

# Aker Companies Investor Day

March 2015



# Ocean Yield – The dividend yield company

## Ocean Yield in brief

**Established by Aker ASA in 2012**

**Listed on the Oslo Stock Exchange, market cap USD 815 million**

**Diversified portfolio of modern fuel efficient vessels**

**All vessels on long term contracts to strong counterparties**

**Growth strategy – committed investments of USD 1.3bn since 2012**

**Dividend yield of 9.4% p.a. / earnings yield of 13.3% p.a.**



# Attractive and diversified portfolio of industrial shipping and oil service assets

## OIL SERVICE

Floating Production  
Storage Offloading

Dhirubhai-1



Subsea Equipment  
Support Vessel

Wayfarer



Subsea Construction  
Vessel

Lewek Connector



Offshore Supply  
(AHTS)

FAR Senator  
FAR Statesman



Diving Support &  
Construction Vessel

SBM Installer



## INDUSTRIAL SHIPPING

Car Carriers (PCTCs)

Newbuilds (8,500 CEU)  
XS1462E & XS1462F



Jacksonville & Jeddah  
(6,500 CEU)

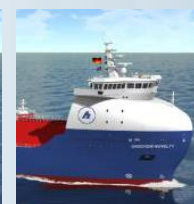


Beijing & Xiamen  
(4,900 CEU)



Liquefied Ethylene Gas  
Carriers (LEGs)

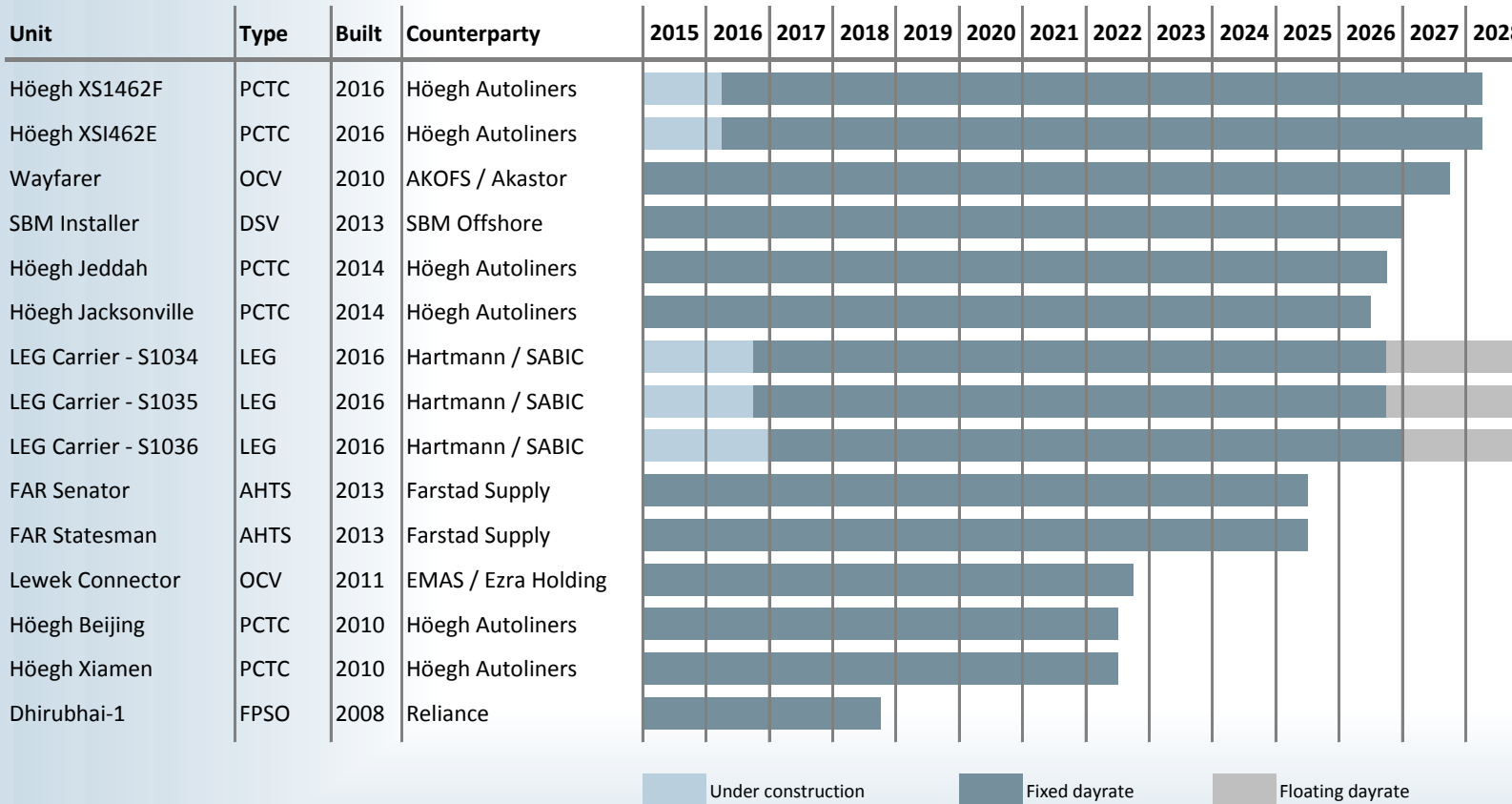
36,000 cbm newbuilds



Bonds in American  
Shipping Company  
(AMSC)

- Bonds in AMSC with book value of USD 181m and nominal value of USD 194m.

