



Hunter Group ASA - Pareto Oil & Offshore Conference

11 September 2019

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7x ECO scrubber-fitted VLCCs for delivery in 2019-20

- World's only listed scrubber-fitted newbuild VLCC pure play
- Orders placed at historically low levels
- Scrubbers delivered by Wärtsilä, with robust warranties in place

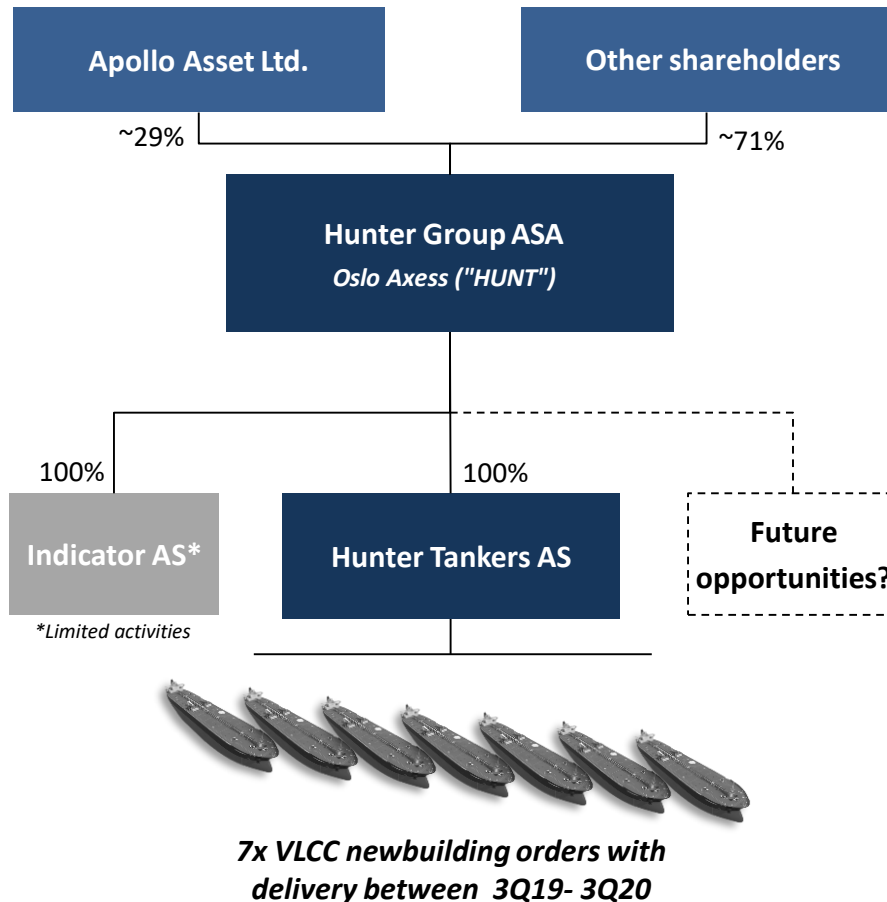
Opportunistic shareholder friendly strategy

- Dynamic and opportunistic investment strategy
- Open to outright asset sales, M&A, ship for shares long-term time charters, etc.
- Shareholder distributions a top priority

Cost leading and fully transparent corporate structure

- Industry leading G&A
- No hidden fees, poison pills, related party conflicts, etc.
- Fully aligned incentive structure
- Norwegian shipping taxation

Company overview



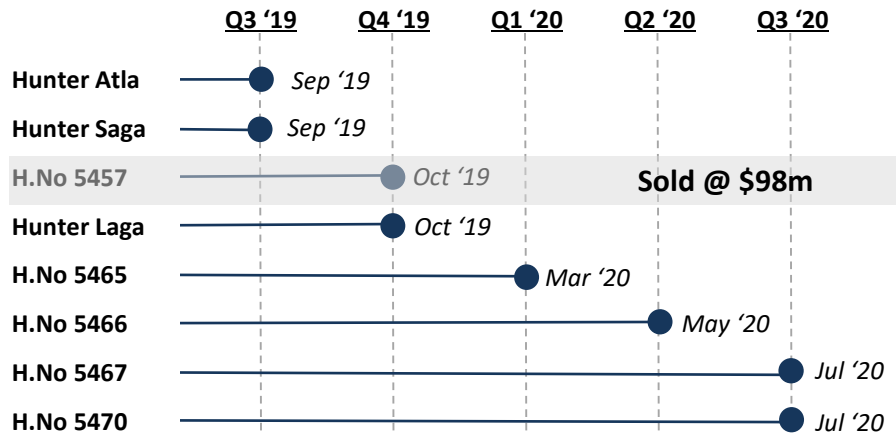
Top 10 shareholders (as of 27 August 2019)

Investor	Shares (m)	Ownership
1 APOLLO ASSET LIMITED	168	29.1%
2 SUNDT AS	41	7.1%
3 SONGA TRADING INC	29	5.0%
4 SONGA AS	20	3.5%
5 SWAP INVEST AS	16	2.7%
6 BNP Paribas Securities Services	14	2.5%
7 TITAN OPPORTUNITIES FUND IC SICAV	14	2.4%
8 VERDIPAPIRFONDET DNB SMB	12	2.1%
9 FONDSFINANS NORGE	12	2.0%
10 State Street Bank and Trust Comp	11	2.0%
Sum top 10	335	58.3%
Total	575	100.0%

- Originally ordered 8x ECO scrubber-fitted VLCC newbuilds from DSME, for an avg. all-in price of USD ~86m
- Signed an MoA for the sale of H.No 5457 in June 2019 for USD 98m
 - Closing at delivery end October
- Commercial management by Tankers International, through creation of the worlds largest scrubber-fitted VLCC pool
- Technical management by OSM

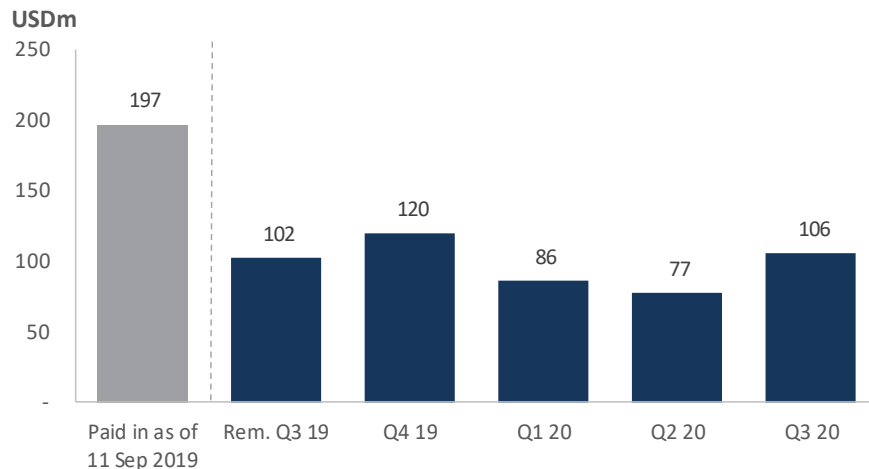
Scrubber-fitted VLCC pure play with near-term deliveries

Delivery schedule



- Avg all-in yard cost per vessel of USD ~86m, including Wärtsilä scrubbers
- Newbuild scrubber vs. retrofit ensuring lower capex and warranty benefits
- Paid in yard instalments and Q4 '19 capex including H.No 5457, which has been sold for USD 98m but awaiting transaction close in October '19

Capital expenditure program (Incl. H.No 5457)

