

Q3

2019 REPORT



OCEAN YIELD

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THIRD QUARTER RESULTS 2019

Fornebu, 29th October 2019, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the third quarter ending 30th September 2019.

HIGHLIGHTS

- Declared dividend for Q3 2019 of USD 0.1910 per share. This is the 25th consecutive quarterly dividend.
- EBITDA for Q3 2019 was USD 57.2 million and EBITDA adjusted for finance lease effects was USD 80.8 million.
- Net profit after tax for Q3 2019 was negative USD 63.2 million. This includes an impairment of USD 68.4 million on the book value of the FPSO *Dhirubhai-1*. The impairment reflects new estimates for future earnings from the FPSO and that it will take more time than earlier envisaged to secure new long-term employment.
- Adjusted net profit was USD 11.0 million of which adjusted net profit from vessels with long-term charters was USD 22.5 million, while vessels without long-term charter contributed negatively with USD 11.5 million.
- Acquisition of two newbuilding Newcastlemax dry bulk vessels for a total net consideration of USD 84.0 million, with 13-year bareboat charters to 2020 Bulkers Ltd.
- Acquisition of one ethylene gas carrier for a total net consideration of USD 69.75 million, with 13-year bareboat charter to Navigator Holdings Ltd.
- Acquisition of one handysize dry bulk newbuilding for a total net consideration of USD 18.0 million, with 10-year bareboat charter to Interlink Maritime Corp.
- Delivery of the final two vessels in a series of four newbuilding VLCCs with 15-year bareboat charter to Okeanis Eco Tankers Corp. and with five year sub charter to Koch Shipping Pte. Ltd.
- Successfully raised USD 125 million in hybrid perpetual bonds for new investments and general corporate purposes.

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

“The market for new leasing transactions is currently offering attractive investment opportunities and Ocean Yield intends to continue the growth of its portfolio of vessels with long-term charter. With recent investments in four new vessels, the total number of vessels is now 65 with an increasingly diversified charter backlog of USD 3.5 billion.”

SELECTED KEY FINANCIAL FIGURES

Amounts in USD million	Q2 2019	Q3 2019	Q3 2018	Jan - Sep 2019	Jan - Sep 2018	2018
Revenues and other income	66.5	66.3	94.9	191.2	279.2	343.4
EBITDA	56.8	57.2	85.1	165.9	247.2	282.7
EBITDA adjusted for finance lease effects*	74.5	80.8	100.4	223.0	282.3	333.6
Net profit after tax	5.3	(63.2)	39.9	(49.5)	108.3	58.4
Adjusted net profit*	11.3	11.0	37.3	30.7	109.1	121.6
Equity ratio	28.4 %	28.3 %	35.0 %	28.3 %	35.0 %	31.0 %
EBITDA charter backlog (USD bn)**	3.3	3.2	3.6	3.2	3.5	3.6
Dividend declared per share (USD)	0.1910	0.1910	0.1910	0.5730	0.5725	0.7635

* Definition on page 19

**The charter backlog including transactions announced after quarter end was USD 3.5 bn. Definition on page 6

MAIN EVENTS DURING THE THIRD QUARTER AND POST QUARTER END

Dividends

- The Board of Directors has declared a quarterly dividend payment of USD 0.1910 per share for Q3 2019. The dividend will be paid on or about 12th November 2019 to shareholders as of 31st October 2019 registered with the Norwegian Central Securities Depository (the "VPS") as of 4th November 2019 (the "Record Date"). The ex-dividend date will be 1st November 2019.

New investments

- Ocean Yield agreed to acquire one handysize dry bulk newbuilding with 10-year bareboat charter to a company owned and guaranteed by Interlink Maritime Corp ("Interlink Maritime"). The purchase price was USD 18 million net of pre-paid charter hire. The vessel was delivered from the shipyard at the end of September 2019. Interlink Maritime will have certain options to either trigger a sale to a third party or acquire the vessel during the charter period. Including this vessel, Ocean Yield owns six vessels on long-term charter to Interlink Maritime.

Interlink Maritime is an owner and provider of dry bulk vessels to agricultural and industrial commodity companies, shipping companies and other end-users. It was founded in 1979 by Paul Gurtler and owns a fleet of 28 modern handysize vessels of 37,000-39,000 dwt. The company is majority owned by The Carlyle Group.

- Post quarter end, Ocean Yield agreed to acquire an ethylene gas carrier for a total consideration of USD 69.75 million net of a seller's credit, with 13-year bareboat charter to a company 100% owned and guaranteed by Navigator Holdings Ltd. ("Navigator Gas"). The vessel was delivered to the Company on 29th October 2019. Navigator Gas has certain options to acquire the vessel during the charter period. The vessel, Navigator Aurora, is a 37,300 cbm ethylene gas carrier that was built in 2016. This state-of-the-art vessel is operating on a sub-charter to the European chemical group Borealis for the transportation of ethane from the U.S. East Coast to Europe until December 2026. The propulsion and electrical systems are designed to use LNG as fuel in addition to conventional fuel.

Navigator Gas is listed on the New York Stock Exchange with ticker NVGS. The company owns a modern fleet of 38 gas carriers that play a vital role in the global liquefied gas supply chain, providing gas transportation solutions for energy companies, industrial users and commodity traders. The company is listed on the New York Stock Exchange.

