



Presentation 1Q 2014

Oslo, 7th May 2014

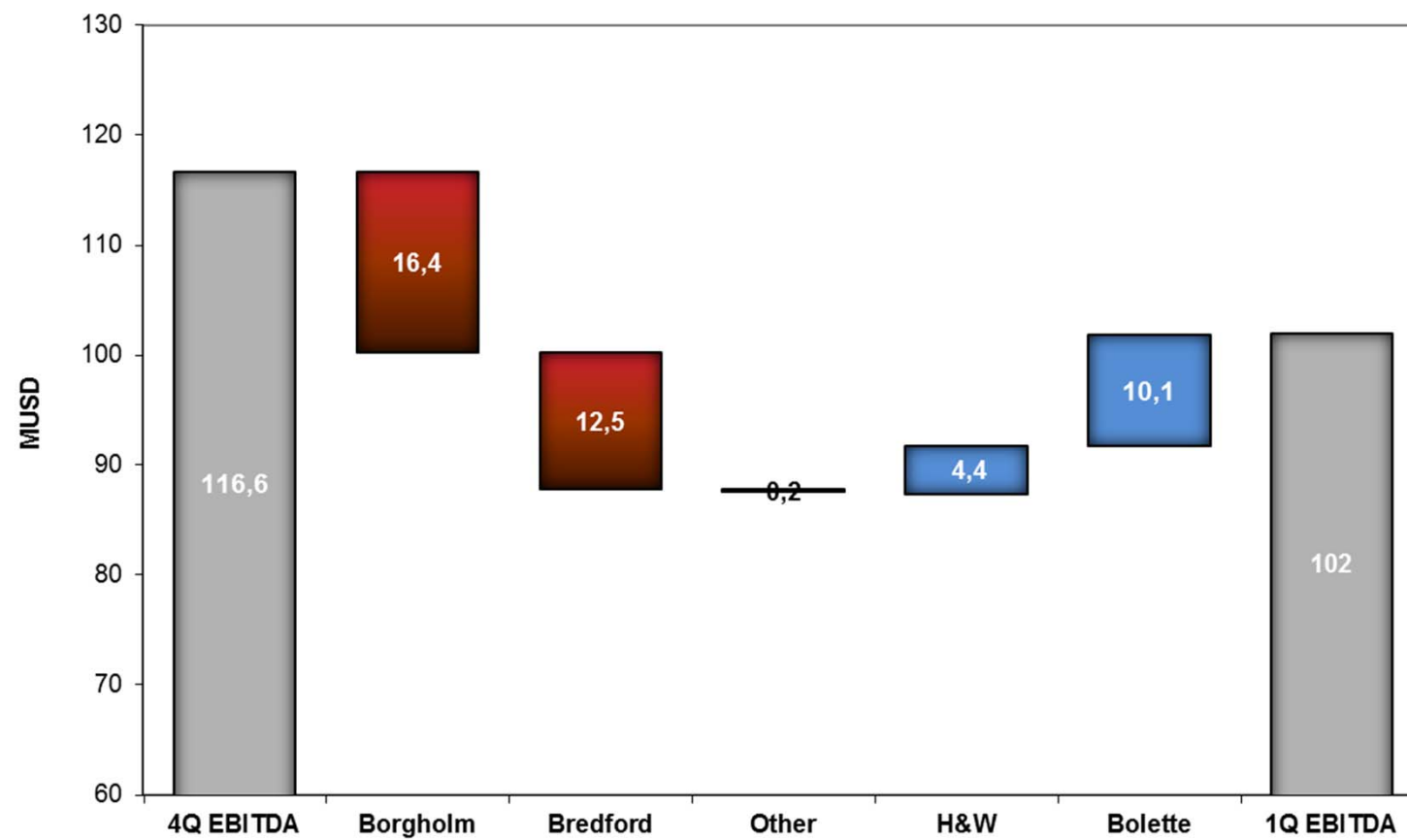
AGENDA

- **FINANCIAL RESULT 1Q 2014**
- **MARKETS**
- **OPERATIONS**
- **SUMMARY**

Income Statement – Key Figures

(USD mill)	1Q 2014	4Q 2013	Change
Operating revenues	259,2	288,3	(29,1)
Recharged income	18,6	9,7	8,9
Total revenues	277,8	298,0	(20,2)
Operating costs	(157,7)	(172,2)	14,5
Recharged expenses	(18,1)	(9,1)	(9,0)
Total operating expenses	(175,8)	(181,3)	5,5
Oper. result before depr. (EBITDA)	102,0	116,7	(14,7)
Depreciation	(62,6)	(60,1)	(2,5)
Operating result (EBIT)	39,4	56,6	(17,2)
Net financial items	(14,9)	(4,5)	(10,4)
Result before tax	24,5	52,1	(27,6)
Estimated tax	(1,0)	(6,4)	5,4
Net result	23,5	45,7	(22,2)

EBITDA Comparison 1Q 2014 vs. 4Q 2013



Financial Items Breakdown

(USD mill)	1Q 2014	4Q 2013	Change
Interest income	0,7	0,5	0,2
Gains on financial instruments	0,8	1,7	(0,9)
Financial income	1,5	2,2	(0,7)
Interest expenses	(11,0)	(9,0)	(2,0)
Capitalized borrowing cost (projects)	3,2	4,8	(1,6)
Losses on financial instruments	(0,4)	(0,8)	0,4
Other financial expenses	(3,4)	(4,4)	1,0
Financial expenses	(11,6)	(9,4)	(2,2)
Net foreign currency gain/(loss)	(4,8)	2,7	(7,5)
Net financial items	(14,9)	(4,5)	(10,4)

Offshore Drilling Segment

(USD mill)	1Q 2014	4Q 2013	Change
Operating revenues	248,5	271,6	(23,1)
Recharged income	18,6	9,7	8,9
Total revenues	267,1	281,3	(14,2)
Operating costs	(145,2)	(149,2)	4,0
Recharged expenses	(18,1)	(9,1)	(9,0)
Total operating expenses	(163,3)	(158,3)	(5,0)
Oper. result before depr. (EBITDA)	103,8	123,0	(19,2)
Depreciation	(62,1)	(59,7)	(2,4)
Operating result (EBIT)	41,7	63,3	(21,6)

Engineering & Fabrication Segment

(USD mill)	1Q 2014	4Q 2013	Change
Operating revenues (external)	10,7	16,7	(6,0)
Inter-segment revenues	37,7	8,4	29,3
Total operating revenues	48,4	25,1	23,3
Operating costs	(44,3)	(31,4)	(12,9)
Oper. result before depr. (EBITDA)	4,1	(6,3)	10,4
Depreciation	(0,5)	(0,4)	(0,1)
Operating result (EBIT)	3,6	(6,7)	10,3

