



Floatel International Ltd.

Update 14 April 2020

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COMPANY OVERVIEW

MARKET FUNDAMENTALS

PROPOSAL/FINANCIALS

Young, high-end fleet of accommodation vessels

Fleet overview (1/3)

FLOATEL SUPERIOR

- Delivered March 2010
- Broker value: USD 244m^{*)}
- Operating displacement 29' MT
- DP 3 positioning system
- Eight-point mooring
- 440 bed accommodation (single cabins)
- Deck area 1,500 m²
- Payload 2,400 metric tons
- Main crane 100 MT lifting capacity
- Telescopic gangway 38.0m, ±7.5m

Designed for harsh environment and is approved for work in UK and Norwegian sector on a year-round basis. Has previously worked in Australia.

SPS ongoing, complete end May 2020.



FLOATEL RELIANCE

- Delivered October 2010
- Broker value: USD 139m^{*)}
- Operating displacement 16' MT
- DP 2 positioning systems
- 500 bed accommodation capacity
- Deck area 1,100m²
- Payload 1,800 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 36.0m ±6.5m

Designed for harsh environment and has previously worked in Brazil 2011-2016

Presently in lay-up and is actively marketed for new work. Estimated time for reactivation is 14-17 weeks.



Young, high-end fleet of accommodation vessels

Fleet overview (2/3)

FLOATTEL VICTORY

- Delivered November 2013
- Broker value: USD 203m^{*)}
- Operating displacement 26' MT
- DP 3 positioning systems
- Ten-point chain mooring system
- 560 bed accommodation capacity
- Deck area 1,100m²
- Payload 2,400 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 38m ±7.5m

Designed for harsh environment and is approved for work in UK sector on a year-round basis. Has previously worked in US Gulf of Mexico.

Next SPS is due Q2 2023



FLOATTEL TRIUMPH

- Delivered: September 2016
- Broker value: USD 226m^{*)}
- Operating displacement 26' MT
- DP 3 positioning systems
- Ten-point chain mooring system
- 500 bed accommodation capacity
- Deck area 1,100m²
- Payload 1,500 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 38.0m, ±7.5m

Designed for harsh environment operations in UK sector on a year-round basis. Has a valid safety case for operations in Australia, both for cold and live installations.

Next SPS is due Q4 2021



Young, high-end fleet of accommodation vessels

Fleet overview (3/3)

FLOATTEL ENDURANCE

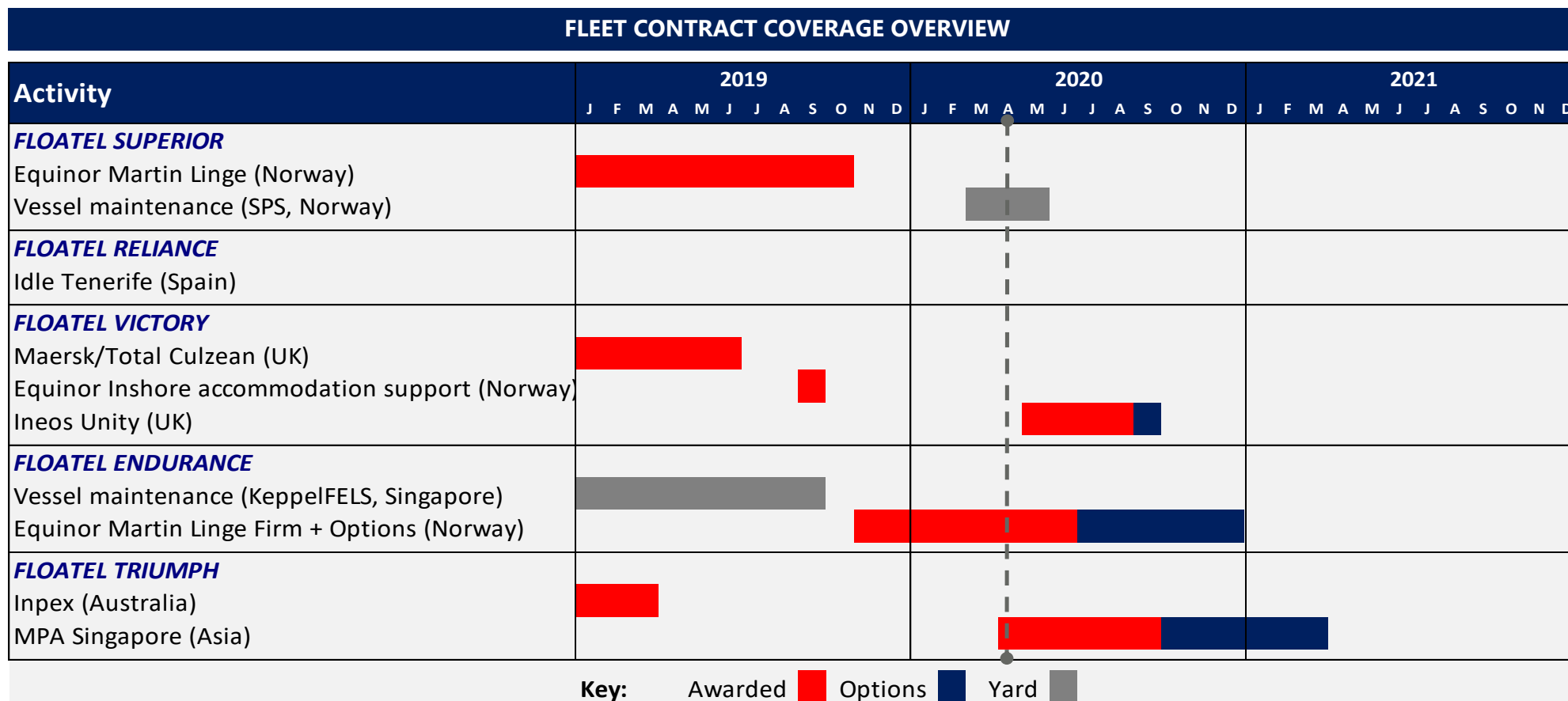
- Delivered April 2015
- Broker value: USD 283m^{*)}
- Operating displacement 32' MT
- DP 3 positioning systems
- Ten-point mooring system
- 440 bed accommodation (single cabins)
- Deck area 1,100m²
- Payload 2,000 metric tons
- Offshore crane support, 100 MT
- Telescopic gangway 38m ±7.5m

Designed for harsh environment and is approved for work in UK and Norwegian sector on a year-round basis. Has previously worked in Australia.

