

REACH SUBSEA



Q3 2017 presentation

28.11.2017
Oslo

3Q 2017 HIGHLIGHTS

All time high activity level for Reach Subsea with all ROV spreads in operation during the full third quarter.

- ❑ 3Q2017 revenue was NOK 130.9 million compared with NOK 86.0 mill in 3Q2016.
- ❑ 3Q2017 EBITDA¹ was NOK 18.2 million compared with NOK 7.9 mill in 3Q2016.
 - Increased scale, high utilization and profitable projects.
- ❑ 9M2017 EBITDA¹ was NOK 25.0 million compared with NOK 14.5 million in 9M2016.
- ❑ A strong liquidity and equity position (58.6 %), positioning the Group to further invest in innovative technology, such as the Surveyor, and invest in other assets to leverage our platform for a future recovery.
- ❑ Tender activity remains high with outstanding tender value of around NOK 1.9 billion, compared with NOK 1.7 billion at the end of 2Q2017.

1) EBITDA before amortisation of termination fee

REACH SUBSEA IN BRIEF

In brief

- Established in 2008
- New growth strategy in 2012
- Based in Haugesund, Norway
- Listed at Oslo Stock Exchange (REACH)

Fleet

- 6 vessels
- 6 owned WROVs
- 2 dedicated SROV
- 4 Schilling WROVs on bb

Organization

- 80 employees (22 onshore)
- 40 hired in offshore staff
- World record in survey speed
- Experience with over 40 clients in Europe and worldwide
- High customer satisfaction score
- Innovative focus



Vessel days:	2.749
ROV days:	5.869
Manhours offshore:	> 1.000.000
(incl. project and vessel crew)	

- No major incidents.
- Breakdown less than 0,9%



Main Office



Killingøy base

FLEET



- Large and flexible fleet of modern DP2 vessels,
- 4 with dual ROV hangar
- Easy mobilisation of SROV between the vessels



Co-operation



Havila Subsea	2xWROV Online / Offline MHS	IMR, LCV Survey
Edda Fonn	1xWROV Online / Offline	IMR Survey
Olympic Delta	2xWROV Online / Offline	IMR, LCV Survey
Stril Explorer	1xWROV 1xSurveyor	Survey Inspection



Light construction
ROV support
Inspection
Maintenance
Repair
Route clearance
Seabed mapping
Pipeline inspection
Etc.

