KNOT Offshore Partners LP

Fourth Quarter 2016 Earnings & Investor Day

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CORPORATE PARTICIPANTS

John Costain - Chief Executive Officer and Chief Financial Officer

Oeystein M. Kalleklev, Chairman KNOT Offshore Partners GP

PRESENTATION

John Costain
Okay, start with the presentation. Thank you. If any of you have not seen the earnings release, or the slide presentation, they're both available on the investor section of our website. On today's call, our review will include non-US GAAP measures, such as DCF and adjusted EBITDA The earnings release includes a reconciliation of these non-US GAAP measures to the most recently comparable GAAP financial measures.

A quick reminder that any forward-looking financial statements made during today's call are subject to risks and uncertainties, and these are discussed at length in our annual and quarterly SEC filings. As you know, actual events and results can differ materially from those forward-looking statements. The partnership does not undertake to update these forward-looking statements. And now onto the presentation.

KNOT Offshore Partners focuses on the shuttle tanker segment. The asset is Field specific and an integral part of the logistic supply chain. It provides a vital service transporting oil from the offshore production unit to shore side.

KNOT trades at a significant yield premium to the Alerian Index today. Our distribution is around 9.7%. It might be a little bit less now compared to the Alerian Index at 6.7%. The index represents around 85% of all MLPs by market cap. Unlike most of these MLPs, however, we are operating in a space seeing substantial oil production growth, and consequently the supply of shuttle tankers is tightening as this demand grows.

We have a young fleet, and after a record-breaking set of results in the previous quarter, today we report our latest best-ever financial results for the fourth quarter of 2016, a very solid financial position.

We are pleased to announce another addition to the MLP Fleet, the Tordis Knutsen, for an acquisition price of $147 million on 1st of March 2017. The vessel was delivered in November 2016 with a five-year firm charter from Royal Dutch Shell, starting in January of this year. As well as being an accretive acquisition, the vessel has a time charter duration of five years plus ten further years of options, increasing our MLP charter backlog and reducing the average age of the fleet.

Our sector is unique amongst marine MLPs, in that there has been no speculative ordering of shuttle tankers, so the partnership should yield stable and sustainable revenues. Before ordering a new vessel, our sponsor, Knutsen NYK, has always agreed to a long-term employment contract with the charterer. Our sponsor Knutsen NYK, according to Clarkson Platou research, is part of the largest shipping group in the world, and NYK is a major company in the Mitsubishi family.

When we did the IPO, our fleet was four vessels. At the end of 2016, less than four years later, we had a young fleet of 11 vessels, average age of about 4.75 years. Despite the disruption in the capital markets, we continued to grow at a pace which is in significant excess of most MLPs.

Now, turning to the presentation.

Slide 3, Q4 2016 Financial Highlights and Recent Events. For the fourth quarter of 2016, the partnership generated our highest-ever revenues, operating income, adjusted EBITDA, and distributable cash flow. We declared a stable distribution of $0.52 for this quarter. The coverage ratio

has reduced a little this time from last quarter, but it's still 127%, as the $2.5 million that were issued in January have to be included. The distribution for the second consecutive quarter remains below the accounting result for the net revenue figure.

We have a strong operational performance, 99.8% utilization, in this quarter. This is in line with our strong figures since the IPO.

We completed the addition to the MLP fleet of Raquel Knutsen for an acquisition price of $116.5 million. This was completed on the 1st of November 2016. The vessel was delivered in March 2015 with a ten-year charter to Repsol.

On January 10, 2017, the partnership successfully completed an equity offering, raising net proceeds of $55.5 million US.

On February 2, 2017, the partnership further issued and sold, in private placement, $50 million worth of convertible preferred units at a price of $24.00 per unit. The net proceeds from the sale after expenses was approximately $48.5 million. And although it makes our balance sheet a little bit more complex, the preference issue enables us to raise equity at a running cost of 8%, so allowing KNOT to continue to grow through accretive acquisitions. There are no preemptive rights, which are often common in these such instruments to the detriment of the issuer. The issue I believe is evidence that KNOT is proactive in finding other sources of capital at accretive terms when constrained by the equity markets.

We announce our latest addition to the MLP fleet of the Tordis Knutsen for an acquisition price of $147 million, and this will be effective from the 1st of March 2017.

Slide 4, the Income Statement. Total revenues were $45 million for the three months ended 31st of December Q4, and this compares to $44.3 million in the three months to the 30th of September, an increase of $0.5 million.