- Also post quarter end, Ocean Yield agreed to acquire two Newcastlemax dry bulk newbuildings with

13-year bareboat charter to companies owned and guaranteed by 2020 Bulkera Ltd. ("2020 Bulkera"). The total purchase price is USD 84 million net of pre-paid charter hire. The first vessel is expected to be delivered on or about 30th October 2019 and the second is expected to be delivered in early November 2019. 2020 Bulkera will have certain options to either trigger a sale to a third party or acquire the vessels during the charter period, as well as a purchase obligation at the end of the charter. Both vessels have sub-charters to international trading companies.

2020 Bulkera has a fleet of eight Newcastlemax vessels, where two vessels have been delivered and six are under construction at New Times Shipyard in China. All vessels are expected to be delivered by May 2020 and will be fitted with exhaust scrubber systems. The company is listed on Oslo Axess.

Vessel deliveries

- In the third quarter, Ocean Yield took delivery of the third and fourth VLCC newbuildings in a series of four vessels with 15-year bareboat charter to Okeanis Eco Tankers Corp. and five year sub-charter to Koch Shipping Pte. Ltd.
- The dry bulk vessel announced in the third quarter with long-term charter to Interlink Maritime was delivered to Ocean Yield on 27th September 2019.

Portfolio update

- The FPSO *Dhirubhai-1* is being evaluated for several employment opportunities. Currently it looks like it will take more time than earlier envisaged to develop these prospects. Final investment decisions for these employment opportunities are not expected before the second half of 2020.

Ocean Yield has booked an impairment of USD 68.4 million on the FPSO in Q3 2019. The impairment reflects new estimates for future earnings from the FPSO and that it will take more time than earlier envisaged to secure new long-term employment. Following the impairment, the book value of the FPSO is USD 150 million as of the end of Q3 2019.

- The subsea construction- and cable installation vessel *Connector* has been trading on short-term time-charters during the third quarter. The vessel is being marketed for new contracts. Some idle time can be expected in the near term, due to lower activity in the winter months.
- The standstill agreement with Solstad Offshore ASA ("Solstad"), which was extended until 31st October 2019 is expected to be further extended.

Funding

- The Company successfully completed a new perpetual hybrid callable bond issue ("Hybrid Bond") of USD 125 million, carrying a coupon of 3 months LIBOR + 6.50 % p.a. with quarterly interest payments. The Hybrid Bond issue attracted strong interest and was oversubscribed. The net proceeds from the Hybrid Bond will be used for new investments and general corporate purposes. The Hybrid Bond has been accounted for as book equity and is subordinated to the Company's outstanding senior unsecured bonds.
- The ethylene gas carrier with long-term charter to Navigator Gas has been financed with a loan facility of about USD 55 million from one of Ocean Yield's relationship banks. The loan has a tenor of 7 years from drawdown.
- The two recently announced Newcastlemax dry bulk vessels with long-term charter to 2020 Bulkcarriers is being financed with a loan of USD 76 million. A group of banks has obtained credit approval for the long-term financing of the vessels.
- The loan related to the *SBM Installer*, which is on long-term charter to SBM Offshore, has maturity in December 2019. The existing banks have obtained credit approval for a refinancing of the loan for another seven years.

THIRD QUARTER FINANCIAL REVIEW

Profit and Loss items

- **Operating revenues** were USD 26.9 million in Q3 2019 compared with USD 30.1 million in Q2 2019. The decrease compared with the previous quarter mainly relates to the vessel *Connector*, which has been operating on shorter term contracts during the third quarter at lower rates than in Q2 2019. Further, no cash revenue has been recognized for the two AHTS vessels on long-term bareboat charter to Solstad.
- **Finance lease revenues** were USD 30.4 million in Q3 2019 compared with USD 26.6 million in Q2 2019. The increase compared with Q2 2019 is mainly related to delivery of another two VLCCs during the quarter, which are classified as finance leases. Due to several of the Company's long-term charters being classified as finance leases, the charter hire received is higher than what is reported as revenues according to IFRS, as only the interest income under a finance lease is recognized in the Profit & Loss.
- **Income from investment in associates**, which is related to the 49.9% investment in Box Holdings Inc., were USD 5.4 million in Q3 2019 compared with USD 5.9 million in Q2 2019. The reduction compared to Q2 2019 is due to negative mark-to-market on interest rate swaps related to the financing of the vessels.
- **Other income** was USD 3.6 million compared with USD 3.9 million in Q2 2019. This is related to the option agreement with Aker Energy for the potential long-term chartering of the FPSO *Dhirubhai-1*, where Aker Energy pays Ocean Yield a compensation for the option. The option agreement expires on 31st December 2019.
- **Total revenues** and other income for Q3 2019 were USD 66.3 million compared with USD 66.5 million for Q2 2019.
- **Vessel Operating Expenses** were USD 4.5 million in Q3 2019 compared with USD 4.6 million in Q2 2019. The operating expenses are related to the vessel *Connector*, which is operated on a time-charter basis and the FPSO *Dhirubhai-1*.
- **EBITDA** was USD 57.2 million in Q3 2019 compared with USD 56.8 million in Q2 2019. Adjusted for finance lease effects the EBITDA was USD 80.8 million compared with USD 74.5 million in Q2 2019.
- **Depreciation and amortization** was USD 19.1 million in Q3 2019, compared with USD 19.2 million in Q2 2019. The vessels delivered during Q3 2019 are accounted for as finance leases with no impact on the depreciation. As a result of the impairment on the FPSO, depreciation for this vessel is expected to reduce by about USD 2.5 million per quarter going forward, from current USD 6.7 million down to USD 4.2 million per quarter.
- **Impairment charges and other non-recurring items** was USD 68.4 million in Q3 2019 compared with USD 4.5 million in Q2 2019. The impairment charge in the third quarter is related to the book value of the FPSO *Dhirubhai-1*, which is currently idle and being marketed for new employment. Following the impairment, the book value of the FPSO was USD 150 million at the end of Q3 2019.
- **Operating profit** was negative with USD 30.2 million compared with a positive operating profit of USD 33.0 million in Q2 2019.
- **Financial income** was USD 0.5 million in Q3 2019 compared with USD 0.5 million in Q2 2019.
- **Financial expenses** were USD 27.3 million in Q3 2019, compared with USD 25.7 million in Q2 2019. The increase in financial expenses compared with the previous quarter is mainly related to increased long-term debt as a result of vessel deliveries.
- **Foreign exchange** gains were USD 17.8 million in Q3 2019, compared with a loss of USD 3.5 million in Q2 2019. 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.
- **Change in fair value of financial instruments** were negative with USD 23.1 million in Q3 2019 compared with positive USD 2.0 million in Q2 2019. This is mainly related to the Company's cross currency swaps and interest rate swaps related to the Company's financings.
- **The Net profit before tax** in Q3 2019 was negative USD 62.3 million compared with positive USD 6.2 million for Q2 2019.
- **Tax payable** was negative USD 0.9 million in Q3 2019

