BOA offshore

Boa Offshore – 12 September 2018

Pareto Oil & Offshore Conference

Helge Kvalvik, CEO

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Boa Offshore Group – Status September 2018

- **Boa Offshore First Half 2018 results**
  - EBITDA 1H18 of NOKm 27, down from NOKm 96in 1H17.
    - 1H17 including NOKm 59 in positive "one-off"
  - 2Q18 EBITDA NOKm 30, up from NOKm -8 in 2Q17
  - Barges and Tugs remain robust/stable, SBL up, and OCV and AHTS down Y/Y

- **Balance sheet**
  - Consolidated Cash 1H18 of NOKm 278, down from NOKm 351 YE17 and NOKm 315 Y/Y
  - NIBD 2Q18 of NOKbn 2.7, up >NOKm 100 last three quarters, down from NOKbn 2.9 Y/Y

- **Status Financial restructuring plan**
  - Objective to create a sustainable Financial Model in coming years where the Offshore markets are anticipated to remain challenging
  - Cash Flow and TBK Asset Realization (parent) on track, NFDS ongoing

- **Market Outlook**
  - Many of the segments where Boa Offshore operates are exposed to less cyclical factors – stable outlook
    - Barges: Operating within a range of industries, outside Oil & Gas
    - Tugs: Ports, Terminals, Oil & Gas, other
  - Offshore vessels: Market modestly recovering from low levels on the back of higher oil prices. Dayrates to remain subdued in the short to medium term due to "supply overhang"

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Boa Offshore Group in short

- Boa Offshore AS is a Norwegian limited company owned by Ole T. Bjørnevik and his family
- Boa Offshore currently owns, operates and manages a diversified fleet of 33 units in various segments
  - Subsea installation and construction (Boa OCV)
  - Sea transportation and load-out and launching of heavy objects (Barges)
  - Rig moves (Tugs/AHTS)
  - Seismic EM vessel operations (Boa SBL)
  - Harbor and costal towage and salvage operations (Tugs)
- Global presence and operations, and Leading player in the global market for heavy lift barges
- Head Office in Trondheim (Norway) and office in Houston (USA), with approximately 315 employees
- Engineering and project management capacity out of Trondheim and Houston

Business overview – Concentrated in three segments

Assets

1 6 Offshore Vessels

- OCV – Boa Sub C
- OCV – Boa Deep C
- SBL – Boa Thalassa
- SBL – Boa Galatea
- Boa Bison
- Boa Jarl

2 20 Barges

- 9 semi-submersible barges
- 8 deck cargo barges
- 3 other barges

3 7 Tugs

- 4 ASD escort tugs
- 2 harbour / towage tugs
- 1 harbour tug

Description/operations

6 Offshore Vessels

World wide operations

Owns and operates two of the world's most high spec OCVs, two seismic vessels, and two large modern AHTS

Boa Offshore operations offer external and internal project management solutions, including engineering and services

20 Barges

World wide operations

Leading player in the global heavy lift market

Continuous new building program since 1999, completed 2015

Tonnage provider, also solution/ project provider for:

- All engineering related to barges. In house design
- Turn key transportation projects
- Load out and launching
- Dry docking operations
- Float over

7 Tugs

Coast of Norway and North Sea operations

Tugs has been the core business of Boa since inception

Tonnage provider and solution/ project provider for:

- Salvage operations
- Turn key towage / transport / handling operations

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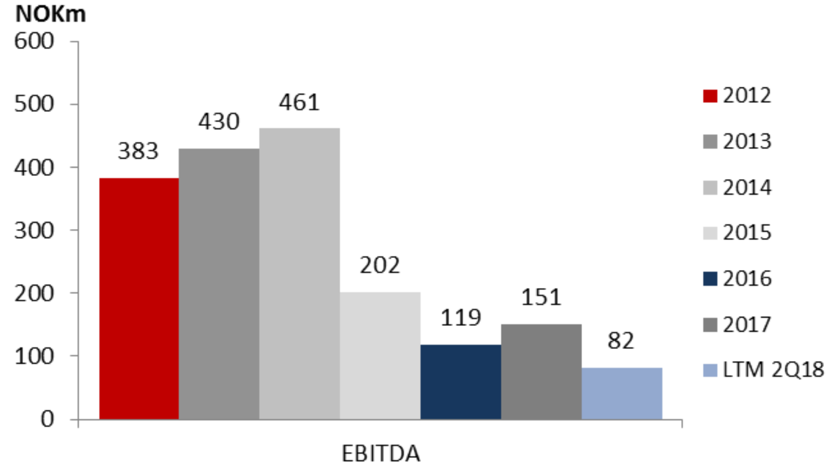
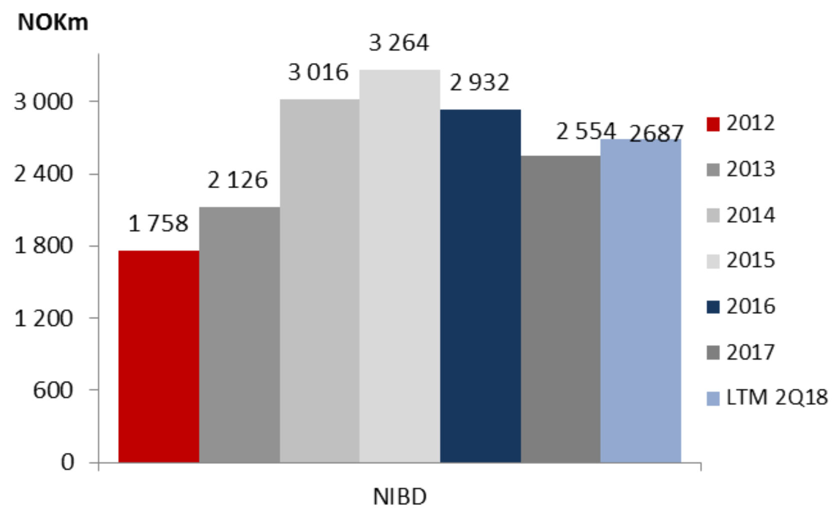
Boa Offshore Group consolidated historical financials

- EBITDA 1H18 of NOKm 27, down from NOKm 96in 1H17.
  - 2H17 including NOKm 59 in positive "one-off"
- 2Q18 EBITDA NOKm 30, up from NOKm -8 (neg) in 2Q17
- 1H18 NIBD of NOKbn 2.7 – up >NOKm 100 last three quarters, down from NOKbn 2.9 Y/Y
- Cash per 1H18 of NOKm 278, down from NOKm 351 YE17 and NOKm 315 Y/Y
- Fleet value of NOKbn 3.6 per 1H18 (semi annual review), down 5% Y/Y
  - Offshore vessels down, Barges/Tugs stable
  - Value adjusted Equity per 1H17 of 20%, down from 24% YE 17 and 28% 1H17
  - Offshore Vessel Values down ca. 40% from Peak levels of 2013/2014
  - Asset write-downs of approx' NOKm 885 in 2015-17

