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## Company update

June 2021

## Building on 170 years of industrial innovation



## Large investments within renewable sectors



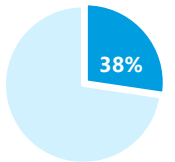
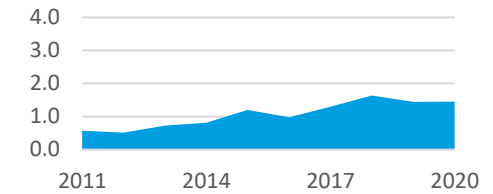
- Long term active investor with origin from 1848
  - Listed on Oslo Stock Exchange since 1921
- Traditionally core activities linked to maritime and energy sectors
- Proven history of being early adaptors into new trends
  - 25 year track record in renewables
- Four defined business segments:
  - Renewables
  - Wind Services
  - Cruise
  - Other
- 68% of book assets\* related to activities across the renewable energy value chain

Renewables

Fred. Olsen Renewables

- Leading developer and owner of renewable energy assets
- 805 MW in operations incl. two sites under construction and 4 GW pipeline
- Onshore and offshore wind and floating solar

Segment revenues and share of book assets

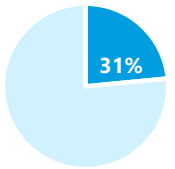
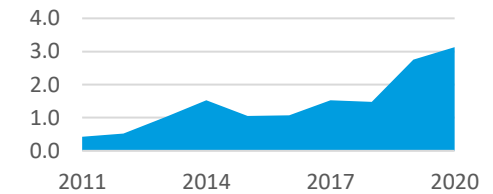


Wind service

Fred. Olsen Windcarrier



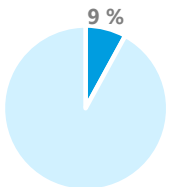
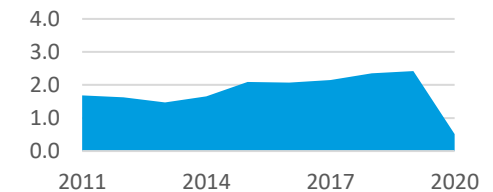
- Leading global provider of logistics, installation and expert services to onshore and offshore wind
- Installed 20% of all offshore wind turbines
- Preferred project partner for complete wind turbine services



Cruise

Fred. Olsen Cruise Lines

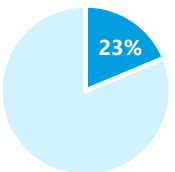
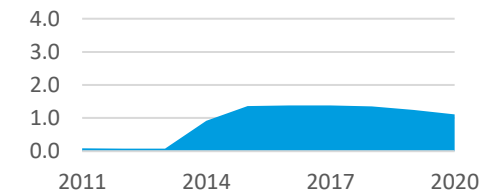
- Leading position in the UK small-medium ship segment
- Newly optimized fleet composition with 4 vessels
- High customer service and proprietary itineraries



Other



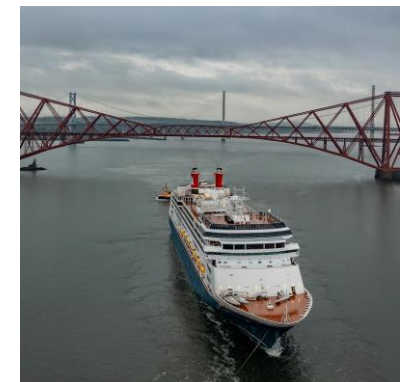
- NHST/Business focused media house with industry leading publications
- Financial investments
- Properties



- Ørsted joins the already established Fred. Olsen Renewables and Hafslund Eco consortium establishing a long-term partnership to develop offshore wind in combination with transmission development in Norway and to compete in Norway's upcoming application round for offshore wind areas
- Fred. Olsen Renewables and Vattenfall enter into long term 50/50 partnership in order to inter alia compete in the upcoming leasing round for offshore wind in Scotland.
- Fred. Olsen Windcarrier signs 3 new turbine transport and installation contracts linked to work in 2022-2024. Combined value of the contracts are up to EUR 124m bringing the backlog to ~EUR350m
- Fred. Olsen Cruise Lines mobilize first cruise vessel, Borealis, following Covid-19 related pause in operations, to commence UK cruise only on the 5<sup>th</sup> July



**VATTENFALL** 

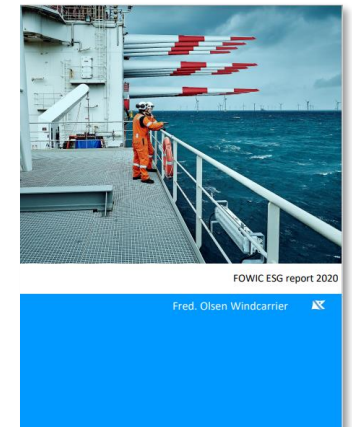


- Strong commitment towards integrating sustainability and social responsibility into long-term business model supporting decarbonisation and minimising the environmental footprint of our activities
- ESG principles in mind when investing in existing operations, new technologies and business opportunities

