



Hunter Group ASA - Company Presentation

16 September 2021

Pareto Securities 28th Energy Conference

Save a tree – presentation can be found at www.huntergroup.no

Forward Looking Statements

CERTAIN STATEMENTS INCLUDED IN THIS DOCUMENT CONTAIN FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS. THE WORDS “BELIEVE,” “ANTICIPATE,” “INTENDS,” “ESTIMATE,” “FORECAST,” “PROJECT,” “PLAN,” “POTENTIAL,” “MAY,” “SHOULD,” “EXPECT” “PENDING” AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT’S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN HUNTER GROUP’S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH HUNTER GROUP BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND HUNTER GROUP’S CONTROL, YOU CANNOT BE ASSURED THAT HUNTER GROUP WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. THE INFORMATION SET FORTH HEREIN SPEAKS ONLY AS OF THE DATES SPECIFIED AND HUNTER GROUP UNDERTAKES NO DUTY TO UPDATE ANY FORWARD-LOOKING STATEMENT TO CONFORM THE STATEMENT TO ACTUAL RESULTS OR CHANGES IN EXPECTATIONS OR CIRCUMSTANCES. IMPORTANT FACTORS THAT, IN HUNTER GROUP’S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION: THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTERHIRE RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE TANKER MARKET, INCLUDING BUT NOT LIMITED TO CHANGES IN OPEC’S PETROLEUM PRODUCTION LEVELS AND WORLD WIDE OIL CONSUMPTION AND STORAGE, CHANGES IN HUNTER GROUP’S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRYDOCKING AND INSURANCE COSTS, THE MARKET FOR HUNTER GROUP’S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH US, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES, POTENTIAL LIABILITY FROM PENDING OR FUTURE LITIGATION, GENERAL DOMESTIC AND INTERNATIONAL POLITICAL CONDITIONS, POTENTIAL DISRUPTION OF SHIPPING ROUTES DUE TO ACCIDENTS OR POLITICAL EVENTS, VESSEL BREAKDOWNS, INSTANCES OF OFF-HIRE AND OTHER IMPORTANT FACTORS.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

4x 2020 built SMART scrubber fitted eco VLCCs

- World's only listed scrubber fitted newbuild VLCC pure play
- Initially bought 8x VLCCs at an average cost of 86.5m with deliveries 2019-20
- 4x 2019 built VLCCs sold to date at average ROE of 45%

Shareholder friendly publicly listed investment company

- Returning value to shareholders is job #1
- Active key shareholders
- Dynamic and opportunistic approach – M&A, S&P, TCs, etc.
- USD 100m returned since inception of Hunter Tankers

Cost leading and fully transparent corporate structure

- Industry leading G&A
- No hidden fees, poison pills, related party conflicts, etc.
- Fully aligned incentive structure
- Incorporated in Norway

Hunter Group ASA – A publicly traded investment company

Company overview



4x VLCCs sold and 4x remaining

Average ROE of ~45%

USD ~100m returned to shareholders LTM

Top 10 shareholders (13 sep 2021)

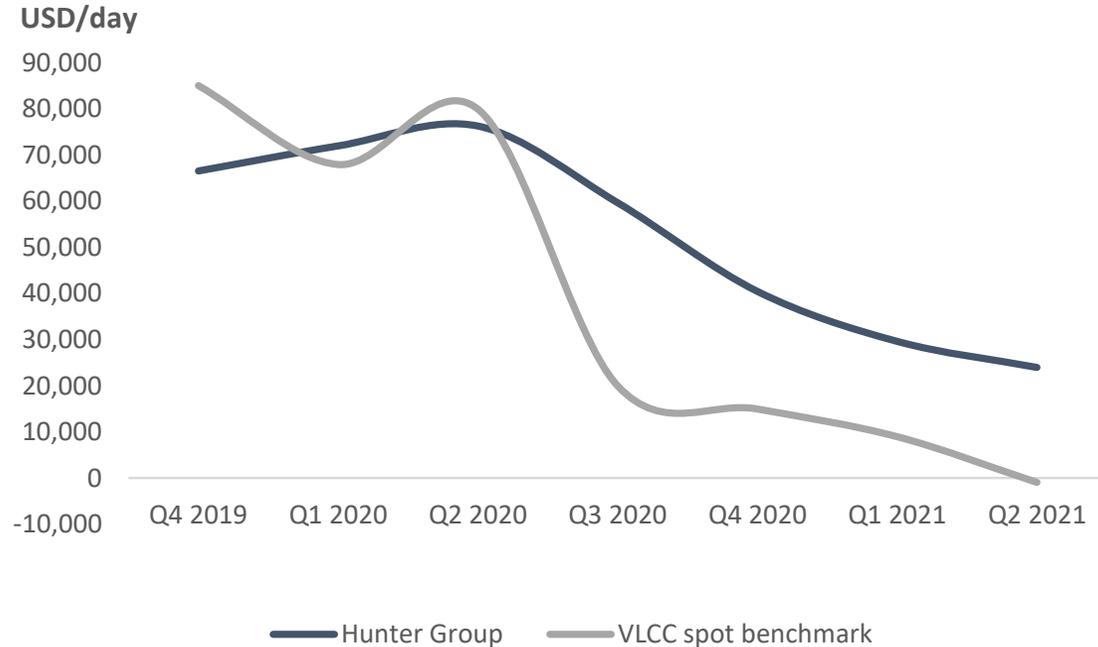
Name	Shares (m)	Ownership
Apollo Asset Limited	169	29%
Sundt AS	38	7%
Songa	36	6%
BNP Paribas	22	4%
Swap Invest	16	3%
Hunter Group	11	2%
DNB Luxembourg	8	1%
Argentum Fondsinvesteringer	5	1%
Stavanger Forvaltning	5	1%
Nordnet Livsforsikring	4	1%
Sum top 10	306	53%
Total	575	100%

Contract coverage

Charter coverage	Q2 '21	Q3 '21	Q4 '21	Q1 '22
Hunter Freya	Spot			
Hunter Disen	TC		Spot	
Hunter Idun		TC		Spot
Hunter Frigg	TC			Spot
% days covered	100%	98%	40%	13%
Avg dayrate covered (\$k/d)	24,000	16,900	24,000	28,500

