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## PETROFAC ANNOUNCES IN-PRINCIPLE AGREEMENT ON FINANCIAL RESTRUCTURE

Petrofac today announces that it has reached in-principle agreement with certain of its key stakeholders on the framework for a comprehensive financial restructure to strengthen the Group's financial position and better position it to deliver on its strategy.

The proposed financial restructure comprises:

- **New funding:** new long-term funding underwritten by an ad hoc group of senior secured noteholders in line with previous announcements, as well as additional equity financing expected to be sourced from new and existing investors, to support operational liquidity.
- **Deleveraging:** the conversion of the majority of the Company's existing debt into equity, through a Court approved restructuring process, resulting in the significant dilution of the existing shareholders, the extent of which is still to be agreed.
- **Client support:** alternative arrangements with certain key clients to meet the performance security requirements, in lieu of performance guarantees, to protect key contracts in the Group's backlog, releasing a significant amount of retentions to Petrofac.
- **Guarantees:** reduced guarantee requirement of approximately US 100 million of new performance security for a contract awarded in 2023, to be secured through either a new performance bank guarantee or alternative arrangements.

In-principle agreement has been reached with stakeholders including the ad hoc group of senior secured noteholders (representing approximately 47% of the outstanding notes, the "Ad Hoc Group") and the clients referred to above, whose contracts represent a majority of the E&C backlog and pipeline of opportunities.

The Group is also progressing discussions on the proposed financial restructure with its bank lending group and its two largest shareholders (representing approximately 34% of the ordinary share capital of Petrofac) who remain supportive of the Group's efforts in strengthening its financial position.

The financial restructure would ensure performance security requirements are met for Petrofac's existing backlog, strengthen its balance sheet and provide a capital structure and improvement in liquidity which will support the Group in executing its order book and capturing future growth opportunities. It would also provide a runway for a subsequent gradual improvement in access to guarantees for new EPC contracts on normal commercial terms.

The in-principle agreement is non-binding and the elements of the proposed financial restructure are inter-conditional and subject to completion of terms and conditions (including the resolution of certain historical liabilities of the Group to the satisfaction of the Ad Hoc Group and the Company's other secured creditors). As previously disclosed, implementation of the proposed financial restructure is subject to reaching agreement with the Company's lenders, the passing of certain shareholder resolutions and the sanction of the Court.

The Board and management continue to work constructively with the Company's creditors, key clients and other stakeholders to conclude due diligence and agree and finalise terms and conditions of the financial structure, as well as to secure the necessary equity and debt funding and performance guarantees.

Since commencing the review of the Company's strategic options in December 2023, the Directors have undertaken a thorough evaluation of alternative options available to the Company and are of the view that this financial restructure provides the best available outcome for the Company and for its stakeholders.

The Group continues to closely manage its financial and commercial payment obligations, and to rely on forbearance granted by its creditors, as previously communicated. The Group's ability to implement the financial restructure is not guaranteed.

The Company aims to announce a lock-up agreement with final terms in the coming weeks. The Court process is expected to take approximately two months from the lock-up agreement.

The Company anticipates publishing its interim financial results for the six-month period ended 30 June 2024 on Monday 30 September 2024. The attention of investors is drawn to the Company's previous market announcements.

René Médori, Chairman, said:

*"Whilst we have not yet reached the finish line, this is a significant step towards securing a deal with creditors which will materially reposition Petrofac with a stronger balance sheet and improved liquidity."*

*"The Board has explored in great depth the options to secure a strong future for the Group and today's announcement follows months of extensive negotiations. We recognise the roles each of our stakeholders are playing to deliver this critical next step for the business. On behalf of the Board and our thousands of people around the world, I would like to reiterate our gratitude for the continued support of our shareholders, clients and creditors at this important time."*

Tareq Kawash, Group Chief Executive, said:

*“This in-principle agreement with our stakeholders demonstrates their confidence in the business, the strength of our team and delivery capabilities. There is of course still work to do and a great number of our people are working hard behind the scenes to progress the steps outlined in today’s announcement, whilst continuing to make progress in closing out legacy contracts and collecting historical working capital. E&C’s new backlog is performing well and Asset Solutions has secured more than US 1 billion in new work this year. My thanks to our team and to all of our external stakeholders for their efforts in seeking to deliver a more positive future for Petrofac.”*

**ENDS**

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**NOTES TO EDITORS**

**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 8,500 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)

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