

# Q1

## 2019 REPORT



OCEAN YIELD

# Contents

Highlights .....	3
Selected key financial figures.....	3
Main events during the first quarter & post quarter .....	4
First quarter financial review .....	5
Charter backlog.....	6
Risks.....	6
Outlook.....	6
Income statement.....	9
Total comprehensive income.....	10
Balance sheet.....	11
Change in equity .....	12
Cash flow statement .....	13
Notes .....	14
Use and reconciliation of Alternative performance measures .....	19



# FIRST QUARTER RESULTS 2019

Fornebu, 7<sup>th</sup> May 2019, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the first quarter ending 31<sup>st</sup> March 2019.

## HIGHLIGHTS

- Declared the 23<sup>rd</sup> consecutive quarterly dividend of USD 0.1910 per share for Q1 2019.
- EBITDA for Q1 2019 was USD 51.9 million and EBITDA adjusted for finance lease effects was USD 67.8 million.
- Net profit after tax for Q1 2019 was USD 8.4 million and Adjusted net profit was USD 8.4 million. The FPSO and the *Connector* had a negative contribution of USD 11.8 million in the quarter.
- Acquisition and delivery of one modern Suezmax tanker for a total consideration of USD 49.0 million, net of a seller’s credit of USD 7 million, with a 13-year bareboat charter to Okeanis Eco Tankers Corp.
- Agreement with Aker Energy AS regarding an option for a long-term bareboat charter of the FPSO *Dhirubhai-1* for oil and gas production in Ghana. Post quarter end, this option has been extended by another 30-days until 30<sup>th</sup> May 2019.
- During the first quarter, a new short-term time charter contract for the vessel *Connector* was secured. Post quarter end, another contract has been secured for a period of 28 days plus options, with start-up immediately following the previous contract. The firm period of this contract runs until 26<sup>th</sup> May 2019. If all options are exercised, the vessel will be employed until mid-June.
- Post quarter end, Ocean Yield agreed to acquire two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of a seller’s credit, with 11-year bareboat charters to Scorpio Bulk Inc.
- Post quarter end, the first in a series of four newbuilding VLCCs with fifteen year bareboat charter to Okeanis Eco Tankers Corp. and with five year sub charter to Koch Shipping Pte. Ltd. was delivered.

Lars Solbakken, CEO of Ocean Yield, said in a comment:

*“Results in the first quarter were negatively impacted by no revenues from the FPSO and very limited revenues from the subsea vessel Connector. With respect to the FPSO, we continue the dialogue with Aker Energy with the aim of securing a new long-term charter for use of the FPSO in Ghana, and Aker Energy has now extended the option period until 30<sup>th</sup> May 2019. Ocean Yield now has a fleet of 60 vessels on long-term charter, including four VLCCs for delivery during Q2-Q3 that will contribute positively to earnings going forward.”*

## SELECTED KEY FINANCIAL FIGURES

Amounts in USD million	Q4 2018	Q1 2019	Q1 2018	2018
Revenues and other income	64.2	<b>58.4</b>	89.2	343.4
EBITDA	35.5	<b>51.9</b>	77.8	282.7
EBITDA adjusted for finance lease effects*	51.3	<b>67.8</b>	86.8	333.6
Net profit after tax	(49.9)	<b>8.4</b>	33.3	58.4
Adjusted net profit*	12.5	<b>8.4</b>	33.9	121.6
Equity ratio	31.0 %	<b>30.2 %</b>	34.0 %	31.0 %
EBITDA charter backlog (USD bn)**	3.6	<b>3.5</b>	3.0	3.6
Dividend declared per share (USD)	0.1910	<b>0.1910</b>	0.1895	0.7635

