Fred.Olsen Production ASA

PRESENTATION

September 2009

THE COMPANY

Who are we?

Company overview

Ganger Rolf ASA
(listed OSE)

Bonheur ASA
(listed OSE)

Floating Production
Est. 1994

Crude Oil Tankers
Shipping Since 1848

Drilling
Est. 1973

Renewable Energy
Est. 1996

Cruise Line
Since 1901

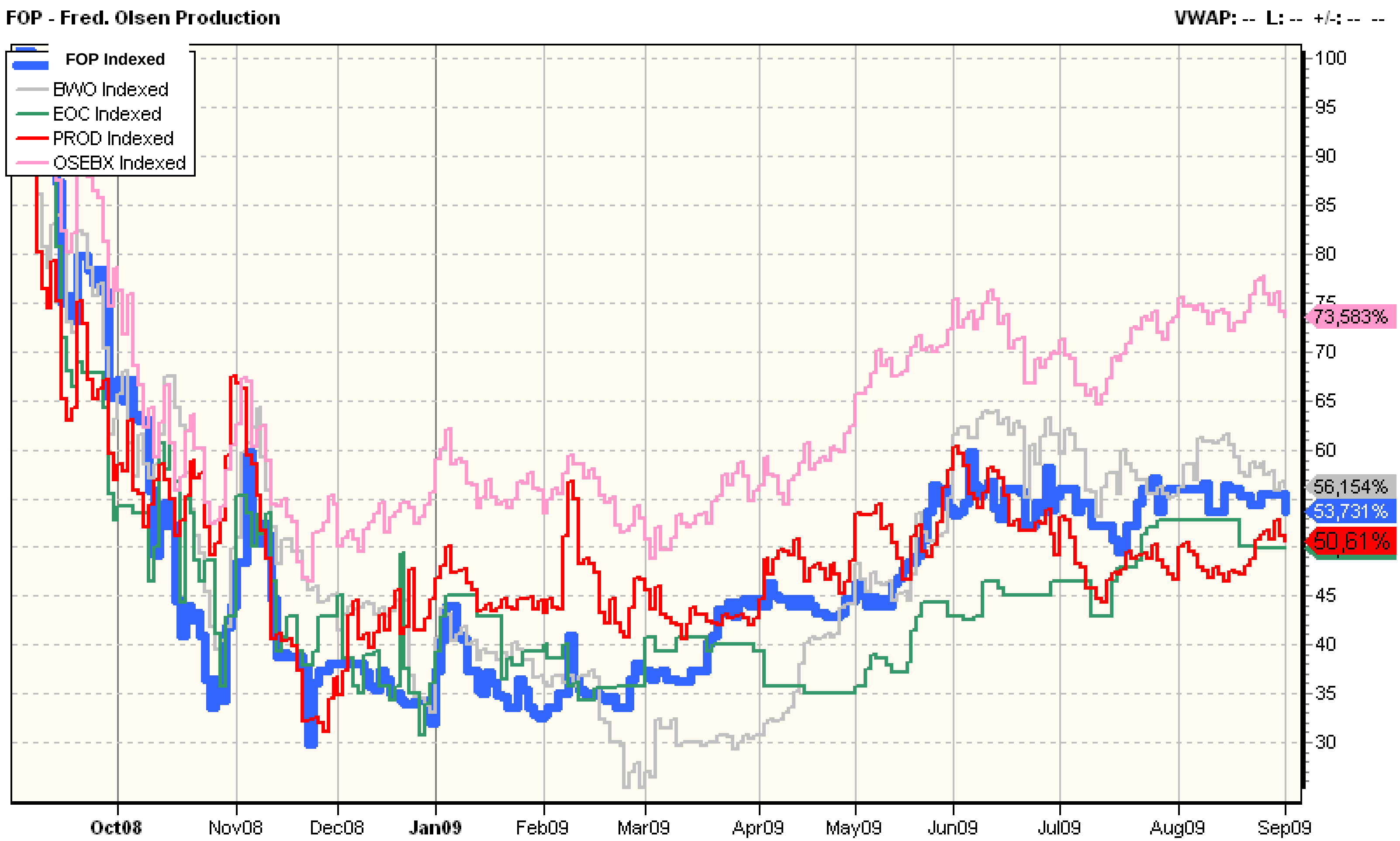
Fred.Olsen Production ASA

- An established floating production operator
- Active in the offshore oil & gas business since 1994
- Operate a fleet of 6 production/storage units
- Offices in Oslo (Norway), Houston (USA), Singapore, Port Harcourt (Nigeria) and Port Gentil (Gabon)
- Operation comprising about 495 personnel

