

## PRESS RELEASE

### **Oceanteam ASA reports solid FY 2017 results under difficult market conditions and financial restructuring**

#### **Main financial indicators 2017**

- Operating Income USD 31.8 million
- EBITDA: USD 9.1 million
- Operating Loss: USD 1.5 million
- Net finance (positive): USD 14.4 million
- Net profit: USD 11.7 million
- Non-recurring item Additional adjustments (compared to Q4 2016 report):
  - assets revaluation and write off's (negative): USD 4.4 million

**Oslo/ Amsterdam – 24 February 2018.** The Dutch – Norwegian Offshore service provider **Oceanteam ASA** (“Oceanteam” or “Company”), listed at the Oslo Stock Exchange, today announces the unaudited annual results of FY 2017. According to the Board, the Oceanteam group of companies realized a satisfying USD 31.8 million operating income and solid EBITDA of USD 9.1 million, meeting market performance forecasts in very challenging conditions.

Haico Halbesma, ceo of Oceanteam, is happy the way Oceanteam group has been able to further develop its commercial operations and keep on attracting new charter business and rewarding solution contracts in its niche markets, among other cable layout support connecting electricity and telecom network offshore and onshore in Europe and Asia.

“2017 in particular was an unprecedented rollercoaster ride from many perspectives. Unfortunately our market performance, new activities and client rewards have been publicly overshadowed by negative publicity created by some minor shareholders, former management and former advisors. For obvious legal reasons we decided not to comment as yet on the many fables and false allegations. The good news is that our company is doing very well from an operationally point of view. We have aligned our balance sheet and P&L with market peers and our indirect costs (overhead) are significantly down compared to previous years. In addition, we are confident to further conclude and solve all pending issues during H1 2018 and find the best solutions to preserve the value of the company in the benefit of all our shareholders “, says Halbesma.

**Major events in 2017**

- The valuation of refinanced bond loan to market value in June 2017
- Change of the valuation method main assets from Fair Value to Value in Use method as per IFRS, this is in line with our peers
- Sale of KCI The engineers B.V. to Royal IHC effective 1 January 2018
- A new CFO and Board Member were appointed
- Oceanteam agrees a suspension and joint marketing agreement with Fugro and Bourbon for CSV Southern Ocean
- Company implements major structural cost savings program with immediate positive effects
- Company starts forensic review against ex-Managing Director Oceanteam Solutions as a result of related party investigation
- Oceanteam Solutions signed a contract with a European cable manufacturer regarding the supply of a transport vessel, turntable and auxiliary equipment for the transport of cables from South Europe to Scandinavia
- Oceanteam Solutions has been awarded a long-term contract to supply a company that performs the installation of marine power cables with a 2000T demountable turntable including engineering and personnel services
- The CSV Southern Ocean, which has been on a long-term bare boat charter contract with Fugro, has been redelivered to Oceanteam per 7 November 2017
- Oceanteam closed a refinance of CSV Bourbon Oceanteam 101 and CSV Southern Ocean for a period of five years at market terms with effective date 17 July 2017
- Company's main assets under contract for the full year 2017

**Major subsequent events (2017)**

- Cross border merger of the Company with its wholly owned Dutch subsidiary - Oceanteam II BV initiated, associated with a de-listing from Oslo Stock Exchange
- In light of the current state of the market, DOT Shipping and Pacific Radiance Ltd have mutually agreed to terminate agreements for purchase and bareboat chartering of the vessel Tampamachoco 1 without further liability to Diavaz-Oceanteam

- Oceanteam received notice from Register of Business Enterprises that the period granted to the Company to appoint and register a new auditor has been extended to 15 April 2018
- A petition filed by minority shareholders at Bergen Court has been granted and an investigation of certain related party transactions will be initiated. Oceanteam has decided to appeal
- Oceanteam Solutions successfully executed first cable loadout at client's premises and more loadouts will follow later this year. This loadout is part of a recently signed contract for the supply of a 5300T turntable on a barge
- CSV Southern Ocean secures a new contract under suspension and joint marketing agreement and started operations mid of February 2018 for a firm period of 30 days and options to extend with 60 days

#### **Non-recurring items and developments 2017**

The net result for 2017 in the consolidated profit and loss statement was impacted by material impairment losses recognised for certain assets listed below. This negative impact has been offset by positive upside from changes in accounting policy for valuation of Company's construction support vessels and recognition of material financial income as a result of capital debt restructuring which took place during 2017.

