



ODFJELL DRILLING

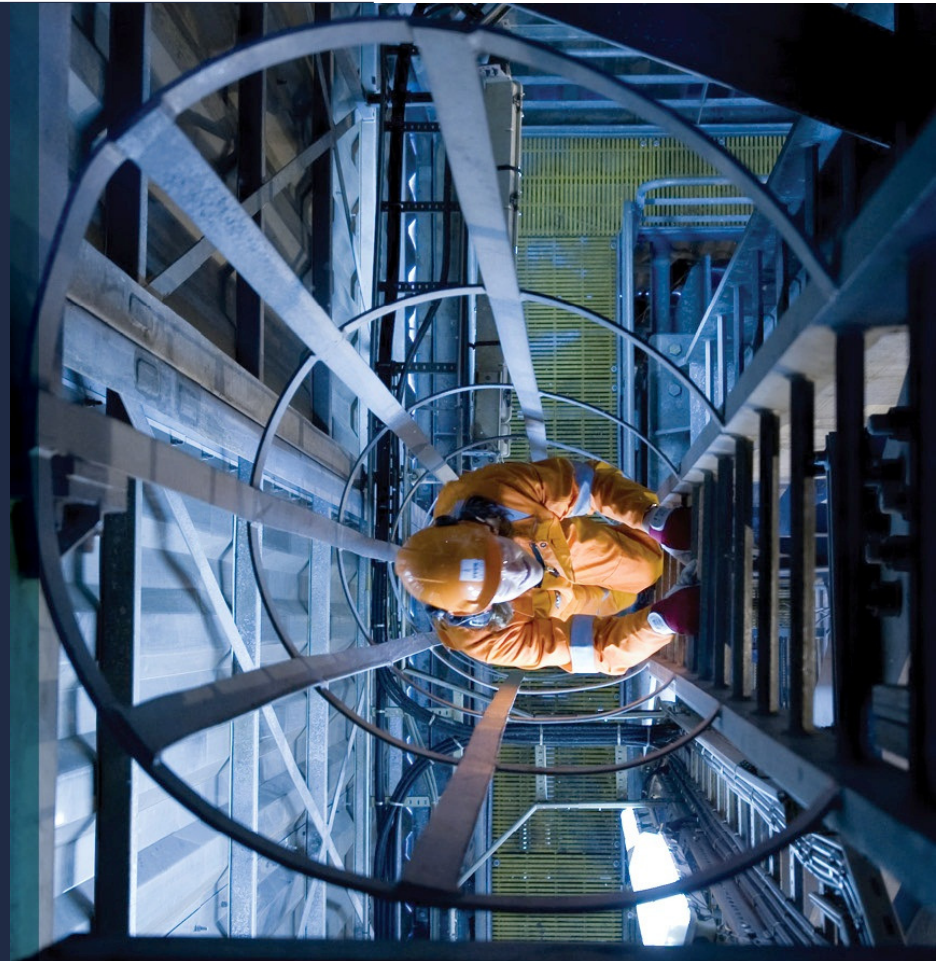
Presentation:
Q4 2013 and preliminary results for 2013



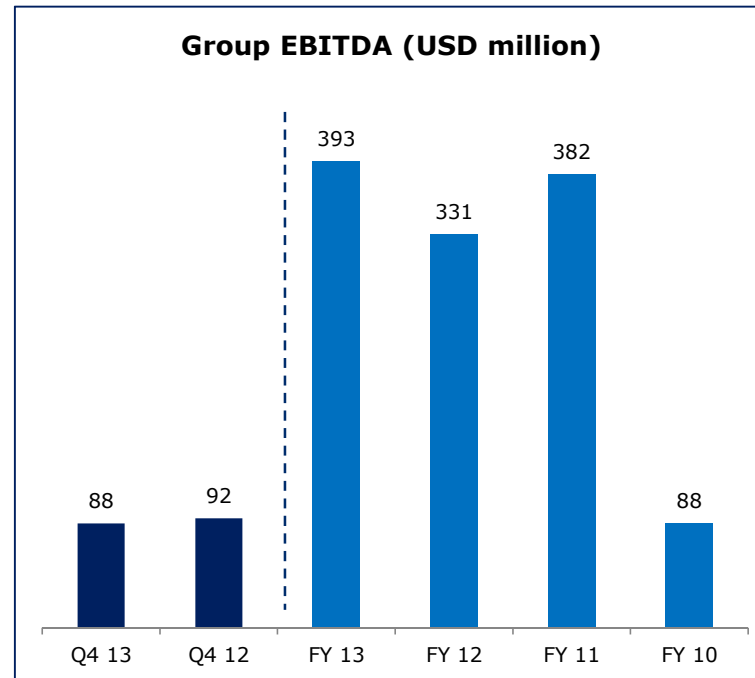
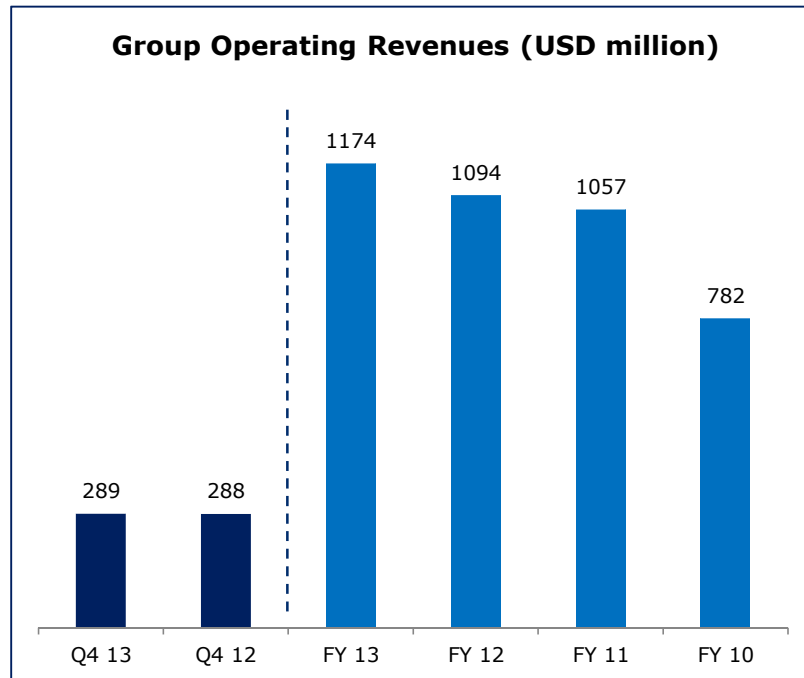
ODFJELL DRILLING
- for Decades

