



BELSHIPS

Belships ASA

04 October 2018



The transaction

Transaction summary

- Belships and Kontrari have on 4 October 2018 signed a merger plan, pursuant to which Belships will assume the assets, rights and obligations of the Lighthouse companies, against consideration shares in Belships
 - The assets include four Supramax and five Ultramax dry bulk vessels and a controlling stake in Lighthouse Navigation, a commercial management company based in Bangkok with annual turnover of USD ~96m¹
 - The shareholders of the Lighthouse companies will upon completion of the merger receive a total of 127,765,993 consideration shares
 - The exchange ratio in the merger is based on an equity value of Belships of USD 37.66 million, corresponding to a price per share of NOK 6.6²
- The completion is subject to approval by the EGM
 - Sonata, holding 67.05% of shares at the time of the EGM, has undertaken to support the resolution to approve the merger and issue the consideration shares
 - The completion of the merger is expected to take place before year-end 2018
- A share sale of 14,285,714 shares from Sonata to Kontrari for a total consideration of NOK 100 million will be completed three business days after the approval of the merger plan and share capital increase by EGM, subject to certain conditions being fulfilled

Strategic rationale

- Consolidation of matching fleets increases the fleet size from seven to 16 vessels, significantly strengthening Belships' position within the Supramax and Ultramax segments
 - Increased earnings potential
 - Realisation of operational synergies
 - Improved commercial negotiation position
 - Optimised mix of multi-year charter backlog and spot exposure
- Complementing management activities create a complete in-house operational structure, ideally positioning Belships as a platform for further growth
 - Technical management through Belships' Singapore operations
 - Commercial management through Lighthouse's Bangkok operations
- Increased free float and potentially improved liquidity in the stock
 - Improved access to capital markets
 - Ambitious sponsors targeting further expansion

1) Reported revenue for 2017

2) Based on USDNOK of 8.1921 (3 October 2018) and excluding treasury shares

Belships ASA – Key investment highlights

1

Experienced owner and operator of high quality ships on long-term charters and spot contracts to highly reputable customers

2

Optimised mix of charter backlog and spot market exposure – USD 40m multi-year charter backlog providing predictable revenue base

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Founded in 1918 and listed on the Oslo stock exchange since 1937; one of the longest listed companies in Oslo



3

Continued focus on fleet expansion of modern dry bulk tonnage – supported by ambitious sponsors

5

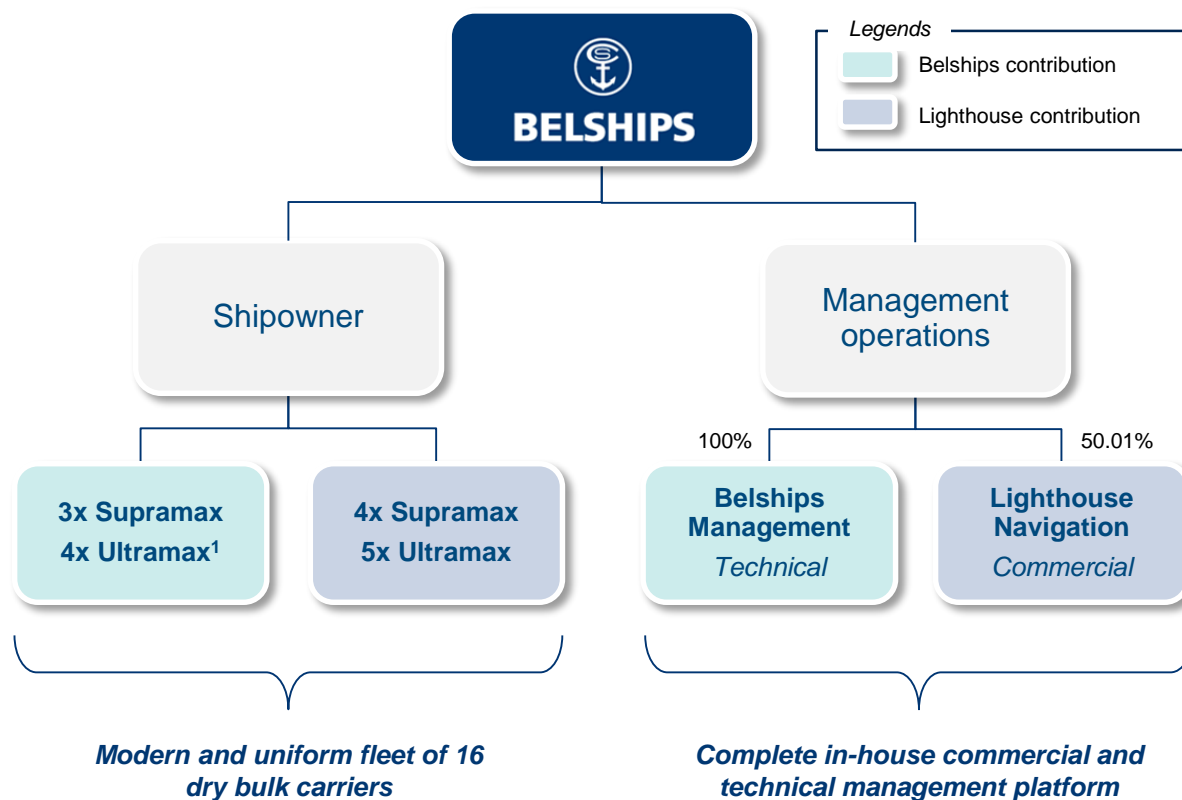
Widely anticipated improving dry bulk market represents attractive window of opportunity for earnings and asset value recovery

