



ZITON

Investor conference call after Q3 2019 results

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ZITON A/S

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- West of Duddon Sands Blade campaign
- Update on the other vessels
- Contract situation
- Market situation
- Financial performance
- Liquidity situation
- Financial outlook

Recapitulation of the West of Duddon Sands “WoDS” blade campaign

- At the end of January 2019 ZITON was named preferred supplier of the WoDS blade campaign to repair and upgrade blades of 108 turbines. J/U WIND SERVER is dedicated to the blade campaign and the scope comprise a full turnkey solution incl. onshore blade facilities and turbine technicians.
- The final agreement was signed on 16 May 2019, as it took somewhat longer than expected to agree on the final terms.
- Initiation of the blade campaign was delayed to July 2019, as it took longer than expected to obtain all permits required.
- As a consequence of the delayed initiation, revenue was negatively affected by approx. 4 MEUR in Q2 2019

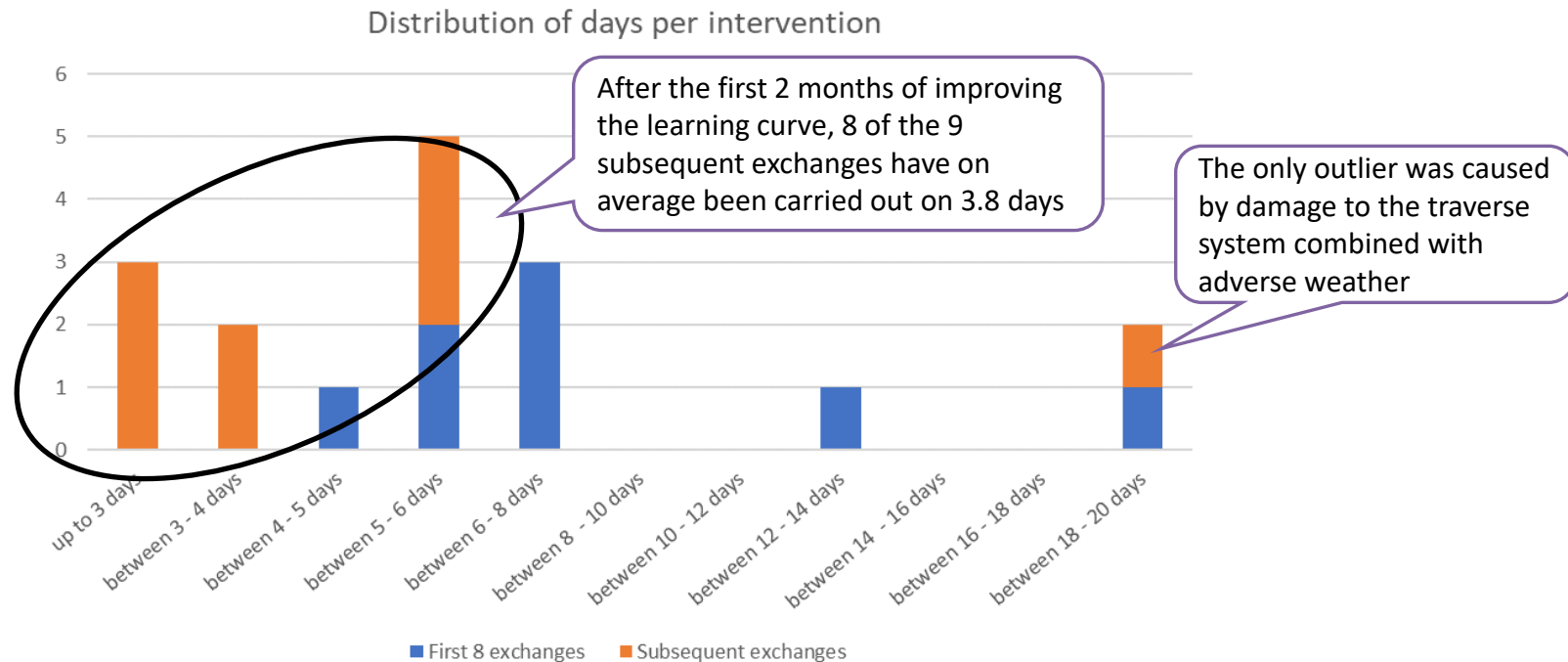
Performance in Q3 2019 for WoDS blade campaign

- The lack of efficiency during the first 2 months of operations, adverse weather and damage to the blade lifting system, has reduced revenue from the WoDS blade campaign, and negatively affected EBITDA by approx. 4 MEUR during Q3 2019.

