TANKERSKA NEXT GENERATION

ACTIVITIES AND RESULTS
OCTOBER 2015
ZAGREB
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.
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’s INITIAL PUBLIC OFFER

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

IPO Offering Details and Highlights

78 days
Secured financing and executed delivery and commercial exploitation

USD 31m
equity raised

Newbuildings acquired with funds from IPO

ECO MR Product tanker
M/t Zolio

ECO MR Product tanker
M/t Vukovar

IPO allocation breakdown

Pension funds 54%
Mutual funds 15%
Insurance companies 12%
Retail investors 19%
TNG’s SECONDARY PUBLIC OFFER

**TNG SPO**

11 June 2015

Secondary Public Offering

Offer size: 1.5m shares / $16m
Offering price per share: HRK68 / $10.2

**SPO Offering Details and Highlights**

48 days
From SPO to acquiring a contract for newbuilding

USD 16m
equity raised

**Newbuilding acquired with funds from SPO**

ECO MR Product tanker

M/T Pag Expected Dec 2015

**SPO allocation breakdown**

- Pension funds 64%
- Insurance companies 7%
- Mutual funds 3%
- Tankerska plovidba 26%
TNG OWNS MODERN MEDIUM-RANGE PRODUCT TANKERS

Current TNG fleet

- 300 dwt
  - 2 Operational
  - 4 Newbuildings

Fleet age and developments

- H1
- Year End
- Modern fleet of average age significantly below industry peers

World tanker fleet structure

- Crude oil 68%
- Products 26%
- Chemicals/other 6%
- MR = 15%

Globally refined petroleum products are transported by MR and LR tankers

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

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 fleet employment overview**

- **Velebit**: 1 year TC at $18,500 p/d (Sept 2015)
- **Vinjerac**: TC ending April 2016 at $14,800 p/d
- **Vukovar**: 3 year time charter at $17,250 p/d (29 April 2015)
- **Zoilo**: 3 year TC at $17,750 p/d (28 July 2015)
- **Dalmacija**: 3 year TC at $17,750 p/d (from delivery Nov/Dec 2015)
- **Pag**: 1 year TC at $19,300 p/d (Dec 2015)

**Revenue Summary for**

- **2015**: Newly negotiated
- **2016**: Current
- **2017**: 1 year option
- **2018**: to be negotiated
- **2019**: 

**Revenue**

- **$19,750/day**
- **$19,500/day**
# Selected Financials

## Financial Overview

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q2 2015</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels’ Revenues (USD 000)</td>
<td>2,592</td>
<td>3,709</td>
<td>6,301</td>
</tr>
<tr>
<td>EBITDA (USD 000)</td>
<td>1,261</td>
<td>1,396</td>
<td>2,657</td>
</tr>
<tr>
<td>EBIT (USD 000)</td>
<td>684</td>
<td>604</td>
<td>1,288</td>
</tr>
</tbody>
</table>

## Operating Overview

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Time Charter (USD per day)</td>
<td>14,400</td>
<td>14,896</td>
</tr>
<tr>
<td>Total daily vessel operating expense (USD per day)</td>
<td>5,979</td>
<td>6,302</td>
</tr>
<tr>
<td>Operating days in the period</td>
<td>180</td>
<td>423</td>
</tr>
<tr>
<td>Average number of vessels</td>
<td>2.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>
## TNG’s Fleet at a Glance

<table>
<thead>
<tr>
<th>Vessel</th>
<th>IMO</th>
<th>Built</th>
<th>DWT</th>
<th>Type</th>
<th>Flag</th>
<th>Ice class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Velebit</td>
<td>9455741</td>
<td>2011</td>
<td>52,554</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>1B</td>
</tr>
<tr>
<td>Vinjerac</td>
<td>9489194</td>
<td>2011</td>
<td>51,935</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>1B</td>
</tr>
<tr>
<td>Vukovar</td>
<td>9707819</td>
<td>April 2015</td>
<td>49,990</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>-</td>
</tr>
<tr>
<td>Zoilo</td>
<td>9704441</td>
<td>July 2015</td>
<td>49,990</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>-</td>
</tr>
<tr>
<td>Dalmacija</td>
<td>-</td>
<td>Q4 2015</td>
<td>50,278</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>-</td>
</tr>
<tr>
<td>Pag</td>
<td>-</td>
<td>Q4 2015</td>
<td>50,265</td>
<td>Oil / Product / Chemical tanker</td>
<td>🇭🇷</td>
<td>-</td>
</tr>
</tbody>
</table>
TNG’S FLEET DEVELOPMENT & AGE PROFILE

