

DOF ASA – August 21st, 2020



Q2 Financial Presentation 2020



Photo courtesy of Equinor, by Espen Roennevik & Roar Lindefield



Highlights



EBITDA Q2 NOK 701 million (management reporting)

- Average utilisation of 67% for the fleet
- The Covid-19 has had a major impact on the operations during the quarter
- Oil price stabilised at USD 40-45/bbl
- Several tenders postponed and termination of contracts
- 17 vessels in lay-up by August
- New contract awards in Brazil
- New project contract awards securing utilisation in Q3
- Standstill with the banks and bondholders agreed until 30 September

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

Contract status South America region

- **Skandi Urca** (AHTS) and **Skandi Fluminense** (AHTS) awarded 2+2-year contract for Petrobras with commencement in September
- **Skandi Paraty** (AHTS) awarded 1-year contract for Petrobras with commencement in June

Contracts include ROV operations, performed by DOF Subsea

Contract status Asia-Pacific region

DOF Subsea APAC awarded two significant IMR service contracts:

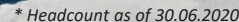
- 5-year extension of an existing frame agreement with Chevron in Australia
- A moorings replacement and rectification project, securing utilisation for both assets and personnel in Q3 and early Q4 2020 in South East Asia. Utilising **Skandi Hercules** (Subsea) and **Skandi Singapore** (DSV)

Group backlog ~ NOK 3.3 billion in 2nd half 2020

New contracts in Atlantic region

- **Skandi Vega** (AHTS) awarded a 6-month firm contract with options for Equinor Energy. Start-up in May
- **Skandi Skansen** (Subsea) awarded contract for a ploughing scope of work with commencement later this year
- DOF Subsea awarded a 6-month firm contract with options for one of the older CSVs to an international client
- DOF Subsea awarded multiple Survey, IMR and decommissioning contracts in Q3 and Q4 utilising **Skandi Acergy** (Subsea), **Skandi Seven** (Subsea) and **Skandi Skansen** (Subsea) for a total of above 150 offshore vessel days

Contract coverage: 56% in 2nd half 2020



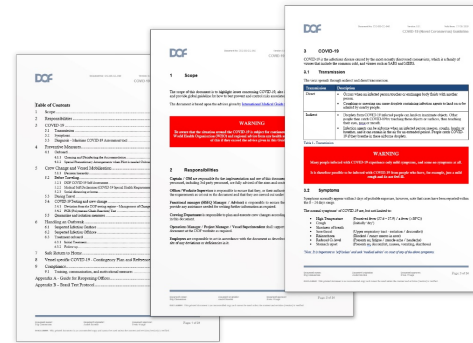
COVID-19 update

Case management

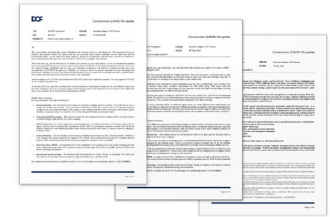
- DOF's global COVID-19 Guideline is the core document directing the organisation:
 - Constantly reviewed and updated with input from stakeholders and industry partners
- Each individual COVID-19 case is managed within our crisis management tool
- Special challenges in Brazil: organisation strengthened 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

