



# Q3 2018 PRESENTATION

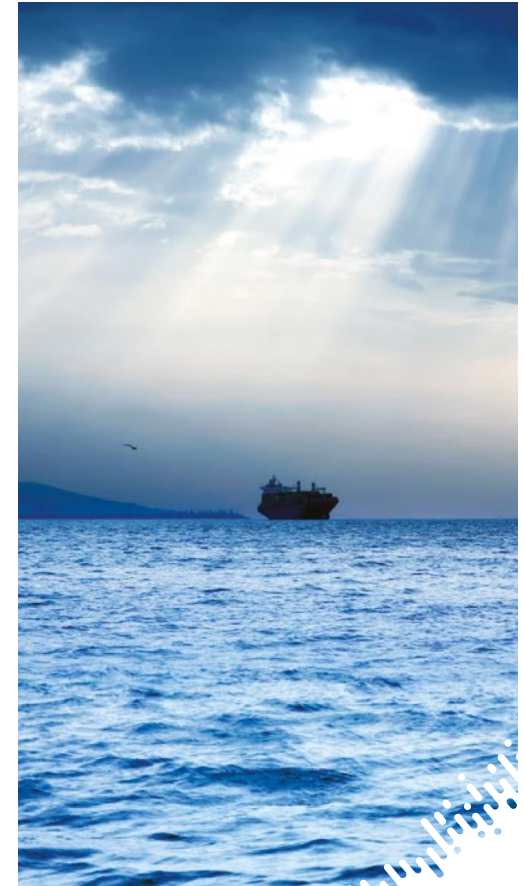
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2<sup>nd</sup> November 2018

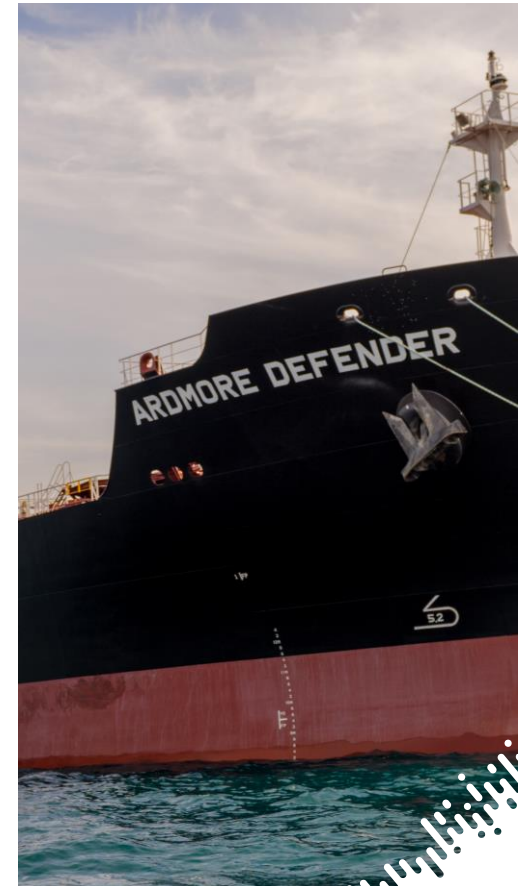
# Q3 2018 FINANCIAL HIGHLIGHTS

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- **Declared Q3 2018 dividend of USD 0.1910 per share**
  - USD 0.764 per share annualized
  - Dividend yield of 9.9% p.a.
  - Declared cash dividends for 21 consecutive quarters
- **EBITDA was USD 85.1m vs. USD 84.3m in Q2**
  - EBITDA adjusted for finance leases was USD 100.4m vs. USD 95.1m in Q2
  - Delivery of vessels on charter to CMB and NAT contributed to increased EBITDA
- **Net profit after tax was USD 39.9m vs. USD 35.1m in Q2**
  - Adjusted net profit was USD 37.3m vs. USD 37.9m in Q2
- **EBITDA charter backlog of USD 3.6bn with weighted average duration of 11.2 years including transactions after end of quarter**

