

To: Board of Directors of DOF Group ASA

Attention: Svein Harald Øygard, Chairperson, DOF Group ASA

DOF Group ASA  
Alfabygget  
5392 Storebø  
NORWAY  
(Sent by email)

15 June 2023

STRICTLY PRIVATE AND CONFIDENTIAL – subject to contract

**Offer to acquire 100% of the issued share capital of DOF Group ASA**

Dear members of the Board of Directors,

On behalf of the Board of Directors of Subsea 7 S.A. ("Subsea7") and further to the Intention To Float announcement by DOF Group ASA ("DOF") on 1<sup>st</sup> June 2023 and the subsequent announcements regarding the Initial Public Offering ("IPO"), we wanted to formally inform you of Subsea7's strategic interest in your company.

As a result of detailed public domain analysis undertaken by Subsea7, as well as our industry-leading position in the global subsea installation market, Subsea7 is pleased to make this offer to acquire 100% of the issued share capital of DOF (which we understand equals approximately 158 million shares) at an offer price of NOK 35 per share (NOK 7 in cash and NOK 28 in newly issued shares in Subsea7) (the "Offer"), resulting in pro-forma ownership in the combined company of approximately 88.5% by Subsea7's present shareholders and 11.5% by DOF's present shareholders, as further detailed below.

Subsea7 believes that the combination of Subsea7 and DOF will lead to the formation of a global leader in subsea installation, both in terms of the size of the combined fleet and the breadth of offering to clients. Subsea7 also believes that this will provide attractive returns for shareholders and be strongly positive for the holders of debt securities in the pro-forma company. Furthermore, Subsea7 considers that employment opportunities for the combined workforce would be enhanced, given the greater spread of business and locations enjoyed by the combined group.

We are looking to work collaboratively with your board and management to structure a compelling combination. As further detailed below, we believe that our proposed transaction better positions both companies for long-term growth and success.

**SUBSEA7**

Subsea7 is uniquely positioned to execute the proposed transaction in an expeditious manner. Subsea7 is currently in a net cash position on its balance sheet with substantial undrawn firm financing facilities and a backlog of work valued at some \$9.7 billion and enjoys an investment-grade financial profile. Subsea7 has a highly successful track record in executing combinations such as that contemplated by the Offer.

## TRANSACTION STRUCTURE AND PURCHASE PRICE

The proposed transaction is a cash-and-share deal that would be completed through an acquisition of the entire issued share capital of DOF. It envisions that for each DOF share, DOF shareholders would receive NOK 35 per share. This is to be satisfied as follows: (i) NOK 7 in cash and (ii) NOK 28 of newly issued shares in Subsea7 (which, based on Subsea7 closing share price of NOK 112 on 14th June 2023, would mean 1 newly issued share in Subsea7 for every 4 shares in DOF). Upon completion and based on today's share price of Subsea7, DOF shareholders' ownership in the combined company would be approximately 11.5%.

This Offer represents a premium of 25% to the publicly announced IPO price of NOK 28.

Subsea7 is prepared to allocate the consideration such that DOF shareholders could elect to receive a greater or lesser amount of stock and cash than detailed above. However, for the avoidance of doubt, the maximum amount of cash available is NOK 1,108 million, representing NOK 7 per DOF share.

Subsea7 will allow DOF shareholders that wish to realise the benefits of superior liquidity of Subsea7 to sell their shares in an orderly manner to be agreed following the completion of the transaction.

Whilst Subsea7's preference would be to acquire the entirety of the share capital of DOF, Subsea7 would consider alternative transaction structures, which would result in Subsea7 acquiring control (at least 50%) of DOF.

## VALUE PROPOSITION FOR DOF STAKEHOLDERS

**Accelerated shareholder returns:** Subsea7 has an existing dividend policy to pay a regular dividend of NOK 1 per share each year. Furthermore, if this transaction proceeds, Subsea7 would intend to return \$250 million per year to its shareholders for 5 years from 2025. This is a significantly earlier and more material return of capital than can currently be expected by DOF shareholders.

**Increased share liquidity:** Subsea7 believes that the combined company would benefit from a substantial free float of some 80% of the issued share capital, representing some NOK 39 billion of equity assuming current market prices and the Offer. Existing DOF shareholders would have the benefit of significantly increased liquidity in their holdings of Subsea7 shares.

**Strong pro forma balance sheet:** Subsea7 believes that the capital structure of the combined company would have investment-grade characteristics, a significant improvement on the DOF stand-alone capital structure.

## OFFER CONDITIONS

- The existing bank, export credit and bond debt facilities currently in place at DOF would remain in place (on existing terms)
- Customary regulatory approvals in all relevant jurisdictions
- A period of 2 weeks of exclusivity to conclude legally binding documentation, during which the proposed IPO and subsequent listing of DOF shares are paused.

We, together with our financial and legal advisors, stand ready to further discuss the merits of our proposal with you and to move forward expeditiously. Given our familiarity with each other's business, we are willing to proceed with minimal confirmatory due diligence (which we intend to complete within 1 week) and we are confident that the negotiation of definitive documentation could be completed very quickly during the exclusivity period.

## **CORPORATE APPROVALS**

We have received the requisite internal approvals for submission of this offer.

## **CONFIDENTIALITY**

- The existence and content of the Offer and this letter shall be treated as strictly confidential information and shall not be disclosed to any other person or entity other than disclosure, subject to appropriate measures to maintain confidentiality, to such of your directors, officers and advisors, who need to know such information to enable you to evaluate, prepare for, negotiate and carry out the Offer.
- Subsea7 is a public company and accordingly we would require the opportunity to comment on and approve any public press release you intend to make in respect of the Offer.
- In the event that you publicly disclose the existence of the Offer, without Subsea7's prior consultation and approval, this Offer will immediately and automatically terminate and be of no effect from such time.

In summary:

- Our offer provides your shareholders with substantial upside at considerably lower risk. The average target price of equity analysts that publish equity research on Subsea7 is NOK 159 per share, a large premium to the Subsea7 share price today.
- Your lenders and bondholders will have the comfort of the financial strength of the Subsea7 Group and your loans and bonds are therefore unlikely to trade at a discount.
- Subsea7 has an attractive dividend policy today with further shareholder returns due from 2025, should this Offer proceed to completion.

We hope that the benefits of our proposed combination resonate as powerfully for you as they do for us. While we believe strongly in the merits of a combination, time is of the essence given the other alternatives facing your Company. We look forward to hearing from you as soon as possible and no later than by June 19<sup>th</sup>, 2023.

Sincerely,

Kristian Siem,  
Chairman of the Board

John Evans,  
Chief Executive Officer