

DOF ASA – November 28th, 2019

Q3 Financial Presentation 2019

Highlights Group

Highlights

EBITDA Q3 MNOK 803 **(excl hedge accounting)**

Best operational EBITDA since Q2 2016

- Average utilisation of 82% for the fleet in Q3
- Improved earnings and utilisation in all three segments
- Still challenging markets especially for the AHTS and the Subsea IMR fleet
- High impairments due to increased financial risk and continued challenging markets
- A long-term refinancing solution in process with the target to be completed before year end
- DOF ASA owns 100% of the shares in DOF Subsea AS

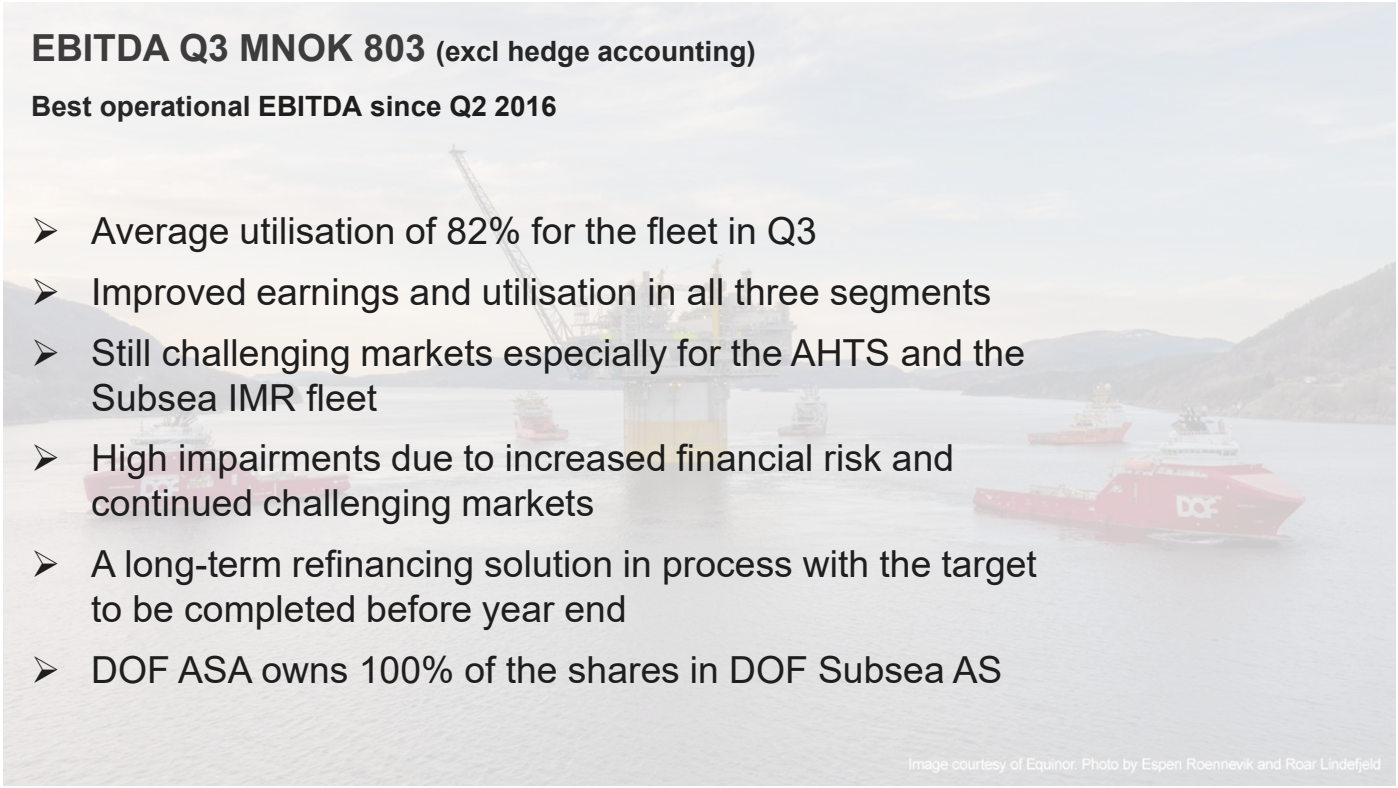


Image courtesy of Equinor. Photo by Espen Roennevik and Roar Lindefjeld

All numbers based on management reporting

Contract awards

New contracts in South America region

- **Skandi Neptune** (Subsea) awarded a 3-year frame agreement in Trinidad, start up in November
- Skandi Fluminense (AHTS) been awarded a 1-year extension with Petrobras until September 2020

