



Paratus Energy

**Paratus Energy Services**

**Investor Presentation**

January 2024

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Paratus Group includes Seamex Holdings Ltd. ("SeaMex"), 50% of Seabras Sapura Holding GmbH ("Seabras JV"), and 24% of Archer Limited ("Archer").

# Paratus at a glance

Paratus is a holding company of a group of leading energy services companies inclusive of Seabras JV, SeaMex, and ~24% ownership in Archer

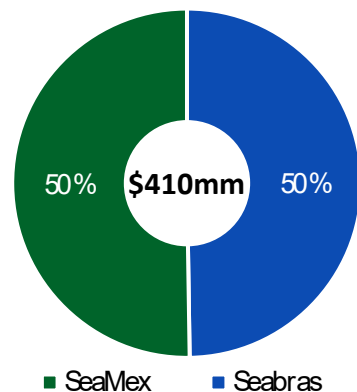
 Paratus Energy		Description	Backlog	LTM <sup>(1)</sup> revenue	LTM <sup>(1)</sup> EBITDA	Key peers
50%	 	Leading subsea services provider, with a fleet of six pipe-laying supply vessels (PLSV) providing installation, support, and flexible pipe laying services	\$490 million (2Q 2023)	\$443 million	\$285 million	  
100%	 	Offshore driller with a fleet of five high-specification jack-up rigs	\$456 million (2Q 2023)	\$199 million	\$98 million	    
~24%	 	Global oil services provider operating in 40 locations providing drilling services, well integrity & intervention, plug & abandonment, and decommissioning services	\$2.1 billion (2Q 2023)	\$1,066 million	\$112 million	         

Sources: Archer 2Q 2023 Investor Presentation: page 17

Notes: (1) LTM as of 2Q 2023; Archer's EBITDA reflects EBITDA before exceptional items

# Paratus by the numbers<sup>(1)</sup>

## 2022A Revenue<sup>(2)</sup>:



**~\$950mm**

Revenue Backlog as 2Q 2023

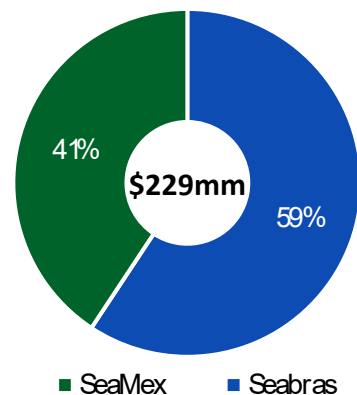
**~57%**

2022A EBITDA Margin<sup>(2)</sup>

**~51%**

2022A EBITDA - Capex Margin<sup>(2)</sup>

## 2022A EBITDA<sup>(2)</sup>:



**>96%**

2022A Technical Utilization

**~10 yrs**

Average Fleet Age

**~1.5k**

Employees<sup>(3)</sup>

# A different oil services company













	Paratus		
Capital return potential	<i>Uncapped capacity for capital returns</i>	<i>Industry leading free cash flow yields</i>	<i>Potential for significant and immediate dividends</i>
Customers	<i>Exclusively operating with NOCs</i>	<i>NOCs have seen 47% increase in spending since 2018<sup>(1)</sup></i>	<i>Long-term contracts</i>
Capital structure	<i>Healthy balance sheet (2.5x net leverage ratio)<sup>(2)</sup></i>	<i>Proven deleveraging capabilities</i>	<i>Efficient use of shareholder capital and compelling equity return prospects</i>
Market segment outlook	<i>Focused on PLSV and jack-up end markets</i>	<i>Facing potential supply shortages that can drive rapidly rising day rates</i>	<i>Peak cycle margins</i>

**Notes:** (1) Based on SEB data covering 2019-2023E. NOCs include CNOOC, PEMEX, Petrobras, PTTEP, and Saudi Aramco (2) Defined as the sum of (i) Paratus NIBD, which shall be calculated based on consolidated funded interest-bearing debt, less cash and equivalents (including marketable securities), and (ii) Seabras JV ownership percentage (50%) of Seabras JV NIBD divided by the sum of (i) Paratus consolidated EBITDA, and (ii) Seabras JV ownership percentage (50%) of Seabras JV EBITDA. Calculations based on 2Q23 LTM EBITDA for illustrative purposes

# Seabras Fleet Overview

## Fleet Overview<sup>(1)</sup>

Backlog of firm contracts totals over \$490mm (as of Q2 '23)

	Year Delivered	Yard	Flag	Client	Backlog (millions)	2023												2024												2025												
						J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
 Diamante	2014	IH Merwede		Petrobras	68	140K																																				
 Topazio	2014	IH Merwede		Petrobras	92	140K																																				
 Esmeralda	2015	OSX		Petrobras	75	191K																																				
 Onix	2015	IH Merwede		Petrobras	70	263K							137K																													
 Jade	2015	IH Merwede		Petrobras	73	263K																																				
 Rubi	2015	IH Merwede		Petrobras	113	263K																																				



