



Presentation in connection with refinancing

DOF Subsea Group

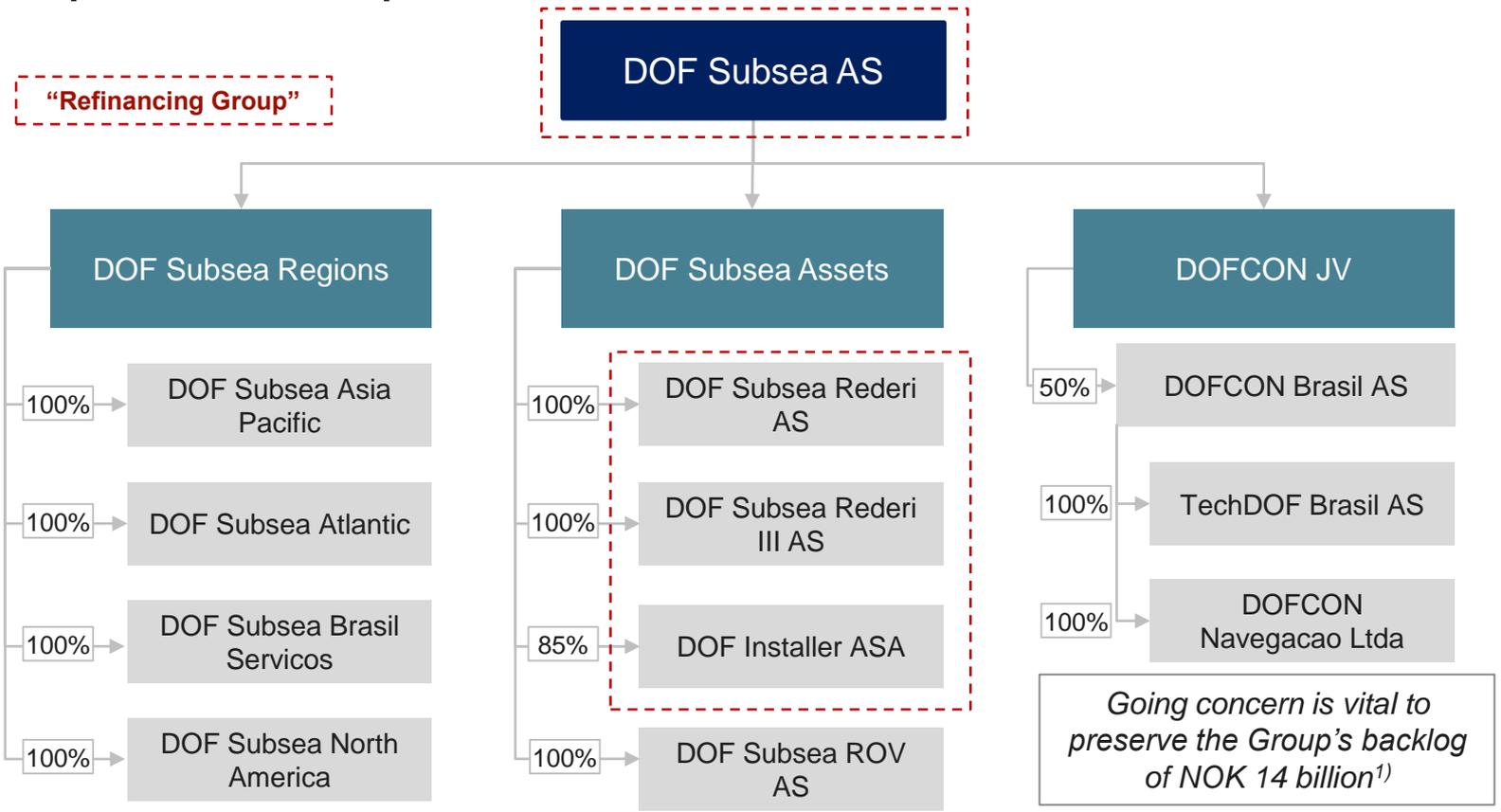


05 December 2019

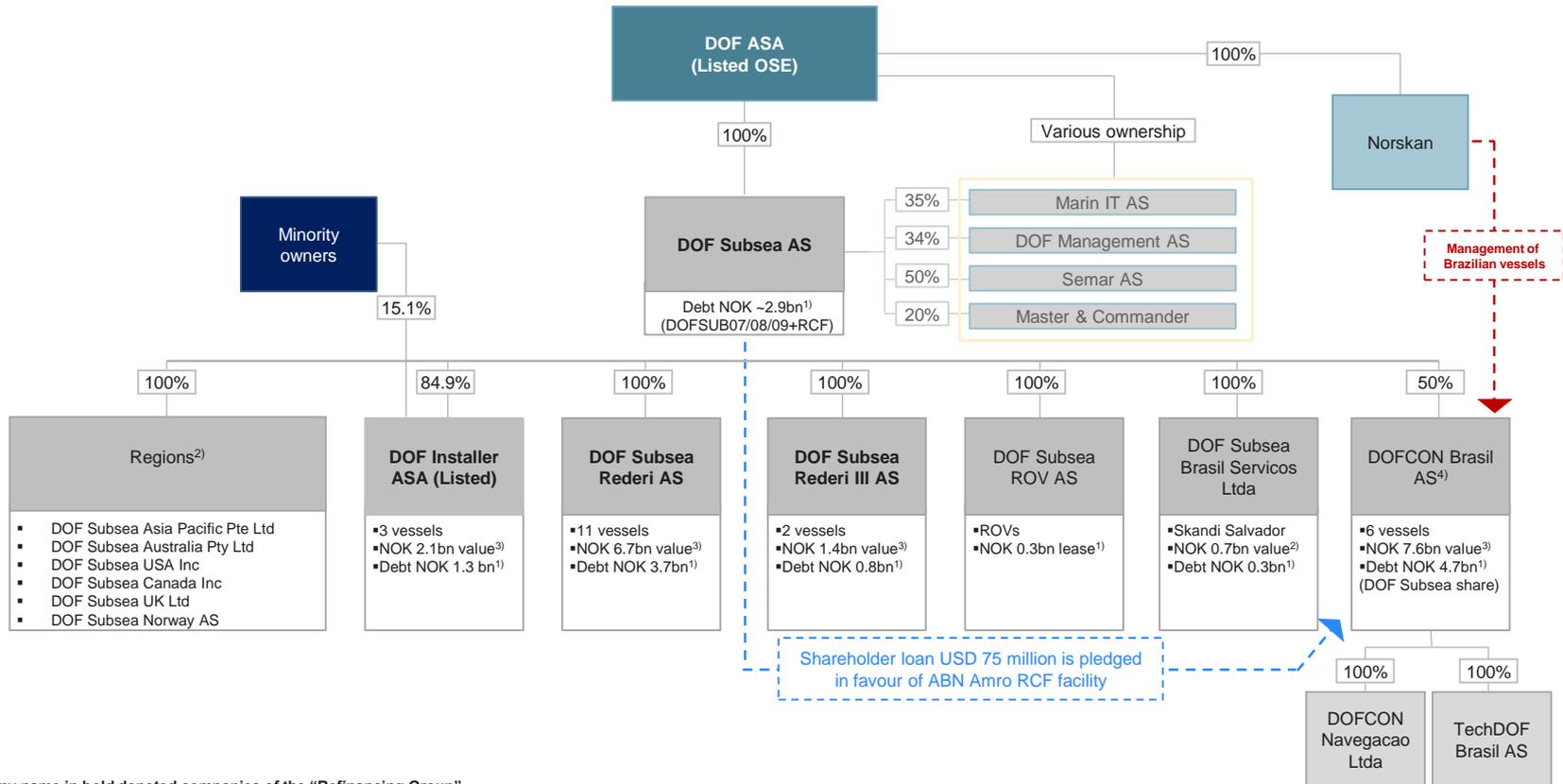
Background

- Following the downturn in 2014, the subsea market has not recovered as expected
- DOF Subsea Group has however managed to perform relatively well during the downturn, due to:
 - Global sales organisation
 - Strong backlog
 - Cost reductions
 - Sale of vessels
 - Financing of newbuilds and refinancing of existing vessels in the ship owning subsidiaries
- The market for financing and refinancing has become significantly more challenging – regular rollovers (refinancing of balloons) of existing loan facilities are challenging/not possible
- Current earnings are not sufficient to cover the debt amortisation plan and there are imbalances in earnings and liquidity between different legal entities within the Group
- DOF Subsea seeks to establish a new long term financial solution, and has in discussions with its largest shareholder, banks, and a group of the largest bondholders reached conditional agreements on a long-term structure that fits the current market environment and is expected to secure financial stability until the expected market recovery:
 - Establish one fleet facility for wholly owned vessels
 - Increase the duration on both secured and unsecured debt, reduce debt amortisation and revise covenant structure

Simplified Group overview



Legal structure with assets and external debt



Company name in bold denoted companies of the "Refinancing Group"

Note: 1) Debt (and FX rates) as of 30 September 2019

Note: 2) Not a complete list

Note: 3) Asset values calculated as the average of two reputable brokers' fleet valuation reports as per 30 September 2019

Note: 4) Ships owned in wholly owned subsidiaries of DOFCON Brasil AS

Related party relationship

DOF Subsea Group has the following main related party transactions with majority owner DOF ASA:

- DOF Management AS: owned 34%, remaining 66% owned by DOF ASA. DOF Management provides marine management to the entire DOF Subsea Group outside Brazil
- Norskan Ltda: owned 100% by DOF ASA. Norskan provides marine management for all contracts in Brazil, and is party to the 8-year contracts with Petrobras for the four¹⁾ PLSV vessels
- Marin IT AS: owned 35%, 40% owned by DOF ASA and 25% owned by Austevoll Seafood ASA. Marin IT provides IT services for the DOF Subsea Group

Debt overview per 30 September 2019 - (1/2)

