

# USING SHIPPING POOLS TO SPREAD RISK AND MAXIMISE PROFITS

  
**OFFSHORE VESSEL & RIG CONNECT ASIA**

**19 - 20 APRIL 2016**  
**THE MARINA BAY SANDS,**  
**SINGAPORE**

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# GROUP OVERVIEW

AN INTEGRATED GROUP OFFERING MARKET-LEADING COMMERCIAL MANAGEMENT AND MORE

*We aim to be the leading global provider of commercial management and associated shipping services to ship owners, investors and financiers*

- ◆ World's largest independent commercial management company
- ◆ 320+ vessels under Navig8 management
- ◆ 2 OSV, 7 tanker, 5 chemical and 5 dry bulk pools
- ◆ 56 pool members from 18 countries
- ◆ 15 offices worldwide
- ◆ Group incorporates bunker trading and technical management businesses

- ◆ Established in March 2007
- ◆ Majority owned and controlled by management
- ◆ Strategic equity investors:
  - ◇ *Selectview Investments* (Greenwich Group subsidiary) – Part of the John Fredriksen Group of Companies
  - ◇ *Touradji Capital Management LP* – Energy & Commodities hedge fund
  - ◇ *Bunhill Investments* – Macquarie Bank Subsidiary
  - ◇ *Peninsula Petroleum* – Bunker Supplier & Trader



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# GLOBAL PRESENCE

OUR GLOBAL OFFICE PROVIDES UNRIVALLED ACCESS TO REGIONAL MARKETS



- HOUSTON OFFICE**
- ◇ Navig8 Houston: Commercial Mgmt
  - ◇ Integr8 Fuels America: Bunker Trading
- ORLANDO OFFICE**
- ◇ Integr8 Fuels America: Bunker Trading
- CONNECTICUT OFFICE**
- ◇ Navig8 America: Commercial Mgmt
  - ◇ Integr8 Fuels America: Bunker Trading
- HAMBURG OFFICE**
- ◇ Integr8 Fuels Germany: Bunker Trading
- OSLO OFFICE**
- ◇ Integr8 Fuels Oslo: Bunker Trading

- LONDON OFFICE**
- ◇ Navig8 Europe: Commercial Mgmt
  - ◇ Navig8 Ship Management: Branch
  - ◇ Integr8 Fuels Europe: Bunker Trading
- ATHENS OFFICE**
- ◇ Navig8 Athens: Representative Office
  - ◇ Integr8 Fuels Greece: Bunker Trading
- ISTANBUL OFFICE**
- ◇ Integr8 Fuels Germany: Bunker Trading
- DUBAI OFFICE**
- ◇ Navig8 Dubai: Commercial Mgmt
  - ◇ Integr8 Fuels DMCC: Bunker Trading

- NIGERIA OFFICE- PORT HARCOURT**
- ◇ RK2 Offshore: Technical Mgmt & Operational Mgmt
- CONGO OFFICE- POINTE NOIRE**
- ◇ RK2 Offshore: Commercial Mgmt & Operational Mgmt
- SOUTH AFRICA OFFICE**
- ◇ RK2 Offshore: Commercial Mgmt
  - ◇ Operational Mgmt & Technical Mgmt
- MUMBAI OFFICE**
- ◇ Navig8 Mumbai: Technical Mgmt; Crewing

- DELHI OFFICE**
- ◇ Navig8 Delhi: Commercial Mgmt
- SINGAPORE OFFICE**
- ◇ Navig8 Inc: Time Chartering & Ship Owning
  - ◇ Navig8 Ship Management: Technical Mgmt
  - ◇ Navig8 Asia: Commercial Mgmt
  - ◇ Navig8 Risk Mgmt: Risk Mgmt / Derivatives Trading
  - ◇ Integr8 Fuels Asia: Bunker Trading
  - ◇ RK2 Offshore: Commercial Mgmt, Technical Mgmt & Operational Mgmt
- SHANGHAI OFFICE**
- ◇ Navig8 Shanghai: Representative Office

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# RKOVERVIEW

AN INTEGRATED GROUP OFFERING MARKET-LEADING COMMERCIAL MANAGEMENT AND MORE

## Proven Management Capability and Track Record

- ◆ Founded in 2006 by Robert Knutzen
- ◆ RKO is “an integrated” commercial and technical manager
- ◆ Proven track record in the shallow to mid-water offshore oil and gas sector
- ◆ RKO has [19] offshore service vessels under its commercial or technical management
- ◆ Operational experience in South East Asia, Middle East and Africa
- ◆ Strong understanding of West Africa which is its core market and where footprint is expanding.

### Current Offices

Singapore  
Lagos  
Port Harcourt  
Pointe Noire  
Cape Town

### Corporate Structures

Luanda (Angola)  
Maputo (Mozambique)

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# RK x N8

BRINGING POOLING EXCELLENCE TO THE OFFSHORE SPACE



Navig8 is an integrated provider of shipping management services and the world's largest independent pool and commercial management company of tankers, chemicals, bulk.

