



# Company Presentation – Pareto Conference

September 2022



# IMPORTANT INFORMATION

This company presentation (the "Presentation") has been prepared by Northern Ocean Ltd. (the "Company" or "Northern Ocean" and taken together with its consolidated subsidiaries the "Group") solely for information purposes. In this Presentation, references to "Northern", "Northern Ocean", the "Company", "we", "our", "us", or similar terms refer to Northern Ocean Ltd. except where context otherwise requires.

No representation or warranty, express or implied, as to the accuracy or completeness of any information included herein is given by the Company, and nothing contained in this Presentation is or can be relied upon as a promise or representation by the Company, who disclaim all and any liability.

The information is only preliminary and indicative and does not purport to contain the information that would be required to evaluate the Company, its financial position and/or any funding decision. Any decision to fund must be made with careful consideration and not in reliance solely on the introductory information provided herein. The information contained in this document does not purport to be complete. The contents of this Presentation are not to be construed as financial, legal, business, investment, tax or other professional advice. Each recipient should consult with its own professional advisors for any such matter and advice.

Information provided on the market environment, market developments, market trends and on the competitive situation is based on data, statistical information and reports by third parties and/or prepared by the Company based on its own information and information derived from such third-party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein.

This Presentation is current as of 14 September 2021. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. This Presentation contains several forward-looking statements relating to the business, future financial performance and results of the Company and/or the industry in which it operates. In particular, this Presentation contains forward-looking statements such as with respect to the Company's potential future revenues and cash flows, the potential future demand and market for the Company's services, the Company's equity and debt financing requirements and its ability to obtain financing in a timely manner and at favorable terms. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development.

The Company's business requires substantial working capital to operate successfully and substantial capital expenditures are required to reactivate the warm stacked rig, Mira. Following completion of the recent capital transaction, the Company remains dependent on additional funding or other arrangements to meet its cash flow requirements over the next twelve months and for reactivation of its second idle rig, and will consider such arrangements in light of market opportunities. There can be no assurance that such additional funding or arrangements are available at favourable terms, or at all.

# The two most capable rigs with advanced energy efficient technologies



## **Bollsta | 2019 delivered | Moss CS60 | UDW HE<sup>(1)</sup>**

- Engines use Selective Catalytic Reduction (SCR) generating cleaner emissions
- High voltage switchboards run in a closed bus-tie (CBT) configuration to reduce number of operating engines
- Generating higher ratings with lower engine hours



## **Mira | 2018 delivered | Moss CS60 | UDW HE<sup>(1)</sup>**

- First modern offshore drilling operating hybrid power plant using Lithium-ion batteries
- Supplies power under peak loads, combining a battery Energy Storage System (ESS) with diesel power generation
- Batteries can provide back-up power to prevent unlikely blackout situations



