TANKERSKA NEXT GENERATION

ACTIVITIES AND RESULTS
OCTOBER 2015
ZAGREB

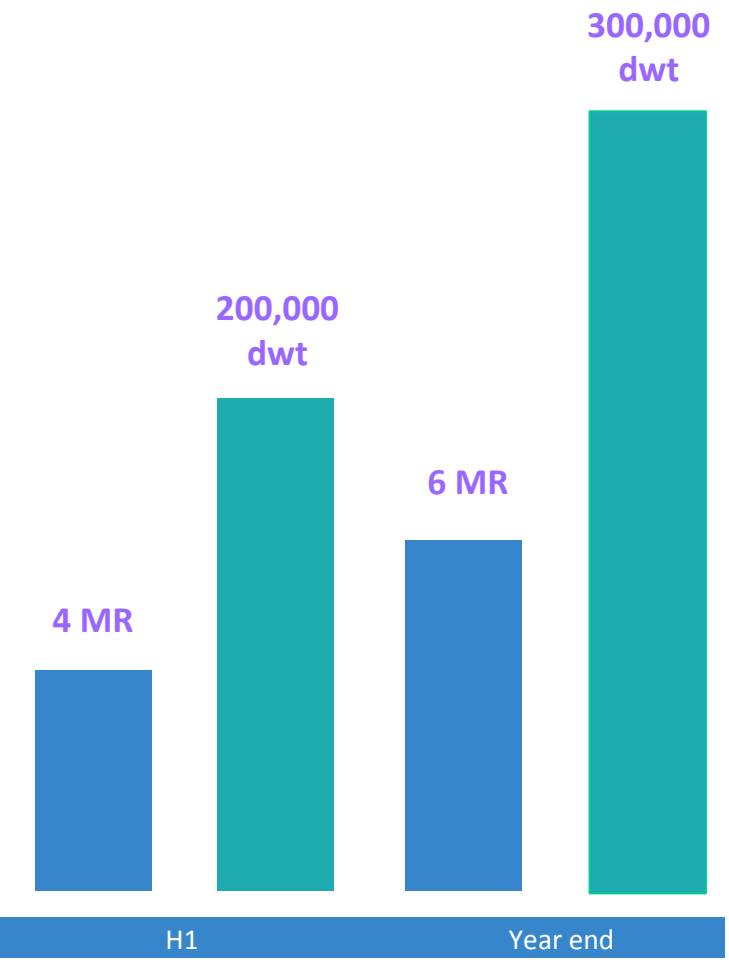
DISCLAIMER

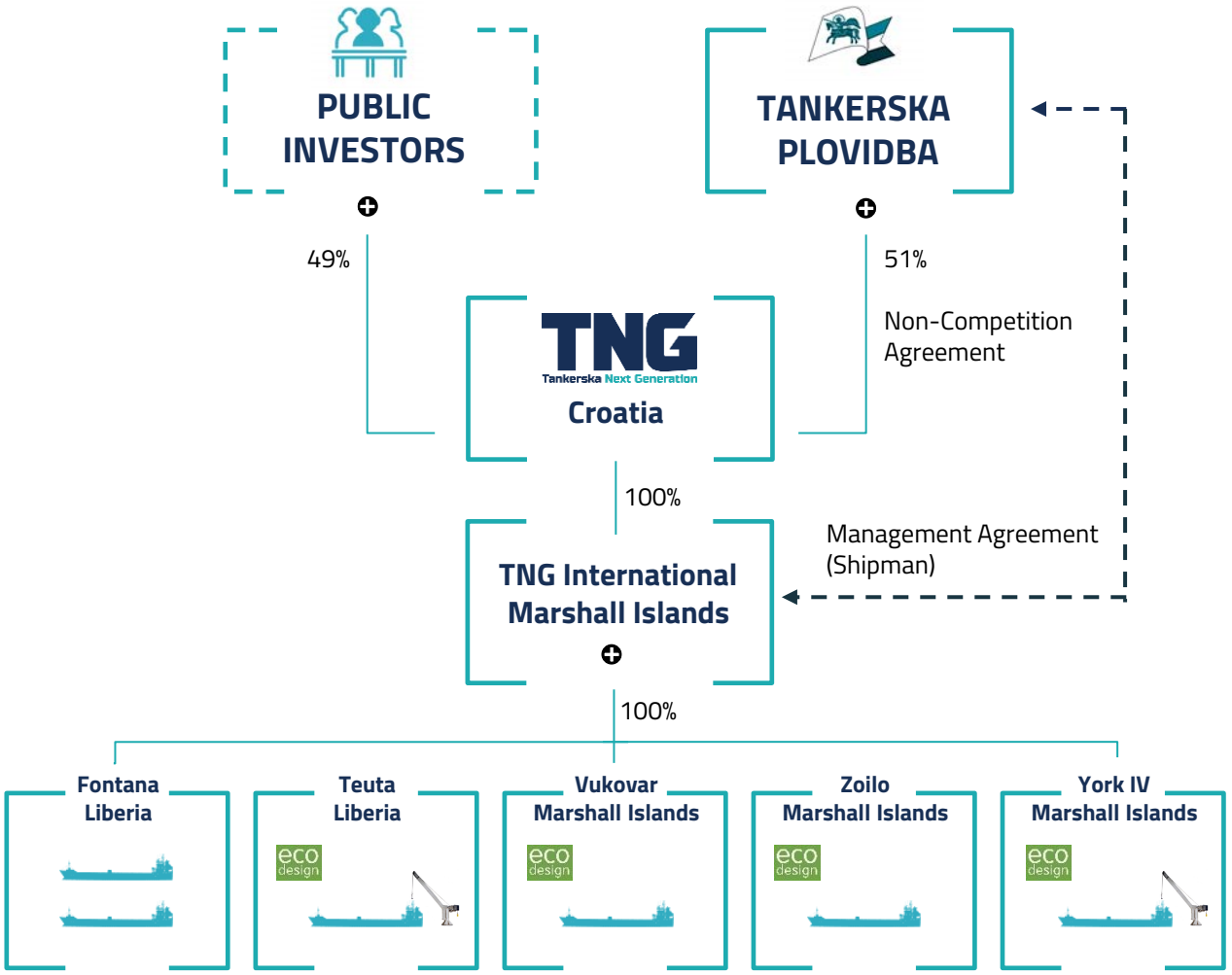
This presentation includes certain statements regarding Tankerska Next Generation Inc. („TNG“) which are not historical facts and are forward-looking statements. Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions 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 indicators 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 the 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.

Modern vessels with average age < 2 YRS

- Focus on services of worldwide seaborne transportation of refined and chemical products with multi-year time charters
- Company's strategy is to be a reliable, efficient and responsible service provider to achieve growth and increase its distributable cash flow and maximize shareholders' value.
- Fleet currently consists of 4 MR Product tanker vessels at sea and 2 under construction.





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

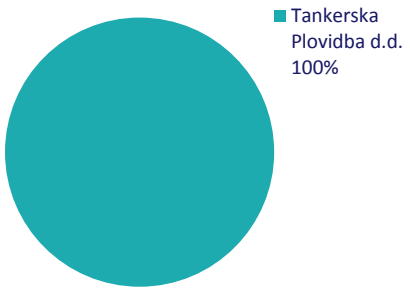
Key Contracts

- 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

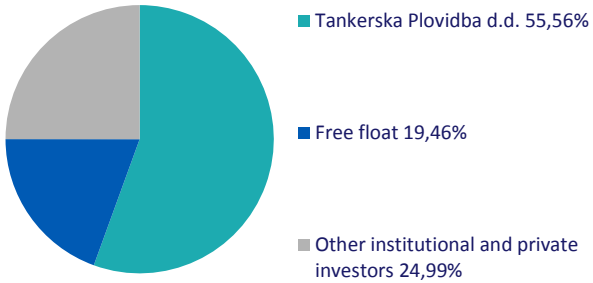
Established

22.08.2014

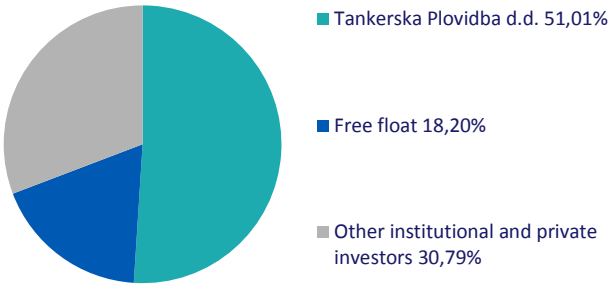
Pre - IPO



After IPO



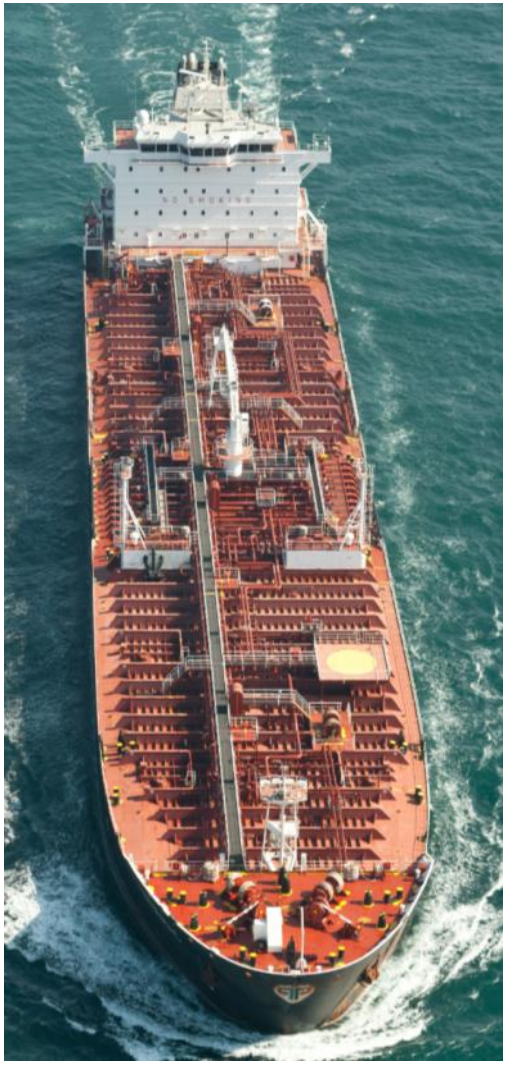
After SPO



Q3/2014 → Q4/2014 → Q1/2015 → Q2 /2015 → Q3/2015

Corporate governance

- **Stock exchange listed company** - complies with Corporate governance regime for listed companies (Zagreb stock exchange)
- **Supervisory Board** – is comprised out of 3 shipping experts and 2 independent financial experts
- **Management Board** – CEO with 21+ years of industry experience responsible for companies' fleet



