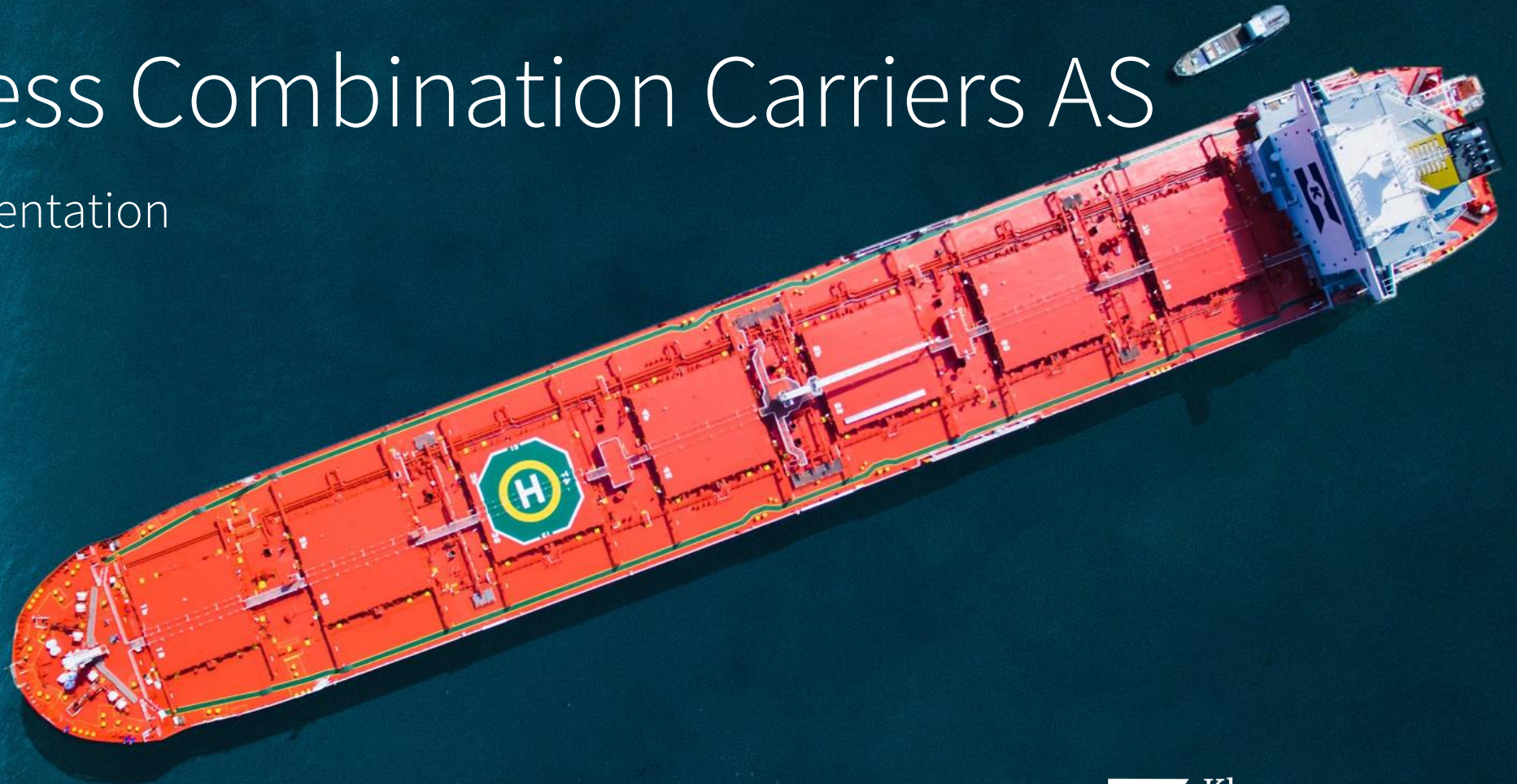


# Klaveness Combination Carriers AS

Company Presentation

March 2019





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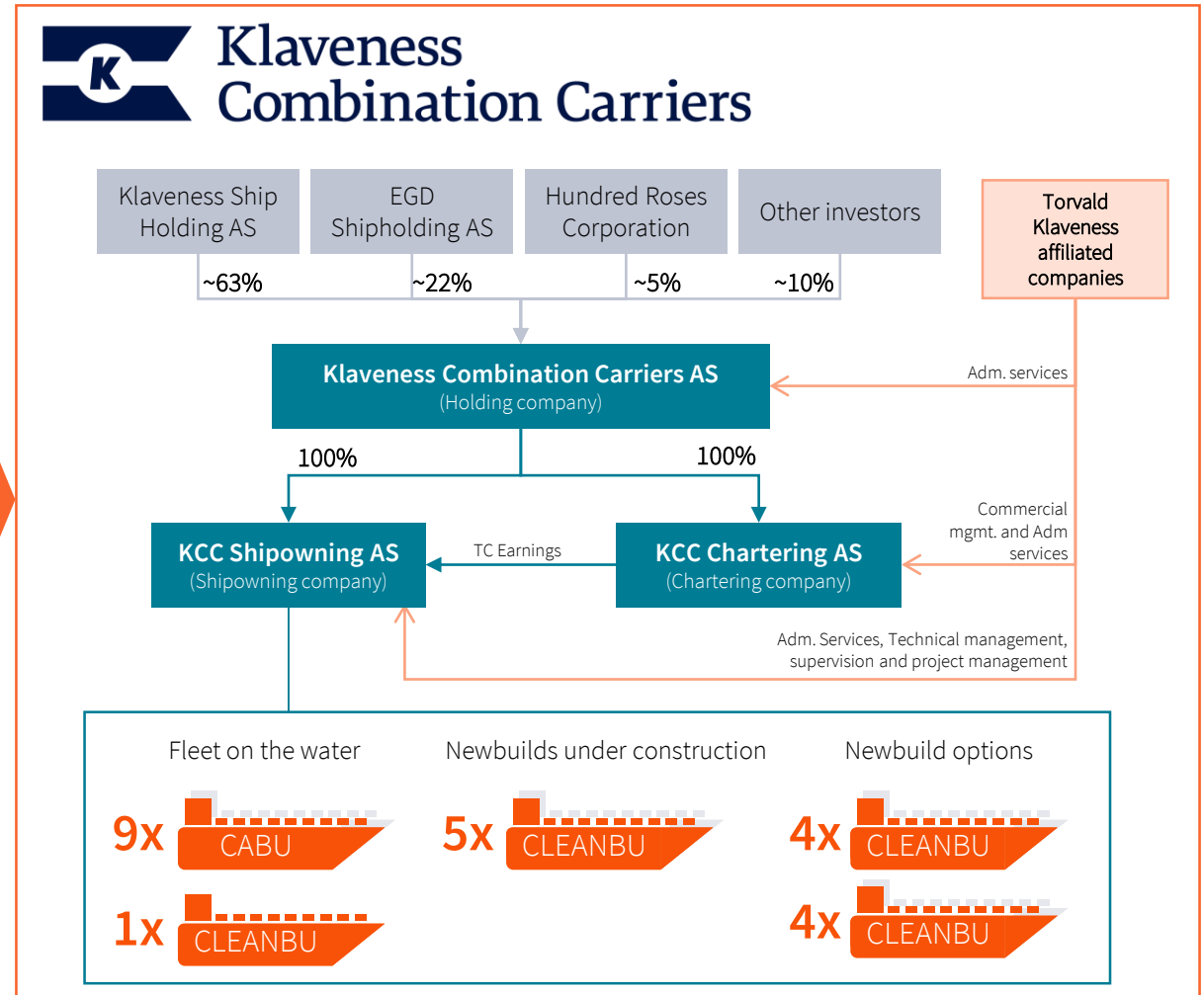
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# KCC and its combination carrier concepts

## Torvald Klaveness & Klaveness Combination Carriers (KCC)

### Torvald Klaveness' business segments

Service provider	Dry bulk	Container	Combination Carriers
Klaveness Digital AS	Klaveness Chartering AS	Klaveness Container AS	Klaveness Combination Carriers AS
	Baumarine AS	8 feeder vessels	9 CABU vessels
	Bulkhandling Handymax AS		6 CLEANBU vessels (+ 8 options)
			Fleet of ~100-120 chartered vessels at any time



KCC and its combination carrier concepts

Own unique vessel designs

Safely and efficiently transporting dry or wet cargoes

Wet cargo

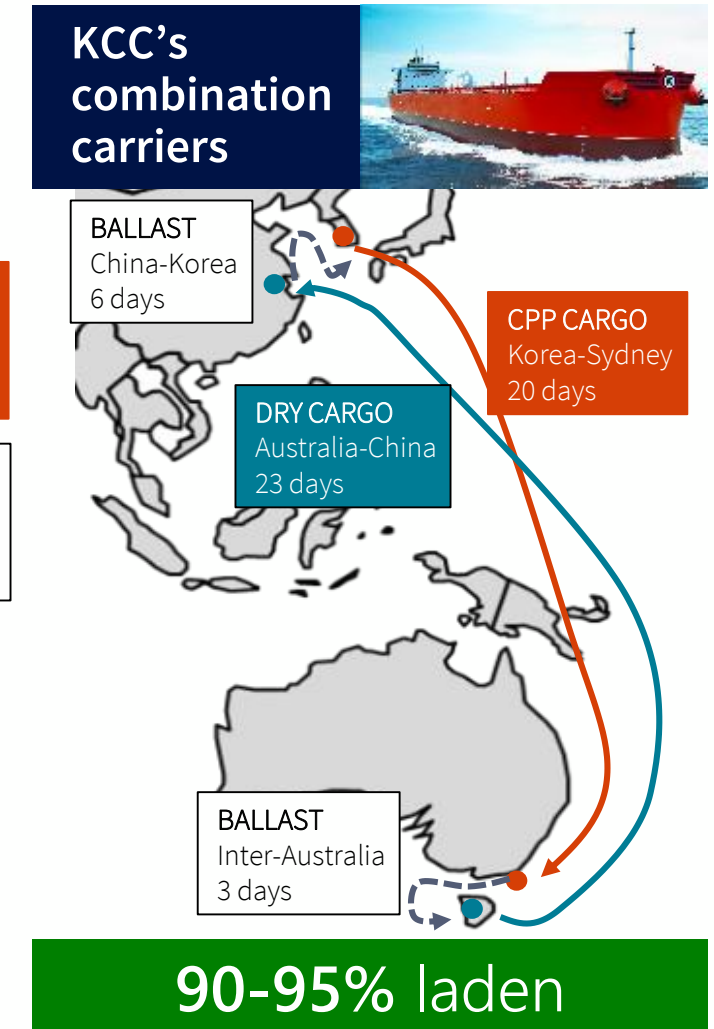
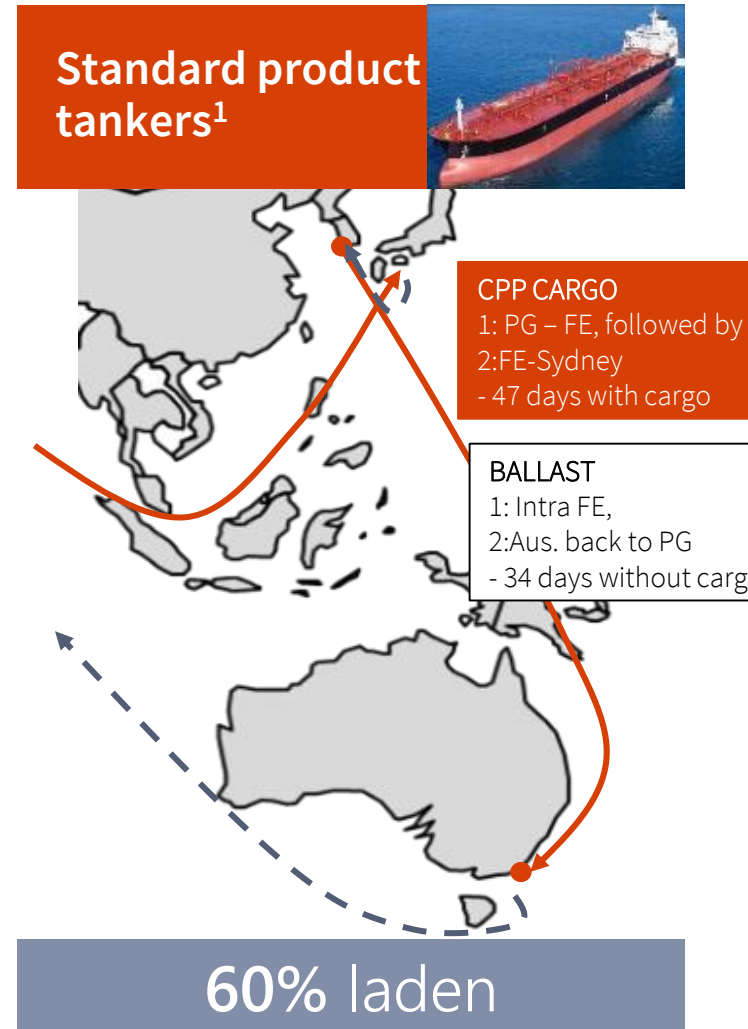
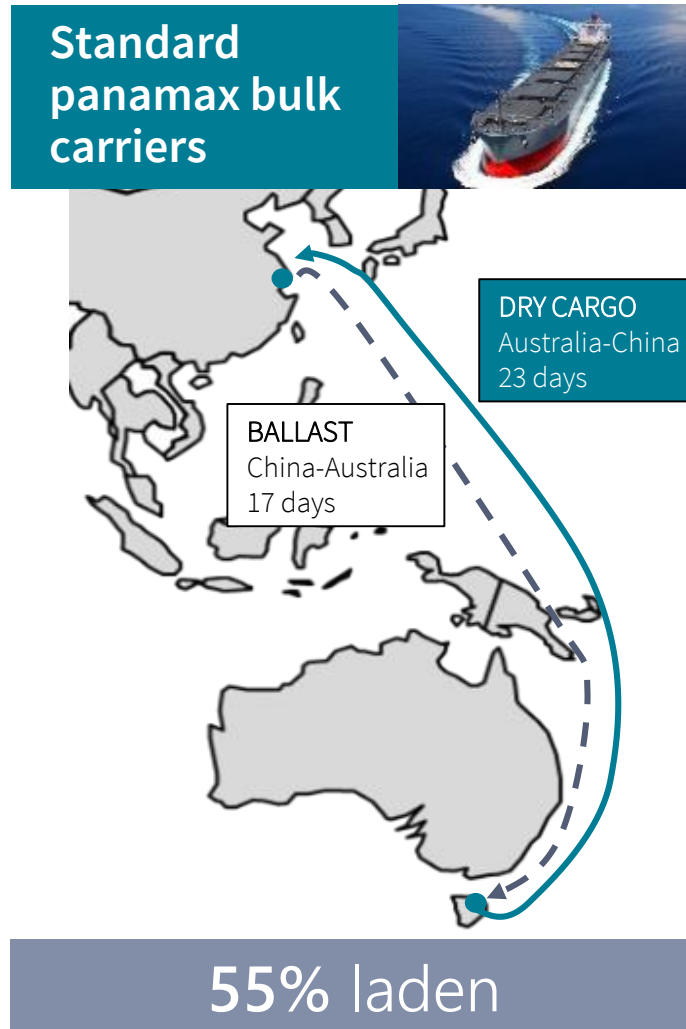


