Q2 2023

Financial report

DOF Installer ASA



DOF Installer ASA
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NORWAY

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Financial Report 2nd quarter 2023

Headlines

During the 2nd quarter 2023, Skandi Hercules, Skandi Skansen and Skandi Vinland have been on charter contracts to the DOF Subsea Group – Skandi Hercules to the Asia Pacific region, Skandi Skansen and Skandi Vinland to the North America region.

Q2 Operations

Skandi Hercules has in the quarter been working on various projects in Australia, but with lower utilization than the previous quarter due to repair of the main engine which is claimed as an insurance case.

Skandi Skansen has been working as a front-runner on a contract with Exxon in Guyana and started on a project with Shell in Trinidad towards end of the quarter.

Skandi Vinland has continued its operation on a long-term IMR charter contract with Cenovus (Previously Husky Energy) in Canada.

Statement of comprehensive income

The operating revenue for the 2nd quarter of 2023 was NOK 104 million (NOK 65 million in 2nd quarter of 2022). The EBITDA was NOK 76 million (NOK 56 million), whilst the EBIT was NOK 53 million (NOK 32 million) after depreciation of NOK 23 million (NOK 24 million). Net financial loss was NOK 68 million (loss of NOK 213 million), and the loss after tax was NOK -25 million (loss of NOK 181 million).

Statement of financial position

Total assets were NOK 2 011 million (NOK 2 209 million), where non-current assets amounted to NOK 1 428 million (NOK 1 427 million). Current assets amounted to NOK 583 million (NOK 782 million), of which NOK 411 million (NOK 619 million) was cash and cash equivalents.

Total equity was NOK 254 million (NOK 469 million). Current liabilities were NOK 162 million (NOK 1 740 million). Long term liabilities have increased from nil to NOK 1 595 million due to new refinanced loan facilities with maturity longer than 12 months.

Statement of cash flows

Net cash flow from operating activities for the 2nd quarter of 2023 was NOK 32 million (NOK 15 million). Cash flow from investing activities was negative NOK 2 million (negative NOK 4 million). Cash flow from financing activities was negative NOK 234 million (nil) and included installment on debt to Group companies and dividend payment. Cash and cash equivalents at the end of the period were NOK 411 million (NOK 619 million).

Finance and Capital Structure

The DOF Group completed a financial restructuring in 1st quarter including a new fleet loan in DOF Subsea Group where the Company participated with USD 171 million. The main terms of the new loan facility include an interest of SOFR + 2,26%, cash sweep mechanism and reduced amortisation. The loan has maturity in January 2026. The new fleet loan is drawn in the holding company DOF Subsea AS with corresponding loan to DOF Installer.

Strenghtened USD towards NOK in 2nd quarter of 2023 resulted in net currency loss on loans in USD with NOK 44 million.

Per 30.06.2023 first year installment with NOK 84 million is presented as current debt to group companies.

For further information about the refinancing see note 1 in the DOF Integrated Annual Report 2022 and the 2nd quarter 2023 report for DOF Group ASA.

Shareholders

The number of outstanding shares is 33 931 000, with a book value of NOK 7.50 per share. DOF Subsea AS owns 85.15% of the shares. The remaining 14.85% of the shares is held by 30 shareholders, see note.

In June and July the Company paid dividends of in total NOK 250 million to the shareholders.

Outlook

The Company's fleet is secured a high backlog for the rest of the year based on firm commitment from the DOF Subsea regions. This gives a good visibility on the earnings for the rest of the year.

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August 28th 2023

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Amounts in NOK million

August 28th 2023
The Board of Directors of DOF Installer ASA

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Chairman

Hilde Drønen
Director

Marianne Møgster
Director

Michael Steensland-Brun
Director

Martin Lundberg
Managing Director

Amounts in NOK million

Financial statements 2st quarter 2023

Statement of comprehensive income

	Note	2Q 2023	2Q 2022	YTD 2023	YTD 2022	2022
Operating revenue		104	65	207	114	262
Operating expenses		-28	-9	-65	-15	-42
Operating profit before depreciation and impairment (EBITDA)		76	56	142	99	220
Depreciation	3	-23	-24	-46	-48	5
Operating profit (EBIT)		53	32	96	51	225
Financial income	2	6	2	12	8	17
Financial expenses	2	-32	-22	-65	-41	-106
Realised gain / loss on financial instruments	2	7	2	-303	-44	-46
Unrealised gain / loss on financial instruments	2	-49	-196	164	-166	-147
Net financial income / loss		-68	-213	-192	-242	-281
Profit / loss before tax		-15	-181	-96	-191	-56
Tax expense		-10	-	-10	-	-5
Profit / loss for the period		-25	-181	-107	-191	-62