TNG IPO

5 February 2015

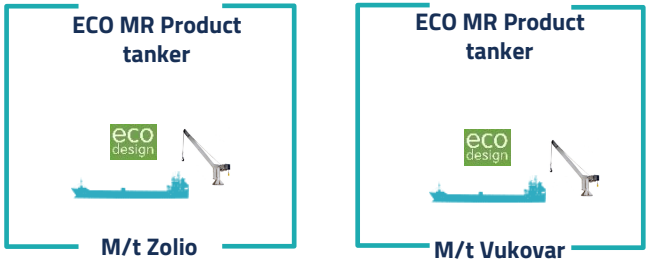
Initial Public Offering

Offer size: 3.2m shares / $31m

Offering price per share: HRK65 / $9.6

Initial pricing range: HRK64-77 / $9.5-11.4

Newbuildings acquired with funds from IPO



IPO Offering Details and Highlights

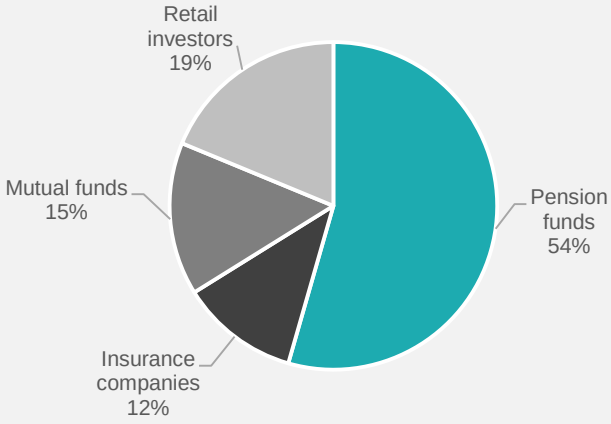
78 days

Secured financing and executed delivery and commercial exploitation

USD 31m

equity raised

IPO allocation brakedown



TNG SPO

11 June 2015

Secondary Public Offering

Offer size: 1.5m shares / $16m

Offering price per share: HRK68 / $10.2

Newbuilding acquired with funds from SPO

ECO MR Product tanker

M/T Pag
Expected Dec

SPO Offering Details and Highlights

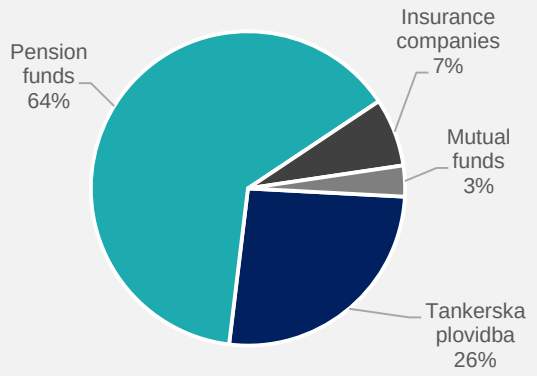
48 days

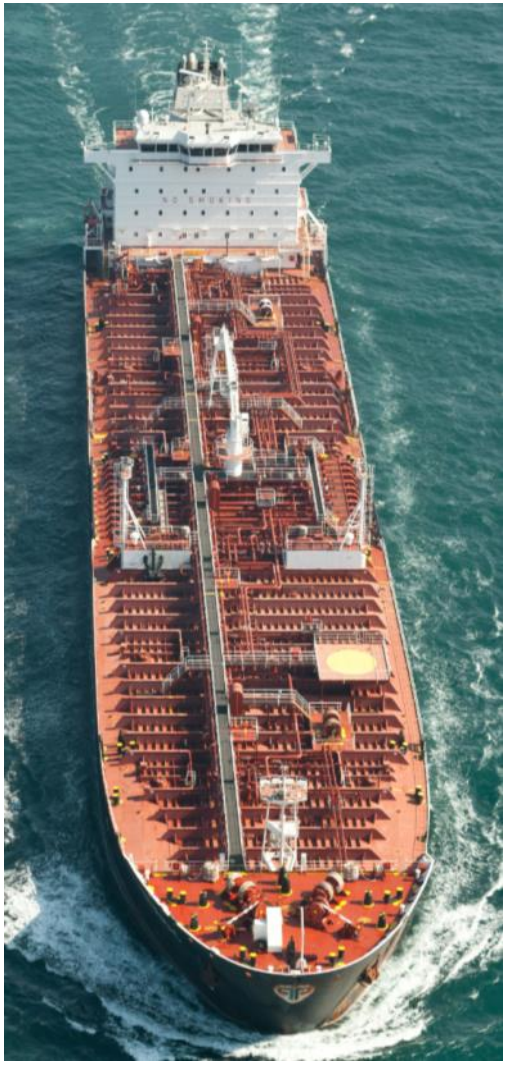
From SPO to acquiring a contract for newbuilding

USD 16m

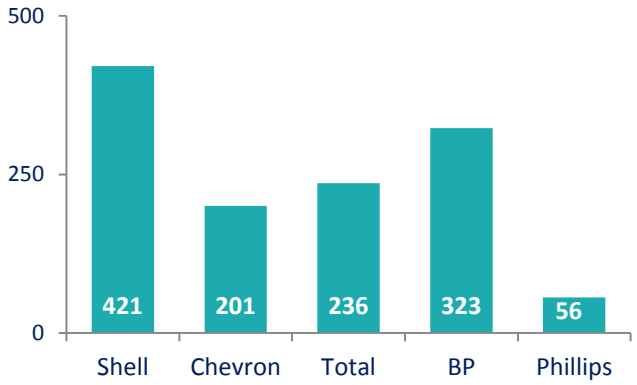
equity raised

SPO allocation brakedown

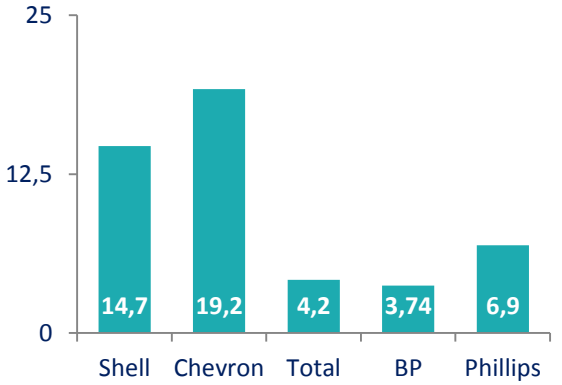




OIL MAJORS 2014 SALES REVENUE
(USD billion)



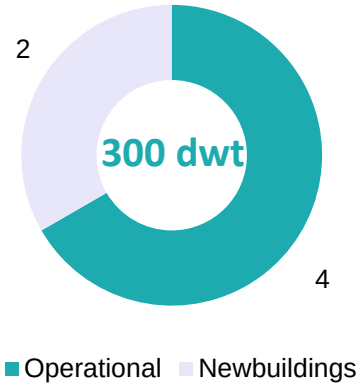
OIL MAJORS 2014 NET INCOME
(USD billion)



CITGO
VALERO
MERCURIA
Shell
TRAFIGURA
TOTAL
bp
Vitol
Chevron
Stena Weco
PHILLIPS 66
enap
Argos oil
LUKOIL
NESTE OIL
Morgan Stanley

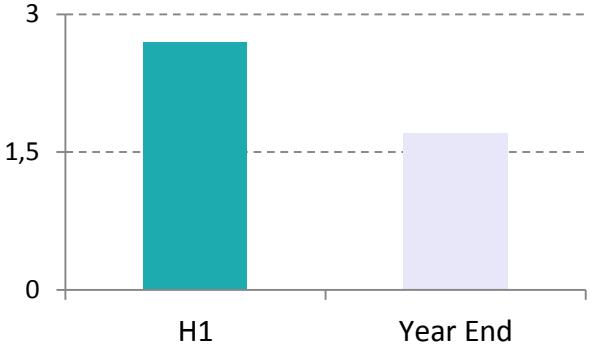
TNG OWNS MODERN MEDIUM-RANGE PRODUCT TANKERS

Current TNG fleet



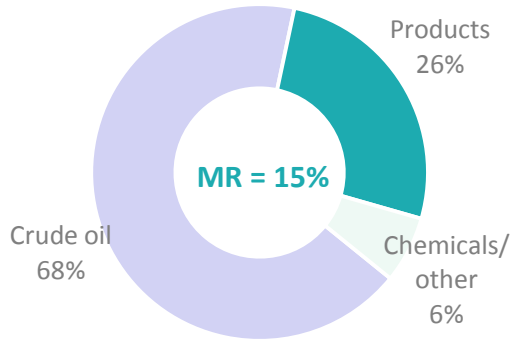
4 Eco designed 2 conventional ice class vessels of all together 300 dwt capacity

