



**BELSHIPS**

# Belships – Annual General Meeting

May 8, 2014



# Key investment highlights

1

*Owner/operator of high quality ships on medium to long-term charters to highly reputable customers*

4

*Improving market balance representing an attractive window of opportunity*

2

*Strong focus on fleet expansion with fuel efficient dry bulk newbuilds*

5

*Management team with a track record for building and operating successful shipping companies*

3

*USD 110m fixed charter backlog providing long-term stable revenues*

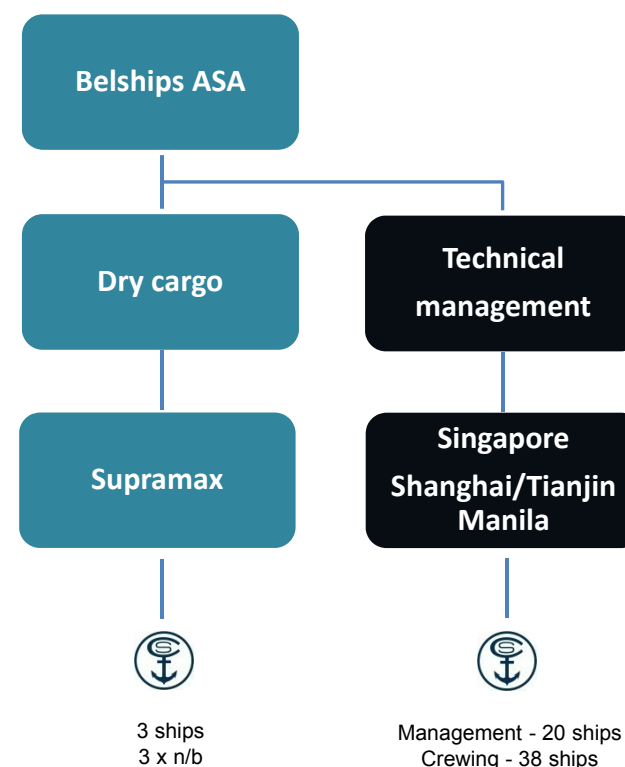
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*Belships ASA was founded in 1918 and listed in Oslo in 1939. Strong and supportive majority shareholder in the Tidemand family*



# Business strategy and corporate structure

- Owner/operator of dry bulk tonnage to highly reputable and good credit risk customers
- Concentration on one asset type – «pure play» – diversification to be handled by the individual investor
- Focus on growth in portfolio size and to diversify the customer base
- Focus on medium to long term charter arrangements maintaining a duration spread to minimize the residual risk exposure
- Fixed long term charters will provide stable distributable cash flows
- Cost efficient operation and administration – «lean and mean»
- Transparency, good corporate governance and shareholder friendly information philosophy
- Targeting an efficiently priced equity with an attractive dividend ratio



# Tonnage overview

Vessel name	Dwt	Built/yard	Type	Customer	T/C-rate (net)
Belstar	58,000	2009/Dayang	Supramax bulk	Canpotex	\$16,000
Belnor	58,000	2010/Dayang	Supramax bulk	Canpotex	\$16,000
Belocean	58,000	2011/Dayang	Supramax bulk	Canpotex/open	\$16,000
Imabari n/b	61,000	2015/Imabari	Supramax bulk	Open	
Imabari n/b	61,000	2016/Imabari	Supramax bulk	Canpotex **)	\$17,300
Imabari n/b *)	61,000	2017/Imabari	Supramax bulk	Open	

