

# 3Q 2022 Presentation

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SOLSTAD OFFSHORE





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# Financial highlights

1	Revenue	MNOK 1,861 <i>(MNOK 1,500)</i>	MNOK 7,600 backlog <i>(MNOK 5,000)</i>
2	EBITDA adj.	MNOK 721 <i>(MNOK 500)</i>	39% EBITDA margin <i>(33%)</i>
3	EBIT	MNOK 801 <i>(MNOK 152)</i>	43% EBIT margin <i>(10%)</i>
4	Assets	MNOK 21,538 fixed assets <i>(MNOK 21,360)</i>	MNOK 2,158 cash <i>(MNOK 2,343)</i>
5	Equity & Liabilities	MNOK 21,904 NIBD <i>(MNOK 19,440)</i>	MNOK 953 equity <i>(MNOK 3,414)</i>

# Business update: *Record high revenue and EBITDA*

- 1 Strong quarter with high utilization and improved commercial terms across all geographical regions and vessel segments.
- 2 Highest quarterly EBITDA adjusted (MNOK 721) result in the company's history. Driven by improved day rates for vessel and sales of additional services to clients. 28% of the EBITDA is generated from Renewable Energy activities.
- 3 80 vessels were operational in 3Q 2022, with an average utilization of 92% (89%). Sold the PSVs Normand Aurora and Normand Sira in the quarter.
- 4 Solstad booked approximately MNOK 2,300 of new backlog in 3Q 2022, which is the sixth consecutive quarter with book-to-bill > 1.
- 5 Global inflation and supply chain bottlenecks put pressure on cost

## Market update: *Positive market outlook for offshore energy*

- 1 High energy prices, energy security and energy transition drives the demand for offshore services. Within Oil & Gas and Offshore Wind.
- 2 Tender activity remains at a high level in all main geographical regions, and there are increased willingness from Clients to make longer commitments.
- 3 Supply/demand balance continue to improve, and it is unlikely that significant additional capacity will be added to the market in short term.
- 4 The market will still have seasonal activity variations, but client-announced investment plans and backlog indicate a high offshore activity going forward.

## New orders in 3Q: *Some examples*



*New contract for CSVs*

- The client has exercised all options under the existing contract for CSV Normand Energy and in addition awarded a new contract bringing the overall contract period to 570 days and keeping the vessel utilized to 2Q 2024.
- The CSV Normand Mermaid has entered into a new contract in direct continuation of present contract, with the same Client, keeping the vessel fully utilized to 2Q 2025, with one optional year thereafter.



*Contract awards for PSVs*

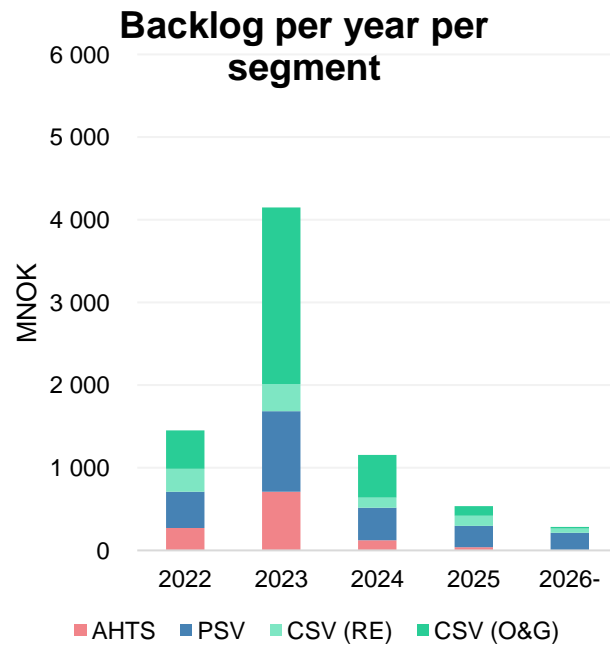
- PSV Normand Swan has been awarded a term contract in Australia from a major energy company for a period of 2 years firm. Additional options are also available to the client following the firm period. Commencement of the contract was September 2022