Fleet age and developments



Modern fleet of average age significantly below industry peers

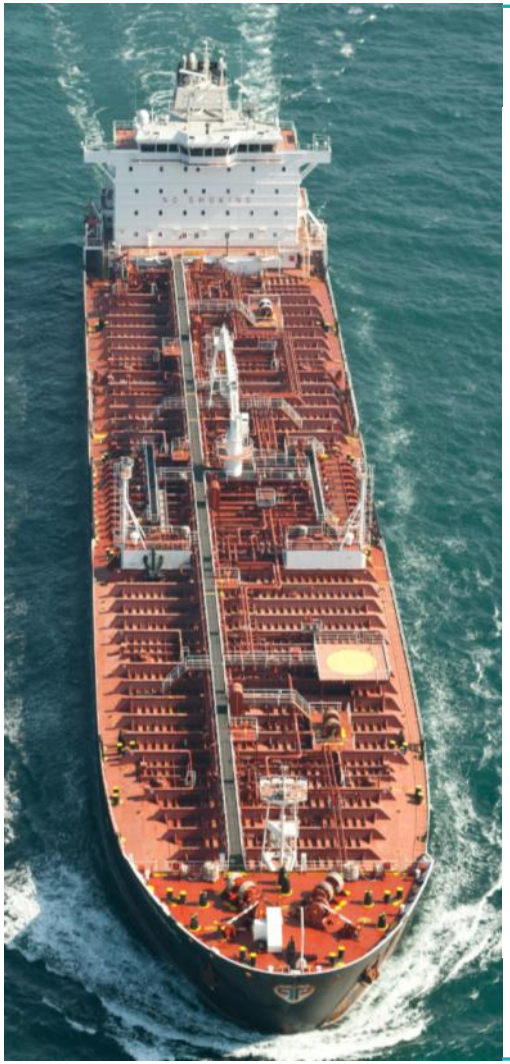
World tanker fleet structure



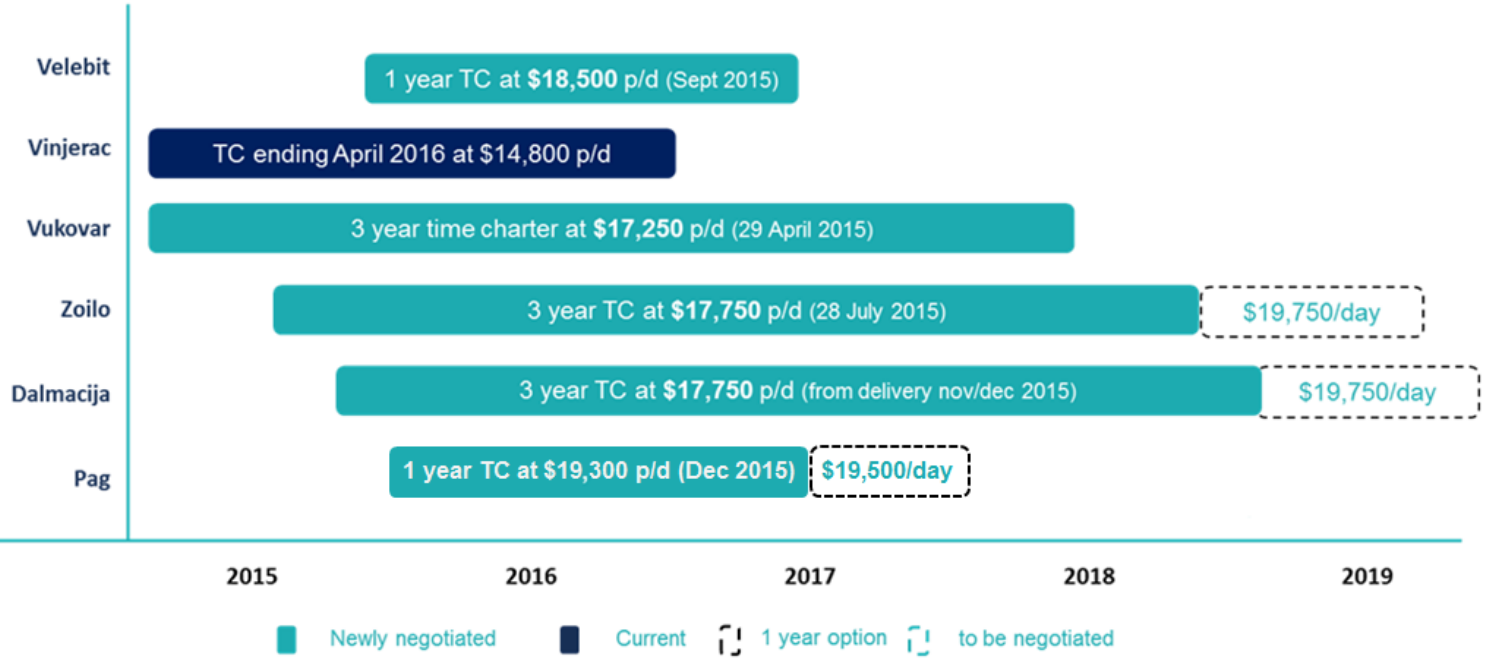
Globally refined petroleum products are transported by MR and LR tankers

H1 2015 - 3 MRs at sea with 2,72 yrs average age
2015 - planned 6 MRs at sea with 1,7 yrs average age

TNG SECURED REVENUE SUMMARY



TNG fleet employment overview



FINANCIAL OVERVIEW	Q1 2015	Q2 2015	H1 2015
Vessels' revenues (USD 000)	2,592	3,709	6,301
EBITDA (USD 000)	1,261	1,396	2,657
EBIT (USD 000)	684	604	1,288

OPERATING OVERVIEW	Q1 2015	H1 2015
Gross Time Charter (USD per day)	14,400	14,896
Total daily vessel operating expense (USD per day)	5,979	6,302
Operating days in the period	180	423
Average number of vessels	2.0	2.3

Back up

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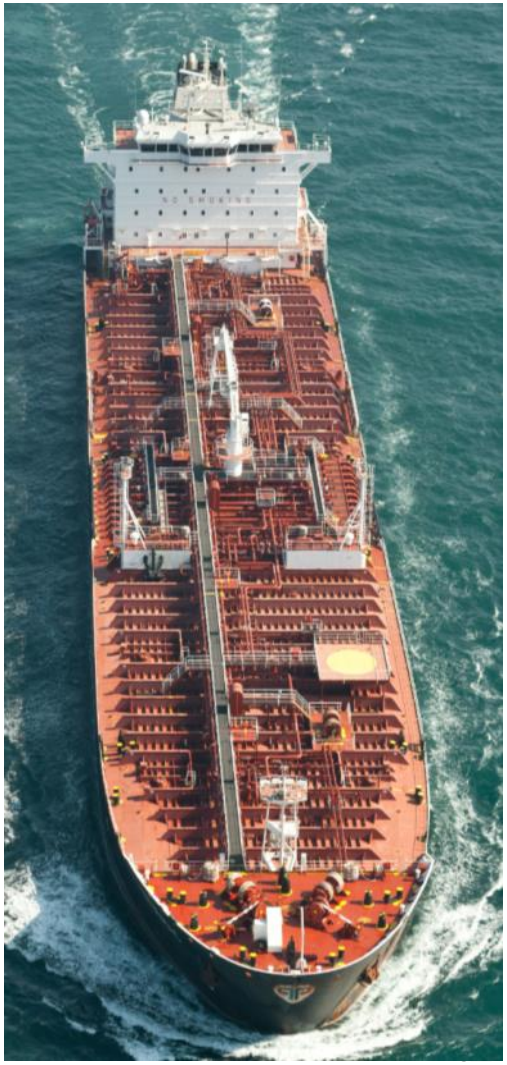
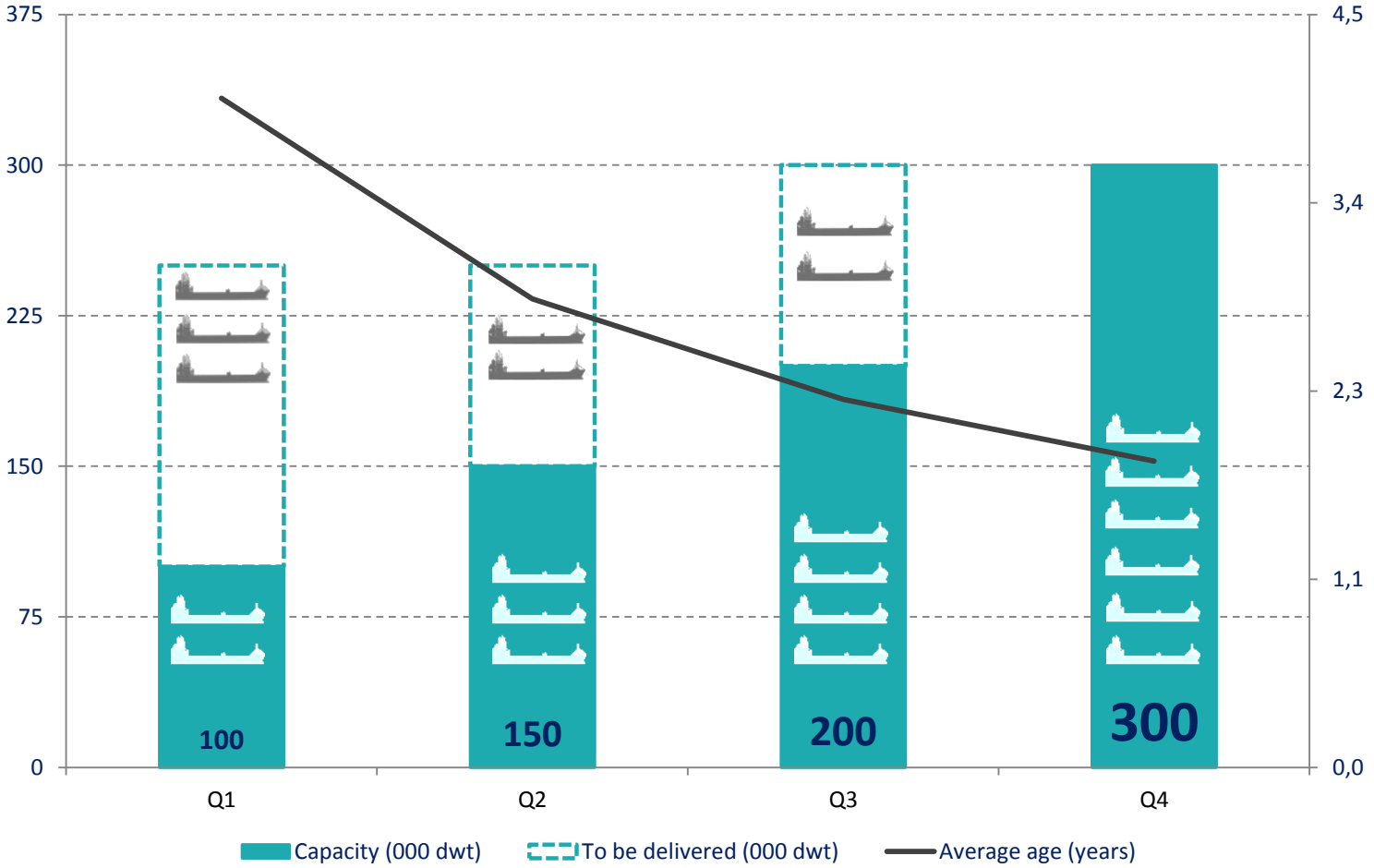
29 STRONG MANAGEMENT TEAM

