

# Tankerska **Next Generation**

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*"There comes a perfect moment at sea when the sails and the wind align.  
Everything falls into place and the journey begins.  
Getting it right from day one means everything."*

”

**TNG**



TNG

# Disclaimer

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. These risks, uncertainties and other factors include, among other things, the timing, certainty and effects of future vessel acquisitions and deliveries, pricing of resale and newbuild tankers, including the relative pricing of second-hand, resale and newbuild tankers, TNG's ability to contract bank financing required for the future vessel acquisitions, 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.





# TNG Profile

Our History, Mission, Strategy, About Us.

Tankerska Next Generation



# Our Company History

## Our story

**TNG was incorporated in August 2014**, with its 2 conventional MR product tankers, and a newbuilding contract for delivery of an additional **eco design tanker**, with expected delivery in Q4 2015

**Getting investors on board** - IPO and SPO, TNG gained strong partners in institutional and private investors, raising over HRK 300m (USD 47million).

**Building the fleet** brought challenges before the management. Meeting them with success, TNG today has a fleet of **6 fully employed** product tankers, sailing the globe.



About Us

# Our Mission

5



TANKERSKA NEXT GENERATION

reliable, efficient  
and responsible  
provider of  
seaborne  
transportation



**Tankerska Next Generation**

A full-page background image showing a worker in a blue uniform and white hard hat on the deck of a ship, pulling a rope. The ship's railing and the blue sea are visible in the background under a clear sky.

About us

# Our Strategy

Modern technology – ECO design

## World Class Performance

Our strategy is to be a reliable, efficient and responsible provider of seaborne refined petroleum product transportation services and to manage and expand the fleet to maximize value for TNG's shareholders.

**Tankerska** Next Generation





# TNG

T N G

## About Us



1

**6** Modern product tankers (new technology) with an accent on eco design

2

60 year long relationships with leading global oil companies, traders and shipping community