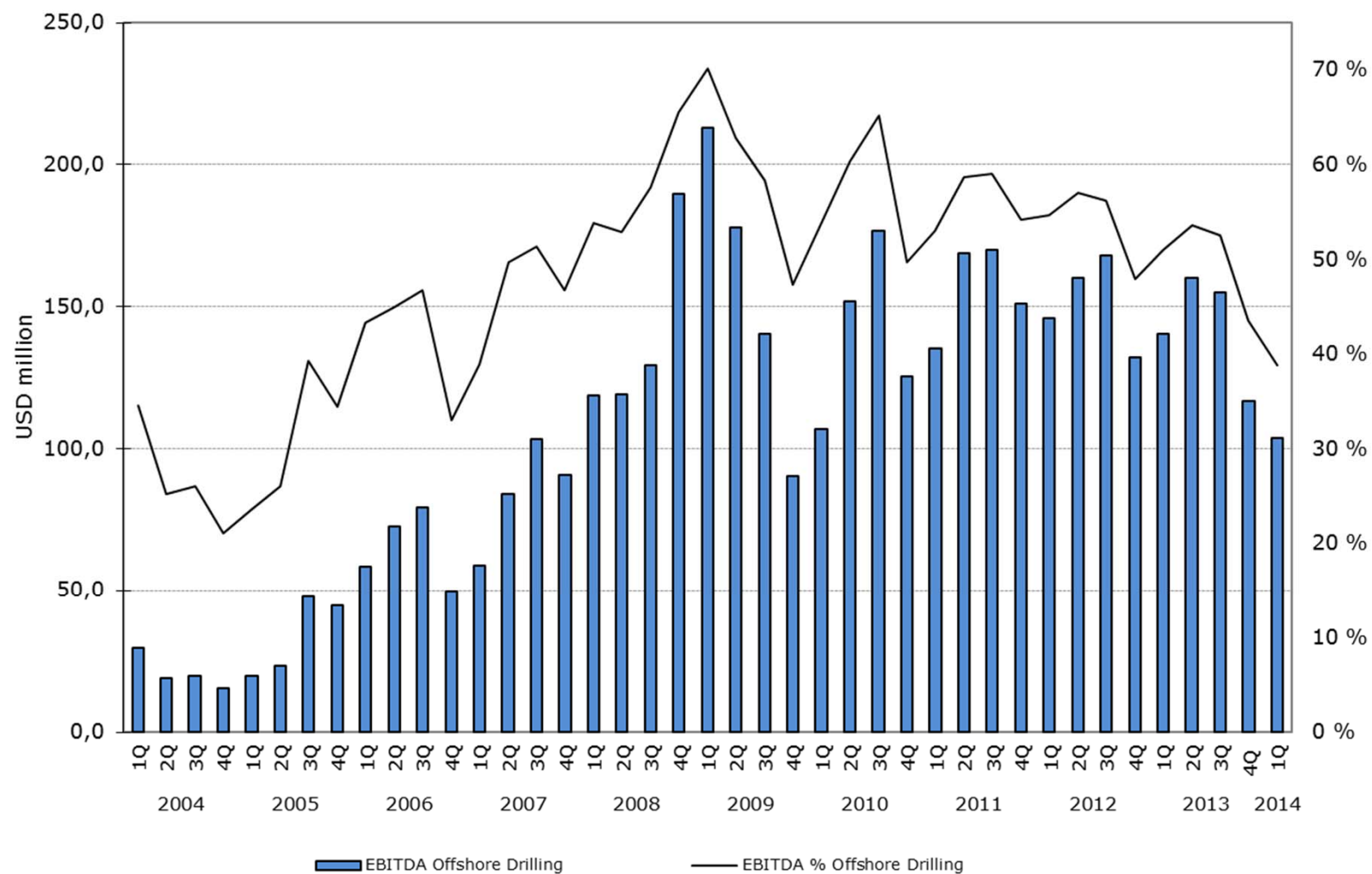
Consolidated Balance Sheet

(USD mill)	1Q 2014	4Q 2013	Change
Intangible assets	16,5	16,2	0,3
Property, plant & equipment	2 595,9	2 476,2	119,7
Other non-current assets	27,4	27,0	0,4
Total non-current assets	2 639,8	2 519,4	120,4
Other current assets	325,7	324,3	1,4
Cash and cash equivalents	398,7	222,1	176,6
Total current assets	724,4	546,4	178,0
Total assets	3 364,2	3 065,8	298,4
Equity	1 460,2	1 436,9	23,3
Non-current interest bearing debt	1 191,4	662,2	529,2
Other non-current liabilities	130,6	124,6	6,0
Total non-current liabilities	1 322,0	786,8	535,2
Current interest bearing debt	176,4	131,2	45,2
Current liabilities newbuilds	165,1	513,6	(348,5)
Other current liabilities	240,5	197,3	43,2
Total current liabilities	582,0	842,1	(260,1)
Total equity and liabilities	3 364,2	3 065,8	298,4

Consolidated Cash Flow

(USD mill)	1Q 2014	4Q 2013	Change
Profit before income taxes	24,5	52,1	(27,6)
Depreciation and impairment	62,6	60,1	2,5
Interest expense	7,8	4,2	3,6
Gain on sale of assets	-	(0,5)	0,5
Changes in working capital	13,8	38,2	(24,4)
Unrealized loss/(gain) financial instruments	5,5	(1,0)	6,5
Cash generated from operations	114,2	153,1	(38,9)
Interest paid	(8,6)	(9,1)	0,5
Taxes paid	(3,2)	(6,8)	3,6
Net cash flow from operating activities	102,4	137,2	(34,8)
Net investment in fixed assets	(495,0)	(62,3)	(432,7)
Cash flow used in investment activities	(495,0)	(62,3)	(432,7)
Borrowing of loans	631,8	-	631,8
Repayment of loans	(62,8)	(50,3)	(12,5)
Cash flow from financing activities	569,0	(50,3)	619,3
Foreign currency	0,2	(7,4)	
Net change in cash and cash equivalents	176,4	24,6	
Cash at beginning of period	222,1	204,9	
Cash at end of period	398,7	222,1	

