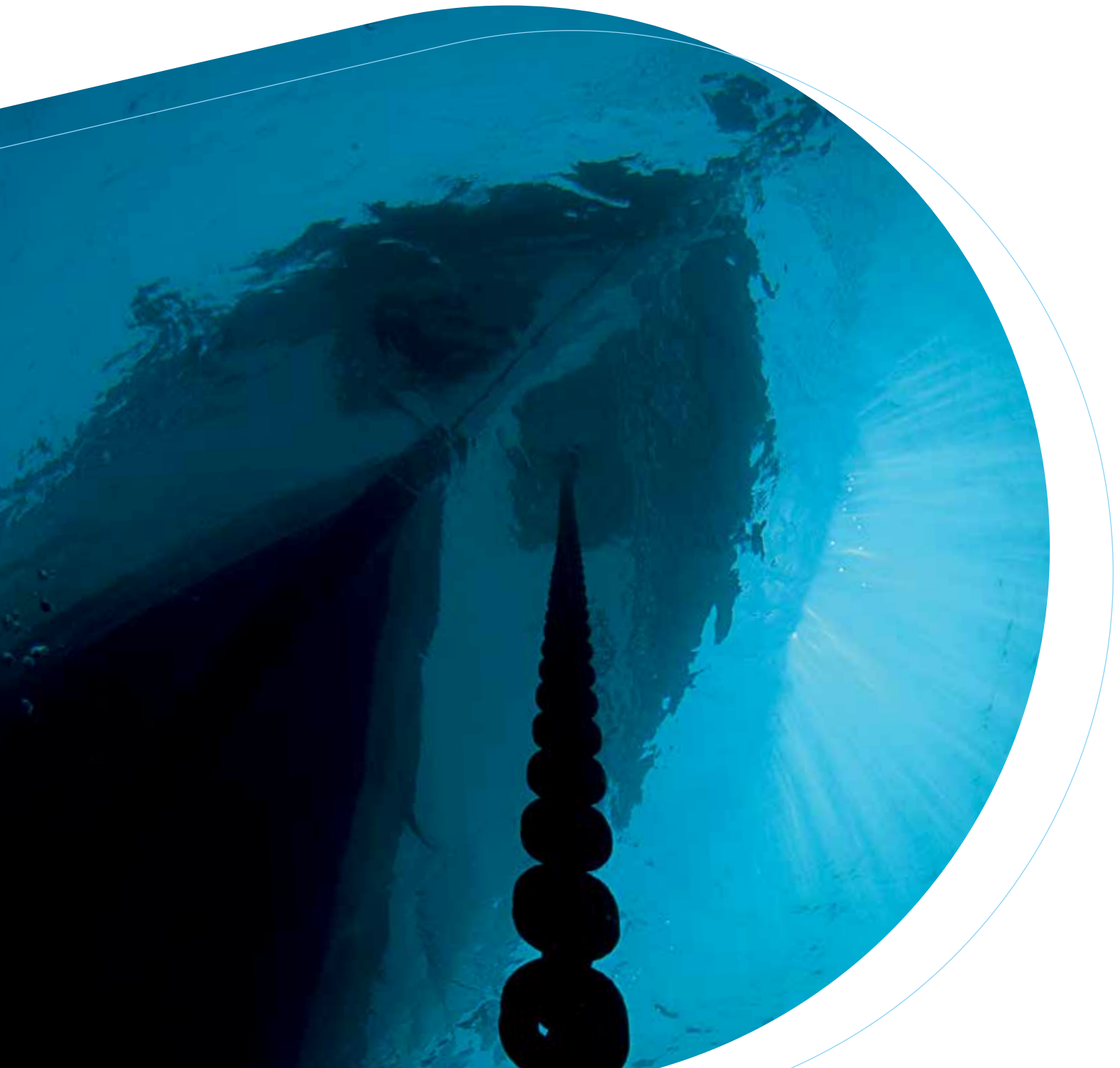


# Q2

## 2020 REPORT



OCEAN YIELD



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# SECOND QUARTER AND FIRST HALF YEAR RESULTS 2020

Fornebu, 9<sup>th</sup> July 2020, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the second quarter and first half year ending 30<sup>th</sup> June 2020.

## HIGHLIGHTS

- The Board of Directors has declared a dividend of USD 0.05 per share. This is the 28<sup>th</sup> consecutive quarterly dividend declared by the Company.
- EBITDA for Q2 2020 was USD 86.3 million. This includes USD 27.4 million of revenue related to the vessel *Höegh Xiamen*, as further described below. EBITDA adjusted for finance lease effects and excluding the revenue related to the *Höegh Xiamen* was USD 86.0 million.
- Net Profit after tax for continuing operations for Q2 2020 was USD 19.2 million. Net profit after tax, including discontinued operations was USD 16.5 million. Adjusted net profit for continuing operations for Q2 2020 was USD 24.0 million.
- In May, Ocean Yield’s entered into a restructuring implementation agreement with Solstad Offshore ASA (“Solstad”) and its subsidiaries for the vessels *Far Senator* and *Far Statesman*. The restructuring was agreed after a standstill period with Solstad’s creditors that was initiated in December 2018 and is expected to close during Q3 2020.
- In June, the vessel *Navig8 Aquamarine* was delivered to Navig8 Chemical Tankers Ltd. (“Navig8”), following the exercise of the five year purchase options on two vessels on long-term bareboat charter. Post quarter end, the second vessel, the *Navig8 Amessi* was also delivered back to Navig8.
- In June, Ocean Yield entered into an agreement with Aker Capital AS whereby Aker acquired from Ocean Yield 50% interest in 7 tankers with long-term charters.
- In June, the car carrier *Höegh Xiamen* caught fire after it completed loading operations in Florida. The vessel has been declared a constructive total loss and Ocean Yield expects to receive an insurance settlement of USD 26.3 million in Q3.
- Post quarter end, the newcastlemax dry-bulk vessel *Mineral Qingdao* was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB NV upon delivery.

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

“The second quarter was dominated by the COVID-19 pandemic, which caused significant market volatility. With most of our vessels on long-term, fixed rate charters, the pandemic had limited effect on our revenues and Ocean Yield used the second quarter to strengthen the balance sheet.”

## SELECTED KEY FINANCIAL FIGURES

	1st Quarter 2020	2nd Quarter 2020	2nd Quarter 2019 <i>Restated*</i>	1st Half 2020	1st Half 2019 <i>Restated*</i>	Jan - Dec 2019 <i>Restated*</i>
<i>Amounts in USD million</i>						
Revenues and other income	61.3	<b>90.0</b>	61.1	<b>151.3</b>	116.9	240.3
EBITDA	56.4	<b>86.3</b>	55.3	<b>142.7</b>	105.9	218.4
EBITDA adjusted for finance lease effects**	81.7	<b>86.0</b>	73.0	<b>167.7</b>	142.2	298.9
Profit for the period	(1.6)	<b>16.5</b>	5.3	<b>14.9</b>	13.7	(39.9)
Adjusted Net profit from continuing operations**	18.1	<b>24.0</b>	16.6	<b>42.1</b>	30.5	66.3
Equity ratio	26.5 %	<b>29.6 %</b>	28.4 %	<b>29.6 %</b>	28.4 %	27.8 %
EBITDA charter backlog (USD bn)***	3.4	<b>3.2</b>	3.3	<b>3.2</b>	3.3	3.6
Dividend declared per share (USD)	0.0500	<b>0.0500</b>	0.1910	<b>0.1000</b>	0.3820	0.7640

\* Comparative information has been restated due to discontinued operation

\*\*Definition on page 22, Q2 is also adjusted for an insurance claim.

\*\*\*Definition on page 6

## MAIN EVENTS DURING THE SECOND QUARTER

### Dividends

- The Board of Directors has declared a quarterly dividend payment of USD 0.05 per share for Q2 2020. The dividend will be paid on or about 22<sup>nd</sup> July 2020 to shareholders as of 10<sup>th</sup> July 2020 registered with the Norwegian Central Securities Depository (the “VPS”) as of 14<sup>th</sup> July 2020 (the “Record Date”). The ex-dividend date will be 13<sup>th</sup> July 2020.

