



# STANDARD SUPPLY

Third Quarter 2022

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## **Standard Supply in brief**

**Third Quarter 2022 Highlights**

**Market Outlook**

**Appendix**

## Euronext Growth listed PSV operator

- Total fleet of nine Platform Supply Vessels (PSVs)
  - 3x large-sized PSVs, 1x medium-sized and 5x medium-sized owned 51%
- Opportunistic growth profile
  - Recent acquisitions done at 50-65% discount to replacement cost
- Highly experienced- and active majority owner
  - S.D. Standard ETC (“SDSD”) was founded in 2010 and has a long history of cyclical asset plays
  - Management owned company that has paid USD ~425m in dividends to shareholders since inception

## Focus on maximizing cash flow to investors

- Low-cost platform through management agreement with Fletcher
- Fully exposed to unprecedented dayrate inflation in the OSV market
- Clear target of returning excess cash to shareholders

## Betting on market – not design and technology

- Ferncliff has 30-years experience investing in offshore assets
- We invest in generic assets with operating track record



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### **3q22 results – EBITDA of USD 4.8m / Net profit of USD 3.0m**

- TCE of USD 15,600 per day and utilization of 96% based on availability
- Cash at quarter end of USD 25.1m

### **Commercial highlights**

- On June 9<sup>th</sup> Standard Supply raised USD 15m in a private placement
- Also in June, Standard Supply announced acquisition of two PSVs (Duke/ Defender) and increased it's ownership in Northern Supply to 51%

### **Subsequent events**

- On November 4<sup>th</sup> Standard Supply raised USD 20m in a private placement

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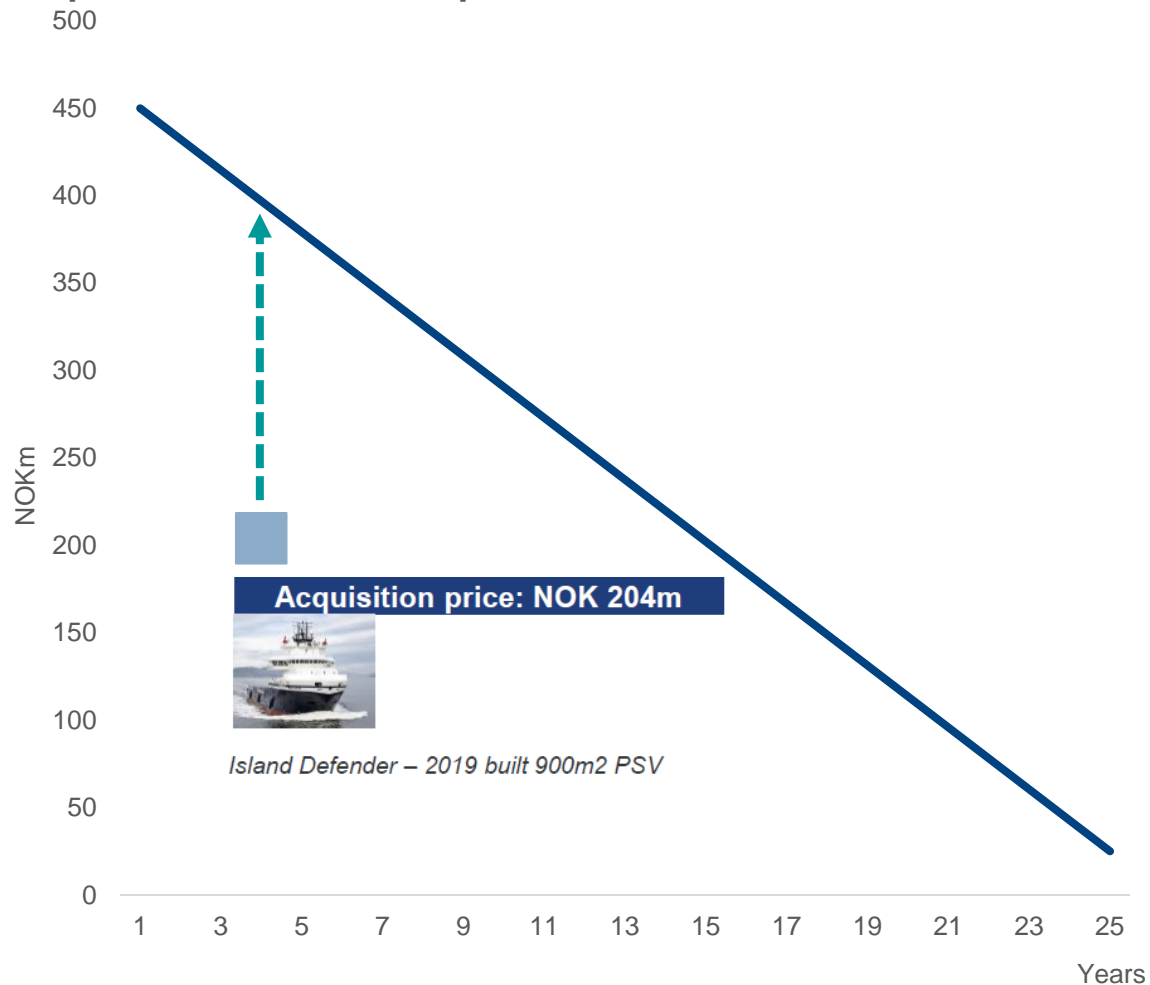
**Appendix**