New contract in North America region

- 3-years frame agreement in US Gulf of Mexico utilising Harvey Deep Sea (Subsea)

New contracts in Asia-Pacific region

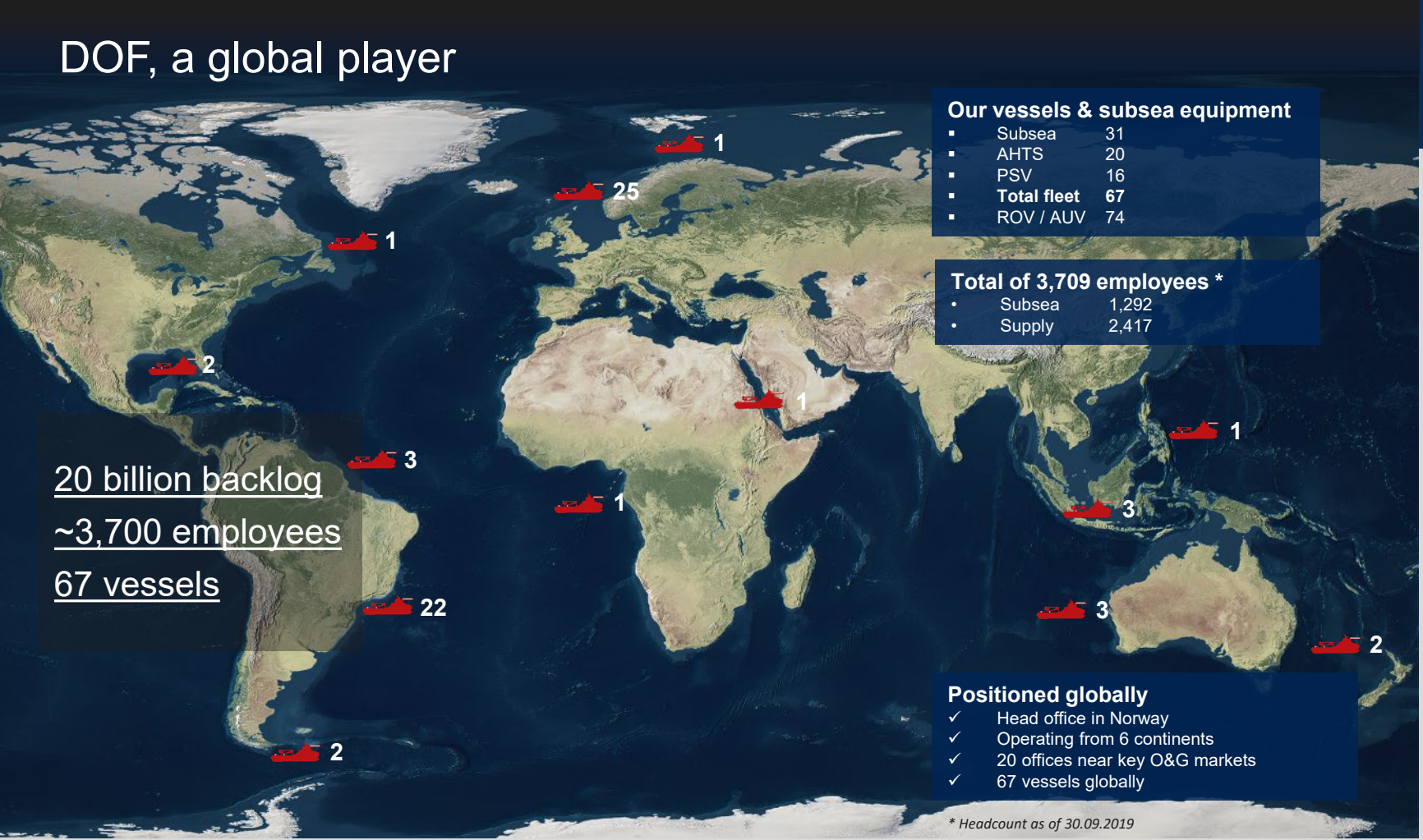
- **Skandi Feistein (PSV)** awarded a 5-year contract with Esso Australia Pty Ltd, start up in 4th quarter
- Skandi Emerald (AHTS) and Skandi Atlantic (AHTS) awarded 2 wells firm, plus 2 x 1 well options, for OMV in New Zealand, start- up in Q4 2019
- Skandi Hercules (Subsea) and Skandi Singapore (DSV) awarded contracts in New Zealand and South East Asia, start-up in December 2019, securing utilisation into Q1 2020

