



# OCEANTEAM

An Oslo Stock Exchange listed shipping company

Ticker: OTS

CEO: Haico Halbesma

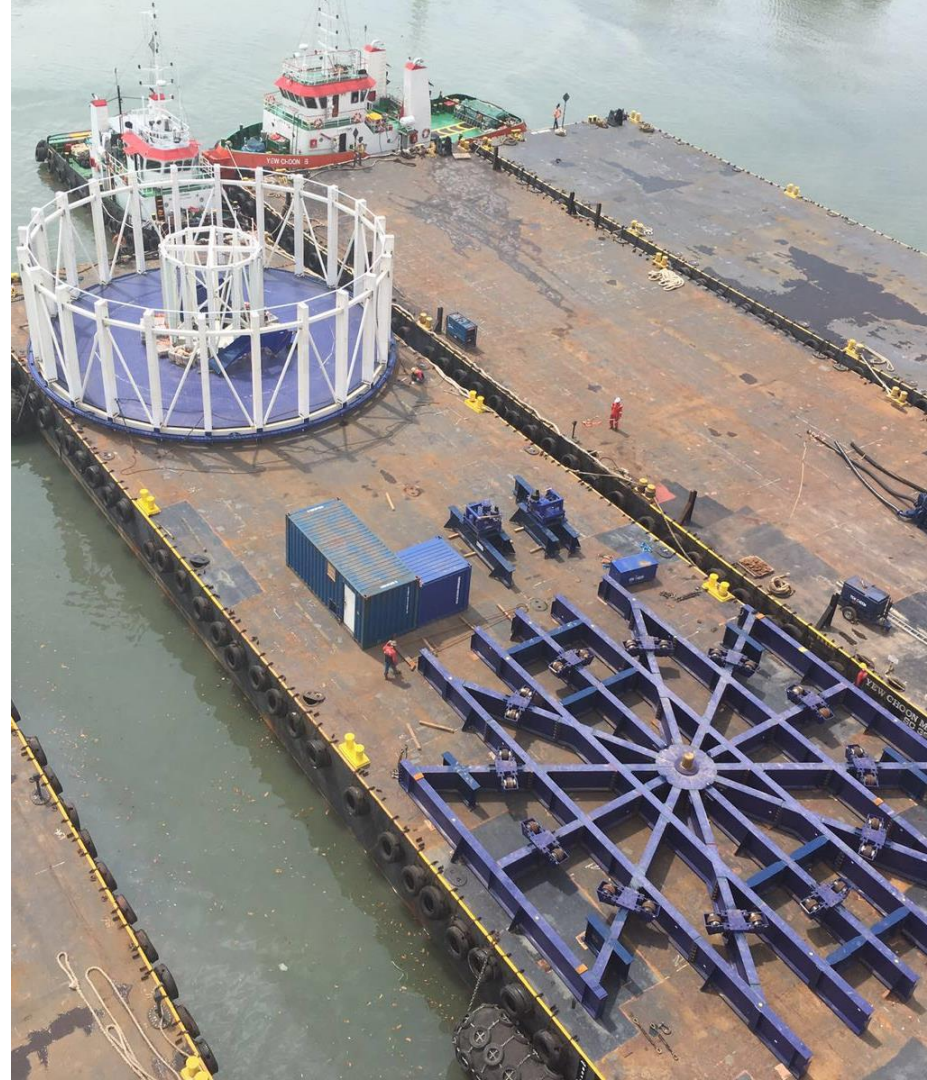
*Q2 2016 Presentation Oslo – 25 August 2016*

# 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





**OCEANTEAM**

## Company Overview & Highlights

# COMPANY OVERVIEW – Oceanteam the 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

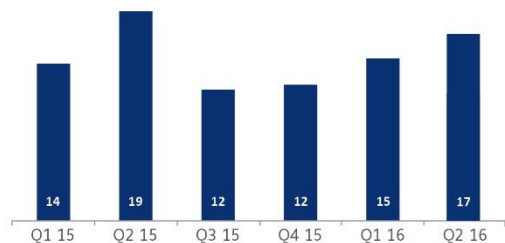
- A one-stop-shop providing solution-driven services by combining our engineering, equipment and shipping expertise into a single service in accordance with clients' requests

