



DOF ASA – November 12th, 2020

Q3 Financial Presentation 2020



Photo courtesy of Equinor, by Espen Roennevik & Roar Lindefeld



Highlights



EBITDA Q3 NOK 879 million (management reporting)

- Average utilisation of 67% for the fleet (64% PSV, 48% AHTS and 81% Subsea)
- The COVID-19 has continued to have an impact on the operations
- Several contracts secured at a total value of NOK 3.7 billion in Q3 and so far in Q4
- 13 vessels in lay-up by end of Q3
- Standstill with the banks agreed until 31 Jan 2021 and until 15 Dec 20 with the bondholders
- The shares in DDW have been sold to Akastor ASA

Image courtesy of Equinor. Photo by Espen Roennevik and Roar Lindefjeld

Contract status



New contracts in South America region

- **Skandi Salvador** (Subsea) awarded a 3-year MPSV contract for Libra Consortium (Petrobras).
- DOF Subsea awarded 4 new contracts with Petrobras with a value of more than USD 110 million and expected 1.500 vessel days utilising 3-4 vessels. Commencement in Q4 and expected completion in Q1 2022.

New contracts in Atlantic region

- 2-year extension for **Skandi Africa** (Subsea) with TechnipFMC.
- **Skandi Vega** (AHTS) replaced a 6-month contract with a 2-year contract with Equinor Energy. Firm until May 2022.
- DOF Subsea awarded an FSV contract in Angola. **Skandi Seven** (Subsea) secured min. of 303 vessel days, plus 365-day option.
- DOF Subsea awarded a contract by Teekay Petrojarl utilising **Skandi Acergy** (Subsea), **Skandi Iceman** (AHTS), and **Skandi Hera** (AHTS), for completion in Q4.
- DOF Subsea awarded multiple Survey, IMR, and decommissioning contracts, utilising **Skandi Acergy** (Subsea), **Skandi Seven** (Subsea), and **Skandi Skansen** (Subsea), for a total min. of 150 vessel days in Q3 and Q4.

New contracts in Asia-Pacific region

DOF Subsea APAC awarded several contracts including significant IMR service contracts:

- 5-year extension of frame agreement with Chevron in Australia.
- A moorings repair and replacement project, securing utilisation in Q3 and Q4 for **Skandi Hercules** (Subsea) and **Skandi Singapore** (DSV).
- A project involving saturation diving, utilising **Skandi Singapore** (DSV) in Q4.
- Transportation and installation services, including project management, in support of flowline installation for Woodside in Australia. Expected completed during Q3 2021.

