

Odfjell Technology Quarterly Presentation

Q3 2022

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Agenda

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

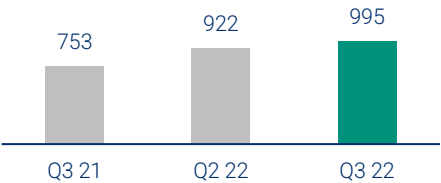


Green Ventures¹

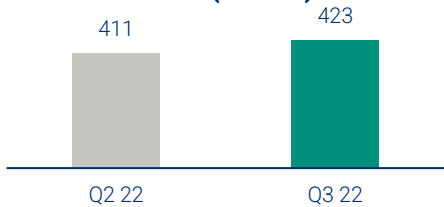


Development key financials

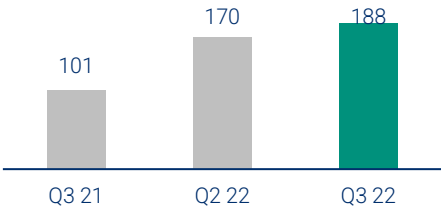
Revenue (NOKm)



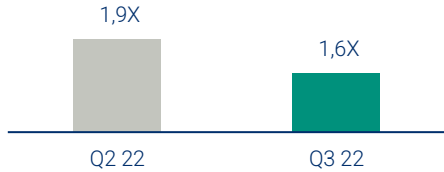
Cash (NOKm)



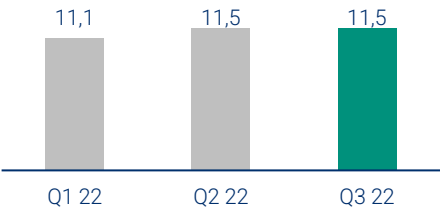
EBITDA (NOKm)



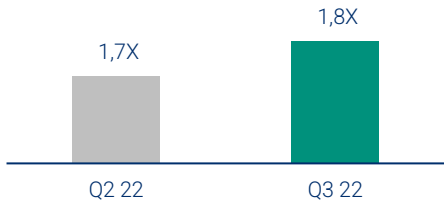
NIBD / EBITDA



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 capitalizing on improved contract portfolio and high activity
- Revenue increase of 8% from Q2 to Q3 and year-on-year increase of 32%
- EBITDA growth of 11% from Q2 to Q3 and year-on-year improvement of 86%
- Revenue growth mainly driven by Well Service contracts commencing late Q2 and early Q3 combined with stable activity levels in all regions and segments
- EBITDA improvement contributable to the increase in revenue and a consistent cost level
- Cash flow from operations generated 162NOKm in Q3 with 384NOKm generated YTD

Operational highlights

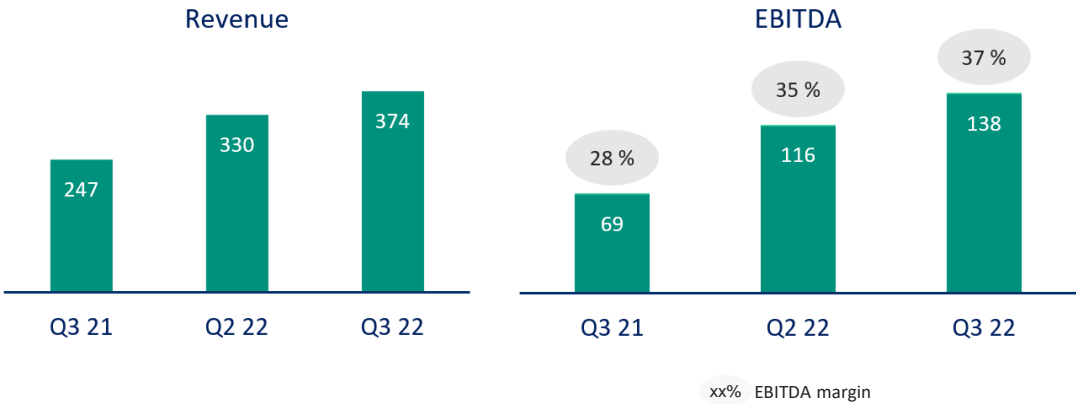
- Operations were carried out safely with no serious incidents
- Stable operating performance with high volume of work for all segments
- Successful start up of jack-up Linus management contract for on the 30th of September
- Wired Drill Pipe contract with AkerBP commenced in July

