



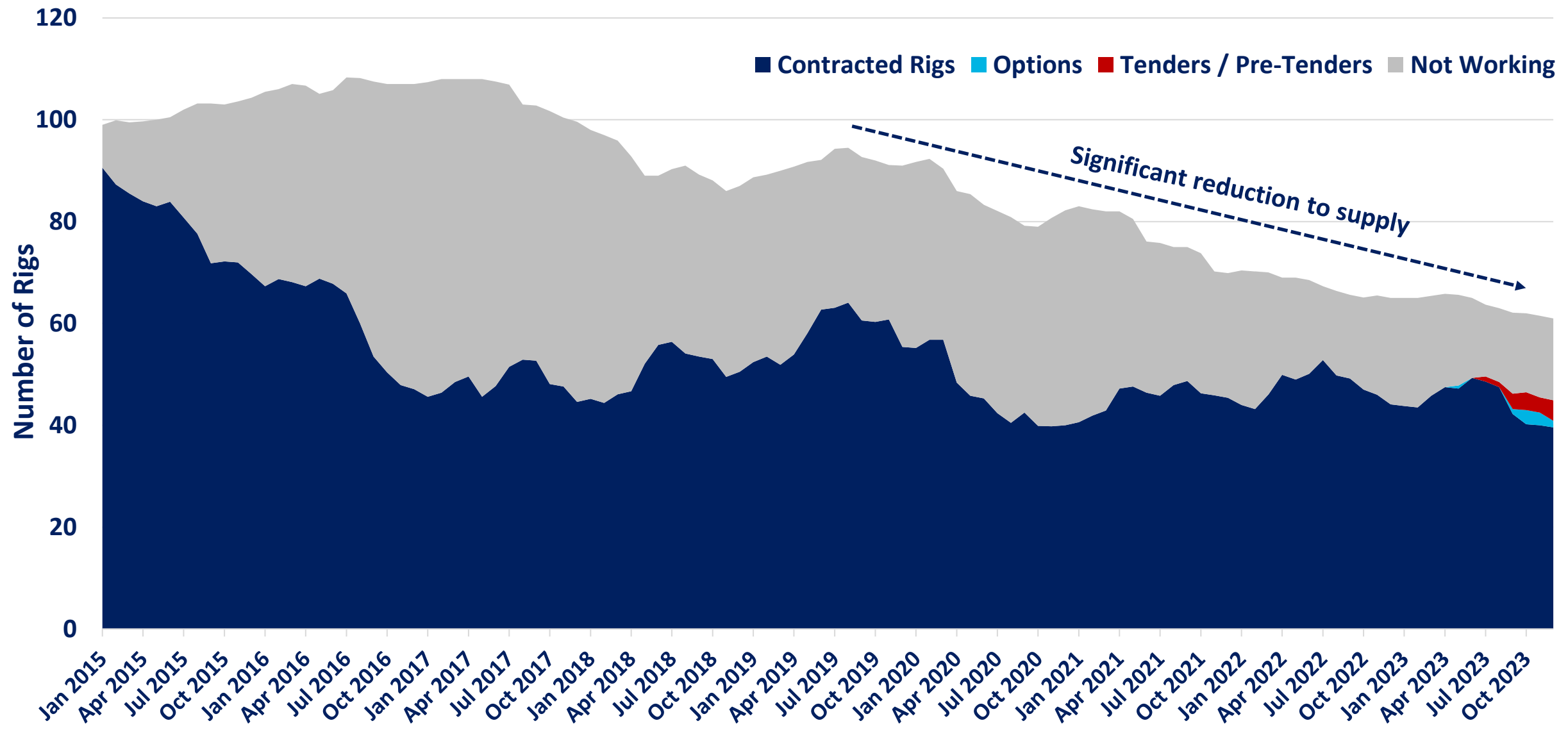
Seabrokers Group

Northwest Europe OSV Market Overview – May 2023



- Northwest Europe offshore rig market overview
- Northwest Europe PSV market overview
- Northwest Europe AHTS market overview

