

Presentation of 2Q 2017

31 August 2017



SOLSTAD FARSTAD



CEO Lars Peder Solstad
CFO Anders Hall Jomaas

Agenda



Financial Information



Operational review and
Integration Process



Strategy

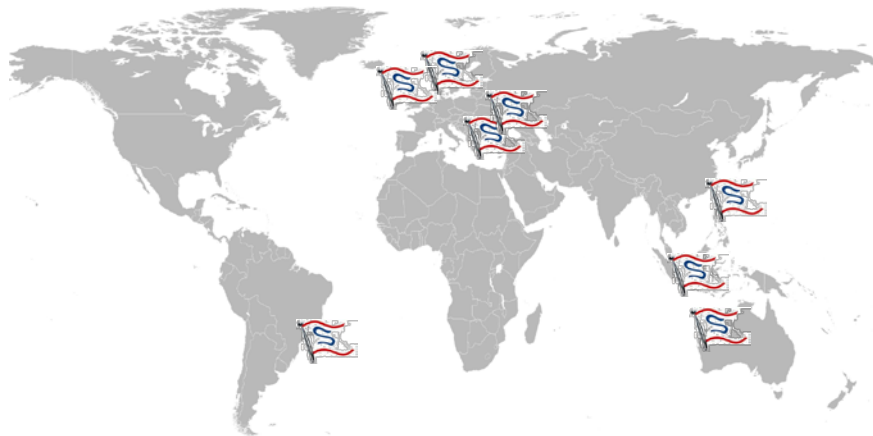



SOLSTAD FARSTAD



Creating the leading high-end OSV company

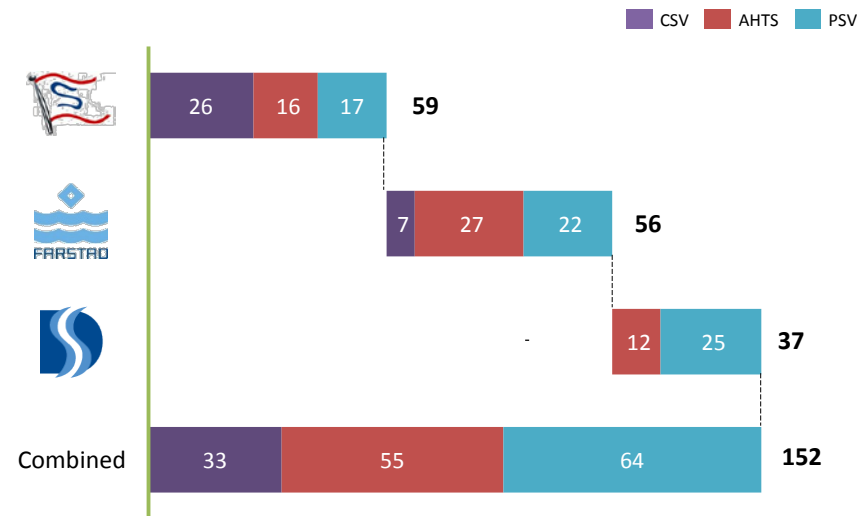
LOCATION OVERVIEW



KEY FACTS

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

FLEET OVERVIEW



- World leading within CSV, AHTS and PSV.
- Five vessels under construction for DESS Aquaculture Shipping

Key Financial Information



From 22 June 2017 onwards Solstad Farstad ASA is a combination of these companies;

- Solstad Offshore ASA
- Rem Offshore ASA
- Farstad Shipping ASA
- Deep Sea Supply Plc

2Q 2017 P&L includes Solstad only

- Period from 22 June until end of quarter considered to be immaterial, hence not included in P&L
- 3Q 2017 onwards all four companies will be included in the financial reporting of SolstadFarstad

2Q 2017 Balance sheet represents 100% of the merged company

- Full balance sheet of all four companies included the balance sheet per 30 June 2017

Gain of NOK 1 540 mill resulting from the business combination booked in 2Q 2017

- Purchase price allocation resulted in a gain of NOK 1 540 mill from the merger transaction
- Includes impairment of book values of Farstad Shipping ASA and Deep Sea Supply of approx NOK 1 500 mill



Income Statement Q2 2017

(NOK million)