WEST OF DUDDON SANDS BLADE CAMPAIGN

Performance in Q3 2019 for WoDS blade campaign

- During the first 2 months of the project the level of efficiency (i.e. number of interventions per day) expected in operations was not achieved, and a new project organisation was implemented. Various inefficiencies in project execution was addressed one by one, leading to steady progress.
- Subsequently, all but one of the subsequent exchanges have been carried out at the average efficiency expected for the project.
- The delay of the single exchange, that did not met the efficiency expected, was caused by a damage to the blade lifting system on J/U WIND SERVER, combined with adverse weather resulting in a few weeks delay



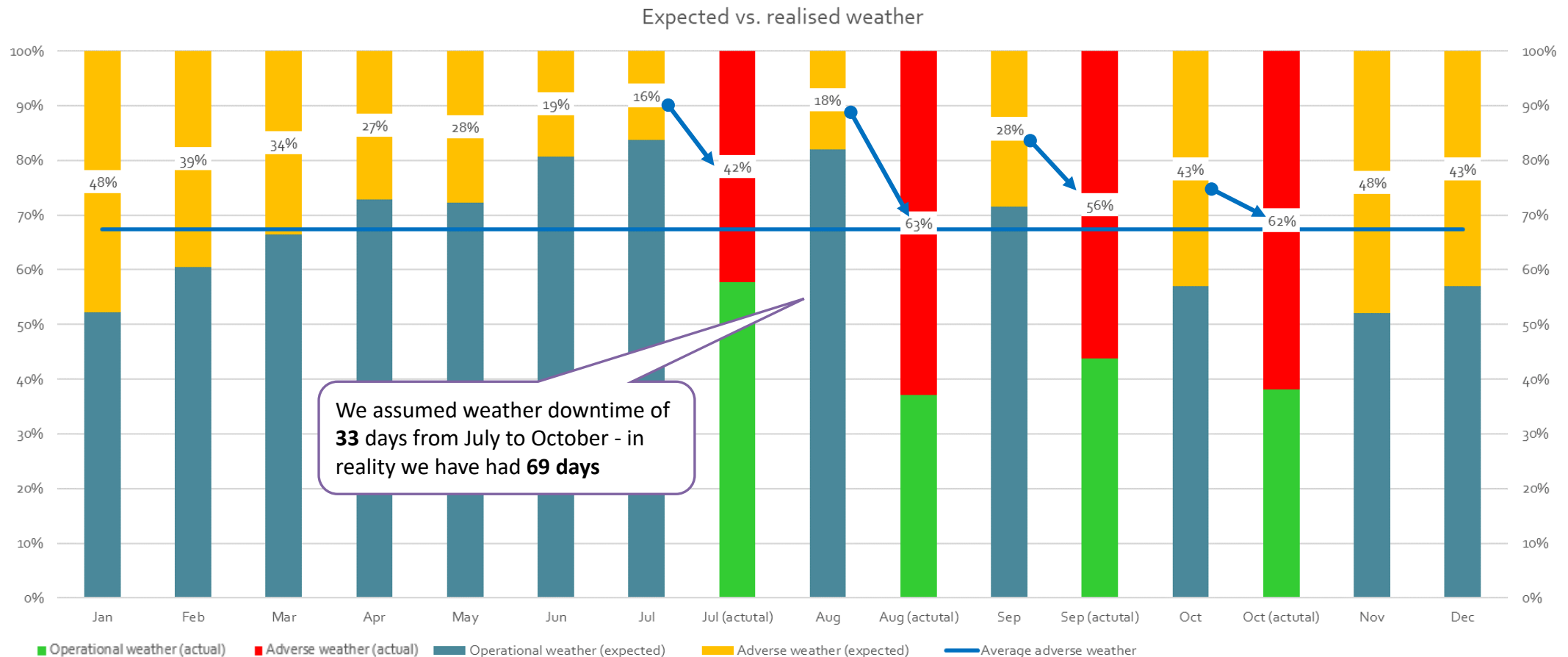
WEST OF DUDDON SANDS BLADE CAMPAIGN



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Unusually high number of adverse weather days

- In our project calculations we expected adverse weather (>10 m/s) on average 38% of the time, which compares to the measured average downtime assumptions of 33% for the WoDS wind farm
- During the first 4 months of operations wind speeds have significantly exceeded downtime assumptions, consequently we now take more conservative assumptions for weather downtime





