



Klaveness Ship Holding AS

Updated company presentation

May 2018

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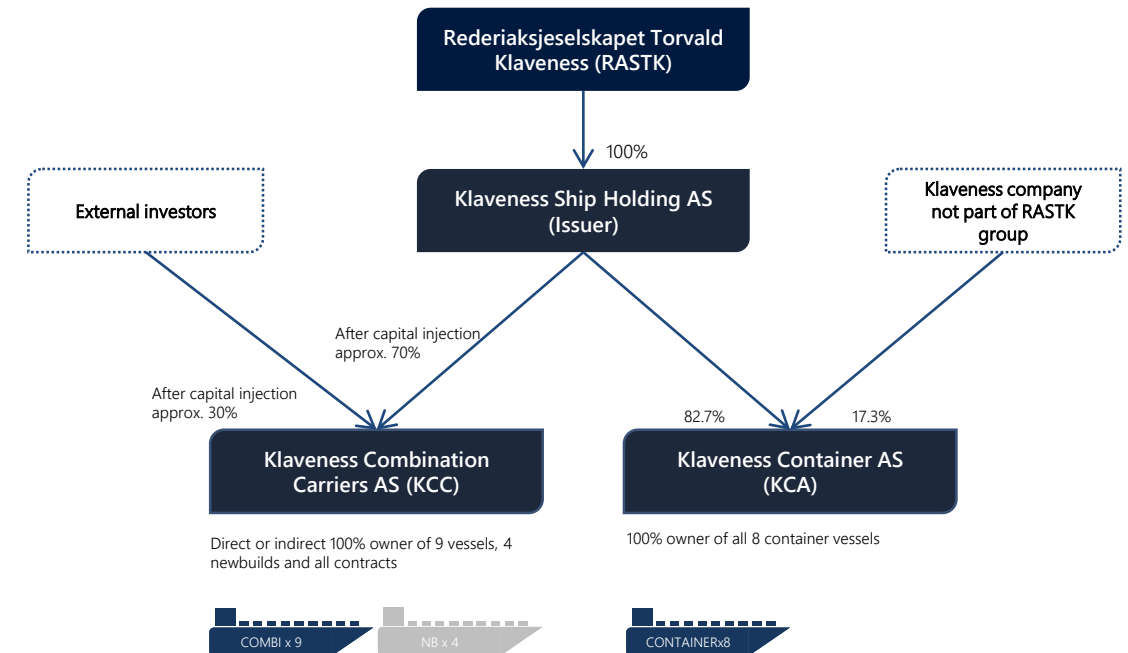
2018	• Exercise option for 83,500 DWT combination carrier from Jiangsu New Yangzi Shipbuilding
	• Consolidation of combi ownership and equity issue to facilitate future development
2017	• Klaveness container vessel rates above cash break even
	• Taken delivery of one combination carrier, bringing total combi fleet to nine vessels
2016	• Taken delivery of two combination carriers
	• EGD joined as 50% partner in two combination newbuilds
	• Refinanced bond debt – lower amount and extended maturity
	• Secured financing for three combination newbuilds with delivery in 2018/2019
	• The last standard dry bulk vessel sold
2015	• Agreed to sell its fleet of five selfunloading vessels
	• Three 83,500 DWT combination carriers ordered from Jiangsu New Yangzi Shipbuilding