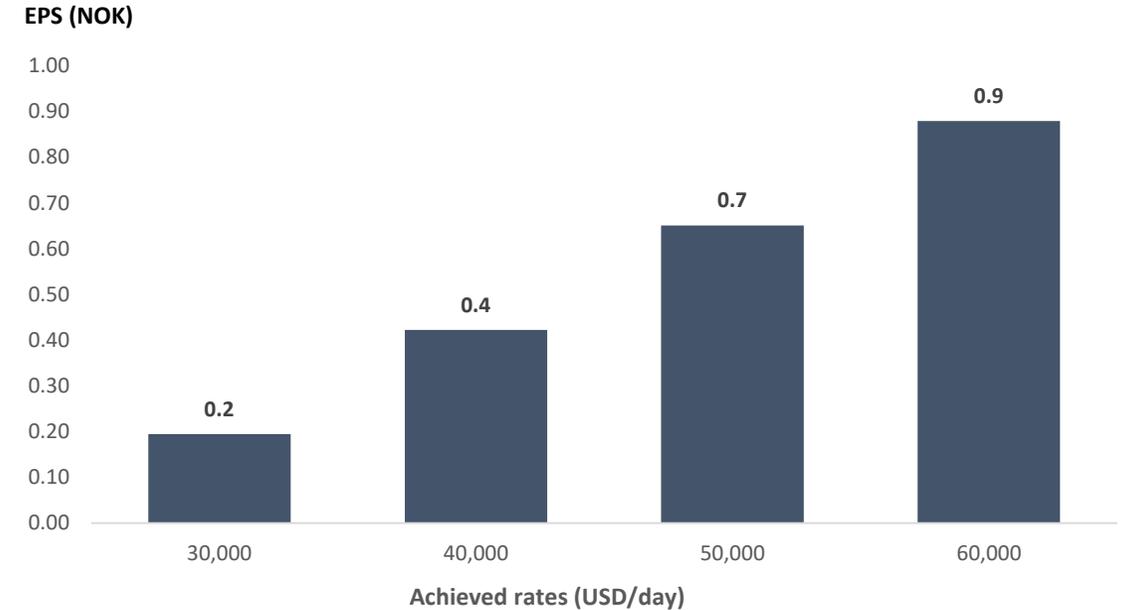
Hunter Group has outperformed the broader market since first delivery

Hunter Group achieved dayrates vs. VLCC benchmark* spot rates



- Adding time charter contracts at the height of the market in 2020 secured premium rates in the period that followed
- Average rates achieved since first delivery in 2019 have been USD ~53,000, compared VLCC spot benchmark of USD ~40,000

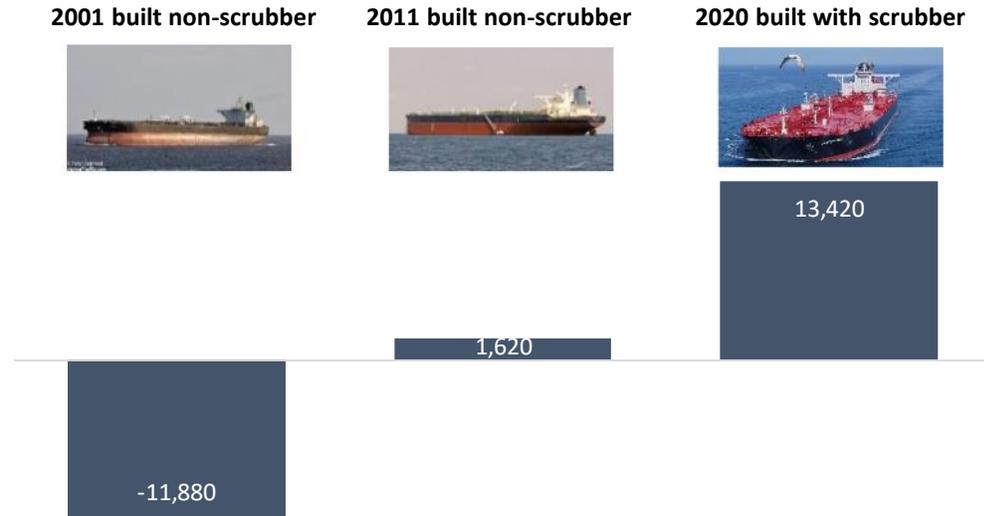
Significant upside to EPS when rates increase



- When rates go from USD 30,000 to USD 40,000 per day, earnings increase by almost 100%
- Every USD 10,000 in dayrates increase EPS of approx. NOK 0.2

Significant TCE spreads between older and newer tonnage

AG – China spot voyage @ WS 34 (USD per day)