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Financial performance highlights



- Odfjell Drilling reports for Q4 2013:
 - Operating Revenues of USD 289 million
 - EBITDA of USD 88 million
 - Profit before tax of USD 39 million

The Group's investment in Deep Sea Metro is accounted for using the equity method

Highlights and material events

Q4 2013

- Successful execution of “Deepsea Bergen” client funded yard stay in October 2013
- Water ingress incident at yard for “Deepsea Aberdeen” in December 2013
- BOP challenges resulting in low financial utilization for “Deepsea Metro II” in Q4 2013

Subsequent events

- BOP challenges for “Deepsea Metro II” in January/February
- “Deepsea Aberdeen”, revised time schedule gives delivery from yard in October / November 2014 with commencement of drilling operations Q1 2015
- BP declared two 2-year options extending the present Platform Drilling Services contract in the UK for a further 4 years from December 2014. The value of the 4-year extension is estimated to USD 165 million

Deepsea Atlantic SPS

- The yard stay for the 5-year class survey and planned improvements is planned to commence March 2014. The rig is estimated to be out of operation for approximately one month in connection with this yard stay and the total project budget is estimated at USD 55 million

Dividend for 2013

- The Board of Directors has declared a cash dividend of USD 0.05 per share for 2013. The ex-dividend date has been set to 18 March 2014, record date is 20 March 2014 and payment date is on or about 8 April 2014. Dividends will be distributed in NOK
- The dividend for 2013 represents 15 % of the Group's preliminary profit for 2013
- The Company maintains its target for a long-term dividend representing approximately 30 – 40% of its net profit on a consolidated basis
 - When deciding whether to declare and pay an annual dividend, the Board of Directors will take into consideration market outlook, potential growth opportunities, contract backlog, cash flow generation, capital expenditure plans and funding requirements whilst maintaining adequate financial flexibility. The Board of Directors may revisit the dividend policy from time to time
 - The proposal in any year to pay any dividend is further subject to limitations in financing agreements and sufficiency in distributable reserves

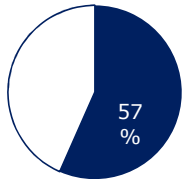
An integrated partner for ultra deepwater and harsh environment operations

Mobile Offshore Drilling Units (MODU)

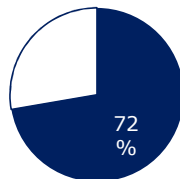


- Modern fleet of UDW and harsh environment drilling units
- Extensive drilling experience
- Provision of integrated management services for drilling units

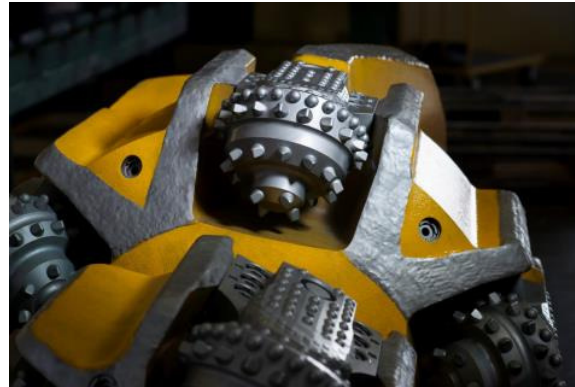
Revenue¹



EBITDA¹

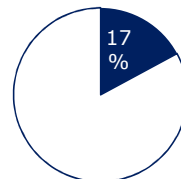


Well Services

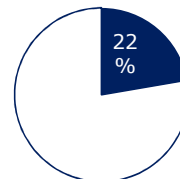


- Casing and tubular running services
- Drill tool and tubular rental
- Services in more than 20 countries from 11 bases in Europe, the Middle East and Asia

Revenue¹



EBITDA¹

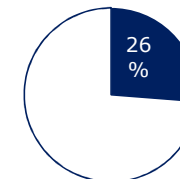


Drilling & Technology

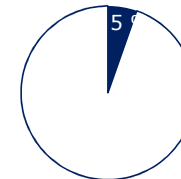


- One of the leading contractors in the North Sea platform drilling market
- Drilling engineering services
- Established competence for the latest generation technology

