

### Credit Capital Markets Day

November 2016



### Ocean Yield ASA

Fleet	Diversified fleet of 34 vessels, incl. newbuildings <sup>1</sup>
Employment	Long term charters, avg. tenor of 11.2 years
Inv. strategy	Modern vessels / long term charters / multi-segment
Growth	Strong built in growth from delivery of newbuildings
Risks	Key risk factors are counterparty and residual value risk
Financials	Strong earnings and solid balance sheet

1) Fleet size includes 9 newbuildings at end of Q3'16, 49.5% owned container vessels, and 75.0% ownership in SBM Installer



# Equity and liquidity position strengthened significantly with recent equity and bond issues

### Equity issue on 31<sup>st</sup> August 2016

- Amount: NOK 862 million
- Issue price: NOK 64 /share
- Purpose: New investments

### Bond issue on 12<sup>th</sup> September 2016

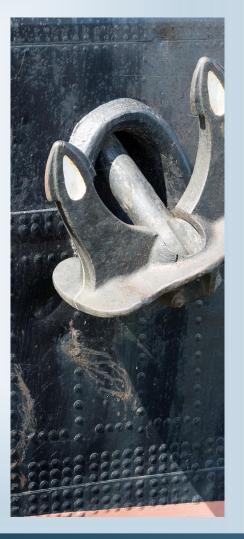
- Amount: NOK 750 million
- Maturity: September 2021
- Interest rate: NIBOR + 450 bps p.a.
- Purpose: Reduce Aker ASA loan facility
  - Buy-back of bonds with maturity in 2019/2020





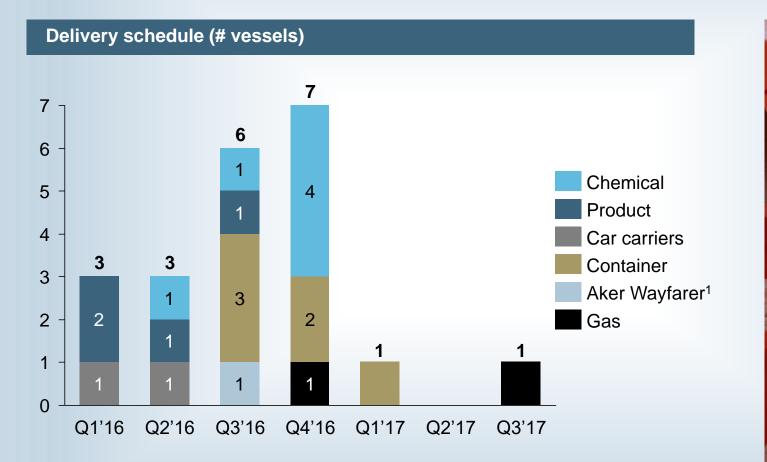
### Bond overview

Bond terms			
	OCY02	OCY03	OCY 04
Face value	NOK 1,000 million	NOK 1,000 million	NOK 750 million
Repurchased	NOK 245.5 million	NOK 92.5 million	
Coupon	NIBOR + 3.90% p.a.	NIBOR + 4.00% p.a.	NIBOR + 4.50% p.a.
Maturity	March 2019	April 2020	Sept. 2021
Tap issue	NOK 400m @ NIBOR + 3.65% p.a. in July 2014		
Financial cov	venants bonds		
		Q2 2016	Q3 2016
Minimum Book	c Equity of 25%	31.1%	32.3%
Minimum Cash of \$ 25 Million		110.8	157.4
EBITDA/ Interest expenses > 2.0x		6.5x	6.2x
Dividend limitation: Requires liquidity > \$ 30 Million or 3% of NIBD			



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# Delivery of newbuildings will give increased earnings



