Q4
2017 REPORT

Ocean Yield

Contents

FOURTH QUARTER AND PRELIMINARY RESULTS 2017

Fornebu, 15th February 2018, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the fourth quarter and preliminary results for the year ending 31st December 2017.

HIGHLIGHTS

- Declared a dividend of 0.1895 per share for Q4 2017. This is an increase of 0.10 cents per share compared with the previous quarter.
- EBITDA for Q4 2017 was USD 80.4 million, and EBITDA adjusted for finance lease effects was USD 89.3 million.
- Net profit before tax for Q4 2017 was USD 35.5 million and Net profit after tax was USD 30.9 million. Adjusted net profit was USD 34.4 million.
- Acquisition of three Suezmax crude tankers with 10-year bareboat charters to Nordic American Tankers Limited.
- The vessel *Connector* secured a contract for cable lay operations for a firm period of 130 days plus 130 days in the charterer's option, with start up around 20th February 2018.
- After the end of the quarter, Ocean Yield announced the acquisition of four VLCC crude tankers with 15-year bareboat charters to Okeanis Marine Holdings SA, with a 5-year sub-charter to the shipping arm of a large industrial conglomerate.
- Also subsequent to quarter end, Ocean Yield announced the acquisition of two 2018 built handysize dry-bulk vessels with 12-year charters to companies owned and guaranteed by the Louis Dreyfus Armateurs Group.
- The Charter backlog at the end of Q4 2017 was USD 3.0 billion. Including the announced transactions after quarter end, the charter backlog was USD 3.5 billion on an adjusted EBITDA basis with remaining average duration of 11.5 years.

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

"*The fourth quarter was yet another quarter of stable earnings, where we expanded our presence in the crude tanker segment with another three Suezmax tankers with long-term charter. In addition, we have after quarter end announced another major investment in the crude segment, with four newbuilding VLCCs with long-term charters. We have also after year end invested in two dry-bulk vessels on long-term charter to Louis Dreyfus Armateurs. These vessels will contribute to further expand our charter backlog and future dividend capacity.*"

SELECTED KEY FINANCIAL FIGURES

USD Million	Q3 2017	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Revenues and other income	88.8	89.5	82.0	339.1	294.4
EBITDA	80.6	80.4	74.4	306.5	265.2
EBITDA adjusted for finance lease effects*	89.3	89.3	82.8	340.7	291.3
Net Profit after tax	31.3	30.9	0.7	129.7	77.5
Adjusted net profit*	36.3	34.4	36.9	137.7	130.9
Equity ratio	33.3%	34.0%	31.7%	34.0%	31.7%
EBITDA charter backlog (USD bn)**	2.9	3.0	3.1	3.0	3.1
Dividend declared per share (USD)	0.1885	0.1895	0.1825	0.7505	0.7000

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***Figures are based on management's estimates which may be subject to change. These include assumptions on operating expenses on the Dhirubhai-1, certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward USD LIBOR interest rates for floating rate lease agreements.*

MAIN EVENTS DURING THE FOURTH QUARTER & POST QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1895 per share for Q4 2017. The dividend is on an annualized basis equal to USD 0.7580 per share. The dividend will be paid on or about 1st March 2018 to shareholders as of 19th February 2018 registered with the Norwegian Central Securities Depository (the "VPS") as of 21st February 2018 (the "Record Date"). The ex-dividend date will be 20th February 2018.
- Ocean Yield entered into an agreement to acquire three Suezmax crude tankers with 10-year bareboat charter to Nordic American Tankers Limited ("NAT") for a gross purchase price of USD 167.1 million in total or USD 55.7 million per vessel. The net purchase price was USD 43.2 million per vessel after a seller's credit of USD 12.5 million. The vessels are scheduled for delivery from the yard, Samsung Heavy Industries, South Korea, in June, August and October 2018, respectively, and will be owned by 100% owned Maltese subsidiaries. NAT will have options to acquire the vessels after year 5 and 7 in addition to an obligation to repurchase the vessels at the end of year 10. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 33 Suezmax tankers, including these three newbuildings.
- The vessel *Connector*, received a contract award for cable lay operations for Ørsted's Hornsea Project One offshore windfarm project in the North Sea, with a firm period of 130 days plus up to 130 days in the charterer's option. The contract is on a Time-Charter basis and technical management is handled by Solstad Farstad ASA. Following completion of the charter in West Africa in the first quarter, the vessel has been through a dry-docking for technical maintenance in order to prepare for the installation on the Hornsea Project. The *Connector* is further being marketed for new employment post completion of the Hornsea Project. The Company is currently experiencing increased tendering activity and interest for both cable-lay and subsea installation projects.
- The FPSO *Dhirubhai-1* showed steady production during the quarter with a production uptime of close to 100%. The current contract expires on 21st September 2018, but production on the MA field may continue beyond the firm contract period. Reliance Industries Ltd. and BP Plc. are progressing on the announced USD 6-billion development of the three new fields on the KG-D6 block, being the R-cluster, Satellite and the MJ-fields. The FEED study has been completed for the MJ-field and it is expected that Reliance will send an invitation to tender for an FPSO solution on the MJ-field during the first or second quarter. For this field, the FPSO *Dhirubhai-1* is a candidate.
- In February, Ocean Yield agreed to acquire four VLCC crude tankers with 15-year bareboat charters to companies owned and guaranteed by Okeanis Marine Holdings SA ("Okeanis Marine Holdings"). All four vessels are sub-chartered to the shipping arm of a large industrial conglomerate for a period of 5 years. The gross purchase price is USD 83.75 million per vessel, which includes a seller's credit of USD 9.5 million, giving a net cash purchase price of USD 74.25 million. The vessels are scheduled for delivery by the yard, Hyundai Heavy Industries, South Korea, in Q2-Q3 2019. Okeanis Marine Holdings will have certain options to acquire the vessels during the charter period, with the first purchase option exercisable after seven years.
- Also after quarter end, Ocean Yield agreed to acquire two 2018 built handysize dry bulk vessels with 12-year bareboat charters to companies owned and guaranteed by Louis Dreyfus Armateurs Group ("LDA"). The net cash purchase price was USD 18 million per vessel after seller's credits. Both vessels are expected to be delivered to the Company during March 2018. LDA has options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 12. LDA is a French family group engaged in maritime transportation and services and founded more than 160 years ago.