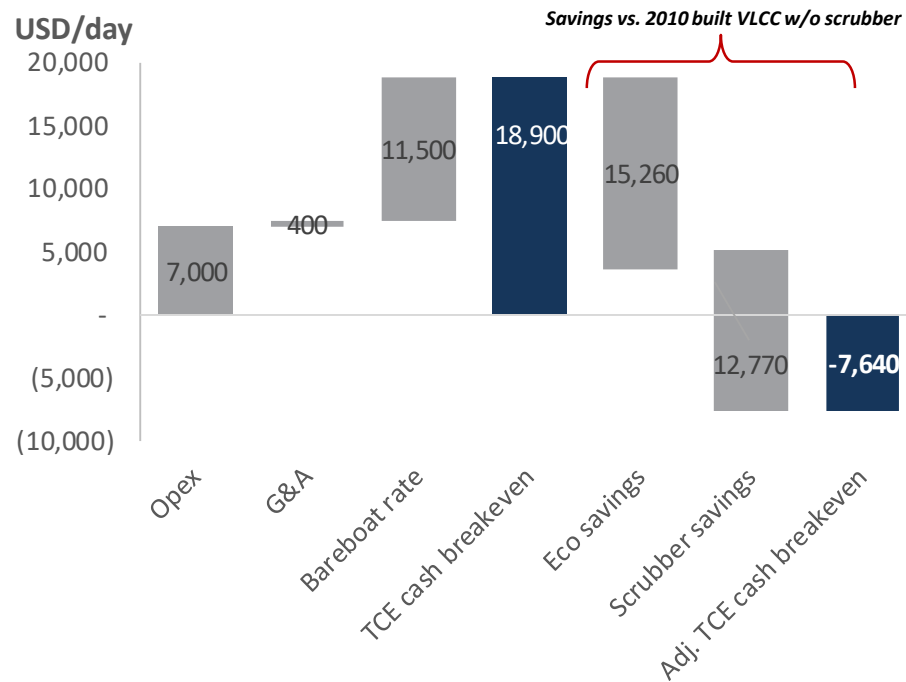


Capital structure in line with opportunistic strategy

Financing strategy

- First class financing offer from the four largest Nordic banks secured, however sale-and-leaseback more appropriate for Hunter Group
 - Vessels: Initial 3x
 - Amount: USD 180m
 - Tenor: 5 years
 - Bareboat rate first 6 months: USD 11,500/d
 - Flexible repurchase optionality for all vessels
- Cash breakeven first 6 months of USD 18,900 per day, excluding ECO and scrubber savings
- Indicative daily savings of USD 28,000 compared to 2010 built non-eco VLCC
- Higher LTV (70%) and flexible structure eliminating need for additional equity
- Lower all-in cost of capital in first 9-12 months
- Potential for dividends from Q1 2020

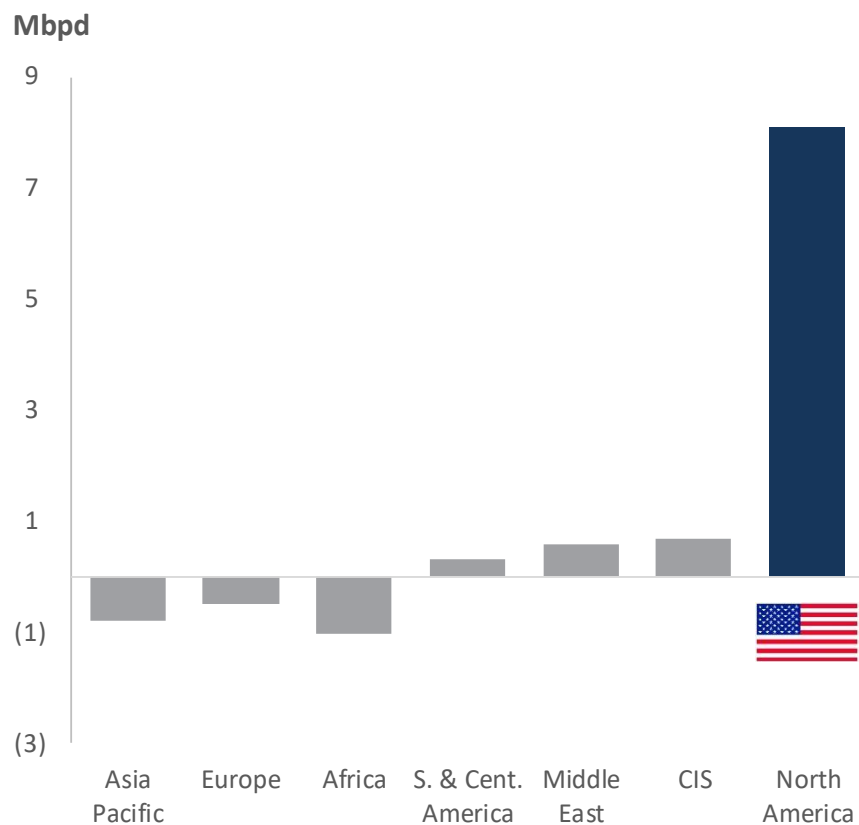
Hunter Atla: Illustrative cash breakeven first 6 months



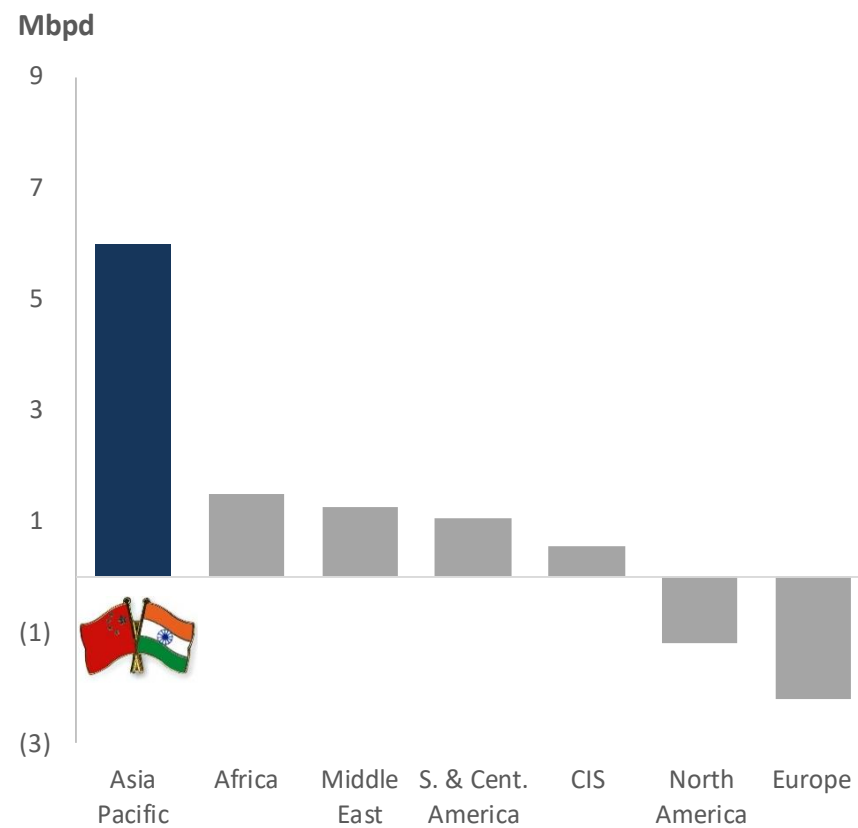
Assumptions:	Laden	Ballast	50/50
Eco	48 ton	32 ton	40 ton
Eco with scrubber	50 ton	34 ton	42 ton
"Kidán" - 2010 non-Eco	77 ton	59 ton	68 ton
Fuel prices	HSFO: \$215/ton* MGO: \$545/ton* Spread: \$330/ton		