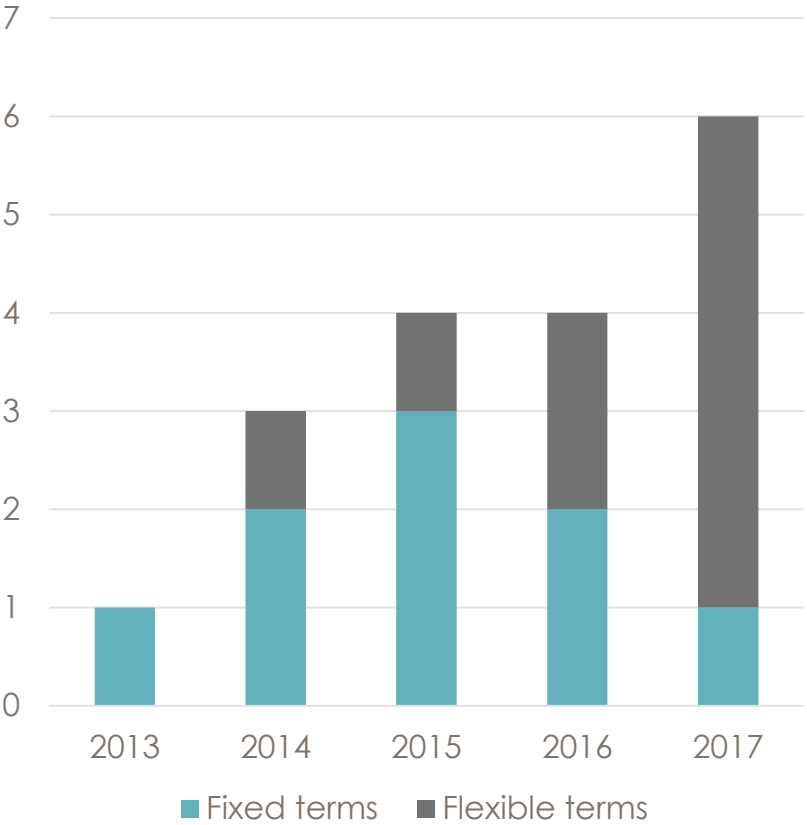
OPERATIONS IN 3Q AND 4Q UPDATE



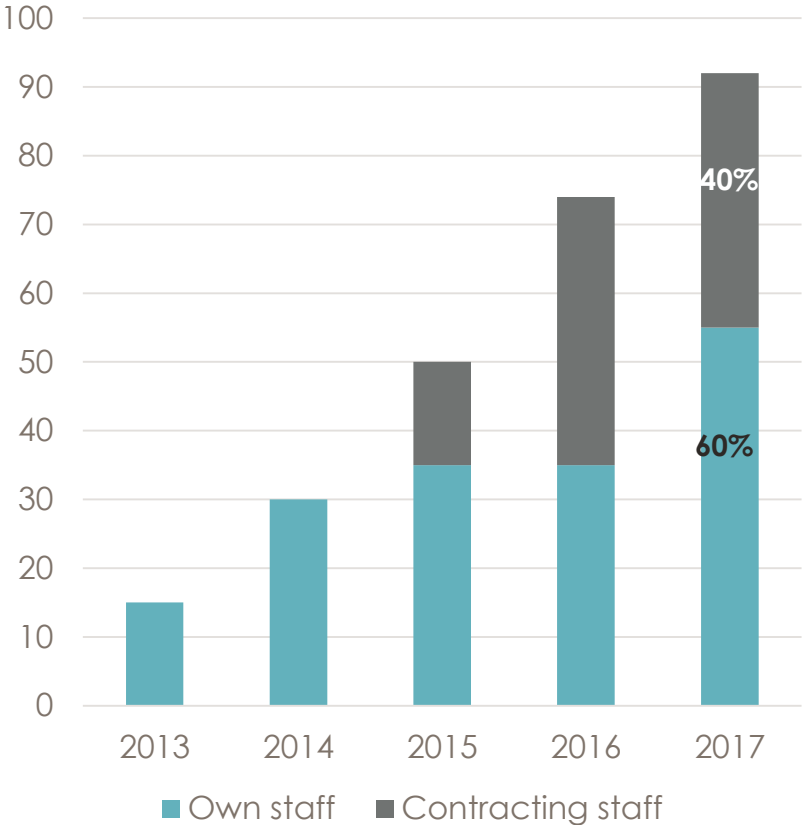
Vessel	Equipment	3Q operations	4Q update
Viking Neptun	2xWROV Owned	High utilisation	Low utilisation 4Q2017 and 1Q2018,
Normand Reach	2xWROV Owned	High utilisation	High utilisation for Oct, thereafter transit from Australia
Edda Fonn	1xWROV Owned	High utilisation	High utilisation first part of 4Q
Stril Explorer	1xWROV 1xSurveyor Owned	High utilisation	High utilisation
Havila Subsea	2xWROV Chartered	High utilisation	Low utilisation so far
Olympic Delta	2xWROV Chartered	High utilisation	Full utilisation, potentially high utilisation in 1Q2018

