



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

***Q4 2014 Presentation Oslo – 19 February 2015***

# CAUTIONARY STATEMENT

This presentation contains forward looking information. Forward looking information is based on management assumptions and analysis. Actual experience may differ, and those differences may be material. Forward looking information is subject to uncertainties and risks. This presentation must be read in conjunction with the Company's financial statement.

# AGENDA

- Company Overview
- Financials
- Market Outlook & Focus Going Forward

# BUSINESS AREAS

## North Ocean Fleet



- Providing high-end subsea vessels to subsea construction companies world-wide
- Two Construction Service Vessels and one Pipelay Vessel owned in JVs with McDermott and Bourbon
- Vessels on long term charters



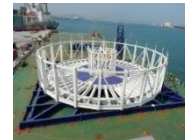
## Solutions | Provider to Offshore Oil & Gas and Renewables Market



- Providing vertically integrated solutions for Mexican offshore market
- FSV Cobos & Icacos starting operations March 2015 (7 year time charter)
- One OSV under construction together with Pacific radiance Ltd.



- Offshore Installation Equipment
- Handling, Transport & Storage Services
- Modular & Easy Transport
- One design concept for onshore & offshore operations



- Providing full design and engineering
- Early engineering involvement
- Sales engineering support
- Concept and consultancy
- 130 engineers strong



# OUR MISSION

## Solutions Provider to Oil & Gas and Offshore Renewables



- Providing vertically integrated solutions for Mexican offshore market
- FSV Cobos & Icacos starting operations March 2015 (7 year time charter)
- One OSV under construction together with Pacific radiance Ltd.



- Offshore Installation Equipment
- Handling, Transport & Storage Services
- Modular & Easy Transport
- One design concept for onshore & offshore operations



- Providing full design and engineering
- Early engineering involvement
- Sales engineering support
- Concept and consultancy
- 130 engineers strong

## Our Mission

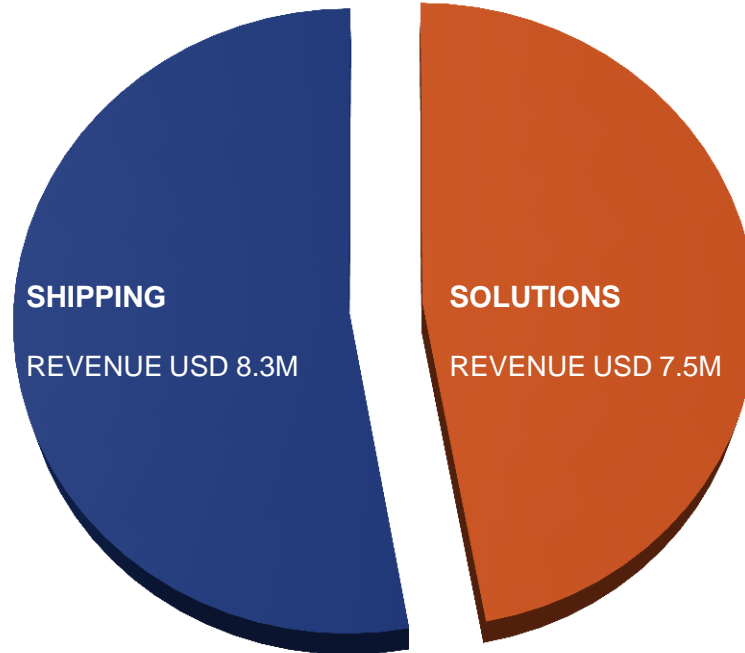
Providing **solution driven services** by combining our engineering and equipment capabilities into a single service in accordance with clients request



# INCREASED SOLUTIONS SEGMENT

## Shipping segment

- Two CSVs and one LV through joint ventures:
  - CSV Bourbon Oceanteam 101
  - CSV Southern Ocean
  - LV North Ocean 105
  - FSV Tiburon
  - FSV Mantarraya
- Solid clients: Oceaneering/BP Angola, Fugro TSM, McDermott



## Solutions segment

- Focus on Oil & Gas and Offshore Renewable markets
- KCI The Engineers
- Marine Asset division RentOcean

## DOT Shipping

- Joint venture focused on growing Mexico Offshore Market
- Two FSVs : Icosos & Cobos
- One OSV under construction