Revenue¹



EBITDA¹



Segment reporting - MODU highlights

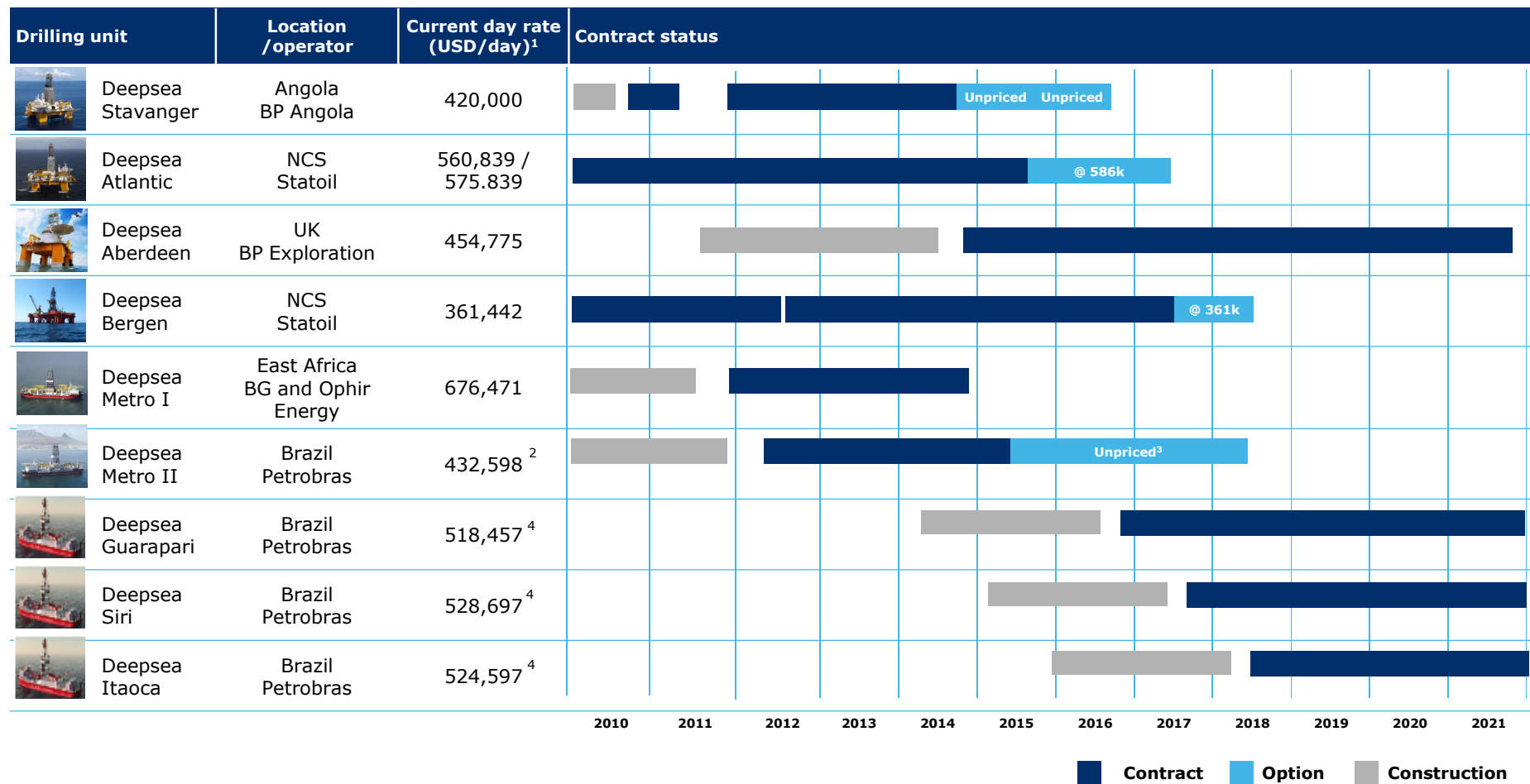
MODU Highlights

- Q4 2013 Operating Revenue increased by USD 7 million compared to Q4 2012
- Q4 2013 EBITDA of 80 million, same as in Q4 2012
- Q4 2013 EBITDA margin of 42%, compared to 44% in in Q4 2012
- Firm contract backlog YE 2013 of USD 2,246 million with USD 663 million in 2014

Financial Utilisation¹	Q4 13	Q4 12	FY 13	FY 12
Deepsea Stavanger	84.5%	88.5%	87.1%	79.0%
Deepsea Atlantic	96.9%	99.5%	98.7%	98.0%
Deepsea Bergen	93.0%	98.4%	97.9%	97.0%
Deepsea Metro I	100.0%	99.9%	98.7%	97.5%
Deepsea Metro II ²	53.2%	96.1%	78.7%	72.4%

- 1) Financial utilisation is measured on a monthly basis and comprises the actual monthly invoice amount (encompassing different hourly rates) for all hours in a month, expressed as a percentage of the full day rate for all hours in a month
- 2) DSM II commenced operations for Petrobras on 17 May 2012

MODU - Dayrates, contract status and options



- 1) Rates may include mix of currencies and fluctuate based on exchange rates.
- 2) In addition to the day rate there is a bonus element of up to 10% linearly from 93% to 98% utilization.
- 3) Up to 1,095 days
- 4) In addition to the day rate there is a bonus element of up to 15% linearly from 93% to 98% utilization. Contract length for each of the units is 15 years from commencement of operations

