

A large red and white offshore supply ship is shown at sea during sunset. The ship has a white superstructure and a red hull. It is equipped with several large yellow cranes and other offshore equipment. The sun is low on the horizon, creating a bright orange glow and reflecting on the water. The sky is filled with dark, dramatic clouds. The ship's name "NORMAND MARINER" is visible on the side, along with the SAIPEM logo. The word "imca" is also visible on one of the cranes.

Solstad Offshore ASA

Presentation of 1Q 2017 – 10.5.2017

By CEO Lars Peder Solstad and Deputy CEO Sven Stakkestad



Agenda

- Financial – 1st quarter 2017 in-brief
- Market development
- Update on merger process Solstad Offshore – Farstad Shipping – Deep Sea Supply



1Q – IN BRIEF

Financial

- Net revenues 1Q NOK 567 million
- Adjusted EBITDA 1Q NOK 147 million
- Adjusted EBITDA margin 1Q 26%
- Solstad – Farstad – Deep Sea Supply merger (see separate slides)

Commercial & operational

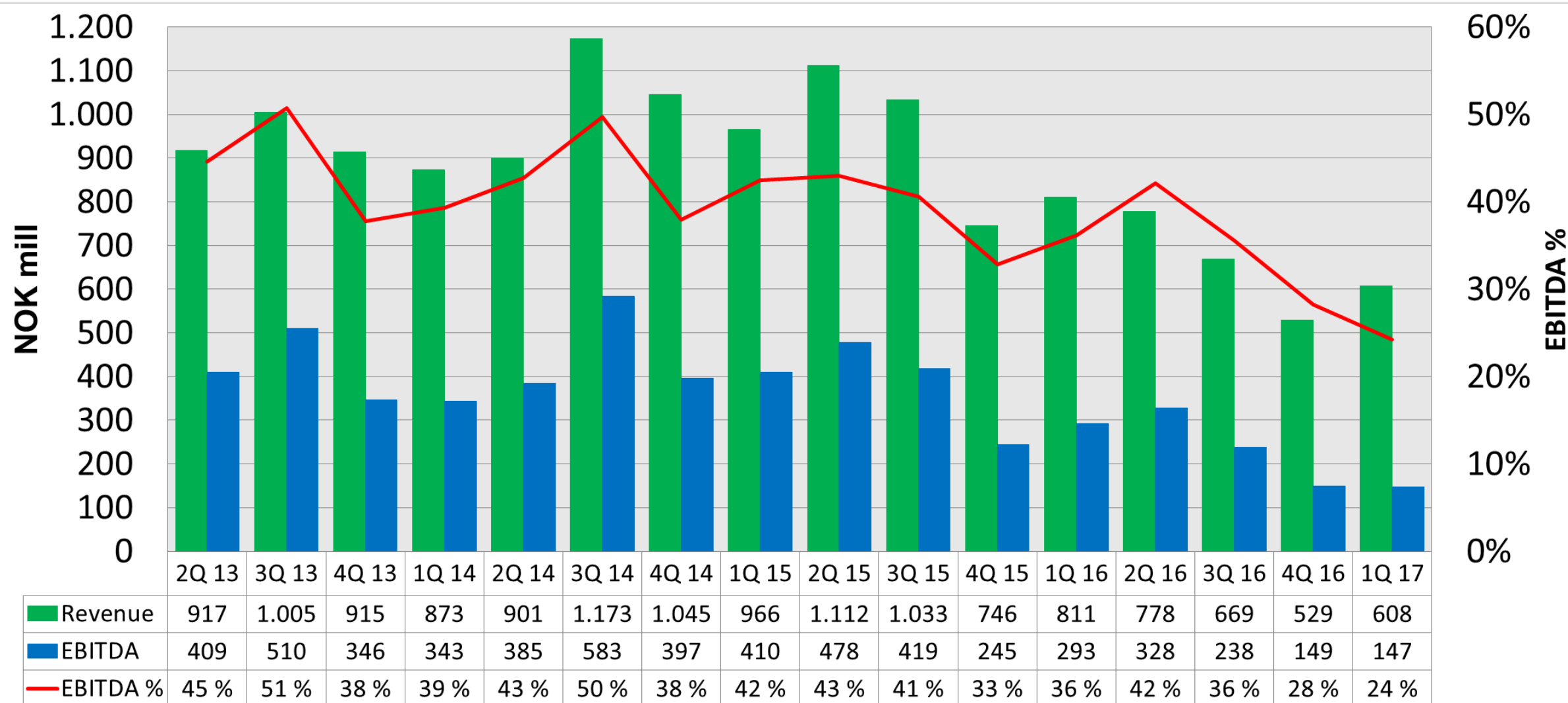
- Total backlog increased by NOK 700 mill since start of 2017
- Majority of revenue and EBITDA from CSV segment
- Improving revenue effects from Rem Offshore merger from 2Q onwards

