



TANKERSKA NEXT GENERATION

Company & Follow-On Offering

May 2015

1. TNG STORY

2. FOLLOW-ON OFFERING

**Secular industry
trends and accretive
vessel valuations**

**Transparency
Maximum dividend
payout**

**Modern product
tankers
(new technology)**

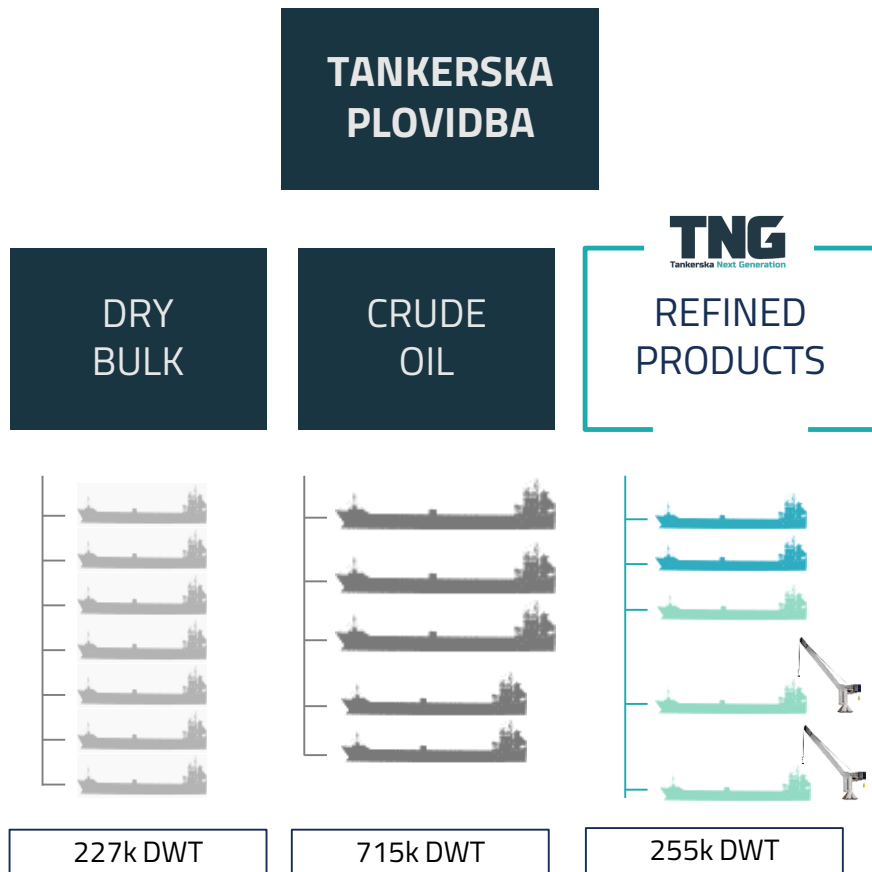


**Long term relationships
with leading global oil
companies**

**Lean organizational
structure with
operational superiority**

**Strong management
team with a focused
strategy**

Tankerska is an established provider of international crude oil, product and dry bulk maritime transportation services



Tradition & expertise

- 60 years of experience
- 7 dry bulks / 5 crude oil vessels / 5 product tankers via TNG
- Majority owned by employee trust
- Distinguished global clients
- Largest Croatian shipping company

Premium clients



Sound financials

- Revenues (2014): 123,4 USDm
- EBITDA (2014): 24,0 USDm
- Net profit (2014): 2,5 USDm
- Fleet value (05/2015): 437 USDm
- Moderately leveraged: Net debt/ fleet value (current) = 49%

Company Overview

- TNG was incorporated in August 2014 as a product tanker company carved out from Tankerska plovidba
- TNG successfully conducted an IPO in February 2015, raising €31m, which was used to finance the purchase of 2 resale Eco-MR tankers
- Current fleet consists of 3 operating MR2 product tankers and 2 newbuilds, with a total dwt of 255k
- Tankerska plovidba, with strong management team and track-record of managerial and operational excellence, acts as TNG's commercial and fleet manager on preferential terms
- The company's strategy is to employ vessels on mid to long-term time charters with premium global oil companies and traders
- Company intends to sell vessels on an opportunistic basis and return funds to shareholders and maximize dividend payments

