DOF ASA

Debt Restructuring June 2022

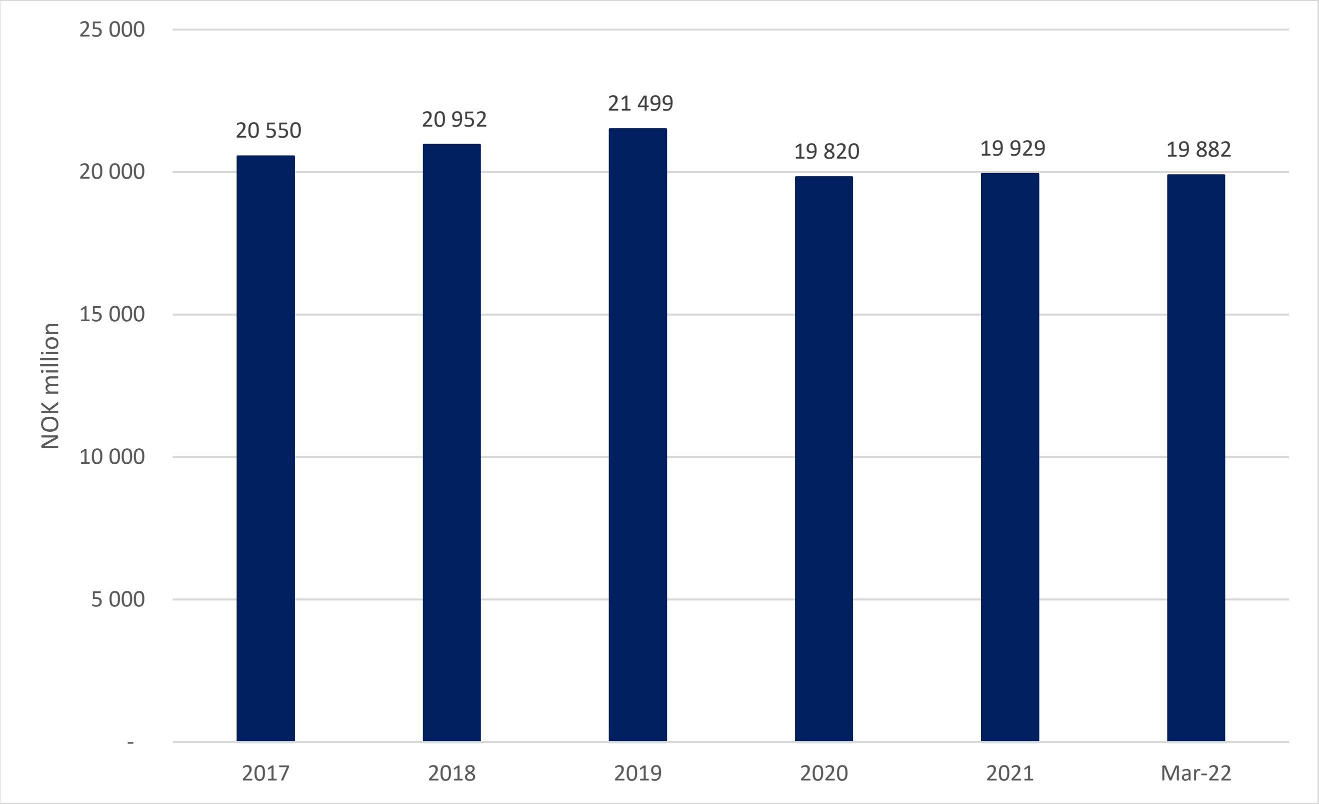
Restructuring Background and Overview

Background

- Following the market downturn in 2014, the offshore market did not recover as expected
- The market for financing closed and from 2018 regular refinancing (rollovers) of loan facilities became impossible
- With Covid-19 breaking out in 2020, the situation worsened
- DOF Group managed to perform relatively well during the downturn, due to:
    - Global sales organisation, strong backlog, cost reductions, sale of vessels
- **Even though the markets have improved, DOF Group is not in a position to pay its debts without a significant conversion of debt into equity and thereby continue as going concern**
- **DOF Group's net debt has not decreased meaningfully since 2017**
    - Decent but still weaker than expected operational cash flow
    - Fleet maintenance costs
    - High debt and associated financing costs
- While the fleet remains one of the most modern in the industry, its average age is now 13 years and a new financing plan needs to reflect debt repayment by time vessels approach the end of their economic life
- **In order to attract new contracts, especially within the renewable markets (offshore wind), the DOF Group must be credit worthy and capable of servicing its debt also with variable market conditions**

