Annual General Meeting

Philly Shipyard ASA

Oslo, 5 April 2018

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 the meeting chair.
3. Presentation of business activities (non-voting).
4. Approval of the 2017 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 2017.
10. Election of members to the Board of Directors.
11. Authorization to the Board of Directors for payment of dividends.
12. Authorization to the Board of Directors to acquire own shares in connection with acquisitions, mergers, de-mergers or other transactions.
13. Authorization to the Board of Directors to acquire own shares for the purpose of investment or subsequent sale or deletion of such shares.
14. Authorization to the Board of Directors to increase the share capital in connection with 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:** PHLY is the most modern U.S. shipyard focused on building commercial vessels protected by the Jones Act
- **Products:** PHLY 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:** PHLY'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:** Two vessels currently in the production phase, consisting of two containerships for Matson 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 2017 Main Events

- Completed four-ship order for Kinder Morgan
- Concluded investment program in USD 1.0 billion product tanker series
- Record strong earnings
- Philly Shipyard’s 20-year anniversary celebration
- Hull 029 milestone | Dock mounting ceremony
- 2017 AOTOS award recipient

Hull 028 Christening | November 2017

Presentation of Financial Statements

Philly Shipyard ASA

Consolidated Income Statement

Amounts in USD thousands (except per share amounts)	**2017**	**2016**
Operating revenues	591,784	205,249
Other income	22,851	28,378
Operating revenues and other income	**614,635**	**233,627**
Cost of vessels	(499,400)	(154,935)
Wages and other personnel expenses, net	(3,308)	(2,864)
Other operating expenses	(6,868)	(5,423)
Operating income before depr. and amort. (EBITDA)	**105,059**	**70,405**
Depreciation	(5,797)	(3,666)
Operating income (EBIT)	**99,262**	**66,739**
Financial income	2,703	2,792
Financial expenses	(2,032)	(1,299)
Income before tax	**99,933**	**68,232**
Income tax expense	(32,710)	(29,580)
Net income for the year	**67,223**	**38,652**
Basic earnings per share (USD)	**5.55**	**3.19**

Consolidated Statement of Financial Position
Assets

Amounts in USD thousands	2017	2016
ASSETS		
Property, plant and equipment	50,103	50,560
Equity-accounted investments	47,310	64,335
Restricted cash	13,154	13,101
Deferred tax asset	897	16,624
Other non-current assets	239	238
Total non-current assets	**111,703**	**144,858**
Cash and cash equivalents	110,066	69,109
Work-in-process	13,420	180,321
Vessels-under-construction receivable	7,275	-
Income tax receivable	5,912	1,805
Prepayments and other receivables	4,603	5,696
Restricted cash	14	7,001
Total current assets	**141,290**	**263,932**
Total assets	**252,993**	**408,790**

Consolidated Statement of Financial Position
Equity & Liabilities

Amounts in USD thousands	2017	2016
EQUITY AND LIABILITIES		
Paid in capital	35,206	35,206
Other equity	120,371	56,175
Total equity attributable to equity holders of the parent	**155,577**	**91,381**
Total equity	**155,577**	**91,381**
Interest-bearing long-term debt	59,370	59,329
Deferred tax liability	704	1,031
Other long-term liabilities	-	3
Total non-current liabilities	**60,074**	**60,363**
Trade payables and accrued liabilities	34,814	56,544
Other provisions - warranties	1,315	2,246
Income tax payable	965	2,134
Interest-bearing short-term debt	248	235
Customer advances, net	-	97,887
Construction loans	-	98,000
Total current liabilities	**37,342**	**257,046**
Total liabilities	**97,416**	**317,409**
Total equity and liabilities	**252,993**	**408,790**

Philly Shipyard ASA
Income Statement

Amounts in USD thousands	**2017**	**2016**
Operating revenues	(296)	20
Operating expenses	-	(472)
Operating loss	**(296)**	**(452)**
Interest income from subsidiaries	1,313	1,157
Interest expense to subsidiaries	(2,213)	(1,295)
Other interest income and financial income	2,995	46,646
Other interest expense and financial expense	(63)	(4)
Income before tax	**1,736**	**46,052**
Income tax expense	(640)	(6,443)
Net income for the year	**1,096**	**39,609**
Allocation of net income:		
Net income for the year	1,096	39,609
Other equity	(1,096)	(39,609)
Total	**-**	**-**

Philly Shipyard ASA
Statement of Financial Position

Amounts in USD thousands	2017	2016
ASSETS:		
Loan to subsidiary	31,000	31,000
Shares in subsidiary	67,000	67,000
Total non-current assets	**98,000**	**98,000**
Cash and cash equivalents	1,840	973
Other current assets	603	29
Total current assets	**2,443**	**1,002**
Total assets	**100,443**	**99,002**