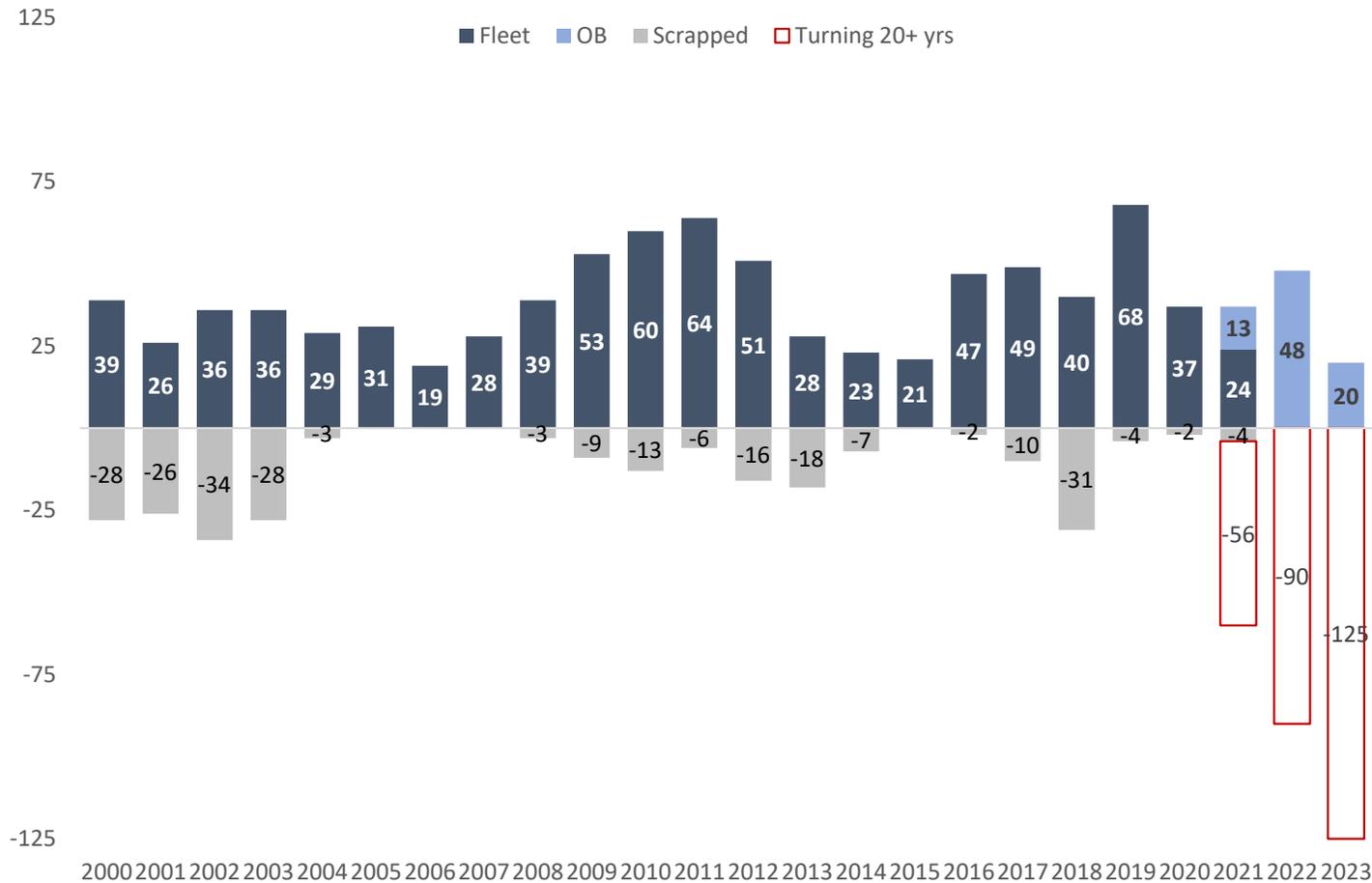


		2001 built non-scrubber	2011 built non-scrubber	2020 built with scrubber
Avg. consumption	Tons/day	90	65	50
Fuel type	-	VLSFO	VLSFO	HSFO
Fuel price	\$/ton	540	540	466
Worldscale rate	%	34	34	34
Flat rate	\$/ton	18	18	18
Cargo amount	MT	270,000	270,000	270,000
Gross freight	USD	1,652,400	1,652,400	1,652,400
Demurrage	"	250,000	250,000	250,000
Port and broker costs	"	-250,000	-250,000	-250,000
Fuel cost	"	-2,187,000	-1,579,500	-1,048,500
Net freight	"	-534,600	72,900	603,900
Trip duration	# days	45	45	45
Dayrate (TCE)	USD/day	-11,880	1,620	13,420

- Fuel spread and different consumption efficiency leads to very different earnings on a dayrate basis
- Gross freight paid by charterer is usually similar, while fuel costs savings increases net freight
- Eco vessels, constructed with improved designs and delivered from 2015 and onwards, consume significantly less fuel than the benchmark 2011-built vessel which again consumes less than a 20 year old vessel
- Those (like us), who have installed exhaust cleaners (“scrubbers”) are still able to consume HSFO. Those without scrubbers had to switch to more expensive VLSFO from 1 January 2020
- Current fuel spread at around \$80/ton, as jet fuel demand is down approx. 20% vs. pre-pandemic

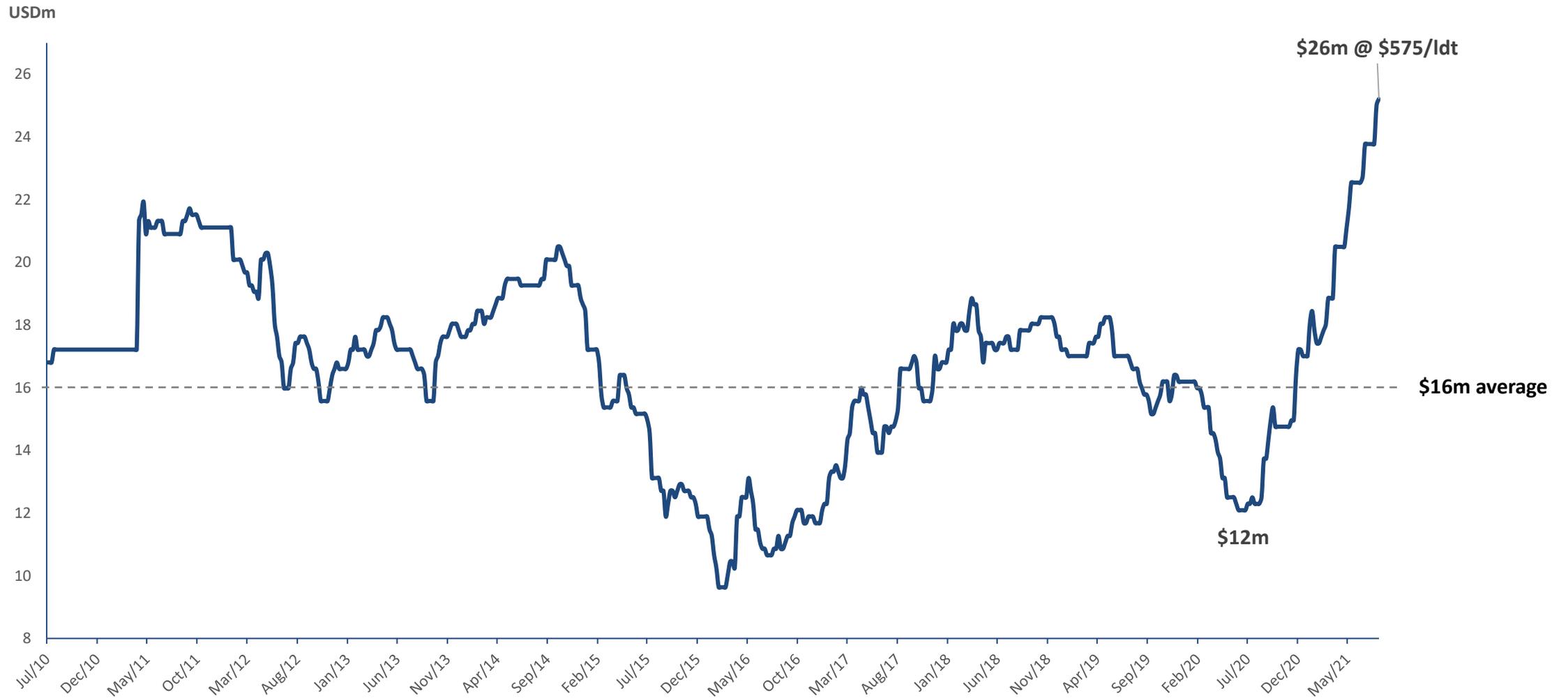
Expect low fleet growth in the coming years

