KNOT
Offshore Partners LP

Fourth Quarter 2020 Results

March 11, 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, 2019 and reports on Form 6K.

Fourth Quarter 2020 and Subsequent Highlights

- Total revenues of $69.9 million, operating income of $30.4 million and net income of $24.6 million.
- Quarterly Adjusted EBITDA of $52.9 million.
- Distributable Cash Flow of $28.6 million, with a coverage ratio of 1.58.
- Operated with 98.6% scheduled fleet utilization.
- Paid a cash distribution of $0.52 per common unit for the 22nd successive quarter under 1099 structure.
- Business and operations remain materially unaffected by COVID-19 to date.
- $738 million of remaining contracted forward revenue, excluding options, at the end of the fourth quarter, up from $585 million at the end of the third quarter 2020.
- Completed dropdown of *Tove Knutsen* from Sponsor in December 2020 using internal cash and debt.
- Generated $38m (funds realised in 1Q 2021) from a sale and leaseback of the *Raquel Knutsen.*
- Secured new three-year fixed time charter contracts for the vessels *Tordis Knutsen*, *Vigdis Knutsen* and *Lena Knutsen* to commence in 2023.
- Agreed commercial terms for one-year fixed time charter contract for the *Windsor Knutsen* to commence in 3Q 2021, with potential options to extend by one one-year period and then one six-month period.
- The *Windsor Knutsen* was found to have a crack in its engine block in December 2020 that requires repair in drydock, the cost of which, as well as compensation for time off-hire at a level comparable to the prior long-term contract, are expected to be covered by insurance (excepting a 14-day deductible period).
- Equinor did not exercise its option to extend the time charter of the *Bodil Knutsen* and the charter is expected to expire on April 9, 2021. The Partnership has already begun marketing the vessel for long-term employment and intends for the vessel to be utilised in any intervening period in the short-term market, including in the contract of affreightment ('COA') market in the North Sea.

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

Unaudited, USD thousands	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	FY 2020
Time charter and bareboat revenues (1)	69,864	71,241	70,250	67,226(1)	70,063	278,581
Other income(2)	(5)	39	9	598(2)	18	641
Total revenues	**69,859**	**71,280**	**70,259**	**67,824**	**70,081**	**279,222**
Vessel operating expenses	15,565	16,694	13,112	15,634	15,401	61,005
Depreciation	22,466	22,453	22,451	22,373	22,554	89,743
General and administrative expenses	1,410	1,258	1,337	1,387	1,150	5,392
Total operating expenses	**39,441**	**40,405**	**36,900**	**39,394**	**39,060**	**156,140**
Operating income	**30,418**	**30,875**	**33,359**	**28,430**	**31,021**	**123,082**
Interest income	4	—	3	118	169	125
Interest expense	(6,113)	(6,558)	(8,512)	(10,462)	(11,433)	(31,645)
Realized and unrealized gain / (loss) on derivative instruments	245	(195)	(3,092)	(23,690)	4,198	(25,679)
Other financial items(3)	54	955	(72)	(532)	(188)	(648)
Income (loss) before income taxes	**24,608**	**25,077**	**21,686**	**(6,136)**	**23,767**	**58,966**
Income tax benefit / (expense)	(3)	(1)	(3)	(3)	(3)	(9)
Net income (loss)	**24,605**	**25,076**	**21,683**	**(6,139)**	**23,764**	**58,957**

1. Lower charter revenue mainly relates lower utilization of the fleet fue to redelivery of the *Windsor Knutsen.*
2. Other income for the first quarter of 2020 is mainly related to cargo carried from Brazil to Europe on the drydocking voyage for the *Raquel Knutsen's* scheduled drydocking.
3. Other financial items consist of other finance expenses and net gain / (loss) on derivative instruments.