compared with negative USD 0.9 million in Q2 2019.

- **Change in deferred tax** was USD 0.0 million in Q3 2019, compared with USD 0.0 million in Q2 2019.
- **The Net profit after tax** for Q3 2019 was negative USD 63.2 million compared with positive USD 5.3 million for Q2 2019. Adjusted for impairments, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 11.0 million as compared with USD 11.3 million in Q2 2019. Net profit from vessels with long-term charters was USD 22.5 million and Net Profit from vessels without long-term charter was negative USD 11.5 million.

Balance sheet items

- **Vessels and equipment** was USD 1,066.9 million in Q3 2019 compared with USD 1,160.2 million in Q2 2019. The decrease compared with the second quarter is related to ordinary depreciation and the impairment charge on the FPSO.
- **Finance lease receivables and related assets** were USD 1,436.4 million in Q3 2019 compared with USD 1,348.4 million in Q2 2019. The increase is related to delivery of further vessels during Q3 2019 accounted for as finance leases.
- **Restricted cash deposits** was USD 26.4 million compared with USD 18.0 million in Q2 2019. The cash deposit is posted as collateral with banks for the Company's cross currency swaps related to unsecured bond loans. The increase compared with the second quarter comes as a result of the weakening of the NOK against the USD.
- **Cash & cash equivalents** at the end of Q3 2019 were USD 176.0 million, compared with USD 86.9 million at the end of Q2 2019. The increase compared to Q2 2019 is mainly related to the USD 125 million hybrid bond issued in September 2019.
- **Book equity** was USD 817.2 million at the end of Q3 2019, compared with USD 796.9 million at the end of Q2 2019. The perpetual callable hybrid bond has been recognized as book equity according to IFRS. The equity ratio was 28.3% at the end of Q3 2019 compared with 28.4% in Q2 2019.
- **Interest bearing long-term debt** was USD 1,642.3 million compared with USD 1,599.4 million in Q2 2019. During the quarter, a total of USD 149.8 million of debt was drawn related to vessel deliveries and corporate purposes, while a total of USD 85.7 million of debt was repaid in ordinary instalments.
- **Interest bearing short-term debt** was USD 330.5 million in Q3 2019 compared with USD 329.0 million in Q2 2019. This includes one of the Company's bond

loans, which has maturity in Q2 2020 and one vessel related facility which has maturity in December 2019 and is hence classified as short-term debt.

- **Fair value of derivatives:** The fair value of derivatives was USD 59.7 million compared with USD 36.6 million in Q2 2019. The increase compared with the second quarter 2019 is mainly a result of the movements in the USD/NOK exchange rate, which affects the fair value of the Company's interest rate swaps related to vessel financings and cross currency swaps related to unsecured bond loans.
- **Field abandonment provisions** were USD 14.8 million compared with USD 16.9 million in Q2 2019. This is related to remaining decommissioning work on the MA-field in India following completion of the contract for the FPSO *Dhirubhai-1*.
- **Total assets** were USD 2,892.0 million in Q3 2019, compared with USD 2,807.5 million in Q2 2019.

CHARTER BACKLOG

The EBITDA backlog* at the end of Q3 2019 was USD 3.2 billion with an average remaining contract duration of 10.7 years. Adjusted for transactions announced after quarter end, the charter backlog was USD 3.5 billion with an average remaining tenor of 10.8 years.

The total fleet as of the end of the third quarter was 62 vessels. Including transactions announced after quarter end, the total fleet counts 65 vessels.

RISKS

The Company is exposed to operating risk and redeployment risk for the FPSO *Dhirubhai-1*. Should the Company not be able to secure long-term employment for the FPSO within a reasonable period of time, there is a risk of further impairment related to the book value of this vessel. The remaining demobilisation work in India related to the FPSO includes removal of risers, moorings and subsea buoy. There is a risk that the actual cost for this work may deviate from the provision in the Balance Sheet.