Seaborne US crude to supply Asia driven demand growth

2017-25 oil production growth

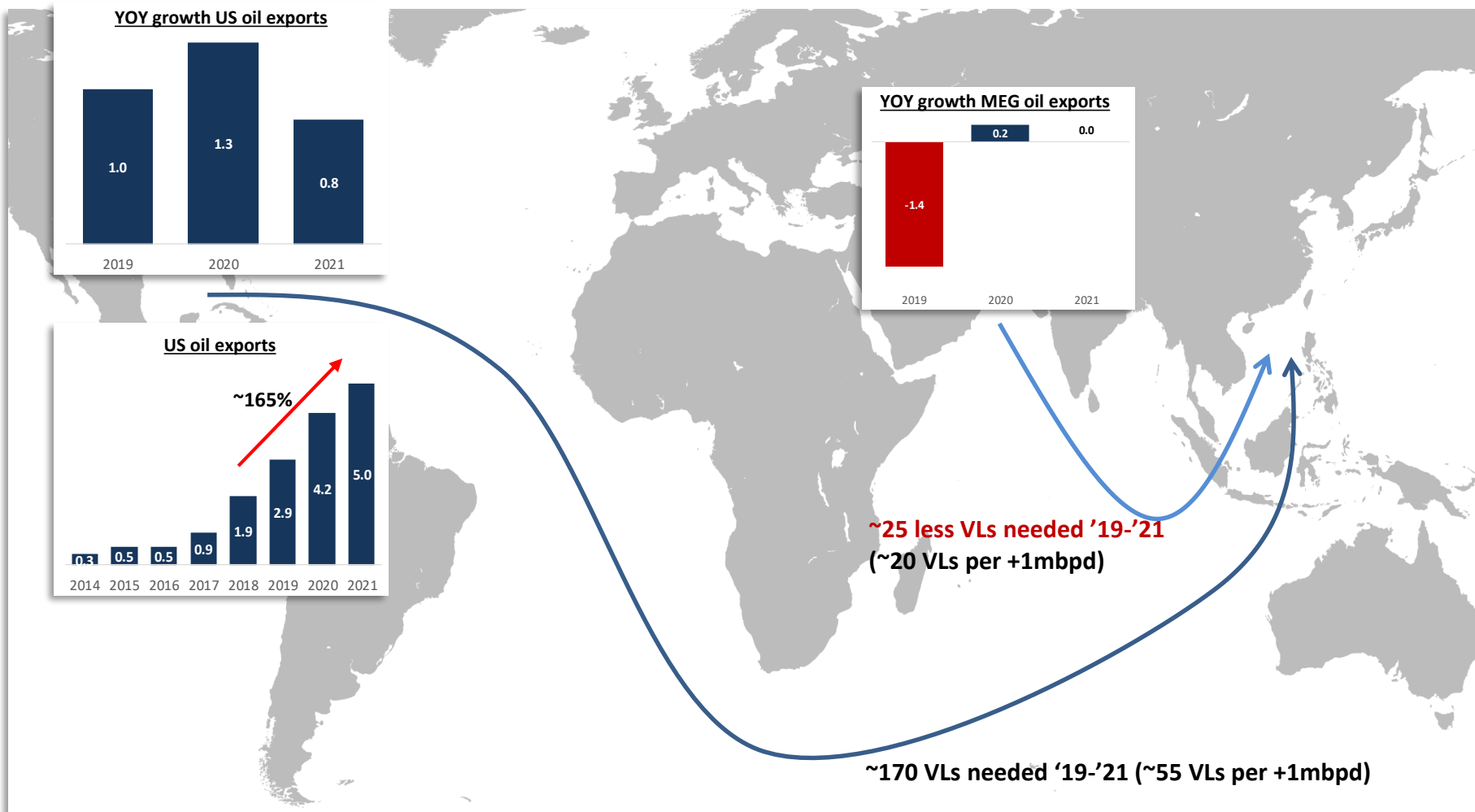


2017-25 oil consumption growth

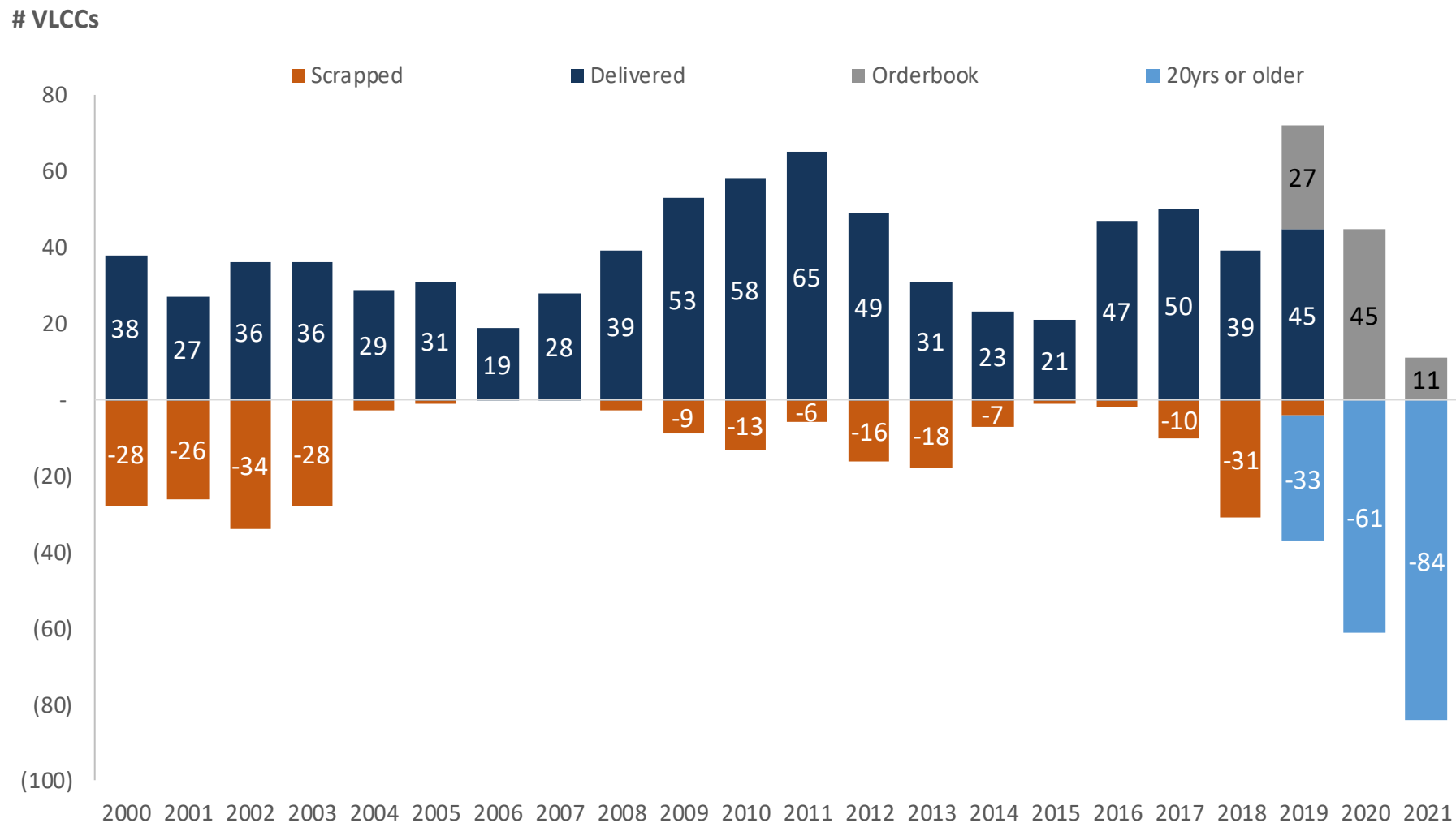


US export growth next ~3 years to require ~170 VLCCs

US/MEG oil export growth and VLCCs required



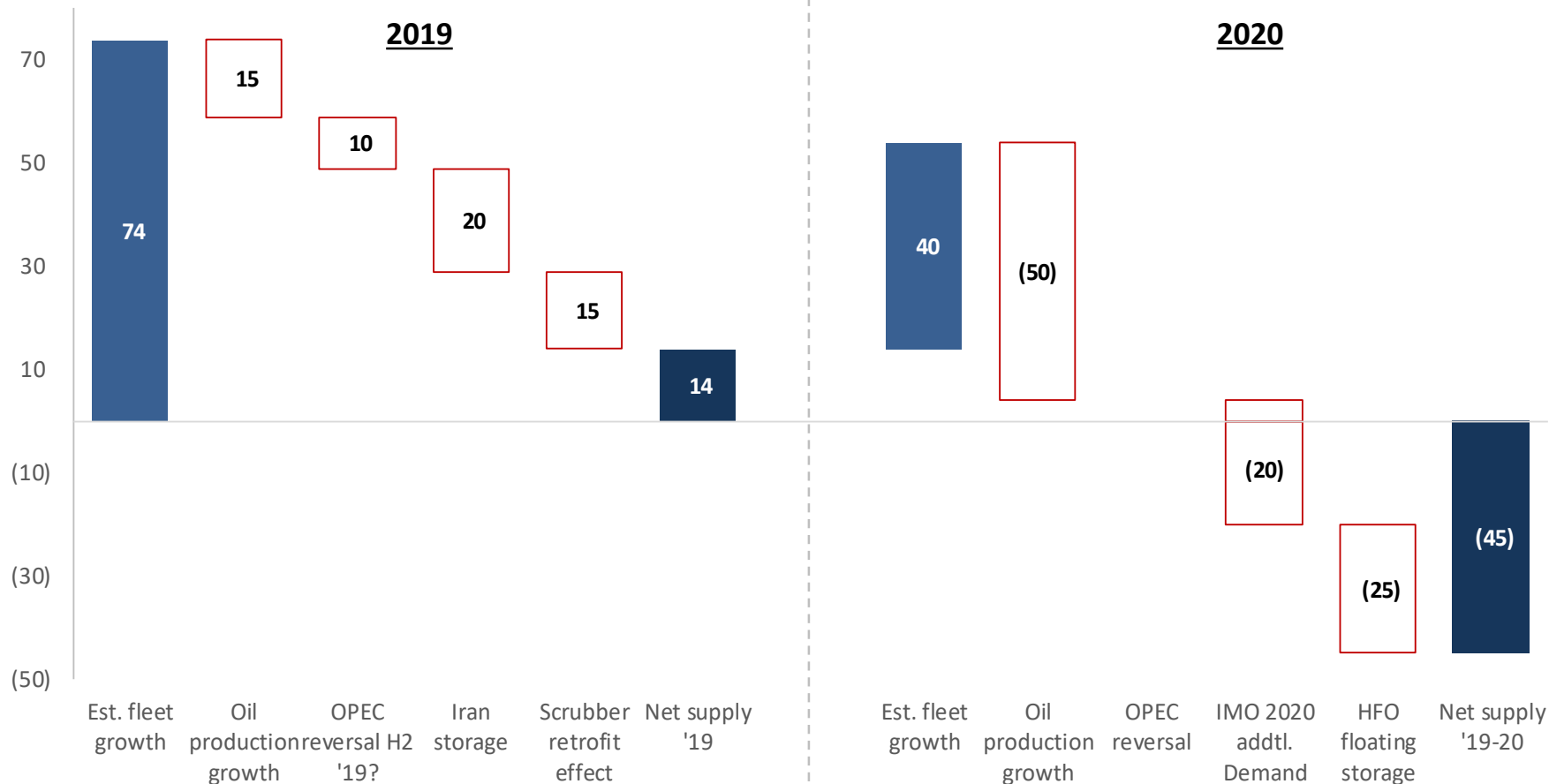
VLCC supply growth will slow from H2 '19



