



OCEAN YIELD



# Ocean Yield ASA

## Q3 2017 presentation

3rd November 2017



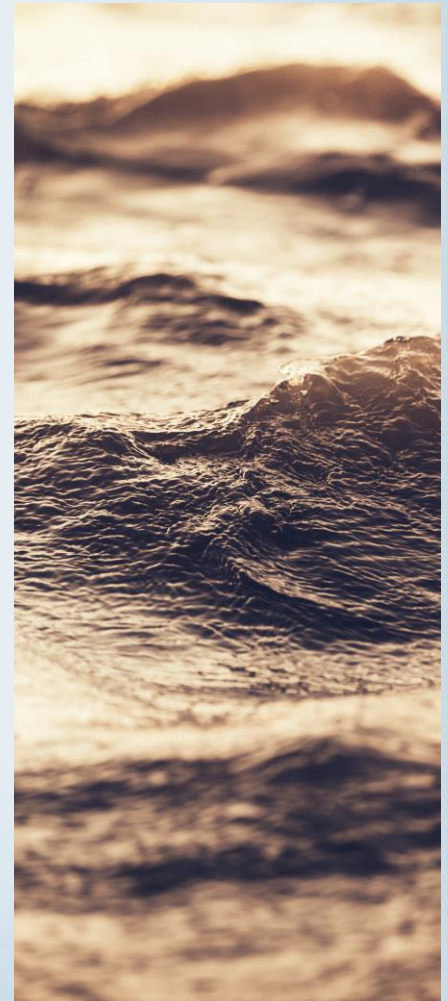
# Third Quarter 2017 financial highlights

- Quarterly dividend increased to USD 0.1885 per share
  - Increase of USD 0.10 cents vs. Q2 2017
  - USD 0.754 per share annualized
  - Dividend yield of 8.4% p.a.
  - 16<sup>th</sup> consecutive quarterly dividend increase
- EBITDA was USD 80.6m vs. USD 74.3m in Q2
  - EBITDA adjusted for finance lease effects was USD 89.3m vs. USD 83.1m in Q2
- Net profit before tax was USD 39.2m vs. USD 34.4m in Q2
- Net profit after tax was USD 31.3m vs. USD 30.6m in Q2
  - Change in deferred tax of USD 7.9m, no tax payable
- Adjusted net profit was USD 36.3m vs. USD 33.5m in Q2



# Market for sale & leaseback transactions

- Reduced transaction volumes for modern vessels year to date, driven by low newbuilding activity
- Increased activity observed in Q4, supported by improving market fundamentals
- Expects higher volumes of sale & lease back transactions in 2018
- Low asset values and newbuilding prices should make 2018 an attractive timing for new investments



# Update on Dhirubhai-1

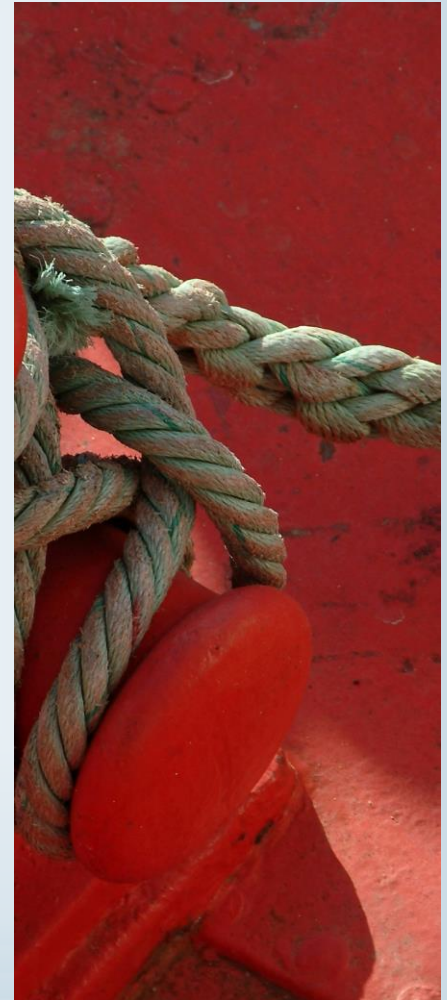
- Production uptime of close to 100% in Q3 2017
- Only USD 30m debt outstanding on the vessel at the end of Q3 2017
- Expect production on the MA field to continue beyond the end of the firm contract in September 2018
  - Purchase option at the end of the charter contract at USD 255m
- Reliance and BP to expand production on the KG-D6 block by investing about USD 6 billion to develop three additional fields
  - Field development plans on the MJ fields and Satellite fields submitted in October
  - The MJ field will be developed with an FPSO solution and Dhirubhai-1 is a candidate for this field





