REACH SUBSEA

Q4 2016 presentation

16.02.2017
Oslo

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2016 HIGHLIGHTS

- **2016 adj EBITDA* of NOK 25m – ahead of preliminary indication of NOK 20m**
  - Very challenging market, but Reach managed around 80% utilisation
  - Continued strong operational performance – building client track record

- **Further increased the flexibility of the business model**
  - Normand Reach and Edda Fonn charter restructuring completed in May-16
  - Established Connect Offshore – securing key offshore competence at flexible terms

- **Successfully raised NOK 85m for growth purposes in January 2017**
  - Positioned to expand number of subsea spreads at attractive terms
  - Havila Subsea secured for 3+2 years at flexible terms

* Adjusted for amortization of termination fee of NOK 14.5m for 2016

REACH SUBSEA IN BRIEF

In brief
- Established in 2008
- Based in Norway
- Listed at Oslo Stock Exchange (REACH)

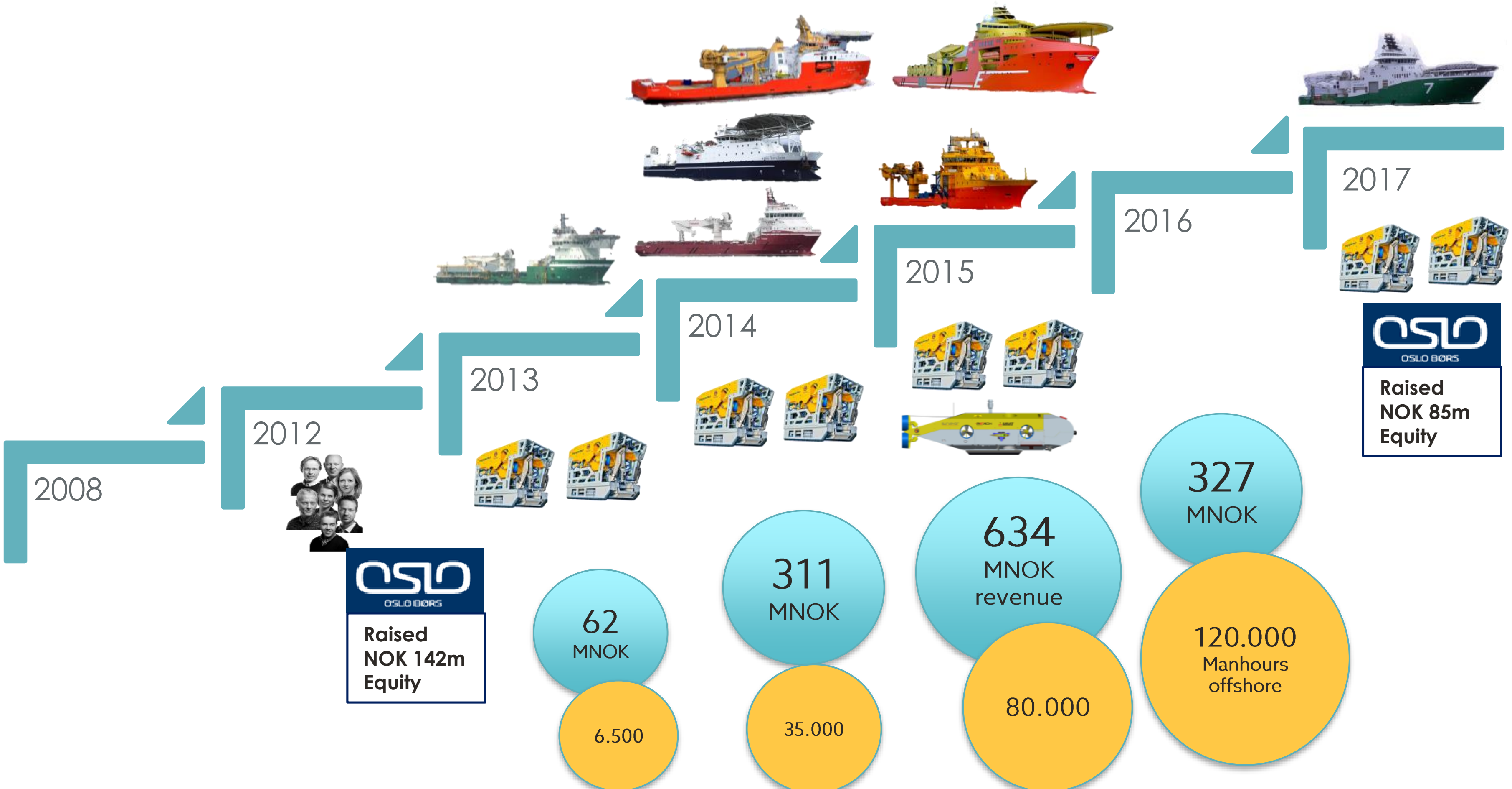
Fleet
- 5 vessels
- 6 owned WROV’s
- 1 dedicated SROV