Net debt last 5 years

DOF Group consolidated (management reporting)



- DOF Group has carried out significant cost saving initiatives and sold vessels
- Despite this, net interest-bearing debt has only decreased from NOK 20,550 million year-end 2017 to NOK 19,882 million per Q1 2022
- A decrease in net debt of only 3% over a 4-year period indicates that debt levels are too high
- In the same time, the average fleet age has gone from 10 to 13 years
- A sustainable debt level must reflect repayment of debt by the end of the fleet's economic life

Financial imbalances in the DOF Group

DOF ASA
NOK 0.4 bn value
NOK 1.3 bn debt

DOF Rederi
NOK 2.1 bn value
NOK 3.5 bn debt
NOK 0.2 bn EBITDA

- **DOF Rederi Debt equals 15x EBITDA**
- No cash flow to debt service
- EBITDA must increase 4x to enable ordinary service debt

Norskan
NOK 4.1 bn value
NOK 4.8 bn debt
NOK 0.6 bn EBITDA

- **Debt equals 8x EBITDA**
- Long-term contracts and high backlog, but highly leveraged

DOF Subsea
NOK 7.5 bn value
NOK 9.3 bn debt
NOK 1.0 bn EBITDA

- **DOF Subsea Group debt 10x EBITDA excl. JV**
- Secured debt of 6x EBITDA means cash flow is insufficient to service unsecured debt

DOFCON (50%)
NOK 5.5 bn value
NOK 3.6 bn debt
NOK 1.0 bn EBITDA

- JV debt equals 4x EBITDA

Notes:
- Broker values per 31 March 2022
- Average EBITDA 2018-2022 LTM, excluding sales gains (numbers for DOFCON JV on a 50%-basis)
- Debt post-transaction divided by average EBITDA 2018-2022 LTM (excluding sales gains)
- Note: USD / NOK: 8.7430

- DOF ASA's assets are mainly the shares in subsidiaries DOF Subsea, DOF Rederi and Norskan
- The debt in DOF Rederi and Norskan is guaranteed by DOF ASA – a default in any of these subsidiaries would risk the whole DOF Group
- The debt in DOF Rederi equals 15x EBITDA – unsustainable even with major earnings improvement:
  - 4-year average EBITDA only covers maintenance capex
  - A doubling would be required even to cover interest costs
  - EBITDA must grow to 4x to enable a 10-year debt repayment profile (fleet average age is 13 years)
- We do not expect any other company in the DOF Group to have cash surplus to support DOF Rederi; a solution without debt conversion would require NOK 2.4 billion new cash
- The greatest net asset value and EBITDA generator in the DOF Group is DOFCON – owned 50% by DOF Subsea and operated by Norskan
- DOF Subsea debt is too high to enable ordinary service of unsecured bonds in DOF Subsea AS; a conversion of bonds into DOF Subsea AS shares would remove DOF ASA's key asset

Initial restructuring discussions

- Following a weak market since 2015, with equity raises in 2016 and 2017, the DOF Group started a financial restructuring process in 2019 based on extension of debt and reduced amortization
- A solution was conditionally agreed for DOF Subsea in December 2019
- Similar discussions were planned for the rest of the DOF Group ahead of debt maturities in June 2021
- The DOF Subsea agreement failed in April 2020 due to lack of agreement from certain lenders and a liquidity shortfall precipitated by FX rate movements
- Amortization relief was agreed with BNDES for DOF Subsea Brasil and Norskan in 2020
- The outbreak of Covid-19 in March 2020 gave additional challenges for the DOF Group's financial performance, beyond what was reflected in the December 2019 agreement
- Weaker operational cash flow (due to weaker new contracts), coupled with no access to refinancing, resulted in significant variations in financial performance in the DOF Group
- Some subsidiaries have a financial position where cash flow would be severely negative with ordinary debt service terms, even with a material improvement in earnings
- The listed parent company DOF ASA guarantees the debt in most subsidiaries – an imbalance in one subsidiary can potentially topple the entire DOF Group
- This led to no other option than a comprehensive financial restructuring of the entire DOF Group