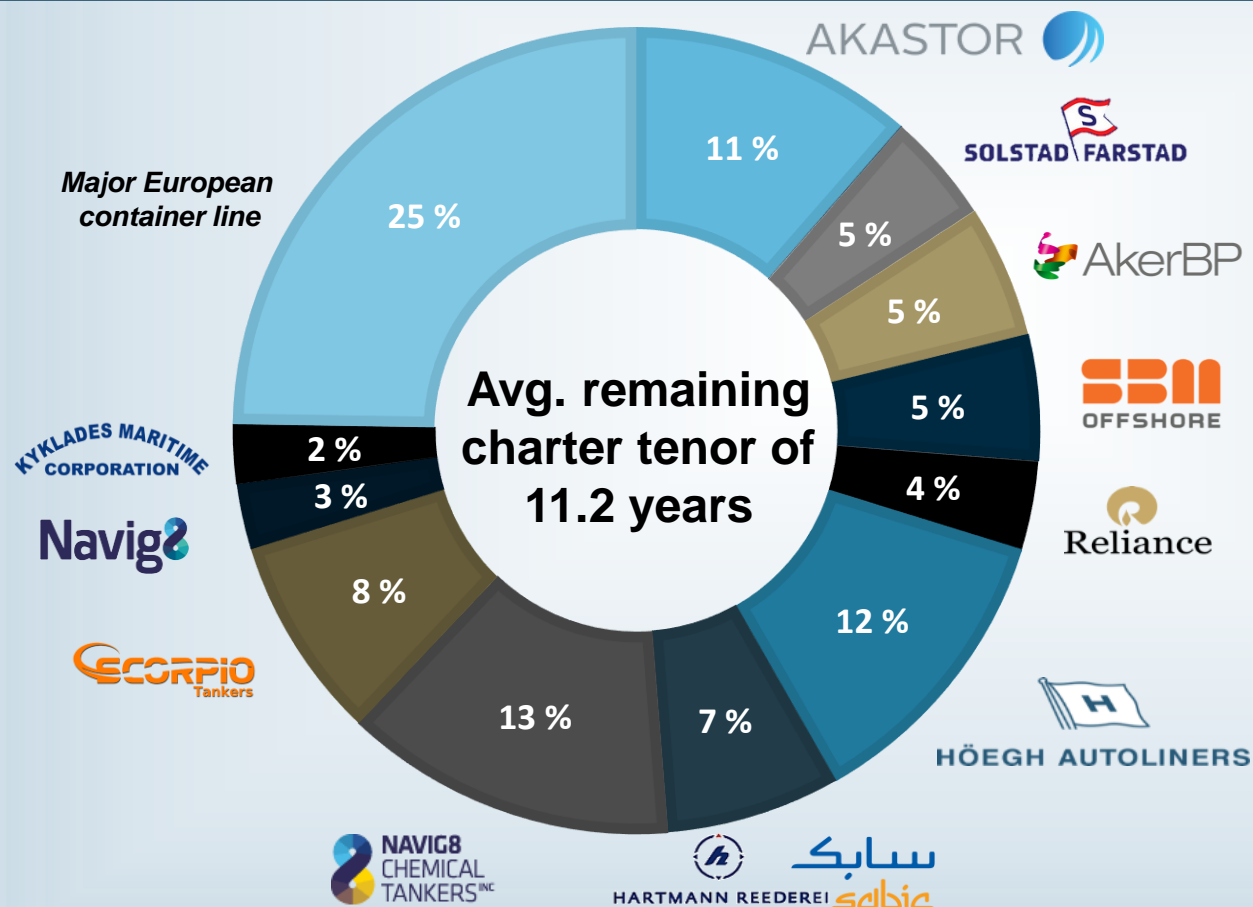
# Proposed changes to the Norwegian tonnage tax regime

- The Norwegian ministry of Finance has notified ESA of a continuation of the tonnage tax 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
- Contemplating to relocate vessels with bareboat contracts and related operations to a jurisdiction within the EU
- Ocean Yield ASA will remain a Norwegian company
- No material negative tax consequences expected

