



Constellation Oil Services

JP Morgan Global Emerging Markets
Corporate Conference

FEBRUARY 2024



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Constellation At a Glance



Safety – core value

We continuously work for safety emerge from our culture, investing in people, programs and systems



Financial return

\$185M Adj. EBITDA TY 2023, largest fleet in Brazil provide scale and top-tier cost-structure in the industry



1,800 employees

Talented teams to support the challenging offshore operations



ESG Agenda in place

Structured ESG program with clear ambitions and targets, contributing to energy security and continued activity



Leaders in Brazil

Constellation has about a quarter of the Brazilian market share, which is the largest UDW market in the world



44 continuous years

Constellation has been working in Brazil since 1981. The 1st offshore unit was deployed in 1994

With about **16 years** of future backlog and consistently delivering positive results **over 40 years** of activity, Constellation operates in Brazil and India, with a robust UDW footprint



8 offshore units: Modern and high-quality fleet of drillships and highly flexible semis to address a wide range of activities

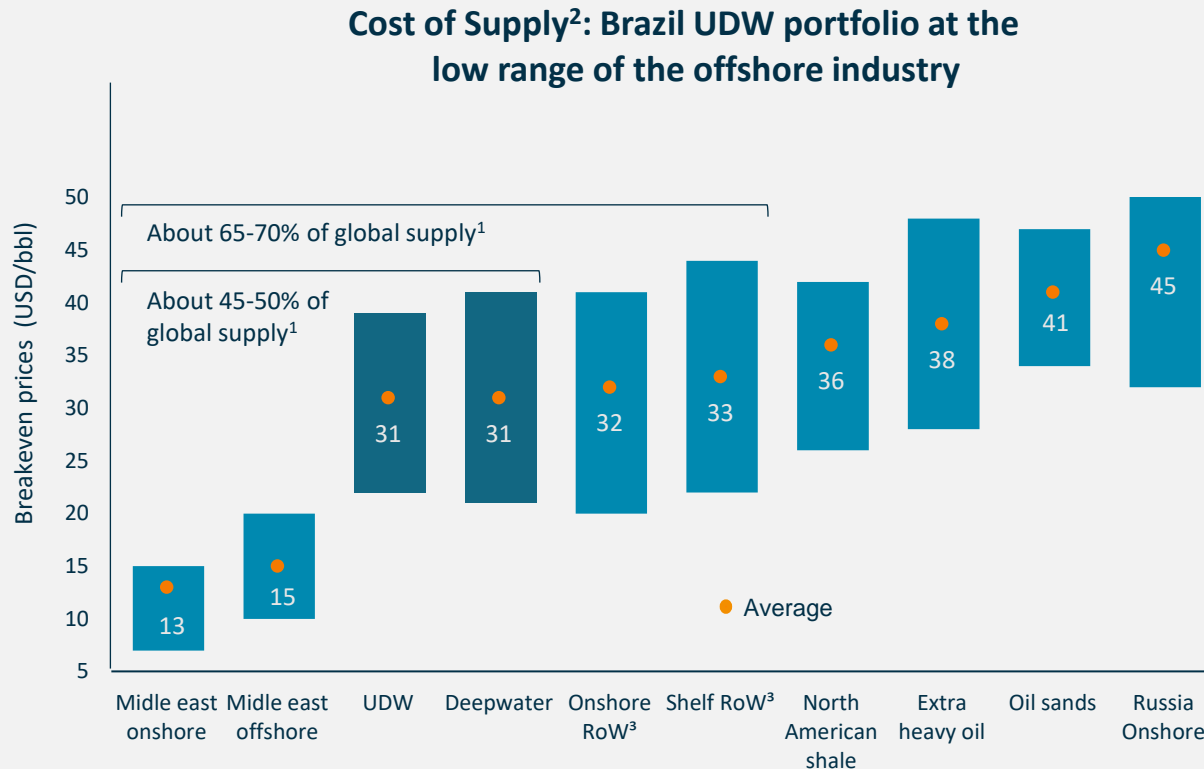
KEY CLIENTS



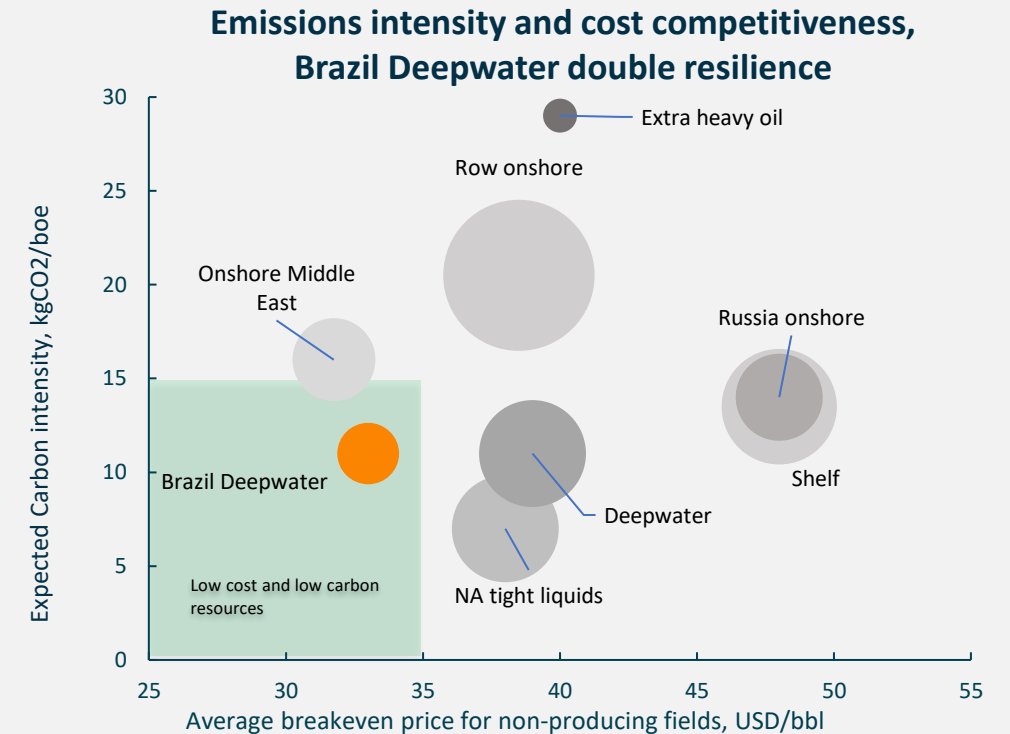


Deep/Ultradeep Water to Remain Relevant

Brazil pre-salt as key source of oil and gas in a world that prioritizes cost and carbon footprint efficiency



