



Presentation of 3Q 2018 results

07 November 2018



SOLSTAD OFFSHORE

Company Status (reference to stock exchange release from 22 Oct 2018)

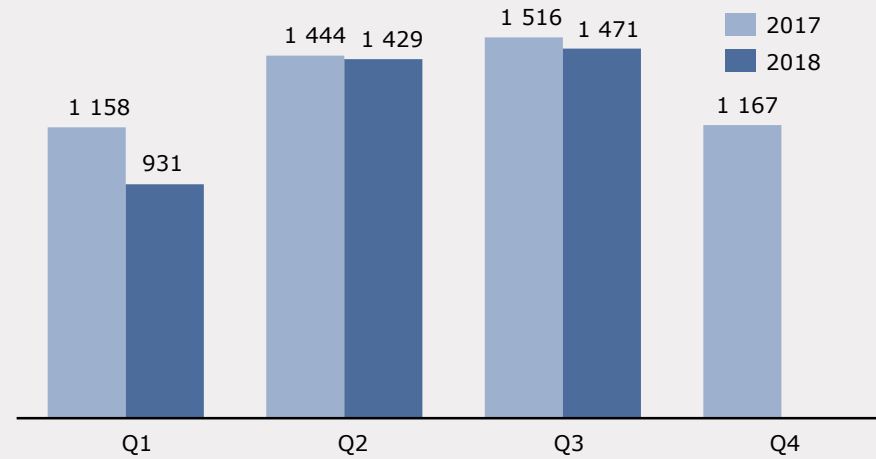
- The Company sees signs of improvement in most markets, but market recovery is slow and rate levels still not at sustainable levels
- Utilization and rates in Q2 and Q3 2018 below expectations has resulted in lower than expected liquidity buffer going into the seasonal North Sea winter slow-down
- The Company has initiated negotiations with financial creditors and other stakeholders to improve the overall liquidity situation and to create a robust long-term platform for the Company
- Initiating these negotiations will have no impact for operations, customers, employees or suppliers
- The Company has appointed financial and legal advisors
- In light of the current situation, the book values of the vessels and the equity is expected to be under pressure going forward

Quarter highlights

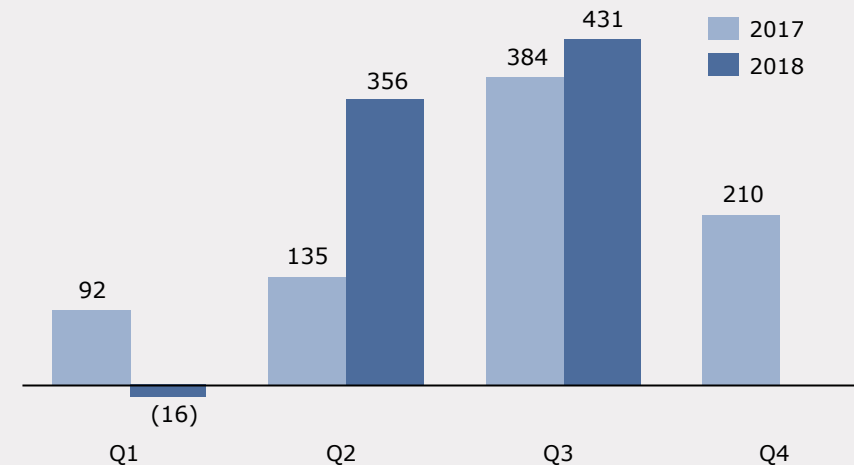
COMMENTS

- Revenues increased NOK 42m in Q3 2018 vs Q2 2018
- EBITDA adj. for operating lease increased by NOK 75m in Q3 2018 compared to Q2 2018
- Revenues reduced by NOK 45m in Q3 2018 compared to Q3 2017
- Cash balance reduced by NOK 41m in Q3 2018
- Daily opex per active vessel stabilizes on targeted levels
- Continued reduction of administration expenses
- Spot market in the North Sea has been slower than expected
- Increased tender activity in all segments. Mainly with commencement '19 onwards.

