

## ENTRY INTO A LOCK-UP AGREEMENT IN SUPPORT OF A PROPOSED RESTRUCTURING BY FLOATEL INTERNATIONAL LTD

Keppel Corporation Limited (the "**Company**") refers to (a) the Company's announcements on 15 April 2020, 19 May 2020, 1 July 2020, 30 July 2020, 16 August 2020, 1 September 2020, 15 September 2020, 1 October 2020, 13 October 2020, 31 October 2020, 14 November 2020 and 28 November 2020 on Floatel International Ltd's ("**Floatel**") announcements regarding standstill and discussions with its secured financial creditors, and (b) Floatel's announcement dated 5 December 2020, a copy of which is annexed to this announcement ("**Floatel Announcement**").

The Company wishes to announce that its wholly-owned subsidiary, FELS Offshore Pte Ltd ("**Keppel**"), a 49.92% shareholder of Floatel, has entered into a lock-up agreement dated 5 December 2020 with, amongst others, Floatel, an ad hoc group (the "**AHG**") of holders of Floatel's 9% senior secured USD400,000,000 1st Lien bonds 2018/2024 with ISIN NO001 0833775 (the "**1L Bonds**", their holders, the "**1L Bondholders**") and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds (the "**Lock-Up Agreement**"). The Lock-Up Agreement will commit Floatel, Keppel, the AHG and any acceding 1L Bondholders or holders of Floatel's 12.75% USD75,000,000 2nd Lien bonds 2018/2024 with ISIN NO001 0833783 (the "**2L Bonds**", their holders, the "**2L Bondholders**") to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "**Transaction**").

Subject to the terms of the Lock-Up Agreement, the Transaction is expected to involve the following:

- (a) Certain subsidiaries of Floatel (including the entities which own and operate the vessels "Floatel Reliance", "Floatel Superior", "Floatel Triumph" and "Floatel Victory" ("**Bond Vessel Entities**") and certain Floatel group entities which provide operational and management functions to these Bond Vessel Entities) will be acquired ("**NewCo Acquisition**") by a newly-established orphan company registered in Bermuda ("**NewCo**"). The NewCo Acquisition will be carried out through the enforcement by the 1L Bondholders of their security over the shares in the Bond Vessel Entities and the entities providing operational and management functions.
- (b) All other Floatel group entities, including the entities owning and operating the vessel "Floatel Endurance", over which security has been granted to certain bank lenders (the "**BVF Lenders**") of Floatel's USD150,000,000 term loan facility (the "**Bank Vessel Facility**"), will remain as direct or indirect subsidiaries of Floatel unless the BVF Lenders direct otherwise.
- (c) In consideration of the NewCo Acquisition, debt obligations in the amount of the 1L Bonds will be assumed by NewCo, along with debt obligations in a portion of the Bank Vessel Facility that is secured by Floatel's pool of "Common Collateral", which is a pool of collateral securing the 1L Bonds, 2L Bonds and the Bank Vessel Facility ("**NewCo Debt Assumption**"). The remaining portion of the Bank Vessel Facility will remain a liability of Floatel.
- (d) The 2L Bonds and the approximately USD244,000,000 subordinated loan borrowed by Floatel from Keppel are not part of the NewCo Acquisition and NewCo Debt Assumption, and will remain as liabilities of Floatel. NewCo is prepared to offer warrants in NewCo to the 2L Bondholders if the 2L Bondholders pass a bondholder resolution under the 2L Bonds in favour of the Transaction.
- (e) After the NewCo Acquisition and the NewCo Debt Assumption, a Bermudian scheme of arrangement will be proposed to convert the debt obligations assumed in relation to both the 1L

Bonds and the Bank Vessel Facility that in each case will be secured by the Common Collateral into ordinary shares in NewCo ("**Bermuda Scheme**").

- (f) Upon the completion of the Bermuda Scheme, the claims of the 1L Bondholders will be further equitised such that the aggregate principal amount outstanding under the 1L Bonds will be USD230,000,000, which will then be converted into new first-lien bond instruments comprising a USD115,000,000 6% cash-pay bond ("**Cash Bond**") and a USD115,000,000 10% PIK bond ("**PIK Bond**"), each to mature in 5.5 years from completion of the Transaction. The Cash Bond and the PIK Bond will be secured against the vessels "Floatel Reliance", "Floatel Superior", "Floatel Triumph" and "Floatel Victory" and shares in the Bond Vessel Entities, among other assets.
- (g) The 1L Bondholders will thereafter receive a cash payment of USD30,000,000 from NewCo, being an amount equivalent to 7.5% of the current outstanding principal of the 1L Bonds, which will reduce each of the Cash Bond and PIK Bond to USD100,000,000.
- (h) Keppel will be issued ordinary shares in NewCo, resulting in Keppel eventually holding approximately 49.92% of the equity interests in NewCo. 10% of the equity interest will be allocated to the management team of the NewCo, and the remaining equity interests in NewCo will be allocated to the 1L Bondholders and BVF Lenders following the conversion of the debt obligations assumed in relation to both the 1L Bonds and Bank Vessel Facility under the Bermuda Scheme. These holdings are subject to dilution from any future exercise of warrants.
- (i) NewCo will take on a new super senior revolving credit facility with a principal amount of up to USD100,000,000 ("**SSRCF**"). The SSRCF will be secured against the same assets provided as security for the Cash Bond and the PIK Bond, with the liabilities under the SSRCF being repaid in priority to the liabilities under the Cash Bond and the PIK Bond in the event that the security is enforced. Under the terms of the Lock-Up Agreement, Keppel has agreed to use reasonable endeavours to procure the SSRCF, for which Keppel may provide credit support in the form of a risk participation arrangement with the lender(s) of the SSRCF.
- (j) Floatel is expected to file for provisional liquidation in Bermuda following the completion of the NewCo Acquisition.

The Lock-Up Agreement further provides for maintaining the forbearance arrangements that had been in place with the certain members of the AHG since April 2020, subject to the 1L Bondholders being able to take enforcement action in line with the agreed Transaction.

The Lock-Up Agreement sets out certain milestones and can be terminated by any of Floatel, Keppel or a specified threshold of the 1L Bondholders if those milestones are not achieved. The Lock-Up Agreement also provides that it will terminate automatically on the earlier of (a) the Long-Stop Date and (b) the date on which all of the relevant Transaction documents become effective. The Long-Stop Date is the later of (a) 6 months from the date of the Lock-Up Agreement and (b) if the Bermuda Scheme is approved by the court in Bermuda, 30 business days following the receipt of such court approval, or such later date as may be agreed in writing by each party to the Lock-Up Agreement.

The Lock-Up Agreement also provides that the Transaction can be implemented consensually with the support of the 2L Bondholders and/or the BVF Lenders and lenders for the revolving credit facilities for an undrawn total amount of USD100,000,000 (the "**RCFs**", the lenders under the RCFs and the Bank Vessel Facility being the "**RCF and BVF Lenders**") if Floatel, Keppel and the AHG agree terms with the 2L Bondholders by 21 January 2021 and/or the RCF and BVF Lenders by 18 January 2021. The terms of such an alternative transaction (if any) will depend on what is agreed between Floatel, Keppel, the AHG, the 2L Bondholders and/or the RCF and BVF Lenders.