**6**  
PLSVs



**12**  
ROVs



**~1,000**  
Employees<sup>(1)</sup>



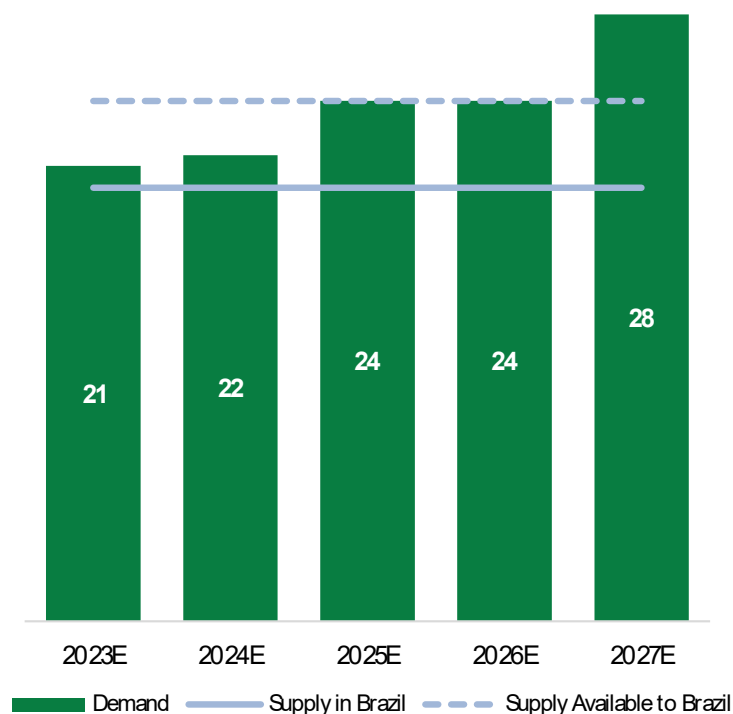
**\$490mm**  
Backlog  
(as of Q2 '23)

Notes: (1) Diamante and Topazio are currently chartered by Bram Offshore under a strategy to change their original flag from Panama to Brazil

# Attractive end market dynamics - PLSVs

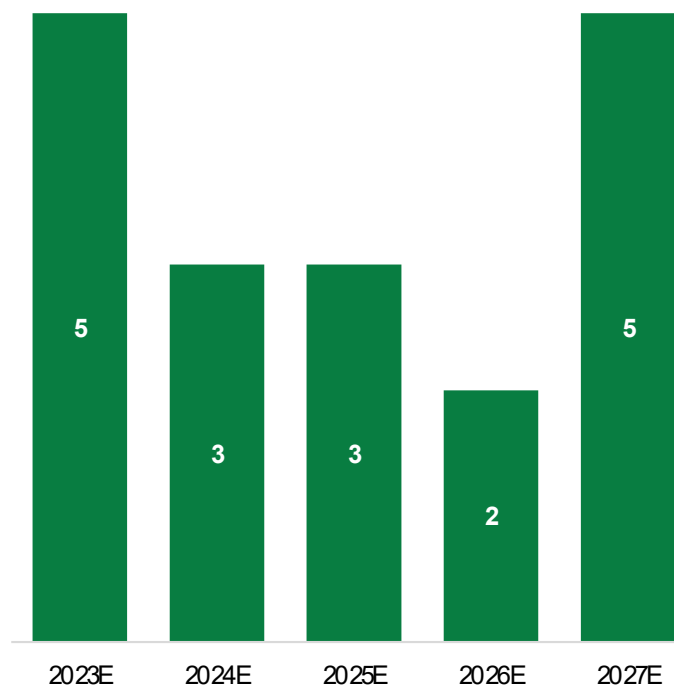
## Brazilian Demand for PLSV

Brazil is expected to experience a significant increase in PLSV demand, surpassing current available supply in the country



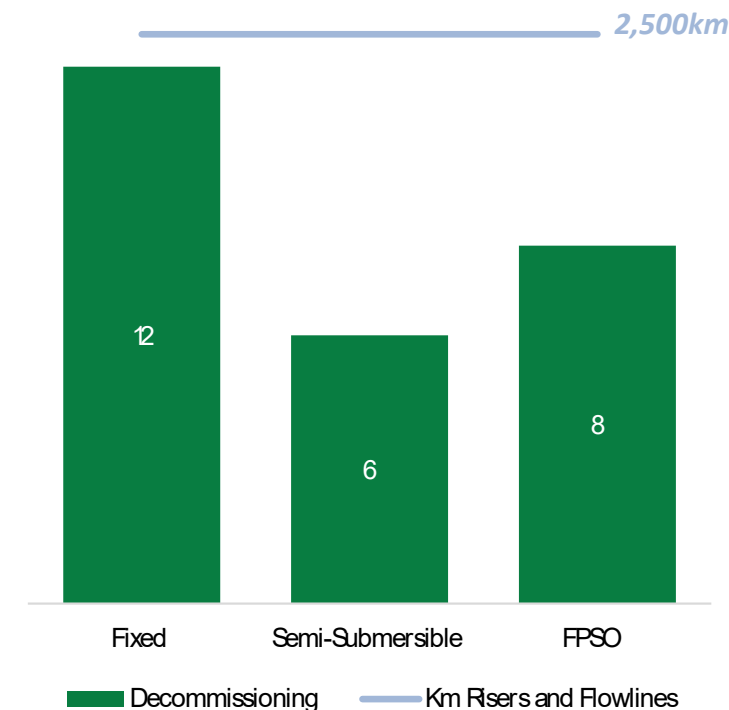
## Petrobras FPSO Expected Implementation

