TANKERSKA NEXT GENERATION
Company & Follow-On Offering

May 2015
1. TNG STORY

2. FOLLOW-ON OFFERING
INVESTMENT HIGHLIGHTS

- Secular industry trends and accretive vessel valuations
- Lean organizational structure with operational superiority
- Long term relationships with leading global oil companies
- Modern product tankers (new technology)
- Strong management team with a focused strategy
- Transparency
  Maximum dividend payout

TNG
Tankerska Next Generation
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**
- Shell
- Chevron
- Phillips 66
- BP
- Total
- Valero
- OMV
- Vitol
- Mercuria
- Argos
- Neste Oil
- Trafigura
- Esso
- Enap
- Citgo
- Stena Weco

**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%
TNG AT A GLANCE

**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.

**Fleet**

<table>
<thead>
<tr>
<th>Vessel</th>
<th>Type</th>
<th>DWT 000</th>
<th>Delivery</th>
<th>Shipyard</th>
<th>Charter expiry</th>
<th>Value(1) (USDm)</th>
<th>Charter rate (USD)</th>
<th>Charterer</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR2 Velebit</td>
<td>Product</td>
<td>52.6</td>
<td>2011</td>
<td>3. Maj, Croatia</td>
<td>Aug 15</td>
<td>29.7</td>
<td>14,000</td>
<td>Stena Weco</td>
</tr>
<tr>
<td>MR2 Vinjerac</td>
<td>Product</td>
<td>51.8</td>
<td>2011</td>
<td>3. Maj, Croatia</td>
<td>Apr 16</td>
<td>29.5</td>
<td>14,800</td>
<td>Stena Weco</td>
</tr>
<tr>
<td>MR2 Vukovar</td>
<td>Product</td>
<td>50.0</td>
<td>Apr-2015</td>
<td>HMD, S. Korea</td>
<td>May 18</td>
<td>38.7</td>
<td>17,250</td>
<td>Scorpio Tankers</td>
</tr>
<tr>
<td>MR2 Damacija</td>
<td>Product</td>
<td>50.3</td>
<td>4Q 2015</td>
<td>SPP, S. Korea</td>
<td>n/a</td>
<td>37.9</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>MR2 Zoilo</td>
<td>Product</td>
<td>50.0</td>
<td>Jul 2015</td>
<td>HMD, S. Korea</td>
<td>n/a</td>
<td>38.7</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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

**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

_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._
MANAGEMENT TEAM

Key Management

Tankerska Next Generation
- John Karavanić, CEO
  - 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

Tankerska Next Generation
- Mario Devošić, CFO
  - 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

Supervisory Board

Tankerska plovidba, Director of Commercial Division
- Ivica Pijaca, President
  - 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

Tankerska plovidba, CFO
- Nikola Koščica, Deputy President
  - 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)

Tankerska plovidba, CEO
- Mario Pavić, Member
  - 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

Independent members to be agreed
- TNG is currently in working with institutional investors on nominating 2 Supervisory Board members independent of Tankerska plovidba

- 2 independent members

- John Karavanić
  - CEO

- Mario Devošić
  - CFO
INITIAL PUBLIC OFFERING

- 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**

InterCapital

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### 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)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of shares</th>
<th>Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tankerska plovidba</td>
<td>4,054,994</td>
<td>56,3%</td>
</tr>
<tr>
<td>PBZ Croatia Osiguranje MPF</td>
<td>568,000</td>
<td>7,9%</td>
</tr>
<tr>
<td>Erste Plavi MPF</td>
<td>530,000</td>
<td>7,4%</td>
</tr>
<tr>
<td>Raiffeisen MPF</td>
<td>460,636</td>
<td>6,4%</td>
</tr>
<tr>
<td>Croatia osiguranje</td>
<td>240,769</td>
<td>3,3%</td>
</tr>
<tr>
<td>Other institutional and private</td>
<td>1,345,601</td>
<td>18,7%</td>
</tr>
<tr>
<td>investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,200,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
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.
**SUPERIOR COST STRUCTURE COMPARED TO INDUSTRY STANDARDS**

### Operating costs (USD/day)

<table>
<thead>
<tr>
<th>Industry peers</th>
<th>TNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,213</td>
<td>$5,475</td>
</tr>
</tbody>
</table>

-24%

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

<table>
<thead>
<tr>
<th>Industry peers</th>
<th>TNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,918</td>
<td>$1,092</td>
</tr>
</tbody>
</table>

-43%

### Commercial management fees

<table>
<thead>
<tr>
<th>Peer universe</th>
<th>Tankerska Next Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.75%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