# All vessels on long term charter with USD 2.2 billion in EBITDA\* backlog



HARTMANN REEDEREI



Average tenor 9.5 years

\*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised and adjusted for finance lease effects on Aker Wayfarer.



# Acquisition of SBM Installer with 12 year bareboat charter completed in December 2014

Vessel:	<i>SBM Installer</i>
Type:	Diving Support & Construction Vessel
Built / Yard:	2013 / Keppel, Singapore
Price:	USD 150 million
Debt:	USD 110m non-recourse
Ownership:	75% Ocean Yield 25% SBM Offshore
Delivery:	December 2014
Term:	12 year “hell & high water” bareboat contract, certain purchase options post year 5
Charterer:	SBM Offshore Services Inc. and fully guaranteed by SBM Holding Inc. SA.



# Liquified Ethylene Gas Carriers – 3 newbuildings

Vessel:	3 Liquified Ethylene Gas (LEG) Carriers
Yard cost:	USD ~243 million (total for the three newbuildings)
Yard / Delivery:	Sinopacific Offshore & Engineering, China, with delivery in H2 2016
Term:	15 years (10 years fixed and 5 years floating rate)
Charterer:	Hartmann Group with 10 years subcharter to SABIC Petrochemicals B.V.
EBITDA:	USD 31.5 million per annum (EV/EBITDA 7.8x)



# Portfolio growth

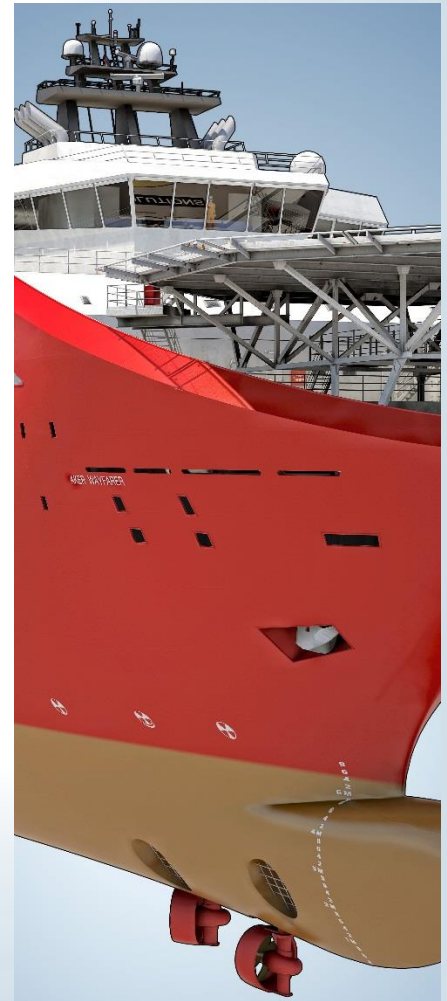
- Invested USD 1.3bn in 13 vessels since the company was established 1<sup>st</sup> April 2012 (3 years)
  - Committed investments of USD 540m in 2014
    - 3x *LEG carriers – Hartmann/Sabic*
    - 2x *car carriers – Hoegh Autoliners*
    - *Wayfarer modification and upgrade - Akastor*
    - *1x Diving Support and Offshore Construction vessel - SBM*
- Portfolio will continue to grow in a prudent manner
  - *Modern assets within industrial shipping and oil-service*
  - *Equity returns targeted in the range of 13-15% p.a.*
  - *Reasonable credit quality of counterparties*
  - *Expected lease term 10-12 years*



# Risk management

- Counterparty risk
- Operating risk (Dhirubhai-1)
- Currency risk
- Interest rate risk
- Financing risk
- Terminal value risk

No direct market exposure





# In compliance with covenants in bond agreement

## OCY02 Unsecured Bond Issue – 2014/2019

Shadow rating*:	Company BB- (one BB rating)						
Outstanding amount:	NOK 1,000 million						
Coupon:	NIBOR +3.90% p.a.						
Tap issue:	NOK 400 million in July 2014 at NIBOR +3.65% p.a.						
Maturity:	March 2019						
Financial covenants:	<table><tr><td>Book Equity &gt;25%</td><td>39.7%</td></tr><tr><td>Min. cash USD 25m</td><td>USD 76.4m</td></tr><tr><td>EBITDA/Interest expense &gt;2.0x</td><td>7.3x</td></tr></table>	Book Equity >25%	39.7%	Min. cash USD 25m	USD 76.4m	EBITDA/Interest expense >2.0x	7.3x
Book Equity >25%	39.7%						
Min. cash USD 25m	USD 76.4m						
EBITDA/Interest expense >2.0x	7.3x						
Change of control:	Aker ASA to own at least 50% vs. current 73.0%						