Operating expenses increased by $1 million to $23.4 million over Q3, and operating income for Q4 was $21.6 million compared to $21.2 million for Q3. All the above increases are because of the addition of the Raquel Knutsen to the fleet for one month in December.

Net income is significantly impacted by realized and unrealized gains and losses on the derivative instruments, a net gain of $4 million in Q4, and a net gain of $3.6 million in Q3. It's primarily due to the long-term interest rate movements. As of December 2016, the partnership had interest rates ups of around $446 million, paying a weighted-average interest rate of 1.57 for an average duration of 3.5 years.

We had also swapped forward Norwegian Krone USD to insulate the MLP against dollar interest and currency movements over the next three-to-four years. This should make our financial statements and performance more predictable.

Net income for Q4 was $19.5 million, and in Q3 it was very similar at $19.4 million. This equates to an earnings-per-unit of $0.72 based on the issuance at the 31st of December. The net income for the year was $61.1 million. This was 51% up on the previous year. The MLP generated a small accounting surplus over the distribution paid.

Slide 5, Adjusted EBITDA. In Q4, the partnership generated our best-ever adjusted EBITDA of $36.1 million. It compares to our previous best ever of $35.1 million in Q3. Adjusted EBITDA refers to earnings before interest, taxation, depreciation, and amortization. It is a proxy for cash flow. Adjusted

EBITDA is of course a non-US GAAP measure used by our investors to measure partnership performance.

With a wasting asset like a vessel, younger fleets in theory should produce lower EBITDAs for every dollar invested. The annuity effect reduces the value loss in the early years, which is factored into replacement CapEx calculation for distributable cash flow. KNOT's fleet has an average age of just under 4.75 years. This will reduce to below 4.5 years with the addition of Tordis. This compares to the rest of the industry average of shuttle tankers, excluding KNOT of over 11.5 years, so the fleet is aging relatively slowly.

Slide 6, Distributable Cash Flow. Another non-US GAAP measure to estimate distribution's sustainability. Today, we report our highest-ever quarter distributable cash flow of $20.8 million in Q4, and this compares to our previous best ever of $20.3 million in Q3. We maintain our highest distribution level for Q4 of $0.52 per unit, equivalent to an annual distribution of $2.08.

The distribution coverage ratio for the quarter was a very comfortable 1.27. This is, of course, in spite of the fact the coverage ratio has reduced from last quarter's 2.5 million units that were issued in January before the record date had been factored in. And, the coverage ratio has reduced. It would have been at a level of 1.38, ignoring these 2.5 million additional units.

Because the MLP has an elevated yield, we have rather focused on building coverage and deleveraging rather than increasing dividend, as there is little benefit to the MLP in the short-term of paying a yield of over 10%. We have raised funds of between $21.00 and $29.00 a unit, and many of our common unit holders have remained loyal, so we do not want to dilute them, and we see double-digit distributions, as a signal that investors would rather prefer deleveraging.

That said, we have a coverage ratio of 1.27 in Q4 even with the unit overhang. So, there is room for an increase in distribution. This is something we will have to evaluate going forward. Keep in mind that the board of directors also liked the distribution as a sponsor owns a third of the MLP.

Slide 7, Balance Sheet. At the end of December, we had a solid liquidity position with cash and cash equivalents of $27.7 million and an ongoing undrawn credit facility of $10 million, this despite the $25 million drawn down for the Knutsen acquisition of the Raquel. The credit facility's available until June 2019. At the end the year, we also had $25 million drawn down on a seller credit; however, following on from both the preference and common unit issuances, together with the Tordis acquisition, the seller credit along with the revolving credit facility have been repaid.

Our treasury position is, therefore, extremely comfortable, and with our sponsor's support through the potential use of both the seller credit and revolver facilities, these may be utilized again to acquire assets in the future to further grow the MLP.

We have a predictable cash flow, and we do not have any loan maturities before the end of the second half of 2018. The total interest-bearing debt outstanding was $741 million, $745.7 million net of debt issuance cost. This has increased, obviously, because of the acquisition of Raquel Knutsen.

Annually, we currently have scheduled repayments of around $60 million. This compares to replacement and maintenance CapEx of around $31 million, when computing distributable cash flow. This accounts for the current cover generated.

Slide 8, Stable Operational Performance results in stable, financial performance. Since the formation of KNOP, nearly four years ago, we've had very strong levels of vessel utilization, which

means continually high and increasing predictable revenues, adjusted EBITDA, and discounted cash flow as more vessels are added to the fleet.

