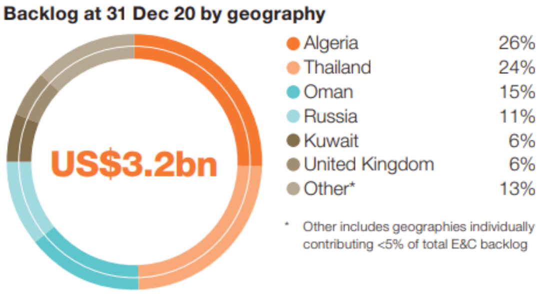
As discussed above, the Group's operations are organised according to three operating segments: Engineering & Construction (E&C), Engineering & Production Services (EPS) and Integrated Energy Services (IES). Across these segments, the Group is increasing its focus on new energy activities through its New Energy Services (NES) business line.

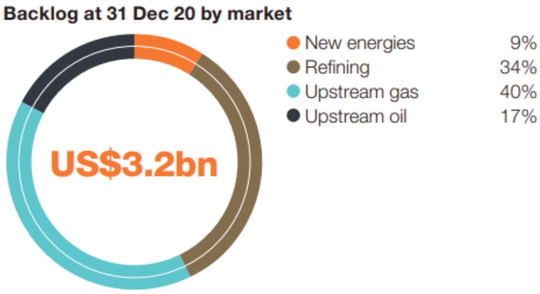
Engineering & Construction – E&C

The E&C segment delivers onshore and offshore engineering, project management, procurement, construction, completion and well-engineering services.

In providing these services, Petrofac relies on contractors, vendors and sub-contractors, particularly in the construction phase of its EPC contracts. E&C contracts are typically undertaken on a LSTK basis, meaning that E&C revenues consist of an all-inclusive lump-sum price for the completed project. Depending on the terms of the E&C contract, payment is usually received by reference to the achievement of milestones over the life of the contract and, in some cases, Petrofac may receive advance payments. E&C contracts typically have a duration of three to five years.

For the year ended 31 December 2020, E&C reported revenue of US$3,090 million, Business Performance Net Profit attributable to Petrofac shareholders of US$62 million and Business Performance EBITDA of US$113 million. As at 31 December 2020, E&C Backlog was US$3.2 billion, as set out in the following charts:





For the six months ended 30 June 2021, E&C reported revenue of US$1,113 million, Business Performance Net Profit of US$29 million and Business Performance EBITDA of US$34 million. As at 30 June 2021, E&C Backlog was US$2.1 billion, across Algeria (29%), Thailand (28%), Oman (17%), the UK (5%), Iraq (5%), Kuwait (5%) and other (11%).

The Group has secured revenue of US$1.0 billion from E&C for the six months ending 31 December 2021 and approximately US$0.9 billion for the year ending 31 December 2022.

As at 30 June 2021, the E&C division (including technical services) had 3,676 employees (including temporary employees).

Services and capabilities

The E&C segment provides customers with onshore and offshore engineering, project management, procurement, construction, completion and well-engineering services. These services are typically combined to provide clients with a comprehensive solution and flexible approach to execution on a LSTK basis, or on a reimbursable model for EPC and engineering, procurement and construction management ("**EPCm**") projects.

- ***Engineering*** – the Group offers clients a variety of life-of-asset engineering capabilities for brownfield and greenfield projects, at a variety of scales, complexities and locations, including onshore, offshore, subsea or subsurface. This offering comprises a range of engineering consultancy services, FEED services, and execution services, which provide clients with a comprehensive offering that spans the energy asset life cycle, from concept to commissioning, including late life and decommissioning.

- ***Project management*** – the Group's project management services utilise internationally recognised project management frameworks across engineering, procurement, construction and commissioning projects. This service is tailored to each client's specific needs, including project management contractor capabilities; EPC and EPCm contractor capabilities; project management services across the life cycle of an asset; health, safety and environmental services; and project analysis capabilities (including costs, schedule and risk management).

- ***Procurement*** – the Group's procurement services offer supply chain support from its seven operating centres and other key locations strategically selected to support business activities, with over 300 expert buyers, expeditors, logistics officers and material controllers around the world to provide sourcing, expediting and logistics support to projects worldwide.The Group works with local suppliers and develops local capabilities wherever possible, aiming to procure goods and services in an ethical and cost-effective manner.

- ***Construction*** – the Group's construction services provide clients with a flexible approach to deliver complex oil and gas installation construction projects, including greenfield development and brownfield construction, in challenging and diverse environments to meet clients' specific needs. The Group offers a range of different commercial models, with extensive LSTK expertise in onshore EPC, in offshore engineering, procurement, construction and installation ("**EPCI**"), and a growing portfolio in the renewables sector, particularly in offshore wind. These services are in addition to its EPCm services, under which the client manages the direct construction contractor with the support of the Group's construction management experience and expertise. E&C's track record includes over 200 upstream EPC/EPCI projects, 13 downstream EPC/EPCI projects and five renewables EPC/EPCI projects.

- ***Completion*** – the Group's completion services cover onshore and offshore pre-commissioning, commissioning and start-up activities. These services aim to ensure that the facilities designed, built and maintained by the Group are inspected and tested safely, systematically and thoroughly before being handed over to a client in order to ensure that the facility can be operated safely and reliably, while providing full traceability.

Through these service offerings, the Group targets work with clients at the earliest stages of a greenfield development or brownfield project to help refine the project scope and select a suitable delivery methodology. This can include concept development, FEED, technology selection, a fit-for-purpose execution model, and where appropriate, the formation of value-adding partnerships. This approach aims to provide support at the concept stage to provide solutions that minimise capital and operating expenditure, improve overall delivery timing, and improve safety and operability to add value across the project and asset life cycles.

Key Projects

The following table sets out E&C's key projects as at 30 June 2021:

Project(1)	**Nature of Project**	**Location**	**Client(2)**	**Value(3)**	**Year Awarded**	**Expected Completion Year(4)**
				(US$ billions)		
Raageshwari Deep Gas Field Development	Gas	India	IOC	0.2	2018	2021
LSTK Package for MSBP for Kochi Refinery	Refinery	India	IOC	0.1	2018	2021
GC-32 New Gathering Centre	Oil	Kuwait	NOC	1.3	2017	2022
SRU block, VRMP	Refinery	India		0.2	2018	
Duqm Refinery	Refinery	Oman	NOC	1.1	2018	2022
HKZ Alpha	New Energy	Netherlands	Electric Utility	0.1	2018	2021
Sakhalin OPF	Gas	Russia	IOC	0.7	2017	2022
Majnoon CPF	Oil	Iraq	IOC	0.4	2018	2022
Tinrhert	Gas	Algeria	NOC	0.5	2018	2022
Seagreen	New Energy	United Kingdom	Electric Utility	Undisclosed	2020	2022
Clean Fuels Project	Refinery	Thailand	NOC	1.4	2018	2023
Ain Tsila	Gas	Algeria	NOC	1.0	2019	2023
HKZ Beta	New Energy	Netherlands	Electric Utility	0.1	2019	2022

(1) Excluding projects that are over 95% completed or undertaken pursuant to reimbursable payment arrangements.
(2) "IOC" refers to "international oil company" and "NOC" refers to "national oil company".
(3) Values are based on Petrofac's share of the original contract value as at the date of award. Exchange rates for non-US dollar denominated contracts are calculated using the official exchange rate on the date of the award. Under certain circumstances, these values are subject to change. For details of the Group's revenue recognition policies, see Note 2 to the 2020 Audited Consolidated Financial Statements.
(4) See "Cautionary Note Regarding Forward-Looking Statements" in Part III: "*Important Information*".

In the six months ended 30 June 2021, E&C's financial performance in the first half was impacted by a continuation of challenging market conditions, including a decline in project activity, COVID-19 related project delays and negative variation orders as a result of a mutually agreed rescoping of the Sakhalin contract. Notwithstanding these challenges, management has made good progress in reshaping the E&C

business and has continued to take measures to reduce project support and other costs in anticipation of a recovery in market conditions.

In the year ended 31 December 2020, E&C's operational performance was significantly impacted by the COVID-19 pandemic, with stringent health protocols, travel restrictions, national lockdowns and supply chain disruption reducing productivity, increasing costs and extending project schedules. Despite the challenging environment, progress was made on all projects in 2020, with a number of major milestones successfully reached. These include the mechanical completion of BP's upstream gas Ghazeer project in Oman and the start-up of the Crude Distillation Unit on Kuwait National Petroleum Company's Clean Fuels Project in Kuwait.

In the year ended 31 December 2019, the Group made steady progress delivering its portfolio of projects. Power transmission commenced from the BorWin3 offshore grid connection project in the German North Sea, while the RAPID project in Malaysia was advanced to readiness for start-up. The Group delivered a major milestone on the Upper Zakum Field Development in the UAE with substantial completion upon handover of the central island. In Saudi Arabia, the Jazan South Tank Farm was mechanically completed, while the Jazan North Tank Farm and Fadhili projects neared mechanical completion. In Kuwait, the KNPC Clean Fuels project was substantially completed, and the Group achieved a major milestone on the Lower Fars Heavy Oil plant in Kuwait with the commencement of steam injection. The Ghazeer gas development in Oman remained ahead of schedule. The Group's EPCm projects also progressed well. The Al Taweelah Alumina Refinery in the UAE started up, the Rabab Harweel Integrated Project in Oman commenced production, and gas was introduced into TurkStream in Turkey.

In the year ended 31 December 2018, the Group made solid progress delivering its portfolio of projects. In Algeria, the Group successfully commissioned the Alrar and Reggane gas plants in the first half of the year. In Kuwait, the Lower Fars Heavy Oil, Manifold Group Trunkline and KNPC Clean Fuels projects reached pre-commissioning or phased hand-over stages. In Abu Dhabi, the Group achieved a major milestone on the Upper Zakum Field Development with the oil facility reaching readiness for start-up. Elsewhere, the Jazan North and South Tank Farms and Fadhili sulphur recovery plant in Saudi Arabia, and RAPID project in Malaysia neared completion. On the Borwin 3 offshore wind grid connection project, the topside platform was successfully installed in the German North Sea.

New orders awarded in the six months ended 30 June 2021 totalled US$75 million, comprising the EPC contract for the Marmul Main Production Station Gas Compression project in Oman offset by negative net variation orders. As expected, the recovery in oil prices has yet to manifest itself in a significant expansion in capital spending by clients.

New orders awarded in the year ended 31 December 2020 totalled US$0.7 billion, reflecting a contraction in capital spending by clients as a result of the COVID-19 pandemic, which resulted in delays to tender awards and the termination of the Group's Dalma contracts in the UAE in April 2020. New awards in the year ended 31 December 2020 included the EPC contract for the Seagreen offshore wind project and net variation orders on various projects.

Competition

E&C's onshore competition comes from a range of international and more regionally focused contractors, including Saipem, Maire Tecnimont, Tecnicas Reunidas and Technip from Europe, Samsung Engineering, Daelim Industrial Co. Ltd., SK Engineering & Construction Co. Ltd., Hyundai Engineering & Construction Co. Ltd. and GS Engineering & Construction Corp., all of which are from the Republic of Korea; JGC Corporation, China Petroleum Engineering & Construction Corporation (CPECC), Sinopec Engineering, Huanqiu Contracting & Engineering (HQEC) and Larsen & Toubro from elsewhere in Asia; and McDermott International, Inc. in the United States. Given the size and technical complexity of the projects being delivered, many contractors, including the Group, often partner with competitors to deliver these projects.

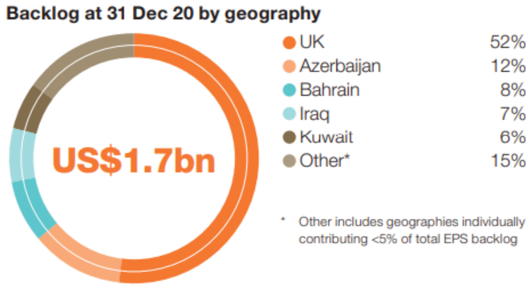
In addition, E&C competes with offshore focused EPIC contractors, such as Sepura, Subsea 7, Technip, Saipem, National Petroleum Construction Company and McDermott International, Inc.

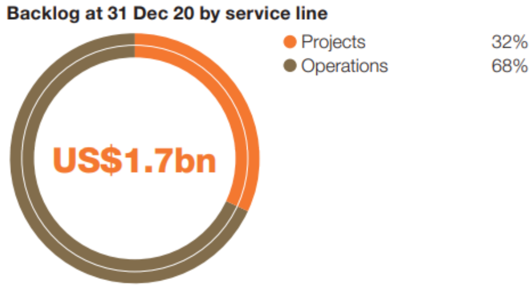
Engineering & Production Services – EPS

The EPS segment manages and maintains client operations, both onshore and offshore, delivers small- to medium-scale EPC projects and provides concept, feasibility and FEED services. EPS is also home to established well-engineering, decommissioning and training capabilities. In providing these services, the Group relies on contractors, vendors and sub-contractors. EPS also provides training services to clients' personnel.

The majority of EPS's services are carried out on a reimbursable basis (85% of EPS revenues in 2020), whereby costs incurred are charged to the client together with a fixed (or a variable KPI-based) margin. These arrangements often include incentive income linked to the successful delivery of performance targets. EPS contracts typically have a duration of three years or, in the case of "Duty Holder" arrangements (where the Group takes full responsibility for managing a client's asset and is responsible for the safety of that asset), the contract duration is often for an indefinite period. EPS also provides services to certain clients under framework or master services agreements, under which the client can call off the services of the relevant contracting entity as and when required.

For the year ended 31 December 2020, EPS reported revenue of US$933 million, Business Performance Net Profit of US$39 million and Business Performance EBITDA of US$59 million. As at 31 December 2020, EPS Backlog was US$1.7 billion, as set out in the following charts:





For the six months ended 30 June 2021, EPS reported revenue of US$526 million, Business Performance Net Profit of US$35 million and Business Performance EBITDA of US$48 million. As at 30 June 2021, EPS Backlog was US$1.7 billion, across the UK (52%), Azerbaijan (12%), Bahrain (8%), Iraq (7%), Kuwait (6%) and other (15%).

The Group has secured revenue of approximately US$0.5 billion from EPS for the six months ending 31 December 2021 and approximately US$0.7 billion from EPS for the year ending 31 December 2022.

As at 30 June 2021, the EPS division had 4,316 employees (including temporary employees).

Services and capabilities

The EPS segment provides customers with a variety of services, including engineering services, operations and maintenance, asset management, well-engineering services, late-life asset management and decommissioning services, and training services:

- ***Engineering services*** – the Group's engineering services provide clients with targeted engineering and related capabilities, including consultancy services, with surface and subsurface expertise. The Group's consultants and study managers work with clients at the early development stage to provide technical assurance for new and existing projects and assets. This approach utilises the Group's engineering teams to evaluate business portfolios and offer guidance with an aim of providing clients with efficient execution and technological strategies for greenfield and brownfield projects.

- ***Operations and maintenance services*** – the Group's operations and maintenance services provide clients with fit-for-purpose solutions designed to increase production, optimise efficiency, reduce operating expenditures and lower oil and gas lifting costs, with the goal of increasing economic viability and extending the life of its clients' assets. These capabilities support topsides, jackets, subsea, pipelines and terminals, fixed and floating assets. Services range from the provision of competent and skilled labour to managed operations and maintenance services, depending on the needs of each client, as well as discrete operations and maintenance, services such as asset register construction to ISO standards, execution, optimisation, spares management, equipment obsolescence and decommissioning.

- ***Asset management services*** – the Group's asset management services comprise its performance consulting, technical consulting and managed service capabilities. Performance consulting includes collaborating with the client to identify asset performance challenges and solutions (including performance benchmarking against key standards, and operational readiness). Technical consulting capabilities support development of asset performance programmes, including strategy and decision making, people and organisations, systems and processes, risk and compliance, physical assets and performance. Managed service capabilities provides people, functional support and supervision to implement the strategies identified through performance and technical consulting, including the provision of its maintenance and reliability, condition monitoring and Computerised Maintenance Management System ("**CMMS**") services.

- ***Well-engineering*** – the Group's well-engineering offering provides a comprehensive range of outsourced well project management and well-engineering services across the entire well life cycle, including exploration and development of new resources, maintaining and maximising value from the developed assets, and assuring integrity and enabling clients to prepare for decommissioning by plugging and abandoning wells and leaving them safe and secure for the future. These services cover well engineering, well project management, consultancy services, well monitoring and management, well abandonment, and well engineering personnel. These well-engineering services are supported by Turus, the Group's proprietary web-based project management system, to enable efficient and auditable project delivery.

- ***Late-life asset management and decommissioning services*** – the Group's late-life asset management capabilities provide clients with range of services to support the late life and decommissioning phases of the asset life cycle, including studies and production enhancement activities, brownfield engineering and operations to planning and well plugging and abandonment. These services focus on cost management (including capital and operating expenditure) and health, safety, security and environment ("**HSSE**") matters, as well as asset integrity and preparatory works for decommissioning, which can be delivered as single, discrete activities or integrated into a complete managed solution such as the Group's innovative Duty Holder model. Through its strategic partnerships, the Group also provides removal and waste disposal services.

- ***Training and competence services*** – the Group's training and competence services capabilities provide clients with an integrated training services solution, with services that span competence consultancy, technical and practical training courses, digital learning content and, where required, full design, build and management of training infrastructure. This offering utilises a mix of learning tools to enhance learning outcomes, offering modern classrooms, state-of-the-art equipment, simulators, and process training plants along with digital content, such remote instructor-led learning (as applicable), e-learning, digital simulations and augmented reality applications to deliver safe and effective learning solutions. The offering is supported by the Group's training and competence management software suite, specifically designed for the complex needs of the energy industry, which stores and manages training and competence records for every role in an organisation and offers live analysis of critical information while interfacing with Human Resource systems to comply with the operational competency. The Group also designs, builds and operates training facilities and, in addition to its core training and competency services, it provides crisis management training and emergency response services.

Key Projects

The following table sets out the EPS segment's key projects as at 30 June 2021:

Project	Nature of Project	Location	Client[1]	Value[2]	Year Awarded	Renewal Date[3]
				(US$ millions)		
CNR O&M	Operations and maintenance	UKCS	IOG/P&G	57	2006	2021
Repsol O&M	Operations and maintenance	UKCS	IOG/P&G	57	2016	2021
BP O&M	Operations and maintenance	UKCS	International Energy Company	42	2020	2023
BOC—AI FAO	Operations and maintenance	Iraq	NOC	72	2017	2021
KOC—LFHO	Operations and maintenance	Kuwait	KOC	54	2020	2021
Anasuria Duty Holder	Operations and maintenance	UKCS	IOG/P&G	40	2016	2022
Ithaca ISC	Operations and maintenance	UKCS	IOG/P&G	40	2020	2025
Neo Energy/Petrogas ISC	Operations and maintenance; Wells	UKCS	IOG/P&G	70	2020	2023
Kittiwake Duty Holder	Operations and maintenance	UKCS	IOG/P&G	43	2015	2022
Tatweer Pre Unizah—Main—Lumpsum EPC	Projects	Bahrain	NOC	42	2021	2022
Tailwind Energy	Wells	UKCS	IOG/P&G	41	2018	Completion of Services
GTT	Waste-to-fuels	UK	WTB	0.2	2021	2025
ABSL	Waste-to-fuels	UK	WTB	0.25	2021	2024
IBE Arrowsmith	Hydrogen	Australia	Hydrogen	0.2	2021	2024
Stockholm Exergi	Carbon capture	Sweden	Energy Company	2	2021	2024
NCOC	Water treatment	Kazakhstan	NOC and IOV JV	136[4]	2021	2022

Notes:

(1) "IOG/E&P" refers to "independent oil & gas or exploration & production"; "NOC" refers to "national oil company"; and "WTB" refers to "waste-to-biofuels project developer and producer".

(2) Values are based on Petrofac's per annum revenue pursuant to the relevant agreement. For details of the Group's revenue recognition policies, see Note 2 to the 2020 Audited Consolidated Financial Statements.

(3) See "Cautionary Note Regarding Forward-Looking Statements" in Part III: "*Important Information*".

(4) Petrofac ISKER LLP joint venture with ISKER, US$66m of contract value relates to Petrofac services.

Across the Group's EPS operations, it has an 80% renewal rate for all operations and maintenance contracts in the UK.

For the six months ended 30 June 2021, EPS has performed well, driven by higher activity and good cost discipline, which resulted in a material increase in net margin. Strong growth in revenue in the Operations and Projects service lines was mainly driven by high order intake in the prior year and the first quarter of 2021, reflecting improvements in both underlying market conditions and EPS's cost-competitiveness.

In the year ended 31 December 2020, EPS's operational performance was relatively resilient, despite the impact of the COVID-19 pandemic. Engineering, procurement and construction activity on the Group's projects portfolio continued, with some notable milestones successfully reached, including the completion on time and on budget of the Sharjah National Oil Corporation's gas storage project. Despite the obstacles of reduced manning and enforced travel restrictions, the Group maintained safe, round-the-clock delivery on its operations in the UK North Sea and the Middle East, helped by the innovative use of digital technologies, such as the PetrofacGo app.

In the year ended 31 December 2019, a recovery in market conditions led to an acceleration of project awards and contract extensions, particularly in brownfield projects and wells, two of the Group's target growth markets. This led to a subsequent expansion in the EPS division's Backlog. The Group's operations business remains resilient, despite lower activity in the year. The Group completed a bolt-on acquisition of W&W Energy Services providing a low risk, entry-level platform for growth in the attractive Permian basin in the US.

In the year ended 31 December 2018, the continued resilience of the Group's operations business, short-term extensions of historical contracts in EPS East and growth in the Group's EPMc portfolio offset a challenging market environment for brownfield projects in the North Sea.

New orders awarded and extensions in the six months ended 30 June 2021 totalled US$0.4 billion, broadly maintaining Backlog since the year end despite tight market conditions:

- in Projects, EPS secured a material project delivery contract with PDO in Oman;
- in Operations, EPS secured a number of operations and maintenance contract renewals in the UK; and
- in new energies, EPS expanded its track record by securing a range of engineering studies and FEED contracts across carbon capture and storage, waste-to-value, hydrogen, and offshore wind.

New orders awarded in the year ended 31 December 2020 totalled US$0.9 billion and included the following:

- entry into a number of engineering, procurement, construction and commissioning ("**EPCC**") projects contracts for new upstream oil and gas facilities in the UAE, Bahrain and Kazakhstan;
- extension and renewal of operations agreements, including extension of the Group's contract to operate the Iraq Crude Oil Export Expansion Project and renewal of IOC agreements with bp and Eni in the UK North Sea;
- entry into two major integrated services contracts in the UK North Sea with Ithaca and Petrofac NEO;
- announcement of well management and well operator support contracts in the UK North Sea, including with NEO Energy; and
- entry into new energies contracts, including a contract to support the Acorn CCUS and blue hydrogen project in the United Kingdom and a FEED contract for the Arrowsmith green hydrogen project in Australia.

Competition

For operations and maintenance services, the EPS segment competes against a range of international and local companies. In very mature markets like UK's North Sea, whilst historically, the competition has predominantly been from companies such as Wood plc, WorleyParsons Ltd and Aker Solutions ASA, EPS is increasingly facing competition from smaller "tier-2" competitors such as PX and 360 while in other less mature and fragmented markets, EPS also competes with local service providers.

In engineering services, EPS faces competition ranging from full-service engineering companies, such as KBR Inc., Wood Group, WorleyParsons Ltd, Aker Solutions ASA and Jacobs Engineering Group Inc., and this service line has experienced significant consolidation over the recent years. EPS also competes with specialist engineers such as Genesis Oil, Gas Consultants Ltd., Xodus and Advisian who focus on specific sectors and provide niche services.

In well engineering and particularly in its consultancy offering, EPS faces a greater number of competitors like AGR and Exceed, for example. However, the well operator and decommissioning area is less competitive due to the systems, tools and high level expertise required of suppliers.

Integrated Energy Services – IES

The IES segment provides an integrated service for clients, deploying the Group's capabilities using a traditional upstream investment model to operate the model to operate Block PM304 in Malaysia's offshore Cendor field.

IES projects cover upstream developments (both greenfield and brownfield), related energy infrastructure projects, and can include investment. IES's operations are now focused on a sole asset in the Asia Pacific region, following its exit in recent years from historical operations in the UKCS, North Africa and Mexico.

The Group's strategic IES priority continues to be to manage the IES portfolio to maximise value, including by reducing capital intensity to focus on E&C and EPS operating activities. Following the completion in November 2020 of the sale of the Group's remaining 51% interest in its IES operations in Mexico, in addition to the sales of the Group's interests in the Greater Stella Area development in the UK North Sea and the Chergui gas concession in Tunisia in prior years, Block PM304 in Malaysia's offshore Cendor field is its single remaining material IES asset.

For the year ended 31 December 2020, IES reported revenue of US$110 million, Business Performance Net Loss attributable to Petrofac shareholders of US$18 million and Business Performance EBITDA of US$39 million.

For the six months ended 30 June 2021, IES reported revenue of US$15 million, Business Performance Net Loss of US$4 million and Business Performance EBITDA of US$4 million.

As at 30 June 2021, the IES division had 258 employees (including temporary employees).

Services and capabilities

IES was established in 2011 to provide services using a range of commercial frameworks, including PECs and traditional equity upstream investments such as PSCs and concession agreements. Following a series of asset divestments, IES operations are limited to a single production sharing contract ("**PSC**") in Malaysia. This is an equity upstream investment, where the arrangements require that the Group take a direct interest in the production of a field and as a result Petrofac has direct production and commodity price exposure. The Group uses derivative hedging instruments to address such exposure, as needed.

PM304 PSC

The Group's primary IES asset as at 30 June 2021 is the PSC for Block PM304 in Malaysia which commenced in 2004 and is expected to complete in 2026. The client is Petronas (the Malaysian NOC) and IES has entered into discussions with them to extend the PSC contract beyond September 2026.

In the six months ended 30 June 2020, IES experienced a strong recovery in oil prices, which (together with lower depreciation) offset lower production following an unplanned outage in the main Cendor field. Underlying equity production of 0.2 million barrels of oil equivalent ("**mmboe**") (six months ended 30 June 2020: 0.5 mmboe), while average realised price increased to US$70 per barrel of oil equivalent ("**boe**") (six months ended 30 June 2020: US$37 boe). First oil was achieved on the East Cendor development in June 2021 and peak production is expected to be achieved by the end of the year.

In the year ended 31 December 2020, net production from the Group's IES equity interests declined by 10% to 1.9 mmboe (2019: 2.1 mmboe; 2018: 3.7 mmboe), driven by lower PM304 production from the deferral of the East Cendor development to 2021 due to the COVID-19 pandemic and the decline in base production, offset by strong production from the Santuario field in Mexico. For the Group's PEC in Mexico, Magallanes and Arenque, it earned tariff income on a total of 1.9 mmboe (2019: 2.2 mmboe; 2018: 2.5 mmboe), with the reduction largely due to completion in late 2020 of the sale of these assets. Production was also impacted by an unplanned outage at Cendor in PM304 in December 2020, following which all natural flowing have been restored and plans are in place to reinstate Gas Lifted production in 2021 and 2020. The deferred East Cendor development came online in June 2021.

New Energy Services (NES)

In addition to its services and capabilities across its three operating segments, Petrofac has an established track record in supporting new energy projects in a wide range of different technologies, which it coordinates across its service activities through the NES business line. The Group's integrated NES offering, which sits within E&C and EPS, spans all phases of the project lifecycle, from initial design through to greenfield and brownfield EPC, operation, maintenance and training. NES contributed 8% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 6% of the Group's revenue (after intra-Group eliminations) for the year ended 31 December 2020, with such revenue included within E&C and EPS for reporting. These activities are further aligned with the Group's broader corporate responsibility and environmental initiatives, including deployment of technology and engineering to help clients reduce their emissions intensity, as described under "*Corporate Responsibility*" in this Part IV.

The Group believes that it has the core capabilities and competitive differentiation to be successful in these rapidly growing markets as the energy transition progresses, supported by a decade of experience in offshore wind and expertise in hydrogen, as well a growing position in emerging carbon capture and storage and waste-to-fuels/energy activities. The Group's focus in NES aims to accelerate the growth of this business, which will continue to blend its established EPC know-how with the client management of its EPS offering to offer clients an enhanced service in available core markets and new markets. The Group has identified what it believes to be an addressable market that will be valued at approximately US$20 billion by 2025.

The Group's core focus areas in NES include the following:

- ***Offshore wind*** – the Group's offering to date has specialised in the EPC execution of high-voltage direct current ("**HVDC**") and high-voltage alternating current ("**HVAC**") offshore and onshore substations.
- ***Carbon capture, utilisation & storage*** – the Group's CCUS offering leverages its expertise in gas processing, transport and storage, and its brownfield EPC and well plug and abandonment capability, to support large scale CCUS projects.
- ***Hydrogen*** – the Group's hydrocarbons expertise, as well as its wind, solar and CCUS know-how, provides a platform to support large scale blue and green hydrogen projects.
- ***Waste-to-fuels*** – the Group leverages its petrochemical design skills to support projects which transform waste feedstocks into valuable products.

The Group's NES offering comprises both work with existing clients to pursue decarbonisation ambitions and pursuit of new energy projects. In the year ended 31 December 2020, notable new business wins include a contract to provide FEED services for the Arrowsmith project, which is Australia's largest commercial scale green hydrogen project; the Acorn project, an innovative UK-based carbon capture and storage initiative; and one of the largest windfarms in the North Sea for Seagreen Wind Energy. In addition, the Group is currently executing offshore wind projects for the Alpha and Beta HVAC platforms for the Netherlands HKZ offshore grid connection, following completion of 13 offshore wind projects to date, as well as waste-to-fuels activities at Greenergy's plant in the UK.

The Group undertakes its NES offerings through a variety of commercial models, including LSTK and EPCm, to tailor execution to client needs. As with all of its markets, the Group's service capabilities provide clients with technology agnostic solutions, enabling it to select the best technology and equipment for every project.

For the year ended 31 December 2020, NES projects accounted for approximately 22% of order intake. NES projects accounted for 8% of the Group's E&C bidding pipeline for 2021, and management expects that to increase in the future. For further details on the Group's energy transition strategy, see Part I: "*Letter from the Chairman of Petrofac Limited*".

Sales and Marketing

The Group-wide business development function is organised regionally (Americas, Europe, Middle East, Africa, Russia/CIS, and Asia Pacific). Petrofac's business development staff is focused on dedicated win strategies for target prospects and pay particular attention to new geographies to understand potential business volume, market criticalities and subsequent execution strategies for new opportunities. Petrofac is seeing increased client requests to facilitate financing, along with traditional EPC solutions, which ensure availability of funds for project execution.

Petrofac has recently reinforced its focus on robust opportunity selection and business acquisition discipline to support the quality of its Backlog. Its sales teams identify potential opportunities within their regions with the best chance of success through technical capability, relationships, local content delivery and competitive pricing, while ensuring that Petrofac maintains targeted margins, and track project development. Potential EPC opportunities are usually identified, and preparation for bidding can begin, several years in advance of the relevant project's commencement. For those projects selected, the business development teams will express Petrofac's intention to bid, and in many instances, particularly for the large LSTK projects, undergo a client pre-qualification process to demonstrate the Group's experience and financial stability. On receipt of a permission to bid, technical and commercial proposals are prepared, submitted to the client, and following assessment, clarifications and final negotiation with the client, Petrofac may be awarded the project.

All potential opportunities go through a "stage-gate" screening and approval process, involving key personnel from Petrofac's business development function, operations teams and Senior Management. Although most new opportunities are competitive bids, Petrofac distinguishes its client offering by proposing multiple delivery models (e.g., FEED competition leading into an EPC, renewals of operations and maintenance contracts). The Directors believe that the Group's proactive marketing and bidding approach strategically best positions it to convert potential opportunities into new business.

Corporate Responsibility and Environmental, Social and Governance ("ESG") Framework

The Directors believe that corporate responsibility is a practical demonstration of Petrofac's core values that underpin the Group's purpose and govern how it operates: to be driven, agile, respectful and open. These core values are superseded only by the Group's unyielding commitment to safety and ethical behaviour across its operating activities and in its stakeholder relationships. The Group has implemented a range of corporate responsibility initiatives that are aimed to help it to (1) deliver sustainable value to its stakeholders, (2) maintain strong employee engagement, (3) bid for challenging projects, (4) optimise the performance of its assets, (5) operate safe and secure projects and (6) manage its risks.

The Group's ESG framework is underpinned by its sustainability strategy, which was launched in 2020. This approach aims to enable the Group to be a force for good while discharging its responsibilities to all stakeholder, structured around three pillars:

- ***Environment*** – ensuring that Petrofac is able to minimise its own environmental impact, while supporting its clients in achieving their lower carbon ambitions.
- ***Social*** – promoting safe local delivery of the Group's projects and services, drawing on ethical supply chains to create in-country value, address skills gaps, and build a diverse and inclusive workforce.
- ***Governance*** – underpinning everything the Group does with clear, consistent standards of ethical behaviour, bound by rigorous compliance and governance.

The Group has aligned its sustainability strategy with the seven UN Sustainable Development Goals that are most relevant to Petrofac's business. The Group aims to work in partnership with its stakeholders to progress strategies that improve health and wellbeing, reduce inequality, tackle climate change, and preserve biodiversity – while championing a low-carbon economy and enabling economic growth.

The following table sets out the Group's targets for each pillar, including a commitment to reduce the Group's Scope 1 and 2 emissions to Net Zero by 2030, and to achieve 30% of women in senior roles by 2030.

	Petrofac Strategic Goals	UN Sustainable Development Goals	Material Issue	Petrofac Target
Environment	Minimise Petrofac's environmental impact	7 – Affordable and Clean Energy 12 – Responsible Consumption and Production 13 Climate Action	Addressing climate risk	Net Zero by 2030 (EPS by 2025)
			Spill prevention and response	Zero pollution
			Promoting a circular economy(1)	Circular economy adopted by all sites
Social	Inform, educate and engage	3 – Good Health and Well-Being 5 – Gender Equality 8 – Decent Work and Economic Growth	Sector leading health and safety	Zero harm
			Enhancing diversity and inclusion	30% women in leadership roles by 2030
			Respecting human rights	All third parties screened for human rights
			Optimising in-country value(2)	Sector leading local delivery
Governance	Embed integrity, transparency and trust	5 – Gender Equality 16 – Peace, Justice and Strong Institutions	Embedding ethical values and behaviours	No regulatory non-compliance
			Enhancing transparency, governance and disclosure	Full compliance with Task force on Climate-related Financial Disclosures

Notes:

(1) Circular economy priorities – designing out waste (including single-use plastics), optimising use (including by using materials for longer) and recycling more.

(2) In-country value strategy focuses on – nationalisation, supply chain capacity building, sourcing goods/services, and investing in local communities.

The Group's strategic goals and targets have been developed in light of its varied stakeholder relationships, including clients, shareholders, employees, communities, partners, supply chain participants, governments and non-governmental organisations ("**NGOs**"). Across the Group's efforts to develop its priority ESG goals and targets, it has consulted with over 40 external stakeholders from these key groups, as well as 21 internal stakeholders.

Environmental

As an energy services company that designs, develops and operates large scale facilities, Petrofac's business is inextricably linked to environmental considerations. This includes energy and climate change concerns and the risk of environmental incidents, as well as the environmental performance of its operations. It also includes the requirement from clients to help reduce the carbon intensity of their facilities and operations. Looking to the future, it includes Petrofac's role in the global energy transition.

In 2020, the Group launched a new sustainability strategy, and the commitment to reach Net Zero[1] in Scope 1 and 2 emissions[2] by 2030, and worked to influence the Group's supply chain to set their own reduction targets. To achieve this, the Group will focus on three areas:

- Enable – encourage the Group's staff to be Net Zero advocates and support its clients, partners and suppliers in achieving their lower carbon ambitions;
- Reduce – cut the Group's emissions by implementing energy efficiencies, optimising its operations and methods of construction, and reducing flaring and venting; and

1 Net Zero: no net increase in greenhouse gas emissions to the atmosphere as a result of greenhouse gas emissions associated with Petrofac's activities, where residual emissions will be offset by carbon credits.

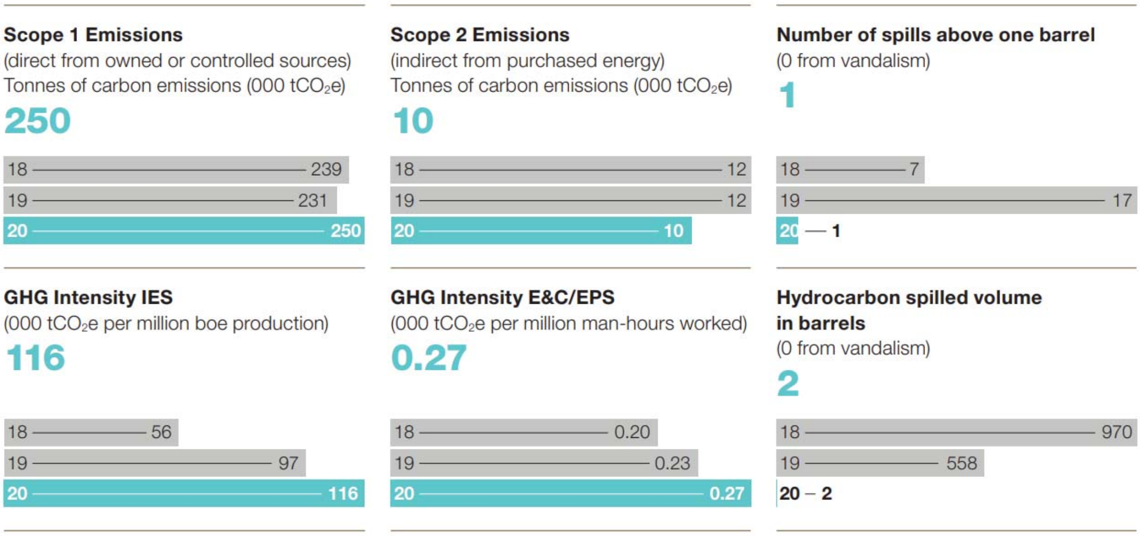
2 Scope 1 (direct emissions e.g. production processes) and Scope 2 (indirect emissions e.g., energy purchased).

- Transform – switch to renewable energy, phase-in hybrid and electric vehicles on site, and fit smart building technology in the Group's offices to maximise energy efficiency.

At a divisional level, the Group is committed to achieving Net Zero in its EPS division by 2025, and in the remainder of the Group by 2030.

The Group will also seek to enable its value chain's low carbon ambitions through a Scope 3 emissions programme focused on producing a high-level inventory and carbon footprint, and promoting decarbonisation strategies in partnership with its supply chain as part of the Group's low carbon service offering to clients.

The following charts set out the Group's performance[3] on key environmental metrics for the years ended 31 December 2020, 2019 and 2018.



The Group's goal is to manage the environmental risks of its projects and operations effectively, optimise its use of resources, and minimise its environmental impacts. In terms of emissions, to support its long-term Net Zero target, the Group is committed to an interim target of a 3% year-on-year reduction in greenhouse gas emission intensity from 2021 to 2023. The Group also focuses on waste management, governed by its Waste Management Standard with duty of care as a basic principle focused on designing-out waste in projects, optimising re-use and increasing recycling.

The Group engages employees in these objectives, including through establishment of the Future Think Tank programme, which challenges young engineers and technologists from across the Group to develop low-carbon ideas that can be deployed across the business, and by deploying digital solutions and using of disruptive digital technologies to help the Group work faster, smarter and safer. The Group also maintains a focus on protecting biodiversity, supporting the UN Convention on Biodiversity and working with clients to promote a risk-based approach to protection, including through the use of a mitigation hierarchy (avoid, minimise, restore, offset) as a framework for good practice management. In addition, the Group has supported several clients to identify and implement flaring reduction opportunities as part of the World Bank's Zero Flaring by 2030 initiative.

Task Force on Climate-related Financial Disclosures

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**"), with the UN Global Compact citing the Group's TCFD report as good industry practice to model. To do so, a working group was established with representatives from the environmental, finance, risk and governance teams, which has looked at how Petrofac might be impacted by a changing climate in order to provide the leadership team with future-looking insight on likely climate risks and opportunities. This includes exploring the two main climate scenarios developed by the International Energy Agency ("**IEA**"): a low carbon future scenario at under 1.5°C (based on IEA Sustainable Development Scenario), and a high carbon future scenario at more than 3°C (based on IEA Stated Policies Scenario).

