PRESS RELEASE

Bermuda, 30-July-2020

FLOATEL INTERNATIONAL:

DISCUSSION WITH STAKEHOLDERS, STANDSTILL EXTENSION AND BUSINESS PLAN REVIEW

Extension of 1st lien bondholder forbearance agreement and update of business plan and reassessment steady state sustainable profitability

The Company is the Issuer under the 9 % senior secured USD 400,000,000 1st lien bonds 2018/2024 with ISIN NO001 0833775 (the "1L Bonds") and the 12.75 % USD75,000,000 2nd lien bonds 2018/2024 with ISIN NO001 0833783 (the "2L Bonds" and together with the 1L Bonds, the “Bonds”). The Company is also the borrower under a USD 150,000,000 term loan facility (the “Bank Vessel Facility”) and under revolving credit facilities for an undrawn total amount of USD 100,000,000 (the “RCFs”, together with the Bonds and the Bank Vessel Facility, the “Finance Documents”).

The Company continues to engage in constructive discussions with its key stakeholders regarding the terms for a financial restructuring. The vessels, which are on charter continue to operate as normal and it is business as usual for the Group’s operations. The Forbearance Agreement with the ad hoc committee of holders of the 1L Bonds (the “AHC”) has been extended to 15 August 2020.

The Payment Agreement with the Bank Facility Lenders where certain expenses in respect of Floatel Endurance and the banks collateral companies are covered by proceeds in the blocked accounts is operational and the Lenders have confirmed in writing that they remain supportive of the Group and do not intend to take any further action at this time.

On 31 May 2020 the Company announced that it would conduct an independent review of the Company business plan which would include a review of the assumptions made in assessing the valuation-in-use of our vessels. The review has now been completed and the Company has determined in light of the independent review, the Coronavirus pandemic which has caused unprecedented impact on the global economy and the oil price development and its impact on oil and gas companies capital expenditure and maintenance spending to update its business plan, the long-term market outlook and the sustainable steady state profitability of the Group’s vessels.

The Company has a consequence of the above performed new impairment assessments of its vessels in accordance with IFRS. Each vessel is considered to be a cash generating unit. The new assessments result in aggregate impairment charges of approximately USD 398 million, which will be reported in the Q2-2020 interim report which is planned to be published 25 August 2020. Book value of vessels after approximately USD 398 million in impairments will approximately be USD 779 million (USD 1 189 million in Q1-2020).

The recoverable amounts have been identified by calculating the valuation-in-use (VIU). Impairments have been made in the accounts for vessels with VIU less than their net book value. The VIU calculations are based on a long-term forecast until the end of each vessel´s useful life. The main assumptions used in the computations are charter rates, utilisation, operating expenses and capital expenditures.

The present value of the estimated cash flows from the cash-generating units is based on the following inputs:

- Utilisation is estimated to improve from present level to 65% in 2025 and onwards.
- The revenues until 2024 is based on current contracts and estimated new contracts reflecting present market conditions for each vessel and has been updated to reflect estimated consequences from the Coronavirus pandemic and expected oil price development. Assumptions reflect gradual improvement and return to stabilised market conditions from year 2025 and onwards, which in the light of the independent review have been adjusted downward compared with the assessment made for the 2019 financial statements
- Operating expenses reflect present market conditions and capital expenditure is based on special periodic survey plans, current activity plans and expected mid-life upgrade/refurbishment of each vessel as well as normal maintenance expenditure.
- 9% discount rate (WACC), previously 10.5% and approximately 2% long-term growth rate (inflation).
- Sensitivity
  - A 0.5% decrease in the discount rate would lead to USD 40 million increase of the carrying values and a 0.5% increase would lead to USD 37 million decrease in carrying values.
  - A 10% decrease in the long-term utilization from 65% to 55% would lead to a decrease of the carrying values with USD 167 million whilst a change with approximately 10% of the long-term day rates would lead to a change of the carrying values with approximately USD 130 million.

For further information, please contact:

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INFORMATION ABOUT FLOATEL INTERNATIONAL LTD

Floatel International Ltd was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Company is to own and operate the most modern, safe and reliable flotel fleet in the world.

Floatel International owns and operates five semisubmersible accommodation vessels, all vessel were delivered within the period 2010 to 2016. Two vessels, Floatel Superior and Floatel Endurance are approved to operate in the Norwegian sector and four vessels are approved for the UK sector.

All vessels are equipped with a dynamic positioning system and are built according to the latest HSE requirements providing quality and comfort for the guests onboard. The accommodation capacity of the Floatel fleet ranges from 440 beds to 560 beds. All vessels are furthermore equipped with large deck areas, workshops and crane support able to assist complicated offshore hook-up projects and maintenance and modifications of existing offshore facilities.

Floatel has two bond issuances listed on Oslo ABM with ticker code FLOAT02 and FLOAT03.

Floatel International AB is a management company responsible for operational management and construction supervision for and on behalf of the Owner, Floatel International Ltd.

For further information about Floatel International Group, please visit our website: www.floatel.bm