Next SPS is due 2024



Present fleet commitment

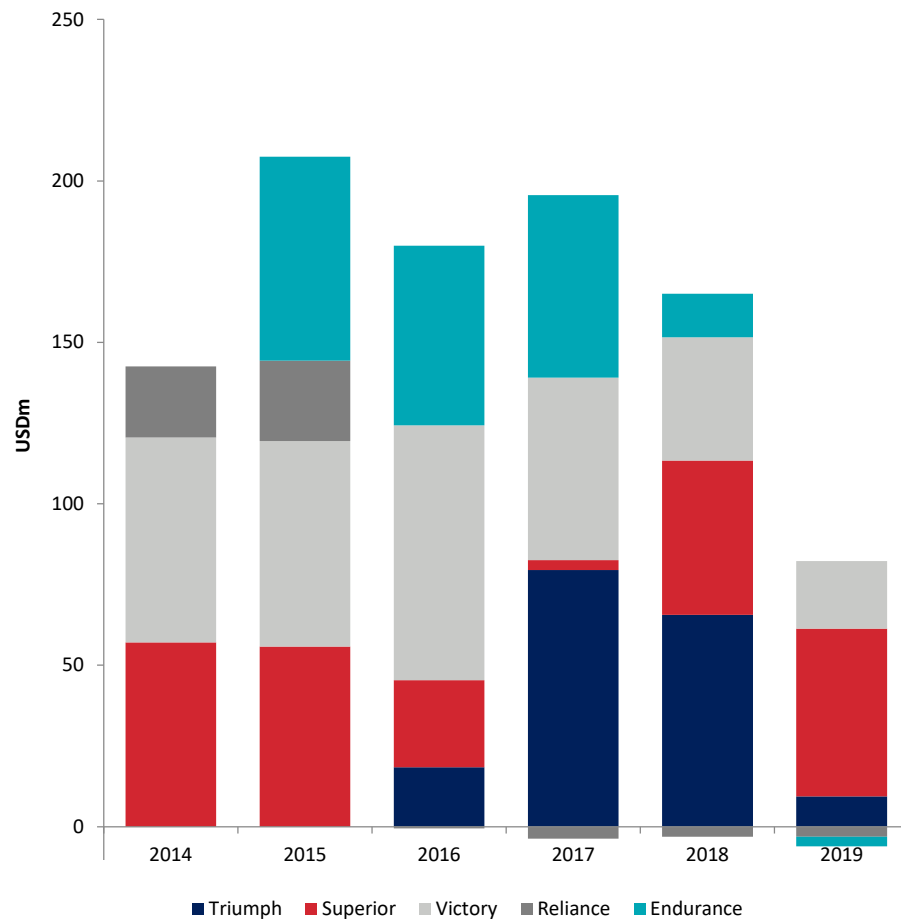


Date:

April-20

EBITDA and backlog development

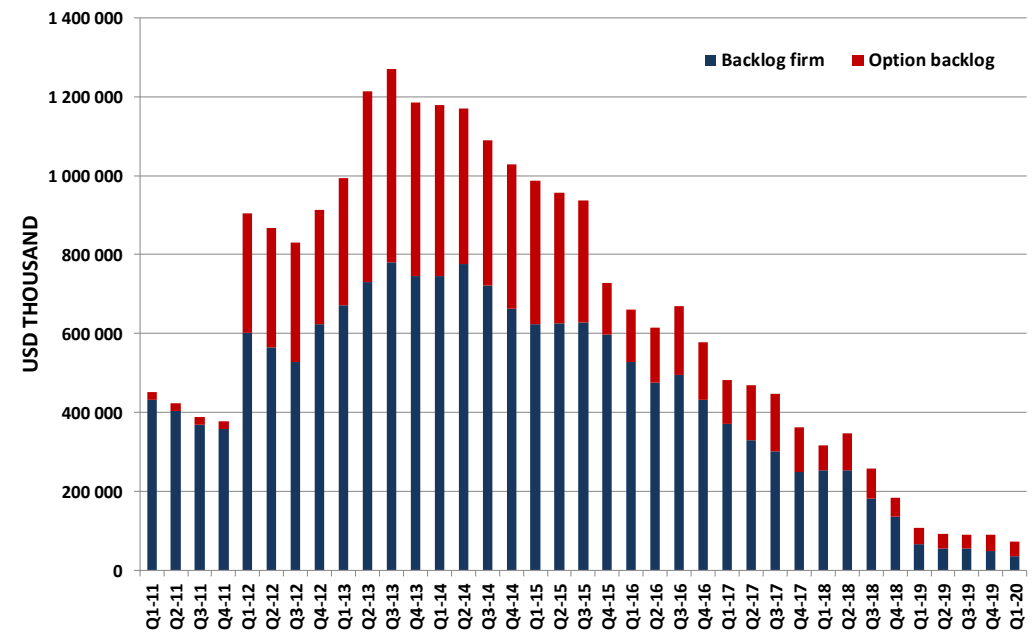
HISTORICAL EBITDA GENERATION PER UNIT



BACKLOG AS PER 1 APR 2020

Firm order book \$36 million, option work \$36 million

- ~89% of all options has historically been exercised, some projects extended beyond all options
- Total contractual days have on average been ~38% longer than original contracted periods (firm period + all options)
- Backlog including options equates to approx. USD 45m in EBITDA



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COMPANY OVERVIEW

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PROPOSAL/FINANCIALS

Established track record in all main markets

MAIN REGIONS OF OPERATION

North Sea | Harsh

- Stringent regulatory and harsh environment requirements pushing day-rates higher
- Due to the harsh environment a true semi-submersible area with an active spot market
- Reduced activity expected 2020-2021, expected recovery 2022.
- Active fleet size expected to be reduced to 5-7 units