Backlog

- Contract coverage for remainder of 2017 (incl. JV)
 - Firm coverage 2Q – 4Q: NOK 1.55 billion
 - Total firm contract backlog NOK 7.3 billion

OPERATING REVENUE AND EBITDA

(EX. GAIN / LOSS ON SALE OF ASSET / INCL. SHARE IN JV's)



Profit & loss accounts

(NOK million)	Q1 2017	Q1 2016	YTD 4Q 2016
Total operating income ⁽¹⁾	568	752	2.581
Operating expenses	-439	-500	-1.706
Ordinary depreciation	-162	-109	-477
Impairment			-1.199
Joint Venture & Associated Companies	11	21	62
Operating result	-22	164	-739
Net agio	14	304	291
Other financial items	-172	-93	-367
Result before taxes	-181	375	-815
EBITDA ⁽²⁾	147	293	1.008

(1) Including net gain on sale of assets, excluding share in JV's

(2) Excluding net gain of sale of assets, including share in JV's

Balance

(NOK million)	Q1 2017	Q1 2016	YTD 4Q 2016
Total fixed assets	18.989	13.954	19.317
Total current assets ⁽¹⁾	2.561	1.768	2.774
Assets held for sale	216		194
TOTAL ASSETS	21.765	15.722	22.285
Total equity	3.210	3.914	3.456
Total long-term debt	17.571	9.118	17.823
Total current liabilities ⁽²⁾	985	2.690	1.006
TOTAL EQUITY AND LIABILITIES	21.765	15.722	22.285
(1) Hereof free cash	1.403	645	1.750
(2) Hereof current portion of long term debt	354	1.901	331
Booked equity per share	36	101	39

Market development

■ Tenders and awards

- Significantly more activity compared with 1 year ago
- PSV - Oilcompanies renewing their term fleet
 - well by well
- CSV - projects, long- and short term
 - renewables
- AHTS – low activity in term market, but several project opportunities for the largest vessels

■ Competitive market

- High competition
- Pressure on dayrates



Contract updates

- «N.Server» – ConocoPhillips, 4 years 8 months
- «N.Supporter» – ConocoPhillips, 4 years 8 months
- «N.Oceanic» - Typhoon Offshore, 3 years
- «N.Poseidon» – Allseas, 3 years
- «N.Jarl» – Dong Energy, abt. 2 years
- «N.TBN» – Dong Energy, abt 1 year
- «N.Cutter» – Saipem, 4 year Frame Agreement