REVENUES PER QUARTER* (NOKm)



ADJ. EBITDA PER QUARTER** (NOKm)



*Total operating income includes contribution from JVs and excess/less values from freight contracts as a result of the merger with REM Offshore, Farstad Shipping and Deep Sea Supply

**Adjusted EBITDA = EBITDA less Operational lease + EBITDA JV (Normand Installer)

Q3'18 financials – Income Statement

P&L (NOKm)

<i>NOK million</i>	Q3'18	Q3'17	Q2'18
Total Operating Income	1 404	1 409	1 359
Vessel Operating Expenses	-935	-971	-951
G&A Expenses	-100	-155	-111
Operational Lease	-39	-38	-30
Total Operating Expenses	-1 074	-1 166	-1 091
Ordinary Depreciation	-351	-370	-354
Impairment	0	0	0
Net gain/loss on sale of vessels	0	-3	-62
Operating Result	-21	-130	-148
Gain from Business Combination	0	2	0
Joint Venture & Associated Companies	16	0	4
Total Other Items	16	2	4
Net agio	-29	303	-296
Other Financial Items	-413	-544	-339
Result Before Taxes	-447	-369	-780

COMMENTS

- Operating income in Q3'18 was MNOK 1,403 compared to MNOK 1,359 in Q2'18
- Operating expenses in Q3'18 of MNOK 1,073, of which MNOK 935 are ordinary vessel operating expenses
- Admin. expenses reduced to MNOK 99 compared to MNOK 111 in Q2'18
- Adj. EBITDA of MNOK 431 in Q3'18 vs MNOK 356 in Q2/18

Q3'18 financials – Balance Sheet

Balance Sheet (NOKm)

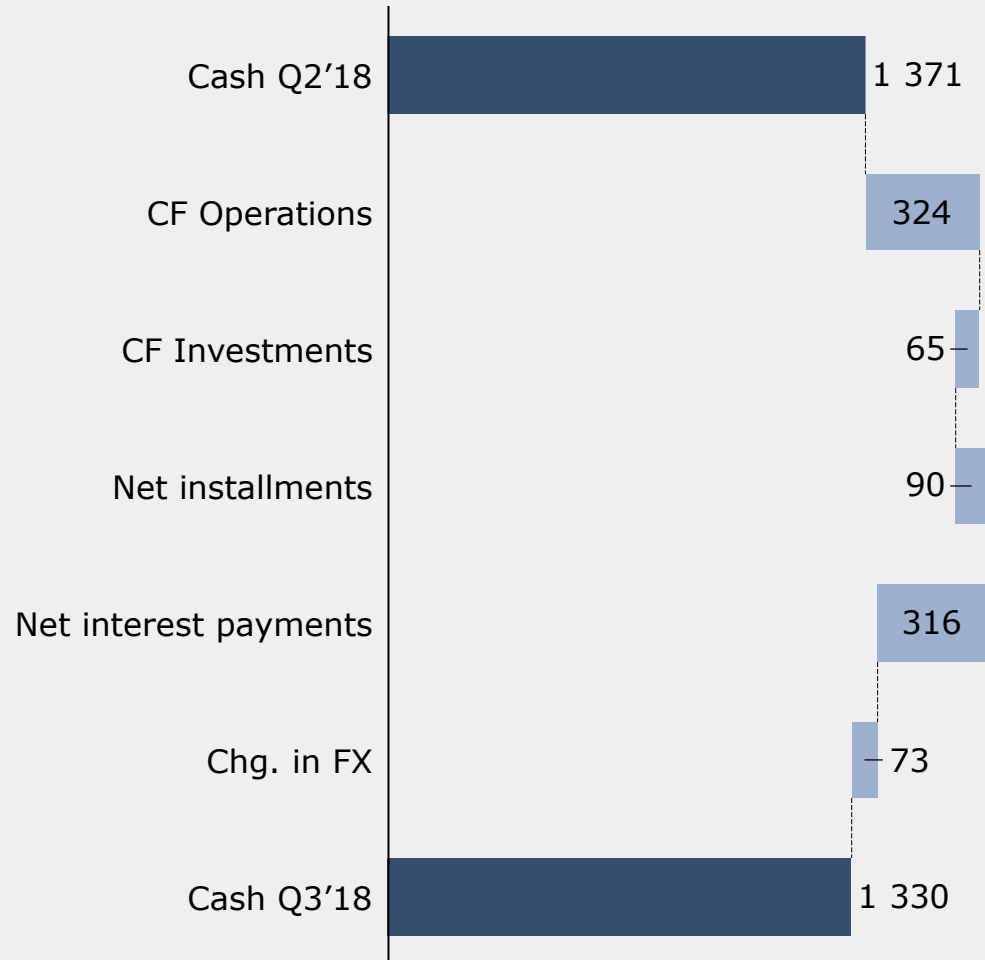
<i>NOK million</i>	30.09.2018	30.09.2017	30.06.2018
Total fixed assets	31 247	32 649	31 548
Current assets excl. Cash	1 772	1 986	1 862
Cash and cash equivalents	1 330	2 113	1 371
Assets held for sale	123	195	123
Total assets	34 472	36 943	34 903
Total Equity	3 326	6 082	3 763
Long term debt to credit institutions	20 828	28 182	16 728
Other long term debt	1 121	741	904
Current liabilities excl. short term debt	1 584	1 364	1 742
Current portion of long term debt	7 612	572	11 766
Total Equity and liabilities	34 472	36 943	34 903