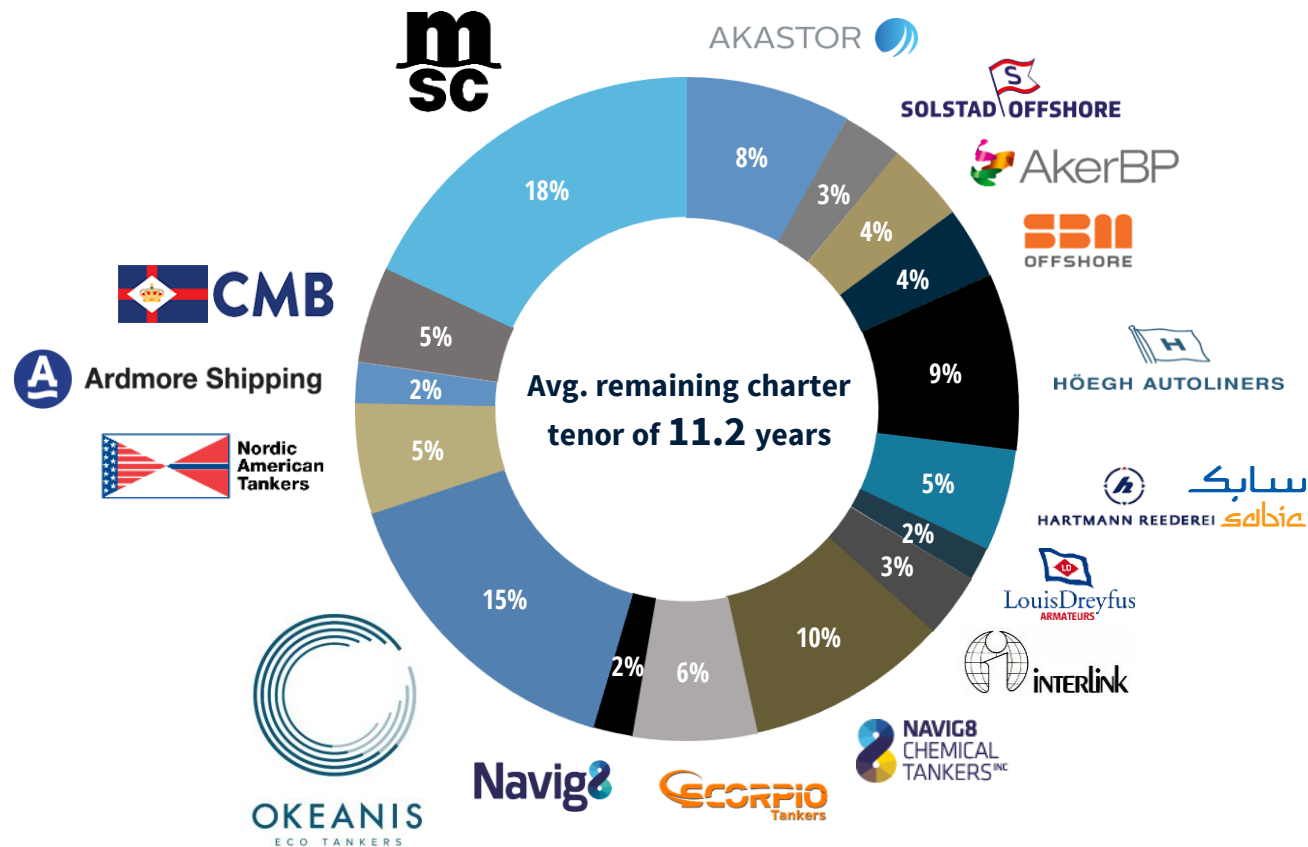


- Investment and delivery of two IMO II chemical tankers with long-term charters to Ardmore Shipping
- Delivery of three Suezmax tankers with 10 years charters to Nordic American Tankers
- Delivery of four 3,800 TEU container vessels with 12-year contract to CMB
- **Dhirubhai-1**
  - Completion of the 10-year contract
  - De-mobilization
  - Ongoing discussions with respect to new employment










# CHARTER BACKLOG

EBITDA<sup>1</sup> BACKLOG OF USD 3.6 BILLION



FLEET<sup>2</sup>

	Tankers	24
	Container vessels	10
	Oil-service	7
	Dry-bulk	7
	Car carriers	6
	Gas carriers	2
	FPSO	1
Total		57
Average age		3.2 yr

1) EBITDA backlog based on certain options not being exercised, LIBOR forward curve, FX, finance lease adjustments and post-quarter transactions  
 2) Includes 49.5% ownership in 6 mega-container vessels and 75% ownership in one oil-service vessel

# INVESTMENT IN TWO CHEMICAL TANKERS WITH LONG-TERM CHARTERS

## TRANSACTION DETAILS

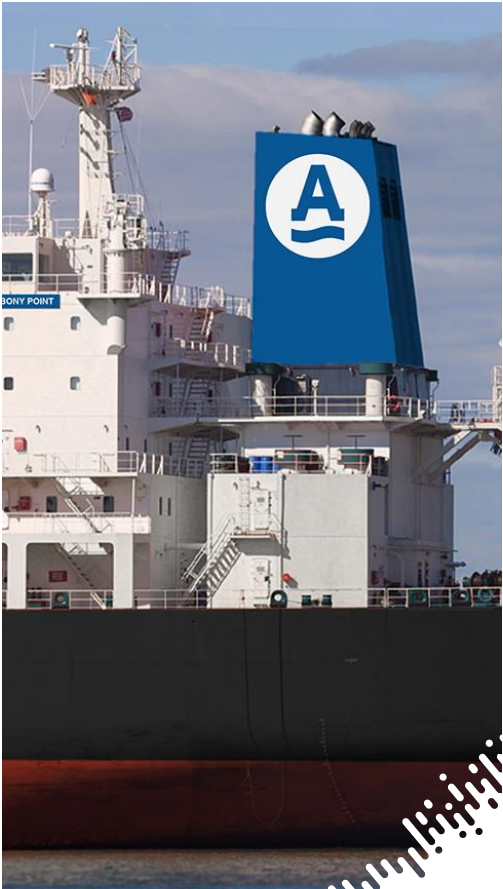
Net purchase price	USD 25.5m per vessel / total of USD 51.0m
Charter	12 years bareboat
Purchase options	During and at the end of the charter