Offshore drilling EBITDA and margin



Fleet status

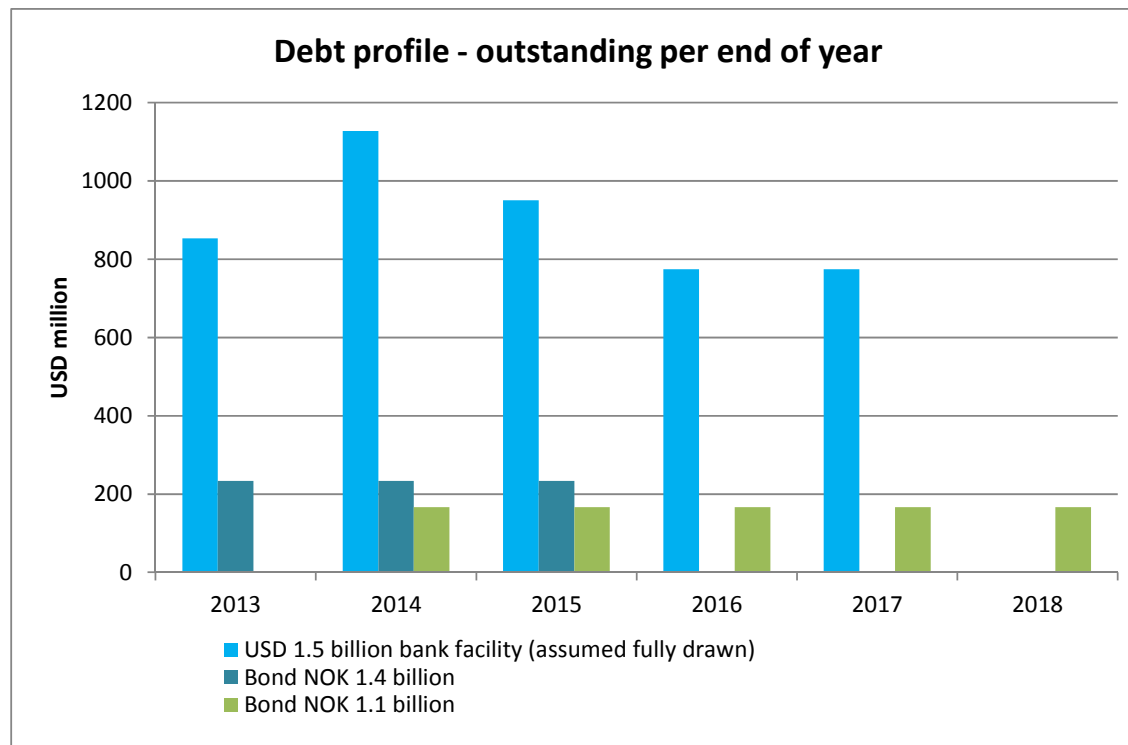
Rig	Type / design	W depth ft	Location	Client	Contract status	Day rate (in USD)	Next CR survey
Ultra-deepwater and deepwater units							
Bollsta Dolphin	SS / Moss	10 000	UK	Chevron	4Q 2015- 4Q 2020	560 000	1Q 2020
Bolette Dolphin	Drillship	12 000	West Africa	Anadarko	2Q 2014 - 2Q 2018	488 000	1Q 2019
Belford Dolphin	Drillship	10 000	Mozambique	Anadarko	January '12 - December '15	484 000	1Q 2015
Blackford Dolphin	SS / Aker H-3	7 000	UK	MPX	June '14 -August '14	419 000	4Q 2013
			Ireland	Capricorn	August '14 - November '14	467 000	
			UK	Nexen	December '14- August '15	428 000	
			UK	Chevron	September '15-March '17	428 000	
				Option	March '17-January '18		
Midwater floaters Norway							
Bideford Dolphin	SS / Aker H-3	1 500	Norway	Statoil Option	February '14 - February '17 February '17 - February '19	NOK 990 + USD 301' NOK 990 + USD 301'	2Q 2014
Borgland Dolphin	SS / Aker H-3	1 500	Norway	Consortium* Consortium**	January '10 - April '14 April '14 - September '17	NOK 994' + USD 376' NOK 990' + USD 354'	4Q 2014
Bredford Dolphin	SS / Aker H-3	1 500	Norway	Consortium***	October '13 - September '15	NOK 993' + USD 274'	2Q 2017
Midwater floaters UK - Brazil							
Borgny Dolphin	SS / Aker H-3	2 300	Brazil	Petrobras	September '08-May '14	243 000	4Q 2014
Byford Dolphin	SS / Aker H-3	1 500	UK	BP Option	April '13 - April '16 May '16 - April '19	345 500	1Q 2015
Borgsten Dolphin	Tender support / AH-3		UK	Total Option	February '13 -May '16 June '16 - June '17	202 000/ 240 500 incl. capital contribution 1Q 2018	
Borgholm Dolphin	Accomodation / AH-3		UK	Shell	May '13- July '14	245 000	4Q 2017
				BG	August '14- April '15	240 000	
				Option	May '15 - June '15	240 000	

Participants in the consortiums:

* BP, Total, E.ON Ruhrgas, OMV, Rocksource, Wintershall, Statoil ** Wintershall, Tullow Oil, E.ON Ruhrgas, Suncor Energy *** RWE DEA, Lundin, Noreco, Repsol