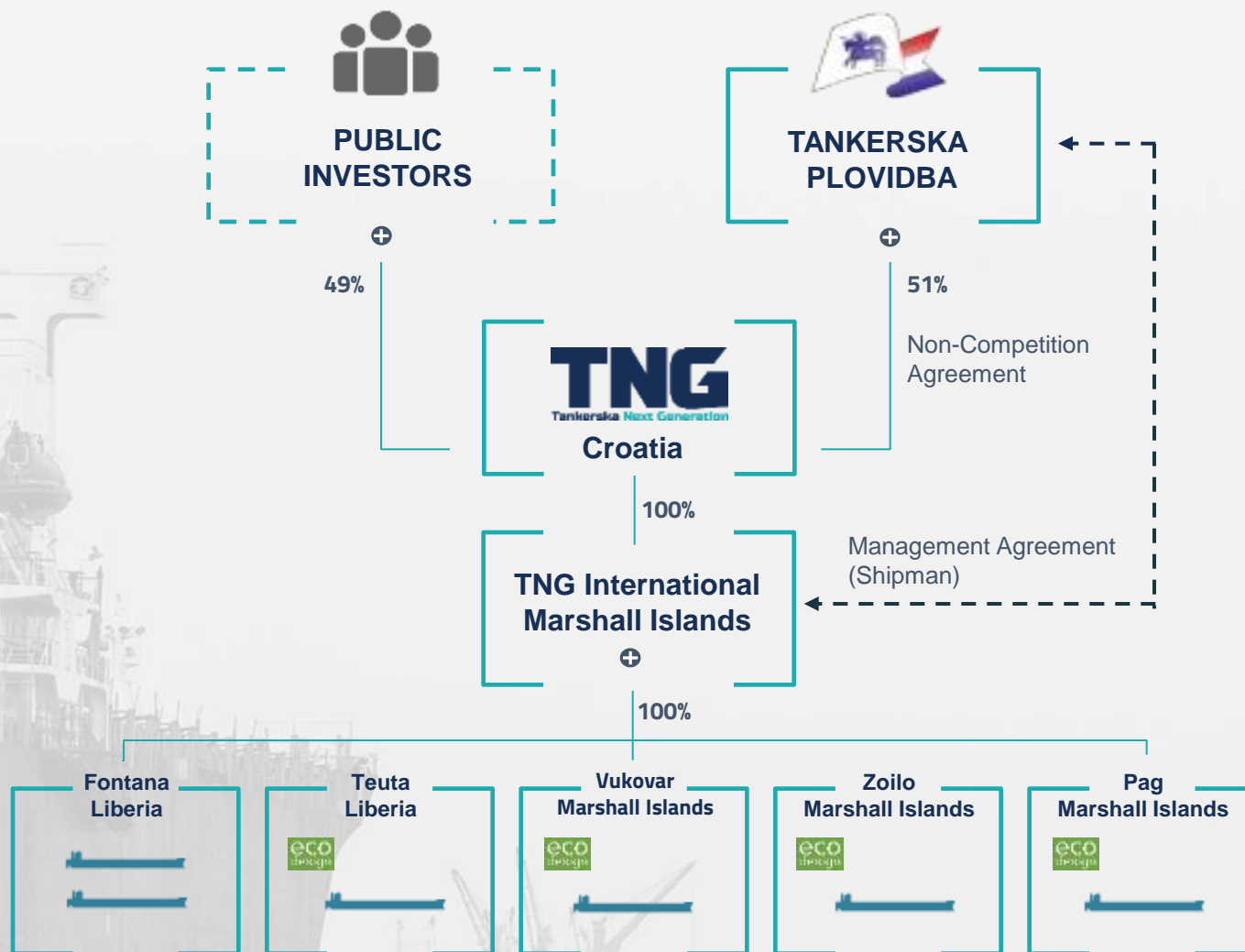
3

Intention to predominately employ the fleet on multi-year time charters

**Tankerska Next Generation**

About us

# Organizational structure





# Investment highlights

## Transparency

Complies with corporate governance regime



## Long term relationships

with leading global oil companies



## Modern tankers

New technology – ECO design MR product



## Lean structure

Organizational structure with operational superiority



## Dividend payout policy

Complete 2015 net profit will be distributed to shareholders



## Secular industry trends



## Management

Strong and experienced team with a focused strategy



# Company development timeline



## Incorporation

Q3  
2014

TNG was incorporated in August 2014, followed by Tankerska Plovidba contributing its 2 existing conventional MR product tankers, cash and one fully funded eco-design newbuild with expected delivery in Q4 2015 – MT Dalmacija

In February 2015 other investors had the opportunity to partake in the IPO of TNG. Through IPO, TNG gained strong partners in institutional and private investors as HRK 208m (USD 31m) was raised in the process (HRK 65 per share).

Q1  
2015

## Initial public offer



## Acquiry of 2 new tankers

Q2  
2015

The funds raised through the IPO, together with bank debt, were utilized to acquire two newbuilding contracts for MR vessels. First of two – MT Vukovar was delivered in April 2015, and the second – MT Zoilo in July 2015, both vessels are fully operational from the day of delivery.





## Secondary public offering

Q2  
2015

Capital raising continued in Q2, the major shareholders contributed another HRK 104m (USD 16m) in June. TNG has utilized raised funds in July 2015 and acquired the contract for a newbuilding vessel – MT Pag which was delivered in December 2015.

With the final acquisitions of MT Dalmacija in November 2015, and MT Pag in December 2015 - TNG has a fleet of 6 MR tankers

Q4  
2015

## Final acquisitions



## First fully operational quarter

Q1  
2016

First fully operational quarter of the fleet brings TNG's revenue to 105.300 USD per day

# Ownership development



■ Tankerska  
Plovidba d.d.  
100%

Pre - listing



■ Tankerska  
Plovidba d.d.  
55,56%

■ Free float  
19,46%

■ Institutional  
investors  
24,99%

After IPO



■ Tankerska  
Plovidba d.d.  
51,01%

■ Free float  
18,20%

■ Institutional  
investors  
30,79%

After SPO



4.000.000 shares



7.200.000 shares



8.733.345 shares





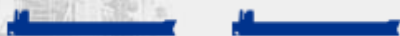
# TPNG-R-A

## Public offers in 2015

Feb 2015

# IPO

**USD 31 mil** raised  
**2 newbuildings** acquired



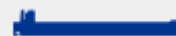
Offer size: 3.2 mil shares  
Offer price: **USD 9,60** per share

**78 DAYS** from secured financing to  
commercial exploitation

Jun 2015

# SPO

**USD 16 mil** raised  
**1 newbuilding** acquired



Offer size: 1.5 mil shares  
Offer price: **USD 10,20** per share

**48 DAYS** from SPO  
to acquiring contract for a newbuilding



## OUR FLEET

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TNG's fleet consists of 6 MR Product Tankers with the average age of 2 years per vessel. Total fleet capacity amounts to 300.000 dwt

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Our fleet

# TNG's MR product tankers

	 <p><b>Vukovar</b> 49,990 Hyundai Mipo April 2015</p>		 <p><b>Pag</b> 49,990 dwt SPP December 2015</p>		 <p><b>Dalmacija</b> 49,990 dwt SPP November 2015</p>
 <p><b>Vinjerac</b> 51,935 dwt Treći Maj April 2011</p>		 <p><b>Zoilo</b> 49,990 dwt Hyundai Mipo July 2015</p>		 <p><b>Velebit</b> 52,554 dwt Treći Maj October 2011</p>	



Eco design



Ice class


**Tankerska Next Generation**

# Our fleet



## Efficiency

Product is operating during the whole year  
Eco-design MR saves 5-6 tonnes of fuel per day



