

PSV  
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NYSE



# Hermitage Offshore Services Ltd. Company Presentation

July 2019

# Disclaimer and Forward-looking Statements



This presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Hermitage Offshore Services Ltd. (the “Company”) current views with respect to future events and financial performance. The words “believe,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect” and similar expressions identify forward-looking statements. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company’s control, the Company cannot assure you that it will achieve or accomplish these expectations, beliefs, projections or future financial performance.

Risks and uncertainties include, but are not limited to, the failure of counterparties to fully perform their contracts with the Company, the strength of world economies and currencies, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the offshore vessel markets, changes in the Company’s operating expenses, including bunker prices, drydocking and insurance costs, the fuel efficiency of our vessels, the market for the Company’s vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental and environmental rules and regulations or actions taken by regulatory authorities including those that may limit the commercial useful lives of offshore vessels, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports the Company files with, or furnishes to, the Securities and Exchange Commission, or the Commission, and the New York Stock Exchange, or NYSE. The Company undertakes no obligation to update or revise any forward-looking statements. These forward-looking statements are not guarantees of the Company’s future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

This presentation describes daily term and spot rates which are not measures prepared in accordance with U.S. GAAP (“Non-GAAP” measures). The Non-GAAP measures are presented in this presentation as we believe that they provide investors and other users of the Company’s financial statements, such as its lenders, with a means of evaluating and understanding how the Company’s management evaluates the Company’s operating performance. These Non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with U.S. GAAP.

The Company believes that the presentation of daily term and spot rates are useful to investors or other users of its financial statements, such as its lenders, because they facilitate the comparability and the evaluation of companies in the Company’s industry. In addition, the Company believes that daily term and spot rates are useful in evaluating its operating performance compared to that of other companies in the Company’s industry. The Company’s definitions of daily term and spot rates may not be the same as reported by other companies in the offshore supply vessel industry or other industries.

Unless otherwise indicated, information contained in this presentation concerning the Company’s industry and the market in which it operates, including its general expectations about its industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates as well as third party sources widely available to the public such as independent industry publications, government publications, reports by market research firms or other published independent sources. Internal data and estimates are based upon this information as well as information obtained from trade and business organizations and other contacts in the markets in which the Company operates and management’s understanding of industry conditions. This information, data and estimates involve a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed above. You are cautioned not to give undue weight to such information, data and estimates. While the Company believes the market and industry information included in this presentation to be generally reliable, it has not independently verified any third-party information or verified that more recent information is not available.

# Introduction to Hermitage Offshore Services Ltd.

## Company highlights

- Founded in 2013 and listed on NYSE (Ticker: PSV)
- Name changed to Hermitage Offshore Services Ltd. in May 2019
- Appointment of new management following 2018 private placement
- Registered in Bermuda with executive offices in New York, Monaco and Oslo
- 10x mid-sized PSVs built between 2012 and 2016
  - Norwegian built; 8x from Ulstein, 2x from Vard Aukra
  - Operational focus on the UK and Norwegian sectors of the North Sea
  - Youngest PSV fleet operating in the North Sea
- 2x AHTS vessels built in 2009
  - Currently trading in West Africa
- 11x Crew Boats built between 2012-2019
  - Currently deployed in West Africa

## Fleet Profile

10x PSV



850m<sup>2</sup> deck area

**Average age:**  
~5 years

2x AHTS



12,200 Bhp

**Average age:**  
~9 years

11x Crew Boats



30-32 PAX

**Average age:**  
~4 years

## Shareholders <sup>(1)</sup>

#	Institution	% Ownership
1	Scorpio Offshore <sup>(2)</sup>	58.0%
2	Mackenzie Financial Corp	13.5%
3	Nordic American Tankers Limited	5.0%
4	Herbjorn Hansson	3.8%
5	Magnus Roth	3.5%
6	All Others	16.2%

1) Bloomberg, June 26, 2019

2) Holdings consist of Scorpio Offshore Holding Inc. and Scorpio Offshore Investment Inc.

# Modern High Specification PSVs

## Vessel capabilities

- **PSV's 8x Ulstein PX121 and 2x VARD 1 08 built between 2012-16 are among the best built and spec'd within its segment:**
  - All vessels are built in Norway at leading yards; Ulstein (8x) and Vard (2x)
  - The youngest PSV fleet in the North Sea with an average age of ~5 years
  - 7x vessels have DNV ice classification "ICE C"
  - The vessels have larger power packs than most comparable vessels, improving maintenance, speed, station keeping capabilities, operational reliability and fuel economy
  - Increased fuel economy due to X-Bow design, size and generator setup, which is increasingly important with the implementation of IMO 2020
  - Significant station keeping capabilities
    - 2x-3x powerful bow thrusters, 8,700-9,100 BHP and high ERN figures
    - ERN figures: Significant denominator in the vetting process on NCS
  - 2x VARD 1 08 vessels with max. score on ERN figures, FiFi I, Oil recovery, NOFO2009 winterization etc.
  - 2x Ulstein PX121s fitted with NMD Standby and Oil recovery systems
  - 2x vessels are prepared for FiFi II; can be refitted making preparing them for operations in West Africa and the Mediterranean
- **The ~4,000 dwt / 850 m<sup>2</sup> PSV segment largely consists of versions of the following designs:**
  - UT 771, Havyard 832, VARD 1 08, and PX121

## Key technical characteristics

- **Deck area:** 850m<sup>2</sup>
- **Deadweight:** 4,000 - 4,200 t
- **Dynamic Positioning:** II
- **Clean Design:** Yes
- **Break horsepower:** 8,700 / 9,100 Bhp





# Investment Highlights

## Modern and diversified fleet

- Modern and diversified fleet of 23x PSVs, AHTS and Crew Boats with an average age of only ~5 years
- Homogenous fleet, of high specification Norwegian built 850m<sup>2</sup> PSVs with proven track record and utilization in the North Sea

## Balance Sheet Improvements

- Company has raised \$19 million in equity since December 2018 and has \$6 million available under an equity line of credit with two major shareholders
- Reached an agreement with lenders to extend waivers on the Company's \$132.9 million credit facility until January 31, 2020
- Received a written commitment, subject to certain conditions precedent (the most significant of which is the requirement to raise an additional \$15 million of equity before January 31, 2020), to a new \$132.9 million credit facility commencing on January 31, 2020 and maturing in December 2023

