



KNOT
Offshore Partners LP

First Quarter 2021 Results
May 13, 2021



Forward Looking Statements

This presentation contains certain forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) that reflect management's current view and involve known and unknown risks and are based upon assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond KNOP's control. Actual results may differ materially from those expressed or implied by such forward-looking statements.

All forward-looking statements included in this presentation are made only as of the date of this presentation. KNOP disclaims any obligation and does not intend to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in KNOP's views and expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

There are many factors that may cause actual results to differ from those expressed or implied by these forward-looking statements such as, but not limited to, the following:

- changes in shipping or broader market trends
- the supply and demand of and for shuttle tankers
- Knutsen NYK Offshore Tankers AS's ("KNOT") ability to win new business and deliver vessels under long-term charters and the price of those future (newbuild or secondhand) vessels
- the effects of a worldwide or regional economic slowdown or turmoil in global financial markets or fluctuations in currencies, interest rates or the price of oil or raw materials
- the length and severity of the outbreak of COVID-19, including its impact on business, cash flows and operations as well as the business and operations of its customers, suppliers and lenders
- changes in accounting, law or other regulatory obligations which are or become relevant to KNOP's business
- potential disruption to shipping routes due to matters such as accidents, political events, piracy or acts by terrorists
- modifications that may be made to the Norwegian Tonnage Tax regime and the anticipated taxation of KNOP, its subsidiaries and its distributions to KNOP's unitholders
- KNOT Offshore Partners LP's ("KNOP"):
 - charters and ongoing cash generation from employment of its vessels
 - operations and operating costs
 - vessels values, dry dock costs, bunker costs or impairment of the value of KNOP's vessels
 - access to and cost of debt and equity and the settling of any interest rate swaps, including future sales of KNOP's securities in the public market
 - overall performance and the maintenance of long-term relationships with major users of shuttle tonnage
 - overall financial condition and anticipated growth strategies
 - ability to purchase vessels from KNOT in the future
 - ability to maximize the use of and value from its vessels including the re-deployment or disposition of vessels no longer under long-term charter and termination dates and extensions of charters
 - existing or future customers financial condition and their ability to fulfill their charter obligations
 - ability to make timely purchases and deliveries of newbuilds including the acceptance of a vessel by its charterer
 - ability to compete successfully for future chartering and newbuild opportunities
 - expected cost of, and KNOP's ability to, comply with governmental regulations, maritime self-regulatory standards and standard and regulations imposed by its charterers
 - ability to access and the availability and cost of skilled labor (for both onshore and onboard) and KNOP's ability to manage and retain key employees
 - general and administrative expenses including fees and expenses payable under the technical management agreements, management and administration agreements and administrative services agreements
 - estimated costs of maintenance and replacement capital expenditures
 - customers' and other stakeholders' increasing emphasis on environmental, societal, safety and governance concerns
 - potential liability from any pending or future litigation
 - business strategy and other plans and objectives for future operations, including changes in any such future events and circumstances that may affect these plans or objectives
- Other factors listed from time to time in the reports and other documents that KNOP files with the U.S Securities and Exchange Commission ("SEC"), including its Annual Report on Form 20-F for the year ended December 31, 2020 and reports on Form 6K.

First Quarter 2021 and Subsequent Highlights - 1

- Total revenues of \$71.5 million, operating income of \$27.6 million and net income of \$28.1 million.
- Quarterly Adjusted EBITDA of \$51.3 million.
- Distributable Cash Flow of \$21.7 million, with a coverage ratio of 1.20.
- At March 31, \$115 million in available liquidity, which included cash and cash equivalents of \$60 million.
- Operated with 91.6% scheduled fleet utilization.⁽¹⁾
- Announced cash distribution of \$0.52 per common unit for the 23rd successive quarter under 1099 structure.
- Business and operations have remained materially unaffected by COVID-19 to date.
- \$670 million of remaining contracted forward revenue, excluding options, at the end of the first quarter.

