



# STANDARD SUPPLY

Fourth Quarter 2022

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## **Standard Supply in brief**

**Fourth Quarter 2022 Highlights**

**Market Outlook**

**Appendix**

## Euronext Growth listed PSV operator

- Total fleet of nine Platform Supply Vessels (PSVs)
  - 3x large-sized PSVs, 1x medium-sized and 5x medium-sized owned 51%
- Opportunistic growth profile
  - Recent acquisitions done at 50-65% discount to replacement cost
- Highly experienced- and active majority owner
  - S.D. Standard ETC (“SDSD”) was founded in 2010 and has a long history of cyclical asset plays
  - Active owner that has paid USD ~425m in dividends to shareholders since inception

## Focus on maximizing cash flow to investors

- Low-cost platform through management agreement with Fletcher
- Fully exposed to unprecedented dayrate inflation in the OSV market
- Clear target of returning excess cash to shareholders

## Betting on market – not design and technology

- 30-years experience investing in offshore assets
- We invest in generic assets with operating track record



## Fleet of 9x PSVs - all in operation

- High operational leverage through vessels open to take advantage of tightening market

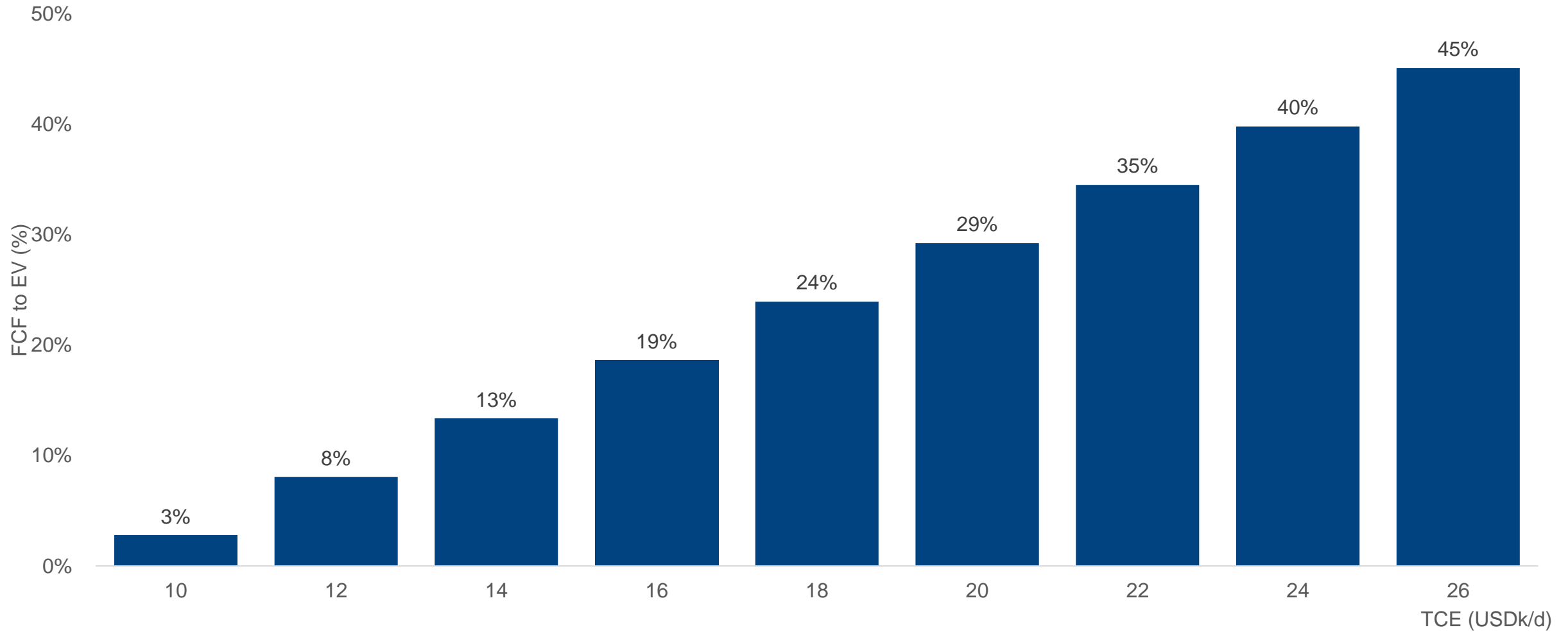
| Vessels           | Built | Deck (m2) | Employment | Dayrate | Firm end | Option end | jan. 23 | feb. 23 | mar. 23 | apr. 23 | mai. 23 | jun. 23 | jul. 23 | aug. 23 | sep. 23 | okt. 23 | nov. 23 | des. 23 |
|-------------------|-------|-----------|------------|---------|----------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Standard Viking   | 2007  | 1 060     | TC         | 16 000  | feb.24   |            | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      |
| Standard Supplier | 2007  | 1 060     | Spot       |         |          |            | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    |
| Standard Defender | 2019  | 900       | TC         | 20 900  | apr.23   | apr.23     | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      |
| Standard Duke     | 2012  | 716       | TC         | 16 300  | jun.23   |            | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      |
| FS Balmoral       | 2008  | 710       | Spot       |         |          |            | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    |
| FS Kristiansand   | 2005  | 710       | TC         | 16 000  | sep.23   | des.23     | TC      | TC      | TC      | TC      | TC      | TC      | TC      | TC      | Option  | Option  | Option  | Option  |
| FS Braemar        | 2007  | 710       | Spot       |         |          |            | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    |
| FS Abergeldie     | 2008  | 680       | TC         | 10 000  | apr.23   | apr.25     | TC      | TC      | TC      | Option  | Option  | Option  | Option  | Option  | Option  | Option  | Option  | Option  |
| FS Crathes        | 2008  | 680       | Spot       |         |          |            | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    | Spot    |

|        |
|--------|
| TC     |
| Option |
| Spot   |

Note: Dayrates converted from EUR/ GBP to USD per day  
 Standard Viking on 1-year firm until Feb '23 at GBP 10,995, extended for 1-year thereafter at GBP 12,995 per day.

