

Financial Restructuring Proposal

November 2016

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Agenda

1. **Background and restructuring proposal**
2. Company update
3. Appendix

Restructuring overview

Havila Shipping has been actively engaged with its bank lenders, bondholders and other stakeholders for a prolonged period of time with the aim to agree on an overall restructuring plan

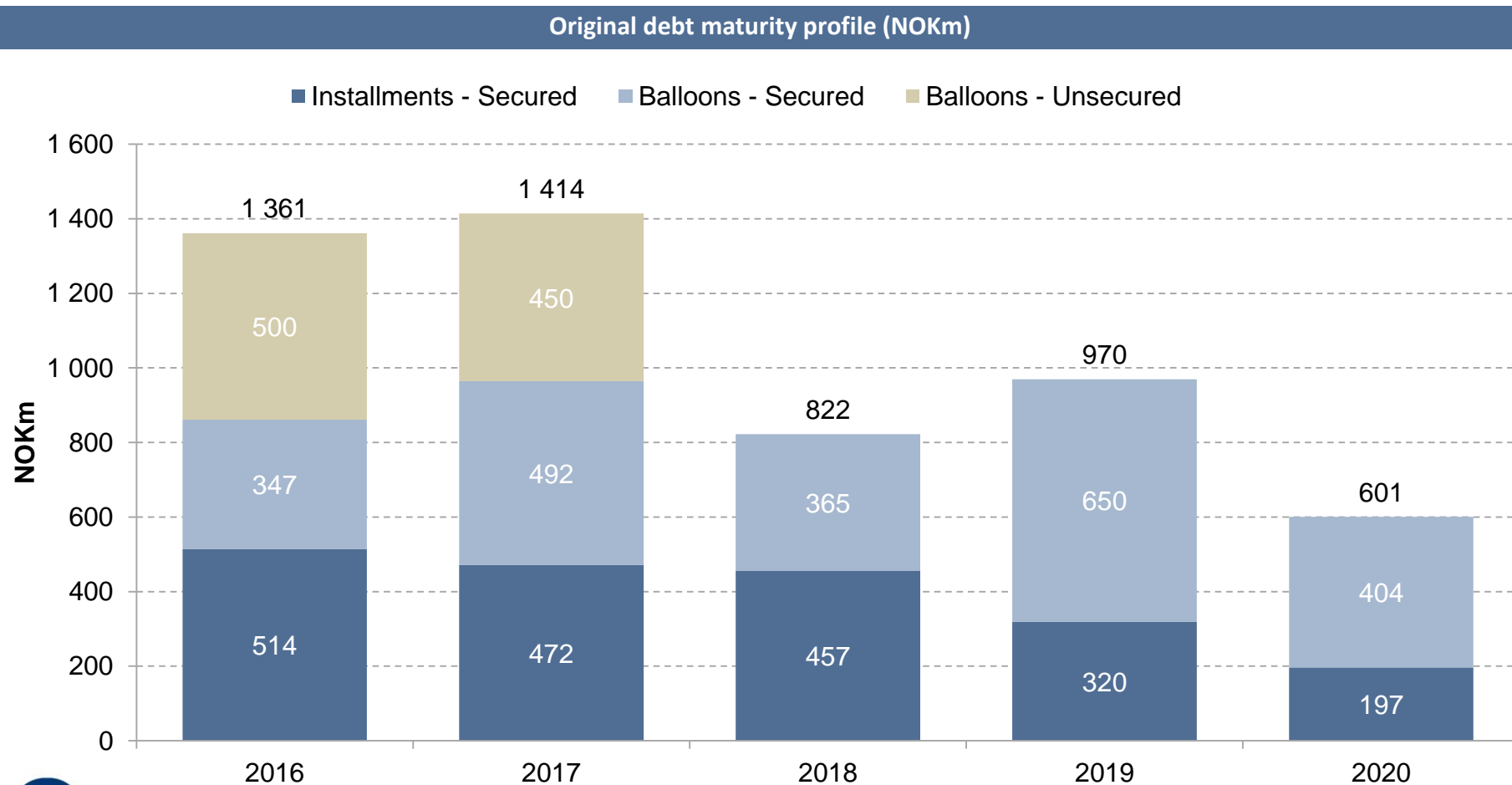
The process has been challenging and resulted in a comprehensive recapitalization proposal which includes the following items:

- NOK 164.4 million of new capital from the Company's largest shareholder
 - NOK 118.2 million in the form of New Equity
 - NOK 46.2 million in the form of an unsecured and interest free shareholder loan
- Conversion of approximately NOK 135 million of accrued interest to equity by the Company's secured lenders
- Sales processes to be initiated for non-core assets with potential shortfall to be converted to equity in the Company at 12.7% recovery based on pricing of New Equity
- All maturities extended until 8/11 2020, sweep mechanism on secured debt subject to certain cash thresholds
- All unsecured debt (bank and bonds) offered (i) 15% of outstanding principal amount in cash, and (ii) certain warrants which may be exercised for shares in a period of 5 years