Amounts in NOK million

Statement of financial position

Assets	Note	30.06.2023	30.06.2022	31.12.2022
Tangible assets	3	1 428	1 427	1 472
Total non-current assets		1 428	1 427	1 472
Current receivables from Group companies		170	157	207
Other current receivables		2	5	3
Current receivables		172	162	210
Unrestricted cash and cash equivalents		411	619	709
Cash and cash equivalents	4	411	619	709
Total current assets		583	782	919
Total assets		2 011	2 209	2 391

Equity and liabilities	Note	30.06.2023	30.06.2022	31.12.2022
Paid-in equity	6	254	469	598
Other equity		-	-	-
Total equity		254	469	598
Debt to credit institutions	4	-	-	-
Debt to Group companies	4	1 595	-	-
Non-current liabilities		1 595	-	-
Current portion of debt	4	-	1 703	1 746
Trade payables		9	15	1
Current liabilities to Group companies		103	23	40
Other current liabilities		43	-	-
Tax payable		6	-	6
Current liabilities		162	1 740	1 793
Total liabilities		1 757	1 740	1 793
Total equity and liabilities		2 011	2 209	2 391

Amounts in NOK million

Statement of cash flows

	Note	2Q 2023	2Q 2022	YTD 2023	YTD 2022	2022
Operating profit (EBIT)		53	32	96	51	225
Depreciation and impairment	3	23	24	46	48	-5
Change in trade receivables		-1	1	-1	-	-
Change in trade payables		4	4	8	-4	-17
Changes in other working capital		-10	-51	46	-40	-59
Exchange rate effect on operating activities		1	4	7	5	2
Cash flow from operating activities		70	13	203	61	146
Interest received		6	2	12	4	13
Interest and other financial expense paid		-34	-	-133	-	-12
Tax paid		-10	-	-10	-	-
Net cash flow from operating activities		32	15	72	64	147
Purchase of tangible assets	3	-2	-4	-3	-4	4
Cash flow from investing activities		-2	-4	-3	-4	4
Proceeds of interest-bearing debt		-	-	-	-	-
Installments on debt to Group companies		-21	-	-162	-	-
Installments on other non-current liabilities		-	-	-	-6	-6
Dividens		-213	-	-213	-	-
Cash flow from financing activities		-234	-	-375	-6	-6
Net change in cash and cash equivalents		-203	11	-306	54	145
Cash and cash equivalents at beginning of period		611	605	709	563	563
Exchange rate gain / loss on cash and cash equivalents		4	3	8	2	2
Cash and cash equivalents at end of period		411	619	411	619	709

The refinancing of the Company`s debt was completed in March 2023. As part of the refinancing external debt in DOF Installer ASA was reinstated in DOF Subsea AS and internal loans between the companies were established. Change in creditor from external parties to internal debt did not have cash flow effect.

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Share premium	Paid-in equity	Other equity	Total equity
Equity at 01.01.2023	34	564	598	-	598
Profit / loss for the period	-	-107	-107	-	-107
Total comprehensive income for the period	-	-107	-107	-	-107
Dividends	-	-250	-250	-	-250
Refinancing effects *)	-	13	13	-	13
Equity at 31.06.2023	34	220	254	-	254

*) As part of the refinancing interest cost not claimed by the lenders with NOK 13 million was recognised against equity.

Changes in equity	Share capital	Share premium	Paid-in equity	Other equity	Total equity
Equity at 01.01.2022	34	626	660	-	660
Profit / loss for the period	-	-	-	-191	-191
Total comprehensive income for the period	-	-	-	-191	-191
Equity at 31.06.2022	34	626	660	-191	469

Amounts in NOK million

Notes to the financial statements

Note 1 General

Skandi Hercules, Skandi Skansen and Skandi Vinland are hired out under charter contracts to the DOF Subsea Group or third-party charterers.