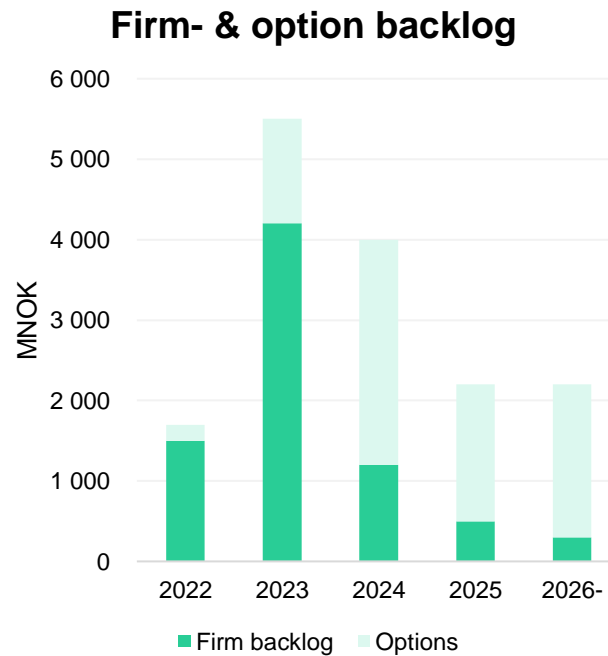
*AHTS contracts*

- Equinor has extended the Normand Ferking contract with one year. The vessel has been on contract with Equinor since 2007 and will continue to support their activities on the Norwegian Continental Shelf.
- AHTS Normand Topazio has been fixed to Enauta Energia S.A in Brazil for 300 days firm plus 220 days of options. The vessel will support Enauta's drilling and production activities at the "Atlanta Field" in the Santos Basin.

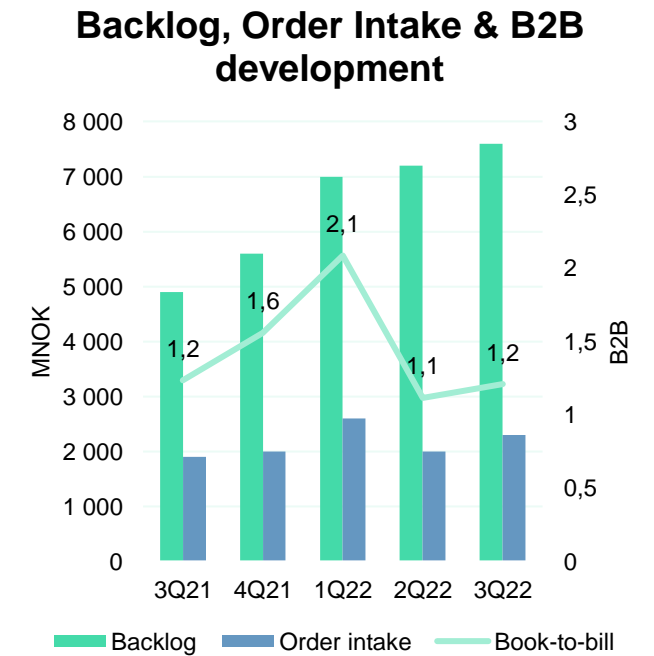
# Backlog: ~x1.2 Book-to-Bill in 3Q 2022