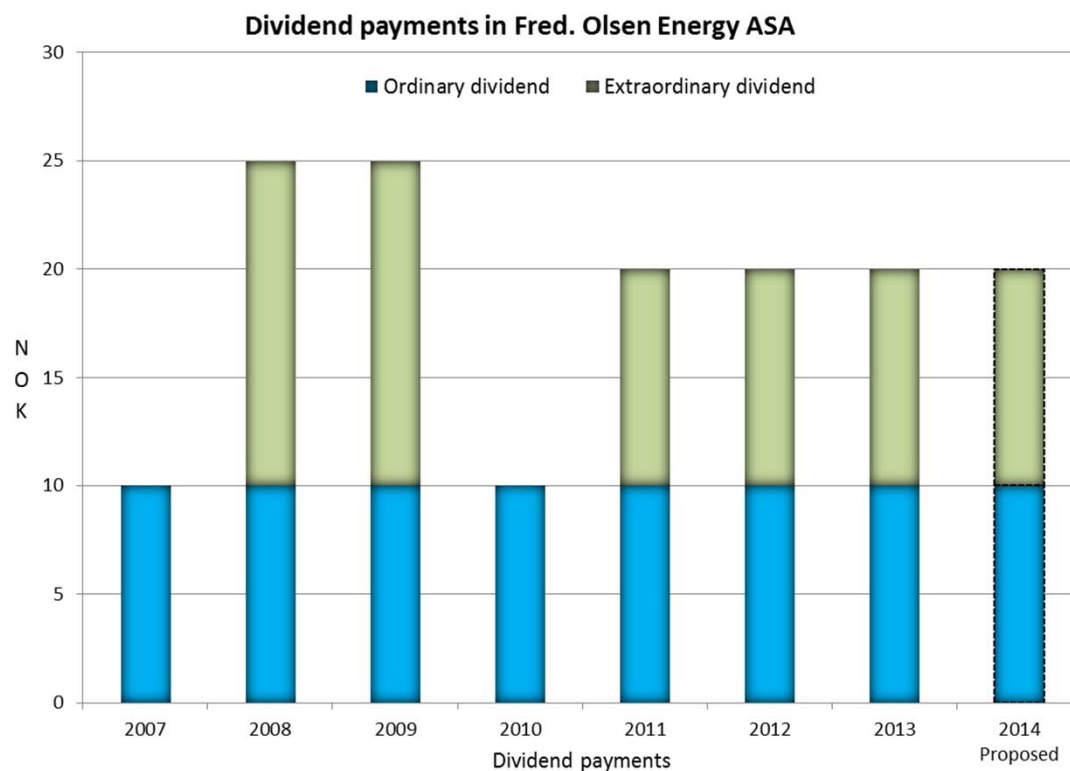
Financing

- New bond loan of NOK 1 100 million raised in the Norwegian bond market
 - Final maturity in February 2019
 - Coupon of 3 months Nibor + 3.0%



Dividend

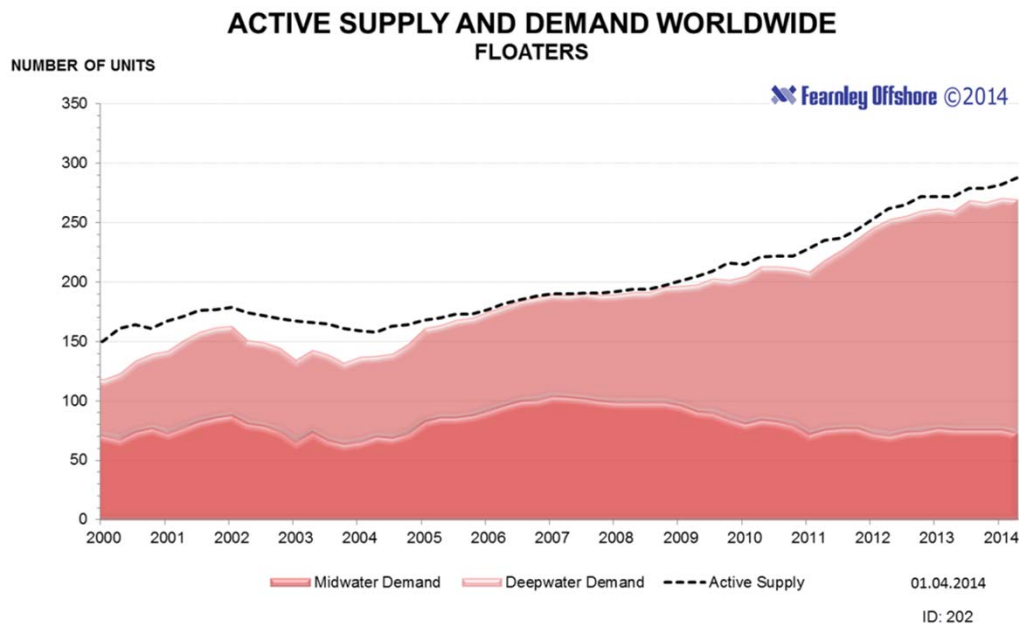
- Proposed dividend of NOK 10 ordinary and NOK 10 extraordinary per share
- Annual General Meeting to take place 27th of May 2014
- Ex-dividend date 28th May 2014
- Date for dividend payment is estimated to 20th June 2014



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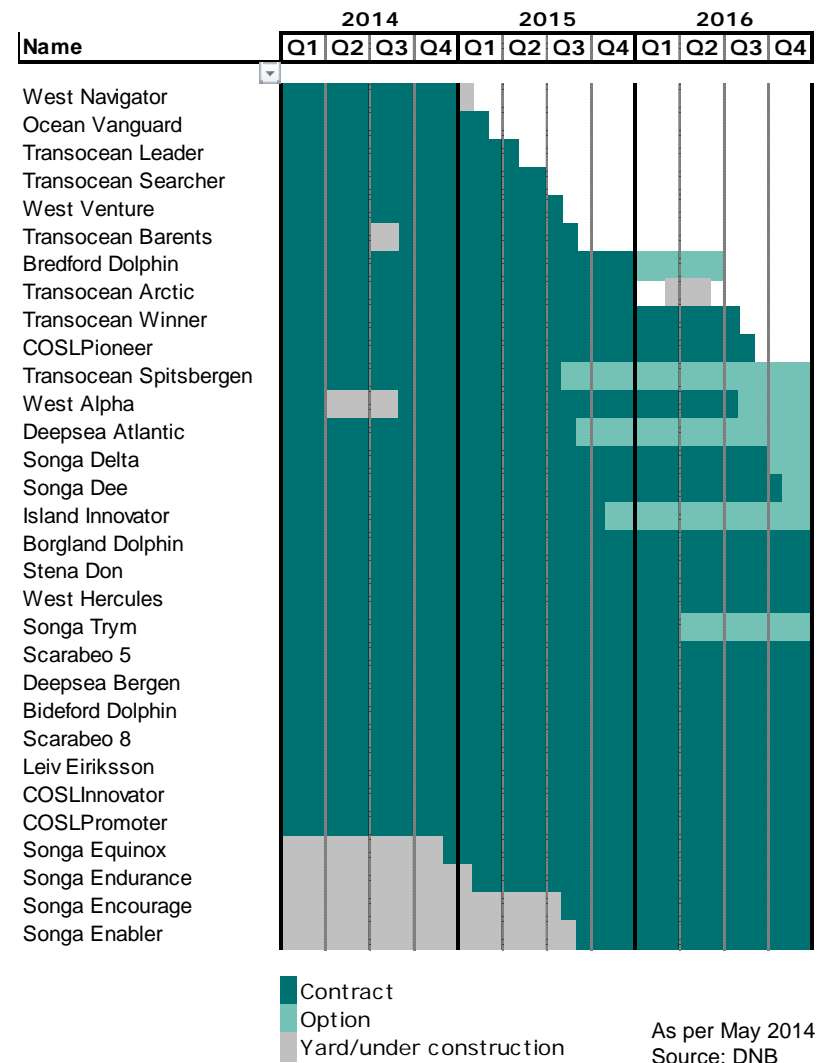
Global market outlook – floating units

- In general, operators are revisiting development and exploration programs and the low contracting activity continued in all market segments
- Decline in dayrates seen in most markets due to supply-demand gap
- An increase in number of idle units can be expected