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	YTD 4Q 2016
Total operating income	711	719	1 279	1 471	2 581
Vessel operating expenses	-465	-379	-842	-826	-1 483
G&A expenses	-63	-48	-126	-101	-223
Operating expenses	-528	-427	-968	-927	-1 706
Ordinary depreciation	-161	-113	-323	-222	-477
Gain from business combination	1 540				
Joint Venture & Associated Companies	-107	16	-95	37	62
Operating result	1 456	95	1 433	258	-739
Net agio	76	-9	90	296	291
Other financial items	-168	88	-340	-5	-367
Result before taxes	1 363	174	1 183	549	-815
EBITDA	202	328	350	621	1 008

- OPEX per active vessel reduced, but total OPEX increased compared to Q2 16 due to REM aquisition
- Purchase price allocation resulted in a gain of NOK 1 540 mill from the merger transaction
- Loss of NOK 107 mill in Joint Venture is related to impairment of book value of asset

Balance Sheet

<i>(NOK million)</i>	Q2 2017	Q2 2016	YTD 4Q 2016
Total fixed assets	34 093	13 922	19 317
Total current assets ⁽¹⁾	4 729	1 599	2 774
Assets held for sale	574		194
TOTAL ASSETS	39 396	15 521	22 285
Total equity	6 591	4 105	3 456
Total long-term debt	30 468	8 691	17 823
Total current liabilities ⁽²⁾	2 338	2 725	1 006
TOTAL EQUITY AND LIABILITIES	39 396	15 521	22 285
 (1) Hereof free cash	 2 420	 426	 1 750
(2) Hereof current portion of long term debt	769	1 874	331

- Assets held for sale relates to vessels sold and delivered new owners in July 17. Sale gave net positive cash effect of NOK 50 mill and a reduction in long term debt of NOK 574 mill recorded in Q3 17.
- Includes impairment of book values of Farstad Shipping ASA and Deep Sea Supply of approx NOK 1 500 mill

Cash Flow Statement

(NOK mill)

	YTD Q2 2017	YTD Q2 2016	YTD 4Q 2016
Net cash flow from operations	280	546	1 209
Vessel investments	-91	-145	-3 022
Other investments	14	10	2 882
Cash from merger	935		773
Net cash flow from investments	858	-135	633
Equity transactions	200	-3	302
Installments / new debt	-257	-758	-837
Interests	-403	-218	-562
Net cash flow from financing	-460	-979	-1 097
Net change in cash and cash equivalents	678	-568	746
Cash and cash equivalents at start	1 750	1 025	1 025
Cash and cash equivalents at end	2 420	426	1 750

- Cash balance end Q2 17 is the consolidated cash position of the SolstadFarstad Group
- Cash position per 30 August 17 is approx. NOK 2 400 mill.
- During July and August the company has paid NOK 242 mill in interest and installments

Income Statement – Incl 100% DESS & FAR

<i>(NOK million)</i>	SOFF Q2 17	DESS Q2 17	FAR Q2 17	GROUP Q2 17
Total operating income	711	99	633	1 444
Vessel operating expenses	-465	-98	-551	-1 114
G&A expenses	-63	-23	-127	-214
Operating expenses	-528	-122	-678	-1 328
Ordinary depreciation	-161	-93	-184	-438
Gain from business combination	1 540			1 540
Joint Venture & Associated Companies	-107	-1		-108
Operating result	1 456	-117	-228	1 110
Net agio	76	3	22	102
Other financial items	-168	-69	-79	-317
Result before taxes	1 363	-184	-285	895
EBITDA	202	-22	-32	148

- G&A expenses includes approx. NOK 70 mill in one-offs related to refinancing and merger

Financing

Successful refinancing of the SolstadFarstad Group completed

- Main terms aligned with the Farstad restructuring which was completed in March 2017
- Maturities of loan agreements extended until 2021
- Installments reduced to 10% of original installments until 2021
- Financial covenants adjusted and/or waived

Close relationship and strong support from banks



Financial structure of Solstad Farstad ASA

- Each of REM, Farstad and DESS financed non-recourse to Solstad Farstad ASA
- No cross guarantees given