Vessel	IMO	Built	DWT	Type	Flag	Ice class
Velebit	9455741	2011	52,554	Oil / Product /Chemical tanker		1B
Vinjerac	9489194	2011	51,935	Oil / Product /Chemical tanker		1B
Vukovar	9707819	April 2015	49,990	Oil / Product /Chemical tanker		-
Zoilo	9704441	July 2015	49,990	Oil / Product /Chemical tanker		-
Dalmacija	-	Q4 2015	50,278	Oil / Product /Chemical tanker		-
Pag	-	Q4 2015	50,265	Oil / Product /Chemical tanker		-



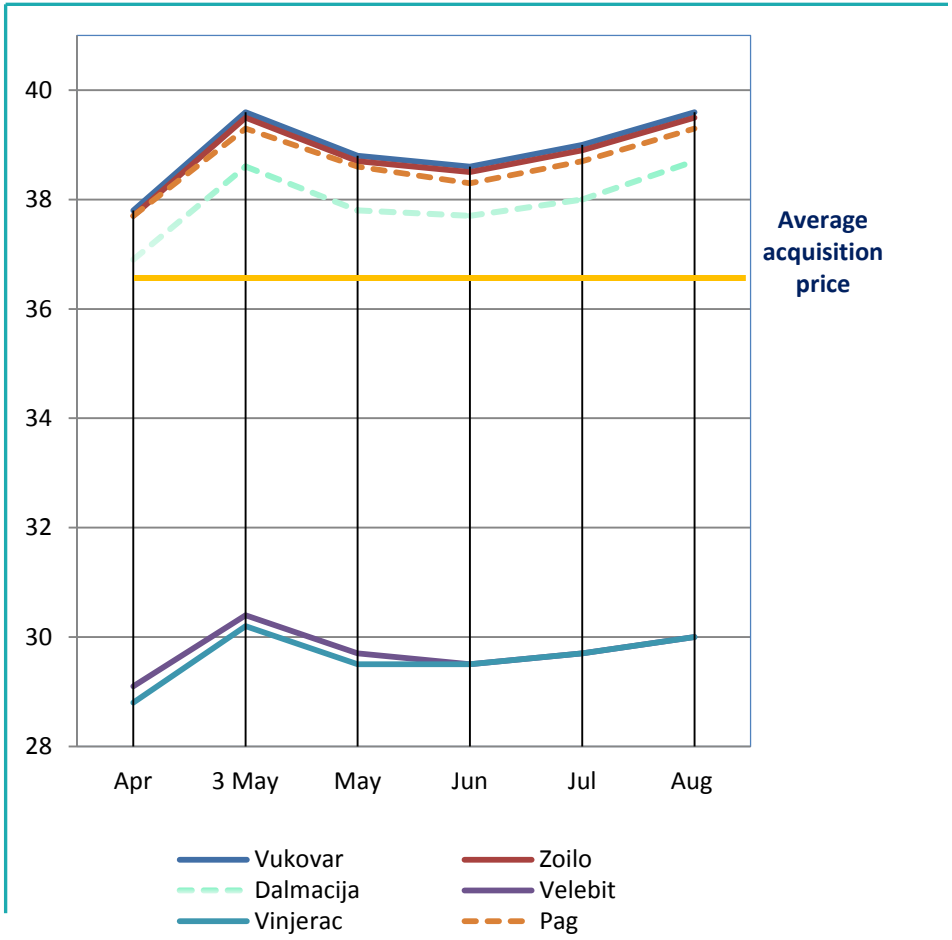
OVERVIEW


375
300
225
150
75
0
4,5
3,4
2,3
1,1
0,0
100
150
200
300
Q1
Q2
Q3
Q4
Capacity (000 dwt)
To be delivered (000 dwt)
Average age (years)

TNG'S FLEET VESSELS' VALUE

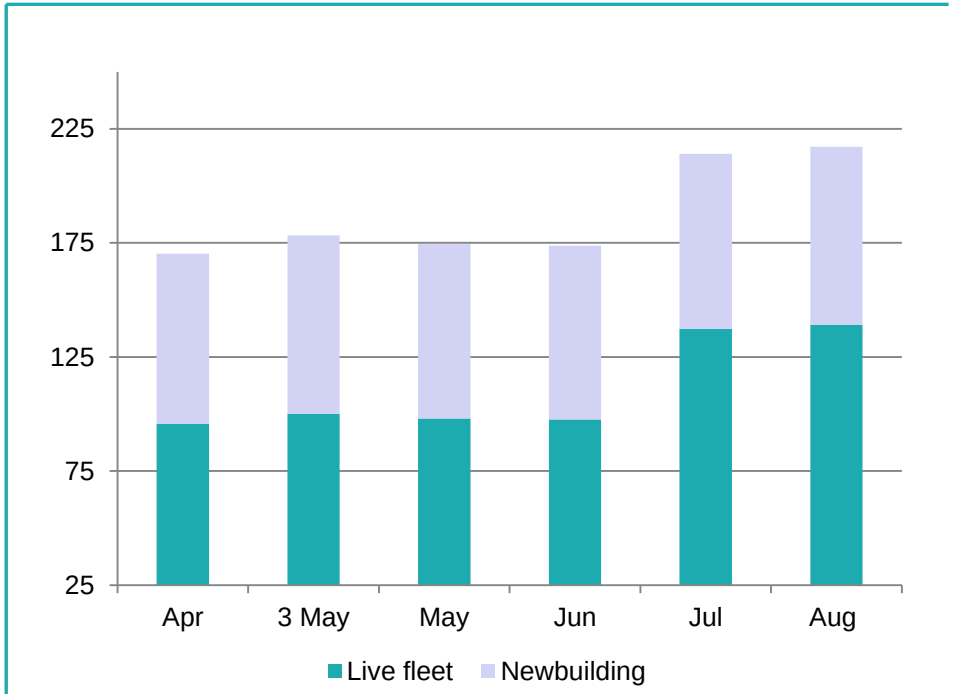
VESSELS' VALUE OVERVIEW

USD milion



TANKERSKA NEXT GENERATION'S FLEET

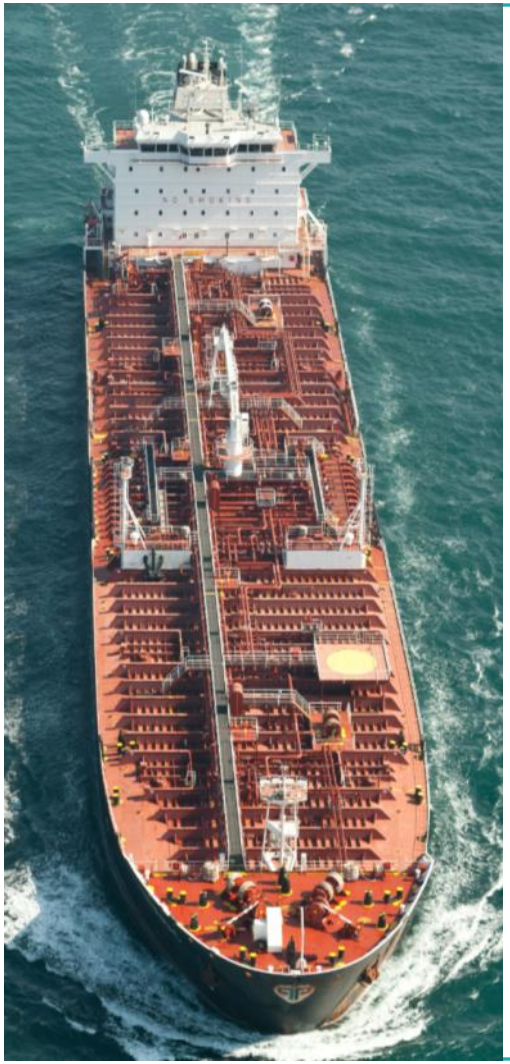
USD million



- 2015 **newbuildings** program includes **4 vessels**
- **3 vessels** acquired in 2015 at average price of 36.7, o/w **2** already at sea
- **Fleet value** increased above **USD 200 million**