Implementation of 18 FPSOs through 2027 represents nearly 50% of the world's FPSOs



## Petrobras Expected Decommissioning

Petrobras expects to decommission 26 platforms, representing ~2,500km of risers and flowlines, through 2027





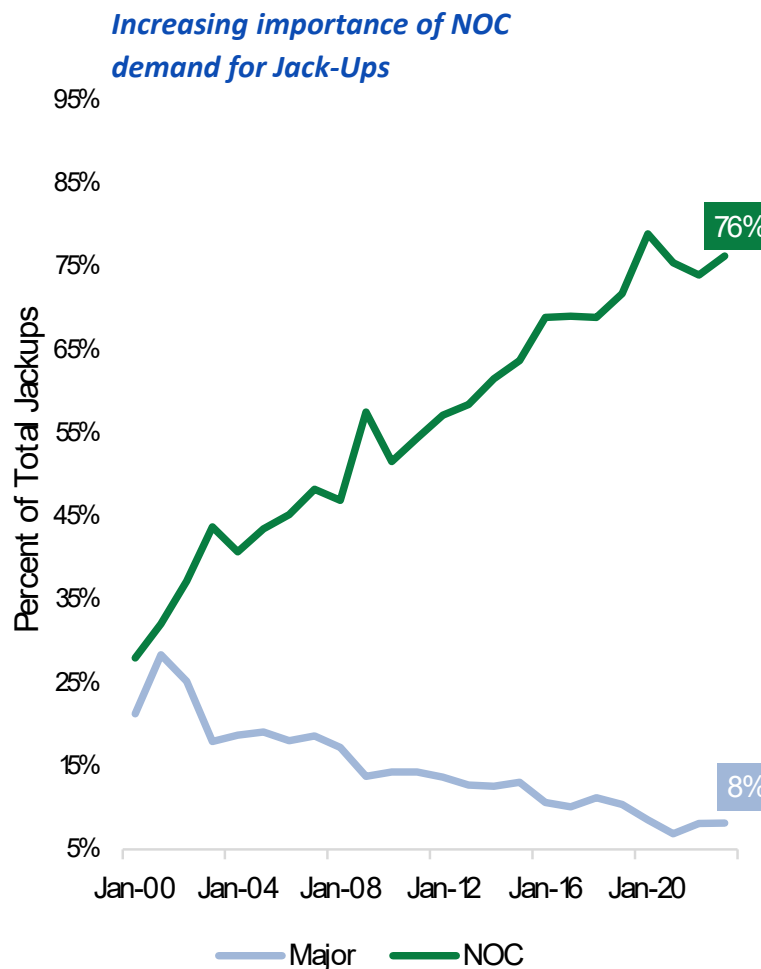


