

# Odfjell Technology Quarterly Presentation

Q2 2022

# Agenda

- Odfjell Technology at a glance
- Key highlights of the quarter
- Segment reporting
- Financial information
- Market outlook
- Summary



# Odfjell Technology at a glance



International technology and engineering company delivering specialist services, equipment and competence across the offshore energy value chain

## Our businesses

Well Services



Drilling Operations



Engineering

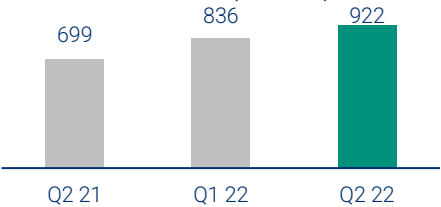


Green Ventures<sup>1</sup>

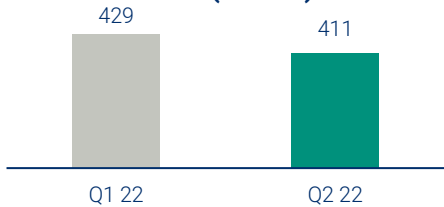


## Development key financials

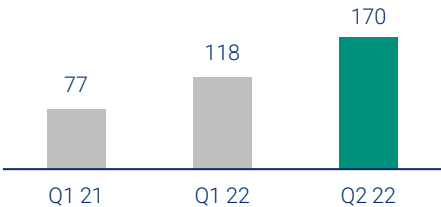
Revenue (NOKm)



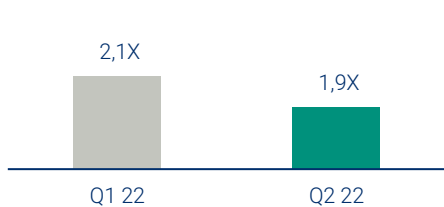
Cash (NOKm)



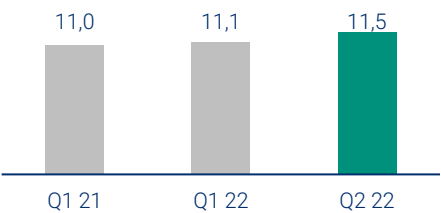
EBITDA (NOKm)



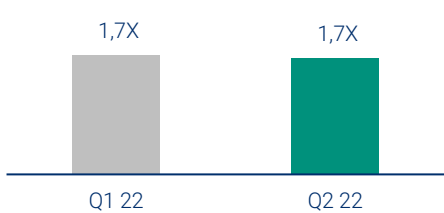
NIBD / EBITDA



Revenue backlog (NOKbn)



EBITDA backlog / NIBD



Notes: 1) Segment not yet active



## Key highlights of the quarter

# Key highlights of the quarter

## Financial performance

- Strong quarter demonstrating potential
- Revenue increase of 10% from Q1 to Q2 and year-on-year increase of 32%
- EBITDA growth of 44% from Q1 to Q2 and year-on-year improvement of 121%
- Revenue growth driven by the start-up of new major contracts in Norway and higher activity across all regions and segments
- EBITDA improvement contributable to higher activity level, higher operational efficiency, favourable change in product mix and cost saving initiatives
- Cash flow from operations generated 102NOKm in Q2 with 222NOKm generated YTD

