



Q4 2017 PRESENTATION

16th FEBRUARY 2018

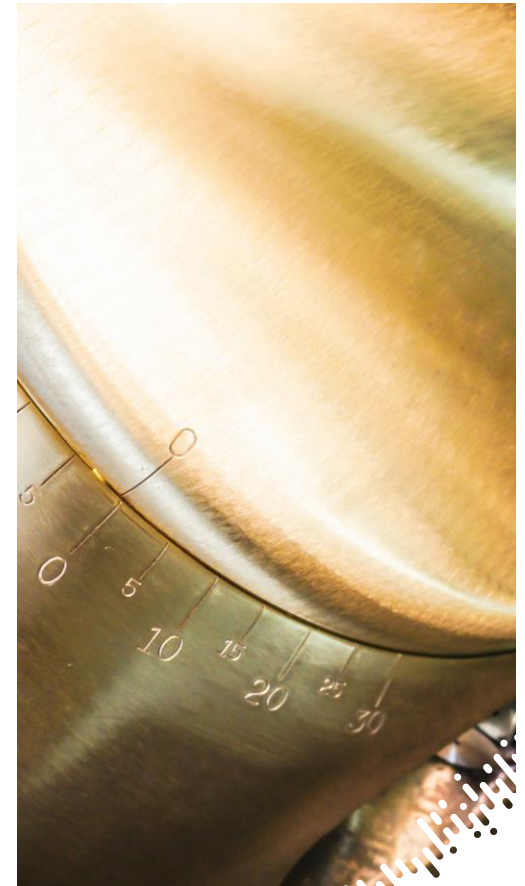
Q4 2017 FINANCIAL HIGHLIGHTS

- **Quarterly dividend of USD 0.1895 per share**
 - Increase of USD 0.10 cents vs. Q3 2017
 - USD 0.758 per share annualized
 - Dividend yield of 8.4% p.a.
 - Declared cash dividends for 18 consecutive quarters
- **EBITDA was USD 80.4m vs. USD 80.6m in Q3**
 - EBITDA adjusted for finance leases was USD 89.3m vs. USD 89.3m in Q3
- **Net profit after tax was USD 30.9m vs. 31.3m in Q3**
- **Adjusted net profit was USD 34.4m vs. 36.3m in Q3**
 - The reduction is mainly due to a payable tax of USD 2.0m due to currency fluctuations
- **EBITDA charter backlog as per Q4 adjusted for transactions after year end of USD 3.5bn with weighted average duration of 11.5 years**
 - EBITDA charter backlog at end of Q4 of USD 2.95bn



RECENT EVENTS

- Investment in three Suezmax crude tankers with long-term contracts to Nordic American Tankers Ltd.
- Investment in four VLCC crude tankers with long-term charters to Okeanis Marine Holdings SA and 5-years sub-charters to the shipping arm of a large industrial conglomerate
- Investment in two Handysize dry bulk carriers with long-term charters to Louis Dreyfus Armateurs
- Entered into a short term time charter for *Connector*



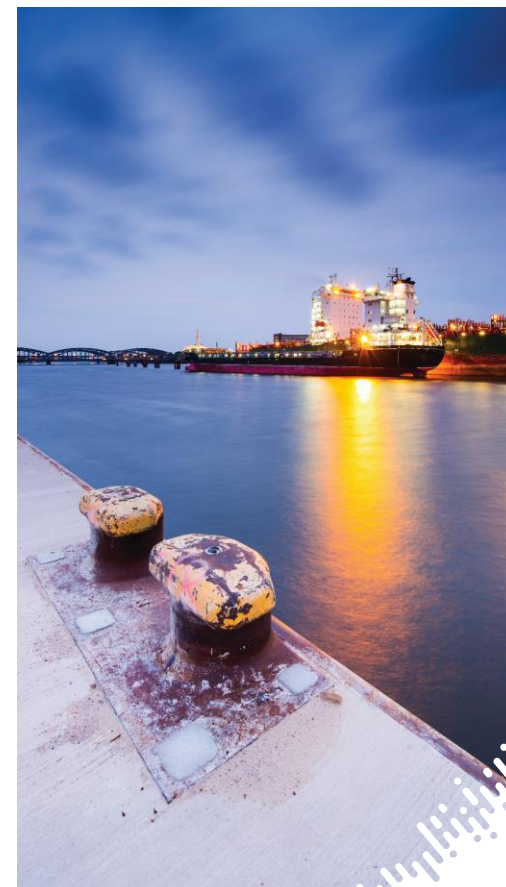
ACQUISITION OF THREE SUEZMAX CRUDE TANKERS WITH 10 YEARS CHARTER

TRANSACTION DETAILS

Purchase price	USD 55.7m per vessel / total of USD 167.1m
Seller's credit	USD 12.5m per vessel / total of USD 37.5m
Net purchase price	USD 43.2m / total of USD 129.5m
Purchase obligation	After year 10
Charter duration	10 years
Charter type	Hell & high water bareboat
Charterer	Nordic American Tankers Limited, Ticker "NAT"

VESSEL DETAILS

Vessel type	Suezmax Crude Tankers
Vessel size	157,000 dwt
Scheduled deliveries	June, August & October 2018
Ship Yard	Samsung Heavy Industries, Korea



