

Fourth Quarter 2014

Presentation

26 February 2015



Fourth Quarter 2014 highlights

- Quarterly dividend increased to USD 0.1425 per share
 - Increase of 0.5 cents or 3.6% versus Q3'14 (14.5% annualized)
 - USD 0.57 per share annualized, representing a dividend yield of 9.4% p.a.
- EBITDA was USD 53.9m compared with USD 52.7m in Q4'13
 - Negatively impacted by USD 1.1m shutdown of Dhurubhai-1 due to the cyclone *Hud-Hud*
 - Negatively impacted by USD 3.4m due to Aker Wayfarer finance lease reclassification
- Net profit was USD 30.5m compared with USD 26.5m in Q4'13
 - Net positive non-recurring effects of USD 3.4m
 - Net profit after tax adjusted for non-recurring items was USD 27.1m
- The EBITDA charter backlog at the end of 2014 was USD 2.2bn with an average weighted tenor of 9.5 years



Recent transactions

- Acquired the vessel SBM Installer in December for USD 150m in combination with a 12-year bareboat charter to the SBM Offshore Group
- Sale of Geco Triton for USD 8.2m to Western Geco
- Increased existing loan facility with USD 50.5m secured by Dhirubhai-1. The increased loan amount was undrawn at year end 2014.
- The loan on Aker Wayfarer was converted from NOK into USD, resulting in a total of USD 107.1m outstanding.
 - Simultaneously, 70% of the charter rate nominated in NOK was converted into USD
 - Refinancing efforts ongoing, in order to finance the modification and to optimize the long-term financing
- Management has acquired more shares in Ocean Yield
 - 353,385 shares in January and 54,999 shares in December



Attractive and diversified portfolio of industrial shipping and oil service assets

OIL SERVICE

Floating Production
Storage Offloading

Dhirubhai-1



Subsea Equipment
Support Vessel

Wayfarer



Subsea Construction
Vessel

Lewek Connector



Offshore Supply
(AHTS)

FAR Senator
FAR Statesman



Diving Support &
Construction Vessel

SBM Installer



INDUSTRIAL SHIPPING

Car Carriers (PCTCs)

Newbuilds 8,500 CEU
XS1462E & XS1462F



Jacksonville & Jeddah
(6,500 CEU)

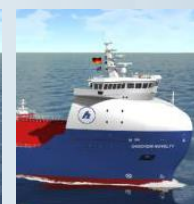


Beijing & Xiamen
(4,900 CEU)



Liquefied Ethylene Gas
Carriers (LEGs)

36,000 cbm newbuilds



Bonds in American
Shipping Company
(AMSC)

- Bonds in AMSC with book value of USD 181m and nominal value of USD 194m.

All vessels on long term charter with USD 2.2 billion in EBITDA* backlog

Unit	Type	Built	Counterparty	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Höegh XS1462F	PCTC	2016	Höegh Autoliners														
Höegh XSI462E	PCTC	2016	Höegh Autoliners														
Wayfarer	OCV	2010	AKOFS / Akastor														
SBM Installer	DSV	2013	SBM Offshore														
Höegh Jeddah	PCTC	2014	Höegh Autoliners														
Höegh Jacksonville	PCTC	2014	Höegh Autoliners														
LEG Carrier - S1034	LEG	2016	Hartmann / SABIC														
LEG Carrier - S1035	LEG	2016	Hartmann / SABIC														
LEG Carrier - S1036	LEG	2016	Hartmann / SABIC														
FAR Senator	AHTS	2013	Farstad Supply														
FAR Statesman	AHTS	2013	Farstad Supply														
Lewek Connector	OCV	2011	EMAS / Ezra Holding														
Höegh Beijing	PCTC	2010	Höegh Autoliners														
Höegh Xiamen	PCTC	2010	Höegh Autoliners														
Dhirubhai-1	FPSO	2008	Reliance														

Under construction Fixed dayrate Floating dayrate

Average tenor 9.5 years

SBM
OFFSHORE

Reliance
Industries Limited
Growth is Life

سابك
SABIC

HARTMANN REEDEREI

EZRA

EMAS
AMC

FARSTAD

HÖEGH AUTOLINERS

AKASTOR

AKOFS
Offshore

*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised and adjusted for finance lease effects on Aker Wayfarer.