Organization
- Head office in Haugesund
- 65 employees
- Average employee age 35
- 0 LTI’s (Lost Time Injuries)
- World record in survey speed
- Experience with over 20 clients worldwide

Main Office

Killingøy base

OUR HISTORY


2008
2012
2013
2014
2015
2016
2017
OSLO BØRS
Raised
NOK 142m
Equity
62
MNOK
6.500
311
MNOK
35.000
634
MNOK
revenue
80.000
327
MNOK
120.000
Manhours
offshore
OSLO BØRS
Raised
NOK 85m
Equity

OUR BUSINESS

SERVICES

- Remotely operated equipment and technology (ROV)
- Planning offshore operations
- Engineering and analysis
- Project execution

SEGMENTS

- Construction and installation
- Inspection, Maintenance and repair
- Decommisioning
- Survey and inspection

CLIENTS

- Tier 1 and 2 contractors
- Oil & gas
- Renewables (wind and tidal)
- Cables
- Subsea mining

VESSEL FLEET

Edda Fonn

Normand Reach

Havila Subsea

Stril Explorer

Viking Neptun

REACH HAS BUILT A STRONG CLIENT BASE

Oil & Gas

Renewable

100%
Customer satisfaction

Our services have been well received in both the O&G and renewable market

PERFORMANCE FEEDBACK

Feedback from our customers

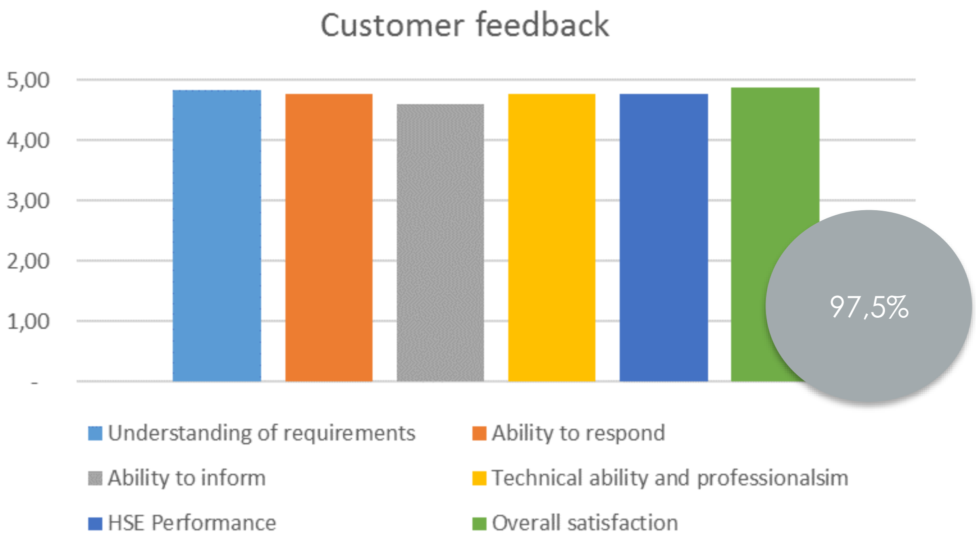
''The best ROV team I have experienced ''

