



BOA offshore



Boa Offshore – 2 March 2016
Fourth quarter 2015 Results presentation
Helge Kvalvik, CEO

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Boa Offshore Group – Summary Fourth Quarter 2015

- **Boa Offshore Fourth Quarter 2015 results**
 - EBITDA of NOKm -9 in 4Q15, down from NOKm 105 in 3Q15 on weaker market, some one-off items, and finalization of long-term charter contracts
- **Balance sheet**
 - Consolidated cash of NOKm 482 per 4Q15, slightly down from NOKm 493 in 3Q15
 - NIBD 4Q15 of NOKbn 3,26, in line with previous quarter
 - NIBD/EBITDA LTM increased to 16x (adj' slightly lower) – up from 10x previous quarter
 - Value adjusted Equity of 37% per 4Q15 (42%), due to weak 4Q15 results and lower vessel market valuations
- **Subsequent events**
 - Received full re-fund guarantee payments for the two cancelled MPSVs in China of USDm 71
 - Significantly strengthens liquidity to meet prevailing challenging market
- **Market Outlook**
 - Short-term outlook still challenging due to sustained low oil prices within offshore segments
 - Many of the segments where Boa Offshore operates are exposed to less cyclical factors
 - Barges: Operating within a range of industries, outside oil & gas – record backlog
 - Tugs: Ports and Terminals – stable at present
 - OCV/Subsea: A significant part is IMR related
 - A number of short-term contracts awarded to Boa OCV in recent months

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Boa Offshore Group in short

- Boa Offshore AS is a Norwegian limited company owned by Ole T. Bjørnevik and his family
- Boa Offshore currently operates and manages a diversified fleet of 37 units in various segments, of which 36 owned
 - Subsea installation and construction (Boa OCV/BMSI)
 - Sea transportation and load-out and launching of heavy objects (Barges)
 - Rig moves (Tugs/AHTS)
 - Seismic EM vessel operations (Boa SBL)
 - Harbor and costal towage and salvage operations (Tugs)
- Global presence and operations, and Leading player in the global market for heavy lift barges
- Head Office in Trondheim (Norway) and offices in Houston (USA), with approximately 410 employees
- Engineering and project management capacity out of Trondheim and Houston



Business overview – Concentrated in three segments

Assets

1

7 Offshore Vessels

- OCV – Boa Sub C
- OCV – Boa Deep C
- SBL – Boa Thalassa
- SBL – Boa Galatea
- Boa Bison
- Boa Jarl
- 1 chartered subsea vessel

2

20 Barges

- 8 semi-submersible barges
- 8 deck cargo barges
- 3 other barges
- BB 37 delivered

3

10 Tugs

- 4 ASD escort tugs
- 5 harbour / towage tugs
- 1 harbour tug

Description/operations

World wide operations

Ongoing modernization of the fleet, including *NFDS*

Successfully owns and operates two of the world's most high spec OCVs

BMS solution/ project provider for:

- SURF (subsea, umbilicals, risers and flowlines)
- IRM (inspection, repair and maintenance)
- Floater moves and installations
- Also use of 3rd party vessels

World wide operations

Leading player in the global heavy lift market

Continuous new building program since 1999

Tonnage provider, also solution/ project provider for:

- All engineering related to barges. In house design
- Turn key transportation projects
- Load out and launching
- Dry docking operations
- Float over

Coast of Norway and North Sea operations

Tugs has been the core business of Boa since inception

Revitalization of this business segment with a substantial fleet renewal and growth

Tonnage provider and solution/ project provider for:

- Salvage operations
- Turn key towage / transport / handling operations

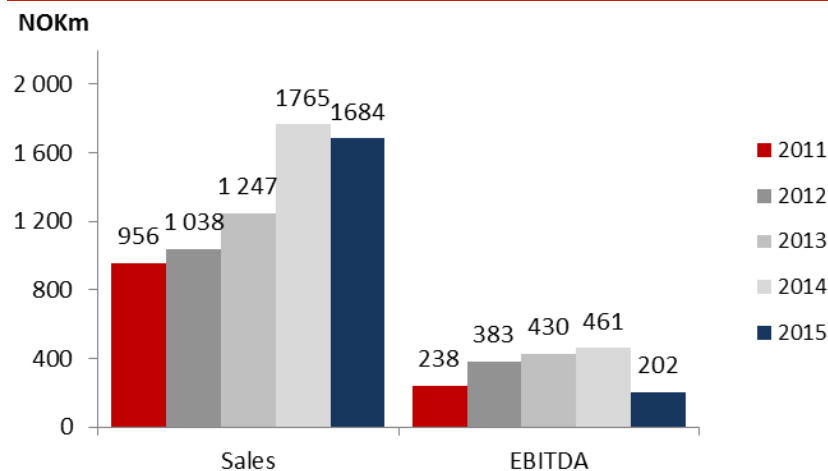
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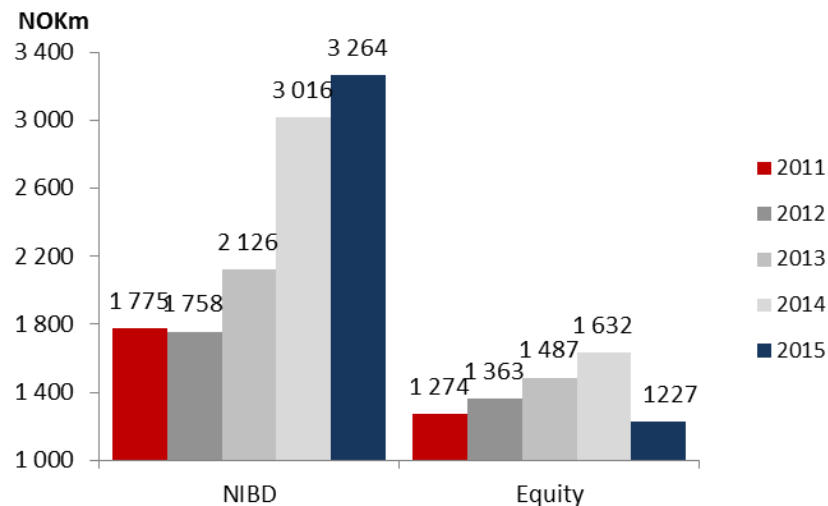
Boa Offshore Group consolidated historical financials

- EBITDA 2015 of NOKm 202, down from NOKm 461 in 2014
 - Weak 'spot' segments in AHTS and BMSI
 - Satisfactory SBL, Tugs and OCV
 - Leaner underlying Barges, no large contracts in 2015
 - Some one-off provisions in reported EBITDA
- EBITDA 4Q15 of NOKm -9, down from NOKm 105 in 3Q15 and NOKm 112 in 4Q14
- Net profit of NOKm -364 includes total «one-off» items of > NOKm 250 in impairments and provisions
 - Write down of tangible fixed assets of NOKm 242 in 4Q15
- 4Q15 Net Debt of NOKbn 3,26 in line with previous quarter
 - No newbuilding capex remains, BB 37 delivered
- Fleet value of NOKbn 4.5 (4.74) per 4Q15 (semi annual review), down 5% H/H
 - Value adjusted Equity per 4Q15 of 37% (42%)
 - Offshore vessel values down approx' 10% H/H
 - Underlying Barges and Tugs values virtually unchanged, BB 37 added to fleet