Market balance will tighten in H2 2019 and 2020

2019-20 crude tanker balance, adj. for scrapping (VLCC equivalents)

VLCC equivalents



Sources: EIA, IEA, Energy Aspects, Bloomberg, Fearnleys, Company

Note: 2019 assumed 1 mb/d from second half. Scrubber impact from 30-45 days from offhire days. 2020: 1 mb/d additional OPEC, 2 mb/d of additional crude runs whereof 50% shipped. Assumed 1 mb/d of HFO storage

Clarksons Platou Futures Limited

Tanker FFA Report

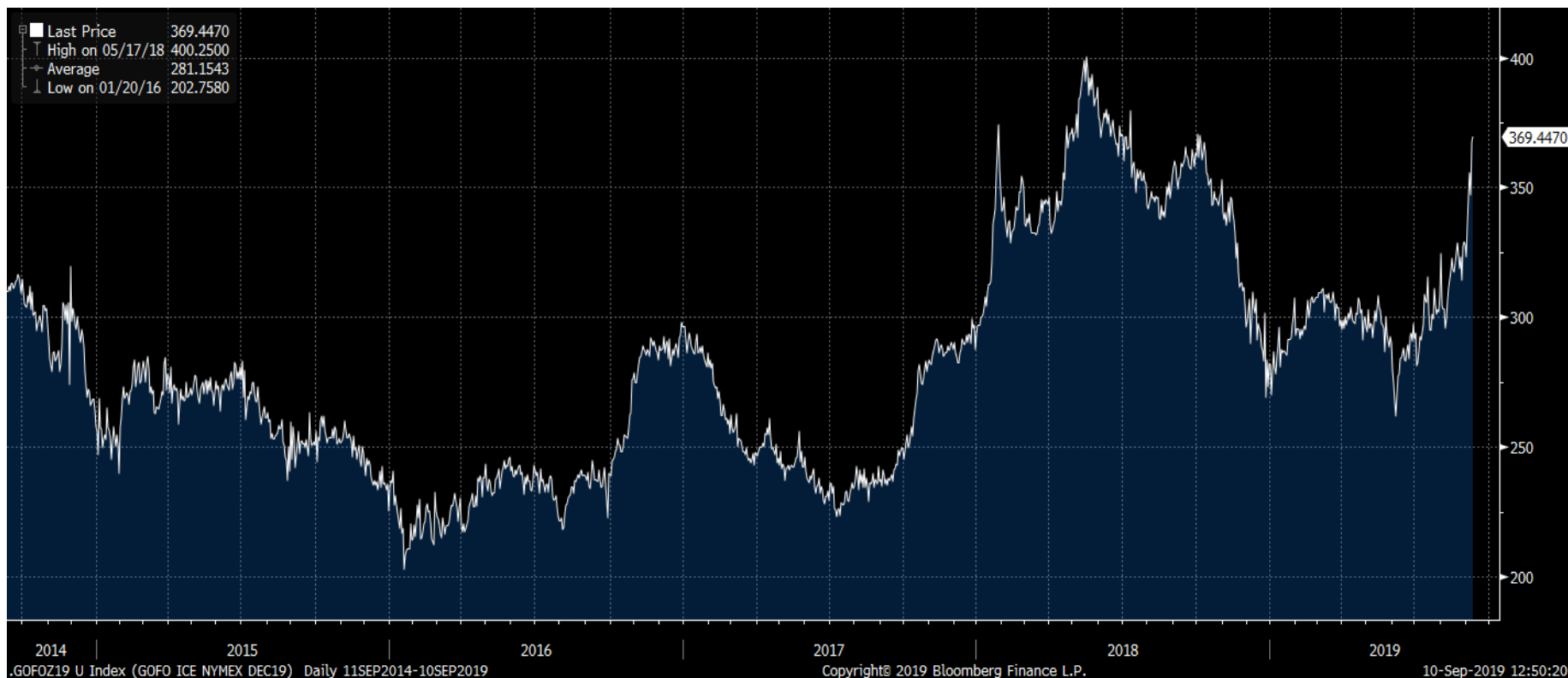
10-Sep-19

TCE's *Indicative Based on Baltic Parameters

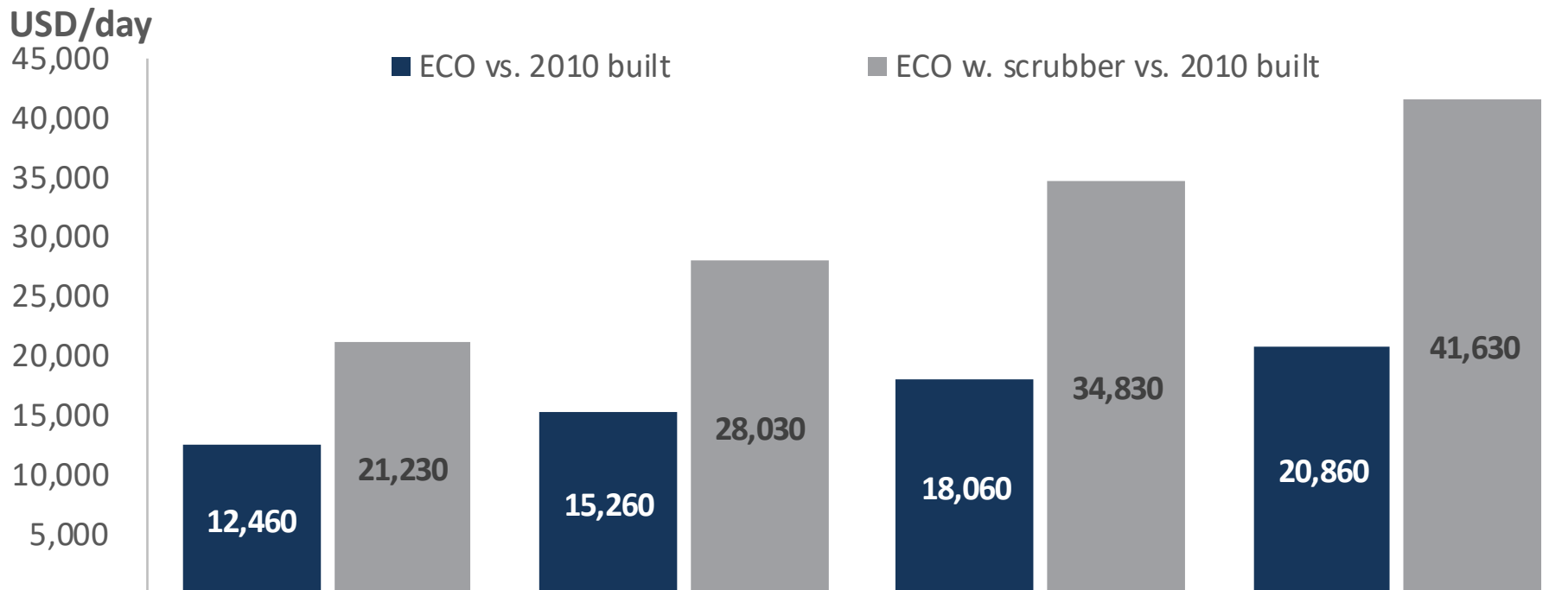
FFA's	Period	TD3C	TD20	TC2	TC14	TC5	TC6
CURMON	Sep	\$29,765	\$17,008	\$7,148	\$3,490	\$14,181	\$4,640
1+	Oct	\$43,193	\$24,799	\$9,174	\$4,364	\$15,394	\$7,483
2+	Nov	\$55,200	\$30,724	\$13,814	\$9,004	\$18,453	\$16,796
3+	Dec	\$62,990	\$32,802	\$18,159	\$12,164	\$22,071	\$26,390
4+	Jan	\$48,150	\$23,722	\$16,788	\$10,788	\$20,868	\$26,820
Q+1	Q4 2019	\$53,794	\$29,442	\$13,892	\$8,512	\$18,369	\$16,889
Q+2	Q1 2020	\$48,640	\$22,651	\$15,501	\$9,010	\$19,410	\$19,479
Cal+1	CAL 20	\$38,446	\$17,869	\$11,891	\$7,036	\$20,079	\$16,803