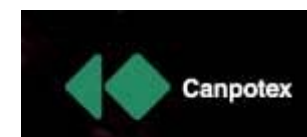
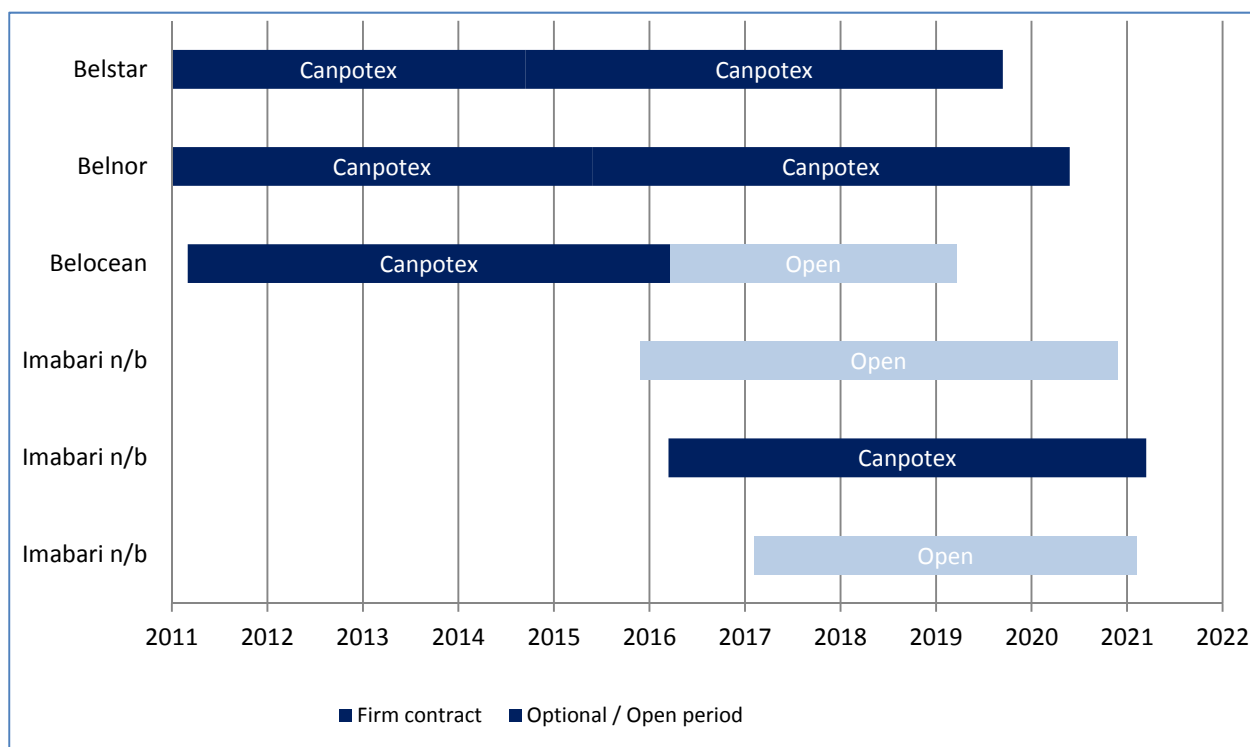


\*) Lease period of 8+1+1+1 years with purchase option from end of year 4 of JPY 2.91 bn, decreasing annually by JPY 110 m.

\*\*) One n/b will be swapped with either Belnor or Belocean for the balance period of c/p with Canpotex. New charter hire will be USD 17,300/day.

# Contract coverage

- USD 115m fixed charter backlog



Canpotex was established in 1972 by three Canadian potash producers: Agrium, Mosaic and PotashCorp. Canpotex manages transportation and has invested in 5,000 specialized railcars and two port terminals. Canpotex has supplied over 185 million mt of potash since 1974 to customers in countries like Australia, Brazil, China, India, Indonesia and Japan.

Belships ASA has the option to sell maximum two of the Canpotex-vessels after 5 alt. 7 years without obligation to continue the Charter.

# Attractive newbuilding contracts

- Two newbuilding contracts for 61,000 dwt Supramax bulk carriers with Imabari Shipbuilding in Japan:
  - Delivery scheduled for the second half 2015 and the first half 2016
  - Contract price is USD 28.25 million per vessel
  - A rights issue was completed in 2013 to finance the downpayments for the vessels
- A third newbuilding 61,000 dwt Supramax bulk carrier from Imabari Shipbuilding in Q1 2017 on long term lease with purchase option

## IMABARI SHIPBUILDING CO., LTD.

- Founded in 1901
- Japan's biggest shipyard
- 8 yard locations
- More than 2,000 ships delivered
- Annual production of ~90 ships
- Represents ~23% of Japan's annual shipbuilding

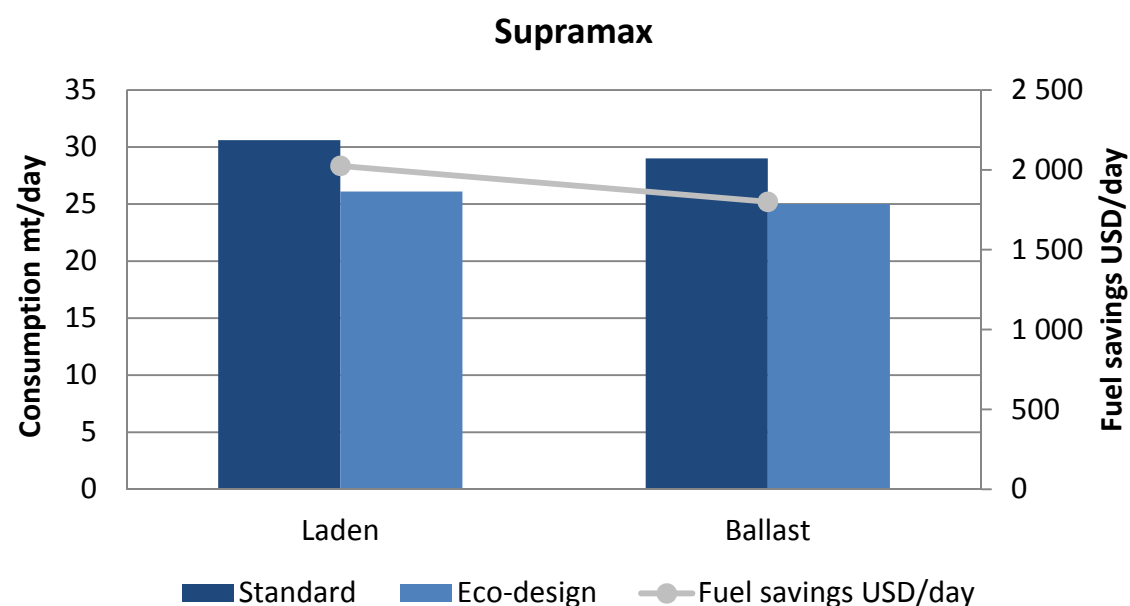


*The I-Star 61,000 dwt is the new ECO supramax design developed by Imabari, with the latest technology available for fuel efficiency and low emissions*