Stand-still period

- Discussions were initiated with the banks of DOF Rederi, as well as the banks and bondholders of DOF Subsea, and with Brazilian Development Bank (BNDES) in Norskan
- The DOF Group reached stand-still agreements with most creditors in June 2020 and these creditors have provided interest and debt repayments relief for the last 2 years pending restructuring negotiations
- One secured loan has been repaid (repurchased) at a significant discount to par value
- The various stakeholders have had different views on a restructuring
- There are different creditors in the various DOF Group subsidiaries and the main focus for the DOF Group has been to secure the existing group structure to maximise the values for all stakeholders (shareholders and lenders)
- Accumulated non-paid interest during the standstill period since June 2020 amounts to more than NOK 1.3 billion

Cash flow in DOF Group

Management reporting		2017	2018	2019	2020	2021	2022 Q1	Sum 2018-2022 Q1
EBITDA	NOKm		2 066	2 673	2 990	2 790	767	
Less sales gain	"		-2	-4	-19	-109	-20	
EBITDA excl sales gains	**"**		**2 064**	**2 669**	**2 971**	**2 681**	**747**	**11 132**
Net interest (accrued and paid)	"		-1 047	-1 232	-1 313	-1 108	-381	-5 081
Taxes paid	"		-51	-44	-102	-113	-30	-340
Cash flow from working capital	"		403	266	96	-227	-287	251
(A) Cash earnings	**"**		**1 369**	**1 659**	**1 652**	**1 233**	**49**	**5 962**
Maintenance capex	NOKm		-510	-510	-285	-861	-143	-2 309
Other capex	"		-3	-	-80	-135	-26	-244
Sale of ships	"		2	6	19	172	33	232
(B) Net capex	**"**		**-511**	**-504**	**-346**	**-824**	**-136**	**-2 321**
Implied cash flow before debt (A+B)	**NOKm**		**858**	**1 155**	**1 306**	**409**	**-87**	**3 641**
Reduction (growth) in net debt	**NOKm**		**-402**	**-547**	**1 679**	**-109**	**47**	**668**
Currency loss/gains	"		-645	-1 018	-1 837	-591	1 055	-3 036
Net interest-bearing debt	"	20 550	20 952	21 499	19 820	19 929	19 882	-668

- EBITDA 2018 – Q1 2022 totals NOK 11.1 billion
- Less NOK 2.5 billion maintenance and project capex
- Less NOK 0.3 billion in taxes, the cash flow available for capital totalled NOK 8.2 billion
- NOK 5.1 billion net interest cost equals 60% of cash flow
- NOK 3 billion currency loss per March 2022
- Reduction of net debt only NOK 0.7 billion

- Figures on management reporting (including 50% of JV), and excluding hedge and gain from sale of assets

Imbalances in the DOF Group – values and debt

Pre-Transaction	PF Debt Q1-22 (NOKbn)[1]	Q1-22 Broker Value[2] (NOKbn)	LTV	Average EBITDA[3] (NOKbn)	Debt / EBITDA[4]
DOF Subsea Secured Debt	6.2	7.5	82%		
DOF Subsea Bonds	3.2	-			
DOF Subsea ex DOFCON	**9.3**	**7.5**	**125%**	**1.0**	**9.7x**
DOFCON JV	3.6	5.5	66%	1.0	3.7x
Total DOF Subsea	**13.0**	**13.0**	**100%**	**1.9**	**6.7x**
DOF Rederi	3.5	2.1	168%	0.2	15.1x
DOF ASA	1.3	0.4	339%		
Total Supply ex Norskan	**4.8**	**2.4**	**194%**	**0.2**	**20.7x**
Norskan	**4.8**	**4.1**	**117%**	**0.6**	**8.4x**
Total	**22.5**	**19.5**	**115%**	**2.7**	**8.2x**
Cash Balance	2.1				
Net Debt	**20.4**				