Keppel has entered into the Lock-Up Agreement to facilitate and support the proposed restructuring by Floatel. The Transaction is however made up of several steps (as described above), including enforcement of security by the 1L Bondholders and NewCo taking on the SSRCF. The Transaction also requires entry into further definitive agreements in relation to various aspects of the Transaction. There is no certainty or assurance at the date of this announcement that any of the aforementioned steps will be successfully carried out, or that the necessary definitive agreements in respect of the Transaction

will be entered into or that the Transaction will be implemented or completed or that the terms of the Transaction will be as envisaged in this announcement. Accordingly, it is premature to speculate on the financial impact of the Transaction on the Company's investments in Floatel. However, based on the Company's financial advisor's current analysis of Floatel group's assets and operations and the terms of the financial debt restructuring under the Lock-Up Agreement, the entry into the Lock-Up Agreement is not expected to result in any further impairment to the Company's carrying value of Floatel, being S\$165,369,000 based on the Company's latest announced unaudited consolidated financial statements for the half year ended 30 June 2020, for the current financial year. The valuation of the investment will be assessed at the end of each financial reporting period.

The Company will make the necessary announcements if and when there are material developments.

The Company wishes to advise Shareholders to refrain from taking any action in respect of their shares in the Company ("**Shares**") which may be prejudicial to their interests, and to exercise caution when dealing in the Shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

5 December 2020



## **PRESS RELEASE**

Bermuda, 5-December-2020

### **FLOATEL INTERNATIONAL LTD:**

#### **SIGNING OF LOCK-UP AGREEMENT BY KEY FINANCIAL STAKEHOLDERS IN SUPPORT OF A PROPOSED RESTRUCTURING**

The Company is the Issuer under the 9 % senior secured USD 400,000,000 1st Lien bonds 2018/2024 with ISIN NO001 0833775 (the "**1L Bonds**", their holders, the "**1L Bondholders**") and the 12.75 % USD75,000,000 2nd Lien bonds 2018/2024 with ISIN NO001 0833783 (the "**2L Bonds**", their holders, the "**2L Bondholders**"). The Company is also the borrower under a USD 150,000,000 term loan facility (the "**Bank Vessel Facility**") and under revolving credit facilities for an undrawn total amount of USD 100,000,000 (the "**RCFs**", the lenders under the RCFs and the Bank Vessel Facility being the "**Lenders**").

Following negotiations with its key financial stakeholders throughout 2020, the Company is pleased to announce that it, together with certain of its subsidiaries, has entered into a lock-up agreement with its 49.9% shareholder, FELS Offshore Pte. Ltd ("**Keppel**"), and an ad hoc group of 1L Bondholders (the "**AHG**") and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds (the "**Lock-Up Agreement**"). The Company is taking the Lock-Up Agreement to a wider group of 1L Bondholders and anticipates securing additional significant support in the coming days. The Lock-Up Agreement will commit the Company, Keppel, the AHG and any acceding 1L Bondholders or 2L Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "**Transaction**").

The Transaction will in broad terms, once certain milestones set out in the Lock-Up Agreement been passed, entail a corporate reorganisation of the Floatel group of companies, where the entities owning and operating the vessels "Floatel Reliance", "Floatel Superior", "Floatel Triumph" and "Floatel Victory" (the "**Bond Vessel Entities**") including the vessels and their other assets (the "**Bond Vessel Assets**") as well as certain Floatel group entities, which provide operational and management functions, being acquired by a newly established orphan company registered in Bermuda ("**Newco**"). The Transaction is described below.

The Company will as previously announced not publish a Q3-2020 interim report, as going concern can no longer be assumed. Newco (see below) will publish its first interim report for the first calendar quarter ending after the Transaction is completed.

### **Overview of the Transaction**

Subject to the satisfaction of certain milestones set out in the Lock-Up Agreement, the Transaction will, once consummated, result in a corporate reorganisation of the Floatel group of companies, with the Bond Vessel Assets as well as certain Floatel group entities, which provide operational and management functions to the Bond Vessel Entities, together with their assets (collectively with the Bond Vessel Assets, the "**Transferring Assets**") being acquired by Newco (the "**Newco Acquisition**"). The Newco Acquisition will be carried out through the enforcement by the 1L Bondholders of their security over the shares in the Bond Vessel Entities and the entities providing operational and management functions.

All other Floatel group entities, including the entities owning and operating the vessel “Floatel Endurance”, together with their assets (collectively, the “**Bank Vessel Assets**”) will remain as direct or indirect subsidiaries of the Company unless the Lenders under the Bank Vessel Facility otherwise direct pursuant to the terms of the relevant collateral documents, which were entered into in connection with the Bank Vessel Facility and the Company’s USD 20,000,000 revolving credit facility and which granted certain security interests in favour of the Lenders in respect of the Bank Vessel Assets.

In consideration for the acquisition by Newco of the Transferring Assets, debt obligations in the amount of the 1L Bonds will be assumed by Newco along with debt obligations in a portion of the Bank Vessel Facility that is secured by the Company’s pool of “Common Collateral”, which is a pool of collateral securing the 1L Bonds, 2L Bonds and Bank Vessel Facility together (the “**Newco Debt Assumption**”). The remaining portion of the Bank Vessel Facility will remain a liability of the Company. The 2L Bonds and the approximately USD 244,000,000 subordinated loan borrowed by the Company from Keppel are not part of the Newco Acquisition and Newco Debt Assumption and will remain with the Company. Newco is prepared to offer warrants in Newco to the 2L Bondholders if the 2L Bondholders pass a bondholder resolution under the 2L Bonds in favour of the Proposed Transaction. Following the completion of the Transaction there will be a significant balance sheet deleveraging and an extension to Newco’s near-term maturity and cash-pay interest profile.

The Transaction will provide Newco with a robust liquidity profile pursuant to terms for a new revolving credit facility of up to USD 100,000,000 (the “**New RCF**”), which is in the process of being sourced, such liquidity being essential in the currently challenging operating environment, giving Newco a stable platform to bid for new contract awards moving into 2021. The New RCF will be secured against the same assets provided as security for the Cash Bond and the PIK Bond (see below), with the liabilities under the New RCF being repaid in priority to the liabilities under the Cash Bond and the PIK Bond in the event that the security is enforced.

In addition to Newco Acquisition and the Newco Debt Assumption, the main terms agreed pursuant to the Lock-Up Agreement are as follows:

- A Bermudian scheme of arrangement to convert the debt obligations assumed in relation to the 1L Bonds and Bank Vessel Facility that in each case will be secured by the Common Collateral into ordinary shares in Newco (the “**Scheme**”);
- Upon completion of the Scheme, the 1L Bonds will be subject to a further equitisation such that the aggregate principal amount outstanding under the 1L Bonds will be USD 230,000,000, which will then be converted into new first-lien bond instruments comprised of a USD 115,000,000 6% cash-pay bond (the “**Cash Bond**”) and a USD 115,000,000 10% PIK bond (the “**PIK Bond**”) each to mature 5.5 years from completion of the Transaction. The Cash Bond and the PIK Bond will be secured against the vessels “Floatel Reliance”, “Floatel Superior”, “Floatel Triumph” and “Floatel Victory” and shares in the Bond Vessel Entities, among other assets;
- A cash payment of USD 30,000,000 to the 1L Bondholders, being an amount equivalent to 7.5% of the current outstanding principal of 1L Bonds, which will reduce each of the Cash Bond and PIK Bond to USD 100,000,000;
- The post-Transaction total debt at Newco will be up to USD 300,000,000, assuming the New RCF is fully drawn;
- The post-Transaction equity in Newco will be allocated such that Keppel will hold 49.9%, management 10% and the remainder will be allocated to the 1L Bondholders (subject to dilution by the consideration provided to the Lenders under the Bank Vessel Facility through the Scheme), and all to be subject to dilution from any future exercise of warrants; and

- The Company will likely file for insolvency in Bermuda following completion of the Newco Acquisition.