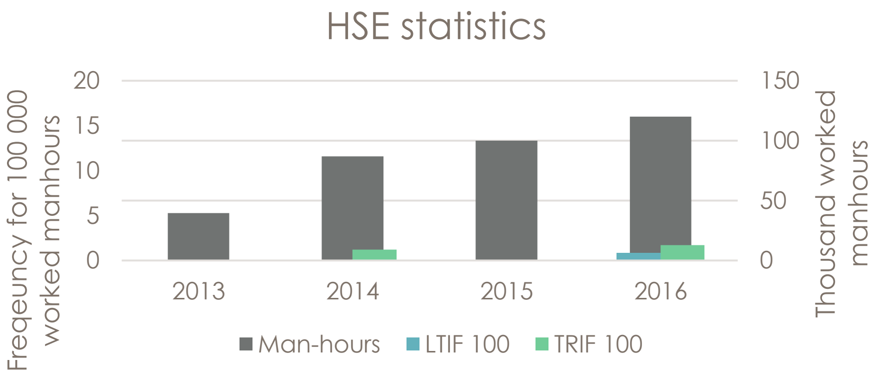
'' We look forward to working with Reach on future projects ''

'' A very well organized and competent construction and marine crew on a very effective construction vessel ''

'' Many thanks to all on board for their assistance, professional approach and hospitality shown ''

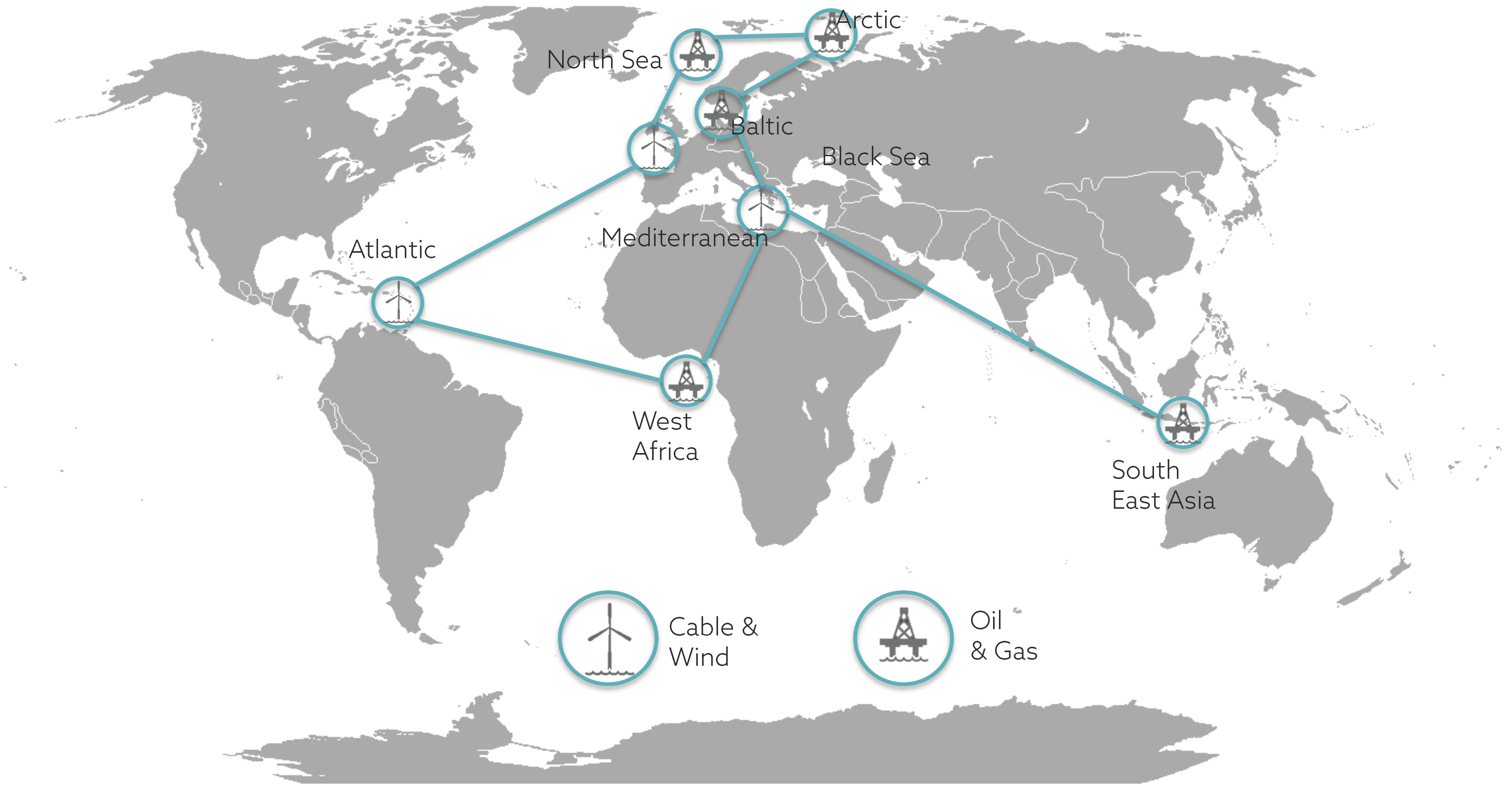
'' ROV piloting was right out of the top drawer – perfection in fact ''





