Seahawk Investments Quarterly Note 2026/03



Opportunities in the Offshore Support Vessel Market

Offshore E&P Spending

Offshore exploration and offshore capital expenditure are expected to increase in 2026 and beyond for several interrelated reasons despite the long-term energy transition.

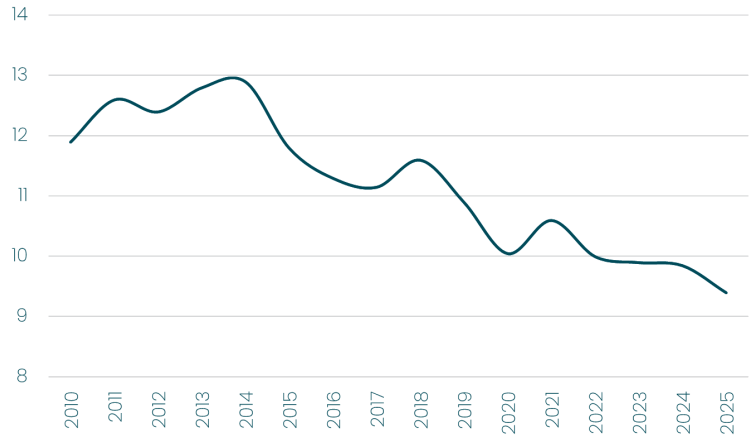
While renewable energy continues to grow rapidly, most industry forecasts still expect oil and natural gas to remain an important part of the global energy mix well into the 2030s and 2040s.

Global energy demand continues to increase, particularly in emerging markets.

Natural gas is increasingly viewed as a transition fuel because it emits less CO_2 than coal.

Existing oil and gas fields naturally decline by roughly 4-8% per year, requiring substantial new investment merely to maintain production levels.

Reserve life ratio major IOCs

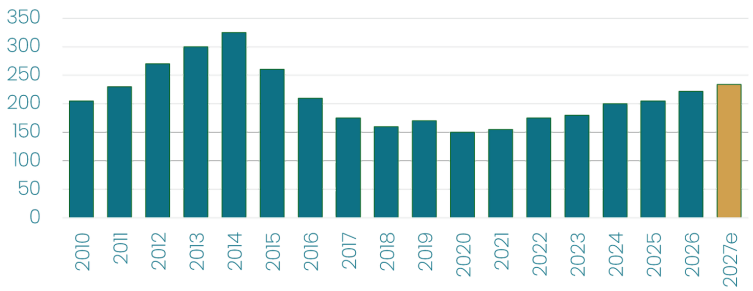


Source: Bloomberg. As of October 2026

As a result, operators need new sources of reserves, and offshore basins contain some of the largest remaining undeveloped hydrocarbon resources.

Based on the Rystad Energy, offshore E&P spending is expected to grow from just over USD 200 billion in 2024 to approximately USD 234 billion in 2027.

E&P Spending Amount in $Bn.



Source: Rystad. As of October 2026

Attractive Economics of Deepwater Projects

Deepwater projects have become significantly more competitive over the last decade. Following the industry downturn of 2014-2020 drilling efficiency improved substantially. Standardized subsea equipment reduced costs. Digital technologies enhanced reservoir management. Breakeven prices for many deepwater developments have fallen from above USD 70-80/bbl to approximately USD 35-50/bbl.

Many major offshore developments now generate attractive returns even in moderate oil price environments. Some of the largest discoveries in recent years have been offshore, including:

- Guyana (Stabroek Block)
- Brazil pre-salt fields
- Namibia's Orange Basin
- Offshore Suriname
- Eastern Mediterranean gas fields

These discoveries offer large reserve bases, long production lives and low unit production costs once developed. Major international oil companies such as ExxonMobil, Shell, TotalEnergies, Chevron and Equinor increasingly view these regions as strategic growth areas.

Energy Security Considerations

Following geopolitical disruptions during recent years, governments have become increasingly focused on secure domestic or friendly-nation energy supplies.
Several countries are therefore encouraging offshore development: the United States (Gulf of Mexico), Brazil, Norway, Namibia, Guyana, and certain regions in West Africa.

Energy security concerns have broadened the investment case beyond purely economic considerations. Many producers underinvested between 2020 and 2023 due to ESG concerns, low commodity prices, and capital discipline initiatives; the result is a relatively thin pipeline of future production projects.

If demand remains stronger than anticipated, the market may face supply deficits later in the decade, creating incentives for additional offshore investment today.

Offshore Barrels Often Have Lower Carbon Intensity than Expected

Contrary to common perception, several large offshore developments exhibit relatively low carbon intensity. Examples include Norway's electrified offshore platforms, Certain Brazilian pre-salt assets and Guyana's highly productive reservoirs.Because a single well can produce very large volumes, emissions per barrel can compare favorably with some mature onshore developments.