Recent event: Klaveness Combination Carriers for the future

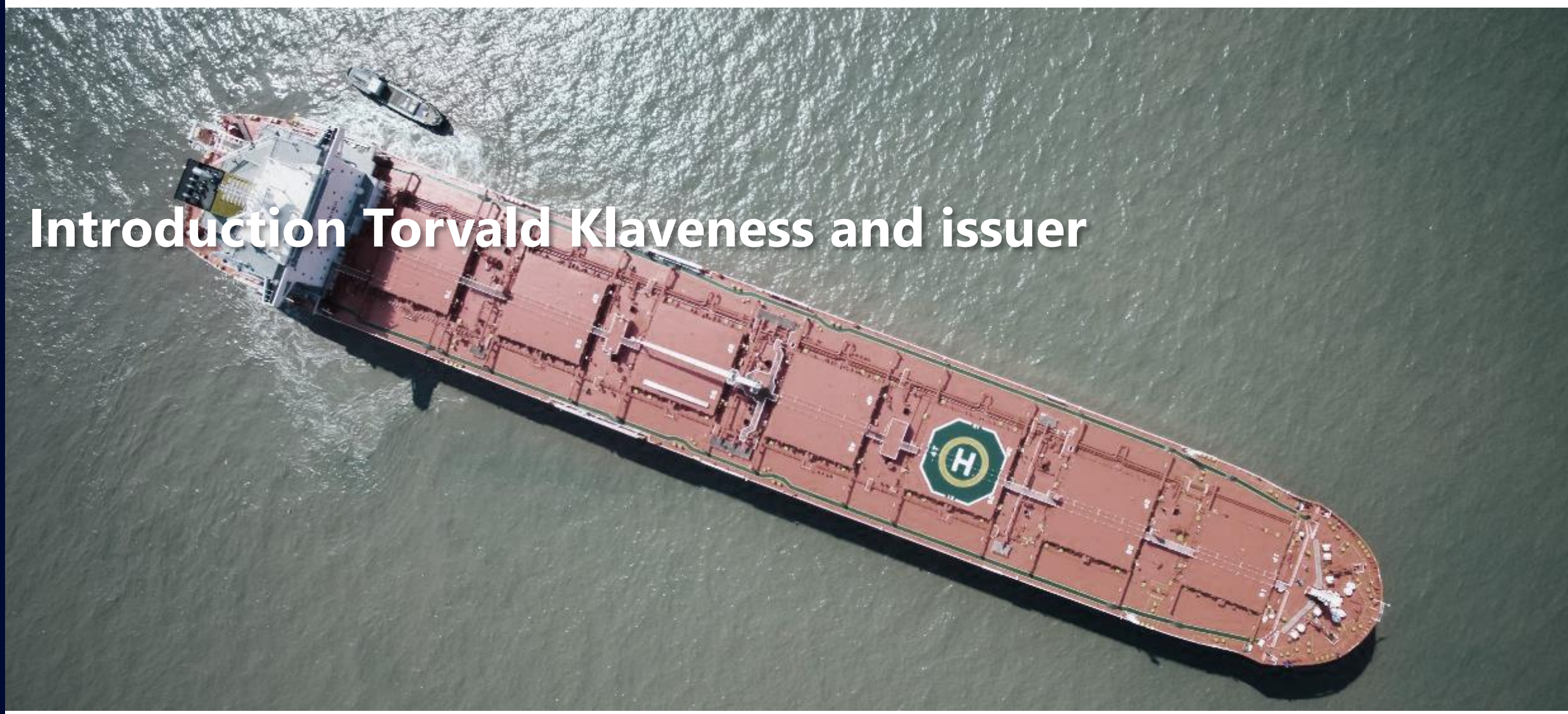
Klaveness Combination Carriers AS established

- Klaveness Combination Carriers AS (KCC) established. The company is a subsidiary of the Issuer
- Existing investors in the combi SPCs have transferred their share holdings to KCC
- KCC owns 100% of all combination carrier activities, including the pool company previously not part of the Issuer group of companies
- Existing investors will contribute with USD 32 million in additional equity over the next 18 months to support further development of the combi activities
- The Issuer will after the equity injection own approx. 70% of KCC
- A subsidiary of KCC has declared an option for one additional combination carrier at Jiangsu New Yangzi Shipbuilding Co., Ltd in China with scheduled delivery in first quarter 2020
- The Issuer will remain owners of 82.7% of Klaveness Container AS

