

Annual General Meeting

Philly Shipyard ASA

Oslo, 7 April 2017

Agenda

1. Opening of the annual general meeting, including approval of the notice and agenda.
2. Election of a person to co-sign meeting minutes along with meeting chair.
3. Presentation of business activities (non-voting).
4. Approval of the 2016 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.
5. Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to the executive management of the Company.
6. Consideration of the statement of corporate governance (non-voting).
7. Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.
8. Stipulation of remuneration to the members of the Nomination Committee.
9. Approval of remuneration to the auditor for 2016.
10. Election of member to the Board of Directors.
11. Election of members to the Nomination Committee.
12. Authorization to the Board of Directors for payment of dividends.
13. Authorization to the Board of Directors to purchase own shares in connection with acquisitions, mergers, de-mergers or other transactions.
14. Authorization to the Board of Directors to purchase own shares for the purpose of investment or subsequent sale or deletion of such shares.
15. Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

Presentation of Business Activities

Philly Shipyard ASA

Company Overview

A U.S. shipyard that utilizes state-of-the-art shipbuilding practices to manufacture ocean-going commercial vessels for the Jones Act market and opportunistically maintains ownership interests in the vessels it constructs

- **Company:** PHL Y is the most modern U.S. shipyard focused on building commercial vessels protected by the Jones Act
- **Products:** PHL Y builds ocean-going tankers ranging in size from 46,000-115,000 dwt and containerships. The yard has the capabilities and infrastructure to build a variety of vessels
- **Facility:** PHL Y's shipyard was completely rebuilt in 1998 and has been optimally designed to support commercial shipbuilding operations; over USD 650M invested through a public private partnership
- **Processes:** The yard utilizes modular construction, automated fabrication systems and outsourcing to enhance productivity
- **Partners:** Relationships with Hyundai Mipo Dockyards, KOMAC and SM SOLUTION
- **Order book:** Four vessels currently in the production phase, consisting of two product tankers and two containerships with last delivery in early 2019
- **Ownership:** Aker Capital AS owns 57.6% of the company, which is listed on the Oslo Stock Exchange