The restructuring plan will provide Havila Shipping with sufficient liquidity in the short to medium term and reduce the Company's net interest bearing debt by up to 29%

The Proposal is supported by the Company's secured and unsecured bank lenders as well as Havila Holding, the Company's main shareholder, and represent the last viable option the Company see in order to reach a consensual restructuring

A comprehensive restructuring remains absolutely required



Summary of the restructuring (1/3)

On the Restructuring Implementation Date the following shall take place:

New Equity

- NOK 118.2 million of new equity and NOK 46.2 million of convertible shareholder loan to be provided from current main shareholder Havila Holding (new equity to benefit from certain anti-dilution protection going forward initially securing 51% ownership). The estimated subscription price for the new equity corresponds to NOK 0.125 per share
- Secured Creditors to convert to new shares approximately NOK 135 million of accrued interest from and including 16 February 2016 up to and including 30 September 2016 at NOK 0.24 per share

Repair Issue

- The present shareholders will after the equity transactions as set out above be holding 2.5 % of the shares in the Company.
- A repair issue of NOK 30 million will be offered towards existing shareholders (excluding Havila Holding) at NOK 0.125 per share

Unsecured Debt

- All unsecured debt (totalling NOK 950 million) will be offered (a) 15% of outstanding principal amount and (b) 500 million warrants which may be exercised for shares in a period of 5 years at NOK 0.156 per share in cash (25 % premium to the subscription price of the new equity)

Divestment of Non-Core Vessels

- Vessels divided in to categories labelled "core vessels" and "non-core vessels", with the latter category divided in to 3 sub-groups (named I, II and III). All non-core vessels to be marketed for sale going forward
- Secured Creditors on the Non-Core Vessels 'Group I' Debt will receive NOK 44 million of already pledged cash

Summary of the restructuring (2/3)

Amendments to surviving debt implemented on the Restructuring Implementation Date:

Amortization and maturities

- All fixed amortisations on Secured Debt to be cancelled, except for certain fixed amortisation on certain vessels. Cash sweep of 50% of cash flow on core vessels net of i.a. costs and fixed amortisation
- All Secured Debt shall mature on 7 November 2020

Interest rates

- No change in credit margins, save for the Subsea Bonds to be merged into one tranche with an interest rate of 3M NIBOR + 450 bps p.a. and Non-Core Vessels 'Group I' Debt to accrue interest at 5% PIK

Covenants

- Financial covenants suspended except minimum cash of NOK 50 million (consolidated on group level)

Summary of the restructuring (3/3)

Subsequent conversions and amendments:

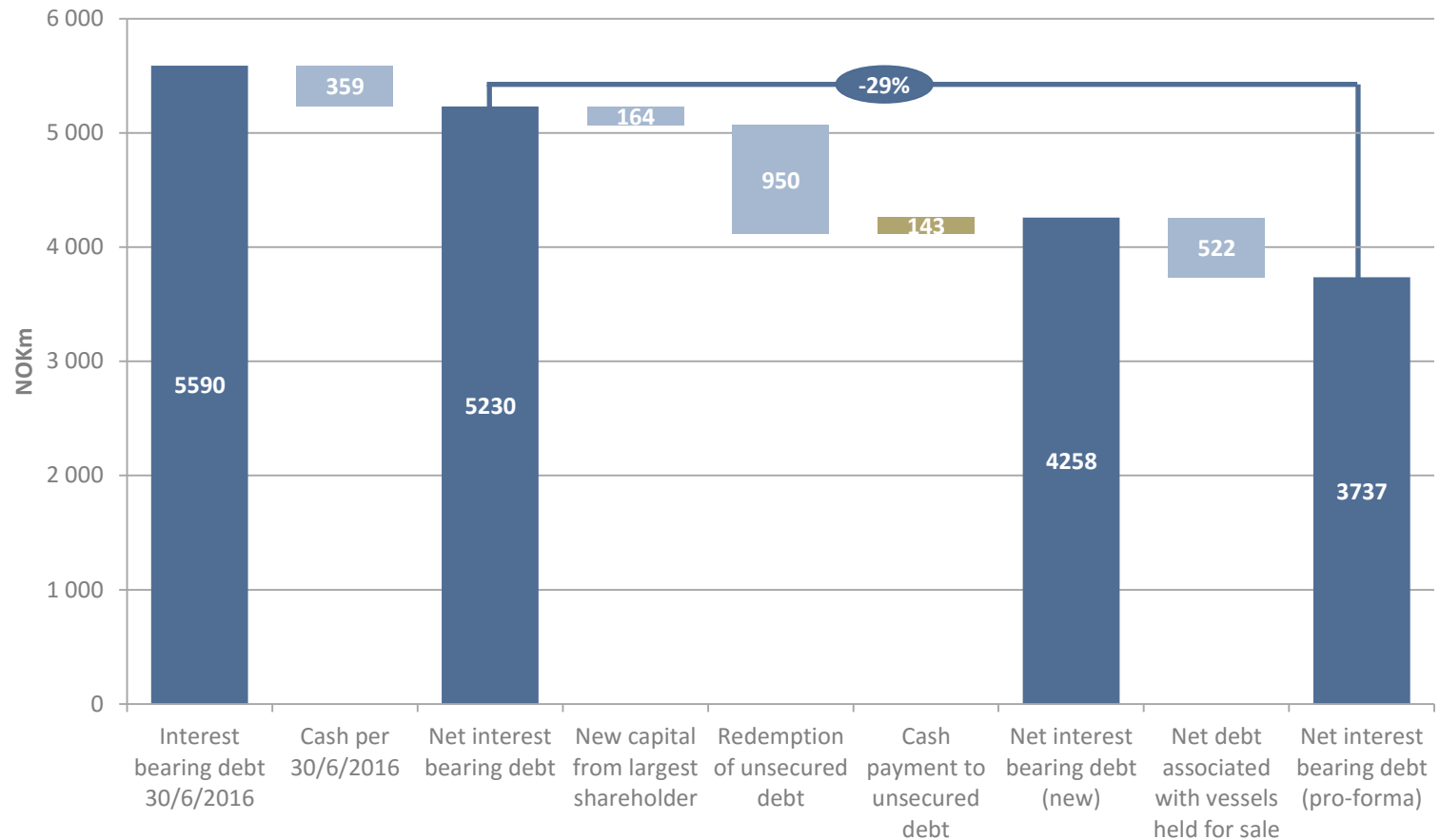
Non-Core Vessels

- Non-Core Vessels 'Group I' Debt and Non-Core Vessels 'Group III' Debt, not fully repaid after sale of the relevant vessels, is converted to shares at a conversion price of NOK 0.981 per share (which equals a conversion rate of 12.7%)
- If vessels in the Non-Core Vessel "Group I" are not sold within 18 months commencing on the date the Restructuring Plan is implemented (the "**Restructuring Implementation Date**"), a fixed amount of NOK 250 million will be converted at a conversion price of NOK 0.981 per share (which equals a conversion rate of 12.7%) and the remaining debt to be left until such vessels are sold.
- Non-Core Vessels 'Group II' Debt, not fully repaid on a sale of the relevant vessels, will be secured by 2nd lien collateral in the vessel Havila Venus
- Relevant Secured Creditors to cover all costs relating to respective non-core vessels from the date falling 18 months after Restructuring Implementation Date

Non-Performing Vessels

- Core vessels which, in the period of 18 to 24 months after the Restructuring Implementation Date, generates less EBITDA than 2% of Secured Debt, will be declared 'Non-Performing' and may, by the relevant Secured Creditor:
 - be taken over (against discharge of all secured debt); or
 - sold (against conversion of any deficit to shares at a conversion price of NOK 0.981 per share (which equals a conversion rate of 12.7%))
- If right is not exercised, interest on such vessel shall be paid as PIK and, from the date falling 30 months from the Restructuring Implementation Date, the relevant Secured Creditor shall cover all net costs relating to such vessel
- Upon payment of outstanding interest and a portion of outstanding principal debt (which amount shall be raised as new equity) a Non-Performing Vessel may be re-declared as a Core Vessel.

Potential reduction of NIBD by up to 29%



Required operating CF greatly reduced

Current debt repayment schedule

Cash flow statement (NOKm)	2012	2013	2014	2015	2016e	2017e	2018e	2019e
Required operating cash flow	220	320	383	362	1 391	1 454	892	1 040
Capex	-279	-50	-226	-84	-30	-40	-70	-70
Net change in debt*	14	-374	-219	-431	-1 361	-1 414	-822	-970
<i>Instalments</i>					-514	-472	-457	-320
<i>Balloons</i>					-847	-942	-365	-650
Equity financing CF	185	10	-	0	-	-	-	-
Net cash flow (incl. FX)	140	-95	-62	-153	0	0	0	0

Revised debt repayment schedule

Cash flow statement (NOKm)	2012	2013	2014	2015	2016e	2017e	2018e	2019e
Required operating cash flow	220	320	383	362	71	66	102	78
Capex	-279	-50	-226	-84	-30	-40	-70	-70
Net change in debt*	14	-374	-219	-431	-205	-26	-32	-8
<i>Instalments</i>					-18	-26	-32	-8
<i>Balloons</i>					-187	-	-	-
Equity financing CF	185	10	-	0	164	-	-	-
Net cash flow (incl. FX)	140	-95	-62	-153	0	0	0	0

- Current debt repayment schedule not sustainable without refinancing
- Revised profile and new equity greatly reduce required operating cash flow

Timeline

Bank process

- Final approval from banks expected in place: 30 November 2016, but latest 31 January 2017
- Effective from secured and unsecured lenders final approval expected to be granted within 30 November 2016 provided subject to that all other conditions precedent are being fulfilled

Bond process

- Summons to bondholder meeting: 9 November 2016
- Bondholder meeting 23 November 2016 and effectuation date within 31 January 2017, but latest 28 February 2017