Our strengths

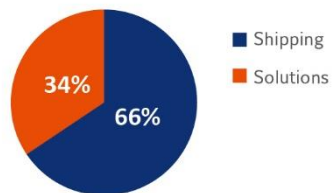
- Stable regions
- Solid local partners
- Diverse client base
- Agile and cost efficient organisation

# PERFORMANCE HIGHLIGHTS Q2 2016

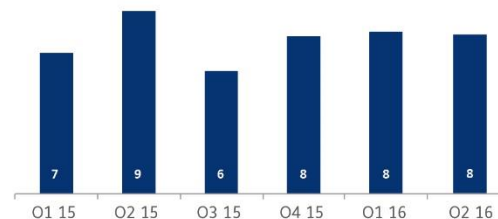
Revenue  
16.8 mill.  
USD in million



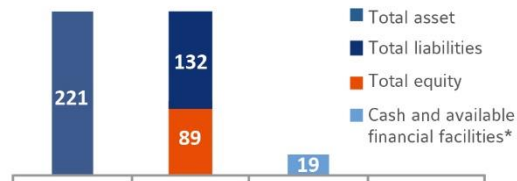
Segment Revenue  
Revenue split 2016



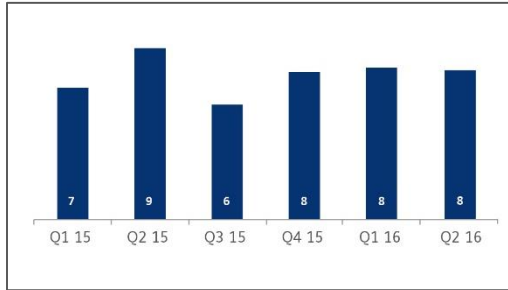
Ebitda  
7.8 mill.  
USD in million



Asset overview  
Balance  
USD in million



# HIGHLIGHTS OF THE 2<sup>nd</sup> QUARTER 2016



- Strong EBITDA due to sustainable business operations, solid contribution from Solutions and Shipping



- Construction of the Tampamachoco 1 is progressing and is scheduled to start operations early 2017. Mexican market develops slower than expected, but Company remains positive about its future development and potential

# HIGHLIGHTS OF THE 2<sup>nd</sup> QUARTER 2016



- CSV Bourbon Oceanteam 101 secured a new time-charter for a period of 3 years + options against significantly reduced rates



- CSV Southern Ocean was transferred to Shelf Subsea after sale of subsea business by Fugro NV. Charter has been extended up to July 2021 against significantly reduced rates



# HIGHLIGHTS OF THE 2<sup>nd</sup> QUARTER 2016



- Oceanteam Solutions won a contract to supply 4000T and 1100T turntables and auxiliary equipment for storage, splicing and multiple loadouts of cables



- Oceanteam Solutions extended a contract by supplying a 1500T cable basket and accompanying equipment for storage and cable loadout project in Velsen Noord, The Netherlands

# HIGHLIGHTS OF THE 2<sup>nd</sup> QUARTER 2016



- Oceanteam Solutions successfully delivered cable lay spread in Poland, which included a 4000t demountable turntable and loading tower with built-in tensioner



- Oceanteam Solutions carried out the installation engineering for the heaviest onshore lift in history for the Dubai-I, world's largest Observation Wheel