Key financial items - EBITDA



Key balance sheet items - NIBD

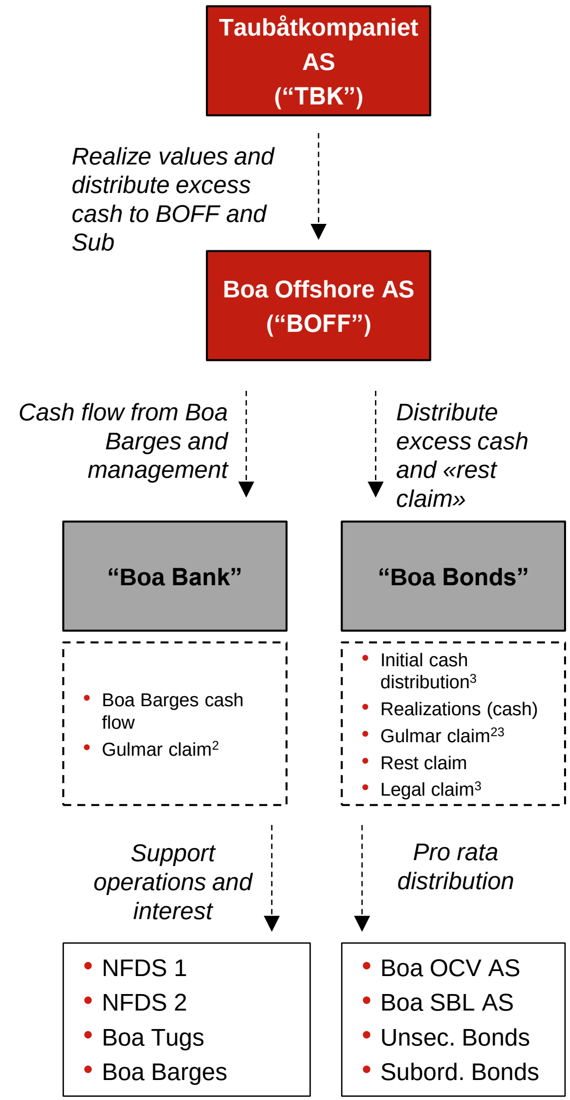


** LTM = last twelve months*

The financial restructuring – one year in

- Selected key principles for the financial restructuring were:
  - Create a safe harbor throughout 2020
  - Divide banks and bondholders into 2 separated legs, where latter to carry PIK interest
  - Cancel all major interdependencies through group structure incl. intercompany debt and bank guarantees
  - Divestments to be performed in Taubåtkompaniet (parent) and NFDS (AHTS)

- Status
  - Estimated NOKm 80-120 to be divested in Taubåtkompaniet
    - NOKm 76 realized so far, range maintained
  - NFDS still ongoing
  - Cash Flow and Cash Development in Boa Group in total roughly in line with forecast provided «June 17 Summons»
    - Above forecast adjusted for NFDS



1) Except for two existing parent company guarantees from Boa Offshore AS for contracts in Boa Barges AS. 2) Parts of Gulmar claim will be pledged to banks as security under the NFDS 1 and NFDS 2 facilities. 3) Not applicable for Sub Bond

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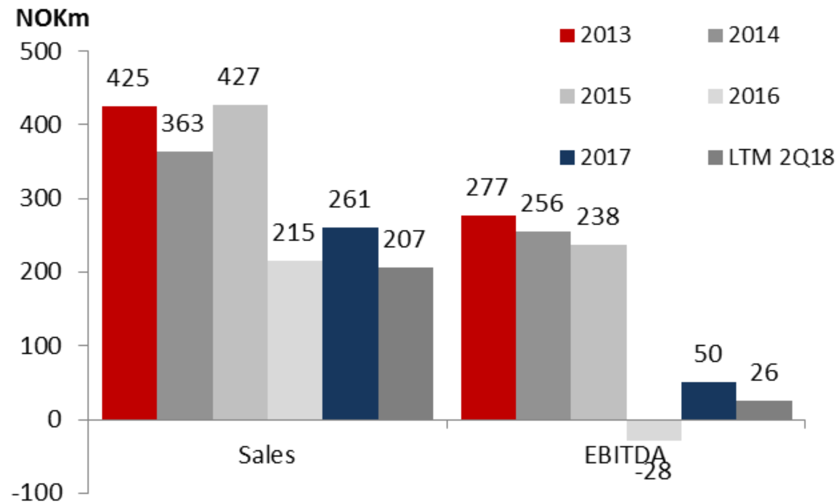
Boa OCV – state of the art vessels

Offshore Vessels | Barges | Tugs and others

- Two high-end offshore construction vessels; Boa Deep C and Boa Sub C, built in 2004 and 2007 respectively
- EBITDA 1H18 of NOKm -2, down from NOKm 22 in 1H17
  - Boa SUBC idle Jan-April 18, incl' periodical class survey
  - 3Q18 will see improved utilization Q/Q
- NIBD of NOKm 1,028, up from NOKm 952 YE17 incl' PIK interest
  - Shipbrokers** average valuation per June' 2018 of NOKbn ~1.3, (semi ann' review), down 7% Y/Y
- Boa Sub C on medium-term contract in North Sea and Boa Deep on medium-term contract in West Africa, both ending most likely in 4Q18
  - Long-term outlook improved on higher oil prices
  - Modest increase in tenders YTD
  - Rates remain subdued, utilization is key objective

Boa Offshore key P&L



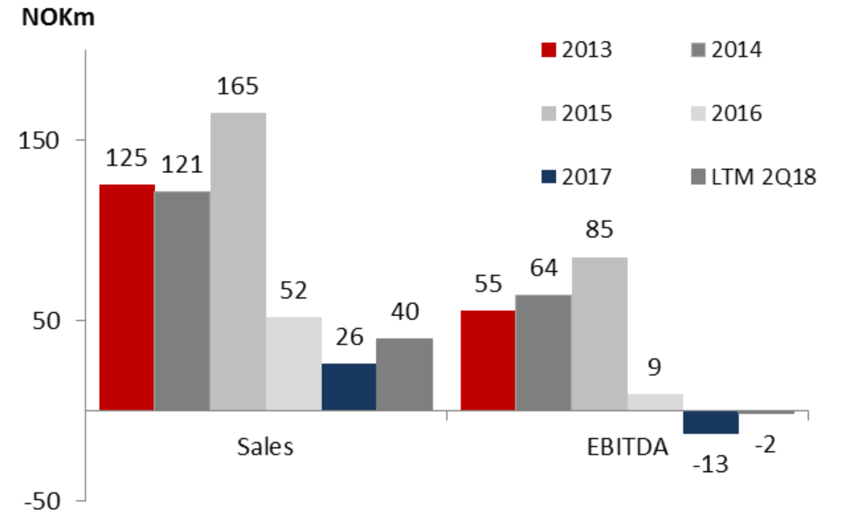
*** Source: According to average of two independent shipbroker valuations per 1H 2018*

