



Odfjell Technology Investor Presentation

# Q4 2023 | Quarterly Results

16.02.2024

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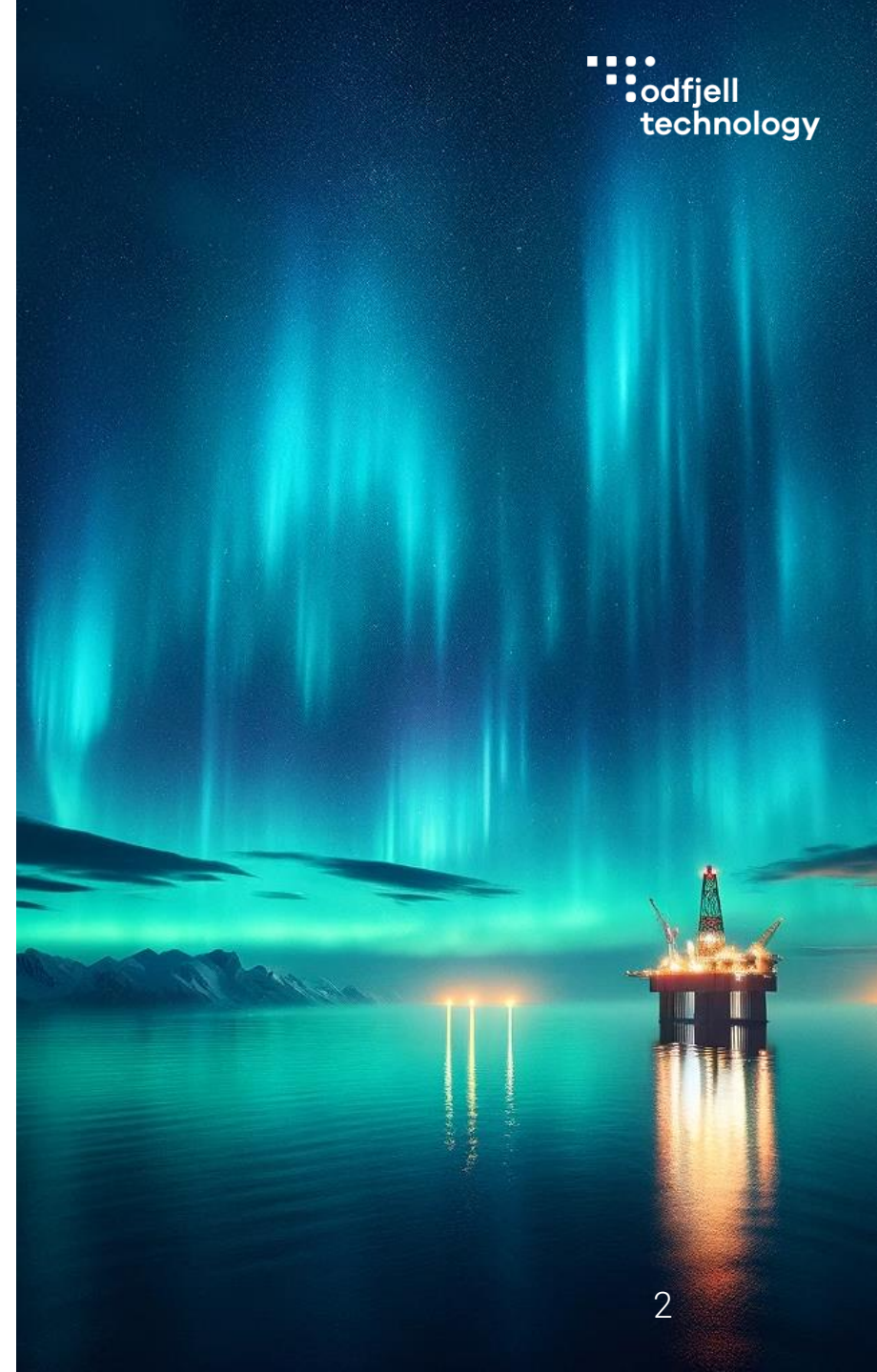
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## Agenda

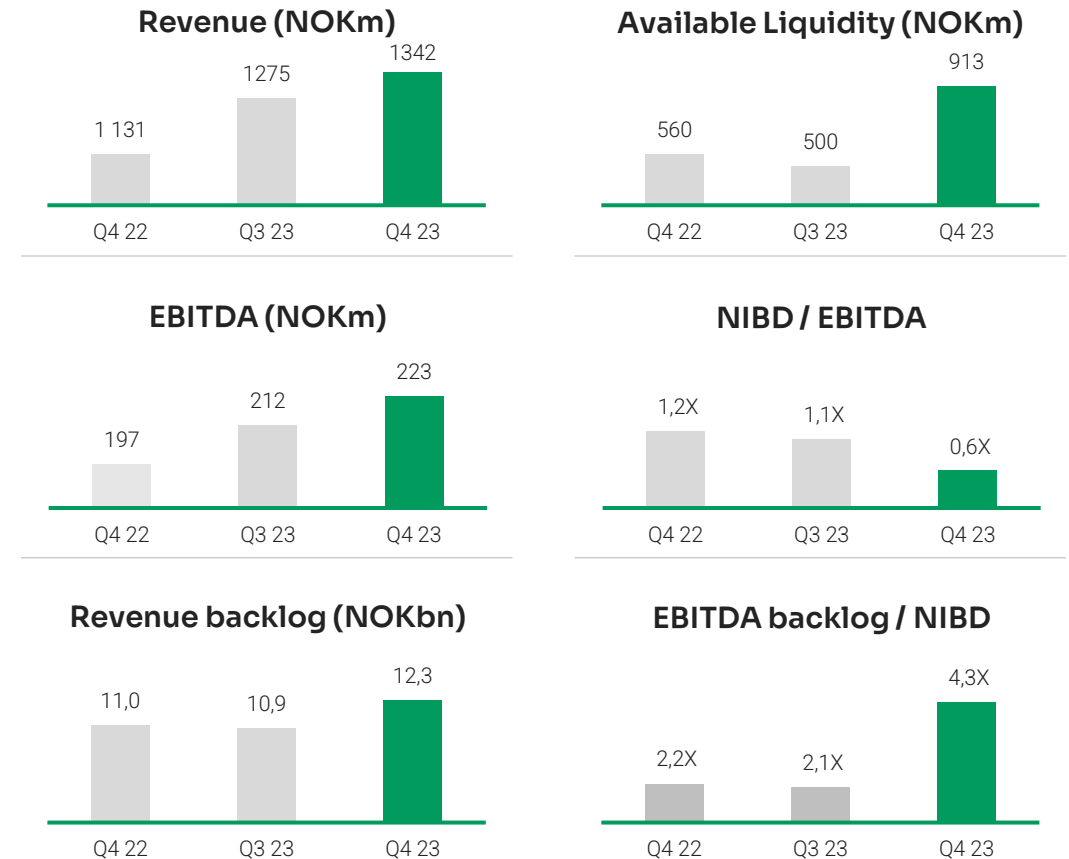
- Highlights of the quarter and key financials
- Business Area Update
- Achievements and outlook
- Financial information
- Summary
- Appendix

