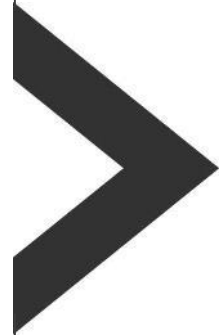




DOF ASA – August 20<sup>th</sup>, 2019

# Q2 Financial Presentation 2019





## Highlights Group

# Highlights

## EBITDA Q2 MNOK 712 (excl hedge accounting)

- Average utilisation Group fleet 74% in Q2
- Improved North Sea PSV market, but still high volatility within AHTS
- Variable utilisation and continued challenging markets for the Subsea IMR fleet
- Good performance vessels on long-term contracts
- 3 RSV vessels on-hire 3+2 year contracts with Petrobras
- Increased refinancing and financial risk for the Group
- A long-term refinancing solution in process





# Contract awards,

## *New contracts in South America region*

- **Skandi Hav (Subsea)** and Skandi Botafogo (AHTS) secured 1-year extension with Petrobras from June 2019
- **Skandi Rio (AHTS)** awarded 13 months contract in Brazil
- Skandi Seven awarded a project contract in Brazil
- **Skandi Niteroi (PLSV)** awarded a contract with TehnipFMC at the Peregrino field, start-up end Q3

## *New contract in North America region*

- 3-year renewal of a frame agreement in US Gulf of Mexico utilising Harvey Deep Sea (Subsea)

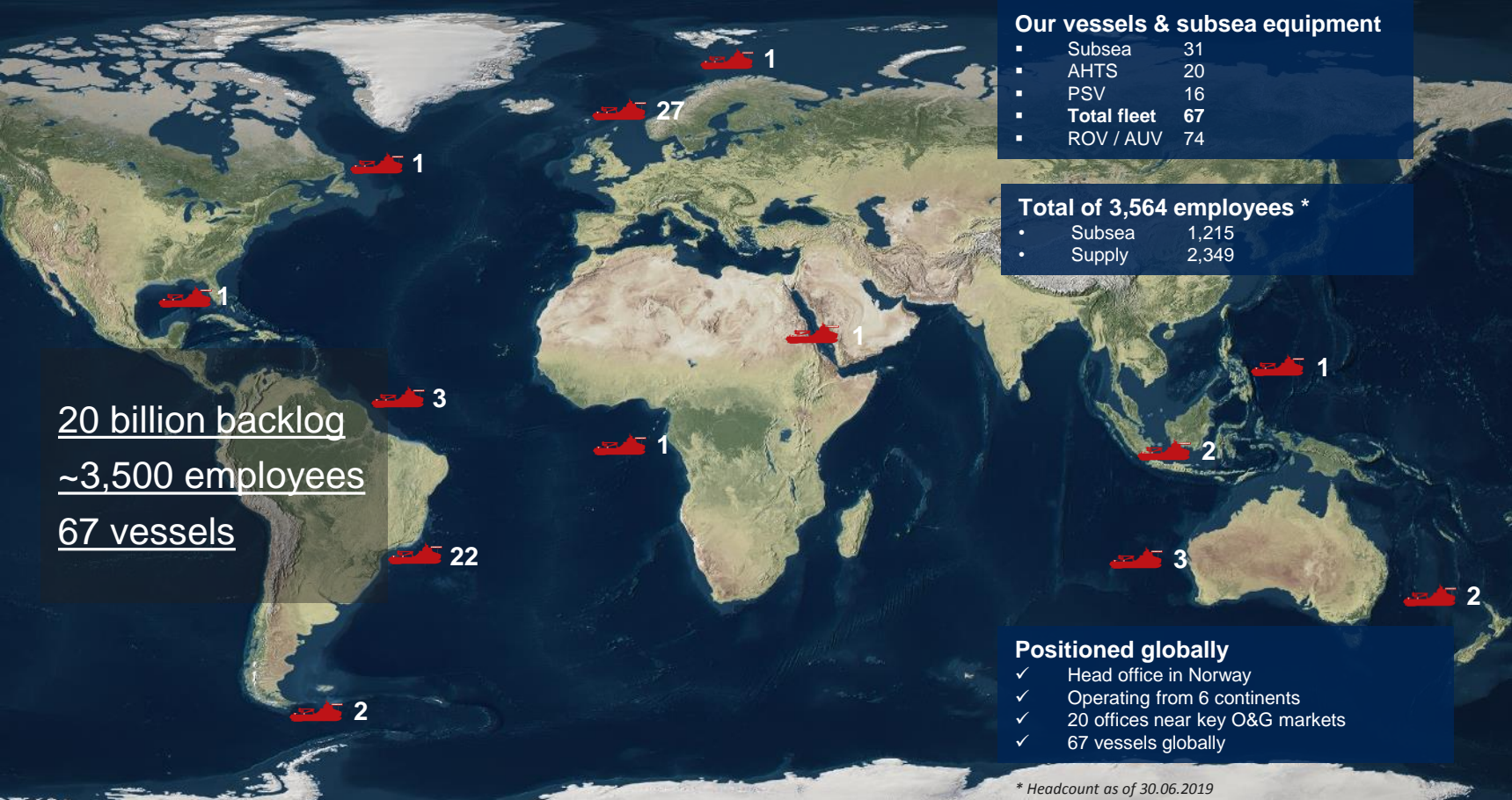
## *New contracts in Asia-Pacific region*

