



# OCEANTEAM

An Oslo Stock Exchange listed offshore service company

Ticker: OTS

CEO: Haico Halbesma

*SNS Small and Mid Cap seminar Presentation – 26 May 2016*

# 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

- Company overview & Highlights
- Strategy
- Financials
- Market Outlook



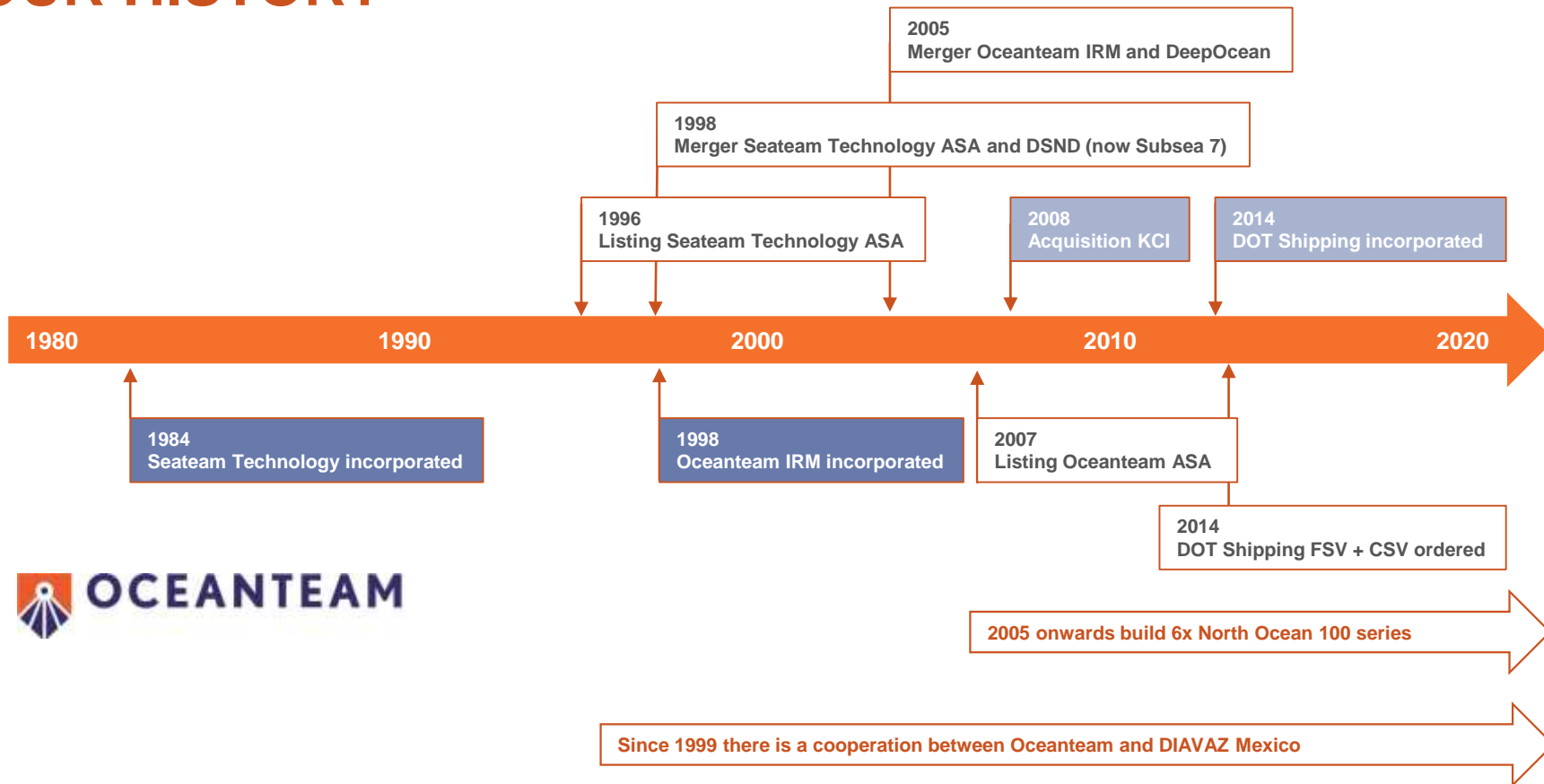
# THE COMPANY – an offshore service provider