3 Greenhouse Gas Protocol Standard Corporate Accounting and Reporting (equity share approach) followed for Scope 1 and 2 emissions, utilising SANGEA Energy and Emissions Estimating System and UK government greenhouse gas conversion factors.

Working with various functions across the Group, the working group reviewed the arrangements for climate response with respect to the Group's governance, strategy, risk management, and metrics and targets as required by the TCFD:

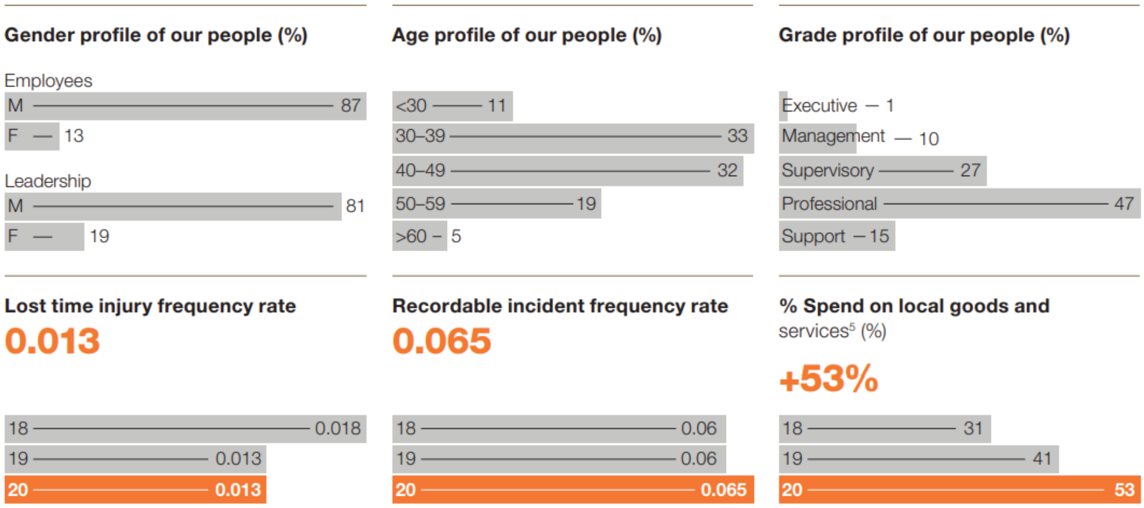
- ***Governance*** – climate change is seen as a material governance and strategic issue for Petrofac. It is periodically addressed by the Board through strategy and investment discussions, enterprise risk management, and performance reviews against the Group's commitments. Day-to-day governance is delegated to the Group Sustainability Steering Committee and the Audit Committee.
- ***Strategy*** – focus on (i) improving performance, through the Net Zero carbon strategy, (ii) mitigating risks, including understanding and addressing climate-related risks, (iii) pursuing opportunities, including helping clients achieve their low carbon ambitions, including through the Group's NES business line, and (iv) engaging publicly, with government and other stakeholders.
- ***Climate risk management*** – focus on (i) regulatory risk, including the evolving policy landscape, (ii) market-related risk, including development of management strategies, (iii) reputational risk, including evolving sustainability strategies, strengthening ESG reporting and enhancing the compliance culture, and (iv) physical risk, including enhancing climate resilience and potential for extreme weather-related disruptions.
- ***Metrics and targets*** – focus on (i) becoming a Net Zero company, through Paris-aligned targets and decarbonisation goals, (ii) setting granular climate-related targets across the business and (iii) supporting the Group's supply chain.

Social

As a service business, it is the Group's people, their attitude and skills who set it apart from its competitors. The Group is therefore committed to building a diverse workforce, which is representative of the communities in which it operates, while developing all of its people, keeping them safe, and looking out for their wellbeing.

Wherever the Group operates, it is committed to creating shared value, by engaging with local communities, investing in local supply chains, employing local people, and stimulating local economies. As well as being the right thing to do, the Group sees the creation of in-country value ("**ICV**") as a source of competitive advantage, helping the Group to operate globally and bid on challenging projects, while benefiting from the economies of delivering locally. Because the Group operates in challenging environments, where the rights and welfare of workers can sometimes be at risk, the Group is committed to protecting human rights throughout its business operations and extended supply chain, ensuring that everyone who works with and for Petrofac is treated with respect, fairness and dignity. Petrofac publishes annual Modern Slavery Act Statements, which detail its ongoing work and strategic priorities in upholding and advancing human rights throughout the Group's business operations and extended supply chain. The Group's 5th annual Modern Slavery Act Statement was published in June 2021.

The following charts set out the Group's performance on key social metrics for the years ended 31 December 2020, 2019 and 2018.



Safety

Across Petrofac, the Group's aim is for zero safety incidents, as reflected in the name of its Horizon Zero global safety campaign. The Group sees this as an entirely realistic and achievable goal and is proud that, much of the time, it lives up to it. To maintain its performance, the Group continues to enhance its programme of health, safety, security, environment and integrity assurance ("**HSE**") measures. The Group also continues to refine the way it measures its performance.

From a safety perspective, 2020 was a challenging year. In the face of the COVID-19 pandemic, the Group's health and safety teams were focused on how best to continue its operations, whilst also protecting its people and partners from the virus. The Group therefore complied with local requirements and international guidelines and implemented social distancing measures accordingly. In some locations, however, the Group did experience minor outbreaks which were managed through its pandemic response processes. Regrettably, in some instances, this appears to have diverted attention away from more routine safety considerations, and the situation was compounded by the fact that many people were onsite for much longer than would normally be the case. As a consequence, the Group did see a regrettable deterioration in its safety performance, including two fatalities. In India, a man died during a hydrostatic pressure test and, in Oman, an offloading incident resulted in a second death. Both incidents were investigated in forensic detail and reviewed by the Group's Senior Management and, separately, by the Board. It was determined that both of the fatalities could have been prevented by one of the Group's most basic Life Saving Rules, namely the Line of Fire rule. A priority for 2021, therefore, is the ongoing roll-out of a Safety Back to Basics campaign, emphasising that safety is a shared responsibility, and looking at ways to ensure that everyone on the Group's sites understands, embraces and follows the fundamentals of good safety.

Despite the challenges of 2020, a number of new initiatives were implemented, including HSE deep dive sessions, Life Saving Rules e-learning, launch of the "Hazard Hunt" process, the excavation hazard awareness flip-card programme and behavioural-based training. In addition, in line with Petrofac's wider digital transformation programmes, new technologies are playing an ever more prominent role in the Group's HSE activities, including developing new digital platforms (such as the creation of a full functional specification for a new HSE data collection and reporting tool, and the development of a new digital enterprise risk management tool), virtual site audits, driving behaviour monitoring (including in-vehicle monitoring system technology), and virtual meetings. Health and wellbeing programmes were also enhanced, including extending the Group's LifeWorks Employee Assistance Programme globally, raising awareness of mental health issues through participation in Mental Health Awareness Week initiatives and launching the "RU OK?" programme globally, and enlisting the support of the Group's future leaders by making mental health awareness a prominent topic at the Group's virtual Graduates Conference.

Asset integrity

The Group is committed to designing, building and operating assets that are safe, reliable and meet or exceed their specified purpose. Key to this is the Group's Asset Integrity Framework, which enables it to take a structured and consistent approach to integrity across all Group operations. As the Group often operates ageing assets, it is particularly important for the Group to take a rigorous approach to asset integrity management. During 2020, the Group was responsible for managing and ensuring the integrity of 18 operating assets. To assist clients with their operations, the Group also sought to apply these asset integrity principles across the wider Group services.

In line with this approach, the Group maintains active focus on managing process safety hazards, reducing high potential incidents ("**HiPos**") and those incidents that involve process safety procedures, resulting in only one HiPo in 2020 (2019: 3; 2018: 5). The Group continues to review and enhance its approach to asset integrity and assurance. Priorities going forward relate largely to the digitalisation of the asset integrity processes and the full delivery of the related platforms. By integrating big data into the audit programmes, it should become easier to target assurance activities based on a more accurate understanding of asset condition.

Security and crisis management

Petrofac works in challenging environments with fast-changing and complex security issues. The Group's aim is to protect its employees and assets in a responsible manner, and to prevent any security-related disruption. The Group's security and crisis management team is closely integrated into the wider HSE community. The Group's Security Policy sets out the responsibilities of the Petrofac Senior Management team and its business units and, with regards to crisis management, the Group aims to operate to the same standard as ISO22301:2019.

The COVID-19 pandemic had an impact on the security environment in 2020. With less movement of people, the risks of crime and civil unrest was reduced commensurately. However, the Group is mindful that, as the economic impact of the COVID-19 pandemic unfolds, the potential for security incidents could escalate. To reflect the fast-changing security environment, the Group continues to review and refine its security approach, including the use of employee-friendly online reference tools and reviewing the Group Crisis Management Framework with the aim of digitalising.

In response to rapidly evolving data security risks, and to support Petrofac's wider digitalisation initiatives, cyber-security and data protection continued to be an area of focus. During 2020, the Group stepped-up its programme of related initiatives, including enhancing its threat detection and hunting capabilities, improving threat intelligence capabilities, extending its cyber-security awareness programme to vendors and third parties, continuing phishing simulation tests and cyber-security risk assessment exercises, while continuing alignment with the ISO27001 standard and other best practices.

People

The Group's human resources ("**HR**") model is based on the principle of "making Petrofac a great place to work", which is supported by the following pillars: treating people fairly and with dignity, developing people, rewarding people, mobilising people, and enabling people via technology.

The Group has continued to make progress with diversity and inclusion, building from its strong record of diversity in terms of ethnicity, including employees from more than 80 different nationalities. The Group has set a target of 30% senior roles filled by women by 2030, and an interim target of 25% of senior roles filled by women by 2025. The Group also made progress on its comprehensive diversity strategy, with a particular focus on building the Group's pipeline of female leaders and setting targets for promoting local nationals. Other initiatives to support the Group's people include sponsoring a Master's Programme in Engineering Management at the American University of Beirut, for employees displaced as a result of the business and economic impact of COVID, giving them the skills they need to capitalise on future growth; working with The London Business School to evolve the Group's Leadership Excellence Programme for online delivery to 70 of the Group's most senior managers; and extending the Petrofac Academy online to support employees working in remote locations.

Priorities for 2021 aim to leverage the Group's digital HR platform, including (i) developing a performance culture, which draws on new digital tools to define and encourage valued behaviours and enable a coaching culture, (ii) establishing a new Global Mobility Framework to bring more consistency to mobility within the Group, and (iii) creating a Global Recruitment Centre of Excellence to bring efficiency and consistency to recruitment processes and improve the candidate experience.

Community engagement

The Group's approach to community engagement is governed by the Petrofac Social Performance Framework. Its aim is for local communities to benefit, in each location the Group works, from its presence by helping them to be healthier, more prosperous and engaged with the Group's work. In particular, the Group looks to engage with local stakeholders to understand and manage the social impacts of the Group's business, address their concerns, and maximise the benefits through community development. The Group's work is focused on local capacity building, and strategic corporate giving initiatives targeting improved access to education and the employability of people from marginalised groups.

The Group is focused on being responsive to the changing needs of the local communities in which it operates, including a focus in 2020 on initiatives related to the impact of the COVID-19 pandemic. During this time, the Group supported various national response efforts with donated medical equipment and financial support (for example, ventilators in Iraq and COVID-19 test kits in India), while also continuing its broader community support commitments in countries where it operates, including MENA region, and India. The Group supports the provision of training and employability skills for disadvantaged young people through the PanIT Alumni Reach for India Foundation and the Collective Good Foundation. The Group supports initiatives in a number of the other countries where it operates, including in the MENA region.

The Group is committed to creating shared value, by supporting local supply chains, employing local people, developing local capabilities, and stimulating local economies. Across the Group's activities, in-country value (ICV) (calculated as the percentage of expenditure on local goods and services) (excluding JV projects) increased from 31% of expenditure in 2018 to 41% in 2019 and 53% in 2020, comprising a total of US$456 million, reflecting its efforts to maximise its support of local supply chains, build and utilise capacity of small and medium-sized enterprises and stimulate local economies. In total, approximately 41,000 key project jobs were supported at the Group's sites (2019: 57,000; 2018: 77,500).

The Group continues to strengthen its ICV programmes in 2021, extending its collaboration with local communities, supply chains and governments to nurture and grow sustainable economies and create shared value.

Human Rights

The Group strives to protect and respect human rights throughout its business operations and extended supply chain. The Group's commitments are set out in its Code of Conduct and the Group works in accordance with its Social Performance Framework, the UN Guiding Principles on Business and Human Rights, and the Fundamental Conventions of the International Labour Organization. The Group is also proud of its long-term commitment to the UN Global Compact and discloses annually its progress against the Global Compact's Ten Principles.

Each year, the Group assess its operations for human rights issues and takes a risk-based approach to addressing any incidents of modern slavery related to forced and bonded labour, worker welfare infringements and other labour rights abuses. This review is detailed in the Group's annual Modern Slavery Statement, published in accordance with the UK Modern Slavery Act 2015, which outlines the steps taken to enhance its corporate responsibility to respect human rights. In 2020, there were no incidents of modern slavery or human rights violations reported through the Group's auditing or internal incident reporting mechanisms.

The Group has embedded human rights protections in its Code of Conduct. Ongoing activities include building capacity to ensure compliance, including completing enhancements to the labour rights screening process within the Group's vendor management system, collaborating on good practice through the Group's engagement with industry and other stakeholders, such as the Building Responsibly Group of engineering and construction companies, and operating in accordance with the Voluntary Principles on Security and Human Rights, including making adherence a prerequisite in selection of security providers.

Governance

As a key stakeholder and a significant part of the supply chain in the industries and countries in which the Group operates, the Group must uphold the highest standards of integrity, transparency and trust. The Group recognises the responsibility and opportunity it has to enable and model ethical behaviours, and the Group takes this commitment seriously and continues to invest in its people and processes to ensure that it lives up to it.

The Group's compliance framework utilises a three lines of defence approach, with each line forming a feedback loop that informs improvement:

- ***Leadership & people*** – comprising the Group's largely new, proactive and engaged board and Compliance & Ethics Board Committee, which includes relevant remediation experience following historical compliance issues, and proactive efforts to drive and enforce a cultural shift, which includes recruitment of better empowered and more qualified personnel for key roles across the business.

- ***Processes & controls*** – including the enhanced control framework, following a re-examination procedures utilised to proactively manage the Group's risk profile, as well as the active oversight role played by the Group Risk Committee, as further described under "*—Risk Management*" below.

- ***Assurance*** – comprising the Group's assurance functions, which include a renewed investigations function led by an experienced leadership team and specialist investigators, an investigations triage committee to support effective reporting to the board of relevant investigation matters, and the Group's internal audit capabilities, which report through the finance function to the Audit Committee. The Group's assurance function also utilises third-party monitoring and review where appropriate and to assess the Group's assurance capabilities.

Over recent years, the Group has invested considerably in its compliance function, and this process continued during 2020. At the start of 2020, the Group launched its revised Code of Conduct, which sets out its expectations of everyone who works for, on behalf of, and with Petrofac. The Group also enhanced its compliance team, with new senior-level appointments; made it easier for any employee to "Speak Up" through the Group's whistle-blowing programme about suspected breaches of the Code of Conduct; and worked harder to embed a commitment to compliance across the business. The aim is that everyone connected to the Group's business lives up to the same high standards of ethical behaviour. If anyone has any concern that the Group's Code of Conduct is not being followed, the Group's wants it to be easy for them to Speak Up, without any fear of reprisal or retaliation and for any such allegation to be effectively investigated and acted upon.

The following charts set out the Group's performance on key governance metrics for the years ended 31 December 2020, 2019 and 2018.

Ethical behaviour and compliance

The Group has an established compliance function, established prior to listing on the LSE in 2005. In recent years, Petrofac has taken steps to further enhance its compliance programme pursuant to global best practices. Since 2017, these have included establishment of a Compliance & Ethics Board Committee, creation of a senior compliance leadership team based in Sharjah with dedicated engagement officers in each major operational centre, increased compliance staffing, technology investment and independent review processes. In 2018, the Group undertook a review of, and made further enhancements to, its risk-based financial controls framework. Procedures include control of operating requirements within the business and financial due diligence prior to vendor engagement, and the operating effectiveness of the Group's financial controls framework is evaluated on a semi-annual basis.

In 2020, the Group undertook a restructure of its compliance function team to reflect the Group's areas of emphasis: communication and training, trade compliance, evaluation and monitoring, due diligence, investigations, systems and processes, and contracts compliance. The Group also made a number of new appointments, including the recruitment of three seasoned, senior-level specialists: a new Investigations Director, a Trade Compliance Manager and a Due Diligence Manager.

As part of this functional restructure, the Group also selected a number of compliance focal points. These are senior compliance team members who, aside from their day-to-day operational responsibilities, have a remit to work closely with the leadership team of a given business unit, act as a champion for compliance and provide support and problem-solving advice.

Following an extensive review process in 2019, the Group's revised Code of Conduct was rolled out at the start of 2020. Available in electronic and printed formats, this has so far been produced in Arabic, English, French, Hindi, Malay, Russian, Spanish, Thai and Turkish. To reflect its importance, this revised Code of Conduct was given a high-profile launch led by the Chairman, with the full Board and key members of the global leadership team in attendance. From June 2020, to help embed the Code of Conduct further, the Group introduced a mandatory e-learning programme for everyone with line-management responsibility and achieved a 100% completion rate by September 2020. From February 2021, the Group rolled out a further e-learning programme for all other employees, available in English, Arabic and Russian.

Another significant development in 2020 was the improvements the Group made to its Speak Up tool, which is how employees, contractors, suppliers and customers and other third parties can report any breach or suspected breach of the Group's Code of Conduct, policies, standards, procedures or local laws. To make it easier to report any such concerns, the hosting of this service was transferred to another independent third party (Navex) which operates a more user-friendly platform and allows for more interaction with reporters. It is available in six languages: Arabic, English, French, Hindi, Russian, and Thai. The new Speak Up tool was launched by the Group CEO ahead of an awareness training for all staff and the issuance of a supporting standalone Non-Retaliation Policy.

With a dedicated resource in place, the compliance function has been further stepping-up its wider communications and training activities, with a number of new initiatives launched to supplement the mandatory training programmes.

In addition, the Group has a Standard for the Prevention of Bribery and Corruption, which requires due diligence of all third parties working with or for Petrofac (including clients), the adherence to financial thresholds for gifts and entertainment and introducing simplified and more uniform processes. The Standard for the Prevention of Bribery and Corruption is under review for update by the Group in an effort to drive continuous improvement.

Additional continuing priorities include the launch of an improved due diligence platform, increased emphasis on compliance evaluation and monitoring, greater alignment with the business through Compliance Review Boards and further development of a new compliance risk assessment tool.

Tax transparency

Ensuring tax compliance and increasing tax transparency continue to be priorities for governments, regulators and businesses. The Group continues to monitor regional and global best practice, maintain membership of industry groups, and follow and provide input into tax policy development. It has set out its approach to management of taxation and related matters in its tax strategy and policy.

Risk Management

Petrofac believes that identifying and managing risks and opportunities is key to the successful delivery of the Group's strategy. The Group operates in challenging environments and understands that risks are an inherent part of its business. The Group's knowledge and insight, coupled with the right set of tools, help it to understand the factors that lead to risk and allow it to manage them effectively.

Petrofac's objectives for managing risk are:

- to create an environment which promotes the long-term sustainable growth of the Group;
- to articulate clear policy standards and deploy effective and efficient processes;
- to define clearly ownership and responsibilities for managing risk across the Group;
- to create a risk-aware culture across the Group by informing, training and motivating employees to consider risk within their day-to-day decision making;
- to deploy effective risk management processes and controls across all business service lines; and
- to provide transparency on Petrofac's risk management approach to its Board and other key stakeholders.

Risk Governance Framework

Petrofac's system of risk governance relies on a number of committees and management processes which bring together reports on the management of risk at various levels. The governance process relies upon regular risk assessments and reviews of existing and new risk management opportunities, and considering the risk appetite and exposure of each operating segment, service line and function.

Emerging risks are identified within the business planning cycle and distinguishes risks that may have a material impact beyond its planning horizon. The risk information from the Group's divisions and business units is consolidated into its principal and emerging risks, which are reviewed by the Group Risk Committee ("**GRC**"), endorsed by the Audit Committee and approved by the Board. Each principal risk is assigned to an executive owner who is accountable for coordinating the assessment, response plan and reporting of that risk. The Board may also allocate a Committee of the Board whose area of expertise aligns with the relevant risk area to enhance the level of oversight.

The description below sets out the risk governance structure in operation, showing the interaction between the various risk review and management committees. Terms of reference are in place for each individual committee.

The Board

The Board retains ultimate responsibility for setting the risk tolerance of the Group, reviewing the principal risks (i.e., those that might prevent the delivery of strategy or threaten the Group's continued existence) and reviewing and approving significant opportunities. The Board reviews risks at every scheduled Board meeting, focusing particularly on strategic risks and operational risks that may have a major impact on project execution.

Audit Committee

The Audit Committee is comprised of three non-executive Directors and assists the Board in discharging its risk management responsibilities. The Audit Committee's primary responsibility is to oversee the effectiveness of risk management systems; additionally, it has responsibility for reviewing principal risks, emerging risks and the Group's risk appetite, as well as oversight and ensuring integrity of the financial reporting process. These responsibilities also require providing oversight and advice to the Board on the current risk exposures and assisting the Board with the definition and execution of an effective risk management strategy and has responsibility for oversight of the Group's policy governance framework. In addition, the Audit Committee provides the Board with assurance, on an annual basis, that the design and operating effectiveness of the risk management and internal control systems remain fit for purpose. The Audit Committee has delegated responsibility for monitoring and reviewing the integrity and effectiveness of the Group's overall systems of risk management and internal controls.

The Group Risk Committee

The GRC is a management committee constituted as the principal executive forum for the review of enterprise, project and investment risks, in accordance with the Group's Delegated Authorities ("**DoA**") approved by the Board. The GRC is responsible for the effective operation of the Enterprise Risk Management ("**ERM**") framework agreed by the Board, including recommendation of Group policies and the DoA to the Board for approval. The GRC reviews material new business opportunities and projects (including bid submissions, country entry, joint ventures, investments, acquisitions and disposals), and is responsible for making recommendations for effective management and mitigation of risk exposure.

Divisional Risk Review Committee

Each division has a Divisional Risk Review Committee, each chaired by that division's Chief Operating Officer. The Risk Review Committees review the risks and mitigation strategies in respect of new business opportunities or projects. Where required by the DoA, these committees seek GRC recommendation and Board approval for opportunities or projects. No proposal is presented to the GRC without having first been reviewed and supported by the appropriate Divisional Risk Review Committee.

Group Risk Function

The Group Risk function maintains the Group's risk management system and is responsible for the development of policies and standards associated with risk management. The Group Risk function is also the custodian of the DoAs and is responsible for reporting the Group's principal risks to the GRC and the Audit Committee.

Risk Management Framework

The Group's risk management framework is designed to underpin the Group's longer-term sustainability. It is based on the principles and guidelines of BS ISO 31000:2018 and encompasses the policies, standards, procedures, culture, behaviours, organisation design, systems and other aspects of the Group that, taken together, enable its effective and efficient operation. The framework supports the Board in exercising its overall responsibilities and to (i) regulate the entry by the Group into appropriate opportunities, (ii) develop the Group's understanding of the most significant threats to and opportunities for the Group, (iii) promote active management of risk exposures within its risk appetite and (iv) assist the Group in delivering business plan objectives and operational performance.

The Group's risk management framework comprises the following components:

- ***Infrastructure*** – comprising the Group's vision, strategy and values; policies and standards; risk appetite and DoAs; HSSE framework and Code of Conduct; risk management processes; risk review committees; the global insurance programme; and business continuity and crises management policies and procedures.
- ***Risk management processes*** – including the Group's policies and procedures on risk identification, assessment, treatment, monitoring and reporting, supported by its communication and consultation and its assurance frameworks.
- ***Risk integration*** – including the Group's strategic planning, medium-term planning, prospect phase, go/no-go processes, proposal phase, design, procurement, execution, operation, hand-over and management support processes and activities.

The Group's risk management framework is underpinned by its value and culture, ERM system (and other tools), and leadership, communication and engagement.

Petrofac continues to strengthen its risk management framework on a continuous basis. In 2020, the Group revised its ERM policy, standard and supporting procedures to ensure its framework is followed consistently across the business. The Group has also recently reviewed and enhanced its project level risk management processes by implementing a new risk management tool, which enables access to risk information by all key project personnel and links risk management with other project processes, and by reviewing Board oversight for each principal risk and improved the Group's governance framework to enhance its effectiveness.

Principal risks report

The Group's principal risks report ("**PRR**") is intended to identify those risks that, given the Group's current position, could materially threaten the business model, future performance, prospects, solvency, liquidity, reputation, or prevent Petrofac from delivering its strategic objectives. The PRR is reported on a quarterly basis to the Audit Committee and the Board for their review. Principal risks are assessed and mitigated by risk panels, through cross-functional deep dives and classified in five broad categories: strategic, operational, legal & compliance, financial and people. Links with business planning enable establishment, tracking and reporting of risk appetite measures as part of the Group's performance management processes. Emerging risk, i.e., material risks that may become certain in the longer term, are also identified within the business planning cycle. Group's principal and emerging risks are reviewed and revised by the Board at least on a yearly basis.

Risk Appetite

The Group articulates its risk appetite through statements aligned with the Group's vision, purpose, business model and strategy. These are reflected in overall risk indicators linked to the Group's business plan. The risk appetite is operationalised through specific statements and indicators for each of the Group's Principal Risks. The Group's risk appetite is also reflected through the DoA and Risk Review Committees which are embedded across the Group. The Board regularly reviews and updates its DoA to clarify accountabilities and incorporate lessons learned.

Risk appetite is articulated in a variety of ways appropriate to the category of risk being considered. At the highest level, Petrofac's policy statements describe the risk-based approach to each category, while the Group has specific policy standards that describe acceptable controls and limits in more granular detail.

In 2020, the Group continued operationalising its risk appetite and aligning it with the DoAs. In 2021, the Group plans to build on these efforts by developing sub-risk level indicators and limits.

Employees

The following table sets out the Group's headcount as at the dates indicated:

	As at 30 June		As at 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
E&C	3,676	6,031	4,760	6,650	6,500
EPS	4,316	3,954	4,135	4,050	4,250
IES	258	464	254	550	600
Corporate	249	222	268	188	92
Total	**8,499**	**10,671**	**9,417**	**11,438**	**11,442**

In 2020, the Group utilised over 6.1 million engineering people-hours and over 112 million construction direct people-hours across its global activities.

Petrofac has a strong culture of employee engagement with its workforce throughout the world. In 2018, the Group established its Workforce Forum to engage with and hold conversations with its workforce. The Workforce Forum is comprised of twelve employee representatives, which were elected by secret ballot across a number of employee constituencies worldwide. The Workforce Forum has participated in five formal meetings with the Board and Executive Management since formation, and it also participates in informal meetings with senior business leaders on a number of additional occasions. The Workforce Forum was particularly important in enabling the Group to navigate the COVID-19 pandemic and actions taken in response, permitting Directors and Senior Management to hear directly from employee representatives. Along with the usual bi-annual meetings with the Group's Board and Executive Leadership team, an extraordinary Workforce Forum meeting was held in April 2020 to discuss the Company's proposed response to the COVID-19 pandemic.

The Group also operates PetroVoices, which is an annual global survey to formally and regularly monitor employee engagement levels across the Group, externally administered by an independent third party (Willis Towers Watson). Petrofac's "Sustainable Engagement" score (eight questions around employee satisfaction and engagement) has been as follows: 2018: 83%, 2019: 85%, 2020: 87%. Improvement plans are implemented following each annual survey.

Petrofac is a signatory to industry collective agreements with trade unions in the United Kingdom. These agreements clearly define the roles and activities of the relevant parties and negotiations and agreements are carried out accordingly.

Intellectual Property and Information Technology

Intellectual Property and Digital Solutions

Petrofac has sought to secure rights in certain of its intellectual property to protect its brand and operation. The Group has registered the Petrofac name and droplet oil logo in numerous countries globally, including most notably the Middle East, central and south-east Asia and parts of Africa.

The Group's training business, Petrofac Training Services Limited, also owns intellectual property following its acquisition of Oilennium Limited, a specialist e-learning provider to the energy industry and also SkillsVX, a competency and certification services company.

The Group is adopting a range of digital technologies to transform business delivery and drive better outcomes for its clients and greater operational efficiency. The Group also has developed or acquired a range of brands and associated intellectual property associated with digital solutions that it has incorporated into its portfolio to support the business and operational delivery, including the following:

- Petrolytics™ is the Group's predictive analytics tool, which utilises artificial intelligence to provide users with predictive insights on the health and performance of projects and with equipment to support proactive intervention and mitigation in order to avoid or minimise adverse impacts.
- Connected Construction is the Group's construction management solution providing project teams the ability to track personnel, tools and equipment around construction sites and obtain analytics that allow continuous optimisation and support the safe execution of work activities.
- WorkFloPlus Oil & Gas is the Group's mobility solution, which is deployable on smartphones, tablets and headsets, to provide the worker with structured workflows and support information for the safe, consistent execution of activities. In addition, the solution is enabled to capture data and link remotely to experts as needed for the efficient completion of work and the longer term management of assets and equipment.
- PetrofacGo is Group's mobilisation app, which is deployable on a smartphone, and links the worker to a range of functionality associated with the efficient management of their deployment to facilities and the efficient management of their work records (e.g., timesheets, training and competency, personnel protective equipment).
- BuildME™ is Group's asset management tool allowing the efficient development of key data, content and work processes necessary for the safe and efficient management of energy production facilities and infrastructure utilising a wealth of knowledge built up from Group's operation and maintenance of facilities globally.
- Turus™ is Groups project management tool allowing the consistent management of various project types and activities providing a single structured domain to manage all key project information and registers.

The Group takes seriously any suspected or actual infringement of its brand or other intellectual property.

Information Technology

Petrofac leverages the capabilities of leading technology providers to provide IT services to the Group. Petrofac employs approximately 250 IT professionals who develop and deliver its corporate IT systems and enable the technologies used for its client projects and global operations. Petrofac's enterprise applications (including Oracle ERM) are run from IT hubs that allow round-the-clock access to information systems and critical applications. See "*Petrofac relies on information technology systems for its operations*" in "*Risk Factors*".

Insurance

Petrofac maintains an insurance programme to provide mitigation against significant losses, consistent with general industry practice. The majority of annually renewable insurance coverage is managed through Petrofac's London office by the Group Insurance Manager, supported by Aon Limited, the Group's corporate insurance broker and adviser. In addition, insurance coverage for specific projects is provided in accordance with the contractual terms agreed with Petrofac's clients. In the majority of cases project cover is provided under clients' policies, but where this is not the case, cover is arranged by the relevant service line supported as required by the Group Insurance Manager.

Petrofac believes that its existing insurance coverage is appropriate and covers all general material risks associated with its operations that are usually insured and is in accordance with industry standards.

Annually Renewable Policies

Petrofac maintains corporate insurance to cover general insurance requirements, including Property Damage and Business Interruption, Terrorism, Marine Transit, Employers' and Third Party and Public Liability, in addition to Professional Indemnity and Directors and Officers Liability Insurance ("**D&O Insurance**").

Petrofac also maintains an Energy Package Insurance policy, which covers oil field property, control of well/operators' extra expenses and associated third-party liability risks, for onshore and offshore activities. The Energy Package Insurance policy also includes owned offshore marine vessels, which are also covered under a separate Protection and Indemnity Club entry for pollution and marine vessel liability exposures.

In addition to the primary liability cover provided under Petrofac's annual and project liability policies, a separate Umbrella Liability policy exists, to provide catastrophe coverage against onshore and offshore liability risks.

All insurance policies contain certain exceptions, exclusions and other limitations on coverage.

Project Policies

For the majority of Petrofac's EPC projects Petrofac is typically the beneficiary of Construction All Risks insurance cover provided by its clients, covering both the EPC risks and the associated third-party liabilities. The terms and limits of these policies are determined by the relevant client. On the occasions where Petrofac purchases own Construction All Risks insurance policies for onshore and offshore EPC projects, the policies are based on industry standard wordings, to the full estimated contract value ("**ECV**").

Insured Limits

The policy limits applicable to the various insurance policies are determined by the reinstatement property values, based on external physical asset valuation reports. In respect of Construction All Risks policies, the ECV is calculated by the project team and applied as a policy limit, whilst the potential third party, pollution and D&O Insurance policy limits are determined, having assessed industry standard metrics and following advice from professional advisers, with their knowledge of the Group's activities. The adequacy of policy limits is regularly reviewed and adjusted to reflect the changing risk profile of the Group's activities.

Local Policies

In order to fully comply with the local legislative requirements in countries where Petrofac operates, locally compliant policies are arranged as necessary and this is continually reviewed as it enters new territories, increases its presence in existing countries, or in response to amendments to the local legislation relating to the placement of insurance policies.

Regulatory Environment

The Group operates in a highly regulated environment, affecting its actions, and those of its employees and its service providers and clients. Regulations in the energy and engineering field varies from country to country and will generally be conducted in furtherance of various objectives: compliance with local requirements, protecting the environment (including air and water quality), relating to climate change, cultural resources, workers' and the public's health and safety, and reducing wasted resources.

As relates to its engineering and construction activity more specifically, The Group's activities are subject to licensing and permitting requirements that vary from country to country. These may involve having either an individual holding an engineering license (with such person certifying the underlying drawings and calculations) or the license being granted to a legal entity (which in turn would be responsible for validation of the underlying work product). In other circumstances no license is involved but the work product would be validated by an appropriate certification agent. In certain circumstances the work product is generated abroad by a Petrofac affiliate and will then be validated in the country in which the project is to be established.

As relates to aspects related to procurement, supply, and construction, the Group will seek to identify at the outset regulatory and compliance requirements whether, of a national or supranational nature (e.g., European Directives). It will then develop a plan to ensure project development and implementation in order to maintain effective regulatory compliance management processes and deliver the work in compliance with applicable statutory requirements. The Group will deploy appropriate means to ensure compliance, including by resorting to certification offices, classification societies and notified bodies. Regulations will vary from country to country and by subject.

The Group's operations and construction activities are governed by international, regional, transnational, and national laws and regulations in each jurisdiction in which Petrofac operates relating to matters such as environmental protection, health and safety, labour and employment, import/export controls, currency exchange, bribery and corruption, professional and operational licensing, and taxation. These laws and regulations are complex, frequently change, and have tended to become more stringent over time. In the event the scope of these laws and regulations expands in the future, the incremental cost of compliance could adversely impact the Company's financial condition, results of operations, or cash flows. Examples of government laws and regulation that may have a material effect on the Group's business include:

- ***Environmental matters –*** The Group's facilities and operations are subject to various environmental laws and regulations in the jurisdictions in which it operates. These environmental requirements may include, among other things, certain pollution control measures or limits for solid and hazardous wastes, water discharges and air emissions, and measures relating to greenhouse gas emissions and/or the mitigation of climate change and may require businesses whose activities have an impact on the environment to obtain permits regulating those activities. Non-compliance with such control measures and permits may result in criminal or civil penalties, damage claims, an obligation to remediate any environmental damages (including damages to natural resources), litigation and/or claims by third parties and/or an obligation to take reasonable measures to prevent pollution or degradation of the environment from occurring, continuing or recurring.

- ***Anti-Corruption Laws and Regulations*** – The Group is subject to anti-corruption laws and regulations, such as the FCPA, the UK Bribery Act and economic and trade sanctions, including those administered by the United Nations, the European Union, the Office of Foreign Assets Control of the US Treasury, and the US Department of State. These laws and regulations generally prohibit providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. The Group deals with both governments and state-owned business enterprises, the employees of which are considered foreign officials for the purposes of these laws and regulations.

- ***Export Administration Regulations*** – The Group is subject to US export control and trade and economic sanctions laws and regulations, including the Export Administration Regulations administered by the US Department of Commerce's Bureau of Industry and Security, and the various sanctions programs administered by the US Department of the Treasury's Office of Foreign Assets Control (collectively, "US Trade Controls"). US Trade Controls may prohibit or restrict the Group's ability to, directly or indirectly, conduct activities or dealings in countries or territories that are the target of comprehensive US sanctions and with persons that are the target of US Trade Controls-related prohibitions and restrictions.

The Group has implemented internal controls designed to minimise and detect potential violations of laws and regulations in a timely manner, but it can provide no assurance that such policies and procedures will be followed at all times or will effectively detect and prevent violations of applicable laws and regulations by one or more of its employees, consultants, agents, or partners. The occurrence of any such violation could subject the Group to penalties and material adverse consequences on its business, financial condition, or results of operations. See "*Petrofac conducts its operations within a strict health and safety regime. Failure to comply with the relevant regulations could adversely affect its reputation and future revenue*", "*Petrofac conducts its business within a strict environmental regime and may be exposed to potential liabilities and additional regulatory measures that may result in project delays and higher costs*" and "*Petrofac is subject to trade controls, laws and regulations that could subject it to anti-corruption laws, legal and regulatory risks and economic sanctions programmes*" in "*Risk Factors*".

PART V – OPERATING AND FINANCIAL REVIEW

The following discussion of Petrofac's results of operations and financial conditions should be read in conjunction with Petrofac's 2021 Unaudited Interim Consolidated Financial Statements, 2020 Audited Consolidated Financial Statements, 2019 Audited Consolidated Financial Statements, 2018 Audited Consolidated Financial Statements, which are incorporated by reference into this document. This discussion contains forward-looking statements based on current expectations and assumptions about Petrofac's future business. The actual results of Petrofac may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including in section "Risk Factors" in this document.

Unless otherwise indicated, the selected financial information included in this Part V has been extracted without material adjustment from the Group's Historical Financial Information, which is incorporated by reference into this document, see Part VI and Part XI.

Overview

Petrofac is a leading international service provider to the energy industry, with a diverse client portfolio that includes many of the world's leading integrated, independent and national energy companies as well as renewable energy companies and enterprises involved in decarbonisation activities. The Group's purpose is to enable its clients to meet the world's evolving energy needs, which it aims to undertake through its vision to be the preferred services partner to the energy industry.

Since Petrofac's inception in 1981 as a Texas-based designer and fabricator of modular plants, the Group has grown its operations across 29 countries. The Group's operating activities include designing, building, managing and maintaining infrastructure for clients in energy industries by providing services at each stage of the project lifecycle. In nearly four decades of operations, Petrofac has developed a wide range of skills and capabilities, which it uses to help hydrocarbon resource holders develop and unlock the value of new and existing oil and gas assets, both onshore and offshore. In addition, it has developed skills that are used by renewable energy companies to access offshore wind electricity generation, carbon capture and sequestration and hydrogen generation. In recent years, the Group has refocused on its core activities, reducing the capital intensity of the Group in a move toward a capital light business model.

The Group's operations are organised according to three operating segments, each of which comprises a separate operating division:

- *Engineering & Construction* (E&C): delivers onshore and offshore engineering, procurement, construction, completion and well-engineering services generally on a lump-sum turnkey (LSTK) (fixed price for delivery of complete project to a client) basis. E&C contributed 70% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 75% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.
- *Engineering & Production Services* (EPS): comprises the Group's services capability across brownfield projects and operations, greenfield projects through concept, feasibility and front-end engineering and full project delivery for small/medium projects, as well as a range of operations, maintenance and engineering services for onshore and offshore projects. EPS services are generally structured as reimbursable arrangements, where costs are charged to the clients with a fixed (or a variable KPI-based) margin added on top. EPS contributed 29% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 22% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.
- *Integrated Energy Services* (IES): provides an integrated service for clients, deploying the Group's capabilities using a traditional equity upstream investment model to operate Block PM304 in Malaysia's offshore Cendor field through a production sharing contract (PSC). IES contributed 1% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 3% of revenue (after intra-Group eliminations) for the year ended 31 December 2020.