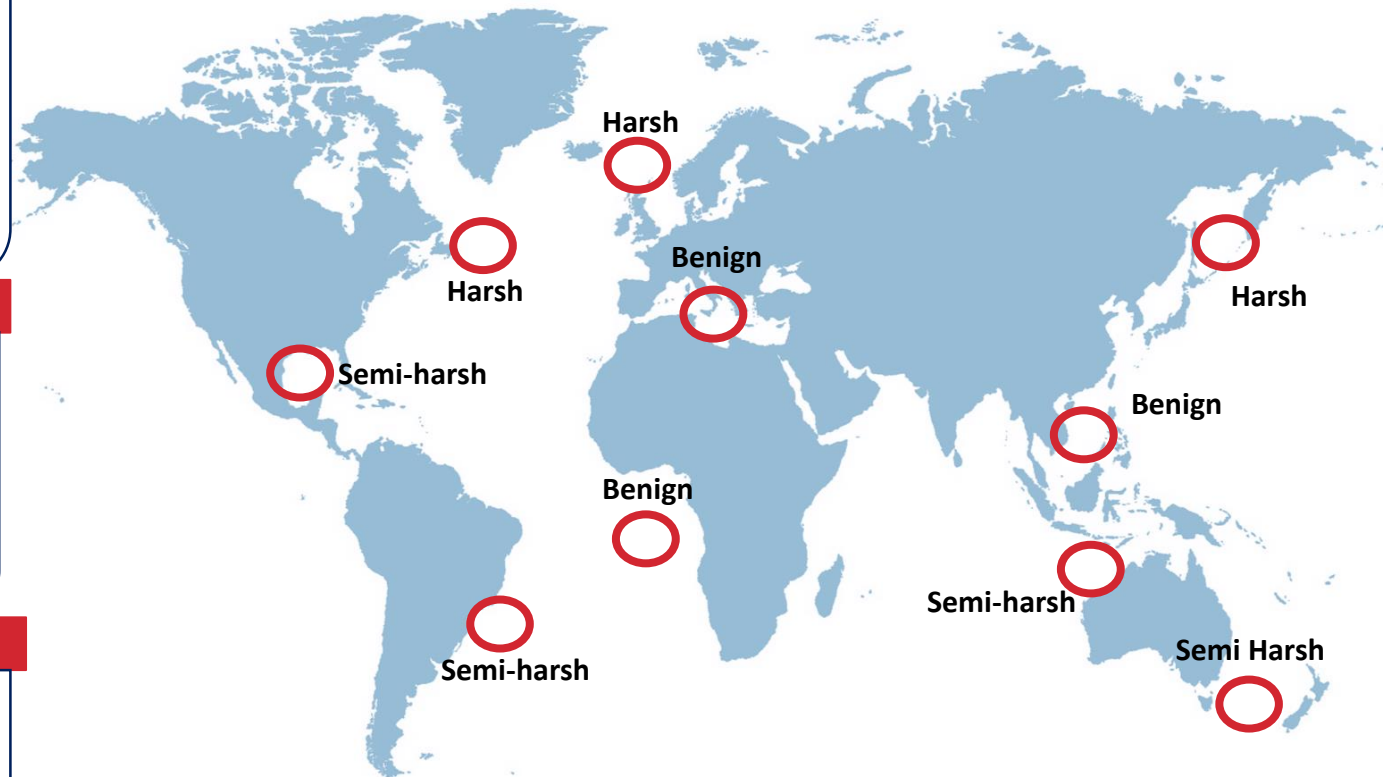
Gulf of Mexico | Semi-harsh

- Increased deep-water exploration and development activity to support demand for installation accommodation
- Mexican side dominated by long-term contracts, aging infrastructure and deferred maintenance
- Day-rate discount to the North Sea, mainly due to lower capabilities of operating rigs, but US operators showing increasing preference for higher specifications

Brazil | Semi-harsh

- Brazil's is a highly competitive market with 7 units in operations presently whereof 2 units under longer term contracts.
- Further bids expected and operating fleet going forward is expected to be 4-5 units
- Rates in region under pressure due to present overcapacity

REGIONAL OPERATIVE ENVIRONMENT



North Sea (NO, UK), Australia, Brazil, Canada, Mexico and USA represent the key regions for high-end offshore accommodation

Floatel delivers services throughout a project lifecycle

Attractively positioned for support and accommodation services

Installation / Hook-Up

~30-50% of North Sea demand



Support producers during the installation, construction, hook-up and commissioning of new production facilities

Production Maintenance and Modification

~50-70% of North Sea demand



Capacity during upgrade, modification, repair or maintenance of existing installations, the hook-up of satellite fields to existing infrastructure, or to address regulatory requirements or emergency and safety related issues of existing installations

Decommissioning

Additional Potential



Extra capacity during decommissioning or removal of offshore installations

Key drivers for accommodation services

Activity in Field Development

Oil Price and E&P spending

MMO spending

Driven by subsea tie-ins, life extension work, maintenance and shut down pending age of platforms

P&A and decommissioning activity

Field economics, regulations and age profile of fields

FLOATTEL INTERNATIONAL DELIVERS SERVICES THOUGHOUT THE PROJECT LIFECYCLE IN OFFSHORE PROJECTS

Market commentary reflecting present situation

Market commentary in light of COVID-19

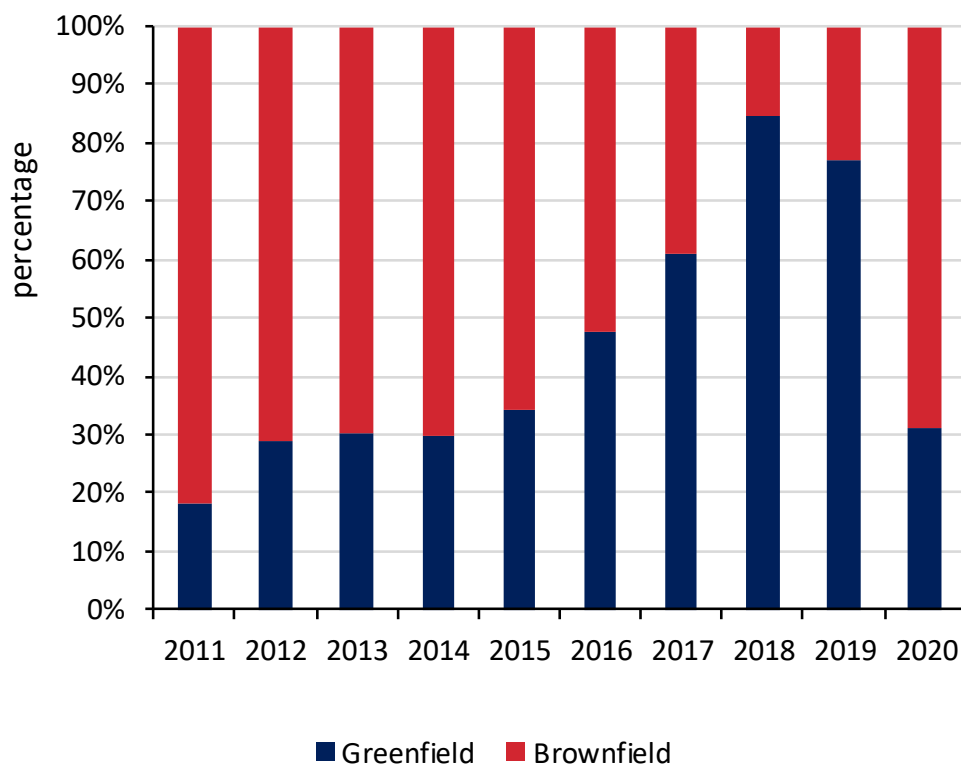
- The following slides showing predicted supply/demand in the North Sea region and Globally and has been prepared taking the present situation with C-19 and the substantial fall of the oil price into account. The consequences are:
 - Postponement of several of present project due to pandemic, North Sea Operators are discussing suspension of planned projects 2020 where accommodation vessels are required, work will most likely be suspended to 2021.
 - Petrobras have suspended all charters by 120 days, maybe longer, without payments.
 - Most Operators have made announcement of reduced CAPEX following today's situation, this will have an impact although most Operators have not communicated detailed plans and how this will affect previous identified projects. Assumption is reduced activity near term (2020-2021) with most previous identified projects pushed to the right, some projects assumed cancelled.
- It is believed that the current situation will “accelerate” scrapping decision of older vessels
- Recovery of market will be pushed further to the right. On the balance estimates has been based on no material changes in demand from 2022