**MNOK 7,600 in firm backlog per 3Q22.**



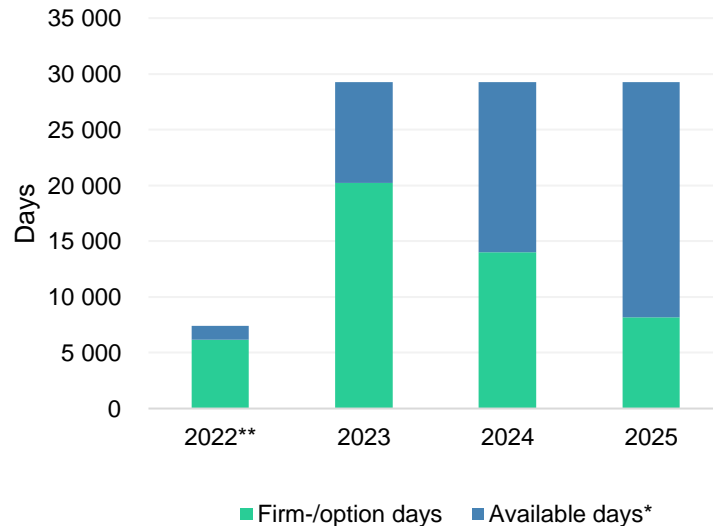
**Combined firm and option backlog of approx. MNOK 15,500 per 3Q22.**



**Sixth consecutive quarter with B2B above 1x as backlog increases in combination with increased income.**

# Considerable earnings potential on top of present backlog

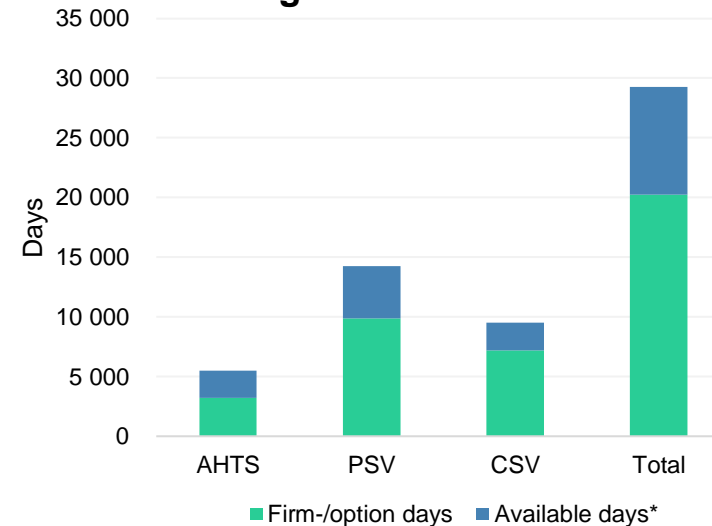
Firm-/option days per year



\*operational vessels.  
\*\*2022 is 4Q per 30.09.21.

**Considerable backlog secured for the coming years, but with still high additional earnings potential.**

Firm-/option days per year per segment - 2023



\*operational vessels

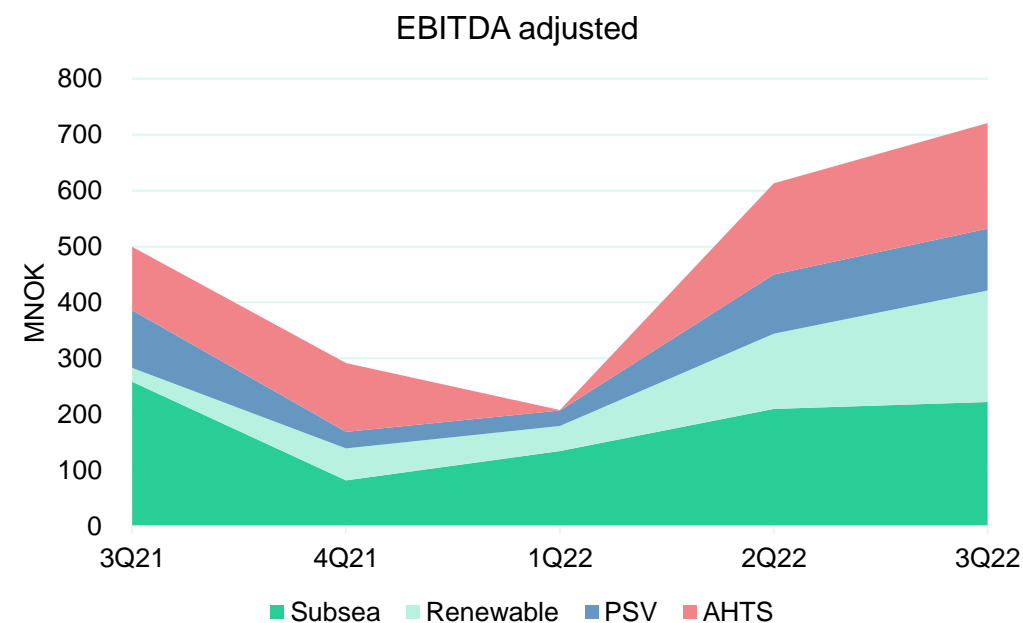
**Solid backlog in combination with approx. 32% available vessel days.**



