



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

***Presentation Pareto Conference Oslo – 4 September 2013***

# 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 & status
- Finance structure: OTS bond and equity
- Financials
- Market outlook



# OCEANTEAM SHIPPING

## Company Overview

# OCEANTEAM SHIPPING



High-end-deep-water Vessels



Engineering 160 people strong



Engineering & Execution Support



Modular Carousels, Specialist Equipment, Storage & Handling

## Our Mission

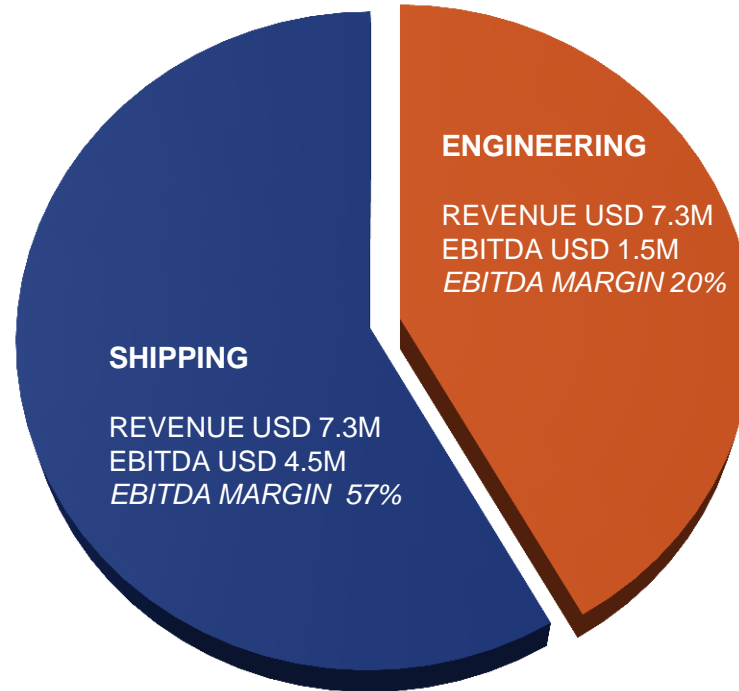
Creating value through:

- Providing complex offshore support by building and operating a fleet of large and advanced North Ocean Vessels
- Integrating engineering know-how and a pool of special purpose equipment with our fleet

# COMPANY OVERVIEW

## Shipping segment

- Three CSVs and one LV through joint ventures plus two FSVs
- Solid clients  
Oceaneering/BP Angola, Fugro TSM, McDermott



## Engineering segment

- Focus on Oil & Gas and Offshore Renewables
- Equipment rental division

# FOCUS GOING FORWARD - Pareto 2012 vs. Pareto 2013:

- **Target markets**

- ✓ Large harsh- and deep-water Construction Support Vessels (CSV) and Pipe Lay Vessels:
- ✓ Market CSV's and Pipe Lay Vessels combined with in-house engineering know how:
- ✓ Grow contract back log and develop OceanWind Power Cable Storage Solutions:
- ✓ Additional earning from low-risk engineering jobs & new equipment:

- **Streamline finance platform**

- ✓ Refinance Oceanteam Shipping ASA bond loan:
- ✓ Clean up capital structure to enhance the OTS equity instrument:
- ✓ Utilize tonnage tax and deferred tax assets:
- ✓ Grow fleet and continue reduced- risk growth through Joint Ventures:

# SHIPPING – Our Fleet

- CSV Bourbon Oceanteam 101
- CSV North Ocean 102
- CSV Southern Ocean
- LV North Ocean 105
- FSV Mantarraya
- FSV Tiburon

- High-end deep-water offshore construction
- Proven quality in the most demanding and advanced deep-water operations
- Vessel type orders to date: 7
- Building and operational economics
- Configuration flexibility with in-house engineering team that provides complex and complete solutions
- New enhanced design completed





# SHIPPING – Charter Status

Contract backlog		2012	2012	2013	2013	2014	2014	2015	2015	2016	2016
		Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4
Shipping	Type of contract										
CSV BO 101	time charter	Contract	Contract	Dry Dock	Contract	Contract	Contract	Option	Option	Option	Option
CSV North Ocean 102	bareboat	Contract	Contract	Contract	Contract	Contract	Contract				
CSV Southern Ocean	bareboat	Contract	Contract	Contract	Contract	Contract	Contract	Contract			
LV North Ocean 105	time charter	Under construction	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract
Mantarraya	bareboat	Contract	Contract	Contract	Contract	Contract					
Tiburón	bareboat	Contract	Contract	Contract	Contract	Contract					