# SHIPPING – Highlights

- CSV BO 101, Southern Ocean, North Ocean 102 and North Ocean 105 utilized as planned
- Sale of 50% ownership stake in PLV North Ocean 102 to J. Ray McDermott
- DOT Shipping took delivery of two new build FSV's. Both will start a seven-year time charter in March 2015
- DOT Shipping has contributed its equity stake in the OSV under construction with its JV partner Pacific Radiance
- The new build FSV's, Cobos and Icacos, are currently on their way to Mexico to start operations
- Contract for FSV's operating in Venezuela has been extended until end 2015



*FSV's Icacos and Cobos lifted onto vessel for transport to Mexico*

# SHIPPING – Backlog

Contract backlog		2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4	2017 Q1-2	2017 Q3-4	2018 Q1-2	2018 Q3-4	2019 Q1-2	2019 Q3-4	2020 Q1-2	2020 Q3-4
Shipping	Type of contract														
CSV BO 101	time charter														
CSV North Ocean 102*	bareboat														
CSV Southern Ocean	bareboat														
LV North Ocean 105	time charter														
FSV Mantaraya	bareboat														
FSV Tiburon	bareboat														
FSV Cobos	time charter														
FSV Icacos	time charter														
CSV Large	time charter														

■ Dry Dock  
 ■ Contract  
 ■ Option  
 ■ Under construction

\* McDermott has executed purchase option in fourth quarter 2014. For further details, please see Note 5



# SOLUTIONS – Engineering & Marine Assets Highlights

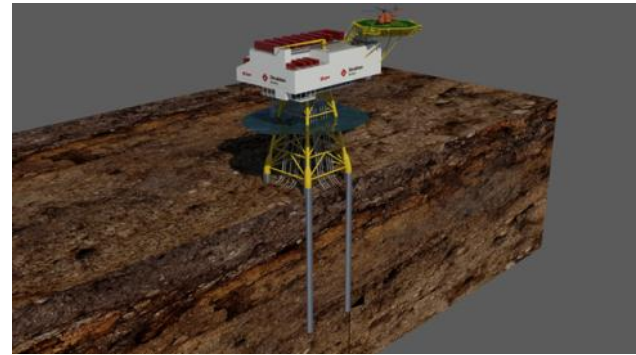
## RentOcean – Marine Assets

- Awarded contract to supply a lay spread for a cable laying project in Mexico
- Executed a contract by for a 3000T onshore modular turntable
- Operated a long-term contract consisting of a 2000T modular turntable, loading tower and new 15T tensioner in Brasil
- Awarded contract and started construction of a portal with built in powered quadrant in the Netherlands

## KCI – Engineering

KCI worked on multi discipline service contracts:

- Awarded increased scope on major innovative structure project in Middle East
- Feasibility study for substructure for Arcona Becken substation is performed successfully
- Design of portal with built in powered quadrant
- Design of 3000T onshore turntable

