



Constellation Oil Services

Corporate Presentation

July 2024

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Company Overview





Proven track record by seasoned management team



Rodrigo Ribeiro | Chief Executive Officer

Bachelor degree in **Mechanical Engineer**, post graduated in **Petroleum Eng.** and O&G Energy, **26 years** of industry experience.

Joined Constellation in 2000. Ribeiro has served in several roles in Brazil and abroad, including Chief Operation Officer, Operations Manager, Rig Manager and Site Manager. He also serves as President of ABESPetro (2022- 2023).



Daniel Rachman | Chief Financial Officer

Bachelor degree in **Business** and Master in **Accounting** with over 12 years of industry experience.

Joined Constellation as CFO in 2023. Served in several finance leadership roles in GE Oil & Gas and Baker Hughes, in Brazil and in the United States, having his last position as Global CFO of the Subsea Production business.



Monique Fares | Deputy Chief Financial Officer

Bachelor degree in **Economics** with **MBA in Finance** and over **12 years** of industry experience

Joined Constellation in 2010 as Financial Planning Coordinator. Occupied Financial Planning Manager position since 2016.



Luis Senna | Chief Legal Officer

Lawyer with over **11 years** of industry experience.

Joined Constellation in 2012. He previously served as Compliance Officer from 2017 until 2020. Before joining Constellation worked in recognized law firms in Brazil representing clients in complex commercial deals.



Silvia Ruggeri | Chief Administration Officer

Bachelor degree in **Business Administration** and over **18 years** of industry experience.

Joined Constellation in 2010. Occupied leadership roles in HR and Deputy CAO position leading HR, Real State, IT, and Communications. Before joining Constellation occupied HR roles, including International HR, HR Systems and Compensation at Halliburton.



Thiago Schimmelpfennig | Chief Commercial Officer

Mechanical Engineer with **MBA in Oil & Gas** with over **11 years** in different areas within Constellation.

Joined the company as Operations Engineer in 2009. Later, as Rig Manager, worked in Amazonas, Mato Grosso and Paraguay. Acted as the Deputy COO before joining the Commercial Department in 2018 as Commercial Manager.



Paulo Cury | Chief Operating Officer

Metallurgical & Materials Engineer and over **38 years** of industry experience.

Joined Constellation as Asset Integrity Manager in 2013, International experiences at Lloyd's Register (22yr) in USA, Brazil, UK, Panama and Dubai and leadership positions in Offshore Industry and Shipyards.



Constellation At a Glance



Largest fleet in **Brazil**

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



Financial return

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



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



44 years of track record

Constellation has been working in Brazil since 1981, its first offshore unit was deployed in 1994



1,800 employees

Talented teams to support the challenging offshore operations



Safety – core value

We continuously work to build a safety culture, investing in people, programs and systems



ESG Agenda in place

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

With about **14 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

KEY CLIENTS





Timeline of Offshore Rig Additions and Recent Key Events








Prior to becoming a pure offshore drilling company, Constellation owned and operated FPSOs and onshore rigs



With the largest fleet in Brazil, Constellation successfully emerged from restructuring in 2022 and has been improving its efficiency since then

Asset Portfolio



	Owned fleet						
	Brava Star	Laguna Star	Amaralina Star	Alpha Star	Lone Star	Gold Star	Atlantic Star
							
Specification	Ultra-deepwater drillship 7 th gen.	Ultra-deepwater drillship 6 th gen.	Ultra-deepwater drillship 6 th generation	Ultra-deepwater semisubmersible 6 th gen.	Ultra-deepwater semisubmersible 6 th gen.	Ultra-deepwater semisubmersible 6 th gen.	Mid-water semisubmersible 2 nd gen.
Delivery year	2015	2012	2012	2011	2010	2009	1976 Upgraded in 2007 & 2011
Design	96K	90K	90K	DSS-38	TDS 2000P	DSS-38	Pentagone series
Shipyard	Samsung	Samsung	Samsung	Keppel FELS	SBM Atlantica / GPC	Keppel FELS	CFEM
Water depth (ft)	12,000 ft	10,000 ft	10,000 ft	9,000 ft	7,900 ft	9,000 ft	2,000 ft
Drilling Depth (ft)	40,000 ft	40,000 ft	40,000 ft	30,000 ft	24,600 ft	30,000 ft	21,320 ft
Derrick Hook Load Activity	1250 st Main 1000 st aux Full Dual Activity	1000 aux 350 st aux Offline Activity	1000 st main 350 st aux Offline Activity	1000 st main Single Activity	1000 st main Single Activity	1000 st main Single Activity	650 st main Single Activity
Variable deck load (t)	20,000 t @ Drilling Mode	20,000 t @ Drilling Mode	20,000 t @ Drilling Mode	10,428 t @ Drilling Mode	6,021 t @ Drilling Draft	10,428 t @ Drilling Draft	2,253 t @ Drilling Draft
Dimensions (ft)	228m x 42m x 19.5m	218m x 42m x 19m	218m x 42m x 19m	103.5m x 69.5m x 35m	97.5m x 70.1m x 28.3m	103.5m x 69.5m x 35m	99m x 103m
Station keeping	DP3 Kongsberg	DP3 Kongsberg	DP3 Kongsberg	DP2+ Kongsberg	DP2 Kongsberg	DP2+ Kongsberg	Moored Rig WD cap. 600m
BOP	Shaffer 15M	Shaffer 15M	Shaffer 15M	Hydrill 15M	Hydrill 15M	Hydrill 15M	Cameron 10M
BOP Rams	7 Rams	6 Rams	6 Rams	5 Rams	5 Rams	5 Rams	4 Rams