New contracts in Atlantic region

- Skandi Vega (AHTS) secured 6 months option with Equinor Energy, firm from November until mid May 2020
- Two PSV's and one AHTS secured 60 and 75 days + options in the Mediterranean Sea, start-up year end
- Skandi Seven (Subsea) secured utilisation in Q4 in Angola and Skandi Skansen (Subsea) secured approx. 100 vessel days in Ghana from end November
- Skandi Carla (Subsea) awarded an extension of the firm period to end October 2020 with Fugro
- Skandi Barra (PSV) awarded 3+3 months contract in the North Sea UK sector with start-up end November
- **Skandi Hugen (MRV), Skandi Nova (MRV) and Skandi Marøy (MRV)** awarded 5+3 years contracts with ConocoPhillips, start up Q4 2019 and Q1 2020

Backlog: Q4 81% and Q1 67%

DOF, a global player



Our vessels & subsea equipment

Subsea	31
AHTS	20
PSV	16
Total fleet	**67**
ROV / AUV	74

Total of 3,709 employees *

Subsea	1,292
Supply	2,417

20 billion backlog

~3,700 employees

67 vessels

Positioned globally

- ✓ Head office in Norway
- ✓ Operating from 6 continents
- ✓ 20 offices near key O&G markets
- ✓ 67 vessels globally

** Headcount as of 30.09.2019*

DOF is a value-driven organisation

DOF policies aligned with the United Nations Global Compact



GRI reporting aligned to the United Nations Sustainability Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

The DOF human rights and slavery statement



A code to work by, globally

Everywhere DOF Group does business we act responsibly and ethically.
See our Code of Business Conduct on our website:
www.dof.com/TheCode



Awareness & training for complex issues

New, mandatory e-learning module. In addition, a new global Compliance Awareness training programme to promote understanding in this complex area of business.

The DOF "watertight integrity test"

A simple tool to support decision making in any situation where an employee uses 5 questions to analyse a situation.



Innovative projects supporting our goals

ECOmeter, a marine DSS

Begun in 2019, together with industry leaders including Kongsberg, DOF is developing a proactive, intelligent, and dynamic decision support system (DSS) for optimal vessel operations, giving fuel- and maintenance-reductions.

The DSS will be a gamechanger in how marine operational decisions are made by providing more accurate, timely, and easy consumable information to decision makers.

The project is funded through sponsorship and support from Innovation Norway.

Shore power & **large batteries**



Shore power eliminates the usage of fuel while a vessel is idle in port. In 2015, DOF's Skandi Vega connected to the world's first, fully certified shore power for OSVs in Bergen, Norway. Today, DOF has 6 vessels with shore power infrastructure. The next phase will install the infrastructure on an additional 3 vessels.

Large batteries onboard a vessel enable fuel saving. Skandi Mongstad and Skandi Flora has installed it and we will continue to look for finance possibilities for other vessels for such and similar installation in our seek for improved sustainability.

First **SEEMP**, now **Maress**



A SEEMP identifies key areas to optimise operations, minimise maintenance, and plan implementation of new technology. Since 2011, DOF has created, implemented, and continuously updated "**Ship Energy Efficiency Management Plans**" (SEEMP) for every vessel in the DOF fleet.

In 2019, DOF has begun implementing Maress, a software tool that is specifically designed for reducing fuel consumption and emission footprints. The next phase includes installation and training of Maress on 30 vessels in the fleet.