### Q4 2014

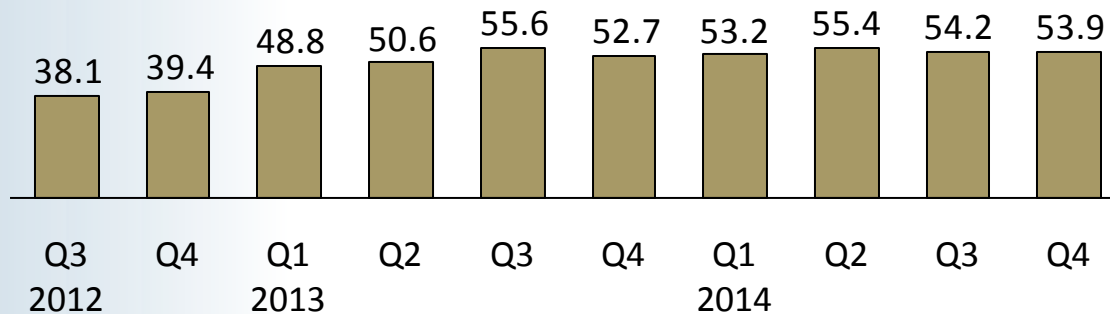
39.7%
USD 76.4m
7.3x

\*Shadow rating by Danske Bank, DnB, Pareto & SEB

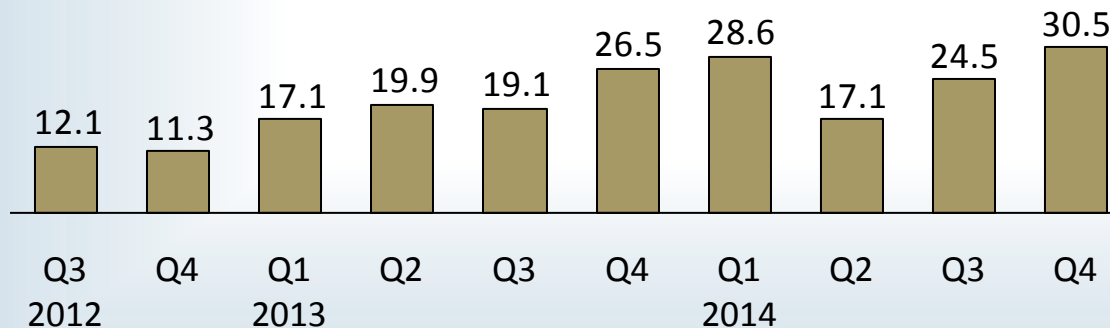


# Significant growth in EBITDA from delivery of new projects

**EBITDA<sup>1</sup> per quarter (USDm)**



**Net profit<sup>2</sup> per quarter (USDm)**



Q4 EBITDA negatively impacted by Wayfarer finance lease reclassification of USD 3.4m and safety shut-down of Dhirubhai-1 of USD 1.1m.

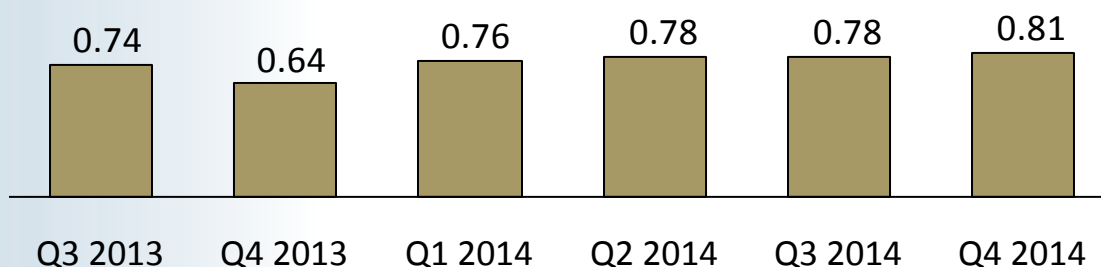
Committed projects will add ~30% to Q4 EBITDA once delivered

1) Q4'14 EBITDA negatively impacted by Aker Wayfarer reclassification to finance lease of USD 3.4m and USD 1.1m shutdown for Dhirubhai-1 due to the cyclone Hud-Hud.

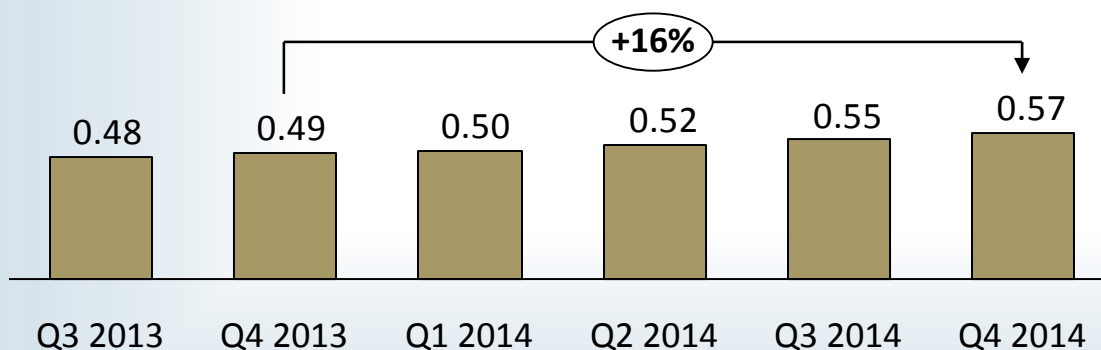
2) Net profit was positively impacted by a total non-recurring items of USD 3.4m.