Fleet Fully Committed in 2024

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

Fleet Status Report Apr '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

	ATLANTIC STAR	Petrobras																
	LONE STAR	Petrobras																
	GOLD STAR	Petrobras																
	ALPHA STAR	3R Petroleum																
	AMARALINA STAR	Petrobras																
	LAGUNA STAR	Petrobras																
	BRAVA STAR	Petrobras																

Current contract

Next contract (signed)

WIP / Extension

Extension Options (unpriced)

Contract Backlog
+ WIP Extensions
\$1.4B

Backlog +
WIP Extentions
14 Years

Acc. EBITDA
2024-2028E
\$1.8B

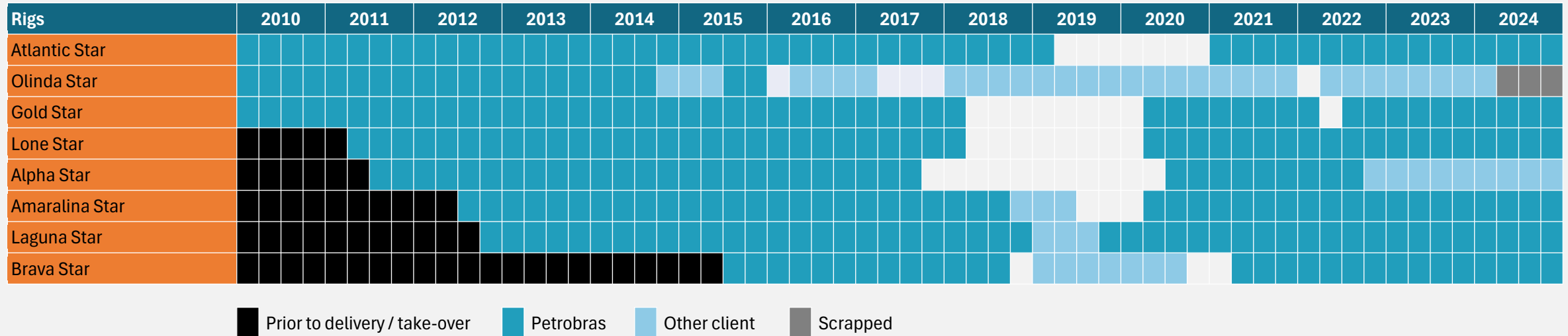
Net Leverage
(2026E)
< 1.0 x

Utilization
2024-2028E
~91 %

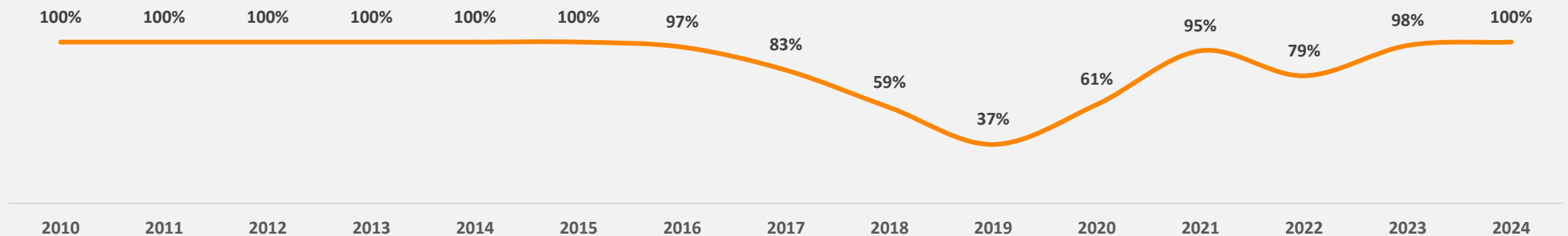


Historical Fleet Utilization

Constellation's fleet has historically maintained high utilization mainly with Petrobras, except for a period between 2018 and 2020. This period was significantly impacted by adverse market conditions, COVID-19, and depressed oil prices levels.



Average fleet utilization since delivery





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:

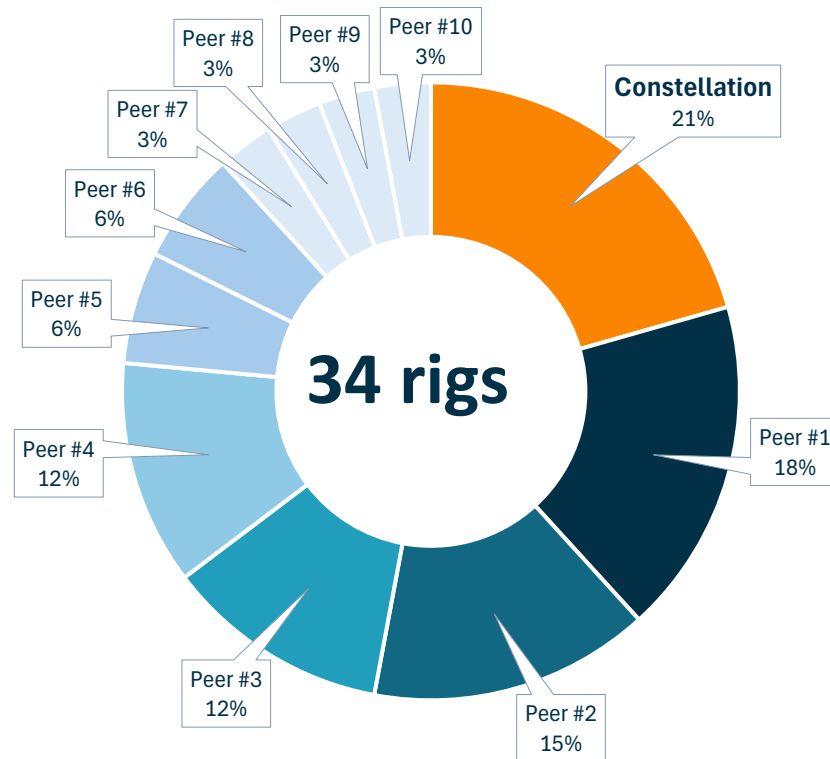




Constellation Deep Knowledge in Brazil

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 June/2024

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

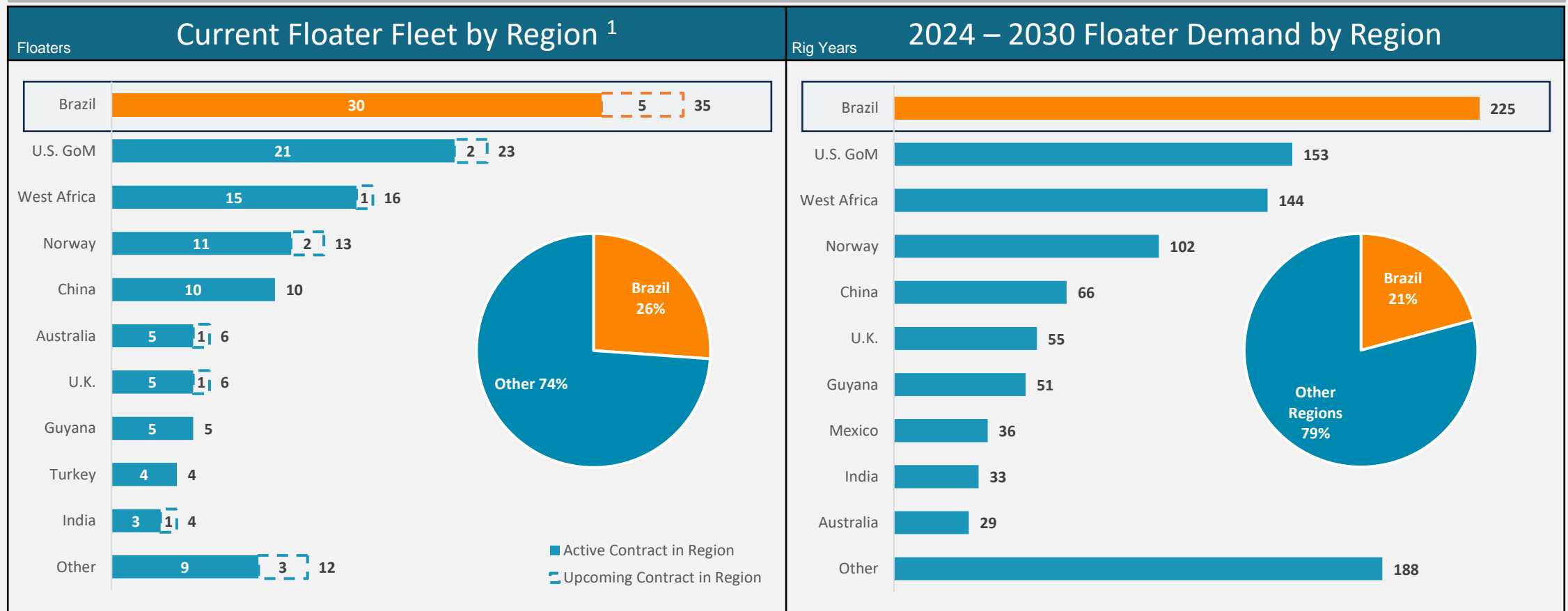




Leading Position in the Most Attractive Floater Market

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.

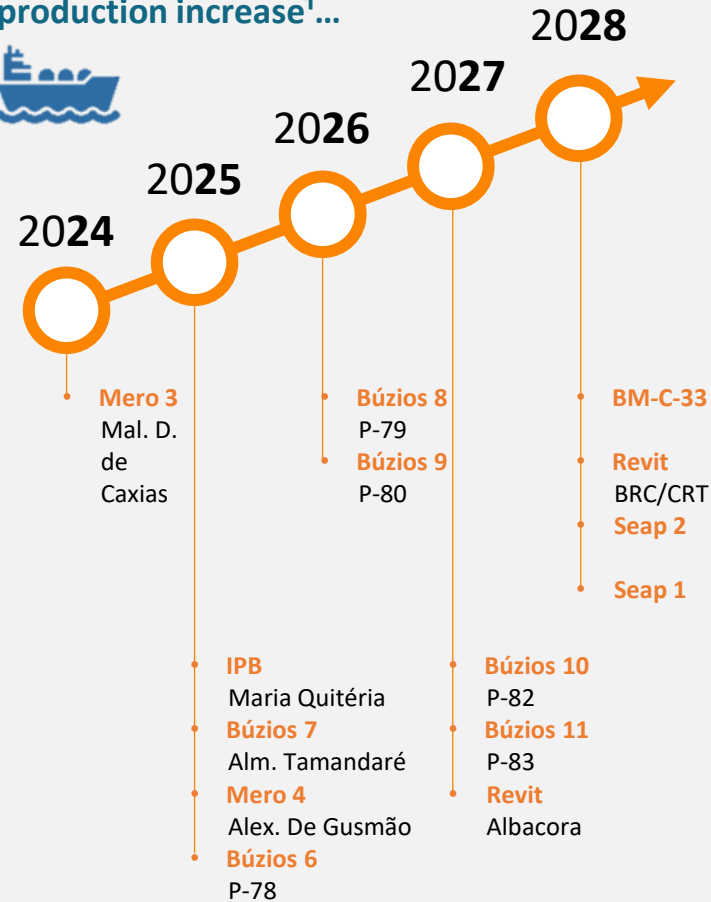
1) Includes currently active on contract rigs and mobilized rigs with upcoming contracts in the region; excludes stacked rigs.