## Separate business ESG reporting



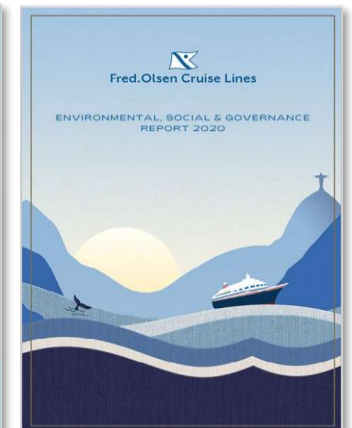
[www.fredolsenrenewables.com](http://www.fredolsenrenewables.com)



[www.windcarrier.com](http://www.windcarrier.com)



[www.globalwindservice.com](http://www.globalwindservice.com)



[www.fredolsencruises.com](http://www.fredolsencruises.com)

### Environment



- Annual production from own wind farms of 1.8 TW equals electricity to 435 000 households
- Installed offshore turbine with a combined capacity of +4GW enabling 10 million tonnes carbon emissions reduction since 2013
- Minimizing environmental footprint; Waste and CO2 reduction management, persevering ecology and target zero environmental spill

### Social



- Equal opportunities for all employees
- Coordinated social responsibility with Fred. Olsen Social Engagement Group
- Work environment in compliance with best industry practice and national regulations
- Sickness absence average for 2020 was 1.5%

### Governance



- Management System implemented and ISO certification where relevant
- Code of Conduct implemented. All employees trained in compliance
- Zero tolerance for corruption. UK Bribery Act translated into policies
- The governance structure of Bonheur has through decades proved to be both successful and resilient

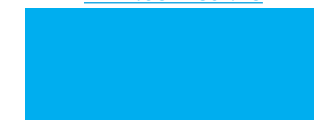
# Group capitalization per 1Q 21

- Group financial objectives targeted to secure long-term visibility and flexibility through business cycles
  - Strong parent financial position built on conservative leverage and solid liquidity position
  - Subsidiaries to continuously work to optimize their long term financial structures
  - Subsidiaries to optimize their own non-recourse financing taking into account underlying fundamentals for the respective business and relative cost of capital
- Green financing framework in place for Bonheur and its subsidiaries

(NOK million)	Cash	External debt	Whereof guaranteed by Bonheur
Renewable energy (FOR) (Joint Ventures and associated holding companies)	354	5 821	13
Wind Service (FOO) (Joint Venture, associated holding companies and other)	264	989	-
<b>Sum (Joint Ventures and associated holding companies)</b>	<b>618</b>	<b>6 810</b>	<b>13</b>
Renewable energy (FOR) (excl. Joint Ventures and associated holding companies)	181	0	-
Wind Service (FOO) (excl. Joint Ventures, associated holding companies and other)	335	665	-
Cruise (FOCL)	256	262	-
Bonheur ASA (parent company) + Other	2 572	2 590	-
<b>Sum (excl. Joint Ventures and associated holding companies)</b>	<b>3 344</b>	<b>3 517</b>	<b>0</b>



[www.bonheur.no](http://www.bonheur.no)



 **Bonheur ASA**

**Green Finance Framework**  
September 2020



[www.bonheur.no](http://www.bonheur.no)




# Highlights 1Q 2021

## Bonheur ASA Group of companies

Figures in paranthesis (1Q20)


### Renewable Energy



100% Fred. Olsen Renewables AS

- EBITDA NOK 333 mill. (NOK 419 mill.)
- Power generation was lower than normal in Q1 partly offset by higher power prices
- Högaliden project estimated completion by end of July 2021
- Additional 148 MW consented onshore wind in Scotland
- Commenced construction preparations for Fäboliden 2
- Continued progress on Codling Wind Park offshore projects toward auction in 2022
- In preparation for Scottish offshore wind lease round in 2021


### Wind Service



100% Fred. Olsen Ocean Ltd.

- EBITDA NOK 70 mill. (NOK -29 mill.)
- T&I utilisation of 74% (75%) in Q1
- Going forward:
  - Brave Tern on contract in Taiwan
  - Bold Tern crane replacement and contract in Taiwan
  - Blue Tern on contract at Moray East
- Established fleet upgrade and growth program in FOWIC
- Good performance in GWS
- Good performance in UWL


### Cruise



100% Fred. Olsen Cruise Lines Ltd.

