

Q1

2020 REPORT



OCEAN YIELD



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FIRST QUARTER RESULTS 2020

Fornebu, 5th May 2020, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the first quarter ending 31st March 2020.

HIGHLIGHTS

- The COVID-19 pandemic, combined with a significant drop in the oil price, created substantial volatility in the shipping and financial markets in the first quarter. The long-term impact of the pandemic is still difficult to predict.
- The Board of Directors has declared a dividend of USD 0.05 per share. This is the 27th consecutive quarterly dividend declared by the Company.
- EBITDA for Q1 2020 was USD 56.4 million and EBITDA adjusted for finance lease effects was USD 81.7 million.
- Profit for Q1 2020 was negative USD 1.6 million. The profit was negatively impacted by an extreme movement in the NOK against the USD, which negatively affected mark-to-market of cross currency swaps. This was partly offset by foreign exchange gains, but overall the currency- and interest rate movements had a net negative accounting effect of USD 16.3 million in the quarter. Adjusted net profit for Q1 2020 was USD 18.1 million.
- In February, Ocean Yield agreed to acquire two ultramax and one kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc.
- The standstill period with Solstad Offshore ASA (“Solstad”) was extended until 8th May 2020. It is expected that new charter agreements with Solstad will be signed for the two AHTS vessels on long-term charter in connection with the closing of the financial restructuring of the company.
- In an arbitration with Okeanis Eco Tankers (“Okeanis”), the arbitration tribunal decided that Okeanis did not have the right to exercise the purchase options on four VLCCs. Hence, the vessels will continue on their long-term bareboat charters to Okeanis.
- In March, the subsea construction and cable lay vessel Connector commenced a 175-day time charter with Ocean Installer for subsea installation work in China.
- During the quarter, the Company raised a total of USD 85.3 million in new loan facilities related to vessel financings.

Lars Solbakken, CEO of Ocean Yield, said in a comment:

“With 68 out of 72 vessels on long-term charter, Ocean Yield has a higher predictability of earnings than most shipping companies. However, in light of the COVID-19 pandemic and the low oil price, we continue to monitor the portfolio closely and have decided to reduce the dividend in order to be prepared for potential negative events.”

SELECTED KEY FINANCIAL FIGURES

	Q4 2019	Q1 2020	Q1 2019	2019
<i>Amounts in USD million</i>	<i>Restated*</i>		<i>Restated*</i>	<i>Restated*</i>
Revenues and other income	61.7	61.3	55.8	240.3
EBITDA	55.9	56.4	50.6	218.4
EBITDA adjusted for finance lease effects**	79.2	81.7	66.4	298.9
Profit for the period	9.6	(1.6)	8.4	(39.9)
Adjusted net profit**	18.8	18.1	13.9	66.3
Equity ratio	27.8 %	26.5 %	30.2 %	27.8 %
EBITDA charter backlog (USD bn)***	3.6	3.4	3.5	3.6
Dividend declared per share (USD)	0.1910	0.0500	0.1910	0.7640

* Comparative information has been re-presented due to a discontinued operation

**Definition on page 20

***Definition on page 6

MAIN EVENTS DURING THE FIRST QUARTER AND POST QUARTER END

Dividends

- The Board of Directors has declared a quarterly dividend payment of USD 0.05 per share for Q1 2020. The dividend will be paid on or about 20th May 2020 to shareholders as of 7th May 2020 registered with the Norwegian Central Securities Depository (the “VPS”) as of 11th May 2020 (the “Record Date”). The ex-dividend date will be 8th May 2020.

New investments

- In February, Ocean Yield agreed to acquire two ultramax and one kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc. (“Scorpio Bulkers”). In addition, Ocean Yield committed to part finance the scrubber installation on the vessels, with an additional USD 1.5 million per vessel during 2020.

The two ultramax vessels are built in 2015 and 2016 and the kamsarmax vessel is built in 2018. Two vessels were delivered to the Company towards the end of the first quarter and the third immediately after quarter end. Scorpio Bulkers will have certain options to either trigger a sale or acquire the vessels during the charter period. Two vessels were delivered to the Company during the first quarter and the third vessel was delivered immediately after quarter end.

Scorpio Bulkers is a leading international provider of marine transportation of dry bulk commodities that currently owns and operates a fleet of 52 modern dry bulk vessels. Scorpio Bulkers is a publicly listed company and trades on the New York Stock Exchange under the ticker “SALT”.

Funding

- In March, the bank financing for the three dry-bulk vessels with long-term charter to Scorpio Bulkers was signed and drawn-down upon delivery of each respective vessel. The vessels have been financed in two separate loan facilities on competitive terms. The total loan amount is approximately USD 48.2 million for all three vessels.
- Also in March, a loan facility was signed, financing the newcastlemax dry bulk vessel under construction, which will be chartered to CMB NV for 15-years upon delivery later this year. The loan amount is USD 37.1 million.

Portfolio update

- With regards to the FPSO *Dhirubhai-1*, discussions are continuing with potential interested parties. We are however concerned that the Corona virus pandemic and recent fall in the oil price may delay these discussions. Ocean Yield’s subsidiary Aker Floating Production has now completed the remaining demobilization work in India, consisting of removal of risers,

moorings and the subsea buoy. The FPSO has been reclassified as an “asset held for sale” in the financial statements.