- Early redelivery of «Nor Valiant»
- LOI for DLB did not materialize

Several 3-6 month contracts within all vessel segments



Merger with Deep Sea Supply and Farstad Shipping

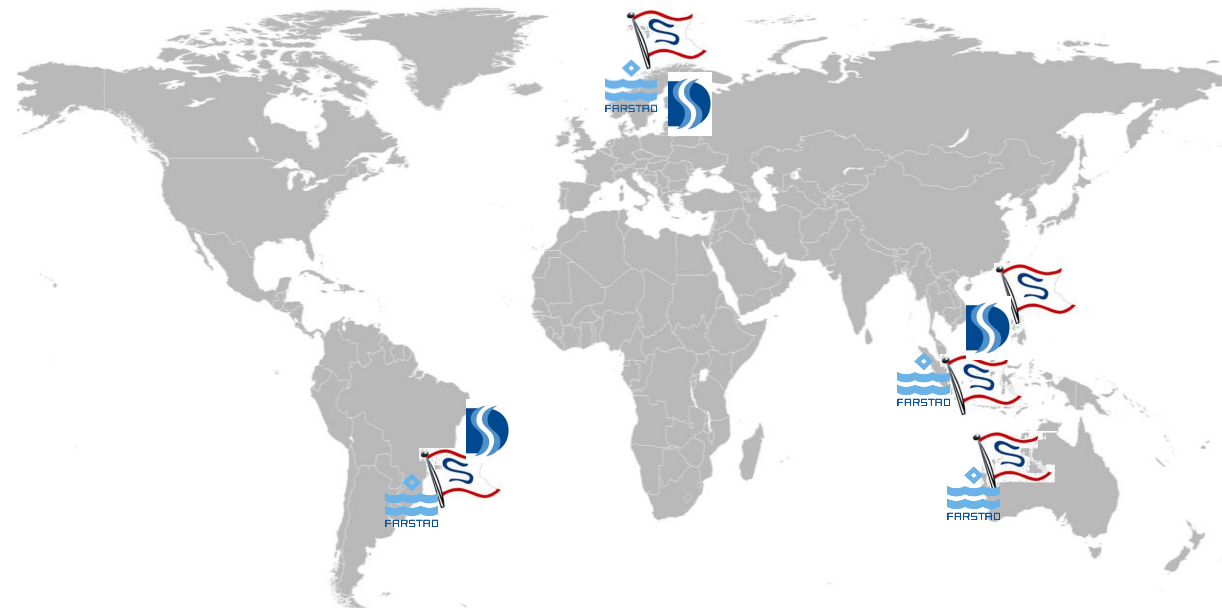
MERGER CHECKLIST

- ☒ **7 February:** Signed restructuring agreement to refinance Farstad Shipping and subsequent merger with Solstad Offshore and Deep Sea Supply
- ☒ **28 February, 3 March :** Restructuring approved by Farstad Shipping's senior lenders and bondholders
- ☒ **24 March:** Merger plan approved by Board of Directors of Farstad Shipping, Solstad Offshore and Deep Sea Supply
- ☒ **25 April::** Merger approved by extraordinary general meetings
- ☒ **25 April::** All required regulatory approvals achieved
- ☒ **9 May::** Information memorandum published
- ☐ **7/8 June:** Lapse of creditor notice period

On track to complete merger by on or around June 9th

Creating the leading high end OSV company through merger of Farstad Shipping and Deep Sea Supply with Solstad Offshore

LOCATION OVERVIEW



KEY FACTS

- Employees: > 3000 world wide
- Operating vessels in all key offshore regions
- Offices in most key subsea hubs