Demand for Rigs in Brazil

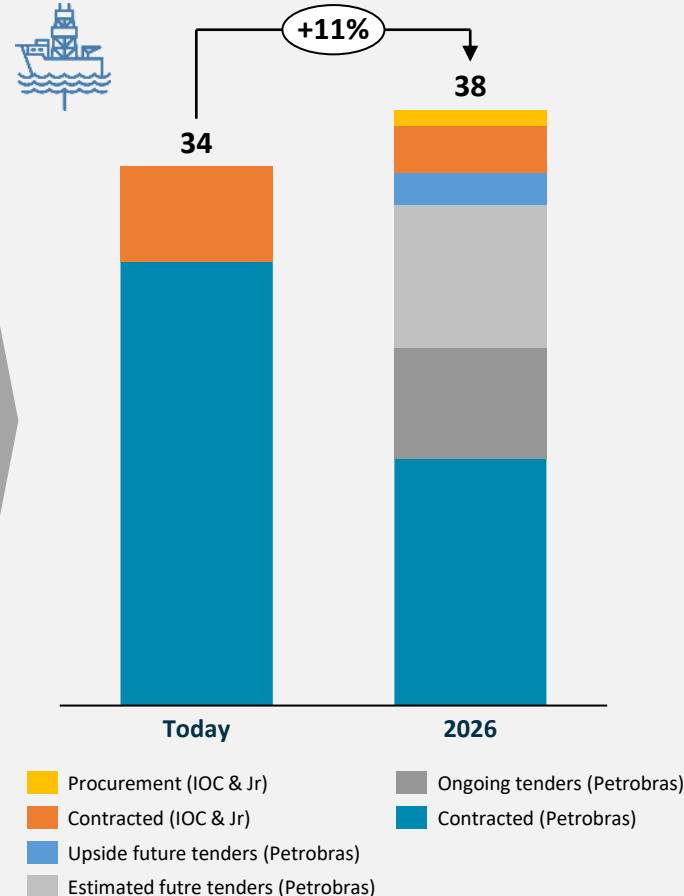
Oil production outlook is supportive for the current fleet operating in Brazil with a potential for further upside

A robust pipeline of offshore production increase¹...



... drives the demand for drilling rigs in Brazil²

of rigs in Brazil



Highlights

- **14 new FPSOs** to come onstream between 24-28.
- Other **7 additional FPSOs** are also being **evaluated** for the years ahead.
- **44 exploratory wells** to be drilled between 2024 and 2028.
- There are currently **34 rigs** operating in Brazil. Petrobras **26 rigs** and IOCs/Jr Oil **8 rigs**.
- According to recent disclosures made by Petrobras, the **demand is confirmed** and expected at least to remain flat **over the next 5 years**.
- Based on latest lead times (12-18 months), the bidding activity is expected to **gain traction between Q3'24 and Q1'25**.
- **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.
 - ✓ Equatorial and Pelotas are the main areas for frontier exploration in Brazil

1. Data collected from "Deep Dive Petrobras 2024" released on January 30th 2024.

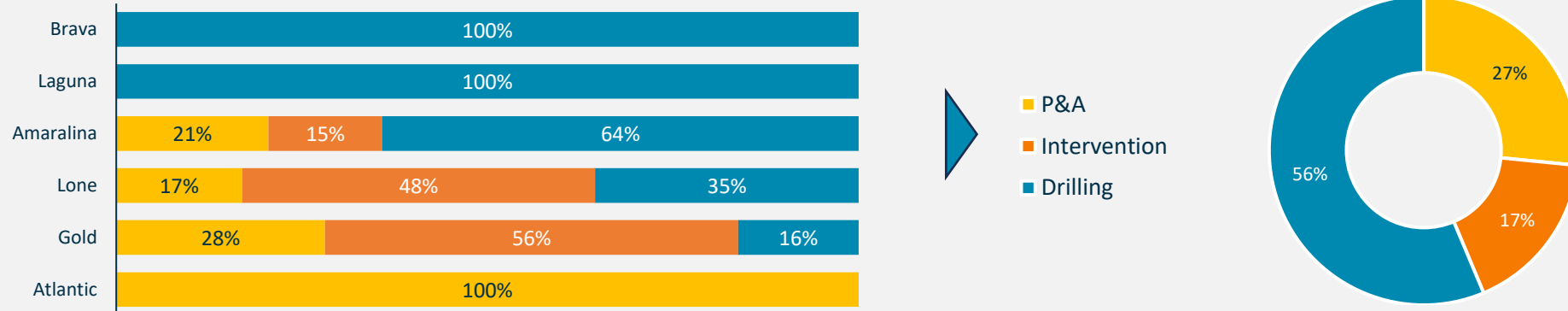
2. Exercise adapted to accommodate company forecasts according to interviews with potential clients and market analysts.



