



Pareto Securities

HMH Presentation

20 September 2023

Introduction to today's presenters



Eirik Bergsvik

Chief Executive Officer

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- President of Equipment and System Solutions at HMH 2021-2022
 - Chief Executive Officer of MhWirth 2019-2021
 - Chief Executive Officer of Interwell AS, a supplier of downhole products for oil companies, 2011-2016
 - Managing Director of National Oilwell Norway AS, a supplier of oilfield services and equipment, 2006-2011



Tom McGee

Chief Financial Officer

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- Head of Corporate Development at National Oilwell Varco from 2006 – 2015
 - Office of the Chairman of MhWirth 2019-2021
 - Prior experience includes Executive in Residence with Warburg Pincus (2016-2018), Boston Consulting Group, and Credit Suisse First Boston

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Company Overview



Market outlook



Financial performance



HMH is positioned to thrive



IMPROVED CONDITIONS IN THE OFFSHORE DRILLING SPACE



- HMH is supporting an industry that is developing positively and is looking better for the long-term than it has for some time
- Rapidly tightening rig market with robust long-term outlook is driving growth in all HMH's service offerings
- HMH has demonstrated ability to deliver in an improving market and is well positioned for the upcoming cycle through its attractive exposure to a young fleet with limited maintenance capex need going forward, protecting cash conversion

LIMITED VOLATILITY DUE TO DIVERSIFIED OFFERING



- HMH has protection to volatility and downside through the diversified portfolio of service offerings
- In addition to providing a range of drilling equipment and services, covering all stages of a drilling rigs' lifecycle, HMH see mining and construction also experiencing growth and consequently generating both revenues and opportunities
- New opportunities for upgrades and new business models also expected going forward through HMH's focus on digital technology

RECURRING AND STICKY REVENUE BASE



- Resilient financials backed by scalable cost model allowing for margin retention and limited capex needs, resulting in high cash conversion
- Large recurring revenue base with proven through-cycle resilience providing high earnings visibility



Key facts and figures

<p>Dual HQ in the US and Norway</p>	<p>~2,100 employees globally</p>	<p>Digital drilling solutions developer</p>	<p>USD 727m LTM Revenues</p>
<p>Facilities in 16 countries and 24 locations</p>	<p>1,100+ installations with HMM equipment</p>	<p>Integrated from manufacturing to after-sale services</p>	<p>USD 110m LTM EBITDA</p>

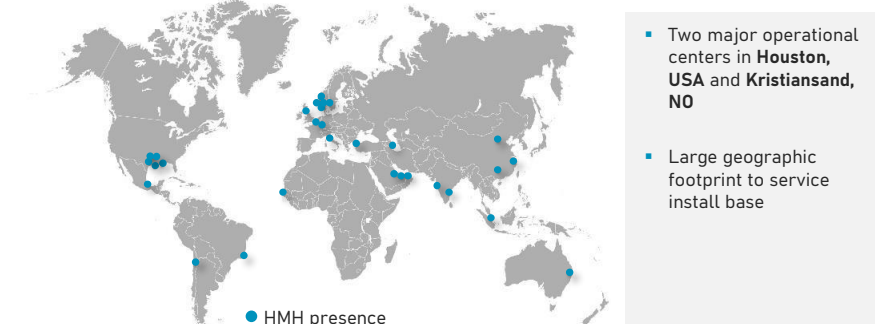
Product and service offering

Drilling Rig Packages	Drilling Equipment	Aftermarket / Services	Digital Technology	Mining & Construction
Complete drilling rig packages; Design & Project Execution	Product deliveries to offshore, onshore and non-oil (e.g. mining & civil)	Aftermarket service, spare parts, overhaul and training to global rig fleet	Digital solutions/software for enhanced drilling efficiency	Solutions for the offshore, onshore mining industries and efficient drilling procedures