The Issuer



Introduction Torvald Klaveness and issuer



Torvald Klaveness | Ship owner, operator and service provider with more than 70 years of shipping experience

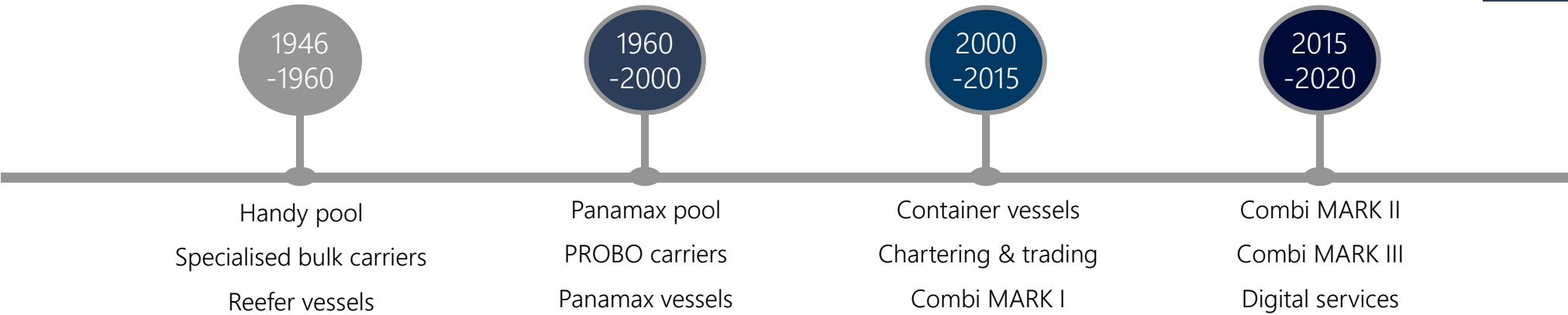


Torvald Klaveness overview

- Torvald Klaveness is a global shipping company operating around 150 vessels in the dry-bulk and container markets with a strong presence within specialised dry-bulk
- Since the foundation of the company in 1946, growth has been achieved through seeking new and innovative ways of providing cost-efficient and predictable transportation services to customers
- Klaveness is one of the leading service providers and dry-bulk operators in the world and carries around 60 million tons of cargo and makes more than 1,100 vessel fixtures each year

Business segments

Torvald Klaveness			
Ship owner (the Issuer)		Operator	Service provider
Combination Carriers	Container	Klaveness Chartering	Baumarine
(9 vessels + 4 NBs)	(8 vessels)		Bulkhandling Handymax
			Ship Management
			Klaveness Digital



Torvald Klaveness | Management team



Lasse Kristoffersen
(b. 1972) – CEO

Appointed CEO of Torvald Klaveness in September 2011 after four years as Head of the Specialized dry-bulk activities.

Worked 11 years for Det Norske Veritas prior to joining Klaveness.

Holds a Master of Science in Naval Architecture and Marine Engineering from NTNU.



Aleksander M. Stensby
(b. 1984) – CDO

Appointed Chief Digital Officer in January 2016 after leading the Klaveness Innovation Lab since March 2015.

CEO at Monokkel AS prior to joining Klaveness.

Co-founded and worked 10 years at Integrasco AS.

Holds a Master of Computer Science from University of Agder.



Liv Hege Dyrnes
(b. 1980) – CFO

Appointed CFO in February 2017 after 8 years in Torvald Klaveness.

Experience from DNB Bank Shipping, Offshore and Logistics prior to joining Torvald Klaveness.

Holds a Master of Science in Finance from NHH



Engebret Dahm (b. 1965) –
Head of Combination Carriers

Appointed Head of Combination Carriers in January 2015.

CEO of Norwegian Car Carriers AS prior to joining Klaveness.

Held various positions in Klaveness 1990-2006 amongst others as head of the transloader and beltunloader business.

Holds a Master of Science from NHH.