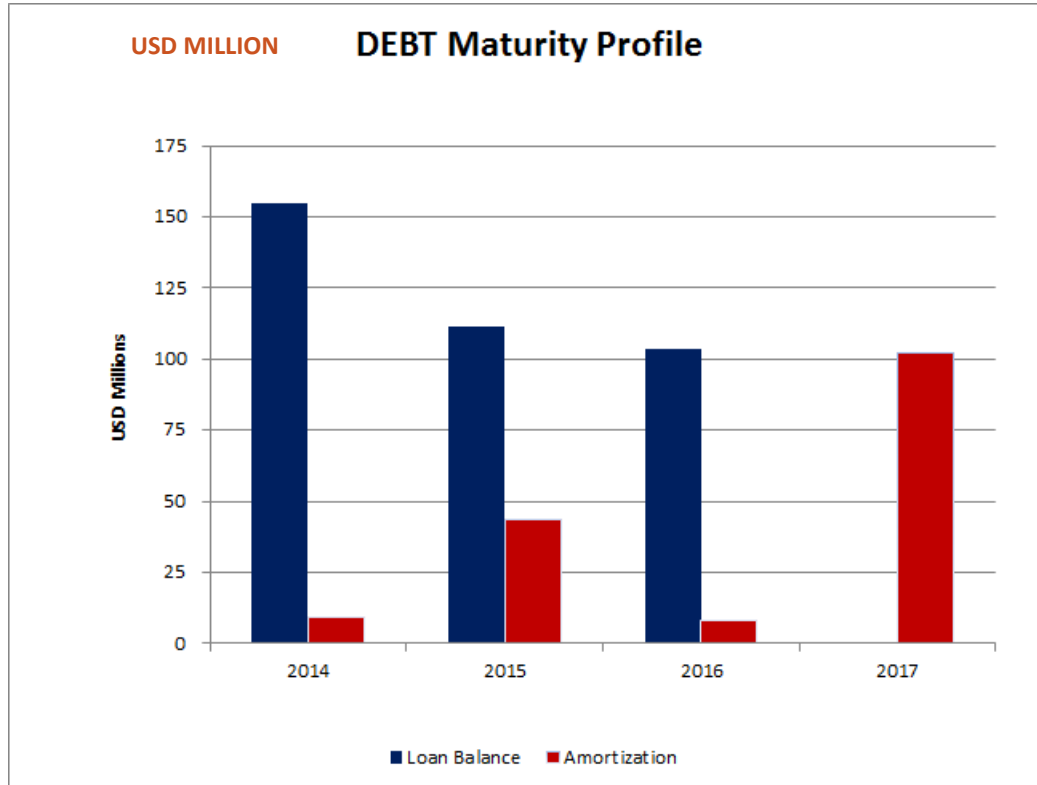




# OCEANTEAM SHIPPING

## FINANCIALS

# DEBT - Maturity Profile



## EBITDA to date

- Quarter - USD 8.6 million - 54% of revenue
- Year - USD 30.3 million - 44.5% of revenue

## Cash position

- USD 44.6 million (101,105 and DOT Shipping cash level is not on the IFRS line)
- NIBC has granted growth facility for new equipment facilities

## Net financial

- USD 4.6 million negative

## Loan redemption

- USD 9.6 million

## Key Financial Covenants

- Book equity: > 35%
- Market adj. Equity ratio: > 25%
- Gearing ratio: < 6.00x during first 2 years, < 5.50x during year 3, < 5.00x thereafter
- Debt service coverage ratio: > 1.00x
- No dividends
- Change of control put option at 100%

# SHARE PRICE DEVELOPMENT



## Share development:

- A positive increase 2012 / 2015

## FMV developments

- Stable value of modern fleet, high-end deep water assets.

## Booked equity

- 44%
- USD 135 million (after 10% share buy back)

## Market capitalization

- NOK 192 million (29.6 m shares @ NOK 6.48)

## Free cash flow

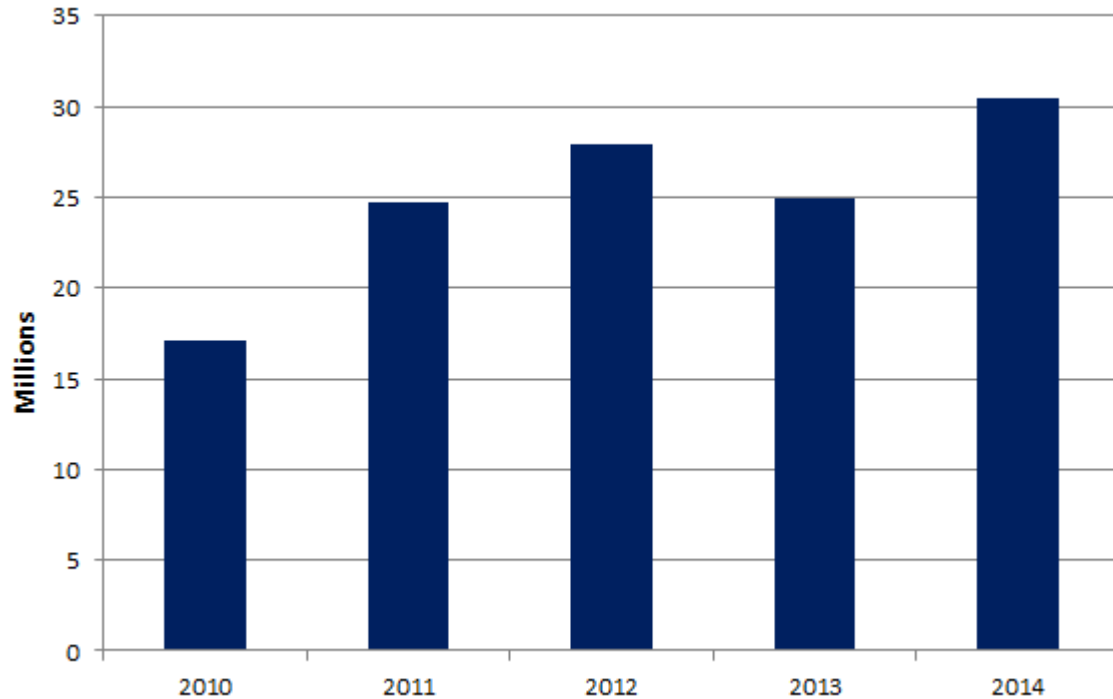
- Steady, positive cash flow from existing operations
- Diversification in markets segment and geographical areas
- Continues high end equipment investments