# Adjusted Net Profit and Dividend per share

## Adjusted net profit per share, annualized basis (USD)\*\*



## Dividend per share, annualized basis (USD)



## Dividend yield

9.4%\* p.a.

## Pay-out ratio on adjusted Q4 EPS

70%

## Adjusted earnings yield

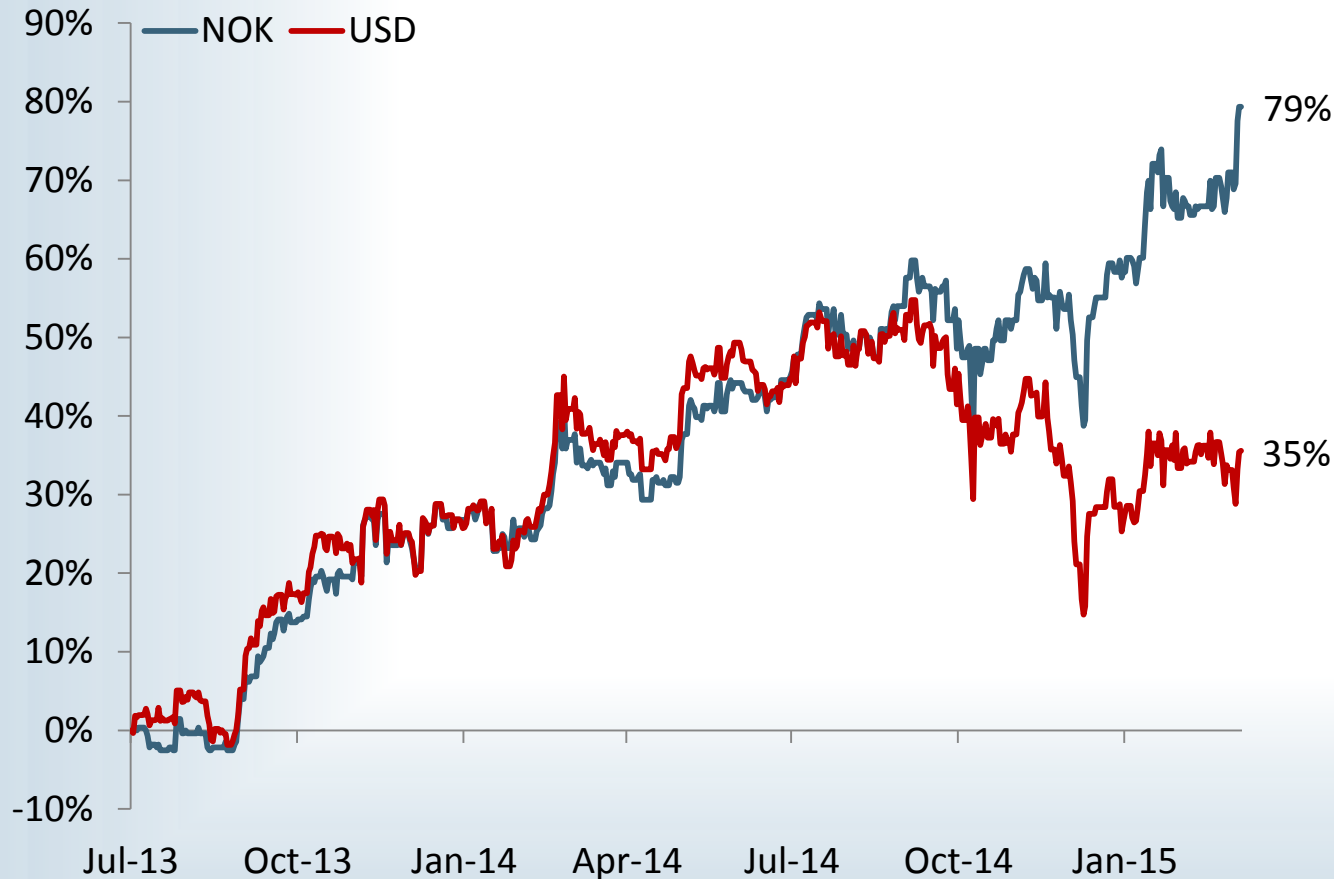
13.3%\* p.a.

\*As per 13.03.2015 - Q4 2014 dividend annualized, share price of NOK 49.5 and NOK/USD 8.16

\*\*Reported EPS has been adjusted for non-recurring items. Reported EPS for Q3'13, Q4'13, Q1'14, Q2'14, Q3'14 and Q4'14 was USD 0.14, USD 0.20, USD 0.21, USD 0.13, USD 0.18 and USD 0.23, respectively.