Dry cargo



## KCC and its combination carrier concepts

# Unique commercial concept and trading pattern



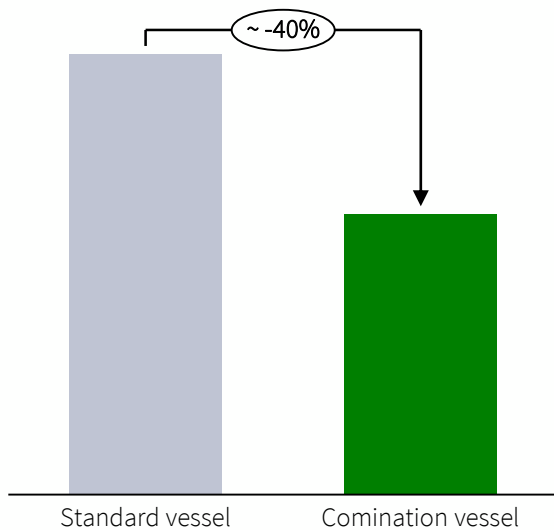


## KCC and its combination carrier concepts

# Substantially more energy efficient and substantially lower GHG emissions than standard vessels

Being around 40% more energy efficient and having around 40% lower carbon footprint than standard vessels

Energy Efficiency Operational Index  
(g CO<sub>2</sub> / tons \* nm)

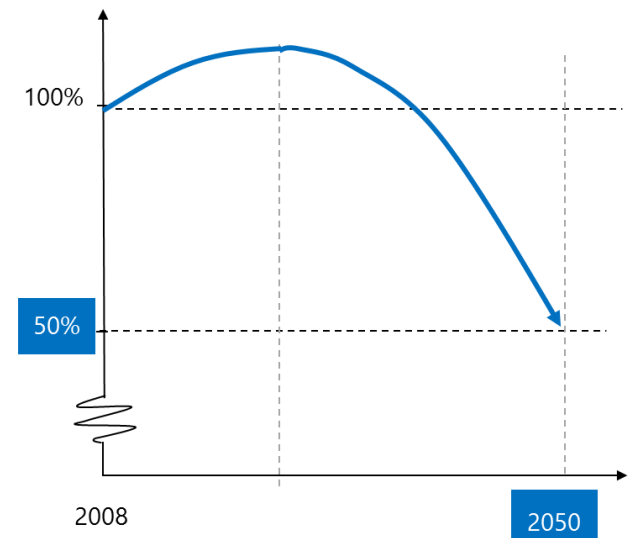


Reduction in GHG emissions per year compared to standard vessels after delivery of contracted newbuilds in 2020 is equivalent to pollution from

**~44,000 cars**

IMO target of a 50% reduction in GHG emission from shipping within 2050

Energy Efficiency Operational Index  
(g CO<sub>2</sub> / tons \* nm)



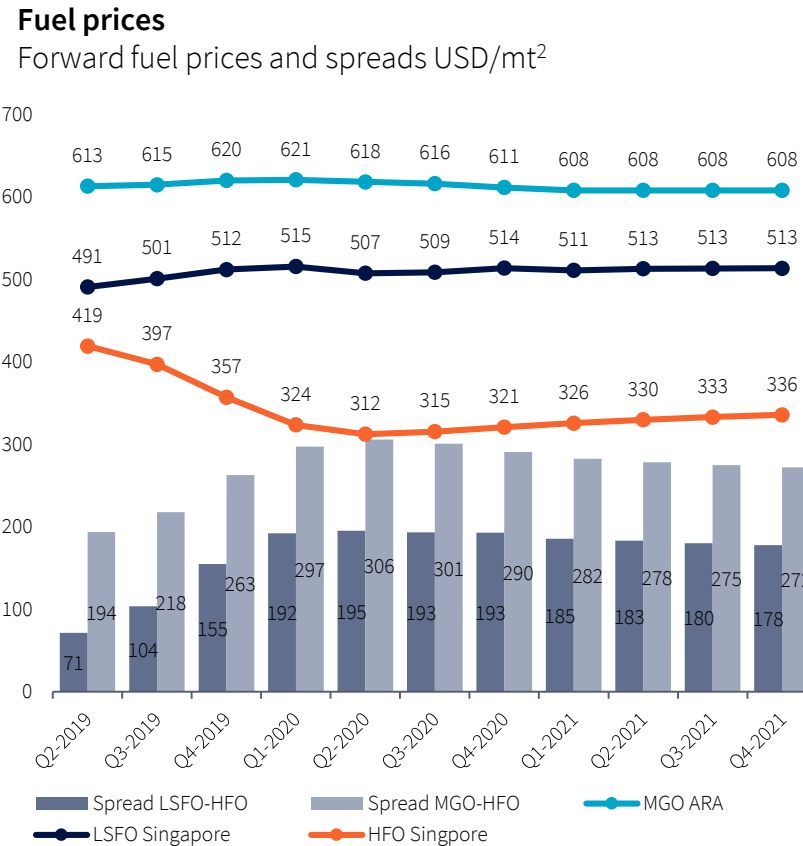
## Capitalizing on more expensive bunker fuels from 2020

New IMO regulations in 2020...



- From January 1, 2020, the International Maritime Organization (IMO) has decided that the maximum allowed sulphur content in bunker fuel will be 0.5%. Currently, heavy fuel oil has an average sulphur content of 2.45% (and max 3.5%)
- The new IMO regulations will cause the majority of the world cargo fleet to switch out of high sulphur fuel oil (HFO) and into middle distillate gasoil (MGO/LSFO), creating an expected large spread between HFO and MGO/LSFO

...will create a larger spread between MGO/LSFO and HFO...



...resulting in higher earnings for KCC

**+/- \$100**  
in bunker prices

**+/- \$1,000**  
TCE earnings per day for CABU & CLEANBU<sup>1)</sup>

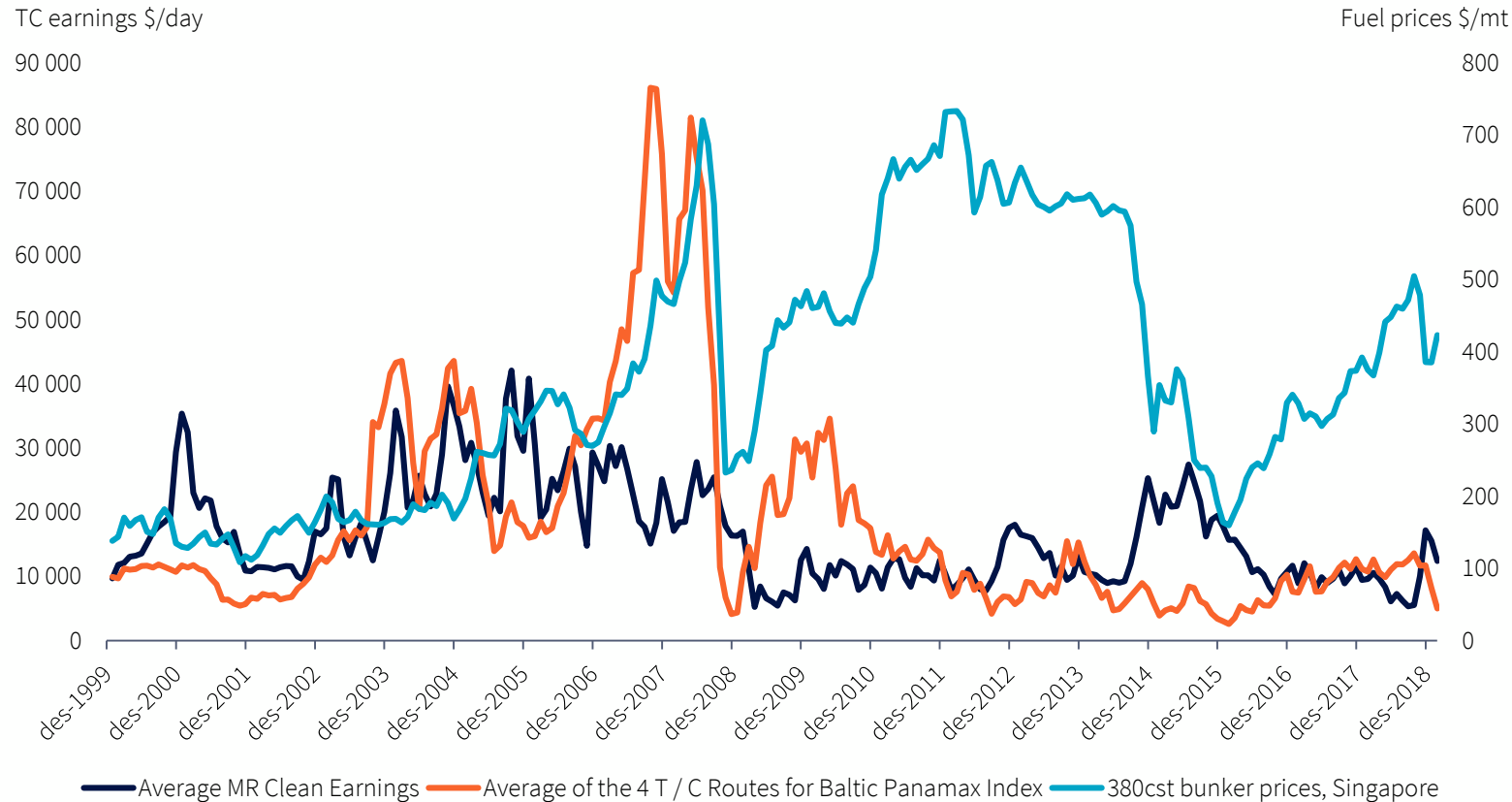
Higher bunker prices lead to higher earnings for KCC's fleet as the value of KCC's operational efficiency increases as fuel costs increase

1) Bunker effect on earnings depend on contract portfolio and trading pattern. Effect estimated to be in the range \$600-1,200/d  
2) Source: Closing prices ICE



# Earnings generated from 3 fairly uncorrelated markets

### The long view (2000 – YTD 2019)<sup>1</sup>



- 3 volatile “commodity” markets impact KCC’s earnings: the product tanker and dry bulk markets as well as the bunker fuel markets
- The value of fuel efficient combi-trading patterns varies with fuel costs, hence higher fuel prices are positive for KCC’s earnings
- Correlation between the three markets has historically been limited