# Attractive end market dynamics – Jack-Ups

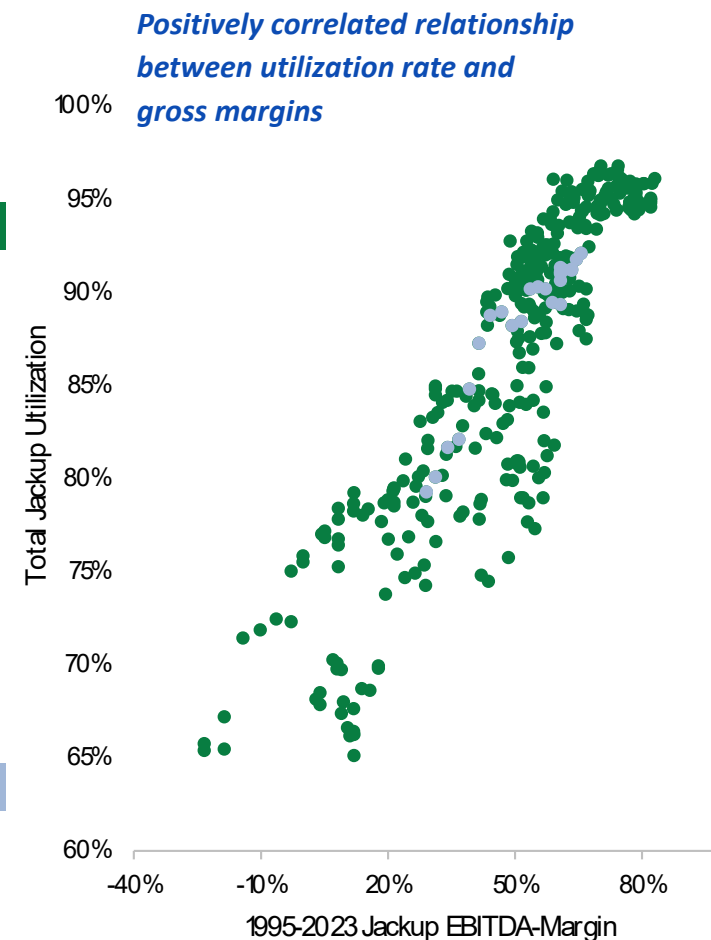
## Global High-Spec Jack-Up Utilization



## NOC / IOC Jack-Up Demand

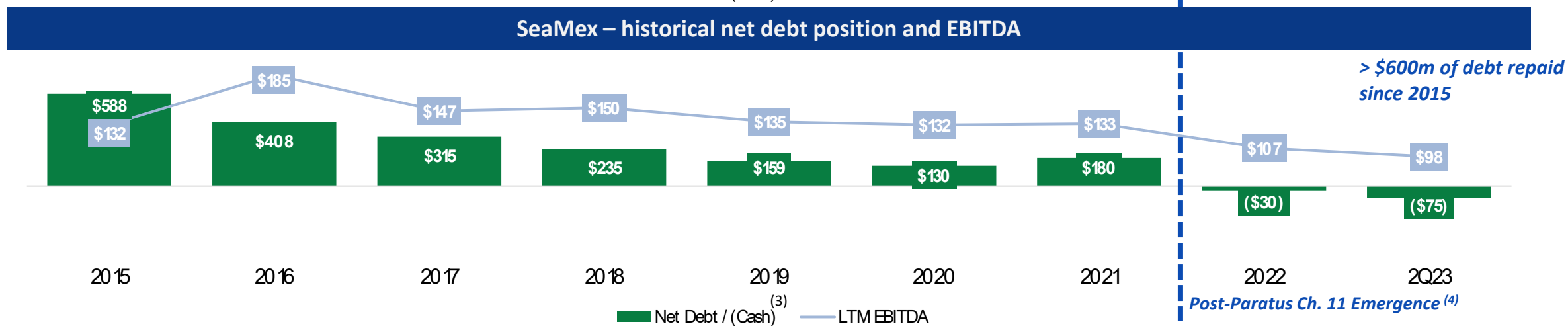
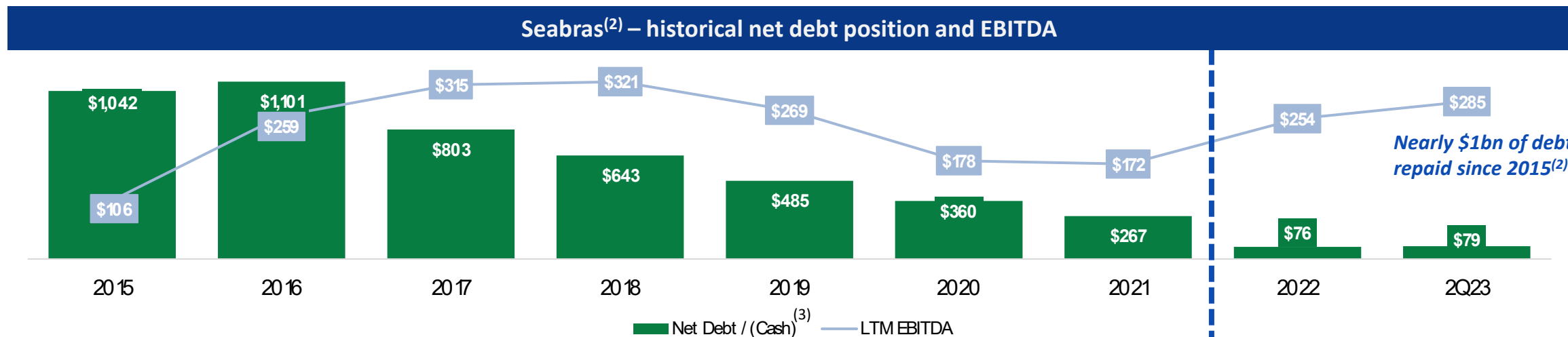