RK Offshore pioneered pooling in offshore with the establishment of two OSV pools in 2012.

RK8 aims to expand its OSV pools with the backing of the Navig8 group by offering a stronger counterpart, greater geographic coverage and more expanded services.

RK8 has integrated commercial, technical and operational in house providing an integrated service to clients.

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# RK8FLEET

POOLING ACCORDING TO TRADING AREAS – SHALLOW AND MID WATER



**5,000 BHP AHTS**  
DP Class 1  
units in Fleet 6  
SEA8



**6,000 BHP AHTS**  
DP Class 1  
units in Fleet 4  
SEA8



**5,150 BHP AHTS**  
DP Class 1  
units in Fleet 5  
SEA8



**10,800 BHP AHTS**  
DP Class 2  
units in Fleet 4  
OCEAN8

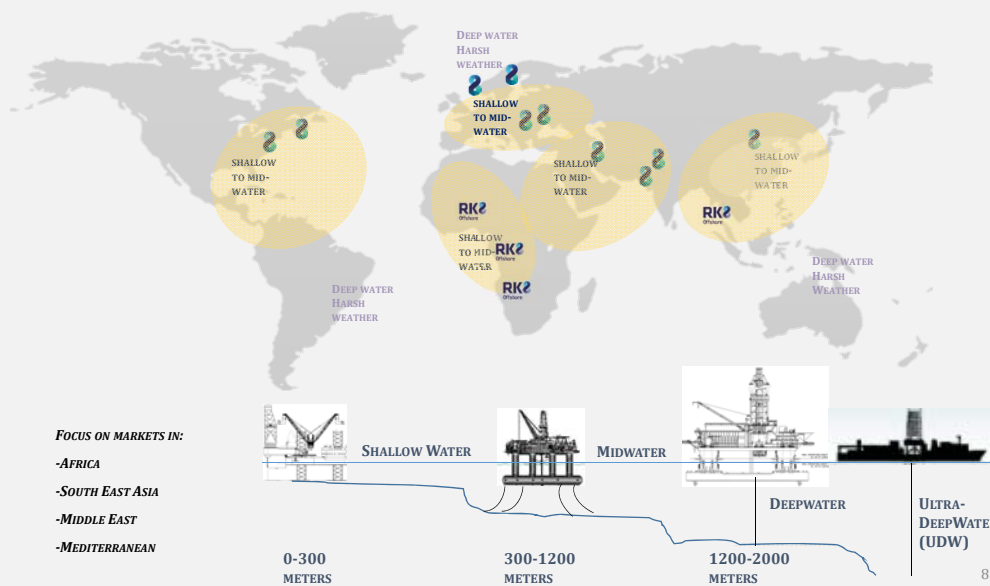
**SEA8 Pool**  
5000-8000 BHP  
60-100T BP

**OCEAN8**  
9000-12000 BHP  
100-150T BP

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# GEOGRAPHICAL FOCUS

SHALLOW TO MIDWATER MARKETS



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# RK8NETWORK

PROVEN MANAGEMENT CAPABILITY AND TRACK RECORD



## Key considerations for a ship Owner

- Company past experience
- Management track record
- Global Reach, Local follow up
- Ability to deliver first class service to clients
  - Ensures minimum downtime
- Good working relationships with charterers
- Qualified with Major NOC's and IOC's

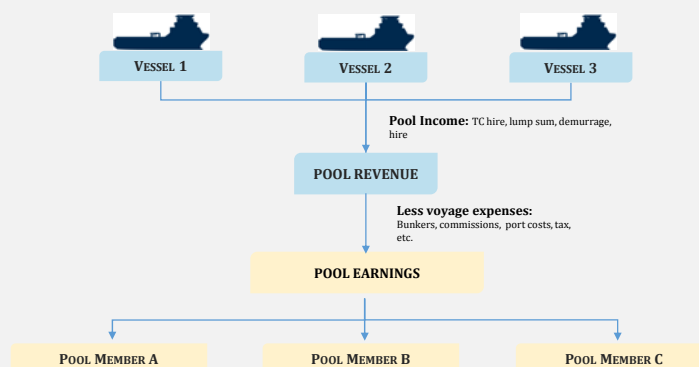
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# POOLINGINTRODUCTION

CREATING REVENUE SYNERGIES THROUGH FLEET CRITICAL MASS



- ◇ Pooling combines multiple like-minded owners, with vessels of similar type and characteristics, into distinct pools that are commercially managed by RK8 as a single, coherent fleet. Revenue is collected, and costs are met, by the pool. Net earnings are then distributed at regular intervals to vessel owners, in line with a pre-agreed 'weighting' system, to ensure that each vessel receives its proportionate share of revenues.



