



Complete subsea  
service provider in  
three major markets

20.09.23

## **Pareto Securities' 30th Annual Energy Conference**

Trond F. Crantz, CEO Argeo

# Disclaimer

- This presentation includes and is based on, among other things, forward-looking information and statements
- Such forward-looking information and statements are based on the current expectations, estimates and projections of Argeo or assumptions based on information available to the company
- Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions
- Argeo cannot give any assurance as to the correctness of such information and statements

# Agenda

## About Argeo

# COMPLETE SET-UP

From acquisition to actionable data



**Vessels**



**Digital Platform Argeo SCOPE**

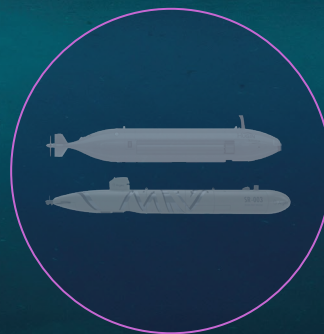
Decision ready data to clients during mission and project lifecycle

**Skilled crew & management**

With in-depth industry knowledge

**Comprehensive fleet of AUVs**

2 X Hugin Superiors  
2 X Hugin 6000  
2 X SeaRaptor  
1 X Hugin 1000



**Unique EM technology**

Argeo LISTEN  
Argeo WHISPER

**Work ROVs**





# Going forward

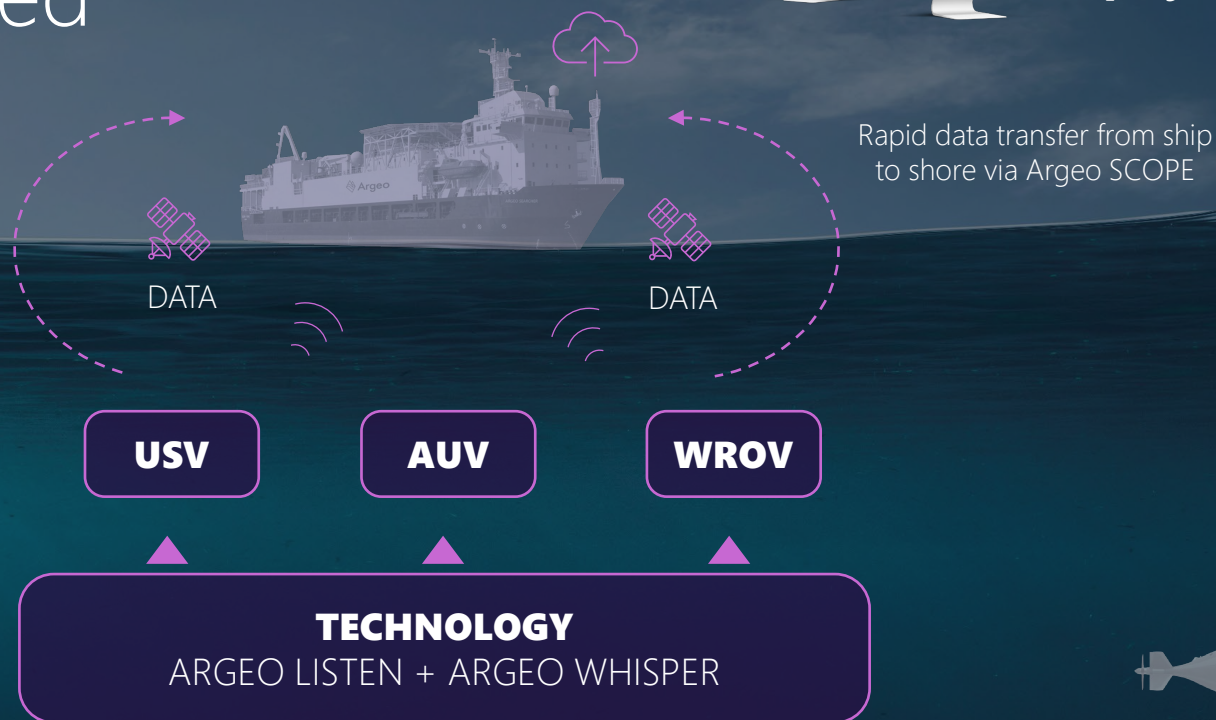
Technology supported  
growth focus

**DIGITAL  
PLATFORM**



ARGEO SCOPE

**Decision ready data to  
clients during mission and  
project lifecycle**



All assets are to have  
Argeo sensor technology embedded



# RESILIENT STRATEGY

with growth in three major markets



**Oil & Gas**



**Marine Minerals**



**Renewables**



SURVEY



INSPECTION



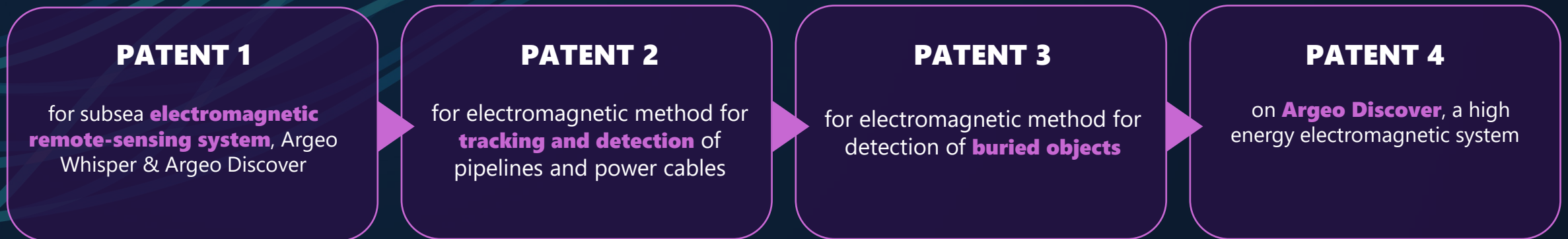
MAINTENANCE  
& REPAIR



MULTI CLIENT  
/ DAAS

# STRONG POSITION

WITH A COMPETITIVE EDGE



LONG TERM IP STRATEGY

