



Zadar, October 2016.

# RESULTS for period

January 1st to September 30th 2016



“Tankerska Next Generation Inc. ended the first nine months of 2016 with revenues of nearly HRK 190 million which went up in comparison to 2015 thanks to the stable high employment rate of the fleet, and a significant increase in revenue days. The positive effects of the fully integrated fleet resulted in strengthening of the financial stability of TNG in the first nine months of the year, while the increase in cash generating capacity enabled EBITDA to reach almost HRK 98 million. The main driver of the increase in revenue and profitability are the four fully employed newbuild vessels, which are stabilizing the midterm revenue potential of TNG through multi-year time charters, for the third consecutive quarter.

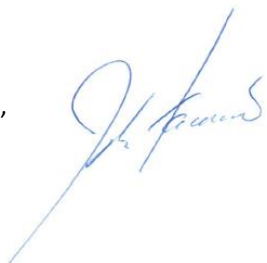
The period of integrated operations of all six tankers continued in the third quarter, including m/t Vinjerac which has been transferred to the “spot market” at the end of the second quarter. In the past quarter TNG recorded revenues of HRK 64.5 million, reaching a net profit of 9.6 million HRK, which cumulates into net profit of HRK 36.5 million for the first nine months.

During the first nine months of 2016 TNG recorded the results of the previous commercial efforts of management with a goal to implement the strategy of ensuring stable cash flows, which enabled TNG to register strong average daily revenues per vessel of USD 17,070. Following the market conditions and taking into account the present market volatilities m/t Vinjerac whose time charter contract expired during the second quarter has been transferred to the “spot market” with a goal to achieve the beneficial effect for the operational efficiency and optimal geographical positioning of the vessel before the expected 5-year drydock.

Stability of the business operations in the first nine months was brought in by the time charter strategy of employment of the fleet which prefers multi-year contracts and thus minimizes the volatility of the spot rates and the varying value of the company’s assets. The first nine months of the year were in that sense a part of the usual shipping cycle in which the hire rates and vessels value varied and ended on the lower level in comparison to last year, but the well-timed contracting secured the stability of business operations. During the third quarter a certain correction in the spot market was recorded as a result of slightly reduced level of derivatives trading on the global market. This short-term change in the market is not supported by basic indicators and trends in the segment of product tankers, which show a significant reduction in the growth of the total product tanker fleet in the next two-year period and the stability of the supply and demand for this type of ship.

The focus of the management will remain on monitoring the development of the market conditions and the activities which should result in securing the optimal terms of employment for the vessels whose time charters expire by the end of the year. The trend of high efficiency backed by the stable level of income is the result of the Company’s business model aimed at creating new value and minimizing the risks of a cyclical industry.”

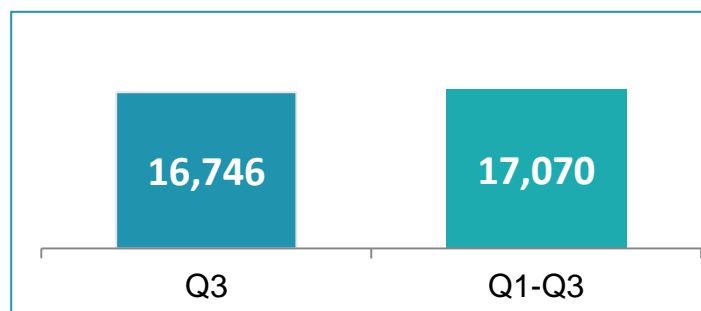
John Karavanić,  
CEO



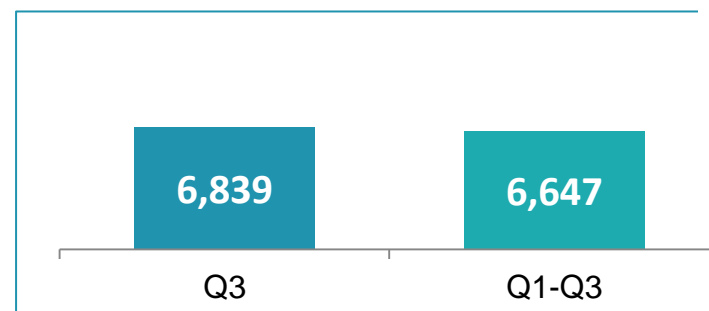


- Number of operating days in Q1-Q3 1,644, from it **1,614 revenue days** (98.1 %)
- Average daily vessel revenues for the fully operational fleet **USD 17,070 per day**
- Q1-Q3 Vessel revenues amounted to **USD 28.36 mil.** ~ **HRK 189.9 mil.**
- Q1-Q3 Net profit amounted to **USD 5.45 mil.** ~ **HRK 36.5 mil.**