Modern Shipyard



Commercial Vessels



Tankers

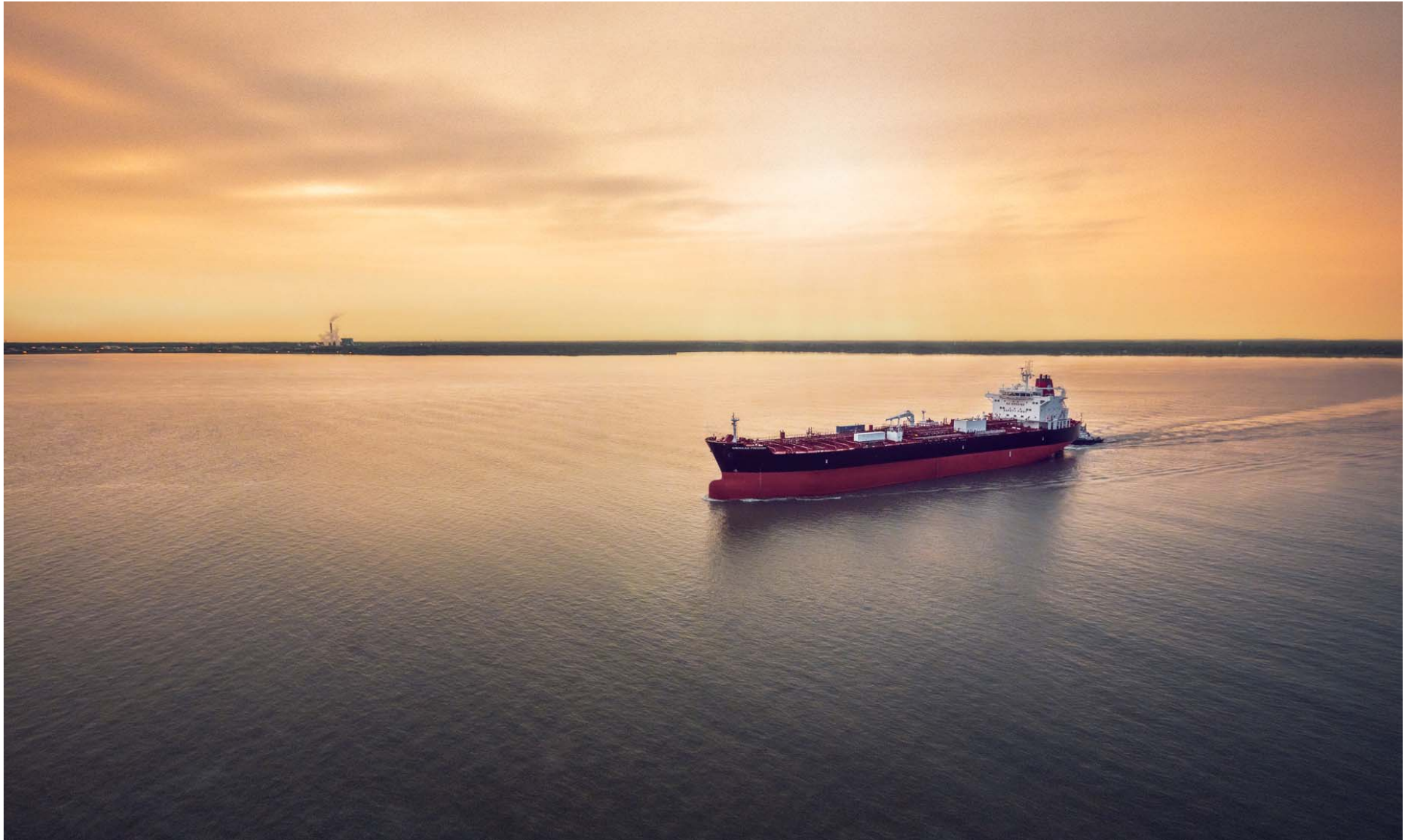


Container Ships

Summary of 2016 Main Events

- Completed four-ship order for Crowley
- Sold Crowley joint venture interests
- Secured construction financing for Hulls 025-028
- Delivered first Kinder Morgan vessel
- Record dividend payments
- Record strong earnings

Hull 026 sea trial return | Early morning March 7, 2017



Presentation of Financial Statements

Philly Shipyard ASA

Consolidated Income Statement

<i>Amounts in USD thousands (except per share amounts)</i>	2016	2015
Operating revenues	205,249	286,330
Other income	28,378	20,699
Operating revenues and other income	233,627	307,029
Cost of vessels	(154,935)	(258,918)
Wages and other personnel expenses, net	(2,864)	(2,519)
Other operating expenses	(5,423)	(2,858)
Operating income before depr. and amort. (EBITDA)	70,405	42,734
Depreciation	(3,666)	(6,471)
Operating income (EBIT)	66,739	36,263
Financial income	2,792	606
Financial expenses	(1,299)	(4,102)
Income before tax	68,232	32,767
Income tax expense	(29,580)	(15,388)
Net income for the year	38,652	17,379
Basic earnings per share (USD)	3.19	1.44

Consolidated Statement of Financial Position

Assets

<i>Amounts in USD thousands</i>	2016	2015
ASSETS		
Property, plant and equipment	50,560	49,659
Restricted cash	13,101	13,100
Deferred tax asset	16,624	6,683
Equity-accounted investees	64,335	56,645
Other non-current assets	238	229
Total non-current assets	144,858	126,316
Vessels-under-construction receivable	-	111,736
Work-in-process	180,321	41,460
Restricted cash	7,001	7,000
Prepayments and other receivables	5,696	5,939
Income tax receivable	1,805	-
Cash and cash equivalents	69,109	69,945
Total current assets	263,932	236,080
Total assets	408,790	362,396