VLCC fleet structure



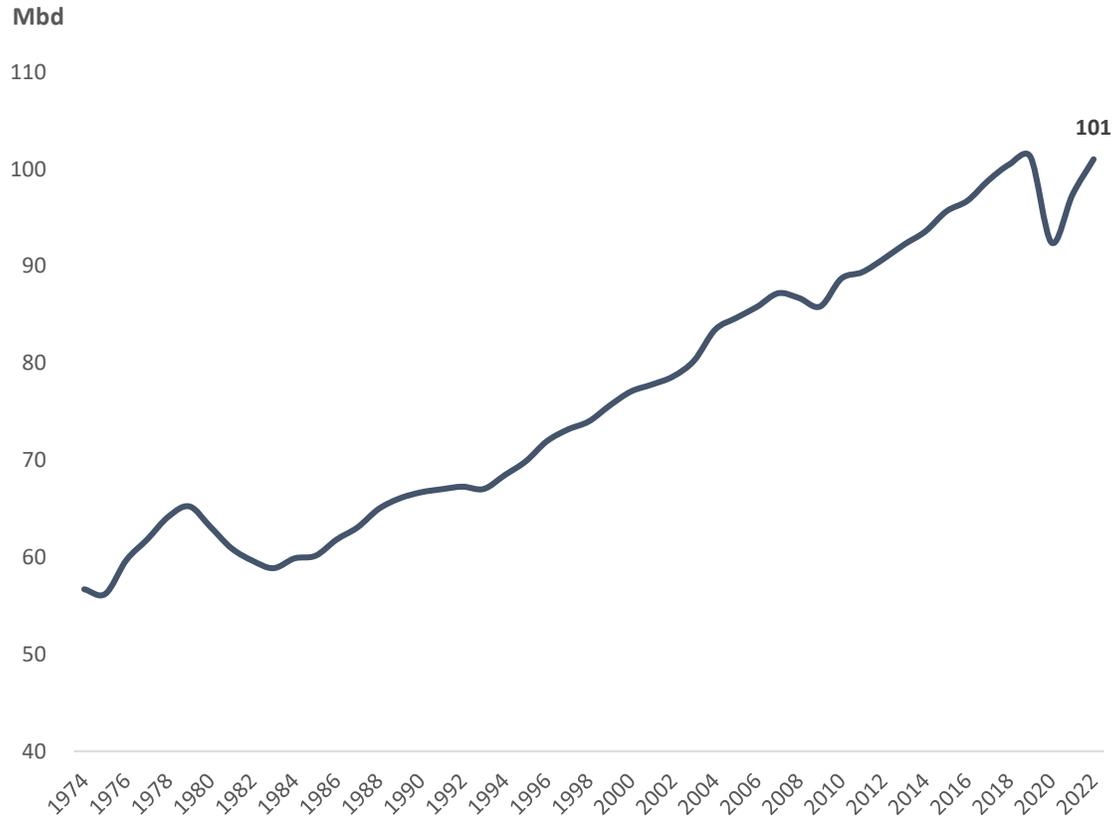
- Approx. 100 “vintage ladies” rumored to be involved in the trading of discounted and sanctioned oil from Iran and Venezuela
- Orderbook of 80 VLCCs (8.5% of existing fleet), the lowest level in 20 years
- Average fleet age of 10.5 years, the oldest in 20 years
- In 2022, 90 vessels will turn 20 years more
- Around 125 vessels are more than 18 years old
- No newbuild yard slots available until 2024
- Yards quoting \$110m for a newbuild, while 2021 built ships are valued at \$97m
- Eco design vessels (built 2015 and after) fetch premium rates

VLCC scrap value more than doubled in 1 year, but still no scrapping...

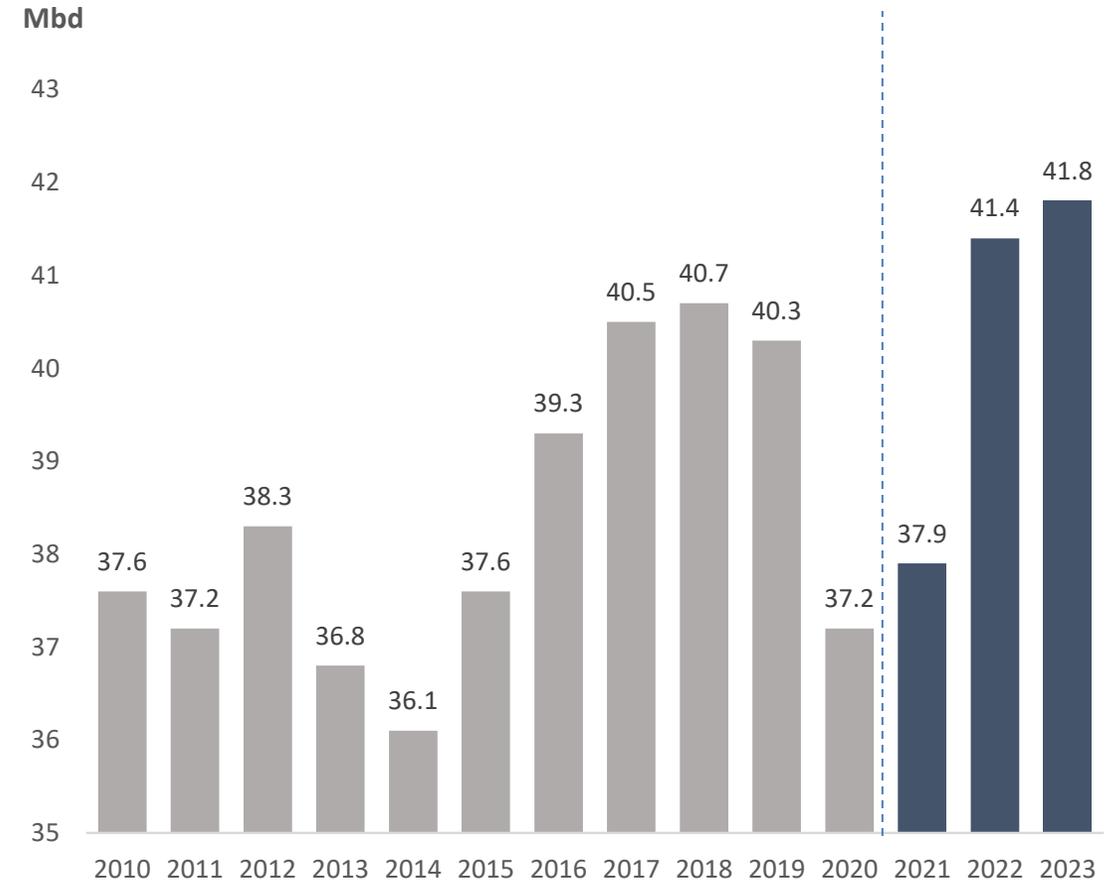


The world will continue to need increasing amounts of oil...

