



# Odfjell Technology Quarterly Presentation

Q2 2023

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# Agenda

- Highlights of the quarter and key financials
- Market outlook
- Segment reporting
- Financial information
- Summary
- Appendix

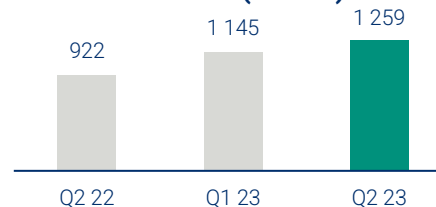
# Highlights and key financials

## Key highlights of the quarter

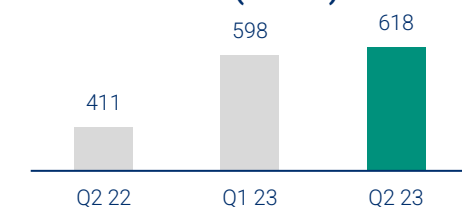
- Substantial revenue and EBITDA growth both compared to previous quarter and same quarter previous year
- Strengthened cash position
- Momentum of industry upcycle, strong market position, contract wins over the last 18 months generated growth in all regions and segments
- Continued strong operational performance with no major issues
- Preparing for new operations offshore Africa and Canada with operations commencing in Q3
- Order backlog stable in the quarter with a number smaller contract awards
- Dividend distribution of 50m NOK paid 1<sup>st</sup> of June and payment of additional 25m NOK approved by BoD with payment in September

## Development key financials

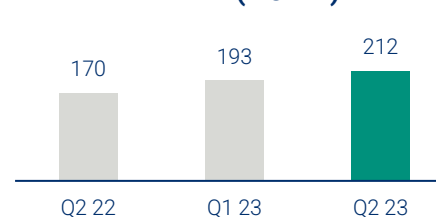
### Revenue (NOKm)



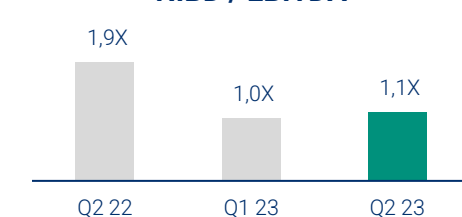
### Cash (NOKm)



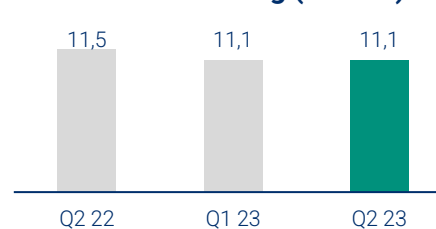
### EBITDA (NOKm)



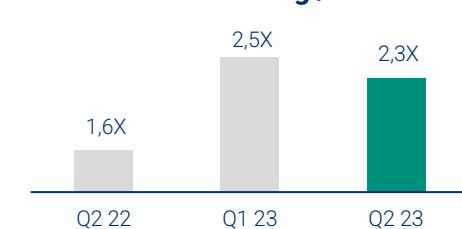
### NIBD / EBITDA



### Revenue backlog (NOKbn)



### EBITDA backlog / NIBD



# Market outlook

## Market outlook

### Overall

- Positive outlook in all our markets indicating a cycle upturn driven by demand and oil price
- Upturn expected to last for number of years
- 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, Africa 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

**3.6NOKbn**  
Backlog

**4.5NOKbn**  
Cost price  
equipment pool

- Growth continues in all regions with a slightly lower rate in Asia this quarter due to some operational interruptions
- Resources and time were spent on preparing for offshore operations offshore Africa and Canada in Q3 which increased cost level
- Focus on expanding margins and creating profitable growth in all key markets
- Backlog slightly reduced in this quarter

### Operations

**7.1NOKbn**  
Backlog

**16**  
Platforms

- Stable operations and activity level in Q2
- Rig inspection services delivered another quarter with very high activity
- Continued effort on delivering efficient operations which will increase bonus earnings further
- 1 year option exercised by Equinor on Mariner and incentive scheme implemented
- Backlog remains strong

