



OCEAN YIELD



Presentation Q4 2016

17th February 2017

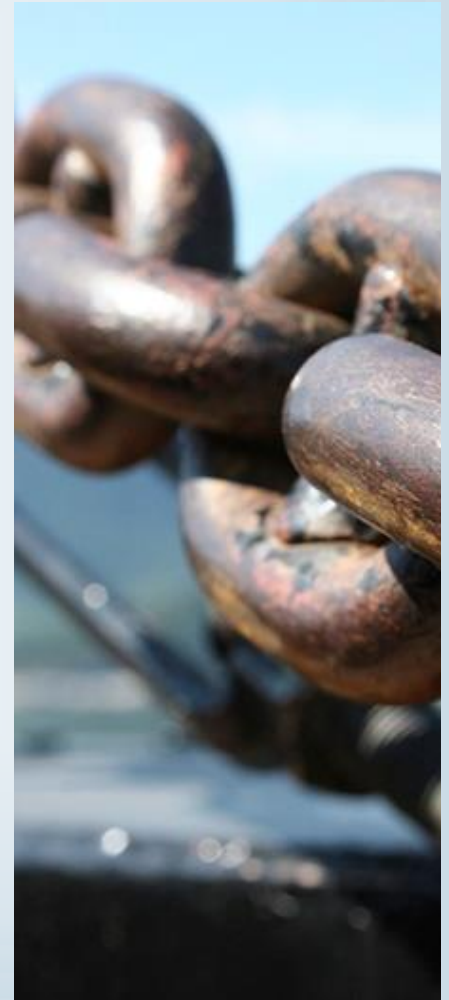
Fourth Quarter 2016 financial highlights

- Quarterly dividend increased to USD 0.1825 per share
 - Increase of 0.5 cents vs. Q3
 - 11% increase annualized
 - USD 0.73 per share annualized
 - Dividend yield of 9.6% p.a.
- EBITDA was USD 74.4m vs. USD 68.7m in Q3
 - EBITDA adjusted for finance lease effects was USD 82.8m vs. USD 75.6m in Q3
- Net profit before tax was USD 3.1m vs. USD 39.7m in Q3
 - Impairment charge of USD 35.6m relating to *Lewek Connector* in Q4
- Net profit was USD 0.7m vs. USD 32.7m in Q3
 - Change in deferred tax (non-cash) was USD 2.2m
- Adjusted net profit was USD 36.9m vs. USD 33.4m in Q3'16



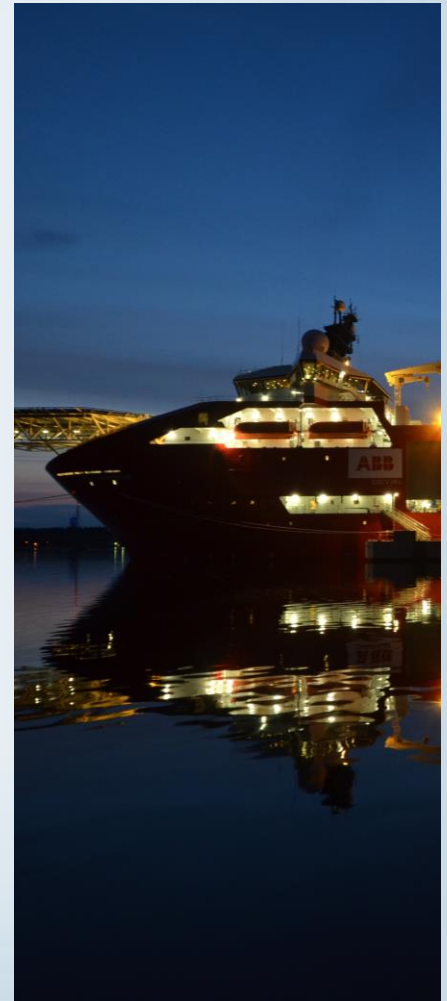
Recent events

- Termination of charter contract for Lewek Connector
- Farstad restructuring
- Refinancing of American Shipping Company bonds



Lewek Connector update

- 16th December: EMAS Chiyoda Subsea introduced short-term standstill related to charter payments
- 13th February: Ocean Yield terminated the contracted in order to protect legal interests
- 16th February: Entered into a 4 months contract with a related company of Ezra Holdings at a rate of USD 40,000 /d
- Expects reduced revenues going forward following the termination of the long term charter
- An impairment charge of USD 35.6m was recognized in Q4



