



# Presentation Q2 2017

14th July 2017

# Second Quarter 2017 financial highlights

- Quarterly dividend increased to USD 0.1875 per share
  - Increase of 0.25 cents vs. Q1
  - 5% increase annualized
  - USD 0.75 per share annualized
  - Dividend yield of 9.3% p.a.
  - 15<sup>th</sup> consecutive quarterly dividend increase
- EBITDA was USD 74.3m vs. USD 71.2m in Q1
  - EBITDA adjusted for finance lease effects was USD 83.1m vs. USD 79.1m in Q1
- Net profit after tax was USD 30.6m vs. USD 36.8m in Q1
  - E.o. gain of USD 5.7m in Q1 related to refinancing of bonds in AMSC
- Adjusted net profit was USD 33.5m vs. USD 33.4m in Q1



# Recent events

- Investment in two PSVs with long term charter to Aker BP ASA
- Investment in one Suezmax tanker with long-term charter
- Navig8 Product Tankers, the counterparty for 4 LR2 product Tankers, is in the process of merging with Scorpio Tankers
- Charter contract for the Lewek Connector extended until 1st September with up to 2 months extension options
- Successful delivery of four vessels at the end of Q2 2017
- Ocean Yield shares approved to trade on OTCQX in the US
  - Allows US investors to trade Ocean Yield shares in USD



# Acquisition of two vessels with long term charters to Aker BP ASA

## Transaction details

Total purchase price	USD 105.3 million
Total bank loan	USD 65.0 million
Charter type	Bareboat charter
Charter expiry	Sep/Dec 2029
Charter rate	USD 17,253 per day per vessel
Charter EBITDA	USD 12.6 million p.a.
Charterer	Aker BP ASA

## Vessel details

Vessel	“NS Orla” & “NS Frayja”
Vessel type	Platform Supply Vessel (PSV)
Built	Sep/Dec 2014
Ship Yard	Hyundai Mipo Dockyards, Korea



# Acquisition of suezmax crude tanker with 14 years charter



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## Transaction details

Purchase price	USD 54 million
Seller's credit	USD 7 million
Net purchase price	USD 47 million
Charter duration	14 years
Charter type	Hell & high water bareboat
Charterer	Okeanis Marine Holdings SA.
Owner	The Alafouzos family

## Vessel details

Vessel name	"Poliegos"
Vessel type	Suezmax Crude Tanker
Vessel size	158,000 dwt
Built	January 2017
Ship Yard	Sungdong Shipbuilding and M.E., Korea