4

All services and key functions in-house, and a management team with proven operational track record

Business strategy and core activities

- Pure play on the dry bulk market, with a attractive spot market exposure and charter backlog
- Tonnage provider to highly reputable and good credit risk customers
- Optimised operational set-up, with in-house commercial and technical management
- Cost efficiency in operation and administration
- Transparency, impeccable corporate governance and shareholder friendly information philosophy
- Target an efficiently priced equity with an attractive dividend - flexibility to buying back own shares if undervalued



1) 2x BB-in and 2x TC-in. See slide 5 for more information

Modern uniform fleet with average age of ~5 years

	Vessel	Type	Built	DWT	Yard	Ownership	Employment
Belships contribution	Imabari Newbuild	Ultramax	2020	63,000	Imabari	TC-in ¹	Open
	Belnippon	Ultramax	2018	63,000	Imabari	TC-in ²	TC to Cargill
	Belisland	Ultramax	2016	61,000	Imabari	BB-in ³	TC to Canpotex
	Belforest	Ultramax	2015	61,000	Imabari	BB-in ⁴	TC to Cargill
	Belocean	Supramax	2011	58,000	Dayang	Owned	TC to Cargill
	Belnor	Supramax	2010	58,000	Dayang	Owned	TC to Canpotex
	Belstar	Supramax	2009	58,000	Dayang	Owned	TC to Canpotex
Lighthouse contribution	Indian Light	Ultramax	2016	63,200	Hantong	Owned	Spot
	Baltic Light	Ultramax	2016	63,200	Hantong	Owned	Spot
	Atlantic Light	Ultramax	2016	63,200	Hantong	Owned	Spot
	Northern Light	Ultramax	2015	63,200	Hantong	Owned	Spot
	Southern Light	Ultramax	2015	63,200	Hantong	Owned	Spot
	Orient Light	Supramax	2008	50,292	PT Pal	Owned	Spot
	Bering Light	Supramax	2008	50,292	PT Pal	Owned	Spot
	Pacific Light	Supramax	2007	50,198	PT Pal	Owned	Spot
	Eastern Light	Supramax	2006	50,223	PT Pal	Owned	Spot



- 1) Time charter period of 8+1+1 years from Feb-20 with purchase options after the fourth year
- 2) Time charter period of 8+1+1 years from Jan-18 with purchase options after the fourth year
- 3) Bareboat charter lease period of 15 years from Mar-16 with purchase options after the fifth year
- 4) Bareboat charter lease period of 12 years from Sep-15 with purchase options after the third year