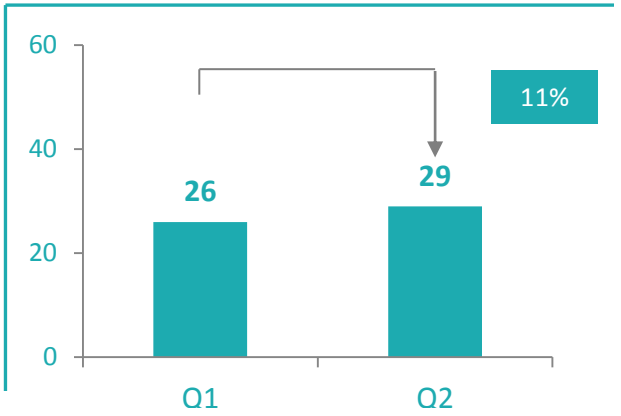
*Source: VesselsValue.com

STRONG FINANCIAL POSITION WITH INCREASED CAPITALIZATION

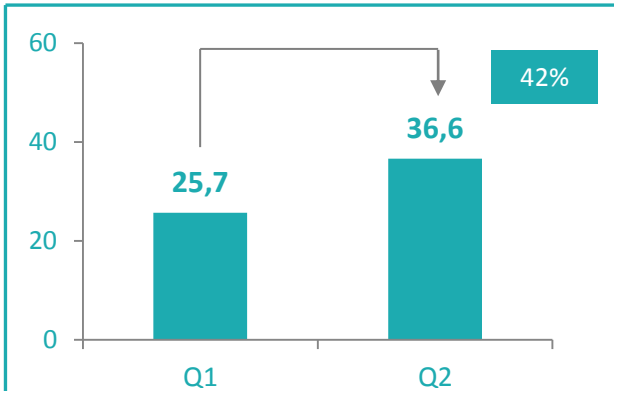


- TNG has been **successfully listed** on Zagreb Stock Exchange
- HRK **208** million raised for fleet expansion through IPO
- Additional HRK **104** million raised through SPO
- Conservative approach to financing with **low gearing**
- **Stability** brought to the **balance sheet** by equity increase
- Strong **base** for future development

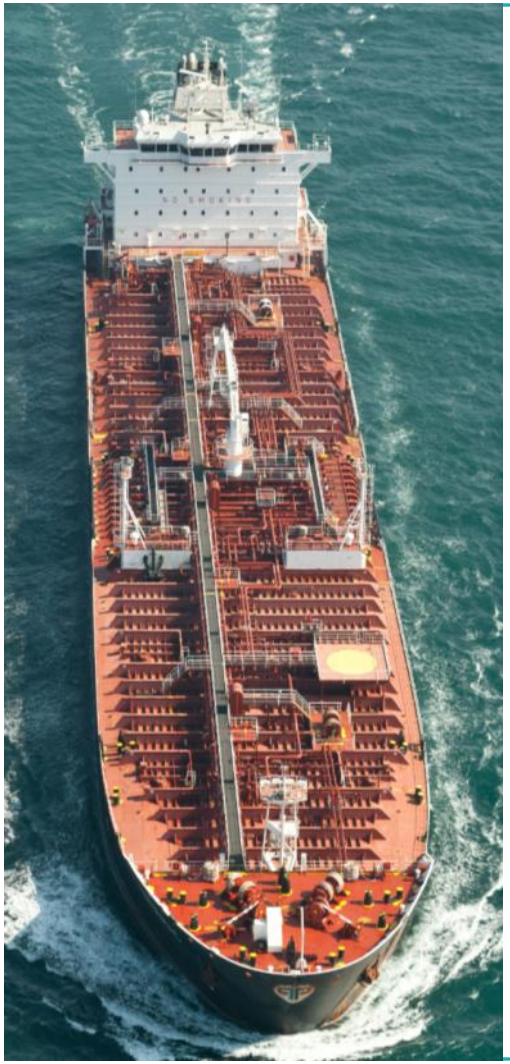
GEARING
(%)



NET DEBT
(USD mill)



OPERATING METRICS



OPERATING METRICS *USD/day*	Q1 2015	H1 2015	Q1-Q3 2015
Rates (USD/day)			
Gross Time Charter	14,400	14,896	**15,426**
Time Charter Equivalent	13,756	14,073	**14,619**
OPEX (USD/day)			
Daily vessel operating expenses	5,475	5,799	**6,093**
Managament fee	503	503	**503**
TOTAL	5,979	6,302*	**6,596**
Operating days	180	423	**763**
Revenue days	180	423	**763**
Fleet utilization	100	100%	**100%**
Average no. of vessels	2.0	2.3	**2.8**

*Average OPEX in H1 is 7.080 USD/day, but after correction for expenses directly connected to the delivery of m/t Vukovar it amounts 6.302 USD/day

HISTORICAL

- Historically, the initial 2 vessels were contracted at around USD 14,400 per day

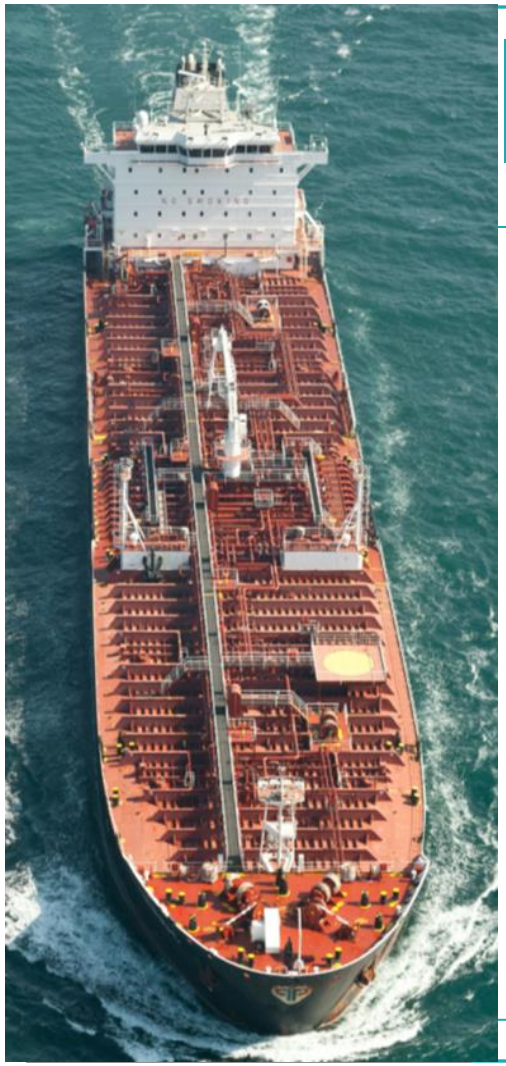
OPEX

- Average operating expense is expected to be 6.302 USD per day after all vessels are delivered

Current

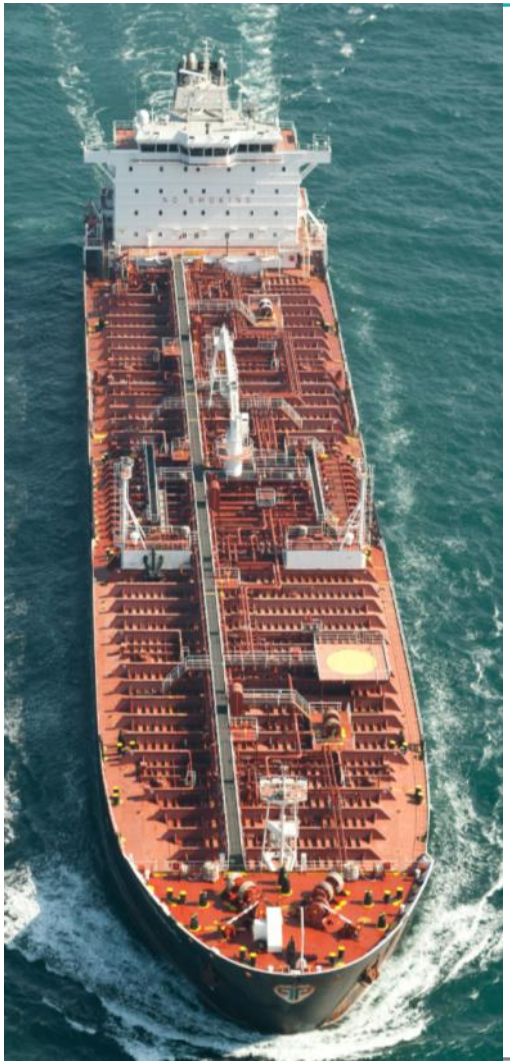
- Charter rate since 1 January 2015 for m/t Velebit is USD 14.0k – new employment secured at 18.5k per day (late Sept)
- m/t Vinjerac since 01 January 2015 at USD 14.8k per day with earliest redelivery March 2016
- m/t Vukovar since late April 2015 at USD 17.25k per day with earliest redelivery May 2018
- m/t Zolio since late July 2015 at USD 17.75k per day with earliest redelivery May 2018