## Vessel Acquisitions

- Acquired 13 offshore vessels in exchange for common shares
- Further growth opportunities through assessment of second hand, newbuild and M&A opportunities

## OSV market in early stages of recovery

- Counter-cyclical investment opportunity in a market passing the trough
- Rising rig counts are increasing utilization and spot rates
- Highest North Sea PSV spot rates since August 2014



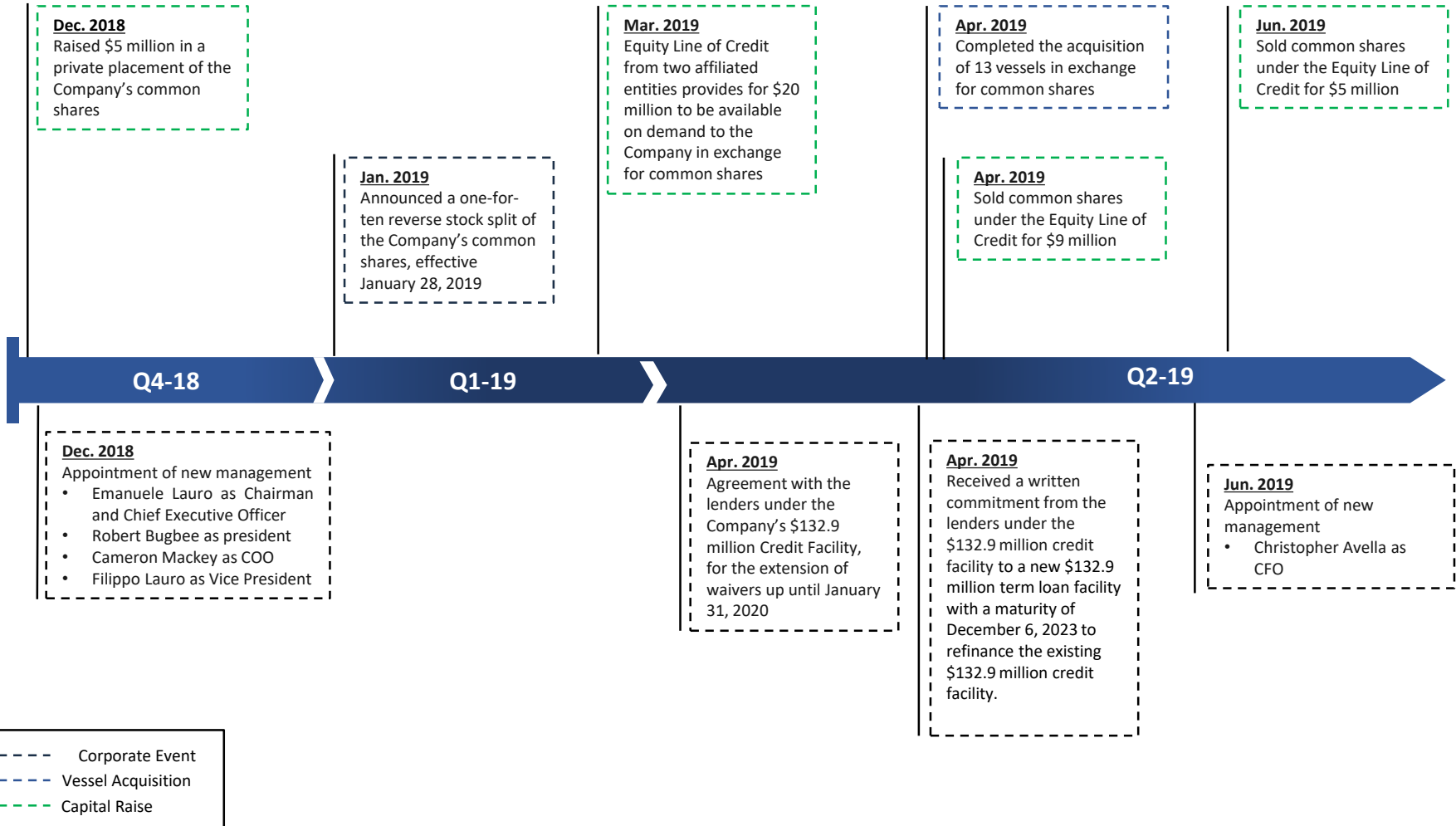
# Current Fleet Employment

Vessel Name	Built	Employment	Rate (\$US per day)	Q2	2019		2020				
					Q3	Q4	Q1	Q2	Q3	Q4	
<b>PSV</b>											
PSV Storm	2015	Spot									
PSV Protector	2013	Spot									
PSV Fighter	2012	Spot									
PSV Horizon	2016	Spot									
PSV Prosper	2012	Time Charter <sup>(1)</sup>	\$9,843		Term Contract						
PSV Guardian	2013	Time Charter <sup>(1)</sup>	\$9,843		Term Contract						
PSV Power	2013	Time Charter <sup>(1)</sup>	\$9,525		Term Contract						
PSV Galaxy	2016	Time Charter <sup>(1)</sup>	\$10,097		Term Contract						
PSV Thunder	2013	Time Charter <sup>(1)</sup>	\$10,541		Term Contract						
PSV Viking	2015	Time Charter <sup>(1)</sup>	\$10,477		Term Contract						
<b>AHTS</b>											
SOI Brilliance	2009	Time Charter	\$9,000		Term Contract						
SOI Baron	2009	Spot									
<b>Crewboats</b>											
1905-1	2019	Time Charter	\$2,400		Term Contract						
1905-2	2019	Time Charter	\$2,400		Term Contract						
1905-3	2019	Time Charter	\$2,400		Term Contract						
1905-4	2019	Time Charter	\$2,400		Term Contract						
1605-1	2012	Spot									
1605-2	2012	Spot									
1605-3	2012	Spot									
1605-5	2013	Spot									
1605-6	2013	Spot									
2005-1	2015	Spot									
2005-2	2015	Spot									

(1) Time charter contract denominated in GBP. The rate set forth has been converted using an approximate GBP/USD exchange rate of approximately 1.27