ESTIMATED KEY FINANCIALS

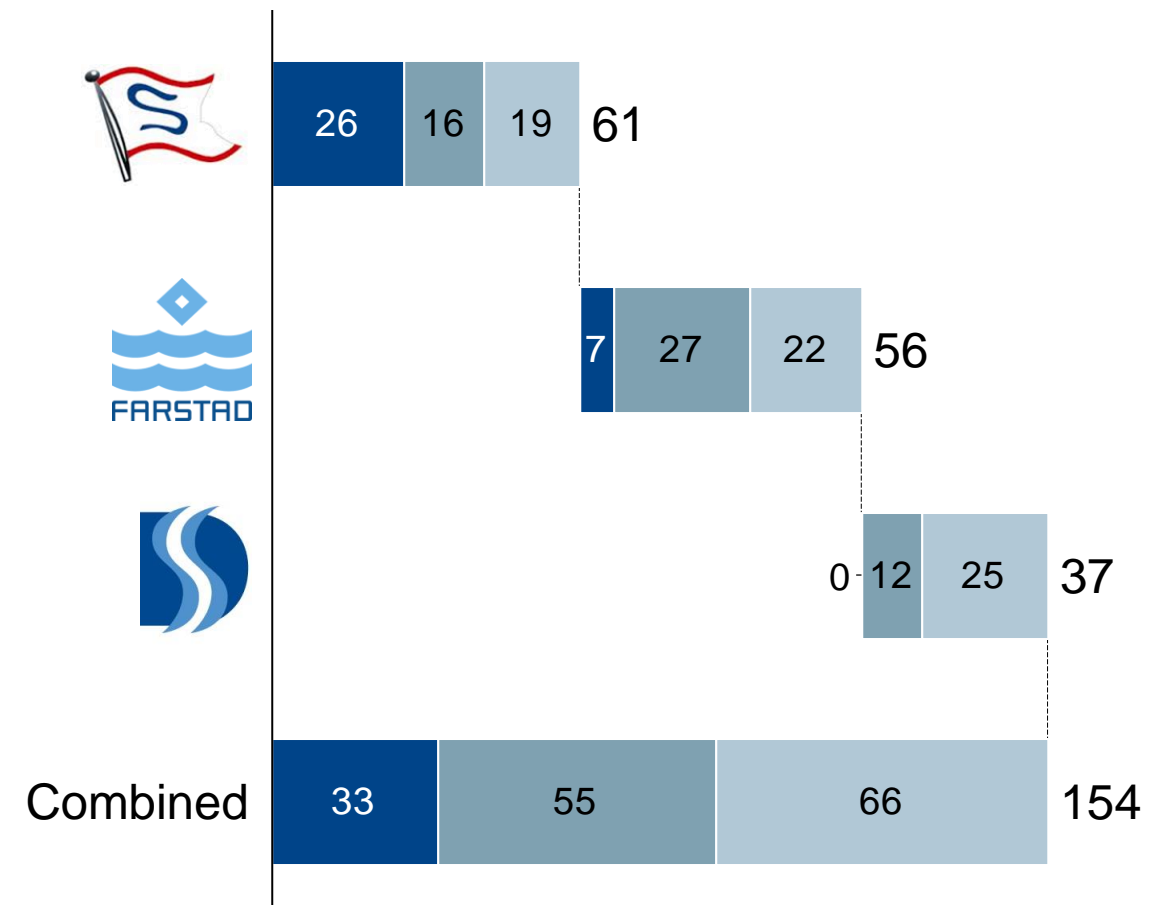
- 2016 revenues: NOK 6.2 bln
- 2016 EBITDA: NOK 1.7 bln
- 2016 YE Cash position: NOK 3 bln
- 2016 YE Gross interest bearing debt: NOK 32 bln¹

¹ Excluding Solstad share of JVs but including Ship Finance sale leaseback

SOURCE: Broker reports; Aker analysis

FLEET OVERVIEW

■ CSV ■ AHTS ■ PSV



- Number three globally in number of vessels. Clearly number 1 within CSV, AHTS and PSV
- Complementary strengths
 - Deep Sea Supply's cost leading PSV operating model
 - Solstad's world leading subsea operation
 - Farstad's AHTS experience

Strong fundamentals underlying transaction

DESCRIPTION

COMPLEMENTARY STRENGTHS

- Highly complementary combination
 - DESSC's cost leading PSV operating model
 - Solstad's world leading subsea operation
 - Farstad's AHTS experience

COST

- Onshore SG&A cost
- Reduced opex through tailoring operating model to each segment
- Total NOKm 400-650 towards 2016 cost base

REVENUES

- Efficient deployment of fleet across geographies and segments to increase utilization
- Fleet rationalization based on common principles across group

