Q3
2017 REPORT

Contents

THIRD QUARTER 2017 REPORT

Lysaker, 2nd November 2017, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the third quarter 2017.

HIGHLIGHTS

- Declared a dividend of 0.1885 per share for Q3 2017. This is an increase of 0.10 cents per share compared with the previous quarter and is the 16th consecutive dividend increase.
- EBITDA for Q3 2017 was USD 80.6 million, reflecting delivery of another four vessels at the end of the previous quarter.
- EBITDA adjusted for finance lease effects was USD 89.3 million.
- Net profit before tax for Q3 2017 was USD 39.2 million and Net profit after tax was USD 31.3 million. Adjusted net profit was USD 36.3 million.
- The charter for the vessel *Lewek Connector* has been extended with a firm period until 22nd November 2017, plus further extensions in the charterer's option for a period up until 23rd December 2017, at a rate of USD 40,000 per day.
- The FPSO *Dhirubhai-1* had a steady quarter with operational utilisation close to 100%.
- The charter backlog was USD 2.9 billion on an adjusted EBITDA basis with remaining average duration of 11.2 years.

Commenting on the third quarter results, Lars Solbakken, CEO of Ocean Yield, said:

"*I am pleased to present another quarter of revenue growth for Ocean Yield, with the highest ever reported EBITDA and an adjusted net profit of USD 36.3 million. Once again we have increased dividends to our shareholders, now for the 16th consecutive quarter. With a strong balance sheet and liquidity position, we are actively pursuing opportunities in the market to further diversify our charter backlog and increase our dividend capacity.*"

CONSOLIDATED KEY FIGURES

Selected key financial figures for Q3 2017 compared with Q2 2017:

USD Million	Q2 2017	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016
Revenues and other income	82.2	88.8	76.2	249.5	212.4
EBITDA	74.3	80.6	68.7	226.1	190.8
EBITDA adjusted for finance lease effects*	83.1	89.3	75.6	251.4	208.5
Net Profit after tax	30.6	31.3	32.7	98.8	76.7
Adjusted net profit *	33.5	36.3	33.4	103.3	60.6
Equity ratio	32.6%	33.3%	32.3%	33.3%	32.3%
EBITDA Charter backlog (USD bn)**	2.9	2.9	3.2	2.9	3.2
Dividend declared per share (USD)	0.1875	0.1885	0.1775	0.5610	0.5200

*Definition on page 22

***Figures are based on management's estimates which may be subject to change. These include assumptions on operating expenses on the Dhirubhai-1, 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 USD LIBOR interest rates for floating rate lease agreements.*

MAIN EVENTS DURING THE THIRD QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1885 per share for Q3 2017. The dividend is on an annualized basis equal to USD 0.7540 per share. The dividend will be paid on or about 16th November 2017 to shareholders as of 6th November 2017 registered with the Norwegian Central Securities Depository (the "VPS") as of 8th November 2017 (the "Record Date"). The ex-dividend date will be 7th November 2017.
- The vessel *Lewek Connector*, which is employed on a short-term bareboat contract in West Africa, received a contract extension with a firm period until 22nd November 2017. In addition, the charterer has several options to further extend the contract until 23rd December 2017 at a rate of USD 40,000 per day. Following completion of the current contract, the vessel is being marketed for both cable-laying and offshore construction work.
- The FPSO *Dhirubhai-1* showed steady production during the quarter with a production uptime of close to 100%. The current contract expires on 21st September 2018, but the Company expects that production on the MA field will continue beyond the firm contract period.

  With respect to employment of the FPSO following completion of production on the MA-field, Reliance Industries ("RIL") and BP announced in June that they will invest about USD 6 billion in the development of three new fields on the KG-D6 block in India. It is expected that one of these new fields, the "MJ" field, will be developed with an FPSO solution, where *Dhirubhai-1* is a potential candidate.
- Ocean Yield had 4 LR2 Product Tankers delivered in 2016 on long term bareboat charter to Navig8 Product Tankers Inc. ("NPTI"). In September, Scorpio Tankers Inc. ("Scorpio") announced that it had successfully merged with NPTI. Through the merger, Scorpio acquired NPTI's fleet of 27 eco-design product tankers. As a consequence, NPTI was replaced with Scorpio as the counterparty in Ocean Yield's bareboat charters for the four LR2 product tankers.