- **Skandi Feistein (PSV)** awarded a 5-year contract with Esso Australia Pty Ltd with commencement in 2<sup>nd</sup> half 2019
- Skandi Atlantic (AHTS) awarded 135 days at New Zealand

## *New contracts in Atlantic region*

- Geosund (Subsea) awarded 60 days of work on the UK sector
- Skandi Skansen (Subsea) awarded a contract for mooring installation for Equinor and thereafter a decommissioning job in UK
- Skandi Barra (PSV) awarded a drilling support contract with commencement in July
- Skandi Caledonia (PSV) awarded a 2 well firm + 1 well option by Premier UK. Firm period estimated to 4 months, commencement in Q3
- **Skandi Huguen (MRV), Skandi Nova (MRV) and Skandi Marøy (MRV)** awarded 5+3 year contracts with ConocoPhillips, start up Q4 2019 and Q1 2020
- Skandi Skansen (Subsea), Geosund (Subsea) and Skandi Hera (AHTS) secured 3 frame agreements for IMR and Survey work – total of approximately 100 vessel days
- Skandi Vega (AHTS) - Equinor exercised 6 months option of the frame agreement from mid May

# DOF, a global player





# Financial Group

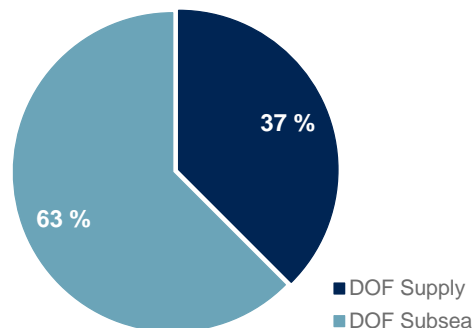
Management Reporting

# Main financial highlights

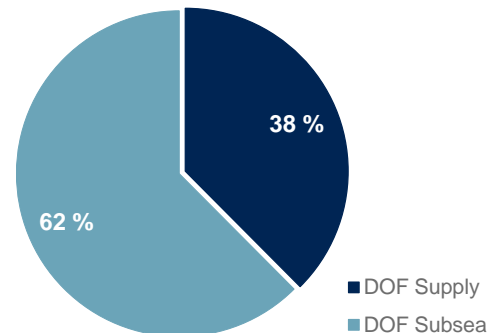
## Operational EBITDA Q2 MNOK 712 (excl hedge)

- Average utilisation total fleet 74% in Q2
  - 93% PSV segment
  - 69% AHTS segment
  - 67% Subsea segment (project fleet 67%)

