



Half Year Results 2023

10 August 2023



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Agenda

- H1 2023 overview
- Financial results
- Operational performance and outlook
- Summary - key messages
- Q & A

H1 2023 delivered a platform for the recovery

Contract awards underpin the path forward



Major increase in Group backlog to US\$6.6 billion (+94%)



A diverse pipeline across our core markets and target geographies



Building on our existing talent base through active recruitment



Focus on unlocking working capital



Managing challenges in the legacy E&C portfolio



Financial Performance

Afonso Reis e Sousa
CFO



H1 2023 results summary

Revenue

US\$1,207m

H1 2022²: **US\$1,247m**

- Lower levels of activity in E&C
- Strong revenue growth in Asset Solutions
- Robust performance in IES

EBIT¹

US\$(96)m

H1 2022²: **US\$52m**

- One-off write downs in E&C
- Lingering impact of legacy contracts in E&C
- Higher pass-through revenue in Asset Solutions

Backlog

US\$6.6bn

Dec 2022: **US\$3.4bn**

- Strong order intake in both E&C and Asset Solutions
- Significant increase in Group backlog

Pipeline³

US\$60bn

Dec 2022: **US\$51bn**

- Majority in core regions of MENA, UK & Europe
- Oil & Gas industry structurally underinvested
- New energies underpinned by TenneT multi-year framework agreement

Net debt⁴

US\$584m

Dec 2022: **US\$349m**

- Free cash outflow of \$225 million in H1 2023
- Delayed commercial settlements
- Expected to reverse in H2 2023

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

3. The Group bidding pipeline includes opportunities scheduled for award by December 2024 (June 2024 for Dec 2022 pipeline) and excludes opportunities with Saudi Aramco, in Iraq and in Russia

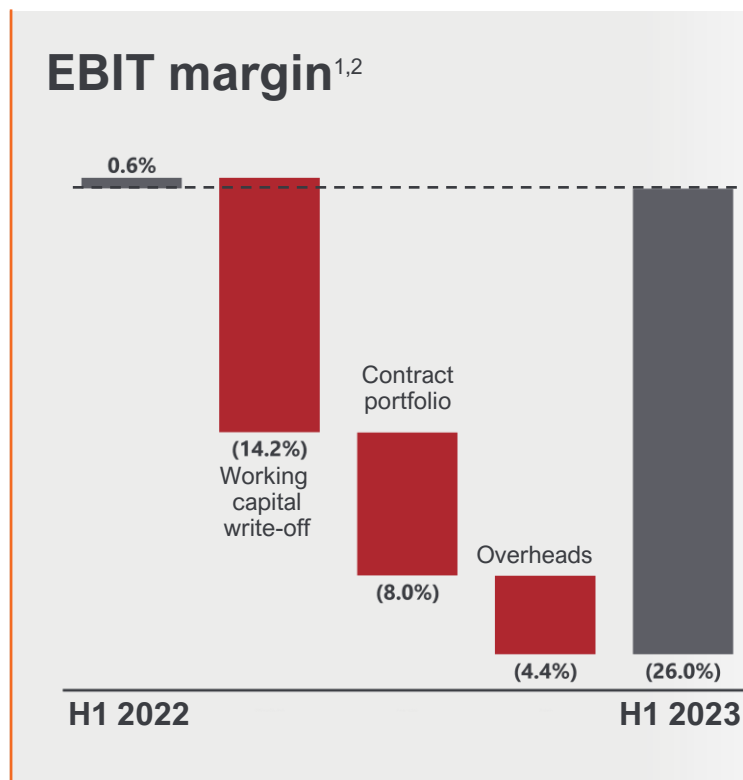
4. Net debt comprises interest-bearing loans and borrowings less cash and short-term deposits (i.e. excludes IFRS 16 lease liabilities)

Engineering & Construction

Strong order intake in the first half; near tripling of E&C backlog

- Significant awards in core geographies and markets
- Revenue down 32%
 - Lower activity across the portfolio
- EBIT margin loss of (26.0)%
 - One-off write downs of US\$67 million on legacy contracts
 - Onerous contracts with no margin recognition
 - Adverse operating leverage due to lower activity
 - Thai Oil – in line with guidance in April

US\$m (except as otherwise stated)	H1 2023	H1 2022 (restated) ²
Revenue	469	692
EBITDA ¹	(117)	10
EBIT ¹	(122)	4
Backlog (US\$bn)	4.5	1.6
Order intake (US\$bn)	3.4	0.2



