



Odfjell Technology Quarterly Presentation

Q1 2023

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Agenda

- Odfjell Technology businesses and key financials
- Key highlights of the quarter
- Market outlook
- Segment reporting
- Financial information
- Summary
- Appendix

Odfjell Technology Businesses & Key Financials



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

Our businesses

Well Services



Operations



Projects & Engineering

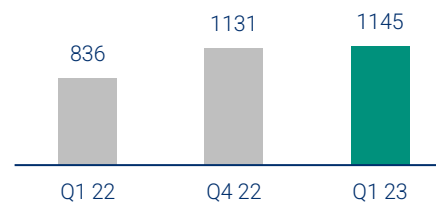


Energy Transition¹

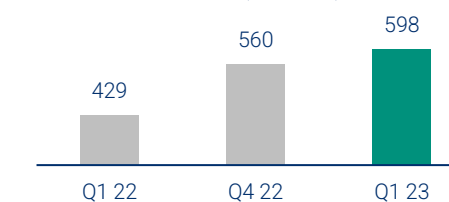


Development key financials

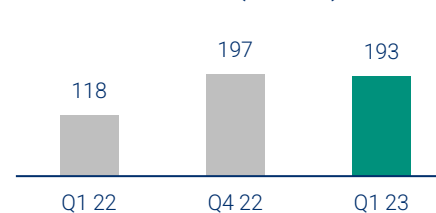
Revenue (NOKm)



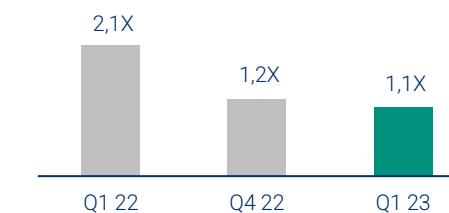
Cash (NOKm)



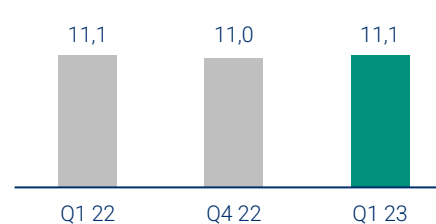
EBITDA (NOKm)



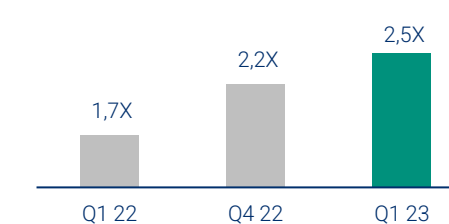
NIBD / EBITDA



Revenue backlog (NOKbn)



EBITDA backlog / NIBD



Notes: 1) Segment not yet active

Key highlights of the quarter

Key highlights of the quarter

- Operations were carried out safely with no serious incidents in the first three months of 2023
- High activity level and in line with Q4 2022 for all business areas
- Seasonal effect less significant than previous years
- Strong operational performance
- Order backlog stable on group level with growth in Well Services and Projects & Engineering
- Dividend distribution of 50m approved with payment 1st of June and with the intention to distribute further 50m to shareholders over the next two quarters

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, Asia and Europe

Operations

- Stable and predictable market outlook
- Possibilities in new markets
- Opportunities to expand through integrated solutions
- Positioning for energy transition business opportunities

Projects & Engineering

- General increase globally 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

Business Area reporting

Business Area highlights

Well Services

3.8NOKbn

Backlog

4.2NOKbn

Cost price
equipment pool

- Backlog growth through contract wins in Norway, Middle East, Asia and Europe
- High tender activity and strong market
- Focus on capitalising on improved market fundamentals and to secure profitable growth in all key markets
- Capital expenditure in 2023 expected to be below previous years spending

Operations

6.8NOKbn

Backlog

16

Platforms

- Stable operations and activity level in Q1
- Contract conditions in contract portfolio safeguards margins
- Continued effort on delivering efficient operations
- 1 year option exercised by Equinor on Mariner and incentive scheme implemented
- Backlog remains strong

