# Q4

# 2018 REPORT

# Contents



# FOURTH QUARTER AND PRELIMINARY RESULTS 2018

Fornebu, 12th February 2019, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the fourth quarter ending 31st December 2018 and preliminary results for the year ending 31st December 2018.

## HIGHLIGHTS

- Declared a dividend of USD 0.1910 per share for Q4 2018. This is the 22nd consecutive quarterly dividend since the IPO of the Company in 2013.
- Acquisition and delivery of two 2015-built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to Ardmore Shipping Corporation.
- Delivery of the third newbuilding suezmax tanker with long-term charter to Nordic American Tankers Ltd.
- Post quarter end, acquisition and delivery of one modern Suezmax tanker for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp.
- Also post quarter end, an agreement has been entered into with Aker Energy AS ("Aker Energy"), where Aker Energy will pay USD 3 million for an option to bareboat charter the FPSO *Dhirubhai-1* for 15-years for oil and gas production in Ghana.
- Net profit after tax for the year 2018 was USD 58.4 million and Adjusted net profit was USD 121.6 million.
- Q4 2018 showed a Net loss after tax of USD 49.9 million and Adjusted net profit was USD 12.5 million. The results in the fourth quarter were negatively impacted by impairments, write downs and provisions totalling USD 51.8 million. In addition to these extraordinary items, there was depreciation and operating expenses on the FPSO of USD 10.5 million in the quarter.
- EBITDA for Q4 2018 was USD 35.5 million and EBITDA adjusted for finance lease effects was USD 51.3 million. These figures include a write-down of receivables of USD 19.5 million.

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

*"We are pleased to announce that we have entered into an option agreement with Aker Energy AS for a 15-year bareboat charter for the FPSO Dhirubhai-1 for oil and gas production in Ghana. If the option is exercised, we expect some revenues from the FPSO already this year and increased revenue contribution from first oil in 2021. 2018 has been a very active year for Ocean Yield with a total of USD 666 million invested in vessels with long-term charter."*

## SELECTED KEY FINANCIAL FIGURES

| *Amounts in USD million* | Q3 2018 | Q4 2018 | Q4 2017 | Jan - Dec 2018 | Jan - Dec 2017 | 2017 |
|---|---|---|---|---|---|---|
| Revenues and other income | 94.9 | **64.2** | 89.5 | **343.4** | 339.1 | 339.1 |
| EBITDA | 85.1 | **35.5** | 80.4 | **282.7** | 306.5 | 306.5 |
| EBITDA adjusted for finance lease effects* | 100.4 | **51.3** | 89.3 | **333.6** | 340.7 | 340.7 |
| Net profit after tax | 39.9 | **(49.9)** | 30.9 | **58.4** | 129.7 | 129.7 |
| Adjusted net profit* | 37.3 | **12.5** | 34.4 | **121.6** | 137.7 | 137.7 |
| Equity ratio | 35.0 % | **31.0 %** | 34.0 % | **31.0 %** | 34.0 % | 34.0 % |
| EBITDA charter backlog (USD bn)** | 3.6 | **3.6** | 3.0 | **3.6** | 3.0 | 3.0 |
| Dividend declared per share (USD) | 0.1910 | **0.1910** | 0.1895 | **0.7635** | 0.7505 | 0.7505 |

**Definition on page 21*

***Definition on page 6*

## MAIN EVENTS DURING THE FOURTH QUARTER & POST QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1910 per share for Q4 2018. The dividend is on an annualized basis equal to USD 0.7640 per share. The dividend will be paid on or about 26th February 2019 to shareholders as of 14th February 2019 registered with the Norwegian Central Securities Depository (the "VPS") as of 18th February 2019 (the "Record Date"). The ex-dividend date will be 15th February 2019.
- In October, Ocean Yield took delivery of the third Suezmax tanker on long-term charter to Nordic American Tankers Ltd ("NAT"). The vessels *Nordic Tellus* was successfully delivered from Samsung Heavy Industries in South Korea and immediately commenced its 10-year bareboat charter to NAT. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 23 Suezmax tankers, including three vessels chartered in on long-term bareboat charters from Ocean Yield.
- Also in October, Ocean Yield agreed to acquire and took delivery of two 2015 built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to Ardmore Shipping Corporation ("Ardmore Shipping"). Ardmore Shipping is a New York Stock Exchange listed company with a fleet of 28 product- and chemical tankers ranging from 25,000 to 50,000 dwt. The company is based in Cork, Ireland.
- In December, the vessel *Connector* completed its time-charter for cable-lay installation on Ørsted's Hornsea Project One. The vessel is currently being marketed for new projects. Although there is positive long-term outlook in the subsea installation and cable-lay market, low utilisation can be expected during the first quarter of 2019 due to the winter season.
- Also in December, certain subsidiaries of Solstad Offshore ASA ("Solstad") entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Ocean Yield has two AHTS vessels built in 2013 on long-term bareboat charter to Solstad. As a result of the standstill, Ocean Yield has recorded an impairment against the book value of the vessels of USD 13.4 million in the fourth quarter.
- The FPSO *Dhirubhai-1* completed its 10-year contract on the 19th September 2018. Following the expiry of the contract, the parties have been negotiating to obtain agreement on certain contractual issues related to the 10-year contract. Based on an agreement in principle between the parties, Ocean Yield will in sum receive a net cash payment of USD 25.8 million. As a result, an impairment of USD 19.5 million on outstanding receivables has been recorded in the fourth quarter. In addition, an impairment of USD 9.8 million of goodwill has been made. Further, in connection with the decommissioning process in India, an additional provision of USD 9.1 million has been recorded. The decommissioning of the subsea infrastructure will be completed during 2019/2020.
- After the end of the quarter, a subsidiary of Ocean Yield has entered into an agreement with Aker Energy where Aker Energy has an option to bareboat charter the FPSO *Dhirubhai-1* for a period of 15-years for oil and gas production on the Deepwater Tano Cape Three Points block in Ghana. Aker Energy will pay USD 3 million for the option, which needs to be exercised before 1 May 2019. Aker Energy has an option to extend the initial option period by 30 days against additional compensation. If the option is exercised, Ocean Yield will finance the modification of the FPSO against a charter rate that reflects the book value of the unit and the cost of the modification. Ocean Yield will not take any risk related to the modification nor be involved in the operation of the vessel.

  Aker Energy holds a 50 percent participating interest in the Deepwater Tano Cape Three Points block in Ghana, and is developing several oil fields towards Plan of Development ("PoD") in 2019 with first oil planned in 2021. Aker Energy is the operator of the DWT/CTP block.
- Post quarter end, Ocean Yield agreed to acquire a modern Suezmax tanker for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp ("Okeanis Eco Tankers"). The purchase price includes a seller's credit of USD 7.0 million, giving a net purchase price of USD 49.0 million. The vessel *Milos*, was built in 2016 by Sungdong Shipbuilding in Korea and is a sister vessel to *Poliegos*, another Suezmax vessel owned by Ocean Yield. The vessel was delivered to the Company in February 2019. Okeanis Eco Tankers will have certain options to acquire the vessel during the charter period.