- EBITDA NOK -141 mill. (NOK -105 mill.)
- Substantial demand for cruises for second half of 2021 and 2022
- In UK all people of 50+ age (32 mill. People) have been offered vaccine by mid-April
- Mobilising one cruise ship for UK cruise in July, others to follow pending other countries opening up for cruising

### Other Investments



- NHST continued development of new digital products and services
- Creating a new media division

### Consolidated:

- Operating revenues were NOK 1 338 million (NOK 1 967 million)
- EBITDA was NOK 236 million (NOK 250 million)
- EBIT was NOK 9 million (NOK -101 million)
- Net result after tax was NOK -35 million (NOK 118 million)

### Parent company:

- Equity in parent company NOK 6 953 million (NOK 7 544 million)
- Equity ratio of 68.0% (71.3%)
- Cash in parent company NOK 2 544 million (NOK 4 184 million)



Renewable energy

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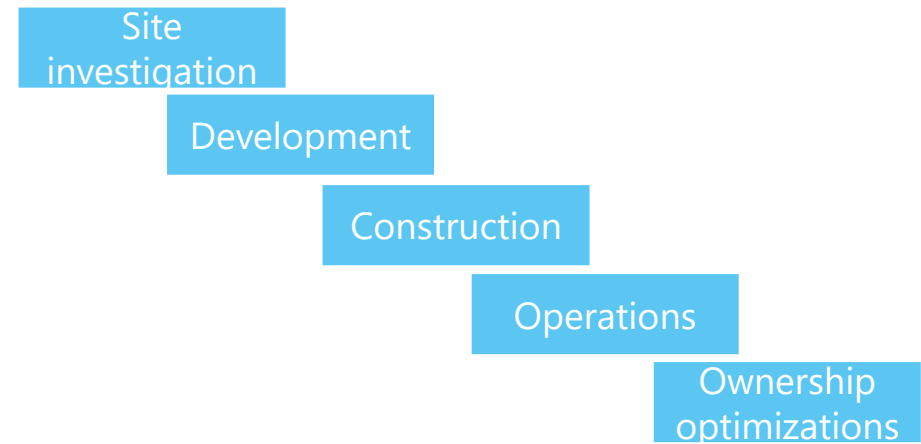
# Introduction to FORAS

Full set of in-house capabilities developed to the highest standards over 25 years

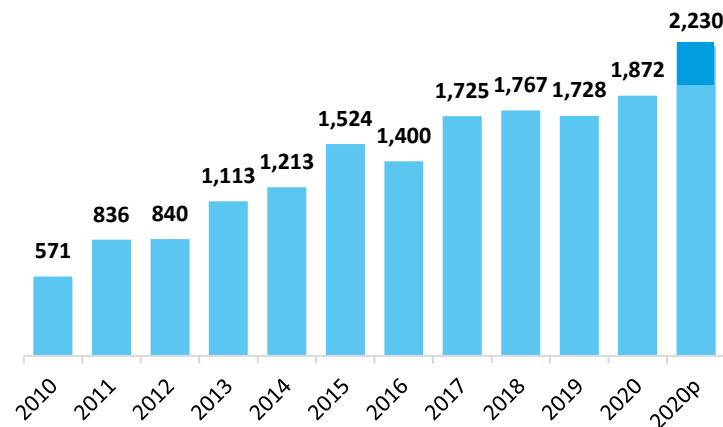
## In brief

- One of the largest independent power producers in Northern Europe
- Early mover in renewables with first wind park investment in 1996
- 13 wind farms (805 MW) incl. two under construction in Scandinavia and UK
- Track record of on-time and in-budget execution of projects
- Development pipeline in Europe of ~4 GW
- Current main activities being onshore and offshore wind in addition to entering new technologies like floating solar

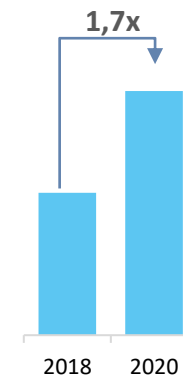
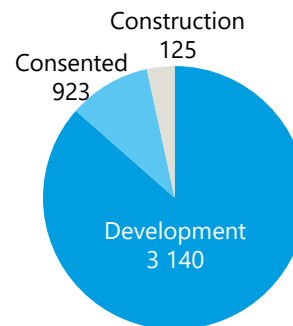
## Full integrated in-house business model



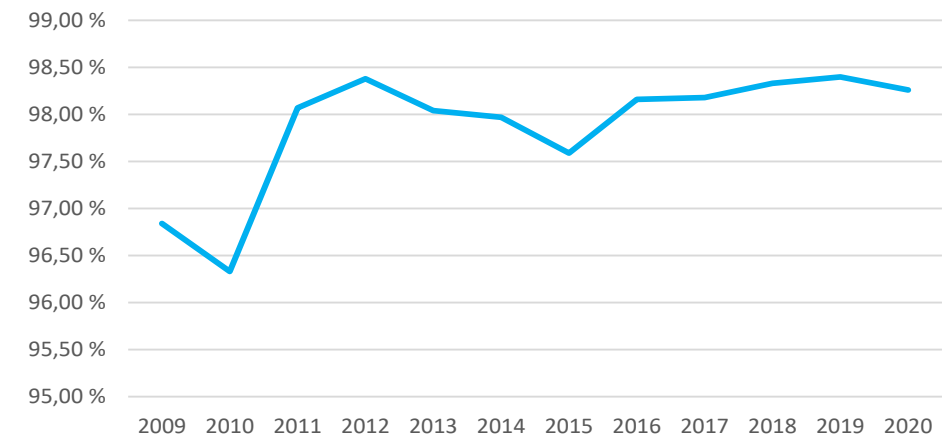
## Production (GWh)



