

*Source: Kvaerner ASA*

*June 26, 2014 01:45 ET*

## **Kvaerner ASA: Kvaerner with two platform substructures to Sverdrup**

**26 June 2014 - Kvaerner and Statoil have established a frame agreement for delivery of steel jacket substructures to Statoil-operated fields. Based on this frame agreement, Statoil has today signed a Letter of Intent (LoI) for Kvaerner to deliver two of the planned steel jackets to the Johan Svedrup development. Subject to all necessary approvals for the project to proceed, early estimates of the total value of the two jacket deliveries will be approximately NOK 3 billion.**

Johan Svedrup is located at a water depth of 120 meters off the West Coast of Norway. Statoil is the operator for the field, and first development phase of the field is to establish infrastructure and a field centre which includes four offshore platforms based on steel jacket substructures which will stand on the seabed.

"It is highly pleasing that Kvaerner has managed to come up with a competitive and forward-looking delivery model. By so doing, Kvaerner has demonstrated that cost-reduction measures and increased efficiency do bear fruit. This is inspiring for us in Statoil. Safe and cost-effective resource utilisation and long-term value creation are our most important tasks," states Statoil CEO Helge Lund.

With the Letter of Intent, Kvaerner will start the preparation work for the delivery of two complete jackets for Johan Svedrup, one for the Riser Platform, and one for the Drilling Platform.

Both deliveries will include engineering, procurement and construction. The engineering will be performed at Kvaerner's offices in Oslo, and will start late 2014. The project management will be based at Kvaerner's specialised jacket-facility in Verdal in Mid-Norway. This is also where the assembly will take place from the first quarter of 2016. The new project will entail work for many people working for Kvaerner's suppliers, and some subcontractors will start pre-fabrication already during the summer of 2015.

The Riser Platform jacket will be delivered in the summer of 2017, while the Drilling Platform jacket will be delivered in the spring of 2018. At peak in second quarter 2017, there will be approximately 350 people working on the project.

"The new frame agreement confirms Kvaerner's position as one of this industry's leading suppliers of platform substructures. The comprehensive improvements we have implemented over the last two years enable us to win and deliver new projects with a reduced cost level, and still maintain sound financial margins. I am pleased to see that our customers recognize that we are a supplier who can offer an attractive combination of high technology expertise combined with cost efficiency", says Jan Arve Haugan, President & CEO of Kvaerner.

Kvaerner's facility in Verdal is specialised on fabrication of steel jacket substructures in international competition. Over the last year, the company has evaluated if it would be strategically and financially beneficial to sustain and further develop the jacket fabrication part of the business.

"We have said that our decision would be based on two key factors: Could we implement changes that would further enhance our competitive strength on a significant scale, and would there be commercial market opportunities on a long term basis. I am pleased that both these key criteria are met, which means that we will continue our long term strategic development of the Verdal jacket fabrication facility", says Jan Arve Haugan.

The frame agreement between Statoil and Kvaerner includes studies, front end engineering design (FEED), detail engineering, procurement, fabrication and project management for deliveries of steel jacket substructures to Statoil-operated fields at the Norwegian continental shelf. There are no limitations with respect to the number of jackets which may be ordered under the agreement. The frame agreement lasts until 2020.

Kvaerner has delivered many of the world's most demanding offshore development projects around the world, including the majority of all of the oil and gas platforms offshore Norway. The two new platform substructures will be number 43 and 44 in the series of steel jackets from Kvaerner within 44 years.

The contract party is Kvaerner's fully owned subsidiary, Kvaerner Verdal AS.

### **Facts about the two jackets:**

Riser platform jacket

Drilling platform jacket

Jacket height: 140 meters

Jacket height: 140 meters

Jacket footprint: 64 meters x 94 meters Jacket footprint: 55 meters x 85 meters

Piles: 24

Piles: 24

A press conference, with CEO Helge Lund and Jan Arve Haugan, President & CEO Kvaerner, will be held at 9.15 at Statoil's research centre, Rotvoll. Address: Arkitekt Ebbels veg 10.

The press conference will be held in Norwegian and webcast live [here](#) as well as at [www.statoil.com](http://www.statoil.com). Illustrations of the Johan Sverdrup field can be downloaded at [www.statoil.com](http://www.statoil.com).

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**About Kvaerner:**

Kvaerner is a leading provider of engineering, procurement and construction (EPC) services, and delivers offshore installations and onshore plants for upstream oil and gas production around the world. Kvaerner ASA, through its subsidiaries and affiliates ("Kvaerner"), is an international contractor and preferred partner for oil and gas operators and other engineering and fabrication contractors. Kvaerner and its approximately 2 800 HSSE-focused and experienced employees are recognized for delivering some of the world's most amazing and demanding projects.

In 2013, the Kvaerner group reported consolidated annual revenues of close to NOK 13 billion and the company reported an order backlog at 31 March of almost NOK 20 billion. Kvaerner is publicly listed with the ticker "KVAER" at the Oslo Stock Exchange. For further information, please visit [www.kvaerner.com](http://www.kvaerner.com).

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