1) Source: Shipping Intelligence Network

# CABU business – proven and profitable



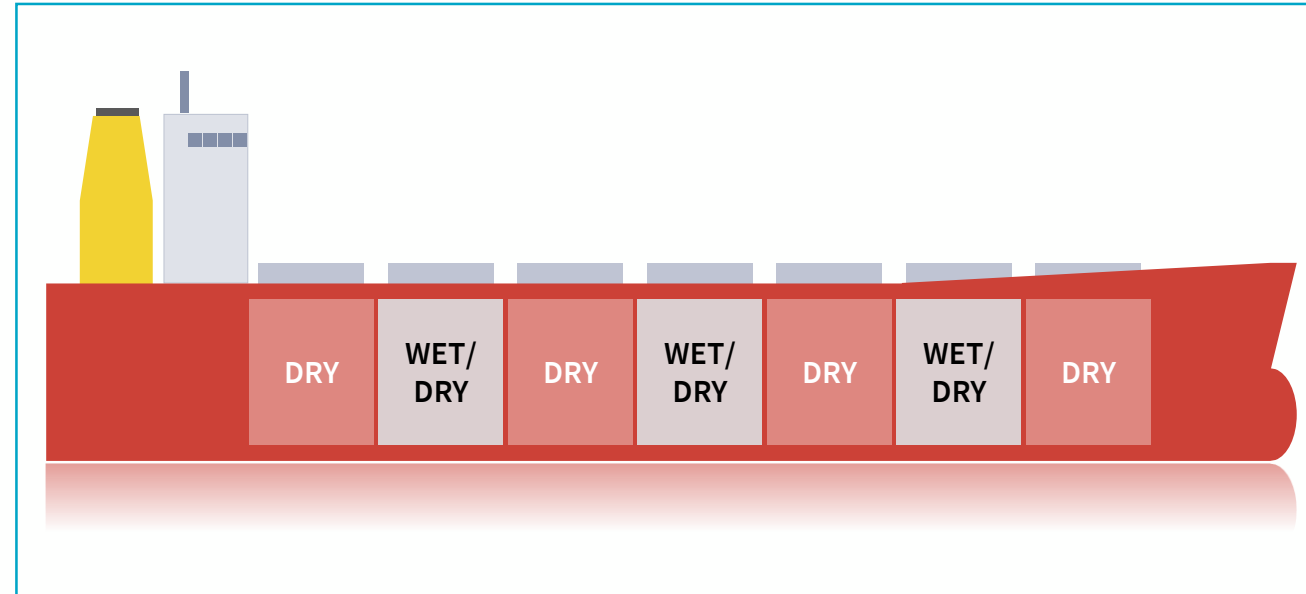


## CABU business – proven and profitable

### Proven vessel concept with strong operational track record



- 9 CABU vessels on water
- 72,500-80,400 Dwt built 2001-2017
- Equivalent carrying capacity of a MR product tanker in wet mode and a Panamax/ kamsarmax bulker in dry mode



Designed for transportation of Caustic soda solution (CSS), liquid fertilizer and molasses as well as all relevant dry-bulk commodities



## CABU business – proven and profitable

Long term logistic provider for the aluminium industry  
- combining caustic soda and dry bulk

- Carries caustic soda (CSS) into alumina refineries in Australia and Brazil
- 90-95% match on inbound CSS and outbound dry bulk shipments
- Short- to long-term COAs with investment grade aluminium companies

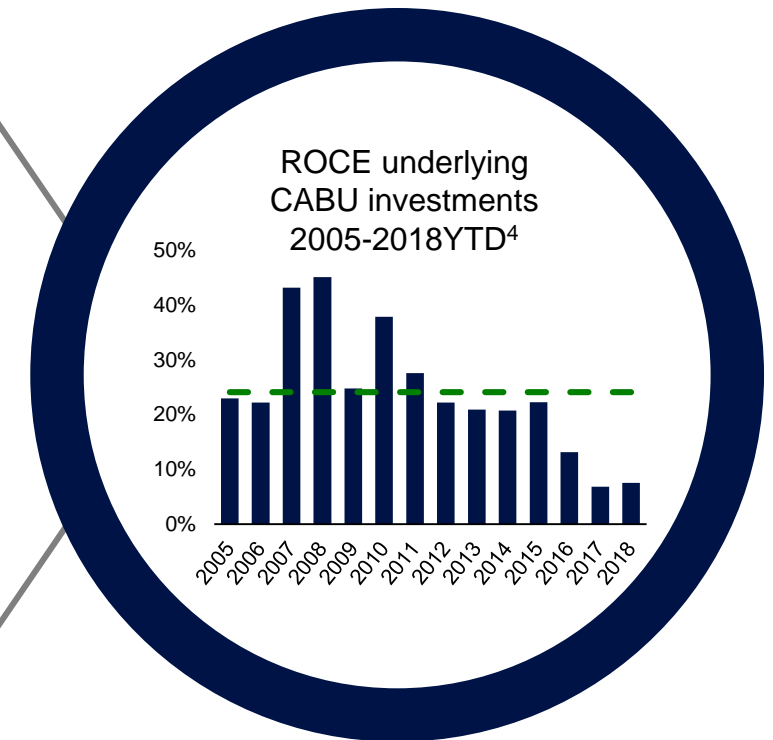
### CABU Trading pattern



## CABU business – proven and profitable

Substantial earnings premium compared to standard tonnage  
– superior returns

### CABU historical TCE earnings vs standard tonnage<sup>1</sup>



1) Average monthly earnings per on-hire day for the period 2005 to 2018. Gross of commissions and commercial management fees, Average of the 4 Spot Routes for Baltic Panamax Index (P4TC). Gross rate, Average MR Clean Earnings. Gross rate.  
2) Average ROCE for five CABU ship owning SPCs in the period 2005 – 2017. 2018 ROCE based on KCC figures excluding newbuilds and cash. ROCE = EBIT / (Average total asset less average current liabilities).

# The CLEANBUs - the new combination carrier concept

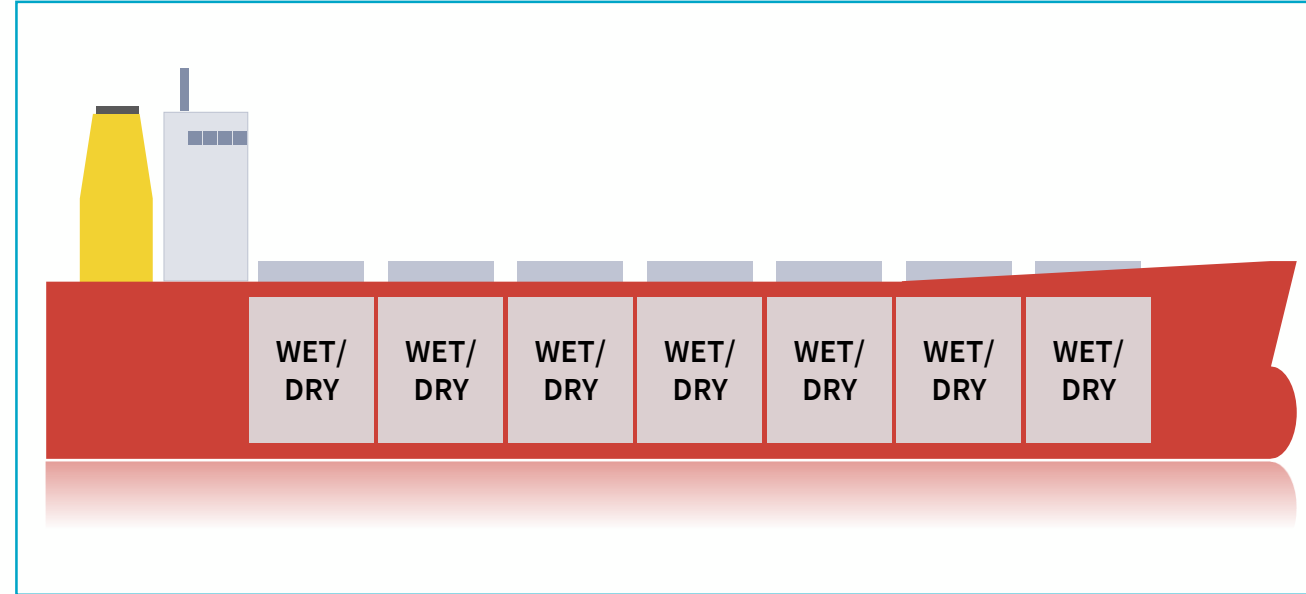


## The CLEANBUs - the new combination carrier concept

### Building on the success of the CABUs

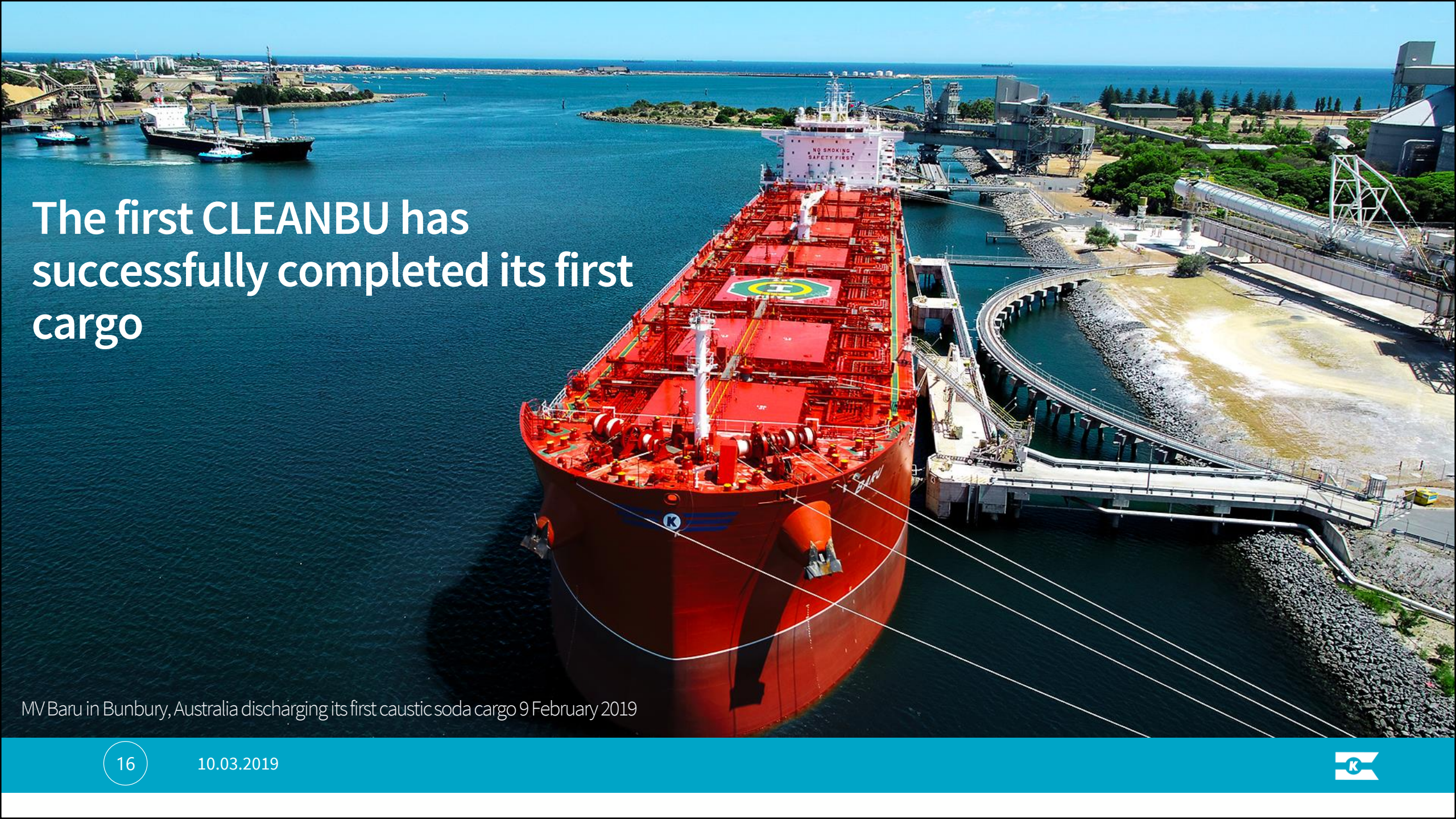


- 1 x CLEANBU vessel on water + 5 x newbuildings for delivery April 2019-October 2020 + 8 options
- 82,400-83,500<sup>1</sup> Dwt
- Equivalent carrying capacity of a large LR1 product tanker in wet mode and a kamsarmax bulker in dry mode



Designed for transportation of Clean petroleum products (CPP), Caustic soda solution (CSS) as well as all nonhazardous dry-bulk commodities dry-bulk commodities.



An aerial photograph of the red oil tanker MV Baru at a port in Bunbury, Australia. The ship is docked at a curved pier, and a large amount of white caustic soda cargo is being discharged into a large, curved containment area. The ship's deck is visible, showing various structures and equipment. In the background, other ships are visible in the harbor, and the coastline is visible under a clear blue sky.