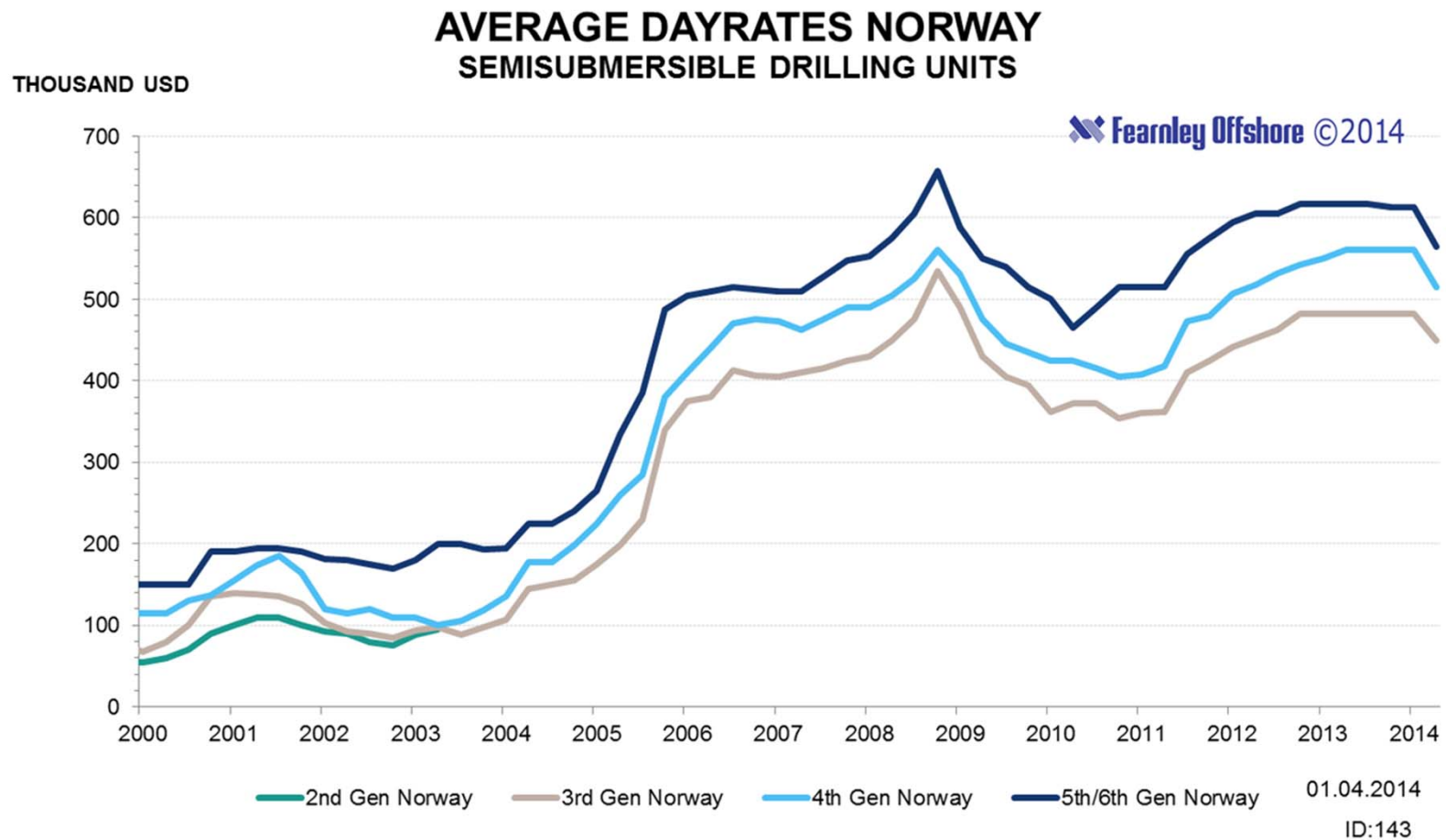


Norwegian floater market

- Tight market in 2014 with first availability in 2015
- Several units announced to leave Norway for contracts in other regions
- Long-term, continued demand expected, with several requests for development projects in 2016/2017

