



# Q4 2019 PRESENTATION

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13<sup>th</sup> February 2020

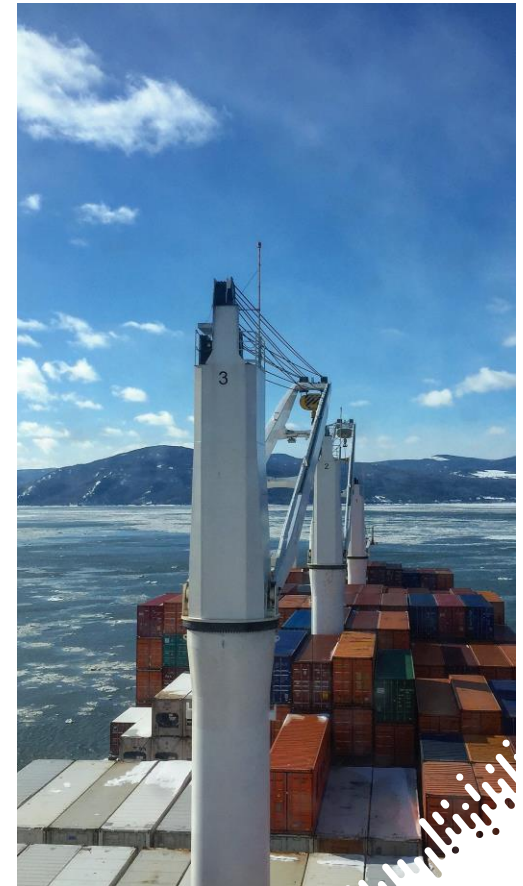
# Q4 2019 FINANCIAL HIGHLIGHTS

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- **Declared Q4 2019 dividend of USD 0.1910 per share**
  - Declared cash dividends for 26 consecutive quarters
- **EBITDA was USD 56.6m vs. Q3 of USD 57.2m**
  - EBITDA adjusted for finance leases was USD 80.0m vs. USD 80.8m in Q3
- **Net profit after tax was USD 9.6m vs. Q3 of USD -63.2m**
  - Increased demob provisions of USD 7.7m related to FPSO Dhirubhai-1
- **Adjusted net profit was USD 15.4m vs. Q3 of USD 11.0m**
  - Adj. net profit of USD 26.6m from vessels with long-term charters
  - Adj. net profit of USD -11.3m from vessels without long-term charters



- **Vessels with long-term charter**
  - Acquisition and delivery of one ethylene gas carrier
  - Acquisition and delivery of two newcastlemax dry bulk newbuildings
  - Acquisition and delivery of four LR2 product tankers
  - Notice of declaration of purchase options on two chemical tankers
  - Acquisition of three modern dry bulk carriers
  - Arbitration with respect to declaration of options on 4 vessels
- **Vessels without long-term charter**
  - New charter contract for the vessel Connector
- **Financing**
  - Private placement of 15.9m new shares
  - Placement of new NOK 750m bond issue
  - Prepayment of the bond OCY03 of NOK 897.5m
  - Successfully raised USD 331 million in long-term bank financing in Q4



# INVESTMENT IN THREE DRY BULK VESSELS WITH LONG-TERM CHARTERS

## TRANSACTION DETAILS

Net purchase price	Total of USD 62.8m for 3 vessels
Charter	9, 10 and 12 years bareboat
Options	Several options during the charter
Scrubber financing	USD 4.5m / USD 1.5m per vessel in 2020

## VESSEL DETAILS

Vessel	Type	Built	Yard
SBI Cronos	Ultramax	2015	Imabari, Japan
SBI Achilles	Ultramax	2016	Imabari, Japan
SBI Lynx	Kamsarmax	2018	Yangzijiang Shipyard, China