# Share price performance in NOK and USD

## Share price performance since IPO



Source: Infront, Company calculations



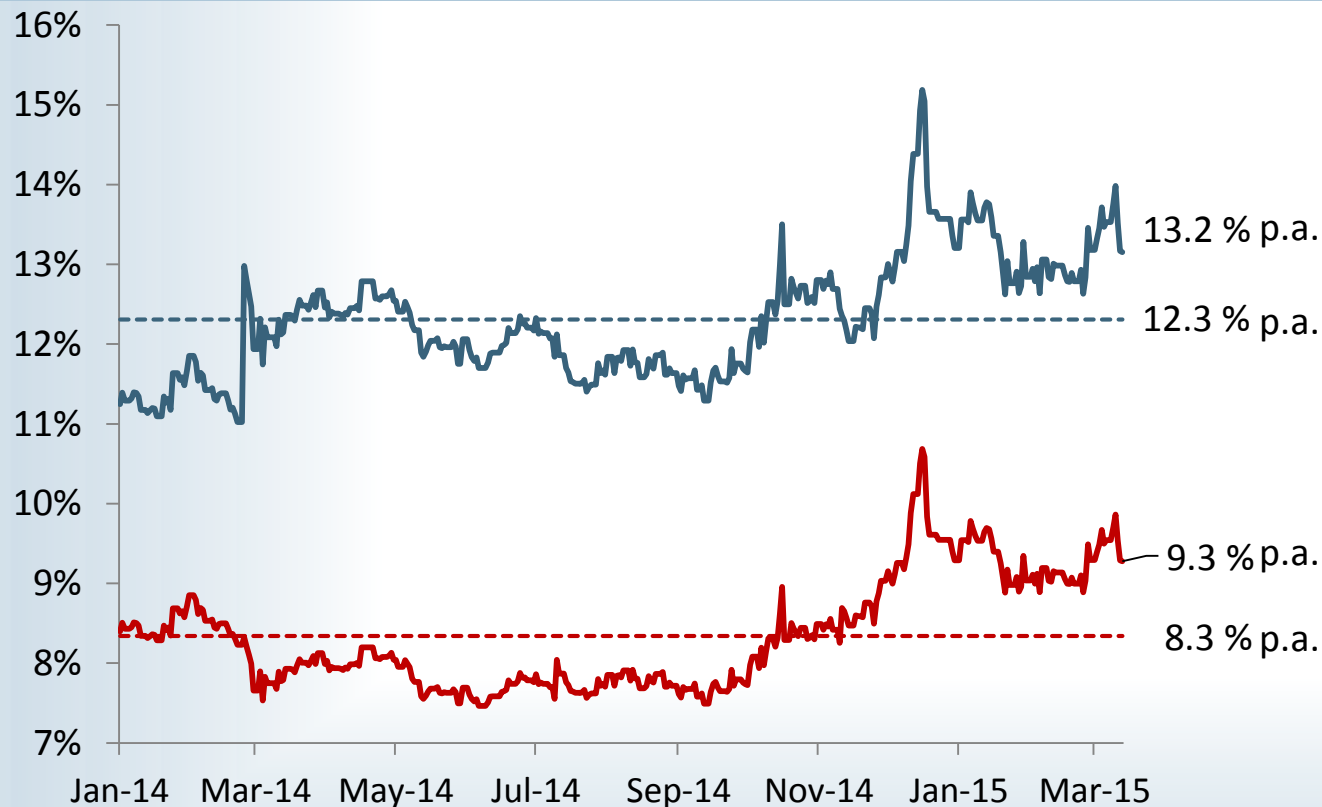


# Earnings and dividend yield above historical average since 2014



OCEAN YIELD

## Adjusted earnings & dividend yield, latest fiscal quarter annualized



1) Latest fiscal quarter adjusted EPS (USD)  $\times$  4  $\div$  Latest share price in USD

2) Latest fiscal quarter DPS (USD)  $\times$  4  $\div$  Latest share price in USD

Source: Infront, Company calculations

## Key share data

# shares outstanding	134.5m
Avg. volume YTD	160k
Market cap.	815m
Book equity	719m
Price / book	1.13x
Adj. net profit '14	105m
Adj. RoE '14	14.8%
Net debt	898m

# Share price sensitivity

## Share price sensitivity (NOK)

	Dividend yield					
	9.5 %	9.0 %	8.5 %	8.0 %	7.5 %	7.0 %
Quarterly DPS (USD cents)						
14.25	49	52	55	58	62	66
14.75	51	53	57	60	64	69
15.25	52	55	59	62	66	71
15.75	54	57	60	64	69	73
20.00	69	73	77	82	87	93
25.00	86	91	96	102	109	117

