



# OCEANTEAM SHIPPING

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

CFO: Torbjørn Skulstad

*Pareto Conference Oslo – 3 September 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.



# OCEANTEAM SHIPPING

## Highlights of the Company & Market Outlook

# BUSINESS AREAS

## North Ocean Fleet



- Providing high-end subsea vessels to subsea construction companies world-wide
- Two Construction Service Vessels and one Pipelay Vessel owned in JVs with McDermott and Bourbon
- Vessels on long term charters

## Solutions | Provider to Offshore Oil & Gas and Renewables Market



- Providing vertically integrated solutions for Mexican offshore market
- FSV Cobos & Icacos are in full operation in Mexico (7 year time charters)
- CSV Tampamachoco 1 under construction together with Pacific radiance Ltd.



- Offshore Installation Equipment
- Handling, Transport & Storage Services
- Modular & Easy Transport
- One design concept for onshore & offshore operations



- Providing full design and engineering services
- Early engineering involvement
- Sales engineering support
- Concept and consultancy
- 120 engineers strong



# HIGHLIGHTS OF 2015

- Oceanteam Solutions secured a EUR 15 million revolving term loan facility
- Increased revenue, replacement of North Ocean 102 contribution completed with improved performance of the Solutions segment
- Repaid USD 35 million in bond debt as part of deleverage strategy to strengthen balance sheet
- New large CSV named Tampamachoco 1 due for delivery end 2016 for long-term contract in Mexico
- CSV Tampamachoco 1 secured post-delivery finance
- Acquisition of remaining shares in OceanWind BV to expand services offered in changing market

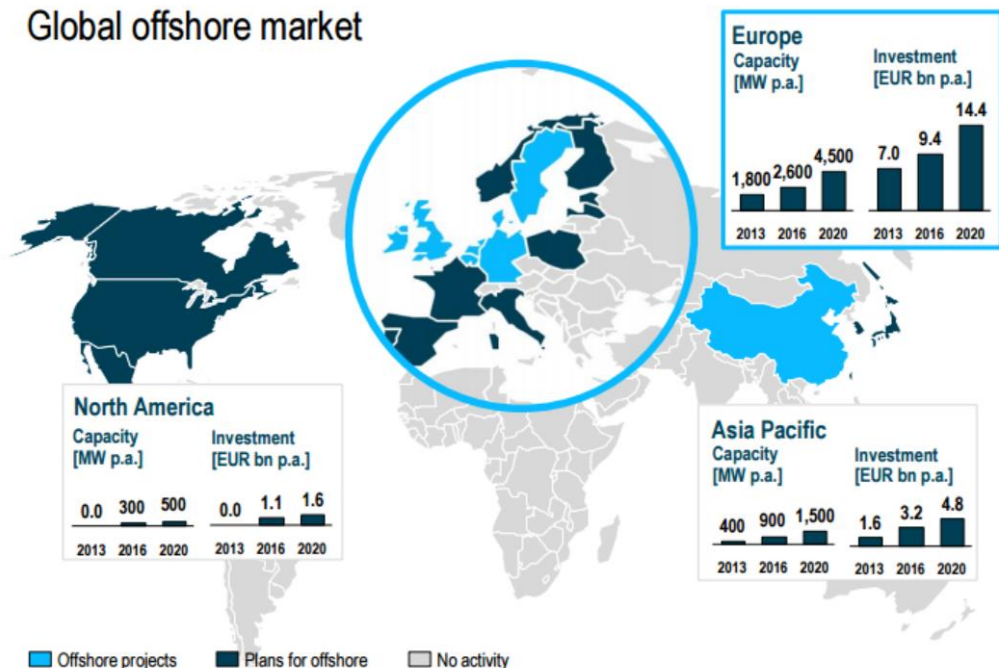
# MARKET OUTLOOK

- Long-term fundamentals of markets and regions to remain strong but short and medium remain uncertain
- Due to volatility in Oil & Gas market an even stronger focus and increased importance of the growing Offshore Renewables Market
- Oceanteam focuses on stable regions, strong local partners and a diverse client base. This, in combination with a flexible and scalable business model, assists in weathering the dynamics in the markets
- To mitigate market risk and to retain stable cash flows Oceanteam has secured superior backlog up to 2017/ 2018 for its main CSV assets and has maintained a good level of utilization of its assets and engineers
- With generally increased focus on cost reductions we see an increased demand for innovative & cost effective solutions