### Portfolio update

- In May, Ocean Yield’s wholly owned subsidiary F-Shiplease AS entered into a Restructuring Implementation Agreement (“RIA”) with Solstad Offshore ASA and its subsidiaries for the vessels *Far Senator* and *Far Statesman*. The closing of the RIA is expected to take place in the third quarter. The RIA has a long stop date 8 November 2020 if more time is required. The effect of the RIA for F-Shiplease AS is that the existing lease agreements 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 is 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. The vessel *Far Statesman* has been awarded a three year time-charter with Petrobras, with start up in September 2020, which will generate positive cash flow into the vessel pool going forward.
- In June, the vessel *Navig8 Aquamarine* was delivered to Navig8, following the exercise of the five year purchase option on the vessel. After repayment of the bank debt related to the vessel, the transaction generated net cash proceeds of USD 9.7 million for Ocean Yield. The transaction did not have any material impact on the net results for the second quarter. Post quarter end, the second vessel, *Navig8 Amessi* has also been delivered to Navig8, generating similar cash proceeds after repayment of related bank debt.
- In June, Ocean Yield entered into an agreement with Aker Capital AS (“Aker”) whereby Aker acquired from Ocean Yield 50% interest in 7 tankers with long-term charters. The ownership has been established through two new holding companies. The joint ventures will own four LR2 product tankers with long-term charter to the Navig8 Group and three suezmax tankers with long-term charter to Nordic American Tankers Ltd. Aker paid USD 10.2 million for 50% of the shares in the two new holding companies, which was equal to

the book values. Ocean Yield continues to guarantee the senior secured bank debt against a guarantee fee.

The transaction was carried out in order to strengthen Ocean Yield’s balance sheet in light of the increased market volatility caused by the COVID-19 pandemic. Ocean Yield had obtained very attractive leverage on these vessels relative to their book value. Hence, the establishment of the joint ventures will have limited negative impact on the net profit for Ocean Yield going forward. The joint venture companies have been accounted for as investments in an associated companies and the transaction was conducted on arm’s lengths basis and in accordance with Ocean Yield’s principles for related party transactions. Skandinaviska Enskilda Banken AB has provided a fairness opinion for Ocean Yield.

- In June, the vessel *Höegh Xiamen*, which is bareboat chartered to Höegh Autoliners, caught fire after it completed loading operations in Jacksonville, Florida. The damage to the vessel has been assessed by salvors and insurance companies in close cooperation with Höegh Autoliners, who is responsible for the operation of the vessel. The vessel has been declared a constructive total loss as a result of the damage incurred by the fire. Ocean Yield is fully covered under the vessel’s insurance policy and expect to receive a settlement of about USD 26.3 million in Q3. As a consequence, USD 27.4 million has been recognized as revenue in Q2, which includes the insurance settlement, remaining charter hire and the remaining book value of prepaid charterhire. The vessel’s book value has been subject to an impairment of USD 27.7 million.
- With regards to the FPSO *Dhirubhai-1*, discussions have continued with potential interested parties during the second quarter, despite the Corona pandemic and the volatility in the oil price. It is expected that these discussions will continue during the third quarter, however there is still uncertainty around the timeline of these projects and when a final decision can be made. In the mean time, the FPSO is kept in warm lay-up in Sri Lanka.
- The subsea construction vessel *Connector* is operating on a time-charter contract with Ocean Installer until the end of September. The vessel is performing subsea installation work in the South China Sea. Ocean Yield is in advanced discussions for new short-term contracts following the completion of the current charter.
- Post quarter end, the newcastlemax vessel *Mineral Qingdao* was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB NV upon delivery. The vessel has been financed with a bank loan of USD 37.1 million.



# SECOND QUARTER FINANCIAL REVIEW

## Profit and Loss items

- **Operating revenues** were USD 26.0 million in Q2 2020 compared with USD 23.4 million in Q1 2020. The increase is mainly related to the vessel *Connector*, which was idle for a major part of the first quarter.
- **Finance lease revenues** were USD 31.1 million in Q2 2020 compared with USD 33.0 million in Q1 2020. The decrease compared with Q1 2020 is mainly related to lower interest rates during the quarter, as most of the finance leases are subject to LIBOR adjustment clauses. The reduction in Finance lease revenues is offset by lower financial expenses on vessel related loans. 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 5.6 million in Q2 2020 compared with USD 4.9 million in Q1 2020. The vessels are on fixed bareboat charters, hence the increase compared to the first quarter is due to mark-to-market on interest rate swaps related to the financing of the vessels.
- **Other revenues** was USD 27.4 million. This is related to the insurance claim, remaining charter hire and the remaining book value of prepaid charterhire on the *Höegh Xiamen*, which has been declared a constructive total loss.
- **Total revenues and other income** for Q2 2020 were USD 90.0 million compared with USD 61.3 million for Q1 2020.
- **Vessel Operating Expenses** were USD 2.2 million in Q2 2020 compared with USD 1.8 million in Q1 2020. The operating expenses are related to the vessel *Connector*, which is operated on a time-charter basis.
- **EBITDA** was USD 86.3 million in Q2 2020 compared with USD 56.4 million in Q1 2020. Adjusted for finance lease effects and excluding the insurance claim on the vessel *Höegh Xiamen*, the EBITDA was USD 86.0 million compared with USD 81.7 million in Q1 2020.
- **Depreciation and amortization** were USD 12.4 million in Q2 2020, compared with USD 12.4 million in Q1 2020. The vessel delivered during Q2 2020 is accounted for as a finance lease with no impact on the depreciation.
- **Impairment charges and other non-recurring items** were USD 27.7 million and is related to the *Höegh Xiamen*, which has been declared a constructive total loss.
- **Operating profit** was USD 46.2 million in Q2 2020 compared with USD 44.0 million in Q1 2020.
- **Financial income** was USD 0.1 million in Q2 2020

compared with USD 0.4 million in Q1 2020. This is mainly interest income from cash deposits.

- **Financial expenses** were USD 25.8 million in Q2 2020, compared with USD 25.9 million in Q1 2020. Included in the figures for Q2 2020 is a one-off expense of USD 3.6 million related to break cost of CIRR interest rate on the vessels *Far Senator* and *Far Statesman*. The loan related to these two vessels has been converted from a fixed NOK loan into a floating USD loan during the second quarter. Excluding the one-off expense of USD 3.6 Million, the Financial expenses were USD 22.2 Million, which is significantly down from Q1 due to lower LIBOR interest rates.
- **Foreign exchange losses** were USD 54.8 million in Q2 2020, compared with a gain of USD 48.1 million in Q1 2020. 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 positive with USD 54.8 million in Q2 2020 compared with a negative movement of USD 64.4 million in Q2 2020. This is mainly related to the Company's cross currency swaps, which have been used to swap NOK exposure into USD.
- **The Net profit before tax** in Q2 2020 was USD 20.5 million compared with USD 2.2 million for Q1 2020.
- **Tax payable** was USD 0.4 million in Q2 2020 compared with USD 0.3 million in Q1 2020.
- **Change in deferred tax** was negative USD 0.9 million in Q2 2020, compared with negative USD 0.5 million in Q1 2020.
- **The Net profit after tax from continuing operations** for Q2 2020 was USD 19.2 million compared with USD 1.3 million for Q1 2020.
- **Net loss after tax from discontinued operations**, which is related to the FPSO, was 2.8 million in Q2 2020 compared with a net loss of USD 2.9 million in Q1 2020.
- **Net Profit after tax, including discontinued operations** for Q2 2020 was USD 16.5 million compared with a loss of USD 1.6 million for Q1 2020. 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 24.0 million as compared with USD 18.1 million in Q1 2020.

