



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

***Q1 2015 Presentation Oslo – 27 May 2015***

# 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

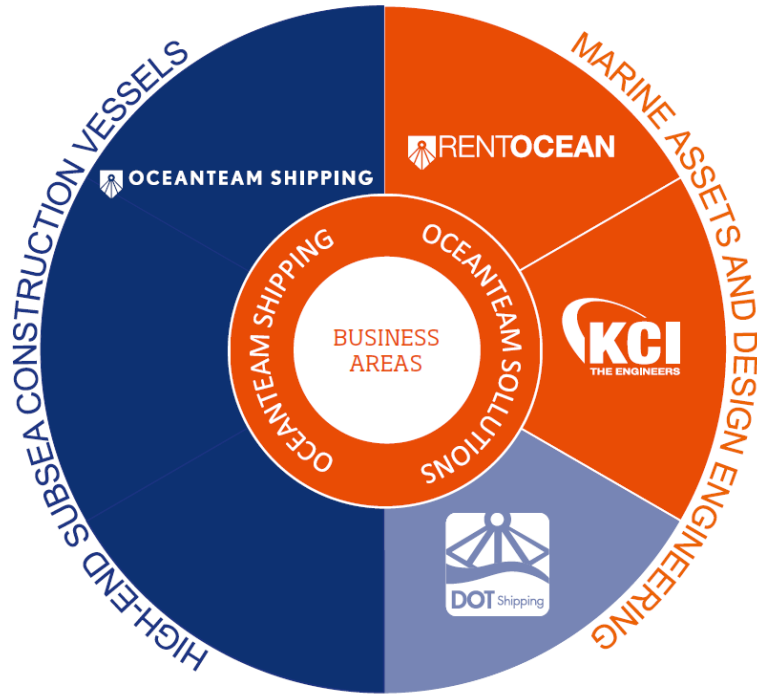
- Strategy
- Highlights of the Company
- Financials
- Market Outlook & Focus Going Forward



# OCEANTEAM SHIPPING

## STRATEGY

# DIVERSIFICATION STRATEGY



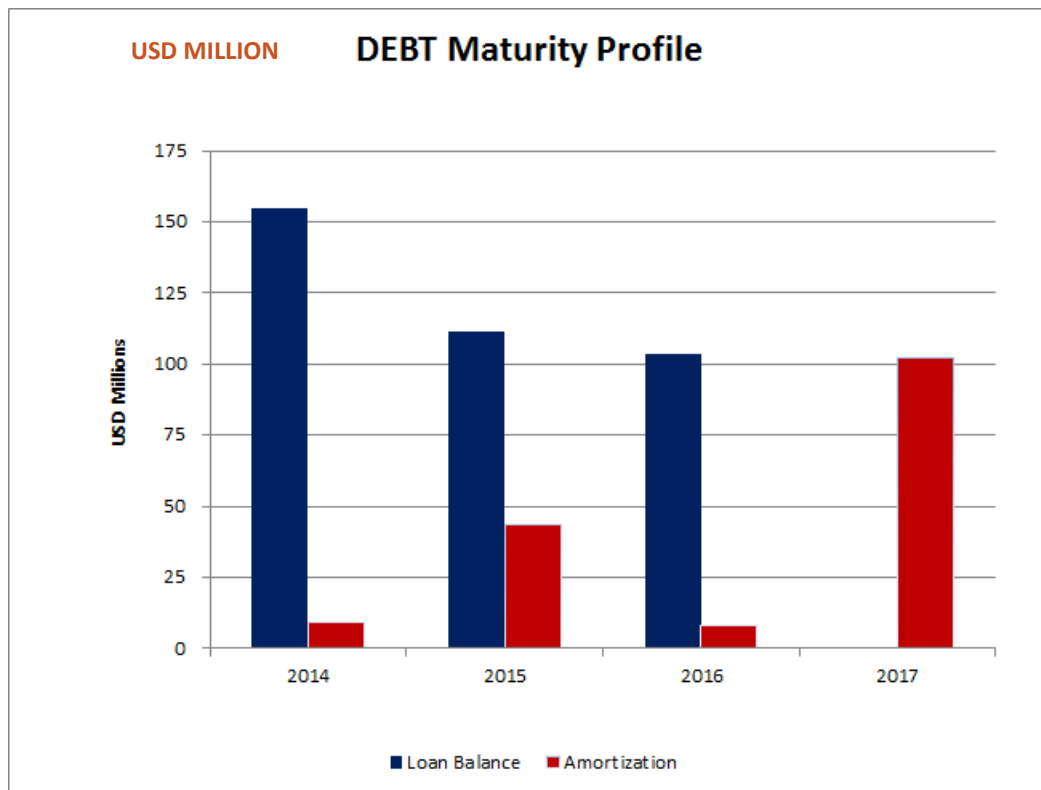
- Two operating segments:

- > **Oceanteam Shipping**
- > **Oceanteam Solutions**

Operating through variety of global business units and different markets

- This **diversification strategy** allows company to maintain and improve its performance, even during challenging market conditions
- Approx 50% of Oceanteam's earnings from **Solution driven services**. Strategy is to maintain this earnings split with average of 50% of income growth to come from solution driven services

# FINANCIAL STRATEGY



## A disciplined financial strategy:

- **Diversified sources** of financing through many long term bank relations
- **De-leveraging of high yield bond**, leads to reduced quarterly finance costs of 1 mUSD from q2 2015 and forward
- **Improved credit rating** leads to more sources to fund growth
- **Improved cost of capital** brings more value to shareholders

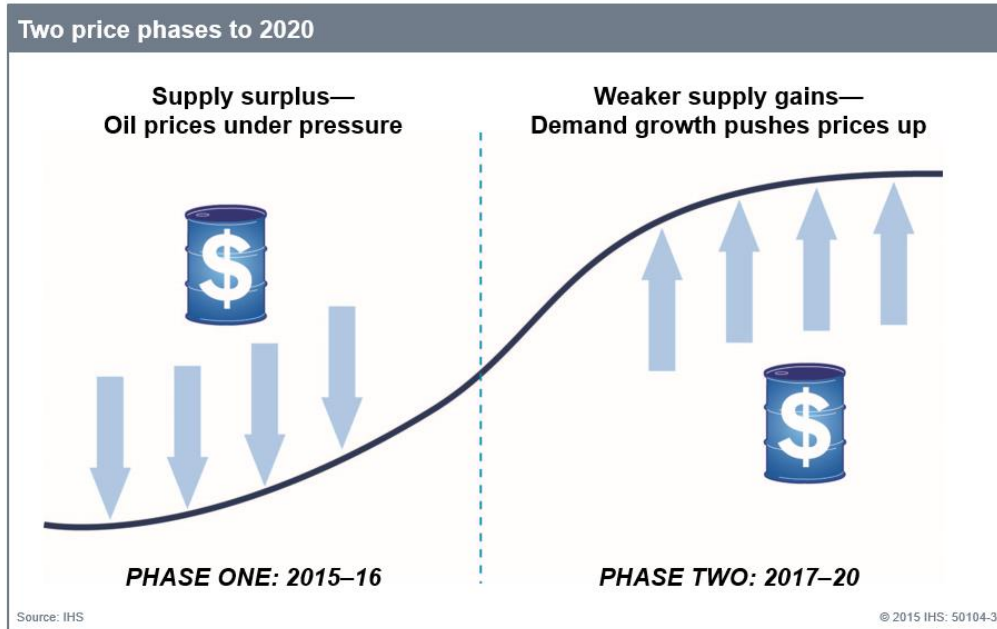
⇒ **Target: REFINANCING BOND due Oct. 2017**  
⇒ To fund Growth strategy and clear Dividends performance

## EBITDA to date

- Quarter - USD 6.9 million - 48% of revenue
- LTM – 31 million



# OIL PRICE— Demand growth pushes price up after 2016



- Company has secured superior backlog for both 2015, 2016 and partly into 2017
- Diversification of Company's global business units & working segments makes us robust against decreasing oil prices
- Sufficient projects in both oil & gas and offshore renewable market to maintain high level of utilisation of assets and engineers