■ Dry Dock   
 ■ Contract   
 ■ Option   
 ■ Under construction   
 ■ No contract

➤ Robust back log with solid clients

# ENGINEERING - Services

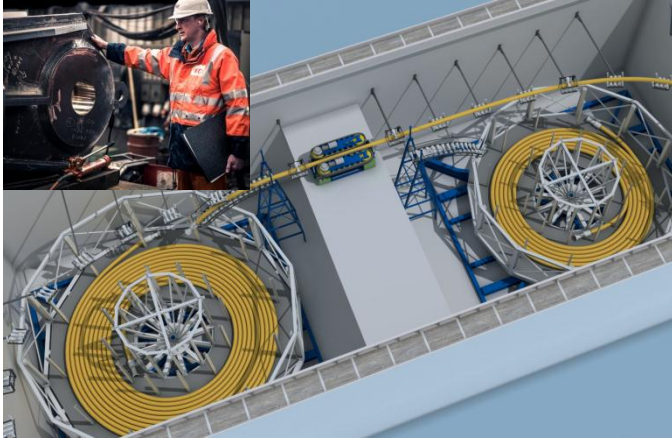


Design Engineering Services, 160 people strong

# ENGINEERING – Services



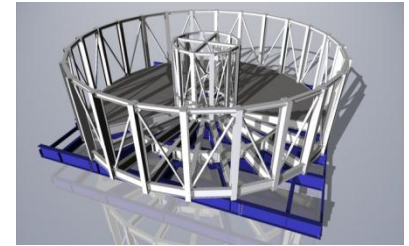
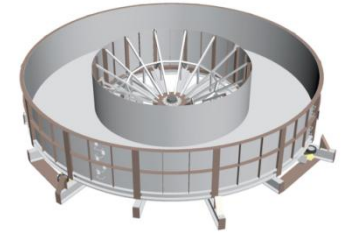
# ENGINEERING & EQUIPEMENT RENTAL



Handling, Transport & Storage Services



Offshore Installation  
Equipment



Certified Proprietary Designs

Modular & Easy Transport

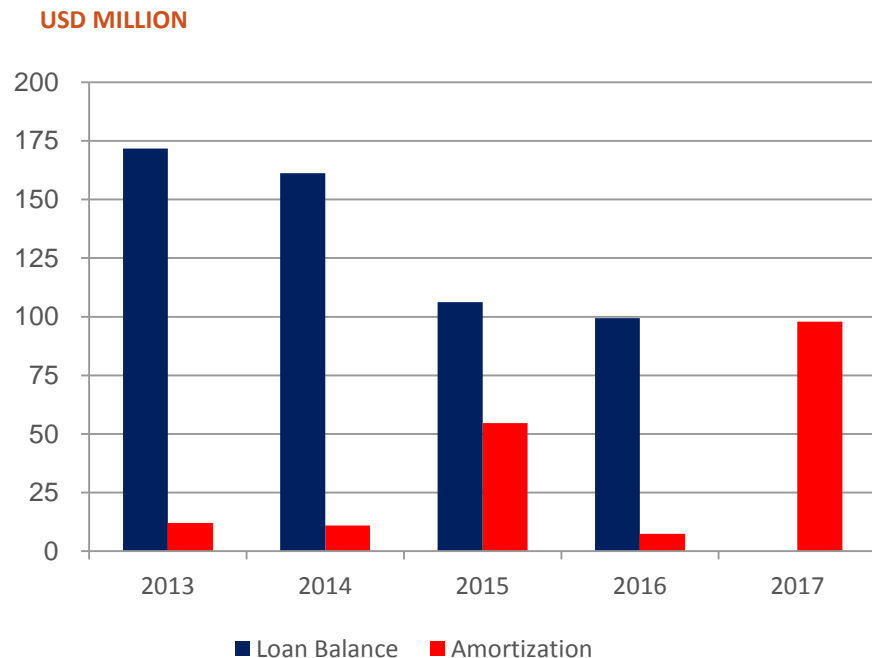
One design concept for onshore  
& offshore operations



# OCEANTEAM SHIPPING

## Finance Structure

# BOND REFINANCE – New Debt Maturity Profile



## EBITDA to date

- USD 13.2 million equal 39% of revenue

## Cash positions:

- USD 27.3 million

## Net financial

- USD 7.5 million

## Loan redemption

- USD 11 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%

# EQUITY - Share Price Development



## Share development:

- a positive increase during second quarter

## FMV developments

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

## Booked equity

- 37%
- USD 107 million (after 10% share buy back)