- High quality support to offshore contractors all over the world:
  - Fleet of large and advanced offshore vessels **Oceanteam Shipping**
  - Expertise in (rental) marine equipment, cable logistics and design engineering **Oceanteam Solutions**
- Our business strategy
  - A one-stop-shop providing solution-driven services by combining our engineering, equipment and shipping expertise into a single service in accordance with clients' requests
- Our strengths
  - Stable - combined with fast growing regions
  - Solid local partners
  - Diverse and large client base
  - Agile and cost efficient organisation



# OUR HISTORY



# OUR PARTNERS

- Oceanteam teamed up with strong partners & strategic alliances with proven track records for continuity in the growth of assets and services:



- **Bourbon Offshore** > Together manages the CSV's Bourbon Oceanteam 101 and the Southern Ocean
- **Diavaz** > Founded together DOT Shipping with focus on providing high-end vessel solutions for Mexican market and successfully delivered two FSV new builds end 2014
- **McDermott** > Together manages the LV North Ocean 105
- **Pacific Radiance Group** > Through this partnership Oceanteam / DOT Shipping has a new large Construction Support Vessel under construction

# OUR VESSELS

- **North Ocean fleet :**
  - Two high-end large Deepwater Offshore Construction Service vessels (CSVs)
  - One Deepwater Pipe Lay vessel
  - Four Fast Support vessels (FSVs) + 2 options
  - All on long term contracts with solid subsea construction companies
- CSV Southern Ocean has been on a contract since its delivery in October 2010, operating in Australia and the Far East
- Lay Vessel North Ocean 105 was delivered in 2012 and has since been on a five-year contract with McDermott operating globally as a pipe lay vessel



# OUR VESSELS

- **DOT Shipping** – large offshore construction support vessel
- Construction of Tampamachoco 1 progressing as planned, with expected delivery end of 2016 and starts operations in Mexico early 2017
- Fully financed and has secured a long-term time charter in Mexico
- DOT Shipping has 50-percent interest + purchase option for remaining shares in the vessel from joint venture partner.





# BACKLOG

## Vessel contract backlog



# OUR SOLUTIONS

- Supply of a complete lay spread for cable laying project in Germany. Spread includes:
  - 4000t demountable turntable
  - Loading tower with built-in tensioner
- Company also entered into framework agreement for future equipment, transport and storage deliveries, making Oceanteam their main partner and supplier of offshore cable laying and onshore storage
  - Client lays offshore and onshore cables and connections of offshore wind farms to the landside transformer stations



# OUR SOLUTIONS

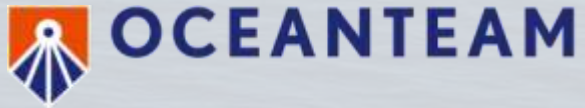
- Supply of 4000T and 1100T turntables and auxiliary equipment for storage, splicing and multiple loadouts of cables
- We supply:
  - Engineering services
  - Professional cable handling crew
  - Handling & storage equipment
- Total of three cables will be delivered and spooled onto the two turntables
- Cables will be spliced in custom-made workshop
- Then spooled onto cable laying vessel
- Client is a cable manufacturer that delivers submarine cables to the largest wind farms in the world



# OUR SOLUTIONS

- Ferris Wheel Dubai
- Our client: Hyundai
- Scope: concept -, basic and detailed design, fabrication support and erection engineering
- Project completion: 2018
- Growth market and company set up separate business unit
- Also working New York Wheel and building project pipeline