Windsor Knutsen

- In December 2020, the *Windsor Knutsen* reported a crack in its main engine block. The Partnership's insurance is covering the cost of repairs and providing income at approximately the level earned during the vessel's prior long-term charter, excepting a 14-day deductible period under the policy, until such time as the vessel is repaired and fully operational, which is expected to be in or around June 2021. The incident and the repair are not expected to result in any future loss of hire and the repairs are progressing well, on time and on budget.
- During the first quarter, the Partnership agreed on the commercial terms for a one-year fixed time charter contract for the *Windsor Knutsen* (with potential options to extend the charter by one one-year period and then one six-month period) with a major oil company to commence in the third quarter of 2021.

Raquel Knutsen

- In January, the Partnership closed a sale and leaseback agreement for the *Raquel Knutsen* with a Japanese-based lessor for a lease period of ten years.

⁽¹⁾ 97.5% if adjusted for *Windsor Knutsen*.

First Quarter 2021 and Subsequent Highlights - 2

Tove Knutsen

- In March, the *Tove Knutsen* developed a technical fault due to a leakage from its controllable pitch propeller. The vessel was repaired and returned to operation on April 15, 2021. The Partnership currently estimates that the aggregate cost to it due to the fault (including off-hire and repairs) will be approximately \$0.3 million.

Bodil Knutsen

- During the first quarter, the *Bodil Knutsen* successfully completed its scheduled second renewal survey drydocking and the Partnership took advantage of the drydocking to also install a ballast water treatment system on the vessel.
- The *Bodil Knutsen* was effectively redelivered to the Partnership from Equinor on February 22, 2021 at the start of the vessel's drydock and the Partnership is now marketing the vessel for new time charter employment. In the meantime, to provide support to the Partnership, Knutsen NYK Offshore Tankers AS ("KNOT") have agreed to time charter the *Bodil Knutsen* from the Partnership on a rolling three month basis, possibly for the remainder of 2021, at a reduced rate, commencing on a date to be agreed in May 2021.
- In May 2021, the Partnership reached an agreement with the VOC Industry Co-operation Norwegian Sector ("VOCIC Norway") whereby VOCIC Norway would fund loss of hire (at a reduced rate) during, and costs related to, the installation of a VOC ("Volatile Organic Compound") recovery plant on the *Bodil Knutsen*. The work is expected to be carried out in the third or fourth quarter of 2021 and take around one month. This will significantly improve the operational attractiveness of the vessel in the North Sea and Norwegian sectors going forward as well as virtually eliminate the non-methane VOC released into the atmosphere arising from the vessel's cargo.

Tordis Knutsen

- *Tordis Knutsen* is due for her first planned 5-year special survey drydocking in the fourth quarter of 2021, which is expected to be carried out in Europe. The vessel is expected to be off-hire for approximately 50-55 days, including mobilization to and from Europe.

KNOP Attributes



- We are a market leader in the operation of shuttle tankers with more than **30 years continuous experience** and investment in this business.
- KNOP is **classified as a corporation** for U.S. federal income tax purposes. A U.S. holder of KNOP common units will receive a Form 1099 to report distributions received (not a Form K-1).
- Specialist vessels with **limited replacement risk** and critical infrastructure required to deliver oil production from projects that have significant upfront investments, long lifespans and often low marginal production costs.
- Vessels have **operational flexibility** as they typically are capable of servicing many different fields.
- **High barriers to entry** due to the specialist nature of the asset, capital cost and need for an operating track record.
- Multiple financially **strong contractual counterparties**.
- Target **fixed rate contracts** that are typically 1 to 7 years and that do not depend on short-term oil prices, where the customer bears vessel utilisation risk and all operational costs including fuel.
- Management strategy remains to operate the business on a **prudent basis** and **focus on long-term stability** as far as possible, to provide an attractive distribution.
- A diversified revenue stream where no individual vessel contract accounts (or is currently expected to account) for more than **10% of total EBITDA**.
- **Debt paydown** of c. \$90m p.a., an extensive banking portfolio with **access to attractive bank finance** and several key lender relationships.

