



**FLOATEL**  
INTERNATIONAL



## INTERIM REPORT



**Q4 2018**

**Q4 - 2018**

## **Floatel International Ltd**

**Hamilton – February 25, 2019** – Floatel International Ltd (“Floatel”) presents its consolidated financial statements for the fourth quarter of the financial year 2018.

### **Highlights:**

- Floatel Superior is in operation for Equinor Martine Linge project. The project has been prolonged with a firm period until November 2019, with further monthly options thereafter.
- Floatel Reliance idle in Tenerife in the Canary Islands awaiting next assignment.
- Floatel Victory has been in operation since July 18, 2018 at the Culzean field for Total. The firm period is until May 17 with 2 monthly options after that.
- Floatel Endurance worked at the Goliat field for ENI until November 6, 2018. Following completion of the charter the preparation for outstanding rectification works in Singapore commenced. The vessel will undergo special periodic survey whilst the vessel it is in Singapore. The journey started December 22, 2018.
- Floatel Triumph continued its operation for Inpex Ichthys project during the fourth quarter. The operational period is until 3 March 2019.
- Fleet utilization for the fourth quarter was 80% including yard-stays (80% for the comparable period last year). Total firm contract backlog (excluding options) is circa USD 136 million as of 31 December. The backlog as of 31 December 2017 was USD 269 million.
- Revenues for the quarter were USD 99.2 million (76.3 for comparable period in 2017).
- EBITDA amounted to USD 59.9 million (35.5 Q4 2017).
- The net income for the reporting period was USD 16.0 million (-20.3 Q4 2017).
- Total assets by 31 December amounted to USD 1,456 million (1,595 Q4 2017).
- Cash and cash equivalents by 31 December was USD 76.5 million (176.9 Q4 2017).
- The total book equity by 31 December amounted to USD 547.2 million (523,9 Q4 2017).
- The Group’s term credit facilities were refinanced in October with Norwegian high-yield bonds in two tranches as well as a new bank term loan. New revolving credit facilities replaced the existing one. Maturities extended to 2023/2024.
- The bonds were listed with Oslo Bors on Nordic ABM on February 4 2019.





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## Summary of business activities during the fourth quarter of 2018

### Floatel Superior

Floatel Superior commenced its charter at Equinor Martin Linge project end of July 2018. The project prolonged with a firm period until end November 2019, with further monthly options thereafter.



*Floatel Superior commenced operations for Equinor Martin Linge project end-July 2018.*

### Floatel Reliance

Floatel Reliance is idle in Tenerife in the Canary Islands awaiting next assignment. The vessel is actively marketed for new charters.



*Floatel Reliance idle in Tenerife, Canary Islands.*

### Floatel Victory

Floatel Victory has been in operation since July 18, 2018 at the Culzean field for Total. The firm period is until May 17, 2018 with two monthly options thereafter.



*Floatel Victory completed its SPS and started Total Culzean project mid-July 2018.*

### Floatel Endurance

Floatel Endurance was on charter for ENI until November 6. Following completion of the charter the preparation for completing outstanding rectification works in Singapore commenced, which will be combined with the special periodic survey. The vessel expected to be available for a new charter mid-2019.



*Floatel Endurance ended operation for ENI at Goliat field on November 6 2018.*

### Floatel Triumph

Floatel Triumph continued its charter for Inpex Ichthys Project. The last day for this contract is March 3, 2019. She will transit to a suitable location in Southeast Asia awaiting next assignment.



*Floatel Triumph present charter extended to March 2019.*



## **Financial development**

### Revenue and operating result for the fourth quarter 2018

Consolidated revenues totalled USD 99.2 million (76.3 in Q4 2017). Operating expenses before depreciation totalled USD -39.3 million (-40.8). EBITDA for the quarter came to USD 59.9 million (35.5).

Depreciation totalled -15.6 (-38.4). Last year included an impairment charge of USD 23 million. Net financial items were USD -26.8 million (-15.3) and were affected by higher Libor than last year and interest on both old and new facilities in October as well as include expensed financing fees related to the old facilities. The net income for the fourth quarter was USD 16.0 million (-20.3).

The current backlog based on committed work was at the end of reporting period approximately USD 136 million excluding options (269).