# Highlights

- In final negotiation for a total of USD 20 million in new contracts with commencement in 2023
- Submitted tender pipeline in excess of USD 85m with commencement stretching into 2025
- LOI for a fully financed purchase agreement for 3 new Hugin AUV's from 2023-2025
- Financial agreement in place to upgrade Argeo Searcher to full subsea capability
- Preparing for next vessel to secure further growth



# LOI in place for AUV fleet expansion

AMPLIFYING OPERATIONAL CAPACITY AND ENABLING SUPERIOR PRODUCTIVITY



## LOI: Fully financed

- Fully financed purchase agreement
- Lease term of 4 years
- Total financing deal of USD 25 m

## Delivery schedule

- 1<sup>st</sup> Hugin Superior Q4 2023
- 2<sup>nd</sup> Hugin Superior Q1 2024
- Hugin 6000 Q1 2025

## Superior technology

- Doubling production over previous systems
- Will be fitted with Argeo sensor systems
- Increased battery capacity (80hrs)
- Continuous production per dive equals 15000 football fields of high-resolution data

“ **The introduction of these highly advanced AUVs from Kongsberg is a strategic move that propels us miles ahead of the competition**  
(Trond Crantz, CEO Argeo)

# Value adding services for the subsea sector



## Oil & Gas

- Pipeline and cable survey / inspection
- Site Survey
- Route / trench survey and modelling
- Electrical & communication cable installations
- Route inspection after installation



## Renewables

- Initial survey
- Early planning and design survey
- Construction & design survey
- Operations & maintenance



## Marine Minerals

- Exploration and prospect assessment
- Environmental impact assessment
- Environmental monitoring