Segment reporting

Well services



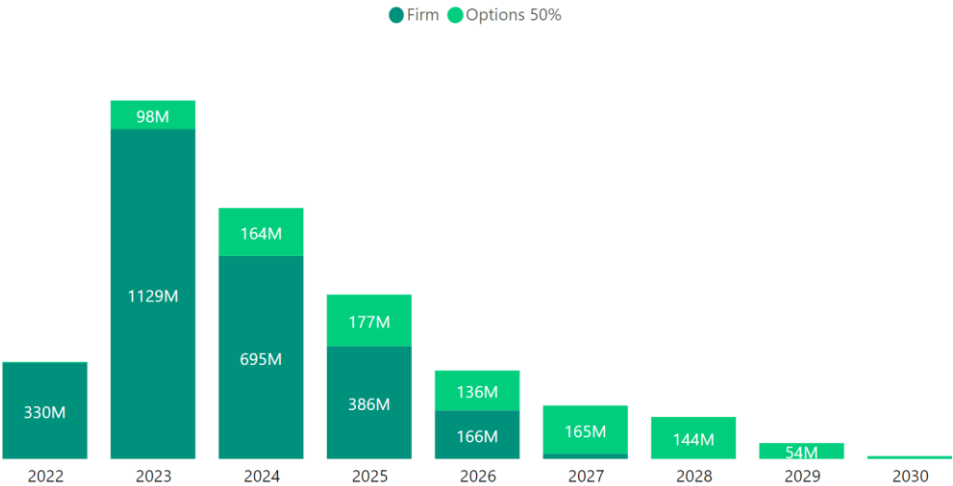
Quarterly performance (NOKm)



Breakdown of operations

- Continued strong financial performance across all regions
- Improvement from Q2 to Q3 mainly caused by Wired Drill Pipe contract with Aker BP commencing and a full quarter of operations with Deepsea Aberdeen for Breidablikk (early May 22 start up)
- Main contracts secured in the quarter were for Tubular running services with Aker BP for Scarabeo 8 in Norway and Halliburton (Hess) for multiple services in Malaysia, both due to commence in Q4.
- Stable operational outlook in all regions

Backlog visibility (NOKm)