## Cost benefits

Lower vessel operating expenses, estimated at  
7,180 USD per day FY 2015



## Intangible benefits

Charterer preferences for a 'greener' vessel



## Stable vessels' value

ECO vessels expected to keep value during the  
next cycle downturn



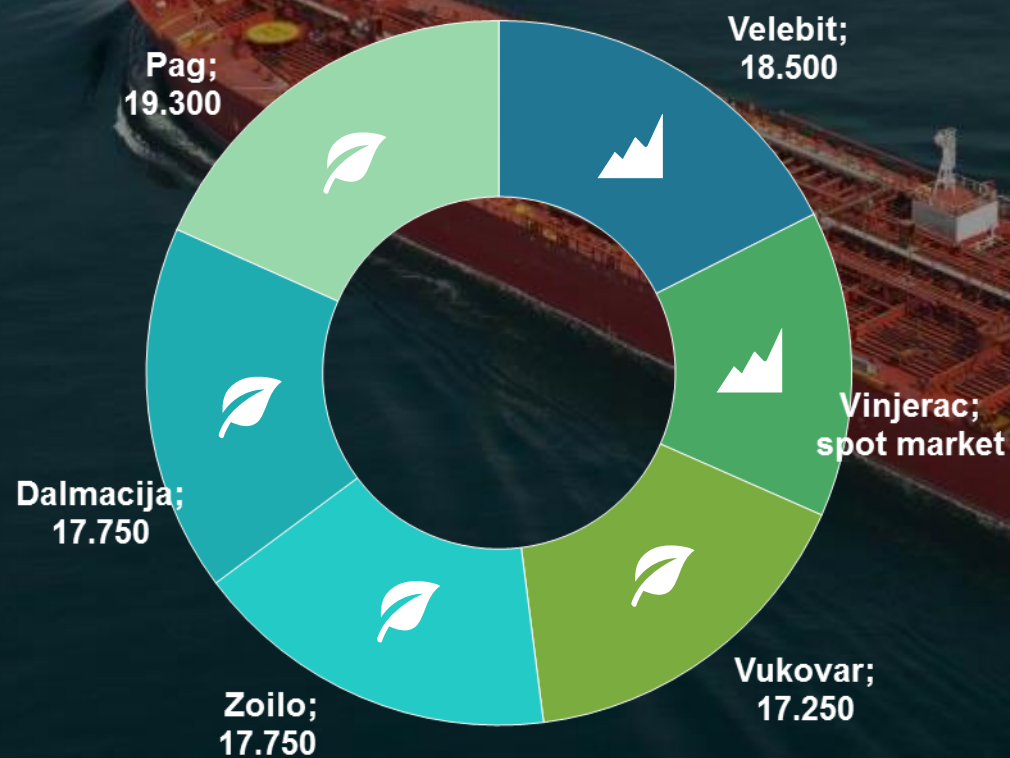
## Diversified fleet

diversified fleet of 4 ECO vessels and 2 ICE  
class vessels which can operate in icy waters

Our fleet

# Vessel revenues

**Average daily revenues** (in USD per day)



**Tankerska Next Generation**

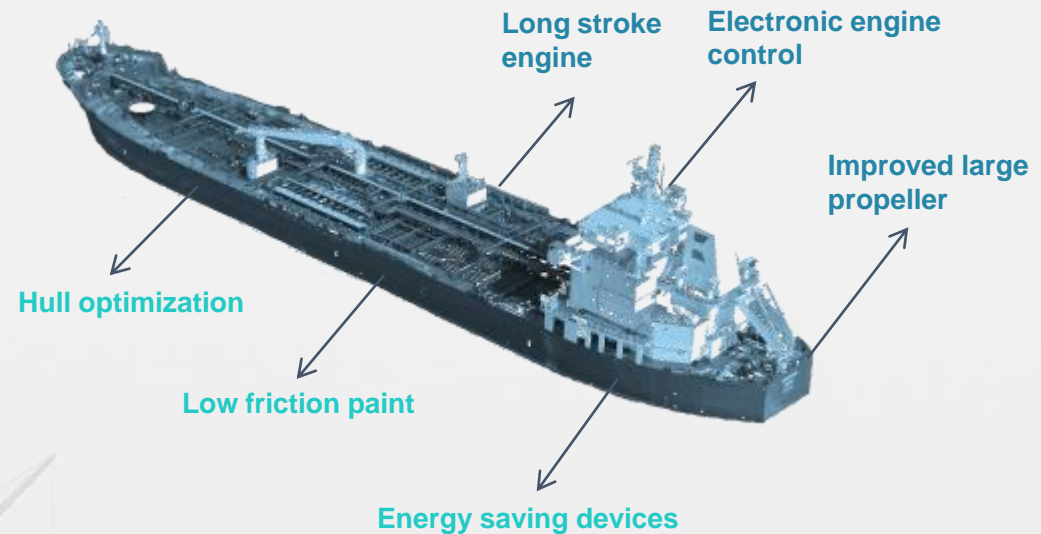


# Benefits of the ECO fleet

## ECO design vessel improvements

- Improved engines and improved larger propellers that decrease fuel consumption
- Substantial fuel consumption reduction
- Improved hydrodynamics such as hull optimization
- Energy saving devices and low friction paint to maximize the vessel's speed at a given level of propulsion
- Hydrodynamic improvements can also provide savings in fuel consumption

Eco design MT Vukovar – improvements in **propulsion** and **hydrodynamics**



# TNG's MR product tankers

	MT Pag	MT Dalmacija	MT Vukovar	MT Zoilo	MT Velebit	MT Vinjerac
MR Product	✓	✓	✓	✓	✓	✓
Eco design	✓	✓	✓	✓	✗	✗
ICE class	✗	✗	✗	✗	✓	✓
Charterer	TRAFIGURA	TRAFIGURA	SCORPIO	TRAFIGURA	CCI	SPOT
Daily hire (USD)	19.300	17.750	17.250	17.750	18.500	?
Employed till	Dec 2016	Nov 2018	May 2018	Aug 2018	Sep 2016	SPOT



## 2015 AT A GLANCE

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First year of operations sets  
out strong revenue base and  
increases financial stability  
and operations profitability.

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# Capital investments

overview

Total capital investments in 2015

**960.000.000~ HRK**

Over 300 crewman  
engaged on 6 vessels

Business Analysis

# Financial results FY 2015

**\$ 5,030,000**

Net profit in **year One**

Business Analysis

# Financial results FY 2015

**\$ 8.812 mil**

EBITDA

**\$ 19.935 mil**

REVENUES

**44,2%**

EBITDA margin



The background of the slide is a photograph of a ship's bridge. A person, likely a captain or officer, is seen from the side, looking through binoculars. The ship's superstructure, including the bridge and funnels, is visible in the background. The image has a soft, slightly blurred quality. A teal-colored semi-transparent shape covers the left side of the image, serving as a background for the text.