World oil consumption back at peak levels in 2022

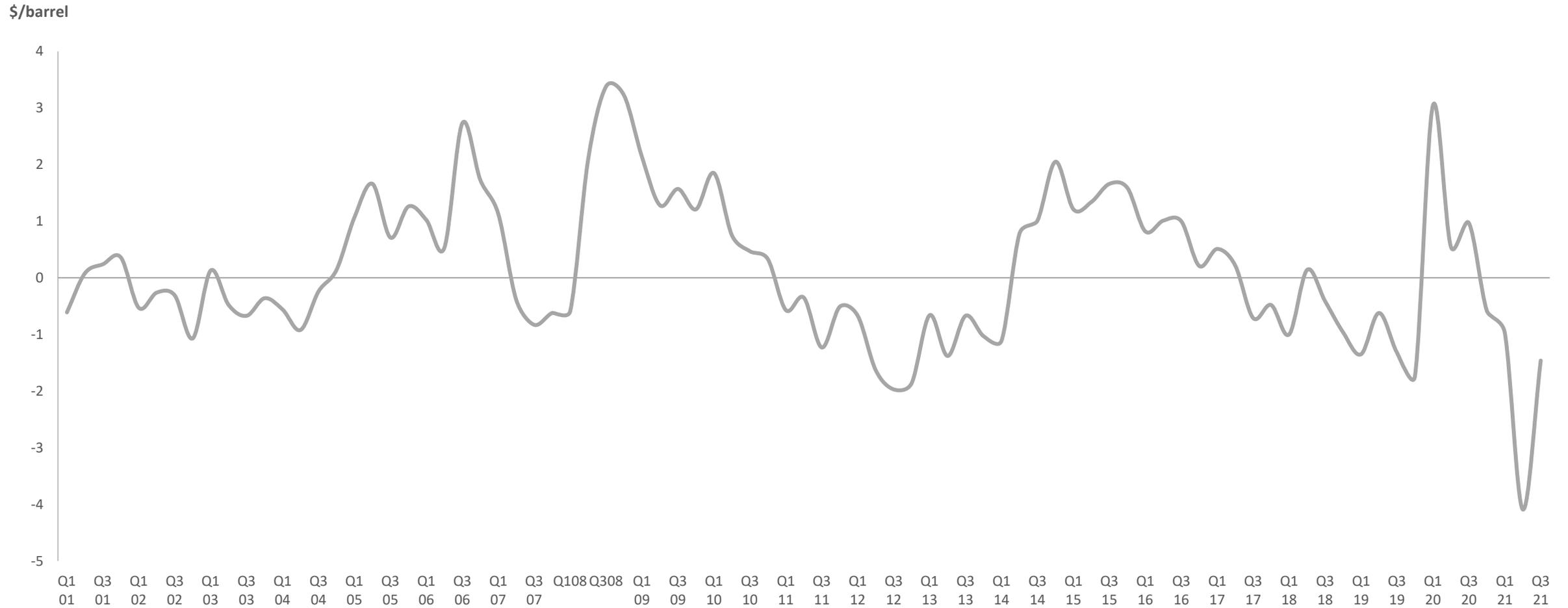


Seaborne transportation of crude oil set to increase by ~10% in 2022



The oil price curve is in steep backwardation...

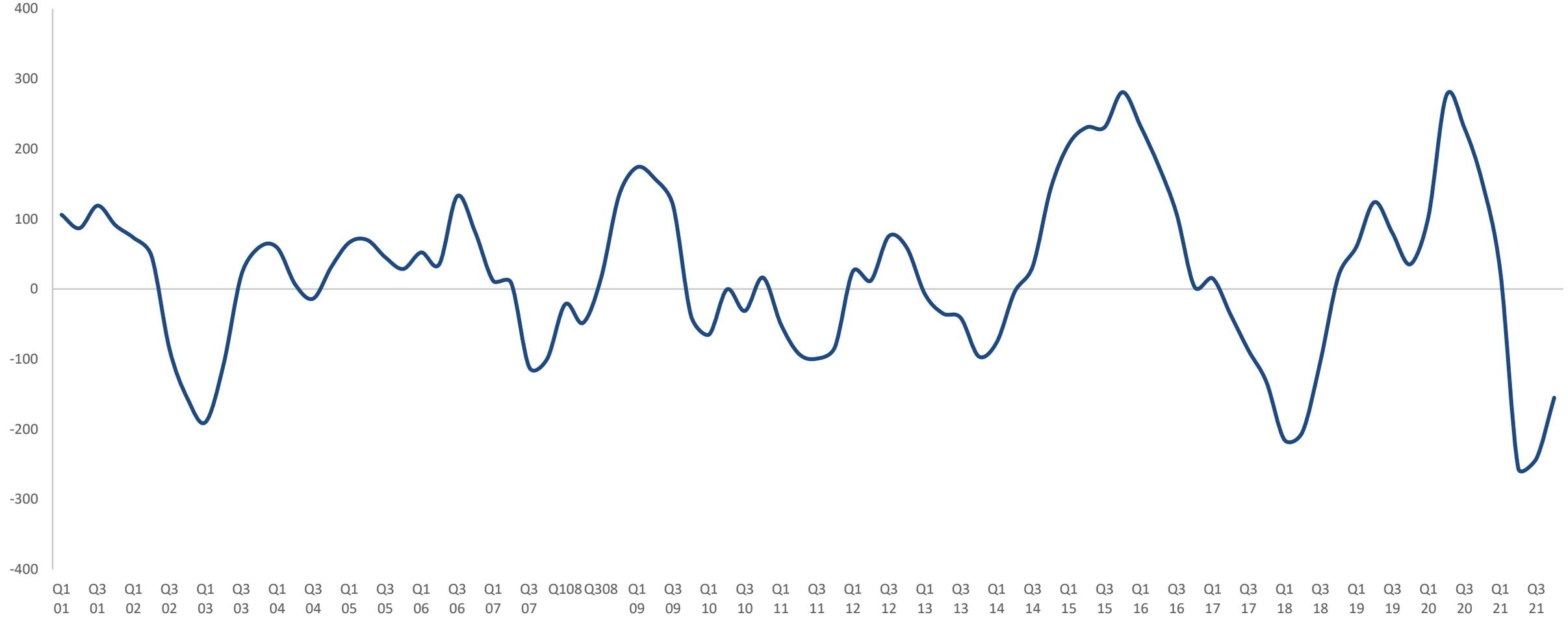
3 months forward vs. spot oil price spread



