



# Q3 2019 PRESENTATION

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30<sup>th</sup> October 2019

# Q3 2019 FINANCIAL HIGHLIGHTS

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- **Declared Q3 2019 dividend of USD 0.1910 per share**
  - Dividend yield of 12.9% p.a.
  - Declared cash dividends for 25 consecutive quarters
- **EBITDA was USD 57.2m vs. Q2 of USD 56.8m**
  - EBITDA adjusted for finance leases was USD 80.8m vs. USD 75.4m in Q2
  - Limited EBITDA contribution from four vessels without long-term charters
- **Net profit after tax was USD -63.2m vs. USD 5.3m in Q2**
  - Impairment of USD 68.4m related to FPSO Dhirubhai-1
- **Adjusted net profit was USD 11.0m vs. USD 11.3m in Q2**
  - Adj. net profit of USD 22.5m from vessels with long-term charters
  - Adj. net profit of USD -11.5m from vessels without long-term charters



# INVESTMENT IN TWO NEWCASTLEMAX DRY BULK VESSELS WITH LONG-TERM CHARTER TO 2020 BULKERS

## TRANSACTION DETAILS

Net purchase price	USD 42.0m
Charter	13 years bareboat
Purchase options	Several purchase options
Purchase obligation	After year 13
Charterer	2020 Bulkera

## VESSEL DETAILS

Vessel type	Newcastlemax dry bulk carrier
Size	208,000 dwt
Delivery	Q4 2019
Yard	New Times Shipyard, China



# INVESTMENT IN A GAS CARRIER WITH LONG-TERM CHARTER TO NAVIGATOR GAS

## TRANSACTION DETAILS

Net purchase price	USD 69.75m
Charter	13 years bareboat
Purchase options	Several purchase options
Charterer	Navigator Gas

## VESSEL DETAILS

Vessel type	Ethylene gas carrier
Vessel	Navigator Aurora
Size	37,300 cbm
Built	2016



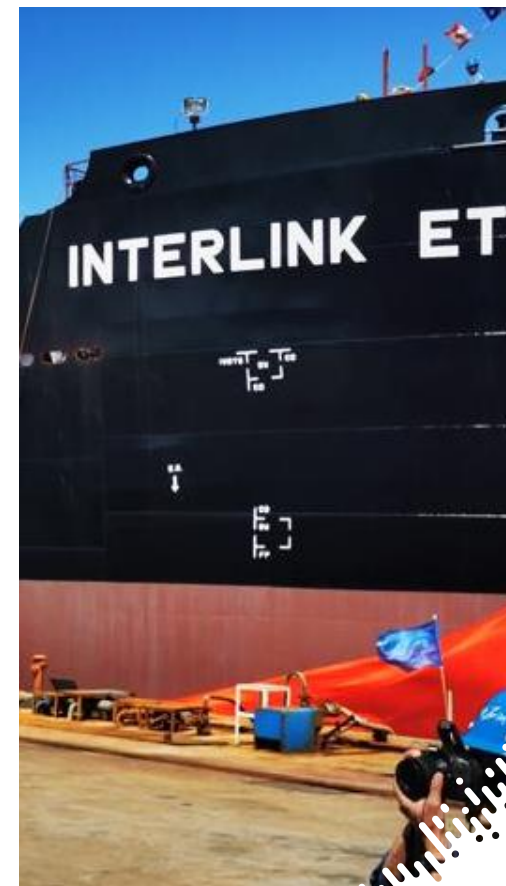
# INVESTMENT IN ONE HANDYSIZE DRY BULK VESSEL WITH LONG-TERM CHARTER TO INTERLINK MARITIME

## TRANSACTION DETAILS

Net purchase price	USD 18.0m
Charter	13 years bareboat
Purchase options	Several purchase options
Purchase obligation	After year 13
Charterer	Interlink Maritime