DOF Subsea Group (100% subsidiary)



2005
DOF Subsea established

NOK 550 m
Ebitda Q3'19

NOK 14 bn
Firm backlog Q3'19

1 319
Subsea employees worldwide Q3'19

Integrated
Supplier of subsea offshore services

Modern
State-of-the-art asset base

27
Subsea vessels

74
ROVs

Financial Group

Management Reporting

Main financial highlights Q3

- Strong operational performance in all segments; Ebitda NOK 803 million (NOK 587 million)
- Impairments vessels of NOK 709 million (NOK 124 million) and impairments goodwill of NOK 209 million due to continued challenging markets and uncertainty regarding a long-term financial solution for the Group
- Total impairments of deferred tax assets of NOK 763 million (NOK 240 million on OCI)
- Unrealised currency loss on long-term debt of NOK 394 million due to weak NOK/BRL to USD and release of hedge accounting NOK 550 million

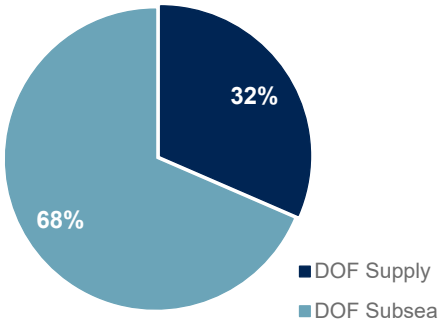
- All numbers based on management reporting

Main financial highlights

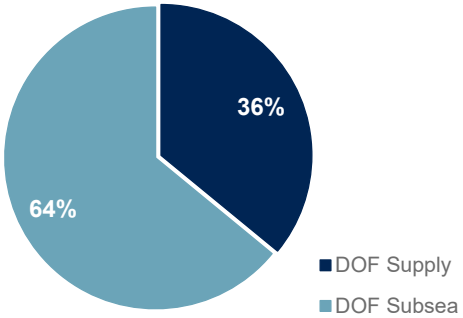
Operational EBITDA Q3 MNOK 803 (excl hedge)

- Average utilisation total fleet 82% in Q3
  - 94% PSV segment
  - 75% AHTS segment
  - 81% Subsea segment (project fleet 86%)

EBITDA ex Hedge Q3 2019



EBITDA ex Hedge Q3 2018



Comments to highlights

Performance

- DOF Subsea EBITDA: NOK 550 million
- DOF Supply EBITDA: NOK 253 million

Operations

- Avg. utilisation of DOF Subsea fleet: 81%
- Avg. utilisation of DOF Supply fleet: 83%
- Five vessels in lay-up by end September
- Variable utilisation and earnings for the Subsea IMR fleet
- All PSVs in operation
- Improved utilisation AHTS
- High utilisation and good performance vessels on long- term charters

- All numbers based on management reporting
- DOF Supply = DOF Rederi and Norskan consolidated

Profit or Loss Q3 2019

All figures in NOK million	Q3 2019	Q3 2018	YTD Q3 2019	YTD Q3 2018	2018
Operating income	2 101	1 791	5 677	5 360	7 118
Operating expenses	-1 295	-1 199	-3 610	-3 654	-4 868
Net profit/loss from TS and JV	-7	-6	-14	-7	-5
Net gain on sale of vessel	3	0	4	1	2
EBITDA before hedge	**803**	**587**	**2 057**	**1 701**	**2 246**
Hedge operating income	-44	-52	-133	-127	-180
Operating profit before depr - EBITDA	**759**	**535**	**1 924**	**1 574**	**2 066**
Depreciation	-345	-305	-991	-902	-1 240
Impairment	-917	-124	-1 121	-397	-737
Operating profit- EBIT	**-503**	**106**	**-188**	**275**	**89**
Financial income	12	11	42	26	51
Financial costs	-329	-292	-952	-791	-1 099
Net realised currency gain/loss	-60	-118	-245	-223	-352
Net profit/loss before unrealised currency	**-879**	**-293**	**-1 343**	**-713**	**-1 311**
Net unrealised currency loss	-944	-29	-746	-176	-291
Net unrealised gain/loss on market instr.	-70	39	36	111	-2
Profit/loss before tax	**-1 893**	**-283**	**-2 053**	**-778**	**-1 604**
Tax	-237	13	-316	49	102
Net profit/loss	**-2 130**	**-269**	**-2 369**	**-728**	**-1 502**

According to management reporting

Comments Q3

Operational performance:

PSV (94% utilisation)
- Improved performance and high activity in the North Sea
- All vessels in operation

AHTS (75% utilisation)
- Improved earnings and utilisation
- Three vessels in lay-up

Subsea (81% utilisation)
- Improved performance from the regions
- Good performance vessels on firm contracts
- Two vessels in lay-up by end of the quarter

Impairment
- High impairment due to continued weak markets and increased financial risk