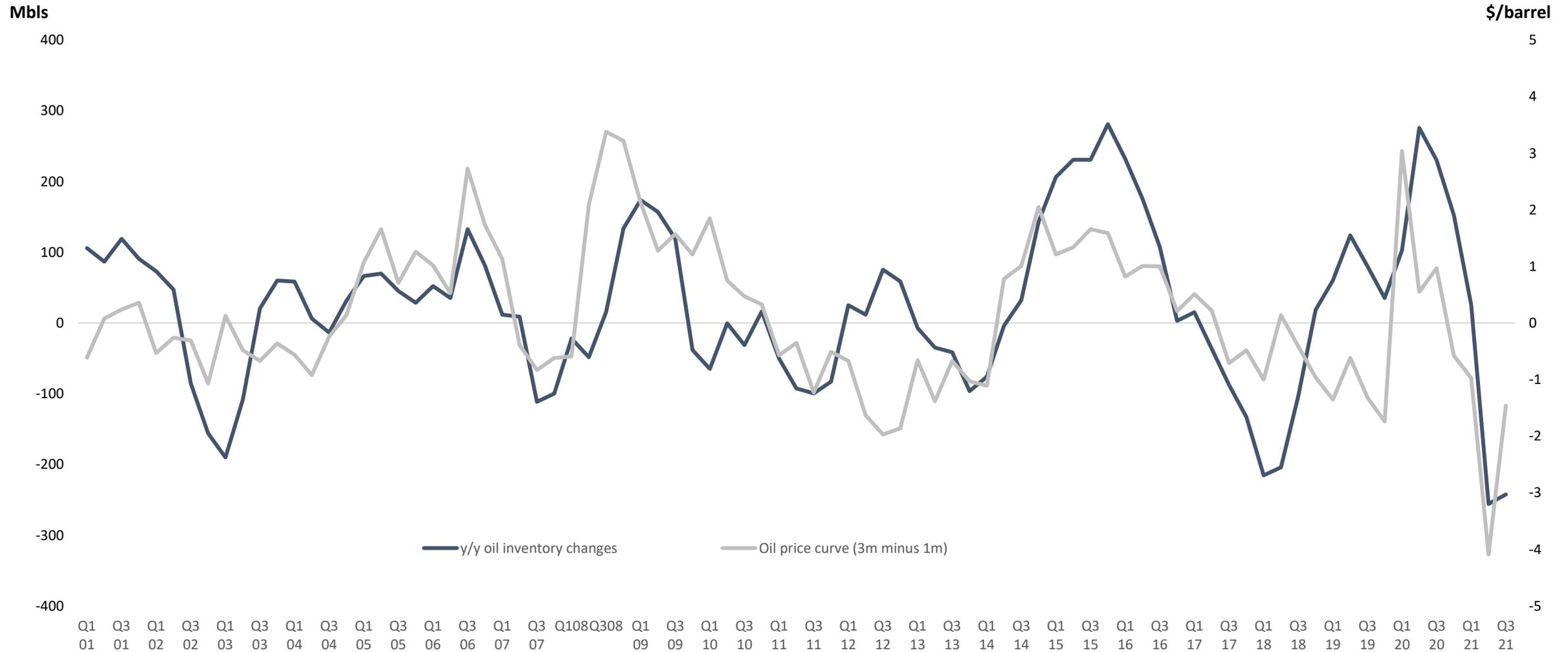
...leading to significant inventory draws