# OFFSHORE WIND– Developments taking off globally

## Global offshore market



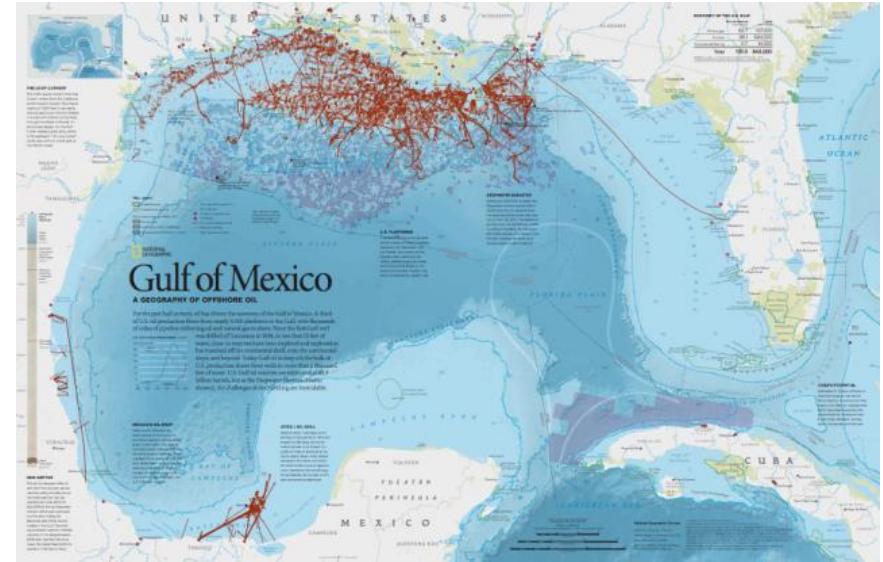
Rationale: Investment costs per MW: 2013: EUR 3.9 m, 2016: EUR 3.6 m, 2020: EUR 3.2 m

Source: EER; BTM; Global Data; Roland Berger

- Offshore wind has significant generation potential in Europe with increasingly large-scale sites
- The demand of services related to offshore wind will therefore increase as well
- More than 91% of all offshore wind installations can be found in European waters. However, governments outside of Europe have set ambitious targets for offshore wind and development is starting to take off in China, Japan, South Korea, Taiwan and the US
- Oceanteam Solutions fully focuses and grows its worldwide cable transport, handling and storage services to meet the increased demand

# MEXICO – Captive market with opportunities

- Pace changed due to change in oil price, but change of requirements still eminent
- Important milestone: DOT Shipping, a joint venture with Grupo Diavaz
- Goal to provide complete vertical supply chain through cutting edge engineering solutions and high end quality vessels unchanged
- Through this JV, Oceanteam's operations are expected to grow significantly
- Already 3 long term time charters secured