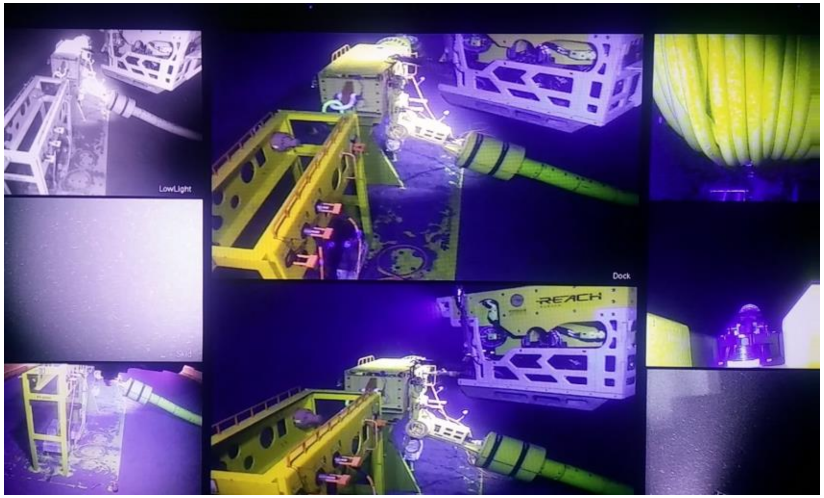
< 0,96 % OOP

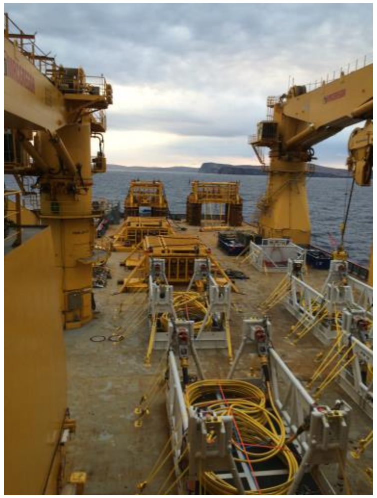
WORLDWIDE PROJECTS



NORMAND REACH

VIKING NEPTUN





REACH AND AIBEL COOPERATION

- Reach Subsea and Aibel has entered into a formal cooperation agreement for projects within subsea oil and gas, renewables, ship and rig repairs and decommissioning of existing platforms/subsea structures or other offshore installations

- The two companies operate within the same market segments, but have different client bases and contracting approaches

- By efficiently utilizing resources from both parties, we will be able to undertake complex projects requiring project management, engineering, fabrication, installation, MC (mechanical completion), commissioning, decommissioning and ROV marine services/operations"