## Operational highlights

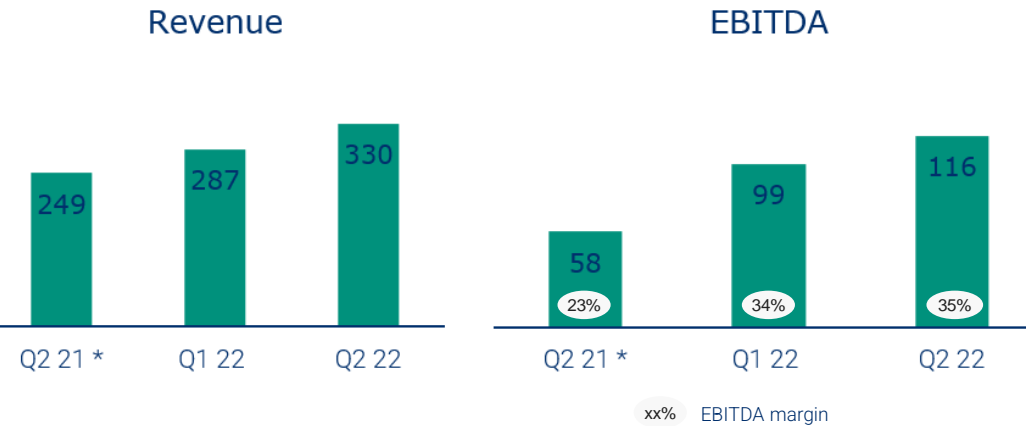
- Operations were carried out safely with no serious incidents
- Operational efficiency was high combined with diminishing Covid-19 impact
- Wired Drill Pipe and Continuous Circulating System contract for Equinor on Breidablikk commenced in May
- Secured additional Wired Drill Pipe contract with AkerBP and tubular running service contract with Petronas

# Segment reporting

# Well services



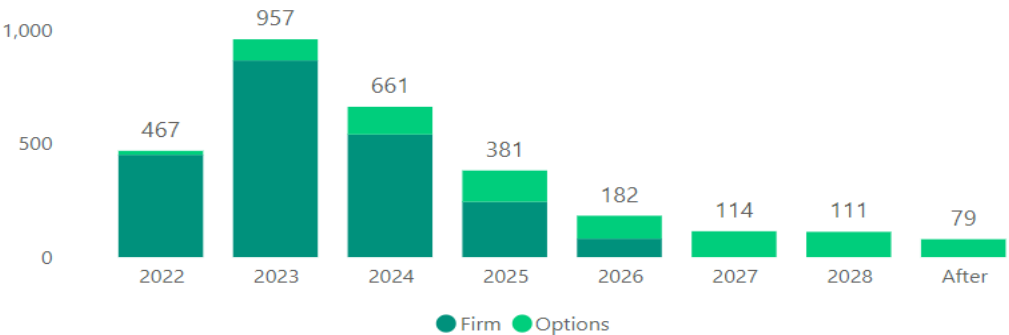
## Quarterly performance (NOKm)



## Breakdown of operations

- Strong financial performance across all regions
- Commencement of Equinor Breidablikk contract with Deepsea Aberdeen in early May, including wired drill pipe services and the newly developed continuous circulation system
- Tubular running service contract secured with Petronas in Malaysia and an additional Wired Drill Pipe contract with AkerBP
- Positive market outlook for all locations