- The subsea construction vessel *Connector* has commenced its time-charter contract with Ocean Installer for a period of approximately 175 days. The vessel will perform subsea installation work in the South China Sea.
- In March, the standstill period with Solstad and its subsidiaries for the vessels *Far Senator* and *Far Statesman* was extended up to and including 30th April 2020. In April, Solstad and Ocean Yield has agreed, subject to final terms and documentation, that the existing lease agreements of F-Shiplease AS will be terminated and replaced by new lease agreements with a duration of 4 years, with certain cancellation options in favour of F-Shiplease AS during the term of the charters. The charter rate payable under the new lease agreements shall be a reference rate equal to the average per vessel EBITDA in a pool of seven similar UT731 design vessels. The underlying commercial principle of the new lease agreements shall be that F-Shiplease AS will carry all upside/downside from the operation of its vessels during the charter period. The estimated net claim of F-Shiplease AS following the termination of the existing lease agreements shall be converted into shares in Solstad using the same conversion rate as that used for the conversion of the debt to the secured lenders of Solstad. After the end of the quarter, the standstill period was extended with another week, with the intention that the financial restructuring of Solstad would be completed within 8th May 2020.
- Okeanis served a notice in October 2019 to exercise options to repurchase four VLCCs that earlier had been bought by Ocean Yield and chartered back to Okeanis on long-term charters. The parties disagreed if the conditions for exercising the options had been fulfilled, and the matter was therefore referred to arbitration. In February 2020, an arbitration tribunal decided that Okeanis did not have the right to exercise such options to repurchase the Vessels under the lease agreements. Hence, the vessels will continue on their long-term bareboat charters to Okeanis.
- In the fourth quarter 2019 and in the first quarter 2020, certain subsidiaries of Navig8 Chemical Tankers Inc. have exercised the five-year purchase option in the lease for the vessels *Navig8 Aquamarine* and *Navig8 Amessi*. The purchase price for the two vessels is USD 53.0 million en-bloc. The accounting effect of this transaction will be immaterial.

FIRST QUARTER FINANCIAL REVIEW

Profit and Loss items

As a consequence of the reclassification of the FPSO to an asset held for sale, the results related to this unit is shown under "Discontinued operations". Hence, the Profit and Loss Statements for previous quarters have been restated to reflect the reclassification of the FPSO.

- **Operating revenues** were USD 23.4 million in Q1 2020 compared with USD 23.7 million in Q4 2019.
- **Finance lease revenues** were USD 33.0 million in Q1 2020 compared with USD 32.2 million in Q4 2019. The increase compared with Q4 2019 is mainly related to full quarter earnings for the vessels delivered during the fourth quarter, which are all classified as finance leases. Due to several of the Company's long-term charters being classified as finance leases, the charter hire received is higher than what is reported as revenues according to IFRS, as only the interest income under a finance lease is recognized in the Profit & Loss.
- **Income from investment in associates**, which is related to the 49.9% investment in Box Holdings Inc., were USD 4.9 million in Q1 2020 compared with USD 5.9 million in Q4 2019. The vessels are on fixed bareboat charters, but some variation in the net profit can be expected from quarter to quarter due to mark-to-market on interest rate swaps related to the financing of the vessels.
- **Total revenues and other income** for Q1 2020 were USD 61.3 million compared with USD 61.7 million for Q4 2019.
- **Vessel Operating Expenses** were USD 1.8 million in Q1 2020 compared with USD 1.9 million in Q4 2019. The operating expenses are solely related to the vessel *Connector*, which is operated on a time-charter basis.
- **EBITDA** was USD 56.4 million in Q1 2020 compared with USD 55.9 million in Q4 2019. Adjusted for finance lease effects the EBITDA was USD 81.7 million compared with USD 79.2 million in Q4 2019.
- **Depreciation and amortization** were USD 12.4 million in Q1 2020, compared with USD 12.5 million in Q4 2019. The vessels delivered during Q1 2020 are accounted for as finance leases with no impact on the depreciation.
- **Operating profit** was USD 44.0 million in Q1 2020 compared with USD 43.4 million in Q4 2019.
- **Financial income** was USD 0.4 million in Q1 2020 compared with USD 0.7 million in Q4 2019. This is mainly income from cash deposits.
- **Financial expenses** were USD 25.9 million in Q1 2020, compared with USD 26.7 million in Q4 2019. The reduction is mainly due to lower interest rates during the quarter.
- **Foreign exchange gains** were USD 48.1 million in Q1 2020, compared with a loss of USD 9.1 million in Q4

2019. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK.

- **Change in fair value of financial instruments** were negative with USD 64.4 million in Q1 2020 compared with a positive movement of USD 13.5 million in Q4 2019. This is mainly related to the Company's cross currency swaps, which have been used to swap NOK exposure into USD. The negative change in fair value of financial instruments must however be seen together with the Foreign exchange gains, as a weakening of the NOK has a positive effect in USD on the loans denominated in NOK. During the quarter, the exchange rate of the NOK versus the USD moved from 8.78 to 10.50, combined with a substantial fall in USD interest rates. This resulted in a negative mark-to-market movement of USD 59.1 million on the cross currency swaps, but is offset by a foreign exchange gain on the NOK loans of USD 50.9 million, giving a net negative effect of USD 8.2 million. The remaining part of the fair value change is related to interest rate swaps linked to the Company's vessel loan facilities and cash deposits held in NOK.
- **The Net profit before tax** in Q1 2020 was USD 2.2 million compared with USD 21.8 million for Q4 2019.
- **Tax payable** was USD 0.3 million in Q1 2020 compared with positive USD 1.4 million in Q4 2019.
- **Change in deferred tax** was negative USD 0.5 million in Q1 2020, compared with negative USD 2.4 million in Q4 2019.
- **The Net profit after tax from continuing operations** for Q1 2020 was USD 1.3 million compared with USD 20.8 million for Q4 2019.
- **Net loss after tax from discontinued operations**, which is related to the FPSO, was 2.9 million in Q1 2020 compared with a net loss of USD 11.2 million in Q4 2019.
- **Profit** for Q1 2020 was negative USD 1.6 million compared with positive USD 9.6 million for Q4 2019. Adjusted for discontinued operations, impairments, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit was USD 18.1 million as compared with USD 18.8 million in Q4 2019.

Balance sheet items

- **Vessels and equipment** was USD 895.3 million in Q1 2020 compared with USD 1,053.7 million in Q4 2019. The decrease compared with the fourth quarter is mainly related to the reclassification of the FPSO to "asset held for sale".
- **Finance lease receivables and related assets**, including the short term portion, were USD 1,718.7 million in Q1 2020 compared with USD 1,703.4 million in Q4 2019. The increase in Finance lease receivables is related to delivery of further vessels during Q1 2020 accounted for as finance leases.
- **Restricted cash deposits** were USD 56.4 million compared with USD 22.7 million in Q4 2019. The cash

deposits are posted as collateral with banks for the Company's cross currency swaps related to unsecured bond loans. The increase compared with the fourth quarter comes as a result of the weakening of the NOK against the USD, combined with a fall in USD interest rates.