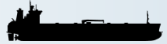


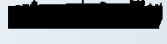




# Charter backlog by client end of Q3 2017

EBITDA\* backlog of USD 2.9 billion



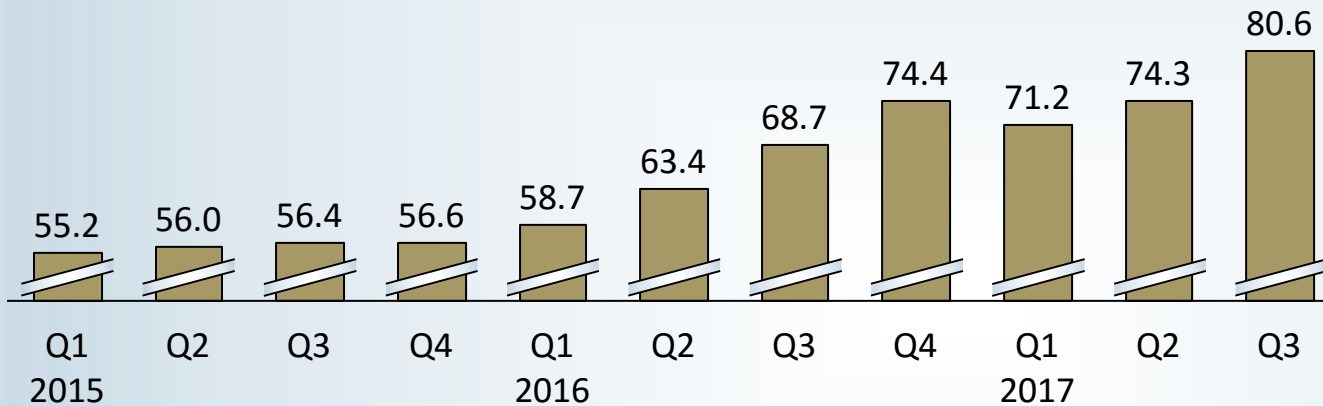
## Fleet

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

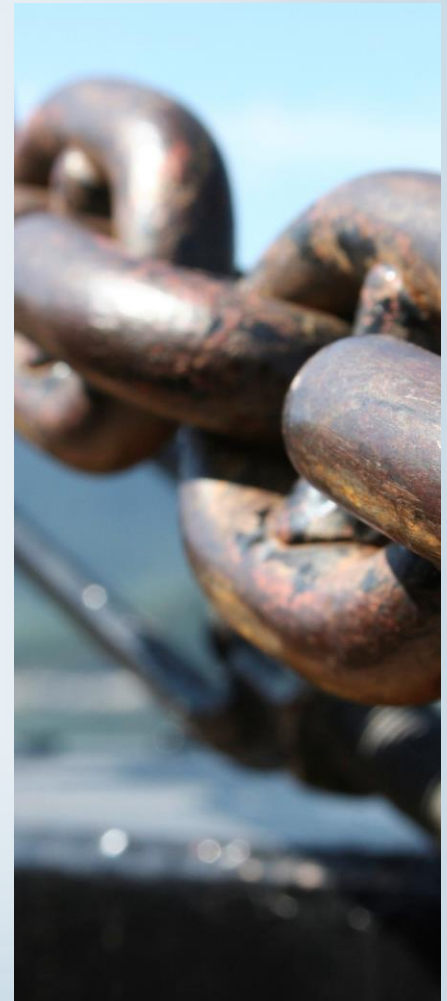
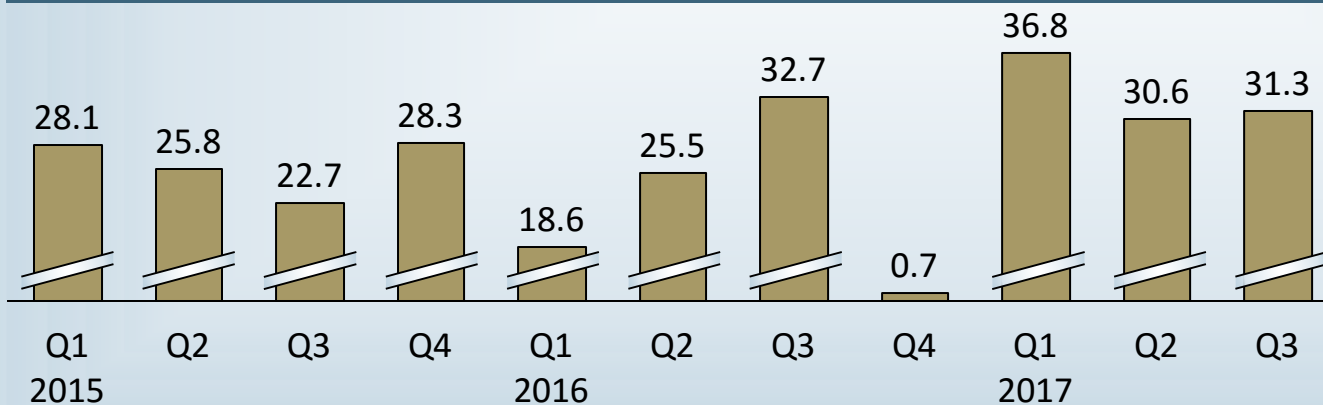
\*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised, LIBOR forward curve, USDNOK and finance lease adjustments

