



# Q1 2023 Results Presentation

5 May 2023



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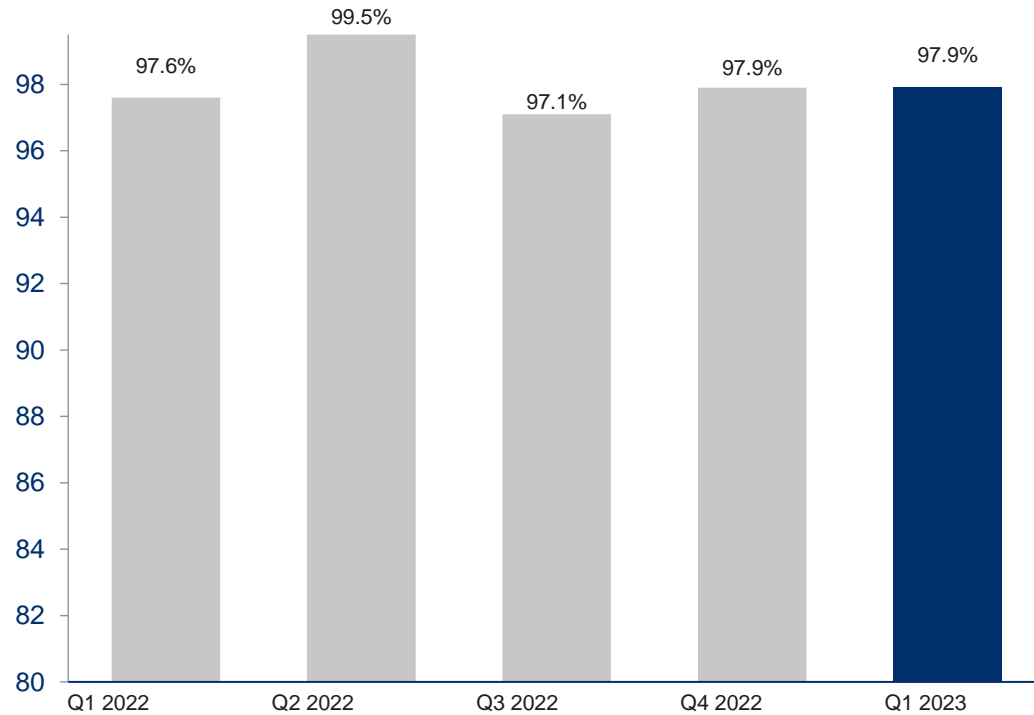
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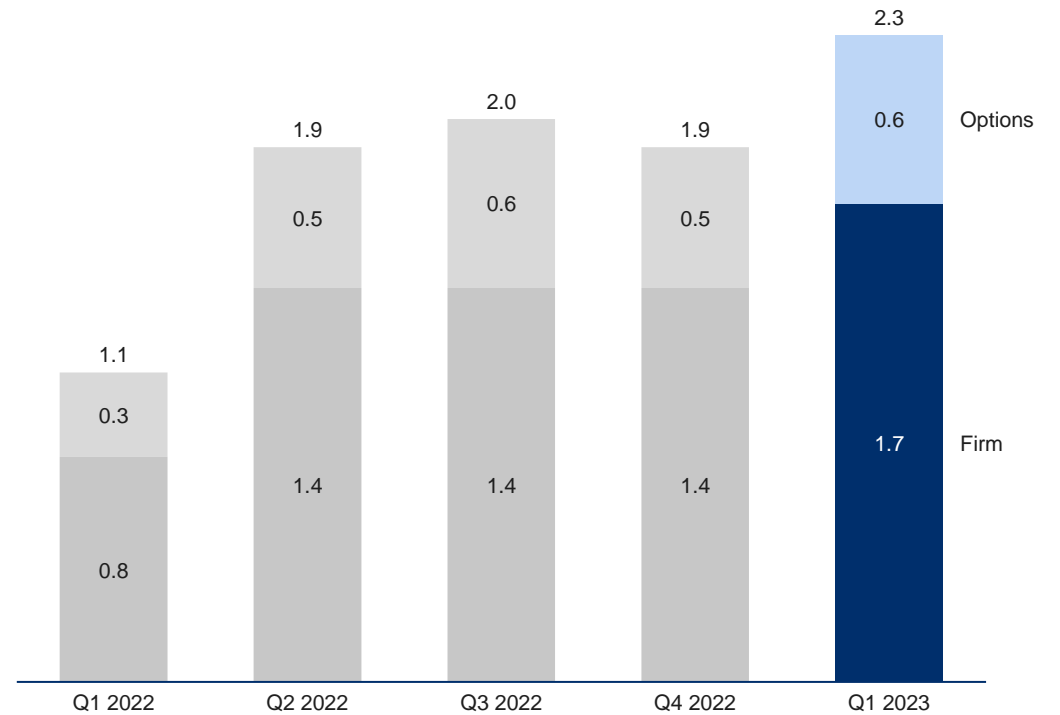