In addition to its services and capabilities across its three reporting segments, Petrofac has an established track record in supporting new energy projects in a wide range of different technologies, which it coordinates across its service activities through the NES business line. The Group's integrated NES offering, which sits within E&C and EPS, spans all phases of the project lifecycle, from initial design through to greenfield and brownfield engineering, procurement and construction (EPC), operation, maintenance and training. NES contributed 8% of the Group's revenue (after intra-Group eliminations) for the six months ended 30 June 2021 and 6% of the Group's revenue (after intra-Group eliminations) for the year ended 31 December 2020, with such revenue included within E&C and EPS for reporting purposes.

Petrofac's operations are run out of seven main operating centres in Aberdeen, Chennai, Kuala Lumpur, Mumbai, Sharjah and Woking, in addition to a further 31 offices worldwide. As at 30 June 2021, the Group had 8,499 employees, enabling the Group with scale and depth across its business to provide services to clients internationally across the life cycle of oil and gas assets.

Petrofac has global operations with an especially strong position in the MENA region, which accounted for 49% of its revenue for the six months ended 30 June 2021 and 54% of its revenue for the year ended 31 December 2020.

The following table sets forth the revenue of the Group's reporting segments for the periods indicated:

	Six months ended 30 June		Financial year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**[(1)]
			(US$ millions)		
	(unaudited)				
E&C	1,113	1,636	3,090	4,475	4,713
EPS	526	426	933	889	853
IES	15	61	110	195	282
Corporate[(2)]	(59)	(20)	(52)	(29)	(19)
Total revenue	**1,595**	**2,103**	**4,081**	**5,530**	**5,829**

Notes:

(1) On 1 January 2019, the EPCm line of business was reorganised and consequently revenue of US$626 million for the year ended 31 December 2018 has been reclassified from EPS to E&C. See Note 4 of the Financial Statements.

(2) Includes corporate and others and consolidation adjustments and eliminations.

The following table sets forth the Business Performance Net Profit for the Period Attributable to Petrofac Limited shareholders for each of the Group's reporting segments for the periods indicated:

	Six months ended 30 June[(1)]		Year ended 31 December[(1)]		
	2021	**2020**	**2020**	**2019**[(2)]	**2018**[(2),]
			(US$ millions)		
	(unaudited)				
E&C	29	35	62	278	338
EPS	34	17	39	48	43
IES	(4)	(10)	(18)	(4)	39
Corporate[(3)]	(20)	(21)	(35)	(46)	(67)
Total	**39**	**21**	**48**	**276**	**353**

Notes:

(1) Business Performance Net Profit for the Period Attributable to Petrofac Limited shareholders is an APM, reflecting the presentation in the Group's consolidated income statement for each period in the Historical Financial Information and adjustments set out in the notes to the Historical Financial Information. See "*Important Information—Presentation of Financial Information—Alternative Performance Measures*".

(2) On 1 January 2020, investment in associates (PetroFirst Infrastructure Limited and PetroFirst Infrastructure 2 Limited) were reorganised from IES to EPS. Consequently, Business Performance Net Profit Attributable to Petrofac Limited shareholders for the year ended 31 December 2019 and 31 December 2018 of US$16 million and US$15 million, respectively, has been reclassified from IES to EPS. See note 4 of the 2020 Audited Consolidated Financial Statements. On 1 January 2019, the EPCm line of business was reorganised and consequently net profit attributable to Petrofac Limited shareholders of US$53 million for the year ended 31 December 2018 has been reclassified from EPS to E&C. See note 4 of the 2019 Audited Consolidated Financial Statements.

(3) Includes corporate and others and consolidation adjustments and eliminations.

The following table sets forth the Business Performance earnings before interest, taxes, depreciation and amortisation ("**Business Performance EBITDA**") of the Group's reporting segments for the periods indicated:

	Six months ended 30 June[(1)]		Year ended 31 December[(1)]		
	2021	**2020**	**2020**	**2019[(2)]**	**2018[(2)]**
	(US$ millions)				
	(unaudited)				
E&C	34	83	113	412	458
EPS	48	29	59	67	68
IES	4	22	39	83	160
Corporate[(3)]	(4)	(5)	—	(3)	(15)
Total	**82**	**129**	**211**	**559**	**671**

Notes:

(1) Business Performance EBITDA is an APM. See "*Important Information—Presentation of Financial Information—Alternative Performance Measures*".

(2) On 1 January 2020, investment in associates (PetroFirst Infrastructure Limited and PetroFirst Infrastructure 2 Limited) were reorganised from IES to EPS. Consequently, Business Performance EBITDA for the year ended 31 December 2019 and 31 December 2018 of US$16 million and US$15 million, respectively, has been reclassified from IES to EPS. On 1 January 2019, the EPCm line of business was reorganised and consequently Business Performance EBITDA of US$70 million for the year ended 31 December 2018 has been reclassified from EPS to E&C. See Note 4 of the 2019 Audited Consolidated Financial Statements.

(3) Includes corporate and others and consolidation adjustments and eliminations.

Key Performance Indicators

The Directors and Senior Management regularly review key performance indicators ("**KPIs**"), including: (1) revenue; (2) Business Performance EBITDA; (3) Business Performance Net Profit for the Period Attributable to Petrofac Shareholders; (4) Business Performance Net Margin; (5) Free Cash Flow; (6) Cash Conversion; and (7) Backlog. The Directors believe that an understanding of these KPIs and the trends that may affect Petrofac's performance on a consolidated basis is important to understanding its business and results of operations. Certain of these KPIs are APMs. For a discussion of the limitations of these APMs as analytical tools, see "*Important Information—Presentation of Financial Information—Alternative Performance Measures*".

The following table sets forth Petrofac's KPIs as of and for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(US$ millions, unless otherwise indicated)				
Revenue[(1)]	1,595	2,103	4,081	5,530	5,829
Business Performance EBITDA[(2)]	82	129	211	559	671
Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders[(3)]	39	21	48	276	353
Business Performance Net Margin[(4)]	2.5%	1.0%	1.2%	5.0%	6.1%
Free Cash Flow[(5)]	(51)	(13)	(73)	138	921
Cash Conversion[(6)]	1.2%	70.5%	36.5%	71.4%	101.5%
Backlog (*US$ billions*)[(7)]	3.8	6.2	5.0	7.4	9.6

Notes:

(1) Revenue comprises revenue from the rendering of services and sales of crude oil and gas. It also includes certain EPS "pass through" revenue (where the Group procures goods and services on behalf of clients) with zero or low margins, which is accounted for as Petrofac's own revenue since the risks and rewards associated therewith are assumed by the Group. The Group recognises revenue differently for its E&C, EPC and IES businesses. See "*Principal Factors Affecting Results of Operations and Financial Position—Revenue Recognition and Release of Provisions*". At the consolidated Group level, revenue does not include intragroup sales as they are eliminated on consolidation, while revenue for each operating segment includes intragroup sales.

(2) Business Performance EBITDA represents total profit/(loss) from operations before tax and finance (costs)/income, adjusted to give effect to separately disclosed items, Business Performance share of net profits/(losses) of associates/joint ventures and add back charges for depreciation, amortisation, write-offs and Business Performance impairment charge.

(3) Business Performance Net Profit for the Period Attributable to Petrofac Shareholders represents the Group's Business Performance Net Profit for the Period, adjusted to exclude non-controlling interests.

(4) Business Performance Net Margin is Business Performance Net Profit for the Period Attributable to Petrofac Shareholders represented as a percentage of revenue, on consolidated or segmental level, as applicable.

(5) Free Cash Flow is the Group's net cash flows (used in)/generated from operating activities plus net cash flows (used in)/generated from investing activities minus interest paid plus amounts received from non-controlling interest and amounts received from non-controlling interests.

(6) Cash Conversion is the Group's cash generated from operations as a percentage of its Business Performance EBITDA.

(7) Measured as at the relevant period-end date. Backlog represents the estimated revenue attributable to the uncompleted portion of lump-sum EPC contracts and variation orders plus, with regard to EPS and IES contracts, the estimated revenue attributable to the lesser of the remaining term of the contract and five years. Backlog is not booked on IES's PSC contracts where Petrofac is entitled to a share of production. There can be no assurance that all or any of the revenue anticipated in Petrofac's Backlog will be realised in the timeframe expected or at all, or will result in profits. See *Risk Factors—The Group may not realise revenue on its current Backlog due to client order reductions, cancellations or acceptance delays, or client insolvency or default, which may negatively impact its financial results*".

See "*Factors Affecting Comparability of Financial Statements*" below for a discussion of factors during the periods under review that affect the comparability of these metrics stated above.

Basis of Preparation of Financial Information

The Group's Financial Statements have been prepared in accordance with IFRS and applicable requirements of Jersey law. The standalone financial statements of the Company and its subsidiaries are prepared for the same reporting period as the consolidated financial statements of the Group and, where necessary, adjustments are made to the standalone financial statements of the Group's subsidiaries to bring their accounting policies in line with those used by the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Group members are eliminated in full on consolidation.

Presentation of Certain Financial Data

Separately disclosed items

The following table sets forth the breakdown of separately disclosed items for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(US$ millions)		
UK Serious Fraud Office penalty[(1)]	106	—	—	—	—
Impairment of assets[(1)]	2	67	146	119	235
Fair value re-measurements[(1)]	1	12	57	37	45
Losses on disposal	—	—	—	—	28
Restructuring and redundancy costs	1	8	13	10	8
Onerous leasehold property provisions	—	—	—	—	18
Other separately disclosed items	14	8	13	23	22
	124	95	229	189	356
Of which:					
E&C	1	6	18	14	8
EPS	6	(1)	(1)	2	24
IES	5	87	208	158	302
Corporate & Others	112	3	4	15	22
Foreign exchange translation (gains)/losses on deferred tax balances	1	1	(1)	(1)	2
Deferred tax impairment	—	—	—	16	—
Tax relief on separately disclosed items and certain remeasurements	(1)	3	—	(1)	(69)
	—	4	(1)	14	(67)
Consolidated income statement (credit)/charge	**125**	**99**	**228**	203	**289**

Note:

(1) See Note 5 of the 2021 Unaudited Interim Consolidated Financial Statements, and see Note 6 of the 2020 Audited Consolidated Financial Statements, the 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements for a description of separately disclosed items (including the payable recognised by the Group as at 30 June 2021 in relation to the SFO Fine (following sentencing on 4 October 2021), impairment of assets and fair value re-measurements).

Segmental Reporting

The Group had three operating segments for accounting disclosure purposes for the periods under review: E&C, EPS and IES. Certain Shareholder services related to overheads, intra-group financing and consolidation adjustments are managed at the Group's level and are not allocated to operating segments.

Consistent with the presentation in the Group's consolidated income statement data, certain segmental income statement line items are presented in the Business Performance format. The Business Performance presentation does not reflect the effect of certain separately disclosed items and the Directors believe that such presentation is useful to understand Petrofac's business. Financial Information presented on a Business Performance basis, (excluding separately disclosed items, as set out in the table under "Separately disclosed items" above), does not include, in particular, impairments of assets and fair value re-valuations. See "*—Principal Factors Affecting Results of Operations and Financial Position—Project execution*".

Principal Factors Affecting Results of Operations and Financial Position

Principal factors affecting Petrofac's results of operations during the periods under review (and those which are expected to affect Petrofac's results of operations in the future) are discussed below.

SFO Investigation and Refinancing Plan

As described in Part I "*Letter from the Chairman of Petrofac Limited*", the SFO Investigation into past issues caused significant damage to the Group, including to its order intake, financial position, customer relationships and reputation. Although the Group has engaged in an extensive programme of corporate reform since the time of these events, and has in recent years taken a number of steps to further bolster its compliance programme, the SFO Investigation negatively affected a number of customer relationships and trading activity. In 2019, customers in Iraq and Saudi Arabia suspended Petrofac from bidding on new contracts, whilst allowing the Group to execute pre-existing contracts, followed by a UAE customer in 2020.

Iraq, Saudi Arabia and the UAE accounted for 27% of total revenue in the period 2015-2019, prior to the first suspension, and revenue from these countries decreased to 12% in 2020. Other existing and prospective customers sought better terms during this time, when Petrofac's bargaining power was constrained, and it became difficult to attract and retain key personnel. In addition, the Group has incurred the SFO Fine in respect of which it has recognised a US$106 million payable on its balance sheet as at 30 June 2021. Each of these factors, along with the allocation of significant resources, both internally as a result of management time and externally through advisers, had a substantial impact on the Group's revenue and profitability. Furthermore, it became more challenging for the Group to secure long-term financing.

The Refinancing Plan is being implemented to address these challenges by delivering on the Group's key objectives of:

- reducing indebtedness, taking into account the resolution of the SFO Investigation including the payment of the SFO Fine;
- diversifying the Group's sources of capital by accessing the debt capital markets in order to replace the Bridge Facility or to refinance borrowings under the Bridge Facility prior to its maturity; and
- extending the maturity profile of the Group's financing arrangements, providing the Group with long-term certainty, flexibility, balance sheet strength, improved liquidity, covenant headroom and ultimately an appropriate capital structure to deliver its strategy.

The Refinancing Plan will also facilitate, and allow the Group to focus its efforts on, the implementation of its strategy. The Directors believe that successful delivery of the Group's strategy, together with the implementation of the Refinancing Plan, will enable Petrofac to grow its businesses and generate increased surplus cash flow with a view to further deleveraging the Group, while providing a platform for the Group to resume dividend payments in the future.

Macroeconomic factors

The Group's revenue is highly dependent on a number of underlying macroeconomic growth factors that influence demand for energy projects, in particular the level of investment by clients in energy infrastructure and their operational expenditures. The level of activities is in turn largely driven by current and expected market prices for oil and gas which, together with other factors, such as cost of production and government fiscal policy, determine the capital and operating expenditure budgets of Petrofac's principal clients. These client spending budgets have a greater impact on Petrofac's revenue than short-term movements in the market prices for oil and gas, which more directly affect the producing oil and gas assets, which Petrofac has a stake in.

As discussed in more detail below, the COVID-19 pandemic has brought significant uncertainties to the outlook for the global energy sector. The duration of the pandemic, the shape of the recovery, and the response from governments will all have an impact on future demand for energy and the likely energy mix. However, the Group remains confident that:

- global demand for energy will remain strong in the long term, oil and gas will remain a prominent part of the mix for at least the next two decades, and considerable investment in the related infrastructure, both for the production of oil and gas and its transformation into fuels and products, will be necessary, along with decommissioning of oil and gas assets;
- as the oil and gas sector emerges from the COVID-19 pandemic, the Group's core markets in MENA are likely to be first to recover, and remain the most resilient; and
- new energies will see significant growth, and the Group has the track record and the capability to secure opportunities in growing markets such as offshore wind, carbon capture and storage, hydrogen and waste-to-fuels.

Although clients have exercised capital discipline and delayed awards in response to the COVID-19 pandemic, and the short-term outlook in the global energy market remains uncertain, the Group has maintained a robust pipeline of future opportunities. The Group's pipeline of US$46 billion comprises US$ 32 billion in E&C and US$14 million in EPS. Of these amounts, approximately US$7 billion relates to NES, of which US$3.4 billion is in wind.

Over the longer term, the Group believes that the fundamentals of the global energy market remain strong, in particular across key market segments of upstream oil and gas, refining and petrochemicals services and new energy, which will continue to support demand for the Group's services. The IEA estimates that oil and gas demand will grow by 16% between 2019 and 2040 under a "Stated Policies Scenario", which reflects the current actions and intentions of policy makers, and comprise 54% of the global energy mix in 2040, which is roughly the same proportion as in 2019. Under the Stated Policies Scenario, demand for gas is expected to grow quicker than oil, given its role as an essential transition fuel. The IEA estimates that demand for oil and gas would reduce by approximately one quarter by 2040 under a "Sustainable Development Scenario", which reflects a reduction in emissions in line with the Paris Agreement 2015 targets, and that oil and gas would comprise 46% of the global energy mix in 2040. To meet the scale of this demand, significant investment will be required in oil and gas infrastructure. Under the Sustainable Development Scenario, the IEA estimates an average annual investment of US$628 billion in upstream oil and gas between 2020 and 2030, rising to US$800 billion under the Stated Policies Scenario. Billions of dollars of investment are also expected to be needed to safely decommission ageing oil and gas infrastructure.

The Group's operating and financial performance is also expected to be driven by demand for services in refining and petrochemical activities. The Group expects global refining and petrochemicals capacity to continue expanding, driven by strong investment rationale in MENA economies and by NOCs. Bloomberg NEF estimates that global investment in new downstream oil refining and integrated chemicals capacity will average US$55 billion per year to 2025, leading global crude distillation unit capacity to increase by 1.7% annually. Similarly, under its Stated Policies Scenario, the IEA estimates a cumulative investment of US$811 billion in refining through 2040. It also predicts that industry and petrochemicals will account for a large and growing proportion of global oil demand—increasing from 19% in 2019 to 22% in 2040 in its Stated Policies Scenario and 29% in its Sustainable Development Scenario.

New energy projects are also expected to support continued demand for the Group's services in the coming years. While hydrocarbons will continue to satisfy a majority of energy demand over the next two decades, renewable energy sources are expected to grow rapidly. Under the IEA's Stated Policies Scenario, demand for renewables is expected double to reach around 22% of total energy demand in 2040 or 36% under its Sustainable Development Scenario.

COVID-19 pandemic

The COVID-19 pandemic, and subsequent government restrictions implemented in response, has caused major disruption to the oil and gas industry and a deterioration in market conditions. These factors have negatively affected the Group's operating and commercial environment, including, at times, putting the Group's clients under significant financial pressure, compromising the Group's supply chain and hindering its ability to deliver projects. As a result, the COVID-19 pandemic had a negative impact on the Group's operating and financial performance in the year ended 31 December 2020 and the six months ended 30 June 2021, and it is expected to continue to affect the Group's operating environment in the coming months.

The Group has observed a sharp decline in commodity prices at times since the start of the COVID-19 pandemic in early 2020, which put both national and international oil companies under financial pressure, with many seeking to reduce costs and protect their balance sheets. This resulted in the deferral of capital spending, including the delay or deferral of several project awards, and a scarcity of new bidding opportunities, as well as the termination of the Group's Dalma Gas Development Project in Abu Dhabi.

The COVID-19 pandemic also significantly impacted operational and financial performance, in particular in E&C, resulting in project schedule delays and cost increases, as strict travel restrictions and the need for stringent health protocols required significant expenditure to continue carrying out ongoing projects. The pandemic has also continued to result in delayed tender awards and to impact commercial discussions. Mobility and travel restrictions and other safety protocols resulted in many of the Group's employees being confined to project sites for months at a time, with no opportunity for the usual rotations, which brought added worry and fatigue. While the Group's revenue for the six months ended 30 June 2021 and for the year ended 31 December 2020 was negatively impacted by these interruptions, as revenue is typically received upon meeting project progress and established milestones, the Group expects that this revenue will be received in future periods as project milestones are met in the future, and therefore that the reductions in revenues for these periods predominantly reflect delays to rather than loss of revenue. Financial performance in IES for the year ended 31 December 2020 was significantly impacted by the sharp fall in oil prices (although these have since recovered during the six months ended 30 June 2021), and planned capital spending for bringing additional wells online in Malaysia was deferred in order to conserve cash. The impact of the pandemic on EPS was less pronounced, although it did result in temporary closure of training centres worldwide during initial lockdown periods.

In response to the COVID-19 pandemic, the Group undertook actions to cut costs and conserve cash while protecting its operational capabilities to permit the Group to continue ongoing work and position itself for a post-pandemic market recovery. For the year ended 31 December 2020, the Group implemented a reduction in overheads and project support costs of US$140 million, and it aims to deliver more than US$100 million in additional cost savings in the year ending 31 December 2021. Due to the significant extent of personnel-related costs incurred by the Group in the course of its ongoing operations, the majority of these savings relate to personnel costs. Group personnel, including the Board and Senior Management, were asked to accept a 10-15% pay cut in 2020, as well as forego certain other allowances. As pandemic-related challenges intensified, it became necessary to also make a number of redundancies across the Group, with staff numbers at the peak reducing by 16% as compared to the year ended 31 December 2019. The Group reduced capital expenditure for the year ended 31 December 2020 by 60% compared to the prior year, and it suspended the dividend for the year ended 31 December 2020. These efforts allowed the Group to conserve approximately US$275 million of cashflow. The COVID-19 pandemic also drove operational initiatives, including acceleration of the Group's digitalisation programmes, adoption of cloud technology, and the consequent right-sizing of the Group.

Winning new work

Petrofac's future revenue and profit growth is heavily dependent on its ability to source potential new opportunities through its business development team and then bid competitively for new project awards which meet its internal margin or investment return requirements. Success in this area is a function of a number of factors, including knowledge of the local market and clients based on previous project delivery experience, the technical quality of Petrofac's service offering, price competitiveness given its cost base, the type of commercial model being offered to the client and its ability to meet in-country staff content requirements for the project. While the Group's win rate has remained consistent with previous years', the Group's new order intake for the year ended 31 December 2020 and the six months ended 30 June 2021 has reflected significant declines as a result of the COVID-19 pandemic.

Petrofac had a new order intake (including variation orders) of US$0.5 billion for the six months ended 30 June 2021, which included US$75 million in E&C (including Petroleum Development Oman's Marmul Main Production Station) and new awards and extensions in EPS of US$0.4 billion, compared to US$1.0 billion for the six months ended 30 June 2020. E&C's new order intake was US$75 million for the six months ended 30 June 2021, compared to US$0.4 billion for the six months ended 30 June 2020, as the recovery in oil prices has yet to manifest itself in a significant expansion in capital spending by clients. The new order intake for the EPS operating segment was US$0.4 billion for the six months ended 30 June 2021, compared to US$0.6 billion for the six months ended 30 June 2020, including a material project delivery contract with PDO in Oman in Projects, a number of operations and maintenance contract renewals in the UK in Operations, and a range of engineering studies and FEED contracts across carbon capture and storage, waste-to-value, hydrogen, and offshore wind in New Energies.

Petrofac had a new order intake (including variation orders) of US$1.6 billion for the year ended 31 December 2020, compared to US$3.1 billion for the year ended 31 December 2019 and to US$5.0 billion for the year ended 31 December 2018. In E&C, Petrofac had US$0.7 billion of new orders for the year ended 31 December 2020, compared to US$2.1 billion for the year ended 31 December 2019 and US$4.4 billion for the year ended 31 December 2018. EPS secured US$0.9 billion of new orders for the year ended 31 December 2020, compared to US$1.0 billion of new orders for the year ended 31 December 2019, and US$0.7 billion for the year ended 31 December 2018.

These trends have contributed to a decline in the Group's Backlog in recent periods, from US$9.6 billion as at 31 December 2018 to US$7.4 billion as at 31 December 2019 and US$5.0 billion as at 31 December 2020. As at 30 June 2021, the Group's Backlog was US$3.8 billion. The change in the Group's Backlog during the periods under review reflects, in particular, low new order intake in E&C as clients deferred awards in response to the COVID-19 pandemic and the fall in oil prices as well as, the termination of the Dalma contracts in the UAE in 2020, and the suspension from new contract awards in Saudi Arabia and Iraq in 2019 resulting from the SFO Investigation.

As described in paragraph 2.1 and paragraph 3 of Part I: "*Letter from the Chairman of Petrofac Limited*", the Group believes that it is well-positioned as the oil and gas sector emerges from the COVID-19 pandemic and that a number of factors will support its ability to win new work in the coming years. In the short term, the Group has already secured revenue of approximately US$1.5 billion for the six months ending 31 December 2021, which comprises approximately US$1.0 billion from E&C and approximately US$0.5 billion from EPS, and of approximately US$1.6 billion for the year ending 31 December 2022, which comprises approximately US$0.9 billion from E&C and approximately US$0.7 billion from EPS.

Long-term client relationships

Petrofac has a core group of clients for whom it regularly bids on business. Due to the size of many of the Group's projects, the majority of its revenue in any period may be derived from a relatively small number of contracts.

For the years ended 31 December 2020, 2019 and 2018, the Group's top 10 contracts accounted for 56%, 55% and 60%, respectively, of total revenue. In addition, for the years ended 31 December 2020, 2019 and 2018, the top five customers accounted for 51%, 54% and 58%, respectively, of Petrofac's outstanding trade receivables and contract assets.

Loss of a major client would reduce the availability of repeat business from that client, and, as a result, as part of its business strategy, Petrofac is also heavily focused on building relationships with new clients. The Directors believe that there are sufficient opportunities to increase Petrofac's client base to mitigate the risk of a loss of a major client impacting on its results of operations.

Project execution

The profitability from Petrofac's E&C long-term LSTK contracts depends on delivering projects on time and within established cost estimates. Petrofac relies on its extensive experience and cost estimation procedures to estimate accurately costs for projects in order to support negotiations with clients. Petrofac's margins are dependent on accurate cost estimates at the time of bid and/or tender and cost control while the projects are being executed. Profitability also depends on the Group's ability to enter into appropriately priced contracts for sub-contracting labour and materials and to the extent such sub-contractors and materials are not forward purchased, Petrofac bears the upside and downside in the prices it pays for these exceeding or being below its estimate when it agrees the client contract.

Petrofac's profitability, particularly within the E&C operating segment, can also depend on negotiating additional payments for variations to the original contract scope. Although prices on Petrofac's E&C contracts are generally fixed, it frequently encounters variations in its scope of work due to changes requested by the client in relation to capacity, design and other specifications, which must be agreed to by both parties to the underlying contract. While the Group has successfully negotiated such variations on a number of contracts, it has at times been difficult to negotiate variations that preserve profit margins for the expected life of a given project.

A number of Petrofac's IES and EPS contracts include performance-based compensation arrangements pursuant to which it is paid for its actual costs, with little or no guaranteed level of profits, and are eligible for incentive payments based on achievement of a variety of objectives, including the level of operating costs, asset availability and health, safety and environmental matters. In some cases, performance-based contracts have also evolved to include incentive payments based on overall field performance measures such as total cost of operation and production throughput.

The majority of EPS contracts are reimbursable arrangements, where costs are charged to the clients with a fixed (or variable KPI-based) margin added on top. These contracts may be for defined project scopes or on a "call-off" basis to provide engineering capability to the client as and when required. As many of these contracts are time limited, EPS has focused on demonstrating its value for money, quality and client service to best position itself for contract extensions or new scopes of work.

For IES PSCs, Petrofac takes a direct interest in the production of a field and returns are a function of a combination of factors, including performing thorough due diligence on the sub-surface facilities, negotiating favourable financial terms with partners for sharing in production of the asset, identifying prospective new areas to drill in order to extend the life of the field, and managing production efficiently. During the periods under review, prior to divestment of IES assets in recent years, Petrofac received revenue from PECs, under which it was paid a tariff per barrel of production, with returns representing a function of increasing production above a production level agreed with the client.

Revenue recognition and release of provisions

Petrofac's revenue and profits (or losses) are largely based on estimates of contract revenue, costs and profitability at completion and may not reflect actual revenue, profits or losses to date on the underlying contract. In addition, although revenue and profits (or losses) may be recognised for accounting purposes, these amounts do not represent actual cash received by the Group. As a result, there may be a difference, which can be significant, between the Group's revenue and cash flows for any particular reporting period depending on the mix, structure and progress of the contracts the Group has entered into. When cash is received depends on the structure of each contract: under certain E&C contracts, for example, Petrofac may receive advance payments followed by payments on the achievement of set milestones, while under its EPS contracts, it received payment at regular intervals.

Furthermore, on final completion of long-term LSTK contracts, any remaining project contingency provisions are released to profit which can result in significant margin accretion during that period. Similarly, the Group sets percentage of completion thresholds for each new contract, depending on an assessment of its risk level, before which it does not recognise any margin. Once the project crosses its initial progress-based margin recognition threshold, there is a one-off impact on its margin as the project moves from a "costs equal to revenue" basis of accounting to a margin recognition method based on its cumulative progress percentage of the final estimated contract completion margin.

Fair value re-measurements

At each reporting date the Group determines whether there is any evidence of indicators of impairment in the carrying value of its oil and gas assets. Where indicators exist, an impairment test is undertaken which requires Senior Management to estimate the recoverable value of such assets.

In recent years, a combination of low oil and gas prices, expenditure cost overruns and commercial settlements on IES projects have resulted in significant impairment provisions being made, which are treated as separately disclosed items. In particular, in the year ended 31 December 2020, the Group recognised a downward fair value adjustment of US$42 million in respect of the carrying amount of the contingent consideration arising from the disposal of 49% non-controlling interest of IES operations in Mexico sold in 2018, as a result of uncertainty surrounding the Mexican Energy Reform programme and the outcome of other contingent consideration elements. Other adjustments for the year ended 31 December 2020 were recognised in respect of the carrying amounts of contingent and deferred consideration for the Pánuco Production Enhancement Contract, the Greater Stella Area development and the JSD6000 installation vessel. In aggregate, including a fair value gain recognised in respect of contingent consideration payable associated with the acquisition of W&W Energy Services Inc., the Group recognised fair value re-measurement losses of US$57 million in the year ended 31 December 2020, compared to losses of US$37 million for the year ended 31 December 2019 and losses of US$45 million for the year ended 31 December 2018.

See Note 6 to the 2020 Audited Consolidated Financial Statements, the 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements.

Depreciation, amortisation and write-offs

The following table sets forth depreciation of property, plant and equipment, amortisation and write-off charges on the consolidated income statements and consolidated statements of cash flows for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(US$ millions)		
Depreciation					
Cost of sales	26	41	75	118[(1)]	125[(2)]
Selling, general and administration expenses	3	2	7	12	15
Total depreciation	**29**	**43**	**82**	**130**	**140**
Amortisation, business performance impairment and write off					
Cost of sales	—	1	1	—	—
Selling, general and administration expenses	6	2	7	3	1
Other operating expenses	—	21	35	—	—
Total amortisation, business performance impairment and write-offs	**6**	**24**	**43**	**3**	**1**
Total depreciation, amortisation, business performance impairment and write-offs	**35**	**67**	**125**	**133**	**141**

Notes:

(1) Includes a US$72 million charge attributable to the IES segment, of which US54 million were attributable to Block PM304 in Malaysia and US$18 million were attributable to Group's operation in Mexico.

(2) Includes a US$94 million charge attributable to the IES segment, of which US54 million were attributable to Block PM304 in Malaysia, US$26 million were attributable to the Group's operations in Mexico and US$11 million were attributable to operations on the Greater Stella Area project.

Taxation

Petrofac's income tax expense is a significant factor in determining the profit for the period attributable to Petrofac's Shareholders earned each year and the approach to effectively managing the Group's tax position is to:

- operate in accordance with the terms of the Code of Conduct and comply with all applicable laws and reporting obligations;
- act with integrity in all tax matters;
- undertake all inter-company transactions on an arm's length basis where the transfer price amount affects the profit split between related parties taxable in jurisdictions that have transfer pricing rules in their domestic legislation;
- establish and maintain collaborative, open and transparent relationships with all tax authorities in jurisdictions in which it operates;
- address promptly any disputes which occur; and
- manage tax in a pro-active manner to minimise the tax costs of conducting the Group's activities, enhancing its ability to generate value for all stakeholders.

Petrofac operates in many jurisdictions and across a range of segments within the energy industry. In most countries, Petrofac's operations will be taxed at the normal domestic corporation tax rate, but it is not unusual for licence holders on upstream oil and gas projects to be subject to either a separate or additional tax regime. Typically these regimes have a higher tax rate than the normal corporation tax rate for that country; for example, with Petrofac's licence interest in the Block PM304 development in Malaysia, where the tax rate is 38%, compared with the domestic corporation tax rate of 24%. In Iraq, oil and gas operations by foreign companies are subject to an increased rate of 35% compared with the standard rate of 15% for other activities.

Petrofac's effective tax rate ("**ETR**") is therefore significantly influenced by the mix and location of projects it undertakes and whether they are subject to the oil and gas tax regimes specific to that country. In the regions where E&C predominantly operates, the rates of corporation tax vary widely. For example, the UAE has a corporate tax rate of 0% (save for certain foreign hydrocarbon producing companies and financial institutions), Oman and Kuwait have rates of 15%, Algeria 23% (for construction activities) and India has an effective rate of nearly 35%. Similarly, EPS has been subject to the abovementioned UAE, UK and Iraq rates of 0%, 19% and 35%, respectively. In the countries where IES operates, normal corporation tax rates on non-licence holder contract tax rates range from 0% in the UAE to 24% in Malaysia.

Factors Affecting Comparability of Financial Statements

On 1 January 2019, the EPCm line of business was reorganised and consequently, for purposes of comparison, revenue of US$626 million, net profit attributable to Petrofac Limited shareholders of US$53 million and EBITDA of US$70 million for the year ended 31 December 2018 has been reclassified from the EPS operating segment to the E&C operating segment to reflect reclassification of internally reported lines of business.

On 1 January 2020, investment in associates (i.e., PetroFirst Infrastructure Limited and PetroFirst Infrastructure 2 Limited) were reorganised from the IES operating segment to the EPS operating segment. Consequently, for purposes of comparison, the share of net profit of associates of US$16 million for the year ended 31 December 2019 and US$15 million for the year ended 31 December 2018, Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders of US$16 million for the year ended 31 December 2019 and US$15 million for the year ended 31 December 2018 and Business Performance EBITDA of US$16 million for the year ended 31 December 2019 and US$15 million for the year ended 31 December 2018, respectively, has been reclassified from IES to EPS to reflect the reclassification of investment in associates.

During the periods under review, the Group has completed a number of divestments from its IES operating segment, with an aim of reducing capital intensity in the business in order to return to a position of balance sheet strength and create more latitude to invest in the business. These divestments from the IES operating segment include the sale of the Petrofac JSD6000 installation vessel, the Greater Stella Area development, the Chergui gas concession, and a 49% stake of Group's operations in Mexico (including the Santuario PSC and Magallanes and Arenque PECs) in 2018, followed by the sale of the remaining 51% stake in IES Mexico operations in 2020. This change in strategy affected the Group's revenue and Business Performance net profit during the periods under review. Revenue from the IES operating segment was US$282 million in the year ended 31 December 2018, comprising 5% of the Group's total revenue for the year, as compared to US$195 million, or 4%, for the year ended 31 December 2019 and US$110 million, or 3%, in the year ended 31 December 2020. The Group's primary IES asset as at 30 June 2021 is the PSC for Block PM304 in Malaysia, which the Group continues to operate and has entered into discussions with the client (Petronas, the Malaysian NOC) to extend the PSC beyond expected completion in September 2026.

Descriptions of Key Items from the Consolidated Income Statement

- ***Revenue***: Revenue comprises revenue from the rendering of services and sales of crude oil and gas. It also includes certain "pass through" revenue (where Petrofac procures goods and services on behalf of clients) with zero or low margins, which is accounted for as the Group's own revenue since the risks and rewards associated therewith are assumed by the Group. Petrofac recognises revenue differently for its E&C, EPC and IES businesses. See "*Principal Factors Affecting Results of Operations and Financial Position—Revenue Recognition and Release of Provisions*". At the consolidated Group level, revenue does not include intragroup sales as they are eliminated on consolidation, while revenue for each operating segment includes intragroup sales.

- ***Cost of Sales***: Cost of sales represents the cost to the Group of providing integrated facilities solutions to the oil, gas and energy production and processing industries, including depreciation charged on property, plant and equipment and intangible assets amortisation and write-offs. Cost of sales also includes forward points and ineffective portions on derivatives designated as cash flow hedges.

- ***Depreciation***: Depreciation for all assets, other than oil and gas assets, is provided on a straight-line basis. Tangible oil and gas assets are depreciated on a field-by-field basis, using the unit-of-production method based on entitlement to proven and probable reserves, taking account of estimated future development expenditure relating to those reserves. No depreciation is charged on land or assets under construction.

Intangible assets with a finite life are amortised over their useful economic life using a straight-line method unless a better method reflecting the pattern in which the asset's future economic benefits are expected to be consumed can be determined.

- ***Selling, General and Administration Expenses***: Selling, general and administration expenses comprise staff costs (including wages and salaries, social security costs, pension costs, other long-term employee benefit costs and expenses of share-based payments), depreciation, amortisation and write-offs and other operating expenses (which consist primarily of office, travel, legal and professional and contracting staff costs).

- ***Separately Disclosed Items***: Separately disclosed items identifies the effect of separately disclosed items to distinguish the impact of impairment of assets, fair value re-valuations, restructuring and redundancy costs, and other exceptional items to provide users of the consolidated financial statements with a clear and consistent presentation of the underlying business performance of the Group.

- ***Expected Credit Loss Allowance***: Expected credit loss allowance comprises an allowance on trade receivables and contract assets arising from contracts with clients.

- ***Other Operating Income***: Other operating income includes gains on disposal of non-current assets, foreign exchange gains and other income.

- ***Other Operating Expenses***: Other operating expenses include foreign exchange losses, Business Performance impairment and other operating expenses.

- ***Finance Expenses***: Finance expenses represent the cost of interest payable on long-term borrowings, short-term loans and overdrafts, finance leases and the unwinding of discount on decommissioning and other provisions.

- ***Finance Income***: Finance income represents the interest receivable on bank deposits and the unwinding of discounts on long-term receivables from clients.

- ***Share of Net Profits/(Losses) of Associates/Joint Ventures***: Share of net profits/(losses) of associates/ joint ventures represents equity share of their profits and losses.

- ***Income Tax Expense***: Income tax expense represents the sum of current income tax and deferred tax.

- ***Profit for the Period Attributable to Petrofac Limited Shareholders***: Profit for the period attributable to Petrofac Limited Shareholders represents profit for the period, adjusted to exclude non-controlling interests.

In addition, certain consolidated income statement and other items are also presented on a "Business Performance" basis. This approach aims to provide a means of measuring underlying business performance. These Business Performance measures exclude separately disclosed items. See "*Presentation of Financial and Other Information*" in Part III: "*Important Information*" and Note 6 to the 2021 Unaudited Interim Consolidated Financial Statements, the 2020 Audited Consolidated Financial Statements, the 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements. These separately disclosed items include, from time to time, items such as the contribution of impairments of assets, fair value re-measurements, losses on disposal, restructuring and redundancy costs, certain Corporate operating segment professional services fee, loss on accelerated receipt of deferred consideration and material deferred tax movements arising due to foreign exchange differences in jurisdictions where tax is computed based on the functional currency of the country.

Results of Operations

The following table sets out the Group's consolidated business performance income statement for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(US$ millions)		
Revenue	**1,595**	**2,103**	**4,081**	**5,530**	**5,829**
Cost of sales(2)	(1,488)	(1,937)	(3,802)	(4,909)	(5,110)
Gross profit	**107**	**166**	**279**	**621**	**719**
Selling, general and administration expenses	(82)	(81)	(167)	(228)	(216)
Separately disclosed items	(124)	(95)	(229)	(189)	(356)
Expected credit loss allowance	18	(2)	(9)	(16)	(1)
Other operating income	3	15	21	27	22
Other operating expenses	(4)	(39)	(43)	(11)	(10)
Operating (loss)/profit	**(82)**	**(36)**	**(148)**	**220**	**159**
Finance income	3	7	9	13	14
Finance expense	(17)	(22)	(37)	(58)	(81)
Share of net profit of associates and joint ventures	5	3	5	17	15
(Loss)/profit before tax	**(91)**	**(48)**	**(171)**	**192**	**107**
Income tax credit/(expense)	5	(33)	(18)	(126)	(46)
Net (loss)/profit	**(86)**	**(81)**	**(189)**	**66**	**61**
(Loss)/profit for the period attributable to:					
Petrofac Limited shareholders	(86)	(78)	(180)	73	64
Non-controlling interests	—	(3)	(9)	(7)	(3)

Notes:

(1) Expected credit loss allowance of US$2 million for the six months ended 30 June 2020 and US$1 million for the year ended 31 December 2018, previously reported within selling, general and administration expenses, have been reclassified to the expected credit loss allowance line item of consolidated income statement, to achieve a consistent presentation with the Group's reported results for the six months ended 30 June 2021 and the year ended 31 December 2020, respectively.

(2) Includes charges for depreciation, amortisation and write-offs. See "*—Principal Factors Affecting Results of Operations and Financial Position—Depreciation, amortisation and write-offs*".

Results of Operations for the six months ended 30 June 2021 and 2020

Revenue

Revenue was US$1,595 million for the six months ended 30 June 2021, a decrease of US$508 million, or 24%, from US$2,103 million for the six months ended 30 June 2020. This decrease largely reflecting lower activity in E&C and asset sales in IES during the year ended 31 December 2020.

