

Magnora ASA

Third quarter 2018

Oslo, 27 November 2018

Reese McNeel, CEO/CFO

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Summary of key developments

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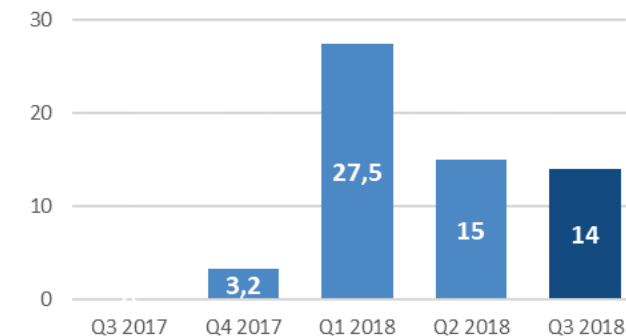
- The Sembcorp transaction was completed on September 4, 2018, and the company received the agreed cash consideration of USD 39 million
- Following the transaction with Sembcorp former Sevan Marine ASA changed its name to Magnora ASA
- Magnora retains its net cash position, the Dana Western Isles license agreement and the financial benefit of the Shell Penguins license agreement
- On November 13, 2018 the distributions of the agreed share capital reductions and dividend in total NOK 447 159 492 or NOK 8,5 per share, were paid to shareholders
- The Teekay Offer expired on November 9, 2018 and was completed on November 12, 2018. Settlement and delivery of the shares was completed on November 19, 2018
- Upon completion of the Teekay Offer, Magnora withdrew the lawsuit against Logitel Offshore Pte Ltd, and the parties have agreed not to bring or pursue any other claims against each other and their affiliates in relation to activities prior to July 6, 2018
- Given changes in business activity and shareholder structure, Chairman Erling Øverland and TK representative Astrid Jørgenvåg have announced their resignation. An EGM to appoint a new board will be held shortly. Torstein Sanness will serve as acting Chairman until the EGM is held

Financial reporting and revenue

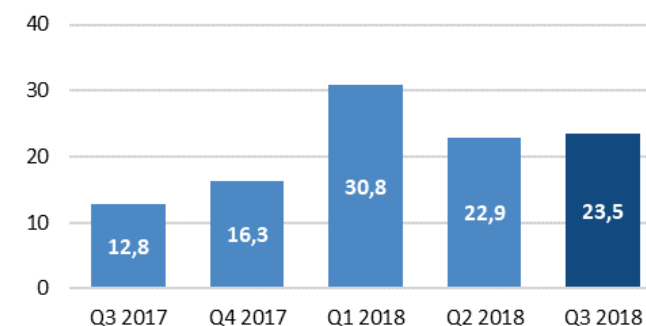
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- In accordance with IFRS, the remaining Magnora business is reported as continued operations while the disposed business is reported as discontinued operations from Q2 2018
- Revenue in continued operations:
 - Decrease in Dana Western Isles income to NOK 13.8 million in Q3 2018 versus NOK 15.0 million in Q2
 - Other revenue of NOK 0.2 million in Q3 2018 related to hire out of employees
- Increased engineering service revenue in discontinued operations of NOK 9.5 million versus NOK 7.9 million in Q2 2018 due to increased activity for Shell Penguins and Teekay

Revenue continued operations, NOK million



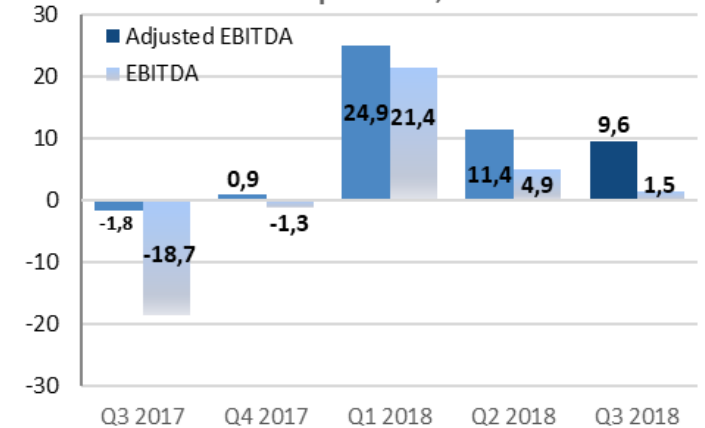
Revenue continued & discontinued operations
NOK million