FOURTH QUARTER FINANCIAL REVIEW

- **Operating revenues** were USD 66.0 million in Q4 2017 compared with USD 61.2 million in Q4 2016. The increase relates to vessel deliveries that have taken place during the past 12 months. During Q4 2017, no new vessels were delivered.
- **Finance lease revenues** were USD 17.1 million in Q4 2017 compared with USD 15.8 million in Q4 2016. The increase compared with Q4 2016 is related to delivery of further vessels on long-term leases classified as Finance lease revenue. 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 6.4 million in Q4 2017 compared with USD 4.9 million in Q4 2016. The increase compared to Q4 2016 comes as a result of delivery of further newbuildings, as two container vessels were delivered between Q4 2016 and Q4 2017.
- **Total revenues** and other income for Q4 2017 were USD 89.5 million compared with USD 82.0 million for Q4 2016.
- **EBITDA** was USD 80.4 million in Q4 2017 compared with USD 74.4 million in Q4 2016. Adjusted for finance lease effects, the EBITDA was USD 89.3 million compared with USD 82.8 million in Q4 2016. The increase in EBITDA is related to delivery of further vessels to the fleet.
- **Depreciation and amortization** was USD 26.7 million in Q4 2017, compared with USD 25.5 million in Q4 2016. The increase is related to vessel deliveries that took place between Q4 2016 and Q4 2017 and that are classified as operating leases.
- **Financial income** was USD 1.4 million in Q4 2017 compared with USD 5.0 million in Q4 2016. The decrease from Q4 2016 to Q4 2017 is mainly related to Ocean Yield's sale of unsecured bonds issued by American Shipping Company ASA ("AMSC"), where Ocean Yield as of Q4 2017 held bonds with a book value of USD 49.0 million, compared with USD 197.5 million in Q4 2016. As described in the Q1 2017 Report, these bonds were refinanced by AMSC in February 2017.
- **Financial expenses** were USD 18.7 million in Q4 2017, compared with USD 17.7 million in Q4 2016. The increase compared to Q4 2016 is mainly related to increased long-term debt as a result of vessel deliveries.
- **Foreign exchange** gains were USD 10.0 million in Q4 2017, compared with a gain of USD 13.3 million in Q4 2016. The foreign exchange gains are mainly as a result of movements 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 10.9 million in Q4 2017 compared with USD 10.2 million in Q4 2016. The Company's cross currency swaps related to bond loans had a negative change in fair value of USD 7.7 million in the quarter, while the Company's interest rate swaps related to vessel financings were positive with USD 3.2 million. The remaining negative amount of USD 6.4 million is related to an impairment of the shares in Solstad Farstad ASA. During the first three quarters of 2017, the change in fair value of the shares in Solstad Farstad ASA has been recognized in *Other Comprehensive Income*. In accordance with IFRS, if the value of a financial instrument has a prolonged decline in value, the loss shall be recognized as an impairment in the Profit and loss statement. Hence, previous changes in fair value recognized in Other Comprehensive Income has been reversed in the fourth quarter and recognized in the Profit and loss statement.
- **The Net profit before tax** for Q4 2017 was USD 35.5 million compared with USD 3.1 million for Q4 2016. The figure for Q4 2016 includes an impairment charge of USD 35.6 million related to the vessel *Connector*.
- **Tax payable** was USD 2.0 million in Q4 2017 compared with USD 0.2 million in Q4 2017. The tax payable is mainly related to currency fluctuations on an inter-company loan to one of the tonnage tax companies in the group, which on the other hand will increase future deferred tax losses.
- **Change in deferred tax** was negative USD 2.6 million in Q4 2017, compared with USD 2.2 million in Q4 2016. The change in deferred tax is mainly a result of a positive taxable net profit on the FPSO. The change in deferred tax results in a reduction of deferred tax assets on the balance sheet.
- **The Net profit after tax** for Q4 2017 was USD 30.9 million compared with USD 0.7 million for Q4 2016. 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 34.4 million as compared with USD 36.9 million in Q4 2016. The reduction in Adjusted net profit in Q4 2017 compared with Q4 2016 is mainly a result of reduced income from the vessel *Connector* and payable tax incurred in Q4 2017.