In light of the current poor market conditions in the shipping industry in general and more specifically in Mexico, the agreement for the purchase and bareboat chartering of the vessel Tampamachoco 1 (T1) has been cancelled without further liability to Oceanteam and Diavaz. The Company has written off the CSV Tampamachoco 1.

Due to the weakened contractual position of the two FSVs Icacos and Cobos the net book values have been written down by USD 2.1 million each reflecting the current fair market valuation of these vessels. This has resulted in reduction of the net assets of the Company with USD 1.7 million, this being 40% for Oceanteam working interest in DOT JV.

In addition to this, the total group investment in the DOT JV structure has been impaired and a loss of USD 4.2 million has been recognised at year end 2017.

Following the sale of the Company's 100% indirect subsidiary (KCI the engineers B.V.), the Company has written off goodwill assets in the amount of USD 6.2 million leaving the reported goodwill amount standing at USD 3.1 million at year end 2017.

Due to the continued unstable political situation in Venezuela the Company has decided to write off the carrying value of the FSV vessels Tiburon and Mantarraya leading to USD 2.1 million equity losses each.

Deferred tax asset in Oceanteam Shipping B.V. (100% indirect subsidiary of the Company) has been written off based on its maturity resulting in a USD 1.25 million negative impact on the consolidated statement of profit and loss for year-end 2017.



The useful economic life of the equipment within Oceanteam Shipping B.V. (100% indirect subsidiary of the Company) has been extended to better reflect the economic life of these assets and their expected ability to generate economic benefit. The turntables' economic life has been extended from 15 to 25 years and for the other equipment it has been extended by 5 to 10 years.

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
GROUP				
	Notes	01.07.2017 -31.12.2017	2017	2016
Revenue		18.796	35.491	41.889
Net income from associates / joint ventures	1,2,3	-3.808	-3.733	9.986
<b>Total operating income</b>		<b>14.988</b>	<b>31.758</b>	<b>51.855</b>
Operating costs		(6.289)	(11.881)	(15.380)
General & administration		(6.330)	(10.743)	(14.260)
Depreciation and amortisation	8,9	(332)	(4.479)	(9.049)
Write off / Impairment and revaluation	5,6,7	(4.374)	(6.123)	(22.225)
<b>Total operating expenses before increase (decrease) of carrying amount of revaluation of assets</b>		<b>(17.325)</b>	<b>(33.226)</b>	<b>(60.914)</b>
<b>Profit (loss) before increase (decrease) of carrying amount from revaluation of assets</b>		<b>(2.337)</b>	<b>(1.467)</b>	<b>(9.059)</b>
Financial income and expenses		(7.633)	15.092	(11.371)
Foreign exchange results (loss)		(298)	(643)	(617)
<b>Net finance</b>		<b>(7.931)</b>	<b>14.448</b>	<b>(11.988)</b>
<b>Ordinary profit (loss) before taxes</b>		<b>(10.268)</b>	<b>12.981</b>	<b>(21.047)</b>
Tax expense	4	(1.250)	(1.250)	(2.286)
<b>Total net result</b>		<b>(11.518)</b>	<b>11.731</b>	<b>(23.333)</b>