Key figures

3,7
Backlog NOKbn

522
Employees

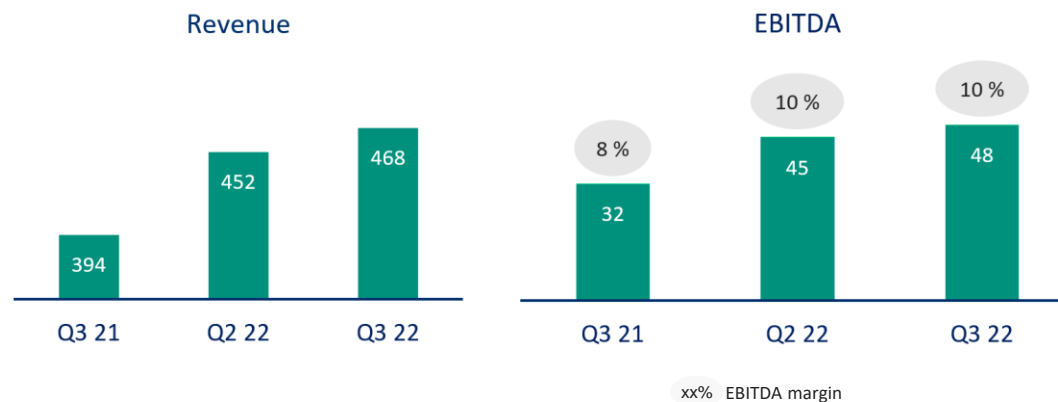
3,7
Cost price
equipment pool NOKbn

77
Number of rigs served

Drilling Operations



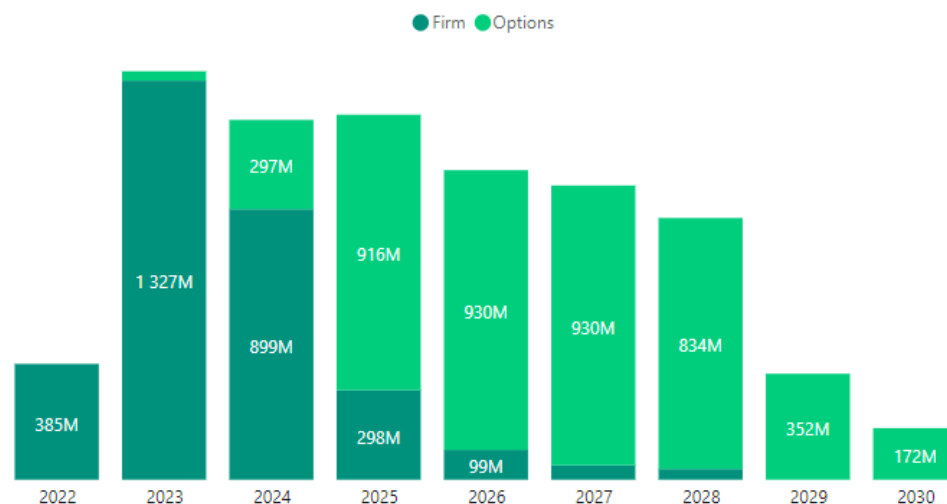
Quarterly performance (NOKm)



Highlights

- Stable operational and financial performance
- Increase in incentive payments
- Lower sick leave costs
- Start of Linus management on September 30th, 2022
- Contract conditions in contract portfolio safeguards margins
- Stable and strong order backlog

Backlog visibility (NOKm)