### Projects & Engineering

**475NOKm**  
Backlog

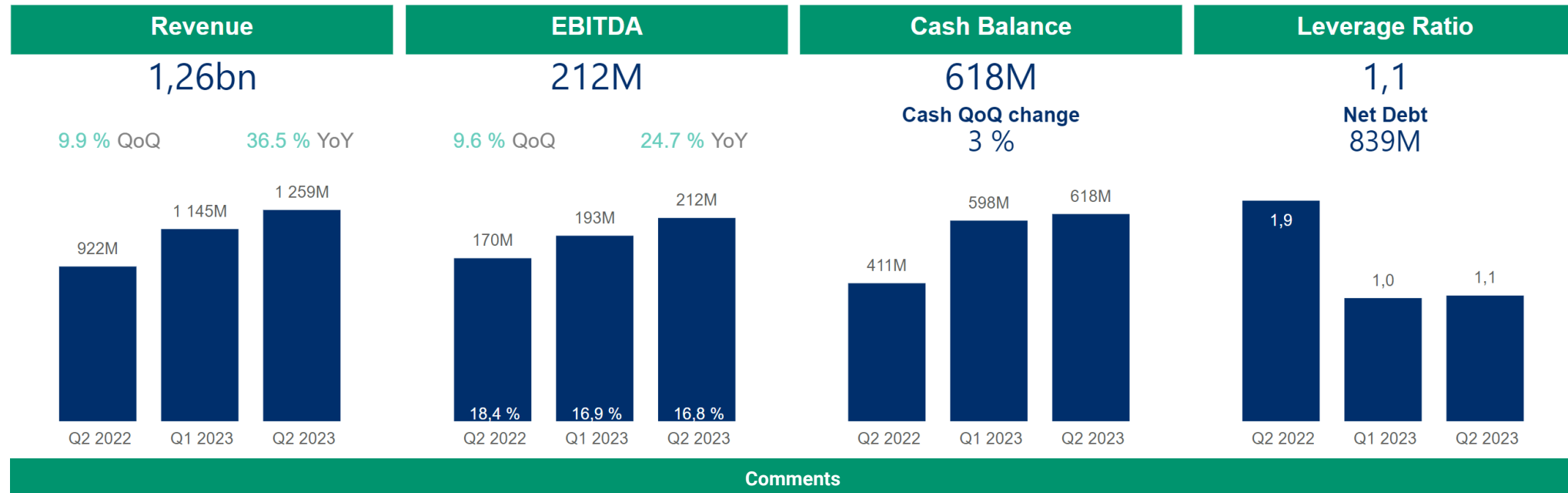
**90%**  
Utilisation (people-hours)

- Strong activity level in Q1 continued into Q2 due to the high yard stay activities with increased scope
- Activity level will slow down in Q3 due to holidays and lower yard stay activity
- Strategic focus on energy transition business opportunities and developing relationships with key clients



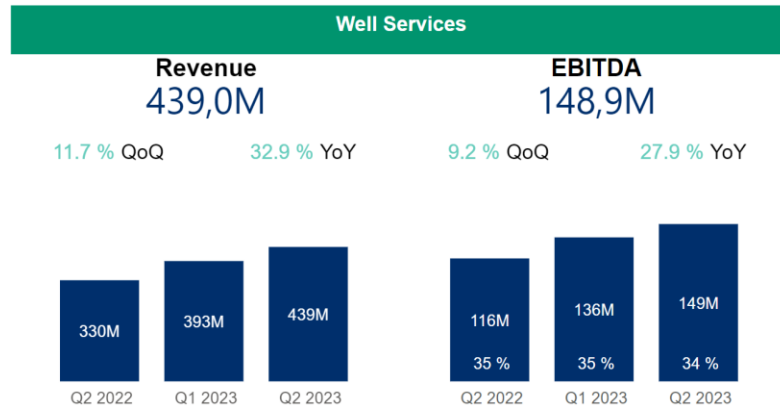
# Financial information

# Financial Performance

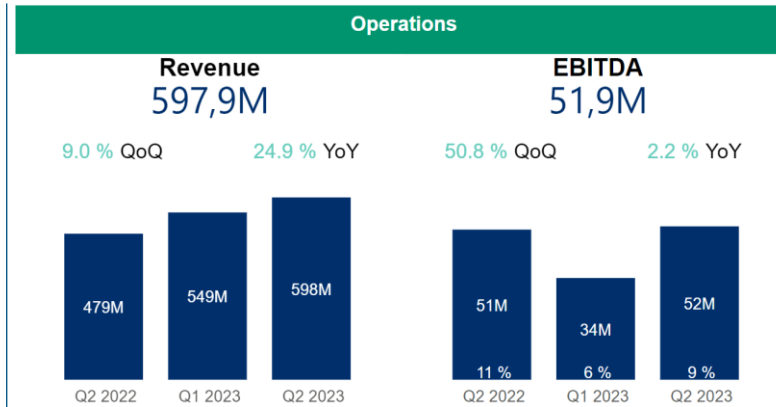


- Revenue growth of 10% compared with previous quarter and 37% compared to Q2 2022 exemplifies strong market, improved contract portfolio and operational performance
- EBITDA improved 10% (19m) compared to previous quarter and 25% (42m) compared to same quarter last year
- EBITDA margin slightly reduced due to higher cost driven by mobilisation preparations for new projects and change in segment mix.
- Net profit of NOK 79m in Q2 vs 43m in Q1 and vs 7m in Q2 2022. YTD net profit of 123m vs 100m same period last year
- Cash balance improved by 3% compared to Q1 even with dividend disbursement of 50m
- Cash generated from operations increased from 86m in Q1 to 197m in Q2
- Leverage ratio and net debt stable and in line with Q1