10 largest shareholders as per 31st of July 2009

Shareholders	**%-holding**
First Olsen Ltd	61.54 %
Credite Suisse Security (nominee account)	5.18 %
Barclays Capital Securities (nominee account)	3,64 %
Folketrygdfondet	2.94 %
Skandinaviska Enskilda Banken (nom. account)	2.67 %
Morgan Stanley & Co Intl Plc (nominee account)	2.16 %
JP Morgan Chase Bank (nominee account)	2.05 %
Sabaro Investments LTD.	1.84 %
Deutche Bank	1.64 %
Skagen Vekst	1.56 %
Total Percentage of shares	85.22 %

12 months share price development of the FPSO companies listed in Oslo and the Oslo stock exchange benchmark. Indexed to 100



OPERATION

The fleet

Locations


Oslo
Houston
Qatar
Port Harcourt
Nigeria
Port Gentil
Gabon
Singapore
Unit
Office

Current fleet

Knock Adoon
FPSO
Oil: 60'000 BOPD
Gas: 10 MMCFD
Injection: 100'000 BWPD

Marc Lorenceau
MOPU (management)
Oil: 40,000 BOPD
Gas: 70 MMCFD

Knock Nevis
FSO
Import: 360'000 BOPD
Storage: 4.2 MBBLs

Qatar

Dubai

Knock Dee
FSO
Import: 26'000 BOPD
Storage: 1.08 MBBLs

Nigeria

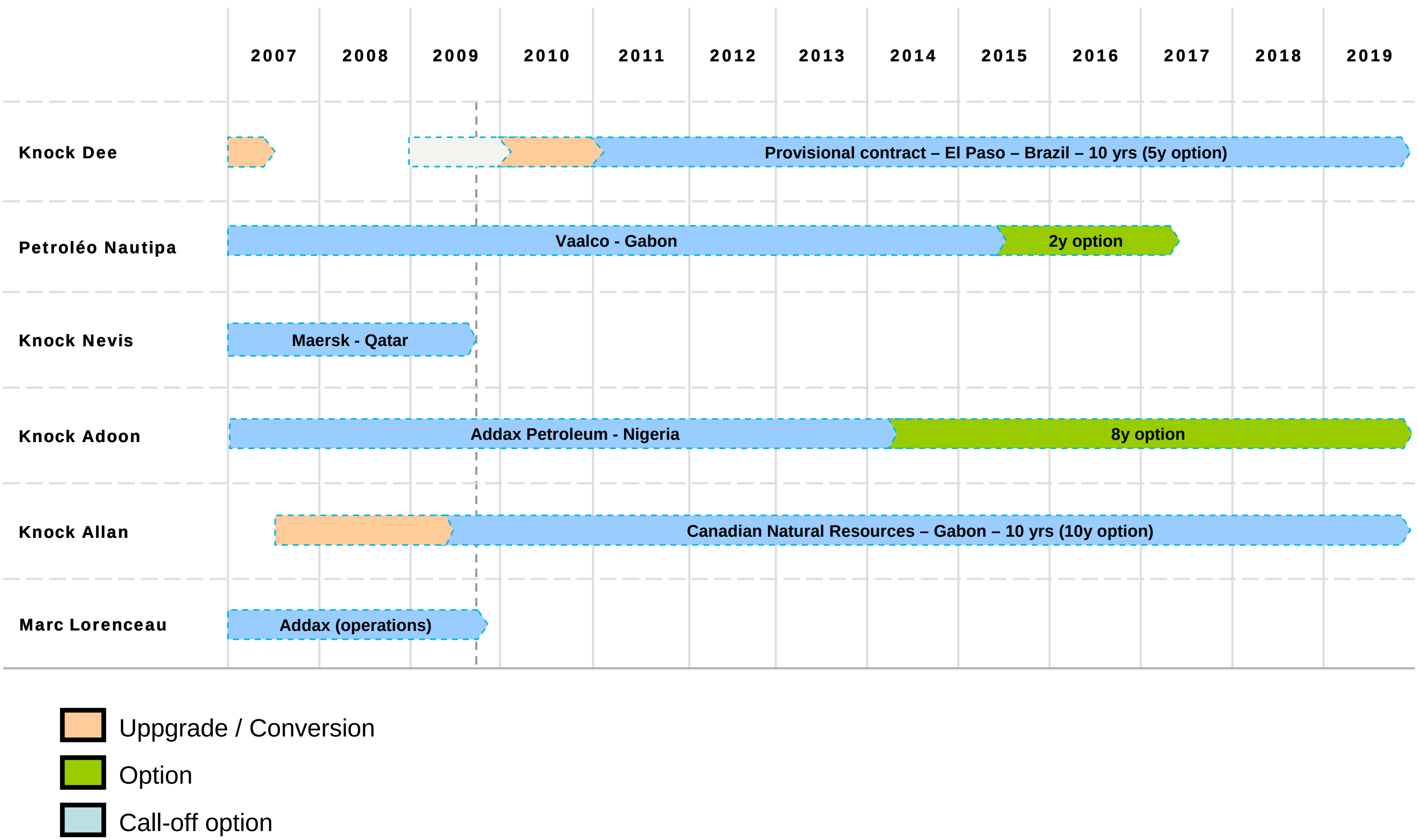
Gabon

Petróleo Nautipa
FPSO (50% owned)
Oil: 30,000 BOPD
Gas: 10 MMCFD

Knock Allan
FPSO
Oil: 25,000 BOPD
Gas: 80 MMCFD
Power 2 x 27 MW

Fred.Olsen Production

Contract status



Existing vessels status

Knock Dee

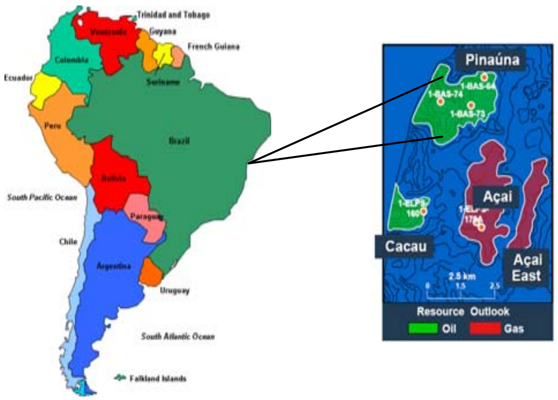
- Under option to El Paso until end Dec 2009
- Option premium cover lay-up cost 2009

Knock Nevis

- Contract with Mærsk Qatar expired 12 August, now decommissioning with sail-away before mid September
- Pursuing leads in Brazil and India