North Sea demand recently dominated by Hook-Up work

Deferred maintenance and ageing installed base will lead to return of maintenance work

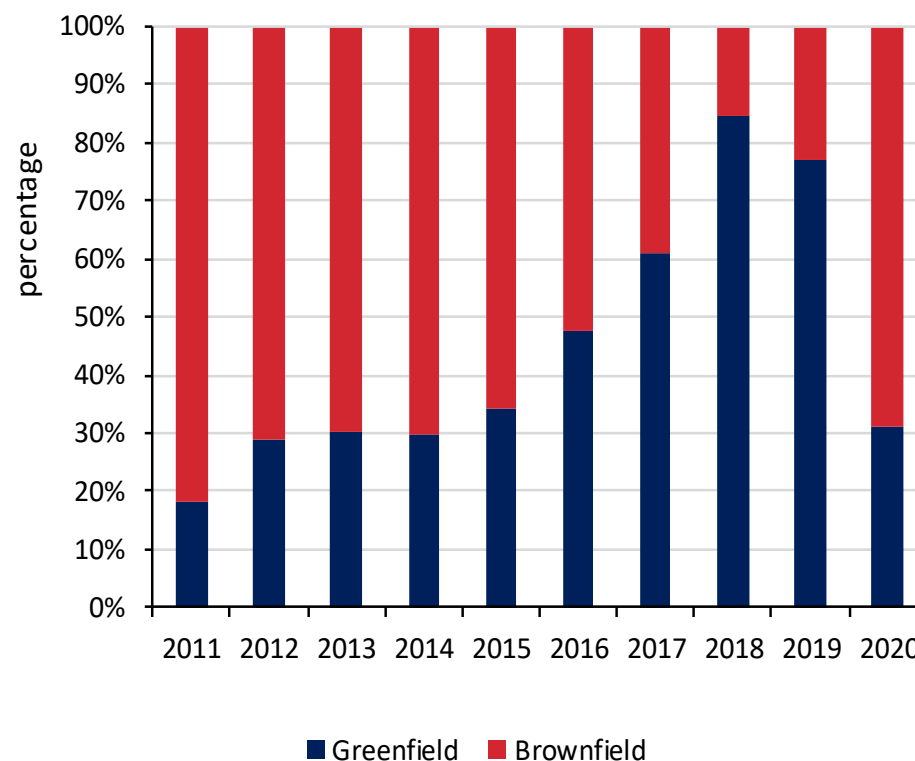
NORTH SEA AWARDED WORK

Awarded work - North Sea Hook up
(Greenfield) and Maintenance (Brownfield)



WORLD WIDE AWARDED WORK

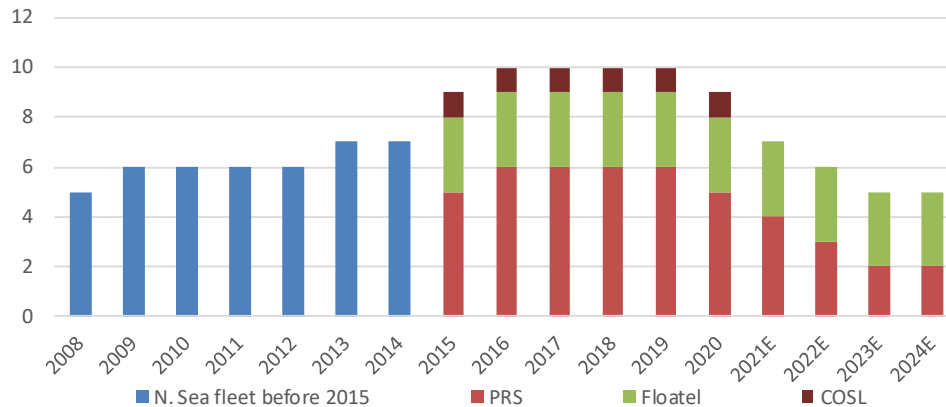
Awarded work - North Sea Hook up
(Greenfield) and Maintenance (Brownfield)



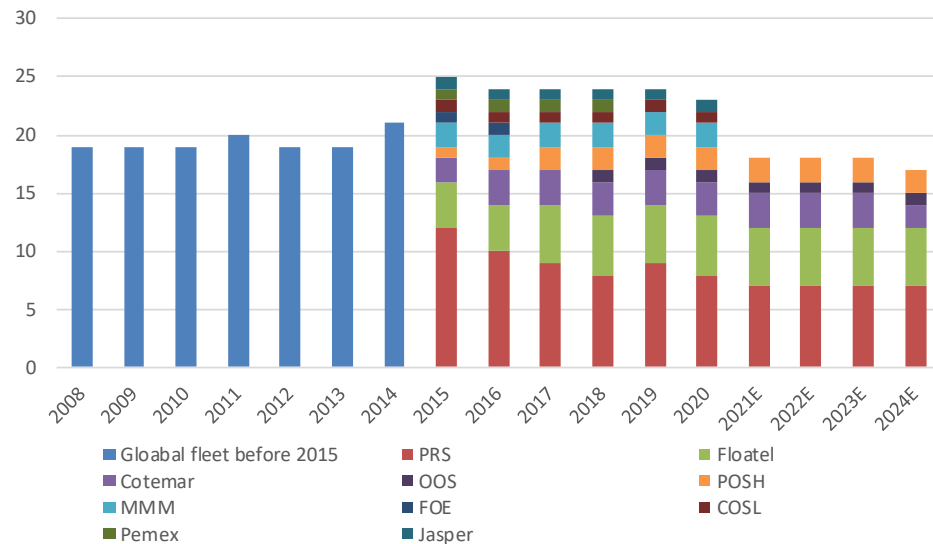
Floatel stands out with modern, high specification rigs