## VESSEL DETAILS

Vessel type	37,000 dwt IMO II chemical tankers
Built	2015, Hyundai Mipo Dockyard, Korea

## CHARTERER

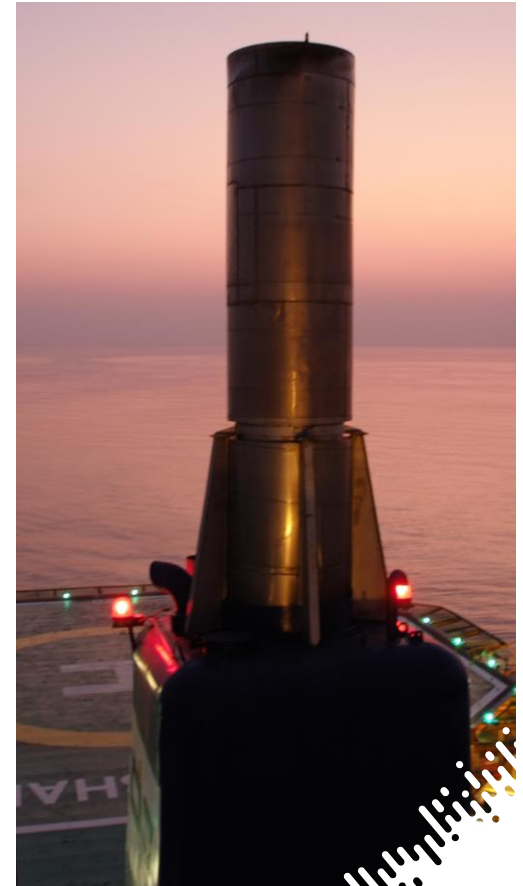
Charterer	Ardmore Shipping Corporation
Listing	NYSE-listing, ticker “ASC”
Fleet	28 product and chemical tankers



# DHIRUBHAI-1: CURRENT SITUATION

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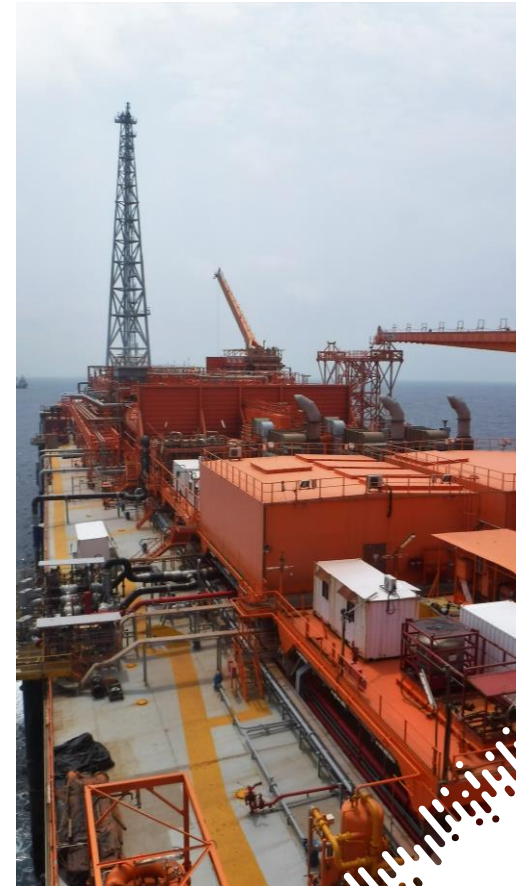
- **Expiry of contract**
  - Contract with Reliance Industries expired 19th September 2018
  - FPSO has ceased production on the MA-field
- **De-mobilization**
  - Hydrocarbon freeing of topside and subsea facilities completed
  - Vessel expected to leave India in Q4 2018
  - Risers, umbilicals and mooring system will be removed in 2019
- **Certain outstanding contractual issues and payments**
  - Settlement discussions of all outstanding issues ongoing



# DHIRUBHAI-1: EMPLOYMENT OPPORTUNITIES

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- **Increased interest for the FPSO**
  - Improved market outlook
  - Expiry of purchase option
- **In discussions regarding long-term charter/sale**
  - Pursuing several opportunities in parallel
  - Awarded a FEED study for one project
  - Targeting to secure new long-term contract/sale during H1 2019
  - A new long-term contract may involve certain modifications to the FPSO