## Backlog visibility (NOKm)



## Key figures

2 952  
Backlog NOKm

494  
Employees

3,6  
Cost price  
equipment pool NOKbn

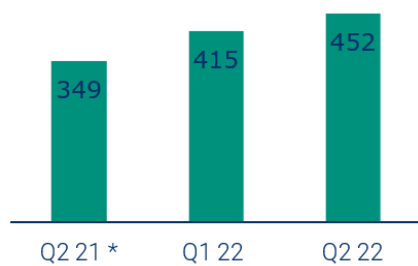
75  
Number of rigs served

# Drilling Operations

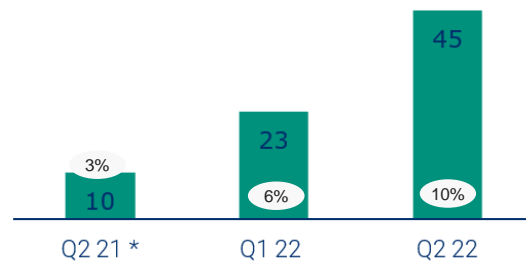


## Quarterly performance (NOKm)

### Revenue



### EBITDA

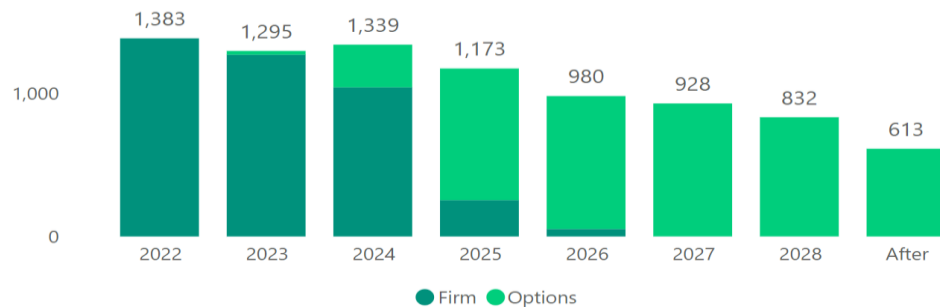


xx% EBITDA margin

## Highlights

- Improved operational efficiency
- Increase in incentive payments
- Strong order backlog
- Contract conditions in contract portfolio safeguards margins
- Expect startup of rig management for Linus in end Q3 2022