COMMENTS

- Company's overall cash position reduced over the quarter by MNOK 41 to MNOK 1,330 from MNOK 1,371
- S13 secured debt reclassified to Long term following restructuring agreement

Q3'18 financials – Balance Sheet

Cash Flow Q2'18 – Q3'18 (NOKm)



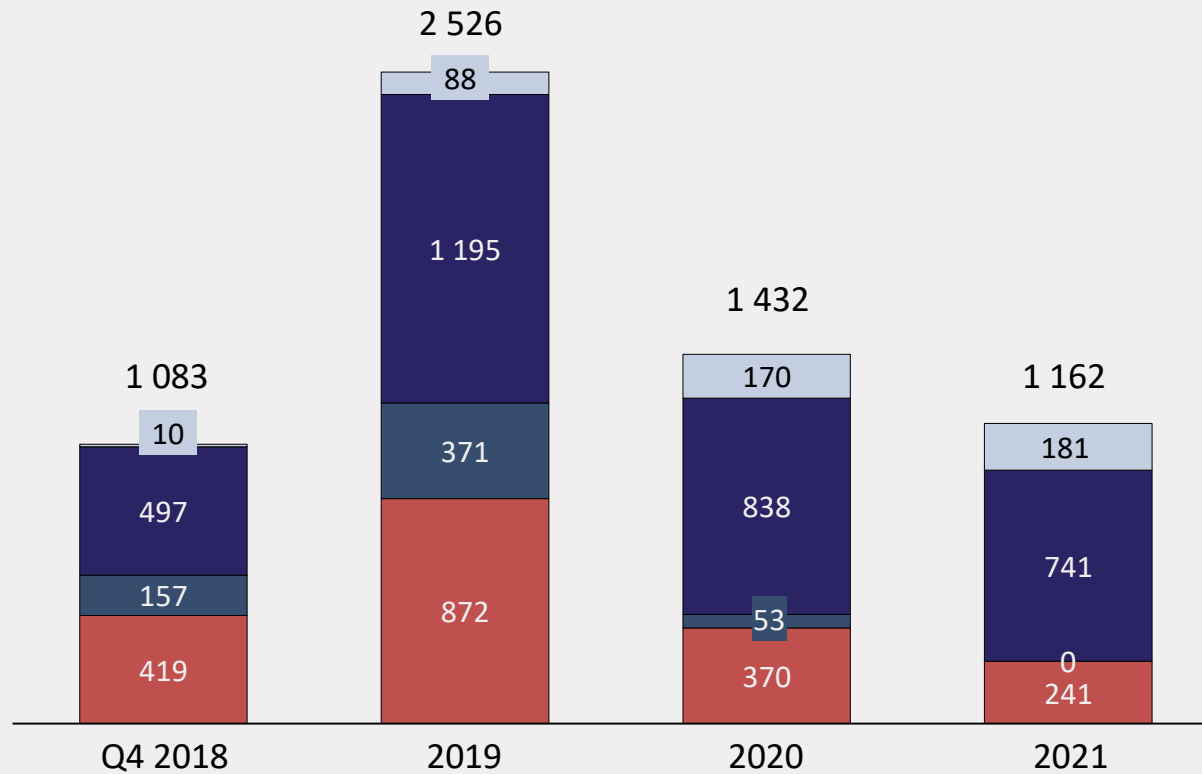
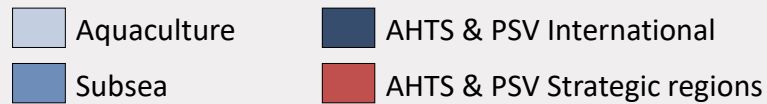
COMMENTS

- Company's overall cash position was reduced by MNOK 41 in the quarter
- Net cash flow from operations positive MNOK 324
- Net cash flow from investments totaled negative MNOK 65 (no impact of sale of assets in the quarter)
- Net interest payments and net installments were MNOK -316 and MNOK 90 respectively
- Net installments include drawdown of USD 27 mill in SI3 from Sterna Finance Ltd.