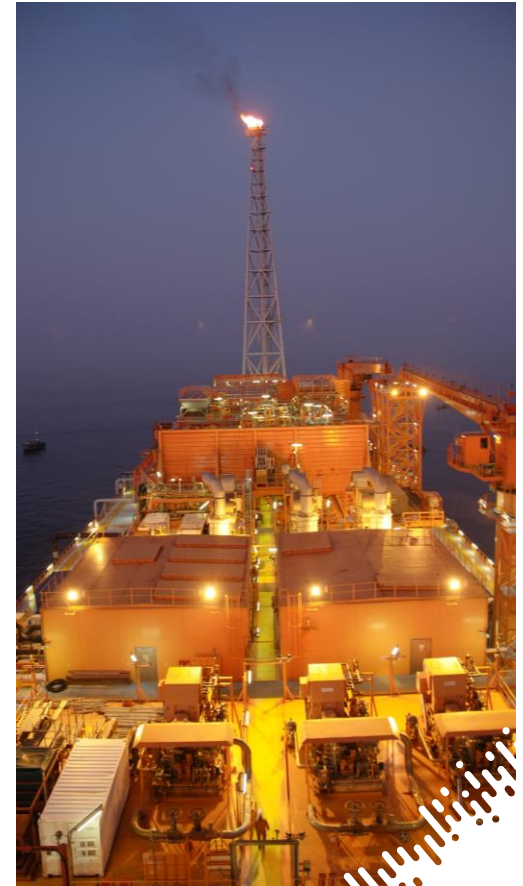




# DHIRUBHAI-1: FINANCIAL IMPLICATIONS

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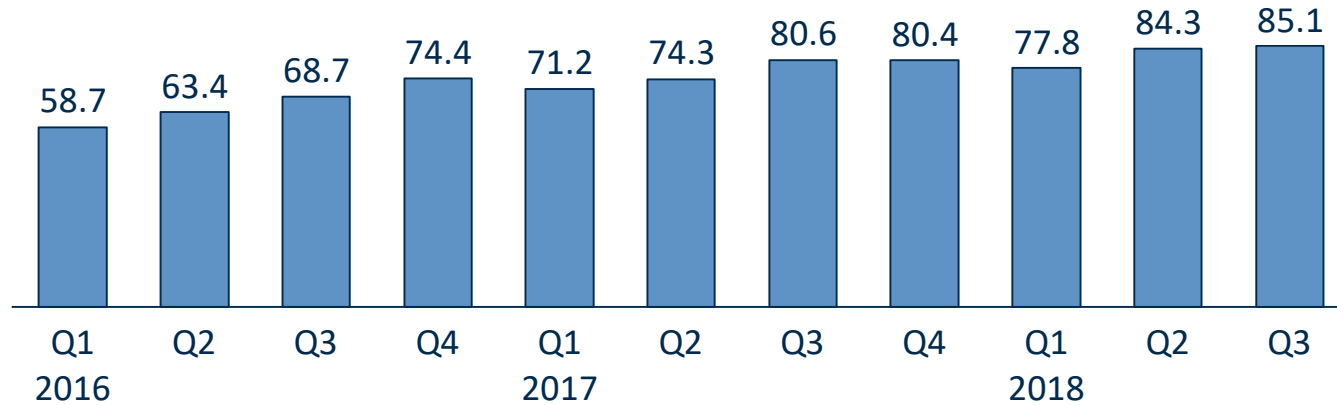
- **Impairment of book value**
  - Current vessel book value of USD 255.5 million including goodwill
  - Risk of future impairment of the book value of the FPSO and related assets of USD 0-50m
- **Cash implications**
  - Provision of USD 28.0m as per Q3 2018 related to de-mobilization
    - Expected to materialize as cash outlay during Q4 2018 and H1 2019
  - No outstanding bank debt on the vessel
- **Profit and loss implications**
  - Revenues and net profit will be negatively impacted by the expiry of the charter contract