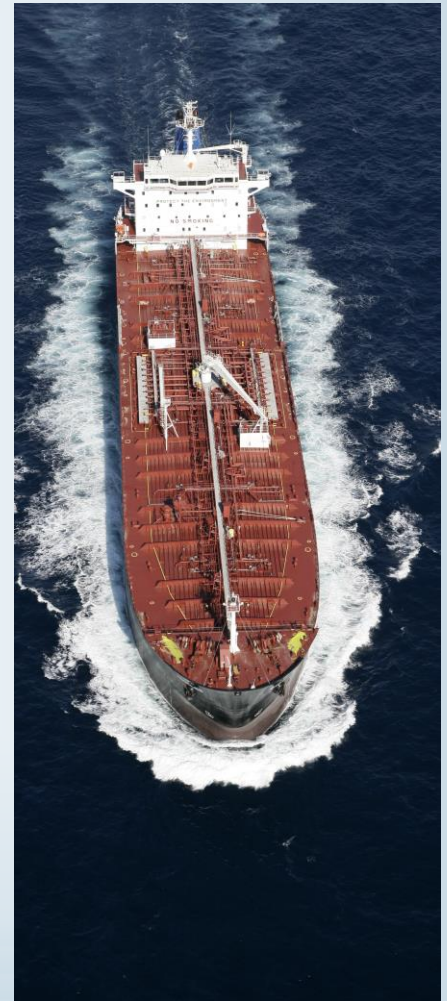
Farstad Shipping restructuring

- Charter rates
 - Reduced to NOK ~99,400 /d for 2017-2021
 - Increased to NOK ~209,300 /d for 2022-2023
 - NOK 170,000 /d for 2024-2025
- Balloon payment of NOK 128.2 million due in Dec'23
 - Potential earlier prepayments based on cash sweep
- Will receive 316 million shares in Farstad Shipping ASA
 - 6.5% of outstanding shares after restructuring
 - About 3% of the shares in the new company “Farstad Solstad”



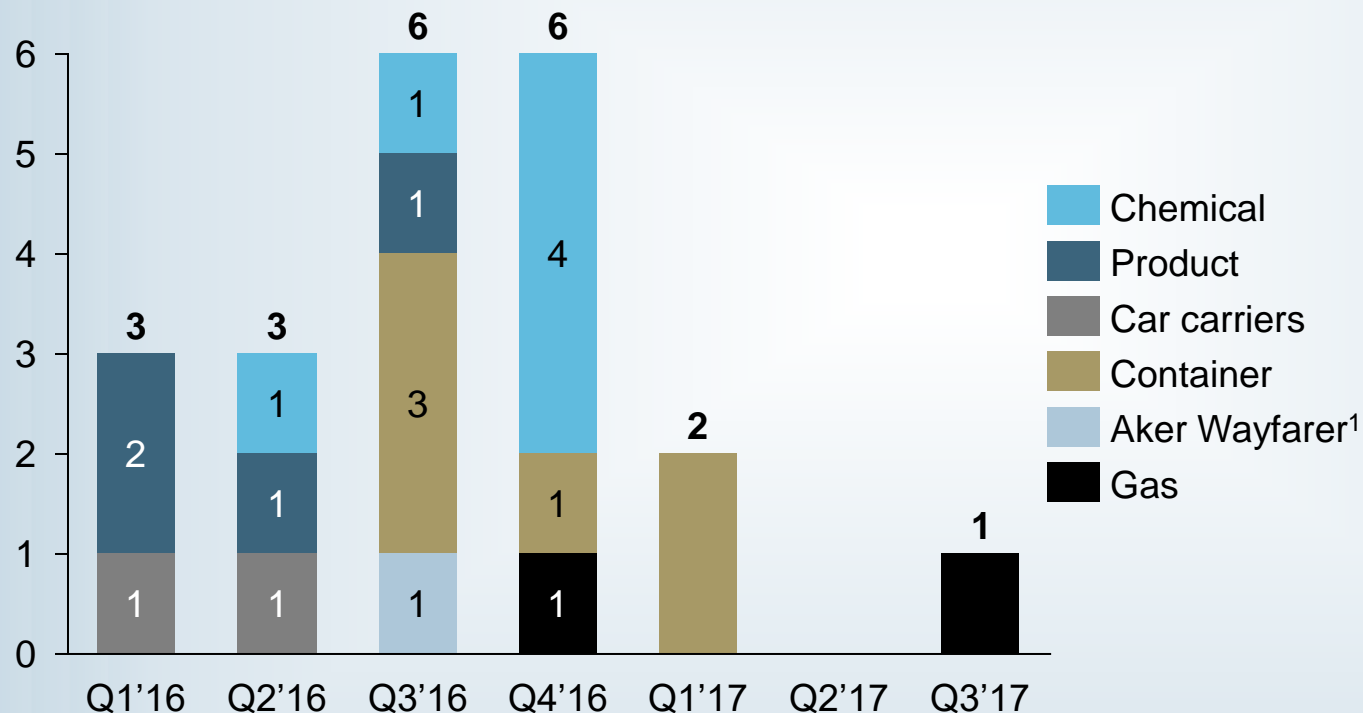
Successful refinancing of bonds by American Shipping Company (AMSC)