# Quarterly EBITDA and net profit

EBITDA per quarter (USDm)

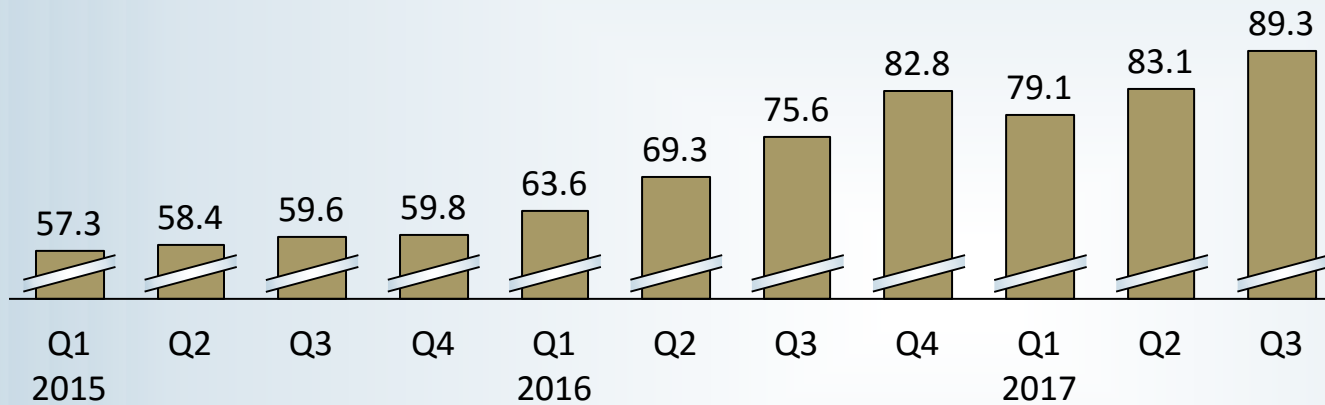


Net profit per quarter (USDm)

