



OCEAN YIELD



# Presentation Q3 2016

3<sup>rd</sup> November 2016

# 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
  - Dividend yield of 8.4% p.a.
- 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



# Recent events

- Issuance of new equity and unsecured bonds
- Investment in two chemical tankers with long term charters
- Gas vessels - amendment of terms and cancellation of the 3<sup>rd</sup> vessel
- Delivery of 5 newbuildings and completion of Aker Wayfarer modification during Q3
- Dhirubhai-1
  - Reduced revenues and higher costs due to planned periodical maintenance of 2.1 days
- Sales restrictions on AMSC bonds partly removed



# 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





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



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## Vessel details

No of vessels	2 x
Vessel type	IMOII chemical tanker
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")



# Gas carriers under construction at Sinopacific Offshore & Engineering (SOE)

- Three newbuildings ordered at SOE in China with 15 years bareboat charter to Hartmann
- SOE filed for receivership in August 2016
- Agreement on amended terms
  - 1<sup>st</sup> vessel to be delivered in November
  - 2<sup>nd</sup> vessel will be financed and finalized by Sumec Marine Co. Ltd. at the Dayang Shipyard with expected delivery in July'17
  - 3<sup>rd</sup> vessel was cancelled with USD 17.6m in pre-delivery instalments and interest repaid in Q4 2016
    - *Proceeds to be re-invested into new projects*

