Q3

2018 REPORT

Contents

THIRD QUARTER RESULTS 2018

Fornebu, 1st November 2018, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the third quarter ending 30th September 2018.

HIGHLIGHTS Q3 2018

- Declared a dividend of USD 0.1910 per share for Q3 2018. This is the 21st consecutive quarterly dividend since the IPO of the Company in 2013.
- EBITDA for Q3 2018 was USD 85.1 million and EBITDA adjusted for finance lease effects was USD 100.4 million.
- Net profit after tax was USD 39.9 million and Adjusted net profit was USD 37.3 million.
- Delivery of two Suezmax tankers with 10-year charters to Nordic American Tankers Ltd.
- Delivery of four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to CMB NV.
- Completion of the 10-year contract for the FPSO *Dhirubhai-1* in India.
- Post quarter end, acquisition and delivery of two 2015-built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to companies owned and guaranteed by Ardmore Shipping Corporation and delivery of the third suezmax tanker with charter to Nordic American Tankers Ltd.

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

"*Ocean Yield delivers strong results for Q3, with an EBITDA, adjusted for finance lease effects, of more than USD 100 million for the first time. We continue to invest in what we believe are attractive transactions and the Company has now a fleet of 57 vessels with an EBITDA backlog of USD 3.6 billion, including vessels acquired after the end of the quarter. The expiry of the long-term contract for the FPSO Dhirubhai-1 is expected to have a negative effect on the results in the short term, but based on an improved market outlook for FPSOs and on-going discussions, we are optimistic with respect to finding a satisfactory long-term solution for this unit.*"

SELECTED KEY FINANCIAL FIGURES

Amounts in USD million	**Q2 2018**	**Q3 2018**	**Q3 2017**	**Jan - Sep 2018**	**Jan - Sep 2017**	**2017**
Revenues and other income	95.1	**94.9**	88.8	**279.2**	249.5	339.1
EBITDA	84.3	**85.1**	80.6	**247.2**	226.1	306.5
EBITDA adjusted for finance lease effects*	95.1	**100.4**	89.3	**282.3**	251.4	340.7
Net profit after tax	35.1	**39.9**	31.3	**108.3**	98.8	129.7
Adjusted net profit*	37.9	**37.3**	36.3	**109.1**	103.3	137.7
Equity ratio	36.1 %	**35.0 %**	33.3 %	**35.0 %**	33.3 %	34.0 %
EBITDA charter backlog (USD bn)**	3.6	**3.5**	2.9	**3.5**	2.9	3.0
Dividend declared per share (USD)	0.1910	**0.1910**	0.1885	**0.7620**	0.5610	0.7505

*Definition on page 21

**Definition on page 6

MAIN EVENTS DURING THE THIRD QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1910 per share for Q3 2018. The dividend is on an annualized basis equal to USD 0.7640 per share. The dividend will be paid on or about 15th November 2018 to shareholders as of 5th November 2018 registered with the Norwegian Central Securities Depository (the "VPS") as of 7th November 2018 (the "Record Date"). The ex-dividend date will be 6th November 2018.
- In July, Ocean Yield took delivery of the four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to companies owned and guaranteed by CMB NV ("CMB"). The aggregate purchase price was approximately USD 120 million net of pre-paid charter hire. CMB has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years. CMB is a maritime group founded in 1895 and based in Antwerp, Belgium, with activities within dry bulk, chemical tankers, container vessels and aviation leasing. After taken private in 2015, CMB is now wholly owned by the Saverys family. The transaction has been financed with a combination of cash and debt. A loan facility of USD 96.6 million was signed and drawn during the third quarter. The facility has a tenor of seven years.
- In July and August, Ocean Yield took delivery of the first two Suezmax tankers on long-term charter to Nordic American Tankers Ltd ("NAT"). The vessels *Nordic Aquarius* and *Nordic Cygnus* were successfully delivered from Samsung Heavy Industries' shipyard in South Korea and immediately commenced their 10-year bareboat charters to NAT. The third Suezmax newbuilding, the *Nordic Tellus* was delivered after the end of the quarter. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 25 Suezmax tankers, including three vessels chartered in on long-term bareboat charters from Ocean Yield.
- The vessel *Connector* continued to operate on its time-charter for cable-lay installation on Ørsted's Hornsea Project One. The firm contract expires on 18th November 2018, but the charterer has certain options to extend the contract until 31st December 2018. Although there is positive long-term outlook in the subsea installation and cable-lay market, there is a risk of lower utilisation of this vessel in the upcoming winter season.
- The FPSO *Dhirubhai-1* completed its 10-year contract with Reliance Industries Ltd. ("Reliance") on the 19th September 2018. Reliance had an option to purchase the FPSO at a fixed price of USD 255 million at the end of the firm contract, but this option was not exercised. The FPSO has now seized production on the MA-field and the decommissioning process related to the vessel has now been completed. The vessel is now ready to start disconnecting from the field and is expected to leave India during Q4 2018. It is expected that the remaining decommissioning work related to the subsea equipment will be completed during 2019. The estimate for decommissioning was USD 30.9 million, where USD 2.9 has been utilized in Q3 2018. As this is based on estimates, there is a risk that the total cost may deviate from this number.