BALANCING GROWTH AND FLEXIBILITY

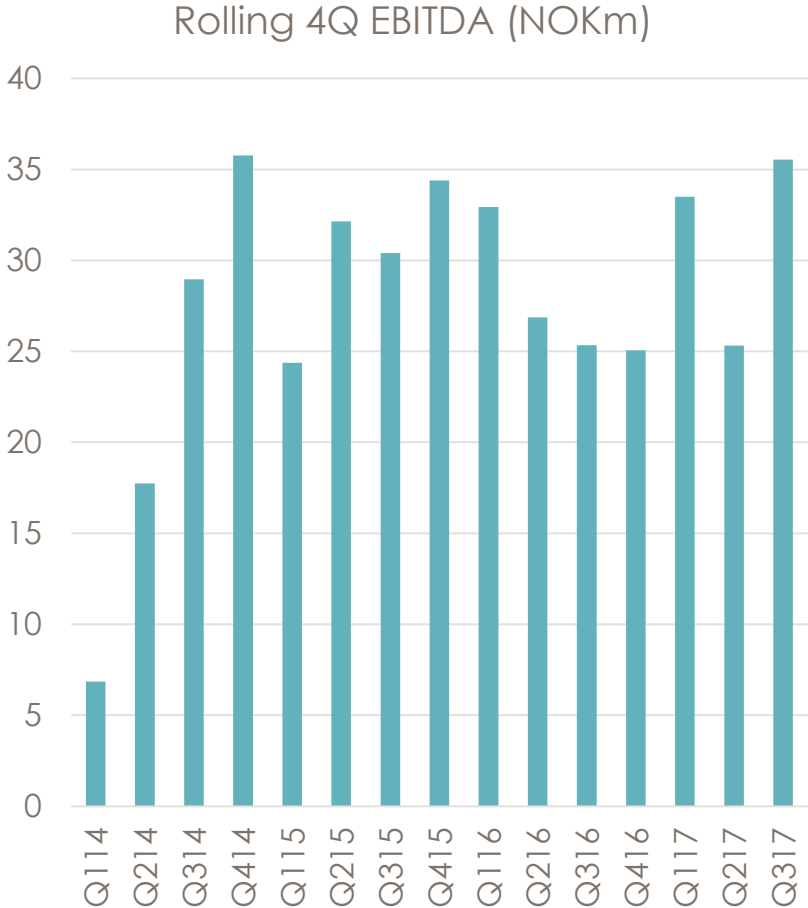
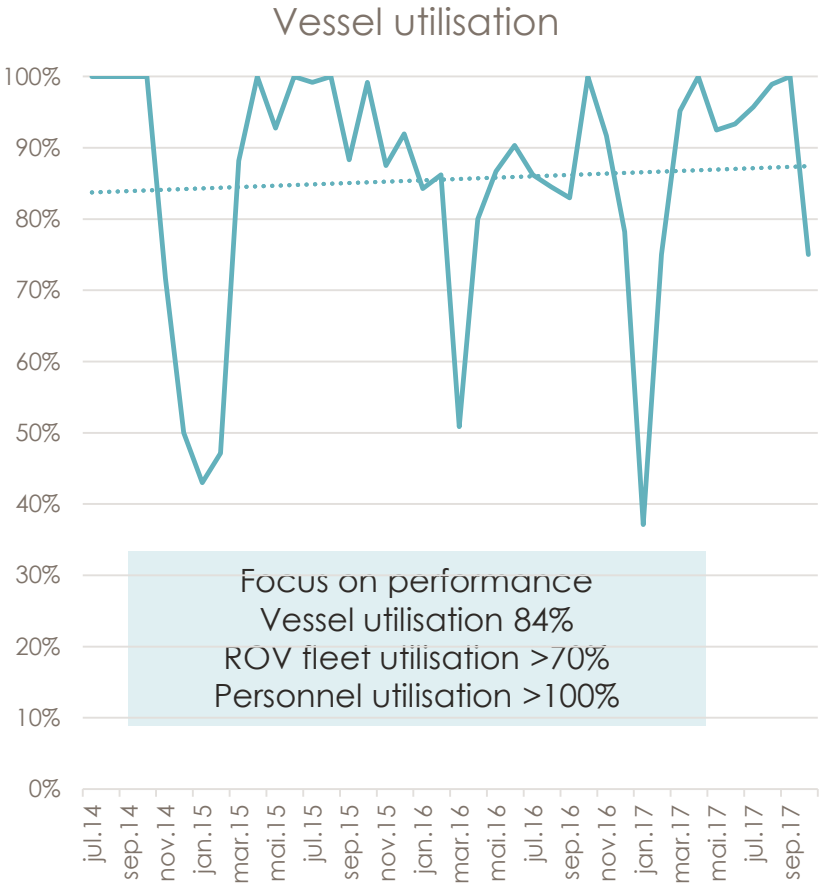
Vessels marketed



