



OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

Q3 2012 presentation Oslo – 8th November 2012

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 Q3

- Started the refinancing of the bond loan which was completed 24th October 2012
- Completed refinancing of CSV BO 101 and CSV Southern Ocean
- Continued EBITDA and EBITDA-margin growth
- Full utilization of Lay Vessel North Ocean 105 (5 year charter)
- Increased financial performance for the engineering department
- The company has purchased 1 million treasury shares



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 12th
- Settlement carried out on October 24th

4

Cleaning up capital structure

- Existing NOK bond called on October 12th, settlement expected on or about November 23rd
- The early redemption will trigger the potential exercise of up to 14,898,607 warrants type I
- Following the exercise of warrants type I the company will have a “clean” capital structure, 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 rd 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	29.9 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)



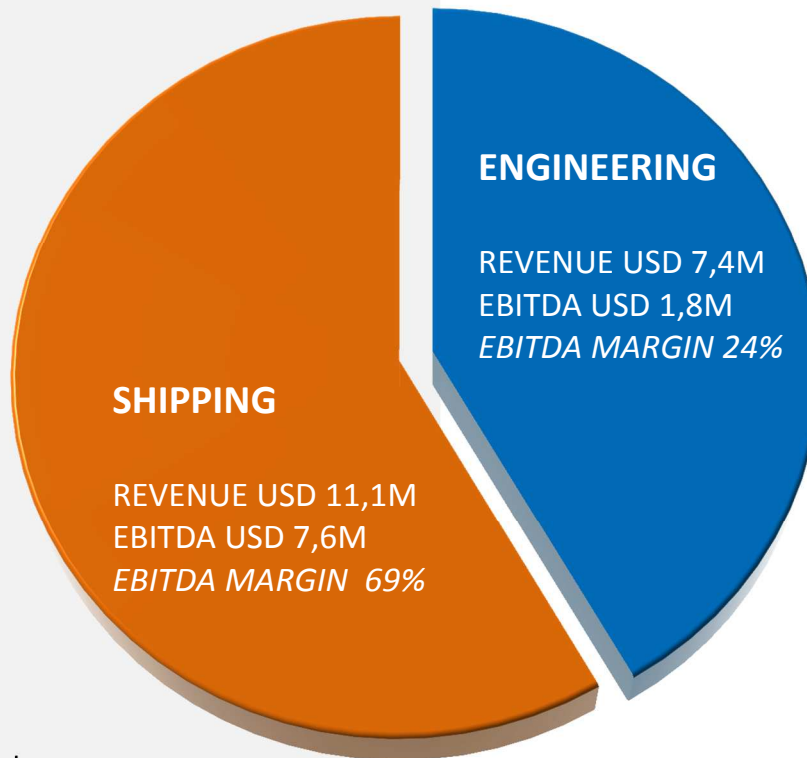
BOND REFINANCE – IMPLICATIONS

- Bond loan of USD 92.5 million on balance sheet
- Net negative equity effect of estimated 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 to be paid 23rd November 2012 has been secured by forward transactions
 - Exercising of the warrants will give NOK 14.9 million in equity
- Following the refinancing, the company has the balance sheet and liquidity necessary to exploit potential attractive opportunities



Company Overview

COMPANY OVERVIEW



Shipping segment

- Four vessels, of which three are CSVs and one is 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



- Robust backlog with solid clients



Financials

FINANCIAL SUMMARY

Figures in USD million	Q3 2012	Q3 2011	Cum 2012	2011	2010
Revenue	18,5	16,7	50,0	61,2	47,0
Operating costs	(5,9)	(6,1)	(17,5)	(24,7)	(21,8)
EBITDA	9,4	7,3	22,8	24,8	17,0
<i>EBITDA percentage</i>	<i>51%</i>	<i>43%</i>	<i>46%</i>	<i>41%</i>	<i>36%</i>

- EBITDA Q3 2012 increased 29 % compared to the same quarter last year
- EBITDA Q3 2012 percentage without net result Lay Vessel North Ocean 105 is 48 %
- Revenue includes net income from Lay Vessel North Ocean 105 in 2012

REVENUE & EBITDA BY SEGMENTS

Figures in USD '000	SHIPPING		ENGINEERING		TOTAL	
	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q2 2012
Revenue	10.065	9.622	7.376	7.116	17.441	15.432
Net income of associates	1.048				1.048	673
Operating costs	(2.317)	(2.481)	(3.585)	(3.657)	(5.902)	(5.397)
General & administration	(1.155)	(1.542)	(2.037)	(1.801)	(3.192)	(3.454)
EBITDA	7.642	5.600	1.753	1.658	9.395	7.254
EBITDA percentage	69 %	58 %	24 %	23 %	51 %	45 %

