



BAKER SPIRIT

# Q1-2017 EARNINGS PRESENTATION

May 18, 2017

# Forward Looking Statements

This presentation contains forward-looking statements which reflect management's current views with respect to certain future events and performance, including statements regarding: the crude oil and refined product tanker market fundamentals, including the balance of supply and demand in the tanker market and the Company's financial position. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in the production of or demand for oil; changes in trading patterns significantly affecting overall vessel tonnage requirements; greater or less than anticipated levels of tanker newbuilding orders and deliveries or greater or less than anticipated rates of tanker scrapping; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in interest rates and the financial markets; delays in the delivery of any new vessels; increases in the Company's expenses, including any dry docking expenses and associated off-hire days; and other factors discussed in Tanker Investments Ltd.'s filings from time to time with the Financial Supervisory Authority of Norway. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

# Recent Highlights

- Q1-17 Results:
  - Reported net income of USD 3.2 million, or USD 0.11 per share
  - Generated USD 16.9 million of cash flow from vessel operations<sup>1</sup>
- Secured 1-year T/Cs for Suezmaxes *Shenlong Spirit* and *Tahoe Spirit* at \$19,750 per day, each
  - Charters commenced in March and early April 2017
  - TIL now has 4 ships, or +20% of fleet on fixed-rate T/Cs
- Rates achieved Q2-17 to-date reflective of expected 2017 tanker market weakness
- Tanker Investments financially well-positioned:
  - Strong liquidity
  - Low cash break-even
  - No covenant concerns
  - No near-term debt maturities
  - Conservative leverage profile

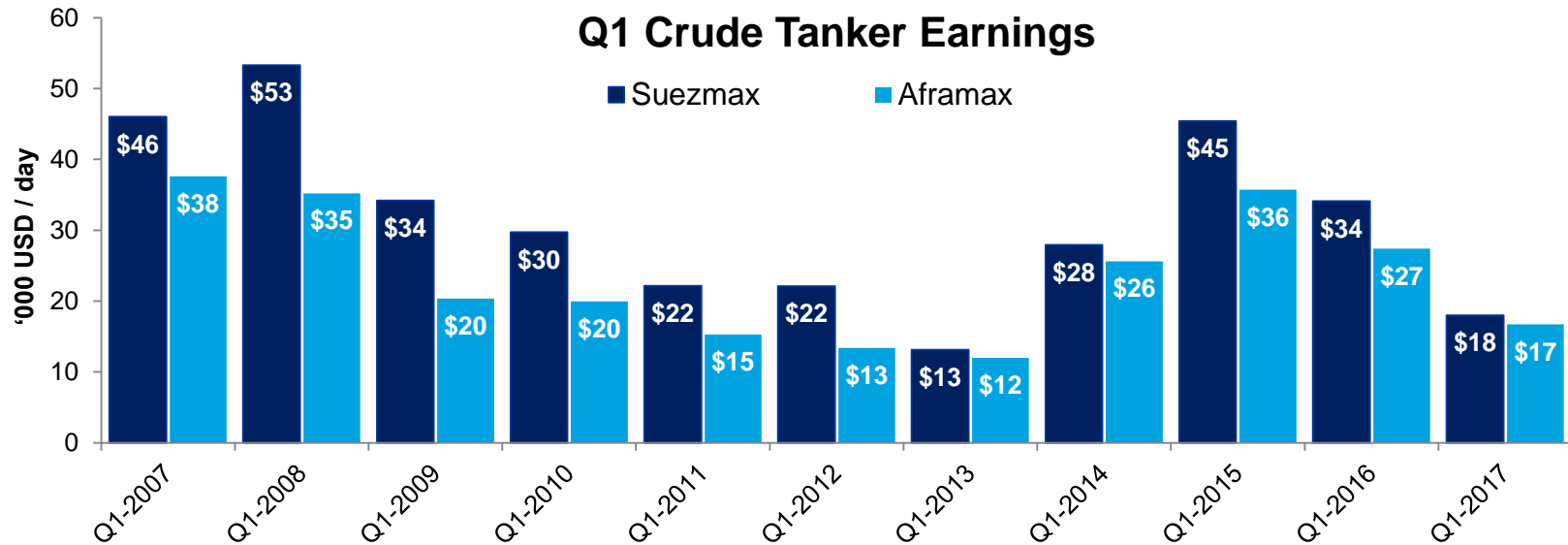


<sup>1</sup> Cash flow from vessel operations (CFVO) represents income from vessel operations before depreciation and amortization expense. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please refer to *Appendix A* of the Q4-16 earnings release for the reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