# Fleet Economics

TCE of USD 15,600/ 10,600 in 3q/4q22

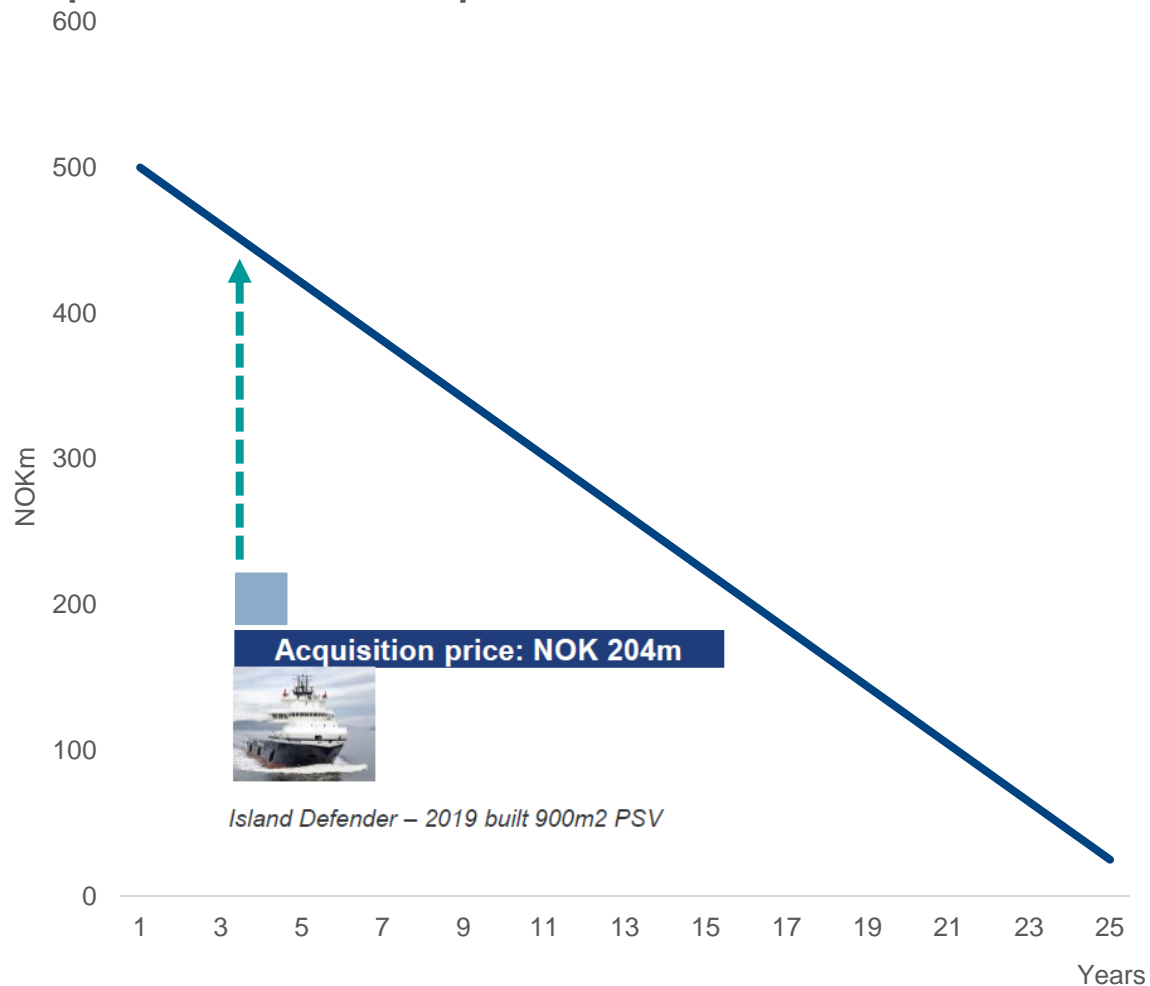


Assumptions: EV of USD 86m basis YE'22 balance sheet and NOK 5.2/sh share price. Net ownership of 6.6x vessels. Utilization of 95%. Opex + G&A of USD 7,500 per day and DD provisions of USD 1,000/d.