- For further optimalisation of synergies, Reach Subsea moved into Aibel's office building 01.10 2016

REACH AND MMT COOPERATION

REACH SUBSEA

Joint assets and resources





MMT

Founded in 1976 by Ola Oskarsson.
Located in Gothenburg, Sweden.
230 employees
www.mmt.se

50/50 Joint Venture
headed by Audun
Brandtzæg
Located in Haugesund

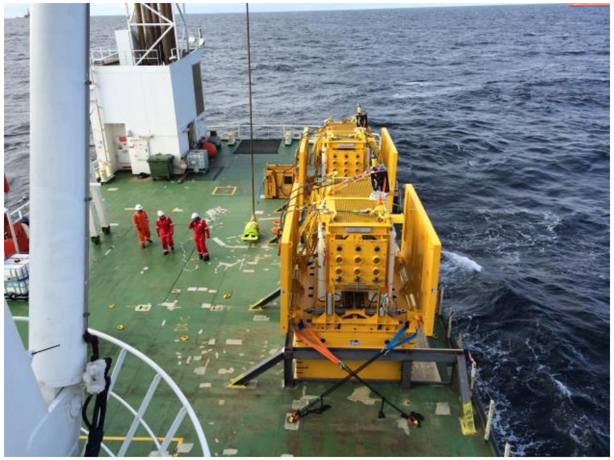
Combined services

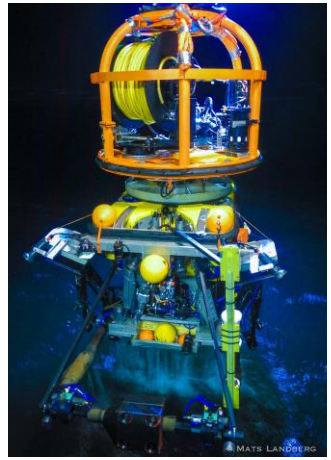
- Route Surveys
- Pre and Post lay surveys
- Pipeline inspections
- Site surveys
- UXO Surveys
- Light construction
- Module handling
- Lifting operations
- WROV operations

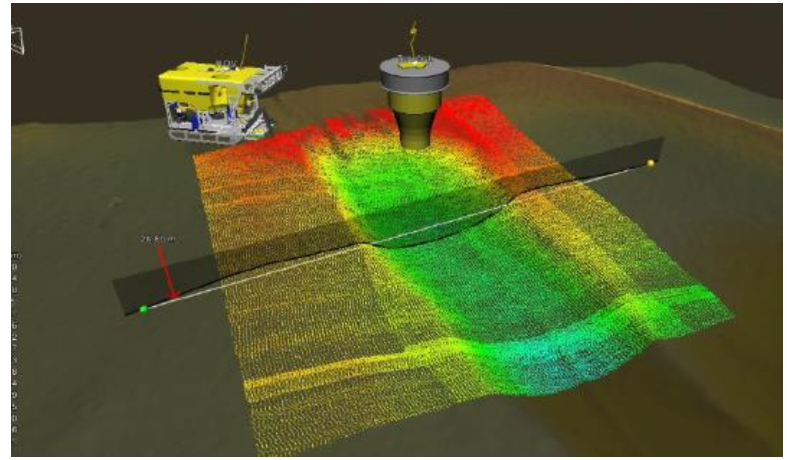
- Survey Frame Contracts with Shell and Statoil.