Market recovery expected, but – restructuring still required:

- The market has improved in recent months and we expect improved terms on new contracts compared to the last 12-24 months
- However, ~40% of the DOF Group's current EBITDA comes from contracts signed before the market downturn (e.g. PLSV contracts in Brazil)
- New subsea contracts require more working capital and a stronger balance sheet
- DOF Rederi will require a significant higher EBITDA to be sustainable at current debt level
- No refinancing is available in current market conditions, at current debt levels

1) Q1-22 debt balances mainly adjusted to reflect additional accrued interest, break costs and certain preparatory transaction adjustments; excluding ROV liabilities
2) Broker values per 31 March 2022
3) Average EBITDA 2018-2022 LTM, excluding sales gains (numbers for DOFCON JV on a 50%-basis)
4) Debt post-transaction divided by average EBITDA 2018-2022 LTM (excluding sales gains)

Note: USD / NOK: 8.7430

Key principles of the financial restructuring

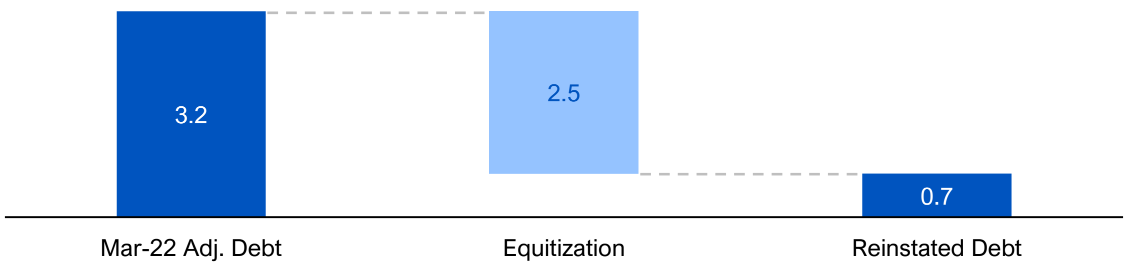
- **Keeping the DOF Group as one group is required to maximise value due to significant operational interconnectivity**
  - Norskan is operating all the Group’s vessels in Brazil including the DOFCON fleet
  - The DOF Subsea ROV fleet is utilised across the entire DOF Group
- **Ensuring sufficient runway for the Group to focus on operations, improve its market position and to strengthen the balance sheet**
- **DOF Subsea cash flow does not allow ordinary bond debt service**
- **DOF Subsea represents the majority of asset value and EBITDA generation of DOF Group**
  - An agreement with DOF Subsea bondholders is required to protect DOF ASA’s ownership of DOF Subsea
- **DOF ASA guarantees all debt in DOF Rederi and the majority of the debt in Norskan, therefore any conversion to equity will be done into DOF ASA shares**
- **Debt in DOF Rederi is unsustainable even with a significant earnings increase**
  - DOF Rederi debt level is unsustainable at 15x EBITDA, 20x free cash flow and 168% of current broker values
  - The debt is guaranteed by DOF ASA and a default here would risk the whole DOF Group
- **Equal treatment of all existing shareholders in DOF ASA**

Notes:
- Broker values per 31 March 2022
- Average EBITDA 2018-2022 LTM, excluding sales gains (numbers for DOFCON JV on a 50%-basis)

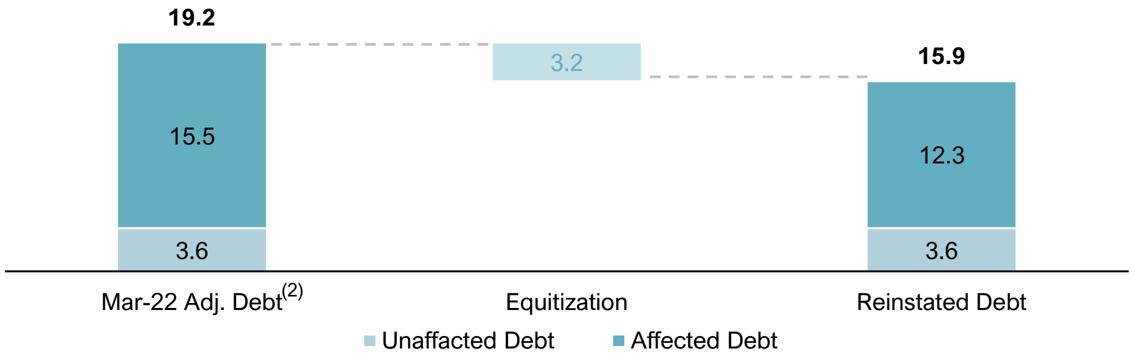
Summary of Restructuring Transaction

Pro Forma Reinstated Debt (NOKbn)[1]