# Recent Investments

## Standard Defender – 2019 built large-sized PSV

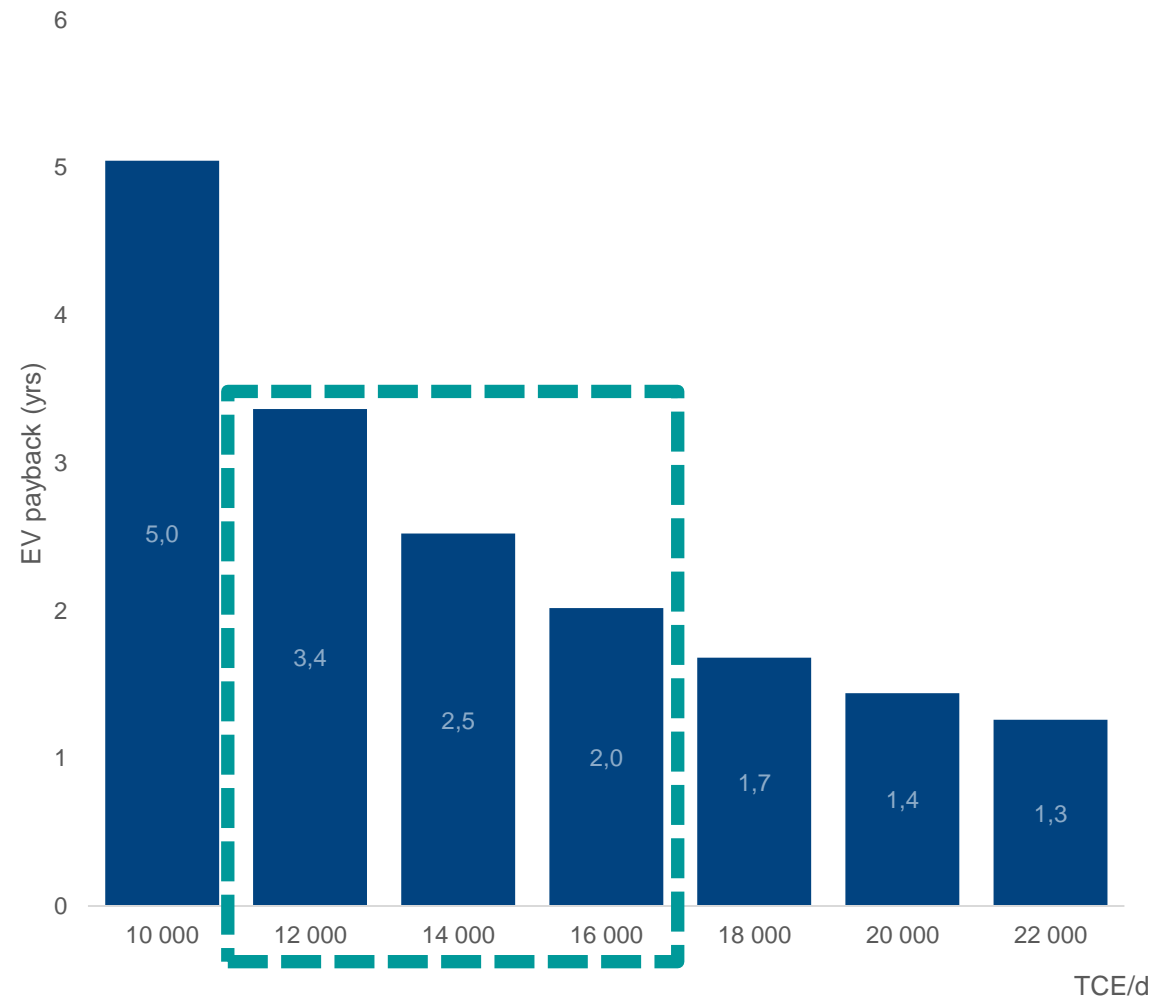
Acquired c. 50% below replacement cost



Source: Clarkson, Company data

## Standard Duke – 2012 built mid-sized PSV

EV payback at various TCE's





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### **4q22 results – EBITDA of USD 1.2m / Net profit of USD -0.8m**

- TCE of USD 10,600 per day and utilization of 84% based on availability
- Cash at YE'22 of USD 8.1m plus USD 20m undrawn RCF

### **Commercial highlights**

- Raised NOK 200m in November for further growth opportunities

### **Subsequent events**

- BoD proposes dividend of NOK 0.10 per share
- Shell declares 1-year option for Standard Viking at GBP 12,995/d starting in February
- Signed 130 days contract for Standard Duke at GBP 13,250/d starting in late February

**Standard Supply in brief**

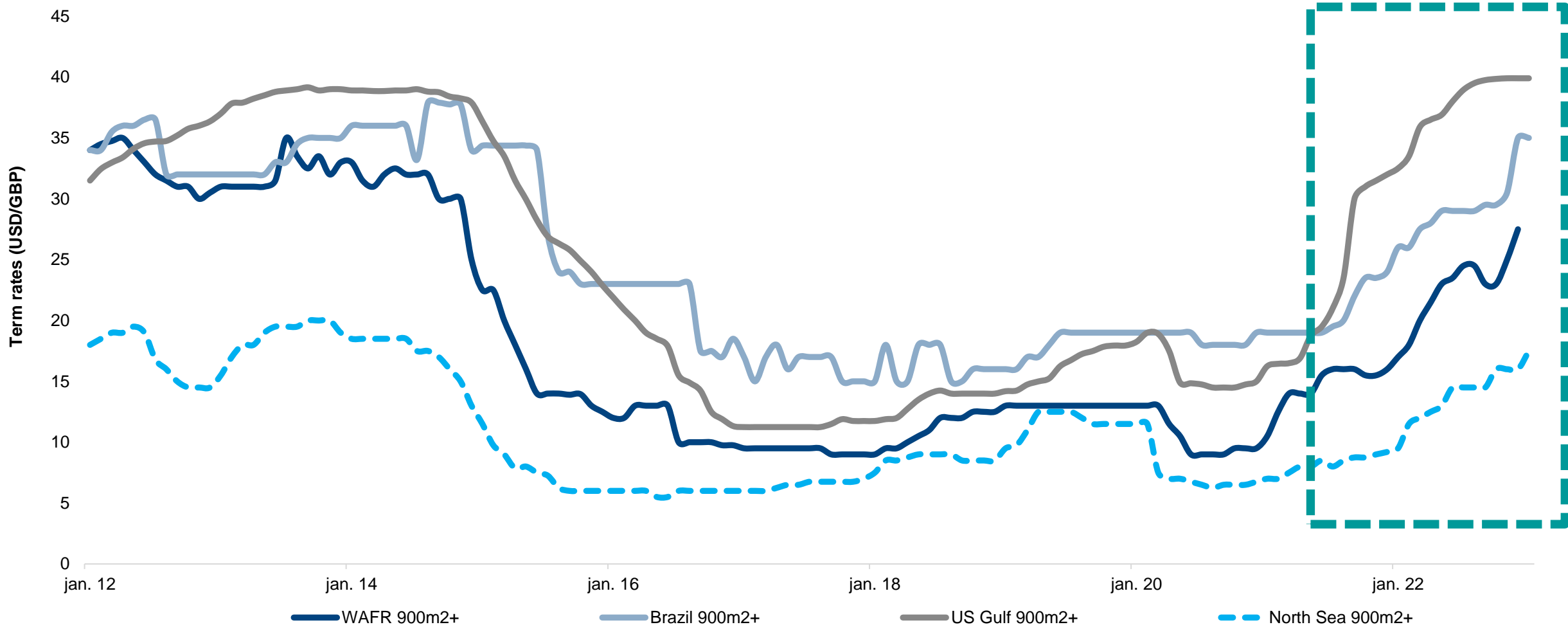
**Fourth Quarter 2022 Highlights**

**Market Outlook**

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# Global Market – PSV Term Rates