How we plan to catch up with performance

- As a consequence of the experience from the first 4 months operations we plan to carry 2 set of blades on J/U WIND SERVER instead of 1 from 1st December 2019.
- In collaboration with Siemens Gamesa Renewable Energy, we are in the process of procuring an extra set of blades (going from 3 to 4 extra) to make it feasible
- We believe that this will improve performance by 35-50%

J/U MPI ENTERPRISE

- We have bareboat chartered the vessel with an option to acquire the vessel at the end of February 2021
- For the vessel to be suitable for all 6+ MW turbines currently installed, we extended the crane boom. The vessel was in full operations by the middle of August 2019.
- The costs incurred in the period until extension of the boom was completed amount to approx. 3 MEUR.
- During Q3 2019 the vessel has been carrying out major component replacements for existing customers. J/U MPI ENTERPRISE has contributed positively to EBITDA and reached breakeven on income before tax level in Q3 2019, in spite of the vessel being out of operations until the middle of the quarter due to the extension of the crane boom

J/U WIND PIONEER & J/U WIND

- WIND PIONEER & WIND continue to perform very well, though the performance in Q3 2019, was somewhat lower than last year. In the comparable quarter Q3 2018, J/U WIND PIONEER and J/U WIND achieved strong utilisation. J/U WIND PIONEER was used for decommissioning of an older windfarm and J/U WIND was used as accommodation for cable repair.
- Due to the strong level of activity in Q3 2018, EBITDA is approx. 4 MEUR lower for the two vessels in Q3 2019.

Siemens Gamesa Renewable Energy

- ZITON works on the WoDS blade campaign for Siemens Gamesa Renewable Energy

Ørsted

- ZITON is the primary service vessel supplier for three years until end of March 2022
- Ørsted has a continuous stream of projects to be executed

MHI Vestas Offshore Wind framework agreement

- The framework agreement continues until one of the parties cancels the agreement.
- MHI Vestas provides a continuous stream of projects to be executed in particular for their 8+ MW V164 turbines for which we use J/U MPI ENTERPRISE

Vattenfall framework agreement

- On 19 July 2019, ZITON and Vattenfall extended the current framework agreement by 1 year, and it will now expire in November 2020.
- Vattenfall has a continuous stream of projects to be executed

Market situation

- The activity level for regular major component replacement increased during Q3 2019 compared to the same quarter the year before.
- The market for blade campaigns continues to develop positively, but this market is more volatile, and initiation of such larger projects is subject to uncertainty