1. Weighted Average 2030 Global Liquid Supply Curve | 2. Cost of supply range illustrates an 80% confidence interval for the breakeven prices. Includes producing fields, ongoing development projects, discoveries and exploration assets. | 3. RoW = Rest of the world



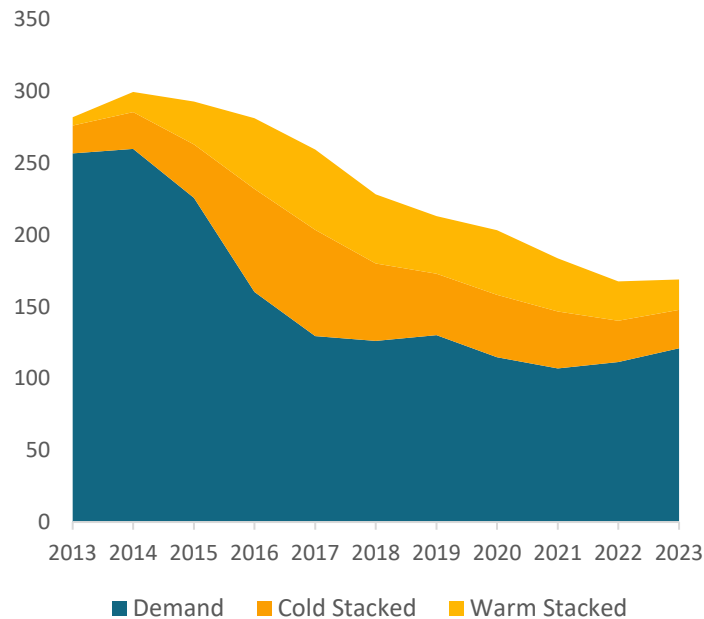
Brazilian offshore remains competitive even in a scenario of slower demand growth



Global Offshore Rigs Market Upcycle

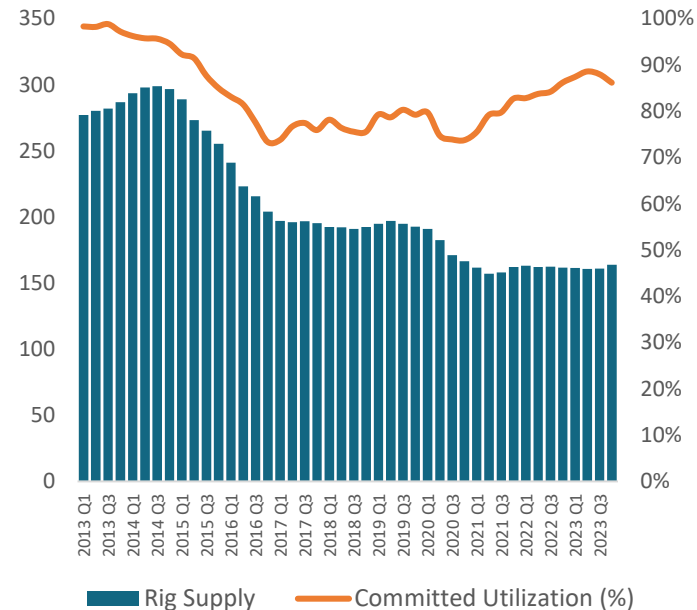
Limited supply gives drilling contractor strong pricing power

Supply & Demand for Floating Drilling Rigs (RigYears)



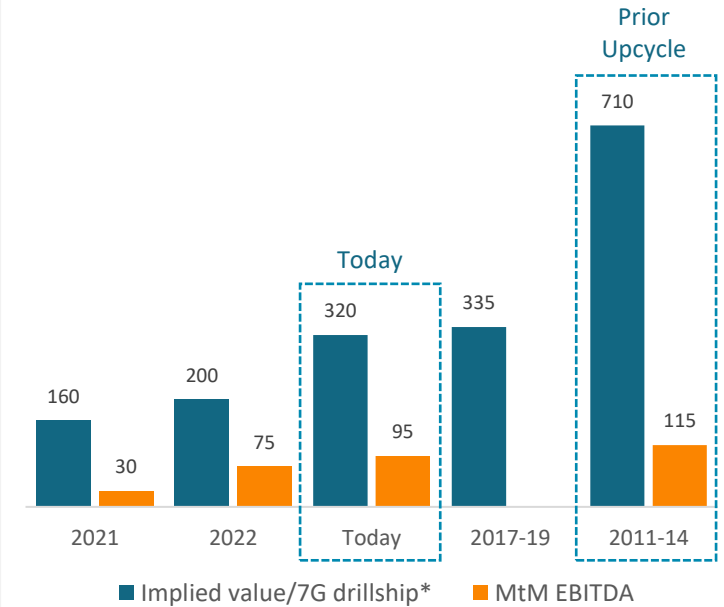
- Market tightening is supply-driven, 42% capacity reduction since 2014
- Limited spare capacity left, and no new builds expected

Floater Utilization (# of Rigs / Utilization %)



- Supply discipline key to increased dayrates
- Global utilization reaching 90%
- Market improvement should last for several years

Valuation & Mark-to-Market EBITDA for 7th Gen Drillships (\$ in Million)



- Assets valuations expected to catch-up, already up by >50% vs 2021, but still far from prior cycle benchmark