This Financial Report has been prepared in accordance with the standard for interim reporting (IAS 34). The Financial Report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company`s annual report for 2022.

Note 2 Financial income and expenses

	2Q 2023	2Q 2022	YTD 2023	YTD 2022	2022
Interest income	6	2	12	4	13
Other financial income	-	-	-	4	4
Financial income	6	2	12	8	17
Interest expenses	-32	-21	-65	-39	-105
Reversal impairment of loans to Group companies	-	-	-	-	15
Other financial expenses	-	-	-	-1	-16
Financial expenses	-32	-22	-65	-41	-106
Realised net gain / loss on derivative instruments and currency position	7	2	-303	-44	-46
Unrealised net gain / loss on derivative instruments and currency position	-49	-196	164	-166	-147
Net financial income / loss	-68	-213	-192	-242	-281

Amounts in NOK million

Note 3 Tangible assets

30.06.2023	Vessels	Periodic maintenance	Total
Net booked value 01.01.	1 418	54	1 472
Additions	-	3	3
Depreciation	-39	-7	-46
Net booked value 31.06.	1378	50	1428

30.06.2022	Vessels	Periodic maintenance	Total
Net booked value 01.01.	1 397	74	1 471
Additions	4	-	4
Depreciation	-48	-	-48
Net booked value 30.06.	1 353	74	1 427

Note 4 Net interest-bearing debt

Financial covenants in the loan agreements
After completion of the financial restructuring of the Group and the Company, new loan facilities have been established including changes in the financial covenants. There are no financial covenants at company level for DOF Installer ASA. Applicable covenants are on DOF Subsea Group consolidated level.

The most important financial covenants in the new loan agreements are the following:
DOF Subsea Group (excluding DOF Subsea Brasil Ltda.)

- The DOF Subsea Group shall have available cash of at least NOK 600 million on each testing date.
- DOF Subsea Group shall have positive working capital (current assets less current liabilities excluded current portion of debt to credit institutions), on each testing date.
- DOF Subsea Group`s Interest Coverage Ratio (EBITDA / interest payable in period) shall be no less than the level set out that period. The Interest coverage ratios are the following: From June 23-Dec 23, 2.0x, from Marc 24-Dec 24, 2.50x and from March 25-Dec 25, 3.25x.
- Fair value (based on 2 brokers valuations) for the vessels shall be at least 100% of the total outstanding loans related to the vessels.
- Testing date is set to be the last day in each quarter.

For further information about financial covenants in the Group see the annual report 2022 for DOF Subsea Group and DOF Group.

Amounts in NOK million

	30.06.2023	31.12.2022	31.12.2022
Debt to credit institutions	-	-	-
Debt to group companies	1 596	-	-
Total non-current interest-bearing debt	1 596	-	-
Debt to credit institutions	-	1 704	1 737
Debt to group companies	84	-	
Other current debt	-	-	-
Total current interest-bearing debt	84	1 704	1 737
Total non-current and current interest-bearing debt	1 680	1 704	1 737
Cash and cash equivalents	411	619	709
Interest-bearing receivables from Group companies	-	75	90
Total net interest-bearing debt	1 269	1 010	968

Amounts in NOK million

Note 5 Transactions with related parties

As part of the refinancing in March 2023 external debt has been reinstated in DOF Subsea AS and new loans between DOF Subsea AS and DOF Installer ASA were established. There are no other new types of transactions with related paries this quarter. Transactions with related parties are described in the Annual Report for 2022.

Note 6 Shareholder information

Shareholders at 31.03.2023	No. Shares	Shareholding and voting shares
DOF SUBSEA AS	28 893 335	85.15%
Euroclear Bank S.A./N.V.	1 501 800	4.43%
METEVA AS	630 000	1.86%
MP PENSJON PK	508 190	1.50%
AS CLIPPER	366 100	1.08%
AS STRAEN	364 915	1.08%
EUROMAR AS	331 900	0.98%
PROFOND AS	321 380	0.95%
AS AUDLEY	225 750	0.67%
SUNDT AS	140 000	0.41%
SNIPTIND INVEST AS	129 560	0.38%
LANDE EIENDOM INVEST AS	75 000	0.22%
BARQUE AS	56 500	0.17%
BYGGEVIRKSOMHET AS	56 000	0.17%
LEIF INGE SLETTHEI AS	50 708	0.15%
Total	33 651 138	99.18%
Other shareholders	279 862	0.82%
Total number of shares	33 931 000	100%

Note 7 Events after period end

There are no events after 2nd quarter.