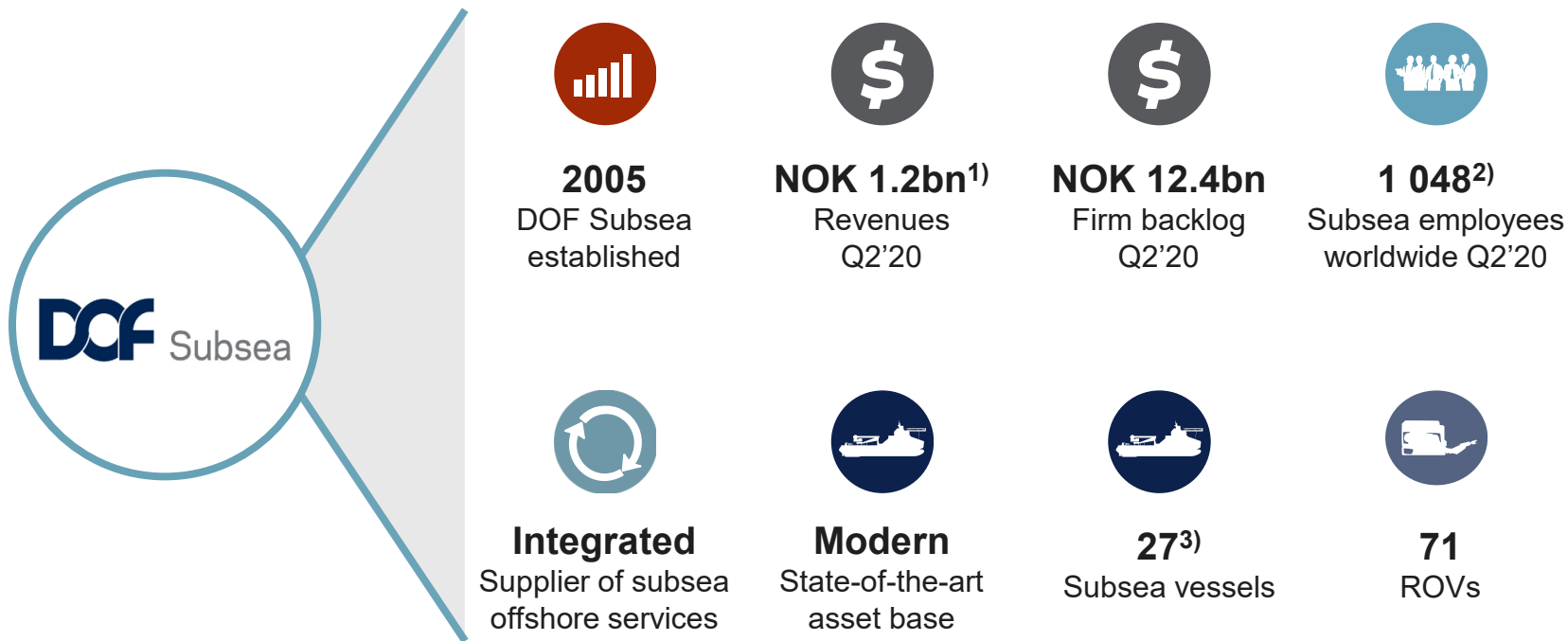


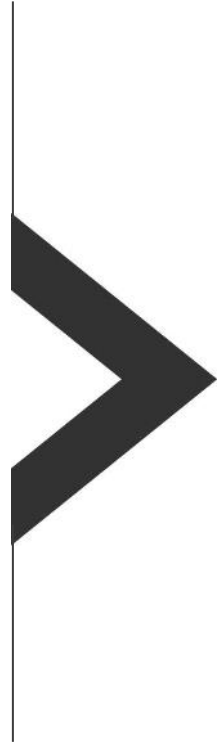
Globally distributed
1-page memos



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

DOF Subsea Group at a glance





Financial Group

Management Reporting

Main financial highlights Q2

- Good operational performance in the subsea segments and reduced performance from the PSV and AHTS segments. EBITDA NOK 701 million (NOK 712 million)
- Impairments on assets in Q2 NOK 779 million (NOK 154 million), YTD NOK 2 311 million (NOK 204 million)
- Financial costs NOK 336 million (NOK 224 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 -689 million
- Equity negative of NOK -728 million

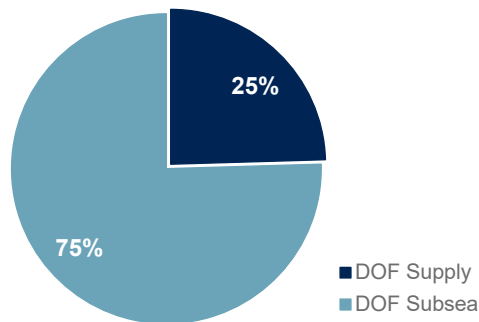
All numbers based on management reporting

Main financial highlights

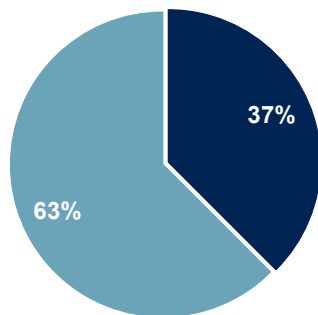
Operational EBITDA Q2 MNOK 701

- Average utilisation total fleet 67% in Q2
 - 74% PSV segment
 - 48% AHTS segment
 - 75% Subsea segment (project fleet 64%)