### Revenue and operating result full year 2018

Consolidated revenues totalled USD 303.4 million in 2018 (310.8 in 2017). The total operating expenses before depreciation were USD -137.5 million (-138.4). EBITDA for the year was USD 165.9 million (172.4).

Depreciation totalled -61.4 (-83.8). Last year included an impairment charge of USD 23 million. Net financial items were USD -67.7 million (-51.9) and were affected by higher Libor than last year and interest on both old and new facilities in October as well as include write-off prepaid borrowings costs related to the old facilities and gain on repurchase US term loan in Q2, 2018. The net income for the period was USD 26.7 (26.7).

### Financial position

Total assets on 31 December 2018 were USD 1,456 million (1,595). Non-current assets totalled USD 1,289 million (1,343) whilst net working capital totalled USD 32.5 million (39.9).

The Group's cash and bank reserves on 31 December 2018 totalled USD 76.5 million

(176.9). The book equity at the end of the period totalled USD 547.2 million (523.9).

Total interest-bearing debt totalled USD 850.6 million (1,035.6). In the reported total interest-bearing debt, prepaid borrowing expenses of USD 14.2 million are included. The expenses amortize over the life of the facilities. Net interest-bearing debt as of 31 December 2018 totalled USD 774 million (858.8).

The Group's term credit facilities were refinanced in October with a USD 400 million first lien and a USD 75 million second lien Norwegian high-yield bonds as well as a new USD 150 million bank term loan. USD 100 million new revolving credit facilities replaced the existing one with the same amount. Maturities extended to 2023/2024.

The bonds were listed with Oslo Bors on Nordic ABM Oslo on February 4 2019.

The Group complies with all of its financial covenants as of 31 December and on the reporting date.

## **Market outlook**

The worldwide semi-submersible accommodation fleet's utilization was 61% in 2018 (58% in 2017). In comparison, Floatel International fleet utilisation in 2018 was 73% (68% in 2017), which includes charter periods; yard-stays; mob/demobs periods; and paid standby periods.

The offshore market is slowly improving from the downturn driven by oil price stability combined with reduced cost levels causing improved project economics for the operators. The drilling activity is increasing and the demand for high specification floating drilling rigs has improved causing higher day rates, especially in the North Sea region. A higher drilling activity will pave the way for future accommodation charters. Within the offshore accommodation market, we have seen a slightly higher bidding activity especially in the maintenance and modification market resulting in some awards recently.



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We will expect improved utilization going forward as a result of improved market demand and that the older accommodation fleet built in the seventies and eighties will exit the market.

The worldwide operating semi-submersible accommodation fleet presently comprises 24 vessels following recent announcements by competitors to scrap older vessels. It is

anticipated that additional older vessels will exit the market place in the coming years.

**Significant events after the end of the reporting period**

The USD 400 million first lien and USD 75 million second lien bonds listed with Oslo Bors on Nordic ABM in Oslo at February 4, 2019.

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Hamilton – February 25, 2018  
The Board of Directors of Floatel International Ltd

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|---|
| This interim report has not been subjected to a separate examination by the Company's auditors. |
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## FINANCIAL STATEMENT

### Floatel International Group

#### Condensed consolidated Income Statement

| Figures in USD thousands          | Notes | Q4 - 2018      | Q4- 2017       | 2018           | 2017           |
|-----------------------------------|-------|----------------|----------------|----------------|----------------|
| Operating revenues                | 4     | 99 185         | 76 298         | 303 380        | 310 807        |
| Operating expenses                | 5     | -54 917        | -79 169        | -198 899       | -222 218       |
| <b>Operating profit - EBIT</b>    |       | <b>44 268</b>  | <b>-2 871</b>  | <b>104 481</b> | <b>88 589</b>  |
| Finance income                    |       | 338            | 485            | 10 293         | 6 808          |
| Finance cost                      |       | -27 161        | -15 818        | -77 951        | -58 733        |
| <b>Net financial items</b>        |       | <b>-26 823</b> | <b>-15 333</b> | <b>-67 658</b> | <b>-51 925</b> |
| <b>Income/(loss) before taxes</b> |       | <b>17 445</b>  | <b>-18 204</b> | <b>36 823</b>  | <b>36 664</b>  |
| Taxes                             |       | -1 448         | -2 065         | -10 158        | -10 000        |
| <b>Net income/(loss)</b>          |       | <b>15 997</b>  | <b>-20 269</b> | <b>26 665</b>  | <b>26 664</b>  |
| Earnings per share, basic (USD)   |       | 0,14           | -0,20          | 0,22           | 0,22           |
| Earnings per share, diluted (USD) |       | 0,14           | -0,20          | 0,22           | 0,22           |