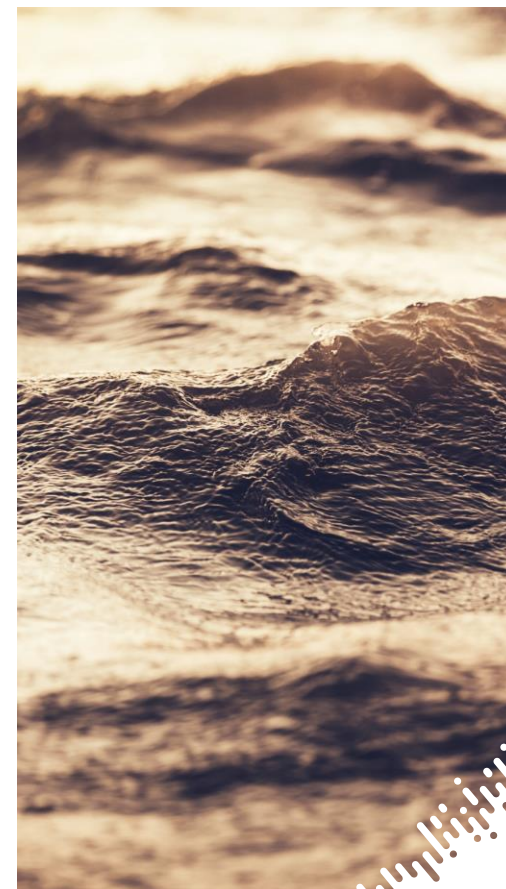
ACQUISITION OF FOUR VLCC CRUDE TANKERS WITH 15 YEARS CHARTER

TRANSACTION DETAILS

Purchase price	USD 83.75m per vessel / total of USD 335.0m
Seller's credit	USD 9.50m per vessel / total of USD 28.5m
Net purchase price	USD 74.25m per vessel / total of USD 297.0m
Charter duration	15 years
Charter type	Hell & high water bareboat
Charterer	Okeanis Marine Holdings SA.
Sub-charter	5 year to a large industrial conglomerate

VESSEL DETAILS

Vessel type	VLCC Crude Tankers
Vessel size	319,000 dwt
Scheduled deliveries	Q2-Q3 2019
Ship Yard	Hyundai Heavy Industries, Korea



ACQUISITION OF TWO DRY BULK HANDYSIZE VESSELS WITH LONG TERM CONTRACTS

TRANSACTION DETAILS

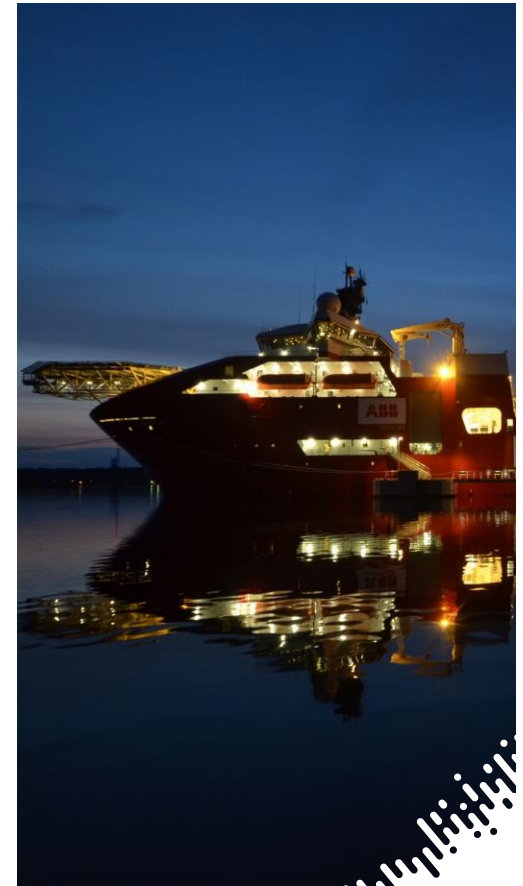
Net purchase price per vessel	USD 18.0m
Net purchase price total	USD 36.0m
Charter duration	12 years
Purchase obligation	End of year 12
Charter type	Hell & high water bareboat
Charterer	Louis Dreyfus Armateurs Group

VESSEL DETAILS

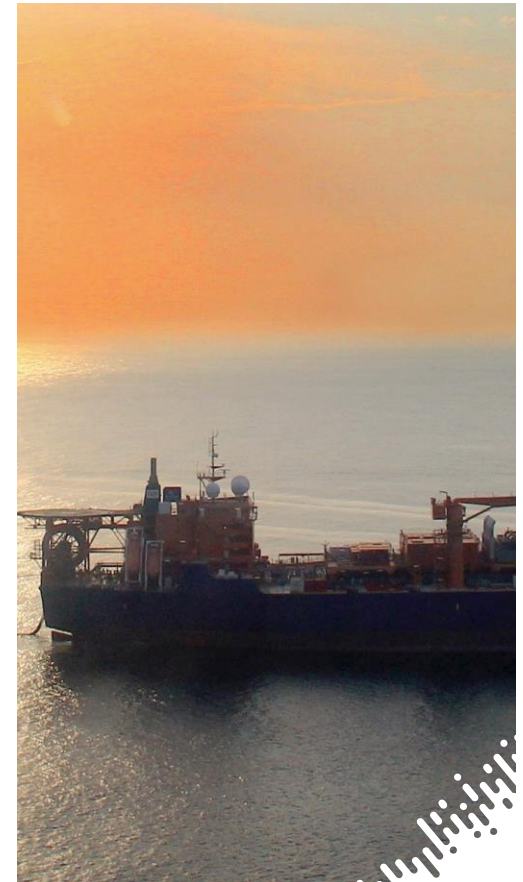
Vessels	Handysize Dry Bulk Vessels
Vessel type	39,800 dwt
Delivery	Q1 2018
Ship Yard	Jiangmen Nanyang Ship Engineering, China



- **Secured new employment for the vessel *Connector***
 - Time Charter contract with start-up about 20th February
 - Firm period of 130 days, plus 130 days extensions in charterer's option
 - Will conduct cable lay operations for Ørsted's Hornsea Project One offshore wind farm project
 - Completed dry docking in Q1 2018 in Odense, Denmark
- **Entered into a contract with Solstad Farstad for technical management**
- **Commercial management of the vessel handled by Ocean Yield**
 - Increased interest for employment beyond 2018
- **Expect lower earnings in Q1 due to dry docking, but higher earnings in Q2 vs. Q4 due to higher charter rates**