- **Cash & cash equivalents** at the end of Q1 2020 were USD 106.8 million, compared with USD 185.5 million at the end of Q4 2019. In addition, USD 5.6 million of cash is presented with assets held for sale. The decrease compared with Q4 2019 is a result of the prepayment of the bond issue OCY03, which was done in January (NOK 458.5 million) and USD 33.7 million paid in cash deposits during the quarter as security for the Company's cross currency swaps, where bond loans in NOK have been swapped to USD.
- **Assets held for sale were** USD 156.3 million. This amount is related to the FPSO *Dhirubhai-1*, which has been reclassified as an asset held for sale as from Q1 2020. Included in the USD 156.3 million is the book value of the FPSO at USD 146.1 million, USD 5.6 million in cash and trade receivables and other assets of USD 4.5 million.
- **Book equity** was USD 822.6 million at the end of Q1 2020, compared with USD 876.6 million at the end of Q4 2019. The equity ratio was 26.5% at the end of Q1 2020 compared with 27.8% in Q4 2019.
- **Interest bearing long-term debt** was USD 1,893.9 million compared with USD 1,909.0 million in Q4 2019.
- **Interest bearing short-term debt** was USD 240.9 million in Q1 2020 compared with USD 276.2 million in Q4 2019. The figure for Q4 2019 includes the remaining amounts outstanding under the bond loan OCY03, which had maturity in 2020, and was prepaid in January 2020.
- **Fair value of derivatives, including the long- and short-term portion:** The fair value of derivatives was USD 110.6 million compared with USD 46.1 million in Q4 2019. The increase compared with the fourth quarter 2019 is as described earlier, mainly a result of the movements in the USD/NOK exchange rate and lower USD interest rates, which affects the fair value of the Company's cross currency swaps related to unsecured bond loans denominated in NOK.
- **Field abandonment provisions** were USD 0.0 million compared with USD 12.4 million in Q4 2019. The decommissioning of the MA-field, where the FPSO *Dhirubhai-1* was operating has now been completed. A remaining provision of USD 0.6 million is included in the liabilities associated with the assets held for sale.
- **Total assets** were USD 3,100.1 million in Q1 2020, compared with USD 3,153.2 million in Q4 2019.

Cash flow

- **Net cash flow from operating activities** was USD 16.4 million. Included in this amount is USD 13.7 million of negative operating cash flow related to the FPSO, where USD 11.8 million of cash payments made in the first quarter were related to the decommissioning project in India on the MA field.

CHARTER BACKLOG

The EBITDA charter backlog* at the end of Q1 2020 was USD 3.4 billion with an average remaining contract duration of 10.3 years. The total fleet as of the end of the first quarter was 72 vessels. This includes one newbuilding dry-bulk vessel scheduled for delivery in Q2 2020 and one dry-bulk vessel delivered immediately after quarter end.

RISKS

The spread of the corona virus, combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets and this may have a negative impact on certain counterparties chartering our vessels.

Several opportunities are under evaluation for the FPSO *Dhirubhai-1*. If an acceptable solution is not found, there is a risk for further impairment of the book value of this unit.

In addition, the Company is exposed to operating- and employment-risk on the vessel *Connector*, as well as impairment risk related to the vessel's book value. Due to challenging market conditions, the Company expects low revenues for this vessel also in 2020.

The Company is also exposed to a number of other risks, including counterparty-, financing-, interest rate-, currency-, impairment- and residual value risk.

For a more detailed description of risk factors, please refer to the annual report for 2019, which is available on www.oceanyield.no.

OUTLOOK

The spread of the corona virus combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets.

Ocean Yield has 68 out of 72 vessels on long term bareboat contracts and this is expected to reduce the impact of the current market volatility. Some of our counterparties will however, be negatively impacted by the reduced activity level and Ocean Yield is therefore monitoring the situation closely. The long term impact of the current events is difficult to predict.

Given the uncertainty created by the COVID-19 pandemic and the low oil price, the Board of Directors have decided to reduce the dividend level in order to build a more robust balance sheet.

*Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for floating rate lease agreements.



Ocean Yield ASA

Frank O. Reite
Chairman

Kjell Inge Røkke
Director

Annicken Gann Kildahl
Director

Anne Christin Døvigen
Director

Jens Ismar
Director

Lars Solbakken
CEO

COMPANY CONTACTS:

Eirik Eide
Chief Financial Officer
+47 24 13 01 91

INVESTOR RELATIONS CONTACT:

Marius Magelie
Senior Vice President Finance & Investor Relations
+47 24 13 01 82

Ocean Yield ASA Group condensed consolidated financial statement for the first quarter 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		4th Quarter 2019	1st Quarter 2020	1st Quarter 2019	Jan - Dec 2019
<i>Amounts in USD million</i>	Note	<i>Restated*</i>		<i>Restated*</i>	<i>Restated*</i>
Operating revenues		23.7	23.4	25.2	103.3
Finance lease revenue		32.2	33.0	24.9	114.1
Income from investments in associates		5.9	4.9	5.7	22.9
Total revenues and other income	5	61.7	61.3	55.8	240.3
Vessel operating expenses		(1.9)	(1.8)	(2.1)	(9.3)
Wages and other personnel expenses		(1.7)	(1.7)	(1.4)	(6.8)
Other operating expenses		(2.2)	(1.4)	(1.4)	(5.5)
Write down on trade receivables		(0.0)	-	(0.3)	(0.4)
EBITDA	5	55.9	56.4	50.6	218.4
Depreciation and amortization	8	(12.5)	(12.4)	(12.4)	(49.7)
Impairment charges and other non recurring items	8	0.0	-	-	0.0
Operating profit (EBIT)		43.4	44.0	38.1	168.7
Financial income		0.7	0.4	0.6	2.0
Financial expenses		(26.7)	(25.9)	(24.6)	(104.2)
Foreign exchange gains/losses		(9.1)	48.1	(3.2)	2.0
Change in fair value of financial instruments	7	13.5	(64.4)	3.9	(3.6)
Net financial items		(21.6)	(41.8)	(23.2)	(103.8)
Net profit before tax		21.8	2.2	14.9	64.9
Tax payable		1.4	(0.3)	(0.6)	(1.0)
Change in deferred tax		(2.4)	(0.5)	0.0	(2.5)
Net profit after tax, from continuing operations		20.8	1.3	14.3	61.5
Profit (loss) from discontinued operation, net of tax	6	(11.2)	(2.9)	(5.9)	(101.4)
Profit for the period		9.6	(1.6)	8.4	(39.9)
Attributable to:					
Equity holders of the parent		6.6	(4.1)	8.3	(43.5)
Non-controlling interests		0.3	(0.2)	0.2	0.9
Dividends on hybrid capital		2.7	2.7	-	2.7
Profit for the period		9.6	(1.6)	8.4	(39.9)
Weighted average number of shares outstanding		165.0	175.2	159.3	160.8
Earnings per share (USD), continuing operations		0.11	(0.01)	0.09	0.36
Total number of shares outstanding, eksl. treasury shares		175.2	175.2	159.3	175.2