## Consensus among credit analysts

- Steady operations
- Key credit metrics remain overall stable

# HISTORICAL EBITDA DEVELOPMENT

KEY FINANCIAL FIGURES (USD MILLION)



**EBITDA performance:**

- 2014 EBITDA is the best performance ever

# P&L REPORT END Q4 2014

Figures in USD '000	Q4 2014	Q4 2013
Revenue	13 785	7 071
Gain on disposal of asset		
<b>Total operating revenues</b>	<b>13 785</b>	<b>7 071</b>
<b>Net income from joint ventures and associates</b>	<b>2 051</b>	<b>2 978</b>
Operating costs	(3 046)	(3 377)
General & administration	(4 211)	(6 113)
Depreciation	(2 731)	(796)
Write off	(233)	146
<b>Total operating expenses</b>	<b>(10 221)</b>	<b>(10 040)</b>
<b>Operating profit (loss)</b>	<b>5 615</b>	<b>(91)</b>
Net finance	(4 564)	(3 148)
<b>Ordinary profit (loss) before taxes</b>	<b>1 051</b>	<b>(3 239)</b>
Corporate income tax	(818)	(178)
<b>Net result</b>	<b>233</b>	<b>(3 415)</b>

Figures in USD '000	Cum Q4 2014	Cum Q4 2013
Revenue	56 267	29 245
Gain on disposal of asset	966	
<b>Total operating revenues</b>	<b>57 233</b>	<b>29 245</b>
<b>Net income from joint ventures and associates</b>	<b>10 807</b>	<b>15 283</b>
Operating costs	(16 450)	(14 902)
General & administration	(21 315)	(18 271)
Depreciation	(10 208)	(4 236)
Write off assets	(327)	99
<b>Total operating expenses</b>	<b>(48 299)</b>	<b>(37 310)</b>
<b>Operating profit (loss)</b>	<b>19 741</b>	<b>7 218</b>
Net finance	(16 077)	(12 489)
<b>Ordinary profit (loss) before taxes</b>	<b>3 665</b>	<b>(5 271)</b>
Corporate income tax	(591)	1 161
<b>Net result</b>	<b>3 073</b>	<b>(4 110)</b>

# BALANCE SHEET Q4 2014

Figures in USD '000	31.12.2014	31.12.2013
<b>Assets</b>		
<b>Intangible assets</b>	<b>20 744</b>	<b>20 724</b>
<b>Tangible assets</b>	<b>226 716</b>	<b>236 229</b>
<b>Total non current assets</b>	<b>247 460</b>	<b>256 953</b>
Receivables	18 323	11 092
Cash and cash equivalents	44 547	6 240
<b>Total current assets</b>	<b>62 870</b>	<b>32 270</b>
<b>Total assets</b>	<b>310 330</b>	<b>289 223</b>

Figures in USD '000	31.12.2014	31.12.2013
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>135 782</b>	<b>107 068</b>
<b>Total non current liabilities</b>	<b>110 870</b>	<b>157 421</b>
First year instalments	43 100	9 701
Other current liabilities	20 579	15 033
<b>Total current liabilities</b>	<b>63 679</b>	<b>24 734</b>
<b>Total liabilities</b>	<b>174 549</b>	<b>182 639</b>
<b>Total equity and liabilities</b>	<b>310 330</b>	<b>289 223</b>