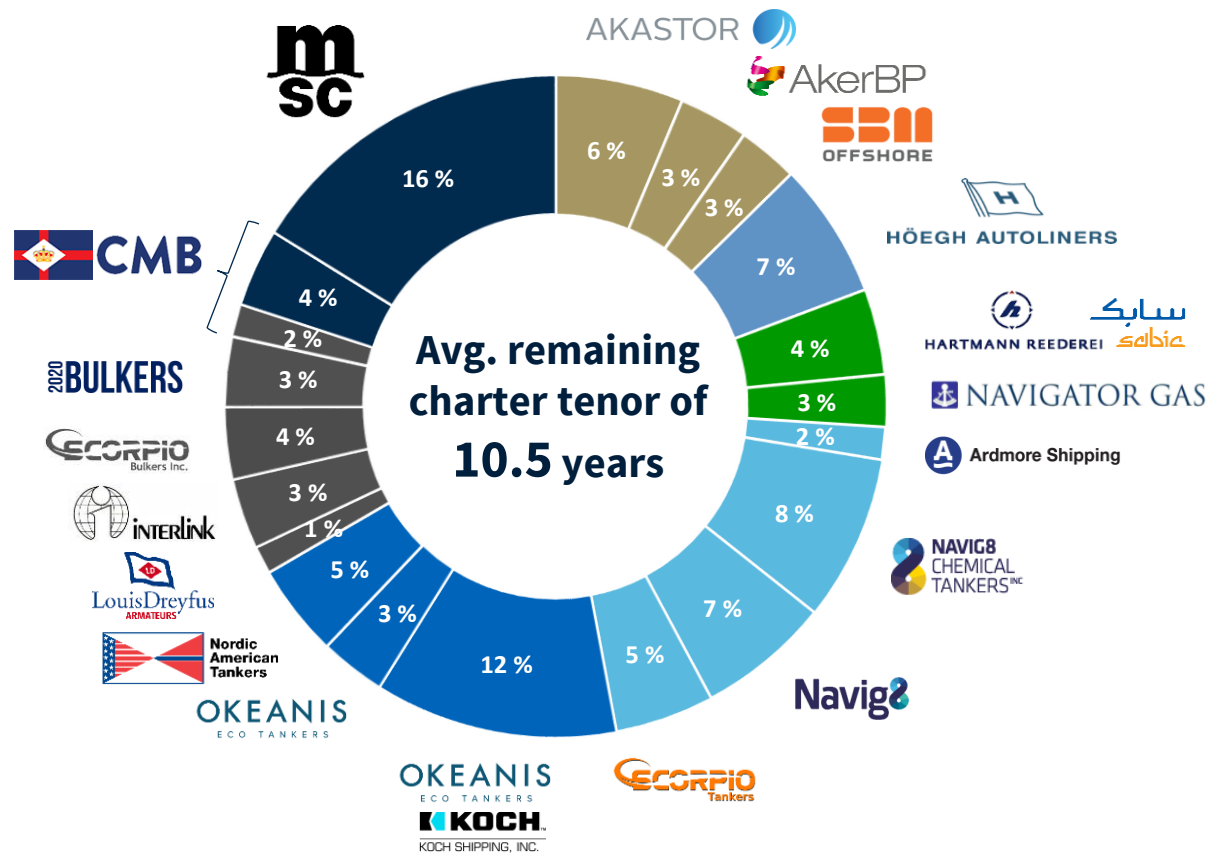
## CHARTERER

Charterer	Scorpio Bulkers
Listing	New York Stock Exchange, ticker “SALT”
Fleet	52 vessels