Client portfolio

Oilcos	
Rigcos	
Yards	

Geographic footprint



Presence across all drilling segments



Highly competitive on full floater packages with topside, BOP and riser



Top quality products and leading market positions



Strong base of recurring revenues with high margins



Stronger platform for development of next generation products and services

Strong presence

Floaters



Topside

BOP

Riser

Well positioned to compete head-to-head

Jackups



Topside

BOP

Riser

Product portfolio as strong as competitors', although smaller installed base

Onshore



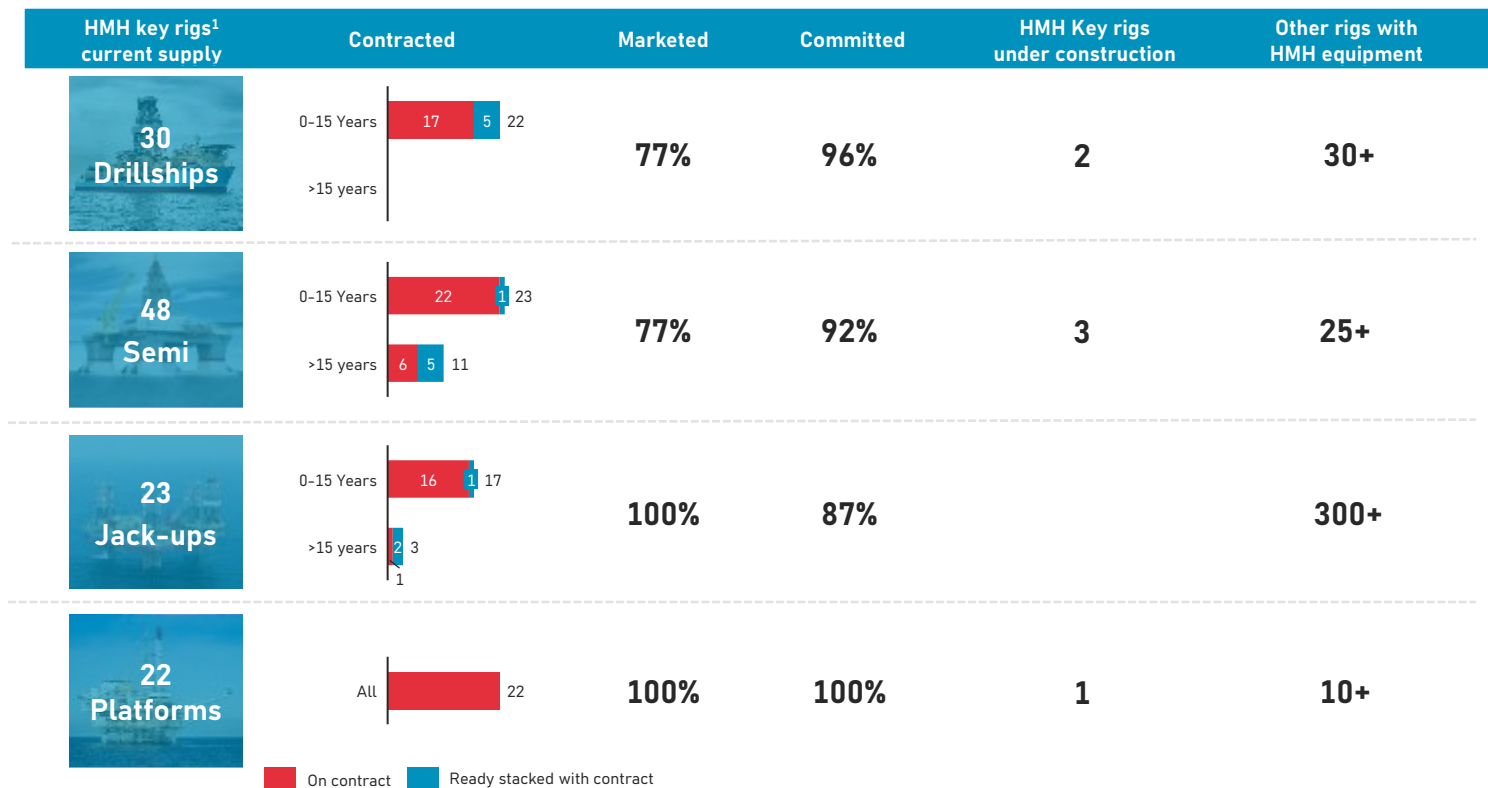
Topside

BOP

Integrated rigs

Ongoing strategy to expand onshore

HMH is the main provider of drilling and pressure control equipment to >120 rigs and is present on hundreds more



HMH Key rigs are rigs that have either a PCS Pure Stack (defined as having both annular and ram BOPs) or ESS topside packages.

