



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

***Q4 2012 Presentation Oslo – 21 February 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

- Highlights
- Bond Refinancing
- Financials
- Market Outlook
- Appendix



# HIGHLIGHTS Q4

- Revenue from operations USD 16.6 million
- EBITDA from operations is positive; USD 5.9 million
- Operating profit of USD 2.2 million
  
- Oceanteam Shipping repaid a bond loan of NOK 503 million including interests
- With exercise of warrants the company's new, clean capital structure is completed
  
- Converting time charter into bareboat charter for CSV North Ocean 102
  
- Change in Board of Directors

# HIGHLIGHTS Q4 - ENGINEERING

- JV OceanWind in full operation from its storage base in Velsen, The Netherlands
- Oceanteam Shipping's equipment base and activities moved from Dundee to Velsen
- The company has exercised one of its options and ordered a new 2000t modular carousel system, delivery April 2013



# OCEANTEAM SHIPPING

Successful refinancing

# DELIVERING ON PROMISES 2009 - 2012

1

## Refocus and restructure (2009 - July)

- Renegotiation and conversion of bond loan
- Restructuring balance sheet and operations

2

## Refinancing of two vessels (2012)

- OTS refinanced CSV BO 101 and CSV Southern Ocean with a net liquidity effect of USDm 23
- Net proceeds from refinancing to strengthen liquidity buffer and pursue investment opportunities

3

## Bond Loan placement

- USDm 92.5 million bond placement concluded on October 12<sup>th</sup>
- Settlement carried out on October 24<sup>th</sup>

4

## Cleaning up capital structure

- Existing NOK bond called on October 12<sup>th</sup>, settlement expected on or around November 23<sup>rd</sup>
- The early redemption triggered the exercise of up to 14,898,607 warrants type I which 14.514.419 was exercised
- The exercise of warrants type I has “cleaned” up the capital structure of the company, with no outstanding warrants

5

## Positioned for growth

- Improved balance sheet
- Strong backlog, average of approximately 3.4 years
- Strong markets and attractive opportunities

# NEW BOND vs. CURRENT BOND

Current NOK bond – called for redemption 23 <sup>rd</sup> November 2012	NEW USD bond
NOKm 400 (NOKm 497 incl. call premium)	New bond USDm 92.5
Redeemed at 124%	Issued at 97.5 %
Redemption price increases ~9% annually	Redemption at par, call options from year 3 at 106% declining to 103%
Coupon NIBOR + 5.75% (step-up 1% annually each December)	Coupon LIBOR + 11.25%
15.0 mill. shares outstanding + 14.9 mill. warrants	29.6 mill. shares, no warrants post refinancing – enables OTS to use the stock market for raising equity
Maturity 2014	Final maturity 2017 USDm 35 amortization in 2015
Senior unsecured	Senior unsecured
No financial covenants	Min book equity ratio, min market adjusted equity ratio, min EBITDA/Debt service, max NIBD/EBITDA Max debt in vessel owning subsidiaries (limit declining with amortization profile)