- Net income of associates is operational Lay Vessel North Ocean 105
- Strong performance shipping

P&L REPORT END Q3 2012

Figures in USD '000	Q3 2012	Q3 2011	Cum 2012	Cum 2011
Revenue	17.441	16.738	48.229	45.735
Total operating revenues	17.441	16.738	48.229	45.735
Net income of associates	1.048		1.721	
Operating costs	(5.902)	(6.137)	(17.473)	(18.317)
General & administration	(3.192)	(3.342)	(9.680)	(9.043)
Depreciation	(3.627)	(3.782)	(10.645)	(11.602)
Write off assets			(16)	2.098
Total operating expenses	(12.721)	(13.261)	(37.814)	(36.864)
Operating profit (loss)	5.768	3.477	12.136	8.871
Net finance	(4.773)	(352)	(12.145)	(9.118)
Ordinary profit (loss) before taxes	995	3.125	(9)	(247)
Corporate income tax	(182)	(185)	(252)	(348)
Net result	813	2.939	(261)	(595)

- Net finance costs include call premium costs USD 2.0M
- Operating profit increased 66 % compared to the same quarter last year

BALANCE SHEET Q3 2012

Figures in USD' 000	30.09.2012	31.12.2011
Assets		
Intangible assets	18.707	19.649
Tangible assets	233.961	230.324
Total non current assets	252.667	249.973
Receivables	14.519	11.794
Cash and cash equivalents	36.696	11.638
Current assets	51.215	23.432
Total assets	303.883	273.405

Figures in USD' 000	30.09.2012	31.12.2011
Equity and liabilities		
Total equity	114.336	112.958
Total non-current liabilities	166.796	123.315
First year instalments	11.427	22.782
Other current liabilities	11.324	14.350
Total current liabilities	22.751	37.132
Total liabilities	189.546	160.447
Total equity and liabilities	303.883	273.405

- Book value of equity is 38 %

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, CSV 104 and LV 105 are under the NTT regime
- CSV 102 will be using the deferred tax loss

- **The Netherlands**

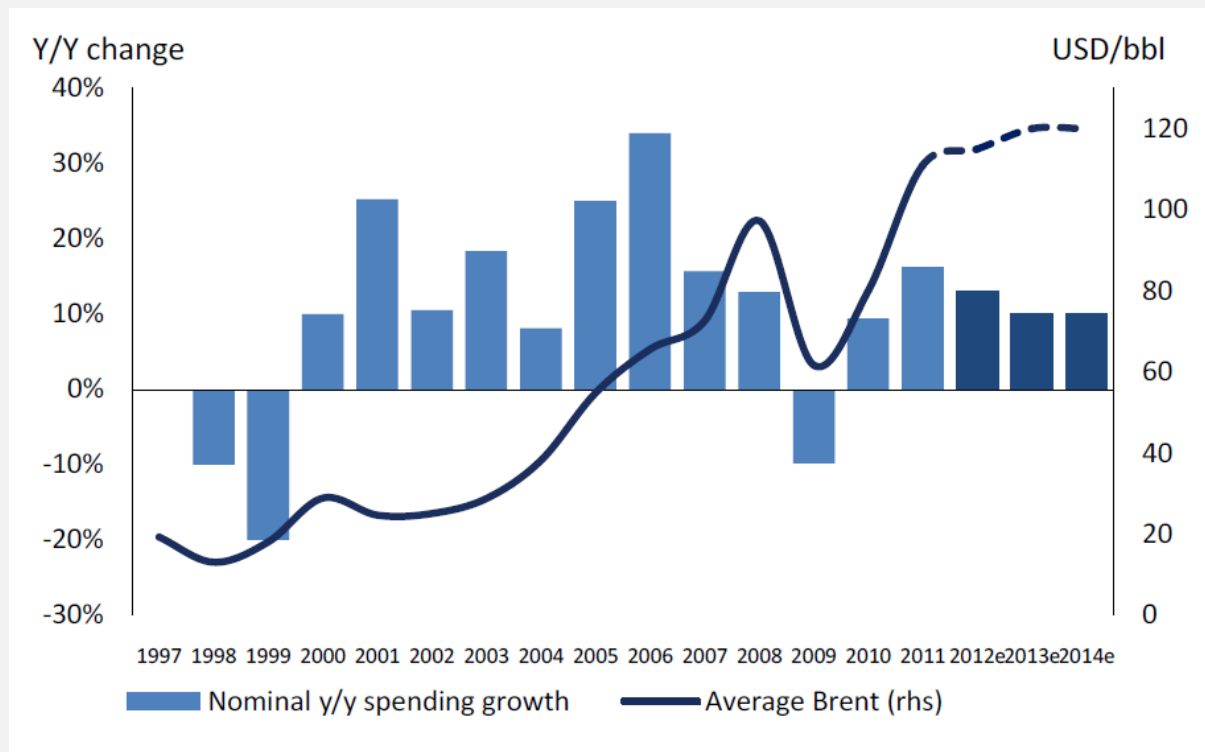
- BV entities have a estimated tax loss to carry forward of EUR 45 M
- A restructuring has been finalised to further utilize tax losses