### **Support for the Transaction**

The Lock-Up Agreement provides for equivalent provisions as were contained in the forbearance arrangements the Company had in place with the certain members of the AHG since April 2020 and the Lock-Up Agreement is subject to the satisfaction of certain milestone conditions and can be terminated by either the Company, Keppel, or a specified threshold of the 1L Bondholders if those milestones are not achieved.

The Transaction as set out in the Lock-up agreement is however made up of several steps (as described above), including enforcement of security by the 1L Bondholders and NewCo taking on the New RCF. The Transaction also requires entry into further definitive agreements in relation to various aspects of the Transaction. There is no certainty or assurance at the date of this announcement that any of the aforementioned steps will be successfully carried out, or that the necessary definitive agreements in respect of the Transaction will be entered into or that the Transaction will be implemented or completed or that the terms of the Transaction will be as envisaged in this announcement.

If implemented with the support of Keppel and the 1L Bondholders party to the Lock-Up Agreement only, the Transaction is anticipated to complete around Q1-2021 quarter end.

The Lock-Up Agreement provides that the Transaction can be implemented consensually with the support of the 2L Bondholders and/or the Lenders if the Company, Keppel and the AHG agree terms with the 2L Bondholders by 21 January 2021 and/or the Lenders by 18 January 2021. Constructive discussions are ongoing with the Lenders regarding a consensual transaction that would result in the Bank Collateral being discharged. In addition, the Company continues to work with the Lenders to establish arrangements that would allow expenses in respect of Floatel Endurance and the banks' collateral companies to be covered by proceeds in the blocked accounts following the payment agreement lapsing on its terms, as mentioned in the market announcement dated 31 August 2020. The Company has commenced discussions with the 2L Bondholders and hopes to develop that dialogue to deliver a fully consensual transaction.

The vessels that are on charter continue to operate as normal and it is business as usual for the Group's operations.

Attached is a presentation with an update from the Company.

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## **INFORMATION ABOUT FLOATEL INTERNATIONAL LTD**

*Floatel International Ltd was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Company is to own and operate the most modern, safe and reliable flotel fleet in the world.*

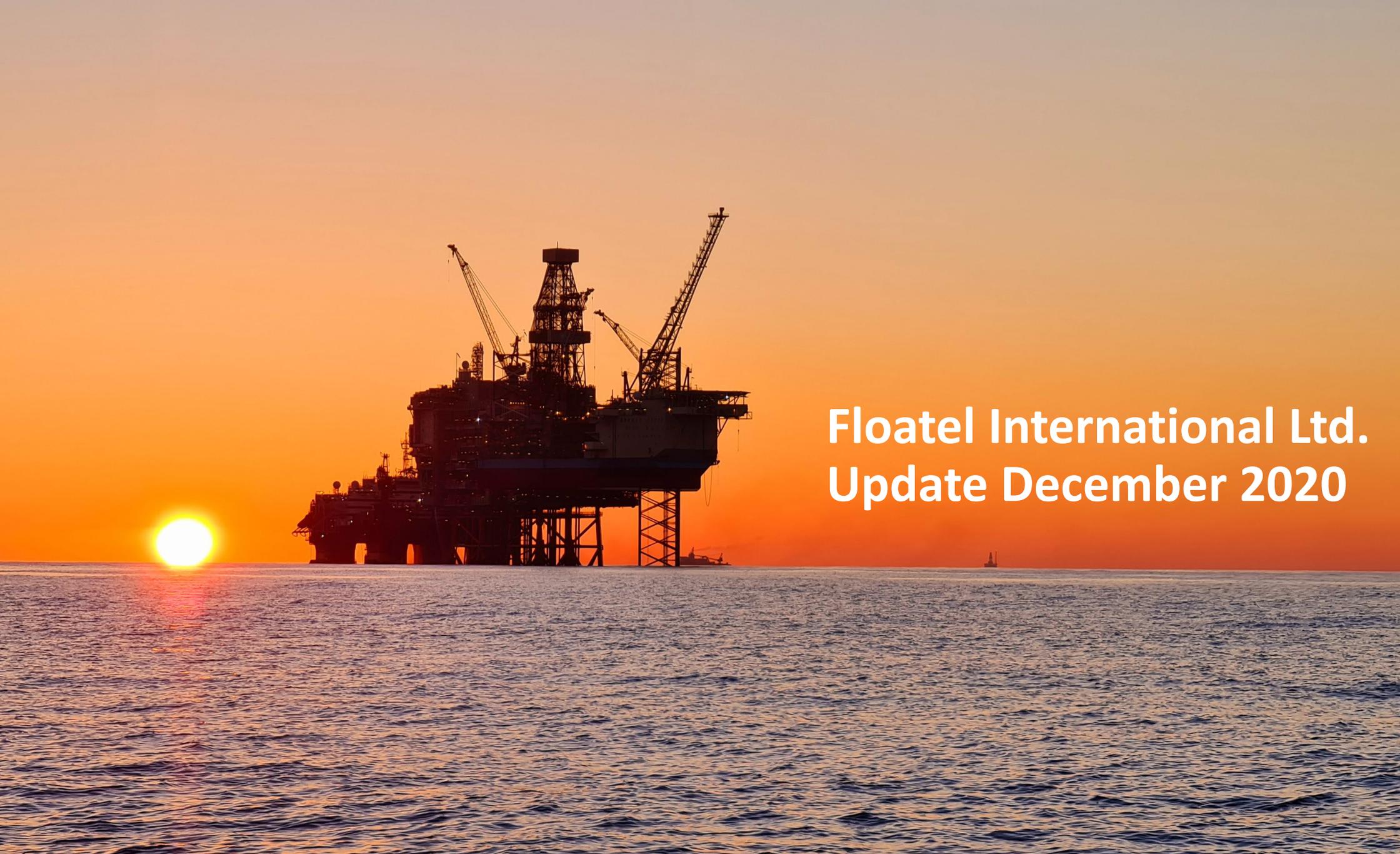
*Floatel International owns and operates five semisubmersible accommodation vessels, all vessels were delivered within the period 2010 to 2016. Two vessels, Floatel Superior and Floatel Endurance are approved to operate in the Norwegian sector and four vessels are approved for the UK sector.*

*All vessels are equipped with a dynamic positioning system and are built according to the latest HSE requirements providing quality and comfort for the guests onboard. The accommodation capacity of the Floatel fleet ranges from 440 beds to 560 beds. All vessels are furthermore equipped with large deck areas, workshops and crane support able to assist complicated offshore hookup projects and maintenance and modifications of existing offshore facilities.*

*Floatel has two bond issuances listed on Oslo ABM with ticker code FLOAT02 and FLOAT03.*

*Floatel International AB is a management company responsible for operational management and construction supervision for and on behalf of the Owner, Floatel International Ltd.*

*For further information about Floatel International Group, please visit our website: [www.floatel.bm](http://www.floatel.bm)*



# Floatel International Ltd. Update December 2020

# Disclaimer

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# Floatel International Ltd. - Update December 2020

**COMPANY OVERVIEW**

**MARKET FUNDAMENTALS**

**PROPOSAL / FINANCIALS**

# Floatel International fleet

## Young, high-end fleet of accommodation vessels - fleet overview (1/3)

### FLOATEL SUPERIOR

- Delivered March 2010
- Broker value: USD 115m\*
- Operating displacement 29' MT
- DP 3 positioning system
- Eight-point mooring
- 440 bed accommodation (single cabins)
- Deck area 1,500 m2
- Payload 2,400 metric tons
- Main crane 100 MT lifting capacity
- Telescopic gangway 38.0m, ±7.5m

Designed for harsh environment and is approved for work in UK and Norwegian sector on a year-round basis. Has previously worked in Australia.

SPS completed early June 2020.