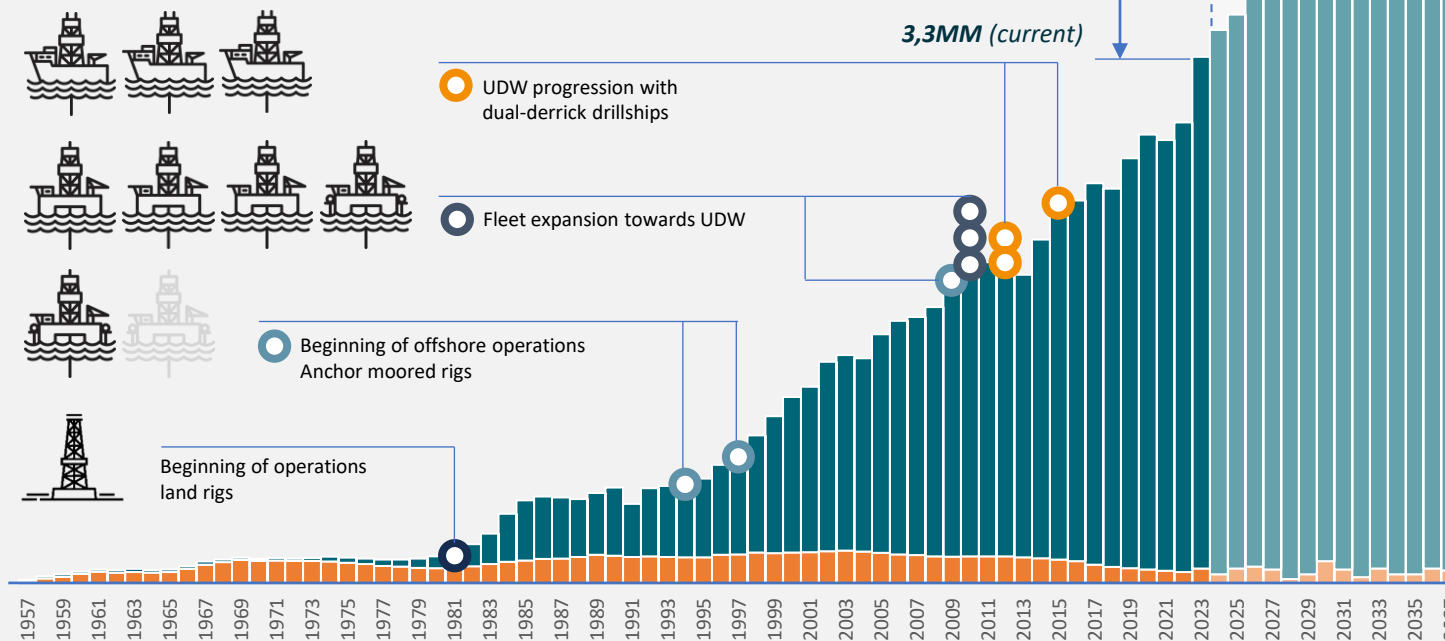
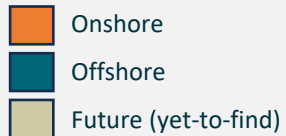


Brazilian Offshore Presents a Sustainable O&G Location

Compelling breakeven economics with lower carbon footprint

Historical Brazil Oil Production and Forecasts

Production - BOEPD



Currently the **9th largest** oil producing country - expected to become the **5th** by 2030



Feature **low carbon intensity** if compared to other oil producing regions



Oil production expected to **rise 80%** to ~5,4MMbbl/d with new investments to reach **US\$ 180bi** by 2030



O&G industry currently employs about **1,5 million of people** in Brazil



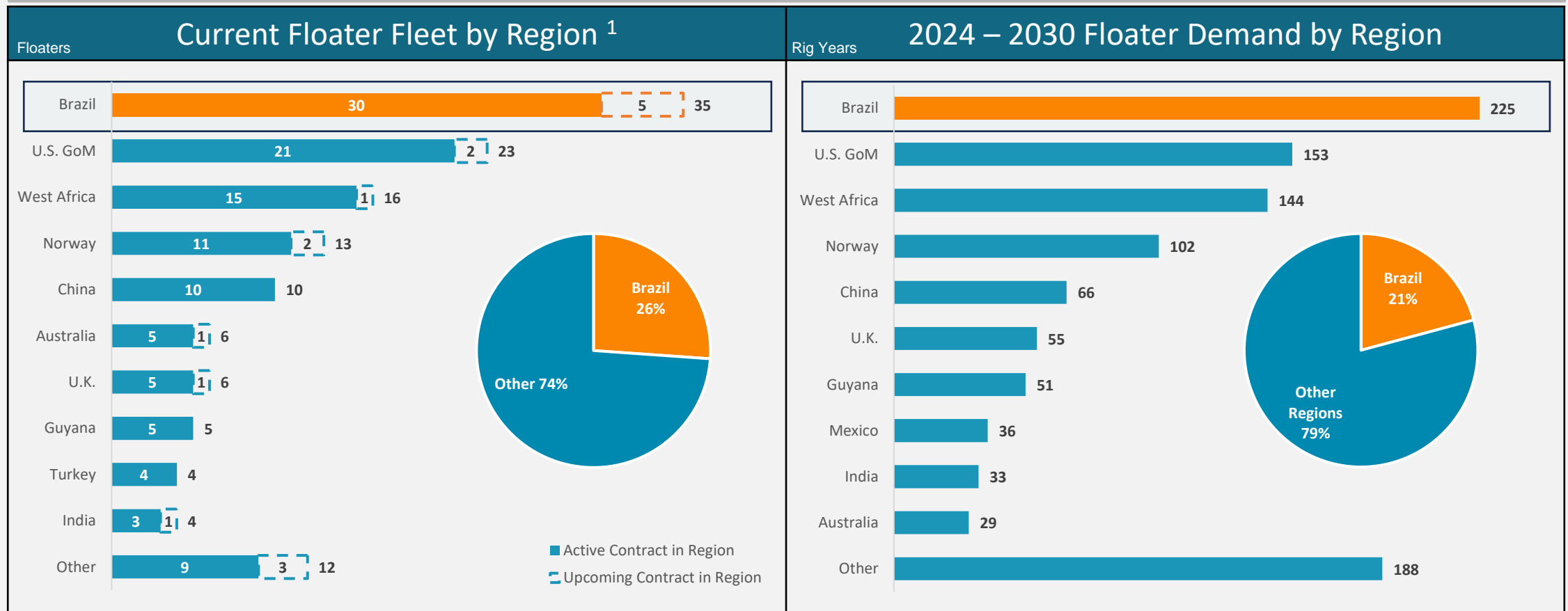
More than **74%** of future oil production will come from fields with a **breakeven price below 40 USD/bbl**



Leading Position in the Most Attractive Floater Market

Floater demand in Brazil is outpacing supply

- 26% of active floaters are currently positioned in Brazil
- At the same time, Brazil represents 21% of total uncontracted floater demand through 2030, indicating the region will stay the world's most significant offshore market for the foreseeable future



Source: Rystad Energy.