# FOURTH QUARTER FINANCIAL REVIEW

### PROFIT AND LOSS ITEMS

- **Operating revenues** were USD 34.0 million in Q4 2018 compared with USD 66.2 million in Q3 2018. The decrease from the third quarter mainly relates to the FPSO *Dhirubhai-1*, where the vessel's charter contract expired on 19th September 2018. In addition, the vessel *Connector* had reduced revenues in the quarter, as the vessel completed its time-charter contract for cable installation on Ørsted's Hornsea Project One early in December.
- **Finance lease revenues** were USD 24.4 million in Q4 2018 compared with USD 22.6 million in Q3 2018. The increase compared with Q3 2018 is related to delivery of one Suezmax tanker and two chemical tankers on long-term charters, which all 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 5.8 million in Q4 2018 compared with USD 6.1 million in Q3 2018. The results were negatively impacted by change in fair value of derivatives. During the fourth quarter, Ocean Yield increased its ownership in Box Holdings Inc. to 49.9% from 49.5% previously.
- **Total revenues** and other income for Q4 2018 were USD 64.2 million compared with USD 94.9 million for Q3 2018.
- **Vessel Operating Expenses** were USD 4.2 million in Q4 2018 compared with USD 6.0 million in Q3 2018. Of this, USD 2.4 million is related to the vessel *Connector*, which was operating on a time-charter contract and the remaining USD 1.8 million is related to the FPSO *Dhirubhai-1*.
- **Write down on trade receivables** were USD 19.5 million compared with USD 0 in Q3 2018. The write-down of receivables are related to the agreement in principle on outstanding issues with the former charterer of the FPSO.
- **EBITDA** was USD 35.5 million in Q4 2018 compared with USD 85.1 million in Q3 2018. These figures include a write-down of receivables related to the FPSO of USD 19.5 million in the quarter. Adjusted for finance lease effects the EBITDA was USD 51.3 million compared with USD 100.4 million in Q3 2018.
- **Depreciation and amortization** was USD 19.2 million in Q4 2018, compared with USD 26.1 million in Q3 2018. The reduction compared with Q3 2018 relates to the FPSO *Dhirubhai-1*, as the depreciation profile has changed following completion of the contract in India. Depreciation related to this vessel was USD 6.8 million in Q4 2018 compared to USD 13.8 million in Q3 2018. Vessels delivered during Q4 2018 are accounted for as finance leases with no impact on the depreciation.
- **Impairment charges and other non-recurring items** were USD 32.2 million. Of this, USD 13.4 million is related to an impairment of the book value of the two AHTS vessels on long-term charter to a subsidiary of Solstad Offshore ASA. Further, USD 9.1 million is related to a provision for decommissioning liabilities on the MA field in India, following expiry of the contract for the FPSO and USD 9.8 million is impairment of goodwill related to the FPSO. This compares to zero impairments in Q3 2018.
- **Financial income** was USD 0.4 million in Q4 2018 compared with USD 0.3 million in Q3 2018.
- **Financial expenses** were USD 23.4 million in Q4 2018, compared with USD 22.9 million in Q3 2018. The increase in financial expenses compared to the previous quarter is mainly related to increased long-term debt as a result of vessel deliveries.
- **Foreign exchange** gains were USD 18.1 million in Q4 2018, compared with USD 1.2 million in Q3 2018. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK. The foreign exchange gains had no significant cash impact.
- **Change in fair value of financial instruments** were negative with USD 30.0 million in Q4 2018 compared with positive USD 2.3 million in Q3 2018. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings, where the weakening of the NOK against the USD was the main factor during the fourth quarter.
- **The Net profit before tax** in Q4 2018 was negative USD 50.8 million compared with positive USD 39.8 million for Q3 2018.
- **Tax payable** was negative USD 0.2 million in Q4 2018 compared with positive USD 0.2 million in Q3 2018.
- **Change in deferred tax** was positive with USD 1.1 million in Q4 2018, compared with negative USD 0.1 million in Q3 2018.
- **The Net loss after tax** for Q4 2018 was USD 49.9 million compared with a Net Profit of USD 39.9 million for Q3 2018. Adjusted for impairments, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 12.5 million as compared with USD 37.3 million in Q3 2018. The reduction in adjusted net profit after tax compared to Q3 2018 is due to limited revenues related to the FPSO and USD 10.5 million of depreciation and operating expenses related to the same vessel.

### BALANCE SHEET ITEMS

- **Finance lease receivables and related assets** were USD 1,171.8 million in Q4 2018 compared with USD 1,035.1million in Q3 2018. The increase is mainly related to delivery of vessels during Q4 2018 accounted for as finance leases.
- **Trade receivables** were USD 37.6 million in Q4 2018

compared with USD 59.4 million in Q4 2018. Of this, USD 27.8 million is related to the charter contract for the FPSO *Dhirubhai-1* and is expected to be received during first half 2019.

- **Cash & cash equivalents** at the end of Q4 2018 were USD 110.0 million, compared with USD 173.4 million at the end of Q3 2018. The decrease is mainly related to cash payments for the equity portion related to vessel deliveries and costs related to decommissioning in India. In addition, the Company has undrawn credit facilities of USD 32.1 million.
- **Book equity** was USD 845.7 million at the end of Q4 2018, compared with USD 954.0 million at the end of Q4 2018. The equity ratio was 31.0% at the end of Q4 2018 compared with 35.0% in Q3 2018. The change in equity from Q3 2018 to Q4 2018 relates to a net loss of USD 49.9 million in the quarter, USD 13.9 million of negative other comprehensive income, USD 30.4 million in dividends and USD 12.2 million in dividend to non-controlling interests. The latter has been converted to equity post quarter end.
- **Trade payables** was USD 37.3 million compared with USD 19.3 million in Q3 2018. This figure includes USD 12.2 million in short-term interest free debt to minority interests which has been converted to equity in Q1 2019.
- **Total assets** were USD 2,726.6 million in Q4 2018, compared with USD 2,723.4 million in Q3 2018.