### FLOATEL RELIANCE

- Delivered October 2010
- Broker value: USD 55m\*
- Operating displacement 16' MT
- DP 2 positioning systems
- 500 bed accommodation capacity
- Deck area 1,100m2
- Payload 1,800 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 36.0m ±6.5m

Designed for harsh environment and has previously worked in Brazil 2011-2016

Presently in lay-up and is actively marketed for new work. Estimated time for reactivation is 14-17 weeks.



# Floatel International fleet

## Young, high-end fleet of accommodation vessels - fleet overview (2/3)

### FLOATEL VICTORY

- Delivered November 2013
- Broker value: USD 100m\*
- Operating displacement 26' MT
- DP 3 positioning systems
- Ten-point chain mooring system
- 560 bed accommodation capacity
- Deck area 1,100m<sup>2</sup>
- Payload 2,400 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 38m ±7.5m

Designed for harsh environment and is approved for work in UK sector on a year-round basis. Has previously worked in US Gulf of Mexico.

Next SPS is due Q2 2023



### FLOATEL TRIUMPH

- Delivered: September 2016
- Broker value: USD 110m\*
- Operating displacement 26' MT
- DP 3 positioning systems
- Ten-point chain mooring system
- 500 bed accommodation capacity
- Deck area 1,100m<sup>2</sup>
- Payload 1,500 metric tons
- Main crane 120 MT lifting capacity
- Telescopic gangway 38.0m, ±7.5m

Designed for harsh environment operations in UK sector on a year-round basis. Has a valid safety case for operations in Australia, both for cold and live installations.

Next SPS is due Q4 2021



# Floatel International fleet

## Young, high-end fleet of accommodation vessels - fleet overview (3/3)

### FLOATEL ENDURANCE\*

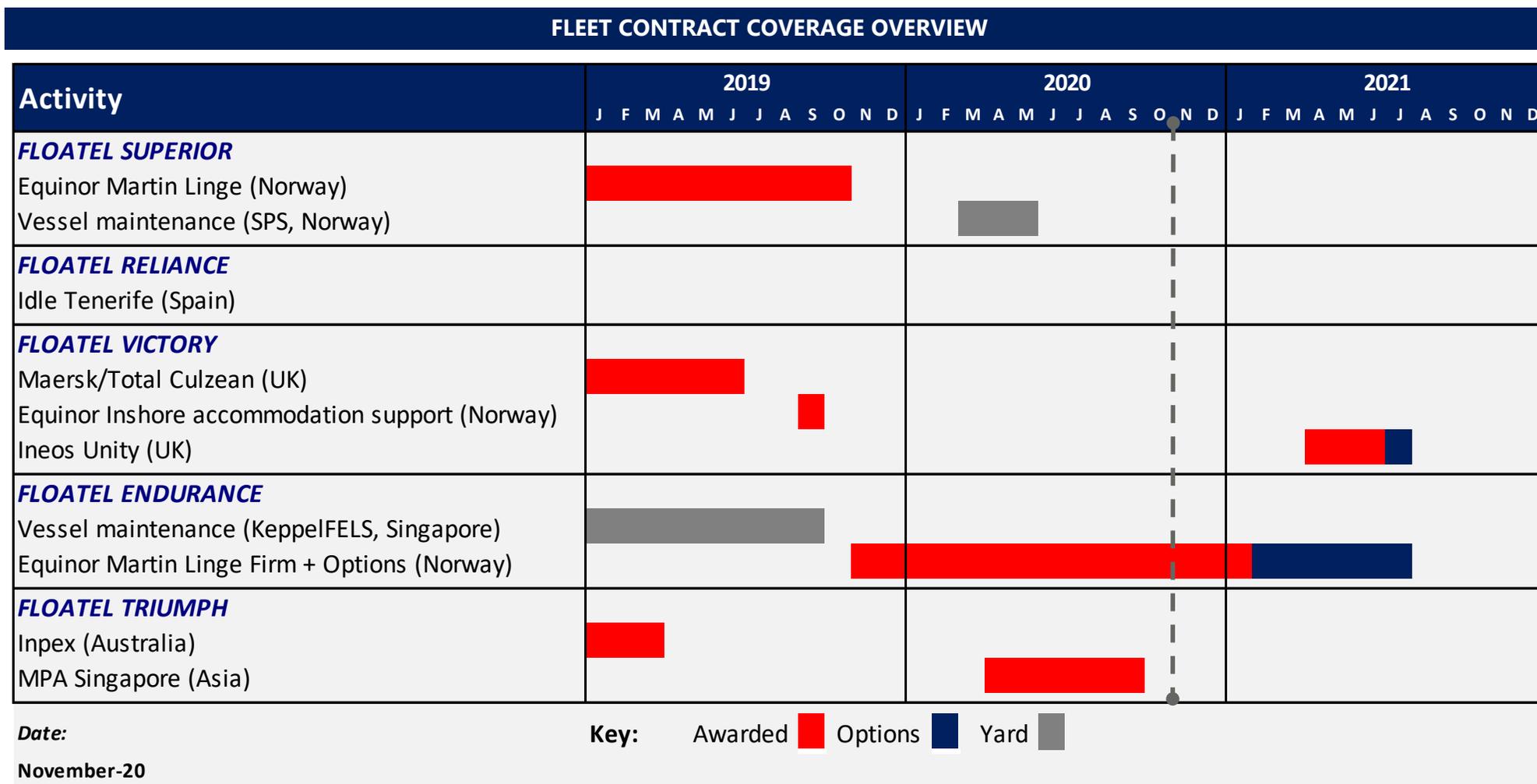
- Delivered April 2015
- Broker value: USD 130m \*\*
- Operating displacement 32' MT
- DP 3 positioning systems
- Ten-point mooring system
- 440 bed accommodation (single cabins)
- Deck area 1,100m<sup>2</sup>
- Payload 2,000 metric tons
- Offshore crane support, 100 MT
- Telescopic gangway 38m ±7.5m

Designed for harsh environment and is approved for work in UK and Norwegian sector on a year-round basis. Has previously worked in Australia.