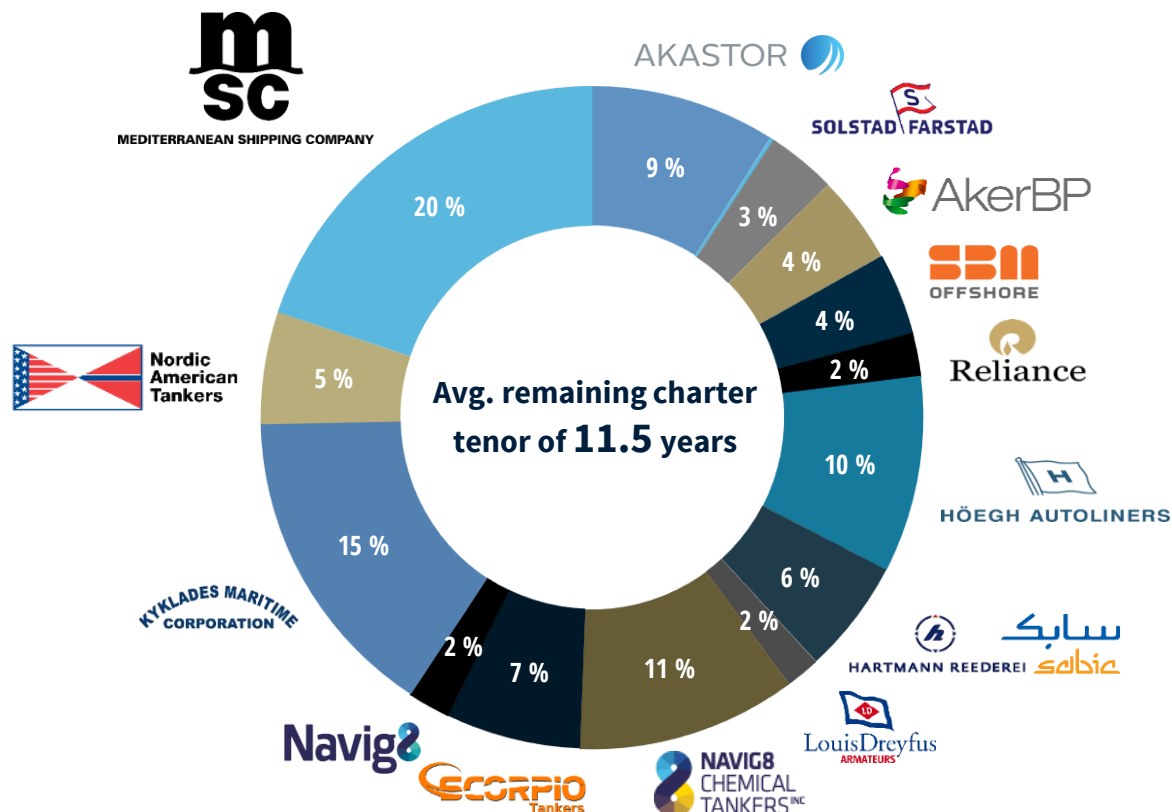


- **Production uptime of close to 100% in Q4 2017**
- **Only USD 20m debt outstanding on the vessel at the end of Q4 2017, and the debt will be fully repaid by September 2018**
- **Production on the MA field may continue beyond the end of the firm contract in September 2018**
 - Uncertainty on how long Reliance will continue production on existing field
 - Purchase option at the end of the charter contract at USD 255m
 - Option to extend by about 130 days from September
- **Update on the MJ field**
 - The FEED study on the MJ field has been completed
 - The MJ field will be developed with an FPSO solution. Expect FPSO tender to be issued during Q1 or Q2 with investment decision in Q3 2018
 - Dhirubhai-1 is a candidate for this field






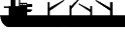



CHARTER BACKLOG BY CLIENT END OF Q4 2017, ADJUSTED FOR TRANSACTIONS AFTER YEAR END

EBITDA* BACKLOG OF USD 3.5 BILLION

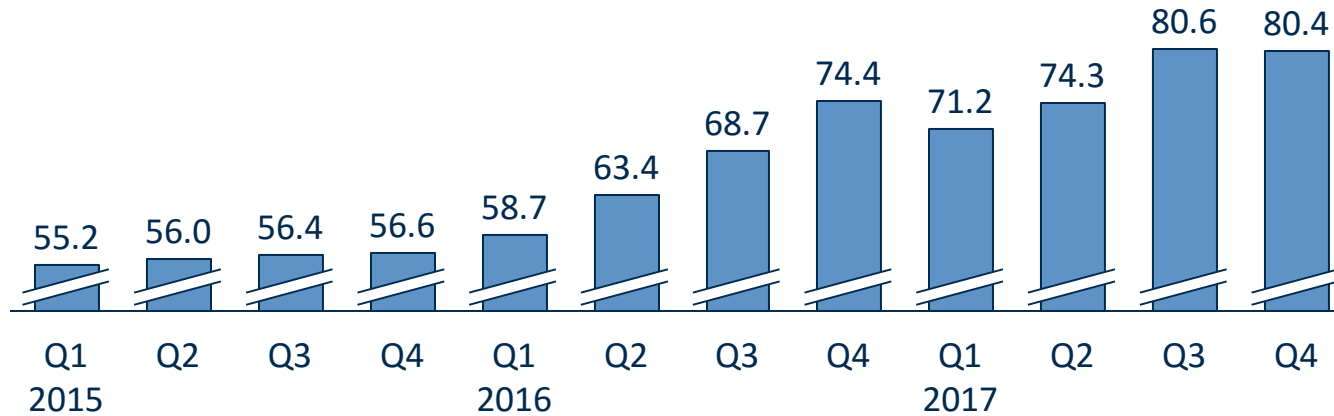


*EBITDA backlog based on management's estimates on DB-1, certain options not being exercised, LIBOR forward curve, USDNOK and finance lease adjustments