# VESSELS WITH LONG-TERM CHARTERS

EBITDA<sup>1</sup> BACKLOG OF USD 3.6 BILLION, INCLUDING RECENT TRANSACTIONS

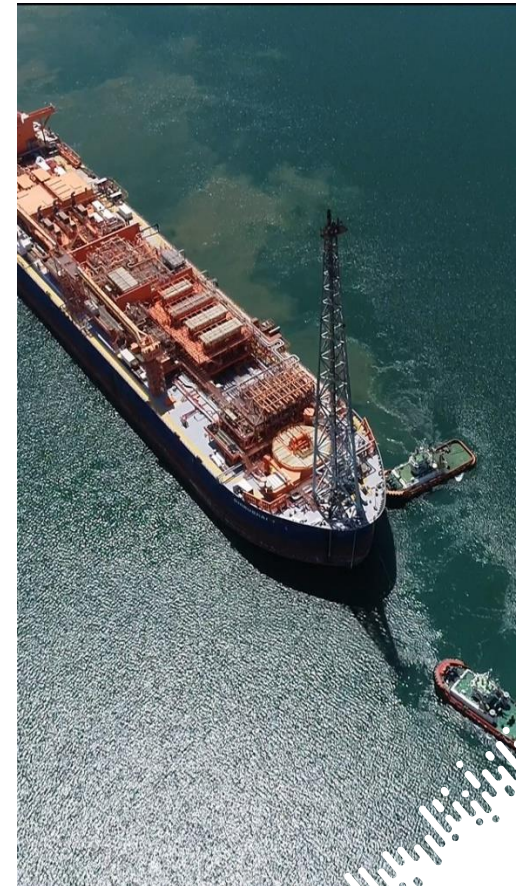


## FLEET<sup>2</sup>

	Product / chemical	20
	Dry bulk	16
	Container vessels	10
	Crude	9
	Car carriers	6
	Oil-service	4
	Gas carriers	3
Total		68
Average age		3.8 yr

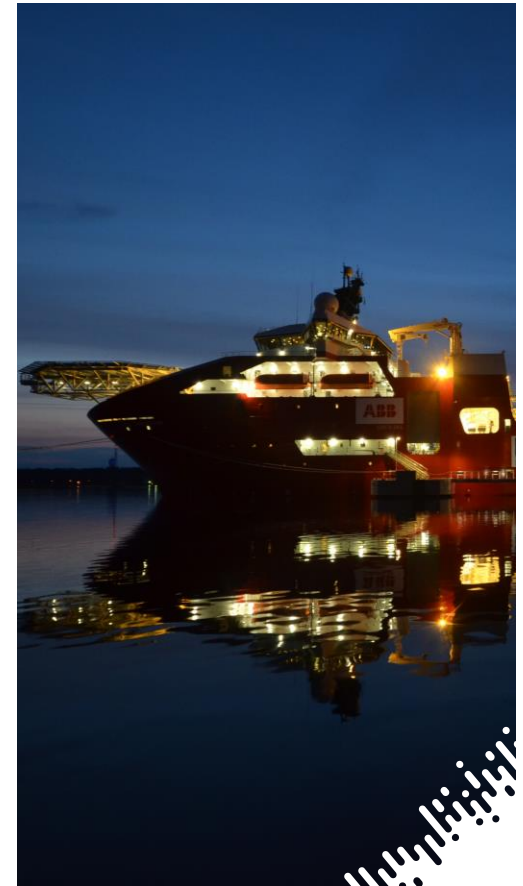
1) EBITDA backlog based on certain options not being exercised, LIBOR forward curve, FX, finance lease adjustments and post-quarter transactions  
 2) Includes 49.9% ownership in 6 mega-container vessels, 75% ownership in one oil-service vessel and vessels acquired after quarter end. Purchase options on two chemical tankers have been declared and the vessels will be removed at the effective purchase date.  
 1 & 2) Vessels without long-term contracts are not included

- **Sale**
  - Several opportunities are being evaluated, however, this is taking more time than earlier envisaged
  - The option agreement with Aker Energy expired at the end of 2019
  - Discussions are continuing with respect to potential use of the unit in Ghana
- **Demobilization in India**
  - The decommissioning work at the MA-field in India has been completed and the vessels involved is expected to leave India during the next few days
  - Demobilization provision has been increased by USD 7.7m in Q4 2019 as the demobilization has taken longer time than budgeted mainly due to challenging weather conditions
- **Lay-up**
  - The FPSO will be moved to new lay-up site to reduce costs. The number of crew will be reduced in Q1 2020.
- **Accounting**
  - The FPSO will as from Q1 2020 be reclassified as an «asset held for sale» in the financial statements





- **Connector**
  - Completed its previous short-term contract in October
  - Awarded a new time-charter contract with Ocean Installer
    - Expected duration of about 175 days
    - Expected commencement in early March
    - Subsea installation work in South China Sea's
  - Expect low revenues from Connector also in 2020 due to challenging market conditions
- **FAR Senator & FAR Statesman**
  - Standstill agreement of charter payments extended until 31<sup>st</sup> March and negotiations are ongoing
  - No revenue has been recognized in Q4 2019