## Market capitalization

- NOK 148 million (29.6 million@5)

## Free cash flow

- steady, positive cash flow from operations

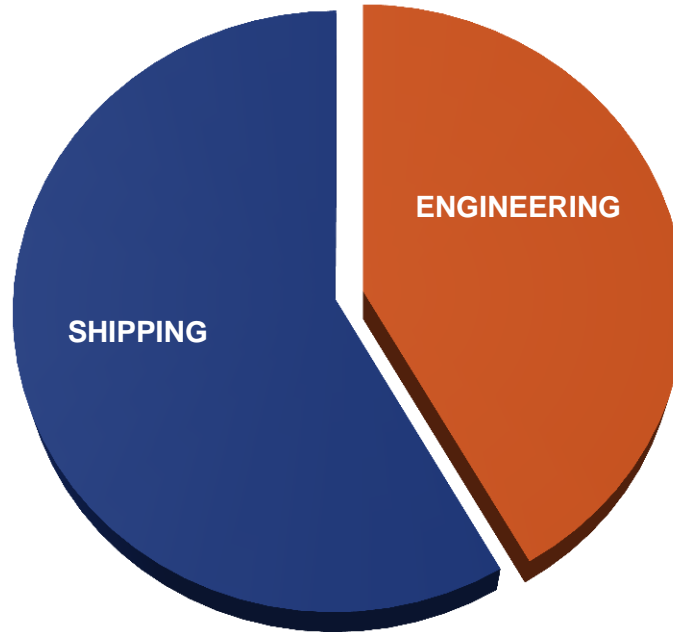
## Consensus among credit analysts

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

# COMPANY OVERVIEW – Highlights Q2

## Shipping segment

- Revenue USD 15.2m
- EBITDA USD 6.0m
- Operating profit USD 2.6m
- 5 year dry dock BO 101 completed



## Engineering segment

- OceanWind awarded its first storage and handling contract
- 2.000 ton carousel delivered/ 4.000 ton in progress for LS Cable
- OTS- designed 15 ton tensioner delivered
- Increased tendering activities in Mexico/ Venezuela



# FINANCIAL SUMMARY

Figures in USD million	Q2 2013	Q2 2012	2013	2012	2011
Revenue	15,2	16,1	31,7	66,5	61,2
Operating costs	(4,6)	(5,4)	(10,1)	(23,4)	(24,7)
<b>EBITDA</b>	<b>6,0</b>	<b>7,3</b>	<b>13,1</b>	<b>28,7</b>	<b>24,8</b>
<b><i>EBITDA percentage</i></b>	<b>39 %</b>	<b>45 %</b>	<b>41 %</b>	<b>43 %</b>	<b>40 %</b>

- › EBITDA first half year 2013 is in line with the same period last year
- › Q2 EBITDA is lower due to a planned dry docking completion for BO 101 and legal costs
- › Operating profit for the quarter is USD 2.6 million

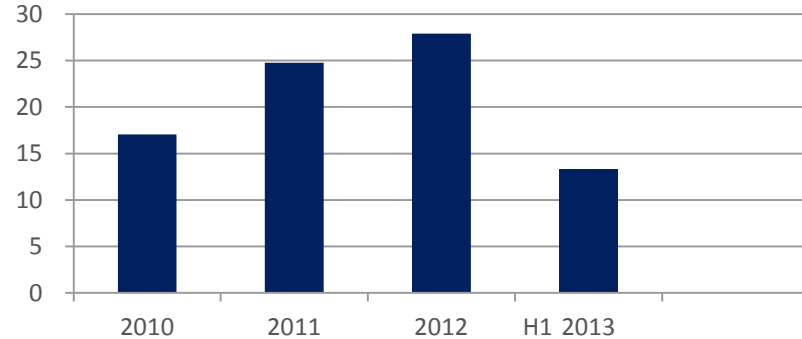
# REVENUE & EBITDA BY SEGMENTS

Figures in USD million	Shipping		Engineering		Total	Total
	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2	Q2
Revenue	7 343	9 347	7 329	6 086	14 673	15 432
Net income of associates	531	673			531	673
Operating costs	(803)	(1 866)	(3 838)	(3 531)	(4 641)	(5 397)
General & Administration	(2 543)	(1 771)	(2 018)	(1 683)	(4 562)	(3 454)
<b>EBITDA</b>	<b>4 527</b>	<b>6 382</b>	<b>1 473</b>	<b>872</b>	<b>6 001</b>	<b>7 254</b>
<b>EBITDA percentage</b>	<b>57%</b>	<b>64%</b>	<b>20%</b>	<b>14%</b>	<b>39%</b>	<b>45%</b>