EBITDA Q2 2020



EBITDA Q2 2019



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

Comments to highlights Q2

Performance

- DOF Subsea EBITDA: NOK 529 million
- DOF Supply EBITDA: NOK 172 million

Operations

- Avg. utilisation DOF Subsea fleet: 74%
- Avg. utilisation DOF Supply fleet: 62%
- PSV: 20% reduced utilisation since Q1, six vessels in lay-up
- AHTS: reduced utilisation since Q1, nine vessels in lay-up, below 50% utilisation for the fleet operating in the North Sea spot market
- Subsea: reduced utilisation for the project fleet (64% utilisation), high utilisation on the PLSV fleet
- By end-August 17 vessels were in lay-up

Profit & Loss Q2 2020



<i>All figures in NOK million</i>	Q2 2020	Q2 2019	Acc Q2 2020	Acc Q2 2019	2019
Operating income	1 802	1 897	3 875	3 576	7 712
Operating expenses	-1 074	-1 180	-2 331	-2 315	-4 808
Net profit/loss from TS and JV	-26	-5	-40	-8	-47
Net gain on sale of vessel	-	-	-	-	4
EBITDA before hedge	701	712	1 505	1 253	2 861
Hedge operating income	-	-43	-	-88	-188
Operating profit before depr - EBITDA	701	669	1 505	1 165	2 673
Depreciation	-277	-334	-584	-646	-1 314
Impairment	-779	154	-2 311	-204	-1 449
Operating profit- EBIT	-354	181	-1 389	315	-90
Financial income	6	8	18	30	42
Financial costs	-368	-296	-703	-623	-1 273
Net realised currency gain/loss	-35	-79	-563	-185	-255
Net profit/loss before unrealised currency	-751	-185	-2 638	-464	-1 576
Net unrealised currency gain/loss	-38	121	-2 141	198	-880
Net unrealised gain/loss on market instr.	100	21	-148	106	117
Profit/loss before tax	-689	-42	-4 927	-160	-2 340
Tax	14	-64	136	-79	-542
Net profit/loss	-675	-106	-4 791	-239	-2 881

According to management reporting

Comments P&L Q2

Operational performance:

PSV (74% utilisation)

- 9 vessels on firm contracts, 6 in lay-up
- Low utilisation and earnings in the NS spot market

AHTS (48% utilisation)

- Reduced utilisation in Brazil, two vessels into lay-up and vessels idle between contracts
- Low utilisation for the fleet in the NS
- In total 9 vessels in lay-up

Subsea (75% utilisation)

- Stable and good performance from the vessels on firm contracts (PLSVs)
- Utilisation project fleet impacted by postponed tenders and termination of contracts
- 2 vessels in lay-up

Impairments

- Impairments impacted by expected weaker markets going forward

Financial

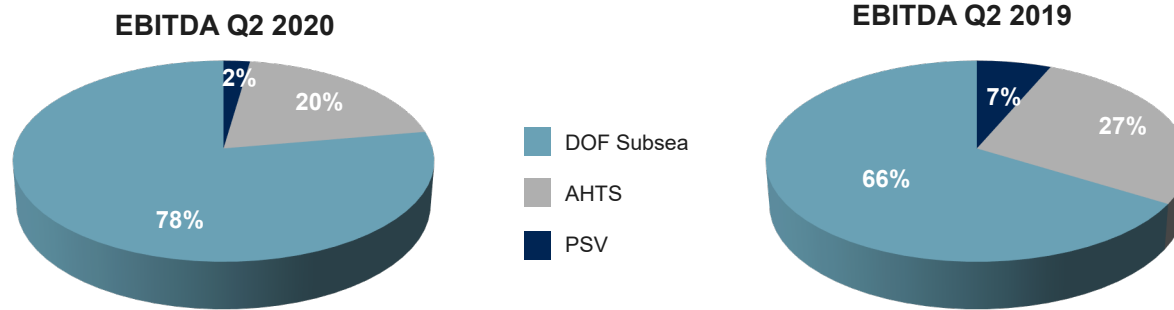
- NOK strengthened and BRL continued to drop to USD