BALANCE SHEET ITEMS

- **Trade receivables** were USD 53.5 million in Q4 2017 compared with USD 33.2 million in Q3 2017. The increase in Trade receivables quarter on quarter are mainly related to the FPSO *Dhirubhai-1*, where outstanding charter hire of USD 17.2 million has been paid and received after the end of the quarter. The introduction of goods and service tax in India in 2017 resulted in delayed invoicing for parts of the charter hire on the *Dhirubhai-1.*

- **Cash & cash equivalents** at the end of Q4 2017 were USD 98.7 million, compared with USD 116.9 million at the end of Q3 2017. In addition to the free cash, the Company has available undrawn credit facilities of USD 49.5 million and AMSC bonds available for sale with a book value of USD 49.0 million. If the AMSC bonds are included, total available liquidity was then USD 197.2 million at the end of the quarter.
- **Book equity** was USD 831.5 million at the end of Q4 2017, compared with USD 824.9 million at the end of Q3 2017. The equity ratio was 34.0% compared with 33.3% in Q3 2017. Total assets were USD 2,443.1 million in Q4 2017, compared with USD 2,479.8 million in Q3 2017.
- **Fair value of derivatives** were in total negative USD 19.3 million at the end of Q4 2017, compared with negative USD 14.7 million at the end of Q3 2017. The increase is mainly due to the weakening of the NOK against the USD during the fourth quarter, which negatively impacts the Company's cross currency swaps.

2017 FINANCIAL REVIEW

- **Total revenues and other income** for 2017 were USD 339.1 million as compared with USD 294.4 million for 2016. Of this, USD 248.4 million was Operating revenue, USD 66.6 million was recorded as Finance lease revenue and USD 24.1 million was Income from investment in associates. This compares to USD 241.7 million of Operating revenue, USD 45.9 million of Finance lease revenue and USD 6.7 million in Income from investments in associates in 2016. The increase from 2016 to 2017 reflects delivery of further vessels to the fleet.
- **EBITDA** was USD 306.5 million for 2017, compared with USD 265.2 million for 2016. Adjusted for finance lease effects, the adjusted EBITDA was 340.7 million in 2017, compared with USD 291.3 million in 2016.
- **Depreciation** was USD 102.6 million, compared with USD 99.7 million in 2016. Certain of the vessels delivered during 2017 are accounted for as finance leases and hence have no impact on depreciation.
- **Operating profit** for the year 2017 was USD 203.8 million as compared with USD 129.2 million in 2016. The Operating Profit for 2016 includes an impairment charge of USD 36.2 million, which is mainly related to an impairment on the vessel *Connector*.
- **Financial Income** was USD 13.4 million in 2017 compared with USD 18.8 million in. The decrease in 2017 compared with 2016 is mainly related to Ocean Yield's sale of unsecured bonds issued by AMSC that were refinanced in February 2017.
- **Financial expenses** were USD 72.0 million in 2017 compared with USD 55.0 million in 2016. The increase is related to delivery of further vessels to the fleet and increased long-term debt as a result, as vessels are financed with a combination of long-term debt and equity.
- **Net profit before tax** was USD 149.7 million for 2017 compared with USD 94.0 million for 2016. As described above, Net profit for 2016 was impacted by an impairment charge in Q4 2016 related to the vessel *Connector*, as the charter for this vessel was terminated by Ocean Yield during the first quarter of 2017.
- **Tax payable** was USD 2.0 million in 2017 compared with USD 0.2 million in 2016. The tax payable is mainly related to currency fluctuations on an inter-company loan to one of the tonnage tax companies in the group, which will increase future deferred tax losses in 2019.
- **Change in deferred tax** was negative USD 18.0 million in 2017 compared with negative USD 16.3 million in 2016. The change in deferred tax is mainly related to the FPSO, *Dhirubhai-1*.
- **Net profit after tax** was USD 129.7 million in 2017 compared with USD 77.5 million for 2016.
- **Adjusted net profit** was USD 137.7 million for the year 2017 compared with USD 130.9 million in 2016.

CASH FLOW ITEMS

- **Other changes in operating activities** in the cash flow statement were negative USD 22.5 million in Q4 2017, compared with negative USD 6.2 million in Q4 2016. The increase in negative working capital is related to delayed charter payments for the FPSO *Dhirubhai-1*, that partly were received post quarter end, as described above.

BALANCE SHEET ITEMS

- **Fair value of derivatives** for the year 2017 were negative with USD 19.3 million compared with negative USD 67.4 million at the end of 2016. The decrease in negative value comes as a result of cash settlement of a cross currency interest rate swap and increased USD interest rates during the past 12 months.

CHARTER BACKLOG

The EBITDA backlog* at the end of Q4 2017 was USD 3.0 billion with an average remaining contract duration of 11.0 years (weighted by EBITDA).

Adjusted for the transactions announced post quarter end, the charter backlog was USD 3.5 billion and the average remaining contract duration was 11.5 years. The total fleet, including transactions announced after year end, counts 46 vessels, including nine vessels scheduled for delivery. Six of the vessels in the fleet are owned 49.5% by Ocean Yield and one vessel is owned 75%.