"Refinancing Group"				
	Currency	Debt outstanding (Local currency m) ¹⁾	Debt outstanding (NOKm) ¹⁾	Asset value (NOKm) ²⁾
DOF Subsea AS (Parent)				
DOFSUB 07	NOK	467	467	
DOFSUB 08	USD	147	1,337	
DOFSUB 09	NOK	840	840	
RCF (frame)	NOK	250	250	1
Other debt	NOK	52	52	
Total DOF Subsea AS (Parent)			2,946	52
DOF Subsea Rederi AS				
Skandi Acergy	NOK	550	550	925
Skandi Achiever	NOK / USD	146 / 29	406	671
Skandi Africa	USD	171	1,551	2,908
Skandi Hawk	USD	28	250	311
Skandi Neptune	NOK	120	120	278
Skandi Patagonia	NOK	103	103	245
Skandi Singapore	USD	37	333	831
Geograph	NOK	91	91	115
Geoholm	NOK	120	120	175
Geosea	USD	8	70	102
Geosund	NOK	41	41	103
Other unsecured debt	NOK	100	100	n.a.
Total DOF Subsea Rederi AS			3,735	6,664
DOF Subsea Rederi III AS				
Skandi Constructor	USD	56	505	802
Skandi Seven	NOK	344	344	553
Total DOF Subsea Rederi III AS			849	1,354
DOF Installer ASA				
Skandi Hercules	NOK	450	450	783
Skandi Skansen	NOK	450	450	783
Skandi Vinland	CAD	57	389	526
Other unsecured debt	NOK	40	40	n.a.
Other unsecured debt	NOK	10	10	n.a.
Total DOF Installer ASA			1,339	2,091

Comments

- NOK 250 million RCF to DOF Subsea AS has security in certain assets owned by other Group companies, being the vessel Skandi Carla, second priority in Skandi Acergy and the USD 75 million shareholder loan provided by DOF Subsea AS to the DOFCON JV
- Bond amounts are net of treasury bonds (held by the Company):
 - DOFSUB07: NOK 41 mill
 - DOFSUB08: USD 28 mill
 - DOFSUB09: NOK 60 mill

Debt overview per 30 September 2019 - (2/2)

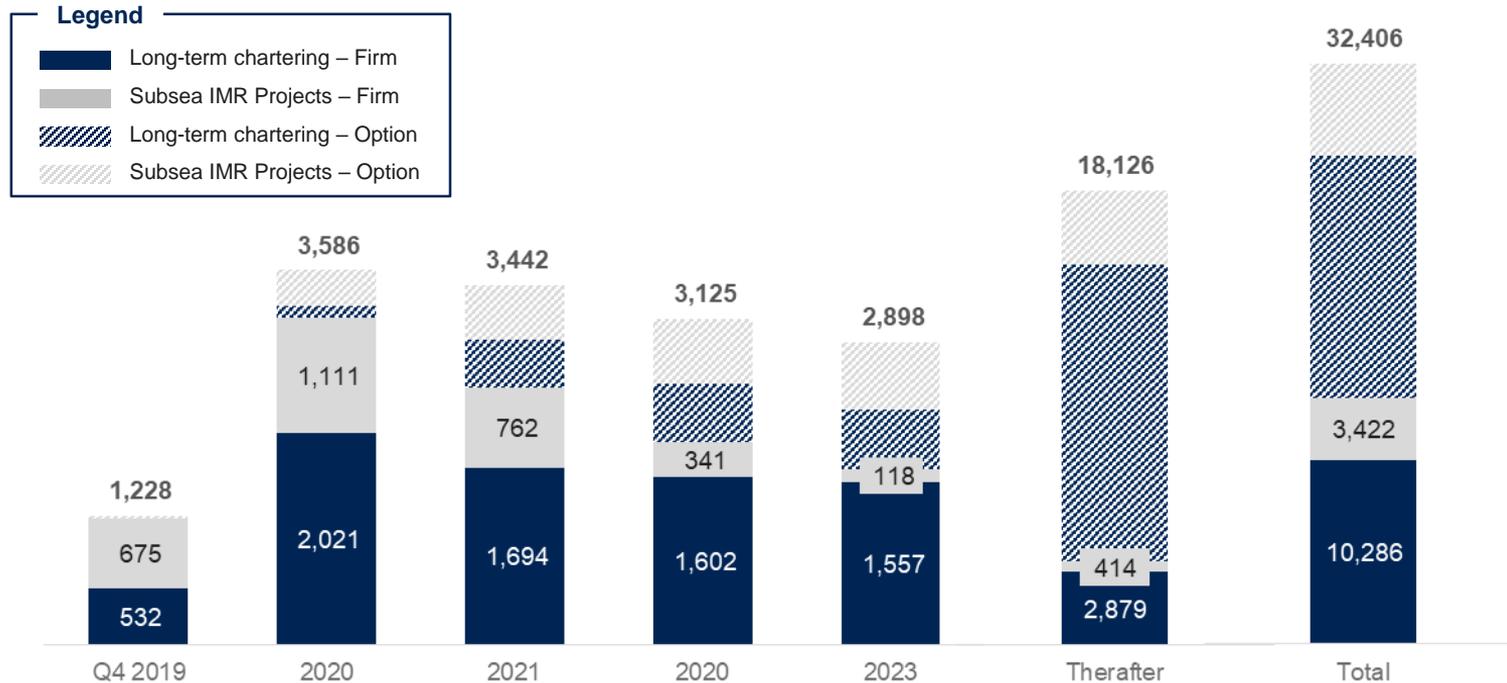
	Currency	Debt outstanding (Local currency m) ¹⁾	Debt outstanding (NOKm) ¹⁾	Asset value (NOKm) ²⁾
DOF Subsea Brasil Servicos Ltda				
Skandi Salvador	USD	36	325	741
Total DOF Subsea Brasil Servicos Ltda			325	741
DOF Subsea ROV AS				
Subsea Equipment	NOK	218	218	n.a.
Total DOF Subsea ROV AS			218	
DOFCON Brasil AS (Pro-rata)				
Total TECHDOF BRASIL AS			1,899	2,806
Total DOFCON NAVEGACAO Ltda			2,807	4,788
Total external debt DOF Subsea Group (Pro-rata)			14,116	18,495