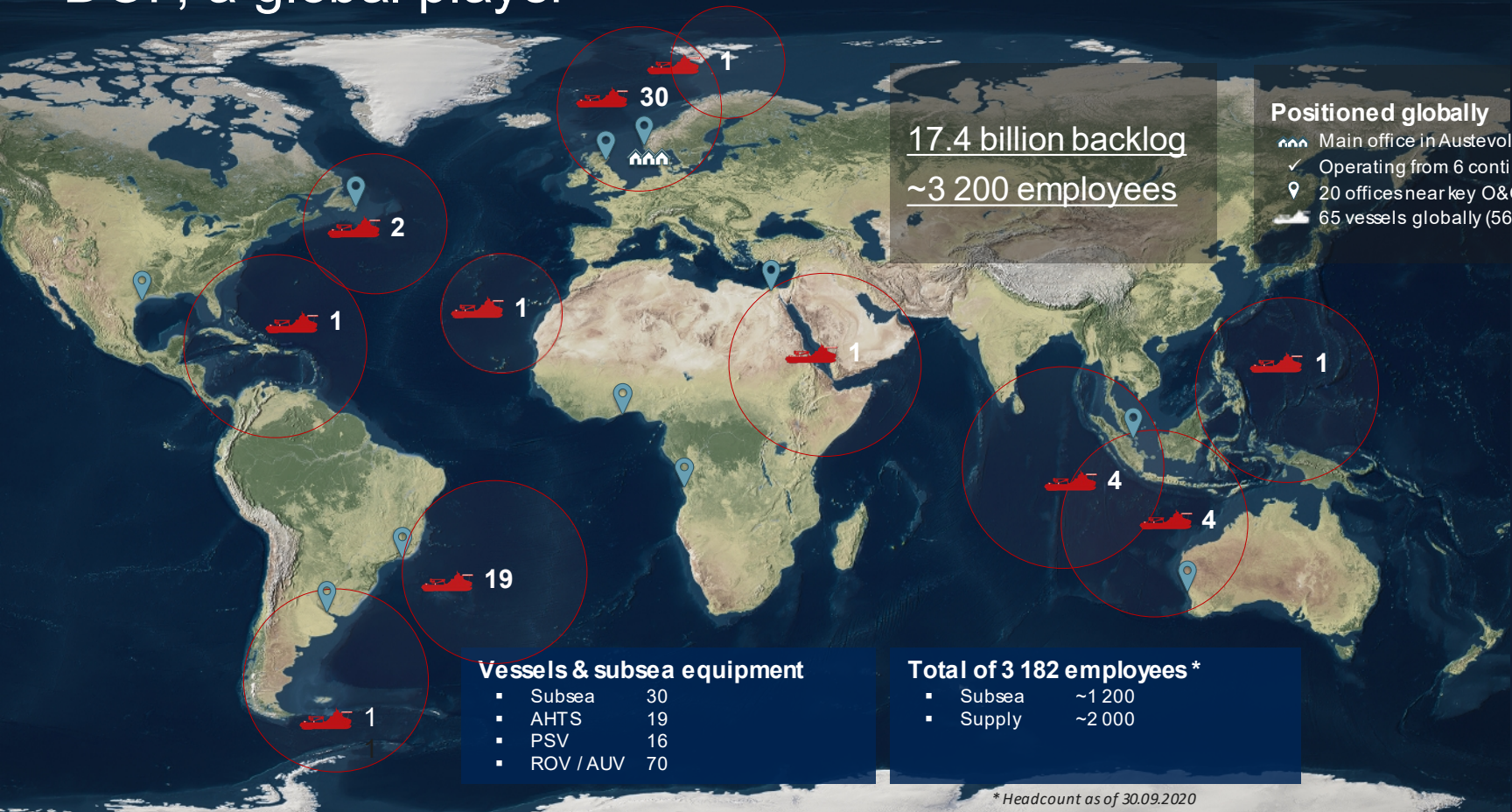
Total value contracts won in Q3 and so far in Q4

NOK 3.7 billion

Group backlog ~ NOK 1.8 billion in Q4 2020 and

NOK 5.7 billion in 2021

DOF, a global player



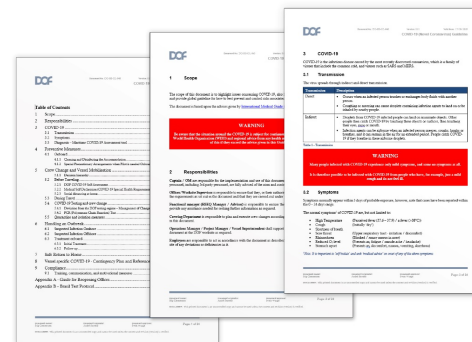
COVID-19 update

Case management

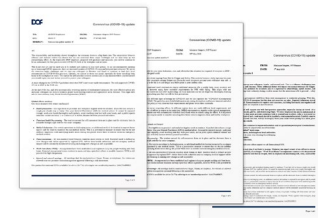
- Significant cost and utilisation impact in Q3
- DOF's global COVID-19 Guideline is the core document directing the organisation:
 - Constantly reviewed and updated with input from stakeholders and industry partners
- Each individual COVID-19 case is managed within our crisis management tool
- Special challenges in Brazil: organisation strengthened with medical professionals to compensate for public services

Preventative measures

- Strict hygiene measures on vessels and worksites
- Offshore: global testing and quarantine regimes
- Onshore: utilising rotating “work from home” arrangements to meet local regulations and minimise office crowding
- 1-page memos from Global ERT distributed offshore/onshore on a monthly basis with additional local-content memos from regional ERTs distributed regularly:
 - High focus on motivational- and training initiatives to keep entire company on high alert



DOF's
COVID-19 Guideline



Globally distributed
1-page memos



Training materials from:
WHO, ISOS, FHI, and DOF

DOF Subsea 3rd quarter

DOF Subsea Group

Subsea / IMR Projects

Framework agreements
Engineering capabilities
Opex spending

Revenues Q3'20²⁾	EBITDA Q3'20²⁾	Firm backlog³⁾
NOK 968 million	NOK 245 million	NOK 5.0 bn
	~25% margin	