Strategy

# STRATEGY – Improving our clients performance



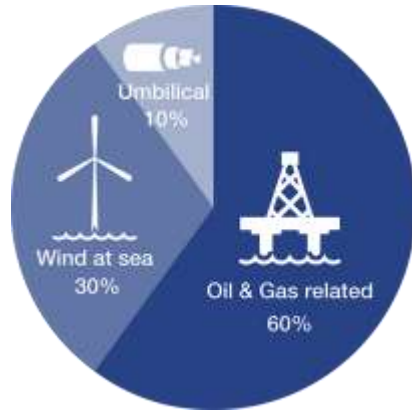
- Two operating segments:

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

Operating through variety of global business units and different markets

- This **diversification strategy** allows the company to be agile, maintaining and improving its performance, even during challenging market conditions
- Oceanteam Solutions' proportion of company's earnings has increased and will be a **key contributor** to future growth

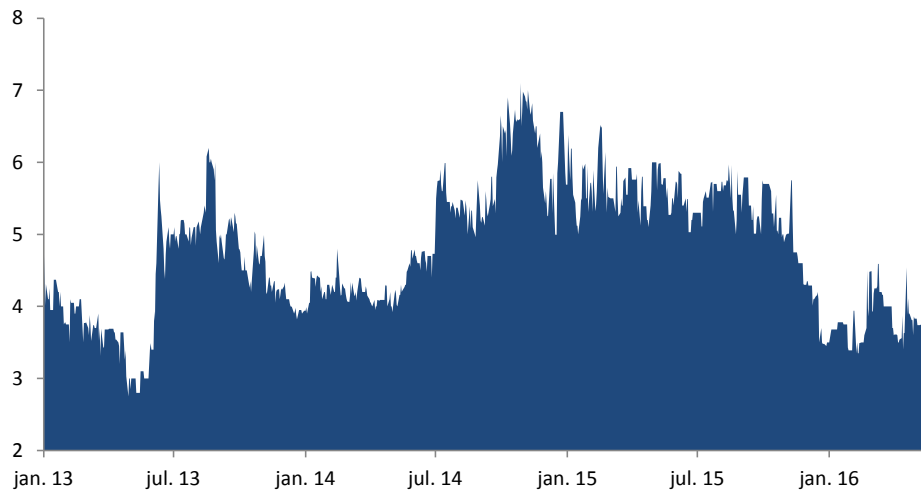
# STRATEGY – Add captive markets



- Well-positioned in important oil and gas exploration basins
- Rapidly expanding in areas that play key role in development of offshore wind farms
- Future growth strategies, including Latin America, West Africa and Asia Pacific
- Located in areas where markets offer proven profitability
- Exploring new grounds: **DOT Shipping**, a joint venture with **Diavaz**
- Providing complete vertical supply chain through cutting edge engineering solutions and high end quality vessels
- Through this joint venture Oceanteam's operations are expected to grow significantly



# SHARE PRICE DEVELOPMENT



## FMV developments

- Modern fleet, high-end deep water assets

## Booked equity

- 41%
- USD 93 million (after 10% share buy back)

## Market capitalization

- NOK 107 million (29.6 m shares)