Segment reporting Q2 2020

Amounts in NOK million

	PSV		AHTS		Subsea		Total	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Operating income	112	149	275	326	1 415	1 380	1 802	1 854
Operating result before depreciation and impairment (EBITDA)	16	43	140	183	545	443	701	669
Depreciation	31	33	65	88	180	212	277	334
Impairment	18	2	202	90	559	63	779	154
Operating result (EBIT)	-32	8	-128	6	-194	167	-354	181
EBITDA margin	15%	29%	51%	56%	39%	32%	39%	36%
EBIT margin	-29%	6%	-47%	2%	-14%	12%	-20%	10%

According to management reporting



Two business segments

DOF Subsea Group

Subsea / IMR Projects

➤ **Framework agreements** ➤ **Engineering capabilities** ➤ **Opex spending**

Revenues Q2'20²⁾
NOK 699 million

EBITDA Q2'20²⁾
NOK 80 million
~11% margin

Firm backlog³⁾
NOK 3.1 bn



1 048 Employees⁴⁾
Q2'20



18 vessels in operation⁵⁾ Q2'20

Long-term Chartering¹⁾

➤ **Long-term charters** ➤ **Vessel capabilities** ➤ **Capex spending**

Revenues Q2'20²⁾
NOK 548 million

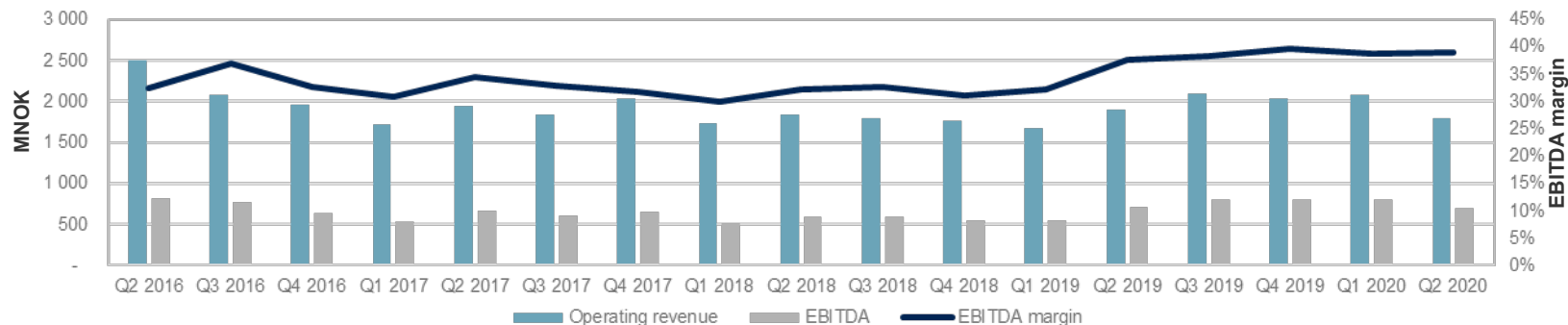
EBITDA Q2'20²⁾
NOK 448 million
~82% margin

Firm backlog³⁾
NOK 9.3 bn



9 vessels in operation Q2'20

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



	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020
Operating revenue	2 494	1 943	1 838	1 897	1 802
EBITDA	812	671	594	712	701
EBITDA margin	33%	35%	32%	38%	39%
Non-current assets	30 682	28 959	26 633	27 163	22 097
Current assets	4 495	4 538	4 143	3 663	3 546
Total Assets	35 177	33 497	30 776	30 826	25 643
Equity	6 380	7 629	6 598	5 630	-728
Non-current debt	23 079	21 529	19 560	19 088	4 616
Current debt	5 717	4 339	4 617	6 108	21 755
Total Equity and Debts	35 176	33 497	30 775	30 826	25 643
NIBD	24 723	21 660	20 386	21 628	22 640