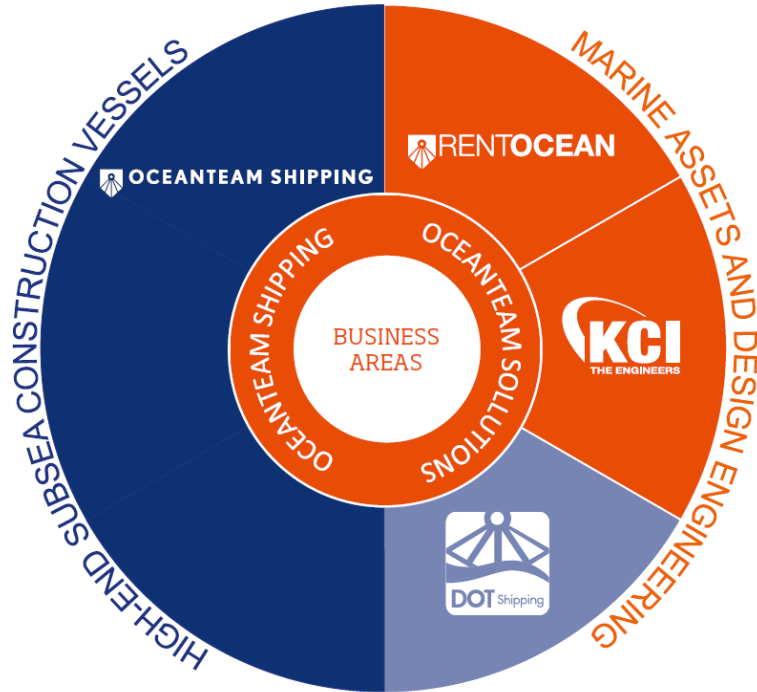




# OCEANTEAM SHIPPING

## STRATEGY

# DIVERSIFICATION STRATEGY



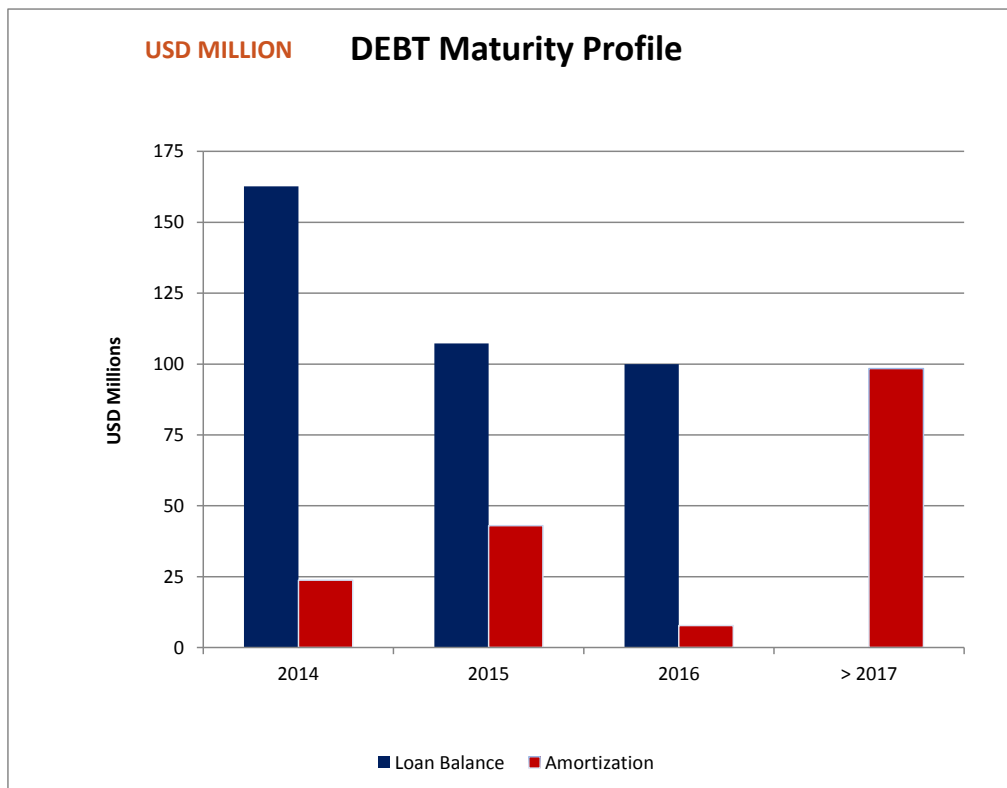
- Two operating segments:

- > **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
- Approximately 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 several 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

- Q2 - USD 9.0 million - 47% of revenue
- Cum Q2 – USD 15.9 million
- LTM – 32.5 million

# 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 our partnerships and develop new opportunities
- Mexican market through DOT Shipping and Grupo Diavaz
- Continued investments when opportune to increase number of earning units
- Utilise tax structure further to maximise shareholder's value and to facilitate growth



# OCEANTEAM SHIPPING

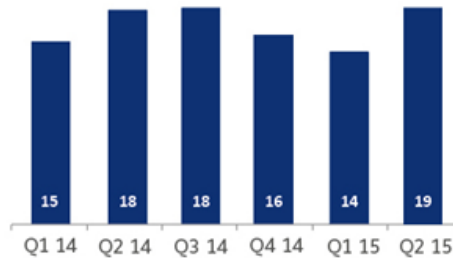
## FINANCIALS

# Q2 2015 – INCREASED SOLUTIONS SEGMENT

## Revenue

19 mill.