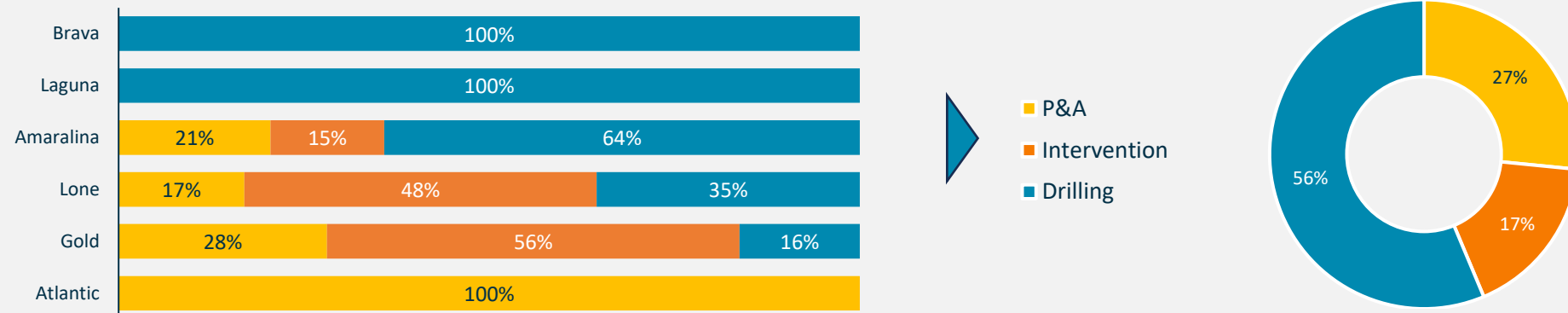
1) Includes currently active on contract rigs and mobilized rigs with upcoming contracts in the region; excludes stacked rigs.



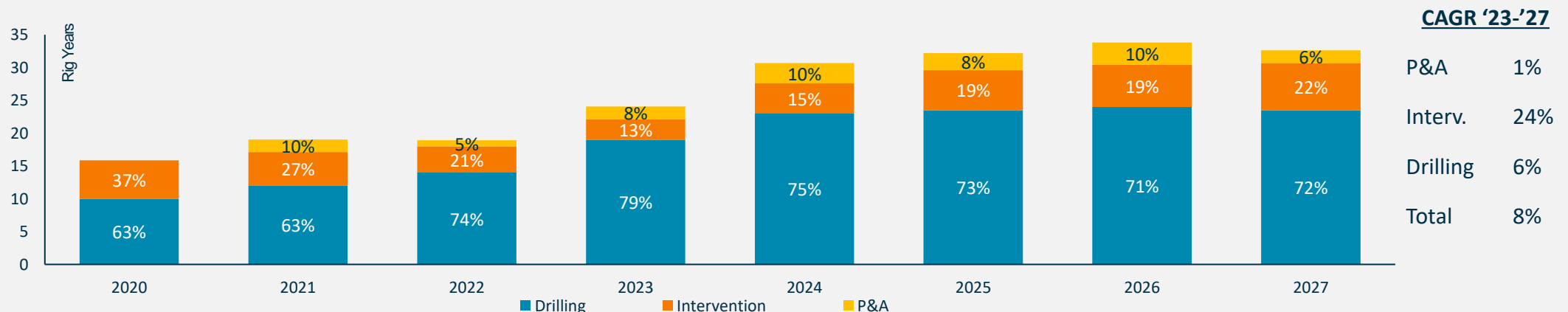
Fleet Capable of Addressing Brazilian Market Needs

Diversified fleet purposely constructed to service operators from exploration & production through decommissioning

Constellation's fleet activity mix with Petrobras, since 2022



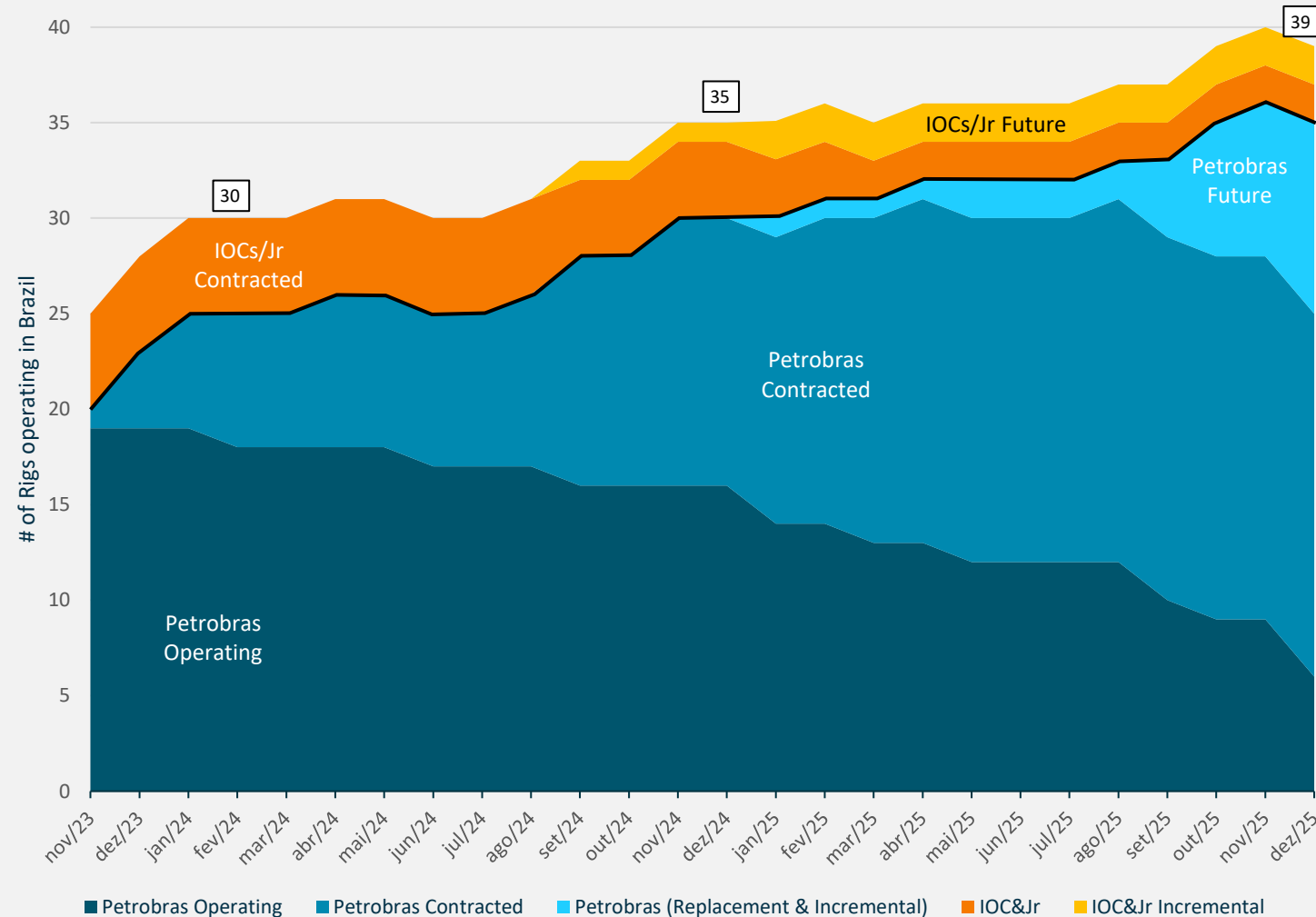
Brazilian floaters demand outlook continue expanding activities towards Intervention and P&A