**1.5 Derrick:** Efficiency factor versus single activity is +30%



**Automatic Drilling Control:** Digitalized drilling sequences → significant gain on drilling performance



**Quadruple Range derrick:** Higher racking capacity (less pipe connection), faster tripping



**Winterized:** Safe and reliant winter operations



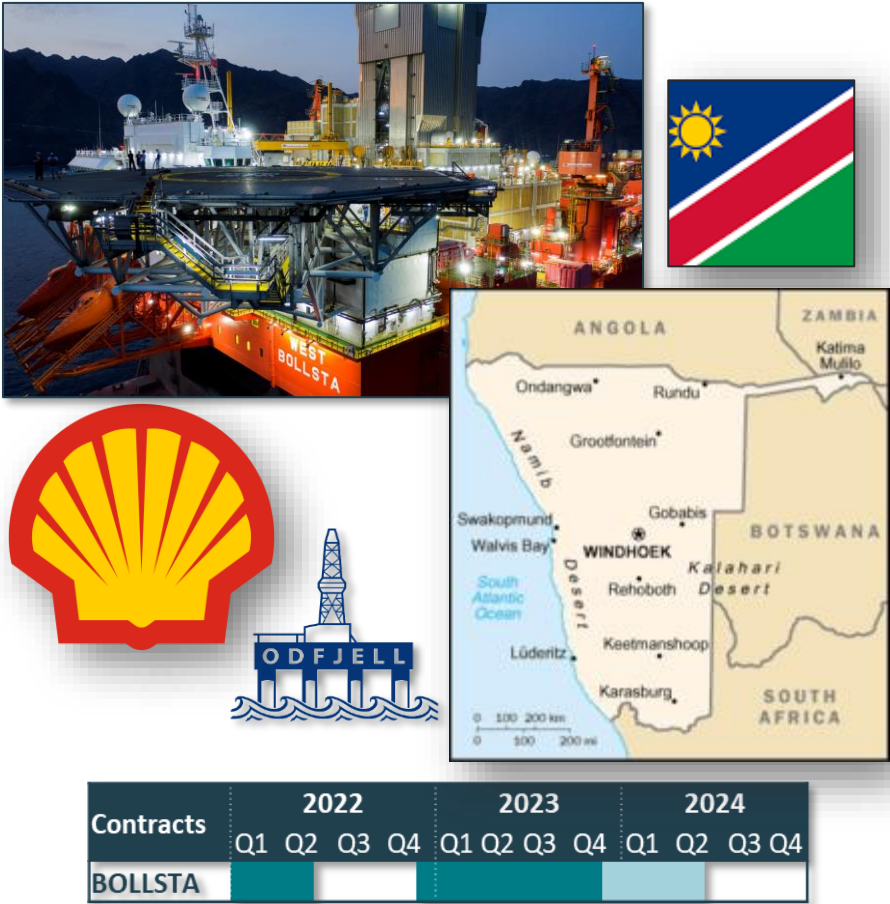
**DP + Moored:** DP3 + 8 / 12 point-mooring for operations in shallow and deepwater environments

*The world's most sophisticated high-end semisubmersible rigs*

# Recent contract award in Namibia

## Contract summary

Client:	Shell Plc subsidiary
Location:	Namibia
Water depth:	up to 2,400 meters
Rig:	Bollsta
Term:	365 days firm + 180 days options
Commencement:	Middle of 4 <sup>th</sup> Quarter 2022
Mobilization:	Estimated at 35 to 40 days
Estimated backlog:	USD 124 million firm term and mobilization, excluding fuel
Manager:	Odfjell Drilling