According to management reporting

Balance as of 30.06.2020

Amounts in NOK million	30.06.2020	31.03.2020	31.12.2019
ASSETS			
Tangible assets	21 507	23 522	24 303
Goodwill	-	-	85
Deferred taxes	399	405	200
Investment in associated and joint ventures	6	32	45
Other non-current receivables	185	243	263
Non-current assets	22 097	24 202	24 896
Receivables	1 645	1 871	1 761
Cash and cash equivalents	1 902	1 606	1 715
Current assets	3 546	3 477	3 475
Total assets	25 643	27 679	28 371
EQUITY AND LIABILITIES			
Subscribed equity	308	308	3 194
Retained equity	-1 170	-703	87
Non-controlling equity	133	150	170
Equity	-728	-245	3 451
Non-current interest bearing debt	4 552	9 657	8 371
Other non-current liabilities	64	139	51
Non-current liabilities	4 616	9 796	8 422
Current portion of debt	20 279	16 504	15 159
Other current liabilities	1 477	1 624	1 339
Current liabilities	21 755	18 127	16 498
Total equity and liabilities	25 643	27 679	28 371

According to management reporting

Comments balance Q2

Non-current assets

- Total impairment vessels YTD NOK 2.3 billion
- Goodwill written down to zero

Currents Assets/Cash flow

- Operating cash flow NOK 595 million (NOK 586 million)
- Investments NOK -17 million (NOK -237 million)
- Financing activity NOK -176 million (NOK 476 million)

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

Equity:

- Negative equity impacts the going concern assumptions

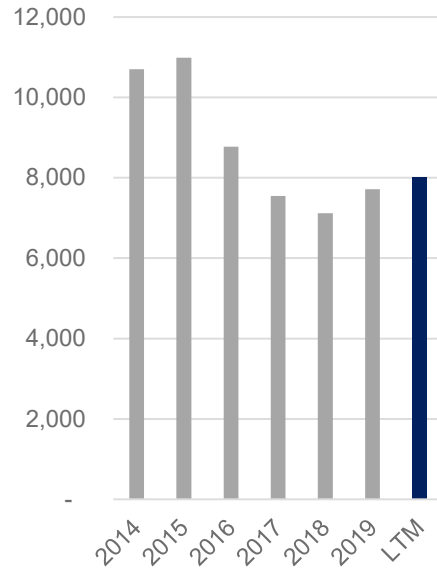
Liabilities:

- 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 1.6 billion due to FX YTD