Implications for Oilfield Service Companies

The expected increase in offshore activity should be particularly supportive for:
·Offshore support vessel operators

- Offshore drillers
- Subsea equipment providers
- Floating production system providers

A growing offshore project pipeline typically translates into:

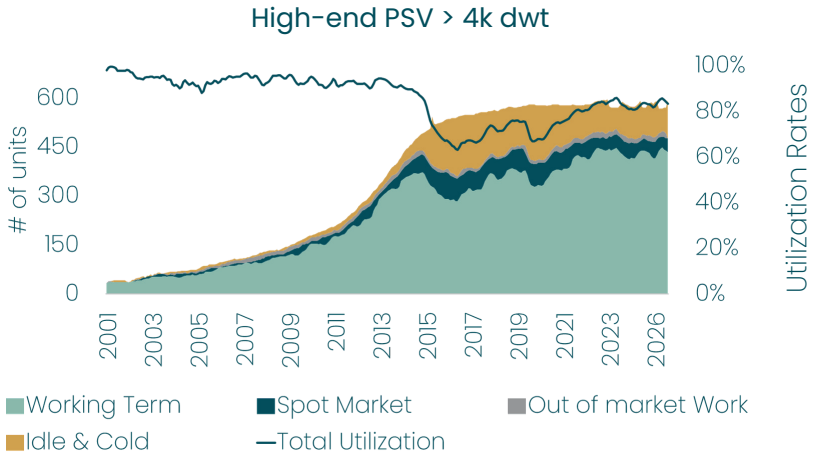
- Higher rig utilization rates

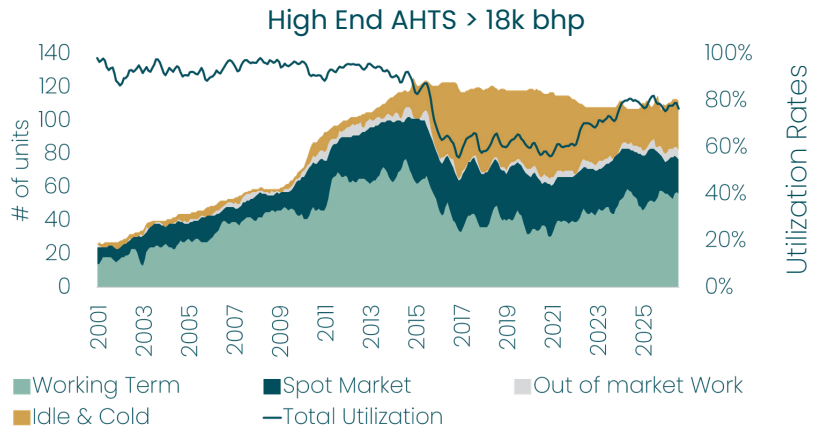
- Increasing day rates
- Stronger order books for subsea equipment
- Improved earnings visibility across the offshore services sector

Improved Freight Rate Environment for Offshore Support Vessels

Utilization rates for both Platform Supply Vessels (PSVs) and Anchor Handling Tug Supply Vessels (AHTS) have increased significantly over the past 36 months. Industry utilization levels have now risen to more than 80% for PSVs, while high-specification AHTS vessels are operating at utilization rates exceeding 75%. This tightening of the market reflects a structural supply-demand imbalance rather than merely higher oil prices.

On the demand side, offshore exploration and production activity has accelerated across key regions, including Brazil, Guyana, the North Sea, West Africa, and the U.S. Gulf of Mexico. At the same time, vessel supply has remained constrained due to years of underinvestment, limited newbuild activity, and the retirement of older vessels following the prolonged offshore downturn between 2014 and 2021. As a result, demand for offshore support vessels has outpaced fleet growth, leading to higher utilization rates, stronger day rates, and improved contract visibility for vessel operators. With the industry order book remaining near historical lows and offshore E&P spending expected to continue growing in the coming years, market fundamentals are likely to remain supportive for PSV and AHTS operators.





Source: Fernleys. As of October 2026

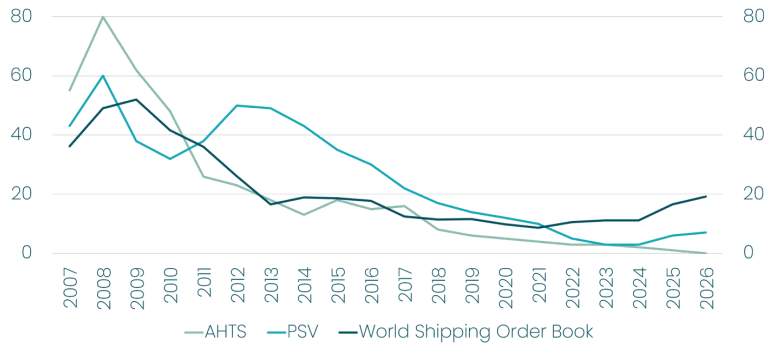
Virtually No Newbuildings Entered the Market

Unlike previous offshore cycles, operators have been reluctant to order new vessels. Following the severe downturn between 2014 and 2021:

- Many vessel owners went through restructurings.
- Banks became unwilling to finance speculative newbuilds.
- Investors demanded financial discipline instead of growth.