## 2018 FINANCIAL REVIEW

- **Operating revenues** were USD 236.3 million in 2018 compared with USD 248.4 million in 2017. The decrease in Operating revenue from 2017 mainly relates to the expiry of the contract for the FPSO *Dhirubhai-1* in September 2018.
- **Finance lease revenues** were USD 82.9 million in 2018 compared with USD 66.6 million in 2017. The increase is related to delivery of further vessels to the fleet. During the year 2018, Ocean Yield took delivery of another 16 vessels, where all are classified as finance leases.
- **Income from investment in associates**, which is related to the 49.9% investment in Box Holdings Inc., were USD 24.2 million in 2018 compared with USD 24.1 million in 2017. During the fourth quarter of 2018, Ocean Yield increased its ownership in Box Holdings Inc. to 49.9% from 49.5% previously.
- **Total revenues and other income** for 2018 were USD 343.4 million compared with USD 339.1 million for 2017.
- **Vessel Operating Expenses** were USD 23.2 million in 2018 compared with USD 18.2 million in 2017. The increase is mainly related to the vessel *Connector*, which was operating on a time-charter contract during 2018. Operating expenses for the Connector was USD 9.2 million for 2018. The remaining USD 14.0 million is related to the FPSO *Dhirubhai-1*.
- **Write down on trade receivables** were USD 19.5 million in 2018 compared with USD 0 in 2017. The receivables are related to the agreement in principle on outstanding issues with the former charterer of the FPSO.
- **EBITDA** was USD 282.7 million in 2018 compared with USD 306.5 million in 2017. Adjusted for finance lease effects the EBITDA was USD 333.2 million in 2018 compared with USD 340.7 million in 2017. These figures include write-down of receivables of USD 19.5 million in 2018.
- **Depreciation and amortization** was USD 98.7 million in 2018, compared with USD 102.6 million in 2018. The reduction compared with 2017 relates to the FPSO *Dhirubhai-1*, where the depreciation profile has changed following expiry of the charter contract in September 2018.
- **Impairment charges and other non-recurring items** were USD 32.2 million for the year 2018. Of this, USD 13.4 million is related to an impairment of the book value of the two AHTS vessels on long-term charter to a subsidiary of Solstad Offshore ASA. Further, USD 9.1 million is related to an additional provision for decommissioning liabilities on the MA-field in India, following expiry of the contract for the FPSO and USD 9.8 million is impairment of goodwill related to the FPSO. This compares to zero impairments in 2017.
- **Financial income** was USD 3.2 million in 2018 compared with USD 13.4 million in 2017. The decrease is related to the sale of bonds in American Shipping Company ASA, which was completed during the second quarter of 2018.
- **Financial expenses** were USD 86.1 million in 2018, compared with USD 72.0 million in 2017. The increase in financial expenses in 2018 compared to the previous year is mainly related to increased long-term debt as a result of vessel deliveries.
- **Foreign exchange gains** were USD 16.0 million in 2018, compared with a loss of USD 37.4 million in 2017. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK. The foreign exchange gains had no significant cash impact.
- **Change in fair value of financial instruments** were negative with USD 23.3 million in 2018 compared with positive USD 41.8 million in 2017. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings and the weakening of the NOK against the USD during the fourth quarter. The change in fair value of financial instruments had no significant cash impact.

- **The Net profit before tax** in 2018 was USD 61.6 million compared with USD 149.7 million for 2017.
- **Tax payable** was USD 0.5 million in 2018 compared with USD 2.0 million in 2017.
- **Change in deferred tax** was negative with USD 2.8 million in 2018, compared with negative USD 18.0 million in 2017.
- **The Net profit after tax** for 2018 was USD 58.4 million compared with a Net Profit of USD 129.7 million for 2017. 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 121.6 million in 2018 as compared with USD 137.7 million in 2017.

**BALANCE SHEET ITEMS**

- **Total equity** was USD 845.7 million at the end of 2018 compared with USD 831.5 million at the end of 2017. During 2018, the Company completed a private placement of 11 million new shares, with gross proceeds of NOK 759 million or USD 95.8 million. Other changes in equity include other comprehensive income of negative USD 6.7 million, dividends of USD 119.1 million and USD 12.2 million in dividend to non-controlling interests. The latter has been converted to equity after the end of the year. The book equity ratio was 31.0% at the end of 2018, compared with 34.0% at the end of 2017.

# CHARTER BACKLOG

The EBITDA backlog* at the end of Q4 2018 was USD 3.6 billion with an average remaining contract duration of 11.0 years. Adjusted for the Okeanis Eco Tankers transaction announced after quarter end, the EBITDA backlog* was USD 3.6 billion with an average remaining contract duration of 11.1 years. Including this transaction, the total fleet counts 58 vessels, which includes vessels delivered after quarter end and the four VLCCs scheduled for delivery in Q2 and Q3 2019.

# RISKS

Ocean Yield is exposed to a number of risks, including counterparty-, financing-, interest rate-, currency-, and residual value risk. The Company is also exposed to operating risk and redeployment risk on the FPSO *Dhirubhai-1* and *Connector.* The recently announced agreement with Aker Energy may result in a new long-term contract for the FPSO, however should this option not be exercised and the Company not be able to secure alternative employment in the near term, there is a risk of further impairment related to the book value of the FPSO.

Following the standstill agreement with certain subsidiaries of Solstad Offshore ASA related to the two AHTS vessels on long-term charter, there is a risk related to the obligations under the charter contracts.

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

# OUTLOOK

Including the transaction with Okeanis Eco Tankers announced after quarter end, Ocean Yield now has a fleet of 58 vessels, including four VLCCs to be delivered in 2019. Ocean Yield currently has a strong focus on the redeployment of the FPSO Dhirubhai-1 and the announced agreement with Aker Energy may result in a new 15-year contract for the vessel.

Ocean Yield continues to see attractive investment opportunities across several segments and will continue to focus on further growth through investments in new projects.

Based on the opportunity for a firm contract on the FPSO, the Company intends to continue its policy of paying attractive quarterly dividends to its shareholders.

**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.*

12th February 2019
Ocean Yield ASA

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


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# Ocean Yield ASA Group condensed consolidated financial statement for the fourth quarter 2018