- Book value of equity is 44 %

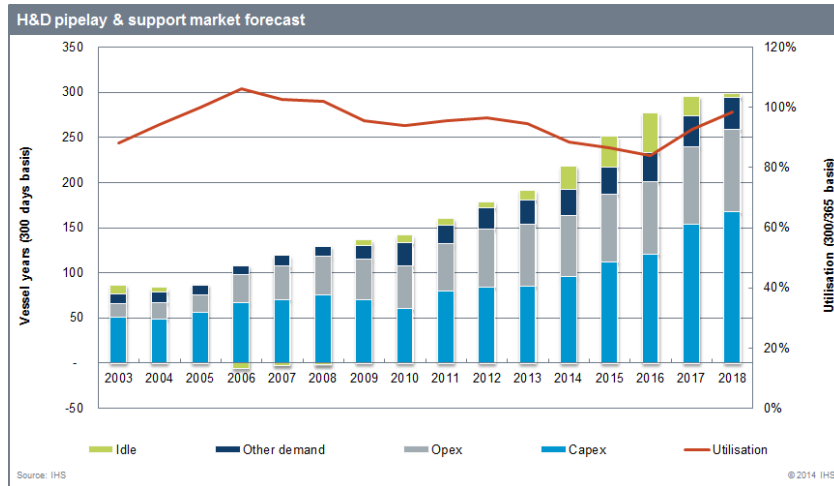


# OCEANTEAM SHIPPING

## MARKET OUTLOOK & FOCUS GOING FORWARD



# Subsea & Support fleet utilisation expected to decline up to 2016 but long term demand growing



- Oceanteam's CSV fleet fully covered up to 2017/ 2018

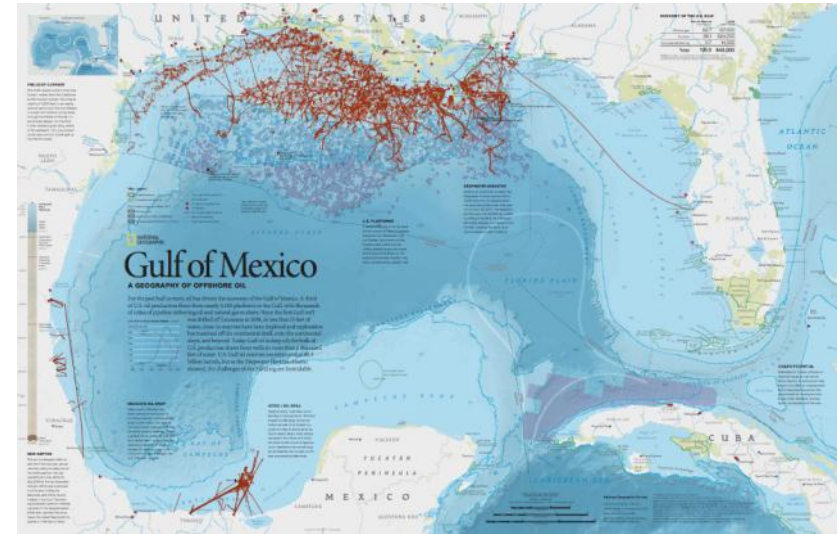
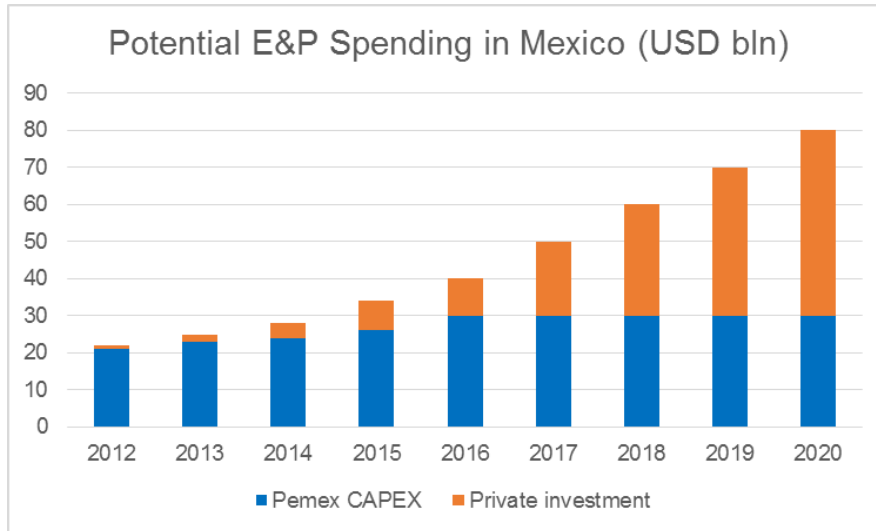
H&D Pipelay & Subsea Support Vessel Fleet

Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lay Barge	9	9	9	10	11	13	15	17	20	22	22
Reel Lay Vessels	19	19	19	22	25	26	30	41	49	56	56
Multiservice	11	11	11	11	12	14	15	17	20	24	27
Diving Support Vessels	18	19	19	20	20	21	21	23	25	26	26
ROV Support Vessels	70	78	85	96	110	117	136	152	163	167	167
<b>Total</b>	<b>127</b>	<b>136</b>	<b>143</b>	<b>159</b>	<b>178</b>	<b>191</b>	<b>217</b>	<b>250</b>	<b>277</b>	<b>295</b>	<b>298</b>
<b>Fleet growth</b>	<b>9%</b>	<b>7%</b>	<b>5%</b>	<b>11%</b>	<b>12%</b>	<b>7%</b>	<b>14%</b>	<b>15%</b>	<b>11%</b>	<b>6%</b>	<b>1%</b>