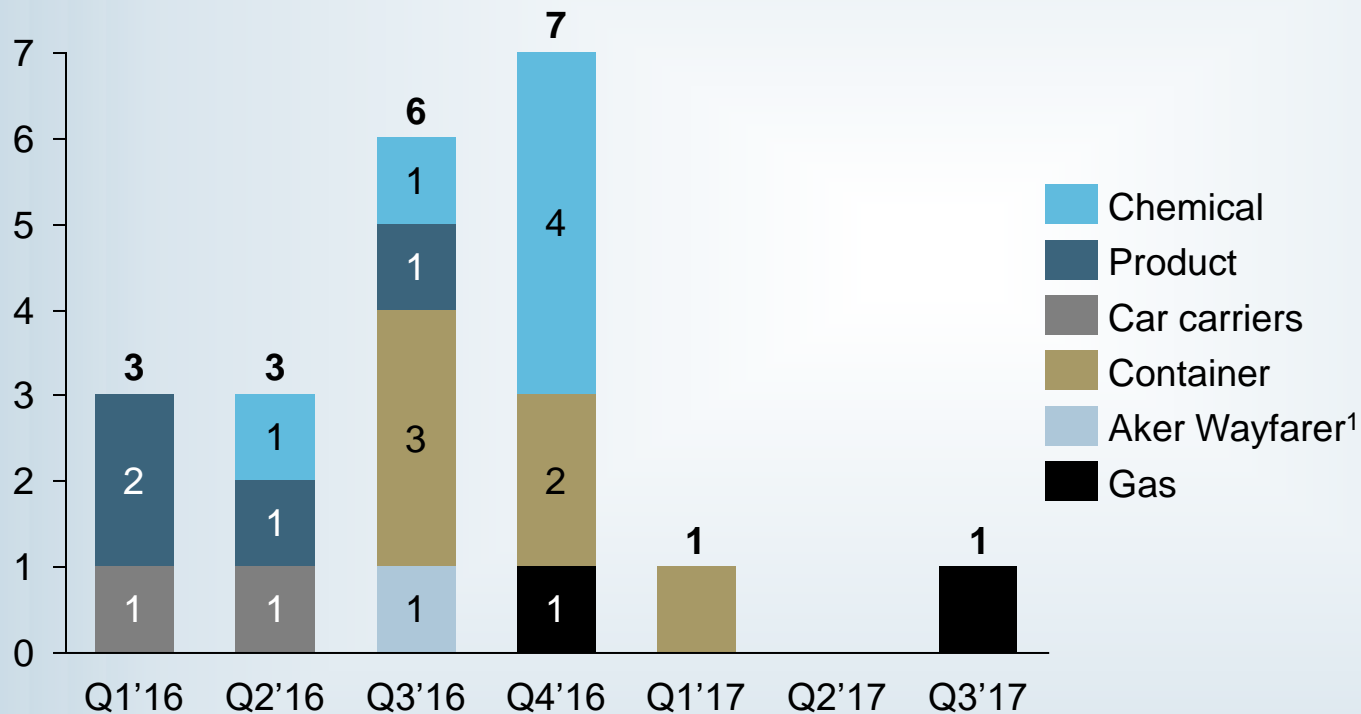


# 1<sup>st</sup> liquefied ethylene gas (LEG) carrier “Gaschem Beluga” on sea trial

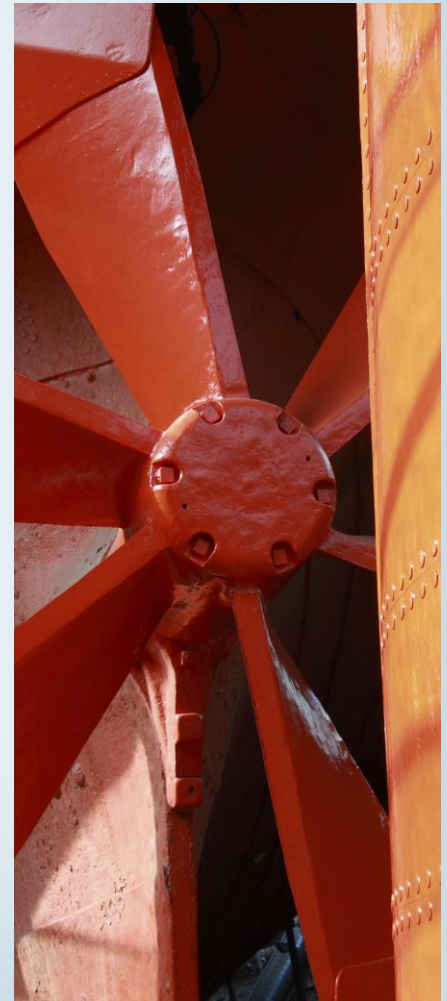


# Delivery schedule of vessels

Delivery schedule (# vessels)