Key figures

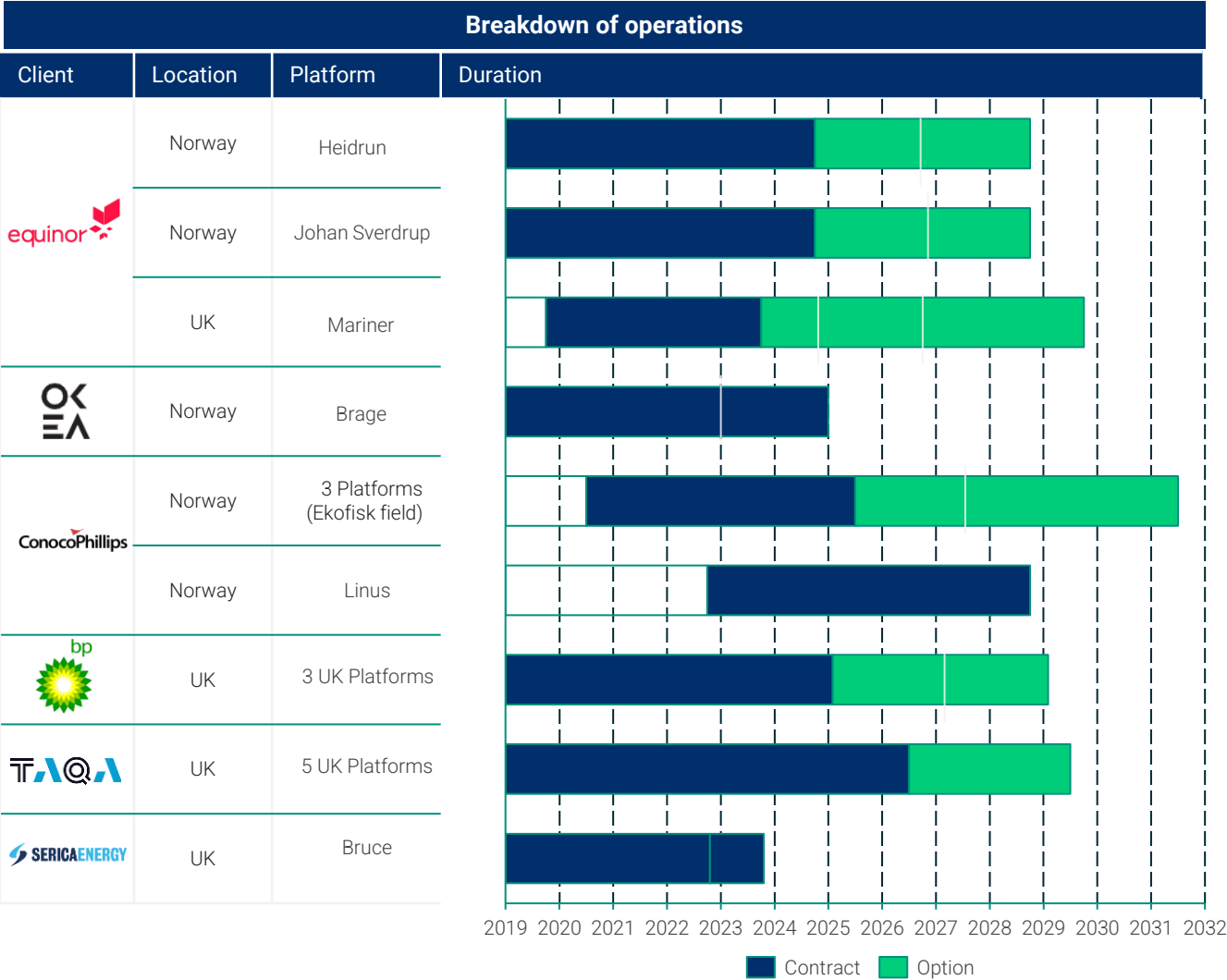
7,6
Backlog NOKbn

1 188
Employees

16
Platforms

98,5%
Financial Utilisation

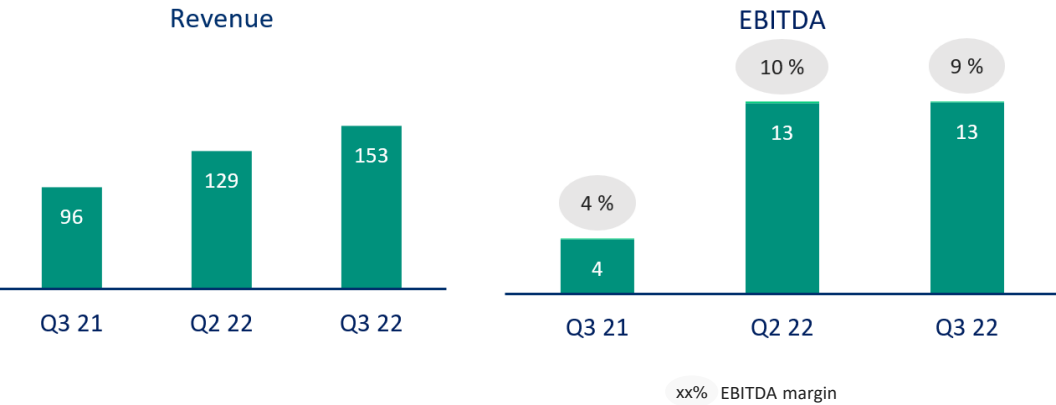
Drilling Operations Contract Overview



Engineering



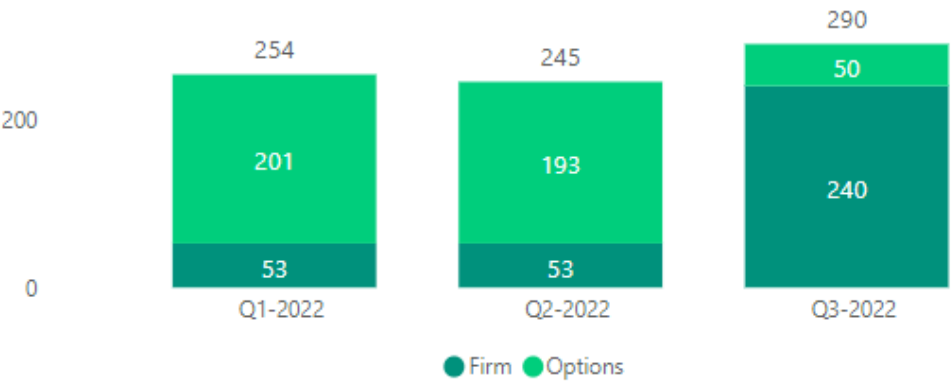
Quarterly performance (NOKm)



Highlights

- High tender activity
- The increase in revenue is mainly explained by increased volume and utilisation compared to the same quarter last year. Yard stay activities with high volumes in the current quarter.
- Strategic focus on energy transition business opportunities

Backlog visibility by quarter (NOKm)



Key figures

290
Backlog NOKm

230
Resource base
80% OTL employees

92%
Utilisation (people-hours)

20%
Resources used on green
initiatives

Market outlook

Key market outlook

Overall

- Positive outlook in all our markets indicating a cycle upturn driven by demand and pricing
- Increased number of active rigs and drilling operations globally
- Upturn in tenders and inquiries creates growth potential in all our services

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, especially Middle East and Europe

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)	Q3 22	Q2 22	Q3 21 *	YTD 22	YTD 21 *	FY 21 *