Supply Situation – ageing fleet of accommodation vessels

PREDICTED NORTH SEA SEMI ACCOMMODATION FLEET SIZE



WORLD WIDE SUPPLY OF SEMI. ACC. VESSELS*



SEMI-SUBMERSIBLE ACCOMMODATION VESSELS

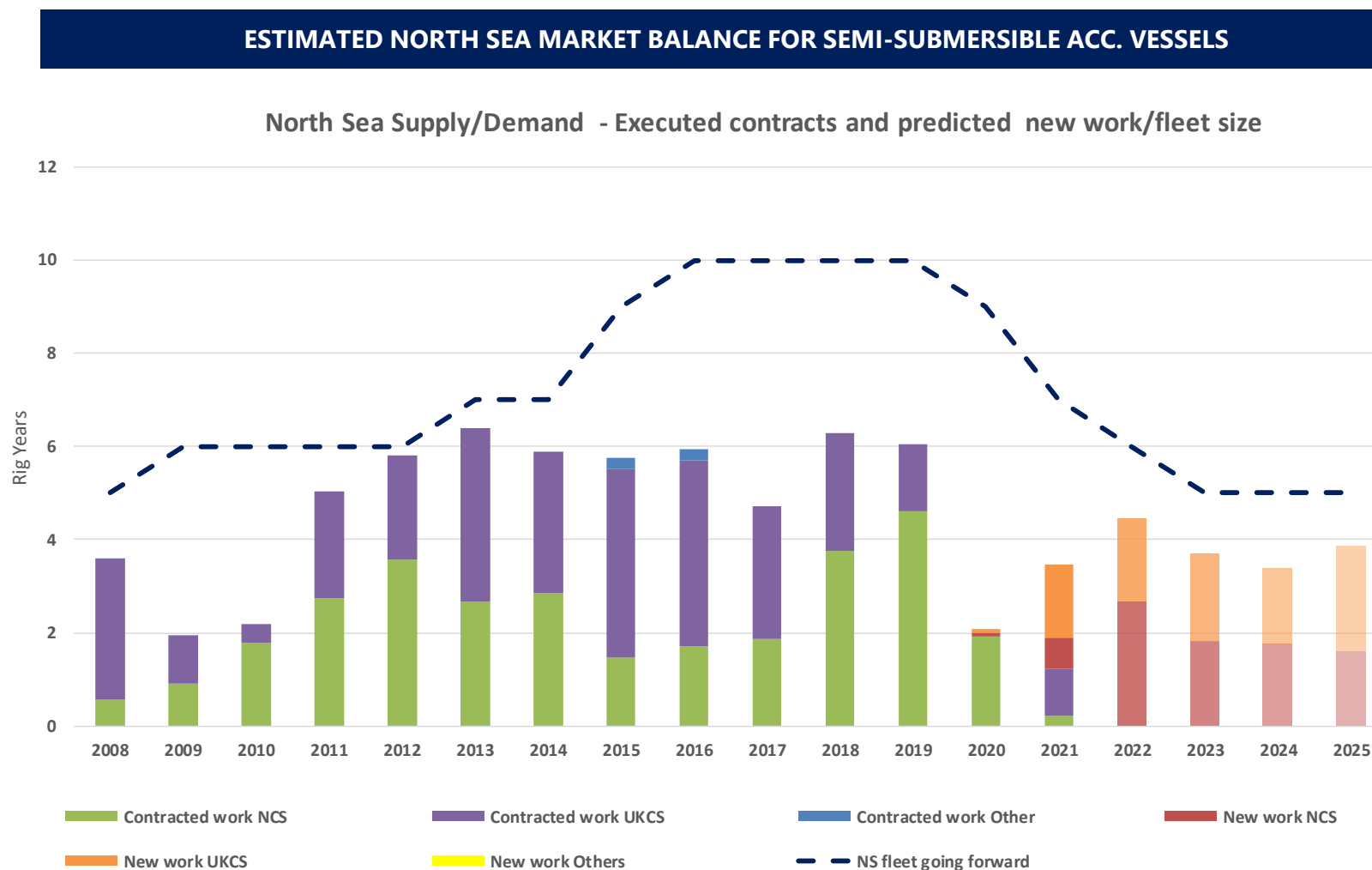
Vessel name	Operator	Status	DP	Delivery year
Safe Nova	Prosafte	Suspended delivery	DP3	2022/23**
Safe Vega	Prosafte	Suspended delivery	DP3	2022/23**
Safe Eurus	Prosafte	In Service	DP3	2019
OOS Tiradentes	OOS Int.	In Service	DP3	2018
Floatel Triumph	Floatel	Lay up	DP3	2016
Safe Notos	Prosafte	In Service	DP3	2016
POSH Arcadia	POSH	Lay up	DP3	2016
Floatel Endurance	Floatel	In Service	DP3	2015
Safe Boreas	Prosafte	Lay up	DP3	2015
Safe Zephyrus	Prosafte	In Service	DP3	2015
Atlantis	Cotemar	In Service	DP3	2015
Neptuno	Cotemar	In Service	DP3	2015
Posh Xanadu	POSH	In Service	DP3	2014
Floatel Victory	Floatel	In Service	DP3	2013
Floatel Reliance	Floatel	Lay up	DP2	2010
Floatel Superior	Floatel	Lay up	DP3	2010
Safe Concordia	Prosafte	In Service	DP2	2005
Semi 1	MMM	Lay up	DP2	1987
Semi 2	MMM	Lay up	DP3	1987
Regalia	Prosafte	Lay up	DP2	1985
Safe Scandinavia	Prosafte	Lay up	No DP	1984
Safe Bristolia	Prosafte	To be scrapped	No DP	1983
Safe Astoria	Prosafte	Scrapped	No DP	1983
Chemul	PEMEX	To be scrapped?	DP2	1983
Safe Caledonia	Prosafte	In Service	DP2	1982
lolair	Cotemar	In Service	DP2	1982
Jasper Cosmop.	Yulian	To be scrapped?	No DP	1977
COSLRival	COSL	To be scrapped?	No DP	1976

