

HAFNIA TANKERS

EGM

10 January, 2019



Executive summary – “BW-Hafnia” transaction

- In 2017, Hafnia Tankers perceived an opportunity to further develop the business through consolidation. We therefore undertook a review to investigate strategic options for the business. As a result of which, various potential partners and investors were approached.
- BW Group (which is also the majority owner of BW Tankers) acquired a 43.5% stake in Hafnia Tankers in July 2018, and as a result, Andreas Sohmen-Pao became Chairman of the Board of Hafnia Tankers
- The intention of all parties was to seek a merger of BW Tankers and Hafnia Tankers on a ‘relative NAV’ basis, i.e. that the net asset values of each of BW Tankers and Hafnia Tankers would be evaluated, added together and shareholdings allocated based on proportionate contributions to the net asset value of the combined entity
- Hafnia applied significant internal resource and engaged external advisers including:
 - **Ship brokers** – SSY, Fearnleys and Clarkson’s (appointed by both BW Tankers and Hafnia Tankers jointly)
 - **Financial** – Deloitte (acting for Hafnia)
 - **Legal** – Gorrissen Federspiel (acting for Hafnia)
 - **Technical/ Commercial** – in-house Hafnia experts
- The parties have mutually agreed a “merger model”, indicating relative shareholdings, and Deloitte has provided a Fairness Opinion, stating that the allocation of shares in the new entity between the parties is considered to be fair
- In addition, because the merger model is based upon unaudited Q3 2018 accounts for each party, there is a series of representations and warranties which have been provided by both parties and there is provision for a time-limited share adjustment mechanism, to the extent there is a leakage or breach of representations and warranties having an effect above certain thresholds

Executive summary – Vision and Strategy

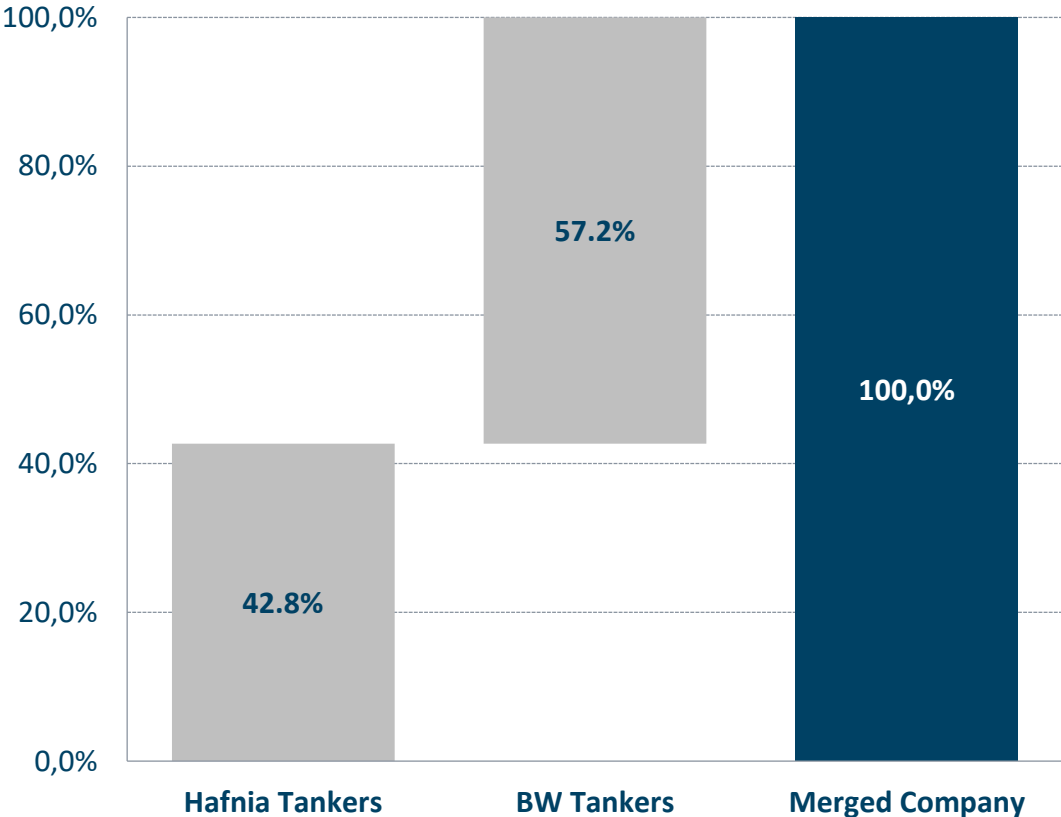
- The combined company is anticipated to be called “Hafnia”
- Elements of the culture, ethos and branding of each of BW and Hafnia have been included in the branding of the combined entity
- The organisational structure has been finalised – in particular, finance and technical departments will be based in Singapore, and commercial management will be headquartered in Copenhagen
- There are a number of important synergies to the transaction, including:
 - Financing;
 - Commercial; and
 - Overheads.
- Fundamentally, the management team and board believes in a future rise in freight rates across the markets in which Hafnia operates, which will in turn lead to an uplift in both valuation and institutional investor interest in the business
- It is the firm intention of the management team and board that “Hafnia” should be listed on a renowned stock exchange, as has been the case for certain other BW Group companies. BW Group has remained a significant shareholder in all such companies to date