# Operational Highlights

**Financial Utilisation**



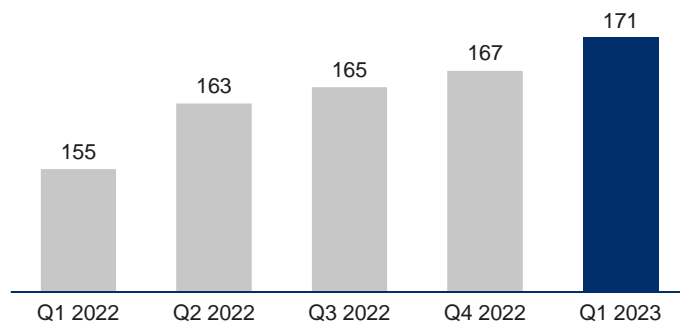
**Order Backlog (USDbn)**



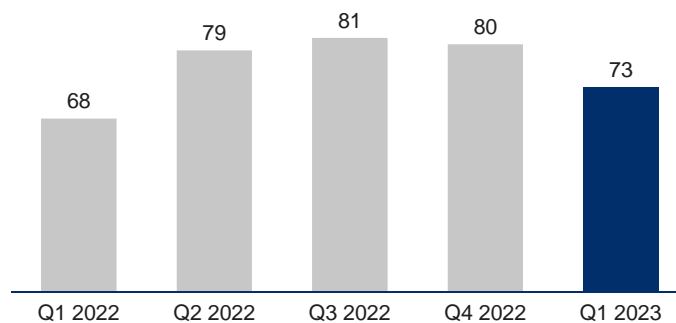
**Strong operational performance across the business, with good progress made on key activities.**

## Key Financial Results

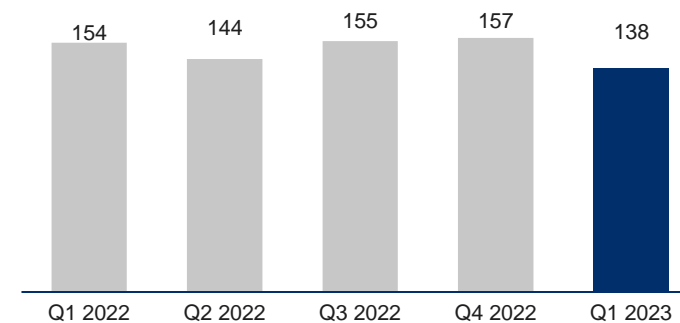
### Revenue (USDm)



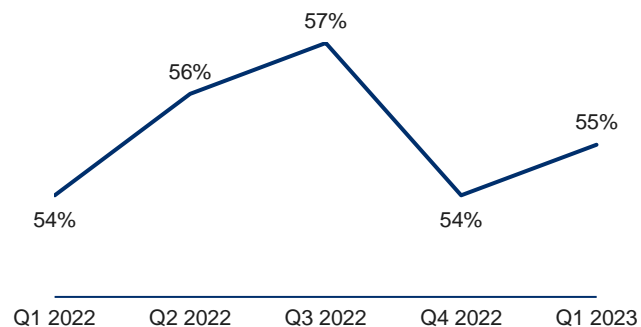
### EBITDA (USDm)