Key financial items



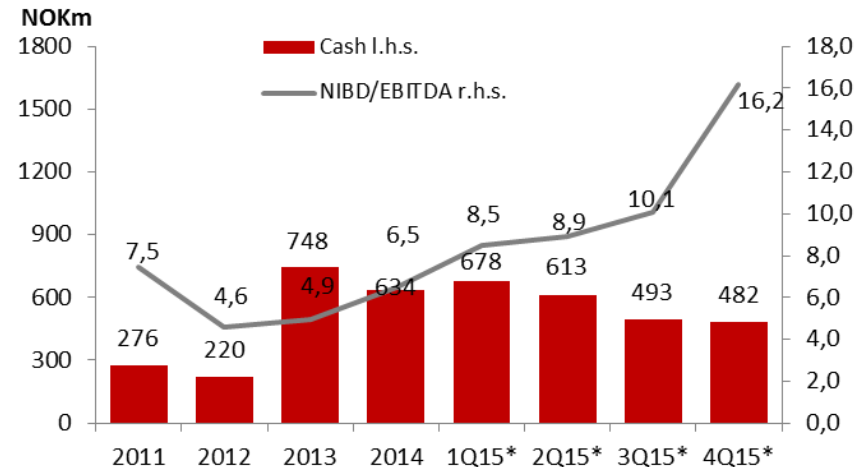
Key balance sheet items



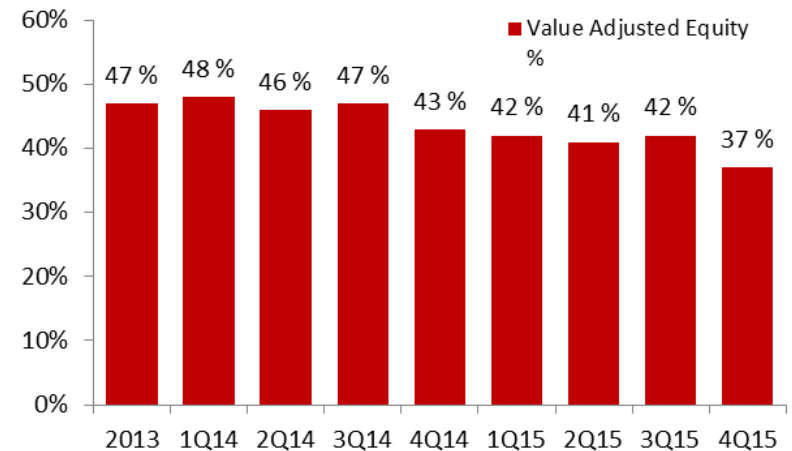
Boa Offshore Group – Balance Sheet comments

- Boa Offshore Consolidated Cash per 4Q15 of NOKm 482, in line with NOKm 493 in 3Q15
- Boa Offshore AS (parent) cash of NOKm 98, down from NOKm 157 in 3Q15
 - Weak AHTS segment, and some WC increase Parent
- Boa Offshore in February 2016 received full re-fund guarantee payments for the two cancelled MPSVs in China
- Total gross considerations of approximately NOKm 600 (USDm 71) excl' interest
 - Approximately NOKm 375 net after debt re-payment and other obligations, excl' interest
 - Continue the legal process collecting interest on these advance payments
- NIBD/EBITDA increased to 16x from 10x in 3Q15, adjusted underlying level slightly better
- NIBD to decrease in 1Q16 on re-fund payments
- Relatively decent Value Adjusted Equity ratio of 37% (42%)
- No newbuilding capex remains
- In sum, balance sheet and liquidity to improve

NIBD/EBITDA LTM



Solid value backing



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Boa OCV – state of the art vessels