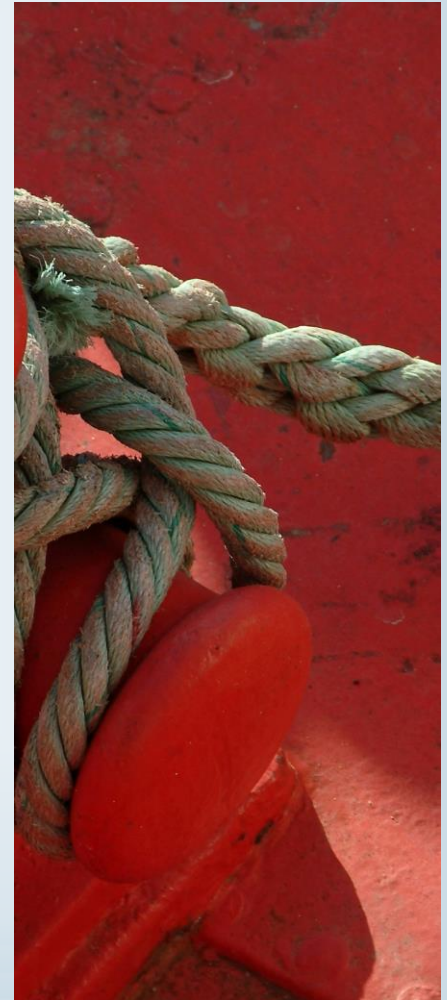
# Update on Dhirubhai-1

- Production uptime of 99.8% in Q2 2017
- Firm contract until Sep'18. Purchase option at the end of the charter contract at USD 255m.
- Reliance and BP to expand production on the KG-D6 block
  - Intend to develop three additional fields on the KG-D6 block
    - *Contracts for development of R-Series to be awarded*
    - *Field development plans on the Satellite and MJ fields expected to be submitted by end of 2017*
    - *FEED study for the development of the MJ field with a FPSO solution expected to be completed in H2'17. Dhirubhai-1 is a candidate for this field.*
  - Total new investments of about USD 6 billion
  - New developments expected to bring about 30-35m cbm per day of new gas phased over 2020-22



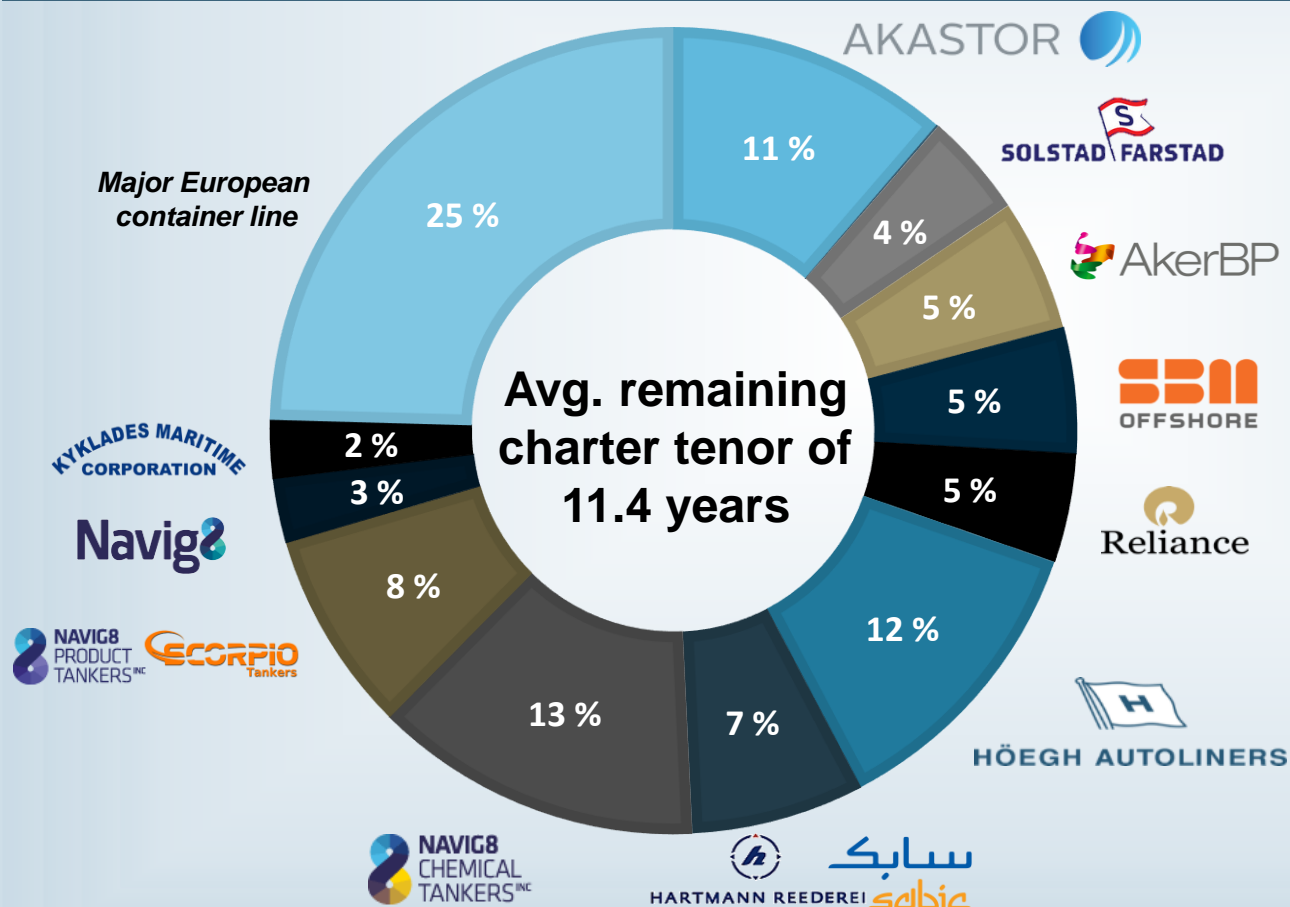
# Proposed changes to the Norwegian tonnage tax regime