# OCEANTEAM SHIPPING

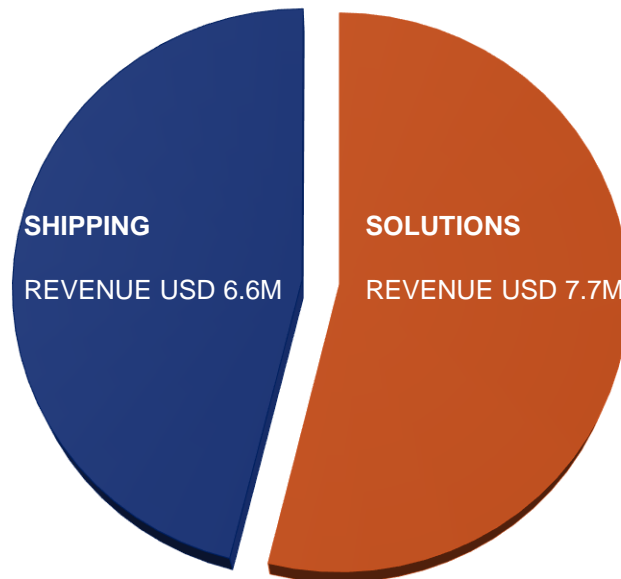
## HIGHLIGHTS OF THE COMPANY



# INCREASED SOLUTIONS SEGMENT

## Revenue split

USD in million



## Shipping segment

- Two CSVs and one LV through joint ventures:
  - CSV Bourbon Oceanteam 101
  - CSV Southern Ocean
  - LV North Ocean 105
  - FSV Tiburon
  - FSV Mantarraya
- 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 : Icosos & Cobos
- One OSV under construction

# SHIPPING – Highlights

- CSV BO 101, Southern Ocean and North Ocean 105 utilized as planned
- The construction of DOT Shipping's large offshore support vessel is progressing as planned and the two new build FSV's are in full operation in Mexico
- The two new build FSV's are fully financed and have commenced 7 year time charters
- Diavaz – Oceanteam Shipping have opened new offices in Ciudad del Carmen Mexico
- Contract for FSV's operating in Venezuela has been extended until end 2015



*FSV Icacos in operation in Mexico*

# SHIPPING – Backlog

## Contract backlog



\* McDermott has executed the purchase option in fourth quarter 2014.

# SOLUTIONS – Highlights

## RentOcean / Oceanteam Solutions

- Awarded contract to supply cable laying equipment, crew and cable transpooling job in The Netherlands
- Completed successfully LS Cable power cable projects and started demobilization of 2x 4000T demountable turntables
- Opens support base in Dubai and Eemshaven to support its key projects
- Execution of a contract for supply of a portal with a built in powered quadrant in the Netherlands
- Operating a contract consisting of cable laying deck spread for a project in Mexico

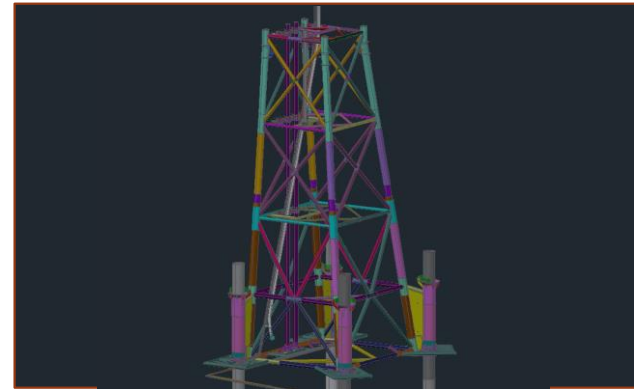
## KCI The Engineering

KCI worked on multi discipline service contracts:

- Awarded a second phase of a large engineering project in the Middle East
- Pipeline design in the Dutch sector of the Southern North Sea
- Drive and constraint system for giant observation wheel in USA
- Opens a new high-end and more efficient design engineering facility in Schiedam, The Netherlands



*4000T demountable turntable spooling cable in Qatar*



*Pipeline design in the Dutch sector of the Southern North Sea*



# OCEANTEAM SHIPPING

## FINANCIALS



# SHARE PRICE DEVELOPMENT



## Share development:

- A positive increase 2012 / 2015

## FMV developments

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

## Booked equity

- 44%
- USD 132 million (after 10% share buy back)

## Market capitalization

- NOK 157 million (29.6 m shares @ NOK 5.30)