Niels Josefsen
(b.1962) - Head of dry-bulk

Has been with Torvald Klaveness since 2003. Started up the Klaveness office in Beijing and between 2006-2015 President of Klaveness Asia, Singapore.

Held various positions in A.P. Moller Maersk and moved to Beijing in 1999 to establish their dry-bulk activities in China.

Master Mariner from the A.P. Moller Maersk supplemented with INSEAD Exec. Program.



Morten Skedsmo
(b. 1969) – Head of Container

Appointed Head of Ship Owning & Projects in September 2012. From 2016 Head of Container.

Started working for Klaveness in 1990 and has held a wide range of positions within chartering, marketing and business development. EVP of Klaveness Asia in Singapore from 2009-2011.



Bent Martini
(b. 1967) – COO

Has been with Torvald Klaveness since 2006 and was appointed COO in January 2012.

COO in HSD Sjø AS prior to joining Klaveness.

11 years experience from the Norwegian Navy, amongst other as Commanding Officer.

Holds a degree from the Norwegian Naval Academy.

Our goal is to make the life of our customers easier, more efficient and better informed



Establish a global
combination carrier service

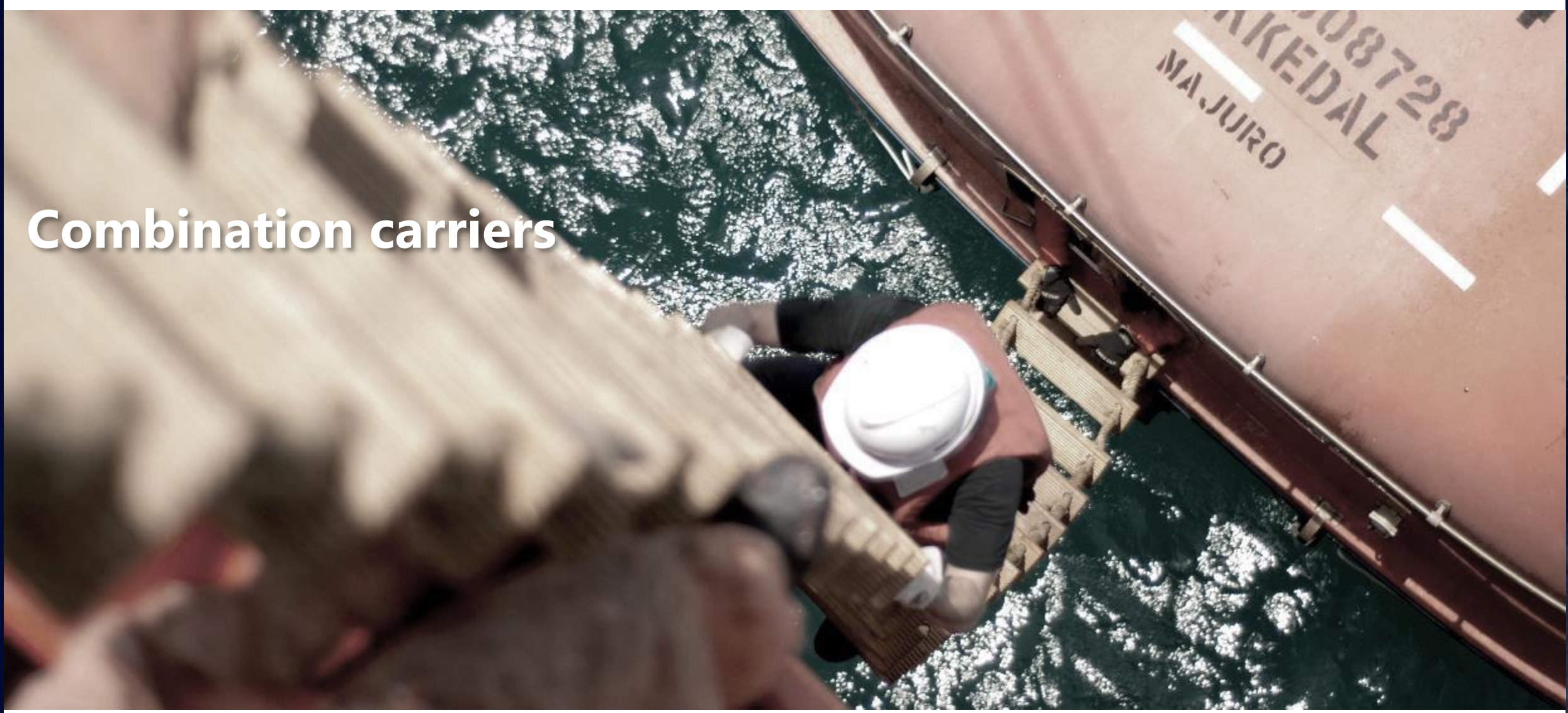


Build the leading
digital operator



Provide the most
useful and intuitive digital
services in shipping

Combination carriers





Full asset utilization...

The combination carriers switch between dry and wet cargoes and have hence **two laden legs and limited ballast**



...and the most fuel efficient solution...

As ballast time is limited, less fuel is consumed per ton-mile of transported cargo, **reducing the cost of freight and reducing the customers' environmental footprint**



...earnings with downside protection

Earnings driven by three **reasonably uncorrelated markets**; dry-bulk and product tanker earnings, and fuel prices