Segment reporting

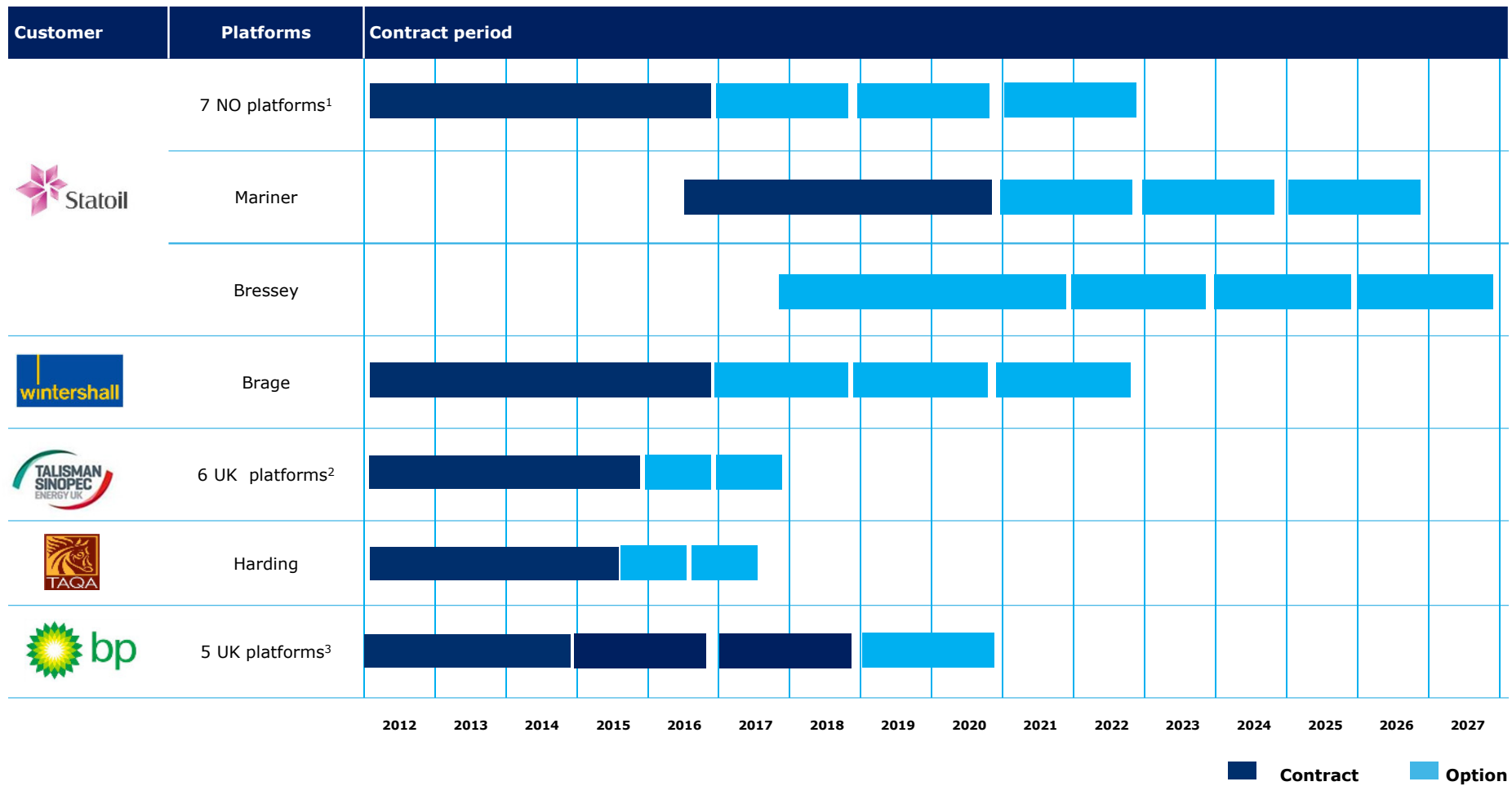
- Platform Drilling and Technology highlights

Platform Drilling and Technology Highlights

- Q4 2013 Operating Revenue of USD 25 million, same as in Q4 2012
- Q4 2013 EBITDA of USD 6 million compared USD 10 million in Q4 2012
- Q4 2013 EBITDA-margin of 7% compared to 11% in Q4 2012
- Firm contract backlog YE 2013 of USD 801 million with USD 222 million in 2014
 - Value of priced optional periods YE 2013 of USD 1,523 million

Firm contract backlog figures above includes USD 165 million following BP's declaration of the two 2 year options in February 2014.

