



Q1 2021

## Financial report

28 May 2021 | Torgeir E. Ramstad | CEO  
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# Agenda

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| 02 | Status financing                    |
| 03 | Operations and contracts            |
| 04 | Newbuilding status                  |
| 05 | The sweet-spot for WTG installation |
| 06 | Market & Outlook                    |



# First Quarter 2021

## Q1 2021 Income Statement

in \$ thousands	Q1 2021	Q4 2020
<b>Total revenue</b>	<b>11,666</b>	<b>8,917</b>
Voyage expenses	4,848	3,572
Ship operating expenses	4,236	3,801
Other operating expenses	241	205
General and administrative expenses	2,457	2,180
<b>Operating profit (loss) before depreciation and amortization expenses ("EBITDA")</b>	<b>(116)</b>	<b>(842)</b>
Depreciation and amortization expenses	4,028	4,128
<b>Operating profit (loss)</b>	<b>(4,144)</b>	<b>(4,970)</b>
<b>Net financial income (expenses)</b>	<b>(119)</b>	<b>638</b>
<b>Net profit (loss)</b>	<b>(4,263)</b>	<b>(5,535)</b>
<b>Basic and diluted earnings (loss) - \$ per share</b>	<b>(0.035)</b>	<b>(0.046)</b>

### Comments

- TCE per day \$17,600 in Q1 2021, up from \$11,200 in Q4 2020. Utilization on the fleet was 90% in Q1 2021, up from 71% in Q4 2020.
- OPEX per day \$9,413 in Q1 2021.
- EBITDA was negative \$0.1 million in Q1 2021, compared to negative \$0.8 million in Q4 2020.



# First Quarter 2021

## Q1 2021 Balance sheet and Cash flow

in \$ thousands	31 March 2021	31 December 2020
Non-current assets	259,856	239,409
Bank deposits and cash equivalents	16,276	14,787
Other current assets	21,259	13,507
<b>Total Assets</b>	<b>297,391</b>	<b>267,703</b>
Total Equity	229,464	233,685
Non-current lease liabilities	2,492	2,587
Debt to credit institutions	21,422	-
Total current liabilities	44,012	31,431
<b>Total equity and liabilities</b>	<b>297,391</b>	<b>267,703</b>

in \$ thousands	Q1 2021	Q4 2020
<b>Net cash flow from operating activities</b>	3,877	(2,659)
<b>Net cash flow used in investment activities</b>	(24,201)	(35,565)
<b>Net cash flow from financing activities</b>	21,813	(18,195)

### Comments

- Contingent liabilities related to Alfa Lift and VIND 1 specified in note 10, totalling \$381 million.
- Payments in relation to investments under the construction contracts: Final 10% instalment for Alfa Lift prior to delivery.
- \$22 million in drawdown of debt during the quarter.
- \$28 million undrawn from RCF at quarter-end 2021 (and as today 28 May 2021).



# Status financing

- The Group has accepted a firm offer, subject to satisfactory documentation, for a \$135.0 million Senior Secured Green ECA Credit Facility agreement for the post-delivery financing of the wind foundation installation vessel Alfa Lift.
- In addition to the above and as previously communicated, we have a need for \$40-50 million to take us past delivery of Alfa Lift. Funding options:
  - Bond market
  - Industrial partner/M&A
  - Equity issue