Backlog position as per October 2018

BACKLOG BY YEAR OF EXECUTION

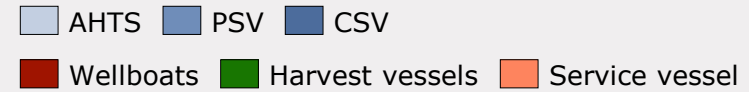
NOKbln.

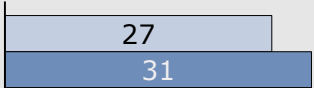
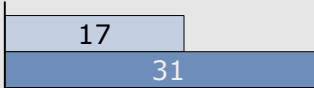

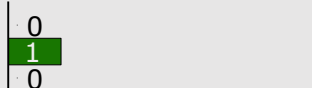
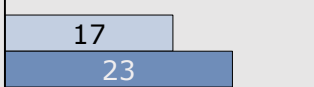
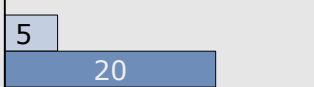
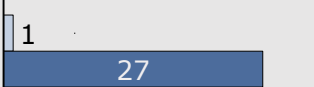
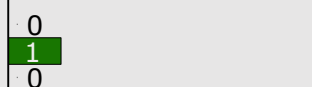
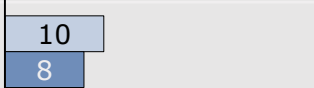

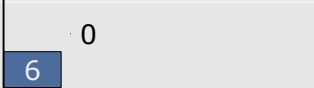
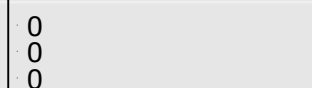
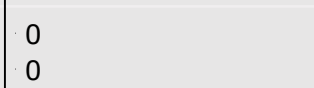
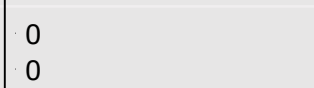
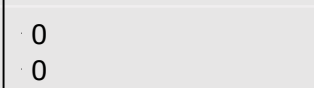
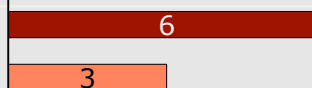


COMMENTS

- Total contract backlog of NOKbln. ~8.4 as per October 2018 (incl. 50% of JV backlog)
- NOKbln. ~1.1 in firm contract backlog Q4 2018
- Aquaculture has total backlog of NOKbln ~2.6 (of which 50% included in SolstadFarstad backlog)

Summary by segment



		AHTS & PSV STRATEGIC REGIONS	AHTS & PSV INTERNATIONAL	SUBSEA CONSTRUCTION & RENEWABLE ENERGY	DESS AQUACULTURE
FLEET STATUS	TOTAL # VESSELS				
	IN OPERATION				
	IN LAY-UP				
	NEWBUILDS				
SEGMENT OUTLOOK		<ul style="list-style-type: none"> <u>Norway</u>: Expect increasing activity, but supply side will keep pressure on rates <u>Brazil</u>: Stable activity. Expectations to higher demand beyond 2019 <u>Australia</u>: Stable activity expected short term. 	<ul style="list-style-type: none"> <u>UK</u>: Continued increasing activity, rates are slowly picking up, but from low levels. <u>South-East Asia, Africa, Med</u>: Increased activity will be positive for global demand/supply balance. 2019, too early ? 	<ul style="list-style-type: none"> <u>SURF</u>: Project awards will increase vessel demand from 2020 and beyond <u>IMR</u>: Positive trend for vessel demand likely to continue in -19 <u>Offshore wind</u>: Stable, high activity expected 	<ul style="list-style-type: none"> Second vessel to be delivered during 4q Actively bidding on new opportunities in a growing market