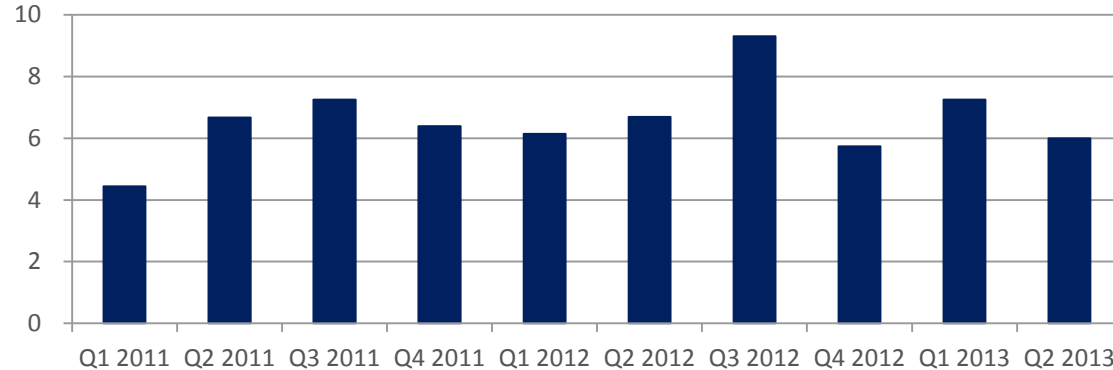
- › Net Income associates is the operational Lay Vessel North Ocean 105
- › Strong performance in shipping

# EBITDA DEVELOPMENT HISTORICAL

KEY FINANCIAL FIGURES (USD MILLION)



KEY FINANCIAL FIGURES (USD MILLION)





# OCEANTEAM SHIPPING

## Financials

# P&L REPORT END Q2 2013

Figures in USD '000	Q2 2013	Q2 2012
Revenue	14 673	15 432
<b>Total operating revenues</b>	<b>14 673</b>	<b>15 432</b>
<b>Net income of associates</b>	<b>531</b>	<b>673</b>
Operating costs	(4 641)	(5 397)
General & administration	(4 562)	(3 454)
Depreciation	(3 368)	(3 598)
Write off assets	(17)	(8)
<b>Total operating expenses</b>	<b>(12 587)</b>	<b>(12 457)</b>
<b>Operating profit (loss)</b>	<b>2 616</b>	<b>3 648</b>
Net finance	(3 548)	(2 767)
<b>Ordinary profit (loss) before taxes</b>	<b>(932)</b>	<b>881</b>
Corporate income tax	(203)	133
<b>Net result</b>	<b>(1 135)</b>	<b>1 015</b>

# BALANCE SHEET Q2 2013

Figures in USD '000	30.06.2013	31.12.2012
<b>Assets</b>		
<b>Intangible assets</b>	<b>18 545</b>	<b>18 506</b>
<b>Tangible assets</b>	<b>230 541</b>	<b>233 081</b>
<b>Total non current assets</b>	<b>249 085</b>	<b>251 587</b>
Receivables	13 438	14 979
Cash and cash equivalents	27 289	34 846
<b>Total current assets</b>	<b>40 726</b>	<b>49 825</b>
<b>Total assets</b>	<b>289 812</b>	<b>301 412</b>

Figures in USD '000	30.06.2013	31.12.2012
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>106 792</b>	<b>112 068</b>
<b>Total non current liabilities</b>	<b>165 973</b>	<b>171 894</b>
First year instalments	11 559	11 427
Other current liabilities	5 488	6 023
<b>Total current liabilities</b>	<b>17 047</b>	<b>17 450</b>
<b>Total liabilities</b>	<b>183 020</b>	<b>189 344</b>
<b>Total equity and liabilities</b>	<b>289 812</b>	<b>301 412</b>