# The first CLEANBU has successfully completed its first cargo

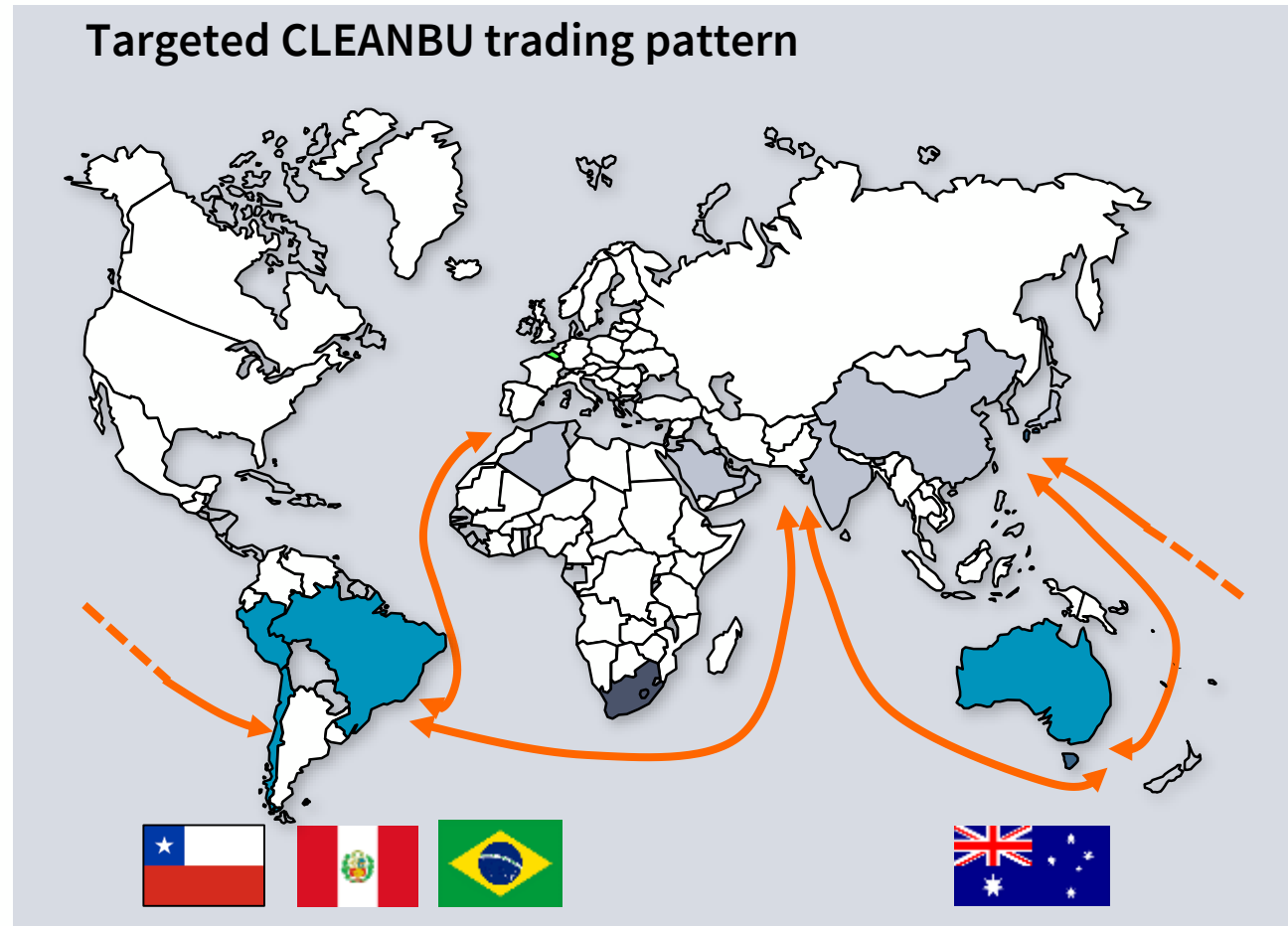
MV Baru in Bunbury, Australia discharging its first caustic soda cargo 9 February 2019



## The CLEANBUs - the new combination carrier concept

Expanding combi to the petroleum and petrochemical industries by combining CPP and dry bulk

- Carries clean petroleum products (CPP) into dry bulk export hubs
- Matching inbound CPP and outbound dry bulk trades
- Large addressable market –  
10 CLEANBUs = 5-7% of CPP import in the first 4 target markets

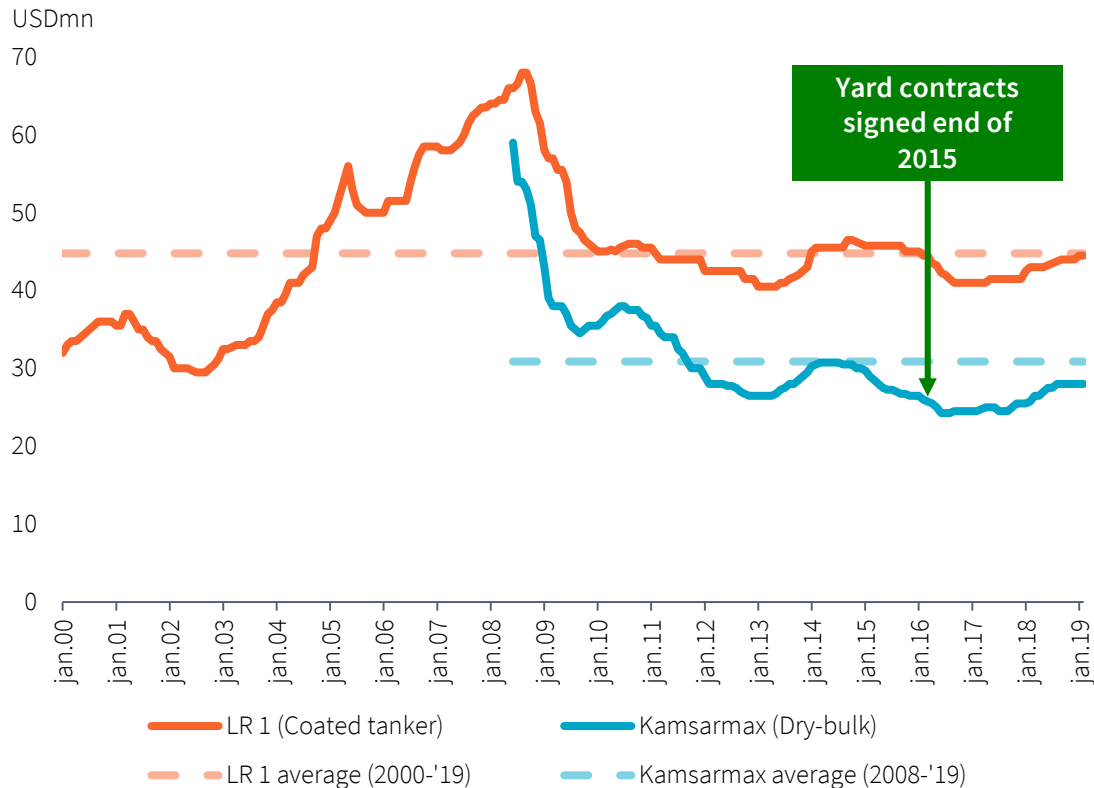




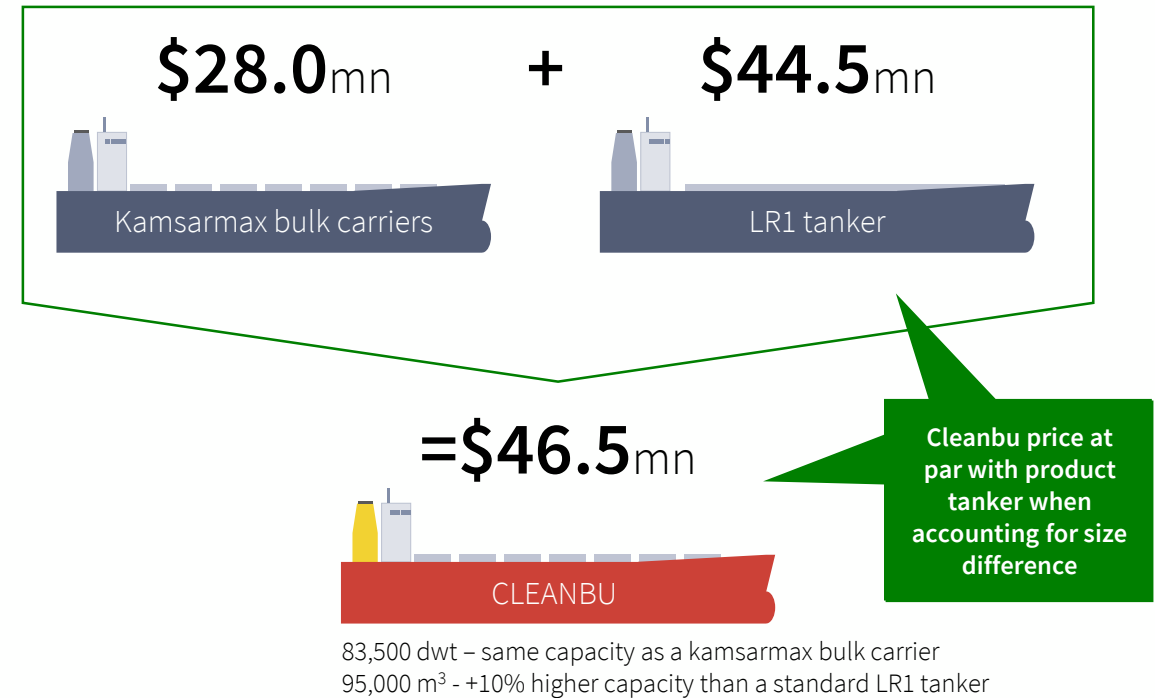
## The CLEANBUs - the new combination carrier concept

Historically low entry point and insignificant price difference compared to LR1 tanker

### Contracted at 15 year low trough



### Insignificant premium compared to price of LR1 tanker



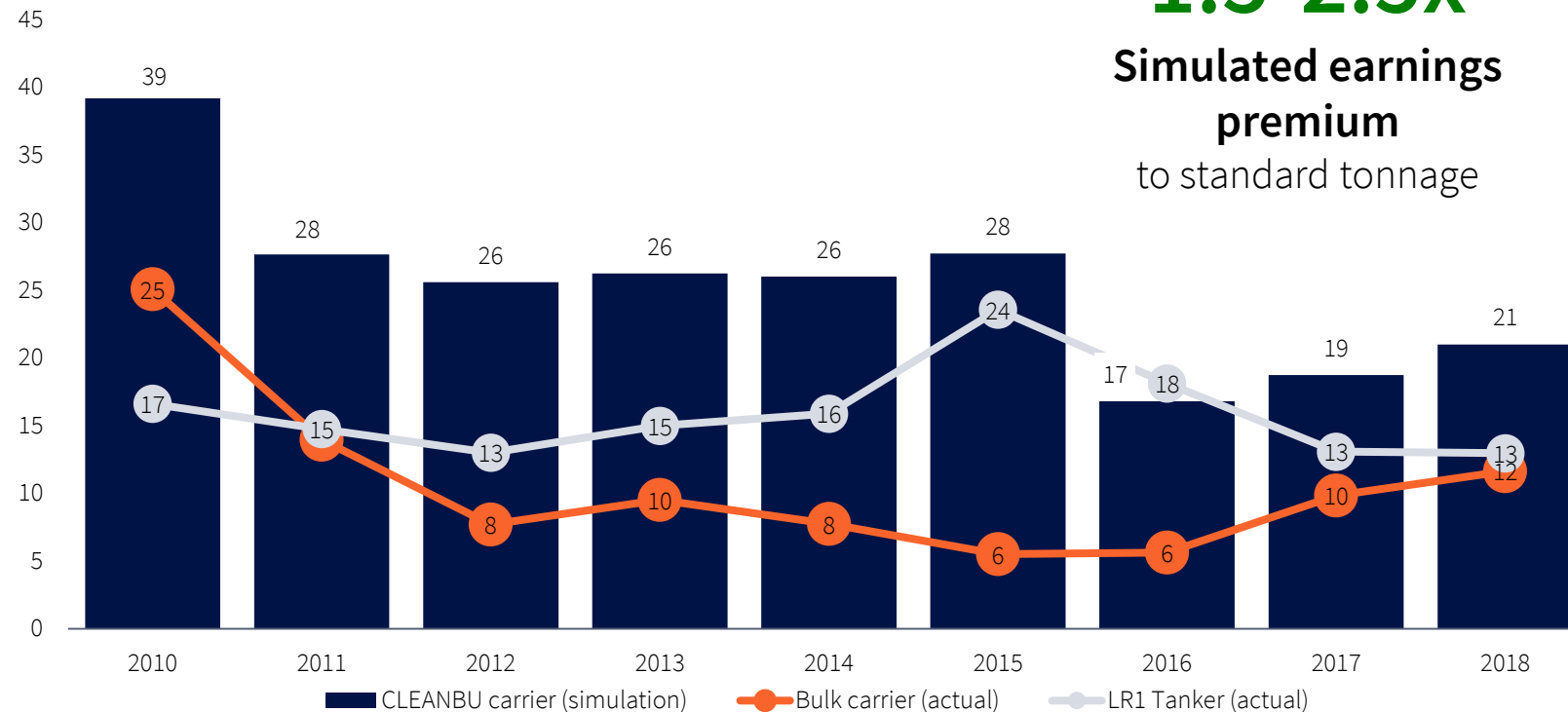
**A product tanker and a bulker at the cost of a product tanker**

## The CLEANBUs - the new combination carrier concept

# CLEANBUs simulated to 1.5-2.5x premium to standard markets

### CLEANBU historical run-rate TCE earning simulation vs achieved standard tonnage TCE<sup>1</sup>

'000 USD per day



The simulation is intended as an illustration for the earnings potential of the CLEANBUs based on actual dry bulk, product tanker and bunkers spot market conditions in the period 2010-2018 in target trades

<sup>1)</sup> Simulations for illustration purposes only. Simulated rates are gross of commercial management fee. Bulk carrier (actual) is the average of the 4 Spot Routes for Baltic Panamax Index (P4TC). Gross rate. LR1 Tanker is the average LR1 12 months T/C-rates. Gross rate. Source: Company and Shipping Intelligence Network.