- Norwegian Tonnage Tax regime
  - The Norwegian ministry of Finance has notified ESA of a continuation of the regime for an additional 10 years
  - Restrictions on the use of bareboat charter contracts proposed
  - Current regime extended until YE '17 while discussions with ESA are ongoing
  
- How can Ocean Yield adapt
  - Future investments on time-charter basis and amend existing contracts to time-charter
  - Set up a permanent establishment outside Norway for vessels with bareboat contracts

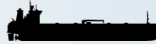



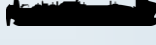



# Charter backlog by client end of Q2 2017

EBITDA\* backlog of USD 2.9 billion



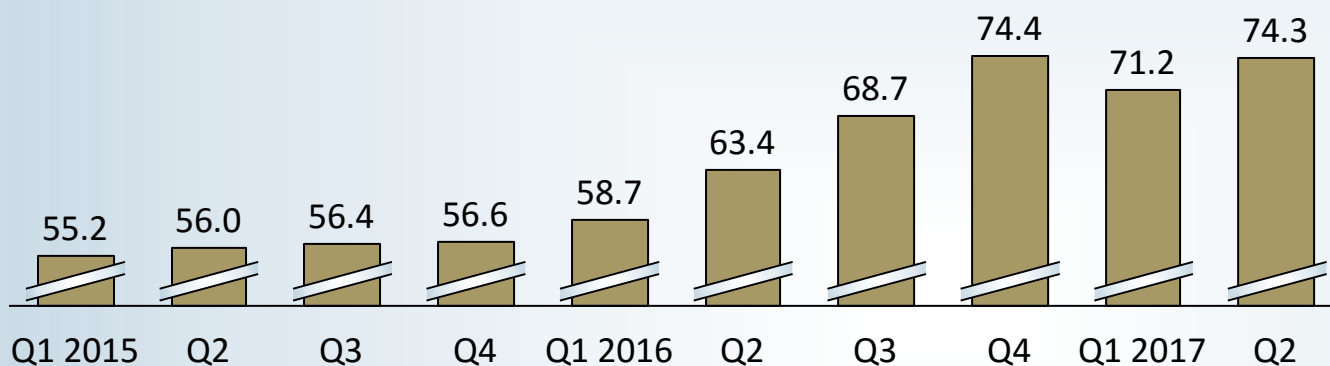
## Fleet

	15	Tankers
	7	Oil-service
	6	Container vessels
	6	Car Carriers
	2	Gas Carriers
	1	FPSO

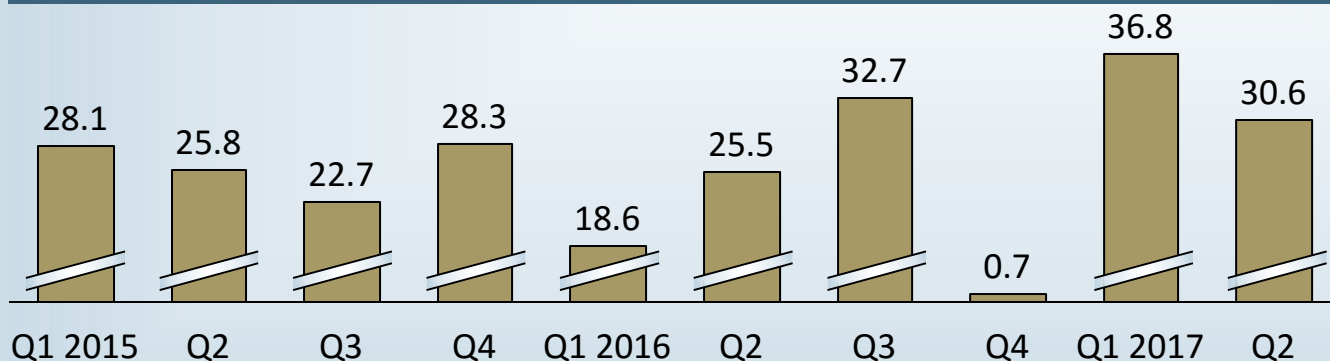
\*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised, LIBOR forward curve, USDNOK and finance lease adjustments

# Quarterly EBITDA and net profit

EBITDA per quarter (USDm)

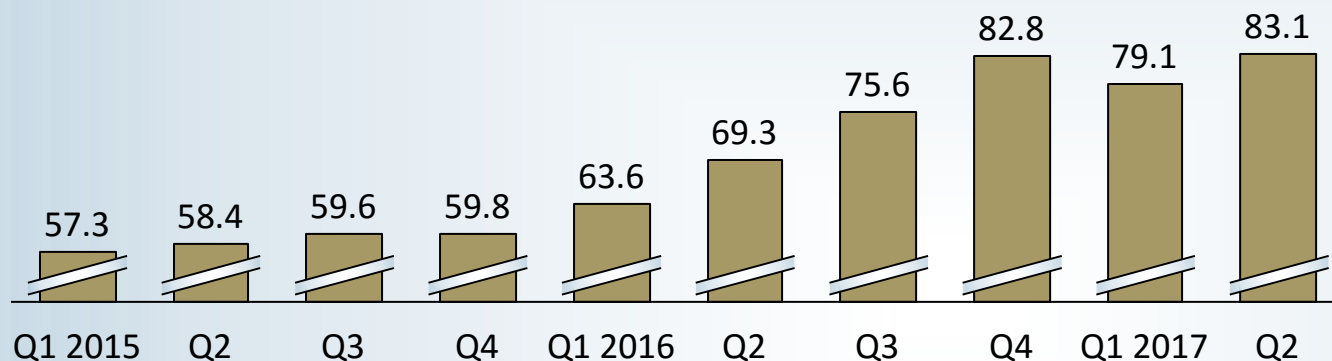


Net profit per quarter (USDm)

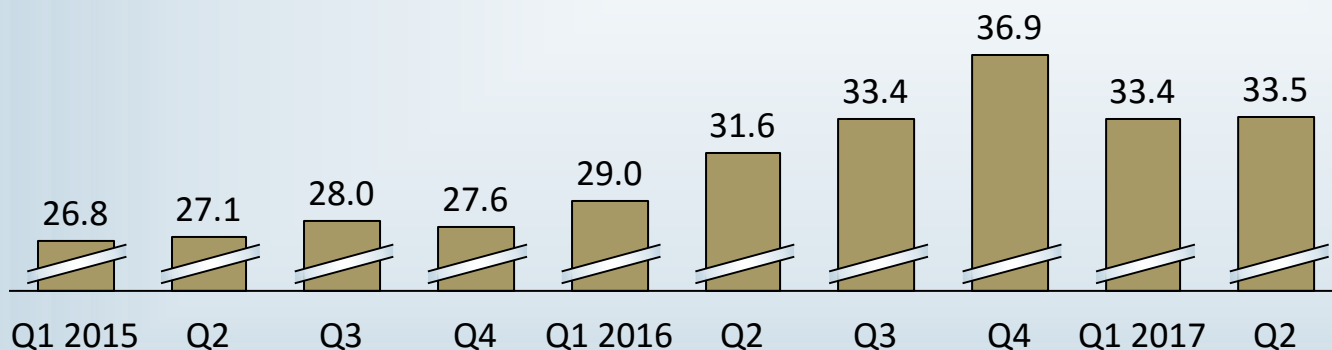


# Adjusted EBITDA and net profit

EBITDA adjusted for finance lease effects (USDm)