# VESSEL CONTRACT BACKLOG

## Vessel contract backlog

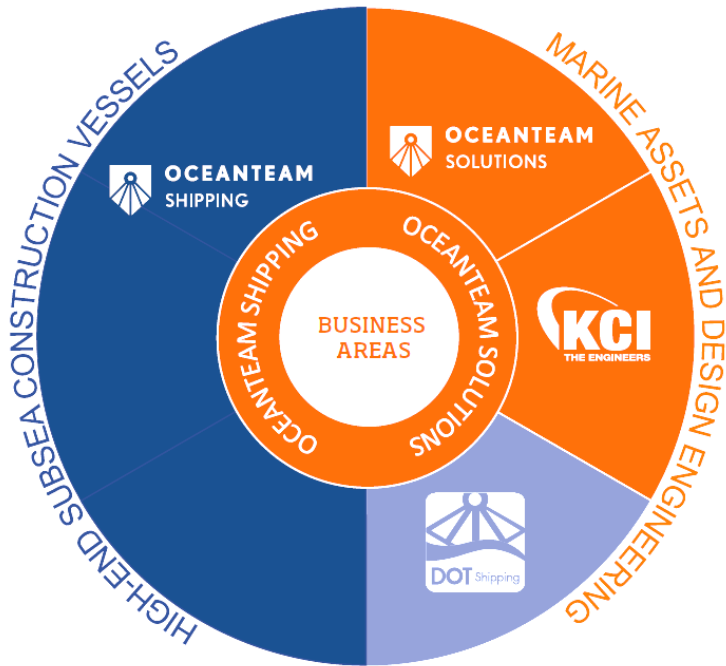
		2016 Q1-2	2016 Q3-4	2017 Q1-2	2017 Q3-4	2018 Q1-2	2018 Q3-4	2019 Q1-2	2019 Q3-4	2020 Q1-2	2020 Q3-4	2021 Q1-2
Shipping	Type of contract											
CSV BO 101	time charter											
CSV Southern Ocean	bareboat											
LV North Ocean 105	bareboat											
CSV Tampamachoco 1	time charter											
FSV Mantarraya	bareboat											
FSV Tiburon	bareboat											
FSV Cobos	time charter											
FSV Icacos	time charter											

Contract
  Option
  Under construction



## Strategy

# DIVERSIFICATION STRATEGY – Improving our clients performance



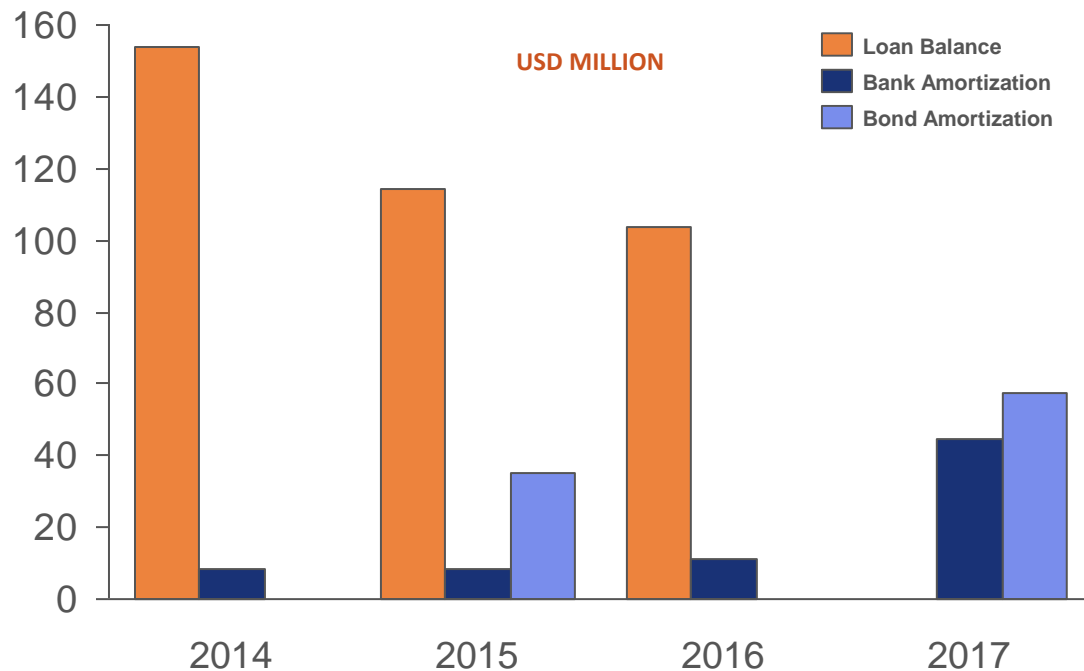
- Two operating segments:

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

Operating through variety of global business units and different markets

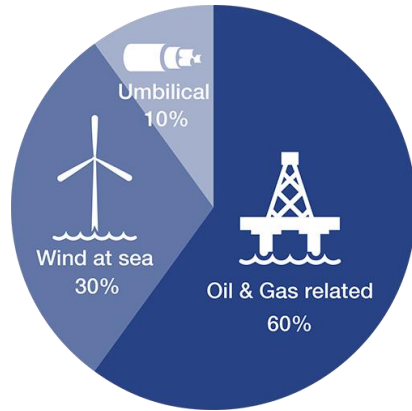
- This **diversification strategy** allows the company to be agile, maintaining and improving its performance, even during challenging market conditions
- Oceanteam Solutions' proportion of company's earnings has increased and will be a **key contributor** to future growth