# ADJUSTED EBITDA AND NET PROFIT

## EBITDA ADJUSTED FOR FINANCE LEASES (USDM)



## ADJUSTED NET PROFIT (USDM)



### ADJ. NET PROFIT Q4 2019

From vessels *with*  
long-term charter of  
USD 26.6m

From vessels *without*  
long-term charter of  
USD -11.3m



# INCOME STATEMENT

## INCOME STATEMENT

	Q3	Q4
<i>Amounts in USD million</i>	<b>2019</b>	<b>2019</b>
Operating revenues	26.9	24.1
Finance lease revenue	30.4	32.2
Income from investments in associates	5.4	5.9
Other revenue	3.6	3.6
<b>Total revenues and other income</b>	<b>66.3</b>	<b>65.8</b>
Vessel operating expenses	(4.5)	(3.6)
Wages and other personnel expenses	(2.1)	(2.1)
Other operating expenses	(2.4)	(3.4)
Write down on trade receivables	(0.0)	(0.0)
<b>EBITDA</b>	<b>57.2</b>	<b>56.6</b>
Depreciation and amortization	(19.1)	(16.7)
Impairment charges and other non recurring items	(68.4)	(7.7)
<b>Operating profit</b>	<b>(30.2)</b>	<b>32.2</b>
Financial income	0.5	0.7
Financial expenses	(27.3)	(26.7)
Foreign exchange gains/losses	17.8	(9.2)
Change in fair value of financial instruments	(23.1)	13.5
<b>Net profit before tax</b>	<b>(62.3)</b>	<b>10.6</b>
Tax payable	(0.9)	1.4
Change in deferred tax	(0.0)	(2.4)
<b>Net profit after tax</b>	<b>(63.2)</b>	<b>9.6</b>
Non-controlling interests	(0.3)	(0.3)
Dividends on hybrid capital	-	(2.7)
<b>Equity holders of the parent</b>	<b>(63.5)</b>	<b>6.6</b>
<b>Earnings per share (USD)</b>	<b>(0.40)</b>	<b>0.04</b>



# ADJUSTED EBITDA AND NET PROFIT

## ADJUSTMENTS

	Q3	Q4
<i>Amounts in USD million</i>	2019	2019
EBITDA	57.2	56.6
Repayment on finance lease receivables	23.6	23.4
<b>EBITDA adjusted for finance lease effects</b>	<b>80.8</b>	<b>80.0</b>
Net profit after tax	(63.2)	9.6
Impairment of DB-1	68.4	-
Increase in field abandonment provision	-	7.7
Refinancing NS Orla/NS Frayja	0.5	-
Foreign exchange gains/losses	(17.8)	9.2
Change in fair value of financial instruments	23.1	(13.5)
Change in deferred tax	-	2.4
<b>Adjusted Net profit</b>	<b>11.0</b>	<b>15.4</b>

- Capitalized loan expenses
- Mainly NOK bond loans
- Mainly cross currency swaps