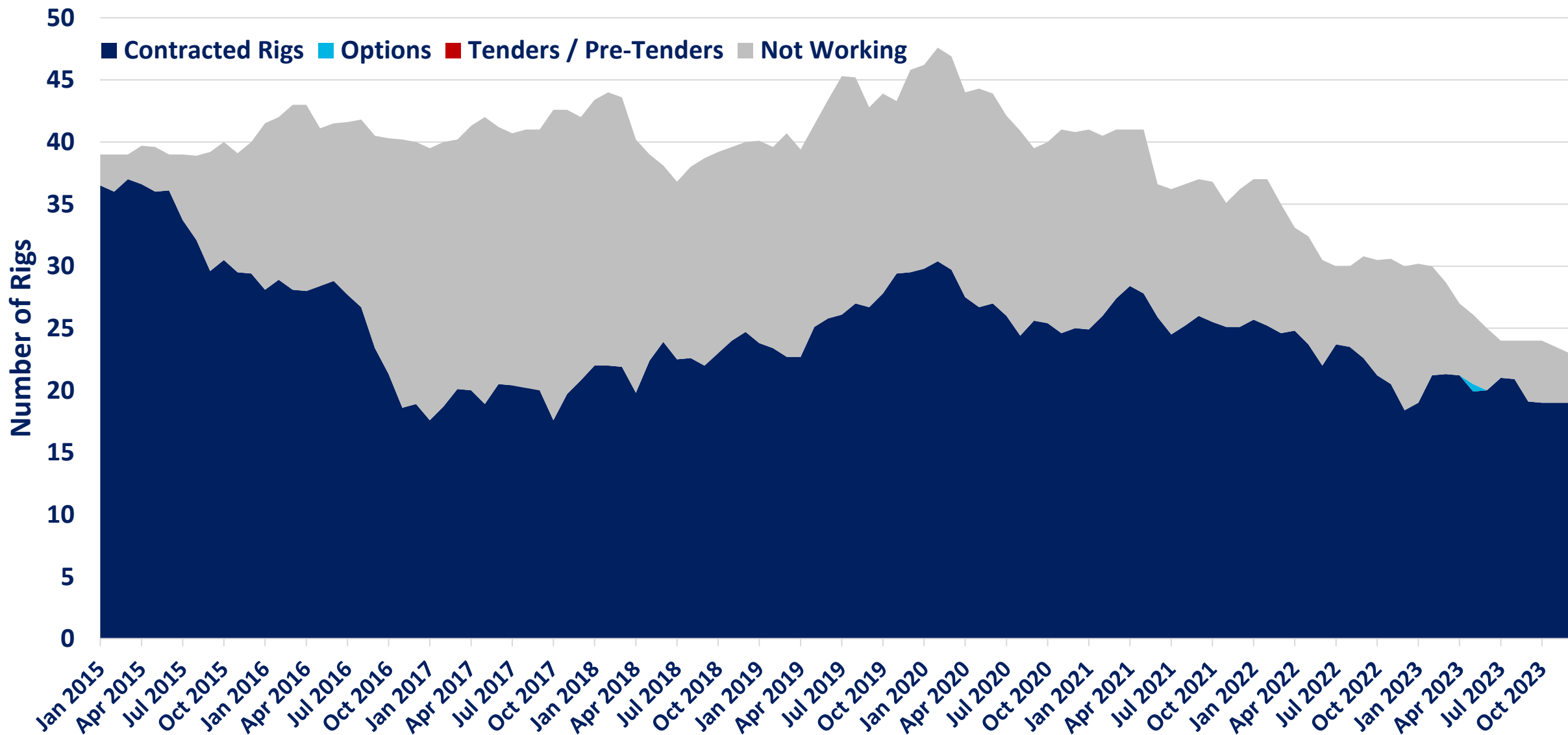
Northwest Europe - MODU activity



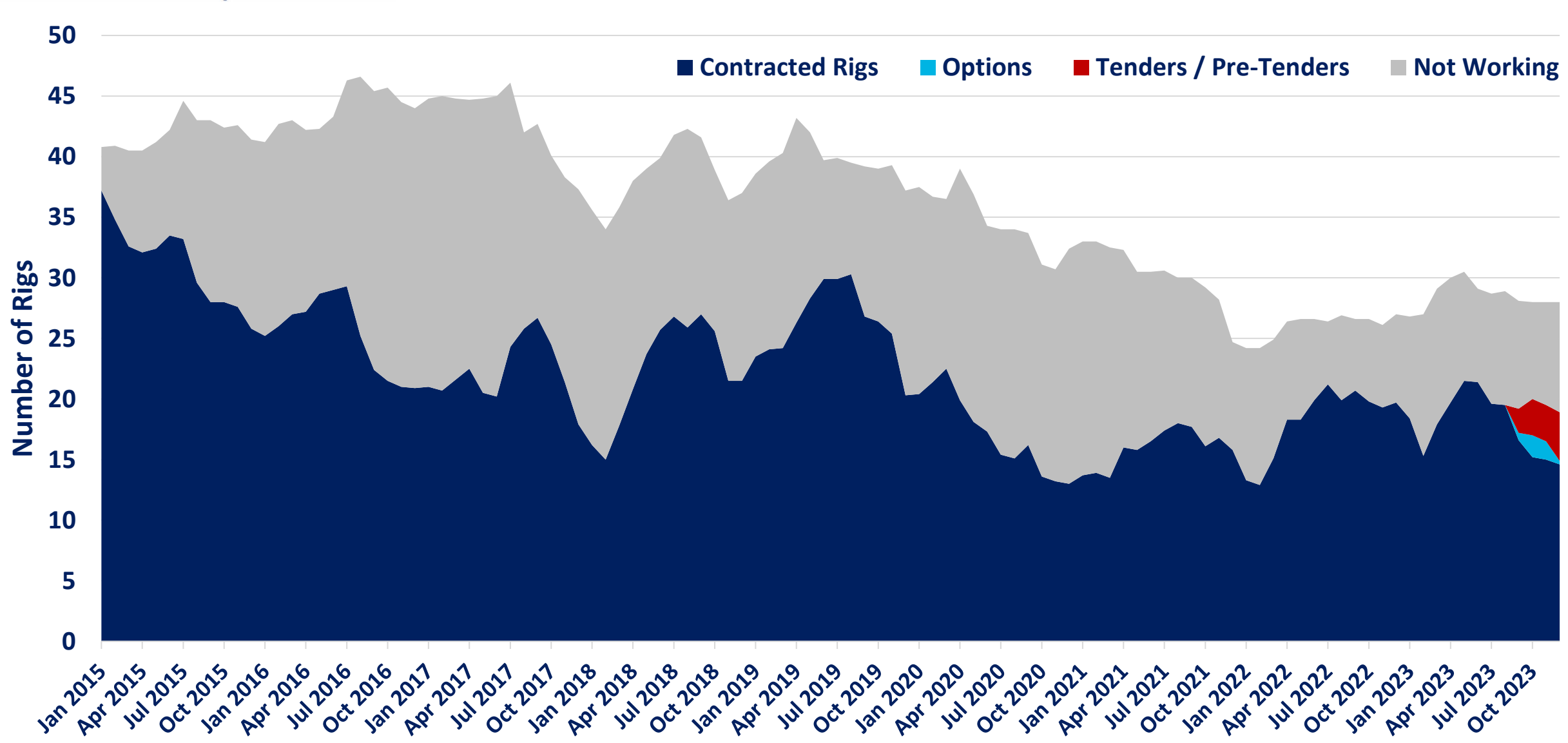
Source: Seabrokers Data; Westwood RigLogix



Norway Rigs



UK Rigs - windfall tax suppressing demand



UK Windfall Tax

- The windfall tax has raised the tax exposure on the UK oil & gas sector to 75% until 2028 (from a previous base of 40%). There is no mechanism within the legislation to introduce a price floor.
- February 2023: Offshore Energies UK poll finds that more than 90% of UK producers have been “negatively impacted.”
- The immediate market softness has prompted many rig owners to seek employment elsewhere. Several rigs have departures confirmed (with more to follow) which is causing concerns about future rig availability (and day rates).
- A couple of quotes:
 - “It makes absolutely no sense to not invest in the resources we have here at home, to import fossil fuels, not create jobs here and import them at twice the carbon emissions as our local resources. It is an economically illiterate policy.” (Rishi Sunak, May 2023)
 - “The UK has hiked the tax take in the North Sea from 40% to 75% and we are now seeing many operators pausing or cancelling their investment plans. The big winners are in the U.S. where operators in the Gulf of Mexico can pay just 37% tax and investment is at its highest level for a decade.” (Sir Jim Ratcliffe, May 2023)

Rig departures (more to come)



- **DEEPSEA BOLLSTA:**
Norway to Namibia in October 2022



- **HERCULES:**
Norway to Canada in May 2023
(and onwards to Namibia in Q4 2023)