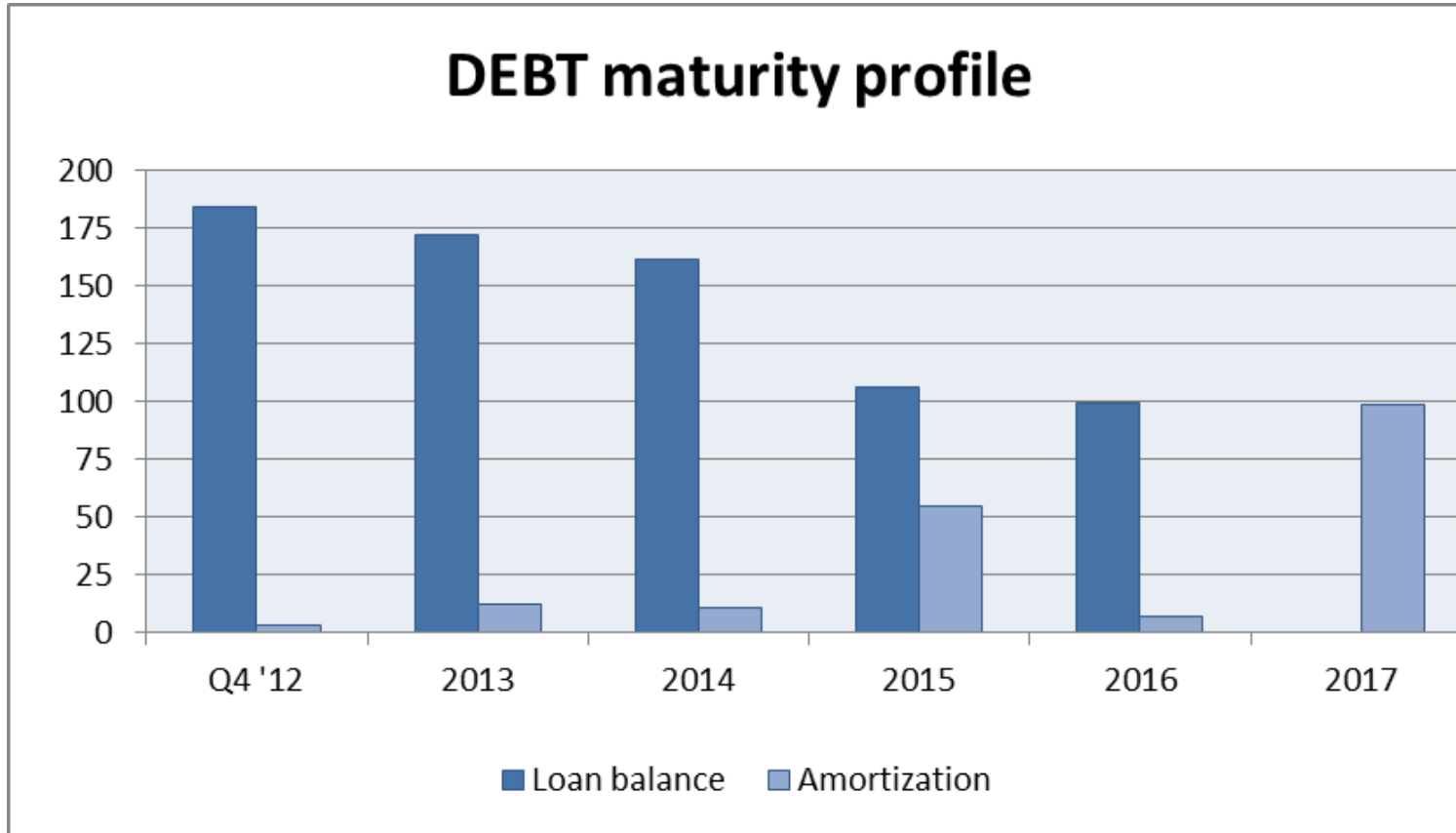




# BOND REFINANCE – IMPLICATIONS

- Bond loan of USD 92.5 million on balance sheet
- Net negative equity effect of USD 5 million
- CF/ Operating implications
  - Repaying USD 87 million in existing NOK 497 million bond loan
  - Repaying USD 1 million in accrued interest
  - All NOK 503 million paid 23rd November 2012
  - New share capital of 29.593.259 shares tradable from 24<sup>th</sup> January 2013
- Following the refinancing, the company has the balance sheet and liquidity necessary to exploit potential attractive opportunities