In Q4, we had record distributable cash flow of $20.8 million and we'll make a $16.4 million distribution with the January units included in this.

Since our initial public offering, over three years ago, we have declared distributions of $7.18, so our initial investors have received a total payout of over 34%. Our current yield is around 9.7%. That's a couple of days old, that figure.

Slide 9, Unit Price and Yield Performance in the MLP. Since our initial public offering over three-and-a-half years ago, the KNOT yield has remained elevated to the Alarian most of the period and also unit price is up from the Alerian Index. This has produced a significant ownership premium when comparing us to the general investment in the Alerian Index.

Move on to Slide 10. KNOP growth is more correlated to the Brazilian Pre-salt, but it's priced off the AMZ Index. So, recent volatility in the unit price has been caused by a fall in the Alerian and this is correlated to both the fall in the oil price and the Bakers Hughes rig count. As you can see on this graph, the solid graph is the Baker Hughes rig count, blue line is the Alerian, and the red line is our KNOP units, and the top line there, the step line, is the actual Rystad production figures for the Pre-salt in Brazil.

According to Petrobras, their production in December 2016 was a new monthly record set at 1.27 million barrels per day. It reached a peak of 1.34 million barrels per day on the 29th of December, a record. This production figure for December 29th is 33% up on the average for 2016 and 75% up on the average for 2015.

Now, obviously, Petrobras tend to be a bit euphoric with their figures, so I thought I'd look at the Rystad figures and asked them to provide me some data. According to Rystad in 2016, the Brazilian Pre-salt grew from around 670,000 barrels a day at the beginning of 2015 to about 1 million barrels a day at the end of 2016, quite similar to Petrobras figures. Year-on-year increase in production was about 200,000 barrels a day.

A similar production increase is expected in 2017, not quite as upbeat as Petrobras, I guess, but it's still pretty impressive.

MLP Financial Performance, Slide 11. The extreme unit price movements in the Alerian Index and by extension the KNOP unit, due to market volatility, have disappeared.

Slide 12, Tordis Knutsen drop-down Built by heavy industries in Korea and delivered in November 2016, the Tordis Knutsen is a Suezmax-class enhanced DP2 shuttle tanker operating under a time charter that expires in the first quarter of 2022. It is with Royal Dutch Shell and based in Brazil.

There are options to extend for a further ten years until 2032. There are escalators in the time charter for about $600 per day per year. We have agreed with our sponsor Knutsen NYK to acquire the vessel for the MLP for $147 million, with delivery effective the 1st of March 2017. It will be part financed by commercial debt of around $95 million and also cash. The senior loan has a margin of 190 basis points with annual repayments of around $5 million a year.

The net charter rate will yield around $7.9 million in net income and approximately $16.2 million of

EBITDA for the first year, from March 1, 2017. The charter has an escalator of about $600 per day applicable annually, so that's about $0.2 million in EBITDA.

With this acquisition, which again demonstrates our sponsor's strong support and commitment to the MLP, our fleet will have grown 200% since the IPO in April 2013.

Slide 13, Stable and Predictable Cash Development. Our treasury position of undrawn credit lines has remained stable throughout the period from the start to the end of the year. A stable distribution because of the cover ratio and no refinancing.

In this period, we have acquired Raquel Knutsen with a $25 million seller credit to part finance the transaction. Our cash flows have always been stable and predictable.

Slide 14, Long-Term Contracts Backed by Leading Energy Companies. Firstly, the Windsor Knutsen has been on a two-year contract from October 13, 2015, with Brazil Shipping, a subsidiary of Royal Dutch Shell. We have been informed that Shell really liked the ships, so we're very confident about renewal of the charter option periods. We have a further six years of extension options. It has commenced off-hire, recently, for dry-dock on the 5th of February, and this will be a total of 55 days of off-hire as we have dry docked the ship in Europe.

The Bodil Knutsen, the largest shuttle tanker operating in the North Sea, is ice-class, and on charter to Statoil until April 2019. There are a further five years of options to extend. Statoil has recently been given permission to proceed with the Johan Castberg field in the Bering Sea, 240 kilometers north of Hammerfest, and this should provide medium-term employment and security for the Bodil.

Four of our vessels are on long-term charter to 2023 with Petrobras Transporte. These vessels are among the youngest in the Petrobras fleet, having been delivered between 2011 and 2012 and are heavily utilized.