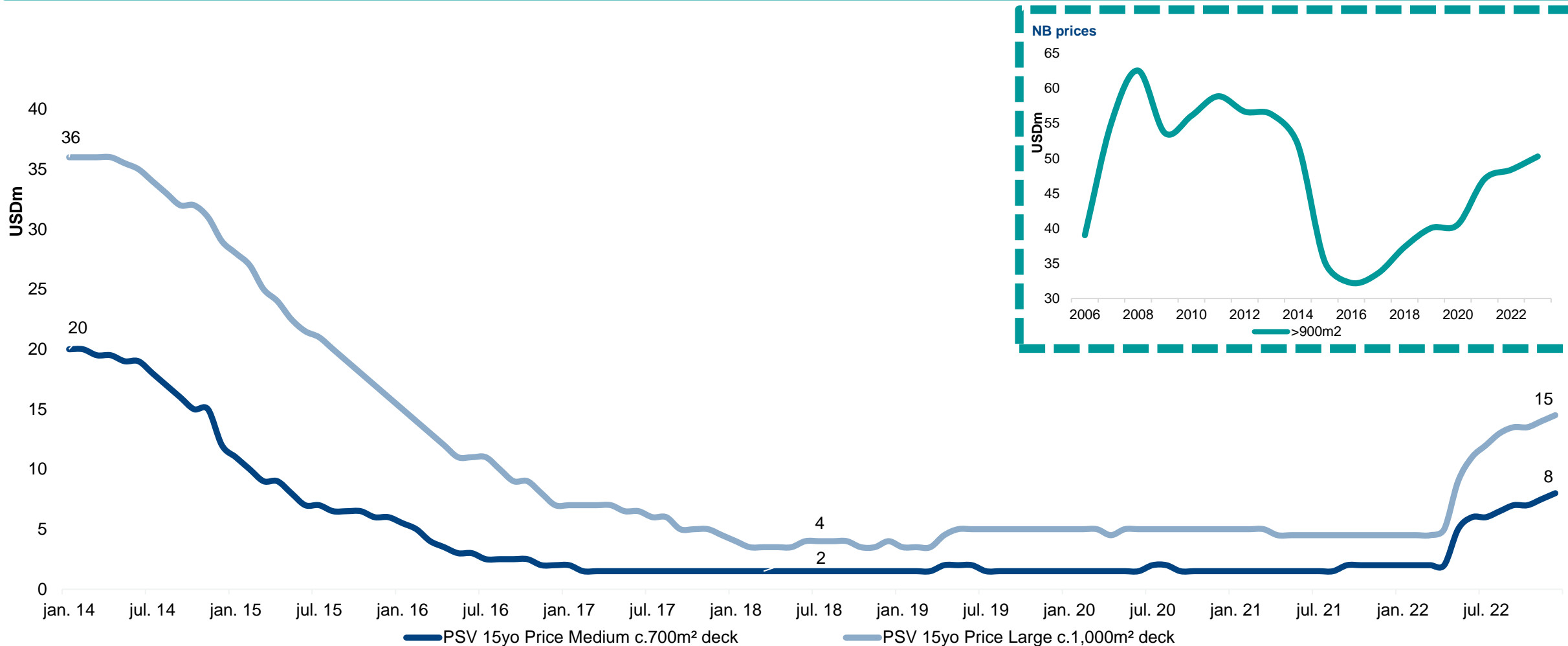
## Improvements in Wafr/ Brazil driving up North Sea term expectations



Source: Clarkson, Westshore  
Note: North Sea in GBP, others in USD.

# Global Market – PSV Asset Values

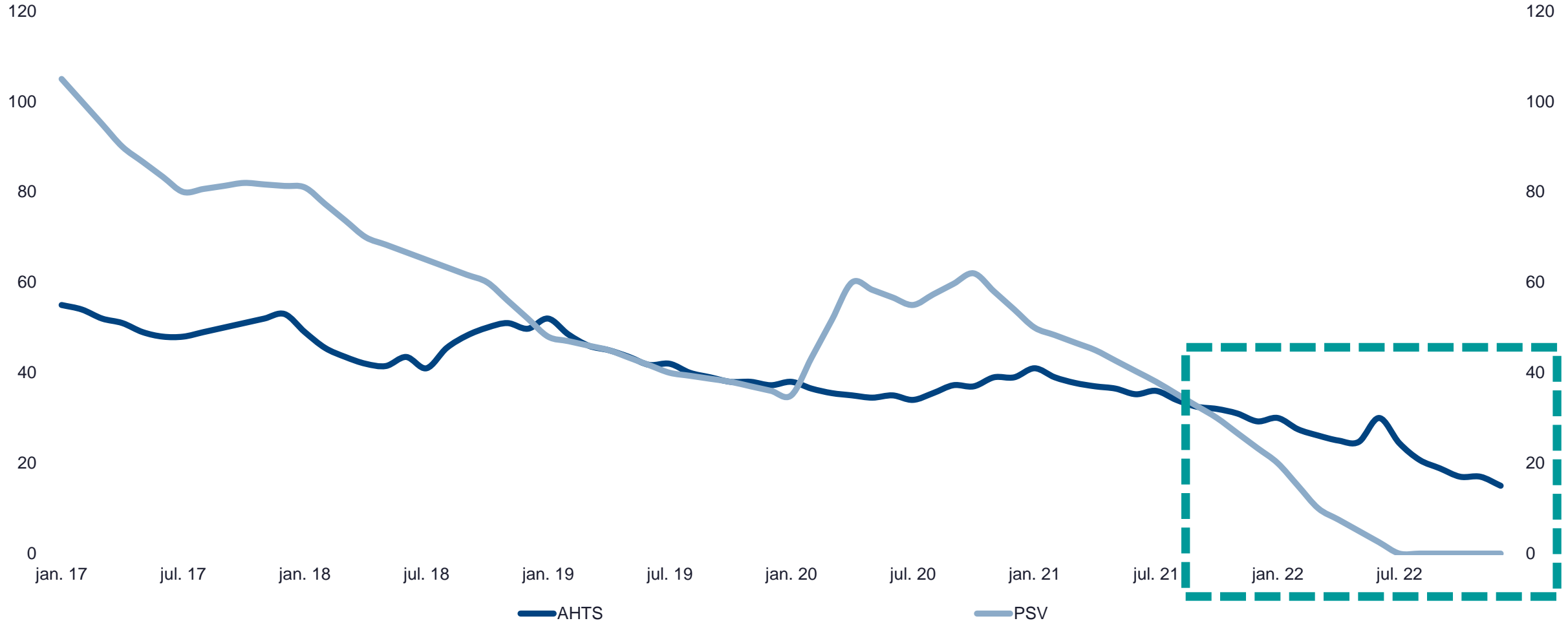
Asset values far from reflecting time-charter earnings and replacement cost