- New bond issued by AMSC
 - Size: USD 220 million
 - Coupon: 9.25% p.a. fixed
 - Maturity: February 2022
 - Allocation: Ocean Yield allocated USD 50 million in the issue
- AMSC to exercise the call option of the existing bond at 101%
 - Ocean Yield owns principal amount of USD 200.6 million
- Ocean Yield will receive cash proceeds of about USD 156 million including accrued interest and USD 50 million in new bonds in return for redemption of existing bonds

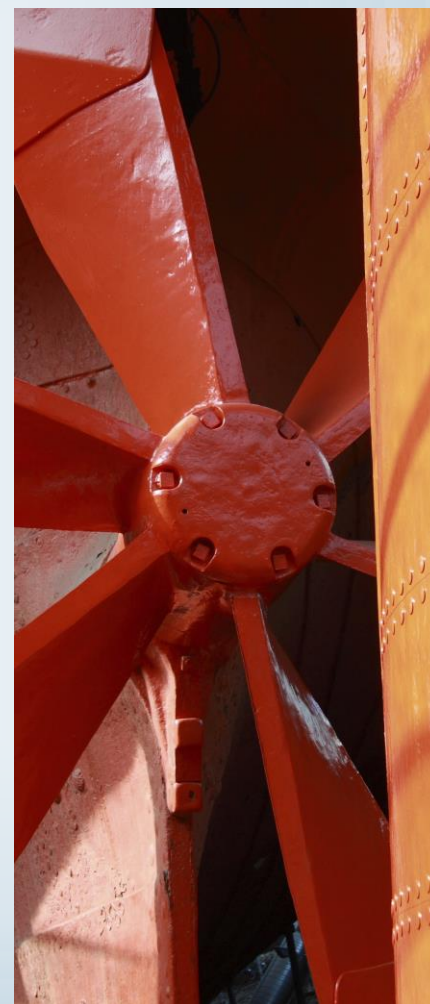


Delivery schedule of vessels

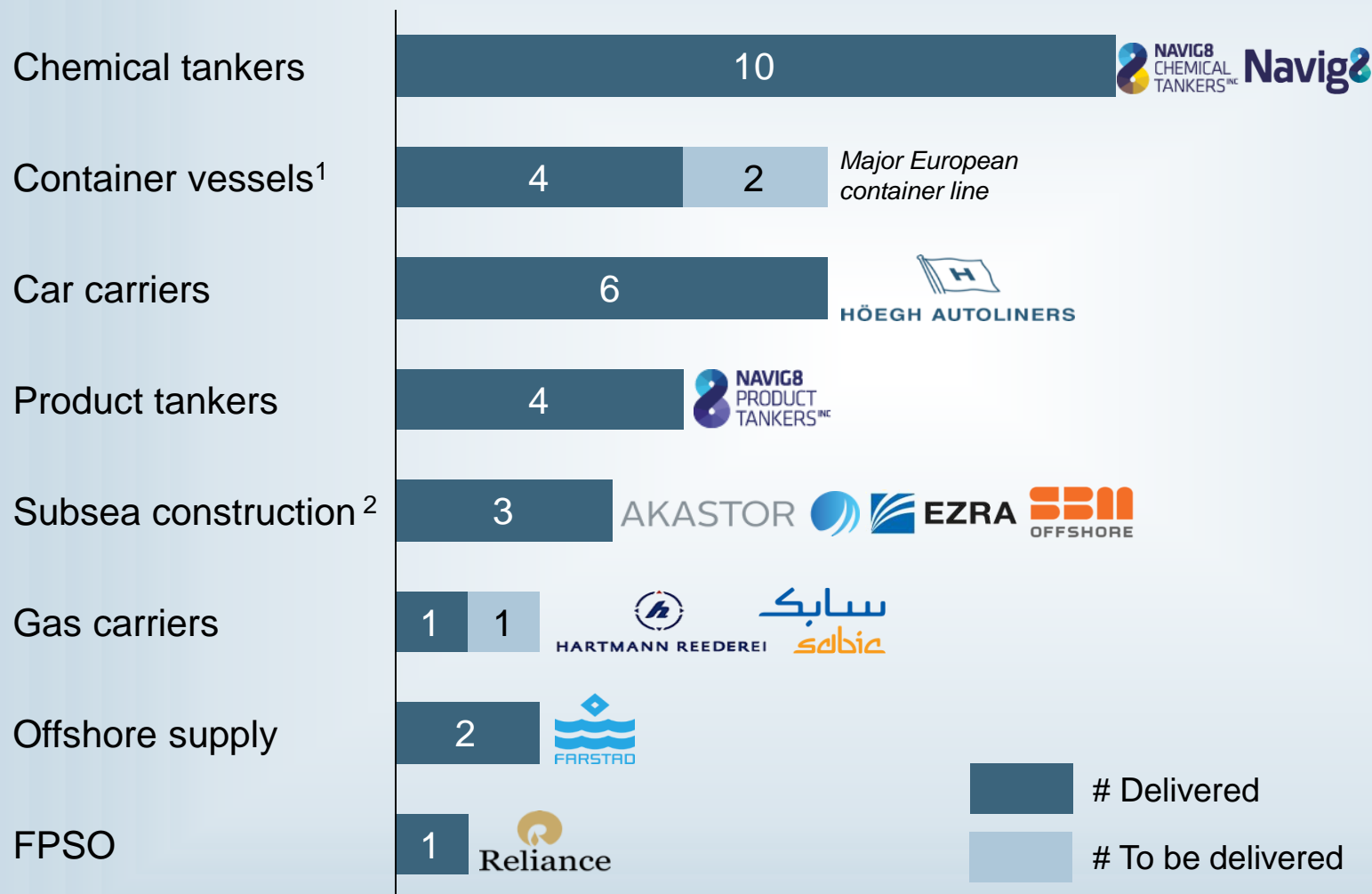
Delivery schedule (# vessels)