## INCOME STATEMENT

| *Amounts in USD million* | Note | 3rd Quarter 2018 | 4th Quarter 2018 | 4th Quarter 2017 | Jan - Dec 2018 | Jan - Dec 2017 |
|---|---|---|---|---|---|---|
| Operating revenues | | 66.2 | 34.0 | 66.0 | 236.3 | 248.4 |
| Finance lease revenue | | 22.6 | 24.4 | 17.1 | 82.9 | 66.6 |
| Income from investments in associates | | 6.1 | 5.8 | 6.4 | 24.2 | 24.1 |
| **Total revenues and other income** | 5 | **94.9** | **64.2** | **89.5** | **343.4** | **339.1** |
| Vessel operating expenses | | (6.0) | (4.2) | (4.8) | (23.2) | (18.2) |
| Wages and other personnel expenses | | (1.8) | (1.9) | (1.5) | (8.5) | (7.4) |
| Other operating expenses | | (2.0) | (3.1) | (2.9) | (9.5) | (7.1) |
| Write down on trade receivables | 6 | - | (19.5) | - | (19.5) | - |
| **EBITDA** | 5 | **85.1** | **35.5** | **80.4** | **282.7** | **306.5** |
| Depreciation and amortization | 9 | (26.1) | (19.2) | (26.7) | (98.7) | (102.6) |
| Impairment charges and other non recurring items | 7 | - | (32.2) | - | (32.2) | - |
| **Operating profit (EBIT)** | | **59.0** | **(15.9)** | **53.7** | **151.8** | **203.8** |
| Financial income | | 0.3 | 0.4 | 1.4 | 3.2 | 13.4 |
| Financial expenses | | (22.9) | (23.4) | (18.7) | (86.1) | (72.0) |
| Foreign exchange gains/losses | | 1.2 | 18.1 | 10.0 | 16.0 | (37.4) |
| Change in fair value of financial instruments | 8 | 2.3 | (30.0) | (10.9) | (23.3) | 41.8 |
| **Net financial items** | | **(19.2)** | **(34.9)** | **(18.2)** | **(90.2)** | **(54.2)** |
| **Net profit before tax** | | **39.8** | **(50.8)** | **35.5** | **61.6** | **149.7** |
| Tax payable | | 0.2 | (0.2) | (2.0) | (0.5) | (2.0) |
| Change in deferred tax | | (0.1) | 1.1 | (2.6) | (2.8) | (18.0) |
| **Net profit after tax** | | **39.9** | **(49.9)** | **30.9** | **58.4** | **129.7** |
| | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the parent | | 39.5 | (50.1) | 30.4 | 57.0 | 128.2 |
| Non-controlling interests | | 0.3 | 0.2 | 0.5 | 1.4 | 1.5 |
| **Net profit after tax** | | **39.9** | **(49.9)** | **30.9** | **58.4** | **129.7** |
| | | | | | | |
| Weighted average number of shares outstanding | | 159.3 | 159.3 | 148.3 | 157.3 | 148.3 |
| **Earnings per share (USD)** | | **0.25** | **(0.31)** | **0.21** | **0.36** | **0.86** |
| Total number of shares outstanding, eksl. treasury shares | | 159.3 | 159.3 | 148.3 | 159.3 | 148.3 |

# TOTAL COMPREHENSIVE INCOME

| *Amounts in USD million* | 3rd Quarter 2018 | 4th Quarter 2018 | 4th Quarter 2017 | Jan - Dec 2018 | Jan - Dec 2017 |
|---|---|---|---|---|---|
| Net profit after tax for the period | 39.9 | (49.9) | 30.9 | 58.4 | 129.7 |
| **Other comprehensive income, net of income tax** | | | | | |
| **Items that will not be reclassified to the income statement** | | | | | |
| Remeasurements of defined benefit liability (asset) | - | (0.0) | (0.2) | (0.0) | (0.2) |
| Total for items that will not be reclassified to the income statement | - | (0.0) | (0.2) | (0.0) | (0.2) |
| **Items that are or may be reclassified to the income statement** | | | | | |
| Share of other comprehensive income from investment in associates | 0.3 | (7.8) | 1.7 | 0.0 | (2.3) |
| Change in fair value of available for sale financial assets | (2.0) | (3.5) | 3.8 | (4.0) | (0.8) |
| Currency translation differences | (0.1) | (2.5) | (1.6) | (2.7) | 2.2 |
| Total for items that are or may be reclassified to the income statement | (1.8) | (13.9) | 3.8 | (6.7) | (0.9) |
| Total change in other comprehensive income, net of income tax | (1.8) | (13.9) | 3.6 | (6.7) | (1.1) |
| **Total comprehensive income for the period** | **38.0** | **(63.8)** | **34.5** | **51.6** | **128.6** |
| | | | | | |
| Attributable to: | | | | | |
| Equity holders of the parent | 37.7 | (64.0) | 34.1 | 50.3 | 127.1 |
| Non controlling interests | 0.3 | 0.2 | 0.5 | 1.4 | 1.5 |
| **Total comprehensive income for the period** | **38.0** | **(63.8)** | **34.5** | **51.6** | **128.6** |

# BALANCE SHEET

| *Amounts in USD million* | Note | 30 September 2018 | 31 December 2018 | 31 December 2017 |
|---|---|---|---|---|
| ASSETS | | | | |
| Goodwill | | 9.8 | - | 9.8 |
| Vessels and equipment | 9 | 1 234.0 | 1 195.6 | 1 310.8 |
| Investments in associates | | 197.8 | 191.9 | 188.7 |
| Finance lease receivables and related assets | 10 | 1 035.1 | 1 171.8 | 719.8 |
| Investments in AMSC Bonds | | - | - | 49.0 |
| Restricted cash deposits | | 6.3 | 16.1 | 1.5 |
| Other interest-bearing long-term receivables | | 1.9 | 1.8 | 2.0 |
| Fair value of derivatives | 8 | 0.5 | - | - |
| Shares in Solstad Farstad | 8 | 5.3 | 1.7 | 6.5 |
| Deferred tax assets | | - | - | 2.8 |
| **Total non-current assets** | | **2 490.6** | **2 579.0** | **2 290.8** |
| Trade receivables and other interest-free receivables | | 59.4 | 37.6 | 53.5 |
| Cash and cash equivalents | | 173.4 | 110.0 | 98.7 |
| **Total current assets** | | **232.8** | **147.6** | **152.2** |
| **Total assets** | | **2 723.4** | **2 726.6** | **2 443.1** |
| EQUITY AND LIABILITIES | | | | |
| Share capital | | 253.7 | 253.7 | 239.6 |
| Treasury shares | | ( 0.0) | ( 0.0) | ( 0.0) |
| Other paid-in capital | | 417.7 | 387.3 | 351.4 |
| **Total paid-in capital** | **13** | **671.4** | **641.0** | **591.0** |
| Retained earnings and translation reserves | | 271.0 | 204.7 | 230.2 |
| **Total equity attributable to equity holders of the parent** | | **942.4** | **845.7** | **821.1** |
| Non controlling interests | | 11.6 | 0.0 | 10.4 |
| **Total equity** | | **954.0** | **845.7** | **831.5** |
| Interest-bearing debt | 12 | 1 583.5 | 1 572.0 | 1 401.4 |
| Deferred tax liabilities | | 1.2 | - | - |
| Pension liabilities | | 0.0 | 0.0 | 0.4 |
| Mobilization fee and advances | | 15.7 | 12.2 | 30.6 |
| Fair value of derivatives | 8 | 3.9 | 26.7 | 11.8 |
| Non-current provisions (field abandonment) | | 28.0 | 25.7 | 30.1 |
| **Total non-current liabilities** | | **1 632.4** | **1 636.6** | **1 474.2** |
| Interest-bearing short term debt | 12 | 108.6 | 190.9 | 109.0 |
| Fair value of derivatives | 8 | 9.2 | 16.0 | 7.5 |
| Trade and other payables | | 19.3 | 37.3 | 20.8 |
| **Total current liabilities** | | **137.1** | **244.2** | **137.3** |
| **Total liabilities** | | **1 769.5** | **1 880.8** | **1 611.5** |
| **Total equity and liabilities** | | **2 723.4** | **2 726.6** | **2 443.1** |