Source: Clarkson, Westshore

# Global Market – Diminishing Layup Pool. Non-existing Orderbook

## NW Europe layup pool



Source: Clarkson

# Global Market – C. 20% Capacity Reductions Since 2017

## PSV fleet – Key regions

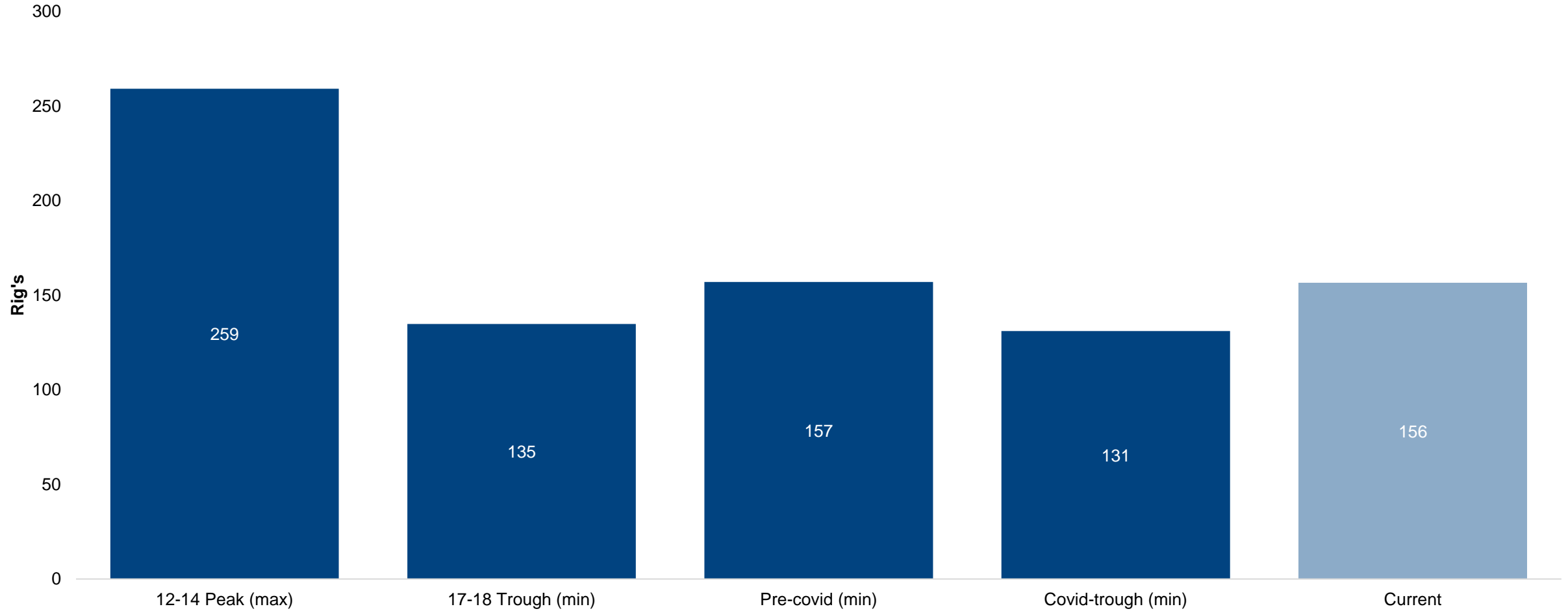
|         | North Sea | Brazil | US GoM | Wafr | TOTAL |
|---------|-----------|--------|--------|------|-------|
| 2014    | 228       | 227    | 330    | 201  | 986   |
| 2015    | 238       | 224    | 355    | 210  | 1 027 |
| 2016    | 263       | 192    | 396    | 203  | 1 054 |
| 2017    | 269       | 179    | 396    | 199  | 1 043 |
| 2018    | 252       | 178    | 391    | 193  | 1 014 |
| 2019    | 241       | 174    | 362    | 202  | 979   |
| 2020    | 233       | 172    | 347    | 186  | 938   |
| 2021    | 210       | 176    | 333    | 164  | 883   |
| 2022    | 191       | 184    | 327    | 169  | 871   |
| Current | 186       | 185    | 323    | 173  | 867   |

Source: Clarkson

# Global Market – Recovering Rig Activity

PSV demand is ~2/3rd regular field maintenance and ~1/3rd drilling/ other

## All floaters- Contracted demand



Source: IHS Petrodata

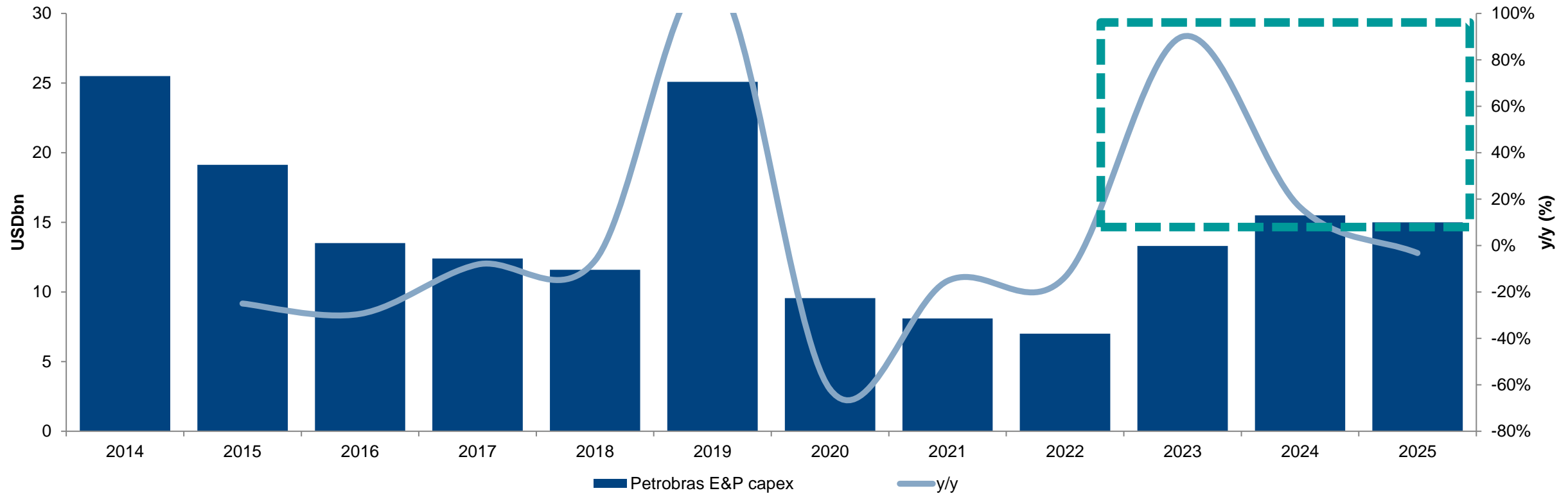


# Global Market – Brazil Firing Up

## Brazil to put 18 new FPSOs on stream between 2023 and 2027

| 2023-2027 drilling activity     |              | Lifting cost                  | Pre-salt    | Post-salt       | 2023-2027 |
|---------------------------------|--------------|-------------------------------|-------------|-----------------|-----------|
|                                 | <b>Total</b> | USD/bbl                       | 4,2         | 10,7            | 5,5       |
| Number of new production wells  | 300          | <b>Cost per barrel '23-27</b> |             |                 |           |
| Total FPSOs                     | 18           | Lifting                       | 5,5         |                 |           |
| Total new projects              | 60           | DD&A                          | 14,0        |                 |           |
| Production per well (2000-2005) | 5-6k         | Govt takes                    | 14,0        |                 |           |
| Pre-salt production (current)   | 20-40k       | <b>Total cost</b>             | <b>33,5</b> | Ex. exploration |           |