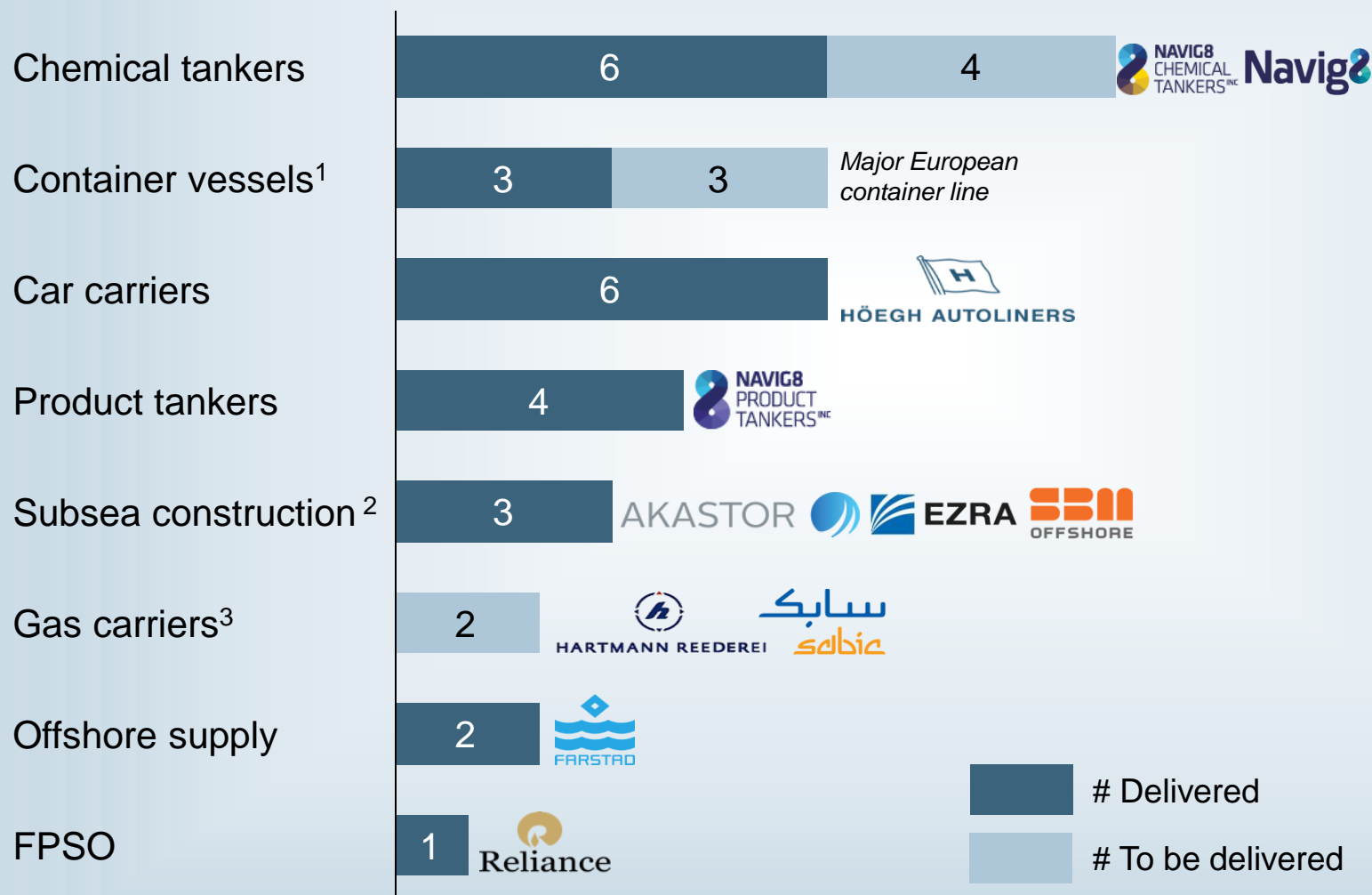


1) Including redelivery of Aker Wayfarer after major modification





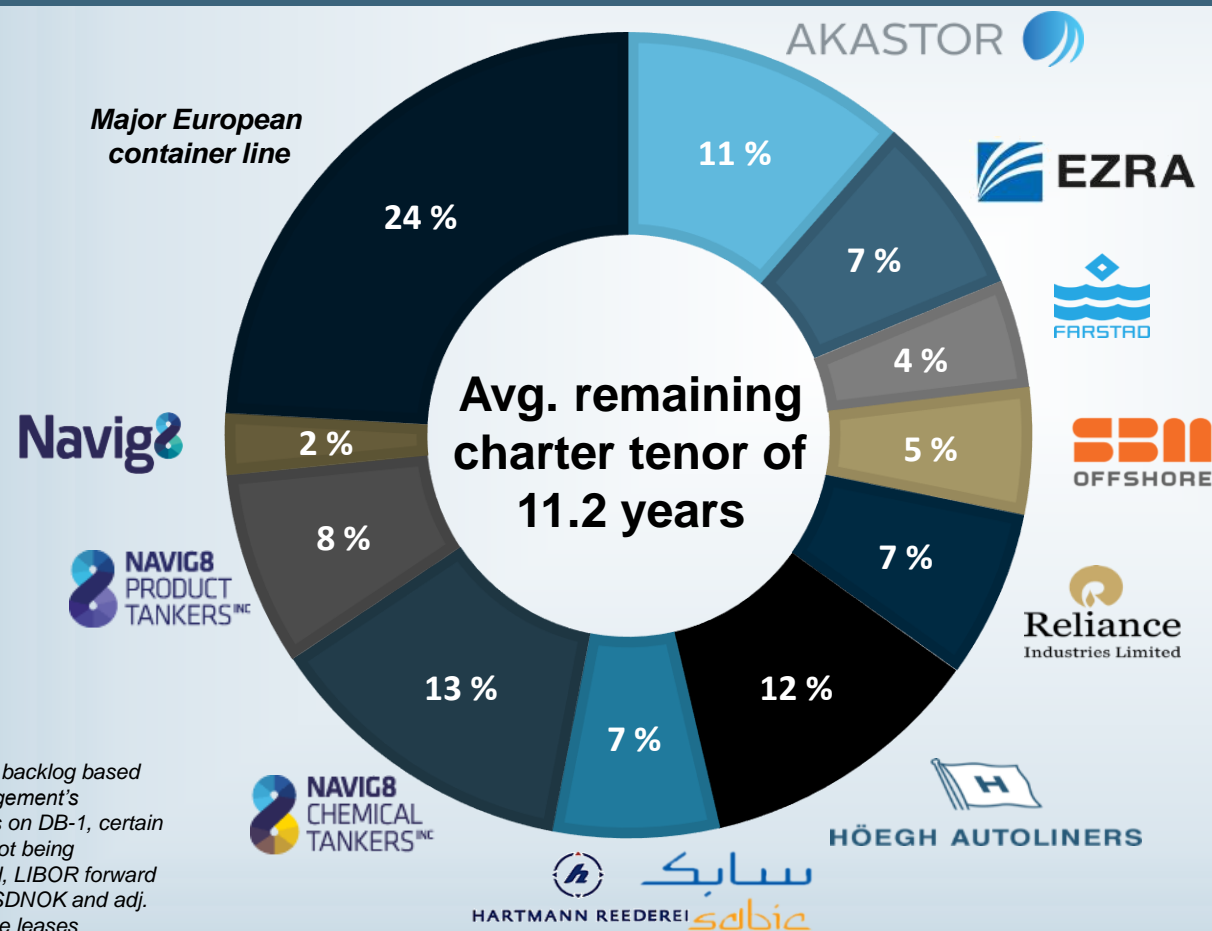
# Fleet overview per Q3 2016



1) 49.5% ownership in six container vessels, 2) 75.0% ownership in SBM Installer and 3) Excludes one gas vessel that was cancelled in Q4 2016