E&C

E&C revenue was US$1,113 million for the six months ended 30 June 2021, a decrease of US$523 million, or 32%, from US$1,636 million for the six months ended 30 June 2020. This decrease was primarily due to a decline in project activity, COVID-19 related project delays and negative variation orders as a result of a mutually agreed rescoping of the Sakhalin contract.

EPS

EPS revenue was US$526 million for the six months ended 30 June 2021, an increase of US$100 million, or 24%, from US$426 million for the six months ended 30 June 2020. This increase was predominantly due to strong new order intake in both the Operations and Projects service lines, reflecting improvements in underlying market conditions and EPS' cost-competitiveness in the prior year and the first quarter of 2021, as well as an appreciation in sterling in the six months ended 30 June 2021 as compared to the six months ended 30 June 2020.

IES

IES revenue was US$15 million for the six months ended 30 June 2021, a decrease of US$46 million, or 75%, from US$61 million for the six months ended 30 June 2020.This decrease reflected prior year asset sales and lower production in PM304, partly offset by higher realised oil prices. For the six months ended 30 June 2021, Petrofac experienced lower underlying equity production of 0.2 mmboe (six months ended 30 June 2020: 0.5 mmboe), partly offset by a 88% increase in the average realised price to US$70/boe (six months ended 30 June 2020: US$37/boe). Underlying revenue, excluding prior year asset sales, declined 34% for the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

Cost of Sales

Cost of sales was US$1,488 million for the six months ended 30 June 2021, a decrease of US$449 million, or 23%, from US$1,937 million for the six months ended 30 June 2020. This decrease was in line with the change in revenue from the six months ended 30 June 2020 to the six months ended 30 June 2021, reflecting lower activity in E&C and the asset sales in IES that completed during the second half of 2020.

Selling, General and Administration Expenses

Selling, general and administration expenses of US$82 million for the for the six months ended 30 June 2021 were broadly stable with US$81 million for the six months ended 30 June 2020, as an increase in depreciation, amortisation and other operating expenses was offset by a decrease in personnel expenses.

Separately disclosed items

Separately disclosed items were US$124 million for the six months ended 30 June 2021, an increase of US$29 million, or 31%, from US$95 million for the six months ended 30 June 2020. This increase was primarily due to the US$106 million payable recognised by the Group in relation to the SFO Fine, in the six months ended 30 June 2021 compared to the impairment charge of US$67 million recognised in the six months ended 30 June 2020. See Note 5 to the 2021 Unaudited Interim Consolidated Financial Statements. The Group's separately disclosed items in relation to restructuring costs decreased from the six months ended 30 June 2020, which had included COVID-19 reorganisation and redundancy costs, to the six months ended 30 June 2021. Other separately disclosed items increased from the six months ended 30 June 2020 to for the six months ended 30 June 2021, reflecting amounts arising from professional service fees, loss on the disposal of property, plant and equipment in Scotland and a decrease in the carrying amount of contingent consideration assets arising from disposals in IES.

Other Operating Income

Other operating income was US$3 million for the for the six months ended 30 June 2021, a decrease of US$12 million, or 80%, from US$15 million for the six months ended 30 June 2020. This decrease was mainly due to write-back of aged payable balances in E&C in the six months ended 30 June 2020 and lower foreign exchange gains across the Group in the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

Other Operating Expenses

Other operating expenses were US$4 million for the for the six months ended 30 June 2021, a decrease of US$35 million, or 90%, from US$39 million for the six months ended 30 June 2020. This decrease was mainly due to the impairment in relation the classification of the Group's assets in Mexico as assets held for sale in the six months ended 30 June 2020 (prior to completion of their disposal later in that calendar year) and substantially lower foreign exchange losses in in the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

Operating (Loss)/Profit

Operating loss was US$82 million for the six months ended 30 June 2021, an increase of US$46 million, or 128%, from an operating loss of US$36 million for the six months ended 30 June 2020 as a result of the factors described above.

Reflecting the impact of separately disclosed items of US$124 million, Business Performance operating profit was US$42 million for the six months ended 30 June 2021, a decrease of US$17 million, or 29%, from US$59 million (separately disclosed items of US$95 million) for the six months ended 30 June 2020, as a result of the factors described.

Finance Income

Finance income from short-term bank deposits was US$3 million for the six months ended 30 June 2021, a decrease of US$4 million, or 57%, from US$7 million for the six months ended 30 June 2020. Finance income in the six months ended 30 June 2021 was earned on short-time bank deposits and also included the unwinding of discount on receivables.

Finance Expense

Finance expense was US$17 million for the for the six months ended 30 June 2021, a decrease of US$5 million, or 23%, from US$22 million for the six months ended 30 June 2020. This decrease was principally due to due to lower average gross debt for the six months ended 30 June 2021 than for the six months ended 30 June 2020.

Share of Profits of Associates/Joint Ventures

Share of profits of associates/joint ventures was US$5 million for the six months ended 30 June 2021, remaining the same as US$3 million for six months ended 30 June 2020.

Income Tax Credit/Expense

The Group's Business Performance income tax credit of US$6 million (30 June 2020: US$29 million expense) was due to lower profit before tax and release of certain tax provisions.

The Group's effective tax rate ("**ETR**") for the six months ended 30 June 2021, on a Business Performance basis, was negative 18.2% (30 June 2020: 61.7%), reflecting the change in profile of jurisdictions in which the profits are earned, as well as the prior year negative impact of the Jazan commercial settlement for which no tax relief was available. The Business Performance ETR in the first half of 2021 also benefited from the partial release of tax provisions following favourable developments on tax assessments in relation to prior periods.

The reported ETR was negative 33.3% (six months ended 30 June 2020: 68.8%), reflecting certain re-measurements and expenses that either are not allowable for tax purposes or do not result in any tax benefits.

Business Performance EBITDA

Business Performance EBITDA was US$82 million for the six months ended 30 June 2021, a decrease of US$47 million, or 36%, from US$129 million for the six months ended 30 June 2020. This decrease was primarily due to lower revenue, changes in project mix and higher project costs in E&C, partially offset by growth in margins in EPS. Lower EBITDA margins were partly mitigated by project support and overhead cost savings in the period.

Net (Loss)/Profit for the Period Attributable to Petrofac Limited Shareholders

Net loss for the period attributable to Petrofac Limited Shareholders was US$86 million for the six months ended 30 June 2021, an increase of US$8 million, or 10%, from reported net loss attributable to Petrofac Limited Shareholders of US$78 million for the six months ended 30 June 2020. This increase was principally due to separately disclosed items of US$125 million, principally in relation to the payable of US$106 million in respect of the SFO Fine (see Note 5 to the 2021 Unaudited Interim Consolidated Financial Statements).

Excluding separately disclosed items of US$125 million, Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$39 million for the six months ended 30 June 2021, an increase of US$18 million, or 86%, from US$21 million (separately disclosed items of US$99 million) for the six months ended 30 June 2020, as a result of the factors described above.

E&C

E&C's Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$29 million for the six months ended 30 June 2021, a decrease of US$6 million, or 17%, from US$35 million for the six months ended 30 June 2020. E&C's Business Performance Net Margin decreased to 2.6% for the six months ended 30 June 2021 from 2.1% for the six months ended 30 June 2020. This decrease was largely due to lower revenues and a decline in EBITDA margin driven by changes in project mix, higher costs and a higher overhead ratio, which was partially offset by a reduction in the ETR, for the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

EPS

EPS Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$34 million for the six months ended 30 June 2021, an increase of US$17 million, or 100%, from US$17 million for the six months ended 30 June 2020. EPS's Business Performance Net Margin increased to 6.7% for the six months ended 30 June 2021 from 4.0% for the six months ended 30 June 2020. This increase was largely due to higher revenues, higher brownfield project contract margins and a lower overhead ratio for the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

IES

IES's Business Performance Net Loss for the Period Attributable to Petrofac Limited Shareholders was US$4 million for the six months ended 30 June 2021, a decrease of US$6 million, or 60%, from Business Performance Net Loss for the Period Attributable to Petrofac Limited Shareholders of US$10 million for the six months ended 30 June 2020. This decrease was largely due to the smaller scale of operations, following the sale of further IES assets during the year ended 31 December 2020, as well as lower depreciation and finance costs, for the six months ended 30 June 2021 compared to the six months ended 30 June 2020. Excluding the impact of asset sales, IES experienced lower revenues and an increase in operating and other costs for the six months ended 30 June 2021 compared to the six months ended 30 June 2020,

Results of Operations for the years ended 31 December 2020 and 2019

Revenue

Revenue was US$4,081 million for the year ended 31 December 2020, a decrease of US$1,449 million, or 26%, from US$5,530 million for the year ended 31 December 2019. This decrease was principally due to a decline in revenue in the E&C and IES operating segments, partially offset by an increase in revenue from the EPS operating segment. For the year ended 31 December 2020, the Group generated 47% of its revenue from its top three markets (Oman, Thailand and Algeria), compared to 50% of its revenue from its the top three markets for the year ended 31 December 2019 (Oman, Kuwait and the UAE).

E&C

E&C revenue was US$3,090 million for the year ended 31 December 2020, a decrease of US$1,385 million, or 31%, from US$4,475 million for the year ended 31 December 2019. This decrease was driven by a decline in project activity, COVID-19 related project delays and lower variation orders. The COVID-19 pandemic significantly impacted E&C's operational performance in the year ended 31 December 2020, with stringent health protocols, travel restrictions, national lockdowns and supply chain disruption reducing productivity and extending project schedules. Engineering and procurement progress recovered reasonably quickly from the initial impact of the pandemic, as a result of the rapid transition to remote working and the use of digital technologies to complete tasks, as well as the gradual reopening of equipment manufacturers in major supplier countries such as China and Italy. However, construction activity was significantly impeded for much of the year, resulting in material project delays and additional costs. Despite the challenging environment, progress was made on all projects in the year ended 31 December 2020, with a number of major milestones successfully reached, such as the mechanical completion of BP's upstream gas Ghazeer project in Oman and the start-up of the Crude Distillation Unit on KNPC's Clean Fuels Project in Kuwait.

E&C Backlog decreased from US$5.7 billion as at 31 December 2019 to US$3.3 billion as at 31 December 2020, which reflected a contraction in capital spending by clients, in particular due to the decline in oil prices as a result of the COVID-19 pandemic, which resulted in delays to tender awards and the termination of the Group's Dalma contract in the UAE during April 2020. These more than offset new orders in the year ended 31 December 2020 from the Seagreen offshore wind project and net variation orders.

EPS

EPS revenue was US$933 million for the year ended 31 December 2020, an increase of US$44 million, or 5%, from US$889 million for the year ended 31 December 2019. This increase was due in part to growth in projects largely offsetting lower activity from operations. Operational performance in the year ended 31 December 2020 was relatively resilient, despite the impact of the COVID-19 pandemic. Engineering, procurement and construction activity on the Group's projects portfolio continued, with some notable milestones successfully reached, including the completion of Sharjah National Oil Corporation's gas storage project, on time and on budget.

EPS Backlog was broadly stable at US$1.7 billion as at 31 December 2019 and 31 December 2020, reflecting a marginal increase in new orders despite tightening market conditions. These new orders included new contracts in projects, including EPCC contracts for new upstream oil and gas facilities in the UAE, Bahrain and Kazakhstan, and in operations, including extension of the Group's contract to operate the Iraq Crude Oil Export Expansion Project and a number of contract renewals with major IOCs, such as bp and Eni, in the UK North Sea, as well as securing major integrated services contracts in the UK North Sea and well engineering and wells operator support contracts. In the year ended 31 December 2020, the Group also expanded its new energies track record by securing a contract to support the Acorn CCUS and blue hydrogen project in the UK and a FEED contract for the Arrowsmith green hydrogen project in Australia.

IES

IES revenue was US$110 million for the year ended 31 December 2020, a decrease of US$85 million, or 43%, from US$195 million for the year ended 31 December 2019. This decrease reflected a lower average realised price of US$39 per barrel of oil equivalent, a decrease in net equity production and lower PEC income and cost recovery in Mexico (including the completion of the disposal of the remaining share of the Group's operations in Mexico on 3 November 2020). Net production for the year from the Group's equity interests declined by 10% to 1.9 mmboe (2019: 2.1mmboe), driven by lower PM304 production from the deferral of the East Cendor development to 2021 and the decline in base production, offset by strong production from the Santuario field in Mexico. For the Group's PECs in Mexico (Magallanes and Arenque), the Group earned tariff income on a total of 1.9 mmboe, reflecting a decline from 2.2 mmboe for the year ended 31 December 2019, largely due to completion in late 2020 of the sale of these assets. The Group's IES production was also impacted by an unplanned outage at Cendor in PM304, which commended in December 2020 and has since been resolved.

Cost of Sales

Cost of sales was US$3,802 million for the year ended 31 December 2020, a decrease of US$1,107 million, or 23%, from US$4,909 million for the year ended 31 December 2019. This decrease was primarily due to a decline in project activity in E&C and COVID-19 induced project delays. The COVID-19 pandemic significantly impacted E&C's operational performance in the year ended 31 December 2020, with stringent health protocols, travel restrictions, national lockdowns and supply chain disruption reducing productivity and extending project schedules.

Included in cost of sales is depreciation charged on property, plant and equipment for the year ended 31 December 2020 of US$75 million, which decreased from US$118 million for the year ended 31 December 2019, primarily as a result of disposal of Group's assets in Mexico and reduction in depreciation charges relating to Group's oil and gas assets in Malaysia associated with asset impairments recognised in 2019 and the first half of 2020; amortisation charge on intangible assets for the year ended 31 December 2020 of US$1 million, which increased from nil for the year ended 31 December 2019; and expense associated with ineffective portions on derivatives designated as cash flow hedges for the year ended 31 December 2020 of US$5 million, which decreased from US$11 million for the year ended 31 December 2019.

Selling, General and Administration Expenses

Selling, general and administration expenses were US$167 million for the year ended 31 December 2020, a decrease of US$45 million, or 21%, from US$212 million for the year ended 31 December 2019. This was primarily due to a reduction in staff costs of US$25 million, from US$127 million for the year ended 31 December 2019 to US$102 million for the year ended 31 December 2020, and a reduction in other general and administration expenses of US$19 million, from US$70 million for the year ended 31 December 2019 to US$51 million for the year ended 31 December 2020, each due to cost reduction measures taken by the Group in response to the ongoing COVID-19 pandemic and sharp fall in oil prices.

Separately disclosed items (pre-tax)

Separately disclosed items (pre-tax) were US$229 million for the year ended 31 December 2020, an increase of US$40 million, or 21%, from US$189 million for the year ended 31 December 2019. This increase was primarily due to an increase in asset impairments and downward adjustments in the fair values of contingent consideration in respect of divested assets. The Group's asset impairments increased from US$119 million for the year ended 31 December 2019 to US$146 million for the year ended 31 December 2020 as a result of the COVID-19 pandemic and sharp fall in oil prices, which led to an impairment review of the carrying amount of the Group's Block PM304 oil and gas assets. The Group's net downward adjustments resulting from fair value remeasurements increased from US$37 million for the year ended 31 December 2019 to US$57 million for the year ended 31 December 2020, reflecting downward adjustments to contingent consideration on disposed assets, including IES assets in Mexico, the Pánuco PEC and the JSD6000 installation vessel. Restructuring and redundancy costs increased from US$10 million in the year ended 31 December 2019 to US$13 million in the year ended 31 December 2020.

Other Operating Income

Other operating income was US$21 million for the year ended 31 December 2020, a decrease of US$6 million, or 22%, from US$27 million for the year ended 31 December 2019. This decrease was mainly due to a fall in other income from US$21 million for the year ended 31 December 2019 to US$15 million for the year ended 31 December 2020, reflecting a decrease of forward points relating to undesignated forward currency contracts in the Corporate reporting segment and US$9 million of scrap sales for the year ended 31 December 2019 that were not repeated in the year ended 31 December 2020, which was partially offset by US$7 million of E&C aged trade payables reversed during the year ended 31 December 2020.

Other Operating Expenses

Other operating expenses were US$43 million for the year ended 31 December 2020, an increase of US$32 million, or 290%, from US$11 million for the year ended 31 December 2019. This increase was mainly due to an impairment charge of US$34 million for the year ended 31 December 2020 (2019: US$ nil) within the IES operating segment relating to an asset held for sale associated with the Group's operations in Mexico.

Operating (Loss)/Profit

Operating loss was US$148 million for the year ended 31 December 2020, a change of US$368 million from operating profit of US$220 million for the year ended 31 December 2019 as a result of the factors described above.

Reflecting the impact of separately disclosed items of US$229 million, Business Performance operating profit was US$81 million for the year ended 31 December 2020, a change of US$328 million, or 80%, from US$409 million (separately disclosed items of US$189 million) for the year ended 31 December 2019, as a result of the factors described above.

Finance Income

Finance income decreased to US$9 million for the year ended 31 December 2020, a decrease of US$4 million, or 31%, from US$13 million for the year ended 31 December 2019. This decrease reflected lower bank interest and a reduction in the unwinding of discounts on receivables.

Finance Expense

Finance expense was US$37 million for the year ended 31 December 2020, a decrease US$21 million, or 36%, from US$58 million for the year ended 31 December 2019, including a decrease in borrowing-related expenses from US$42 million for the year ended 31 December 2019 to US$27 million for the year ended 31 December 2020. This decrease was primarily due to the reduction of average gross debt for the year as debt maturities reduced. The Group also experienced a decrease in interest expense in relation to lease liabilities from US$12 million for the year ended 31 December 2019 to US$9 million for the year ended 31 December 2020.

Share of Net Profits of Associates and Joint Ventures

Share of net profits of associates and joint ventures was US$5 million for the year ended 31 December 2020, a decrease of US$12 million, or 71%, from US$17 million for the year ended 31 December 2019. This decrease was primarily due to a fair valuation gain of US$10m recognised for an associate for the year ended 31 December 2019, arising from re-recognition of lease asset and lease liability amounts arising from changes in lease terms. No such fair valuation gain was recognised for the year ended 31 December 2020.

Income Tax Credit/Expense

Income tax expense was US$18 million for the year ended 31 December 2020, a decrease of US$108 million, or 86%, from US$126 million for the year ended 31 December 2019, representing a Business Performance Group ETR (excluding the impact of separately disclosed items) of 32.8% for the year ended 31 December 2020 compared with an ETR of 29.4% for the year ended 31 December 2019. A number of factors have impacted the overall ETR, with key drivers being: expenditure that is not allowable for tax purposes, tax in higher rate jurisdictions, impairment and fair value re-measurements of assets as well as the impact of losses created during the year for which the realisation against future taxable profits is not probable.

The Group recognised an income tax credit of US$1 million on separately disclosed items of US$229 million for the year ended 31 December 2020 and an income tax expense of US$14 million on separately disclosed items of US$189 million for the year ended 31 December 2019.

Business Performance EBITDA

Business Performance EBITDA was US$211 million for the year ended 31 December 2020, a decrease of US$348 million, or 62%, from US$559 million for the year ended 31 December 2019. This was primarily due to lower revenue and margins. The Group's Business Performance EBITDA Margin decreased from 10.1% for the year ended 31 December 2019 to 5.2% for the year ended 31 December 2020. The Group experienced a decline in E&C Business Performance EBITDA margin due to cost increases, a change in project mix and the recognition of losses on a small number of contracts. The Group's IES Business Performance EBITDA margin also contracted as revenues fell at a faster rate than operating and other costs. Overall, lower Business Performance EBITDA was partly mitigated by management actions to reduce overhead and project support costs, which included cost reduction measures taken by the Group in response to ongoing COVID-19 pandemic and sharp fall in oil prices.

Net (Loss)/Profit for the Period Attributable to Petrofac Limited Shareholders

Net loss for the period attributable to Petrofac Limited Shareholders was US$180 million for the year ended 31 December 2020, compared to profit of US$73 million for the year ended 31 December 2019, as a result of the factors described above.

Excluding separately disclosed items of US$228 million, Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$48 million for the year ended 31 December 2020, a decrease of US$228 million, or 82%, from US$276 million (separately disclosed items of US$203 million) for the year ended 31 December 2019.

E&C

E&C's Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$62 million for the year ended 31 December 2020, a decrease of US$216 million, or 78%, from US$278 million for the year ended 31 December 2019. E&C's Business Performance Net Margin decreased to 2.0% for the year ended 31 December 2020 from 6.2% for the year ended 31 December 2019. This decrease reflects the fall in E&C revenue due to a decline in project activity, COVID-19 related project delays and lower variation orders, as well as COVID-19 related cost increases, changes in project mix and the recognition of losses on a small number of contracts.

EPS

EPS Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$39 million for the year net ended 31 December 2020, a decrease of US$9 million, or 19%, from US$48 million for the year ended 31 December 2019. EPS's Business Performance Net Margin decreased to 4.2% for the year ended 31 December 2020 from 5.4% for the year ended 31 December 2019. This decrease reflects the expected year-on-year decline in contract margins and contribution from associates, partly mitigated by overhead cost reductions and lower tax.

IES

IES's Business Performance Net Loss for the Period Attributable to Petrofac Limited Shareholders was US$18 million for the year ended 31 December 2020, an increase of US$14 million, or 350%, from US$4 million for the year ended 31 December 2019. IES's Business Performance Net Margin decreased to

(16.4)% for the year ended 31 December 2020 from (2.1)% for the year ended 31 December 2019. This decrease reflects the lower contribution from equity production in Malaysia and lower cost recovery from the Mexico PECs, which was only partially offset by reduced operating and overhead costs.

Results of Operations for the years ended 31 December 2019 and 2018

Revenue

Revenue was US$5,530 million for the year ended 31 December 2019, a decrease of US$299 million, or 5%, from US$5,829 million for the year ended 31 December 2018. This decrease was principally due to a decline in revenue in the E&C and IES operating segments, partially offset by an increase in revenue from the EPS operating segment. For the year ended 31 December 2019, the Group generated 50% of its revenue from its top three markets (Oman, Kuwait and the UAE), compared to 58% of its revenue from its the top three markets for the year ended 31 December 2018 (Kuwait, Oman and Saudi Arabia).

E&C

E&C revenue was US$4,475 million for the year ended 31 December 2019, a decrease of US$238 million, or 5%, from US$4,713 million for the year ended 31 December 2018. This decrease reflected project phasing and mix, as several large projects neared or reached completion during the period. Power transmission commenced from the BorWin3 offshore grid connection project in the German North Sea, while the RAPID project in Malaysia was advanced to readiness for start-up. The Group delivered a major milestone on the Upper Zakum Field Development in the UAE with substantial completion upon handover of the central island. In Saudi Arabia, the Jazan South Tank Farm was mechanically completed, whilst the Jazan North Tank Farm and Fadhili projects neared mechanical completion. In Kuwait, the KNPC Clean Fuels project was substantially completed, and the Group achieved a major milestone on the Lower Fars Heavy Oil plant in Kuwait with the commencement of steam injection. The Ghazeer gas development in Oman remained ahead of schedule. The Group's EPCm projects also progressed well. The Al Taweelah Alumina Refinery in the UAE started up, the Rabab Harweel Integrated Project in Oman commenced production, and gas was introduced into TurkStream in Turkey.

E&C Backlog decreased from US$8.0 billion as at 31 December 2018 to US$5.7 billion as at 31 December 2019, reflecting low new order intake and progress delivered on the Group's existing project portfolio during the year ended 31 December 2019. New awards in the year ended 31 December 2019 included the Ain Tsila Development Project in Algeria, the Mabrouk North East Line Pipe procurement project in Oman and the HKZ Beta wind farm platform in the Netherlands, as well as additional scope of work on the Yibal Khuff project in Oman.

EPS

EPS revenue was US$889 million for the year ended 31 December 2019, an increase of US$36 million, or 4%, from US$853 million for the year ended 31 December 2018. This increase was primarily due to growth in projects, based on steady order intake, which more than offsetting lower operations activity driven by weaker market conditions, which led to a decline in oil prices. EPS operational performance in 2020 was relatively resilient, despite the impact of the weak market conditions. Engineering, procurement and construction activity on the Group's projects portfolio continued, with some notable milestones successfully reached, including the completion of Sharjah NOC's gas storage project, on time and on budget.

EPS Backlog increased from US$1.6 billion as at 31 December 2018 to US$1.7 billion as at 31 December 2019, reflecting a recovery in market conditions led to an acceleration of project awards and contract extensions, particularly in brownfield projects, including several framework agreements and extensions in the North Sea, and wells during the year ended 31 December 2019.

IES

IES revenue was US$195 million for the year ended 31 December 2019, a decrease of US$87 million, or 31%, from US$282 million for the year ended 31 December 2018. This decrease was driven by asset divestments during the year ended 31 December 2018 of the Greater Stella Area development in the United Kingdom and the Chergui gas concession in Tunisia. Excluding asset sales, revenue decreased by 1%. The average realised price (net of royalties) for the year ended 31 December 2019 was US$67 per barrel, compared to US$59 for the year ended 31 December 2018. Net entitlement production for the year ended 31 December 2019 from the Group's equity interests decreased to 2.1 mmboe, reflecting prior year asset sales, from 3.7 mmboe for the year ended 31 December 2018. Excluding asset sales, net entitlement production increased 7%, reflecting strong growth in production from the Santuario PSC in Mexico. The Group also earned tariff income from its PECs on a total of 2.2 mmboe for the year ended 31 December

2019, a decrease from 2.5 mmboe for the year ended 31 December 2018, driven by a decline in production from the Magallanes PEC.

Cost of Sales

Cost of sales was US$4,909 million for the year ended 31 December 2019, a decrease of US$201 million, or 4%, from US$5,110 million for the year ended 31 December 2018. This decrease was largely driven by the project phasing and mix in E&C, as several large projects neared or reached completion during the year ended 31 December 2019, and asset divestments in IES during the year ended 31 December 2018.

Included in cost of sales is depreciation charged on property, plant and equipment for the year ended 31 December 2019 of US$118 million, which decreased from US$125 million for the year ended 31 December 2018, and expense associated with forward points and ineffective portions on derivatives designated as cash flow hedges for the year ended 31 December 2019 of US$11 million, which increased from US$5 million for the year ended 31 December 2018.

Selling, General and Administration Expenses

Selling, general and administration expenses were US$228 million for the year ended 31 December 2019, an increase of US$12 million, or 5%, from US$216 million for the year ended 31 December 2018. This was primarily due to an increase in expected credit loss allowance and an increase in other operating expenses, mainly consisting of office related costs, travel, professional services fees and contracting staff costs, from US$65 million for the year ended 31 December 2018 to US$70 million for the year ended 31 December 2019. These increases were partially offset by a decline in staff costs from US$134 million for the year ended 31 December 2018 to US$127 million for the year ended 31 December 2019, primarily as a result of cost reduction measures taken by the Group in response to a decline in business activity.

Separately disclosed items (pre-tax)

Separately disclosed items (pre-tax) were US$189 million for the year ended 31 December 2019, a decrease of US$167 million, or 47%, from US$356 million for the year ended 31 December 2018. This decrease was primarily due to a decrease in asset impairments and downward adjustments in the fair values of contingent consideration in respect of divested assets. The Group's asset impairments decreased from US$235 million for the year ended 31 December 2018, which reflected pre-tax impairment charges of US$156 million and US$79 million following entry into divestment agreements for a 49% interest in the Group's operations in Mexico and its interest in the Greater Stella Area joint operation, respectively, compared to US$119 million for the year ended 31 December 2019, including a pre-tax impairment charge of US$49 million following entry into a divestment agreement for the remaining 51% ownership interest in the Group's operations in Mexico and a pre-tax impairment charge of US$70 million in relation to the carrying amount of the Group's Block PM304 oil and gas assets. The Group's separately disclosed items for the year ended 31 December 2018 also included US$28 million from losses on the disposal of oil and gas assets in Tunisia, Petrofac GSA Holdings and JSD6000 installation vessel, which were not repeated (US$ nil losses on disposal) for the year ended 31 December 2019.

Other Operating Income

Other operating income was US$27 million for the year ended 31 December 2019, an increase of US$5 million, or 23%, from US$22 million for the year ended 31 December 2018. This reflected an increase in other income from US$18 million to US$ 21 million, primarily due to higher scrap sales in the E&C segment for the year ended 31 December 2019 than the prior year, and an increase in foreign exchange gains from US$4 million to US$6 million.

Other Operating Expenses

Other operating expenses were US$11 million for the year ended 31 December 2019, an increase of US$1 million, or 10%, from US$10 million for the year ended 31 December 2018. This was primarily due to an increase in foreign exchange losses from US$4 million for the year ended 31 December 2018 to US$6 million for the year ended 31 December 2019.

Operating (Loss)/Profit

Operating profit was US$220 million for the year ended 31 December 2019, an increase of US$61 million, or 38%, from US$159 million for the year ended 31 December 2018 as a result of the factors described above.

Reflecting the impact of separately disclosed items of US$189 million, Business Performance operating profit was US$409 million for the year ended 31 December 2019, a decrease of US$106 million, or 21%, from US$515 million (separately disclosed items of US$356 million) for the year ended 31 December 2018, as a result of the factors described above.

Finance Income

Finance income was US$13 million for the year ended 31 December 2019, a decrease of US$1 million, or 7%, from US$14 million for the year ended 31 December 2018. This decrease reflected a reduction in the unwinding of discounts on receivables.

Finance Expense

Finance expense was US$58 million for the year ended 31 December 2019, a decrease of US$23 million, or 28%, from US$81 million for the year ended 31 December 2018. This decrease was primarily due to debt maturities, including the repayment of US$677 million of senior notes in October 2018, reducing the average gross debt for the year.

Share of Net Profits from Associates and Joint Ventures

The Group's share of net profits from associates and joint ventures was US$17 million for the year ended 31 December 2019, an increase of US$2 million, or 13%, from US$15 million for the year ended 31 December 2018.

Income Tax Credit/Expense

The Group's income tax expense was US$126 million for the year ended 31 December 2019, an increase of US$80 million, from US$46 million for the year ended 31 December 2018, representing a Group ETR (excluding the impact of separately disclosed items) of 29.4% for the year ended 31 December 2019 compared with an ETR of 24.4% for the year ended 31 December 2018, which reflected the change in mix of profits in the jurisdictions in which profits are earned.

The Group recognised an income tax expense of US$14 million on separately disclosed items of US$189 million for the year ended and an income tax credit of US$67 million on separately disclosed items of US$356 million for the year ended 31 December 2019.

Business Performance EBITDA

Business Performance EBITDA was US$559 million for the year ended 31 December 2019, a decrease of US$112 million, or 17%, from US$671 million for the year ended 31 December 2018. This decrease was primarily due to in part to asset divestments in IES during the year ended 31 December 2018, which were reflected in the Group's full-year results for the year ended 31 December 2019, with the remainder due to lower revenues and contract margins. The Group's Business Performance EBITDA Margin decreased from 11.5% for the year ended 31 December 2018 to 10.1% for the year ended 31 December 2019 as a result of the factors described above.

Net (Loss)/Profit for the Period Attributable to Petrofac Limited Shareholders

Net profit for the period attributable to Petrofac Limited Shareholders was US$73 million for the year ended 31 December 2019, an increase of US$9 million from US$64 million for the year ended 31 December 2018. This increase was primarily due to the factors described above.

Excluding separately disclosed items of US$203 million, profit for the period attributable to Petrofac Limited shareholders on a Business Performance basis was US$276 million for the year ended 31 December 2019, a decrease of US$77 million, or 22%, from US$353 million (separately disclosed items of US$289 million) for the year ended 31 December 2019, as a result of the factors described above.

E&C

E&C's Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$278 million for the year ended 31 December 2019, a decrease of US$60 million, or 18%, from US$338 million for the year ended 31 December 2018. E&C's Business Performance Net Margin decreased to 6.2% for the year ended 31 December 2019 from 7.2% for the year ended 31 December 2018. Following from the decrease in E&C revenue from the year ended 31 December 2018 to the year ended 31 December 2019, the fall in E&C's Business Performance Net Margin further reflects project mix and higher tax.

EPS

On 1 January 2020, investment in associates (PetroFirst Infrastructure Limited and PetroFirst Infrastructure 2 Limited) were reorganised from IES to EPS. Consequently, Business Performance net profit attributable to Petrofac Limited shareholders for the year ended 31 December 2019 and 31 December 2018 of US$16 million and US$15 million, respectively, was reclassified from IES to EPS.

EPS's Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders was US$48 million for the year ended 31 December 2019, an increase of US$5 million, or 12%, from US$43 million for the year ended 31 December 2018. EPS's Business Performance Net Margin decreased to 5.4% for the year ended 31 December 2019 from 6.8% for the year ended 31 December 2018. This decrease reflects lower contract margins and higher overheads for the year ended 31 December 2019 compared to for the year ended 31 December 2018.

IES

IES's Business Performance Net Loss for the Period Attributable to Petrofac Limited Shareholders to Petrofac Limited Shareholders was US$4 million for the year ended 31 December 2019, a decrease of US$16 million, or 133%, from IES's Business Performance Net Profit for the Period Attributable to Petrofac Limited Shareholders of US$12 million for the year ended 31 December 2018. This decrease reflects reflecting the full-year impact of asset divestments that completed during the year ended 31 December 2018, partially offset by lower tax and depreciation in the year ended 31 December 2019 compared to the year ended 31 December 2018. IES's Business Performance Net Margin decreased to (2.1)% for the year ended 31 December 2019 from 8.5% for the year ended 31 December 2018, which was primarily due to factors explained for IES above.

Liquidity and Capital Resources

Historically, Petrofac has been cash generative, in particular from its fixed-price onshore EPC activities. During the periods under review, the size of the IES division resulted in the Group's business as a whole becoming more capital intensive, prior to divestment of a number of IES assets in 2019 and 2020. The Group's current strategy is to further reduce capital intensity. See paragraph 3.2 of Part I: "*Letter from the Chairman of Petrofac Limited*". Senior Management and the Board monitor liquidity requirements through the use of two year rolling cash flow forecasts, which are prepared and reviewed on a quarterly basis.

Petrofac's principal sources of short-term liquidity include cash from operations, cash and short-term deposits and, prior to the Refinancing Plan, borrowings under the Existing Revolving Credit Facility, the Existing ADCB Term Loan Facility, the Existing RAK Term Loan Facility, the CCFF and an existing overdraft facility.

In connection with the Capital Raise and contingent on Shareholder approval of the Resolutions, the Group is entering into the Refinancing Plan, as further described in Part I: "*Letter from the Chairman of Petrofac* Limited". Pursuant to the Refinancing Plan, amounts outstanding under the Existing Revolving Credit Facility, the Existing ADCB Term Loan Facility and the CCFF will be repaid in full using proceeds from the Capital Raise and borrowings under the New ADCB Facility and the Bridge Facility, as well as available cash. The New Revolving Credit Facility will also be established. The Existing RAK Term Loan Facility will remain in place and be amended to, among other things, benefit from the same guarantees and security as the New Revolving Credit Facility (as amended, the "Amended RAK Facility"). Upon completion of the Refinancing Plan, the Company expects to have an undrawn US$180 million available under the New Revolving Credit Facility (i.e. it will be undrawn upon completion of the Refinancing Plan). For a description of the impact of the Capital Raise and Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, on the Company's balance sheet as at 30 June 2021, see "*Unaudited Pro Forma* Net Assets Statement at 30 June 2021".

Consolidated Statement of Cash Flows

The following table sets forth the Group's consolidated statement of cash flows for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)				
			(US$ millions)		
Operating activities					
Reported (loss)/profit before tax	(91)	(48)	(171)	192	107
Separately disclosed items[1]	124	95	229	189	356
Business performance profit before tax and separately disclosed items	**33**	**47**	**58**	**381**	**463**
Adjustments to reconcile profit before tax and separately disclosed items to net cash flows:					
Depreciation, amortisation, business performance impairment and write off	35	67	125	133	141
Expected credit loss allowance recognised	(18)	2	9	16	1
Share-based payments	4	7	15	18	17
Difference between other long-term employment benefits paid and amounts recognised in the consolidated income statement	(20)	(8)	(18)	7	7
Net finance expense	14	15	28	45	67
Net movement to current provisions	(7)	8	24	(10)	15
Share of net profit of associates and joint ventures	(5)	(3)	(5)	(17)	(15)
Net other non-cash items	(1)	12	1	4	(3)
	35	147	237	577	693
Working capital adjustments:					
Inventories	(2)	3	4	1	(17)
Trade and other receivables	(53)	(35)	122	35	(23)
Contract assets	4	191	409	(184)	316
Related party receivables	1	—	1	—	—
Other current financial assets	(58)	(50)	(25)	27	11
Assets and liabilities held for sale	—	55	7	—	—
Trade and other payables	160	58	(156)	161	(103)
Contract liabilities	31	(72)	(153)	(231)	121
Accrued contract expenses	(117)	(207)	(369)	12	(320)
Net working capital adjustments	(34)	(57)	(160)	(179)	(15)
Net other non-current items	—	1	—	1	3
Cash generated from operations	**1**	**91**	**77**	**399**	**681**
Restructuring, redundancy, migration costs and other separately disclosed items paid	(6)	(17)	(19)	(28)	(24)
Net income taxes paid	(16)	(52)	(74)	(133)	(104)
Net cash flows (used in)/generated from operating activities	**(21)**	**22**	**(16)**	**238**	**553**
Investing activities					
Purchase of property, plant and equipment	(19)	(14)	(33)	(62)	(90)
Payments for intangible assets	(10)	(12)	(24)	(30)	(8)
Acquisition of a subsidiary	—	—	—	(21)	—
Contingent consideration paid	—	(3)	(3)	—	—
Dividends received from associates and joint ventures	1	2	9	11	11
Loans paid to associates and joint ventures	—	(1)	(2)	(2)	13
Disposal costs paid/proceeds from disposal of property, plant and equipment	(1)	(1)	(3)	(9)	152
Net proceeds from disposal of subsidiaries, including receipt against contingent consideration	9	13	31	12	130
Proceeds from disposal of property, plant and equipment	—	—	1	—	—
Advance received	—	—	—	37	—
Interest received	1	2	3	5	5

	Six months ended 30 June		Year ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)				
			(US$ millions)		
Net cash flows (used in)/generated from investing activities	**(19)**	**(14)**	**(21)**	**(59)**	**213**
Financing activities					
Interest-bearing loans and borrowings obtained, net of debt acquisition costs	567	471	870	1,390	1,858
Repayment of interest-bearing loans and borrowings and lease liabilities	(447)	(556)	(1,065)	(1,157)	(2,833)
Interest paid	(11)	(21)	(36)	(51)	(69)
Amounts received from non-controlling interest	—	—	—	10	224
Purchase of Company's shares by Employee Benefit Trust	—	(10)	(11)	(33)	(44)
Dividends paid	—	—	—	(129)	(128)
Net cash flows generated from/(used in) financing activities	**109**	**(116)**	**(242)**	**30**	**(992)**
Net (decrease)/increase in cash and cash equivalents	**69**	**(108)**	**(279)**	209	**(226)**
Net foreign exchange difference	—	4	4	—	(5)
Cash and cash equivalents at 1 January	639	914	914	705	936
Cash and cash equivalents at period end(2)	**708**	**810**	**639**	**914**	**705**

Note:

(1) See "*—Presentation of Certain Financial Data—Separately disclosed items*" and Note 6 of the 2020 Audited Consolidated Financial Statements, the 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements for a detailed discussion of components.

(2) Cash and cash equivalents does not reflect the use of available cash in connection with the Refinancing Plan. See "*Unaudited Pro Forma Financial Information*" for information regarding the impact of the Refinancing Plan on cash and cash equivalents. In addition, cash and cash equivalents included amounts totalling US$66 million as at 30 June 2021 held by the Group undertakings in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. Cash and cash equivalents also included US$393 million as at 30 June 2021 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.

Net cash flows (used in)/generated from operating activities

Net cash flows used in operating activities were US$21 million used for the six months ended 30 June 2021, compared to US$22 million generated for the six months ended 30 June 2020. This decrease of US$43 million was primarily due to lower EBITDA and higher non-cash adjustments, mitigated by lower tax paid in the six months ended 30 June 2021 than in the six months ended 30 June 2020. For the six months ended 30 June 2021, the Group's net working capital outflow of US$34 million (31 December 2020: US$57million) was principally due to a decrease in accrued contract expenses, reflecting higher vendor and subcontractor payment milestones achieved during the period in E&C. Days sales outstanding was slightly higher at 212 days (30 June 2020: 196 days).