THIRD QUARTER FINANCIAL REVIEW

- **Total revenues** and other income for Q3 2017 were USD 88.8 million compared with USD 76.2 million for Q3 2016. Of the Total revenues, USD 66.6 million is classified as Operating revenue, USD 16.4 million classified as Finance Lease revenue and USD 5.8 million as Income from investment in associates.
- **Operating revenues** were positively affected by the delivery of two platform supply vessels ("PSVs") acquired in the second quarter. The two PSVs have approximately 12 years remaining bareboat charter to Aker BP and were delivered on 14th June 2017. In addition, full quarter earnings were recognized for the gas carrier *Gaschem Orca*, which was delivered on June 16th 2017.
- **Finance lease revenues** were USD 16.4 million in Q3 2017 compared with USD 13.5 million in Q3 2016. Finance lease revenues were positively affected by the delivery of the Suezmax tanker *Poliegos*, which was acquired in the second quarter. The vessel was delivered to Ocean Yield on 30th June 2017 and is accounted for as a finance lease. The vessel has a 14-year bareboat charter to Okeanis Marine Holdings SA, a company controlled by the Alafouzos family. 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 49.5% investment in Box Holdings Inc., were USD 5.8 million in Q3 2017 compared with USD 1.8 million in Q3 2016. The increase compared to Q3 2016 comes as a result of delivery of further newbuildings, as three vessels were delivered between Q3 2016 and Q3 2017. The income in Q3 2017 compared to the previous quarter was negatively affected by mark-to-market of derivatives on long-term interest rate swaps related to the financing of the vessels.
- **Wages and other personnel expenses** were USD 2.7 million for Q3 2017, compared with USD 1.7 million for Q3 2016. The increase in Q3 2017 compared with Q3 2016 is mainly related to provisions for bonuses for employees in Ocean Yield, as a result of positive share-price development during the quarter.
- **EBITDA** was USD 80.6 million in Q3 2017 compared with USD 68.7 million in Q3 2016. Adjusted for finance lease effects, the EBITDA was USD 89.3 million compared with USD 75.6 million in Q3 2016. The increase in EBITDA is related to delivery of further vessels to the fleet.
- **Depreciation and amortization** was USD 26.7 million in Q3 2017, compared with USD 25.2 million in Q3 2016. The increase is related to vessel deliveries that took place late in the second quarter and hence has full impact on depreciation in the third quarter.
- **Financial income** was USD 1.4 million in Q3 2017 compared with USD 4.8 million in Q3 2016. The decrease from Q3 2016 to Q3 2017 is mainly related to Ocean Yield's monetization of unsecured bonds issued by American Shipping Company ASA ("AMSC"), where Ocean Yield as of Q3 2017 held bonds with a book value of USD 50.7 million, compared with USD 196.2 million in Q3 2016. As described in the Q1 2017 Report, these bonds were refinanced by AMSC in February 2017.
- **Financial expenses** were USD 19.0 million in Q3 2017, compared with USD 15.7 million in Q3 2016. The increase compared to Q3 2016 is mainly related to increased long-term debt as a result of vessel deliveries. Approximately USD 0.6 million of the amount recognized in Q3 2017 is a non-recurring amount related to the refinancing of certain vessels in the fleet.
- **Foreign exchange** losses were USD 41.4 million in Q3 2017, compared with USD 8.8 million in Q3 2016. The foreign exchange losses comes mainly as a result of movements in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK. Of the amount recognized in Q3 2017, USD 28.2 million is related to the expiry of a cross currency interest rate swap entered into in 2013, where the Company had swapped floating NIBOR into floating LIBOR for a portion of its unsecured bond loans being denominated in NOK. Hence the unrealized currency loss related to this cross currency swap has been realized, resulting in a negative cash effect of USD 28.2 million. This is offset against a positive movement in mark-to-market of derivatives, as described below.
- **Mark-to-market of derivatives** were positive in Q3 2017 with USD 44.4 million compared with USD 15.9 million in Q3 2016. Of the amount recognized in Q3 2017, USD 32.9 million is related to the expiry of one cross currency swap entered into in 2013 in connection with the issuance of NOK bonds, where Ocean Yield had swapped floating NIBOR to floating LIBOR. The Company's other cross currency and interest rate swaps related to bond loans and vessel financings were positive with USD 11.5 million, resulting in a total gain of USD 44.4 million.
- **The Net profit before tax** for Q3 2017 was USD 39.2 million compared with USD 39.7 million for Q3 2016. The Net profit before tax in Q3 2016 included a net gain on currency fluctuations and mark to market of derivatives of USD 7.1 million compared with USD 3.0 million in Q3 2017.
- **Change in deferred tax** was negative USD 7.9 million in Q3 2017, compared with USD 7.0 million in Q3

2016. The change in deferred tax is mainly a result of a positive taxable net profit on the FPSO and partly as a result of the strengthening of the NOK against the USD. The change in deferred tax results in a reduction of deferred tax assets on the balance sheet. Tax payable in Q3 2017 was zero.

- **The Net profit after tax** for Q3 2017 was USD 31.3 million compared with USD 32.7 million for Q3 2016. Adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and change in deferred tax, the net profit after tax was USD 36.3 million as compared with USD 33.4 million in Q3 2016.
- **Shares in Solstad Farstad** were valued at USD 7.6 million at the end of Q3 2017, compared with USD 10.1 million at the end of Q2 2017. The negative change in the share price during 2017 has been recognized in Other comprehensive income. If the share price of Solstad Farstad remains at the same level at the end of Q4, the amounts recognized in Other comprehensive income during 2017 will need to be reversed and recognized through the Profit & Loss in Q4.
- **Trade Receivables** were USD 33.2 million in Q3 2017 compared with USD 27.0 million in Q2 2017. Of this, USD 15.7 million is overdue, which is related to bonuses and other payments under the charter contract for the FPSO *Dhirubhai-1*.
- **Cash & cash equivalents** at the end of Q3 2017 were USD 116.9 million, compared with USD 126.8 million at the end of Q2 2017. In addition to the free cash, the Company has available un-drawn credit facilities of USD 53.8 million and AMSC bonds available for sale of USD 50.7 million. Total available liquidity, including the AMSC bonds, was then USD 221.4 million at the end of the quarter.
- **Book equity** was USD 824.9 million at the end of Q3 2017, compared with USD 823.8 million at the end of Q2 2017. The equity ratio was 33.3% compared with 32.6% in Q2 2017. Total assets were USD 2,479.8 million in Q3 2017, compared with USD 2,523.5 million in Q2 2017.
- **Mark-to-market of derivatives** were in total USD 14.7 million at the end of Q3 2017, compared with USD 59.1 million at the end of Q2 2017. The reduction is mainly due to the strengthening of the NOK against the USD and the settlement of a cross currency swap that expired in the third quarter.
- **Financing**: During the quarter, the Company has repurchased NOK 10 million of its unsecured bond loan OCY02 with maturity in March 2019. Net outstanding under OCY02 after the repurchase was NOK 744.5 million at the end of Q3 2017.