#### Condensed consolidated Statement of Comprehensive Income

| Figures in USD thousands          | Q4 - 2018     | Q4- 2017       | 2018          | 2017          |
|-----------------------------------|---------------|----------------|---------------|---------------|
| <b>Net income/(loss)</b>          | <b>15 997</b> | <b>-20 269</b> | <b>26 665</b> | <b>26 664</b> |
| Foreign currency translation      | -11           | -204           | -556          | 506           |
| <b>Other comprehensive income</b> | <b>-11</b>    | <b>-204</b>    | <b>-556</b>   | <b>506</b>    |
| <b>Comprehensive income</b>       | <b>15 986</b> | <b>-20 473</b> | <b>26 109</b> | <b>27 170</b> |

## Condensed consolidated Statement of Financial Position

| Figures in USD thousands                          | Notes | 2018-12-31              | 2018-09-30              | 2017-12-31              |
|---|-------|-------------------------|-------------------------|-------------------------|
| Vessels and other fixed assets                    | 5     | 1 288 046               | 1 303 507               | 1 342 766               |
| Deferred tax asset                                |       | <u>1 193</u>            | -                       | -                       |
| <b>Total non-current assets</b>                   |       | <b>1 289 239</b>        | <b>1 303 507</b>        | <b>1 342 766</b>        |
| Inventory   |       | 23 582                  | 21 280                  | 18 463                  |
| Trade receivables                                 |       | 23 666                  | 37 299                  | 27 569                  |
| Other current receivables                         |       | 43 011                  | 38 164                  | 29 258                  |
| Cash and cash equivalents                         |       | <u>76 512</u>           | <u>130 940</u>          | <u>176 858</u>          |
| <b>Total current assets</b>                       |       | <b>166 771</b>          | <b>227 683</b>          | <b>252 148</b>          |
| <b>Total assets</b>                               |       | <b><u>1 456 010</u></b> | <b><u>1 531 190</u></b> | <b><u>1 594 914</u></b> |
| Share capital                                     |       | 2 144                   | 2 144                   | 2 144                   |
| Additional Paid in capital                        |       | 325 563                 | 325 563                 | 325 563                 |
| Other reserves                                    |       | 2 381                   | 2 381                   | 2 437                   |
| Retained earnings incl. Profit of the year        |       | <u>217 104</u>          | <u>201 117</u>          | <u>193 747</u>          |
| <b>Total shareholders' equity</b>                 |       | <b>547 192</b>          | <b>531 205</b>          | <b>523 891</b>          |
| Deferred tax debt                                 |       | 474                     | 169                     | -                       |
| Interest-bearing debt                             | 6     | <u>809 559</u>          | <u>923 683</u>          | <u>1 008 275</u>        |
| <b>Total non-current liabilities</b>              |       | <b>810 033</b>          | <b>923 852</b>          | <b>1 008 275</b>        |
| Trade payables                                    |       | 11 095                  | 5 457                   | 8 914                   |
| Current portion of interest-bearing debt          | 6     | 41 000                  | 27 354                  | 27 354                  |
| Income tax liabilities                            |       | 3 876                   | 3 395                   | 4 954                   |
| Other current liabilities                         |       | <u>42 814</u>           | <u>39 927</u>           | <u>21 526</u>           |
| <b>Total current liabilities</b>                  |       | <b>98 785</b>           | <b>76 133</b>           | <b>62 748</b>           |
| <b>Total shareholders' equity and liabilities</b> |       | <b><u>1 456 010</u></b> | <b><u>1 531 190</u></b> | <b><u>1 594 914</u></b> |