➤ Negligible tax cost going forward



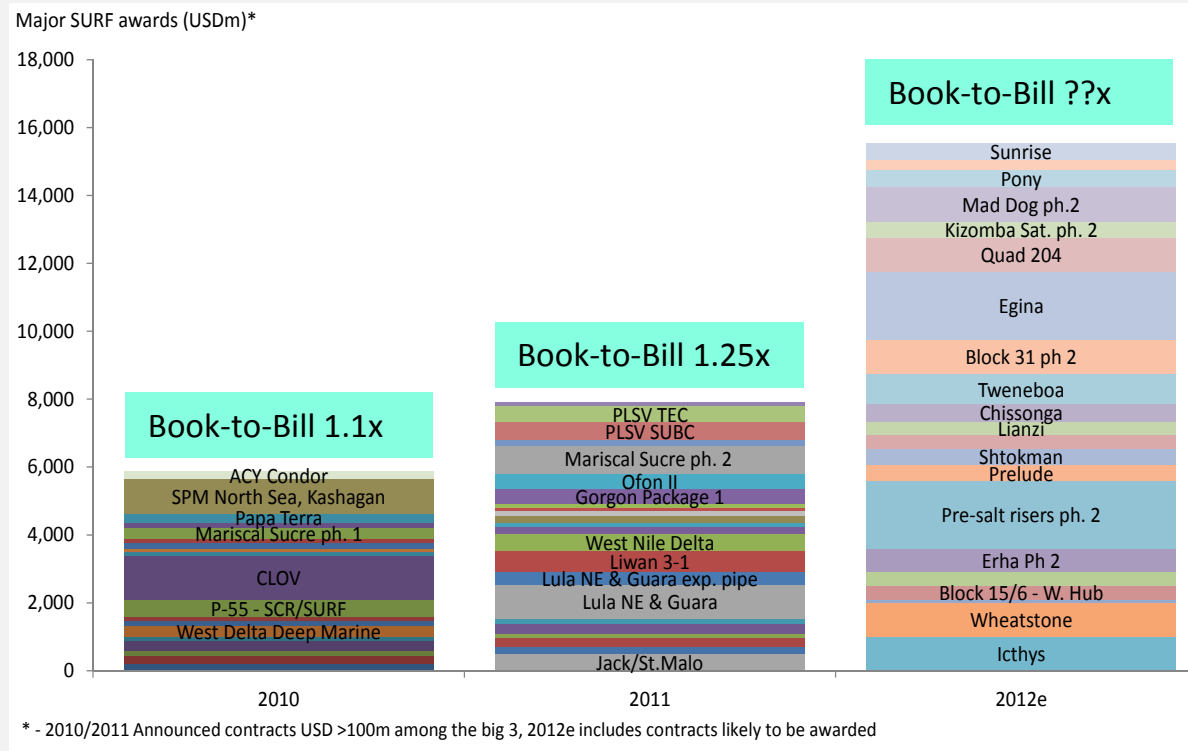
Market Outlook

E&P spending to see double digit growth



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

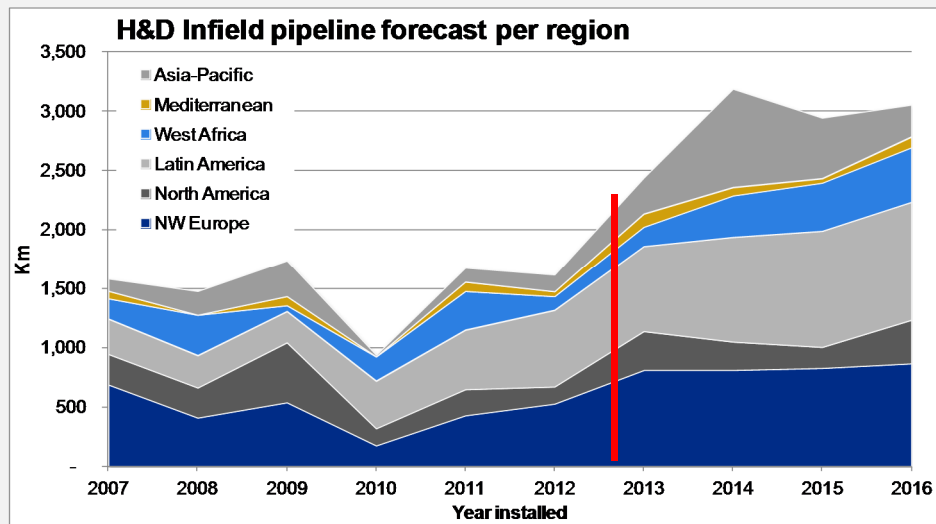
Solid growth in new subsea contracts



Source: Pareto

H&D is strongest market in growth areas

Average annual demand growth expected to be 12% in the H&D surf market in period 2011-16



OFFSHORE PIPELAY & SUPPORT MARKET

Vessels		Markets	
		Harsh & Deep waters	Shallow & Benign waters