Adjusted EBITDA

Unaudited, USD thousands	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	FY 2020
Net income (loss)	**24,605**	**25,076**	**21,683**	**(6,139)**	**23,764**	**65,225**
Interest income	(4)	—	(3)	(118)	(169)	(125)
Interest expense	6,113	6,558	8,512	10,462	11,433	31,645
Depreciation	22,466	22,453	22,451	22,373	22,554	89,743
Income tax (benefits) expense	3	1	3	3	3	10
EBITDA	53,183	54,088	52,646	26,581	57,585	186,498
Other financial items(1)	(299)	(760)	3,164	24,222	(4,010)	26,327
Adjusted EBITDA(2)	**52,884**	**53,328**	**55,810**	**50,803(3)**	**53,575**	**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 4Q 2020 mainly arises as a result of lower utilization of the fleet fue to redelivery of the *Windsor Knutsen.*

Distributable Cash Flow

Unaudited, USD thousands	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	FY 2020
Net income (loss)	**24,605**	**25,076**	**21,683**	**(6,139)**	**23,764**	**65,225**
Add:						
Depreciation	22,466	22,453	22,451	22,373	22,554	89,743
Other non-cash items; amortization of deferred debt issuance cost	617	624	626	636	647	2,503
Other non-cash items; accrued revenue	279	278	276	275	200	1,108
Unrealized losses from interest rate derivatives and forward exchange currency contracts	—	—	2,792	23,893	—	22,042
Less:						
Estimated maintenance and replacement capital expenditures (including drydocking reserve)	(15,102)	(15,102)	(15,102)	(15,102)	(13,879)	(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	(2,264)	(2,379)	—	—	(4,883)	—
Distributable Cash Flow[1]	**28,573**	**28,922**	**30,698**	**23,908**	**26,375**	**112,101**
Total distributions	**18,034**	**18,034**	**18,034**	**18,034**	**18,034**	**72,136**
Distribution coverage ratio[2]	**1.58**	**1.60**	**1.70**	**1.33**	**1.46**	**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

Unaudited, USD thousands	At Dec 31, 2020	At Dec 31, 2019		At Dec 31, 2020	At Dec 31, 2019
Current assets:			**Current liabilities:**		
Cash and cash equivalents	52,583	43,525	Current portion of long-term debt	184,188	83,453
Inventories	2,652	2,292	Derivative liabilities	10,695	910
Derivative assets	—	920	Contract liabilities	1,518	1,518
Other current assets	11,237	6,073	Current lease liabilities	652	572
			Other current liabilities	16,878	17,549
Total current assets	**66,472**	**52,810**	**Total current liabilities**	**213,931**	**104,002**
Long-term assets:			**Long-term liabilities:**		
Net vessels and equipment	1,708,786	1,677,488	Long-term debt	846,157	911,943
Right-of-use assets	1,490	1,799	Lease liabilities	838	1,227
Intangible assets, net	681	1,286	Derivative liabilities	19,358	5,133
Derivative assets	—	648	Contract liabilities	2,168	3,685
Accrued income	2,867	3,976	Deferred tax liabilities	295	357
Total long-term assets	**1,713,824**	**1,685,197**	**Total long-term liabilities**	**868,816**	**922,345**
			Convertible Preferred Units	89,264	89,264
			Total partners' equity	**608,285**	**622,396**
Total assets	**1,780,296**	**1,738,007**	**Total equity and liabilities**	**1,780,296**	**1,738,007**

Tove Knutsen Acquisition

- 153,000 DWT DP2 shuttle tanker.
- Vessel delivered from shipyard September 28, 2020, sailed to Brazil and undertook series of Equinor and Petrobras (for Brazil operations) approval tests.
- Commenced 7-year fixed charter to Equinor on November 27, 2020, with further 13 years of charterer's options.
- KNOP closed purchase from KNOT on December 31, 2020, financed through combination of internal cash and debt, thus non-dilutive to existing equity unitholders.
- The purchase price was $117.8 million, less $93.1 million of outstanding indebtedness, plus / minus other items typical items at closing (such as working capital and fees).
- Also repaid $6.9 million of the indebtedness at closing, leaving an aggregate of $86.3 million outstanding under the secured credit facility related to the vessel.
- Given non-dilutive nature of financing, cash contribution from the vessel will directly assist the Partnership in maintaining our distribution.
- EBITDA contribution expected to be less than 10% of total Partnership EBITDA, keeping concentration risk down.
- EBITDA contribution slightly lower than some other vessels in return for 7-year commitment from charterer.