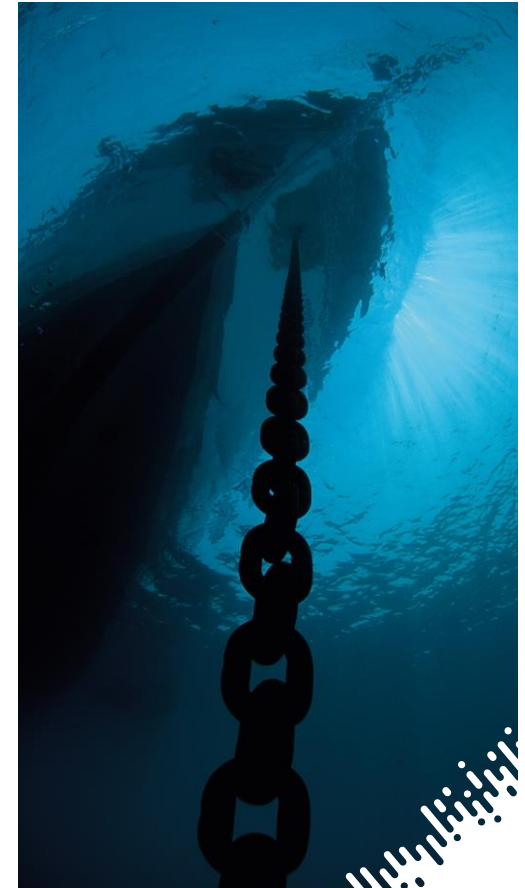


# QUARTERLY FINANCIAL HIGHLIGHTS

## EBITDA PER QUARTER (USDM)

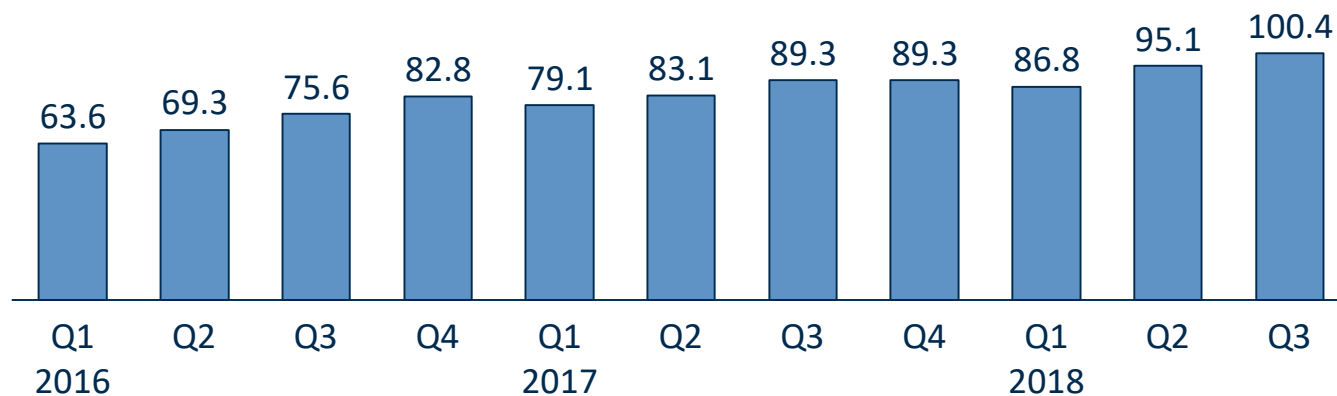


## NET PROFIT PER QUARTER (USDM)

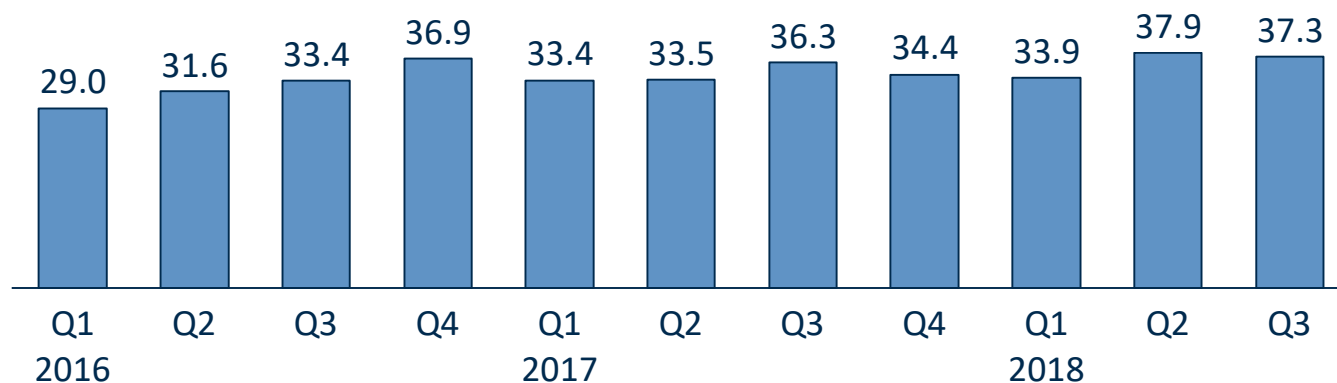


# QUARTERLY FINANCIAL HIGHLIGHTS

## EBITDA ADJUSTED FOR FINANCE LEASES (USDM)

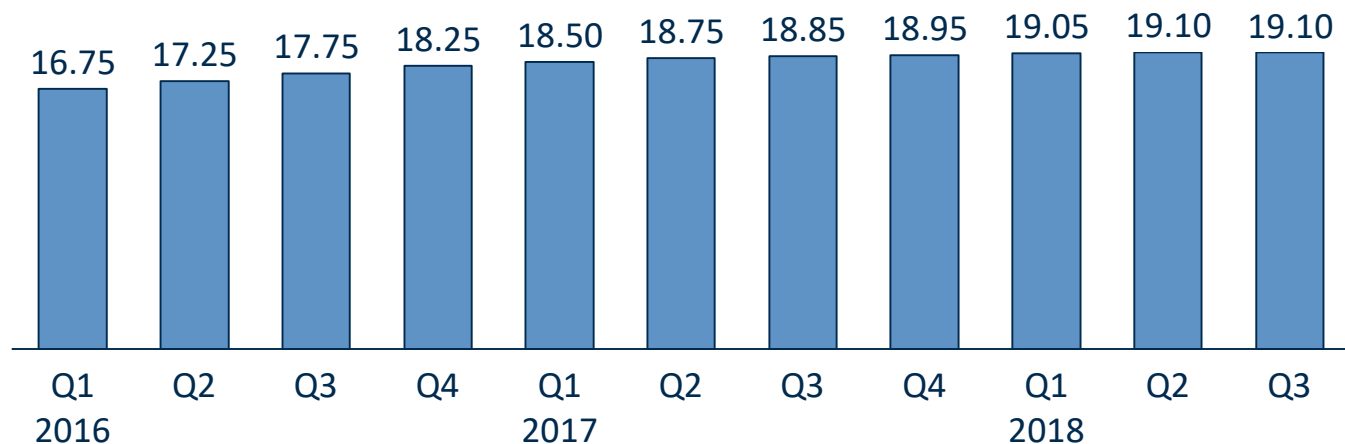


## ADJUSTED NET PROFIT (USDM)



# CASH DIVIDENDS FOR 21 CONSECUTIVE QUARTERS

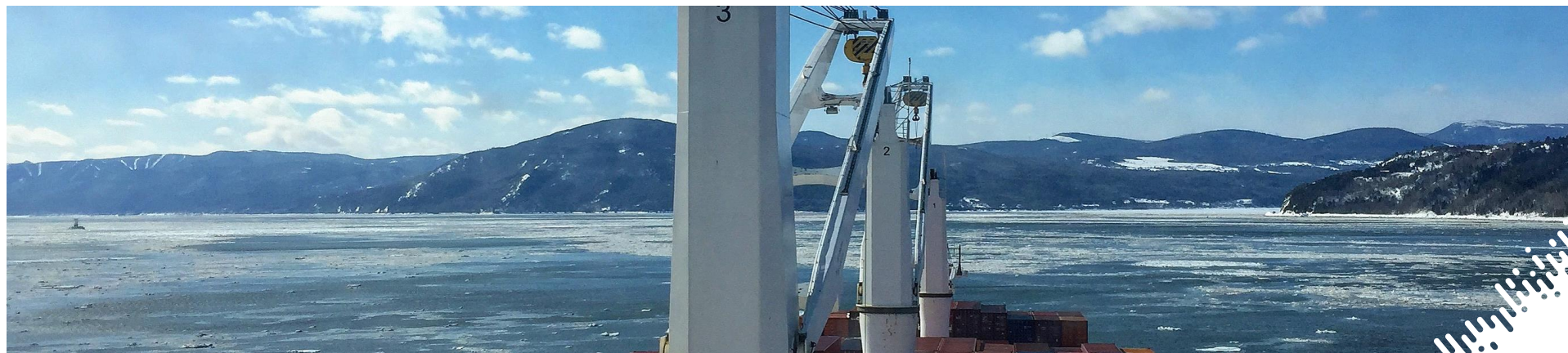
## DIVIDEND PER SHARE (USD CENTS)



## DIVIDEND YIELD

**9.9%<sup>1</sup> p.a.**

1) Per 1.11.2018, Q3 2018 DPS annualized, share price of NOK 64.3, NOK/USD of 8.35



# INCOME STATEMENT

## INCOME STATEMENT

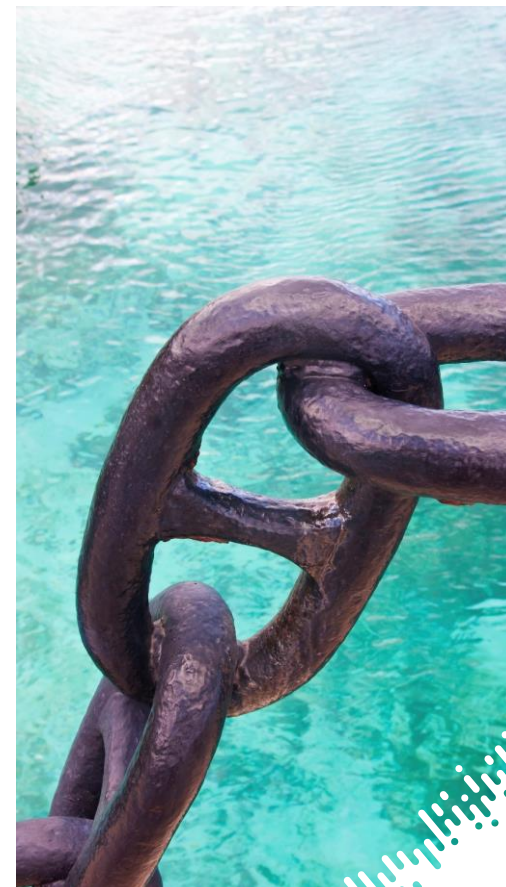
	Q2	Q3
<i>Amounts in USD million</i>	2018	2018
Operating revenues	69.8	66.2
Finance lease revenue	19.2	22.6
Income from investments in associates	6.1	6.1
<b>Total revenues and other income</b>	<b>95.1</b>	<b>94.9</b>
Vessel operating expenses	(6.6)	(6.0)
Wages and other personnel expenses	(2.3)	(1.8)
Other operating expenses	(1.9)	(2.0)
<b>EBITDA</b>	<b>84.3</b>	<b>85.1</b>
Depreciation and amortization	(26.7)	(26.1)
<b>Operating profit</b>	<b>57.6</b>	<b>59.0</b>
Financial income	1.0	0.3
Financial expenses	(21.0)	(22.9)
Foreign exchange gains/losses	12.9	1.2
Change in fair value of financial instruments	(13.6)	2.3
<b>Net profit before tax</b>	<b>36.9</b>	<b>39.8</b>
Tax payable	(0.4)	0.2
Change in deferred tax	(1.4)	(0.1)
<b>Net profit after tax</b>	<b>35.1</b>	<b>39.9</b>
<b>Earnings per share (USD)</b>	<b>0.22</b>	<b>0.25</b>