# Recent Company Developments



- - - - Corporate Event  
 - - - - Vessel Acquisition  
 - - - - Capital Raise



# Equity Line of Credit & Agreements with Lenders

## Equity Line of Credit

- The Company entered into a common stock purchase agreement (the "Equity Line of Credit") with Scorpio Offshore Investments Inc. ("SOHI"), a related party affiliate, and Mackenzie Financial Corporation
- The Equity Line of Credit provides for \$20 million to be available on demand to the Company in exchange for common shares priced at 0.94 multiplied by the then-prevailing 30-day trailing VWAP.
- On April 10, sold 3,240,418 common shares under its Equity Line of Credit for \$2.7774/ share and aggregate net proceeds of \$9 million
- On June 20, sold 710,736 common shares under its Equity Line of Credit to for \$3.51748/ share and aggregate net proceeds of \$5 million

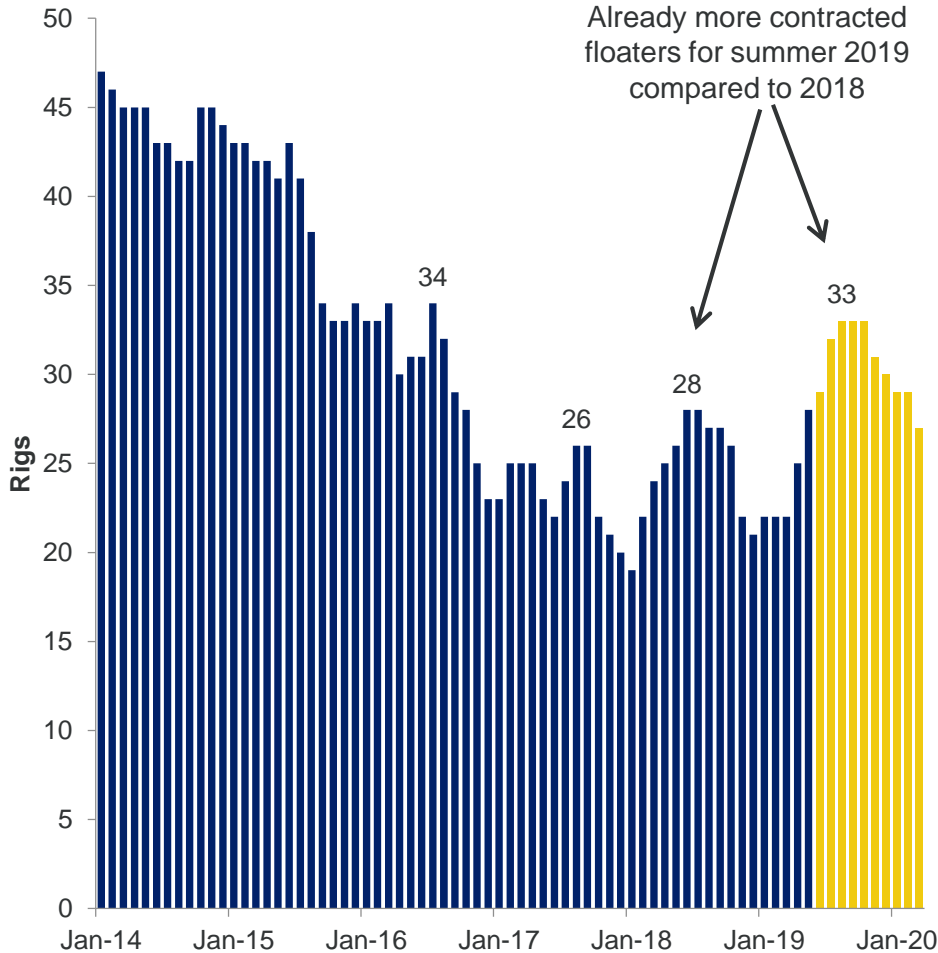
## Agreements with Lenders

- In March 2019, the lenders to the Company's \$132.9 million credit facility agreed to extend the waivers of certain financial covenants which the Company was not in compliance until January 31, 2020.
- In March 2019, the Company received a written commitment from the lenders under its \$132.9 million credit facility, upon the satisfaction of certain conditions precedent by the Company, including the requirement to raise a minimum of an additional \$15.0 million of equity before January 31, 2020, to a new \$132.9 million term loan facility with a maturity of December 6, 2023 to refinance the existing \$132.9 million credit facility.
- The new \$132.9 million term loan facility is expected to:
  - be collateralized by the ten PSVs that currently collateralize the \$132.9 million credit facility in addition to the 11 crew boats acquired from SOHI
  - bear interest at LIBOR plus a margin 3.50% (which is subject to reduction if the Company meets certain Net Debt to EBITDA thresholds)
  - be repayable in equal, semi-annual installments of \$7.5 million beginning in December 2021 with a balloon payment due upon the maturity date of December 6, 2023.
- Details on financial covenants can be found in the Q1-19 earnings release.