Forward Contracted Revenue Backed by Leading Energy Companies

At December 31, 2020:

Remaining forward contracted revenue of **$738 million** (exc. options) and average remaining charter of **2.9 years**

Charterers also have the option to extend these charters by a further **3.1 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	Equinor	-
Fortaleza Knutsen	10								Bareboat charter	Transpetro	-
Recife Knutsen	9								Bareboat charter	Transpetro	-
Carmen Knutsen	8								Time charter	Repsol	3 years
Hilda Knutsen	7								Time charter	Eni	3 years
Torill Knutsen	7								Time charter	Eni	2 years
Dan Cisne	9								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 charter commencing 3Q 2021, with charterer's options after 1 year

Dropdown Inventory at Sponsor – 6 Potential Acquisitions[1]

At December 31, 2020:

- 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.

Critical Service to Top-tier Customers on Long-term, Stable Contracts

Integral to operation of long-term offshore projects

- High upfront costs to construct and initiate offshore oil production projects, after which marginal production costs tend to be very low and field life is typically measured in decades
- Shuttle tankers are critical infrastructure, without which continued production cannot occur
- Shuttle tanker charters are typically a very small component of customers' field operating costs

Contracts provide stability and insulation

- Firm charter periods, typically initially 5-7 years for newbuild vessels
- Fixed charter rate not impacted by charterer's utilization of the vessel (provided the vessel is fully functioning and made available, the fixed rate applies)
- Voyage expenses at charterer's cost, including all fuel while vessel is on-hire
- No direct exposure to the price of oil or fluctuations thereof

Our customers: globally diverse leaders in offshore energy

equinor

BR PETROBRAS

Repsol Sinopec Brasil

galp energia

vår energi

eni

Global Fleet of 75 Vessels Serving Two Major Offshore Geographies

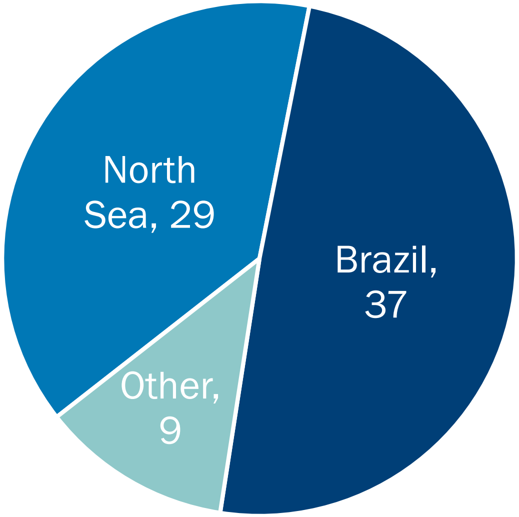
North Sea / Barents Sea

Shuttle tankers currently in operation
29

Primary characteristics
Stable production
High specifications
Growth expected
High environmental and operating standards

Standard employment
COA or Time Charter

Major customers
Equinor, Vår Energi, Shell, Eni



Offshore Brazil

Shuttle tankers currently in operation
37

Primary characteristics
High growth expected
Very cost competitive oil production
High standards of operation