1. Business performance before separately disclosed items

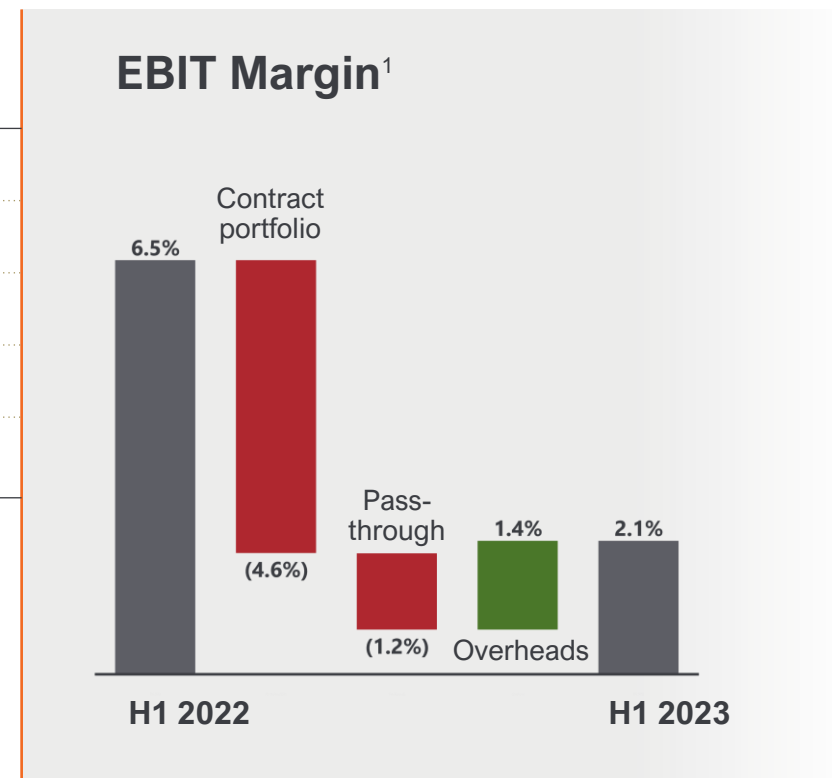
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Asset Solutions

Strong order intake and revenue growth

- Revenue up by 34%
 - Strong order intake in the current and prior year
- EBIT margin of 2.1%
 - Margin second half weighted
 - Completion of historic high-margin contracts from in the prior year
 - Higher contribution of pass-through revenue
- 1.4x book-to-bill
- Geographic expansion with Africa award in July
- Increase in new energies activity

US\$m (except as otherwise stated)	H1 2023	H1 2022
Revenue	679	508
EBITDA ¹	19	38
EBIT ¹	14	33
Backlog (US\$bn)	2.1	1.8
Order intake (US\$bn)	0.9	0.8



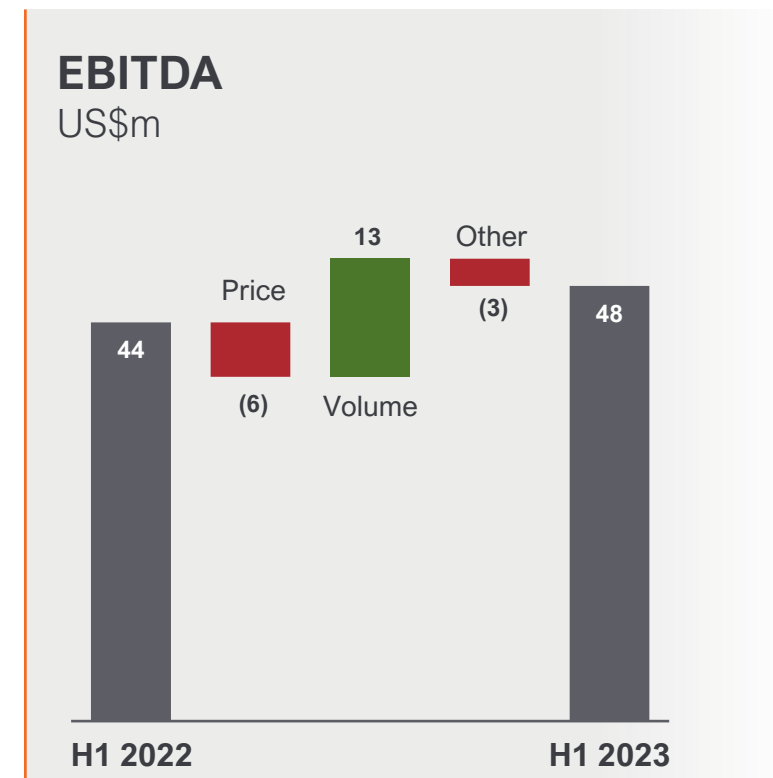
1. Business performance before separately disclosed items

Integrated Energy Services

Continued strong performance, in line with guidance

- Revenue up 13% year-on-year
 - Higher production
- EBITDA increased by 9% to US\$48 million
 - First half weighted

US\$m <small>(except as otherwise stated)</small>	H1 2023	H1 2022
Revenue	63	56
EBITDA ¹	48	44
EBIT ¹	19	23
Production (net)	640 kboe	553 kboe
Oil price (per bbl) ²	\$96	\$105