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# Eco-design implies significant fuel savings



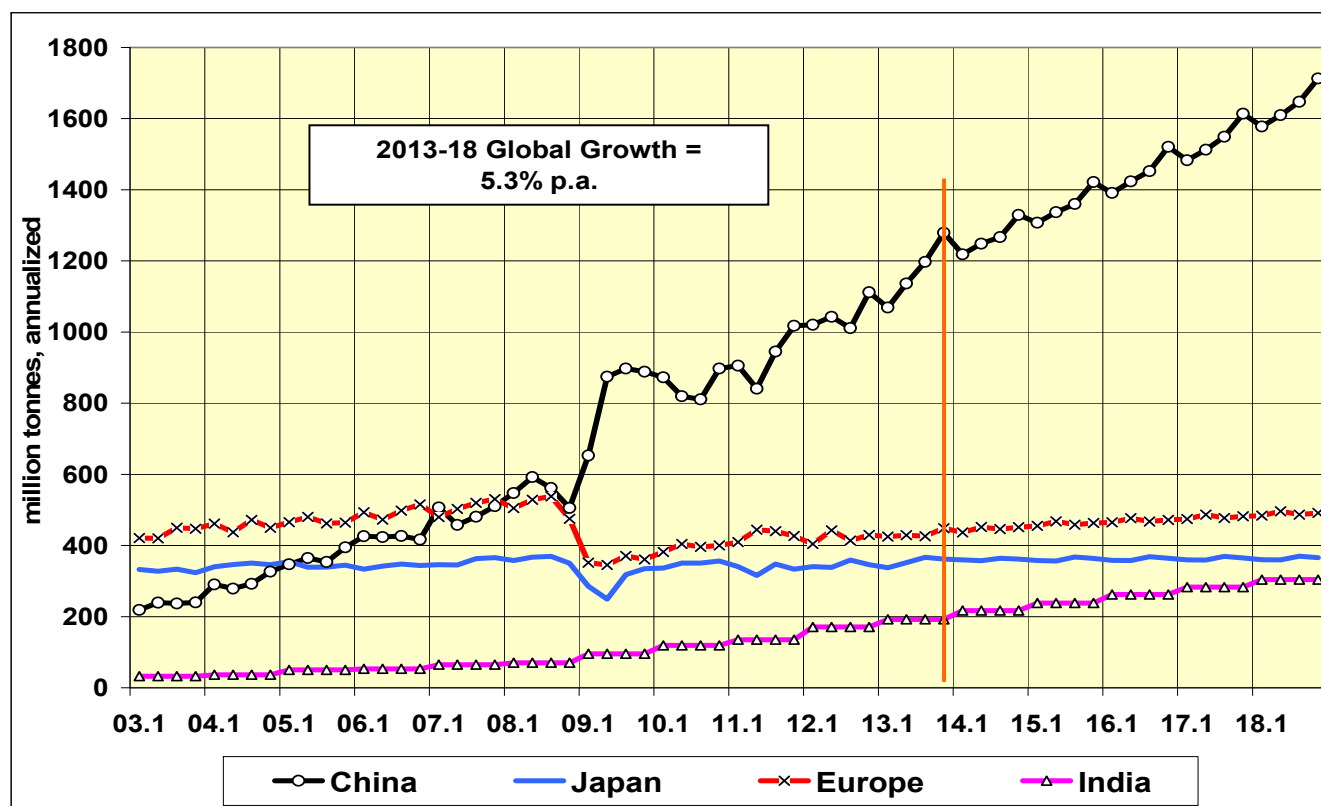
Fuel savings ECO design				
	Handysize	Supramax	Panamax	Capesize
NPV (USD m)	2.7	3.1	4.4	5.8