Standard employment
Bareboat Charter or Time Charter

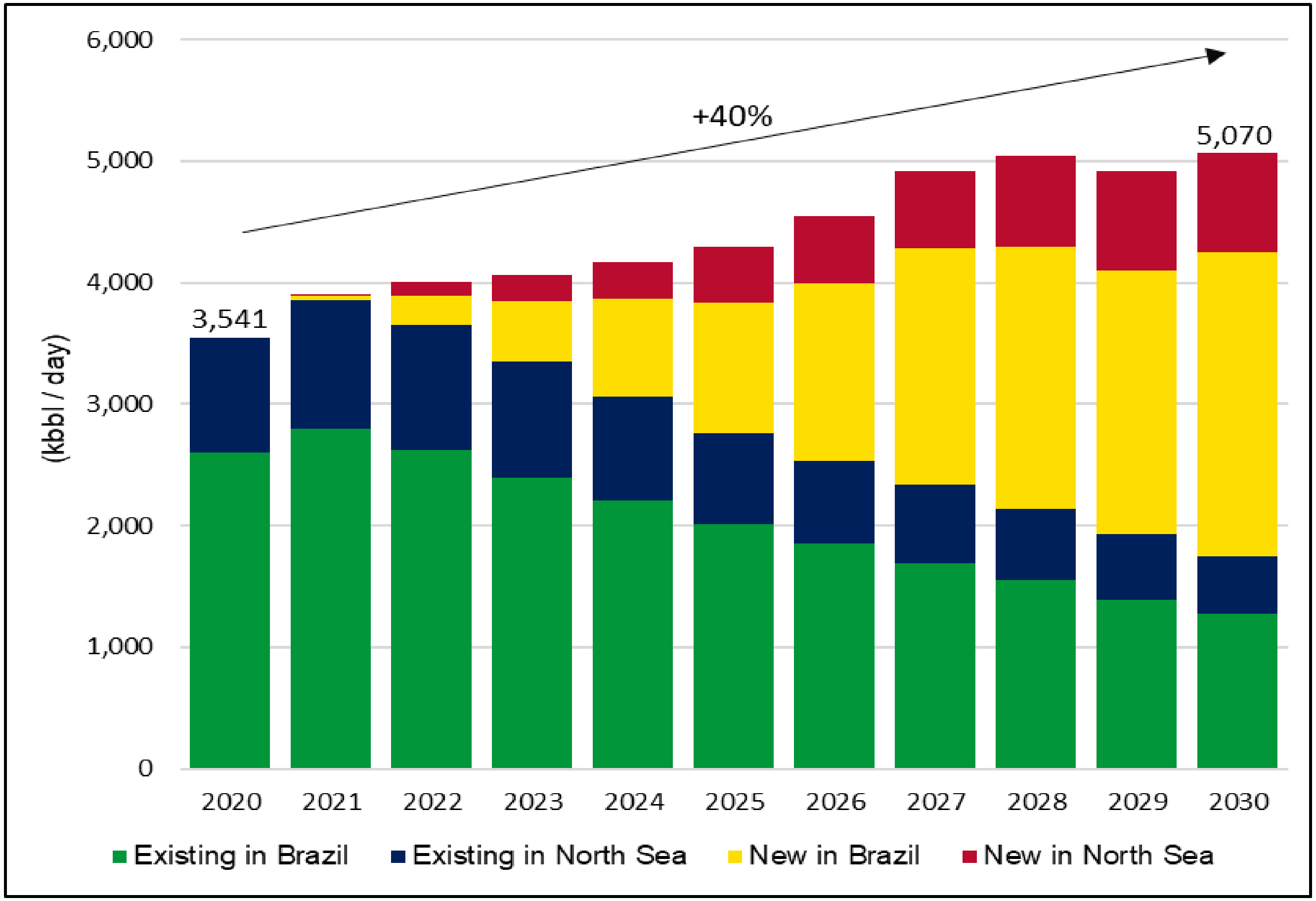
Major customers
Petrobras, Shell, Galp, Repsol

Other (Canada, West Africa, etc.)

Vessels currently in existence: **9** (geographically diverse)
Of which 2 vessels currently operate as conventional tankers and 2 are in warm lay-up, meaning a return to shuttle tanker usage is unlikely.