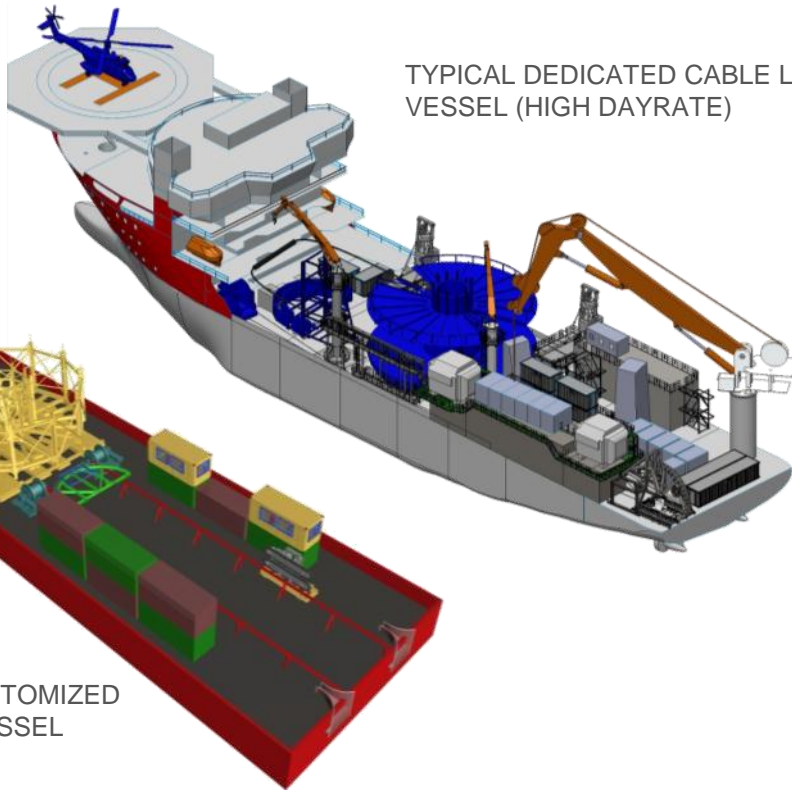
Age profile for H&D Pipelay & Subsea Support Vessels

Type	< '75	'75-'79	'80-'84	'85-'89	'90-'94	'95-'99	'00-'04	'05-'09	'10-'14	'15+	Total
Lay Barge	2	3	1	2	-	-	1	2		4	15
Reel Lay Vessels	-	2	6	-	-	1	4	5	20	18	56
Multiservice	-	-	-	-	-	4	4	5	3	11	27
Diving Support Vessels	-	-	4	2	1	2	-	8	6	3	26
ROV Support Vessels	-	2	-	-	3	11	24	44	63	20	167
<b>Total</b>	<b>2</b>	<b>7</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>18</b>	<b>33</b>	<b>64</b>	<b>92</b>	<b>56</b>	<b>291</b>

# Mexican growth E&P spending and replacement of tonnage will drive demand for new generation OSVs



# SOLUTIONS – Deck spread projects



TYPICAL DEDICATED CABLE LAY VESSEL (HIGH DAYRATE)



Spread Solution provided: 2x 4000T demountable turntables and a loading tower, with engineering services and operators on the CLV Hanjin Pioneer



Spread Solution provided: 2000T demountable turntable, a loading tower with built in 15T tensioner and operators

BASIC DP2 PSV CUSTOMIZED INTO CABLE LAY VESSEL (LOW DAYRATE)