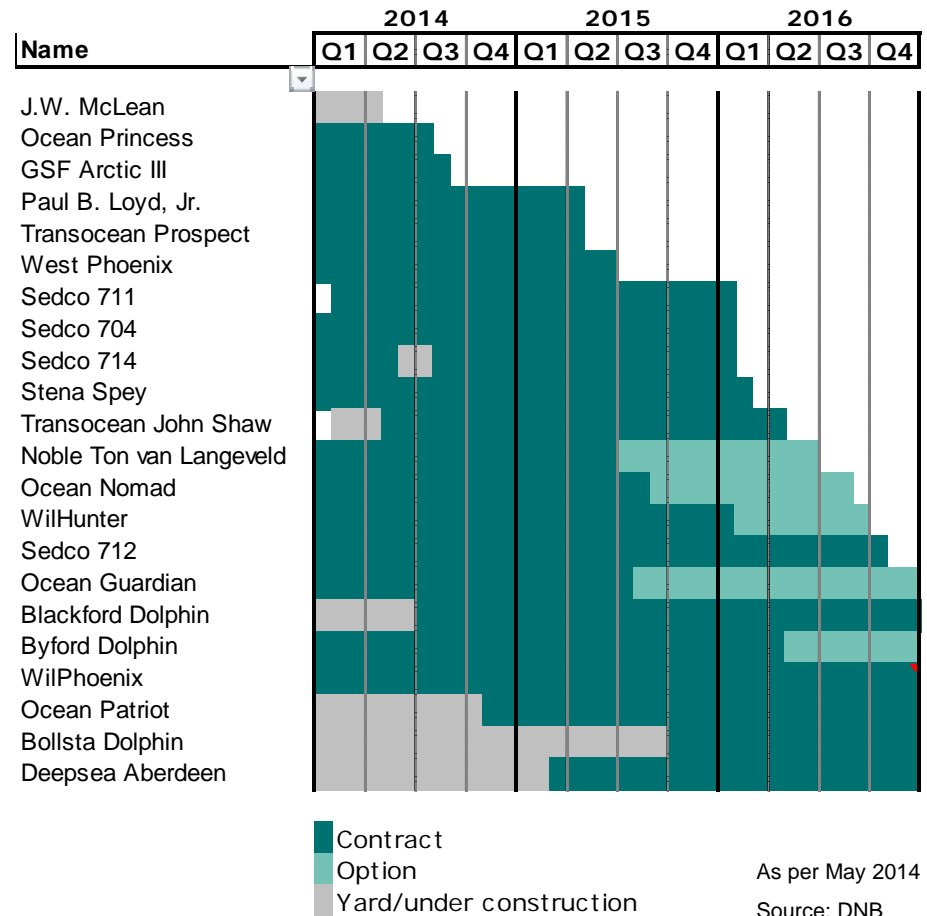


Average dayrates Norway

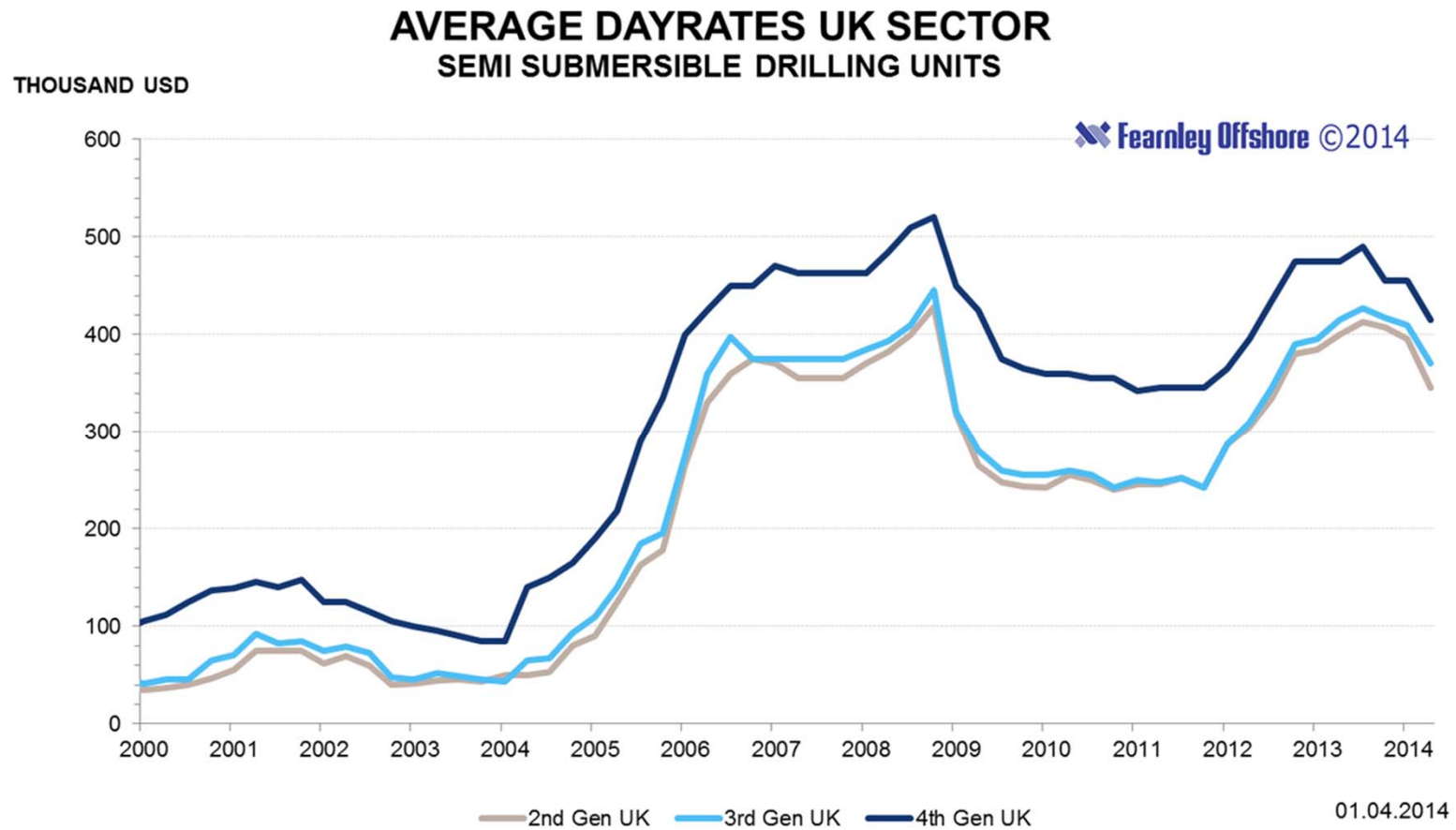


UK floater market

- Low contracting activity also in this quarter, and few new requests expected in the next quarters
- Relatively stable prospects in the accommodation segment