Q4'14 dividend, 70% pay-out ratio

Corresponds to ~100% pay-out of Q4 earnings



Source: Company, calculations based on NOKUSD of 8.16

# Strategy and outlook

- Challenging oil-service market in 2015 is not expected to have a negative effect on earnings as all vessels are on long term charter to relatively strong counterparties.
- The current market may provide interesting investment opportunities and we intend to continue with our investment strategy with focus on modern vessels with long term charter to strong counterparties.
- The company has capacity to further increase quarterly dividends
  - 30% EBITDA growth from projects under construction
  - Strong balance sheet allows for further investments without raising new equity
  - Pay-out ratio adjusted for non-recurring items only 70%



## Appendix



# Fourth Quarter 2014 highlights

- Quarterly dividend increased to USD 0.1425 per share
  - Increase of 0.5 cents or 3.6% versus Q3'14 (14.5% annualized)
  - USD 0.57 per share annualized, representing a dividend yield of 9.4% p.a.
- EBITDA was USD 53.9m compared with USD 52.7m in Q4'13
  - Negatively impacted by USD 1.1m shutdown of Dhurubhai-1 due to the cyclone *Hud-Hud*
  - Negatively impacted by USD 3.4m due to Aker Wayfarer finance lease reclassification
- Net profit was USD 30.5m compared with USD 26.5m in Q4'13
  - Net positive non-recurring effects of USD 3.4m
  - Net profit after tax adjusted for non-recurring items was USD 27.1m
- The EBITDA charter backlog at the end of 2014 was USD 2.2bn with an average weighted tenor of 9.5 years



# Recent transactions

- Acquired the vessel SBM Installer in December for USD 150m in combination with a 12-year bareboat charter to the SBM Offshore Group
- Sale of Geco Triton for USD 8.2m to Western Geco
- Increased existing loan facility with USD 50.5m secured by Dhirubhai-1. The increased loan amount was undrawn at year end 2014.
- The loan on Aker Wayfarer was converted from NOK into USD, resulting in a total of USD 107.1m outstanding.
  - Simultaneously, 70% of the charter rate nominated in NOK was converted into USD
  - Refinancing efforts ongoing, in order to finance the modification and to optimize the long-term financing
- Management has acquired more shares in Ocean Yield
  - 353,385 shares in January and 54,999 shares in December



# P&L

## Income statement

		3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	<i>Note</i>	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Operating revenues		65.4	62.1	60.6	249.3	239.0
Vessel operating expenses		(3.7)	(3.9)	(2.7)	(14.6)	(14.2)
Wages and other personnel expenses	2	(3.1)	(2.4)	(4.0)	(9.5)	(10.3)
Non recurring items personnel expenses		-	-	-	-	0.8
Other operating expenses	3	(4.5)	(1.9)	(1.2)	(8.4)	(7.6)
<b>EBITDA</b>		<b>54.2</b>	<b>53.9</b>	<b>52.7</b>	<b>216.7</b>	<b>207.7</b>
Depreciation and amortization	4	(25.7)	(23.1)	(26.8)	(96.4)	(101.6)
Loss from sale of vessel		-	(3.8)	-	(3.8)	-
<b>Operating profit</b>		<b>28.5</b>	<b>27.1</b>	<b>25.9</b>	<b>116.4</b>	<b>106.1</b>
Financial income	5	4.8	4.7	3.0	30.2	19.7
Financial expenses	6	(11.2)	(9.6)	(9.3)	(50.2)	(35.6)
Foreign exchange gains/losses		5.8	22.4	3.3	29.6	(0.1)
Mark to market of derivatives	13	(3.0)	(15.5)	(0.6)	(22.5)	(10.0)
<b>Net financial items</b>		<b>(3.6)</b>	<b>2.0</b>	<b>(3.6)</b>	<b>(12.9)</b>	<b>(26.0)</b>
<b>Net profit before tax</b>		<b>24.9</b>	<b>29.0</b>	<b>22.4</b>	<b>103.6</b>	<b>80.2</b>
Income tax expense	7	(0.4)	1.5	4.1	(2.8)	2.5
<b>Net profit after tax</b>		<b>24.5</b>	<b>30.5</b>	<b>26.5</b>	<b>100.8</b>	<b>82.7</b>
Weighted average number of shares outstanding		134.1	134.1	133.8	134.1	116.7
<b>Earnings per share (USD)</b>		<b>0.18</b>	<b>0.23</b>	<b>0.20</b>	<b>0.75</b>	<b>0.71</b>

## Comments

### Revenues:

- Negatively impacted by Aker Wayfarer financial lease reclassification of USD 3.4m in addition to USD 1.1m from safety shut-down of DB-1.
- Positive impact from delivery of SBM Installer

### Depreciation:

- Reduced by USD 2.8m as a result of Aker Wayfarer financial lease reclassification.