The MGO vs. HSFO spread starting to widen

ICE Gasoil vs. 3.5% Rotterdam fuel oil – December 2019 delivery



Significant savings potential vs. 2010 built non-eco VLCC

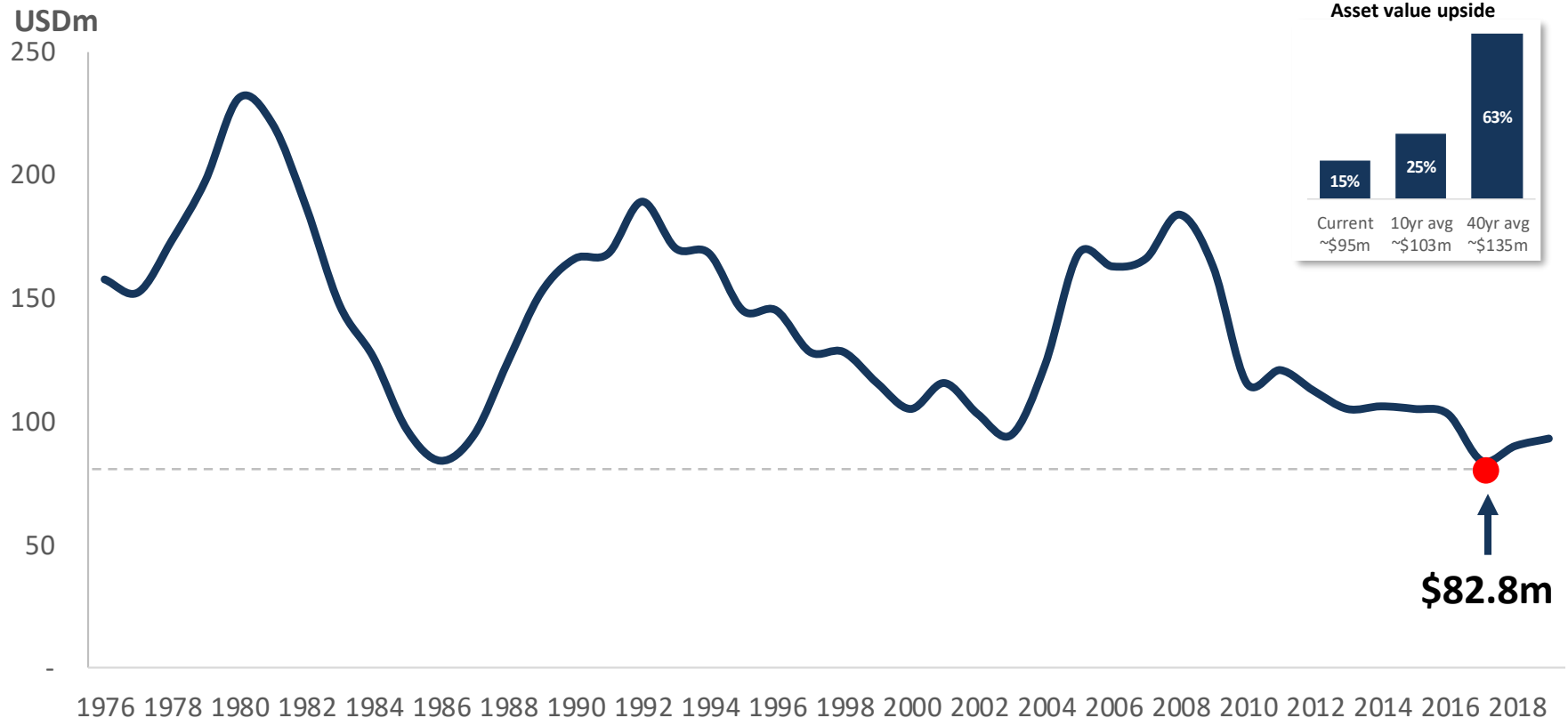


Spread:	230	330	430	530
MGO (USD/t):	215	215	215	215
HSFO (USD/t):	445	545	645	745

<u>Assumptions:</u>	Laden consumption	Ballast consumption	50/50
Eco	48 ton	32 ton	40 ton
Eco with scrubber	50 ton	34 ton	42 ton
"Kidān" - 2010 Korean non-Eco	77 ton	59 ton	68 ton

VLCC prices were at an “all time low”

Historical VLCC newbuilding prices adjusted for US CPI (Excl. scrubber)



Why?

High fleet growth, OPEC production cuts, OECD inventory drawdowns

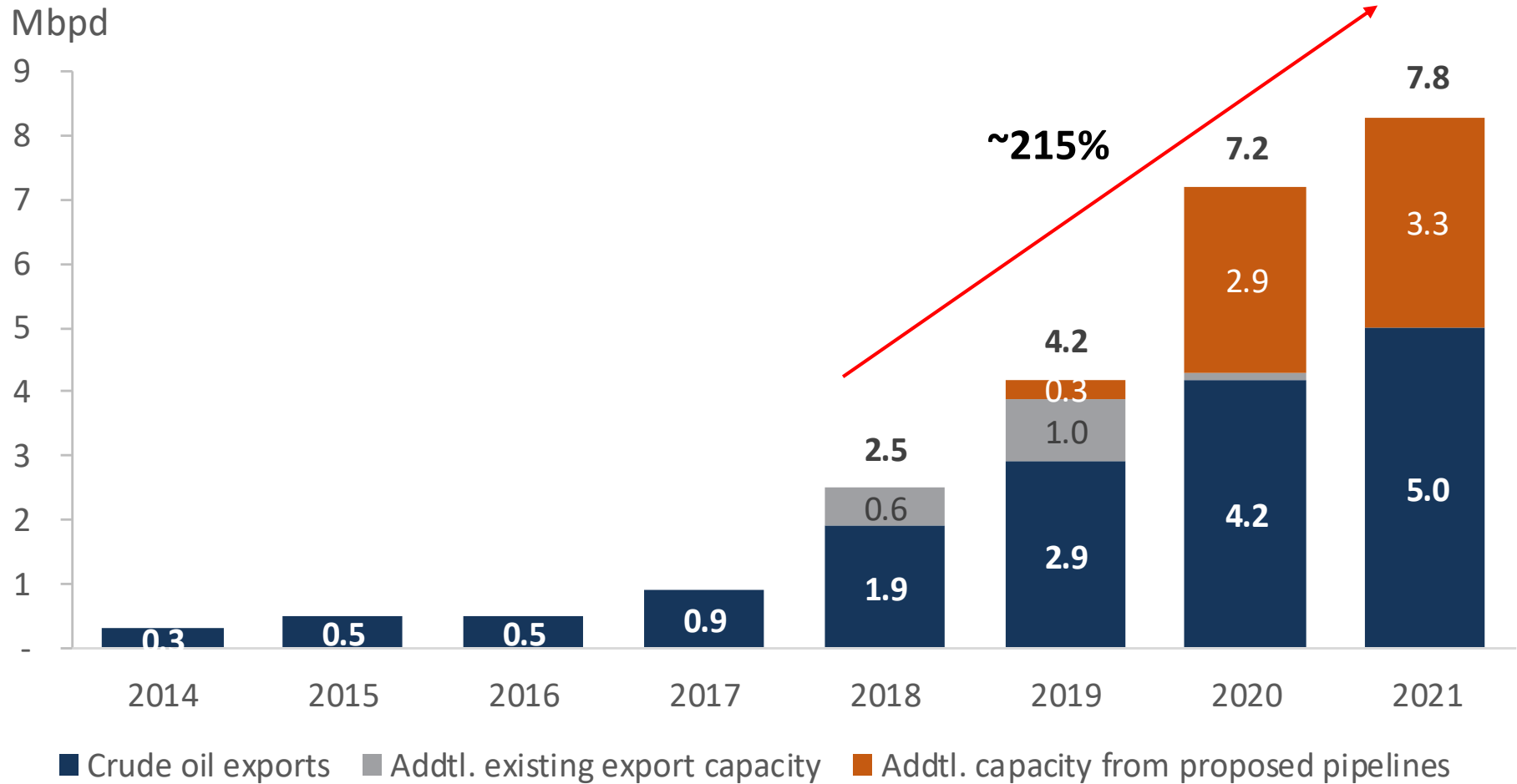
- If the total global shipping fleet ran on scrubbers and consumed 300 million tonnes HSFO p.a., it would take 150 years for the oceans' Sulphur content to increase from 2,700ppm to 2,701ppm
- If all the sulphur in the world's oceans were to be removed, it would form a layer around the earth about 1.7 meters thick. All the sulphur in all the world's known oil reserves would add only one sheet of paper to this layer
- Lower environmental footprint with exhaust cleaning via scrubbers vs. on site at refineries
- No reason why scrubbers should not be a long-term solution, and co-exist with future LNG propelled tankers