<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
<b>GROUP</b>		
	<b>31.12.2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Non-current Assets - Property, plant and equipment</b>		
Investment in associates and joint ventures	10.419	22.197
Vessels and equipment	122.787	126.334
<b>Total</b>	<b>133.207</b>	<b>148.531</b>
<b>Non-current Assets - Other</b>		
Deferred tax assets	1.750	3.000
Intangible assets	1.464	1.336
Goodwill	3.100	9.300
<b>Total</b>	<b>6.314</b>	<b>13.636</b>
<b>Total non current assets</b>	<b>139.521</b>	<b>162.167</b>
<b>Current Assets</b>		
Trade receivables	4.074	4.828
Other receivables	8.239	11.307
<b>Total Receivables</b>	<b>12.312</b>	<b>16.135</b>
<b>Cash and cash equivalents</b>	<b>7.411</b>	<b>3.514</b>
<b>Total current assets</b>	<b>19.723</b>	<b>19.650</b>
<b>Total assets</b>	<b>159.244</b>	<b>181.816</b>
	<b>31.12.2017</b>	<b>2016</b>
<b>Equity and liabilities</b>		
<b>Share capital</b>	2.595	2.595
Treasury shares	(256)	(257)
Share premium	1.304	1.304
Reserves	24.402	39.754
Revaluation reserve		(12.472)
<b>Equity attributable to owners of the Company</b>	<b>28.046</b>	<b>30.924</b>
Non-controlling interests	32.782	47.547
Revaluation reserve		(23.583)
<b>Total non-controlling interests</b>	<b>32.782</b>	<b>23.965</b>
<b>Total equity</b>	<b>60.828</b>	<b>54.889</b>
Loans and borrowings	69.539	-
<b>Total non current liabilities</b>	<b>69.539</b>	<b>-</b>
First year installments	8.100	105.560
Trade payables	6.601	6.356
Tax payable	0	(65)
Public charges	973	353
Other current liabilities	13.204	14.723
<b>Total current liabilities</b>	<b>28.878</b>	<b>126.927</b>
<b>Total liabilities</b>	<b>98.417</b>	<b>126.927</b>
<b>Total equity and liabilities</b>	<b>159.244</b>	<b>181.816</b>

**Notes to the consolidated financial statements**

1. The Company has written off its part of the investment in the CSV Tampamachoco 1 in the amount of USD 11 million. Diavaz-Oceanteam have terminated the bareboat charter contract on 15 February 2018.
2. The investment in the DOT structure is written off in the amount of USD 4.3 million. This being 40% for Oceanteam working interest in DOT JV.
3. FSVs Cobos and Icacos have been written down by USD 2.1 million each, reflecting the current fair market valuation of these vessels. The write off in total is USD 4.2 million, with USD 1.7 million, this being 40% for Oceanteam working interest in DOT JV.
4. Oceanteam has written off USD 1.25 million on the deferred tax. The Company can't carryback this part of the deferred tax.
5. Following the sale of KCI the engineers B.V., the Company has written off goodwill assets in the amount of USD 6.1 million leaving the reported goodwill amount standing at USD 3.1 million at year end 2017.
6. Write off of the FSVs Tiburon and Matarraya in Venezuela due to the instable political situation in this country.
7. The Company changed the valuation method from fair value to the value in use methods. Oceanteam has Value in use valuation of the CSV Bourbon Oceanteam 101 and CSV Southern Ocean, with a total effect of USD 13.9 million positive.
8. An extension of the write off period of the equipment within Oceanteam Shipping B.V., representing a write off period more in line with the economic lifetime of the equipment. The turntables have been extended from 15 to 25 years and the other equipment have been extended by 5 to 10 years.
9. In the depreciation line there is a positive effect of USD 6.1 million concerning the CSV Bourbon Oceanteam 101.
10. Cash and cash receivables have a balance of USD 7.4 million of which USD 7 million is blocked on a bank account by vessel lenders.



# OCEANTEAM

## Financial calendar

Annual accounts 2017 - April 30, 2018

Interim Half year Report 2018 (H1 2018) - August 31, 2018

Annual General Meeting - May 25, 2018

Amsterdam/ Bergen, 24 February 2018

Executive Management and Board

## Note to the editors

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