Amounts in USD thousands	2017	2016
EQUITY AND LIABILITIES:		
Share capital	22,664	22,664
Share premium reserve	12,542	12,542
Total paid in capital	**35,206**	**35,206**
Other equity	8,424	10,355
Total equity	**43,630**	**45,561**
Deferred tax liability	704	1,031
Loan from subsidiary	55,000	-
Other non-current liabiltiies	-	3
Total non-current liabilities	**55,704**	**1,034**
Loan from subsidiary	-	52,000
Income tax payable	965	208
Other current liabilities	144	199
Total current liabilities	**1,109**	**52,407**
Total equity and liabilities	**100,443**	**99,002**

Auditor’s Report 2017

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 2017

Philly Shipyard ASA's corporate governance report is presented on pages 60-63 of the 2017 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 chairperson	NOK 350 000
> Board members	NOK 240 000
> Audit committee chairperson	NOK 50 000
> Audit committee members	NOK 40 000

Nomination Committee

> Chairman and members	NOK 34 000

Approval of remuneration to the auditor for 2017

The remuneration to the auditor of USD 31,283 ex.-VAT for the audit of the Company's 2017 annual accounts is approved. In addition, the Group has paid fees to KPMG of USD 7,366 ex.-VAT for services other than audit.

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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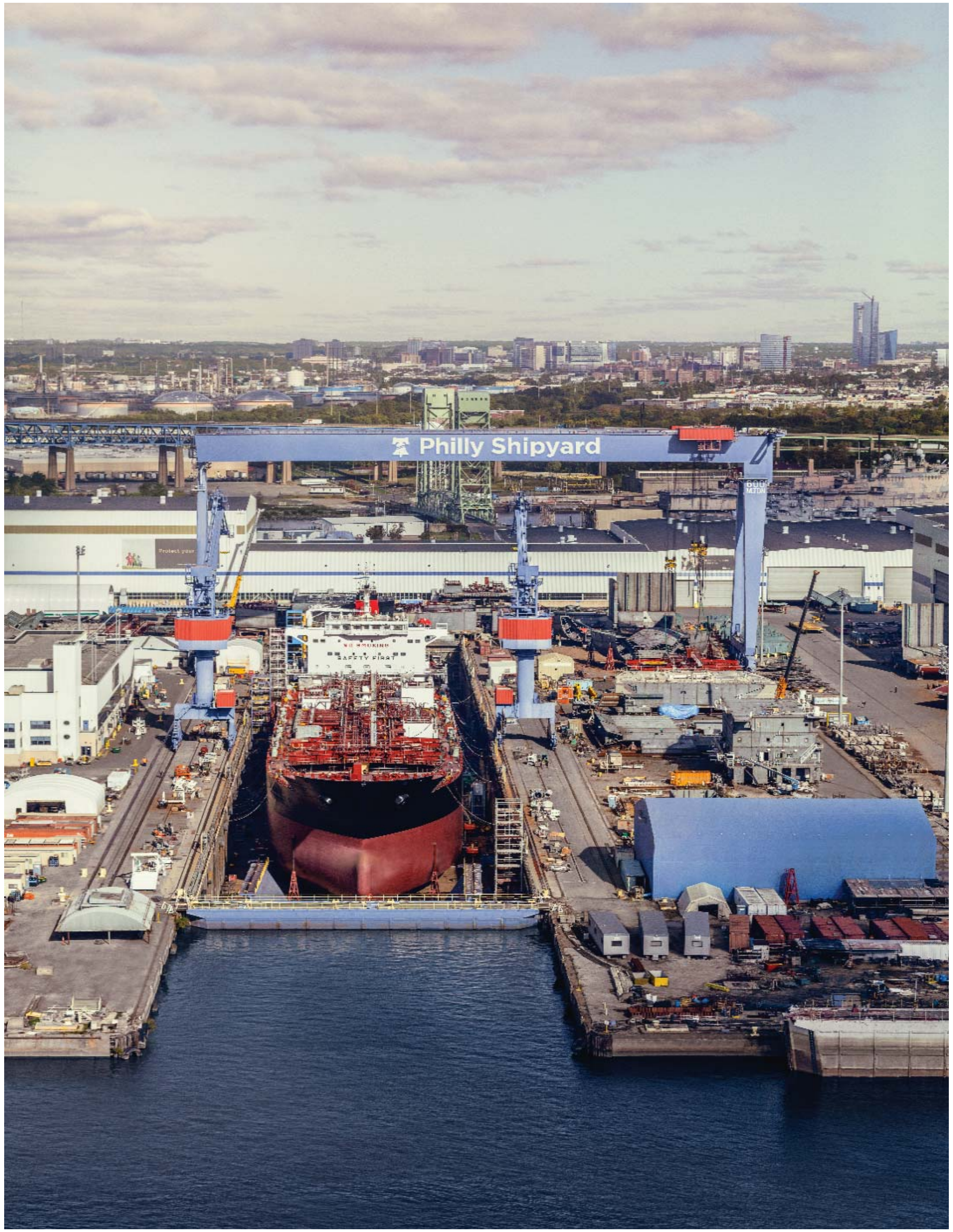
Philly Shipyard
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