  The FPSO is being marketed for new employment opportunities or a straight sale. Ocean Yield's subsidiary, Aker Floating Production AS ("AFP") has been awarded a Front End Engineering Design («FEED») study for the potential use of the FPSO on a specific oil and gas field. The FEED study is estimated to be completed during Q4 2018. In addition, the Company has in recent months experienced increased interest for the FPSO from oil companies and is pursuing these opportunities in parallel with the project mentioned above.

  As of expiry of the contract for the FPSO, there are certain contractual disagreements and outstanding payments. Settlement discussions are on-going and it is expected that these will be completed during November 2018. Earlier guidance with respect to the risk of an impairment of the book value of the FPSO and other related balance sheet items is maintained, where the Company may face the risk of an impairment in the range of USD 0-50 million.

POST QUARTER EVENTS

- After the end of the quarter, Ocean Yield announced the acquisition of two 2015 built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to companies owned and guaranteed by Ardmore Shipping Corporation ("Ardmore"). The aggregate purchase price is approximately USD 51 million net of pre-paid charter hire. The vessels are built by Hyundai Mipo Dockyard in South Korea and were delivered to the Company on 29th October 2018. Ardmore will have certain options to acquire the vessels during the charter period.

  Ardmore is a New York Stock Exchange listed company with a fleet of 28 product- and chemical tankers ranging from 25,000 to 50,000 deadweight tonnes. The company is based in Cork, Ireland.

- Also after the end of the quarter, Solstad Offshore ASA ("Solstad") reported that despite signs of an improved market for offshore service vessels and that the company was in compliance with its main financial covenants as per Q3 2018, the company expects that the coming North Sea winter season will be challenging for their liquidity position. Solstad has therefore decided to commence negotiations with lenders and other stakeholders to improve the overall liquidity situation and to create a robust long-term platform for the Company. Ocean Yield has two AHTS vessels built in 2013 on long-term bareboat charter to Solstad, which runs until 2025.

- After the end of the quarter, Ocean Yield took delivery of the newbuilding suezmax crude tanker *Nordic Tellus* from Samsung Heavy Industries' shipyard in South Korea. The vessel commenced a 10 years' bareboat charter to Nordic American Tankers Limited ("NAT") upon delivery. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 25 Suezmax tankers, including three vessels on long-term bareboat charter from Ocean Yield.

THIRD QUARTER FINANCIAL REVIEW

- **Operating revenues** were USD 66.2 million in Q3 2018 compared with USD 69.8 million in Q2 2018. The decrease from the second quarter mainly relates to the FPSO *Dhirubhai-1*, where the vessel's contract to Reliance expired on 19th September 2018. The vessel *Connector* has been fully employed on the time-charter contract for cable installation on Ørsted's Hornsea Project One during the third quarter.
- **Finance lease revenues** were USD 22.6 million in Q3 2018 compared with USD 19.2 million in Q2 2018. The increase compared with Q2 2018 is related to delivery of four container vessels and two Suezmax tankers on long-term charter, who all are classified as finance leases. In addition, the seven handysize vessels delivered during Q2 2018 all contributed with full quarter revenues. 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 6.1 million in Q3 2018 compared with USD 6.1 million in Q2 2018.
- **Total revenues** and other income for Q3 2018 were USD 94.9 million compared with USD 95.1 million for Q2 2018.
- **Vessel Operating Expenses** were USD 6.0 million in Q3 2018 compared with USD 6.6 million in Q2 2018. Of this, USD 2.2 million is related to the vessel *Connector*, which is operating on a time-charter contract and the remaining USD 3.8 million is related to the FPSO *Dhirubhai-1*.
- **EBITDA** was USD 85.1 million in Q3 2018 compared with USD 84.3 million in Q2 2018. Adjusted for finance lease effects, the EBITDA was USD 100.4 million compared with USD 95.1 million in Q2 2018.
- **Depreciation and amortization** was USD 26.1 million in Q3 2018, compared with USD 26.7 million in Q2 2018. As all vessel delivered recently are accounted for as finance leases, these vessels have no impact on the depreciation.
- **Financial income** was USD 0.3 million in Q3 2018 compared with USD 1.0 million in Q2 2018. The decrease from Q2 2018 to Q3 2018 is mainly related to Ocean Yield's sale of its entire holdings of unsecured bonds issued by American Shipping Company ASA during the second quarter.
- **Financial expenses** were USD 22.9 million in Q3 2018, compared with USD 21.0 million in Q2 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. In addition, USD 0.8 million of financial expenses are related to the repurchase of the unsecured bond issue OCY02.
- **Foreign exchange** gains were USD 1.2 million in Q3 2018, compared with USD 12.9 million in Q2 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 positive with USD 2.3 million in Q3 2018 compared with negative USD 13.6 million in Q2 2018. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings. The change in fair value of financial instruments had no significant cash impact.
- **The Net profit before tax** for Q3 2018 was USD 39.8 million compared with USD 36.9 million for Q2 2018.
- **Tax payable** was positive USD 0.2 million in Q3 2018 compared with negative USD 0.4 million in Q2 2018.
- **Change in deferred tax** was negative USD 0.1 million in Q3 2018, compared with USD 1.4 million in Q2 2018. The change in deferred tax is mainly a result of a positive taxable net profit on the FPSO.
- **The Net profit after tax** for Q3 2018 was USD 39.9 million compared with USD 35.1 million for Q2 2018. Adjusted for non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 37.3 million as compared with USD 37.9 million in Q2 2018.