EDDA FONN

STRIL EXPLORER







4Q2016 RESULT

Income statement (in NOK '000)	Note	2016 01.10-31.12 *unaudited*	2015 01.10-31.12 *unaudited*	2016 01.01-31.12 *unaudited*	2015 01.01-31.12 *unaudited*	**2014 01.01-31.12** ***unaudited***
Operating income		66 052	135 589	327 493	634 369	**311 050**
Other operating income		0	0	0	0	**100**
Total operating income		66 052	135 589	327 493	634 369	**311 150**
Operating expenses		-55 532	-124 801	-302 429	-599 981	**-276 455**
EBITDA before amortized termination fee		10 521	10 788	25 064	34 388	**34 695**
Amortized termination fee		-7 267	-	-14 529	0	**0**
EBITDA after amortized termination fee		3 254	10 788	10 535	34 388	**34 695**
Depreciation	3	-6 254	-6 255	-24 814	-23 030	**-13 675**
Operating result (EBIT)		-3 000	4 533	-14 279	11 358	**21 020**
Net financial items		-1 654	373	-7 376	-2 790	**3 870**
Net result from affiliated companies		-955	-4 104	-1 557	-7 173	**-59**
Profit (loss) before taxes		-5 610	800	-23 212	1 394	**24 831**
Taxes	9	0	0	0	0	**0**
Profit (loss)		-5 610	800	-23 212	1 394	**24 831**
Comprehensive income						
Gain/loss on finacial derivatives and cash flow hedges		0	-	0	1 268	**-1 268**
Comprehensive income items		0	-	0	1 268	**-1 268**
Total comprehensive income		-5 610	800	-23 212	2 663	**23 563**
Earnings per share		-0,06	0,01	-0,28	0,02	**0,31**
Diluted earnings per share		-0,06	0,01	-0,28	0,02	**0,31**

- Strong EBITDA before amortized termination fee (no cash-effect)
- High utilisation in a demanding market
- Reduced revenue is explained by restructured charter party structure for Viking Neptun as well as lower charter rates
- Reduced opex is related to restructured charter party structure for Viking Neptun as well as reduced charter rates (and commitment) for Normand Reach and Edda Fonn)