## Jack-Up Gross Margin vs. Utilization



# Significant deleveraging from resilient cash flows through the cycle...

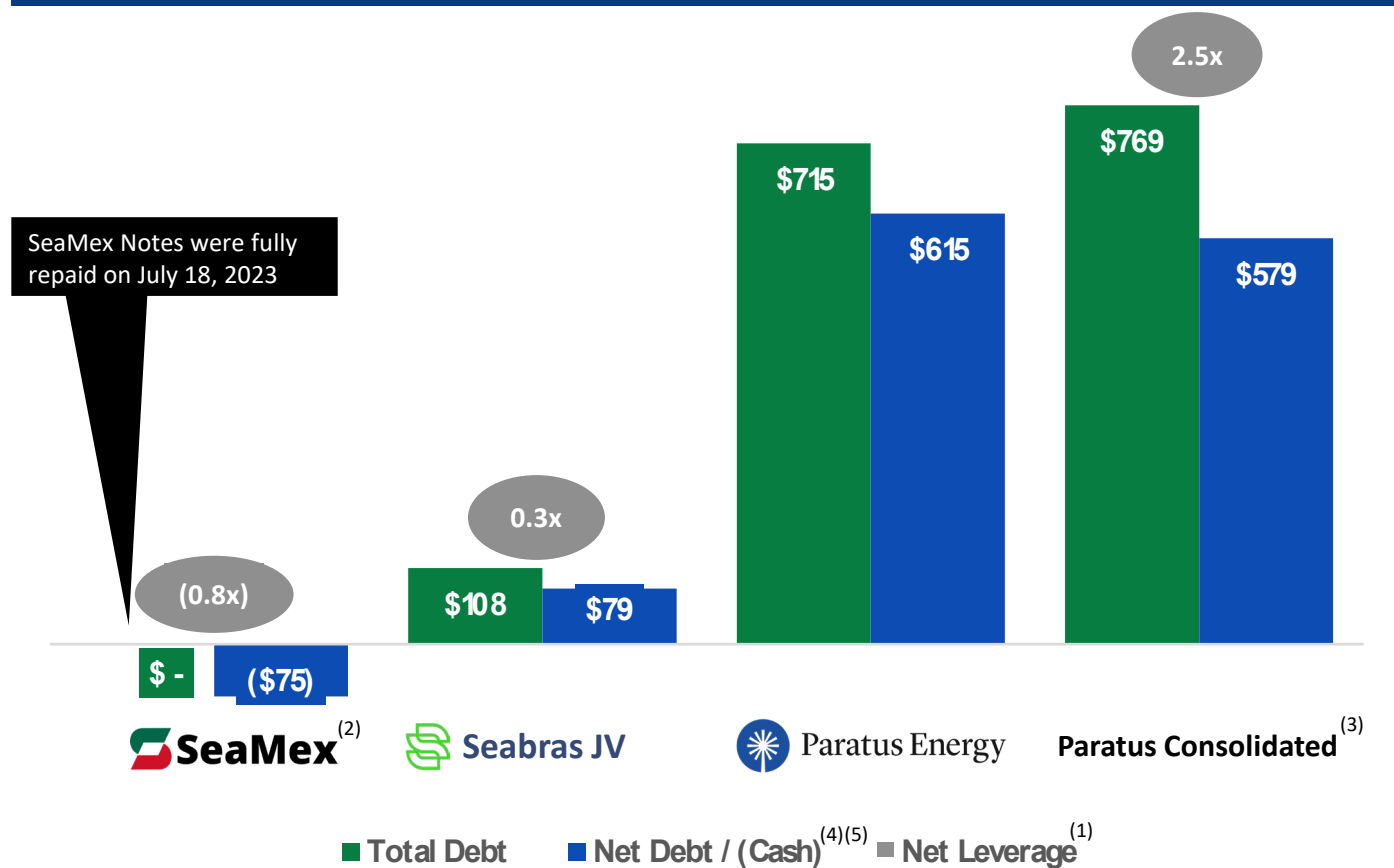
*Continued accelerated deleveraging with full early retirement of Seabras Bank Facilities<sup>(1)</sup> and SeaMex Notes within 18 months post-Paratus Ch. 11 emergence*



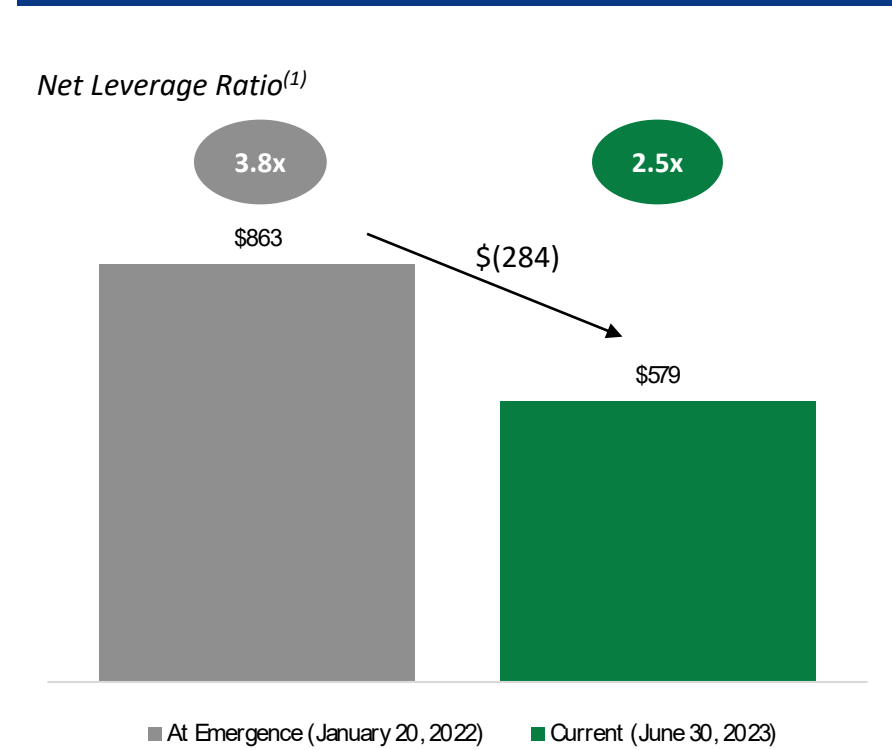
**Notes:** (1) Bank Facilities refer to two loan agreements – one relating to Diamante and Topazio (totaling approximately \$537 million at issuance) and another relating to Onix, Jade and Rubi (totaling approximately \$769 million at issuance). Following the Bank Facilities repayment, the only outstanding third-party obligation is the Esmeralda vessel financing from the Brazilian Merchant Marine Fund, which has a maturity of 2032 and is collateralized by the Esmeralda vessel (“Esmeralda Facility”). The company intends to keep the Esmeralda Facility in place as it represents a highly attractive long-term source of funding, backed by the Brazilian Ministry of Transportation. (2) Represents 100% of Seabras net debt / (cash) and EBITDA; Paratus has 50% ownership (3) Figures reflected do not include any intercompany or shareholder loans (4) There was no third-party debt reduction as a result of the Paratus Ch. 11 restructuring