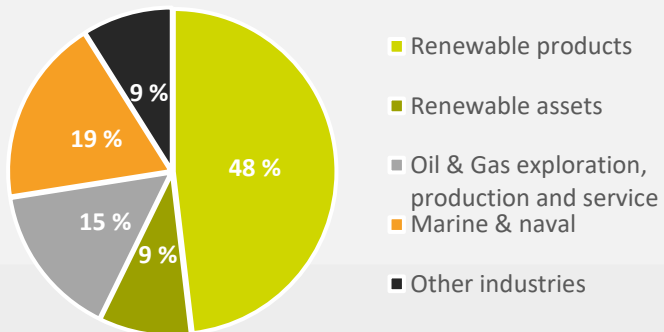


# Transportation

## Operations and contracts

- Markets continue to be affected by hesitation to commit due to Covid-19 restrictions, but activity levels and pricing continue to show modest improvements as predicted.
- YTD utilisation in Q1 was 90% and Opex in line with budget at \$9,413 per day.
- All five vessels were fitted with exhaust gas scrubbers in 2019 to a total Capex of \$11.4 million. Savings on fuel cost compared to using Low Sulphur Fuel Oil 0.5% stands at \$8.9 million or a payback of 78% so far.

Revenue per cargo category (Apr. 20 - Mar. 21)



Albatross with offshore wind jack-up “Apollo” on the way to China.  
Image courtesy Piet Sinke.



Falcon with offshore wind jack-up barge “JB118” on the way to China.

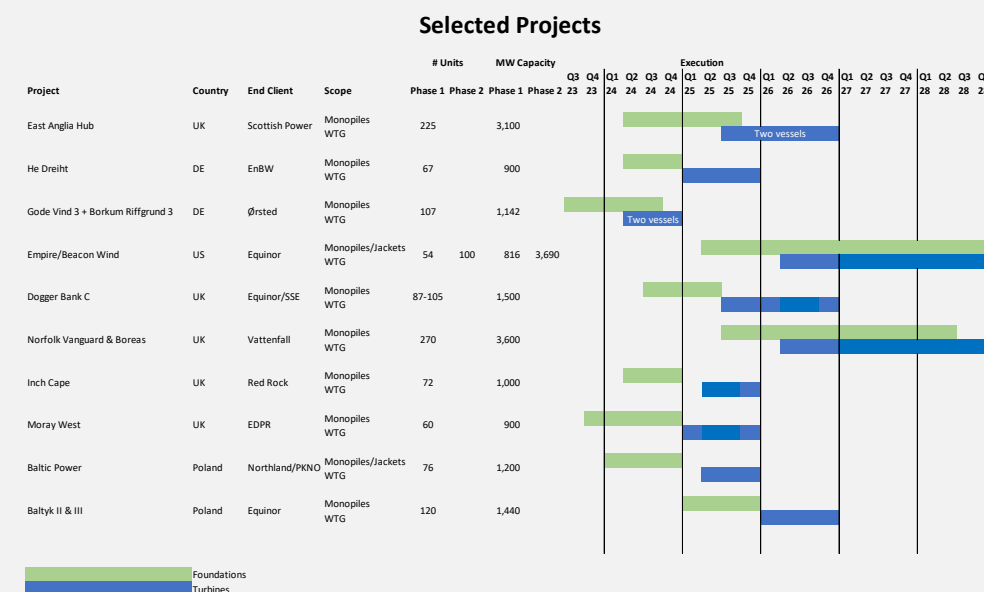


# Installation

## Why has no new contracts been announced in the quarter?

### Our timings have unfortunately been too optimistic

- Not one of the projects we are tendering for has been awarded so far.
- Developers are delayed with their announcements compared to earlier plans.
- This is primarily due to everybody wanting to secure the latest WTG technologies, which has led to re-design of wind farms.
- With very few exceptions, all have maintained their original execution schedules.
- Several have to award latest by Q3 2021 to avoid delaying other key milestones related to FID or auction participation.
- Alfa Lift and Vind 1 are both available for the busy 2024 season.



This overview shows a selection of projects in the market from 2023/24.