Acquisition of SBM Installer with 12 year bareboat charter completed in December 2014

Vessel:	<i>SBM Installer</i>
Type:	Diving Support & Construction Vessel
Built / Yard:	2013 / Keppel, Singapore
Price:	USD 150 million
Debt:	USD 110m non-recourse
Ownership:	75% Ocean Yield 25% SBM Offshore
Delivery:	December 2014
Term:	12 year “hell & high water” bareboat contract, certain purchase options post year 5
Charterer:	SBM Offshore Services Inc. and fully guaranteed by SBM Holding Inc. SA.



Sale of the seismic vessel Geco Triton

- Geco Triton sold to Western Geco for USD 8.2m in December
- Book value was USD 12.0 million, resulting in a book loss of USD 3.8 million in Q4
- Net cash proceeds of USD 8.2 million as there was no loan secured by the vessel
- Main reasons for the sale of vessel
 - Negative market outlook
 - Only one year remaining charter
 - Age of vessel (1991)

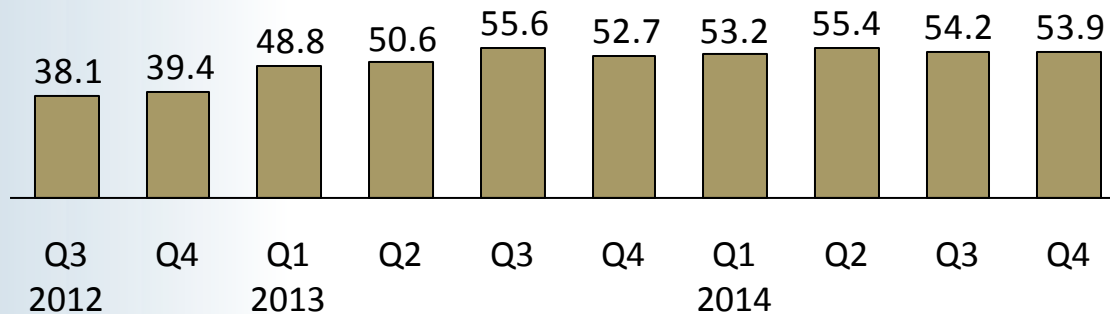


Significant growth in EBITDA from delivery of new projects

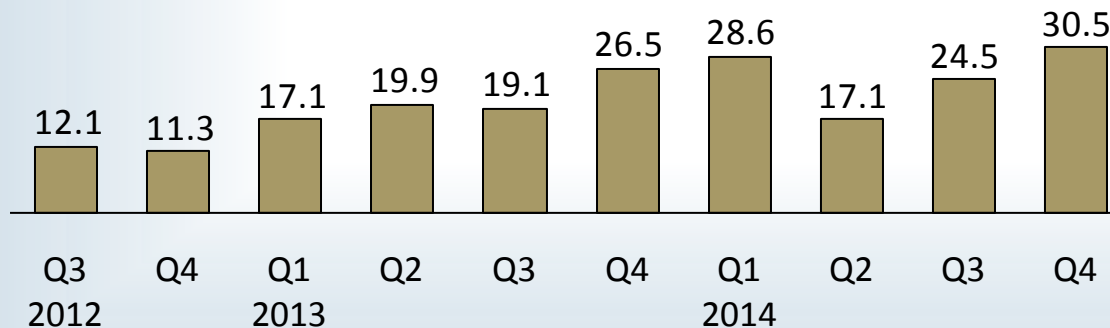


OCEAN YIELD

EBITDA¹ per quarter (USDm)



Net profit² per quarter (USDm)



Q4 EBITDA negatively impacted by Wayfarer finance lease reclassification of USD 3.4m and safety shut-down of Dhirubhai-1 of USD 1.1m.