### Petrobras Upstream (E&P) capex

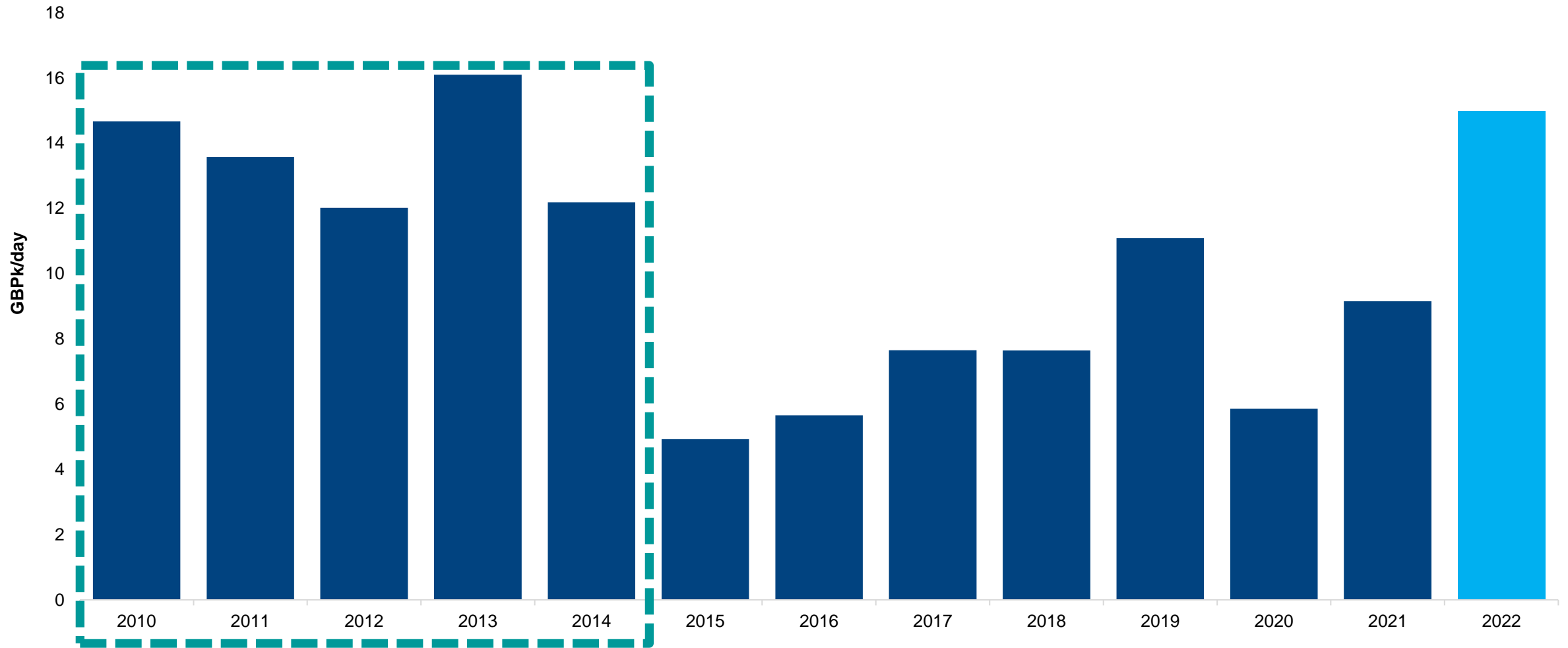


Source: Petrobras

Note: Lifting cost ex leasing cost and government taxes

# North Sea Market – PSV Spot Rates

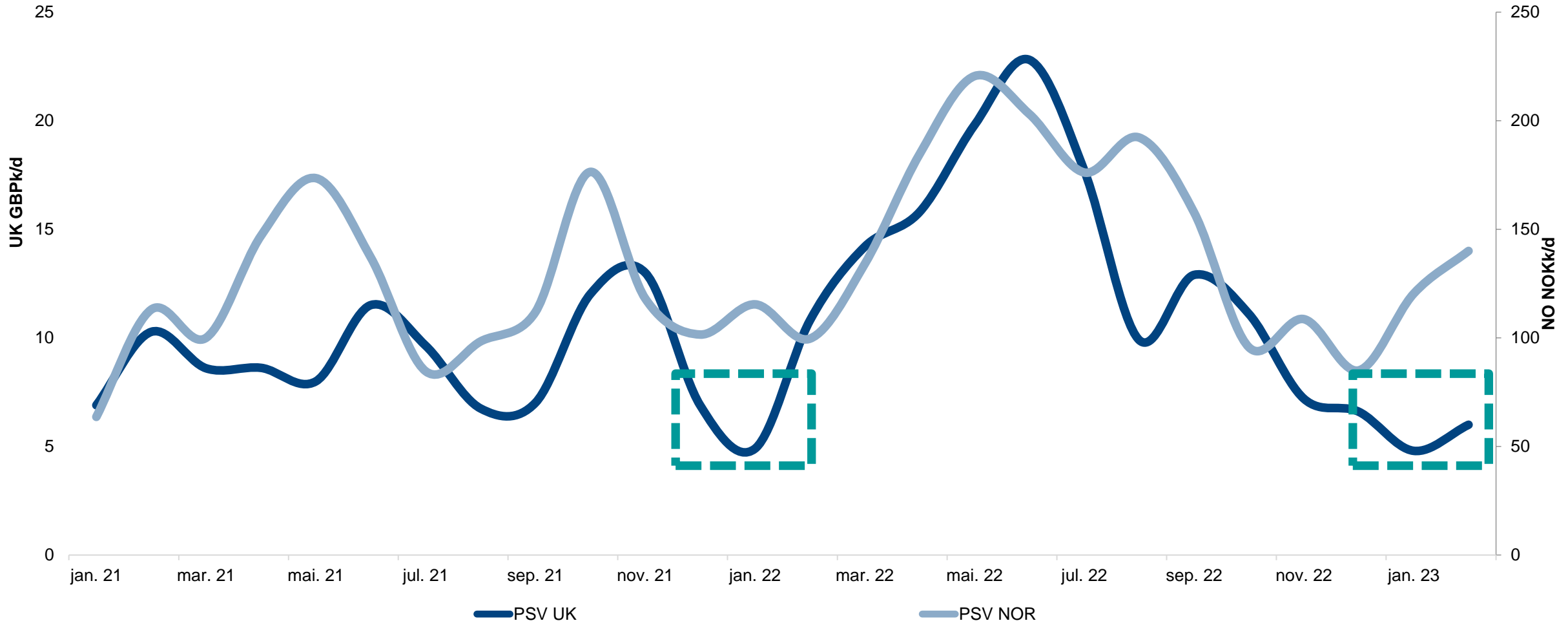
In 2022 spot rates neared 2012-2014 levels



Source: Clarkson, Westshore

# North Sea Market – PSV Spot Rates

2023 – Looking a lot like 2022?