# Charter backlog by client per Q3 2016

Q3 EBITDA\* backlog of USD 3.2 billion

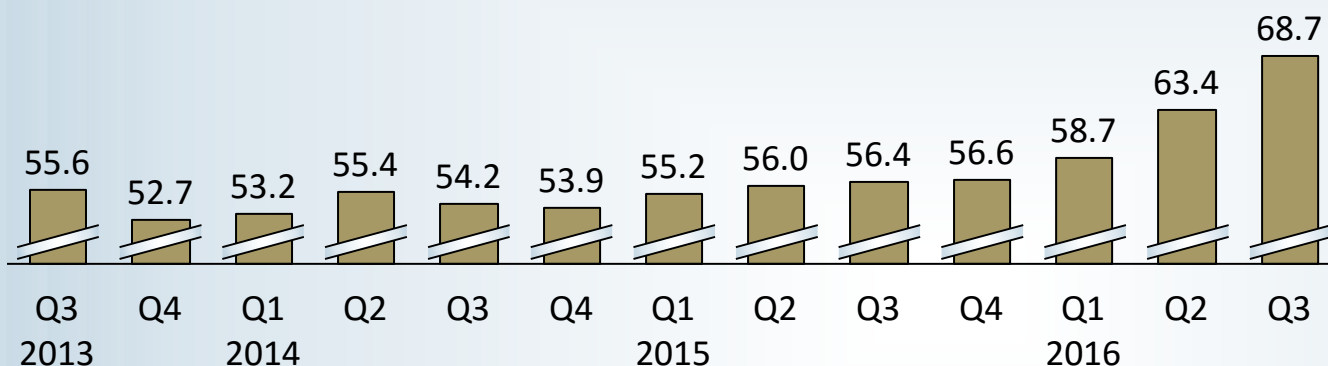


\*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised, LIBOR forward curve, USDNOK and adj. for finance leases

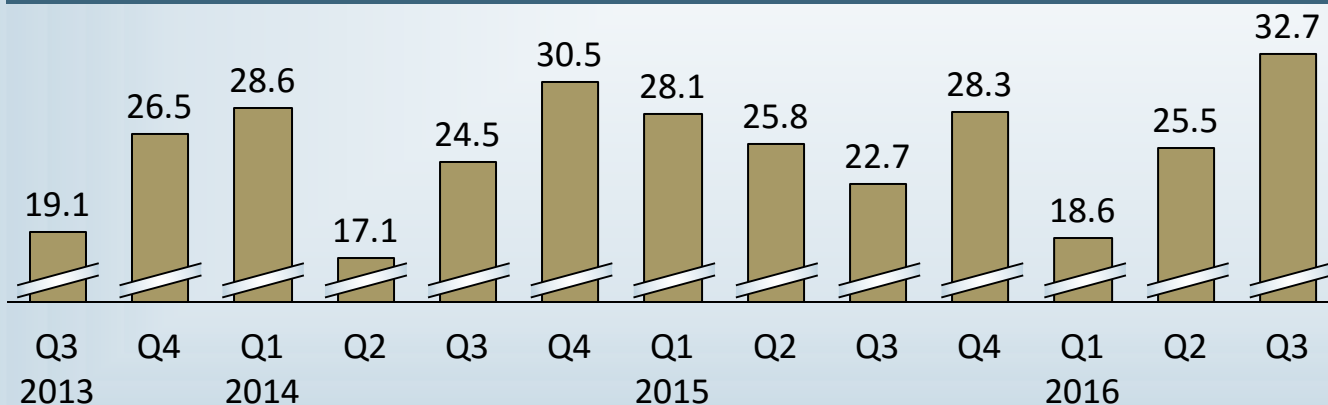


# Quarterly EBITDA and net profit

EBITDA per quarter (USDm)