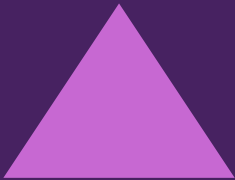
## More cost-efficient survey and inspection giving our clients

- ✓ Faster inspections
- ✓ Faster project turnaround
- ✓ Lower CO2 footprint
- ✓ Safer operations with lower HSE risk

## Easy access to actionable data

- ✓ Rapid decision ready data to clients during mission and project lifecycle
- ✓ Intuitive visualizations of complex data

# Strong revenue growth & record order book



**282%**

**130**

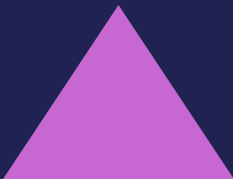
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ORDER  
BOOK

**25.4**

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Q2 2023  
REVENUES



**173%**

**-15.1**

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Q2 2023  
EBITDA

**21.8%** 

**850**

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TENDER  
PIPELINE

**183%** 

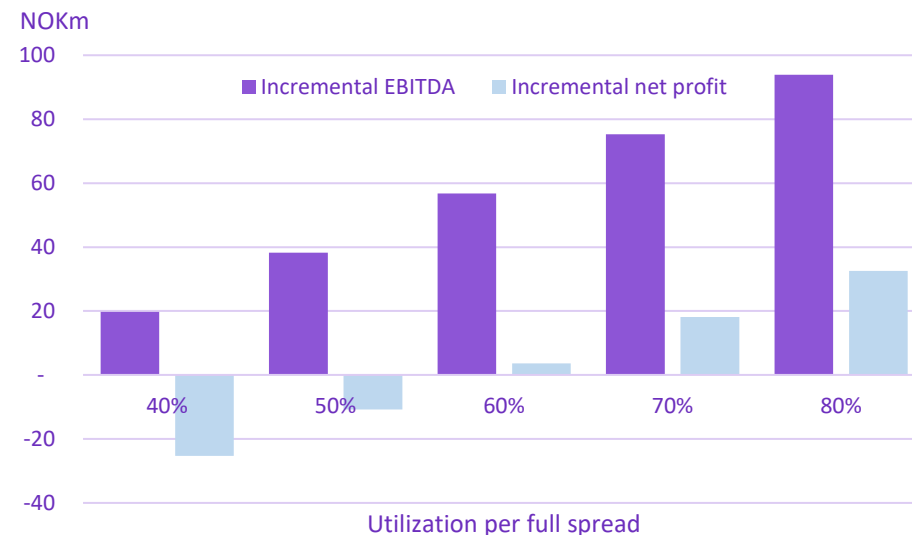
Note: All numbers are in MNOK



# Attractive unit economics

- Argeo targets 80% commercial utilization for full spreads
- This implies EBITDA of NOK +100 million per spread per year (*depending on financial structure for next vessel*)
- We are reviewing expansion opportunities with indicative capex requirement of NOK 250-300 million per full spread
- EV/EBITDA less than 3x at 80% utilization
- Net profit impact above NOK 30 million per additional spread assuming 50% debt

Illustrative unit economics



## Key assumptions:

- NOK 270 million capex
- Financed 50% by debt at 8%
- Depreciated over 7 years
- 22% tax

# Scale is key to profitability

- Argeo currently has one full spread operational
  - In addition to two stand-alone AUVs and one temporary second spread expected to start operations in 2H 2023
- **Target of 80% utilization implies annual EBITDA per full spread of close to NOK 100 million per year\***
- Implies unit-level net profit contribution of more than NOK 30 million (before SG&A and fixed costs)\*
- Current SG&A cost budget of NOK ~32 million is expected to increase with 20% for additional unit
- One unit can cover the full SG&A
- Additional units are required to obtain the desired profitability

Illustrative economies of scale



**\* Key assumptions:**

- NOK 270 million capex
- Financed 50% by debt at 8%
- Depreciated over 7 years
- 22% tax