BALANCE SHEET ITEMS

- **Finance lease receivables and related assets** were USD 1,035.1 million in Q3 2018 compared with USD 844.0 million in Q2 2018. The increase is mainly related to delivery of vessels during Q3 2018 accounted for as finance leases.
- **Trade receivables** were USD 59.4 million in Q3 2018 compared with USD 36.6 million in Q2 2018. USD 53.0 million of trade receivables are related to bonuses and charter hire related to the charter contract for the FPSO *Dhirubhai-1*. Of this, USD 4.2 million has been received after quarter end.

- **Cash & cash equivalents** at the end of Q3 2018 were USD 173.4 million, compared with USD 266.0 million at the end of Q2 2018. The decrease is mainly related to cash payments for the equity portion related to vessel deliveries and the settlement of the bond issue OCY02, which resulted in a cash payment of approximately USD 83 million.
- **Book equity** was USD 954.0 million at the end of Q3 2018, compared with USD 946.3 million at the end of Q2 2018. The equity ratio was 35.0% at the end of Q3 2018 compared with 36.1% in Q2 2018.
- **Total assets** were USD 2,723.4 million in Q3 2018, compared with USD 2,623.9 million in Q2 2018.

CHARTER BACKLOG

The EBITDA backlog* at the end of Q3 2018 was USD 3.5 billion with an average remaining contract duration of 11.2 years. Adjusted for the Ardmore transaction announced after quarter end, the EBITDA backlog* was USD 3.6 billion with an average remaining contract duration of 11.2 years. Including this transaction, the total fleet counts 57 vessels, which includes vessels delivered after quarter end and the 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 on the FPSO *Dhirubhai-1* and *Connector.* Ocean Yield is exposed to redeployment risk on the *Connector* and the FPSO *Dhirubhai-1*. The Company is currently marketing the FPSO for new employment or alternatively a straight sale. The Company is also exposed to impairment risk related to the book value of the FPSO and related assets.

Ocean Yield sees increased counterparty risk in relation to its two AHTS vessels on long-term charter to Solstad, as the company has commenced negotiations with lenders and other stakeholders to improve the overall liquidity situation in the company.

For a more detailed description of risk factors, please refer to the annual report for 2017, which is available on www.oceanyield.no.

OUTLOOK

Following the expiry of the contract for the FPSO *Dhirubhai-1*, key focus going forward will be to secure a positive outcome for the unit. Revenues and Net profit going forward will be negatively impacted by the expiry of the contract, and some lead-time can be expected before a new contract is secured. The unit is debt-free and in well maintained condition.

Including the transaction with Ardmore and vessel deliveries announced after quarter end, Ocean Yield now has a fleet of 57 vessels, including another four vessels to be delivered in 2019. The Company continues to see attractive investment opportunities and will continue to focus on further growth through investments in new projects, as the entry point in several segments seems attractive.

The Company intends to continue its policy of paying attractive, quarterly dividends to its shareholders, with priority on stability in the dividend payments going forwards.

**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.*

1st November 2018
Ocean Yield ASA

Frank O. Reite
Chairman

Kjell Inge Røkke
Director

Annicken Gann Kildahl
Director

Anne Christin Døvigen
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Ocean Yield ASA Group condensed consolidated financial statement for the third quarter 2018

INCOME STATEMENT

Amounts in USD million	Note	2nd Quarter 2018	3rd Quarter 2018	3rd Quarter 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Operating revenues		69.8	66.2	65.7	202.2	182.4	248.4
Finance lease revenue		19.2	22.6	17.2	58.6	49.5	66.6
Income from investments in associates		6.1	6.1	5.8	18.4	17.6	24.1
Total revenues and other income	5	**95.1**	**94.9**	**88.8**	**279.2**	**249.5**	**339.1**
Vessel operating expenses		(6.6)	(6.0)	(4.1)	(18.9)	(13.4)	(18.2)
Wages and other personnel expenses		(2.3)	(1.8)	(2.7)	(6.6)	(5.9)	(7.4)
Other operating expenses		(1.9)	(2.0)	(1.4)	(6.4)	(4.1)	(7.1)
EBITDA	5	**84.3**	**85.1**	**80.6**	**247.2**	**226.1**	**306.5**
Depreciation and amortization	7	(26.7)	(26.1)	(26.7)	(79.5)	(76.0)	(102.6)
Operating profit (EBIT)		**57.6**	**59.0**	**53.9**	**167.7**	**150.1**	**203.8**
Financial income		1.0	0.3	1.4	2.8	12.0	13.4
Financial expenses		(21.0)	(22.9)	(19.0)	(62.7)	(53.3)	(72.0)
Foreign exchange gains/losses		12.9	1.2	(41.4)	(2.1)	(47.5)	(37.4)
Change in fair value of financial instruments	6	(13.6)	2.3	44.4	6.7	52.7	41.8
Net financial items		**(20.7)**	**(19.2)**	**(14.6)**	**(55.3)**	**(36.0)**	**(54.2)**
Net profit before tax		**36.9**	**39.8**	**39.2**	**112.4**	**114.1**	**149.7**
Tax payable		(0.4)	0.2	(0.0)	(0.2)	(0.0)	(2.0)
Change in deferred tax		(1.4)	(0.1)	(7.9)	(3.9)	(15.4)	(18.0)
Net profit after tax		**35.1**	**39.9**	**31.3**	**108.3**	**98.8**	**129.7**
Attributable to:							
Equity holders of the parent		34.7	39.5	30.9	107.1	97.7	128.2
Non-controlling interests		0.4	0.3	0.4	1.2	1.0	1.5
Net profit after tax		**35.1**	**39.9**	**31.3**	**108.3**	**98.8**	**129.7**
Weighted average number of shares outstanding		159.3	159.3	148.3	156.7	148.3	148.3
Earnings per share (USD)		**0.22**	**0.25**	**0.21**	**0.68**	**0.66**	**0.86**
Total number of shares outstanding, eksl. treasury shares		159.3	159.3	148.3	159.3	148.3	148.3