# Highlights and key financials

Q4 marks the end of a very successful year with improvement in most key indicators

<b>29%</b> Annual revenue growth	<b>25%</b> Annual EBITDA growth	<b>1.5bn</b> Backlog growth
5bnNOK Revenue TTM	840mNOK EBITDA TTM	12.3bnNOK Backlog
<b>344m</b> Net profit	<b>913m</b> Available liquidity	<b>0.6X</b> Leverage ratio

## Development key financials



A photograph of three workers in safety gear (hard hats, ear protection, and high-visibility suits) standing on an industrial platform. The image is overlaid with a blue-to-green gradient. The worker on the left is wearing an orange suit and a white hard hat with a headlamp. The worker in the middle is wearing a yellow suit and a white hard hat. The worker on the right is wearing a yellow suit and a white hard hat. They appear to be in conversation. The background shows industrial structures and a corrugated metal floor.

# Business Area Update

# Projects & Engineering – who we are

## Our enabler for growth and energy transition

### What distinguishes us

- Complete Project & Engineering Partner with operational engineering and specialists' competence across all disciplines for the offshore value chain
- End-to-End Project Management
- Specialised in Offshore Floating Wind: expertise in design, production preparation, and project development

### Key drivers and strategy

- E&P Companies' Expenditure on Platforms and Rigs
- Diversify Product Offering: Expand our product range to maximise existing capabilities.
- Secure Orders and Expand Client Base
- Drive energy transition to position for future business opportunities



### Main service offerings



Projects execution



Special Periodic Surveys (SPS) and yard stay management



Modifications and upgrades



Offshore wind



Asset Integrity management



HVAC



Marine services



Energy optimisation and energy reduction



# Operations– who we are

## Strong position to upsell and bundle additional services from Engineering and Well Services

### What we do

- Extensive experience and competency in operating offshore drilling
- Operations on the Norwegian, UK Continental Shelves
- Long contracts with major operators

### Business value

- Contract conditions which provide stable margins with low risk
- Strong position to upsell and bundle additional services from Projects & Engineering and Well Services



## Main product lines



Platform drilling services



Jack-Up Management



Offshore construction and inspection services

**1200**  
Employees

**16**  
Platforms

## Contract overview

Customer	Location	Platform	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Equinor	Norway	Heidrun	[Contract bar from 2023 to 2028]									
	Norway	Johan Sverdrup	[Contract bar from 2023 to 2025]									
Okea	UK	Mariner	[Contract bar from 2023 to 2027]									
	Norway	Brage	[Contract bar from 2023 to 2025]									
ConocoPhillips	Norway	3 Platforms	[Contract bar from 2023 to 2024]									
	Norway	Linus	[Contract bar from 2023 to 2028]									
BP	UK	3 Platforms	[Contract bar from 2023 to 2028]									
Taqa	UK	5 platforms	[Contract bar from 2023 to 2026]									
Serica	UK	Bruce	[Contract bar from 2023 to 2024]									
Repsol	Norway	YME	[Contract bar from 2024 to 2032]									

# Well Services – who we are

## Specialist provider of mission-critical life of field services and equipment

### What sets us apart

- Global technology & service provider with equipment pools in selected markets
- 70% of revenue related to high margin product rental
- Major contracts with Oil & Gas companies, rig owners and service companies

### Strategy

- Drive expansion in our core markets, leveraging existing strengths for sustained growth
- Strategic entry into high-margin new markets
- Enhance our product portfolio through targeted M&As, strategically expanding our offerings to meet evolving market demands

### Key drivers and market sensitivity

- Rig count
- Operators spending on exploration and production development
- The impact of fluctuations in Oil & Gas investments on our operations remains limited, owing to a substantial portion of our services and products being integral to production and exploration activities

**600**

Employees

**200**

Customers served in 2023

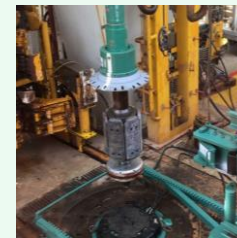
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Countries served in 2023

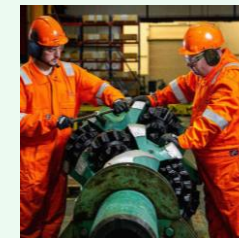
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Offices & bases in Europe, Asia, Middle East and Africa