## Backlog visibility (NOKm)



## Key figures

**8 321**  
Backlog NOKm

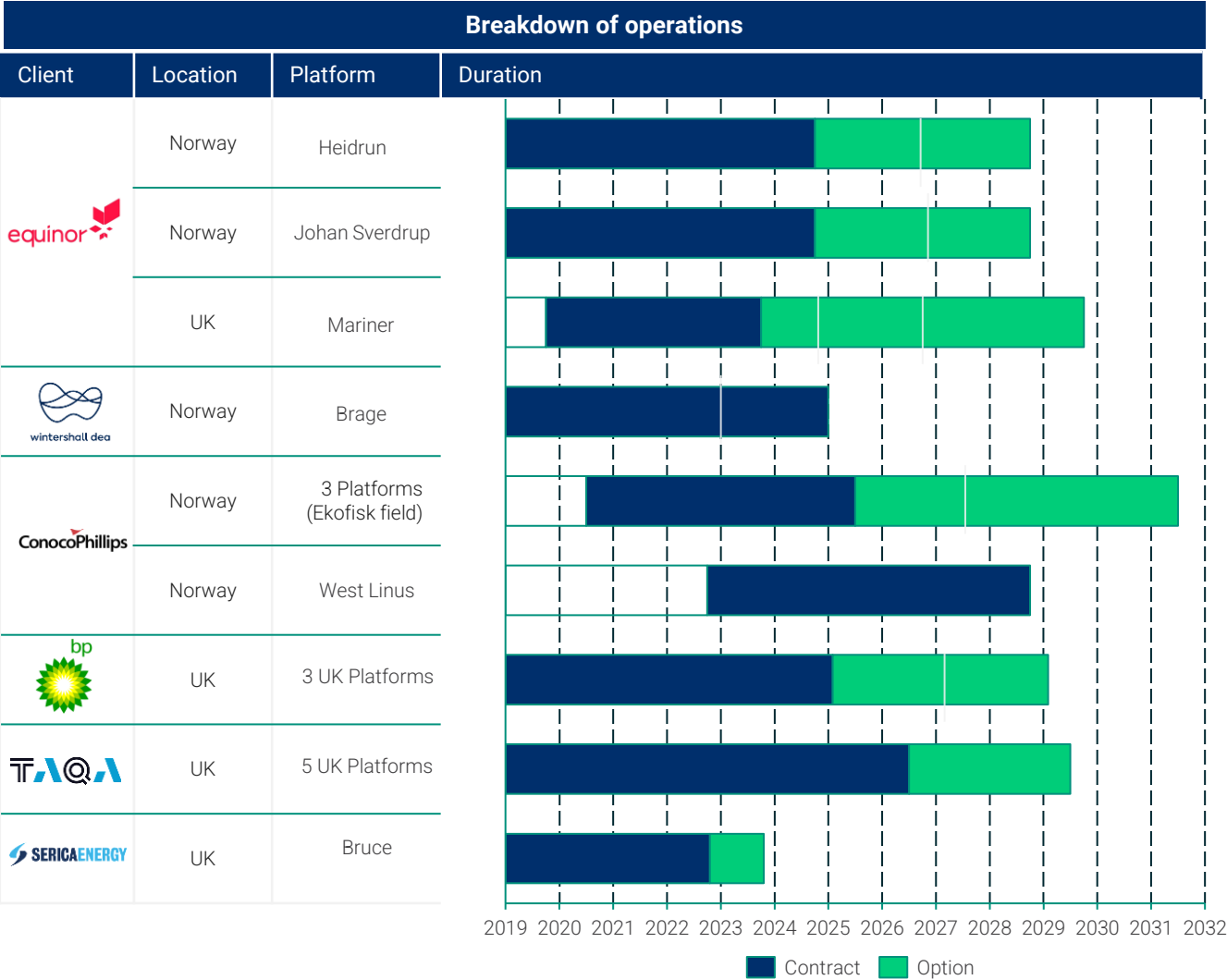
**1 004**  
Employees

**16**  
Platforms

**98,5%**  
Financial Utilisation



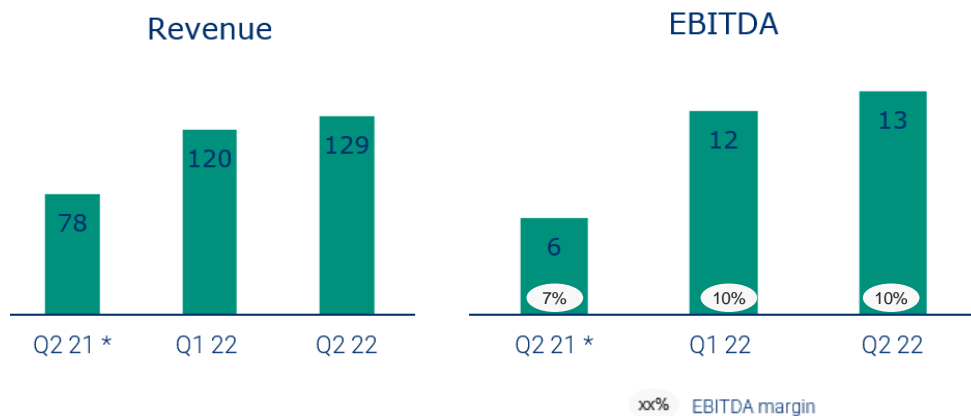
# Drilling Operations Contract Overview



# Engineering



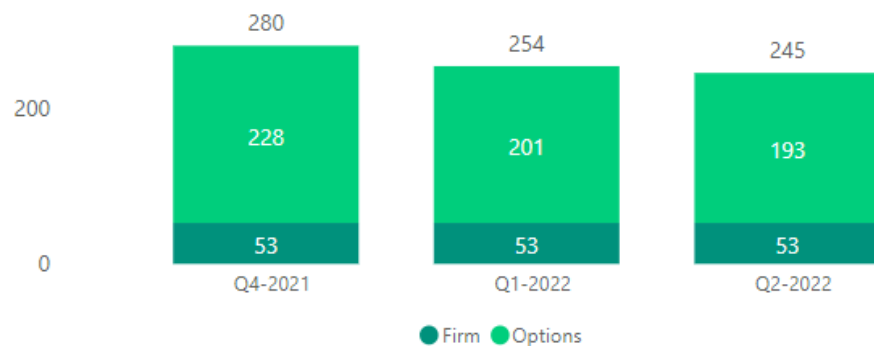
## Quarterly performance (NOKm)



## Highlights

- High tender activity
- The increase is mainly explained by increased volume and utilisation compared to the same quarter last year
- Financial performance in Q2 2022 in accordance with expectations
- Resource utilisation still affected by recruitment process to expand capacity and flexibility

## Backlog visibility by quarter (NOKm)



## Key figures

**245**  
Backlog NOKm

**219**  
Resource base  
67% OTL employees

**89%**  
Utilisation (people-hours)

**25%**  
Resources used on green  
initiatives

# Market outlook

## Key market outlook

### Overall

- Positive outlook highlighted by our strong first half of 2022, backlog and the industry upcycle
- Under investment has caused a supply challenge. The demand continues to grow
- E&G companies are expected to remain cost disciplined while required to increase spending in the coming years in order to increase or even sustain oil production levels

### Well Services

- Well positioned to capitalise on the increase in drilling activity and field investment expected in the coming years.
- Opportunities to expand through integrated solutions
- Positive outlook

### Drilling Operations

- Stable and predictable market outlook
- Possibilities in new markets
- Opportunities to expand through integrated solutions