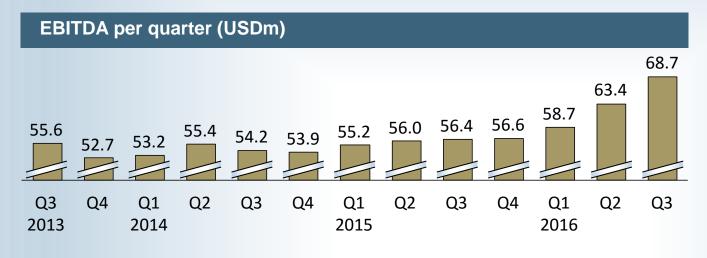


OCEAN YIELD

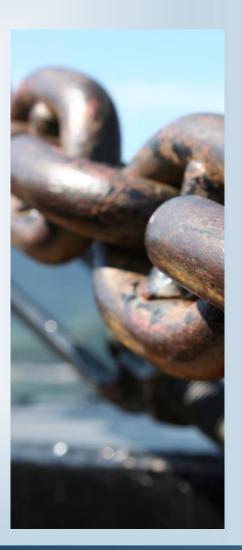
1) Including redelivery of Aker Wayfarer after major modification



## Quarterly EBITDA and net profit



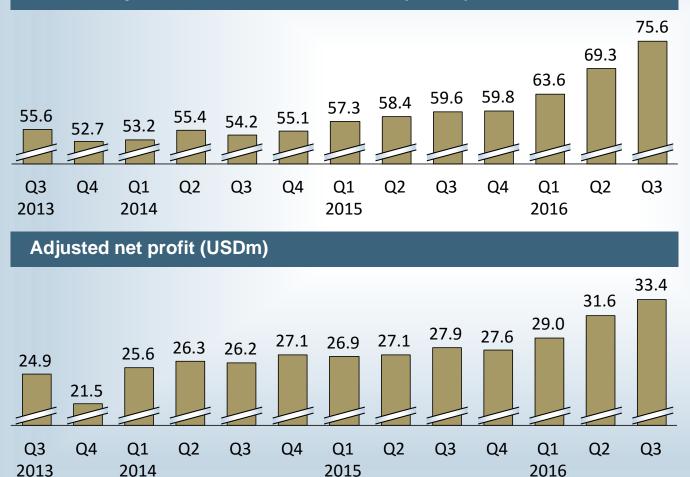






## Adjusted EBITDA and net profit

EBITDA adjusted for finance lease effects (USDm)





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# Acquisition of two chemical tankers with 12 years charter to Navig8 Ltd.

Vessel details	
No of vessels	2 x
Vessel type	IMOII chemical tanker
Built	2013
Vessel size	45,000 dwt
Delivery	October & November 2016

#### **Transaction details**

Purchase price	USD 35 million
Seller's credit	USD 6 million
Charter duration	12 years
Charter type	Hell & high water bareboat
Charterer	Navig8 Ltd. ("Navig8 Group")





## Fleet overview per Q3 2016

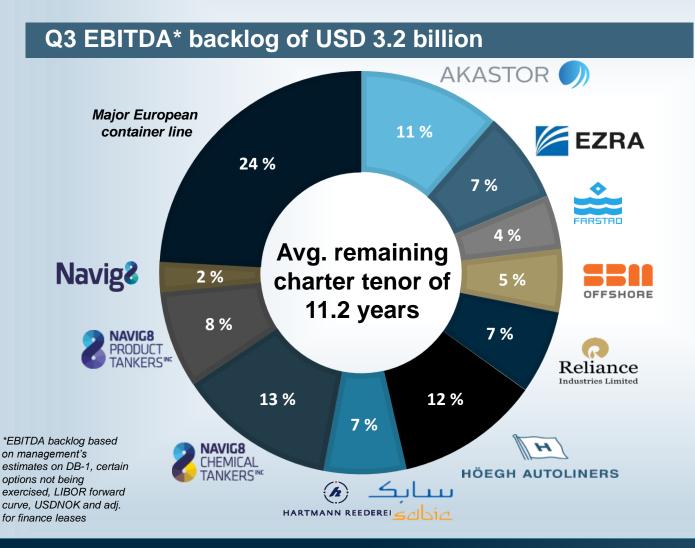


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## Charter backlog by client per Q3 2016







# Summary

- A large diversified fleet of modern vessels, all on long term charter.
- Strong earnings growth from delivery of newbuildings, all fully funded.
- Substantial debt service capacity from EBITDA backlog of USD 3.2 billion with average weighted tenor of 11.2 years.
- Strong liquidity position with Q3 unrestricted cash of USD 157m. In addition, owns bonds in AMSC with par value of USD 201m and maturity in February 2018.
- Ability to raise equity, as illustrated by recent private placement.