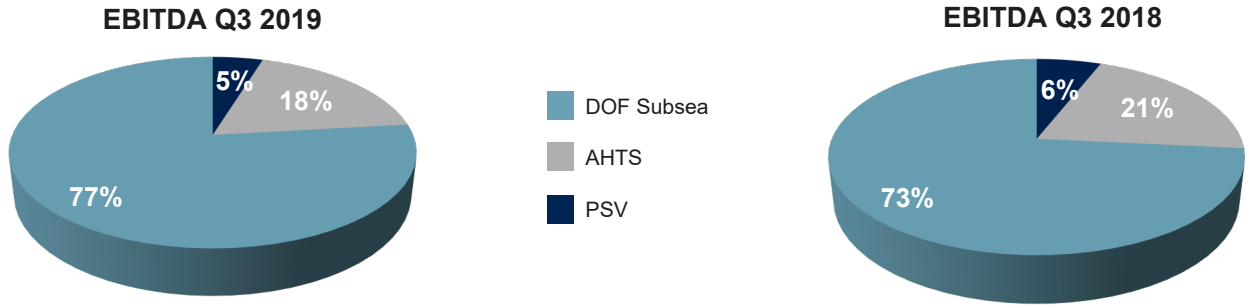
Financial
- High unrealised loss due to weak NOK and BRL
- Unrealised loss from release of hedge accounting MNOK 550

Taxes
- Impairment deferred tax assets MNOK 763 (MNOK 240 under OCI)

Segment reporting Q3 2019

Amounts in NOK million	PSV		AHTS		Subsea		Total	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Operating income	129	147	297	288	1 631	1 304	2 057	1 739
Operating result before depreciation and impairment (EBITDA)	**36**	**32**	**140**	**110**	**583**	**392**	**759**	**535**
Depreciation	33	31	86	86	226	187	345	305
Impairment	18	50	176	10	723	65	917	124
Operating result (EBIT)	**-15**	**-48**	**-122**	**14**	**-366**	**140**	**-503**	**106**
EBITDA margin	28%	22%	47%	38%	36%	30%	37%	31%
EBIT margin	-11%	-33%	-41%	5%	-22%	11%	-24%	6%

According to management reporting



Balance as of 30.09.2019

Amounts in NOK million	30.09.2019	30.06.2019	31.12.2018
ASSETS			
Tangible assets	25 122	25 585	25 074
Goodwill	85	292	295
Deferred taxes	377	930	1 006
Investment in associated and joint ventures	77	85	89
Other non-current receivables	246	272	109
Non-current assets	**25 908**	**27 163**	**26 572**
Receivables	1 983	1 874	1 851
Cash and cash equivalents	1 679	1 789	2 240
Current assets	**3 662**	**3 663**	**4 091**
Total assets	**29 570**	**30 826**	**30 663**
EQUITY AND LIABILITIES			
Subscribted equity	1 436	3 128	3 277
Retained equity	156	232	232
Non-controlling equity	1 920	2 270	2 269
Equity	**3 512**	**5 630**	**5 778**
Non-current interest bearing debt	19 138	19 020	19 304
Other non-current liabilities	82	69	102
Non-current liabilities	**19 220**	**19 088**	**19 406**
Current portion of debt	5 287	4 720	4 080
Other current liabilities	1 551	1 388	1 399
Current liabilities	**6 838**	**6 108**	**5 479**
Total equity and liabilities	**29 570**	**30 826**	**30 663**

According to management reporting

Main events balance Q3 2019

Non-current assets
- Main changes are regular MCRs, impairment and depreciation
- Goodwill impaired by MNOK 209