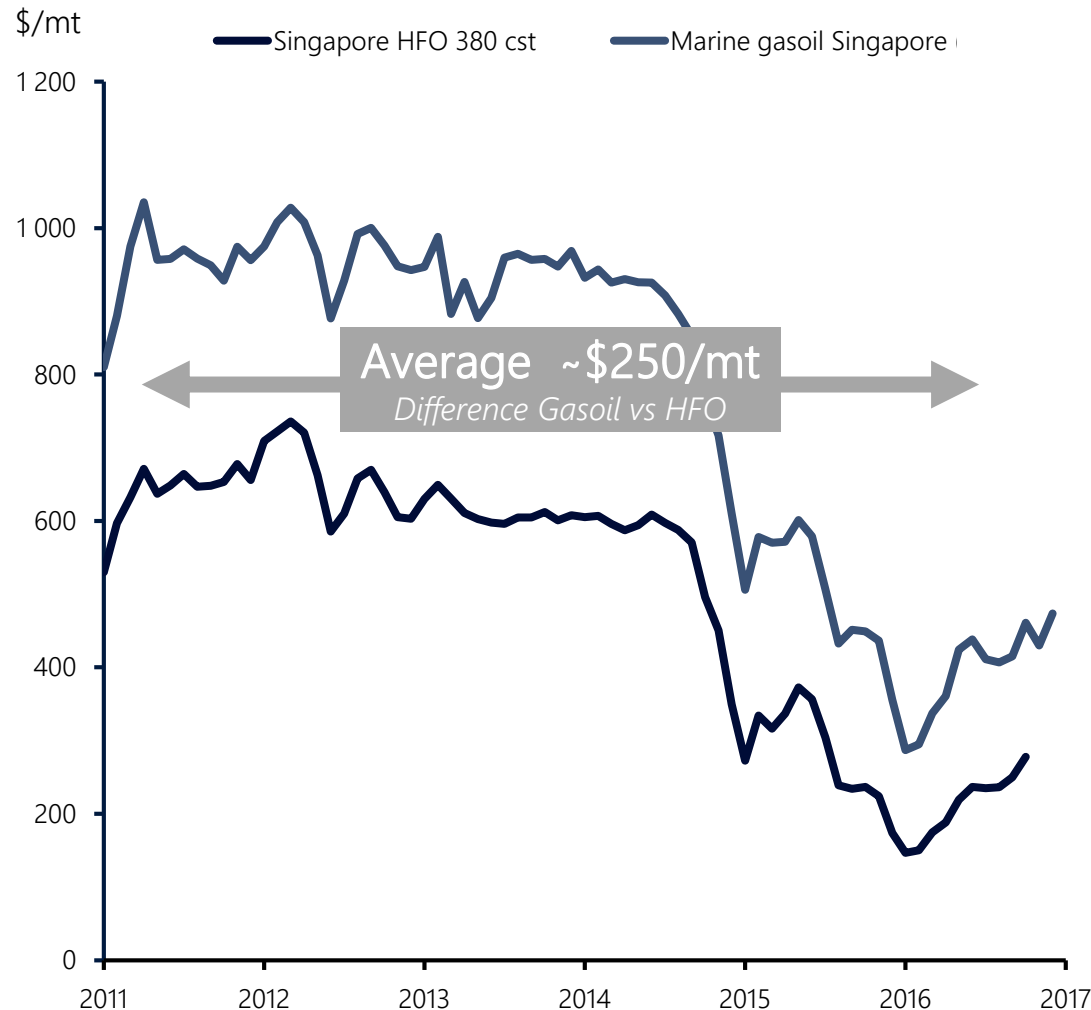
~45%

More revenue earning days
compared to standard tonnage

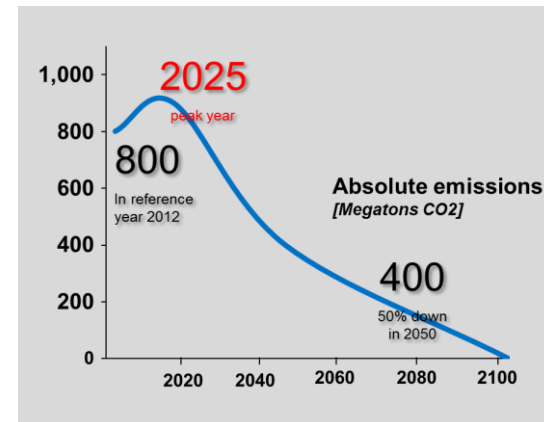
40-60%

Lower fuel consumption per ton-mile transported cargo compared to standard tonnage

Combination carriers uniquely positioned to capitalize on likely increased fuel costs



Paris agreement CO2 emission reduction targets



- IMO 2020 sulphur cap expected to increase fuel costs as significant part of the fleet will have to switch from Heavy Fuel Oil (HFO) to low Sulphur fuel such as Marine Gas Oil (MGO)
- Spread in cost between HFO and MGO has been approx. USD 255/t last six years
- Shipping will need to take a larger share of CO2 emission reductions in the Paris agreement
- Climate action policies are likely to add CO2 costs to fuel over the next decade

Trade lanes



Market exposure

- The vessels are switching continuously between wet and dry cargoes
- The vessels are Klaveness' own concept, mainly designed to service the alumina industry. Klaveness has a unique position in the caustic soda trade
- Sourcing of caustic soda is becoming increasingly diverse on the back of increased US Gulf plant capacity and low utilization rates at Chinese plants making it necessary to move into new less paying geographical areas
- Klaveness introduced the combination carriers in trades to Brazil in 2014
- Activity on cross-trades have increased as well since the Brazil trading started
- With the increased fleet, Klaveness can cater for customers' increased demand for sourcing flexibility by offering an Atlantic – Pacific cross-trade

65 years experience in operating combination carriers

Quality assets and vessel management...