1) Including redelivery of Aker Wayfarer after major modification



Fleet overview per Q4 2016

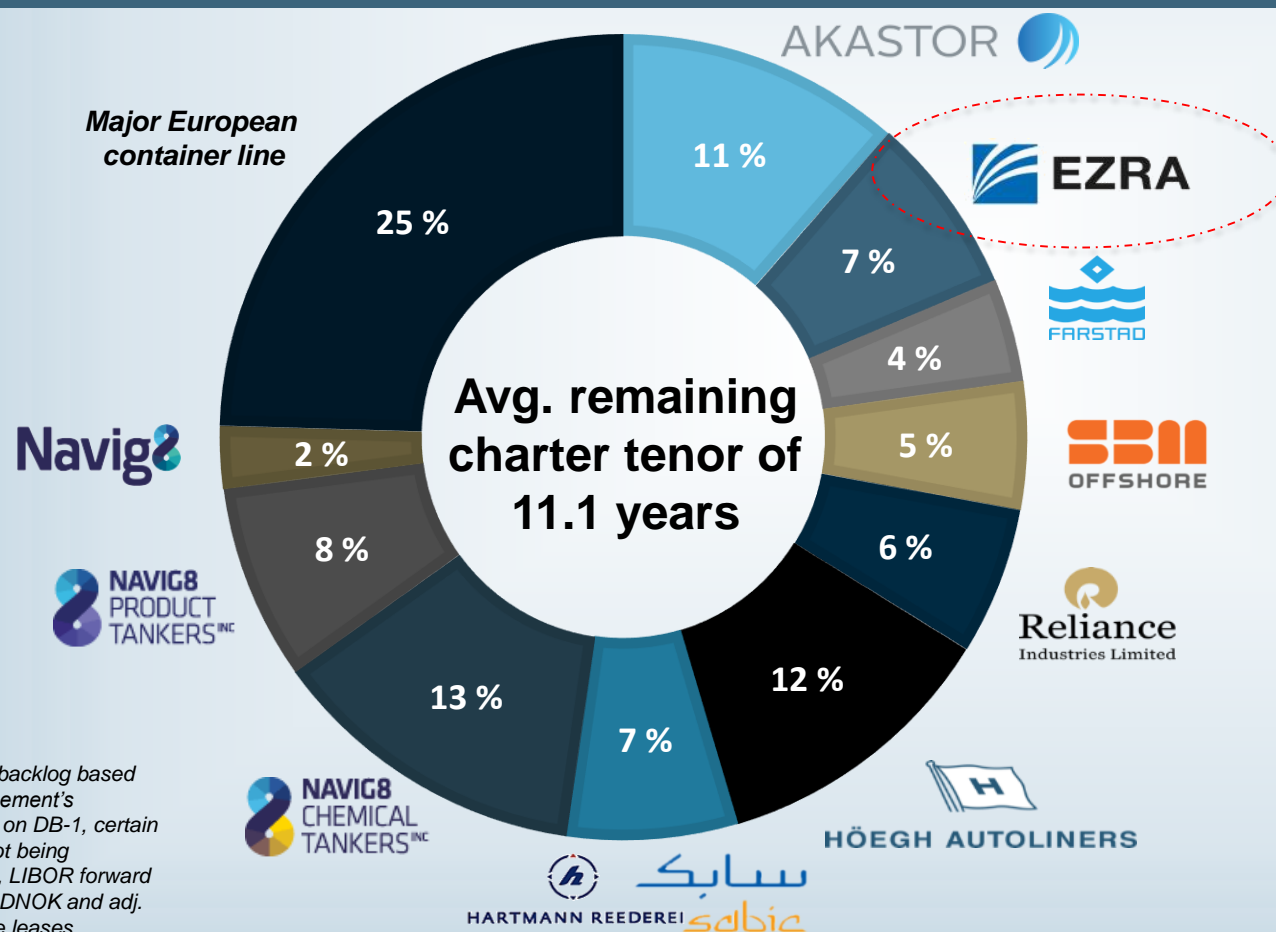


1) 49.5% ownership in six container vessels and 2) 75.0% ownership in SBM Installer