- Speculative storage market disappeared, major oil traders prefer trading VLCC's, however off-shore in field storage as part of the logistic chain is developing

Marc Lorenceau

- Service contract out for renewal – commercial bid delivered in May – expect outcome end 3q
- The client Addax Petroleum sold to Sinopec International
- Continue contract on 30 days termination notice



Knock Allan conversion project - update

- Arrived Olowi Field for hook up to pre-laid mooring and final commissioning 6. February
- Mooring and hook-up completed, notice of readiness to receive well fluid sent 28. February
- Received first oil 28. April
- 72 hours acceptance test completed in 74 hours
- Oil production and contract normal hire commencement 1. May
- Project capex USD 268 mill net of financials items and variation orders
- 100% commercial up-time achieved within the contracted period for stabilization production
- Client partly dispute FPSO Knock Allan time for tendering notice of readiness, only non disputed income in the 1H 09 income statement

Knock Allan - CNR Olowi Project, Gabon

	06		07				08				09		
Knock Allan	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	10+10

FPSO
Contract Award

Entry
Dubai Drydocks

Sail away
Dubai

1st Oil
Gabon

FINANCIALS

Per 1H 2009

1H 2009 financial in brief

- Revenues were USD 46.9 million (USD 36.2 million in 1H 2008)
- Capital gain sale of FPSO Knock Taggart USD 1.3 million
- EBITDA USD 20.4 million (USD 13.0 million)
- Net financial expenses USD 1.7 million (USD 2.0 million)
- FPSO Knock Allan; oil production from 1. May 2009
- FPSO Knock Taggart sold for scrapping and delivered 23. April
- 100% commercial uptime for units in operation