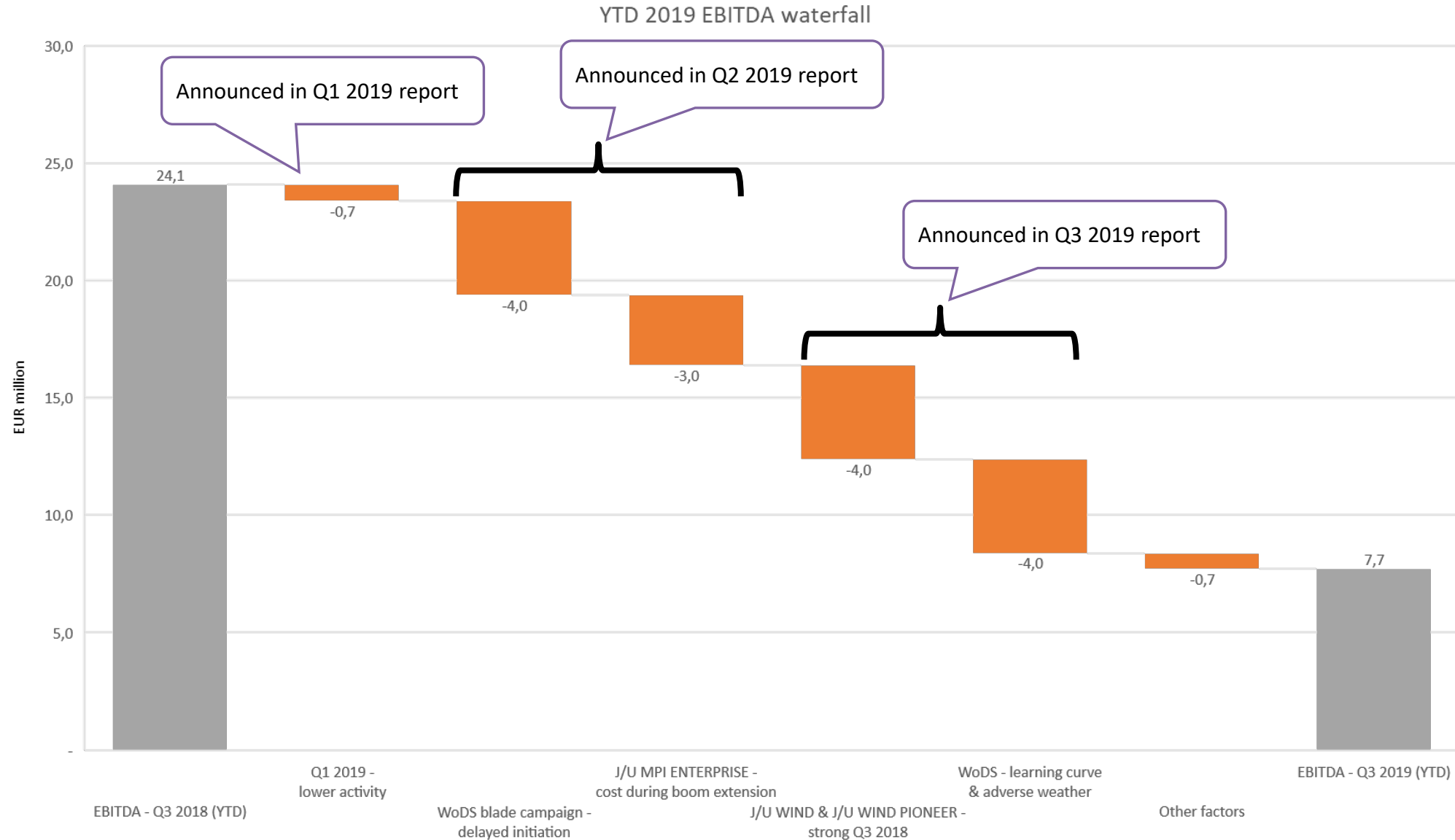
Competition

- Fred. Olsen Windcarrier has entered the market for O&M services for major component replacement with L/B Jill, and has performed a few interventions
- Swire Blue Ocean has initiated their service agreement with Siemens Gamesa, that is running from June 2019 – February 2021. Pacific Orca has completed 10-15 interventions

FINANCIAL PERFORMANCE



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<i>EUR'000</i>	Q3-19	Q3-18	Change	YTD 19	YTD 18	Change
Revenue	8.711	12.154	-3.443	23.965	36.209	-12.245
Other operating income	0	0	0	488	0	488
OPEX and project-related expenses	-6.690	-2.971	-3.719	-12.999	-8.632	-4.366
SG&A	-1.060	-1.128	68	-3.720	-3.493	-228
EBITDA	961	8.056	-7.095	7.734	24.084	-16.350
Depreciation	-2.668	-1.973	-696	-7.170	-5.869	-1.301
EBIT	-1.707	6.083	-7.790	564	18.215	-17.651
Financials, net	-4.630	-3.246	-1.383	-12.219	-9.818	-2.401
Income before tax	-6.337	2.837	-9.174	-11.655	8.397	-20.052

Income statement Q3 2019

- The main reasons for our disappointing performance in Q3 were:
 - The effect of the WoDS blade campaign of the lack of efficiency during the first 2 months of operations, adverse weather and damage to the blade lifting system. This had a negative effect on revenue and EBITDA of approx. 4 MEUR in Q2 2019
 - In Q3 2018 we had very strong performance, in particular for J/U WIND and J/U WIND PIONEER
 - J/U MPI ENTERPRISE contributed positively to EBITDA
- Vessel OPEX and project related costs increased to EUR 6.7m for Q3 2019 from EUR 3.0m in Q3 2018. The main reason for the increase in costs is project-related expenses for providing a turn-key solution for the WoDS blade campaign and the addition of J/U MPI ENTERPRISE to the vessel fleet.