Charter backlog by client per Q4 2016

(including Lewek Connector)

EBITDA* backlog of USD 3.1 billion

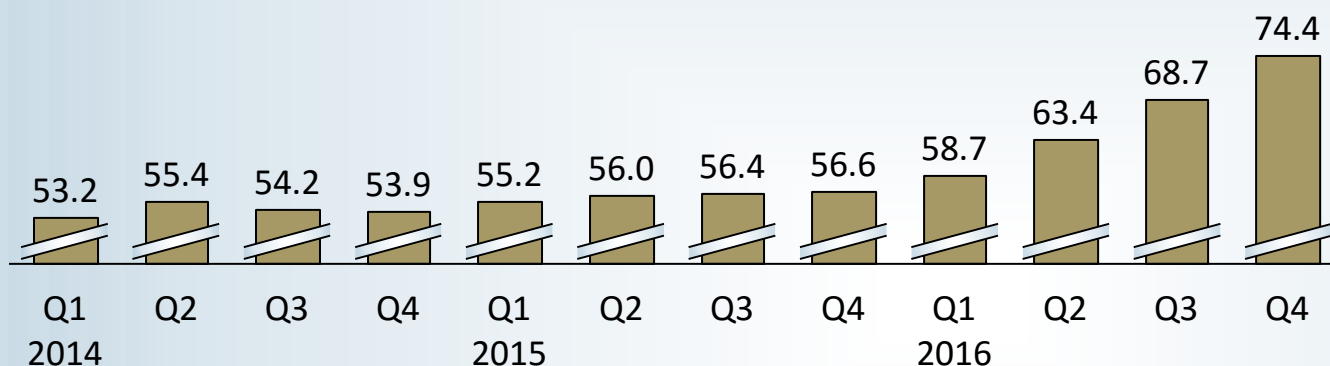


*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised, LIBOR forward curve, USDNOK and adj. for finance leases

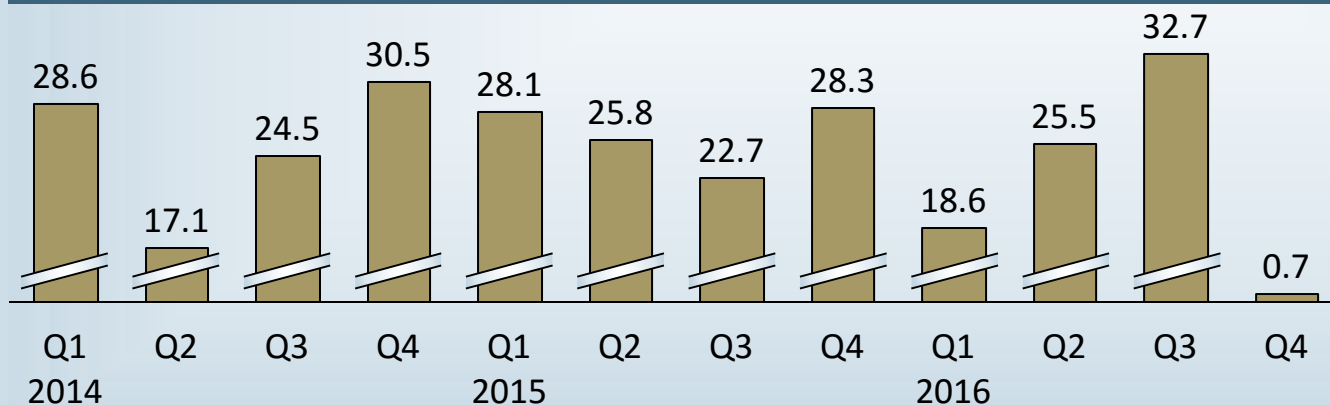


Quarterly EBITDA and net profit

EBITDA per quarter (USDm)