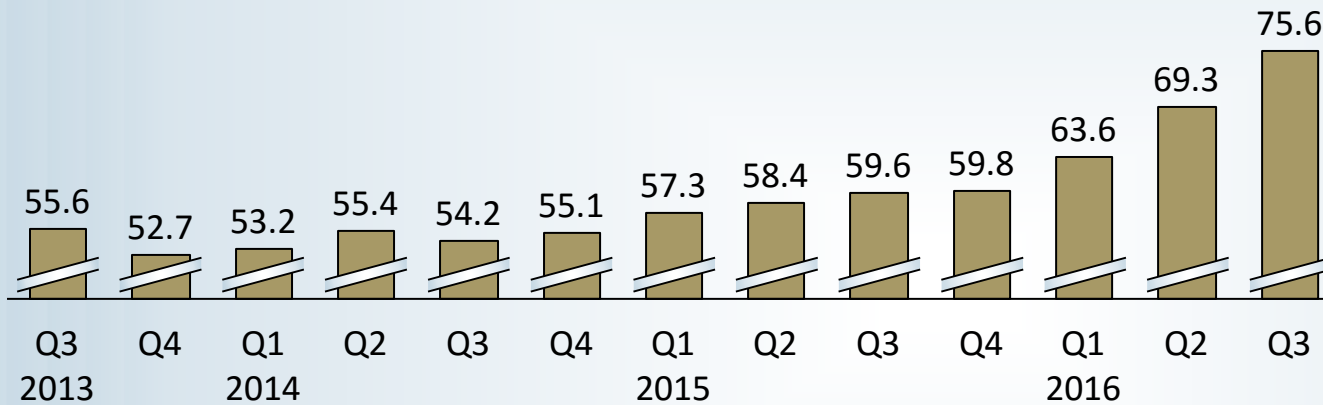


Net profit per quarter (USDm)

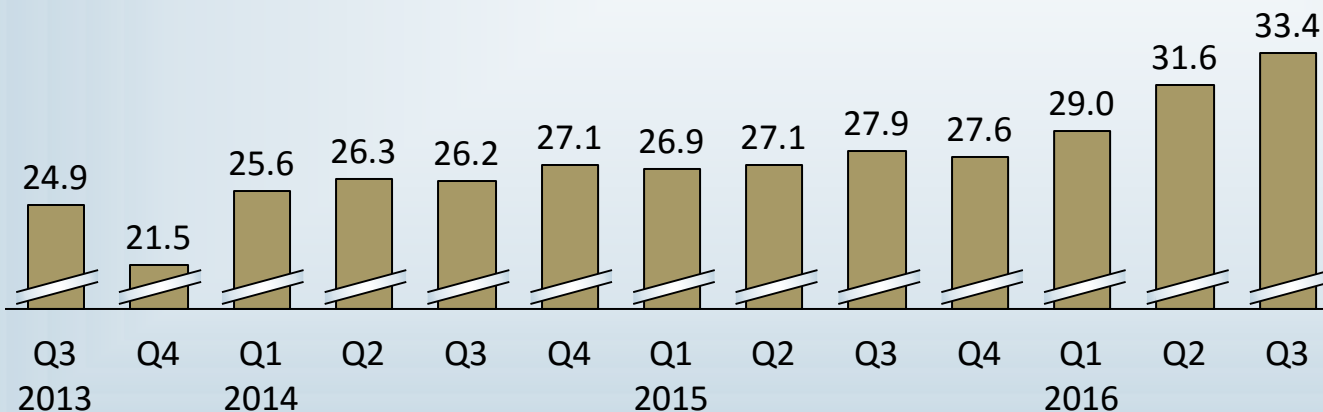


# Adjusted EBITDA and net profit

EBITDA adjusted for finance lease effects (USDm)



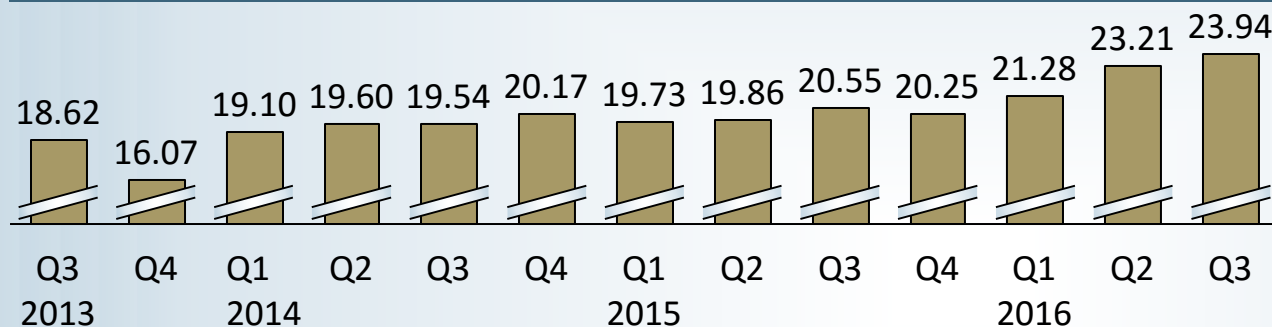
Adjusted net profit (USDm)