- Operator of combination carriers since 1952
- Fully integrated player with technical, administrative and commercial management currently performed by Torvald Klaveness
- In house technical management is a critical success factor and the ship manager, Klaveness Ship Management AS, has a solid roster of crew specially trained for combination carriers, with a retention rate of 97% in 2017

#	Vessels	Dwt	Built	Builder	Country
1	Banastar	72,600	2001	Oshima	Japan
2	Barcarena	72,600	2001	Oshima	Japan
3	Banasol	72,600	2001	Oshima	Japan
4	Bangor	72,600	2002	Oshima	Japan
5	Bantry	72,500	2005	Oshima	Japan
6	Bakkedal	72,500	2007	Oshima	Japan
7	Balboa	80,500	2016	Zhejiang Ouhua	China
8	Baffin	80,500	2016	Zhejiang Ouhua	China
9	Ballard	80,500	2017	Zhejiang Ouhua	China

...with strong operational track record

- Strong operational performance with around 600 successful switches between wet and dry cargoes performed on the combi vessels with one single wet cargo claim
- Vessels under management by Klaveness Ship Management has in average operated with less than 24 hours unplanned off-hire per year the last years

#	Newbuilds	Dwt	Delivery	Builder	Country
10	NB # 1	83,500	2018	Jiangsu New Yangzijiang	China
11	NB # 2	83,500	2018	Jiangsu New Yangzijiang	China
12	NB # 3	83,500	2019	Jiangsu New Yangzijiang	China
13	NB # 4	83,500	2020	Jiangsu New Yangzijiang	China

Container



Improved rates and utilization

Vessel	Yard	TEU	Built	Employment expiry
MV Baleares	Yangzijiang	2,546	2014	Jun – Jul 2018
MV Banak	Yangzijiang	2,546	2014	Jan – Mar 2019
MV Bardu	Yangzijiang	2,546	2014	Dec 2018 – Mar 2019
MV Balao	Yangzijiang	2,546	2013	Mar – Jul 2020
MV Ballenita	Yangzijiang	2,546	2013	Mar - Jun 2019
MV Balsa	Yangzijiang	2,546	2013	Jul 2018
MV Barry	Szczecin	3,091	2004	Oct – Dec 2018
MV Baro	Wenchong	1,740	2004	Sep – Nov 2018

- Klaveness provides container feeder vessels to global liner companies as well as regional feeder operators
- Feeder vessels are smaller container vessels, often employed in short sea routes to “feed” containers to and from regional hubs
- The 2,500 TEU vessels are considered state of the art design with eco-features and gears, giving them a competitive advantage
- The 2,500 TEU vessels are fixed at levels Klaveness considers to be a premium to standard tonnage due to eco-efficiency
- The vessels are employed on short term time charter contracts with reputable charterers
- Average rate in 2017 above cash break even
- No idle days after February 2017