In addition, the Company is exposed to operating and employment risk on the vessel *Connector*. Due to seasonal variation, there is a risk of lower utilisation for this vessel in the winter months. Further, Ocean Yield has two AHTS vessels on long-term charters to a subsidiary of Solstad. As a consequence of the on-going financial restructuring of Solstad, the charter contracts may be amended on less favourable terms than the original contractual terms.

Ocean Yield has received notice from subsidiaries of Okeanis Eco Tankers chartering four VLCCs on long-term bareboat charter, that they exercise options to purchase the vessels back from Ocean Yield at 103% of the outstanding under the lease, plus costs and losses. Ocean

*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.

Yield disputes their right to exercise such options. The matter may be referred to arbitration.

The Company is also exposed to a number of other risks, including counterparty-, financing-, interest rate-, currency-, impairment- and residual value risk. For a more detailed description of risk factors, please refer to the annual report for 2018, which is available on www.oceanyield.no.

OUTLOOK

As communicated in the Q2 2019 Report, the Board of Directors will continue to take the future prospects for long-term employment of the FPSO into consideration when reviewing future dividend levels. As it is not expected that there will be a final investment decision on any of the prospects for long-term employment before the second half of 2020, the current intention of the Board of Directors is to adjust the dividend from USD 0.1910 to USD 0.15 per share per quarter as from Q1 2020.

The market for long-term leasing transactions for vessels

currently offers attractive investment opportunities. So far in 2019, the Company has invested more than USD 300 million in eight vessels with long-term charter and sees attractive investment opportunities across several segments. Hence, Ocean Yield expects to continue to grow and further diversify the portfolio of vessels on long-term charter and intends to continue its policy of paying attractive dividends to its shareholders.

Fornebu, 29th October 2019
Ocean Yield ASA

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Ocean Yield ASA Group condensed consolidated financial statement for the third quarter 2019

INCOME STATEMENT

		2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	<i>Note</i>	2019	2019	2018	2019	2018	2018
Operating revenues		30.1	26.9	66.2	83.0	202.2	236.3
Finance lease revenue		26.6	30.4	22.6	81.9	58.6	82.9
Income from investments in associates		5.9	5.4	6.1	17.0	18.4	24.2
Other income		3.9	3.6	-	9.3	-	-
Total revenues and other income	5	66.5	66.3	94.9	191.2	279.2	343.4
Vessel operating expenses		(4.6)	(4.5)	(6.0)	(10.9)	(18.9)	(23.2)
Wages and other personnel expenses		(2.4)	(2.1)	(1.8)	(7.0)	(6.6)	(8.5)
Other operating expenses		(2.7)	(2.4)	(2.0)	(7.0)	(6.4)	(9.5)
Write down on trade receivables		-	(0.0)	-	(0.4)	-	(19.5)
EBITDA	5	56.8	57.2	85.1	165.9	247.2	282.7
Depreciation and amortization	7	(19.2)	(19.1)	(26.1)	(57.6)	(79.5)	(98.7)
Impairment charges and other non recurring items	7	(4.5)	(68.4)	-	(72.9)	-	(32.2)
Operating profit (EBIT)		33.0	(30.2)	59.0	35.3	167.7	151.8
Financial income		0.5	0.5	0.3	1.6	2.8	3.2
Financial expenses		(25.7)	(27.3)	(22.9)	(77.6)	(62.7)	(86.1)
Foreign exchange gains/losses		(3.5)	17.8	1.2	10.8	(2.1)	16.0
Change in fair value of financial instruments	6	2.0	(23.1)	2.3	(17.1)	6.7	(23.3)
Net financial items		(26.8)	(32.1)	(19.2)	(82.3)	(55.3)	(90.2)
Net profit before tax		6.2	(62.3)	39.8	(47.0)	112.4	61.6
Tax payable		(0.9)	(0.9)	0.2	(2.4)	(0.2)	(0.5)
Change in deferred tax		0.0	(0.0)	(0.1)	(0.0)	(3.9)	(2.8)
Net profit after tax		5.3	(63.2)	39.9	(49.5)	108.3	58.4
Attributable to:							
Equity holders of the parent		5.2	(63.5)	39.5	(50.1)	107.1	57.0
Non-controlling interests		0.1	0.3	0.3	0.6	1.2	1.4
Dividends on hybrid capital		-	-	-	-	-	-
Net profit after tax		5.3	(63.2)	39.9	(49.5)	108.3	58.4
Weighted average number of shares outstanding		159.3	159.3	159.3	159.3	156.7	157.3
Earnings per share (USD)		0.03	(0.40)	0.25	(0.31)	0.68	0.36
Total number of shares outstanding, eksl. treasury shares		159.3	159.3	159.3	159.3	159.3	159.3

TOTAL COMPREHENSIVE INCOME

Net profit after tax for the period	5.3	(63.2)	39.9	(49.5)	68.4	58.4
Other comprehensive income, net of income tax						
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.0)
Total for items that will not be reclassified to the income statement	-	-	-	-	-	(0.0)
Items that are or may be reclassified to the income statement						
Share of other comprehensive income from investment in associates	(9.3)	(5.4)	0.3	(19.9)	7.5	0.0
Change in fair value of available for sale financial assets	(0.0)	(0.9)	(2.0)	(1.1)	1.5	(4.0)
Currency translation differences	0.4	(2.6)	(0.1)	(1.7)	(0.1)	(2.8)
Total for items that are or may be reclassified to the income statement	(8.9)	(8.8)	(1.8)	(22.7)	9.0	(6.7)
Total change in other comprehensive income, net of income tax	(8.9)	(8.8)	(1.8)	(22.7)	9.0	(6.7)
Total comprehensive income for the period	(3.6)	(72.1)	38.0	(72.1)	77.4	51.6
Attributable to:						
Equity holders of the parent	(3.7)	(72.3)	37.7	(72.8)	76.6	50.3
Non controlling interests	0.1	0.3	0.3	0.6	0.8	1.4
Dividends on hybrid capital	-	-	-	-	-	-
Total comprehensive income for the period	(3.6)	(72.1)	38.0	(72.1)	77.4	51.6