Boa SBL – specialized seismic vessels

Offshore Vessels | Barges | Tugs and others

- Two modern EM seismic vessels, built 2008/2009
  - Thalassa commenced new contract with EMGS October 2017, idle April-October 2017
  - Galatea remains in lay-up
- EBITDA 1H18 of NOKm 4, up from NOKm -8 (neg') in 1H17.
  - Full utilization on Thalassa in 1H18
- Average shipbroker values** of NOKm 330 per June 18, down 8% Y/Y
- 1H18 NIBD of NOKm 318, incl' PIK interest
- Although purpose built for EMGS, vessel design is generic (MT 6000 series) and can be converted into:
  - OBN/OBC seismic
  - Survey/ROV support & IMR/light construction
  - Offshore Wind Farm support
  - Some increase in prospects, project economics challenging

Boa SBL key P&L



** Source: According to average of two independent shipbroker valuations per 1H 2018

Boa Barges – world leading operator

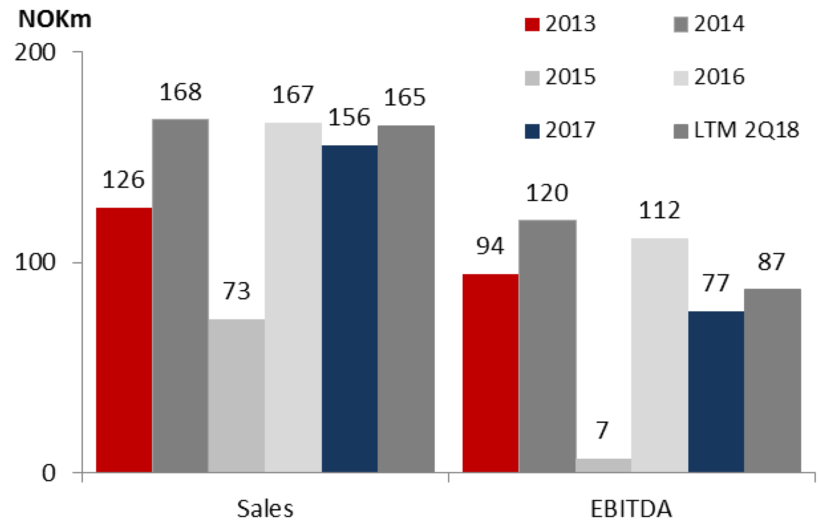
Offshore Vessels | Barges | Tugs and others

- Boa Offshore Group today operates 20 barges of different capabilities worldwide
- EBITDA 1H18 of NOKm 46, up from NOKm 36 in 1H17. Full year 2017 EBITDA of NOKm 77

  2H18 expected somewhat lower H/H

- Built up an in-house engineering capacity that is unique in the industry, with its own in-house design for Barges, giving substantial competitive advantages
- Boa Offshore offers a unique combination of barges and tugs to provide total turn-key projects for transportation, launching or dry docking operations by barges
  - Has been involved in several major field developments world wide
- Relatively robust backlog, and stable bidding and tendering activity for work in 2019-20
  - Other industries and Offshore Wind stable
  - Oil & Gas modestly improving?