Brazil Floaters Demand Outlook

Expected to add 15 new rigs in the region from 2023 to 2025



- There are currently **30 rigs** operating in Brazil. Petrobras **25 rigs** and IOCs/Jr Oil **5 rigs**.
- By the end of **2024**, the number of rigs operating to Petrobras will spike to **30 units**, and a total of **35 rigs** operating in country.
- Activity expected for **2025** suggests a total of approximately **40 rigs** in Brazil (totaling **15 rigs** additions).
- Based on latest lead times (12-18 months), the bidding activity is expected to intensify in 2024.
- **Petrobras** remains the major demand originator. IOCs, such as **Equinor**, **Total** and **Shell**, and Jr. Oils, such as **PRIO**, **3R** and **Enauta**, are also expected to continue demanding UDW rigs.
- The potential of the **Equatorial Margin** is not reflected on the near-term demand curves, and if confirmed it will be an upside.

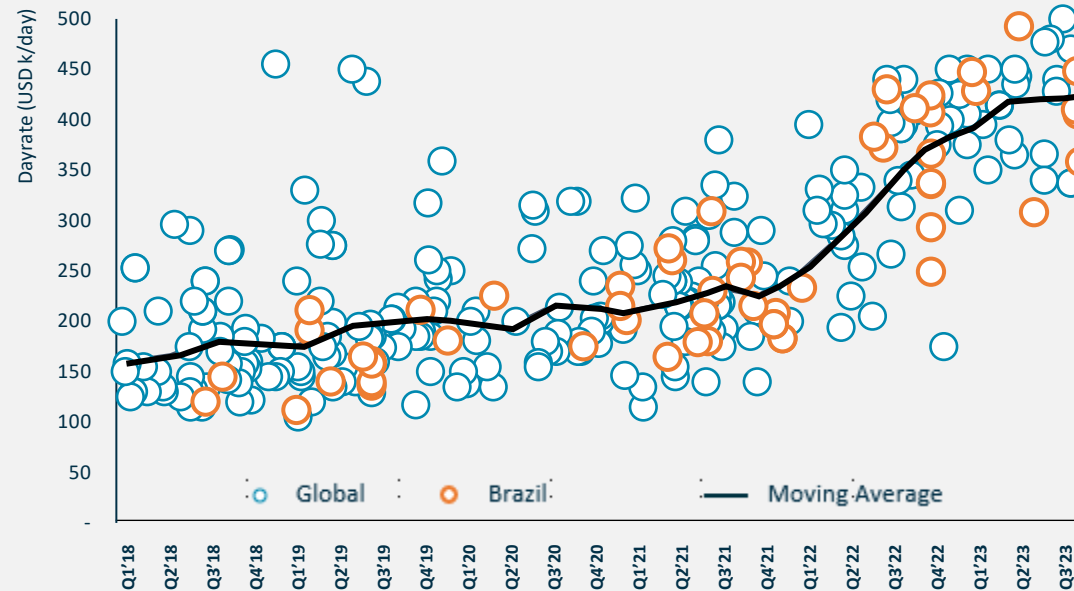
Source: Internal Analysis from data gathered from Rystad, RigLogix and Internal Assessment. Do not contemplate any rigs dedicated to Equatorial Margin. Forecasts highly dependent on Petrobras' Rig Pool Strategy. Forecast estimate continued level for Rig Pool from December 2024 onwards.



Brazil Floaters Commercial Trends

Dayrates already beating global trends even with longer contract duration and lead time

Dayrate momentum continues
Brazil key for demand

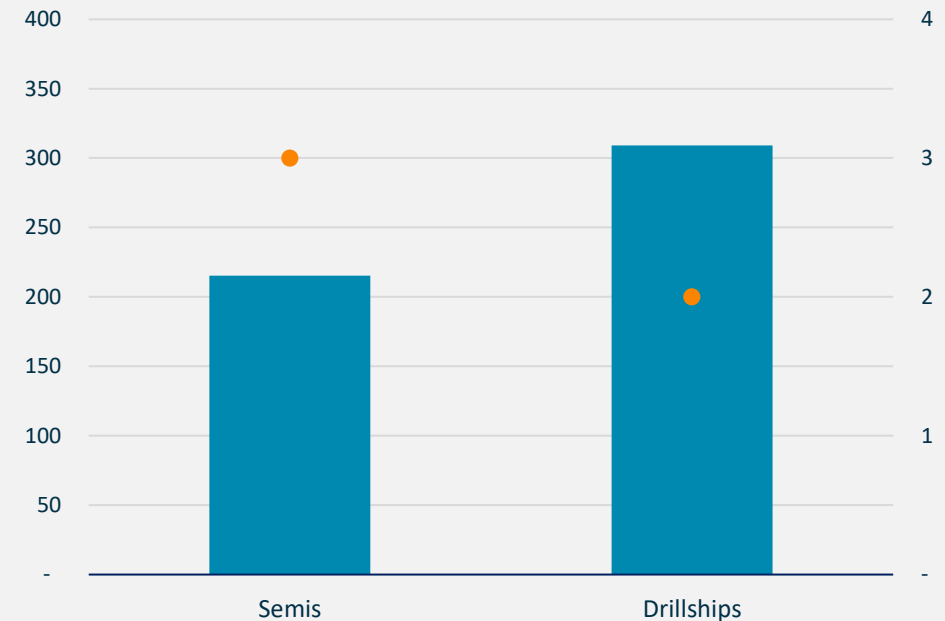


Contract Terms Improvement in Latest Petrobras Bids

- ➔ Contract duration: 3-year fixed term + optional period
- ➔ Lead times: ~18 months pre-mobilization windows