## Balance sheet items

- **Vessels and equipment** was USD 855.2 million in Q2 2020 compared with USD 895.3 million in Q1 2020. The decrease compared with the first quarter is mainly related ordinary depreciation and the constructive total loss on the vessel *Höegh Xiamen*.
- **Finance lease receivables and related assets**, including the short term portion, were USD 1,447.6 million in Q2 2020 compared with USD 1,718.7 million in Q1 2020. The decrease in Finance lease receivables is mainly related to the establishment of a joint venture

with Aker Capital AS for 7 tankers, where these vessels have been reclassified as Investments in associates during Q2.

- **Investments in associates** includes 49.9% interest in six mega container vessels on long-term charter and 50% interest in 7 tankers, also on long-term charter. The increase in Q2 2020 is related to the establishment of a new joint venture with Aker Capital AS.
- **Restricted cash deposits** were USD 26.4 million compared with USD 56.4 million in Q1 2020. The cash deposits are posted as collateral with banks for the Company's cross currency swaps related to unsecured bond loans. The decrease compared with the first quarter comes as a result of the strengthening of the NOK against the USD. In addition, the nominal amount of cross currency swaps outstanding during the quarter has been reduced, mainly as a consequence of the conversion of a vessel loan from NOK into USD.
- **Cash & cash equivalents** at the end of Q2 2020 were USD 106.4 million, compared with USD 106.8 million at the end of Q1 2020. In addition, USD 5.9 million of cash is presented with assets held for sale. The Company had undrawn credit lines available in an amount of USD 11.0 million at the end of the quarter.
- **Assets held for sale were** USD 154.6 million. This amount is related to the FPSO *Dhirubhai-1*, which was reclassified as an asset held for sale as from Q1 2020. Included in the USD 154.6 million is the book value of the FPSO at USD 146.1 million, USD 5.9 million in cash, in addition to trade receivables and other assets of USD 2.6 million.
- **Book equity** was USD 826.6 million at the end of Q2 2020, compared with USD 822.6 million at the end of Q1 2020. The equity ratio was 29.6% at the end of Q2 2020 compared with 26.5% in Q1 2020.
- **Interest bearing long-term debt** was USD 1,554.1 million compared with USD 1,893.9 million in Q1 2020. The decrease is mainly a result of the joint venture with Aker Capital AS, which was established in the second quarter, and reclassification of long-term debt into short-term debt for those loans that are maturing within the next 12 months.
- **Interest bearing short-term debt** was USD 335.9 million in Q2 2020 compared with USD 240.9 million in Q1 2020. The increase is related to reclassification of loans that are maturing within the next 12 months from long-term debt to short-term debt.
- **Fair value of derivatives, including the long- and short-term portion:** The fair value of derivatives was negative USD 55.8 million in Q2 2020 compared with negative USD 110.6 million in Q1 2020. The decrease compared with the first quarter is mainly a result of the

movements in the USD/NOK exchange rate, which affects the fair value of the Company's cross currency swaps related to unsecured bond loans denominated in NOK. In addition, the Company has reduced the nominal amount of cross currency swaps outstanding by terminating the swaps against cash settlement.

- **Total assets** were USD 2,797.0 million in Q2 2020, compared with USD 3,100.1 million in Q1 2020.

#### Cash flow

- **Net cash flow from operating activities** was negative with USD 14.6 million in Q2 2020. This is mainly due cash settlement of cross currency swaps of USD 36.5 million. Adjusted for this, net operating cash flow was USD 21.9 million.
- **Net cash flow from investing activities** was positive USD 66.0 million. This is mainly due to sale of a vessel accounted for as a finance lease, sale of 50% equity interest in 7 tankers and return of cash deposits from banks in connection with strengthening of the NOK against the USD.

## YEAR TO DATE FINANCIAL REVIEW

- **Total revenues and other income** for the first half 2020 were USD 151.3 million compared with USD 116.9 million in the first half of 2019. The figure for Q2 2020 includes the insurance claim on the vessel *Höegh Xiamen*. The comparable figure for the first half 2019 has been restated to reflect discontinued operations.
- **EBITDA** was USD 142.7 million for the first half 2020, compared with USD 105.9 million for the first half 2019. The increase is mainly related to the insurance claim for the *Höegh Xiamen*. Adjusted for finance lease effects and the insurance claim, the adjusted EBITDA was 167.7 million in first half 2020, compared with USD 142.2 million in the first half of 2019.
- **Depreciation** was USD 24.9 million, compared with USD 24.8 million in the first six months of 2019.
- **Impairment charges and other non-recurring items** were USD 27.7 million in the first half of 2020 compared with zero in the first half 2019. As described earlier, this is related to the constructive total loss on the vessel *Höegh Xiamen*.
- **Operating Profit** was USD 90.2 million as compared with USD 81.0 million for the first half of 2019.
- **Financial Income** was USD 0.4 million in the first half of 2020 compared with USD 0.9 million in the first half of 2019. Financial income is mainly related to interest income on cash deposits and the decrease comes as a result of lower interest rates.
- **Financial expenses** were USD 51.7 million compared

with USD 50.3 million in the first half of 2019. Included in the figure for the first half 2020 is a one-off expense of USD 3.6 million related to break cost of one vessel related loan, which has been converted from a fixed NOK interest rate loan into floating USD.

- **Foreign exchange losses** were USD 6.7 million in the first half 2020 compared with USD 6.5 million in the first half of 2019
- **Change in fair value of financial instruments** was negative USD 9.6 million compared with a positive change of USD 6.0 million in the first half of 2019.
- **Net profit before tax** was USD 22.6 million for the first half of 2020 compared with USD 31.2 million for the first half of 2019.
- **Tax payable** was USD 0.7 million in the first half 2020 compared with USD 1.5 million in first half 2019.
- **Change in deferred tax** was negative USD 1.4 million for the first half of 2020 compared with zero in the first six months of 2019.
- **Loss from discontinued operations** was USD 5.6 million in the first half 2020 compared to USD 15.9 million in the first half 2019.
- **Net profit after tax, including discontinued operations** was USD 14.9 million for the first half of 2020 compared with USD 13.7 million for the first half of 2019.

## CHARTER BACKLOG

The EBITDA charter backlog\* at the end of Q2 2020 was USD 3.2 billion, with an average remaining contract duration of 10.1 years. The total fleet as of the end of the second quarter was 71 vessels. This includes one newbuilding dry-bulk vessel delivered immediately after quarter end and Ocean Yield's interest in vessels owned in joint ventures. The vessels owned in joint ventures include 49.9% interest in six large container vessels, 50% interest in seven tankers and 75% interest in a subsea construction vessel. All other vessels in the fleet are owned 100%.

## RISKS

The corona virus has had a negative effect on certain shipping segments due to a reduction in world trade. Some of our counterparties may be negatively impacted by the reduced activity levels and Ocean Yield is therefore monitoring the situation closely. The long-term impact of the current events is still difficult to predict.

Several opportunities are under evaluation for the FPSO *Dhirubhai-1*, however there is a continued risk with respect to the time-line of such opportunities. If an acceptable solution is not found within a reasonable time, 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.

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](http://www.oceanyield.no).

## OUTLOOK

The short-term priority for Ocean Yield is to build a stronger balance sheet and to maintain a strong cash position until we see lower market volatility and have more visibility with respect to a solution for the FPSO *Dhirubhai-1*. Ocean Yield has most of its vessels on long-term, fixed rate bareboat charters to 18 different counterparties, which should contribute to reduce any negative impact on the company from the current market volatility. All of Ocean Yield's counterparties have made payments as per agreements in Q2.

The Board of Directors has decided to maintain a conservative dividend level in the second quarter in order to contribute to building a stronger balance sheet and to position the Company to capitalize on interesting investment opportunities.