Key Strategic Pillars

 FOCUSED Modern product tankers Long-term time charters Maximum dividend payout Asset play: Buy/Sell vessels on opportunistic basis	 GLOBAL 100% of revenues generated internationally Servicing the leading global oil companies and traders	 EFFICIENT Lower fuel consumption of modern product tankers Operating costs below industry peers
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Fleet

Vessel	Type	DWT 000	Delivery	Shipyard	Charter expiry	Value ⁽¹⁾ (USDm)	Charter rate (USD)	Charterer
MR2 Velebit	Product	52,6	2011	3. Maj, Croatia	Aug 15	29.7	14,000	Stena Weco
MR2 Vinjerac	Product	51,8	2011	3. Maj, Croatia	Apr 16	29.5	14,800	Stena Weco
MR2 Vukovar	Product	50,0	Apr-2015	HMD, S. Korea	May 18	38.7	17,250	Scorpio Tankers
MR2 Damacija	Product	50,3	4Q 2015	SPP, S. Korea	n/a	37.9	n/a	n/a
MR2 Zoilo	Product	50,0	Jul 2015	HMD, S. Korea	n/a	38.7	n/a	n/a

(1) Vesselsvalue.com, as of 18 May 2015

TNG's highly focused and lean business model, operated by an experienced management team, generates strong and above-industry performance and represents an unique equity proposition

Key Management

**John
Karavanić**
CEO

Tankerska Next Generation

- 20+ years of commercial experience in the shipping industry
- 5 years of Brokerage experience at ASC in London
- 8 years Head of Tanker Operations in Tankerska

**Mario
Devošić**
CFO

Tankerska Next Generation

- 10+ years of experience in oil&gas industry
- 2 years as Credit Risk Management Senior Expert at INA Group , the largest Croatian oil&gas company
- 3 years as Head of Investor Relations at INA Group

Supervisory Board

Ivica Pijaca
President

Tankerska plovidba, Director of Commercial Division

- 22+ years of experience in the shipping industry at various operational, crew and commercial positions in Tankerska
- 2 years as Broker and two years as Managing Director at ASC in London
- 8 years as Chartering Manager of Tanker division in Tankerska

Nikola Koščica
Deputy
President

Tankerska plovidba, CFO

- 10 years Head of Risk and Finance in Tankerska
- 7+ years of experience in the financial industry at various positions (Raiffeisenbank)
- 11+ years of experience in the shipping industry with international experience and education (London)

Mario Pavić
Member

Tankerska plovidba, CEO

- 21+ years of experience in the shipping industry at various operational, crew, commercial and executive positions in Tankerska
- Gained deep knowledge of tanker, bulk and LPG vessels and holds a Master Mariner Certificate
- 5 years as Broker and 2 years as Managing Director at ASC in London

?
2 independent
members

Independent members to be agreed

- TNG is currently in working with institutional investors on nominating 2 Supervisory Board members independent of Tankerska ploviba

- On February 5th 2015 TNG held its initial public offering of 3.2m of new shares on the Zagreb Stock Exchange
- IPO of TNG was the first initial public offering in Croatia since 2007
- Shares were allocated to 1,315 investors