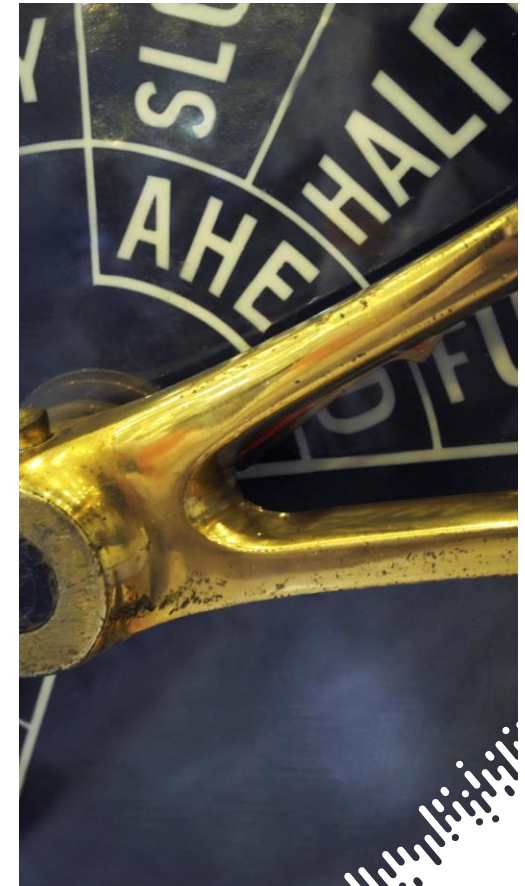
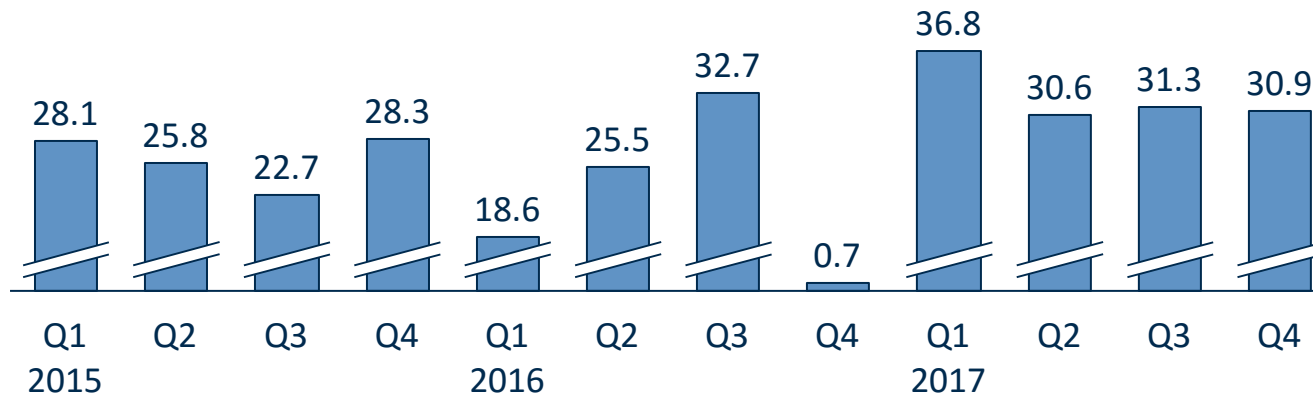
FLEET		
	Tankers	22
	Oil-service	7
	Container vessels	6
	Car Carriers	6
	Gas Carriers	2
	Dry Bulk	2
	FPSO	1
Total		46

QUARTERLY EBITDA AND NET PROFIT

EBITDA PER QUARTER (USDM)

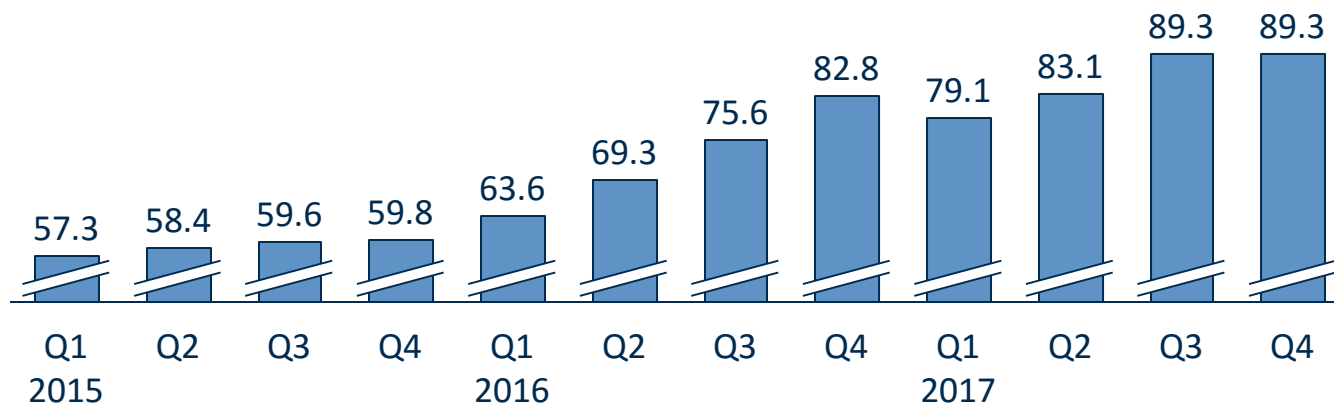


NET PROFIT PER QUARTER (USDM)