- Book value of equity is 37 %

# LARGE TAX DEDUCTIBLE LOSSES

## . Norway

- . OTS has a confirmed tax loss to carry forward of USD 169 M (NOK 1 017 M)
- . The CSV's comply with the Norwegian Tonnage Tax regime with approximately 0% tax
- . CSV 101, Southern Ocean and LV 105 are under the NTT regime
- . CSV 102 will use the deferred tax loss
- . Exercise of 14.5 million of warrants in Q4 2012, 29.6 million shares tradable as from 24<sup>th</sup> of January 2013
- . During the second quarter the share price has had a positive development

## . The Netherlands

- . The Dutch entities have an estimated tax loss to carry forward of EUR 45 M
- . A restructuring has been finalised to further utilize tax losses
  - Negligible payable tax costs going forward

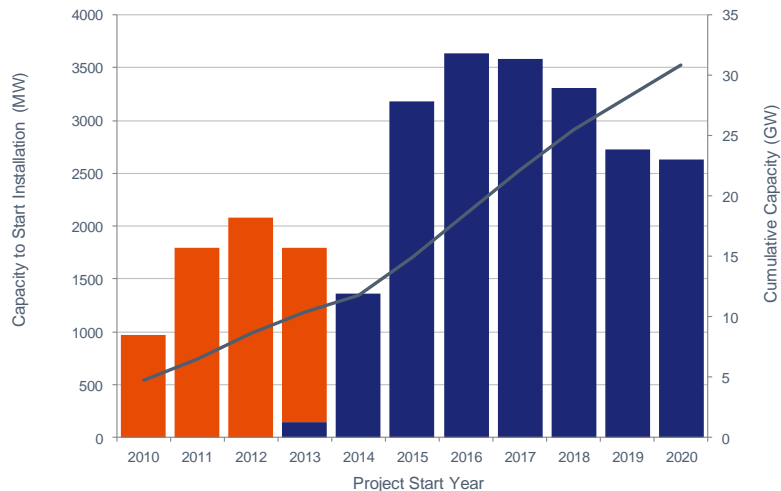


# OCEANTEAM SHIPPING

## Market Outlook



# EUROPEAN OFFSHORE WIND MARKET OUTLOOK

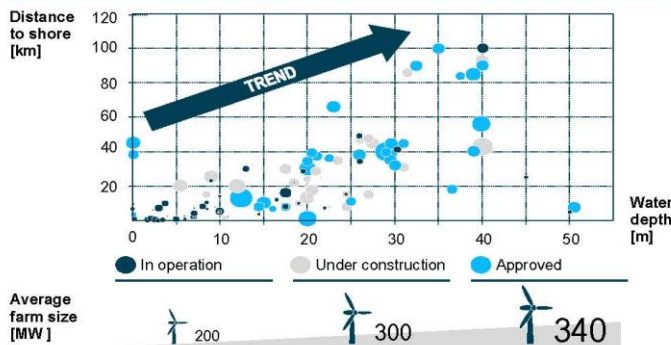


- 30GW underway by 2020 based on medium growth and government targets
- Potentially 4,000+ turbines required to fill this capacity
- Average market growth of 16.9% per annum from 2013 to 2020

*Increasing amounts of design work available in the near-future  
Increasing demand for specialist installation equipment*