## Free cash flow

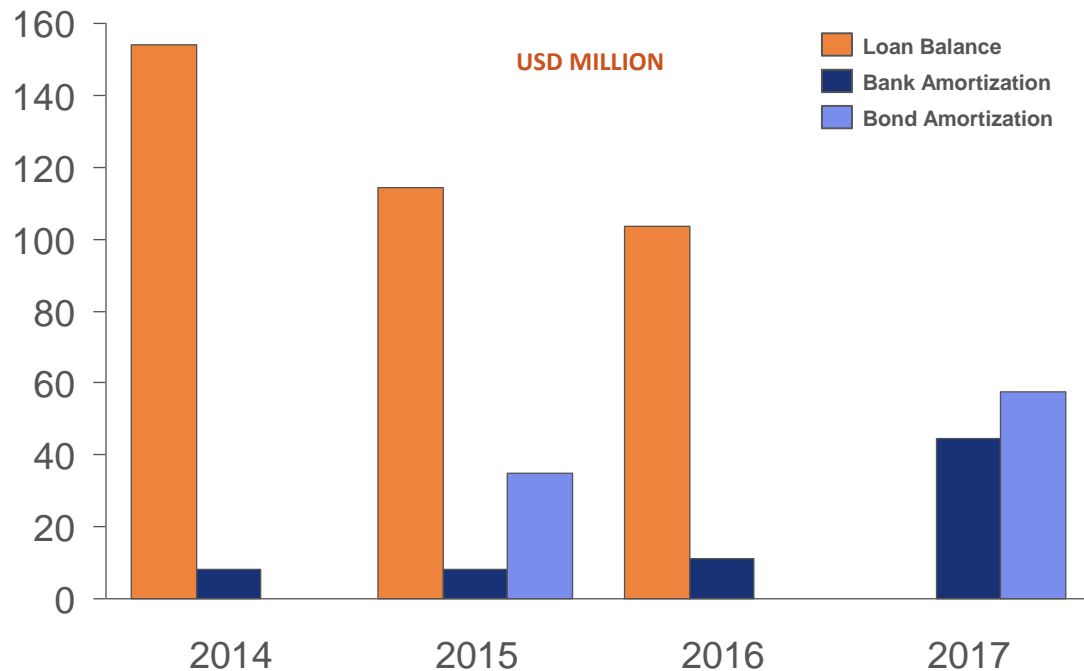
- Steady, positive cash flow from existing operations
- Diversification in markets segment and geographical areas
- Continues high-end equipment investments

## Consensus among credit analysts

- Steady operations
- Key credit metrics remain overall stable



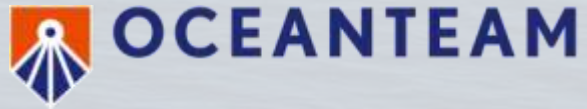
# STRATEGY – Our financial priorities



- ✓ **Diversified sources** of financing through many long term bank relations
- ✓ **De-leveraging of high yield bond**, lead to reduced quarterly finance costs of 1 mUSD from Q2 2015 and forward
- ✓ **Improved cost of capital** brings more value to shareholders
- ✓ ⇒ **Target: REFINANCING BOND due Oct. 2017**
  - ⇒ to fund growth and establish favorable dividend policy
- ✓ ⇒ Bond currently trading at 50% with limited liquidity

## EBITDA to date

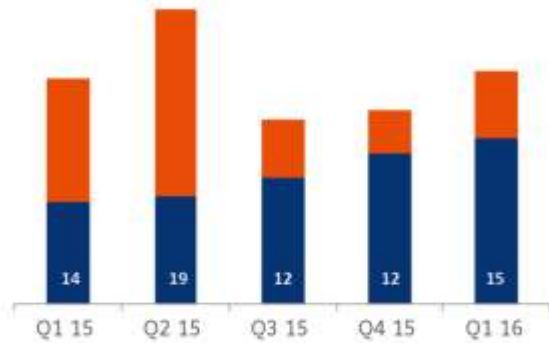
- Q1 2016 – USD 7.9 million - 54% of revenue