Gross time charter rates  
USD/day



Vessel operating expenses  
USD/day



For the nine months ending September 30, 2016, the Company's revenues amounted to HRK 189.9 million (USD 28.4 million), EBITDA amounted to HRK 97.7 million (USD 14.6 million), while the net income amounted to HRK 36.5 million (USD 5.45 million) for the same period. TNG's financial results are a consequence of an increase in the volume of business operations as a result of the full integration of the fleet built in 2015.

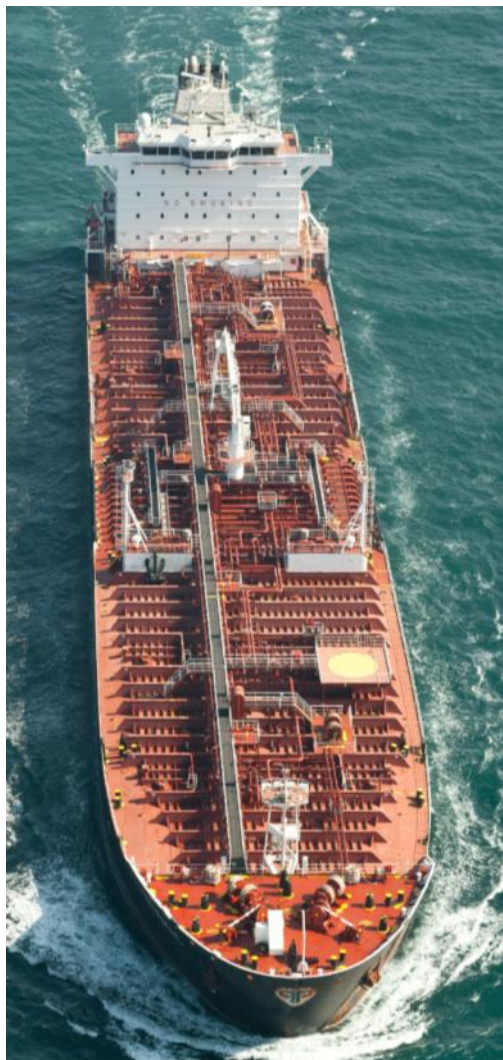
The vessels' revenues for nine months ending September 30, 2016 reached HRK 189.9 million and are mostly a result of time charters for all operational vessels. The revenue increase was slightly moderated by the 5-year dry dock of m/t Velebit, which was done in June and lasted for 21 days. Three secured midterm time charters stabilized the income potential of TNG and significantly mitigated the volatility of the hire rates which were seen during this year. Towards the end of the nine month period a certain correction in the spot market was recorded as a result of slightly reduced level of derivatives trading on the global market. This short-term change in the market is not supported by the basic indicators and trends in the segment of product tankers, which show a significant reduction in the growth of the total product tanker fleet in the next two-year period and the stability of the supply and demand for this type of ship.

The vessels' operating expenses for six months ending September 30, 2016 reached HRK 93.5 million (USD 13.9 million), and are related to the expenses of a fully operational fleet of 6 vessels throughout the period. The operational expenses increased slightly due to one off costs of m/t Velebit's 5-year dry dock and the initial demands because of the change in strategy of employment of m/t Vinjerac. Voyage related costs and commissions were HRK 15.0 million (USD 2.25 million) for the nine months ending September 30, 2016, or 7.8% of the vessels revenues, or 5% respectively when the additional port and fuel charges connected to voyage charter are excluded.