# CHANGE IN EQUITY

| *Amounts in USD million* | Share Capital | Share Premium | Treasury Shares reserve | Fair value reserve | Translation reserve | Retained earnings | Share-holders equity | Non controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2016** | **239.6** | **461.8** | **(0.3)** | **-** | **(40.9)** | **144.0** | **804.2** | **11.0** | **815.2** |
| Net profit after tax for the period | - | - | - | - | - | 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** |
| 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) | (2.7) | (0.0) | (6.7) | - | (6.7) |
| **Total comprehensive income** | **-** | **-** | **-** | **(4.0)** | **(2.7)** | **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** |

# CASH FLOW STATEMENT

| *Amounts in USD million* | 3rd Quarter 2018 | 4th Quarter 2018 | 4th Quarter 2017 | Jan - Dec 2018 | Jan - Dec 2017 |
|---|---|---|---|---|---|
| Profit before tax | 39.8 | (50.8) | 35.5 | 61.6 | 149.7 |
| Depreciation and amortization | 26.1 | 19.2 | 26.7 | 98.7 | 102.6 |
| Impairment charges and other non-recurring items | (0.0) | 32.2 | (0.0) | 32.7 | (5.7) |
| Income from investments in associates | (6.1) | (5.8) | (6.4) | (24.2) | (24.1) |
| Dividend received from investments in associates | 5.8 | 5.4 | 5.6 | 22.6 | 20.5 |
| Net interest expenses (+) | 21.4 | 22.6 | 16.9 | 79.9 | 61.6 |
| Interest paid | (19.3) | (20.9) | (17.2) | (74.6) | (63.9) |
| Interest received | 0.3 | 0.4 | 0.2 | 4.9 | 6.6 |
| Unrealized foreign exchange gain/loss | (0.8) | (17.8) | (10.4) | (15.0) | 11.7 |
| Change in fair value of financial instruments | (2.3) | 30.0 | 10.9 | 23.3 | (41.8) |
| Other changes in operating activities | (30.6) | 11.8 | (22.5) | (17.4) | (47.0) |
| **Net cash flow from operating activities** | **34.3** | **26.5** | **39.3** | **192.4** | **170.3** |
| | | | | | |
| Acquisition of vessels and equipment | (1.9) | (0.1) | (0.3) | (2.6) | (163.5) |
| Acquisition of vessels accounted for as finance lease receivables | (206.4) | (94.2) | 0.0 | (411.0) | (47.0) |
| Repayment on finance lease receivables | 15.3 | 15.8 | 8.9 | 50.9 | 34.3 |
| Investments in other non-current assets | (0.0) | (58.3) | - | (91.9) | (0.5) |
| Net change in associated companies | - | (1.6) | 0.0 | (1.6) | (57.7) |
| Net change in long-term interest-bearing receivables | (4.0) | (9.8) | (1.5) | 34.9 | 175.2 |
| **Net cash flow from investing activities** | **(197.0)** | **(148.2)** | **7.2** | **(421.3)** | **(59.3)** |
| | | | | | |
| Proceeds from issuance of long-term interest-bearing debt | 200.5 | 177.2 | 0.5 | 530.8 | 224.9 |
| Repayment of long-term interest-bearing debt | (101.1) | (86.2) | (37.2) | (263.4) | (290.8) |
| Dividend paid | (30.4) | (30.4) | (27.9) | (119.1) | (110.2) |
| Dividend paid to non-controlling interests | - | (1.8) | - | (1.8) | (2.1) |
| Net proceeds from issuance of new shares | 0.0 | 0.0 | - | 95.5 | - |
| Treasury shares sold | 0.1 | - | 0.0 | (0.1) | 0.1 |
| **Net cash flow from financing activities** | **69.0** | **58.8** | **(64.6)** | **241.8** | **(178.1)** |
| | | | | | |
| **Net change in cash and cash equivalents** | **(93.7)** | **(62.9)** | **(18.2)** | **13.0** | **(67.1)** |
| Exchange rate differences | 1.1 | (0.4) | (0.1) | (1.6) | 0.3 |
| Cash and cash equivalents at beginning of the period | 266.0 | 173.4 | 116.9 | 98.7 | 165.5 |
| **Cash and cash equivalents at the end of the period** | **173.4** | **110.0** | **98.7** | **110.0** | **98.7** |

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

## NOTE 1 INTRODUCTION – OCEAN YIELD ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the fourth quarter and twelve months ending 31st December 2018 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31st December 2017 and quarterly reports are available at www.oceanyield.no.

## NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2017.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 12th February 2019.

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

- The implementation of IFRS 9 Financial Instruments was mandatory from 1st January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and have replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. The Group have used a modified implementation method, and cumulative impacts of the new standard have thus been recognized in retained earnings as of 1st January 2018. Comparative figures have not been restated. The new standard have however not had significant impact on the measurement of financial assets and changes in equity.

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

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

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

A number of standards, amendments to standards and interpretations are not effective for the period ended 31st December 2018 and have not been applied in preparing these consolidated financial statements;

- Implementation of IFRS 16 Leases is mandatory from 1st January 2019. The new standard requires companies to bring most of its leases on-balance sheet, recognizing new assets and liabilities. The new standard is not expected to have significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to current practice. The Group has identified two agreements where a right-of-use asset and a lease liability needs to be recognized. The lease liability related to these agreements is estimated to be USD 1.3 million as of year-end 2018.

## NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The Group has as of 1st January 2018, implemented the new standards and amendments to standards specified in Note 2. Other accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2017.

## NOTE 4 ESTIMATES

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31st December 2017.