Dan Sabia and Dan Cisne are of unique size, and the Fortaleza Knutsen and Recife Knutsen have shallow drafts with lots of thruster capacity. Three of these vessels have undertaken their first five-year special survey in 2016, and the last one, the fourth one, the Dan Sabia, in January 2017 all costs and off-hires at the charters' expense.

Delivered in 2013, the Carmen Knutsen is on charter direct to Respol Sinopec until 2023.

The Ingrid Knutsen was delivered in December 2013 and is operating in the North Sea on a time-charter for Standard Marine Tonsberg, a Norwegian subsidiary of Exxon Mobil. This will expire in the first quarter of 2024. The charterer has options to extend the charter by up to five one-year periods

The Raquel Knutsen was delivered in March 2015, and it operates under a time charter with Repsol Sinopec in Brazil, and this will expire in the first quarter of 2025. There are options to extend until 2030.

Slide 15, The Goliat's Field in the Barents Sea. In a field in the Barents Sea, nearly 300 miles north of the Arctic Circle Eni in March 2016, started to produce oil at the Goliat platform. Production flow will eventually reach about 100,000 barrels a day and place Eni amongst a selective group of oil operators in that region.

Never before have shuttle tankers had to meet such strict environmental requirements as these vessels. They are, on this contract, heavily winterized, and the most visible difference is due to the normal shuttle is the enclosed deck space running fore to aft allowing the crew and hence the vessel to

operate in temperatures down to -30 degrees centigrade. I don't know what that is in Fahrenheit. How low is that?

Our two vessels, Hilda and Toril Knutsen, have been both chartered specifically for this project. Of the initial five-year contracts on the two vessels, an average of about 1.75 years remain on the current charter period. Given their specialized nature, we would expect these vessels to operate on the field throughout its life.

Slide 16, Significant Growth since the IPO. This is quite a nice slide. It just shows how many vessels we've added to the fleet since the IPO in 2013. You have to admit we've grown quite rapidly and quite sharply.

Slide 17, Dropdown Inventory. This is again outlining the three vessels that are dropping down. There are currently three more shuttle tankers we can buy from our sponsor Knutsen NYK. Two sister vessels to the Tordis, these are Suezmax enhanced DP2 shuttle tankers from Hyundai Heavy Industries, the Vigdis in February 2017 and Lena Knutsen in June 2017. These are chartered to Shell and one Suezmax class DP2 shuttle tanker from Cosco Zhouson which will be chartered to Petrobras.

Our recent acquisitions, Racquel and Tordis and all our drop down inventory will operate in the Pre-salt oil fields in Brazil.

The fixed contract periods for the dropdown fleet is a minimum of five years on average. It could be longer depending on which series of options the charterer will actually take on delivery.

There is not any particular hurry to put the balance of this accretive dropdown inventory into the MLP in the near future; however, we currently have capacity to consider a further acquisition. The sponsor has already fully financed all these vessels and is in a healthy financial position so is under no pressure.

Accretive acquisitions only occur for KNOP when either we have sufficient resources or we are able to raise adequate financing at reasonable terms, no double-digit yield, as we have always communicated this.

One of the reasons we have expanded our capital base, by issuing common and preference capital, was to allow us to have a more flexible approach to raising capital, which is necessary in the current environment and the amount of ships that are being delivered to the Sponsor.

Slide 18, In Summary. KNOT Offshore Partners, LP is a midstream mobile pipeline business with fully contracted revenue streams. These are non-volume based. Since being awarded the first two contracts in 1984, Knutsen has grown organically for over 30 years, as the business has been built from these two shuttle tankers into a sizable fleet currently 30 units including orders.

Today supply is tightening and the market is expanding. We have a solid and highly profitable contract base generated by our modern fleet, with an average age of around 4.75 years, at the end of December versus the rest of the industry average of well over 11.5 years.

In the fourth quarter, we again achieved record revenue, adjusted EBITDA, net income, and distributable cash flow. All of these records were previously set in the previous quarter. The partnership is again well-placed and highly focused on expanding in the medium-term, now that both the MLP and the oil markets are recovering.

We completed the acquisition of Raquel and are now entered into a share purchase agreement for the

purchase of Tordis Knutsen. No one has more experience in operating the sophisticated shuttle tanker than Knutsen offshore, and we operate these vessels with real expertise. We have a very supportive sponsor who has a large asset base with which to grow this MLP by capturing a good proportion of expanding market.

Well, that's the end of the presentation, ladies and gentlemen. Thank you for listening, and if you have any questions, please feel free to ask now.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question-and-answer session. At this time, we will pause momentarily to assemble our roster.

