Petrofac

Half Year Results 2024

30 September 2024

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H1 2024 Overview

Petrofac

Good progress on new contracts awarded in 2023

Strong order intake in Asset Solutions

Progress in concluding legacy contracts

Significant progress on the financial restructure

Strategic & financial update

Strategic and financial update

In-principle agreement with stakeholders on a comprehensive Financial Restructure framework

The in-principle agreement is non-binding and inter-conditional, and subject to the completion of terms and conditions

Objectives

Materially strengthen the balance sheet | Improve liquidity | Secure bank guarantees

In-principle agreement → **Process** → **Target**

In-principle agreement

- New funding in line with previous announcements; expected to include an equity raise
- Significant debt for equity conversion
- Client support to protect key contracts in backlog
- Reduced guarantee requirements

Process

- Lock-up agreement[1]
- General meeting and shareholder approval
- Court sanction[2]
- Implementation

Target

- Secure backlog of contracts and strengthen balance sheet to support delivery of strategy
- Reduced indebtedness (debt converted to equity)
- Access to guarantees on normal commercial terms
- Improvement in liquidity

The Financial Restructure is critical to the continued operations of the business

The success and timing depends on agreements with, and obtaining approvals from, third parties

1. The Company aims to announce a lock-up agreement with final terms in the coming weeks.
2. The Court process is expected to take approximately two months from the lock-up agreement.

Financial performance

H1 2024 results summary

Petrofac

Revenue

US$1,240m

2023[2]: **US$1,231m**

- Transition in contract portfolios in E&C and Asset Solutions to initial stages of new contracts
- Change in contract mix in Asset Solutions
- Lower net production in IES in line with expectations

EBIT[1]

US$(106)m

2023[2]: **US$(72)m**

- Impact of legacy contracts and adverse operating leverage in E&C
- Asset Solutions changes in the contract mix and contract timing
- Profitability in IES

Net debt[3]

US$622m

Dec 2023: **US$583m**

- Free cash outflow of US$36m in H1 2024
- Gross liquidity of US$164m
- Readily available liquidity[5] maintained above US$75m financial covenant

Backlog

US$8.0bn

Dec 2023: **US$8.1bn**

- Strong order intake in Asset Solutions
- Good progress in delivering the new portfolio of projects awarded in 2023

Pipeline[4]

US$53bn

Dec 2023: **US$60bn**

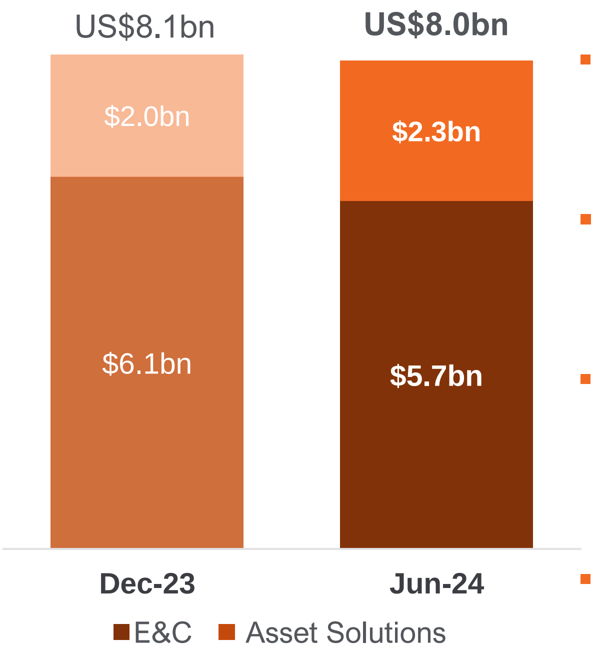
- Majority in core regions of MENA, UK & Europe
- Strategic selective bidding to capitalise on core and growth markets
- Energy transition opportunities underpinned by TenneT offshore wind Framework Agreement

1. Business performance earnings before interest and tax (EBIT) and before separately disclosed items
2. The prior period numbers are restated; see note 2.6 to the interim condensed consolidated financial statements
3. Net debt comprises interest-bearing loans and borrowings less cash and short-term deposits (i.e. excludes IFRS 16 lease liabilities and cash collateral)
4. The Group bidding pipeline includes opportunities scheduled for award in the next 18 months and excludes opportunities in Saudi Arabia and in Iraq
5. Readily available liquidity is gross liquidity less cash held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions and cash held in in joint operation bank accounts.