RISKS

Ocean Yield is exposed to a number of risks, including counter-party risk, financing risk, interest rate risk, currency risk, vessel construction risk and residual value risk. The Company is also exposed to operating risk on the FPSO *Dhirubhai-1* and the *Connector.* The Company may be subject to demobilisation and redeployment risk on the FPSO if the purchase option upon contract expiry is not exercised. The current contract expires on 21st September 2018. If the contract for the FPSO is not extended, or the Company is not able to secure a new long-term contract for the MJ-field, or the purchase option not exercised, the Company may be facing the risk of an impairment on the book value and reduced revenues relating to the FPSO.

For a more detailed description of risk factors, please refer to the annual report for 2016, which is available on www.oceanyield.no.

OUTLOOK

The Company intends to continue to expand and diversify its fleet of vessels on long-term charter in order to further increase the Company's earnings and dividend capacity.

Key focus areas for 2018 will be continued fleet growth and to secure a positive outcome for the FPSO *Dhirubhai-1*. The Company is currently experiencing increased deal flow in the market with overall improved quality of transactions towards acceptable counterparties. The Board of Directors expects that 2018 will be an attractive entry point in several shipping segments, as orderbooks have been reduced, newbuilding prices appear to have bottomed out and banks continue to have reduced appetite for shipping exposure. With strong access to competitive funding from banks and capital markets, the Company is well positioned to continue to grow its portfolio of vessels.

15th February 2018
Ocean Yield ASA

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

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

INCOME STATEMENT

Amounts in USD million	Note	3rd Quarter 2017	4th Quarter 2017	4th Quarter 2016	Jan - Dec 2017	Jan - Dec 2016
Operating revenues		65.7	66.0	61.2	248.4	241.7
Finance lease revenue		17.2	17.1	15.8	66.6	45.9
Income from investments in associates		5.8	6.4	4.9	24.1	6.7
Total revenues and other income	5	**88.8**	**89.5**	**82.0**	**339.1**	**294.4**
Vessel operating expenses		(4.1)	(4.8)	(4.4)	(18.2)	(17.8)
Wages and other personnel expenses		(2.7)	(1.5)	(1.5)	(7.4)	(6.1)
Other operating expenses		(1.4)	(2.9)	(1.6)	(7.1)	(5.3)
EBITDA	5	**80.6**	**80.4**	**74.4**	**306.5**	**265.2**
Depreciation and amortization	9	(26.7)	(26.7)	(25.5)	(102.6)	(99.7)
Impairment charges		-	-	(36.2)	-	(36.2)
Operating profit (EBIT)		**53.9**	**53.7**	**12.7**	**203.8**	**129.2**
Financial income	6	1.4	1.4	5.0	13.4	18.8
Financial expenses		(19.0)	(18.7)	(17.7)	(72.0)	(55.0)
Foreign exchange gains/losses		(41.4)	10.0	13.3	(37.4)	(5.9)
Change in fair value of financial instruments	7	44.4	(10.9)	(10.2)	41.8	6.8
Net financial items		**(14.6)**	**(18.2)**	**(9.6)**	**(54.2)**	**(35.2)**
Net profit before tax		**39.2**	**35.5**	**3.1**	**149.7**	**94.0**
Tax payable	8	(0.0)	(2.0)	(0.2)	(2.0)	(0.2)
Change in deferred tax	8	(7.9)	(2.6)	(2.2)	(18.0)	(16.3)
Net profit after tax		**31.3**	**30.9**	**0.7**	**129.7**	**77.5**
Attributable to:						
Equity holders of the parent		30.9	30.4	0.0	128.2	76.1
Non-controlling interests		0.4	0.5	0.7	1.5	1.4
Net profit after tax		**31.3**	**30.9**	**0.7**	**129.7**	**77.5**
Weighted average number of shares outstanding		148.3	148.3	148.3	148.3	138.9
Earnings per share (USD)		**0.21**	**0.21**	**0.00**	**0.86**	**0.55**

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	3rd Quarter 2017	4th Quarter 2017	4th Quarter 2016	Jan - Dec 2017	Jan - Dec 2016
Net profit after tax for the period	31.3	30.8	0.7	129.5	77.5
Other comprehensive income, net of income tax					
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit liability (asset)	-	(0.2)	(0.2)	(0.2)	(0.2)
Total for items that will not be reclassified to the income statement	-	(0.2)	(0.2)	(0.2)	(0.2)
Items that are or may be reclassified to the income statement					
Share of other comprehensive income from investment in associat	(0.3)	1.7	17.1	(2.3)	18.9
Change in fair value of available for sale financial assets	(2.5)	3.8	-	(0.8)	-
Currency translation differences	2.4	(1.6)	(3.0)	2.2	0.8
Total for items that are or may be reclassified to the income statement	(0.4)	3.8	14.1	(0.9)	19.7
Total change in other comprehensive income, net of income tax	(0.4)	3.6	13.9	(1.1)	19.4
Total comprehensive income for the period	**31.0**	**34.4**	**14.6**	**128.5**	**96.9**
Attributable to:					
Equity holders of the parent	30.6	33.9	13.9	127.0	95.5
Non controlling interests	0.4	0.5	0.7	1.5	1.4
Total comprehensive income for the period	**31.0**	**34.4**	**14.6**	**128.5**	**96.9**