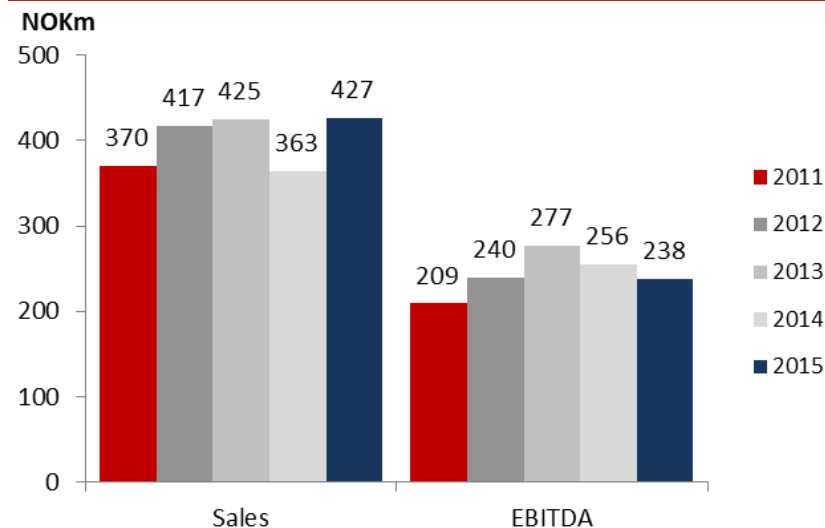
Offshore
Vessels

Barges

Tugs and
others

- Two high-end offshore construction vessels; Boa Deep C and Boa Sub C, built in 2004 and 2007 respectively
- EBITDA 2015 of NOKm 238, down from NOKm 256 in 2014
- 4Q15 EBITDA of NOKm 2, down from NOKm 70 Q/Q and NOKm 77 Y/Y
 - 4Q15 includes provisions for loss on receivables NOKm 38
- NIBD of NOKm 953, down from NOKm 970 Q/Q
 - NIBD/EBITDA LTM of 4.0x per 4Q15
 - Shipbrokers** average valuation per Dec' 2015 of NOKbn ~1.62 for both vessels, (semi annual review), down 9% H/H
 - Gross/net LTV at 68%/59% (63/54%)
- Challenging market outlook remains short/medium term
- Long-term outlook for subsea construction vessels remains prospective,
 - Large reserves found offshore deepwater
 - Industry cost decline now make new offshore and deepwater projects profitable at lower planning oil prices than in previous years
- New contracts secured for both vessels during recent months