Consolidated Statement of Financial Position Equity & Liabilities

<i>Amounts in USD thousands</i>	2016	2015
EQUITY AND LIABILITIES		
Paid in capital	35,206	69,492
Other equity	56,175	73,942
Total equity attributable to equity holders of the parent	91,381	143,434
Total equity	91,381	143,434
Interest-bearing long-term debt	59,329	59,343
Other long-term liabilities	3	7,402
Deferred tax liability	1,031	1,231
Total non-current liabilities	60,363	67,976
Construction loans	98,000	29,000
Interest-bearing short-term debt	235	13,987
Trade payables and accrued liabilities	56,544	47,433
Income tax payable	2,134	5,096
Customer advances, net	97,887	53,969
Other provisions - warranties	2,246	1,501
Total current liabilities	257,046	150,986
Total liabilities	317,409	218,962
Total equity and liabilities	408,790	362,396

Philly Shipyard ASA

Income Statement

<i>Amounts in USD thousands</i>	2016	2015
Operating revenues	20	40
Operating expenses	(472)	(495)
Operating loss	(452)	(455)
Interest income from subsidiaries	1,157	869
Interest expense to subsidiaries	(1,295)	-
Other interest income and financial income	46,646	74
Other interest expense and financial expense	(4)	(78)
Income before tax	46,052	410
Income tax expense	(6,443)	(1,325)
Net income/(loss) for the year	39,609	(915)
Allocation of net income/(loss):		
Net income/(loss) for the year	39,609	(915)
Other equity	(39,609)	915
Total	-	-

Philly Shipyard ASA

Statement of Financial Position

<i>Amounts in USD thousands</i>	2016	2015
ASSETS:		
Shares in subsidiary	67,000	67,000
Loan to subsidiary	31,000	31,000
Total non-current assets	98,000	98,000
Cash and cash equivalents	973	293
Other current assets	29	227
Total current assets	1,002	520
Total assets	99,002	98,520

<i>Amounts in USD thousands</i>	2016	2015
EQUITY AND LIABILITIES:		
Share capital	22,664	22,664
Share premium reserve	12,542	46,828
Total paid in capital	35,206	69,492
Other equity	10,356	27,166
Total equity	45,562	96,658
Deferred tax liability	1,031	1,231
Other non-current liabilities	3	-
Total non-current liabilities	1,034	1,231
Loan from subsidiary	52,000	-
Income tax payable	208	401
Other current liabilities	198	230
Total current liabilities	52,406	631
Total equity and liabilities	99,002	98,520

Auditor's Report 2016

KPMG AS

Gunnar Sotnakk, State Authorized Public Accountant

Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to executive management of the Company

The General Meeting supports the Board of Directors' statement regarding establishment of salary and other benefits for the executive management pursuant to the Public Limited Liability Companies Act section 6-16a.

Corporate Governance Report 2016

Philly Shipyard ASA's corporate governance report is presented on pages 56-59 of the 2016 annual report.

Proposal from the Nomination Committee of remuneration to the members of the Board of Directors, the Audit Committee and the Nomination Committee

Board of Directors

- | | |
|----------------------------|-------------|
| > Board chairman | NOK 330 000 |
| > Board members | NOK 220 000 |
| > Audit committee chairman | NOK 46 000 |
| > Audit committee members | NOK 36 000 |

Nomination Committee

- | | |
|------------------------|------------|
| > Chairman and members | NOK 34 000 |
|------------------------|------------|

Approval of remuneration to the auditor for 2016

The remuneration to the auditor of USD 30,739 ex.-VAT for the audit of the Company's 2016 annual accounts is approved. In addition, the Group has paid fees to KPMG of USD 36,748 ex.-VAT for services other than audit.

Nomination committee composition



Leif-Arne
Langøy
(chairman)



Gerhard
Heiberg



Arild Støren
Frick

Board composition



Jim Miller
(chairman)



Audun Stensvold
(deputy
chairman)



Amy E.
Humphreys



Elin Karfjell

Board authorizations

- > Authorization to the Board of Directors for payment of dividends.
- > Authorization to the Board of Directors to purchase own shares in connection with acquisitions, mergers, de-mergers or other transactions.
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- > Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

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