## Development portfolio



## WTG availability

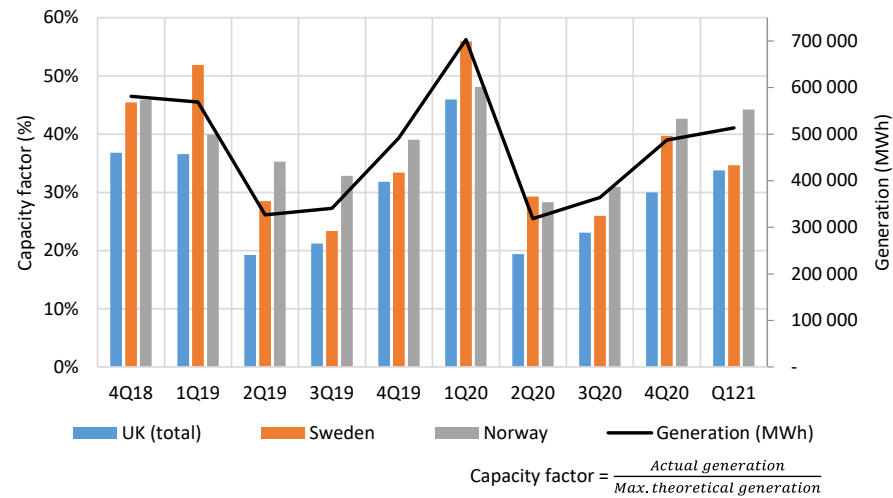


\*2020p includes estimated annual production from project under construction

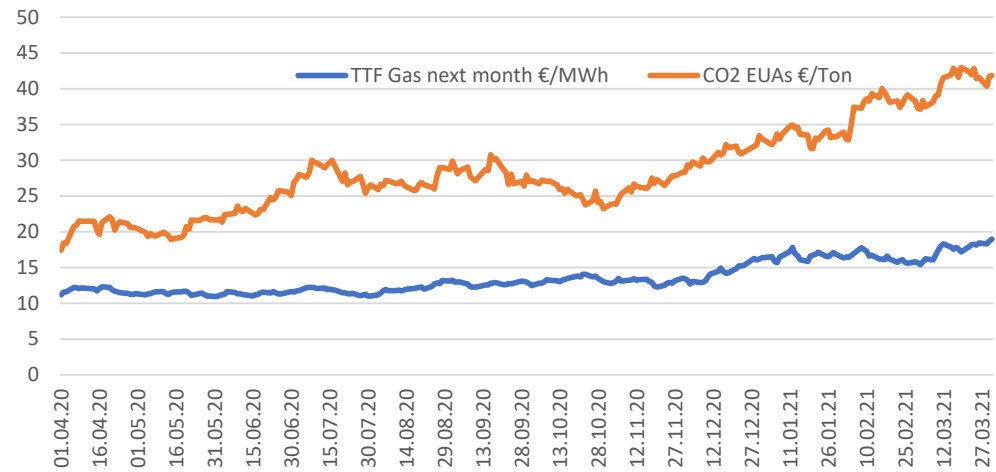
# Renewable energy

## Market backdrop

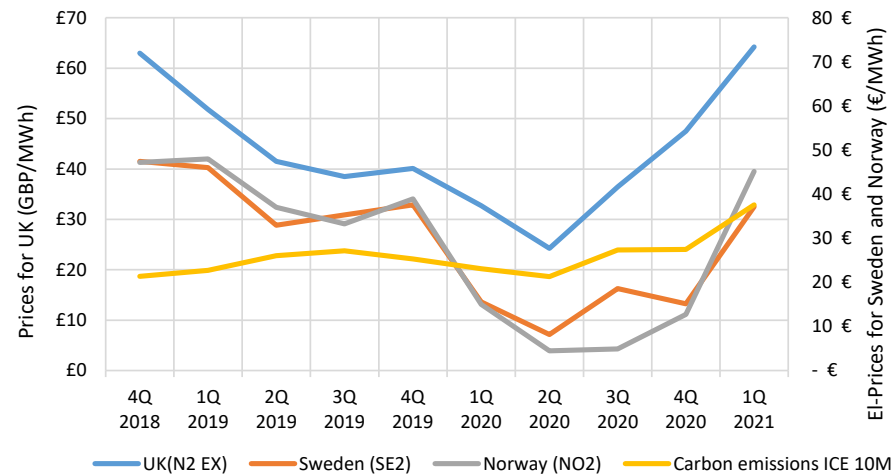
### Capacity Factors and Generation



### Gas and CO2 Pricing last 12 months

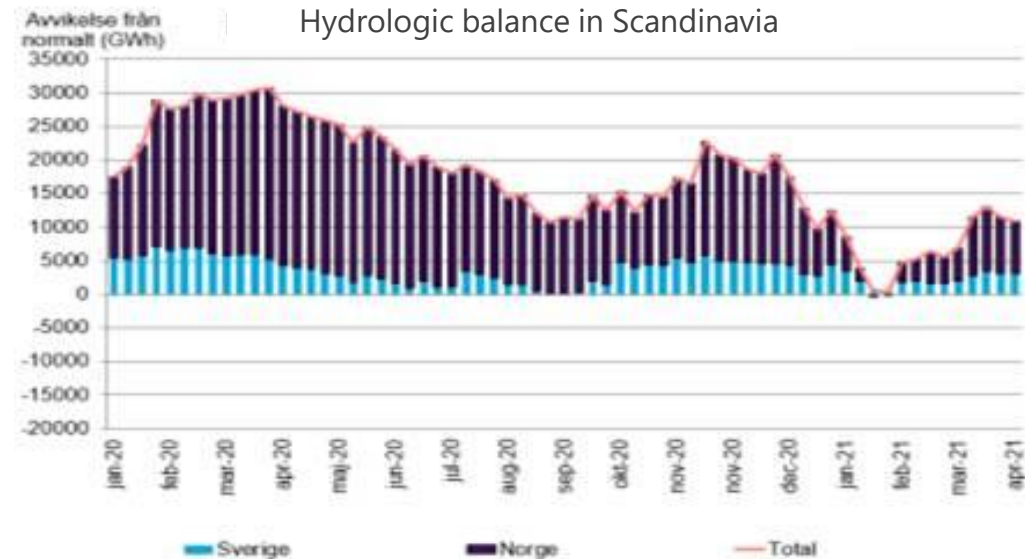


### Power prices (quarterly average)



Source: Nordpool, Nordea E-market

### Hydrologic balance in Scandinavia



## Codling



- Advanced major bottom fixed offshore wind project
- Potentially Ireland's largest energy infrastructure investments this decade and largest offshore wind farm
- 50/50 JV partner with Electricité De France (EDF)
- Ireland accelerating activities to reach its climate targets
- High activity level ahead of next year's RESS auction

## Norway lease round



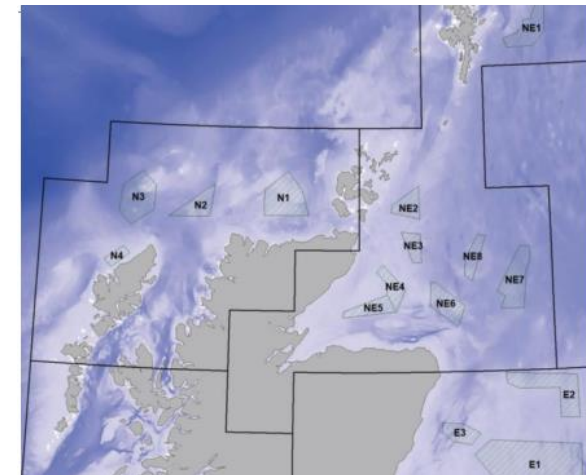
Wind & offshore development  
 Grid & interconnectors  
 Hydro power  
 Stakeholder management  
 Local supply chain and cost management  
 Track record and market insight

Offshore wind & transmission concept



- Positioning for upcoming lease round through 33/33/33 JV with Hafslund ECO and Orsted
- Pioneering concept of combined offshore wind and transmission development in Norway
- A combine wind farm and transmission development will make total concept commercially viable and will not require subsidies for bottom fixed sites
- Long term partnership targeting both Utsira Nord (floating) and Sørige Nordsjø (bottom-fixed)

## Scotwind lease round



- Ongoing process which includes up to 15 areas/10GW in new lease awards
- Bids now due in July
- Bids in 50/50 JV with Vattenfall
- Local content, presence and track record likely among key criteria
- FORAS is one of the pioneers in wind development in Scotland and it is currently its core market

## New consents in UK (148 MW)

- Paul's Hill II – 21 MW
- Crystal Rig IV – 46,2 MW
- Brockloch Rig III – 80,8 MW



## Building position in Floating Solar

- Building competitive advantage for coastal locations – partnership with SERIS a cornerstone. Test project at Canaries also in progress
- Target markets include select countries in Asia and in Southern Europe. Partnership approach