\*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

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Chairman

Anne Christin Døvingen  
Director

Kjell Inge Røkke  
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## DIRECTOR'S RESPONSIBILITY STATEMENT:

Today, the Board of Directors and the company's Chief Executive Officer reviewed and approved the interim financial report and the unaudited condensed interim consolidated financial statements for the second quarter and the first half year of 2020. The interim, condensed, consolidated financial statements have been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

The interim, condensed, consolidated financial statements for the second quarter and the first half of 2020 have been

prepared in accordance with applicable accounting standards. The interim, condensed, consolidated financial statements provide a true and fair picture of the Company's assets, liabilities, financial position, and profit as of 30 June 2020. The interim financial report for the first six months of 2020 also includes a fair overview of the development and performance of the business, and it provides a true and fair description of the most important risks and uncertainties the group may face.

Fornebu, 9<sup>th</sup> July 2020

Ocean Yield ASA



Frank O. Reite  
Chairman



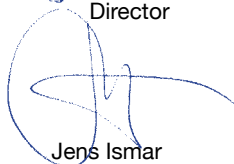
Kjell Inge Røkke  
Director



Annicken Gann Kildahl  
Director



Anne Christin Døvingen  
Director



Jens Ismar  
Director



Lars Solbakken  
CEO



# Ocean Yield ASA Group condensed consolidated financial statement for the second quarter and first half 2020

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in USD million	Note	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
		2020	2020	2019	2020	2019	2019
				Restated*		Restated*	Restated*
Operating revenues		23.4	26.0	28.6	49.4	53.8	103.3
Finance lease revenue		33.0	31.1	26.6	64.1	51.5	114.1
Income from investments in associates		4.9	5.5	5.9	10.4	11.6	22.9
Other income		-	27.4	-	27.4	-	-
<b>Total revenues and other income</b>	5	<b>61.3</b>	<b>90.0</b>	<b>61.1</b>	<b>151.3</b>	<b>116.9</b>	<b>240.3</b>
Vessel operating expenses		(1.8)	(2.2)	(2.9)	(4.0)	(4.9)	(9.3)
Wages and other personnel expenses		(1.7)	(1.2)	(1.9)	(3.0)	(3.3)	(6.8)
Other operating expenses		(1.4)	(0.2)	(1.1)	(1.6)	(2.4)	(5.5)
Write down on trade receivables		-	-	-	-	(0.3)	(0.4)
<b>EBITDA</b>	5	<b>56.4</b>	<b>86.3</b>	<b>55.3</b>	<b>142.7</b>	<b>105.9</b>	<b>218.4</b>
Depreciation and amortization	8	(12.4)	(12.4)	(12.4)	(24.9)	(24.8)	(49.7)
Impairment charges and other non recurring items	8	-	(27.7)	0.0	(27.7)	0.0	0.0
<b>Operating profit (EBIT)</b>		<b>44.0</b>	<b>46.2</b>	<b>42.9</b>	<b>90.2</b>	<b>81.0</b>	<b>168.7</b>
Financial income		0.4	0.1	0.3	0.4	0.9	2.0
Financial expenses		(25.9)	(25.8)	(25.7)	(51.7)	(50.3)	(104.2)
Foreign exchange gains/losses		48.1	(54.8)	(3.3)	(6.7)	(6.5)	2.0
Change in fair value of financial instruments	7	(64.4)	54.8	2.0	(9.6)	6.0	(3.6)
<b>Net financial items</b>		<b>(41.8)</b>	<b>(25.7)</b>	<b>(26.6)</b>	<b>(67.5)</b>	<b>(49.9)</b>	<b>(103.8)</b>
<b>Net profit before tax</b>		<b>2.2</b>	<b>20.5</b>	<b>16.3</b>	<b>22.6</b>	<b>31.2</b>	<b>64.9</b>
Tax payable		(0.3)	(0.4)	(0.9)	(0.7)	(1.5)	(1.0)
Change in deferred tax		(0.5)	(0.9)	0.0	(1.4)	0.0	(2.5)
<b>Net profit after tax, from continuing operations</b>		<b>1.3</b>	<b>19.2</b>	<b>15.3</b>	<b>20.5</b>	<b>29.6</b>	<b>61.5</b>
Profit (loss) from discontinued operation, net of tax	6	(2.9)	(2.8)	(10.0)	(5.6)	(15.9)	(101.4)
<b>Profit for the period</b>		<b>(1.6)</b>	<b>16.5</b>	<b>5.3</b>	<b>14.9</b>	<b>13.7</b>	<b>(39.9)</b>
Attributable to:							
Equity holders of the parent		(4.1)	13.9	5.2	9.8	13.4	(43.5)
Non-controlling interests		(0.2)	0.2	0.1	0.1	0.3	0.9
Dividends on hybrid capital		2.7	2.4	-	5.0	-	2.7
<b>Profit for the period</b>		<b>(1.6)</b>	<b>16.5</b>	<b>5.3</b>	<b>14.9</b>	<b>13.7</b>	<b>(39.9)</b>
Weighted average number of shares outstanding		175.2	175.2	159.3	175.2	159.3	160.8
<b>Earnings per share (USD), continuing operations</b>		<b>(0.01)</b>	<b>0.09</b>	<b>0.10</b>	<b>0.09</b>	<b>0.18</b>	<b>0.36</b>
Total number of shares outstanding, eksl. treasury shares		175.2	175.3	159.3	175.3	159.3	175.2

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

## TOTAL COMPREHENSIVE INCOME

	1st Quarter 2020	2nd Quarter 2020	2nd Quarter 2019 <i>Restated*</i>	1st Half 2020	1st Half 2019 <i>Restated*</i>	Jan - Dec 2019 <i>Restated*</i>
<i>Amounts in USD million</i>						
Profit for the period	(1.6)	16.5	5.3	14.9	13.7	(39.9)
<b>Other comprehensive income, net of income tax</b>						
<b>Items that will not be reclassified to the income statement</b>						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.1)
Total for items that will not be reclassified to the income statement	-	-	-	-	-	(0.1)
<b>Items that are or may be reclassified to the income statement</b>						
Share of other comprehensive income from investment in associates	(15.4)	(1.5)	(9.3)	(16.9)	(14.5)	(15.5)
Change in fair value of available for sale financial assets	(0.5)	0.1	(0.0)	(0.5)	(0.1)	(0.8)
Currency translation differences	(0.0)	(0.0)	0.4	(0.1)	0.8	(0.6)
Total for items that are or may be reclassified to the income statement	(16.0)	(1.4)	(8.9)	(17.4)	(13.8)	(16.8)
Total change in other comprehensive income, net of income tax	(16.0)	(1.4)	(8.9)	(17.4)	(13.8)	(16.9)
<b>Total comprehensive income for the period</b>	<b>(17.6)</b>	<b>15.1</b>	<b>(3.6)</b>	<b>(2.5)</b>	<b>(0.1)</b>	<b>(56.8)</b>
Attributable to:						
Equity holders of the parent	(20.1)	12.4	(3.7)	(7.6)	(0.4)	(60.4)
Non controlling interests	(0.2)	0.2	0.1	0.1	0.3	0.9
Dividends on hybrid capital	2.7	2.4	-	5.0	-	2.7
<b>Total comprehensive income for the period</b>	<b>(17.6)</b>	<b>15.1</b>	<b>(3.6)</b>	<b>(2.5)</b>	<b>(0.1)</b>	<b>(56.8)</b>