Boa Offshore key P&L



Boa SBL – specialized seismic vessels

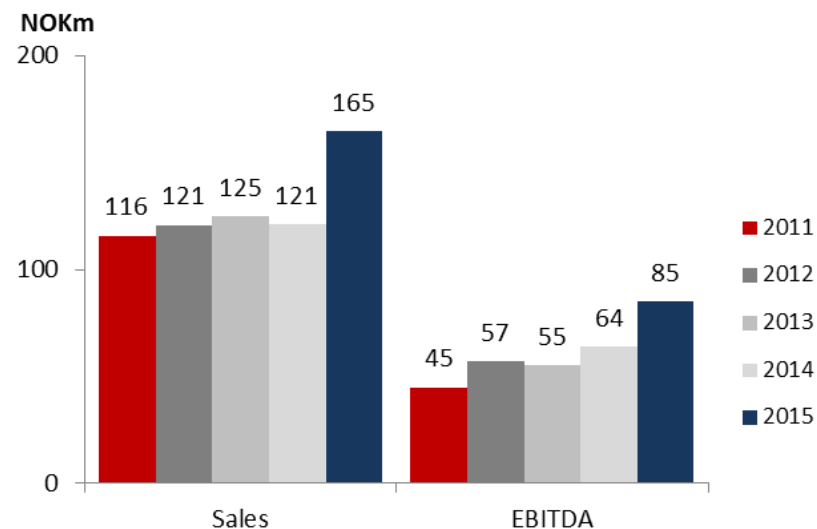
Offshore
Vessels

Barges

Tugs and
others

- Two modern EM seismic vessels, built 2008/2009
 - Thalassa firm until April 2017 (extended in Oct 2015) on contract to EMGS
 - Galatea redelivered from EMGS early 2016, currently idle
- 2015 EBITDA of NOKm 85, up from NOKm 64 in 2014 on stronger USD vs NOK
- 4Q15 EBITDA of NOKm 16, down from NOKm 23 in 3Q15 and NOKm 20 in 4Q14
- Strong operational track record with a commercial on-hire of 99% last four years
- Average shipbroker values** of NOKm 475 per 4Q15, down 12% H/H (semi annual review)
 - 4Q15 NIBD of NOKm 258 = net LTV 54%
 - NIBD/EBITDA LTM of 3,0x
- Although purpose built for EMGS, vessel design is generic (MT 6000 series) and can be converted into:
 - Traditional 3D seismic/OBN/OBC seismic
 - Survey/ROV support & IMR/light construction
 - Offshore Wind Farm support
- More challenging market, but some opportunities persist. Future work with EMGS very much dependent on market/oil prices

Boa SBL key P&L



Boa Barges – world leading operator

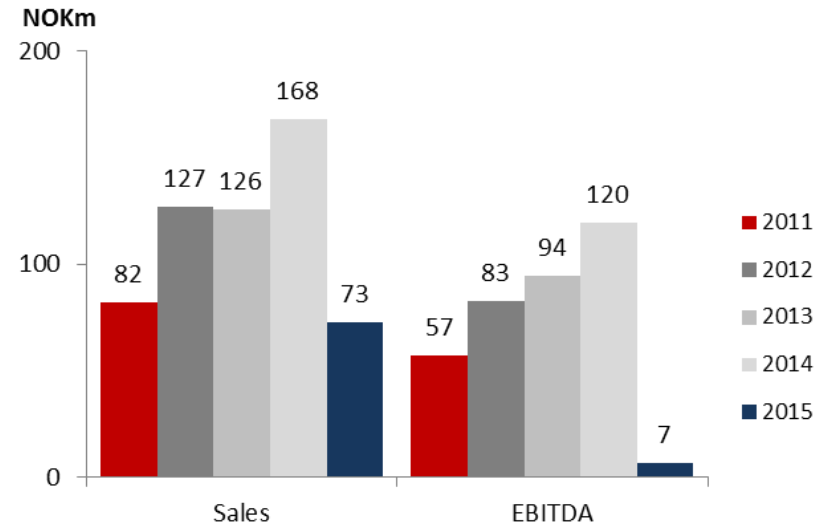
Offshore
Vessels

Barges

Tugs and
others

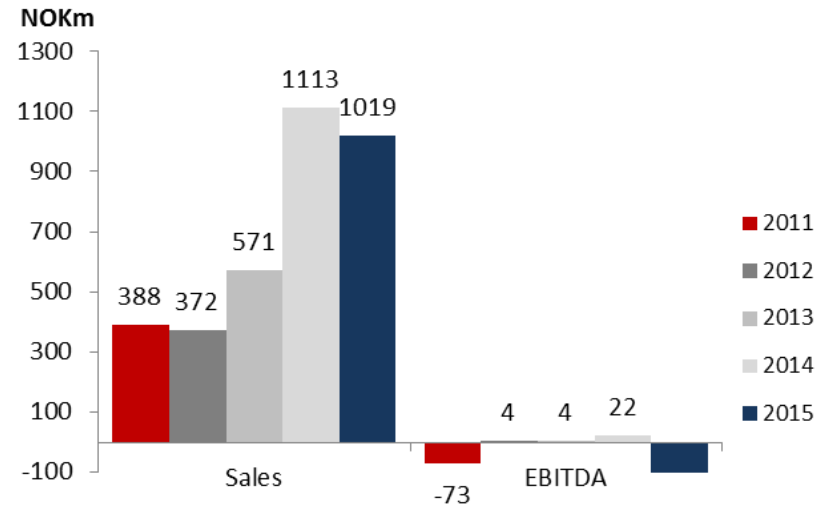
- Boa Offshore Group today operates 20 barges of different capabilities worldwide
- 2015 EBITDA of NOKm 7, down from NOKm 120 in 2014
 - 3Q15 EBITDA of NOKm -21 due to NOKm 29 provisions for loss on receivables
 - Adjusted full year 2015 EBITDA of NOKm 36
 - No larger contracts performed in 2015
 - Estimated to improve significantly in coming years
- Built up an in-house engineering capacity that is unique in the industry performed from Trondheim and Houston
- From 2002 Boa Offshore Group developed its own in-house design, giving substantial competitive advantages
- Boa Offshore offers a unique combination of barges and tugs to provide total turn-key projects for transportation, launching or dry docking operations by barges
 - Has been involved in several major field developments world wide
- Record high backlog points to higher EBITDA in 2016-18
 - Contract with Irving Shipbuilding Canada announced Jan' 2016, 4 years firm commencing 3Q17
- High bidding and tendering activity for work in 2016-18
 - Prospects outside Oil & Gas sector, and Broader scope in Oil & Gas