Boa Barges AS key P&L

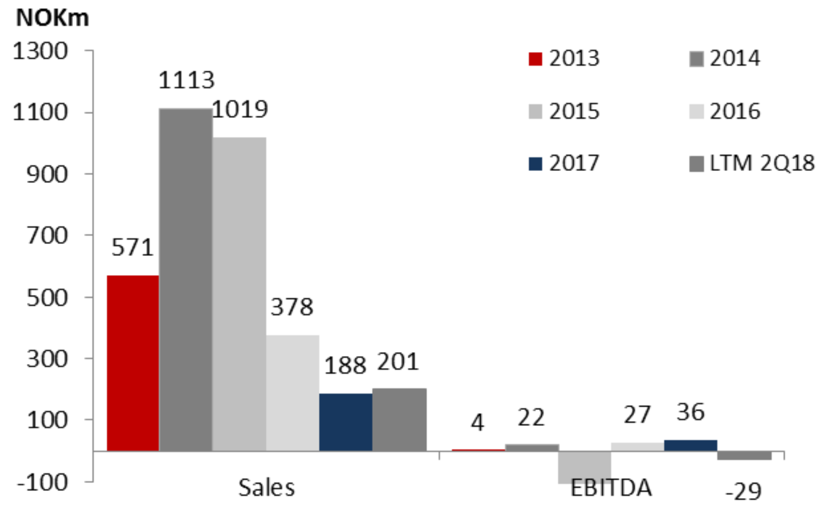


Offshore Vessels | Barges | Tugs and others

Tugs and others

- The “other segments” include 7 tugs, smaller barges, Boa Offshore parent/Management activities and AHTS Boa Bison & Boa Jarl
- EBITDA 1H18 of NOKm -29 (neg), down from NOKm 45 in 1H17
  - 1H17 EBITDA incl’ positive «one-off» of NOKm 59
- Both AHTS vessels on contract in Russia Kara Sea from June
  - Bison taken out of lay-up in April
- Tugs has improved over the last 12 months, also posting positive EBITDA in 1H18
- Market outlook for all of the “other” segment is mixed with Boa Offshore Parent stable, Tugs stable/improved in the short-term and AHTS still considered challenging

Tugs and others key P&L



* LTM = last twelve months

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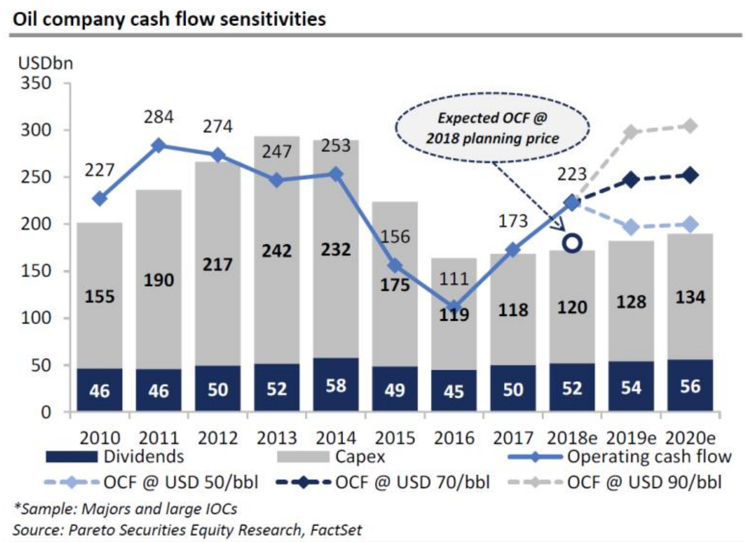
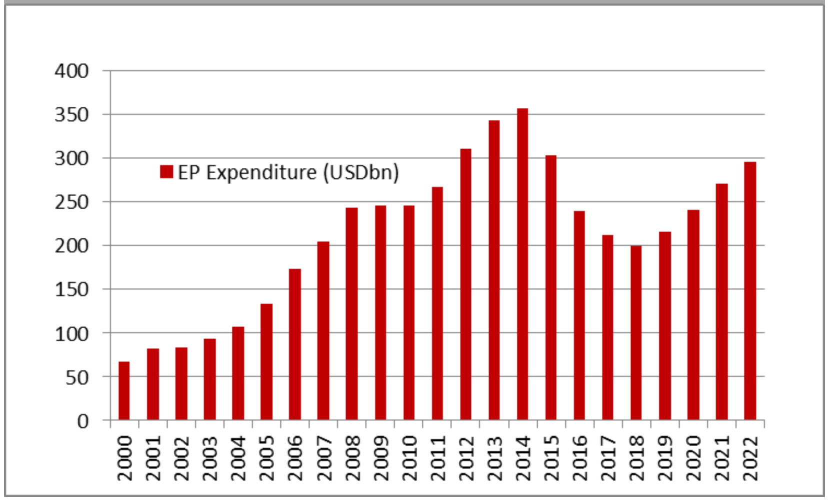
Global Offshore E&P Spending