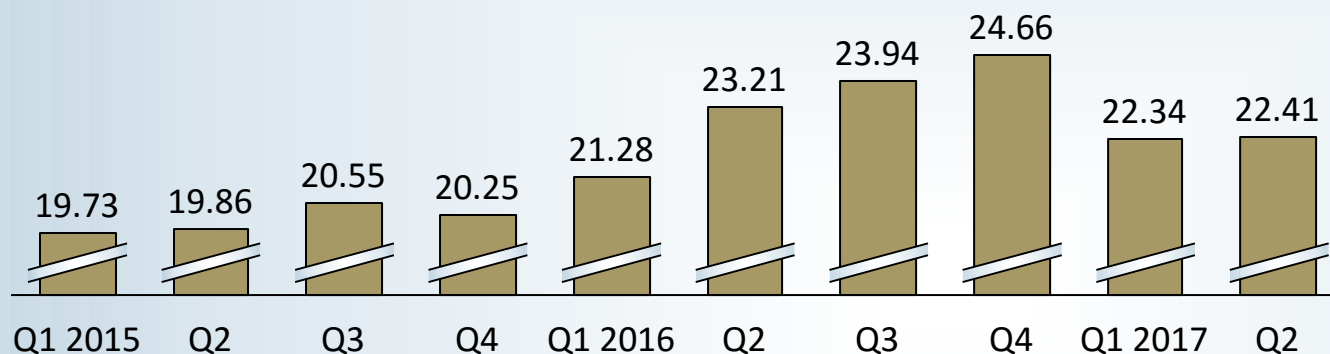


Adjusted net profit (USDm)

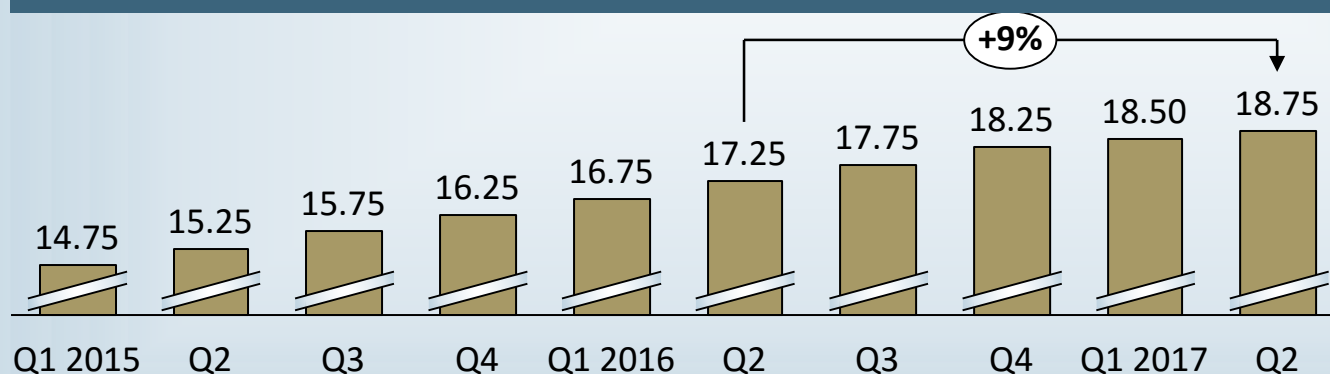


# Growth in cash dividends for 15 consecutive quarters

## Adjusted earnings per share (USD cents)<sup>1</sup>



## Dividend per share (USD cents)



## Dividend yield

9.3%<sup>2</sup> p.a.