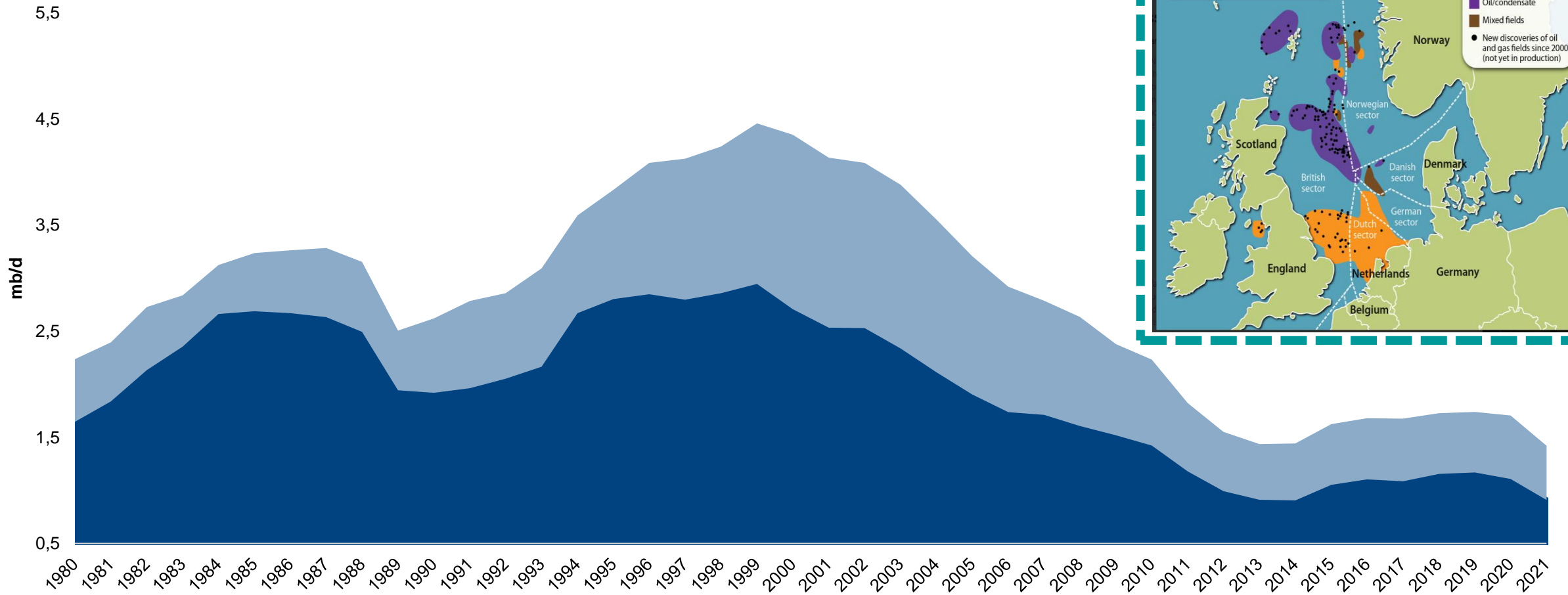


Source: Clarkson, Westshore

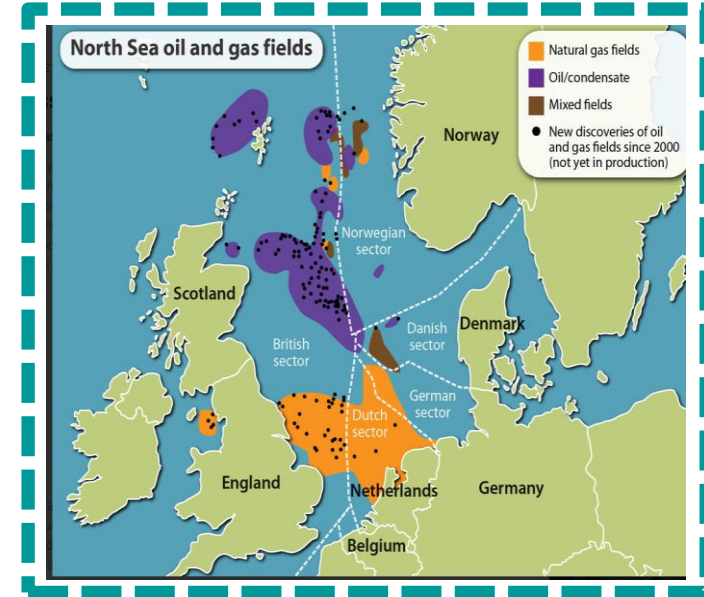
# North Sea Market – UK Energy Security in Focus