Notes: Rig age computed using 2023 as current year

HMH's drilling technology sets a new ESG standard, increasing drilling efficiency, improving costs and reducing emissions



- Building first rig with hybrid energy solution built into the design
- Preliminary design work being performed on eBOPs (electric BOPs)
- Optimized maintenance planning through analytics leading to reduced OPEX and faster and safer wells



- Unique energy management system with closed-bus technology
- Energy regeneration from moving equipment and heat regeneration from exhaust gas
- Substantial fuel savings and vast reduction in carbon emissions



- Optimizing lay-out and higher degree of automation ensuring a safer workplace
- Remote operations support capabilities, enabling manning reductions
- Remote data analytics / real-time monitoring of key equipment enabling reduction of downtime & related fuel consumption

Developing innovative technology ... Electrical BOP



OPEX Reduction



Improved Operational readiness



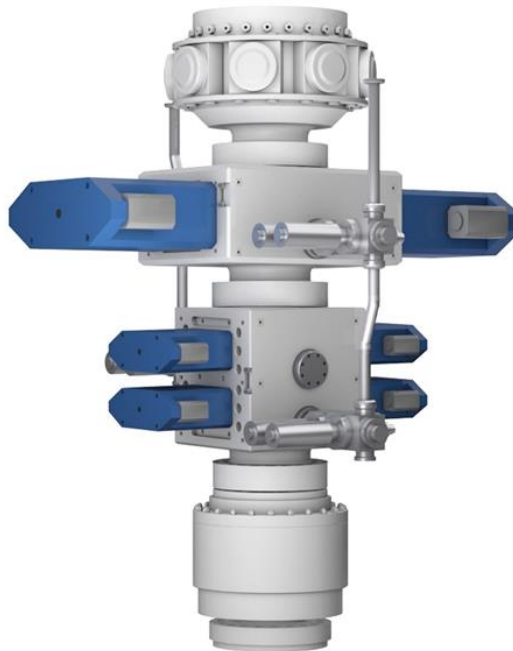
Weight Reduction



Reduced Environmental Footprint



Technology Benefits



Capitalizing on growing opportunities outside of the oil & gas industry



Growing share of mining and construction business

Pile top drill rigs (PBA)

Main uses:
Foundations for
buildings, bridges, ports,
dams and windmills

- PBA is a niche market in on- and offshore projects for hard rock drilling. Extension for new applications in multiple areas
- HMH is a market leader in # of PBAs sold

Heavy duty slurry pumps

Main uses:
Mining, process industry
and pipeline
transportation

- Installed base of over 115 pumps in total in Americas, Europe, Africa, Middle East and APAC
- HMH top 3 in overall pumps sold

Subsea mining

Main uses:
Complete systems for
offshore mining for
diamonds and other
minerals

- Fleet of 7 drilling and sampling vessels, all equipped with HMH drilling / mining systems
- Subsea minerals crucial for energy transition

Seabed research

Main uses:
Coring and sampling of
the bottom of the ocean

- Complete package for drilling, core sampling and methane hydrate investigation

Opportunities to expand into renewable markets

Offshore wind

Main areas:
Installation, operation &
maintenance

- Large diameter drilling - anchor & monopile installation
- Wind turbine installation
- Array cable and buoyancy installation

Digital solutions

Main areas:
SCADA, operational
management systems,
data collection & analytics

- Monitoring and control
- Optimized performance through digital workflows, logistics and recourse planning