EBITDA ex Hedge Q2 2019



EBITDA ex Hedge Q2 2018



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

### Comments to highlights

#### Performance

- DOF Subsea EBITDA: NOK 445 million
- DOF Supply EBITDA: NOK 267 million

#### Operations

- Avg. utilisation of DOF Subsea fleet: 72%
- Avg. utilisation of DOF Supply fleet: 75%
- Five vessels in lay-up by end June
- Variable utilisation and earnings for the Subsea IMR fleet
- All PSVs in operation
- Improved utilisation AHTS
- High utilisation and good performance vessels on long term charters

# Profit or Loss Q2 2019

<i>All figures in NOK million</i>	Q2 2019	Q2 2018	2018
Operating income	1 897	1 838	7 118
Operating expenses	-1 180	-1 246	-4 868
Net profit/loss from TS and JV	-5	2	-5
Net gain on sale of vessel	0	0	2
<b>EBITDA before hedge</b>	<b>712</b>	<b>594</b>	<b>2 246</b>
Hedge operating income	-43	-34	-180
<b>Operating profit before depr - EBITDA</b>	<b>669</b>	<b>560</b>	<b>2 066</b>
Depreciation	-334	-287	-1 240
Impairment	-154	-93	-737
<b>Operating profit- EBIT</b>	<b>181</b>	<b>179</b>	<b>89</b>
Financial income	8	7	51
Financial costs	-296	-259	-1 099
Net realised currency gain/loss	-79	-54	-352
<b>Net profit/loss before unrealised currency</b>	<b>-185</b>	<b>-127</b>	<b>-1 311</b>
Net unrealised currency gain/loss	121	-341	-291
Net unrealised gain/loss on market instr.	21	-81	-2
<b>Profit/loss before tax</b>	<b>-42</b>	<b>-549</b>	<b>-1 604</b>
Tax	-64	43	102
<b>Net profit/loss</b>	<b>-106</b>	<b>-506</b>	<b>-1 502</b>

According to management reporting

## Main events in Q2

### Operational performance:

#### PSV (93% utilisation)

- Improved rates and utilisation
- Several vessels started on new contracts during Q2
- All vessels in operation

#### AHTS (69% utilisation)

- Variable earnings, but improved utilisation in the North Sea
- Three vessels in lay-up

#### Subsea (67% utilisation)

- Variable earnings and in the regions
- Good performance long term chartering
- Two vessels in lay-up in Brazil

### Impairment

- Minor drop in fair market values
- Impairment on oldest part of the fleet

### Financial

- Unrealised gain relates to long-term USD funding in Norskan and DOF Subsea



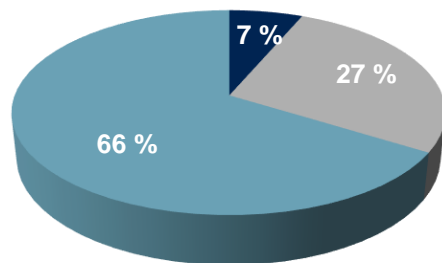
# Segment reporting Q2 2019

Amounts in NOK million

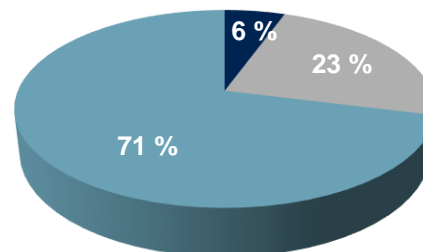
	PSV		AHTS		Subsea		Total	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Operating income	149	164	326	298	1 380	1 342	1 854	1 804
<b>Operating result before depreciation and impairment (EBITDA)</b>	<b>43</b>	<b>31</b>	<b>183</b>	<b>131</b>	<b>443</b>	<b>398</b>	<b>669</b>	<b>560</b>
Depreciation	33	31	88	87	212	169	334	287
Impairment	2	19	90	-0	63	74	154	93
<b>Operating result (EBIT)</b>	<b>8</b>	<b>-20</b>	<b>6</b>	<b>44</b>	<b>167</b>	<b>156</b>	<b>181</b>	<b>179</b>
EBITDA margin	29%	19%	56%	44%	32%	30%	36%	31%
EBIT margin	6%	-12%	2%	15%	12%	12%	10%	10%