Net cash flows used in operating activities were US$16 million for the year ended 31 December 2020, compared to net cash flows generated from operating activities of US$238 million for the year ended 31 December 2019. This change reflected the decline in Business Performance EBITDA for the year ended 31 December 2020 compared to the year ended 31 December 2019, and a working capital outflow of US$160 million for the year ended 31 December 2020. The Group's net working capital outflow for the year ended 31 December 2020 was primarily due to outflows of US$309 million, reflecting a decrease in trade and other payables and contract liabilities, and US$369 million, reflecting a decrease in accrued contract expenses (largely due to higher payment milestones relating to vendors and subcontractors achieved during the period in the E&C operating segment), which more than offset inflows of US$122 million, reflecting a decrease in trade and other receivables, and US$409 million, reflecting a decrease in contract assets. Net income taxes paid decreased from US$133 million for the year ended 31 December 2019 to US$74 million for the year ended 31 December 2020.

Net cash flows generated from operating activities were US$238 million for the year ended 31 December 2019, compared to US$553 million for the year ended 31 December 2018. This decrease of US$315 million, or 57%, was primarily due to a decline in EBITDA for the year ended 31 December 2019 compared to the year ended 31 December 2018, and a working capital outflow during the year ended 31 December 2019 of US$179 million (2018: US$15 million). The Group's net working capital outflow for the year ended 31 December 2019 was primarily due to an outflow of US$231 million, reflecting a decrease in contract liabilities, and an outflow of US$184 million, from an increase in contract assets (principally due to an increase in work in progress, including an increase in variation orders pending customer approval of US$106 million), which more than offset an inflow of US$161 million from an increase in trade and other payables. Net income taxes paid increased from US$104 million for the year ended 31 December 2018 to US$133 million for the year ended 31 December 2019.

Net cash flows (used in)/generated from investing activities

Net cash flows used in investing activities were US$19 million generated for the six months ended 30 June 2021, compared to US$14 million used for the six months ended 30 June 2020. This increase of US$35 million was primarily due to a moderate increase in capital expenditure in the six months ended 30 June 2021 than the six months ended 30 June 2020. In addition, the Group received proceeds from disposals of US$9 million in the six months ended 30 June 2021, which was lower than the US$13 million received in the six months ended 30 June 2020.

Net cash flows used in investing activities were US$21 million for the year ended 31 December 2020, compared to US$59 million for the year ended 31 December 2019. This decrease of US$38 million, or 64%, was primarily due to a decrease in purchases of property, plant and equipment, from US$62 million for the year ended 31 December 2019, including in relation to oil and gas assets in IES, to US$33 million for the year ended 31 December 2020, primarily in relation to additions to oil and gas assets in IES, and cash outflows of US$21 million in relation to the Group's acquisition of W&W Energy Services Inc. during the year ended 31 December 2019. These decreases in cash flows used in investing activities were partially offset by an increase in proceeds from disposal of subsidiaries, including receipt against contingent consideration, from US$12 million for the year ended 31 December 2019 to US$31 million for the year ended 31 December 2020, as a result of completing the disposal of Group's operations in Mexico.

Net cash flows used in investing activities were US$59 million for the year ended 31 December 2019, compared to net cash flowed generated from investing activities of US$213 million for the year ended 31 December 2018. This change was primarily due to the Group's receipt of cash proceeds of US$152 million from its disposals of property, plant and equipment and US$130 million from its divestments of subsidiaries for the year ended 31 December 2018, compared to cash disposal proceeds of US$12 million for the year ended 31 December 2019. Disposal activities for the year ended 31 December 2018 included the sale of the Group's interest in the Petrofac JSD6000 installation vessel, the Greater Stella Area development, the Chergui gas concession, and a 49% stake in IES operations in Mexico (including the Santuario PSC and Magallanes and Arenque PECs). In addition, the Group's cash expenditure on payments for intangible assets increased from US$8 million for the year ended 31 December 2018 to US$30 million for the year ended 31 December 2019, primarily in relation to investment in the development and implementation of Group-wide cloud-based ERP and digital systems, and cash expenditure in relation to acquisition activity was US$21 million for the year ended 31 December 2019, as a result of the W&W Energy Services Inc. acquisition (2018: nil). These changes were partially offset by the decrease in cash outflows from the purchase of property, plant and equipment, which decreased from US$90 million for the year ended 31 December 2018, primarily in relation to reduced capital expenditure associated with Group's oil and gas assets in Malaysia and Mexico, to US$62 million for the year ended 31 December 2018.

Net cash flows generated from/(used in) financing activities

Net cash flows generated from financing activities were US$109 million for the six months ended 30 June 2021, compared to US$116 million used in financing activities for the six months ended 30 June 2020. This change was primarily due to the increase in the Group's borrowings from US$471 million in the six months ended 30 June 2020 to US$567 million during the six months ended 30 June 2021, as a result of the issuance of £300 million in commercial paper under the CCFF in February 2021, which was partially offset by lower drawings under the Existing Revolving Credit Facility in the six months ended 30 June 2021 than in the six months ended 30 June 2020. This change also reflected a decrease in repayment of interest-bearing loans, borrowings and lease liabilities from US$556 million in the six months ended 30 June 2020 to US$447 million during the six months ended 30 June 2021, as a result of reduced interest and share repurchase payments, and lower levels of repayments of amounts drawn under the Existing Revolving Credit Facility, in the six months ended 30 June 2021 than in the six months ended 30 June 2020.

Net cash flows used in financing activities were US$242 million for the year ended 31 December 2020, compared to net cash flows generated from financing activities of US$30 million for the year ended 31 December 2019. In the year ended 31 December 2020, key factors affecting the Group's net cash used in financing activities included repayment of borrowings under the Existing Revolving Credit Facility, which reduced its balance outstanding by US$95 million, in addition to net repayments of US$50 million outstanding term loan balances and US$50 million in lease obligations, partially offset by new term loan borrowings of US$100 million. In the year ended 31 December 2019, key factors affecting the Group's net cash generated from in financing activities included net drawings under the Existing Revolving Credit Facility of US$520 million, partially offset by repayment of US$125 million in term loan borrowings and US$115 million repayment of funding from the Export Credit Agency.

Net cash flows generated from financing activities were US$30 million for the year ended 31 December 2019, compared to net cash flows used in financing activities of US$992 million for the year ended 31 December 2018. In the year ended 31 December 2018, key factors affecting the Group's net cash used in financing activities which primarily reflected repayment of US$677 million of senior notes outstanding in October 2018 and net repayments of US$475 million under its Existing Revolving Credit Facilities, partially offset by new term loans of US$225 million.

Indebtedness

Interest-bearing loans and borrowings

As of 30 June 2021, Petrofac had US$904 million of total interest-bearing loans and borrowings after debt acquisition costs, net of accumulated amortisation and effective interest rate adjustments. The following table sets forth a breakdown of the Group's interest-bearing loans and borrowings as at the dates indicated:

	Six months ended 30 June		**Year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)	*(unaudited)*	*(US$ millions)*		
Non-current					
Existing Revolving Credit Facility	—	614	—	600	80
Term loans	50	150	50	—	300
	50	**764**	**50**	**600**	**380**
Less					
Debt acquisition costs net of accumulated amortisation and effective interest	—	—	—	(1)	(4)
Total non-current	**50**	**764**	**50**	**599**	**376**
Current					
Export credit agency funding	—	—	—	—	115
Existing Revolving Credit Facility	350	—	505	—	—
Term loans	90	75	200	300	125
Bank overdrafts	8	51	45	111	21
	862	**126**	**750**	**411**	**261**
Less					
Debt acquisition costs net of accumulated amortisation and effective interest	(8)	—	—	—	(1)
Total current	**854**	**126**	**750**	**411**	**260**
Total	**904**	**890**	**800**	**1,010**	**636**

Bank overdrafts

Bank overdrafts are drawn down in US dollars and sterling denominations to meet Petrofac's working capital requirements and are repayable on demand.

Term loans

As at 30 June 2021, the Group had in place two bilateral term loans, namely the Existing ADCB Term Loan Facility and the Existing RAK Term Loan Facility, with a combined total of US$140 million (31 December 2020: three bilateral term loans with a combined total of US$250 million). As at 30 June 2021, US$140 million was drawn under these term loans, as follows:

	Loan Size	Amount Drawn	Maturity Date
Existing ADCB Term Loan Facility	US$90m	US$90m	April 2022
Existing RAK Term Loan Facility	US$50m	US$50m	Oct. 2023
Term Loans	**US$140m**	**US$140m**	

The financial covenants under these term loans are the same as in the Existing Revolving Credit Facility. See Part X: "*Additional Information—Material Contracts—Existing Revolving Credit Facility*".

Commercial paper under CCFF

On 1 February 2021, the Company issued £300 million (United States dollar equivalent of US$409 million) in commercial paper under the UK Government's COVID Corporate Financing Facility (the "**CCFF**"), which is available for general corporate purposes. The Group's borrowings under the CCFF are due for repayment on 31 January 2022. The Company intends to repay the amount outstanding under this programme in connection with the Refinancing Plan. See Part X: "*Additional Information—Material Contracts*".

Existing Revolving Credit Facility

The Company has a US$610 million committed revolving credit facility originally dated 11 September 2012, as amended and amended and restated from time to time (the "**Existing Revolving Credit Facility**") with a syndicate of international banks, which is available for general corporate purposes, subject to certain exclusions. The Existing Revolving Credit Facility is due to mature in June 2022, subject to the extension option. See Part X: "*Additional Information—Material Contracts—Existing Revolving Credit Facility*".

As at 30 June 2021, US$350 million was drawn under the Existing Revolving Credit Facility. The Company intends to repay all amounts outstanding under the Existing Revolving Credit Facility in connection with the Refinancing Plan.

The Refinancing Plan

In connection with the Capital Raise, the Group is implementing the Refinancing Plan, as described in paragraph 2.2 of Part II: "*Letter from the Chairman of Petrofac Limited*" and "*Material Contracts*" for key components of the Refinancing Plan including the New Revolving Credit Facility and the Bridge Facility, each as discussed below. The Group will also enter into the New ADCB Facility, repay the Existing ADCB Term Loan Facility and enter into the Amended RAK Facility.

New Revolving Credit Facility

The Company has entered into a US$180 million committed revolving credit facility dated 26 October 2021 with a syndicate of international banks, which is available for the general corporate purposes of the Group (the "**New Revolving Credit Facility**"). The New Revolving Credit Facility is due to mature on the date falling 24 months after the date of entry into the New Revolving Credit Facility Agreement, subject to two extension options exercisable by the Company to extend the maturity date by six months or twelve months, to a maximum maturity date of the date falling 36 months after the date of the New Revolving Facility Credit Agreement (in each case, at each individual lender's discretion). The original lenders under the New Revolving Credit Facility are JPMorgan Chase Bank, N.A., London Branch, Goldman Sachs Bank USA, First Abu Dhabi Bank PJSC and National Westminster Bank Plc and the Agent under the New Revolving Credit Facility is National Westminster Bank Plc.

The Company is the borrower under the New Revolving Credit Facility. In addition, wholly owned subsidiaries of the Company may accede to the New Revolving Credit Facility as additional borrowers or guarantors, subject to satisfaction of certain conditions.

The Company will provide a limited and capped cost-cover to one or more of the initial lenders under its New Revolving Credit Facility in respect of certain costs they may incur in the future relating to their lending commitments. The Company's expectation is that it will not incur significant costs under this clause, and that any costs it does incur would be around US$3 million to US$5 million, although it is possible that such costs may be higher or lower. To the extent that there are any costs associated with these arrangements, they would be payable no earlier than June 2022.

As described in Part X: "*Additional Information*", certain members of the Group will be guarantors under the New Revolving Credit Facility, and the Company and certain members of the Group will grant security over certain assets in favour of the common Security Agent within 60 days of the Guarantee Effective Date.

New ADCB Facility

The Company has a AED185 million secured term loan dated 26 October 2021 with Abu Dhabi Commercial Bank P.J.S.C. as lender for the general corporate purposes of the Group. The New ADCB Facility is due to mature on the date falling 24 months after its utilisation date, subject to two extension options exercisable by the Company to extend the termination date by six months on two occasions (in each case, at the lender's discretion).

The Company is the borrower under the New ADCB Facility. In addition, wholly owned subsidiaries of the Company may accede to the New ADCB Facility as additional guarantors, subject to satisfaction of certain conditions.

Amended RAK Facility

In connection with the Refinancing Plan, the Company has agreed that the Existing RAK Term Loan Facility will be amended to, among other things, benefit from the same guarantees and security as the New Revolving Credit Facility pursuant to an amendment agreement dated 26 October, 2021 (as amended, the "**Amended RAK Facility**"). The amendment agreement to the Existing RAK Term Loan Facility, as described in Part X: "*Additional Information*", does not purport to fundamentally alter the terms of the Existing RAK Term Loan Facility.

Bridge Facility

The Company has entered into a US$500 million bridge facility dated 26 October 2021 (the "**Bridge Facility**") to help fund the Refinancing Plan. It is intended that either (i) the Bridge Facility will be drawn in connection with the Refinancing Plan and repaid from the proceeds of an issuance of public bonds prior to its maturity or (ii) the Bridge Facility will not be drawn and instead will be replaced and terminated upon completion of a proposed issuance of public bonds. The Bridge Facility is due to mature on the date falling 12 months after the date of the Bridge Facility, with an option (at the Company's election, and without requiring the lenders' consent but subject to satisfaction of customary conditions) to extend the maturity by six months. The original lender under the Bridge Facility is Goldman Sachs Bank USA. The Company is the borrower under the Bridge Facility. The Bridge Facility is guaranteed by the same entities as guarantee the New Revolving Credit Facility and is secured, as described in Part X: "*Additional Information*". In addition, wholly owned subsidiaries of the Company may accede to the Bridge Facility as additional borrowers or guarantors subject to satisfaction of certain conditions.

Proposed Bond Offering

The Company launched the Proposed Bond Offering on 26 October 2021, with an aim to raise gross proceeds of US$500 million. The notes proposed to be offered are senior, secured obligations of the Company and will be guaranteed by Petrofac International Ltd, Petrofac International (UAE) LLC, Petrofac (Malaysia – PM 304) Limited and Petrofac Facilities Management Limited.

If the Company proceeds with the Proposed Bond Offering, it would expect to enter into an indenture governing the terms of the notes, which would contain covenants that, among other things, limit the ability of the Company and its subsidiaries to incur additional debt and issue guarantees and preferred stock, make certain payments, including dividends and other distributions, with respect to outstanding share capital, make certain investments or loans, including participating in joint ventures, repay or redeem subordinated debt or share capital, create or incur certain liens, impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Company, sell, lease or transfer certain assets, including shares of any of the Company's restricted subsidiaries, guarantee certain types of our other indebtedness without also guaranteeing the notes, impair the security interests created for the benefit of the holders of the notes, effect a merger or consolidation of, or sell, all or substantially all of our assets or all of the assets of certain companies within the Group, and enter into certain transactions with affiliates.

If the Company proceeds with the Proposed Bond Offering, many of the covenants expected to be contained in the indenture will be suspended if the notes are rated investment grade by at least two of Standard & Poor's Ratings Service, Moody's Investors Services, Inc. and Fitch Ratings Inc. The indenture is expected to be governed by New York law.

If the Group is unable to complete the Proposed Bond Offering on acceptable terms, it will continue to monitor market conditions and would expect, prior to 26 October 2023, to make one or more further attempts to complete a public bond offering in order to repay the balance of the Bridge Facility then outstanding. See "*Risk Factors—The Group faces risk arising from refinancing the Bridge Facility*".

Capital Expenditure

Historical capital expenditure

During the six months ended 30 June 2021 and 2020, Petrofac made balance sheet capital expenditures of US$60 million and US$30 million, respectively. For the same periods, capital expenditures on a cash basis were US$29 million and US$26 million, respectively.

During the years ended 31 December 2020, 2019 and 2018, Petrofac made balance sheet capital expenditures of US$58 million, US$84 million and US$71 million, respectively. For the same periods, capital expenditures on a cash basis were US$57 million, US$92 million and US$98 million, respectively.

The following table sets forth the breakdown of the Group's balance sheet capital expenditure by operating segment for the six months ended 30 June 2021 and 2020:

	Six months ended 30 June					
	2021			2020		
	Property Plant and Equipment	Intangible Assets	Total	Property Plant and Equipment	Intangible Assets	Total
	(unaudited) *(US$ millions)*					
E&C	1	—	**1**	2	—	**2**
EPS	3	—	**3**	3	3	**6**
IES	47	—	**47**	10	—	**10**
Corporate and others	—	9	**9**	—	12	**12**
Total	**51**	**9**	**60**	**15**	**15**	**30**

The following table sets forth the breakdown of balance sheet capital expenditure by operating segment for the years ended 31 December 2020, 2019 and 2018:

	Year Ended 31 December								
	2020			2019			2018		
	Property Plant and Equipment	Intangible Assets	Total	Property Plant and Equipment	Intangible Assets	Total	Property Plant and Equipment	Intangible Assets	Total
	(US$ millions)								
E&C	2	—	2	19	—	19	14	—	14
EPS	5	—	5	4	—	4	3	—	3
IES	26	—	26	27	—	27	43	—	43
Corporate and others	2	23	25	3	31	34	4	7	11
Consolidation adjustments and eliminations	—	—	—	—	—	—	—	—	—
Total	35	23	58	53	31	84	64	7	71

The following table sets forth the breakdown of consolidated capital expenditure on a cash basis for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)				
			(US$ millions)		
Purchase of property plant and equipment	19	14	33	62	90
Payments for intangible oil and gas assets	10	12	24	30	8
Total	29	26	57	92	98

For details of the Group's capital expenditure see "*—Cash Flows—Net Cash Flows Used in Investing Activities*".

Planned capital expenditure

Petrofac expect a capital outlay of approximately US$0.1 billion over the next three years on both a balance sheet and a cash basis, which is primarily related to the development of the Block PM304 in Malaysia's offshore Cendor within IES.

Contractual Obligations and Contingent Liabilities

Contractual obligations

Leases

The Group is party to lease contracts for various items of property, plant and equipment. As at 31 December 2020, the Group's total lease liabilities recognised within the other financial liabilities line item of the consolidated balance sheet were US$313 million (2019: US$438 million), which included US$253 million (2019: US$370 million) of right-of-use assets relating to Block PM304 in Malaysia presented at 100% (which is necessary to reflect the legal position of the Group as the contracting entity for these leases). Future lease payments in respect of leases for property, plant and equipment as at 31 December 2020 are set out in Note 30 to the 2020 Audited Consolidated Financial Statements.

Capital commitments

As of 31 December 2020, the Group had capital commitments of US$15 million as follows: US$3 million for further appraisal and development of wells as part of Block PM304 in Malaysia (31 December 2019: US$22 million); and US$12 million for costs in respect of development of the Group's cloud-based enterprise resource planning, digital systems and other information technology equipment (31 December 2019: US$12 million).

Contingent liabilities

As described in Part IV: "*Business Overview*", one of the Group's subsidiaries, PFML, is subject to an ongoing challenge by HMRC on the historical application of NICs to workers in the UK Continental Shelf. In October 2020, a decision was issued by HMRC against PFML in relation to this matter. PFML has appealed against the decision, and no payment has been made to HMRC pending the outcome of the appeal, which is expected in the fourth quarter of 2022 or the first quarter of 2023. The maximum potential exposure to PFML in relation to this matter should it be unsuccessful in defending its position is approximately US$170 million (including interest, to date).

Off-balance sheet arrangements

Other than as disclosed above in this section in "*—Contractual Obligations and Contingent Liabilities*", as of 30 June 2021, the Group had no other off-balance sheet arrangements that could have a material adverse effect on its results of operations and financial position.

Significant Accounting Policies

Petrofac's significant accounting policies used in preparing the Financial Statements are set out below. Such policies involve a high degree of judgement and complexity that could materially impact its Financial

Statements if various estimates and assumptions were changed significantly. More details of the Group's accounting policies can be found in Note 2 to the 2020 Audited Consolidated Financial Statements.

Judgements

In the process of applying Petrofac's accounting policies, Senior Management has made a number of judgements, apart from those involving estimations, having a significant effect on the amounts recognised in the Financial Statements. These include judgments related to revenue recognition, contingent liabilities and provisions, classification of assets held for sale and presenting discontinued operations, and preparation of the parent and consolidated financial statements on a going concern basis. Further detail on these judgments can be found in Note 2 to the 2020 Audited Consolidated Financial Statements.

Estimation uncertainty

The outbreak of the COVID-19 pandemic and the associated economic slowdown could have an impact on Group's financial performance, financial position, cash flows and prospects as a result of a sharp fall in oil prices and lower demand for oil and gas services in the next 12 months. The Group's key assumptions concerning the future and other key sources of estimation uncertainty as at 31 December 2020 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period include (i) fixed-price engineering, procurement and construction contracts, including recognition of assessed variation orders pending customer approval, liquidated damages, and estimated costs at completion; (ii) income tax and deferred tax, including audits and assessments and deferred tax assets; and (iii) fair value measurement of contingent and deferred consideration, including contingent consideration amounts receivable on disposals and the recoverable amounts on the Block PM304 oil and gas asset in Malaysia. Further detail on these items can be found in Note 2 to the 2020 Audited Consolidated Financial Statements.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group applies specific recognition criteria for revenue earned from its reporting segments as described in Note 2 to the 2020 Audited Consolidated Financial Statements.

Intangible assets—non oil and gas assets

Intangible assets acquired in a business combination are initially measured at cost, being their fair values at the date of acquisition, and are recognised separately from goodwill where the asset is separable or arises from a contractual or other legal right and its fair value can be measured reliably. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment charges.

Intangible assets with a finite life are amortised over their useful economic life using a straight-line method unless a better method reflecting the pattern in which the asset's future economic benefits are expected to be consumed can be determined. The amortisation charge for intangible assets is included in the cost of sales or selling, general and administration expenses line items of the consolidated income statement. The expected useful lives of assets are reviewed on an annual basis. Intangible assets are tested for impairment whenever there is an indication that the asset may be impaired.

Oil and gas intangible assets

Evaluation expenditures

Expenditure directly associated with evaluation (or appraisal) activities is capitalised as an intangible oil and gas asset. Such costs include the costs of acquiring an interest, appraisal well drilling costs, payments to contractors and an appropriate share of directly attributable overheads incurred during the evaluation phase. For such appraisal activity, which may require drilling of further wells, costs continue to be recognised as an asset while related hydrocarbons are considered capable of commercial development. Such costs are subject to technical, commercial and management review to confirm the continued intent to develop, or otherwise extract value. When this is no longer the case, an impairment of the costs capitalised as an intangible is recognised in the consolidated income statement. When such assets are declared part of a commercial development, related costs are transferred to property, plant and equipment. All intangible oil and gas assets are assessed for any impairment prior to transfer and any impairment charge is recognised in the consolidated income statement.

Development expenditures

Expenditure relating to development of assets which include the construction, installation and completion of infrastructure facilities such as platforms, pipelines and development wells, is capitalised within property, plant and equipment as oil and gas facilities. Expenditures relating to the drilling and completion of production wells are capitalised within property, plant and equipment as oil and gas assets.

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively in accordance with the treatment of changes in accounting estimates, not by immediate adjustment of prior years' amounts.

Decommissioning

Provision for future decommissioning costs is made in full when Petrofac has an obligation to dismantle and remove a facility or a piece of equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit-of-production basis over proven and probable reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the oil and gas asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in the consolidated income statement.

Impairment of assets (excluding goodwill)

At each statement of financial position date, Petrofac reviews the carrying amounts of its tangible and intangible assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, Petrofac makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is based on the risk-adjusted discounted cash flow models and includes value attributable to contingent resources. A post-tax discount rate is used in such calculations.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Fixed-price engineering, procurement and construction contracts are presented in the consolidated balance sheet as follows: for each contract, the revenue recognised at the contract's measure of progress using the input method, after deducting progress payments received or amounts receivable from the customers, is presented within the contract assets line item in the consolidated balance sheet as work in progress. The amounts recognised as work in progress are adjusted for any expected credit loss allowance considering the probability of default of the counter party. The probability of default data for the counter party is estimated with input from a third-party provider.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Fixed-price engineering, procurement and construction contracts are presented in the consolidated balance sheet as follows: where the payments received or receivable for any contract exceed revenue recognised, the excess is presented within the contract liabilities line item in the consolidated balance sheet as billings in excess of cost and estimated earnings.

Income taxes

Income tax expense represents the sum of current income tax and deferred tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to taxation authorities. Taxable profit differs from profit as reported in the consolidated income statement because taxable profit excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Petrofac's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences at the statement of financial position date between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date.

Current and deferred income tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to respectively, other comprehensive income or equity. Otherwise, income tax is recognised in the consolidated income statement.

Quantitative and Qualitative Disclosure about Market Risk

Petrofac's Audit Committee approves and monitors the risk management processes of the Group, including documented treasury policies, counterparty limits and controlling and reporting structures.

Petrofac's principal financial assets and liabilities, other than derivatives, comprise available-for-sale financial assets, trade and other receivables, amounts due from/to related parties, cash and short-term deposits, work-in-progress, interest-bearing loans and borrowings, trade and other payables and contingent consideration. Petrofac's activities expose it to various financial risks particularly associated with interest rate risk on its variable rate cash and short-term deposits, loans and borrowings (including new financing arrangements comprising the components of the Refinancing Plan, which include the New Revolving Credit Facility, the New ADCB Facility, the Amended RAK Facility and the Bridge Facility) and foreign currency risk on both conducting business in currencies other than its reporting currency, as well as translation of the assets and liabilities of foreign operations into its reporting currency. Petrofac also has exposure to commodity price risk on its revenue and profits generated from sales of crude oil and gas. These risks are managed from time to time by using a combination of various derivative instruments, principally forward currency contracts in line with Petrofac's hedging policies. Petrofac has a policy not to enter into speculative trading of financial derivatives. There can be no assurance that Petrofac will, or will be able to, hedge its full exposure, or that its hedging transactions will be effective.

The other main risks besides interest rate, foreign currency risk and commodity price risk arising from Petrofac's financial instruments are credit risk and liquidity risk and the policies relating to these risks are discussed in detail in Note 34 to the 2020 Audited Consolidated Financial Statements.

PART VI – FINANCIAL STATEMENTS

The Group's 2020 Audited Consolidated Financial Statements, 2019 Audited Consolidated Financial Statements and 2018 Audited Consolidated Financial Statements are incorporated into this document by reference to the 2020 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2018 Annual Report and Accounts. The Group's interim financial statements as at and for the six-month period ended 30 June 2021, and comparative information as at and for the six months ended 30 June 2020, are incorporated into this document by reference to the 2021 Unaudited Interim Consolidated Financial Statements.

PART VII – CAPITALISATION AND INDEBTEDNESS

Capitalisation

The following table, which is extracted from the Company's internal management records as at 31 August 2021, sets out the capitalisation of Petrofac as at 31 August 2021:

Capitalisation	**As at 31 August 2021**
	(unaudited) *(US$ millions)*
Share capital	7
Share premium	4
Other reserves[1]	54
Total capitalisation[2][3]	**65**

Notes:

(1) Other reserves comprise capital redemption reserve, share-based payments, net realised gains and losses on derivatives and translation reserve. The balance shown as at 31 August 2021 excludes balances in relation to the Group's Employee Benefit Trust ("EBT") of US$72 million as at that date.

(2) Total capitalisation excludes accumulated gains.

(3) There has been no material change to the capitalisation of Petrofac since 31 August 2021.

Indebtedness

The following table, which is extracted from the Company's internal management records, sets out the Group's current and non-current debt as at 31 August 2021:

	As at 31 August 2021
	(unaudited) *(US$ millions)*
Total current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured[1]	**1,015**
Total current indebtedness	**1,015**
Total non-current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured[2]	154
Total non-current indebtedness	**154**
Total gross indebtedness[2]	**1,169**

Notes:

(1) The Group holds various committed facilities which are guaranteed by material subsidiaries within the Petrofac Group. The facilities held by the Group as at 31 August 2021 with maturities coming due within the next 12 months are the Existing Revolving Credit Facility (US$491 million drawn down as at 31 August 2021) and the Existing ADCB Term Loan Facility (US$90 million drawn down as at 31 August 2021) The Group also has £300 million (US$408 million translated at 31 August 2021 exchange rates) in borrowings pursuant to the CCFF and US$31 million in borrowings pursuant to a bank overdraft. The Group's current unguaranteed/unsecured debt balance reflects US$6 million in debt acquisition costs. The Group's current lease liabilities as at 31 August 2021 were US$31 million.

(2) The borrowings utilised by the Group as at 31 August 2021 with maturities due beyond 12 months comprise the Existing RAK Term Loan Facility (US$50 million drawn down as at 31 August 2021). The Group's non-current lease liabilities as at 31 August 2021 were US$104 million.

(3) Total gross indebtedness excludes finance leases and capitalised interest costs.

The following table, which is extracted from the Company's internal management records, sets out the Group's net financial indebtedness as at 31 August 2021:

	As at 31 August 2021
	(unaudited)
	(US$ millions)
A. Cash[1]	647
B. Cash equivalents	—
C. Other current financial assets	—
D. Liquidity (A + B + C)	647
E. Current bank debt	(984)
F. Current portion of non-current debt	—
G. Current financial debt (E + F)	**(984)**
H. Net current financial indebtedness (G - D)	**(337)**
I. Non-current bank loans financial debt	(50)
J. Debt instruments	—
K. Non-current trade and other payables	—
L. Non-current financial indebtedness (I + J + K)	**(50)**
M. Net financial indebtedness[3]	**(387)**

Note:

(1) Includes drawn overdraft of US$31 million. Cash and cash equivalents does not reflect the use of available cash in connection with the Refinancing Plan. See "*Unaudited Pro Forma Financial Information*" for information regarding the impact of the Refinancing Plan on cash and cash equivalents. In addition, cash and cash equivalents included amounts totalling US$66 million as at 31 August 2021 held by the Group undertakings in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. Cash and cash equivalents also included US$363 million as at 31 August 2021 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.

There has been no material change to the Group's total indebtedness or to the Group's total capitalisation since 31 August 2021, other than drawings under the Group's Existing Revolving Credit Facility of US$141 million between 30 June 2021 and that date. As at 30 September 2021, the amount drawn under the Existing Revolving Credit Facility was US$546 million.

PART VIII—UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

SECTION A—UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The unaudited *pro forma* net assets of Petrofac Limited set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Capital Raise and implementation of the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, on the net assets of Petrofac Limited as at 30 June 2021 as if they had taken place at that date.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and illustrates the impact of the Capital Raise and implementation of the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO Fine, as if they had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the *pro forma* financial information may differ from Petrofac Limited's actual financial position or results.

The *pro forma* financial information is based on the consolidated net assets of Petrofac Limited as at 30 June 2021, set out in the 2021 Unaudited Interim Consolidated Financial Statements.

The unaudited *pro forma* statement of net assets has been prepared in accordance with the requirements of Sections 1 and 2 of Annex 20 of the Prospectus Delegated Regulation. Shareholders should read the whole of this document and not rely solely on the unaudited financial information in this Part VIII. Ernst & Young LLP's report on the unaudited *pro forma* financial information is set out in Section B of this Part VIII.

The unaudited *pro forma* information has not been prepared, and shall not be construed as prepared, in accordance with Article 11 of Regulation S-X under the Securities Act. In addition, the unaudited *pro forma* financial information does not purport to represent what Petrofac Limited's financial position and results of operations actually would have been if the Capital Raise and the Refinancing Plan had been completed on the date indicated, nor does it purport to represent the results of operations for any future period or the financial condition at any future date.

Unaudited *Pro Forma* Net Assets Statement at 30 June 2021

	Group as at 30 June 2021(1)	Adjustment for Capital Raise(2)	Adjustment for Remainder of Refinancing Plan(3)	*Pro forma* as at 30 June 2021
		(US$ millions) *(unaudited)*		
Non-current assets				
Property, plant and equipment	308	—	—	308
Goodwill	101	—	—	101
Intangible assets	77	—	—	77
Investments in associates and joint ventures	35	—	—	35
Other financial assets	228	—	—	228
Deferred consideration	55	—	—	55
Deferred tax assets	68	—	—	68
Total non-current assets	**872**	**—**	**—**	**872**
Current assets				
Inventories	10	—	—	10
Trade and other receivables	930	—	—	930
Contract assets	1,663	—	—	1,663
Related party receivables	5	—	—	5
Other financial assets	142	—	—	142
Income tax receivable	17	—	—	17
Cash and short-term deposits	716	259	(458)	517
Total current assets	**3,483**	**259**	**(458)**	**3,284**
Total assets	**4,355**	**259**	**(458)**	**4,156**
Non-current liabilities				
Interest-bearing loans and borrowings	50	—	510	560
Other financial liabilities	217	—	—	217
Provisions	158	—	—	158
Deferred tax liabilities	38	—	—	38
Total non-current liabilities	**463**	**—**	**510**	**973**
Current liabilities				
Trade and other payables	1,164	—	(106)	1,058
Contract liabilities	151	—	—	151
Interest-bearing loans and borrowings	854	—	(854)	—
Other financial liabilities	97	—	—	97
Income tax payable	185	—	—	185
Accrued contract expenses	1,017	—	—	1,017
Provisions	58	—	—	58
Total current liabilities	**3,526**	**—**	**(960)**	**2,566**
Total liabilities	**3,989**	**—**	**(450)**	**3,539**
Net assets	**366**	**259**	**(8)**	**617**

Notes:

(1) The net assets of the Group at 30 June 2021 have been extracted without material adjustment from the 2021 Unaudited Interim Consolidated Financial Statements, incorporated by reference in Part XI: "*Information Incorporated by Reference*" of this document.

(2) The adjustments to reflect the impact of the Capital Raise with gross proceeds of £200 million (US$275 million) and fees, including VAT of £12 million (US$16 million).

(3) The adjustments to reflect the remainder of the Refinancing Plan include:

- A decrease in cash and short-term deposits of US$458 million, reflecting (i) an increase in cash and short-term deposits of US$500 million in proceeds from the Bridge Facility and US$50 million in proceeds from the New ADCB Facility, and (ii) a decrease in cash and short-term deposits of US$350 million from repayment of US$350 million drawn under the Existing Revolving Credit Facility, US$414 million from repayment of the CCFF, US$106 million from payment of the SFO Fine (which will take place in January and February 2022), US$90 million from repayment of the Existing ADCB Term Loan Facility, payment of US$40 million in fees and expenses incurred in connection with the refinancing plan (other than the Capital Raise), including structuring and related fees, and repayment of US$8 million on an existing overdraft facility.
- An increase in non-current interest-bearing loans and borrowings of US$510 million, which comprises (i) US$500 million in proceeds from the Bridge Facility, (ii) US$50 million in proceeds from the New ADCB Facility and (iii) US$40 million in fees and expenses incurred in connection with the Refinancing Plan (other than the Capital Raise), including structuring and related fees. No adjustment has been made to reflect funding fees incurred under the Bridge Facility of up to US$6.3 million, as the Group currently expects to refinance the Bridge Facility by way of a public bond before 30 days or replace this Bridge Facility prior to it being drawn down with a public bond.
- A decrease in trade and other payables of US$106 million, in connection with payment of the SFO Fine (which will take place in January and February 2022).
- A decrease in current interest-bearing loans and borrowings of US$854 million, in connection with (i) repayment of US$350 million drawn under the Existing Revolving Credit Facility, US$414 million in borrowings under the CCFF, US$90 million in borrowings under the Existing ADCB Term Loan Facility and of US$8 million on an existing overdraft facility, and (ii) write-off of US$8 million in debt acquisition costs (income statement charge).

No account has been taken of the trading of the Group since 30 June 2021. Since 30 June 2021, the Group has drawn additional amounts under the Existing Revolving Credit Facility of US$196 million (30 September 2021: US$546 million drawn).

SECTION B—ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The Directors
Petrofac Limited
44 Esplanade
St Helier, Jersey
JE4 9WG

26 October 2021

Dear Sirs / Madams

Petrofac Limited (the "Company")

We report on the *pro forma* financial information (the "*Pro Forma* Financial Information") set out in Part VIII of the Prospectus dated 26 October 2021.

This report is required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Prospectus.

Opinion

In our opinion:

- the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the *Pro Forma* Financial Information in accordance with Sections 1 and 2 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Preparation

The *Pro Forma* Financial Information has been prepared on the basis described in the notes to the *Pro Forma* Financial Information, for illustrative purposes only, to provide information about how the Capital Raise and implementation of the Refinancing Plan, including repayment of existing indebtedness, as well as payment of the SFO fine, might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ending 31 December 2021.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young LLP

PART IX—TAXATION

1 UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of subscribing for, holding or disposing of New Shares. Prospective subscribers of New Shares are advised to consult their own professional advisers concerning the tax consequences of the acquisition, ownership and disposition of such shares or rights. The following statements are based on current UK tax legislation as applied in England and Wales and the current published practice of HMRC (which may not be binding on HMRC) in each case as at the latest practicable date before the date of this document, both of which are subject to change at any time, possibly with retroactive effect. They apply only to Shareholders and Placees who are resident, and in the case of individuals domiciled or deemed domiciled, for tax purposes in (and only in) the United Kingdom and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or a self-invested personal pension) and who are, or are treated as, the absolute beneficial owners of both their Shares and any dividends paid on them. The tax position of certain categories of Shareholders or Placees who are subject to special rules (such as persons subscribing for their New Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Prospective subscribers of New Shares who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

1.1 Taxation of Chargeable Gains

1.1.1 UK tax resident Shareholders

(a) New Shares subscribed for pursuant to the Firm Placing

The issue of Firm Placing Shares to Firm Placees pursuant to the Firm Placing will not constitute a reorganisation of Petrofac's share capital for the purposes of the UK taxation of chargeable gains ("**CGT**"). Accordingly, any acquisition of Firm Placing Shares by a Firm Placee pursuant to the Firm Placing will be treated as a separate acquisition of Shares.

(b) New Shares subscribed for pursuant to the Placing

The issue of Open Offer Shares to Conditional Placees pursuant to the Placing will not constitute a reorganisation of Petrofac's share capital for the purposes of CGT and, accordingly, any acquisition of Open Offer Shares by a Conditional Placee pursuant to the Placing will be treated as a separate acquisition of Shares.

(c) New Shares subscribed for pursuant to the Open Offer

As a matter of UK tax law, the acquisition of Open Offer Shares pursuant to the Open Offer may not strictly speaking constitute a reorganisation of share capital for the purposes of CGT. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares is regarded as a reorganisation of Petrofac's share capital for the purposes of CGT, a Qualifying Shareholder should not be treated as making a disposal of any part of that Qualifying Shareholder's Existing Holding by reason of taking up all or part of his or her or her Open Offer Entitlement. The Open Offer Shares issued to a Qualifying Shareholder will be treated as the same asset as, and having been subscribed for at the same time as, the Qualifying Shareholder's Existing Holding. The amount of subscription monies paid for the Open Offer Shares will be added to the base cost of the Qualifying Shareholder's Existing Holding.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded as a reorganisation of Petrofac's share capital, the Open Offer Shares subscribed for by each Qualifying Shareholder under the Open Offer will, for the purposes of CGT, be treated as a separate acquisition of Shares and the price paid for those Open Offer Shares will constitute their base cost. For both corporate and individual Qualifying Shareholders, the Open Offer Shares should be pooled with the Qualifying Shareholder's Existing Holding and the share identification rules will apply on a future disposal. To the extent that the Open Offer Shares under the Open Offer are issued for less than their market value, it is possible that Qualifying Shareholders may be regarded as having made a part disposal of their Existing Holding when they take up their Open Offer Shares under the Open Offer. However, to date, the Group is not aware that HMRC have sought to tax a part disposal under such circumstances.

(d) Disposals

(i) Individual Shareholders

A disposal or deemed disposal of New Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of CGT.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his or her New Shares, are more than the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 20% (for the tax year 2021-2022) in respect of any gain arising on a disposal or deemed disposal of his or her New Shares.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his or her New Shares, are less than or equal to the Band Limit will generally be subject to capital gains tax at the flat rate of 10% (for the tax year 2021-2022) in respect of any gain arising on a disposal or deemed disposal of his or her New Shares (to the extent that, when added to the Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20% (for the tax year 2021-2022) in respect of the remainder.