Outlook & summary

Strong backlog and an attractive pipeline

Backlog



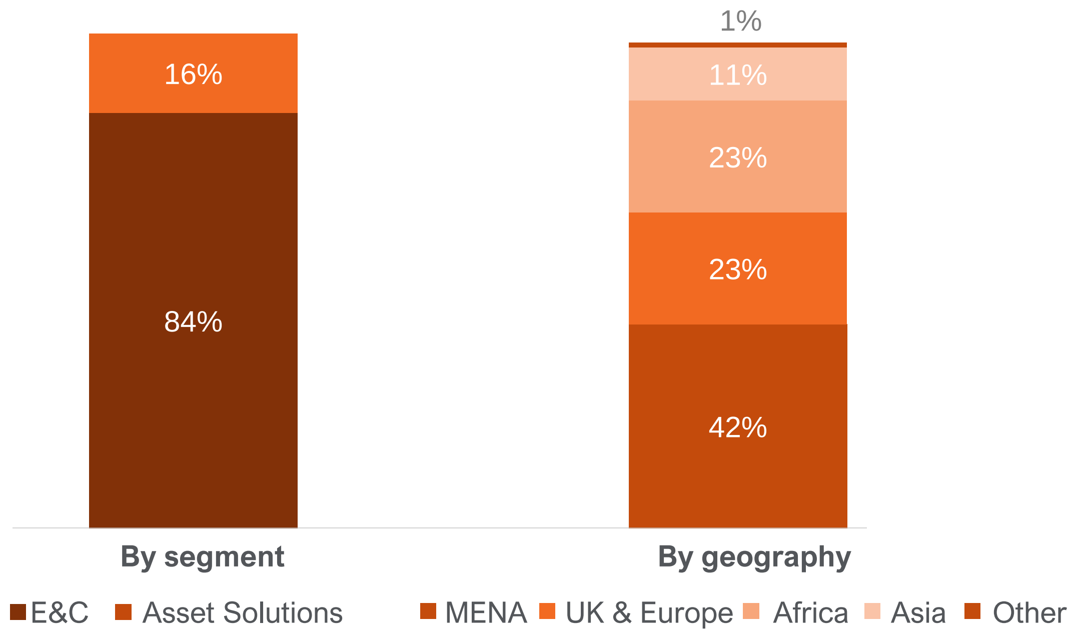
H1 2024 update:

- Progress made in delivering the new portfolio of projects awarded in 2023
- Strong new order intake in Asset Solutions ~US$0.9 billion during H1 2024
- Future new order intake in E&C subject to successfully implementing the Financial Restructure
- Further awards under TenneT Framework Agreement to come

US$8.0 billion backlog at 30 June 2024

18-month Group Pipeline[1] of US$53 billion

Pipeline breakdown



~65% in core markets

1. The Group bidding pipeline includes opportunities scheduled for award in the next 18 months and excludes opportunities in Saudi Arabia and in Iraq

Strategic priorities

1. Financial restructure: strengthen balance sheet, improve liquidity, secure guarantees

2. Consistent delivery

- Extend and embed Group assurance procedures
- Strong execution across the backlog of contracts
- Strengthen the integration of services within Asset Solutions

3. Maintain strength in our core

- Build on strengths in our core MENA markets for E&C; our proven ability to deliver consistently and profitably
- Further geographical expansion in Asset Solutions
- In energy transition, continue to deliver on the TenneT Framework Agreement
- Expand energy transition capabilities and readiness

4. Improved margins

- Access to guarantees for EPC contracts on normal commercial terms
- Selective approach to bidding
- Cost and cash flow discipline
- Conclude commercial settlements

Summary – key messages

- Financial Restructure is critical for financial strength
- Strong backlog provides a platform for the business
- Continued focus on conclusion of legacy contracts, with good progress on new contracts awarded in 2023
- Backlog growth targeted, from strong pipeline in core markets
- Improved margins expected going forward in E&C and Asset Solutions

Appendices

H1 2024 ESG highlights

Committed to improving our ESG performance

Petrofac MSCI rating upgraded to ‘AAA’

MSCI ESG RATINGS

AAA

CCC	B	BB	BBB	A	AA	AAA

Petrofac is a constituent of the FTSE4Good Index

FTSE4Good

HSE – Leading sustainable practices

Driving a culture of health and safety across the organisation

Petrofac

Our strategic pillars:

01	02	03	04	05
Leadership	Employee engagement	Compliance	Contractor Management	Training

- Launched the ‘STOP LOOK THINK’ initiative
- Aimed at reducing accidents and incidents
- Petrofac leaders continue to engage in meaningful conversations and interventions related to HSE matters