# Recent Investments

## Standard Defender – 2019 built large-sized PSV

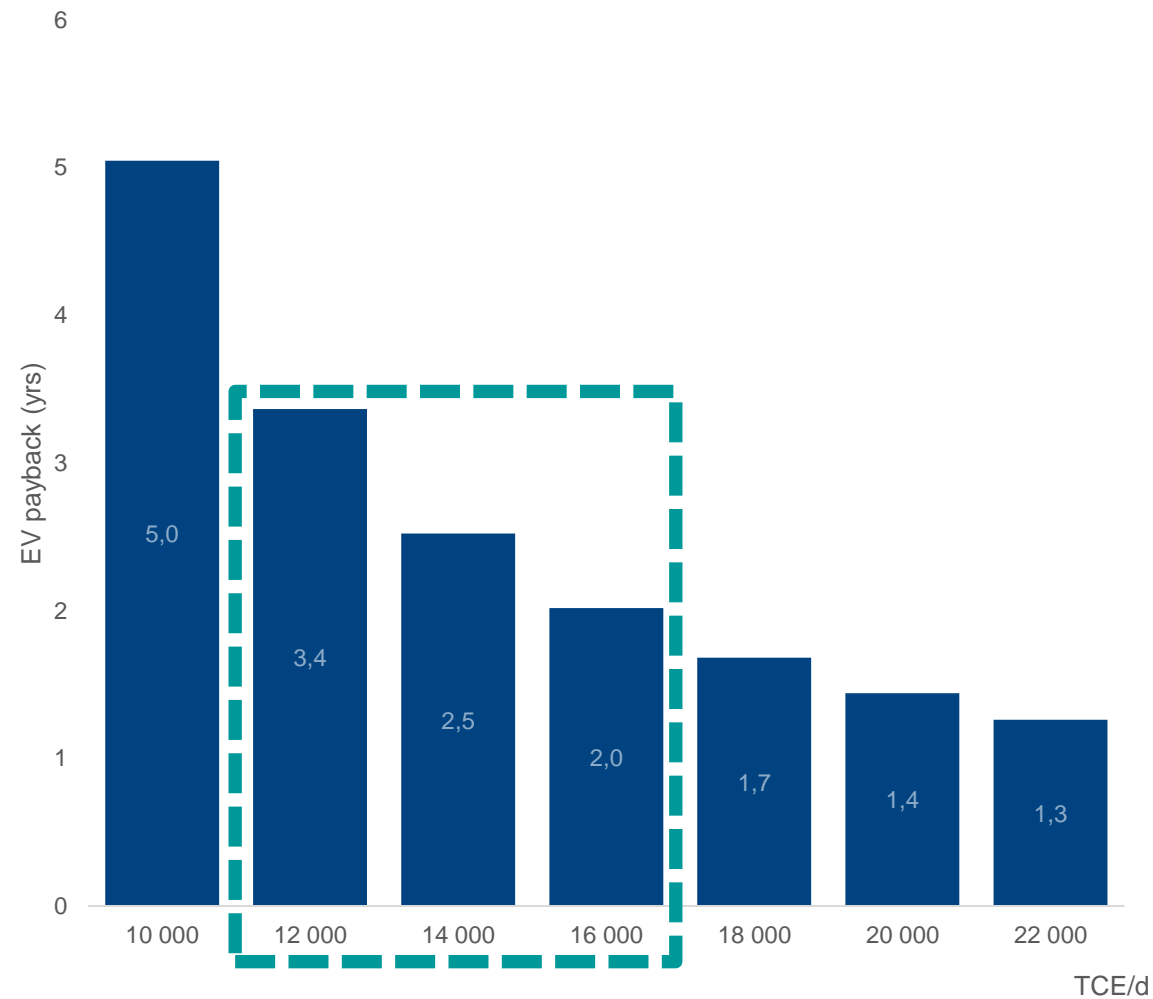
Acquired c. 50% below replacement cost



Source: Clarkson, Company data

## Standard Duke – 2012 built mid-sized PSV

EV payback at various TCE's



## Fleet of 9x PSVs, all in operation or in the process of being reactivated<sup>1</sup>

- High operational leverage through vessels open to take advantage of tightening market

