



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

***Q3 2014 Presentation Oslo – 6 November 2014***

# 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

# COMPANY OVERVIEW

## Solutions Provider to Oil & Gas and Offshore Renewables



- Providing vertically integrated solutions for Mexican offshore market
- FSV Cobos & Icacos starting operations Q1 2015 (6 year charter + options)
- 50% interest in new large build OSV 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
- Concept and consultancy
- Execution management
- 140 engineers strong

## Our Mission

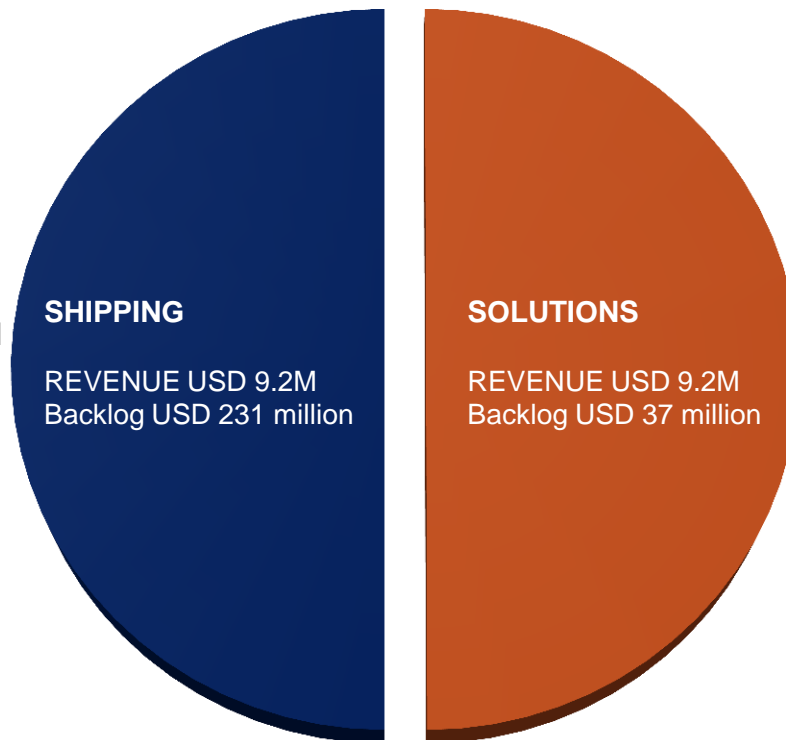
Providing **solution driven services** by combining our engineering and equipment capabilities into a single service in accordance with clients request



# SELECTION OF KEY FINANCIALS

## Shipping segment

- Three CSVs and one LV through joint ventures:
  - CSV Bourbon Oceanteam 101
  - CSV North Ocean 102
  - CSV Southern Ocean
  - LV North Ocean 105
- 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 under construction
- One OSV under construction

# SHIPPING – Highlights

- Oceaneering exercised both one year options on CSV Bourbon Oceanteam 101 extending charter to Feb 2017
- CSV BO 101, North Ocean 102 and North Ocean 105 fully utilized
- CSV Southern Ocean is 100 per cent consolidated from the first quarter due to change in control effective from 2014
- DOT Shipping ordered 2 FSV's; both vessels have 6 years contract, are fully financed and will start operations Q1 2015
- DOT Shipping announced 50% interest in new large build OSV for Mexico



*CSV Southern Ocean at GWF field Australia laying umbilical*

# 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														



# SOLUTIONS – Engineering & Marine Assets Highlights

## RentOcean – Marine Assets

- Awarded long-term contract by Van Oord for supply of 3000T onshore turntable
- Awarded long-term contract for supply of second 4000T turntable to LS Cable
- RentOcean ´s 4000T Turntables used for loading power cable on Hanjin Pioneer, Donghae South Korea
- OceanWind awarded long-term storage and handling contract by Eneco
- Sale of burial equipment

## KCI – Engineering

KCI worked on multi discipline service contracts:

- Onshore gas field development for 3 well sites for Vermillion Netherlands
- Design of 33m high weather vane for municipality Haarlemmermeer
- Design of portal with buildin powered quadrant for RentOcean
- Design of 3000T onshore turntable for RentOcean