### Engineering

- General increase in activity due to growth in investments, rig and platform modifications and maintenance
- Large volume in planned SPS (Special Period Surveys) for drilling rigs
- Energy transition creates new engineering opportunities

# Financial information



# Summary Financials

## Condensed Consolidated income statement

P&L (NOKm)	Q2 22	Q1 22	Q2 21 *	YTD 22	YTD 21 *	FY 21 *
<b>Operating revenue</b>	<b>922,2</b>	<b>836,2</b>	<b>699,2</b>	<b>1 758,5</b>	<b>1 367,8</b>	<b>2 948,2</b>
Other gains and losses	3,1	5,0	0,3	8,1	2,2	6,0
Personnel expenses	(558,7)	(535,8)	(460,3)	(1 094,6)	(901,1)	(1 897,0)
Other operating expenses	(196,9)	(187,6)	(162,4)	(384,5)	(310,3)	(669,8)
<b>EBITDA</b>	<b>169,7</b>	<b>117,8</b>	<b>76,8</b>	<b>287,5</b>	<b>158,6</b>	<b>387,4</b>
Depreciation and amortisation	(66,4)	(63,0)	(60,3)	(129,5)	(124,8)	(262,8)
<b>Operating profit (EBIT)</b>	<b>103,2</b>	<b>54,8</b>	<b>16,6</b>	<b>158,0</b>	<b>33,8</b>	<b>124,6</b>
Share of profit (loss) from joint ventures and associates	(3,5)	(3,7)	(1,0)	(7,2)	(1,0)	(4,6)
Net financial items	(79,8)	(1,4)	1,8	(81,2)	(1,9)	(17,2)
<b>Profit (loss) before tax</b>	<b>19,9</b>	<b>49,7</b>	<b>17,4</b>	<b>69,6</b>	<b>30,8</b>	<b>102,8</b>
Income tax expense	(12,6)	42,8	25,1	30,3	19,0	9,2
<b>Net profit (loss)</b>	<b>7,3</b>	<b>92,5</b>	<b>42,5</b>	<b>99,9</b>	<b>49,8</b>	<b>112,0</b>

Well Services	Q2 22	Q1 22	Q2 21 *	YTD 22	YTD 21 *	FY 21
Operating revenue	330,3	287,2	249,1	617,5	481,4	995,9
EBITDA	116,4	98,9	57,9	215,3	113,1	257,9
Operating profit (EBIT)	55,6	41,4	8,5	97,0	9,8	46,9
EBITDA Margin %	35 %	34 %	23 %	35 %	23 %	26 %

Drilling Operations	Q2 22	Q1 22	Q2 21 *	YTD 22	YTD 21 *	FY 21
Operating revenue	451,6	414,9	349,1	866,6	672,2	1 505,7
EBITDA	44,6	23,1	10,1	67,7	21,6	100,9
Operating profit (EBIT)	44,5	23,1	10,0	67,6	21,5	100,7
EBITDA Margin %	10 %	6 %	3 %	8 %	3 %	7 %

Engineering	Q2 22	Q1 22	Q2 21 *	YTD 22	YTD 21 *	FY 21
Operating revenue	129,1	120,3	78,3	249,4	161,9	358,3
EBITDA	13,2	12,0	5,7	25,3	16,1	20,3
Operating profit (EBIT)	13,1	11,9	5,6	25,0	15,8	19,8
EBITDA Margin %	10 %	10 %	7 %	10 %	10 %	6 %

## Comments

- 2021 are predecessor combined financial figures
- Q1 2022 Other operating expenses include approximate 15NOKm in one-off expenses related to split, financing and listing of Odfjell Technology
- Net financial items in Q2 of 79.8NOKm includes 28NOKm interest expense and a net currency loss of 50NOKm (mainly un-realised). YTD currency loss 40NOKm
- Please refer to the Quarterly report for further details