Fleet Capable of Addressing Brazilian Market Needs

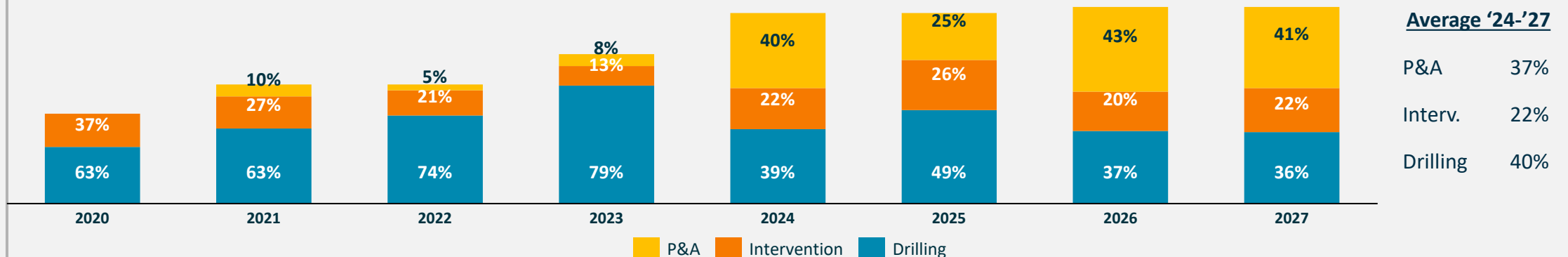
Diversified fleet with capability to service full-cycle from exploration, production and decommissioning

Constellation's fleet activity mix with Petrobras, since 2022



Petrobras floaters' demand outlook shows increasing share of intervention and P&A work

Operational scope in % rig years

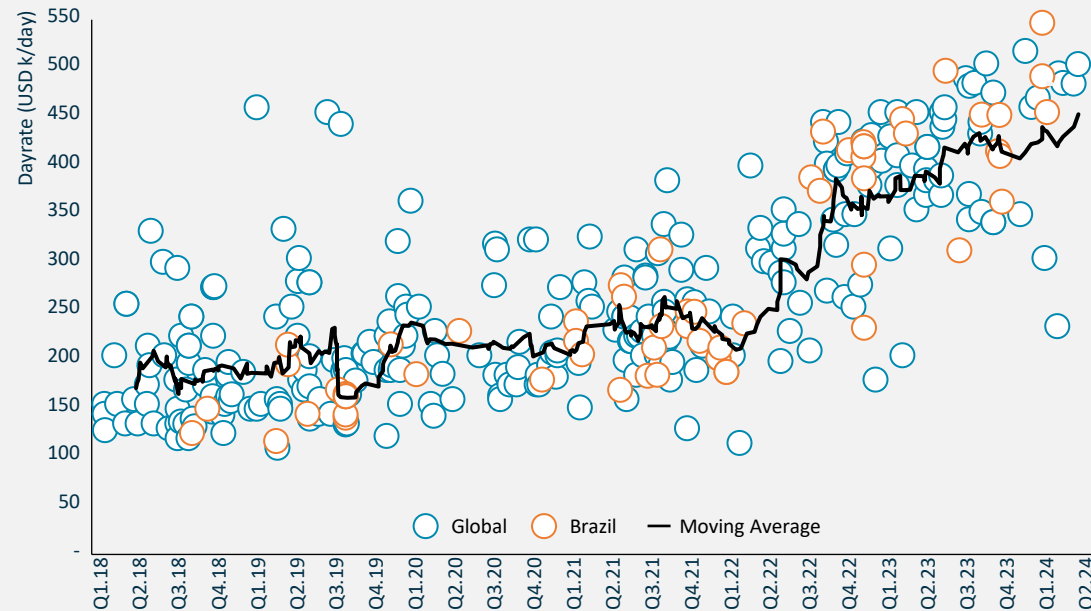




Brazil Floaters Commercial Trends

Day-rates already leading global price benchmark even with longer contract duration and lead times

Day-rate momentum continues
Brazil key for demand

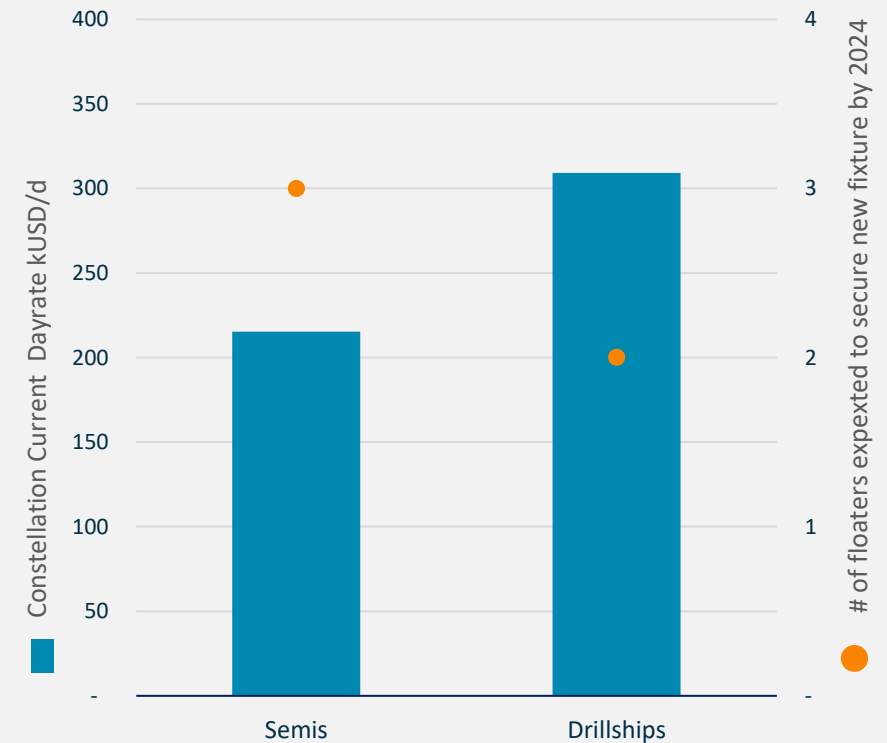


Improvements contract terms in latest Petrobras bids

- ➔ Contract duration: 3-year fixed term + optional period
- ➔ Lead times: ~12-18 months pre-mobilization windows