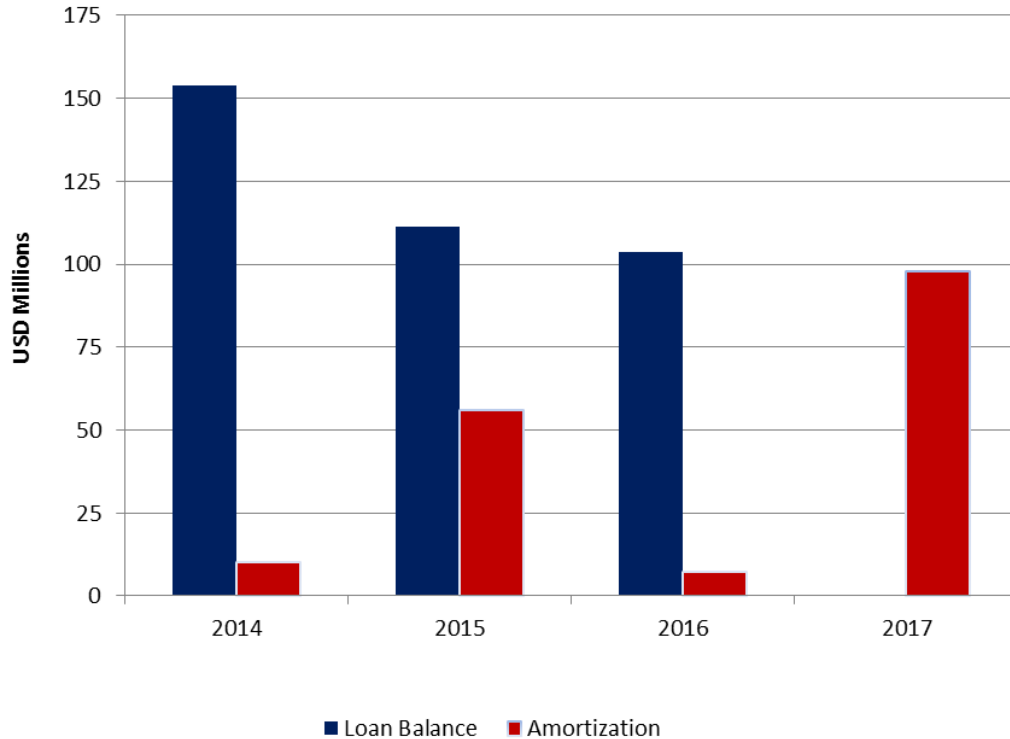




# OCEANTEAM SHIPPING

## FINANCIALS

# DEBT - Maturity Profile



## EBITDA to date

- USD 8.1 million equal 44% of revenue

## Cash position

- USD 15.3 million (101, 102 & 105 cash level is not on the IFRS line)
- In process of refinancing Marine Assets to improve cash position and facilitate growth

## Net financial

- USD 3.7 million

## Loan redemption

- USD 8.1 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 2013 / 2014

## FMV developments

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

## Booked equity

- 49%
- USD 146 million (after 10% share buy back)

## Market capitalization

- NOK 203 million (29.6 m shares @ NOK 6.85)

## Free cash flow

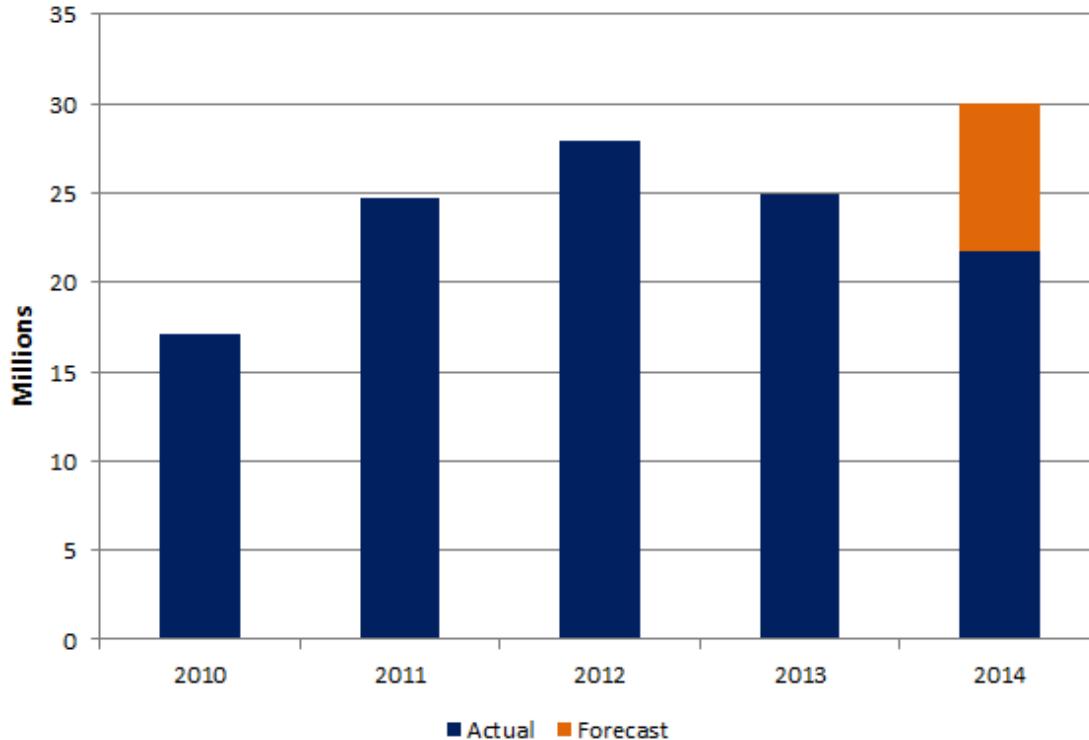
- steady, positive cash flow from existing operations
- Continues investments