# TNG

## MARKET OUTLOOK

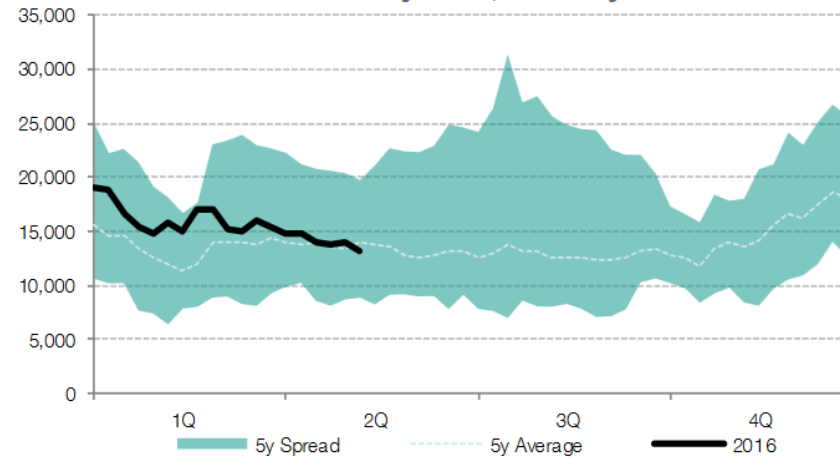
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Tankerska Next Generation

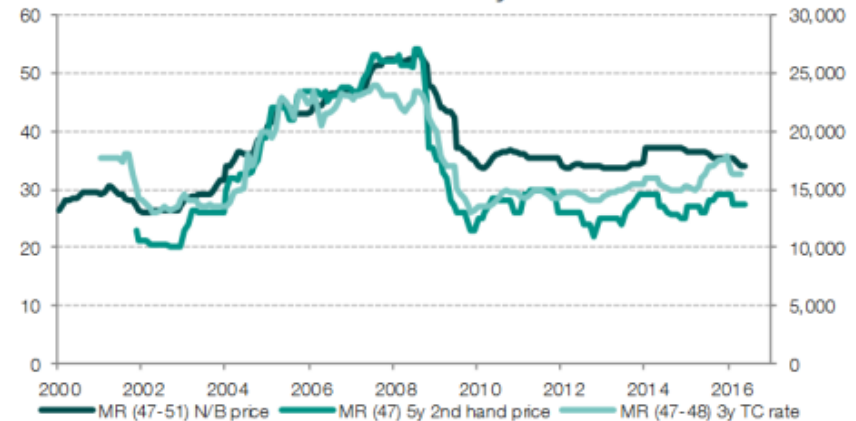
# MR tanker market

- Stable trends in expected hire rates for both conventional and eco-design MR tankers, although market shows some level of volatility.
- Structural changes in the wake of relocation refining capacities supported the demand for vessels.
- In the segment of product tankers 177 new units added in 2015 (6% increase from 2014), and during first four months of 2016 34 new additions.
- MR tanker day-rates are currently reflecting the 5 year average for the 2nd quarter, with a slight downturn from the higher levels achieved in the beginning of 2016.
- MR tanker newbuilding purchase price is currently fluctuating at 35 mil. USD, while a 5 year old vessel of the same characteristics is sold on 2nd hand market at 33 mil. USD.