# FINANCIAL STRATEGY – Our financial priorities



- ✓ **Diversified sources** of financing
- ✓ **Strong focus on de-leveraging**
- ✓ **Improve cost of capital**
  - ⇒ **Target: REFINANCING BOND due Oct. 2017**
    - ⇒ to fund growth and establish favorable dividend policy
- ✓ **Considering all options to secure a sustainable financing solution and preliminary plan to be presented by end 2016**
- ✓ **EBITDA for the quarter**
  - Q2 2016 – USD 7.8 million - 46% of Revenue

# GEOGRAPHICAL STRATEGY – Captive markets with opportunities



- 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



# FORECAST – Meeting our commitments

## Short Term

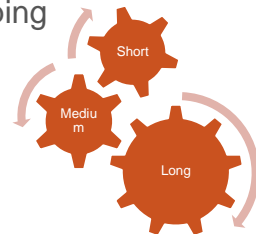
- Continue optimising capital structure through: unlocking equity values, reducing capital & operational costs and facilitating growth
- Continue transition to increase solution services earnings by effectively combining engineering, marine assets and fleet
- Review all possible alternatives to refinance bond due Oct. 2017

## Medium Term

- Focus on growing our partnerships and develop new opportunities: Mexican market through DOT Shipping and Diavaz
- Continued investments when opportune to increase number of earning units

## Long Term

- Refinancing Bond due Oct. 2017  
> To fund growth strategy
- Dividend payments
- Utilise tax structure to maximize shareholder's value and to facilitate growth
- Significant expansion of all business lines: engineering, marine assets and shipping







## Financials

# SHARE PRICE DEVELOPMENT



## FMV developments

- Modern fleet, high-end deep water assets, long term charters secured

## Booked equity

- 40.3%
- USD 89 million (after 10% share buy back)

## Market capitalization

- NOK 86 million (29.6 m shares @ NOK 2.91)

## Free cash flow

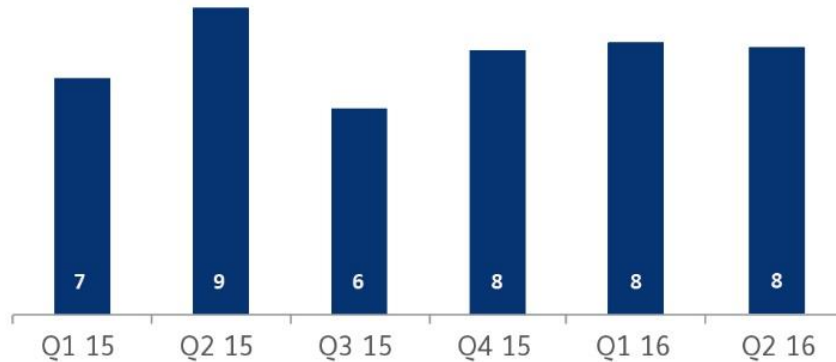
- Steady, positive cash flow from existing operations.
- Diversification in markets segment and geographical areas.
- Deleveraging and refinance process started.

# HISTORICAL EBITDA DEVELOPMENT

Ebitda

7.8 mill.

USD in million



EBITDA performance:

- 7.8 million EBITDA in Q2 2016

# P&L REPORT END Q2 2016

Figures in USD '000	Q2 2016	Q2 2015
Revenue	12 264	17 509
Net income from joint ventures and associates	4 564	1 522
<b>Total operating revenues</b>	<b>16 828</b>	<b>19 031</b>
Operating costs	(4 880)	(5 479)
General & administration	(4 164)	(4 594)
Depreciation	(2 476)	(2 866)
Write off	6	
<b>Total operating expenses</b>	<b>(11 514)</b>	<b>(12 939)</b>
<b>Operating profit (loss)</b>	<b>5 314</b>	<b>6 092</b>
Net finance	(3 017)	(2 935)
<b>Ordinary profit (loss) before taxes</b>	<b>2 296</b>	<b>3 157</b>
Corporate income tax	83	(39)
<b>Net result before increase (decrease) from vessel revaluation</b>	<b>2 379</b>	<b>3 118</b>