# Summary statement of financial position

## Balance sheet

Assets (NOKm)	30.06.2022	30.06.2021*	31.12.2021*	Equity and liabilities	30.06.2022	30.06.2021*	31.12.2021*
Property, plant and equipment	1 065,2	627,0	887,4	Paid-in capital	1 093,8	-	-
Intangible assets	236,0	208,7	218,1	Other equity	(449,3)	2 831,1	2 962,2
Deferred tax asset	15,2	15,7	15,5	<b>Total equity</b>	<b>644,5</b>	<b>2 831,1</b>	<b>2 962,2</b>
Non current loan receivable Odfjell Drilling Group		94,5	-	Non-current interest-bearing borrowings	1 082,1	-	-
Investments in joint ventures and associates	27,1	5,9	4,3	Non-current lease liabilities	77,7	36,3	83,1
Other non-current assets	39,0	22,2	24,0	Post-employment liabilities	47,3	47,9	46,8
<b>Total non-current assets</b>	<b>1 382,4</b>	<b>973,9</b>	<b>1 149,3</b>	Other non-current liabilities	56,1	44,4	49,3
Current interest-bearing receivables Odfjell Drilling group	-	1 659,3	1 308,8	<b>Total non-current liabilities</b>	<b>1 263,3</b>	<b>128,6</b>	<b>179,2</b>
Spare parts	28,0	21,8	22,1	Current interest-bearing borrowings	254,8	-	-
Trade receivables	912,0	704,7	816,4	Current interest-bearing payables Odfjell Drilling Group	-	135,4	151,5
Other current receivables and assets	101,8	81,6	125,6	Current lease liabilities	24,0	19,7	24,5
Cash and cash equivalents	411,3	167,8	497,8	Trade payables	262,7	177,1	215,3
<b>Total current assets</b>	<b>1 453,1</b>	<b>2 635,1</b>	<b>2 770,7</b>	Other current liabilities	386,3	317,1	387,3
<b>Total assets</b>	<b>2 835,5</b>	<b>3 609,0</b>	<b>3 920,0</b>	<b>Total current liabilities</b>	<b>927,7</b>	<b>649,3</b>	<b>778,7</b>
				<b>Total liabilities</b>	<b>2 191,0</b>	<b>777,9</b>	<b>957,9</b>
				<b>Total equity and liabilities</b>	<b>2 835,5</b>	<b>3 609,0</b>	<b>3 920,0</b>

Notes: \* 2021 are predecessor combined financial statements

# Summary statement of cash flow

Cash flow						
Cash flow (NOKm)	Q2 22	Q2 21 *	YTD 22 *	YTD 21 *	Comments	
Profit/(loss) before tax	19,9	17,4	69,6	30,8		
Adjustment for provisions and other non-cash elements	146,8	77,5	209,3	147,3		
Changes in working capital	(64,6)	(28,5)	(57,4)	(19,3)		
<b>Cash generated from operations</b>	<b>102,1</b>	<b>66,3</b>	<b>221,5</b>	<b>158,9</b>		
Net interest (paid) / received	(26,8)	(1,1)	(27,8)	(2,3)		
Net income tax paid	(8,4)	(6,7)	(18,0)	(11,9)		
<b>Net cash flow from operating activities</b>	<b>66,9</b>	<b>58,5</b>	<b>175,7</b>	<b>144,6</b>		
<b>Net cash flow from investing activities</b>	<b>(82,2)</b>	<b>(49,9)</b>	<b>(2 477,5)</b>	<b>(88,6)</b>		
<b>Net cash flow from financing activities</b>	<b>(5,4)</b>	<b>(294,3)</b>	<b>2 209,7</b>	<b>(9,2)</b>		
Effects of exchange rate changes on cash and cash equivalents	3,5	0,0	5,5	(1,5)		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(17,2)</b>	<b>(285,7)</b>	<b>(86,5)</b>	<b>45,3</b>		

- YTD 22 cash flow from investing and financing activities are greatly affected by split, reorganisation and financing transactions recorded in Q1 22
- 2021 are predecessor combined financial figures
- Please refer to the Quarterly report for further details

# Summary

## Summary Q2 2022 and outlook

- Quarter with significant revenue and margin growth
- Good cash situation
- Ambition to pay dividend after Q1 2023
  
- Positive market outlook for all segments with particular growth potential in Well Services
- Strong contract portfolio combined with a solid balance sheet gives us the flexibility to focus on building an even stronger company
- Ongoing strategy process focused on controlled growth in core businesses and developing low carbon service offerings