YEAR TO DATE FINANCIAL REVIEW

- **Total revenues and other income** for the first nine months 2017 were USD 249.5 million as compared with USD 212.4 million for the first nine months 2016. Of this, USD 183.3 million was Operating revenue, USD 48.6 million was recorded as Finance lease revenue and USD 17.6 million was Income from investment in associates. This compares to USD 180.5 million of Operating revenue, USD 30.1 million of Finance lease revenue and USD 1.8 million in Income from investments in associates in the first nine months of 2016. The increase from the first nine months of 2016 to the first nine months of 2017 reflects delivery of further vessels to the fleet.
- **EBITDA** was USD 226.1 million for the first nine months 2017, compared with USD 190.8 million for the first nine months 2016. Adjusted for finance lease effects, the adjusted EBITDA was 251.4 million in the first nine months of 2017, compared with USD 208.5 million in the first nine months of 2016.
- **Depreciation** was USD 76.0 million, compared with USD 74.2 million in the first nine months of 2016. Certain of the vessels delivered during the past 12 months are accounted for as finance leases and hence have no impact on depreciation. Only vessels accounted for as operating leases will affect depreciation.
- **Operating profit** was USD 150.1 million as compared with USD 116.5 million for the first nine months of 2016, which comes as a result of further vessel deliveries.
- **Financial Income** was USD 12.0 million in the first nine months of 2017 compared with USD 13.9 million in the first nine months of 2016. The decrease is mainly related to Ocean Yield's monetization of unsecured bonds issued by AMSC that were refinanced in February 2017.
- **Financial expenses** were USD 53.3 million compared with USD 37.3 million in the first nine months of 2016. The increase is related to delivery of further vessels to the fleet and increased long-term debt as a result, as vessels are financed with a combination of long-term debt and equity.
- **Net profit before tax** was USD 114.1 million for the first nine months of 2017 compared with USD 90.9 million for the first nine months of 2016. As described above, Net profit is impacted by currency fluctuations related to the Company's bond loans issued in NOK and mark-to-market of derivatives related to interest rate swaps and cross currency swaps. However these fluctuations have no significant cash impact, with the exception of settlement of cross currency swaps.
- **Change in deferred tax** was negative USD 15.4 million for the first nine months of 2017 compared with USD 14.1 million in the first nine months of 2016.
- **Net profit after tax** was USD 98.8 million for the first nine months of 2017 compared with USD 76.7 million for the first nine months of 2016.

CHARTER BACKLOG

The charter backlog at the end of Q3 2017 was USD 2.9 billion on an adjusted EBITDA* basis. The average remaining contract duration (weighted by EBITDA) was 11.2 years. The total fleet as of the end of Q3 2017 counted 37 vessels, where all are delivered. Six of the vessels are owned 49.5% by Ocean Yield and one vessel is owned 75%.

RISKS

Ocean Yield is exposed to a number of risks, including counterparty risk, financing risk, interest rate risk, currency risk, vessel construction risk and residual value risk. The Company is also exposed to operating risk on the FPSO *Dhirubhai-1*, and may be subject to demobilisation and redeployment risk on the FPSO if the purchase option upon contract expiry is not exercised.

Regarding the vessel *Lewek Connector*, Ocean Yield is currently marketing the vessel for new employment after the current contract, both as a subsea construction and cable installation vessel. Due to long lead-time for such projects, there is a risk of low utilisation and even lay-up, in particular during the winter months of 2018.

As referred to in the Q2 2017 Report, the Norwegian ministry of Finance has notified the EFTA Surveillance Authority ("ESA") of a continuation in the Norwegian tonnage tax regime for another 10-year period, while imposing restrictions on companies' right to charter out vessels on long-term bareboat charters. Ocean Yield understands that discussions between the Norwegian ministry of Finance and ESA are still on-going and no news have been published since the extension of the current tax regime was granted until 31st December 2017. Ocean Yield is contemplating moving part of its bareboat chartered fleet and operations outside Norway. For a more detailed description of risk factors, please refer to the annual report for 2016, which is available on www.oceanyield.no.

OUTLOOK

At the end of Q3 2017, Ocean Yield had 37 vessels in the fleet. The Company intends to continue to expand and diversify its fleet of vessels on long-term charter in order to continue to strengthen the Company's earnings and dividend capacity.

Given Ocean Yield's strong balance sheet, liquidity position and access to capital markets, the Company is well positioned to continue to grow its portfolio of vessels. The transaction volumes for modern vessels in the sale & leaseback market has been lower during the past quarters, due to reduced newbuilding activity. The Company expects increased newbuilding activity in 2018 with increased deal flow as a result.

The Company intends to continue its policy of paying attractive and increasing dividends to the shareholders, however at a conservative growth rate.

2nd November 2017
Ocean Yield ASA

Frank O. Reite Chairman	Kjell Inge Røkke Director	Annicken Gann Kildahl Director
Anne Christin Døvigen Director	Jens Ismar Director	Lars Solbakken CEO

**Figures are based on management's estimates which may be subject to change. These include assumptions on operating expenses on the Dhirubhai-1, 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 USD LIBOR interest rates for floating rate lease agreements.*

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Ocean Yield ASA Group condensed consolidated financial statement for the third quarter 2017