DP2+	Pipelay		
	Support		
Non DP2+	Pipelay	n.a.	
	Support	n.a.	not covered

Definitions:

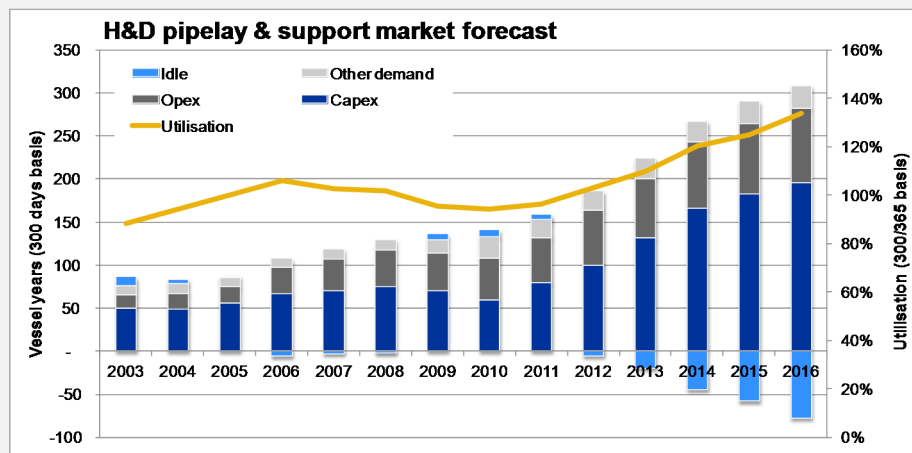
Harsh & Deepwater (H&D) = all water depths (wd) in North Atlantic, wd >= 100 m in Australia and Rest of world in wd >= 200 m.

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

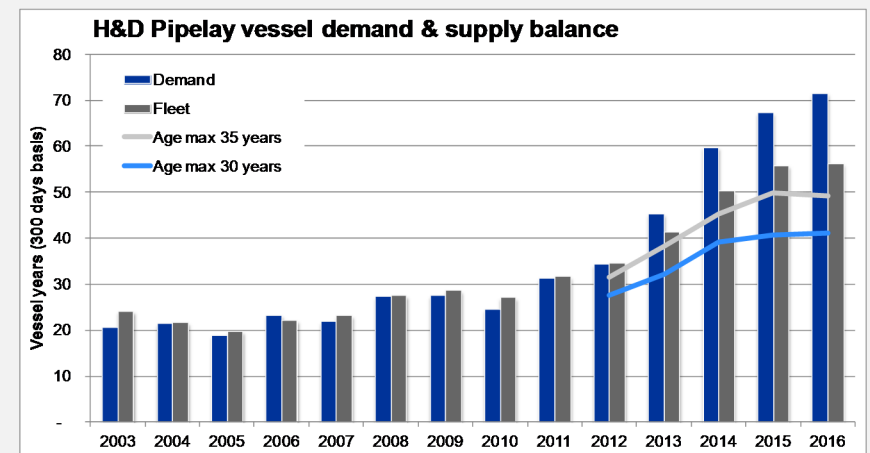
- Strongest H&D infield installation growth in NW Europe, Brazil and Asia Pacific



Lack of Harsh & Deepwater vessels, and about 75 vessels lacking in 2016!