No indexation allowance will be available to an individual Shareholder in respect of any disposal or deemed disposal of New Shares. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2021-2022.

(ii) Corporate Shareholders

Where a Shareholder falls within the charge to UK corporation tax, a disposal or deemed disposal of New Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax. Corporation tax is charged on chargeable gains at a current rate of 19% (due to increase to 25% with effect from 1 April 2023). It should be noted for the purposes of calculating an indexation allowance available on a disposal of New Shares that generally the expenditure incurred in subscribing for the New Shares will be treated as incurred only when the Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been subscribed for. For disposals on or after 1 January 2018, the government has frozen indexation allowance such that it will be calculated only up to and including December 2017, irrespective of the date of disposal of New Shares.

1.1.2 Non-UK tax resident Shareholders

A Shareholder who is not resident for tax purposes in the United Kingdom will not generally be subject to CGT on the disposal or deemed disposal of New Shares unless the Shareholder is carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the New Shares are used, held or subscribed for. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who is temporarily not resident in the UK may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

1.2 Taxation of Dividends

A UK resident Shareholder's liability to tax on dividends received will depend on the individual circumstances of that Shareholder:

1.2.1 UK resident individual Shareholders

With effect from the tax year beginning 6 April 2018, a UK resident individual shareholder will not be subject to income tax on a dividend such individual shareholder receives from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £2,000, which will be taxed at a nil rate (the "**Dividend Allowance**").

In determining the income tax rate or rates applicable to a UK resident individual shareholder's taxable income, dividend income is treated as the highest part of such individual shareholder's income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that a UK resident individual shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such individual shareholder's income, falls above such individual shareholder's personal allowance but below the basic rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5%. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5%. To the extent that such dividend income falls above the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1%.

The government has announced that, from April 2022, each of the rates of tax on dividend income will increase by 1.25%.

1.2.2 UK resident corporate Shareholders

A Shareholder within the charge to UK corporation tax which is a "small company" for the purposes of the UK taxation of dividends legislation will not generally be subject to UK corporation tax on dividends from the Company, provided certain conditions are met, including consideration of anti-avoidance legislation. In general, where the following conditions are met, receipts of dividends by a "small" company should not be subject to corporation tax: (i) at the time of the receipt the payer is resident in (and only in) the UK or a qualifying territory; (ii) no deduction for the payment of the dividend is allowed to a resident of a territory outside the UK under the law of that territory; (iii) the dividend is not in respect of any non-commercial or special securities; and (iv) the dividend is not made as part of a tax advantage scheme (such terms, in each case, having the meaning given to them for the purposes of the UK taxation on dividends legislation).

A Shareholder who is within the charge to UK corporation tax and who is not a "small company" for the purposes of the UK taxation of dividends legislation will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. In general, where the following other conditions are met (and the dividends fall within an exempt class), receipts of dividends by a company which is not a "small company" should not be subject to corporation tax: (a) no deduction for the payment of the dividend is allowed to a resident of a territory outside the UK under the law of that territory; and (b) the dividend is not in respect of any non-commercial or special securities (such terms, in each case, having the meaning given to them for the purposes of the UK taxation on dividends legislation). As an example, (1) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up, and (2) dividends paid to a person holding less than a 10% interest in the Company, should, in each case, generally fall within an exempt class. However, it should be noted that the exemptions are not comprehensive, their applicability will depend on a Shareholder's own circumstances and they are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own professional advisers.

1.2.3 Non-UK resident Shareholders

A shareholder resident or otherwise subject to tax outside the United Kingdom (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Each Shareholder should obtain professional advice on its own position as it will depend on its own individual circumstances.

1.3 **UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following statements are intended as a general guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident in the UK for UK tax purposes. They assume that the New Shares will not be registered in a register kept in the UK by or on behalf of the Company. The Company has confirmed that it does not intend to keep such a register in the UK.

No UK stamp duty will be payable on the issue of New Shares. In practice, UK stamp duty should generally not be required to be paid on an instrument transferring New Shares, provided that any such instrument of transfer is not executed in the UK and does not relate to any property situate, or to any matter or thing done or to be done, in the UK.

No UK SDRT will be payable on the issue of New Shares, or in respect of any agreement to transfer New Shares.

2 US Taxation

2.1 **US federal income tax considerations**

The following is a summary of certain US federal income tax consequences of the allocation, exercise and lapse of Open Offer Entitlements pursuant to the Placing and Open Offer, as well as the acquisition, ownership and disposition of New Shares pursuant to the Capital Raise. This summary deals only with US Holders (defined below) that are allocated, with respect to their Existing Shares, Open Offer Entitlements and/or that purchase New Shares in the Capital Raise at the Issue Price, hold Existing Shares, if any, as capital assets and will hold Open Offer Entitlements and New Shares as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the allocation, exercise or lapse of Open Offer Entitlements or the acquisition, ownership or disposition of New Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10% or more of the shares of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the New Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding Open Offer Entitlements or New Shares in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad, and

US holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the US dollar).

As used herein, the term "US Holder" means a beneficial owner of Open Offer Entitlements or New Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds the Open Offer Entitlements or the New Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the receipt, exercise or expiration of the Open Offer Entitlements or the acquisition, ownership and disposition of New Shares by the partnership.

Except for the discussion under "Passive Foreign Investment Company Considerations" below, this summary assumes that the Company will not be a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes, which the Company believes to be the case, The Company's possible status as a PFIC is based on a given year's financial results and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders. Further, this summary does not address the consequences to any existing shareholder who is subject to the PFIC rules as a result of the Company's status as a PFIC for a prior year during such US Holder's holding period.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the United Kingdom (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ALLOCATION, EXERCISE AND LASPE OF THE OPEN OFFER ENTITLEMENTS, AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF NEW SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

2.2 Taxation in Respect of Open Offer Entitlements

2.2.1 Allocation of Open Offer Entitlements

Based on the particular facts relating to the Open Offer Entitlements, the Company believes that the allocation of Open Offer Entitlements should be treated as a non-taxable distribution with respect to its Existing Shares.

However, the characterisation of the allocation of Open Offer Entitlements for US federal income tax purposes is not entirely free from doubt. The Company has not requested, and will not request, a ruling from the US Internal Revenue Service (the "**IRS**") with respect to any of the US federal income tax consequences described in this Part VIII, and therefore no assurance can be provided that the IRS will not disagree with or challenge the treatment of the allocation of Open Offer Entitlements described herein, or that such contrary position would not be sustained by a court. Were the distribution or allocation to be treated as a distribution of property (not including a distribution of rights or options to subscribe for and purchase New Shares), the US Holder generally would recognise dividend income equal to the fair market value, if any, of such property. US Holders are strongly urged to consult their tax advisers regarding the risk of having a taxable distribution as a result of the receipt of an Open Offer

Entitlement. The remainder of this discussion assumes that the allocation of the Open Offer Entitlements will be treated as a non-taxable distribution to a US Holder with respect to its existing Shares for US federal income tax purposes.

If, on the date of distribution, the fair market value of Open Offer Entitlements is less than 15% of the fair market value of the Existing Shares, Open Offer Entitlements will be allocated a zero tax basis unless the US Holder affirmatively elects to allocate its tax basis in its Existing Shares between such shares and Open Offer Entitlements in proportion to the relative fair market values determined on the date of distribution. This election must be made in the US Holder's timely filed US federal income tax return for the taxable year in which Open Offer Entitlements are received or allocated, in respect of all Open Offer Entitlements received by or allocated to the US Holder, and is irrevocable. US Holders should consult their own tax advisers regarding the advisability of making such an election and the specific procedures for doing so.

If, on the date of distribution, the fair market value of Open Offer Entitlements is 15% or more of the fair market value of Existing Shares, then, except as discussed below under "—*Expiration of Open Offer Entitlements*," the basis in the US Holder's Existing Shares with respect to which Open Offer Entitlements were received must be allocated between the shares and Open Offer Entitlements received or allocated in proportion to their relative fair market values determined on the date of distribution.

2.2.2 Exercise of Open Offer Entitlements

A US Holder will not recognise taxable income when it receives New Shares by taking up its Open Offer Entitlements to subscribe for and purchase New Shares. The US Holder's tax basis in the New Shares will equal its tax basis, if any, in the Open Offer Entitlements taken up plus the Offer Price paid.

A US Holder's holding period in each New Share acquired through the exercise of the Open Offer Entitlements will begin with and include the date of exercise.

2.2.3 Expiration, Lapse or Reallocation upon failure to take up Open Offer Entitlements

If a US Holder does not take up the New Shares to which it is entitled under the Open Offer Entitlements allocated to such holder, such US Holder's Open Offer Entitlements should be deemed to have no tax basis and no gain or loss will be recognised by the US Holder upon the expiration, lapse or reallocation of such US Holder's Open Offer Entitlements. Any tax basis that was allocated from Existing Shares to the Open Offer Entitlements would revert to and remain with the Existing Shares.

2.3 **Taxation in Respect of New Shares**

2.3.1 Dividends

General. Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes), generally will be taxable to a US Holder as ordinary dividend income, and will not be eligible for the dividends received deduction allowed to corporations with respect to certain dividends. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to the New Shares will be treated as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company will not be eligible for the dividend received deduction available to corporate shareholders with respect to certain dividends and will not be eligible for reduced rates applicable to non-corporate shareholders with respect to qualified dividend income.

Dividends paid in GBP will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the GBP are converted into US dollars at that time. If dividends received in GBP are converted into US dollars at that rate, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

US Holders should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the New Shares.

2.3.2 Sale or Other Disposition of New Shares

Upon a sale or other disposition of the New Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in the New Shares, in each case as determined in US dollars. US Holders should consult their own tax advisers about how to account for proceeds received on the sale or other disposition of Shares that are not paid in US dollars. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the New Shares exceeds one year. Any gain or loss generally will be US source.

2.3.3 Passive Foreign Investment Company Considerations

A foreign corporation, such as the Company, will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For this purpose, passive income generally includes, among other things and subject to various exceptions, interest, dividends, rents, royalties and gains from the disposition of assets that produce passive income. Based on the composition of the Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company has operated the Group's business and expects to operate the Group's business in the foreseeable future, the Company believe that it was not a PFIC in its most recent taxable year and does not expect to become a PFIC in its current taxable year or in the foreseeable future. If the Company is a PFIC in any year during which a US Holder owns New Shares, the US Holder generally will be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by the US Holder on the New Shares in a taxable year that are greater than 125% of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US Holder's holding period for the New Shares) and (ii) any gain realised on the sale or other disposition of New Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the US Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If the Company is a PFIC for any taxable year and any entity in which it owns or is deemed to own equity interests is also a PFIC (any such entity, a "Lower-tier PFIC"), a US Holder will be deemed to own a proportionate amount (by value) of the shares of each such Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in this paragraph on (i) certain distributions by a Lower-tier PFIC, and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the US Holder held such shares directly, even though the US Holder did not receive any proceeds of those distributions or dispositions.

Certain elections may be available that may result in alternative treatment (such as mark-to-market treatment) for the US Holder if the Company were a PFIC. US Holders should consult their tax advisers to determine the availability of, and consequences of making, such elections in the US Holders' particular circumstances.

A US Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. US Holders should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

2.3.4 Backup Withholding and Information Reporting

Payments of dividends with respect to the New Shares and the proceeds from the sale or other disposition of the New Shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. Backup withholding is not an additional tax. A U.S. Holder generally may be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner. US Holders should consult their tax advisers about these rules and any other reporting obligations arising from their investment in New Shares, including requirements related to the holding of certain "specified foreign financial assets." Failure to comply with certain reporting obligations can result in materially adverse consequences for a US Holder.

3 Jersey Taxation

The following summary of the anticipated treatment of the Company and holders of New Shares (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situate in Jersey). Prospective investors in the New Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of New Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

The Company is regarded as resident for tax purposes in Jersey and on the basis that the Company is neither a financial services company nor a utility company for the purposes of the Income Tax (Jersey) Law 1961, as amended, the Company is subject to income tax in Jersey at a rate of 0%. Dividends on New Shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax and holders of New Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such New Shares.

In Jersey, no stamp duty is levied on the issue or transfer of the New Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer New Shares on the death of a holder of such New Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of New Shares domiciled in Jersey, or situated in Jersey in respect of a holder of New Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000. Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

If you are in any doubt as to your tax position, you should consult your professional tax adviser.

PART X—ADDITIONAL INFORMATION

1 Responsibility

The Company and the Directors, whose names and principal functions are set out in paragraph 4 below, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2 Incorporation and Registered Office

The Company was incorporated and registered in Jersey on 10 January 2002, with registered number 81792, as a public company limited by shares under the Companies (Jersey) Law 1991.

The Company is domiciled in Jersey and its registered office is at 44 Esplanade, St Helier, Jersey, JE4 9WG. The Company also maintains a corporate services office at 117 Jermyn Street, London SW1Y 6HH. The Company's main telephone number is +44 (0) 207 811 4900 and its LEI is 2138004624W8CKCSJ177.

The Company's website is at www.petrofac.com. The information on the Company's website does not form part of this document unless that information is specifically incorporated by reference into this document.

The principal legislation under which the Company operates is the Companies (Jersey) Law 1991.

3 Information about the New Shares

3.1 Description of type of securities

3.1.1 Subject to Admission, pursuant to the Capital Raise, 173,597,412 fully paid New Shares will be issued at a price of £1.15 (US$1.58 per New Share. This will result in the issued ordinary share capital of the Company increasing by approximately 50%. If a Qualifying Shareholder who is not a Placee does not take up any of its Open Offer Entitlement, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 33.5% as a result of the Capital Raise and the Director Subscriptions. If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlement in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.8% as a result of the Capital Raise and the Director Subscriptions.

3.1.2 The New Shares will be issued under the Jersey Companies Law.

3.1.3 The New Shares will have the same rights in all respects as the Existing Shares (including the right to receive all dividends or other distributions declared by the Company after the date of issue of the New Shares).

3.1.4 The ISIN for the New Shares will be the same as that of the Existing Shares, being GB00B0H2K534. The New Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "PFC". It is expected that Admission of the New Shares will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. on 15 November 2021.

3.2 Form and currency of the New Shares

3.2.1 The New Shares will be in registered form and will be capable of being held in certificated and uncertificated form. The Registrar of the Company is Equiniti (Jersey) Limited.

3.2.2 The New Shares are, and on Admission will be, denominated in US Dollars.

3.2.3 Title to the certificated New Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Shares will be evidenced by entry in the operator register maintained by Equiniti (which will form part of the register of members of the Company).

3.2.4 No share certificates will be issued in respect of New Shares in uncertificated form. No temporary documents of title have been or will be issued in respect of the New Shares.

3.2.5 It is currently anticipated that the New Shares will be eligible to join CREST, the computerised, paperless system for settlement of sales and purchases of shares in the London securities market, with effect immediately upon Admission of the New Shares and the commencement of dealings on the London Stock Exchange.

4 Directors and Senior Managers

4.1 Directors

The Directors are listed below:

Name	Age	Position
René Médori	64	Non-executive Chairman
Sami Iskander	56	Chief Executive
Afonso Reis e Sousa	50	Chief Financial Officer
Matthias Bichsel	67	Senior Independent Director
Ayman Asfari	63	Non-Executive Director
Andrea Abt	61	Non-Executive Director
Sara Akbar	62	Non-Executive Director
David Davies	66	Non-Executive Director
Francesca Di Carlo	58	Non-Executive Director
George Pierson	60	Non-Executive Director

The business address of each of the Directors is 44 Esplanade, St Helier, Jersey JE4 9WG.

There is no family relationship between any of the Directors.

Set out below are the directorships and partnerships held by the Directors (other than, where applicable, directorships held in subsidiaries of the Company) in the five years prior to the date of this document:

Name	Current directorships/partnerships	Past directorships/partnerships
René Médori	Vinci SA Newmont Corp Puma Energy	— Anglo American plc Anglo American Platinum Limited De Beers Limited SSE plc Cobham plc
Sami Iskander	—	BG Group plc
Afonso Reis e Sousa	—	—
Matthias Bichsel	Sulzer AG Canadian Utilities Limited South Pole Group Voliro AG	
Ayman Asfari	Asfari Foundation American University of Beirut Carnegie Endowment for International Peace Venterra Limited Venterra Group PLC	—
Andrea Abt	John Laing Group plc Polymetal International plc Exide Technologies Gerresheimer AG	Brammer plc SIG plc
Sara Akbar	Oil Serve American University of Kuwait	Kuwait Energy KSC
David Davies	Wienerberger AG	Ophir Energy Plc Uniper SE OMV AG
Francesca Di Carlo	ENEL S.p.A. Open Fiber	Stream Telespazio Sky Italy

Name	Current directorships/partnerships	Past directorships/partnerships
George Pierson	The Kleinfelder Group Inc. Citadel Systems Integration Holdings LLC	WSP Global Inc. Parson Brinckerhoff Terracon Consultants, Inc. Railworks LLC

4.2 **Senior Managers**

The Senior Managers, and their respective positions within the Company, are listed below.

Name	Age	Position
Elie Lahoud	48	Chief Operating Officer – Engineering & Construction
John Pearson	58	Chief Operating Officer – New Energy Services
Matthew Barton	47	Group General Counsel
Desmond Thurlby	57	Group Director of Human Resources
Alison Flynn	53	Group Director, Communications and Sustainability
James Andrews	54	Group Head of HSSIA
Nicholas Shorten	53	Chief Operating Officer – Engineering & Production Services

The business address of each of the Senior Managers is 44 Esplanade, St Helier, Jersey JE4 9WG.

Set out below are the directorships and partnerships held by the Senior Managers (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/partnerships	Past directorships/partnerships
Elie Lahoud	—	—
John Pearson	—	Amec Foster Wheeler Group Limited The Oil and Gas Industry Association Limited Sigma 3 (North Sea) Limited Various US subsidiaries of Amec Foster Wheeler plc, prior to its acquisition by Wood plc
Matthew Barton	—	—
Desmond Thurlby	—	Goldicote Hall (Management) Limited
Alison Flynn	Alibri Limited	—
James Andrews	—	SCP Oilfield Services
Nicholas Shorten	—	Foster Wheeler (GB) Limited; Foster Wheeler World Services Limited; Amec Foster Wheeler Energy Limited; Attric Ltd; Foster Wheeler E&C Limited QED International (UK) Limited; Rider Hunt International Limited; Amec Foster Wheeler Group Limited; Process Industries Agency Limited; Foster Wheeler (London) Limited; Foster Wheeler Petroleum Development Limited; Foster Wheeler (Process Plants) Limited; Tray Field Services Limited; Process Plants Suppliers Limited; Foster Wheeler Environmental (UK) Limited;

Name	Current directorships/partnerships	Past directorships/partnerships
		Tray (UK) Limited; Kirkley & Pakefield Community Sports & Social Club Limited

There is no family relationship between any of the Senior Managers.

4.3 Save as disclosed herein, as at the date of this document, none of the Directors or the Senior Managers has at any time within the past five years:

(i) save as disclosed in paragraphs 4.1 and 4.2 above, been a director or partner of any companies or partnerships;

(ii) had any convictions in relation to fraudulent offences (whether spent or unspent);

(iii) been adjudged bankrupt or entered into any individual voluntary arrangements;

(iv) been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company;

(v) been partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(vi) had his or her assets the subject of any receivership;

(vii) been partner of any partnership at the time of or within a 12-month period preceding any assets thereof being the subject of a receivership;

(viii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(ix) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

4.4 Save for their capacities as persons legally and beneficially interested in Shares, there are:

(i) no potential conflicts of interest between any duties to the Company of the Directors or the Senior Managers and their private interests and/or other duties; and

(ii) no arrangements or understandings with major Shareholders, members, suppliers or others, pursuant to which any Director or Senior Manager was selected.

5 Directors' and Senior Managers' Interests

5.1 The interests of the Directors and Senior Managers, and their respective closely associated persons (within the meaning of MAR), in the share capital of the Company on 25 October 2021 (being the latest practicable date prior to the date of this document) and as they are expected to be immediately following the Capital Raise (assuming that no Shares are issued pursuant to options exercised under any of the Share Schemes are exercised between the date of this document and Admission becoming effective), are as follows:

Name	Interests in Shares at 25 October 2021(1)		Interests in Shares immediately following the Capital Raise and the Director Subscriptions(1)	
	No.	%(2)	No.	%(2)
Directors				
René Médori	129,982	0.038	162,477	0.031
Sami Iskander	—	—	217,391	0.042
Afonso Reis e Sousa	24,543	0.007	30,678	0.006
Matthias Bichsel	33,555	0.010	41,943	0.008
Ayman Asfari	65,163,614	18.838	88,947,298	17.111
Andrea Abt	33,555	0.010	41,943	0.008
Sara Akbar	33,555	0.010	41,943	0.008
David Davies	47,787	0.014	59,733	0.011
Francesca Di Carlo	28,617	0.008	35,771	0.007
George Pierson	112,005	0.032	120,393	0.023
Senior Managers				
Elie Lahoud	197,933	0.057	247,416	0.048
John Pearson	82,587	0.024	103,233	0.020
Matthew Barton	102,519	0.030	128,148	0.025
Des Thurlby	—	—	—	0.000
Alison Flynn	8,258	0.002	10.322	0.002
James Andrews	—	—	—	0.000
Nick Shorten	19,923	0.006	24,903	0.005

Notes:

(1) Comprising Shares held legally or beneficially by the relevant Director or Senior Manager or their closely associated persons (within the meaning of MAR). Assuming take up by each Senior Manager of his/her Open Offer Entitlement in full.

(2) Rounded to the nearest 0.001%.

The Directors and the Senior Managers have the same voting rights as all other Shareholders.

5.2 Other than as disclosed in this paragraph 5, there are no other persons to whom any capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

5.3 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

5.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

5.5 Save as set out in this Part X, it is not expected that any Director will have any interest in the share or loan capital of the Company following the Capital Raise and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

6 Interests of Major Shareholders

Insofar as the Company had been notified under the Disclosure Guidance and Transparency Rules, the names of the persons who, directly or indirectly, have an interest in 3% or more of the Company's issued share capital, and their respective interests, as at 25 October 2021 (being the latest practicable date prior to the publication of this document) (based solely on the latest notifications that have been made to the Company by the relevant shareholder) are as follows:

Name	Shares	
	(No.)	(%)
Ayman Asfari and family	65,163,614	18.838
Schroders plc	57,398,880	16.593

So far as the Company is aware, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government or any other natural or legal person, severally or jointly.

None of the major Shareholders referred to above has different voting rights from other Shareholders.

7 Mandatory Takeover Bids, Squeeze-out Rules, Sell-out Rules and Takeover Bids

7.1 Mandatory Takeover Bids

The UK Takeover Code applies to the Company. Under the UK Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it would be required (except with the consent of the UK Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in shares by the acquirer or his or her concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with any persons acting in concert) an interest in shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

7.2 Squeeze-Out Rules

The Jersey Companies Law provides that where a person (the "**Offeror**") makes a takeover offer to acquire all of the shares (or all of the shares of any class) in a Jersey company (other than any shares already held by the Offeror at the date of the offer), if the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90% in nominal value of the shares (or class of shares) to which the offer relates, the Offeror may (subject to the requirements of the Jersey Companies Law), by notice to the holders of the shares (or class of shares) to which the offer relates which the Offeror has not already acquired or contracted to acquire, compulsorily acquire those shares. A holder of any shares who receives a notice of compulsory acquisition may, within six weeks from the date on which such notice was given, apply to the Jersey Court for an order that the Offer not be entitled and bound to purchase the holder's shares or that the Offeror purchase the holder's shares on terms different to those of the Offeror's offer.

7.3 Sell-Out Rules

Where before the end of the period within which the takeover offer can be accepted, the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90% in nominal value of all of the shares (or all of the shares of a particular class) of the Jersey company, the holder of any shares (or class of shares) to which the offer relates who has not accepted the offer may, by written notice to the Offeror, require the Offeror to acquire the holder's shares. The Offeror shall (subject to the requirements of the Jersey Companies Law) be entitled and bound to acquire the holder's shares of the terms of the offer or on such other terms as may be agreed. Where a holder gives the Offeror a notice of compulsory acquisition, each of the Offeror and the holder of the shares is entitled to apply to the Jersey Court for an order that the terms on which the Offeror is entitled and bound to acquire the holder's shares shall be such as the court thinks fit.

7.4 Takeover Bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

8 Auditor

Following completion of a formal tender process in 2016, Ernst & Young LLP, a member firm of the Institute of Chartered Accountants in England and Wales with its address at 1 More London Place, London SE1 2AF, United Kingdom, was reappointed as the Group's external auditor, having been in place since October 2005. In accordance with regulation, the lead audit partner responsible for the Group audit was rotated at the end of the 2017 audit, and will rotate again after the 2022 audit.

9 Underwriting Arrangements

9.1 Placing Agreement

The Company and the Joint Bookrunners have entered into the Placing Agreement pursuant to which, on the terms and subject to certain conditions contained in the Placing Agreement which are customary in agreements of this nature, each of the Joint Bookrunners has severally (and not jointly or jointly and severally) agreed to use reasonable endeavours to procure Firm Placees for the Firm Placing Shares at the Issue Price and Conditional Placees (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer) for the Open Offer Shares at the Issue Price.

If the Joint Bookrunners are unable to procure Firm Placees for any of the Firm Placing Shares (or if a prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such Firm Placing Shares at the Issue Price in its agreed proportion.

If the Joint Bookrunners are unable to procure Conditional Placees for any Open Offer Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer (or if a prospective Conditional Placee fails to take up any or all of the Open Offer Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such Open Offer Shares at the Issue Price in its agreed proportion.

Pursuant to the terms of the Placing Agreement, the Company has appointed Goldman Sachs and J.P. Morgan as its Joint Bookrunners and its London Stock Exchange representatives in connection with its applications for Admission. In consideration of their services under the Placing Agreement, and subject to their obligations under the Placing Agreement not having been terminated, the Company has agreed to pay to the Joint Bookrunners: a base commission equal to US$3 million each (together with any VAT payable thereon); and, in its absolute discretion, the Company may also pay an additional commission of up to US$2 million in aggregate to the Joint Global Co-ordinators in equal shares (together with any VAT payable thereon). The Company will also pay (irrespective of whether Admission occurs) the fees, costs and expenses of, or in connection with, the Firm Placing and Placing and Open Offer.

The Company has given certain customary representations and warranties to the Joint Bookrunners, in relation to the issue and/or sale of the New Shares, and in relation to other matters relating to the Group and its business. In addition, the Company has given customary indemnities to the Joint Bookrunners and certain persons connected with them. The Company has also provided certain customary undertakings to the Joint Bookrunners for the period following Admission, including an undertaking (subject to certain customary exemptions) not to offer, issue or grant any rights over any Shares or related securities for a period ending 180 days from the date of Admission without the prior written consent of the Joint Bookrunners.

The obligations of the Joint Bookrunners under the Placing Agreement are subject to certain conditions, including *inter alia*:

(i) the passing of the Resolutions; and

(ii) Admission occurring at or before 8:00 a.m. on 15 November 2021 (or such later time and/or date as Petrofac and the Joint Bookrunners may agree in advance in writing).

If any of the conditions are not satisfied (or waived by the Joint Bookrunners) or shall have become incapable of being satisfied by the required time and date, the Placing Agreement will be capable of termination. The Joint Bookrunners may terminate the Placing Agreement in its entirety in certain circumstances prior to Admission, including where there has been a breach of warranty, where a force majeure event has occurred or where the Company publishes a supplementary prospectus which the Joint Bookrunners (acting in good faith) consider to be material in the context of the underwriting of the New Shares. Following Admission, the Placing Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights).

10 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

10.1 Placing Agreement

For a description of the principal terms of the Placing Agreement, see paragraph 9.1 above.

10.2 Subscription and Transfer Agreement

In connection with the Firm Placing and Placing and Open Offer, the Company, the Bank Subscriber and JerseyCo have entered into a subscription and transfer agreement, dated the date of this document, in relation to the subscription and transfer of redeemable preference shares in JerseyCo.

Under the terms of this agreement:

(i) subject to paragraph (iii) below, the Bank Subscriber will apply the net monies received under the Firm Placing and Placing, and held by the Bank Subscriber until Admission, and the net monies under the Open Offer received by the Receiving Agent and held by the Receiving Agent on trust for the Bank Subscriber on Admission, to subscribe for redeemable preference shares in JerseyCo;

(ii) certain costs and expenses of the Firm Placing and Placing will be withheld by the Bank Subscriber from the proceeds of the Firm Placing and Placing, and certain costs and expenses of the Open Offer will be withheld by the Receiving Agent from the proceeds of the Open Offer that it holds on trust for the Bank Subscriber (being costs and expenses payable by the Company pursuant to the Placing Agreement and the Receiving Agent Agreement); and

(iii) the Company will allot and issue the Firm Placing Shares and the Open Offer Shares to those persons entitled thereto in consideration of the Bank Subscriber transferring its holding of redeemable preference shares in JerseyCo to the Company.

Accordingly, instead of receiving cash consideration for the issue of Firm Placing Shares and the Open Offer Shares, at the conclusion of the Firm Placing and Placing and Open Offer, the Company will own the entire issued share capital of JerseyCo whose only assets will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Firm Placing and Placing and Open Offer.

Placees and Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the Bank Subscriber pursuant to these arrangements. The Company will be responsible for enforcing the obligations of the Bank Subscriber and JerseyCo thereunder.

10.3 Existing Revolving Credit Facility

The Company has a US$610 million committed revolving credit facility originally dated 11 September 2012, as amended and amended and restated from time to time, including on 7 April 2021, (the "**Existing Revolving Credit Facility**") with a syndicate of international banks, which is available for general corporate purposes, subject to certain exclusions. Following the Senior Loan Extensions (as defined below), the Existing Revolving Credit Facility is due to mature on 2 June 2022, subject to the extension option (as described under "*Senior loans amendment*" below). Lenders under the syndicated Existing Revolving Credit Facility, at the time of the 7 April 2021 amendment, were First Abu Dhabi Bank PJSC, Barclays Bank PLC, National Westminster Bank Plc, MUFG Bank, LTD., Credit Agricole Corporate and Investment Banks, Santander UK plc, Standard Chartered Bank, Citibank N.A., London branch, and JPMorgan Chase Bank, N.A., London branch.

The borrower under the Existing Revolving Credit Facility is the Company (together with any additional borrowers, the "**RCF Borrowers**") and wholly owned subsidiaries of the Company may accede to the Existing Revolving Credit Facility as additional borrowers, subject to approval by all Existing Revolving Credit Facility lenders (the "**RCF Lenders**") and satisfaction of various customary conditions precedent. The Existing Revolving Credit Facility can be drawn by a RCF Borrower, following satisfaction of customary conditions precedent, in a minimum amount of US$5 million and in integral multiples of US$1 million or if less, the remainder of the available facility. Utilisation requests under the Existing Revolving Credit Facility can be submitted at any time falling one month prior to the termination date of the Existing Revolving Credit Facility. The agent of the finance parties under the Existing Revolving Credit Facility is Standard Chartered Bank (the "**Agent**").

As at 30 June 2021, US$350 million was drawn under the Existing Revolving Credit Facility.

The annual interest rate on loans is calculated based on LIBOR plus a margin which increases over the life of the Existing Revolving Credit Facility from 2.25% per annum as at 3 June 2021 to 4.50% per annum. Interest on loans is payable on the last day of the loan's interest period and, if the interest period exceeds six months, on the dates falling at six-month intervals after the day the loan was made.

The Company is required to pay a commitment fee equal to 35% of the then applicable margin, computed on a daily basis, on the undrawn and uncancelled amount of the Existing Revolving Credit Facility, payable quarterly, on the last day the Existing Revolving Credit Facility is available and the date it is cancelled in full. The Company is also required to pay a utilisation fee, computed on a daily basis and payable quarterly, of 0.10% per annum (if the aggregate outstanding loans are less than 33% of the maximum amount of the Existing Revolving Credit Facility), 0.20% per annum (if the aggregate outstanding loans are equal to or greater than 33% and up to 66% of the maximum amount of the Existing Revolving Credit Facility) or 0.40% per annum (if the aggregate outstanding loans are greater than 66% of the maximum amount of the Existing Revolving Credit Facility) on the amount of the aggregate outstanding loans under the Existing Revolving Credit Facility.

The Company is also required to pay a duration fee calculated as a percentage of the then maximum amount of the Existing Revolving Credit Facility on a quarterly basis, from 0.25% on 2 September 2021 to 0.50% on 2 September 2022, if the Existing Revolving Credit Facility has been extended in accordance with the extension option described below (as described under "*Senior loans amendment*" below).

10.3.1 Repayments and prepayments

Each RCF Borrower that has drawn a loan under the Existing Revolving Credit Facility is obliged to repay that loan on the last day of its interest period. The Existing Revolving Credit Facility terminates on 2 June 2022, subject to the extension option (as described under "*Senior loans amendment*" below), and all outstanding amounts need to be repaid on this date. An RCF Borrower may select an interest period of one, three or six months or any other period agreed between the Company and the Agent (acting on the instructions of all of the RCF Lenders). Interest periods are selected when a utilisation request is submitted and cannot exceed the termination date of 2 June 2022.

Subject to certain conditions, the RCF Borrowers may voluntarily prepay any loan and/or cancel all or any part of the total Existing Revolving Credit Facility commitments (provided partial cancellation or prepayment is for a minimum amount of US$25 million and US$1 million, respectively) by giving the Agent three business days' notice of its intention to cancel, and two business days' notice of its intention to prepay, such amounts.

In addition to voluntary prepayments and cancellations, the Existing Revolving Credit Facility requires mandatory cancellation and, if applicable, prepayment in full or in part in certain circumstances, including:

- ***Illegality***—with respect to any lender, if it becomes unlawful for that lender to perform any of its obligations as contemplated under the Existing Revolving Credit Facility or to fund or maintain its participation in any Existing Revolving Credit Facility loan. On the occurrence of an "illegality" event which is notified by the Agent to the Company, the available commitment of the relevant lender will be immediately cancelled and each RCF Borrower shall be obliged to repay that lender's participation in the loans made to that RCF Borrower, together with any accrued interest, on the last day of the interest period for each loan occurring after the Agent has notified the Company or, if earlier, a date specified by the lender in the notice delivered to the Agent;

- ***Change of Control***—if any person or group of persons acting in concert gains control of the Company. Under the terms of the Existing Revolving Credit Facility, "control" is defined as meaning ownership (direct or indirect) of more than 50% of the issued voting capital of the Company. "Acting in concert" is defined as meaning any group of persons who pursuant to an agreement or understanding (whether formal or informal) actively co-operate either directly or indirectly. Promptly upon becoming aware of the occurrence of this event, the Company shall notify the Agent and no lender shall be obliged to fund a new utilisation and any lender may (within 15 days of the Company notifying the Agent) instruct the Agent, with 15 days' notice to the Company, to cancel the commitment of that lender and declare that the participation of that lender in all outstanding loans, accrued interest and other amounts is immediately due and payable, whereupon such commitments shall be cancelled and such amounts shall be immediately due and payable;
- ***Proceeds*** – if the Company or any member of the Group receives capital raising proceeds, debt issuance proceeds, disposal proceeds or UKEF loan proceeds (each as defined in the Existing Revolving Credit Facility). Upon receipt of such proceeds, the Company shall ensure that such proceeds (excluding fees, tax and other specified exclusions) are applied towards prepayment of outstanding loans and cancellation of commitments under the Existing Revolving Credit Facility and the Existing ADCB Term Loan Facility (defined below) pro-rata to the total commitments under those facilities. The relevant proceeds must be applied towards cancellation on the date of receipt and towards prepayment within five business days of receipt; and
- ***ADCB voluntary prepayment and cancellation*** – if the Existing ADCB Term Loan Facility (defined below) is voluntarily prepaid and cancelled in whole or in part, the Company shall ensure one or more Existing Revolving Credit Facility loans are prepaid and Existing Revolving Credit Facility commitments are cancelled so that the Existing ADCB Term Loan Facility (defined below) and the Existing Revolving Credit Facility are prepaid and cancelled in equal proportions. The prepayment and cancellation under the Existing Revolving Credit Facility must occur on the same date as the equivalent prepayment and cancellation under the Existing ADCB Term Loan Facility (defined below).

10.3.2 Covenants

The Existing Revolving Credit Facility contains certain financial covenants which the Company must comply with during the term of the Existing Revolving Credit Facility. The Company must comply with a leverage test to ensure that the ratio of its Consolidated Net Debt does not exceed 3:1 to Consolidated EBITDA (each as defined in the Existing Revolving Credit Facility) in any twelve-month period ending on a relevant test date. The Company is also required to ensure that the ratio of its Consolidated EBITDA to Consolidated Net Finance Expenses (each as defined in the Existing Revolving Credit Facility) for the same periods must be at least 3:1. Both of these financial covenants are tested when the Company submits its annual and half yearly consolidated financial statements and its quarterly unaudited consolidated management accounts to the Agent. Under the terms of the Existing Revolving Credit Facility, these need to be submitted: as soon as they are available and in any event, in the case of the audited consolidated financial statements for the relevant financial year, within 180 days after the end of that financial year, in the case of the unaudited consolidated half yearly financial statements, within 90 days after the end of the first half of each relevant financial year and in the case of the quarterly unaudited consolidated management accounts, as soon as reasonably practicable and in any event within 45 days of the end of each financial quarter. The Company must also comply with a liquidity test to ensure that Liquidity (as defined in the Existing Revolving Credit Facility) must be at least US$100 million at all times.

This financial covenant is tested when the Company delivers its monthly liquidity report to the Agent, which must be delivered as soon as reasonably practicable and in any event within 15 days of the end of each calendar month. However, this financial covenant applies at all times and the Company must notify the Agent promptly after becoming aware of any breach. The Existing Revolving Credit Facility also contains information and customary negative covenants which are subject to certain agreed exceptions and materiality carve outs. The main restrictive covenants are as follows:

- ***Negative Pledge***: the Existing Revolving Credit Facility includes a negative pledge clause under which the obligors undertake that they shall not, nor shall they permit any other member of the Group to, create or permit to subsist any security over any of its assets. This general restriction is subject to a series of carve outs and exceptions which include certain permitted existing security which the Company and its subsidiaries have already entered into as at the date of the Senior Loan Extensions (defined below) and any other security securing indebtedness as long as the principal amount of that indebtedness in aggregate does not exceed US$150 million (or its equivalent in another currency). The Existing Revolving Credit Facility also contains an additional negative pledge that requires that the Company shall not (and shall ensure that no other member of the Group shall) grant any security to secure financial indebtedness of a member of the Group under any new or existing bilateral or syndicated loan facility, bond or note issuance or private placement or any other facilities which constitute financial indebtedness (as defined in the Existing Revolving Credit Facility).

- ***Disposals***: the obligors have undertaken not to and to procure that no other member of the Group will enter into any transaction or series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of the whole or any part of any asset of the Group. Again, this is subject to certain exceptions which include disposals made in the ordinary course of the business of the disposing entity, the disposal of obsolete or redundant assets which are no longer required for the ongoing business of the Group, disposals made by payment of cash for any purpose not prohibited, disposals of short-term investment of funds not immediately required in the Group's business, intragroup disposals and any other disposals where the higher of the market value and the consideration receivable for all such other disposals in aggregate does not exceed an amount equal to 10% of the total assets of the Group in any financial year and in respect of only one financial year during the life of the Existing Revolving Credit Facility, 15% of total assets of the Group in that financial year (provided that the Company notifies the Agent).

- ***Acquisitions***: the obligors have undertaken not to and to procure that no other member of the Group will enter into a single transaction or a series of transactions (whether related or not) to acquire any asset or to make investment except in the ordinary course of trading.

- ***Mergers***: obligors have undertaken not to and to procure that no other member of the Group will enter into any amalgamation, consolidation, demerger, merger or corporate reconstruction except on a solvent basis with one or more members of the Group (subject to certain exclusions) and provided that if one of the entities involved is an obligor, the surviving entity remains an obligor and assumes the obligations of the merged obligor under the Existing Revolving Credit Facility.

- ***Dividends***: the Company is prohibited from declaring, making or paying any dividend, charge, fee or other distribution in respect of its share capital (or any class of its share capital), distributing any dividend or share premium or redeeming any of its share capital.