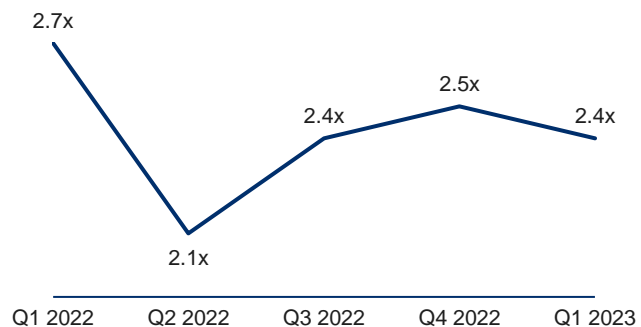
### Cash (USDm)



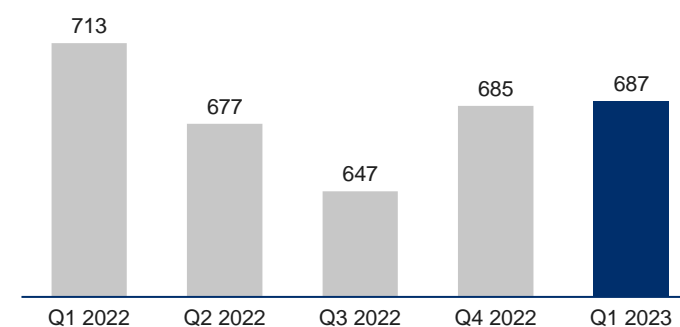
### Equity ratio (%)



### Leverage ratio (x)



### Net Debt (USDm)



Results in line with expectations, emphasising continued financial discipline and cost control; preparing the Company for the future.

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# Strong Visibility for Cash Generation Across the Fleet



USD ~2.3bn revenue backlog

■ Contract ■ Option ■ Frame agreement / Alliance agreement

Own fleet	USD
Revenue firm contracts	1.7bn
Revenue priced options	0.6bn
<b>Total revenue backlog</b>	<b>~2.3bn</b>

Own fleet	Year built	Current Location/Operator	2021	2022	2023	2024	2025	2026	2027	2028	2029			
Deepsea Atlantic <sup>2</sup> (6G, UDW, HE)	2009	Norway Equinor	[Contract bar from 2021 to 2026]								Unpriced options (price to be mutually agreed)			
Deepsea Aberdeen (6G, UDW, HE)	2014	Norway Equinor	[Contract bar from 2021 to 2025]								[Option bar from 2026 to 2027]		[Frame agreement bar from 2028 to 2029]	
Deepsea Stavanger (6G, UDW, HE)	2010	Norway Equinor / Aker BP	[Contract bar 2021-2022]	[Contract bar 2023-2024]		[Option bar 2025]	[Frame agreement bar 2026]	[Contract bar from 2027 to 2029]						
Deepsea Nordkapp (6G, UDW, HE)	2019	Norway Aker BP	[Contract bar from 2021 to 2024]								[Option bar from 2025 to 2026]		[Frame agreement bar from 2027 to 2028]	
External fleet														
Deepsea Yantai (6G, MW, HE)	2019	Norway Neptune/Wellesley/ OMV/DNO/Shell	[Contract bar from 2021 to 2024]				[Contract bar 2025]	<i>Operational management since May 2018</i>						
Deepsea Bollsta (6G, DW, HE)	2019	Namibia Shell	[Contract bar from 2021 to 2022]		[Contract bar from 2023 to 2024]		[Option bar 2025]	<i>Operational management since February 2022</i>						
Deepsea Mira (6G, DW, HE)	2019	Namibia TotalEnergies	[Contract bar 2021]		[Contract bar from 2023 to 2024]		[Option bar 2025]	<i>Operational management since February 2022</i>						
Hercules (6G, DW, HE)	2008	Canada ExxonMobil (2023)	[Contract bar from 2021 to 2022]		[Contract bar 2023]	<i>Operational management since December 2022</i>								

Definitions: 6G = sixth generation, UDW = Ultra deepwater, HE = Harsh environment,