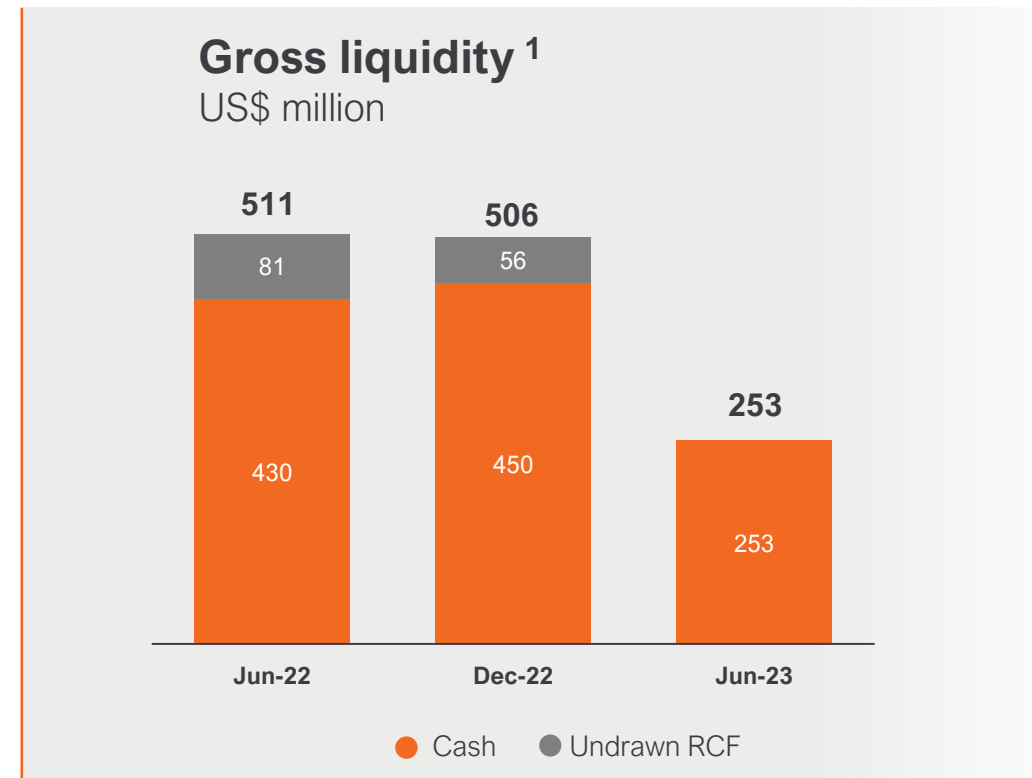


1. Business performance before separately disclosed items
 2. Average realised oil price is shown including the impact of hedging

Liquidity update

Expected near-term collections providing route to broadly neutral full year FCF

- **Full year free cash flow:** return to broadly neutral full year cash flow expected
- **Near-term collections:** to come from:
 - Cash advances on recent awards
 - Partial unwind of working capital



1. Gross liquidity of US\$253 million on 30 June 2023 consisted of US\$253 million of gross cash. Gross cash included US\$9 million held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. It also included US\$127 million 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

Guidance for FY 2023

E&C

- H2 2023 secured revenue: US\$0.5 billion
- FY 2023 underlying EBIT loss of approximately 10%, before the impact of the US\$67 million of write-downs

AS

- H2 2023 secured revenue: US\$0.7 billion
- FY 2023: EBIT lower than 2022 (absolute \$ value)

IES

- Net production: marginally lower than 2022
- EBITDA of US\$65 million – US\$75 million at US\$85 oil price
- Depreciation and amortisation of US\$50 million – US\$55 million

Group

- Broadly neutral free cash flow
- Tax charge: US\$25 million – US\$35 million; Tax payments: US\$55 million – US\$65 million
- Capex: US\$20 million – US\$30 million
- Interest payments: approximately US\$80 million

Operational performance

Tareq Kawash
CEO




HSE: Leading sustainable practices

Driving a culture of health and safety through employee engagement


Our strategic pillars:

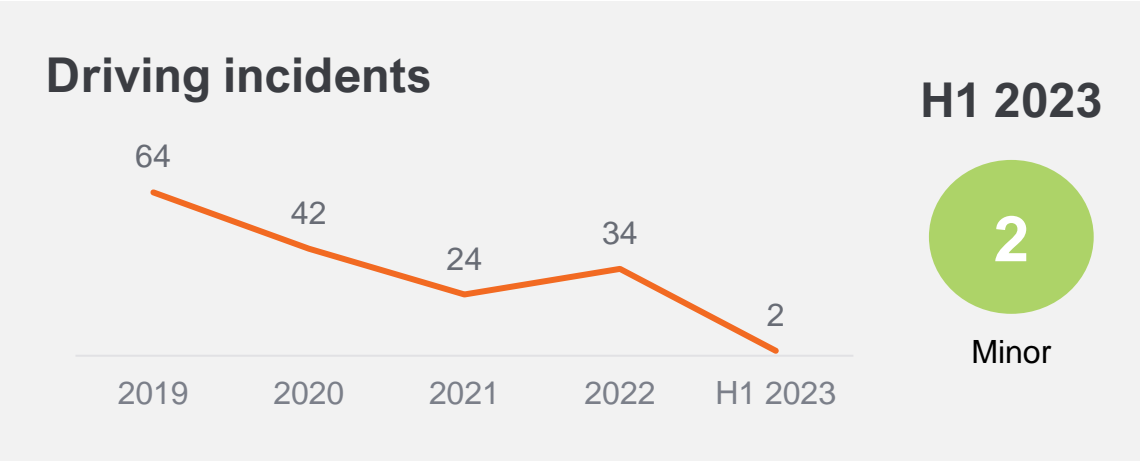
01 
Leadership

02 
Employee engagement

03 
Compliance

04 
Contractor Management

05 
Training



- Night-time driving ban
- Digital technology implemented: driving performance app
- Major reduction in the number and severity of road traffic accidents
- Employee reward and recognition

ESG: Accelerating the energy transition

Enabling our customers in their journey towards a low-carbon future

- Building carbon neutral 2GW offshore platforms
 - TenneT multi-year, six-platform framework agreement
 - Expanding offshore-wind capacity in the Dutch-German North Sea
- Enabling a low-carbon future
 - Six platforms to provide clean energy to approximately 25% of the Dutch & German population
 - 2.5 million tCO₂e of GHG emissions annually will be avoided



E&C: HY 2023 operational performance

Significant progress on the key priorities



Backlog Growth

Nearly tripled

- **Europe:** six-contract framework with TenneT; 1st contract awarded
- **Algeria:** broadens the portfolio into the petrochemicals sector
- **UAE:** return to UAE with major ADNOC contract
- **Pipeline:** strong pipeline of opportunities for H2 2023 and beyond



Assuring delivery

Ramping up for execution

- **TenneT:** early works in Q1 on first contract; activity continued in Q2
- **New awards:** high levels of recruitment activity to supplement our talent base

Operating model

- **Enhancements:** driving consistent project governance and oversight, assuring future delivery



Legacy contracts

Continued progress

- **Close out:** addressing challenges on close out activities and historic settlements
- **Thai Oil:** continue to work with customer and partners to progress delivery
- **Progress:** five of eight legacy projects expected to complete in 2023 and early 2024

E&C: Major progress in rebuilding backlog

Winning work in our core geographies and in new energies



TenneT

Multi-year, six-platform Framework Agreement to expand offshore wind capacity in the Dutch-German North Sea

- Petrofac and Hitachi Energy partnership
- Framework agreement worth approx. €13 billion
- Each standalone contract valued at over €2 billion split between the partnership



STEP Polymers

Petrochemical EPC contract in Algeria, building on Petrofac's 25-year track record in Algeria

- This awards broadens Petrofac's portfolio within the petrochemical sector
- Total contract value of US\$1.5 billion with Petrofac's share of over US\$1 billion



ADNOC

EPC contract at ADNOC Gas Processing Habshan Complex

- Petrofac has a strong and long track record supporting ADNOC in the UAE
- US\$700 million EPC contract for a new gas compressor plant at the Habshan Complex
- Strong focus on In-Country Value

Asset Solutions: HY 2023 operational performance

Strong performance, book-to-bill of 1.4x, growing revenue



Protecting the core

- Maintain 40% market share in UK
- 80% renewal rate on O&M contracts

UK H1'23 new order intake

- Contract extensions in O&M
- Well operations contracts
- Early-stage work in new energies



Geographic expansion

- Leveraging UK centre of excellence
- Supporting UK clients internationally

Awards in global markets

- Expanded decommissioning scope:
 - Gulf of Mexico
- Late life asset management renewal:
 - Gulf of Thailand
- Higher margin markets, H2'23 award:
 - Ivory Coast



Integrated services

- Increase differentiation
- Maximise pull through services

Awards in new offerings


- Integrated services renewal to 2026:
 - NEO Energy

Outlook





Themes driving backlog growth and prospects

We have an extensive track record in helping clients access additional energy sources

 **Increased capex spend expected in core MENA regions on hydrocarbon projects**

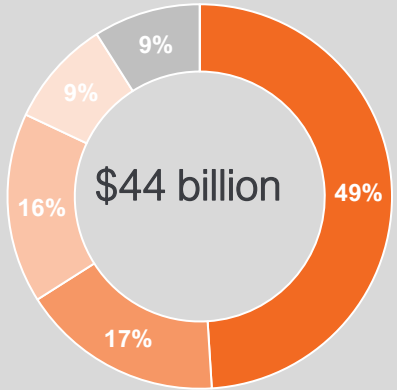
 **Significant opportunities in offshore wind**