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	2nd Quarter 2018	3rd Quarter 2018	3rd Quarter 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Net profit after tax for the period	35.1	39.9	31.3	108.3	98.8	129.7
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						
Share of other comprehensive income from investment in associates	2.3	0.3	(0.3)	7.8	(4.0)	(2.3)
Change in fair value of available for sale financial assets	1.8	(2.0)	(2.5)	(0.4)	(4.5)	(0.8)
Currency translation differences	(2.3)	(0.1)	2.4	(0.2)	3.9	2.2
Total for items that are or may be reclassified to the income statement	1.9	(1.8)	(0.4)	7.2	(4.7)	(0.9)
Total change in other comprehensive income, net of income tax	1.9	(1.8)	(0.4)	7.2	(4.7)	(1.1)
Total comprehensive income for the period	**37.0**	**38.0**	**31.0**	**115.5**	**94.1**	**128.6**
Attributable to:						
Equity holders of the parent	36.6	37.7	30.6	114.3	93.0	127.1
Non controlling interests	0.4	0.3	0.4	1.2	1.0	1.5
Total comprehensive income for the period	**37.0**	**38.0**	**31.0**	**115.5**	**94.1**	**128.6**

BALANCE SHEET

Amounts in USD million	Note	30 June 2018	30 September 2018	30 September 2017	31 December 2017
ASSETS					
Goodwill		9.8	9.8	9.8	9.8
Vessels and equipment	7	1 258.5	1 234.0	1 340.7	1 310.8
Investments in associates		197.1	197.8	186.1	188.7
Finance lease receivables and related assets	8	844.0	1 035.1	727.3	719.8
Investments in AMSC Bonds		-	-	50.7	49.0
Restricted cash deposits		2.3	6.3	-	1.5
Other interest-bearing long-term receivables		1.9	1.9	2.0	2.0
Fair value of derivatives	6	0.3	0.5	-	-
Shares in Solstad Farstad	6	7.3	5.3	7.6	6.5
Deferred tax assets		-	-	5.3	2.8
Total non-current assets		**2 321.3**	**2 490.6**	**2 329.7**	**2 290.8**
Trade receivables and other interest-free receivables		36.6	59.4	33.2	53.5
Cash and cash equivalents		266.0	173.4	116.9	98.7
Total current assets		**302.6**	**232.8**	**150.1**	**152.2**
Total assets		**2 623.9**	**2 723.4**	**2 479.8**	**2 443.1**
EQUITY AND LIABILITIES					
Share capital		253.7	253.7	239.6	239.6
Treasury shares		(0.0)	(0.0)	(0.0)	(0.0)
Other paid-in capital		448.1	417.7	379.3	351.4
Total paid-in capital	**11**	**701.7**	**671.4**	**618.9**	**591.0**
Retained earnings and translation reserves		233.3	271.0	196.1	230.2
Total equity attributable to equity holders of the parent		**935.0**	**942.4**	**815.0**	**821.1**
Non controlling interests		11.2	11.6	10.0	10.4
Total equity		**946.3**	**954.0**	**824.9**	**831.5**
Interest-bearing debt	10	1 416.2	1 583.5	1 447.2	1 401.4
Deferred tax liabilities		1.2	1.2	(0.0)	-
Pension liabilities		0.0	0.0	0.4	0.4
Mobilization fee and advances		22.0	15.7	36.1	30.6
Fair value of derivatives	6	6.4	3.9	5.8	11.8
Non-current provisions (field abandonment)		30.0	28.0	29.7	30.1
Total non-current liabilities		**1 475.8**	**1 632.4**	**1 519.1**	**1 474.2**
Interest-bearing short term debt	10	175.1	108.6	109.8	109.0
Fair value of derivatives	6	8.8	9.2	9.0	7.5
Trade and other payables		17.9	19.3	17.0	20.8
Total current liabilities		**201.8**	**137.1**	**135.7**	**137.3**
Total liabilities		**1 677.6**	**1 769.5**	**1 654.9**	**1 611.5**
Total equity and liabilities		**2 623.9**	**2 723.4**	**2 479.8**	**2 443.1**