HFO \$600/mt, 8% interest, 5 years, 270 days at sea



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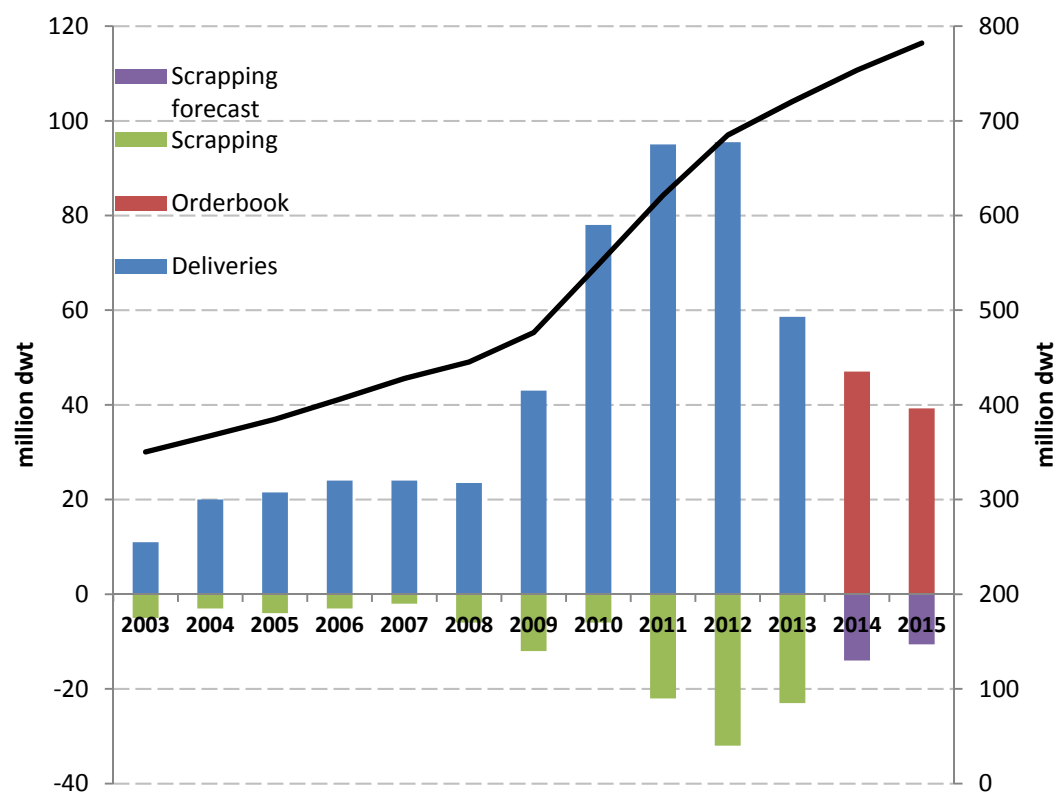
# Dry Bulk Trade Demand By Importer





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# Supply side considerations



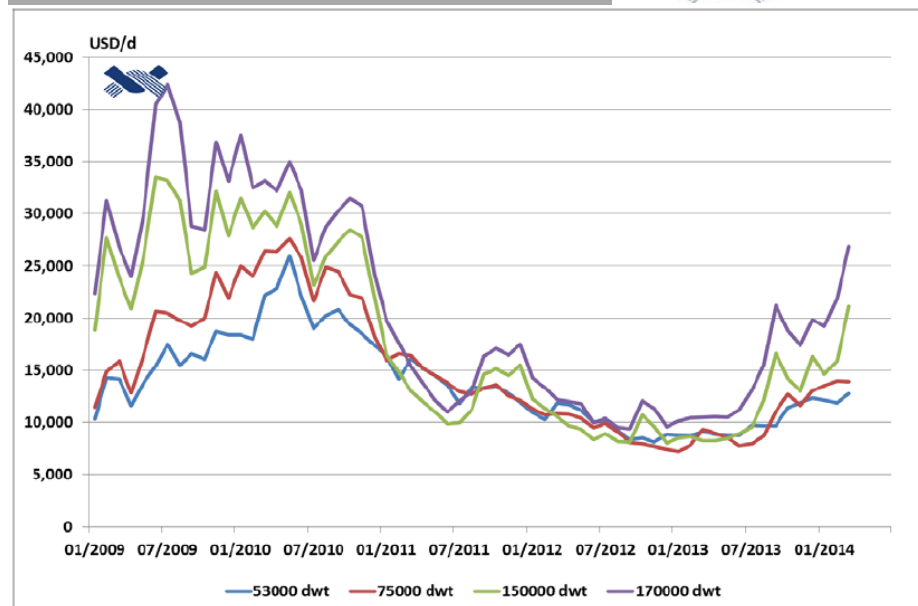
Dry Bulk Fleet	million dwt	% y-o-y change
Fleet 01.01.2013	684,8	10,2%
2013 deliveries	58,6	
2013 scrapping	-23,0	
Fleet 01.01.2014	720,4	5,2%
2014 deliveries	47,0	
2014 scrapping	-14,0	
Fleet 01.01.2015	753,5	4,6%
2015 deliveries	39,3	
2015 scrapping	-10,6	
Fleet 01.01.2016	782,1	3,8%