Platform Drilling contracts



- 1) Grane, Heidrun, Njord, Sleipner A, Visund, Snorre A, Snorre B
- 2) Claymore, Clyde, Saltire, Piper, Tartan, Fulmar
- 3) Clair, Andrew, Bruce, Magnus, Clair Ridge

Segment reporting

- Well Services highlights

Well Services Highlights

- Q4 2013 Operating Revenue of USD 54 million compared to USD 59 million in Q4 2012
- Q4 2013 EBITDA of USD 26 million compared to USD 29 million in Q4 2012
- Q4 2013 EBITDA-margin of 47% compared to 49% in Q4 2012

Market outlook

Strong fundamental long-term demand for the Group's services but expect softer near term market

MODU

- Softer near term DW and UDW market
 - slowdown of oil companies' growth in E&P spending
 - increase in UDW rig supply
 - shorter lead-times and lack of new long-term tenders
- Expect ODL's 6th gen. UDW fleet to be less impacted by the market fluctuations
- The harsh environment market to remain in better balance than UDW market near term
- The long term demand for harsh environment and UDW drilling capacity remains strong

Platform Drilling and Technology

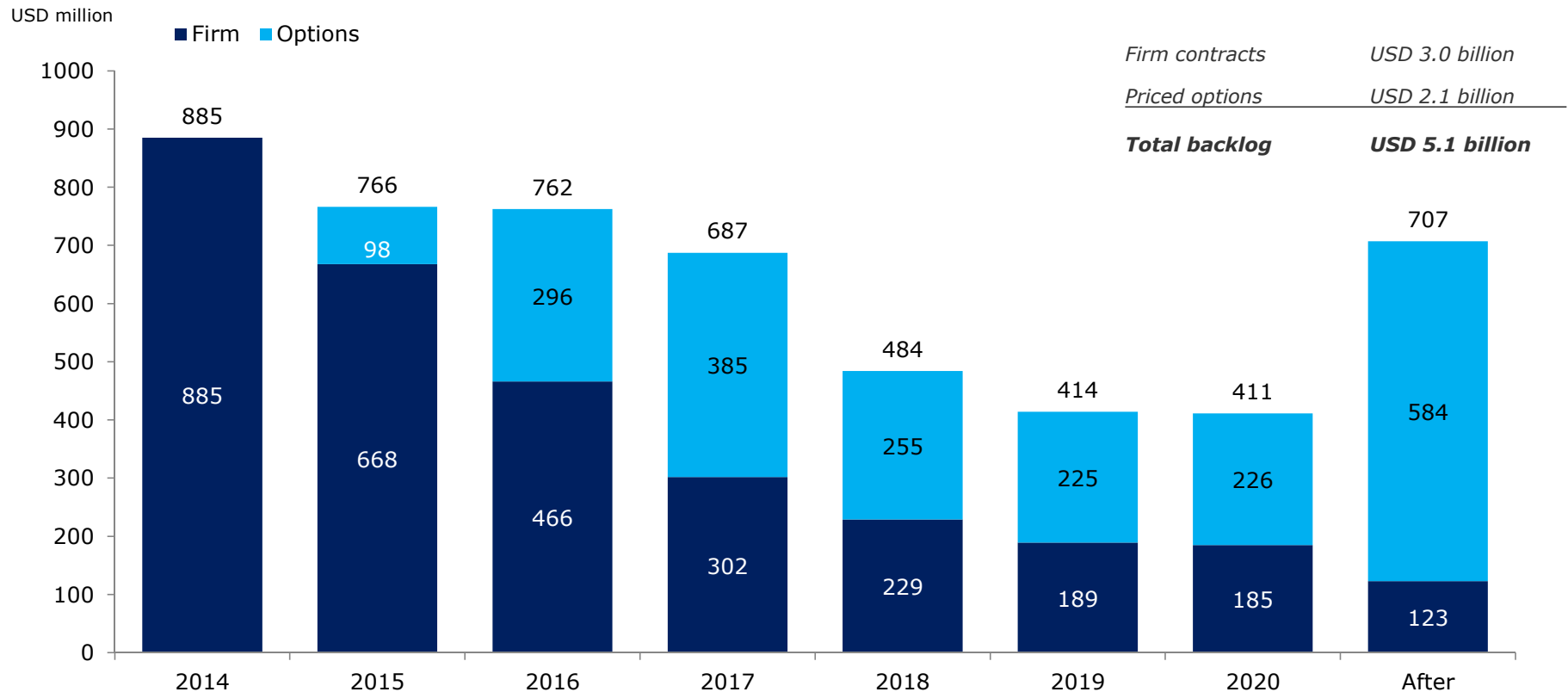
- Platform drilling secured by long-term contracts
- The slowdown in oil companies' E&P growth will lead to postponement of development- and upgrade projects

Well Services

- Expect that the Well Services segment will continue its long-term growth in its selected market regions

Earnings visibility through USD 3 billion firm order backlog

Total revenue backlog per year (for firm contracts and priced option periods)¹



- Revenue for Well Services, Technology and MODU Management is not included in the revenue backlog
- USD 885 million of firm backlog for 2014 represents 75% of the last twelve months of group revenue

1) As of 31 December 2013, includes pro-rata backlog figures in respect of Odfjell Drilling's 40% ownership in Deep Sea Metro Ltd, but does not include any backlog for Odfjell Drilling's share of Odfjell Galvão. Total backlog figures may not equal the sum of firm contracts and priced option periods for the year due to rounding.