Income Statement

<i>Unaudited, USD thousands</i>	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	FY 2020
Time charter and bareboat revenues ⁽¹⁾	65,598 ⁽¹⁾	69,864	71,241	70,250	67,226	278,581
Loss of hire insurance recoveries	5,882	—	—	—	—	—
Other income ⁽²⁾	1	(5)	39	9	598 ⁽²⁾	641
Total revenues	71,481	69,859	71,280	70,259	67,824	279,222
Vessel operating expenses	18,560	15,565	16,694	13,112	15,634	61,005
Depreciation	23,684	22,466	22,453	22,451	22,373	89,743
General and administrative expenses	1,621	1,410	1,258	1,337	1,387	5,392
Total operating expenses	43,865	39,441	40,405	36,900	39,394	156,140
Operating income	27,616	30,418	30,875	33,359	28,430	123,082
Interest income	—	4	—	3	118	125
Interest expense	(7,372)	(6,113)	(6,558)	(8,512)	(10,462)	(31,645)
Realized and unrealized gain / (loss) on derivative instruments	8,011	245	(195)	(3,092)	(23,690)	(25,679)
Other financial items	(111)	54	955	(72)	(532)	(648)
Income (loss) before income taxes	28,144	24,608	25,077	21,686	(6,136)	58,966
Income tax benefit / (expense)	(3)	(3)	(1)	(3)	(3)	(9)
Net income (loss)	28,141	24,605	25,076	21,683	(6,139)	58,957

1. Lower charter revenue mainly arises from lower utilization of the fleet due to *Bodil Knutsen* drydock, and two less operational days in 1Q 2021 compared to 4Q 2020.

2. Other income for the first quarter of 2020 mainly relates to cargo carried from Brazil to Europe on the drydocking voyage for the *Raquel Knutsen*'s scheduled drydocking.

Adjusted EBITDA

<i>Unaudited, USD thousands</i>	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	FY 2020
Net income (loss)	28,141	24,605	25,076	21,683	(6,139)	65,225
Interest income	—	(4)	—	(3)	(118)	(125)
Interest expense	7,372	6,113	6,558	8,512	10,462	31,645
Depreciation	23,684	22,466	22,453	22,451	22,373	89,743
Income tax (benefits) expense	3	3	1	3	3	10
EBITDA	59,200	53,183	54,088	52,646	26,581	186,498
Other financial items ⁽¹⁾	(7,900)	(299)	(760)	3,164	24,222	26,327
Adjusted EBITDA⁽²⁾	51,300⁽³⁾	52,884	53,328	55,810	50,803	212,825

1. Other financial items consist of other finance expense, realized and unrealized gain (loss) on derivative instruments and net gain (loss) on foreign currency transactions.
2. Adjusted EBITDA is a non-GAAP financial measure used by management and external users of our financial statements. Please see the Appendix for a definition of Adjusted EBITDA.
3. Lower Adjusted EBITDA in 1Q 2021 mainly arises from lower utilization of the fleet due to *Bodil Knutsen* drydock, and two less operational days in 1Q 2021 compared to 4Q 2020.

Distributable Cash Flow

<i>Unaudited, USD thousands</i>	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	FY 2020
Net income (loss)	28,141	24,605	25,076	21,683	(6,139)	65,225
<i>Add:</i>						
Depreciation	23,684	22,466	22,453	22,451	22,373	89,743
Other non-cash items; amortization of deferred debt issuance cost	1,102	617	624	626	636	2,503
Other non-cash items; accrued revenue	350	279	278	276	275	1,108
Unrealized losses from interest rate derivatives and forward exchange currency contracts	—	—	—	2,792	23,893	22,042
<i>Less:</i>						
Estimated maintenance and replacement capital expenditures (including drydocking reserve)	(17,622)	(15,102)	(15,102)	(15,102)	(15,102)	(60,408)
Distributions to Serie A Convertible Preferred Units	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(7,200)
Other non-cash items; deferred revenue and accrued income	(228)	(228)	(228)	(228)	(228)	(912)
Unrealized gains from interest rate derivatives and forward exchange currency contracts	(11,921)	(2,264)	(2,379)	—	—	—
Distributable Cash Flow⁽¹⁾	21,706	28,573	28,922	30,698	23,908	112,101
Total distributions	18,034	18,034	18,034	18,034	18,034	72,136
Distribution Coverage Ratio⁽²⁾	1.20	1.58	1.60	1.70	1.33	1.55

1. Distributable cash flow is a non-GAAP financial measure used by management and external users of our financial statements. Please see the Appendix for a definition of distributable cash flow.
2. Distribution coverage ratio is equal to distributable cash flow divided by distributions declared for the period presented.