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in USD million</i>	Note	31 March 2020	30 June 2020	30 June 2019	31 December 2019
<b>ASSETS</b>					
Vessels and equipment	8	895.3	855.2	1 160.2	1 053.7
Investments in associates		163.2	173.4	178.4	178.2
Finance lease receivables and related assets	9	1 475.4	1 254.5	1 191.7	1 483.6
Restricted cash deposits		56.4	26.4	18.0	22.7
Other shares and other non-current assets		1.9	2.0	3.4	2.6
Deferred tax assets		0.1	( 0.0)	-	0.1
<b>Total non-current assets</b>		<b>2 592.3</b>	<b>2 311.4</b>	<b>2 551.7</b>	<b>2 740.9</b>
Finance lease receivables, short term portion	9	243.4	193.1	156.7	219.8
Trade and other interest-free receivables		1.3	31.4	12.2	7.1
Cash and cash equivalents		106.8	106.4	86.9	185.5
<b>Current assets</b>		<b>351.5</b>	<b>331.0</b>	<b>255.8</b>	<b>412.3</b>
Assets held for sale	6	156.3	154.6	-	-
<b>Total current assets</b>		<b>507.8</b>	<b>485.6</b>	<b>255.8</b>	<b>412.3</b>
<b>Total assets</b>		<b>3 100.1</b>	<b>2 797.0</b>	<b>2 807.5</b>	<b>3 153.2</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		271.0	271.0	253.7	271.0
Treasury shares		( 0.1)	( 0.0)	( 0.0)	( 0.1)
Other paid-in capital		366.1	366.1	294.8	366.1
<b>Total paid-in capital</b>	<b>13</b>	<b>637.0</b>	<b>637.1</b>	<b>548.5</b>	<b>637.0</b>
Retained earnings and translation reserves		48.0	51.8	235.9	101.4
<b>Total equity attributable to equity holders of the parent</b>		<b>685.1</b>	<b>688.8</b>	<b>784.4</b>	<b>738.4</b>
Hybrid capital		125.0	125.0	-	125.0
Non controlling interests		12.5	12.7	12.6	13.2
<b>Total equity</b>		<b>822.6</b>	<b>826.6</b>	<b>796.9</b>	<b>876.6</b>
Interest-bearing long-term debt	12	1 893.9	1 554.1	1 599.4	1 909.0
Deferred tax liabilities		3.2	3.9	0.0	2.6
Mobilization fee and advances		4.6	2.5	7.9	5.7
Fair value of derivatives	7	55.8	42.5	11.8	23.7
Finance lease liabilities		1.0	0.9	1.2	1.0
Other interest-free long-term liabilities		1.6	-	-	1.6
<b>Total non-current liabilities</b>		<b>1 960.2</b>	<b>1 604.0</b>	<b>1 620.3</b>	<b>1 943.6</b>
Interest-bearing short-term debt	12	240.9	335.9	329.0	276.2
Fair value of derivatives	7	54.7	13.3	24.8	22.5
Current provisions (field abandonment)		-	-	16.9	12.4
Trade and other payables		16.1	14.6	19.6	22.0
<b>Current liabilities</b>		<b>311.8</b>	<b>363.7</b>	<b>390.2</b>	<b>333.0</b>
Liabilities directly associated with the assets held for sale	6	5.6	2.7	-	-
<b>Total current liabilities</b>		<b>317.3</b>	<b>366.4</b>	<b>390.2</b>	<b>333.0</b>
<b>Total liabilities</b>		<b>2 277.5</b>	<b>1 970.4</b>	<b>2 010.5</b>	<b>2 276.6</b>
<b>Total equity and liabilities</b>		<b>3 100.1</b>	<b>2 797.0</b>	<b>2 807.5</b>	<b>3 153.2</b>



## 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	Shareholders equity	Hybrid capital	Non controlling interests	Total equity
<b>Balance at 31st December 2018</b>	<b>253.7</b>	<b>387.4</b>	<b>(0.1)</b>	<b>(11.1)</b>	<b>(41.4)</b>	<b>257.2</b>	<b>845.7</b>	-	<b>0.0</b>	<b>845.7</b>
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)
<b>Total comprehensive income</b>	-	-	-	<b>(0.8)</b>	<b>(0.6)</b>	<b>(56.3)</b>	<b>(57.7)</b>	-	<b>0.9</b>	<b>(56.8)</b>
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	-	-	-	-
<b>Balance at 31st December 2019</b>	<b>271.0</b>	<b>366.1</b>	<b>(0.4)</b>	<b>(11.9)</b>	<b>(42.0)</b>	<b>155.6</b>	<b>738.4</b>	<b>125.0</b>	<b>13.2</b>	<b>876.6</b>
Profit for the period	-	-	-	-	-	14.8	14.8	-	0.1	14.9
Other comprehensive income	-	-	-	(0.5)	(0.1)	(16.9)	(17.4)	-	-	(17.4)
<b>Total comprehensive income</b>	-	-	-	<b>(0.5)</b>	<b>(0.1)</b>	<b>(2.0)</b>	<b>(2.6)</b>	-	<b>0.1</b>	<b>(2.5)</b>
Dividend	-	-	-	-	-	(42.1)	(42.1)	-	(0.5)	(42.6)
Dividend on hybrid capital	-	-	-	-	-	(5.0)	(5.0)	-	-	(5.0)
Treasury shares acquired	-	-	(0.2)	-	-	-	(0.2)	-	-	(0.2)
Treasury shares sold	-	-	0.5	-	-	(0.2)	0.3	-	-	0.3
Change of functional currency in subsidiaries	-	-	-	-	42.0	(42.0)	0.0	-	-	0.0
<b>Balance at 30th June 2020</b>	<b>271.0</b>	<b>366.1</b>	<b>(0.1)</b>	<b>(12.4)</b>	-	<b>64.2</b>	<b>688.8</b>	<b>125.0</b>	<b>12.7</b>	<b>826.6</b>

### Change in equity as of 30th June 2019

<b>Balance at 31st December 2018</b>	<b>253.7</b>	<b>387.4</b>	<b>(0.1)</b>	<b>(11.1)</b>	<b>(41.4)</b>	<b>257.2</b>	<b>845.7</b>	-	<b>0.0</b>	<b>845.7</b>
Net profit after tax for the period	-	(11.3)	-	-	-	24.7	13.4	-	0.3	13.7
Other comprehensive income	-	-	-	(0.1)	0.8	(14.5)	(13.8)	-	-	(13.8)
<b>Total comprehensive income</b>	-	<b>(11.3)</b>	-	<b>(0.1)</b>	<b>0.8</b>	<b>10.2</b>	<b>(0.4)</b>	-	<b>0.3</b>	<b>(0.1)</b>
Dividend	-	(60.9)	-	-	-	-	(60.9)	-	-	(60.9)
Minority's share of capital increase in €	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(20.3)	-	(0.0)	-	20.3	-	-	-	-
<b>Balance at 30th June 2019</b>	<b>253.7</b>	<b>294.9</b>	<b>(0.1)</b>	<b>(11.3)</b>	<b>(40.6)</b>	<b>287.8</b>	<b>784.4</b>	-	<b>12.6</b>	<b>797.0</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
<i>Amounts in USD million</i>	2020	2020	2019	2020	2019	2019
Profit for the period	(1.6)	16.5	6.2	14.9	15.3	(39.9)
Income tax expense	0.9	1.2	-	2.1	-	3.5
Depreciation and amortization	12.4	12.4	19.2	24.9	38.6	74.3
Impairment charges and other non-recurring items	(0.0)	27.7	4.5	27.7	4.5	80.6
Income from investments in associates	(4.9)	(5.5)	(5.9)	(10.4)	(11.6)	(22.9)
Dividend received from investments in associates	4.5	4.1	5.6	8.6	10.6	21.1
Net interest expenses (+)	25.3	21.6	24.8	46.9	48.5	100.4
Interest paid	(25.6)	(23.9)	(24.2)	(49.6)	(47.7)	(96.3)
Interest received	0.7	0.4	3.1	1.1	4.6	7.4
Unrealized foreign exchange gain/loss	(48.5)	18.3	2.9	(30.2)	6.1	(6.1)
Change in fair value of financial instruments	64.4	(54.8)	(2.0)	9.6	(6.0)	3.6
Other changes in operating activities	(11.2)	(32.5)	(12.4)	(43.7)	(1.0)	(5.9)
<b>Net cash flow from operating activities</b>	<b>16.4</b>	<b>(14.6)</b>	<b>21.8</b>	<b>1.8</b>	<b>62.0</b>	<b>119.8</b>
Acquisition of vessels and equipment	(0.2)	(0.1)	(0.0)	(0.3)	(0.0)	(0.5)
Acquisition of vessels accounted for as finance lease receivables	(40.8)	(26.1)	(128.6)	(66.9)	(177.7)	(568.4)
Repayment on finance lease receivables	25.3	27.1	17.7	52.4	33.6	80.5
Sale of vessel accounted for as finance lease	-	26.5	-	26.5	-	-
Investments in other non-current assets	(0.0)	(0.0)	7.9	(0.0)	(33.9)	(45.9)
Net change in Investment in associated companies	-	10.2	(0.0)	10.2	(0.0)	-
Net change in long-term interest-bearing receivables	(33.7)	28.4	(0.8)	(5.3)	(1.9)	(6.5)
<b>Net cash flow from investing activities</b>	<b>(49.5)</b>	<b>66.0</b>	<b>(103.8)</b>	<b>16.5</b>	<b>(179.9)</b>	<b>(540.8)</b>
Proceeds from issuance of long-term interest-bearing debt	86.2	35.6	126.9	121.8	213.7	772.8
Repayment of long-term interest-bearing debt	(84.9)	(77.0)	(32.9)	(161.9)	(57.5)	(354.0)
Repayment on finance lease liabilities	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.4)
Dividend paid	(33.4)	(8.8)	(30.5)	(42.1)	(60.9)	(121.6)
Dividend on hybrid capital	(2.7)	(2.4)	-	(5.0)	-	(2.7)
Dividend paid to non-controlling interests	(0.5)	-	-	(0.5)	-	-
Net proceeds from issuance of new shares	0.0	(0.0)	(0.0)	(0.0)	(0.0)	77.3
Net proceeds from issuance of hybrid capital	-	-	-	-	-	123.1
Net change in treasury shares	0.1	0.1	-	0.1	-	(0.6)
<b>Net cash flow from financing activities</b>	<b>(35.2)</b>	<b>(52.6)</b>	<b>63.4</b>	<b>(87.9)</b>	<b>95.1</b>	<b>493.9</b>
<b>Net change in cash and cash equivalents</b>	<b>(68.3)</b>	<b>(1.2)</b>	<b>(18.7)</b>	<b>(69.5)</b>	<b>(22.8)</b>	<b>72.9</b>
Exchange rate differences	(4.7)	1.0	(0.2)	(3.7)	(0.3)	2.6
Cash and cash equivalents at beginning of the period	185.5	106.8	105.8	185.5	110.0	110.0
Cash reported with assets held for sale	(5.7)	(0.3)	-	(5.9)	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>106.8</b>	<b>106.4</b>	<b>86.9</b>	<b>106.4</b>	<b>86.9</b>	<b>185.5</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE SECOND QUARTER AND FIRST HALF 2020