BALANCE SHEET

Amounts in USD million	Note	30 September 2017	31 December 2017	31 December 2016
ASSETS				
Goodwill		9.8	9.8	9.8
Vessels and equipment	9	1 340.7	1 310.8	1 243.8
Investments in associates		186.1	188.7	187.4
Finance lease receivables and related assets	10	727.3	719.8	703.5
Investments in AMSC Bonds	6	50.7	49.0	197.5
Restricted cash deposits		-	1.5	23.8
Other interest-bearing long-term receivables		2.0	2.0	1.2
Shares in Solstad Farstad	11	7.6	6.5	-
Deferred tax assets		5.3	2.8	20.5
Total non-current assets		**2 329.7**	**2 290.8**	**2 387.5**
Trade receivables and other interest-free receivables		33.2	53.5	21.7
Cash and cash equivalents		116.9	98.7	165.5
Total current assets		**150.1**	**152.2**	**187.2**
Total assets		**2 479.8**	**2 443.1**	**2 574.7**
EQUITY AND LIABILITIES				
Share capital		239.6	239.6	239.6
Treasury shares		(0.0)	(0.0)	(0.1)
Other paid-in capital		379.3	351.4	461.6
Total paid-in capital	**14**	**618.9**	**591.0**	**701.1**
Retained earnings and translation reserves		196.1	230.2	103.1
Total equity attributable to equity holders of the parent		**815.0**	**821.1**	**804.2**
Non controlling interests		10.0	10.4	11.0
Total equity		**824.9**	**831.5**	**815.2**
Interest-bearing loans	13	1 447.2	1 401.4	1 380.4
Pension liabilities		0.4	0.4	0.4
Mobilization fee and advances		36.1	30.6	37.4
Fair value of derivatives	7	5.8	11.8	26.1
Non-current provisions (field abandonment)		29.7	30.1	28.5
Total non-current liabilities		**1 519.1**	**1 474.2**	**1 472.7**
Interest-bearing short term debt	13	109.8	109.0	173.4
Liability related to investment in associates		-	-	57.7
Fair value of derivatives	7	9.0	7.5	41.3
Trade and other payables		17.0	20.8	14.4
Total current liabilities		**135.7**	**137.3**	**286.8**
Total liabilities		**1 654.9**	**1 611.5**	**1 759.5**
Total equity and liabilities		**2 479.8**	**2 443.1**	**2 574.7**

CHANGE IN EQUITY

Amounts in USD million	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Non controlling interests	Total equity
Balance at 31 December 2015	**222.8**	**455.2**	**(0.3)**	**-**	**(41.7)**	**61.2**	**697.3**	**11.6**	**708.8**
Net profit after tax for the period	-	-	-	-	-	76.1	76.1	1.4	77.5
Other comprehensive income	-	-	-	-	0.8	18.6	19.4	-	19.4
Total comprehensive income	**-**	**-**	**-**	**-**	**0.8**	**94.7**	**95.5**	**1.4**	**96.9**
Issuance of ordinary shares	16.8	88.7	-	-	-	-	105.5	-	105.5
Dividend	-	(82.1)	-	-	-	(11.9)	(94.0)	(2.0)	(96.0)
Balance at 31 December 2016	**239.6**	**461.8**	**(0.3)**	**-**	**(40.9)**	**144.0**	**804.2**	**11.0**	**815.2**
Net profit after tax for the period	-	-	-	-	-	128.2	128.2	1.5	129.7
Other comprehensive income	-	-	-	(0.8)	2.2	(2.5)	(1.1)	-	(1.1)
Total comprehensive income	**-**	**-**	**-**	**(0.8)**	**2.2**	**125.7**	**127.1**	**1.5**	**128.6**
Dividend	-	(110.2)	-	-	-	-	(110.2)	(2.1)	(112.3)
Treasury shares sold	-	-	0.1	-	-	(0.0)	0.1	-	0.1
Balance at 31st December 2017	**239.6**	**351.6**	**(0.2)**	**(0.8)**	**(38.6)**	**269.6**	**821.1**	**10.4**	**831.5**