Financial risk isolated to each subsidiary

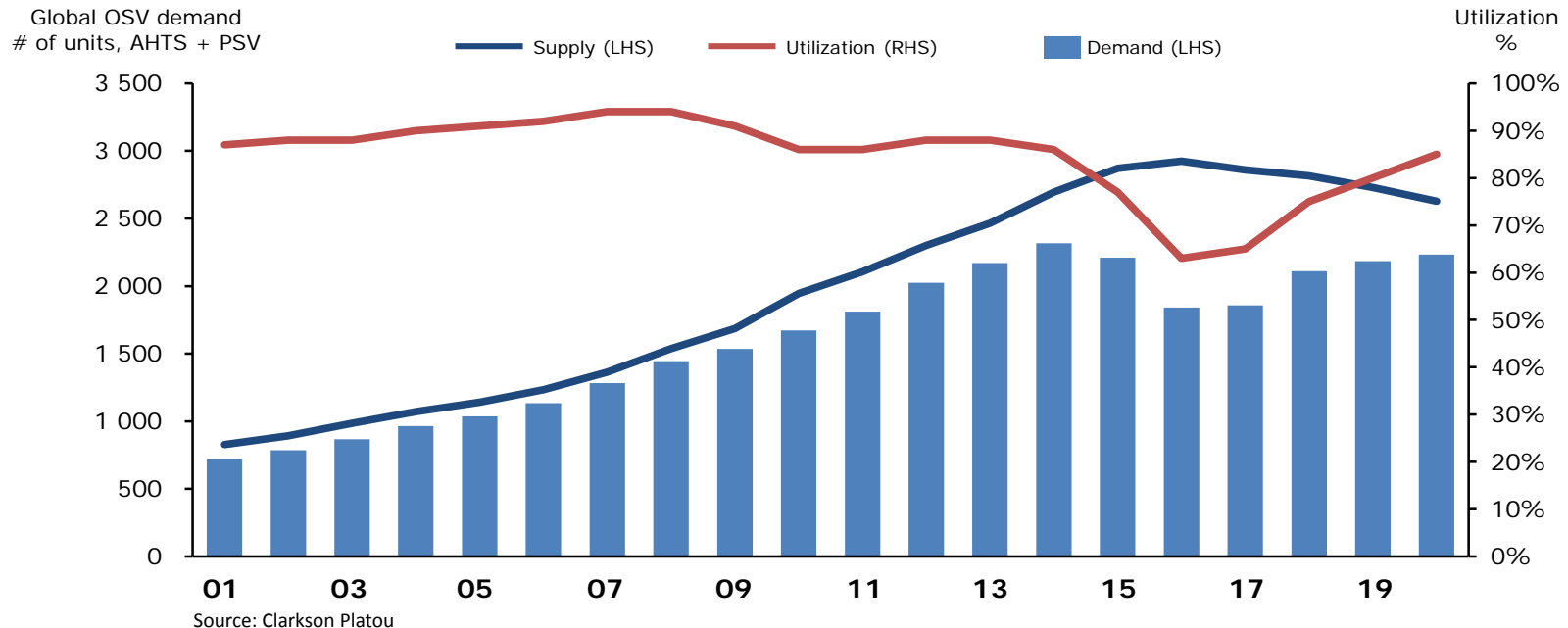
Equity raised during merger process

- In total NOK 650 mill of equity raised in Farstad in March 2017
- NOK 200 mill of equity raised in DESS in June 2017



Strategy assumes return to mid cycle by 2020 - use downturn to optimize operating model and strengthen company

Highlevel Market Assumptions



OSV DEMAND

- Stable oil price in combination with reduced cost expected to gradually increase offshore spending
- Renewable Energy demand expected to continue to increase

OSV SUPPLY

- Orders: No new orders until 2020
- Orderbook: 60% delivers, actual delivery rates have been lower in 2014-2016
- Many stacked vessels expected to not return to the market

Creating the world's leading OSV company



Largest high-end OSV company globally

SUBSEA & RENEWABLE ENERGY

- Maintain operational edge
- Protect position with key customers
- Continue to expand renewable energy footprint

AHTS/PSV

- Maintain strong position in NCS, AUS and Brazil
- Leverage on DESS model in other markets

AQUACULTURE

- Transfer industrialized build-own-operate model to aquaculture
- Build market leader

USE MARKET DOWNTURN PROACTIVELY

EXPLOIT UPTURN

Integrate four organizations and create one common culture

Develop operating model tailored for segment requirements

Maintain lean onshore organization

Further develop front-end presence in key deepwater hubs

SolstadFarstad Segments

AHTS & PSV Strategic Regions

Head of Segment: Kenneth Lande

Main Area of operations: Brazil, Australia and Norway

- The company will continue to build on the strong market position in the three markets through efficient operations, local organisation and dedicated capacity allocation.

	Total No. Vessels	In Operations	In Lay-up	Under Construction
AHTS	33	25	8	0
PSV	22	18	4	0



AHTS & PSV International

Head of Segment: Jon Are Gummedal

Main Area of operations: Asia, Med, UK & Africa

- The company will continue to build on its strong position in UK through capacity allocation and strong local presence.
- The company will increase its presence in the African, Asian and Mediterranean markets through providing quality capacity at highly competitive cost

	Total No. Vessels	In Operations	In Lay-up	Under Construction
AHTS	21	4	17	0
PSV	42	22	20	0



SolstadFarstad Segments

Subsea Construction & Renewable Energy

Head of Segment: Hans Knut Skår Jr.