## Free cash flow

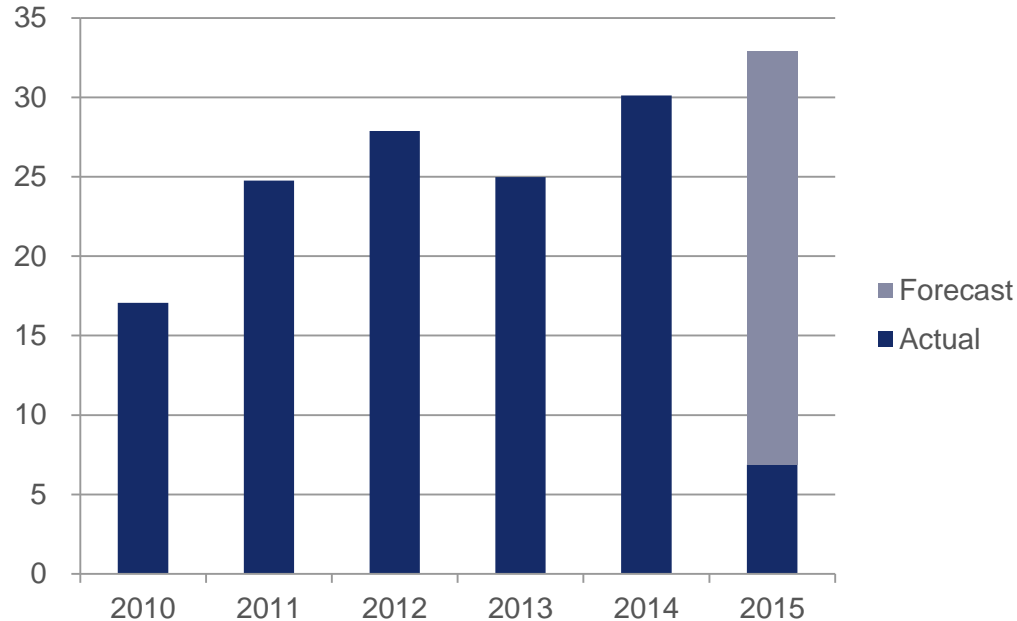
- Steady, positive cash flow from existing operations
- Diversification in markets segment and geographical areas
- Continues high end equipment investments

## Consensus among credit analysts

- Steady operations
- Key credit metrics remain overall stable

# HISTORICAL EBITDA DEVELOPMENT

KEY FINANCIAL FIGURES (USD MILLION)



## EBITDA performance:

- 2014 EBITDA is the best annual performance ever
- Last Twelve Months trading USD 31 million
- First quarter 2015 is without North Ocean 102 – replaced earnings with Oceanteam Solutions activities

# P&L REPORT END Q1 2015

Figures in USD '000	Q1 2015	Q1 2014
Revenue	12 641	12 607
<b>Total operating revenues</b>	<b>12 641</b>	<b>12 607</b>
<b>Net income from joint ventures and associates</b>	<b>1 643</b>	<b>2 481</b>
Operating costs	(3 820)	(3 581)
General & administration	(3 589)	(4 837)
Depreciation	(2 681)	(2 412)
Write off		(97)
<b>Total operating expenses</b>	<b>(10 091)</b>	<b>(10 926)</b>
<b>Operating profit (loss)</b>	<b>4 193</b>	<b>4 162</b>
Net finance	(3 632)	(3 735)
<b>Ordinary profit (loss) before taxes</b>	<b>560</b>	<b>427</b>
Corporate income tax		181
<b>Net result before increase (decrease) of carrying amount of revaluation</b>	<b>560</b>	<b>608</b>

Figures in USD '000	Cum Q1 2015	Cum Q1 2014
Revenue	12 641	12 607
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<b>Net income from joint ventures and associates</b>	<b>1 643</b>	<b>2 481</b>
Operating costs	(3 820)	(3 581)
General & administration	(3 589)	(4 837)
Depreciation	(2 681)	(2 412)
Write off assets		(97)
<b>Total operating expenses</b>	<b>(10 091)</b>	<b>(10 926)</b>
<b>Operating profit (loss)</b>	<b>4 193</b>	<b>4 162</b>
Net finance	(3 632)	(3 735)
<b>Ordinary profit (loss) before taxes</b>	<b>560</b>	<b>427</b>
Corporate income tax		181
<b>Net result before increase (decrease) of carrying amount of revaluation of vessels</b>	<b>560</b>	<b>608</b>

# BALANCE SHEET Q1 2015

Figures in USD '000	31.03.2015	31.03.2014
<b>Assets</b>		
<b>Intangible assets</b>	<b>20 890</b>	<b>20 744</b>
<b>Tangible assets</b>	<b>223 251</b>	<b>226 645</b>
<b>Total non current assets</b>	<b>244 141</b>	<b>247 389</b>
Receivables	14 345	18 335
Cash and cash equivalents	41 958	44 547
<b>Total current assets</b>	<b>56 303</b>	<b>62 882</b>
<b>Total assets</b>	<b>300 444</b>	<b>310 271</b>