Projects & Engineering

525NOKm

Backlog

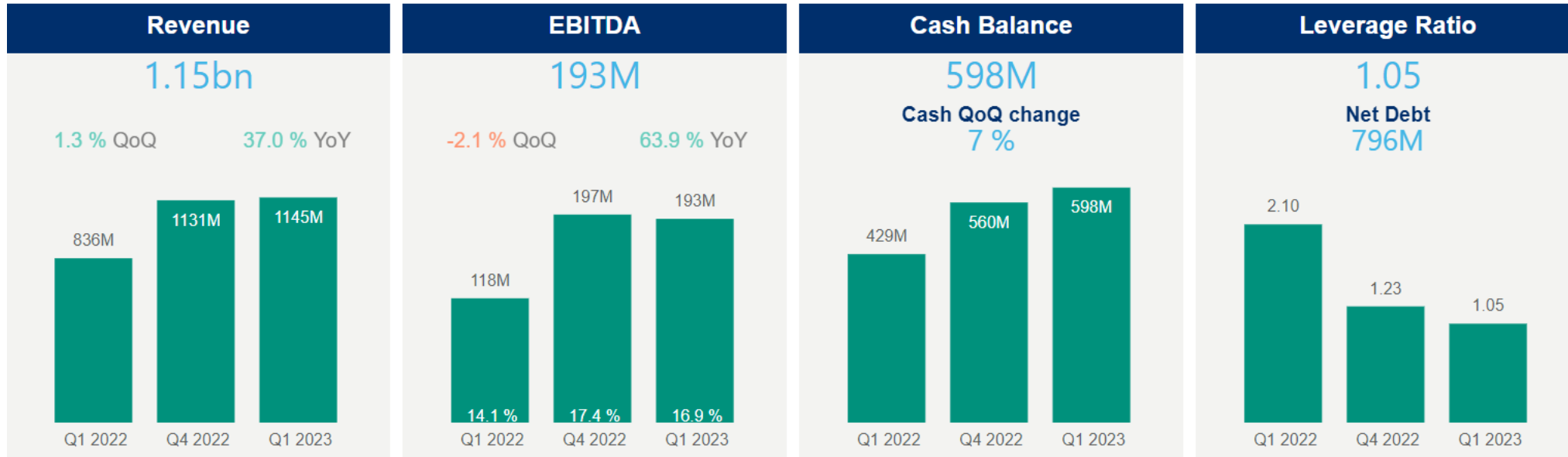
93%

Utilisation (people-hours)

- Very strong activity in Q1 due to the high yard stay activities with increased scope compared to our expectations
- Strategic focus on energy transition business opportunities and developing relationships with key clients

Financial information

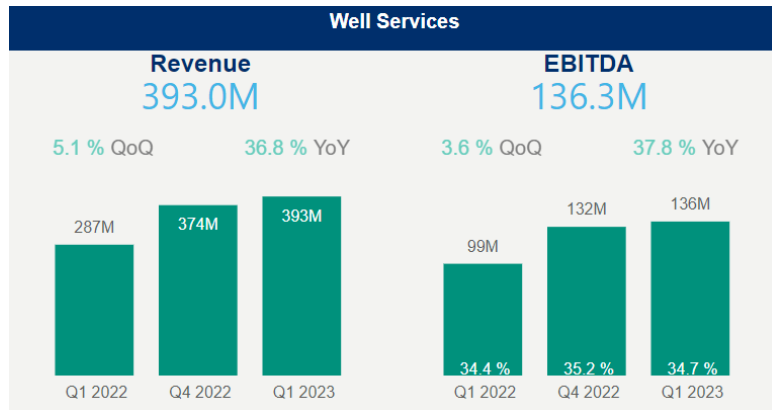
Financial Performance



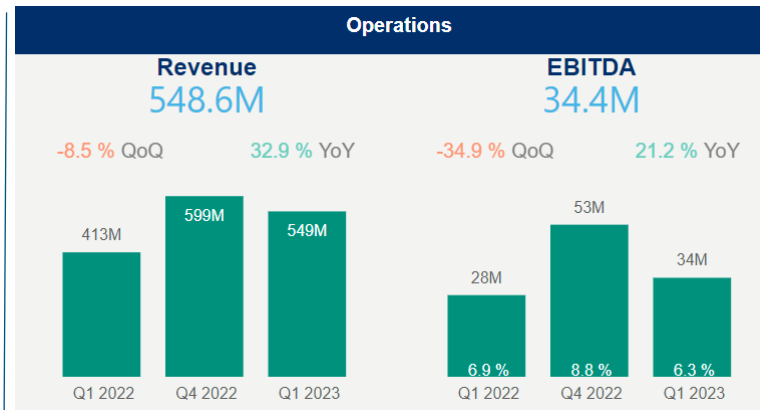
Comments

- Revenue in line with previous quarter and 37% up compared to Q1 2022 exemplifies strong market, improved contract portfolio and lower seasonal effects than normal
- EBITDA is 4m lower than previous quarter while 75m higher compared to same quarter last year
- EBITDA margin slightly reduced due to seasonal effects, mainly affecting bonus achievements in Operations
- Cash balance improved by 7% compared to Q4 2022 even with a working capital increase of 103m due to delays related to ERP system upgrade
- Leverage ratio further reduced from 1.23 to 1.05 caused by higher cash balance and improved 12 last months trailing EBITDA