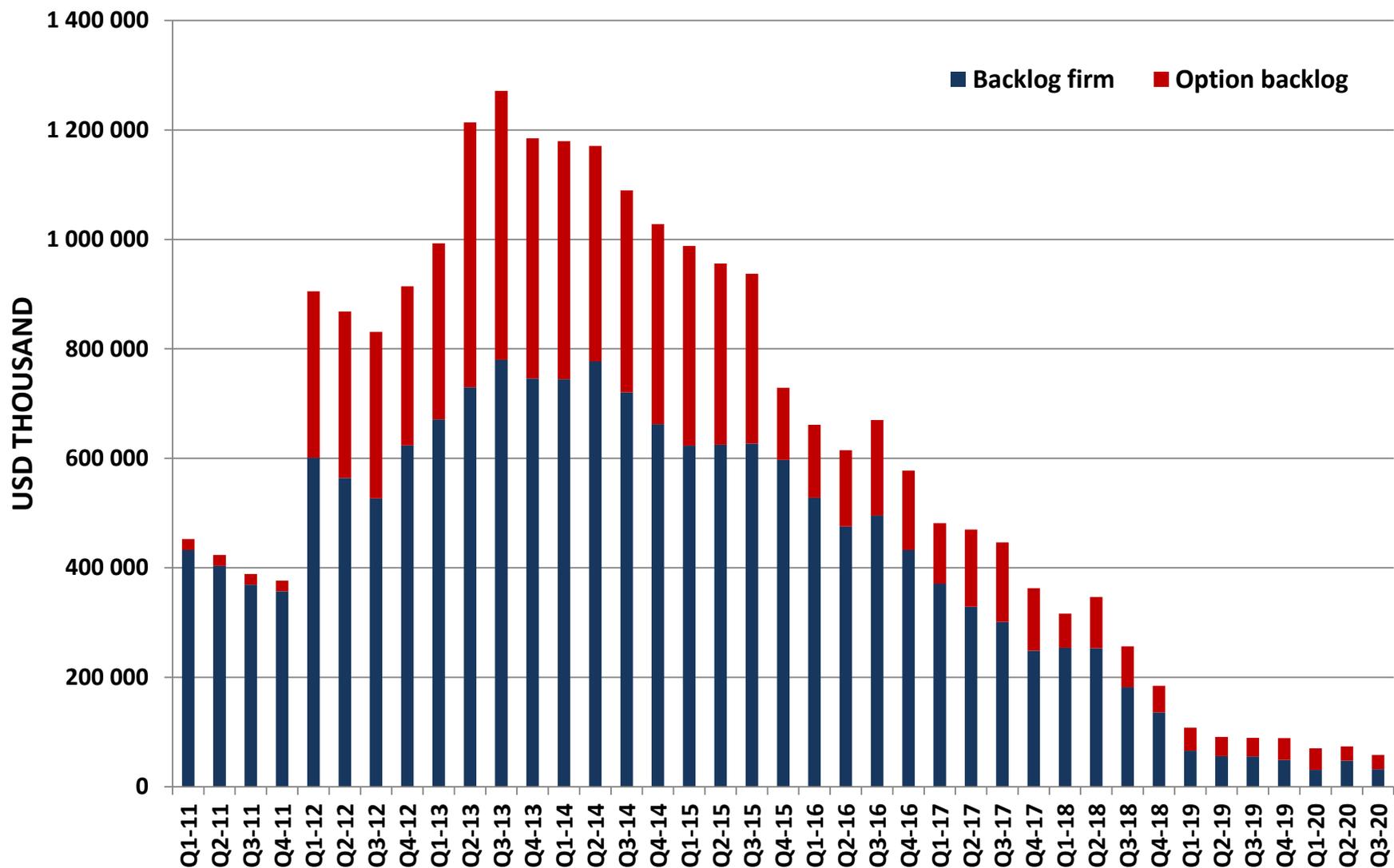
Next SPS is due 2024



# Present fleet commitment – December 2020



# Backlog 31 October 2020<sup>1</sup> – Firm \$26m, option \$26m



# Floatel International Ltd. - Update December 2020

**COMPANY OVERVIEW**

**MARKET FUNDAMENTALS**

**PROPOSAL / FINANCIALS**

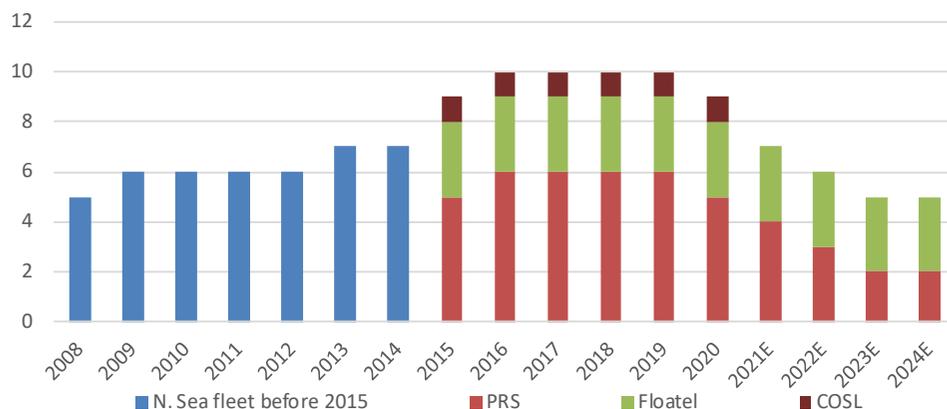
# Market comment reflecting present situation

- The following slides showing predicted supply/demand in the North Sea region and globally, and has been prepared taking the present situation with Covid-19 and the fall in the oil prices into account. The consequences are:
  - Postponement of several present projects due to the pandemic. North Sea operators have, to a large extent, suspended work from 2020 to 2021, causing an all-time low utilization of the North Sea fleet in 2020
  - Petrobras suspended all charters by 4-5 months, although the vessels are recently back in operation
  - Most operators have made an announcement of reduced capex given the current environment, which will have an impact, although most operators have not communicated detailed plans and how this will affect previously identified projects. The assumption is for reduced activity in the near term (2020 - 1H 2021) with most previously identified projects pushed into the future (and some projects cancelled)
- It is believed that the current situation will “accelerate” scrapping decisions of older vessels, reducing available supply of semi-submersibles
- Present high bidding activity indicates a market recovery in 2<sup>nd</sup> half of 2021 / 2022 with increased utilization and improved day-rates. The 2021 market may be slightly better than previously indicated with a focus on maintenance and modification projects, pending the Covid-19 situation

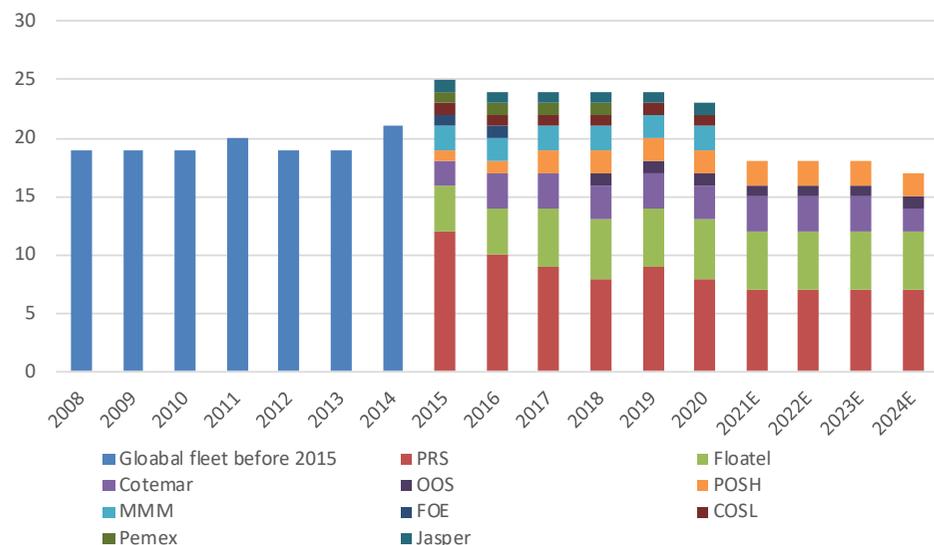
# Floatel stands out with modern, high specification rigs