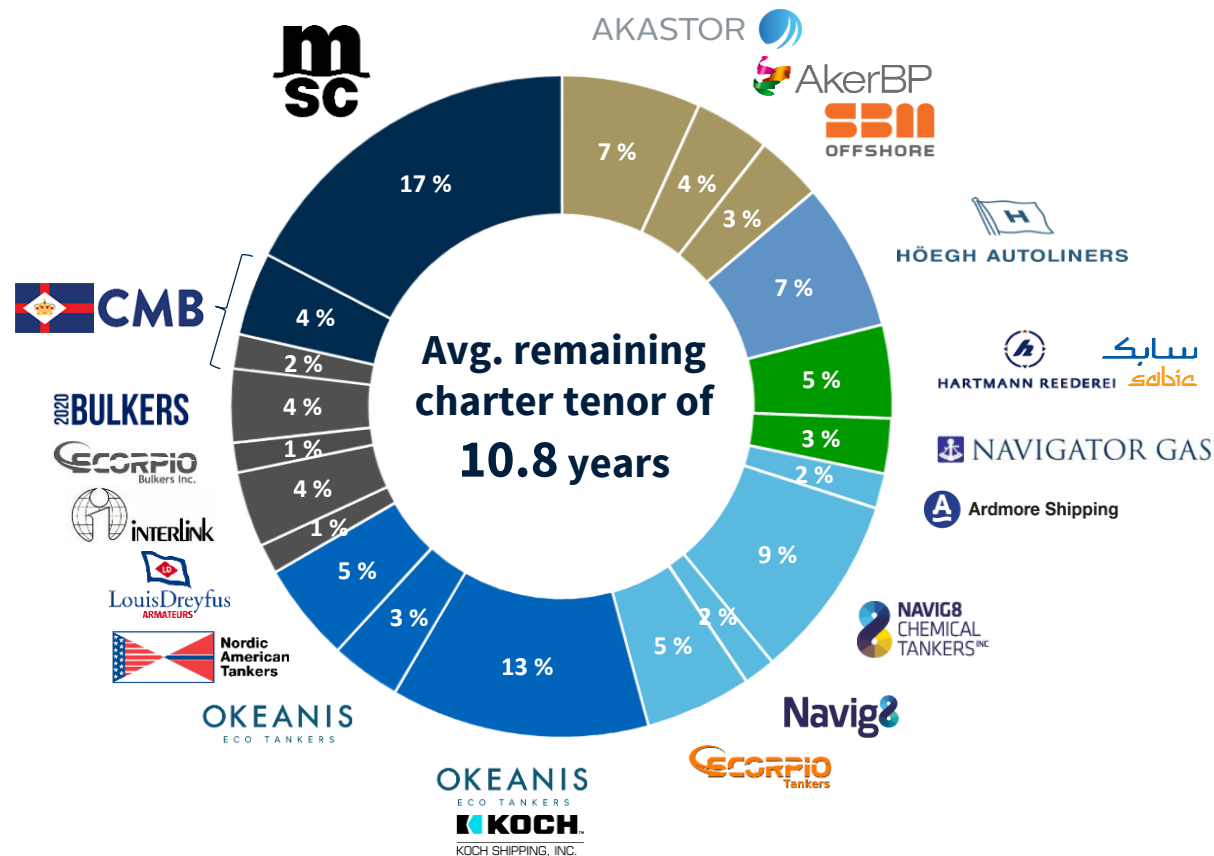
## VESSEL DETAILS

Vessel type	Handysize dry bulk carrier
Size	38,500 dwt
Delivery	September 2019


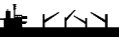






# VESSELS WITH LONG-TERM CHARTERS

**EBITDA<sup>1</sup> BACKLOG OF USD 3.5 BILLION, INCLUDING RECENT TRANSACTIONS**



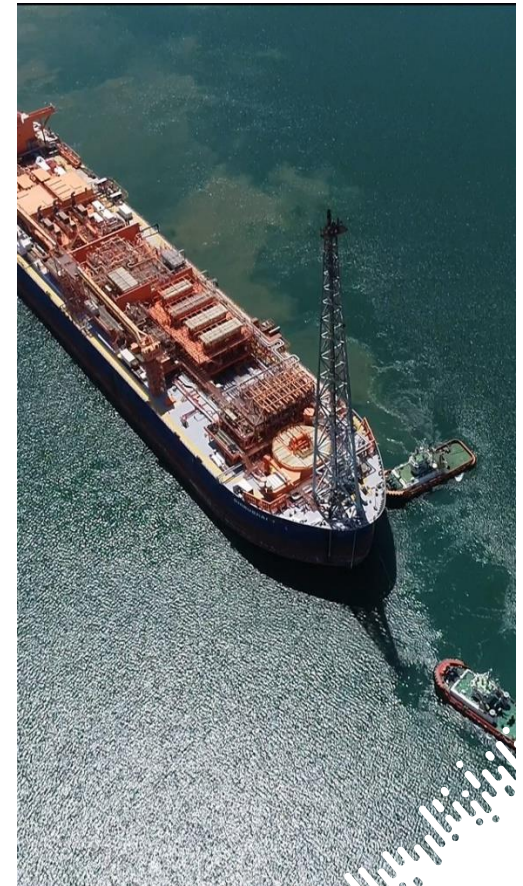
## FLEET<sup>2</sup>

	Product / chemical	16
	Dry bulk	13
	Container vessels	10
	Crude	9
	Car carriers	6
	Oil-service	4
	Gas carriers	3
	Total	61
	Average age	3.4 yr

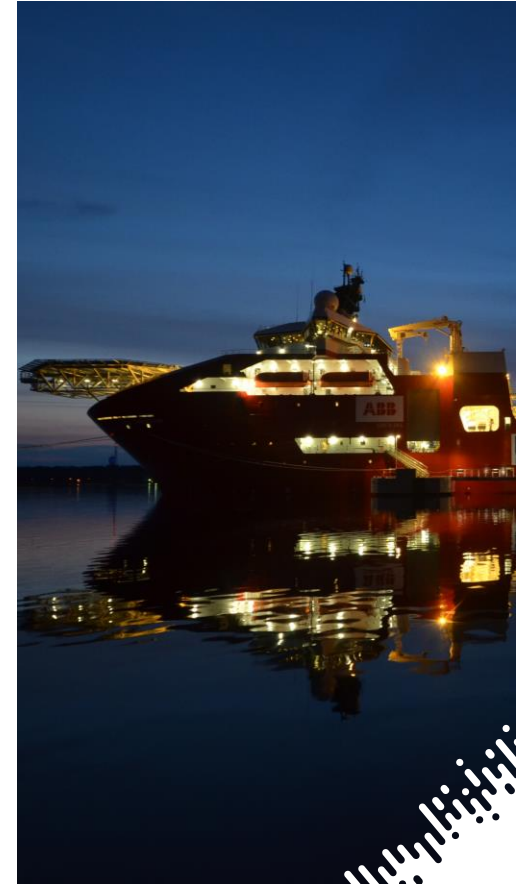
1) EBITDA backlog based on certain options not being exercised, LIBOR forward curve, FX, finance lease adjustments and post-quarter transactions  
 2) Includes 49.9% ownership in 6 mega-container vessels, 75% ownership in one oil-service vessel and vessels acquired after quarter end  
 Note that four vessels without long-term contracts are not included in charter backlog



- **Employment opportunities**
  - The FPSO Dhirubhai-1 is being evaluated for several employment opportunities
  - Final investment decisions on relevant prospects are not expected before H2 2020
- **Demobilization in India**
  - Removal of risers, moorings and bouy in India to be performed from November until January
  - Costs will be set off against remaining demob provision of USD 14.8m
- **Q3 2019**
  - Impairment of USD 68.4m reflects new estimates for future earnings and contract start-up date
  - Net profit of USD -74.3m in Q3 for the FPSO, of which USD 68.4m is impairment and USD 6.7m is ordinary depreciation