Financial information



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Group summary financials

Condensed consolidated income statement

P&L - (USD million)	Q4 13	Q4 12	FY 13	FY 12
Operating revenue	289	288	1 174	1 094
Other gains/losses	1	1	22	3
Share of profit/(loss) from joint ventures	1	-2	0	-13
Personnel expenses	-137	-128	-547	-486
Other operating expenses	-66	-68	-256	-267
EBITDA	88	92	393	331
Depreciation and impairments	-36	-39	-145	-147
Operating profit (EBIT)	52	54	248	184
Net financial items	-13	-7	-77	-36
Profit/(loss) before tax	39	47	171	148
Income taxes	-14	-11	-102	-31
Profit/(loss) for the period	25	36	69	117

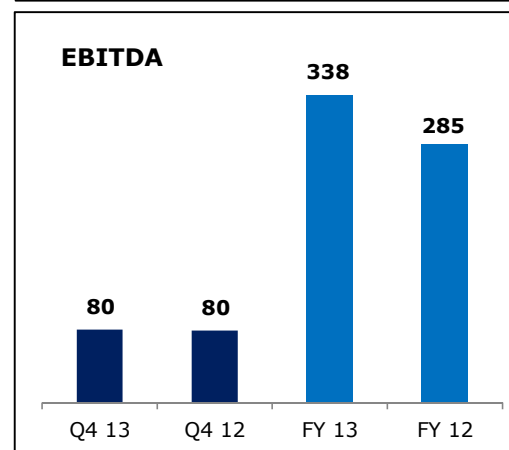
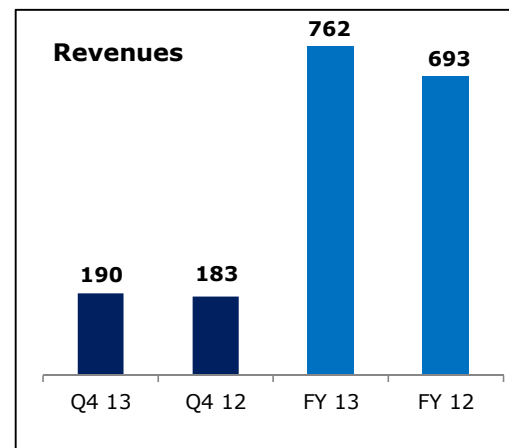
Segment reporting - MODU financials

MODU

Condensed P&L - (USD million)	Q4 13	Q4 12	FY 13	FY 12
Operating revenue	190	183	762	693
EBITDA	80	80	338	285
Depreciation and impairments	-34	-33	-134	-123
EBIT	46	46	205	162
Book value own rigs ¹			1 632	1 652
Share of DSM ² non-current assets			645	658
Total book value MODU units (incl 40% DSM)			2 277	2 310
Revenue growth	3,9 %		9,8 %	20,9 %
EBITDA growth	1,0 %		18,7 %	25,7 %
EBIT growth	-0,1 %		26,3 %	22,8 %
EBITDA-margin	42,4 %	43,6 %	44,4 %	41,1 %
EBIT-margin	24,3 %	25,3 %	26,9 %	23,4 %
Share of group revenue ³	57,4 %	54,9 %	56,8 %	56,9 %
Share of group EBITDA ³	71,7 %	67,3 %	72,2 %	70,3 %
Share of group EBIT ³	67,5 %	63,6 %	70,2 %	69,3 %

Note: MODU Segment includes pro-rata 40% of Deep Sea Metro figures

Key Financials (USD million)



1) Include drilling units, periodic maintenance and construction in progress

2) DSM = Deep Sea Metro Ltd Group

3) Before group eliminations and corporate overheads

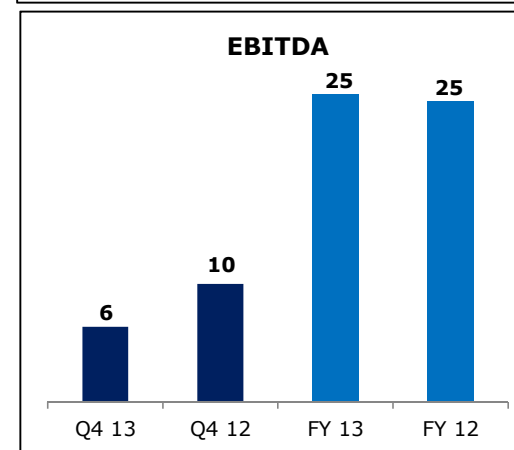
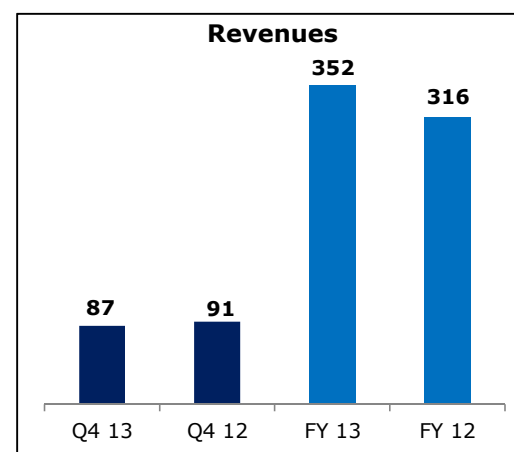
Segment reporting

- Drilling & Technology financials

Drilling and Technology

Condensed P&L - (USD million)	Q4 13	Q4 12	FY 13	FY 12
Operating revenue	87	91	352	316
EBITDA	6	10	25	25
Depreciation and impairments	-1	-1	-5	-6
EBIT	5	9	20	19
Revenue growth	-5,2 %		11,2 %	
EBITDA growth	-36,3 %		2,2 %	
EBIT growth	-39,6 %		5,5 %	
EBITDA-margin	7,2 %	10,7 %	7,2 %	7,9 %
EBIT-margin	5,9 %	9,3 %	5,7 %	6,0 %
Share of group revenue ¹	26,2 %	27,5 %	26,2 %	26,0 %
Share of group EBITDA ¹	5,5 %	8,3 %	5,4 %	6,1 %
Share of group EBIT ¹	7,5 %	11,7 %	6,9 %	8,1 %