Financials



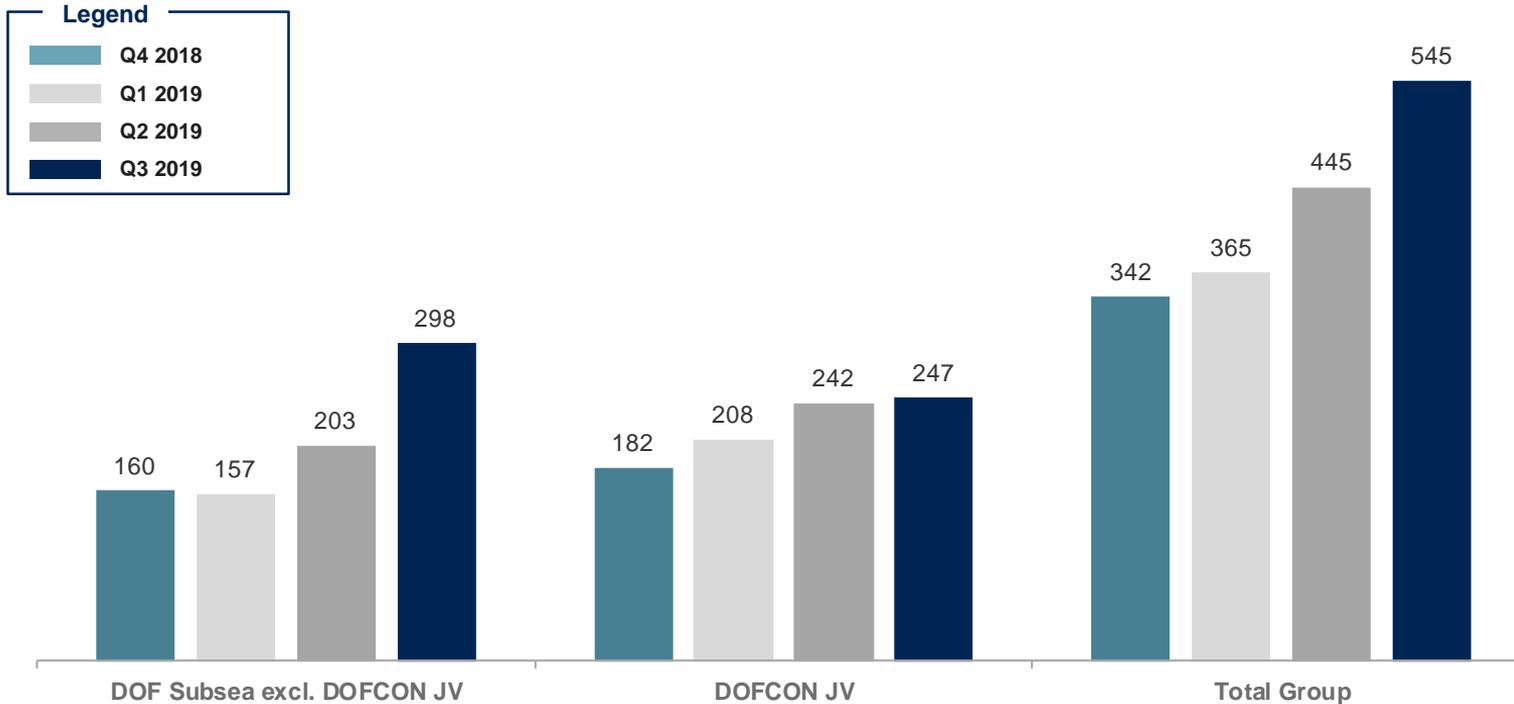
Firm backlog of approx. NOK 14 billion underpinning importance of keeping the Group as a going-concern

Current backlog¹⁾ (NOK million)