- **Connector**
  - Trading on short-term charters during Q3
  - Risk of lower utilization during the seasonally weaker winter months
  - Net profit of USD -3.4m in Q3 2019
- **FAR Senator & FAR Statesman**
  - Agreed to extend standstill of charter payments until 31<sup>st</sup> October
  - Expect that the standstill agreement may be further extended
  - No cash revenue has been recognized in Q3 2019
  - Net profit of USD -2.2m in Q3 2019



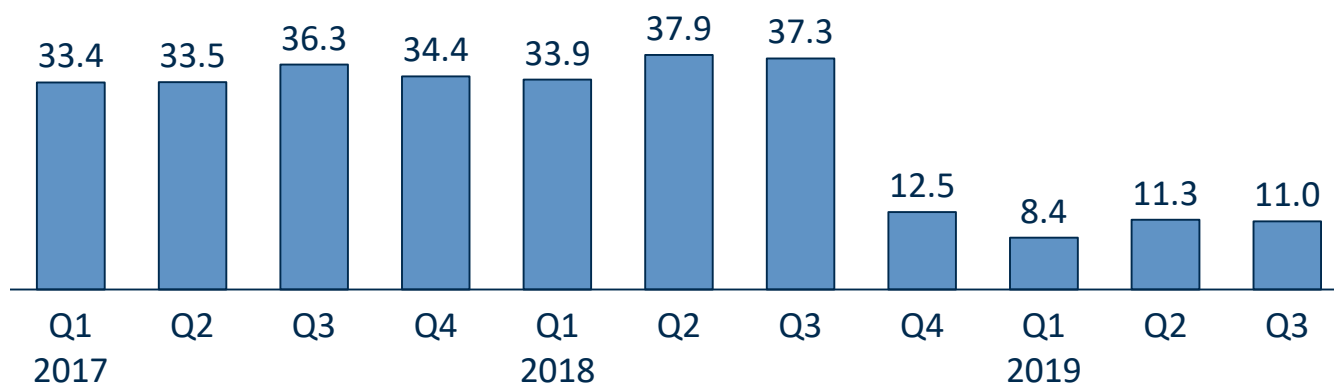


# ADJUSTED EBITDA AND NET PROFIT

## EBITDA ADJUSTED FOR FINANCE LEASES (USDM)



## ADJUSTED NET PROFIT (USDM)



# INCOME STATEMENT

## INCOME STATEMENT

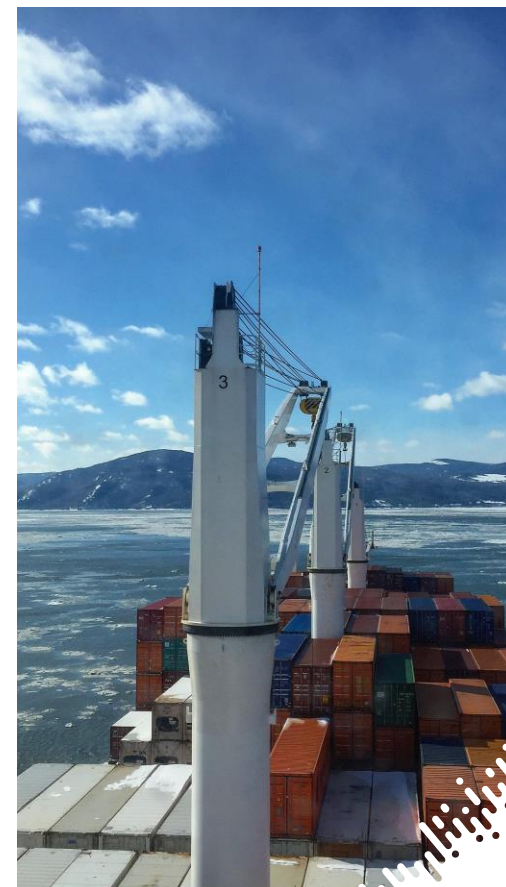
	Q2	Q3
<i>Amounts in USD million</i>	2019	2019
Operating revenues	30.1	26.9
Finance lease revenue	26.6	30.4
Income from investments in associates	5.9	5.4
Other revenue	3.9	3.6
<b>Total revenues and other income</b>	<b>66.5</b>	<b>66.3</b>
Vessel operating expenses	(4.6)	(4.5)
Wages and other personnel expenses	(2.4)	(2.1)
Other operating expenses	(2.7)	(2.4)
Write down on trade receivables	-	(0.0)
<b>EBITDA</b>	<b>56.8</b>	<b>57.2</b>
Depreciation and amortization	(19.2)	(19.1)
Impairment charges and other non recurring items	(4.5)	(68.4)
<b>Operating profit</b>	<b>33.0</b>	<b>(30.2)</b>
Financial income	0.5	0.5
Financial expenses	(25.7)	(27.3)
Foreign exchange gains/losses	(3.5)	17.8
Change in fair value of financial instruments	2.0	(23.1)
<b>Net profit before tax</b>	<b>6.2</b>	<b>(62.3)</b>
Tax payable	(0.9)	(0.9)
Change in deferred tax	0.0	(0.0)
<b>Net profit after tax</b>	<b>5.3</b>	<b>(63.2)</b>
Non-controlling interests	0.1	0.3
Dividends on hybrid capital	-	-
<b>Equity holders of the parent</b>	<b>5.2</b>	<b>(63.5)</b>
<b>Earnings per share (USD)</b>	<b>0.03</b>	<b>(0.40)</b>