*Comparative information has been re-presented due to a discontinued operation

TOTAL COMPREHENSIVE INCOME

	4th Quarter 2019 <i>Restated*</i>	1st Quarter 2020	1st Quarter 2019 <i>Restated*</i>	Jan - Dec 2019 <i>Restated*</i>
<i>Amounts in USD million</i>				
Profit for the period	9.6	(1.6)	8.4	(39.9)
Other comprehensive income, net of income tax				
Items that will not be reclassified to the income statement				
Remeasurements of defined benefit liability (asset)	(0.1)	-	-	(0.1)
Total for items that will not be reclassified to the income statement	(0.1)	-	-	(0.1)
Items that are or may be reclassified to the income statement				
Share of other comprehensive income from investment in associates	4.4	(15.4)	(5.2)	(15.5)
Change in fair value of available for sale financial assets	0.3	(0.5)	(0.1)	(0.8)
Currency translation differences	1.2	(0.0)	0.4	(0.6)
Total for items that are or may be reclassified to the income statement	5.9	(16.0)	(4.9)	(16.8)
Total change in other comprehensive income, net of income tax	5.8	(16.0)	(4.9)	(16.9)
Total comprehensive income for the period	15.4	(17.6)	3.5	(56.8)
Attributable to:				
Equity holders of the parent	12.4	(20.1)	3.3	(60.4)
Non controlling interests	0.3	(0.2)	0.2	0.9
Dividends on hybrid capital	2.7	2.7	-	2.7
Total comprehensive income for the period	15.4	(17.6)	3.5	(56.8)

**Comparative information has been re-presented due to a discontinued operation*



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in USD million</i>		31 December	31 March	31 March
	Note	2019	2020	2019
ASSETS				
Vessels and equipment	8	1 053.7	895.3	1 178.6
Investments in associates		178.2	163.2	187.4
Finance lease receivables and related assets	9	1 483.6	1 475.4	1 107.7
Restricted cash deposits		22.7	56.4	17.3
Other shares and other non-current assets		2.6	1.9	3.4
Deferred tax assets		0.1	0.1	-
Total non-current assets		2 740.9	2 592.3	2 494.4
Finance lease receivables, short term portion	9	219.8	243.4	139.0
Trade and other interest-free receivables		7.1	1.3	8.1
Cash and cash equivalents		185.5	106.8	105.8
Current assets		412.3	351.5	252.9
Assets held for sale	6	-	156.3	-
Total current assets		412.3	507.8	252.9
Total assets		3 153.2	3 100.1	2 747.4
EQUITY AND LIABILITIES				
Share capital		271.0	271.0	253.7
Treasury shares		(0.1)	(0.1)	(0.0)
Other paid-in capital		366.1	366.1	341.8
Total paid-in capital	12	637.0	637.0	595.5
Retained earnings and translation reserves		101.4	48.0	223.1
Total equity attributable to equity holders of the parent		738.4	685.1	818.6
Hybrid capital		125.0	125.0	-
Non controlling interests		13.2	12.5	12.4
Total equity		876.6	822.6	831.0
Interest-bearing long-term debt	11	1 909.0	1 893.9	1 636.2
Deferred tax liabilities		2.6	3.2	0.0
Mobilization fee and advances		5.7	4.6	9.4
Fair value of derivatives	7	23.7	55.8	24.8
Finance lease liabilities		1.0	1.0	1.3
Other interest-free long-term liabilities		1.6	1.6	-
Total non-current liabilities		1 943.6	1 960.2	1 671.8
Interest-bearing short-term debt	11	276.2	240.9	193.7
Fair value of derivatives	7	22.5	54.7	13.8
Current provisions (field abandonment)		12.4	-	15.6
Trade and other payables		22.0	16.1	21.5
Current liabilities		333.0	311.8	244.5
Liabilities directly associated with the assets held for sale	6	-	5.6	-
Total current liabilities		333.0	317.3	244.5
Total liabilities		2 276.6	2 277.5	1 916.3
Total equity and liabilities		3 153.2	3 100.1	2 747.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in USD million</i>	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Hybrid capital	Non controlling interests	Total equity
Balance at 31st December 2018	253.7	387.4	(0.1)	(11.1)	(41.4)	257.2	845.7	-	0.0	845.7
Profit for the period	-	-	-	-	-	(40.7)	(40.7)	-	0.9	(39.9)
Other comprehensive income	-	-	-	(0.8)	(0.6)	(15.6)	(16.9)	-	-	(16.9)
Total comprehensive income	-	-	-	(0.8)	(0.6)	(56.3)	(57.7)	-	0.9	(56.8)
Dividend	-	(60.9)	-	-	-	(60.7)	(121.6)	-	(0.0)	(121.6)
Dividend on hybrid capital	-	-	-	-	-	(2.7)	(2.7)	-	-	(2.7)
Issuance of ordinary shares	17.3	60.7	-	-	-	-	78.0	-	-	78.0
Expenses related to issuance of shares, net of tax	-	(0.8)	-	-	-	-	(0.8)	-	-	(0.8)
Issuance of hybrid capital	-	-	-	-	-	-	-	125.0	-	125.0
Expenses related to issuance of hybrid bond, net of tax	-	-	-	-	-	(1.9)	(1.9)	-	-	(1.9)
Treasury shares acquired	-	-	(1.5)	-	-	-	(1.5)	-	-	(1.5)
Treasury shares sold	-	-	1.2	-	-	(0.3)	0.9	-	-	0.9
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(20.3)	-	(0.0)	-	20.4	-	-	-	-
Balance at 31st December 2019	271.0	366.1	(0.4)	(11.9)	(42.0)	155.6	738.4	125.0	13.2	876.6
Profit for the period	-	-	-	-	-	(1.4)	(1.4)	-	(0.2)	(1.6)
Other comprehensive income	-	-	-	(0.5)	(0.0)	(15.4)	(16.0)	-	-	(16.0)
Total comprehensive income	-	-	-	(0.5)	(0.0)	(16.8)	(17.4)	-	(0.2)	(17.6)
Dividend	-	-	-	-	-	(33.4)	(33.4)	-	(0.5)	(33.9)
Dividend on hybrid capital	-	-	-	-	-	(2.7)	(2.7)	-	-	(2.7)
Treasury shares acquired	-	-	(0.2)	-	-	-	(0.2)	-	-	(0.2)
Treasury shares sold	-	-	0.4	-	-	(0.2)	0.3	-	-	0.3
Change of functional currency in subsidiaries	-	-	-	-	42.0	(42.0)	0.0	-	-	0.0
Balance at 31st March 2020	271.0	366.1	(0.2)	(12.5)	-	60.6	685.1	125.0	12.5	822.6