Business performance results[1]

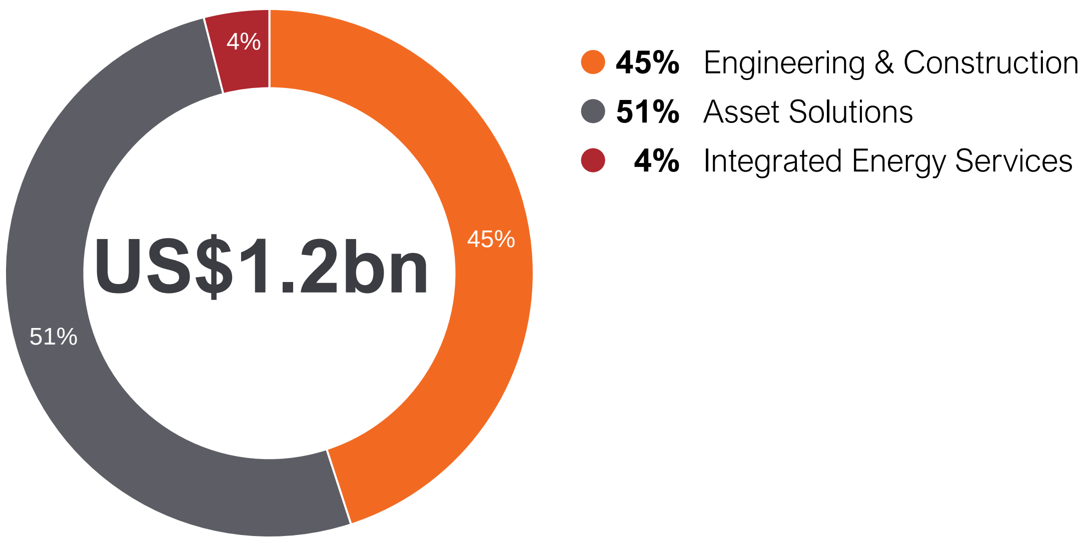
Petrofac

US$m	H1 2024	H1 2023 (restated)[4]	Change
Revenue	**1,240**	1,231	**1%**
EBITDA[2]	**(66)**	(30)	**(120)%**
EBITDA margin	**(5.3)%**	(2.4)%	**(2.9)ppts**
EBIT[3]	**(106)**	(72)	**(47)%**
EBIT margin	**(8.5)%**	(5.8)%	**(2.7)ppts**
Net finance expense	**(50)**	(59)	**(15)%**
Income tax expense	**(10)**	(12)	**(17)%**

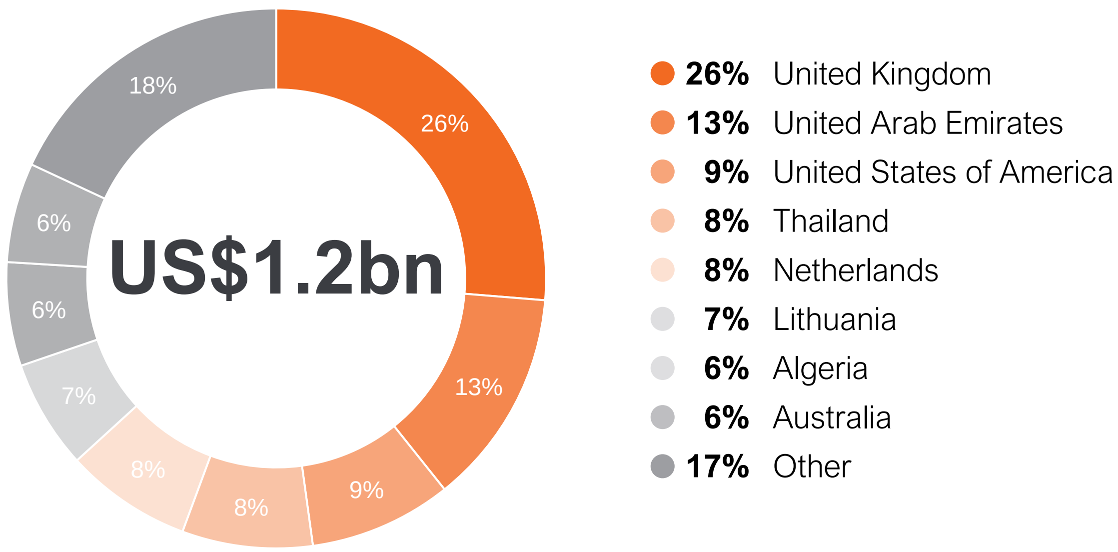
1. Business performance before separately disclosed items
2. Earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated as operating profit, including the share of net profit of associates and joint ventures, adjusted to add back charges for depreciation and amortisation
3. Earnings before interest and tax (EBIT) is calculated as operating profit, including the share of net profit of associates and joint ventures
4. The prior period numbers are restated; see note 2.6 to the interim condensed consolidated financial statements