# Income statement

MNOK	2022 1.7-30.09	2021 1.7-30.09	2022 1.1-30.09	2021 1.1-30.09	2021 adj* 1.1-30.09
<b>Operating income</b>	<b>1,861</b>	<b>1,500</b>	<b>4,857</b>	<b>4,101</b>	<b>3,723</b>
Vessel operating expenses	(1,060)	(928)	(3,050)	(2,629)	(2,629)
Administrative expenses	(112)	(97)	(341)	(313)	(313)
<b>Total operating expenses</b>	<b>(1,173)</b>	<b>(1,025)</b>	<b>(3,391)</b>	<b>(2,941)</b>	<b>(2,941)</b>
<b>Operating result before depreciations</b>	<b>689</b>	<b>475</b>	<b>1,466</b>	<b>1,160</b>	<b>782</b>
Ordinary depreciation	(325)	(315)	(931)	(952)	(952)
Impairment	323	-	547	(45)	(45)
Net gain/ loss on sale of assets	115	(8)	156	(28)	(28)
<b>Operating result</b>	<b>801</b>	<b>152</b>	<b>1,238</b>	<b>135</b>	<b>(243)</b>
Result Joint Ventures	9	4	21	(3)	(3)
Result associated companies	0	(0)	1	0	0
<b>Total other items</b>	<b>10</b>	<b>4</b>	<b>22</b>	<b>(3)</b>	<b>(3)</b>
<b>Net financing</b>	<b>(1,277)</b>	<b>(299)</b>	<b>(2,794)</b>	<b>(844)</b>	<b>(844)</b>
<b>Ordinary result before taxes</b>	<b>(466)</b>	<b>(144)</b>	<b>(1,535)</b>	<b>(712)</b>	<b>(1,090)</b>
Taxes ordinary result	(8)	(5)	(22)	(17)	(17)
<b>RESULT</b>	<b>(474)</b>	<b>(148)</b>	<b>(1,556)</b>	<b>(728)</b>	<b>(1,106)</b>
<b>EBITDA adjusted</b>	<b>721</b>	<b>500</b>	<b>1,542</b>	<b>1,241</b>	<b>863</b>

\*adjusted for Normand Maximus termination fee in 1Q21.