TNG IPO

5 February 2015



Initial Public Offering
HRK208m / \$31m



Coordinator & Joint Bookrunner

Offering Details

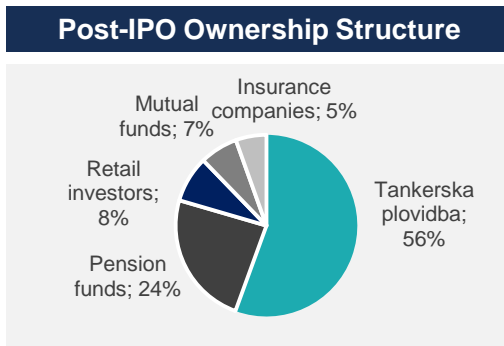
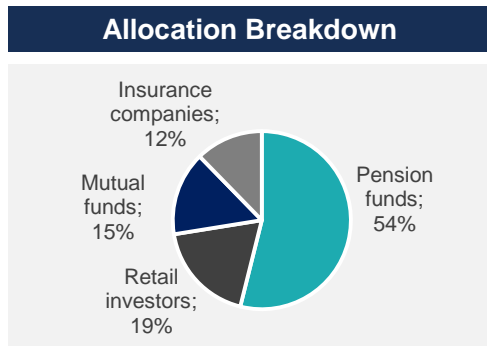
- Issuer: Tankerska Next Generation („TNG“)
- Offer size: 3.2m shares / \$31m
- Offering price per share: HRK65 / \$9.7
- Initial pricing range: HRK64-77 / \$9.6-11.4
- Stabilisation: 14% of shares offered
- Free float: c. 45%
- Listing: Zagreb Stock Exchange
- Use of Proceeds: purchase of two, modern eco-type MR product tankers
- Targeted investors:
 - Regional institutional
 - Croatian institutional and retail
- Lock-up: 320 days

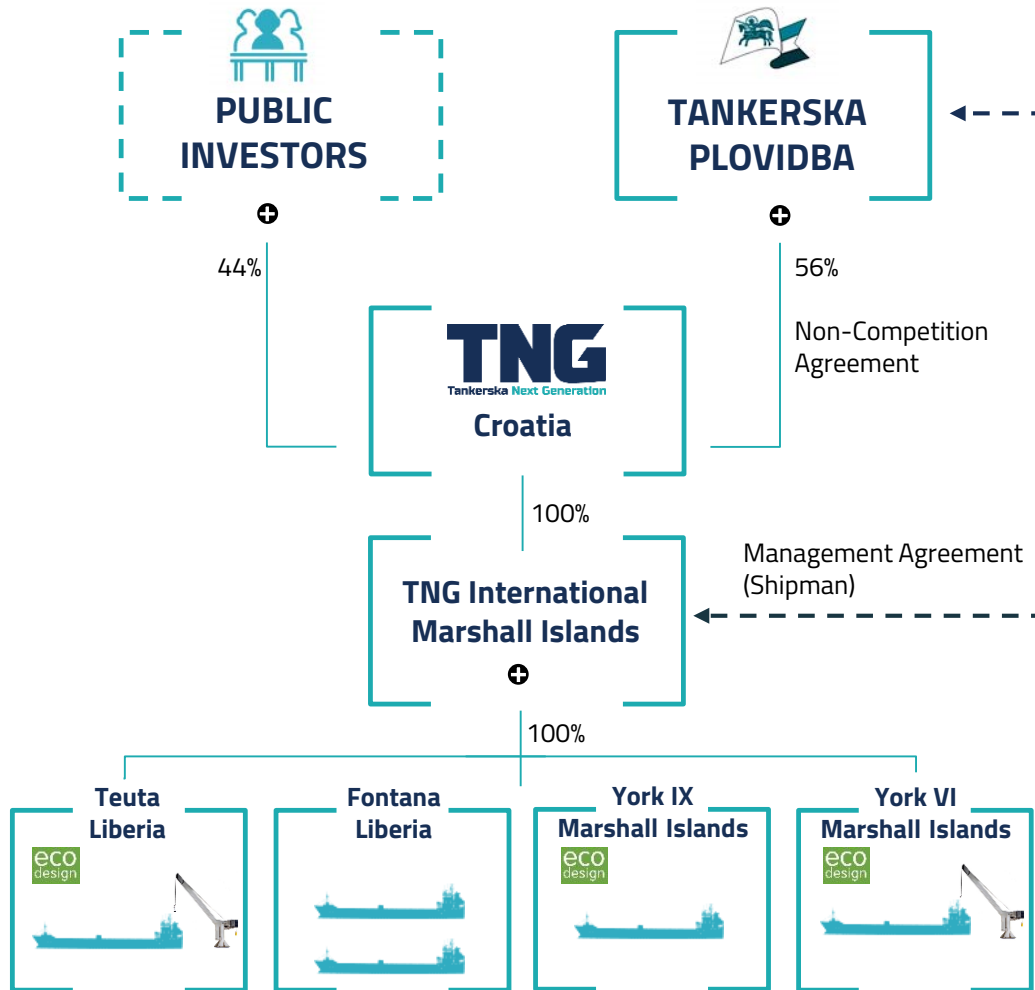
Key Highlights of the Process

- Execution highlights:
 - Croatia’s first IPO since 2007
 - First stabilisation mechanism on IPOs in Croatia
 - First MiFID compliant Prospectus in Croatia (Croatian & English)
 - Significant participation of retail investors
 - More than 15% of shares allocated to international investors