Figures in USD '000	31.03.2015	31.03.2014
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>131 760</b>	<b>135 850</b>
<b>Total non current liabilities</b>	<b>109 096</b>	<b>110 764</b>
First year instalments	43 100	43 100
Other current liabilities	16 487	20 557
<b>Total current liabilities</b>	<b>59 587</b>	<b>63 657</b>
<b>Total liabilities</b>	<b>168 683</b>	<b>174 421</b>
<b>Total equity and liabilities</b>	<b>300 444</b>	<b>310 271</b>

- Book value of equity is 44 %

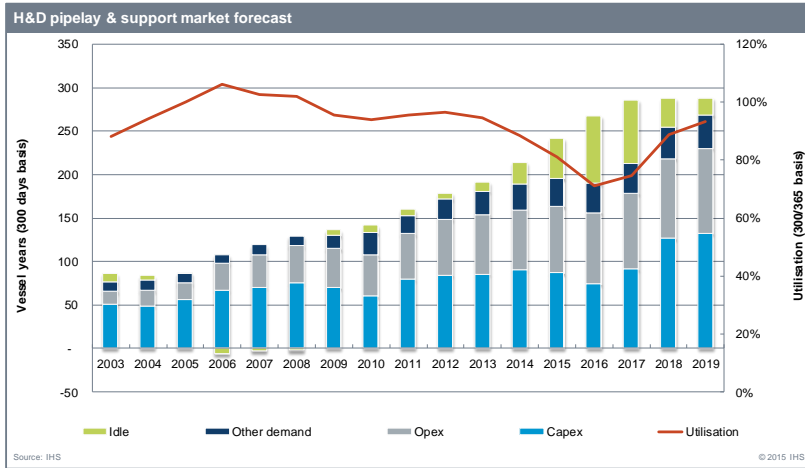


# OCEANTEAM SHIPPING

## 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



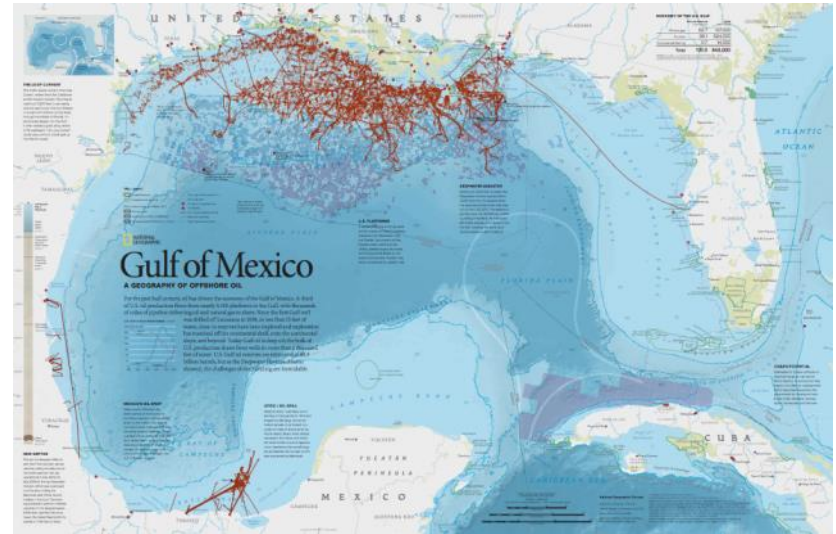
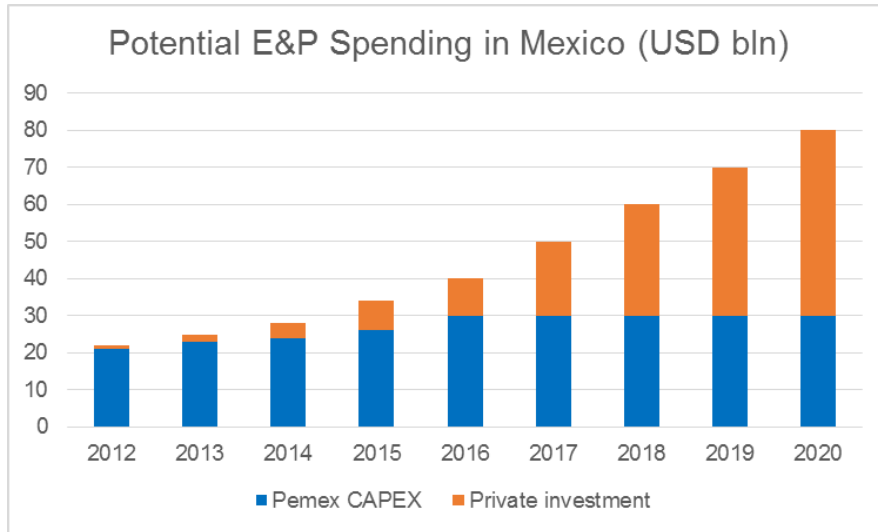
H&D Pipelay & Subsea Support Vessel Fleet

Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lay Barge	9	9	9	10	11	13	14	16	18	18	18
Reel Lay Vessels	19	19	19	22	25	26	31	40	48	55	56
Multiservice	11	11	11	10	11	14	13	15	18	23	24
Diving Support Vessels	18	19	19	20	20	21	21	21	23	24	24
ROV Support Vessels	70	78	85	97	111	118	134	149	159	165	165
<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>	9%	7%	5%	12%	12%	8%	11%	13%	11%	7%	1%

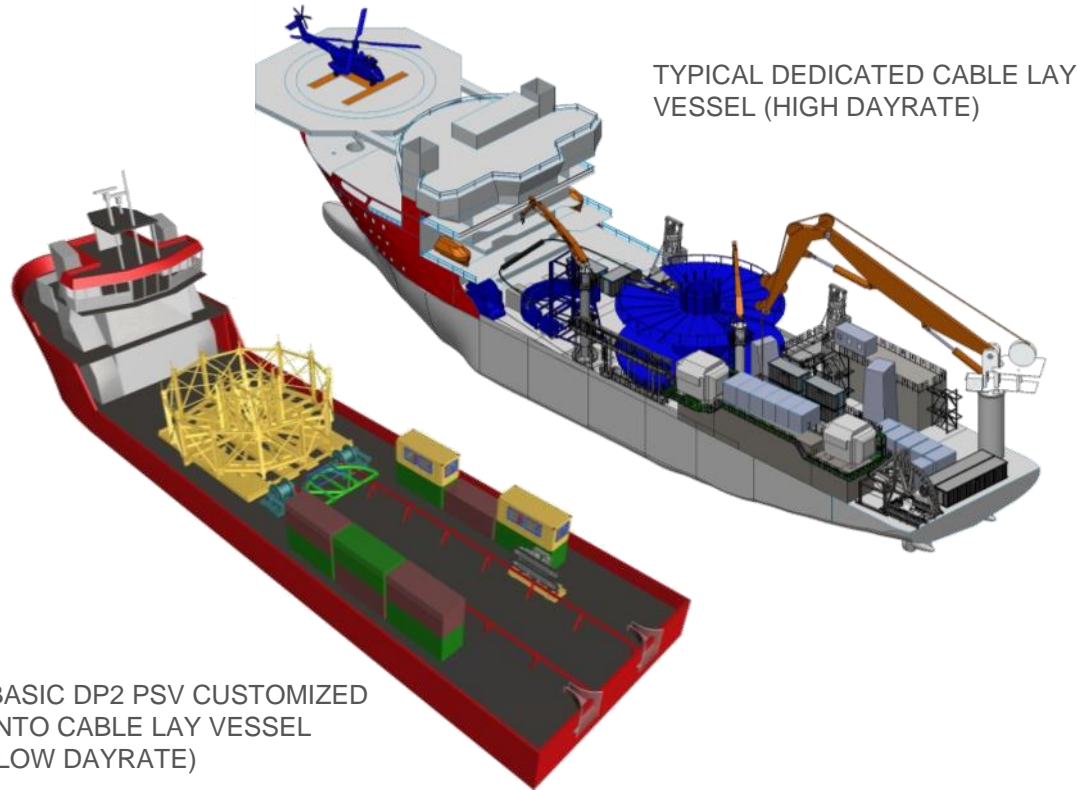
Age profile for H&D Pipelay & Subsea Support Vessels

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



# SOLUTIONS – Deck spread projects



TYPICAL DEDICATED CABLE LAY VESSEL (HIGH DAYRATE)

BASIC DP2 PSV CUSTOMIZED INTO CABLE LAY VESSEL (LOW DAYRATE)



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



Spread Solution provided: 2000T demountable turntable, a loading tower with built in 15T tensioner and operators