\*Definition on page 19

\*\*Definition on page 6

## MAIN EVENTS DURING THE FIRST QUARTER & POST QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1910 per share for Q1 2019. The dividend is on an annualized basis equal to USD 0.7640 per share. The dividend will be paid on or about 22<sup>nd</sup> May 2019 to shareholders as of 9<sup>th</sup> May 2019 registered with the Norwegian Central Securities Depository (the “VPS”) as of 13<sup>th</sup> May 2019 (the “Record Date”). The ex-dividend date will be 10<sup>th</sup> May 2019.
  - In January, Ocean Yield agreed to acquire the modern Suezmax tanker *Milos* for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp (“Okeanis Eco Tankers”). The purchase price included a seller’s credit of USD 7.0 million, giving a net purchase price of USD 49.0 million. The vessel was built in 2016 by Sungdong Shipbuilding in Korea and is a sister vessel to *Poliegos*, another Suezmax vessel owned by Ocean Yield. The vessel was delivered to the Company in February 2019. Okeanis Eco Tankers will have certain options to acquire the vessel during the charter period. The acquisition was financed with a combination of equity and debt, where a loan with a tenor of 7 years was raised with one of Ocean Yield’s relationship banks.
- Okeanis Eco Tankers was established in 2018 by the Alafouzou family to take over its fleet of modern tanker vessels and tanker newbuildings. The company is listed on the Oslo Stock Exchange under the ticker “OET”. With seven tankers built 2015 to 2018 and eight VLCCs for delivery in 2019, the company will focus on eco-designed vessels fitted with scrubbers. Ocean Yield has in addition to the two Suezmax tankers, four VLCCs on long-term bareboat charter to Okeanis Eco Tankers, with sub-charters to Koch Shipping Pte. Ltd. The first vessel was delivered post quarter end and the remaining three are scheduled for delivery during Q2-Q3 2019.
- In March, an agreement was reached with the former charterer of the FPSO, following completion of the 10-year charter. As per the agreement, Ocean Yield would receive USD 25.4 million in cash. Of this, USD 23.7 million has been received in the first quarter and the remaining USD 1.7 million is expected to be received during the second quarter. The FPSO *Dhirubhai-1* was successfully re-exported out of India in March and is currently in Sri Lanka, preparing for new employment opportunities.
  - During the quarter, Ocean Yield entered into an agreement with Aker Energy AS (“Aker Energy”), where Aker Energy has an option for a long-term bareboat charter of the FPSO *Dhirubhai-1*. The FPSO is intended to be used for oil and gas production offshore Ghana. Post quarter end, the option agreement has been extended until 30<sup>th</sup> May 2019.
  - The vessel *Connector* commenced a short-term time-charter for subsea work in the North Sea on the 20<sup>th</sup> March 2019. Following completion of this contract, the vessel immediately entered into a new time-charter for subsea installation and cable repair for a period of 28 days plus options. The firm period runs until 26<sup>th</sup> May 2019. If all options are exercised, the vessel will be employed until mid-June. As commented in the Q4 2018 Report, there is lower activity in the subsea market during the winter season. Hence, the vessel was idle for most of the first quarter. After the end of the quarter there has been increased tendering activity for new projects.
  - Post quarter end, Ocean Yield agreed to acquire two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of seller’s credits, with 11-year bareboat charters to Scorpio Bulk Inc. (“Scorpio Bulk”). In addition, Ocean Yield has committed to part finance the scrubber installation on both vessels, with an additional USD 3 million, which is expected in early 2020. The vessels are built in 2017 and are expected to be delivered to the Company during Q2 2019. Scorpio Bulk will have certain options to either sell or acquire the vessels during the charter period. Scorpio Bulk is a leading international provider of marine transportation of dry bulk commodities that currently owns and operates a fleet of 57 modern dry bulk vessels, specifically Ultramax and Kamsarmax vessels. Scorpio Bulk is a publicly listed company and trades on the New York Stock Exchange under the ticker “SALT”. Following this transaction, Ocean Yield’s fleet counts a total of 60 vessels. The transaction will be financed with a combination of equity and debt, where long-term financing has already been credit approved by one of Ocean Yield’s relationship banks.



# FIRST QUARTER FINANCIAL REVIEW

## PROFIT AND LOSS ITEMS

- **Operating revenues** were USD 26.0 million in Q1 2019 compared with USD 34.0 million in Q4 2018. The decrease compared with the fourth quarter 2018 mainly relates to the vessel *Connector*, which has been idle for most of the first quarter. In addition, as a consequence of the standstill agreement Solstad Offshore ASA ("Solstad") has entered into with its creditors and other stakeholders until 20<sup>th</sup> June 2019, no cash revenue has been recognized for the two AHTS vessels on long-term bareboat charter to Solstad. Further, Operating Revenues were negatively impacted by no revenues on the FPSO, compared to previous quarters.
- **Finance lease revenues** were USD 24.9 million in Q1 2019 compared with USD 24.4 million in Q4 2018. The increase compared with Q4 2018 is related to delivery of one Suezmax tanker in February 2019, which is classified as a finance lease. Due to several of the Company's long-term charters being classified as finance leases, the charter hire received is higher than what is reported as revenues according to IFRS, as only the interest income under a finance lease is recognized in the Profit & Loss.
- **Income from investment in associates**, which is related to the 49.9% investment in Box Holdings Inc., were USD 5.7 million in Q1 2019 compared with USD 5.8 million in Q4 2018.
- **Other income** of USD 1.8 million in Q1 2019 is related to the option agreement with Aker Energy for the potential long-term chartering of the FPSO *Dhirubhai-1*, where Aker Energy will pay a total of USD 3 million for the option. The remaining USD 1.2 million will be recognized in the second quarter.
- **Total revenues** and other income for Q1 2019 were USD 58.4 million compared with USD 64.2 million for Q4 2018.
- **Vessel Operating Expenses** were USD 1.8 million in Q1 2019 compared with USD 4.2 million in Q4 2018. The operating expenses in the first quarter are related to the vessel *Connector*, which is operated on a time-charter basis. There were no operating expenses related to the FPSO *Dhirubhai-1* in the first quarter, as the demobilisation expenses related to this vessel have been recognized against previous provisions for field abandonment in the Balance Sheet.
- **Write down on trade receivables** were USD 0.4 million compared with USD 19.5 million in Q4 2018. The write-down of receivables in the first quarter are related to a settlement of minor off-hire claims for the vessel *Connector*, related to work which was completed in Q4 2018.
- **EBITDA** was USD 51.9 million in Q1 2019 compared with USD 35.5 million in Q4 2018. The figure for Q4 2018 includes a write-down of receivables related to the FPSO of USD 19.5 million. Adjusted for finance

lease effects the EBITDA was USD 67.8 million compared with USD 51.3 million in Q4 2018.