# BOND REFINANCE – NEW DEBT MATURITY PROFILE





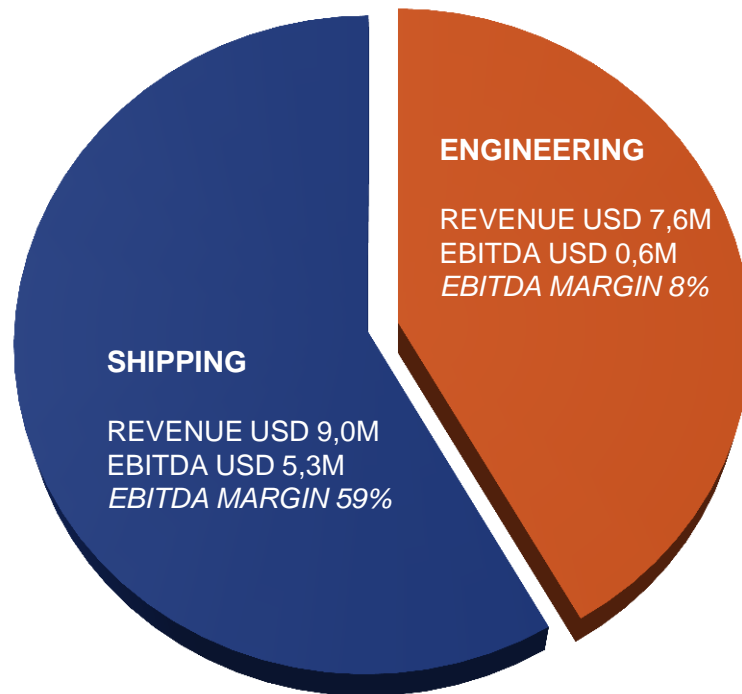
# OCEANTEAM SHIPPING

## Company Overview

# 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

## 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

# CHARTER STATUS

Contracts schedule		2012 Q1-2	2012 Q3-4	2013 Q1-2	2013 Q3-4	2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4	2017 Q1-2	2017 Q3-4
Shipping	Type of contract												
CSV BO 101	time charter	Contract	Contract	Contract	Contract	Contract	Contract	Option	Option	Option	Option		
CSV North Ocean 102	bareboat	Contract	Contract	Contract	Contract	Contract	Contract	Option	Option	Option	Option		
CSV Southern Ocean	bareboat	Contract	Contract	Contract	Contract	Contract	Contract						
LV North Ocean 105	time charter	Under construction	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	
Mantarraya	bareboat	Contract	Contract	Contract	Contract								
Tiburón	bareboat	Contract	Contract	Contract	Contract								



➤ Robust backlog with solid clients

# ENGINEERING - SERVICES



Wintershall, Relocation of MPP P6-S to Q1-D

Hollandia – Strukton JV, 10120 Riffgat Offshore Sub Station



## ENGINEERING - STORAGE

- OceanWind facilitates the submarine cable industry by offering its clients a full and integrated range of services comprising cable storage, cable handling, and cable transport.
- The cable facility is situated immediately behind the North Sea locks of IJmuiden, in the direct proximity of Amsterdam.
- OceanWind provides long term onshore storage for (spare) cables, cable transfers, international transport with WIND cable transport vessels and handling services which include now storage of cables in reels, baskets and carousels.
- OTS standardized equipment designed for both onshore and offshore handling and storage of submarine cables.



# OCEANTEAM SHIPPING

## Financials



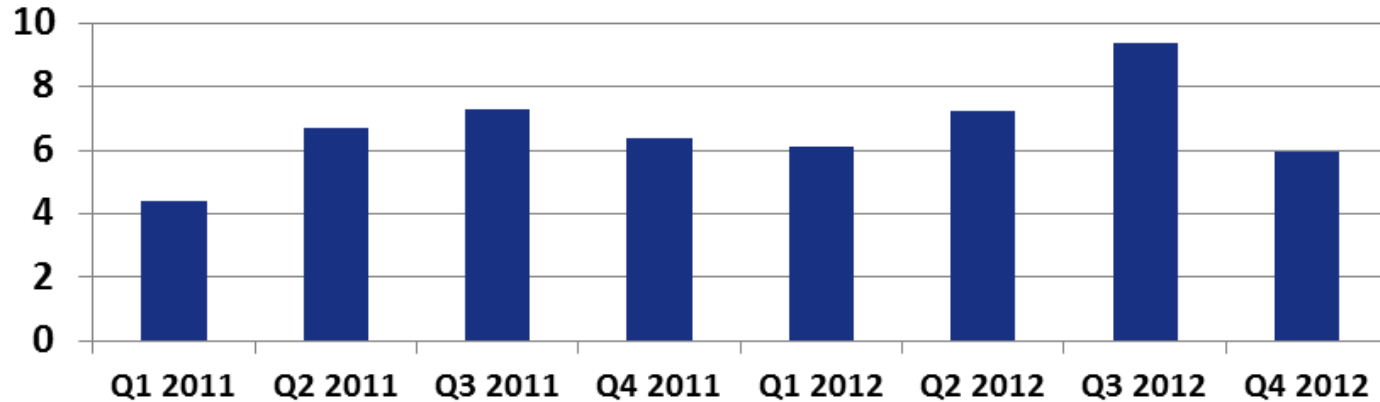
# FINANCIAL SUMMARY

Figures in USD million	Q4 2012	2012	2011	2010
Revenue	16,6	66,5	61,2	47,0
Operating costs	(5,9)	(23,4)	(24,7)	(21,8)
<b>EBITDA</b>	<b>5,9</b>	<b>28,7</b>	<b>24,8</b>	<b>17,0</b>
<b><i>EBITDA percentage</i></b>	<b>36 %</b>	<b>43 %</b>	<b>40 %</b>	<b>36 %</b>