Note: Contract backlog excludes bonus and fuel savings incentive payments. Revenue from External Fleet is not included in the backlog. LOI awarded in March 2023 for Deepsea Atlantic included as a firm contact

## Deepsea Atlantic Letters of Intent

### Key terms

- Total contract value of USD 290 million over 23 months
  - Total contract value excludes integrated services, upgrades / modifications or mobilisation fees
  - LOI's include provision for additional performance bonuses and fuel incentives (not included in total contract value)
- Following the firm period, the LOI's include
  - Four higher priced one well options
  - Three unpriced optional periods of approximately one-year each
- The LOI's are contingent on licence and governmental approval
- The contract is expected to begin back-to-back with its existing contracts in 2024

### Replacement of Deepsea Atlantic BOP

- Given the length, requirements and value of the contract, the Company has agreed with the client to replace the subsea blowout preventor ("BOP")
- New BOP will increase the long-term capabilities of the unit
- The Company anticipate the total investment to be around USD 40m, which will be part funded by way of an interest free loan loan of USD 20m from the client repayable over 5 years from 2024

**Signed two Letters of Intent with undisclosed client for operations in the North Sea.**

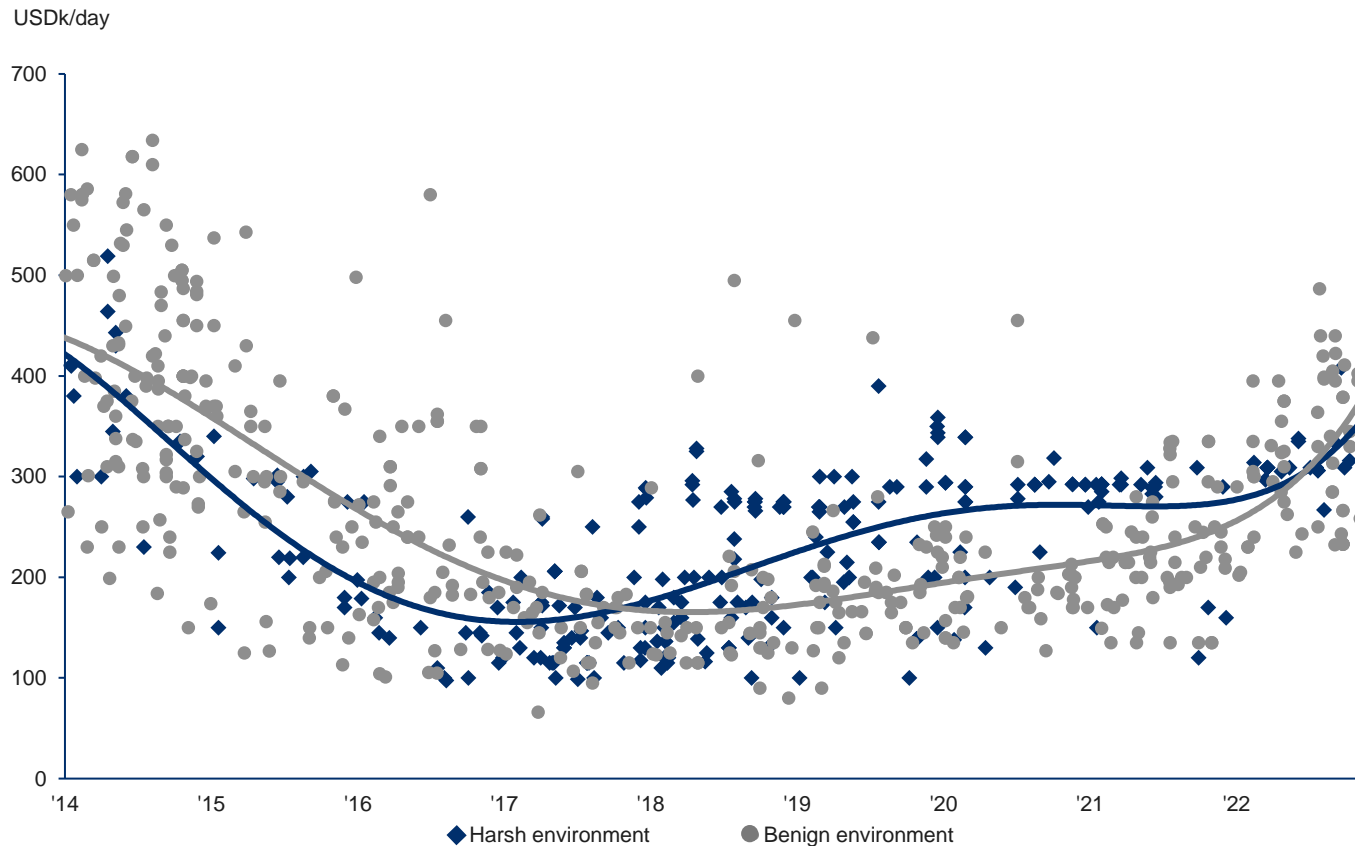


# Market outlook

## Supply and demand dynamic remains strong, creating opportunities

## Comments

Contract dayrates for harsh and benign<sup>1</sup> environment rigs



- The Company continues to see increased demand for our services both now and in the long term
- Dayrates continuing to increase steadily, evidenced by recent peer contract wins and the Deepsea Atlantic LOI's
- We see a steady flow of tender activity in both Norway and the UKCS with operators expressing a preference for Tier 1 units
- Supply of Tier 1 units reducing in the North Sea, with multiple vessels leaving for international contracts
- Increased interest in new areas such as West Africa, Australia, Brazil and Canada
- Recent discoveries, particularly in Namibia, creating increased interest in securing long term contracts in the area