Key Financials (USD million)



1) Before group eliminations and corporate overheads

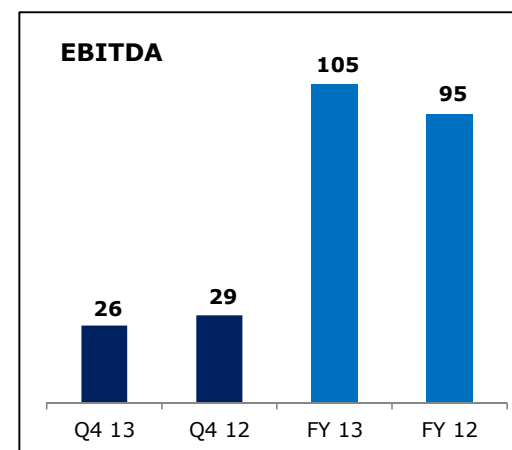
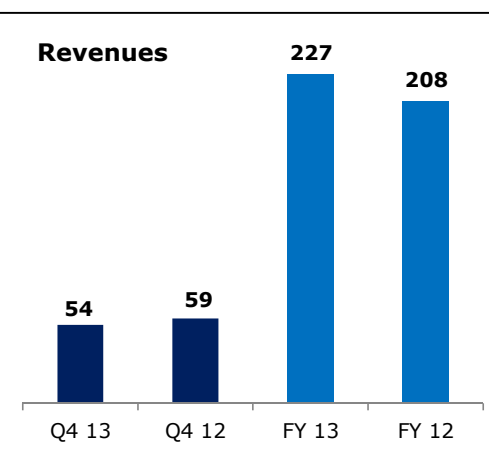
Segment reporting

- Well Services financials

Well Services

Condensed P&L - (USD million)	Q4 13	Q4 12	FY 13	FY 12
Operating revenue	54	59	227	208
EBITDA	26	29	105	95
Depreciation and impairments	-8	-11	-38	-43
EBIT	17	18	67	53
Book value of equipment			136	176
Cost price for equipment in use			359	412
Revenue growth	-7,6 %		9,0 %	
EBITDA growth	-11,7 %		10,3 %	
EBIT growth	-4,6 %		26,8 %	
EBITDA-margin	47,1 %	49,4 %	46,3 %	45,8 %
EBIT-margin	31,5 %	30,5 %	29,4 %	25,3 %
Share of group revenue ¹	16,4 %	17,6 %	16,9 %	17,1 %
Share of group EBITDA ¹	22,8 %	24,5 %	22,4 %	23,5 %
Share of group EBIT ¹	25,0 %	24,6 %	22,9 %	22,5 %

Key Financials (USD million)



1) Before group eliminations and corporate overheads

Group

- Eliminations & Reconciliation

Group – Eliminations & Reconciliation

(USD million)	Q4 13	Q4 12	FY 13	FY 12
Operating revenue	-42	-44	-167	-124
EBITDA	-24	-26	-76	-74
EBIT	-17	-19	-44	-50
EBIT for reportable segments	68	73	292	234
Corporate overheads	-4	-8	-19	-23
Gain from sale of Mooring	-1	-	20	-
40% share of EBIT DSM Ltd	-12	-11	-46	-24
Share of profits from JV/disposals	1	-2	0	-13
Accounting differences	-0	1	2	10
Group EBIT	52	54	248	184
Net financial items	-13	-7	-77	-36
Net financial items	39	47	171	148

Deep Sea Metro financials

Deep Sea Metro - Key financials (100% basis)

Condensed figures - (USD million)	Q4 13	Q4 12	FY 13	FY 12
Total income	88	86	359	246
Operating expenses	-58	-59	-243	-188
Financial items	-23	-25	-93	-84
Profit/(loss) before tax	7	2	23	-25
Taxes	-10	-8	-29	-19
Profit/(loss)	-3	-7	-7	-44
<hr/>				
Non-current assets			1 611	1 646
Cash			83	116
Current assets			57	59
Total assets	-	-	1 752	1 821
<hr/>				
Equity			767	767
Non-current liabilities			467	975
Current liabilities			517	78
Total equity and liabilities	-	-	1 752	1 821

- YE 2013 total gross interest bearing debt in the balance sheet of Deep Sea Metro Ltd. Group was USD 942 million (net of USD 15 million in capitalised financing fees)

Summary statement of financial position

Group statement of financial position

Assets (USDm)	31 Dec 13	31 Dec 12	Equity and liabilities (USDm)	31 Dec 13	31 Dec 12
Intangible assets	27	30	Total paid-in capital	337	332
Property, plant and equipment	1 780	1 872	Other equity	793	794
Financial fixed assets	433	422	Non-controlling interests	-	29
Total non-current assets	2 239	2 323	Total equity	1 130	1 154
Trade receivables	248	242	Borrowings	1 092	1 141
Other current assets	48	38	Post-employment benefits	67	62
Cash and cash equivalents	201	201	Deferred tax liability	18	-
Total current assets	497	481	Other non-current liabilities	17	31
Total assets	2 736	2 804	Total non-current liabilities	1 194	1 234
			Borrowings	180	211
			Trade payables	33	36
			Other current liabilities	198	169
			Total current liabilities	411	416
			Total liabilities	1 606	1 650
			Total equity and liabilities	2 736	2 804