# SOLUTIONS – Scope of work



TRANSPORT



CABLE HANDLING



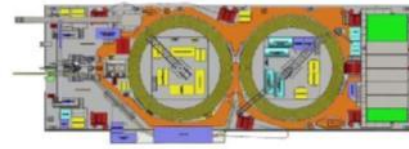
STORAGE



DECK SPREAD



CABLE TESTING



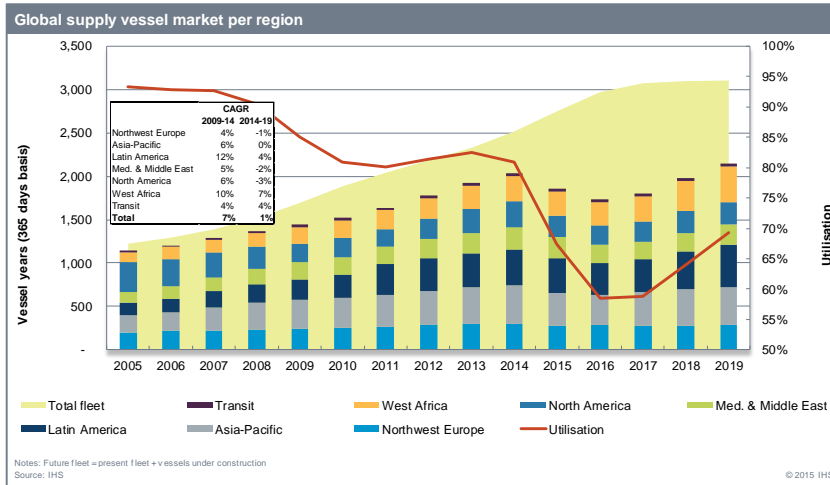
ENGINEERING



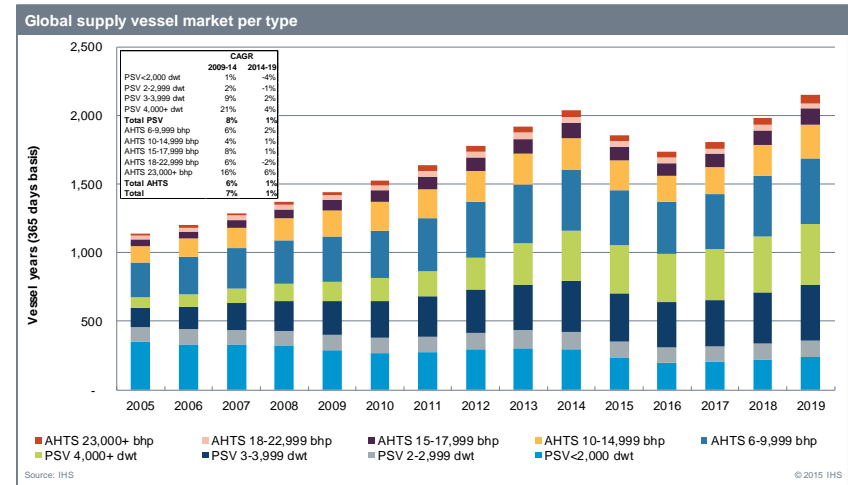
HUMAN RESOURCES

**Solutions** facilitates the submarine cable and umbilical industry a full and integrated service comprising cable repair, cable storage, cable handling, and cable transport all possible through service level agreements.

# Supply Vessel fleet growing faster than demand with highest growth expected for high capacity vessels



- Global supply vessel demand expected to be marginally higher in 2019 than 2014 after decline up to 2016