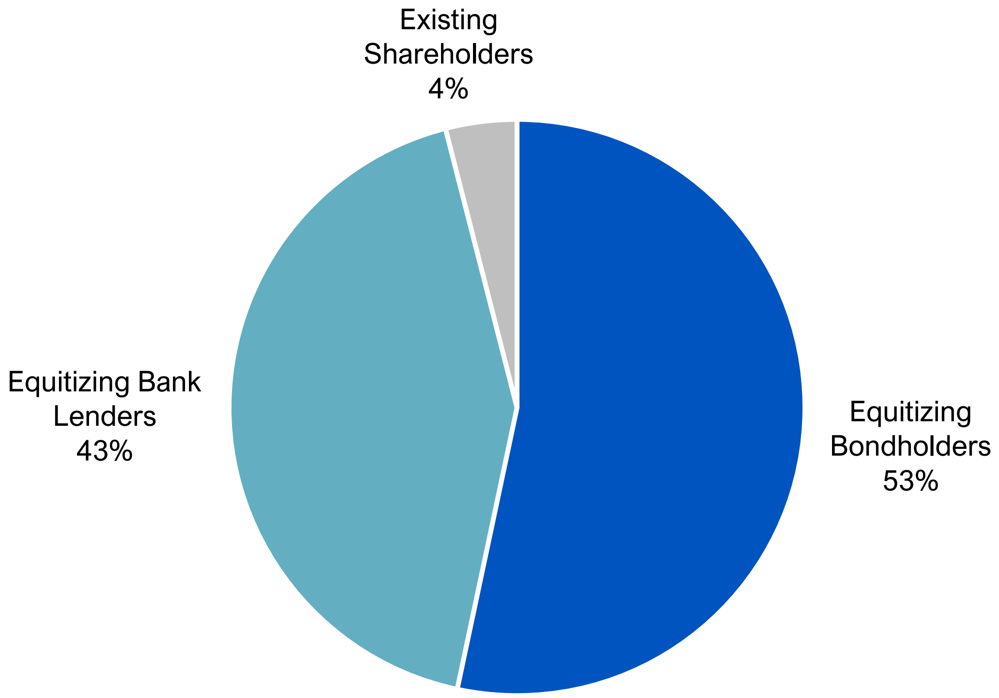
Bondholders



Senior Lenders (NOKbn)



Pro Forma Equity Split



(1) FX Rates: USD / NOK: 8.743 (Mar-22), GBP / NOK: 11.8875 (Dec-21), CAD / NOK: 6.940 (Dec-21)
(2) Excludes NOK 160m cash settlement, NOK 52m non-cash settlement; excluding ROV liabilities

Values and debt after restructuring

Post-Transaction	Post-Transaction Debt (NOKbn)[6]	Q1-22 Broker Value[1] (NOKbn)	LTV	Average EBITDA[2] (NOKbn)	Implied Debt / EBITDA[3]
DOF Subsea Secured Debt	5.9	7.5	79%		
DOF Subsea Bonds[4]	0.7	-			
DOF Subsea ex DOFCON	**6.6**	**7.5**	**88%**	**1.0**	**6.8x**
DOFCON JV	3.6	5.5	66%	1.0	3.7x
Total DOF Subsea	**10.2**	**13.0**	**79%**	**1.9**	**5.3x**
DOF Rederi	1.5	2.1	75%	0.2	6.7x
DOF ASA	0.3	0.4	66%		
Total Supply ex Norskan	**1.8**	**2.4**	**73%**	**0.2**	**7.8x**
Norskan[5]	**4.6**	**4.1**	**112%**	**0.6**	**8.1x**
Total	**16.6**	**19.5**	**85%**	**2.7**	**6.1x**
Cash Balance	2.1				
Net Debt	**14.5**				