- **Depreciation and amortization** was USD 19.3 million in Q1 2019, compared with USD 19.2 million in Q4 2018. The vessel delivered during Q1 2019 are accounted for as finance leases with no impact on the depreciation.
- **Operating profit** was USD 32.6 million compared with an Operating loss of USD 15.9 million in Q4 2018
- **Financial income** was USD 0.6 million in Q1 2019 compared with USD 0.4 million in Q4 2018.
- **Financial expenses** were USD 24.6 million in Q1 2019, compared with USD 23.4 million in Q4 2018. The increase in financial expenses compared to the previous quarter is mainly related to increased long-term debt as a result of vessel deliveries.
- **Foreign exchange** losses were USD 3.5 million in Q1 2019, compared with USD a gain of USD 18.1 million in Q4 2018. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK. The foreign exchange losses had no significant cash impact.
- **Change in fair value of financial instruments** were negative with USD 3.9 million in Q1 2019 compared with negative USD 30.0 million in Q4 2018. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings, where the weakening of the NOK against the USD was the main factor during the fourth quarter.
- **The Net profit before tax** in Q1 2019 was USD 9.1 million compared with a Net loss of USD 50.8 million for Q4 2018.
- **Tax payable** was negative USD 0.6 million in Q1 2019 compared with positive USD 0.2 million in Q4 2018.
- **Change in deferred tax** was USD 0.0 million in Q1 2019, compared with USD 1.1 million in Q4 2018.
- **The Net profit after tax** for Q1 2019 was USD 8.4 million compared with a Net loss of USD 49.9 million for Q4 2018. Adjusted for impairments, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 8.4 million as compared with USD 12.5 million in Q4 2018. The reduction in adjusted net profit after tax compared to previous quarters is due a negative contribution of USD 11.8 million from the FPSO and the *Connector* and no cash revenue recognized for the two vessels on charter to Solstad Offshore ASA.

## BALANCE SHEET ITEMS

- **Finance lease receivables and related assets** were USD 1,246.7 million in Q1 2019 compared with USD 1,171.8 million in Q4 2018. The increase is mainly related to delivery of vessels during Q1 2019 accounted for as finance leases.
- **Trade receivables** were USD 8.1 million in Q1 2019 compared with USD 37.6 million in Q4 2018. The fig-

ure in Q4 2018 included the receivables related to the charter contract for the FPSO *Dhirubhai-1*, where USD 23.7 million has been received in the first quarter.

- **Cash & cash equivalents** at the end of Q1 2019 were USD 105.8 million, compared with USD 110.0 million at the end of Q4 2018. In addition, the Company has undrawn credit facilities of USD 32.9 million.
- **Book equity** was USD 831.0 million at the end of Q1 2019, compared with USD 845.7 million at the end of Q4 2018. The equity ratio was 30.2% at the end of Q1 2019 compared with 31.0% in Q4 2018.
- **Field abandonment provisions** were USD 15.6 million compared with USD 25.7 million in Q4 2018. This is related to remaining decommissioning work on the MA-field in India following completion of the contract for the FPSO *Dhirubhai-1*.
- **Total assets** were USD 2,747.4 million in Q1 2019, compared with USD 2,726.6 million in Q4 2018.

after quarter end, Ocean Yield now has a fleet of 60 vessels, including four VLCCs for delivery in Q2-Q3 2019. Redeployment of the FPSO *Dhirubhai-1* remains a high priority. Ocean Yield currently has an option agreement with Aker Energy until 30<sup>th</sup> May for a long-term contract for the vessel. It may be necessary to further extend the option period.

The Company sees increased tendering activity for the *Connector* and results for this vessel in the second quarter are expected to improve compared to the first quarter.

Ocean Yield is currently evaluating several interesting investment opportunities and aims to continue to expand its fleet of vessels with long-term charters in order to further diversify its charter backlog and grow its dividend capacity. Based on the opportunity for a firm contract on the FPSO, the Company intends to continue its policy of paying attractive quarterly dividends to its shareholders.

## CHARTER BACKLOG

The EBITDA backlog\* at the end of Q1 2019 was USD 3.5 billion with an average remaining contract duration of 10.9 years.

Including the transaction with Scorpio Bulkera announced after the end of the quarter, the total fleet counts 60 vessels, which includes four VLCCs scheduled for delivery in Q2 and Q3 2019.

## RISKS

Ocean Yield is exposed to a number of risks, including counterparty-, financing-, interest rate-, currency-, and residual value risk. The Company is also exposed to operating risk and redeployment risk for the subsea vessel *Connector* and the FPSO *Dhirubhai-1*. Should the Company not be able to secure long-term employment for the FPSO, there is a risk of further impairment related to the book value of this vessel.

Ocean Yield has two AHTS vessels on long-term charters to a subsidiary of Solstad. Following the standstill agreement in December 2018, there is a risk related to the obligations under the charter contracts.

For a more detailed description of risk factors, please refer to the annual report for 2018, which is available on [www.oceanyield.no](http://www.oceanyield.no).

## OUTLOOK

Including the transaction with Scorpio Bulkera announced

\*Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for floating rate lease agreements.