Wind Service

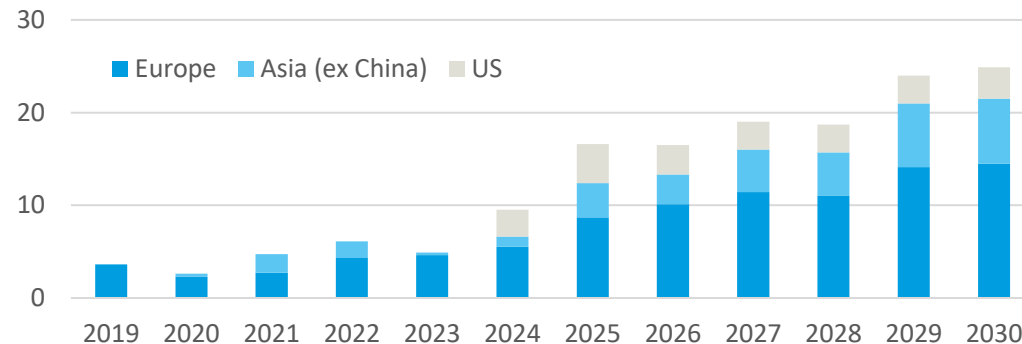
 Fred. Olsen Windcarrier

  
GLOBAL WIND SERVICE

 UNITED WIND  
**LOGISTICS**

# FOWIC a market leader in a growing market

- Serves its customers with full scale, premium and flexible services
  - An Industry leading position
  - Agile, experienced and innovative organization with strong customer relationships
  - Fleet size
- Turbine installation is a critical part of a wind farm construction
  - Most time critical element; impacted by the other construction activities, weather and timely completion of the farm
  - Project execution capabilities and track record are key assets
- Market growth expected to accelerate from 2025\*



\*Source; GWEC June 2020, annual new GW installed

## FOWIC in brief

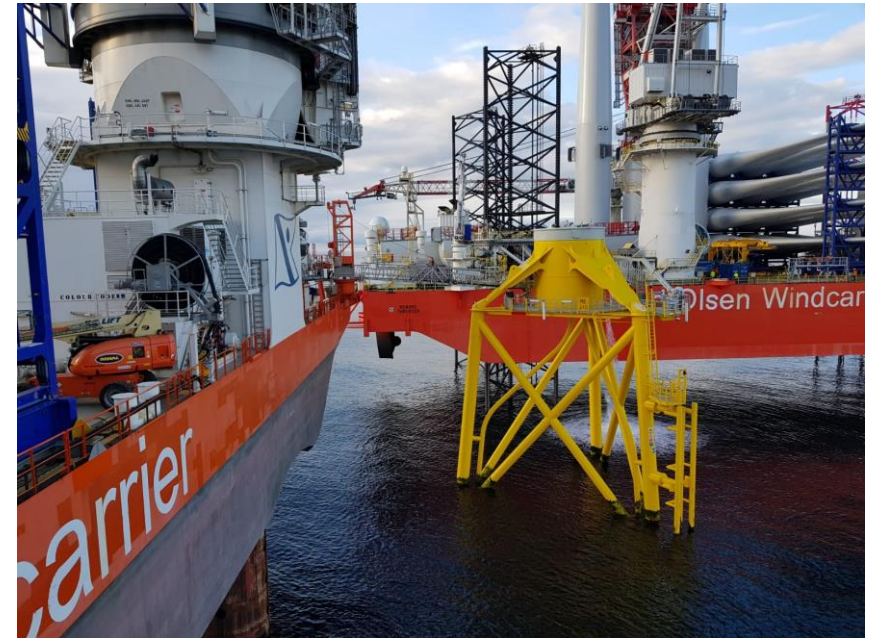
- 1 Established 2008
- 2 Operates 3 high end T&I jackups
- 3 20% global market share 2013 – 2020
- 4 First company to operate in all three relevant continents
- 5 Upgrade program on existing fleet to efficiently install next generations turbines and aim to construct a fourth vessel



# Fleet and project flexibility

## Vessel reallocation to APAC agreements

- FOWIC will in June temporarily mobilize a second vessel, Bold Tern, to the APAC region. This will allow Brave Tern to complete the Yunlin project for SGRE in a continuous campaign.
- Bold Tern will undergo the planned crane upgrade program commencing 3Q 2021 in Asia in order to fulfill other contract obligations for the 2022 season in the APAC region.
- Blue Tern, will at the same time continue to secure timely execution of the ongoing Moray East project in UK
- The reallocation is another example of premium service to FOWICS clients enabled by the agile and competent organization and the three high end vessels of FOWIC.
- The reallocation also represent a material improvement in FOWIC's backlog for 2021