# SEGMENT REPORTING

## ADJUSTED INCOME SEGMENT Q4 2019

<i>Amounts in USD million</i>	Vessels on long-term contracts	FPSO	Connector	Far Senator / Far Statesman	Vessels without long-term contracts	Other and elimination	Total
Operating revenues	60.6	4.0	1.1	(0.0)	5.1	0.0	65.8
Operating expenses	(1.2)	(3.3)	(2.2)	(0.0)	(5.5)	(2.4)	(9.1)
<b>EBITDA</b>	<b>59.4</b>	<b>0.7</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>(0.4)</b>	<b>(2.4)</b>	<b>56.6</b>
Depreciation and amortization	(8.0)	(4.2)	(2.8)	(1.4)	(8.4)	(0.3)	(16.7)
Impairment charges	-	-	-	-	-	0.0	0.0
<b>Operating profit</b>	<b>51.3</b>	<b>(3.5)</b>	<b>(3.9)</b>	<b>(1.4)</b>	<b>(8.8)</b>	<b>(2.7)</b>	<b>39.9</b>
Financial income	0.1	0.0	0.0	0.0	0.0	0.6	0.7
Financial expenses	(18.8)	(0.0)	(1.1)	(0.7)	(1.8)	(6.1)	(26.7)
Foreign exchange gains/losses	-	-	-	-	-	-	-
Change in fair value of financial instruments	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>32.6</b>	<b>(3.5)</b>	<b>(4.9)</b>	<b>(2.1)</b>	<b>(10.5)</b>	<b>(8.1)</b>	<b>13.9</b>
Income tax expense	1.5	0.0	-	-	-	(0.1)	1.4
<b>Adjusted result for the period</b>	<b>34.1</b>	<b>(3.5)</b>	<b>(4.9)</b>	<b>(2.1)</b>	<b>(10.5)</b>	<b>(8.2)</b>	<b>15.4</b>
Allocation of Other & elimination	(7.5)	(0.2)	(0.3)	(0.2)	(0.7)	8.2	-
<b>Adjusted results after allocation Other &amp; Elim.</b>	<b>26.6</b>	<b>(3.7)</b>	<b>(5.3)</b>	<b>(2.3)</b>	<b>(11.3)</b>	<b>0.0</b>	<b>15.4</b>
Hybrid capital	(2.3)	(0.1)	(0.2)	(0.1)	(0.4)	-	(2.7)
Non-controlling interests	(0.3)	-	-	-	-	-	(0.3)
<b>Net profit to common equity holders</b>	<b>24.0</b>	<b>(3.8)</b>	<b>(5.5)</b>	<b>(2.4)</b>	<b>(11.7)</b>	<b>0.0</b>	<b>12.4</b>

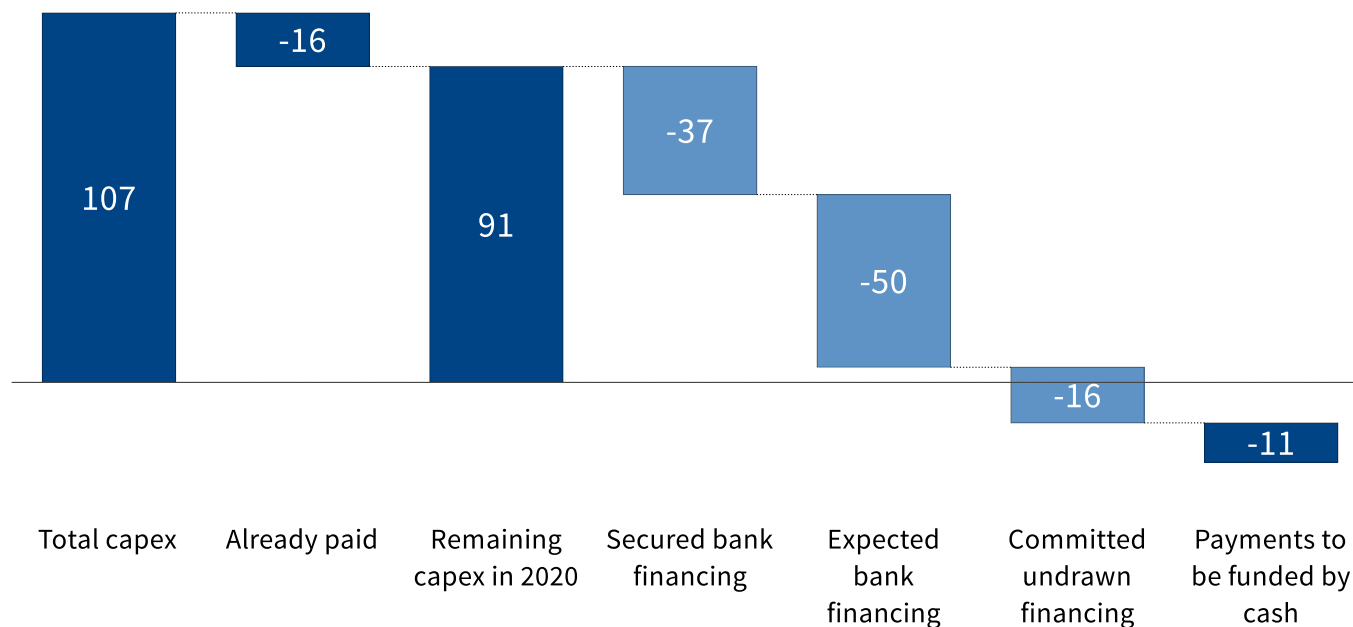
\*The segment Other and eliminations is mainly interest expenses related to the bond loans in Ocean Yield ASA and G&A.