Latest Brazil Fixtures
(all Semis) ~\$360 k/d ⁽¹⁾

Latest Brazil Fixtures
(all Drillships) ~\$460 k/d ⁽¹⁾



■ Constellation Current Dayrate

● # of floaters expected to secure new fixture by 2024

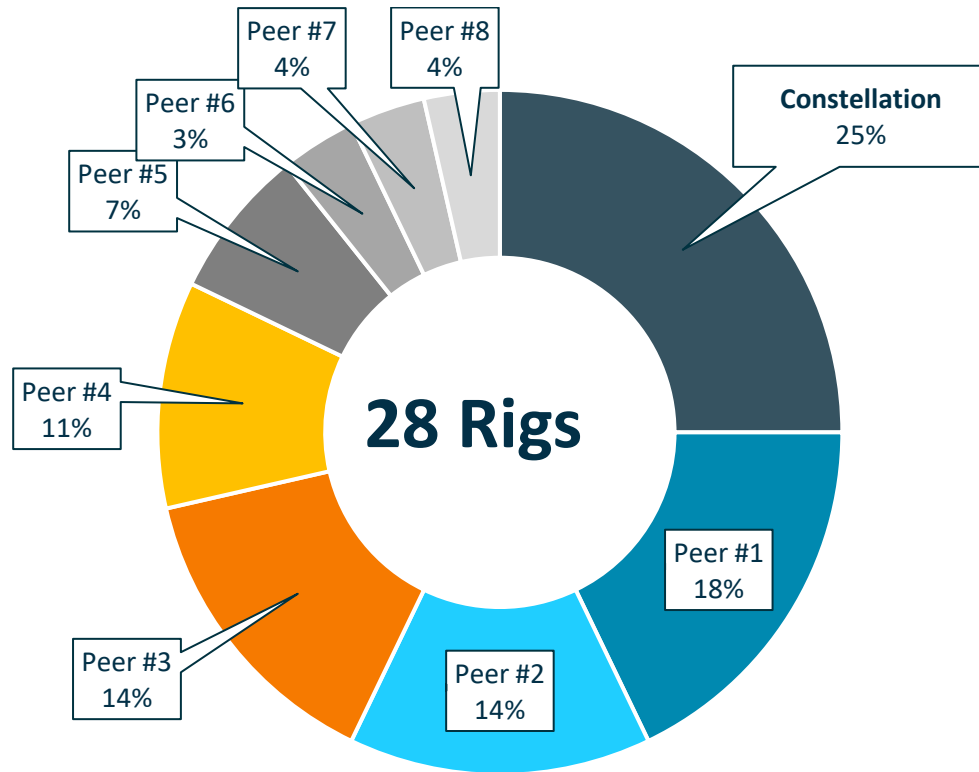
⁽¹⁾ Equivalent dayrate including integrated services



Constellation Deep Knowledge in Brazil

The largest fleet in Brazil with best performance rigs among Petrobras

Constellation currently accounts for almost a quarter in market share



of Rigs working in Brazil as of December/2023

Brazil as a highly regulated country to operate

- With a robust regulatory framework, Brazil has several agencies and policy makers responsible for supervising the O&G segment and ensuring people and environmental protection.
- Constellation has the competencies and is committed to comply, providing operations predictability in the Brazilian ecosystem





Robust Operational Track Record

Highlights of recent operational milestones



AMARALINA STAR

IMPROVED PERFORMANCE AT RONCADOR

- Working at the Roncador field, operated by Petrobras and Equinor, Amaraila star reached important records:
- **48% reduction in time and 60% reduction in cost**
- Recently achieved the **fastest completion** in the field – total of 9,3 days (3rd fastest well for Petrobras fleet)



BRAVA STAR

DEEPEST UDW WELL IN BRAZIL

- In 2022, Brava Star drilled the **deepest offshore well** in Brazil, working with Petrobras
- The well crossed a record **4850m salt layer** and reached a final depth of **7700 meter**



BRAVA STAR

FASTEST UDW WELL IN BRAZIL & BEST RIG IN PBR

- In 2020, Brava Star drilled a working with Shell in an exploratory campaign **in 18 days, reaching a Top Quartile benchmark**
- In 2023, Brava Star achieved the **best performance** among all drilling units operating **for Petrobras**



BRAVA STAR / ALPHA STAR

REDUCED IDLE TIME BETWEEN CONTRACTS

- In September 2023, Alpha Star performed a **direct transitioning to the new contract** with 3R Petroleum, thus in direct continuation from the previous commitment with Enauta
- In December 2023 Brava star concluded its stop for overhaul and upgrade ahead of schedule, in the **record time of 61 days**

EXPERIENCE WITH PETROBRAS BRINGS EXPOSURE TO IOCs

- Constellation has performed activities in strategic fields in *Brazilian Production Sharing Agreement (PSC)*, such as BM-S-11, Monai, Alto de Cabo Frio, among others.
- It included partnering with several IOCs, such as:





People Committed to Core Values

Driving safety, excellence and sustainability with integrity



SAFETY

Non-negotiable condition and respect for life - no significant leaks, injuries or fatalities ¹

- Human factors with a system view being adopted
- Continuous improvement in ops. and process safety practices
- 30% improvement on recordable incidents rate ²



SUSTAINABILITY

Care for people, the environment and commitment to business continuity

- ESG Report released in July 2023, new corporate commitments by 2030
- Shored base operations fully powered by solar
- Projects for reducing fleet's fuel consumption, in partnership with customers and universities
- 1,800 talented employees fostering diversity, equity, and inclusion



EXCELLENCE

Striving for continuous improvement and innovation in everything we do.

- The largest engineering team in Brazil
- Skilled and motivated workforce
- Focus on quality and efficiency
- Continuous improvement practices and adherence to industry standards



TRUST

Relationships based on mutual respect, honoring commitments with integrity

- Corporate governance best practices
- IR website open to public
- 100% anti-corruption training
- 100% suppliers' integrity check
- Anti-Corruption Policy complies with FCPA and UK Bribery Act

PARTNERSHIPS BRINGING PEOPLE'S PERFORMANCE TO WORDCLASS LEVEL





Innovation & Technology

Transforming Opportunities in Reality

Smarter Operations

Continuous improvement of both operational and support processes, addressing all our efforts towards services excellence.



Real Time Operations Monitoring (RTOC)

Core Processes Automatization & Robotization



Operations Support Processes Optimization, such as Asset Management & SCM

Digital Journey

Continuous evolution from a solid database to the digital cutting edge.