MR day-rates, USD/day

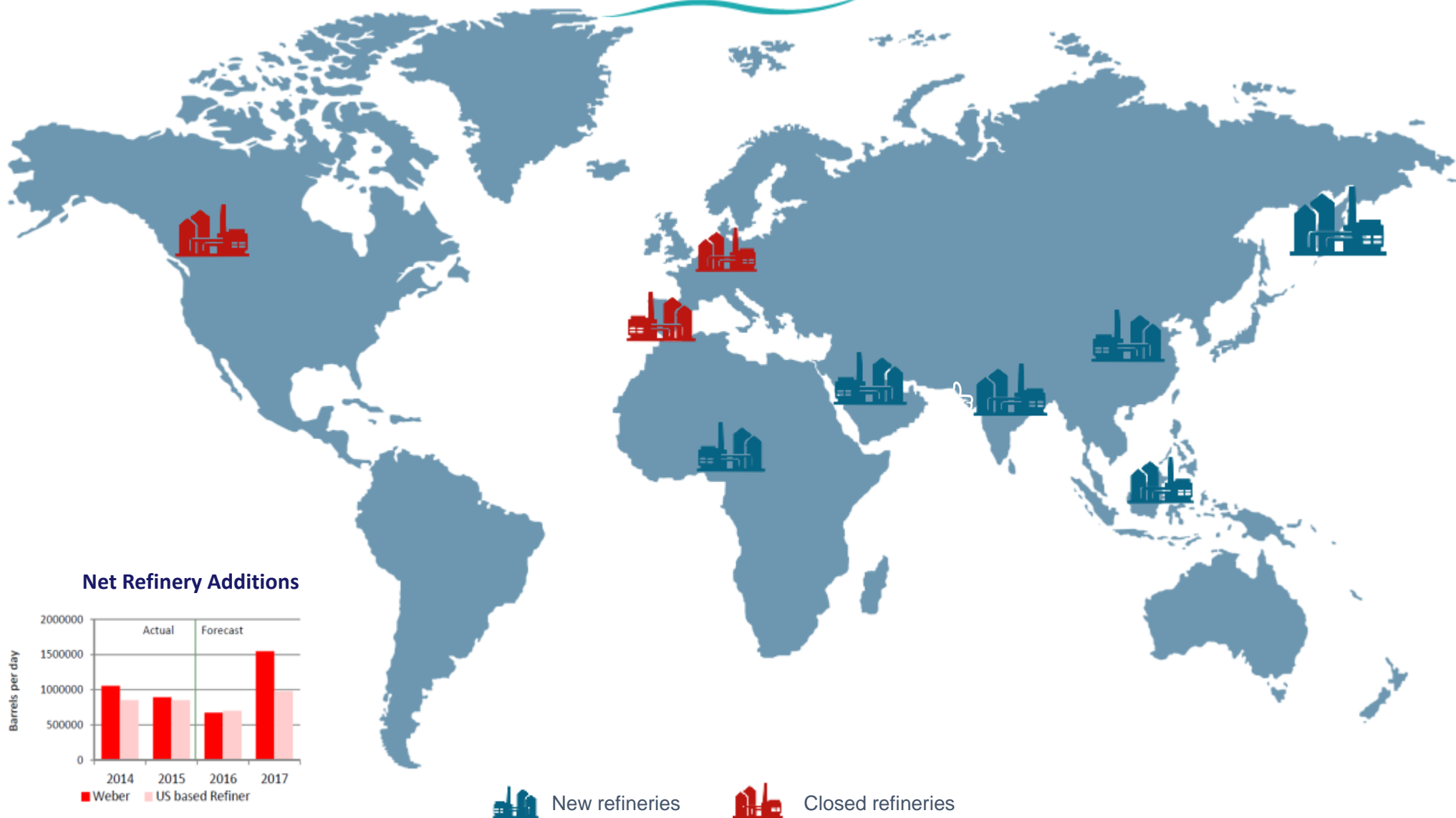


MR asset values and 3y TC rate



Source: ABN Shipping daily , 18th May 2016

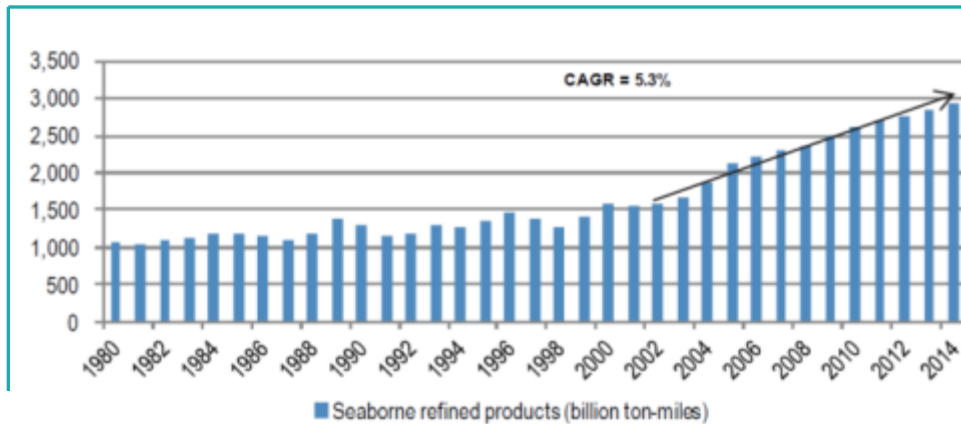
# Changing refinery landscape





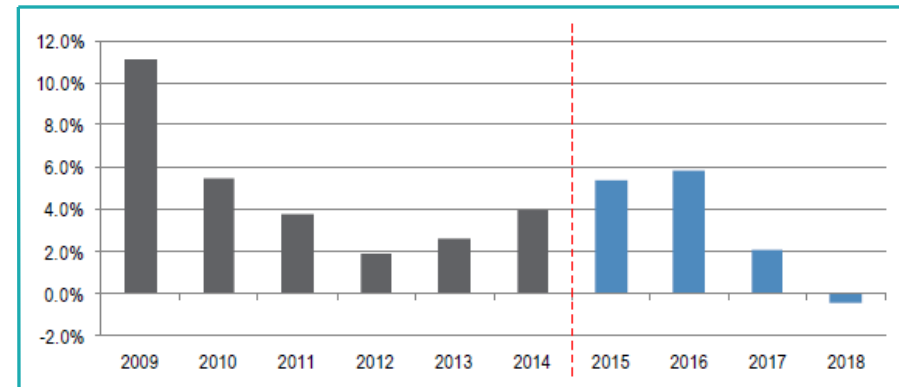
# Favourable development of supply & demand for tankers