The depreciation expense for the nine months ending September 30, 2016 was HRK 38.8 million (USD 5.8 million), which shows an increase in comparison to the first nine months of 2015 due to the delivery of newbuildings in the second half of 2015. Interest expenses and finance costs, amounted to HRK 21.8 million (USD 3.25 million) for the nine months ending 30 September, 2016 and are connected to the loans for financing of the operational fleet. The total indebtedness of the company gradually decreases with each repayment tranche and the ratio of debt was reduced by one percentage point compared to the first six months of 2016 and amounts to 53%.

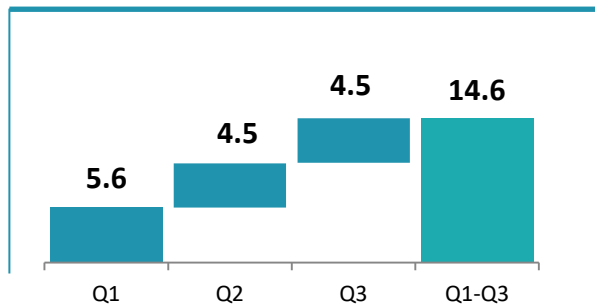
General and administrative expenses for the nine months ending September 30, 2015 reached HRK 5.3 million (USD 0.79 million). During the first nine months of 2016, m/t Velebit underwent its 5-year drydock, and spent twenty-one days in the shipyard, which slightly moderated the profitability of the past period. Using the commercial potential of the vessel, and the possibilities provided by the time charter, m/t Velebit was positioned in the Far East ahead of the drydock which enabled significant savings with maximum operational efficiency.





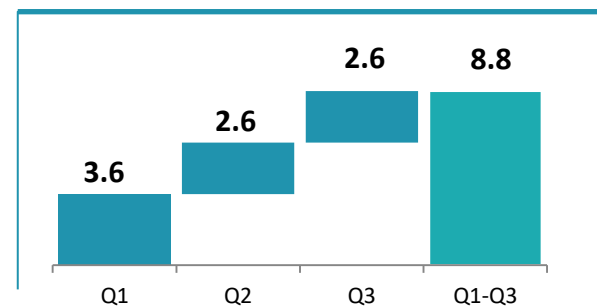
## EBITDA

USD million



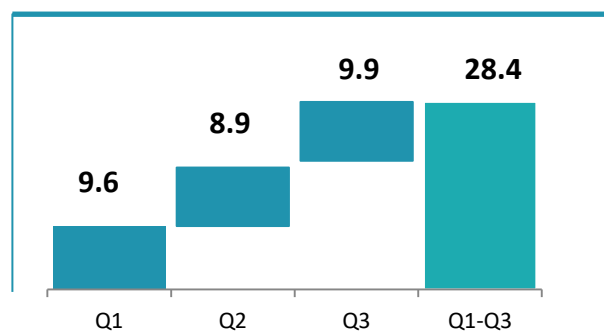
## EBIT

USD million



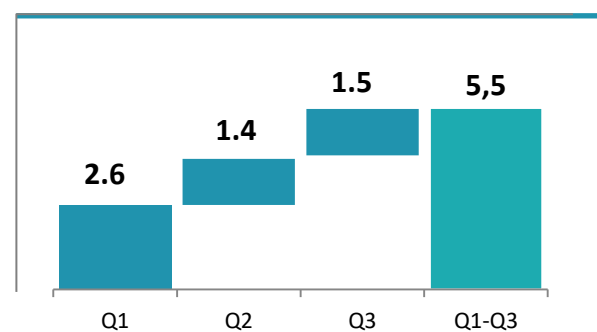
## Vessel revenues

USD million



## Net profit

USD million



For the three months ending September 30, 2016, the Company's revenues amounted to HRK 64.5 million (USD 9.9 million), EBITDA amounted to HRK 29.53 million (USD 4.55 million), which is a significant increase compared to HRK 19.95 million in the second quarter of 2015. The Company's net income in the third quarter of 2016 amounted to HRK 9.6 million (USD 1.5 million).

The operating profit of the Q3 was HRK 16.8 million (USD 2.6 million) and it is a result of full integration of the newbuildings to the fleet which significantly increased the revenues, and the absence of initial costs of furnishing and delivery of newbuildings which were included in the results during the most part of 2015.