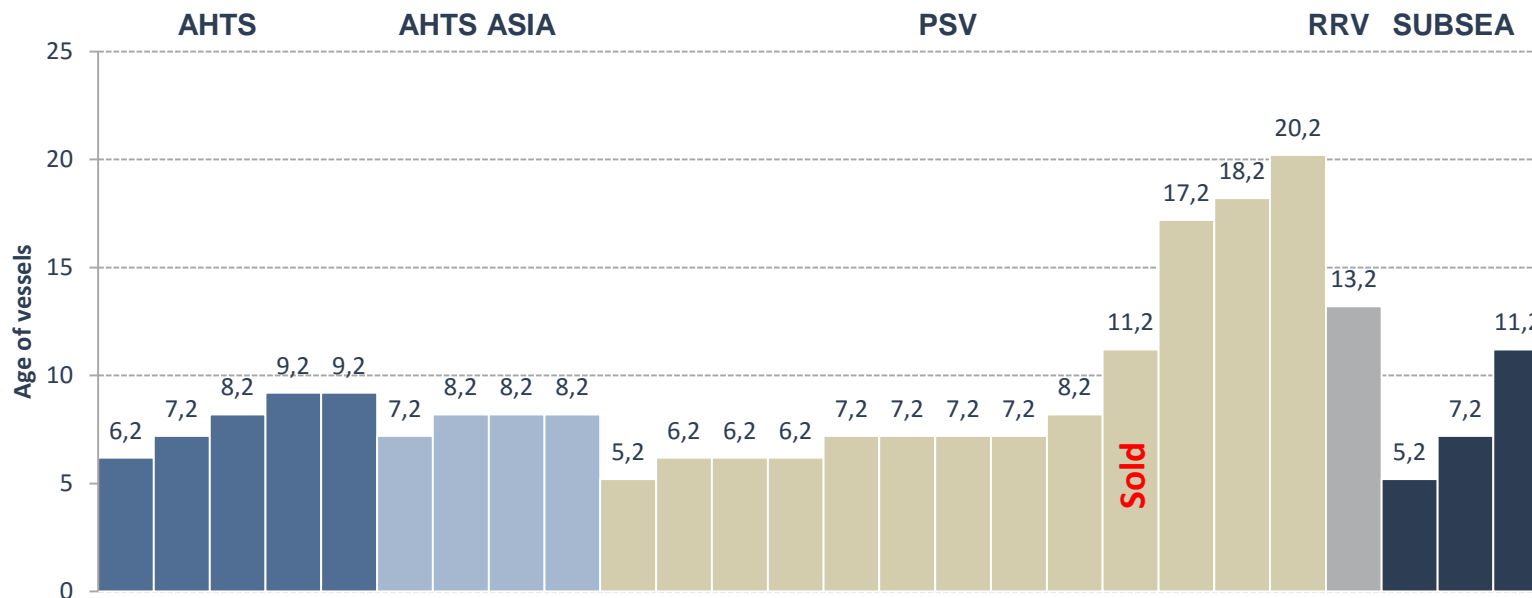
Equity process

- Indicative timeline:
 - Notice of EGM: 25 November 2016
 - EGM: EGM to resolve share capital increase within 31 January 2017 (at latest)
 - Registration of new share capital: 28 February 2017 (at latest)

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Havila owns a modern and diversified fleet



	AHTS	AHTS ASIA	PSV	RRV	SUBSEA
No of vessels	5	4	12	1	3
Average age 30.09	8.0	7.9	9.7	13.2	7.9