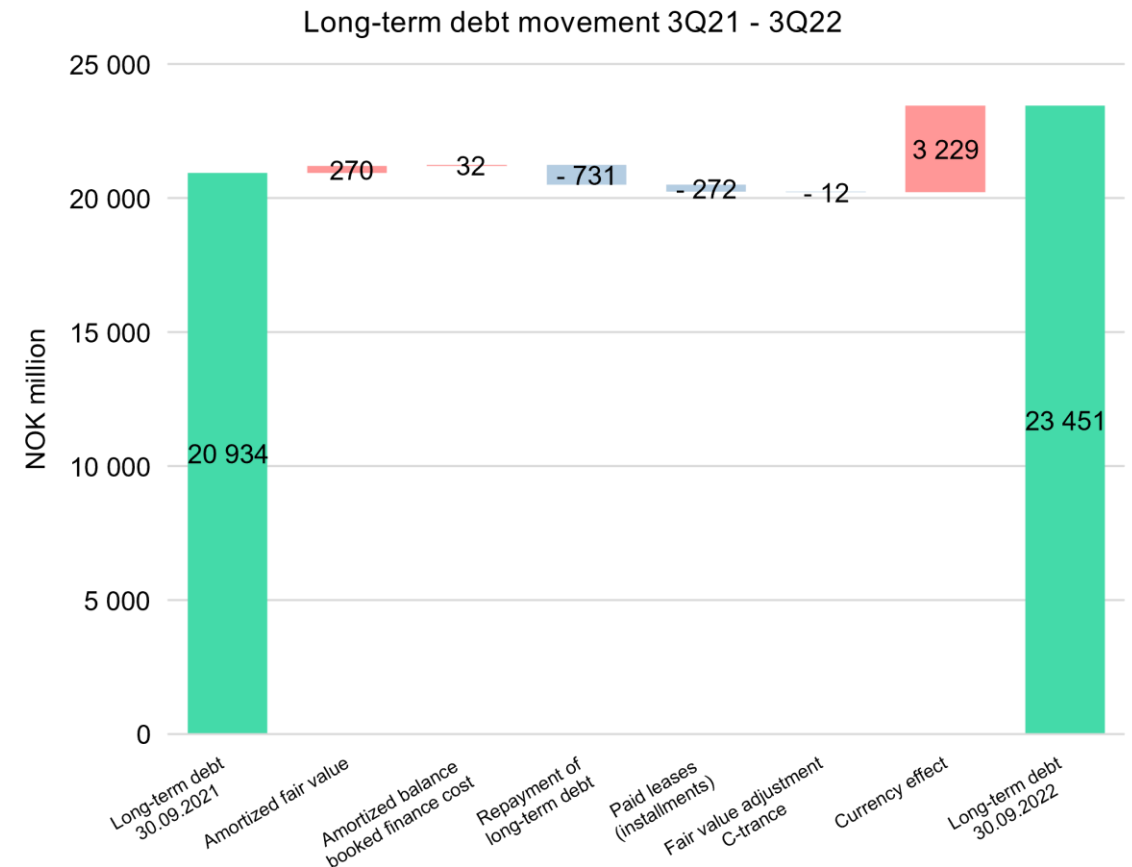
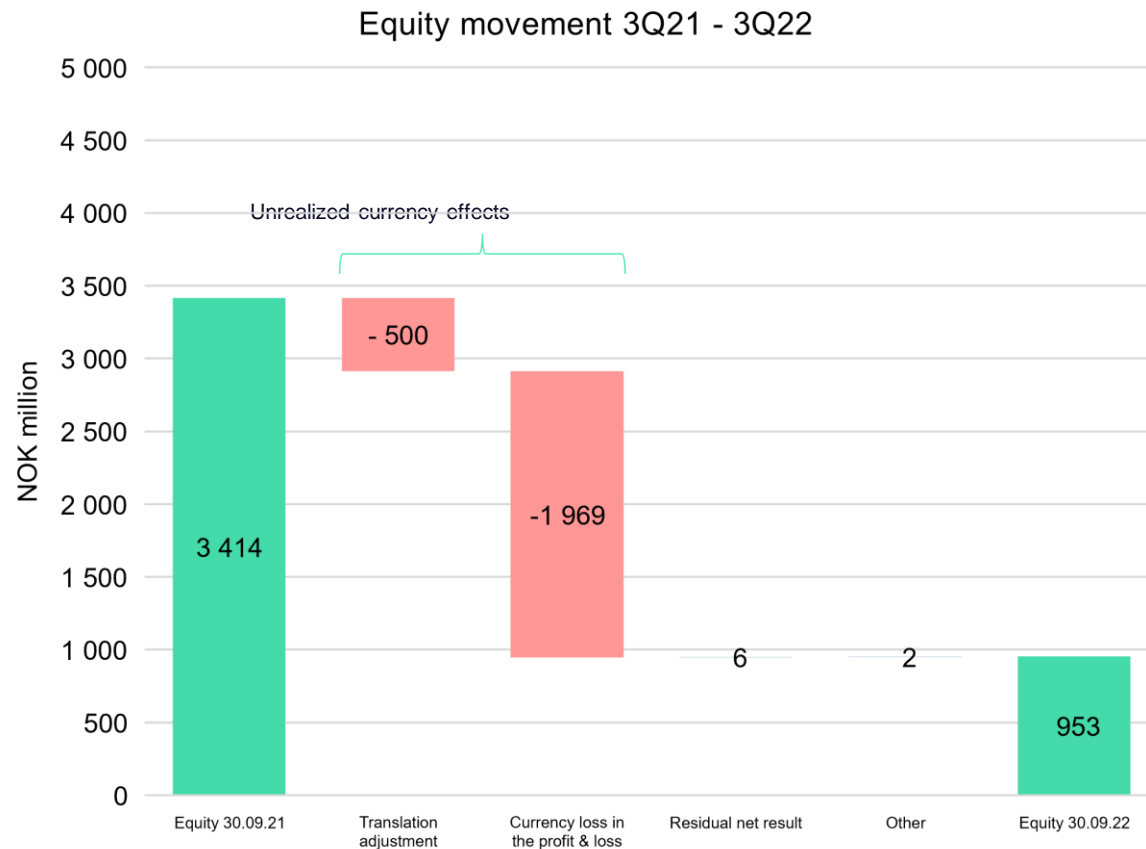
# Balance sheet

