



OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

Q1 2012 presentation Oslo – 24th May 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
- Company overview
- Financials
- Market Outlook
- Tax, Bonds & Loans

HIGHLIGHTS

- Lay vessel North Ocean 105 delivered 20th of April and started a 5 year charter
- Improved demand for engineering services
- Delivery of a new 1250T modular transportable carousel
- Lower equipment utilization in Q1 as anticipated by low season, utilization seasonal concentrates around Q2 and Q3
- Committed bank term sheet signed for refinance of CSV BO 101 & CSV Southern Ocean, documentation process started

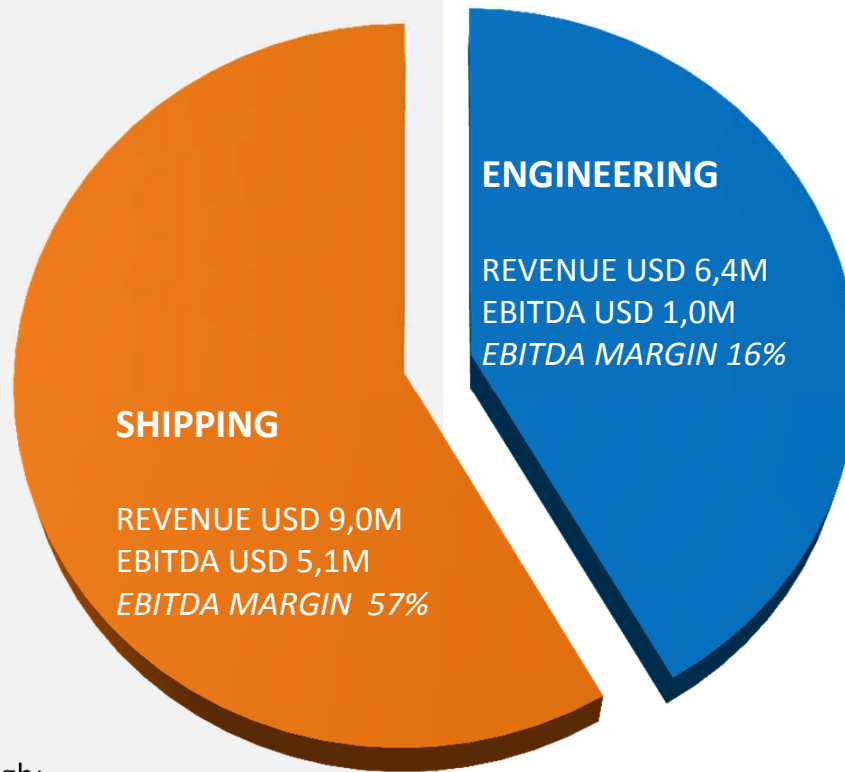


Company Overview

COMPANY OVERVIEW

Shipping segment

- Three CSV vessels through joint ventures plus two FSV's
- Solid clients (Oceaneering/BP Angola), Fugro TSM, McDermott)



Engineering segment

- Focus on Oil & Gas and Offshore Renewables
- Equipment rental division
- No project execution risk

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

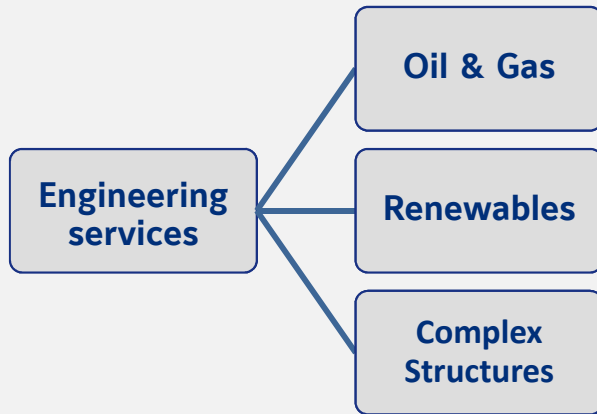
Our Fleet:

- 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



GDF SUEZ



TAQA



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 and gas and renewable energy concepts
- Develop complex and special structures for both industries
- Create contemporary solutions for complex environmental challenges
- Employs approximately 155 engineers, increased from 90 since 2009
- No project risk

Selected assets



SMD 3 HD plough



EB Sea Stallion 3m plough



OTS 1250t modular turn table on board Normand Flower for VSMC

ENGINEERING -EQUIPMENT POOL

- Oceanteam has an equipment rental division with a deep-water base in Dundee, Scotland
- 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, Reef Subsea, Bohlen & Doylen, Van Oord and Boskalis