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

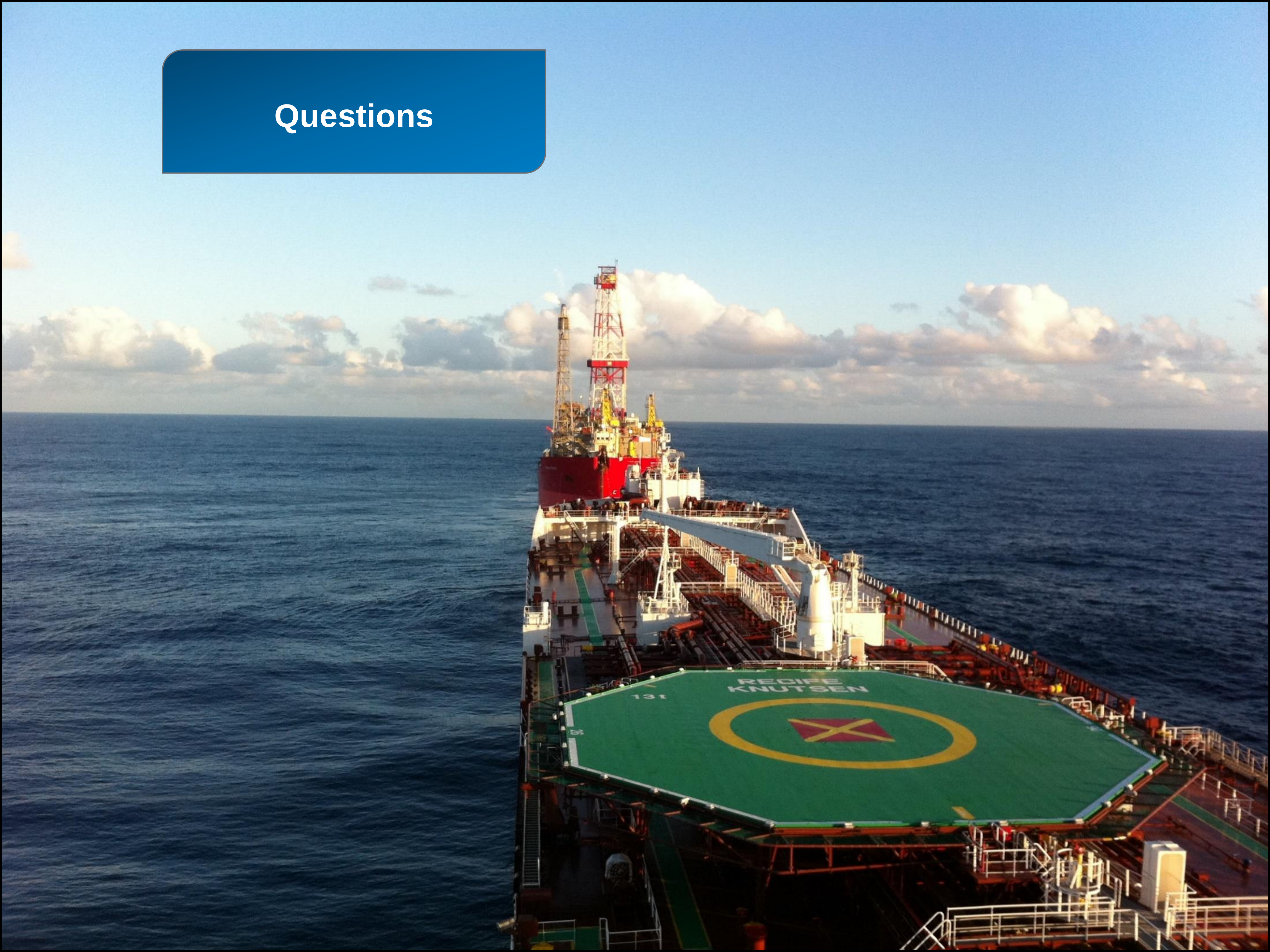
Near-term Priorities

- Continue to operate our vessels safely and efficiently and ensure the health and safety of our crew and employees.
- Continue to progress discussions with lenders for refinancings due in August and November 2021.
- Secure new charter contract(s) for the *Bodil Knutsen* where discussions are already ongoing and management are confident in the prospects for the vessel.
- Complete successful drydock for *Bodil Knutsen*.
- Begin 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 operational quarter with above budget utilization of 98.6% for scheduled operations.
- Distributable cashflow of $28.6m, with coverage of 1.58 which continues to give the Partnership a degree of flexibility to manage any short to mid-term headwinds.
- Maintained quarterly distribution of $0.52 for the 22nd consecutive quarter.
- Completed dropdown of Tove Knutsen from Sponsor in December 2020 using non-dilutive internal cash and debt.
- $738m of remaining contracted forward revenue, excluding options, at the end of the quarter, up from $585m at prior quarter end.
- The Partnership’s operations are not exposed to short-term fluctuations in oil prices, volume of oil transported or global oil storage capacity.
- Oil production in Brazil and North Sea from shuttle tanker serviced fields expected to grow significantly in coming years.
- We remain confident that the Partnership is sufficiently experienced to navigate through any short-term market uncertainty, but also that the shuttle tanker market’s fundamentals and growth prospects remain strong and supportive over the mid to long-term.

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.