Scrapping candidates

Lay up = vessel laid up with no future contracts

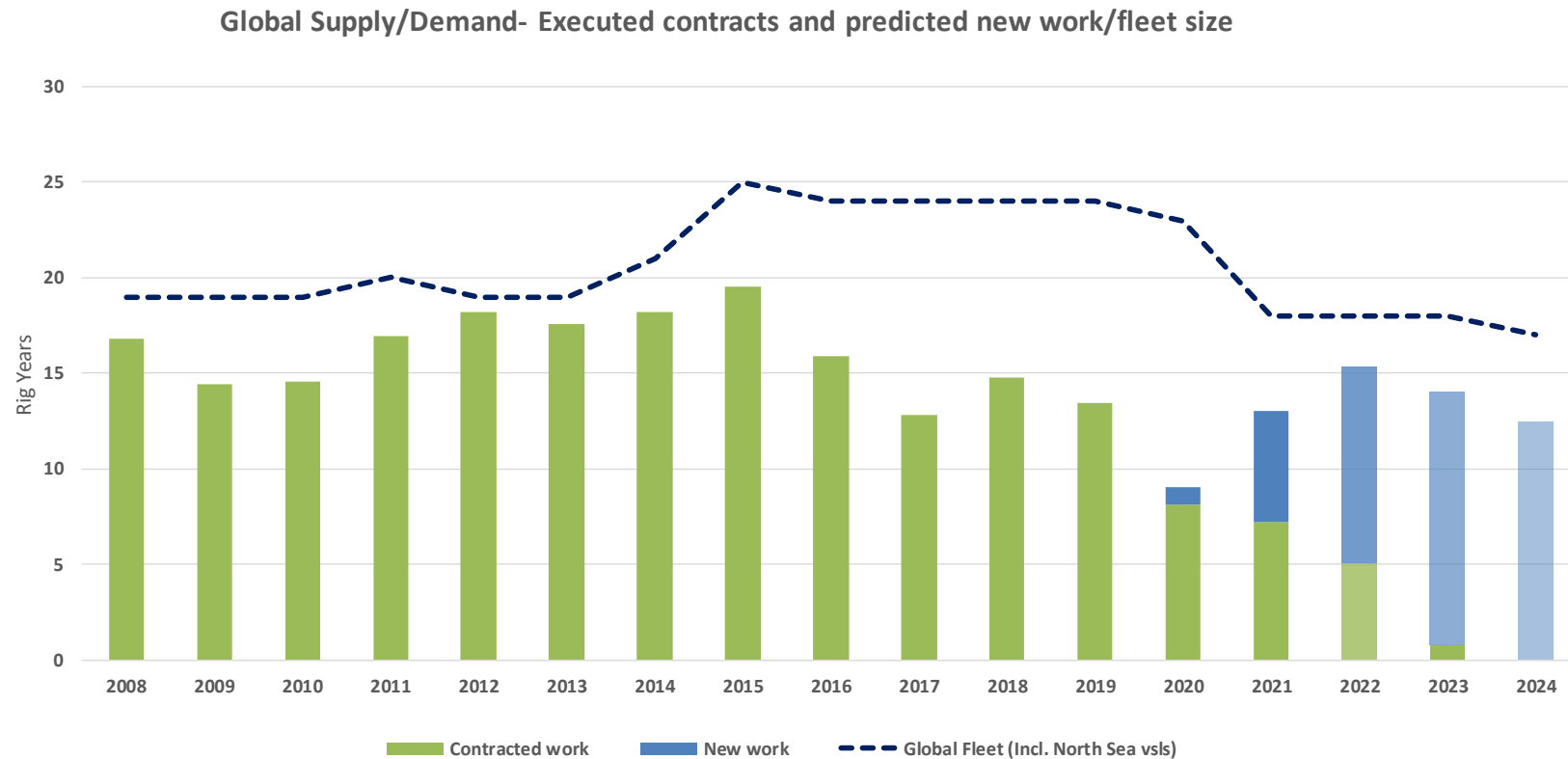


Accommodation market – North Sea



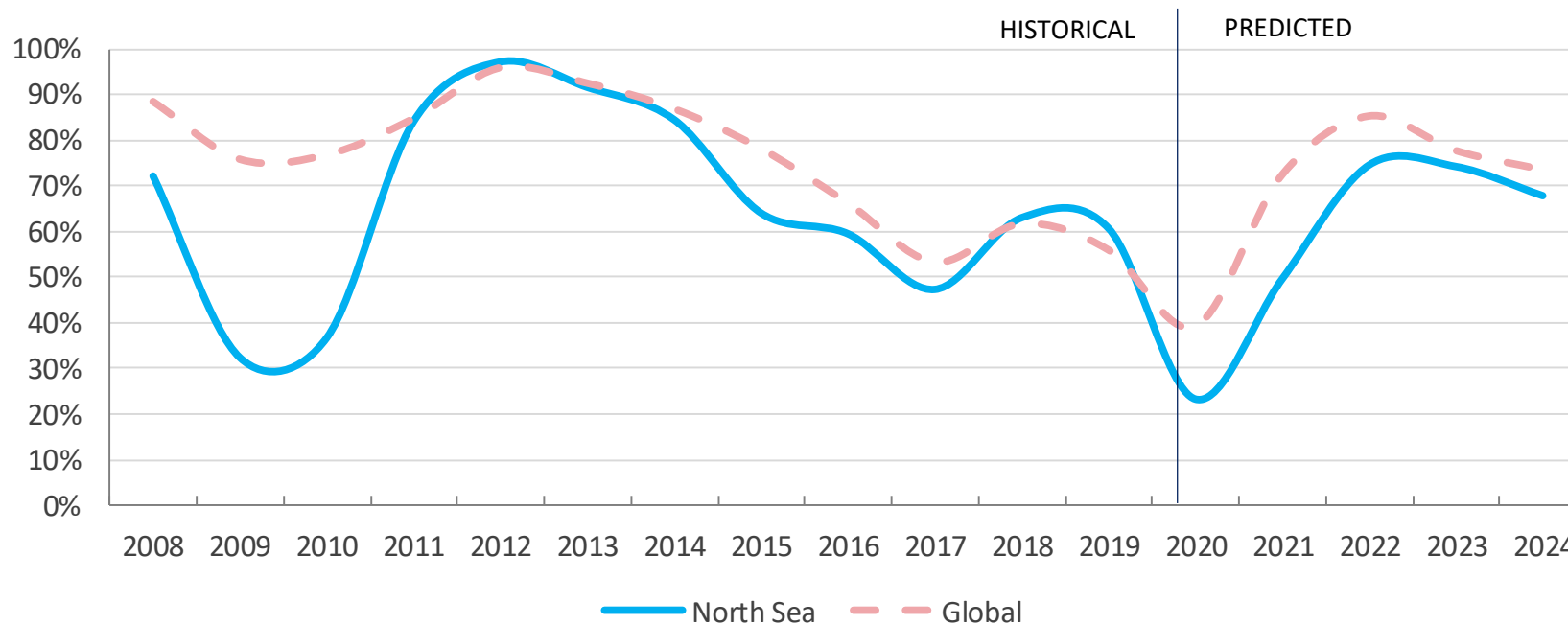
Accommodation market – Rest of the world (incl. North S)