 **Growing prospects for late life asset management and decommissioning projects**

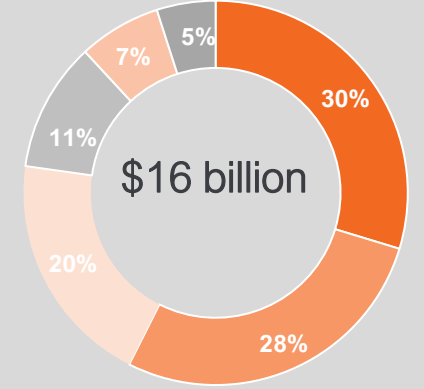
 **Geographical expansion (Asset Solutions)**

Healthy pipeline¹ of \$60bn scheduled for award

E&C Pipeline¹



Asset Solutions Pipeline¹



- MENA²
- UK&Europe³
- South East Asia
- Asia
- Rest of Africa
- Other

New energies opportunities included in the pipeline⁴: US\$8 billion

1. The Group bidding pipeline includes opportunities scheduled for award by December 2024 and excludes opportunities in Russia, Iraq and with Saudi Aramco.
 2. Core E&C geographies within MENA comprise UAE: 21%, Algeria: 6%, Kuwait: 8% and Oman: 1%
 3. UK & Europe includes TenneT
 4. New energies pipeline includes TenneT contracts assigned to the Hitachi-Petrofac partnership in the framework agreement and other energy transition

Summary – key messages



Major backlog growth – the platform for our recovery



Close out legacy projects



Unlock working capital



Increase customer focus



Selective bidding for quality backlog growth



Deliver medium-term strategy¹

1. Group revenue of US\$4bn-US\$5bn, including c.US\$1bn from new energies, with a sector-leading EBIT margin and a return to a net cash position

Appendix



Business performance results¹

US\$m	H1 2023	H1 2022 (restated) ⁴	Change
Revenue	1,207	1,247	(3)%
EBITDA ²	(54)	87	>(100)%
EBITDA margin	(4.5)%	7.0%	(11.5)ppts
EBIT ³	(96)	52	>(100)%
EBIT margin	(8.0)%	4.2%	(12.2)ppts
Net finance expense	(59)	(43)	(37)%
Income tax (expense)/credit	(12)	1	>(100)%

1. Business performance before separately disclosed items

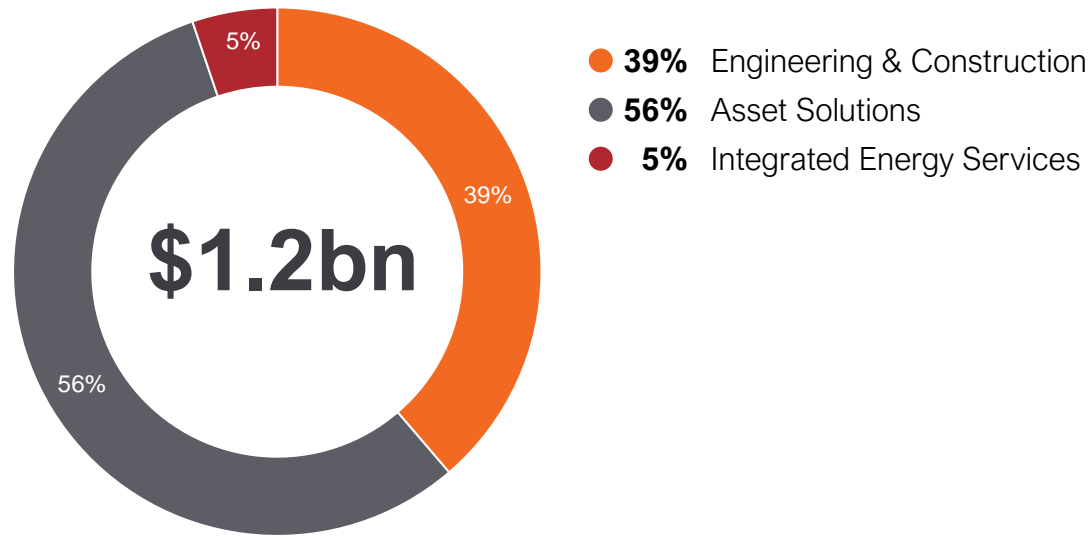
2. Earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated as operating profit, including the share of net profit of associates and joint ventures, adjusted to add back charges for depreciation and amortisation

3. Earnings before interest and tax (EBIT) is calculated as operating profit, including the share of net profit of associates and joint ventures