CHARTER STATUS



➤ Robust backlog with solid clients



Financials

OPERATIONAL HIGHLIGHTS

- Lay vessel North Ocean 105 delivered 20th of April and started a 5 year charter
- Improved demand for engineering services
- Delivery of a new 1250T modular transportable carousel.
- Lower equipment utilization in Q1 as anticipated by low season, utilization seasonal concentrates around Q2 and Q3

FINANCIAL HIGHLIGHTS

• Operating revenues	USD 15.4 million		
• EBITDA	USD 6.1 million		
• Operating profit	USD 2.7 million		
		Q1 2012	Q1 2011
• EBITDA / Revenue % Shipping		57 %	55 %
• EBITDA / Revenue % Engineering		16 %	7 %

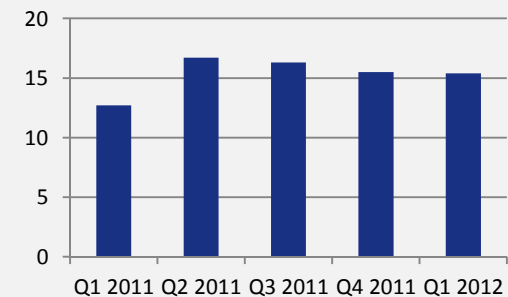
FINANCIAL SUMMARY

- Revenue Q1 2012 increased 21 % compared to same quarter last year
- EBITDA Q1 2012 increased 38 % compared to same quarter last year

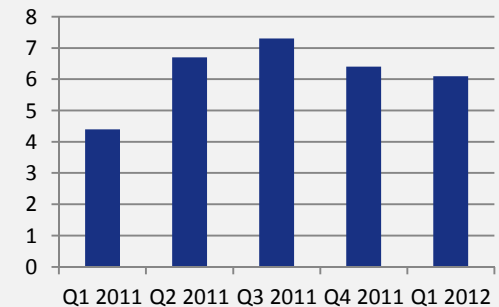
Figures in USD million	Q1 2012	Q1 2011
Total operating revenues	15,4	12,7
Operating costs	(6,2)	(5,6)
EBITDA	6,1	4,4
EBITDA percentage	40 %	35 %

2011	2010
61,2	47,0
(24,7)	(21,8)
24,8	17,0
41 %	36 %

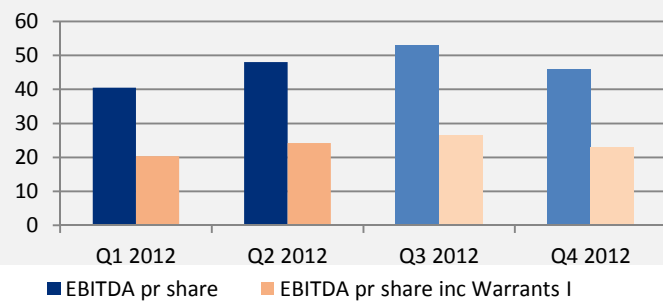
Revenues mUSD



EBITDA mUSD



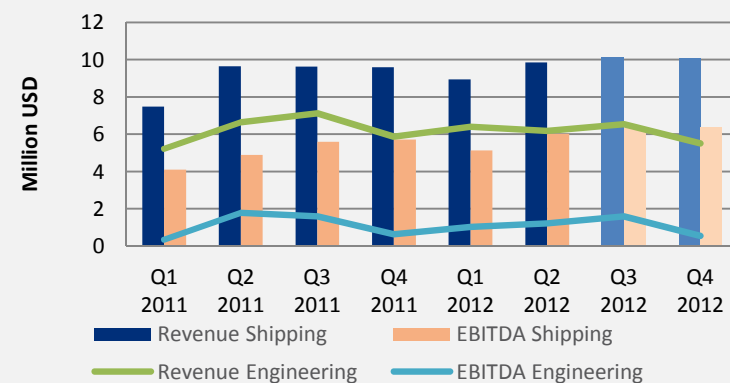
EBITDA USD pr consolidated share



REVENUE & EBITDA BY SEGMENTS

- Lay Vessel North Ocean 105 vessel operational in Q2 2012

Segment information in USD '000	SHIPPING		ENGINEERING		TOTAL Q1 2012	TOTAL Q1 2011
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Revenue	8 952	7 483	6 404	5 212	15 356	12 695
Operating costs	(2 505)	(2 011)	(3 669)	(3 600)	(6 174)	(5 611)
General & Administration	(1 324)	(1 368)	(1 710)	(1 272)	(3 034)	(2 640)
EBITDA	5 123	4 104	1 025	340	6 148	4 444
EBITDA percentage of revenue	57 %	55 %	16 %	7 %	40 %	35 %