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in USD million</i>	4th Quarter 2019	1st Quarter 2020	1st Quarter 2019	Jan - Dec 2019
Profit for the period	9.6	(1.6)	8.4	(39.9)
Income tax expense	1.0	0.9	0.6	3.5
Depreciation and amortization	16.7	12.4	19.3	74.3
Impairment charges and other non-recurring items	7.7	(0.0)	0.0	80.6
Income from investments in associates	(5.9)	(4.9)	(5.7)	(22.9)
Dividend received from investments in associates	5.8	4.5	5.0	21.1
Net interest expenses (+)	25.4	25.3	23.8	100.4
Interest paid	(22.8)	(25.6)	(23.5)	(96.3)
Interest received	0.9	0.7	1.6	7.4
Unrealized foreign exchange gain/loss	5.7	(48.5)	3.3	(6.1)
Change in fair value of financial instruments	(13.5)	64.4	(3.9)	3.6
Other changes in operating activities	(2.6)	(11.2)	11.4	(5.9)
Net cash flow from operating activities	27.9	16.4	40.2	119.8
Acquisition of vessels and equipment	(0.4)	(0.2)	(0.0)	(0.5)
Acquisition of vessels accounted for as finance lease receivables	(286.3)	(40.8)	(49.1)	(568.4)
Repayment on finance lease receivables	23.4	25.3	15.9	80.5
Investments in other non-current assets	(4.4)	(0.0)	(41.7)	(45.9)
Net change in long-term interest-bearing receivables	3.7	(33.7)	(1.1)	(6.5)
Net cash flow from investing activities	(264.1)	(49.5)	(76.1)	(540.8)
Proceeds from issuance of long-term interest-bearing debt	409.3	86.2	86.8	772.8
Repayment of long-term interest-bearing debt	(210.8)	(84.9)	(24.6)	(354.0)
Repayment on finance lease liabilities	(0.1)	(0.1)	-	(0.4)
Dividend paid	(30.3)	(33.4)	(30.5)	(121.6)
Dividend on hybrid capital	(2.7)	(2.7)	-	(2.7)
Dividend paid to non-controlling interests	-	(0.5)	-	-
Net proceeds from issuance of new shares	77.3	0.0	-	77.3
Net proceeds from issuance of hybrid capital	(0.0)	-	-	123.1
Net change in treasury shares	(0.2)	0.1	-	(0.6)
Net cash flow from financing activities	242.5	(35.2)	31.7	493.9
Net change in cash and cash equivalents	6.3	(68.3)	(4.1)	72.9
Exchange rate differences	3.1	(4.7)	(0.1)	2.6
Cash and cash equivalents at beginning of the period	176.0	185.5	110.0	110.0
Cash reported with assets held for sale	-	(5.7)	-	-
Cash and cash equivalents at the end of the period	185.5	106.8	105.8	185.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE FIRST QUARTER 2020

NOTE 1 INTRODUCTION

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the first quarter and three months ending 31st March 2020 comprise Ocean Yield ASA and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group for the year ended 31st December 2019 and quarterly reports are available at www.oceanyield.no.

NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2019.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 5th May 2020.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

Accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2019.

NOTE 4 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group’s accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31st December 2019.