Segmental performance

H1 2024 revenue by business unit



H1 2024 revenue by geography



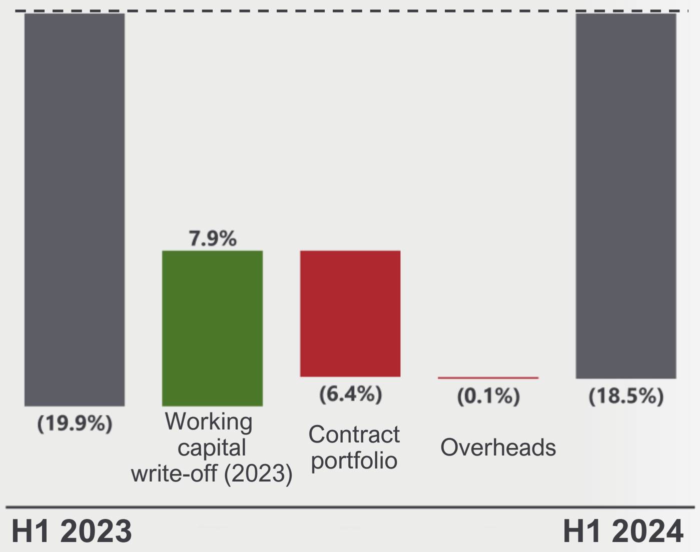
Engineering & Construction

Initial phases of the new contracts secured in 2023 are progressing well

- Revenue increased by 13%
  - Initial phases of new contracts secured in 2023
- EBIT margin loss of 18.5%
  - Unrecovered costs in the legacy portfolio
  - Onerous contracts with no margin recognition
  - Adverse operating leverage due to low activity levels

US$m (except as otherwise stated)	H1 2024	H1 2023 (restated)[2]
Revenue	**556**	493
EBITDA[1]	**(98)**	(93)
EBIT[1]	**(103)**	(98)
Backlog (US$bn)	**5.7**	4.5
Order intake (US$bn)	**0.2**	3.4

EBIT margin[1,2]



1. Business performance before separately disclosed items
2. The prior period numbers are restated; see note 2.6 to the interim condensed consolidated financial statements

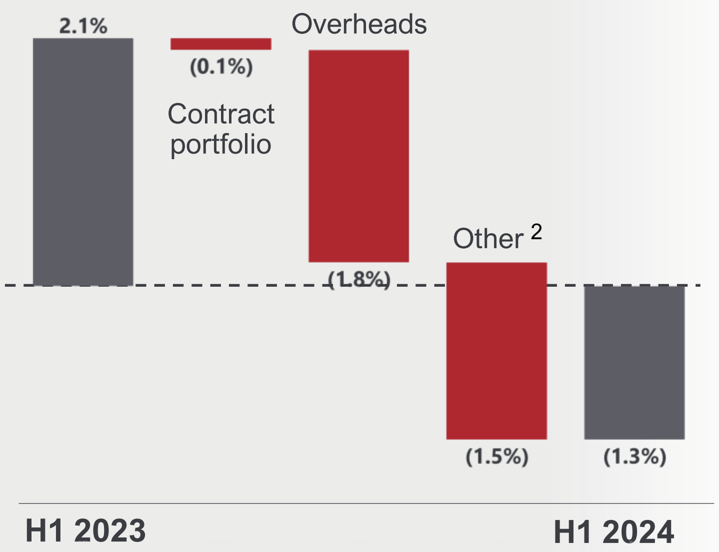
Asset Solutions

Strong order intake with a book-to-bill of 1.4x

- Revenue down 6%
  - Completion of certain material contracts during 2023
- EBIT margin loss of 1.3%
  - Change in contract mix and contract timing
  - Adverse operating leverage
- New awards give backlog expansion into higher margin geographies

US$m (except as otherwise stated)	H1 2024	H1 2023
Revenue	**637**	679
EBITDA[1]	**(2)**	19
EBIT[1]	**(8)**	14
Backlog (US$bn)	**2.3**	2.1
Order intake (US$bn)	**0.9**	0.9