## Consensus among credit analysts

- Steady operations
- Key credit metrics remain overall stable
- Strong market outlooks

# HISTORICAL EBITDA DEVELOPMENT

KEY FINANCIAL FIGURES (USD MILLION)



# P&L REPORT END Q3 2014

Figures in USD '000	Q3 2014	Q3 2013
Revenue	15 386	7 034
<b>Total operating revenues</b>	<b>15 386</b>	<b>7 034</b>
<b>Net income from joint ventures and associates</b>	<b>3 022</b>	<b>4 304</b>
Operating costs	(4 926)	(3 475)
General & administration	(5 415)	(3 913)
Deprecation	(2 541)	(1 136)
Write off		(5)
<b>Total operating expenses</b>	<b>(12 881)</b>	<b>(8 529)</b>
<b>Operating profit (loss)</b>	<b>5 528</b>	<b>2 809</b>
Net finance	(3 745)	(3 383)
<b>Ordinary profit (loss) before taxes</b>	<b>1 782</b>	<b>(574)</b>
Corporate income tax		(1 457)
<b>Net result</b>	<b>1 782</b>	<b>883</b>

Figures in USD '000	Cum Q3 2014	Cum Q3 2013
Revenue	42 482	29 245
<b>Total operating revenues</b>	<b>42 482</b>	<b>29 245</b>
<b>Net income from joint ventures and associates</b>	<b>8 756</b>	<b>16 109</b>
Operating costs	(13 404)	(11 632)
General & administration	(16 135)	(12 168)
Deprecation	(7 477)	(3 440)
Write off assets	(94)	(48)
<b>Total operating expenses</b>	<b>(37 110)</b>	<b>(27 288)</b>
<b>Operating profit (loss)</b>	<b>14 129</b>	<b>7 751</b>
Net finance	(11 571)	(9 342)
<b>Ordinary profit (loss) before taxes</b>	<b>2 558</b>	<b>(1 591)</b>
Corporate income tax	227	1 571
<b>Net result</b>	<b>2 785</b>	<b>(20)</b>

# BALANCE SHEET Q3 2014

Figures in USD '000	30.09.2014	31.12.2013
<b>Assets</b>		
<b>Intangible assets</b>	<b>20 177</b>	<b>20 724</b>
<b>Tangible assets</b>	<b>275 857</b>	<b>139 021</b>
<b>Total non current assets</b>	<b>296 034</b>	<b>159 745</b>
Receivables	31 964	48 529
Cash and cash equivalents	15 262	6 240
<b>Total current assets</b>	<b>47 226</b>	<b>54 769</b>
<b>Total assets</b>	<b>343 260</b>	<b>214 515</b>

Figures in USD '000	30.09.2014	31.12.2013
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>168 625</b>	<b>108 315</b>
<b>Total non current liabilities</b>	<b>112 785</b>	<b>86 840</b>
First year instalments	43 100	101
Other current liabilities	18 750	19 260
<b>Total current liabilities</b>	<b>61 850</b>	<b>19 361</b>
<b>Total liabilities</b>	<b>174 635</b>	<b>106 201</b>
<b>Total equity and liabilities</b>	<b>343 260</b>	<b>214 515</b>

