TANKERSKA NEXT GENERATION

September 16th 2015
PRESENTERS

JOHN KARAVANIĆ
CEO
TNG

MARIO DEVOŠIĆ
CFO
TNG
Incorporation of TNG
- TNG was incorporated in August 2014
- TNG’s equity contributed in the total amount of 616,2 HRKm (90,2 USDm)
- February 2015 - further capital increase through IPO
- June 2015 – further capital increase through SPO

TNG’s legal structure
- TNG is 100% owner of Tankerska Next Generation International (TNGI). TNGI is a operating company that entered into Management Agreement with Tankerska
- TNGI is 100% owner of 5 vessel owning entities: Zoilo Shipping, Fontana, Vukovar Shipping, Teuta and York IV

Contracts
- TNGI and Tankerska entered into a 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
• **Stock exchange listed company** - complies with ZSE rules in respect to the Corporate governance regime and the Corporate governance code ensuring transparent operations

• **Supervisory Board** — is comprised out of 3 industry experts with an average industry experience of 16 years, and 2 financial industry experts representing the shareholders which participated in the capital increase

• **Management Board** — CEO with 21+ years of industry experience responsible for companies’ fleet

• **Governance structure** is based on a single tier board system

Organizational structure and corporate governance strongly support the company flexibility and operational efficiency securing shareholders’ return
Clear and focused strategy, strong and low-leveraged balance sheet compared to industry peers and management’s experience and know-how create a unique equity proposition.
OIL MAJORS 2014 SALES REVENUE
(USD billion)

OIL MAJORS 2014 NET INCOME
(USD billion)
TNG OWNS MODERN MEDIUM-RANGE PRODUCT TANKERS

Current TNG fleet

- 4+2 vessels
- 200 + 100 kdwt

Tanker fleet structure

- Crude oil: 68%
- Products: 26%
- Chemicals/other: 6%

Globally are refined petroleum products transported by MR tankers

Q3 2015 - 4 MRs at sea with 2,17 yrs average age
end of 2015 - planned 6 MRs at sea with 1,83 yrs average age
### IMMEDIATE STRATEGIC REACTION AND DELIVERY

<table>
<thead>
<tr>
<th>IPO</th>
<th>Acquisition</th>
<th>Delivery</th>
<th>Exploitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRK 208 mill</td>
<td>2 new build contracts for MR product tankers acquired</td>
<td>1st delivery MT Vukovar</td>
<td>17,250 USD/day</td>
</tr>
<tr>
<td>strong shareholder base</td>
<td>average acquisition price USD 36.5 mill</td>
<td>2nd delivery July MT Zoilo</td>
<td>Contract secured with a prominent charterer</td>
</tr>
<tr>
<td>quick conversion avoided USD appreciation</td>
<td>3rd delivery November MT Dalmacija</td>
<td>3 year period</td>
<td></td>
</tr>
</tbody>
</table>

- 12 February
- 17 March
- 29 April
- 1 May

- 78 DAYS

- Secured financing and executed delivery and commercial exploitation
TANKERSKA NEXT GENERATION’S FLEET

OVERVIEW

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Capacity (000 dwt)</th>
<th>To be delivered (000 dwt)</th>
<th>Average age (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>300</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increasing fleet of modern tankers
TANKERSKA NEXT GENERATION’S FLEET

VESSELS’ VALUE OVERVIEW
USD milion

TANKERSKA NEXT GENERATION’S FLEET
USD million

• On 12 March 2 newbuilding contracts for MT Vukovar i MT Zoilo acquired
• Average purchase price USD 36.5 million
• Fleet value increased above USD 170 million

*Source: VesselsValue.com
<table>
<thead>
<tr>
<th></th>
<th>Q1 2015 (HRK 000)</th>
<th>Q1 2015 (USD 000)</th>
<th>Q2 2015 (HRK 000)</th>
<th>Q2 2015 (USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel revenues</td>
<td>18,274</td>
<td>2,592</td>
<td>24,761</td>
<td>3,709</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>8,886</strong></td>
<td><strong>1,261</strong></td>
<td><strong>9,263</strong></td>
<td><strong>1,396</strong></td>
</tr>
<tr>
<td>EBIT</td>
<td>4,821</td>
<td>684</td>
<td>3,976</td>
<td>604</td>
</tr>
<tr>
<td>Net income</td>
<td>16,833</td>
<td>2,387</td>
<td>1,514</td>
<td>299</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>48.6%</td>
<td>48.6%</td>
<td>37.4%</td>
<td>37.4%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>26.4%</td>
<td>26.4%</td>
<td>16.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>92.1%</td>
<td>92.1%</td>
<td>6.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Profit margin excluding foreign exchange changes</td>
<td>20.1%</td>
<td>20.1%</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>
• 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
## OPERATING METRICS

<table>
<thead>
<tr>
<th>OPERATING METRICS</th>
<th>Q1</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/day</td>
<td>2015</td>
<td>2015</td>
</tr>
<tr>
<td>Rates (USD/day)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Time Charter</td>
<td>14,400</td>
<td>14,896</td>
</tr>
<tr>
<td>Time Charter Equivalent</td>
<td>13,756</td>
<td>14,073</td>
</tr>
<tr>
<td>OPEX (USD/day)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily vessel operating expenses</td>
<td>5,475</td>
<td>6,577</td>
</tr>
<tr>
<td>Management fee</td>
<td>503</td>
<td>503</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,979</td>
<td>7,080</td>
</tr>
<tr>
<td>Operating days</td>
<td>180</td>
<td>423</td>
</tr>
<tr>
<td>Revenue days</td>
<td>180</td>
<td>423</td>
</tr>
<tr>
<td>Fleet utilization</td>
<td>100</td>
<td>100%</td>
</tr>
<tr>
<td>Average no. of vessels</td>
<td>2.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