Balance Sheet

<i>Unaudited, USD thousands</i>	At Mar 31, 2021	At Dec 31, 2020		At Mar 31, 2021	At Dec 31, 2020
Current assets:			Current liabilities:		
Cash and cash equivalents	60,019	52,583	Current portion of long-term debt	310,468	184,188
Inventories	2,612	2,652	Derivative liabilities	9,486	10,695
Amounts due from related parties	1,207	5,726	Contract liabilities	1,518	1,518
Other current assets	9,800	11,237	Current lease liabilities	642	652
			Other current liabilities	26,612	16,878
Total current assets	73,638	66,472	Total current liabilities	348,726	213,931
Long-term assets:			Long-term liabilities:		
Net vessels and equipment	1,695,116	1,708,786	Long-term debt	707,130	846,157
Right-of-use assets	3,219	1,490	Lease liabilities	2,577	838
Intangible assets, net	530	681	Derivative liabilities	8,887	19,358
Derivative assets	239	—	Contract liabilities	1,789	2,168
Accrued income	2,518	2,867	Deferred tax liabilities	295	295
Total long-term assets	1,701,622	1,713,824	Total long-term liabilities	720,678	868,816
			Convertible Preferred Units	89,264	89,264
			Total partners' equity	616,592	608,285
Total assets	1,775,260	1,780,296	Total equity and liabilities	1,775,260	1,780,296

Forward Contracted Revenue Backed by Leading Energy Companies

At March 31, 2021:

- Remaining forward contracted revenue of \$670 million (exc. options) and average remaining charter of 2.5 years
- Charterers also have the option to extend these charters by a further 2.8 years on average

Vessel	Age (years)	2020	2021	2022	2023	2024	2025	2026	Contract type	Current charterer	Charterer's extension options (up to)
Windsor Knutsen	14								-	-	-
Bodil Knutsen	10								Time charter	KNOT	-
Fortaleza Knutsen	10								Bareboat charter	Transpetro	-
Recife Knutsen	10								Bareboat charter	Transpetro	-
Carmen Knutsen	8								Time charter	Repsol	3 years
Hilda Knutsen	8								Time charter	Eni	3 years
Torill Knutsen	7								Time charter	Eni	2 years
Dan Cisne	10								Bareboat charter	Transpetro	-
Dan Sabia	9								Bareboat charter	Transpetro	-
Ingrid Knutsen	7								Time charter	Vår Energi	5 years
Raquel Knutsen	6								Time charter	Repsol	5 years
Tordis Knutsen	4								Time charter	Shell	-
Vigdis Knutsen	4								Time charter	Shell	-
Lena Knutsen	4								Time charter	Shell	-
Brasil Knutsen	8								Time charter	Galp	6 years
Anna Knutsen	4								Time charter	Galp	6 years
Tove Knutsen	0								Time charter	Equinor	13 years
Average vessel age	7										

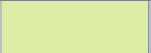

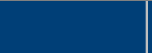
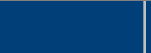
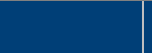
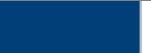
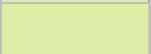





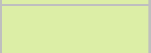
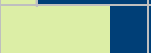




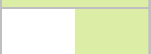
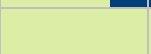




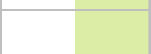
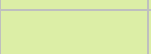
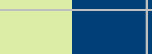



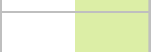
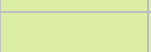
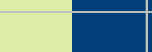



- Firm charter period
- Charterer's option periods
- Expected loss of hire insurance coverage
- Commercial terms agreed for one-year charter commencing 3Q 2021, with charterer's options thereafter

Dropdown Inventory at Sponsor – 6 Potential Acquisitions⁽¹⁾

At March 31, 2021:

 Average contracted charter length of **5.3 years**

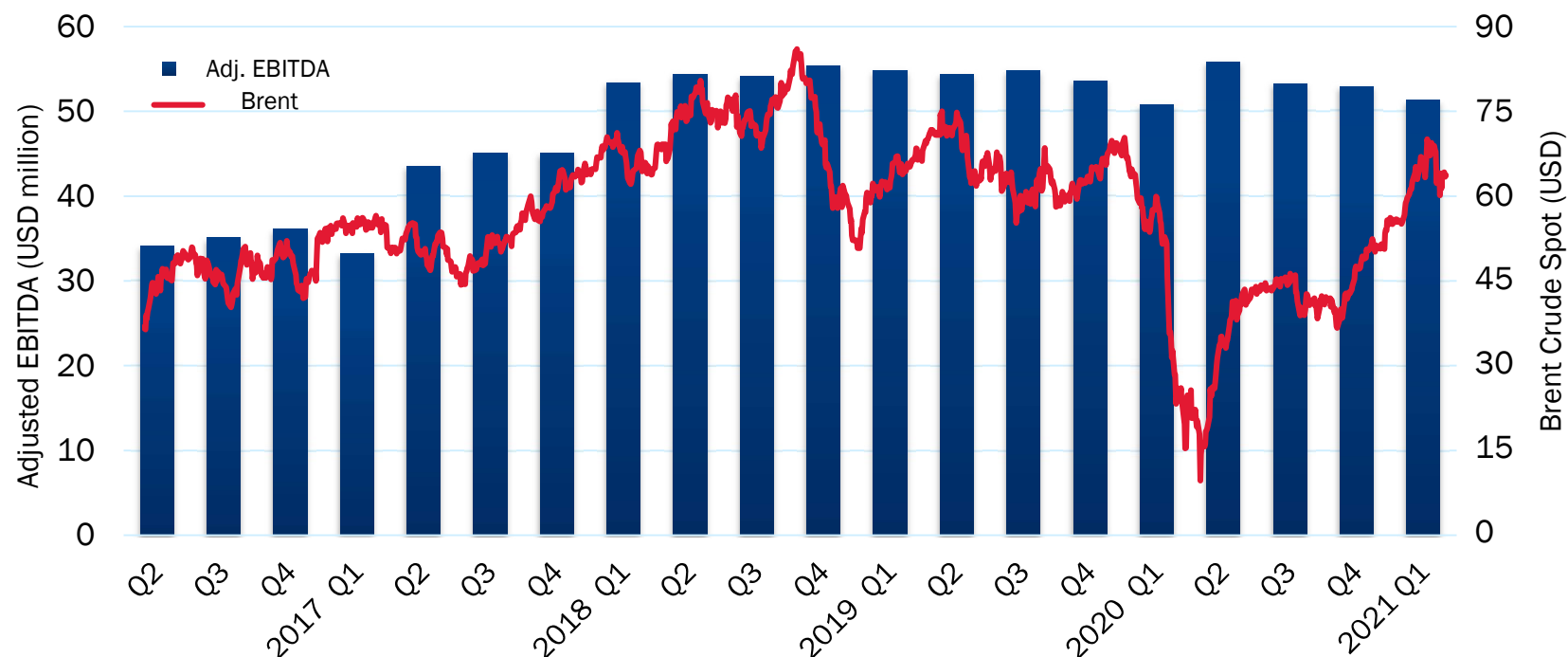
Charterers also have the option to extend these charters by a further **7.3 years** on average

Vessel	Expected delivery	2020	2021	2022	2023	2024	2025	Charterer	Fixed contract period (years)
Synnøve Knutsen								Equinor	5
Tuva Knutsen								Total	5
Live Knutsen	2021							Galp	5
Hull 5482	2022							ENI	7
Hull 5483	2022							ENI	5
Hull 786	2022							PetroChina	5

 Under construction
  Time charter
  Vessel utilised by Sponsor before Equinor charter

(1) The acquisition by KNOP of any dropdown vessels in the future is subject to approval of the independent Conflicts Committee as well as the board of directors of each of KNOP and Knutsen NYK. There can be no assurance that any potential dropdowns will occur.