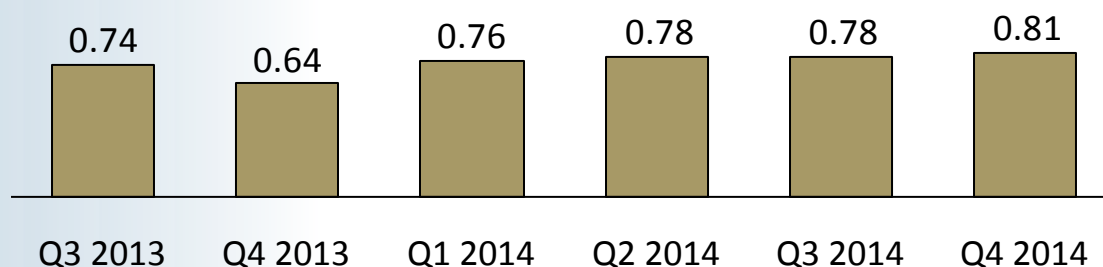
Committed projects will add ~30% to Q4 EBITDA once delivered

1) Q4'14 EBITDA negatively impacted by Aker Wayfarer reclassification to finance lease of USD 3.4m and USD 1.1m shutdown for Dhirubhai-1 due to the cyclone Hud-Hud.

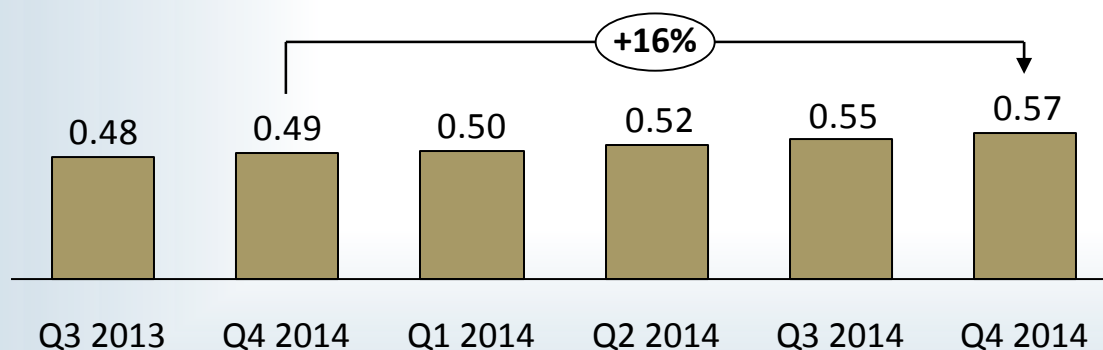
2) Net profit was positively impacted by a total non-recurring items of USD 3.4m.

Adjusted Net Profit and Dividend per share

Adjusted net profit per share, annualized basis (USD)**



Dividend per share, annualized basis (USD)



Dividend yield

9.4%* p.a.

Pay-out ratio on adjusted Q4 EPS

70%

Adjusted earnings yield

13.3%* p.a.

*As per 25.02.2015 - Q4 2014 dividend annualized, share price of NOK 45.9 and NOK/USD 7.56

**Reported EPS has been adjusted for non-recurring items. Reported EPS for Q3'13, Q4'13, Q1'14, Q2'14, Q3'14 and Q4'14 was USD 0.14, USD 0.20, USD 0.21, USD 0.13, USD 0.18 and USD 0.23, respectively.