BALANCE SHEET

		30 June 2019	30 September 2019	30 September 2018	31 December 2018
<i>Amounts in USD million</i>	<i>Note</i>				
ASSETS					
Goodwill		-	-	9.8	-
Vessels and equipment	7	1 160.2	1 066.9	1 234.0	1 195.6
Investments in associates		178.4	173.7	197.8	191.9
Finance lease receivables and related assets	8	1 348.4	1 436.4	1 035.1	1 171.8
Restricted cash deposits		18.0	26.4	6.3	16.1
Other interest-bearing long-term receivables		1.7	1.7	1.9	1.8
Fair value of derivatives	6	-	-	0.5	-
Shares in Solstad Offshore ASA		1.6	0.7	5.3	1.7
Total non-current assets		2 708.4	2 705.8	2 490.6	2 579.0
Trade and other interest-free receivables		12.2	10.2	59.4	37.6
Cash and cash equivalents		86.9	176.0	173.4	110.0
Total current assets		99.1	186.2	232.8	147.6
Total assets		2 807.5	2 892.0	2 723.4	2 726.6
EQUITY AND LIABILITIES					
Share capital		253.7	253.7	253.7	253.7
Treasury shares		(0.0)	(0.1)	(0.0)	(0.0)
Other paid-in capital		294.8	306.1	417.7	387.3
Total paid-in capital	11	548.5	559.7	671.4	641.0
Retained earnings and translation reserves		235.9	121.6	271.0	204.7
Total equity attributable to equity holders of the parent		784.4	681.2	942.4	845.7
Hybrid capital		-	123.1	-	-
Non controlling interests		12.6	12.9	11.6	0.0
Total equity		796.9	817.2	954.0	845.7
Interest-bearing long-term debt	10	1 599.4	1 642.3	1 583.5	1 572.0
Deferred tax liabilities		0.0	0.0	1.2	-
Mobilization fee and advances		7.9	6.8	15.7	12.2
Fair value of derivatives	6	11.8	22.3	3.9	26.7
Non-current provisions (field abandonment)		-	-	28.0	-
Finance lease liabilities		1.2	1.1	-	-
Total non-current liabilities		1 620.3	1 672.5	1 632.4	1 610.9
Interest-bearing short-term debt	10	329.0	330.5	108.6	190.9
Fair value of derivatives	6	24.8	37.4	9.2	16.0
Current provisions (field abandonment)		16.9	14.8	-	25.7
Trade and other payables		19.6	19.5	19.3	37.3
Total current liabilities		390.2	402.3	137.1	269.9
Total liabilities		2 010.5	2 074.8	1 769.5	1 880.8
Total equity and liabilities		2 807.5	2 892.0	2 723.4	2 726.6

CHANGE IN EQUITY

<i>Amounts in USD million</i>	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share- holders equity	Hybrid capital	Non controlling interests	Total equity
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	-	-	-	-	-	57.0	57.0	-	1.4	58.4
Other comprehensive income	-	-	-	(4.0)	(2.8)	(0.0)	(6.7)	-	-	(6.7)
Total comprehensive income	-	-	-	(4.0)	(2.8)	57.0	50.3	-	1.4	51.6
Dividend	-	(90.9)	-	-	-	(28.3)	(119.1)	-	(14.0)	(133.1)
Issuance of ordinary shares	14.1	83.0	-	-	-	-	97.1	-	-	97.1
Expenses related to issuance of shares, net of tax	-	(1.2)	-	-	-	-	(1.2)	-	-	(1.2)
Treasury shares acquired	-	-	(1.3)	-	-	-	(1.3)	-	-	(1.3)
Treasury shares sold	-	(0.3)	1.4	-	-	-	1.1	-	-	1.1
Non controlling interest's share of intragroup profit	-	-	-	-	-	(2.3)	(2.3)	-	2.3	-
Transfer from retained earnings to share premium	-	45.2	-	-	-	(45.2)	-	-	-	-
Balance at 31st December 2018	253.7	387.4	(0.1)	(11.1)	(41.4)	257.2	845.7	-	0.0	845.7
Net profit after tax for the period	-	-	-	-	-	(50.1)	(50.1)	-	0.6	(49.5)
Other comprehensive income	-	-	-	(1.1)	(1.7)	(19.9)	(22.7)	-	-	(22.7)
Total comprehensive income	-	-	-	(1.1)	(1.7)	(70.0)	(72.8)	-	0.6	(72.1)
Dividend	-	(60.9)	-	-	-	(30.3)	(91.2)	-	-	(91.2)
Issuance of hybrid capital	-	-	-	-	-	-	-	125.0	-	125.0
Expenses related to issuance of hybrid bond, net of tax	-	-	-	-	-	-	-	(1.9)	-	(1.9)
Treasury shares acquired	-	-	(0.8)	-	-	-	(0.8)	-	-	(0.8)
Treasury shares sold	-	-	0.5	-	-	-0.1	0.4	-	-	0.4
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(20.3)	-	(0.0)	-	20.3	-	-	-	-
Balance at 30th September 2019	253.7	306.1	(0.4)	(12.203)	(43.1)	177.2	681.2	123.1	12.9	817.2