## NOTE 5 OPERATING SEGMENTS

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

| **EBITDA** | 3rd Quarter | 4th Quarter | 4th Quarter | Jan - Dec | Jan - Dec | Jan - Dec |
|---|---|---|---|---|---|---|
| *Amounts in USD million* | 2018 | 2018 | 2017 | 2018 | 2017 | 2017 |
| FPSO | 26.3 | (21.1) | 28.9 | 63.6 | 115.9 | 115.9 |
| Other Oil Service | 23.1 | 19.9 | 21.4 | 85.8 | 79.1 | 79.1 |
| Car Carriers | 10.5 | 10.6 | 10.1 | 41.4 | 39.8 | 39.8 |
| Container vessels | 8.4 | 8.1 | 6.3 | 28.8 | 24.0 | 24.0 |
| Tankers | 11.8 | 13.4 | 9.1 | 45.8 | 38.1 | 36.4 |
| Other Shipping | 7.2 | 7.1 | 6.0 | 26.8 | 16.1 | 17.7 |
| Other companies and eliminations | (2.3) | (2.6) | (1.5) | (9.6) | (6.3) | (6.3) |
| **EBITDA** | **85.1** | **35.5** | **80.4** | **282.7** | **306.5** | **306.5** |

| **Net profit after tax** | 3rd Quarter | 4th Quarter | 4th Quarter | Jan - Dec | Jan - Dec | Jan - Dec |
|---|---|---|---|---|---|---|
| *Amounts in USD million* | 2018 | 2018 | 2017 | 2018 | 2017 | 2017 |
| FPSO | 8.0 | (35.9) | 9.6 | (10.1) | 36.0 | 36.0 |
| Other Oil Service | 9.5 | (7.9) | 4.7 | 19.9 | 30.2 | 30.2 |
| Car Carriers | 4.9 | 4.2 | 5.2 | 19.2 | 18.5 | 18.5 |
| Container vessels | 8.0 | 7.3 | 4.4 | 27.6 | 21.1 | 21.1 |
| Tankers | 6.0 | 9.7 | 6.1 | 28.0 | 23.9 | 23.9 |
| Other Shipping | 3.7 | 1.6 | 3.5 | 13.6 | 8.5 | 8.5 |
| Other companies and eliminations | (0.3) | (28.9) | (2.7) | (39.7) | (8.6) | (8.6) |
| **Net profit after tax** | **39.9** | **(49.9)** | **30.9** | **58.4** | **129.7** | **129.7** |

## NOTE 6 WRITE DOWN ON TRADE RECEIVABLES

A write down on trade receivables of USD 19.5 million has been made as of year-end, which is related to the FPSO Dhirubhai-1. For more information please see *post quarter events* earlier in this report.

## NOTE 7 IMPAIRMENT CHARGES AND OTHER NON-RECURRING ITEMS

Impaiment charges and other non-recurring items were USD 32.2 million in Q4 2018. USD 13.4 million of this relates to impairment of the AHTS vessels Far Senator and Far Statesman and USD 9.8 million is impairment of goodwill related to the vessel Dhirubhai-1. In addition impairment charges and other non-recurring items include an increase in non-current provisions related to the decommissioning on the MA field in India, of USD 9.1 million.

The Group has as of quarter-end assessed the values of the vessels *Dhirubhai-1*, *Connector*, *Far Senator* and *Far Statesman*. The value in use has been estimated for all of the vessels, and has been calculated based on the present value of estimated future cash flows. The estimated value in use is lower than the book value for the vessels Far Senator and Far Statesman, and as a consequence an impairment of USD 13.4 million have been recognized. The calulcation of value in use for all the vessels is highly sensitive to the estimated level of future charterhire.

The Group is reviewing goodwill for impairment on a yearly basis or more frequently if circumstances indicate any impairment. As of year-end 2018 the Group has made an impairment of goodwill related to the FPSO Dhirubhai-1 of USD 9.8 million, and the book value of goodwill is as of year-end 2018 zero.

For more information regarding the FPSO Dhirubhai-1 please see *post quarter events* earlier in this report.

## NOTE 8 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The shares in Solstad Offshore ASA was in 2017 classified as “available-for-sale” financial assets, and measured at fair value. Impairment losses was recognized in profit and loss and any other variation in value was recorded through other comprehensive income. Under IFRS 9 the Group has designated the shares as measured at “fair value through other comprehensive income”. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. In Q4 2018, a loss of USD 3.5 million has been recorded through other comprehensive income related to the shares in Solstad Offshore ASA.

| *Amounts in USD million* | Change Q4 2018 | Change Jan - Dec 2018 | Fair value as of 31st Dec 2018 |
|---|---|---|---|
| Cross Currency Interest Rate Swaps | (26.2) | (26.2) | (37.5) |
| Forward exchange contracts | (1.5) | (1.4) | (1.1) |
| Interest rate swaps | (2.3) | 4.3 | (4.0) |
| **Total** | **(30.0)** | **(23.3)** | **(42.6)** |

| *Amounts in USD million* | Change Q4 2017 | Change Jan - Dec 2017 | Fair value as of 31st 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)** |

## NOTE 9 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2018:

| *Amounts in USD million* | FPSO | Other Oil Service | Car Carriers | Container vessels | Tankers | Other Shipping | Other/elim | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January** | **288.1** | **555.6** | **298.3** | **-** | **-** | **159.0** | **9.7** | **1 310.8** |
| Acquisitions | 0.0 | 2.0 | - | - | - | 0.4 | 0.1 | 2.6 |
| Advances | - | - | - | - | - | - | - | - |
| Disposals | - | (0.3) | - | - | - | - | - | ( 0.3) |
| Depreciation | (49.2) | (29.7) | (13.6) | - | - | (5.4) | (0.7) | (98.7) |
| Impairment | - | (13.4) | - | - | - | - | - | ( 13.4) |
| Effect of movements in foreign exchange | - | (5.5) | - | - | - | - | - | ( 5.5) |
| **Balance at 31st December 2018** | **238.9** | **508.9** | **284.7** | **-** | **-** | **154.0** | **9.1** | **1 195.5** |

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

An impairment of USD 13.4 million have been recognized in the quarter related to the AHTS vessels Far Senator and Far Statesman. Please see note 7 for more information.

## NOTE 10 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables and related assets of USD 1171.8 million at 31st December 2018 are related to the vessel Aker Wayfarer, four container vessels, twelve chemical tankers, four product tankers, four Suezmax tankers, seven dry bulk vessels and four VLCC crude tankers under construction.

The four VLCCs under construction are fixed from delivery on long-term charter to Okeanis ECO Tankers Corp. and are accounted for as finance leases. They are included in the segment Tankers. Pre-delivery advances related to these vessels are presented with the finance lease receivables. The pre-delivery advances are at this point not included in the net investment used for calculating the finance lease interest, but will be included from the time of vessel delivery.