Optimised mix of charter and spot market exposure


Charter backlog

Vessel	Charter period				Net TC rate
	2018	2019	2020	2021	
Belnippon	Cargill				USD 11.1k/d
Belstar	Canpotex				USD 16.0k/d
Belforest	Cargill				USD 13.0k/d ¹
Belocean	Cargill				USD 11.6k/d ²
Imabari newbuild		Under construction			Open
Belnor	Canpotex				USD 16.0k/d
Belisland	Canpotex				USD 17.3k/d
Indian Light	Spot				nm
Baltic Light	Spot				nm
Atlantic Light	Spot				nm
Northern Light	Spot				nm
Southern Light	Spot				nm
Orient Light	Spot				nm
Bering Light	Spot				nm
Pacific Light	Spot				nm
Eastern Light	Spot				nm

1) USD 10.0k/day until 1 Nov 2018, USD 13.0k/day thereafter
2) USD 9.8k/day until 15 October 2018, USD 11.6k/day thereafter


Solid charter counterparties



Share of revenue:  61%

- One of the world's largest potash exporters, selling over 10 million tonnes of potash every year, representing about one-third of global capacity
- Canpotex is a joint venture that is wholly owned by the two Saskatchewan potash producers, Mosaic and Nutrien



Share of revenue:  39%

- Largest private US company in terms of revenue, with USD 109.7bn in revenues in 2017 and ~150,000 employees worldwide
- Major business areas within agricultural services, crop and livestock, food, health and pharmaceuticals, and industrial and financial risk management

Complete in-house technical and commercial management

Technical management – Belships Management

- Belships is engaged in technical management activities through Belships Management in Singapore including Tianjin and Shanghai in China
- The companies handle technical maritime operation for Belships' own ships and on behalf of other shipping companies
- Competitive crew management, especially for Chinese and Burmese crew through JVs in China and Myanmar, but also Malaysian, Indonesian, Indian and East European.
- In addition, Belships has an associate company in Manila offering Filipino crew management

Technical:

10
ships

Crewing:

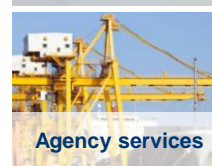
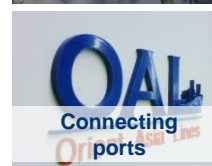
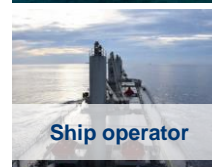
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ships

Client base

Client	 <small>sumitomo global logistics</small>	 <small>Ultrabulk</small>	 <small>BELSHIPS</small>	 <small>Malaysian owner</small>	 <small>Chemikalien Seetransport</small>
Type of service	Technical & crewing	Technical & crewing	Technical & crewing	Crewing	Crewing
Number of vessels	1	4	5	4	13
Client since	1996	2011	1984	2018	2004