New financing applicable until 2026, consisting of DOF Subsea New Facilities, DOF Subsea New bond and DOF Rederi New Facilities. See next section for further details

- **Norskan**
  DOF ASA guarantee reduced to 70% of the BNDES facilities
  Amortisation 85% reduction first two years, thereafter 75% reduction, and cash sweep

1) Broker values per 31 March 2022
2) Average EBITDA 2018-2022 LTM, excluding sales gains
3) Debt post-transaction-divided by average EBITDA 2018-2022 LTV (excluding sales gains)
4) Option to convert into equity
5) Approximately 70% of debt is reinstated with guarantee of holding (DOF ASA)
6) Excluding ROV liabilities

Note: USD / NOK: 8.7430

Select Reinstated Debt Terms

Select Reinstated Debt Terms (1/5)

Facility	Item	Description
New Senior Syndicated Facilities for DOF Subsea	Amount	• Approx. NOK 5.4bn
	Guarantee / Security	• Secured and guaranteed by DOFSUB Group
	Maturity	• 09 January 2026
	Amortization & Cash Sweep	• Quarterly amortization and cash sweep (starting 31 March 2023) • Option to skip one amortisation date or fund from certain capex or liquidity accounts (in the case of the liquidity account, subject to there being no continuing events of default)
	Interest	• Compounded Reference Rate plus 2.00% margin
	Undertakings	• Customary; including (but not limited to) restrictions on additional indebtedness, acquisitions, movement of cash, investments and distributions
	Financial Covenants	• Customary for this type of financing
	Other Provisions	• Change of control provision relating to the obligors and DOF ASA, customary for this type of financing • Certain customary events of default (including cross default) tested with reference to other silos

Simplified structure: One facility vs. 16 debt instruments[1)]

Unsustainable repayment profile and payment defaults solved by (i) extension to 2026, (ii) amortization holiday until Mar-23, (iii) reduced amortization and (iv) cash sweep based repayment profile

Interest reduction vs. 5.7% FY21 DOF Group average rate of interest

1) Includes bank loans, hedging liabilities and seller's credits
Note: USD / NOK: 8.7430

Select Reinstated Debt Terms (2/5)

Facility	Item	Description
New Bond Issue in DOF Subsea	Principal amount	• NOK 675,000,000
	Securitization	• Unsecured, other than a guarantee from PLSV Investment AS ("**DOFCON Holding**") (subject to the Intercreditor Agreement)
	Maturity	• 17 December 2027
	Amortization & Cash Sweep	• Mandatory prepayment with DOFCON Distributions
	Interest	• 3M NIBOR plus 2.00% margin to be settled as PIK
	Undertakings	• Limited undertakings
	Covenants	• No financial covenants
	Other Comments	• Call option at par (utilisation subject to approval by a qualified number of secured bank lenders) • Issuer and Parent have right to convert bonds to shares in the Parent on Maturity Date, with conversion price set at 30 day VWAP, subject to certain conditions • Customary event of defaults, however, in case of a cross-default, an event of default shall occur under the New Bond Issue, and acceleration and enforcement on that event of default only, shall be subject to a six (6) month standstill period (i.e. nine (9) months after the relevant payment default occurred under the New Senior Syndicated Facilities for DOF Subsea), following which the Bond Trustee may accelerate • Bonds will not be listed

~NOK 2.5bn equitization

Maturity extension from 2020-2023 to 2027 and non-cash debt service

Conversion right at maturity reduces refinancing risk

Note: USD / NOK: 8.7430

Select Reinstated Debt Terms (3/5)

Facility	Item	Description
New Senior Syndicated Facilities for DOF Rederi	Amount	• Approx. NOK 1.5bn
	Guarantee / Security	• Secured and guaranteed by DOF ASA
	Maturity	• 09 January 2026
	Amortization & Cash Sweep	• Quarterly amortization and cash sweep (starting 31 March 2023) • Option to skip one amortisation date
	Interest	• 3M NIBOR plus 2.00% margin
	Undertakings	• Customary; including (but not limited to) restrictions on additional indebtedness, acquisitions, movement of cash, investments and distributions
	Financial Covenants	• Customary for this type of financing
	Other Provisions	• Change of control provision relating to the obligors, including DOF ASA, customary for this type of financing • Certain customary events of default (including cross default) tested with reference to other silos