Boa Barges AS key P&L



- The “other segments” include 10 tugs, smaller barges, BMSI, Boa Offshore parent activities and AHTS Boa Bison & Boa Jarl
- EBITDA of NOKm -7 in 4Q15, down from NOKm 3 in 3Q15 – including group eliminations
 - AHTS and BMSI very weak
 - Tugs decent activity
- 2015 EBITDA NOKm -128 (neg) in “other segments” due to very weak 1Q15 and weak 4Q15 in BMSI, as well as weak 2H15 in AHTS
- A further restructuring of BMSI has taken place in order to adapt to current challenging market conditions
 - Two external vessels re-delivered to owners
- Market outlook for all of the “other” segment is mixed with Boa Offshore Parent and Tugs stable, and BMSI and AHTS challenging
 - Limited visibility prevails
 - Short-term improvement in AHTS due to vessel stacking – medium-term development depends on market discipline

Tugs and others key P&L

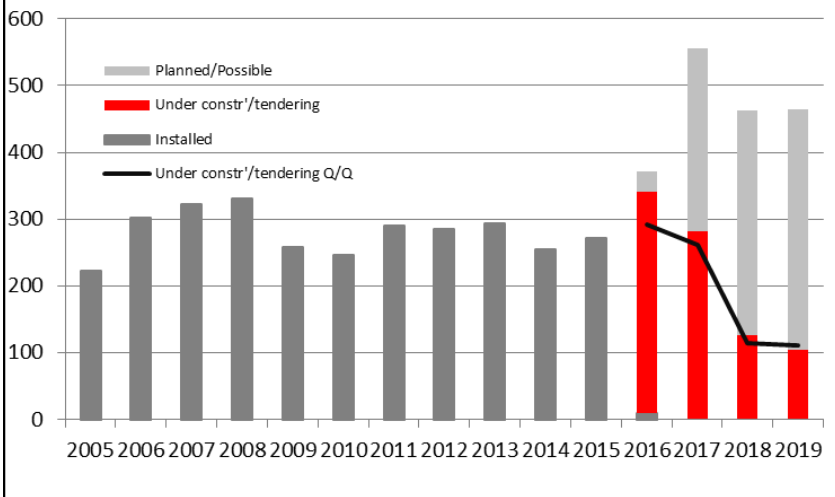


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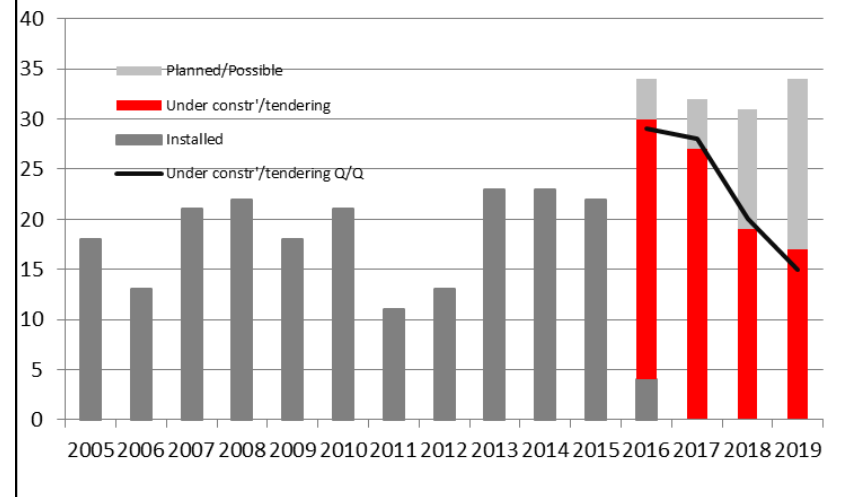
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Growth in subsea expected over time, short-term pause