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 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 30th September 2017	**239.6**	**379.5**	**(0.3)**	**(4.5)**	**(37.0)**	**237.7**	**815.0**	**10.0**	**824.9**
Balance at 31st December 2017	**239.6**	**351.6**	**(0.2)**	**(0.8)**	**(38.6)**	**269.6**	**821.1**	**10.4**	**831.5**
IFRS 9 effects	**-**	-	**-**	(6.4)	-	6.4	**-**	**-**	**-**
Balance at 1st January 2018	**239.6**	**351.6**	**(0.2)**	**(7.2)**	**(38.6)**	**276.0**	**821.1**	**10.4**	**831.5**
Net profit after tax for the period	-	-	-	-	-	107.1	107.1	1.2	108.3
Other comprehensive income	-	-	-	(0.4)	(0.2)	7.8	7.2	-	7.2
Total comprehensive income	**-**	**-**	**-**	**(0.4)**	**(0.2)**	**115.0**	**114.3**	**1.2**	**115.5**
Dividend	-	(60.5)	-	-	-	(28.3)	(88.7)	-	(88.7)
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
Transfer from retained earnings to share premium	-	45.2	-	-	-	(45.2)	-	-	-
Balance at 30th September 2018	**253.7**	**417.8**	**(0.1)**	**(7.6)**	**(38.9)**	**317.5**	**942.4**	**11.6**	**954.0**

CASH FLOW STATEMENT

Amounts in USD million	2nd Quarter 2018	3rd Quarter 2018	3rd Quarter 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Profit before tax	36.9	39.8	39.2	112.4	114.1	149.7
Depreciation, amortization and impairment charges	26.7	26.1	26.7	79.5	76.0	102.6
Income from investments in associates	(6.1)	(6.1)	(5.8)	(18.4)	(17.6)	(24.1)
Dividend received from investments in associates	5.6	5.8	5.2	17.2	14.9	20.5
Net interest expenses (+)	18.9	21.4	16.3	57.3	44.7	61.6
Interest paid	(17.6)	(19.3)	(15.7)	(53.7)	(46.7)	(63.9)
Interest received	1.5	0.3	2.5	4.5	6.3	6.6
Unrealized foreign exchange gain/loss	(13.5)	(0.8)	14.5	2.7	22.1	11.7
Change in fair value of financial instruments	13.6	(2.3)	(44.4)	(6.7)	(52.7)	(41.8)
Other changes in operating activities	(7.1)	(30.6)	(11.7)	(28.8)	(30.2)	(52.6)
Net cash flow from operating activities	**58.7**	**34.3**	**26.9**	**166.0**	**130.9**	**170.3**
Acquisition of vessels and equipment	(0.6)	(1.9)	(0.1)	(2.5)	(163.2)	(163.5)
Acquisition of vessels accounted for as finance lease receivables	(36.4)	(206.4)	-	(316.8)	(47.0)	(47.0)
Repayment on finance lease receivables	10.8	15.3	8.7	35.1	25.3	34.3
Investments in other non-current assets	(0.6)	(0.0)	-	(33.6)	(0.5)	(0.5)
Investments in associated companies	-	-	(0.0)	-	(57.7)	(57.7)
Net change in long-term interest-bearing receivables	47.3	(4.0)	2.3	44.7	176.7	175.2
Net cash flow from investing activities	**20.5**	**(197.0)**	**11.0**	**(273.1)**	**(66.4)**	**(59.3)**
Proceeds from issuance of long-term interest-bearing debt	153.2	200.5	0.4	353.6	224.5	224.9
Repayment of long-term interest-bearing debt	(58.2)	(101.1)	(18.5)	(177.2)	(253.7)	(290.8)
Dividend paid	(30.3)	(30.4)	(27.8)	(88.7)	(82.3)	(110.2)
Dividend paid to non-controlling interests	-	-	(2.1)	-	(2.1)	(2.1)
Net proceeds from issuance of new shares	(0.0)	0.0	-	95.5	-	-
Treasury shares sold	0.0	0.1	0.1	(0.1)	0.1	0.1
Net cash flow from financing activities	**64.7**	**69.0**	**(47.9)**	**183.0**	**(113.5)**	**(178.1)**
Net change in cash and cash equivalents	**143.9**	**(93.7)**	**(10.1)**	**75.9**	**(49.0)**	**(67.1)**
Exchange rate differences	(2.3)	1.1	0.3	(1.2)	0.4	0.3
Cash and cash equivalents at beginning of the period	124.4	266.0	126.8	98.7	165.5	165.5
Cash and cash equivalents at the end of the period	**266.0**	**173.4**	**116.9**	**173.4**	**116.9**	**98.7**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE THIRD QUARTER 2018

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 2018 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 2017 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 2017.

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 1st November 2018.