P&L REPORT END Q1 2012

- Net finance costs include call premium costs USD 1.3M

Figures in USD '000	Q1 2012	Q1 2011	Cum 2012	Cum 2011
Revenue	15 356	12 695	15 356	61 208
Total operating revenues	15 356	12 695	15 356	61 208
Operating costs	(6 174)	(5 611)	(6 174)	(24 651)
General & administration	(3 034)	(2 640)	(3 034)	(11 795)
Depreciation	(3 420)	(3 956)	(3 420)	(14 742)
Write off assets	(8)	2 098	(8)	2 098
Total operating expenses	(12 636)	(10 109)	(12 636)	(49 090)
Operating profit (loss)	2 720	2 586	2 720	12 118
Net finance	(4 606)	(4 727)	(4 606)	(10 965)
Ordinary profit (loss) before taxes	(1 886)	(2 141)	(1 886)	1 153
Corporate income tax	(203)	(52)	(204)	806
Net result	(2 090)	(2 194)	(2 090)	2 629

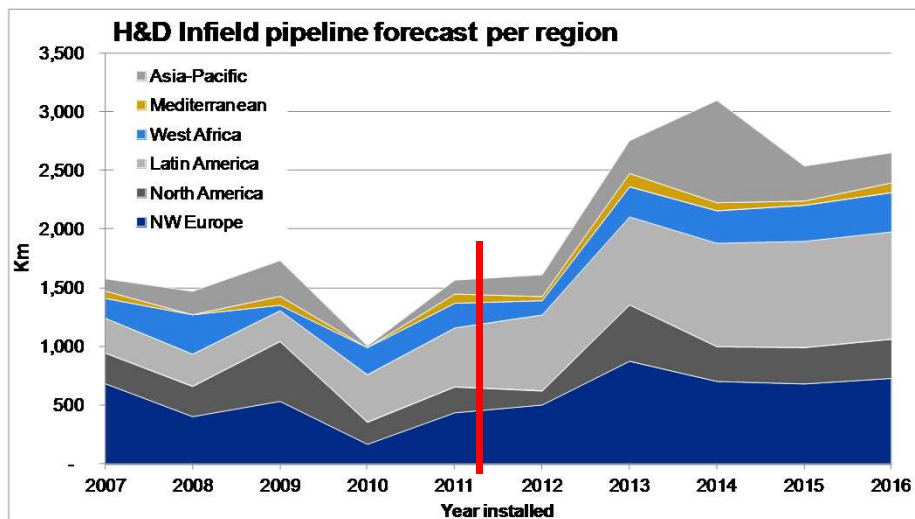
* 2011 incl. disc. operations



Market Outlook

H&D is strongest market in growth areas

Average annual demand growth expected to be 11% in the H&D surf market, but marginal growth in 2012



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:

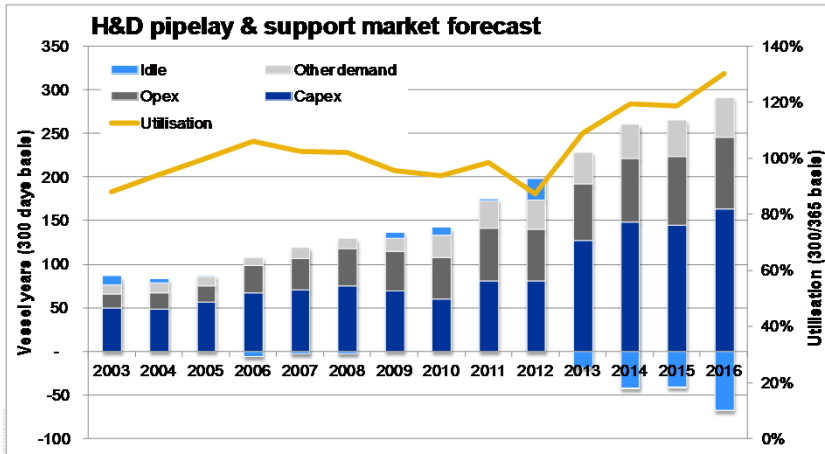
Harsh & Deepwater (H&D) = all water depths (wd) in North Atlantic, wd >= 100 m in Australia and Rest of world in wd >= 200 m.