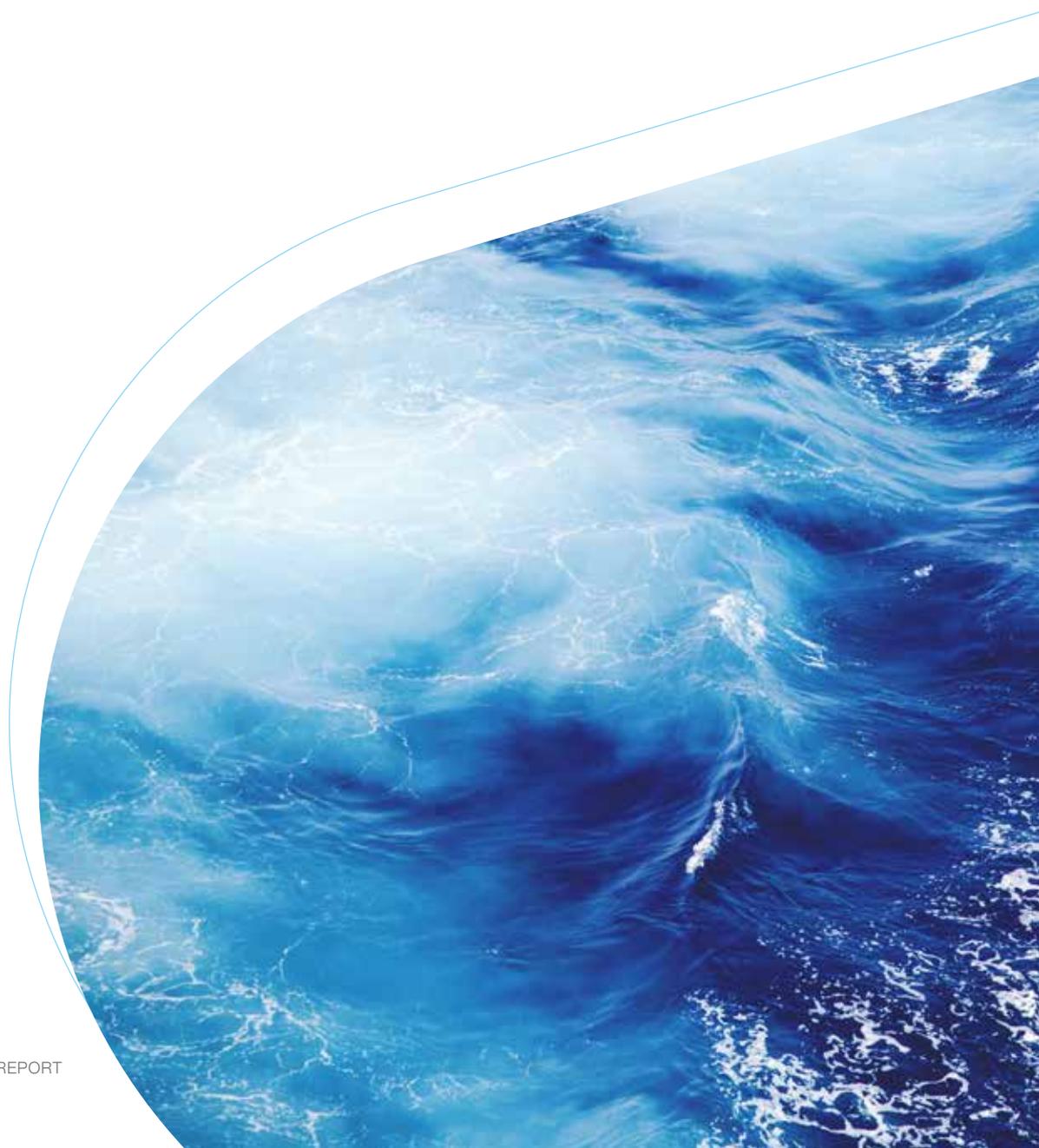


NOTE 5 OPERATING SEGMENTS

Ocean Yield identifies segments based on the Group's management and internal reporting structure.

EBITDA	4th Quarter	1st Quarter	1st Quarter	Jan - Dec
	2019	2020	2019	2019
<i>Amounts in USD million</i>	<i>Restated*</i>		<i>Restated*</i>	<i>Restated*</i>
Tankers	18.4	19.3	14.5	68.3
Container vessels	8.0	7.0	8.0	31.8
Car Carriers	10.2	9.9	10.5	41.6
Other Shipping	9.7	10.5	7.1	32.3
Other Oil Service	11.9	11.9	12.9	54.2
Other companies and eliminations	(2.4)	(2.2)	(2.5)	(9.8)
EBITDA	55.9	56.4	50.6	218.4

*Comparative information has been re-presented due to a discontinued operation



NOTE 6 DISCONTINUED OPERATIONS AND HELD FOR SALE ASSETS

The FPSO Dhirubhai-1 is being marketed for sale and has been reclassified as an asset held for sale as from Q1 2020, and the FPSO segment, which only relates to the FPSO Dhirubhai-1 has been presented as discontinued operations.

The FPSO segment was not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of profit and loss and OCI has been restated to show the discontinued operations separately from continuing operations.

Results from discontinued operations

<i>Amounts in USD million</i>	4th Quarter 2019	1st Quarter 2020	1st Quarter 2019	Jan - Dec 2019
Operating revenues	0.4	0.0	0.8	3.8
Other income	3.6	-	1.8	12.9
Total revenues and other income	4.0	0.0	2.6	16.7
Vessel operating expenses	(1.7)	(1.4)	0.3	(5.2)
Wages and other personnel expenses	(0.4)	(0.2)	(1.1)	(2.4)
Other operating expenses	(1.2)	(1.3)	(0.5)	(4.9)
Write down on trade receivables	-	-	(0.0)	(0.0)
EBITDA	0.7	(3.0)	1.3	4.1
Depreciation and amortization	(4.2)	(0.0)	(6.9)	(24.6)
Impairment charges and other non recurring items	(7.7)	-	-	(80.6)
Operating profit (EBIT)	(11.2)	(3.0)	(5.6)	(101.1)
Financial income	0.0	0.0	0.1	0.3
Financial expenses	(0.0)	(0.0)	(0.1)	(0.1)
Foreign exchange gains/losses	(0.0)	0.1	(0.3)	(0.4)
Net financial items	(0.0)	0.1	(0.3)	(0.2)
Net profit before tax	(11.2)	(2.9)	(5.9)	(101.4)
Tax payable	-	-	-	-
Change in deferred tax	-	-	-	-
Profit (loss) from discontinued operation, net of tax	(11.2)	(2.9)	(5.9)	(101.4)

Cash flows from discontinued operations

<i>Amounts in USD million</i>	4th Quarter 2019	1st Quarter 2020	1st Quarter 2019	Jan - Dec 2019
Profit for the period	(11.2)	(2.9)	(5.9)	(101.4)
Income tax expense	-	-	-	0.0
Depreciation and amortization	4.2	0.0	6.9	24.6
Impairment charges and other non-recurring items	7.7	-	-	80.6
Net interest expenses (+)	(0.0)	(0.0)	(0.1)	(0.3)
Interest paid	-	(0.0)	-	(0.0)
Interest received	0.0	0.0	0.1	0.3
Unrealized foreign exchange gain/loss	0.0	0.1	0.3	(0.9)
Other changes in operating activities	(9.7)	(10.9)	11.3	(4.4)
Net cash flow from operating activities	(9.0)	(13.7)	12.6	(1.4)
Acquisition of vessels and equipment	(0.2)	(0.0)	(0.0)	(0.2)
Net cash flow from investing activities	(0.2)	(0.0)	(0.0)	(0.2)
Net change in cash and cash equivalents	(9.2)	(13.7)	12.6	(1.7)
Intra Group transactions	4.4	12.7	(1.0)	(12.0)
Exchange rate differences	0.0	(0.2)	(0.0)	(0.1)
Cash and cash equivalents at beginning of the period	11.6	6.8	20.6	20.6
Cash and cash equivalents at the end of the period	6.8	5.7	32.2	6.8