CASH FLOW STATEMENT

Amounts in USD million	3rd Quarter 2017	4th Quarter 2017	4th Quarter 2016	Jan - Dec 2017	Jan - Dec 2016
Profit before tax	39.2	35.5	3.1	149.7	94.0
Depreciation, amortization and impairment charges	26.7	26.7	61.8	102.6	136.0
Income from investments in associates	(5.8)	(6.4)	(4.9)	(24.1)	(6.7)
Dividend received from investments in associates	5.2	5.6	-	20.5	-
Net interest expenses (+)	16.3	16.9	11.5	61.6	34.1
Interest paid	(15.7)	(17.2)	(13.3)	(63.9)	(43.2)
Interest received	2.5	0.2	3.5	6.6	13.6
Unrealized foreign exchange gain/loss	14.5	(10.4)	(18.8)	11.7	2.9
Change in fair value of financial instruments	(44.4)	10.9	10.2	(41.8)	(6.8)
Other changes in operating activities	(11.7)	(22.5)	(6.2)	(52.6)	(29.3)
Net cash flow from operating activities	**26.9**	**39.3**	**46.8**	**170.3**	**194.6**
Acquisition of vessels and equipment	(0.1)	(0.3)	(49.3)	(163.5)	(139.3)
Refundable yard instalments	-	-	17.6	-	17.6
Acquisition of vessels accounted for as finance lease receivables	-	0.0	(98.8)	(47.0)	(248.6)
Repayment on finance lease receivables	8.7	8.9	8.3	34.3	26.1
Investments in other non-current assets	-	-	(0.5)	(0.5)	(92.1)
Investments in associated companies	(0.0)	0.0	(28.8)	(57.7)	(104.2)
Net change in long-term interest-bearing receivables	2.3	(1.5)	0.1	175.2	1.1
Transfer to restricted cash deposits	-	-	47.9	-	-
Net cash flow from investing activities	**11.0**	**7.2**	**(103.6)**	**(59.3)**	**(539.4)**
Proceeds from issuance of long-term interest-bearing debt	0.4	0.5	135.3	224.9	630.7
Repayment of long-term interest-bearing debt	(18.5)	(37.2)	(43.6)	(290.8)	(247.0)
Dividend paid	(27.8)	(27.9)	(26.3)	(110.2)	(94.0)
Dividend paid to non-controlling interests	(2.1)	-	-	(2.1)	(2.0)
Net proceeds from issuance of new shares	-	-	0.0	-	105.1
Treasury shares sold	0.1	0.0	-	0.1	-
Net cash flow from financing activities	**(47.9)**	**(64.6)**	**65.3**	**(178.1)**	**392.7**
Net change in cash and cash equivalents	**(10.1)**	**(18.2)**	**8.6**	**(67.1)**	**47.8**
Exchange rate differences	0.3	(0.1)	(0.5)	0.3	(0.1)
Cash and cash equivalents at beginning of the period	126.8	116.9	157.4	165.5	117.7
Cash and cash equivalents at the end of the period	**116.9**	**98.7**	**165.5**	**98.7**	**165.5**

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

NOTE 1 INTRODUCTION – OCEAN YIELD ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the fourth quarter and twelve months ending 31st December 2017 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31st December 2016 and quarterly reports are available at www.oceanyield.no.

NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2016.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 15th February 2018.

A number of standards, amendments to standards and interpretations are not effective for the period ended 31st December 2017 and have not been applied in preparing these consolidated financial statements;

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

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

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

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2016. In addition, the Group has adopted the following accounting principle from 2017;

Dividends received from associates

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

NOTE 4 ESTIMATES

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31st December 2016.

NOTE 5 OPERATING SEGMENTS

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

Total revenues and other income	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
Amounts in USD million	2017	2017	2016	2017	2016
FPSO	35.4	35.6	35.3	140.7	137.9
Other Oil Service	22.0	21.9	21.7	79.9	90.7
Car Carriers	10.1	10.2	10.1	39.9	35.4
Container vessels	5.8	6.4	4.9	24.1	6.7
Tankers	10.2	10.1	8.5	38.4	22.2
Other Shipping	5.3	5.2	1.4	16.2	1.4
Total revenues and other income	**88.8**	**89.5**	**82.0**	**339.1**	**294.4**

EBITDA	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
Amounts in USD million	2017	2017	2016	2017	2016
FPSO	29.6	28.9	29.5	115.9	114.5
Other Oil Service	21.9	21.4	21.6	79.1	90.6
Car Carriers	10.1	10.1	10.0	39.8	35.3
Container vessels	5.8	6.3	4.9	24.0	6.7
Tankers	9.2	9.1	8.4	36.4	22.0
Other Shipping	6.1	6.0	1.4	17.7	1.4
Other companies and eliminations	(2.2)	(1.5)	(1.3)	(6.3)	(5.1)
EBITDA	**80.6**	**80.4**	**74.4**	**306.5**	**265.2**

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

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

NOTE 6 FINANCIAL INCOME

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

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

The bonds are considered by the Group to be level 3 financial instruments under the fair value hierarchy. As of 31st December 2017 the fair value of the bonds have been estimated to be 98% of the outstanding amount. This has been estimated based on the weighted average price from observed trades in Q4 2017.

Amounts in USD million	AMSC Bonds
Balance at 30th September 2017	50.7
Fair value adjustment	(1.7)
Balance at 31st December 2017	**49.0**

NOTE 7 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

For information regarding the shares in Solstad Farstad ASA please refer to note 11.

Amounts in USD million	Change Q4 2017	Change Jan- Dec 2017	Fair value as of 31 Dec 2017
Cross Currency Interest Rate Swaps	(7.7)	43.4	(11.3)
Forward exchange contracts	0.3	0.3	0.3
Interest rate swaps	2.8	4.5	(8.3)
Shares in Solstad Farstad ASA	(6.4)	(6.4)	6.5
Total	**(10.9)**	**41.8**	**(12.8)**

Amounts in USD million	Change Q4 2016	Change Jan- Dec 2016	Fair value as of 31 Dec 2016
Cross Currency Interest Rate Swaps	(18.2)	6.8	(54.7)
Interest rate swaps	8.0	0.0	(12.8)
Total	**(10.2)**	**6.8**	**(67.4)**

NOTE 8 INCOME TAX

As most of the Company's vessels are within the Norwegian tonnage tax system, taxable profits are mainly derived from the FPSO activities and the bonds held in AMSC, which are not included in the tonnage tax scheme.