<sup>2</sup> Aframax equivalent basis

# Q1-2017 Spot Market Review

Rates trending downwards, but higher than the last market downturn

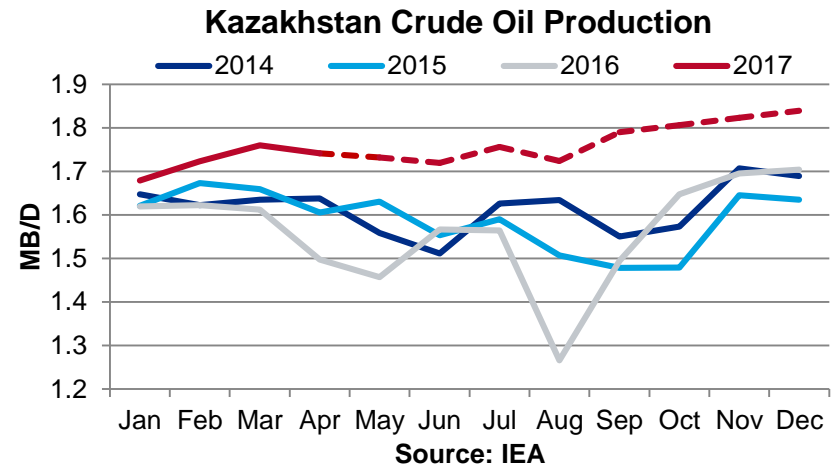
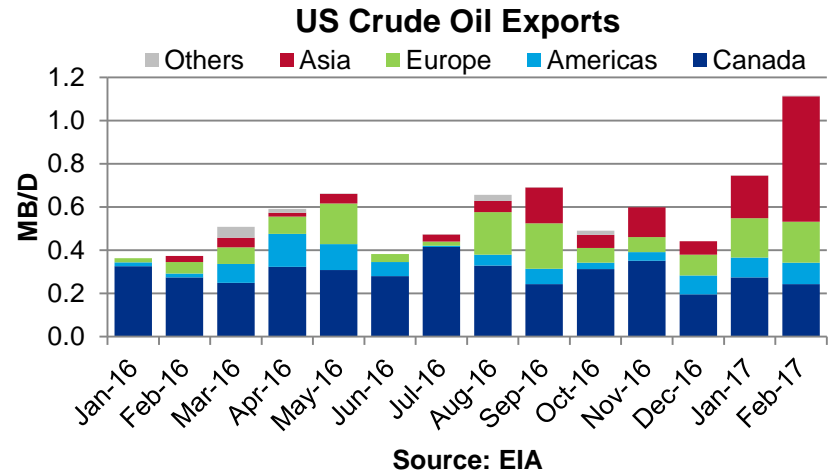


- Q1 rates lower compared to previous quarters:
  - OPEC supply cuts, higher fleet growth, and refinery maintenance
- However, rates are above the lows seen during the last market downturn in 2013 due to some underlying positive changes to tanker trade:
  - Increased long-haul movements from the Atlantic Basin to Asia
  - Growing US crude oil exports