MNOK	2022 30.09	2021 30.09	2021 31.12
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Intangible assets	14	6	14
Tangible fixed assets	18,240	18,693	18,090
Right-of-use assets	2,988	2,448	2,561
Investment in associated companies and JV's	167	96	92
Financial fixed assets	129	118	107
<b>Total fixed assets</b>	<b>21,539</b>	<b>21,361</b>	<b>20,865</b>
<b>Current Assets</b>			
Stocks	252	175	173
Accounts receivables	1,254	978	817
Other receivables	873	471	421
Market based shares	19	15	15
Deposits, cash, etc	2,158	2,343	2,459
<b>Total current assets</b>	<b>4,556</b>	<b>3,983</b>	<b>3,885</b>
Assets held for sale	-	71	187
<b>TOTAL ASSETS</b>	<b>26,095</b>	<b>25,415</b>	<b>24,938</b>

MNOK	2022 30.09	2021 30.09	2021 31.12
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in equity	258	252	253
Other equity	706	3,133	2,836
Non-controlling interests	(10)	30	(5)
<b>Total equity</b>	<b>953</b>	<b>3,414</b>	<b>3,083</b>
<b>Liabilities</b>			
Long-term provisions	32	30	43
Other long-term debt	1	2	2
Debt to credit institutions	18,980	17,661	17,805
<b>Total long-term debt</b>	<b>19,013</b>	<b>17,693</b>	<b>17,850</b>
<b>Current liabilities</b>			
Current portion of long-term debt	4,470	3,271	2,913
Other current liabilities	1,659	1,036	1,091
<b>Total current liabilities</b>	<b>6,130</b>	<b>4,307</b>	<b>4,004</b>
<b>Total liabilities</b>	<b>25,142</b>	<b>22,001</b>	<b>21,854</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,095</b>	<b>25,415</b>	<b>24,938</b>
<b>Equity ratio</b>	<b>3.7%</b>	<b>13.4%</b>	<b>12.4%</b>