# Open position

	2014	2015	2016	2017	2018
Belships' fleet:	0 %	3 %	31 %	49 %	50 %

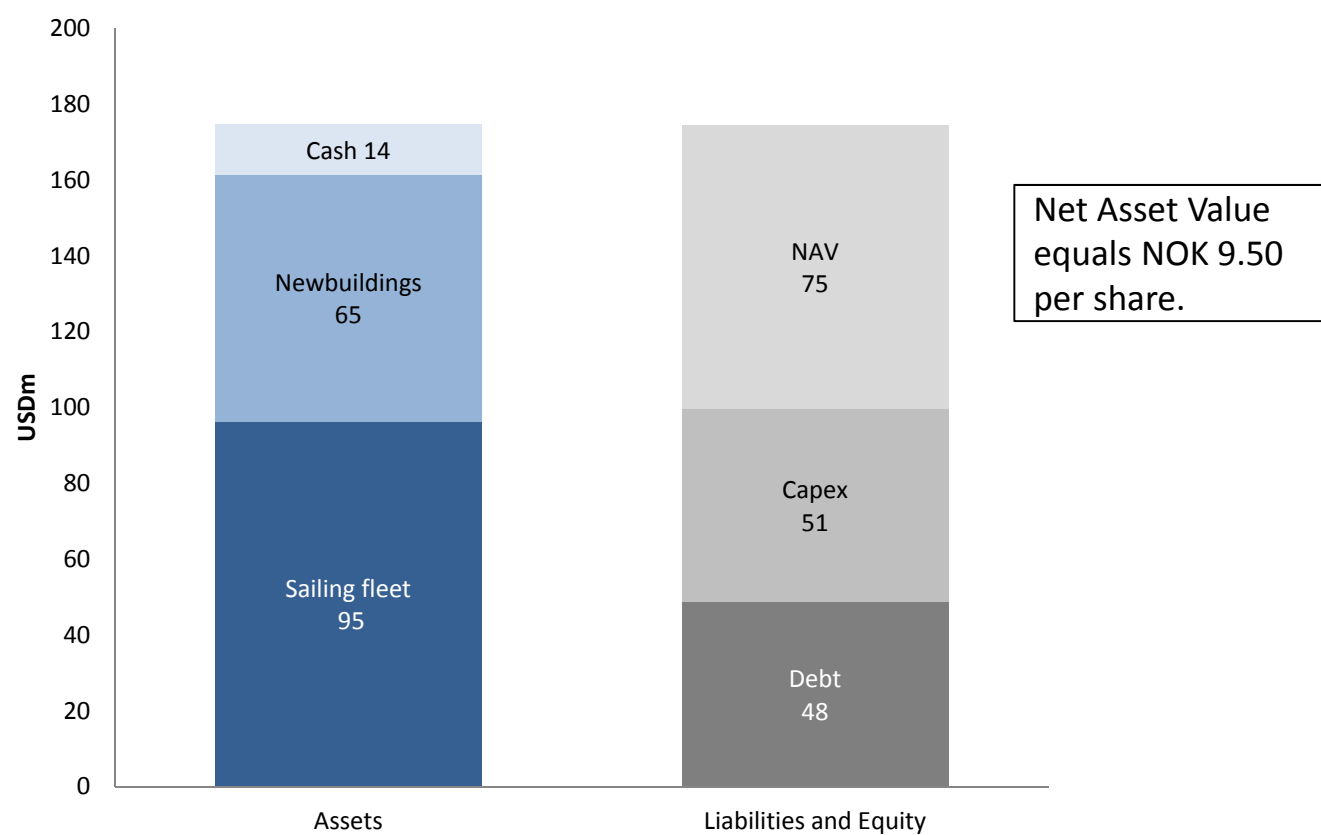
## 12 Months Time Charter



USD/DAY		End 2013	Mid 2014*	End 2014*	Mid 2015*
CAPE SIZE	170'	19,500	23,000	28,000	23,000
PANAMAX	75'	13,000	14,000	15,000	17,000
SUPRAMAX	53'	12,500	12,000	13,000	14,000

