

# Company Presentation

June 2013



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# Ocean Yield

- Established by Aker ASA in Q1 2012 with an attractive portfolio of oil service assets with long term charters
- Ocean Yield has invested about USD 650 million in five vessels during the last 12 months
- Target of USD 350 million in annual new investments
- Intends to raise equity to fund further growth and list the company on the Oslo Stock Exchange
- Will create an attractive yield stock by paying stable and growing dividends
  - Target dividend for 2013 \$0.46 per share (payable in April and September 2014)
- Aker intends to remain a major shareholder post IPO



# Attractive and diversified portfolio of oil service and industrial shipping assets

## Initial asset base...

FPSO

Dhirubhai 1



Subsea construction vessel

Wayfarer



Seismic vessel

Geco Triton



American Shipping Company bonds

- Bonds in AMSC, book value USDm 148 and nominal value of USDm 184.5
- AMSC owns 10 modern US flag/Jones Act product tankers

## ...and USD 650 million in recent acquisitions

Subsea vessel Lewek Connector



2 x car carrier 6500 CEU (newbuilds)



2 x AHTS (newbuilds)





# USD 1.7 billion in contracted EBITDA with average charter tenor of 7.5 years



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Unit	Counterparty	Contract type	Firm period ends	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dhirubhai-1	Reliance	Bareboat / O&M	Sep-18														
Lewek Connector	EMAS/Ezra Holding	Bareboat	Oct-22														
Wayfarer	Aker Solutions	Bareboat	Sep-20														
Höegh 4401	Höegh Autoliners	Bareboat	Apr-26														
Höegh 4402	Höegh Autoliners	Bareboat	Aug-26														
FAR Senator	Farstad Supply	Bareboat	Mar-25														
FAR Statesman	Farstad Supply	Bareboat	Jun-25														
Geco Triton	WesternGeco	Bareboat	Dec-15														



\* Per end Q1 2013. EBITDA as reported, incl. mob. fees. ; tenor weighted by EBITDA

Source: Company

# Growth strategy



OCEAN YIELD

## Target ~USD 350 million in annual investments

### Target assets

- Modern assets
- Oil service
- Industrial shipping

### Chartering

- Solid counterparties
- Bareboat charters
- 5–15 years tenor, current avg. 7.5 years

### Financing

- Bank debt on project basis ~70%
- Equity ~30%



# Sale-leaseback – an attractive financing source



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## Attractive funding source for growth

- Up to 5-15 years funding at a fixed interest rate
- Off balance sheet financing at competitive rate ~8-9 % p.a. WACC
- Enables growth without dilution for current shareholders
- Diversification of funding sources
- Purchase options

## Positive effect on shareprice

- Sale & leaseback typically has a positive effect on shareprice due to
  - Increased growth capacity
  - Increased dividend capacity
  - Reduced need for equity issues

## Risk management

- No residual risk
- No interest rate risk or refinancing risk
- Limited financial covenants
- No «capital market» risks - forward committed funding

# Management with extensive network and experience within the industry



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

**Employment history:**

- CEO Norwegian Car Carriers ASA
- CEO Ship Finance International Ltd.
- General Manager of Fortis Bank (Nederland) N.V., 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 in Christiania Bank
- Finance Manager in Wilh. Wilhelmsen ASA

**Education**

- M.Sc. from Norwegian School of Economics and Business Administration



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

**Employment history:**

- CFO Ship Finance International Ltd.
- Head of Corporate Finance, Orkla Finans AS
- Head of Shipping Investments, Orkla Finans AS
- Director, Fortis Bank, Norway
- Senior Vice President, Den norske Bank, (Oslo and London)

**Education**

- M.Sc. from Norwegian School of Management



**Axel M. Busch-Christensen – VP Investments (1983)**

**Employment history:**

- McKinsey & Company, Corporate Finance Practice / Oil & Gas
- Carnegie Investment Bank, M&A / Oil service

**Education**

- Bachelor from Norwegian School of Economics and Business Administration

**Proven ability to source and execute attractive sale-leaseback transactions**



# Board of Directors with relevant industrial and capital markets experience



OCEAN YIELD

Board composition post listing



**Trond Brandsrud – Chairman of the Board (1958)**

- CFO Aker ASA
- Previous CFO in Seadrill and more than 20 years experience from Shell