Income Statement - Key Figures

(USD 000)	1H 2009 Actual	1H 2008 Actual	Variance
Revenue	48 201	36 170	12 031
Operating revenues:	**48 201**	**36 170**	**12 031**
Operating expenses:			
Operating expenses	(22 259)	(17 523)	(4 736)
Administrative expenses	(5 581)	(5 672)	91
Operating result before depr. (EBITDA)	**20 361**	**12 975**	**7 386**
Depreciation	(19 052)	(8 969)	(10 083)
Operating result (EBIT)	**1 309**	**4 006**	**(2 697)**
Net financial items	(1 721)	(2 020)	299
Result before tax	**(412)**	**1 986**	**(2 398)**
Income tax expense	(431)	(513)	82
Net result	**(843)**	**1 473**	**(2 316)**

1H 2009 vs. 1H 2008 EBITDA

1H 2009 vs 1H 2008 EBITDA			
(USD 000)			
1H 2008 EBITDA			**12 974**
plus:	Knock Allan	3 285	
	Knock Taggart	3 548	
	Knock Dee	2 368	
	Knock Adoon	596	
	FOP Pte Ltd	459	
	Petroleo Nautipa	386	
			10 642
minus:	Knock Nevis	-2 346	
	Intercompany Elim.	-494	
	FOP group admin.	-415	
			-3 255
1H 2009 EBITDA			**20 361**

Consolidated Balance Sheet

(USD 000)	30.06.2009 Actual	31.12.2008 Actual
Assets		
Cash and cash equivalents	83.365	103.488
Other current assets	36.346	17.001
Total current assets	119.711	120.489
Fixed assets	411.251	394.532
Other non-current assets	9.791	8.514
Total assets	**540.753**	**523.535**
Liabilities		
Interest bearing loans (current portion)	2.145	1.976
Other current liabilities	20.354	16.193
Total current liabilities	22.499	18.169
Interest bearing loans (LT portion)	238.414	227.555
Other long-term liabilities	15.540	14.528
Total long-term liabilities	253.955	242.083
Equity	264.300	263.283
Total liabilities and equity	**540.753**	**523.535**

THE FPSO MARKET

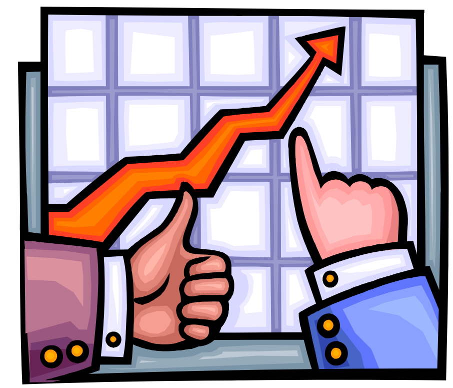
When will the market turn?

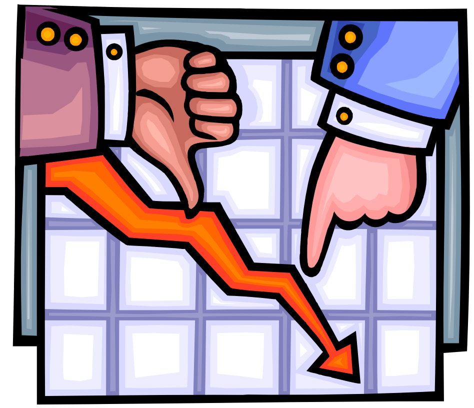
Market Development 2005 – 2009 .. with hindsight

- 2005 – 2007:
  - Optimism, capital raising, “sky’s the limit”
  - Market prognosis: 15→20 units per year
  - Start-ups and speculative new builds

- 2007 – 2008:
  - A few pessimists spoil the party
  - Market prognosis: still 20/yr
  - Generic FPSO’s can’t get contracts
  - Yards over-stretched
  - Cost overruns

- 2008 – 2009:
  - Global recession, oil price slide,
  - Finance costs skyrocket
  - Late deliveries
  - Distressed finance packages
  - Market actual: zero new contracts awarded (12 months to 25 Aug 2009), one contract award announced last week





Industry track record on forecasting & predictability:

Market - Recent Developments

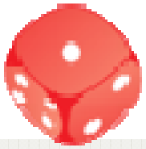
- Contractors:
  - Start-ups disappear or get consolidated
  - Firesale FPSO's can't get contracts
  - Generic FPSO's – myth is busted
  - Long term cashflow is king
- Clients:
  - Small independents: no finance
  - Larger independents retrench and manage cash
  - Integrated E&P – continue but new contracts on hold
  - NOC's continue to move prospects forward, but at slower pace
- Market drivers:
  - Oil price has recovered
  - Cautious talk of financial recovery
  - FPSO investment costs fall
    - Raw material, labour prices fall
    - Yard capacity opened up
    - Pressure on supplier margins
    - Financial costs up
  - FPSO contractor margins must increase (selectivity & risk)
- Financing ability/strength is king – both Contractor and Client