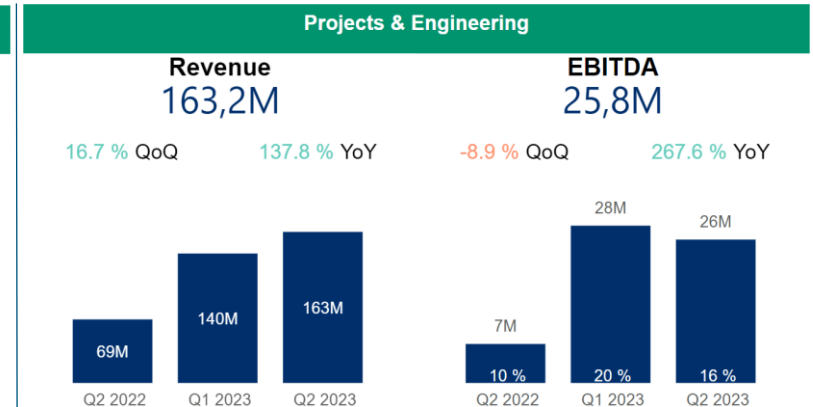
# Financial Performance by Business Area



- Revenue growth continues with a 12% improvement compared to previous quarter and 33% improvement compared to Q2 2022. Growth driven mainly by Western Europe and Norway.
- EBITDA up 9% compared to previous quarter and 28% compared to Q2 2022.
- Stable EBITDA margin the last 12 months.



- Revenue up 9% compared to Q1 and 25% up compared to Q2 2022. Improvement in revenue mainly due to higher bonus earnings and high activity for Rig Inspection Services.
- EBITDA improved 51% compared to Q1 and 2% compared to same quarter last year. Bonus earnings improvement is the main positive contributor compared to Q1.



- Revenue improved 17% compared to Q1 and 140% compared to same quarter last year. Increase in revenue came mainly from UK based projects with the Norway activity remaining strong due to continuation of the yard stay activities on Deepsea Mira and Hercules in addition to modification work on FSU Heidrun B.
- EBITDA of 26m in Q2 is 2m lower than in Q1 due to lump sum projects recognized in Q1 and a more normalised utilisation of personnel in Q2.

# Summary

## Summary

- Continuing robust growth, and a milestone has been broken by delivering EBITDA above NOK 200m for the first time
- Growth plan established
- Targeting margin expansion through new business improvement program
- Strong cash flow and cash position
- Solid debt structure and leverage level
- Dividend distribution of NOK 50m paid 1st of June and payment of additional NOK 25m approved by BoD with payment in September

# Appendix

# Summary Financials

## Condensed Consolidated income statement

P&L (NOKm)	Q2 23	Q1 23	Q2 22	YTD 23	FY 22
<b>Operating revenue</b>	<b>1 259,2</b>	<b>1 145,5</b>	<b>922,2</b>	<b>2 404,7</b>	<b>3 885,0</b>
Other gains and losses	1,0	1,8	3,1	2,8	13,6
Personnel expenses	(764,4)	(699,3)	(558,7)	(1 463,7)	(2 381,6)
Other operating expenses	(284,2)	(254,9)	(196,9)	(539,1)	(844,5)
<b>EBITDA</b>	<b>211,6</b>	<b>193,1</b>	<b>169,7</b>	<b>404,7</b>	<b>672,5</b>
Depreciation and amortisation	(90,4)	(88,1)	(66,4)	(178,5)	(288,4)
<b>Operating profit (EBIT)</b>	<b>121,2</b>	<b>105,0</b>	<b>103,2</b>	<b>226,3</b>	<b>384,1</b>
Share of profit (loss) from joint ventures and associates	(1,1)	(3,8)	(3,5)	(4,9)	(19,9)
Net financial items	(41,9)	(48,7)	(79,8)	(90,6)	(138,0)
<b>Profit (loss) before tax</b>	<b>78,2</b>	<b>52,6</b>	<b>19,9</b>	<b>130,8</b>	<b>226,2</b>
Income tax expense	1,2	(9,2)	(12,6)	(8,0)	26,8
<b>Net profit (loss)</b>	<b>79,4</b>	<b>43,4</b>	<b>7,3</b>	<b>122,8</b>	<b>253,0</b>

