

Research Update:

Foresea Holding Outlook Revised To Stable From Positive On Higher Leverage; 'B' Issuer And 'B+' Debt Ratings Affirmed

February 2, 2026

Rating Action Overview

- Brazilian offshore drilling company [Foresea Holding S.A.](#) announced a proposed reopening of its senior secured notes, which will increase leverage compared with our previous expectations. The company will use the proceeds for general corporate purposes, including distributions to shareholders.
- We expect the company to maintain solid operational efficiency and profitability, and continue to extend contracts and sign new ones.
- On Feb. 2, 2026, S&P Global Ratings revised the outlook on Foresea to stable from positive and affirmed the 'B' issuer credit rating. We also affirmed our 'B+' issue-level rating on the company's senior secured debt; the '2' recovery rating is unchanged.
- The stable outlook reflects our expectation that Foresea will maintain leverage near 2.0x, with higher gross debt and an EBITDA margin above 40%.

Rating Action Rationale

Foresea's proposed reopening of its senior secured notes due 2030 indicate the company's tolerance for higher leverage than we were previously expecting. Foresea intends to use the proceeds of the reopening for general corporate purposes, including distributions to shareholders. We now forecast debt of US\$450 million, up from US\$300 million, so we expect the company will maintain debt to EBITDA closer to 2.0x and funds from operations (FFO) to debt below 55%. Our previous positive outlook reflected our expectations that the company would reduce leverage toward 1.0x and maintain FFO to debt above 60%, under the assumption of stable debt levels and increasing EBITDA generation.

We anticipate that contract extensions and expected new contracts will sustain relatively stable profitability. After a significant revenue increase in 2025 due to new contracts at higher

Primary Contact

Debora Bernardo
Sao Paulo
55-11-3818-4141
debora.bernardo
@spglobal.com

Secondary Contact

Luisa Vilhena
Sao Paulo
55-11-3039-9727
luisa.vilhena
@spglobal.com

day rates, we now expect revenue to be stable in 2026. This is due to two special periodic surveys and one stoppage for preparation to a contract requirement during the year, which will reduce operating days. We believe the company will be able to maintain solid uptime rates of 96% on average, resulting in an EBITDA margin of about 40%-41% in 2026 and 2027.

On Jan. 4, operation of Foresea's ODN II drillship was suspended after a leakage of fluid. We understand that Foresea is doing required inspections, which for now indicate no material damage to the drillship. Public news indicate that Brazil's National Petroleum Agency should inspect over the next days, after which the drillship could be allowed to start operations again, likely by mid-February. Depending on the time it takes for the drillship to restart operations and eventual cost compensation, we could see somewhat lower revenue and EBITDA generation than we currently forecast.

Outlook

The stable outlook reflects our expectation that Foresea will maintain leverage closer to 2.0x, with somewhat higher debt levels following the retap on the notes. We also anticipate solid operational efficiency and assume the company will continue to secure new contracts at attractive rates.

Downside scenario

We could lower our rating on Foresea if the company experiences longer-than-expected maintenance shutdowns, reducing operational availability and cash flow generation, or if it employs an aggressive growth strategy financed with debt and not accompanied by new contracts. In this scenario, we would expect debt to EBITDA to move toward 3.0x while constant negative discretionary cash flow would pressure the company's liquidity.

Upside scenario

We could raise the rating on Foresea in the medium term if it reduces leverage, with increasing EBITDA generation allowing the company to maintain debt to EBITDA below 1.5x and FFO to debt consistently above 60%. An upgrade would also depend on our view that the company would maintain a disciplined approach to shareholder distributions, protecting leverage and maintaining adequate liquidity.

Our Base-Case Scenario

Assumptions

- Brazil's average inflation of 4.4% in 2026 and 3.7% in 2027.
- Average foreign exchange rate per US\$1 of Brazilian real (R\$) 5.50 in 2026 and R\$5.57 in 2027.
- 100% of the fleet contracted in 2026. After that, Norbe VIII is contracted through 2027, and Norbe IX, ODN I, and ODN II are contracted through 2029.
- Extension or renewal of contracts due to expected solid demand in the industry and strong relationship with Brazil's state-owned oil company Petrobras.
- Operating days depending on maintenance stoppages between contracts.
- Economic uptime rate at around 95%, same as presented in 2025.

- Capital expenditure of US\$80 million in 2026 to complete the planned special periodic surveys and US\$50 million in 2027.

Key metrics

Foresea Holding S.A.--Forecast summary

Period ending	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. \$)	2025e	2026f	2027f
Revenue	576	580	652
EBITDA	249	239	270
Less: Cash interest paid	(22)	(33)	(34)
Less: Cash taxes paid	(2)	(2)	(3)
Funds from operations (FFO)	224	204	233
Interest expense	22	33	34
Cash flow from operations (CFO)	174	118	189
Capital expenditure (capex)	83	80	50
Free operating cash flow (FOCF)	91	38	139
Dividends	195	170	100
Discretionary cash flow (DCF)	(104)	(132)	39
Debt (reported)	292	446	450
Plus: Lease liabilities debt	3	3	3
Debt	295	449	453
Equity	959	864	903
Cash and short-term investments (reported)	74	96	139
Adjusted ratios			
Debt/EBITDA (x)	1.2	1.9	1.7
FFO/debt (%)	76.0	45.5	51.5
FOCF/debt (%)	30.8	8.5	30.7
DCF/debt (%)	(35.3)	(29.3)	8.6
EBITDA margin (%)	43.1	41.2	41.3

Rating Component Scores

Rating Component Scores

Issuer credit ratings	B/Stable/--
Business risk	Vulnerable
Country risk	Moderately high risk
Industry risk	Moderately high risk
Competitive position	Vulnerable
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	b+
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Moderately negative
Comparable rating analysis	Negative
Stand-alone credit profile	b

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Foresea Holding Outlook Revised To Positive On Expected Low Leverage; 'B' Issuer Credit Rating Affirmed](#), Sept. 25, 2025

Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Foresea Holding S.A.		
Issuer Credit Rating	B/Stable/--	B/Positive/--

Ratings Affirmed; Recovery Ratings Unchanged

Foresea Holding S.A.

Senior Secured	B+	
Recovery Rating	2(85%)	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.