## Condensed consolidated Statements of Changes in Equity

| Figures in USD thousands                   | Attributable to shareholders of the parent company |                            |                |   |                |
|--|--|----------------------------|----------------|---|----------------|
|  | Share capital                                      | Additional paid in capital | Other reserves | Retained earnings incl profit of the year | Total equity   |
| <b>Equity 2017-01-01</b>                   | <b>2 144</b>                                       | <b>325 563</b>             | <b>1 931</b>   | <b>166 947</b>                            | <b>496 585</b> |
| <b>Total comprehensive income</b>          |  |                            |                |   |                |
| Net profit for the year                    | 0  | 0                          | 0              | 26 664                                    | 26 664         |
| Other comprehensive income                 | 0  | 0                          | 506            |   | 506            |
| <b>Total comprehensive income</b>          | <b>0</b>   | <b>0</b>                   | <b>506</b>     | <b>26 664</b>                             | <b>27 170</b>  |
| Sharebased payment transaction             | 0  | 0                          | 0              | 136                                       | 136            |
| <b>Equity 2017-12-31</b>                   | <b>2 144</b>                                       | <b>325 563</b>             | <b>2 437</b>   | <b>193 747</b>                            | <b>523 891</b> |
| <b>Adjustment opening balance, IFRS 15</b> |  |                            |                | <b>-2 898</b>                             | <b>-2 898</b>  |
| <b>Equity 2018-01-01</b>                   | <b>2 144</b>                                       | <b>325 563</b>             | <b>2 437</b>   | <b>190 849</b>                            | <b>520 993</b> |
| <b>Total comprehensive income</b>          |  |                            |                |   |                |
| Net profit for the year                    | 0  | 0                          | 0              | 26 665                                    | 26 665         |
| Other comprehensive income                 | 0  | 0                          | -556           |   | -556           |
| <b>Total comprehensive income</b>          | <b>0</b>   | <b>0</b>                   | <b>-556</b>    | <b>26 665</b>                             | <b>26 109</b>  |
| Sharebased payment transaction             | 0  | 0                          | 0              | 90  | 90             |
| <b>Equity 2018-12-31</b>                   | <b>2 144</b>                                       | <b>325 563</b>             | <b>1 881</b>   | <b>217 604</b>                            | <b>547 192</b> |

## Condensed consolidated Cash Flow Statement

| Figures in USD thousands   | Q4 - 2018        | Q4- 2017        | 2018            | 2017           |
|--|------------------|-----------------|-----------------|----------------|
| <b>Cash flow from operating activities</b>                               |                  |                 |                 |                |
| Operating result   | 44 268           | -2 871          | 104 481         | 88 589         |
| Interest received  | 338              | 486             | 2 221           | 1 414          |
| Interest paid  | -6 086           | -12 209         | -44 330         | -48 129        |
| Income tax paid  | -1 855           | -3 029          | -11 065         | -10 596        |
| Adjustment for depreciation and impairment                               | 15 597           | 38 362          | 61 375          | 83 790         |
| Adjustments for other non-cash related items                             | -1 719           | -1 046          | -6 937          | 505            |
| <b>Total cash flow from operations before changes in working capital</b> | <b>50 543</b>    | <b>19 693</b>   | <b>105 745</b>  | <b>115 573</b> |
| Changes in inventories   | -883             | 524             | -2 847          | 580            |
| Changes in trade receivables   | 13 633           | 3 934           | 3 903           | 9 746          |
| Changes in trade payables  | 5 638            | 856             | 2 181           | 97             |
| Other changes in working capital   | -7 610           | 1 965           | -3 673          | 12 335         |
| <b>Cash flow from operating activities</b>                               | <b>61 321</b>    | <b>26 972</b>   | <b>105 309</b>  | <b>138 331</b> |
| <b>Cash flow from investing activities</b>                               |                  |                 |                 |                |
| Payments for Vessels and other fixed assets                              | -136             | -1 195          | -6 655          | -8 998         |
| <b>Net cash flow from investing activities</b>                           | <b>-136</b>      | <b>-1 195</b>   | <b>-6 655</b>   | <b>-8 998</b>  |
| <b>Cash flow from financing activities</b>                               |                  |                 |                 |                |
| Repayment of debt  | -725 241         | -6 841          | -805 881        | -39 656        |
| Proceeds from debt   | 625 000          | -               | 625 000         | -              |
| Other financial items paid   | -13 800          | 1 538           | -16 547         | -186           |
| Proceeds from equity   | 90               | -               | 90              | 136            |
| <b>Net cash flow from financing activities</b>                           | <b>-113 951</b>  | <b>-5 303</b>   | <b>-197 338</b> | <b>-39 706</b> |
| <b>Cash flow for the period</b>  | <b>-52 766</b>   | <b>20 474</b>   | <b>-98 684</b>  | <b>89 627</b>  |
| Cash and cash equivalents, beginning of period                           | 130 940          | 156 384         | 176 858         | 87 231         |
| Currency effect on cash  | -1 662           | 0               | -1 662          | 0              |
| <b>Cash and cash equivalents, end of Period</b>                          | <b>76 512</b>    | <b>176 858</b>  | <b>76 512</b>   | <b>176 858</b> |
| <b>Key Financials</b>  | <b>Q4 - 2018</b> | <b>Q4- 2017</b> | <b>2018</b>     | <b>2017</b>    |
| EBITDA   | 59 865           | 35 491          | 165 856         | 172 379        |
| EBITDA margin  | 60,4%            | 46,5%           | 54,7%           | 55,5%          |
| Equity ratio   | 37,6%            | 34,7%           | 37,6%           | 32,8%          |
| Net working capital  | 32 474           | 47 388          | 32 474          | 39 896         |
| Net interest-bearing debt  | 774 047          | 820 097         | 774 047         | 858 771        |
| Total number of ordinary shares  | 107 165 289      | 107 165 289     | 107 165 289     | 107 165 289    |
| Average number of ordinary shares  | 107 165 289      | 107 165 289     | 107 165 289     | 107 165 289    |
| Average number of ordinary shares (diluted)                              | 107 165 289      | 107 165 289     | 107 165 289     | 107 165 289    |