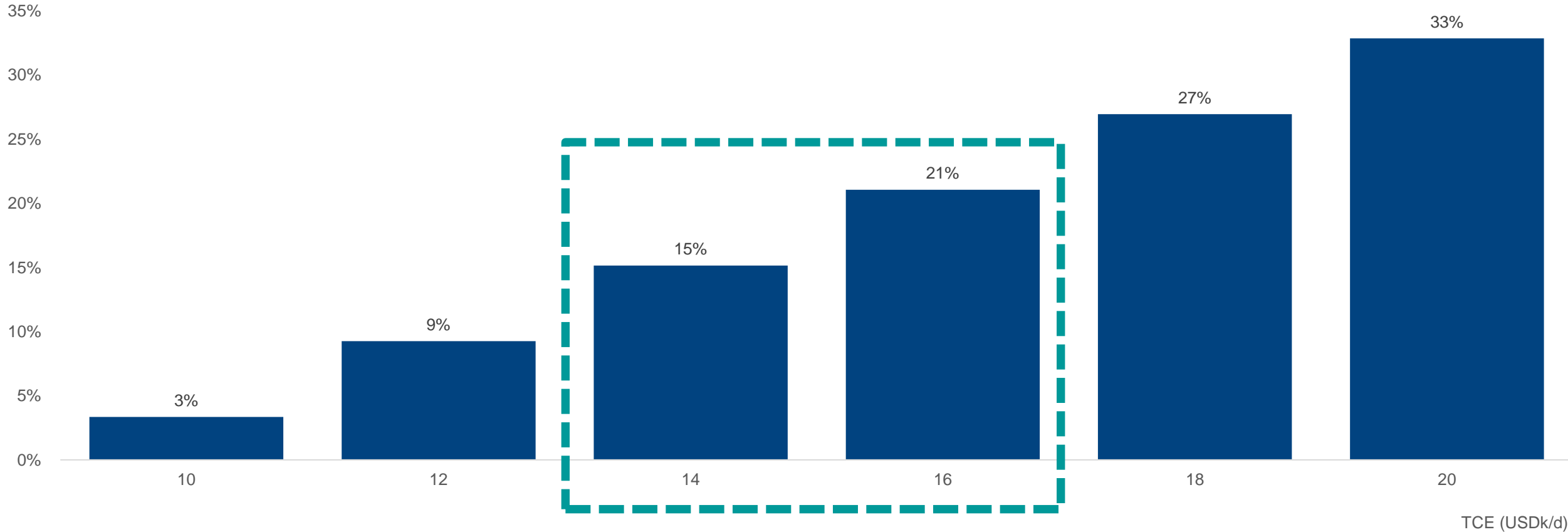
Vessels	Built	Deck (m2)	Employment	Dayrate	Firm end	Option end	4q22	1q23	2q23	3q23	4q23	1q24	2q24	3q24	4q24
Standard Viking	2007	1 060	TC	12 900	feb.23	feb.24	TC	Option	Option	Option	Option	Spot	Spot	Spot	Spot
Standard Supplier	2007	1 060	Spot				Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot
Standard Defender	2019	900	TC	18 500	apr.23	apr.23	TC	TC	Spot	Spot	Spot	Spot	Spot	Spot	Spot
Standard Duke	2012	716	Spot				Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot
FS Balmoral	2008	710	TC	19 950	nov.22	des.22	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot
FS Kristiansand	2005	710	TC	15 300	sep.23	des.23	TC	TC	TC	TC	Option	Spot	Spot	Spot	Spot
FS Braemar	2007	710	Spot				Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot
FS Abergeldie	2008	680	TC	9 500	apr.23	apr.25	TC	TC	Option	Option	Option	Option	Option	Option	Option
FS Crathes	2008	680	Spot				Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot	Spot

TC
Option
Spot

1): Includes Standard Defender delivered in October and Standard Duke expected in November.  
 Note: Dayrates converted from EUR/ GBP to USD per day