A number of standards, amendments to standards and interpretations are effective from 1st January 2018 and have been applied in preparing these consolidated financial statements;

- The implementation of IFRS 9 Financial Instruments was mandatory from 1st January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and have replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduces 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 Group have used a modified implementation method, and cumulative impacts of the new standard have thus been recognized in retained earnings as of 1st January 2018. Comparative figures have not been restated. The new standard have however not had significant impact on the measurement of financial assets and changes in equity.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Ocean Yield has financial assets in the following categories: amortized cost and fair value through other comprehensive income. The new standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. At 31st December 2017, the Group had equity investments classified as available-for-sale with a fair value of USD 6.5 million. Under IFRS 9, the Group has designated USD 6.5 million of this as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

Further, IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. As most of the Group's lease income is prepaid the Group has limited amounts recognized as trade receivables and hence limited risk of loss on trade receivables. Each counterparty is assessed separately when estimating the loss allowance for the trade receivables as the Group has a limited number of counterparties and historically few losses. For the finance lease receivables the loans are in substance collateralised by the leased vessels. Most of the Group's finance lease receivables are net of seller credits and the amount recognized in the balance sheet are thus less than the fair value of the vessels. Hence, the expected credit loss on these receivables are limited.

- Implementation of IFRS 15 Revenue from Contracts with Customers was mandatory from 1st January 2018. The standard has replaced existing revenue recognition guidance, including IAS 18 Revenue. The standard does not apply to lease contracts that falls within the scope of IAS 17 Leases, and the new standard have hence not had significant impact on the financial statements of Ocean Yield. The Group has currently one contract that falls within the scope of IFRS 15; the operations and maintenance contract for the FPSO Dhirubhai-1.

A number of standards, amendments to standards and interpretations are not effective for the period ended 30th September 2018 and have not been applied in preparing these consolidated financial statements;

- 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 Group has as of 1st January 2018, 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 31st December 2017.

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 2017.

NOTE 5 OPERATING SEGMENTS

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

EBITDA	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
Amounts in USD million	2018	2018	2017	2018	2017	2017
FPSO	29.7	26.3	29.6	84.7	87.0	115.9
Other Oil Service	22.9	23.1	21.9	66.0	57.6	79.1
Car Carriers	10.3	10.5	10.1	30.8	29.7	39.8
Container vessels	6.1	8.4	5.8	20.7	17.6	24.0
Tankers	10.6	11.8	9.2	32.4	27.3	36.4
Other Shipping	7.2	7.2	6.1	19.7	11.7	17.7
Other companies and eliminations	(2.5)	(2.3)	(2.2)	(7.0)	(4.8)	(6.3)
EBITDA	**84.3**	**85.1**	**80.6**	**247.2**	**226.1**	**306.5**

Net profit after tax	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
Amounts in USD million	2018	2018	2017	2018	2017	2017
FPSO	10.5	8.0	9.6	25.8	26.4	36.0
Other Oil Service	11.2	9.5	10.7	27.8	25.5	30.2
Car Carriers	4.8	4.9	4.7	15.0	13.4	18.5
Container vessels	6.1	8.0	5.8	20.2	16.7	21.1
Tankers	6.1	6.0	6.2	18.3	17.8	23.9
Other Shipping	4.2	3.7	2.9	12.1	5.0	8.5
Other companies and eliminations	(7.9)	(0.3)	(8.6)	(10.9)	(5.9)	(8.6)
Net profit after tax	**35.1**	**39.9**	**31.3**	**108.3**	**98.8**	**129.7**

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.

The shares in Solstad Offshore ASA was in 2017 classified as "available-for-sale" financial assets, and measured at fair value. Impairment losses was recognized in profit and loss and any other variation in value was recorded through other comprehensive income. Under IFRS 9 the Group has designated the shares as measured at "fair value through other comprehensive income". Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. In Q3 2018, a loss of USD 2.0 million has been recorded through other comprehensive income related to the shares in Solstad Offshore ASA.

Amounts in USD million	Change Q3 2018	Change Jan - Sep 2018	Fair value as of 30th Sept 2018
Cross Currency Interest Rate Swaps	1.4	0.0	(11.3)
Forward exchange contracts	(0.5)	0.0	0.4
Interest rate swaps	1.4	6.6	(1.6)
Total	**2.3**	**6.7**	**(12.6)**

Amounts in USD million	Change Q3 2017	Change Jan - Sep 2017	Fair value as of 30th Sept 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)**

NOTE 7 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2018:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	**288.1**	**555.6**	**298.3**	**-**	**-**	**159.0**	**9.7**	**1 310.8**
Acquisitions	0.0	2.0	-	-	-	0.4	0.0	2.5
Advances	-	-	-	-	-	-	-	-
Disposals	-	(0.3)	-	-	-	-	-	(0.3)
Depreciation	(42.4)	(22.3)	(10.2)	-	-	(4.1)	(0.5)	(79.5)
Impairment	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	0.5	-	-	-	-	-	0.5
Balance at 30th September 2018	**245.7**	**535.6**	**288.1**	**-**	**-**	**155.3**	**9.2**	**1 234.0**

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

The Group has as of quarter end assessed the values of the vessels *Dhirubhai-1*, *Connector*, *Far Senator* and *Far Statesman*. The value in use has been estimated for all of the vessels, and has been calculated based on the present value of estimated future cash flows. The estimated value in use is higher or equal to the book value for all the vessels, and as a consequence no impairment has been recognized as of 30th September 2018. As the impairment tests are based on future estimates that are subject to change, assets tested may be subject to impairment in the future. For more information regarding the FPSO Dhirubhai-1 please see *main events during the quarter* earlier in this report.