**Kjell Inge Røkke – Board Member (1958)**

- Largest shareholder in Aker ASA, through TRG Holding
- Board member in Aker ASA, Aker BioMarine ASA, Kværner ASA and Aker Solutions ASA



**Jens Ismar – Board member (1957)**

- CEO Western Bulk
- Director of Chartering- and Project , Bergesen dy ASA/BW Gas
- Managing Director, Lorentzen & Stemoco AS



**Anne-Christin Døvingen – Board member (1965)**

- Joint Head of Business Development, Tufton Oceanic (Middle East)
- Managing Director, Co-Head of Shipping Team, Jefferies
- Director, Co-Head of Shipping Team, HSBC
- Vice President, Global Shipping Group, JPMorgan



**Annicken Gann Kildahl – Board member (1968)**



- CFO Grieg Star / Grieg International
- Assistant General Manager, Sparebanken Nor
- Project and Financial analyst, Torvald Klaveness Group

*\*Current board consists of Trond Brandsrud, Kjell Inge Røkke and Katrine Mourud Klaveness. Jens Ismar, Anne-Christin Døvingen and Annicken Gann Kildahl will be members of the Board with effect as of, and subject to, a listing of the shares on Oslo Stock Exchange*

# Strong and committed owner in Aker ASA

- Aker is an Industrial Holding Company established in 1841
- Controls 4 listed companies on Oslo Stock Exchange
- Aker Solutions and Kvaerner are controlled through a joint venture company owned 70% by Aker and 30% by the Norwegian Government
- Dividends from Ocean Yield important to secure steady cash flow and facilitate and support dividend payments in Aker ASA
- Aker ASA will receive USD 40 million in dividend for 2012 and USD 46 million for 2013 based on target dividend



Industrial Holdings		
	Aker Solutions	40%*
	Det norske	50%
	Ocean Yield	100%
	Aker Biomarine	100%
	Kvaerner	41%*
	Havfisk	73%
Net asset value of NOK 23.2 billion per end Q1 2013		

\* Joint Venture shareholding in Aker Solutions and Kvaerner. Aker owns 70% of Joint Venture, thus net ownership is ~28%

# Key financials

Income statement – USD M	Q1 2013	Q4 2012	Pro-forma 2012
<b>Operating revenue</b>	56.6	50.8	188.0
Vessel operating expenses	(3.9)	(4.1)	(16.3)
Wages and other personnel expenses	(1.7)	(2.9)	(10.1)
Other operating expenses	(2.2)	(4.5)	(10.2)
<b>EBITDA</b>	<b>48.8</b>	<b>39.4</b>	<b>151.4</b>
Depreciation & amortisation	(24.2)	(24.1)	(85.9)
Impairment charges and non recurring items	-	0.1	(5.9)
<b>Operating profit</b>	<b>24.7</b>	<b>15.4</b>	<b>59.7</b>
Financial income	4.6	2.7	11.4
Financial expenses	(8.1)	(8.7)	(24.7)
Mark to market of derivatives	(3.4)	0.5	(1.7)
<b>Profit before tax</b>	<b>17.8</b>	<b>10.0</b>	<b>44.6</b>
Income tax expense	(0.7)	1.3	-
<b>Profit for the period</b>	<b>17.1</b>	<b>11.3</b>	<b>44.7</b>

# Ocean Yield - Summary

- Attractive and growing dividend
- Substantial contract backlog provides stability and visibility in future earnings and dividend capacity
- Significant deal flow underpins strong growth
- Attractive risk reward for sale & leaseback transactions
- Management with extensive experience in sourcing and executing sale & leaseback transactions