-45%

### Debt interest rates

<table>
<thead>
<tr>
<th>Current credit margin (market)</th>
<th>Velebit/Vinjerac credit margin (existing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.00%</td>
<td>1.75%</td>
</tr>
</tbody>
</table>

-42%
### DETAILED OVERVIEW OF Q1

#### INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

*unaudited*

<table>
<thead>
<tr>
<th>Category</th>
<th>USD 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel revenues</td>
<td>2,592</td>
</tr>
<tr>
<td>Other revenues</td>
<td>19</td>
</tr>
<tr>
<td><strong>Sales revenues</strong></td>
<td><strong>2,611</strong></td>
</tr>
<tr>
<td>Commission and voyage related costs</td>
<td>(116)</td>
</tr>
<tr>
<td>Vessel operating expenses</td>
<td>(1,076)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(158)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>(1,350)</strong></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>1,261</strong></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(577)</td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td><strong>684</strong></td>
</tr>
<tr>
<td>Net interest expenses</td>
<td>(162)</td>
</tr>
<tr>
<td>Net foreign exchange gains (losses)</td>
<td>1,865</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td><strong>2,387</strong></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>4,115</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td><strong>6,502</strong></td>
</tr>
</tbody>
</table>

#### 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
## Strong Capital Structure – Balance Sheet and Fleet Overview

### Fleet value

- **Fleet value**: USD 174.4m
- **Shareholders’ equity**: USD 74.4m
- **Net Asset Value (NAV)**<sup>(2)</sup>: USD 79.8m
- **NAV per share**<sup>(2)</sup>: $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<sup>(1)</sup> (USD 000)

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 14</th>
<th>31 Mar 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vessels in operation</strong></td>
<td>58,423</td>
<td>57,847</td>
</tr>
<tr>
<td><strong>Vessels under construction</strong></td>
<td>14,590</td>
<td>44,353</td>
</tr>
<tr>
<td><strong>Cash and equivalents</strong></td>
<td>3,693</td>
<td>6,578</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>814</td>
<td>271</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>77,520</td>
<td>109,050</td>
</tr>
<tr>
<td><strong>Shareholders’ equity and reserves</strong></td>
<td>43,993</td>
<td>74,431</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>33,082</td>
<td>32,350</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>445</td>
<td>2,269</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>77,520</td>
<td>109,050</td>
</tr>
</tbody>
</table>

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<sup>(2)</sup> 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.
1. TNG STORY

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OVERVIEW OF THE ACQUISITION OPPORTUNITY

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 \(\rightarrow\) 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) \(^{(3)}\)

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\(^{(1)}\) 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.

<table>
<thead>
<tr>
<th>Net asset value calculation</th>
<th>(USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Velebit</td>
<td>29,7</td>
</tr>
<tr>
<td>Vinjerac</td>
<td>29,5</td>
</tr>
<tr>
<td>Vukovar</td>
<td>38,7</td>
</tr>
<tr>
<td>Zoilo (newbuild)</td>
<td>38,7</td>
</tr>
<tr>
<td>Dalmacija (newbuild)</td>
<td>37,9</td>
</tr>
<tr>
<td>Total fleet value</td>
<td>174,4</td>
</tr>
<tr>
<td>Velebit</td>
<td>(15,4)</td>
</tr>
<tr>
<td>Vinjerac</td>
<td>(16,2)</td>
</tr>
<tr>
<td>Vukovar</td>
<td>(22,5)</td>
</tr>
<tr>
<td>Zoilo (newbuild)</td>
<td>(22,5)</td>
</tr>
<tr>
<td>Dalmacija (newbuild)</td>
<td>(22,5)</td>
</tr>
<tr>
<td>Bank debt</td>
<td>(99,1)</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>(2,0)</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>6,6</td>
</tr>
<tr>
<td>Net cash</td>
<td>4,6</td>
</tr>
<tr>
<td>Pre IPO Net asset value</td>
<td>79,8</td>
</tr>
<tr>
<td>Capital increase (IPO)</td>
<td>-</td>
</tr>
<tr>
<td>NAV</td>
<td>79,8</td>
</tr>
<tr>
<td># of shares outstanding</td>
<td>7,200,000</td>
</tr>
<tr>
<td>NAV per share</td>
<td>11,1</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th>NAV per share</th>
<th>USD</th>
<th>HRK</th>
<th>P/NAV discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue price</td>
<td>10,0</td>
<td>68,00</td>
<td>-10%</td>
</tr>
</tbody>
</table>
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