Annual change in global oil inventories

Million barrels y/y change

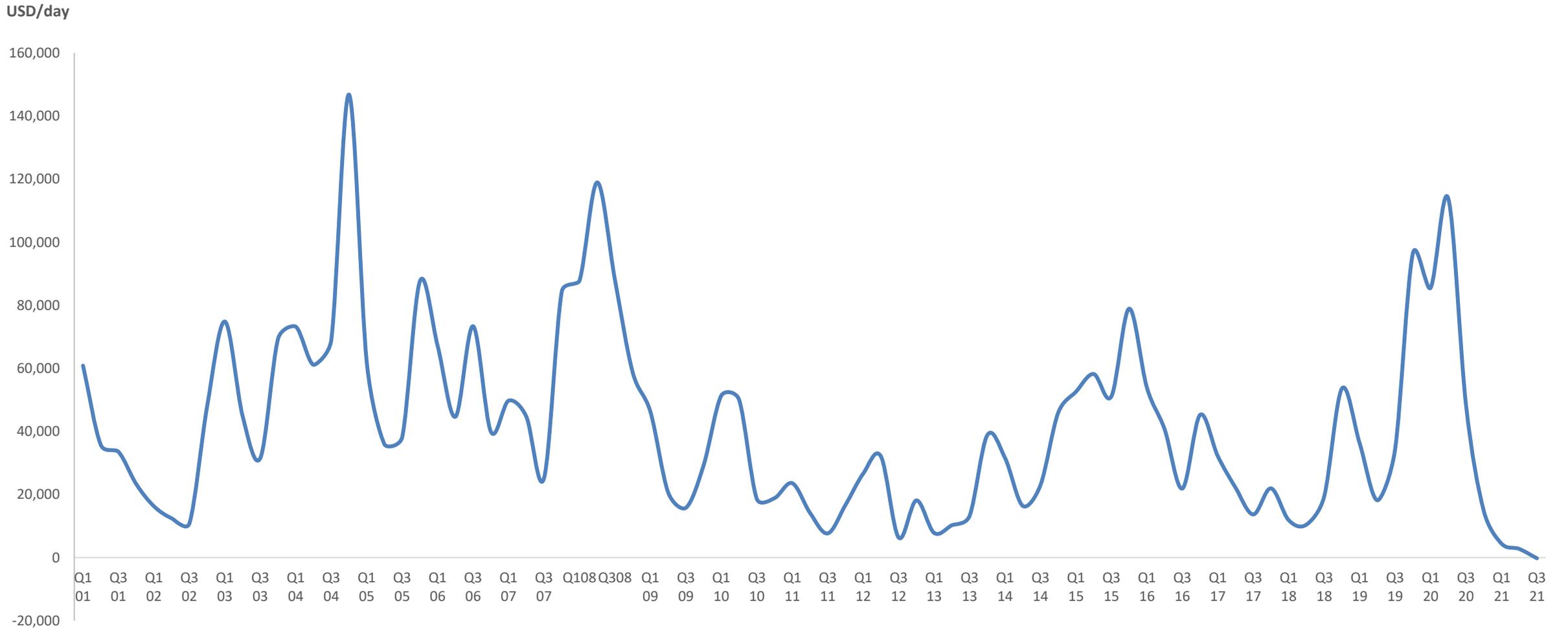


Inventory changes and the oil price curve

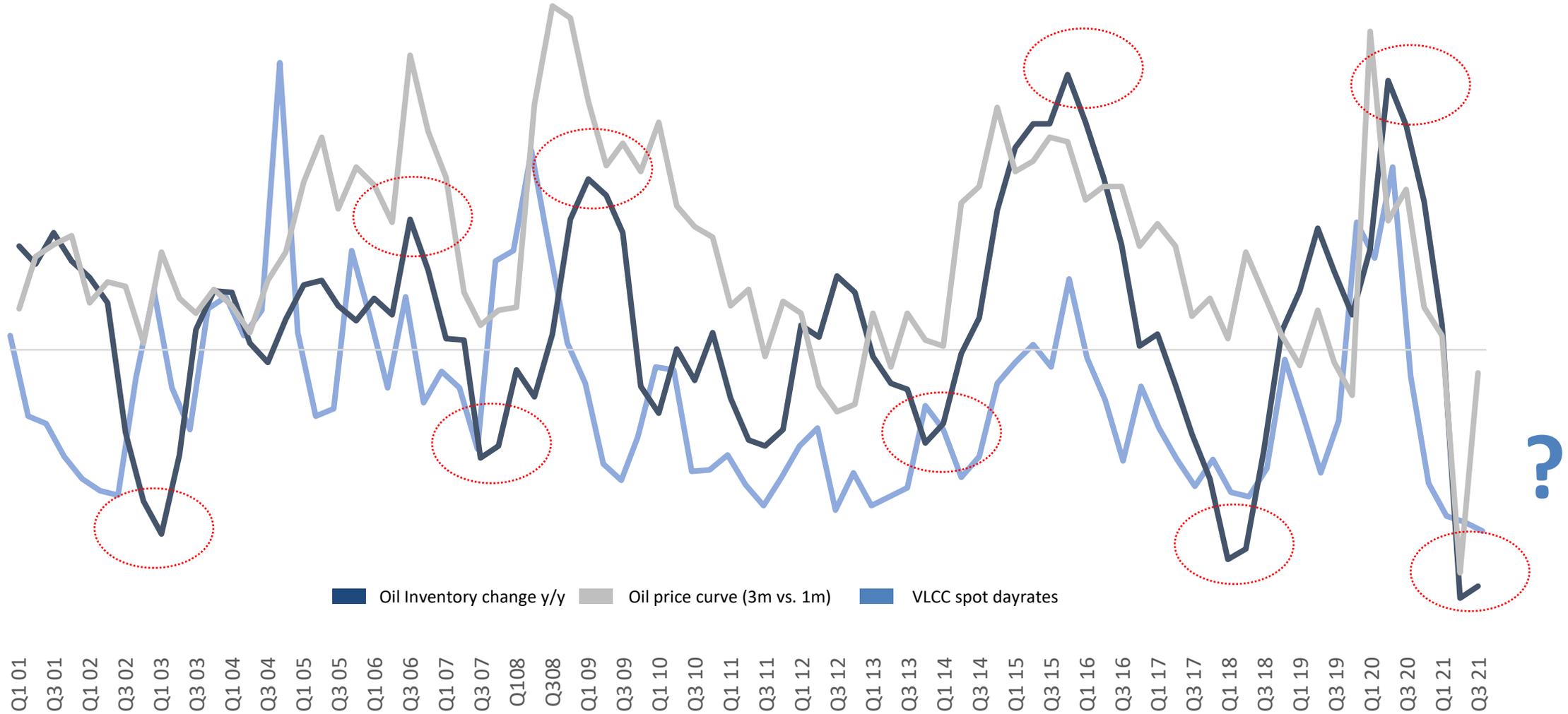


Rates are at a 20-year low...