STABLE TOP LINE COUPLED WITH OPERATIONAL EFFICIENCY AND STRICT COST CONTROL



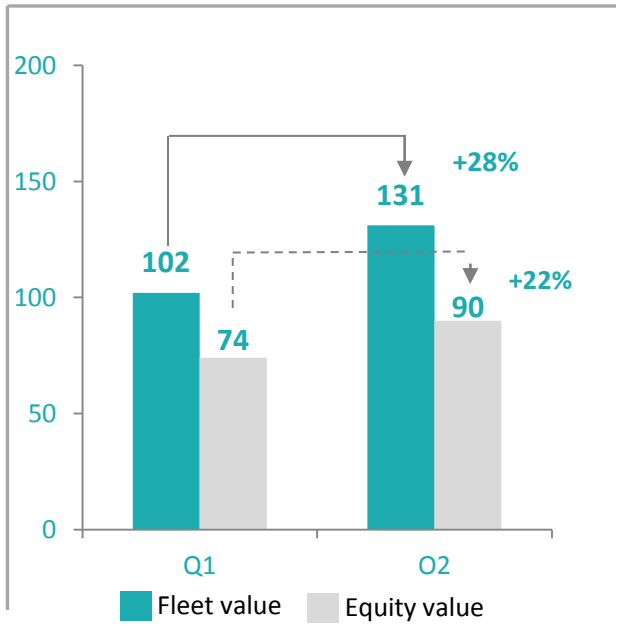
PROFIT AND LOSS STATEMENT	H1 2015	Q3 2015
	(USD000)	(USD 000)
Revenues	**6,331**	**6,331**
Vessel revenues	6,301	6,301
Other revenues	11	11
Operating expenses	**3,674**	**3,674**
Commissions and voyage costs	348	348
OPEX	2,995	2,995
Construction costs	124	124
General and administrative	207	207
Depreciation	1369	1369
Vessel impairment gain/loss	-	-
Finance costs		
EBITDA	**2,657**	**2,657**
NET INCOME	**2,686**	**2,686**

Balance sheet	March 2015	June 2015
		(USD 000)
Vessels in operation	57,847	93,850
Vessels under construction	44,353	33,981
Cash and equivalents	6,578	17,409
Total assets	**109,049**	**145,852**
Shareholders' equity and reserves	74,431	90,225
Debt	32,350	54,039
Other liabilities	2,000	1,249
Total equity and liabilities	**109,049**	**145,852**



FLEET BOOK VALUE/EQUITY

(USD mill)



Fleet value	as at 30 June 2015
• Fleet value	**USD 131.48 mil**
• Shareholders' equity	**USD 91,5 mil**
• Net Asset Value (NAV)	**93,9**
• NAV per share	**USD 10,75**
• P/NAV	**0.98**

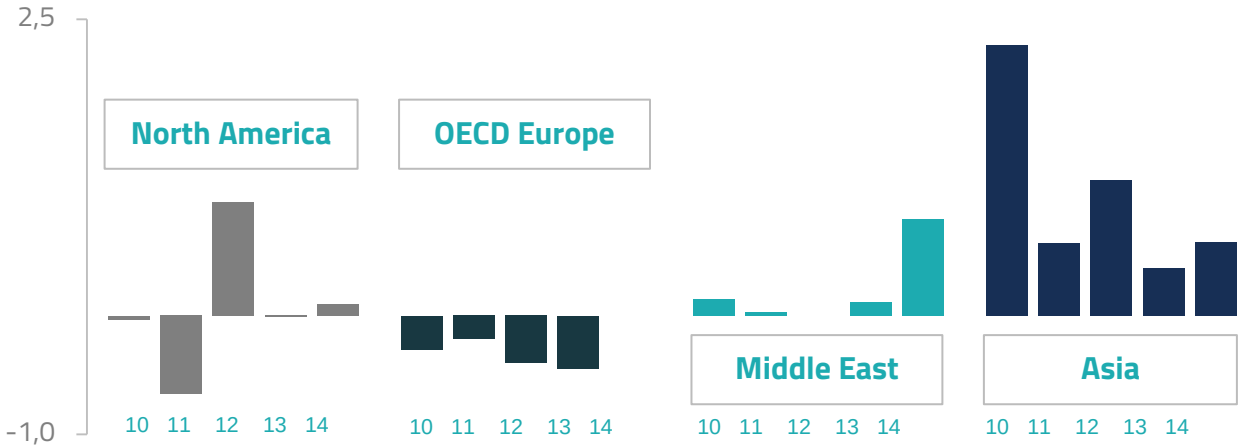
Capital structure	
• Conservative leverage for industry standards	
• Debt / (debt+capital)	29%
• Financing of new vessels	40% equity/60% debt

Financing strategy

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

SHIFT OF GLOBAL REFINERY CAPACITIES INCREASES GLOBAL TRADE IN REFINED PRODUCTS

Change in oil product demand
mbpd

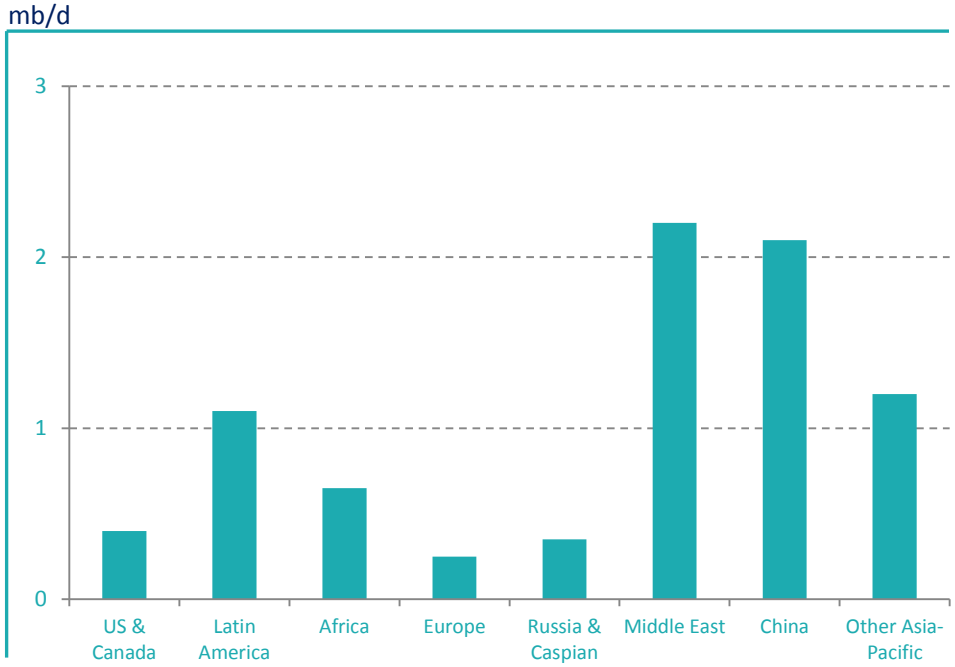


- Growing Asian demand combined with an **increase in U.S. oil production** is drastically reshaping tanker trade flows
- Asia is pulling in more crude oil from West Africa and South America, extending ton-mile demand
- New refineries in the Middle East and Asia, combined with the **closure of European refineries**, are driving increased product trade
- **U.S. refined product exports** have also grown significantly in the past few years

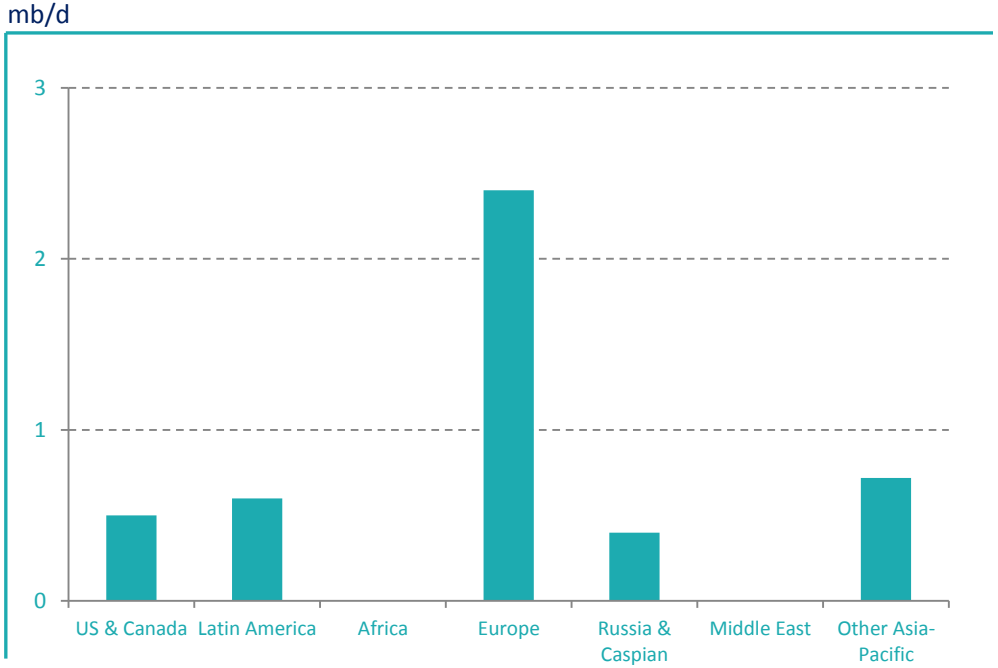
Source: Clarksons, J.P. Morgan

SHIFT OF GLOBAL REFINERY CAPACITIES INCREASES GLOBAL TRADE IN REFINED PRODUCTS 2

Distillation capacity additons from existing projects, (2014-2019)



Assumed crude distillation capacity clousures in the medium-term, (2014-2019)



- Changing global refinery map – **increasing imbalances** on the supply side between regions
- **780,000** b/d refinery **capacity closure** scheduled for 2015
- Considerable retreat of MR newbuilding orders
- **27 MR** delivered in Q1; slippage, cancellation and order changes **reduced deliveries** over 32% over past 5 years