Supply Situation – reduced supply through older vessels exiting the market

## PREDICTED NORTH SEA SEMI-SUB ACCOMMODATION FLEET SIZE



## WORLD-WIDE SUPPLY OF SEMI-SUB ACCOMMODATION VESSELS



## SEMI-SUBMERSIBLE ACCOMMODATION VESSELS

Vessel name	Operator	Status	DP	Delivery year
Safe Nova	Prosafe	Suspended delivery	DP3	2022/23
Safe Vega	Prosafe	Suspended delivery	DP3	2022/23
Safe Eurus	Prosafe	In Service	DP3	2019
OOS Tiradentes	OOS Int.	In Service	DP3	2018
<b>Floatel Triumph</b>	<b>Floatel</b>	<b>Lay up</b>	<b>DP3</b>	<b>2016</b>
Safe Notos	Prosafe	In Service	DP3	2016
POSH Arca dia	POSH	In Service	DP3	2016
<b>Floatel Endurance</b>	<b>Floatel</b>	<b>In Service</b>	<b>DP3</b>	<b>2015</b>
Safe Boreas	Prosafe	Lay up	DP3	2015
Safe Zephyrus	Prosafe	In Service	DP3	2015
Atlantis	Cotemar	In Service	DP3	2015
Neptuno	Cotemar	In Service	DP3	2015
Posh Xanadu	POSH	In Service	DP3	2014
<b>Floatel Victory</b>	<b>Floatel</b>	<b>In Service</b>	<b>DP3</b>	<b>2013</b>
<b>Floatel Reliance</b>	<b>Floatel</b>	<b>Lay up</b>	<b>DP2</b>	<b>2010</b>
<b>Floatel Superior</b>	<b>Floatel</b>	<b>In Service</b>	<b>DP3</b>	<b>2010</b>
Safe Concordia	Prosafe	Lay up	DP2	2005
Semi 1	MMM	To be scrapped	DP2	1987
Semi 2	MMM	To be scrapped	DP3	1987
Regalia	Prosafe	To be scrapped	DP2	1985
Safe Scandinavia	Prosafe	Lay up	No DP	1984
Chemul	PEMEX	To be scrapped?	DP2	1983
Safe Caledonia	Prosafe	In Service	DP2	1982
Iolair	Cotemar	In Service	DP2	1982
Jasper Cosmop.	Yulian	To be scrapped?	No DP	1977
COSLRival	COSL	To be scrapped?	No DP	1976