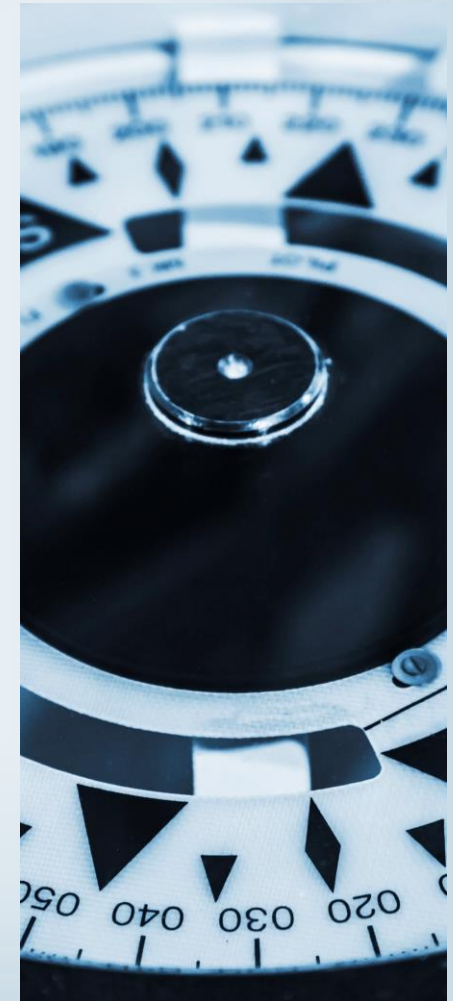
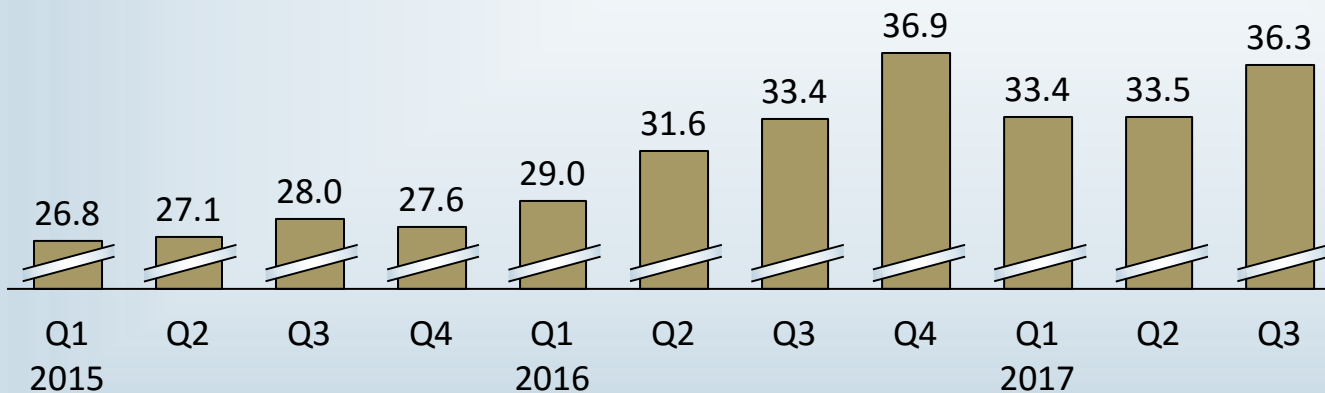


# Adjusted EBITDA and net profit

EBITDA adjusted for finance lease effects (USDm)



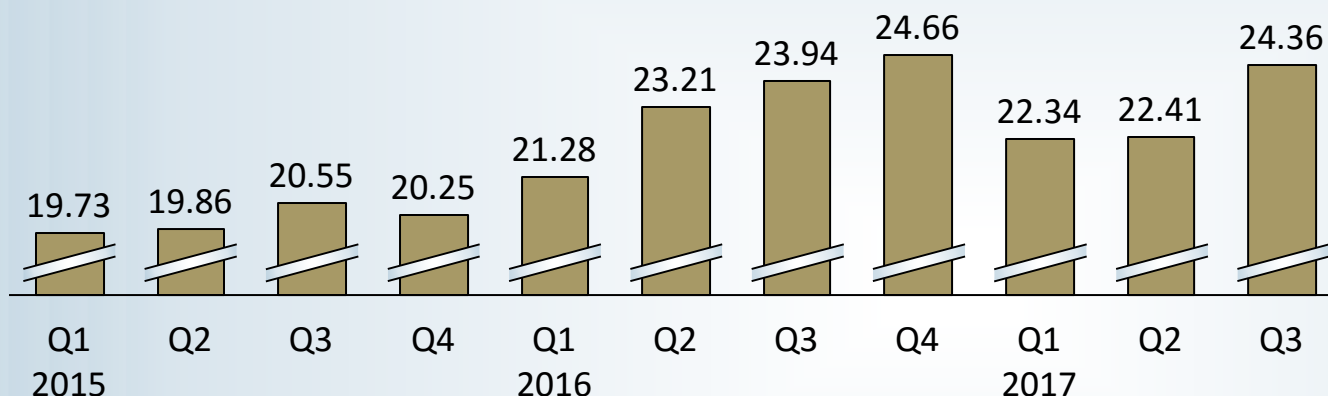
Adjusted net profit (USDm)