# Expansion for continuous growth





# SUPERIOR CAPACITY

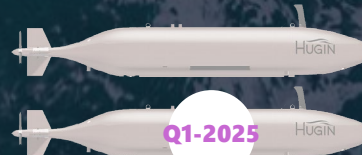
WITH UNPARALLELED SENSOR TECHNOLOGY



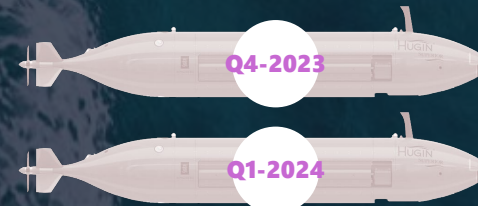
Hugin 1000



SeaRaptor 6000



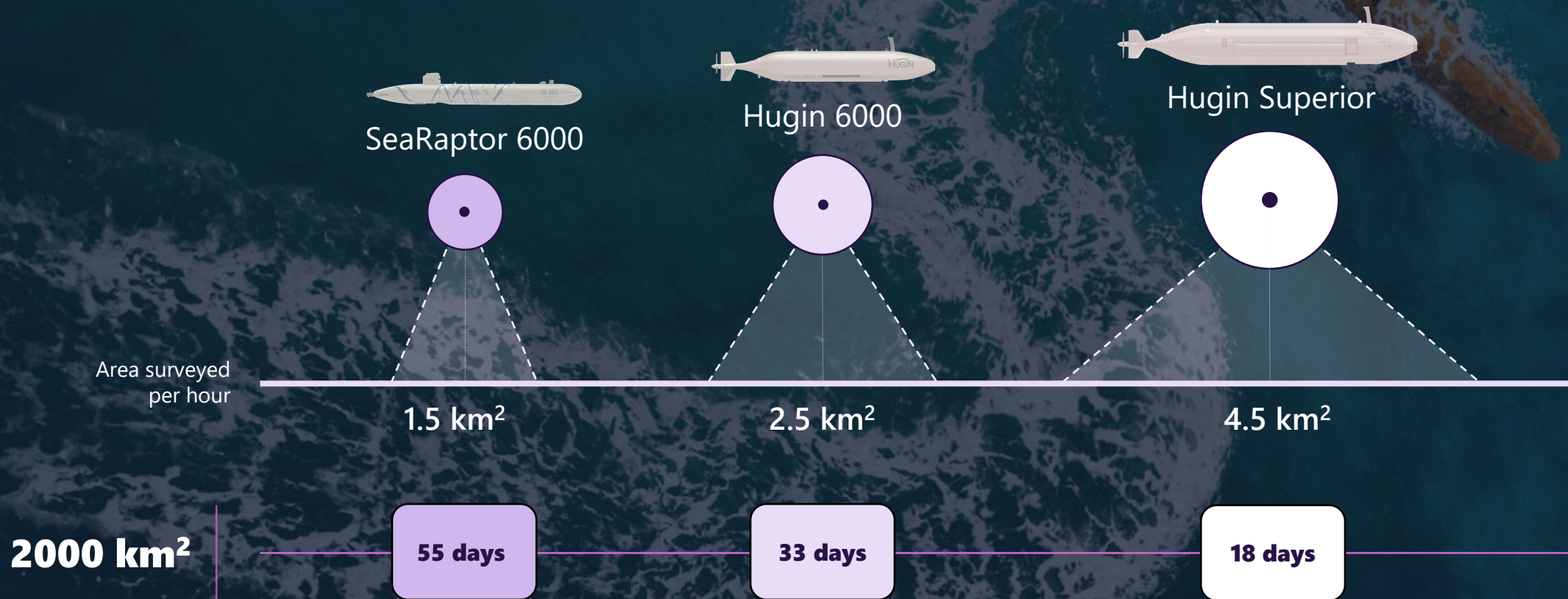
Hugin 6000



Hugin Superior



# Increased Productivity



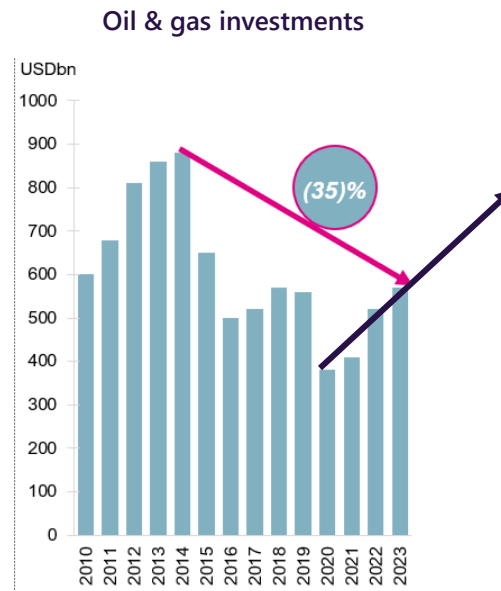
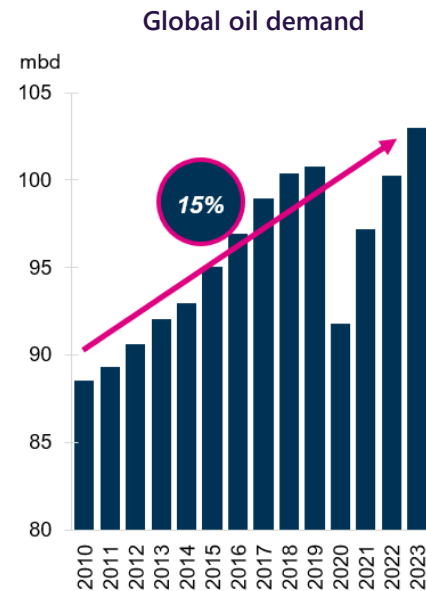
# Agenda