Vision

To be the market-leading product tanker business globally

Deloitte has provided a Fairness Opinion on the relative shareholding at 57:43 in BW Tankers' favour¹



Vessel valuations
Average of 3 independent brokers



Other balance sheet items
Due diligence and Fairness Opinion



Contracts
Due diligence and documentation



Commercial and Technical
Hafnia in-house experts



¹ Subject to minor adjustments including in relation to unknown final transaction costs and other similar items

This is a true merger, with the operational structure including representatives and expertise from Hafnia and BW

Integrated owner in pool system with in-house strategic functions

Ship-owning

- Attractive and high quality fleet, active across all segments to meet clients' needs
- Portfolio management approach to fleet composition and development

Corporate management

- Independent management team based in Singapore
- Obtaining certain corporate services from BW Group
- Maintain IPO readiness when market is right
- In-house S&P and projects team with valuable relationships

Pool platform¹

- Global commercial platform with chartering teams in Singapore, Houston and Copenhagen
- Secures optionality and flexibility for customers
- Fee structure on net earnings, incentivise to optimise between revenue and voyage expense

Technical management

- Own dedicated technical management team with long- and solid track record
- Strong vetting track-record with all major charterers
- "Zero harm" policy
- Balanced outsourcing with a team to supervise outsourced vessels

Strong management team

Mikael Skov, CEO



- Previously COO and CEO of Torm
- Director of Clipper Group A/S

Prev. experience



30+ years

Perry Van Echtelt, CFO



- Extensive experience from investment banking and ship finance, i.a. head of ABN AMRO's Transportation and Logistics Asia Pacific



20+ years

Pool partners



Hafnia
Management

MR and Handy



STRAITS
TANKERS

LR2 and LR1

¹ As at acquisition, combined entity owns 40% of commercial manager, Hafnia Management

The company is being prepared for IPO, with the inclusion of several independent directors

Andreas Sohmen-Pao

Chairman

- *Chairman of BW Group, BW Offshore, BW LPG, Singapore Maritime Foundation and Hafnia Tankers*
- *Also non-executive director of Singapore National Parks Board, Singapore Symphony Orchestra, and a trustee of the Lloyd's Register Foundation*

Chris Gradel

Non-executive director

- *Founder of PAG*
- *Former head of investments for the Marmon Group in China*
- *Former Engagement manager for McKinsey & Co.*

John Ridgway

Independent Non-executive director

- *Former CEO BP Shipping Ltd., BP plc*
- *Non-executive Chairman Tindall Riley (Britannia) Ltd*
- *Non-executive Director Tindall Riley Ltd*

Peter Read

Non-executive director
Audit Committee

- *Formerly a senior partner KPMG UK, including Head of TMT (Telecoms, Media & Technology), Shipping and European Head of Japanese Practice*
- *Recently Non-executive Chairman of Quarto Inc and Non-executive director of Quayle Munro Holdings*