# SOLUTIONS – Scope of work



TRANSPORT



CABLE HANDLING



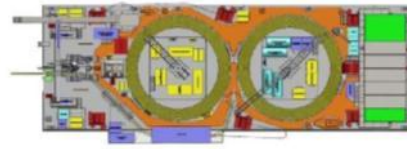
STORAGE



DECK SPREAD



CABLE TESTING



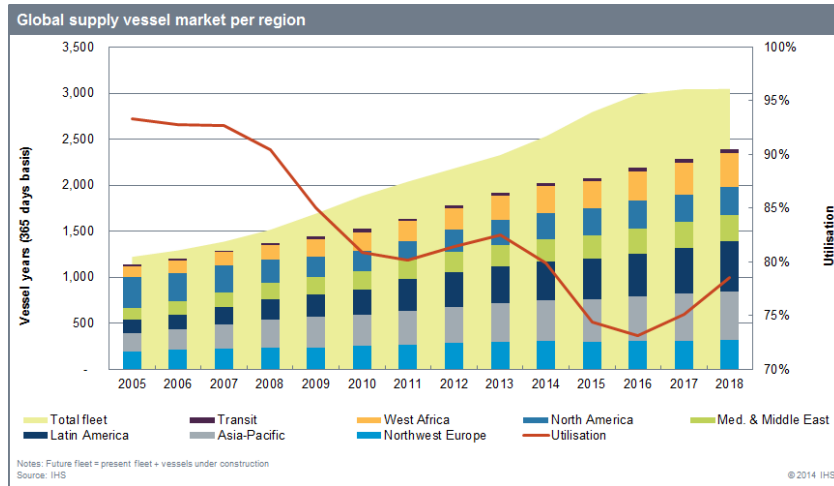
ENGINEERING



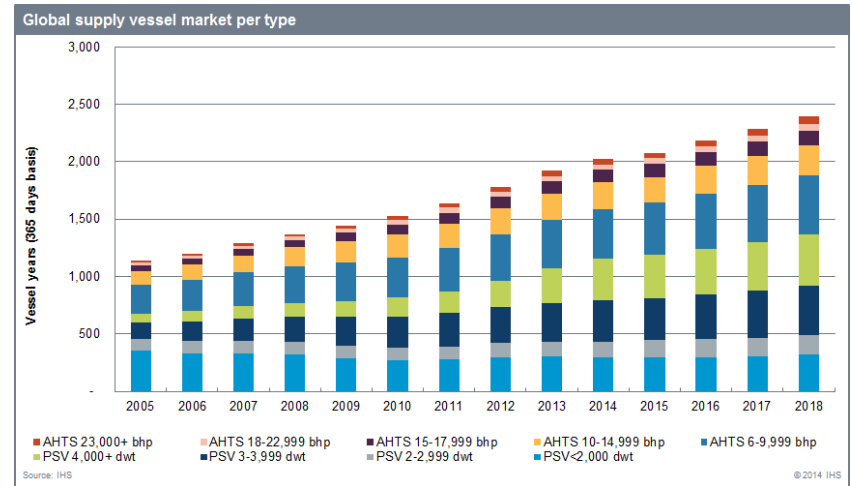
HUMAN RESOURCES

**Solutions** facilitates the submarine cable and umbilical industry a full and integrated service comprising cable repair, cable storage, cable handling, and cable transport all possible through service level agreements.

# Supply Vessel fleet growing faster than demand with highest growth expected for high capacity vessels



- Global supply vessel demand expected to increase 4% p.a. in period 2013-18, but fleet expected to grow faster