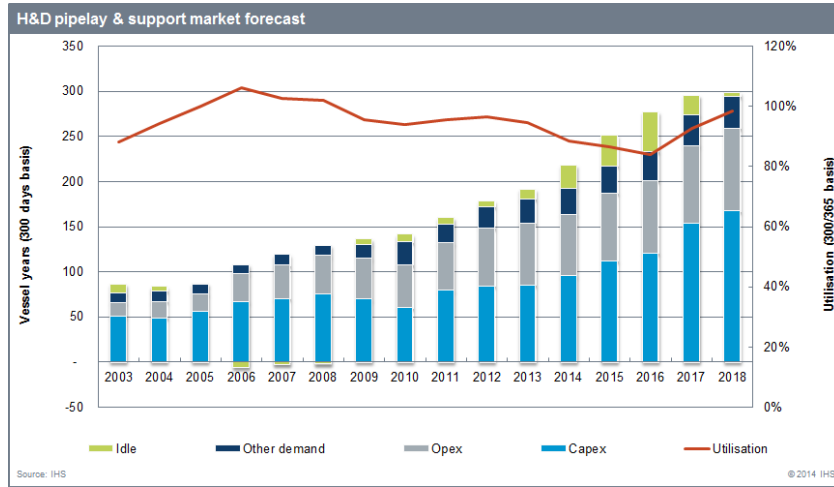
- Book value of equity is 49 %



# 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

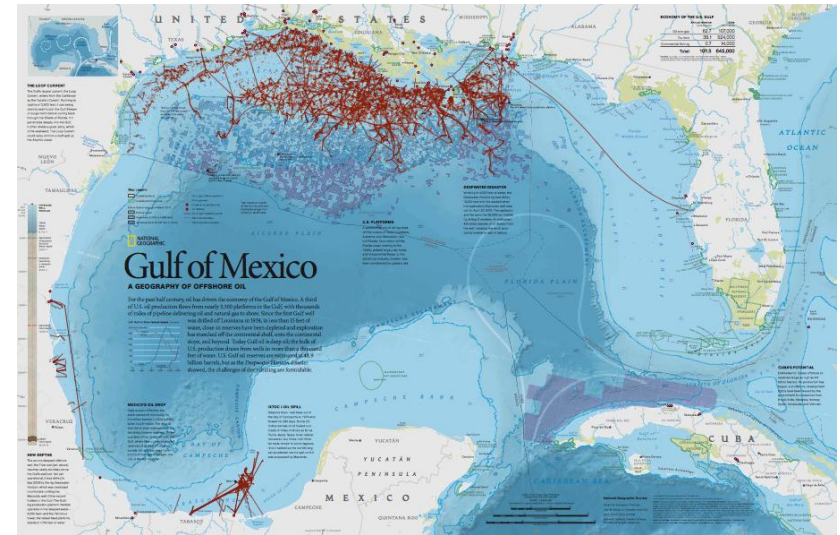
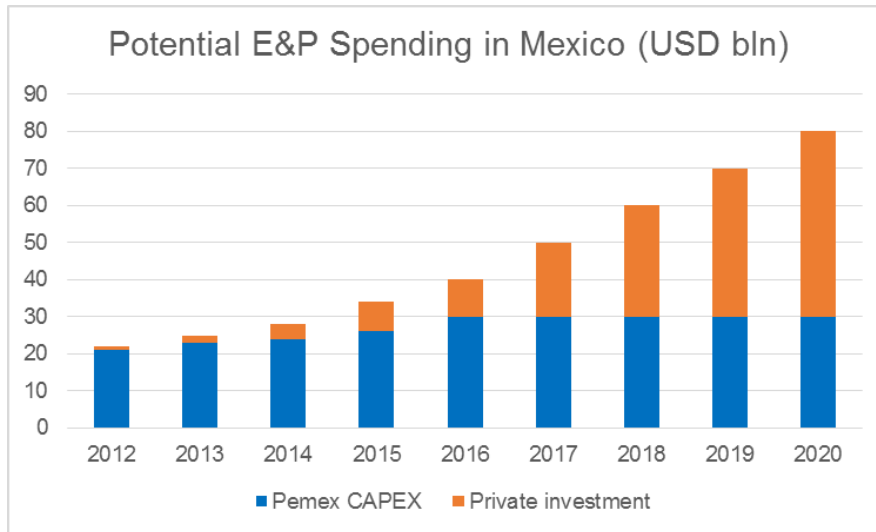
Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lay Barge	9	9	9	10	11	13	15	17	20	22	22
Reel Lay Vessels	19	19	19	22	25	26	30	41	49	56	56
Multiservice	11	11	11	11	12	14	15	17	20	24	27
Diving Support Vessels	18	19	19	20	20	21	21	23	25	26	26
ROV Support Vessels	70	78	85	96	110	117	136	152	163	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