Meaningful equitization aligns debt level with fleet age and value (~75% LTV[1])

Unsustainable repayment profile and payment defaults solved by (i) extension to 2026, (ii) amortization holiday until Mar-23, (iii) reduced amortization and (iv) cash sweep based repayment profile

1) Vessel values as of Mar-22

Select Reinstated Debt Terms (4/5)

Intercreditor Agreement	
Item	**Description**
Overview	In connection with the contemplated restructuring of the DOF ASA group DOF Subsea AS (together with its subsidiaries the "**Group**") and the creditors of the Group together with its adherent obligors will enter into an intercreditor agreement (the "**Intercreditor Agreement**") governing the intercreditor terms and conditions of the Group. The Intercreditor Agreement will govern certain general principles with respect to; ranking and priority, permitted payments in respect of intra-group liabilities, effect of an insolvency event, turnover of receipts, material breach under a debt document, general enforcement of transaction security. The Intercreditor Agreement will further govern the relationship between the secured creditors (the "**Senior Secured Creditors**") of the Group, inter alia the common security relating to Skandi Africa, shared factoring pledge, enforcement towards DOF Subsea Rederi AS and DOF Subsea AS or DOFCON Holding (owning 50% of the shares in DOFCON Brasil AS). In addition the Intercreditor Agreement will set out the terms and conditions with respect to the relationship between the liabilities of the Senior Secured Creditors (the "**Senior Secured Liabilities**") and the liabilities owed to any bond creditor under or in connection with the new DOF Subsea AS bond (the "**Bond Liabilities**").
Relationship between (i) the Senior Secured Liabilities and (ii) the Bond Liabilities (1/2)	• **Cross default**: Bondholders may not declare cross default towards the Senior Secured Liabilities other than set out in the Bond Terms • **DOFCON Distribution – Mandatory prepayment:** Waterfall for allocation of proceeds received by DOFSUB and DOFCON Holding (other than payments under the DOFCON Shareholder Loan), related to DOFCON JV or from share disposal in DOFCON Holding: *i.* *firstly:* repayment of any permitted funding provided by DOFSUB or DOFCON Holding; *ii.* *secondly:* 2/3 to Senior Secured Lenders and 1/3 to the bondholders (of which 95% as mandatory prepayment – and 100% if EoD) After all Senior Secured Liabilities and refinancing repaid – all applied as mandatory prepayment towards the Bonds. • **Enforcement and ranking of DOFCON Holding Guarantee:** i. Joint security agent for the Senior Secured Lenders and the Bondholders - Shall call on the guarantee upon instruction of any group of the Senior Secured Lenders or the Bondholders. Such demand may only be instructed if and for the same amount as such party has a right to make and enforce a claim under the relevant financing agreement or the ICA. ii. If any claim is made under the guarantee, DOFCON Holding shall first prepay any outstanding permitted funding issued by DOFSUB

Select Reinstated Debt Terms (5/5)

Intercreditor Agreement	
Item	**Description**
Relationship between (i) the Senior Secured Liabilities and (ii) the Bond Liabilities (2/2)	• **Application of proceeds from DOFCON Holding Guarantee:** *i.* *first: payment of unpaid fees, costs and expenses incurred by security agent*; *ii.* *second:* 2/3 to Senior Secured Lenders and 1/3 to the bondholders. • **Amendments and waivers under the Bond Terms:** No amendments shall be without consent of Syndicated Facilities Agent, which has an effect of: i. Increasing the bond liabilities; ii. Amending the maturity; iii. giving the bondholders new, extended or widened rights to accelerate or enforce the bond liabilities; iv. amending terms or conditions related to Bondholders obligation to convert bond liabilities into equity • **Redemption of Bonds:** No members of DOFSUB Group shall redeem or buy back bonds without consent of Super Majority Lenders of DOFSUB New Syndicated Facilities.