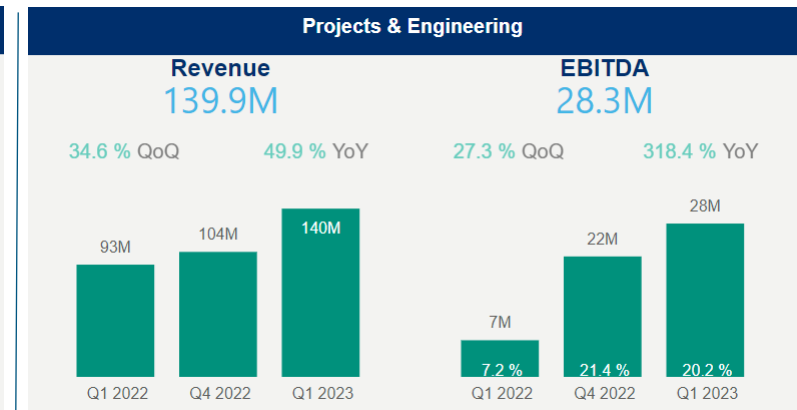
Financial Performance by Business Area



- Revenue growth continues with a 5% improvement compared to previous quarter and 37% improvement compared to Q1 2022
- EBITDA in line with previous quarter and up 38% compared to Q1 2022
- Stable EBITDA margin the last 12 months



- Stable operations and activity level in Q1 2023
- Revenue down compared to Q4 and 33% up compared to Q1 2022
- EBITDA improved 21% year on year and dropped 35% compared to Q4 due to lower bonus achievements caused by seasonal effects and escalation effects recorded in Q4 2022



- High activity mainly driven by yard stay activities on Deepsea Mira and Hercules and modification work on FSU Heidrun B
- The EBITDA Q1 2023 is up 27% compared to Q4 2022 caused by very high utilisation and execution of lump sum projects with higher risk exposure which provide higher margins

Summary

Summary

- Strong financial and operational performance in a quarter which normally is challenging
- Cash and debt situation remains solid. Our focus will be on working capital improvements to further improve the cash balance
- Positive market outlook for all segments with Well Services best positioned to capitalise on growth opportunities
- Dividend distribution of 50m announced and commence the start of regular cash disbursement to shareholders
- We celebrate one year anniversary as OTL and have now established a solid foundation to further develop the company

Q&A



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Appendix

Summary Financials

Condensed Consolidated income statement

P&L (NOKm)	Q1 23	Q4 22	Q1 22	YTD 23	FY 22
Operating revenue	1 145,5	1 131,0	836,2	1 145,5	3 885,0
Other gains and losses	1,8	4,4	5,0	1,8	13,6
Personnel expenses	(699,3)	(702,2)	(535,8)	(699,3)	(2 381,6)
Other operating expenses	(254,9)	(236,1)	(187,6)	(254,9)	(844,5)
EBITDA	193,1	197,2	117,8	193,1	672,5
Depreciation and amortisation	(88,1)	(75,2)	(63,0)	(88,1)	(288,4)
Operating profit (EBIT)	105,0	122,0	54,8	105,0	384,1
Share of profit (loss) from joint ventures and associates	(3,8)	(5,1)	(3,7)	(3,8)	(19,9)
Net financial items	(48,7)	(8,2)	(1,4)	(48,7)	(138,0)
Profit (loss) before tax	52,6	108,7	49,7	52,6	226,2
Income tax expense	(9,2)	0,7	42,8	(9,2)	26,8
Net profit (loss)	43,4	109,4	92,5	43,4	253,0
Well Services	Q1 23	Q4 22	Q1 22	YTD 23	FY 22
Operating revenue	393,0	374,0	287,2	393,0	1 365,4
EBITDA	136,3	131,6	98,9	136,3	485,3
Operating profit (EBIT)	57,8	63,5	41,4	57,8	226,0
EBITDA Margin %	35 %	35 %	34 %	35 %	36 %
Operations	Q1 23	Q4 22	Q1 22	YTD 23	FY 22
Operating revenue	548,6	599,2	412,8	548,6	1 972,1
EBITDA	34,4	52,9	28,4	34,4	184,8
Operating profit (EBIT)	34,4	52,9	28,4	34,4	184,8
EBITDA Margin %	6 %	9 %	7 %	6 %	9 %
Projects & Engineering	Q1 23	Q4 22	Q1 22	YTD 23	FY 22
Operating revenue	139,9	103,9	93,3	139,9	356,6
EBITDA	28,3	22,2	6,8	28,3	44,5
Operating profit (EBIT)	28,1	22,1	6,7	28,1	43,9
EBITDA Margin %	20 %	21 %	7 %	20 %	12 %