# Group capital structure

Paratus Capital Structure (as of June 30, 2023)

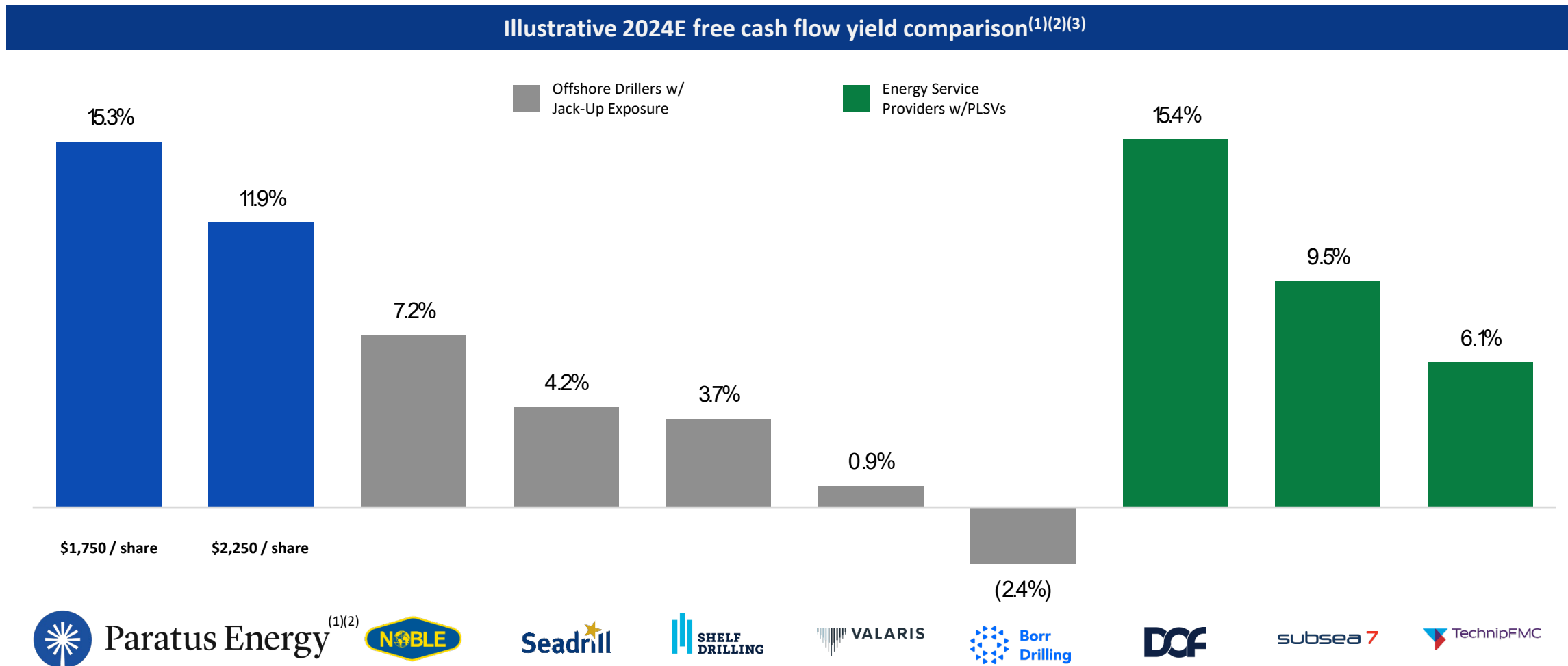


Paratus Deleveraging since Ch.11 Emergence



Notes: (1) Defined as the sum of (i) Paratus NIBD, which shall be calculated based on consolidated funded interest-bearing debt, less cash and equivalents (including marketable securities), and (ii) Seabras JV ownership percentage (50%) of Seabras JV NIBD divided by the sum of (i) Paratus consolidated EBITDA, and (ii) Seabras JV ownership percentage (50%) of Seabras JV EBITDA. Calculations based on 2Q23 LTM EBITDA for illustrative purposes (2) Reflected pro forma for SeaMex Notes repayment on July 18, 2023 (3) Paratus Consolidated total has been adjusted to include 50% ownership stake in Seabras JV (4) Includes restricted cash for Seabras JV and Seamex (5) Reflects market value of 24% ownership in Archer, as of 9/25/2023