**Development of seaborne trade in oil products**  
(bil. tonnes)



**Historical and projected supply growth - product tankers**

%year on year growth

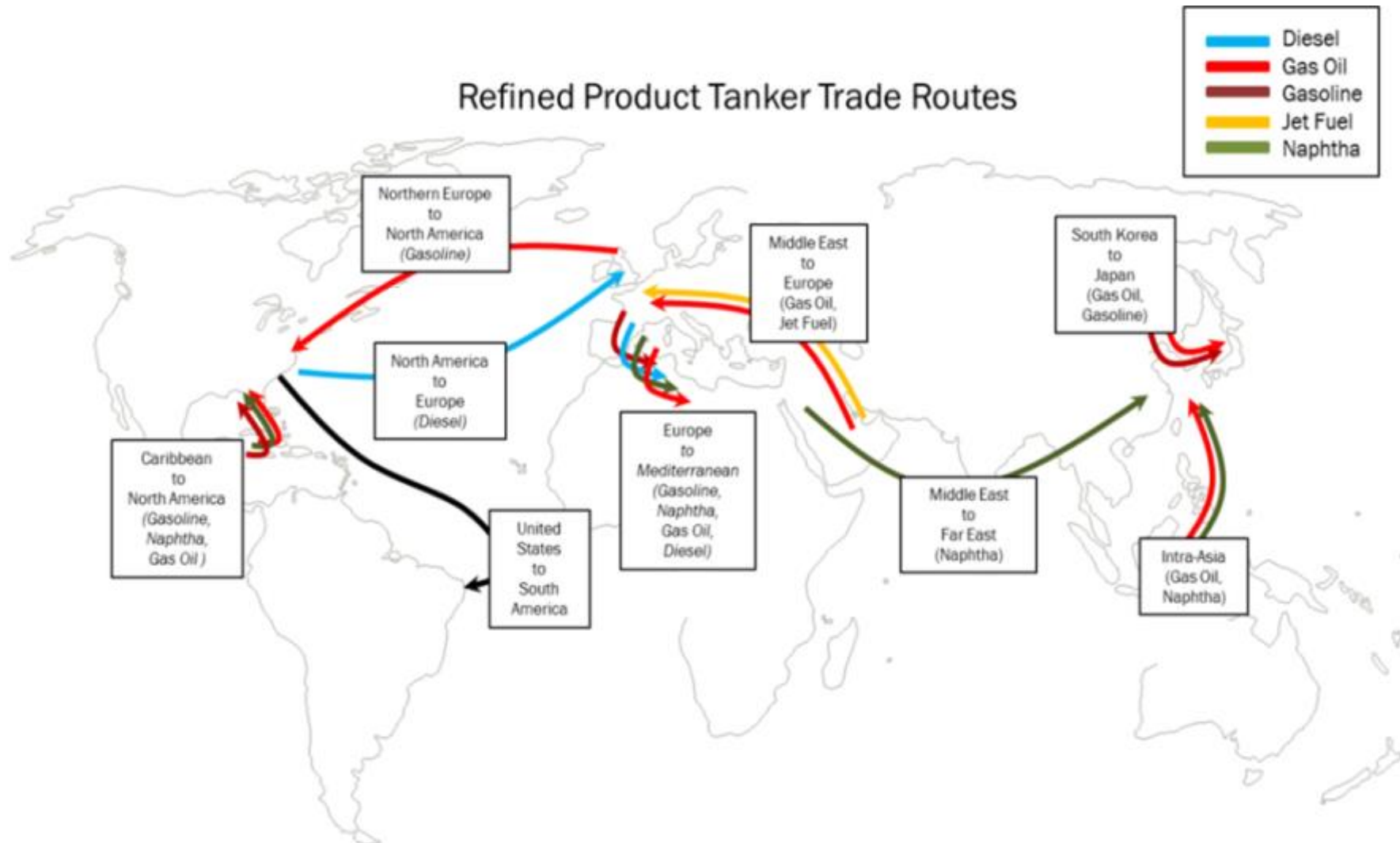


## Product tanker demand has been more robust than crude demand

- ✦ The dislocation of refineries away from points of consumption has driven strong product growth
- ✦ Refined product trade is much more complicated than crude trade due to refinery capacity and technology, government regulations of fuel standards, and arbitrage opportunities

# Trade routes

## Refined Product Tanker Trade Routes





# FINANCIALS

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FY 2015

Q1 2016



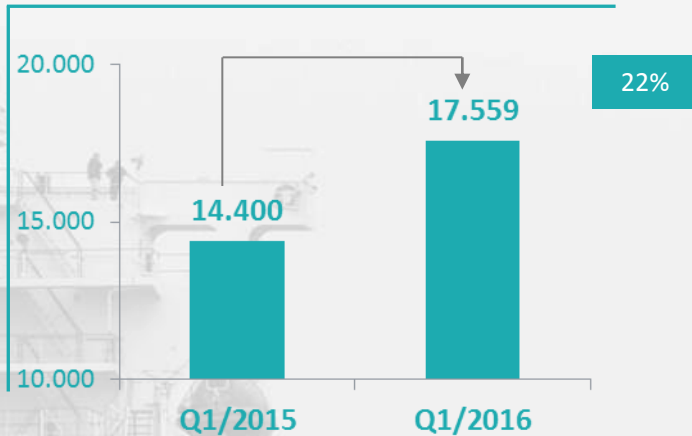
# Financial results

FINANCIAL OVERVIEW (in 000 USD)	FY 2014	FY 2015	Q1 2015	Q1 2016
Vessels' revenues (USD 000)	1,573	19,935	2,592	9,587
EBITDA (USD 000)	1,378	8,812	1,261	5,568
EBIT (USD 000)	778	4,894	684	3,649
Net profit (USD 000)	1,967	5,030	2,387	2,565

