



OCEAN YIELD

Ocean Yield AS
Third Quarter 2012
Report



Third Quarter 2012 Report

Oslo, 9th November, 2012. Ocean Yield AS (“Ocean Yield” or the “Company”) announces preliminary results for the third quarter ending 30th September, 2012.

Highlights

- Consolidated EBITDA was USD 38.1 million for the third quarter 2012, and USD 112.1 million on a pro-forma basis for the first nine months 2012
- Consolidated Profit after tax was USD 12.1 million for the third quarter 2012 and USD 33.4 million on a pro-forma basis for the first nine months 2012
- Book Equity per 30th September 2012 was USD 520.6 million with an equity ratio of 40.6%
- EBITDA charter backlog including recent acquisitions was USD 1.5 billion, a significant increase from USD 1.0 billion at the end Q2
- In July Ocean Yield issued NOK 600 million in senior unsecured bonds
- In September Ocean Yield entered into newbuilding contracts for two Pure Car Truck carriers with 12-year bareboat charters to Höegh Autoliners AS
- Post third quarter, on 12th October 2012, Ocean Yield acquired the offshore construction and cable lay vessel *Lewek Connector* and entered into a 10-year bareboat charter with EMAS AMC AS. Total consideration was USD 315 million
- Selected key financial figures for the quarter compared to the previous quarter and on a pro-forma basis for the first nine months of 2012:

Consolidated Key figures - USD million	Q3 2012	Q2 2012	Jan-Sept 2012 (pro-forma)
Revenues	46.00	45.80	137.20
EBITDA	38.10	38.80	112.10
Net profit	12.10	11.70	33.40
Cash	202.20	78.40	
Total assets	1 282.70	1 160.10	
Interest bearing debt	650.30	551.10	
Total equity	520.60	500.00	
Equity ratio (%)	40.60	43.10	

Main events during the third quarter

- The FPSO *Dhirubhai -1*, which is on a long-term charter to Reliance Industries Ltd., operated according to plan. The commercial uptime was 99.9 %. Hence a maximum bonus payment of 5% was achieved during the quarter
- The *Aker Wayfarer* and the *Geco Triton* received charter hire as per their respective bareboat agreements
- In July 2012, Ocean Yield issued NOK 600 million in senior unsecured bonds. The bonds have a coupon of 3M NIBOR + 6.50% p.a. with final maturity on 6th July 2017
- On 30th July 2012 American Shipping Company ASA (“AMSC”), where Ocean Yield is a bondholder, successfully closed a transaction with its bank syndicate to extend the vessel bank debt maturity to 30th June 2016, which at the same time triggered an extension of AMSC’s bareboat charter contracts with Overseas Shipholding Group or its subsidiaries to December

2019. Ocean Yield owns 93% of the senior unsecured bonds (AMSC 07/18 FRN C) issued by American Shipping Company

- In September Ocean Yield entered into newbuild contracts for two Pure Car Truck Carriers (PCTC) with 12-year bareboat charters to Höegh Autoliners ("HAL"). The shipbuilding contracts were signed in September with Daewoo Shipbuilding & Marine Engineering ("DSME"). The vessels will be built at DSME's shipyard in Mangalia, Romania. HAL will be responsible for the shipbuilding supervision. Expected delivery is April and August 2014

Events post third quarter:

- On 12th October 2012 Ocean Yield acquired the offshore construction and cable lay vessel *Lewek Connector* and entered into a 10-year bareboat charter with EMAS AMC AS. Total consideration was USD 315 million. The *Lewek Connector* was built in 2011 and is a large and sophisticated subsea construction vessel. The bareboat charter is fully guaranteed by Ezra Holdings Ltd. EMAS AMC AS will have options to acquire the vessel during the charter period, with the first option being exercisable after five years. Since the seller of the vessel was a 50/50 joint-venture between Ezra Holdings Ltd. and Aker Solutions ASA, the transaction was executed according to Aker's principles for related party transactions.