- Please refer to the Quarterly report for further details

Summary statement of financial position

Balance sheet

Assets (NOKm)	31.03.2023	31.12.2023	31.03.2022	Equity and liabilities (NOKm)	31.03.2023	31.12.2023	31.03.2022
Intangible assets	258,4	252,1	228,2	Share capital	3,5	3,5	3,5
Deferred tax asset	61,6	15,7	15,3	Other contributed capital	1 090,3	1 090,3	1 090,3
Non-current tax asset	307,2	35,6	-	Other equity	(171,0)	(315,0)	(648,3)
Property, plant and equipment	1 076,5	1 068,4	875,4	Total equity	922,9	778,8	445,5
Non current loan receivable Odfjell Drilling Group	-	-	-	Non-current interest-bearing borrowings	1 085,3	1 084,2	1 081,1
Investments in joint ventures and associates	46,6	50,0	16,8	Non-current lease liabilities	96,6	96,8	80,9
Other non-current assets	45,9	44,6	23,6	Post-employment liabilities	44,0	46,7	46,3
Total non-current assets	1 796,2	1 466,5	1 159,4	Liability repayment to Odfjell Drilling Ltd (tax case)	307,2	-	-
Current interest-bearing receivables Odfjell Drilling group (cash pool)	-	-	-	Other non-current liabilities	44,4	37,9	51,3
Spare parts	33,6	29,3	24,7	Total non-current liabilities	1 577,4	1 265,6	1 259,6
Trade receivables	1 109,1	942,6	791,4	Current interest-bearing borrowings	268,8	255,7	220,4
Contract asset	2,4	0,9	2,4	Current lease liabilities	32,3	30,6	22,4
Current receivables Odfjell Drilling group	-	-	-	Trade payables	306,7	264,1	233,1
Other current receivables and assets	115,2	115,5	148,2	Current contract liabilities	24,2	25,1	1,8
Cash and cash equivalents	597,9	560,1	428,5	Current income tax	73,1	55,4	13,2
Total current assets	1 858,2	1 648,4	1 395,2	Current liabilities group companies	0,0	5,8	13,5
Total assets	3 654,4	3 114,9	2 554,6	Other current liabilities	449,0	433,7	349,5
				Total current liabilities	1 154,1	1 070,4	853,9
				Total liabilities	2 731,5	2 336,1	2 113,5
				Total equity and liabilities	3 654,4	3 114,9	2 559,0

Summary statement of cash flow

Cash flow					Comments
Cash flow (NOKm)	Q1 23	Q4 22	YTD 23	FY 22	
Profit/(loss) before tax	52,6	108,7	52,6	226,2	
Adjustment for provisions and other non-cash elements	135,5	97,7	135,5	438,9	
Changes in working capital	(101,9)	89,7	(101,9)	10,6	
Cash generated from operations	86,1	296,1	86,1	675,7	
Net interest (paid) / received	(30,7)	(30,3)	(30,7)	(86,8)	
Net income tax paid	4,1	(6,1)	4,1	(21,2)	
Net cash flow from operating activities	59,5	259,6	59,5	567,7	
Net cash flow from investing activities	(40,6)	(102,4)	(40,6)	(2 705,4)	
Net cash flow from financing activities	(5,9)	(4,8)	(5,9)	2 200,2	
Effects of exchange rate changes on cash and cash equivalents	24,7	(15,6)	24,7	(0,1)	
Net increase (decrease) in cash and cash equivalents	37,8	136,9	37,8	62,3	

- Full year 2022 cash flow from investing and financing activities are greatly affected by split, re-organisation and financing transactions recorded in Q1 22
- Please refer to the Quarterly report for further details