Main Area of operations: Worldwide

- The company will maintain its position as the world leading operator of subsea vessels through providing quality tonnage and efficient operations
- Continue to develop and expand the position within the growing Renewable Energy segment

	Total No. Vessels	In Operations	In Lay-up	Under Construction
Subsea	32	27	5	0



DESS Aquaculture

Head of Segment: Jon Are Gummedal

Main Area of operations: Norway, UK & Canada

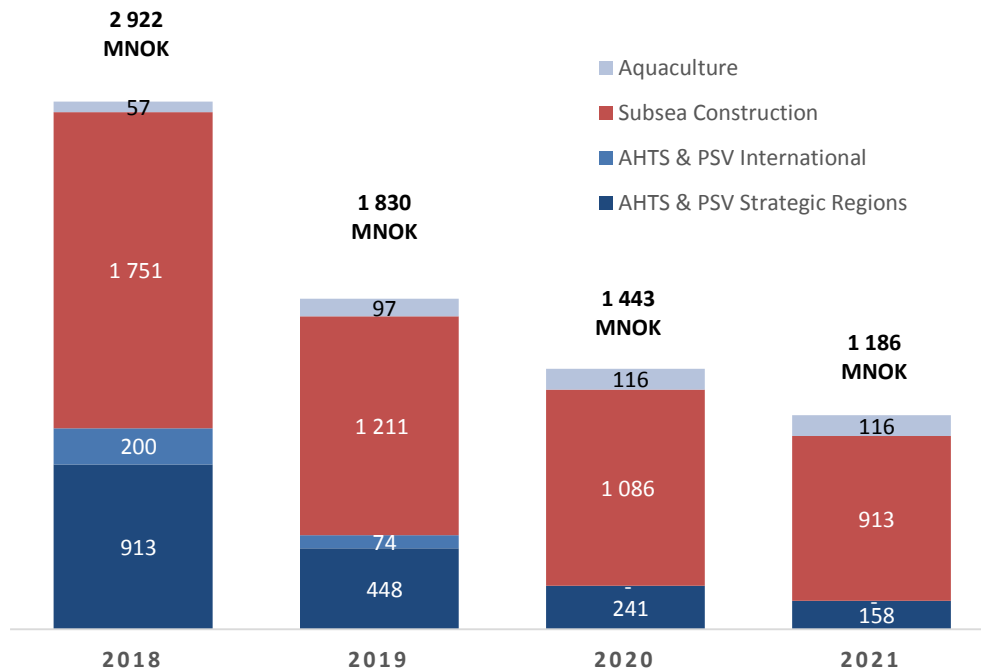
- Build DESS Aquaculture Shipping into the market leading provider of tonnage to the Aquaculture industry
- DESS Aqua to be financed non-recourse to SolstadFarstad ASA
- Required equity financed by subordinated loan with company associated with Hemen Holding

	Total No. Vessels	In Operations	In Lay-up	Under Construction
Wellboats	0	0	0	4
Harvest Vessels	0	0	0	1



Contract Backlog

Firm Contract Backlog (in MNOK) (JV incl 50%)



- Total contract backlog of approx. 10 500 MNOK as per August 2017 (incl 50% of JV backlog)
- Total firm contract value for 2H 2017 of approx. 2 100 MNOK
- Approx. 2 900 MNOK in firm contract backlog in 2018