1) Harsh environment are for the regions Canada East, Canada Other, US Alaska, Antarctica, NW Europe, Baltic, Russian Arctic. Benign environment is defined as all other regions. Sources: IHS Petrodata

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## Condensed consolidated income statement

USD million	Q1 23	Q1 22	FY 22
Continuing operations			
<b>Operating revenue</b>	<b>171</b>	<b>155</b>	<b>650</b>
Other gains and losses	-	-	0
Personnel expenses	(64)	(54)	(207)
Other operating expenses	(34)	(33)	(135)
<b>EBITDA</b>	<b>73</b>	<b>68</b>	<b>308</b>
Depreciation and amortisation	(45)	(41)	(171)
<b>Operating profit (EBIT)</b>	<b>28</b>	<b>27</b>	<b>137</b>
Net financial items	(24)	(6)	(48)
<b>Profit before taxes</b>	<b>4</b>	<b>22</b>	<b>88</b>
Income taxes	(2)	(1)	(5)
<b>Net profit from continuing operations</b>	<b>2</b>	<b>21</b>	<b>83</b>
Profit from discontinued operations	-	47	47
<b>Profit (loss)</b>	<b>2</b>	<b>67</b>	<b>130</b>

## Robust balance sheet and sound cash position

USD million	31.03.2023	31.03.2022	31.12.2022
<b>Assets</b>			
Property, plant and equipment	1,908	1,996	1,938
Intangible assets	3	4	3
Deferred tax asset	1	-	0
Non-current receivable	30	-	-
Other non-current assets	6	4	8
<b>Total non-current assets</b>	<b>1,947</b>	<b>2,004</b>	<b>1,949</b>
Trade receivables	91	95	91
Contract assets	8	10	9
Other current assets	8	25	13
Cash and cash equivalents	138	154	157
<b>Total current assets</b>	<b>245</b>	<b>283</b>	<b>270</b>
<b>Total assets</b>	<b>2,192</b>	<b>2,287</b>	<b>2,219</b>
<b>Equity and liabilities</b>			
Paid-in capital	370	445	370
Other equity	836	801	838
<b>Total equity</b>	<b>1,206</b>	<b>1,246</b>	<b>1,208</b>
Non-current interest-bearing borrowings	470	727	529
Non-current lease liabilities	36	36	42
Deferred tax liability	-	0	-
Other non-current liabilities	2	4	3
<b>Total non-current liabilities</b>	<b>508</b>	<b>767</b>	<b>574</b>
Current interest-bearing borrowings	355	141	314
Current lease liabilities	26	13	27
Contract liabilities	9	26	14
Trade payables	35	41	36
Other current liabilities	54	53	47
<b>Total current liabilities</b>	<b>478</b>	<b>274</b>	<b>437</b>
<b>Total liabilities</b>	<b>987</b>	<b>1,041</b>	<b>1,011</b>
<b>Total equity and liabilities</b>	<b>2,192</b>	<b>2,287</b>	<b>2,219</b>