## Pay-out ratio on adjusted Q2 EPS

84%

## Adjusted earnings yield

11.1%<sup>2</sup> p.a.

<sup>1</sup>See Q2 2017 Financial Report Note 18

<sup>2</sup>Per 13.7.2017, Q2 2017 DPS annualized, share price of NOK 66.50, NOK/USD of 8.3.

# Profit & loss

## Income statement

	Q1	Q2
<i>Amounts in USD million</i>	2017	2017
Operating revenues	57.2	59.5
Finance lease revenue	16.1	16.2
Income from investments in associates	5.3	6.5
<b>Total revenues and other income</b>	<b>78.6</b>	<b>82.2</b>
Vessel operating expenses	(4.2)	(5.1)
Wages and other personnel expenses	(1.8)	(1.4)
Other operating expenses	(1.4)	(1.4)
<b>EBITDA</b>	<b>71.2</b>	<b>74.3</b>
Depreciation and amortization	(24.5)	(24.8)
Impairment charges and other non recurring items	-	-
<b>Operating profit</b>	<b>46.8</b>	<b>49.5</b>
Financial income	9.2	1.4
Financial expenses	(17.0)	(17.3)
Foreign exchange gains/losses	(0.6)	(5.4)
Mark to market of derivatives	2.1	6.2
<b>Net financial items</b>	<b>(6.2)</b>	<b>(15.2)</b>
<b>Net profit before tax</b>	<b>40.5</b>	<b>34.4</b>
Tax payable	(0.0)	(0.0)
Change in deferred tax	(3.7)	(3.7)
<b>Income tax expense</b>	<b>(3.7)</b>	<b>(3.7)</b>
<b>Net profit after tax</b>	<b>36.8</b>	<b>30.6</b>
Non-controlling interests	0.4	0.3
<b>Equity holders of the parent</b>	<b>36.4</b>	<b>30.4</b>
<b>Earnings per share (USD)</b>	<b>0.25</b>	<b>0.20</b>

## Comments

### Revenues

- Delivery of 4 vessels during Q2 in addition to full quarter earnings for 2 container vessels delivered in Q1

### Vessel opex

- Increase mainly related to replacement of a gas turbine generator according with scheduled normal maintenance.

### Financials

- Financial income in Q1 includes gain of USD 5.7m related to AMSC bonds
- Financial expenses includes USD 0.4m of non-cash interest related to build-up of potential de-mobilization expense

### Deferred tax expense

- Change in deferred tax is offset against deferred tax asset on balance sheet

# Adjusted net profit

Adjustments			Comments	
	Q1	Q2		
<i>Amounts in USD million</i>	<i>2017</i>	<i>2017</i>		
<b>Net profit</b>	<b>36.8</b>	<b>30.6</b>		
- Impairment charges	-	-		
- Gain on AMSC bonds	(5.7)	-		
- Cancellations/repayment of loans	0.1	-		
- Foreign exchange gains/losses	0.6	5.4	• Mainly related to bond and bank loans in NOK	
- Mark to market of derivatives	(2.1)	(6.2)	• USD/NOK cross currency and interest rate swaps	
- Tax payable	-	-		
- Changes in deferred tax, net	3.7	3.7	• Non-cash and offset against deferred tax assets on balance sheet	
<b>Adjusted net profit</b>	<b>33.4</b>	<b>33.5</b>		