- **TRANSOCEAN BARENTS:**
UK to Lebanon in July 2023



- **TRANSOCEAN ENDURANCE:**
Norway to Australia in October 2023



- **DEEPSEA MIRA:**
Norway to Namibia in April 2023



- **DEEP VALUE DRILLER:**
Norway to Cote d'Ivoire in June 2023



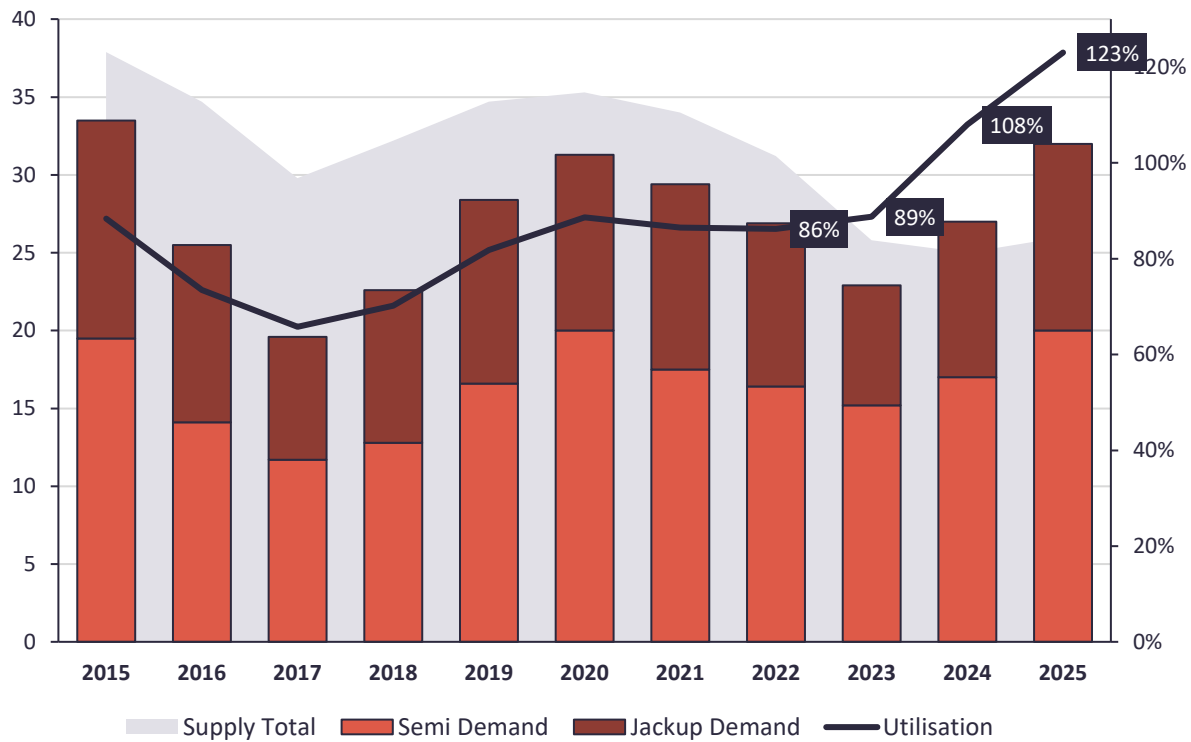
- **ISLAND INNOVATOR:**
UK to Equatorial Guinea/Mauritania
in October 2023



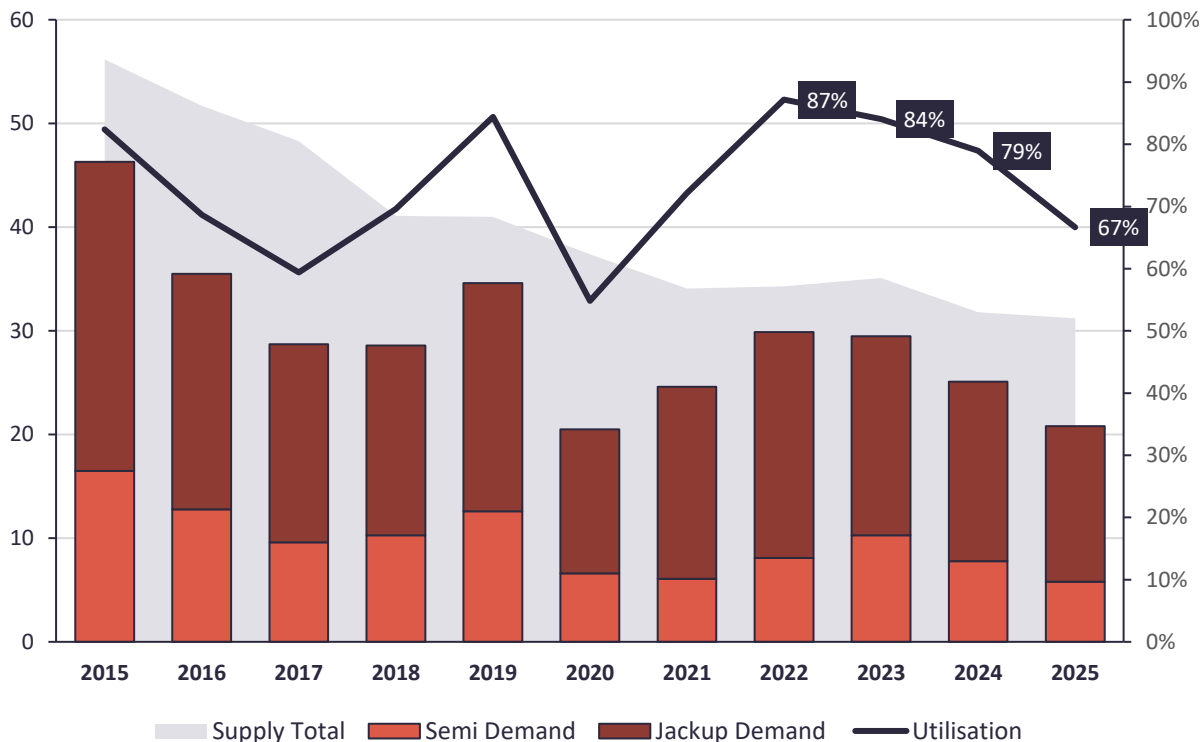
- **TRANSOCEAN EQUINOX:**
Norway to Australia in December 2023