# Investment considerations

## Investment considerations

### 2018 Key figures KCC



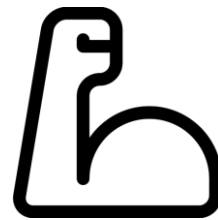
#### Profitable

**\$ 8.8mn**

Profit for the year 2018

**~7.5%**

CABU ROCE<sup>1</sup>



#### Strong balance sheet

**53%**

Equity ratio

**\$ 240mn**

Market capitalization<sup>2</sup>



#### Solid operating cash flow

**\$ 30.8mn**

EBITDA

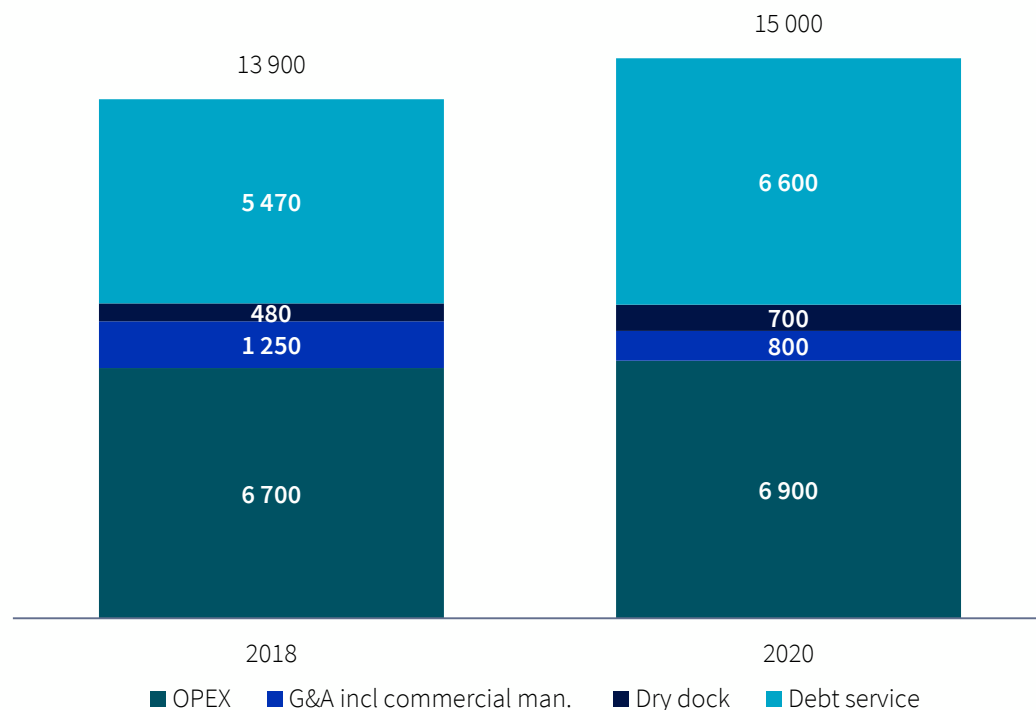
1) ROCE = EBIT / (Average total asset less average current liabilities). Calculation excludes newbuilds and cash.

2) Market capitalization based on 40.5 million shares and last traded price as reported by NOTC as of 08.03.2019 of NOK 52/per share converted to USD at USDNOK rate of 8.79

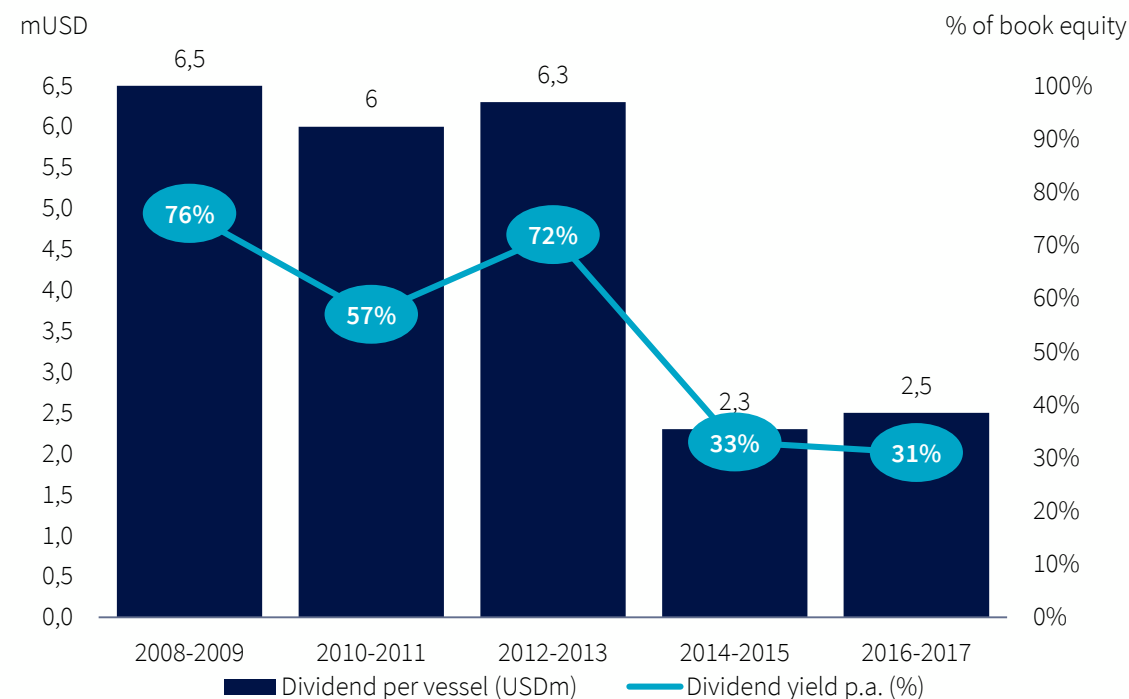


# Substantial dividend potential

## Low estimated cash break even rates<sup>1</sup>



## Investor friendly dividend policy<sup>2</sup>



**After the initial investment period, KCC intends to distribute a minimum 80% of operating cash flow less debt service and maintenance CAPEX as dividends**

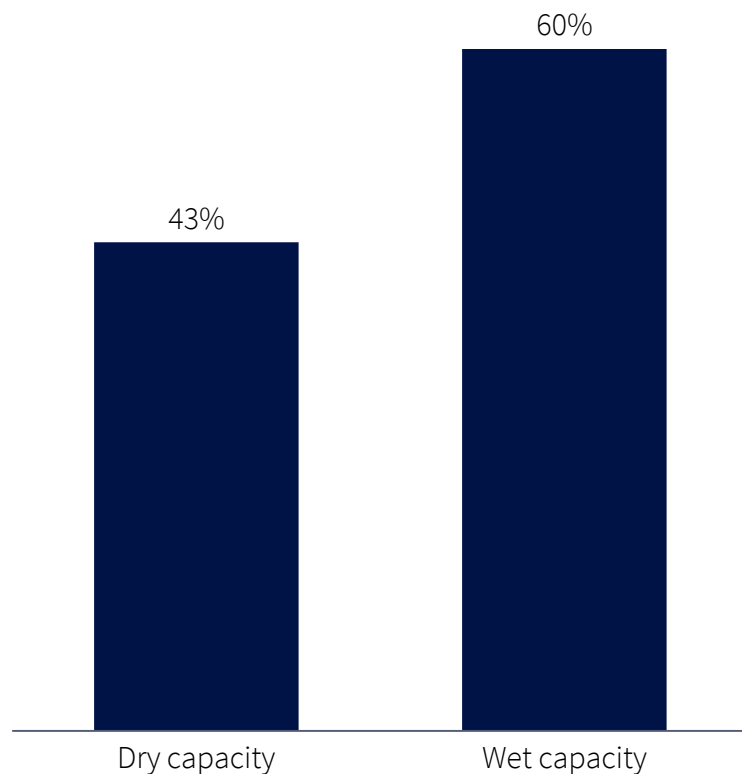
1) Illustrative. 2020 cash BE rates include estimates for OPEX, G&A included commercial management, period dry docking costs and debt service.

2) Period average of five CABU ship owning SPCs annual average dividend yield in the period 2005 – 2016 and average of six CABU ship owning SPCs annual average dividend yield of 2017. Dividend yield = Dividends / (Average book equity)

# Contract coverage in 2019

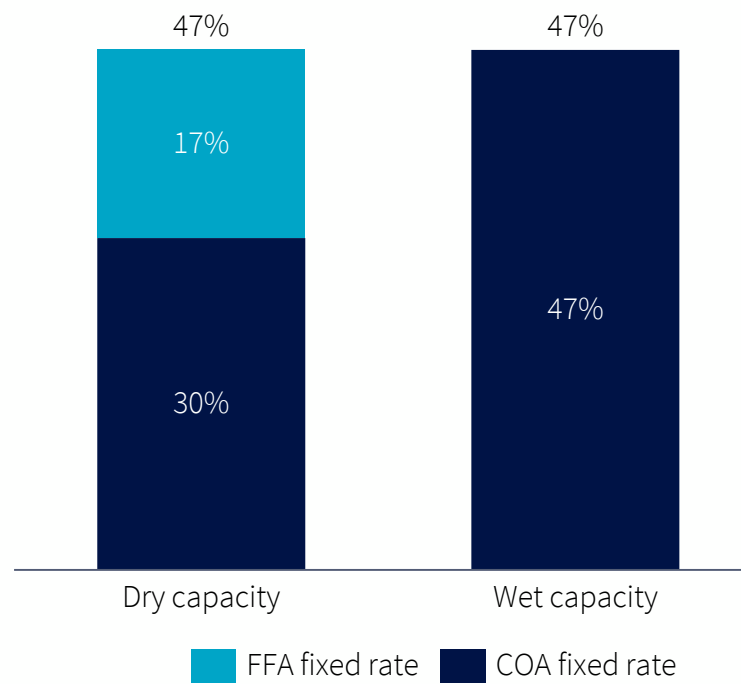
### Volume coverage

Share of estimated total fleet carrying capacity (i.e. volume) booked for rest of 2019<sup>1</sup>



### Financial coverage

Share of estimated rate (i.e. price) exposure that has been fixed for rest of 2019<sup>1</sup>



- 40-50% of vessel capacity allocated to transportation of wet products and 50-60% to dry products
- The one-year caustic soda (CSS) contracts are normally concluded during October – December for the next year
- For the one-year contracts, the price is fixed for the contract period, i.e. pricing is fixed once a year
- Part of the dry rate exposure is fixed through FFAs

<sup>1)</sup> Rest of 2019 as of end of February

## Investment considerations

# Earnings sensitivity fully delivered

Based on valuation as in private placement September 2018<sup>1</sup>

Earnings sensitivity	Unit	Q4 2018	2018	2010-2017 average	2010-2013 average	2010 average
# of vessels years	#	19	19	19	19	19
# of CABU	"	9	9	9	9	9
# of CLEANBU	"	10	10	10	10	10
CABU TCE <sup>2</sup>	USD/day	19 200	17 492	24 100	28 250	35 100
CLEANBU TCE <sup>2</sup>	"	26 500	21 000	26 000	29 650	39 200
Utilization	%	98.2 %	98.2 %	98.2 %	98.2 %	98.2 %
Average OPEX	USD/day	(7 100)	(7 100)	(7 100)	(7 100)	(7 100)
SG&A per day	"	(800)	(800)	(800)	(800)	(800)
Equity value	USDm	221	221	221	221	221
Equity need <sup>3</sup>	"	100	100	100	100	100
Post money value	"	321	321	321	321	321
Bank debt <sup>4</sup>	"	323	323	323	323	323
Bond loan	"	35	35	35	35	35
Total IBD	"	359	359	359	359	359
Enterprise value <sup>5</sup>	"	680	680	680	680	680
All-in interest rate, bank loan	%	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
Fixed interest, Bond loan	"	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %

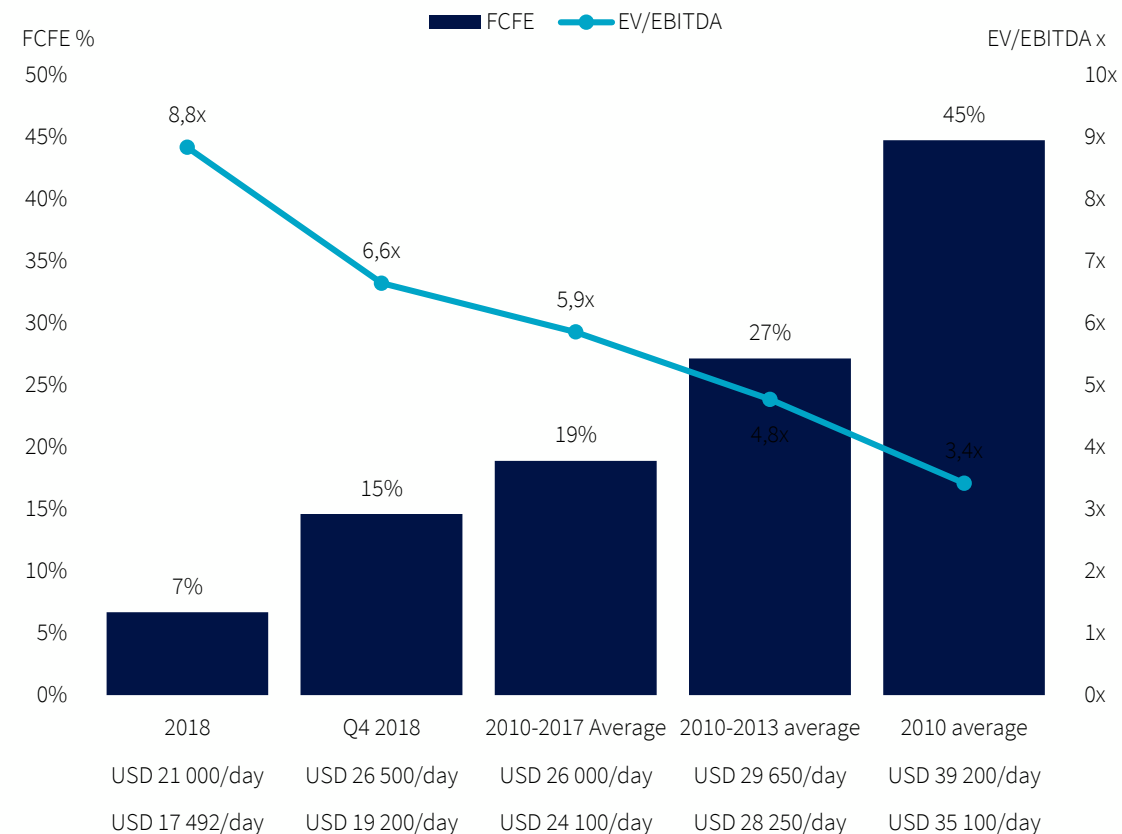
  

Revenue	USDm	132	157	171	197	254
OPEX	"	-49,5	-49,5	-49,5	-49,5	-49,5
G&A	"	-5,5	-5,5	-5,5	-5,5	-5,5
EBITDA	"	77,0	102,0	116,0	142,0	199,0
Interest expense	"	-20,5	-20,5	-20,5	-20,5	-20,5
Debt repayments	"	-31,5	-31,5	-31,5	-31,5	-31,5
Drydock cost <sup>6</sup>	"	-3,5	-3,5	-3,5	-3,5	-3,5
Free cash flow to equity (FCFE)	"	21,5	46,5	60,5	86,5	143,5

EV/EBITDA	x	8,8x	6,7x	5,9x	4,8x	3,4x
FCFE-yield	%	6,7%	14,5%	18,8%	26,9%	44,7%
Unlevered yield	"	10,8%	14,5%	16,6%	20,4%	28,8%

FCFE-yield potential before considering expected fuel spread<sup>1</sup>



<sup>1</sup> Table and chart for illustration purposes only

<sup>2</sup> TCE rates based on actual achieved day rates for CABU and earnings simulation for CLEANBU. CABU 2018 and Q4 2018 rate/d is average for six vessels built 2001 -2007 and three vessels built in 2016-2017. The three CABU vessels delivered in 2016 and 2017 has approx. 9% higher earnings compared to the six vessels built in 2001-2007.

<sup>3</sup> Assumed equity raise of USD25 million and ~USD30 million in debt financing per vessel. Total of four additional vessels.

<sup>4</sup> Debt is estimated end of 2022 debt bank debt balance in addition to USD30 million in debt financing per additional vessel and a bond loan of USD35 million

<sup>5</sup> For simplicity assumed to be Post money value plus total IBD (bank and bond debt)

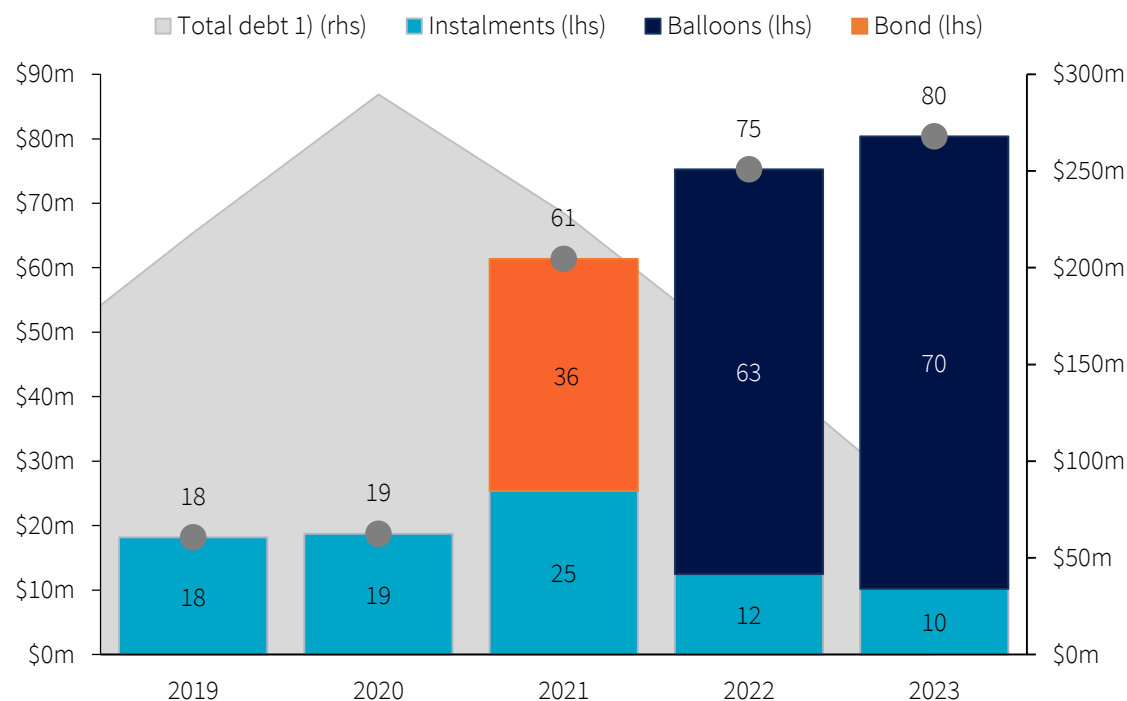
<sup>6</sup> For simplicity assumed equal to 2020 estimated drydock costs

## Investment considerations

# Limited refinancing risk and strong relationships with leading shipping banks

### Limited refinancing risk

Maturity profile for debt as per 31.12.2018 and committed debt (3XCLEANBU with 2019 delivery) <sup>1</sup>



### Bank consortium and main debt terms

- KCC shall aim to have diversified sources of funding and maintain a solid capital structure
- Limited refinancing risk with no maturities prior to the bond due date in May 2021. The current bank debt matures in March 2022 and December 2023
- Klaveness has a strong relationship to its key banks and is in addition in process of securing bank debt from new banks
- Bank loans have been secured for the three newbuilds with delivery in 2019. The company is in process to secure bank debt for the additional three newbuildings with delivery in 2020
- Average margin for bank debt is 2.3% at year-end 2018 and the NOK bond loan is swapped to a USD fixed interest rate 6.98%
- Profile for the newbuild facility is 18 years



Nordea

Danske Bank



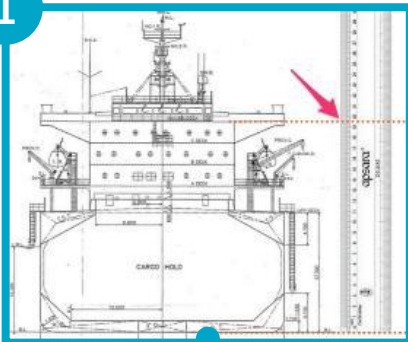
SpareBank 1  
SR-BANK

<sup>1)</sup> In January 2019 the USD 36 million unsecured loan from KSH was cancelled while simultaneously the KCC assumed the obligations of the KCC03 bond loan



# Significant barriers to entry for potential new players

1



### Proprietary design and solutions

KCC has exclusivity on the CLEANBU design

2



### Unique track record for dry/wet switching

KCC is the only shipping company with extensive and continuous technical and operational track record in combination carriers

3



### Significant cargo and customer base in wet and dry

Long term contracts and synergies with Klaveness Dry Bulk business give scheduling flexibility/efficiency

4

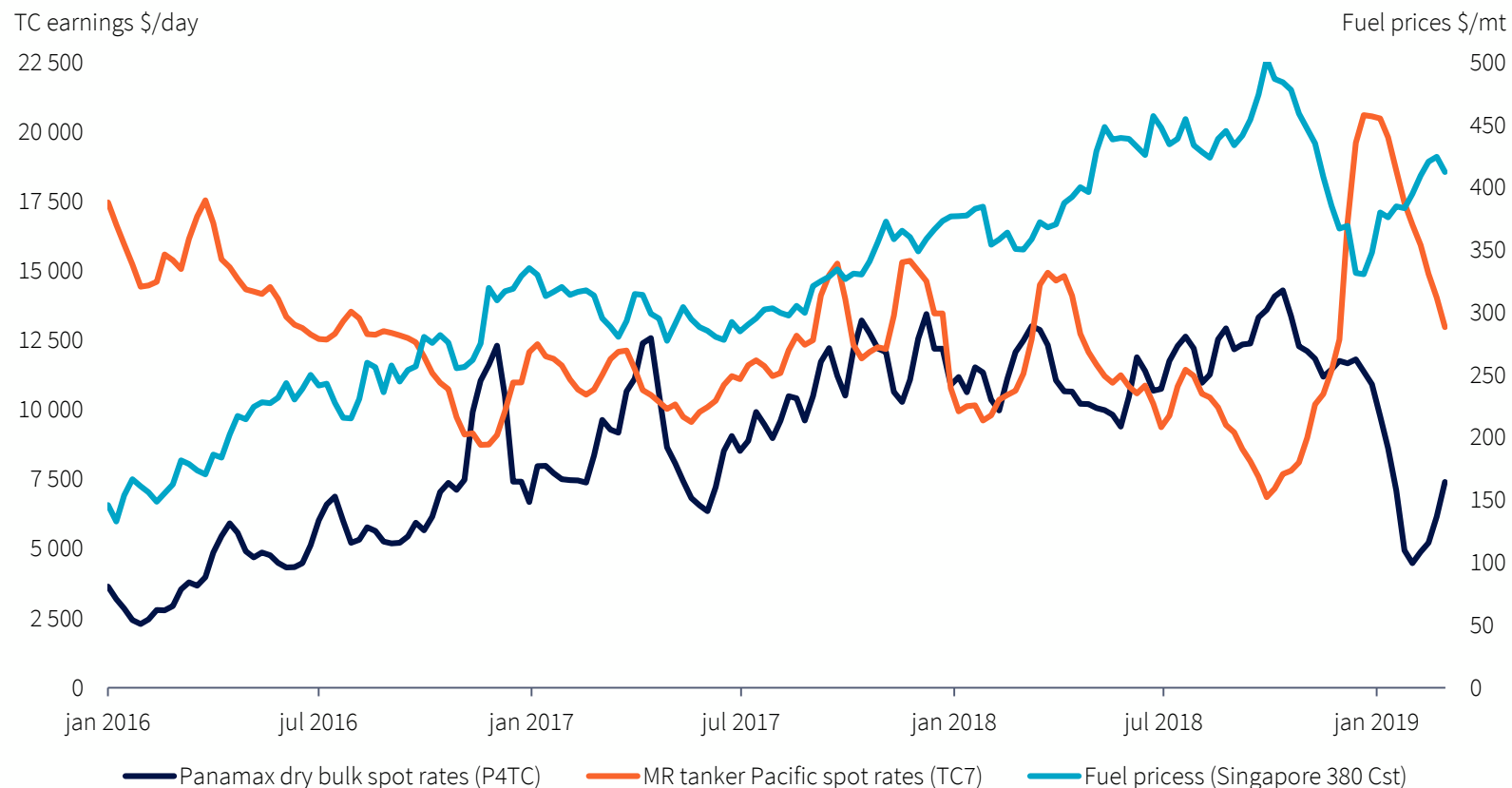


### High and increasing cost of vessel

Increasing newbuilding prices and limited interest in specialized vessels have increased vessel cost