1 159 Employees⁴⁾
Q3'20



17 vessels in
operation⁵⁾ Q3'20

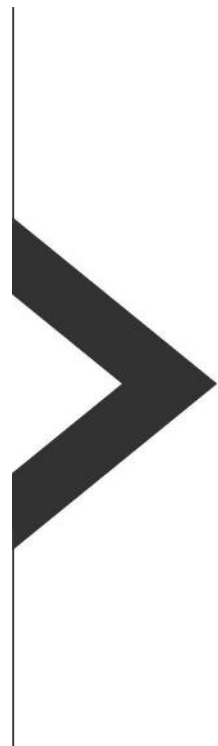
Long-term Chartering¹⁾

Long-term charters
Vessel capabilities
Capex spending

Revenues Q3'20²⁾	EBITDA Q3'20²⁾	Firm backlog³⁾
NOK 579 million	NOK 462 million	NOK 8.1 bn
	~80% margin	



9 vessels in
operation Q3'20



Financial Group

Management Reporting

Main financial highlights Q3

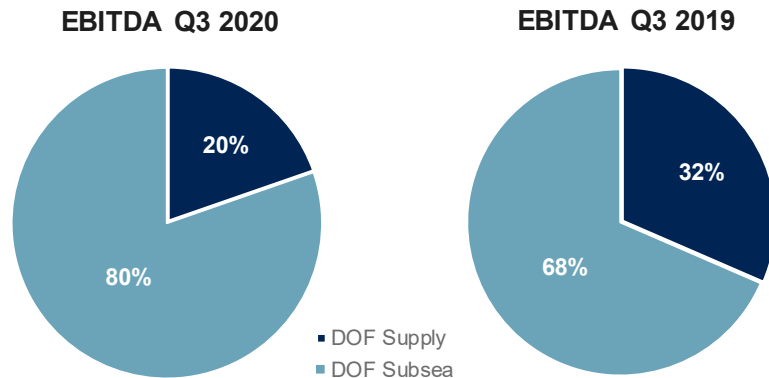
- Good operational performance in the subsea segments and reduced performance from the PSV and AHTS segments. EBITDA NOK 879 million (NOK 803 million before hedge)
- Total impairments Q3 NOK 667 million (NOK 917 million), Impairments YTD NOK 2 978 million (NOK 1 121 million)
- Financial costs NOK -343 million (NOK -1 390 million). NOK strengthened during the quarter and BRL continued to drop. YTD financial costs still significantly impacted by unrealised currency loss of NOK 2.3 billion
- Net loss of NOK -406 million
- Standstill – impacts on Interest bearing debt and cash position
- Equity negative of NOK -1 014 million, impacts on the going concern assumption

All numbers based on management reporting

Main financial highlights

Operational EBITDA Q3 MNOK 879

- Average utilisation total fleet 67% in Q3
 - 64% PSV segment
 - 48% AHTS segment
 - 81% Subsea segment (project fleet 76%)



- All numbers based on management reporting
- DOF Supply = DOF Rederi and Norskan consolidated

Comments to highlights Q3

Performance

- DOF Subsea EBITDA: NOK 706 million
- DOF Supply EBITDA: NOK 173 million

Operations

- Avg. utilisation DOF Subsea fleet: 82%
- Avg. utilisation DOF Supply fleet: 57%
- PSV: 64% utilisation versus 94% in Q3-2019 six vessels in lay-up
- AHTS: 48% utilisation versus 75% in Q3-2019, six vessels in lay-up. One vessel sold. Reduced utilisation in Brazil
- Subsea: 81% utilisation versus 81% in Q3-2019. Improved performance subsea regions. One vessel in lay-up. 97% utilisation PLSV fleet
- 13 vessels were in lay-up by end Sep

Profit or Loss Q3 2020



<i>All figures in NOK million</i>	Q3 2020	Q3 2019	Acc Q3 2020	Acc Q3 2019	2019
Operating income	2 027	2 101	5 902	5 677	7 712
Operating expenses	-1 159	-1 295	-3 490	-3 610	-4 808
Net profit/loss from TS and JV	-1	-7	-41	-14	-47
Net gain on sale of vessel	12	3	12	4	4
EBITDA before hedge	879	803	2 384	2 057	2 861
Hedge operating income	-	-44	-	-133	-188
Operating profit before depr - EBITDA	879	759	2 384	1 924	2 673
Depreciation	-258	-345	-842	-991	-1 314
Impairment	-667	-917	-2 978	-1 121	-1 449
Operating profit- EBIT	-46	-503	-1 435	-188	-90
Financial income	5	12	23	42	42
Financial costs	-307	-329	-1 010	-952	-1 273
Net realised currency gain/loss	-55	-60	-618	-245	-255
Net profit/loss before unrealised currency	-403	-879	-3 041	-1 343	-1 576
Net unrealised currency gain/loss	-33	-944	-2 174	-746	-880
Net unrealised gain/loss on market instr.	46	-70	-102	36	117
Profit/loss before tax	-389	-1 893	-5 316	-2 053	-2 340
Tax	-17	-237	119	-316	-542
Net profit/loss	-406	-2 130	-5 197	-2 369	-2 881