- › EBITDA cumulative 2012 increased 16% compared to cumulative 2011
- › Operating profit for the quarter is USD 2.2 million

# EBITDA BY QUARTER

## EBIDTDA mUSD



➤ Stable EBITDA

# REVENUE & EBITDA BY SEGMENTS

Figures in USD '000	SHIPPING		ENGINEERING		TOTAL	
	Q4 2012	Q4 2011	Q4 2012	Q4 2011	2012	2011
Revenue	8 473	9 596	7 567	5 876	64 269	61 208
Net income of associates	547				2 268	
Operating costs	(1 462)	(2 699)	(4 449)	(3 636)	(23 384)	(24 651)
General & administration	(2 246)	(1 174)	(2 497)	(1 577)	(14 423)	(11 795)
<b>EBITDA</b>	<b>5 312</b>	<b>5 723</b>	<b>621</b>	<b>663</b>	<b>28 730</b>	<b>24 762</b>
<b><i>EBITDA percentage</i></b>	<b>59 %</b>	<b>60 %</b>	<b>8 %</b>	<b>11 %</b>	<b>43 %</b>	<b>40 %</b>

- Net income associates is operational Lay Vessel North Ocean 105
- Strong performance shipping
- Move of equipment from Dundee to Velsen is effecting the ratio for the engineering

# P&L REPORT END Q4 2012

Figures in USD '000	Q4 2012	Q4 2011	Cum 2012	Cum 2011
Revenue	16 040	15 473	64 269	61 208
<b>Total operating revenues</b>	<b>16 040</b>	<b>15 473</b>	<b>64 269</b>	<b>61 208</b>
<b>Net income of associates</b>	<b>547</b>		<b>2 268</b>	
Operating costs	(5 911)	(6 333)	(23 384)	(24 651)
General & administration	(4 743)	(2 751)	(14 423)	(11 795)
Depreciation	(3 686)	(3 140)	(14 331)	(14 742)
Write off assets			(16)	2 098
<b>Total operating expenses</b>	<b>(14 340)</b>	<b>(12 224)</b>	<b>(52 154)</b>	<b>(49 090)</b>
<b>Operating profit (loss)</b>	<b>2 247</b>	<b>3 249</b>	<b>14 383</b>	<b>12 118</b>
Net finance	(8 892)	(1 847)	(21 037)	(10 965)
<b>Ordinary profit (loss) before taxes</b>	<b>(6 645)</b>	<b>1 402</b>	<b>(6 654)</b>	<b>1 153</b>
Corporate income tax	(4 511)	1 154	(4 763)	806
<b>Net result</b>	<b>(11 156)</b>	<b>3 225</b>	<b>(11 417)</b>	<b>2 629</b>

- Net finance costs includes a one off refinancing cost of USD 5 million
- Double interests for 30 days on the bond refinancing

# BALANCE SHEET Q4 2012

Figures in USD' 000	31.12.2012	31.12.2011
<b>Assets</b>		
<b>Intangible assets</b>	<b>18 506</b>	<b>19 649</b>
<b>Tangible assets</b>	<b>233 081</b>	<b>230 324</b>
<b>Total non current assets</b>	<b>251 587</b>	<b>249 973</b>
Receivables	14 979	11 794
Cash and cash equivalents	34 846	11 638
<b>Current assets</b>	<b>49 825</b>	<b>23 432</b>
<b>Total assets</b>	<b>301 412</b>	<b>273 405</b>