# ADJUSTED NET PROFIT

## ADJUSTMENTS

Amounts in USD million	Q2 2019	Q3 2019	
<b>Net profit after tax</b>	<b>5.3</b>	<b>-63.2</b>	
Increase in field abandonment provision	4.5	0.0	
Impairment of Dhirubhai-1	0.0	68.4	
Refinancing of NS Orla/NS Frayja	0.0	0.5	• Capitalized loan expenses
Foreign exchange gains/losses	3.5	-17.8	• Mainly bond loans in NOK
Change in fair value of financial instruments	-2.0	23.1	• Mainly cross currency swaps
Changes in deferred tax, net	-0.0	0.0	
<b>Adjusted net profit</b>	<b>11.3</b>	<b>11.0</b>	

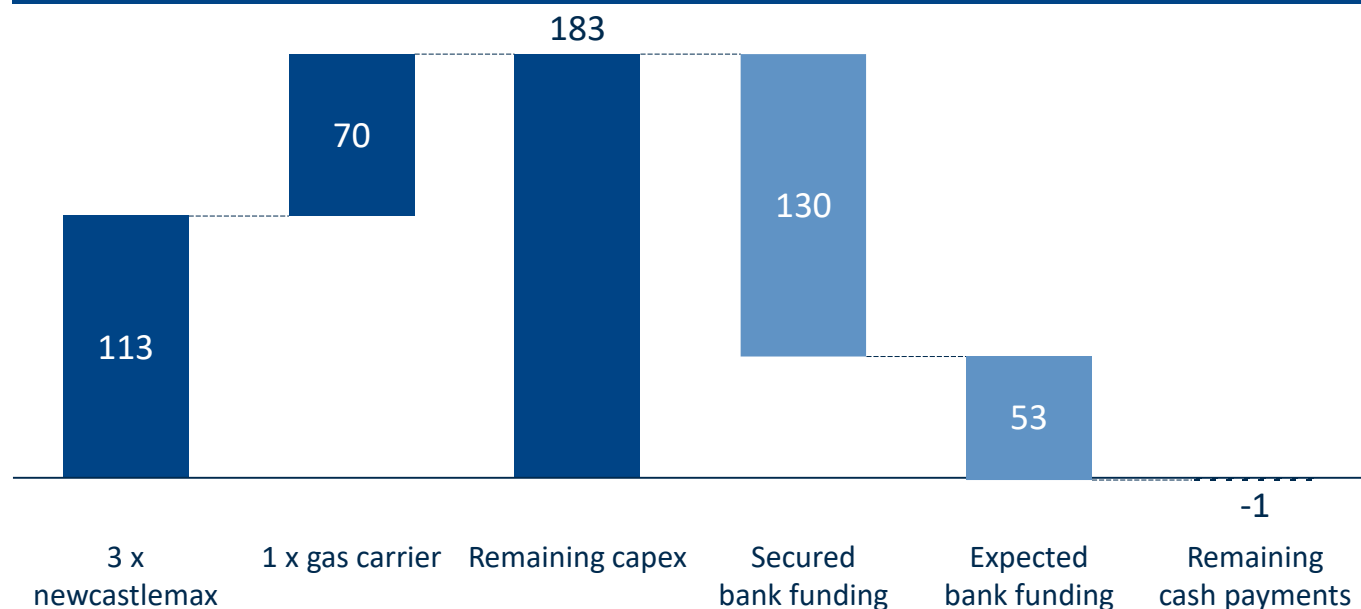


# BALANCE SHEET

BALANCE SHEET				
	Q2	Q3	Q2	Q3
<i>Amounts in USD million</i>	2019	2019	2019	2019
<b>ASSETS</b>			<b>EQUITY AND LIABILITIES</b>	
Vessels and equipment	1,160	1,067	Common equity	784
Investments in associates	178	174	Hybrid capital	0
Finance lease receivables	1,348	1,436	Non-controlling interests	13
Restricted cash deposits	18	26	<b>Total equity</b>	<b>797</b>
Other non-current assets	2	2	Interest-bearing debt	1,599
Shares in Solstad Offshore ASA	2	1	Mob fees and other non-current liab.	9
<b>Total non-current assets</b>	<b>2,708</b>	<b>2,706</b>	Fair value of derivatives	12
			<b>Total non-current liabilities</b>	<b>1,620</b>
Trade- and other receivables	12	10	Interest-bearing short term debt	329
Cash and cash equivalents	87	176	Fair value of derivatives	25
<b>Total current assets</b>	<b>99</b>	<b>186</b>	Field abandonment provision	17
<b>Total assets</b>	<b>2,807</b>	<b>2,892</b>	Trade and other payables	20
			<b>Total current liabilities</b>	<b>390</b>
			<b>Total liabilities</b>	<b>2,011</b>
			<b>Total equity and liabilities</b>	<b>2,807</b>
			<b>Equity ratio</b>	<b>28.4 %</b>
				<b>28.3 %</b>

