



Nordic American Offshore Ltd. (NYSE:NAO) 1Q2015 Dividend and Earnings Report

Hamilton, Bermuda, May 13, 2015.

NAO is a start-up company that became stock listed on the New York Stock Exchange (NYSE) less than a year ago, on June 12, 2014. Our ship management partners, board and staff have a wealth of experience in the offshore and PSV business dating back to the early 1990's. NAO is well positioned to weather challenging market conditions also thanks to its quality fleet and strong balance sheet.

The dividend policy of NAO is a fundamental element of our strategy.

As announced on April 29, 2015, NAO has declared a dividend of \$0.17 per share for 1Q2015. The record date is May 14, 2015 and the payment of dividend is expected to take place on or about May 28, 2015. Since its original establishment in late 2013, NAO has paid 5 dividends totalling \$1.97 per share, including the dividend to be paid on or about May 28, 2015. 2014 was a start-up year for the company, including the relocation of the listing from Oslo to the New York Stock Exchange (NYSE).

The main elements of the strategy of Nordic American Offshore Ltd. ("NAO" or "the Company") are based on the same fundamentals as those of Nordic American Tankers Limited (NAT). Quarterly dividends, low debt and full transparency are among those fundamentals. NAO is a completely independent company. NAO has a total of 23,431,370 shares outstanding.

The Company's Platform Supply Vessels (PSVs) are currently employed in the North Sea. The fall of oil prices since 3Q2014 is, not surprisingly, affecting service providers to the oil industry. In the case of PSVs, demand from new projects has been reduced, while demand from existing production facilities has not been affected as much.

The Company has ten high-quality Platform Supply Vessels. Eight of these are now in operation, including two newbuildings which were delivered January 26, 2015. Two more are under construction in Norway for delivery in early 2016. Our ships are built in the period 2012-2016. Including the recently agreed credit facility of \$150m, maturing in March 2020, the Company has the financial resources to take delivery of its two newbuildings in 2016.

Key points to consider:

- Earnings per share in 1Q2015 were $-\$0.12$, compared with $-\$0.07$ in 4Q2014 and $\$0.10$ for 1Q2014.
- Net Income came to $-\$2.9$ million in 1Q2015, compared with $-\$1.7$ million in 4Q2014 and $\$1.7$ million in 1Q2014. Operating cash flow¹ in 1Q2015 was $\$1.7$ million vs $\$2.6$ million in 4Q2014.
- The USD cost price of our newbuildings was at the time of order about $\$44$ million. The vessels were ordered in Norwegian Kroner (NOK). As a result of a stronger dollar the cost of the two January 2015 vessels was $\$36$ m each. Given the current relationship between USD and NOK is maintained, the cost of the 2016 newbuildings will be about $\$35$ million per vessel.
- NAO had at the end of 1Q2015 net debt of $\$3.3$ million for its eight trading ships. $\$35$ million of its $\$150$ m credit facility was drawn.
- In conjunction with the relocation from Oslo to NYSE, NAO completed an IPO on June 12, 2014 which strengthened the equity by $\$100$ million to finance a significant part of the vessels which were delivered in January 2015 and the newbuildings to be delivered in 2016.

¹ Operating cash flow is a non-GAAP number. Please see later in this announcement for a reconciliation of operating cash flow to income from vessel operations.

Financial Information

On April 28, 2015 the Board declared a cash dividend of \$0.17 per share for 1Q2015 to shareholders of record as of May 14, 2015. The payment date is on or about May 28, 2015.

Net income for 1Q2015 was -\$2.9 million, compared with -\$1.7 million in 4Q2014 and \$1.7 million in 1Q2014.

For the two 2015 built vessels there is a currency gain of about \$8m for each ship because of the strong US dollar. Currency wise, we have covered one of the 2016 newbuildings at a total price of about \$35m.

The Company's operating cash flow was \$1.7 million in 1Q2015, compared with \$2.6 million for 4Q2014.

The figures show that the 1st quarter 2015 results were weak compared with the previous quarters for this start-up company. While activity in the North Sea has been impacted by the decrease in the oil price, it is also normal for spot rates to be weak at this time of year, due to less work in the North Sea winter market.

As a matter of policy, the Company will always focus on maintaining a strong balance sheet with low net debt. At the end of 1Q2015, net debt per NAO vessel in operation was \$3.3m. NAO has in place up to March 2020 a non-amortizing credit facility of \$150 million, of which \$35 million has been drawn as of March 31, 2015.

We concentrate on keeping our vessel operating costs low, while always maintaining our strong commitment to safe operations. As we expand our fleet, we do not anticipate that our administrative costs will rise correspondingly.

The Fleet

Our fleet is comprised of ten high-quality PSVs including two newbuildings. All our vessels are operating in the UK and in the Norwegian Sector. The vessels may operate in either sector or elsewhere. The significant fuel efficiency of our ships and other technical features are attractive for our customers.

The Company's objective is to ensure spot or term employment for the fleet, including for the newbuildings. The specifications of the vessels are by and large the same.

The PSV Market

The Company believes the market for our PSVs has been impacted by the decline in the oil price. At this time of the year there is also a seasonal weakness in this market.

PSVs are critical to operating offshore and represent a small part of total oil production costs. The recent reduction in the oil price may affect future offshore exploration activities. It should be noted that PSVs are part of the entire life-cycle of an offshore oilfield.

Several of our vessels are suitable for operations in the Arctic. In January 2015 the Norwegian government announced about 60 new blocks available for drilling operations in the Barents Sea which is considered an Arctic region. This announcement was very well received by the oil companies.

The geopolitical tensions between Russia and the West are impacting offshore drilling activities in Northern/Arctic waters.