### Loss from sale of vessel:

- Loss from sale of Geco Triton of USD 3.8m

# Net profit after tax adjusted for non-recurring items

Adjustments		
	3rd Quarter	4th Quarter
<i>Amounts in USD million</i>	2014	2014
<b>Profit after tax</b>	<b>24.5</b>	<b>30.5</b>
- One-off adj. to Other Operating Expenses	2.9	-
- Loss from sale of vessel		3.8
- One-off adjustment to Financial Income	-	-
- One-off adjustment to Financial Expenses	1.6	-
- Foreign exchange gains/losses	(5.8)	(22.4)
- Mark to market of derivatives	3.0	15.3
- Tax	-	(0.1)
<b>Net profit after tax adjusted for non-recurring items</b>	<b>26.2</b>	<b>27.2</b>

## Comments

- Provision in connection with AFP's insurance dispute
- Sale of Geco Triton
- Strengthening of USD against the NOK
- Mainly related to cross currency swap on bond loan
- Related to Geco Triton

Adjusted net profit for 2014 was USD 105 million



# Balance sheet

## Balance sheet

	30 September	31 December
<i>Amounts in USD million</i>	2014	2014
<b>ASSETS</b>		
Vessels and equipment	1 194.6	1 308.0
Intangible assets	38.3	38.3
Deferred tax assets	11.6	11.4
Restricted cash deposits	20.1	20.1
Finance lease receivable - Aker Wayfarer	165.5	159.7
Investments in AMSC Bonds	177.9	180.9
Other non-current assets	0.6	0.5
<b>Total non-current assets</b>	<b>1 608.5</b>	<b>1 719.0</b>
Trade receivables and other interest-free receivables	13.6	15.6
Cash and cash equivalents	148.2	76.4
<b>Total current assets</b>	<b>161.8</b>	<b>92.0</b>
<b>Total assets</b>	<b>1 770.3</b>	<b>1 810.9</b>

	30 September	31 December
<i>Amounts in USD million</i>	2014	2014
<b>EQUITY AND LIABILITIES</b>		
Total equity attributable to equity holders of the parent	710.0	708.1
Non-controlling interest	-	10.6
<b>Total equity</b>	<b>710.0</b>	<b>718.7</b>
Interest-bearing loans	858.7	852.9
Mobilization fee and advances	43.7	41.2
Other liabilities	4.6	2.2
<b>Total non-current liabilities</b>	<b>906.9</b>	<b>896.3</b>
Interest-bearing short term debt	120.6	141.6
Current provisions	1.4	1.4
Trade and other payables	31.4	52.9
<b>Total current liabilities</b>	<b>153.3</b>	<b>195.9</b>
<b>Total liabilities</b>	<b>1 060.3</b>	<b>1 092.2</b>
<b>Total equity and liabilities</b>	<b>1 770.3</b>	<b>1 810.9</b>
<b>Equity ratio</b>	<b>40.1 %</b>	<b>39.7 %</b>

*Non-controlling interest of USD 10.6 million established as a result of SBM transaction*

# Contractual obligations and financing

## Contractual obligations newbuildings / modification of Aker Wayfarer

<i>Amounts in USD million</i>	<b>FPSO</b>	<b>Other Oil Service</b>	<b>Gas Carriers</b>	<b>Car Carriers</b>	<b>Total</b>
Already paid	-	14.0	24.3	24.9	63.2
2015	-	19.3	48.6	12.5	80.3
2016	-	55.9	170.1	87.2	313.2
<b>Total contractual obligations</b>	<b>-</b>	<b>89.2</b>	<b>243.0</b>	<b>124.5</b>	<b>456.7</b>
Total remaining payments	-	75.2	218.7	99.6	393.5
Estimated / secured bank financing	50.5*	71.4	180.0	94.0*	395.9

*\*Already secured bank commitments*

## Financing

- The USD 50.5 million credit facility closed in December 2014 and was undrawn at the end of the quarter
- Aker Wayfarer refinancing in process in order to finance the modification and to optimize the long-term financing with the extended bareboat charter
- Financing of 3x LEG carriers will be initiated in 2015
- Remaining contractual obligations will be fully financed by bank financing (including the new USD 50.5 million bank facility)



# Steady production on the FPSO Dhirubhai-1



- Firm contract with Reliance Industries until Sep'18, however, expected to remain on field until the reservoir is extracted
  - The oilfield is owned 60% by Reliance Ind., 30% by BP and 10% by Niko Resources
- 99.5% utilization on Dhirubhai-1 in 2014
- Gas prices in India is regulated and prices is substantially below global market prices.
- Likely an extended life of the field where Dhirubhai-1 is operating beyond the firm contract period



## FPSO Dhirubhai-1 factsheet

Built:	2008 (converted from oil tanker)
Yard:	Jurong Shipyard, Singapore
Depth:	1,200 at location
Mooring:	Disconnectable turret
Contract:	Bareboat + operating contract until Sep'18
Options:	Purchase option of USD 255m in Sep'18



# Management



**Lars Solbakken – Chief Executive Officer (1957)**

- CEO Norwegian Car Carriers
- CEO Ship Finance International
- General Manager of Fortis Bank (Nederland), Oslo Branch.
- Senior Vice President and Head of Equity Issues and M&A, Christiania Bank
- Senior Vice President and Deputy Head of Shipping and Offshore, Christiania Bank
- Finance Manager in Wilh. Wilhelmsen
- M.Sc. from Norwegian School of Economics and Business Administration