# Balance sheet

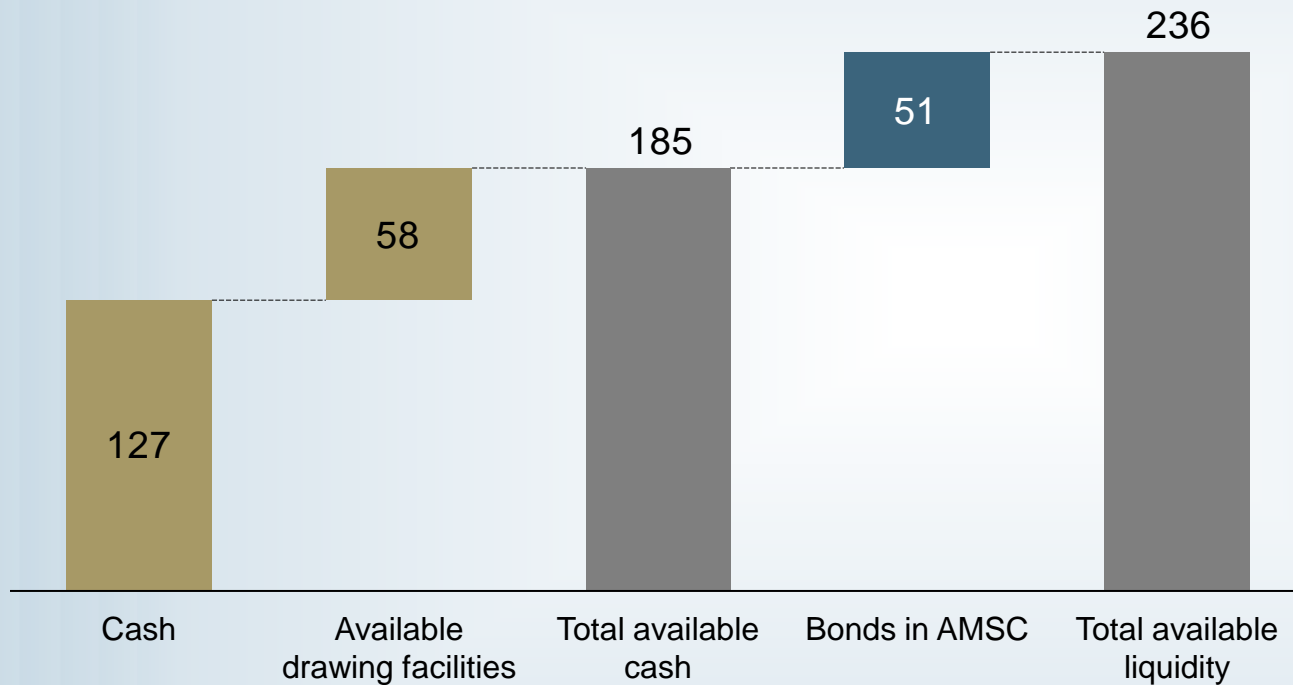
## Balance sheet

	Q1	Q2		Q1	Q2
<b>ASSETS (USD million)</b>	2017	2017	<b>EQUITY AND LIABILITIES (USD million)</b>	2017	2017
Goodwill	9.8	9.8	Equity to holders of the parent	813.5	812.2
Vessels and equipment	1,228.6	1,361.1	Non-controlling interests*	11.3	11.6
Investments in associates	186.6	185.8	<b>Total equity</b>	<b>824.8</b>	<b>823.8</b>
Finance lease receivables and related	695.9	735.0			
Investments in AMSC Bonds	50.7	50.8	Interest-bearing debt	1,256.7	1,456.3
Restricted cash deposits	23.3	2.3	Mob-fee, advances and other	45.6	41.0
Other non-current assets	1.5	1.6	Mark to market of derivatives	24.1	20.0
Shares in Solstad Farstad ASA	12.5	10.1	Field abandonment provision	28.9	29.3
Deferred tax assets	16.7	13.2	<b>Total non-current liabilities</b>	<b>1,355.3</b>	<b>1,546.7</b>
<b>Total non-current assets</b>	<b>2,225.5</b>	<b>2,369.7</b>	Interest-bearing short term debt	106.2	98.6
			Mark to market of derivatives	41.3	39.1
Trade- and other interest-free receivables	23.3	27.0	Trade and other payables	17.3	15.4
Cash and cash equivalents	96.1	126.8	<b>Total current liabilities</b>	<b>164.8</b>	<b>153.1</b>
<b>Total current assets</b>	<b>119.4</b>	<b>153.8</b>	<b>Total liabilities</b>	<b>1,520.1</b>	<b>1,699.7</b>
<b>Total assets</b>	<b>2,344.9</b>	<b>2,523.5</b>	<b>Total equity and liabilities</b>	<b>2,344.9</b>	<b>2,523.5</b>
			<b>Equity ratio</b>	<b>35.2 %</b>	<b>32.6 %</b>