The first question comes from Matt Niblack with HITE. Please go ahead.

Matt Niblack
Hello, thanks for taking the questions. On the Goliat Field, could you speak to the competition for your two vessels there? Are there any alternatives for the producers?

John Costain
Not at this present moment in time. These tankers the way they are, they're pretty specialized. The normal lead time for a shuttle tanker is about two to two-and-a-half years between placing an order and being field ready, so we think those vessels will take even longer to manufacture than that. So, really, - they aren't really looking anywhere else – so as far as we're concerned, we think there's really no substitution risk there at all due to the nature of the contract and our relationship with the charterer.

Matt Niblack
Great, and then, similar question for the Windsor Knutsen, what's the competitive environment there for contracting?

John Costain
Rather interesting, the Windsor can work in both the North Sea and Brazil, so even if —it's highly unlikely that the way Brazilian Pre-salts going today that any ships are surplus in that area. It's more likely a migration to that area from the North Sea, although I don't think that's likely either. The North Sea's pretty tight as well.

So, we're very relaxed about the Windsor. We get great reports back from both previously BG and now Shell. They like the ship, and we're very confident the timecharter be renewed. Bear in mind, the charter rate on our ship is a little bit less than new tonnage, so it's actually relatively cheap as well. Again, we're not worried about this ship.

Matt Niblack
Great, thank you very much.

Operator
Again, if you have a question, you can press *1 on your touchtone phone.

Spiro Dunas
Hi John, it's Spiro Dunas from UBS. Thanks for taking the questions. First, just want to start off on the dropdowns, went from a period of virtually no dropdowns to two in really quick succession. Just wondering if you can comment why you thought it was important to drive these two dropdowns back to back and maybe what that means for the pace for the rest of the year. You obviously have a lot in front of you.

John Costain
Yes, I think we saw the improvement in the capital markets environment. We were comfortable with unit price the way it was when we went to raise the block deal, and we got a reasonable deal from the bank, and we thought we would like to get the unit moving again. One of the things about a block trade is it gives the opportunity in the aftermarkets for a lot of your existing unit holders to basically transact. Often you need to do common units on a regular basis so you keep the liquidity in the unit and make people comfortable, especially the unit holders that they can move the stuff if they want to.

So, what we saw with the common, I think we saw quite a lot of activity after the placement, a lot more than the actual 2.5 million units that were bought and sold, as people took the opportunity because the market was there, to liquidate or build that position. So, actually it's quite necessary. We do realize because the stock, on a day-to-day basis, in the past has been quite short of liquidity. It's quite important to keep the common units story going.

Well, that was key and, also, the preference deal was an opportunistic deal. I feel that's a really good deal. Looking at the terms, no preemptive rights, $24.00 strike. If you were doing a common-unit issuance, you'd be looking at 27, 28 pricing together sort of deal, so we're very happy with that one. Really, those two things came together and obviously you can't just sit on a lot of cash when you're paying 9% yield. So we have to draw the ships in to the MLP quickly.

Spiro Dunas
Sure, and then in terms of the runway for the rest of the year, how are you thinking about drops and what you need to see in the market to make that happen?

John Costain
Well, I think Oystein is going to have some more detail when he comes to the Investor Day presentation, but I think it's tight, but we could, we have more than enough capacity to do another drop. But again, that's something we will consider and I think he'll go through that more on the Investor Day. But today the way the fleet is, it's comfortable. Everything's comfortable although we may stretch the MLP again, you know?

Spiro Dunas
Got it, and second one I just on the distribution. Just trying to figure out what you need to see specifically to have an increase here, and is it really just about the yield or is there something more to it.

I guess what I'm getting at, it seems almost like a circular argument. It's almost as if you paid a higher amount, maybe everyone would see the growth and the stock price would go up, yield would go down, because right now it almost seems like the equity's not growing. It's almost like a high-yield unsecured subordinated bond.

John Costain
Yes, it's a high-yield unsecured note. If you look at it that way, we're still paying a hell of a yield. So, yes, we could go the distribution, but we will look at it. We're not daft, and the cover is going up, but because the cover's where it is today, it means we can more or less get by comfortably and refinance,

and that's quite nice. It gives us more flexibility.

Yes, we will see what the refinancing opportunities are on the ships, as well, because obviously the pay-down on these ships is quite a lot quicker than their amortization on the annuity basis.