## Third quarter TCE of USD 15,600/d gives FCF yield in excess of 20%

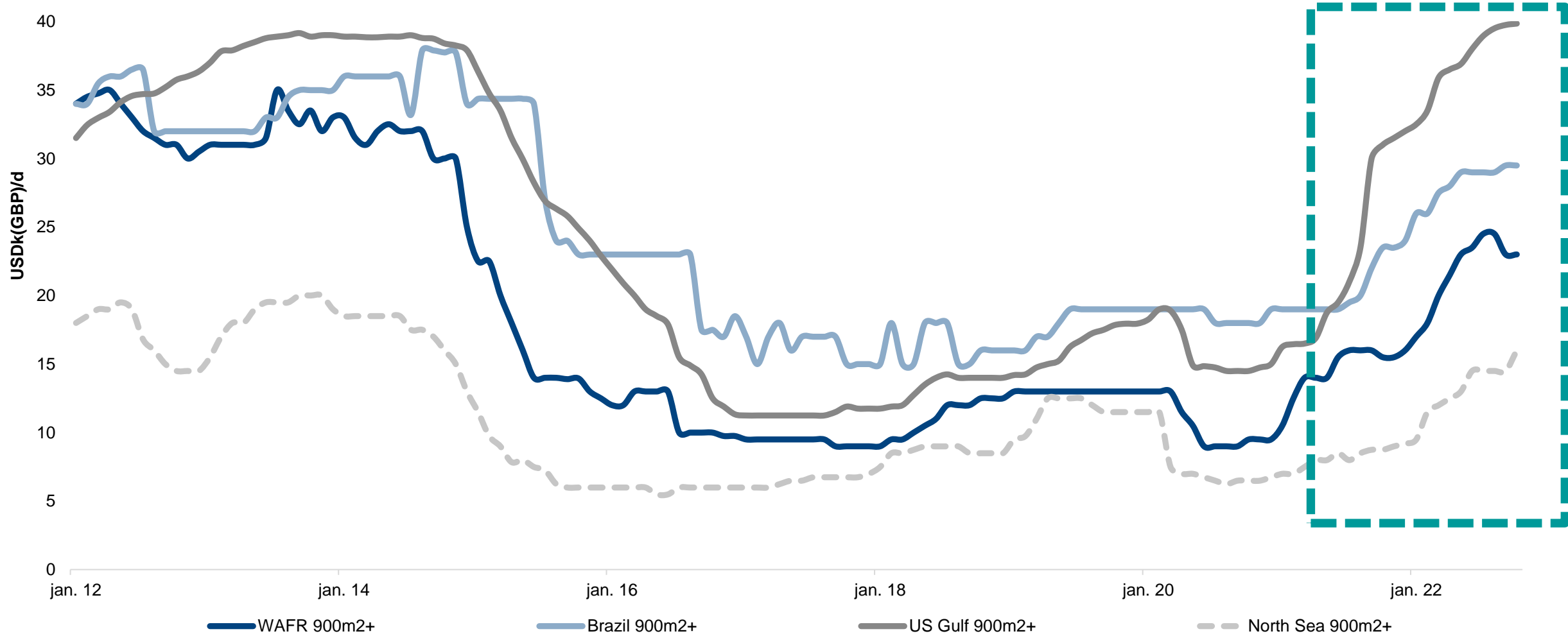
FCF yield (EV basis)



Assumptions: Estimated YE'22 EV of USD 75m on NOK 4.7 per share price. Utilization of 95%. Opex + G&A of USD 7,000 per day, interest cost of USD 300/d and DD provisions of USD 800/d. Net ownership of 6.5x vessels.

# Global Market – PSV Term Rates

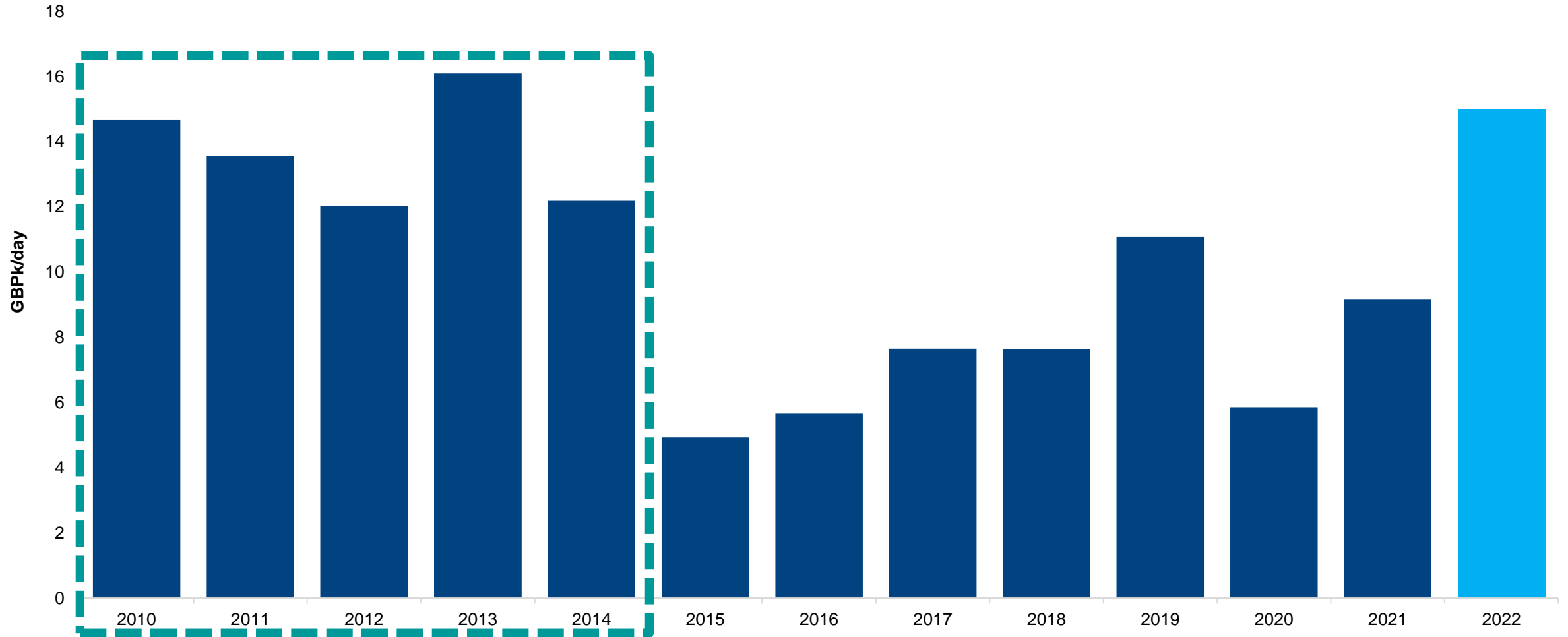
Improvements in Wafr/ Brazil/ US Gulf driving up North Sea term expectations