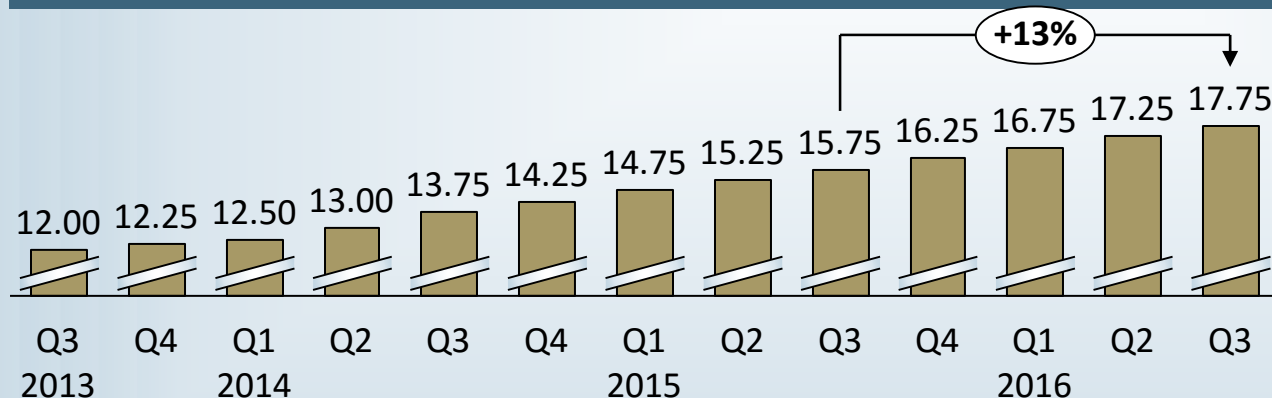


# Growth in cash dividends for 12 consecutive quarters

## Adjusted earnings per share (USD cents)<sup>2</sup>



## Dividend per share (USD cents)



## Dividend yield

8.4%<sup>1</sup> p.a.

## Pay-out ratio on adjusted Q3 EPS

80%

## Adjusted earnings yield

10.6%<sup>1</sup> p.a.

<sup>1</sup>As per 2.11.2016. Q3 2016 dividend annualized, outstanding shares as per end of Q3, share price of NOK 69.0, NOK/USD 8.2.

<sup>2</sup>Reported EPS has been adjusted for non-recurring items, FX, m-t-m of derivatives and change in deferred tax and based on weighted average no. of shares.

# P&L

Income statement		
	Q2	Q3
<i>Amounts in USD million</i>	2016	2016
<b>Total revenues</b>	<b>70.1</b>	<b>76.2</b>
Vessel operating expenses	(4.0)	(4.6)
Wages and other personnel expenses	(1.3)	(1.7)
Other operating expenses	(1.4)	(1.2)
<b>EBITDA</b>	<b>63.4</b>	<b>68.7</b>
Depreciation and amortization	(24.8)	(25.2)
<b>Operating profit</b>	<b>38.6</b>	<b>43.5</b>
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
<b>Net financial items</b>	<b>(9.0)</b>	<b>(3.9)</b>
<b>Net profit before tax</b>	<b>29.5</b>	<b>39.7</b>
Tax payable	-	-
Change in deferred tax	(4.1)	(7.0)
<b>Net profit after tax</b>	<b>25.5</b>	<b>32.7</b>
Non controlling interests	0.1	(0.8)
<b>Net profit to equity holders of the parent</b>	<b>25.5</b>	<b>31.9</b>
<b>Earnings per share (USD)</b>	<b>0.19</b>	<b>0.23</b>

## 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	
	Q2	Q3		
<i>Amounts in USD million</i>	2016	2016		
<b>Profit after tax</b>	<b>25.5</b>	<b>32.7</b>		
- 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	• Mainly related to bond and bank loans in NOK	
- Mark to market of derivatives	4.8	(15.9)	• USD/NOK cross currency and interest rate swaps	
- Tax payable	-	-		
- Changes in deferred tax, net	4.1	7.0		
<b>Adjusted net profit after tax</b>	<b>31.6</b>	<b>33.4</b>		

# Balance sheet

## Balance sheet

	Q2	Q3
<i>Amounts in USD million</i>	2016	2016
<b>ASSETS</b>		
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
<b>Total non-current assets</b>	<b>2 152.9</b>	<b>2 332.9</b>
Trade- and other interest-free receivables	18.2	17.6
Restricted cash deposits	-	47.9
Cash and cash equivalents	110.8	157.4
<b>Total current assets</b>	<b>129.0</b>	<b>222.9</b>
<b>Total assets</b>	<b>2 281.9</b>	<b>2 555.8</b>