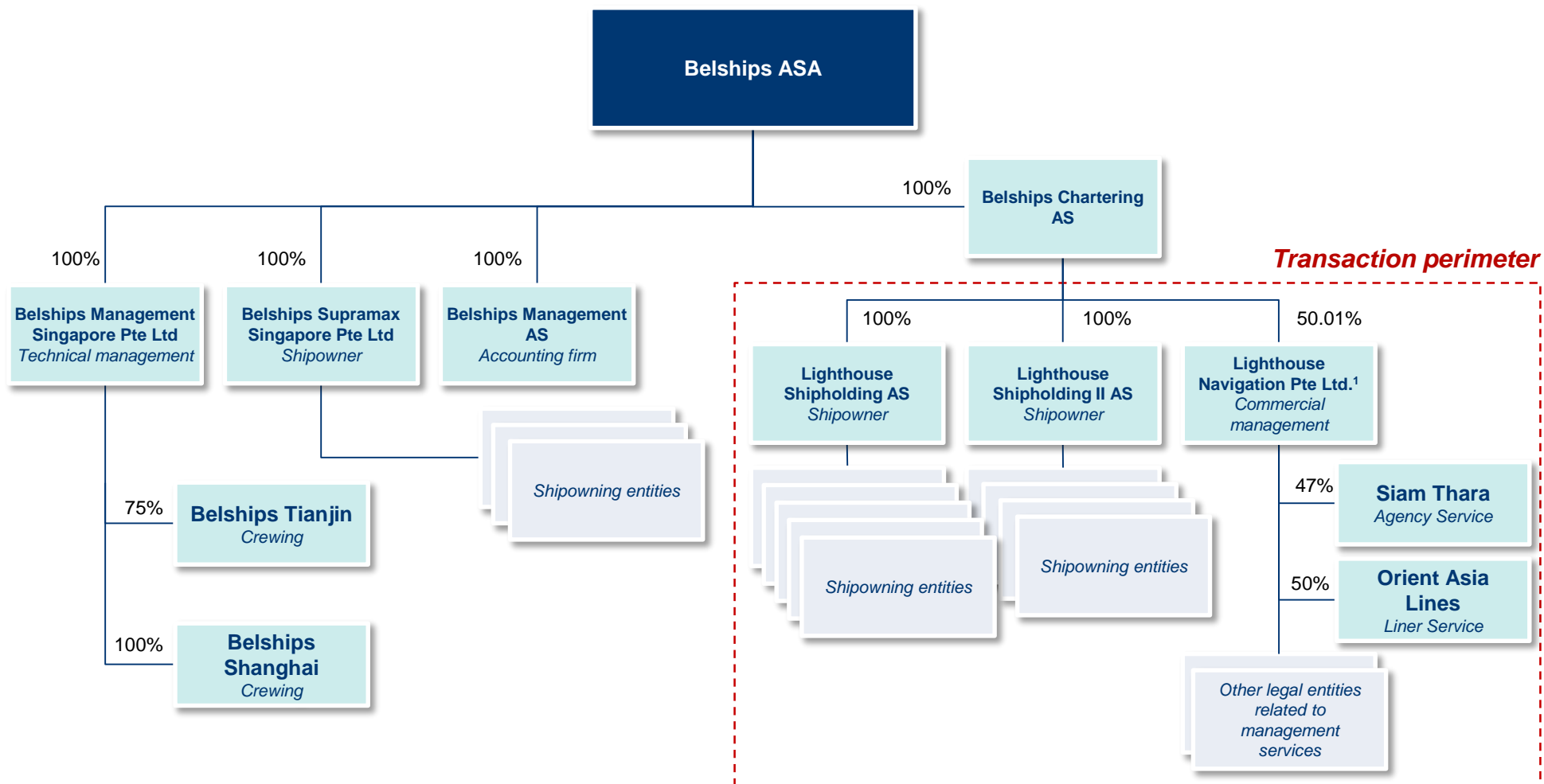
Commercial management – Lighthouse Navigation

- Lighthouse Navigation offers customised transportation services for dry bulk charterers, generating revenues of USD 96m in 2017
- Lighthouse Navigation has approximately 50 employees, with operations commercially controlled by an international team of experienced professionals from the offices in Bangkok and Dubai



- Lighthouse Navigation commercially manages Lighthouse's fleet of four Supramax and five Ultramax vessels
- Through a proven track record and reliable services, Lighthouse Navigation has developed a network of strong relationships with charterers, port agents and stevedores
- In addition to the Lighthouse fleet, Lighthouse Navigation operates a significant number of chartered-in Supramax/Ultramax tonnage as required by clients
- The charter commitments are mainly short-term contracts
- Lighthouse Navigation's liner service, Orient Asia Lines (OAL) runs a regular service from South East Asia to Middle-East and Eastern Mediterranean
- Shippers and receivers are all long-term clients, booking parcels of various quantities on a very regular basis
- Lighthouse Navigation offers a full and comprehensive port agency service throughout Thailand, including cargo brokerage and logistics, through the agency company Siam Thara

Company structure



1) Based in Bangkok

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