Offshore personnel

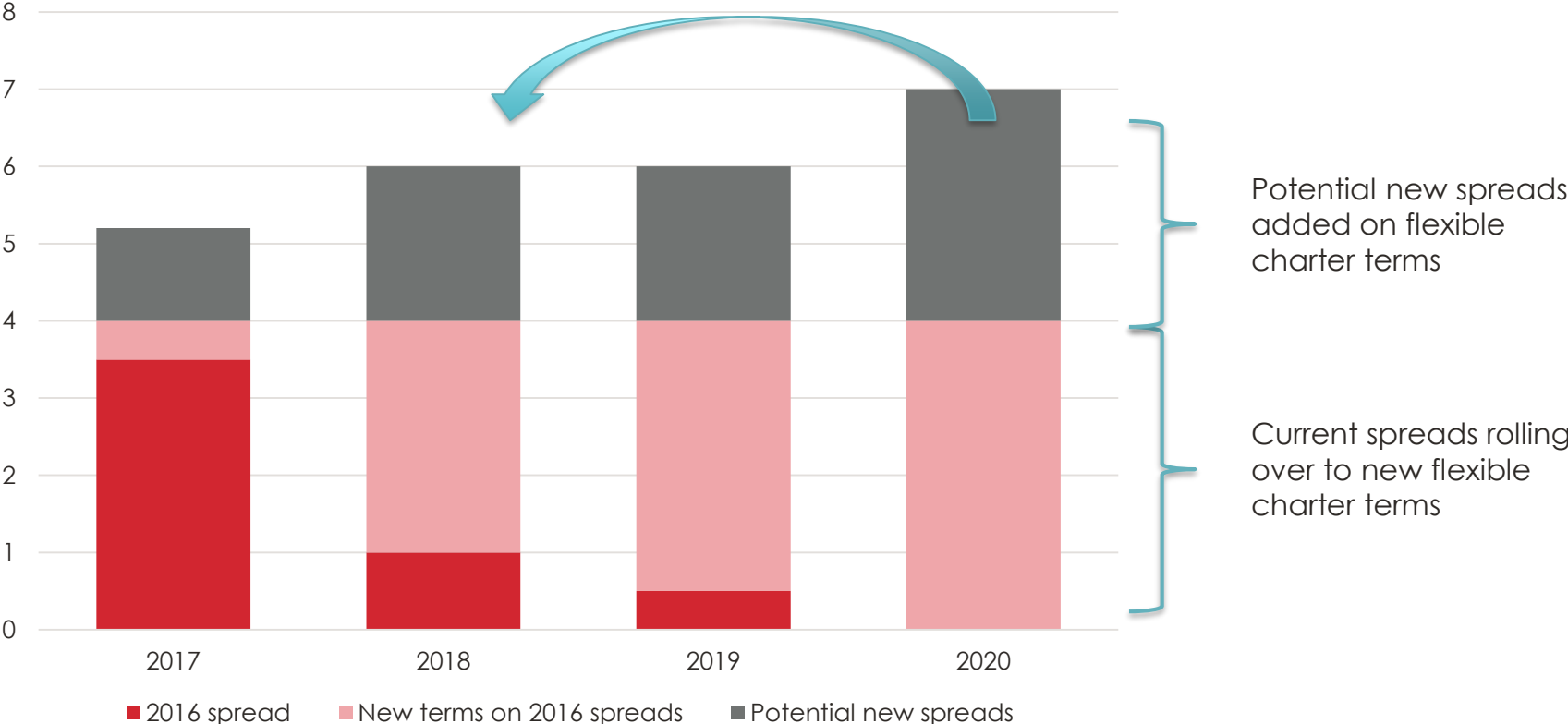


PERFORMANCE = TRACK RECORD = UTILISATION = PROFITS



DELIVERING ON GROWTH AMBITIONS

In position to add more spreads



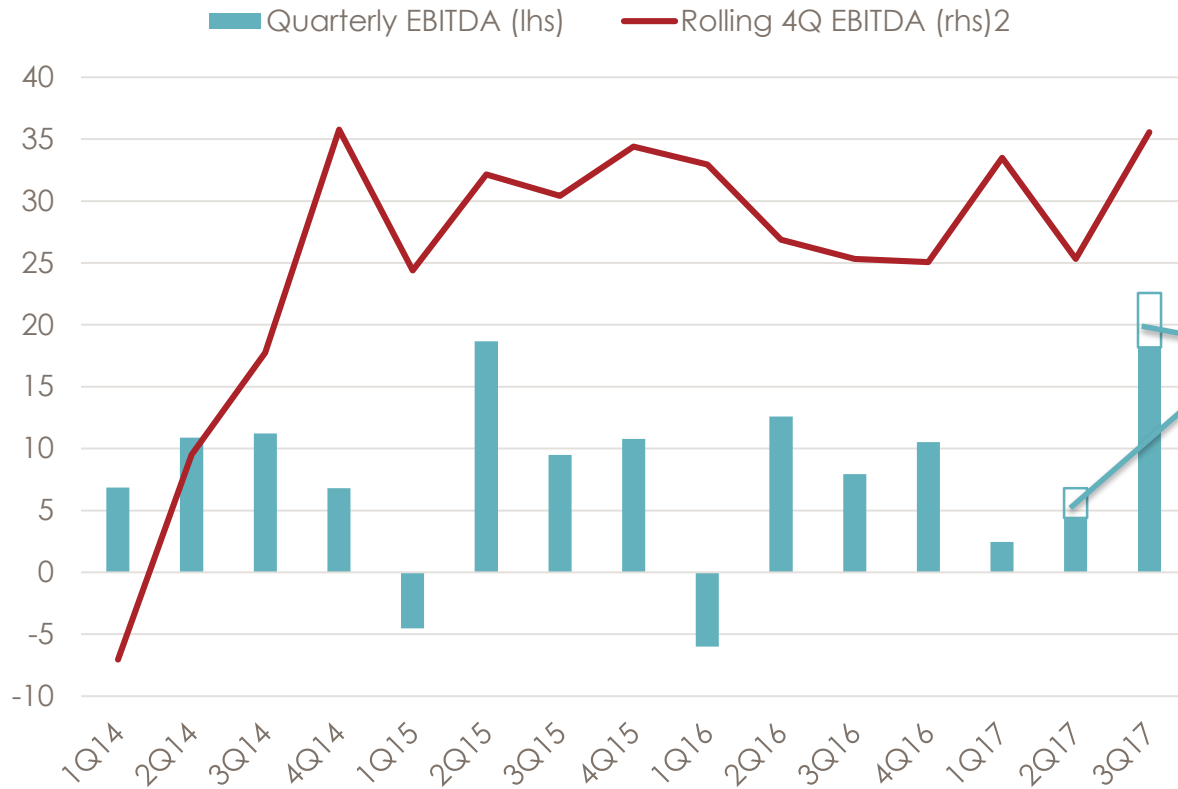
PROFIT AND LOSS

Income statement (in NOK '000)	Note	2017	2016	2017	2016	2016
		01.07.- 30.09 <i>unaudited</i>	01.07.-30.09 <i>unaudited</i>	01.01- 30.09 <i>unaudited</i>	01.01-30.09 <i>unaudited</i>	01.01-31.12 <i>audited</i>
Operating income		130 888	85 962	248 260	261 441	327 493
Other operating income		-	0	0	0	0
Total operating income		130 888	85 962	248 260	261 441	327 493
Operating expenses		-112 712	-78 018	-223 235	-246 897	-302 429
EBITDA before amortized termination fee		18 176	7 944	25 025	14 543	25 064
Amortized termination fee		-7 259	-7 262	-21 709	-7 262	-14 529
EBITDA after amortized termination fee		10 917	682	3 316	7 282	10 535
Depreciation	3	-6 719	-6 192	-19 138	-18 560	-24 814
Operating result (EBIT)		4 199	-5 510	-15 821	-11 279	-14 279
Net financial items		-1 573	-1 297	-2 974	-5 722	-7 376
Net result from affiliated companies		205	606	-1 931	-602	-1 557
Profit (loss) before taxes		2 831	-6 201	-20 727	-17 602	-23 213
Taxes	9	-	0	0	0	0
Profit (loss)		2 831	-6 201	-20 727	-17 602	-23 213

- 13,9 % EBITDA (before amortized termination fee) margin in 3Q2017 (9,2 % in 3Q2016 2016)
- Oil and gas represents 68 % of the revenue
- Income 3Q2017 includes 11 ROV spreads (7 spreads 3Q2016)