NOTE 8 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables and related assets of USD 1035.1 million at 30th September 2018 are related to the vessel Aker Wayfarer, four container vessels, ten chemical tankers, four product tankers, three 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 are included in the segment Tankers. Pre-delivery advances related to these vessels are presented with the finance lease receivables. 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.

During 2018 four container vessels on long-term charter to CMB, two Suezmax tankers on long-term charter to NAT, two dry-bulk vessels on long-term charter to LDA and five handysize dry bulk vessels with long-term charter to Interlink Maritime have been delivered. All of these vessels are accounted for as finance leases. The four container vessels are included in the segment container vessels, the two Suezmax tankers are included in the segment tankers and the seven dry bulk vessels are included in the segment other shipping.

The net finance lease receivables as of 30th September 2018 was as follows:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other shipping	Total
Gross finance lease receivable							
Less than one year	-	39.7	-	12.1	66.2	12.6	130.6
Between one and five years	-	128.0	-	48.4	257.1	48.5	481.9
More than five years	-	116.3	-	81.7	391.9	53.5	643.4
Unguaranteed residual values	-	57.7	-	22.2	175.9	42.2	298.0
Gross finance lease receivable	**-**	**341.7**	**-**	**164.4**	**891.1**	**156.7**	**1 553.9**
Less: Unearned finance income	-	(157.4)	-	(47.0)	(298.5)	(49.5)	(552.4)
Total finance lease receivables	**-**	**184.3**	**-**	**117.4**	**592.6**	**107.2**	**1 001.5**
Present value of minimum lease payments							
Less than one year	-	36.9	-	11.7	64.0	12.1	124.7
Between one and five years	-	86.6	-	41.2	213.1	39.9	380.8
More than five years	-	44.3	-	52.5	231.5	33.2	361.5
Unguaranteed residual values	-	16.5	-	11.9	84.0	22.0	134.5
Total finance lease receivables	**-**	**184.3**	**-**	**117.4**	**592.6**	**107.2**	**1 001.5**
Pre-delivery instalments	-	-	-	-	33.6	-	33.6
Total finance lease receivables and related assets	**-**	**184.3**	**-**	**117.4**	**626.2**	**107.2**	**1 035.1**

NOTE 9 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30th September 2018 the following contractual obligations related to the purchase of vessels.

Amounts in USD million	**FPSO**	**Other Oil Service**	**Car Carriers**	**Container vessels**	**Tankers**	**Other Shipping**	**Total**
Already paid	-	-	-	-	33.0	-	33.0
2018	-	-	-	-	125.7	-	125.7
2019	-	-	-	-	181.5	-	181.5
Total contractual obligations	**-**	**-**	**-**	**-**	**340.2**	**-**	**340.2**
Total remaining payments	-	-	-	-	307.2	-	307.2

The obligations above related to the segment Tankers are related to one suezmax tanker and four VLCC crude tankers under construction.

The suezmax tanker has been delivered post quarter-end, and has from delivery been chartered to Nordic American Tankers Limited for a period of ten years. The net purchase price was USD 43.2 million.

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. During Q2 2018, Okeanis ECO Tankers Corp. completed a private placement and listing on the Oslo Stock Exchange Merkur Market. In connection with the listing, Ocean Yield approved a change of the bareboat guarantor from Okeanis Marine Holdings Ltd to Okeanis Eco Tankers Corp.

NOTE 10 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2018:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	20.0	476.3	200.8	-	395.0	127.1	291.2	1 510.4
New loans	-	-	-	94.5	78.0	93.7	92.3	358.4
Paid loan fees	-	-	-	(1.0)	(1.8)	(0.9)	(1.2)	(4.8)
Instalments	(20.0)	(21.5)	(12.7)	-	(22.3)	(7.1)	(93.6)	(177.2)
Effect of movements in foreign exchange and loan fees amortized	-	1.1	0.5	0.0	1.1	0.2	2.3	5.3
Total interest-bearing liabilities 30th September 2018	**-**	**456.0**	**188.6**	**93.5**	**450.0**	**213.1**	**291.0**	**1 692.1**
Long-term	-	421.5	171.6	86.1	415.0	198.4	291.0	1 583.5
1st year instalments	-	34.5	17.0	7.4	35.0	14.7	0.0	108.6
Total interest-bearing liabilities 30th September 2018	**-**	**456.0**	**188.6**	**93.5**	**450.0**	**213.1**	**291.0**	**1 692.1**
Undrawn facilities	-	36.5	-	-	-	-	-	36.5

In May, Ocean Yield completed a new unsecured bond issue of NOK 750 million with 5-year maturity. The bonds carry a coupon of NIBOR + 3.65% p.a. with quarterly interest payments. Following completion of the bond issue, Ocean Yield excercised its call option on OCY02 in accordance with the bond agreement, where NOK 668.5 million was net outstanding with maturity in March 2019. These bonds have been repaid in full in Q3 2018.

Up until Q3 2018, Ocean Yield has entered into several new loan agreements for the long-term financing of recently announced investments. In total, loan facilities of approximately USD 426 million has been signed. As of the third quarter USD 269.6 million has been drawn on these facilities. This is related to four container vessels, seven dry-bulk vessels and two Suezmax vessels. The loan facilities have a tenor between five and seven years and are priced at attractive terms.