Financials

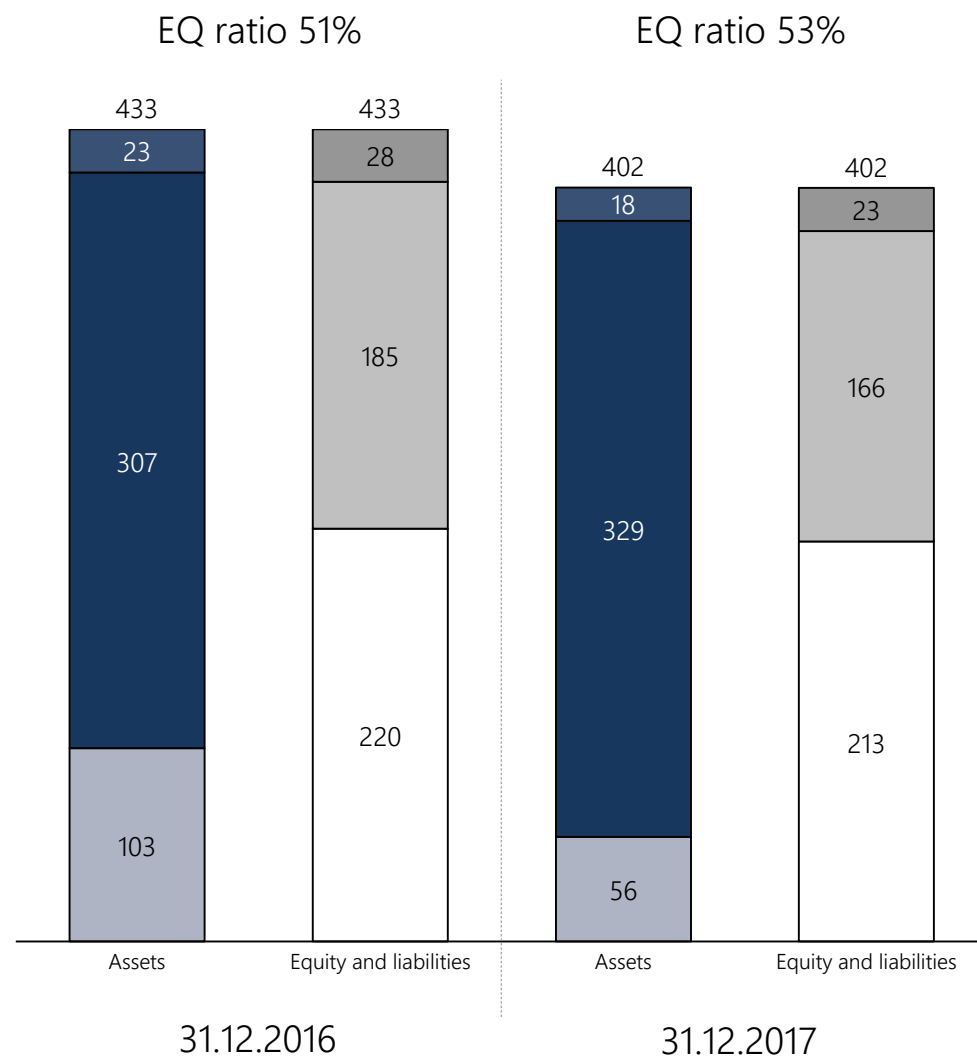
Results first quarter 2018

KLAVENESS SHIP HOLDING CONSOLIDATED*

USD '000	Q1 2018	Q1 2017
Gross revenues	32 643	
Voyage expenses	(13 425)	
Net operating revenues	19 218	13 124
Operating expenses, vessels	(8 988)	(9 049)
Administrative services	(843)	(1 002)
EBITDA	9 386	3 073
Ordinary depreciations	(5 368)	(5 141)
EBIT	4 018	(2 068)
Net financials	255	(2 641)
Profit before tax	4 272	(4 710)
Income tax expenses	-	-
Profit after tax	4 272	(4 710)

- Improved operating revenue compared to first quarter of 2017 due to a more optimal trading pattern and higher dry bulk markets for the combination carriers and less idle days and improved TC market for container vessels.
- Stable operating and administrative costs. Some periodization effects.
- Higher depreciations due to one additional vessel in first quarter of 2018 compared to first quarter 2017
- Net financials impacted by positive mark-to-market on interest rate swaps and cross-currency swaps in first quarter of 2018

Balance sheet



- Delivery of MV Ballard in May 2017
- Additional yard instalments paid on vessels under construction
- Negative result in 2017 of MUSD 8.0 included MUSD 4.7 write down of deferred tax asset and MUSD 2.1 in positive mark-to-mark effect on financial instruments net of disagio
- Positive cash flow from operations in 2017
- KSH01 bond repurchased in January 2017
- Available capacity under a revolving credit facility of MUSD 63 per year-end 2017

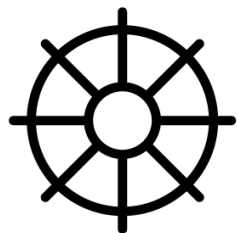
- Current assets and other fixed assets
- Vessels/NB contracts
- Cash, bank, bonds
- Current liabilities and other long-term liabilities
- Interest-bearing debt
- Total equity including minority interests



craftmanship



integrity



commitment



curiosity

IMPROVING THE NATURE OF SHIPPING