Figures in USD' 000	31.12.2012	31.12.2011
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>112 068</b>	<b>112 958</b>
<b>Total non-current liabilities</b>	<b>171 894</b>	<b>123 315</b>
First year instalments	11 427	22 782
Other current liabilities	6 023	14 350
<b>Total current liabilities</b>	<b>17 450</b>	<b>37 132</b>
<b>Total liabilities</b>	<b>189 344</b>	<b>160 447</b>
<b>Total equity and liabilities</b>	<b>301 412</b>	<b>273 405</b>
<b>Equity percentage</b>	<b>37 %</b>	<b>41 %</b>



# OCEANTEAM SHIPPING

**Tax, Bonds, Loans**

# LARGE TAX DEDUCTIBLE LOSSES

- **Norway**

- OTS has confirmed tax loss to carry forward of USD 160 M (NOK 917 M)
- The CSV vessels comply with the Norwegian Tonnage Tax regime with approx. 0% tax
- CSV 101, Southern Ocean and LV 105 are under the NTT regime
- CSV 102 will be using the deferred tax loss
- Ex-reverse split of the shares and the warrants ratio 10:1 in May 2012
- Exercise of 14.5 million of warrants in q4 2012

- **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

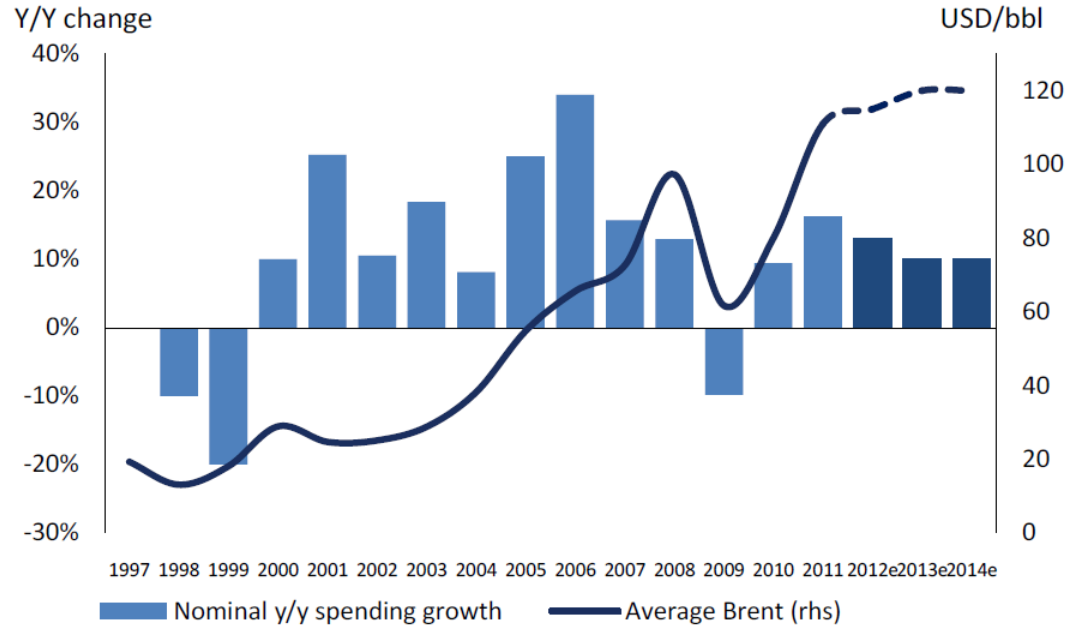


# OCEANTEAM SHIPPING

## Market Outlook



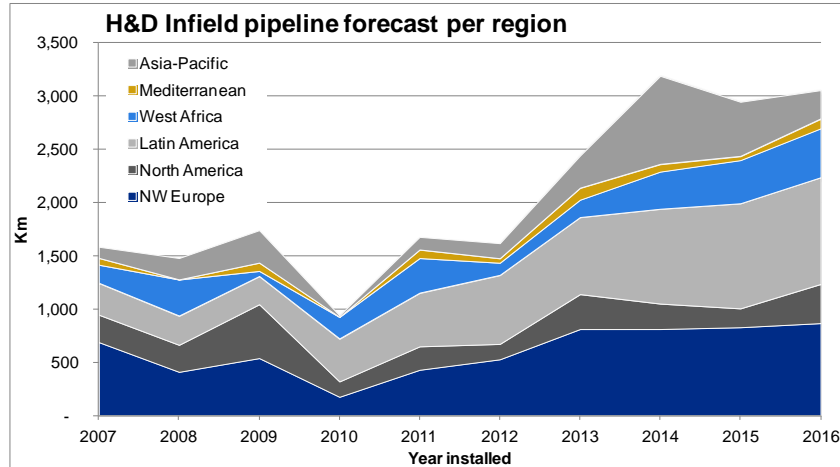
# E&P spending to see double digit growth