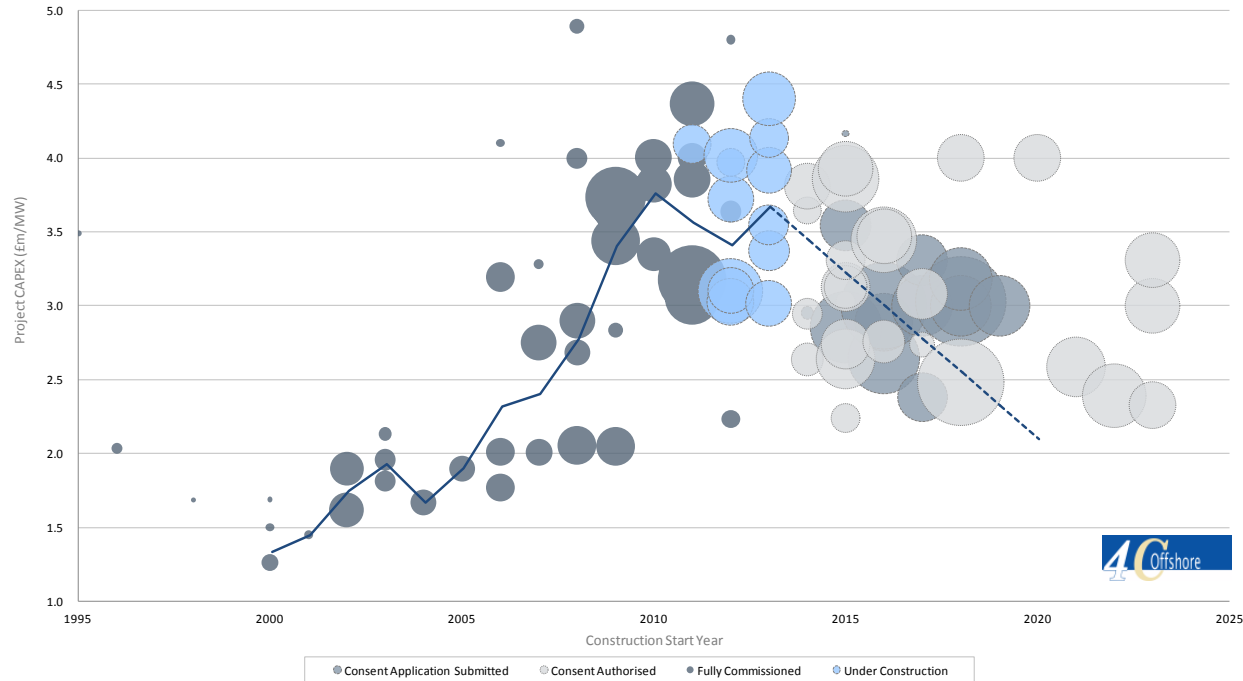
- Highest demand growth expected for high capacity vessels



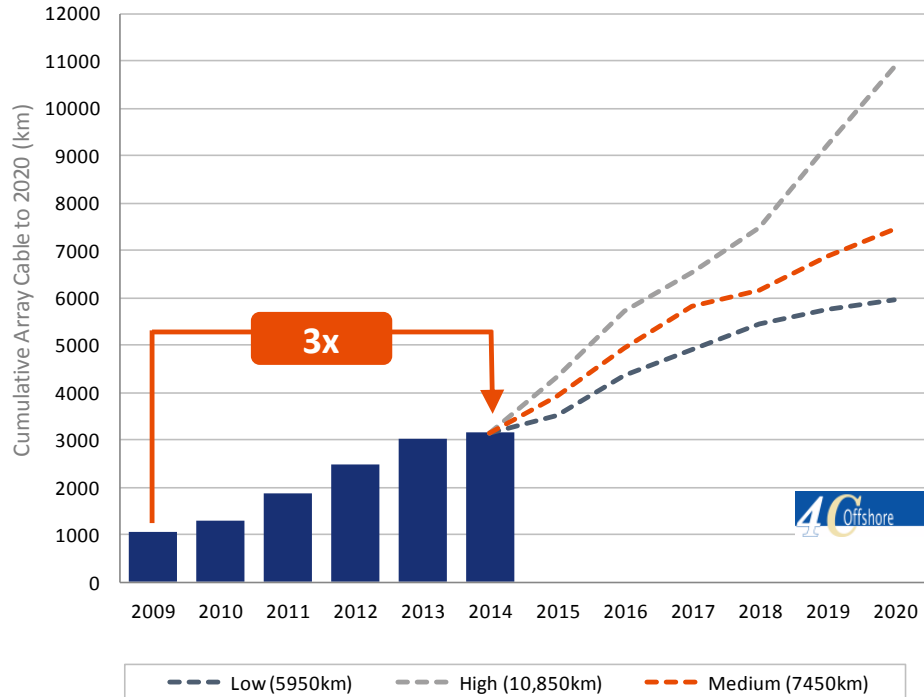


# Strong growth in Offshore Renewable market with focus on cutting installation and maintenance costs

## DEVELOPERS FORECAST REDUCED CAPEX AND REQUIRE INNOVATIONS



# Increasing Number of opportunities in cabling market



# FOCUS GOING FORWARD

- Optimize capital structure further to maximize value and facilitate growth
- Continue transition to increase solution services earnings by increasing added value by effectively combining engineering, marine assets and fleet: **Oceanteam Solutions**
- Focus on growing Mexican market through DOT Shipping and Grupo Diavaz
- Continue investments to optimize and expand pool of marine assets
- Utilise tax structure further to maximise shareholders value and to facilitate growth



**THANK YOU!**



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