**Eirik Eide – Chief Financial Officer (1970)**

- CFO Ship Finance International
- Head of Corporate Finance, Orkla Finans
- Head of Shipping Investments, Orkla Finans
- Director, Fortis Bank, Norway
- Senior Vice President, Den Norske Bank, (Oslo and London)
- M.Sc. from Norwegian Business School



**Axel M. Busch-Christensen – VP Investments (1983)**

- McKinsey & Company, Corporate Finance Practice / Oil & Gas
- Carnegie Investment Bank, M&A / Oil service
- Bachelor from Norwegian School of Economics and Business Administration



**Marius Magelie – Vice President (1982)**

- Shipping analyst and Partner, ABG Sundal Collier
- Equity research, Kaupthing
- M.Sc. in Financial Economics from Norwegian Business School



# Board composition



**Jens Ismar**

Board member (1957)

- CEO Western Bulk
- Director of Chartering- and Project, Bergesen dy ASA/BW Gas
- Managing Director, Lorentzen & Stemoco AS

**Annicken Gann Kildahl**

Board member (1968)

- CFO Grieg Star / Grieg International
- Assistant General Manager, Sparebanken Nor
- Project and Financial analyst, Torvald Klaveness Group

**Trond Brandsrud**

Chairman (1958)

- CFO Aker ASA
- Previous CFO in Seadrill and more than 20 years experience from Shell

**Anne-Christin Døvigen**

Board member (1965)

- Joint Head of Business Development, Tufton Oceanic (Middle East)
- Managing Director, Co-Head of Shipping Team, Jefferies
- Director, Co-Head of Shipping Team, HSBC
- Vice President, Global Shipping Group, JPMorgan

**Kjell Inge Røkke**

Board Member (1958)

- Largest shareholder in Aker ASA, through TRG Holding
- Board member in Aker ASA, Aker BioMarine ASA, Kværner ASA and Aker Solutions ASA

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# Summary of risk factors

## ▪ Risks relating to the Business

- The Company depends on the performance of the charterers of its vessels for its operating cash flows
- The Company is exposed to operating, technical and certain other risks relating to the FPSO Dhirubhai-1
- The Company may not be able to charter out its vessels at favourable terms following expiry or termination of the existing charter contracts
- Certain of the Company's vessels are subject to purchase options held by the charterer of the vessel, which, if exercised, could reduce the size of the Company's fleet and its future revenues
- The market value of the Company's vessels may decrease, which could limit the amount of funds which the Company can borrow, trigger financial covenants under the Company's borrowing arrangements, and lead to losses in the event of a vessel sale following a decline in market value
- The Company will need to refinance some or all of its financial indebtedness in the future, which it may not be able to do on favourable terms or at all
- A significant portion of the Company's borrowing arrangements have floating interest rates, and as a result interest rate fluctuations could negatively affect the financial performance of the Company
- Fluctuation in exchange rates could result in financial loss for the Company
- Certain of the Issuer's subsidiaries operate within the favourable Norwegian tonnage tax regime, which may be changed in the future
- The Company will from time to time be subject to commercial disagreements, contractual disputes and litigation with its counterparties and others which may not be resolved in its favour
- The Company has a large investment in unsecured bonds issued by American Shipping Company
- Certain of the Company's charter contracts, borrowing agreements and other instruments are subject to change of control provisions

## ▪ Risks relating to the Industry

- As a substantial portion of the Company's fleet consists of oil-service vessels, the Company is exposed to the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices
- As a substantial portion of the Company's fleet will consist of transportation vessels, the Company is exposed to the seaborne transportation industry, which is cyclical and volatile
- Uncertainty relating to the development of the world economy may reduce the demand for the Company's vessels, result in non-performance of contracts by its counterparties, limit the Company's ability to obtain additional capital to finance new investments, or have other unforeseen negative effects
- Governmental laws and regulations, including environmental laws and safety regulations, may limit the activities of the Company's charterers and affect their ability to make charter-hire payments to the Company, reduce the vessel values and require capital expenditures for upgrades or modifications to the vessels, and expose the Company to liability
- Development and construction of new sophisticated, high-specification vessels could cause the Company's vessels to become less desirable to charterers
- The Company's vessels may be damaged or lost due to events such as marine disasters, environmental accidents, war, terrorism, piracy and other events
- Operating internationally subjects the Company to risks inherent in operating in foreign countries
- Maritime claimants could arrest one or more of the Company's vessels

## ▪ Risks relating to the Shares

- The price of the Shares may fluctuate significantly
- Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares
- Investors may not be able to exercise their voting rights for Shares registered in a nominee account
- Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway
- The transfer of the Shares is subject to restrictions under the securities laws of the United States and other jurisdictions
- Shareholders outside of Norway are subject to exchange rate risk
- Future sales of Shares by the controlling shareholder may depress the price of the Shares
- The Issuer has a major shareholder with significant voting power and the ability to influence matters requiring shareholder approval

## ▪ For a detailed disclosure of the risk factors, reference is made to the Ocean Yield Annual Report 2013



# OCEAN YIELD