Source: Pareto Research, \* - Based on longer term budgets/ spending plans

# H&D is strongest market in growth areas

Average annual demand growth expected to be 12% in the H&D surf market



## OFFSHORE PIPELAY & SUPPORT MARKET

Vessels		Markets	
		Harsh & Deep waters	Shallow & Benign waters
DP2+	Pipelay	[Blue shaded]	[Grey shaded]
	Support		
Non DP2+	Pipelay	n.a.	not covered
	Support	n.a.	

### Definitions:

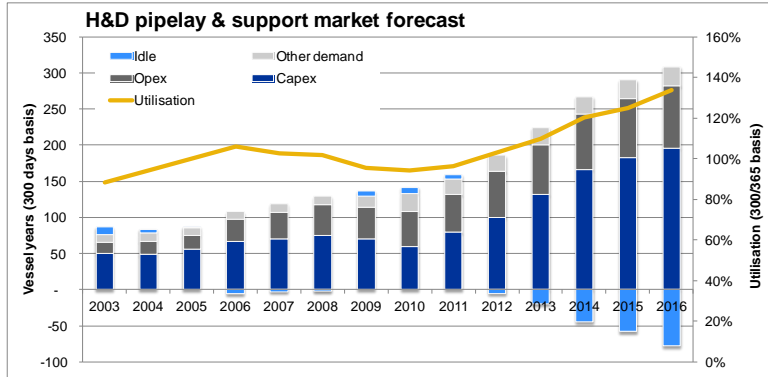
Harsh & Deepwater (H&D) = all water depths (wd) in North Atlantic, wd  $\geq$  100 m in Australia and Rest of world in wd  $\geq$  200 m.

Shallow & Benign (S&B) = all other waters

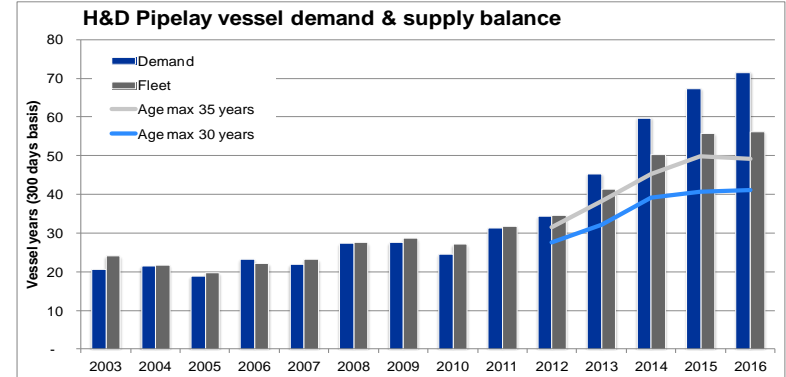
- Strongest H&D infield installation growth in NW Europe, Brazil and Asia Pacific