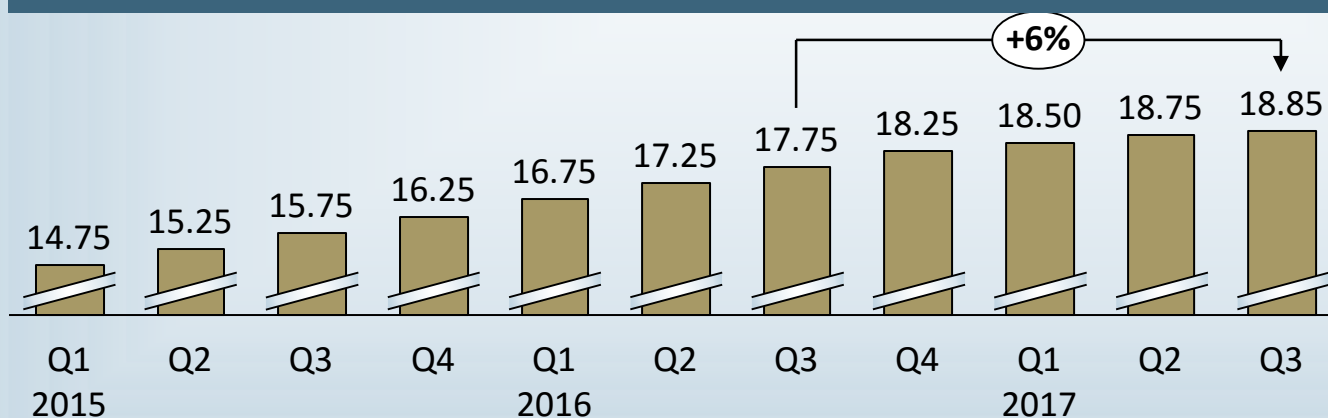


# Growth in cash dividends for 16 consecutive quarters

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



## Dividend per share (USD cents)



## Dividend yield

8.4%<sup>2</sup> p.a.

## Pay-out ratio on adjusted Q3 EPS

77%

## Adjusted earnings yield

10.9%<sup>2</sup> p.a.

<sup>1</sup>Definitions in Q3 2017 Report

<sup>2</sup>Per 2.11.2017, Q3 2017 DPS annualized, share price of NOK 72.75, NOK/USD of 8.1.

# Profit & loss

## Income statement

	Q2	Q3
<i>Amounts in USD million</i>	2017	2017
Operating revenues	59.5	66.6
Finance lease revenue	16.2	16.4
Income from investments in associates	6.5	5.8
<b>Total revenues and other income</b>	<b>82.2</b>	<b>88.8</b>
Vessel operating expenses	(5.1)	(4.1)
Wages and other personnel expenses	(1.4)	(2.7)
Other operating expenses	(1.4)	(1.4)
<b>EBITDA</b>	<b>74.3</b>	<b>80.6</b>
Depreciation and amortization	(24.8)	(26.7)
Impairment charges and other non recurring items	-	-
<b>Operating profit</b>	<b>49.5</b>	<b>53.9</b>
Financial income	1.4	1.4
Financial expenses	(17.3)	(19.0)
Foreign exchange gains/losses	(5.4)	(41.4)
Mark to market of derivatives	6.2	44.4
<b>Net financial items</b>	<b>(15.2)</b>	<b>(14.6)</b>
<b>Net profit before tax</b>	<b>34.4</b>	<b>39.2</b>
Tax payable	(0.0)	(0.0)
Change in deferred tax	(3.7)	(7.9)
<b>Income tax expense</b>	<b>(3.7)</b>	<b>(7.9)</b>
<b>Net profit after tax</b>	<b>30.6</b>	<b>31.3</b>
Non-controlling interests	0.3	0.4
<b>Equity holders of the parent</b>	<b>30.4</b>	<b>30.9</b>
<b>Earnings per share (USD)</b>	<b>0.20</b>	<b>0.21</b>

## Comments

### Revenues

- Increased due to full quarter earnings for four vessels delivered during Q2

### Vessel opex

- Q2 was impacted by replacement of gas turbine generator according to scheduled maintenance

### Wages and other personnel expenses

- Provisions for bonuses for key employees due to positive share price development in Q3

### Depreciation

- Impacted by delivery of vessels during Q2

### Deferred tax expense

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

# Adjusted net profit

Adjustments			Comments	
	Q2	Q3		
<i>Amounts in USD million</i>	<i>2017</i>	<i>2017</i>		
<b>Net profit</b>	<b>30.6</b>	<b>31.3</b>		
- Impairment charges	-	-		
- Foreign exchange gains/losses	5.4	41.4	• Mainly related to bond and bank loans in NOK	
- Mark to market of derivatives	(6.2)	(44.4)	• USD/NOK cross currency and interest rate swaps	
- Tax payable	-	-		
- Changes in deferred tax, net	3.7	7.9	• Non-cash and offset against deferred tax assets on balance sheet	
<b>Adjusted net profit</b>	<b>33.5</b>	<b>36.3</b>		