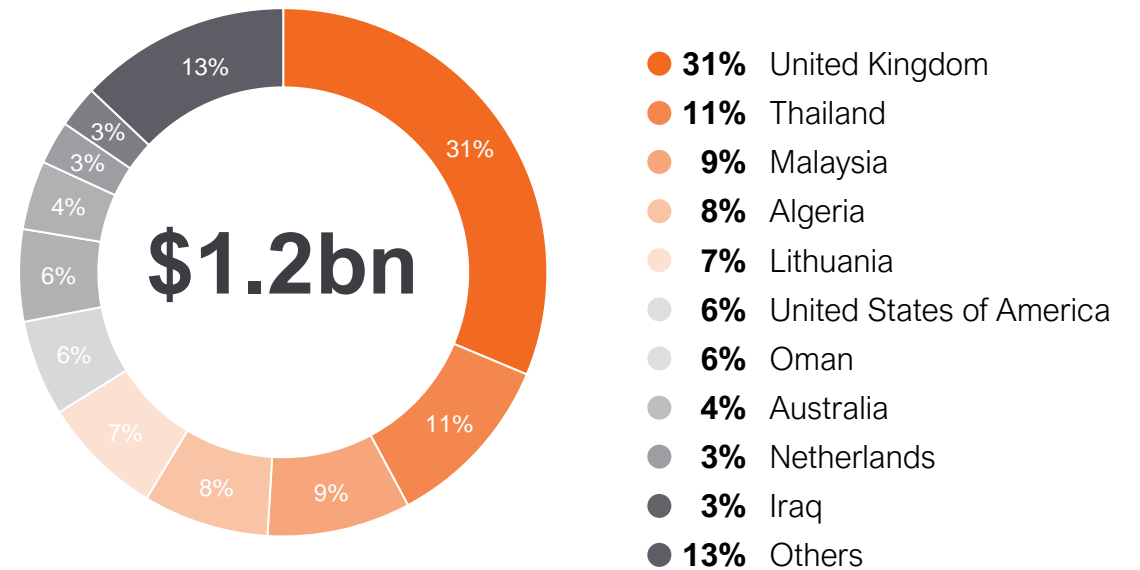
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Segmental performance

H1 2023 revenue by business unit



H1 2023 revenue by geography



Working capital

Movement in working capital (US\$m)	Jun 2023	Dec 2022	Cash flow
Contract assets and inventories	1,290	1,346	57
Trade and other receivables	788	739	(50)
Restricted cash	111	111	-
Trade and other payables	(876)	(865)	12
Accrued contract expenses	(741)	(759)	(17)
Contract liabilities	(71)	(136)	(64)
Working capital (balance sheet)	501	436	(62)
Other adjustments			(1)
Net working capital outflow			(63)

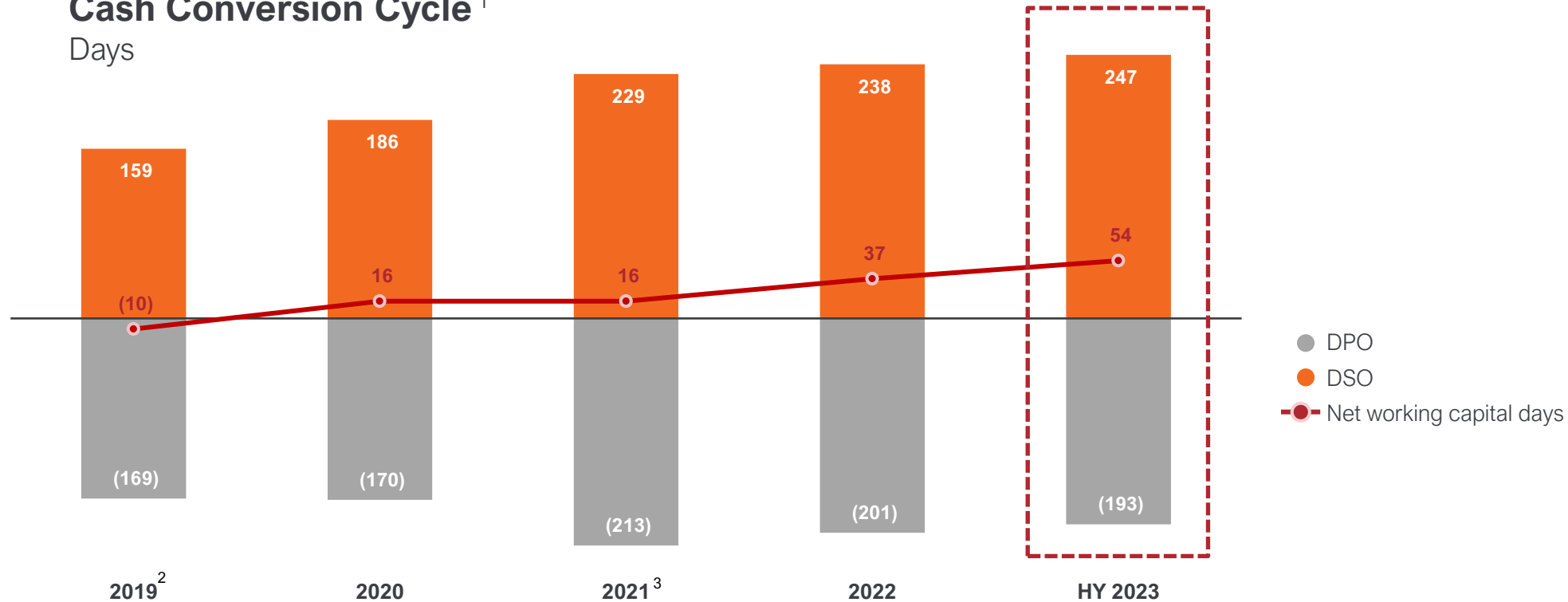
Working capital by operating segment (US\$m)	Jun 2023	Dec 2022
Engineering & Construction	359	321
Asset Solutions	140	116
Integrated Energy Services	3	(8)
Corporate/other	(1)	7
	501	436