Figures in USD '000	Cum Q2 2016	Cum Q2 2015
Revenue	21 727	30 150
Net income from joint ventures and associates	9 862	3 165
<b>Total operating revenues</b>	<b>31 589</b>	<b>33 315</b>
Operating costs	(8 341)	(9 299)
General & administration	(7 527)	(8 183)
Depreciation	(4 771)	(5 547)
Write off assets	27	
<b>Total operating expenses</b>	<b>(20 612)</b>	<b>(23 029)</b>
<b>Operating profit (loss)</b>	<b>10 977</b>	<b>10 286</b>
Net finance	(6 610)	(6 567)
<b>Ordinary profit (loss) before taxes</b>	<b>4 367</b>	<b>3 717</b>
Corporate income tax	9	(39)
<b>Net result before increase (decrease) from vessel revaluation</b>	<b>4 376</b>	<b>3 678</b>

# BALANCE SHEET Q2 2016

Figures in USD '000	30.06.2016	31.12.2015
<b>Assets</b>		
<b>Intangible assets</b>	<b>19 275</b>	<b>19 300</b>
<b>Tangible assets</b>	<b>181 359</b>	<b>188 155</b>
<b>Total non current assets</b>	<b>200 634</b>	<b>207 455</b>
Receivables	16 155	19 836
Cash and cash equivalents *	3 758	4 733
<b>Total current assets</b>	<b>19 913</b>	<b>24 570</b>
<b>Total assets</b>	<b>220 547</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.

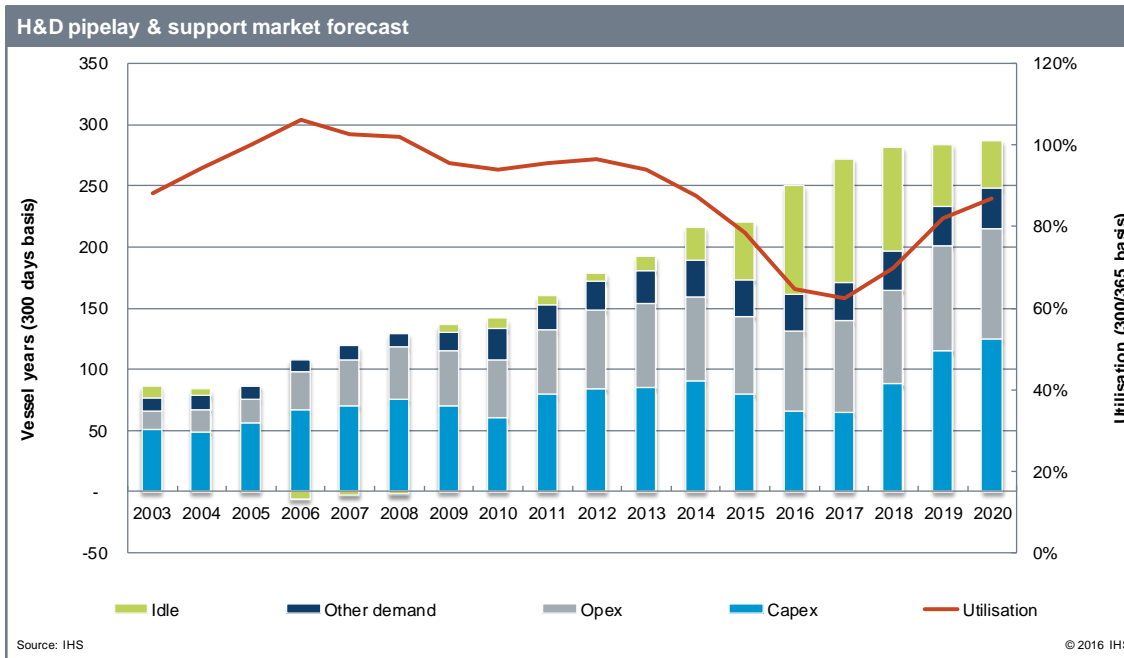
Figures in USD '000	30.06.2016	31.12.2015
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>88 892</b>	<b>98 928</b>
<b>Total non current liabilities</b>	<b>98 006</b>	<b>101 038</b>
First year instalments	8 100	8 100
Other current liabilities	25 549	23 959
<b>Total current liabilities</b>	<b>33 649</b>	<b>32 059</b>
<b>Total liabilities</b>	<b>131 655</b>	<b>133 097</b>
<b>Total equity and liabilities</b>	<b>220 547</b>	<b>232 026</b>