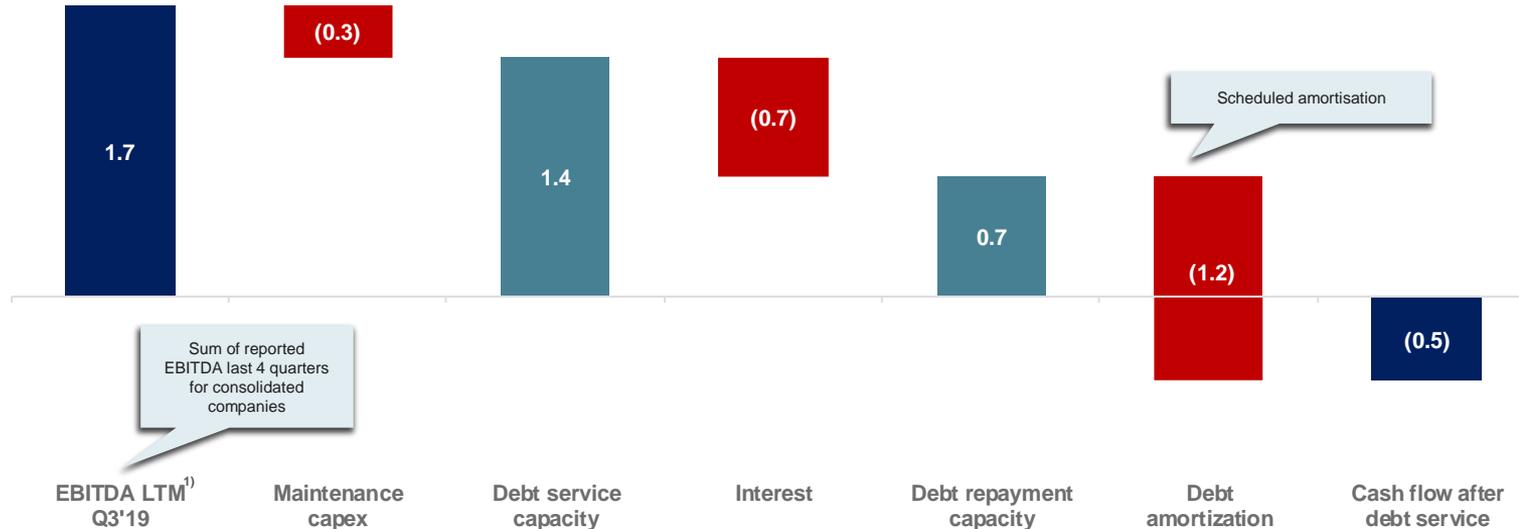
EBITDA development

EBITDA development (NOKm) (until Q3 2019)



Backlog secures significant debt service capacity, but reduced debt amortisations are required

Current debt service capacity (NOKbn, management reporting)



- Total group has a net shortage of NOK 500 million per year unless market improves
- Above assume roll-over of bank balloons and bonds and no changes in working capital

Key numbers | Current run rate (based on LTM Q3'19)

(NOKm) ¹⁾	DOF Subsea "Bank Group"	DOF Subsea AS (Parent)	Group excl. JV	DOFCON JV	Total Group
EBITDA LTM Q3'19 ²⁾	800	-	800	900	1,700
Maintenance capex	(200)	-	(200)	(100)	(300)
Debt service capacity	600	-	600	800	1,400
Interest	(250)	(250)	(500)	(200)	(700)
Debt repayment capacity	350	(250)	100	600	700
Debt amortisation	(800)	-	(800)	(400)	(1,200)
Cash flow after debt service	(450)	(250)	(700)	200	(500)

- The "Bank Group" – Group companies excluding DOF Subsea AS (Parent) and excluding DOFCON JV – is issuer of the secured bank debt due to be refinanced. The Bank Group has earnings to cover all interest payments and NOK ~350 million of annual amortisations
- The Parent Company – is issuer of the bonds. The Parent Company has no revenues but NOK ~250 million of annual interest expense to bonds
- The DOFCON JV is owner of the six PLSVs operating in the Brazilian market, and has positive cash flow after debt amortisations. A portion of the free cash flow can be distributed to DOF Subsea AS by repayment of a USD 75 million shareholder loan (security to a bank facility) and/or dividends

Proposed Refinancing



Key proposed terms for bank refinancing

New USD 680m Credit Facility

- USD 635m fleet loan, equal to outstanding debt as per 30 September 2019
- New RCF/Guarantee facilities of USD 45m
- 4 year maturity, with an option to extend with 1 year subject to all lender consent

New debt amortisation schedule adjusted to current business plan

- Debt amortisation of USD 5m after 9 months and USD 5m after end of year 1, and then USD 30m in year 2, USD 50m in year 3, USD 65m in year 4 and USD 75m in year 5¹⁾ (paid quarterly)²⁾
- Skip payment option³⁾ of USD 27.5m (i.e. USD 27.5m of amortisation initially due in year 2 and 3 can be postponed to the balloon)
- Cash sweep if cash (excluding DOFCON JV cash and amounts available under the RCF) exceeds NOK 900m

Competitive refinancing terms

- LIBOR + margin of 300bps
- Guarantee fees (performance guarantees etc.) 240bps

Security

- Cross-collateral of all vessels (excluding DOFCON JV and Skandi Salvador)
- Assignment of DOFCON JV shareholder loan
- Pledge of shares

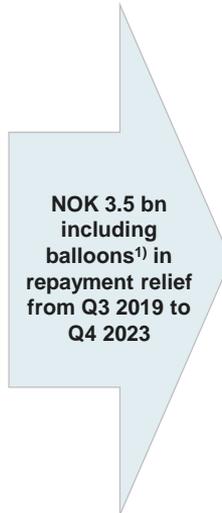
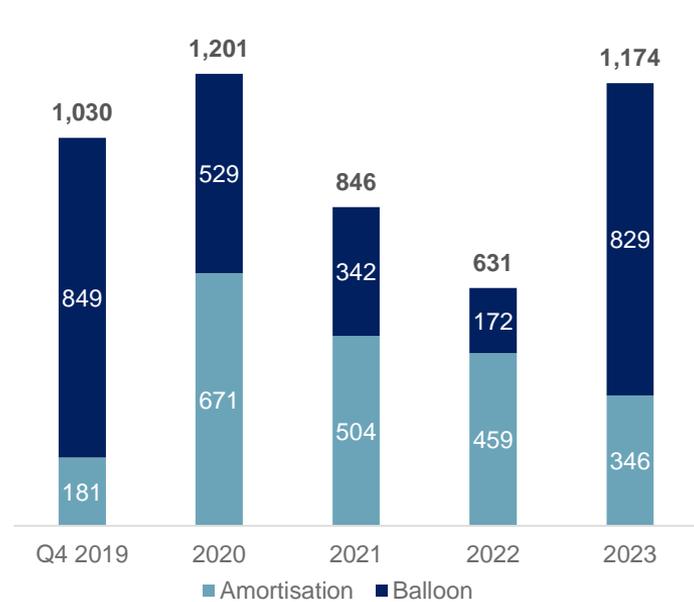
Amended covenants and undertakings