Consequently, the global orderbook for PSVs and AHTS vessels is historically low. In previous cycles, higher day rates quickly attracted new supply. Today, supply growth is extremely constrained.

Newbuild vessels in % of the active fleet, OSVs



Source: Clarksons. As of October 2026

Higher Rig Utilization Creates Multiplier Effects

A rising offshore rig count has a leveraged impact on vessel utilization. One drilling rig typically requires several PSVs operating continuously. Rig moves require multiple AHTS vessels, and deepwater campaigns create long-term vessel commitments. As global floating rig utilization moved toward the high-80% or low-90% range, vessel demand accelerated disproportionately. Recent offshore developments are generally larger, more complex, and longer in duration; examples include Guyana developments, Brazilian FPSO programs, and subsea tie-back projects. Instead of short exploration campaigns, many vessels are now contracted for years rather than months. This reduces spot-market availability and pushes overall utilization higher.

Renewable Energy Projects Also Consume Offshore Vessels

An often-overlooked factor is offshore wind. Although specialized wind vessels are preferred, many conventional offshore service vessels have been redeployed to offshore wind construction, cable-laying support, survey work, installation campaigns. Particularly in Northern Europe, this removes capacity from traditional oil and gas markets.

Regional Bottlenecks Have Intensified

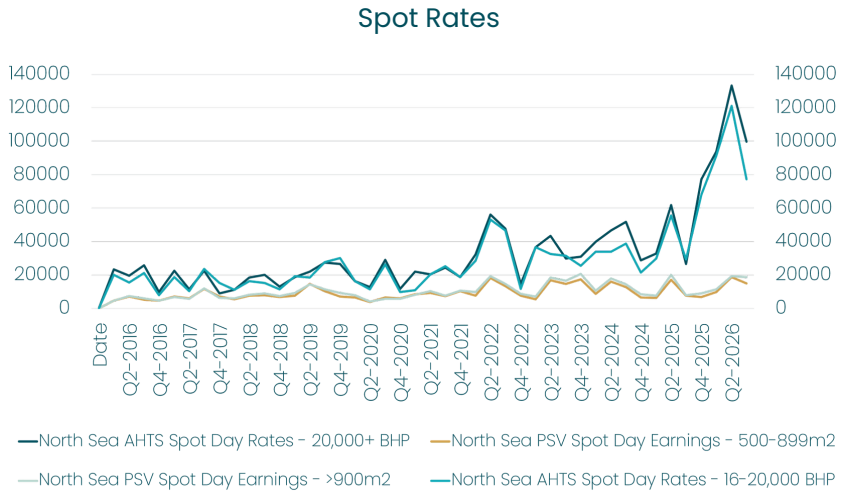
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Feight Rate Environment Offshore Support Vessels (PSV and AHTS)

Freight Rates have increased markedly in the past 24 months. As utilization exceeds approximately 85%, vessel markets tend to tighten rapidly. A simplified example:

Utilization	Market Condition
<75%	Oversupplied
75-85%	Balanced
85-90%	Tight



Source: Clarksons. As of October 2026

At utilization levels above 90%, oil companies compete for available vessels, contract durations extend, spot rates can increase dramatically, and owners gain pricing power. This dynamic has been visible in the North Sea, Brazil, and parts of West Africa during 2025-2026.

Anchor Handling Tug Supply Vessels (AHTS) - a vessel sub-segment of particular interest

The strongest pricing has recently been observed in the AHTS segment because:

- The global AHTS fleet is smaller.
- High-horsepower vessels are difficult to replace.
- Rig moves and deepwater projects require specialized capabilities.
- Newbuild supply is extremely limited.

As a result, day rates for premium AHTS vessels have often increased more rapidly than for standard PSVs.

Keytakeaways

The key reason many analysts remain constructive on offshore support vessel companies such as DOF Group, Solstad Offshore, Tidewater, Bourbon, Eidesvik and AHTS AS is that the supply response remains constrained.

Unless owners begin ordering a substantial number of new vessels, continued growth in:

- Offshore drilling,
- Subsea installations,
- FPSO deployments,
- Offshore gas developments, and
- Deepwater exploration,

should keep utilization levels elevated and allow day rates to remain above historical averages for several years.

In essence, the industry has moved from a decade of vessel oversupply to a situation where fleet growth is close to zero while offshore activity continues to expand. That combination is the primary driver behind the marked increase in PSV and AHTS utilization over the last two years.

Contacts

Hubertus Clausius, , MBA, CFA
Managing Director
+49.69.244044.10
hc@seahawk-investments.com

Julieth Meneses
Fund and Marketing Assistant
+49.69.244044.11
jm@seahawk-investments.com

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