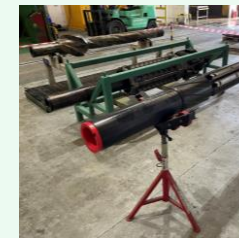
### Main product lines



Tubular Running Operations



Drilling Tool Rental



Well Intervention Services

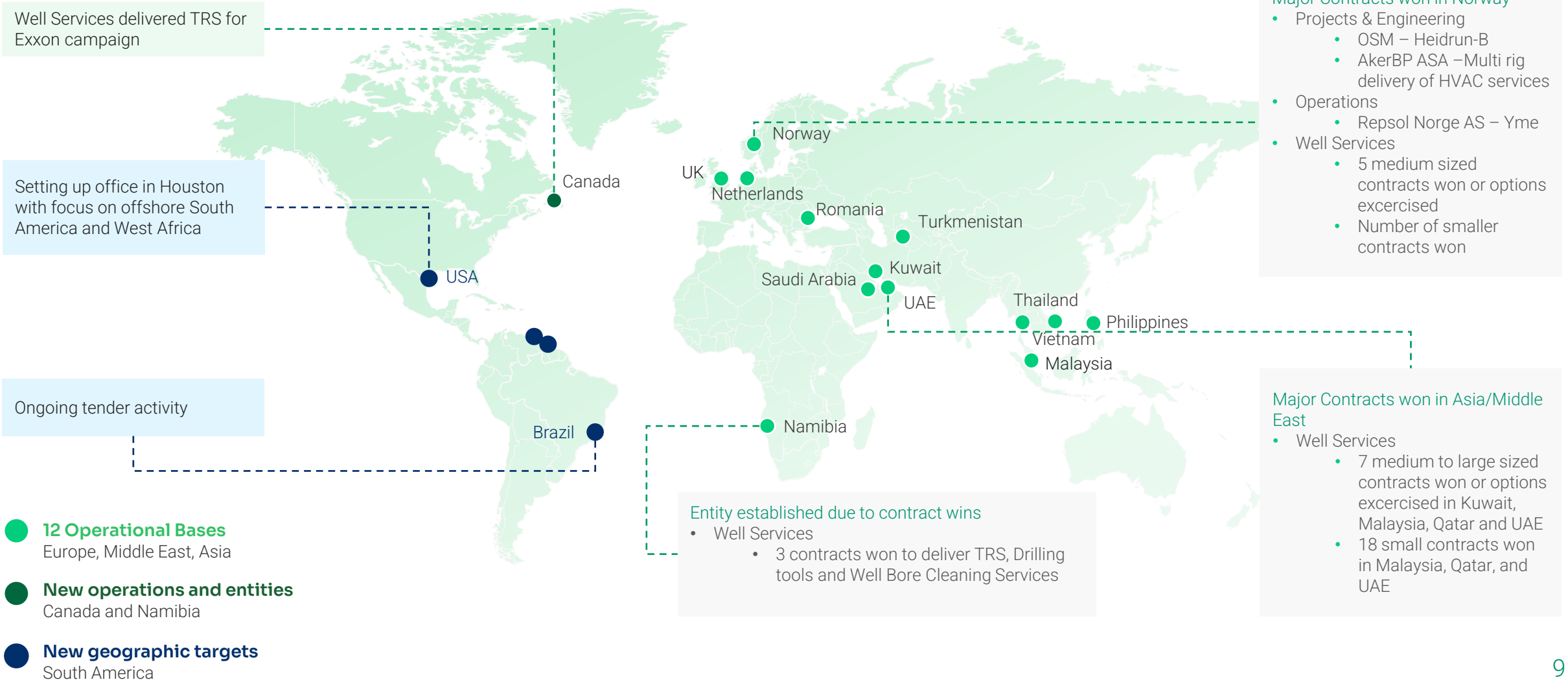


Integrated Services



# Growth achievements and priorities

## High order intake and contracts won in new markets



# Achievements and outlook

# Strategic performance

## On track with our strategic priorities

### What we said we would deliver



Growth in established markets, expansion into new international markets, and strategic M&As



Improve EBITDA



Improve free cash



Establish dividend program

### What we have achieved in 2023

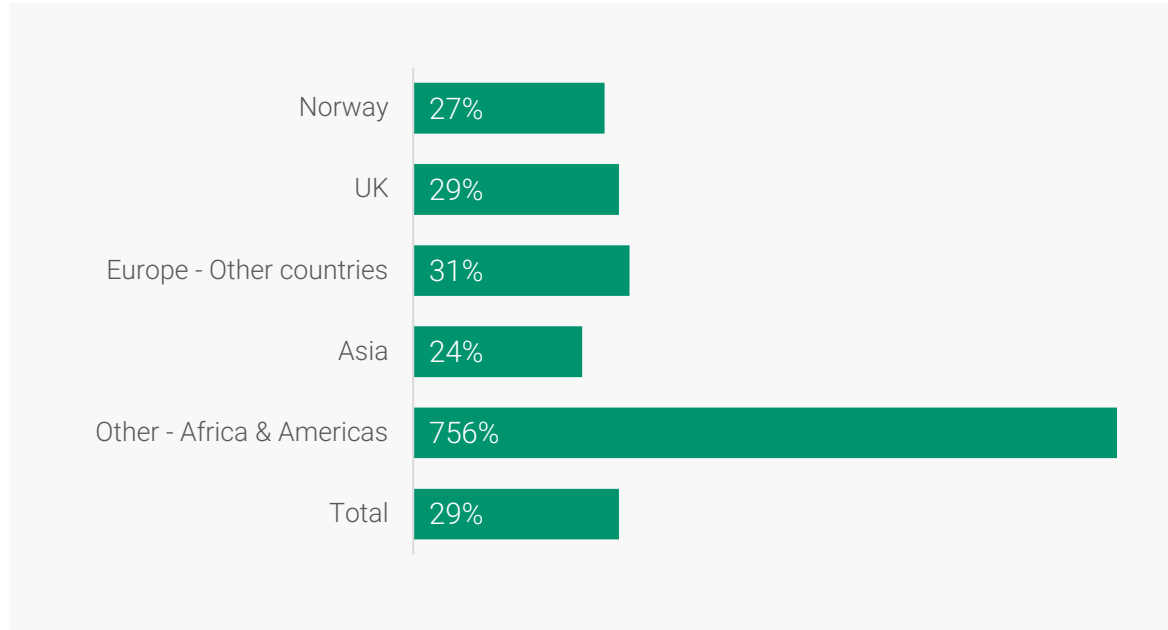
- In 2023 we achieved (organic) revenue growth of 29% compared to 2022
- Established operations in the new markets of Africa, Canada and Asia
- High tender activity continues in our main markets and new locations
- M&A strategy established – targets identified
- EBITDA grew 25% in 2023 compared to 2022
- Cost optimisation program established
- Achieved cash flow from operating activities of 698mNOK
- Delivered free cash flow of 493mNOK in 2023 up 245mNOK compared to 2022
- Dividend distribution program established with total of 100mNOK paid out
- 2023 net result and cash position supports potential dividend growth in 2024