- Minimum Liquidity of NOK 400m
- Minimum Value Adjusted Equity of 25%⁴⁾, Minimum Value Clause of 130%
- Positive Working Capital (excluding current portion of debt to credit institutions)⁴⁾
- Restrictions on investments, dividend and buy-back of bonds

Significant debt amortisation concession in current proposal from the senior lenders

Current "Refinancing Group" repayment schedule

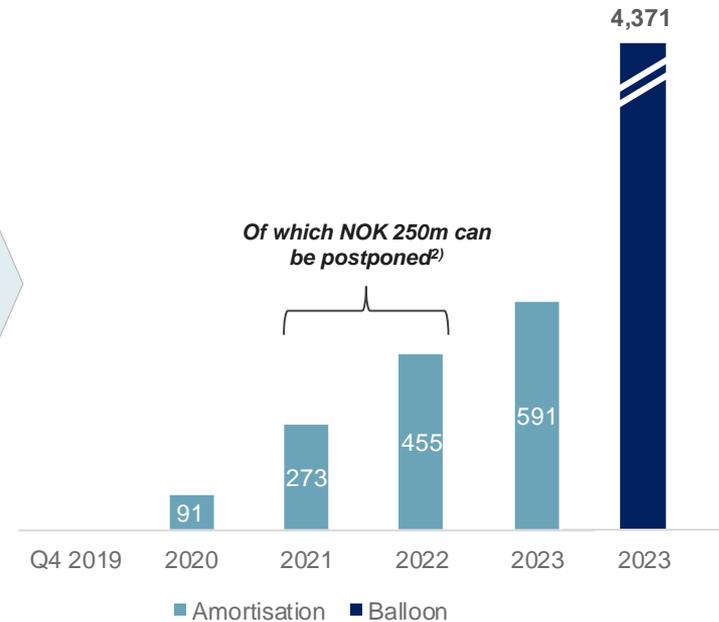
NOK million



NOK 3.5 bn including balloons¹⁾ in repayment relief from Q3 2019 to Q4 2023

New "Refinancing Group" repayment schedule

NOK million



Of which NOK 250m can be postponed²⁾

Key proposed terms for bond refinancing

Maturity extension behind bank loan¹⁾

- DOFSUB07 extended to 29 December 2023 (3 years 7 months extension)
- DOFSUB08 extended to 14 August 2024 (2 years 5 months extension)
- DOFSUB09 extended to 27 December 2024 (1 year 1 month extension)

Alignment of cash distribution in 3 first years

- For the initial 3 years, cash interest will be NIBOR/LIBOR + 400bps²⁾
- From year 4, interest for all bonds is set equal to current margin of DOFSUB09²⁾, paid fully in cash
- Company gets options for early repayment of bonds at a price of 105% from January 2023 for all three bonds, with option price stepping up to 110% from July-23/Oct-23/Jan-24 for 07/08/09, and to 115% of par from Oct-23/Apr-24/July-24³⁾
- Repayment price on maturity equal to 115%

Amended financial covenants (legal structure)

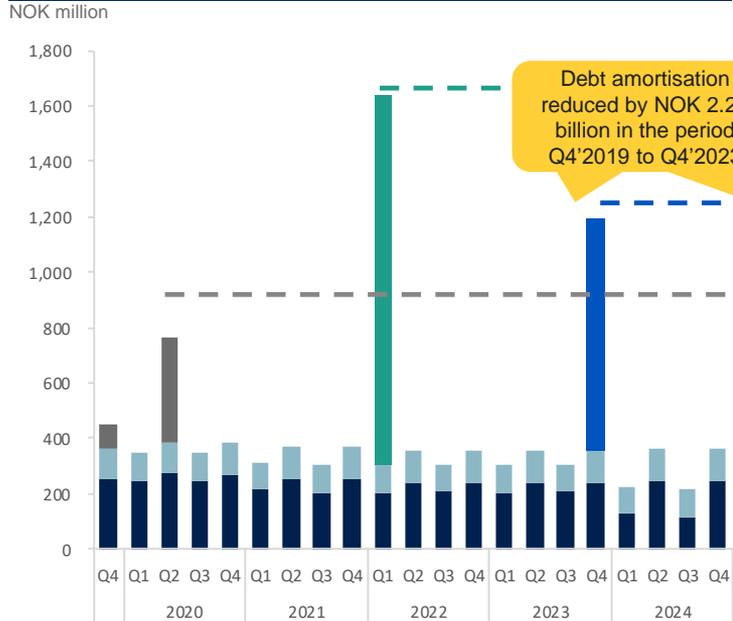
- Minimum Liquidity of NOK 400m
- Minimum Value Adjusted Equity of 25%
- Positive Working Capital (excluding current portion of debt to credit institutions)
- No dividends prior to the maturity date unless an IPO Event has occurred
- “Most favoured nation” clause (any new covenants included in other agreements are also included here)