Geothermal

Main areas:
Drilling and control

- Drilling equipment, mud pumps, drawworks
- Control system

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Market Outlook



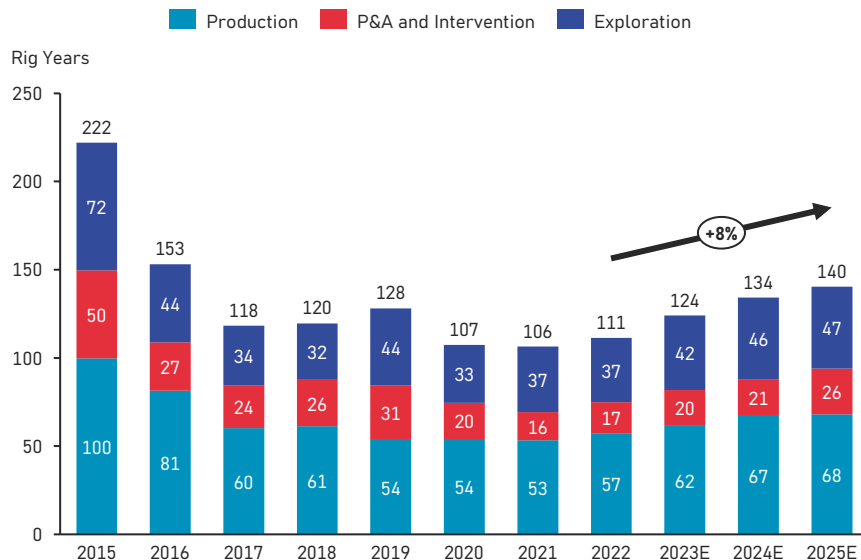
Financial Performance



Project sanctioning will fuel rig demand growth across most markets served by HMM

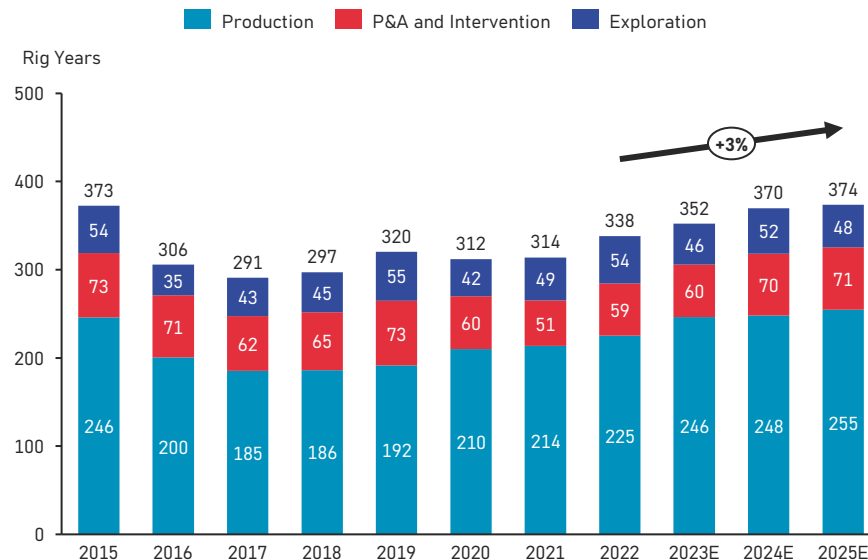


Floater rig demand with positive trend from 2023



- Floater demand is expected to continue growing onto 2025
- Based on the current backlog, 96% of the demand in 2023 and 63% of the demand in 2024 has been contracted

Jackup rig demand to grow the coming years



- Jackup demand is also expected to continue growing onto 2025
- Based on the current backlog, 97% of the demand in 2023 and 74% of the demand in 2024 has been contracted

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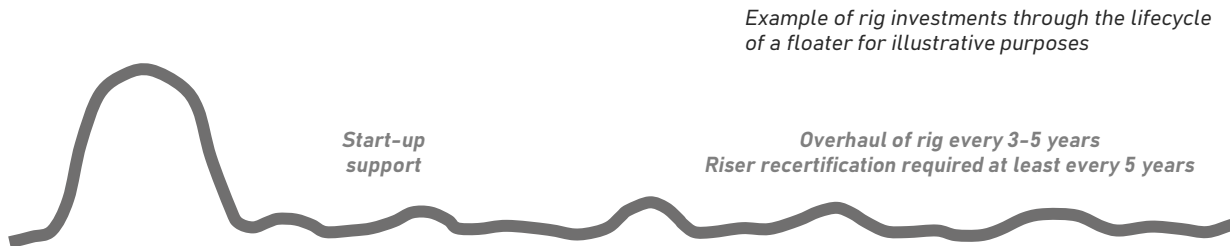
Financial Performance



Installed base driving substantial life-cycle revenues



Substantial recurring lifecycle services from installed base (floaters example)



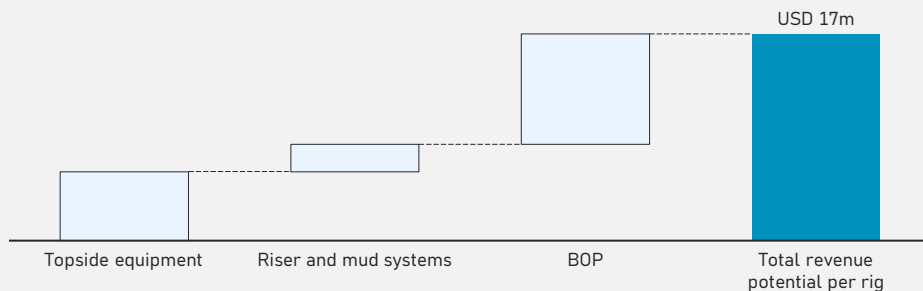
Construction (~3 years)