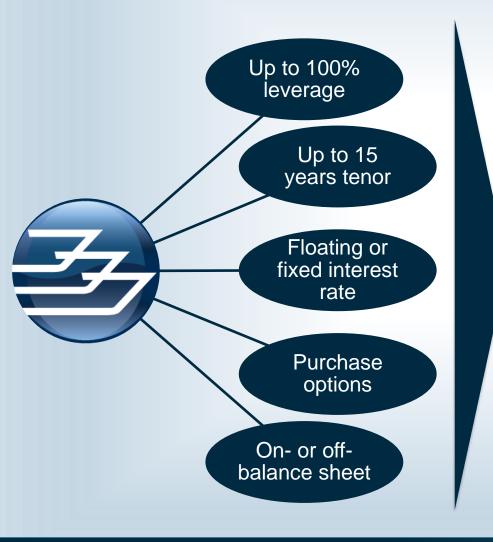








### Strong value proposition for our clients



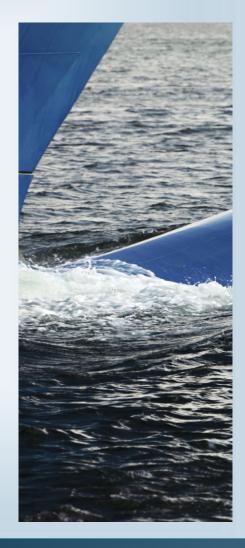
Flexible leasing product at a competitive cost of capital





# Third Quarter 2016 financial highlights

- Quarterly dividend increased to USD 0.1775 per share
  - Increase of 0.5 cents vs. Q2
  - 13% increase annualized
  - USD 0.71 per share annualized
- EBITDA was USD 68.7m vs. USD 63.4m in Q2
  - EBITDA adjusted for finance lease effects was USD 75.6m vs. USD 69.3m in Q2
- Net profit before tax was USD 39.7m vs. USD 29.5m in Q2
- Net profit after tax was USD 32.7m vs. USD 25.5m in Q2
  - Change in deferred tax (non-cash) was USD 7.0m
  - Adjusted net profit was USD 33.4m vs. USD 31.6m in Q2'16





### P&L

Income statement		
	Q2	Q3
Amounts in USD million	2016	2016
Total revenues	70.1	76.2
Vessel operating expenses	(4.0)	(4.6)
Wages and other personnel expenses	(1.3)	(1.7)
Other operating expenses	(1.4)	(1.2)
EBITDA	63.4	68.7
Depreciation and amortization	(24.8)	(25.2)
Operating profit	38.6	43.5
Financial income	4.5	4.8
Financial expenses	(11.5)	(15.7)
Foreign exchange gains/losses	2.8	(8.8)
Mark to market of derivatives	(4.8)	15.9
Net financial items	(9.0)	(3.9)
Net profit before tax	29.5	39.7
Tax payable	-	-
Change in deferred tax	(4.1)	(7.0)
Net profit after tax	25.5	32.7
Non controlling interests	0.1	(0.8)
Net profit to equity holders of the parent	25.5	31.9
Earnings per share (USD)	0.19	0.23

#### Comments

#### **Revenues**

- Increased revenue from delivery of newbuildings, Aker Wayfarer and income from investment in associates (Container transaction)
- Reduced revenues from DB-1 due to shutdown

Vessel operating expenses

Increased due to scheduled periodical maintenance

#### Financial expenses

- Increased drawings on long-term debt in relation to newbuildings
- Includes USD 0.5m of non-cash interest related to build-up of potential de-mobilization expense
- Repurchase of own bonds

#### Deferred tax expense

- Change in deferred tax is offset against deferred tax asset on balance sheet, hence, zero payable tax in the quarter.
- Partly due to stronger NOK against USD



### Adjusted net profit after tax

Adjustments			Comments
Amounts in USD million	Q2 2016	Q3 2016	
Profit after tax	25.5	32.7	
- Repurchase of bonds	-	0.5	Repurchase of OCY02 and OCY03
- Part cancellation of loan from Aker ASA	-	0.4	Upfront fee related to period cancelled
- Foreign exchange gains/losses	(2.8)	8.8	<ul> <li>Mainly related to bond and bank loans in NOK</li> </ul>
- Mark to market of derivatives	4.8	(15.9)	<ul> <li>USD/NOK cross currency and interest rate swaps</li> </ul>
- Tax payable	-	-	
- Changes in deferred tax, net	4.1	7.0	
Adjusted net profit after tax	31.6	33.4	