Amounts in NOK million

Note 8 Alternative performance measurement and other definitions

Alternative performance measurements

The Company presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Company's performance. APMS are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

Measure	Description	Reason for including
Operating profit before depreciation (EBITDA)	EBITDA is defined as operating profit, including profit from sale of non-current assets, and amortisation of contract costs before impairment of tangible and intangible assets, depreciation of tangible assets. EBITDA represents earnings before interest, tax, depreciation and amortisation, and is a key financial parameter for the Company.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation and impairment. EBITDA shows operating profitability regardless of capital structure and tax situations with the purpose of simplifying comparison in the same industry.
EBITDA margin	EBITDA margin presented is defined as EBITDA divided by operating revenue.	Enables comparability of profitability relative to operating revenue.
Operating profit (EBIT)	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
EBIT margin	EBIT margin presented is defined as EBIT divided by operating revenue.	Enables comparability of profitability relative to operating revenue.
Net interest-bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents. Non-current receivables from joint ventures are not included in net interest-bearing debt. Cash and cash equivalents will include restricted cash. Current interest-bearing debt includes interest-bearing debt related to asset held for sale.	Net interest-bearing debt is a measure of the Company's net indebtedness that provides an indicator of the overall statement. It measures the Company's ability to pay all interest-bearing liabilities within available interest bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Company's capital structure.
Return on net capital	Profit / loss for the period divided by equity.	Return on net capital represents the total return on equity capital and shows the Company's ability to turn assets into profits.
Equity ratio	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Company's assets.
Book value equity per share	Equity divided by number of shares outstanding.	Measures the Company's net asset value on a per-share basis.

Other definitions

Measure	Description
Market value	Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller".

Amounts in NOK million

Supplemental information

Statement of comprehensive income 5 last quarters

	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022
Operating revenue	104	103	84	64	65
Operating expenses	-28	-37	-22	-5	-9
Operating profit before depreciation and impairment (EBITDA)	76	66	62	59	56
Depreciation	-23	-23	-22	-19	-24
Impairment	-	-	94	-	-
Operating profit (EBIT)	53	43	134	40	32
Financial income	6	6	5	4	2
Financial expenses	-32	-33	-28	-37	-22
Realised gain / loss on financial instruments	7	-310	-3	1	2
Unrealised gain / loss on financial instruments	-49	213	165	-146	-196
Net financial income / loss	-68	-124	139	-178	-213
Profit / loss before tax	-15	-81	273	-138	-181
Tax expense	-10	-	-5	-	-
Profit / loss for the period	-25	-81	267	-138	-181

Amounts in NOK million

Statement of financial position 5 last quarters

Assets	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022
Tangible assets	1 428	1 450	1 472	1 401	1 427
Total non-current assets	1 428	1 450	1 472	1 401	1 427
Other current receivables	172	161	209	182	162
Cash and cash equivalents	411	611	709	670	619
Total current assets	583	772	919	852	782
Total assets	2 011	2 221	2 391	2 253	2 209

Equity and liabilities	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022
Equity	254	530	598	330	469
Total equity	254	530	598	330	469
Debt to Group companies	1 596	1 572	-	-	-
Non-current liabilities	1 596	1 572	-	-	-
Debt to credit institutions	-	-	1 746	1 886	1 703
Other current liabilities	161	119	47	36	38
Current liabilities	161	119	1 793	1 923	1 740
Total liabilities	1 757	1 692	1 793	1 923	1 740
Total equity and liabilities	2 011	2 221	2 391	2 253	2 209

Key figures

	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022
Profit per share (NOK)	-0,74	-2.39	7.87	-4.07	-5.34
EBITDA margin	73%	64%	74%	92%	86%
EBIT margin	51%	42%	160%	63%	49%
Return on net capital	-10,5%	-15,3%	44,7%	-41,8%	-38,6%
Book value equity per share (NOK)	7.49	15.62	17.62	9.74	13.81
Net interest-bearing debt	1 269	953	968	1 142	1 010

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