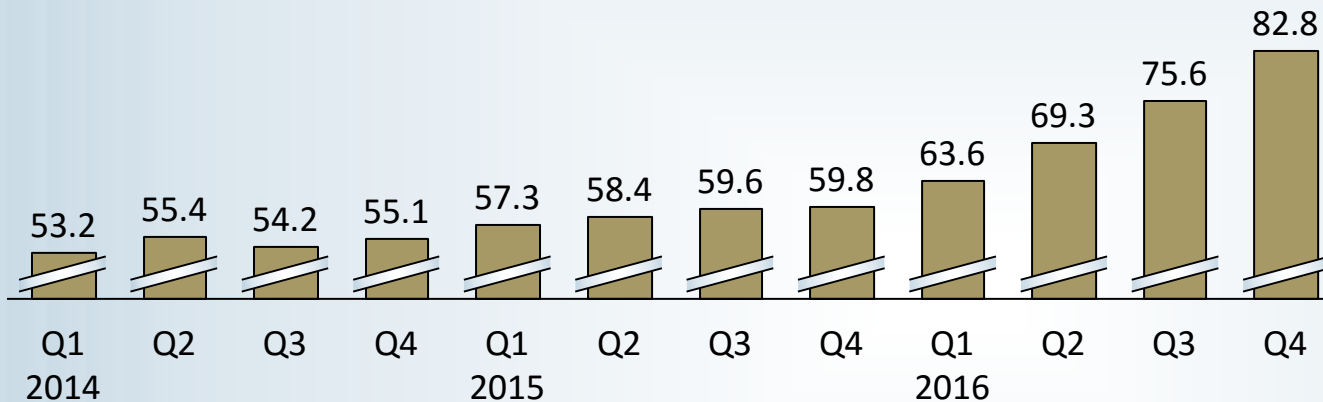


Net profit per quarter (USDm)

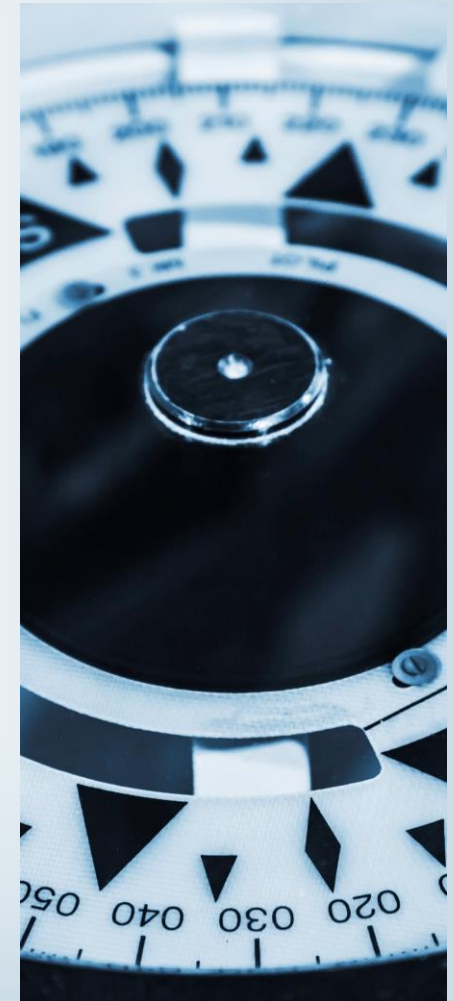
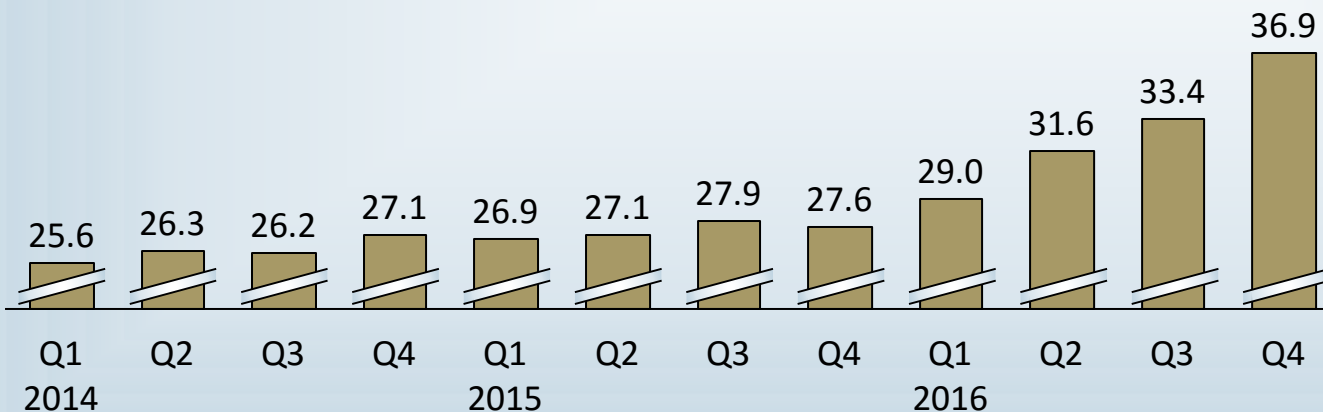


Adjusted EBITDA and net profit

EBITDA adjusted for finance lease effects (USDm)