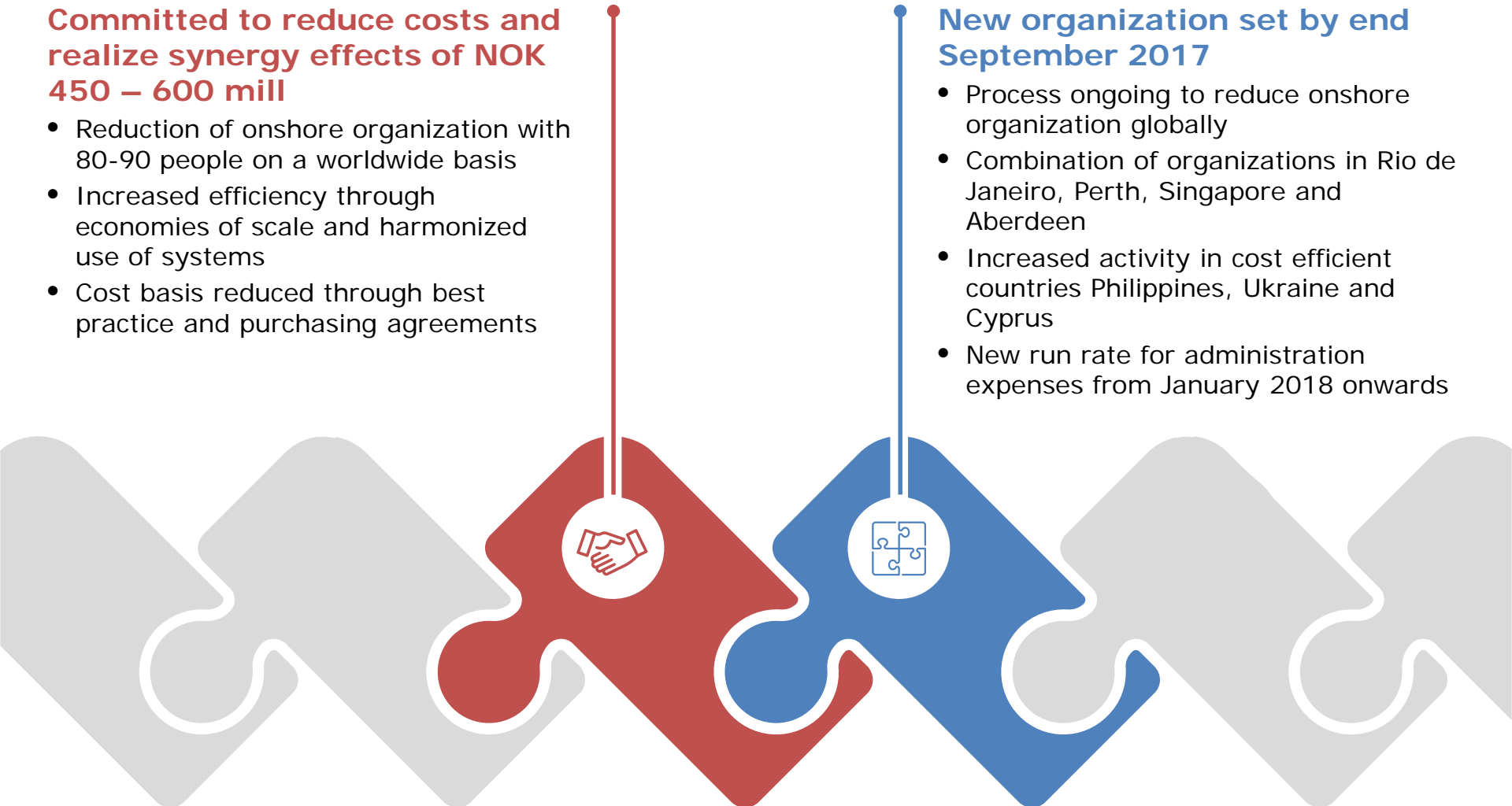
Integration Process

Committed to reduce costs and realize synergy effects of NOK 450 – 600 mill

- Reduction of onshore organization with 80-90 people on a worldwide basis
- Increased efficiency through economies of scale and harmonized use of systems
- Cost basis reduced through best practice and purchasing agreements

New organization set by end September 2017

- Process ongoing to reduce onshore organization globally
- Combination of organizations in Rio de Janeiro, Perth, Singapore and Aberdeen
- Increased activity in cost efficient countries Philippines, Ukraine and Cyprus
- New run rate for administration expenses from January 2018 onwards



Operations



- Daily operations not effected by merger and integration
- Limited operational interruption in the period
- Good HSE results
- Approx. 35 new term charter agreements (from 100 days to 5 years duration) signed year to date 2017

Commercial Update

- Experienced an uptick in the North Sea spot market in Q3 17
- Bidding activity so far 2017 significantly improved from 2016
- Term rates expected to remain low until meaningful improvement in utilization
- Improved commercial flexibility through size and diversified fleet
- Continue to explore divestment of older tonnage

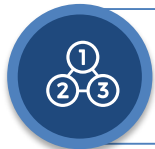
Key Investor Highlights



World's largest high end OSV company with global operations



Lean operating model exploiting high operational leverage



Restructuring secures runway and financial flexibility



Creating shareholder value through size and share liquidity



Strong commitment from main shareholders Hemen Holding and Aker ASA



Open to contribute to further consolidation of OSV space