According to management reporting

EBITDA Q2 2019



EBITDA Q2 2018



Subsea  
AHTS  
PSV

# Balance as of 30.06.2019

Amounts in NOK million

	30.06.2019	31.03.2019	31.12.2018
<b>ASSETS</b>			
Tangible assets	25 585	25 840	25 074
Goodwill	292	295	295
Deferred taxes	930	997	1 006
Investment in associated and joint ventures	85	85	89
Other non-current receivables	272	281	109
<b>Non-current assets</b>	<b>27 163</b>	<b>27 498</b>	<b>26 572</b>
Receivables	1 874	1 885	1 851
Cash and cash equivalents	1 789	1 901	2 240
<b>Current assets</b>	<b>3 663</b>	<b>3 786</b>	<b>4 091</b>
<b>Total assets</b>	<b>30 826</b>	<b>31 284</b>	<b>30 663</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed equity	3 128	3 164	3 277
Retained equity	232	232	232
Non-controlling equity	2 270	2 262	2 269
<b>Equity</b>	<b>5 630</b>	<b>5 658</b>	<b>5 778</b>
Non-current interest bearing debt	19 020	19 937	19 304
Other non-current liabilities	69	84	102
<b>Non-current liabilities</b>	<b>19 088</b>	<b>20 021</b>	<b>19 406</b>
Current portion of debt	4 720	4 349	4 080
Other current liabilities	1 388	1 257	1 399
<b>Current liabilities</b>	<b>6 108</b>	<b>5 605</b>	<b>5 479</b>
<b>Total equity and liabilities</b>	<b>30 826</b>	<b>31 284</b>	<b>30 663</b>

According to management reporting

## Main events balance Q2 2019

### Non-current assets

- No main events in Q2

### Current assets/Cash flow:

- Operating cash flow MNOK 586 (MNOK 358)
- Investments MNOK -237 (MNOK -988)
- Financing activity MNOK -476 (MNOK 710)

### Equity:

- No change in convertible loan

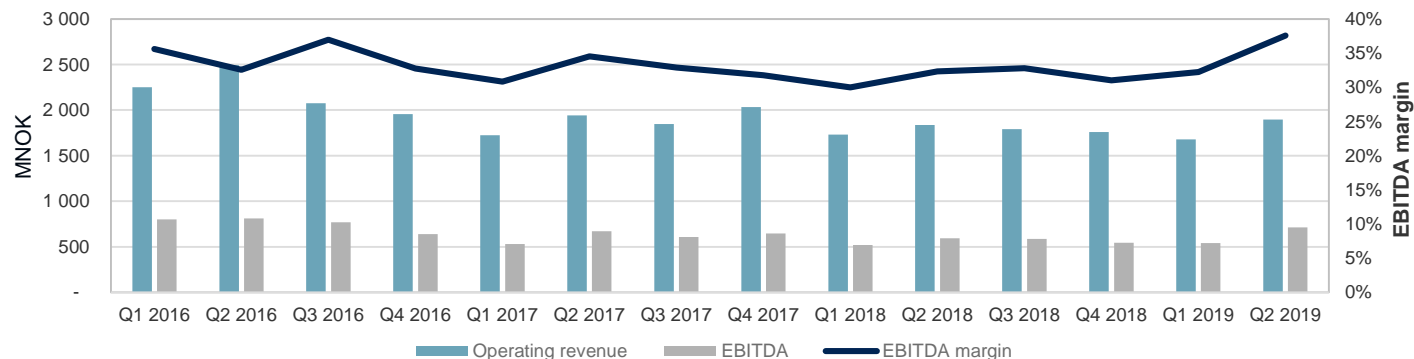
### Non current liabilities:

- Amortisation MNOK - 515
- Reclassification bond loan to current MNOK -375

### Current liabilities:

- Current portion of debt:  
Bond loan MNOK 467, amortisation MNOK 2,022, balloons MNOK 1,263, revolving credit facilities MNOK 650 and other MNOK 318.