Q&A



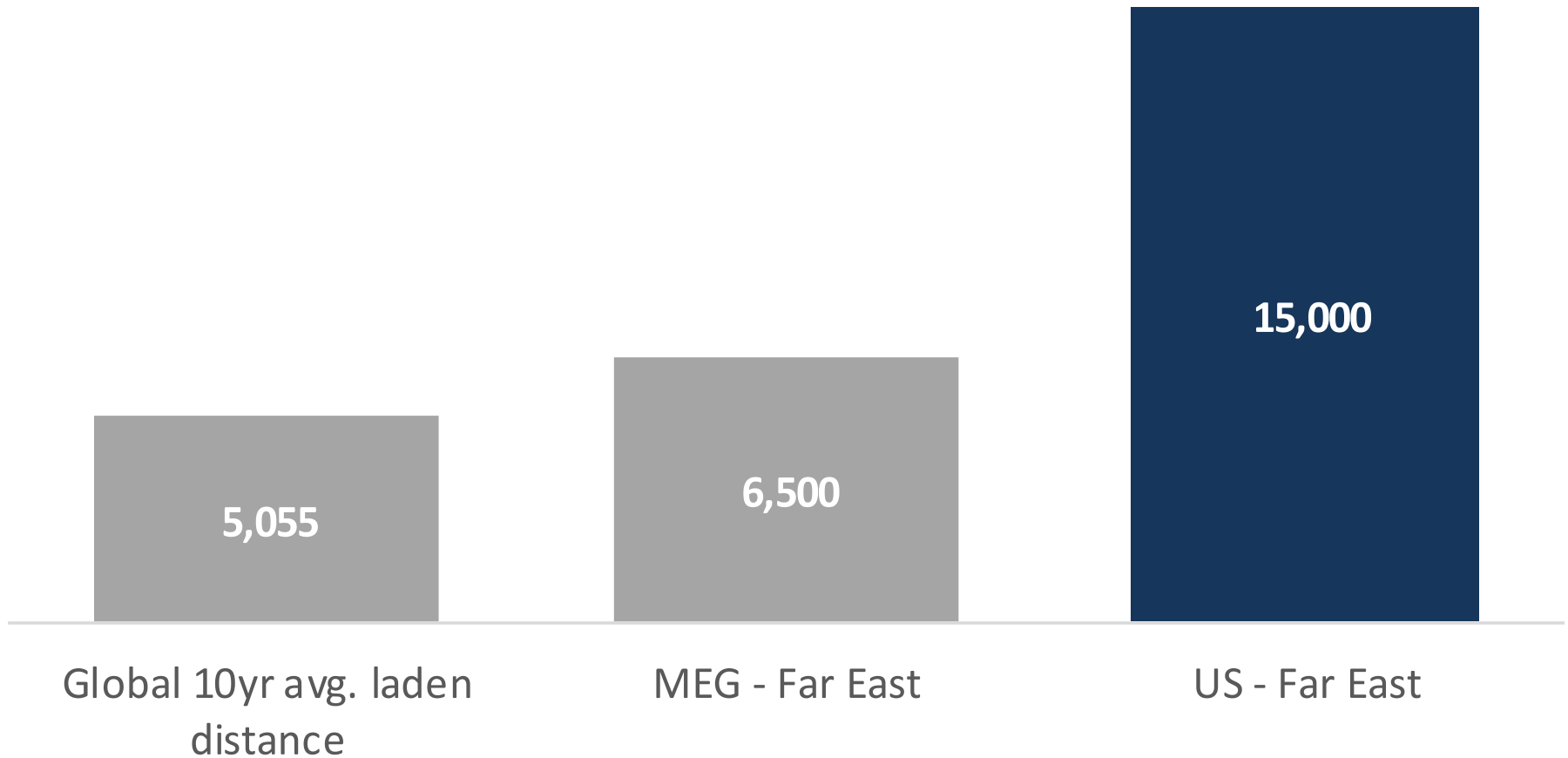
Appendix

US export capacity could reach ~8mbpd by 2021 (IEA)



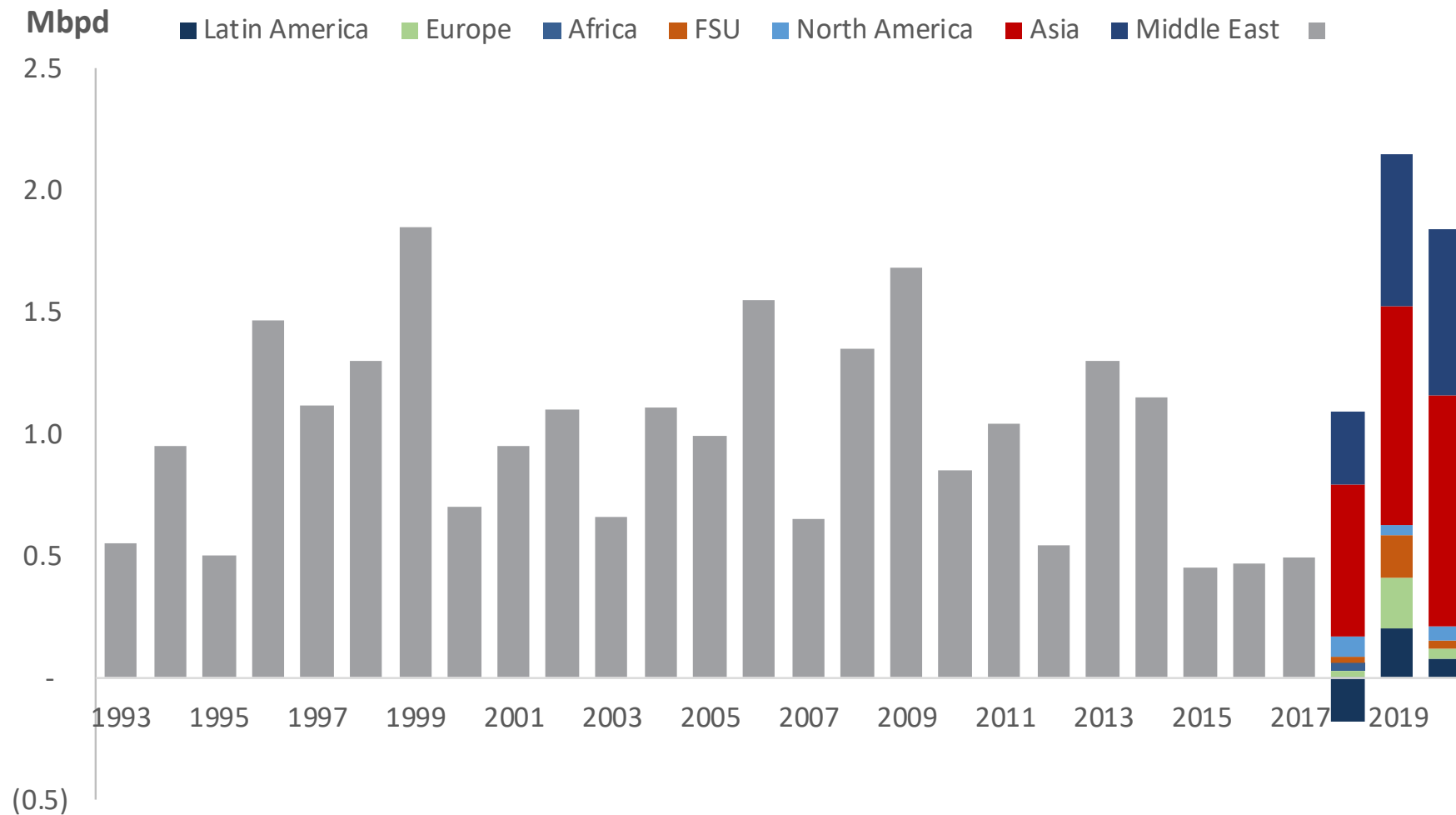
Going forward, the marginal barrel is 2-3x farther away...