EBIT Margin[1]



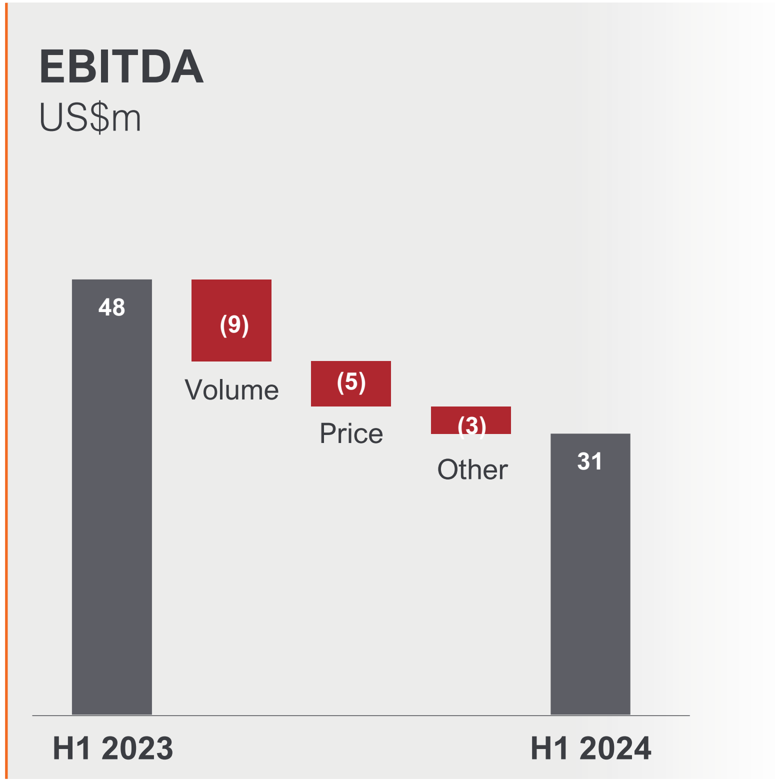
1. Business performance before separately disclosed items
2. Represents one-off overhead upsides in H1 2023 that are not replicated in 2024

Integrated Energy Services

In line with expectations

- Revenue down 22% year-on-year
  - Lower net production in line with expectations
- EBITDA decreased by 35%
  - Lower revenue
- Net production in line with expectations

US$m (except as otherwise stated)	H1 2024	H1 2023
Revenue	**49**	63
EBITDA[1]	**31**	48
EBIT[1]	**6**	19
Production (net)	**525 kboe**	640 kboe
Oil price (per bbl)[2]	**$88**	$96



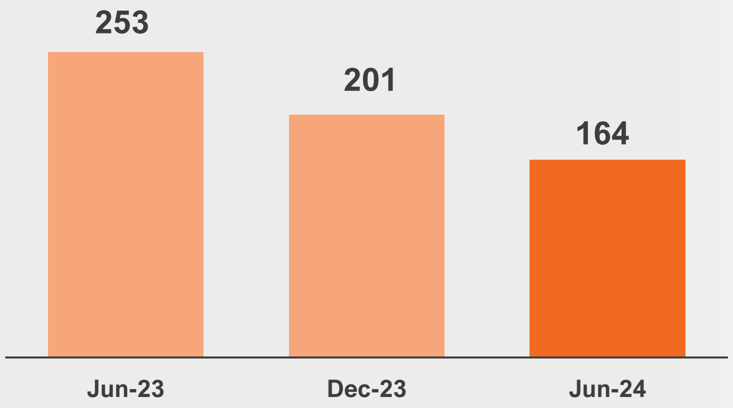
1. Business performance before separately disclosed items
2. Average realised oil price is shown including the impact of hedging

Liquidity update

The Company continues to manage its payment obligations to preserve liquidity

- H1 2024 free cash outflow of US$36 million (2023: US$225 million)
  - Reduced operating cash outflows
  - Lower interest payments
  - Working capital management
- Liquidity
  - Maintained readily available liquidity[2] above minimum covenant of US$75 million

Gross liquidity [1]
US$ million



1. Gross liquidity of US$164m on 30 June 2024 consisted of gross cash with no undrawn committed facilities. Gross cash included US$10m held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. It also included US$33m 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.
2. Readily available liquidity is gross liquidity less cash held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions and cash held in in joint operation bank accounts.