3Q 2017 RESULT

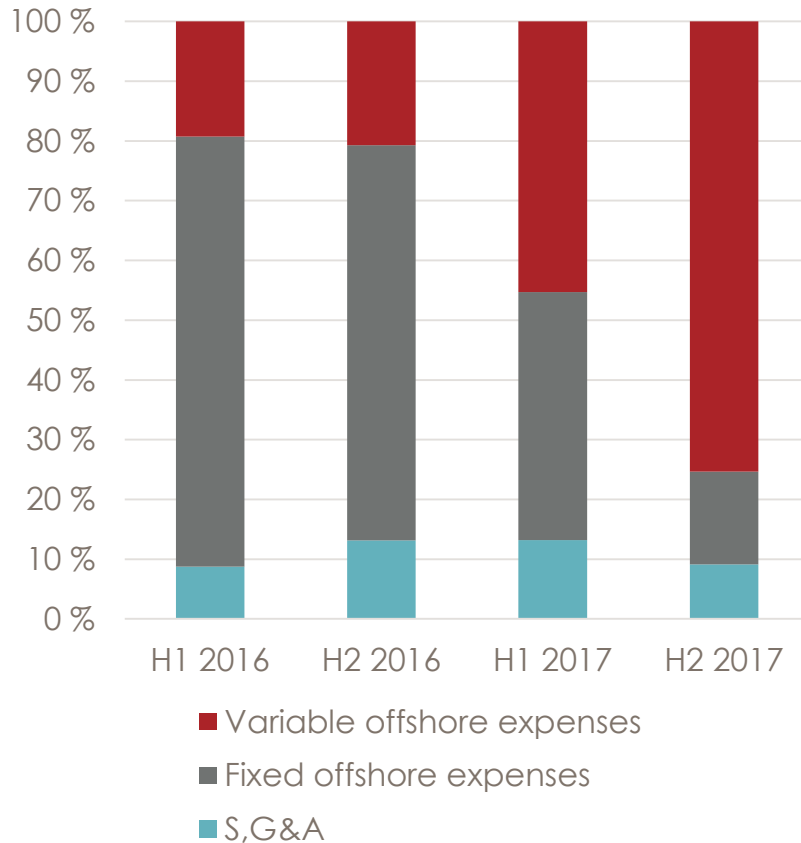
EBITDA (NOKm)



- High utilisation and successful projects
- Strong 3Q EBITDA
- 4 ROVs accounted for as operating leases (incl in EBITDA) – new in 2017
- Amortized termination fee a non-cash effect from May-16 restructuring

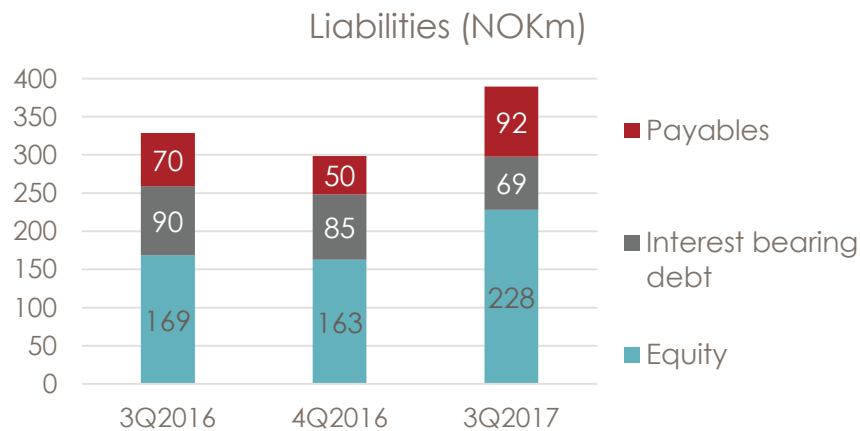
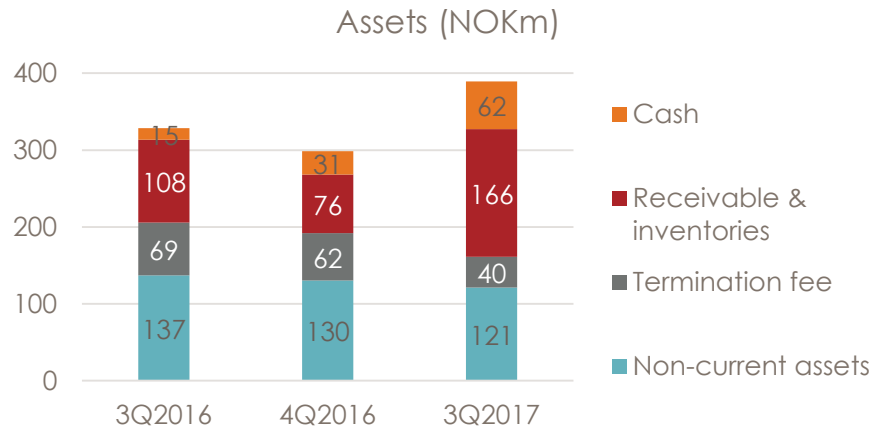
MAINTAINING FLEXIBLE COST BASE