P&L

Income statement

		3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
Amounts in USD million	Note	2014	2014	2013	2014	2013
Operating revenues		65.4	62.1	60.6	249.3	239.0
Vessel operating expenses		(3.7)	(3.9)	(2.7)	(14.6)	(14.2)
Wages and other personnel expenses	2	(3.1)	(2.4)	(4.0)	(9.5)	(10.3)
Non recurring items personnel expenses		-	-	-	-	0.8
Other operating expenses	3	(4.5)	(1.9)	(1.2)	(8.4)	(7.6)
EBITDA		54.2	53.9	52.7	216.7	207.7
Depreciation and amortization	4	(25.7)	(23.1)	(26.8)	(96.4)	(101.6)
Loss from sale of vessel		-	(3.8)	-	(3.8)	-
Operating profit		28.5	27.1	25.9	116.4	106.1
Financial income	5	4.8	4.7	3.0	30.2	19.7
Financial expenses	6	(11.2)	(9.6)	(9.3)	(50.2)	(35.6)
Foreign exchange gains/losses		5.8	22.4	3.3	29.6	(0.1)
Mark to market of derivatives	13	(3.0)	(15.5)	(0.6)	(22.5)	(10.0)
Net financial items		(3.6)	2.0	(3.6)	(12.9)	(26.0)
Net profit before tax		24.9	29.0	22.4	103.6	80.2
Income tax expense	7	(0.4)	1.5	4.1	(2.8)	2.5
Net profit after tax		24.5	30.5	26.5	100.8	82.7
Weighted average number of shares outstanding		134.1	134.1	133.8	134.1	116.7
Earnings per share (USD)		0.18	0.23	0.20	0.75	0.71

Comments

Revenues:

- Negatively impacted by Aker Wayfarer financial lease reclassification of USD 3.4m in addition to USD 1.1m from safety shut-down of DB-1.
- Positive impact from delivery of SBM Installer

Depreciation:

- Reduced by USD 2.8m as a result of Aker Wayfarer financial lease reclassification.

Loss from sale of vessel:

- Loss from sale of Geco Triton of USD 3.8m

Net profit after tax adjusted for non-recurring items

Adjustments		
	3rd Quarter	4th Quarter
<i>Amounts in USD million</i>	2014	2014
Profit after tax	24.5	30.5
- One-off adj. to Other Operating Expenses	2.9	-
- Loss from sale of vessel		3.8
- One-off adjustment to Financial Income	-	-
- One-off adjustment to Financial Expenses	1.6	-
- Foreign exchange gains/losses	(5.8)	(22.4)
- Mark to market of derivatives	3.0	15.3
- Tax	-	(0.1)
Net profit after tax adjusted for non-recurring items	26.2	27.2
Adjusted net profit for 2014 was USD 105 million		

Comments

- Provision in connection with AFP's insurance dispute
- Sale of Geco Triton
- Strengthening of USD against the NOK
- Mainly related to cross currency swap on bond loan
- Related to Geco Triton

Balance sheet

Balance sheet

	30 September	31 December
<i>Amounts in USD million</i>	2014	2014
ASSETS		
Vessels and equipment	1 194.6	1 308.0
Intangible assets	38.3	38.3
Deferred tax assets	11.6	11.4
Restricted cash deposits	20.1	20.1
Finance lease receivable - Aker Wayfarer	165.5	159.7
Investments in AMSC Bonds	177.9	180.9
Other non-current assets	0.6	0.5
Total non-current assets	1 608.5	1 719.0
Trade receivables and other interest-free receivables	13.6	15.6
Cash and cash equivalents	148.2	76.4
Total current assets	161.8	92.0
Total assets	1 770.3	1 810.9

	30 September	31 December
<i>Amounts in USD million</i>	2014	2014
EQUITY AND LIABILITIES		
Total equity attributable to equity holders of the parent	710.0	708.1
Non-controlling interest	-	10.6
Total equity	710.0	718.7
Interest-bearing loans	858.7	852.9
Mobilization fee and advances	43.7	41.2
Other liabilities	4.6	2.2
Total non-current liabilities	906.9	896.3
Interest-bearing short term debt	120.6	141.6
Current provisions	1.4	1.4
Trade and other payables	31.4	52.9
Total current liabilities	153.3	195.9
Total liabilities	1 060.3	1 092.2
Total equity and liabilities	1 770.3	1 810.9
Equity ratio	40.1 %	39.7 %