**Market focus**

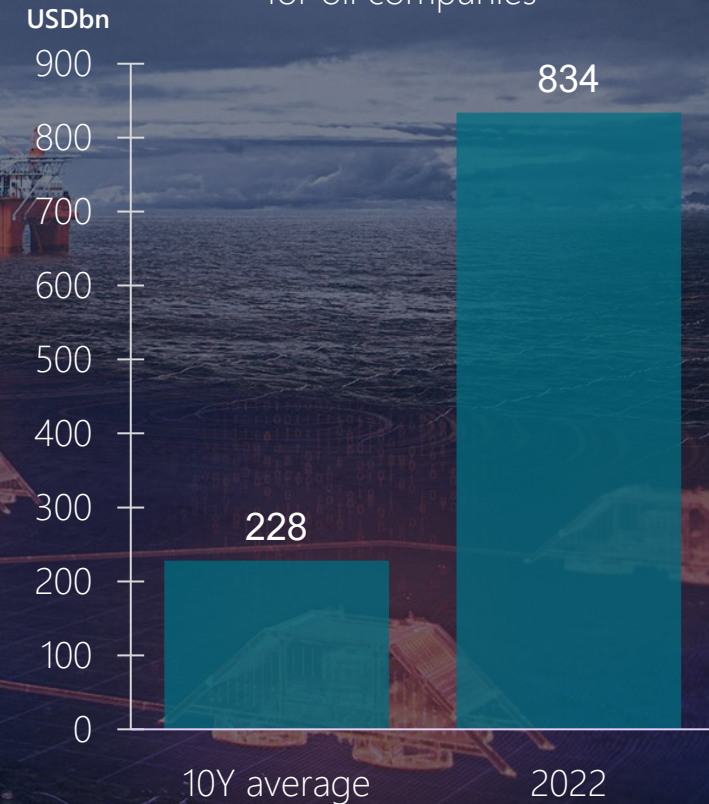


# Oil & Gas: Record high demand

## Record high demand – low investment



## Strong near-term cash flow for oil companies



# Offshore wind: Strong growth predicted

## Offshore wind in numbers

**~55 GW**

Fully commissioned capacity

**~200 TWh**

Annual production

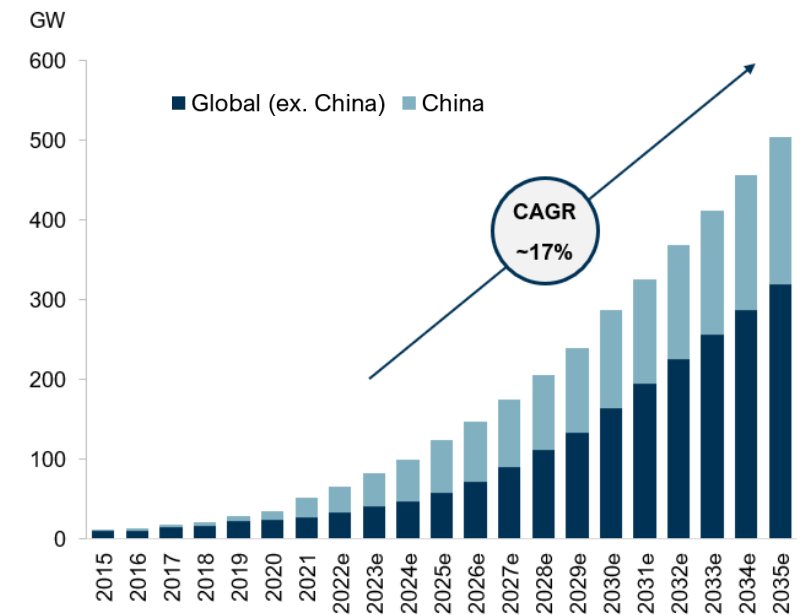
**~97%**

Located in Europe & China

**~17%**

Annual capacity growth\*

## Globally installed offshore wind capacity



(\*): Global incl. China 2022E-2035E

Source: Pareto Securities Equity Research, BNEF H1'22 Offshore wind market outlook



# Energy transition: Increased need for marine minerals

Underlying growth  
2018 – 2040 (CAGR)