INCOME STATEMENT

Amounts in USD million	Note	2nd Quarter 2017	3rd Quarter 2017	3rd Quarter 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Operating revenues		59.5	66.6	60.9	183.3	180.5	241.7
Finance lease revenue		16.2	16.4	13.5	48.6	30.1	45.9
Income from investments in associates		6.5	5.8	1.8	17.6	1.8	6.7
Total revenues	5	**82.2**	**88.8**	**76.2**	**249.5**	**212.4**	**294.4**
Vessel operating expenses		(5.1)	(4.1)	(4.6)	(13.4)	(13.4)	(17.8)
Wages and other personnel expenses		(1.4)	(2.7)	(1.7)	(5.9)	(4.6)	(6.1)
Other operating expenses		(1.4)	(1.4)	(1.2)	(4.1)	(3.6)	(5.3)
EBITDA	5	**74.3**	**80.6**	**68.7**	**226.1**	**190.8**	**265.2**
Depreciation and amortization	9	(24.8)	(26.7)	(25.2)	(76.0)	(74.2)	(99.7)
Impairment charges and other non-recurring items		-	-	-	-	-	(36.2)
Operating profit		**49.5**	**53.9**	**43.5**	**150.1**	**116.5**	**129.2**
Financial income	6	1.4	1.4	4.8	12.0	13.9	18.8
Financial expenses		(17.3)	(19.0)	(15.7)	(53.3)	(37.3)	(55.0)
Foreign exchange gains/losses		(5.4)	(41.4)	(8.8)	(47.5)	(19.2)	(5.9)
Mark to market of derivatives	7	6.2	44.4	15.9	52.7	17.0	6.8
Net financial items		**(15.2)**	**(14.6)**	**(3.9)**	**(36.0)**	**(25.7)**	**(35.2)**
Net profit before tax		**34.4**	**39.2**	**39.7**	**114.1**	**90.9**	**94.0**
Tax payable	8	(0.0)	(0.0)	-	(0.0)	-	(0.2)
Change in deferred tax	8	(3.7)	(7.9)	(7.0)	(15.4)	(14.1)	(16.3)
Net profit after tax		**30.6**	**31.3**	**32.7**	**98.8**	**76.7**	**77.5**
Attributable to:							
Equity holders of the parent		30.4	30.9	31.9	97.7	76.1	76.1
Non controlling interests		0.3	0.4	0.8	1.0	0.7	1.4
Net profit after tax		**30.6**	**31.3**	**32.7**	**98.8**	**76.7**	**77.5**
Weighted average number of shares outstanding		148.3	148.3	138.1	148.3	135.8	138.9
Earnings per share (USD)		**0.20**	**0.21**	**0.23**	**0.66**	**0.56**	**0.55**

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	2nd Quarter 2017	3rd Quarter 2017	3rd Quarter 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Net profit after tax for the period	30.6	31.3	32.7	98.8	44.1	77.5
Other comprehensive income, net of income tax						
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.2)
Total for items that will not be reclassified to the income statement	-	-	-	-	-	(0.2)
Items that are or may be reclassified to the income statement						
Other comprehensive income from investment in associates	(3.1)	(0.3)	1.7	(4.0)	1.7	18.9
Change in fair value of available for sale financial assets	(2.3)	(2.5)	-	(4.5)	-	-
Currency translation differences	1.2	2.4	1.8	3.9	3.8	0.8
Total for items that are or may be reclassified to the income statement	(4.2)	(0.4)	3.5	(4.7)	5.6	19.7
Total change in other comprehensive income, net of income tax	(4.2)	(0.4)	3.5	(4.7)	5.6	19.4
Total comprehensive income for the period	**26.4**	**31.0**	**36.2**	**94.1**	**49.6**	**96.9**
Attributable to:						
Equity holders of the parent	26.1	30.6	35.4	93.0	81.7	95.5
Non controlling interests	0.3	0.4	0.8	1.0	0.7	1.4
Total comprehensive income for the period	**26.4**	**31.0**	**36.2**	**94.1**	**82.3**	**96.9**

BALANCE SHEET

Amounts in USD million	Note	30 June 2017	30 September 2017	30 September 2016	31 December 2016
ASSETS					
Goodwill		9.8	9.8	9.8	9.8
Vessels and equipment	9	1 361.1	1 340.7	1 301.0	1 243.8
Investments in associates		185.8	186.1	165.4	187.4
Finance lease receivables and related assets	10	735.0	727.3	614.0	703.5
Investments in AMSC Bonds	6	50.8	50.7	196.2	197.5
Restricted cash deposits		2.3	-	23.6	23.8
Other interest-bearing long-term receivables		1.6	2.0	0.7	1.2
Shares in Solstad Farstad	11	10.1	7.6	-	-
Deferred tax assets		13.2	5.3	22.2	20.5
Total non-current assets		**2 369.7**	**2 329.7**	**2 332.9**	**2 387.5**
Trade receivables and other interest-free receivables		27.0	33.2	17.6	21.7
Restricted cash deposits		-	-	47.9	-
Cash and cash equivalents		126.8	116.9	157.4	165.5
Total current assets		**153.8**	**150.1**	**222.9**	**187.2**
Total assets		**2 523.5**	**2 479.8**	**2 555.8**	**2 574.7**
EQUITY AND LIABILITIES					
Share capital		239.6	239.6	239.6	239.6
Treasury shares		(0.1)	(0.0)	(0.1)	(0.1)
Other paid-in capital		407.1	379.3	543.6	461.6
Total paid-in capital	**14**	**646.6**	**618.9**	**783.1**	**701.1**
Retained earnings and translation reserves		165.5	196.1	33.1	103.1
Total equity attributable to equity holders of the parent		**812.2**	**815.0**	**816.3**	**804.2**
Non controlling interests		11.6	10.0	10.2	11.0
Total equity		**823.8**	**824.9**	**826.5**	**815.2**
Interest-bearing loans	13	1 456.3	1 447.2	1 323.6	1 380.4
Pension liabilities		0.4	0.4	0.3	0.4
Mobilization fee and advances		40.6	36.1	40.8	37.4
Mark to market of derivatives	7	20.0	5.8	22.0	26.1
Non-current provisions		29.3	29.7	28.0	28.5
Total non-current liabilities		**1 546.7**	**1 519.1**	**1 414.8**	**1 472.7**
Interest-bearing short term debt	13	98.6	109.8	161.9	173.4
Liability related to investment in associates		-	-	86.5	57.7
Mark to market of derivatives	7	39.1	9.0	35.3	41.3
Trade and other payables		15.4	17.0	30.9	14.4
Total current liabilities		**153.1**	**135.7**	**314.6**	**286.8**
Total liabilities		**1 699.7**	**1 654.9**	**1 729.3**	**1 759.5**
Total equity and liabilities		**2 523.5**	**2 479.8**	**2 555.8**	**2 574.7**