The vessels' revenues for the three months ending September 30, 2016 reached HRK 64.5 million (USD 9.9 million), which is a significant increase in comparison to the revenues recorded in the third quarter of 2015. This increase primarily reflects revenues generated from the fully operational fleet of six vessels during Q3. Average daily revenues in Q3 were recorded at the level of 16.746 USD. During the second quarter one of the vessels' (m/t Vinjerac) time charter contract expired, and its new employment is secured matching current market conditions and the company's chartering strategy. Vinjerac was transferred to the "spot market" with a goal to achieve the beneficial effect of operational efficiency and optimal geographical positioning of the vessel before the expected drydock.

The vessels' operating expenses for the three months ending September 30, 2016, amounting to HRK 35.3 million (USD 5.4 million) significantly increased, compared to HRK 17.2 million (USD 2.5 million) for the Q3 2015. The third quarter of 2016 was predominately marked with usual operating costs, contrary to Q3 2015 where results which were burdened with initial costs of furnishing the ships with material, equipment and lubricants, as well as additional funding costs of the acquired vessels. Fees and voyage associated costs amounted to HRK 9.2 million (USD 1.8 million) in the third quarter of 2016, which is an increase from USD 1.8 million (USD 0.27 million) in Q3 2015.

This significant increase came as a result of intensified operations of the fully operational fleet in the quarter and the transfer of m/t Vinjerac to the "spot market" where the voyage-related costs are paid by the ship owner, contrary to the time-charter contracts where the charterer covers the voyage-related costs.

Depreciation expenses for the three months ending September 30, 2016 were HRK 12.7 million (USD 1.95 million). All the vessels in operation are depreciated over an estimated useful life span of 25 years on a straight line basis to their residual value, which represents their scrap value on the international market.

General and administrative expenses for the three months ending September 30, 2016 were HRK 1.54 million (USD 0.24 mil.), the increased expenses compared to Q3 2015 are a result of the increased volume of the operations.



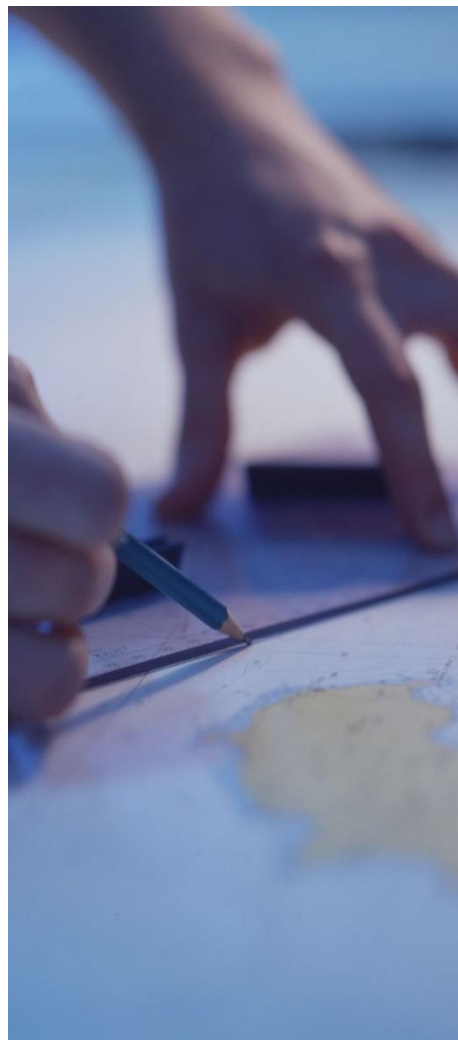


FINANCIAL POSITION (USD 000)	Q1 2016	Q2 2016	Q3 2016	Q1-Q3 2016
Vessel revenues	9,587	8,871	<b>9,902</b>	<b>28,360</b>
EBITDA	5,568	4,474	<b>4,553</b>	<b>14,595</b>
EBIT	3,648	2,554	<b>2,600</b>	<b>8,804</b>
Net profit	2,565	1,396	<b>1,489</b>	<b>5,451</b>