# Well positioned to generate FCF today...



Source: Public filings, Factset, DNB Securities, Arctic Securities, ABG Sundal Collier (as of 1/08/2024)

Notes: (1) Includes 100% of SeaMex free cash flows and 50% of Seabras JV cash flows; Reflected net of interest on PESL Notes; Free cash flow for Paratus defined as EBITDA less normalized capex / taxes / debt service / corporate G&A (2) Excludes one-time tax-related payments

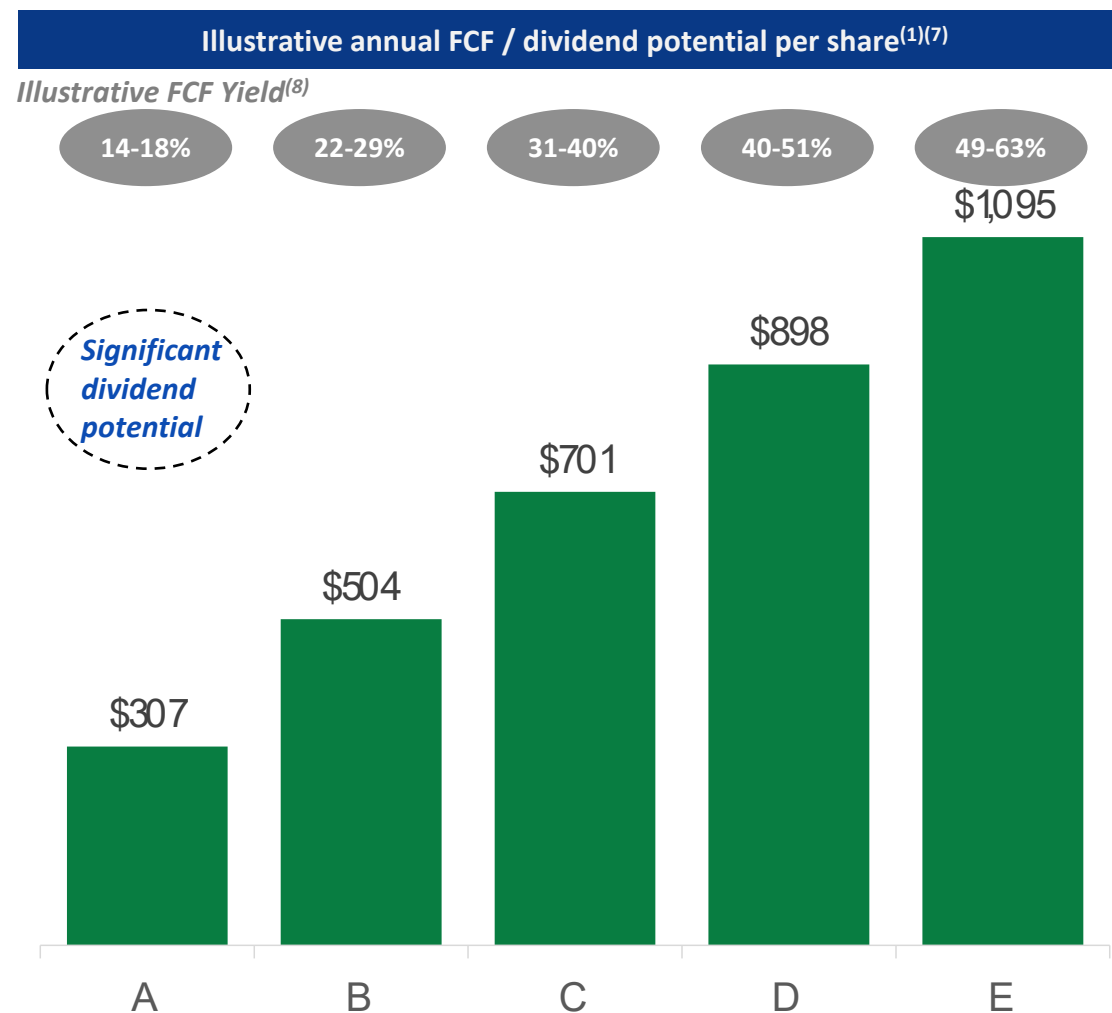
(3) Free cash flows for publicly listed companies based on consensus estimates per Factset data