According to management reporting

Comments P or L Q3

Operational performance:

PSV (64% utilisation)

- 9 vessels on firm contracts, 6 in lay-up
- One vessel operated in the NS spot market

AHTS (48% utilisation)

- Reduced utilisation in Brazil, due to mobilisation new contracts and docking,
- two vessels in lay-up.
- Low utilisation for the fleet in the NS
- DDW fleet sold

Subsea (81% utilisation)

- Improved performance from the regions
- All PLSVs on contracts
- Termination fee of NOK 110 million booked as revenue
- 1 vessel in lay-up

Impairments

- Impairments impacted by FMVs and VIU calculations

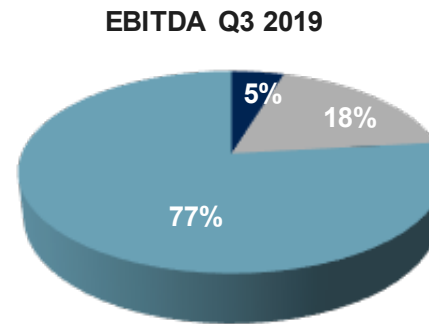
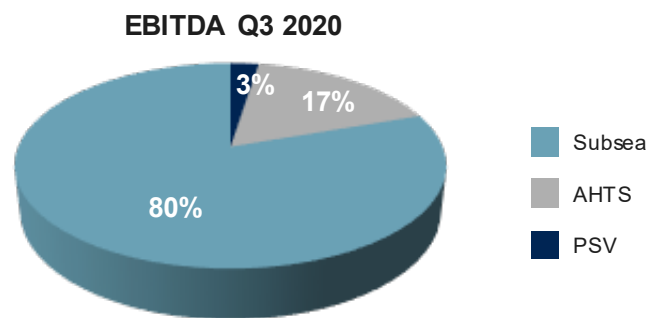
Financial

- NOK strengthened and BRL continued to drop to USD

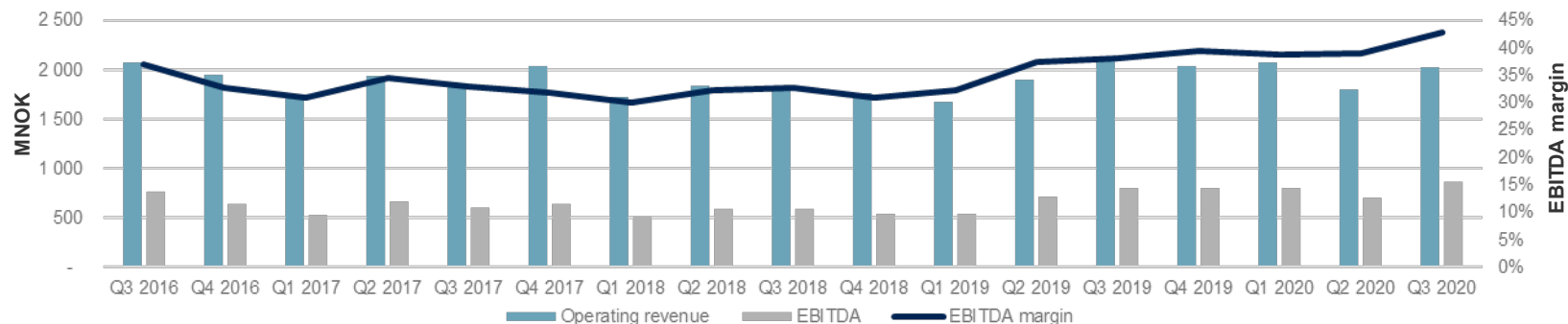
Segment reporting Q3 2020

	PSV		AHTS		Subsea		Total	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
<i>Amounts in NOK million</i>								
Operating income	128	129	279	297	1 620	1 631	2 027	2 057
Operating result before depreciation and impairment (EBITDA)	22	36	151	140	706	583	879	759
Depreciation	30	33	53	86	176	226	258	345
Impairment	69	18	14	176	584	723	667	917
Operating result (EBIT)	-77	-15	84	-122	-53	-366	-46	-503
EBITDA margin	17%	28%	54%	47%	44%	36%	43%	37%
EBIT margin	-60%	-11%	30%	-41%	-3%	-22%	-2%	-24%