Average dayrates UK

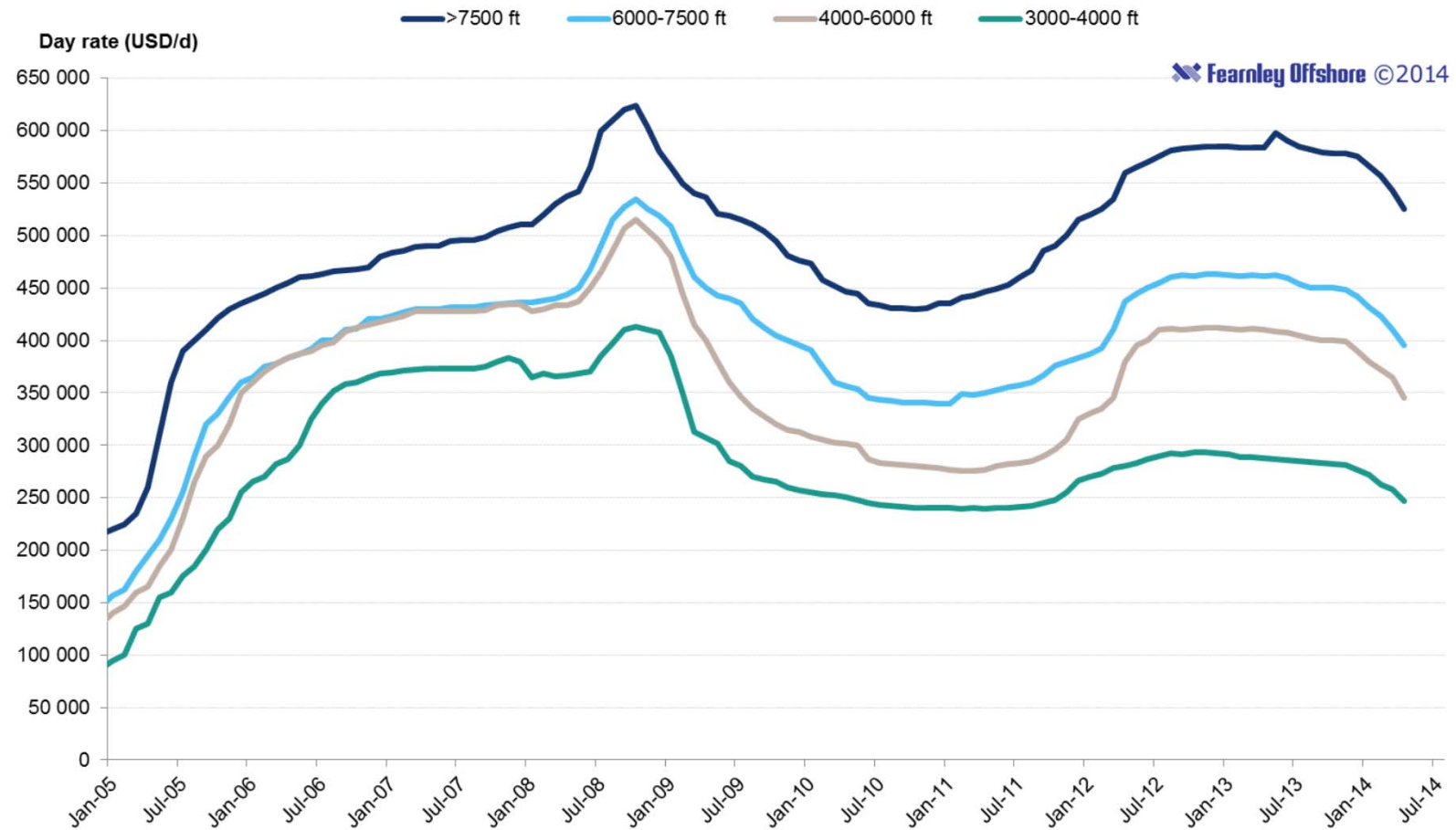


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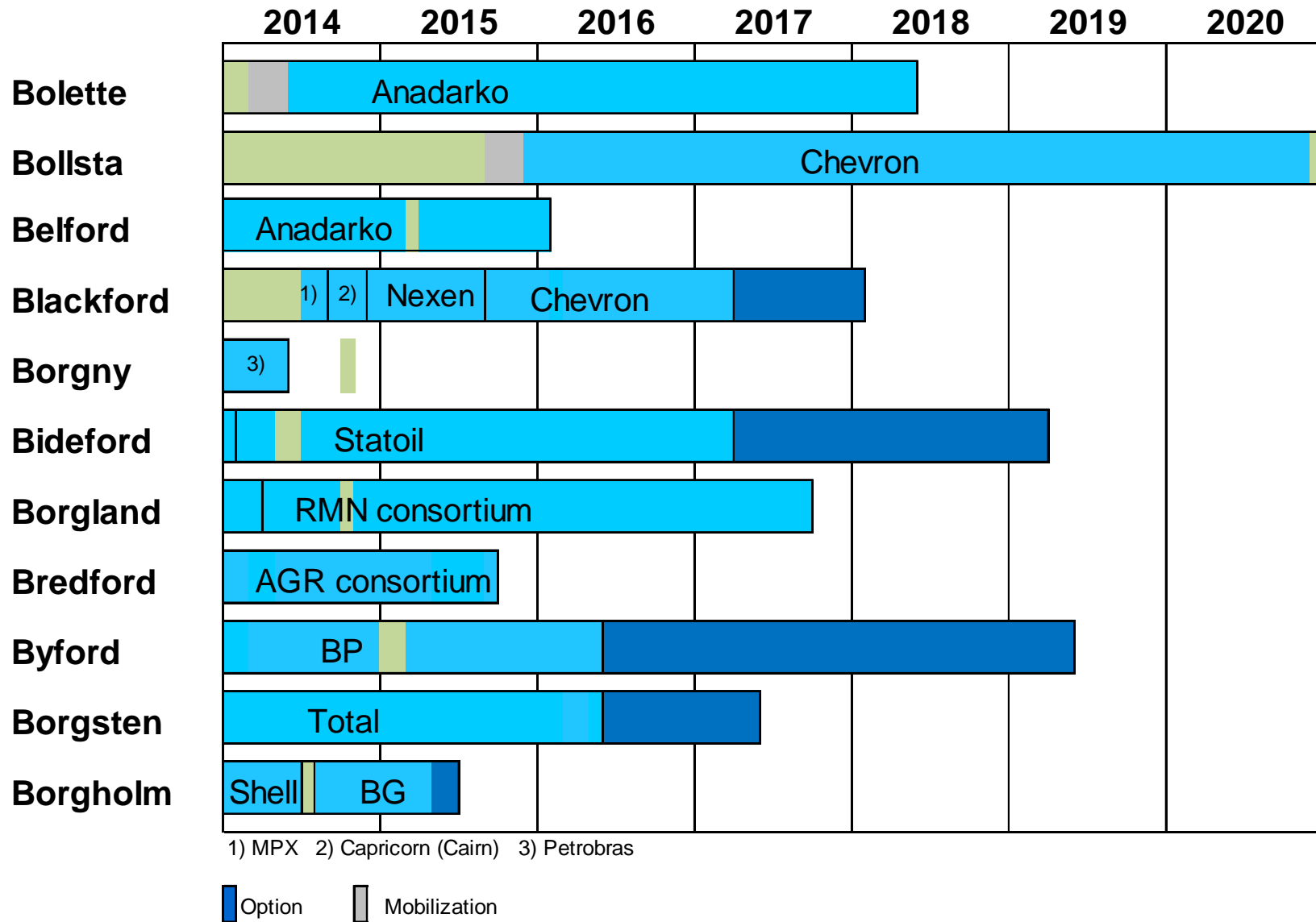
Dayrates deepwater drilling units worldwide