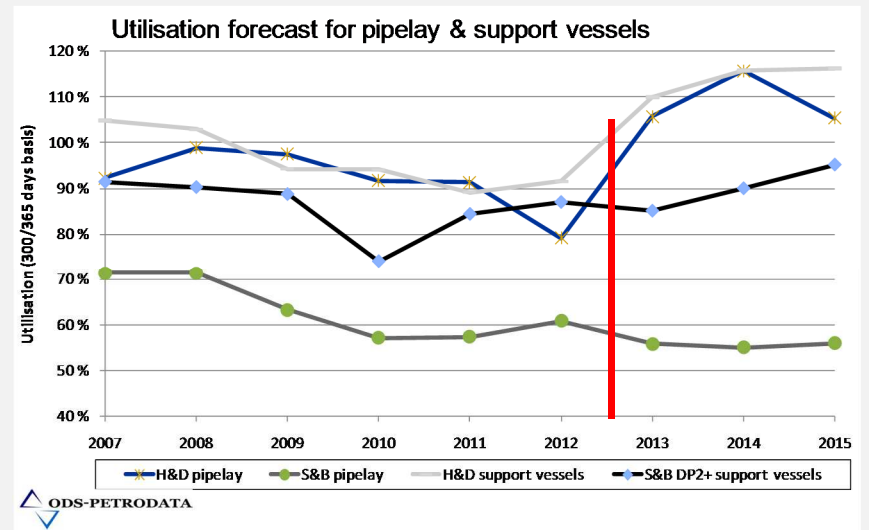
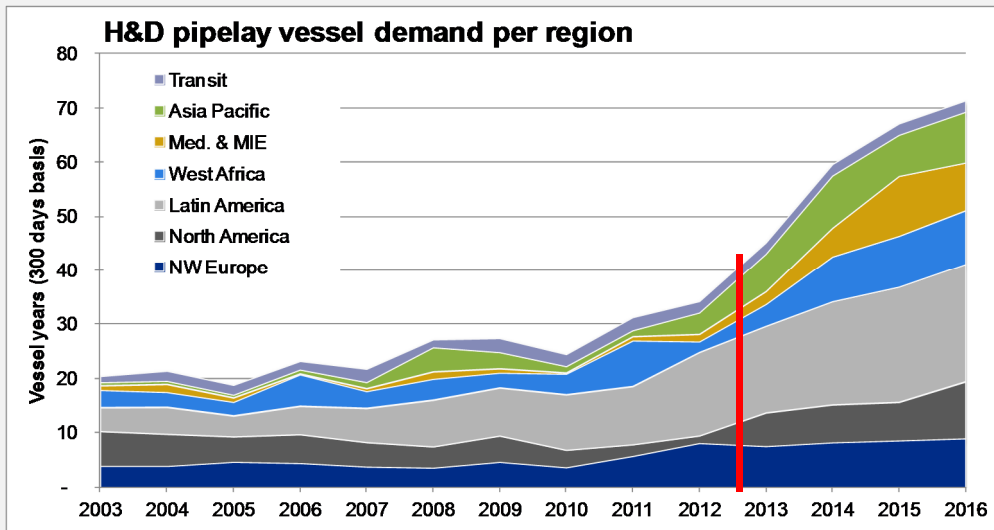
- Base case has demand growth 2011-16 of 15% p.a. and fleet capacity growth of 8% p.a. based on no further new building contracts, no cancellations and no scrapping



- 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

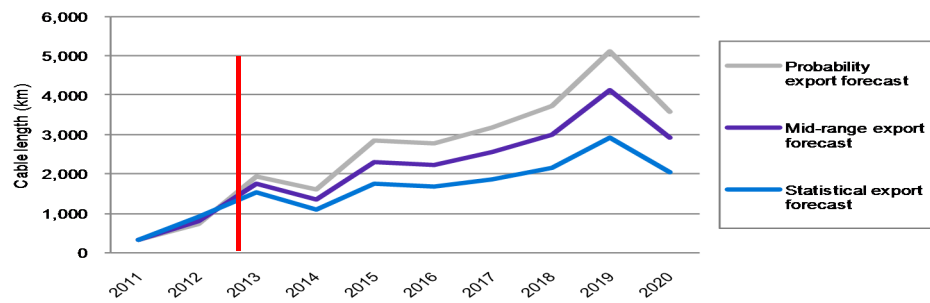


- Demand expected to increase 9% in 2012 vs. 2011, and 10% more than expected in March 2012