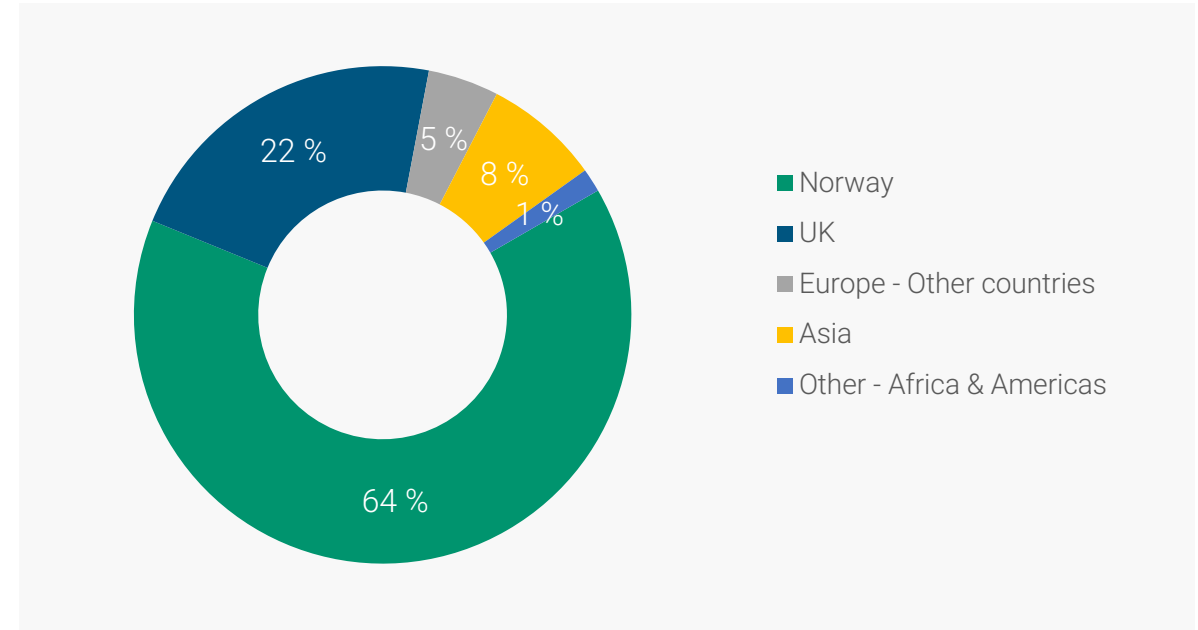
# Revenue growth of 29% from 2022 to 2023

## Solid growth across all markets complemented by establishments in new markets

### Growth rate by region



### Revenue by region



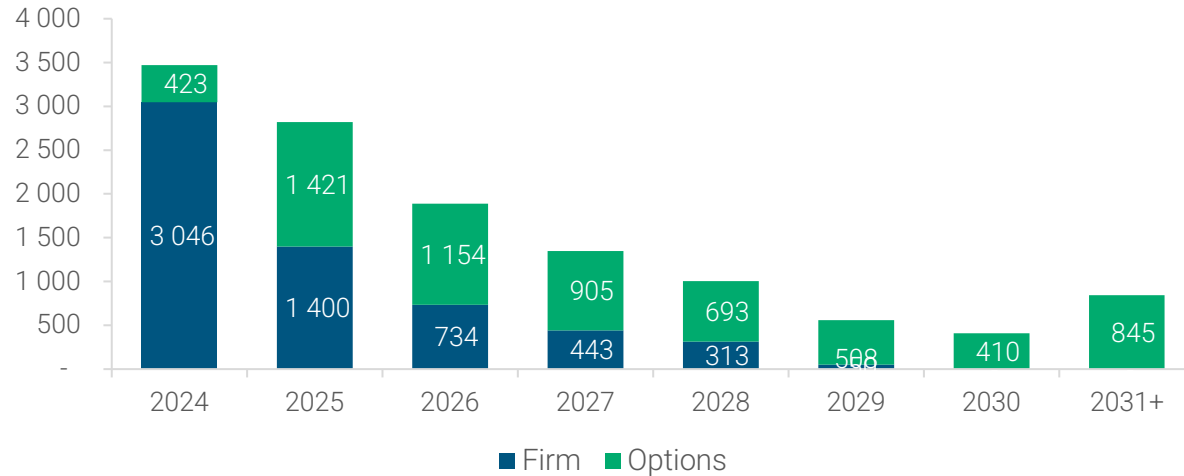
- All regions have delivered growth in the 24- 31% range driven by an upswing in rig count and the successful acquisition of contracts over the past couple of years
- Despite these positive trends, growth in Asia faced challenges due to drilling interruptions in Kuwait. However, this setback was mitigated by heightened activity levels in Saudi Arabia and Malaysia

- Established market position in Norway and UK
- New markets in Africa and Americas make up only a small part of our revenue stream in 2023, albeit creating a foundation to build on

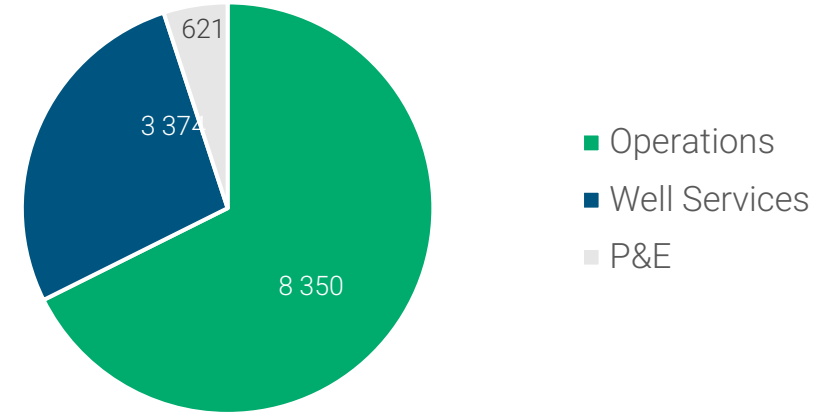
# Order backlog of 12.3 billion NOK

## Backlog growth is the result of recent contract wins and re-estimations

### Backlog by year



### Backlog by Business Segment



### Comments

- The backlog graph includes contract with Repsol Norge AS for drilling services on YME Inspirer signed in 2024. The contract is 5-year firm with optional periods of 2 x 3 years
- The graph also includes recently awarded contract with OSM Thome to provide upgrade and modification services on the Heidrun B Floating Storage Unit (FSU), owned by Equinor and partners