### **Balance sheet**

#### **Balance sheet**

	Q2	Q3
Amounts in USD million	2016	2016
ASSETS		
Vessels and equipment	1 338.5	1 301.0
Intangible assets	9.8	9.8
Finance lease receivables	555.4	614.0
Investment in associates	1.6	165.4
Investments in AMSC Bonds	194.9	196.2
Deferred tax assets	29.2	22.2
Restricted cash deposits	22.9	23.6
Other non-current assets	0.6	0.7
Total non-current assets	2 152.9	2 332.9
Trade- and other interest-free receivables	18.2	17.6
Restricted cash deposits	-	47.9
Cash and cash equivalents	110.8	157.4
Total current assets	129.0	222.9
Total assets	2 281.9	2 555.8

	Q2	Q3
	2016	2016
EQUITY AND LIABILITIES		
Equity att. to equity holders of the parent	699.6	816.3
Non controlling interests	9.5	10.2
Total equity	709.1	826.5
Interest-bearing loans	1 207.4	1 323.6
Mobilization fee and advances	41.2	37.9
Mark to market of derivatives	66.8	22.0
Other interest-free long term liabilities	30.2	30.9
Total non-current liabilities	1 346.0	1 414.8
Interest-bearing short term debt	173.6	161.9
Liability related to investment in associates	-	86.5
Mark to market of derivatives	6.3	35.3
Trade and other payables	46.8	30.9
Total current liabilities	226.8	314.6
Total liabilities	1 572.8	1 729.3
Total equity and liabilities	2 281.9	2 555.8
Equity ratio	31.1 %	32.3 %

Non-controlling interest of USD 10.2 million relates to the SBM transaction



### Newbuilding program fully funded

#### Contractual obligations and financing, Q3 2016

Amounts in USD million	Other Oil Service	Gas Carriers	Container Vessels	Other Shipping	Total
Already paid	-	72.9	0.9	32.3	106.0
2016	-	72.9	57.7	98.9	229.4
2017	-	97.2	28.8	-	126.0
Total contractual obligations	-	243.0	87.4	131.2	461.5
Total remaining payments	-	170.1	86.5	98.9	355.5
Secured bank financing	14.8	202.5	72.0	89.0	378.4
Estimated surplus cash					22.9

#### Comments

- Unrestricted cash of USD 157.4m at the end of Q3 2016
- Restricted cash deposits of USD 47.9m will be used to pay delivery installments on 2 vessels. This amount is included in Secured bank financing in Other Shipping.
- The 3<sup>rd</sup> gas vessel was cancelled in Q4 2016 with a contract price of USD 81.0m. Consequently, USD 67.m of the related credit facility was cancelled and pre-delivery instalments of USD 17.6m (including interest) was refunded in Q4.