- Imbalance **increseses product imports** form furter afield
- Tone mile **demand** strongly **supported**
- Considerable **reduction** in product tanker **supply**

Source: OPEC

10-year CAGR in oil consumption (mbpd)

- **China ~ 6%**
- **India ~ 4%**
- World ~ 1%

37% of world population

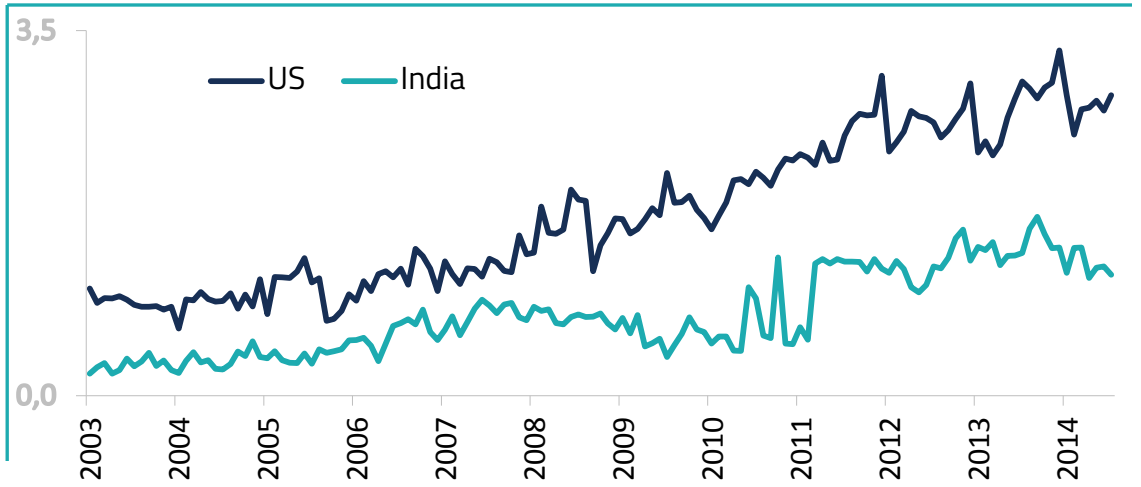
Annual per capita oil consumption (tonnes)

10-year CAGR in refined products exports (mbpd)

- **India ~ 20%**
- **USA ~ 16%**
- Globally ~ 5% - CAGR seaborne product trade

20% of global exports

Largest exporters of refined products (mbpd)

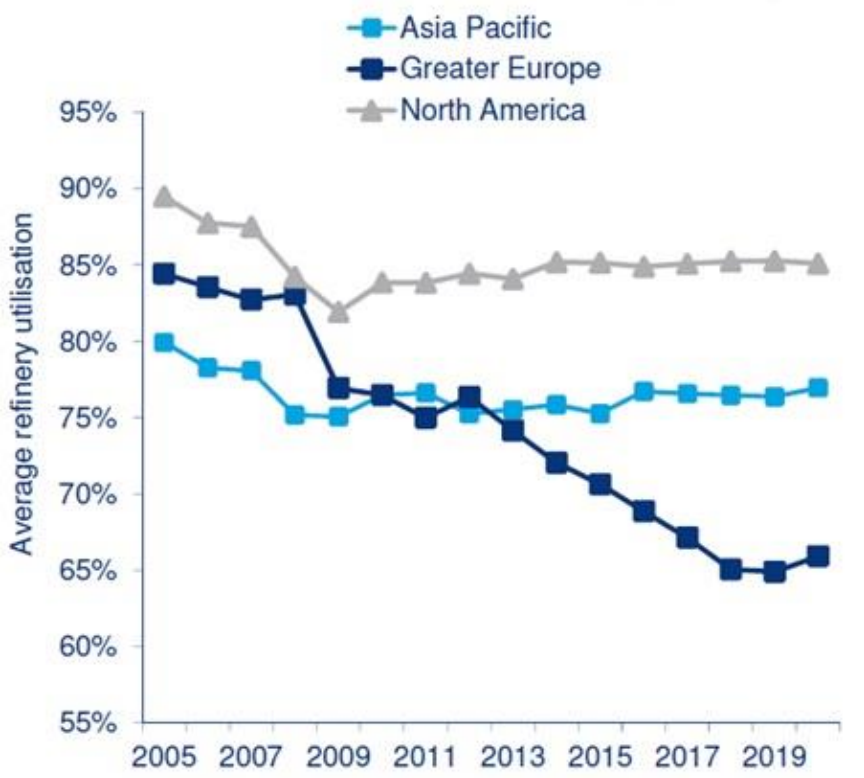


*Source: Clarksons; * EURO 5 includes Germany, France, UK, Italy and Spain*

Annual Global Supply/Demand Outlook

Source: Wood Mackenzie

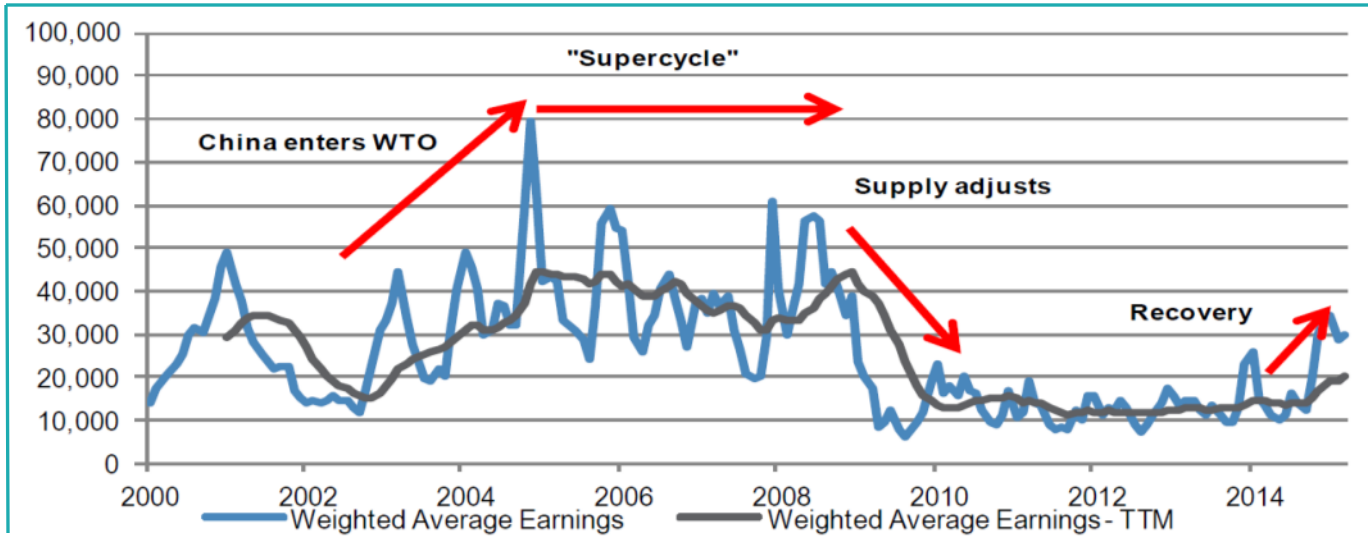
Average Refinery Utilisation by Region



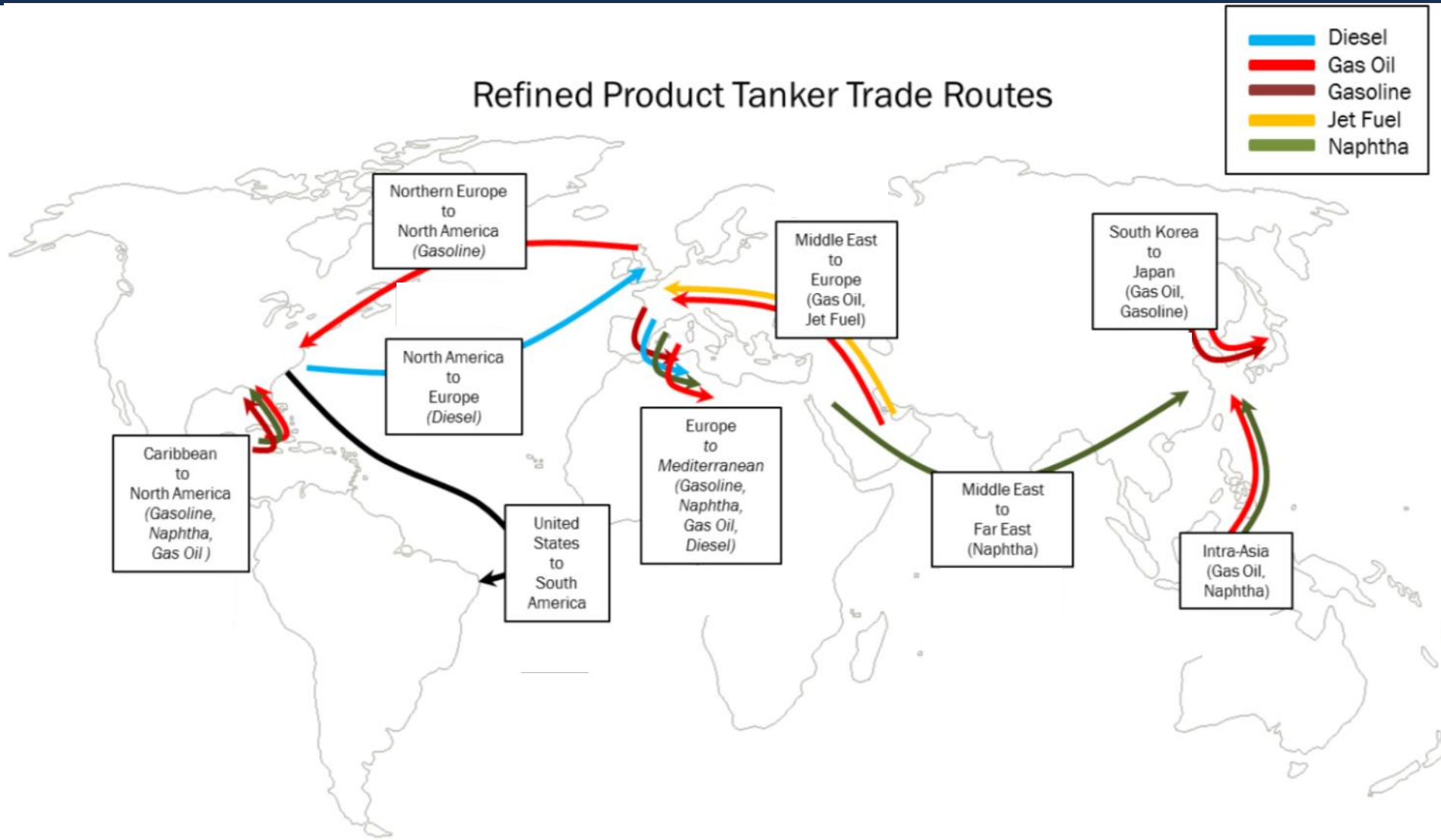
- Cyclical industry with the potential for large booms and busts
- Ships are long-lived assets with a 2-3 year lead time before delivery
- Positive demand shocks - several years of strong rates before supply adjusts
- Selling and chartering long-term when sentiment is hot, and investing and expanding when sentiment is weak

