OVERVIEW OF POSSIBLE CONTRACT STRUCTURES FOR FPSO HIRING

Speaker: Felipe Baldissera
Marine Money – Oct 2019
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What do we do?

FPSO Contractor perspective
What do we do?

Build
Own
Operate

Each are separate and complimentary business
It is all about that... the contracts structure...
It is all about that… the contracts structure…

Build (EPCI)

Build Operate (BO)
It is all about that... the contracts structure...

- B (Build EPCI)
- BO (Build Operate)
- BOO (Build Own Operate (lease))
It is all about that… the contracts structure…

**B**
- Build
- (EPCI)

**BO**
- Build
- Operate

**BOO**
- Build
- Own
- Operate
- (lease)

**BOT**
- Build
- Operate
- Transfer
It is all about that... the contracts structure...

- **B** (Build (EPCI))
- **BO** (Build Operate)
- **BOO** (Build Own Operate (lease))
- **BOT** (Build Operate Transfer)
- **BOOT** (Build Own Operate Transfer)
Each model can be affected by a variety of variables

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Asset ownership</strong></td>
<td>Client</td>
<td>Client</td>
<td>Client</td>
<td>Contractor, short term</td>
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<td>Prescriptive or Functional</td>
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<td>Lead by Client or Contractor</td>
<td>Lead by Client or Contractor</td>
<td>Hybrid - Lead by Contractor</td>
<td>Lead by Contractor</td>
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<td><strong>Operations and Maintenance Strategy</strong></td>
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<td>Lead by Client</td>
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<td>Hybrid - Lead by Contractor</td>
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Asset ownership determines most of things...

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Contractors’ capability to take risk, equity and finance needs: Long term skin in the game
FPSO Global fleet by contract structure

**Global (193 units)**
- BOO: 87
- B/BOT/BOOT: 20
- BO: 20

**Brazil (54 units)**
- BOO: 27
- B/BOT/BOOT: 25
- BO: 2

SOURCE: Floating Production and Storage Systems (EMA) Order (O), Installed (I)
FPSO Global fleet by contract structure

SOURCE: Floating Production and Storage Systems (EMA) Order (O), Installed (I); MODEC
MODEC fleet by contract structure

- B/BOT/BOOT
- BO
- BOO
- O

SOURCE: Floating Production and Storage Systems (EMA); MODEC
Expectations and conclusion

1. There is no RIGHT or WRONG model, it depends on clients’ strategy in many aspects (finance, HR, asset ownership, EPCI, O&M)

2. Considering the intense demand, likely we’ll have opportunities in many models in all places

3. Brazil has vast potential for FPSOs – Unlock projects is the most important and the proper business/contract structure could be a key for that