Benchmark VLCC spot rates

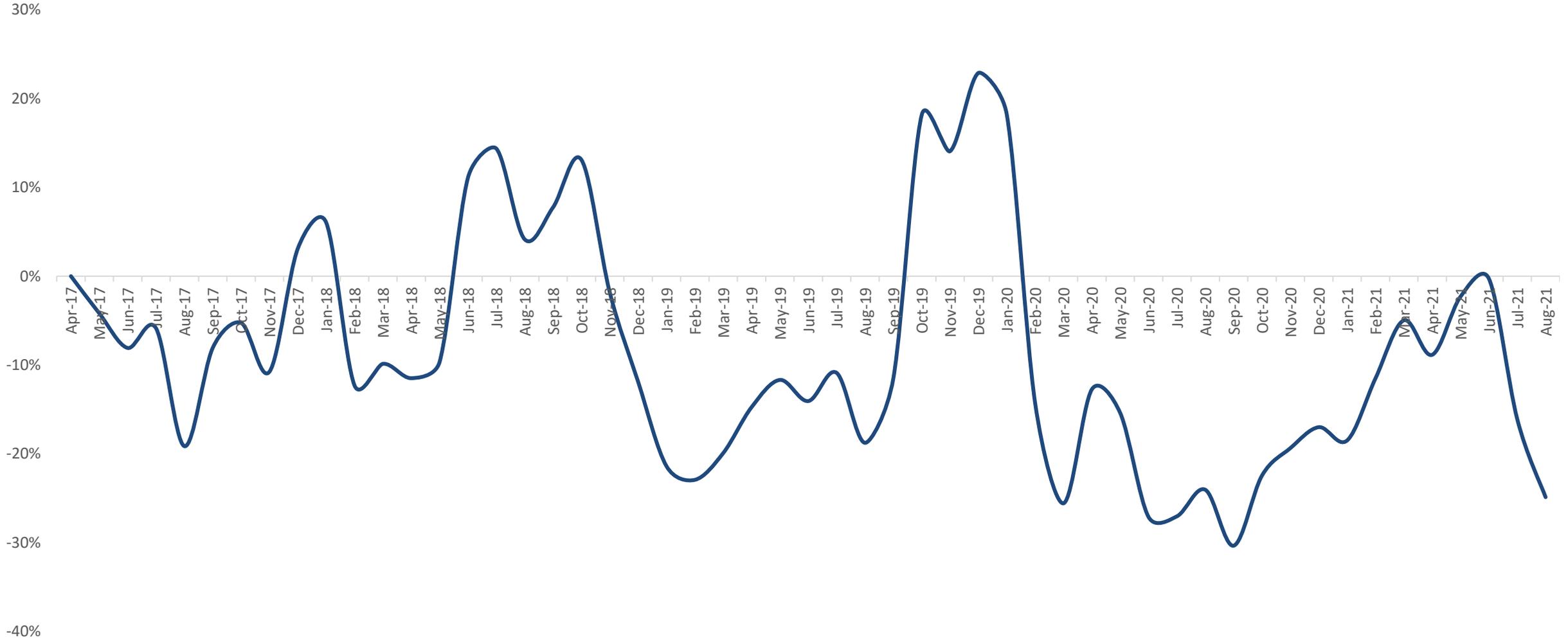


...will they ever improve?



Public tanker companies do trade above NAV, sometimes...

Public tanker companies P/NAV index



Discounted VLCCs

Implied pricing per VLCC (Q2 balance sheet)

Share price ¹	NOK	2.8
USDNOK ¹	x	8.7
Shares (fully dil) ²	Million	592
Market cap.	USDm	190
Cash ³	"	-22
Net other assets	"	-17
Interest bearing debt	"	200
EV	"	351
VLCCs	#	4
Implied value per VLCC		88

1) 13 September 2021

2) Adj. for warrants & options

3) Adj. July 2021 dividend payment

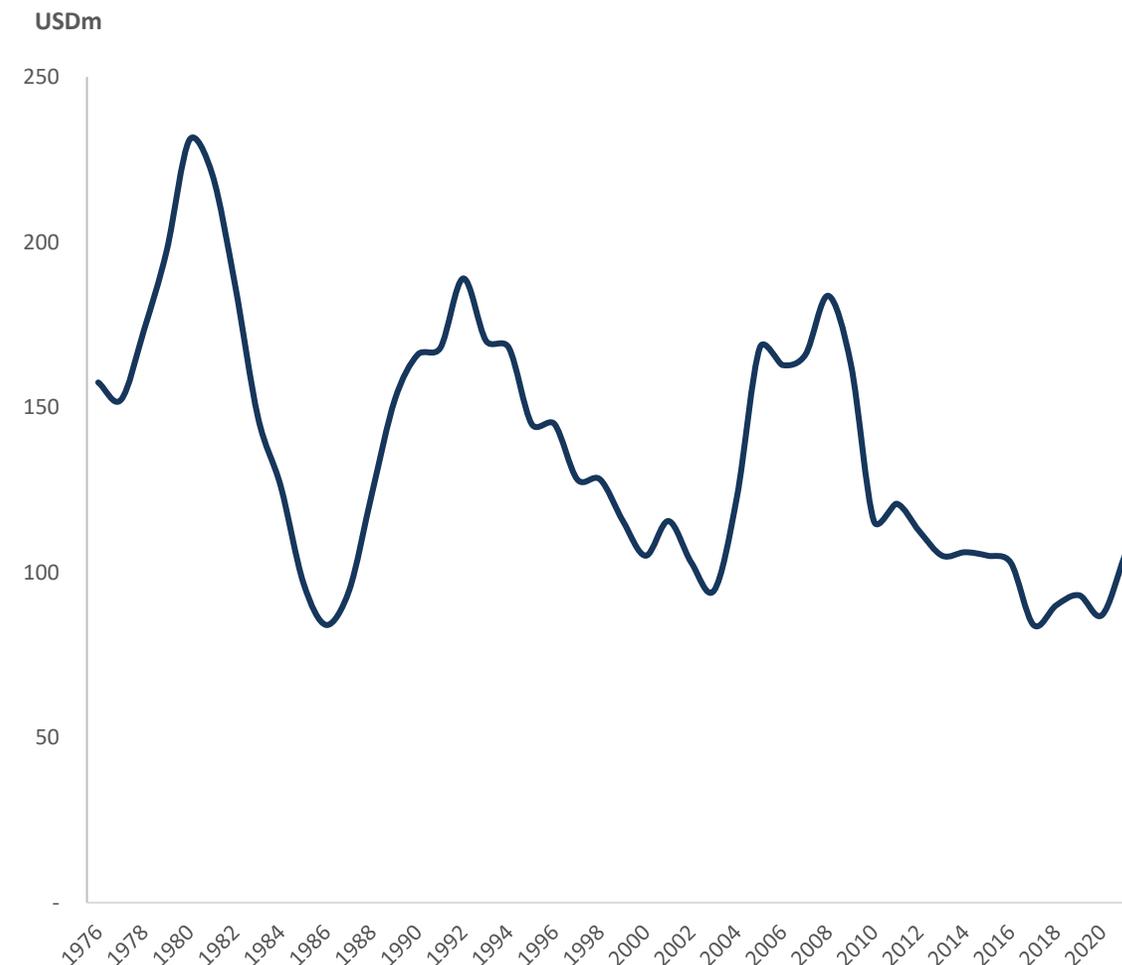


**Current FMV:
\$94m**

\$88m = 93% of FMV

\$6m = 7% discount

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





Indicative investment returns

Indicative investment returns	Hunter Atla	Hunter Saga	Hunter Laga
Asset sale and TCE revenue	111.5	105.5	112.5
All in construction cost	(86.5)	(86.5)	(86.5)
Opex, G&A and finance	(9.0)	(7.5)	(8.0)
Net equity cash flow	16.0	11.5	18.0
Equity invested	35.0	35.0	35.0
Return on equity	46%	33%	51%

Hunter Group ASA
Org. nr. 985 955 107

Dronningen 1
0287 Oslo, Norway
+47 975 31 227
info@huntergroup.no