

---

# Press Release

12 April 2023

## TRADING UPDATE

Petrofac issues the following trading update ahead of the announcement of its full year results for the year ending 31 December 2022.

During the extended post-balance sheet period for the Group's full year 2022 consolidated financial statements, management has conducted a thorough review of the portfolio of contracts, associated outstanding contractual and commercial issues and opportunities to improve liquidity by accelerating working capital inflows.

As a result of the portfolio review, the Group is recognising an additional EBIT reduction of US\$140 million to US\$160 million in the full year financial statements for 2022. This comprises both incremental project costs and a cautious view of the quantum and timing of recognition of certain revenue claims that would have partly offset those costs.

As a consequence, Petrofac now expects to report a full year Group EBIT loss of approximately US\$150 million to US\$170 million for 2022, including an EBIT loss of approximately US\$240 million to US\$260 million in Engineering & Construction (E&C) (1).

Approximately 50% of these additional costs are expected to be paid over the remainder of 2023, with the balance spread over 2024 and 2025. Any future recoveries from clients would mitigate this outflow.

### Additional costs

*Thai Oil Clean Fuels*: following the December 2022 Trading Update, the execution strategy for this uniquely complex project has been subject to further review during Q1 2023, in consultation and cooperation with our client and joint venture partners. In order to de-risk delivery, operational changes have been made, including changes to subcontractors. A significant proportion of the resulting costs are expected to be recovered but discussions have not yet reached a sufficient level of maturity to recognise this incremental revenue.

*Legacy contracts*: additional costs relate to final completion activities on our legacy portfolio, primarily on projects that are now substantially completed (2). The figures announced today also include an allowance for adverse settlements as part of our efforts to accelerate the release of working capital balances.

### Liquidity

Net debt at 31 December 2022 was US\$349 million (3), with liquidity of US\$506 million (4).

Petrofac remains focused on ensuring the Group has sufficient liquidity to support its strategy, including unlocking the significant working capital balances built up over the period of the pandemic, as well as collecting cash advances on new awards.

The Group has made significant progress in extending its borrowing facilities, having reached agreement in principle with its lenders to extend all three facilities by 12 months to October 2024. We will update the market following the signing of the extension agreements.

Tareq Kawash, Petrofac's Group Chief Executive as of 1 April 2023, commented:

"Petrofac's focus is on completing legacy contracts as quickly, efficiently and safely as possible. We are taking steps to ensure the financial strength of the business by unlocking working capital and, where appropriate, balancing long-term value against near-term liquidity.

“Although we are disappointed to announce additional costs on these legacy contracts, in particular the Thai Oil Clean Fuels project, ongoing collaboration with clients and partners will de-risk future delivery.

“I joined Petrofac because the business has a significant opportunity to deploy its leading capabilities to help clients deliver much needed energy infrastructure. This was demonstrated in the recent significant award of a long-term agreement to support critical European offshore wind infrastructure. Alongside converting a healthy pipeline of future opportunities – with a number of awards at preferred bidder stage – we are working to draw a line under the projects of the past, putting Petrofac in a strong position to deliver future growth.”

## NOTES

1. In the December 2022 Trading Update, the Group EBIT loss was forecast to be US\$100 million and the E&C EBIT loss was forecast to be US\$190 million. The Group has further analysed the appropriate timing of the recognition of the incremental costs on the Thai Oil Clean Fuels project identified in 2022 and concluded that a post-balance sheet adjustment should have been made in the income statement of the E&C division for 2021. As a result, we will be making a prior year adjustment of approximately US\$90 million to the 2021 comparator in the full year 2022 consolidated financial statements. This is a reallocation of costs from 2022 to 2021 and has no impact on the Group’s financial position at the end of 2022. This adjustment has been included in the 2022 EBIT loss figures disclosed in the main body of this trading update.
2. Substantially completed contracts are contracts where a Provisional Acceptance Certificate or the transfer of care and custody to the client are imminent and no substantive work remains to be performed by Petrofac.
3. Net debt comprises interest-bearing loans and borrowings less cash and short-term deposits (i.e. excludes IFRS 16 lease liabilities).
4. Liquidity consists of gross cash and undrawn committed facilities. Gross cash includes balances held in certain countries whose exchange controls significantly restrict or delay the remittance of these amounts to foreign jurisdictions. It also includes balances 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.

## ENDS

### For further information contact:

#### **Petrofac:**

James Boothroyd, Head of Investor Relations  
[James.boothroyd@petrofac.com](mailto:James.boothroyd@petrofac.com)

Sophie Reid, Group Head of Communications  
[Sophie.reid@petrofac.com](mailto:Sophie.reid@petrofac.com)

#### **Teneo (for Petrofac):**

+44 (0) 207 353 4200  
[petrofac@teneo.com](mailto:petrofac@teneo.com)

## NOTES TO EDITORS

### About Petrofac

Petrofac is a leading international service provider to the energy industry, with a diverse client portfolio including many of the world's leading energy companies. Petrofac designs, builds, manages and maintains oil, gas, refining, petrochemicals and renewable energy infrastructure. Our purpose is to enable our clients to meet the world's evolving energy needs. Our four values - driven, agile, respectful and open - are at the heart of everything we do. Petrofac's core markets are in the Middle East and North Africa (MENA) region and the UK North Sea, where we have built a long and successful track record of safe, reliable and innovative execution, underpinned by a cost effective and local delivery model with a strong focus on in-country value. We operate in several other significant markets, including India, South East Asia and the United States. We have 8,000 employees based across 31 offices globally. Petrofac is quoted on the London Stock Exchange (symbol: PFC). For additional information, please refer to the Petrofac website at [www.petrofac.com](http://www.petrofac.com).

transmitted by EQS Group.

The issuer is solely responsible for the content of this announcement.

---

ISIN: GB00B0H2K534

Category Code: TST

TIDM: PFC

LEI Code: 2138004624W8CKCSJ177

OAM Categories: 2.2. Inside information

Sequence No.: 236099

EQS News ID: 1605237

End of AnnouncementEQS News Service

---