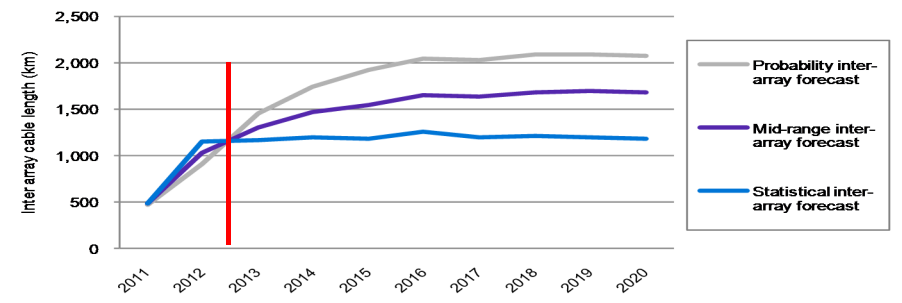
Global offshore wind farm cable demand

Export cable demand by year



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Inter-array cable demand by year



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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 quality assets and balance
 - New investment in 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
 - Grow contract back log
 - Additional earnings from low-risk engineering jobs, new equipment and start-ups



OCEANTEAM SHIPPING

Thank you!

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Appendix 1: Company overview

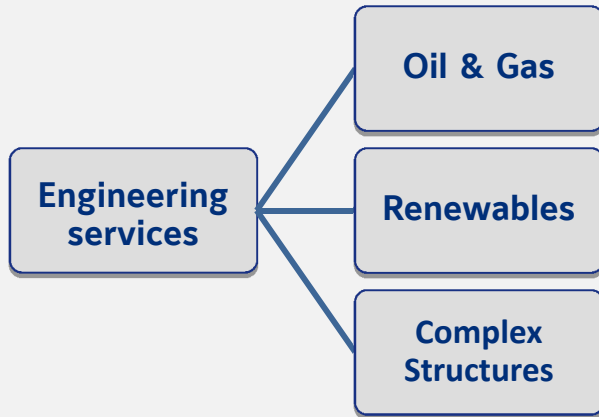
Our Fleet:

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



SHIPPING

- 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



Strong client base



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 165 engineers, increased from 90 since 2009

Selected assets

ENGINEERING - EQUIPMENT POOL

- Oceanteam has an equipment rental division with a deep-water base in Dundee, Scotland
- Oceanteam Shipping is opening our cable facility 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, Van Oord and Boskalis



OTS 10T tensioner



SMD MD3 plough



1250T carousel

Appendix 2: Bond loan

NOK BOND LOAN – redemption date 23rd 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. The Warrants I will create NOK 14,986 million in new equity, with half going into the share capital and half into the share premium account . As of today, OTS has 15.078.840 shares. The exercise of Warrants I will thus result in an almost doubling of the number of shares in the company.
- In addition, the company must pay 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 must pay now NOK 498 million when calling. The premium will increase by a further NOK 44 million if not refinanced before June 2013 to NOK 542 million.

NOK BOND LOAN CONTINUED

- The interest rate on the bonds increase every year in mid-December with 100 basis points (= 1%-points). Currently the interest rate is LIBOR + 5.75%-points after 19th of December 2011. If the loan is not redeemed before 19th of December 2012, interest rate rises to LIBOR + 6.75%-points, etc.
- If the bond is not called by June 2014, this activates Warrants II consisting of 29.599.667 warrants, where 1 warrant = 1 share. The owners of Warrants II must exercise them in the period June 30th to July 14th 2014, and pay NOK 1,0 for each new share. The 29.599.667 new shares will give the company NOK 29.599 million in new equity, half of which goes into the share capital and half into the share premium account .
- Hence, the overall structure of the bond loan gives the company such strong incentives for refinancing that if the loan is not refinanced by June 30th 2014, it will be because of uncertainty regarding continued operations.
- OTS may at any time call all or part of the loan. The company works actively to refinance as soon as possible, both to eliminate the Warrants II scenario which the company perceives is putting a damper on the stock price, and because the structure of the current bond loan prevents using equity to finance future growth.