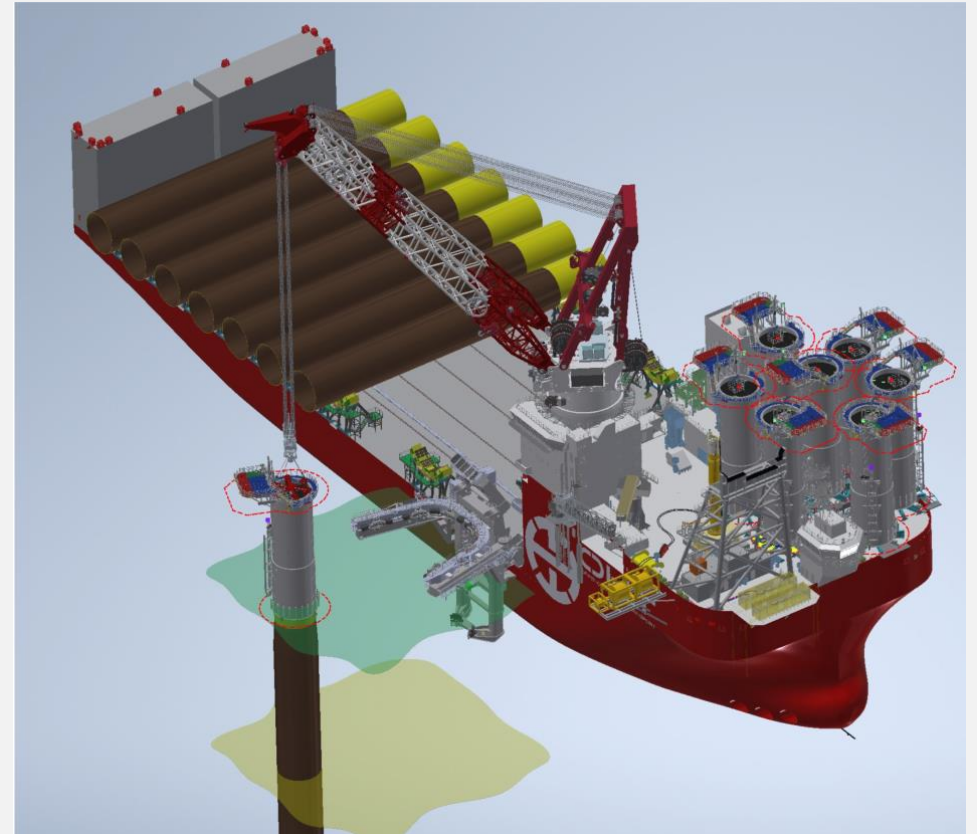




# Installation

## Operations and contracts

- The Dogger Bank A and B projects are in detail design and showing good progress.
- Currently in dialogue with the client regarding impact of certain changes introduced by the client.
- We have placed a major subcontract for the rental of the piling hammer with Menck GmbH.
- Other subcontracts for grillage and lifting equipment have been placed or are imminent.
- No undesired incidents and the Client relationship remains good and constructive.
- Start offshore construction in Q3 2022.



Installation of Transition Piece following Monopile installation.

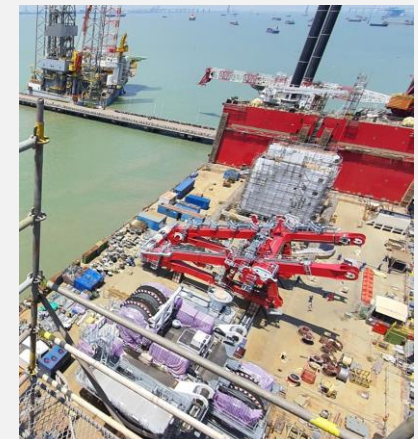
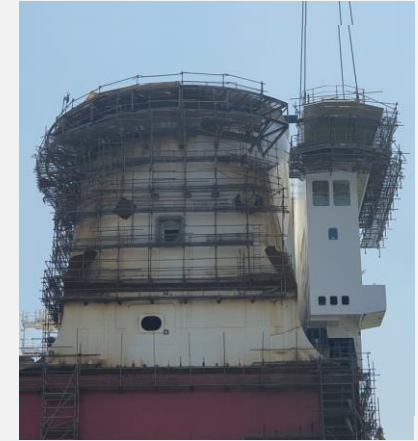
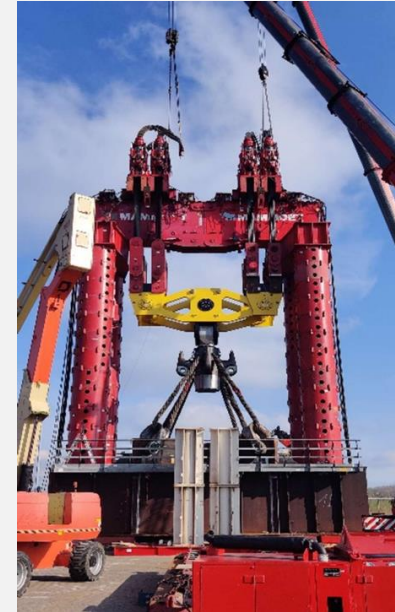
# Newbuilding status