Northwest Europe rig forecast by sector

Norwegian Offshore Rig Supply, Demand & Utilization Outlook
Rigs / Utilization %



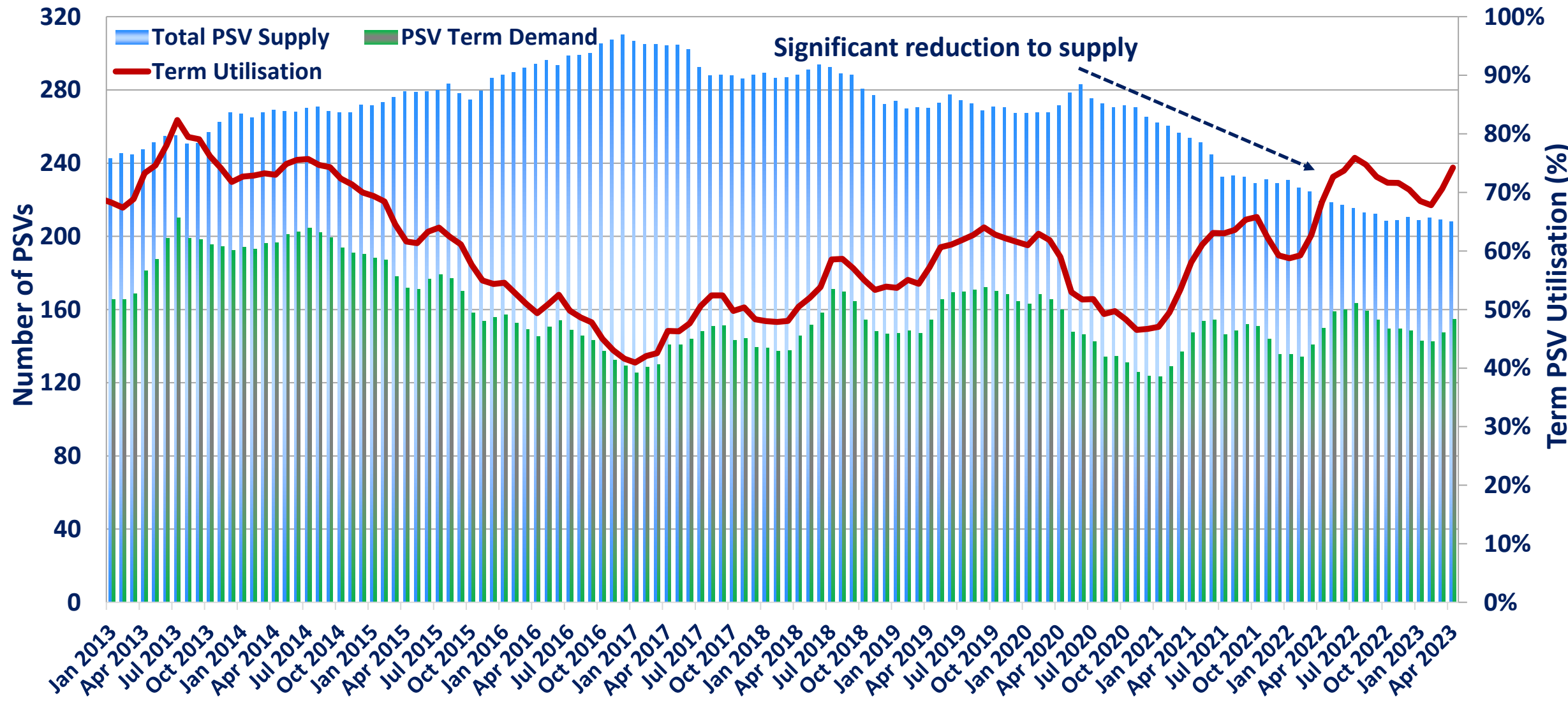
North Sea (Excl. Norway) Offshore Rig Supply, Demand & Utilization Outlook
Rigs / Utilization %