10.3.3 Financial indebtedness and permitted guarantees

No member of the Group (other than the obligors) may incur any financial indebtedness or allow any financial indebtedness to remain outstanding subject to certain carve outs and exceptions which include intra-group lending, financial indebtedness incurred with the prior written consent of the majority lenders (being the lender or lenders whose commitments aggregate to more than 66 2/3% of the total commitments under the Existing Revolving Credit Facility) (the "**Majority Lenders**") or any other financial indebtedness the aggregate amount of which does not exceed US$150 million (or its equivalent in another currency). Subject to certain exceptions, none of the obligors may (and the Company shall ensure that no member of the Group will) be a creditor in respect of any financial indebtedness or incur or allow to remain outstanding any guarantee in respect of any obligation of any person. Any obligor is permitted to provide a guarantee in respect of financial indebtedness (other than limited recourse indebtedness) incurred by any other obligor.

10.3.4 Events of default

The Existing Revolving Credit Facility contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including any breach of the financial covenants described above and any other provisions of the Existing Revolving Credit Facility, insolvency related events and a cross default with respect to any financial indebtedness of any member of the Group that remains unpaid when it falls due and after expiry of any originally applicable grace period, or if any creditor of any member of the Group becomes entitled to declare, or validly declares, any financial indebtedness of a member of the Group due and payable prior to its specified maturity or cancels or suspends any commitment for such financial indebtedness, in each case as a result of an event of default (however described). No cross-default event of default will occur if the aggregate amount of the relevant financial indebtedness is less than US$50 million or if it consists of limited recourse indebtedness.

Other events of default include a change in ownership of any obligor (other than the Company) where the relevant obligor ceases to be a wholly owned subsidiary of the Company, if any litigation, arbitration or other proceedings or disputes are commenced or threatened in relation to any obligor or other material subsidiary or its assets which have a reasonable prospect of being successful and if successful would be reasonably likely to have a material adverse effect (as defined in the Existing Revolving Credit Facility).

The occurrence of an event of default which is continuing will entitle the Agent, if so directed by the Majority Lenders, to (i) cancel all the commitments under the Existing Revolving Credit Facility; (ii) declare all or part of the outstanding loans, accrued interest and all other amounts accrued or outstanding under the Existing Revolving Credit Facility to be immediately due and payable; and/or (iii) declare that all or part of the outstanding loans under the Existing Revolving Credit Facility are repayable on demand.

10.4 Senior loans amendment

On 7 April 2021, the Company extended US$700 million of its banking facilities, at its request, with the unanimous support of the relevant lenders (the "**Senior Loan Extensions**"). The Senior Loan Extensions comprise a US$610 million extension of the Existing Revolving Credit Facility to 2 June 2022, with an option to extend for a further six months (subject to the approval of the RCF Lenders in their sole discretion and is up to a maximum amount of US$550 million), and a US$90 million extension of the Existing ADCB Term Loan Facility to 1 April 2022 (which included a prepayment of US$60 million on 31 March 2021. Existing leverage and interest cover financial covenants remain unchanged but were revised to be tested on a quarterly basis. In line with the Group's liquidity policy, the Existing Revolving Credit Facility was also revised to include a minimum liquidity covenant of US$100 million (as described under "*—Covenants*" above) and a number of the other existing terms of the Existing Revolving Credit Facility and Existing ADCB Term Loan Facility were tightened.

10.5 Term loans – ADCB and RAK Bank

As at 30 June 2021, the Group had in place two bilateral term loans, the Existing ADCB Term Loan Facility and Existing RAK Term Loan Facility, with a combined total of approximately US$140 million.

The Company entered into a term loan agreement with ADCB, originally dated 13 August 2018 and as amended from time to time, including on 7 April 2021 (as described under "*—Senior loans amendment*" above), namely the Existing ADCB Term Loan Facility. Under the terms of the Existing ADCB Term Loan Facility, the Company is permitted to borrow a maximum amount of the equivalent of US$90 million.

The annual interest rate on the Existing ADCB Term Loan Facility is calculated based on EIBOR plus a margin which increases over the life of the Existing ADCB Term Loan Facility from 2.50% per annum up to and including 30 June 2021 to 3.25% per annum from 1 January 2022. Interest on the loan is payable on the last day of each interest period.

The Existing ADCB Term Loan Facility matures on 1 April 2022 and if that date is not a business day, the immediately preceding business day. The Company is subject to certain financial and operating covenants under the terms of the Existing ADCB Term Loan Facility, which are substantially the same as in the Existing Revolving Credit Facility (see "*—Existing Revolving Credit Facility*" above).

The Company entered into a term loan agreement with RAK Bank on 1 November 2020, namely the Existing RAK Term Loan Facility. Under the terms of the Existing RAK Term Loan Facility, the Company is permitted to borrow a maximum amount of US$50 million.

The annual interest rate on loans is calculated based on LIBOR plus a margin varying between 3.25% and 4.00% per annum depending on the credit rating assigned to the Company's long-term senior unsecured not credit-enhanced debt. Interest on loans is payable on the last day of the loan's interest period.

The Existing RAK Term Loan Facility matures on 1 November 2023 with an option to extend for a further two years (subject to the approval of the RAK Bank in its sole discretion).

The Company is subject to certain financial and operating covenants under the terms of the Existing RAK Term Loan Facility, which are on substantially the same terms as in the Existing Revolving Credit Facility (see "*—Existing Revolving Credit Facility*" above) other than amendments which were made in connection with the Senior Loan Extensions (see "*—Senior loans amendment* above").

As at 30 June 2021, the Group's Existing ADCB Term Loan Facility and Existing RAK Term Loan Facility were fully drawn (US$ 140 million).

10.6 **Commercial paper under CCFF**

On 1 February 2021, the Company issued £300 million (United States dollar equivalent of US$409 million) in commercial paper under the UK Government's COVID Corporate Financing Facility, which is available for general corporate purposes. The Group's borrowings under the CCFF are due for repayment on 31 January 2022 and will be repaid as part of the Refinancing Plan. Pursuant to the provisions of the UK Government's COVID Corporate Financing Facility, the commercial paper issued under the programme was issued at a discount of 58.1bps, (priced at a spread of 60bps over reference rates, based on the sterling overnight index swap rate of -1.9bps), gross of expenses, and £300 million will be payable by the Company at maturity or, if earlier, pursuant to the Refinancing Plan.

10.7 **New Revolving Credit Facility**

10.7.1 Overview

The Company has entered into a US$180 million committed revolving credit facility dated 26 October 2021 with a syndicate of international banks, which is available for the general corporate purposes of the Group (the "**Revolving Credit Facility Agreement**"). The New Revolving Credit Facility is due to mature on the date falling 24 months after the date of the New Revolving Credit Facility Agreement, subject to two extension options exercisable by the Company to extend the maturity date by six months or twelve months, to a maximum maturity date of the date falling 36 months after the date of the New Revolving Facility Credit Agreement (in each case, at each individual lender's discretion). The original lenders under the New Revolving Credit Facility are JPMorgan Chase Bank, N.A., London Branch, Goldman Sachs Bank USA, First Abu Dhabi Bank PJSC and National Westminster Bank Plc.

The Company is the borrower under the New Revolving Credit Facility. The New Revolving Credit Facility is, subject to paragraph 10.7.4 below, guaranteed by the Company, Petrofac International Ltd, Petrofac International (UAE) LLC, Petrofac (Malaysia – PM 304) Limited and Petrofac Facilities Management Limited. Wholly owned subsidiaries of the Company may accede to the New Revolving Credit Facility as additional borrowers or guarantors, subject to satisfaction of certain conditions (the Company and any additional borrower being a "**New Revolving Credit Facility Borrower**"). In the event that Petrofac (Malaysia – PM 304) Limited is sold to a third party, it shall automatically resign as a guarantor.

The New Revolving Credit Facility can be drawn by a New Revolving Credit Facility Borrower, following satisfaction of conditions precedent (including the successful completion of the Capital Raise), in a minimum amount of US$5 million and in integral multiples of US$1 million or, if less, the remainder of the available facility. Utilisation requests under the New Revolving Credit Facility can be submitted at any time before the date falling one month prior to the termination date of the New Revolving Credit Facility. The agent of the finance parties under the New Revolving Credit Facility is National Westminster Bank Plc.

10.7.2 Interest

The annual interest rate on loans is calculated based on LIBOR (subject to customary provisions contemplating transition to a compounded secured overnight financing rate (SOFR)) *plus* a margin. The margin is currently 5.25% per annum, but from the date following the earliest to occur of (i) the date that the Bridge Facility is fully and finally discharged; and (ii) the date the Company receives the proceeds from the proposed issuance of public bonds by the Company (the "**Bridge Discharge Date**"), this shall vary based on the credit rating for the long term senior unsecured not credit enhanced debt of the Company by Fitch and/or Standard & Poor's at the time, as set out in the table below:

Fitch Credit Rating	**Standard & Poor's Credit Rating**	**Margin (% per annum)**
B+ (or lower)	B+ (or lower)	5.50
BB-	BB-	4.50
BB	BB	3.75
BB+	BB+	3.00
BBB- (or higher)	BBB- (or higher)	2.00

If neither Fitch nor Standard & Poor's assign a credit rating to the Company at any time and is not replaced by another internationally recognised rating agency in accordance with the terms of the New Revolving Credit Facility, or if an event of default is continuing under the New Revolving Credit Facility, the margin will be 5.50%. If the Company is issued two different credit ratings by Fitch and Standard & Poor's, the applicable margin will be the higher of the margins applicable to the relevant credit ratings. If the Company is issued a credit rating by only one of Fitch and Standard & Poor's, the applicable margin will be the margin specified for the credit rating one notch lower than the single credit rating provided by Fitch or Standard & Poor's (as applicable).

Interest on a loan is payable on the last day of the loan's interest period and, if the interest period exceeds six months, on the dates falling at six-month intervals after the day the loan was made.

10.7.3 Fees

The following fees are payable in connection with the New Revolving Credit Facility:

(i) an upfront fee of 1.50% of the commitments under the New Revolving Credit Facility is payable promptly following utilisation or satisfaction of conditions precedent under the New Revolving Credit Facility;

(ii) a commitment fee of 35% of the then applicable margin on the undrawn and uncancelled amount of the New Revolving Credit Facility is payable quarterly, on the last day the New Revolving Credit Facility is available and the date it is cancelled in full;

(iii) if the Company elects to extend the term of the New Revolving Credit Facility, an extension fee is payable to the lender's which agree to extend their commitments, in an amount to be agreed at that time; and

(iv) a utilisation fee shall be payable quarterly, calculated on a daily basis at the percentage rate per annum set out below on the drawn amounts under the New Revolving Credit Facility:

Drawn amounts as a percentage of the total commitments	**% rate per annum**
≤33%	0.20%
>33% ≤66%	0.40%
>66%	0.80%

The Company will provide a limited and capped cost-cover to one or more of the initial lenders under its New Revolving Credit Facility in respect of certain costs they may incur in the future relating to their lending commitments. The Company's expectation is that it will not incur significant costs under this clause, and that any costs it does incur would be around US$3 million to US$5 million, although it is possible that such costs may be higher or lower. To the extent that there are any costs associated with these arrangements, they would be payable no earlier than June 2022.

10.7.4 Security and guarantees

Each of the Company Petrofac International Ltd, Petrofac International (UAE) LLC, Petrofac (Malaysia – PM 304) Limited and Petrofac Facilities Management Limited will be guarantors under the New Revolving Credit Facility, however, they will only have obligations in respect of any demand in their capacity as such on the earliest to occur (i) of the date the Existing Revolving Credit Facility and the Existing ADCB Term Loan Facility are discharged in full; (ii) the date the Bridge Facility is first utilised; and (iii) the date that the proceeds of the proposed issuance of public bonds by the Company are received by the Company (the "**Guarantee Effective Date**"). As noted above, Petrofac (Malaysia – PM 304) Limited will cease to be a guarantor automatically in the event it is disposed of to a third party.

The Company, and certain members of the Group, will grant security over certain assets in favour of the Security Agent under the New Revolving Credit Facility within 60 days of the Guarantee Effective Date. This shall include, among other things, security over the shares in Petrofac International Ltd, Petrofac (Malaysia – PM 304) Limited and Petrofac Facilities Management Limited, an assignment of certain intra-group loan receivables owed to the Company and an assignment of certain bank accounts of the Company held in England and Wales. There is also a requirement that, on and from the date falling 60 days after the Guarantee Effective Date, the Company procure that security is maintained over its bank accounts which in aggregate contain more than 70% of the cash balances of the Company.

The security shall be shared with creditors of the Company under (i) the New ADCB Facility, (ii) the Bridge Facility and (iii) the Bridge Facility and certain other bilateral facilities of the Company and its Subsidiaries, pursuant to the terms of an intercreditor agreement.

10.7.5 Repayments and prepayments

A New Revolving Credit Facility Borrower who has drawn a loan must repay that loan on the last day of its interest period. As noted above, the New Revolving Credit Facility terminates on the date falling 24 months after the date of the New Revolving Credit Facility Agreement, subject to two extension options exercisable by the Company to extend the termination date by six months or twelve months, to a maximum termination date of the date falling 36 months after the date of the New Revolving Credit Facility Agreement (in each case at each individual lender's discretion); all outstanding amounts must be repaid on the final termination date. If the term of the New Revolving Credit Facility is extended, the commitments under the New Revolving Credit Facility shall be reduced to no more than US$135 million (on the original termination date for the New Revolving Credit Facility) and no more than US$90 million (on the date which is six months after the original termination date of the New Revolving Credit Facility).

The New Revolving Credit Facility Borrowers may voluntarily cancel all or any part of the available commitments and/or prepay any loan (provided partial cancellation or prepayment is for a minimum amount of US$5 million) by giving the New Revolving Credit Facility Agent three business days' notice of its intention to cancel or prepay such amounts.

In addition, if the New ADCB Facility is voluntarily prepaid and cancelled in whole or in part, the Company shall ensure one or more New Revolving Credit Facility loans are prepaid and New Revolving Credit Facility commitments are cancelled so that the New ADCB Facility and the New Revolving Credit Facility are prepaid and cancelled in equal proportions. The prepayment and cancellation under the New Revolving Credit Facility must occur on the same date as the equivalent prepayment and cancellation under the New ADCB Facility.

In addition to voluntary prepayments and cancellations, the New Revolving Credit Facility requires mandatory prepayment in full or in part in certain circumstances; namely, if:

(i) it becomes unlawful for a lender to perform any of its obligations as contemplated;

(ii) the Capital Raise is terminated;

(iii) the conditions precedent under the New Revolving Credit Facility are not satisfied or waived on or before the date falling 60 days after the date of the New Revolving Credit Facility; or

(iv) any person or group of persons acting in concert gains control of the Company (i.e., there is a "change of control").

In addition to these mandatory prepayment events, if the Bridge Facility is not irrevocably repaid and cancelled in full prior to its scheduled maturity date, the total commitments under the New Revolving Credit Facility will be cancelled, and each outstanding loan, together with accrued interest, and all other amounts accrued and/or outstanding under the finance documents will be due and payable.

After the Bridge Facility has been irrevocably repaid and cancelled in full, if the Company or any member of the Group receives capital raising proceeds, debt issuance proceeds or disposal proceeds, the Company must ensure that such proceeds are (subject to certain exceptions) applied towards prepayment of outstanding loans and cancellation of commitments under the New Revolving Credit Facility and the New ADCB Facility *pro rata* to the total commitments under those facilities. The relevant proceeds must be applied towards cancellation on the date of receipt and towards prepayment within five business days of receipt.

10.7.6 Covenants

The New Revolving Credit Facility contains covenants that are typical in financings of this type, including restrictive covenants in relation to granting security, disposals, the incurrence of financial indebtedness, making distributions and mergers (each subject to customary exceptions or conditions). There are also positive covenants relating to, among other things, compliance with environmental and sanctions laws, maintaining insurances and complying with the following financial covenants:

- **Leverage –** the ratio of Consolidated Net Debt to Consolidated EBITDA shall not exceed the ratios set out in the table below; and

Measurement period	**Leverage ratio**
12-month period ending 31 December 2021	3.75:1
12-month period ending (if applicable) 31 March 2022	4.10:1
12-month period ending 30 June 2022 and (if applicable) 30 September 2022	3.50:1
12-month period ending 31 December 2022 and (if applicable) 31 March 2023	3.50:1
12-month period ending 30 June 2023	3.50:1
12-month period ending 30 September 2023 (if applicable)	3.00:1
12-month period ending 31 December 2023 and (if applicable) 31 March 2024	3.00:1
12-month period ending 30 June 2024 and (if applicable) 30 September 2024	2.75:1

- **Interest cover** – the ratio of Consolidated EBITDA to Consolidated Net Finance Expenses shall not fall below the ratios set out in the table below:

Measurement period	**Interest cover ratio**
12-month period ending 31 December 2021	3.00:1
12-month period ending (if applicable) 31 March 2022	2.25:1
12-month period ending 30 June 2022	2.25:1
12-month period ending (if applicable) 30 September 2022	2.00:1
12-month period ending 31 December 2022 and (applicable) 31 March 2023	2.25:1
12-month period ending 30 June 2023	2.25:1
12-month period ending 30 September 2023 (if applicable)	2.50:1
12-month period ending 31 December 2023 and (if applicable) 31 March 2024	2.50:1
12-month period ending 30 June 2024 and (if applicable) 30 September 2024	2.50:1

The financial covenants described above shall be tested quarterly until the Bridge Facility has been irrevocably discharged and cancelled in full, at which time testing shall switch to being on a semi-annual basis and also on any quarter end date falling on 31 March or 30 September on which the New Revolving Credit Facility is more than 33% drawn.

10.7.7 Events of default

The New Revolving Credit Facility contains customary events of default, including payment defaults, breach of financial covenants, breach of other obligations, misrepresentation, cross default (subject to a US$50 million *de minimis*), insolvency (or analogous event), cessation of business, creditors' process, effectiveness of finance documents, ownership of the obligors and material adverse effect.

10.8 Bridge Facility

10.8.1 Overview

The Company has entered into a US$500 million bridge facility agreement dated 26 October 2021 (the "**Bridge Facility**") with a syndicate of international banks for refinancing existing financial indebtedness of the Group and/or the general corporate purposes of the Group. It is intended that the Bridge Facility will be repaid and/or cancelled from the proceeds of the proposed issuance of public bonds. The Bridge Facility is due to mature on the date falling 12 months after the date of the Bridge Facility, with an option (at the Company's election, and without requiring the lenders' consent but subject to satisfaction of customary conditions) to extend the maturity by six months. The original lender under the Bridge Facility is Goldman Sachs Bank USA. The agent of the finance parties under the Bridge Facility is National Westminster Bank plc.

The Company is the borrower under the Bridge Facility. The Bridge Facility is guaranteed by the same entities as guarantee the New Revolving Credit Facility, as described in paragraph 10.7.4 above. In addition, wholly owned subsidiaries of the Company may, subject to satisfaction of certain conditions, accede to the Bridge Facility as additional borrowers or guarantors.

10.8.2 Interest

The annual interest rate on loans is calculated based on LIBOR (subject to customary provisions contemplating transition to a compounded secured overnight financing rate (SOFR)) *plus* a margin. The initial margin is 7.00% per annum, subject to step-ups of 0.50% per annum every three months following execution of the Bridge Facility.

Interest on loans is payable on the last day of the loan's interest period and, if the interest period exceeds six months, on the dates falling at six-month intervals after the day the loan was made.

10.8.3 Fees

The following fees are payable in connection with the Bridge Facility:

(i) a participation fee of 1.50% of the total commitments under the Bridge Facility as at the date it was entered into;

(ii) a funding fee of 1.25% of any amount drawn under the Bridge Facility, subject to a rebate if the Company repays the whole or part of the relevant outstanding loan within certain periods after drawing. The amount of the rebate decreases over time, ranging from a 100% rebate on any relevant amount repaid within 30 days of drawing and no rebate on any amount repaid after 180 days of drawing;

(iii) if the Company exercises its right to extend the maturity of the Bridge Facility by 6 months in accordance with its extension option, an extension fee of 0.25% of the commitments so extended;

(iv) a duration fee payable in the following amounts and within five business days of the following dates, payable in respect of any loans which remain outstanding under the Bridge Facility on such dates:

   (a) 0.25% of the loans then outstanding on 15 December 2021;

   (b) 0.25% of the loans then outstanding on 14 February 2022; and

   (c) 0.25% of the loans then outstanding on 15 April 2022; and

(v) on and from the date falling 30 days after the date of the Bridge Facility, a commitment fee of 35% of the then applicable margin on the undrawn and uncancelled amount of the Bridge Facility is payable quarterly, on the last day the Bridge Facility is available, and the date it is cancelled in full.

10.8.4 Security and guarantees

The same guarantors as guarantee the New Revolving Credit Facility shall guarantee the Bridge Facility, on the same basis as described in paragraph 10.7.4 above. In addition, the same security shall be provided and shall be shared under the terms of an intercreditor agreement.

10.8.5 Repayments and prepayments

The Bridge Facility terminates on the date falling 12 months after the date of the Bridge Facility, subject to an extension option to extend it by six months (at the Company's election and, subject to satisfaction of customary conditions, without the requirement for lender consent); all outstanding amounts must be repaid on the final termination date.

The Borrowers under the Bridge Facility may voluntarily prepay any loan and/or cancel all or any part of the total commitments (provided partial prepayment or cancellation is for a minimum amount of US$5 million) by giving the Agent under the Bridge Facility three business days' notice of its intention to prepay or cancel such amounts.

In addition to voluntary prepayments and cancellations, the Bridge Facility requires mandatory prepayment in full or in part in certain circumstances; namely, if:

(i) it becomes unlawful for a lender to perform any of its obligations as contemplated;

(ii) the Capital Raise is terminated;

(iii) an amount of the available commitments will be immediately cancelled upon receipt of any proceeds of the Offering into any account subject to escrow arrangements established for the purposes of a escrowed closing of the Offering after deducting reasonable fees, costs and expenses and any related tax;; or

(iv) any person or group of persons acting in concert gains control of the Company (i.e., there is a "change of control").

The Company may not voluntarily prepay the New ADCB Facility until the Bridge Facility has been discharged in full.

If the proceeds of the proposed issuance of public bonds by the Company are received into escrow, the available commitments under the Bridge Facility shall be cancelled on the date of such receipt. If the Company or any member of the Group receives capital raising proceeds, debt issuance proceeds or disposal proceeds, the Company must ensure that (subject to certain exceptions) such proceeds are applied towards prepayment of outstanding loans and cancellation of commitments under the Bridge Facility. The relevant proceeds must be applied towards cancellation on the date of receipt and towards prepayment within five business days of receipt.

10.8.6 Covenants

Substantially the same covenants as apply in relation to the New Revolving Credit Facility apply to the Bridge Facility, as summarised in paragraph 10.7.6 above but the financial covenants under the Bridge Facility will be tested on a quarterly basis and the restriction on the Company making distributions is not subject to any exceptions.

10.8.7 Events of default

The same events of default as apply in relation to the New Revolving Credit Facility apply to the Bridge Facility, as summarised in paragraph 10.7.7 above.

10.9 New ADCB Facility

10.9.1 Overview

The Company has a AED185 million secured term loan dated 26 October 2021 (the "**New ADCB Facility**") with Abu Dhabi Commercial Bank P.J.S.C. as lender for the general corporate purposes of the Group. The New ADCB Facility is due to mature on the date falling 24 months after its utilisation date, subject to two extension options exercisable by the

Company to extend the termination date by six months on two occasions (in each case at the Lender's discretion).

The Company is the borrower under the New ADCB Facility. The New ADCB Facility is guaranteed by the same entities that guarantee the New Revolving Credit Facility and the Bridge Facility, as described in paragraphs 10.7.4 and 10.8.4 above. In addition, wholly owned subsidiaries of the Company may accede to the New ADCB Facility as additional guarantors, subject to the satisfaction of certain conditions.

10.9.2 Interest

The annual interest rate on loans is calculated based on EIBOR plus a margin. The margin shall vary based on the credit rating for the long-term senior unsecured not credit-enhanced debt of the Company by Fitch and/or Standard & Poor's and the period of time during which that credit rating is provided, as set out below:

Period	**Fitch Credit Rating**	**Standard & Poor's Credit Rating**	**Margin (% per annum)**
From the date of the New ADCB Facility until the original termination date of the New ADCB Facility (the "**Original Termination Date**")	BB (or higher)	BB (or higher)	3.75
	BB-	BB-	4.00
	B- to B+	B- to B+	4.25
If extended, from the Original Termination Date until the date which is six months after that date	BB (or higher)	BB (or higher)	4.00
	BB-	BB-	4.25
	B- to B+	B- to B+	4.50
If further extended, from the date which is six months after the Original Termination Date to the date which is six months after that date	BB (or higher)	BB (or higher)	4.35
	BB-	B- to B+	4.60
	B- to B+	B- to B+	4.85

If neither Fitch nor Standard & Poor's assigns a credit rating to the Company at any time and is not replaced by another internationally recognised rating agency in accordance with the terms of the New ADCB Facility, or if an event of default is continuing under the New ADCB Facility, the margin will be 4.85% per annum. If the Company is issued two different credit ratings by Fitch and Standard & Poor's, the applicable margin will be the higher of the margins applicable to the relevant credit ratings. If the Company is issued a credit rating by only one of Fitch and Standard & Poor's, the applicable margin will be the margin specified for the single credit rating provided by Fitch or Standard & Poor's (as applicable).

Interest on a loan is payable on the last day of the loan's interest period.

10.9.3 Fees

An upfront fee of 0.50% of the total commitments under the New ADCB Facility is payable to the lender prior to the utilisation of the New ADCB Facility in relation to the provision of the New ADCB Facility.

10.9.4 Security and guarantees

The same guarantors that guarantee the New Revolving Credit Facility and the Bridge Facility shall guarantee the New ADCB Facility, on the same basis as described in paragraph 10.7.4 and 10.8.4 above. In addition, the same security shall be provided and shall be shared under the terms of an intercreditor agreement.

10.9.5 Repayments and prepayments

The New ADCB Facility terminates on the date falling 24 months after its utilisation date, subject to two extension options exercisable by the Company to extend the termination date by six months on two occasions (in each case at the lender's discretion); all outstanding amounts must be repaid on the final termination date.

The Company may voluntarily prepay any loan and/or cancel all or any part of the total commitments (provided partial prepayment or cancellation is for a minimum amount of AED20 million, in each case) by giving the Agent under the New ADCB Facility 30 days' notice of its intention to prepay and/or cancel such amounts.

In addition to voluntary prepayments and cancellations, the New ADCB Facility requires mandatory prepayment in full or in part in certain circumstances, namely if:

(i) it becomes unlawful for a lender to perform any of its obligations as contemplated;

(ii) any person or group of persons acting in concert gains control of the Company (i.e., there is a "change of control");

(iii) the credit rating assigned to the long-term senior unsecured not credit-enhanced debt of the Company by Fitch or Standard & Poor's as at the date of the New ADCB Facility is downgraded by three notches or more, or is downgraded to a rating lower than B-; or

(iv) the New ADCB Facility has not been utilised prior to 31 December 2021.

In addition to these mandatory prepayment events, if the Bridge Facility is not irrevocably repaid and cancelled in full prior to its scheduled maturity date, the total commitments under the New ADCB Facility will be cancelled, and each outstanding loan, together with accrued interest, and all other amounts accrued and/or outstanding under the finance documents will be due and payable.

If the Company or any member of the Group receives capital raising proceeds, debt issuance proceeds or disposal proceeds, the Company must ensure that such proceeds are (subject to certain exceptions) applied towards prepayment of outstanding loans and cancellation of commitments under the New ADCB Facility (and the New Revolving Credit Facility) *pro rata* to the total commitments under those facilities. The relevant proceeds must be applied towards cancellation on the date of receipt and towards prepayment within five business days of receipt.

10.9.6 Covenants

The New ADCB Facility contains covenants that are typical in financings of this type, including restrictive covenants in relation to granting security, disposals, the incurrence of financial indebtedness and mergers (each subject to customary exceptions). There are also positive covenants relating to, among other things, compliance with environmental and sanctions laws, maintaining insurances and complying with the following financial covenants:

- Leverage – the ratio of Consolidated Net Debt to Consolidated EBITDA shall not exceed the ratios set out in the table below;

Measurement Period	Leverage ratio
12-month period ending on 31 December 2021	3.75:1
12-month period ending on 30 June 2022	3.50:1
12-month period ending on 31 December 2022	3.50:1
12-month period ending on 30 June 2023	3.50:1
12-month period ending on 31 December 2023 (if the Company exercises its extension option))	3.50:1
12-month period ending on 30 June 2024 (if the Company exercises its second extension option)	3.50:1

- Interest cover – the ratio of Consolidated EBITDA to Consolidated Net Finance Expenses shall not fall below the ratios set out in the table below:

Measurement period	Interest cover ratio
12 month period ending 31 December 2021	3.00:1
12 month period ending 30 June 2022	2.25:1
12 month period ending 31 December 2022	2.25:1
12 month period ending 30 June 2023	2.25:1
12 month period ending 31 December 2023 (if the Company exercises an extension option)	2.25:1
12 month period ending 30 June 2024 (if the Company exercises its second extension option)	2.25:1

The financial covenants described above will be tested on a half year/end of year basis.

10.9.7 Events of default

The same events of default as apply in relation to the New Revolving Credit Facility apply to the New ADCB Facility, as summarised in paragraph 10.7.7 above.

10.10 Amended RAK Facility

10.10.1 Overview

The Company has a US$50 million term loan facility originally dated 1 November 2020 (the "**Existing RAK Term Loan Facility**") with The National Bank of Ras Al-Khaimah (P.S.C.) ("**RAK Bank**") as original lender and agent and which is available for general corporate purposes. In connection with the Refinancing Plan, the Company has agreed that the Existing RAK Term Loan Facility will be amended to, among other things, benefit from the same guarantees and security as the New Revolving Credit Facility and the Notes pursuant to an amendment agreement dated 26 October 2021 (as amended, the "**Amended RAK Facility**"). However, the amendment agreement to the Existing RAK Term Loan Facility does not otherwise purport to fundamentally alter the terms of the Existing RAK Term Loan Facility. The maturity of the Amended RAK Facility is 1 November 2023.

The Company is the borrower under the Amended RAK Facility.

10.10.2 Interest

The Amended RAK Facility does not purport to amend the interest rate applicable to the loan under the Existing RAK Term Loan Facility. Under the Existing RAK Term Loan Facility, the interest rate on loans is calculated based on LIBOR plus a margin. The initial margin was 3.60% per annum, but this varies based on the credit rating provided for the long-term senior unsecured not credit-enhanced debt of the Company by Fitch and/or Standard & Poor's (or if applicable a replacement rating agency), as set out in the table below:

Fitch Credit Rating	Standard & Poor's Credit Rating	Margin (% per annum)
BBB (or higher)	BBB (or higher)	3.25
BBB-	BBB-	3.50
BB+	BB+	3.70
BB (or lower)	BB (or lower)	4.00

If neither Fitch nor Standard & Poor's assign a credit rating to the Company at any time and is not replaced by another internationally recognized rating agency, or if an event of default is continuing, the applicable margin will be 4.00% per annum. If the Company is issued two different credit ratings by Fitch and Standard & Poor's, the applicable margin will be the average of the margins applicable to the relevant credit ratings. If the Company is issued a credit rating by only one of Fitch and Standard & Poor's, the applicable margin will be the margin specified for the single credit rating provided by Fitch or Standard & Poor's (as applicable).

Interest on the loan is payable on the last day of the loan's interest period.

10.10.3 Security and guarantees

The Existing RAK Term Loan Facility was unsecured, however, the Company guaranteed its own obligations thereunder. In connection with the Refinancing Plan, the same guarantors that guarantee the New Revolving Credit Facility shall guarantee the Amended RAK Facility, on the same basis as described in "*—New Revolving Credit Facility—Security and guarantees*". In addition, the same security shall be provided and shall be shared under the terms of an intercreditor agreement.

10.10.4 Repayments and prepayments

As was the case under the Existing RAK Term Loan Facility, the Amended RAK Facility terminates on the date falling three years from 1 November 2020, subject to the option to extend the termination date by 24 months (at the lender's discretion and no less than 60 days before the original termination date).

The Company may voluntarily prepay any loan and/or cancel all or part of the facility if any such prepayment or cancellation (if in part) is for a minimum of US$5 million and provided that, (in the case of a voluntary prepayment), it has not made a voluntary prepayment in the 12 month period prior to the proposed date of that prepayment and, in certain circumstances, it pays a prepayment fee.

10.10.5 Covenants

The Amended RAK Facility does not purport to fundamentally change the financial covenants in the Existing RAK Term Loan Agreement. However, these financial covenants do have different terms to those covenants in the New Revolving Credit Facility. Under the terms of the Amended RAK Facility, the Company must comply with a leverage test to ensure that the ratio of its Consolidated Net Debt does not exceed 3:1 to Consolidated EBITDA in any twelve-month period ending on a relevant test date. The Company is also required to ensure that the ratio of its Consolidated EBITDA to Consolidated Net Finance Expenses for the same periods must be at least 3:1. Both of these financial covenants are tested when the Company submits its annual and half yearly (in the case of the first half of the year) consolidated financial statements. These need to be submitted as soon as they are available and in any event, in the case of the audited consolidated financial statements for the relevant financial year, within 180 days after the end of that financial year and, in the case of the unaudited consolidated half yearly financial statements, within 90 days after the end of the first half of each relevant financial year.

The Existing RAK Term Loan Facility also contains information and customary negative covenants which are subject to certain agreed exceptions and materiality carve outs, some of which have been which have been amended under the Amended RAK Facility such that those carve outs are broadly consistent with those under the New Revolving Credit Facility.

10.10.6 Events of defaults

The Amended RAK Facility does not purport to amend the events of defaults in the Existing RAK Term Loan Facility. The Existing RAK Term Loan Facility contains a number of customary events of default (subject in certain cases to agreed grace periods and other qualifications) including breach of the financial covenants described above.

***10.11* Secured Guarantee Facilities**

Certain members of the Group are party to agreements with lenders and other facility providers pursuant to which the relevant members of the Group can request the issuance of letters of credit and guarantees in favour of counterparties of the Group (see further Note 31 to the 2020 Audited Consolidated Financial Statements). In connection with the Refinancing Plan (and as a condition to such the relevant lenders and facility providers consenting to the Refinancing Plan), the Company has agreed that certain of these facilities will be amended to, among other things, benefit from the same guarantees and security as the New Revolving Credit Facility and the Notes. The providers of these facilities will become parties to the Intercreditor Agreement.

10.12 Intercreditor Agreement

10.12.1 General

In connection with the Refinancing Plan, to establish the relative rights of certain of the Group's secured creditors under its financing arrangements, the Company, each of the Guarantors, and any other entity which accedes to the Intercreditor Agreement as a debtor (together the "Debtors") will enter into an intercreditor agreement that will include customary terms for financings of the type contemplated by the Refinancing Plan (the "**Intercreditor Agreement**").

The parties to the Intercreditor Agreement are expected to include, among others, the Security Agent and the lenders and agents under the New Senior Facilities (including the New Revolving Credit Facility, the New ADCB Facility Agreement and the Amended RAK Facility) and the creditors under the Secured Guarantee Facilities. The Trustee under the Notes will be required to accede to the Intercreditor Agreement on the Issue Date of the Notes. Following the accession of the Trustee under the Notes to the Intercreditor Agreement, the term "**Secured Creditors**" will include the Security Agent, the agents, arrangers and lenders under the New Senior Facilities, the creditors under the Secured Guarantee Facilities and the Trustee under the Notes.

The Intercreditor Agreement will be governed by English law. The Intercreditor Agreement will set out, among other things:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of debt of the Debtors;
- when enforcement action can be taken in respect of that indebtedness;
- the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions; and
- the circumstances in which the Collateral may be shared on a *pari passu* basis with additional third party creditors.

It is expected that the Company will make the definitive Intercreditor Agreement publicly available upon the Company's website.

10.12.2 Priority of Secured Debt

The Intercreditor Agreement purports to rank the debt held by the Secured Creditors that is secured by the Collateral (the "**Secured Debt**") *pari passu* without any preference between any class of Secured Debt.

10.12.3 Enforcement

The class of creditors permitted to instruct the Security Agent to enforce the security documents under the Intercreditor Agreement (the "**Instructing Group**") will be the Pari Passu Creditors. For the purposes of the Intercreditor Agreement, "**Pari Passu Creditors**" includes the following class of creditors:

- the agents, arrangers and lenders under the New Senior Facilities;
- any creditor representative in relation to any noteholder of *pari passu* notes and any pari passu lender under the Intercreditor Agreement and each noteholder, lender and arranger in relation to any *pari passu* debt;
- the Security Agent; and

any hedge counterparty that is owed pari passu hedging liabilities.

Before the date on which any public debt securities which constitute *pari passu* debt liabilities are issued, the Instructing Group will include those Pari Passu Creditors whose credit participations aggregate more than 66⅔% of the total *pari passu* credit participations at that time. After that date, the Instructing Group will comprise of those Pari Passu Creditors whose credit participations aggregate more than 50% of the total *pari passu* credit participations at that time.

Pari passu debt can be incurred by one or more members of the Group from time to time in accordance with the terms of the Intercreditor Agreement and provided it is designated as *pari passu* debt and subject to certain other conditions, it shall be secured by the Collateral.

The Intercreditor Agreement specifies procedures that must be followed for the Instructing Group to instruct the Security Agent to enforce the Collateral. No secured party shall have any independent power to enforce, or to have recourse to, any Collateral or to exercise any rights or powers arising under the security documents except through the Security Agent.

Prior to instructing the Security Agent to enforce the Collateral or take any other enforcement action set out in the Intercreditor Agreement, the creditor representatives of the creditors represented in the Instructing Group are required to consult with each creditor representative representing the second lien creditors and the Security Agent in good faith for 10 Business Days (the "**Consultation Period**"). The creditor representatives are not obliged to consult if:

- the Collateral has become enforceable as a result of an insolvency event;
- the Instructing Group or any creditor representative of the creditors represented in the Instructing Group determines in good faith that consulting and delaying enforcement of the Collateral could reasonably be expected to have a material adverse effect on the ability to enforce any of the Collateral or realise the proceeds of any enforcement of the Collateral;
- any action or proceedings have been threatened or commenced by or on behalf of any lender under any second lien facility or a noteholder of any second lien notes against any Pari Passu Creditor, any affiliate of the creditors under the New Senior Facilities, any Debtor or any holding company of any Debtor;
- the Security Agent has obtained an independent valuation in accordance with the terms of the Intercreditor Agreement which shows that the enterprise value of the Group is less than the *pari passu* liabilities; or
- any second lien creditor accelerates the second lien liabilities, declares them to be prematurely due and payable, makes a demand in relation to any second lien liability or guarantee, threatens or commences any proceedings to recover the second lien liabilities or takes any steps in relation to winding up, administration, dissolution of the group or enforcement of transaction security (except in certain situations listed in the Intercreditor Agreement).

If the Instructing Group has instructed the Security Agent to cease or not proceed with enforcement or in the absence of instructions from the Instructing Group, the Security Agent is permitted to give effect to any instructions to enforce Collateral which the creditor representative for the second lien creditors is entitled to give.

10.12.4 Enforcement Proceeds

The Intercreditor Agreement provides that, following any enforcement of the security documents, any recovered sums will be applied in the following order of priority:

- in discharging sums owed to the Security Agent, any receiver or delegate appointed pursuant to any security document and in payment to the creditor representatives (other than of any group of unsecured creditors) of its fees and costs in relation to enforcement;
- in discharging all costs and expenses incurred by any Pari Passu Creditor, second lien creditor or senior subordinated creditor in relation to the realisation or enforcement of Collateral;

- in discharging (a) the *pari passu* debt liabilities on a *pro rata* basis between *pari passu* liabilities incurred under separate *pari passu* facility agreements and notes indentures and (b) pari passu hedging liabilities on a *pro rata* basis between such *pari passu* hedging liabilities;
- in discharging second lien debt and hedging liabilities on a *pro rata* basis;
- in discharging senior subordinated debt and hedging liabilities on a *pro rata* basis;
- in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor or security grantor; and
- the balance, if any, in payment to the relevant Debtor.

The Intercreditor Agreement contains customary turnover and equalisation provisions.

10.12.5 Appointment of Security Agent

The Intercreditor Agreement sets out the terms on which the Security Agent holds the benefit of the security documents. The Security Agent's role under the Intercreditor Agreement and the security documents is solely of a mechanical and administrative nature.