\*Forecast

# Value adjusted balance sheet

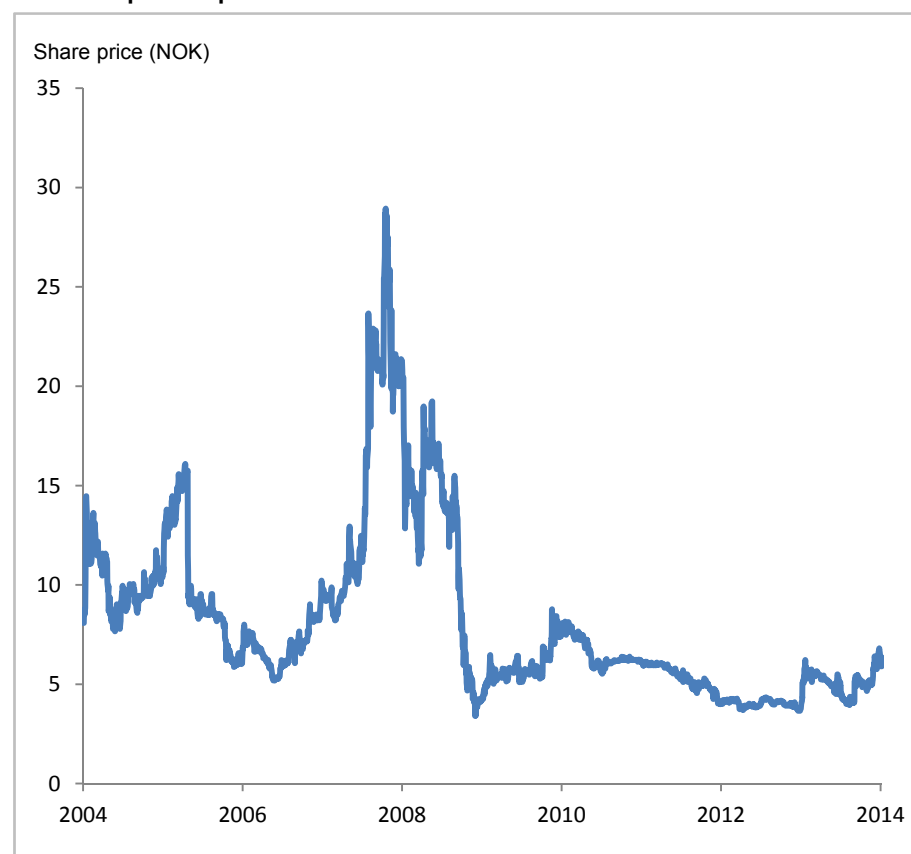




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# The Belships share

Share price performance



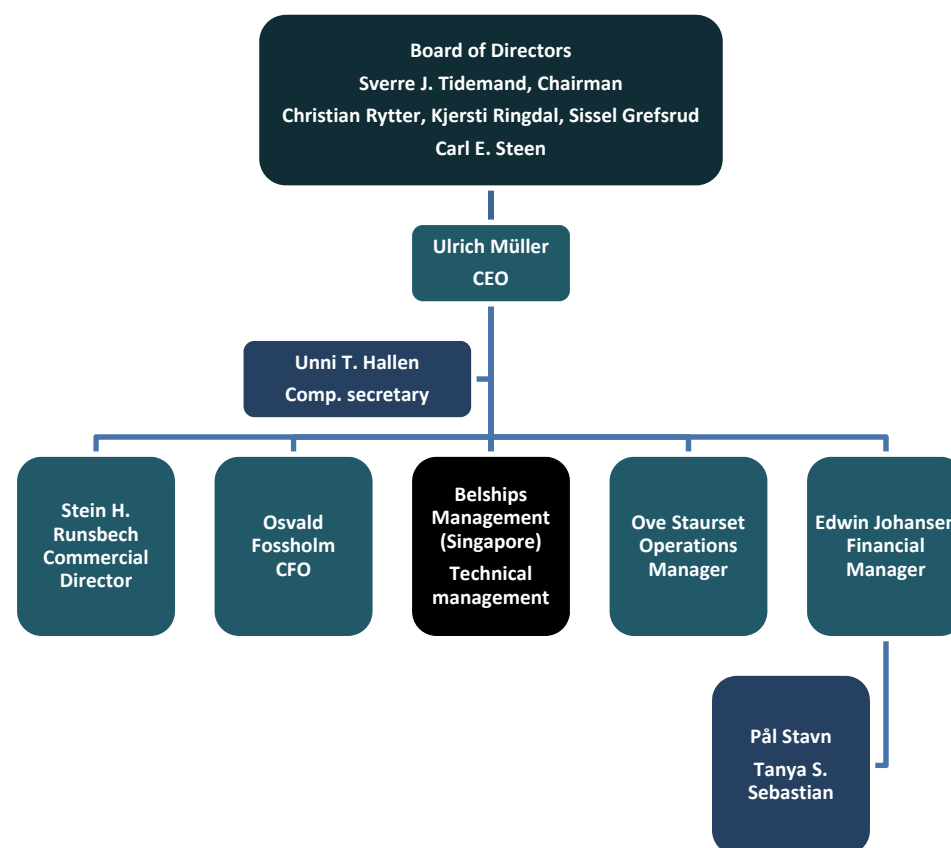
Trading development



# Ownership and Organization chart

## Shareholder overview

Shareholder	# shares	%
Sonata AS (Sverre J. Tidemand)	28 619 391	60.4%
Tidships AS (Otto G. Tidemand)	6 201 058	13.1%
Longbow Limited	2 308 680	4.9%
SEB London	987 419	2.1%
Gemsco AS	920 590	1.9%
Importer AS	681 476	1.4%
Sverre J. Tidemand	582 782	1.2%
Belships ASA	498 000	1.0%
Carlings AS	400 000	0.8%
Jasto AS	350 000	0.7%
Tidinvest II AS	315 414	0.7%
Jenssen & Co. AS	302 816	0.6%
Torstein Sjøland	300 000	0.6%
Chrem Capital AS	270 000	0.6%
Kontrari AS	250 000	0.5%
Atalanta AS	236 639	0.5%
Carl Erik Steen	207 203	0.5%
Achilles Finans AS	123 444	0.3%
John Tore Kristiansen	119 000	0.3%
Kjell Egil Larsen	110 000	0.2%
<b>Top 20 shareholders</b>	<b>43 783 912</b>	<b>92.3%</b>