Market Outlook?
Forecast

- 2009:
  - Limited awards due to delayed tender processes
  - Definite signs of (slow) recovery in FPSO market Q3/Q4
  - Asia and Brazil maintain higher activity than Europe/Africa
  - Oil price sufficient to justify medium/large FPSO developments

- 2010:
  - Slow increase in prospect flow from a low base
  - Fewer players
  - Asia driven by access to local capital & NOC's
  - Africa slowest to pick-up (excepting larger E&P co's) – limited local capital base
  - Consultants identified some 35 FPSO project planned for 2009-10
  - Increasing pool of off-contract or re-financed idle FPSO's; (2009:12 units 2010: 6 (+ 6 on options))
  - Supply side may squeeze margins again

Remember:



Market Outlook?
Food for thought

Background

- Contractors:
  - Looking for higher margins
  - Financing challenge – need longer firm contracts
  - Increased risk aversion
  - Redeployment risk hitting residual values – looking for greater write-off over firm contract
- Oil companies:
  - Looking for reduced rates
  - Risk aversion

Consequences / challenges

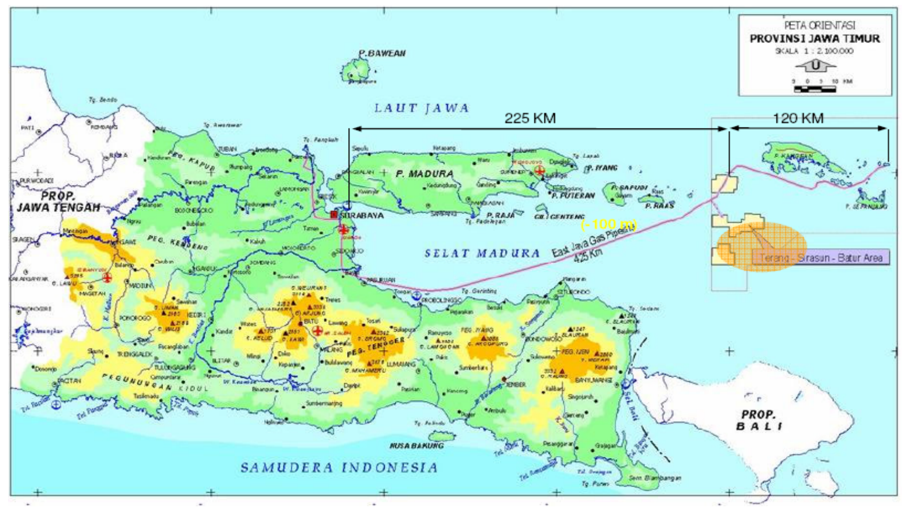
- FPSO financial model for Contractors and Oil Co.'s moving closer together
  - What then is the driver for oil companies to lease?

- Main drivers remain:
  - Good operating track record
  - Management of project risk
  - Country exposure reduced for Oil Co.
  - Oil Co.'s balance sheet restrictions

- How can the industry meet the commercial challenge? Revised contract models?
  - Longer term commitment at lower rates
  - More risk shift from contractor to client
  - Reduced upside in extensions (for Contractor) traded for reduced risk
  - Reduced reliance on redeployment value

Terang Sirasun Batur (“TSB”) Indoneasia

- Client KEI:
  - 50% by local company EMP
  - 25% Mitsubishi Corp / 25% Japex
- Aframax – gas FPSO
- Spread moored
- Technical bid submitted
  - Clarifications ongoing
  - Three competitive tenders
- Commercial bid:
  - Clarification on contract ongoing, more comprehensive than anticipated
  - Invitation September?
- Partnership with Marubeni



- **225 km** from Surabaya – East Java
- **120 km** from Existing Plant at Pagerungan Island

SUMMARY

Why invest with Fred. Olsen Production?

Fred. Olsen Production ASA:

- Long term cash flow
- Excellent operational track record
- Cost efficient operation, good cost control
- No conversion risk at present
- Attractive long term financing in place
- Low balance sheet gearing
- Strategic partner for Far East project development
- Well positioned to expand portfolio
- Market value 40% of book value
- Only upside in unemployed units
- A partner in a consolidation case?