7<sup>th</sup> May 2019  
Ocean Yield ASA

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Chairman

Kjell Inge Røkke  
Director

Annicken Gann Kildahl  
Director

Anne Christin Døvingen  
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# Ocean Yield ASA Group condensed consolidated financial statement for the first quarter 2019

## INCOME STATEMENT

<i>Amounts in USD million</i>	Note	4th Quarter 2018	1st Quarter 2019	1st Quarter 2018	Jan - Dec 2018
Operating revenues		34.0	26.0	66.3	236.3
Finance lease revenue		24.4	24.9	16.8	82.9
Income from investments in associates		5.8	5.7	6.1	24.2
Other income		-	1.8	-	-
<b>Total revenues and other income</b>	5	<b>64.2</b>	<b>58.4</b>	<b>89.2</b>	<b>343.4</b>
Vessel operating expenses		(4.2)	(1.8)	(6.4)	(23.2)
Wages and other personnel expenses		(1.9)	(2.6)	(2.5)	(8.5)
Other operating expenses		(3.1)	(1.8)	(2.5)	(9.5)
Write down on trade receivables		(19.5)	(0.4)	-	(19.5)
<b>EBITDA</b>	5	<b>35.5</b>	<b>51.9</b>	<b>77.8</b>	<b>282.7</b>
Depreciation and amortization	7	(19.2)	(19.3)	(26.7)	(98.7)
Impairment charges and other non recurring items		(32.2)	-	-	(32.2)
<b>Operating profit (EBIT)</b>		<b>(15.9)</b>	<b>32.6</b>	<b>51.1</b>	<b>151.8</b>
Financial income		0.4	0.6	1.5	3.2
Financial expenses		(23.4)	(24.6)	(18.7)	(86.1)
Foreign exchange gains/losses		18.1	(3.5)	(16.2)	16.0
Change in fair value of financial instruments	6	(30.0)	3.9	18.1	(23.3)
<b>Net financial items</b>		<b>(34.9)</b>	<b>(23.5)</b>	<b>(15.3)</b>	<b>(90.2)</b>
<b>Net profit before tax</b>		<b>(50.8)</b>	<b>9.1</b>	<b>35.7</b>	<b>61.6</b>
Tax payable		(0.2)	(0.6)	-	(0.5)
Change in deferred tax		1.1	0.0	(2.4)	(2.8)
<b>Net profit after tax</b>		<b>(49.9)</b>	<b>8.4</b>	<b>33.3</b>	<b>58.4</b>
Attributable to:					
Equity holders of the parent		(50.1)	8.3	32.9	57.0
Non-controlling interests		0.2	0.2	0.5	1.4
<b>Net profit after tax</b>		<b>(49.9)</b>	<b>8.4</b>	<b>33.3</b>	<b>58.4</b>
Weighted average number of shares outstanding		159.3	159.3	151.3	157.3
<b>Earnings per share (USD)</b>		<b>(0.31)</b>	<b>0.05</b>	<b>0.22</b>	<b>0.36</b>
Total number of shares outstanding, eksl. treasury shares		159.3	159.3	148.3	148.3

## TOTAL COMPREHENSIVE INCOME

	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	2018	2019	2018	2018
Net profit after tax for the period	(49.9)	8.4	33.3	58.4
<b>Other comprehensive income, net of income tax</b>				
<b>Items that will not be reclassified to the income statement</b>				
Remeasurements of defined benefit liability (asset)	(0.0)	-	-	(0.0)
Total for items that will not be reclassified to the income statement	(0.0)	-	-	(0.0)
<b>Items that are or may be reclassified to the income statement</b>				
Share of other comprehensive income from investment in associates	(7.8)	(5.2)	5.2	0.0
Change in fair value of available for sale financial assets	(3.5)	(0.1)	(0.3)	(4.0)
Currency translation differences	(2.5)	0.4	2.2	(2.8)
Total for items that are or may be reclassified to the income statement	(13.9)	(4.9)	7.1	(6.7)
Total change in other comprehensive income, net of income tax	(13.9)	(4.9)	7.1	(6.7)
<b>Total comprehensive income for the period</b>	<b>(63.8)</b>	<b>3.5</b>	<b>40.5</b>	<b>51.6</b>
Attributable to:				
Equity holders of the parent	(64.0)	3.3	40.0	50.3
Non controlling interests	0.2	0.2	0.5	1.4
<b>Total comprehensive income for the period</b>	<b>(63.8)</b>	<b>3.5</b>	<b>40.5</b>	<b>51.6</b>