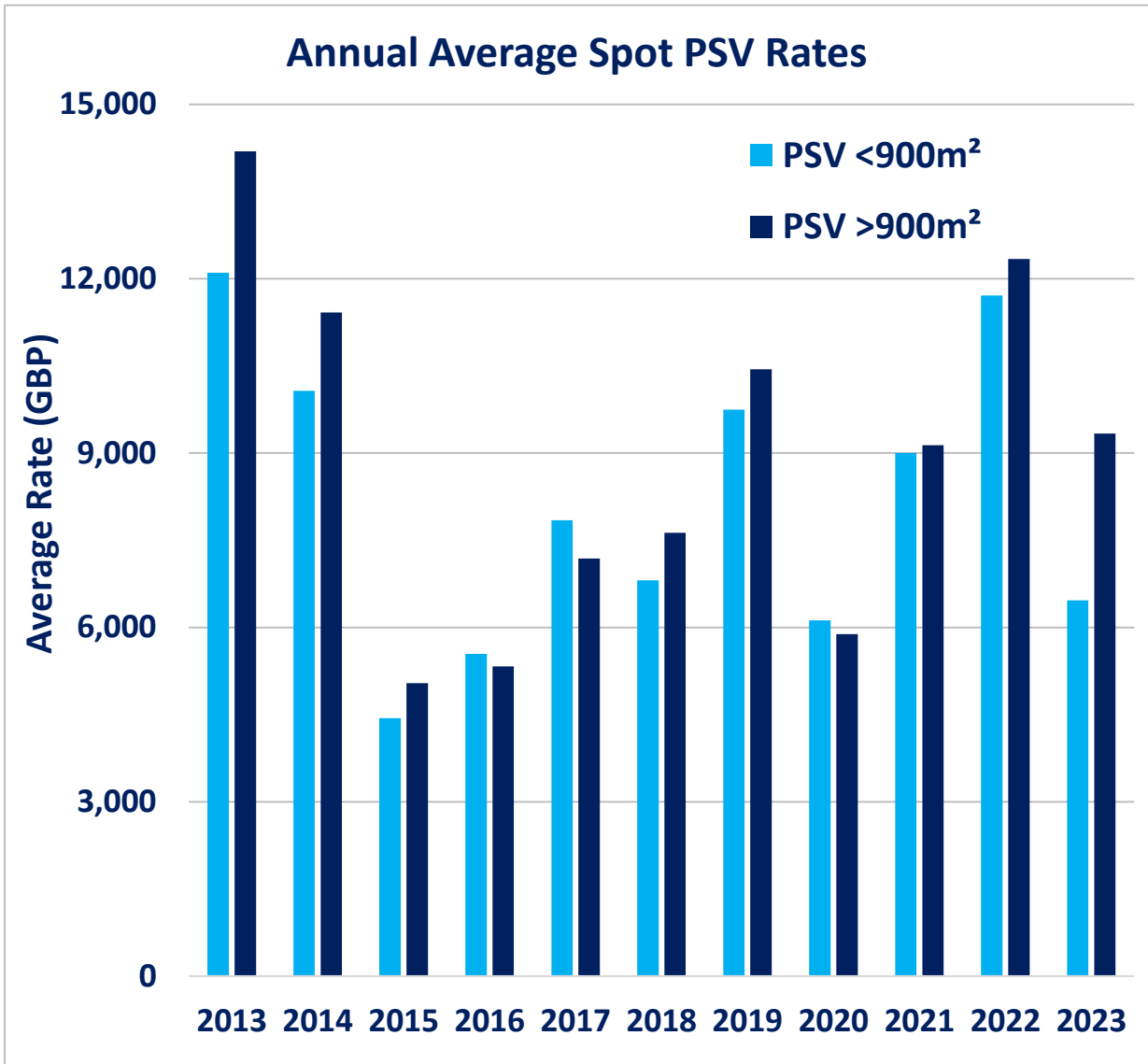
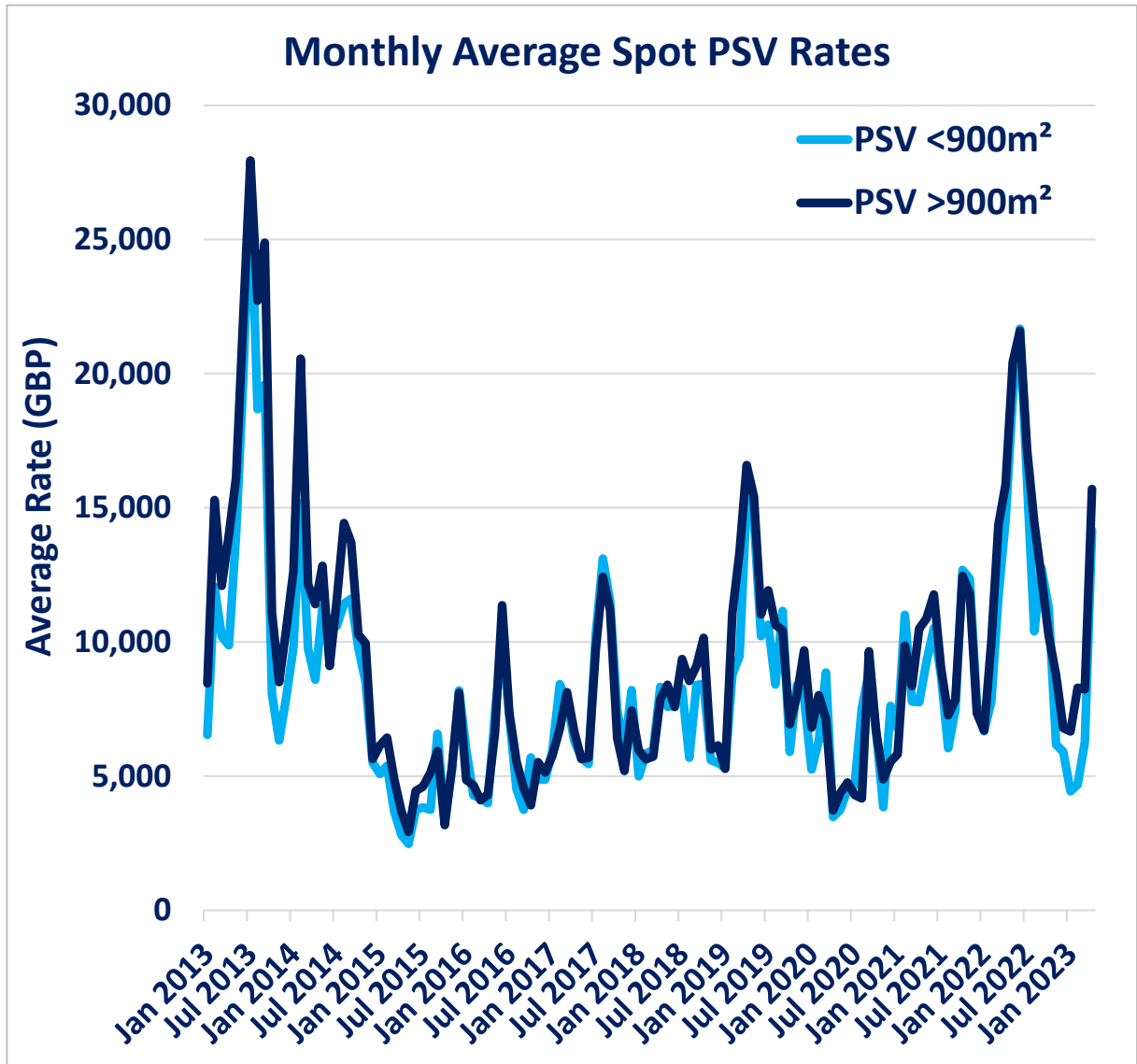
- Westwood RigLogix has projected that Norwegian rig demand will comfortably outstrip supply from late 2024 into 2025 - this is because so many rigs are departing the region before demand levels start to recover again. On the contrary, demand levels outside Norway (UK, Denmark & the Netherlands) look considerably weaker for the next few years due to the stifling regulatory environment.

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- **Northwest Europe PSV market overview**
- Northwest Europe AHTS market overview