Nautical miles



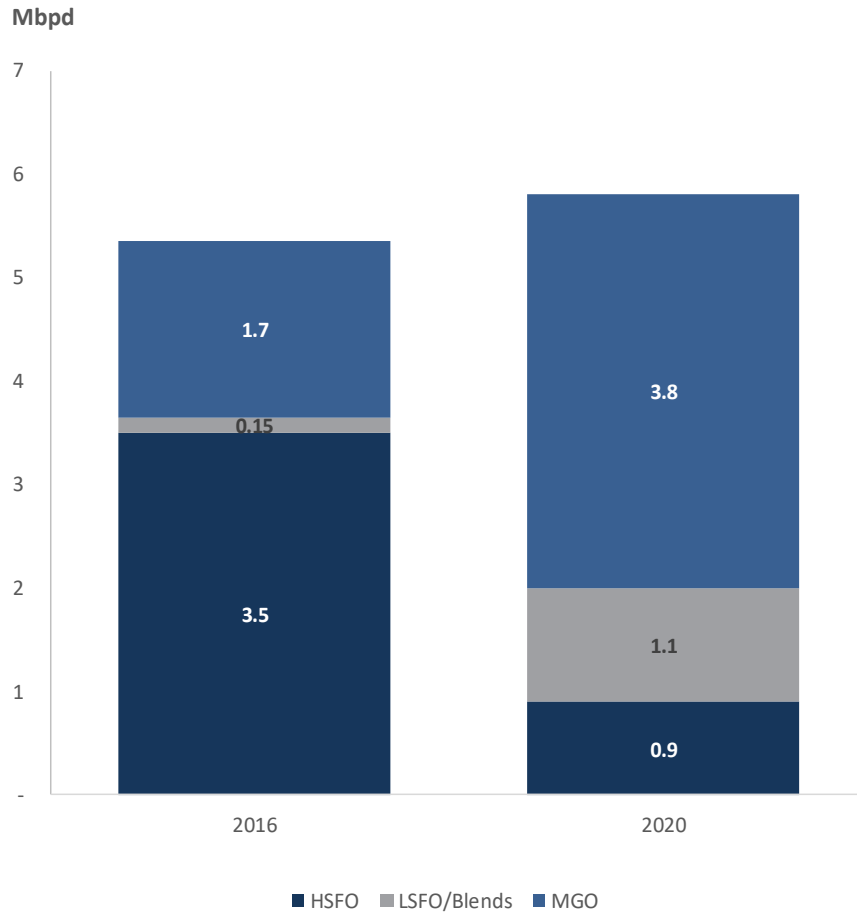
Asia adding ~1.9mbpd refinery capacity 2019-20

Refinery capacity additions

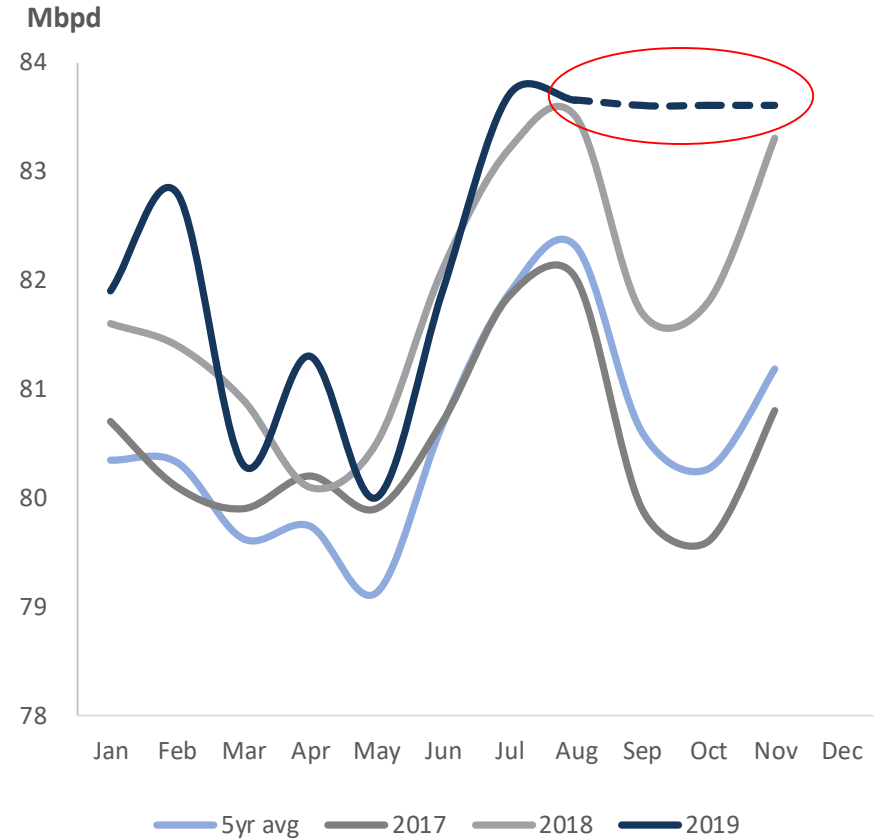


Near term demand boost from IMO 2020 preparations

IMO adding to strong diesel demand...