## Trends in offshore

### OFFSHORE WIND FARMS

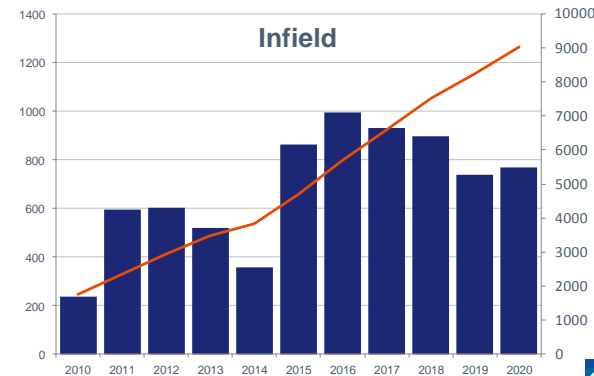


Source: EWEA, Roland Berger

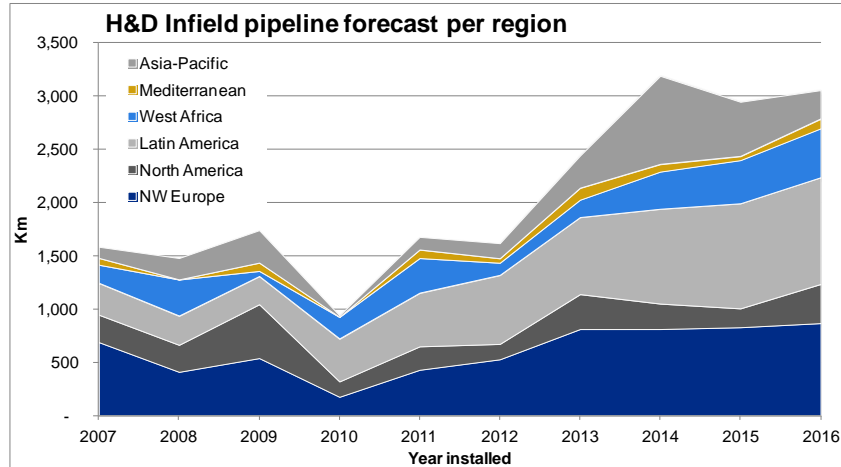
### TRENDS

- FURTHER**
  - > Trend toward building wind farms further from shore
  - > Environmental laws (GER) and limited space close to shore are a driver for greater distance
- DEEPER**
  - > Greater distance to shore usually leads to deeper water at site
  - > Deeper water requires new foundation solutions
- LARGER**
  - > Larger wind farms allow improved fixed cost allocation
  - > Average size of approved projects is at 340 MW

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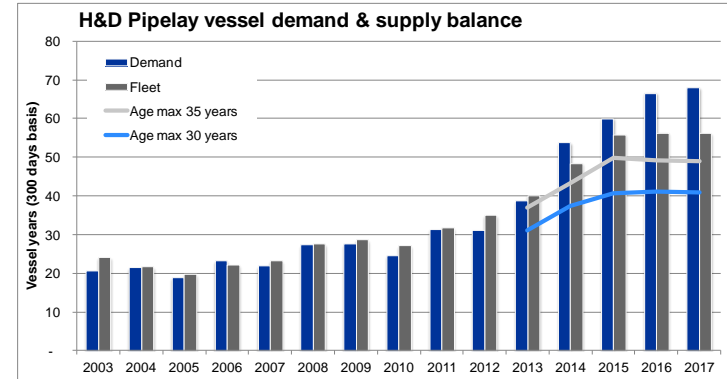
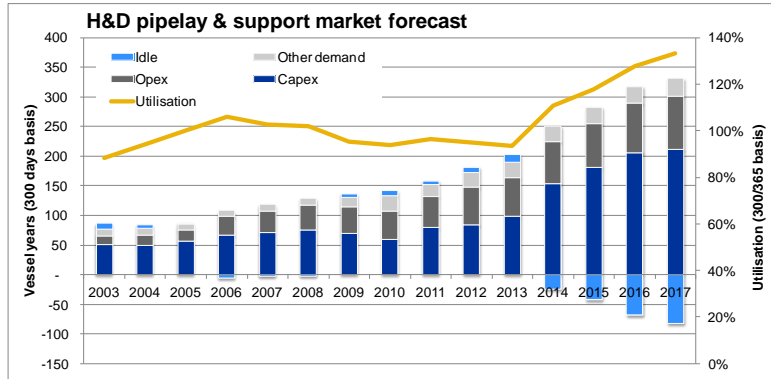
# H&D - strongest market in growth areas



- Average annual demand growth expected to be 12% in the H&D surf market
- Strongest H&D infield installation growth in NW Europe, Brazil and Asia Pacific

# HARSH & DEEP-WATER VESSELS SCARCITY EXPECTED FROM 2014

- Base case has demand growth 2012-17 of 14% p.a. and fleet capacity growth of 8 % p.a. based on no further new building contracts, cancellations nor scrapping



- Significant growth in umbilical/flexible installation market expected in the coming years
- Market forecasts focusing on certain locations, such as Asia, suggest a 50% increase in umbilical orders the next 4 years, compared to the previous 4 years

*Rising opportunities to provide equipment to an expanding Offshore Renewables in Europe and Oil & Gas markets.*

*Rising opportunities to provide Construction Support Vessel backed with long term contracts*

# GOING FORWARD - “Checklist for September 2014”:

- Enhancement and pricing of equity instrument
- Continued focus on high quality assets and balance sheet
- New investments in high quality assets utilizing the clean capital structure
- Risk reduction through partnerships and JVs
- Backed investment in new vessels and maintain strong contract coverage
- Continue investment plan to optimize and expand equipment pool
- Large harsh- and deep-water Construction Support Vessels (CSV)
- Grow the Mexican- and Venezuelan markets
- Build contract back log and expand OceanWind Cable Storage Solutions



**THANK YOU!**



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