The European Surveillance Authority announced in December 2017 that it had approved the Norwegian tonnage tax regime for a new 10-year period from 1 January 2018. The main principles of the tonnage tax regime remain unchanged, however restrictions on long-term bareboat charters have been implemented.

NOTE 9 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2017:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other/elim	Total
Balance at 1 January	**345.4**	**470.5**	**312.0**	**106.5**	**9.5**	**1 243.8**
Acquisitions	-	105.9	-	48.6	0.0	154.6
Advances	-	-	-	8.1	0.8	8.9
Disposals	-	-	-	-	-	-
Depreciation	(57.3)	(26.8)	(13.6)	(4.2)	(0.7)	(102.6)
Impairment	-	-	-	-	-	-
Effect of movements in foreign exchange	-	6.1	-	-	-	6.1
Balance at 31st December 2017	**288.1**	**555.6**	**298.3**	**159.0**	**9.7**	**1 310.8**

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

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

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

NOTE 10 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables of USD 719.8 million at 31st December 2017 are related to the vessel Aker Wayfarer, ten chemical tankers, four product tankers and one Suezmax tanker.

In December 2017 Ocean Yield entered into an agreement to acquire three newbuilding Suezmax crude tankers with 10-year bareboat charters to Nordic American Tankers Limited. The vessels, which will be delivered in 2018, will be accounted for as finance leases. NAT will have options to acquire the vessels after year 5 and 7 in addition to an obligation to repurchase the vessels at the end of year 10.

The net finance lease receivables as of 31st December 2017 was as follows:

	Other Oil Service			Tankers			Total
Amounts in USD million	Gross Investment in finance lease receivables	Effect of discounting	Present value of minimum lease payments	Gross Investment in finance lease receivables	Effect of discounting	Present value of minimum lease payments	Present value of minimum lease payments
Lease payments receivable:							
Less than one year	39.5		36.6	57.9		55.9	92.5
Between one and five years	136.0		92.3	225.0		185.2	277.5
More than five years	195.7		65.1	539.8		284.8	349.9
Total	**371.2**	**(177.3)**	**194.0**	**822.7**	**(296.8)**	**525.9**	**719.8**
Unguaranteed residual values included above	57.7		14.9	148.7		63.7	78.6

NOTE 11 SHARES IN SOLSTAD FARSTAD ASA

Following the restructuring of Farstad Shipping ASA, as described in the Q1 2017 Report, Ocean Yield owns 8,836,681 shares in Solstad Farstad ASA, equivalent to 3% of the shares in the company.

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

In Q4 2017 USD 6.4 million has been recognized as impairment in profit and loss.

Amounts in USD million	Shares in Solstad Farstad
Initial recognition	12.9
Fair value adjustment	(6.4)
Balance at 31st December 2017	**6.5**

NOTE 12 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 31st December 2017 the following contractual obligations related to the purchase of vessels.

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Total
Already paid	-	-	-	-	-	-
2018	-	-	-	129.5	-	129.5
Total contractual obligations	**-**	**-**	**-**	**129.5**	**-**	**129.5**

The obligations above related to the segment Tankers are related to three Suezmax Tankers under construction. In December 2017 Ocean Yield entered into an agreement to acquire three Suezmax crude tankers with 10-year bare-boat charters to Nordic American Tankers Limited ("NAT") with a net purchase price of USD 43.2 million per vessel, after seller's credit. The vessels are scheduled for delivery from the yard, Samsung Heavy Industries, South Korea, in June, August and October 2018, respectively.

NOTE 13 INTEREST-BEARING DEBT

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

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	100.0	508.2	217.1	385.0	66.0	277.5	1 553.8
New loans	-	66.9	54.8	37.8	67.5	-	226.9
Paid loan fees	-	(0.8)	-	(0.5)	(0.7)	-	(1.9)
Instalments	(80.2)	(103.1)	(71.7)	(28.8)	(5.8)	(1.3)	(290.8)
Effect of movements in foreign exchange and loan fees amortized	0.3	5.1	0.7	1.4	0.2	14.9	22.5
Total interest-bearing liabilities 31st December 2017	**20.0**	**476.3**	**200.8**	**395.0**	**127.1**	**291.2**	**1 510.4**
Long-term	-	442.0	183.8	365.2	119.2	291.2	1 401.4
1st year instalments	20.0	34.3	17.0	29.8	7.9	-	109.0
Total interest-bearing liabilities 31st December 2017	**20.0**	**476.3**	**200.8**	**395.0**	**127.1**	**291.2**	**1 510.4**

NOTE 14 SHARE CAPITAL AND DIVIDENDS

As of 31st December 017, the Company had a share capital of NOK 1,483,514,320 divided into 148,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 31,133.

In Q4 2017 USD 27.9 million was paid in dividends, following the announcement of the Q3 2017 Results.

NOTE 15 EVENTS AFTER THE BALANCE SHEET DATE

In February, Ocean Yield agreed to acquire acquire four VLCC crude tankers with 15-year bareboat charters to companies owned and guaranteed by Okeanis Marine Holdings SA ("Okeanis Marine Holdings"). All four vessels are sub-chartered to the shipping arm of a large industrial conglomerate for a period of 5 years. The gross purchase price is USD 83.75 million per vessel, which includes a sellers credit of USD 9.5 million, giving a net cash purchase price of USD 74.25 million. The vessels are scheduled for delivery by the yard, Hyundai Heavy Industries, South Korea, in Q2-Q3 2019. Okeanis Marine Holdings will have certain options to acquire the vessels during the charter period, with the first purchase option exercisable after seven years.