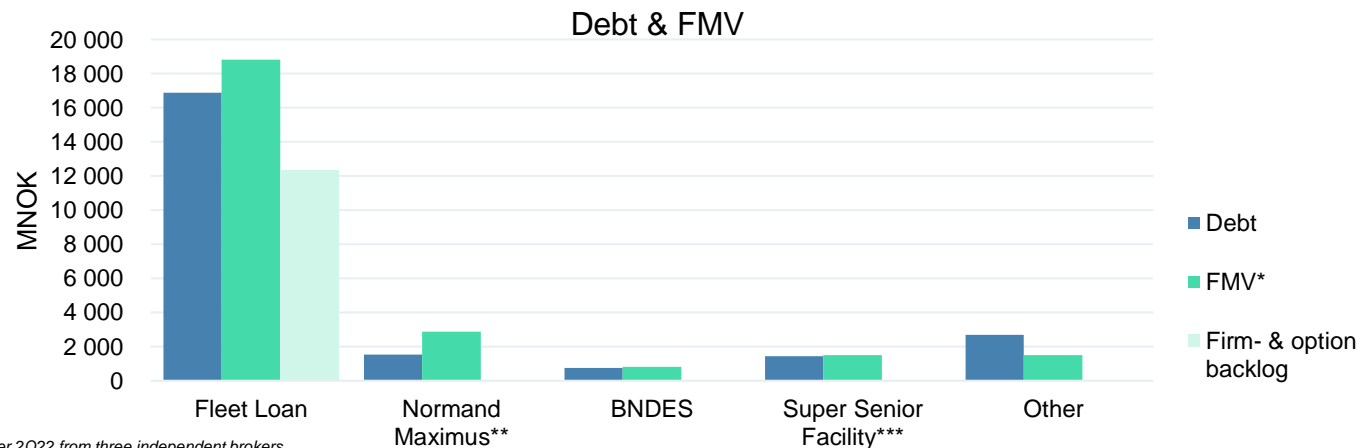
# Equity & liabilities development

- Balance sheet is sensitive to currency movements, particularly reporting currency NOK to USD.

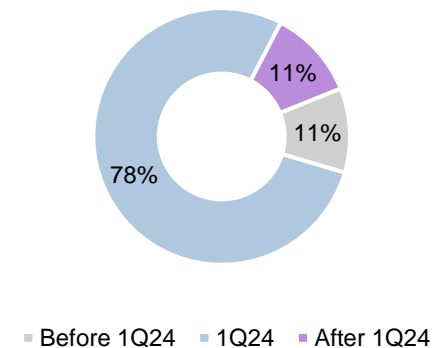


# Debt structure

- **Fleet loan:**
  - Maturity in 1Q24 financing 73 vessels per 3Q22 with instalments commencing in 1Q23.
  - BNOK ~14 backlog (incl. options) per 3Q22.
- **Normand Maximus:** Commenced 5 years firm bareboat agreement with 5+5 years options with American Shipping Company (AMSC) in 4Q22. Leasing obligation per end of 3Q22 reflected below.
- **BNDES (Brazil):** Financing of 4 vessels with maturity dates in 2026-2031. Not guaranteed by SOFF ASA.
- **Super Senior Facility:** Scheduled repayment 1Q24. The facility is undrawn per 3Q22.



Debt Repayment



\*Per 2Q22 from three independent brokers  
 \*\*Debt assumed related to new bareboat agreement with AMSC.  
 \*\*\*Cash collateral.



# Summary

- Strong quarter with high utilization and improved commercial terms across all geographical regions and vessel segments.
- Continue to build backlog for the sixth consecutive quarter with B2B >1.
- Effect from the new backlog start to materialize in terms of improved margins.
- Supply/demand balance to continue to improve as offshore energy activity increases while number of vessels are stable.
- With high energy prices, focus on energy security and energy transition, it is expected that both Oil & Gas and Renewable energy activity will continue at a high level going forward.





# Q&A