Assets held for sale and related liabilities

At 31st March 2020, assets held for sale were stated at fair value less costs to sell and comprise the following:

<i>Amounts in USD million</i>	31 March 2020
Vessels and equipment	146.1
Trade and other interest-free receivables	4.5
Cash and cash equivalents	5.7
Assets held for sale	156.3
Current provisions (field abandonment)	0.6
Trade and other payables	5.0
Liabilities directly associated with the assets held for sale	5.6

The fair value of the assets held for sale has been categorized as a Level 3 in the fair value hierarchy.

The fair value has been calculated based on the present value of estimated future cash flows. The Group has considered several possible scenarios and calculated the present value of estimated future cash flows for these scenarios. The scenarios are based on recent interest for the FPSO. The fair value has then been calculated as the weighted average of these scenarios.

The present value have been calculated using a discount rate of 6.8% p.a., after tax, which implies a pre-tax discount rate of 8.4% p.a. The discount rate is estimated as the weighted average of the required return on equity and expected borrowing costs, at an expected long-term equity ratio of 50 percent.

NOTE 7 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

All cross currency interest rate swaps are recorded at fair value, and are considered by the Group to be level 2 financial instruments under the fair value hierarchy. The cross currency swaps are used to swap floating rate bond loans denominated in NOK into floating USD interest rates, as Ocean Yield uses USD as its functional currency.

<i>Amounts in USD million</i>	Change Q1 2020	Fair value as of 31st March 2020
Cross Currency Interest Rate Swaps	(59.1)	(98.1)
Forward exchange contracts	(0.4)	(0.9)
Interest rate swaps	(4.9)	(11.5)
Total	(64.4)	(110.6)

<i>Amounts in USD million</i>	Change Q1 2019	Fair value as of 31 March 2019
Cross Currency Interest Rate Swaps	5.0	(32.5)
Forward exchange contracts	0.3	(0.8)
Interest rate swaps	(1.4)	(5.4)
Total	3.9	(38.6)

NOTE 8 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2020:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
Balance at 1 January	-	-	271.0	148.5	478.6	146.1	9.3	1 053.7
Acquisitions	-	-	-	-	0.2	0.0	-	0.2
Depreciation	-	-	(3.4)	(1.4)	(7.4)	-	(0.3)	(12.4)
Impairment	-	-	-	-	-	-	-	-
Reclassified to asset held for sale	-	-	-	-	-	(146.1)	-	(146.1)
Balance at 31st March 2020	-	-	267.6	147.1	471.4	0.0	9.1	895.3

As of quarter-end the Group has assessed the values of the vessels Connector, Far Senator, Far Statesman and the Group's Car Carriers. The value in use has been estimated for all of the vessels, and has been calculated based on the present value of estimated future cash flows.

The projected cash flows represents management's best estimate for future charter hire for the vessels.

As of quarter-end the estimated value in use is equal or higher than the book value for all the vessels, and no impairment has been recognized in the quarter.

As of quarter-end the book value of Connector was USD 182.2 million, the book value of Far Senator and Far

Statesman was USD 87.8 million and the book value of the Group's Car Carriers was USD 267.6 million. The calculations of value in use are highly sensitive to the estimated level of future charter hires, the length of the cash flows and the weighting of the different scenarios .

Vessels defined as finance leases are not included in Note 8 but included in Note 9 Finance lease receivables and related assets.

The FPSO Dhirubhai-1 has been classified as held for sale from 1st January 2020, see note 6 for more information.

NOTE 9 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

The net finance lease receivables as of 31st March 2020 was as follows:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other shipping	Other Oil Service	FPSO	Total
<i>Gross finance lease receivable</i>							
Less than one year	168.0	12.1	-	35.6	35.1	-	250.7
One to two years	112.4	12.1	-	41.3	26.8	-	192.6
Two to three years	112.0	12.1	-	39.7	31.5	-	195.3
Three to four years	111.1	12.1	-	37.2	29.1	-	189.4
Four to five years	109.4	12.1	-	35.5	29.1	-	186.1
More than five years	726.5	63.6	-	250.7	72.7	-	1 113.5
Unguaranteed residual values	181.0	22.2	-	22.9	57.7	-	283.8
Gross finance lease receivable	1 520.4	146.2	-	463.0	281.9	-	2 411.5
Less: Unearned finance income	(430.5)	(37.9)	-	(119.1)	(120.9)	-	(708.5)
Total finance lease receivables	1 089.9	108.3	-	343.9	161.0	-	1 703.1
<i>Present value of minimum lease payments</i>							
Less than one year	164.4	11.7	-	34.5	32.7	-	243.4
One to two years	108.9	11.1	-	38.2	34.3	-	192.5
Two to three years	95.1	10.6	-	34.9	18.3	-	158.9
Three to four years	89.0	10.0	-	31.1	13.6	-	143.8
Four to five years	82.8	9.5	-	28.2	11.2	-	131.7
More than five years	459.1	42.5	-	163.8	30.5	-	695.9
Unguaranteed residual values	90.5	12.9	-	13.2	20.3	-	137.0
Total finance lease receivables	1 089.9	108.3	-	343.9	161.0	-	1 703.1
Pre-delivery instalments	-	-	-	15.6	-	-	15.6
Total finance lease receivables and related assets	1 089.9	108.3	-	359.6	161.0	-	1 718.7

In January 2020, a subsidiary of Navig8 Chemical Tankers Inc. has exercised the five-year purchase option in the lease for the vessel Navig8 Amessi. The purchase price for the vessel is USD 26.5 million.