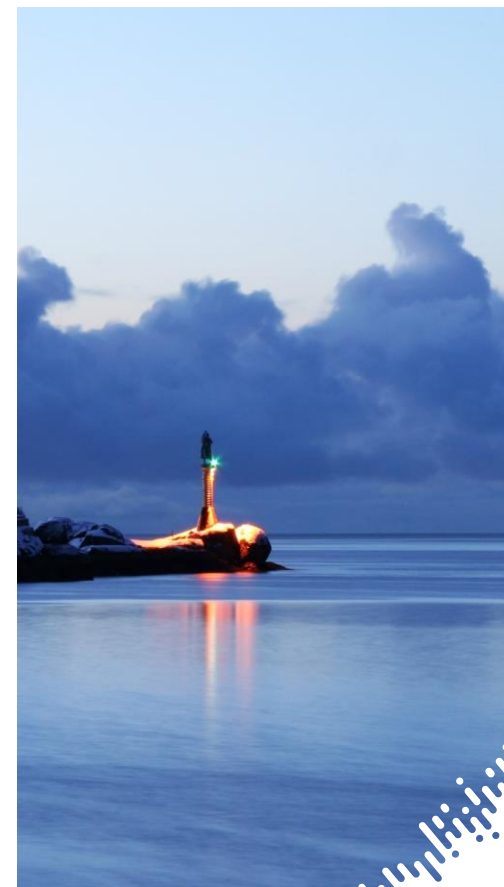
# CAPEX AND FINANCING OVERVIEW

## REMAINING CAPEX / FINANCING PER Q3'19 ADJUSTED FOR RECENT TRANSACTIONS (USDM)



## COMMENTS

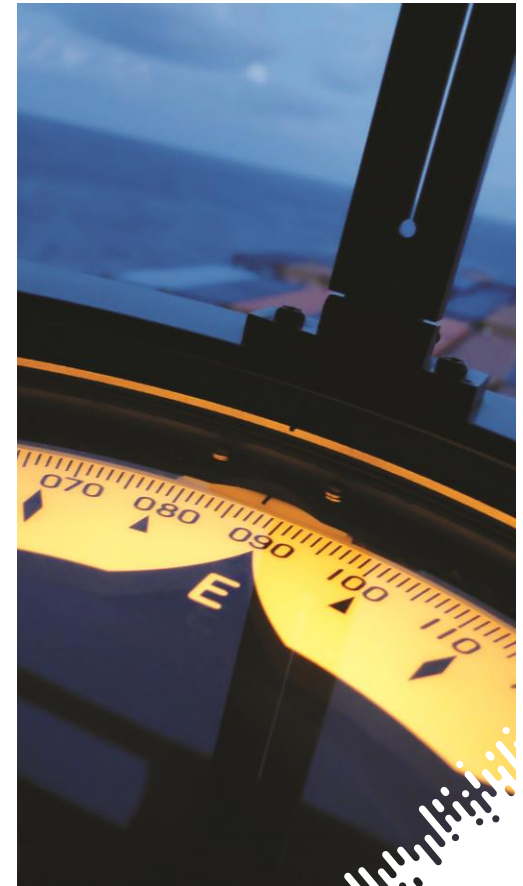
- Remaining obligations per Q3 2019 adjusted for recent transactions relates to three newcastlemaxes and one gas carrier. The company has already paid USD 11m related to one newcastlemax under construction.



# SUCCESSFUL PLACEMENT OF HYBRID BOND

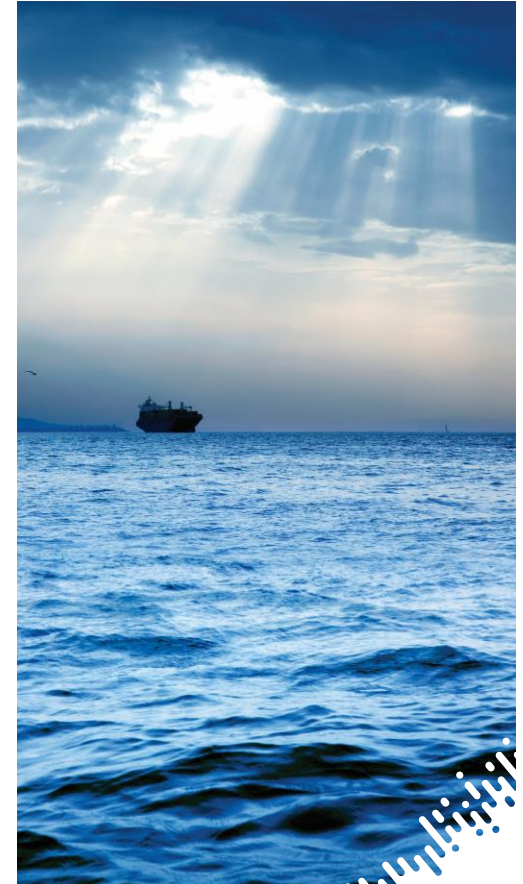
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- Amount USD 125 million
- Tenor Perpetual
- Coupon LIBOR + 6.50% p.a.
- First call After 5 years at par
- Step-up 5% p.a. after 5.5 years
- Accounting treatment 100% equity
- Use of proceeds New investments and general corporate purposes





- The FPSO Dhirubhai-1 is being evaluated for several employment opportunities, but final investment decision for these prospects is not expected before H2 2020
- The current intention of the Board of Directors is to adjust the dividend from USD 0.1910 to USD 0.1500 per share per quarter as from Q1 2020
- Attractive investment opportunities across several segments. The Company expects to continue to grow and further diversify the portfolio of vessels on long-term contracts





## INVESTOR RELATIONS

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