Changes to docs

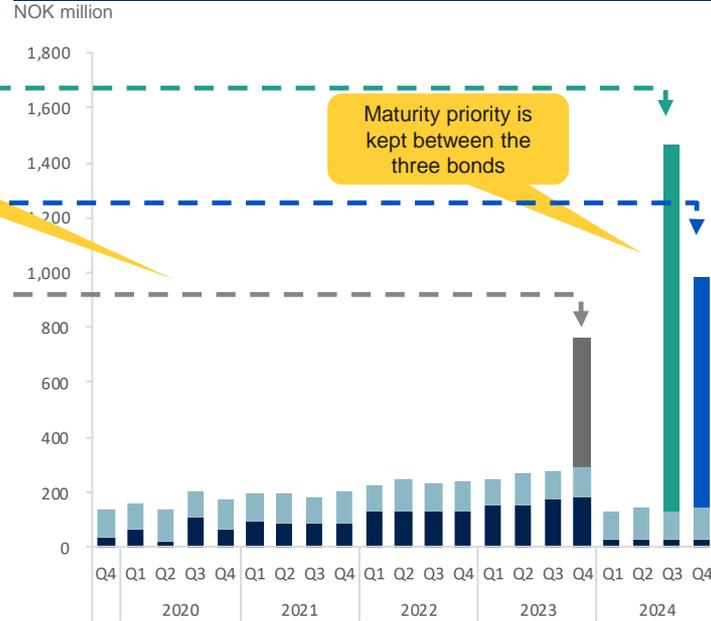
- Removal of negative pledge of shares in subsidiaries (other than the shares in DOFCON JV)
- Any new unsecured bond issues shall have maturity at least 18 months after DOFSUB09

Proposed maturity structure for banks and bonds

Original structure (without balloons on bank debt)



New structure²⁾ (without exercise of skip payment option and balloons on bank debt)



EBITDA required to meet forecasted payment obligations

Projected capex and debt cost

NOK million

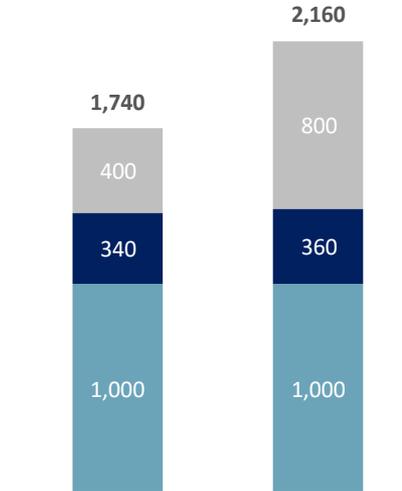


■ Interest cost DOFSUB Legal¹⁾
■ Amortisation DOFSUB Legal¹⁾
■ Interest cost DOFCON JV
■ Amortisation DOFCON JV
 ■ Capex