Source: Clarkson, Westshore  
Note: North Sea in GBP, others in USD.

# North Sea Market – PSV Spot Rates

2022 spot dayrates nearing historical peaks

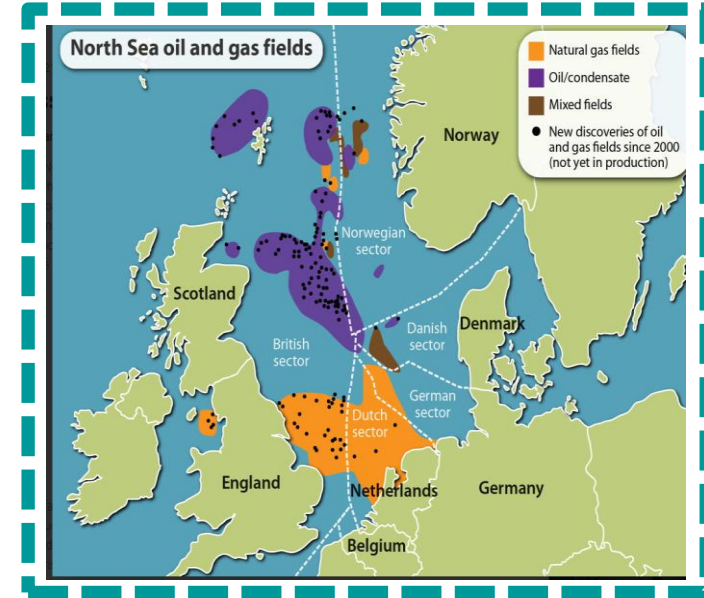
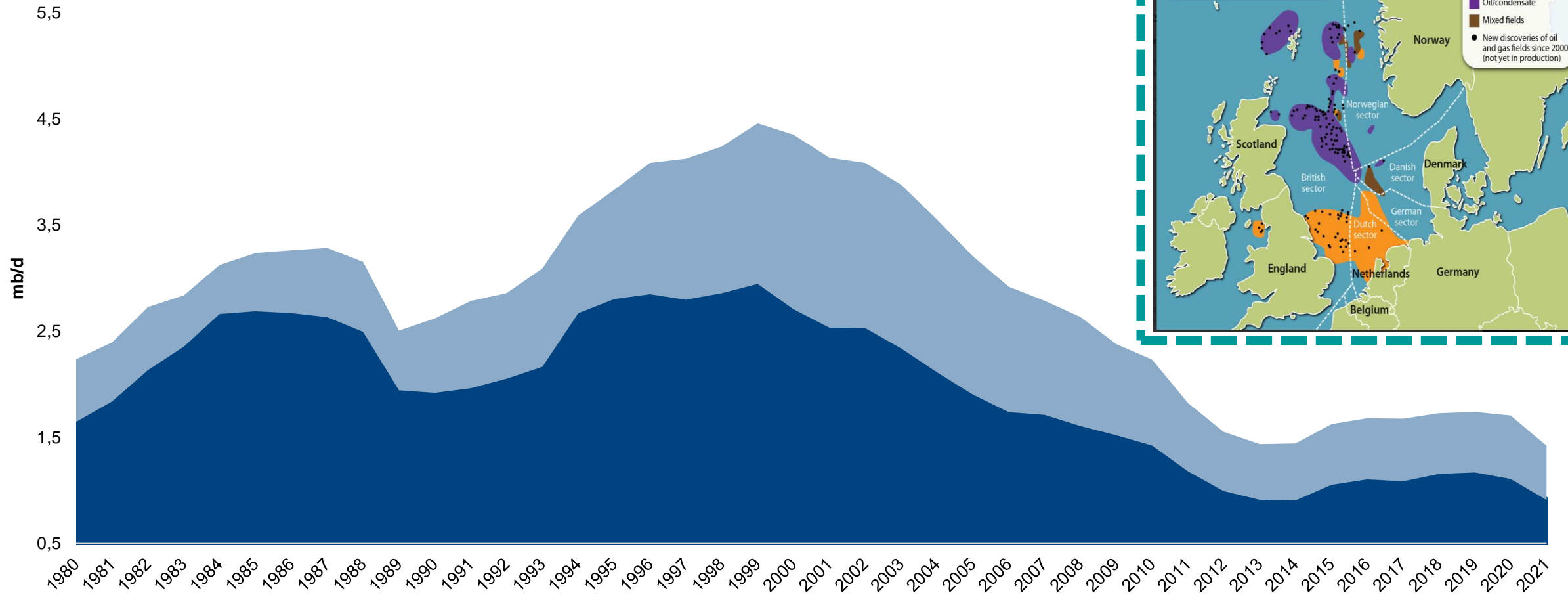