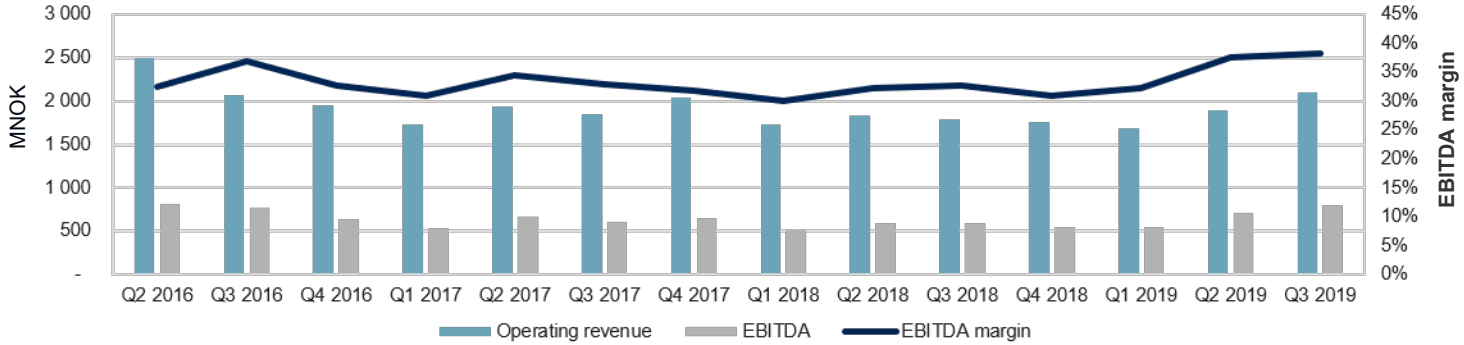
Current assets/Cash flow:
- Operating cash flow MNOK 386 (MNOK 117)
- Investments MNOK -95 (MNOK -119)
- Financing activity MNOK -341 (MNOK -312)

Equity:
- Equity highly impacted by impairments and unrealised currency losses in Q3

Non-current liabilities:
- Amortisation MNOK -570
- New loans MNOK 305
- Reclassification loan to current MNOK -555

Current liabilities:
- Current portion of debt:
  Bond loan MNOK 467, amortisation MNOK 2,017, balloons MNOK 1,818, revolving credit facilities MNOK 650 and other MNOK 335

Historical Performance Group (excl hedge and gain from sale of assets)

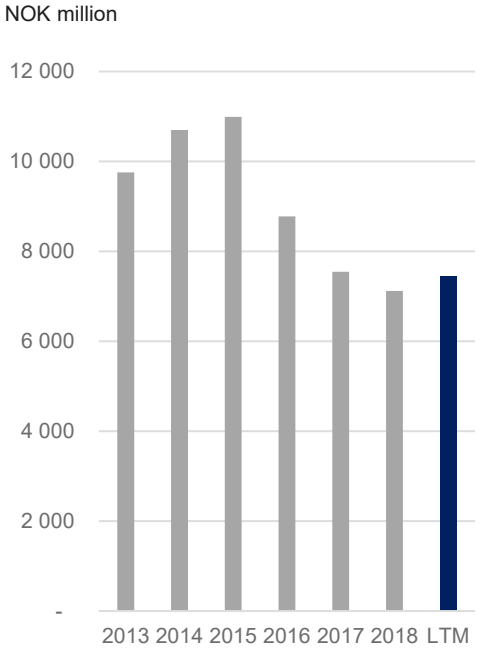


	Q3 2016	Q3 2017	Q3 2018	Q3 2019
Operating revenue	2 076	1 846	1 792	2 101
EBITDA	767	607	587	803
EBITDA margin	37%	33%	33%	38%
Non-current assets	29 906	27 979	26 152	25 908
Current assets	4 651	4 370	3 925	3 662
Total Assets	34 557	32 349	30 076	29 570
Equity	8 730	7 688	6 264	3 512
Non-current debt	21 935	20 317	18 648	19 220
Current debt	3 892	4 343	5 165	6 838
Total Equity and Debts	34 557	32 348	30 076	29 570
NIBD	21 665	20 824	20 418	22 441