## Alfa Lift

- Vessel was successfully undocked on 28 February and moved to the outfitting quay. The fourth payment milestone was fulfilled.
- Liebherr successfully performed separate overload tests of main crane hooks (picture).
- Liebherr main crane slewing column and A-frame safely arrived at shipyard and was lifted onto the deck in late April (picture).
- Crane pedestal machining soon to complete.
- Shipyard maintains vessel delivery end 2021, but as we will install mission equipment before departure from China, we will keep the vessel at the shipyard in Q1 2022.

## VIND 1

- Basic design almost complete, detail design approaching 20%.
- All key equipment selected, VDL target of 10,000t.
- Delivery mid-2023.



# A competitor's view on how converted WTIVs compare with newbuilds

They did not get it entirely right...

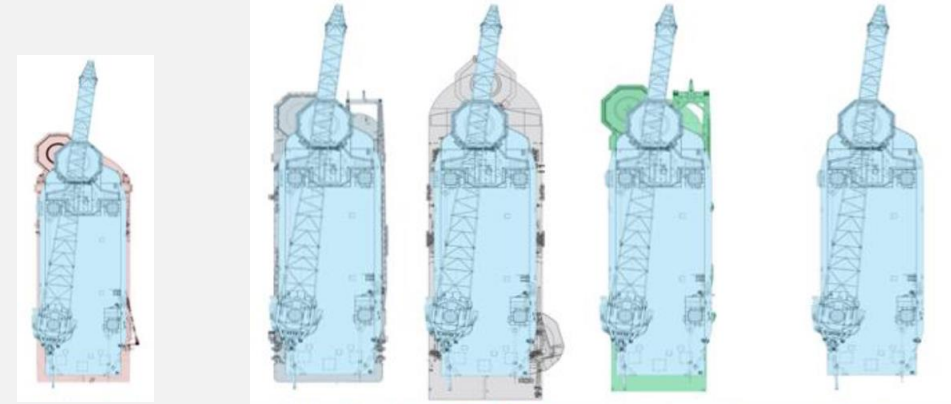
## Some key questions to ask

- What is the crane's capacity at a more realistic outreach of 45m?
- What does max lifting height mean – is it main hook / auxiliary hook / boom extensions ?
- For the first WTG in a set you have to lift towers above the nacelles, so what is the max tower height that the main hook can lift over the nacelles on deck?
- How much has jacking speed been affected to achieve a higher VDL than originally designed?
- How much Capex has been put into the vessel in total?
- With deeper sites and ever-increasing hub heights, what is the maximum water depth the vessel can install in?

1) In extended mode - 2,500t in retracted mode.

2) Medium hub height/tower weight.