## BALANCE SHEET

		31 December	31 March	31 March
<i>Amounts in USD million</i>	Note	2018	2019	2018
<b>ASSETS</b>				
Goodwill		-	-	9.8
Vessels and equipment	7	1 195.6	1 178.6	1 290.4
Investments in associates		191.9	187.4	194.2
Finance lease receivables and related assets	8	1 171.8	1 246.7	817.1
Investments in AMSC Bonds		-	-	49.1
Restricted cash deposits		16.1	17.3	0.1
Other interest-bearing long-term receivables		1.8	1.8	2.0
Fair value of derivatives	6	-	-	4.5
Shares in Solstad Offshore ASA		1.7	1.6	6.1
<b>Total non-current assets</b>		<b>2 579.0</b>	<b>2 633.4</b>	<b>2 373.4</b>
Trade receivables and other interest-free receivables		37.6	8.1	41.5
Cash and cash equivalents		110.0	105.8	124.4
<b>Total current assets</b>		<b>147.6</b>	<b>113.9</b>	<b>165.9</b>
<b>Total assets</b>		<b>2 726.6</b>	<b>2 747.4</b>	<b>2 539.3</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		253.7	253.7	253.7
Treasury shares		( 0.0)	( 0.0)	( 0.1)
Other paid-in capital		387.3	341.8	478.0
<b>Total paid-in capital</b>	<b>11</b>	<b>641.0</b>	<b>595.5</b>	<b>731.6</b>
Retained earnings and translation reserves		204.7	223.1	197.1
<b>Total equity attributable to equity holders of the parent</b>		<b>845.7</b>	<b>818.6</b>	<b>928.7</b>
Non controlling interests		0.0	12.4	10.9
<b>Total equity</b>		<b>845.7</b>	<b>831.0</b>	<b>939.6</b>
Interest-bearing debt	10	1 572.0	1 636.2	1 307.3
Mobilization fee and advances		12.2	9.4	27.6
Fair value of derivatives	6	26.7	24.8	2.1
Non-current provisions (field abandonment)		-	-	30.3
Finance lease liabilities		-	1.3	-
<b>Total non-current liabilities</b>		<b>1 610.9</b>	<b>1 671.8</b>	<b>1 367.3</b>
Interest-bearing short term debt	10	190.9	193.7	206.5
Fair value of derivatives	6	16.0	13.8	3.6
Current provisions (field abandonment)		25.7	15.6	-
Trade and other payables		37.3	21.5	22.3
<b>Total current liabilities</b>		<b>269.9</b>	<b>244.5</b>	<b>232.4</b>
<b>Total liabilities</b>		<b>1 880.8</b>	<b>1 916.3</b>	<b>1 599.7</b>
<b>Total equity and liabilities</b>		<b>2 726.6</b>	<b>2 747.4</b>	<b>2 539.3</b>

## CHANGE IN EQUITY

<i>Amounts in USD million</i>	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Non controlling interests	Total equity
<b>Balance at 31st December 2017</b>	<b>239.6</b>	<b>351.6</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>(38.6)</b>	<b>269.6</b>	<b>821.1</b>	<b>10.4</b>	<b>831.5</b>
IFRS 9 effects	-	-	-	(6.4)	-	6.4	-	-	-
<b>Balance at 1st January 2018</b>	<b>239.6</b>	<b>351.6</b>	<b>(0.2)</b>	<b>(7.2)</b>	<b>(38.6)</b>	<b>276.0</b>	<b>821.1</b>	<b>10.4</b>	<b>831.5</b>
Net profit after tax for the period	-	-	-	-	-	57.0	57.0	1.4	58.4
Other comprehensive income	-	-	-	(4.0)	(2.8)	(0.0)	(6.7)	-	(6.7)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4.0)</b>	<b>(2.8)</b>	<b>57.0</b>	<b>50.3</b>	<b>1.4</b>	<b>51.6</b>
Dividend	-	(90.9)	-	-	-	(28.3)	(119.1)	(14.0)	(133.1)
Issuance of ordinary shares	14.1	83.0	-	-	-	-	97.1	-	97.1
Expenses related to issuance of shares, net of tax	-	(1.2)	-	-	-	-	(1.2)	-	(1.2)
Treasury shares acquired	-	-	(1.3)	-	-	-	(1.3)	-	(1.3)
Treasury shares sold	-	(0.3)	1.4	-	-	-	1.1	-	1.1
Non controlling interest's share of intragroup profit	-	-	-	-	-	(2.3)	(2.3)	2.3	-
Transfer from retained earnings to share premium	-	45.2	-	-	-	(45.2)	-	-	-
<b>Balance at 31st December 2018</b>	<b>253.7</b>	<b>387.4</b>	<b>(0.1)</b>	<b>(11.1)</b>	<b>(41.4)</b>	<b>257.2</b>	<b>845.7</b>	<b>0.0</b>	<b>845.7</b>
Net profit after tax for the period	-	-	-	-	-	8.3	8.3	0.2	8.4
Other comprehensive income	-	-	-	(0.1)	0.4	(5.2)	(4.9)	-	(4.9)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>0.4</b>	<b>3.1</b>	<b>3.3</b>	<b>0.2</b>	<b>3.5</b>
Dividend	-	(30.5)	-	-	-	-	(30.5)	-	(30.5)
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(15.0)	-	(0.0)	-	15.1	-	-	-
<b>Balance at 31st March 2019</b>	<b>253.7</b>	<b>341.9</b>	<b>(0.1)</b>	<b>(11.3)</b>	<b>(41.0)</b>	<b>275.4</b>	<b>818.6</b>	<b>12.4</b>	<b>831.0</b>

### *Change in equity as of 31st March 2018*

<b>Balance at 31st December 2017</b>	<b>239.6</b>	<b>351.6</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>(38.6)</b>	<b>269.6</b>	<b>821.1</b>	<b>10.4</b>	<b>831.5</b>
IFRS 9 effects	-	-	-	(6.4)	-	6.4	-	-	-
<b>Balance at 1st January 2018</b>	<b>239.6</b>	<b>351.6</b>	<b>(0.2)</b>	<b>(7.2)</b>	<b>(38.6)</b>	<b>276.0</b>	<b>821.1</b>	<b>10.4</b>	<b>831.5</b>
Net profit after tax for the period	-	-	-	-	-	32.9	32.9	0.5	33.3
Other comprehensive income	-	-	-	(0.3)	2.2	5.2	7.1	-	7.1
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>2.2</b>	<b>38.1</b>	<b>40.0</b>	<b>0.5</b>	<b>40.5</b>
Dividend	-	(0.1)	-	-	-	(27.8)	(28.0)	-	(28.0)
Issuance of ordinary shares	14.1	83.0	-	-	-	-	97.1	-	97.1
Expenses related to issuance of shares, net of tax	-	(1.2)	-	-	-	-	(1.2)	-	(1.2)
Treasury shares acquired	-	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Treasury shares sold	-	(0.1)	0.8	-	-	-	0.6	-	0.6
Transfer from retained earnings to share premium	-	45.2	-	-	-	(45.2)	-	-	-
<b>Balance at 31st March 2018</b>	<b>253.7</b>	<b>478.3</b>	<b>(0.4)</b>	<b>(7.4)</b>	<b>(36.5)</b>	<b>241.0</b>	<b>928.7</b>	<b>10.9</b>	<b>939.6</b>