# Rise in Atlantic Oil Production

Long-haul trades helping to offset 2017 market weakness

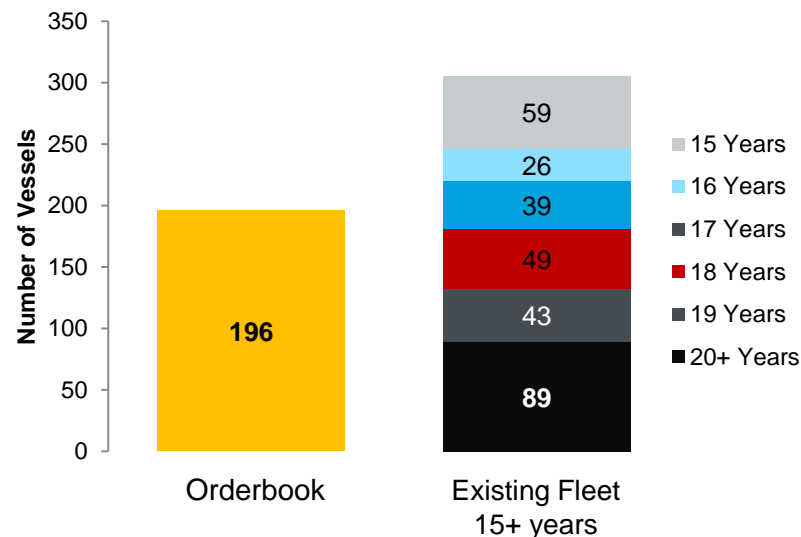
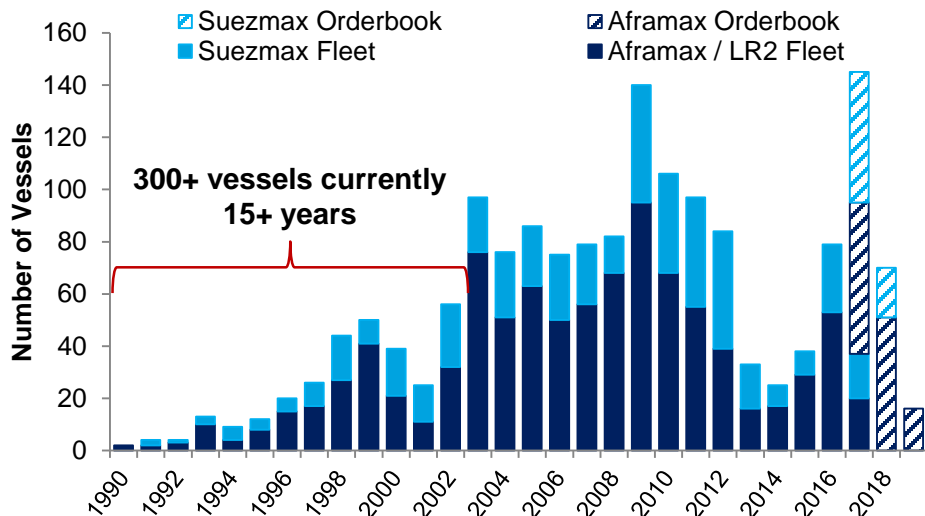
- US crude oil exports averaging 750 kb/d in 2017 vs. 485 kb/d in 2016
  - Record high of 1.1 mb/d reached in Feb'17
- US crude oil exports moving further afield as Asian importers look to offset Middle East OPEC production cuts
  - China overtook Canada as the largest importer of US crude in Feb'17
- 200 kb/d increase in Kazakhstan oil production due to ramp-up of the Kashagan field in the Caspian Sea
  - Exports via the CPC pipeline to the Black Sea
  - Positive for Aframax demand
- Recovering production in Libya and Nigeria positive for mid-size tankers



# Positive Fleet Fundamentals

Small mid-size orderbook from 2018+ and an aging fleet

## Mid-Size Tanker Fleet and Orderbook Profile

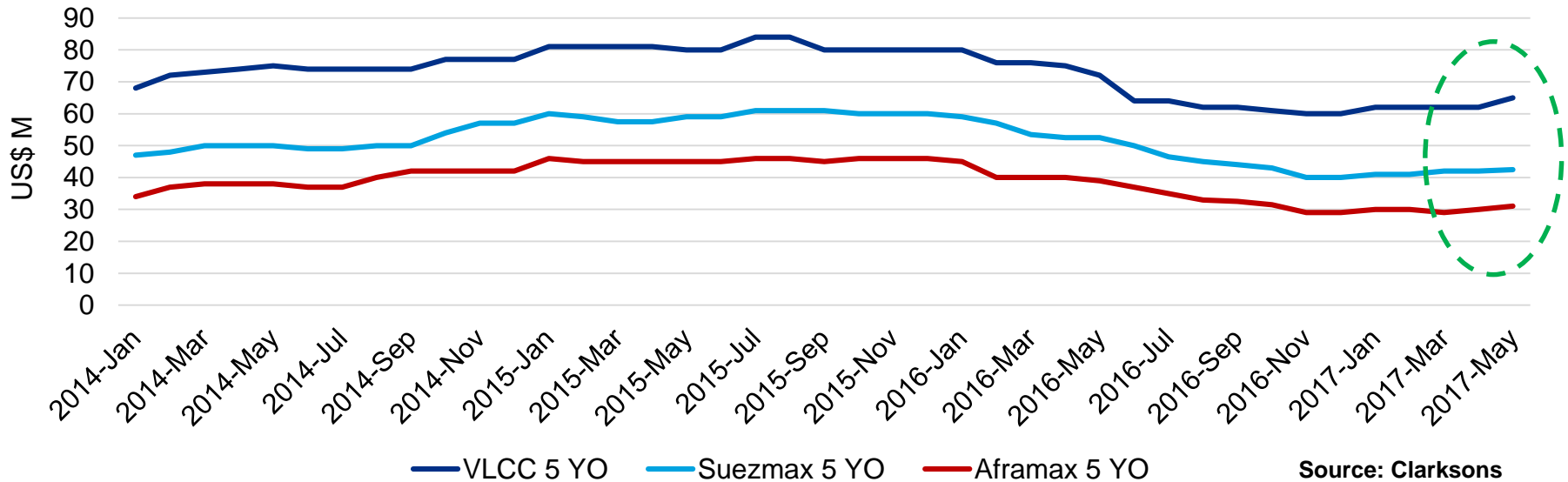


- Mid-size tanker ordering for delivery in 2018 / 2019 is low compared to VLCCs
  - ~10 mdwt tanker orders place 2017 YTD
  - ~7.5 mdwt of these orders are for VLCCs, and only ~2 mdwt for mid-sized
- Lack of scrapping in recent years leading to a build-up of potential scrap candidates
  - Impending regulations and associated CAPEX could boost scrapping