## Investment considerations

# Shipping and fuel market development - Only one of 3 markets has to be strong to give healthy combi earnings



- Preparation for and implementation of IMO 2020 will most likely result in higher bunker fuel prices and likely positive market effects in the product tanker and also in the dry bulk markets
- KCC has solid dry bulk coverage for both the CABU and CLEANBU fleet in 2019 fixed before the dry market drop in fourth quarter 2018
- High caustic soda COA coverage for CABUs in 2019 (partly index linked/partly fixed rate) – CLEANBU have full tanker market risk trading spot or on index linked COAs in 2019

1) Source: Baltic Exchange, Shipping Intelligence Network, Thomson Reuters

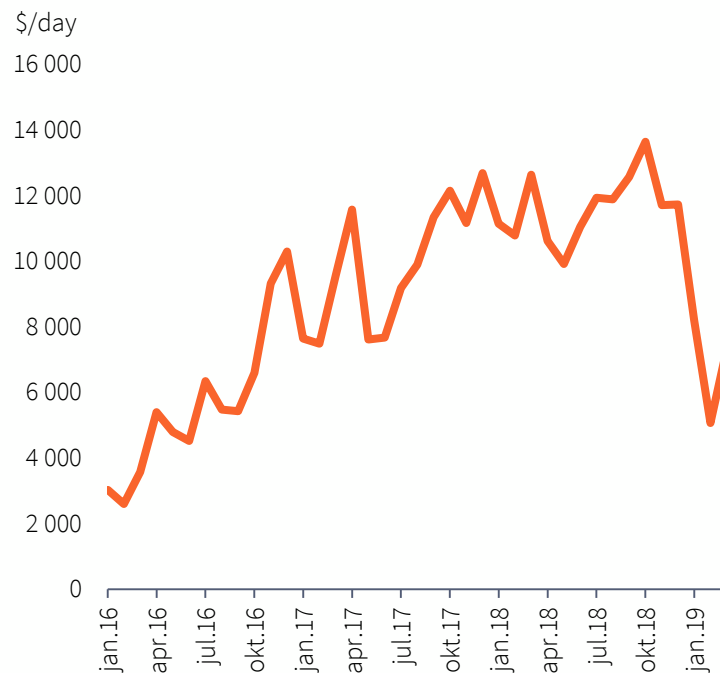
## Investment considerations

# Shipping and fuel market development - Focus on end 2019 and 2020

**Dry bulk market passed the trough?**  
– partly recovery likely over coming months/quarters.

### Dry bulk forward curve<sup>1</sup>

P4TC, Dotted line forward curve



**Positive product tanker outlook**  
based on low order book and  
positive IMO 2020 effects

### Product tanker forward curve<sup>2</sup>

TC7 TCE, Dotted line forward curve

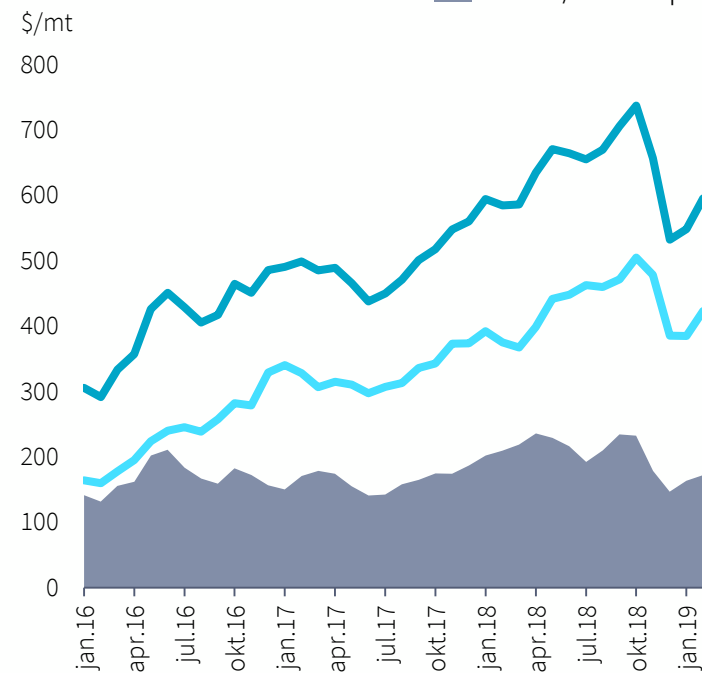


**Fuel prices (and freight rates) will increase following implementation of IMO 2020 sulphur cap**

### Fuel prices forward curve and HFO/MGO spread<sup>3</sup>

Dotted lines forward curve

— MGO — HFO  
■ MGO/HFO Spread



1) Source: Shipping Intelligence Network



# Enclosures

# Working together with customers to reduce local pollution



### **Sulphur SOx**

Sulphur from engine combustion creates sulfuric acid, which is the main component of acid rain

### **Nitrogen Oxide (NOx)**

NOx gases react to form smog and acid rain as well as formation of fine particles and ground level ozone, both associated with adverse health effects.

### **Black carbon**

Mix of particles and oil droplets.  
Second largest driver of global warming  
Dangerous when being inhaled

### **Noise**

Noise from diesel engines, ventilation systems and other machinery can be unhealthy for people living close to the ports

### Possible initiatives

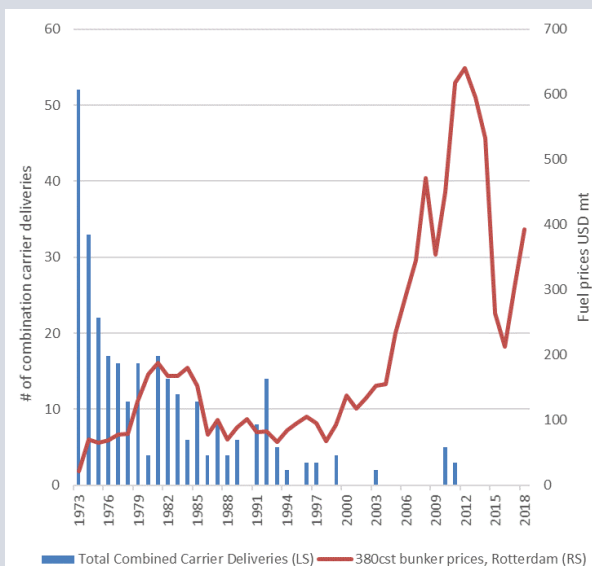
- Burning 0.1% sulphur marine diesel in approaches and in port
- Utilizing NOx SCR on KCC's newest vessels
- Installing on-board equipment for the use of non-polluting shore power in ports
- Identifying ways to reduce noise pollution

## Enclosures

Why will CLEANBUs be a commercial and technical success contrary to the old OBOs ?

### Higher value creation in a high fuel cost environment

Deliveries of combination carriers vs fuel price<sup>1</sup>

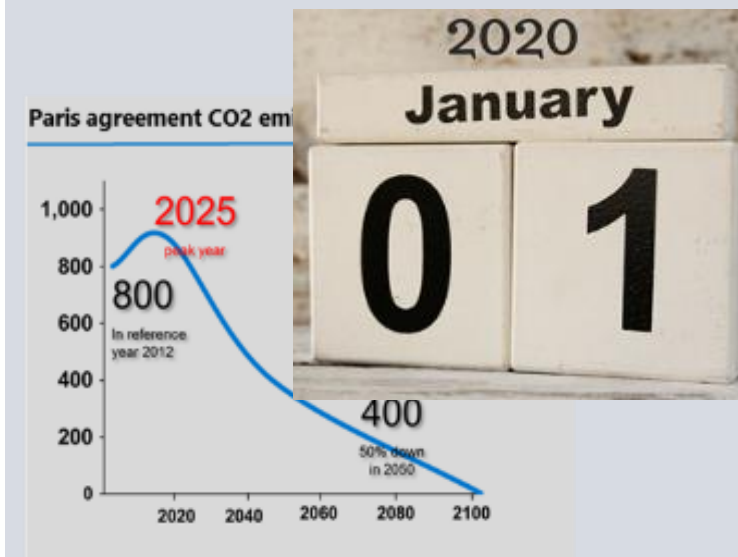


### Better technical solutions and better operational procedures permitted by new technology

Bridge on new CLEANBU

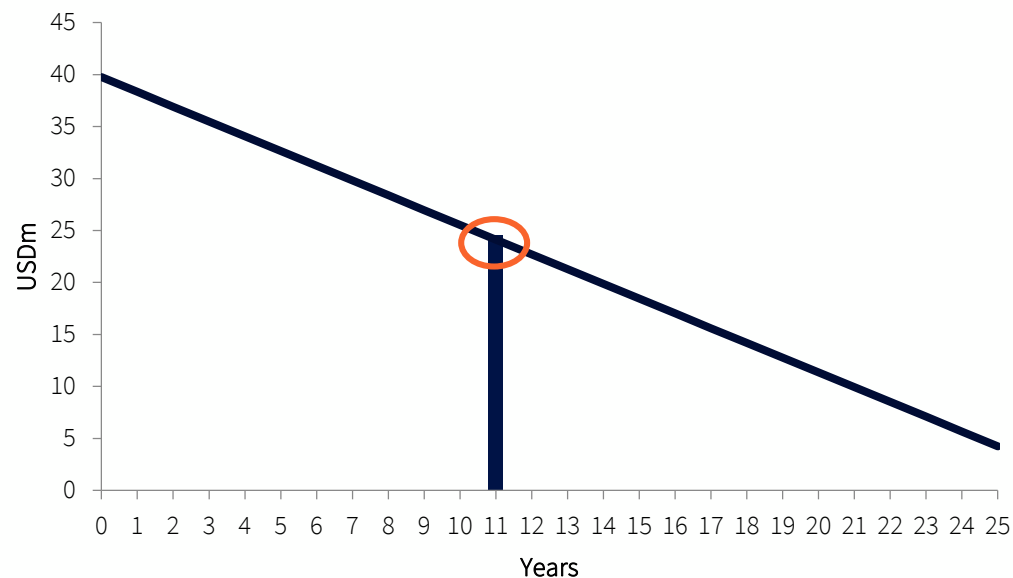


### New times, new requirements, new players



## Valuation at private placement in September 2018

### Straight line depreciation of CABU fleet



Current newbuild quote MR tanker	USDm	35.8
Premium for CABU	"	4.0
Implied NB quote for CABU	USDm	39.8
Useful life	Years	25
Scrap value	USDm	4.3
Depreciation per year	"	1.4
Average age CABU fleet	Years	10.7
Average value per CABU	USDm	24.6
# of CABU vessels	#	9
<b>Total value of CABU fleet</b>	<b>USDm</b>	<b>221.0</b>

### Comment to valuation

- CABU vessels are priced at a USD 4m premium to a standard MR tanker due to the larger size and CABU specifications. Based on a 25 year straight line depreciation to scrap (in line with the most conservative listed product tanker companies) the CABU fleet is valued at ~USD 221m
- CLEANBUs valued at cost