\*Non-controlling interest of USD 11.6 million relates to the vessel SBM Installer

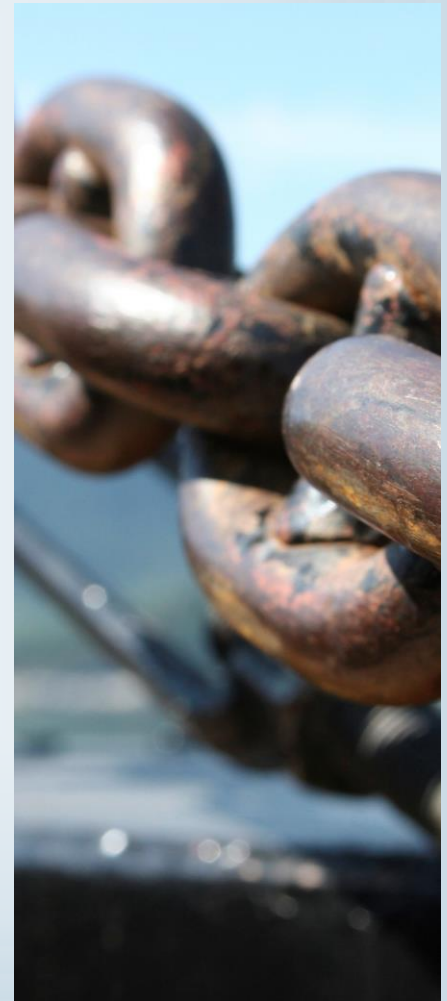
# Strong liquidity position

Cash and securities available for sale per Q2'17 (USD million)



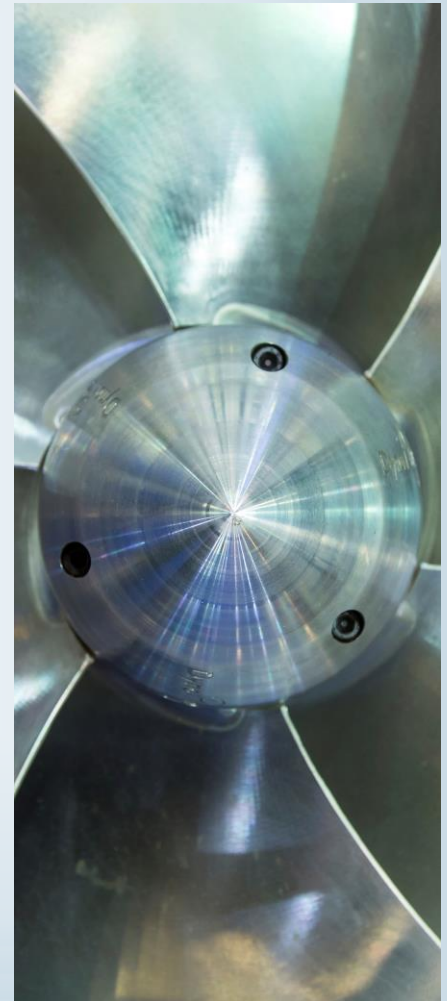
## Comments

- No capex commitments



# Outlook

- New investments
  - A strong balance sheet and available liquidity of USD 236 million gives substantial investment capacity
  - Low asset values should make 2017/2018 an attractive timing for new investments
- Q3 2017 earnings will have positive contribution from four vessels delivered at the end of Q2
- Expects to continue to pay attractive and increasing quarterly dividends, however at a conservative growth rate











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