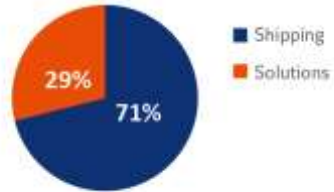
## Financials

# PERFORMANCE HIGHLIGHTS Q1 2016

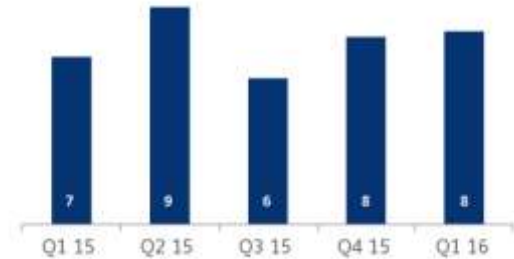
Revenue  
14.8 mill.  
USD in million



Segment Revenue  
Revenue split 2016



Ebitda  
7.9 mill.  
USD in million



# P&L REPORT END Q1 2016

Figures in USD '000	Q1 2016	Q1 2015
Revenue	9 463	12 641
Net income from joint ventures and associates	5 298	1 643
<b>Total operating revenues</b>	<b>14 761</b>	<b>14 284</b>
Operating costs	(3 461)	(3 820)
General & administration	(3 363)	(3 589)
Depreciation	(2 295)	(2 681)
Write off	21	
<b>Total operating expenses</b>	<b>(9 098)</b>	<b>(10 091)</b>
<b>Operating profit (loss)</b>	<b>5 663</b>	<b>4 193</b>
Net finance	(3 592)	(3 632)
<b>Ordinary profit (loss) before taxes</b>	<b>2 071</b>	<b>560</b>
Corporate income tax	(74)	
<b>Net result before increase (decrease) from vessel revaluation</b>	<b>1 997</b>	<b>560</b>

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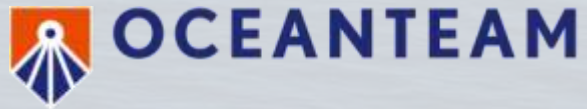
# BALANCE SHEET Q1 2016

Figures in USD '000	31.13.2016	31.12.2015
<b>Assets</b>		
<b>Intangible assets</b>	<b>19 217</b>	<b>19 300</b>
<b>Tangible assets</b>	<b>183 966</b>	<b>188 155</b>
<b>Total non current assets</b>	<b>203 183</b>	<b>207 455</b>
Receivables	20 143	19 836
Cash and cash equivalents *	4 180	4 733
<b>Total current assets</b>	<b>24 323</b>	<b>24 570</b>
<b>Total assets</b>	<b>227 507</b>	<b>232 026</b>

\* In addition to the cash and cash equivalent per 31 December 2015, the Group holds treasury shares of approximately USD 1.3 million in current market value. The Group also has EUR 13.1 million undrawn on the revolver loan available to support the equipment growth.

Figures in USD '000	31.13.2016	31.12.2015
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>93 278</b>	<b>98 928</b>
<b>Total non current liabilities</b>	<b>99 503</b>	<b>101 038</b>
First year instalments	8 100	8 100
Other current liabilities	26 626	23 959
<b>Total current liabilities</b>	<b>34 726</b>	<b>32 059</b>
<b>Total liabilities</b>	<b>134 229</b>	<b>133 097</b>
<b>Total equity and liabilities</b>	<b>227 507</b>	<b>232 026</b>

Book value of equity is 41%



## Market outlook

# 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 growing importance of the growing **Offshore Renewables Market**
- Oceanteam focuses on stable regions, strong local partners and a diverse client base.
- Oceanteam has a flexible and scalable business model, assists in weathering the dynamics in the markets
- With generally increased focus on cost reductions we see an increased demand for innovative & cost effective solutions