Fleet status:

- Current charter backlog as of the end Q3 is USD 1.7 billion in revenues (USD 1.2 billion per Q2) and USD 1.5 billion in EBITDA (USD 1.0 billion per Q2)
- Average remaining contract tenor (weighted by EBITDA) as of end Q3 was 7.5 years, adjusted for the acquisition of the *Lewek Connector*

Vessel	Vessel type	Client	Contract expiry	Remaining tenor (years)
Dhirubhai-1	FPSO	Reliance	Sep-18	6.0
Aker Wayfarer	Subsea	Aker Solutions	Oct-20	8.0
Lewek Connector	Subsea	Ezra/EMAS AMC	Oct-22	10.0
Höegh 4401 (newbuild)*	Car Carrier	Höegh Autoliners	Apr-26	12.0
Höegh 4402 (newbuild)*	Car Carrier	Höegh Autoliners	Aug-26	12.0
Geco Triton	Seismic	WesternGeco	Dec-15	3.2

* Contract start for *Höegh 4401 / 4402* is expected to be April 2014 and August 2014 respectively

Outlook for fourth quarter 2012:

- *Lewek Connector* is expected to contribute with an EBITDA of approximately USD 8.5 million in the fourth quarter
- *Dhirubhai-1* will have a planned maintenance shutdown during the fourth quarter. The expected impact on revenues versus third quarter is negative USD 3.5 million
- The Company currently has a strong financial position and is actively evaluating new investment opportunities within Oil-Service and Industrial Shipping

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Ocean Yield group condensed pro forma financial statement for the third quarter 2012

Income statement and total comprehensive income

Income statement		3rd Quarter	2nd Quarter	Pro forma
<i>Amounts in USD million</i>		2012	2012	Jan - Sept
	Note			2012
Operating revenues	3	46.0	45.8	137.2
Operating expenses		(8.0)	(7.0)	(25.1)
EBITDA	3	38.1	38.8	112.1
Depreciation and amortization		(20.4)	(20.6)	(61.8)
Impairment charges and other non recurring items		0.3	(3.3)	(5.9)
Operating profit		18.0	15.0	44.3
Financial income		3.2	2.6	8.7
Financial expenses		(6.3)	(6.1)	(16.1)
Mark to market of derivatives		(2.3)	-	(2.3)
Profit before tax		12.6	11.5	34.6
Income tax expense		(0.4)	0.2	(1.2)
Profit for the period		12.1	11.7	33.4

Total comprehensive income		3rd Quarter	2nd Quarter	Pro forma
<i>Amounts in million</i>		2012	2012	Jan - Sept
				2012
Result for the year		12.1	11.7	33.4
Other comprehensive income, net of income tax				
Currency translation differences		8.3	(7.4)	7.9
Total comprehensive income for the period		20.5	4.3	41.3

Balance sheet

<i>Amounts in USD million</i>	Note	30 September 2012	30 June 2012	30 March 2012	Pro forma 31 December 2011
ASSETS					
Vessels and equipment	4	849.5	858.5	905.1	918.4
Intangible assets		38.3	38.3	38.3	38.4
Deferred tax assets		12.1	9.6	9.1	8.5
Other shares		-	1.0	-	-
Restricted cash deposits		20.0	20.0	20.0	20.0
Investments in AMSC Bonds		146.1	136.7	141.0	133.4
Total non-current assets		1 066.0	1 064.1	1 113.5	1 118.7
Trade receivables, other interest-free receivables and					
short-term investments in shares		14.5	17.6	18.7	17.1
Cash and cash equivalents		202.2	78.4	63.7	61.6
Total current assets		216.7	96.0	82.4	78.7
Total assets		1 282.7	1 160.1	1 195.9	1 197.4
EQUITY AND LIABILITIES					
Total equity		520.6	500.0	495.6	478.9
Interest-bearing loans					
Deferred tax liabilities	5	580.0	481.7	511.8	532.2
Pension liabilities		2.5	1.5	0.3	-
Mobilization fee and advances		0.6	0.6	0.6	0.9
Other interest-free long term liabilities		90.5	93.1	99.4	101.7
Total non-current liabilities		675.5	578.7	616.4	636.6
Interest-bearing short term debt	5	70.3	69.4	70.3	69.4
Trade and other payables		16.4	12.1	13.6	12.6
Total current liabilities		86.7	81.5	83.9	81.9
Total liabilities		762.2	660.2	700.3	718.5
Total equity and liabilities		1 282.7	1 160.1	1 195.9	1 197.4
Equity ratio		40.6	43.1	41.4	40.0