Group key financials

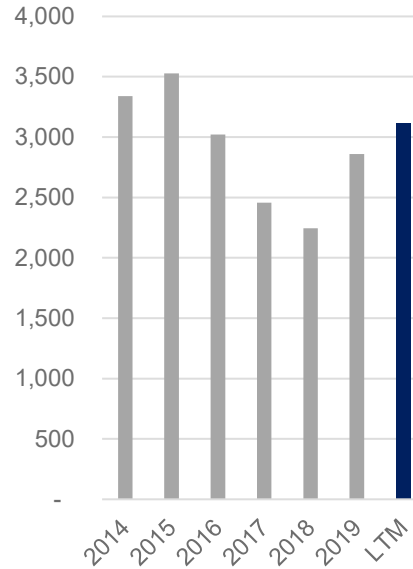
Revenue

NOK million



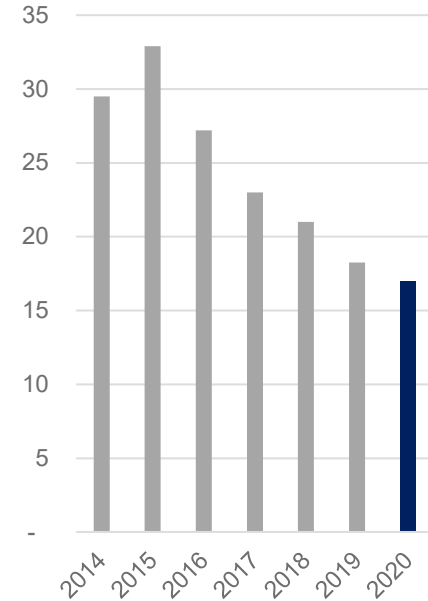
EBITDA *

NOK million



Firm backlog

NOK billion



According to management reporting

* EBITDA excl. hedge and gain from sale of assets

LTM = Last twelve months



Markets & Outlook

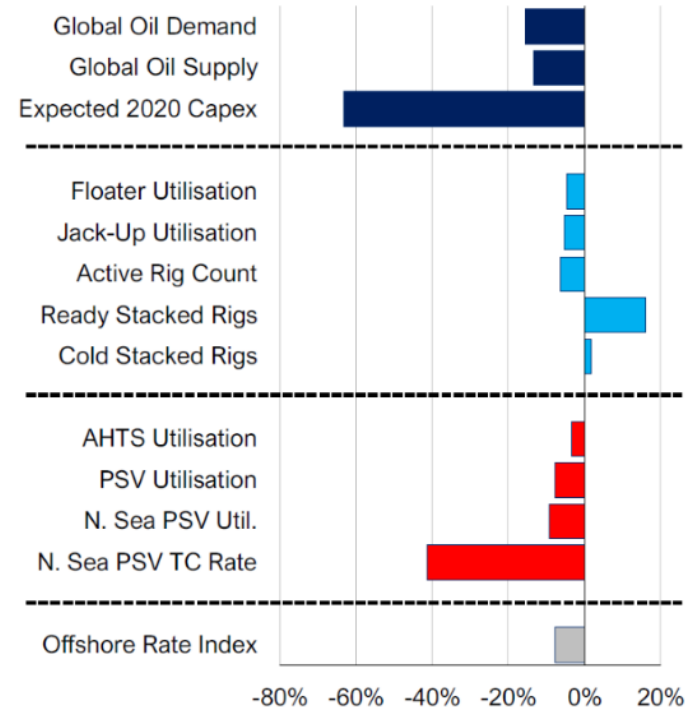
Outlook for the offshore industry remains weak, and the impacts from COVID-19 and oil prices continue to put the whole sector under pressure

All key offshore indicators have changed negatively during 1st half

Offshore markets have continued to weaken resulting in reduced vessel demand

Global oil supply is projected to decrease further in 2020

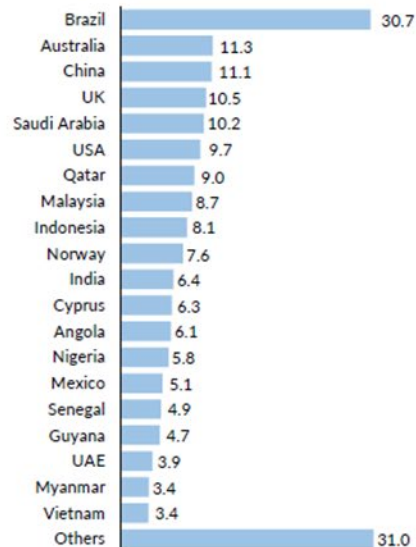
Offshore key indicators 1H 2020



Source : Clarksons Research

OSV EPC Spending – post COVID-19/Opec oil turbulence?

Probable Offshore EPC Spend 2020-24



Subsea Trees (units)	Flexibles (km)	Rigid Pipelines (km)	Fixed Platforms (units)	Floating Platforms (units)
1,223	9,700	19,700	435	86

Possible 2020 FIDs

Bacalhau Brazil \$3-3.5bn EPC Value 4Q2020	 1
Mero-2 Brazil \$2-2.5bn EPC Value 3Q2020	 2
Breidablikk Norway \$500-750m EPC Value 4Q2020	 3
Shenandoah USA \$750-1,000m EPC Value 4Q2020	 4



Westwood
Global Energy
Group

Source: Westwood SubseaLogix, PlatformLogix

© Westwood Global Energy Group

Apr 2020

Operational

- COVID-19 and the drop in oil price are expected to impact the markets for the remainder of 2020 and long into 2021 resulting in increased pressure on rate levels
- The Group's contract coverage is 65% for Q3 and 47% for the next 12 months
- The activity in Brazil is expected to improve during 2nd half due to new contract awards
- The EBITDA in 3rd quarter is expected to be in line with 2nd quarter

Financial

- The Board and Management are continuously working on a debt restructuring for the Group
- Based on the assumptions of continuing challenging markets, the Group's financial risk has increased



Presented by
Mons Aase - CEO
Hilde Drønen - CFO

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