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

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



(1) Equivalent dayrate including integrated services

Financial Update





Financial Performance Summary 1Q 2024

1Q 2024 compared to 1Q 2023

Quarterly Financial Summary

\$ in USD - Millions

Fleet Utilization

100%

↔ - pts

Fleet Uptime¹

94%

↔ - pts

Revenue

\$144

↑ 3 %

Available Cash

\$97

↑ 8 %

Adj. EBITDA²

\$52

↓ 8 %

Net Debt / EBITDA³

4.8x

↓ 32 %

- Fully operational fleet with good progress in maintaining higher operational and financial efficiency
- Olinda Star contract was extended until January 14th 2024 with the vessel being prepared for scrapping in Q2
- Higher day rates from Alpha and Brava Star contracts offset a loss of Olinda Star
- Strong cashflow generation partly due to improved working capital management
- Maintenance of 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

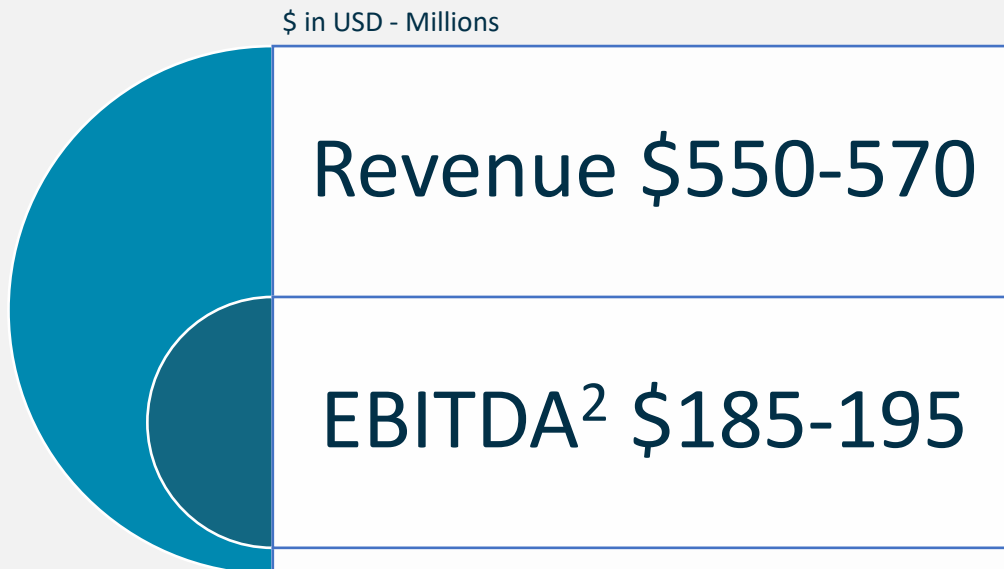
3 – Adjusted Last Twelve Months EBITDA non-IFRS



FY 2024 Guidance¹

Consistently delivering on 5-Year Business Plan

FY 2024 E



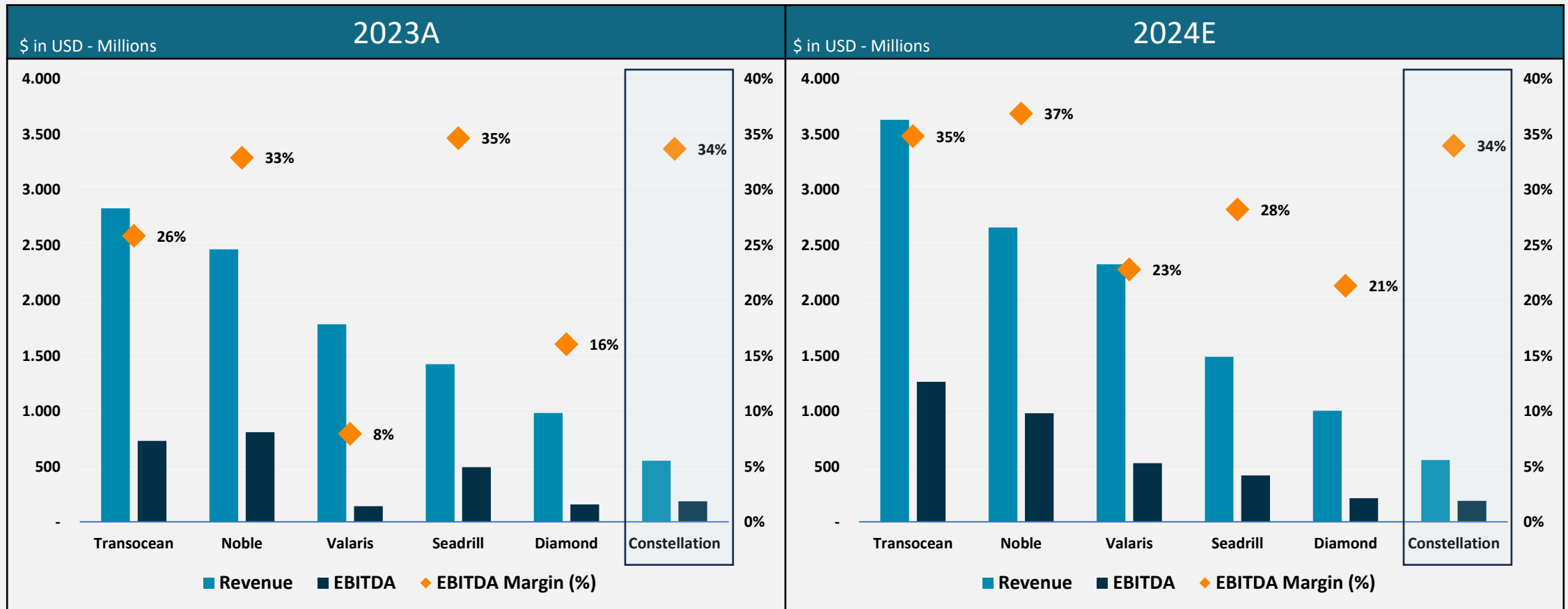
- Fleet 100% contracted with focus on continued efficiency improvement
- Higher commercial activity with several opportunities to secure backlog for the 2025-2028 window
- Revenue increase driven by higher day rates (Brava, Alpha, Atlantic) offset by Olinda Star decommissioning for scrap
- Leverage superior economies of scale to mitigate labor market shortage and supply chain inflationary pressures
- Consistent trend of deleveraging with payment of interests in cash (\$60m) and amortization of New Money facility (\$34m)