# ADJUSTED NET PROFIT

## ADJUSTMENTS

Amounts in USD million	Q2 2018	Q3 2018	
<b>Net profit</b>	<b>35.1</b>	<b>39.9</b>	
Loss from sale of AMSC bonds	0.4	0.0	
Repurchase of bond debt (OCY02)	0.2	0.8	
Foreign exchange gains/losses	-12.9	-1.2	• Bond and bank loans in NOK
Change in fair value of financial instruments	13.6	-2.3	
Changes in deferred tax, net	1.4	0.1	• Non-cash and offset against deferred tax assets
<b>Adjusted net profit</b>	<b>37.9</b>	<b>37.3</b>	



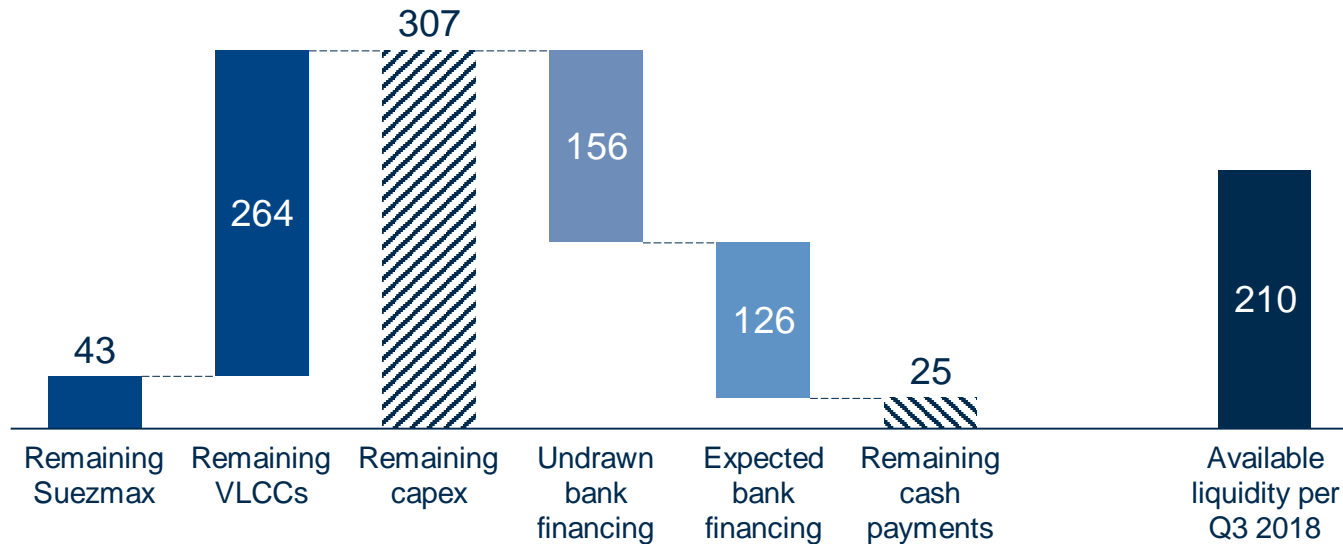


# BALANCE SHEET

BALANCE SHEET				
	Q2	Q3		
<i>Amounts in USD million</i>	2018	2018	Q2	Q3
	2018	2018	2018	2018
<b>ASSETS</b>			<b>EQUITY AND LIABILITIES</b>	
Goodwill	9.8	9.8	Equity to holders of the parent	935.0 942.4
Vessels and equipment	1,258.5	1,234.0	Non-controlling interests	11.2 11.6
Investments in associates	197.1	197.8	<b>Total equity</b>	<b>946.3 954.0</b>
Finance lease receivables	844.0	1,035.1		
Investments in AMSC Bonds	0.0	0.0	Interest-bearing debt	1,416.2 1,583.5
Restricted cash deposits	2.3	6.3	Deferred tax and pension liability	1.2 1.2
Other non-current assets	1.9	1.9	Mob fee, advances and deferred rev.	22.0 15.7
Fair value of derivatives	0.3	0.5	Fair value of derivatives	6.4 3.9
Shares in Solstad Farstad ASA	7.3	5.3	Field abandonment provision	30.0 28.0
Deferred tax assets	0.0	0.0	<b>Total non-current liabilities</b>	<b>1,475.8 1,632.4</b>
<b>Total non-current assets</b>	<b>2,321.3</b>	<b>2,490.6</b>	Interest-bearing short term debt	175.1 108.6
			Fair value of derivatives	8.8 9.2
Trade- and other receivables	36.6	59.4	Trade and other payables	17.9 19.3
Cash and cash equivalents	266.0	173.4	<b>Total current liabilities</b>	<b>201.8 137.1</b>
<b>Total current assets</b>	<b>302.6</b>	<b>232.8</b>	<b>Total liabilities</b>	<b>1,677.6 1,769.4</b>
<b>Total assets</b>	<b>2,623.9</b>	<b>2,723.4</b>	<b>Total equity and liabilities</b>	<b>2,623.9 2,723.4</b>
			<b>Equity ratio</b>	<b>36.1 % 35.0 %</b>