OVERVIEW

- Capacity (000 dwt)
- To be delivered (000 dwt)
- Average age (years)

Increasing fleet of modern tankers
**TNG’S FLEET VESSELS’ VALUE**

**VESSELS’ VALUE OVERVIEW**
USD million

- **Average acquisition price**

- **Source:** VesselsValue.com

**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**
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

**GEARIMG**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gearing (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>26</td>
</tr>
<tr>
<td>Q2</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td><strong>11%</strong></td>
</tr>
</tbody>
</table>

**NET DEBT**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Debt (USD mill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>25,7</td>
</tr>
<tr>
<td>Q2</td>
<td>36,6</td>
</tr>
<tr>
<td></td>
<td><strong>42%</strong></td>
</tr>
</tbody>
</table>
### OPERATING METRICS

#### 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

### OPERATING METRICS

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

*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
### Profit and Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 (USD000)</th>
<th>Q3 2015 (USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>6,331</td>
<td>6,331</td>
</tr>
<tr>
<td>Vessel revenues</td>
<td>6,301</td>
<td>6,301</td>
</tr>
<tr>
<td>Other revenues</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions and voyage costs</td>
<td>348</td>
<td>348</td>
</tr>
<tr>
<td>OPEX</td>
<td>2,995</td>
<td>2,995</td>
</tr>
<tr>
<td>Construction costs</td>
<td>124</td>
<td>124</td>
</tr>
<tr>
<td>General and administrative</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1369</td>
<td>1369</td>
</tr>
<tr>
<td>Vessel impairment gain/loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2,657</td>
<td>2,657</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>2,686</td>
<td>2,686</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>March 2015 (USD 000)</th>
<th>June 2015 (USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels in operation</td>
<td>57,847</td>
<td>93,850</td>
</tr>
<tr>
<td>Vessels under construction</td>
<td>44,353</td>
<td>33,981</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>6,578</td>
<td>17,409</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>109,049</td>
<td>145,852</td>
</tr>
<tr>
<td>Shareholders’ equity and reserves</td>
<td>74,431</td>
<td>90,225</td>
</tr>
<tr>
<td>Debt</td>
<td>32,350</td>
<td>54,039</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,000</td>
<td>1,249</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>109,049</td>
<td>145,852</td>
</tr>
</tbody>
</table>

**STABLE TOP LINE COUPLED WITH OPERATIONAL EFFICIENCY AND STRICT COST CONTROL**
STRONG CAPITAL STRUCTURE

FLEET BOOK VALUE/EQUITY (USD mill)

- Fleet value as at 30 June 2015: 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

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 additions from existing projects, (2014-2019)

mb/d


mb/d

- 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 **increases product imports** form further afield
- Tone mile **demand strongly supported**
- Considerable **reduction** in product tanker **supply**

Source: OPEC
NEW MARKETS, NEW CONSUMERS

10-year CAGR in oil consumption (mbpd)

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

37% of world population

10-year CAGR in refined products exports (mbpd)

- India ~ 20%
- USA ~ 16%

20% of global exports

Globally ~ 5% - CAGR seaborne product trade

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

- 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

Source: J.P. Morgan
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
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 ECA0s will also be ECA-NOx from 2016

MGO or MDO Required 24 miles from California coastal baseline and at Berth MAX 0.1% S0x

In 2015, W. Coast Norway might be 0.1% MAX S0x

MGO required at Berth
APPENDIX B: BENEFITS OF THE ECO FLEET

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
Key Management

Tankerska Next Generation
- 21+ years of experience in the shipping industry at various commercial and chartering positions in Tankerska
- 22+ years of experience in the shipping industry at various operational, crew and commercial positions in
- 5 years of Brokerage experience at ASC in London
- 8 years Head of Tanker Operations in Tankerska

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

Joško Miliša, Member
- 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
- 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 Guildhall University

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