# Asset Values at an Inflection Point

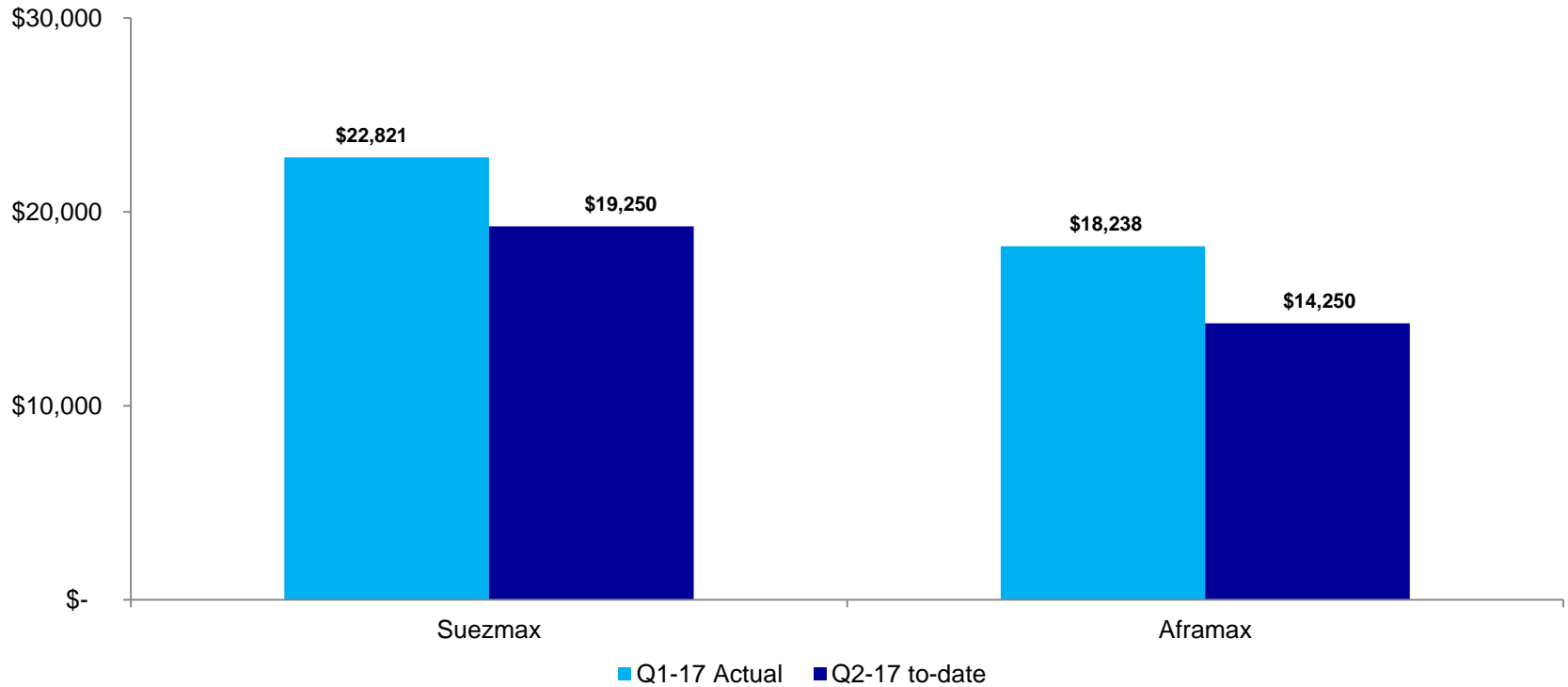
Recent modern tanker sales indicate an increase of ~5-10%

## Recent Strengthening in Modern Asset Prices



- Two-tier market is forming
  - Modern assets (resale to 10 years old): limited sales candidates coupled with renewed buying interest has resulted in an uptick in values
  - Older assets: ample supply of sales candidates putting downward pressure on prices

# Q2-17 Spot Earnings Update



	Suezmax	Aframax
Q2-17 % booked to-date	55%	55%