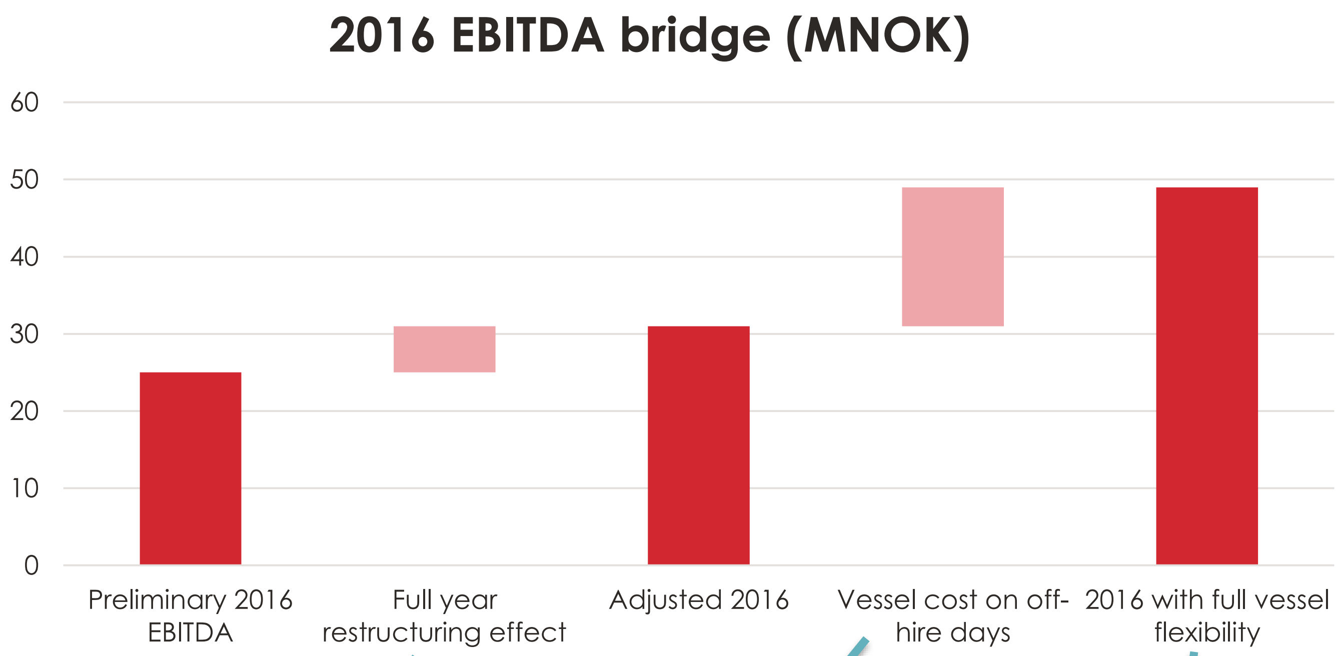
REACH SUBSEA

4Q2016 BALANCE SHEET

Consolidated balance sheet (in NOK '000)	Note	2016 31.12. *unaudited*	2015 31.12. *audited*	**2014** 31.12. *audited*
Non-current assets				
Deferred tax assets	9	8 161	8 161	**8 161**
Investment in associated companies		5 272	6 829	**5 361**
Property, plant and equipment	3	116 916	140 415	**97 473**
Other long term receivables	6	33 000	53 000	**53 000**
Total non-current assets		163 349	208 405	**163 995**
Current assets				
Trade and other receivables	6	104 654	76 478	**39 221**
Cash and cash equivalents		30 586	54 370	**59 746**
Total current assets		135 240	130 848	**98 967**
Total assets		298 590	339 253	**262 962**
Equity				
Share capital	7	91 241	76 241	**76 241**
Share premium		80 919	67 806	**67 806**
Other equity	8	-9 211	13 397	**10 130**
Total equity		162 949	157 444	**154 177**
Non-current liabilities				
Interest-bearing debt	4	64 227	94 601	**59 518**
Total non-current liabilities		64 227	94 601	**59 518**
Current liabilites				
Current portion of interest bearing debt	4	21 000	18 000	**10 200**
Other current liabilities		50 414	69 208	**37 799**
Derivatives		0	0	**1 268**
Total current liabilities		71 414	87 208	**49 267**
Total liabilities		135 641	181 809	**108 785**
Total equity and liabilities		298 590	339 253	**262 962**

- Raised NOK 85 million in a Private Placement in January 2017. Solid liquidity position
- Equity share 55% at year-end, and 64% adjusted for private placement
- No major loan maturities in the near future