**Financials**

**Detailed project info**



# Revenue backlog of USD 1.9 billion per end Q1 2013

## USD million

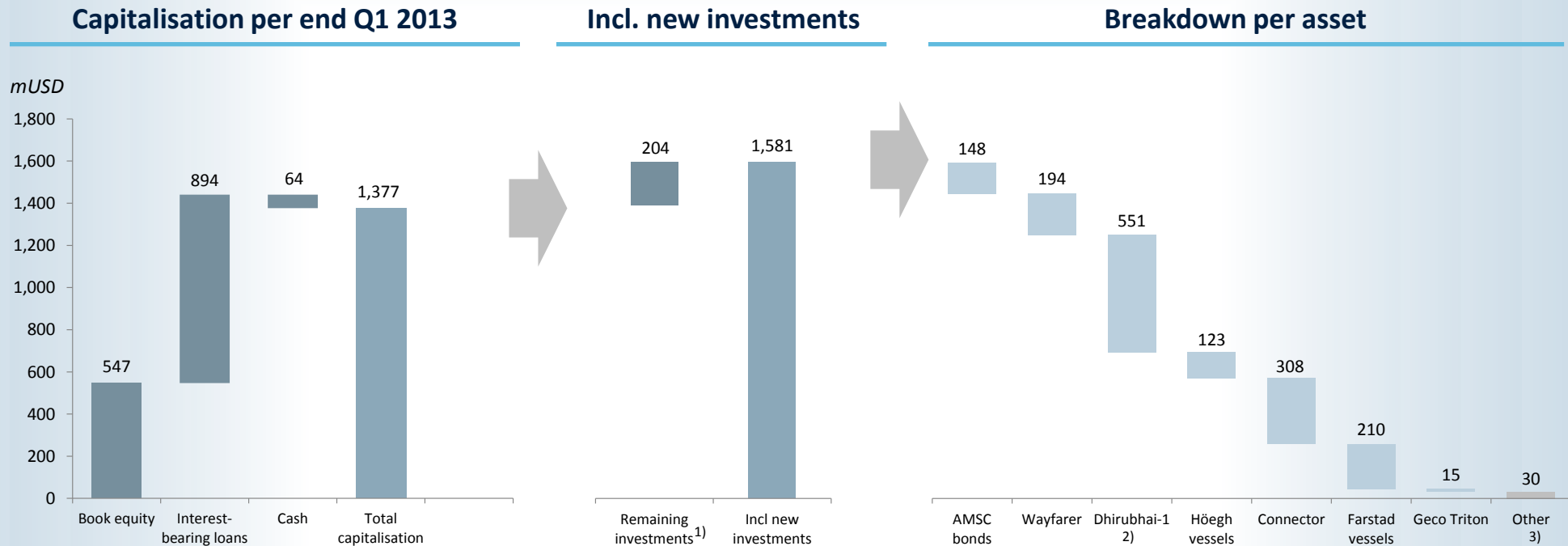
Vessel	Total	2013 <sup>2)</sup>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dhirubhai-1, total .....	700.8	95.5	124.8	129.1	127.6	128.4	95.3	—	—	—	—	—	—	—	—
of which is bareboat charter .....	583.4	81.0	105.2	107.9	106.0	105.7	77.6	—	—	—	—	—	—	—	—
of which is O&M agreement .....	117.4	14.5	19.6	21.2	21.7	22.7	17.7	—	—	—	—	—	—	—	—
Lewek Connector .....	365.4	28.9	38.3	38.3	38.4	38.3	38.3	38.3	38.4	38.3	29.7	—	—	—	—
Aker Wayfarer .....	273.7	25.7	36.7	36.7	36.8	36.7	36.7	36.7	27.6	—	—	—	—	—	—
Høegh 4401 .....	86.6	—	4.9	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	2.4
Høegh 4402 .....	86.6	—	2.4	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	4.8
Far Senator .....	139.5	9.2	12.3	12.3	12.1	12.0	11.7	11.6	11.7	11.4	11.3	10.8	10.7	2.3	—
Far Statesman .....	139.8	7.5	12.3	12.3	12.1	12.0	11.8	11.6	11.7	11.5	11.3	10.9	10.7	4.2	—
Geco Triton .....	16.0	4.4	5.8	5.8	—	—	—	—	—	—	—	—	—	—	—
Total cash revenue backlog .....	1808.2	171.1	237.5	248.9	241.5	241.8	208.3	112.7	103.8	75.6	66.8	36.2	35.9	21.0	7.1
Amortisation of mobilisation fees, Dhirubhai-1 .....	49.0	6.7	9.0	9.0	9.0	9.0	6.4	—	—	—	—	—	—	—	—
Non-cash rate Aker Wayfarer <sup>(1)</sup> .....	32.0	5.4	3.9	3.9	3.9	3.9	3.9	3.9	2.9	—	—	—	—	—	—
Total revenue backlog .....	1889.2	183.2	250.4	261.8	254.4	254.7	218.6	116.7	106.8	75.6	66.8	36.2	35.9	21.0	7.1