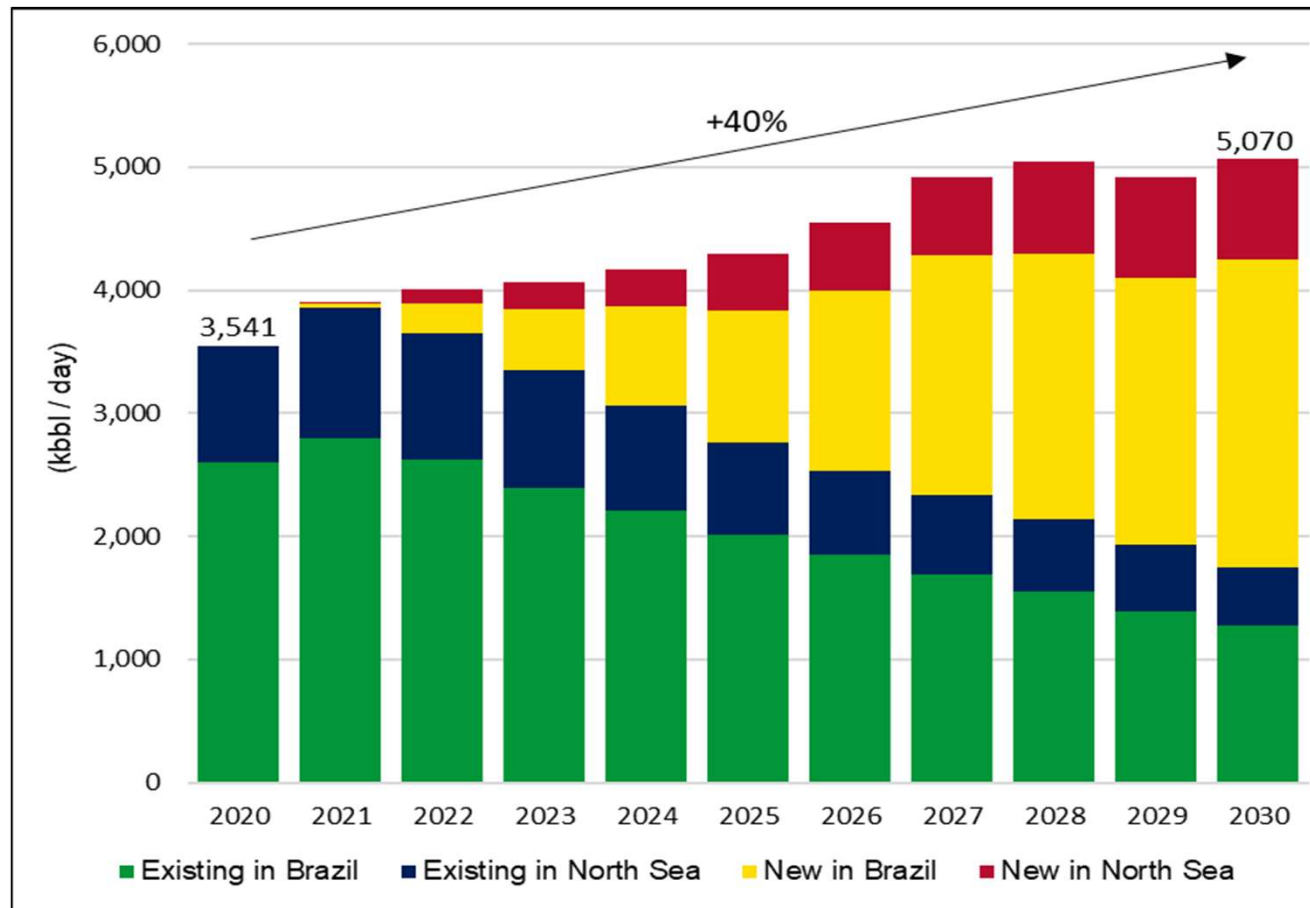
Fixed-rate Contracts Provide Stable Cashflow Despite Oil Price Fluctuation



- Fixed-rate charter contracts are unaffected by changes in oil price, once in place.
- Fuel costs are paid by the charterer while-ever the vessel is on-hire and under contract.
- Long lifespans and low break-evens of offshore projects in Brazil and North Sea support long-term viability and growth in shuttle tanker demand.