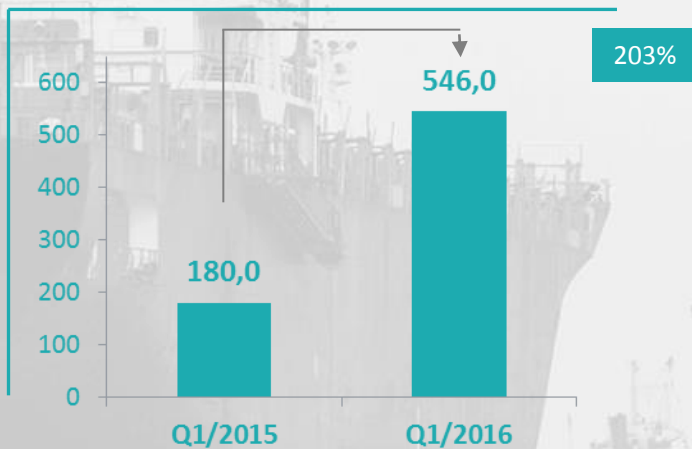
OPERATING OVERVIEW	FY 2014	FY 2015	Q1 2015	Q1 2016
Gross Time Charter (USD per day)	8,200	16,340	14,400	17,970
Operating days in the period	180	1,191	180	546
Average number of vessels	2.0	3.3	2.0	6.0
Number of vessels at period end	2.0	6.0	2.0	6.0

# Operating metrics

**TIME CHARTER USD/day**



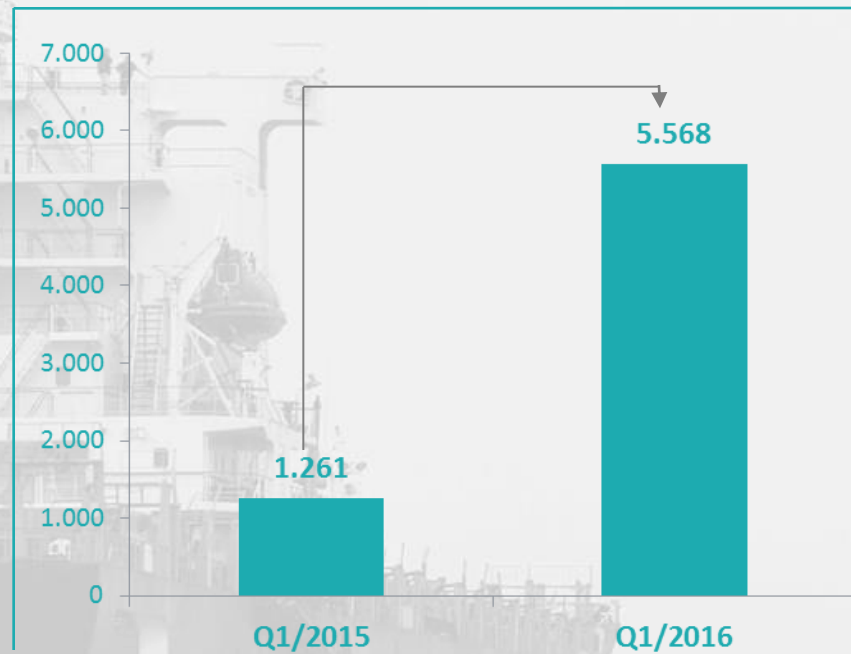
**OPERATING DAYS**



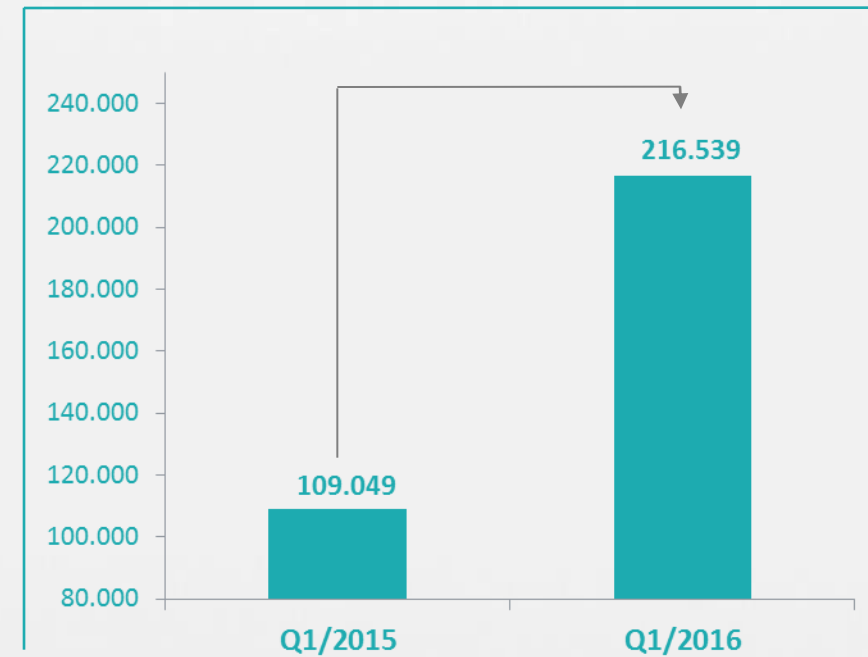
OPERATING METRICS USD/day	FY 2014	FY 2015	Q1 2015	Q1 2016
<b>Rates (USD/day)</b>				
Gross Time Charter	8,200	16,340	14,400	17,559
Time Charter Equivalent	-	15,257	13,756	16,874
<b>OPEX (USD/day)</b>				
Daily vessel operating expenses	n/a	7,180	5,978	6,348
Managament fee		503	503	457
TOTAL	-	6,677	5,475	5,891
<b>Operating days</b>				
Operating days	182	1,191	180	546
Revenue days	182	1,191	180	546
Fleet utilization	100%	100%	100%	100%
Average no. of vessels	2.0	3.3	2.0	6.0