Income potential of
USD ~150-200m

Project size depending
on scope

Operational lifetime (20-30 years)

Annual service potential of USD ~17m per rig (max)



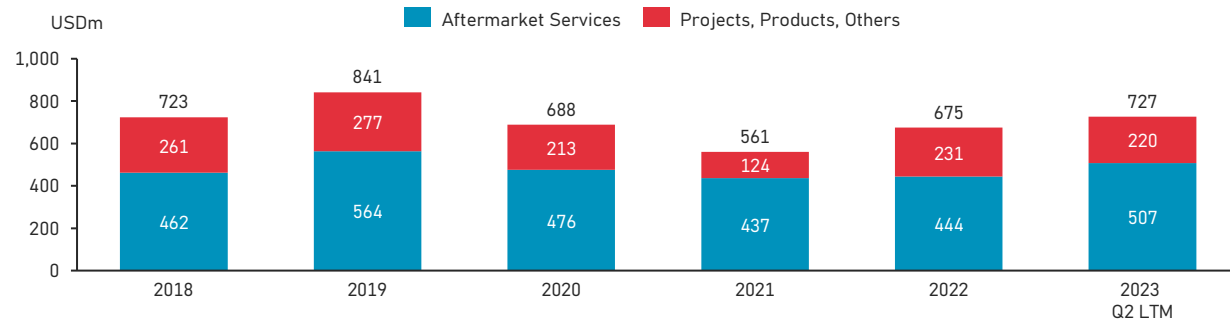
Comments

- Significant maintenance capex required from rig owner through the lifecycle of a floater
- Estimated annual maintenance capex of up to USD 17m, ascribed to maintenance of topside equipment, riser and mud systems and BOP
- Substantial recurring lifecycle revenues, creating significant downside protection through the cycle

Installed base providing a reliable recurring cash flow



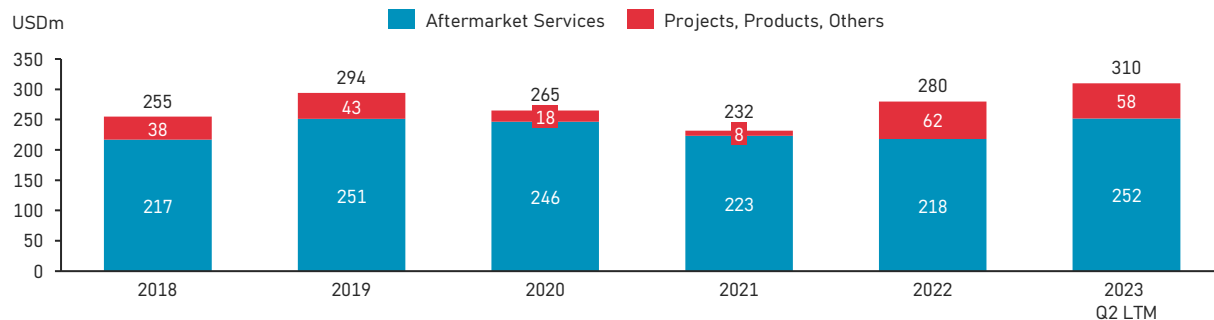
Service revenues¹ stable throughout the cycle



Comments

- Reoccurring revenue base from the aftermarket service segment providing a reliable cash flow stream throughout the downcycle as equipment sales became muted
- Recent oil price hikes expected to accelerate sales from product and project segment, increasing installed base going forward
- Further, increased installed base is expected to drive increase in service revenues in the years ahead
- Rig equipment recertification could drive a spike in "Project, Revenues, Others" throughout 2024 and 2025