# Balance sheet

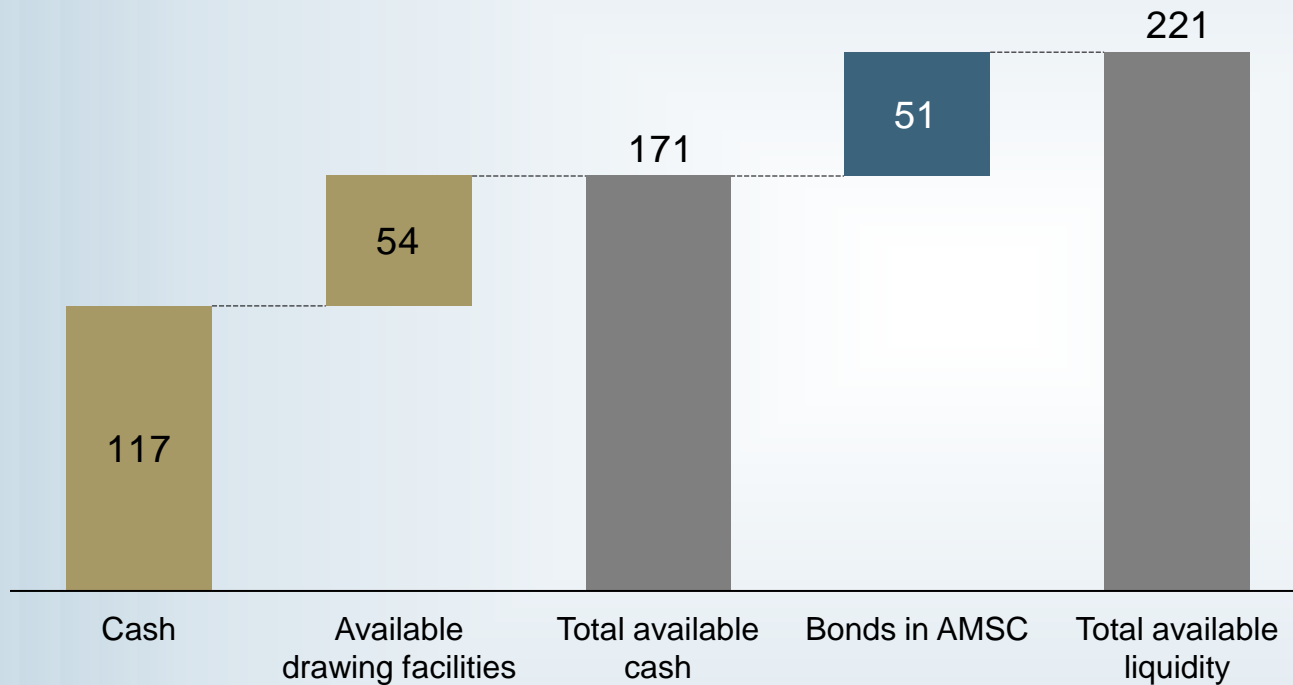
## Balance sheet

	Q2	Q3		Q2	Q3
ASSETS (USD million)	2017	2017	EQUITY AND LIABILITIES (USD million)	2017	2017
Goodwill	9.8	9.8	Equity to holders of the parent	812.2	815.0
Vessels and equipment	1 361.1	1,340.7	Non-controlling interests*	11.6	10.0
Investments in associates	185.8	186.1	<b>Total equity</b>	<b>823.8</b>	<b>824.9</b>
Finance lease receivables and related assets	735.0	727.3			
Investments in AMSC Bonds	50.8	50.7	Interest-bearing debt	1 456.3	1 447.2
Restricted cash deposits	2.3	-	Mobilization fee, advances and other	41.0	36.5
Other non-current assets	1.6	2.0	Mark to market of derivatives	20.0	5.8
Shares in Solstad Farstad ASA	10.1	7.6	Field abandonment provision	29.3	29.7
Deferred tax assets	13.2	5.3	<b>Total non-current liabilities</b>	<b>1 546.7</b>	<b>1,519.1</b>
<b>Total non-current assets</b>	<b>2 369.7</b>	<b>2 329.7</b>	Interest-bearing short term debt	98.6	109.8
			Mark to market of derivatives	39.1	9.0
Trade receivables and other receivables	27.0	33.2	Trade and other payables	15.4	17.0
Cash and cash equivalents	126.8	116.9	<b>Total current liabilities</b>	<b>153.1</b>	<b>135.7</b>
<b>Total current assets</b>	<b>153.8</b>	<b>150.1</b>	<b>Total liabilities</b>	<b>1 699.7</b>	<b>1 654.9</b>
<b>Total assets</b>	<b>2 523.5</b>	<b>2 479.8</b>	<b>Total equity and liabilities</b>	<b>2 523.5</b>	<b>2 479.6</b>
			<b>Equity ratio</b>	<b>32.6 %</b>	<b>33.3 %</b>