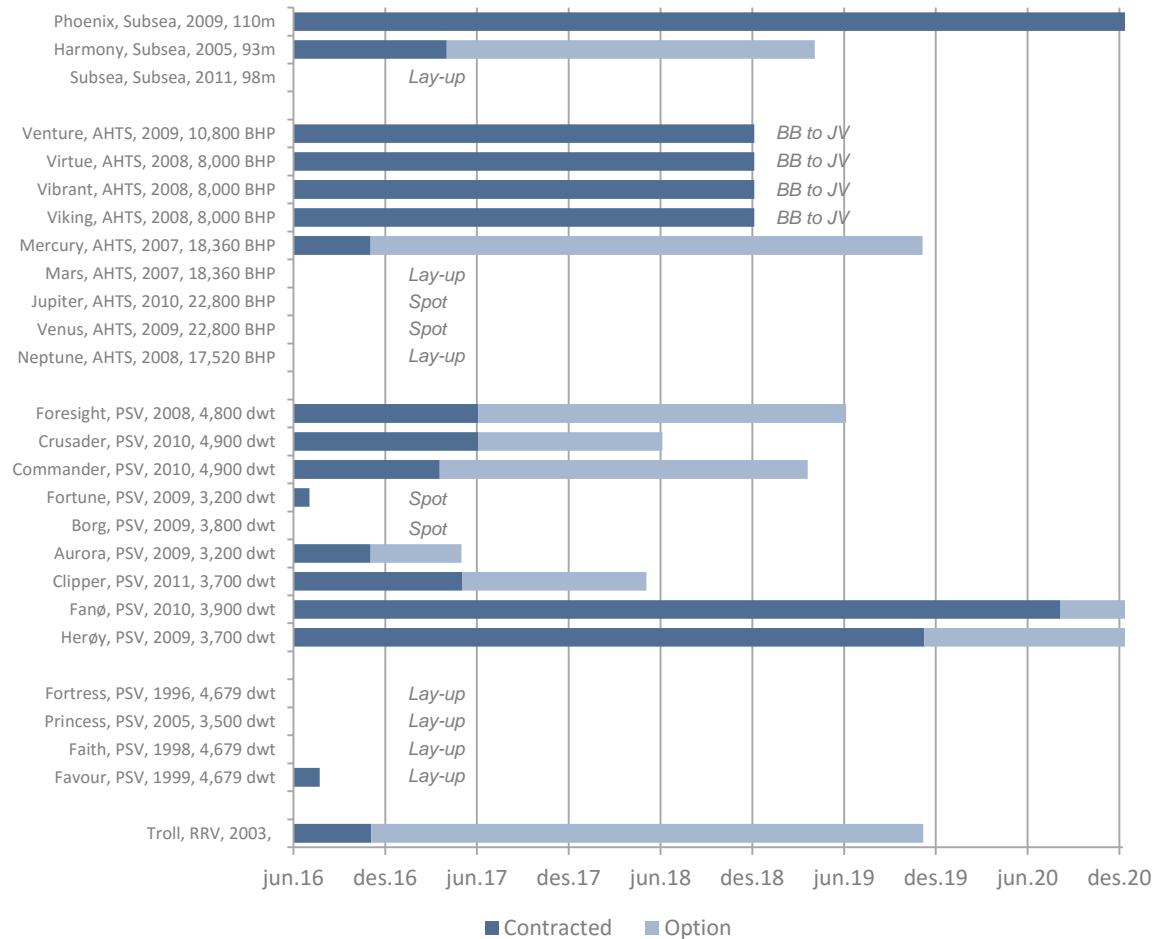


Modern fleet of 26* vessels with an average fleet age of ~9 years

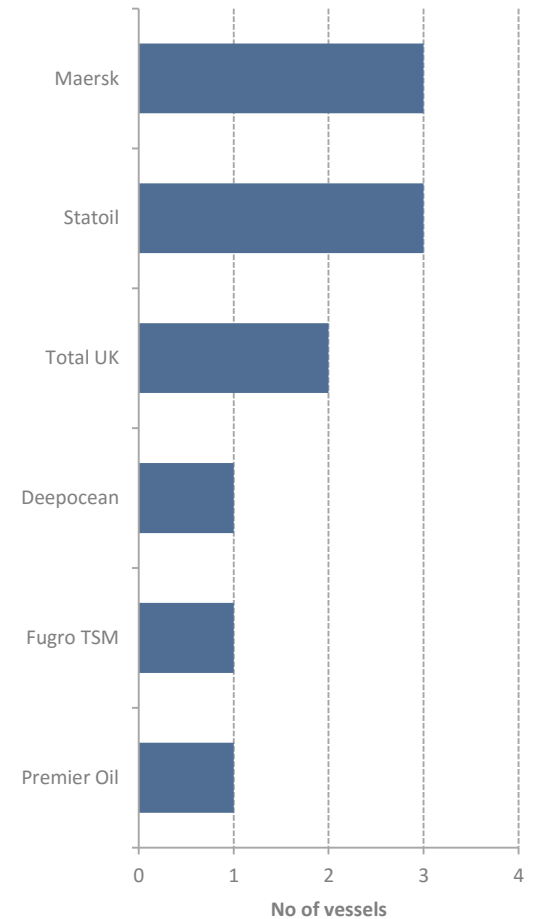
*Including 50% owned Havila Charisma (not consolidated)