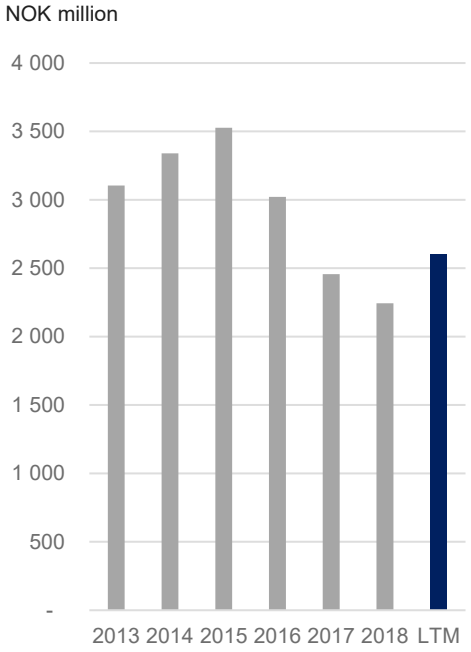
According to management reporting

Group key financials

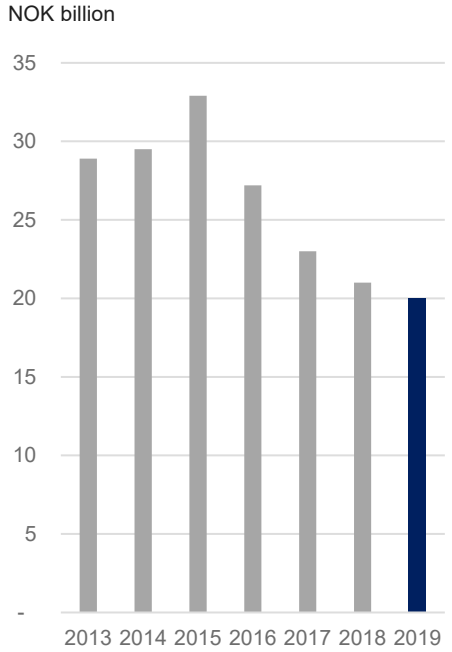
Revenue



EBITDA *



Firm backlog



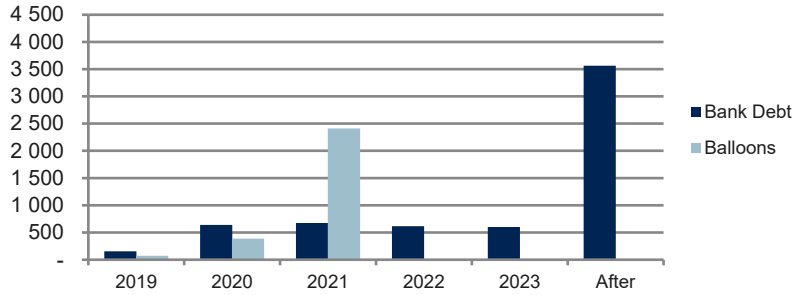
* EBITDA excl. hedge and gain from sale of assets

According to management reporting

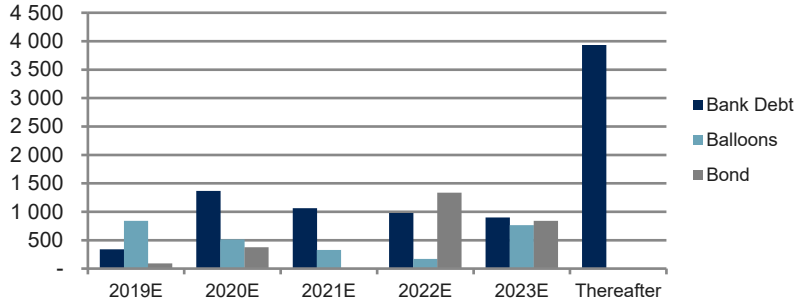
Debt maturity profile

** Excluding drawn revolving credit facilities of MNOK 650*

DOF Group ex Subsea

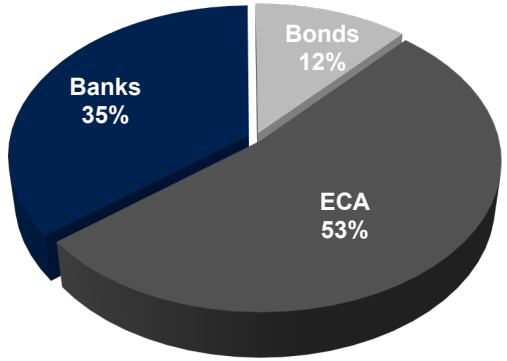


DOF Subsea Group



According to management reporting

Counterparty exposure DOF Group Q3 2019



ECA mainly represent exposure with BNDES/FMM, GIEK and Atradius

Comments:

- A short-term extension three balloons secured,
- Ongoing discussions on deferral of Q4 instalments
- A long-term refinancing solution is necessary to continue as going concern

Outlook

Operational

- Operational Ebitda 4th quarter 2019 will be weaker than 3rd quarter 2019, however full year 2019 expected substantially better than 2018
- Backlog next 12 months 61%
- Signs of increased activity in certain regions, still a general oversupply of vessels

Financial

- Increased refinancing risk and a long-term financial solution is necessary to continue as going concern
- The Board and Management believe that a long-term solution is obtainable before year end



Presented by
Mons Aase - CEO
Hilde Drønen - CFO

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