Erik Bartnes

Non-executive director
Audit Committee

- *Co-founder and former senior partner, Pareto Securities*

Alexis Atteslis

Non-executive director

- *Managing Director, Oak Hill Advisors*

Greg Feldman

Non-executive director

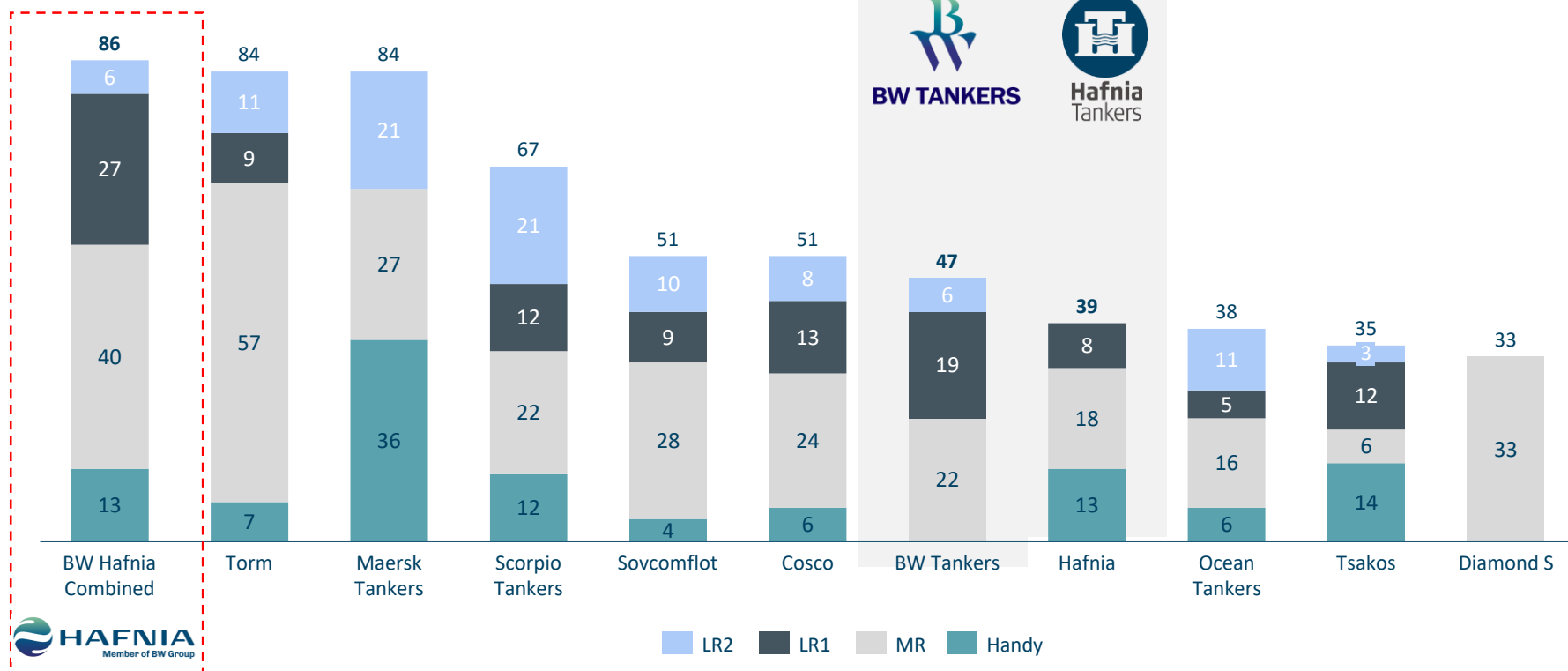
- *Principal, Davidson Kempner Capital Management*

The combined company will be the largest pure-play product tanker business in the world

Owned fleet of product tankers (number of vessels)¹

Average age²:

5.5	10.2	8.5	3.4	11.0	7.6	5.1	5.8	11.4	9.7	8.7
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Source: Braemar ACM, Company websites and published reports

¹ Includes announced / registered newbuilds on order, and excludes sale and leaseback vessels

² Average age as at 30 November 2018 including newbuildings

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