Working capital

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Working capital balances (US$m)	**June 2024**	**Dec 2023**	**Cash flow**
Contract assets and inventories	**984**	843	(145)
Trade and other receivables	**811**	977	163
Restricted cash	**264**	223	(41)
Trade and other payables	**(978)**	(930)	53
Accrued contract expenses	**(651)**	(691)	(37)
Contract liabilities	**(425)**	(292)	133
Working capital (balance sheet)	**5**	130	**126**
Other adjustments			1
Net working capital inflow			**127**

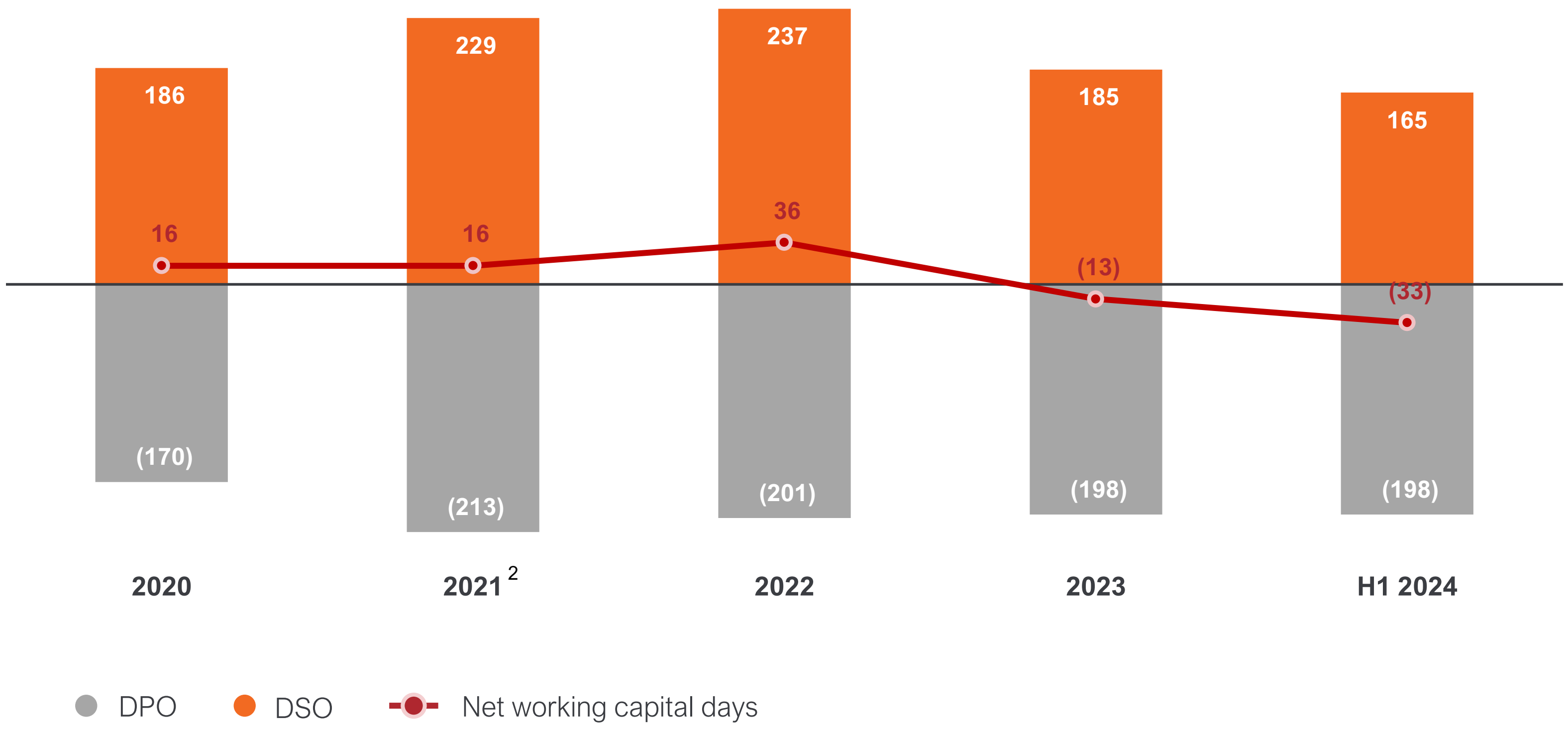
Working capital by operating segment (US$m)	**June 2023**	**Dec 2023**
Engineering & Construction	**(70)**	36
Asset Solutions	**87**	113
Integrated Energy Services	**(1)**	(1)
Corporate/other	**(12)**	(18)
	4	130

Working capital

Progress in resolving open contractual discussions

Cash conversion cycle[1]