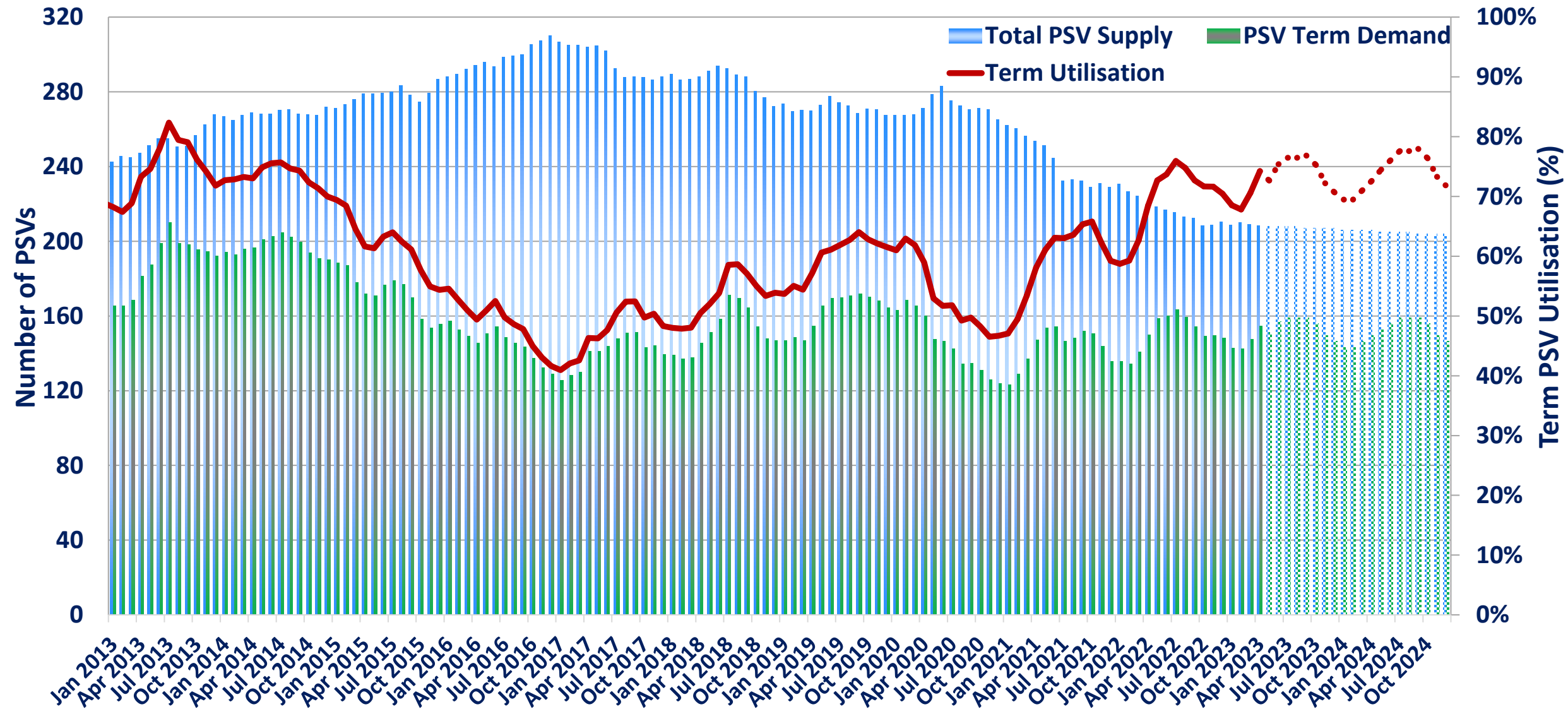
Northwest Europe PSV Market



North Sea Spot PSV Rates



Term PSV Utilisation

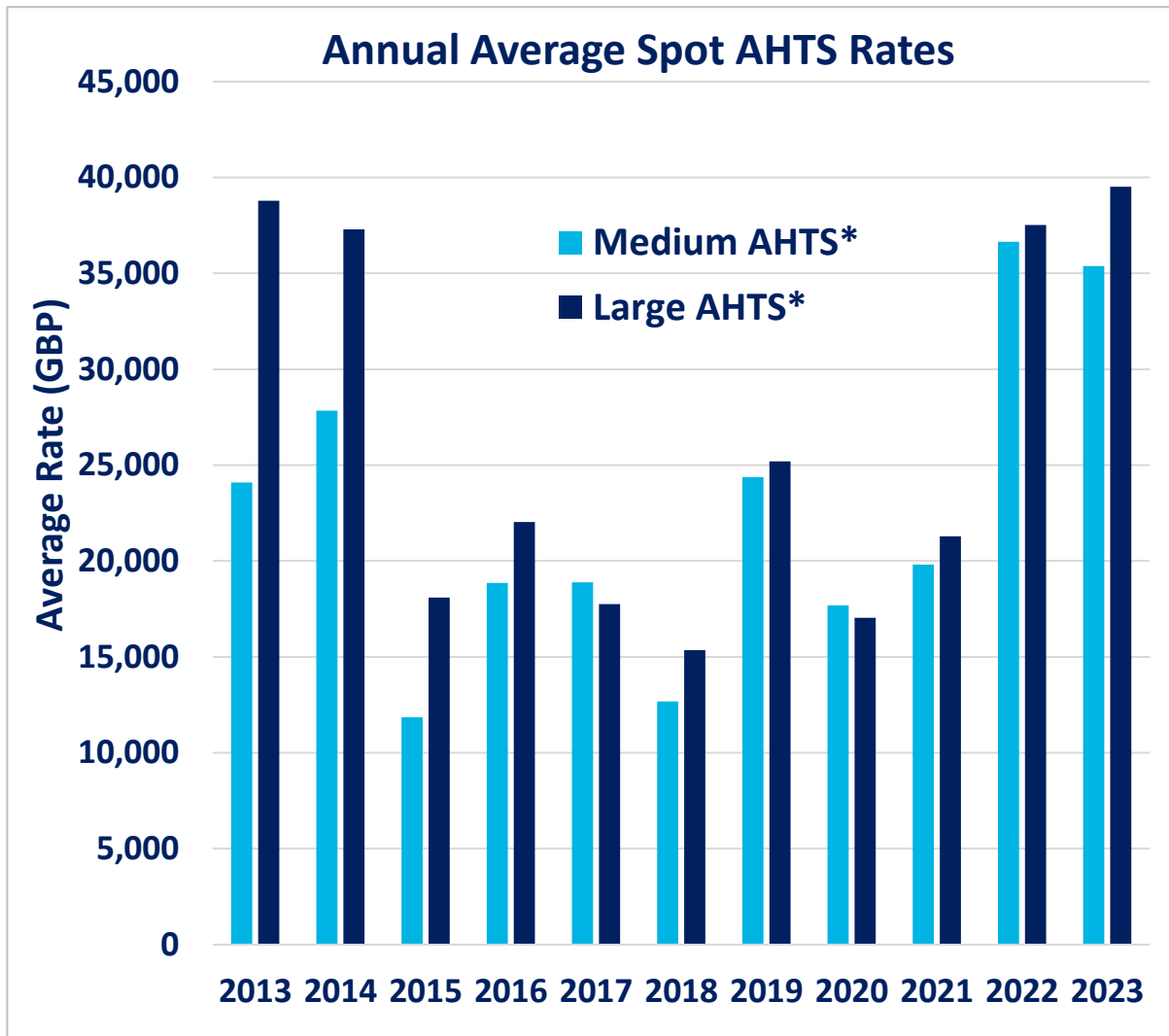
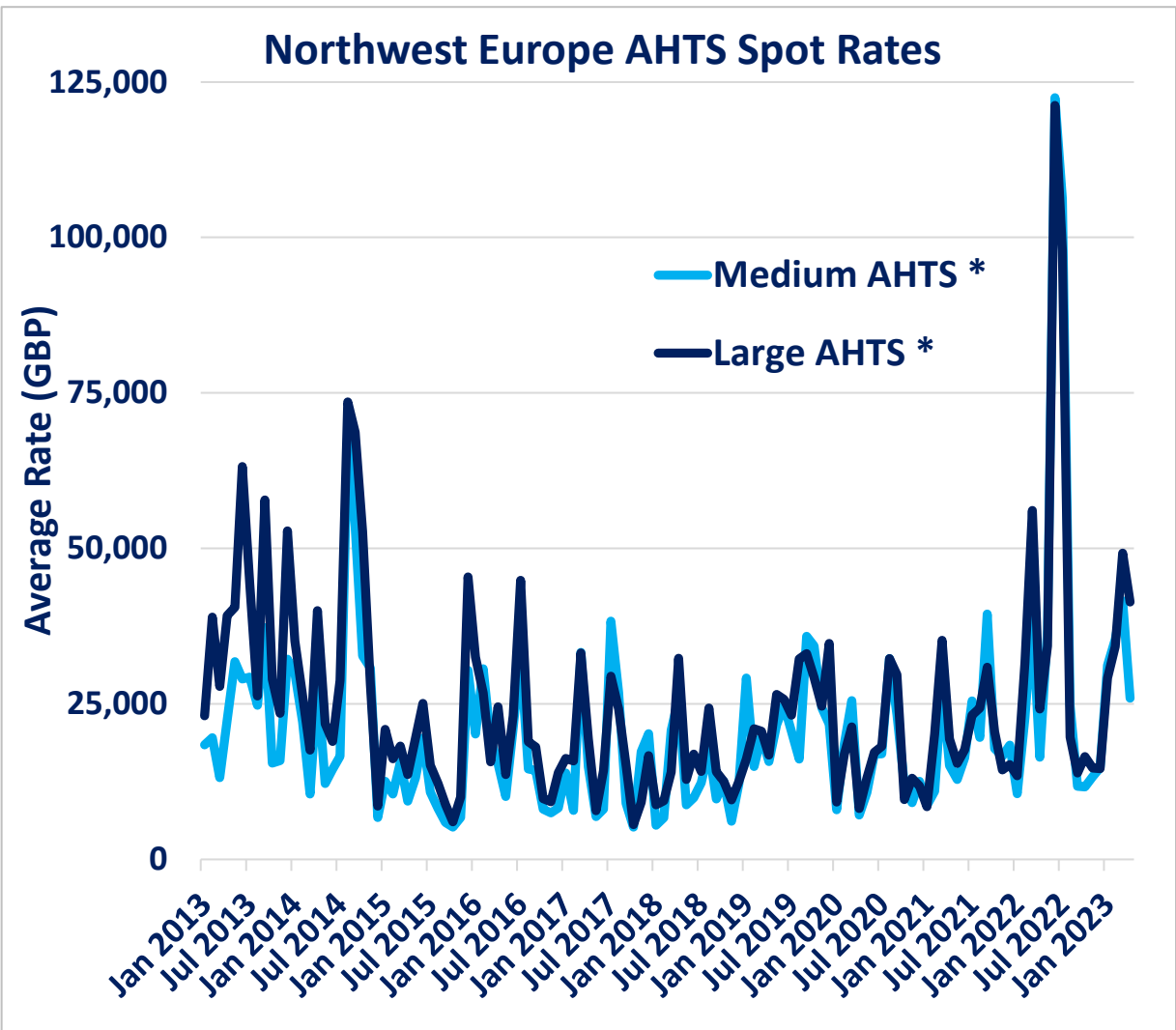


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- **Northwest Europe AHTS market overview**

Security of AHTS Supply

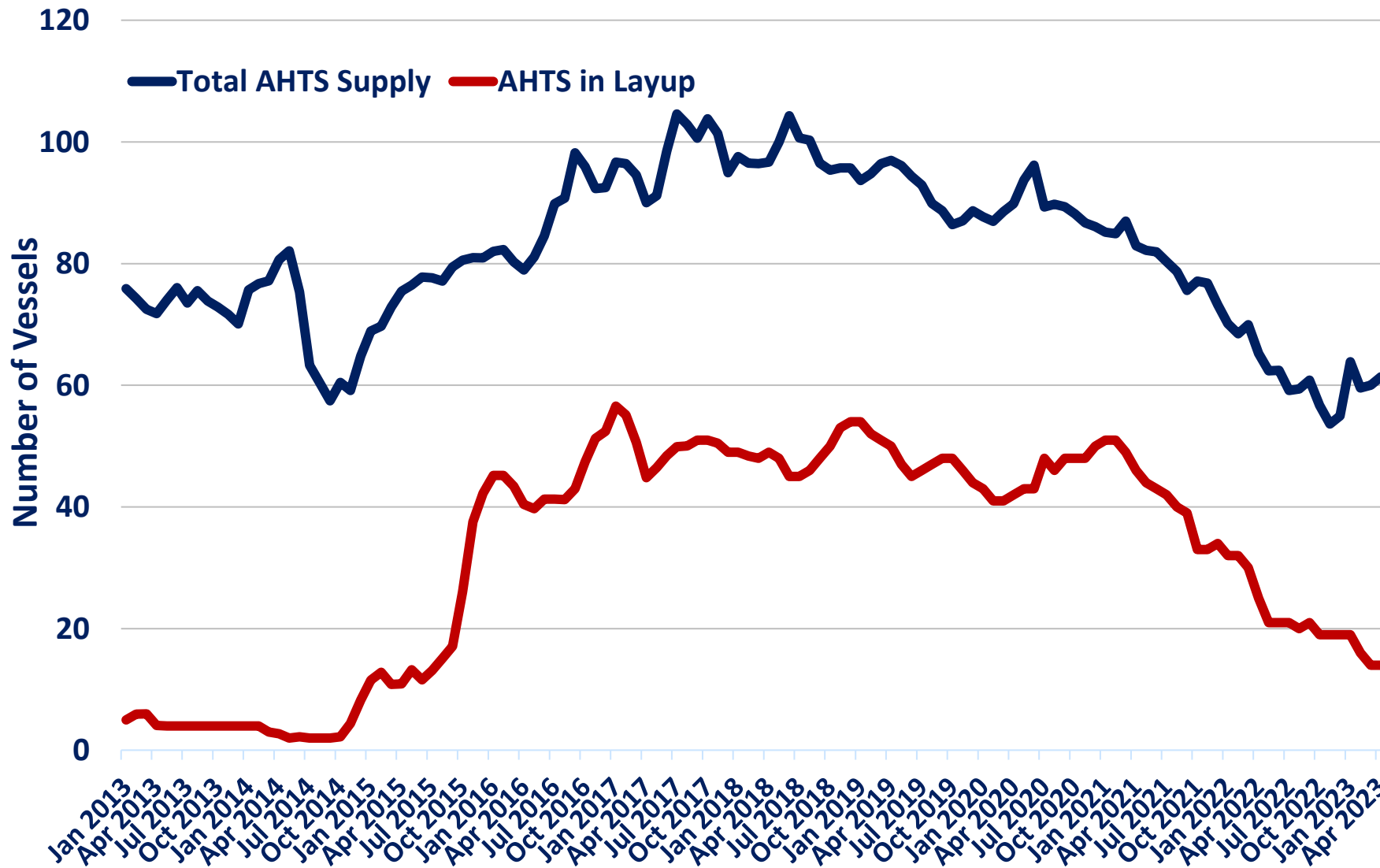
- The AHTS market in the North Sea is dominated by spot chartering. Regional spot market supply has dropped to precariously low levels due to vessel scrapping, sale or layup.
- Spot market utilisation can fluctuate dramatically due to seasonal variations in activity levels.
- Owners have to compensate for low utilisation and income levels through the winter with aggressive rate expectations through the summer.
- There was a much higher incidence in 2022 of project requirements (both within the North Sea and elsewhere) removing a significant number of vessels from the spot market for prolonged periods. A similar situation is happening this year, leaving charterers exposed to eye-watering rates.
- This creates a great deal of risk for charterers, many of whom are unlikely to have sufficient levels of demand to consider or justify term charters to protect themselves from summer season rate spikes.