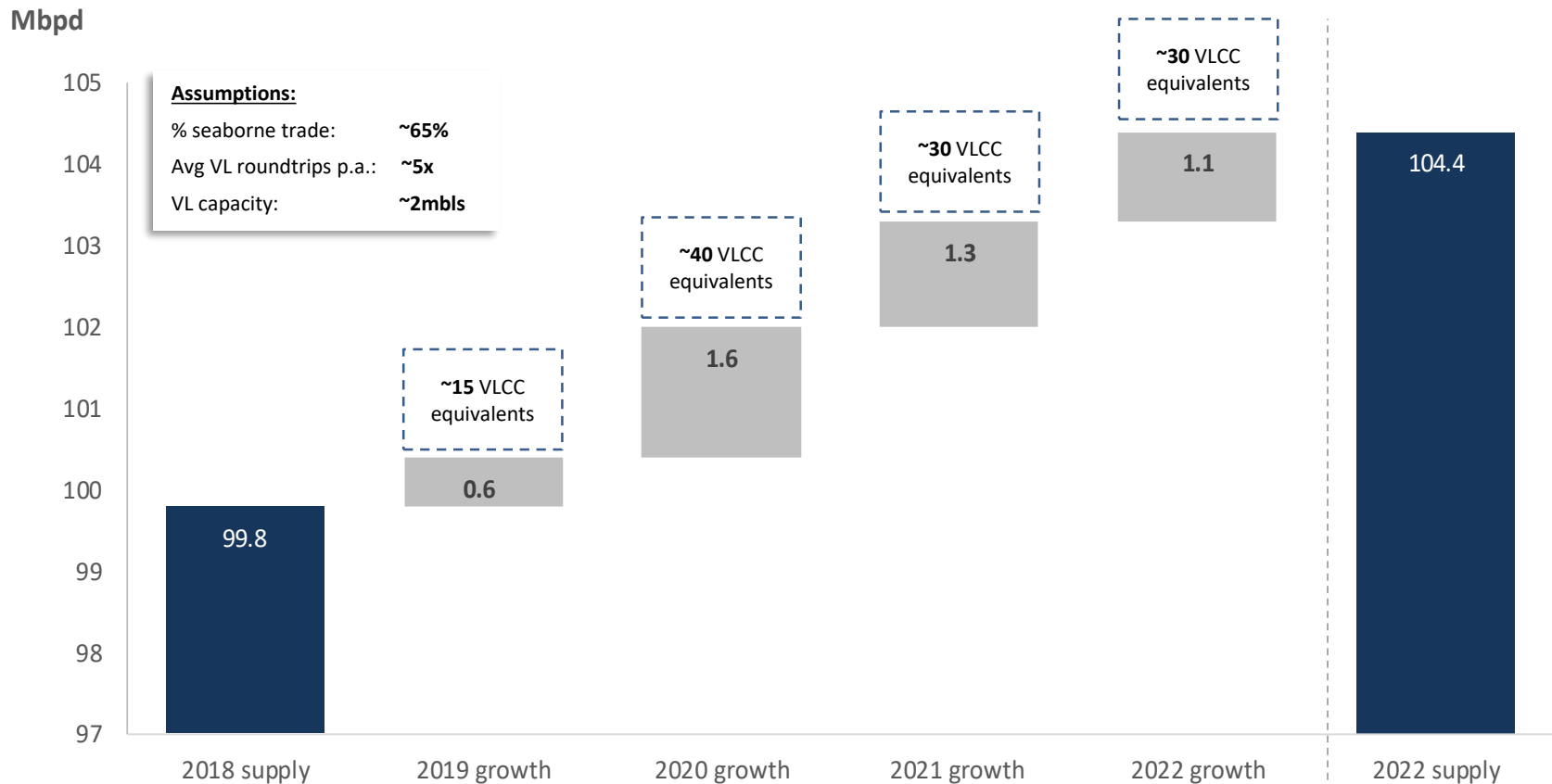


...expected to increase refinery runs (IEA)

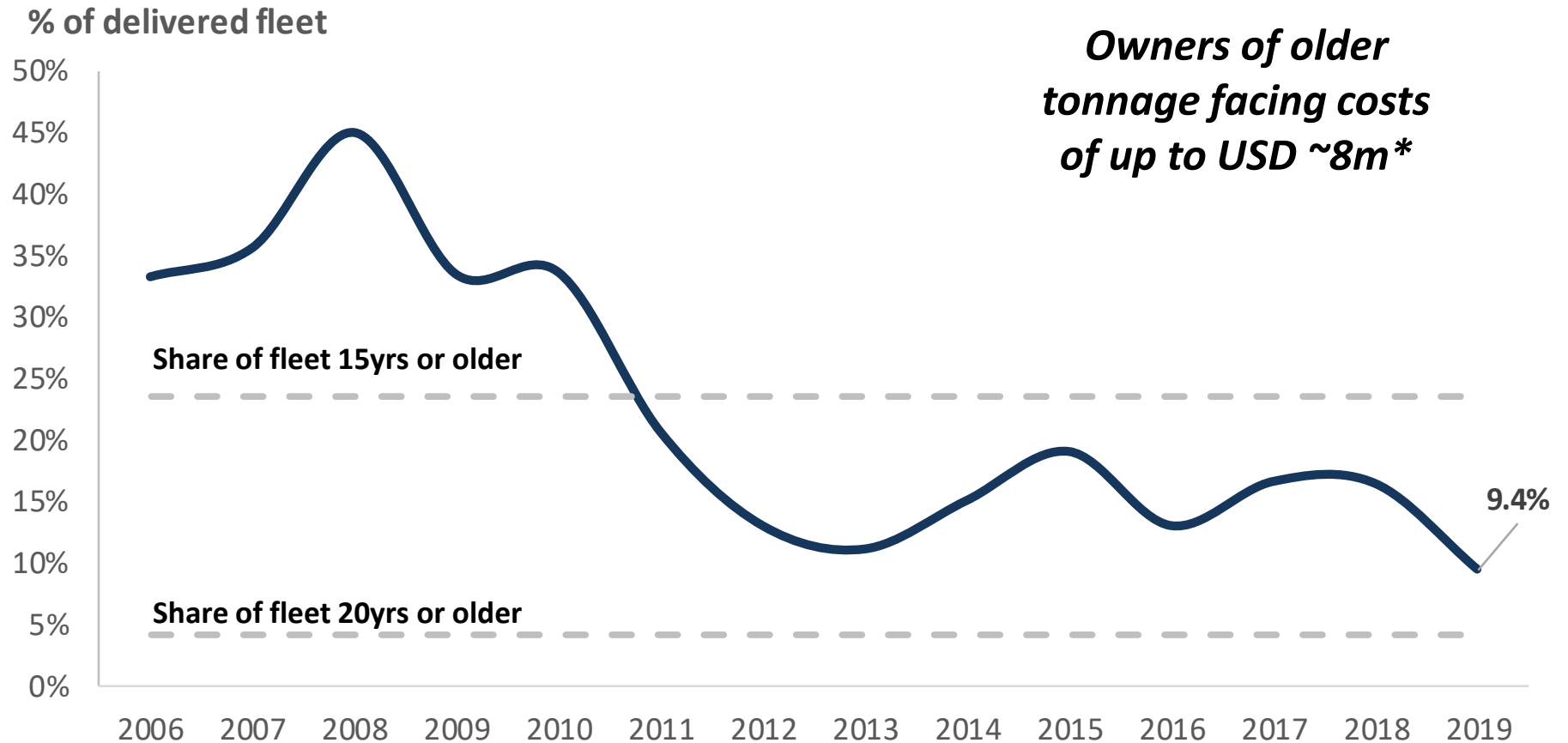


Oil production growth next 3-4 years to require ~115 VLCCs

2019-22 incremental world oil supply



VLCC orderbook as % of fleet at historic low

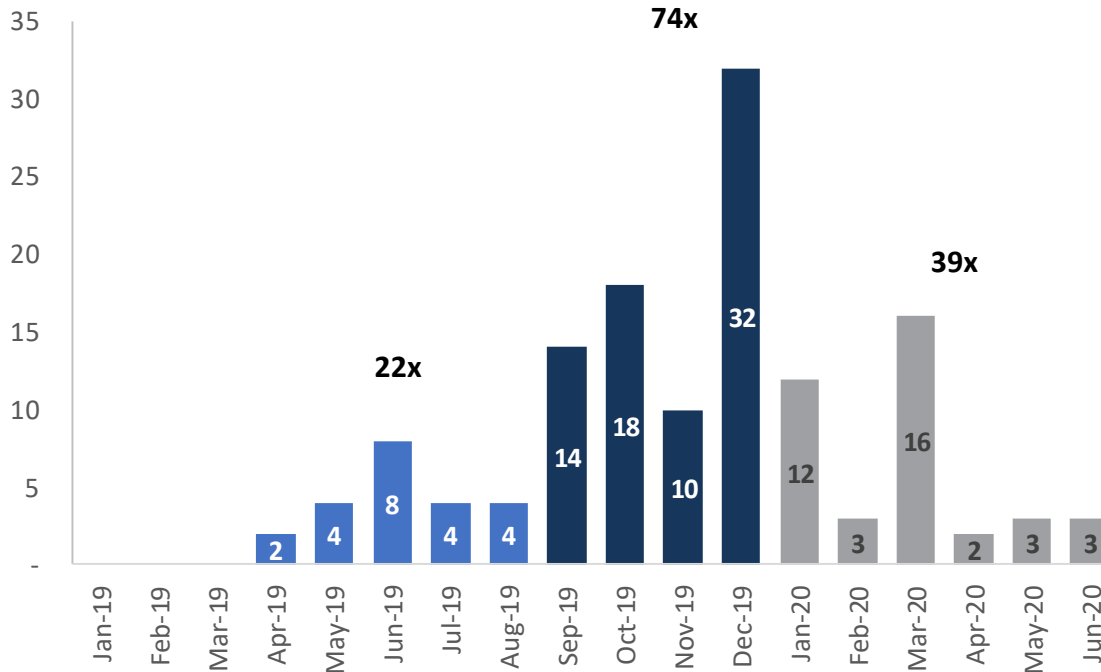


74 VLCCs scheduled for scrubber installation remaining '19

VLCC scrubber installation schedule

VLCC for scrubber installation

- Completed 2019
- Remaining 2019
- Scheduled 2020



Illustrative supply impact:

- Remaining 2019 scrubber installations:
 - **74x VLCCs**
- Scrubber installation off-hire
 - **30-45 days**
- Total reduction fleet days:
 - **2,220 – 3,330**
- Current VLCC fleet:
 - **785x**
- Remaining days 2019:
 - **111**
- Total remaining fleet days 2019
 - **87,135**
- **Fleet reduction from scrubber installations:**
 - **2.5% - 3.8%**

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