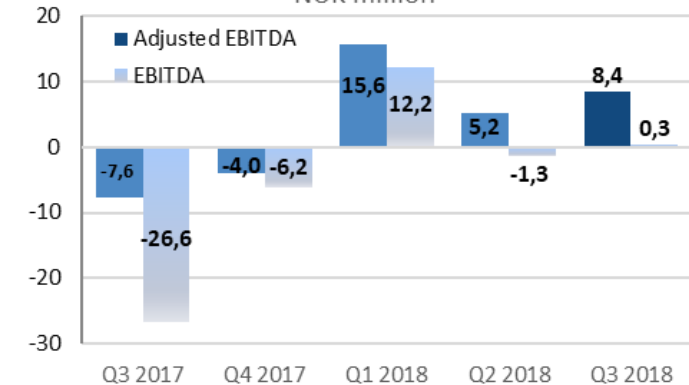
EBITDA

- Adjusted EBITDA in continued operations of NOK 9.6 million, excluding one-off items
- Continued operations EBITDA of NOK 1.5 million including one-off items:
 - Costs related to termination of Share Incentive Program of NOK 3.2 million
 - SembCorp related transaction costs of NOK 3.4 million which includes legal and advisor fees
- EBITDA for discontinued operations improved to negative NOK 1.2 million in Q3 2018 versus negative NOK 6.3 million in Q2 2018 due to increased engineering activity in the quarter, and lower operating expenses due to transfer of business to Sevan SSP from 04 September
- Continued operations EBITDA in coming quarters will be driven by:
 - License income from Dana Western Isles
 - Operating costs

EBITDA continued operations, NOK million



EBITDA continued & discontinued operations
NOK million



Western Isles field

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- Magnora receiving USD 0.5 per produced barrel offloaded
- Income in Q3 2018 of NOK 13.8 million versus NOK 15.0 million in Q2 2018
- Capacity production of some 40,000 barrels per day
- Magnora has hedged USD 1.5 million at an average FX rate of NOK/USD 7.83 through December 2018. A further USD 1.4 million is hedged at an average FX rate of NOK/USD 7.90 from January 2019 to April 2019

Shell Penguins redevelopment

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- Final investment decision taken in January 2018
- Sevan Marine has invoiced and received the first milestone payment of USD 2.625 million under the license agreement in Q1 2018
- Further payment milestones are (i) completion of the unit, (ii) start-up and (iii) successful production
- Outstanding milestones are expected over coming 2.5 to 5 years with total nominal value of USD 16 million

Outlook

- The Sembcorp transaction has realized value for shareholders
- Combined with the Teekay transaction, Magnora has now resolved material legacy issues while leaving shareholders with a cash generating, stock exchange listed platform for future growth
- Operating costs will decline with the resolution of material one-off issues, the completion of the transactions and the transfer of employees and operational costs to Sembcorp
- Western Isles production is expected to continue to be at a range of 30 000 to 40 000 barrels per day
- The Company intends to make distributions to shareholders on a timely and regular basis to the extent legally and practically possible in the future
- Magnora will also actively seek to release remaining value via a review of strategic options

Appendix

Profit & loss statement (as reported)