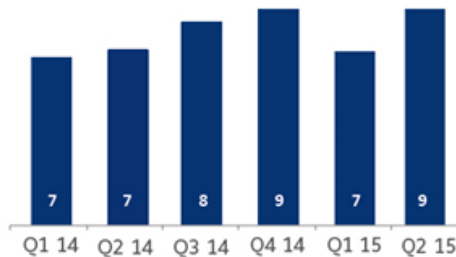
USD in million



## Ebitda

9 mill.

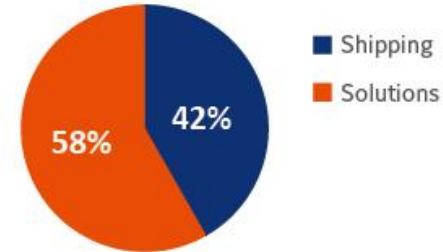
USD in million



## Segment Revenue

Revenue split Cum Q2 2015

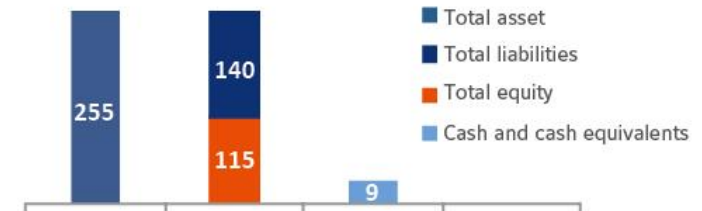
USD in million



## Asset overview

Balance

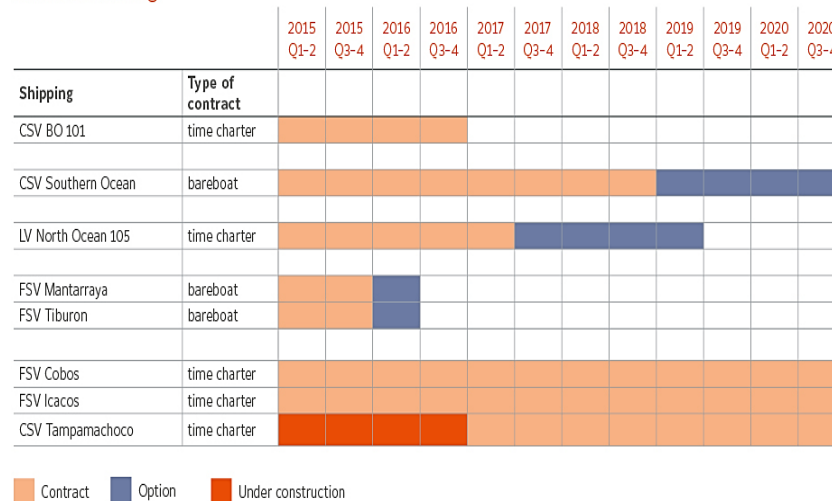
USD in million



# SHIPPING – Highlights

- CSV BO 101, Southern Ocean and North Ocean 105 utilized as planned
- Executed purchase option on crane CSV Southern Ocean which is to be refinanced against improved terms
- The construction of DOT Shipping’s large CSV Tampamachoco 1 is progressing as planned and the two newbuild FSV’s are in full operation in Mexico
- Post delivery finance secured for CSV Tampamachoco 1
- T1 vessel owned through joint venture with DOT Shipping and Pacific Radiance in Singapore with purchase option of remaining 50% after 7 years.
- T1 secured a 7 year time charter contract with options in Mexico

Contract backlog



# SOLUTIONS – Highlights

## RentOcean / Oceanteam Solutions

- To complete its value chain, Oceanteam acquired remaining 48% stake in OCEANWIND BV
- The company is renamed to Oceanteam Cable Solutions and will be a full services provider focusing on transport, handling and storage of power and fiber optic cables and umbilicals globally
- Secured a EUR 15 million revolving term loan facility
- Has been awarded a strategic contract in Germany for supply and engineering of cable lay spread in combination with frame agreement for future equipment, transport and storage services

## KCI The Engineers

KCI worked on multi discipline service contracts:

- Floating solar panels project
- Tender assistance and feed studies stations for several offshore wind projects
- Additional engineering scope for a large observation wheel in the Middle East



*Installation of gas export flexible in The Netherlands*



# SHARE PRICE DEVELOPMENT



## Share development:

- A positive increase from 2012 / stable in 2015

## FMV developments

- Stable value of modern fleet, high-end deepwater assets.

## Booked equity

- 45%
- USD 115 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



**THANK YOU!**



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