WORLDWIDE DEEPWATER DRILLING UNITS MARKET RATE ASSESSMENT BY WATER DEPTH SEGMENT



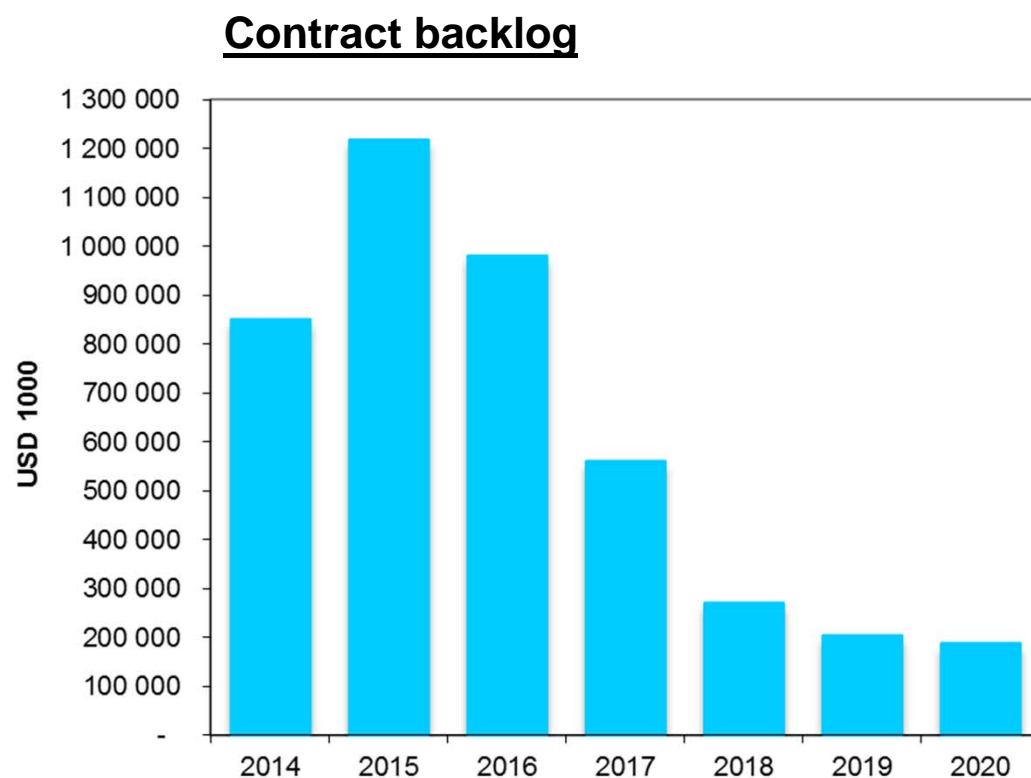
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Contract overview



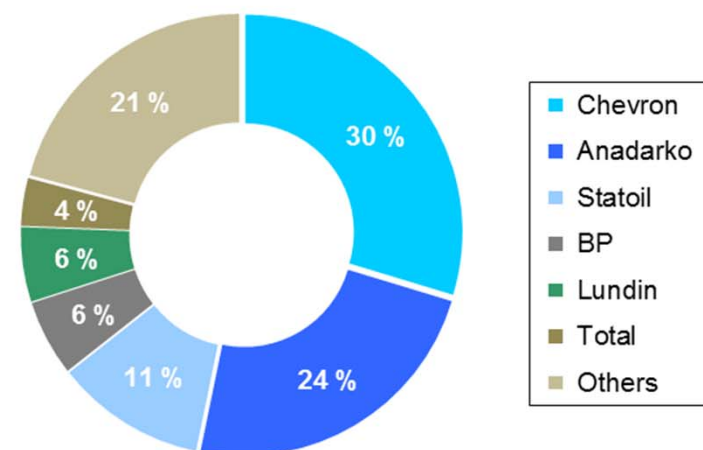
Average contract length of ca. 28 months

Contract backlog



Total backlog ca. USD 4.3 billion

Customer base



Bollsta Dolphin

- Harsh environment ultra deepwater semi-submersible under construction
- Moss Maritime CS 60 E (Enhanced) design from Hyundai Heavy Industries
- Delivery is rescheduled to 3Q 2015
- Block erection and keel laying commenced early April in Ulsan
- Has secured a five-year contract with Chevron for operations West of Shetland in the UK sector



Ultra deepwater

Bolette Dolphin

- Newbuild ultra deepwater drillship from Hyundai Heavy Industries delivered 21st of February 2014
- Has secured a four-year contract with Anadarko for international operations
- Is currently in Port Elizabeth in South Africa to load onboard equipment. Will continue mobilization to Liberia second week in May to commence the first drilling campaign



Belford Dolphin

- Commenced a new four-year contract with Anadarko from January 2012
- Operating offshore Mozambique
- Next five-year class renewal survey to take place in 1Q 2015



Midwater - Norway

Borgland Dolphin

- Continued operations under a four-year drilling contract with a consortium managed by RMN (Rig Management Norway) during the quarter
- A new contract with another RMN consortium commenced in April 2014. Estimated duration is 3.5 years
- Next five-year class renewal survey to take place 4Q 2014, including installation of a new BOP



Bideford Dolphin

- Commenced a new three-year contract with Statoil end of January 2014
- Entered into CCB yard end of April to undertake its five-year class renewal survey
- The cost is estimated to USD 100 million with a 65 days yard stay



Midwater - Norway / United Kingdom

Bredford Dolphin

- Continued under the 12-well contract with an AGR consortium. The contract is expected to expire end of 3Q 2015
- During January 2014, the unit experienced a breach in riser joints under operation. The incident caused 25 days on zero rate
- The class renewal survey was completed August 2012



Borgholm Dolphin

- Currently under a one year contract with Shell
- The unit completed a yard stay of nine weeks end of April. Upon recommencement, it was discovered additional issues with the anchoring system and the unit is now at Invergordon to undertake repairs
- A new nine month contract with BG will follow, with estimated commencement in August 2014 after scheduled yard stay in July to increase the height of the pedestal
- Class renewal survey was completed March 2013



Midwater - United Kingdom (cont.)

Byford Dolphin

- Continued under a three-year drilling contract with BP Exploration, estimated to expire April 2016
- The class renewal survey and installation of a new five ram BOP is scheduled to 1Q 2015



Borgsten Dolphin

- Continued under the tender support services contract of 40 months duration with Total E&P UK. Two six month options exist under the contract
- Completed class renewal survey and conversion to tender support vessel mid February 2013



Deepwater – United Kingdom / midwater Brazil

Blackford Dolphin

- The unit is undertaking the five-year class renewal survey and upgrades at H&W yard
- Additional need for structural work has been identified, with new estimated cost of USD 195 million and completion in June
- After completion of the class renewal survey, the rig will commence two one-well contracts for MPX North Sea Ltd and Capricorn Ireland Ltd., followed by a nine month contract with Nexen and a 572 days contact with Chevron



Borgny Dolphin

- Operating under a five-year drilling contract with Petrobras in Brazil.
- It has been agreed to suspend the operations under the contract in May 2014
- The unit will be re-exported from Brazil



Harland & Wolff

- Focus on ship repair, ship building, steel fabrication and engineering services
- Class renewal survey of Blackford Dolphin continued during the quarter
- The engineering phase for fabrication of the Humber gateway offshore windfarm substation jacket continued, with completion in mid 2014



Summary

■ Financial

- Revenues were 278 million
- EBITDA was 102 million
- Profit before tax was 23.5 million
- Contract backlog amounting to approximately USD 4.3 billion
- Estimated dividend payment date is 20th of June 2014

■ Operational

- Blackford Dolphin undertaking class renewal survey and upgrades
- Borgholm Dolphin undertaking yard stays for repairs
- Bideford Dolphin commenced new contract with Statoil

■ Market

- Borgny Dolphin contract with Petrobras agreed to discontinue from May 2014
- Average contract duration approximately 28 months