Change in equity as of 30th September 2018

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

	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2019	2019	2018	2019	2018	2018
Profit before tax	6.2	(62.3)	39.8	(47.0)	112.4	61.6
Depreciation and amortization	19.2	19.1	26.1	57.6	79.5	98.7
Impairment charges and other non-recurring items	4.5	68.4	(0.0)	72.9	0.4	32.7
Income from investments in associates	(5.9)	(5.4)	(6.1)	(17.0)	(18.4)	(24.2)
Dividend received from investments in associates	5.6	4.8	5.8	15.4	17.2	22.6
Net interest expenses (+)	24.8	26.4	21.4	75.0	57.3	79.9
Interest paid	(24.2)	(25.7)	(19.3)	(73.4)	(53.7)	(74.6)
Interest received	3.1	1.8	0.3	6.5	4.5	4.9
Unrealized foreign exchange gain/loss	2.9	(17.9)	(0.8)	(11.8)	2.7	(15.0)
Change in fair value of financial instruments	(2.0)	23.1	(2.3)	17.1	(6.7)	23.3
Other changes in operating activities	(12.4)	(2.3)	(30.6)	(3.3)	(29.2)	(17.4)
Net cash flow from operating activities	21.8	29.9	34.3	91.9	166.0	192.4
Acquisition of vessels and equipment	(0.0)	-	(1.9)	(0.0)	(2.5)	(2.6)
Acquisition of vessels accounted for as finance lease receivables	(128.6)	(104.5)	(206.4)	(282.1)	(316.8)	(411.0)
Repayment on finance lease receivables	17.7	23.6	15.3	57.2	35.1	50.9
Investments in other non-current assets	7.9	(7.6)	(0.0)	(41.5)	(33.6)	(91.9)
Net change in associated companies	(0.0)	0.0	-	-	-	(1.6)
Net change in long-term interest-bearing receivables	(0.8)	(8.4)	(4.0)	(10.3)	44.7	34.9
Net cash flow from investing activities	(103.8)	(96.8)	(197.0)	(276.7)	(273.1)	(421.3)
Proceeds from issuance of long-term interest-bearing debt	126.9	149.8	200.5	363.5	353.6	530.8
Repayment of long-term interest-bearing debt	(32.9)	(85.7)	(101.1)	(143.2)	(177.2)	(263.4)
Repayment on finance lease liabilities	(0.2)	(0.1)	-	(0.3)	-	-
Dividend paid	(30.5)	(30.3)	(30.4)	(91.2)	(88.7)	(119.1)
Dividend paid to non-controlling interests	-	-	-	-	-	(1.8)
Net proceeds from issuance of new shares	(0.0)	(0.0)	0.0	(0.0)	95.5	95.5
Net proceeds from issuance of hybrid capital	-	123.1	-	123.1	-	-
Treasury shares sold	-	(0.5)	0.1	(0.5)	(0.1)	(0.1)
Net cash flow from financing activities	63.4	156.3	69.0	251.4	183.0	241.8
Net change in cash and cash equivalents	(18.7)	89.4	(93.7)	66.6	75.9	13.0
Exchange rate differences	(0.2)	(0.3)	1.1	(0.6)	(1.2)	(1.6)
Cash and cash equivalents at beginning of the period	105.8	86.9	266.0	110.0	98.7	98.7
Cash and cash equivalents at the end of the period	86.9	176.0	173.4	176.0	173.4	110.0

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

NOTE 1 INTRODUCTION

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 2019 comprise Ocean Yield ASA and its subsidiaries (together referred to as the “Group”). The consolidated financial statements of the Group for the year ended 31st December 2018 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 2018.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 29th October 2019.

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

- The implementation of IFRS 16 Leases was 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 has not

had significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to previous practice. The Group has identified two agreements where a right-of-use asset and a lease liability has been recognized. The lease liability related to these agreements was USD 1.3 million as of 1st January 2019.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

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

NOTE 4 ESTIMATES

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

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



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
<i>Amounts in USD million</i>	2019	2019	2018	2019	2018	2018
FPSO	1.5	0.6	26.3	3.3	84.7	63.6
Other Oil Service	15.8	13.7	23.1	42.3	66.0	85.8
Car Carriers	10.5	10.3	10.5	31.4	30.8	41.4
Container vessels	8.2	7.6	8.4	23.8	20.7	28.8
Tankers	15.9	19.5	11.8	49.8	32.4	45.8
Other Shipping	7.5	7.9	7.2	22.5	19.7	26.8
Other companies and eliminations	(2.6)	(2.3)	(2.3)	(7.4)	(7.0)	(9.6)
EBITDA	56.8	57.2	85.1	165.9	247.2	282.7

Net profit after tax	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2019	2019	2018	2019	2018	2018
FPSO	(10.0)	(72.9)	8.0	(88.8)	25.8	(10.1)
Other Oil Service *	2.7	(0.3)	9.5	2.3	27.8	19.9
Car Carriers	4.0	4.7	4.9	13.0	15.0	19.2
Container vessels	6.9	6.7	8.0	20.4	20.2	27.6
Tankers	8.5	10.6	6.0	26.9	18.3	28.0
Other Shipping	1.0	3.7	3.7	6.5	12.1	13.6
Other companies and eliminations**	(7.7)	(15.7)	(0.3)	(29.8)	(10.9)	(39.7)
Net profit after tax	5.3	(63.2)	39.9	(49.5)	108.3	58.4

*The vessel *Connector* contributed negatively with USD 3.4 million to net profit in the quarter, and the vessels *Far Senator* and *Far Statesman* contributed negatively with USD 2.2 million. For the nine months period from January until September the *Connector* contributed negatively to net profit with USD 11.4 million and *Far Senator* and *Far Statesman* contributed negatively with USD 4.7 million.