ESTIMATED WORLD WIDE MARKET BALANCE FOR SEMI-SUBMERSIBLE ACC. VESSELS



Fleet utilisation

HISTORICAL AND PREDICTED SEMI-SUB ACCOMMODATION FLEET UTILISATION - NORTH SEA AND WORLD FLEET

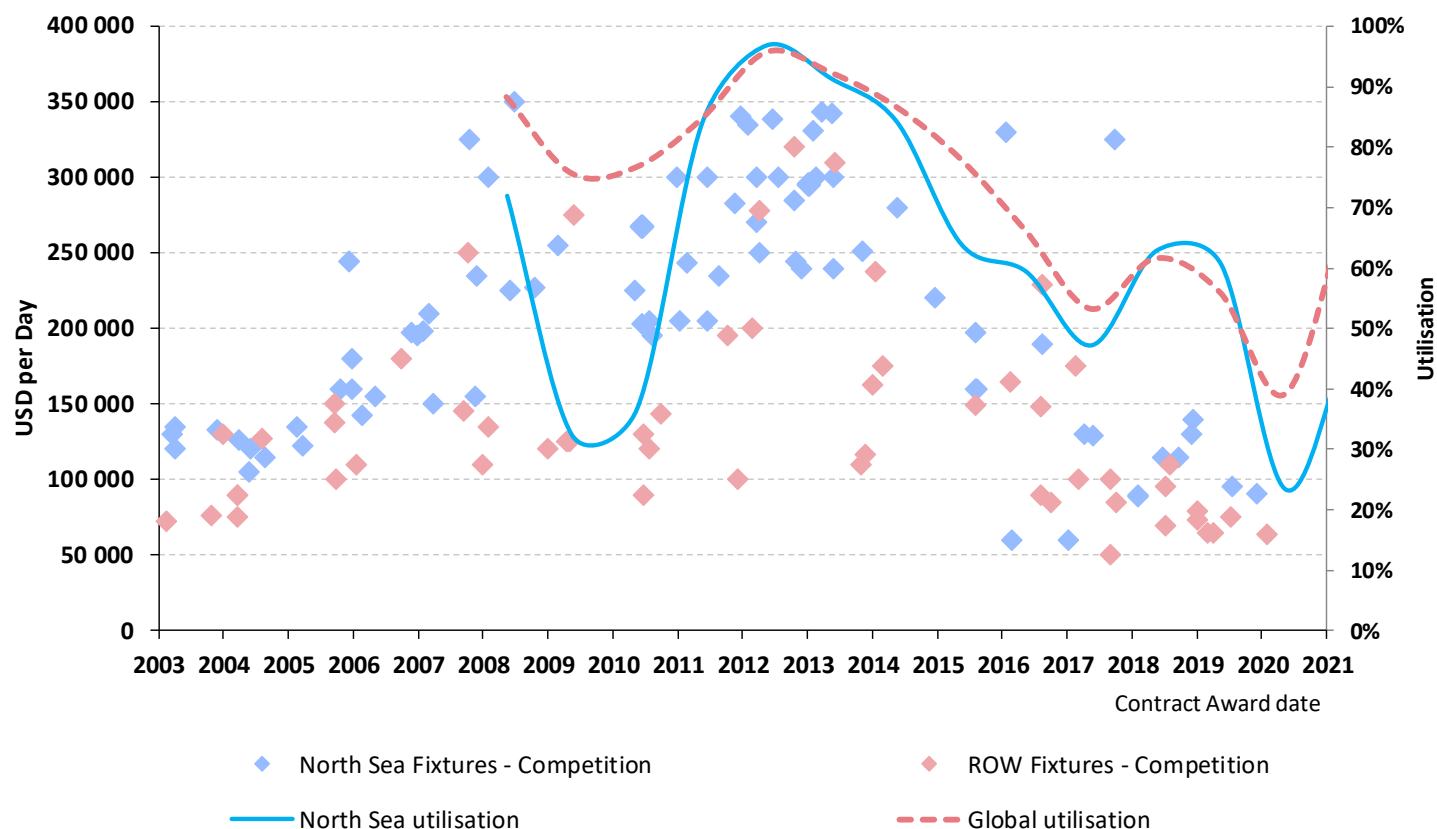


Day-rate development – North Sea and RoW

COMMENT

- North Sea market generally has the highest day rates due to market barriers related to stringent regulatory requirements and harsh environments
- Modern Semi-submersibles dominate North Sea demand as they can operate more seamlessly in the difficult conditions due to positioning capabilities
- Further, supply is expected to continue to be constrained in the future due to the aging of the global fleet
- High Specification vessels also tend to receive longer lead time before contract start up
- Floatel has five modern accommodation units (of which four DP3) and is expected to be strongly positioned in a solid North Sea market

HISTORICALLY OBSERVED DAY-RATES (INITIAL CONTRACTS, FIRM PERIOD) – NORTH SEA & ROW



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COMPANY OVERVIEW

MARKET FUNDAMENTALS

PROPOSAL/FINANCIALS

Group Financials – Income Statement

COMMENTS

- 2017-2019 financials are audited/reviewed
- 2020FC is the management budget adjusted for estimated COVID-19 impact based on
 - known contracted days with assumptions on options exercise and new awards equaling in total fleet utilization of 35% incl. Reliance
 - estimated opex, G&A, depreciation and tax cost built bottom-up
 - Financing and balance sheet including effect on cash flow and cash balance are based on the proposal
- OPEX stable between various contracts but varies between countries due to crew salaries and “rota”
- EBITDA margin ~50%+ in normal years – capital intense revenue driven business model
- Depreciation and amortization include impairments in 2017 and 2019

USD M	2017	2018	2019	2020 FC*
Total Revenues	311	303	159	91
Expenses	-139	-138	-90	-77
EBITDA	172	166	69	14
<i>EBITDA Margin</i>	<i>55%</i>	<i>55%</i>	<i>43%</i>	<i>15%</i>
Depreciation and amortization	-83	-61	-92	-63
Operating result (EBIT)	89	104	-23	-50
Net Financial items	-52	-68	-58	-67
Result before taxes (EBT)	37	37	-81	-116
Taxes	-10	-10	-8	-6
Net Result	27	27	-89	-122