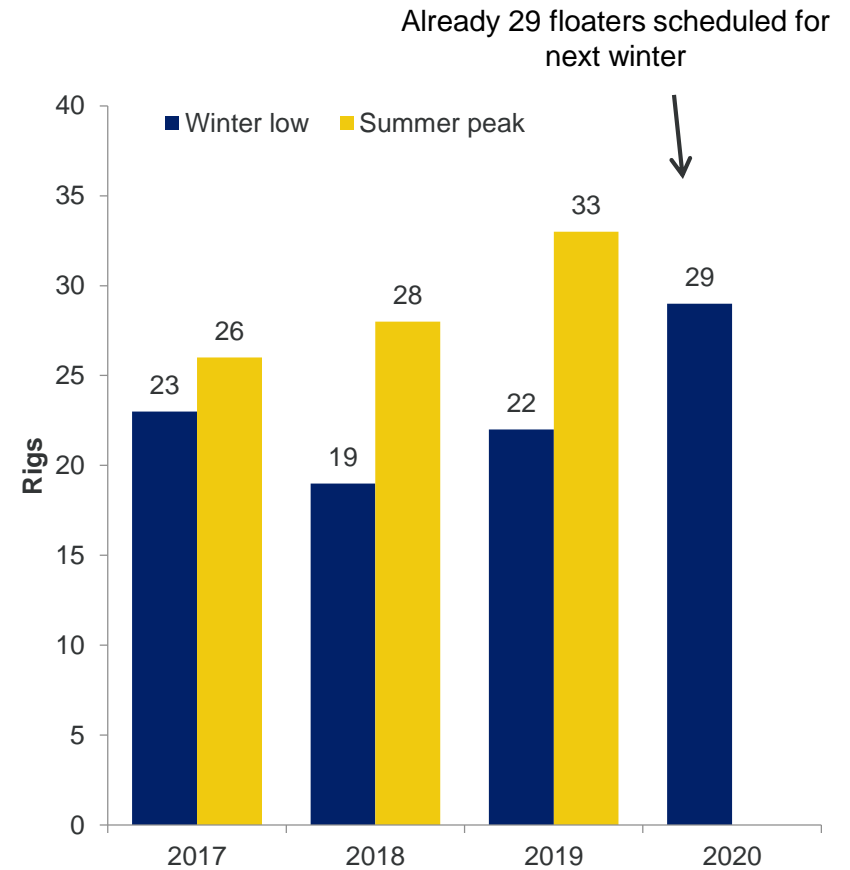


# The North Sea is Strengthening

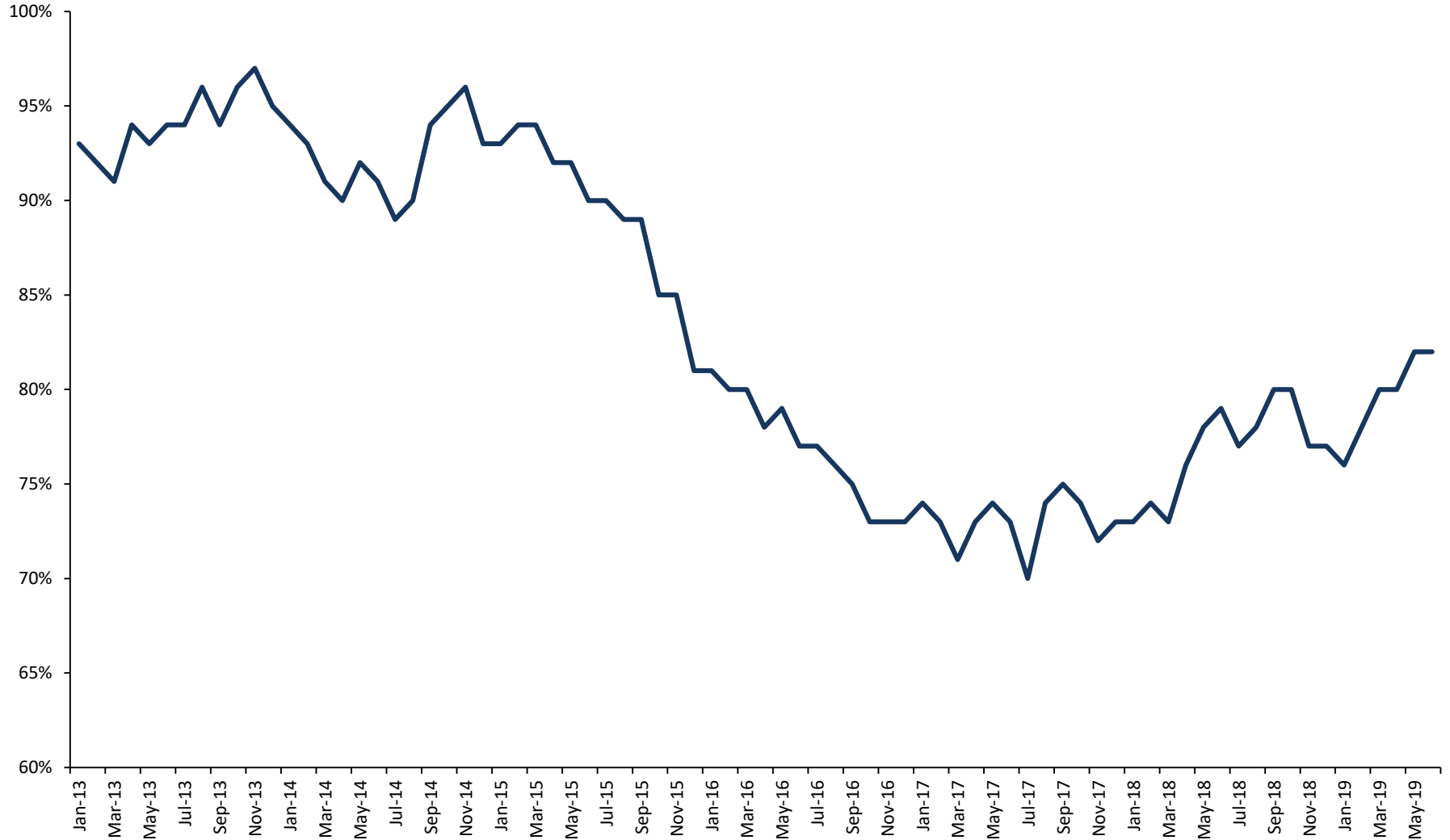
## Contracted Floating Rigs: 2014-2019



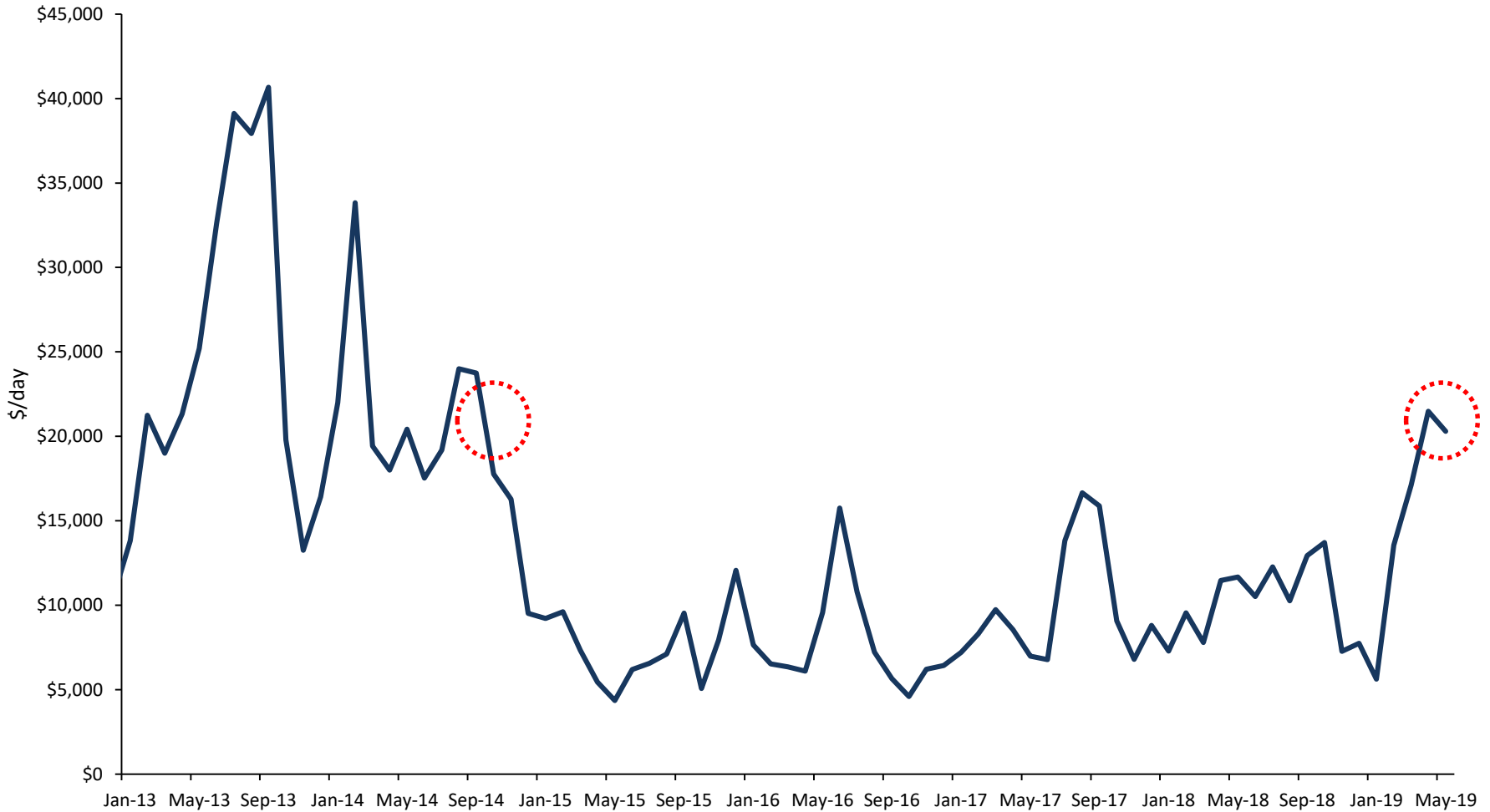
## Floating Rigs: Summer vs. Winter 2017-19