In February 2020, Ocean Yield agreed to acquire two ultramax and one kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc. ("Scorpio Bulkers"). In addition, Ocean Yield

committed to part finance the scrubber installation on the vessels, with an additional of USD 1.5 million per vessel during 2020. The two ultramax vessels are built in 2015 and 2016 and were delivered to the Company towards the end of the first quarter. The third vessel, built in 2018, was delivered to the Company immediately after quarter end. Scorpio Bulkers will have certain options to either trigger a sale or acquire the vessels during the charter period. The vessels are accounted for as finance leases and are included in the segment *Other Shipping*.

NOTE 10 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 31st March 2020 the following contractual obligations related to the purchase of vessels.

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Total
Already paid	-	-	-	15.5	-	-	15.5
Q2 2020	-	-	-	46.3	-	-	46.3
Total contractual obligations	-	-	-	61.8	-	-	61.8
Total remaining payments	-	-	-	46.3	-	-	46.3
Secured bank financing	-	-	-	54.1	-	-	54.1
Payments to be funded by cash	-	-	-	(7.8)	-	-	(7.8)

The obligations above related to the segment *Other Shipping* relates to one dry bulk vessel under construction and one dry bulk vessel, built in 2018, which was delivered immediately after quarter end. Potential scrubber financing on five vessels of up to USD 7.5 million in total is not included in the table above.

In June 2019, Ocean Yield agreed to acquire one 206,000 DWT Newcastlemax dry bulk newbuilding for a total consideration of USD 40 million net of a seller's credit, with 15-year bareboat charter to CMB NV. The vessel is expected to be delivered from the shipyard in Q2 2020. CMB will have certain options to either sell or acquire the vessel during the charter period.

NOTE 11 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2020:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
Balance at 1 January	875.3	84.5	168.2	355.7	395.2	-	306.2	2 185.2
New loans	-	-	-	46.1	41.0	-	-	87.1
Paid loan fees	(0.1)	(0.0)	-	(0.8)	-	-	-	(0.8)
Instalments	(17.0)	(1.8)	(4.2)	(6.5)	(5.0)	-	(50.4)	(84.9)
Effect of movements in foreign exchange and loan fees amortized	0.7	0.0	0.2	0.2	(9.1)	-	(43.7)	(52.4)
Total interest-bearing liabilities 31st March 2020	858.9	82.7	164.2	394.7	422.2	-	212.1	2 134.8
Long-term	728.5	75.5	147.2	365.1	365.5	-	212.1	1 893.9
1st year instalments	130.4	7.2	17.0	29.6	56.7	-	(0.0)	240.9
Total interest-bearing liabilities 31st March 2020	858.9	82.7	164.2	394.7	422.2	-	212.1	2 134.8
Undrawn facilities	-	-	-	-	-	-	-	-

In March 2020, the bank financing for the three dry-bulk vessels with long-term charter to Scorpio Bulkera was signed and drawn-down upon delivery of each respective vessel. The vessels have been financed in two separate loan facilities on competitive terms. The total loan amount is approximately USD 48.2 million for all three vessels.

Also in March 2020, a loan new facility was signed, financing the Newcastlemax dry bulk vessel under construction, which will be chartered to CMB NV for 15-years upon delivery in Q2 2020. The loan amount is USD 37.1 million.

NOTE 12 SHARE CAPITAL AND DIVIDENDS

In Q1 2020 certain members of senior management have acquired a total of 60,000 shares in the Company. The purchase of shares was made as part of the Company's management incentive program.

As of 31st March 2020 the Company had a share capital of NOK 1,752,865,750 divided into 175,285,575 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 71,871.

In Q1 2020, USD 33.4 million was paid in dividends, following the announcement of the Q4 2019 results.

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

One Kamsarmax dry-bulk vessel, built in 2018, with long-term charter to Scorpio Bulkera, was delivered to the Company immediately after quarter end.



USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are defined as numerical measures that either exclude or include amounts that are not excluded or included in the comparable measures calculated and presented in accordance with GAAP (i.e. IFRS).

The following financial measure may be considered an alternative performance measure:

- EBITDA: Earnings before financial items, income taxes, depreciation, amortization and impairment charges.
- EBITDA adjusted for finance lease effects: EBITDA adjusted for Repayment of finance lease receivables.
- EBIT: Earnings before financial items and income taxes.
- Adjusted net profit: Net profit adjusted for discontinued operations, impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.
- Charter Backlog: represents the estimated EBITDA backlog from signed contracts. Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for

floating rate lease agreements.

The Company believes presenting EBITDA, EBITDA adjusted for finance lease effects, EBIT and Adjusted net profit as useful to investors as they provide other useful measures of Ocean Yield's profitability from its operations. Regarding EBITDA adjusted for finance lease effects, the Company believes it is useful for investors to present information showing all vessels accounted for on a consistent basis, as it will more closely reflect the Group's cash flows from operations. Regarding, Adjusted net profit, the Company considers Adjusted net profit to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit is thus a useful measure when it comes to the Company's dividend capacity.

EBITDA and EBIT are disclosed in the condensed consolidated income statement as separate line items. Reconciliation of other alternative performance measures to the financial statements are as follows:

	4th Quarter 2019 Restated*	1st Quarter 2020	1st Quarter 2019 Restated*	Jan - Dec 2019 Restated*
<i>Amounts in USD million</i>				
EBITDA	55.9	56.4	50.6	218.4
Repayment on finance lease receivables	23.4	25.3	15.9	80.5
EBITDA adjusted for finance lease effects	79.2	81.7	66.4	298.9
Profit for the period	9.6	(1.6)	8.4	(39.9)
Loss from discontinued operation, net of tax	11.2	2.9	5.9	101.4
Write down on trade receivables	-	-	0.3	0.3
Foreign exchange gains/losses	9.1	(48.1)	3.2	(2.0)
Change in fair value of financial instruments	(13.5)	64.4	(3.9)	3.6
Change in deferred tax	2.4	0.5	(0.0)	2.5
Other non-recurring items	-	-	-	0.5
Adjusted Net profit	18.8	18.1	13.9	66.3

*Comparative information has been re-presented due to a discontinued operation

OCEAN YIELD ASA

Oksenøyveien 10
Lysaker, Norway

P.O. Box 513
NO-1327 Lysaker
Norway

+47 24 13 00 00
post@oceanyield.no
www.oceanyield.no



OCEAN YIELD