# Financial results

**EBITDA**  
(in USD 000)



**TOTAL ASSETS**  
(IN USD 000)





# Financial results

PROFIT AND LOSS STATEMENT	2014	2015	Q1 2015	Q1 2016
	(USD 000)			
<b>Revenues</b>	<b>1,573</b>	<b>19,935</b>	<b>2,611</b>	<b>9,656</b>
Vessel revenues	1,573	19,935	19	69
Other revenues	0	0	2,592	9,587
<b>Operating expenses</b>	<b>(154)</b>	<b>(11,123)</b>	<b>(1,350)</b>	<b>(3,446)</b>
Commissions and voyage costs	n/a	(1,313)	(116)	(374)
OPEX	n/a	(8,552)	(1,076)	(3,466)
General and administrative	(154)	(1,258)	(158)	(248)
Depreciation	(601)	(3,918)	(577)	(1,919)
Financial gains	1,458	1,878	1,865	-
Finance costs	(269)	(1,742)	(162)	(1,082)
<b>EBITDA</b>	<b>1,378</b>	<b>8,812</b>	<b>1,261</b>	<b>5,568</b>
<b>NET INCOME</b>	<b>1,967</b>	<b>5,030</b>	<b>2,387</b>	<b>2,565</b>

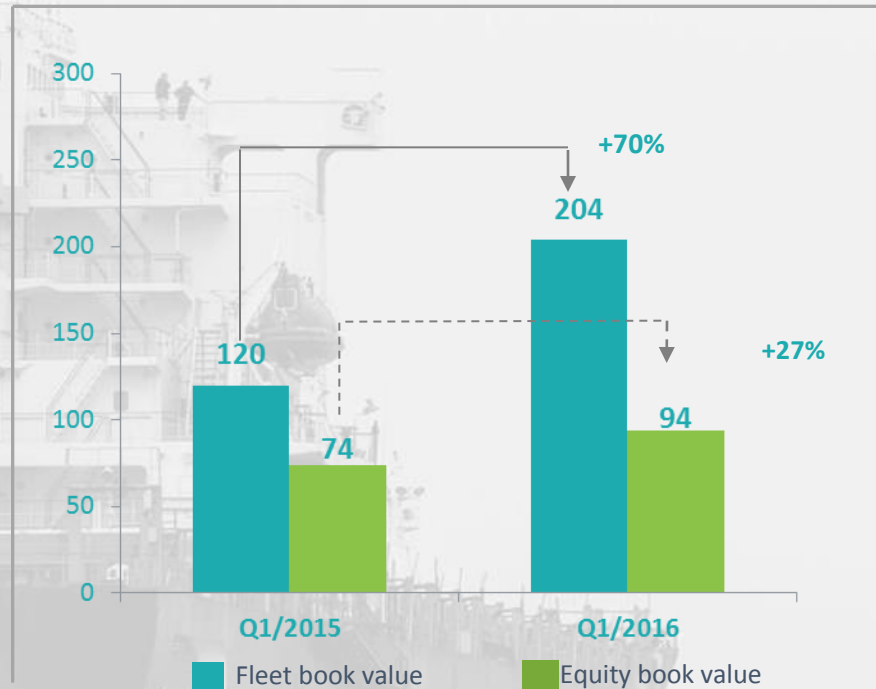
# Financial results

Balance sheet	31 Dec 2014	31 Dec 2015	31 Mar 2015	31 Mar 2016
	(USD 000)			
Vessels in operation	58,423	206,292	57,847	204,372
Vessels under construction	14,590	0	44,353	-
Cash and equivalents	3,693	10,221	6,578	9,593
<b>Total assets</b>	<b>77,520</b>	<b>218,058</b>	<b>109,049</b>	<b>216,539</b>
Shareholders' equity and reserves	43,933	92,365	74,431	94,931
Debt	33,098	121,300	32,350	119,355
Other liabilities	445	2,894	2,269	2,253
<b>Total equity and liabilities</b>	<b>77,520</b>	<b>218,058</b>	<b>109,050</b>	<b>216,539</b>

# Financial results

## FLEET BOOK VALUE/EQUITY

(USD mill)



### Fleet value

as at 31 Mar 2016

- Fleet value **USD 204.4 mil**
- Net Asset Value (NAV) **USD 94.9 mil**
- NAV per share **10.87 USD**


### Capital structure

- Conservative leverage for industry standards
- Debt / (debt+capital) **53%**
- Financing of new vessels **40% equity/60% debt**

### Financing strategy

- Long-term relationship with leading global shipping banks
- Long debt maturities – larger refinancing after 2020



A group of people in maritime uniforms are on a ship's bridge. In the foreground, a man in a dark navy uniform with a white cap and gold stripes on his sleeves looks directly at the camera. Behind him, several other people in similar uniforms are visible, some looking towards the camera and others looking away. The background shows the interior of the ship's bridge with various control panels and windows.

Tankerska's Next Generation's 2nd

# Annual General MEETING

Will be held at Tankerska's Plovidba  
„Društveni dom” on June 10th 2016.

TNG on the stock market

# TPNG-R-A

on Zagreb Stock Exchange

3.95  
HRK

Proposed dividend  
FY 2015

- Highest closing price reached: **HRK 83.71** (04th Aug 2015)
- 2015 year end closing price: **HRK 75.00** (30th Dec 2015)
- Latest closing price: **HRK 79.98 ~ USD 12.03** (18th May 2016)

5%

2015 Dividend yield

Market Capitalization (18 May 2016):

**HRK 698,492,933 ~ USD 105,083,937**



*"There comes a perfect moment at sea when the sails and the wind align.  
Everything falls into place and the journey begins.  
Getting it right from day one means everything."*

# Thank you!

We'd be happy to answer any of your queries,  
just contact us:

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