Working capital

Delayed commercial settlements and lower activity drove an increase in DSO

Cash Conversion Cycle ¹

Days



1. Cash Conversion Cycle = DSO – DPO

2. Adjusted to exclude assets held for sale. FY19 had included the DPO related to the Mexico operations, which were sold in Q4 2020

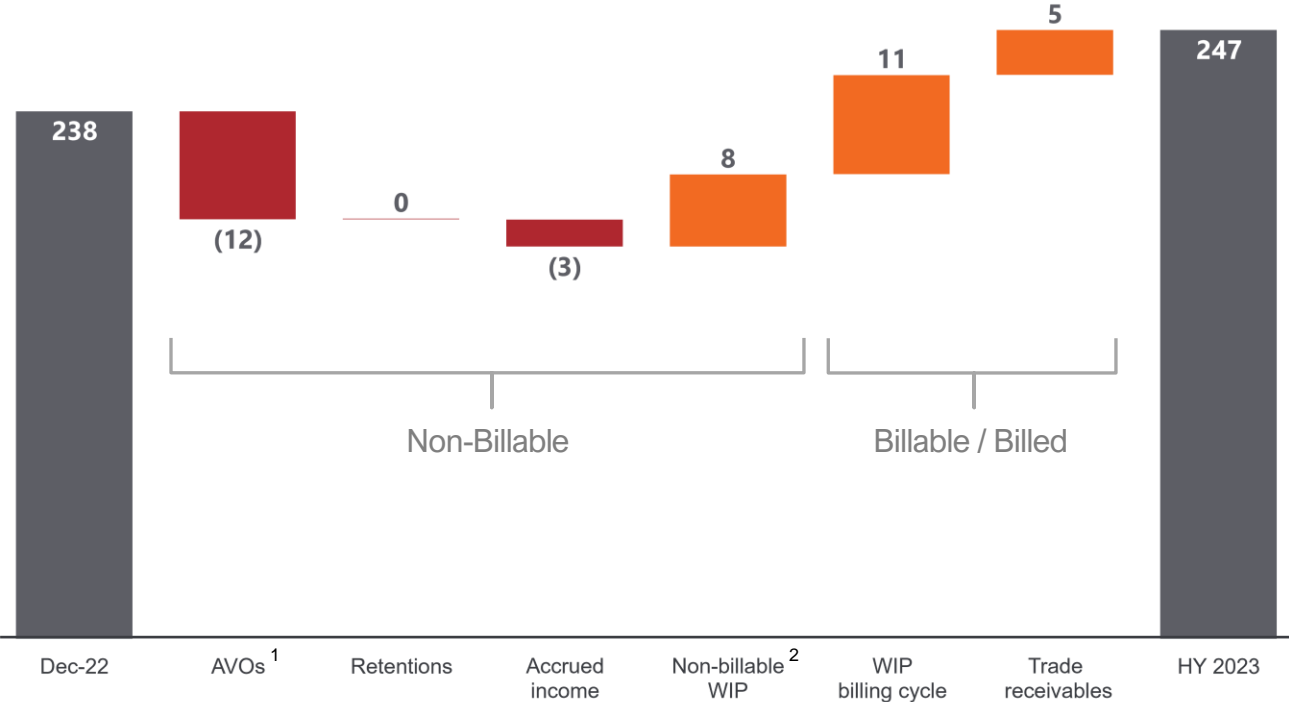
3. DPO excludes the US\$104 million SFO related court penalty recognised in the balance sheet within Trade and Other Payable