CHANGE IN EQUITY

Amounts in USD million	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Non controlling interests	Total equity
Balance at 31 December 2015	**222.8**	**455.2**	**(0.3)**	**-**	**(41.7)**	**61.2**	**697.3**	**11.6**	**708.8**
Net profit after tax for the period	-	-	-	-	-	76.1	76.1	1.4	77.5
Other comprehensive income	-	-	-	-	0.8	18.6	19.4	-	19.4
Total comprehensive income	**-**	**-**	**-**	**-**	**0.8**	**94.7**	**95.5**	**1.4**	**96.9**
Issuance of ordinary shares	16.8	88.7	-	-	-	-	105.5	-	105.5
Dividend	-	(82.1)	-	-	-	(11.9)	(94.0)	(2.0)	(96.0)
Balance at 31 December 2016	**239.6**	**461.8**	**(0.3)**	**-**	**(40.9)**	**144.0**	**804.2**	**11.0**	**815.2**
Net profit after tax for the period	-	-	-	-	-	97.7	97.7	1.0	98.8
Other comprehensive income	-	-	-	(4.5)	3.9	(4.0)	(4.7)	-	(4.7)
Total comprehensive income	**-**	**-**	**-**	**(4.5)**	**3.9**	**93.7**	**93.0**	**1.0**	**94.1**
Dividend	-	(82.3)	-	-	-	-	(82.3)	(2.1)	(84.4)
Treasury shares sold	-	(0.0)	0.1	-	-	-	0.1	-	0.1
Balance at 30 September 2017	**239.6**	**379.5**	**(0.3)**	**(4.5)**	**(37.0)**	**237.7**	**815.0**	**10.0**	**824.9**

Change in equity as of 30 September 2016

Amounts in USD million	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Non controlling interests	Total equity
Balance at 31 December 2015	**222.8**	**455.2**	**(0.3)**	**-**	**(41.7)**	**61.1**	**697.2**	**11.6**	**708.8**
Net profit after tax for the period	-	-	-	-	-	76.1	76.1	0.7	76.7
Other comprehensive income	-	-	-	-	3.8	1.7	5.6	-	5.6
Total comprehensive income	**-**	**-**	**-**	**-**	**3.8**	**77.8**	**81.7**	**0.7**	**82.3**
Issuance of ordinary shares	16.8	88.3	-	-	-	-	105.1	-	105.1
Dividend	-	-	-	-	-	(67.7)	(67.7)	(2.0)	(69.7)
Balance at 30 September 2016	**239.6**	**543.6**	**(0.3)**	**-**	**(37.8)**	**71.2**	**816.3**	**10.2**	**826.5**

CASH FLOW STATEMENT

Amounts in USD million	2nd Quarter 2017	3rd Quarter 2017	3rd Quarter 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Profit before tax	34.4	39.2	39.7	114.1	90.9	94.0
Depreciation, amortization and impairment charges	24.8	26.7	25.2	76.0	74.2	136.0
Income from investments in associates	(6.5)	(5.8)	(1.8)	(17.6)	(1.8)	(6.7)
Dividend received from investments in associates	4.1	5.2	-	14.9	-	-
Net interest expenses (+)	15.1	16.3	10.4	44.7	22.6	34.1
Interest paid	(15.4)	(15.7)	(11.7)	(46.7)	(29.8)	(43.2)
Interest received	0.2	2.5	3.4	6.3	10.1	13.6
Unrealized foreign exchange gain/loss	6.4	14.5	10.9	22.1	21.7	2.9
Mark to market of derivatives	(6.2)	(44.4)	(15.9)	(52.7)	(17.0)	(6.8)
Other changes in operating activities	(9.6)	(11.7)	(1.4)	(30.2)	(23.1)	(29.3)
Net cash flow from operating activities	**47.2**	**26.9**	**58.7**	**130.9**	**147.8**	**194.6**
Acquisition of vessels and equipment	(154.6)	(0.1)	(1.1)	(163.2)	(90.0)	(139.3)
Refundable yard instalments	-	-	-	-	-	17.6
Acquisition of vessels accounted for as finance lease receivables	(47.0)	-	(47.7)	(47.0)	(149.8)	(248.6)
Repayment on finance lease receivables	8.8	8.7	6.9	25.3	17.7	26.1
Investments in other non-current assets	(0.4)	-	(16.9)	(0.5)	(91.6)	(92.1)
Investments in associated companies	-	(0.0)	(73.8)	(57.7)	(75.4)	(104.2)
Net change in long-term interest-bearing receivables	21.2	2.3	(0.8)	176.7	1.0	1.1
Transfer to restricted cash deposits	-	-	(47.9)	-	(47.9)	-
Net cash flow from investing activities	**(172.1)**	**11.0**	**(181.2)**	**(66.4)**	**(435.9)**	**(539.4)**
Proceeds from issuance of long-term interest-bearing debt	224.1	0.4	211.0	224.5	495.4	630.7
Repayment of long-term interest-bearing debt	(41.1)	(18.5)	(123.3)	(253.7)	(203.4)	(247.0)
Dividend paid	(27.4)	(27.8)	(23.2)	(82.3)	(67.7)	(94.0)
Dividend paid to non-controlling interests	-	(2.1)	-	(2.1)	(2.0)	(2.0)
Proceeds from issuance of new equity	-	-	104.5	-	105.1	105.1
Treasury shares sold	-	0.1	-	0.1	-	-
Net cash flow from financing activities	**155.5**	**(47.9)**	**168.9**	**(113.5)**	**327.4**	**392.7**
Net change in cash and cash equivalents	**30.7**	**(10.1)**	**46.4**	**(49.0)**	**39.3**	**47.8**
Exchange rate differences	(0.0)	0.3	0.3	0.4	0.4	(0.1)
Cash and cash equivalents at beginning of the period	96.1	126.8	110.8	165.5	117.7	117.7
Cash and cash equivalents at the end of the period	**126.8**	**116.9**	**157.4**	**116.9**	**157.4**	**165.5**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE THIRD QUARTER 2017

NOTE 1 INTRODUCTION – OCEAN YIELD ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the third quarter and nine months ending 30th September 2017 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31st December 2016 and quarterly reports are available at 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 31st December 2016.

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 2nd November 2017.