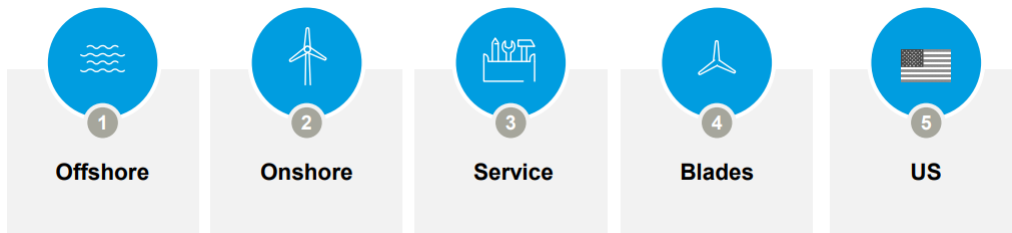
***"We appreciate FOWIC's effort to work closely with us to support our Taiwan pipeline. We have a long history with FOWIC and this is one of many examples where they have proven to be a trusted service provider."***

*Henning Lang, Commercial Head of Project Execution SGRE Offshore*

# Global Wind Service

Leading global project partner for complete wind turbine services

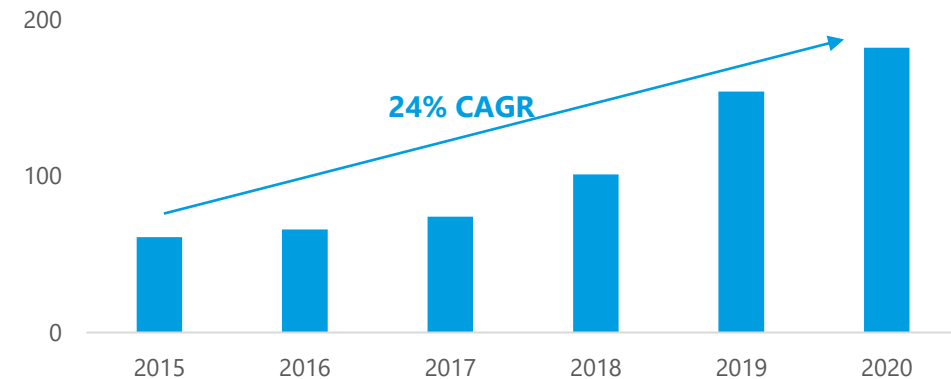
- Installation and pre-assembly, high voltage, O&M, blade inspection and repair
- Statutory Inspection & Repair
- Repowering & life extension
- 1 250 employees per Q1 2021



## Global track record



## Revenue development (EURm)





- One stop logistic solutions services for wind turbines
  - Analysis of transportation requirements
  - Sourcing of suitable tonnage
  - Project coordination and management
- Owns three vessels
  - VestVind 1 working in the Spot Market
  - BoldWind commenced its 3-year contract with MHI Vestas July 2020
  - BraveWind commenced its 3-year contract with MHI Vestas January 2021
- Fleet utilisation of 86% in Q1 2021
- The outlook for the spot market is positive for the next six months





Cruise

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- Fred. Olsen Cruise Lines has a leading position in the UK small-medium ship segment
- Leveraging on high customer service and proprietary itineraries
- An award-winning cruise product



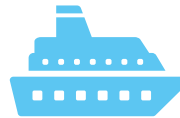
- Fleet optimization during 2020, positioned to emerge from the cruise pause in a stronger and more resilient position with a higher yielding cabin mix



Long term market growth 5% CAGR pre-Covid 19\*



~60% repeat rate, best in UK market\*\*



Borealis



~1350 pax

Bolette



~1350 pax

Balmoral



~1325 pax

Braemar



~900 pax



Gross revenue/pax day NOK 2 263 in 2019

\* UK and Ireland cruise market CAGR 2004-2018, source CLIA

\*\* Source: YouGov Oct-2019

# Cruise

## Events in the quarter

- Experiencing substantial demand for cruises for second half of 2021 and 2022
- In UK all people of 50+ age (32 mill. People) had been offered vaccine by mid-April
- Mobilising one cruise ship for UK cruise in July, others to follow pending other countries opening up for cruising
- The mobilisation of the fleet will also depend on overcoming various logistical and practical challenges caused by the pandemic
- Of the GBP 4 mill. monthly Opex in the quarter, GBP 2.6 mill. are lay-up costs and overhead costs, while the remaining relates to sales and marketing, mobilization and other costs
- High focus on continuous customer interaction and strong social media presence until cruises can resume




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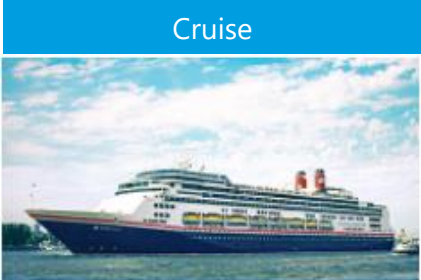
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Investing in bonds issued by Bonheur ASA (the "Issuer") involves inherent risks as is the case for all bonds in general. The risks and uncertainties described below are risks of which the Issuer is particularly aware and that the Issuer considers to be material to its business. Risk factors concerning the Issuer and the market are also addressed in the recent annual report (including in the Director's report) and in the Issuer's recent bond listing prospectus. If any of these and/or similar or comparable risks were to occur, the Issuer's business, financial position, operating results or cash flows could be materially adversely affected, and the Issuer could be unable to pay interest, principal or other amounts on or in connection with the bonds.