## CASH FLOW STATEMENT

	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	2018	2019	2018	2018
Profit before tax	(50.8)	9.1	35.7	61.6
Depreciation and amortization	19.2	19.3	26.7	98.7
Impairment charges and other non-recurring items	32.2	0.0	0.0	32.7
Income from investments in associates	(5.8)	(5.7)	(6.1)	(24.2)
Dividend received from investments in associates	5.4	5.0	5.8	22.6
Net interest expenses (+)	22.6	23.8	17.0	79.9
Interest paid	(20.9)	(23.5)	(16.8)	(74.6)
Interest received	0.4	1.6	2.7	4.9
Unrealized foreign exchange gain/loss	(17.8)	3.3	17.1	(15.0)
Change in fair value of financial instruments	30.0	(3.9)	(18.1)	23.3
Other changes in operating activities	11.8	11.4	9.0	(17.4)
<b>Net cash flow from operating activities</b>	<b>26.5</b>	<b>40.2</b>	<b>73.0</b>	<b>192.4</b>
Acquisition of vessels and equipment	(0.1)	(0.0)	(0.0)	(2.6)
Acquisition of vessels accounted for as finance lease receivables	(94.2)	(49.1)	(74.0)	(411.0)
Repayment on finance lease receivables	15.8	15.9	8.9	50.9
Investments in other non-current assets	(58.3)	(41.7)	(33.0)	(91.9)
Net change in associated companies	(1.6)	-	-	(1.6)
Net change in long-term interest-bearing receivables	(9.8)	(1.1)	1.4	34.9
<b>Net cash flow from investing activities</b>	<b>(148.2)</b>	<b>(76.1)</b>	<b>(96.6)</b>	<b>(421.3)</b>
Proceeds from issuance of long-term interest-bearing debt	177.2	86.8	-	530.8
Repayment of long-term interest-bearing debt	(86.2)	(24.6)	(18.0)	(263.4)
Dividend paid	(30.4)	(30.5)	(28.0)	(119.1)
Dividend paid to non-controlling interests	(1.8)	-	-	(1.8)
Net proceeds from issuance of new shares	0.0	-	95.5	95.5
Treasury shares sold	-	-	(0.3)	(0.1)
<b>Net cash flow from financing activities</b>	<b>58.8</b>	<b>31.7</b>	<b>49.3</b>	<b>241.8</b>
<b>Net change in cash and cash equivalents</b>	<b>(62.9)</b>	<b>(4.1)</b>	<b>25.7</b>	<b>13.0</b>
Exchange rate differences	(0.4)	(0.1)	0.1	(1.6)
Cash and cash equivalents at beginning of the period	173.4	110.0	98.7	98.7
<b>Cash and cash equivalents at the end of the period</b>	<b>110.0</b>	<b>105.8</b>	<b>124.4</b>	<b>110.0</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE FIRST QUARTER 2019

## NOTE 1 INTRODUCTION – OCEAN YIELD ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the first quarter and three months ending 31<sup>st</sup> March 2019 comprise Ocean Yield ASA and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group for the year ended 31<sup>st</sup> December 2018 and quarterly reports are available at [www.oceanyield.no](http://www.oceanyield.no).

## NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31<sup>st</sup> December 2018.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 7<sup>th</sup> May 2019.

A number of standards, amendments to standards and interpretations are effective from 1<sup>st</sup> January 2019 and have been applied in preparing these consolidated financial statements;

- The implementation of IFRS 16 Leases was mandatory from 1<sup>st</sup> January 2019. The new standard requires companies to bring most of its leases on-balance sheet, recog-

nizing new assets and liabilities. The new standard has not had significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to previous practice. The Group has identified two agreements where a right-of-use asset and a lease liability has been recognized. The lease liability related to these agreements was USD 1.3 million as of 1<sup>st</sup> January 2019.

## NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The Group has as of 1<sup>st</sup> January 2019, implemented the new standards and amendments to standards specified in Note 2. Other accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31<sup>st</sup> December 2018.

## NOTE 4 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31<sup>st</sup> December 2018.



## NOTE 5 OPERATING SEGMENTS

Ocean Yield identifies segments based on the Group's management and internal reporting structure.