Acceptable contract coverage and attractive customer base

Contract coverage per vessel



Customer base

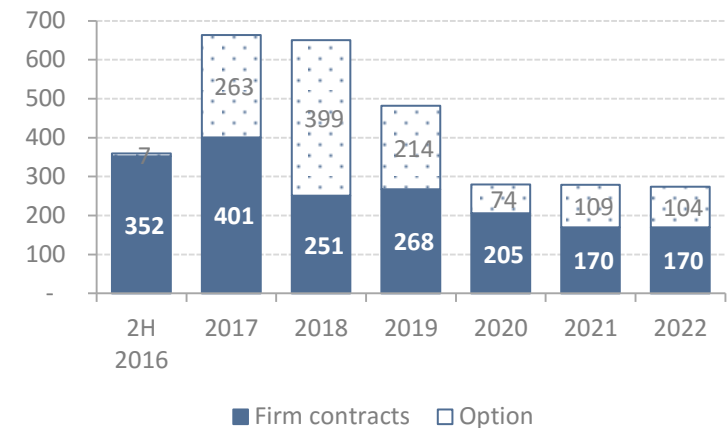


Decent contract backlog helps on near term visibility

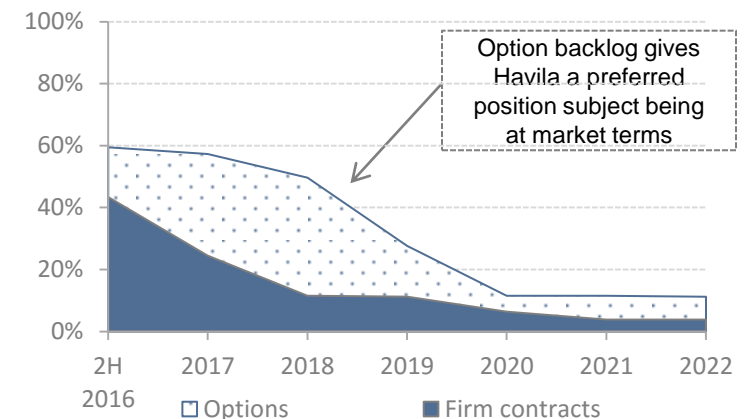
Comments

- Total backlog of NOK 1.9bn from firm contracts¹
- Revenue from firm contracts in 2H 2016 of about NOK 350m and about NOK 400m in 2017
- Total backlog of about NOK 3.8bn when full value of option contracts included (total value of NOK 1.9bn)
- Option backlog provides a solid base when working to secure new contracts – preferred position subject being at market terms

Contract backlog in NOKm¹



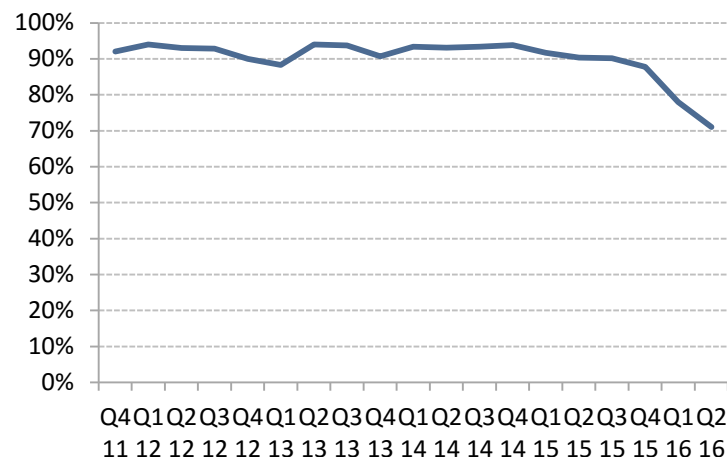
Contract backlog (% of ship days)¹



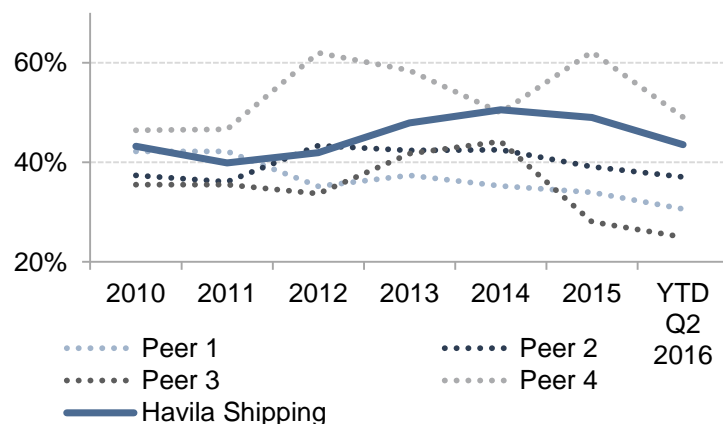
Strong operational track record

- A qualified organisation focusing on human resources and solid seamanship
- Strong focus on safety with a goal of zero damage to personnel, environment and assets
- Established comprehensive internal control procedures for all vessels in fleet
 - Financial and safety performance is evaluated with the captain of each vessel monthly
- Solid operational excellence demonstrated with historically low unplanned off-hire days and comparably strong historical operating margins

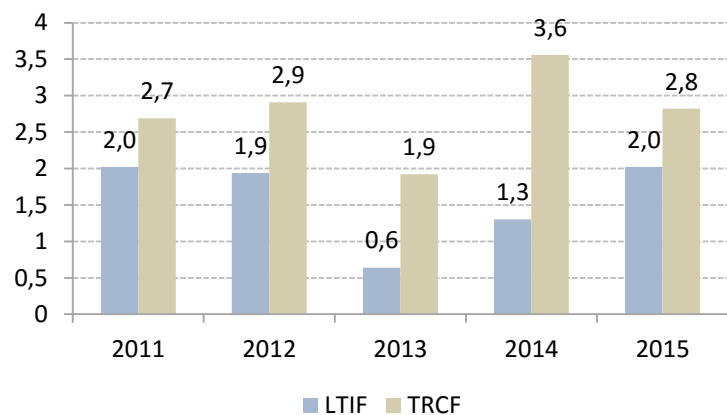
Historical utilization (% of time charter fleet)



EBITDA margin (%)