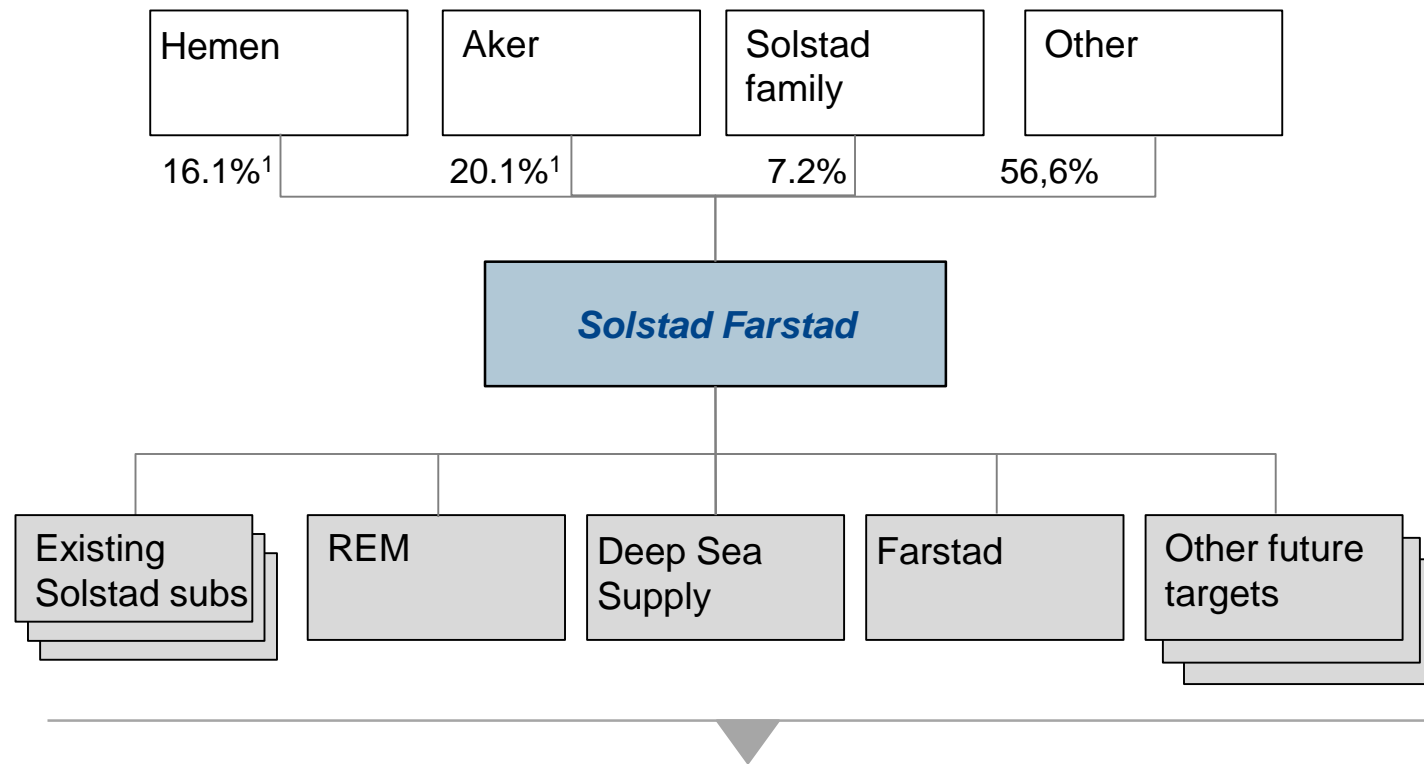
VEHICLE FOR FURTHER CONSOLIDATION

- Scalable operating model allowing to add vessels/fleet swiftly and efficiently
- Corporate and financial structure set up to accommodate further transactions



Transaction structure designed to limit process risk and create an efficient and shareholder friendly structure

CORPORATE STRUCTURE



Run as one company - work to simplify corporate and financial structure over time

HIGHLIGHTS

- Farstad restructured through combination of debt conversion and new equity fully funded by Hemen/Aker
- Farstad and Deep Sea Supply merged with Solstad using statutory triangular mergers
- Key bank terms (amortization and covenants) across all three companies
- Significant strengthening and diversification of shareholder base

KEY BENEFITS

- Creates top structure that is largely non-recourse
- Highly liquid share for investors on Oslo Børs – no controlling shareholder

Value proposition

- **Long history and solid track record in OSV market**
 - Three companies with strong heritage
 - Leading company in global high end OSV industry
- **Successful refinancing, strong industrial partners**
 - Secured solution through 2021 with creditors for all companies
 - Hemen and Aker contribute significant capital and support the company industrially
- **Leading operator**
 - World leading operational capabilities in PSV, AHTS and CSV
 - Ambition to create lean organization with strong commercial, operational and technical capabilities
- **Well positioned**
 - Open to participate in industry restructuring
 - Well positioned for market recovery