**Net profit after tax related to the segment Other companies and eliminations is mainly interest expenses related to the bond loans in Ocean Yield ASA. These interest expenses have not been allocated to the different segments.



NOTE 6 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

<i>Amounts in USD million</i>	Change Q3 2019	Change Jan - Sep 2019	Fair value as of 30 Sep 2019
Cross Currency Interest Rate Swaps	(22.9)	(13.5)	(51.0)
Forward exchange contracts	(0.3)	0.3	(0.8)
Interest rate swaps	0.1	(3.8)	(7.8)
Total	(23.1)	(17.1)	(59.7)

<i>Amounts in USD million</i>	Change Q3 2018	Change Jan - Sep 2018	Fair value as of 30 Sep 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)

NOTE 7 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2019:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	238.9	508.9	284.7	-	-	154.0	9.1	1 195.5
Acquisitions	0.0	-	-	-	-	-	0.0	0.0
IFRS 16 effects	-	-	-	-	-	-	1.3	1.3
Depreciation	(20.4)	(22.0)	(10.2)	-	-	(4.1)	(0.8)	(57.6)
Impairment	(68.4)	-	-	-	-	-	-	(68.4)
Effect of movements in foreign exchange	-	(4.0)	-	-	-	-	-	(4.0)
Balance at 30th September 2019	150.1	482.8	274.5	-	-	149.9	9.6	1 066.9

An impairment charge of USD 68.4 million has been recognized in the third quarter. The impairment charge is related to the book value of the FPSO *Dhirubhai-1*, which is currently idle and being marketed for new employment.

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.

For the FPSO *Dhirubhai-1* the Group has considered several possible scenarios and calculated the present value of estimated future cashflows for these scenarios. The value in use has then been calculated as the weighted average of these scenarios.

The estimated value in use is lower than the book value for the FPSO *Dhirubhai-1*, and as a consequence an impairment of USD 68.4 million has been recognized. Following the impairment, the book value of the FPSO was USD 150 million at the end of Q3 2019. The calculation of value in use is highly sensitive to the estimated level of future charter hires, the length of the cashflows and the weighting of the different scenarios.

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

NOTE 8 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables and related assets of USD 1,436.4 million at 30th September 2019 are related to the vessel *Aker Wayfarer*, four container vessels, twelve chemical tankers, four product tankers, five Suezmax tankers, four VLCC crude tankers, ten dry bulk vessels and one Newcastlemax dry bulk vessel under construction.

The Company has taken delivery of four VLCC crude tankers in 2019, of which two were delivered in Q3 19. All vessels are fixed from delivery on long-term charters to Okeanis ECO Tankers Corp. and are accounted for as finance leases. They are included in the segment "Tankers".

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

In May 2019, Ocean Yield agreed to acquire two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of seller's credits, with 11-year bareboat charters to Scorpio Bulk Inc. The vessels were built in 2017 and were delivered to the Company during the second quarter. The vessels are accounted for as finance leases and are included in the segment "Other Shipping".

In June 2019, Ocean Yield agreed to acquire one 206,000 DWT Newcastlemax dry bulk newbuilding for a total consideration of USD 40 million net of a seller's credit, with 15-year bareboat charter to CMB NV. The vessel is expected to be delivered from the shipyard in Q1 2020. Pre-delivery advances related to this vessel under construction 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.

In August 2019, Ocean Yield agreed to acquire one handy-size dry bulk newbuilding with 10-year bareboat charter to a company owned and guaranteed by Interlink Maritime Corp. The purchase price was USD 18 million net of pre-paid charter hire, and the vessel was delivered from the shipyard at the end of September 2019. The vessel is accounted for as a finance lease and is included in the segment "Other Shipping".

The net finance lease receivables as of 30th September 2019 was as follows:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other shipping	Total
<i>Gross finance lease receivable</i>							
Less than one year	-	40.1	-	12.1	106.9	18.8	177.9
Between one and five years	-	117.0	-	48.4	418.0	70.2	653.6
More than five years	-	87.2	-	69.6	708.4	131.7	996.9
Unguaranteed residual values	-	57.7	-	22.2	164.2	-	244.1
Gross finance lease receivable	-	302.0	-	152.3	1 397.5	220.7	2 072.5
Less: Unearned finance income	-	(132.6)	-	(40.9)	(412.5)	(61.3)	(647.3)
Total finance lease receivables	-	169.4	-	111.4	985.0	159.4	1 425.2
<i>Present value of minimum lease payments</i>							
Less than one year	-	37.2	-	11.8	103.6	18.2	170.8
Between one and five years	-	77.8	-	41.2	350.8	59.0	528.9
More than five years	-	35.4	-	45.9	433.7	82.2	597.2
Unguaranteed residual values	-	19.0	-	12.5	96.9	-	128.4
Total finance lease receivables	-	169.4	-	111.4	985.0	159.4	1 425.2
Pre-delivery instalments	-	-	-	-	-	11.2	11.2
Total finance lease receivables and related assets	-	169.4	-	111.4	985.0	170.6	1 436.4

NOTE 9 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30th September 2019 the following contractual obligations related to the purchase of vessels.