# Delivery and CAPEX overview<sup>1</sup>

## CLEANBU delivery schedule

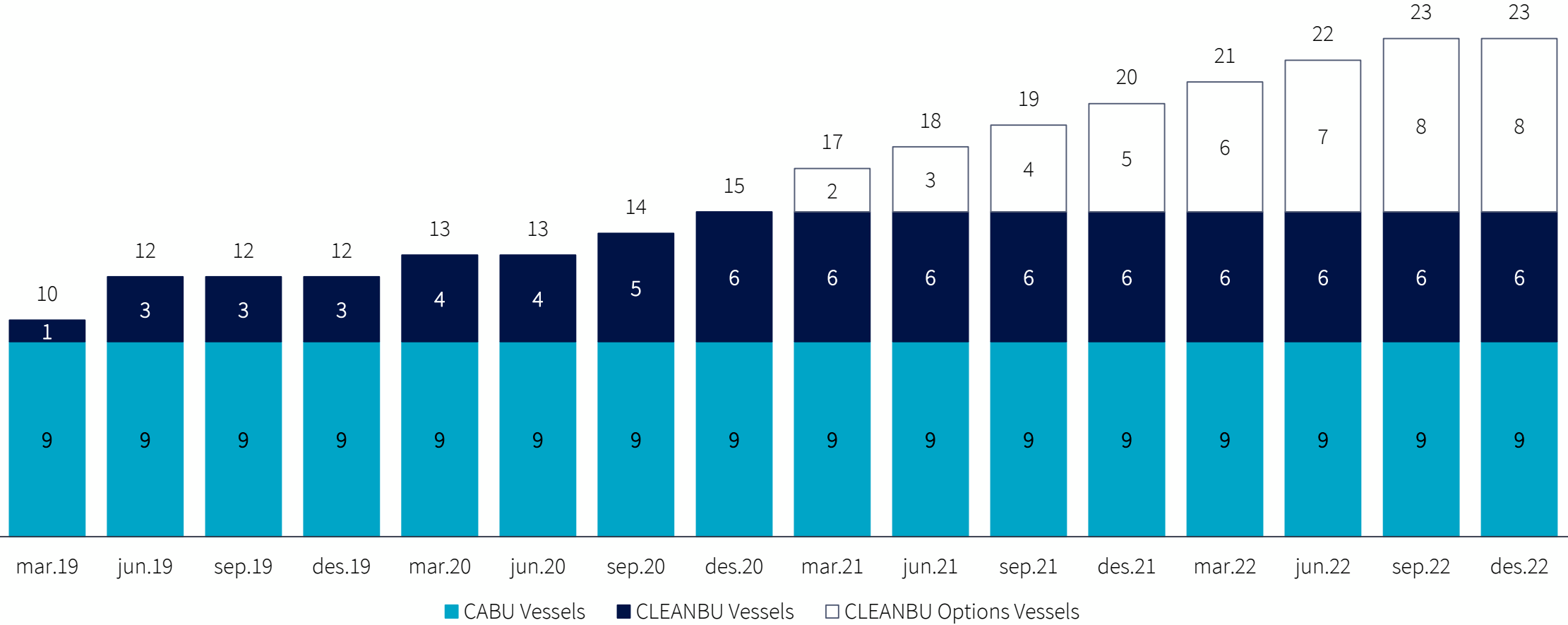
Name	DWT <sup>1</sup>	Contract price <sup>2</sup>	Option declaration date	2019				2020				2021				2022			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Baru - 1222	82,425	USD 48.5m	Delivered																
Barracuda - 1223	83,500	USD 48.5m	Firm	10.01.2019															
Barramundi - 1224	83,500	USD 48.2m	Firm	16.04.2019															
Cleanbu # 4 - 1226	83,500	USD 46.5m	Firm	30.04.2019															
Cleanbu # 5 - 1227	83,500	USD 46.5m	Firm	28.02.2020															
Cleanbu # 6 - 1228	83,500	USD 46.5m	Firm	31.08.2020															
Option # 1 - 1229	83,500	USD 46.5m	May 2019	31.10.2020															
Option # 2 - 1247	83,500	USD 46.5m	May 2019	10.01.2021															
Option # 3 - 1225	83,500	USD 46.5m	Jun 2019	28.02.2021															
Option # 4 - 1248	83,500	USD 47.4m	Aug 2019	30.04.2021															
Option # 5 - 8	83,500	TBA	Sep and Dec 2019	30.08.2021															
				2021/2022															

## Estimated remaining CAPEX on firm vessels

	Remaining CAPEX			Quarterly yard instalment plan								
Remaining CAPEX in USDm	Yard instalments	Predelivery costs <sup>2</sup>	Total remaining CAPEX	2019				2020				Total
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Baru – 1222	34.0	2.2	36.2	34.0	-	-	-	-	-	-	-	34.0
Barracuda – 1223	34.0	2.1	36.1	-	34.0	-	-	-	-	-	-	34.0
Barramundi – 1224	33.7	2.1	35.8	-	33.7	-	-	-	-	-	-	33.7
Cleanbu # 4 – 1226	42.0	3.3	45.3	4.7	-	4.7	-	32.6	-	-	-	42.0
Cleanbu # 5 – 1227	42.0	3.5	45.5	-	4.7	-	4.7	-	-	32.6	-	42.0
Cleanbu # 6 – 1228	46.5	3.7	50.3	9.3	-	-	-	4.7	-	-	32.6	46.5
Total	232.3	16.9	249.2	48.0	72.4	4.7	4.7	37.3	-	32.6	32.6	232.3

- 1) In addition to capital expenditure related to the CLEANBU newbuild program the Company has capital expenditures related to drydocking, maintenance and upgrading. These are estimated to USD5 million in 2019, USD 3.5 million in 2020 and USD 6 million in 2021.
- 2) Estimates for vessels under construction, actual DWT might deviate some upon delivery of vessel
- 3) Payment terms - 10%/10%/10%/70%
- 4) Includes supervision, project management, change orders and startup costs. Excludes financing costs.

# Fleet development



# Overview of key services to be provided by Torvald Klaveness affiliated companies to Klaveness Combination Carriers

	Pricing method	Overview of services
Administrative services & business management (G&A)	CEO and CFO: Cost+10 %. Administrative services: Cost+5% Services outsourced to Manila: Cost+5% <i>* Bonus charged separately</i>	<ul style="list-style-type: none"> <li>Accounting, treasury, legal, IT services, rent and office services. Services partially outsourced to Manila in cost-efficient model</li> <li>Management (CEO + CFO part time)</li> <li>External expenses related to auditors etc</li> <li><b>Costs reported as G&amp;A</b></li> </ul>
Commercial management services	Chartering, Operations & Business Development (Oslo & Singapore): Cost+7.5% <i>*1.25% fixture fee on dry spot fixtures</i>	<ul style="list-style-type: none"> <li>Dedicated team of 4-5 persons covering chartering and business development of the combination carrier business</li> <li>Dry-bulk spot chartering performed by persons within Klaveness' dry-bulk chartering and trading operations</li> <li>Commercial operations</li> <li><b>Commercial management cost has historically been extracted prior to payment of hire to the vessels. From Q2 2018 the fee has been reported as G&amp;A.</b></li> </ul>
Technical management	Technical management: Fixed fee per vessel	<ul style="list-style-type: none"> <li>Maintenance and repair incl. drydock supervision, supplies and provisioning, insurance, procurement of spares, IT and administration.</li> <li>Crewing fee part of opex</li> <li><b>Fee is reported as part of OPEX</b></li> </ul>
Project and newbuild supervision	Project management (Oslo): Cost+7.5%. On-site supervision: Cost+5%	<ul style="list-style-type: none"> <li>Site supervision and project management services for the newbuilds</li> <li>Vessel design and development expenses, technical discussions and negotiations with shipbuilders /sellers</li> <li><b>Costs reported as part of delivered cost for vessels under construction</b></li> </ul>

Transparent pricing model in accordance with OECD principles. Fees are fixed annually based on a review of the cost base

# Consolidated financial statements 2018 (audited)

## INCOME STATEMENT

Year ended 31 December

USD '000	Notes	2018	2017
<b>Continuing operations</b>			
Freight revenue	<a href="#">2.5</a>	84 284	-
Charter hire revenue	<a href="#">2.5</a>	17 540	46 235
<b>Total revenues, vessels</b>	<a href="#">4</a>	<b>101 824</b>	<b>46 235</b>
Voyage expenses	<a href="#">2.5</a>	(45 431)	-
<b>Net revenues from operations of vessels</b>		<b>56 393</b>	<b>46 235</b>
Operating expenses, vessels	<a href="#">1</a>	(21 599)	(21 199)
Group commercial and administrative services	<a href="#">19</a>	(3 618)	(1 167)
Tonnage tax	<a href="#">20</a>	(119)	(112)
Other operating and administrative expenses	<a href="#">8</a>	(300)	(170)
<b>Operating profit before depreciation</b>		<b>30 757</b>	<b>23 587</b>
Ordinary depreciation	<a href="#">10</a>	(16 840)	(16 867)
<b>Operating profit after depreciation</b>		<b>13 917</b>	<b>6 720</b>
Finance income	<a href="#">9</a>	2 234	1 709
Finance costs	<a href="#">9</a>	(7 374)	(5 331)
<b>Profit before tax from continuing operations</b>		<b>8 777</b>	<b>3 098</b>
Tax income/(expense)	<a href="#">20</a>	59	(38)
<b>Profit after tax from continuing operation</b>		<b>8 836</b>	<b>3 060</b>
Profit after tax from discontinuing operations	<a href="#">3</a>	-	(318)
<b>Profit for the year</b>		<b>8 836</b>	<b>2 742</b>
Attributable to:			
Equity holders of the parent company		7 978	1 768
Non-controlling interests	<a href="#">1</a>	858	974
<b>Total</b>		<b>8 836</b>	<b>2 742</b>
<b>Earnings per Share (EPS) from operations</b>	<a href="#">17</a>	<b>0.23</b>	<b>0.07</b>
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent			
<b>Earnings per Share (EPS) from continuing operations</b>	<a href="#">17</a>	<b>0.23</b>	<b>0.08</b>
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent			

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

USD '000	2018	2017
<b>Profit/ (loss) of the period</b>	<b>8 836</b>	<b>2 742</b>
<b>Other comprehensive income to be reclassified to profit or loss</b>		
Net movement fair value on interest rate swaps	368	(86)
Net movement fair value FX hedge	(35)	-
Net movement fair value bunker hedge	(918)	-
Net movement fair value FFA hedge	970	-
Income tax effect	-	-
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>385</b>	<b>(86)</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>385</b>	<b>(86)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>9 221</b>	<b>2 655</b>
Attributable to:		
Equity holders of the parent company	8 029	1 724
Non-controlling interests	1 192	931
<b>Total</b>	<b>9 221</b>	<b>2 655</b>



# Consolidated financial statements 2018 (audited)

## STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31 Dec 2018	31 Dec 2017
<b>Non-current assets</b>			
Deferred tax asset	20	15	-
Vessels	10	167 037	179 785
Newbuilding contracts	11	59 877	37 751
Long-term receivables from related parties	19	-	13 788
Financial assets	15	1 855	912
<b>Total non-current assets</b>		<b>228 786</b>	<b>232 236</b>
<b>Current assets</b>			
Financial assets	15	464	-
Inventories	12	5 883	726
Trade receivables and other current assets	13	9 870	1 893
Receivables from related parties	19	594	7 638
Cash and cash equivalents	14	88 263	51 538
<b>Total current assets</b>		<b>105 074</b>	<b>61 795</b>
<b>Total Assets</b>		<b>333 859</b>	<b>294 032</b>

EQUITY AND LIABILITIES	Notes	31 Dec 2018	31 Dec 2017
<b>Equity</b>			
Share capital	17	4 863	-
Share premium		92 271	48 997
Other reserves		51	-
Retained earnings		80 901	103 877
<b>Equity attributable to equity holders of the parent</b>		<b>178 086</b>	<b>152 873</b>
Non-controlling interests		-	20 441
<b>Total equity</b>		<b>178 086</b>	<b>173 315</b>
<b>Non-current liabilities</b>			
Mortgage debt	15	95 746	94 765
Long-term liabilities to related parties	15	36 000	-
Financial liabilities	15	450	1 509
Deferred tax liability	20	-	59
<b>Total non-current liabilities</b>		<b>132 196</b>	<b>96 333</b>
<b>Current liabilities</b>			
Short-term mortgage debt	15	12 200	20 549
Other interest bearing liabilities	15	2 172	-
Financial liabilities	15	918	-
Trade and other payables		7 601	2 959
Current debt to related parties	19	563	762
Tax liabilities	20	123	114
<b>Total current liabilities</b>		<b>23 577</b>	<b>24 384</b>
<b>Total equity and liabilities</b>		<b>333 859</b>	<b>294 032</b>

# Consolidated financial statements 2018 (audited)

## statements 2018 (audited)

### CASH FLOW STATEMENT

Year ended 31 December

USD '000	Notes	2018	2017
Profit before tax from continued operation		8 777	3 098
Profit before tax from discontinued operation		-	57
Tonnage tax expensed		119	112
Ordinary depreciation	10	16 840	16 867
Amortization of upfront fees bank loans		228	258
Financial derivatives unrealised loss / gain (-)	9	(1 163)	(518)
Interest income	9	(1 071)	(1 355)
Interest expenses	9	6 972	4 886
Taxes paid for the period		-	(73)
Change in receivables		(2 070)	(381)
Change in current liabilities		(1 782)	206
Interest received		1 071	1 355
<b>A: Net cash flow from operating activities</b>		<b>27 920</b>	<b>24 513</b>
Acquisition of tangible assets	10	(2 817)	(3 368)
Installments and other cost on newbuilding contracts	11	(22 126)	(40 188)
Acquisition of subsidiaries, net of cash		863	-
<b>B: Net cash flow from investment activities</b>		<b>(24 080)</b>	<b>(43 556)</b>

USD '000	Notes	2018	2017
Proceeds from mortgage debt	15	-	36 890
Transaction costs on issuance of loans		-	(372)
Repayment of mortgage debt	15	(7 528)	(21 783)
Interest paid		(7 103)	(5 144)
Capital increase April 5, 2017		-	6 500
Capital increase April 30, 2018	17	12 000	-
Capital increase October 10, 2018	17	45 000	-
Transaction costs on capital increase		(581)	-
Payments made by increase of loans to related parties		-	216
Acquisition of non-controlling interests		(622)	-
Group contribution/dividend		(9 958)	(11 640)
Dividends to non-controlling interests		(495)	(1 346)
<b>C: Net cash flow from financing activities</b>		<b>30 713</b>	<b>3 322</b>
<b>Net change in liquidity in the period (A + B + C)</b>		<b>34 552</b>	<b>(15 721)</b>
Net foreign exchange difference		-	-
		<b>34 552</b>	<b>(15 721)</b>
Cash and cash equivalents at beginning of period		51 538	67 259
Cash and cash equivalents at end of period*	14	86 090	51 538
<b>Net change in cash and cash equivalents in the period</b>		<b>34 552</b>	<b>(15 721)</b>