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## Year 2013

<i>Amounts in MUSD</i>	2013	2012
Operating income	26.0	25.9
EBITDA	9.3	9.0
Operating profit	2.4	1.9
Profit/(Loss) before tax	0.0	-1.5



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Year 2013

### Consolidated Statement of Comprehensive Income

	2013	2012
<i>USD 1 000</i>	<i>Jan - Dec</i>	<i>Jan - Dec</i>
Freight income	22 094	22 032
Other operating income	3 879	3 863
<b>Total operating income</b>	<b>25 973</b>	<b>25 895</b>
Timecharterhire	-4 660	-4 380
Operating expenses ships	-5 059	-5 337
General administrative expenses	-6 920	-4 633
Depreciations on fixed assets	-4 251	-4 683
Impairment of ships	-2 700	-4 954
<b>Total operating expenses</b>	<b>-23 590</b>	<b>-23 987</b>
<b>Operating profit</b>	<b>2 383</b>	<b>1 908</b>
Interest income	142	103
Interest expenses	-2 040	-2 444
Currency exchange gain/(-loss)	208	-198
Other financial items	-681	-872
<b>Net financial items</b>	<b>-2 371</b>	<b>-3 411</b>
Profit/(loss) before tax	12	-1 503
Tax	-166	-186
<b>Profit/(Loss) for the year</b>	<b>-154</b>	<b>-1 689</b>
<b>Other comprehensive income</b>		
Actuarial gain/(loss) on defined benefit plans	-3	0
<b>Total comprehensive income</b>	<b>-157</b>	<b>-1 689</b>
Hereof non-controlling interests	60	46
Hereof majority interests	-217	-1 735
Earnings per share (USD)	0.00	-0.07
Diluted earnings per share (USD)	0.00	-0.07



Year 2013

### Balance sheet

	2013	2012
<i>USD 1 000</i>	<i>31 Dec</i>	<i>31 Dec</i>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Ships	95 424	102 153
Newbuilding instalments	5 650	0
Other fixed assets	3 088	3 332
<b>Total fixed assets</b>	<b>104 162</b>	<b>105 485</b>
<b>Current assets</b>		
Trade debtors	12	53
Other receivables	968	1 302
Bank deposits	14 282	10 204
<b>Total current assets</b>	<b>15 262</b>	<b>11 559</b>
<b>Total assets</b>	<b>119 424</b>	<b>117 044</b>

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Year 2013

**Balance sheet**

	<b>2013</b>	<b>2012</b>
<i>USD 1 000</i>	<b>31 Dec</b>	<b>31 Dec</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Paid-in capital	<b>43 305</b>	29 001
Retained earnings	<b>23 252</b>	23 469
Non-controlling interests	<b>401</b>	319
<b>Total equity</b>	<b>66 958</b>	52 789
<b>Long-term liabilities</b>		
Mortgage debt	<b>42 460</b>	47 308
Other long-term liabilities	<b>816</b>	1 075
Pension obligations	<b>1 644</b>	2 176
<b>Total long-term liabilities</b>	<b>44 920</b>	50 559
<b>Short-term liabilities</b>		
Current portion of mortgage debt	<b>5 138</b>	5 138
Bond issue	<b>0</b>	5 987
Trade creditors	<b>562</b>	538
Other short-term liabilities	<b>1 846</b>	2 033
<b>Total short-term liabilities</b>	<b>7 546</b>	13 696
<b>Total equity and liabilities</b>	<b>119 424</b>	<b>117 044</b>



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## Result 1<sup>st</sup> quarter 2014

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# 1<sup>st</sup> quarter 2014

<i>Amounts in USDM</i>	1Q'2014	1Q'2013
Operating income	6.1	6.3
EBITDA	2.1	2.2
Operating profit	1.1	1.1
Profit before tax	0.3	0.6



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1<sup>st</sup> quarter 2014

### Consolidated Statement of Comprehensive Income

		UNAUDITED	UNAUDITED	AUDITED
		2014	2013	2013
USD 1 000	Note	Jan - Mar	Jan - Mar	Jan - Dec
<b>Operating income</b>				
Freight income		5 098	5 344	22 094
Other operating income		981	987	3 879
<b>Total operating income</b>	1	6 079	6 331	25 973
<b>Operating expenses</b>				
Timecharterhire		-804	-1 143	-4 660
Operating expenses ships		-1 384	-1 323	-5 059
General administrative expenses		-1 770	-1 676	-6 920
Depreciation on fixed assets		-997	-1 061	-4 251
Impairment of ships		0	0	-2 700
<b>Total operating expenses</b>		-4 955	-5 203	-23 590
<b>Operating profit</b>		1 124	1 128	2 383
<b>Financial income and expenses</b>				
Interest income		9	12	142
Interest expenses		-499	-531	-2 040
Currency exchange gain/(-loss)		42	156	208
Other financial items		-355	-192	-681
<b>Net financial items</b>		-803	-555	-2 371
<b>Profit/(loss) before tax</b>		321	573	12
Tax		-26	-79	-166
<b>Profit/(loss) for the period</b>		295	494	-154