# BALANCE SHEET

BALANCE SHEET				
	Q3	Q4		
<i>Amounts in USD million</i>	2019	2019	Q3	Q4
			2019	2019
<b>ASSETS</b>			<b>EQUITY AND LIABILITIES</b>	
Vessels and equipment	1,067	1,054	Common equity	679
Investments in associates	174	178	Hybrid capital	125
Finance lease receivables	1,266	1,484	Non-controlling interests	13
Restricted cash deposits	26	23	<b>Total equity</b>	<b>817</b>
Other non-current assets	2	2		
Shares in Solstad Offshore ASA	1	1	Interest-bearing debt	1,642
Deferred tax assets	0	0	Mob fees and other non-current liab.	8
<b>Total non-current assets</b>	<b>2,535</b>	<b>2,741</b>	Fair value of derivatives	22
			<b>Total non-current liabilities</b>	<b>1,672</b>
Finance lease receivables	171	220		
Trade- and other receivables	10	7	Interest-bearing short term debt	331
Cash and cash equivalents	176	185	Fair value of derivatives	37
<b>Total current assets</b>	<b>357</b>	<b>412</b>	Field abandonment provision	15
<b>Total assets</b>	<b>2,892</b>	<b>3,153</b>	Trade and other payables	20
			<b>Total current liabilities</b>	<b>402</b>
			<b>Total liabilities</b>	<b>2,075</b>
			<b>Total equity and liabilities</b>	<b>2,892</b>
			<b>Equity ratio</b>	<b>28.3 %</b>
				<b>27.8 %</b>