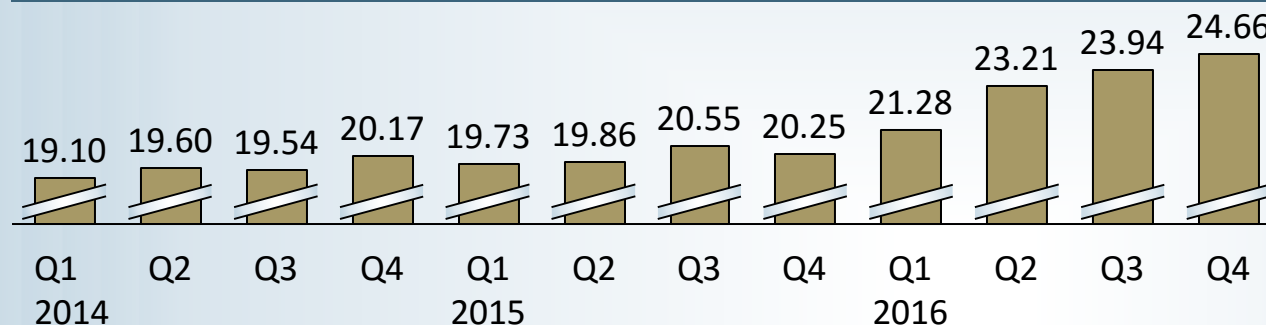


Adjusted net profit (USDm)

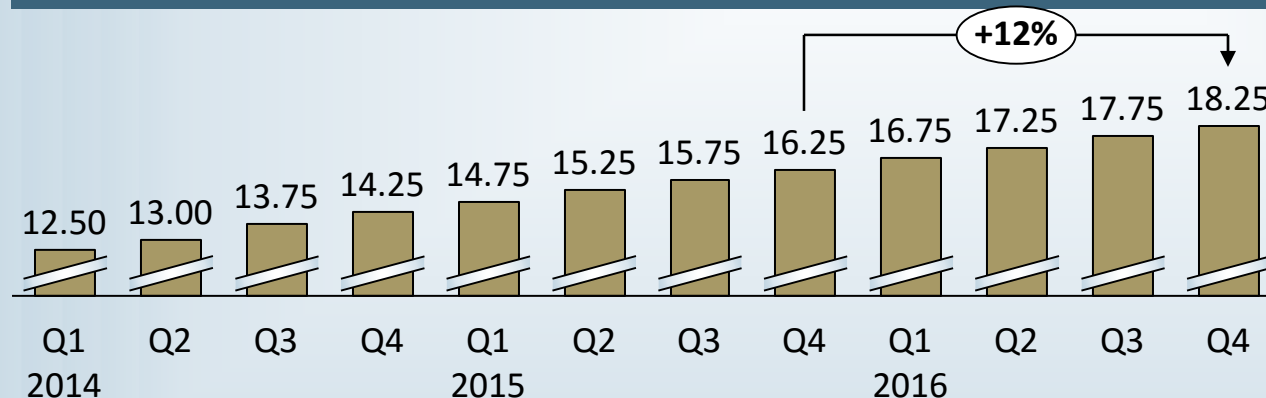


Growth in cash dividends for 13 consecutive quarters

Adjusted earnings per share (USD cents)²



Dividend per share (USD cents)



Dividend yield

9.6%¹ p.a.

Pay-out ratio on adjusted Q4 EPS

74%

Adjusted earnings yield

13.0%¹ p.a.

¹As per 16.02.2016. Q4 2016 dividend annualized, outstanding shares as per end of Q4, share price of NOK 63.0, NOK/USD 8.3.

²Reported 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		
	Q3	Q4
<i>Amounts in USD million</i>	2016	2016
Total revenues and other income	76.2	82.0
Vessel operating expenses	(4.6)	(4.4)
Wages and other personnel expenses	(1.7)	(1.5)
Other operating expenses	(1.2)	(1.6)
EBITDA	68.7	74.4
Depreciation and amortization	(25.2)	(25.5)
Impairment charges	-	(36.2)
Operating profit	43.5	12.7
Financial income	4.8	5.0
Financial expenses	(15.7)	(17.7)
Foreign exchange gains/losses	(8.8)	13.3
Mark to market of derivatives	15.9	(10.2)
Net financial items	(3.9)	(9.6)
Net profit before tax	39.7	3.1
Tax payable	-	(0.2)
Change in deferred tax	(7.0)	(2.2)
Net profit after tax	32.7	0.7
Non-controlling interests	0.8	0.7
Equity holders of the parent	31.9	0.0
Earnings per share (USD)	0.23	0.00

Comments

Revenues

- Increased revenue from delivery of 6 newbuildings during Q4 in addition to full earnings contribution from vessels delivered in Q3

Impairment charges

- Impairment charge of USD 35.6m related to *Lewek Connector*

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 and USD 0.9m related to cancellation of debt facilities