**BELSHIPS**1<sup>st</sup> quarter 2014**Balance sheet**

		UNAUDITED 2014 31 Mar	UNAUDITED 2013 31 Mar	AUDITED 2013 31 Dec
USD 1 000	Note			
<b>ASSETS</b>				
<b>Fixed assets</b>				
Ships		94 640	101 153	95 424
Newbuilding instalments	2	5 650	0	5 650
Other fixed assets		3 074	3 133	3 088
<b>Total fixed assets</b>		<b>103 364</b>	<b>104 286</b>	<b>104 162</b>
<b>Current assets</b>				
Trade debtors		122	472	12
Other receivables		1 104	952	968
Cash and cash equivalents		16 690	10 112	14 282
<b>Total current assets</b>		<b>17 916</b>	<b>11 536</b>	<b>15 262</b>
<b>Total assets</b>		<b>121 280</b>	<b>115 822</b>	<b>119 424</b>



**BELSHIPS**

1<sup>st</sup> quarter 2014

### Balance sheet

		UNAUDITED 2014 31 Mar	UNAUDITED 2013 31 Mar	AUDITED 2013 31 Dec
USD 1 000	Note			
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		43 305	29 010	43 305
Retained earnings		23 540	23 922	23 252
Non-controlling interests		408	443	401
<b>Total equity</b>		<b>67 253</b>	53 375	66 958
<b>Long-term liabilities</b>				
Mortgage debt	3	44 437	46 096	42 460
Financial instruments		711	1 061	816
Pension obligations		1 620	1 980	1 644
<b>Total long-term liabilities</b>		<b>46 768</b>	49 137	44 920
<b>Short-term liabilities</b>				
Current portion of mortgage debt		5 000	5 138	5 138
Bond issue		0	5 731	0
Trade creditors		484	379	562
Other short-term liabilities		1 775	2 062	1 846
<b>Total short-term liabilities</b>		<b>7 259</b>	13 310	7 546
<b>Total equity and liabilities</b>		<b>121 280</b>	<b>115 822</b>	<b>119 424</b>



# 1<sup>st</sup> quarter 2014

## Segment information, 1 January - 31 March, 2014

<i>USD 1 000</i>	Dry cargo	Product tank	Technical mgmt.	Admin.	Group transact.	TOTAL
Freight income	4 233	774	0	0	91	5 098
Other operating income	0	0	1 016	175	-210	981
<b>Total operating income</b>	<b>4 233</b>	<b>774</b>	<b>1 016</b>	<b>175</b>	<b>-119</b>	<b>6 079</b>
Timecharterhire	0	-804	0	0	0	-804
Operating expenses ships	-1 493	0	0	0	109	-1 384
General administrative expenses	-11	-10	-922	-837	10	-1 770
Depreciations on fixed assets	-964	0	-12	-21	0	-997
<b>Total operating expenses</b>	<b>-2 468</b>	<b>-814</b>	<b>-934</b>	<b>-858</b>	<b>119</b>	<b>-4 955</b>
<b>Operating profit</b>	<b>1 765</b>	<b>-40</b>	<b>82</b>	<b>-683</b>	<b>0</b>	<b>1 124</b>
Interest income	0	0	9	0	0	9
Interest expenses	-499	0	0	0	0	-499
Currency exchange gain/(-loss)	-3	0	-64	109	0	42
Other financial items	-348	0	-4	-3	0	-355
<b>Net financial items</b>	<b>-850</b>	<b>0</b>	<b>-59</b>	<b>106</b>	<b>0</b>	<b>-803</b>
<b>Profit/(loss) before tax</b>	<b>915</b>	<b>-40</b>	<b>23</b>	<b>-577</b>	<b>0</b>	<b>321</b>
Tax	0	0	-26	0	0	-26
<b>Profit/(loss) for the period</b>	<b>915</b>	<b>-40</b>	<b>-3</b>	<b>-577</b>	<b>0</b>	<b>295</b>
Operating income as at 31 Mar 2013	4 137	1 118	1 013	180	-117	6 331
<b>Operating income as at 31 Mar 2014</b>	<b>4 233</b>	<b>774</b>	<b>1 016</b>	<b>175</b>	<b>-119</b>	<b>6 079</b>
Operating profit as at 31 Mar 2013	1 674	-36	175	-685	0	1 128
<b>Operating profit as at 31 Mar 2014</b>	<b>1 765</b>	<b>-40</b>	<b>82</b>	<b>-683</b>	<b>0</b>	<b>1 124</b>