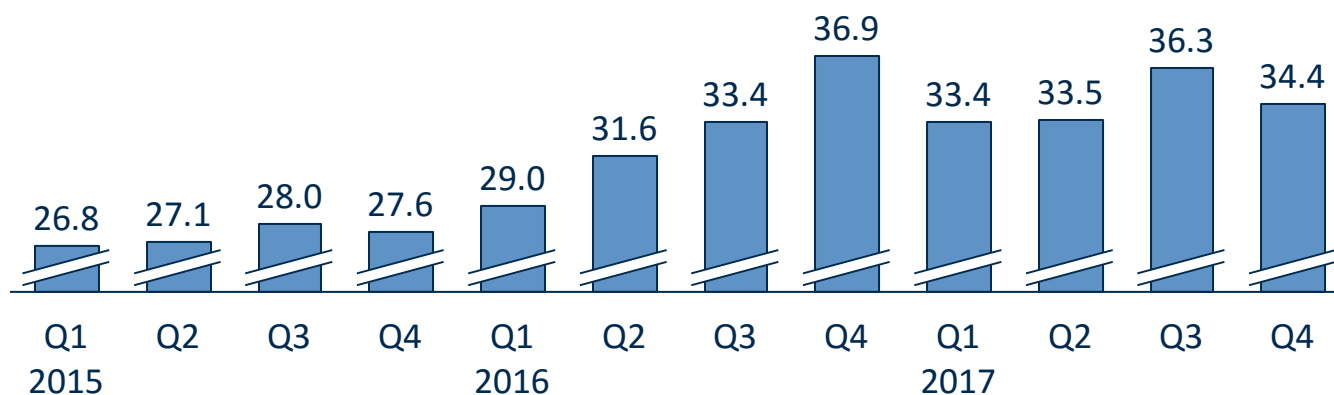


ADJUSTED EBITDA AND NET PROFIT

EBITDA ADJUSTED FOR FINANCE LEASES (USDM)

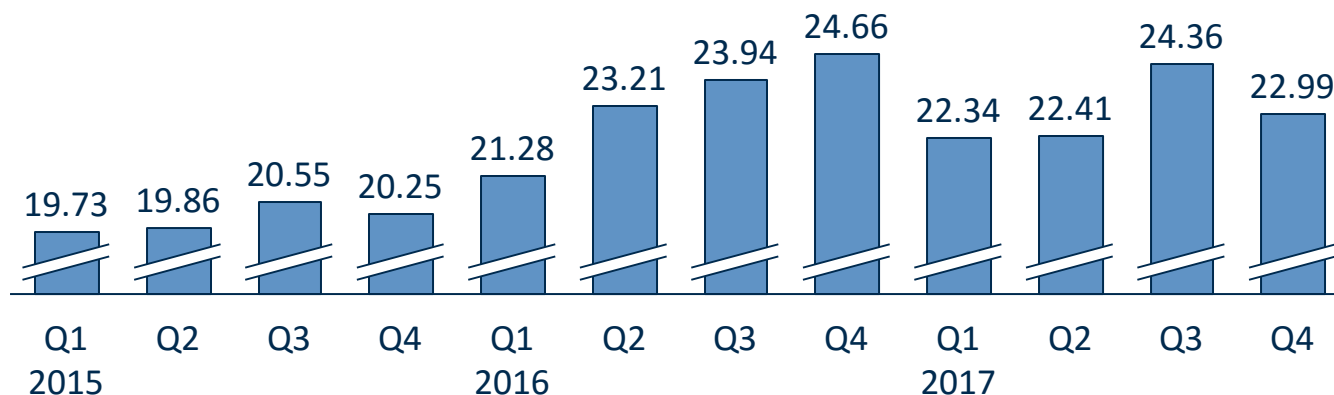


ADJUSTED NET PROFIT (USDM)

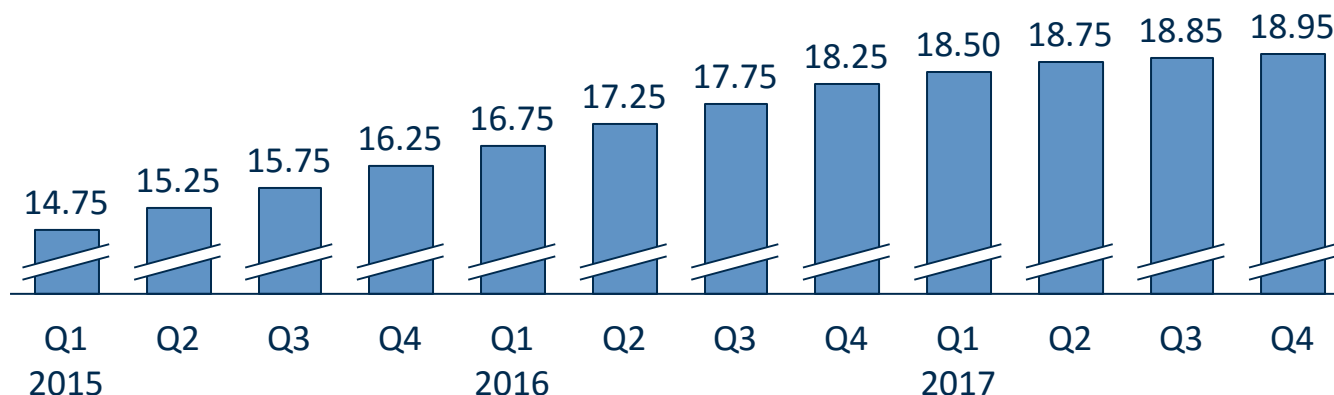


DECLARED CASH DIVIDENDS FOR 18 CONSECUTIVE QUARTERS

ADJUSTED EARNINGS PER SHARE (USD CENTS)¹



DIVIDEND PER SHARE (USD CENTS)



DIVIDEND YIELD

8.4%² p.a.

ADJUSTED PAY-OUT RATIO

82%

ADJUSTED EARNINGS YIELD

10.2%² p.a.

1) See Q4 2017 Financial Report

2) Per 15.02.2018, Q4 2017 DPS annualized, share price of NOK 70.50, NOK/USD of 7.8.