Current Top Shareholders (15-May-2015)

Shareholder	No. of shares	Share (in %)
Tankerska plovdba	4.054.994	56,3%
PBZ Croatia Osiguranje MPF	568.000	7,9%
Erste Plavi MPF	530.000	7,4%
Raiffeisen MPF	460.636	6,4%
Croatia osiguranje	240.769	3,3%
Other institutional and private investors	1.345.601	18,7%
Total	7.200.000	100%





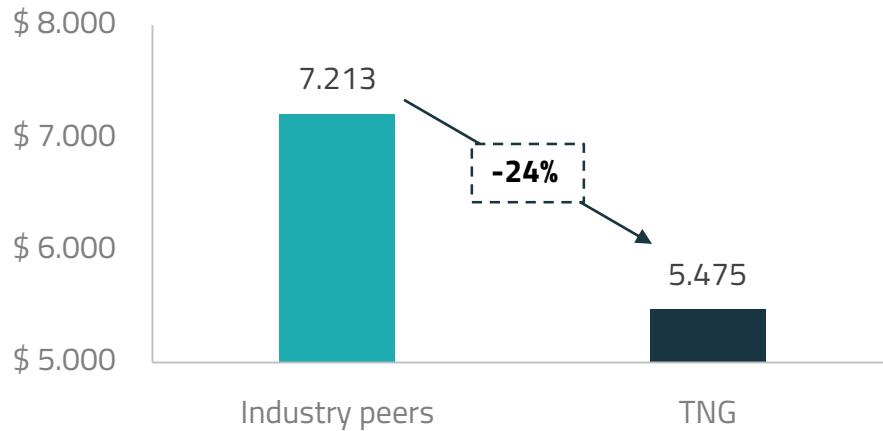
TNG's legal structure

- TNG is 100% owner of Tankerska Next Generation International (TNGI). TNGI is an operating company which entered into the Management Agreement with Tankerska
- TNGI is 100% owner of all vessel owning entities

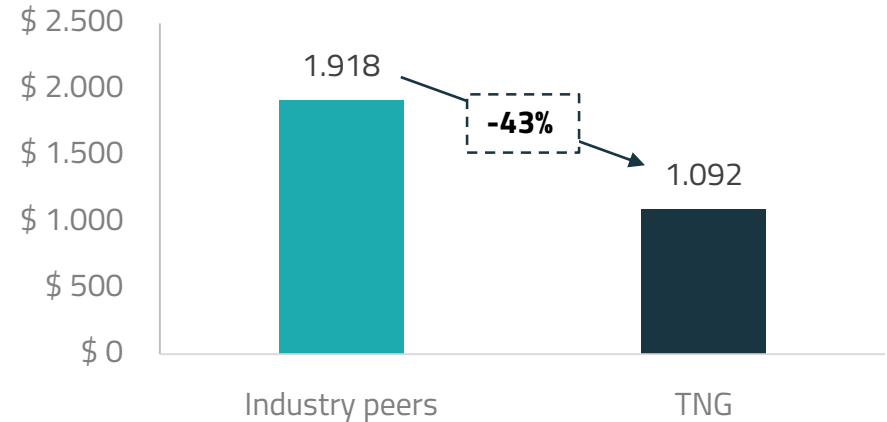
Key Contracts

- TNGI and Tankerska entered into Management Agreement. Tankerska will provide:
 - 1) commercial services for TNG for consideration of 1.5% of the gross revenue attributable to the vessel per day
 - 2) ship management services fee equal to 503 USD per day per vessel (67% of management fee published in Moore Stephens' latest OpCost for Handysize Product Tankers)
 - 3) S&P fee for direct purchase, acquisition, sale or disposition of vessels in the amount of 1.0%
- TNG has entered into a non-competition agreement with Tankerska. The parties have agreed that Tankerska nor its affiliates shall own, lease, commercially operate or charter any MR product tankers