- Group gross interest bearing debt at YE 2013 was USD 1,272 million (net of capitalized financing fees)
- Undrawn debt facility for Deepsea Aberdeen of USD 530 million. The borrowing facility is available at delivery.
- Cash at YE 2013 was USD 201 million
- Equity-ratio as per 31 December 2013 was 41%

Summary statement of cash flow

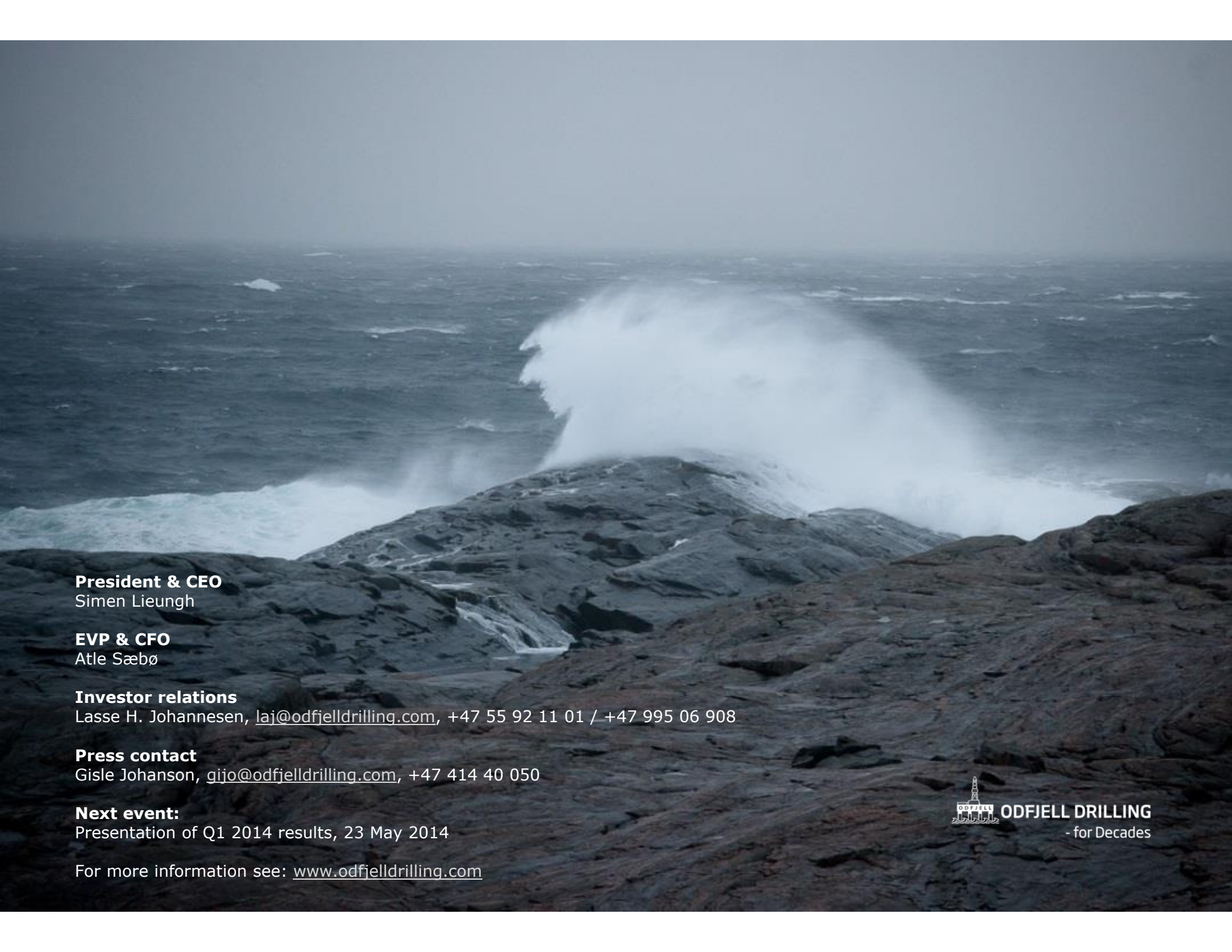
Group statement of cash flow

Cash Flow - (USDm)	Q4 13	Q4 12	FY 13	FY 12
Cash from operations	87	109	339	337
Interest paid	-14	-17	-56	-56
Income tax paid	-19	-10	-37	-14
Net cash from operations	54	83	245	267
Net cash used in investing activities	-51	-55	-81	-306
Net cash from financing activities	-52	-36	-165	-61
Net change in cash and cash equivalents	-48	-9	-1	-100
Cash and cash equivalents at period end	201	201	201	200

Summary

- Earnings visibility through USD 3 billion of firm order backlog
- Softer near term market outlook
- Continued strong long-term market fundamentals
- Well Services and Drilling & Technology less exposed to short-term market fluctuations
- Increased Group EBITDA-margin from 30% in 2012 to 33% in 2013
- Strong balance sheet with USD 1.1 billion in book equity and equity-ratio of 41%





President & CEO

Simen Lieungh

EVP & CFO

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Next event:

Presentation of Q1 2014 results, 23 May 2014

For more information see: www.odfjelldrilling.com



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