**Time Charter Owner-RK8**  
Modified Bimco (no agreed hire)

- Pool Earnings from RK8 to Owner**
- Vessel Margin per vessel
  - On-Hire Days per vessel
  - Net earnings are then distributed periodically to vessel owners
  - distributions are made in line with a pre-agreed 'weighting' system,
  - The vessel's margin (Pool's Average Cost - Vessel's Total Cost) determines each vessel's pool share

- Income Weighting Factors**
- Geographical location
  - Vessel characteristics

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## POOLING BENEFITS



### Shipowners

- ◇ As a form of fleet consolidation, pooling provides owners with the ability to consistently access higher average revenues and earnings upside potential through profitable chartering strategies
- ◇ Reduced off-hire periods and all revenues pooled, thereby mitigating cash flow volatility typically associated with spot market trading activity
- ◇ Risk-adjusted yield is maximized
- ◇ Reduces working capital requirements for owners as pools utilize their own cash flow and credit lines, secured by voyage receivables
- ◇ Operating cost reductions through economies of scale offered by pools – access to cheaper bunker prices; lower towage/agency/port fees through fleet contracts with third parties
- ◇ Vessel repositioning costs are minimized through network of global office presence
- ◇ Overhead reduction as owners can streamline in-house administrative resource base needed to carry out commercial management function

### Financiers

- ◇ Risk diversification – high-quality pool revenue streams underpinned by broad end-user base, with focus on highest-quality global market players
- ◇ Extensive credit risk management expertise - dedicated 7-person credit team & systems focused on counterparty risk assessment;
- ◇ Completely transparent commercial management service – pool dynamics unequivocally remove any 'conflict of interest' and ensure all owners' vessels benefit from earnings maximization

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## RK8 BENEFITS



WHETHER MARKETS ARE STRONG OR WEAK, WE OFFER SHIP OWNERS A WIDE RANGE OF VALUE – ADDING BENEFITS

### REVENUE OPTIMIZATION

By trading the vessels in key offshore markets pool members will be able to benefit from minimising off-hire days and identification of the best yield markets through detailed analysis. Pool performance will be benchmarked against key market indicators and competitors.

### WORKING CAPITAL OPTIMISATION

Pool membership reduces vessel working capital requirements for owners, providing monthly net distributions based on pool performance.

### COUNTERPARTY RISK DIVERSIFICATION

Pool revenue aggregation, combined with Navig8's robust credit risk assessment & management systems, heavily mitigates the counterparty risk profile for owners & financiers.

### ON-GOING COSTS MANAGEMENT

In addition to revenue benefits, bulk purchasing by the pools and frequent port calls in key offshore areas generates economies of scale for pool members. While high-quality technical management and substantive bunker trading business provide for further cost efficiencies.

### ECONOMIES OF SCALE

The pools' fleet size and diversity ensures that RK Offshore will manage a sizable fleet covering a range of classes enabling us to provide high quality tonnage to oil majors and benefit from superior information flows.

### STRONG CLIENT BASE

Existing client base consisting of oil majors, service companies and drilling companies provide a platform for further co-operation with the expansion of the RK8 Offshore pools.

### POOL MEMBERSHIP BASE

With a global portfolio of over 40 members spanning Offshore, Tanker and Dry Bulk, Navig8's pools benefit from size, stability and geographic diversity that creates further business opportunities.

### TRANSPARENT & STANDARDIZED REPORTING

Via its web platform, RK8 provides pool members with comprehensive reporting and analysis, daily and monthly market commentaries, monthly & quarterly distribution reports, and annual audited financial statements.

Pool Management

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# POOLREPORTING

COMPREHENSIVE AND TRANSPARENT REPORTING AND ANALYSIS, DELIVERED IN STANDARDIZED FORMAT

- ◇ The pools will utilise an advanced web reporting platform which Navig8 uses for its existing pools. Providing standardized, transparent & detailed reporting, and analysis that spans individual voyages through to global market dynamics, to pool members on a regular basis

## ◆ **STANDARDIZED REPORTING ACROSS ALL POOLS**

- ◇ Each of RK8's pools follow the same reporting format, thereby simplifying review, comparison and analysis for pool members.

## ◆ **MONTHLY & QUARTERLY DISTRIBUTION REPORTS**

- ◇ Monthly reports summarise pool performance by detailing all recent voyages (incl. revenues and costs), distributable income per vessel (based on pool points and trading days), and available cash for distribution.
- ◇ Quarterly reports provide a life to date summary, but additionally reconciliations prior period adjustments (e.g. settled reimbursement claims).

## ◆ **MONTHLY COMMENTARY**

- ◇ Written by RK8's chartering teams, monthly commentaries provide an overview of the spot and time charter markets, as well as analysis of current oil trends, derivatives trading, bunker news and the latest pool updates.



# THANK YOU

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