Scheduled Start-ups to Outpace Declines

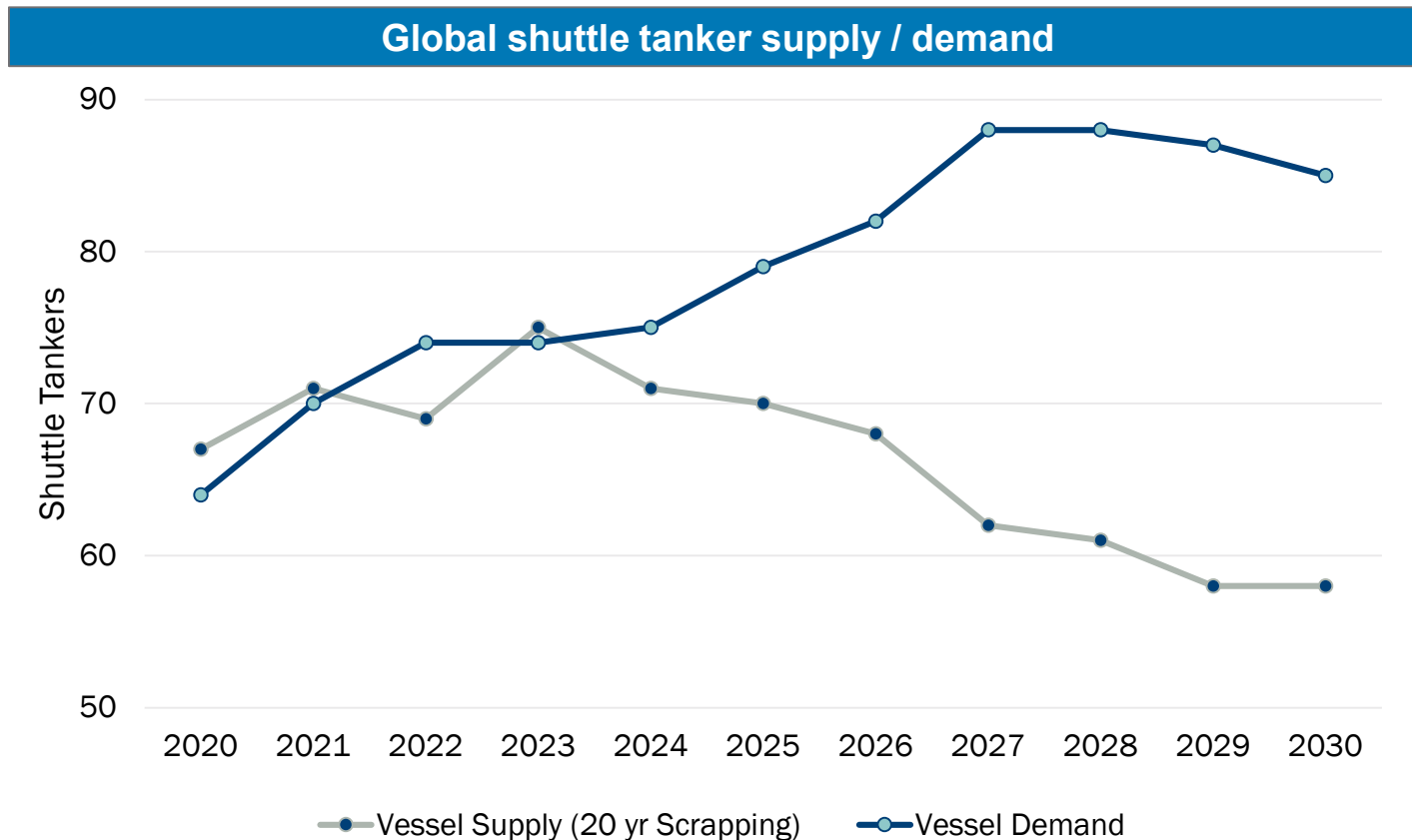
Oil production in shuttle tanker-serviced fields



Petrobras lifting cost for offshore Brazil deep-water oil in pre-salt areas in 4Q 2020 was US\$4.47 / boe (exc. taxes)

Source: Petrobras S.A. Operational and Financial Indicators report 4Q2020

Vessel Demand Set To Exceed Supply



- Shuttle tankers often recycled or repurposed from 20 years old
- 8 active vessels are 20+ years old by end 2021, with 5 additional vessels turning 20 by 2023
- Vessels on order all associated with specific employment – speculative orders are rare in shuttle tanker market

Predicted undersupply represents significant charter-attached growth opportunity

ESG: Improving Efficiency, Reducing Emissions, and Driving Progress

- KNOP is dedicated to upholding Environmental, Social, and Governmental (“ESG”) principles and driving progress in the shipping industry and beyond.
- Inaugural ESG report published for 2019, providing transparency on performance and initiatives in line with industry best practices and utilizing NSA Guidelines and the framework of the Poseidon Principles.⁽¹⁾
- Installation of Ballast Water Treatment system, and (in Q3/Q4 2021) VOC recovery plant on *Bodil Knutsen* which will virtually eliminate the release of non-methane VOC from oil cargos into atmosphere.
- Sponsor has ordered two next-generation LNG-fueled shuttle tankers, establishing further pathway to continuing improvements in emissions performance.
- Throughout 2020 (and to date in 2021), fleet experienced no serious incidents or casualties, and suffered no material financial downside from any COVID-related issues.
- Robust anti-corruption practices and policies and Supplier Code of Conduct in place.