BATTERIES

+ 26.0 %



WIND POWER

+ 7,8 %

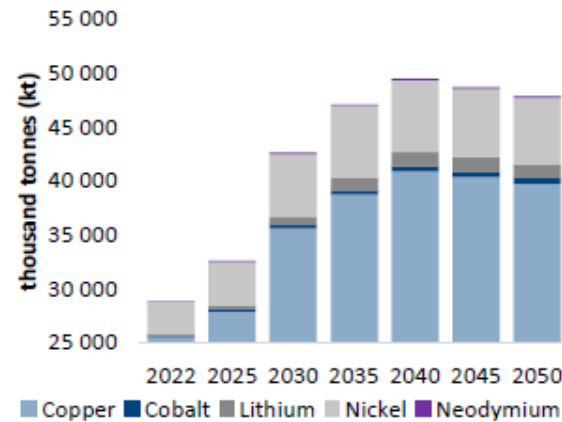


SOLAR POWER

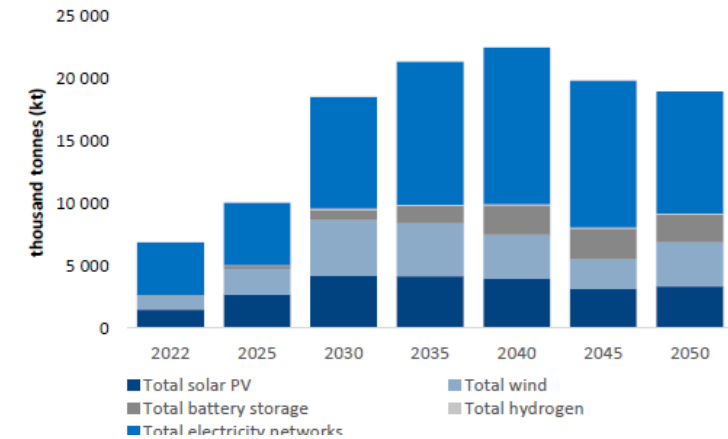
+ 10.9 %

## Key metals demand

A vast amount of metals are needed to enable the energy transition



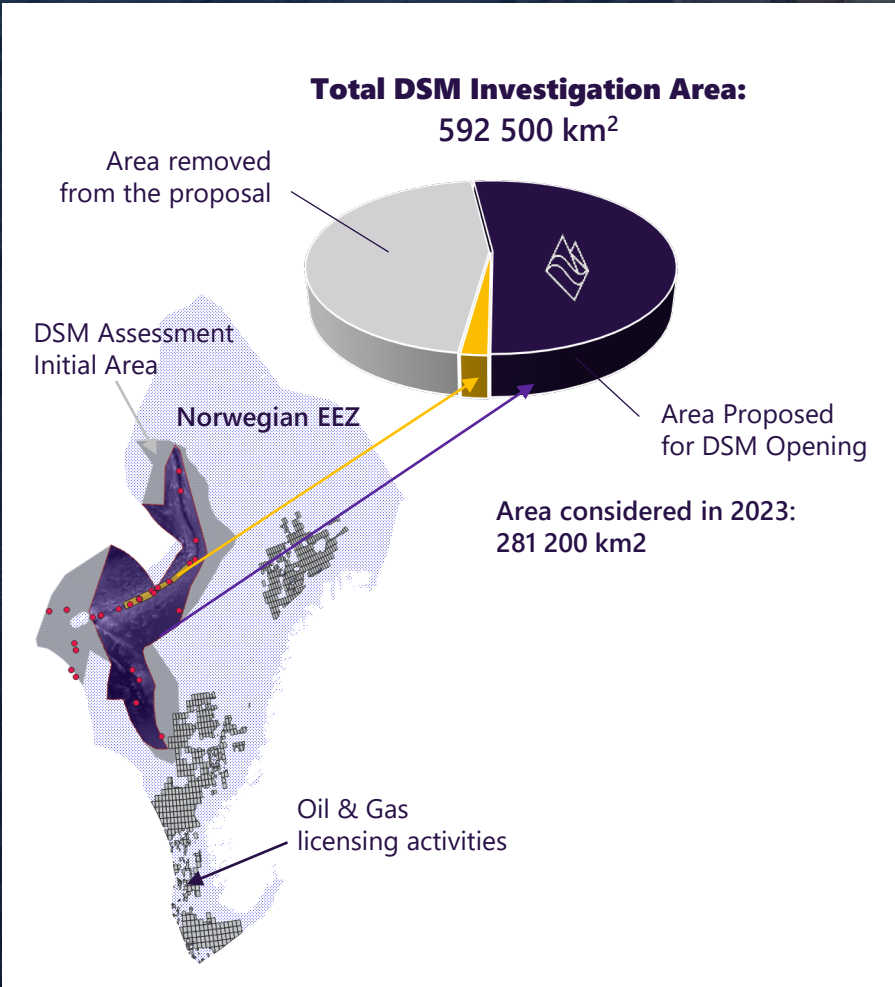
...and from clean technologies driven by the boom in renewable energy investments



Fernlys



# Norwegian continental shelf in numbers



## Argeo Norway marine minerals business case CURRENT SPREAD

Yearly operational time (weather conditions)	4.5 months	13.500 L.km	2.700 km <sup>2</sup>	USD 10.3m
To cover expl. area w/1 spread	104 years	1.4m L.km	281.000 km <sup>2</sup>	USD 1b
Additional expl. area released			320.000 km <sup>2</sup>	USD 1.2b
Total applicable market size				USD 2-3b