INCOME STATEMENT

	Q3	Q4
<i>Amounts in USD million</i>	2017	2017
Operating revenues	66.6	66.8
Finance lease revenue	16.4	16.2
Income from investments in associates	5.8	6.4
Total revenues and other income	88.8	89.5
Vessel operating expenses	(4.1)	(4.8)
Wages and other personnel expenses	(2.7)	(1.5)
Other operating expenses	(1.4)	(2.9)
EBITDA	80.6	80.4
Depreciation and amortization	(26.7)	(26.7)
Impairment charges and other non recurring items	-	-
Operating profit	53.9	53.7
Financial income	1.4	1.4
Financial expenses	(19.0)	(18.7)
Foreign exchange gains/losses	(41.4)	10.0
Change in fair value of financial instruments	44.4	(10.9)
Net financial items	(14.6)	(18.2)
Net profit before tax	39.2	35.5
Tax payable	(0.0)	(2.0)
Change in deferred tax	(7.9)	(2.6)
Income tax expense	(7.9)	(4.6)
Net profit after tax	31.3	30.9
Non-controlling interests	0.4	0.5
Equity holders of the parent	30.9	30.4
Earnings per share (USD)	0.21	0.21

COMMENTS

- **Revenues:** Stable revenues as no new vessel deliveries in Q4
- **Operating expenses:** USD 0.3m related to Connector
- **Other operating expenses:** One-off costs related to establishment of Malta office
- **Change in fair value of financial instruments:** Impairment on Solstad Farstad shares of USD 6.4m. Reversal of previous recognition in Other Comprehensive Income
- **Payable tax:** Related to currency fluctuation on internal loan

ADJUSTED NET PROFIT

ADJUSTMENTS

<i>Amounts in USD million</i>	Q3 2017	Q4 2017	
Net profit	31.3	30.9	
- Impairment charges	-	-	
- Foreign exchange gains/losses	41.4	(10.0)	• Bond and bank loans in NOK
- Change in fair value of financial instruments	(44.4)	10.9	
- Changes in deferred tax, net	7.9	2.6	• Non-cash and offset against deferred tax assets
Adjusted net profit	36.3	34.4	



BALANCE SHEET

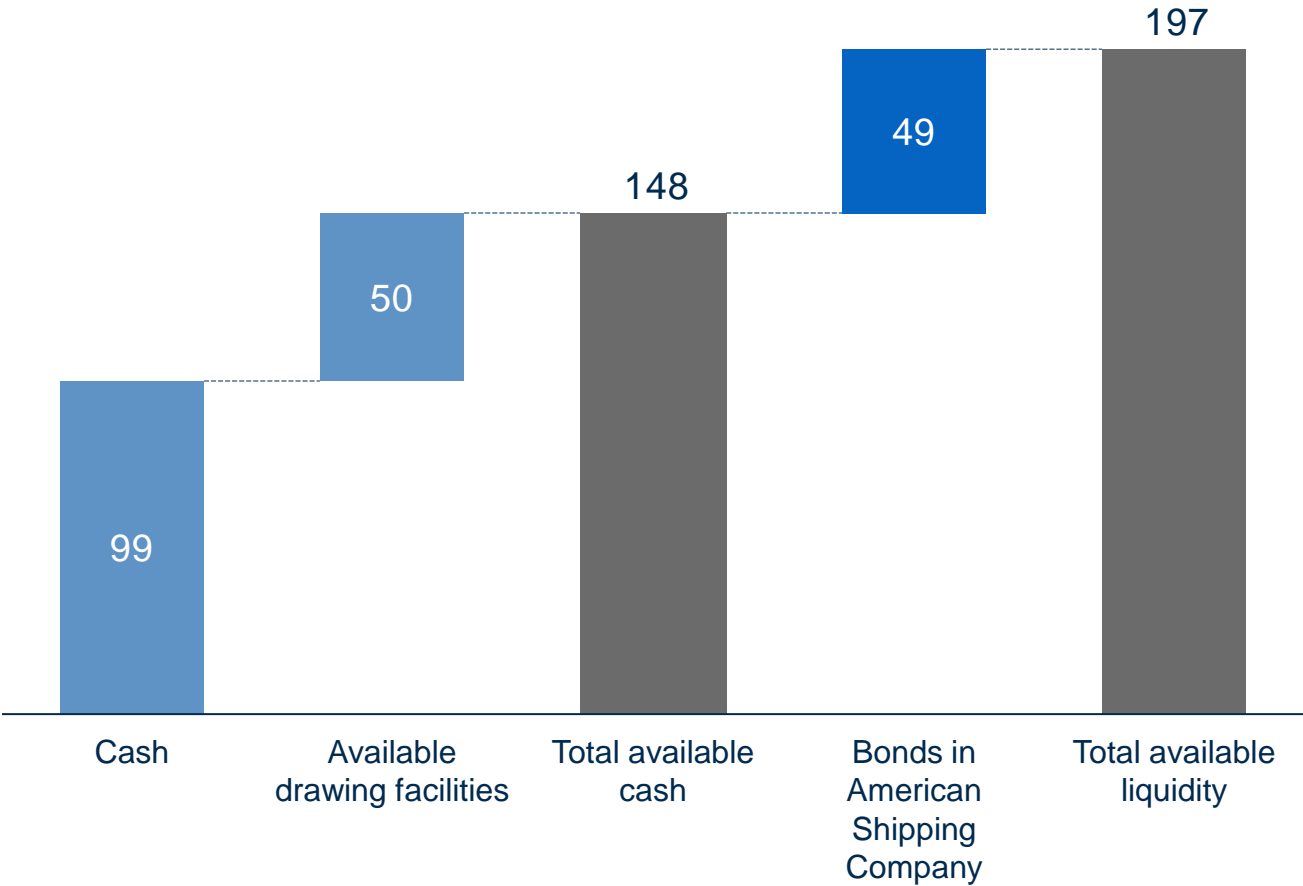
INCOME STATEMENT

	Q3	Q4		Q3	Q4
ASSETS	2017	2017	EQUITY AND LIABILITIES	2017	2017
Goodwill	9.8	9.8	Equity to holders of the parent	815.0	821.1
Vessels and equipment	1 340.7	1,310.8	Non-controlling interests	10.0	10.4
Investments in associates	186.1	188.7	Total equity	824.9	831.5
Finance lease receivables	727.3	719.8			
Investments in AMSC Bonds	50.7	49.0	Interest-bearing debt	1 447.2	1 401.4
Restricted cash deposits	-	1.5	Pension liabilities	0.4	0.4
Other non-current assets	2.0	2.0	Mob. fee, advances and other	36.1	30.6
Shares in Solstad Farstad ASA	7.6	6.5	Fair value of derivatives	5.8	11.8
Deferred tax assets	5.3	2.8	Field abandonment provision	29.7	30.1
Total non-current assets	2 329.7	2 290.8	Total non-current liabilities	1 519.1	1,474.2
			Interest-bearing short term debt	109.8	109.0
Trade- and other receivables	33.2	53.5	Fair value of derivatives	9.0	7.5
Cash and cash equivalents	116.9	98.7	Trade and other payables	17.0	20.8
Total current assets	150.1	152.2	Total current liabilities	135.7	137.3
Total assets	2 479.8	2 443.1	Total liabilities	1 654.9	1 611.5
			Total equity and liabilities	2 479.8	2 443.1
			Equity ratio	33.3 %	34.0 %