Source: Clarkson, Westshore

# North Sea Market – UK Energy Security in Focus

UK is ~2/3rds of North Sea spot market

### UK total hydrocarbon production

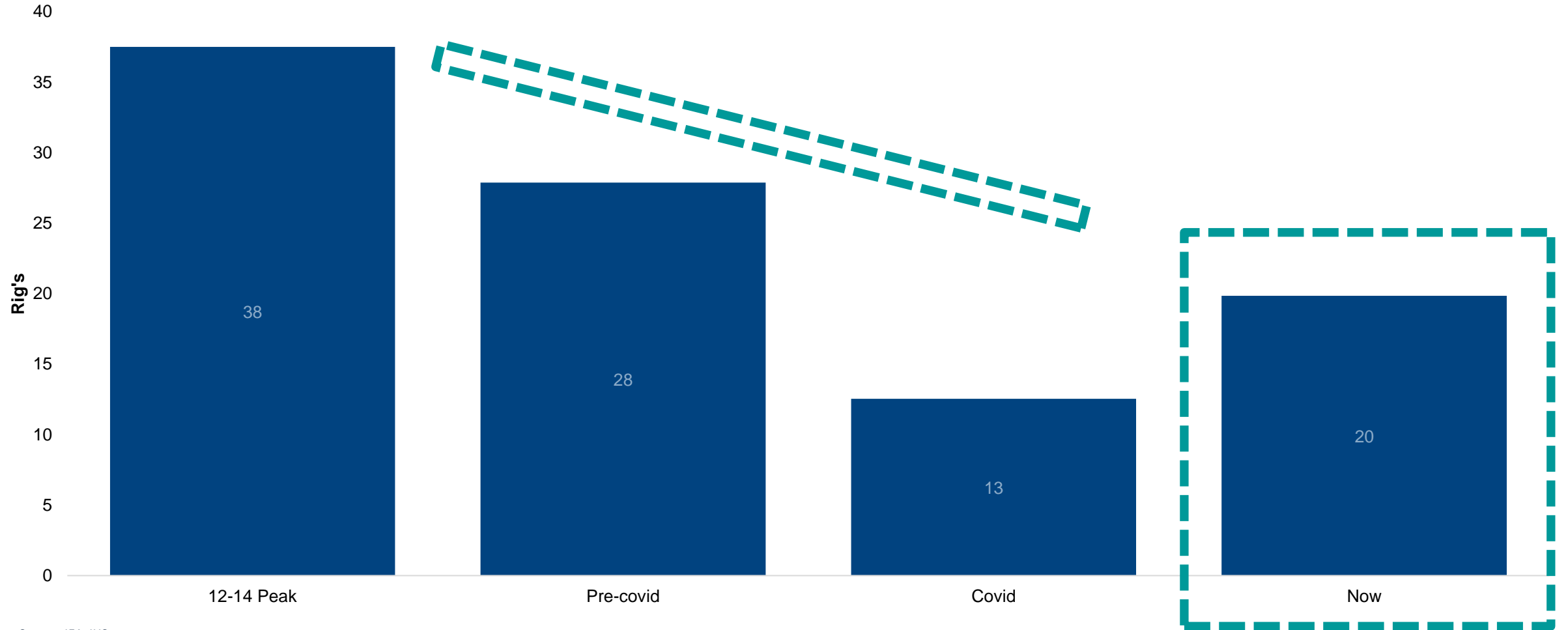


Source: IEA

# North Sea Market – Inflection Point in UK Rig Count

UK rig count down c. 30% since pre-covid and c. 50% since '12-14

## UK Semi + JUs - Contracted demand

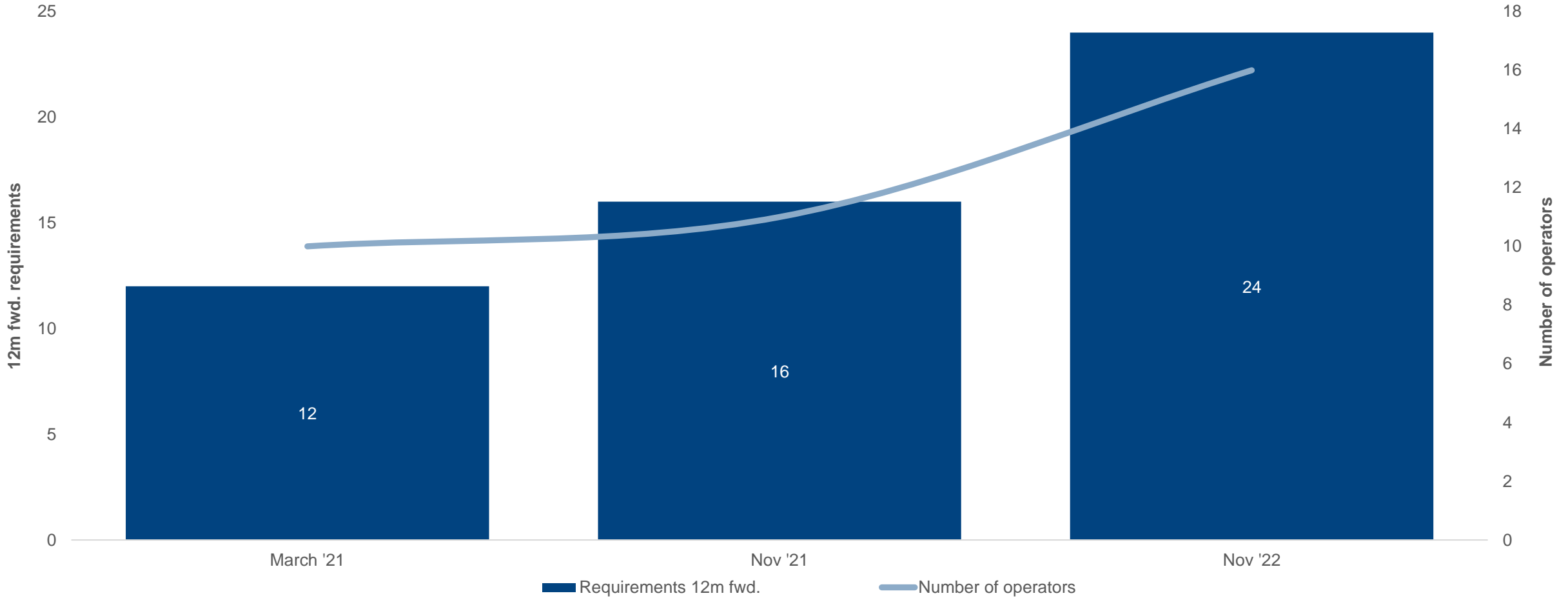


Source: IEA, IHS

# North Sea Market – Growing Rig Count Drives Requirement List

## Highly fragmented operating landscape

UK PSV requirements next twelve months and number of operators



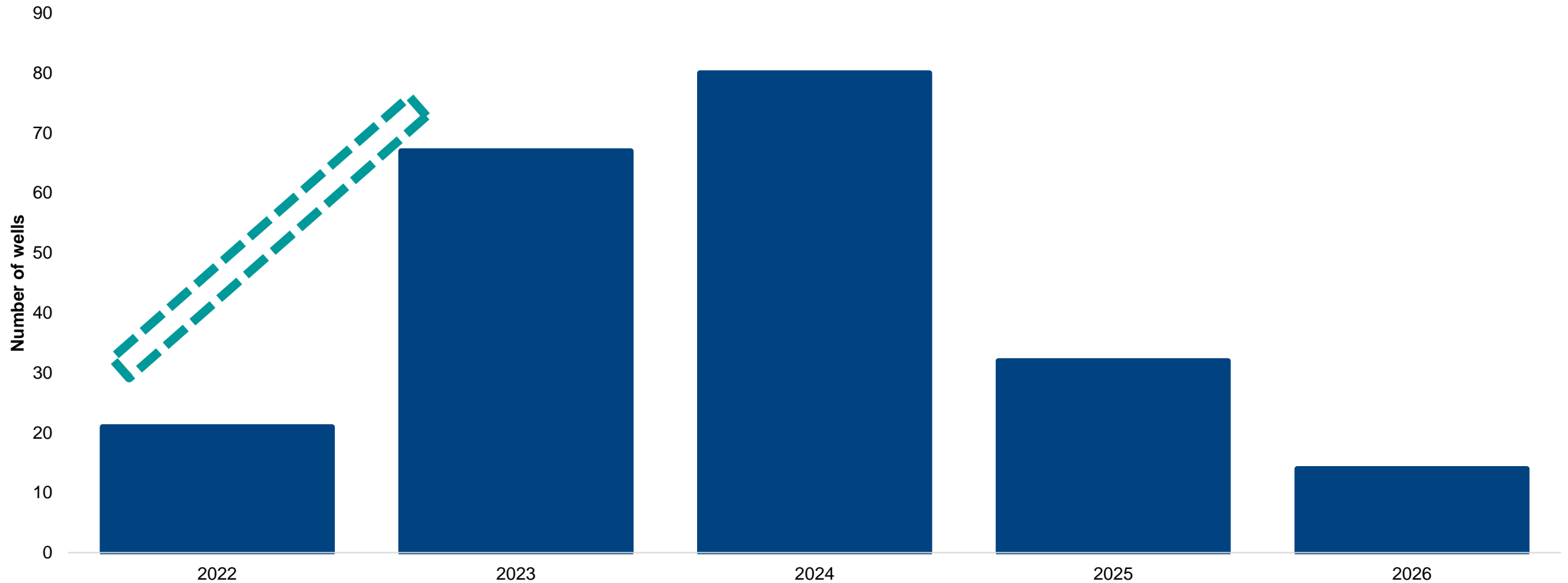
Source: Braemar



# North Sea Market – Similar Story in Norway

Norwegian NCS today has 90 producing fields. In 2022 more than 30 new projects are planned to FID