# Argeo positioned in the entire value chain



## Complete set-up

From acquisition to actionable data



**ARGEO  
VESSEL**



**ARGEO  
DRONES**



**ARGEO  
SENSORS**



**ARGEO  
DIGITAL PLATFORM**

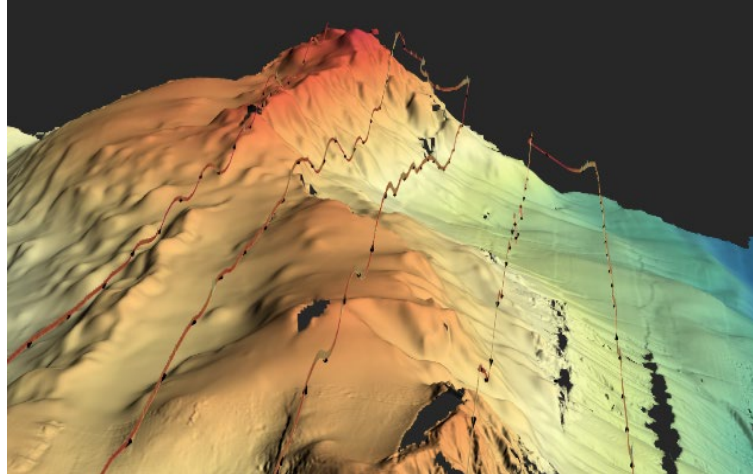


# Projects in the marine mineral market



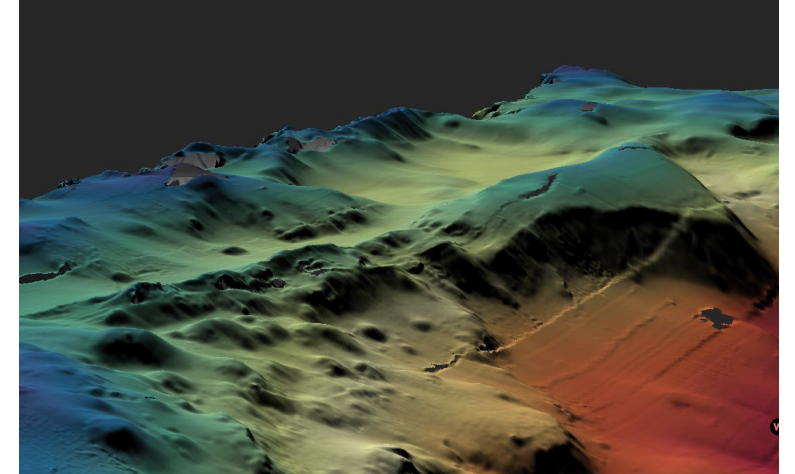
## Norwegian Petroleum Directorate

- Mineral reserve identification
- Environmental impact assessment
- Dual AUV set-up
- State-of-the-art Argeo Sensor system
- Delivered actionable data in Argeo SCOPE



## Multi Client mineral campaign

- First ever MC for marine minerals
- Market backing in place
- Data acquired showing promising results
- State-of-the-art Argeo Sensor system
- Delivered actionable data in Argeo SCOPE



## Polish Geological Institute (PGI)

- The quality of data acquired are a major step forward in fulfilling Poland's international obligations, contributing to a better understanding of the deep-sea environment.
- Argeo's unique SCOPE digital data access and management platform, a full flow of information was achieved between the vessel and the PGI-NRI research team in Poland.



# Agenda

## Summary

# Summary

- **Strong Contract pipeline** reflecting robust near-term revenue potential
- **Long-term growth trajectory** with a tender pipeline exceeding USD 85 million
- **Amplifying operational capacity** through strategic fleet expansion and vessel upgrade
- **Positioning Argeo for future growth** and market expansion
- **Skilled crew & management** with in-depth industry knowledge

► **Thank you**