So, we like the cover, because it gives us more flexibility, and we look at the yield today, and think well, 9.7 who wouldn't be happy with that in this sort of company environment? Obviously, if we look at $27.00, $28.00 a unit, then I think we probably would think about it, but that's just the way it is. Now, we have the opportunity to do it, but we don't need to do it. It creates an easier pathway for us if we don't do it.

Spiro Dunas
Appreciate the color.

Nick Raza
Thanks, this is Nick with Citibank Research. Just a quick question in terms of the tightness of the market. Should we expect to see more backlog from the sponsor as a result of that tightness in terms of ship orders? And, if you could talk a little bit about timing of that, that'd be great.

John Costain
Yes, I think Fearnleys have a very good presentation on the shuttle tanker market, but obviously we are tendering for one or two ships, but not in Brazil. It's interesting, the North Sea is where the tendering has restarted because I really see that there's starting to be quite a significant demand for tankers in Brazil, but I guess all the activity that's happened in the past two or three years down there and the oil price dropping off has put their plans back a little bit as far as capital investment's concerned.

And, then the Petrobras shuttles, they do tend to run short voyages and, I was talking to Fearnleys about it a little bit. Basically with the Shell ships and the Petrogal ships, for example these ones tend to go further afield with their cargos. The Brazilian ships are small and they tend to run in port a bit more.

But, generally, you need about 70,000 barrels a day production for each Suezmax shuttle tanker. That's for the pre-salt if you're thinking about a 15-day voyage.

So, when you think about the growth projections what you have when you're down there, it's pretty obvious they're going to require ships soon. But we haven't seen any ordering activity yet, so I can't answer that until after we see contracting activity.

Nick Raza
Fair enough, so what about other markets like offshore Canada? There was a tender. I think we've asked about this before where one of your competitors actually got a bunch of ships.

Øystein M Kalleklev
Yes. I can take up from there. Of course we didn't particularly like the Canadian tender, because it wasn't a long term charter, it was the a frame agreement for transportation and the charter terms was not not what we are used to in shipping. So, in shipping, you have, I would say, a fairly balance contract. But in the Canadian context, it was a bit more skewed to the charter. So, of course we bid for the contract, but we bid the higher price and as a consequence of this we lost out on that contract, but we took the contract for the three shuttle tankers for Shell in Brazil instead. We're more happy with those vessels.

If you look into our financing, we raised t $353 million of debt for financing of those three vessels.

TKmanaged to addt $250 million of bank debt for their three shuttle tankers in Canada. I think that shows a bit how the contact [for Shell vessels are perhaps more bankable than the Canadian contact.

Nick
I guess last question will be coming back to this versus original contract timing of certain things, particularly distribution growth. Is there a minimum coverage level that you're comfortable with, or do you need to see the same amount of time before you're likely to increase the distribution?

John Costain
No, we're not. I'm not going to guide on that, but I think when you look at other shipping companies, we accept the state of the markets at the moment the yields are a bit elevated, but our unit's trading at around 9.7%. I don't think many with the quality of organization that we have are trading at that level, and I think we want to see the growth in the unit price and a reason for doing it before we do it. As I said before, we'd rather grow. We'd rather reduce the gearing and not be forced into refinancing ships, and just have a more gentle approach to it until— we don't really see the need.

Now, we think it's a pretty good story, pretty good yield. Sorry, I'm in the moment. I'm not convinced, but you know when we talk about it, it's not just down to me, it's just how I feel, personally, but, we are actively discussing it. It's not something that's off the agenda, by any means.

Nick Raza
Thank you.

Brian Ambrook
Brian Ambrook [ph] at [indiscernible] Management regarding competition and the market, you have several charters coming due, but what is the situation? Are there many more new ships coming on the market and would that change the usage of your ships? Would you expect more competition and perhaps lower prices down the street because new ships coming in from the competition?

John Costain
Well, there aren't many contracts for delivery this year. I think it's five in total this year.

Øystein M Kalleklev
Orderbook is five vessels. So, all those five vessels will be delivered in the next twelve months. All the vessels are fixed- or long-term employment, so basically, they are all for new contracts. Then there are no more orders in the order book. I haven't seen a single order for a shuttle tanker for two years. So we're actually seeing a shrinking in case of the fleet of the shuttle tanker. So competition, there's always competition, but the market is tightening and rates are basically going up.

Brian Ambrook
Well, it's very good.

Øystein M Kalleklev
We also have our Q&A panel afterwards, so there will be more chances to ask questions then.