# HARSH & DEEPWATER VESSELS SCARCITY EXPECTED FROM 2013



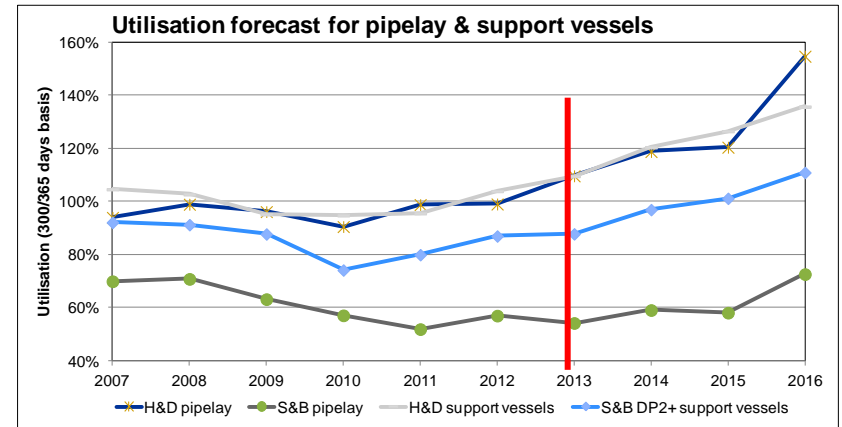
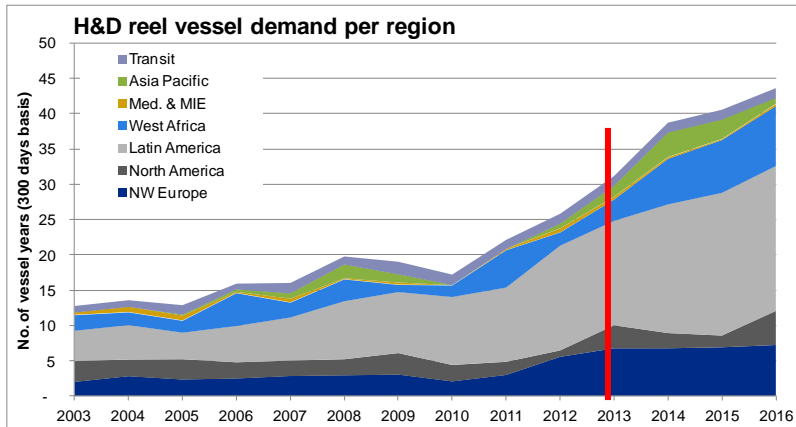
- Base case has demand growth 2011-16 of 15% p.a. and fleet capacity growth of 8 % p.a. based on no further new building contracts, cancellations nor scrapping



- 15 new H&D pipelay vessels are needed in 2016, and another 7 vessels to meet attrition of 35+ years vessels



# BRAZIL IS THE DOMINATING MARKET FOR H&D REEL-LAY VESSELS



- Brazil is main market followed by NW Europe and West Africa
- Growth in all major regions



# SUBSEA FLEET

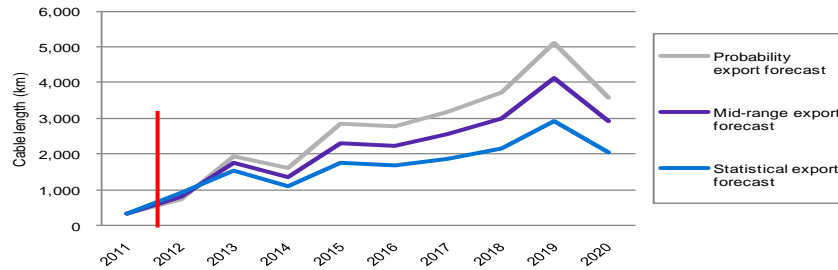
Type	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Lay Barges	10	9	7	8	8	9	9	9	10	11	14	16	16	16
Reel Lay Services	14	13	13	14	15	19	19	19	22	24	27	34	40	40
Multi Services	3	4	6	8	10	11	11	11	10	12	11	13	12	12
Driving Support Vessels	17	15	15	14	15	18	19	19	20	22	25	25	25	25
ROV Support Vessels	42	43	45	57	68	70	78	84	96	111	127	137	139	137
<b>Total Fleet</b>	<b>86</b>	<b>83</b>	<b>85</b>	<b>101</b>	<b>116</b>	<b>127</b>	<b>135</b>	<b>141</b>	<b>158</b>	<b>180</b>	<b>204</b>	<b>225</b>	<b>232</b>	<b>231</b>
Fleet Growth		-3%	2%	19%	15%	9%	6%	4%	12%	14%	13%	10%	3%	0%

- OTS has a modern and advanced fleet
- North Ocean Series now qualified as H&D Reel Lay, Multi service and Light Well Intervention



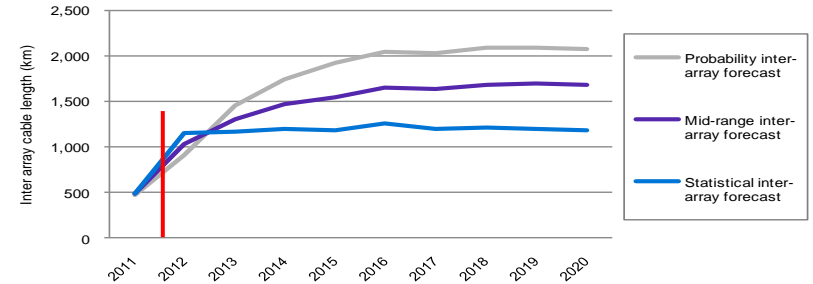
# GLOBAL OFFSHORE WIND FARM CABLE DEMAND