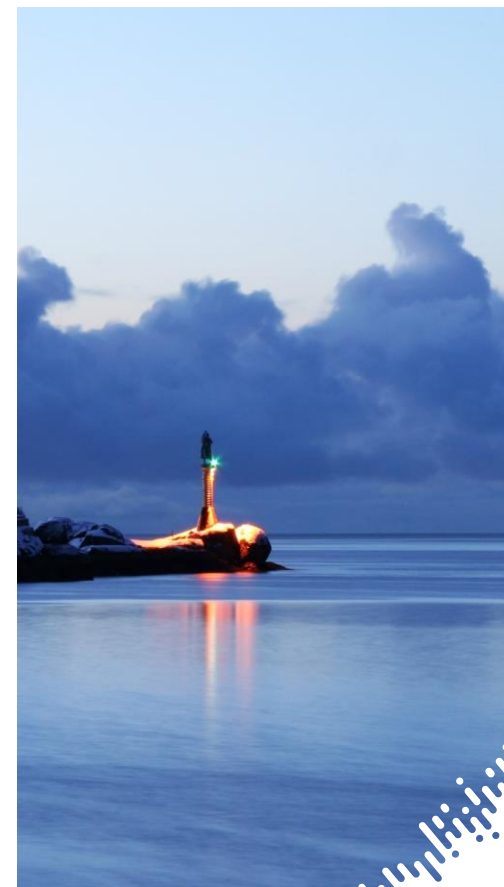
# CAPEX AND FINANCING OVERVIEW

## CAPEX AND EXPECTED FINANCING AS PER Q4 2019 ADJUSTED FOR RECENT TRANSACTIONS



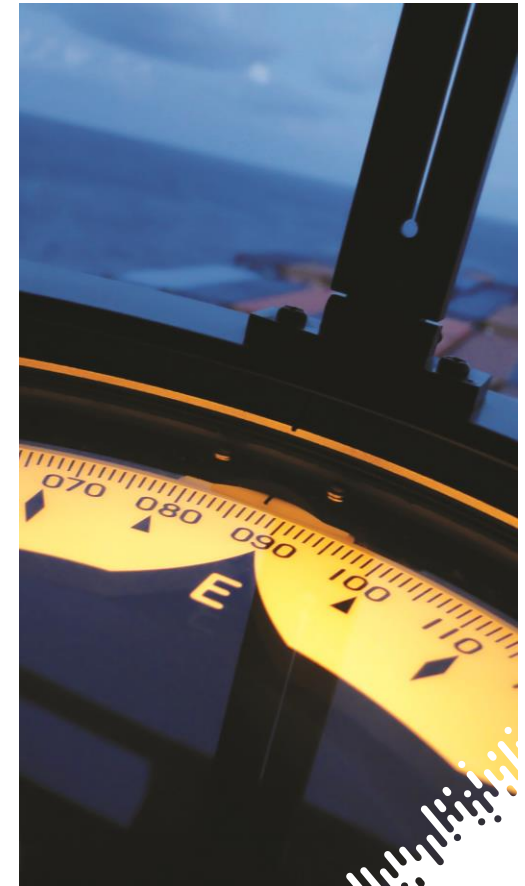
## COMMENTS

- Remaining capex per Q4 2019 adjusted for recent transactions relate to one newcastlemax on charter to CMB and three dry bulk vessels on charter to Scorpio Bulkers

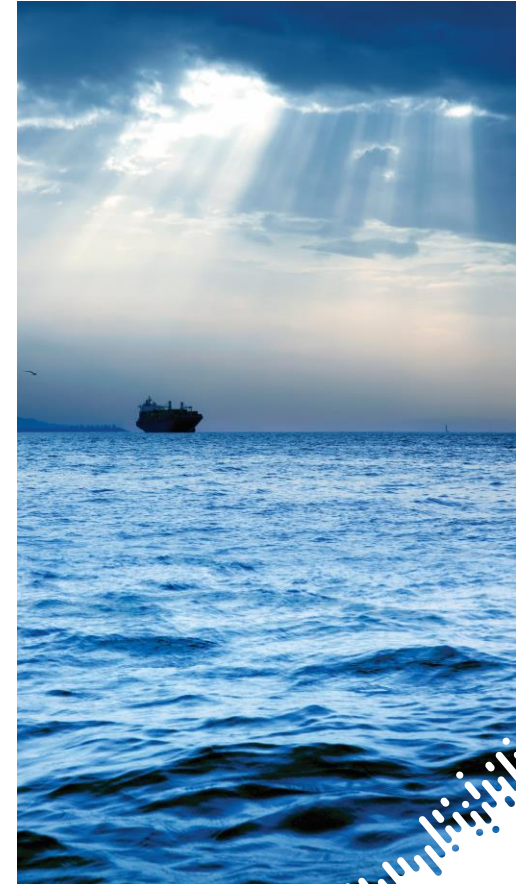


# RECENT FINANCING

- **Secured bank loans**
  - SBM Installer refinancing      USD 75 million
  - 4 Navig8 LR2s      USD 126 million
  - Navigator Aurora      USD 54 million
  - Bulk Shanghai/Seoul      USD 76 million
  - Newcastlemax NB (CMB)      USD 37 million
  - Interlink Eternity      USD 16 million
  
- **Sr. Unsecured Bond**
  - Amount      NOK 750 million
  - Tenor      5 years
  - Coupon      3M NIBOR + 4.25% p.a.
  
- **Equity issue**
  - Gross proceeds      NOK 717 million (USD 78 ~million)
  - New shares      15.935 million
  - Price      NOK 45 per share



- Attractive investment opportunities across several segments
- Several opportunities are being evaluated for the FPSO Dhirubhai-1. This is, however, taking more time than earlier envisaged
- The current intention of the Board of Directors is to adjust the dividend from USD 0.1910 to USD 0.1500 for Q1 2020







## INVESTOR RELATIONS

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