# PSV 4,000+ DWT Utilization



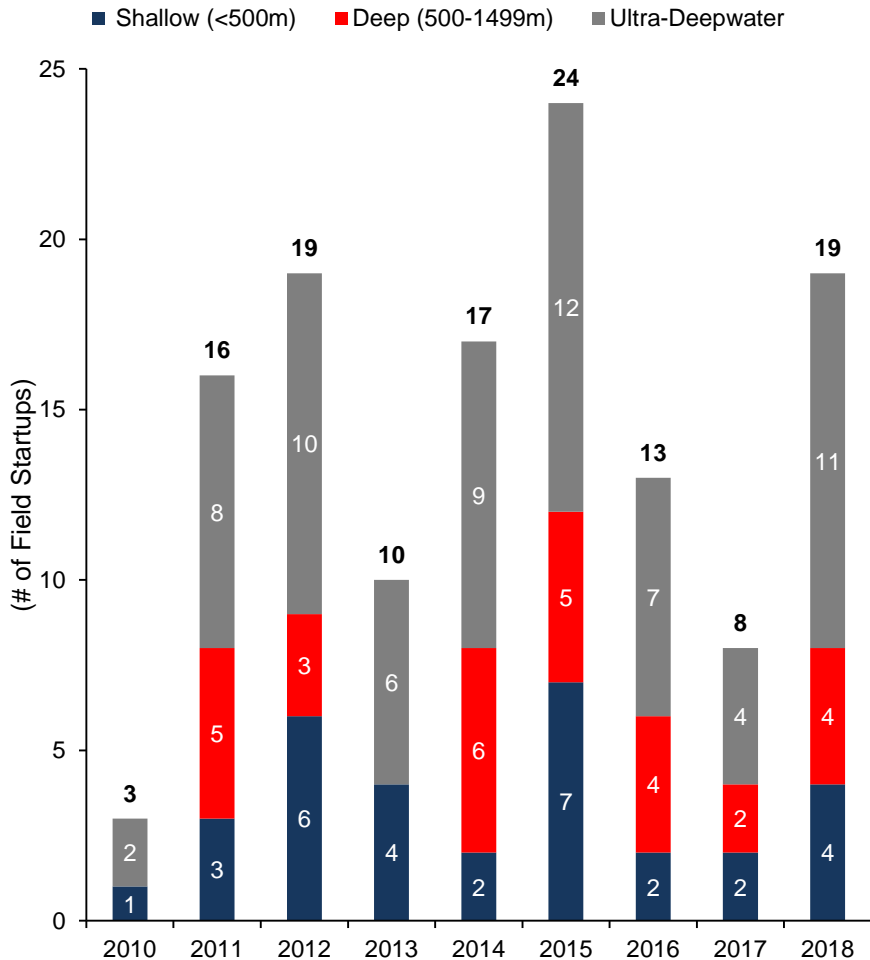
# North Sea PSV Daily Spot Earnings



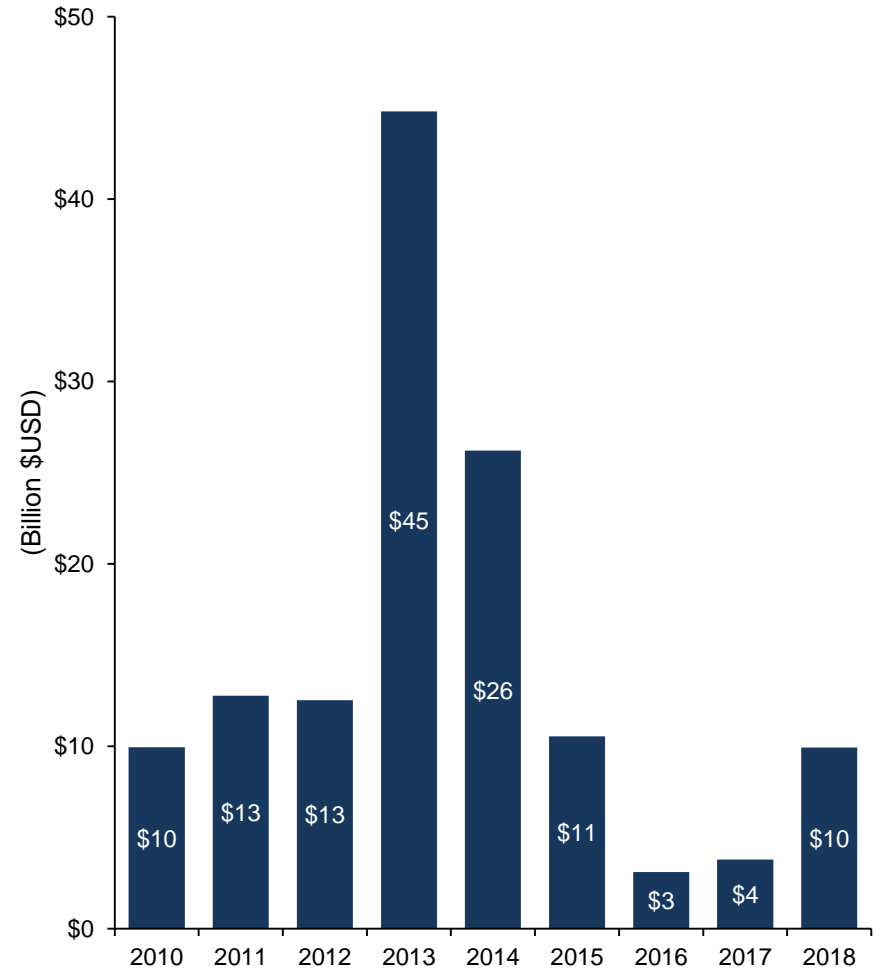
**May 2019 North Sea PSV daily spot rates at highest levels since August 2014**