	Q2	Q3
	2016	2016
<b>EQUITY AND LIABILITIES</b>		
Equity att. to equity holders of the parent	699.6	816.3
Non controlling interests	9.5	10.2
<b>Total equity</b>	<b>709.1</b>	<b>826.5</b>
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
<b>Total non-current liabilities</b>	<b>1 346.0</b>	<b>1 414.8</b>
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
<b>Total current liabilities</b>	<b>226.8</b>	<b>314.6</b>
<b>Total liabilities</b>	<b>1 572.8</b>	<b>1 729.3</b>
<b>Total equity and liabilities</b>	<b>2 281.9</b>	<b>2 555.8</b>
<b>Equity ratio</b>	<b>31.1 %</b>	<b>32.3 %</b>

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



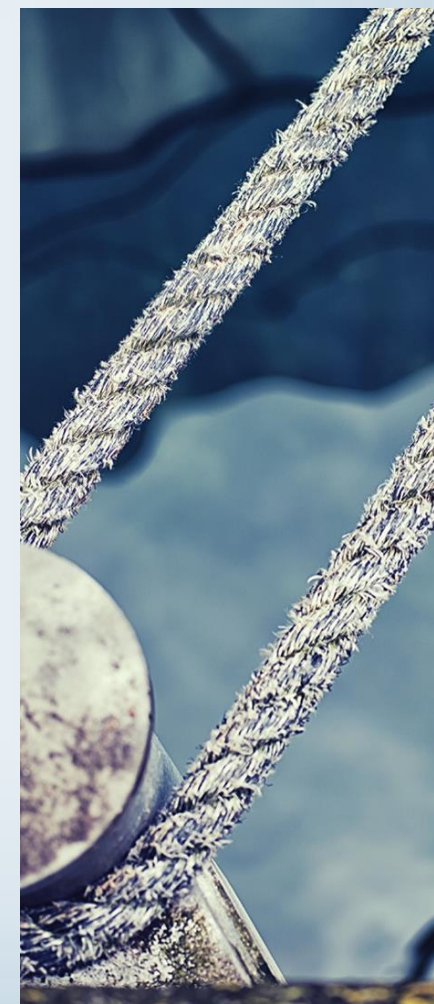
# Contractual obligations and financing

## Contractual obligations and financing, Q3 2016

<i>Amounts in USD million</i>	<b>Other Oil Service</b>	<b>Gas Carriers</b>	<b>Container Vessels</b>	<b>Other Shipping</b>	<b>Total</b>
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
<b>Total contractual obligations</b>	<b>-</b>	<b>243.0</b>	<b>87.4</b>	<b>131.2</b>	<b>461.5</b>
Total remaining payments	-	170.1	86.5	98.9	355.5
Secured bank financing	14.8	202.5	72.0	89.0	378.4
<b>Estimated surplus cash</b>					<b>22.9</b>

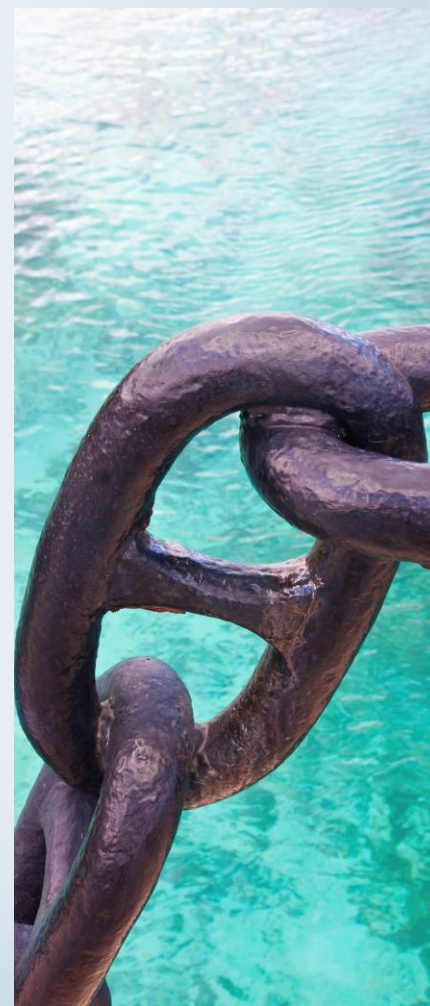
## Comments

- 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.