UNDERLYING EARNINGS CAPACITY

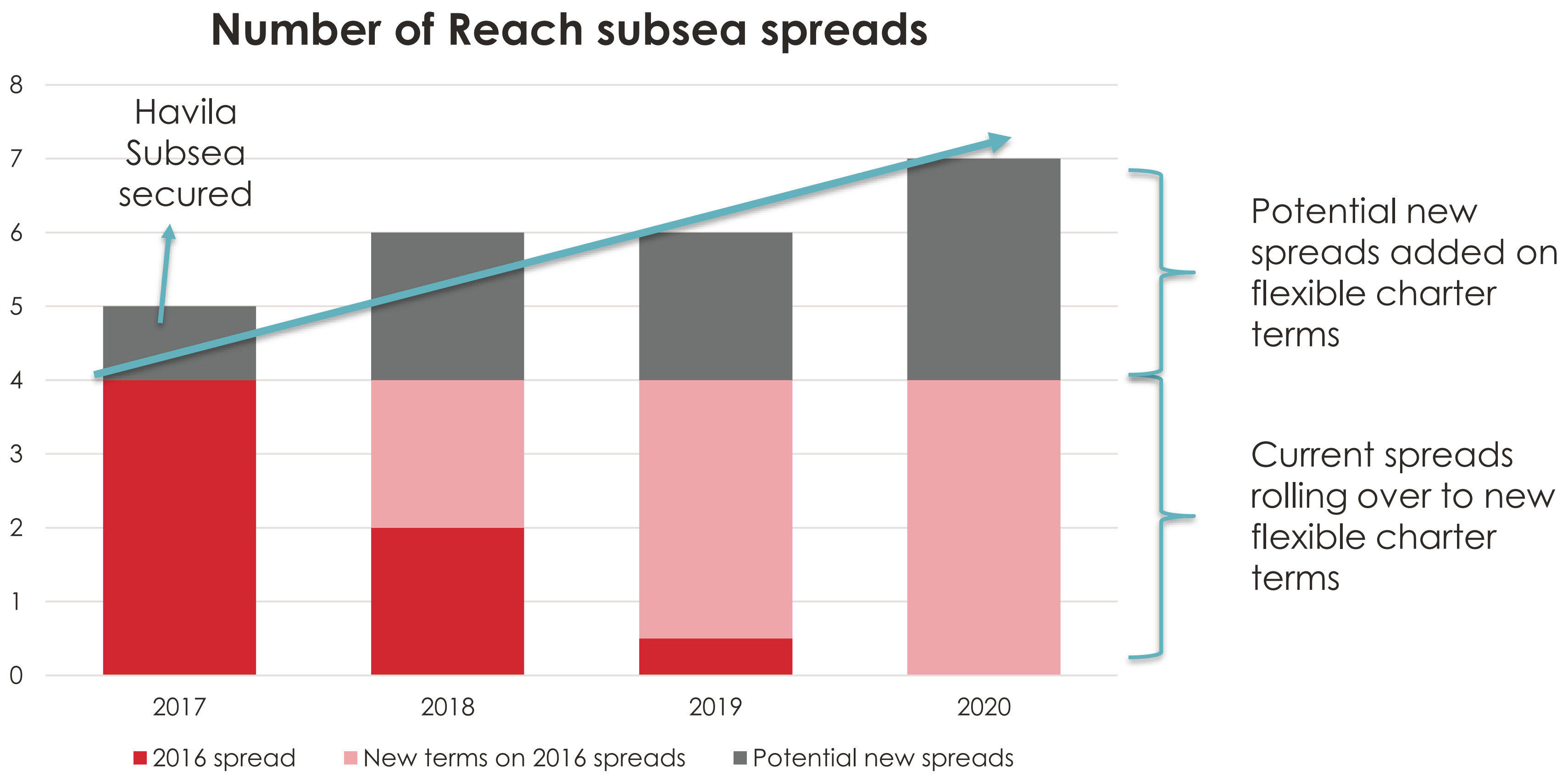


Charter restructuring effective from May – old charter rates in prior months

Effect if all vessels were on pay-as-you-go terms in 2016

Proxy for Reach's earnings capacity with flexible charters in current market

GROWTH AMBITIONS WITH CAPITAL IN PLACE



SHAREHOLDERS

REACH SUBSEA ASA		
ACCELLO PARTNERS I AS	40 109 711	28,7 %
EIKA NORGE	10 285 650	7,4 %
JOSO INVEST AS	7 564 589	5,4 %
JT INVEST AS	5 529 539	4,0 %
NORMAND DRIFT AS	5 000 000	3,6 %
STAFF-GRUPPEN	4 605 309	3,3 %
HOLME HOLDING AS	3 039 111	2,2 %
SHIPS AS TUDOR	2 857 100	2,0 %
UBS AG London	2 424 600	1,7 %
CORUNA AS	2 097 877	1,5 %
SKEISVOLL & CO AS	2 000 000	1,4 %
TEOMAR AS	2 000 000	1,4 %
A-Å INVEST AS	1 874 975	1,3 %
GLUTEUS MEDIUS AS	1 698 517	1,2 %
SMS INVESTERING AS	1 652 366	1,2 %
MACAMA AS	1 578 446	1,1 %
TEM INVEST AS	1 250 000	0,9 %
BARBINVEST AS	1 248 517	0,9 %
CASTEL AS	1 248 517	0,9 %
LION INVEST AS	1 180 000	0,8 %
Total 20 largest	**99 244 824**	**71,0 %**
Others	40 606 141	29,0 %
Total	**139 850 965**	**100,0 %**

- Includes the shares listed on Merkur Market and Oslo Stock Exchange
- Accello Partners I AS is now controlled by North Energy
- Previous Accello shareholders are now direct independent shareholders of Reach (combined 12.5%)
- Management (including Kåre Johannes Lie) and employees hold about 15 %

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Thank you