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



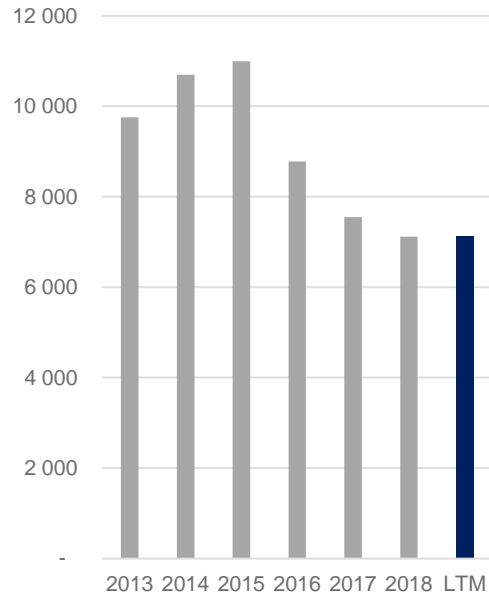
	Q2 2016	Q2 2017	Q2 2018	Q2 2019
Operating revenue	2 494	1 943	1 838	1 897
EBITDA	812	671	594	712
EBITDA margin	33%	35%	32%	38%
Non-current assets	30 682	28 959	26 633	27 163
Current assets	4 495	4 538	4 143	3 663
<b>Total Assets</b>	<b>35 177</b>	<b>33 497</b>	<b>30 776</b>	<b>30 826</b>
Equity	6 380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