**Numbers can be deceptive with upgraded vessels – it does not help to be able to carry the WTGs if you cannot lift components over the deck or jack up high enough to install them.**

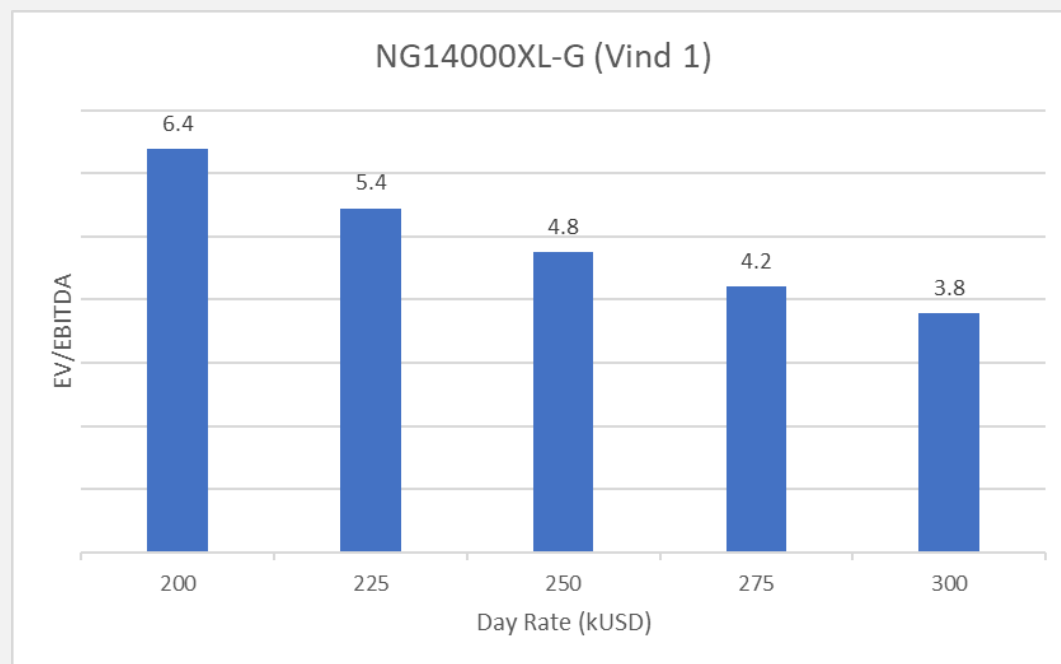


	NG14000XL-G (OHT Vind 1)	NG14000X (Scylla)	KEH 2012 v2.0 (Wind Orca)	Wat/OD (Innovation)	Windcarrier (Tern 2.0)
Crane capacity	<del>1,250t @ 35m</del> 1,600t @ 38.5m <sup>1)</sup>	1,500t @ 31.5m	1,600t @ 40m	1,500t @ 40m	1,600t @ 31m
Max lifting height (m.d.)	<del>156m</del> 166.5m	122m	159.7m	c. 118m	157m
Deck space	4,600m <sup>2</sup>	4,600m <sup>2</sup>	4,300m <sup>2</sup>	3,400m <sup>2</sup>	3,600m <sup>2</sup>
Elevated variable load	<del>8,750t</del> 10,000t	8,500t	10,000t	8,000t	9,000t
Haliade-x	3 4	3	4	3	3
SG 14-222-DD <sup>2)</sup>	2 4	2	3	2	3
V236	3 4	3	4	3	3