## Notes to the interim report

### 1. General information

Floatel International Ltd (“the Company”) is a limited liability company, incorporated 2006 under the laws of Bermuda. Floatel International Ltd and its subsidiaries (“the Group”) provide offshore accommodation and construction support services to the global oil and gas industry. The Group currently operates five new built semi-submersible accommodation vessels. They were delivered in 2010 (2), 2013, 2015 and 2016 respectively. The Company’s registered office is situated at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

### 2. Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), including IAS 34 Interim Financial Reporting and have been prepared on a going concern basis. These interim financial statements should be read in conjunction with the Company’s financial statements as at 31 December 2017. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements and accompanying notes for the financial year ended 31 December 2017.

Presented accounting figures are unaudited.

### 3. Significant accounting policies

#### IFRS 15 Revenue from contracts with customers – effective from 1 January 2018

The new accounting standard IFRS 15 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The Group’s income consist of charter revenue, mobilisation income, and income from catering and other rechargeable cost. All revenues are recognized over time, based on fulfilment of the performance obligations of the contract with the customer.

The group implemented the standard as of 2018-01-01 and has had an impact of the allocation of mobilisation revenue and cost. The revenue regarding mobilisation and demobilisation are allocated over the firm contract period. Mobilisation costs incurred as part of a contract, as well as all cost in the demobilisation period of a contract are capitalised and expensed over the firm contract period.

IFRS 15 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new standard are therefore not reflected in the balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018. Regarding the impact of opening balances, please see Statement of Changes in Equity.

#### IFRS 9 Financial instruments – effective from 1 January 2018

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets.

Under IFRS 9, when a debt instrument is restructured or refinanced and the terms modified, it is necessary to assess whether the new terms are considered to have been substantially modified, and thereby conclude on the accounting treatment relating to the loan recognition.

The Group's existing credit facilities were refinanced in October 2018 and replaced with Norwegian high-yield bonds in two tranches and new bank term and revolving credit facilities. The Bonds were listed with Oslo Bors on Nordic ABM on February 4, 2019.

The Group has assessed the refinancing's IFRS 9 implications and have concluded that this is new credit facilities and an extinguishment of the old credit facilities resulting in among other things expensed financing fees for the old credit facilities and capitalization of financing fees incurred for the new facilities. The conclusion of the assessment of the impact of IFRS 9 is that the standard otherwise than stated has not had any material effects on the Group financial reporting.

The Group has a policy to execute currency hedging of its operational expenses in local currencies. The aggregated market-to-market value end of the period USD -1 097 thousand, this has been expensed in the income statement as a financial cost. The Group has entered into Norwegian high-yield bonds as described further below. These bonds are fixed interest rate instruments, which means that the exposure from variations in interest rates has been mitigated and therefore the Group has no material interest derivatives. The group does not apply hedge accounting and unrealised gains and losses on hedge contracts are therefore accounted for in the income statement.