I2V Initiatives, such as Digital Twins & AR

Direct field application of AI & Big Data



IT/OT convergence & field connectivity reliability

Sustainable Horizon

Strengthening our commitments to reducing the impacts of our operations on the environment.



2030 Decarbonization & Emissions Reduction Commitment

Human Factors Journey & Competency Programs



Consistent R&D partnerships, focusing on Energy Efficiency

Real-Time Operating Center

Remote monitoring capabilities enabling 24/7 support to critical activities



Drilling contractors are data integrators



Engineers dedicated to monitoring



Dashboards capture specific activities working



Ask the right questions to avoid deviations






Evaluate integrity of well barriers.





Fleet Fully Committed in 2024

In 2025 there will be 5 rigs transitioning to new contracts, opportunity to reprice and secure backlog up to 2028

Fleet Status Report Jan '24		2024				2025				2026				2027				2028			
Month		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	OLINDA STAR	ONGC																			
	ATLANTIC STAR	Petrobras																			
	LONE STAR	Petrobras																			
	GOLD STAR	Petrobras																			
	ALPHA STAR	3R Petroleum				Petrobras 3 Lots															
	AMARALINA STAR	Petrobras																			
	LAGUNA STAR	Petrobras																			
	BRAVA STAR	Petrobras																			

Current contract

Potential to extend

Next contract (signed)

Contract
Backlog
\$1.5B

Backlog
16 Years

Acc. EBITDA
2024-2028E
\$1.8B

Net Leverage
(2026E)
< 1.0 x

Utilization
2024-2028e
~91 %



Financial Performance Summary FY 2023

FY2023 unaudited compared to FY2022

Preliminary Financial Results

\$ in USD - Millions

Fleet Utilization

97%
↑ 18 pts

Fleet Uptime¹

94%
↑ 2 pts

Revenue

\$552
↑ 36 %

Cash Available

\$90
↑ 46 %

Adj. EBITDA²

\$185
↑ 176 %

Net Debt / EBITDA²

4.7x
↓ 64 %

- Fleet fully operational, good progress improving uptime and financial efficiency, primarily driven by Amaralina and Brava Star performance
- Alpha Star transition to new contract with no lapse time
- Brava new contract mobilization concluded ahead of schedule, in the record time of 61 days
- Olinda Star contract extended till early 2024
- Strong cash generation, improved working capital
- Started quarterly interest payment in cash since 3Q'23 as consequence of robust liquidity

1 – Uptime performance calculated not purging planned maintenance in zero rate events

2 – Adjusted EBITDA non-IFRS



FY 2024 Guidance¹

Consistently delivering on 5-Year Business Plan

FY 2024 E



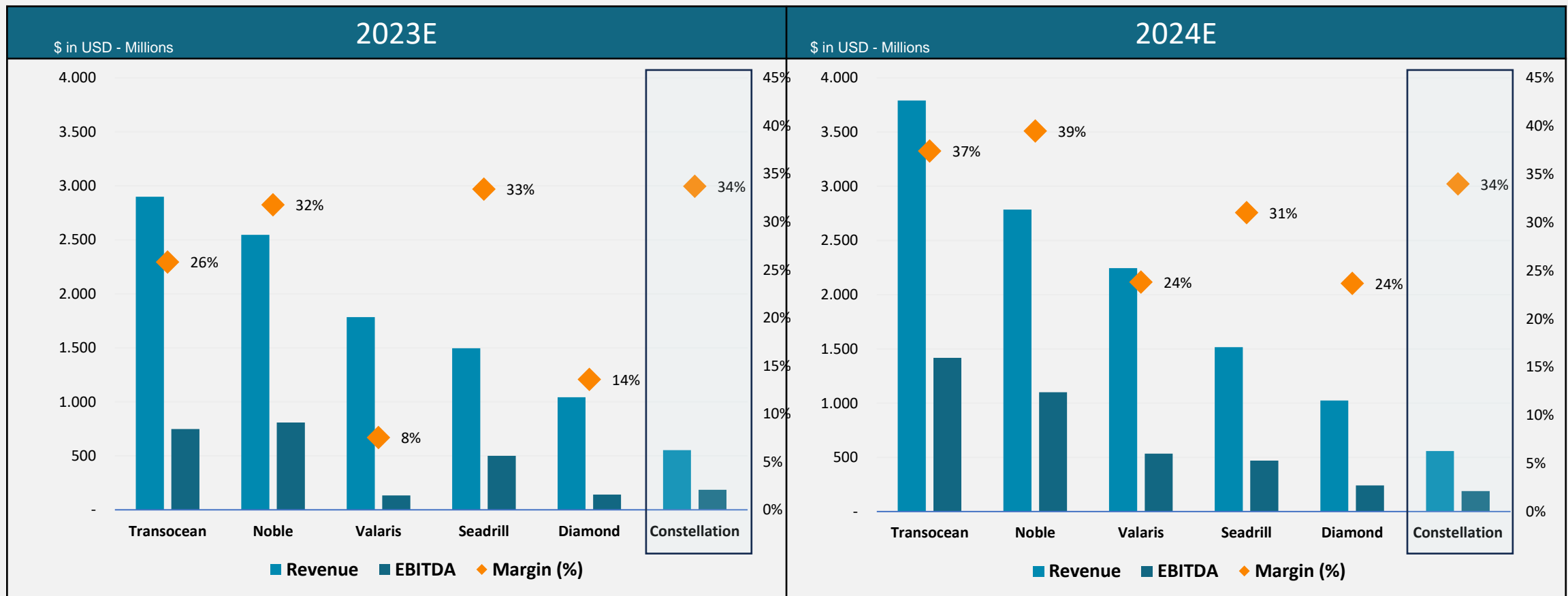
- Fleet 100% contracted, lower operational upside potential... focus on continuous efficiency improvement
- Higher commercial activity, several opportunities to secure backlog for the 2025-2028 window
- Revenue increase driven by higher day-rates (Brava, Alpha, Atlantic), offset by Olinda Star lower volume due to planned rig sale/scrap
- Leverage superior economy of scale to mitigate labor market and supply chain inflationary pressure
- Consistent trend of deleveraging, prioritize payment of interests in cash \$60 and amortize New Money facility \$34



EBITDA Performance and Peer Comparison

Global and regional-leading cost structure poised to deliver top-tier EBITDA margin among peers