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

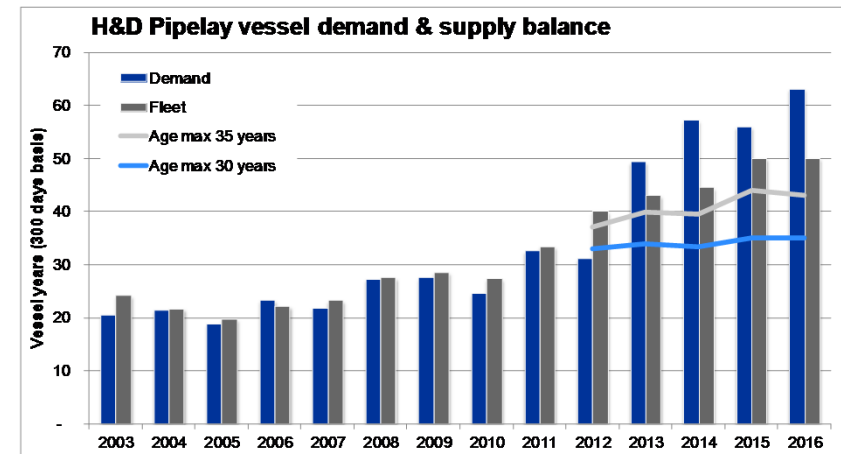
Strongest H&D infield installation growth in NW Europe, Brazil and Asia Pacific



Lack of Harsh & Deepwater vessels expected from 2013, and about 65 vessels lacking in 2016



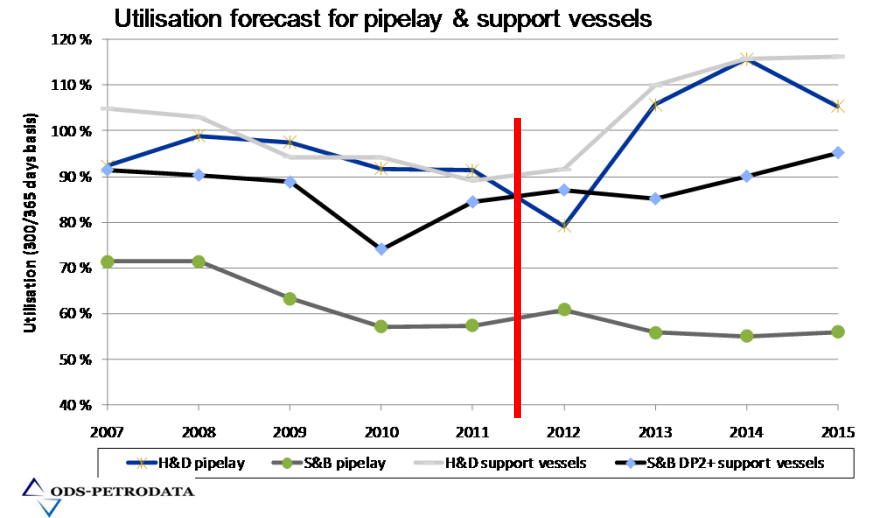
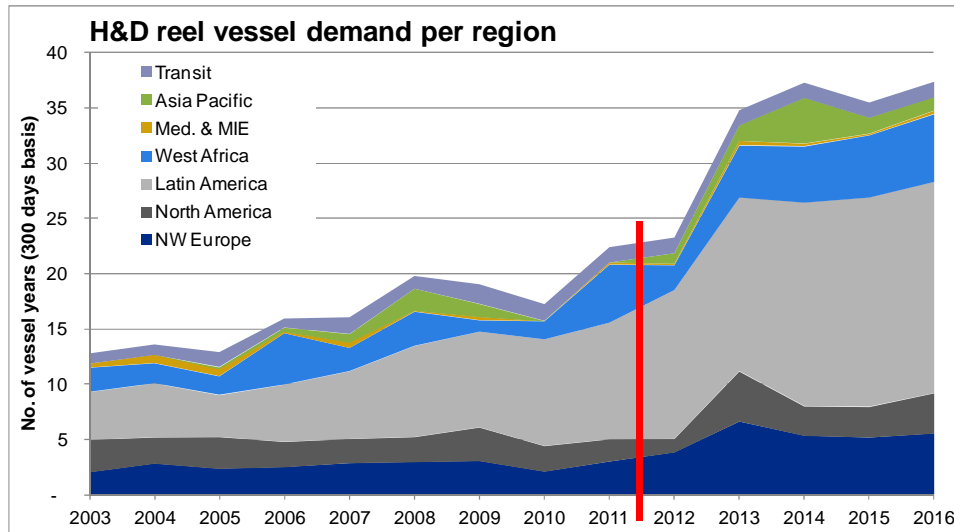
- Base case has demand growth 2011-16 of 11% p.a. and fleet capacity growth of 5% p.a. based on no further new building contracts, no cancellations and no scrapping