Operating revenue	995,5	922,2	752,7	2 753,9	2 120,5	2 948,2
Other gains and losses	1,1	3,1	3,2	9,1	5,4	6,0
Personnel expenses	(584,8)	(558,7)	(484,7)	(1 679,4)	(1 385,9)	(1 897,0)
Other operating expenses	(223,9)	(196,9)	(170,0)	(608,4)	(480,3)	(669,8)
EBITDA	187,8	169,7	101,1	475,3	259,7	387,4
Depreciation and amortisation	(83,7)	(66,4)	(65,4)	(213,2)	(190,2)	(262,8)
Operating profit (EBIT)	104,1	103,2	35,7	262,1	69,4	124,6
Share of profit (loss) from joint ventures and associates	(7,6)	(3,5)	(0,9)	(14,8)	(1,9)	(4,6)
Net financial items	(48,6)	(79,8)	(10,3)	(129,8)	(12,2)	(17,2)
Profit (loss) before tax	48,0	19,9	24,5	117,5	55,3	102,8
Income tax expense	(4,2)	(12,6)	(5,5)	26,1	13,5	9,2
Net profit (loss)	43,8	7,3	19,0	143,6	68,8	112,0

Well Services	Q3 22	Q2 22	Q3 21	YTD 22	YTD 21 *	FY 21
Operating revenue	374,0	330,3	247,2	991,4	728,7	995,9
EBITDA	138,4	116,4	68,7	353,7	181,8	257,9
Operating profit (EBIT)	65,5	55,6	17,4	162,5	27,3	46,9
EBITDA Margin %	37 %	35 %	28 %	36 %	25 %	26 %

Drilling Operations	Q3 22	Q2 22	Q3 21	YTD 22	YTD 21 *	FY 21
Operating revenue	468,4	451,6	394,4	1 335,0	1 066,6	1 505,7
EBITDA	48,0	44,6	31,8	132,0	53,4	100,9
Operating profit (EBIT)	48,0	44,5	31,7	131,9	53,2	100,7
EBITDA Margin %	10 %	10 %	8 %	10 %	5 %	7 %