EBITDA Performance and Peer Comparison

Leading cost structure relative to regional and global peers helping to deliver top-tier industry profitability

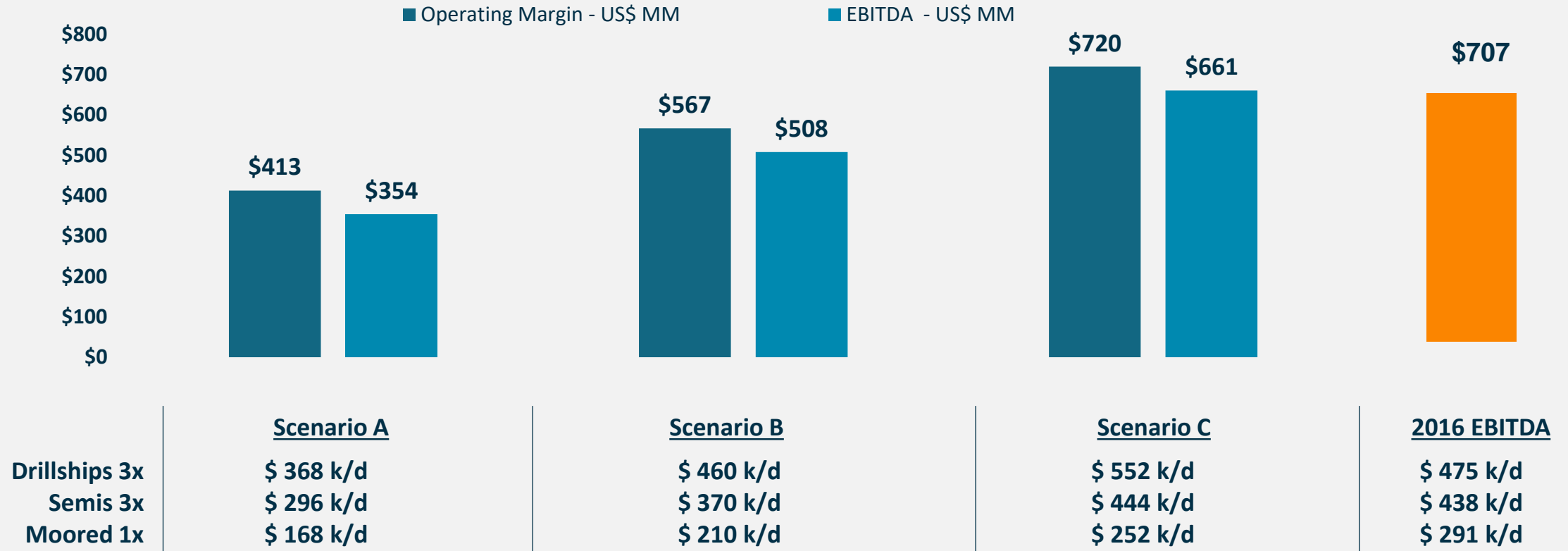
- Despite of smaller fleet size than top international drillers, Constellation's focus and experience in one region provides a superior economy of scale
- Delivering first quartile EBITDA margin with expectation to keep that mark in the long-term as backlog is repriced to market rates





Significant EBITDA Upside With Contracts Repricing to Current Market Rates

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 day-rates
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

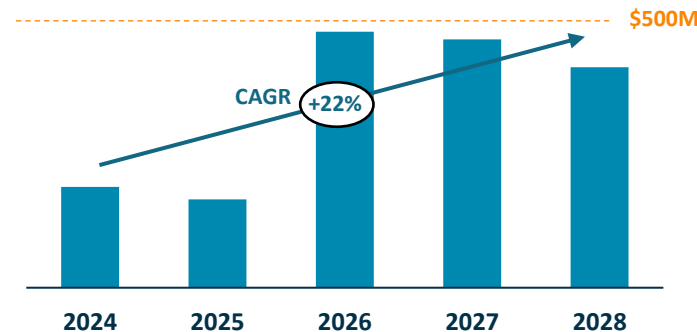
Constellation is well positioned to benefit from a multi-year recovery of the offshore drilling industry