According to management reporting

# Group key financials

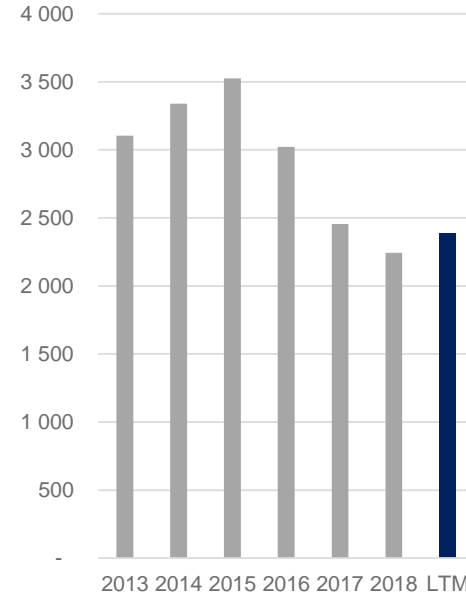
## Revenue

NOK million



## EBITDA \*

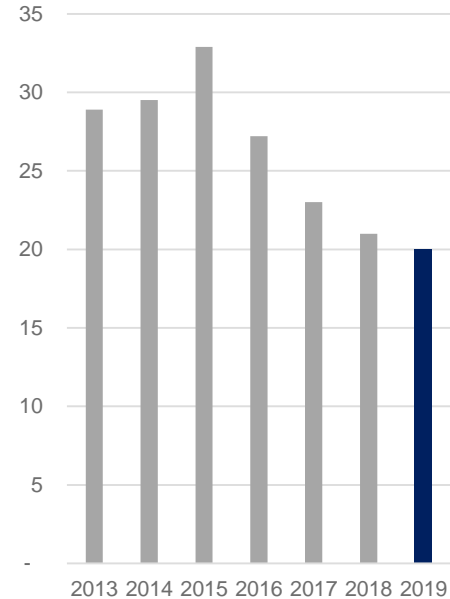
NOK million



\* EBITDA excl. hedge and gain from sale of assets

## Firm backlog

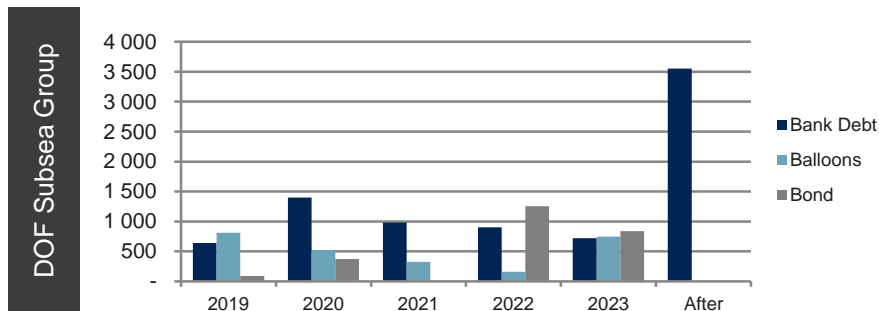
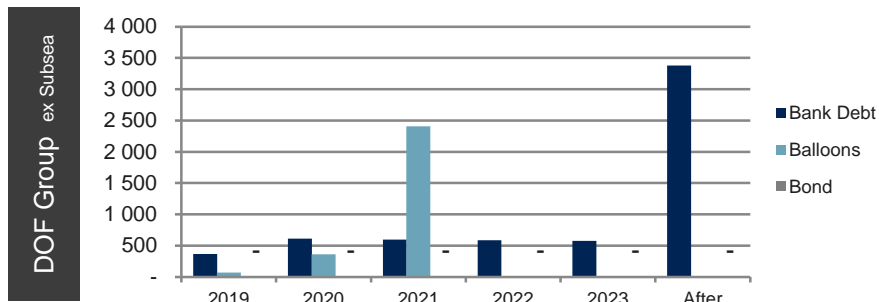
NOK billion



According to management reporting

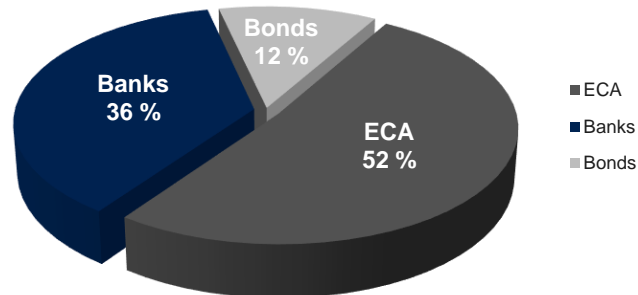
# Debt maturity profile

\* Excluding drawn revolving credit facilities of MNOK 650



According to management reporting

## Counterparty exposure DOF Group Q2 2019



ECA mainly represent exposure with BNDES/FMM, GIEK and Atradius

Bank balloons 2019:

DOF Subsea: ~ NOK 800 million

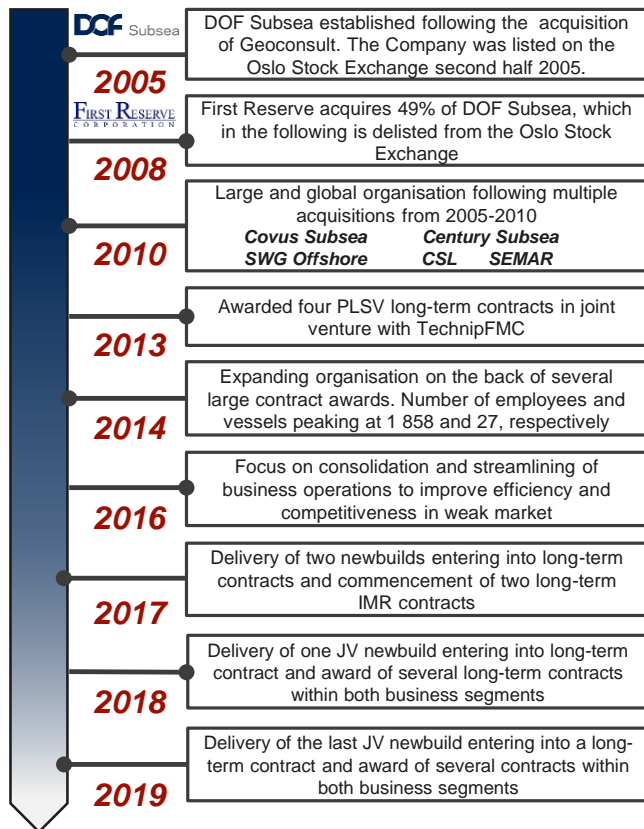
Norskan: ~ NOK 70 million

**Increased refinancing risk of the bank balloons**

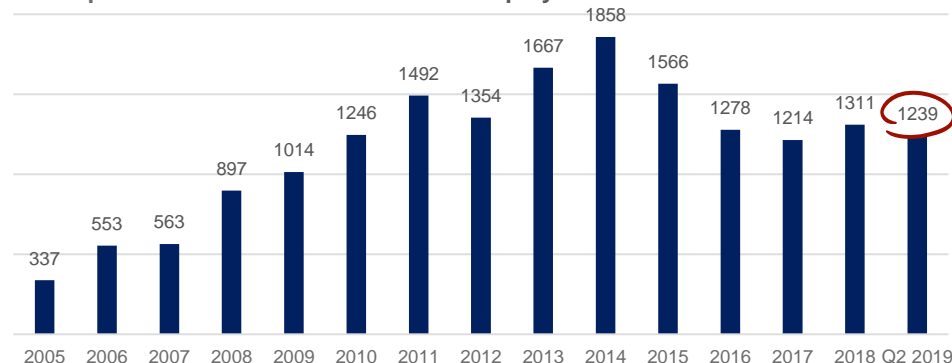




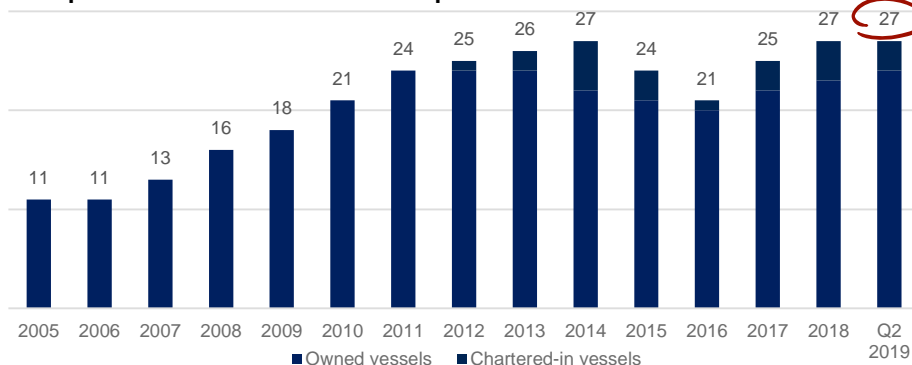
# More than a decade of structural growth and consolidation