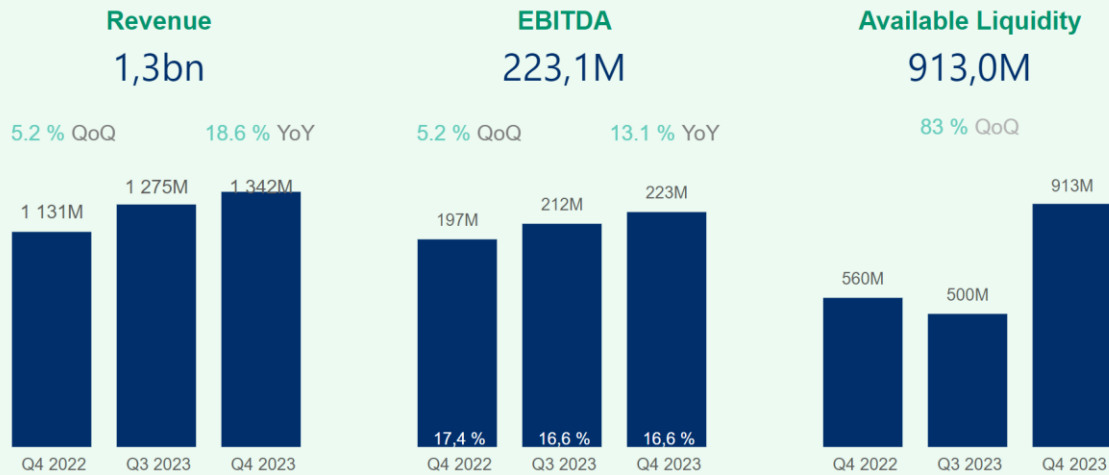
A hand holding a pen is positioned over a document that features a bar chart. The background is a blurred office setting with a computer monitor and stacks of papers. The entire image is overlaid with a blue-to-green gradient.

# Financial information



# Group financials

Strong finish to year with revenue and EBITDA growth – significant free cash flow mainly due to working capital improvements



Key figures	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	1 342	1 275	1 131	5 021	3 885
EBITDA	223	212	197	840	673
EBITDA Margin %	16,7 %	16,6 %	17,4 %	16,7 %	17,3 %
Operating profit (EBIT)	136	129	122	492	384
Net profit (loss)	137	85	109	344	253
Cash generated from operations	551	45	296	878	676
Capex	40	67	37	237	336
Free Cash Flow	474	(54)	192	493	248
Available Liquidity	913	500	560	913	560



## Results current quarter vs same quarter previous year

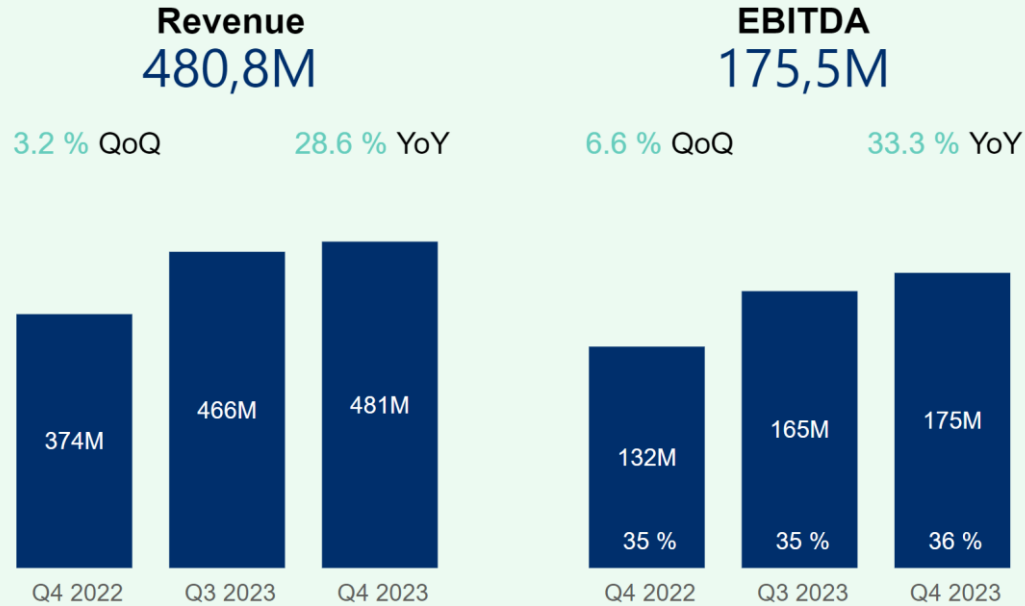
- Revenue growth of 211 million driven by growth in Well Services with new contracts in Asia and Africa. Furthermore, Projects and Engineering delivered another quarter with high activity related to special period surveys and the modification work on Heidrun B
- EBITDA improved 26 million due to revenue growth, partially offset by higher cost in Operations

## Results current quarter vs previous quarter

- Revenue grew 67 million reflecting improved activity across all segments
- EBITDA improvement of 11 million driven by revenue growth, improvement in Well Services margin level and utilisation improvement in Projects & Engineering

# Well Services

Growth continues with good activity across all regions



Key figures	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	481	466	374	1 779	1 365
EBITDA	175	165	132	625	485
EBITDA Margin %	36 %	35 %	35 %	35 %	36 %