### Remaining charter tenor<sup>1</sup> by segment

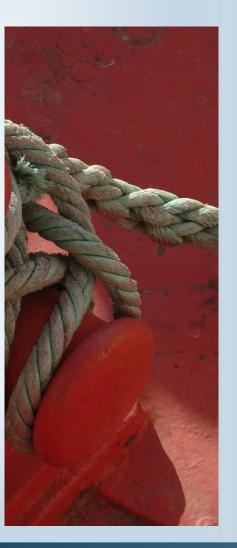


1) Average weighted tenor based on EBITDA



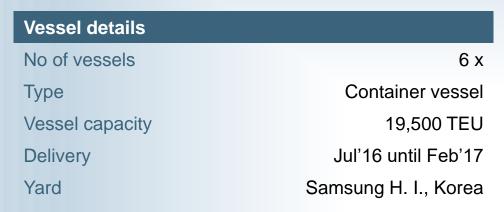
# Delivery schedule of vessels

Project	Vessel	Туре	Exp. Delivery
Quantum Pacific JV	MSC Diana	Container 19,500 TEU	6 <sup>th</sup> July '16
Quantum Pacific JV	MSC Ingy	Container 19,500 TEU	6 <sup>th</sup> July '16
Akastor / AKOFS Offshore	Aker Wayfarer	Modification	7 <sup>th</sup> July '16
Navig8 Chemical Tankers	Navig8 Topaz	Chemical carrier, MR	22 <sup>th</sup> July '16
Navig8 Product Tankers	Navig8 Supreme	LR2 110,000 dwt	9 <sup>th</sup> August '16
Quantum Pacific JV	MSC Eloane	Container 19,500 TEU	28 <sup>th</sup> September '16
Navig8 Chemical Tankers	Navig8 Tourmaline	Chemical carrier, MR	3 <sup>rd</sup> October '16
Navig8 Ltd.	Navig8 Universe	Chemical carrier, MR	5 <sup>th</sup> October '16
Hartmann	Gaschem Beluga	Gas carrier	11 <sup>th</sup> November '16
Navig8 Ltd.	Navig8 Constellation	Chemical carrier, MR	15 <sup>th</sup> November '16
Quantum Pacific JV	MSC Mirjam	Container 19,500 TEU	16 <sup>th</sup> November '16
Navig8 Chemical Tankers	Navig8 Tanzanite	Chemical carrier, MR	November '16
Quantum Pacific JV	MSC Rifaya	Container 19,500 TEU	December '16
Quantum Pacific JV	Hull #2158	Container 19,500 TEU	February '17
Hartmann	Hull #S1034	Gas carrier	July '17



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# Acquisition of 49.5% interest in six mega container vessels with 15 years charter



### Financial details

Equity ownership	49.5%
JV Partner	Quantum Pacific Shipping
Equity investment	USD 162 million
Bank debt	Non-recourse to Ocean Yield
Charter type	Bareboat
Charter duration	15 years
Charterer	Major European container line





Illustration photo



### 4 x LR2 product tankers with 13 years charter

	LR2 product tankers	Navig8 Product Tankers Inc.
Vessel(s)	4 x 110,000 dwt	Established in 2013 by Navig8 Group
Yard	Sungdong Shipbuilding, Korea	Book equity of USD 447 million
Built	2016	<ul> <li>Listed on Norwegian OTC ("EIGHT")</li> </ul>
Gross price	USD 49.5 million per vessel	<ul> <li>Fleet of 27 modern product tankers with delivery expected from Sep'15 through 2016</li> </ul>
Seller credit	5%	of which 15x LR2s and 12x LR1s
Charterer	Navig8 Product Tankers Inc.	<ul> <li>Commercial management done by Navig8 Group, which has about 330 vessels</li> </ul>
Contract	13 year floating interest rate bareboat charter	committed to 15 pools in three segments





2016,



### 8 x chemical tankers with 15 years charter

		Chemical tankers, IMOII
Vessel(s)	4 x 37,000 dwt	4 x 49,000 dwt
Yard	Hyundai MIPO, Korea	STX, Korea
Built	2015	2016
Gross price	USD 36.2 million per vessel	USD 40.5 million per vessel
Seller credit	10%	10%
Charterer	Navig8 Chemical Tankers	Navig8 Chemical Tankers
Contract	15y floating interest rate BB	15y floating interest rate BB
• •	NAVIGB	*



- Established in 2013 by Oaktree and Navig8 Group
- Book equity of USD 439 million
- Oaktree remains a majority owner (57%)
- Listed on Norwegian OTC ("CHEMS")
- Fleet of 37 modern chemical carriers including newbuildings
- Commercial management done by Navig8
   Group
  - ~300 vessels committed to 15 pools in 4 segments
  - >80 vessels committed to the chemical pool
  - COA's with major international petrochemical companies





# 2 x liquefied ethylene carrier newbuildings

Liquefied ethylene carriers		
Vessel(s)	2 x newbuildings	
Yard	Sinopacific Offshore & Engineering, China	
Delivery	Q4'16 and Q3'17	
Charterer	15 years (10 years fixed rate) to SPVs owned by the Hartmann Group	
Sub-charterer	10 years sub-charter + 5x1 years extension options to SABIC Petrochemicals B.V.	
Yard cost	USD 81 million per vessel	
EBITDA	USD 21 million per annum (EV/EBITDA 7.8x)	



