

NKT Flexibles awarded four years frame agreement by Petrobras and will establish a flexible pipe plant in Brazil for local production

NKT Flexibles today announces the signature of a four-year frame agreement with Brazil oil giant Petrobras in continuation of the existing frame agreement in force since 2008. The new frame agreement will cover the period 2012 – 2015 containing a potential volume of 694 km flexible pipe products, ranging from 4"ID to 8"ID to be installed in water depths up to 2,000 meters, representing a value of up to EUR 1.3 billion (DKK 9.7 billion) - if fully exhausted. The scope of delivery includes dynamic flexible riser systems, static flexible flowline and jumper sections as well as all required accessories to configure the subsea pipeline systems. Petrobras guarantee as a minimum to take delivery of 50% of the Frame Agreement value split across the four years.

Responding to this strong commitment from Petrobras a new flexible pipe plant will be established by NKT Flexibles in Brazil to facilitate local production. During the initial two years period flexible pipe products will be sourced from the Danish operation, where after deliveries will commence from the Brazilian operation. The new flexible pipe plant will be primarily dedicated to manufacturing Petrobras flexible pipe structures and have an annual output of up to 250 km standard 6"ID flexible pipe thereby representing a significant increase in NKT Flexibles operational capacity.

Future potential

NKT Flexibles CEO Michael C. Hjorth states; *"I am extremely delighted that Petrobras has decided to place this substantial contract with NKT Flexibles. This important award is a testament to our long term partnering strategy with Petrobras and a significant reflection of the excellent working relationship developed between the parties during the first Frame Agreement. With the establishment of a local Brazilian flexible pipe plant we will be able to further enhance our strong commitment to Petrobras, as well as other operators active on the Brazilian continental shelf, aiming at further consolidating our position as an important contributor to the continued development of the Brazilian offshore oil & gas sector."*

Further information

Please direct questions to the signer on telephone +45 4348 3000.

Yours sincerely,
NKT Flexibles I/S
Michael C. Hjorth
CEO