<b>EBITDA</b>	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	2018	2019	2018	2018
FPSO	(21.1)	1.3	28.6	63.6
Other Oil Service	19.9	12.9	20.0	85.8
Car Carriers	10.6	10.5	10.0	41.4
Container vessels	8.1	8.0	6.1	28.8
Tankers	13.4	14.5	10.1	45.8
Other Shipping	7.1	7.1	5.3	26.8
Other companies and eliminations	(2.6)	(2.5)	(2.2)	(9.6)
<b>EBITDA</b>	<b>35.5</b>	<b>51.9</b>	<b>77.8</b>	<b>282.7</b>

<b>Net profit after tax</b>	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	2018	2019	2018	2018
FPSO	(35.9)	(5.9)	7.2	(10.1)
Other Oil Service	(7.9)	(0.1)	7.1	19.9
Car Carriers	4.2	4.3	5.3	19.2
Container vessels	7.3	6.8	6.1	27.6
Tankers	9.7	7.8	6.1	28.0
Other Shipping	1.6	1.9	4.1	13.6
Other companies and eliminations	(28.9)	(6.4)	(2.6)	(39.7)
<b>Net profit after tax</b>	<b>(49.9)</b>	<b>8.4</b>	<b>33.3</b>	<b>58.4</b>





## NOTE 6 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

All cross currency interest rate swaps are recorded at fair value, and are considered by the Group to be level 2 financial instruments under the fair value hierarchy.

<i>Amounts in USD million</i>	Change Q1 2019	Fair value as of 31 March 2019
Cross Currency Interest Rate Swaps	5.0	(32.5)
Forward exchange contracts	0.3	(0.8)
Interest rate swaps	(1.4)	(5.4)
<b>Total</b>	<b>3.9</b>	<b>(38.6)</b>

<i>Amounts in USD million</i>	Change Q1 2018	Fair value as of 31 March 2018
Cross Currency Interest Rate Swaps	13.4	2.1
Forward exchange contracts	0.8	1.1
Interest rate swaps	3.9	(4.4)
<b>Total</b>	<b>18.1</b>	<b>(1.2)</b>

## NOTE 7 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2019:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
<b>Balance at 1 January</b>	<b>238.9</b>	<b>508.9</b>	<b>284.7</b>	-	-	<b>154.0</b>	<b>9.1</b>	<b>1 195.5</b>
Acquisitions	0.0	-	-	-	-	-	0.0	0.0
IFRS 16 effects	-	-	-	-	-	-	1.3	1.3
Depreciation	(6.9)	(7.4)	(3.4)	-	-	(1.4)	(0.3)	(19.3)
Effect of movements in foreign exchange	-	1.0	-	-	-	-	-	1.0
<b>Balance at 31st March 2019</b>	<b>232.0</b>	<b>502.5</b>	<b>281.3</b>	-	-	<b>152.6</b>	<b>10.2</b>	<b>1 178.6</b>

Vessels defined as finance leases are not included in Note 7 but included in Note 8 Finance lease receivables and related assets.





## NOTE 8 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables and related assets of USD 1,246.7 million at 31<sup>st</sup> March 2019 are related to the vessel Aker Wayfarer, four container vessels, twelve chemical tankers, four product tankers, five Suezmax tankers, seven dry bulk vessels and four VLCC crude tankers under construction.

The four VLCCs under construction are fixed from delivery on long-term charter to Okeanis ECO Tankers Corp. and are accounted for as finance leases. They are included in the segment Tankers. Pre-delivery advances related to these vessels are presented with the finance lease re-

ceivables. The pre-delivery advances are at this point not included in the net investment used for calculating the finance lease interest, but will be included from the time of vessel delivery.

In January 2019, Ocean Yield agreed to acquire a modern Suezmax tanker for a net consideration of USD 49.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp. The vessel Milos, was delivered to the Company in February 2019. The vessel is accounted for as a finance lease and is included in the segment Tankers.

The net finance lease receivables as of 31<sup>st</sup> March 2019 was as follows:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other shipping	Total
<i>Gross finance lease receivable</i>							
Less than one year	-	40.0	-	12.1	80.6	12.6	145.3
Between one and five years	-	122.6	-	48.4	313.0	47.5	531.4
More than five years	-	101.7	-	75.7	488.2	90.4	756.0
Unguaranteed residual values	-	57.7	-	22.2	164.2	-	244.1
<b>Gross finance lease receivable</b>	<b>-</b>	<b>322.0</b>	<b>-</b>	<b>158.3</b>	<b>1 045.9</b>	<b>150.4</b>	<b>1 676.7</b>
Less: Unearned finance income	-	(144.8)	-	(43.9)	(328.8)	(46.1)	(563.6)
<b>Total finance lease receivables</b>	<b>-</b>	<b>177.2</b>	<b>-</b>	<b>114.5</b>	<b>717.2</b>	<b>104.3</b>	<b>1 113.1</b>
<i>Present value of minimum lease payments</i>							
Less than one year	-	37.1	-	11.8	78.0	12.1	139.0
Between one and five years	-	82.4	-	41.2	261.5	39.1	424.2
More than five years	-	40.0	-	49.3	300.0	53.1	442.3
Unguaranteed residual values	-	17.7	-	12.2	77.7	-	107.6
<b>Total finance lease receivables</b>	<b>-</b>	<b>177.2</b>	<b>-</b>	<b>114.5</b>	<b>717.2</b>	<b>104.3</b>	<b>1 113.1</b>
Pre-delivery instalments	-	-	-	-	133.6	-	133.6
<b>Total finance lease receivables and related assets</b>	<b>-</b>	<b>177.2</b>	<b>-</b>	<b>114.5</b>	<b>850.8</b>	<b>104.3</b>	<b>1 246.7</b>

## NOTE 9 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 31<sup>st</sup> March 2019 the following contractual obligations related to the purchase of vessels.