EBITDA “scenarios”²⁾

NOK million

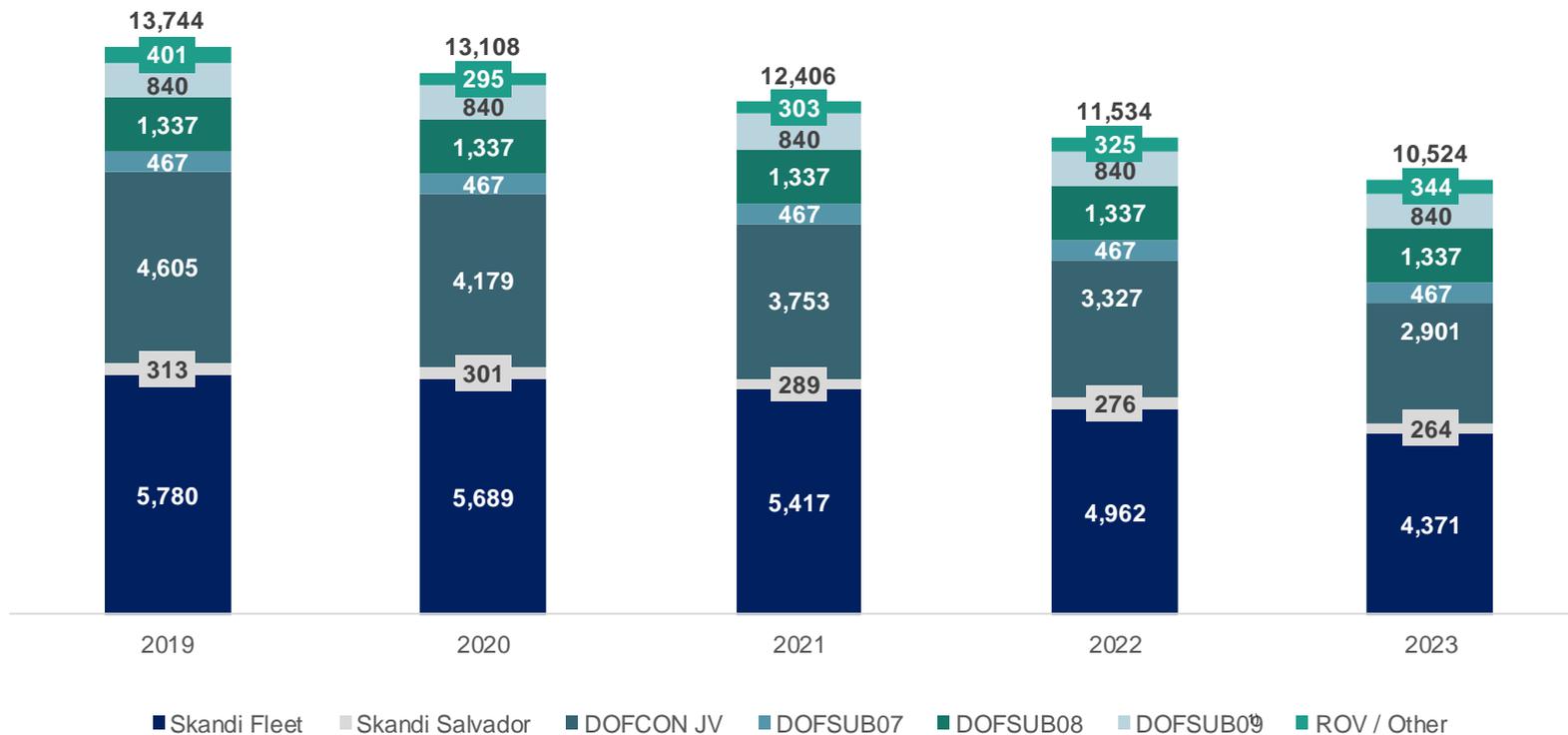
Illustrative



■ DOFCON JV
 ■ LTC³⁾
■ Project

Stable deleveraging over time

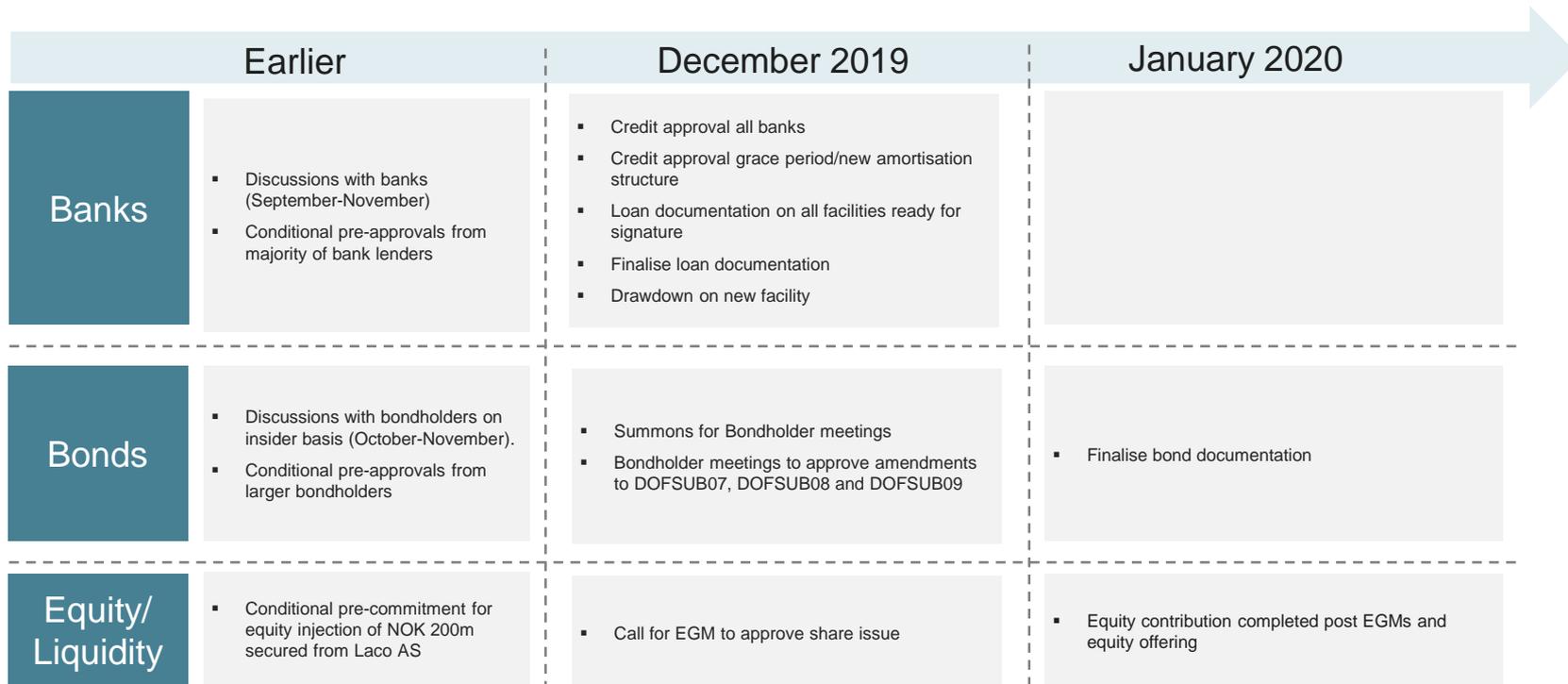
Outstanding debt in NOK million



Timeline and process



Top-down timeline



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