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Total
Already paid	-	-	-	-	-	11.1	11.1
Q4 2019	-	-	-	-	-	4.4	4.4
Q1 2020	-	-	-	-	-	24.5	24.5
Total contractual obligations	-	-	-	-	-	40.0	40.0
Total remaining payments	-	-	-	-	-	28.9	28.9
Secured bank financing	-	-	-	-	-	-	-
Estimated bank funding	-	-	-	-	-	37.1	37.1
Payments to be funded by cash	-	-	-	-	-	(8.2)	(8.2)

The obligations above related to the segment Other Shipping relates to one dry bulk vessel under construction.

In June 2019, Ocean Yield agreed to acquire one 206,000 DWT Newcastlemax dry bulk newbuilding for a total consideration of USD 40 million net of a seller's credit, with 15-year bareboat charter to CMB NV. The vessel is expected to be delivered from the shipyard in Q1 2020. CMB will have certain options to either sell or acquire the vessel during the charter period.

NOTE 10 INTEREST-BEARING DEBT

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

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	-	439.1	184.5	91.6	564.1	209.6	273.9	1 762.9
New loans	-	99.5	-	-	236.5	32.9	-	368.9
Paid loan fees	-	(1.5)	-	-	(3.6)	(0.4)	-	(5.5)
Instalments	-	(79.6)	(12.7)	(5.4)	(33.9)	(11.6)	-	(143.2)
Effect of movements in foreign exchange and loan fees amortized	-	(1.4)	0.5	0.1	1.6	0.4	(11.6)	(10.4)
Total interest-bearing liabilities 30th September 2019	-	456.1	172.3	86.3	764.8	230.9	262.4	1 972.8
Long-term	-	325.6	155.3	79.1	705.2	213.5	163.6	1 642.3
1st year instalments	-	130.6	17.0	7.2	59.7	17.3	98.8	330.5
Total interest-bearing liabilities 30th September 2019	-	456.1	172.3	86.3	764.8	230.9	262.4	1 972.8
Undrawn facilities	-	-	-	-	-	-	-	-

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

For the two dry-bulk vessels on charter to Scorpio Bulkers long term financing has been arranged with one of Ocean Yield's relationship banks. A loan facility of USD 34.9 million was entered into in May 2019 with a tenor of 7 years.

In June 2019, Ocean Yield entered into a new loan agreement of USD 75 million for the refinancing of the two Platform Supply Vessels ("PSV") on long-term bareboat charter to Aker BP ASA. The new loan facility was raised in the Japanese bank market, with a tenor of approximately 10-years, matching the term of the remaining bareboat charter for these vessels.

NOTE 11 SHARE CAPITAL AND DIVIDENDS

In Q3 2019 certain members of senior management have acquired a total of 70,000 shares in the Company. The purchase of shares was made as part of the Company's management incentive program. As of 30th September 2019 the Company had a share capital of NOK 1,593,514,320 divided into 159,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 71,871.

In Q3 2019 USD 30.3 million was paid in dividends, following the announcement of the Q2 2019 results.

The Company successfully completed a new perpetual hybrid callable bond ("Hybrid Bond") issue of USD 125 million, carrying a coupon of 3 months LIBOR + 6.50 % p.a. with quarterly interest payments. The Hybrid Bond has been accounted for as book equity and is subordinated to the Company's outstanding senior unsecured bonds.

NOTE 12 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end Ocean Yield has agreed to acquire an ethylene gas carrier for a total consideration of USD 69.75 million net of a seller's credit, with 13-year bareboat charter to a company 100% owned and guaranteed by Navigator Holdings Ltd. The vessel was delivered to the Company on 29th October 2019.

Also post quarter end, Ocean Yield has agreed to acquire two newcastlemax dry bulk newbuildings with 13-year bareboat charter to companies owned and guaranteed by 2020 Bulkers Ltd. The total purchase price is USD 84 million net of pre-paid charter hire.

USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

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

	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2019	2019	2018	2019	2018	2018
EBITDA	56.8	57.2	85.1	165.9	247.2	282.7
Repayment on finance lease receivables	17.7	23.6	15.3	57.2	35.1	50.9
EBITDA adjusted for finance lease effects	74.5	80.8	100.4	223.0	282.3	333.6
Net profit after tax	5.3	(63.2)	39.9	(49.5)	108.3	58.4
Write down on trade receivables	-	-	-	0.4	-	19.5
Impairment of goodwill related to the FPSO DB-1	-	68.4	-	68.4	-	9.8
Increase in field abandonment provision related to the FPSO DB-1	4.5	-	-	4.5	-	9.1
Impairment of Far Senator/Far Statesman	-	-	-	-	-	13.4
Foreign exchange gains/losses	3.5	(17.8)	(1.2)	(10.8)	2.1	(16.0)
Change in fair value of financial instruments	(2.0)	23.1	(2.3)	17.1	(6.7)	23.3
Change in deferred tax	(0.0)	0.0	0.1	0.0	3.9	2.8
Other non-recurring items	-	0.5	0.8	0.5	1.5	1.5
Adjusted Net profit	11.3	11.0	37.3	30.7	109.1	121.6

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