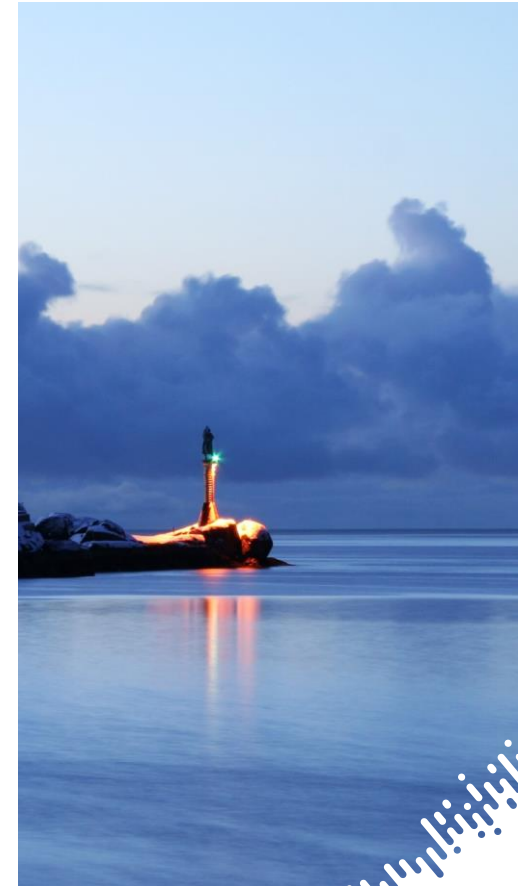
# FINANCING OVERVIEW PER Q3 2018

## REMAINING CAPEX AND FINANCING OVERVIEW (USDM)



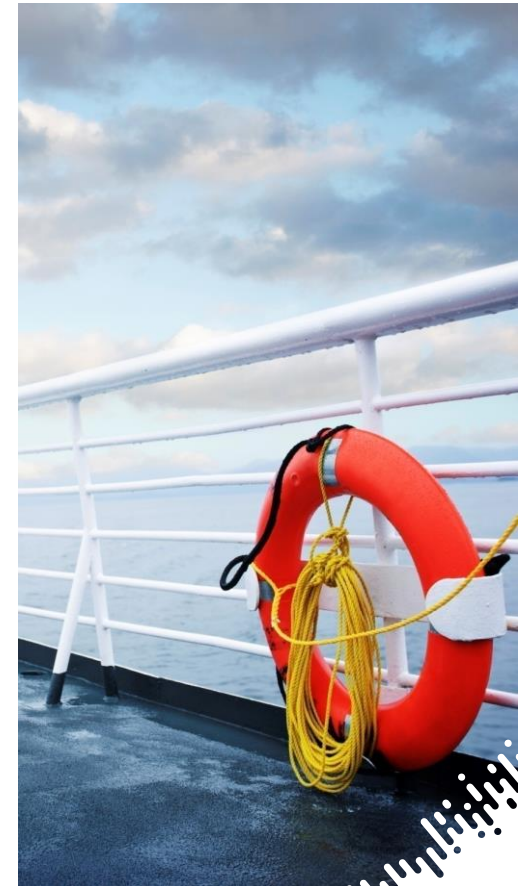
## COMMENTS

- Remaining obligations per Q3 2018 relates to one suezmax and four VLCCs. The company paid USD 33m during Q1 2018 related to the VLCCs under construction.
- Total available liquidity of USD 209.9m per Q3 2018 (Unrestricted cash of USD 173.4m in addition to available drawing facilities of USD 36.5m).
- Investment in two chemical tankers after quarter end of a total of USD 51m. Expected to be financed by a USD 40m bank facility and USD 11m from available cash. Total remaining cash payments including post-quarter investments are USD 36m.





- **Ambition to continue to expand the portfolio of vessels**
  - Continued favorable market conditions for new transactions
  - Access to competitive funding from banks and capital markets
- **Dhirubhai-1**
  - Focus on securing a new long-term employment / sale of the unit
  - Expiry of charter contract will have a negative effect on revenues and net profit
- **Intends to continue policy of paying attractive quarterly dividends**
  - Focus on stability in the dividend payments











## INVESTOR RELATIONS

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