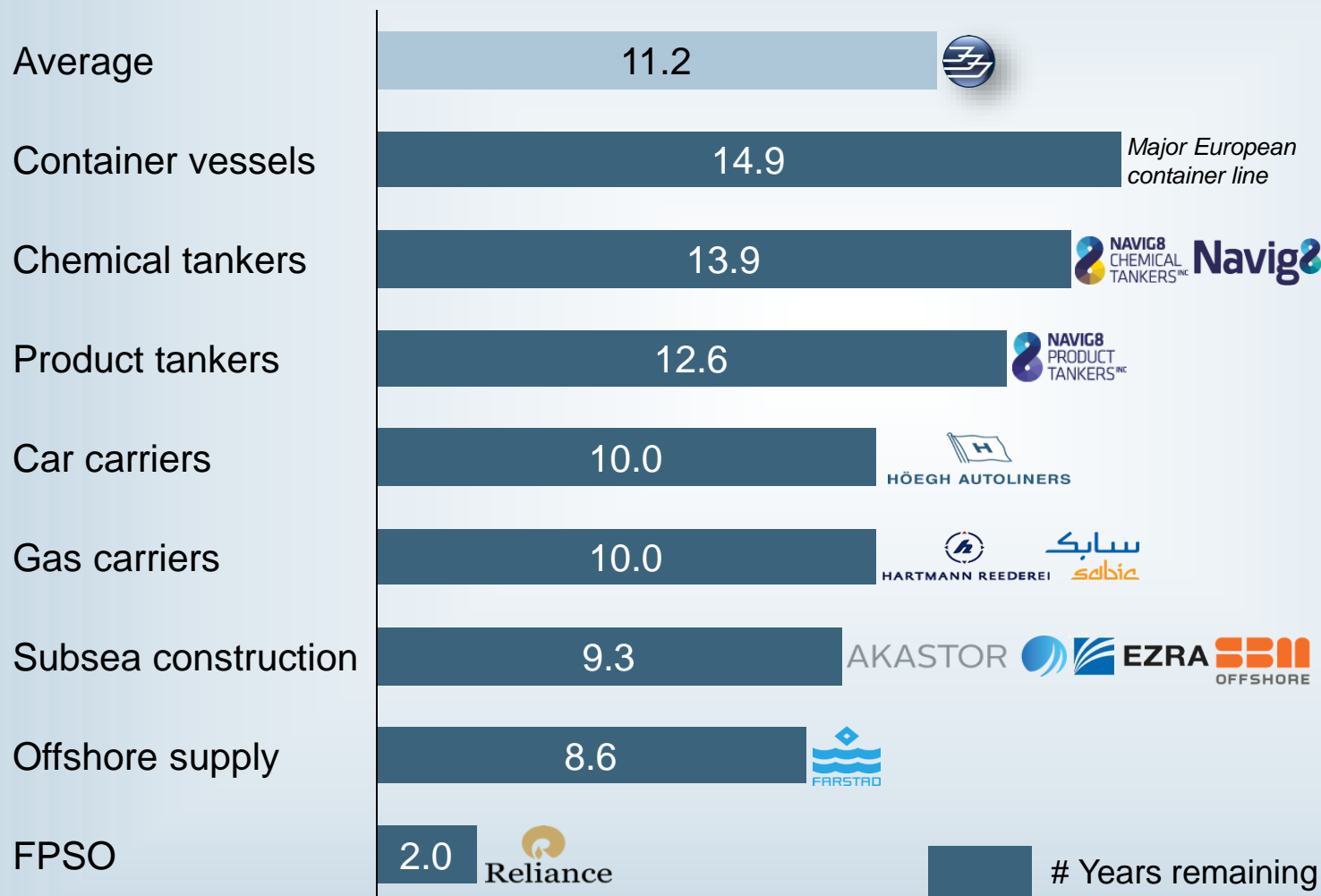
# Summary

- Expect increased revenues in Q4
  - Full quarter earnings effect from vessels delivered during Q3
  - Delivery of 7 newbuildings during Q4
- Intend to continue to make new investments in modern vessels to build a substantially larger and more diversified company
- Intend to continue its dividend policy of paying attractive and increasing dividends



## Appendix

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



1) Average weighted tenor based on EBITDA



# Delivery schedule of vessels

Project	Vessel	Type	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	November '16
Navig8 Chemical Tankers	Navig8 Tanzanite	Chemical carrier, MR	November '16
Navig8 Ltd.	Navig8 Constellation	Chemical carrier, MR	November '16
Quantum Pacific JV	MSC Mirjam	Container 19,500 TEU	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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