A number of standards, amendments to standards and interpretations are not effective for the period ended 30th June 2017 and have not been applied in preparing these consolidated financial statements;

- The implementation of IFRS 9 Financial Instruments is mandatory from 1st January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and will replace the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduce a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. The new standard is not expected to have significant impact on the financial statements of Ocean Yield.

- Implementation of IFRS 15 Revenue from Contracts with Customers is mandatory from 1st January 2018. The new standard is not expected to have significant impact on the financial statements of Ocean Yield.

- Implementation of IFRS 16 Leases is mandatory from 1st January 2019. The new standard requires companies to bring most of its leases on-balance sheet, recognizing new assets and liabilities. The new standard is not expected to have significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to current practice.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The 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 31st December 2016. In addition, the Group has adopted the following accounting principle from 2017;

Dividends received from associates

Dividends received from associates are presented as part of net cash flow from operating activities in the cash flow statement. Received dividends are recognised as a reduction of the book value of the investment.

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 31st December 2016.

NOTE 5 OPERATING SEGMENTS

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

Total revenues and other income	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
Amounts in USD million	2017	2017	2016	2017	2016	2016
FPSO	35.0	35.4	33.2	105.0	102.6	137.9
Other Oil Service	18.8	22.0	25.0	58.0	69.0	90.7
Car Carriers	9.7	10.1	10.1	29.7	25.3	35.4
Container vessels	6.5	5.8	1.8	17.6	1.8	6.7
Tankers	9.1	10.2	6.2	28.3	13.7	22.2
Other Shipping	3.0	5.3	-	10.9	-	1.4
Total revenues and other income	**82.2**	**88.8**	**76.2**	**249.5**	**212.4**	**294.4**

EBITDA	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
Amounts in USD million	2017	2017	2016	2017	2016	2016
FPSO	28.4	29.6	27.0	87.0	85.0	114.5
Other Oil Service	18.7	21.9	24.9	57.6	68.9	90.6
Car Carriers	9.7	10.1	10.1	29.7	25.3	35.3
Container vessels	6.5	5.8	1.8	17.6	1.8	6.7
Tankers	9.1	9.2	6.1	27.3	13.6	22.0
Other Shipping	3.0	6.1	(0.0)	11.7	(0.0)	1.4
Other companies and eliminations	(1.2)	(2.2)	(1.3)	(4.8)	(3.8)	(5.1)
EBITDA	**74.3**	**80.6**	**68.7**	**226.1**	**190.8**	**265.2**

From 2017, the Company has created a new reporting segment called "Tankers". This segment includes the Group's investments in chemical tankers and product tankers, which previously were reported in the segment Other Shipping.

The old segment "Gas carriers" is no longer reported as a separate segment, but is instead included in "Other Shipping". Comparative figures have been adjusted to reflect the segment changes.

NOTE 6 FINANCIAL INCOME

The financial income is mainly related to the investment in AMSC bonds. In February 2017, American Shipping Company ASA ("AMSC") successfully completed a refinancing of its unsecured bonds. A new USD 220 million, five year unsecured bond was issued, carrying a coupon of 9.25% p.a. Ocean Yield subscribed for a 50% participation of the new issue and was allocated a total of USD 50 million. The net cash proceeds to Ocean Yield was USD 156 million, including accrued interest. USD 5.7 million was recorded as gain in Q1 2017 related to the refinancing of the bonds.

The new bonds have been classified into the category "available-for-sale" financial assets. Subsequent to initial measurement, the bonds are measured at fair value. Impairment losses are recognized in profit and loss as they arise. Any other variation in value is recorded through Other Comprehensive Income. Interest income is recognized under the effective interest method, with the effective interest rate being calculated on the instrument's initial recognition.

The bonds are considered by the Group to be level 3 financial instruments under the fair value hierarchy. As of 30th September 2017 the fair value of the bonds have been estimated to be 101.4% of the outstanding amount. This has been estimated based on the weighted average price from observed trades in Q3 2017.

Amounts in USD million	AMSC Bonds
Initial recognition	50.0
Fair value adjustment	0.7
Balance at 30 September 2017	**50.7**

NOTE 7 MARK TO MARKET OF DERIVATIVES

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

Amounts in USD million	Change Q3 2017	Change Jan- Sep 2017	MTM as of 30 Sep 2017
Cross Currency Interest Rate Swaps	43.0	51.1	(3.6)
Interest rate swaps	1.4	1.7	(11.1)
Total	**44.4**	**52.7**	**(14.7)**

Amounts in USD million	Change Q3 2016	Change Jan- Sep 2016	MTM as of 30 Sep 2016
Cross Currency Interest Rate Swaps	13.2	25.0	(36.5)
Interest rate swaps	2.7	(8.0)	(20.8)
Total	**15.9**	**17.0**	**(57.3)**

NOTE 8 INCOME TAX

As most of the Company's vessels are within the Norwegian tonnage tax system, taxable profits are mainly derived from the FPSO activities and the bonds held in AMSC.

Tonnage tax: In a letter dated 24th May 2017, the Norwegian ministry of Finance notified to EFTA Surveillance Authority (ESA) a continuation of the Norwegian tonnage tax regime for another period of 10 years, starting 1st July 2017. ESA has subsequently approved an extension of the current tonnage tax regime until 31st December 2017, while discussions are on-going.

NOTE 9 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2017:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other/elim	Total
Balance at 1 January	**345.4**	**470.5**	**312.0**	**106.5**	**9.5**	**1 243.8**
Acquisitions	-	105.7	-	48.6	0.0	154.3
Advances	-	-	-	8.1	0.8	8.9
Disposals	-	-	-	-	-	-
Depreciation	(43.0)	(19.4)	(10.2)	(2.8)	(0.5)	(76.0)
Impairment	-	-	-	-	-	-
Effect of movements in foreign exchange	-	9.6	-	-	-	9.6
Balance at 30 September 2017	**302.4**	**566.3**	**301.7**	**160.4**	**9.9**	**1 340.7**

Vessels defined as finance leases are not included in Note 9 but included in Note 10 Finance lease receivables and related assets.