Strategy Going Forward

The main elements of the strategy of NAO are based on the same fundamentals as those of Nordic American Tankers Limited, including dividend policy, low debt, low G&A costs and full transparency.

After an acquisition of vessels or other forms of expansion, the Company should be able to pay a higher dividend per share and produce higher earnings per share than had such an acquisition not taken place.

Our dividend policy will continue to enable us to achieve a competitively priced risk adjusted cash yield and a positive total return² over time compared with that of other companies.

NAO is firmly committed to protecting its underlying earnings and dividend potential.

Our Company is well positioned for the future. We shall endeavor to safeguard and further strengthen the position for our shareholders in a deliberate, predictable and transparent way.

We encourage prospective investors interested in the Offshore Supply Vessel sector to consider shares in NAO.

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² Total Return is defined as stock price plus dividends, assuming dividends are reinvested in the stock

NORDIC AMERICAN OFFSHORE LTD.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION	Three Months Ended			Twelve Months Ended
	Mar. 31, 2015 (unaudited)	Dec. 31, 2014 (unaudited)	Mar. 31, 2014 (unaudited)	Dec. 31, 2014 (unaudited) ¹
Amounts in USD '000				
Net Charter Revenue	8 934	9 889	12 705	51 508
Vessel Operating Costs	(5 959)	(6 053)	(5 435)	(23 038)
General and Administrative Costs	(1 239)	(1 251)	(794)	(5 815) *
Depreciation Cost	(3 651)	(3 269)	(2 707)	(11 393)
Operating Costs	(10 850)	(10 573)	(8 936)	(40 246)
Net Operating Income (Loss)	(1 916)	(684)	3 769	11 262
Interest Income	32	166	47	258
Interest Costs	(284)	(250)	(327)	(1 044)
Other Financial Income (Costs)	(722)	(954)	(575)	(2 333)
Total Other Costs	(974)	(1 037)	(855)	(3 119)
Income Taxes	0	0	(1 212)	(1 212)
Net Income (Loss)	(2 890)	(1 721)	1 702	6 931
Basic Income (Loss) per Shares	(0.12)	(0.07)	0.10	0.34
Basic Weighted Average Number of Common Shares Outstanding	23 431 370	23 431 370	16 666 666	20 314 530
Common Shares Outstanding	23 431 370	23 431 370	16 666 666	23 431 370

*) The G&A for the twelve months ended December 31, 2014 include \$1.5m paid as fees related to the listing which is a one time non-recurring item

CONSOLIDATED CONDENSED BALANCE SHEET	Mar. 31, 2015 (unaudited)	Dec. 31, 2014 (unaudited) ¹
Amounts in USD '000		
Cash and Cash Equivalents	5 888	46 398
Accounts Receivable, net	5 785	3 103
Prepaid Expenses	265	350
Inventory	543	235
Other Current Assets	1 061	1 657
Total current assets	13 542	51 743
Vessels, Net	323 654	255 043
Deposit on Contracts for Vessels	7 150	15 176
Other Non-current Assets	1 285	459
Total non-current assets	332 089	270 678
Total Assets	345 632	322 421
Accounts Payable	1 200	882
Accounts Payable, related party	585	673
Other Current Liabilities	3 068	1 636
Total Current liabilities	4 853	3 191
Long Term Debt	35 000	0
Total Non-current Liabilities	35 000	0
Shareholders' Equity	305 779	319 230
Total Liabilities and Shareholders' Equity	345 632	322 421

¹ Annual 2014 financial information is derived from audited financial statements.

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CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW	Three	Twelve
	Months ended	Months ended
	Mar. 31, 2015	Dec. 31, 2014
Amounts in USD '000	(unaudited)	(unaudited) ¹
Net Cash Provided by (Used in) Operating Activities	(664)	17 183
Investment in Vessels	(63 387)	(133 279)
Deposits on Contracts	(850)	(15 107)
Net Cash Provided by (Used in) Investing Activities	(64 237)	(148 386)
Net Proceeds from Issuance of Common Stock	0	100 199
Draw down on Credit Facility	35 000	40 000
Repayments on Credit Facility	0	(40 000)
Credit Facility Costs, Cash Paid	0	(765)
Cash Dividends Paid to Shareholders	(10 544)	(31 221)
Net Cash Provided by (Used in) Financing Activities	24 456	68 213
Net Increase (Decrease) in Cash and Cash Equivalents	(40 445)	(62 990)
Effect of exchange rate changes on Cash	(64)	(430)
Cash and Cash Equivalents at Beginning of Period	46 398	109 819
Cash and Cash Equivalents at End of Period	5 888	46 398

¹ Annual 2014 financial information is derived from audited financial statements.

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES	Three Months Ended			Twelve Months Ended
	Mar. 31 2015	Dec. 31, 2014	Mar. 31, 2014	Dec 31, 2014
Amounts in USD '000	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Operating Income (Loss)	(1 916)	(684)	3 770	11 262
Depreciation Costs	3 651	3 269	2 707	11 393
Operating Cash Flow⁽¹⁾	1 735	2 586	6 477	22 655

(1) Operating cash flow represents income from vessel operations before depreciation and non-cash administrative charges. Operating cash flow is included because certain investors use this data to measure a shipping company's financial performance. Operating cash flow is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the PSV market, as a result of changes in the general market conditions of the oil and natural gas industry which influence charter hire rates and vessel values, demand in platform supply vessels, our operating expenses, including bunker prices, dry docking and insurance costs, governmental rules and regulations or actions taken by regulatory authorities as well as potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, the availability of financing and refinancing, vessel breakdowns and instances of off-hire and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.

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