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

The net finance lease receivables as of 31st December 2018 was as follows:

| *Amounts in USD million* | FPSO | Other Oil Service | Car Carriers | Container vessels | Tankers | Other shipping | Total |
|---|---|---|---|---|---|---|---|
| *Gross finance lease receivable* | | | | | | | |
| Less than one year | - | 39.8 | - | 12.1 | 75.8 | 12.6 | 140.2 |
| Between one and five years | - | 125.3 | - | 48.4 | 295.1 | 48.0 | 516.7 |
| More than five years | - | 109.0 | - | 78.7 | 428.6 | 50.8 | 667.1 |
| Unguaranteed residual values | - | 57.7 | - | 22.2 | 178.9 | 42.2 | 301.0 |
| **Gross finance lease receivable** | **-** | **331.8** | **-** | **161.3** | **978.3** | **153.5** | **1 624.9** |
| Less: Unearned finance income | - | (151.0) | - | (45.4) | (300.9) | (47.8) | (545.0) |
| **Total finance lease receivables** | **-** | **180.8** | **-** | **115.9** | **677.5** | **105.7** | **1 079.9** |
| | | | | | | | |
| *Present value of minimum lease payments* | | | | | | | |
| Less than one year | - | 36.9 | - | 11.7 | 73.3 | 12.1 | 134.1 |
| Between one and five years | - | 84.5 | - | 41.2 | 246.2 | 39.5 | 411.4 |
| More than five years | - | 42.2 | - | 50.9 | 259.6 | 31.8 | 384.5 |
| Unguaranteed residual values | - | 17.1 | - | 12.1 | 98.3 | 22.4 | 149.9 |
| **Total finance lease receivables** | **-** | **180.8** | **-** | **115.9** | **677.5** | **105.7** | **1 079.9** |
| Pre-delivery instalments | - | - | - | - | 91.9 | - | 91.9 |
| **Total finance lease receivables and related assets** | **-** | **180.8** | **-** | **115.9** | **769.4** | **105.7** | **1 171.8** |

## NOTE 11 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 31st December 2018 the following contractual obligations related to the purchase of vessels.

| *Amounts in USD million* | FPSO | Other Oil Service | Car Carriers | Container vessels | Tankers | Other Shipping | Total |
|---|---|---|---|---|---|---|---|
| Already paid | - | - | - | - | 90.8 | - | 90.8 |
| 2019 | - | - | - | - | 206.3 | - | 206.3 |
| **Total contractual obligations** | **-** | **-** | **-** | **-** | **297.0** | **-** | **297.0** |
| Total remaining payments | - | - | - | - | 206.3 | - | 206.3 |
| Secured bank financing | - | - | - | - | 196.7 | - | 196.7 |
| **Payments to be funded by cash** | - | - | - | - | 9.6 | - | 9.6 |

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

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

## NOTE 12 INTEREST-BEARING DEBT

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

| *Amounts in USD million* | FPSO | Other Oil Service | Car Carriers | Container vessels | Tankers | Other Shipping | Other/elim | Total |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January | 20.0 | 476.3 | 200.8 | - | 395.0 | 127.1 | 291.2 | 1 510.4 |
| New loans | - | - | 54.8 | 94.5 | 203.2 | 93.7 | 92.3 | 538.4 |
| Paid loan fees | - | - | - | (1.1) | (4.6) | (0.7) | (1.2) | (7.6) |
| Instalments | (20.0) | (34.5) | (71.7) | (1.8) | (31.1) | (10.7) | (93.6) | (263.4) |
| Effect of movements in foreign exchange and loan fees amortized | - | (2.8) | 0.7 | 0.0 | 1.5 | 0.3 | (14.8) | (14.9) |
| **Total interest-bearing liabilities 31st December 2018** | **-** | **439.1** | **184.5** | **91.6** | **564.1** | **209.6** | **273.9** | **1 762.9** |
| | | | | | | | | |
| Long-term | - | 331.7 | 167.6 | 84.4 | 519.5 | 194.9 | 273.9 | 1 572.0 |
| 1st year instalments | - | 107.4 | 17.0 | 7.2 | 44.6 | 14.8 | 0.0 | 190.9 |
| **Total interest-bearing liabilities 31st December 2018** | **-** | **439.1** | **184.5** | **91.6** | **564.1** | **209.6** | **273.9** | **1 762.9** |
| Undrawn facilities | - | 32.1 | - | - | - | - | - | 32.1 |

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

In 2018, Ocean Yield has entered into several new loan agreements for the long-term financing of recently announced investments. In total, loan facilities of approximately USD 591.5 million has been signed. As of the year-end USD 391.8 million has been drawn on these facilities. This is related to four container vessels, seven dry-bulk vessels three Suezmax vessels and two VLCC vessels under construction. The loan facilities have a tenor between five and seven years and are priced at attractive terms.

## NOTE 13 SHARE CAPITAL AND DIVIDENDS

As of 31st December 2018 the Company had a share capital of NOK 1,593,514,320 divided into 159,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 9,021.

In Q4 2018 USD 30.4 million was paid in dividends, following the announcement of the Q3 2018 results.

## NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE

After the end of the quarter, Ocean Yield agreed to acquire a modern Suezmax tanker for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp.

After the end of the quarter, a subsidiary of Ocean Yield has entered into an option agreement with Aker Energy AS where Aker Energy has an option to bareboat charter the FPSO for a period of 15-years for use of the FPSO *Dhirubhai-1* in the Tano Basin offshore Ghana.

# 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.

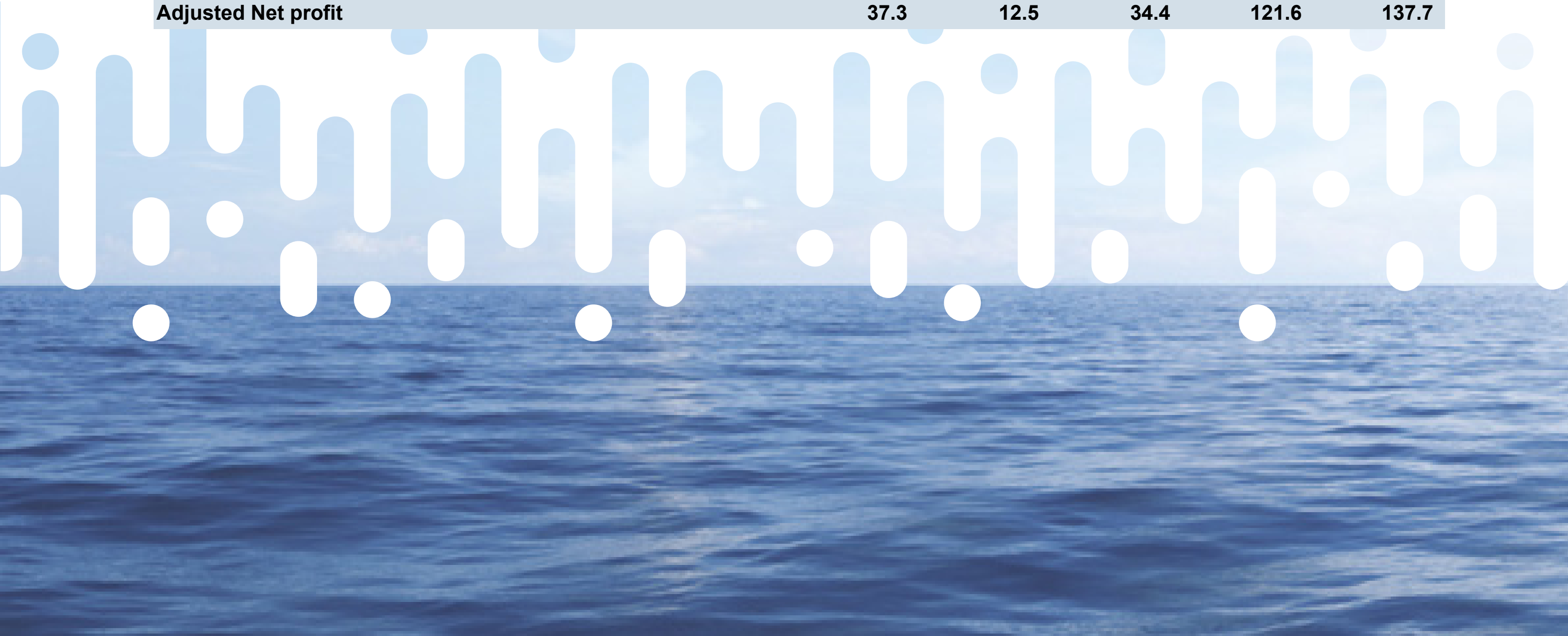
- EBIT: Earnings before financial items and income taxes.