Brazil Offshore Supercycle

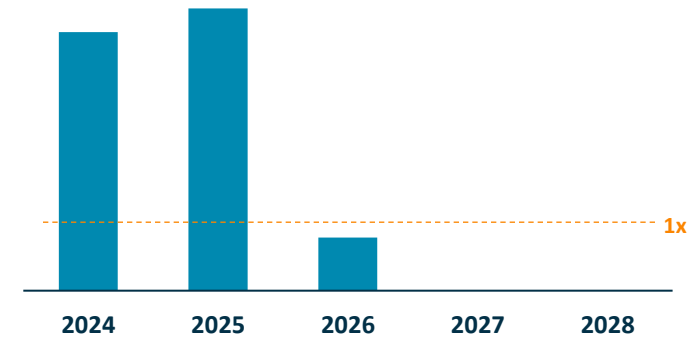
- ➔ Deepwater and ultra-deepwater oil production growth is critical to energy supply
- ➔ Brazil expected to account for the second-largest increase in oil production¹ from '22-'35
- ➔ UDW floaters utilization in Brazil is 100%², globally is >90%², limited capacity to be mobilized to Brazil
- ➔ Incumbency 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

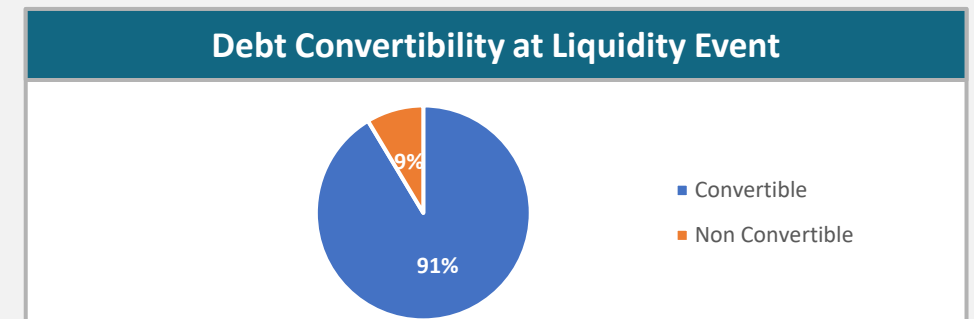
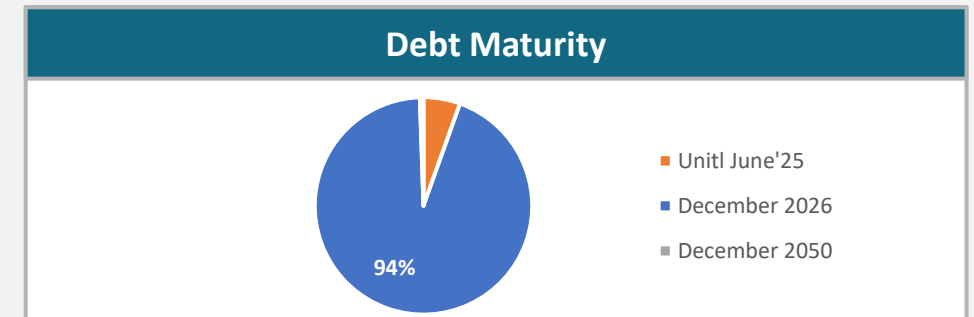
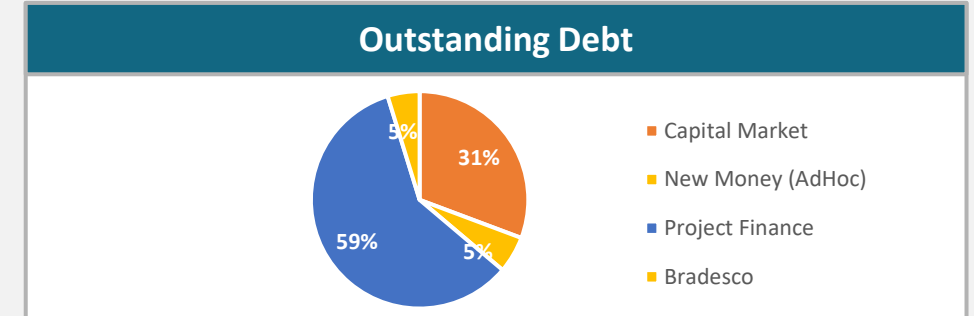
- Low cost of debt, healthy amortization term, and 90% outstanding debt convertible
- Started quarterly interest payment in cash in 3Q 2023
- Ability to be net debt to EBITDA below 1x in 2026

Overview of Debt Outstanding as of 1Q 2024

\$ in USD - Millions



Funding Type	Interest rate	Maturity	March 2024	Convertible
First Lien Notes	Cash: 3% PIK: 4%	Dec 2026	\$290	Yes
Second Lien Notes	PIK: 0.25%	Dec 2050	\$2	Yes
Unsecured Notes	PIK: 0.25%	Dec 2050	\$3	Yes
Priority Lien Notes	Cash: 13.5%	June 2025	\$52	No
ALB Debt	Cash: SOFR+2%	Dec 2026	\$536	Yes
	PIK: SOFR+3%			
ALB L/C	Cash: SOFR+3%	Dec 2026	\$30	No
Bradesco Debt	Cash: SOFR+2%	Dec 2026	\$46	Yes
	PIK: SOFR+3%			
Total Debt, as of March 2024			\$959	





Constellation.