- Net interest-bearing debt USD 687 million
- Leverage ratio 2.4x
- Equity-ratio 55%
- USD 138 million in cash

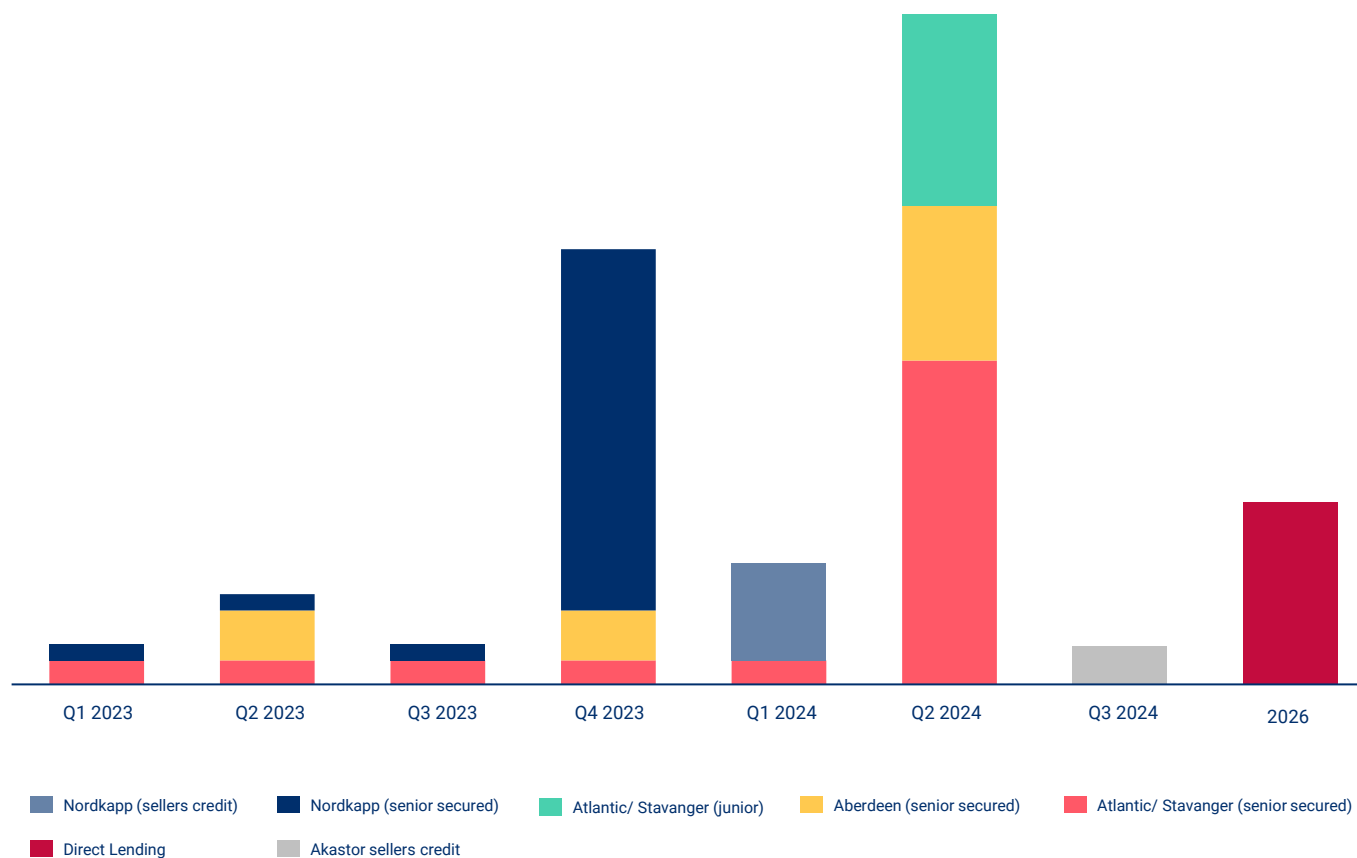
## Strong cash flow from operations

USD million	Q1 23	Q1 22	FY 22
<b>Cash flows from operating activities:</b>			
Profit/(loss) before tax from continuing operations	4	22	88
Profit before tax from discontinued operations	-	10	10
Adjustment for interest, provisions and non-cash elements	68	64	233
Changes in working capital	(1)	(9)	(9)
<b>Cash generated from operations</b>	<b>71</b>	<b>88</b>	<b>322</b>
Net interest paid	(15)	(11)	(45)
Net income tax paid	(0)	(1)	(2)
<b>Net cash flow from operating activities</b>	<b>56</b>	<b>75</b>	<b>275</b>
-of which from continuing operations	56	63	263
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(14)	(23)	(67)
Proceeds from grants	-	6	6
Proceeds from sale of property, plant and equipment	-	1	1
Disposal of discontinued operations, net cash disposed of	-	(50)	(50)
Payment regarding letter of indemnity to Odfjell Technology Ltd.	(31)	-	-
Other investing activities	-	(2)	(2)
<b>Net cash flow from investing activities</b>	<b>(45)</b>	<b>(67)</b>	<b>(111)</b>
-of which from continuing operations	(14)	(8)	(52)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	-	147	242
Repayment of borrowings	(20)	(171)	(317)
Repayment of lease liabilities	(5)	(3)	(19)
Payment acquisition of treasury preference shares	-	-	(75)
Dividends paid to preference shareholders	-	-	(2)
<b>Net cash flow from financing activities</b>	<b>(25)</b>	<b>(28)</b>	<b>(172)</b>
-of which from continuing operations	(25)	(174)	(318)
Effects of exchange rate changes on cash and cash equivalents	(6)	1	(8)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(19)</b>	<b>(19)</b>	<b>(16)</b>
Cash and cash equivalents at beginning of period	157	173	173
<b>Cash and cash equivalents at period end</b>	<b>138</b>	<b>154</b>	<b>157</b>

- Q1 Capex:
  - Approx. USD 4 million is related to new BOP on Deepsea Atlantic