Working capital – DSO analysis

Longer billing cycles and commercial settlements driving an increase in DSO

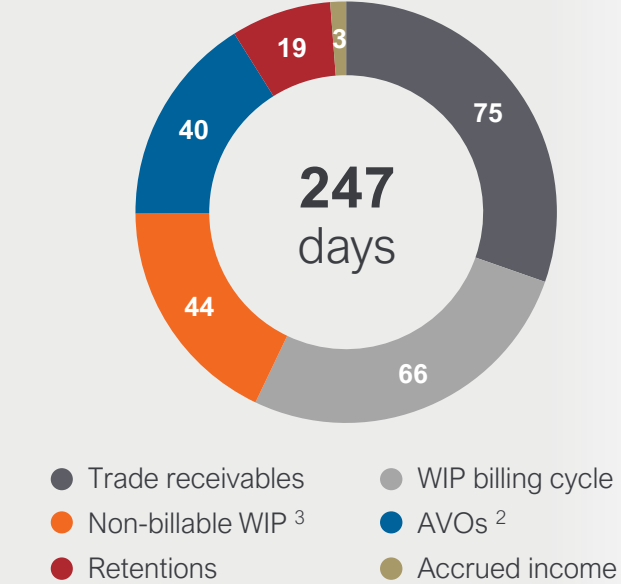
DSO analysis

Days



HY 2023 DSO Analysis

days

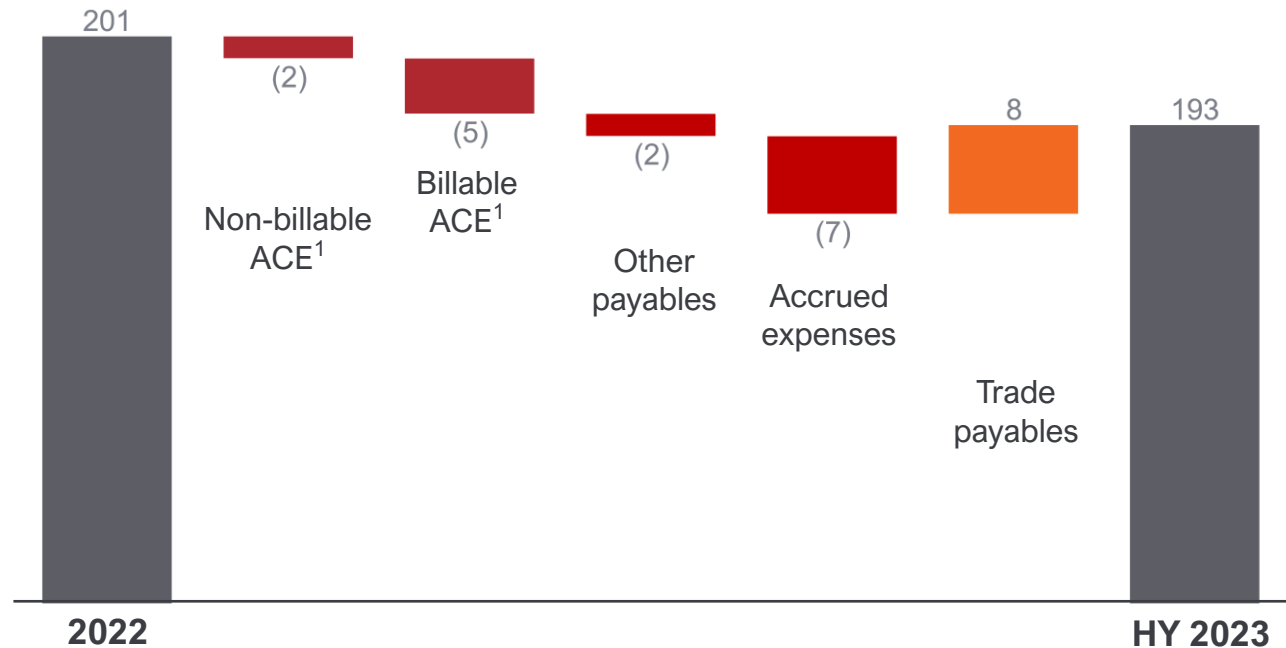


1. Assessed variation orders
 2. Non-billable WIP is expenses incurred on a project for which the contractual milestones have not yet been reached in order to invoice the client

Working capital – DPO analysis

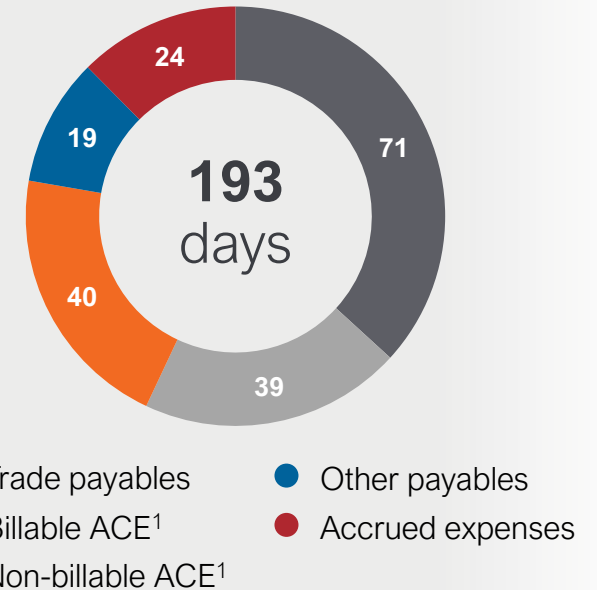
DPO analysis

Days



HY 2023 DPO analysis

Days



1. ACE is accrued contract expenses