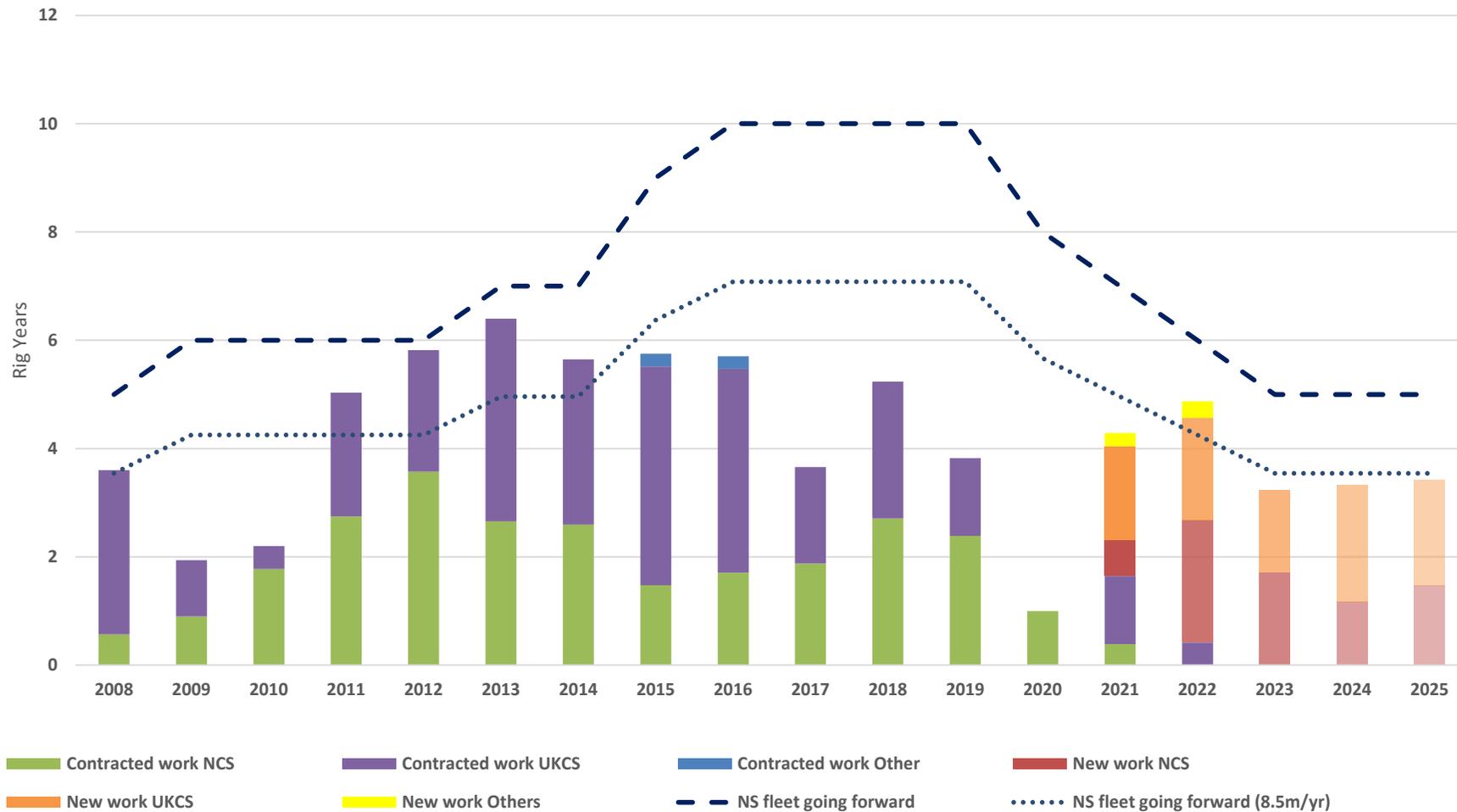
Scraping candidates

Lay up = vessel laid up with no future contracts



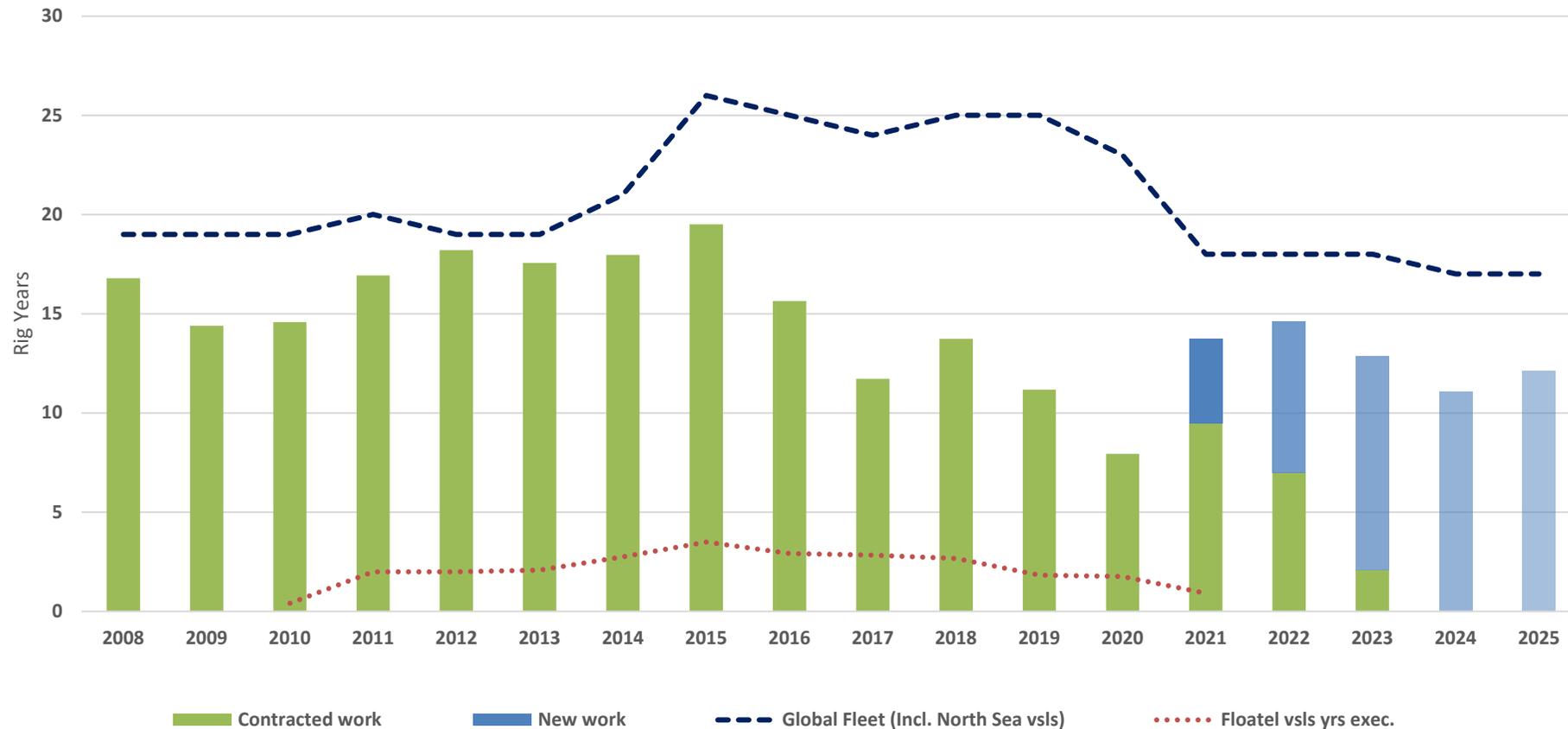
# North Sea market 2008 – 2025

North Sea Supply/Demand - Executed contracts and predicted new work/fleet size



# Global market 2008 – 2025 (including North Sea)

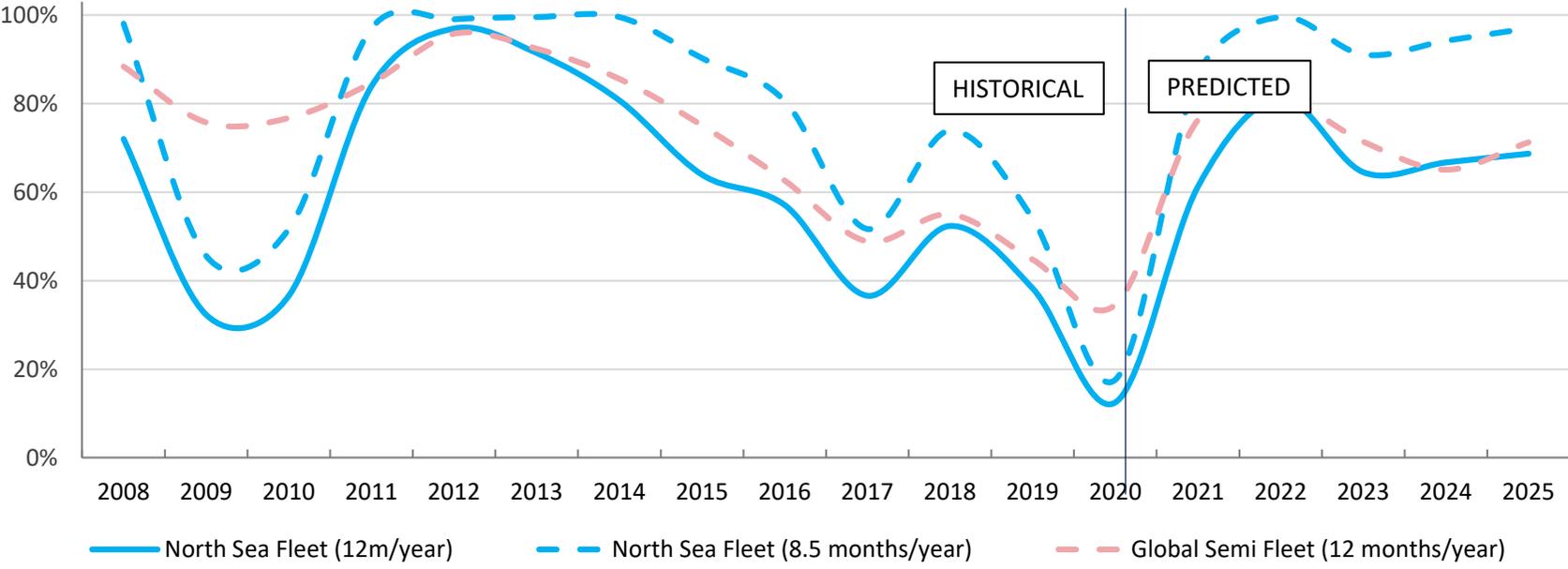
Global Supply/Demand- Executed contracts and predicted new work/supply





# Fleet utilisation

**HISTORICAL AND PREDICTED SEMI-SUB ACCOMMODATION FLEET UTILISATION - NORTH SEA AND WORLD FLEET**

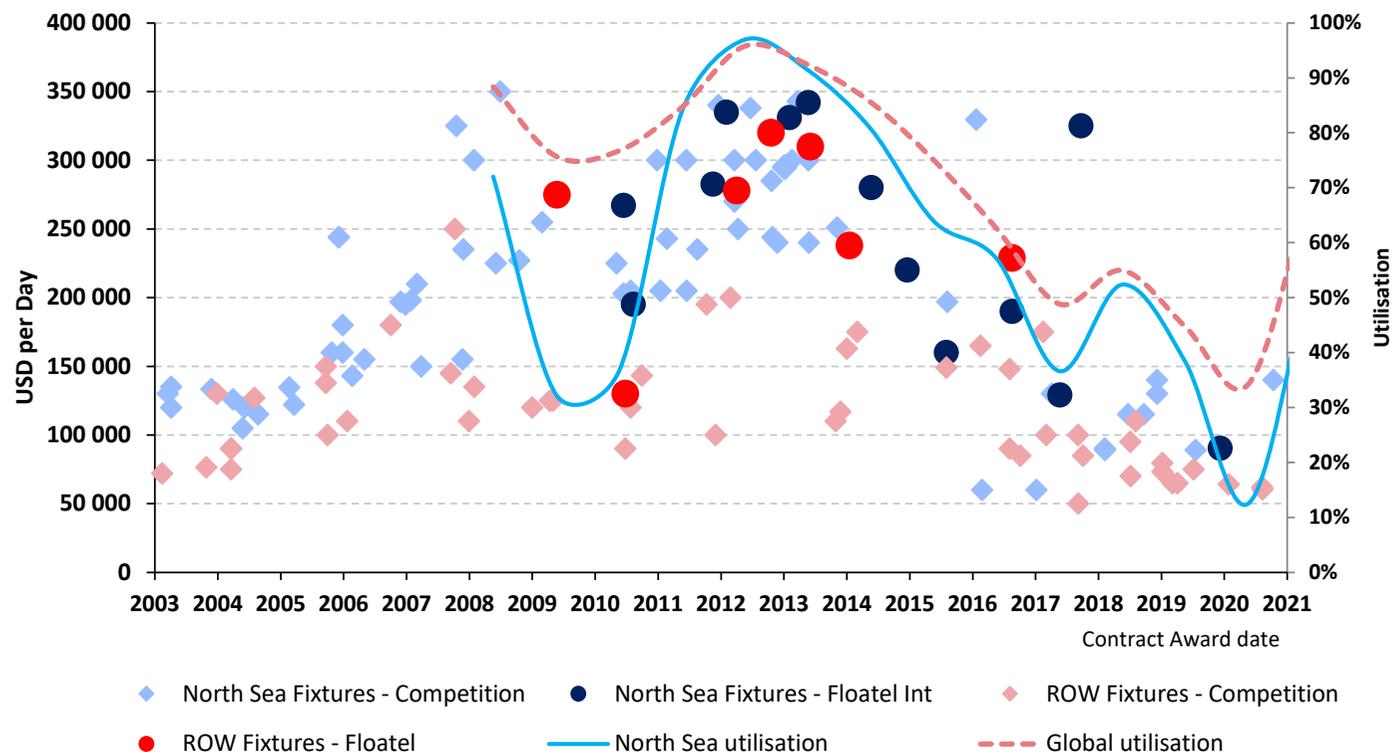


# Day-rate development – North Sea and Rest of the World

## COMMENT

- North Sea market generally has the highest day-rates due to market barriers related to stringent regulatory requirements and harsh environments
- Modern Semi-submersibles dominate North Sea demand as they can operate more seamlessly in the difficult conditions due to positioning capabilities
- Further, supply is expected to continue to reduce in the future due to the aging of the global fleet, however it will take some years before the market is back in balance
- High Specification vessels also tend to receive charter first and when supply and demand is in balance longer lead time before contract start up
- Floatel has five modern accommodation units (of which four DP3) and is expected to be strongly positioned in a recovering North Sea market