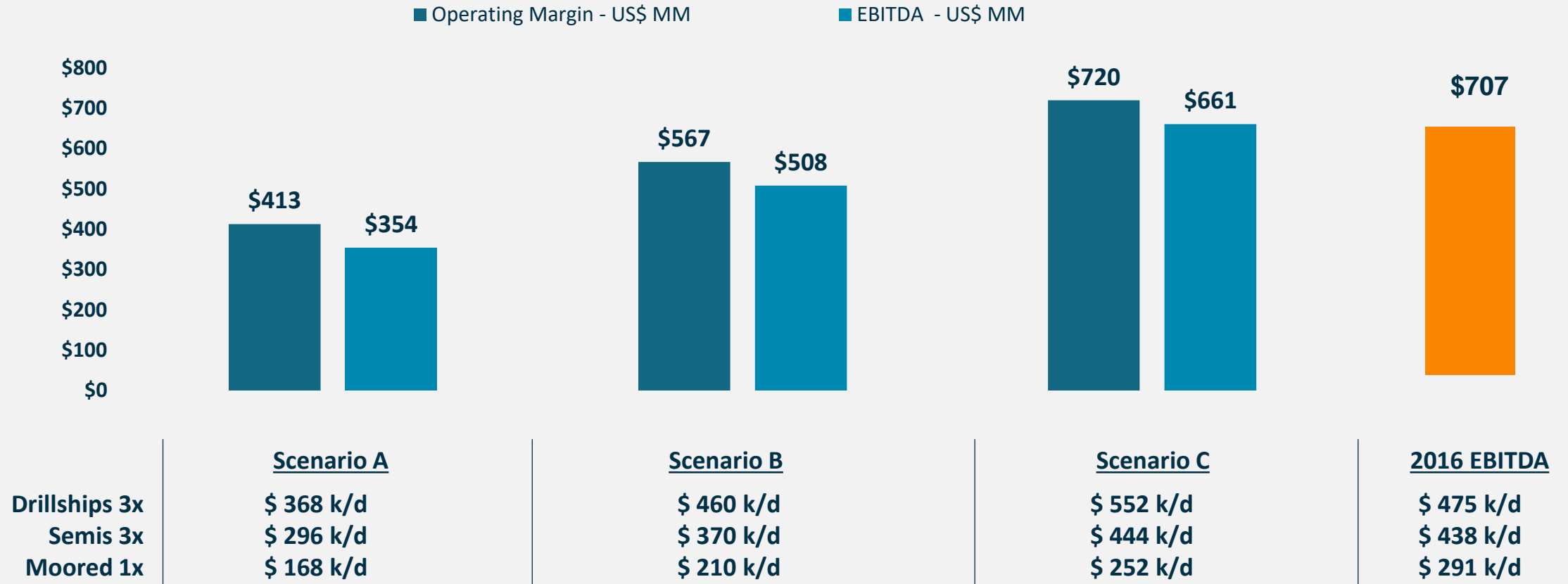
- Despite of smaller fleet size than top international drillers, Constellation's focus and experience in one region provides a superior economy of scale
- Delivering at best EBITDA ratio to sales among peers, expectation to keep that mark in the long-term as backlog is repriced to market rates



Source: Consensus estimates sourced from Capital IQ database as of February 16, 2024.

Significant Upside if Fleet is Contracted at Market Dayrates

Illustrative Op. Margin and EBITDA potential



1. "Scenario B" / Base Case: day rates for 2025-2026 based on latest market research
2. Sensitivity: "Scenarios A" and "C" considers -20% and +20% over dayrates
3. 2016 EBITDA represents actual financial results from such fiscal year

4. Assumes fleet utilization based on a two-year contract term and 3 months idle time (87.5%)
5. EBITDA: Includes shore base, support cost and SG&A
6. Operating Margin: Gross profit - SG&A - Support Base



Investment Thesis

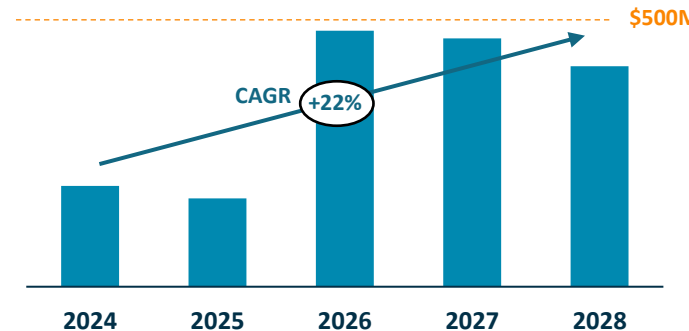
Constellation is well positioned to benefit from multi-year recovery of the offshore drilling industry

Brazil Offshore Supercycle

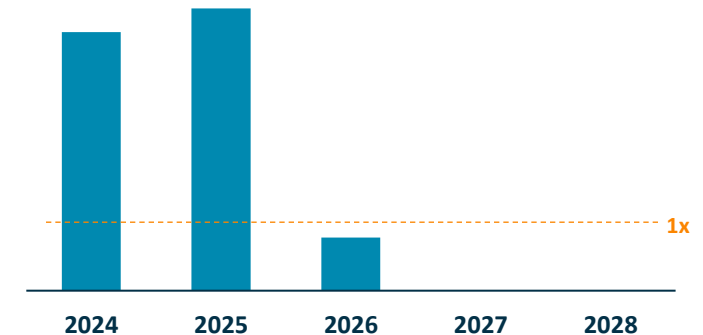
- ➔ Deepwater and ultra-deepwater oil production growth is critical to energy supply
- ➔ Brazil expected to account for the second-largest increase in oil production¹ from '22-'35
- ➔ UDW floaters utilization in Brazil is 100%², globally is >90%², limited capacity to be mobilized to Brazil
- ➔ Incumbency as economic barrier to entry in Petrobras market, high capex investment needed for rigs upgrade/adequacy
- ➔ Growing demand for a diverse range of rigs: brownfield interventions and decommissioning obligations

Cash Generation to Organically De-lever Balance-sheet

Adj. EBITDA³



Net debt / Adj. EBITDA³



- Day-rates and cashflow are poised for continued expansion
- Long-term contracts benefiting fleet utilization and requiring lower transition cost
- Leverage economy of scale in one hub for superior cost positioning

- Low cost of debt, healthy amortization term, and 90% outstanding debt convertible
- Started quarterly interest payment in cash in 3Q 2023
- Ability to be debt free in 2027, and increased chances for a refi beforehand



Constellation.