## NOTE 1 INTRODUCTION

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the second quarter and six months ending 30<sup>th</sup> June 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 31<sup>st</sup> December 2019 and quarterly reports are available at [www.oceanyield.no](http://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 31<sup>st</sup> 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 9<sup>th</sup> July 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 31<sup>st</sup> 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 31<sup>st</sup> December 2019.



## NOTE 5 OPERATING SEGMENTS

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

<b>EBITDA</b>	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
	2020	2020	2019	2020	2019	2019
<i>Amounts in USD million</i>			<i>Restated*</i>		<i>Restated*</i>	<i>Restated*</i>
Tankers	19.3	18.3	15.9	37.7	30.4	68.3
Container vessels	7.0	7.6	8.2	14.6	16.2	31.8
Car Carriers**	9.9	37.0	10.5	46.9	21.0	41.6
Other Shipping	10.5	10.8	7.5	21.3	14.7	32.3
Other Oil Service	11.9	14.3	15.8	26.2	28.7	54.2
Other companies and eliminations	(2.2)	(1.7)	(2.6)	(3.9)	(5.1)	(9.8)
<b>EBITDA</b>	<b>56.4</b>	<b>86.3</b>	<b>55.3</b>	<b>142.7</b>	<b>105.9</b>	<b>218.4</b>

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

\*\*The Segment Car Carriers includes the insurance settlement of USD 26.3 million in Q2 2020.

## 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

	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
	2020	2020	2019	2020	2019	2019
<i>Amounts in USD million</i>						
Operating revenues	0.0	0.1	1.5	0.1	2.4	3.8
Other income	-	-	3.9	-	5.7	12.9
<b>Total revenues and other income</b>	<b>0.0</b>	<b>0.1</b>	<b>5.4</b>	<b>0.1</b>	<b>8.0</b>	<b>16.7</b>
Vessel operating expenses	(1.4)	(0.9)	(1.8)	(2.3)	(1.5)	(5.2)
Wages and other personnel expenses	(0.2)	(0.3)	(0.5)	(0.5)	(1.6)	(2.4)
Other operating expenses	(1.3)	(1.4)	(1.7)	(2.8)	(2.2)	(4.9)
Write down on trade receivables	-	-	-	-	(0.0)	(0.0)
<b>EBITDA</b>	<b>(3.0)</b>	<b>(2.5)</b>	<b>1.5</b>	<b>(5.5)</b>	<b>2.8</b>	<b>4.1</b>
Depreciation and amortization	(0.0)	(0.0)	(6.8)	(0.0)	(13.7)	(24.6)
Impairment charges and other non recurring items	-	-	(4.5)	-	(4.5)	(80.6)
<b>Operating profit (EBIT)</b>	<b>(3.0)</b>	<b>(2.5)</b>	<b>(9.9)</b>	<b>(5.5)</b>	<b>(15.5)</b>	<b>(101.1)</b>
Financial income	0.0	0.0	0.1	0.0	0.2	0.3
Financial expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Foreign exchange gains/losses	0.1	(0.2)	(0.2)	(0.1)	(0.5)	(0.4)
<b>Net financial items</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>(0.2)</b>
<b>Net profit before tax</b>	<b>(2.9)</b>	<b>(2.8)</b>	<b>(10.0)</b>	<b>(5.6)</b>	<b>(15.9)</b>	<b>(101.4)</b>
Tax payable	-	-	-	-	-	-
Change in deferred tax	-	-	-	-	-	-
<b>Profit (loss) from discontinued operation, net of tax</b>	<b>(2.9)</b>	<b>(2.8)</b>	<b>(10.0)</b>	<b>(5.6)</b>	<b>(15.9)</b>	<b>(101.4)</b>



## Cash flows from discontinued operations

<i>Amounts in USD million</i>	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
	2020	2020	2019	2020	2019	2019
Profit for the period	(2.9)	(2.8)	(10.0)	(5.6)	(15.9)	(101.4)
Income tax expense	-	-	0.0	-	0.0	0.0
Depreciation and amortization	0.0	0.0	6.8	0.0	13.7	24.6
Impairment charges and other non-recurring items	-	-	4.5	-	4.5	80.6
Net interest expenses (+)	(0.0)	(0.0)	(0.1)	(0.0)	(0.2)	(0.3)
Interest paid	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)
Interest received	0.0	-	0.1	0.0	0.2	0.3
Unrealized foreign exchange gain/loss	0.1	(0.0)	0.2	0.1	0.5	(0.9)
Other changes in operating activities	(10.9)	(2.6)	(7.6)	(13.6)	3.7	(4.4)
<b>Net cash flow from operating activities</b>	<b>(13.7)</b>	<b>(5.4)</b>	<b>(6.0)</b>	<b>(19.1)</b>	<b>6.6</b>	<b>(1.4)</b>
Acquisition of vessels and equipment	(0.0)	0.0	-	(0.0)	(0.0)	(0.2)
<b>Net cash flow from investing activities</b>	<b>(0.0)</b>	<b>0.0</b>	<b>-</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.2)</b>
<b>Net change in cash and cash equivalents</b>	<b>(13.7)</b>	<b>(5.4)</b>	<b>(6.0)</b>	<b>(19.1)</b>	<b>6.6</b>	<b>(1.7)</b>
Intra Group transactions	12.7	5.6	(8.4)	18.3	(9.4)	(12.0)
Exchange rate differences	(0.2)	0.0	(0.0)	(0.2)	(0.0)	(0.1)
Cash and cash equivalents at beginning of the period	6.8	5.7	32.2	6.9	20.6	20.6
<b>Cash and cash equivalents at the end of the period</b>	<b>5.7</b>	<b>5.9</b>	<b>17.7</b>	<b>5.9</b>	<b>17.7</b>	<b>6.8</b>