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Total
Already paid	-	-	-	-	132.0	-	132.0
Q2-Q3 2019	-	-	-	-	165.0	-	165.0
<b>Total contractual obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297.0</b>	<b>-</b>	<b>297.0</b>
Total remaining payments	-	-	-	-	165.0	-	165.0
Secured bank financing	-	-	-	-	147.2	-	147.2
<b>Payments to be funded by cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.9</b>	<b>-</b>	<b>17.9</b>

The obligations above related to the segment Tankers relates to four VLCC crude tankers under construction.

The four VLCC crude tankers are scheduled for delivery in Q2-Q3 2019, and will from delivery be chartered to companies owned and guaranteed by Okeanis ECO Tankers Corp. for a period of 15 years. The net purchase price is USD 74.25 million per vessel.

## NOTE 10 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2019:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	-	439.1	184.5	91.6	564.1	209.6	273.9	1 762.9
New loans	-	-	-	-	89.4	-	-	89.4
Paid loan fees	-	-	-	-	(2.6)	-	-	(2.6)
Instalments	-	(4.1)	(4.2)	(1.8)	(10.8)	(3.7)	-	(24.6)
Effect of movements in foreign exchange and loan fees amortized	-	0.9	0.2	0.0	0.5	0.1	3.1	4.8
<b>Total interest-bearing liabilities 31st March 2019</b>	<b>-</b>	<b>435.9</b>	<b>180.5</b>	<b>89.8</b>	<b>640.6</b>	<b>206.1</b>	<b>277.0</b>	<b>1 829.9</b>
Long-term	-	330.3	163.5	82.6	591.6	191.3	277.0	1 636.2
1st year instalments	-	105.6	17.0	7.2	49.0	14.8	0.0	193.7
<b>Total interest-bearing liabilities 31st March 2019</b>	<b>-</b>	<b>435.9</b>	<b>180.5</b>	<b>89.8</b>	<b>640.6</b>	<b>206.1</b>	<b>277.0</b>	<b>1 829.9</b>
Undrawn facilities	-	32.9	-	-	-	-	-	32.9

The acquisition of the Suezmax tanker Milos was financed with a combination of equity and debt, where a loan of 7-year maturity was raised with one of Ocean Yield's relationship banks.

## NOTE 11 SHARE CAPITAL AND DIVIDENDS

As of 31<sup>st</sup> March 2019 the Company had a share capital of NOK 1,593,514,320 divided into 159,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 9,021.

In Q1 2019 USD 30.5 million was paid in dividends, following the announcement of the Q4 2018 results.

## NOTE 12 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end, Ocean Yield agreed to acquire two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of a seller's credit, with 11-year bareboat charters to Scorpio Bulkers Inc.



## USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are defined as numerical measures that either exclude or include amounts that are not excluded or included in the comparable measures calculated and presented in accordance with GAAP (i.e. IFRS).

The following financial measure may be considered an alternative performance measure:

- EBITDA: Earnings before financial items, income taxes, depreciation, amortization and impairment charges.
- EBITDA adjusted for finance lease effects: EBITDA adjusted for Repayment of finance lease receivables.
- EBIT: Earnings before financial items and income taxes.
- Adjusted net profit: Net profit adjusted for impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.
- Charter Backlog: represents the estimated EBITDA backlog from signed contracts. Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for

floating rate lease agreements. The charter hire from the potential contract with Aker Energy AS has not been included in the charter backlog as of 31st March 2019, as this is an option to enter into a bareboat charter, and not a signed bareboat contract.

The Company believes presenting EBITDA, EBITDA adjusted for finance lease effects, EBIT and Adjusted net profit as useful to investors as they provide other useful measures of Ocean Yield's profitability from its operations. Regarding EBITDA adjusted for finance lease effects, the Company believes it is useful for investors to present information showing all vessels accounted for on a consistent basis, as it will more closely reflect the Group's cash flows from operations. Regarding, Adjusted net profit, the Company considers Adjusted net profit to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit is thus a useful measure when it comes to the Company's dividend capacity.

EBITDA and EBIT are disclosed in the condensed consolidated income statement as separate line items. Reconciliation of other alternative performance measures to the financial statements are as follows:

	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	2018	2019	2018	2018
EBITDA	35.5	51.9	77.8	282.7
Repayment on finance lease receivables	15.8	15.9	8.9	50.9
<b>EBITDA adjusted for finance lease effects</b>	<b>51.3</b>	<b>67.8</b>	<b>86.8</b>	<b>333.6</b>
Net profit after tax	(49.9)	8.4	33.3	58.4
Write down on trade receivables	19.5	0.4	-	19.5
Impairment of goodwill related to the FPSO DB-1	9.8	-	-	9.8
Increase in field abandonment provision related to the FPSO DB-1	9.1	-	-	9.1
Impairment of Far Senator/Far Statesman	13.4	-	-	13.4
Foreign exchange gains/losses	(18.1)	3.5	16.2	(16.0)
Change in fair value of financial instruments	30.0	(3.9)	(18.1)	23.3
Change in deferred tax	(1.1)	(0.0)	2.4	2.8
Other non-recurring items	0.0	-	-	1.5
<b>Adjusted Net profit</b>	<b>12.5</b>	<b>8.4</b>	<b>33.9</b>	<b>121.6</b>

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