In June 2017 Ocean Yield announced the acquisition of two Platform Supply Vessels from BP Shipping for a total consideration of USD 105.4 million. Both vessels are on long term charters to Aker BP ASA. The vessels were delivered to Ocean Yield on 14th June 2017. The vessels are accounted for as operating leases and have been included in the segment Other Oil Service.

The 36,000 cbm liquefied ethylene gas carrier Gaschem Orca was delivered from Sinopacific Offshore & Engineering, China ("SOE") on 16th June 2017. The vessels is accounted for as an operating lease and is included in the segment Other Shipping.

NOTE 10 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables of USD 727.3 million at 30th September 2017 are related to the vessel Aker Wayfarer, ten chemical tankers, four product tankers and one Suezmax tanker.

In June 2017 Ocean Yield announced the investment in a 2017-built Suezmax tanker Poliegos with 14-year hell and high water bareboat charter to a company owned and guaranteed by Okeanis Marine Holdings SA. The purchase price included a seller's credit of USD 7.0 million, giving a net purchase price of USD 47 million. The vessel is accounted for as a finance lease and was delivered to Ocean Yield on June 30th 2017. The vessel is included in the segment Tankers.

The net finance lease receivables as of 30th September 2017 was as follows:

	Other Oil Service			Tankers			Total
Amounts in USD million	Gross Investment in finance lease receivables	Effect of discounting	Present value of minimum lease payments	Gross Investment in finance lease receivables	Effect of discounting	Present value of minimum lease payments	Present value of minimum lease payments
Lease payments receivable:							
Less than one year	39.7		36.8	57.9		55.9	92.8
Between one and five years	139.0		93.6	225.7		185.8	279.4
More than five years	203.0		65.2	553.7		290.0	355.2
Total	**381.8**	**(186.2)**	**195.6**	**837.4**	**(305.6)**	**531.7**	**727.3**
Unguaranteed residual values included above	57.7		14.0	148.7		62.5	76.6

NOTE 11 SHARES IN SOLSTAD FARSTAD ASA

In February 2017, Ocean Yield agreed with Farstad Supply AS to restructure the terms of the bareboat charters, while at the same time a combination of Farstad Shipping ASA, Solstad Offshore ASA and Deep Sea Supply Plc. was proposed. As part of the restructuring Ocean Yield converted NOK 160.8 million in net present value of future payments under the leasing agreements with Farstad Supply AS into equity. In addition, a portion of the annual lease payments have been deferred until Q4 2021. Commencing in Q1 2022, the lease payments will revert to the original levels and in addition, all deferred payments will become repayable in linear instalments of 20% per year, with a bullet repayment of deferred payments in Q4 2023. The maturity dates of the leases remain unchanged, being March and June 2025, and a new cash sweep mechanism was introduced in the leases.

The new charter rates were applicable from 1st January 2017. Following completion of the Farstad restructuring, Ocean Yield owned 315,595,760 shares in Farstad Shipping ASA, equivalent to 6.5% of the shares in the company. The proposed combination with Solstad Offshore ASA and Deep Sea Supply Plc, was completed in June 2017 and Ocean Yield now owns 8,836,681 shares in Solstad Farstad ASA, equivalent to 3% of the shares in the company.

The shares have been classified into the category "available-for-sale" financial assets. Subsequent to initial measurement, the shares are measured at fair value. Impairment losses are recognized in profit and loss as they arise. Any other variation in value is recorded through Other Comprehensive Income. The shares are considered by the Group to be level 1 financial instruments under the fair value hierarchy.

Amounts in USD million	Shares in Solstad Farstad
Initial recognition	12.9
Fair value adjustment	(5.3)
Balance at 30 September 2017	**7.6**

NOTE 12 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30th September 2017 no contractual obligations related to the purchase of vessels.

NOTE 13 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short term and long term) during 2017:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	100.0	508.2	217.1	385.0	66.0	277.5	1 553.8
New loans	-	66.4	54.8	37.8	67.5	-	226.4
Paid loan fees	-	(0.8)	-	(0.5)	(0.7)	-	(1.9)
Instalments	(70.2)	(90.1)	(67.5)	(20.7)	(3.9)	(1.3)	(253.7)
Effect of movements in foreign exchange and loan fees amortized	0.3	7.2	0.5	1.0	0.1	23.3	32.4
Total interest-bearing liabilities	**30.0**	**490.9**	**204.9**	**402.7**	**129.0**	**299.6**	**1 557.0**
Long-term	10.0	456.3	187.9	372.3	121.1	299.6	1 447.2
1st year instalments	20.0	34.5	17.0	30.4	7.9	-	109.8
Total interest-bearing liabilities	**30.0**	**490.9**	**204.9**	**402.7**	**129.0**	**299.6**	**1 557.0**
Undrawn facilities	-	53.8	-	-	-	-	53.8

In January 2017 Ocean Yield cancelled the drawing facility with Aker ASA, where NOK 250 million were available for draw-down at year-end 2016.

In March 2017, an amendment agreement to the current loan facility related to the FPSO Dhirubhai-1 was signed. At total of USD 67.8 million of debt was outstanding against the vessel prior to the amendment. As part of the Company's cash management after receipt of the AMSC bond proceeds, USD 37.8 million was prepaid on this facility and USD 30 million was rolled over into an amended loan facility. The amended loan facility has maturity on September 31st 2018 and will be repaid in three quarterly instalments, with the first instalment due on March 31st 2018. This will contribute to improve the Company's free cash flow going forward, as there will be no debt instalments related to the FPSO until Q1 2018.

Following receipt of the cash proceeds from the AMSC bonds, Ocean Yield has prepaid certain of its debt facilities and reduced the outstanding amount on some of its Revolving Credit Facilities. A total of USD 142.5 million was prepaid in Q1 2017, where USD 54.8 million was redrawn in Q2 2017. At September 2017 USD 53.8 million remains available for draw-down at the Company's request.