Non-controlling interest of USD 10.6 million established as a result of SBM transaction

Contractual obligations and financing

Contractual obligations newbuildings / modification of Aker Wayfarer

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Gas Carriers	Car Carriers	Total
Already paid	-	14.0	24.3	24.9	63.2
2015	-	19.3	48.6	12.5	80.3
2016	-	55.9	170.1	87.2	313.2
Total contractual obligations	-	89.2	243.0	124.5	456.7
Total remaining payments	-	75.2	218.7	99.6	393.5
Estimated / secured bank financing	50.5*	71.4	180.0	94.0*	395.9

**Already secured bank commitments*

Financing

- The USD 50.5 million credit facility closed in December 2014 and was undrawn at the end of the quarter
- Aker Wayfarer refinancing in process in order to finance the modification and to optimize the long-term financing with the extended bareboat charter
- Financing of 3x LEG carriers will be initiated in 2015
- Remaining contractual obligations will be fully financed by bank financing (including the new USD 50.5 million bank facility)



In compliance with covenants in bond agreement

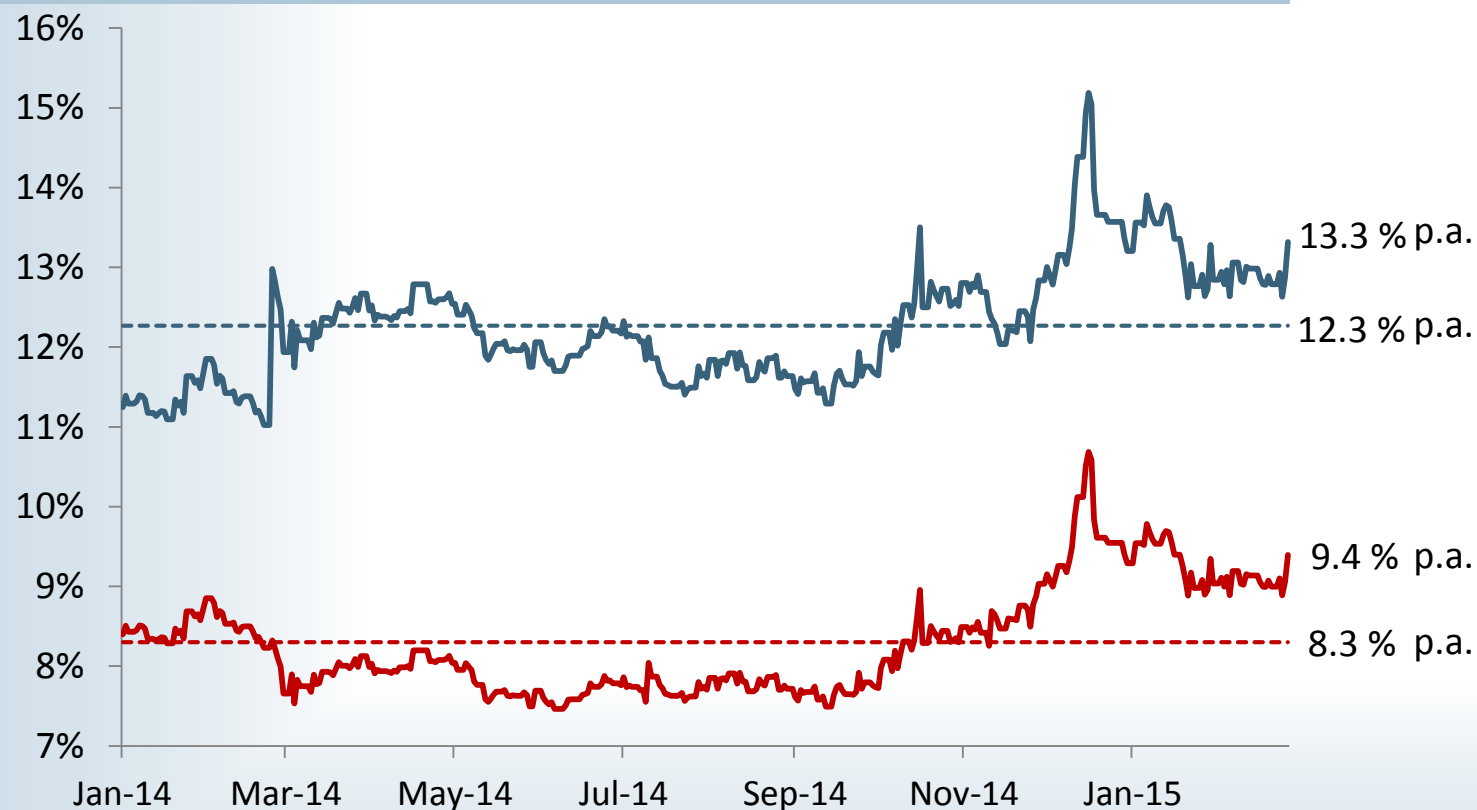
OCY02 Unsecured Bond Issue – 2014/2019

	Q4 2014	Q3 2014
Minimum Book Equity of 25%	39.7%	40.1%
Minimum Cash of \$ 25 Million	\$76.4 M	\$148.2 M
EBITDA ÷ Interest expenses > 2.5x	7.32x	6.82x



Adjusted earnings and dividend yield

Adjusted earnings & dividend yield, latest fiscal quarter annualized



1) Latest fiscal quarter adjusted EPS (USD) \times 4 \div Latest share price in USD