Operating expense composition



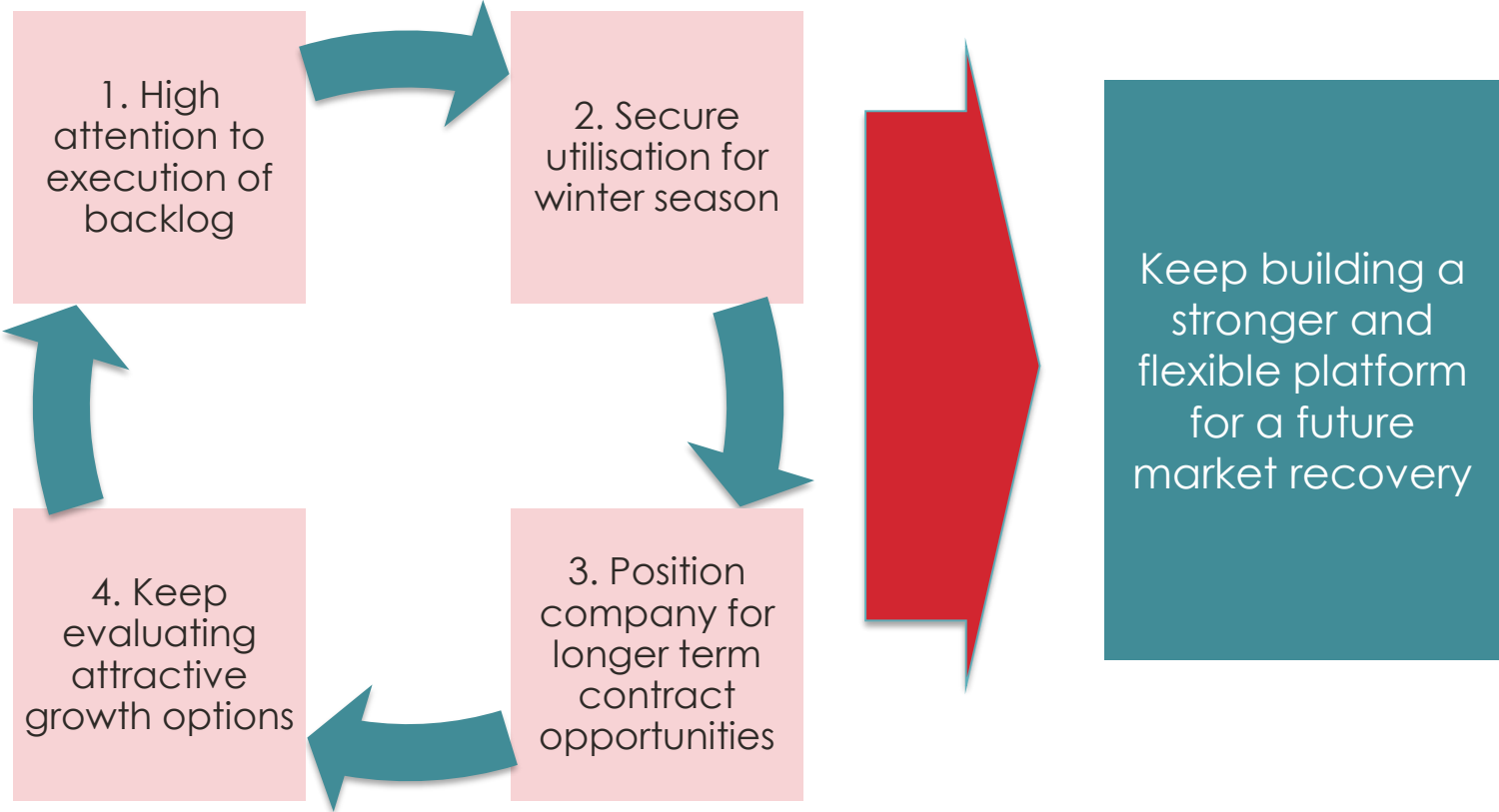
- Flexibility of cost base greatly improved through:
 - Charter restructuring (May-16)
 - New charters at flexible terms
 - Connect Offshore = quality people at flexible terms