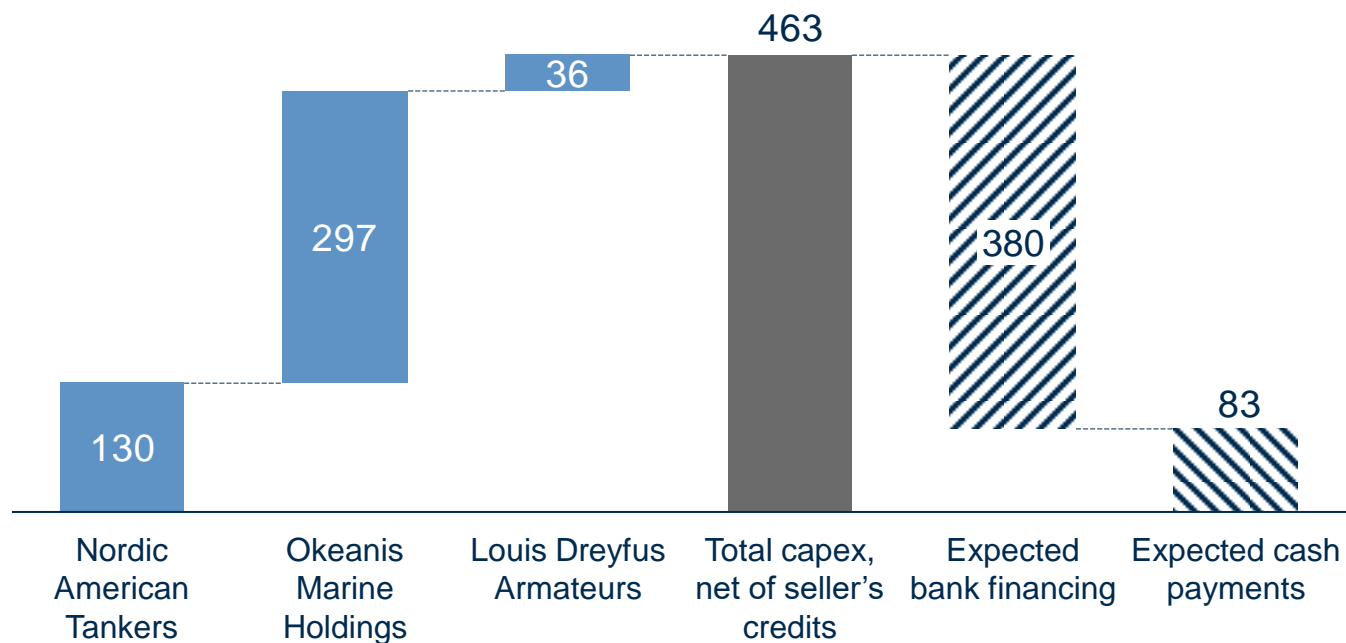
STRONG LIQUIDITY POSITION

CASH AND SECURITIES AVAILABLE FOR SALE PER Q4 2017 (USDM)



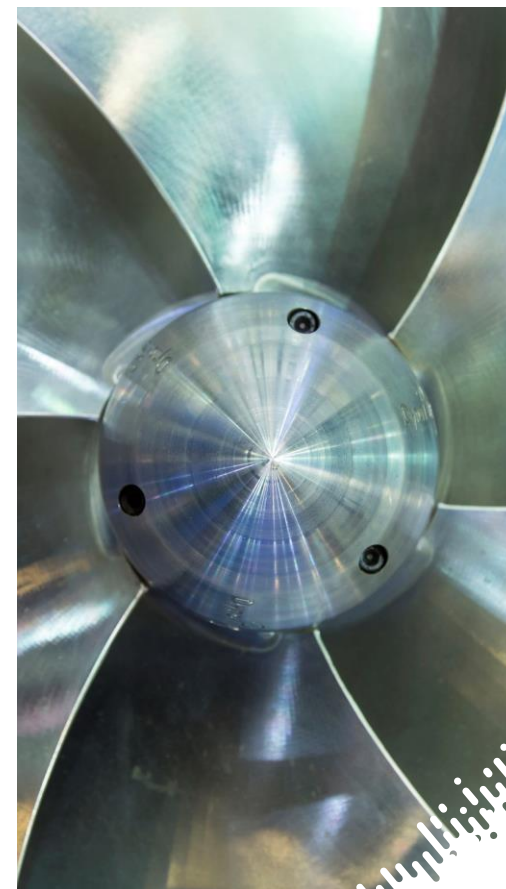
COMMITTED CAPEX, NET OF SELLER'S CREDITS

CAPEX AND EXPECTED BANK FINANCING 2018/19 (USDM)