FINANCIAL PERFORMANCE



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<i>EUR '000</i>	Q3-19	Q3-18	Change	Q3-19	Q4 18	Change
Assets						
Vessel, including fixtures & equipment	196.918	149.306	47.613	196.918	153.324	43.594
Other non-current assets	92	6.149	-6.057	92	100	-8
Non-current assets	197.010	155.455	41.556	197.010	153.424	43.586
Trade and other receivables	5.276	6.953	-1.677	5.276	3.066	2.210
Cash and cash equivalents	2.282	14.048	-11.766	2.282	10.842	-8.560
Current assets	7.558	21.001	-13.443	7.558	13.908	-6.350
Total assets	204.568	176.456	28.113	204.568	167.332	37.236
Equity and Liabilities						
Equity	-781	39.252	-40.034	-781	8.902	-9.683
Subordinated loan	24.573	38.701	-14.128	24.573	22.373	2.200
Bond loans, second lien	27.709	-	27.709	27.709	25.208	2.501
Bond loans, first lien	93.484	98.108	-4.624	93.484	98.108	-4.624
Lease obligations	43.974	173	43.801	43.974	173	43.801
Other liabilities	15.609	223	15.387	15.609	12.568	3.041
Total liabilities	205.350	137.204	68.146	205.350	158.430	46.920
Total equity and liabilities	204.568	176.456	28.112	204.568	167.332	37.236
Key ratios						
Subordinated capital ratio	32,7%	44,2%	-11,4%	32,7%	33,8%	-1,0%
NIBD (adjusted for capitalised financing costs)	102.879	75.094	27.785	102.879	89.494	13.385
Loan to Vessel ratio (NIBD/Vessel book value)	63,0%	50,3%	12,7%	63,0%	58,4%	4,7%

Balance sheet Q3 2019

- Subordinated capital ratio at the end of Q3 2019 was 32.7% compared with the covenant of 30.0%

FINANCIAL PERFORMANCE



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<i>EUR'000</i>	Q3-19	Q3-18	Change	YTD 19	YTD 18	Change
EBITDA	961	8.056	-7.095	7.734	24.084	-16.351
Working capital adjustments	-2.723	2.225	-4.949	-2.016	-3.135	1.119
Other adjustments	515	799	-284	-1.679	426	-2.105
Net cash flows from operating activities	-1.248	11.080	-12.327	4.038	21.375	-17.336
Financial payments, net	-3.590	-1.976	-1.613	-5.557	-5.986	429
Net cash before investing activities	-4.837	9.104	-13.941	-1.519	15.389	-16.907
Investing activities	-1.557	-689	-868	-2.886	-1.026	-1.860
Net cash flows after investing activities	-6.394	8.415	-14.809	-4.404	14.363	-18.767
Financing activities	1.436	-	1.436	-4.159	-3.001	-1.158
Net cash flows after financing activities	-4.959	8.415	-13.373	-8.563	11.362	-19.925

Cash flow Q3 2019

- Cash flows from operating activities were an outflow of EUR 1.2m in Q3 2019 driven by working capital changes of EUR -2.7m
- Investing activities amounted to EUR 1.6m in Q3 2019 compared to EUR 0.7m in Q3 2018. The main investments were for the extension of the crane boom of J/U MPI ENTERPRISE.
- Net cash flows after investment activities and before financing was -6.4 MEUR

LIQUIDITY SITUATION



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<i>Available liquidity</i>	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18
Cash and cash equivalents	2.282	7.247	6.556	10.842	14.048
Cash on retention account	2	2.973	12	1.262	0
Liquidity	2.280	4.274	6.544	9.580	14.048
Available draw on working capital facility	2.374	6.931	6.913	6.709	6.689
Available liquidity	4.654	11.205	13.457	16.289	20.737

Cash flow Q3 2019

- Available liquidity including available draw on our working capital facility amounted to EUR 4.7m at the end of Q3 2019, of which EUR 2.0m is placed in a restricted account as security for currency hedging related to the WoDS blade campaign.
- Available liquidity is EUR 6.5m lower than at the end of Q2 2019.
- Based on specific assumptions, with regards to customer payments and expected utilisation levels, management has prepared a revised cash flow forecast for the next 12 months that indicates that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they are due.

Outlook

- We expect our weighted average utilisation rate and, EBITDA and cash flow from operating activities to be towards the lower end of our guidance for 2019:
 - Weighted average utilisation rate. We expect a utilisation rate in the lower end of the range of 60%-70%.
 - EBITDA. We expect EBITDA to be in the lower end of the range of EUR 15-19m.
 - Cash flow from operating activities is defined as EBITDA less changes in working capital and other adjustments. We expect cash flow from operating activities to be in the lower end of the range of EUR 13-17m.
 - CAPEX. We expect CAPEX of up to EUR 4.0m, which is unchanged.