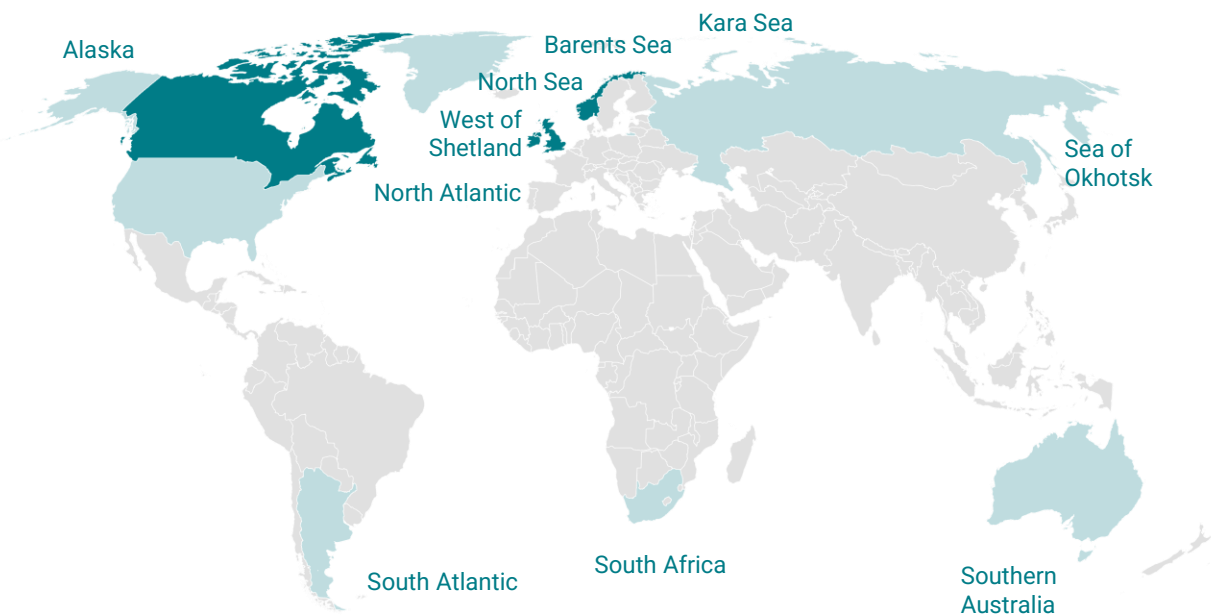


*Bollsta locked in contract... creates momentum for Mira to secure work in a rebounding global market*

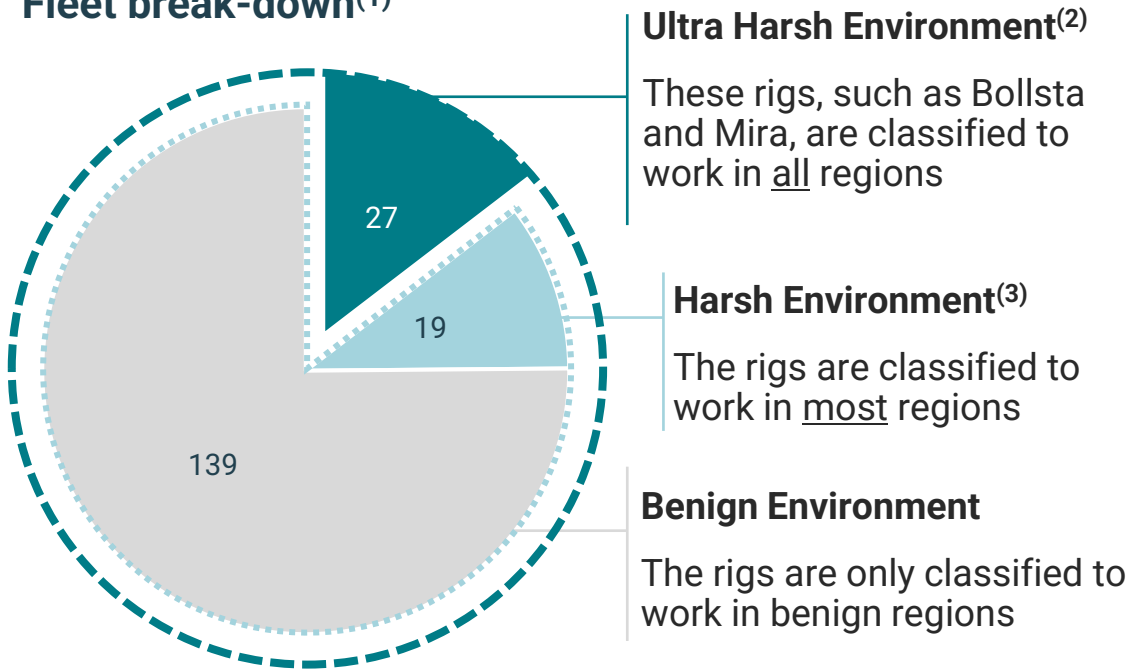
# Northern Ocean rigs see demand from all basins

## Offshore drilling industry overview

■ Ultra harsh environment<sup>(2)</sup> ■ Harsh environment<sup>(3)</sup> ■ Benign environment



Fleet break-down<sup>(1)</sup>



*Not all rigs can operate in all markets... Northern Ocean rigs are capable in all markets*