(1) This portion of the revenue is used to repay a loan from the client

(2) 2013 figures include Q2-Q4 2013

Source: Company USD/NOK 5.8. Includes company assumptions on uptime for Dhirubhai-1

# Overview of company capitalisation



- Consolidated book Equity of approximately USD 547 million and equity ratio of 35.5% at end of Q1 2013
- Realistic and conservative book values in all asset owning subsidiaries

1) Includes investment in Höegh Vessels of USD 98.4m and Farstad Statesman of USD 105.3m

2) Including intangibles of USD 38.3m

3) Includes deferred tax asset of USD 9.2m, restricted cash of USD 20m, receivables of USD 18.9m, deferred tax liability of USD 0.6m, pension liabilities of USD 0.3m and trade payables of USD 16.8m

# Profit & Loss

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# Balance sheet Q1 2013

Assets	USD M	USD M	Equity and Liabilities
Current Assets:			Current Liabilities:
Cash & Cash Equivalents	63.7	16.8	Trade and other payables
Current assets	18.9	93.0	Current portion of Long Term Debt
Total Current Assets	<b>82.7</b>	<b>109.8</b>	Total Current Liabilities
Fixed Assets:			
Vessels & PPE	1,241.0		Long Term Liabilities:
Deferred tax assets	9.2	800.9	Long term debt
Other assets	38.3	80.9	Non-int. bearing debt (incl. mob fees)
AMSC bonds	148.0	0.9	Pension & tax liabilities
Restricted cash	20.0		
Total Fixed Assets	1,456.6	882.6	Total Long Term Liabilities
		546.8	Shareholders Equity
Total Assets	<b>1,539.2</b>	<b>1,539.2</b>	Total Equity and Liabilities

# Q1 2013 debt overview – attractive long term financing in place



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	Original Facility amount	Outstanding amount per Q1*	Profile	Interest rate	Other
<b>Dhirubhai 1</b>	USDm 583	USDm 314	10 year	LIBOR+1.5% p.a.	Cash sweep 50% of excess cash
<b>Lewek Connector</b>	USDm 235	USDm 224	12 year	LIBOR + ~3.0% p.a.	
<b>Aker Wayfarer</b>	NOKm 1238	USDm 177	12 year	NIBOR+ 1.65% p.a.	Refinancing of funding
<b>Høegh vessels</b>	USDm 46 per vessel		15 year	LIBOR + 3.25% p.a.	
<b>Far Senator/ Far Statesman</b>	NOKm 458 per vessel	USDm 78	15 year	Fixed 5.29% p.a.	Wrap around NIBOR + 3.5% p.a.
<b>Bond</b>	NOKm 600	USDm 101	Bullet July 2017	NIBOR + 6.5% p.a.	Swapped LIBOR +7.07% p.a.

\* As reported in Q1 2013 financial report



**Financials**

**Detailed project info**

# Farstad vessels – 2 newbuilds

## Vessel and charter

Vessel:	Far Senator & Far Statesman
Type:	Anchor Handling Tug Supply Vessels (AHTS)
Built:	March/May 2013 - newbuilds
Charter:	Bareboat charter
Yard:	STX
Charterer:	Farstad Supply AS (main vessel owning subsidiary of Farstad Shipping ASA – listed on OSE)
Charter end:	March/June 2025
Options:	Year 5 (NOK 498m), Year 7 (NOK 446m), Year 10 (NOK 368m), Year 12 (NOK 313m)

## Financing

Lenders:	Eksportkreditt Norge / Swedbank & Sparebanken Møre
Facility:	NOK 916 million
Maturity:	2018/2025
Repayment:	15 year profile to zero



# Höegh vessels – 2 newbuilds

## Vessel and charter

Vessel:	Hull 4401 & 4402
Type:	Car carrier vessels (PCTC), 6500 ceu
Built:	April/August 2014 - newbuilds
Charter:	Bareboat charter
Yard:	DSME - Romania
Charterer:	Höegh Autoliners Shipping AS
Guarantor:	Höegh Autoliners Holding AS
Charter end:	April/August 2026
Options:	Year 5 (\$54m), Year 7 (\$50m), Year 10 (\$43m), Year 12 (\$37m)