# West Africa Offshore Startups & Investment Increasing

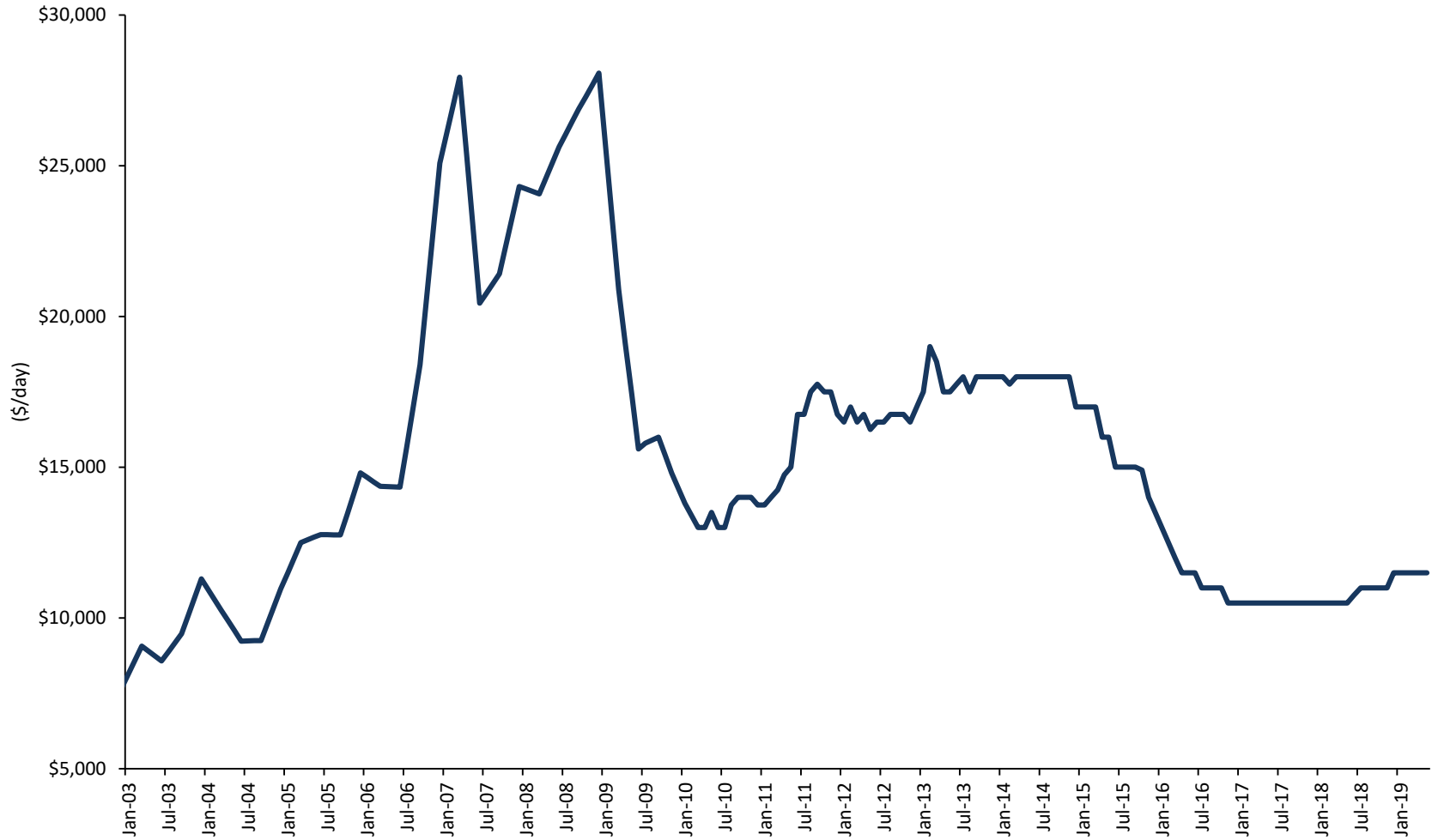
## West Africa Field Startups



## West Africa Offshore Project CAPEX by FID

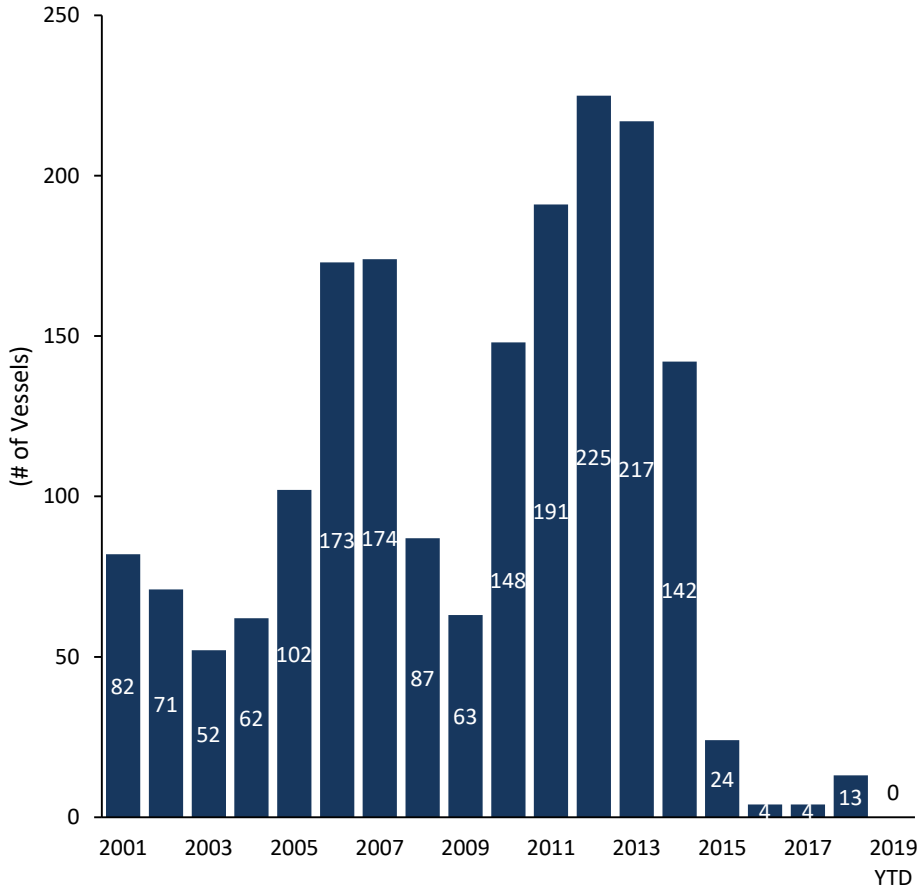


# AHTS West Africa Daily Term Rates

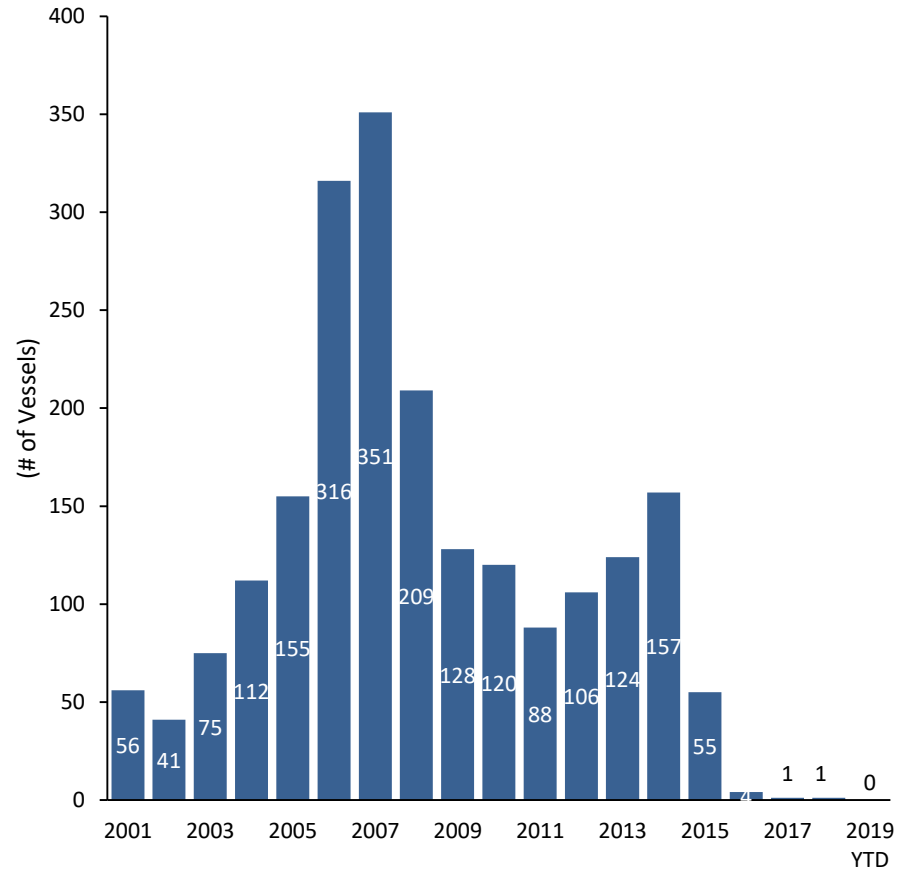


# Zero PSV & AHTS Newbuilding Orders YTD

## PSV Newbuilding Orders 3,000+ DWT



## AHTS Newbuilding Orders





# Modern and diversified fleet of OSV vessels

Vessel	Type	Built	Yard	Design	Dwt	Deck (m <sup>2</sup> )	Bhp	Loa (m)	DP
<b>PSV</b>									
NAO Galaxy	PSV	2016	Vard	Vard 1 08	4,100	850	8,676	81.4	II
NAO Horizon	PSV	2016	Vard	Vard 1 08	4,100	850	8,676	81.4	II
NAO Viking	PSV	2015	Ulstein	PX 121	4,242	850	9,096	83.4	II
NAO Storm	PSV	2015	Ulstein	PX 121	4,000	850	9,096	83.4	II
NAO Protector	PSV	2013	Ulstein	PX 121	4,200	850	9,096	83.4	II
NAO Thunder	PSV	2013	Ulstein	PX 121	4,200	850	9,096	83.4	II
NAO Power	PSV	2013	Ulstein	PX 121	4,200	850	9,096	83.4	II
NAO Guardian	PSV	2013	Ulstein	PX 121	4,200	850	9,096	83.4	II
NAO Prosper	PSV	2012	Ulstein	PX 121	4,200	850	9,096	83.4	II
NAO Fighter	PSV	2012	Ulstein	PX 121	4,200	850	9,096	83.4	II
<b>AHTS</b>									
SOI Brilliance	AHTS	2009	Universal SB	MX-A120	2,548	440	12,228	68.0	II
SOI Baron	AHTS	2009	Universal SB	MX-A120	2,548	440	12,228	68.0	II