According to management reporting



Historical Performance Group (excl hedge and gain from sale of assets)



	Q3 2016	Q3 2017	Q3 2018	Q3 2019	Q3 2020
Operating revenue	2 076	1 846	1 792	2 101	2 027
EBITDA	767	607	587	803	867
EBITDA margin	37%	33%	33%	38%	43%
Non-current assets	29 906	27 979	26 152	25 908	20 792
Current assets	4 651	4 370	3 925	3 662	4 176
Total Assets	34 557	32 349	30 076	29 570	24 968
Equity	8 730	7 688	6 264	3 512	-1 014
Non-current debt	21 935	20 317	18 648	19 220	4 490
Current debt	3 892	4 343	5 165	6 838	21 492
Total Equity and Debts	34 557	32 348	30 076	29 570	24 968
NIBD	21 665	20 824	20 418	22 441	21 547

According to management reporting

Balance as of 30.09.2020

<i>Amounts in NOK million</i>	30.09.2020	30.06.2020	31.12.2019
ASSETS			
Tangible assets	20 237	21 507	24 303
Goodwill	-	-	85
Deferred taxes	364	399	200
Investment in associated and joint ventures	5	6	45
Other non-current receivables	186	185	263
Non-current assets	20 792	22 097	24 896
Receivables	1 729	1 645	1 761
Cash and cash equivalents	2 447	1 902	1 715
Current assets	4 176	3 546	3 475
Total assets	24 968	25 643	28 371
EQUITY AND LIABILITIES			
Subscribed equity	308	308	3 194
Retained equity	-1 456	-1 170	87
Non-controlling equity	134	133	170
Equity	-1 014	-728	3 451
Non-current interest bearing debt	4 452	4 552	8 371
Other non-current liabilities	38	64	51
Non-current liabilities	4 490	4 616	8 422
Current portion of debt	19 906	20 279	15 159
Other current liabilities	1 585	1 477	1 339
Current liabilities	21 492	21 755	16 498
Total equity and liabilities	24 968	25 643	28 371

According to management reporting

Comments balance Q3

Non-current assets

- Total impairment vessels YTD ~ NOK 3.0 billion

Currents Assets/Cash flow Q3

- Operating cash flow NOK 779 million (NOK 386 million)
- Investments NOK -53 million (NOK -95 million)
- Financing activity NOK -145 million (NOK -341 million)

Cash impacted by full standstill for the Group (excl. DOFCON) during the quarter

Equity:

- Negative equity impacts the going concern assumptions

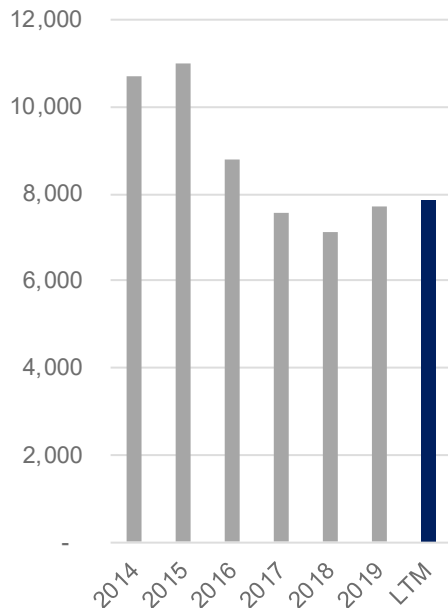
Liabilities:

- Long-term liabilities represent debt in DOFCON JV
- All other secured debt and all bond loans are classified as short term due to ongoing debt restructuring of the Group
- Debt increased by NOK 1.0 billion due to FX YTD