## Results current quarter vs same quarter previous year

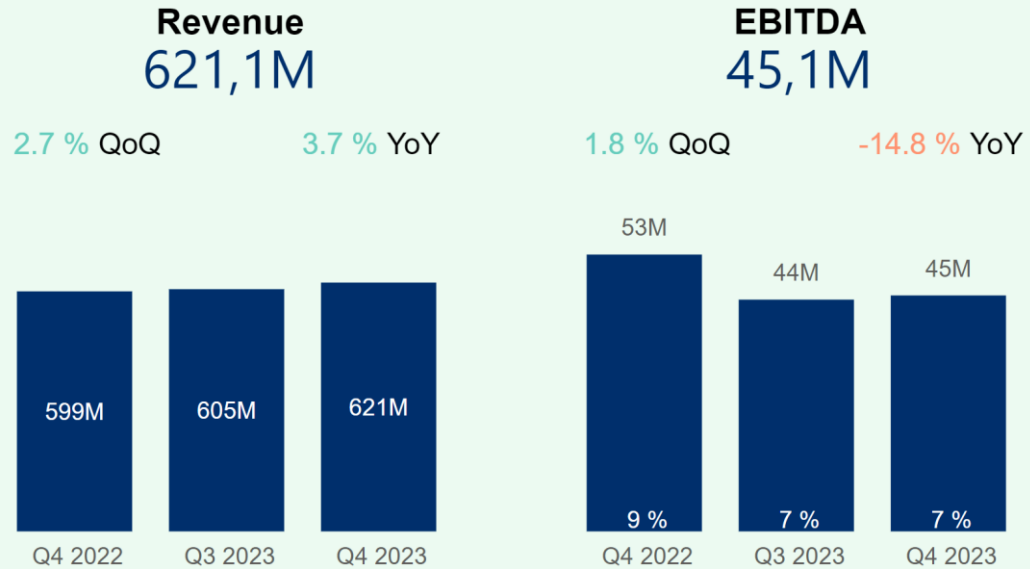
- Revenue up 107million driven by new contracts in Namibia, Netherlands and Malaysia – with all regions contributing to the growth
- EBITDA increased 43 million primarily attributable to higher activity. EBITDA margin improved from 35% to 36%. Margin improvement caused by combination of growth, product line mix and focus on cost efficiencies.

## Results current quarter vs previous quarter

- Revenue improvement of 15 million mainly due to higher activity in Malaysia, Norway and Kuwait
- EBITDA improvement of 10 million driven by revenue growth in the higher margin product lines Wellbore Cleaning and Drilling Tools, coupled with marginal increase in operating cost

# Operations

Steady operational performance, but with lower margins



Key figures	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	621	605	599	2 372	1 972
EBITDA	45	44	53	176	185
EBITDA Margin %	7,3 %	7,3 %	8,8 %	7,4 %	9,4 %



## Results current quarter vs same quarter previous year

- Revenue up 22 million due to full quarter with rig management on Linus jack-up rig and an increased demand for construction and inspection services
- EBITDA reduction of NOK 8 million due to a combination of additional cost caused by rig transportation delays and higher sick leave

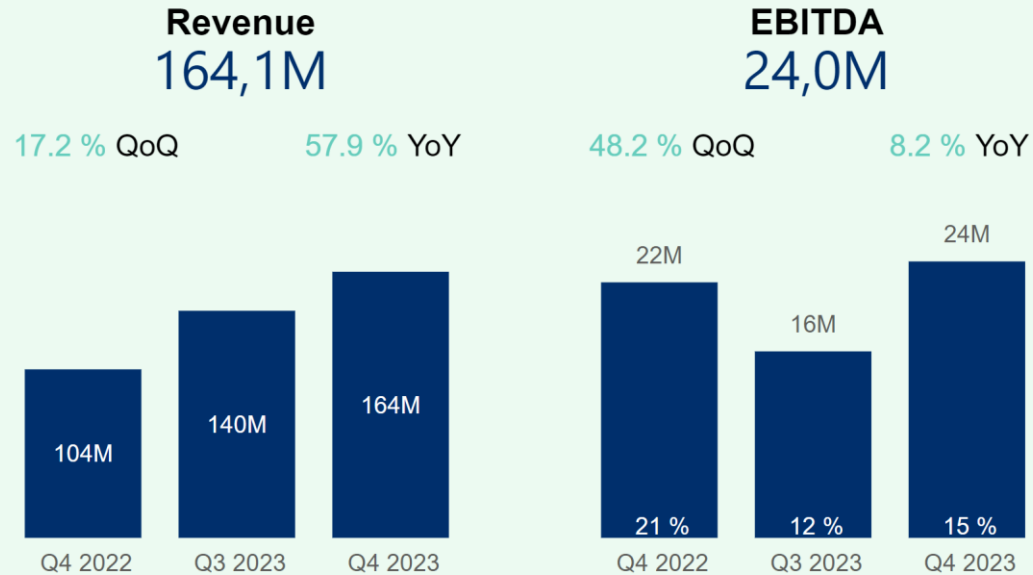
## Results current quarter vs previous quarter

- Revenue up 16 million driven by higher activity in UK and improved bonus earnings
- EBITDA up 1 million as revenue improvements were offset by increased cost due to rig staff transport delays and higher sick leave



# Projects & Engineering

Strong quarter with normalised margin level



Key figures	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	164	140	104	607	357
EBITDA	24	16	22	94	44
EBITDA Margin %	14,7 %	11,6 %	21,4 %	15,5 %	12,5 %