Crew Boat	Type	Built	Yard	POB	Loa (m)	Beam (m)	Bhp	Engines	Speed(kn)
Petrocraft 1605-1	Crew	2012	Damen Gorinchem	30	16.2	5.4	1,340	2x	30
Petrocraft 1605-2	Crew	2012	Damen Gorinchem	30	16.2	5.4	1,340	2x	30
Petrocraft 1605-3	Crew	2012	Damen Gorinchem	30	16.2	5.4	1,340	2x	30
Petrocraft 1605-5	Crew	2013	Damen Gorinchem	30	16.2	5.4	1,340	2x	30
Petrocraft 1605-6	Crew	2013	Damen Gorinchem	30	16.2	5.4	1,340	2x	30
Petrocraft 2005-1	Crew	2015	Vittoria Shipyard	32	19.9	4.8	2,000	2x	25
Petrocraft 2005-2	Crew	2015	Vittoria Shipyard	32	19.9	4.8	2,000	2x	25
Petrocraft 1905-1	Crew	2019	Ocea Shipyards	32	19.9	5.0	1,800	2x	31
Petrocraft 1905-2	Crew	2019	Ocea Shipyards	32	19.9	5.0	1,800	2x	31
Petrocraft 1905-3	Crew	2019	Ocea Shipyards	32	19.9	5.0	1,800	2x	31
Petrocraft 1905-4	Crew	2019	Ocea Shipyards	32	19.9	5.0	1,800	2x	31



10x PSVs



2x AHTS vessels



11x Crew Boats

# Senior Management and Board of Directors

## Senior management



### Mr Emanuele Lauro – Chief Executive Officer

- Under Mr. Lauro's leadership, Scorpio has grown from an owner of three vessels in 2003 to become a leading operator and manager of more than 230 vessels in 2017
- He co-founded and also serves as CEO and Chairman of Scorpio Bulkers and Scorpio Tankers
- Mr. Lauro has a degree in international business from the European Business School, London



### Mr Robert Bugbee – President

- Mr. Bugbee has more than 30 years of experience in the shipping industry. He co-founded and also serves as President and Director of Scorpio Bulkers and Scorpio Tankers
- Mr Bugbee has a B.A. (Honors) from London University and a Masters degree in International Business from the Norwegian School of Economics



### Mr Cameron Mackey– Chief Operating Officer

- Mr. Mackey joined Scorpio in 2009, where he continues to serve in a senior management position
- Mr. Mackey also serves as Chief Operating Officer of Scorpio Bulkers and Scorpio Tankers
- He has an M.B.A. from Sloan School of Management, a B.S. from the Massachusetts Maritime Academy and a B.A. from Princeton University



### Mr Filippo Lauro – Vice President

- Mr. Lauro also serves as Vice President of Scorpio Bulkers and Scorpio Tankers. He joined Scorpio in 2010 and has continued to serve there in a senior management position
- Prior to joining Scorpio, Mr. Lauro was the founder of and held senior executive roles in several private companies



### Mr Christopher Avella – CFO

- Mr. Avella joined Scorpio Tankers in 2010 and has held the position of Controller since 2014. Prior to Scorpio he served as Senior Manager in Ernst & Young's transaction advisory services practice
- He is a certified public accountant and has a B.S. in accounting from Rutgers University, an M.B.A. from Seton Hall University and an M.S. in finance from Georgetown University

## Board of Directors

### Mr Emanuele Lauro – Chairman of the Board

### Mr Robert Bugbee – Member of the Board

### Mr Cameron Mackey – Member of the Board

### Ms Marianne Lie – Member of the Board

- Ms. Lie has been, and still is, a board member of several Norwegian companies mainly within the shipping, offshore business, energy and finance industries. She has served as a member of the shareholders Committee of the Central Bank of Norway, Managing Director of the Norwegian Shipowners Association, and the Norwegian branch of Vattenfall
- Ms. Lie has studied law and political science at the University of Oslo

### Ms Marianne Økland – Member of the Board

- Ms. Økland is a Managing Director of Avista Partners, a London based consultancy that provides advisory services and raises capital. She also serves on the Audit Committees of Scorpio Tankers Inc. and IDFC Limited. Previously, she was a non-executive director at the National Bank of Greece. Between 1993 and 2008, she held various investment banking positions at JP Morgan Chase & Co. and UBS focusing on debt capital raising and structuring. Ms. Økland holds a M.Sc. degree in Finance and Economics from the Norwegian School of Economics and Business Administration

### Mr Paul J Hopkins – Member of the Board

- Mr. Hopkins has been a director of the Company since its inception and was a director of NAT from 2005 until 2013. Until 2008, Mr. Hopkins was also a Vice President and a director of Corridor Resources Inc., a Canadian public E&P company. From 1989 through 1993 he served with Lasmo as Project Manager during the start-up of an oilfield offshore Canada. He has also served as a consultant on frontier engineering and petroleum economic evaluations in the international oil industry

### Mr David M Workman – Member of the Board

- Mr. Workman was, until recently Chief Operating Officer and member of the Supervisory Board of Stork Technical Services having guided, as Chief Executive Officer, the sale of the RBG Offshore Services Group into the STS Group. Mr. Workman has 30 years of broad experience in the offshore sector.
- Mr. Workman holds a Master's degree in Petroleum Engineering from Imperial College London

### Mr Bjarne Boe – Member of the Board

- Mr. Boe has over thirty years of experience in the finance industry. From 1995 to June 2019, he held a range of management positions at Skandinaviska Enskilda Banken AB (publ), or SEB, a Nordic financial services group. Mr. Boe most recently served as Head of Shipping and Offshore Finance at SEB, and was Global Head of Investment Banking at SEB Stockholm between 2012 and 2016.
- Mr. Boe has an M.B.A. from the Norway School of Economics and Business Administration.