Group Financials – Balance Sheet

COMMENTS		USD M	2017	2018	2019	2020 FC*
○ 2020FC; See income statement regarding assumptions ○ Main net working capital driver is trade receivables and accrued income (other current receivables) – in aggregate 2 months of revenue outstanding ○ Outstanding cash balance 31 March was \$50m ○ Outstanding interest-bearing debt 31 March excluding accrued cash interest • Bank term loan \$109m • RCF Undrawn • 1L Bonds \$400m • 2L Bonds \$75m • Shareholder loan \$242m ○ Current Average broker values see rig specifications	Property, plant and equipment		1 343	1 288	1 206	1 150
	Deferred tax asset		0	1	0	0
	Total non-current assets		1 343	1 289	1 206	1 150
	Inventory		18	24	24	24
	Trade receivables		28	24	7	15
	Tax receivables			-	2	0
	Other current receivables		29	43	19	5
	Cash and cash equivalents		177	77	54	39
	Total current assets		252	167	106	83
	Total assets		1 595	1 456	1 312	1 232
	Total shareholder's equity		524	547	455	325
	Interest-bearing debt		1 008	810	787	883
	Total non-current liabilities		1 008	810	788	883
	Trade payables		9	11	10	6
	Current portion of interest-bearing debt		27	41	26	0
	Income tax liabilities		5	4	6	4
	Other current liabilities		22	43	27	15
	Total current liabilities		63	99	69	24
	Total equity and liabilities		1 595	1 456	1 312	1 232

Group Financials – Cash Flow Statement

COMMENTS	USD M	2017	2018	2019	2020 FC*
○ 2020FC; See income statement regarding assumptions	Operating result	89	104	-23	-50
○ Capex figures 2019 is mainly Endurance SPS and 2020 Superior SPS	Income tax paid	-11	-11	-7	-6
○ Other financial items are estimated fees for the Proposal	Adjustment for depreciation and impairment	84	61	92	63
	Adjustments for other non-cash related items	1	-7	2	0
	Total cash flow from operations before changes in working capital	162	148	63	8
	Changes in net working capital	23	0	23	3
	Cash flow from operating activities	185	105	34	10
	Payments for property, plant and equipment	-9	-7	-9	-8
	Net cash flow from investing activities	-9	-7	-9	-8
	Net interest paid	-47	-42	-52	-2
	Repayment of debt	-40	-806	-41	0
	Proceeds from debt		625	-	
	Other financial items paid	0	-17	-2	-15
	Merger Expenses	0	0	-3	-1
	Net cash flow from financing activities	-86	-239	-98	-18
	Cash flow for the period	90	-99	-21	-15
	Cash and equivalents, beginning of period	87	177	77	54
	Currency effect on cash	0	-2	-2	0
	Cash and equivalents, end of period	177	77	54	39

Deferral Proposal

	Status quo	Deferral proposal
General		
Deferral period	None	Now through the end of Q4'2022
Bonds		
Covenants	Minimum liquidity, book equity ratio	- Covenants waived during deferral period - Profile post deferral period TBD
1L interest	Cash (9.00%)	10.00% PIK during deferral period 9.00% cash post deferral period
2L interest	Cash (12.75%)	13.75% PIK during deferral period 12.75% cash post deferral period
PIK consent fees	None	25bps
Banks		
Covenants	Minimum liquidity, book equity ratio and asset coverage ratio	- Covenants waived during deferral period - Profile post deferral period TBD
Amortization (BVF)	\$10.25m until Q1'2020 \$5.25m thereafter	None through deferral period
Interest	- RCF: Cash (L + 2.25%¹) - BVF: Cash (L + 3.25%)	- RCF: no change - BVF: PIK (L+4.25%)
PIK consent fees	None	25bps

Cash Development

COMMENTS

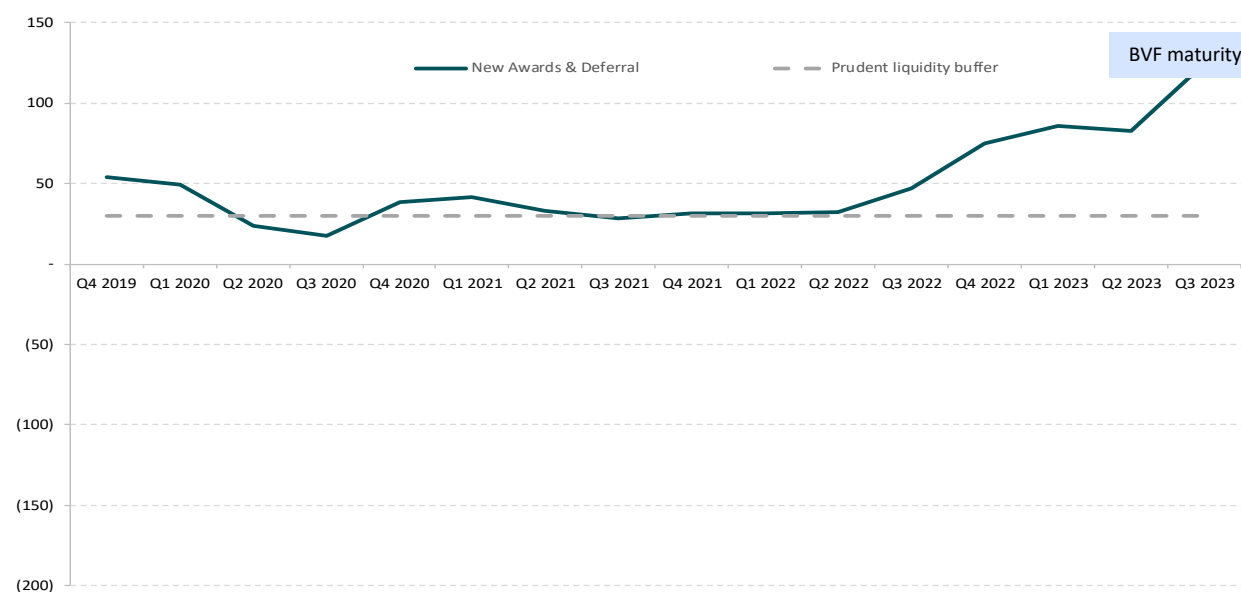
- Based on operational case including new awards with the following fleet utilization including Floatel Reliance
 - 2020 35%
 - 2021 33%
 - 2022 52%
 - 2023 72%

○ Resulting Revenues and EBITDA



- USD 11 million in annual capex 2020-2023 including activation of Floatel Reliance
- Amortization holiday and PIK interest 2020-2022 as per Deferral Proposal
- Estimated fees are included
- RCFs undrawn throughout the period
- Bank term loan (BVF) outstanding at maturity is USD 115m

CASH DEVELOPMENT





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