



**ZITON**

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## **LONG-TERM TIME CHARTER AGREEMENTS WITH SIEMENS GAMESA**

Siemens Gamesa Renewable Energy A/S (“Siemens Gamesa”) and ZITON A/S today announced a strategic agreement whereby the current time charter agreement for WIND ENTERPRISE will be extended by four and a half years and the parties will enter into a new six-years’ time charter agreement for a new vessel to be purchased.

### **Extension of existing time charter**

The current time charter agreement for WIND ENTERPRISE expires on 31 October 2024 with Siemens Gamesa having various extension options to extend the current agreement until 20 June 2025. Siemens Gamesa will make use of all options to extend the agreement on terms similar to the current agreement. In addition, the parties have reached an agreement for extension of the time charter from 21 June 2025 to 31 December 2029 at terms reflecting the changes in the market environment since the original time charter was entered into in December 2020, including a higher day-rate. As variable opex is generally paid by Siemens Gamesa, profitability on WIND ENTERPRISE is expected to increase materially. After 1 January 2027, Siemens Gamesa will retain an option for early termination of the contract against payment of a one-off compensation. The outlook for offshore wind continues to be robust driven by transition towards zero-emissions and European energy independence. This has spurred demand for jack-up vessels within transport & installation and has reduced the supply of jack-up vessels within O&M. The consequence is that demand-supply within O&M is getting increasingly tight resulting in a considerable increase in day rate contracted for the extension of the time charter.

### **New time charter for new vessel**

Siemens Gamesa and ZITON have entered into an agreement of time charter of a new vessel on terms similar to the extension agreement for WIND ENTERPRISE. The time charter is expected to be initiated when the vessel is operational which is expected in the beginning of 2024. The time charter will end on 31 December 2029. For this time charter contract, Siemens Gamesa does not hold any options for early termination.

ZITON has signed an agreement to purchase the sister vessel to WIND ENTERPRISE, subject to securing financing. The vessel has the same specifications as WIND ENTERPRISE and was built a few months later than WIND ENTERPRISE in 2011 at the same yard. ZITON has been operating WIND ENTERPRISE since May 2019 and has, amongst others, completed 10-years classing of WIND ENTERPRISE during January and February 2021 prior to the vessel entering into the current time charter agreement with Siemens Gamesa. The vessel has operated very efficiently on the time charter with Siemens Gamesa since 1 March 2021 with less than five days of off-hire in the period. ZITON has therefore gained significant experience in efficient operations and maintenance of the vessel. The acquisition of WIND ENTERPRISE was partially financed with a senior secured bond issue. Operations have been successful, and the issuing entity has brought down net leverage from 3.7x at bond issuance to 2.5x at the end of 2022.

This experience can effectively be applied to the sister vessel. The vessel is currently operating in China with installation of offshore wind turbines. Earlier in the year, ZITON performed inspection of the vessel crane, jacking system, engines etc. and the vessel was found to be in sound condition. The vessel will shortly depart for a dry dock in China to have final inspection of legs and spudcans. Upon satisfactory inspection, the living area will be prepared in China for complete upgrade at yard stay in Europe. Thereafter, the vessel will be transported back to Europe a journey of approx. 2½ months. Once in Europe, the vessel will complete a yard stay to be upgraded according to dock specifications prepared from the findings in our inspection reports. The sister vessel will be upgraded to the current high standards of WIND ENTERPRISE for essential functions such as vessel crane, jacking system and engines. In addition, accommodation, laundry facilities, galley and messroom areas and gymnasium will be upgraded to high-level European standards. Currently, the vessel has 78m legs that is planned to be extended for the vessel to operate at some of the deepest locations of current and future offshore wind farm turbines installed by Siemens Gamesa.

As customary for time charter contracts, Siemens Gamesa will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenor of time charter. The total value of the remaining part of the WIND ENTERPRISE time charter and the six-years' time charter agreement for the sister vessel can amount up to approx. EUR 373 million in the duration of the agreements.

#### **Fixed income meetings with investors**

To support in financing the purchase of the sister vessel, ZITON has mandated Pareto Securities AB to conduct a series of fixed income meetings and, subject to market conditions, a bond issue in an amount of approx. EUR 275 million may follow ("New Bonds"). The net proceeds from the New Bonds are intended to be used to repay ZITON's and subsidiary Wind Enterprise P/S outstanding bonds (ISINs: NO0010832488, NO0010832512, and NO0010911126) of an aggregate amount of approximately EUR 173 million (excl. accrued interest and call premia), to finance the purchase of the sister vessel and related capital expenditure in an aggregate amount of EUR 93 million, to repay drawn amounts under the RCF, and to finance transaction costs and general corporate purposes.

#### **Current trading update and outlook**

ZITON also publishes certain current trading updates as per March 2023. For the last twelve months, ending March 2023, ZITON's unaudited revenue and EBITDA amounted to EUR 61.9 million and EUR 29.5 million, respectively. Net interest-bearing debt (adjusted for capitalized financing costs and IFRS 16 leases) amounted to EUR 171.8 million, including cash on balance sheet of EUR 5.7 million.

Based on the first three months' strong performance and a healthy outlook, ZITON increases its guidance for 2023 EBITDA to EUR 30–34 million from EUR 28-32 million. Cash flow from operations is also expected to come in above the previous guidance, and ZITON updates its guidance to EUR 27–31 million from EUR 27-29 million.

As stated, the new vessel will complete an upgrade at yard stay in Europe. The expected capex related to this is EUR 13.5 million, while the total capex for transportation to Europe and yard stay in China amount to approximately EUR 10 million. During 2024, ZITON expects to complete further upgrades to the new vessel amounting to approximately EUR 15 million.

The new contracts with Siemens Gamesa are expected to improve the financial performance of ZITON significantly once both vessels are in operation. Following the day rate increase in mid-2025, ZITON is expected to generate an annualized run-rate EBITDA of approx. EUR 75 million. The two vessels contracted with Siemens Gamesa are expected to generate approx. 55% of ZITON's run rate revenue from mid-2025.

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