3Q 2017 BALANCE SHEET



- Seasonally high working capital, to be reduced by year end
- Current assets includes NOK 25m termination fee (non-cash, to be amortised)
- Solid liquidity and equity position
- No major loan maturities in the near future

KEY PRIORITIES GOING FORWARD



3Q 2017 HIGHLIGHTS

All time high activity level for Reach Subsea with six vessels in operation during the full third quarter.

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 - Increased scale, high utilization and profitable projects.
- ❑ 3Q2017 revenue was NOK 130.9 million compared with NOK 86.0 mill in 3Q2016.
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1) EBITDA before amortization of termination fee

Thank you

BALANCE SHEET

Consolidated balance sheet (in NOK '000)	Note	2017 30.09. <i>unaudited</i>	2016 30.09. <i>unaudited</i>	2016 31.12. <i>audited</i>
Non-current assets				
Deferred tax assets	9	8 161	8 161	8 161
Investment in associated companies		4 841	6 227	5 272
Property, plant and equipment	3	108 304	122 674	116 916
Other long term receivables	6	16 500	39 756	33 000
Total non-current assets		137 806	176 819	163 349
Current assets				
Trade and other receivables	6	189 272	136 926	104 654
Cash and cash equivalents		62 397	14 755	30 586
Total current assets		251 668	151 681	135 240
Total assets		389 475	328 500	298 590
Equity				
Share capital	7	143 240	91 241	91 241
Share premium		114 754	80 919	80 919
Other equity	8	-29 938	-3 602	-9 211
Total equity		228 055	168 558	162 949
Non-current liabilities				
Interest-bearing debt	4	48 411	70 750	64 227
Total non-current liabilities		48 411	70 750	64 227
Current liabilities				
Current portion of interest bearing debt	4	21 000	19 698	21 000
Other current liabilities		92 008	69 493	50 414
Derivatives		0	0	0
Total current liabilities		113 008	89 192	71 414
Total liabilities		161 419	159 942	135 641
Total equity and liabilities		389 475	328 500	298 590

CASH FLOW STATEMENT

	2017 01.01-30.09 <i>unaudited</i>	2016 01.01-30.09 <i>unaudited</i>	2016 31.12. <i>Audited</i>
Cash flow statement			
Cash flow from operating activities			
Profit (loss) before tax	-20 727	-17 602	-23 212
Net result from affiliated companies	1 931	602	1 557
Depreciation	19 138	18 560	24 814
Change in trade debtors	-88 945	-14 771	-567
Change in trade creditors	40 722	-459	-9 309
Change in other provisions	21 699	-11 690	2 905
Share option cost employees	0	604	604
Net cash flow from operating activities	-26 181	-24 756	-3 208
Cash flow from investing activities			
Purchase of fixed assets	-10 526	-820	-1 314
Investment in associated companies	-1 500	0	0
Net cash flow from investing activities	-12 026	-820	-1 314
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	85 833	8 113	8 113
Repayment of long term loans	-15 816	-22 152	-27 374
Net cash flow from financing activities	70 017	-14 040	-19 261
Net change in cash and cash equivalents	31 810	-39 615	-23 783
Cash and cash equivalents in the start of the period	30 586	54 370	54 370
Cash and cash equivalents in the end of the period	62 397	14 755	30 586