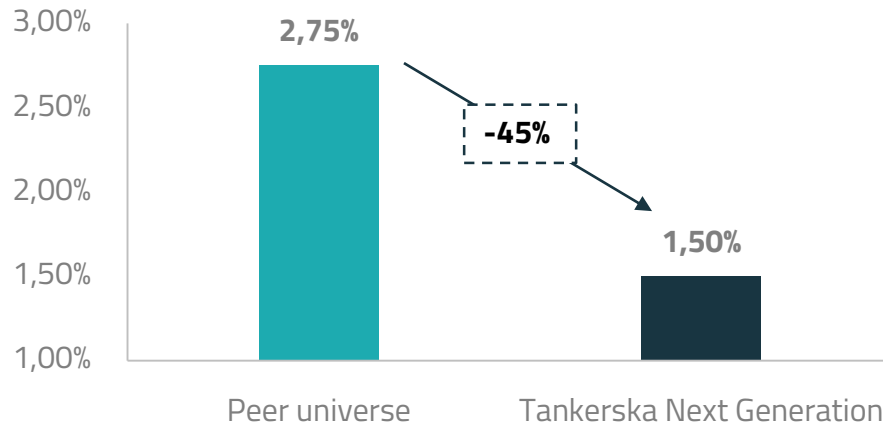
Operating costs⁽¹⁾ (USD/day)



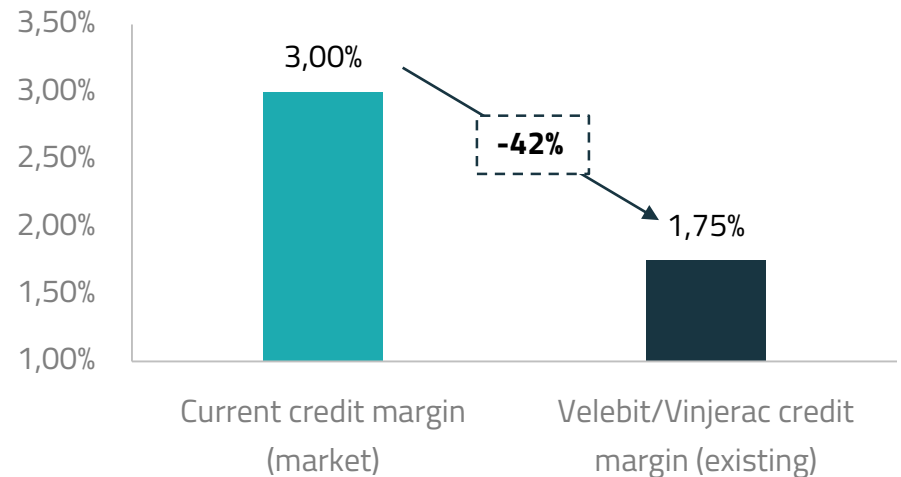
General and administrative expenses⁽²⁾ (USD/day)



Commercial management fees



Debt interest rates



(1) Moore Stephens 2014 and TNG 2015 Q1 OPEX comparison (OPEX includes crew, repair and maintenance, lubes, insurance, spares, stores and other misc.)

(2) Includes G&A and all vessel management fees

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
unaudited

	Total for January - March 2015 (USD 000)
Vessel revenues.....	2.592
Other revenues.....	19
Sales revenues	2.611
Commission and voyage related costs.....	(116)
Vessel operating expenses.....	(1.076)
General and administrative	(158)
Total operating expenses	(1.350)
EBITDA	1.261
Depreciation and amortization.....	(577)
Operating profit (EBIT)	684
Net interest expenses.....	(162)
Net foreign exchange gains (losses).....	1.865
Net income	2.387
Other comprehensive income.....	4.115
Total comprehensive income	6.502

KEY COMMENTS

- The average gross daily time charter rate per vessel in Q1 amounted to USD 14,400
- The average gross daily vessel operating expenses (OPEX) amounted to USD 5,475
- G&A in the amount of USD 1,092 per day per vessel (excluding IPO related costs), which includes the ship management services fee in the amount of USD 503