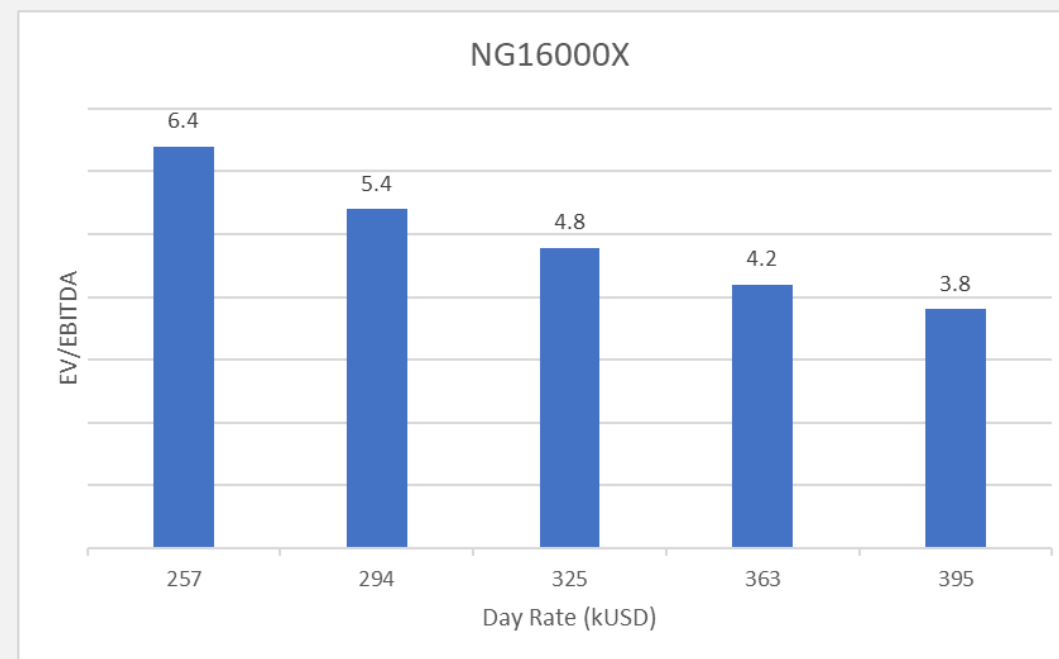
# Recent newbuilds published indicate a substantial price increase

We believe our Vind 1 has hit a sweet-spot between Capex and capabilities

Capex: 230 MUSD      Opex: 35 kUSD/day  
Activation costs/misc.: 25 MUSD      SG&A <sup>1)</sup>: 2 MUSD



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1) Incremental

The larger unit would need +75kUSD/day to provide the same payback time



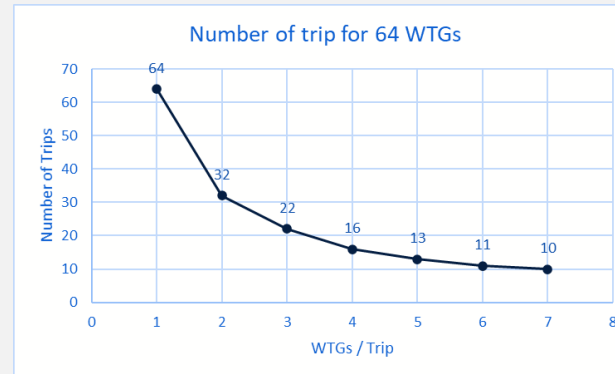
# Case study: How does number of WTGs carried affect execution time?

Using a 15MW WTG with typical tower weights and transportation distance

The relationship between number of WTGs / trip and number of trips is inversely exponential (see chart).