Export cable demand by year



ODS-PETRODATA  
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Inter-array cable demand by year



ODS-PETRODATA  
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Most of activity increase until 2015 in Southern North Sea



# FOCUS GOING FORWARD

- Focus
  - Enhance equity instrument with continued focus on high quality assets and balance sheet
  - New investment in high quality assets utilizing the clean capital structure
- Target markets
  - Large harsh- and deep-water Construction Support Vessels (CSV)
  - Market CSVs combined with in-house engineering know-how
  - Build contract back log and expand OceanWind Cable Storage Solutions
  - Additional earnings from low-risk engineering jobs and new equipment
- Grow fleet and continue reduced-risk expansion through JVs



**THANK YOU!**



**Oceanteam Shipping ASA**

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# OCEANTEAM SHIPPING

## Appendix 1: Company overview

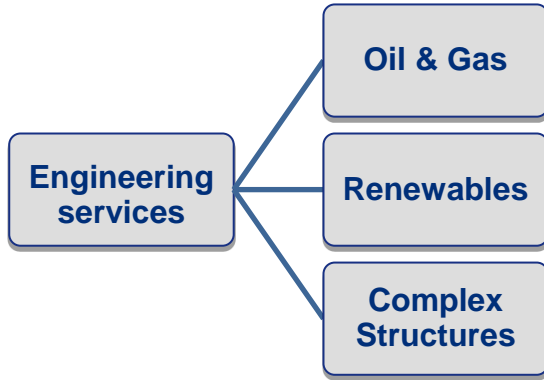
# SHIPPING

## Our Fleet:

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



- North Ocean Series
- High-end deep-water offshore construction & pipe lay tonnage series
- 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



# ENGINEERING - SERVICES

- KCI is an experienced engineering company focusing on the oil and gas industry, complex structures and the renewable energy industry:
- Design and build complete oil & gas and renewable energy concepts
- Develop complex and special structures for both industries
- Create contemporary solutions for complex environmental challenges
- Employs approximately 172 engineers, increased from 90 since 2009

## Strong client base



GDF SUEZ



Apache CORPORATION

CIRRUS  
energy  
corporation



PETROCANADA



TAQA



# ENGINEERING - EQUIPMENT POOL



**OTS 10T tensioner**



**SMD MD3 plough**



**1250T carousel**

- Oceanteam has an equipment rental division with a deep-water base in Velsen, The Netherlands
- Oceanteam provides various equipment for installation and burial of pipelines, umbilicals and high voltage submarine power cable installations
- The equipment pool includes trenchers, ploughs, tensioners, carousels and additional equipment such as chutes, static tanks, etc.
- The equipment can be rented stand alone or in combination with Oceanteam's fleet
- Clients include: Visser & Smit Marine Contracting, Reef Subsea Power & Umbilical, Bohlen & Doyen, and Van Oord



# OCEANTEAM SHIPPING

## Appendix 2: Bond loan

# NOK BOND LOAN – redemption date 23<sup>rd</sup> November 2012

- In 2009 the OTS bond loan was restructured to NOK 400 million. Furthermore, it was added to an incentive structure that would compensate bondholders for the reduction in par value, consisting of a growing call premium, rising interest rates and issuing warrants in two stages.
- First, 14.898.607 warrants were issued to bondholders (Warrants I) which is activated when the company calls the bond loan. Each warrant gives the right to subscribe for one share for NOK 1,0.
- In addition, the company has paid a premium to the bond loan's par value. This premium is adjusted each year in June until the loan is repaid. In June 2012 another premium was added, and the company has paid NOK 498 million when calling.
- The Warrants I has created NOK 14.514 million in new equity, with half going into the share capital and half into the share premium account. As of today, OTS has 29.593.259 shares. The exercise of Warrants I has resulted in an almost doubling of the number of shares in the company.
- The repayment of the NOK 400 million bond loan 23<sup>rd</sup> November 2012 has killed the 29.599.667 Warrants II.