## Results current quarter vs same quarter previous year

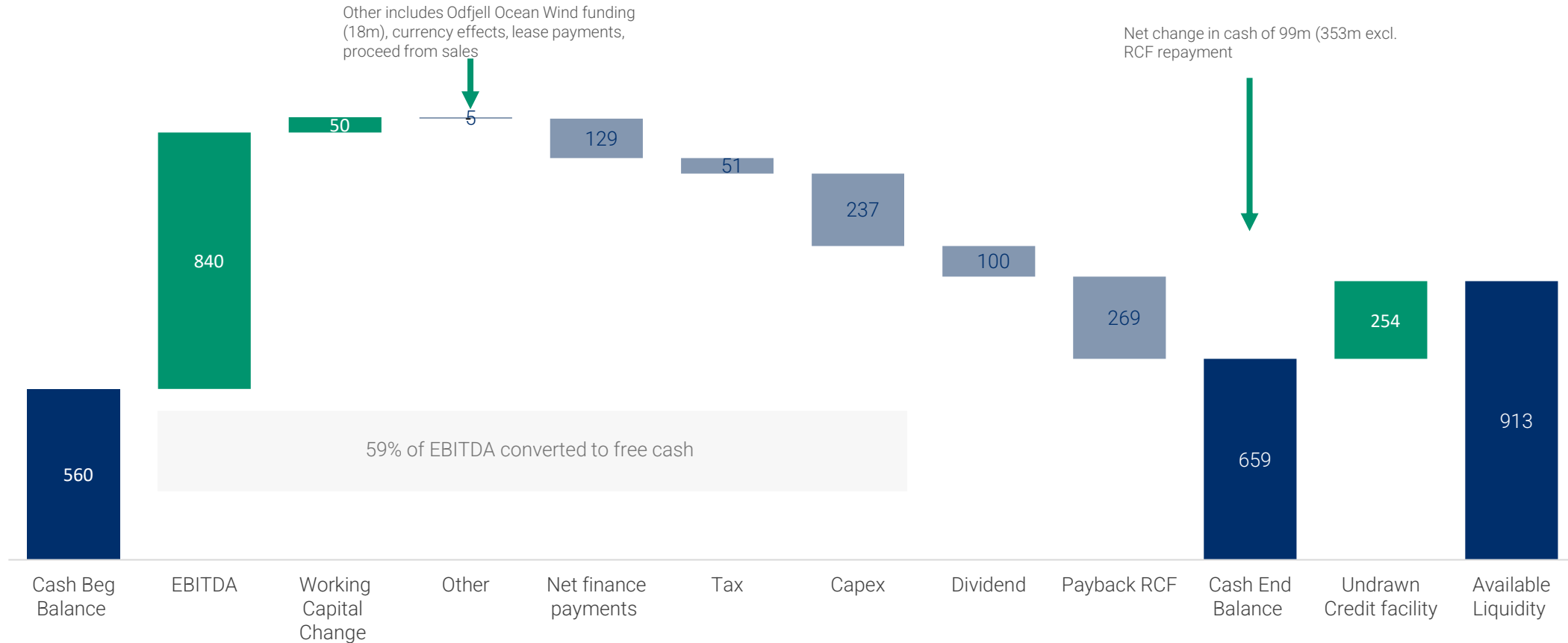
- Revenue up 60 million due to high activity throughout the quarter in all departments, with a particular emphasis on special purpose survey (SPS) activities within the Odfjell Drilling (ODL) portfolio and the modification work conducted on the floating storage unit (FSU) Heidrun B
- EBITDA up 2 million with a normalized margin level compared to margin in Q4 2022. It is essential to note that the margin in Q4 2022 included the recognition of lump sum projects and other adjustments. Despite these considerations, the current quarter's performance reflects a stable and normalised EBITDA margin

## Results current quarter vs previous quarter

- Revenue improved by 24 million due to high activity level this quarter which contrasts with the typically lower activity levels observed during the summer months
- EBITDA improvement of 8 million driven by the higher activity and utilisation of our engineering pool

# 2023 cash flow analysis

Strong finish to the year resulting in a free cash flow of 493 million and 353 million in improved liquidity

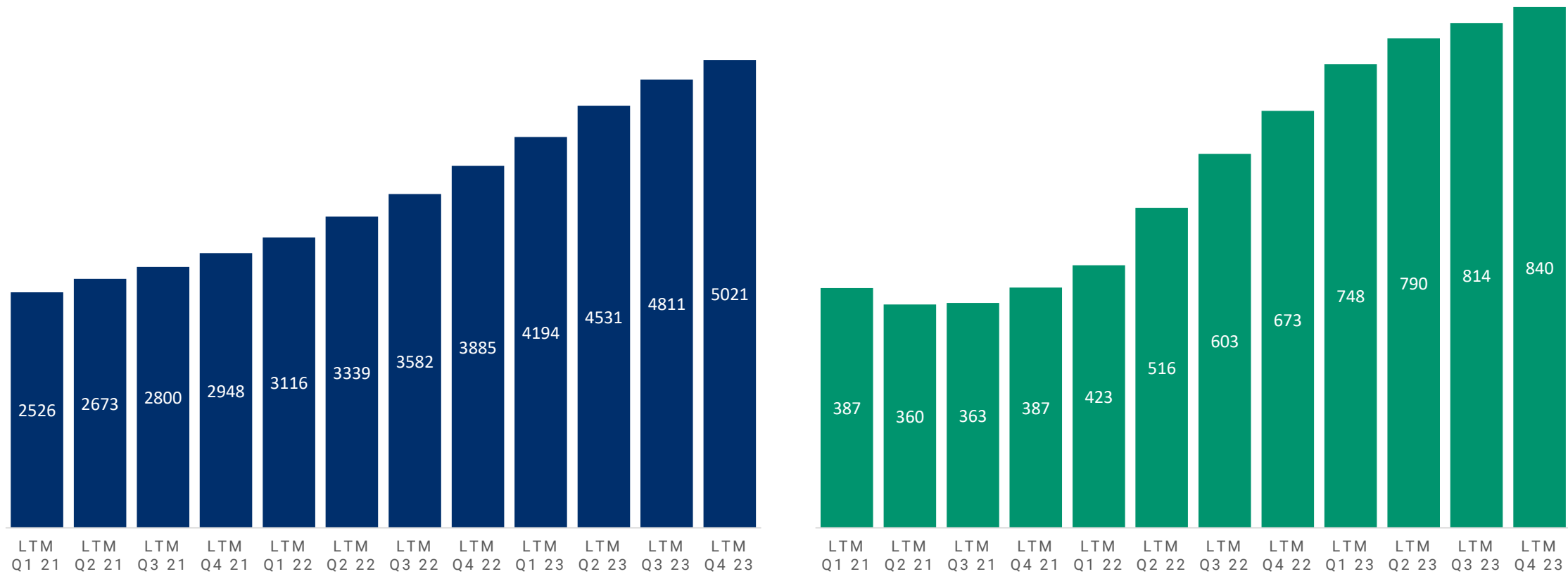


1. Converted to cash (net free cashflow + dividend / EBITDA)
2. "Free cash flow" represents cash flow from operations less net capital expenditures (698-237+33)
3. Available liquidity is the sum of cash and available undrawn credit facility (USDm 25)

# Revenue and EBITDA trailing twelve months (LTM) figures



LTM figures demonstrate consistent growth trend





# Summary

# Summary

## Priorities - Future

- Delivering on our strategy
- Well positioned for growth in a strong market
- Considerable cash flow supporting both investments and returning cash to shareholders
- Significant available liquidity and low net debt
- 2023 financial performance supports potential dividend growth in 2024
- Systematic execution of business improvement programs ongoing