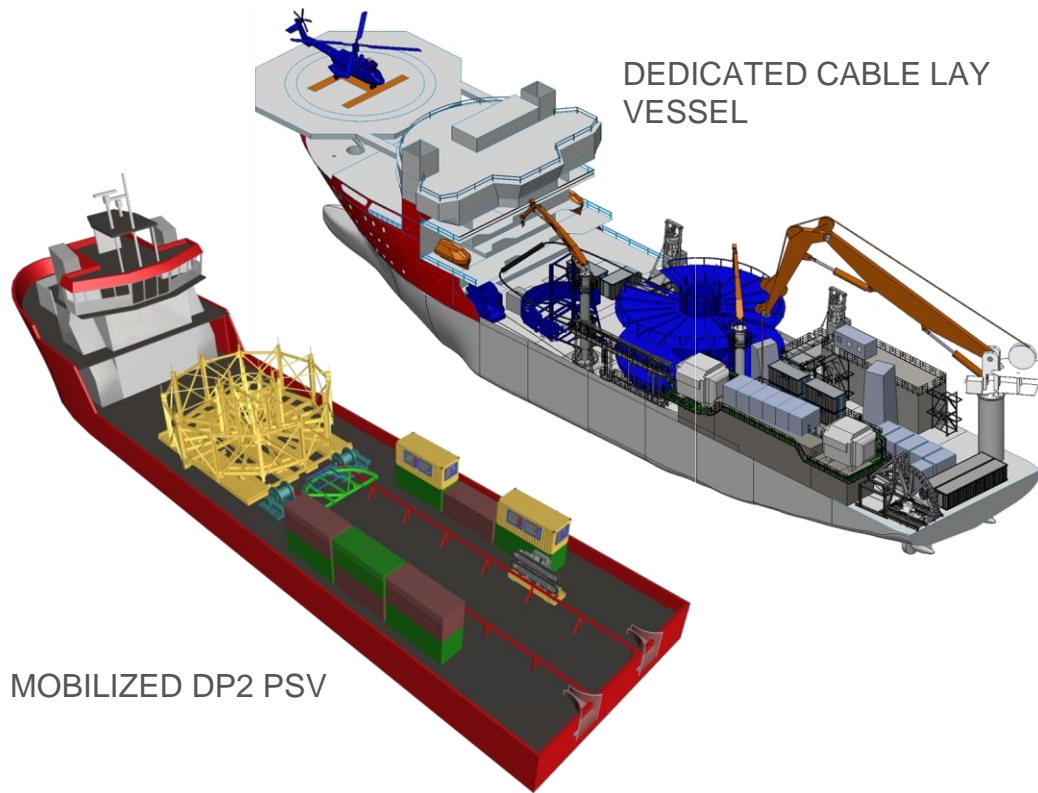
Type	< '75	'75- '79	'80- '84	'85- '89	'90- '94	'95- '99	'00- '04	'05- '09	'10- '14	'15+	Total
Lay Barge	2	3	1	2	-	-	1	2		4	15
Reel Lay Vessels	-	2	6	-	-	1	4	5	20	18	56
Multiservice	-	-	-	-	-	4	4	5	3	11	27
Diving Support Vessels	-	-	4	2	1	2	-	8	6	3	26
ROV Support Vessels	-	2	-	-	3	11	24	44	63	20	167
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



# OCEANTEAM SOLUTIONS



DEDICATED CABLE LAY VESSEL

MOBILIZED DP2 PSV

Providing spread solutions based on generic vessel solutions:

Including:

- Engineering Services & Know How
- Equipment
- Operators
- Transport & Storage
- Service Level Agreements

Cost reduction for clients:

- CAPEX
- OPEX
- Risk

# OCEANTEAM SOLUTIONS – Track Record

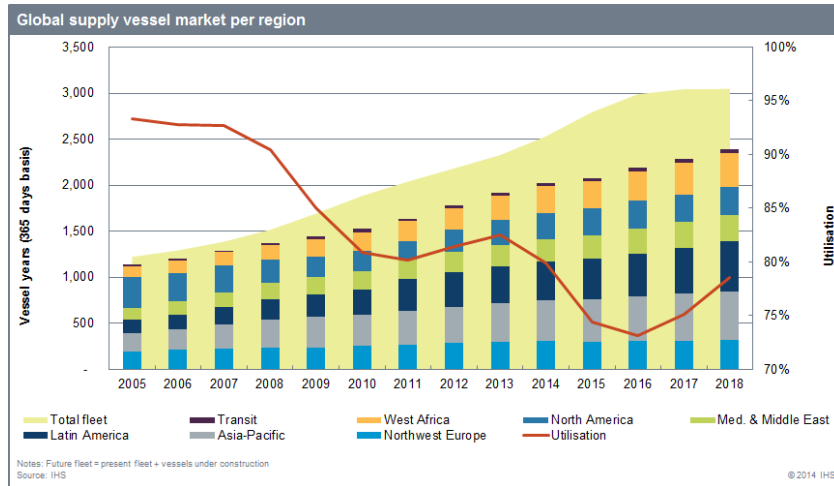


Spread Solution provided: 2000T demountable turntable, a loading tower with buildin 15T tensioner and operators for Ceona's Polar Onyx

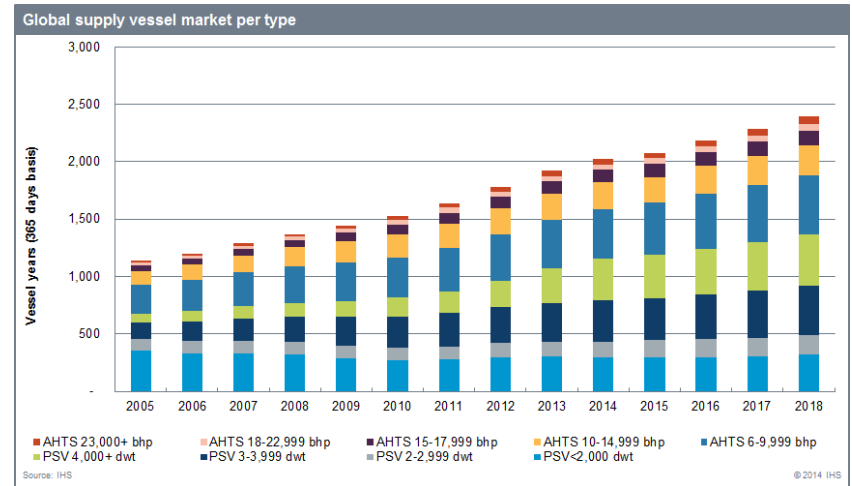


Spread Solution provided: 2x 4000T demountable turntables, a loading tower, with engineering services and operators on the CLV Hanjin Pioneer for end client LS Cable