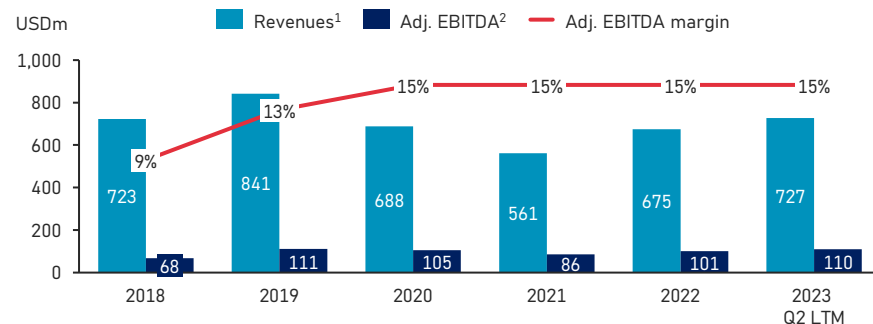
Flexible cost base creating stable contribution margins²



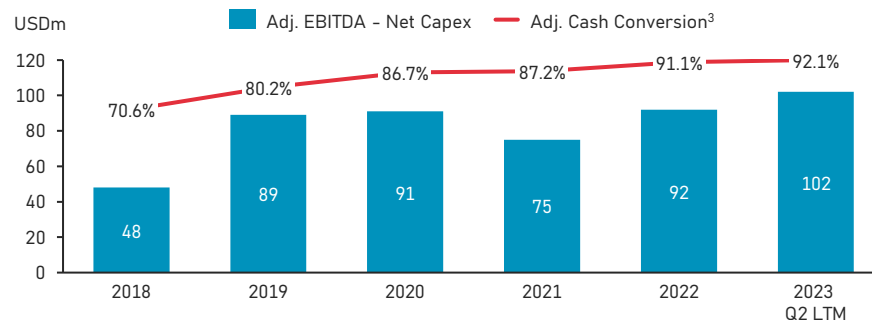
Robust financial performance, high cash conversion and a solid balance sheet



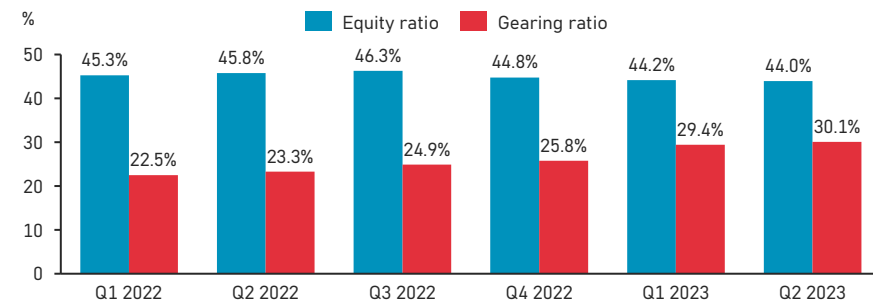
Development in revenues, EBITDA and EBITDA margin



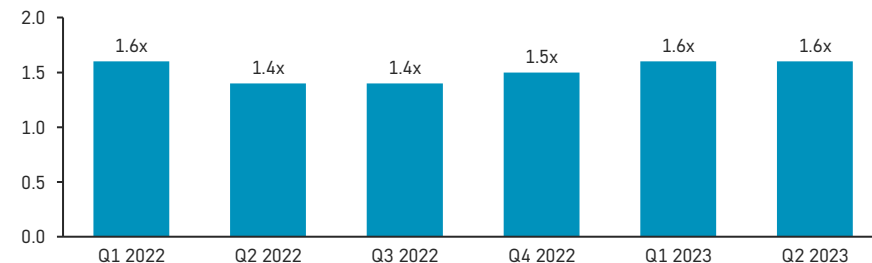
Cash generation and cash conversion



Equity and gearing ratio⁴



Net interest bearing debt / LTM EBITDA⁴



HMH Highlights



- 1 **Leading drilling equipment and services provider with additional exposure to the mining and construction industries**
- 2 **Large installed base generating recurring service revenues with strong margins**
- 3 **Market fundamentals supportive of earnings growth**
- 4 **Significant upside from projects with opportunities for services margin expansion**
- 5 **Strong balance sheet, low capital intensity**
- 6 **Highly experienced and dedicated management team backed by strong industrial owners**

The background is a solid blue color. Overlaid on this is a large, stylized, light blue graphic that resembles a continuous, flowing line or a series of connected loops, similar to a stylized 'M' or a decorative border. In the center of this graphic, the words "Thank you" are written in a clean, white, sans-serif font.

Thank you