## **Risk related to our business and the industries in which we operate**

The Issuer is a holding company with investments in various diversified business segments organized within subsidiary companies which each operate on an autonomous basis. The profitability within the various business segments organized under the Issuer will, to a large extent, depend on the degree of revenue generating of the respective segments' main assets which currently are operating onshore wind farms, offshore wind turbine transportation, installation and service vessels and cruise vessels. A significant part of these segments' cost base are fixed. As such, fluctuations in revenues may give corresponding impact on profitability and cash flow from operations.

Revenue generation for the Renewable Energy segment is inter alia dependent on wind resources, electricity prices in the UK and Scandinavia and wind turbine up time. The electricity price received for power produced derives from a mix between fixed governmental backed supporting schemes and prevailing spot market. The revenues from the support regimes will expire in the period between 2027-2037. Consequently, FORAS' results are increasingly impacted by fluctuations in spot market electricity prices going forward.

Similar for the Wind Service segment, revenue generation is mainly linked to revenues achieved based on the utilization of the vessels and activity level in GWS. The key drivers for revenues and/or utilization are inter alia the number of new wind turbine installations, demand for operations and maintenance work on existing wind farms, the competitive situation including inter alia availability of installation vessels in the market, technical up time and the companies' ability to secure and execute new contracts.

For the Cruise segment, revenue generation is inter alia dependent on consumers' demand for cruise holidays, technical up time and the competitive situation including the ability to successfully schedule, market and sell cruise holidays. In addition, the segment is exposed to fluctuations in bunker fuel prices. In addition, vessels may be subject to additional various regulatory fuel and/or emission requirements which can impact which area they can operate in, cost levels and/or need for additional upgrades of the vessels. Due to the Covid 19 pandemic, FOCL has currently halted cruise operations.

The Bonheur group of companies' (the Group) main activities are all in capital-intensive markets with a strong competitive situation. As such, significant additional capital investment may be needed in the future to preserve earnings potential and/or market position.

## **Risk related to our financial profile**

### **Group indebtedness risk**

At end 1q21 the Issuer had approx. NOK2,6bn in financial indebtedness. Equity ratio on the Issuer on a non consolidated basis was at the same time 68%. In addition, financial indebtedness in various Group companies, including FOO and FORAS was at the same time approx. NOK7.7bn. Existing financial indebtedness have covenants that limit the borrowers' and or the Group's operational and financial flexibility. In addition, the Group may incur additional debt in the future. Related debt service obligations and covenants to such indebtedness could have important consequences for the Group's operations and flexibility. Increased Group leverage either through incurrence of additional financial indebtedness or reduced earnings may limit the Group's ability to attract new capital to refinance existing financial indebtedness, to finance operations and or to finance investments needed to maintain a competitive market position.

## Liquidity risk

The Issuer is a holding company and may be dependent upon cash being distributed from its subsidiaries to be able to service payments in respect of the Bonds. Deteriorating market conditions in the Group's main segments, disruption to operations, contractual provisions or laws as well as financial restrictions may impact the said subsidiaries' possibilities to distribute cash to the Issuer.

The Issuer may in the future be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time, and in the financial position of the Group.

## Subordination relatively to claims in subsidiaries

None of the Issuer's subsidiaries guarantee or have any obligations to pay amounts due under the Bonds. Generally, claims of creditors of a subsidiary including inter alia lenders under existing secured indebtedness related to wind parks and offshore wind transportation and installation vessels and trade creditors will have priority with respect to the assets of the subsidiary over the claims by holders of the Bonds.

## **Risk related to the bond market in general**

### Interest rate risk

The coupon payments, which depend on the NIBOR interest rate and a margin, will vary in accordance with the variability of the NIBOR interest rate. The impact on pricing of the Bonds itself related to interest rate risk will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the 5-year tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances.

### Market risk

The price of the Bonds will be impacted by a combination of the general credit markets fundamentals, the market's view of the credit risk of the Issuer and the liquidity of the Bonds in the market. As such, despite an underlying positive development in the Issuers business activities, the price of the Bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to bonds with a longer tenor and/or with a fixed coupon rate.

### Liquidity risk

There can be no assurance given regarding the future development of a trading market for the Bonds. Missing demand in the secondary market for the bonds may result in a loss for the bondholder. No market-maker agreement is entered into in relation to this bond amendment, and the liquidity of bonds will at all times depend on inter alia the market participants view of the credit quality of the Issuer as well as the general liquidity available in the bond market.

### Reference rate risk

The bonds are linked to NIBOR. NIBOR and other benchmark rates are the subject of recent national and international regulatory guidance and proposals for reform including, without limitation, the potential replacement of NIBOR as a reference rate.