\*Non-controlling interest of USD 10 million relates to the vessel SBM Installer

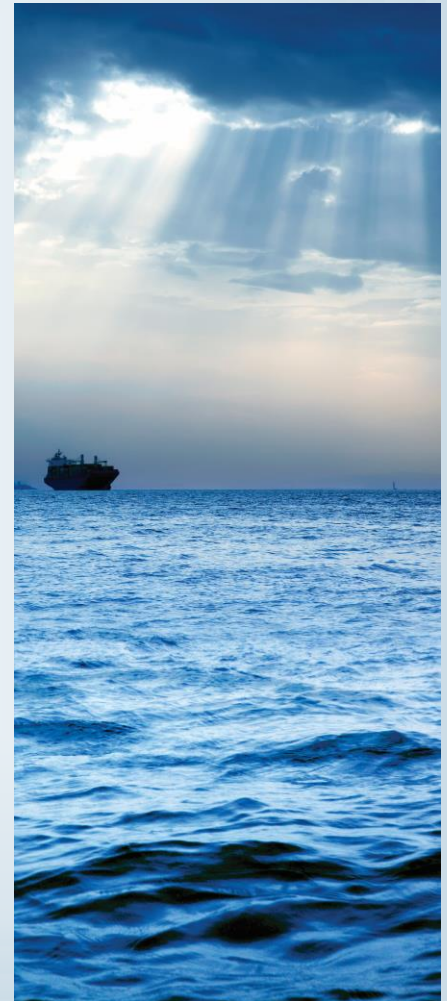
# Strong liquidity position

Cash and securities available for sale per Q3'17 (USD million)



## Comments

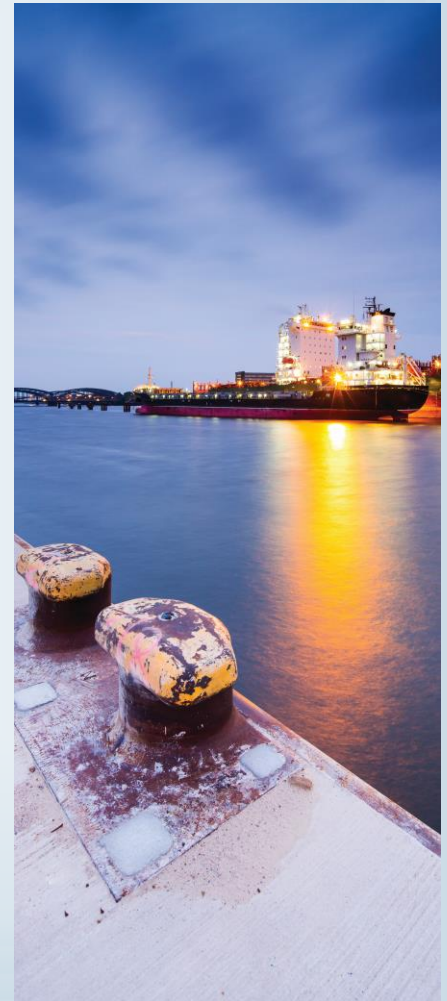
- No capex commitments





# Outlook

- Reduced sale & lease-back volumes for modern vessels year to date, driven by low newbuilding activity
  - Expects increased transaction volumes in 2018
- Ocean Yield well positioned to continue to grow the fleet
  - Strong balance sheet and liquidity position
  - Access to capital markets
- Lewek Connector expected to remain on current charter for the majority of Q4 2017
- Intends to continue policy of paying attractive and increasing quarterly dividends, however at a conservative growth rate



# Notes



OCEAN YIELD



# OCEAN YIELD

## Investor Relations

Marius Magelie, SVP Finance & IR  
+47 24 13 01 82, [mm@oceanyield.no](mailto:mm@oceanyield.no)  
[www.oceanyield.no/IR](http://www.oceanyield.no/IR)