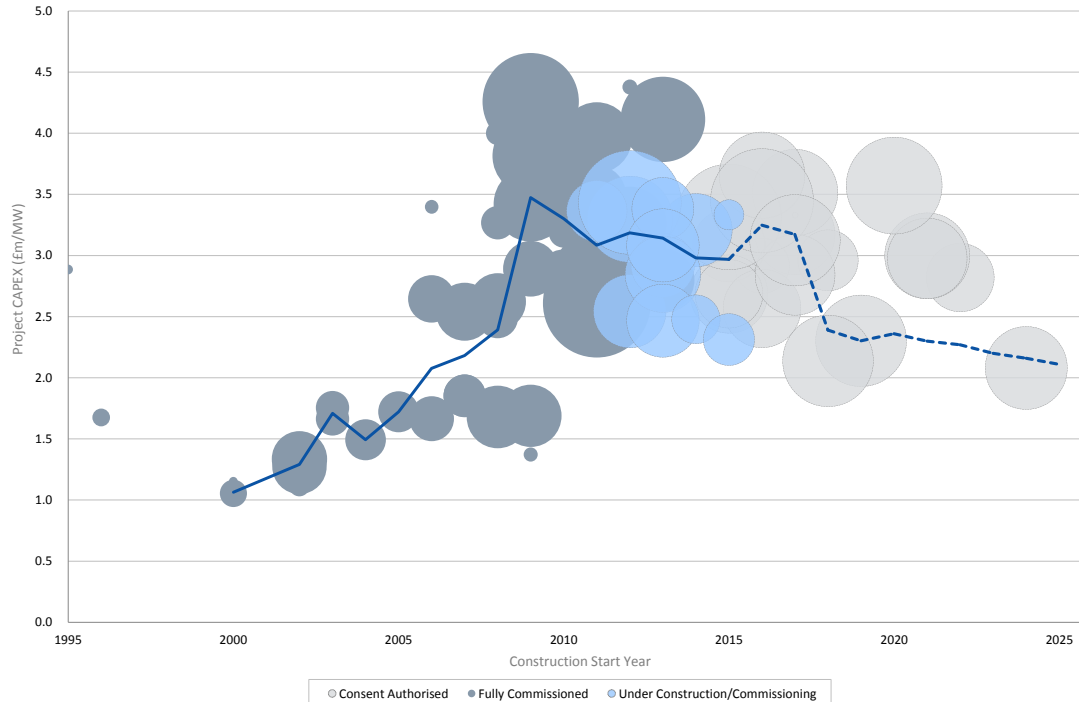
OFFSHORE WIND

A GLOBAL OUTLOOK



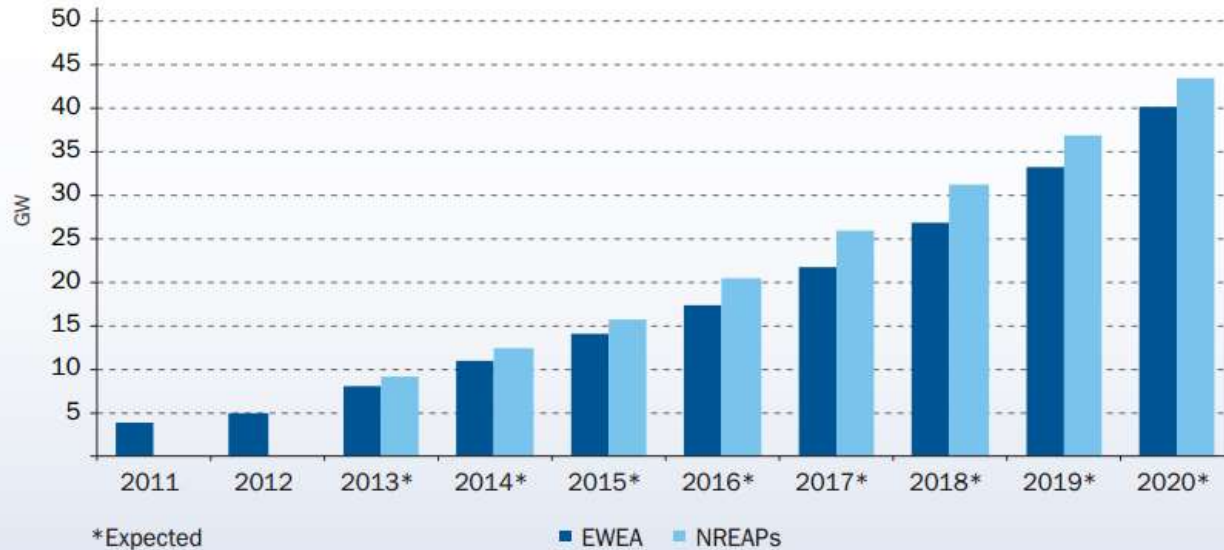
# Strong growth in Offshore Renewable market with focus on cutting installation and maintenance costs