# Appendix

# Summary income statement



P&L (NOKm)	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	1 341,6	1 275,1	1 131,0	5 021,4	3 885,0
Other gains and losses	14,7	9,4	4,4	26,9	13,6
Personnel expenses	(811,9)	(757,3)	(702,2)	(3 032,9)	(2 381,6)
Other operating expenses	(320,9)	(315,2)	(236,1)	(1 175,2)	(844,5)
<b>EBITDA</b>	<b>223,5</b>	<b>212,0</b>	<b>197,2</b>	<b>840,1</b>	<b>672,5</b>
Depreciation and amortisation	(87,0)	(82,6)	(75,2)	(348,1)	(288,4)
<b>Operating profit (EBIT)</b>	<b>136,4</b>	<b>129,4</b>	<b>122,0</b>	<b>492,1</b>	<b>384,1</b>
Share of profit (loss) from joint ventures and associates	10,3	(0,3)	(5,1)	5,1	(19,9)
Net financial items	(7,4)	(37,7)	(8,2)	(135,7)	(138,0)
<b>Profit (loss) before tax</b>	<b>139,3</b>	<b>91,4</b>	<b>108,7</b>	<b>361,5</b>	<b>226,2</b>
Income tax expense	(2,7)	(6,6)	0,7	(17,3)	26,8
<b>Net profit (loss)</b>	<b>136,6</b>	<b>84,8</b>	<b>109,4</b>	<b>344,2</b>	<b>253,0</b>

Well Services	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	480,8	465,8	374,0	1 778,6	1 365,4
EBITDA	175,5	164,6	131,6	625,2	485,3
EBITDA Margin %	36 %	35 %	35 %	35 %	36 %

Operations	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	621,1	604,7	599,2	2 372,3	1 972,1
EBITDA	45,1	44,3	52,9	175,6	184,8
EBITDA Margin %	7 %	7 %	9 %	7 %	9 %

Projects & Engineering	Q4 23	Q3 23	Q4 22	FY 23	FY 22
Operating revenue	164,1	140,0	103,9	607,3	356,6
EBITDA	24,0	16,2	22,2	94,4	44,5
EBITDA Margin %	15 %	12 %	21 %	16 %	12 %

Notes: 2022 business area figures have been re-stated based on new company structure

- Please refer to the Quarterly report for further details



# Summary Balance Sheet

NOK million	31.12.2023	30.09.2023	31.12.2022
<b>Assets</b>			
Property, plant and equipment	1 040,9	1 107,5	1 068,4
Intangible assets	257,3	258,9	252,1
Deferred tax asset	93,3	77,4	51,3
Non-current tax asset	307,2	307,2	-
Investments in joint venture	75,0	63,8	-
Other non-current assets	60,7	60,0	59,0
<b>Total non-current assets</b>	<b>1 834,3</b>	<b>1 874,8</b>	<b>1 430,9</b>
Current interest-bearing receivables	-	-	-
Trade receivables	1 005,6	1 184,3	942,6
Other current receivables and assets	195,9	202,4	181,4
Cash and cash equivalents	658,7	499,8	560,1
<b>Total current assets</b>	<b>1 860,3</b>	<b>1 886,5</b>	<b>1 684,0</b>
<b>Total assets</b>	<b>3 694,5</b>	<b>3 761,2</b>	<b>3 114,9</b>

NOK million	31.12.2023	30.09.2023	31.12.2022
<b>Equity and liabilities</b>			
Paid-in capital	1 093,8	1 093,8	1 093,8
Other equity	(17,3)	(22,1)	(315,0)
<b>Total equity</b>	<b>1 076,6</b>	<b>1 071,7</b>	<b>778,8</b>
Non-current interest-bearing borrowings	1 088,6	1 087,5	1 084,2
Non-current lease liabilities	132,6	139,8	96,8
Post-employment benefits	48,3	37,1	46,7
Non-current contract liabilities	-	53,1	37,9
Liability repayment to Odfjell Drilling Ltd	307,2	-	-
<b>Total non-current liabilities</b>	<b>1 580,1</b>	<b>1 624,7</b>	<b>1 265,6</b>
Current interest-bearing borrowings	10,3	278,1	255,7
Current lease liabilities	37,0	37,1	30,6
Trade payables	338,9	271,4	264,1
Current income tax	56,1	47,2	55,4
Other current liabilities	595,6	431,0	464,6
<b>Total current liabilities</b>	<b>1 037,9</b>	<b>1 064,8</b>	<b>1 070,4</b>
<b>Total liabilities</b>	<b>2 618,0</b>	<b>2 689,5</b>	<b>2 336,1</b>
<b>Total equity and liabilities</b>	<b>3 694,6</b>	<b>3 761,2</b>	<b>3 114,9</b>

# Summary statement of cash flow



Cash flow (NOKm)	Q4 23	Q4 22	FY 23	FY 22
Profit/(loss) before tax	139,3	108,7	361,5	226,2
Adjustment for provisions and other non-cash elements	77,7	97,7	463,9	438,9
Changes in working capital	333,6	89,7	53,1	10,6
<b>Cash generated from operations</b>	<b>550,7</b>	<b>296,1</b>	<b>878,5</b>	<b>675,7</b>
Net interest (paid) / received	(33,4)	(30,3)	(128,9)	(86,8)
Net income tax paid	(6,3)	(6,1)	(51,6)	(21,2)
<b>Net cash flow from operating activities</b>	<b>511,1</b>	<b>259,6</b>	<b>698,0</b>	<b>567,7</b>
<b>Net cash flow from investing activities</b>	<b>(36,0)</b>	<b>(102,4)</b>	<b>(221,9)</b>	<b>(2 705,4)</b>
<b>Net cash flow from financing activities</b>	<b>(300,6)</b>	<b>(4,8)</b>	<b>(395,1)</b>	<b>2 200,2</b>
Effects of exchange rate changes on cash and cash equivalents	(15,5)	(15,6)	17,7	(0,1)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>159,0</b>	<b>136,9</b>	<b>98,7</b>	<b>62,3</b>
<b>Free Cash Flow</b>	<b>475,1</b>	<b>191,8</b>	<b>494,0</b>	<b>248,2</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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