- 13 new H&D pipelay vessels are needed in 2016, and another 7 vessels to meet attrition of 35+ years vessels
- 5 new H&D reel vessels are needed in 2016, and another 2 vessels to meet attrition of 35+ years vessels.



Brazil is the dominating market for H&D reel-lay vessels



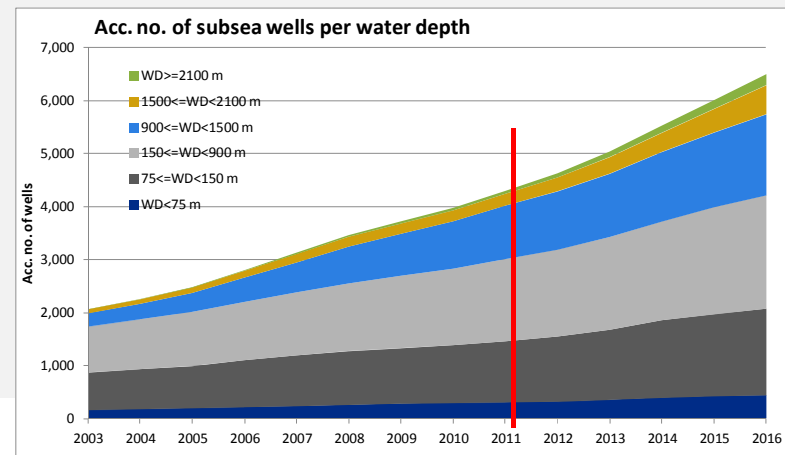
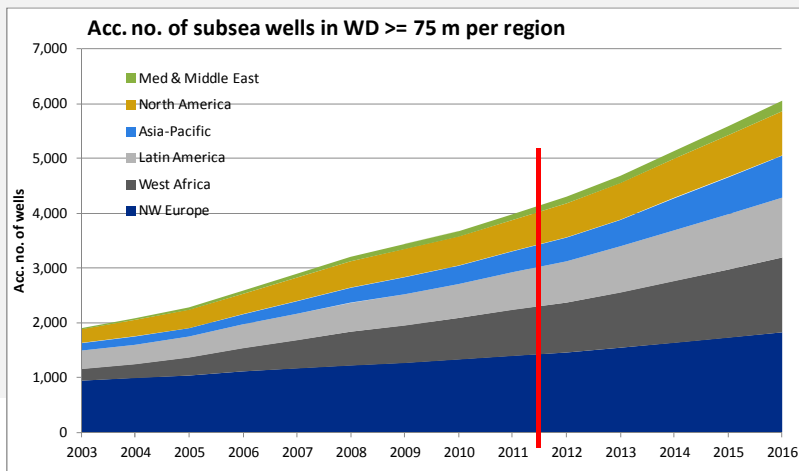
- Brazil is main market followed by NW Europe and West Africa
- Growth in all major regions
- Lack of Harsh & Deepwater support vessels expected from 2013, and more than 50 vessels lacking in 2016



SUBSEA FLEET

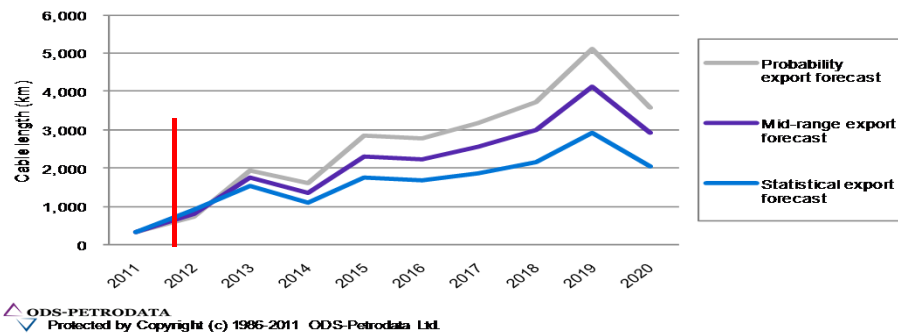
- OTS has modern and advanced fleet
- North Ocean Series now qualified as H&D Reel Lay, Multi service and Light Well Intervention