Development in number of DOF Subsea Employees<sup>1)</sup>

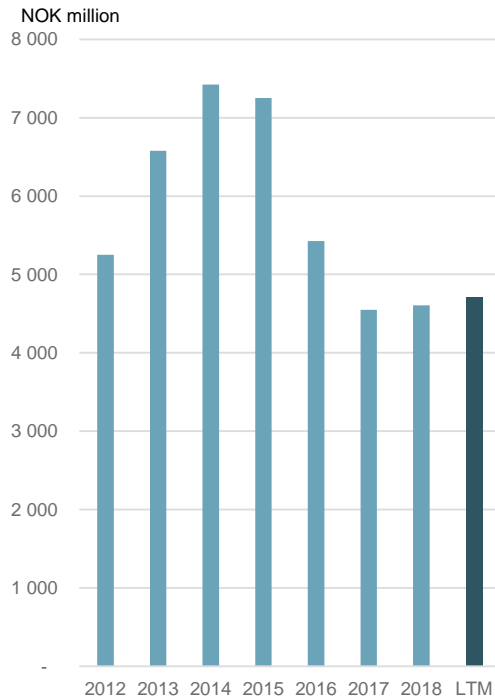


Development in number of vessels in operation<sup>2)</sup>

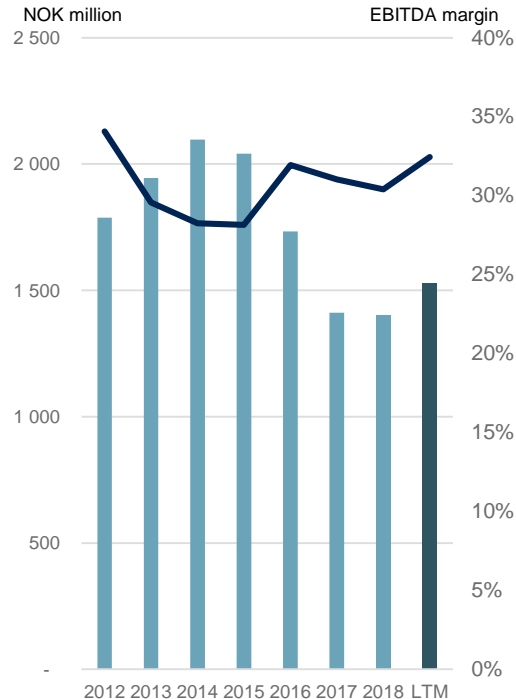


# DOF Subsea Key financials

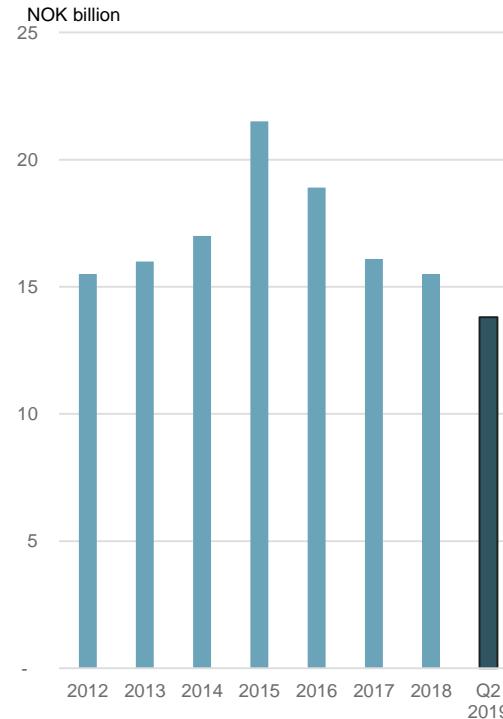
## Revenue



## EBITDA<sup>2)</sup>



## Firm backlog



# Two business segments

## DOF Subsea Group

### Subsea / IMR Projects

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

**Revenues Q2'19<sup>2)</sup>**  
NOK 776 million

**EBITDA Q2'19<sup>3)</sup>**  
NOK 79 million  
~10% margin

**Firm backlog<sup>4)</sup>**  
NOK 3.7bn



**1 239 Employees**  
Q2'19



**18 vessels in**  
**operation<sup>5)</sup> Q2'19**

### Long-term Chartering<sup>1)</sup>

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

**Revenues Q2'19<sup>2)</sup>**  
NOK 480 million

**EBITDA Q2'19<sup>3)</sup>**  
NOK 366 million  
~76% margin

**Firm backlog<sup>4)</sup>**  
NOK 10.1bn



**9 vessels in**  
**operation Q2'19**



**No newbuilds**

# Outlook

- Operational
  - ◉ Operational Ebitda 2<sup>nd</sup> half 2019 to be slightly better than 1<sup>st</sup> half 2019
  - ◉ Remaining backlog in 2019 of 75%
  - ◉ Signs of increased activity in certain regions, but still a general oversupply of vessels

## Financial

- ◉ Increased refinancing risk and continuing challenging markets for the Group
- ◉ The Board and Management are working on a long-term refinancing solution





Presented by  
Mons Aase - CEO  
Hilde Drønen - CFO

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