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DOF Subsea AS – Update on refinancing, covenant amendments

Reference is made to the Q1 report by DOF Subsea AS ("DOF Subsea" or the "Company") on 22 May 2019, in which it was informed that the Group has experienced that regular rollover (or refinancing) of existing loan facilities are very challenging and that the new situation is likely to result in the Group being in breach of its financial covenants in the near future and being unable to repay (or rollover) certain of its existing loans when they fall due.

As also informed in such stock exchange announcement, the Group has commenced a dialogue with the involved parties in order to reach agreements to solve the situation for the Group. Based on such dialogues, the Group has obtained an extension of a loan until end November 2019 and is working on solutions in order to reduce the refinancing risk and further stabilize the situation.

The events have, in the Group's view, highlighted the need to align loan covenants as much as possible, as DOF Subsea AS currently has deviating requirements for minimum cash in several of its bank debt agreements and for its bond loans. Consequently, DOF Subsea AS wants to align the DOF Subsea Group's liquidity covenants for all its debt facilities including the bond loans.

On this basis, DOF Subsea AS has resolved to summon bondholder meetings for all of its three bond loans (FRN DOF Subsea AS Senior Unsecured Bond Issue 2013/2020, DOF Subsea AS 9.50% Senior Unsecured Bond Issue 2017/2022 and FRN DOF Subsea AS Senior Unsecured Bond Issue 2018/2023). DOF Subsea is requesting that all its minimum cash covenants are aligned to be measured using the proportional consolidation method ("management accounts"), which implies a change for bonds to the method already applied by banks, with a common threshold of NOK 400 million, which implies an increased amount from NOK 300 million for the DOFSUB07 bond, no change for the DOFSUB08/09 bonds and most banks, and a reduction from NOK 500 million for certain banks. The proposal and the background for the proposal is further described in the summons to the bondholders in the three bond loans. A similar request is made to banks where required to align the cash covenants.

Provided that these changes are approved, the Group believes that it has established a satisfactory short-term platform, which may contribute to finding a long-term financing solution for the Group together with the relevant stakeholders.

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ABOUT DOF Subsea

The DOF Subsea Group is a specialist subsea service business that provides subsea construction, subsea engineering, inspection, repair and maintenance and survey services, which involve complex and challenging engineering in an international environment.

DOF Subsea owns a large fleet of modern subsea construction, intervention and survey vessels that enable it to offer differentiated positions with its clients and work in long term relationships, which enhance service delivery and reduce the overall risk.

The company's core business is project management, engineering, vessel operations, survey, remote intervention and diving operations, primarily for the Oil and Gas, Marine Telecommunications and Renewables markets.

www.dofsubsea.com

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