  - Green Rig capex USD 3 million
  - Fleet Capex USD 5 million
  - SPS capex approx. USD 2 million
  - In addition to capex, a tax ruling received from the Norwegian Tax Authorities resulted in an upfront payment to Odfjell Technology Ltd of USD 31m in Q1 2023 inclusive of interest for the financial years 2017 through to 2021. The Group anticipates the amount will most likely be refunded

## Focused on Refinancing in 2023

### Current Instalment profile (USDm)



### Comments

- Target to complete a full refinancing in 2H 2023
- Material progress made during the quarter, with continually improving market conditions
- Considering diversifying capital sources
- Solid track records, unique client relationships, a strong backlog and credit metrics position the Company positively
- Strong credit metrics:
  - Leverage ratio of 2.4x
  - Equity ratio of 55%
  - Order backlog of USD 2.3bn
  - Strong cash position

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## Q1 2023 Summary

### Highlights

- Strong operational performance across the business, with continually high utilisation
- EBITDA of USD 73 million, with increasing revenue from external fleet
- Backlog increased with new key contracts won

### Outlook

- Continually strengthening market with increasing dayrates in both deepwater and harsh environment segments
- Earning set to increase in forward months as contract dayrates increase
- Solid contract backlog with further upside potential beyond 2024





Q&A

An aerial photograph of the Deepsea Atlantic offshore drilling rig. The rig is a large, complex structure with a prominent derrick in the center. The name "DEEPSEA ATLANTIC" is visible on the side of the derrick and on the yellow hull of the platform. A helipad with a large "H" is located on the left side of the platform. The rig is situated in the middle of a vast, blue ocean.

For further information, please contact:

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