Group key financials

Revenue

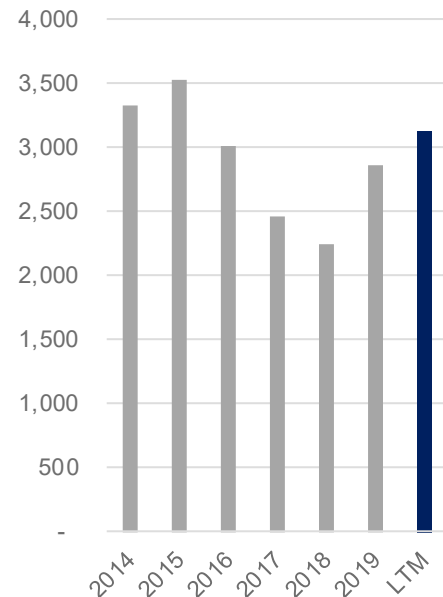
NOK million



According to management reporting

EBITDA *

NOK million

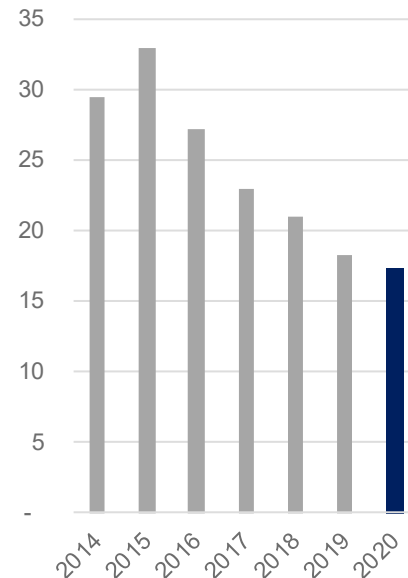


* EBITDA excl. gain from sale of assets

LTM = Last twelve months

Firm backlog

NOK billion



UPDATE DEBT RESTRUCTURING



- Standstill agreements signed with 91% of the secured lenders within the DOF Group (excl. DOF Subsea and DDW JV) and 88% of the secured lenders in DOF Subsea (excl. DOFCON JV), until 31 Jan 2021.
- Standstill agreements signed with the bondholders until 15 Dec.
- Standstill agreements signed with BNDES until 31 Dec. Application for additional 6 months extension of the standstill period submitted.
- As part of the debt restructuring of DOF Deepwater (DDW), the shares have been sold to Akastor. DDW will not be included in the P&L and balance sheet from Q4. DOF's guarantee commitment for 50% of the DDW debt, approx. NOK 530 million will be part of the Group's debt restructuring.
- The Group has submitted a debt restructuring proposal to the secured lenders and bondholders. The proposal will result in a comprehensive restructuring of the Group's balance sheet.



Markets & Outlook

Markets

Oil price stabilised on USD 40-45/bbl, but the future oil price remains uncertain

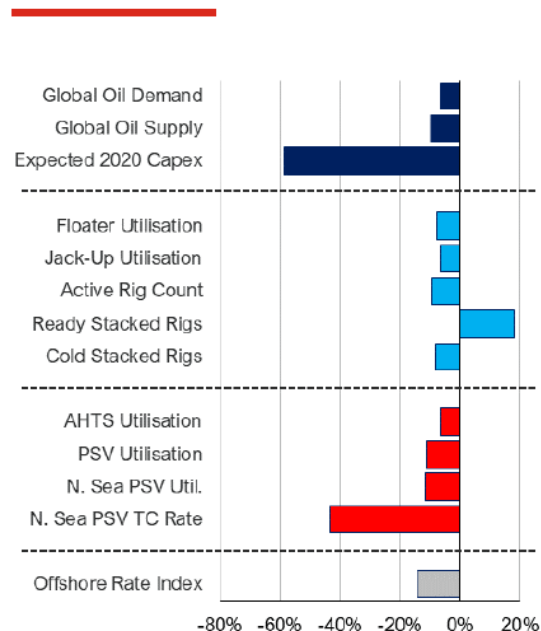
Outlook for the offshore industry remains weak, and the impacts from COVID-19 and oil prices continue to put the whole sector under pressure

All key offshore indicators have continued negatively during 3rd quarter

Offshore markets have continued to weaken resulting in reduced vessel demand

Global oil supply is projected to decrease further in 2020

Offshore key indicators



Clarksons Research, Nov 2020

Operational & Markets

- COVID-19 pandemic is expected to continue to have an impact on the operations going forward
- The markets are expected to remain challenging, but various utilisation and earnings between different regions and segments
- The Group's firm backlog for Q4 amounts to NOK 1.8 billion and NOK 5.7 billion for 2021
- The EBITDA in 4th quarter is expected to be lower than 3rd quarter

Financial

- A long-term refinancing solution has been presented to the creditors
- The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern



Presented by
Mons Aase - CEO
Hilde Drønen - CFO

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