Key performance indicators of health and safety¹



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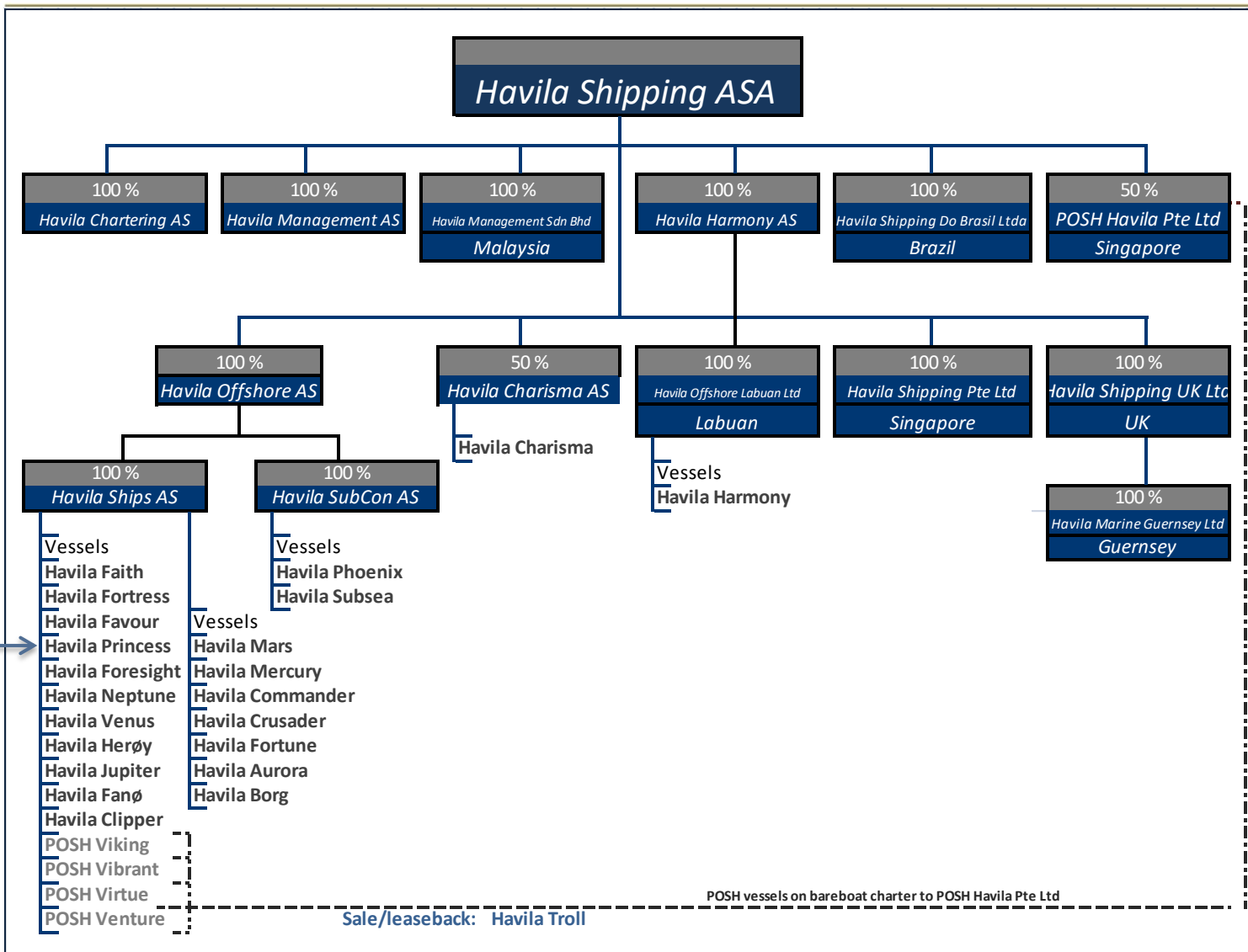
HAVI shareholder base as per 31 October 2016

- Havila Holding is the largest shareholder with 51%
- Other shareholders comprise of financial institutions, industrial companies and family offices
- Top 30 shareholders hold ~73% of current outstanding shares