No. of vessels	Year													
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	12	14	16	17	18	18
Reel lay vessels	14	13	13	14	15	19	19	19	23	26	27	27	27	27
Multiservice	3	4	6	8	10	11	11	11	14	14	14	14	13	13
Diving Support Vessels	17	15	15	14	15	18	19	19	23	25	26	26	26	26
ROV Support Vessels	42	43	45	57	68	70	78	85	100	119	127	133	134	134
Total fleet	86	83	85	101	116	127	135	141	171	198	210	217	218	218
Fleet growth		-3%	2%	19%	14%	9%	7%	4%	21%	16%	6%	4%	0%	0%

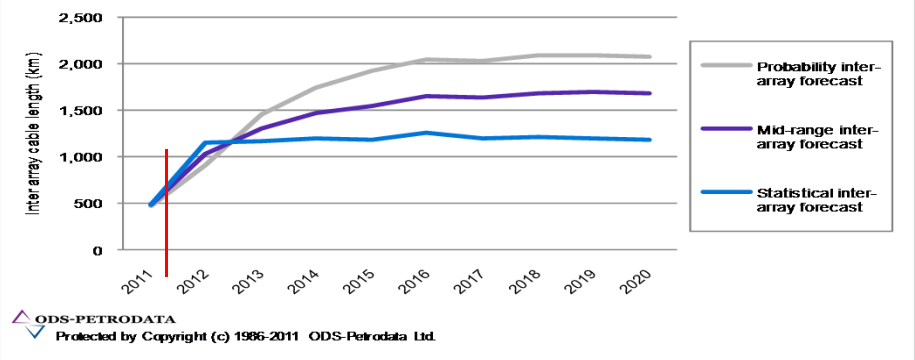


Global offshore wind farm cable demand

Export cable demand by year



Inter-array cable demand by year



- Most of activity increase until 2015 in Southern North Sea





Tax, Bonds, Loans

LARGE TAX DEDUCTIBLE LOSSES

- **Norway**

- OTS has confirmed tax loss to carry forward of USD 144 million (NOK 866 million).
- The CSV vessels comply with the Norwegian Tonnage Tax regime with approx. 0% tax
- CSV 101, 104 and LV 105 are under the NTT regime
- CSV 102 will be using the deferred tax loss
- Internal merger completed in fourth quarter 2011

- **The Netherlands**

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

➤ Negligible tax cost going forward

BOND LOAN

OTS ASA (M NOK)	Q4 '10	Q2 '11	Q2 '12	Q2 '13	Q2 '14
Bond loan	(400)	(400)	(400)	(400)	(400)
Call balance	(21)	(23)	(57)	(97)	(141)
OTS bonds	30				
Outstanding debt (OB)	(391)	(423)	(457)	(497)	(541)

- **Call premium if refinanced before:**

- <19th June 2011: NOK 23 million
- <19th June 2012: NOK 34 million in addition to previous calls
- <19th June 2013: NOK 40 million in addition to previous calls
- <19th June 2014: NOK 44 million in addition to previous calls

- Interest is currently NIBOR + 5,75% + (1,00 point increase per anniversary)
- Call 30 banking days before refinance date

- Number of shares 150.788.378

- Warrants I if bond loan is repaid before 19th June 2014
- Warrant II before 19th June 2014

- Warrants I: 148.986.069

- Warrants II: 295.996.677

- Subscription price NOK 0.10 for both warrants

➤ Warrants I given, Warrants II most unlikely

FOCUS GOING FORWARD

- Target market
 - Large harsh- and deep-water Construction Support Vessels
 - Market CSVs combined with in-house engineering know-how
 - Grow contract back log
 - Additional earnings from low-risk engineering jobs & new equipment
- Streamline financial platform
 - Complete refinance CSV Bourbon Oceanteam 101 + CSV Southern Ocean
 - 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 JVs



OCEANTEAM SHIPPING

Thank you!

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Appendix: Bond loan

BOND LOAN

- 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, 148,986,069 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 0.1. 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 150,788,378 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. Until June 2012 the premium is NOK 57 million, so the company must pay NOK 457 when calling. Unless the loan is called/refinanced by June 2012, the premium will increase by a further NOK 40 million, the total cost of call will then be NOK 497 million.

BOND LOAN CONT.

- 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 295,996,677 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 0.10 for each new share. The 295,996,677 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.