POSEIDON
PRINCIPLES



MACN
Maritime Anti-Corruption Network



Norwegian Centres of Expertise
NCE Maritime CleanTech



INTERTANKO

(1) Widely adopted by operating companies and financial institutions across maritime industries, the Poseidon Principles communicate relevant information to lenders, lessors, and financial guarantors, allowing them to assess and disclose climate-related metrics of their portfolios alongside traditional financial metrics by providing: (1) Measurement of carbon intensity and an assessment of company climate alignment; and (2) accountable data using IMO standards for collecting data on fuel consumption from ships. In this way the Poseidon Principles provide a framework for integrating climate considerations into lending decisions to promote international shipping's decarbonization.

Near-term Priorities

- Continue to operate our vessels safely and efficiently and ensure the health and safety of our crew and employees.
- Continue to progress positive negotiations with lenders for re-financings due in August and November 2021.
- Secure new charter contract(s) for the *Bodil Knutsen*.
- Complete and publish our 2020 ESG report.
- Continue to consider options and possibilities for a further internally-financed dropdown later in 2021.
- Continue ongoing close dialogue with our customers concerning operations, and chartering and re-chartering options and opportunities.



Summary



- Another strong and stable quarter with utilization of 91.6% for scheduled operations (effectively 97.5% if *Windsor Knutsen* included).
- Distributable cashflow of \$21.7m, with coverage of 1.20.
- Maintained quarterly distribution of \$0.52 for the 23rd consecutive quarter.
- \$670m of remaining contracted forward revenue, excluding options, at the end of the quarter.
- The Partnership's operations are not exposed to short-term fluctuations in oil prices, volume of oil transported or global oil storage capacity.
- Recent effects of COVID on our customers' capex schedules have created near-term headwinds for shuttle tanker demand, but other than *Windsor Knutsen* (uncertain charter start date in 3Q2021), *Bodil Knutsen* and *Tordis Knutsen* (planned 4Q2021 drydock), our fleet is fully contracted for remainder of 2021.
- In the mid to long-term, oil production in Brazil and North Sea from shuttle tanker serviced fields is expected to grow significantly and though we still face some short-term market uncertainty, the shuttle tanker market's fundamentals and growth prospects overall remain strong.

Questions



Appendix



Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA refers to earnings before interest, depreciation, taxes, goodwill impairment charge and other financial items. Adjusted EBITDA is a non-GAAP financial measure used by investors to measure our performance. Adjusted EBITDA is used as a supplemental financial measure by management and external users of financial statements, such as investors, to assess our financial and operating performance.

The Partnership believes that Adjusted EBITDA assists its management and investors by increasing the comparability of its performance from period to period and against the performance of other companies in its industry that provide Adjusted EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, taxes goodwill impairment charges and depreciation and amortization, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. The Partnership believes that including Adjusted EBITDA as a financial measure benefits investors in (a) selecting between investing in the Partnership and other investment alternatives and (b) monitoring the Partnership's ongoing financial and operational strength in assessing whether to continue to hold common units. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of Partnership performance calculated in accordance with GAAP.

Distributable Cash Flow

Distributable cash flow represents net income adjusted for depreciation and amortization, unrealized gains and losses from derivatives, unrealized foreign exchange gains and losses, distributions on the Series A Preferred Units, goodwill impairment charge other non-cash items and estimated maintenance and replacement capital expenditures. Estimated maintenance and replacement capital expenditures, including estimated expenditures for drydocking, represent capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by our capital assets. Distributable cash flow is a quantitative standard used by investors in publicly-traded partnerships to assist in evaluating a partnership's ability to make quarterly cash distributions. Distributable cash flow is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of KNOT Offshore Partners' performance calculated in accordance with GAAP.