#	SHAREHOLDER	COUNTRY	SHARES	%
1	HAVILA HOLDING AS	Norway	15 379 717	50,96 %
2	TORGHATTEN ASA	Norway	1 223 100	4,05 %
3	THE NORTHERN TRUST CO.	United Kingdom	970 292	3,22 %
4	JEKI PRIVATE LIMITED	Singapore	500 000	1,66 %
5	CARVALLO INTERNATIONAL LTD	Singapore	394 726	1,31 %
6	SPIILKA INTERNATIONAL AS	Norway	300 000	0,99 %
7	DANSKE BANK A/S	Denmark	255 246	0,85 %
8	SVEIN TØMMERDAL	Norway	228 827	0,76 %
9	BAKKELY INVEST A/S	Norway	214 800	0,71 %
10	NORDNET BANK AB	Sweden	212 677	0,70 %
11	KS ARTUS	Norway	203 800	0,68 %
12	PACIFIC CARRIERS LTD	Singapore	185 926	0,62 %
13	NORDNET LIVSFORSIKRING AS	Norway	181 677	0,60 %
14	AVANZA BANK AB	Sweden	165 612	0,55 %
15	NORDEA BANK DANMARK A/S	Denmark	163 631	0,54 %
16	BERNHD. BREKKE A/S	Norway	150 000	0,50 %
17	DNB NOR BANK ASA	Norway	110 000	0,36 %
18	KAMATO AS	Norway	108 461	0,36 %
19	VENADIS AS	Norway	104 903	0,35 %
20	TOVE LYGSTAD	Norway	100 000	0,33 %
21	ANDRE BIRGER NAKKEN	Norway	100 000	0,33 %
22	SEVRIN INGE ROALD	Norway	100 000	0,33 %
23	ROGER BEKKEN	Norway	100 000	0,33 %
24	DROME AS	Norway	100 000	0,33 %
25	ERLEND SMEDSDAL	Norway	80 484	0,27 %
26	SVEN GUNVALDSEN	Norway	80 000	0,27 %
27	OLAV MAGNE TVEITÅ	Norway	80 000	0,27 %
28	HALLVAR ULFSTEIN	Norway	78 500	0,26 %
29	MØRE INVEST AS	Norway	76 581	0,25 %
30	SVEIN OLAV HENRIKSEN	Norway	71 583	0,24 %
Top 30 shareholder			22 020 543	72,96 %
Other			8 159 056	27,04 %
Total outstanding shares			30 179 599	100,00 %



Company structure

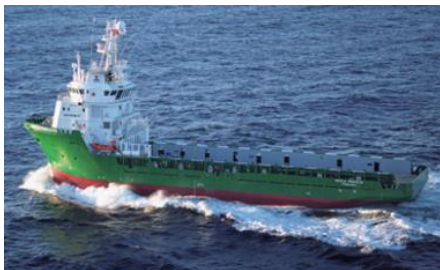


PSV fleet (1/3): Brazil vessels



Havila Faith (1998)

Lay-up



Havila Princess (2005)

Lay-up

Sold



Havila Favour (1999)

Lay-up



Havila Fortress (1996)

Lay-up

PSV fleet (2/3): 4 vessels with Statoil & Maersk



Havila Foresight (2008)

Contract expiry: Jul 2017

Optional period: 4 x 6 months options



Havila Clipper (2011)

Contract expiry: May 2017

Optional period: 1 year to May 2018



MÆRSK OLIE OG GAS



Havila Herøy (2009)

Contract expiry: Dec 2019

Optional period: 3x1 year to Dec 2022



MÆRSK OLIE OG GAS



Havila Fanø (2010)

Contract expiry: Aug 2020

Optional period: 3x1 year to Aug 2023



MÆRSK OLIE OG GAS

PSV fleet (3/3)



Havila Crusader (2010)

Contract expiry: Jul 2017

Optional period: 1 year up to Jul 2018



Havila Aurora (2009)

Contract expiry: Nov 2016

Optional periods: 6 x 1 month



Havila Borg (2009)

Spot



Havila Fortune (2008)

Spot



Havila Commander (2010)

Contract expiry: Apr 2017

Optional period: 2 years up to Apr 2019



AHTS fleet: 2x in lay-up and 2x in spot market



Mars (2007)

Lay-up

Mercury (2007)

Contract expiry: Nov 2016



Neptune (2008)

Lay-up

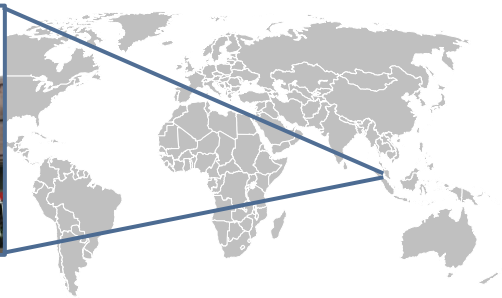
Venus (2009)

Spot

Jupiter (2010)

Spot

AHTS Asia fleet



- Offices in Great World City
- Vessel management by Posh Semco
- Chartering department
- Young, modern fleet of 8x DP AHTS
- 4 AHTS owned by Havila and 4 owned by POSH
- The vessels are owned by Havila Shipping and POSH, and leased on bareboat to the JV company
- 7 x 8,000 BHP 105T BP DP1 AHTS
 - ✓ POSH Viking, Vibrant, Virtue, Rapid
 - ✓ POSH Resolute, Resolve and Radiant
- 1 x 10,800 BHP 139T BP DP2 AHTS
 - ✓ POSH Venture

POSH Viking



POSH Rapid



POSH Vibrant



POSH Resolute



POSH Venture



POSH Resolve



POSH Virtue



POSH Radiant



Havila vessels

Subsea: Two firm contracts, one being marketed



Harmony (2005/2007)

Contract expiry: Apr 2017

Optional period: 2 years up to Apr 2019



Phoenix (2009)

Contract expiry: May 2023

Optional period: 4 years up to May 2027



Subsea (2011)

Being marketed for work



Troll (2003), RRV

Contract expiry: Nov 2016

Optional period: 3 years up to Nov 2019