The Security Agent shall not be obliged to take any action (including with respect to taking enforcement proceeds or enforcing the security documents) unless instructed by the relevant class of creditors or permitted under the Intercreditor Agreement and subject to an indemnity owed to it by the Pari Passu Creditors, second lien creditors and senior subordinated creditors. The Security Agent is entitled to accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group, Debtor or any security grantor. It is not bound to account to any other secured party for any sum or profit element received by it for its own account.

Except as provided above, wherever in the security documents the Security Agent is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Secured Creditors, it shall have regard only to the interest of the Secured Creditors as a whole, and, in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Secured Creditor.

The Security Agent is not obliged to insure any Collateral, or require any other person to maintain or monitor the adequacy of such insurance or verify any obligation to arrange or maintain insurance, and will not be responsible for any loss, expense or liability which may be suffered as a result of the lack of, or inadequacy of, such insurance. The Security Agent has not undertaken and will not undertake any independent investigations, searches or other actions to verify the title of any security provider to the Collateral or compliance by any obligor with tis respective representations, warranties and undertakings under the transaction documents. The Security Agent has not investigated or will not investigate the efficacy or enforceability of any of the security documents.

10.12.6 Parallel Debt

In certain jurisdictions, a security interest in the Collateral is not granted directly to the relevant lenders or noteholders, but is granted only in favour of the Security Agent as beneficiary of parallel debt obligations ("**Parallel Debt**"). The Parallel Debt is in an amount up to the amount of debt held by the Secured Creditors (the "**Principal Obligations**"). Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations.

10.12.7 Sharing of Collateral

The Intercreditor Agreement provides that, subject to the terms of the financing documents for the Secured Debt, third-party creditors of the Guarantors and other obligors holding indebtedness in an amount greater than a specified amount may accede to the Intercreditor Agreement as additional Secured Creditors with respect to such debt and thereby share in the Collateral on the terms set out in the Intercreditor Agreement.

The sharing of the Collateral is subject to certain limitations under relevant local law. Further, the pool of Secured Creditors and Secured Debt may be increased, thus resulting in a reduction in the pro-rated recovery of enforcement proceeds by the existing Secured Creditors.

10.12.8 Release of Collateral

The Intercreditor Agreement provides that the Security Agent may release the Collateral under certain conditions, including in connection with the enforcement of the security documents or in connection with the sale of assets permitted by the relevant financing documents.

10.12.9 Amendments

The Security Agent has the right to make amendments which are minor or of a technical nature to the Intercreditor Agreement without any further consent from the Secured Creditors. In all other respects, the Security Agent shall take instructions from the Secured Creditors in accordance with the terms of the financing documents for the Secured Debt.

10.13 **Proposed Bond Purchase Agreement**

10.13.1 If the Company proceeds with the Proposed Bond Offering, it would expect to enter into a Proposed Bond Purchase Agreement with Goldman Sachs International, J.P. Morgan Securities plc, First Abu Dhabi Bank PJSC and NatWest Markets Securities Inc. (the "**Initial Purchasers**") at the time of agreeing the terms of the proposed issuance with the Initial Purchasers.

10.13.2 The Proposed Bond Purchase Agreement, if entered into, is expected to provide that the obligations of the Initial Purchasers to pay for and accept delivery of the notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel, in connection with the offer of the notes to potential investors.

10.13.3 The Company expects to give certain customary representations and warranties to the Initial Purchasers in the Proposed Bond Purchase Agreement in relation to matters relating to the Group and its business. The Proposed Bond Purchase Agreement is expected to provide that the Company would indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The obligations of the Initial Purchasers under the Proposed Bond Purchase Agreement would be subject to certain conditions, including completion of the Capital Raise.

11 Regulatory Disclosures

Below is a summary of the information disclosed in accordance with the Company's obligations under the UK Market Abuse Regulation over the last 12 months which is relevant as at the date of this document.

SFO Investigation

On 24 September 2021, the Company announced that it had entered a plea agreement with the SFO. Pursuant to the plea agreement, the Company entered guilty pleas to seven counts of historical offences of failing to prevent bribery by former employees, contrary to section 7(1) of the Bribery Act 2010. Taken together, these seven counts involved five former Group employees.

Under the terms of the plea agreement, the Company pleaded to failure to prevent these former employees from offering or making payments to agents who intended to obtain or retain business and/or an advantage in the conduct of busines, in relation to 10 projects (including variation orders and extensions) in Iraq, Saudi Arabia and the UAE in the period from 2011 to 2017.

On 4 October 2021, the Company made a further announcement in respect of the sentence it had received. In the announcement the Company noted that Southwark Crown Court imposed a total penalty of £77 million in connection with investigation, with such sentence concluding the SFO's investigation into the Company. In determining the penalty, the Southward Crown Court and the SFO acknowledged the Company's extensive corporate reform through its transformation of the Company's leadership, personnel, compliance and assurance processes. The Company also made announcements on 27 September 2021 and 1 October 2021 to provide updates on the court process.

Trading Update

On 28 June 2021, the Company gave a trading update in light of the ongoing COVID-19 pandemic. In this trading update, the Company announced that while financial performance in its E&C business has been impacted by the ongoing COVID-19 pandemic, the EPS business has demonstrated its resilience by growing both revenue and margins. The Group is expecting new orders to remain depressed in E&C in the current year, but has an active bidding pipeline due for award to the industry in the next 18 months. First half revenues in 2021 for E&C are expected to be around US$1.0 billion, reflecting lower levels of activity, a mutually agreed rescoping of the Sakhalin contract and other project schedule disruptions caused by COVID-19. The Company confirmed that it is focused on delivering operational and functional excellence, investing to improve productivity and taking measures to improve its cost-competitiveness. The Company believes that these actions will mitigate the impact of current challenging market conditions and best position E&C for a recovery in market conditions.

EPS' financial performance in the first half of 2021 has benefited from robust order intake and cost discipline. First half revenue is expected to be approximately US$0.5 billion, primarily reflecting strong year-on-year growth in Operations and Projects. EPS' net margin for the same period is expected to be between 5.25% and 5.75%, driven by an increase in brownfield project contract margins and a lower overhead ratio.

Net debt was approximately US$290 million as at 24 June 2021, reflecting the reversal of temporary favourable working capital movements at the end of 2020. Liquidity was approximately US$0.9 billion as at 24 June 2021, reflecting the extension and partial prepayment of the Group's revolving credit facility and ADCB term loan in April.

Extension of Facilities

On 7 April 2021, the Company announced that it had extended US$700 million of its banking facilities, at its request, with the unanimous support of lenders. These extensions comprise a US$610 million extension of its existing revolving credit facility to 2 June 2022, with an option to extend for a further six months, and a US$90 million extension of its bilateral term facility with ADCB to 1 April 2022.

The extension of these facilities, together with the issue of £300 million in commercial paper under the COVID Corporate Financing Facility in February 2021, preserve the Group's strong liquidity position which was US$1.3 billion at 31 March.

COVID Corporate Financing Facility

On 1 February 2021, the Company issued £300 million in commercial paper with a maturity of 12 months under the COVID Corporate Financing Facility, the maximum amount it is eligible to issue under this facility.

12 Related Party Transactions

12.1 Related Party Transactions in the ordinary course

Details of the related party transactions between Petrofac and joint ventures, associates and key management personnel that were entered into during the financial years ended 31 December 2018, 2019 and 2020 are incorporated into this document by reference to the 2018, 2019 and 2020 Annual Report and Accounts, as described in Part XI of this document. During the period from 1 January 2021 to 25 October 2021 (being the latest practicable date prior to the date of this document) there were no changes in the nature of Petrofac's related party transactions.

12.2 Related Party Transaction disclosure in relation to participation in the Capital Raise

Ayman Asfari is a Director and a related party of the Company for the purposes of the Listing Rules. A summary of Mr. Asfari's letter of appointment is included below.

Mr. Asfari was appointed as Non-Executive Director of the Company on 1 January 2021. His appointment is subject to annual re-election at the Company's annual general meeting. Non-Executive Directors of the Company are typically expected to serve two three-year terms, although the Board may invite Mr. Asfari to serve for an additional period.

Mr. Asfari retired from the role of Group Chief Executive on 31 December 2020 and waived his annual fee on 1 January 2021 in consideration of his appointment to the role of Non-Executive Director. He will not receive any Board fees, but will continue to receive payment in lieu of notice from the Company in connection with his previous role, until 11 October 2021. From 12 October 2021, Mr. Asfari will be entitled to a fee of £67,000 gross per annum, paid quarterly, in arrears, and subject to any deductions required by law.

Mr. Asfari is not entitled to any bonus or to participate in any share scheme or pension arrangement operated by the Company or any subsidiary of the Group. From 12 October 2021, £5,000 of Mr. Asfari's quarterly fee will be used to purchase Shares on the open market, to be held on his behalf within the Company's Corporate Nominee until such time as he steps down from the Board (subject to review by the Board by the end of 2021). The Company will reimburse Mr. Asfari for all reasonable and properly documented expenses which he incurs in the performance of his duties.

Mr. Asfari is covered by directors' and officers' liability service for the full term of his appointment. Mr. Asfari is entitled to consult independent professional advisers at the Company's expense where appropriate and in furtherance of his duties as a Non-Executive Director.

Mr. Asfari's appointment may be terminated by either party providing to the other not less than three months' written notice, or terminated without notice by the Company on making a payment in lieu equivalent to three months' fees to him.

Mr. Asfari is subject to confidentiality restrictions and customary provisions in relation to outside interests.

Schroders is also a related party of the Company for the purposes of the Listing Rules.

Details of (i) Schroders' and (ii) Mr Asfari and family's participations in the Capital Raise, each of which constitutes a related party transaction, is given in paragraph 8 of Part I: "*Letter from the Chairman of Petrofac Limited*".

13 Litigation and Arbitration Proceedings

The SFO Investigation

On 12 May 2017, the SFO announced a wide-ranging investigation into the Company, its subsidiaries, and their respective officers, employees and agents for suspected bribery, corruption and/or money laundering.

On 24 September 2021, the Company announced that it had entered a plea agreement with the SFO. Pursuant to the plea agreement, the Company entered guilty pleas to seven counts of historical offences of failing to prevent bribery by former employees, contrary to section 7(1) of the Bribery Act 2010. Taken together, these seven counts involved five former Group employees.

Under the terms of the plea agreement, the Company pleaded to failure to prevent these former employees from offering or making payments to agents who intended to obtain or retain business and/or an advantage in the conduct of busines, in relation to 10 projects (including variation orders and extensions) in Iraq, Saudi Arabia and the UAE in the period from 2011 to 2017. The Company and the SFO's representations to the Court outlined instances of failure of the Company's compliance systems and oversight structures during that period to identify and prevent instances of bribery by employees of the Group. In particular, attempts were made by these former employees to conceal their misconduct. No members of the Company's current Board of Directors were implicated in the plea agreement agreed with the SFO. Since these events the Company has engaged in an extensive programme to enhance its corporate governance framework. This includes both changes to executive management and the departure of the relevant employees named in the pleas from the Group as well as the continued enhancement of the Group's compliance systems and oversight structures to prevent these types of behaviour in the future. The SFO and the Court have recognised that the Group has undergone extensive corporate reform in recent years and continues to put in place a robust compliance programme.

On 4 October 2021, Southwark Crown Court handed down a sentence imposing a fine of £77 million on the Company (comprising a confiscation order of £22.8 million payable by 3 January 2022, a fine of £47.2 million payable by 14 February 2022 and an order to reimburse SFO costs in the amount of £7 million also payable by 14 February 2022) (the "**SFO Fine**"). In determining the penalty, the Court and the SFO acknowledged the Company's extensive corporate reform through its transformation of its leadership, personnel, compliance and assurance processes. In addition, the strengthening of the Company's compliance programme, due diligence function and ongoing, independent third-party scrutiny of compliance arrangements was noted and it was acknowledged that serious attempts have been made by the Company to improve its corporate culture and address the issues.

The Directors are not aware of any further criminal investigations or proceedings being taken, or planned to be taken, against the Group in relation to these incidents. Subject to payment of the penalty in accordance with the terms set out above, the SFO Investigation as it relates to the Company and its subsidiaries is now closed.

In addition, the Company has from time to time over the last two and a half years received correspondence from claimant law firms making reference to the possibility of civil claims relating to these matters. To date, no such claims have been brought, and any such claims would face substantial obstacles.

The CONSOB proceedings against Mr. Ayman Asfari

On 24 August 2017, Petrofac's Chief Executive Officer (at the time) Mr. Ayman Asfari informed the Group that he had become subject to certain administrative sanctions by the Italian National Commission for Companies and the Stock Exchange (the "**CONSOB**"). These sanctions comprise: (a) an administrative fine of €300,000, (b) a 12-month disqualification from taking up, inter alia, administrative, management or supervisory positions in any Italian listed company, and (c) an order for the confiscation of property with a value of €385,000.

According to the information provided by Mr. Asfari, the sanctions imposed by the CONSOB relate to a past personal dealing in securities of an Italian listed company (the "**Italian Co**"). The CONSOB's position is that an executive of the Italian Co (the "**Italian Co Executive**") allegedly passed inside information to Mr. Asfari and that Mr. Asfari allegedly acted on that information by trading in the securities of the Italian Co. Mr. Asfari has informed the Group that CONSOB sought to serve Mr. Asfari with process in the U.K., through the UK's Foreign Process Section ("**FPS**"). However, despite a certificate of service ("**Certificate of Service**") being issued by the FPS to CONSOB, Mr. Asfari was never actually served. Accordingly, CONSOB heard the case in Mr. Asfari's absence and, on 8 March 2017, formally sanctioned Mr. Asfari, imposing an administrative sanction.

In relation to these proceedings, Mr. Asfari has informed the Group that:

- he lodged proceedings before the UK High Court to seek a declaration that he had not been served with process and that the Certificate of Service was defective and wrong, and that the UK High Court ruled in favour of Mr. Asfari, concluding that he had not been served personally with the letter of charge and declaring the Certificate of Service null and void (but that, notwithstanding this, CONSOB did not annul the 8 March 2017 sanctioning resolution); and
- he appealed CONSOB's 8 March 2017 decision before the Court of Appeal in Rome (the "**Rome Court**", which Mr. Asfari has informed the Group was competent for cases brought against parties not residing in Italy) and he joined in the Executive's appeal proceedings before the Court of Appeal in Milan (the "**Milan Court**", which Mr. Asfari has informed the Group was competent for the case against the Executive); Mr. Asfari further informed the Group that, while the Milan Court annulled the sanction issued by CONSOB towards the Executive and affirmed, among other things, that CONSOB had not proved that the Executive had communicated the inside information to Mr. Asfari, the Rome Court dismissed Mr. Asfari's appeal in full.

Mr. Asfari further informed the Group that he has appealed the Rome Court's decision before the Court of Cassation (the Italian equivalent to the UK's Supreme Court), submitting to the Court of Cassation a number of arguments. Mr. Asfari informed the Group that his appeal has been considered admissible by the Court of Cassation and deserving of a full review, but that (given the Court of Cassation's backlog) it is expected that the case will be decided, at the earliest, in two to three years' time.

HMRC review into National Insurance Contributions

One of the Group's subsidiaries, PFML, is subject to an ongoing challenge by HMRC on the historical application of NICs to workers in the UK Continental Shelf. In October 2020, a decision was issued by HMRC against PFML in relation to this matter. PFML has appealed against the decision, and no payment has been made to HMRC pending the outcome of the appeal, which is expected in the fourth quarter of 2022 or the first quarter of 2023. The maximum potential exposure to PFML in relation to this matter should it be unsuccessful in defending its position is approximately US$170 million (including interest, to date).

Other than these matters, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the 12 months preceding the date of this document which may have, or have had in the recent past, significant effect on the Company's and/or the Group's financial position or profitability.

14 Working Capital

14.1 The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

15 No Significant Change

Save for the penalty of £77 million to be paid by the Company in connection with the SFO Investigation (see paragraph 13 "*Litigation and Arbitration Proceedings*" in Part X: "*Additional Information*" above), there has been no significant change in the financial position or performance of the Group since 30 June 2021, the date to which the Group's latest unaudited consolidated interim financial statements were prepared.

16 Consents

16.1 Each of the Joint Bookrunners has given and not withdrawn their consent to the inclusion in this document of their name in the form and in the context in which they appear.

16.2 Ernst & Young LLP has given and not withdrawn its written consent to the inclusion of the Report on the Unaudited *Pro Forma* Financial Information in Section B of Part VIII: "*Unaudited Pro Forma* Financial Information" of this document, in the form and context in which it is included, and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

17 Miscellaneous

17.1 The total fees, costs and expenses payable by the Company in connection with the Firm Placing and Placing and Open Offer are estimated to amount to approximately US$16 million (including VAT).

17.2 Each New Share is expected to be issued at a premium of US$1.56 to its nominal value of US$0.02.

17.3 Where information included in this document has been sourced from a third party, Petrofac confirms that the information has been accurately reproduced and, as far as Petrofac is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified wherever it appears.

18 Documents Available for Inspection

Copies of the following documents are available for inspection on the Company's website (www.petrofac.com) up to completion of the Placing and Open Offer:

(a) the up-to-date Articles of Association;

(b) the consent letters referred to in paragraph 16 above;

(c) the unaudited *pro forma* financial information of the Group and the report from Ernst & Young LLP thereon contained in Part VIII of this document;

(d) the information incorporated by reference into this document, as described in Part XI of this document; and

(e) this document.

Dated: 26 October 2021

PART XI—INFORMATION INCORPORATED BY REFERENCE

No part of the 2021 Interim Statement, 2020 Annual Report and Accounts, the 2019 Annual Report or Accounts and the 2018 Annual Report and Accounts is incorporated herein except as expressly stated below. Where such documentation itself incorporates information by reference to another document, the further information is not intended to form part of this document for any purpose.

The table below sets out the various sections of the documents referred to above which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Regulation Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the New Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Shares.

Reference document	Information incorporated by reference	Page number(s) in reference document
2021 Interim Statement	Independent review report to Petrofac Limited	43
	Interim condensed consolidated income statement	16
	Interim condensed statement of comprehensive income	17
	Interim condensed consolidated balance sheet	18
	Interim condensed statement of cash flows	19
	Interim condensed consolidated statement of changes in equity	20
	Notes to the interim condensed consolidated financial statements	21-36 (inclusive)
	Appendices	37-45 (inclusive)
2020 Annual Report and Accounts	Independent auditors' report to the members of Petrofac Limited	120-130 (inclusive)
	Consolidated income statement	131
	Consolidated statement of other comprehensive income	132
	Consolidated balance sheet	133
	Consolidated statement of cash flows	134
	Consolidated statement of changes in equity	135
	Notes to the consolidated financial statements	136-190 (inclusive)
	Appendix A to the financial statements	191-196 (inclusive)
2019 Annual Report and Accounts	Independent auditors' report to the members of Petrofac Limited	111-117 (inclusive)
	Consolidated income statement	118
	Consolidated statement of comprehensive income	119
	Consolidated statement of changes in equity	122
	Consolidated balance sheet	120
	Consolidated cash flow statements	121
	Notes to consolidated financial statements	123-172 (inclusive)
	Appendix A to the financial statements	174-177 (inclusive)
2018 Annual Report and Accounts	Independent auditors' report to the members of Petrofac Limited	104-112 (inclusive)
	Consolidated income statement	113
	Consolidated statement of comprehensive income	114
	Consolidated statement of changes in equity	117
	Consolidated balance sheet	115
	Consolidated cash flow statements	116
	Notes to the consolidated financial statements	118-176 (inclusive)
	Appendix A to the financial statements	177-182 (inclusive)

Where this information makes reference to other documents, such other documents are not incorporated and do not form part of this document. Parts of the documents from which the information incorporated by reference have been incorporated are not set out above because they are either not relevant or are covered elsewhere in this document.

The 2021 Interim Statement, 2020 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2018 Annual Report and Accounts are available for inspection in accordance with paragraph 18 of Part X: "*Additional Information*" of this document. These documents are also available online on Petrofac's website at https://www.petrofac.com.

PART XII—DEFINITIONS

2018 Audited Consolidated Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 31 December 2018
2019 Annual Report and Accounts	the annual report and accounts prepared by the Company for the financial year ended 31 December 2019
2019 Audited Consolidated Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 31 December 2019
2020 Annual Report and Accounts	the annual report and accounts prepared by the Company for the financial year ended 31 December 2020
2020 Audited Consolidated Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 31 December 2020
2021 Interim Statement	the interim accounts prepared by the Company for the six months ended 30 June 2021
2021 Unaudited Interim Consolidated Financial Statements	unaudited consolidated interim financial statements of the Company for the six months ended 30 June 2021
Admission	admission of the New Shares to: (i) the Official List; and (ii) trading on the London Stock Exchange's main market for listed securities
Amended RAK Facility	a US$50 million secured, guaranteed term facility originally dated 1 November 2020 and as amended pursuant to an amendment agreement dated 26 October 2021 with The National Bank of Ras Al-Khaimah (P.S.C.) as original lender and agent.
APMs	the Group's alternative performance measures
Application Form	the application form to be issued to Qualifying Non-CREST Shareholders (other than to certain Overseas Shareholders) for use in connection with the Open Offer
AQRT	the FRC's Audit Quality Review team
Articles or Articles of Association	the articles of association of the Company
Bridge Facility	the US$500 million bridge facility dated 26 October 2021 and maturing 26 October 2022 with an option (at the Company's election, and without requiring the lenders' consent) to extend the maturity by six months, among, *inter alios*, the Company, the Guarantors, the facility agent, and the security agent
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London and Jersey
Capital Raise	the Firm Placing and Placing and Open Offer
CCFF	£300 million of commercial paper, issued under the Covid Corporate Finance Facility due to be repaid on 31 January 2022
CCSS	the CREST Courier and Sorting Service established by Euroclear to facilitate, among other things, the deposit and withdrawal of securities
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Chairman	the chairman of the Company, René Médori
Closing Price	the closing, middle market quotation of an Existing Share, as published in the Daily Official List
Company or **Petrofac**	Petrofac Limited, a public limited company incorporated under the laws of Jersey

Conditional Placee any person who has agreed to conditionally subscribe for Open Offer Shares (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer) pursuant to the Placing

Corporate Governance Code the UK Corporate Governance Code (July 2018 edition) produced by the Financial Reporting Council

CREST the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations)

CREST Manual the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)

CREST member a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)

CREST Regulations the Uncertificated Securities Regulations 2001 (SI 2001/3755)

CREST sponsor a CREST participant admitted to CREST as a CREST sponsor

CREST sponsored member a CREST member admitted to CREST as a sponsored member

CRRT the FRC's Corporate Reporting Review team

Directors or **Board** the Executive Directors and Non-Executive Directors as at the date of this document

Director Subscriptions the subscription for the Subscription Shares by certain Directors, further details of which are contained in Section 8 of Part I

Disclosure Guidance and Transparency Rules the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority

Distributor a distributor for the purposes of MiFID II (EU Directive 2014/65/EU) and any subsequent technical advice or guidance issued by ESMA

EBITDA earnings before interest, tax, depreciation and amortisation

EEA the European Economic Area

Enlarged Share Capital the expected issued ordinary share capital of Petrofac immediately following the issue of the New Shares and the Subscription Shares

EU European Union

Euroclear Euroclear UK & Ireland Limited

Exchange Act United States Exchange Act (1934), as amended

Excluded Territories the Commonwealth of Australia, its territories and possessions, each province and territory of Canada, Japan, Switzerland and the Republic of South Africa and any other jurisdiction where the extension into or availability of the Firm Placing and Placing and Open Offer would breach any applicable law

Executive Directors the executive directors of the Company as at the date of this document

Ex-Entitlement Date 26 October 2021

Existing ADCB Term Loan Facility a bilateral term loan of the equivalent of US$90 million, from Abu Dhabi Commercial Bank

Existing Holding	a Qualifying Shareholder's holding of Shares on the Record Date
Existing Indebtedness	means: (i) the US$546 million drawn amount outstanding under the Existing Revolving Credit Facility; (ii) the £300 million of commercial paper issued under the CCFF due to be repaid on 31 January 2022; (iii) the US$90 million outstanding under the Existing ADCB Term Loan Facility; (iv) US$30 million of fees and expenses associated with the Refinancing Plan; and (v) US$8 million of an existing overdraft facility
Existing RAK Term Loan Facility	a bilateral term loan of US$50 million from The National Bank of Ras Al-Khaimah (P.S.C.), dated 1 November 2020
Existing Revolving Credit Facility	the unsecured US$610 million revolving facility among, *inter alios*, the Company, as borrower, the lenders from time to time party thereto and Standard Chartered Bank, as agent, originally dated September 11, 2012 and as amended and amended and restated from time to time
Existing Shares	the Shares in issue immediately preceding the issue of the New Shares
Financial Conduct Authority or **FCA**	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
Firm Placee	any person who has agreed to subscribe for Firm Placing Shares pursuant to the Firm Placing
Firm Placing	the firm placing of the Firm Placing Shares, as described in this document
Firm Placing Shares	the 87,119,226 Shares to be issued by Petrofac pursuant to the Firm Placing
Form of Proxy	the form of proxy enclosed with this document for use in connection with the General Meeting
FRC	the Financial Reporting Council
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company to be held at 10.00 a.m. on 12 November 2021 at the offices of Linklaters LLP, at One Silk Street, London EC2Y 8HQ, notice of which is set out on pages 221 to 225 (inclusive) of this document
Goldman Sachs	Goldman Sachs International, with registered address at Plumtree Court, 25 Shoe Lane, London EC4A 4AU
Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings from time to time
Historical Financial Information	the audited consolidated financial statements of the Company included in the 2020, 2019 and 2018 Annual Report and Accounts, together with the audit opinions thereon, and the unaudited interim financial statements as at and for the sixth-month periods ended 30 June 2021 and 2020, as set out in Part V and Part XI of this document
HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards as adopted by the European Union
ISIN	International Securities Identification Number
Issue Price	£1.15 (US$1.58)
JerseyCo	Pyrenees (Jersey) Finance Limited, registered in Jersey with company number 138800 and having its registered office at 44 Esplanade, St Helier, Jersey JE4 9WG
Jersey Companies Law	Companies (Jersey) Law 1991

Joint Bookrunners	J.P. Morgan and Goldman Sachs
J.P. Morgan	J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name, J.P. Morgan Cazenove), with registered address at 25 Bank Street, Canary Wharf, London, E14 5JP
KPI	key performance indicator
LIBOR	the London interbank offered rate
Listing Rules	the listing rules of the Financial Conduct Authority
Lloyds	Lloyds Bank PLC
London Stock Exchange	London Stock Exchange plc
MAR	the Market Abuse Regulation (EU) No 596/2014 (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
Money Laundering Regulations	Money Laundering Regulations 2007 (SI 2007/2157)
New ADCB Facility	a AED185 million secured term loan dated 26 October 2021 with Abu Dhabi Commercial Bank P.J.S.C. as lender for the general corporate purposes of the Group
New Revolving Credit Facility	the secured US$180 million multicurrency facility among, *inter alios*, the Company, as borrower, the Guarantors, the lenders from time to time party thereto and National Westminster Bank plc, as agent, originally dated 26 October 2021
New Shares	the 173,597,412 new Shares which the Company will allot and issue pursuant to the Capital Raise, comprised of the Firm Placing Shares and the Open Offer Shares
Non-CREST Shareholders	Shareholders holding Shares in certificated form
Non-Executive Directors	the non-executive directors of the Company as at the date of this document
Notice of General Meeting	the notice of General Meeting set out in this document
Official List	the Official List of the FCA
Open Offer	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders only, the Application Form)
Open Offer Entitlement	a Qualifying Shareholder's entitlement to subscribe for 1 Open Offer Shares for every 4 Existing Shares held by them pursuant to the Open Offer
Open Offer Shares	the 86,478,186 Shares to be issued by Petrofac pursuant to the Placing and Open Offer
Overseas Shareholders	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside of the United Kingdom
Placee	a Conditional Placee or a Firm Placee
Placing	the conditional placing of the Open Offer Shares as described in this document
PRA	the Prudential Regulation Authority
Proposed Bond Offering	the proposed bond to be issued by the Company to raise gross proceeds of US$500 million (£363 million);

Prospectus Delegated Regulation	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
Prospectus Regulation	Regulation (EU) 2017/1129 and amendments thereto (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
Prospectus Regulation Rules	means the Prospectus Regulation Rules made by the FCA, as from time to time amended and includes, where appropriate, relevant provisions of the Prospectus Regulation as referred to or incorporated within the Prospectus Regulation Rules and "PRR" is a reference to any one of the Prospectus Regulation Rules
Qualifying CREST Shareholders	Qualifying Shareholders holding Shares in uncertificated form
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Shares in certificated form
Qualifying Shareholders	Shareholders (other than in respect of treasury shares) on the register of members of the Company at the Record Date
Receiving Agent	Equiniti Limited
Record Date	close of business on 25 October 2021
Reference Date	25 October 2021, being the latest practicable date before the date of this document
Refinancing Plan	the proposed financing plan discussed in paragraph 2.2 "*The Refinancing Plan*" of Part I: "*Letter from the Chairman of Petrofac Limited*"
Registrar	Equiniti (Jersey) Limited
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA
Resolutions	the resolutions to be proposed at the General Meeting in connection with the Capital Raise, notice of which is set out on pages 221 and 225 (inclusive) of this document
Rothschild & Co	N.M. Rothschild & Sons Limited, a company incorporated in England with registered number 00925279, whose registered office is at New Court, St Swithin's Lane, London EC4N 8AL
SDRT	Stamp Duty Reserve Tax
SEC	the United States Securities and Exchange Commission
Securities Act	the U.S. Securities Act of 1933, as amended
SEDOL	Stock Exchange Daily Official List
Senior Managers	Elie Lahoud, John Pearson, Matthew Barton, Desmond Thurlby, Alison Flynn, James Andrews and Nicholas Shorten
SFO Fine	the £77 million fine imposed on the Company by Southwark Crown Court on 4 October 2021 in respect of the SFO Investigation (comprising a confiscation order of £22.8 million payable by 3 January 2022, a fine of £47.2 million payable by 14 February 2022 and an order to reimburse SFO costs in the amount of £7 million also payable by 14 February 2022)

SFO Investigation	the investigation by the SFO into the Company, its subsidiaries and its and their respective directors, officers, employees, consultants and agents for suspected bribery, corruption and/or money laundering
Share	an ordinary share of US$0.02 each in the capital of the Company having the rights set out in the Articles, as described in paragraph 3 of Part X of this document
Shareholders	holders of Shares
Share Schemes	the employee share plans operated by the Group
Sponsor	J.P. Morgan Cazenove
Subscription Letter	the subscription letters dated on or prior to the date of this document entered into between the Company and each of the Directors who are participating in a Director Subscriptions or their closely associated persons
Subscription Shares	the 308,673 Shares to be allotted to the Directors (with the exception of Mr Ayman Asfari) in accordance with the terms of the Subscription Letters
this document	this prospectus issued by the Company in respect of the Firm Placing and Placing and Open Offer, together with any supplements or amendments thereto
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
UK Takeover Code	UK City Code on Takeovers and Mergers
uncertificated or **in uncertificated form**	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United States or **U.S.**	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
VAT	value added tax
Withdrawal Agreement	the withdrawal agreement between the UK and EU governments setting out the terms of the United Kingdom's exit from the European Union

NOTICE OF GENERAL MEETING

Petrofac Limited

(incorporated and registered in Jersey with registered number 81792)

Notice is hereby given that a general meeting of Petrofac Limited (the "**Company**") will be held at 10.00 a.m. on 12 November 2021 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ (the "**General Meeting**") for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1 Subscription by Ayman Asfari and family

THAT the subscription by Ayman Asfari and family for 23,783,684 New Shares pursuant to the Capital Raise be and is hereby approved.

2 Subscription by Schroders

THAT the subscription by Schroders for up to 34,222,244 New Shares pursuant to the Capital Raise be and is hereby approved.

3 Capital Raise

THAT, subject to and conditional upon Resolutions 1 and 2 each being passed, the Company's Board of Directors be and are hereby generally and unconditionally authorised:

(A) to exercise all powers of the Company pursuant to and in accordance with its Articles of Association to allot shares and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of "relevant securities") up to an aggregate nominal amount of US$3,478,121.70 pursuant to the Capital Raise and the Director Subscriptions, which authority shall be in addition to the existing authority conferred on the Company's Board of Directors on 17 June 2021, which shall continue in full force and effect. The authority conferred by this resolution shall expire on 31 December 2021 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Company's Board of Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied; and

(B) to allot relevant securities pursuant to the Capital Raise and the Director Subscriptions, at an issue price of £1.15 (US$1.58), which is at a 27.2% discount to the Closing Price of the Shares as at 25 October 2021 (being the last Business Day before the announcement of the Capital Raise), such power (unless and to the extent previously revoked, varied or renewed by the Company in an general meeting) to expire on 31 December 2021.

By order of the board of directors of the Company:

Intertrust Corporate Services (Jersey) Limited
Company Secretary

26 October 2021

Petrofac Limited
Registered Number: 81792
44 Esplanade, St Helier, Jersey JE4 9WG

Notes:

1 Entitlement to attend and vote

1.1 All resolutions at the General Meeting will be decided by a poll. The Company believes that this is a more transparent method of voting, as member votes are counted according to the number of shares held, ensuring an exact and definitive result, regardless of whether or not the member is able to attend the meeting.

1.2 Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company has specified that only those members registered in the register of members of the Company as at 6.30 p.m. on 10 November 2021 will be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.30 p.m. on 10 November 2021 will be disregarded in determining the rights of any person to attend or vote at the General Meeting.

1.3 Ayman Asfari and family and their affiliates will not vote on Resolution 1.

1.4 Schroders and its affiliates will not vote on Resolution 2.

1.5 Please bring your attendance card with you. It authenticates your right to attend, speak and vote at the meeting and will speed up your admission. While all joint shareholders are permitted by the Company's Articles of Association to attend and speak at the General Meeting, in light of ongoing COVID-19 awareness, we would recommend that only one joint shareholder attends the meeting.

1.6 Please note that we will also take measures to protect those wishing to attend in person. These measures will include shareholders being required to provide proof of a negative COVID-19 Antigen test received within 48 hours prior to the meeting; being required to sign a COVID-19 declaration form at registration; being subject to a temperature check; and being required to use hand sanitiser before admittance. At all times a mask or visor covering the nose and mouth will be required to be worn by all attendees.

1.7 No refreshments will be provided.

1.8 Doors will open from 9.30 a.m. Those admitted will be required to follow strict social distancing measures, which will limit the numbers admitted.

2 Appointment of proxies

2.1 A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend and vote instead of him or her provided that, if more than one proxy is appointed, each proxy is appointed to exercise rights attaching to different shares held by that member. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company but must attend the General Meeting to represent the appointing member. Appointment of a proxy will not preclude a member from attending or voting at the General Meeting if he or she subsequently wishes to do so.

2.2 Details of how to appoint the Chairman of the General Meeting or another person as a proxy using the Form of Proxy are set out in the notes to the Form of Proxy. A member can only appoint a proxy using the procedures set out below and in the notes to the Form of Proxy.

2.3 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a member's proxy will vote or abstain from voting at his or her discretion. A member's proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

2.4 To be effective:

- members resident in the UK should return the completed and signed Form of Proxy exactly as it is (like a postcard) or in an envelope as described in note 8 on the Form of Proxy, together with the authority (if any) under which it is signed or a notarially certified copy of such authority;
- members resident outside the UK should return the completed and signed Form of Proxy, together with the authority (if any) under which it is signed or a notarially certified copy of such authority, in the envelope provided.

In each case, the Form of Proxy must be deposited at Equiniti (Jersey) Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 10.00 a.m. on 10 November 2021, or by no later than 48 hours prior to the time appointed for the holding of any adjourned General Meeting.

In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy. Where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the more senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).

2.5 To appoint more than one proxy, a member may either photocopy the Form of Proxy or, to request additional personalised Form(s) of Proxy, contact Equiniti Limited. If calling from the UK please contact 0333 207 6378 or, alternatively, if calling from overseas +44 (0) 121 415 0950, lines are open 8.30am–5.30pm Monday to Friday, excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

If more than one proxy appointment is returned in respect of the same shares, either by paper or electronic communication, the proxy received last by Equiniti Limited before the latest time for the receipt of proxies will take precedence.

3 Electronic proxy appointment

3.1 As an alternative to completing the hard copy Proxy Form, you can appoint a proxy electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed on your Proxy Form). Alternatively, if you have already registered with Company's Registrar's online portfolio service, Shareview, you can submit your Proxy Form at www.shareview.co.uk using your usual user ID and password. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 10.00 a.m. on 10 November 2021, or by no later than 48 hours prior to the time appointed for the holding of any adjourned General Meeting.

4 Electronic proxy appointment through CREST

4.1 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting or any adjournment(s) thereof by using the procedures in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4.2 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by no later than 10.00 a.m. on 10 November 2021 or by no later than 48 hours prior to the time appointed for the holding of any adjourned General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the

CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Part 4 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

5 Change or revocation of proxies

5.1 To change proxy instructions, a member should submit a new proxy appointment using the methods set out above. The cut-off times for receipt of proxy appointments also apply in relation to amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded. Where a member has appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Equiniti Limited as set out in note 2.5.

5.2 In order to revoke a proxy instruction, a member will need to inform the Company by sending a notice in writing to the address set out at note 2.4 or, where the appointment of proxy was contained in an electronic communication, in accordance with note 3 or 4, as applicable, clearly stating the member's intention to revoke his or her proxy appointment. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company, together with the authority (if any) under which it is signed or a notarially certified copy of such authority.

The revocation notice must be received by Equiniti Limited or, where the appointment of proxy was contained in an electronic communication, in accordance with note 3 or 4, as applicable, no later than 10.00 a.m. on 10 November 2021, or by no later than 48 hours prior to the time appointed for the holding of any adjourned Meeting. If a member attempts to revoke a proxy appointment but the revocation is received after the time specified, then, unless the member attends the General Meeting in person (or in the case of a corporation that is a member by corporate representative), the proxy appointment will remain valid.

6 Questions

6.1 The Company will answer any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered. The Chairman may also nominate a Company representative to answer a specific question after the General Meeting or refer the response to the Company's website.

6.2 Shareholders are invited to email their questions to the Chairman in advance of the meeting at gmquestions@petrofac.com. If you wish to receive a response before the deadline for appointing proxies so that you can make a fully informed voting decision, please submit your question by the close of business on 10 November 2021. Please include your full name and your Shareholder Reference Number in your email.

7 Corporate representatives

7.1 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that if two or more representatives purport to vote in respect of the same shares:

- if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or
- in other cases, the power is treated as not exercised, which means that the votes are treated as not cast.

A corporation that wishes to allocate its votes to more than one person should use the proxy arrangements.

8 Voting rights

8.1 As at 25 October 2021, the Company's issued share capital consisted of 345,912,747 ordinary shares, carrying one vote each. Accordingly, the total voting rights in the Company as at 25 October 2021 are 345,912,747.

9 Addresses

9.1 Except as provided above, members who wish to communicate with the Company in relation to the General Meeting should do so by writing to Equiniti (Jersey) Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. No other methods of communication will be accepted. In particular, a member may not use any electronic address provided either in this Notice or in any related documents (including in the Chairman's letter and the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

10 Website

10.1 A copy of this Notice, the total number of shares in issue and the total voting rights in the Company can be found at www.petrofac.com.

11 Enquiries

11.1 Equiniti Limited maintain the Company's share register. If you have any questions about the General Meeting or about your Petrofac shareholding, you should contact Equiniti Limited as follows:

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA

11.2 You may also contact Petrofac at the following address:

Petrofac Services Limited
117 Jermyn Street
London
SW1Y 6HH

12 Data Protection Statement

12.1 Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data are to be processed.

12.2 The Company and any third party to whom it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

13 Documents available for inspection

The following documents will be available for inspection during normal business hours on any weekday (excluding public holidays) at the registered office of the Company and at the offices of Petrofac Services Limited, 117 Jermyn Street, London SW1Y 6HH, UK, and will be available for inspection from half an hour before the time of the General Meeting until the conclusion of the General Meeting:

(a) a copy of the Memorandum and Articles of Association of the Company in force at any given time; and

(b) a copy of this document (including the circular).