## Assets held for sale and related liabilities

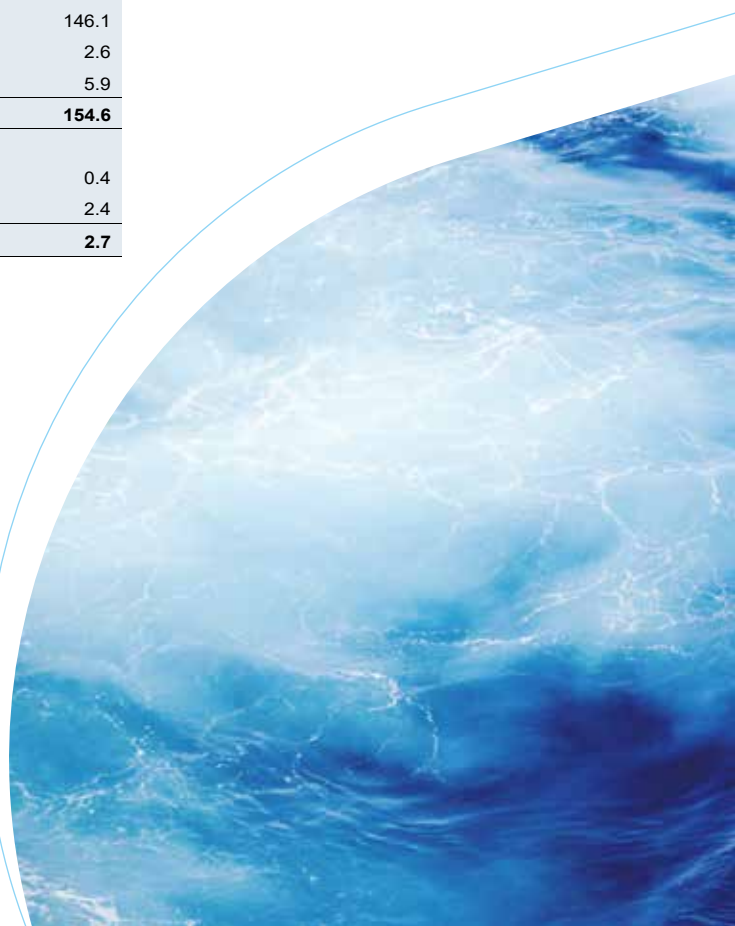
At 30th June 2020, assets held for sale were stated at fair value less costs to sell and comprise the following:

<i>Amounts in USD million</i>	30 June 2020
Vessels and equipment	146.1
Trade and other interest-free receivables	2.6
Cash and cash equivalents	5.9
<b>Assets held for sale</b>	<b>154.6</b>
Current provisions (field abandonment)	0.4
Trade and other payables	2.4
<b>Liabilities directly associated with the assets held for sale</b>	<b>2.7</b>

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 7.0% p.a., after tax, which implies a pre-tax discount rate of 8.1% 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 40 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 Q2 2020	Change 1st Half 2020	Fair value as of 30 June 2020
Cross Currency Interest Rate Swaps	53.9	(5.1)	(44.1)
Forward exchange contracts	0.6	0.1	(0.3)
Interest rate swaps	0.2	(4.7)	(11.3)
<b>Total</b>	<b>54.8</b>	<b>(9.6)</b>	<b>(55.8)</b>

<i>Amounts in USD million</i>	Change Q2 2019	Change 1st Half 2019	Fair value as of 30 June 2019
Cross Currency Interest Rate Swaps	4.4	9.4	(28.1)
Forward exchange contracts	0.3	0.6	(0.5)
Interest rate swaps	(2.6)	(3.9)	(7.9)
<b>Total</b>	<b>2.0</b>	<b>6.0</b>	<b>(36.6)</b>

## 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
<b>Balance at 1 January</b>	-	-	<b>271.0</b>	<b>148.5</b>	<b>478.6</b>	<b>146.1</b>	<b>9.3</b>	<b>1 053.7</b>
Acquisitions	-	-	-	-	0.3	0.0	-	0.3
Depreciation	-	-	(6.8)	(2.7)	(14.8)	-	(0.6)	( 24.9)
Impairment	-	-	(27.7)	-	-	-	-	(27.7)
Reclassified to asset held for sale	-	-	-	-	-	(146.1)	-	( 146.1)
<b>Balance at 30th June 2020</b>	-	-	<b>236.6</b>	<b>145.8</b>	<b>464.1</b>	<b>0.0</b>	<b>8.8</b>	<b>855.2</b>

In June 2020, the vessel Höegh Xiamen, which is bareboat chartered to Höegh Autoliners, caught fire after it completed loading operations in Jacksonville, Florida. The damage to the vessel has been assessed by salvors and insurance companies in close cooperation with Höegh Autoliners, who is responsible for the operation of the vessel. The vessel has been declared a constructive total loss as a result of the damage incurred in the fire, and as a consequence an impairment of USD 27.7 million have been made on the vessel. The book value of the vessel as of quarter-end is zero. Ocean Yield is covered under the vessel's insurance policy and expect to receive a settlement of about USD 26.3 million in Q3. This insurance settlement and the remaining part of a prepaid charter hire have been recognized as other revenue in the quarter.

As of quarter-end the Group has assessed the values of the vessels Connector, Far Senator, Far Statesman and the Group's other 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 of these vessels, and no impairment has been recognized in the quarter.

As of quarter-end the book value of Connector was USD 179.6 million, the book value of Far Senator and Far Statesman was USD 86.4 million and the book value of the Group's Car Carriers was USD 236.6 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 1<sup>st</sup> January 2020, see note 6 for more information.

## NOTE 9 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

The net finance lease receivables as of 30<sup>th</sup> June 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	113.3	12.1	-	41.7	32.6	-	199.6
One to two years	85.4	12.1	-	43.9	26.7	-	168.1
Two to three years	85.5	12.1	-	41.6	31.4	-	170.7
Three to four years	84.8	12.1	-	39.3	29.1	-	165.3
Four to five years	83.7	12.1	-	37.4	29.1	-	162.2
More than five years	519.1	60.6	-	254.9	65.4	-	900.0
Unguaranteed residual values	181.0	22.2	-	21.0	57.7	-	281.9
<b>Gross finance lease receivable</b>	<b>1 152.8</b>	<b>143.2</b>	<b>-</b>	<b>479.7</b>	<b>271.9</b>	<b>-</b>	<b>2 047.6</b>
Less: Unearned finance income	(347.5)	(36.5)	-	(116.1)	(115.4)	-	(615.5)
<b>Total finance lease receivables</b>	<b>805.3</b>	<b>106.7</b>	<b>-</b>	<b>363.6</b>	<b>156.5</b>	<b>-</b>	<b>1 432.1</b>
<i>Present value of minimum lease payments</i>							
Less than one year	110.5	11.7	-	40.5	30.3	-	193.1
One to two years	83.8	11.1	-	40.6	34.1	-	169.7
Two to three years	71.6	10.6	-	36.6	18.3	-	137.1
Three to four years	66.8	10.0	-	32.9	13.6	-	123.3
Four to five years	62.0	9.5	-	29.7	11.2	-	112.4
More than five years	318.6	40.7	-	168.1	27.9	-	555.2
Unguaranteed residual values	91.9	13.0	-	15.2	21.1	-	141.3
<b>Total finance lease receivables</b>	<b>805.3</b>	<b>106.7</b>	<b>-</b>	<b>363.6</b>	<b>156.5</b>	<b>-</b>	<b>1 432.1</b>
Pre-delivery instalments	-	-	-	15.5	-	-	15.5
<b>Total finance lease receivables and related assets</b>	<b>805.3</b>	<b>106.7</b>	<b>-</b>	<b>379.1</b>	<b>156.5</b>	<b>-</b>	<b>1 447.6</b>

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 in the second quarter. 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'.