## HISTORICALLY OBSERVED DAY-RATES (INITIAL CONTRACTS, FIRM PERIOD) – NORTH SEA & ROW



# Floatel International Ltd. - Update December 2020

**COMPANY OVERVIEW**

**MARKET FUNDAMENTALS**

**PROPOSAL / FINANCIALS**

# Summary transaction overview

<b>Revolving credit facilities</b>	<ul style="list-style-type: none"> <li>○ New \$100.0m RCF secured by substantially same security package as current Bond RCF             <ul style="list-style-type: none"> <li>• Coupon: TBD</li> <li>• Tenor: TBD</li> </ul> </li> <li>○ Credit support provided to new RCF lenders by Keppel through a risk participation agreement TBD</li> </ul>
<b>1L Bonds</b>	<ul style="list-style-type: none"> <li>○ \$230.0m of existing 1L Bonds reinstated as two separate bonds:             <ul style="list-style-type: none"> <li>• \$115.0m 1L cash-pay Bonds (“Cash Bond”)                 <ul style="list-style-type: none"> <li>- 6.00% annual cash interest</li> <li>- Maturity: 5.5 years from completion of the restructuring</li> </ul> </li> <li>• \$115.0m 1L PIK Bonds (“PIK Bond”)                 <ul style="list-style-type: none"> <li>- 10.00% PIK interest per annum</li> <li>- Maturity: 5.5 years from completion of the restructuring</li> </ul> </li> </ul> </li> <li>○ Post closing, the Cash Bond and the PIK Bond will receive an aggregate cash payment of \$30.0m, reducing each to \$100.0m</li> <li>○ 1L Bond common collateral claim equitized, pro rata with BVF common collateral claim, into a share of 40.08% post-restructuring equity through a scheme of arrangement in Bermuda, subject to dilution from the post-scheme 1L Bond equitization and warrants</li> <li>○ Remaining 1L Bond claim equitized through an indenture resolution into a share of 40.08% post-restructuring equity together with the equitized common collateral, subject to dilution from warrants</li> </ul>
<b>Cash sweep / Covenants</b>	<ul style="list-style-type: none"> <li>○ Quarterly cash sweep to be implemented, with excess cash over \$25.0m to be applied first to RCF (until reduced to zero) and then to the Cash Bond and the PIK Bond pro rata</li> <li>○ 1.30x Minimum Asset Coverage Ratio for Permitted Investments incurrence test only</li> <li>○ \$10.0m Minimum Liquidity Covenant in 2023 and \$15.0m from Q1-2024</li> </ul>
<b>Bank Vessel Facilities (“BVF”)</b>	<ul style="list-style-type: none"> <li>○ Post-enforcement, BVF claim into the common collateral will be equitized, pro rata with the 1L Bond common collateral claim, into a share of 40.08% of post-restructuring equity, subject to dilution from the post-scheme 1L Bond equitization and warrants</li> <li>○ Remaining BVF claim and the bank collateral that secures it are left undisturbed at Floatel International Ltd.</li> </ul>
<b>2L Bonds</b>	<ul style="list-style-type: none"> <li>○ Extinguished</li> <li>○ To receive 7.0-year warrants of post-restructuring equity on condition that the 2L Noteholders passing a resolution approving the Transaction</li> </ul>
<b>Keppel Subordinated Loan</b>	<ul style="list-style-type: none"> <li>○ Remains at Floatel international Ltd.</li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>○ Keppel receives 49.9% of post-restructuring common equity in recognition of credit support to RCF, subject to dilution from warrants</li> <li>○ Management receives 10% of post-restructuring common equity, subject to dilution from warrants</li> </ul>

# NewCo Group – Key financials

## Key financials forecast

NewCo Group				
in \$m	2021	2022	2023	2024
Revenue	49	87	110	128
EBITDA	1	29	55	71
Unlevered FCF	(25)	6	41	51

### ○ Forecast assumptions

- NewCo Group established 1 January 2021 and consists of Floatel Superior, Floatel Reliance, Floatel Victory and Floatel Triumph as well as management resources
- 2021-2024 is a combination of existing contracts (2021) and estimated new awards. COVID-19 impact and weak oil demand reflected in demand and day-rates
- 2021 firm contracts: Ineos, UK Sector
- Martin Linge not included since the Endurance is assumed to be under separate ownership from end of Q4-2020

# NewCo Group – Pro forma capitalization

	Floatel International Group			Newco Group		
	Pre-transaction	Interest	Maturity <sup>1)</sup>	Pro forma <sup>2)</sup>	Interest	Maturity
\$20mm Bank RCF	-	LIBOR + 2.25% (Cash)	Sep-2023	N/A		
\$80mm Bond RCF	-	LIBOR + 2.25% (Cash)	Sep-2023	N/A		
New \$100mm RCF <sup>3)</sup>	-			60	TBD	TBD
<b>Total Super Senior Debt</b>	-			<b>60</b>		
\$150mm Bank Vessel Facility	112	LIBOR + 3.25% (Cash)	Sep-2023	N/A		
\$400mm 1st-Lien Bond	436	9.00% (Cash)	Apr-2024	N/A		
New 1st-Lien Bond - Cash Tranche <sup>4)</sup>	-			100	6.000% (Cash)	5.5 yrs from closing
New 1st-Lien Bond - PIK Tranche <sup>4)</sup>	-			100	10.000% (PIK)	5.5 yrs from closing
<b>Total Senior Debt</b>	<b>548</b>			<b>200</b>		
\$75mm 2nd-Lien Bond	80	12.75% (Cash)	Apr-2024	N/A		
<b>Total Secured Debt</b>	<b>628</b>			<b>260</b>		
Keppel Subordinated Loan	244	2.00% (PIK)	Dec-2025	N/A		
<b>Total Unsecured Debt</b>	<b>244</b>			<b>-</b>		
<b>Total Debt</b>	<b>872</b>			<b>260</b>		
<b>Liquidity<sup>5)</sup></b>						
Total cash	42			14		
(-) Endurance Cash	(24)			N/A		
Available Group Cash	18			14		
RCF Availability	-			40		
<b>Liquidity</b>	<b>18</b>			<b>54</b>		

Notes:

- 1) Maturity date as per agreements, facilities due and payable on demand due to the Floatel International Group being in default.
- 2) Assumed closing end Q1-2021. The Company will continue its efforts to manage liquidity to support the implementation phase of the transaction.
- 3) Estimated utilization at closing and \$100mm total commitments.
- 4) New 1L Bond tranches shown post \$30m paydown (\$15m on each tranche).
- 5) Pre-transaction liquidity as of 16 November 2020.

Source: Company



**FLOATEL**  
INTERNATIONAL