### HISTORICAL

- Historically, the vessels were contracted at around USD 14,896 per day

### OPEX increase

- Average daily operating expense increase in Q2 is a directly connected to the delivery of m/t Vukovar
- Average operating expense is expected to be 6.302 USD per day after all boats are delivered

### Current

- Charter rate since 1 January 2015 for m/t Velebit is USD 14.0k per day with earliest redelivery August 2015.
- Charter rate since 01 January 2015 m/t Vinjerac is USD 14.8k per day with earliest redelivery March 2016
- Charter rate since 16 April 2015 m/t Vukovar is USD 17.25k per day with earliest redelivery May 2018
### Profit and Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>2,611</td>
<td>3,720</td>
</tr>
<tr>
<td>Vessel revenues</td>
<td>2,592</td>
<td>3,709</td>
</tr>
<tr>
<td>Other revenues</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>1,350</td>
<td>2,324</td>
</tr>
<tr>
<td>Commissions and voyage costs</td>
<td>116</td>
<td>232</td>
</tr>
<tr>
<td>OPEX</td>
<td>1,076</td>
<td>1,919</td>
</tr>
<tr>
<td>Construction costs</td>
<td>-</td>
<td>124</td>
</tr>
<tr>
<td>General and administrative</td>
<td>158</td>
<td>49</td>
</tr>
<tr>
<td>Depreciation</td>
<td>577</td>
<td>792</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>1,261</td>
<td>1,396</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>2,387</td>
<td>299</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>March 2015</th>
<th>June 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vessels in operation</strong></td>
<td>57,847</td>
<td>93,850</td>
</tr>
<tr>
<td><strong>Vessels under construction</strong></td>
<td>44,353</td>
<td>33,981</td>
</tr>
<tr>
<td><strong>Cash and equivalents</strong></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><strong>Shareholders’ equity and reserves</strong></td>
<td>74,431</td>
<td>90,225</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>32,350</td>
<td>54,039</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></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

Operating CF as % of CAPEX (%)

Fleet value
- Fleet value: USD 131.48
- Shareholders' equity: USD 90,2
- Net Asset Value (NAV): 93,9
- NAV per share: USD 10.75

Capital structure
- Conservative leverage for industry standards: 29%
- Financing of new vessels: 40% equity/60% debt

Financing strategy
- Long-term relationship with leading global shipping banks
- Interest rates = +350 bps for new loans to premium companies in the sector / +175 bps on existing loans
- Long debt maturities – larger refinancing after 2020
SUPERIOR COST STRUCTURE COMPARED TO INDUSTRY PEERS

Operating costs\(^{(1)}\) (USD/day)

<table>
<thead>
<tr>
<th>Industry peers</th>
<th>TNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,213</td>
<td>-12.6%</td>
</tr>
<tr>
<td>$6,302</td>
<td></td>
</tr>
</tbody>
</table>

General and administrative expenses\(^{(2)}\) (USD/day)

<table>
<thead>
<tr>
<th>Industry peers</th>
<th>TNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,918</td>
<td>-43%</td>
</tr>
<tr>
<td>$1,092</td>
<td></td>
</tr>
</tbody>
</table>

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>
<tr>
<td>-45%</td>
<td></td>
</tr>
</tbody>
</table>

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

(2) Includes G&A and all vessel management fees
SHIFT OF GLOBAL RAFINERY 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 RAFINERY CAPACITIES INCREASES GLOBAL TRADE IN Refined PRODUCTS**

**Distillation capacity additions from existing projects, (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 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
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
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

- In 2015, W. Coast Norway might be 0.1% MAX SOx
- MGO required at Berth

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

<table>
<thead>
<tr>
<th>ECA Sulfur Limits</th>
<th>MAX SOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of July 2010</td>
<td>1.00%</td>
</tr>
<tr>
<td>As of January 1, 2015</td>
<td>0.10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global Sulfur Cap</th>
<th>MAX SOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of January 1, 2012</td>
<td>3.50%</td>
</tr>
<tr>
<td>As of January 1, 2020</td>
<td>0.50%</td>
</tr>
</tbody>
</table>
APPENDIX B: BENEFITS OF THE ECO FLEET

TNG will be focused on developing a modern product tanker fleet

- Revenue benefits:
  - A vessel is underway ~ 250 days in a year
  - Eco-design MR saves 5-6 tonnes of fuel per day, while Eco-mod ships saves 2-3 tonnes per day
  - This corresponds to USD 3,000-3,500 savings on fuel for Eco-design and 1,000-2,000 saving for Eco-mod when operated on spot market or roughly ½ of respective numbers in the case of a time charter (the savings is shared with charterer)

- 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

An average MR tanker burns the fuel worth 3 times the value of the ship over its useful life (at prevailing market prices)

40-50% of the overall voyage costs relates to fuel costs

Thus fuel efficient ships command a charter premium over traditional vessels
STRONG MANAGEMENT TEAM

Key Management

Tankerska plovidba, Director of Commercial Division
- 21+ years of experience in the shipping industry at various operational, crew and commercial positions in Tankerska
- 5 years of Brokerage experience at ASC in London
- 8 years Head of Tanker Operations in Tankerska

Tankerska Next Generation
- 22+ 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

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

Tankerska plovidba, CEO
- 23+ years of experience in the 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

Croatia Osiguranje, member of Manging Board
- 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

Prosperus Invest, CFO
- 23+ years of experience in the 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

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 Guildhall University

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
HOW TO MAKE MONEY IN SHIPPING?

OPERATIONS

1. Operate vessels safely and efficiently
2. Service premium clients
3. Finance with competitively priced capital

ASSET PLAY

1. Buy and sell assets at the right time