Subsea tree installations World Wide



FPS* installations World Wide



- Sanctioned and ongoing projects will provide a certain activity level short to medium term
 - Number of installations for 2016/17 slightly up Q/Q
 - Level for 2016/17 above 2015, but risk for certain project delays
- Beyond 2016/17 we need to see oil prices recovering to see planned developments being sanctioned (grey part of column)
- Costs are down significantly for industry, making Deepwater projects economically viable at lower oil prices compared to last five years
- With the ageing infrastructure and accumulated base the need for Inspection, Maintenance & Repair (IMR) services increases (less cyclical than the installation market)
 - Vessel demand for IMR/Support work more stable

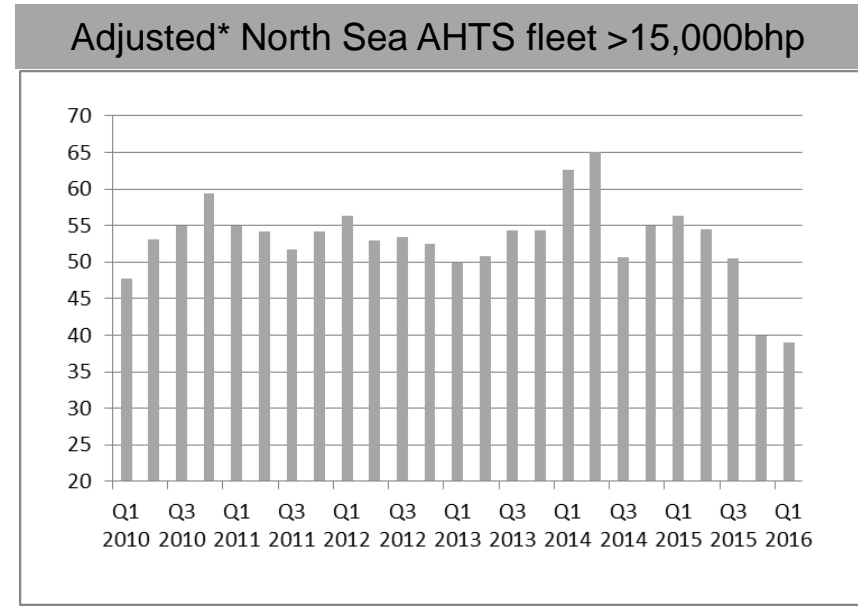
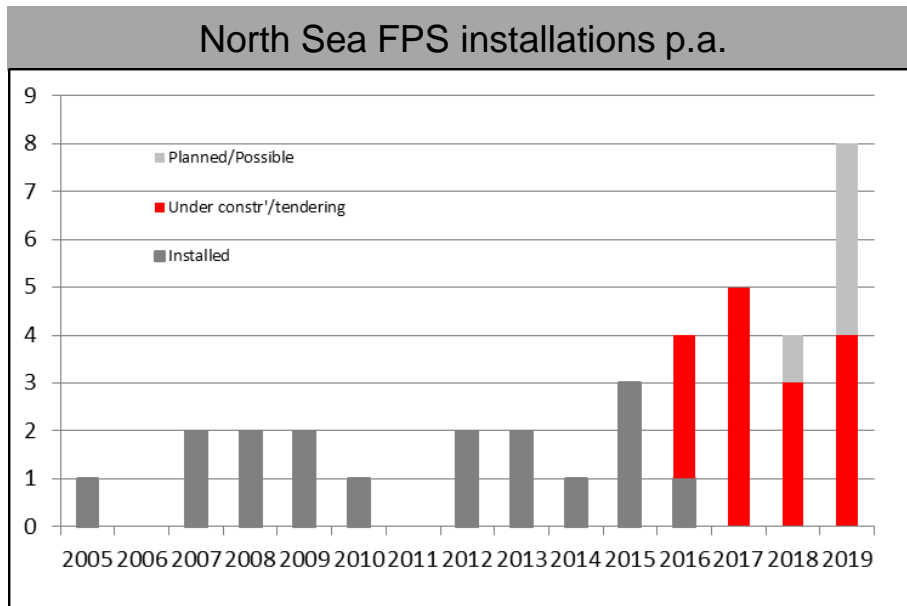
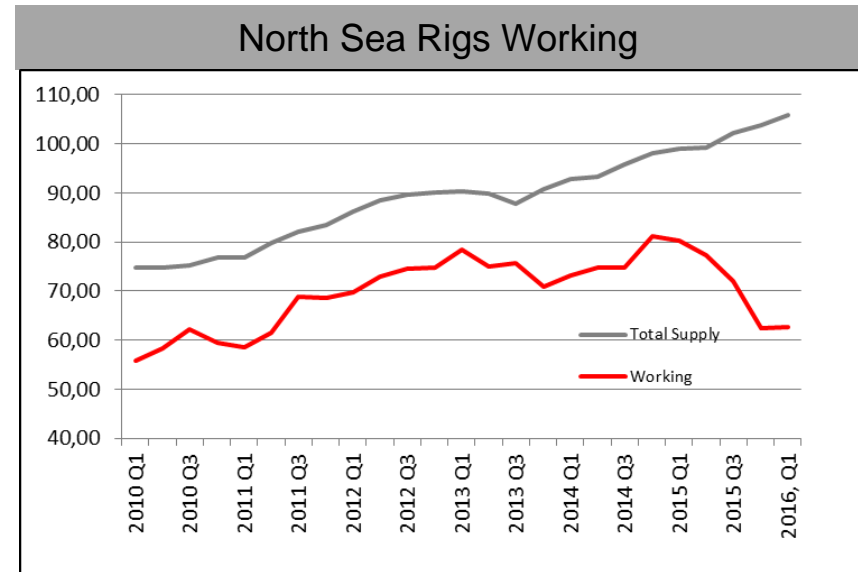
- Sanctioned and ongoing projects will provide a certain activity level short to medium term
- A number of prospects for 2017-18 postponed or scrapped
- Still, the number of FPS* installations likely to increase from an average of ca 18 p.a. in 2011-2015 up to 20-25 next 2-3 years (IHS/ODS-Petrodata)
- BOA DEEP C and BOA SUB C with their unique winch set-ups are both ideal for FPSO installations
 - Few similar vessels with winch capacity
- The two Boa OCV vessels have previously been involved in several such FPS installation operations



North Sea AHTS market

North Sea AHTS spot market

- Rigs working has declined last 6 months (chart up to the right). Few new rig contracts for rigs rolling off
 - A few new ones lately at lower rates
- Stable FPS installations p.a. 2016-2019 (chart down to the left)
- Stacked AHTS vessels have increased to ~30, leaving current active fleet at 5 year low at around 40 AHTS > 15,000bhp (chart down to the right)
- Number of vessels remaining stacked is key for dayrates
 - YTD spot rates around NOK400k/day on average**
- Boa Bison working spot and Boa Jarl currently stacked



Source: ODS-Petrodata, Boa * = adjusted for stacked vessels ** = AHTS > 20,000 bhp