Well Services	Q2 23	Q1 23	Q2 22	YTD 23	FY 22
Operating revenue	439,0	393,0	330,3	832,0	1 365,4
EBITDA	148,9	136,3	116,4	285,2	485,3
Operating profit (EBIT)	69,2	57,8	55,6	126,9	226,0
EBITDA Margin %	34 %	35 %	35 %	69 %	36 %

Operations	Q2 23	Q1 23	Q2 22	YTD 23	FY 22
Operating revenue	597,9	548,6	478,9	1 146,5	1 972,1
EBITDA	51,9	34,4	50,8	86,3	184,8
Operating profit (EBIT)	51,9	34,4	50,8	86,3	184,8
EBITDA Margin %	9 %	6 %	11 %	15 %	9 %

Projects & Engineering	Q2 23	Q1 23	Q2 22	YTD 23	FY 22
Operating revenue	163,2	139,9	68,6	303,1	356,6
EBITDA	25,8	28,3	7,0	54,1	44,5
Operating profit (EBIT)	25,6	28,1	6,9	53,8	43,9
EBITDA Margin %	16 %	20 %	10 %	36 %	12 %

## Comments

- Please refer to the Quarterly report for further details

# Summary statement of financial position

## Balance sheet

NOK million	30.06.2023	30.06.2022	31.12.2022
<b>Assets</b>			
Property, plant and equipment	1 093,4	1 065,2	1 068,4
Intangible assets	259,7	236,0	252,1
Deferred tax asset	65,9	15,2	51,3
Non-current tax asset	307,2	-	-
Investments in joint venture	45,9	27,1	50,0
Other non-current assets	58,0	39,0	44,6
<b>Total non-current assets</b>	<b>1 830,1</b>	<b>1 382,4</b>	<b>1 466,5</b>
Other current receivables and assets	200,3	129,8	145,8
Cash and cash equivalents	617,5	411,3	560,1
<b>Total current assets</b>	<b>1 923,1</b>	<b>1 453,1</b>	<b>1 648,4</b>
<b>Total assets</b>	<b>3 753,2</b>	<b>2 835,5</b>	<b>3 114,9</b>

NOK million	30.06.2023	30.06.2022	31.12.2022
<b>Equity and liabilities</b>			
Paid-in capital	1 093,8	1 093,8	1 093,8
Other equity	(55,0)	(449,3)	(315,0)
<b>Total equity</b>	<b>1 038,8</b>	<b>644,5</b>	<b>778,8</b>
Non-current interest-bearing borrowings	1 086,4	1 082,1	1 084,2
Non-current lease liabilities	112,3	77,7	96,8
Post-employment benefits	44,2	47,3	46,7
Non-current contract liabilities	50,4	56,1	37,9
<b>Total non-current liabilities</b>	<b>1 600,5</b>	<b>1 263,3</b>	<b>1 265,6</b>
Current interest-bearing borrowings	280,2	254,8	255,7
Current lease liabilities	37,6	24,0	30,6
Trade payables	310,0	262,7	264,1
Current income tax	32,5	21,6	55,4
Other current liabilities	453,6	364,7	464,6
<b>Total current liabilities</b>	<b>1 113,9</b>	<b>927,7</b>	<b>1 070,4</b>
<b>Total liabilities</b>	<b>2 714,4</b>	<b>2 191,0</b>	<b>2 336,1</b>
<b>Total equity and liabilities</b>	<b>3 753,2</b>	<b>2 835,5</b>	<b>3 114,9</b>



# Summary statement of cash flow

Cash flow					
Cash flow (NOKm)	Q2 23	Q1 23	YTD 23	FY 22	Comments
Profit/(loss) before tax	78,2	52,6	130,8	226,2	
Adjustment for provisions and other non-cash elements	138,3	135,5	273,8	438,9	
Changes in working capital	(19,7)	(101,9)	(121,7)	10,6	
<b>Cash generated from operations</b>	<b>196,8</b>	<b>86,1</b>	<b>282,9</b>	<b>675,7</b>	
Net interest (paid) / received	(32,1)	(30,7)	(62,8)	(86,8)	
Net income tax paid	(45,1)	4,1	(41,0)	(21,2)	
<b>Net cash flow from operating activities</b>	<b>119,6</b>	<b>59,5</b>	<b>179,1</b>	<b>567,7</b>	
<b>Net cash flow from investing activities</b>	<b>(65,4)</b>	<b>(40,6)</b>	<b>(106,0)</b>	<b>(2 705,4)</b>	
<b>Net cash flow from financing activities</b>	<b>(57,2)</b>	<b>(5,9)</b>	<b>(63,1)</b>	<b>2 200,2</b>	
Effects of exchange rate changes on cash and cash equivalents	22,6	24,7	47,4	(0,1)	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>19,6</b>	<b>37,8</b>	<b>57,4</b>	<b>62,3</b>	

- 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



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