#### IFRS 16, Leases – effective from 1 January 2019

IFRS 16, Leases requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged.

The standard will primarily impact the accounting of the group's operational leases. At present, the group only has leases for office rent and items of lesser value, such as copying machines. Considering the few and the size of leases in the group where Floatel is the lessee, and the fact that the accounting for lessors will in all material respects be unchanged, will in all material aspects be unchanged, the preliminary assessment is that the standard will have no material impact on the group. No early adoption done.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

#### 4. Revenues

| Figures in USD thousands           | Q4 - 2018    | Q4- 2017     | 2018          | 2017          |
|------------------------------------|--------------|--------------|---------------|---------------|
| Charter revenues                   | 77 203       | 59 263       | 232 081       | 248 436       |
| Catering and rechargeable expenses | 17 364       | 16 035       | 56 190        | 49 021        |
| Mobilisation/demobilisation fees   | <u>4 618</u> | <u>1 000</u> | <u>15 109</u> | <u>13 350</u> |
|                                    | 99 185       | 76 298       | 303 380       | 310 807       |

The effect from IFRS 15 on revenues is (all amounts in USD thousands); +3 618 in Q4 2018 and + 5 959 for the full year 2018. All relating to mobilisation fees. The corresponding effect on the operating profit is + 1 388 in Q 4 2018 and + 5 753 for the full year 2018. No comparative information regarding 2017 has been adjusted in accordance with Floatel's transition method. The transition effects has instead adjusted the opening equity 2018-01-01.

The group has no significant seasonal variations.

#### 5. Vessels and other fixed assets

| Figures in USD thousands        | 2018      | 2017      |
|---------------------------------|-----------|-----------|
| Opening balance aquisition cost | 1 623 690 | 1 614 692 |
| Purchases during the year       | 6 656     | 8 998     |
| Closing acuisition cost         | 1 630 346 | 1 623 690 |
| Opening balance depreciation    | -246 788  | -186 134  |
| Depreciation for the period     | -61 376   | -60 654   |
| Closing balance depreciation    | -308 164  | -246 788  |
| Opening balance impairment      | -34 136   | -11 000   |
| Impairment loss for the year    | 0         | -23 136   |
| Closing balance impairment      | -34 136   | -34 136   |
| Net book value end of period    | 1 288 046 | 1 342 766 |

## 6. Interest bearing debt

| Figures in USD thousands                | 2018           | 2017           |
|---|----------------|----------------|
| Term loan B - Floatel International Ltd | 0              | 610 625        |
| New Vessel facility                     | 0              | 438 239        |
| 1st Lien Bond                           | 400 000        | 0              |
| 2 bd Lien Bond                          | 75 000         | 0              |
| Bank Vessel facility                    | 150 000        | 0              |
| Subordinated shareholder loan           | 239 795        | 0              |
| Less prepaid financing fees             | <u>-14 236</u> | <u>-13 236</u> |
|   | 850 559        | 1 035 628      |

The long-term debt is repayable as follows:

|                            |                |                |
|----------------------------|----------------|----------------|
| Within one year            | 41 000         | 27 354         |
| Between one and two years  | 26 000         | 188 974        |
| Between two and five years | 558 000        | 597 625        |
| After five years           | <u>239 795</u> | <u>234 911</u> |
|                            | 864 795        | 1 048 864      |

## 7. Forward-looking statements

This report contains forward-looking statements. These statements are based on various assumptions, including the Company management's examination of historical operating trends. Factors that, in the Company's view, could cause actual results to differ materially from the forward-looking statements contained in this report are the following:

- (i) The competitive nature of the offshore accommodation service industry.
- (ii) Oil and gas prices.
- (iii) Changes in economic conditions or political events.
- (iv) Government regulations.
- (v) Changes in the spending plans of our clients.
- (vi) Changes in Floatel's operating expenses including crew salaries.
- (vii) Insurance.
- (viii) Repair and maintenance.

## 8. Related party transactions

During the fourth quarter 2018 the Group has, in the ordinary course of business on arm's length basis, sold services for USD 0.5 million and purchased for less than USD 0.1 million from the Keppel Group. Keppel FELS Limited, which is part of the Keppel Group owning 49.9 % of the Company. The Keppel Group has provided a USD 239 million subordinated loan, which stems from the delivery of Floatel Triumph in 2016.





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