#### Hartmann Group

- Charterer is SPVs owned by the Hartmann Group
- Activities include ship-owning, technical and commercial, management, incl. management of Gaschem pool with ~35 vessels
- www.hartmann-ag.com

#### **SABIC Petrochemicals**

- The vessel is sub-chartered to SABIC Petrochemicals B.V., a subsidiary of SABIC
- SABIC is 70% owned by the Saudi Arabian government and has a market cap of USD 69 billion
- Charter contract structured around subcharter with assignment of sub-charter + step-in rights





### 6 x car carriers on long term charter

Car carriers

Beijing & Xiamen, 4900 CEU PCTCs, 2010 built Jacksonville & Jeddah, 6500 CEU PCTCs, 2014 built Trapper & Tracer, 8500 CEU PCTCs, 2016 built

Charterer

Vessel(s)

Charter

guarantor

Charters

Höegh Autoliners Shipping AS

Höegh Autoliners Holding AS

Bejing & Xiamen – 8 years until 2022 Jacksonville & Jeddah – 12 years until 2026 Trapper & Tracer – 12 years until 2028

#### **Höegh Autoliners**

- One of 5 leading global providers of car and rolling cargo shipping and logistics
- Operates a fleet of +50 car carriers
- Book equity of about USD 940m (charter guarantor Höegh Autoliners Holding AS)
- Höegh Autoliners Holdings AS is a privately owned company controlled by the Höegh family with 61.2% and A.P. Møller Maersk with 38.8%
- www.hoeghautoliners.com



HÖEGH AUTOLINERS

### **SBM Offshore**

# **SBM** Installer



	Diving support & construction vessel	SBN
Vessel(s)	SBM Installer	• Cł
Built / Yard	2013 / Keppel, Singapore	• Lis
Ownership	Ocean Yield: 75% SBM: 25%	• EE • EE
Delivery	December 2014	• Ma
Charter	12 years "hell & high" bareboat charter until 2026 Certain purchase options post year 5	• Ma ins FF
Charterer	SBM Offshore Services Inc. Guarantee from SBM Holding Inc. S.A.	• wv

#### **SBM Offshore**

- Charter guarantor is SBM Holding Inc. S.A.
- Listed in Amsterdam with ticker "SBMO"
- EBITDA H1'16 annualized of USD 650 million
- EBITDA backlog of about USD 18 billion
- Market cap of about EUR 2.8 billion
- Main activities includes design, supply, installation, operation and life extension of FPSO vessels
- www.sbmoffshore.com





### Akastor



## Aker Wayfarer

Deepwater subsea equipment support vessel		
Vessel(s)	Aker Wayfarer	
Built / Yard	2010 (Modification completed in 2016)	
Shipyard	STX Europe (Søviknes), Norway	
Charterer	AKOFS Offshore AS with guarantee from Akastor ASA	
Charter	"Hell & high" bareboat charter until 2027	
Sub-charter	Petrobras on a 5 year contract + 5 year extension option with startup in 2017	

#### **Akastor ASA**

- Counterparty is AKOFS Offshore, with guarantee from Akastor ASA
- Implicit guarantee from Aker Solutions ASA by Norwegian law as the transaction was concluded before the split
- Akastor listed in Oslo with ticker AKA
- Aker ASA owning 36.7% and controlling 48.8%
- www.akastor.com





### **Farstad Supply**



### Far Senator & Far Statesman

	Anker handling tug supply vessel	
Vessel(s)	Far Senator & Far Statesman	
Contract	12 years "Hell & high" bareboat until 2025	
Counterparty	Farstad Supply AS	
Shipyard / Built	STX Langsten, Norway / 2013	
Key features	24,000 BHP 755 m2 deck dimensions	
Acquisition price	NOK 611 million per vessel	
Book value	NOK 527 million per vessel	
Debt outstanding	NOK 359 million per vessel / Eksportkreditt Guarantee: 70% GIEK / 30% commercial banks	