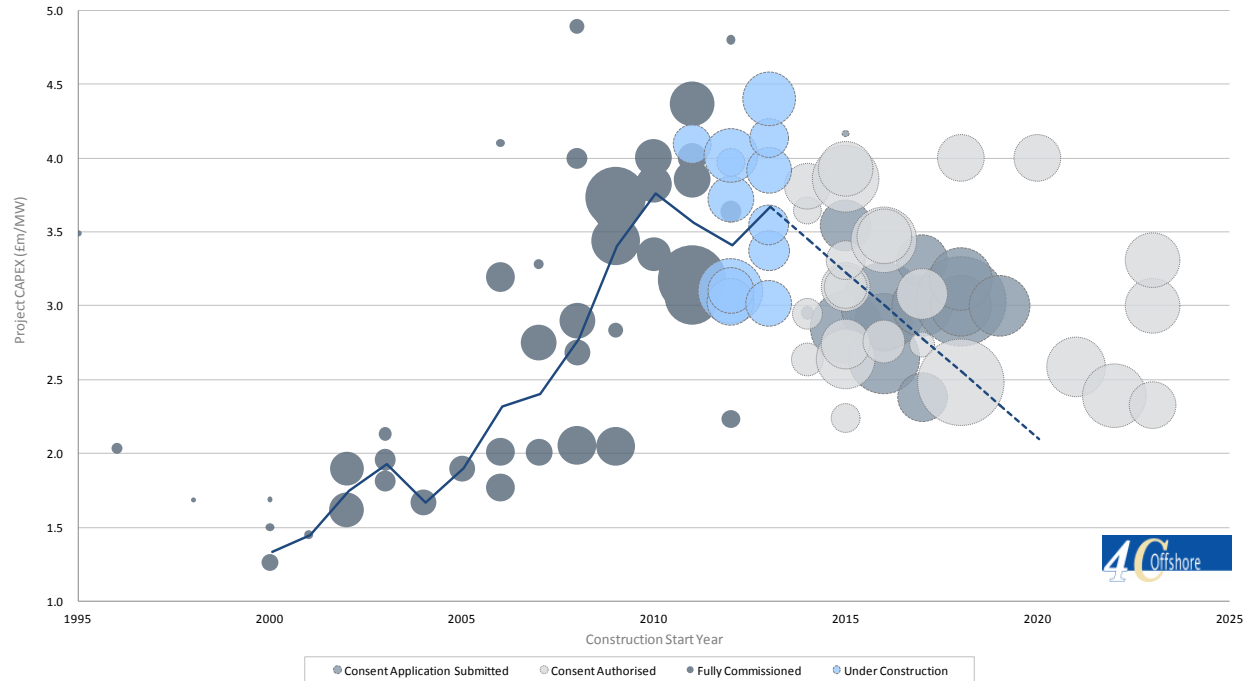


- Highest demand growth expected for high capacity vessels (CAGR 2013-18 PSV 4,00t+ 8% and AHTS 23,000t+ 7%)

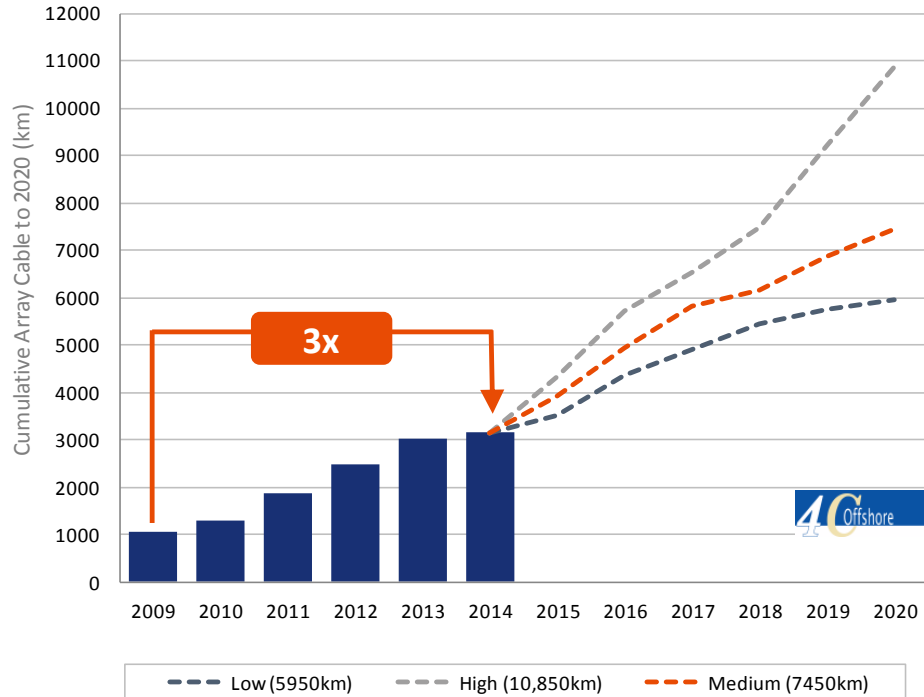


# Strong growth in Offshore Renewable market with focus on cutting installation and maintenance costs

## DEVELOPERS FORECAST REDUCED CAPEX AND REQUIRE INNOVATIONS



# Increasing Number of opportunities in cabling market



# FOCUS GOING FORWARD

- Optimize capital structure further to maximize value and facilitate growth
- Continue transition to increase solution services earnings by increasing added value by effectively combining engineering, marine assets and fleet: **Oceanteam Solutions**
- Focus on growing Mexican market through DOT Shipping and Grupo Diavaz
- Continue investments to optimize and expand pool of marine assets
- Utilise tax structure further to maximise shareholders value and to facilitate growth





**THANK YOU!**



**Oceanteam Shipping ASA**

Corporate Headquarters

Tveitaråsveien 12

PO Box 463, Nesttun

5853 Bergen

Norway

T +47 55 10 82 40

F +47 55 10 82 49

E [info@oceanteam.no](mailto:info@oceanteam.no)

**[WWW.OCEANTEAM.NO](http://WWW.OCEANTEAM.NO)**