## Financing

Lenders:	SEB
Facility:	USD 92 million
Maturity:	2019
Repayment:	15 year profile to zero



# Lewek Connector

## Vessel and charter

Vessel:	Lewek Connector
Type:	Multi purpose cable lay vessel
Built:	2011
Charter:	Bareboat charter
Yard:	STX Europe, Søviknes (Norway)
Charterer:	EMAS-AMC AS
Guarantor:	Ezra Holdings Limited (listed on Singapore Exchange)
Charter end:	October 2022
Options:	Year 5 (\$245m), Year 7 (\$213m), Year 10 (\$158m)

## Financing

Lenders:	Eksportkreditt/DNB Liv
Facility:	USD 235 million
Guarantors:	DNB (36%) & GIEK (64%)
Maturity:	2017 (DNB) and 2024 (GIEK)
Repayment:	12 year profile to zero





# Aker Wayfarer

## Vessel and charter

Vessel:	Aker Wayfarer
Type:	Subsea construction & installation vessel
Built:	2010
Charter:	Bareboat charter
Yard:	STX Europe, Søviknes (Norway)
Charterer:	AKOFS Wayfarer
Guarantor:	Aker Solutions ASA (rated BB+)
Charter end:	September 2020
Options:	No options

## Financing

Lenders:	Eksportfinans
Guarantors:	DnB (20%) & GIEK (80%)
Maturity:	2015 (DnB) / 2022 (GIEK)
Repayment:	12 year profile to zero





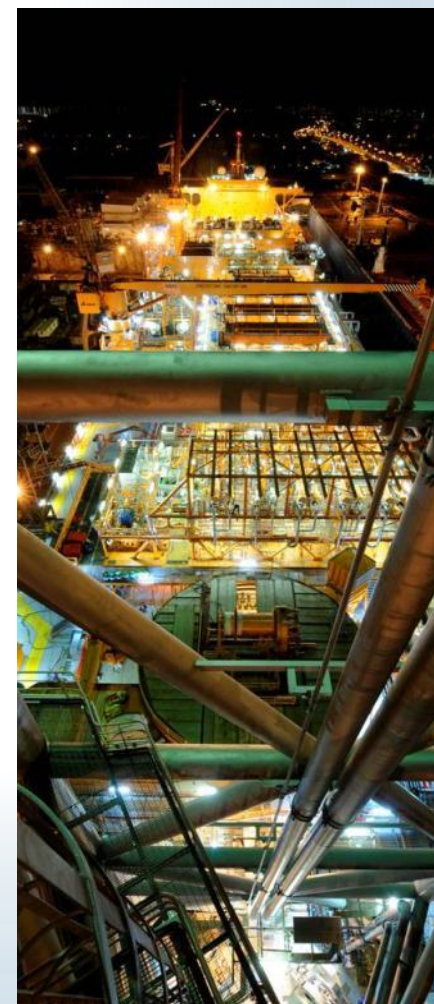
# Dhirubhai 1 - FPSO

## Vessel and charter

Vessel:	Dhirubhai-1 FPSO
Type:	FPSO
Built:	Converted in 2008
Charter:	Bareboat charter & operating agreement
Field:	MA-D6 (India)
Charterer:	Reliance Industries Limited (BP is field partner(30 %))
Charter end:	September 2018
Options:	Sep 2013 (\$541m), Sep 2014 (\$494m), Sep 2015 (\$443m), Sep 2016 (\$387m), Sep 2017 (\$324m), Sep 2018 (\$255m)