Engineering	Q3 22	Q2 22	Q3 21	YTD 22	YTD 21 *	FY 21
Operating revenue	152,7	129,1	95,7	234,5	252,0	358,3
EBITDA	13,3	13,2	3,8	22,2	19,8	20,3
Operating profit (EBIT)	13,1	13,1	3,6	21,8	19,5	19,8
EBITDA Margin %	9 %	10 %	4 %	9 %	8 %	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 Q3 of 48.6NOKm includes 30.1NOKm of interest expense and a net currency loss of 16.5NOKm. YTD currency loss 57.6NOKm (mainly un-realised)
- Please refer to the Quarterly report for further details

Summary statement of financial position

Balance sheet

Assets (NOKm)	30.09.2022	30.09.2021*	31.12.2021*	Equity and liabilities	30.09.2022	30.09.2021*	31.12.2021*
Property, plant and equipment	1 153,6	655,6	887,4	Paid-in capital	1 093,8	-	0,1
Intangible assets	242,5	214,2	218,1	Other equity	(304,5)	2 903,6	2 962,1
Deferred tax asset	17,0	15,7	15,5	Total equity	789,4	2 903,6	2 962,2
Non current loan receivable Odfjell Drilling Group	-	-	-	Non-current interest-bearing borrowings	1 083,2	-	-
Investments in joint ventures and associates	-	-	-	Non-current lease liabilities	81,2	71,9	83,1
Other non-current assets	71,5	30,1	28,3	Post-employment benefits	43,3	45,2	46,8
Total non-current assets	1 484,6	915,6	1 149,3	Non-current contract liabilities	58,9	51,2	49,3
Current interest-bearing receivables Odfjell Drilling group	-	1 745,3	1 308,8	Total non-current liabilities	1 266,6	168,2	179,2
Spare parts	-	-	-	Current interest-bearing borrowings	275,7	-	-
Trade receivables	898,6	730,1	816,4	Current interest-bearing payables Odfjell Drilling Group	-	167,1	151,5
Other current receivables and assets	191,6	121,6	147,7	Current lease liabilities	27,9	23,3	24,5
Cash and cash equivalents	423,2	208,0	497,8	Trade payables	266,0	148,6	215,3
Total current assets	1 513,3	2 805,1	2 770,7	Other current liabilities	372,4	309,8	387,3
Total assets	2 997,9	3 720,7	3 920,0	Total current liabilities	941,9	648,8	778,7
				Total liabilities	2 208,5	817,1	957,9
				Total equity and liabilities	2 997,9	3 720,7	3 920,0

Notes: * 2021 are predecessor combined financial statements

Summary statement of cash flow

Cash flow						
Cash flow (NOKm)	Q3 22	Q3 21 *	YTD 22 *	YTD 21 *	Comments	
Profit/(loss) before tax	48,0	24,5	117,5	55,3		
Adjustment for provisions and other non-cash elements	131,8	75,8	341,2	223,1		
Changes in working capital	(17,7)	(54,3)	(75,1)	(73,6)		
Cash generated from operations	162,1	45,9	383,7	204,8		
Net interest (paid) / received	(28,7)	(1,2)	(56,5)	(3,5)		
Net income tax paid	(1,2)	(2,2)	(19,1)	(14,2)		
Net cash flow from operating activities	132,3	42,5	308,1	187,1		
Net cash flow from investing activities	(125,6)	(40,2)	(2 603,1)	(128,8)		
Net cash flow from financing activities	(4,8)	37,4	2 205,0	28,2		
Effects of exchange rate changes on cash and cash equivalents	10,0	0,6	15,4	(1,0)		
Net increase (decrease) in cash and cash equivalents	11,9	40,2	(74,6)	85,6		

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

Summary

Summary Q3 2022 and outlook

- Another quarter with significant revenue and margin growth
- Good cash situation with expected further improvements in Q4
- On track to pay dividend in Q2 2023

- Positive market outlook for all segments with particular growth potential in Well Services
- Q4 expectations in line with Q3 performance
- 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 new sustainable services and products