NOTE 11 SHARE CAPITAL AND DIVIDENDS

As of 30th September 2018 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 Q3 2018 USD 30.4 million was paid in dividends, following the announcement of the Q2 2018 results.

NOTE 12 EVENTS AFTER THE BALANCE SHEET DATE

After the end of the quarter, Ocean Yield announced the acquisition and delivery of two 2015 built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to companies owned and guaranteed by Ardmore Shipping Corporation.

Also after the end of the quarter, Ocean Yield announced the delivery of the newbuilding suezmax crude tanker *Nordic Tellus* with 10-years' charter to Nordic American Tankers Limited.

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.

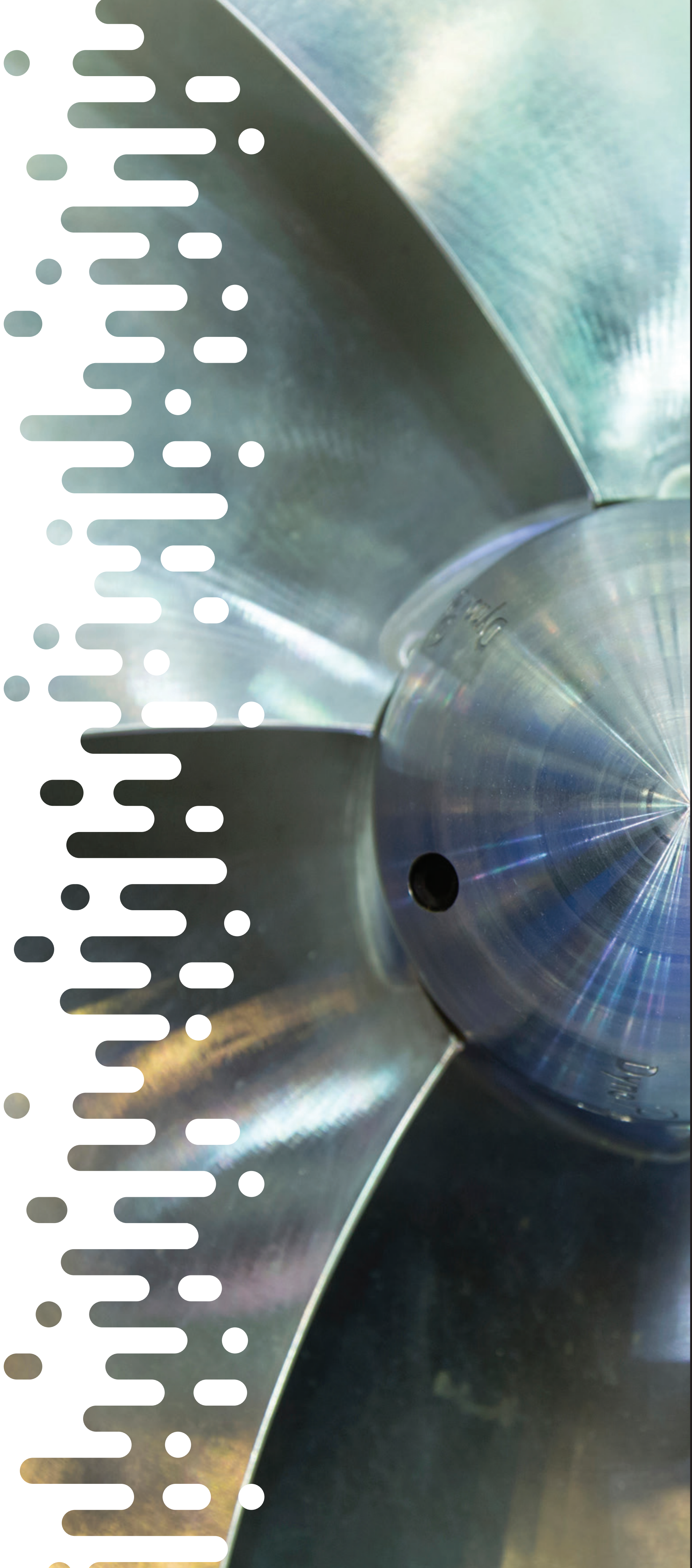
- EBIT: Earnings before financial items and income taxes.

- 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 2018	3rd Quarter 2018	3rd Quarter 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
EBITDA	84.3	85.1	80.6	247.2	226.1	306.5
Repayment on finance lease receivables	10.8	15.3	8.7	35.1	25.3	34.3
EBITDA adjusted for finance lease effects	**95.1**	**100.4**	**89.3**	**282.3**	**251.4**	**340.7**
Net profit after tax	35.1	39.9	31.3	108.3	98.8	129.7
Gain AMSC	-	-	-	-	(5.7)	(5.7)
Foreign exchange gains/losses	(12.9)	(1.2)	41.4	2.1	47.5	37.4
Change in fair value of financial instruments	13.6	(2.3)	(44.4)	(6.7)	(52.7)	(41.8)
Change in deferred tax	1.4	0.1	7.9	3.9	15.4	18.0
Other non-recurring items	0.6	0.8	-	1.5	0.1	0.1
Adjusted Net profit	**37.9**	**37.3**	**36.3**	**109.1**	**103.3**	**137.7**



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