UK is ~2/3rds of North Sea spot market

### UK total hydrocarbon production



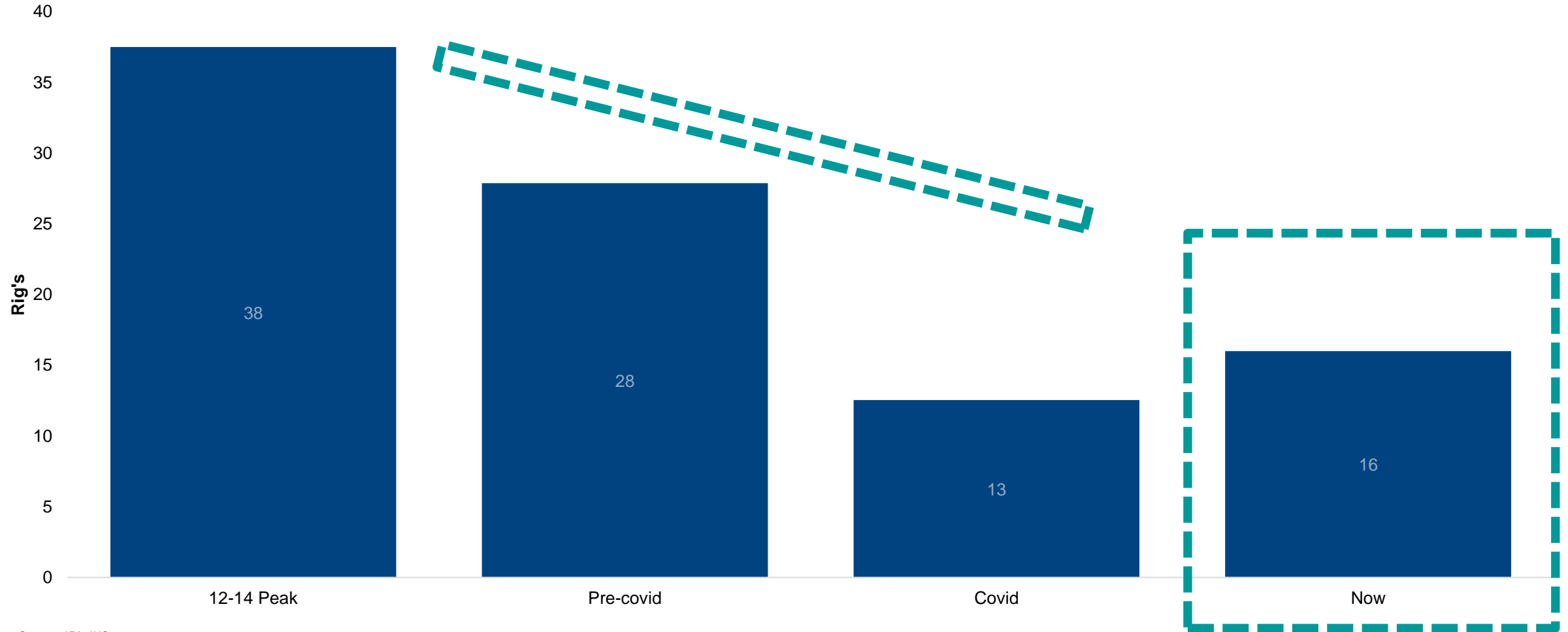
Source: IEA



# North Sea Market – Inflection Point in UK Rig Count?

UK rig count down c. 30% since pre-covid and c. 50% since '12-14

## UK Semi + JUs - Contracted demand



Source: IEA, IHS

### **Good risk/ reward on market trajectory**

- North Sea: Upside on activity in both Norway (c. 30% growth in producing fields from '23-27') and UK (rig count halved since Covid)
- Improvements in activity globally led by Brazil, West Africa and the Middle East
- Attractive economics in current time-charters

### **Standard Supply – Market exposed operator with high dividend potential**

- Opportunity to grow fleet with payback periods as short as two to three years
- Built for shareholders, not management!

**Standard Supply in brief**

**Market Outlook**

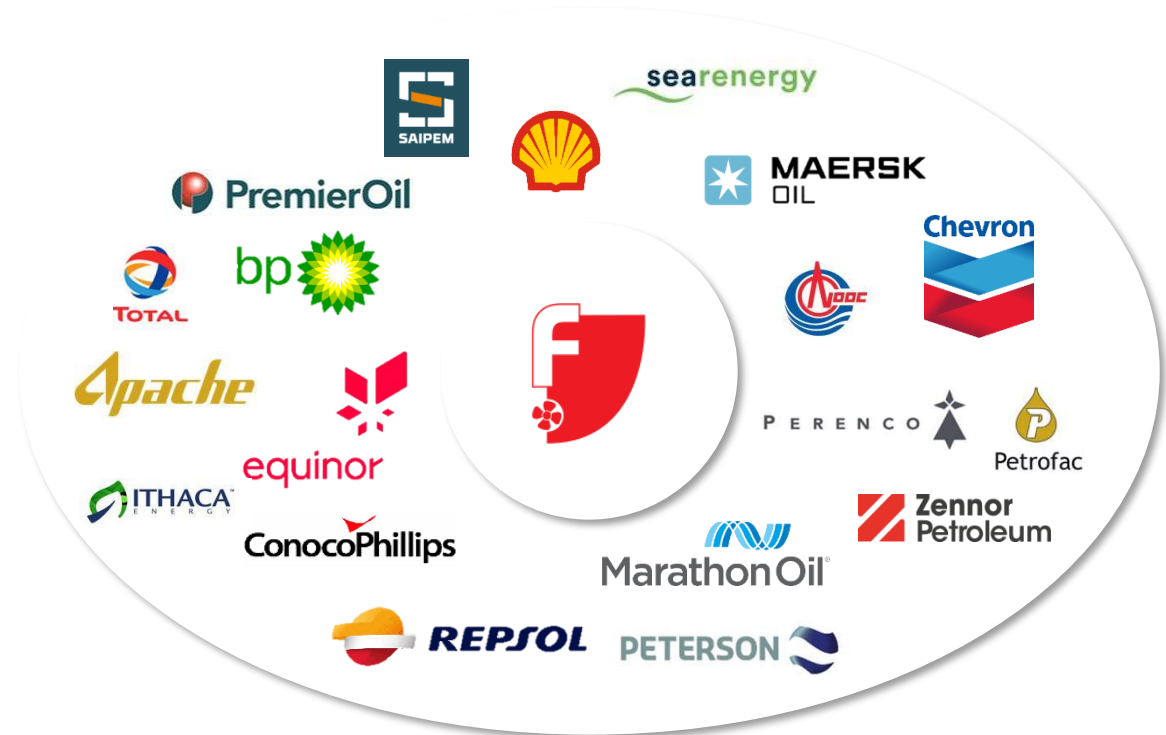
**Appendix**

## Standard Supply has used Fletcher Group as technical and commercial manager since 2016

- Fletcher provides commercial, technical and corporate services incl. vessel maintenance, crewing and shipyard supervision
- Fletcher has successfully- and economically operated PSVs in the North Sea for 15-years

### Fletcher Group in brief

- Fletcher Group is a privately held group of companies with roots tracing back to 2000
- The company is headquartered in Dundee and receives additional operational support across the fleet from their office in Aberdeen
- Operates and manages a modern fleet of 15 large- and medium-sized PSVs
- Fleet is maintained to the highest standard, with DNV and Lloyds being the selected classification societies



Selected clients of Fletcher Group