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<i>NOK million</i>	Note	Q3 18	Q2 18	YTD Q3 18	Q3 17	YTD Q3 17	2017
Continued operations							
Operating revenue	4	14.0	15.0	56.4	0.0	0.0	3.2
Operating expense		-12.5	-10.1	-28.6	-18.8	-33.8	-38.3
EBITDA		1.5	4.9	27.8	-18.8	-33.8	-35.1
Depreciation, amortization and impairment		0.0	0.0	0.0	0.0	0.0	0.0
Operating profit/(loss)		1.5	4.9	27.8	-18.8	-33.8	-35.1
Financial income/(expense)		0.7	0.9	2.4	0.6	10.8	11.6
FX gain/(loss)	6	-0.4	-0.5	-0.5	-3.6	-7.4	-3.5
Net financial items		0.3	0.4	1.9	-3.0	3.3	8.1
Profit/(loss) before tax		1.8	5.4	29.7	-21.7	-30.5	-27.0
Tax income/(expense)		0.0	0.0	0.0	0.0	39.3	32.8
Net profit/(loss) continued operations		1.8	5.4	29.7	-21.7	8.8	5.7
Discontinued operations							
Disposed group classified as held for sale	5	327.2	-6.7	310.7	-8.4	-34.1	-39.6
Net profit/(loss) discontinued operations		327.2	-6.7	310.7	-8.4	-34.1	-39.6
Net profit/(loss)		329.0	-1.3	340.5	-30.1	-25.4	-33.8

Balance Sheet (as reported)

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<i>NOK million</i>	Note	30.09.18	30.06.18	30.09.17	31.12.17
Fixed assets		0.0	0.0	0.2	0.1
Intangible assets		0.0	0.0	4.7	4.3
Other non-current assets		0.0	0.0	3.5	3.2
Total non-current assets		0.0	0.0	8.4	7.6
Trade and other receivables	3	31.6	16.1	52.3	16.1
Cash and cash equivalents		528.8	205.7	161.6	197.5
Total current assets		560.4	221.8	214.0	213.6
Assets held for sale			7.6		
Total assets		560.4	229.4	222.4	221.2
Share capital	2	210.4	210.4	210.4	210.4
Other equity		314.3	-14.6	-17.1	-26.7
Total shareholders' equity		524.7	195.9	193.4	183.7
Non-controlling interest		0.0	0.2	0.2	0.3
Total equity		524.7	196.0	193.6	184.0
Other non-current liabilities		0.0	0.0	0.0	2.3
Total non current liabilities		0.0	0.0	0.0	2.3
Current liabilities		35.7	26.1	28.8	34.9
Total current liabilities		35.7	26.1	28.8	34.9
Total liabilities		35.7	26.1	28.8	37.1
Liabilities held for sale			7.3		
Total equity and liabilities		560.4	229.4	222.4	221.2

Cash flow statement (as reported)

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<i>NOK million</i>	Q3 18	Q2 18	YTD Q3 18	YTD Q3 17	2017
Cash flows from operating activities					
Cash from operations	-1.4	8.2	24.7	-57.9	-27.2
Taxes paid/repaid	0.0	0.0	0.0	31.7	31.7
Net cash generated from continued operating activities	-1.4	8.2	24.7	-26.2	4.5
Net cash generated from discontinued operating activities	-2.8	-11.1	-20.5	-2.5	2.6
Net cash generated from operating activities	-4.2	-2.9	4.2	-28.7	7.1
Cash flows from investment activities					
Sale of shares KANFA AS	0.0	0.0	0.0	0.9	0.9
Sale of business to Sembcorp	327.1	0.0	327.1	0.0	0.0
Net cash from continued investment activities	327.1	0.0	327.1	0.9	0.9
Net cash from discontinued investment activities *	0.0	0.0	0.0	-36.5	-36.4
Net cash from investment activities	327.1	0.0	327.1	-35.6	-35.5
Cash flows from financing activities					
Dividends paid	0.0	0.0	0.0	0.0	0.0
Net cash from continued financing activities	0.0	0.0	0.0	0.0	0.0
Net cash from discontinued financing activities	0.0	0.0	0.0	0.0	0.0
Net cash from financing activities	0.0	0.0	0.0	0.0	0.0
Net cash flow for the period - continued activities	325.7	8.2	351.8	-25.3	5.4
Net cash flow for the period - discontinued activities	-2.8	-11.1	-20.5	-39.0	-33.8
Cash balance at beginning of period	205.9	208.7	197.5	225.9	225.9
Cash balance at end of period	528.8	205.9	528.8	161.6	197.5