North Sea Spot AHTS Rates



* 2013-2015: Large AHTS = bhp of 18,000 or more; 2016-2023: Large AHTS = bhp of 22,000 or more

Supply concerns for peak season



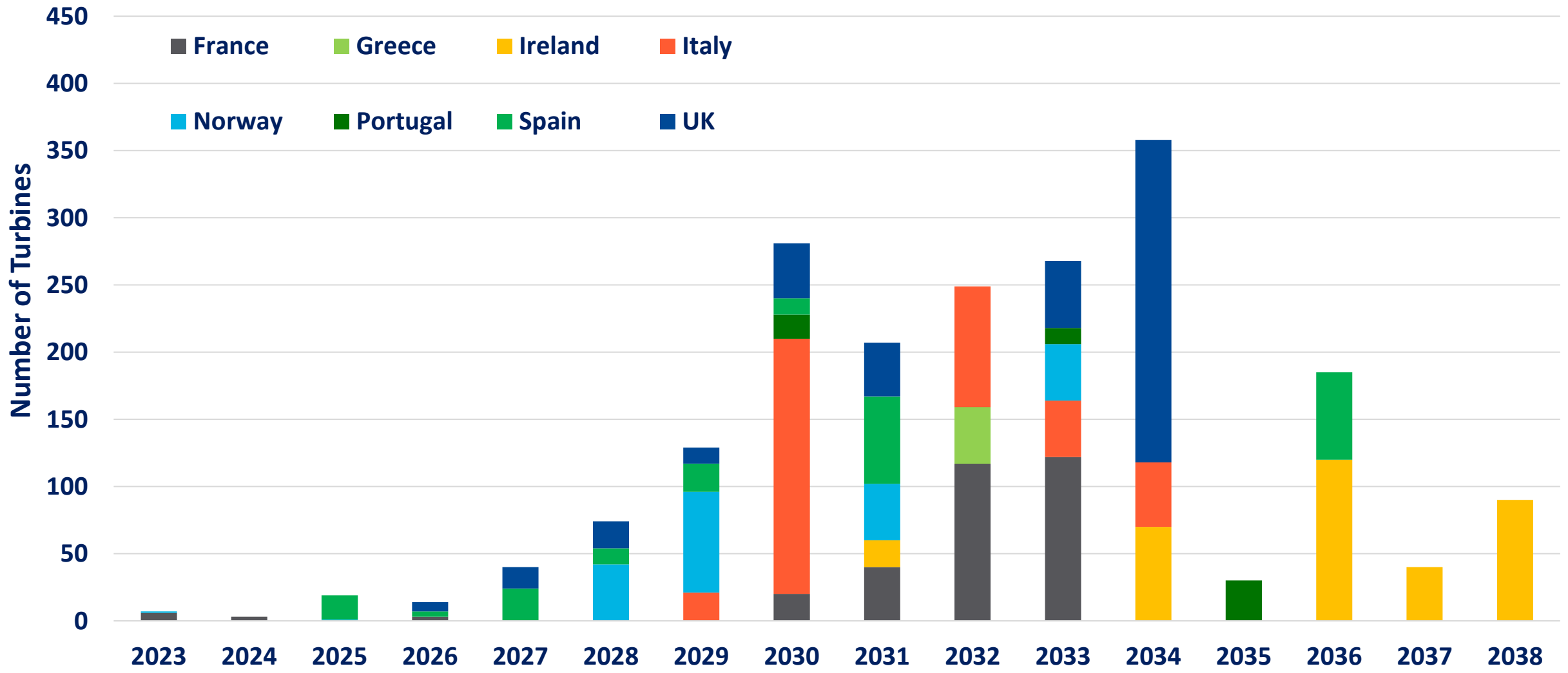
With more than 40 AHTS vessels sold out of the market in recent years, we now have total supply of 60-65 vessels in the region.

Once you eliminate vessels in layup and take into account the number of units on term/project charters, it has become common for spot market supply to drop as low as 20-30 vessels.

That is not sufficient to ensure stable activity levels at appropriate rates during the peak summer seasons.

Floating Offshore Wind - Europe

Minimum Number of Turbines by project



Source: Seabrokers Data; 4C Offshore

The Seabrokers Group



Shipbroking



Sea

Surveillance



Securalift



Real Estate



Seabrokers

Services



Entrepreneur

Service