Planned new drilled wells on Norwegian NCS 2022-2026



Source: Rystad

### **Good risk/ reward on market trajectory**

- UK: Hydrocarbon production peaked in the late 1990s, when rig count was c. 2x current levels
- Norway: Number of producing fields increasing by c. 30% from '23-27
- North Sea PSV fleet reduced by c. 25% (in 2017 more than 100 PSVs were in lay-up in Europe)

### **Standard Supply – UK spot operator with 20%+ yield in current market**

- Opportunity to grow fleet with payback periods as short as two to three years
- Built for shareholders, not management!

**Standard Supply in brief**

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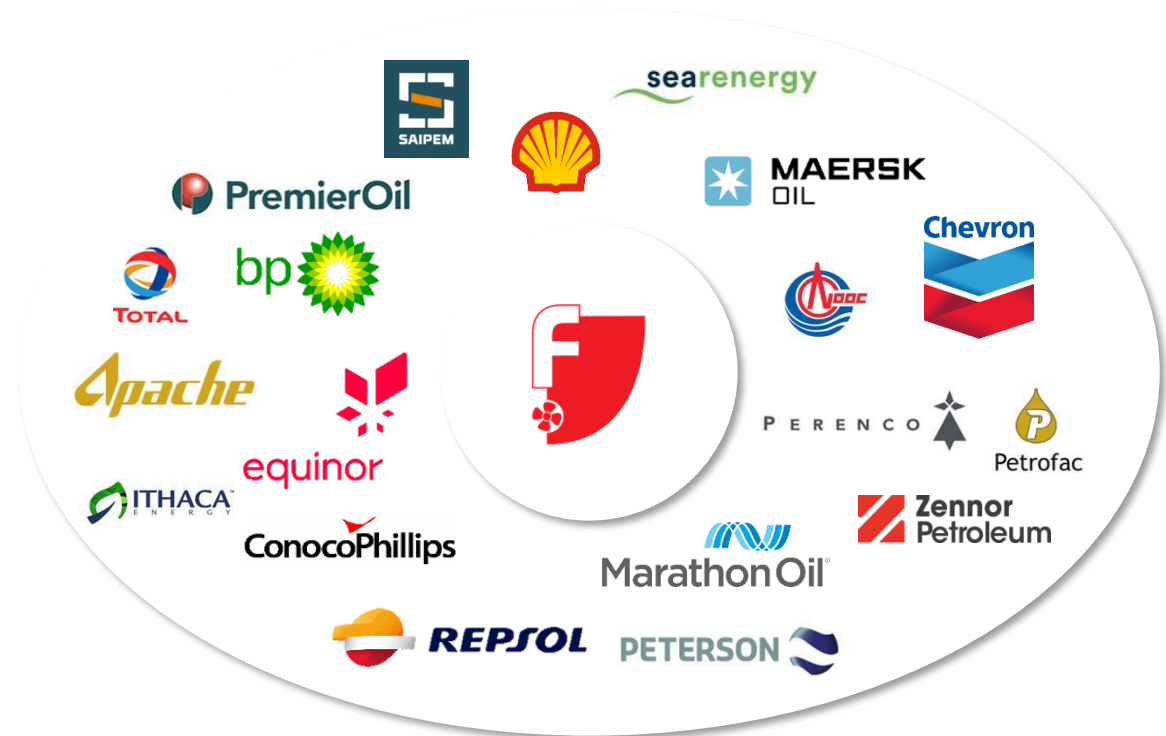
**Appendix**

## Standard Supply has used Fletcher Group as technical and commercial manager since 2016

- Fletcher provides commercial, technical and corporate services incl. vessel maintenance, crewing and shipyard supervision
- Fletcher has successfully- and economically operated PSVs in the North Sea for 15-years

### Fletcher Group in brief

- Fletcher Group is a privately held group of companies with roots tracing back to 2000
- The company is headquartered in Dundee and receives additional operational support across the fleet from their office in Aberdeen
- Operates and manages a modern fleet of 15 large- and medium-sized PSVs
- Fleet is maintained to the highest standard, with DNV and Lloyds being the selected classification societies



Selected clients of Fletcher Group