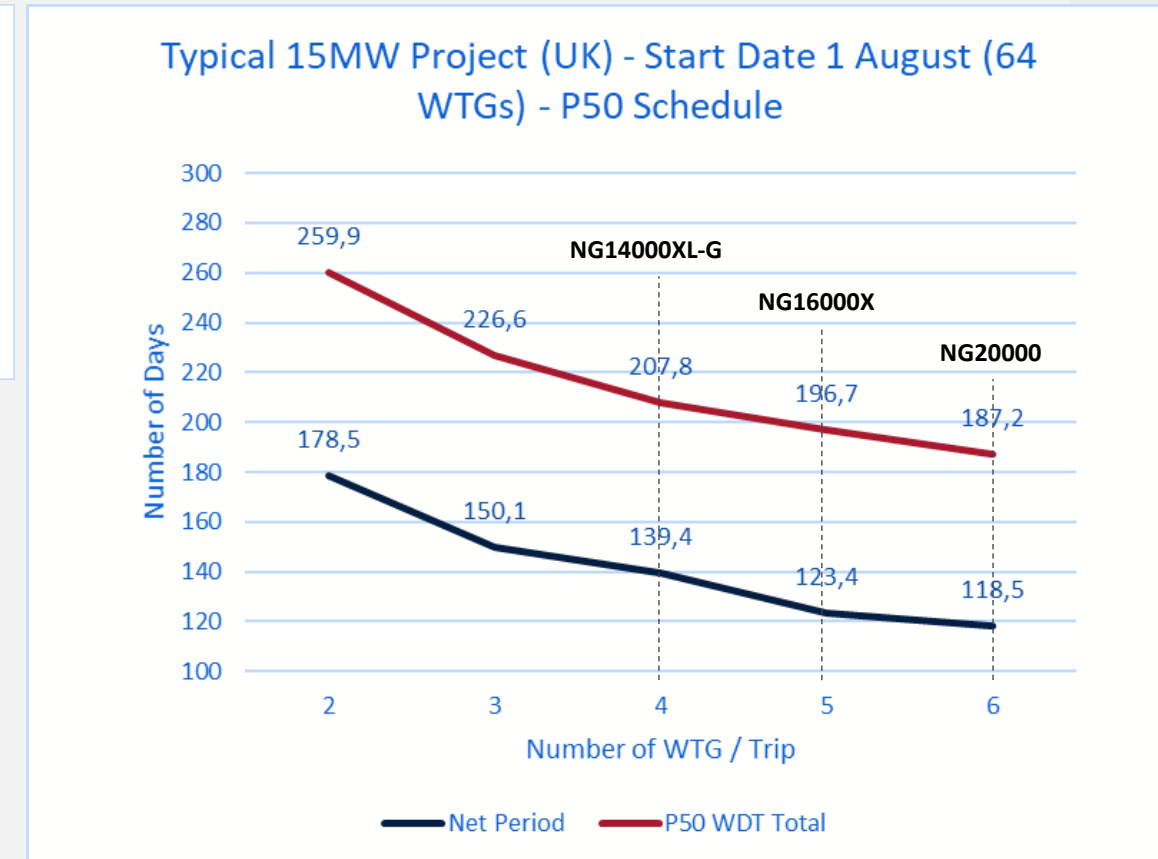
Reason for diminishing schedule gains of taking more WTGs / trip is that the primary difference to the schedule is only the additional sailing time, as the same number of WTGs are loaded and installed.

Therefore, from a point around 4 WTGs / trip the extra cost for a larger vessel is increasingly more difficult to defend for projects that do not have extended sailing distances.



Difference in schedules between

- 2 → 3 WTGs / Trip (P50): 33 days
- 3 → 4 WTGs / Trip (P50): 19 days
- 4 → 5 WTGs / Trip (P50): 11 days
- 5 → 6 WTGs / Trip (P50): 9 days



P50 WDT indicates the duration when there is a 50% likelihood of non-exceedance due to weather down-time.



# Market and Outlook

## Offshore wind

### Transportation

- We have already seen improved utilisation, to be followed by stronger pricing.
- We see a material reduction of available capacity due to competitors' backlog on oil & gas projects which have not been targeted by the Company, and limited newbuilding activity.
- Bidding Offshore Wind related transportation projects up until 2027, which will represent a substantial part of the market with foundation components to be transported
  - from Asia to Europe, and
  - From Europe to the US.
- Oil & gas decommissioning as well as new gas processing facilities in the Middle East will develop a healthy volume of additional transportation opportunities.
- This is a strategically important market segment in support of our offshore wind strategy.