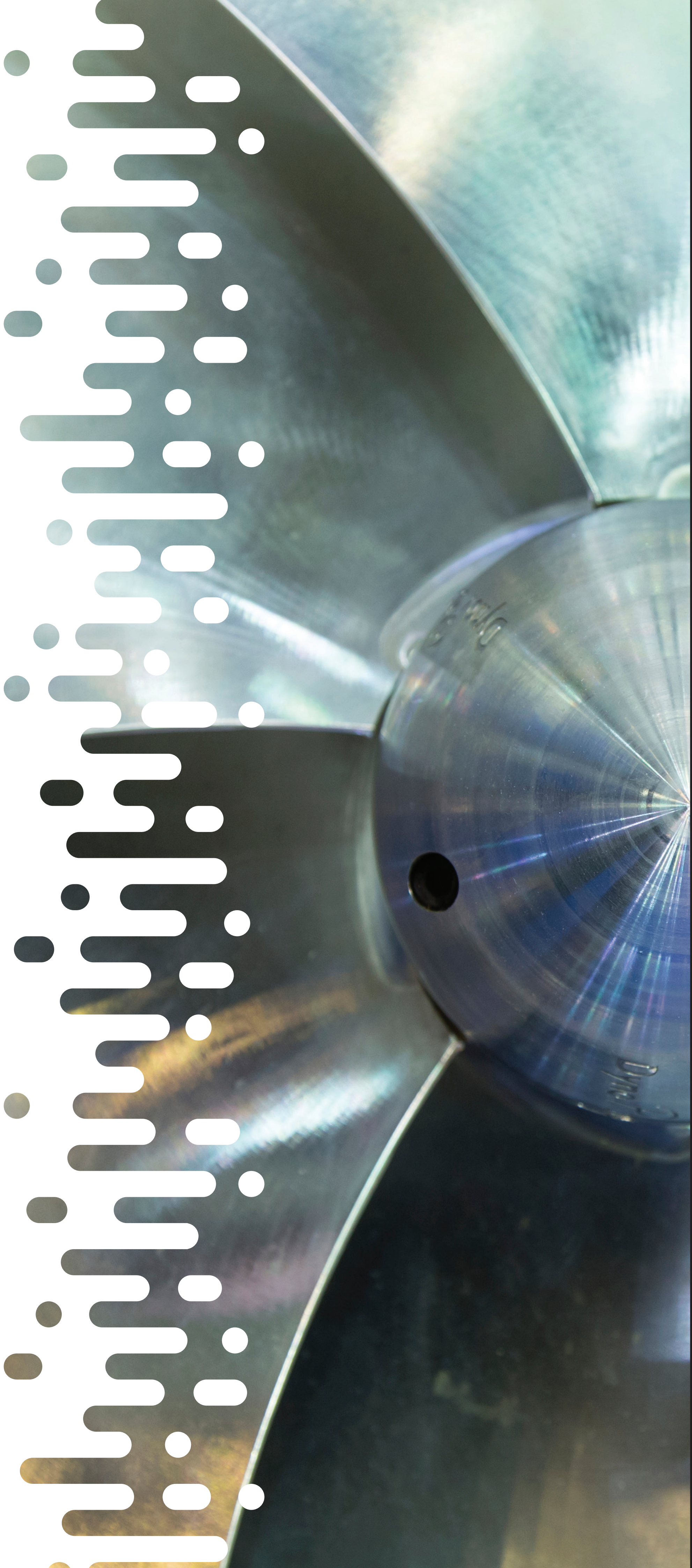
- Adjusted net profit: Net profit adjusted for impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.

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 2018 | 4th Quarter 2018 | 4th Quarter 2017 | Jan - Dec 2018 | Jan - Dec 2017 |
|---|---|---|---|---|---|
| EBITDA | 85.1 | 35.5 | 80.4 | 282.7 | 306.5 |
| Repayment on finance lease receivables | 15.3 | 15.8 | 8.9 | 50.9 | 34.3 |
| **EBITDA adjusted for finance lease effects** | **100.4** | **51.3** | **89.3** | **333.6** | **340.7** |
| | | | | | |
| Net profit after tax | 39.9 | (49.9) | 30.9 | 58.4 | 129.7 |
| Gain AMSC | - | - | - | - | (5.7) |
| Write down on trade receivables related to the FPSO DB-1 | - | 19.5 | - | 19.5 | - |
| Impairment of goodwill related to the FPSO DB-1 | - | 9.8 | - | 9.8 | - |
| Increase in field abandonment provision related to the FPSO DB-1 | - | 9.1 | - | 9.1 | - |
| Impairment of Far Senator/Far Statesman | - | 13.4 | - | 13.4 | - |
| Foreign exchange gains/losses | (1.2) | (18.1) | (10.0) | (16.0) | 37.4 |
| Change in fair value of financial instruments | (2.3) | 30.0 | 10.9 | 23.3 | (41.8) |
| Change in deferred tax | 0.1 | (1.1) | 2.6 | 2.8 | 18.0 |
| Other non-recurring items | 0.8 | 0.0 | - | 1.5 | 0.1 |
| **Adjusted Net profit** | **37.3** | **12.5** | **34.4** | **121.6** | **137.7** |





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