DEVELOPER'S FORECAST REDUCED CAPEX AND REQUIRE INNOVATIONS, in APAC we see same trends





# OFFSHORE WIND– Significant potential in Europe

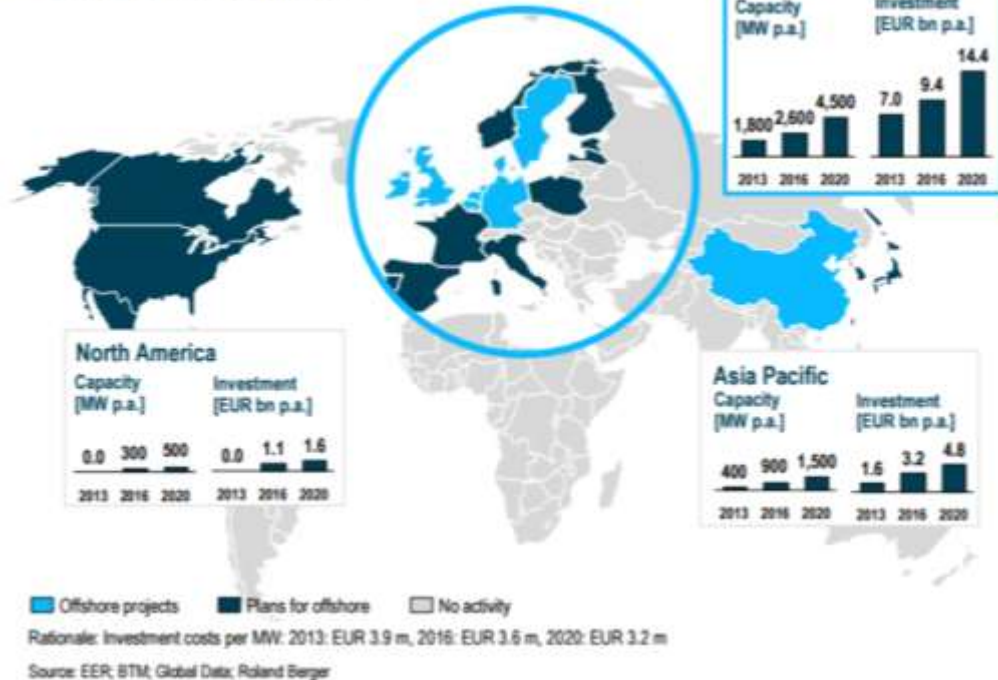


Source: EWEA, National Renewable Energy Action Plans

- Offshore wind has significant generation potential in Europe with increasingly large-scale sites
- The demand of services related to the offshore wind will therefore increase as well
- Which reflects on the increasing numbers of tenders Oceanteam receives

# OFFSHORE WIND– Developments taking off globally

## Global offshore market



- 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

# SUMMARY

- Oceanteam active in both Oil & Gas, Offshore Renewables and Civil Special Engineering Solutions
- Diversification strategy enables the company to manage different cycles and market dynamics
- Oceanteam has a sub-optimal capital structure and to high cost of capital
- Cost reductions and in house know how based investments improve performance
- Focus on niches and high end assets instead of commodity assets
- Company performs better than peers and with a change of sentiment there is a significant upside potential
- With the right capital structure company can achieve significant growth both short- and long term
- Both Mexico and Offshore Renewables have significant growth potential



**THANK YOU!**



**Oceanteam ASA**

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