Days



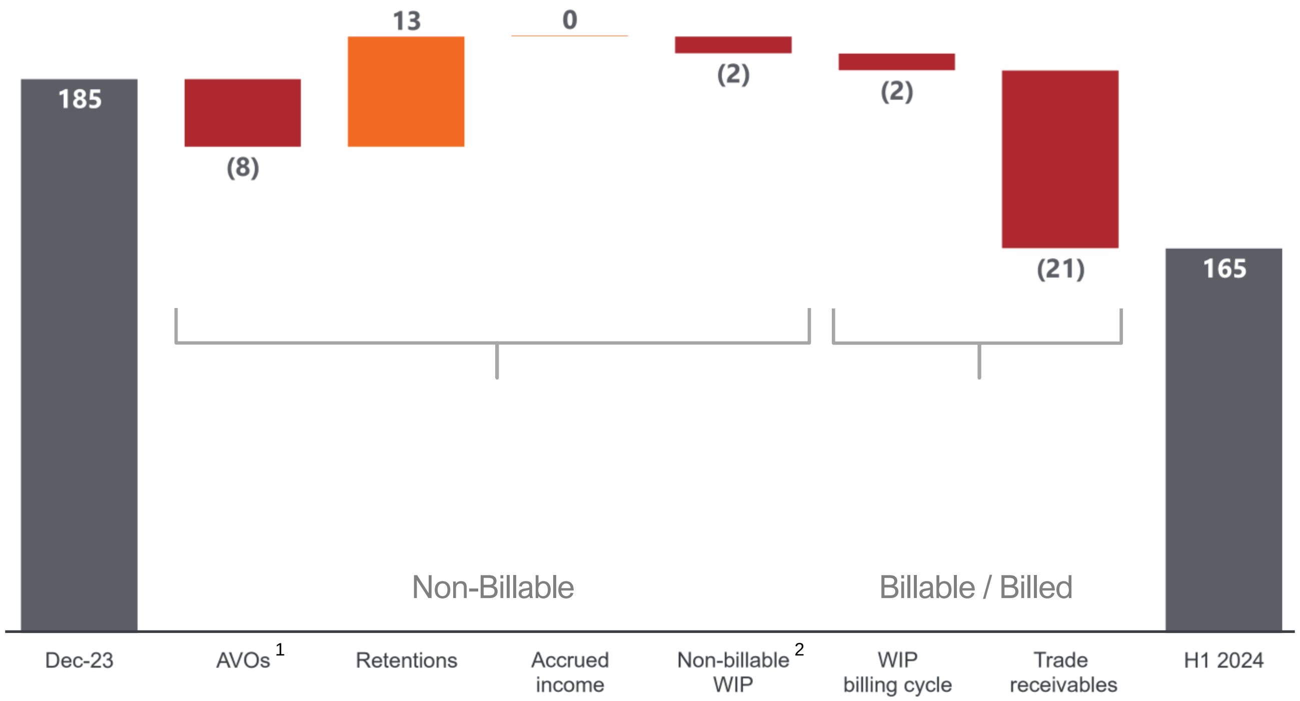
1. Cash Conversion Cycle = DSO – DPO
2. DPO excludes the US$104m SFO related court penalty recognised in the balance sheet within Trade and Other Payables