The last tanker "supercycle"

$ per vessel/day



Source: J.P. Morgan

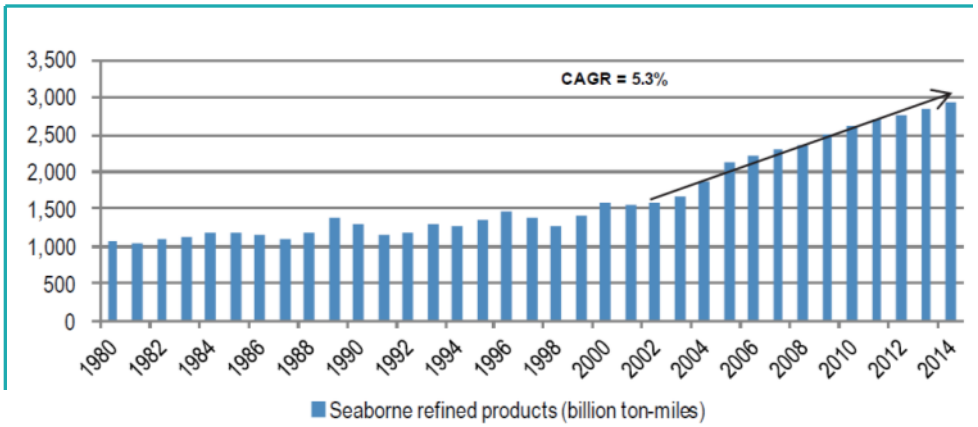


Source: J.P. Morgan

FAVOURABLE DEVELOPMENT OF SUPPLY AND DEMAND FOR TANKERS

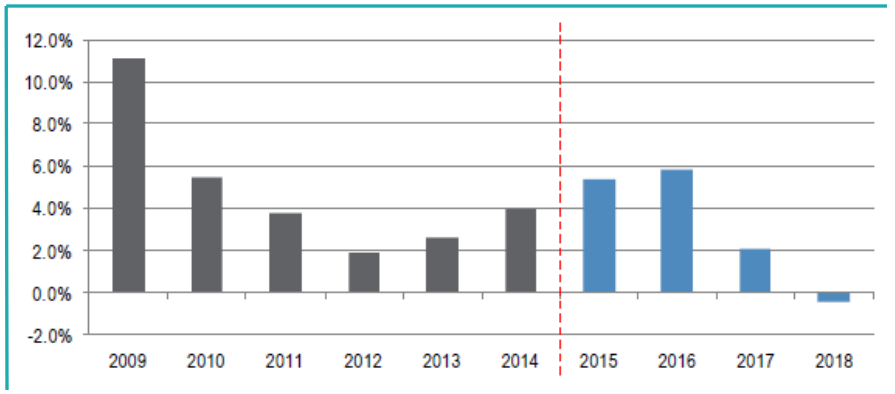
Development of seaborne trade in oil products

(bil. tonnes)



Historical and projected supply growth - product tankers

%year on year growth



Product tanker demand has been more robust than crude demand

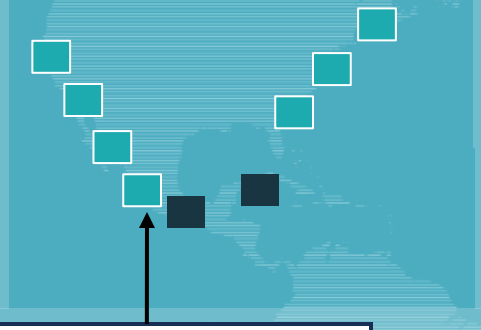
- The dislocation of refineries away from points of consumption has driven strong product growth
- Refined product trade is much more complicated than crude trade due to refinery capacity and technology, government regulations of fuel standards, and arbitrage opportunities

Source: J.P. Morgan

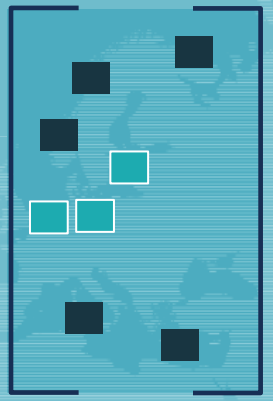
APPENDIX A: CHANGING ENVIRONMENTAL REGULATION

Environmental regulation provides strong reasons for investments in the **ECO ship segment** and product segment (fuel is carried by crude tankers, while diesel is carried by product tankers)

- North America Coasts ECO-Sox August 2012, max 1.0%
- US Caribbean ECA-Sox from Jan 2014
- North America and US Caribbean ECAOs will also be ECA-NOx from 2016



MGO or MDO Required 24 miles form California coastal baseline and at Berth MAX 0.1% SOx



In 2015, W. Coast Norway might be 0.1% MAX SOx

MGO required at Berth

Existing ECA

Possible future ECA

ECA Sulfur Limits	MAX SOx
As of July 2010	1,00%
As of January 1, 2015	0,10%

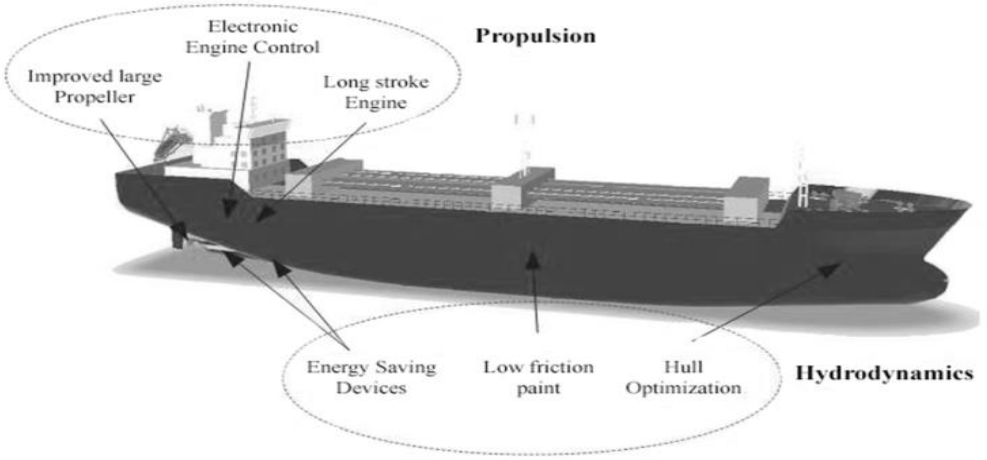
Global Sulfur Cap	MAX Sox
As of January 1, 2012	3,50%
As of January 1, 2020	0,50%

TNG will be focused on developing a modern product tanker fleet

- Revenue benefits:
  - Product is underway ~ 250 days in a year
  - Eco-design MR saves 5-6 tonnes of fuel per day
- Cost benefits (lower operating expenses estimated at 500 USD per day)
- Intangible benefits (charterer preferences for a 'greener' vessel)
- Higher residual value (non-ECO vessels expected drop faster in value during the next cycle downturn)
- No environmental restriction on where vessels can trade

Eco ship improvements in propulsion and hydrodynamics

- 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



STRONG MANAGEMENT TEAM

Key Management

John Karavanić
CEO

Tankerska Next Generation

- 21+ years of experience in the shipping industry at various commercial and chartering positions in Tankerska
- Chairman of the Supervisory Board at Viktor Lenac shipyard in Croatia
- 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

Andrej Koštomaj
Deputy President

Croatia Osiguranje, member of Managing Board

- President, Deputy President, and member of various Supevisory Board's of Croatia Osiguranje and its affiliates
- Previosly held a regional marketing director position at Google inc.
- Graduated from London Business School

Joško Miliša
Member

Prosperus Invest, CEO

- 23+ years of experience in finance, consulting and brokerage
- Supervisory Board member of Končar mjerni transformatori d.d. and Mon Perin d.o.o
- Graduated from Faculty of Electrical Engineering, University of Zagreb

Nikola Koščica
Member

Tankerska plovidba, CFO

- 7+ years of experience in the financial industry at various positions (Raiffeisen bank)
- 11+ years of experience in the shipping industry with international experience and education (London)
- 10 years Head of Risk and Finance in Tankerska
- Graduated from Financial Economics at London Guilldhall University

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