The acquisition of the two PSVs NS Orla and NS Frayja in June 2017 was financed with a combination of debt and equity, and a bank facility of USD 65 million was established. The Facility has semi-annual instalments based on an annuity profile and a tenor of 7 years.

The acquisition of the Suezmax tanker Poliegos was financed by a combination of debt and equity, where a senior secured bank facility of USD 37.8 million was obtained. The loan has a 5-year tenor and a repayment profile of 15-years to zero.

On the vessel Lewek Connector, Ocean Yield has agreed with the lenders to remove any requirements in the loan agreement related to the previous long-term charter of the vessel, against a partial prepayment of five future instalments, in total USD 15.2 million. This prepayment was completed during Q2 2017. Following this prepayment, the next five semi-annual installments will be reduced by approximately 31% each. In addition, it has been agreed to extend the commercial bank guarantee under the financing agreement with another three years

NOTE 14 SHARE CAPITAL AND DIVIDENDS

As of 30th September 2017, the Company had a share capital of NOK 1,483,514,320 divided into 148,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 34,949.

In Q3 2017 USD 27.8 million was paid in dividends, following the announcement of the Q2 2017 Results.

NOTE 15 EVENTS AFTER THE BALANCE SHEET DATE

There have not been any major events after the balance sheet date.

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.

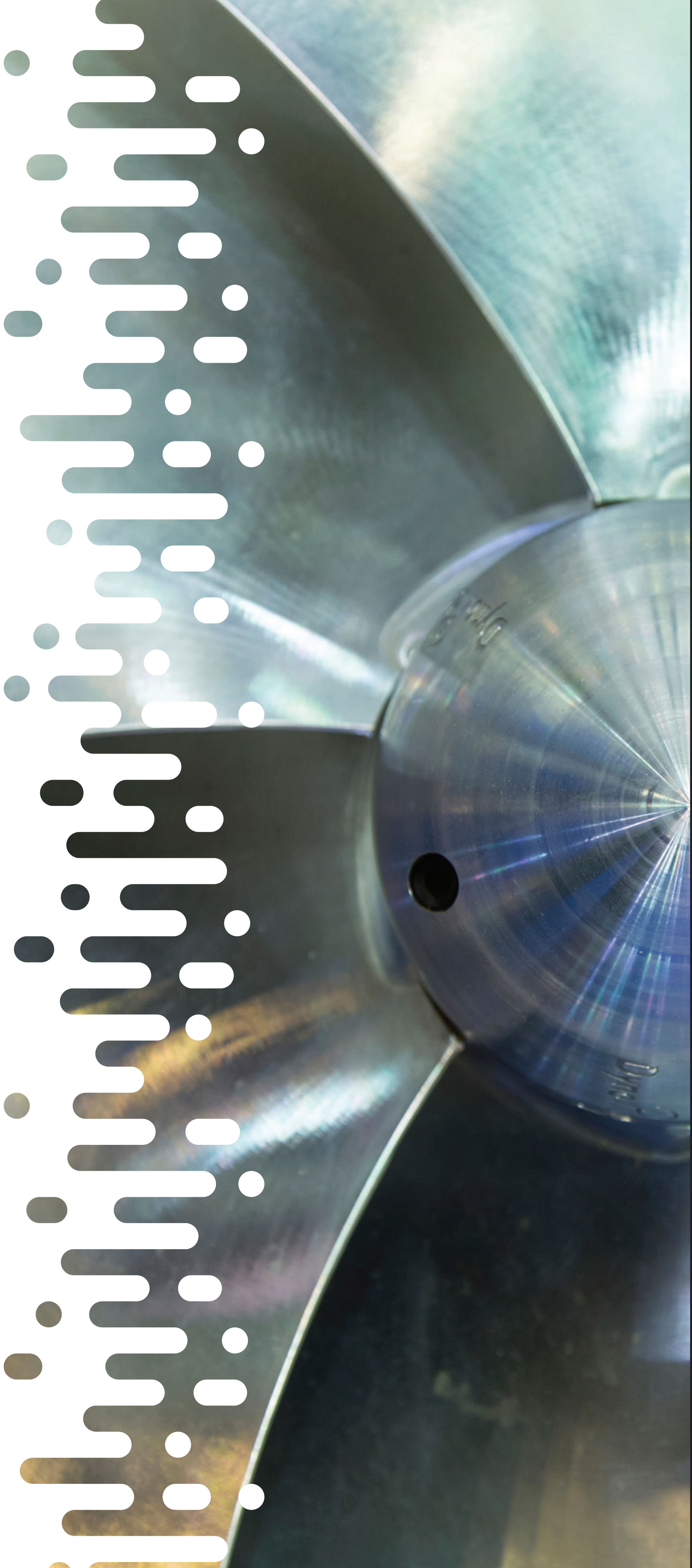
- EBIT: Earnings before financial items and income taxes

- 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.

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:

Amounts in USD million	2nd Quarter 2017	3rd Quarter 2017	3rd Quarter 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
EBITDA	74.3	80.6	68.7	226.1	190.8	265.2
Repayment on finance lease receivables	8.8	8.7	6.9	25.3	17.7	26.1
EBITDA adjusted for finance lease effects	**83.1**	**89.3**	**75.6**	**251.4**	**208.5**	**291.3**
Net profit after tax	30.6	31.3	32.7	98.8	76.7	77.5
Impairment charges	-	-	-	-	-	35.6
Gain AMSC	-	-	-	(5.7)	-	-
Foreign exchange gains/losses	5.4	41.4	8.8	47.5	19.2	5.9
Mark to market of derivatives	(6.2)	(44.4)	(15.9)	(52.7)	(17.0)	(6.8)
Change in deferred tax	3.7	7.9	7.0	15.4	14.1	16.3
Other non-recurring items	-	-	0.8	0.1	0.8	2.4
Adjusted Net profit	**33.5**	**36.3**	**33.4**	**103.3**	**93.9**	**130.9**



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