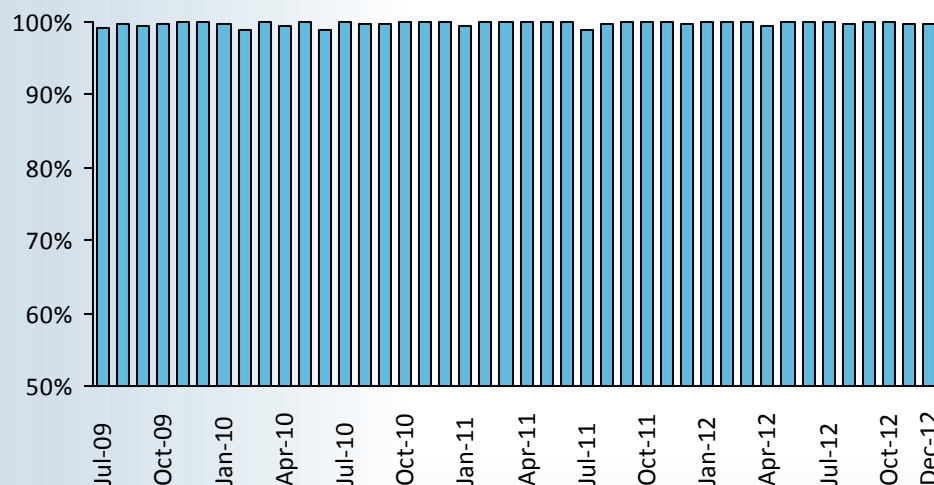
## Financing

Lenders:	Bank syndicate with DNB as agent, 11 banks. Non-recourse facility
Maturity:	2018 (expected to be repaid in Q2'17 due to cash sweep mechanism)
Repayment:	USD 54-75 million per year plus cash sweep (50% of excess cash)



# Dhirubhai 1 - FPSO

**Production uptime Dhirubhai-1, in % per month**



- The MA oil and gas field, one of several fields in the KG-D6 block, is located about 60 kilometres offshore east coast of India, south-east of Kakinada. The MA field is also referred to as the D26 field
- Reliance Industries is the operator of the KG-D6 block. Reliance Industries and its partner Niko Resources of Canada were awarded the KG-D6 block in 2000. In 2011, British Petroleum entered into a partnership with Reliance Industries taking a 30% ownership in multiple oil and gas blocks in India, including the KG-D6 block, which means that the rights to the KG-D6 block as at 31 March 2013 are shared between Reliance Industries (60%), British Petroleum (30%) and Niko Resources of Canada (10%)
- The MA field started crude oil production on 21st September 2008 after deployment of the Dhirubhai-1
- According to news reports Reliance Industries is planning to increase production from the MA field by working-over one existing well, drilling one new gas well and a facility upgrade. In 2012 the estimated reserves in the MA field were increased.
- In addition to the MA field, the KG-D6 block comprises two other fields that have been developed and are currently producing, these are the gas fields D1 and D3. Gas production at the D1 and D3 fields has turned out to be challenging which has resulted in a decrease in production. These fields are however not linked to the MA field.
- In February 2013 BP and Reliance announced a KG D6 block enhancement plan with a joint potential investment in excess of USD 5 billion over the next three to five years to develop around 4 trillion cubic feet of discovered natural gas
- On 28<sup>th</sup> May 2013 Reliance and partners discovered a significant gas and condensate discovery in the KG D6 block, lying below the already producing reservoirs D1-D3 gas fields. The drill stem test indicated good flow potential. Formation evaluation indicated a gross gas and condensate column in the well of about 155 metres

# Geco Triton

## Vessel and charter

Vessel:	Geco Triton
Type:	Seismic vessel
Built:	Converted in 1998
Charter:	Bareboat charter
Yard:	Jurong Singapore
Charterer:	Geco Ship AS
Guarantor:	WesternGeco AS
Charter end:	December 2015
Options:	No purchase option

## Financing

Lenders:	Debt free
Facility:	-
Maturity:	-
Repayment:	-



# American Shipping Company – Bonds

## Bonds

- Ocean Yield owns 93% of the bonds in AMSC
- Nominal value per end Q1: ~USD 184.5 million
- Book value per end Q1: ~USD 148 million (~80% of par)
- Interest rate: NIBOR + 4.75% per annum – PIK interest
- Maturity: February 2018

## American Shipping Company

- Company listed on the Oslo Stock Exchange
- Owns modern US flag/Jones Act product tanker fleet consisting of 10 vessels
- Vessels are on long-term bareboat contracts to OSG until Dec. 2019
- OSG has sub-chartered vessels to oil companies
- Current bareboat rates to OSG significantly below current market
- On 14 November 2012, OSG filed Chapter 11 petitions for itself and certain operating subsidiaries
- OSG filing for Chapter 11 not expected to negatively impact AMSC

## Capitalisation AMSC per end Q1 2013

- Total assets of USD 954 million
- Total interest bearing liabilities of USD 828 million
- Negative financial liabilities (Interest rate swaps) of USD 62 million
- Equity 54 million





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