Also in February, Ocean Yield agreed to acquire two 2018 built handysize dry bulk vessels with 12-year bareboat charters to companies owned and guaranteed by Louis Dreyfus Armateurs Group ("LDA"). The net cash purchase price was USD 18 million per vessel after a seller's credit. Both vessels are expected to be delivered to the Company during March 2018. LDA has options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 12. LDA is a French family group engaged in maritime transportation and services and founded more than 160 years ago.

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.

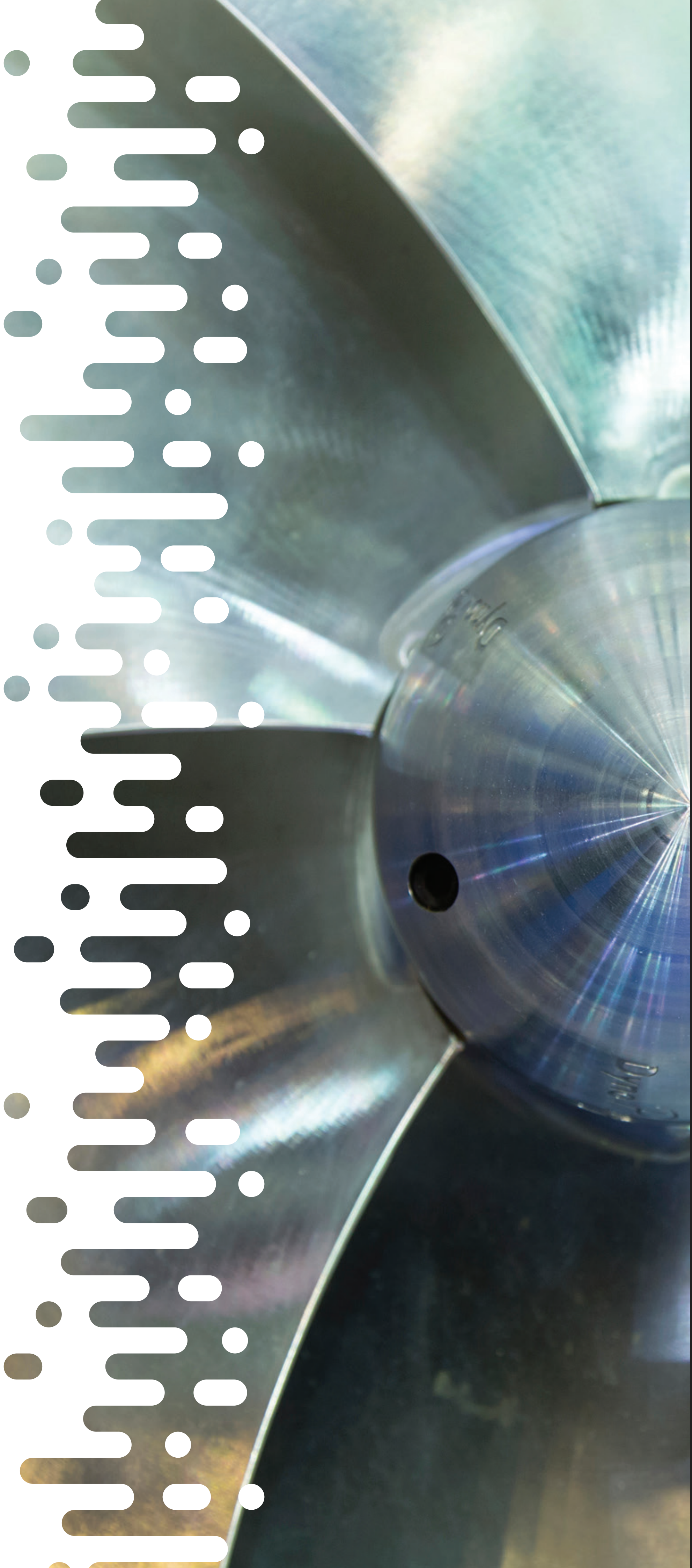
- EBIT: Earnings before financial items and income taxes

- 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	3rd Quarter 2017	4th Quarter 2017	4th Quarter 2016	Jan - Dec 2017	Jan - Dec 2016
EBITDA	80.6	80.4	74.4	306.5	265.2
Repayment on finance lease receivables	8.7	8.9	8.3	34.3	26.1
EBITDA adjusted for finance lease effects	**89.3**	**89.3**	**82.8**	**340.7**	**291.3**
Net profit after tax	31.3	30.9	0.7	129.7	77.5
Impairment charges	-	-	35.6	-	35.6
Gain AMSC	-	-	-	(5.7)	-
Foreign exchange gains/losses	41.4	(10.0)	(13.3)	37.4	5.9
Change in fair value of financial instruments	(44.4)	10.9	10.2	(41.8)	(6.8)
Change in deferred tax	7.9	2.6	2.2	18.0	16.3
Other non-recurring items	-	-	1.6	0.1	2.4
Adjusted Net profit	**36.3**	**34.4**	**36.9**	**137.7**	**130.9**



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