OPERATIONAL METRICS	Q1 2016	Q2 2016	Q3 2016	H1 2016
Gross Time Charter (USD/day)	17,559	16,897	<b>16,746</b>	<b>17,070</b>
Vessel operating expenses (USD/day)	6,348	6,753	<b>6,839</b>	<b>6,647</b>
Revenue days	546	525	<b>543</b>	<b>1,644</b>
Average number of vessels	6.0	6.0	<b>6.0</b>	<b>6.0</b>



OPERATIONAL DATA OF THE FLEET <i>USD/day</i>	Q1-Q3 2015	Q2 2016	Q3 2016	Q1-Q3 2016
Gross Time Charter rates	15,426	16,897	<b>16,746</b>	<b>17,070</b>
Time Charter Equivalent rates	14,619	15,968	<b>15,689</b>	<b>16,180</b>
<b>Operating expenses</b>				
Daily vessel operating expenses	6,093	6,303	<b>6,389</b>	<b>6,197</b>
Ship management service fee	503	450	<b>450</b>	<b>450</b>
<b>TOTAL</b>	<b>6,596</b>	<b>6,753</b>	<b>6,839</b>	<b>6,647</b>
Operating days	736	546	<b>552</b>	<b>1,644</b>
Revenue days	763	525	<b>543</b>	<b>1,614</b>
Fleet utilization	100%	96.2%	<b>98.4%</b>	<b>98.2%</b>
Average number of vessels in the period	2.8	6.0	<b>6.0</b>	<b>6.0</b>



INCOME STATEMENT	Q1-Q3 2015	Q1-Q3 2016	BALANCE SHEET	31 DEC 2015	30 SEP 2016
		(USD 000)			(USD 000)
<b>Revenues</b>	<b>11,830</b>	<b>28,564</b>			
Vessel revenues	11,770	28,360	Vessels in operation	206,292	201,173
Other revenues	60	204	Vessels under construction	-	-
			Cash and cash equivalents	10,221	8,567
<b>Operating expenses</b>	<b>6,238</b>	<b>13,969</b>			
Commission and voyage related	616	2,245	<b>Total Assets</b>	<b>218,058</b>	<b>212,587</b>
Vessel operating expenses	5,030	10,928	Shareholders' equity	92,364	92,787
Newbuilding expenses	186	-	Bank debt	121,300	114,664
General and administrative	403	796	Other liabilities	4,394	5,136
Depreciation	2,495	5,792			
<b>EBITDA</b>	<b>5,592</b>	<b>14,595</b>			
<b>NET PROFIT</b>	<b>4,002</b>	<b>5,450</b>	<b>Total Equity and Liabilities</b>	<b>218,058</b>	<b>212,587</b>

This presentation includes certain statements regarding Tankerska Next Generation Inc. („TNG“) which are not historical facts and are forward-looking statements. Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Risks, uncertainties and other factors include, among other things, tanker fleet utilization and chartering opportunities, the sufficiency of working capital for short-term liquidity requirements, estimated bunker consumption savings of proposed fuel-saving modifications for existing vessels as well as expected consumption savings embedded in the future vessels, TNG's business strategy and expected capital spending or operating expenses, competition in the tanker industry, shipping market trends, TNG's financial condition and liquidity, including ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities, TNG's ability to enter into fixed-rate charters after the current charters expire. Exhaustive list of these and other risks, uncertainties and other factors is available under Section 2. "Risk Factors" of the TNG Prospectus, approved by Croatian Financial Services Supervisory Agency („HANFA“). By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Even though TNG believes that the forward-looking statements in this presentation are based on reasonable assumptions, actual results may differ from those projected by the forward-looking statements.

These materials include non-IFRS measures, such as EBITDA. TNG believes that such measures serve as an additional indicator of the TNG's operating performance. However such measures are not replacements for measures defined by and required under IFRS. In addition, some key performance indicators utilized by TNG may be calculated differently by other companies operating in the sector. Therefore the non-IFRS measures and key performance indicators used in these materials may not be directly comparable to those of the TNG's competitors.



## Tankerska Next Generation

Božidara Petranovića 4  
23 000 Zadar  
Croatia

Tel: +385 23 202 135  
Fax: +385 23 250 580

e-mail: [tng@tng.hr](mailto:tng@tng.hr)  
[www.tng.hr](http://www.tng.hr)