### Installation

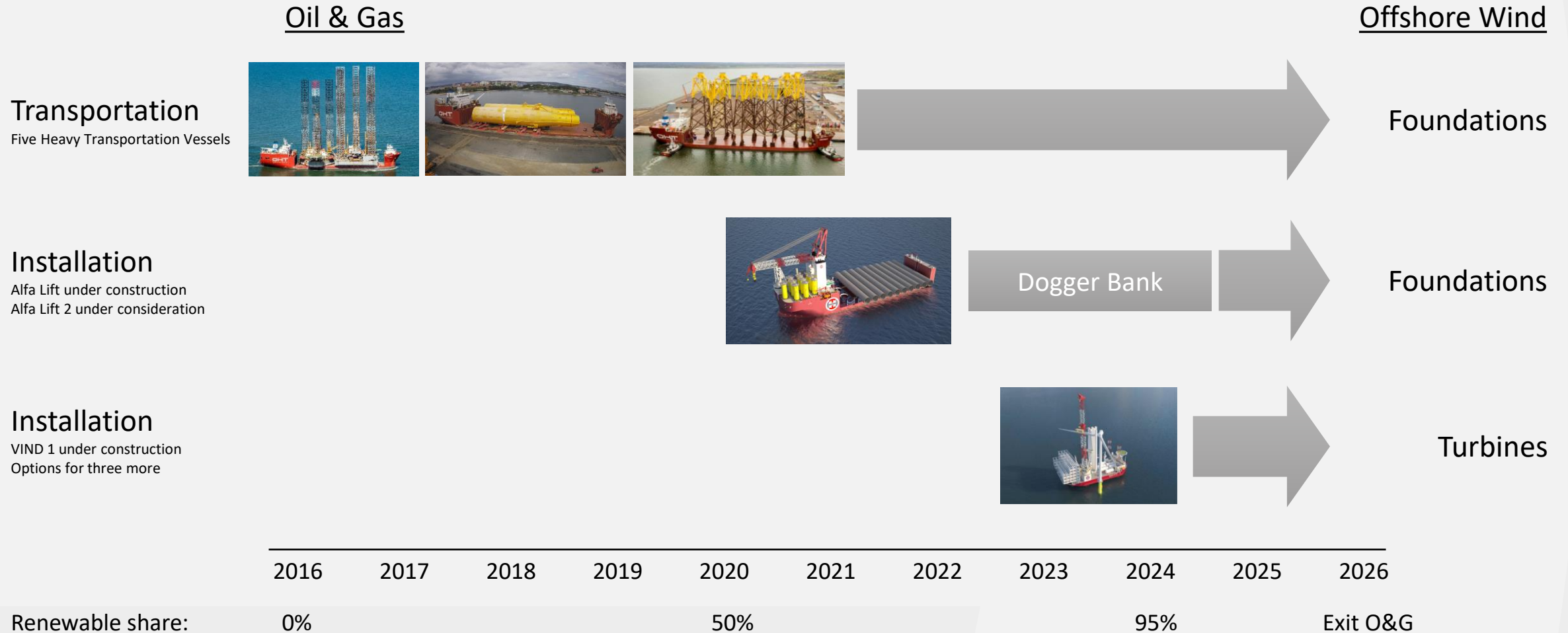
- The market looks stronger every day, with Rystad now predicting 250GW installed capacity by 2030, up from 31GW end 2020.
- There will be a critical bottleneck especially within monopile installation from 2024/25, with no newbuilds having been announced in the last 12 months.
- Both our newbuilds are available from 2024 onwards.
- The Company has >\$2 billion in open tenders. None have been awarded so far.
- Developers remain delayed with their contract awards, with several having to make a call at the very latest in Q3 to achieve overall project milestones.
- OHT will continue to be disciplined wrt. pricing and is confident that our timing to market is spot on.





# Summary: Creating a leading Offshore Wind T&I Contractor

A growth story from ~80% reliance on O&G to complete exit in 10 years





Thank you



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