KEY HIGHLIGHTS

- On 5 February 2015 the Company successfully completed its initial public offering (IPO) through which it raised c. USD 31m via the sale of 3.2 mln shares at a price of HRK 65.00 per share
- On 12 March 2015 TNG acquired two newbuilds contracts for the construction of 50,000 dwt eco-designed product tankers from the Hyundai Mipo Dockyard in South Korea
- On 29 April 2015 TNG took delivery of the first newbuild m/t Vukovar and contracted the vessel on a three year time charter with Scorpio Tankers with the daily rate of USD 17,250
- The remaining two vessels are scheduled to be in delivered in July 2015 and November 2015

Fleet value

▪ Fleet value	USD 174.4m
▪ Shareholders' equity	USD 74.4m
▪ Net Asset Value (NAV) ⁽²⁾	USD 79.8m
▪ NAV per share⁽²⁾	\$ 11.1
▪ P/NAV (20 May)	0.9X

Capital structure

- Conservative leverage for industry standards
- Financing of new vessels **40% equity / 60% debt**

Balance sheet ⁽¹⁾ (USD 000)	31 Dec 14	31 Mar 15
Vessels in operation	58,423	57,847
Vessels under construction	14,590	44,353
Cash and equivalents	3,693	6,578
Other assets	814	271
Total assets	77,520	109,050
Shareholders' equity and reserves	43,993	74,431
Debt	33,082	32,350
Other liabilities	445	2,269
Total equity and liabilities	77,520	109,050

(2) NAV and NAV per share calculated on the basis of a) independent appraisal of vessel values (VesselValue.com); b) debt for the operating fleet as of 31 Mar 2015; c) target debt for newbuilds; and d) cash and other net liabilities as of 31 Mar 2015

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Vessel

- Hyundai Mipo Shipyard / 50,000 dwt - sister vessel of Vukovar & Zoilo / Delivery scheduled for early September
- Under subject until June 01 2015
- Market prices: Clarksons avg. = 37.5⁽¹⁾/ Quoted value of Zoilo and Vukovar = 38.7⁽²⁾
- Financing: 40% equity → c. 15 USDm

Chartering potential

- Vukovar delivered on May 01, chartered on a 3y basis for 17.250 USD/day
- Zoilo, to be delivered in July, chartered at 17.750 USD/day (3y)

IPO Assumptions (Feb. 2015)

- Vessel value: 37 USDm (use of proceeds)
- 3y charter: 17.000 USD/day

Market Update

- MRs values are currently c. 15%-20% above historical lows and c. 40% below historical highs
- 1Y Time charter rates (c. 17,750 USD/day) are c. 40% above historical lows and c. 40% below historical peaks
- Saudi Arabia and the United Arab Emirates in particular – has been ramping up product production and exports over the last few quarters, helping to keep the product tanker freight market buoyant
- Expected upsurge in the output of Middle East refineries by Q3 (although it will mostly benefit LR market it will, at least moderately, effect MRs)⁽³⁾

⁽¹⁾ Based on global pool of vessels (S. Korea, Japan, China, Bulgaria etc.)

⁽²⁾ Source: Vesselsvalue.com

⁽³⁾ Source: Energy Aspects

The company plans to raise additional equity in the amount of USD 15m at a price of HRK 68 per share, which represents a 10% discount to current NAV

Net asset value calculation	(USD 000)
Velebit.....	29,7
Vinjerac.....	29,5
Vukovar.....	38,7
Zoilo (newbuild).....	38,7
Dalmacija (newbuild).....	37,9
Total fleet value	174,4
Velebit.....	(15,4)
Vinjerac.....	(16,2)
Vukovar.....	(22,5)
Zoilo (newbuild).....	(22,5)
Dalmacija (newbuild).....	(22,5)
Bank debt	(99,1)
Other net liabilities.....	(2,0)
Cash and equivalents.....	6,6
Net cash	4,6
Pre IPO Net asset value	79,8
Capital increase (IPO)	-
NAV	79,8
# of shares outstanding	7.200.000
NAV per share	11,1

- Values based on VesselValue report as of 18/05/2015

- Debt levels for the operating fleet based on current BS amounts
- Debt levels for newbuild based on financing strategy with 40% equity/ 60 % debt

NAV per share	USD	HRK	P/NAV discount
Issue price	10,0	68,00	-10%

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