Deferred tax expense

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

Adjusted net profit

Adjustments			Comments	
	Q3 2016	Q4 2016		
<i>Amounts in USD million</i>				
Net profit	32.7	0.7		
- Impairment charges	-	36.2	• Largely related to the vessel Lewek Connector	
- Repurchase of bonds	0.5	-	• Repurchase of OCY02 and OCY03	
- Cancellations/repayment of loans	0.4	0.9	• Related to Aker ASA / Hartmann facility	
- Foreign exchange gains/losses	8.8	(13.3)	• Mainly related to bond and bank loans in NOK	
- Mark to market of derivatives	(15.9)	10.2	• USD/NOK cross currency and interest rate swaps	
- Tax payable	-	-		
- Changes in deferred tax, net	7.0	2.2		
Adjusted net profit	33.4	36.9		

Balance sheet

Balance sheet

	Q3	Q4
ASSETS (USD million)	2016	2016
Vessels and equipment	1 301.0	1,243.8
Intangible assets	9.8	9.8
Deferred tax assets	22.2	20.5
Restricted cash deposits	23.6	23.8
Finance lease receivables and related	614.0	703.5
Investments in AMSC Bonds	196.2	197.5
Investments in associates	165.4	187.4
Other non-current assets	0.7	1.2
Total non-current assets	2 332.9	2,387.5
Trade receivables and other	17.6	21.7
Restricted cash deposits	47.9	-
Cash and cash equivalents	157.4	165.5
Total current assets	222.9	187.2
Total assets	2 555.8	2 574.7

Non-controlling interest of USD 11.0 million relates to the vessel SBM Installer

	Q3	Q4
EQUITY AND LIABILITIES	2016	2016
Equity to holders of the parent	816.3	804.2
Non-controlling interests	10.2	11.0
Total equity	826.5	815.2
Interest-bearing debt	1 323.6	1 380.4
Mobilization fee and advances	37.9	34.5
Mark to market of derivatives	22.0	26.1
Non-current provisions	28.0	28.5
Other interest-free liabilities	3.3	3.2
Total non-current liabilities	1 414.8	1,472.7
Interest-bearing short term debt	161.9	173.4
Liability related to investment in assoc	86.5	57.7
Mark to market of derivatives	35.3	41.3
Trade and other payables	30.9	14.4
Total current liabilities	314.6	286.8
Total liabilities	1 729.3	1 759.5
Total equity and liabilities	2 555.8	2 574.7
Equity ratio	32.3 %	31.7 %

Contractual obligations and financing

Contractual obligations and financing, Q4 2016

<i>Amounts in USD million</i>	Other Oil Service	Gas Carriers	Container Vessels	Total
Already paid	-	24.3	0.6	24.9
2017	-	56.7	57.7	114.4
Total contractual obligations	-	81.0	58.2	139.2
Total remaining payments	-	56.7	57.7	114.4
Secured bank financing	18.4	67.5	29.0	114.9
Estimated surplus cash	18.4	10.8	(28.7)	0.5

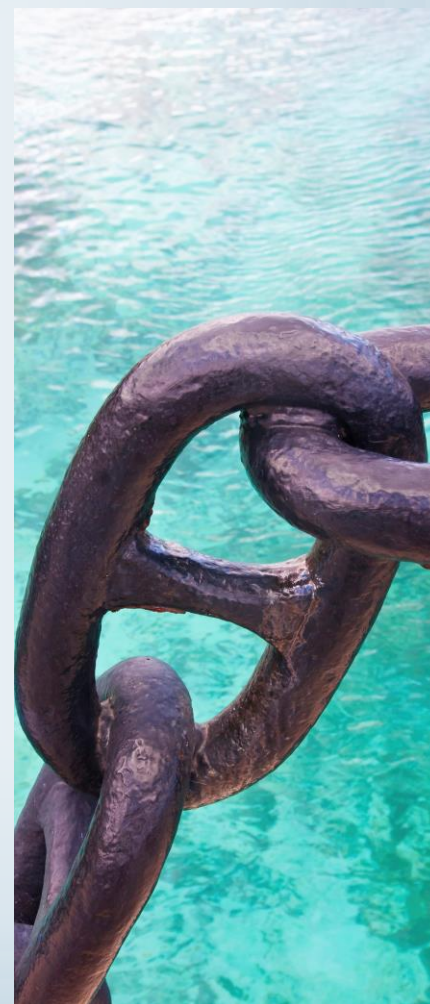
Comments

- Unrestricted cash of USD 165.5m at the end of Q4 2016
- In addition, the company will receive net cash of about USD 156m from the refinancing of the bonds in American Shipping Company in Q1 2017
- USD 29 million loan facility from Aker ASA has been cancelled in January 2017



Outlook

- 2017 earnings
 - Positive impact from delivery of 3 vessels during 2017
 - Full earnings effect from 17 vessels delivered during 2016
 - Reduced earnings from Lewek Connector
- New investments
 - Investment capacity is strengthened after sale of bonds in AMSC
 - Attractive timing for new investments in 2017
 - Competition from Chinese leasing companies
- Dividends
 - Dividend policy remains unchanged





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