Book value of equity is 40%



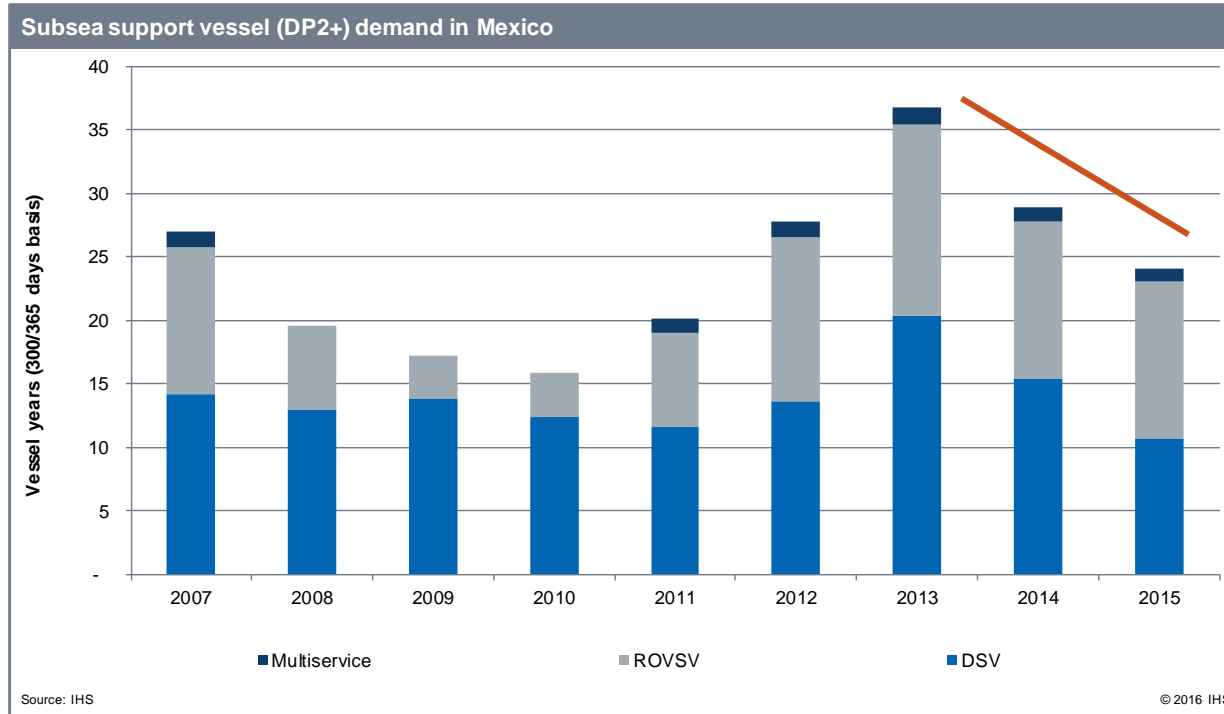
## Market outlook

# Demand is expected to increase 7% p.a. in period 2015-20, but 7% decline in 2016 after 8% drop in 2015



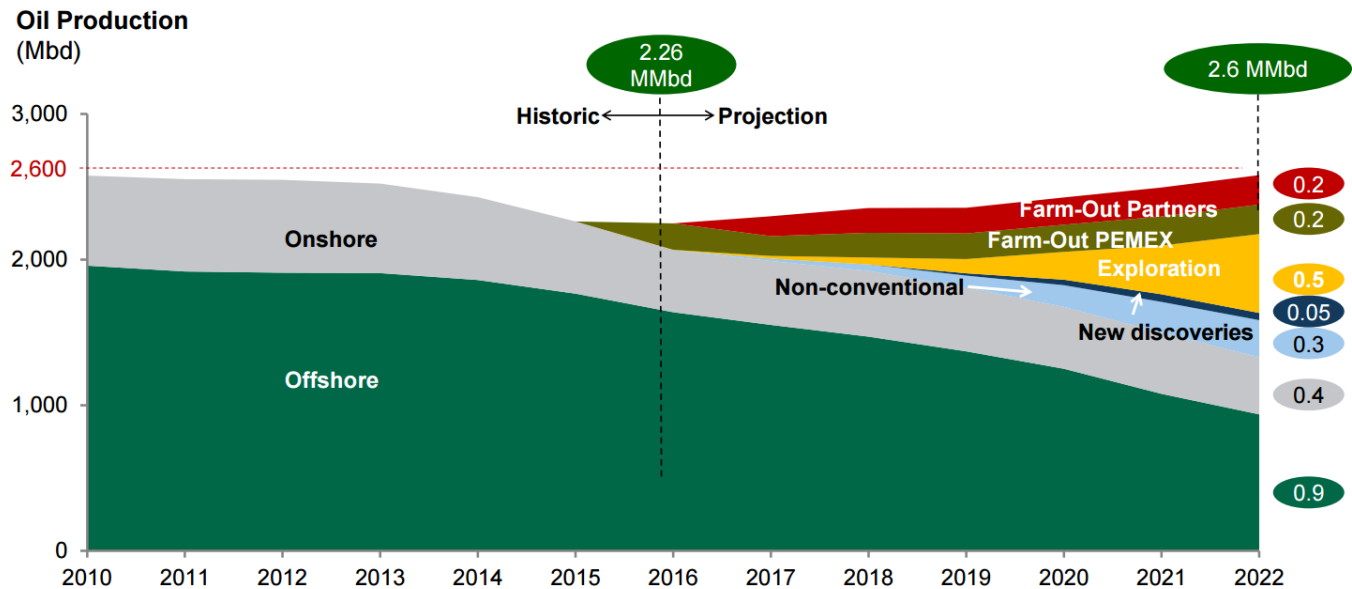
- Significant overcapacity expected, but boost of delayed projects is expected to improve demand and utilization from 2018