Change in equity

	3rd Quarter	2nd Quarter	Pro forma Jan - Sept
<i>Amounts in USD million</i>	2012	2012	2012
Balance at the beginning of the period	500	496	479
Profit for the period	12	12	33
Other comprehensive income	8	(7)	8
Total comprehensive income	20	4	41
Balance at the end of the period	521	500	521

Cash flow statement

	Note	3rd Quarter	2nd Quarter	Pro forma Jan - Sept
<i>Amounts in USD million</i>		2012	2012	2012
Profit before tax		12.6	11.5	34.6
Sales losses/gains (-) and write-downs		(0.3)	3.3	6.0
Depreciation and amortization		20.4	20.6	61.8
Other changes in operating activities		(0.5)	(8.2)	(13.1)
Net cash flow from operating activities		32.2	27.2	89.3
Proceeds from sales of property, plant and equipment	4	-	11.2	11.2
Acquisition of property, plant and equipment		-	-	(0.0)
Net cash flow from investing activities		-	11.2	11.2
Proceeds from issuance of long-term interest-bearing debt	5	100.3	-	100.3
Repayment of long-term interest-bearing debt	5	(13.1)	(21.8)	(64.5)
Net cash flow from financing activities		87.2	(21.8)	35.7
Net change in cash and cash equivalents		119.4	16.5	136.2
Exchange rate differences		4.4	(1.9)	4.5
Cash and cash equivalents at beginning of the period		78.4	63.7	61.6
Cash and cash equivalents at the end of the period		202.2	78.4	202.2

Notes to the condensed pro forma consolidated interim financial statements for the Ocean Yield for the third quarter 2012

1. Introduction – Ocean Yield AS

Ocean Yield AS is a company domiciled in Norway. The condensed consolidated interim financial statements for the third quarter of 2012, ended 30th September 2012, comprise Ocean Yield AS and its subsidiaries (together referred to as the "Group"). The Group was established April 1 2012. The pro forma financial statement for the nine months ended 30th September 2012 include the financial statements of the parent company, Ocean Yield AS, and its subsidiaries owned at the end of 3rd Quarter 2012.

The quarterly reports are available at www.oceanyield.no.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements.

These condensed pro forma consolidated interim financial statements were approved by the Board of Directors on 2 November 2012.

Note 3 Operating segments

Ocean Yield identifies segments based on the group's management and internal reporting structure.

Operating revenues	3rd Quarter	2nd Quarter	Pro forma
	2012	2012	Jan - Sept 2012
<i>Amounts in USD million</i>			
Aker Floating Production (Dhirubhai 1)	34.5	34.4	102.6
Aker ShipLease (Aker Wayfarer)	10.1	10.0	30.2
New Pollock (Geco Triton)	1.5	1.4	4.4
Operating revenues	46.0	45.8	137.2

EBITDA	3rd Quarter	2nd Quarter	Pro forma
	2012	2012	Jan - Sept 2012
<i>Amounts in USD million</i>			
Aker Floating Production (Dhirubhai 1)	27.3	27.9	78.9
Aker ShipLease (Aker Wayfarer)	10.1	10.0	30.2
New Pollock (Geco Triton)	1.4	1.4	4.3
Ocean Yield AS	(0.7)	(0.5)	(1.3)
EBITDA	38.1	38.8	112.1

Note 4 Vessels and equipment

Material changes in vessels and equipment during 2012:

<i>Amounts in USD million</i>	Dhirubhai-1	Aker Wayfarer	Geco Triton	SMART 2	Total
Balance at 1 January	644	240	17	18	918
Depreciation	(49)	(11)	(1)	(0)	(62)
Impairment	-	-	-	(6)	(6)
Sale	-	-	-	(11)	(11)
Effect of movements in foreign exchange	-	10	-	-	10
Balance at 30 September	595	239	16	(0)	849

Note 5 Interest bearing debt

Material changes in interest-bearing debt (short term and long term) during 2012:

<i>Amounts in USD million</i>	Aker Floating	Aker Shiplease	Ocean Yield AS	Total
	Production	AS		
Balance at 1 January	413	188	-	602
New loans	-	-	102	102
Loan fees	-	-	(2)	(2)
Repayments	(56)	(9)	-	(65)
Effect of movements in foreign exchange	-	10	4	13
Total interest-bearing liabilities	357	189	103	650
Long-term	305	171	103	580
1st year instalments	52	18	-	70
Total interest-bearing liabilities	357	189	103	650