- Global Offshore E&P Spending down 40-45% since peak in 2013/14
  - Down another ca. 5% in 2018
- Cost level has adjusted accordingly and efficiency gained in the Oil & Gas industry
- Recovery can therefore be expected at significantly lower oil prices than those seen pre 2014
  - Oil Companies' cash flow close to all-time high (chart up to right)
  - Decrease in greenfield investments and exploration for years not sustainable?
  - Magnitude still uncertain
  - Current forecasts suggest up to 10% growth p.a. in investments in coming years

E&P COs cash flow



Global Offshore E&P Spending

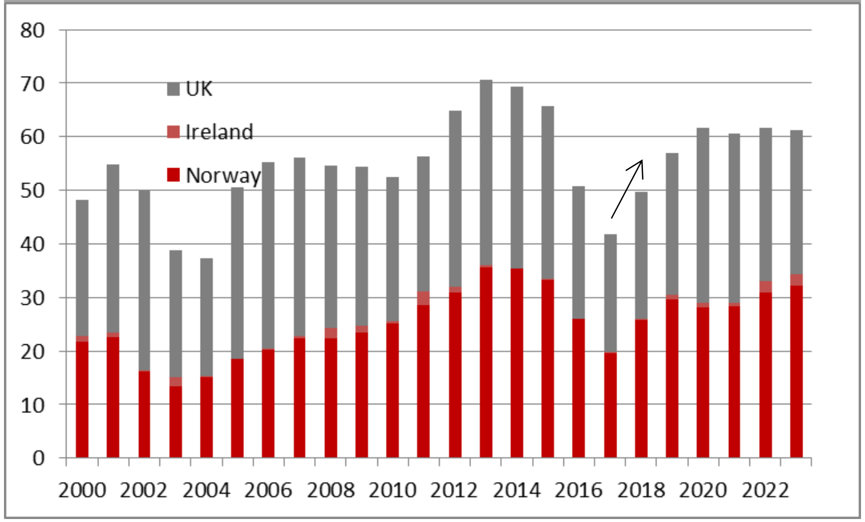


Source: Rystad, Pareto Sec', Boa Offshore

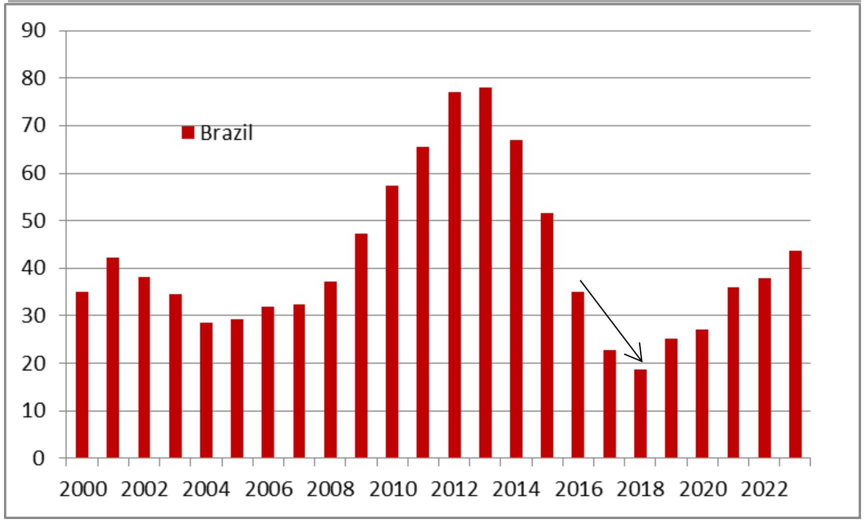
North Sea leading, RoW lagging

- Activity in the North Sea has recovered Y/Y in 2018. Not sufficient
- The OSV sector Challenge:
  - Supply side overhang
    - Limited scrapping
  - Major regions like Brazil and West Africa has continued to slide in 2018 (significant previous absorbers of OSV tonnage)
  - OCVs looks better than OSVs as subsea spending estimated to recover relatively better than rig count
- Base case for 2019: utilization will improve modestly from low levels, rates will remain subdued
- Short-term outlook for Tugs has improved, somewhat less transparency medium/long term
- Outlook for Barges remains constructive with high activity outside Oil & Gas: Naval, Yards, Offshore Wind and other industries
  - Oil & Gas to improve from 2020?

Offshore Rig Count North Sea



Offshore Rig Count Brazil



Source: Rystad, Boa Offshore

Q&A