COMMENTS

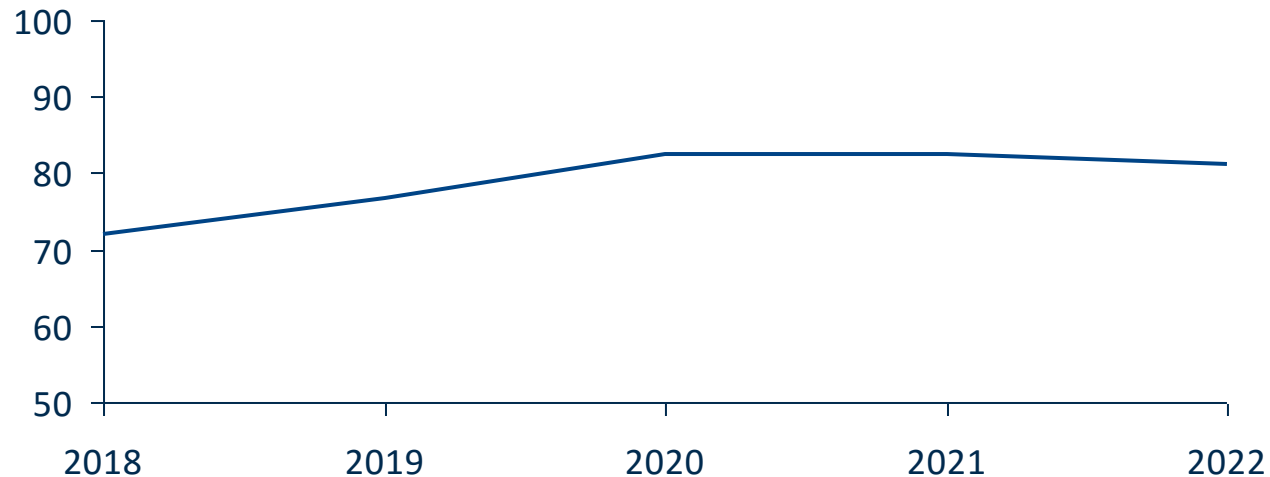
- Strong interest from key relationship banks regarding financing of new vessels
- Expected bank financing of about 70% of gross purchase price of USD 544m
- Remaining capex distributed through 2018 and 2019



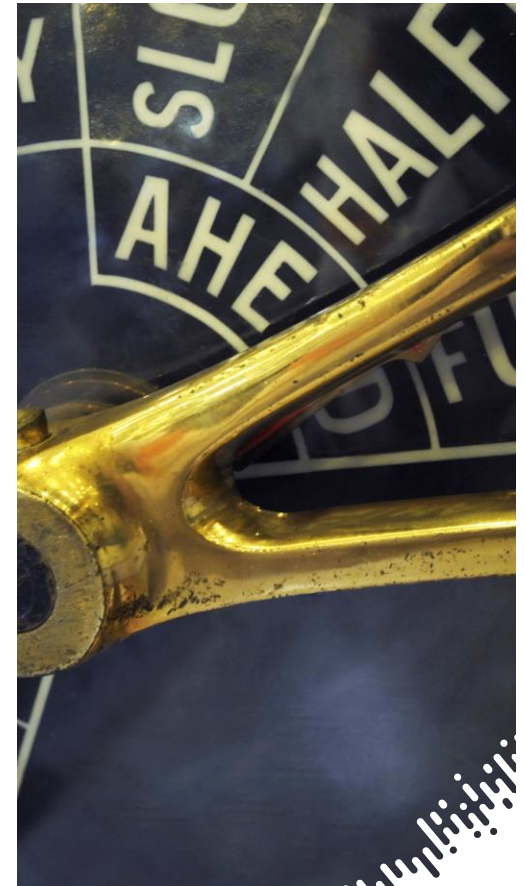
INTEREST RATE EXPOSURE

- **Strong protection against rising interest rates**
 - Floating interest rate clauses in 31 out of 46 charter contracts
 - Fixed rate interest bearing loans
 - Interest rate swaps
- **Expect coverage to increase with time as new transactions typically include floating interest rate clauses**

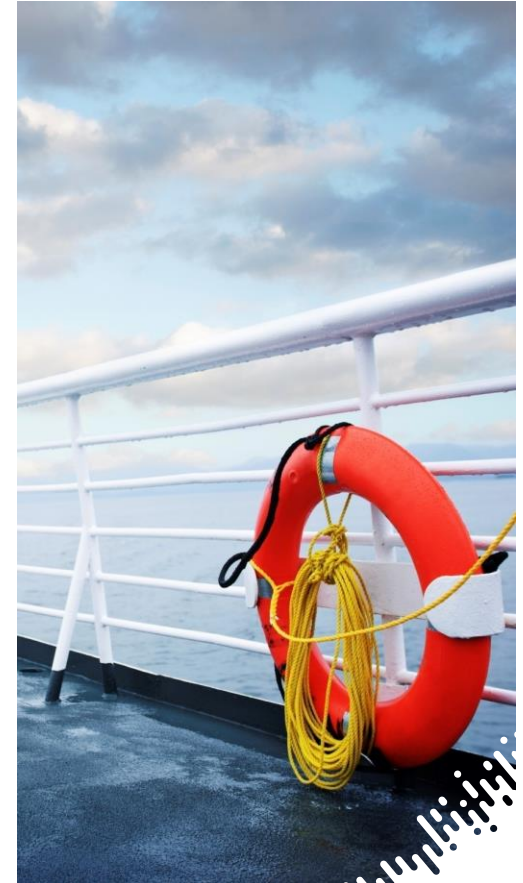
TOTAL INTEREST RATE HEDGE VS. EXPECTED INTEREST BEARING DEBT* (%)



*For illustration purpose. Total Interest Rate Hedge includes interest rate clauses in charter contracts, fixed interest bearing debt and interest rate swaps. Total debt includes management assumptions on debt refinancing and new bank debt on newbuildings.



- **Expects that 2018 will be an attractive entry point in several shipping segments**
 - Newbuildings & second hand values appears to have bottomed out
- **Well positioned to continue to expand the portfolio of vessels**
 - Increased volume and quality of new transactions
 - Access to competitive funding from banks and capital markets
- **Intends to continue policy of paying attractive dividends**
- **Key focus for 2018**
 - Continued fleet growth
 - Secure a positive outcome for Dhirubhai-1





INVESTOR RELATIONS

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