#### Farstad

- Farstad Shipping ASA operates a fleet of about 56 various offshore vessels and is the bond issuing entity
- Our counterparty is Farstad Supply AS, the main ship-owning entity that controls about 34 vessels
- Farstad Shipping ASA is listed on Oslo Stock Exchange (ticker FAR NO) and controlled by the Farstad family
- At the end of Jun'16, Farstad entered into a standstill agreement with its main creditors. No change was made to the charter rate to Ocean Yield
- www.farstad.com





### **Ezra Holdings**

# Lewek Connector



Ultra deepwater multipurpose flex-lay construction vessel		
Vessel(s)	Lewek Connector	Global off
Shipyard / Built	STX Europe (Søviknes), Norway / 2011	offshore s 1. Su
Key features	2x subsea cranes with 400mt/100mt capacity DP3 & 26,000 bhp	2. Of
Contract	"Hell & high water" bareboat until 2022	Se
Counterparty	EMAS AMC AS (Owned by EMAS Chiyoda Subsea) Guarantee from Ezra Holdings Ltd	3. Ma • EMAS Ch
Acquisition price	USD 315 million	Ezra Hold NYK
Book value	USD 254 million	Chiyoda is
Debt outstanding	USD 156 million / Eksportkreditt Guarantee: 70% GIEK and 30% commercial banks	with focus and LNG transporta

#### dings

- fshore contractor and provider of solutions
  - Subsea services (EMAS Chiyoda Subsea)
  - Offshore Support and Production Services (EMAS Offshore)
  - larine Services (Triyards)
- hiyoda Subsea is owned 40% by dings, 35% by Chiyoda and 25%
- is a leading engineering company s on energy infrastructure projects plants. NYK is a world leading tation company that controls +800 major vessels
- www.ezraholdings.com



### **Reliance Industries**

# Dhirubhai-1





#### **Reliance Industries**

- Reliance Ind. is a conglomerate within oil & gas, refining, textiles, retail & telecom with listing in London and Mumbai
- Investment grade credit
- KG-D6 block license owned 60% by Reliance Industries, 30% by BP and 10% by Niko Resources
- Gas prices in India is regulated and substantially below import prices
- Government recently approved new pricing formula with substantially higher prices for new deep-water fields
- www.ril.com



### **American Shipping Company**



## Bonds owned in AMSC



#### **American Shipping Company**

- Listed on Oslo Stock Exchange with ticker
- US Jones Act product tanker company that owns 10 modern US-built MR product tankers
- All vessels on charter to companies within **Overseas Shipholding Group (OSG)**
- Book equity of USD 203 million
- Total interest bearing debt of USD 674 million of which the bond loan constitutes USD 212
- www.americanshippingco.com



### Management and key employees



#### Lars Solbakken – Chief Executive Officer (1957)

- CEO Norwegian Car Carriers
- CEO Ship Finance International
- General Manager of Fortis Bank (Nederland), Oslo Branch.
- Senior Vice President and Head of Equity Issues and M&A, Christiania Bank
- Senior Vice President and Deputy Head of Shipping and Offshore, Christiania Bank
- Finance Manager in Wilh. Wilhelmsen
- M.Sc. from Norwegian School of Economics and Business Administration



#### Eirik Eide – Chief Financial Officer (1970)

- CFO Ship Finance International
- Head of Corporate Finance, Orkla Finans
- Head of Shipping Investments, Orkla Finans
- Director, Fortis Bank, Norway
- Senior Vice President, Den Norske Bank, (Oslo and London)
- M.Sc. from Norwegian Business School



#### Axel M. Busch-Christensen – SVP Investments (1983)

- McKinsey & Company, Corporate Finance Practice / Oil & Gas
- Carnegie Investment Bank, M&A / Oil service
- Bachelor from Norwegian School of Economics and Business
   Administration



#### Marius Magelie – SVP Finance & IR (1982)

- Shipping analyst and Partner, ABG Sundal Collier
- Equity Research, Kaupthing
- M.Sc. in Financial Economics from Norwegian Business School



#### Andreas Reklev – SVP Investments (1983)

- CFO Team Tankers International
- Various positions in Camillo Eitzen & Co
- Bachelor of Science in Finance from Norwegian Business School



#### Kristine Kosi – Chief Accounting Officer (1983)

- Chief Accounting Officer, Umoe
- Senior Associate and Auditor, PWC
- M.Sc. from Norwegian Business School