Working capital – DSO analysis

Progress in collecting payments from clients

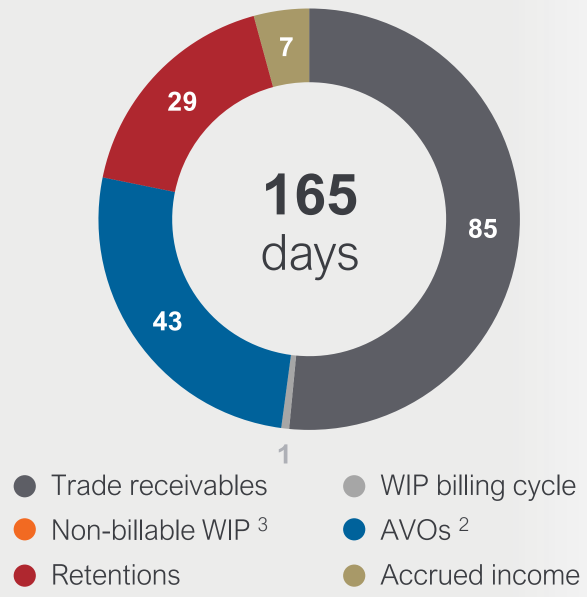
DSO analysis

Days



H1 2024 DSO Analysis

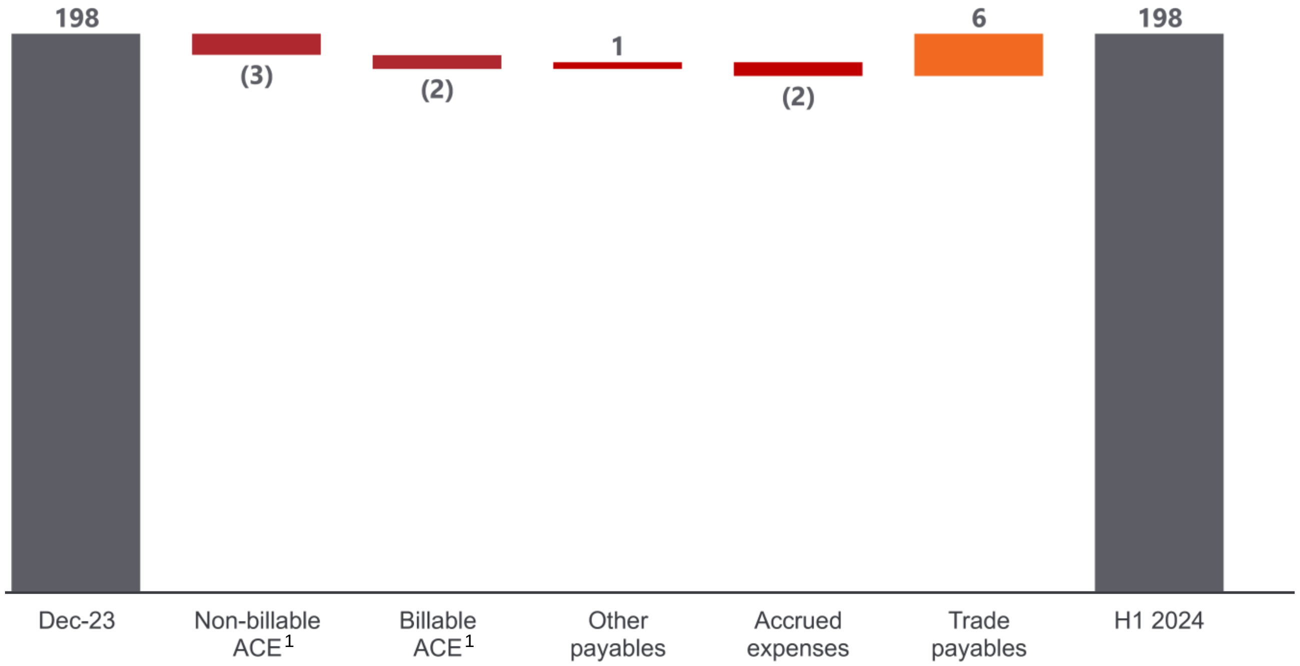
days



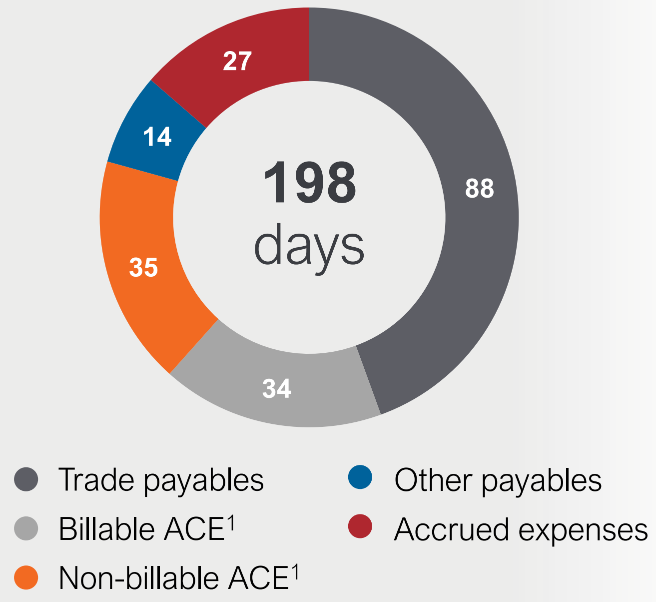
1. Assessed variation orders
2. Non-billable WIP is expenses incurred on a project for which the contractual milestones have not yet been reached in order to invoice the client

Working capital – DPO analysis

DPO analysis
Days



H1 2024 DPO analysis
Days



1. ACE is accrued contract expenses