# ...with a highly attractive cash flow growth potential

Illustrative annual free cash flow / dividend potential sensitivity <sup>(1)</sup>					
Dayrate Scenario	A	B	C	D	E
PLSV	\$200,000	\$230,000	\$260,000	\$290,000	\$320,000
Jack-Up	115,000	135,000	155,000	175,000	195,000
<b>Illust. Seabras (50%) EBITDA<sup>(2)</sup></b>	<b>\$128</b>	<b>\$160</b>	<b>\$193</b>	<b>\$225</b>	<b>\$257</b>
<b>Illust. SeaMex EBITDA<sup>(3)</sup></b>	<b>\$104</b>	<b>\$139</b>	<b>\$175</b>	<b>\$211</b>	<b>\$247</b>
(-) Paratus Corporate G&A	(6)	(6)	(6)	(6)	(6)
<b>Illust. Total EBITDA</b>	<b>\$226</b>	<b>\$294</b>	<b>\$362</b>	<b>\$430</b>	<b>\$498</b>
(-) Normalized Capex <sup>(4)</sup>	(40)	(40)	(40)	(40)	(40)
(-) Interest / Taxes <sup>(4)(5)(6)</sup>	(91)	(98)	(106)	(113)	(120)
<b>Illust. FCF</b>	<b>\$95</b>	<b>\$155</b>	<b>\$216</b>	<b>\$277</b>	<b>\$337</b>

Illustrative scenarios represent estimations of:

- A:** Current dayrates based on legacy contracts
- C:** Leading dayrates observed in current market
- E:** Further dayrate increase from tightening market



**Notes:** (1) Does not include any potential EBITDA and/or cash flow from Archer (2) For illustrative purposes, assumes daily opex of \$65-70k for PLSVs, \$25mm of SG&A (for 100%), and 98% illustrative utilization; adjusted to reflect Paratus' 50% ownership in Seabras JV (3) For illustrative purposes, assumes daily opex of \$42.5-47.5k for Jack-Ups, \$20mm of SG&A, and 98% illustrative utilization (4) For illustrative purposes, includes amounts for 50% of Seabras JV and 100% of Paratus/SeaMex (5) For illustrative purposes, assumes cash taxes equal to 6% of illustrative sensitivity EBITDA for Seabras JV and 15% of illustrative sensitivity EBITDA for SeaMex; includes estimated annual interest on PESL Notes; and 50% of debt service on Esmeralda facility (6) Assumes \$50m of cash is used to pay down outstanding debt (7) For illustrative purposes reflects ~308k shares outstanding (8) FCF yields illustratively based on per share value of \$1,750-\$2,250

## 3 things to remember

1

Serving NOCs in very attractive segments

Attractive exposure to **rapidly tightening jack-up and PLSV markets facing potential supply shortages, while working for NOCs** (with ~70% higher spending in the past 5 years relative to IOCs, demonstrating resilience through the downturn<sup>(1)</sup>)

+

2

Industry leading cash flow yields through the cycle

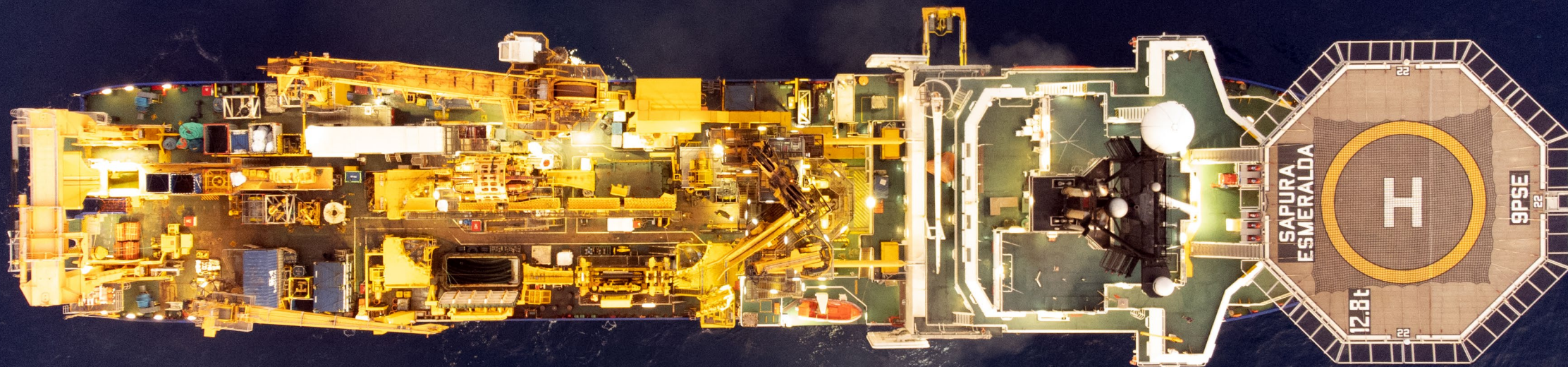
**Exceptional cash flow generation** throughout the recent downturn (~\$1.3bn of Paratus debt retirement since 2015<sup>(2)</sup>) with **industry leading FCF yields** in 2023 and meaningful growth potential going forward

+

3

Attractive balance sheet allowing for immediate capital returns

**Robust and efficient** balance sheet (2.5x NIBD/EBITDA<sup>(3)</sup>), backed by long-term contracts and significant asset coverage, with **cash on balance sheet** and **flexibility to immediately return capital to shareholders**



Paratus Energy