In June 2020, the vessel Navig8 Aquamarine was delivered to Navig8, following the exercise of the five year purchase option on the vessel.

Also in June 2020, Ocean Yield entered into an agreement with Aker Capital AS ("Aker") whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as an investment in associates, and as a consequence the 7 vessels are no longer included in finance lease receivables.



## NOTE 10 INVESTMENTS IN ASSOCIATES

<i>Amounts in USD million</i>	BOX Holdings	OY Holding Suez	OY Holding LR2	Total
Ownership	49.9 %	50.0 %	50.0 %	
<b>Balance 1 January 2020</b>	<b>178.2</b>	-	-	<b>178.2</b>
Change from subsidiary to associated company (sale of 50% to Aker Capital)	-	6.0	4.1	10.2
Dividends received	(8.6)	-	-	(8.6)
Income from investments in associates	10.5	(0.1)	(0.1)	10.4
Other comprehensive income from investments in associates	(16.9)	-	-	(16.9)
<b>Total investments in associates 30 June 2020</b>	<b>163.3</b>	<b>6.0</b>	<b>4.1</b>	<b>173.4</b>
<i>Carrying amount of investment in associates:</i>				
Non-currents assets	785.6	102.3	116.2	1 004.1
Current assets	35.6	13.6	14.5	63.6
Non-current liabilities	(534.1)	(95.8)	(113.9)	(743.8)
Current liabilities	(46.6)	(8.2)	(8.7)	(63.5)
<b>Net assets (100%)</b>	<b>240.4</b>	<b>11.9</b>	<b>8.2</b>	<b>260.5</b>
<b>Share of net assets</b>	<b>120.0</b>	<b>6.0</b>	<b>4.1</b>	<b>130.0</b>
<i>Adjustment to carrying value of investment:</i>				
Finance lease receivables	47.1	-	-	47.1
Adjustment to interest-bearing long-term debt	(3.7)	-	-	(3.7)
<b>Carrying amount of investments in associates 30 June 2020</b>	<b>163.3</b>	<b>6.0</b>	<b>4.1</b>	<b>173.4</b>

In June 2020, Ocean Yield entered into an agreement with Aker Capital AS ("Aker") whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as investments in associates.

## NOTE 11 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30<sup>th</sup> June 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
Q3 2020	-	-	-	24.5	-	-	24.5
<b>Total contractual obligations</b>	-	-	-	<b>40.0</b>	-	-	<b>40.0</b>
Total remaining payments	-	-	-	24.5	-	-	24.5
Secured bank financing	-	-	-	37.1	-	-	37.1
<b>Payments to be funded by cash</b>	-	-	-	<b>(12.6)</b>	-	-	<b>(12.6)</b>

The obligation above related to the segment 'Other Shipping' relates to one dry bulk vessel under construction. 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 was delivered to the Company post quarter end. CMB will have certain options to either sell or acquire the vessel during the charter period. In addition to the above, Ocean Yield

has committed to provide a potential scrubber financing of USD 4.5 million related to three dry-bulk vessels on charter to Scorpio Bulkers Inc. Part of this amount may be financed by bank debt.



## NOTE 12 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	10.0	-	-	66.1	47.1	-	-	123.2
Paid loan fees	(0.1)	0.0	-	(1.3)	-	-	-	(1.5)
Instalments	(50.9)	(3.6)	(8.5)	(13.9)	(34.7)	-	(50.4)	(161.9)
Effect of movements in foreign exchange and loan fees amortized	1.4	0.1	0.3	0.4	(6.3)	-	(26.8)	(30.8)
Change from subsidiary to associated company (sale of 50% to Aker Capital)	(224.2)	-	-	-	-	-	-	(224.2)
<b>Total interest-bearing liabilities 30th June 2020</b>	<b>611.5</b>	<b>81.0</b>	<b>160.1</b>	<b>407.1</b>	<b>401.3</b>	<b>-</b>	<b>229.0</b>	<b>1 890.0</b>
Long-term	515.8	73.8	(0.6)	376.1	360.0	-	229.0	1 554.1
1st year instalments	95.7	7.2	160.7	30.9	41.3	-	(0.0)	335.9
<b>Total interest-bearing liabilities 30th June 2020</b>	<b>611.5</b>	<b>81.0</b>	<b>160.1</b>	<b>407.1</b>	<b>401.3</b>	<b>-</b>	<b>229.0</b>	<b>1 890.0</b>
Undrawn facilities	-	-	-	-	11.0	-	-	11.0

In March 2020, 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 2020, a new loan facility was signed, financing the Newcastlemax dry bulk vessel under construction. The loan amount is USD 37.1 million.

In June 2020, Ocean Yield entered into an agreement with Aker Capital AS ("Aker") whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as an investment in associates, and as a consequence the bank debt related to the vessels are no longer included in interest-bearing debt. Ocean Yield continues to guarantee the senior secured bank debt against a guarantee fee.

## NOTE 13 SHARE CAPITAL AND DIVIDENDS

In Q2 2020 certain members of senior management have acquired a total of 40,000 shares in the Company. The purchase of shares was made as part of the Company's management incentive program.

As of 30<sup>th</sup> June 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 31,871.

In Q2 2020, USD 8.8 million was paid in dividends, following the announcement of the Q1 2020 results.

## NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end, the newcastlemax vessel Mineral Qingdao was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB NV upon delivery. The vessel has been financed with a bank loan of USD 37.1 million.

Post quarter end, the vessel Navig8 Amessi was delivered to Navig8, following the exercise of the five year purchase option on the vessel.

## 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 from continuing operations: 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 from continuing operations 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 from continuing operations, the Company considers Adjusted net profit from continuing operations to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit from continuing operations 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:

	1st Quarter 2020	2nd Quarter 2020	2nd Quarter 2019 Restated*	1st Half 2020	1st Half 2019 Restated*	Jan - Dec 2019 Restated*
<i>Amounts in USD million</i>						
EBITDA	56.4	86.3	55.3	142.7	108.7	218.4
Repayment on finance lease receivables	25.3	27.1	17.7	52.4	33.6	80.5
Other revenue - insurance claim Höegh Xiamen	-	(27.4)	-	(27.4)	-	-
<b>EBITDA adjusted for finance lease effects</b>	<b>81.7</b>	<b>86.0</b>	<b>73.0</b>	<b>167.7</b>	<b>142.2</b>	<b>298.9</b>
Profit for the period	(1.6)	16.5	5.3	14.9	13.7	(39.9)
Loss from discontinued operation, net of tax	2.9	2.8	10.0	5.6	15.9	101.4
Other revenue - insurance claim Höegh Xiamen	-	(27.4)	-	(27.4)	-	-
Impairment of Höegh Xiamen	-	27.7	-	27.7	-	-
Refinancing Far Senator/Far Statesman (fixed NOK to floating USD)	-	3.6	-	3.6	-	-
Foreign exchange gains/losses	(48.1)	54.8	3.3	6.7	6.5	(2.0)
Change in fair value of financial instruments	64.4	(54.8)	(2.0)	9.6	(6.0)	3.6
Change in deferred tax	0.5	0.9	(0.0)	1.4	(0.0)	2.5
Other non-recurring items	-	-	-	-	0.4	0.9
<b>Adjusted Net profit from continuing operations</b>	<b>18.1</b>	<b>24.0</b>	<b>16.6</b>	<b>42.1</b>	<b>30.5</b>	<b>66.3</b>
Attributable to:						
Equity holders of the parent	15.2	21.3	16.4	36.6	30.1	62.7
Non-controlling interests	0.2	0.3	0.2	0.5	0.4	0.9
Dividends on hybrid capital	2.7	2.4	-	5.0	-	2.7
<b>Adjusted Net profit from continuing operations</b>	<b>18.1</b>	<b>24.0</b>	<b>16.6</b>	<b>42.1</b>	<b>30.5</b>	<b>66.3</b>

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