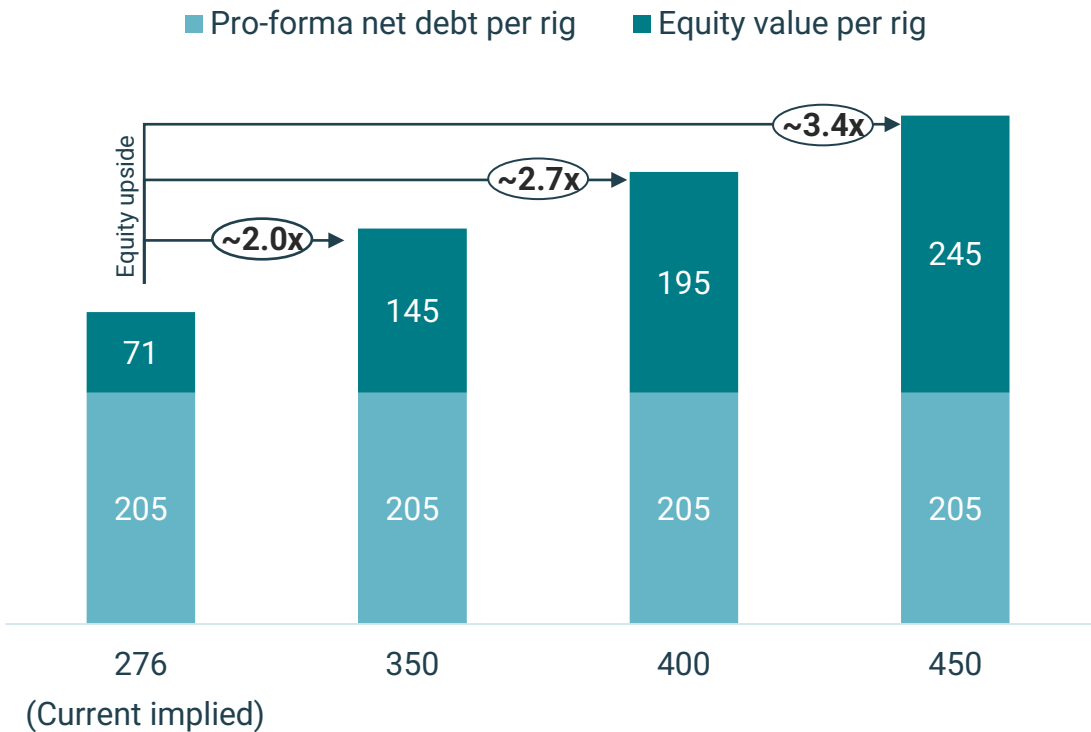
Note: (1) Delivered fleet of floaters (excluding rigs under construction); (2) Ultra harsh defined as NOR SUT/ AOC; (3) Harsh environment is other harsh regions not requiring NOR SUT / AOC or otherwise typically use an ultra harsh environment rig.  
Source: IHS Petrodata; The Company; Fearnley Securities