# Subsea support vessel demand in Mexico continuous to decline





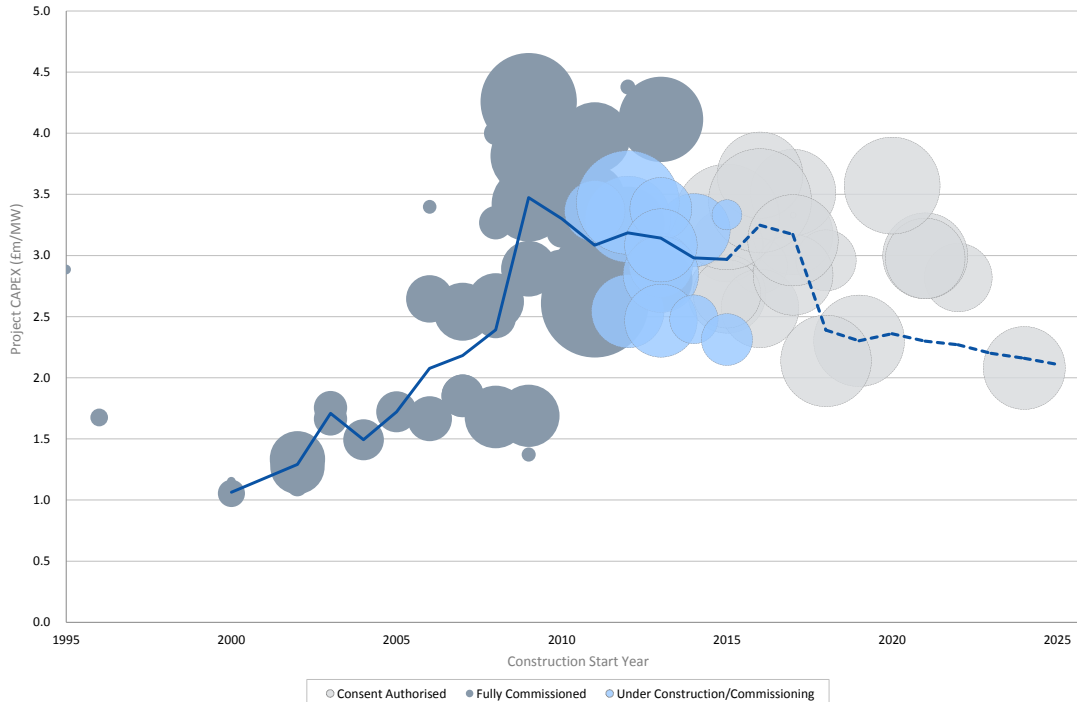
# Mexico outlook: future growth depends on efficient implementation of the energy reform



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# 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





**THANK YOU!**



**Oceanteam ASA**

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