# 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

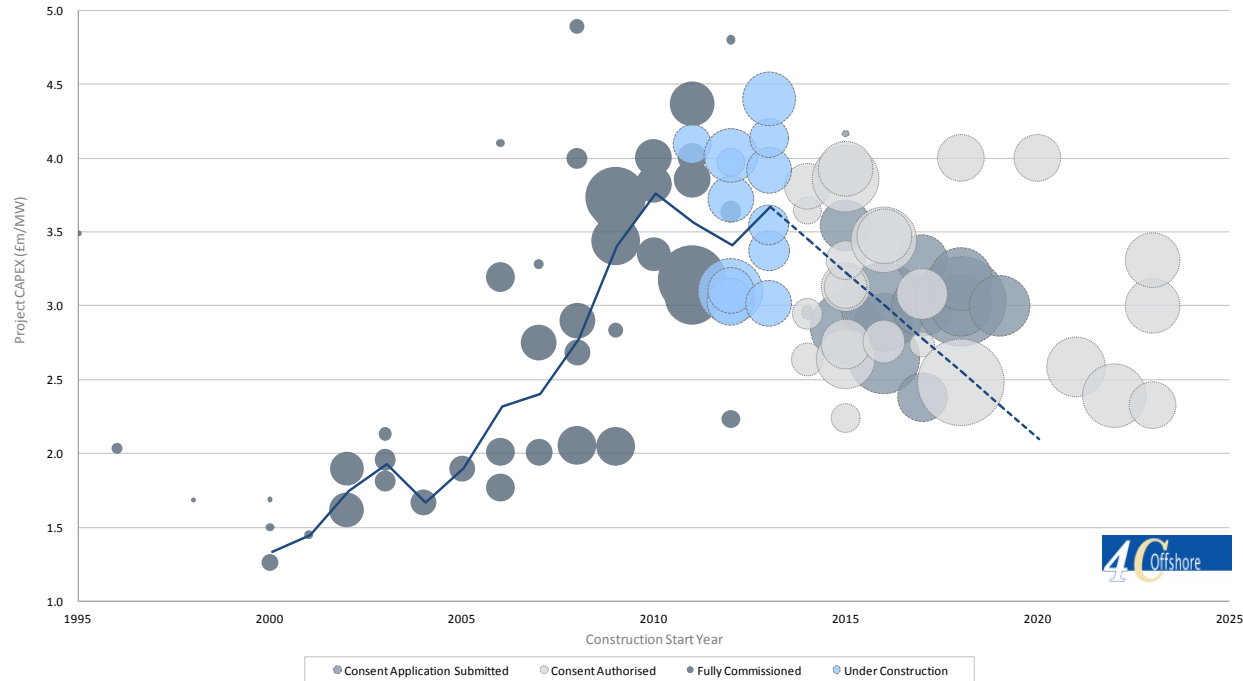


- Highest demand growth expected for high capacity vessels (CAGR 2013-18 PSV 4,000t+ 8% and AHTS 23,000t+ 7%)

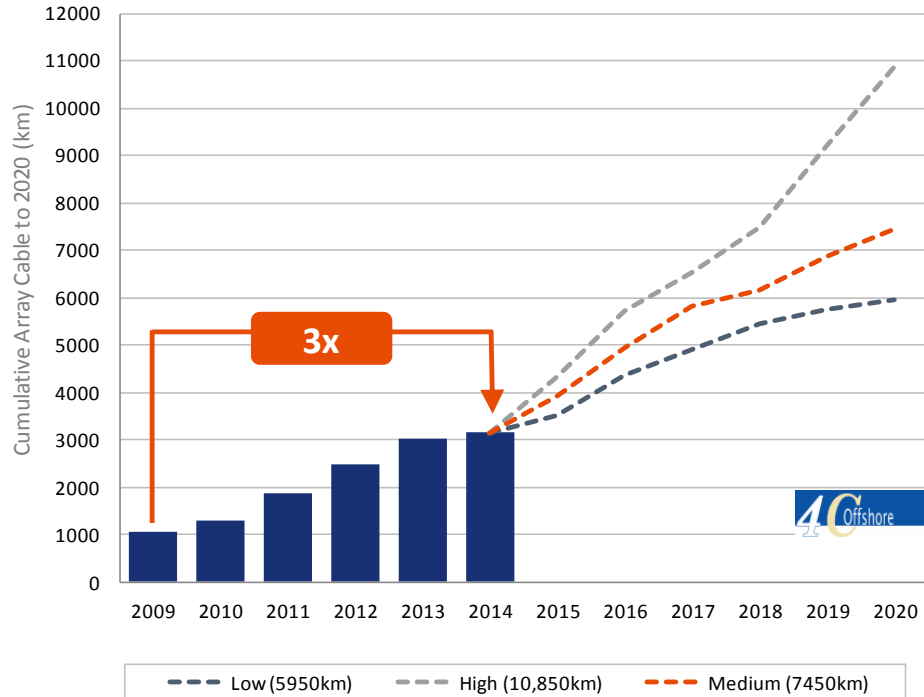


# Strong growth in Offshore Renewable market with focus on cutting installation and maintenance costs

## DEVELOPERS FORECAST REDUCED CAPEX AND REQUIRE INNOVATIONS



# Increasing Number of opportunities in cabling market



# FOCUS GOING FORWARD

- Optimize capital structure to maximize value and facilitate growth
- Continue to grow fleet of high-end OSVs through joint ventures backed by strong contract coverage
- Focus on growing Mexican market through DOT Shipping and Grupo Diavaz
- Increase added value by effectively combining engineering, marine assets and fleet: Oceanteam Solutions
- Continue investments to optimize and expand pool of marine assets



**THANK YOU!**



**Oceanteam Shipping ASA**

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