# Levered play with favorable maturity profile

## Limited maturities before 2025



## Solid equity upside with increased rig values<sup>(2)</sup>



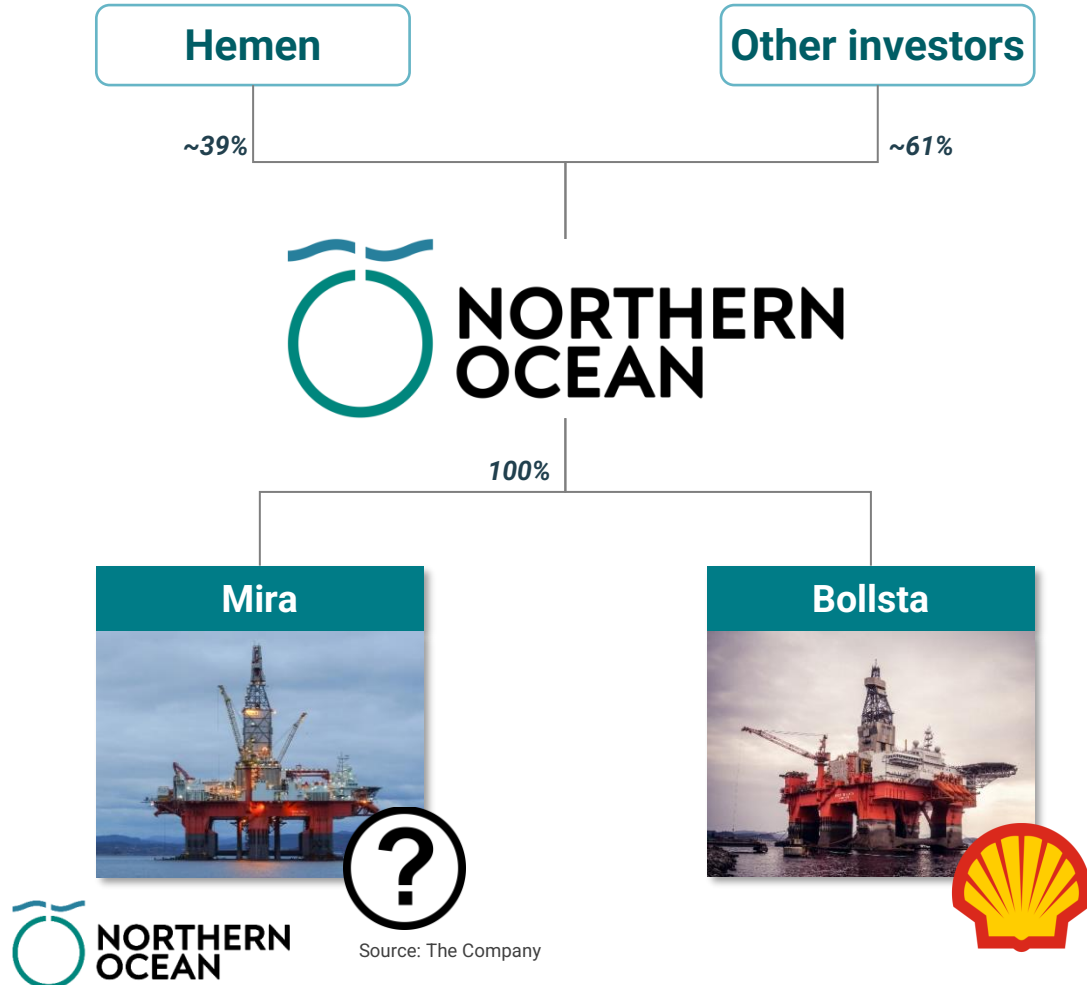
**Favorable leverage boosts equity upside**



Note: (1) The company has the option to pay in kind ("PIK") interest on the facility until the amount outstanding is USD 100m. USD ~89m outstanding per 2Q 2022 figures; (2) NOL share price of NOK 10.46; 2Q 2022 figures for net debt, pro-forma equity private placement of USD 40m announced completed August 25, 2022; USD/NOK = 9.93  
Source: IHS Petrodata; The Company; Fearnley Securities

# Northern Ocean strengthens team and adapts to new operations

## Simplified corporate structure



## Continues a lean and efficient overhead

- Strengthened key disciplines with in-house resources
- Rebalancing shared support from related party companies
- Enhancing controls and processes for West Africa jurisdictions
- Odfjell Drilling is a leading operator:
  - Long history of safe performance
  - International experience in Africa
  - Strong cost awareness and control by manager
  - Close and productive interface between manager / owner





# In summary....

1

New contract provides solid economics

2

Premium asset that can work in all drilling markets

3

Underlying market in strong recovery

4

Levered play with favorable maturity profile

5

Lean set-up with strong stakeholder support