2) Latest fiscal quarter DPS (USD) \times 4 \div Latest share price in USD

Source: Infront, Company calculations

Strategy and outlook

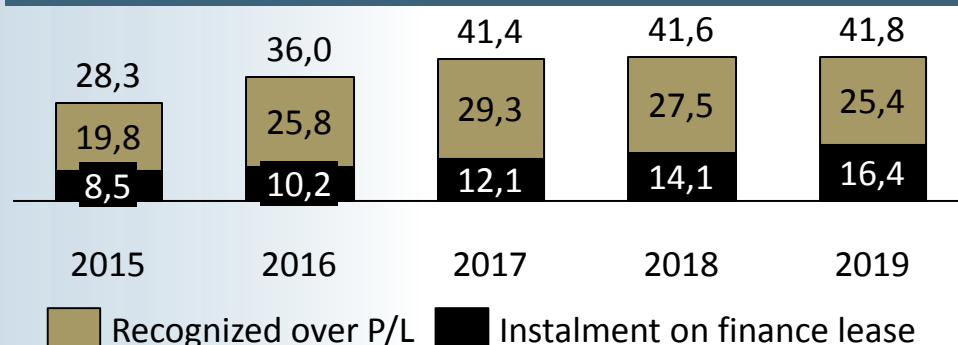
- Well positioned to continue to pay attractive and increasing quarterly dividends
- Challenging shipping and oil-service markets in 2015 is not expected to have a negative effect on earnings as all vessels are on long term charter to relatively strong counterparties
- The current market may provide interesting investment opportunities and we intend to continue with our investment strategy with focus on modern vessels with long term charter to strong counterparties
- Our five newbuildings under construction and one vessel that will be modified will contribute to 30% EBITDA growth once delivered



Appendix

Aker Wayfarer – P/L recognition and new rate after FX conversion

Cash received vs. income recognition (USDm)*



Revised base bareboat rate

	2015	2016	2017	2018	2019
NOK per day	173,755	173,755	173,755	173,755	173,755
USD per day	54,676	54,608	54,917	55,472	56,024

Additional BB rate to cover the vessel upgrade

	2015	2016	2017	2018	2019
USD per day		35,650	35,650	35,650	35,650

Start date for additional BB rate is expected to be end of Q2 2016

It has been agreed with AKOFS Offshore AS to convert 70% of the charter rate nominated in NOK into USD using the USD/NOK forward curve (average USD/NOK of 7.33)

*Estimates based on spot USD/NOK of 7.6

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