



MPC CONTAINER SHIPS

Q1 2018 – Earnings Presentation

Oslo, 31 May 2018



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Q1 2018 – Earnings Presentation

AGENDA

1) Introduction

2) Financials: Q1 2018

3) Fleet & Operational Update

4) Outlook

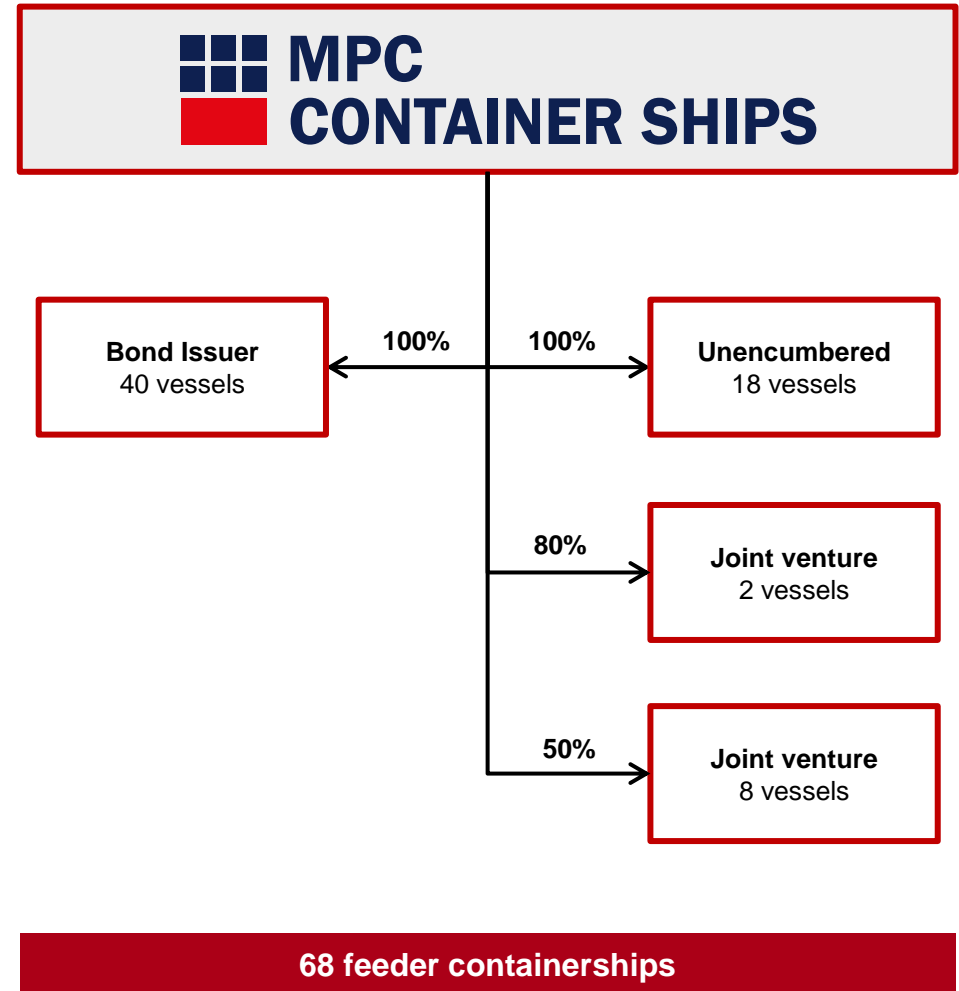
5) Appendix

MPC CONTAINER SHIPS ASA – AT A GLANCE

INTRODUCTION

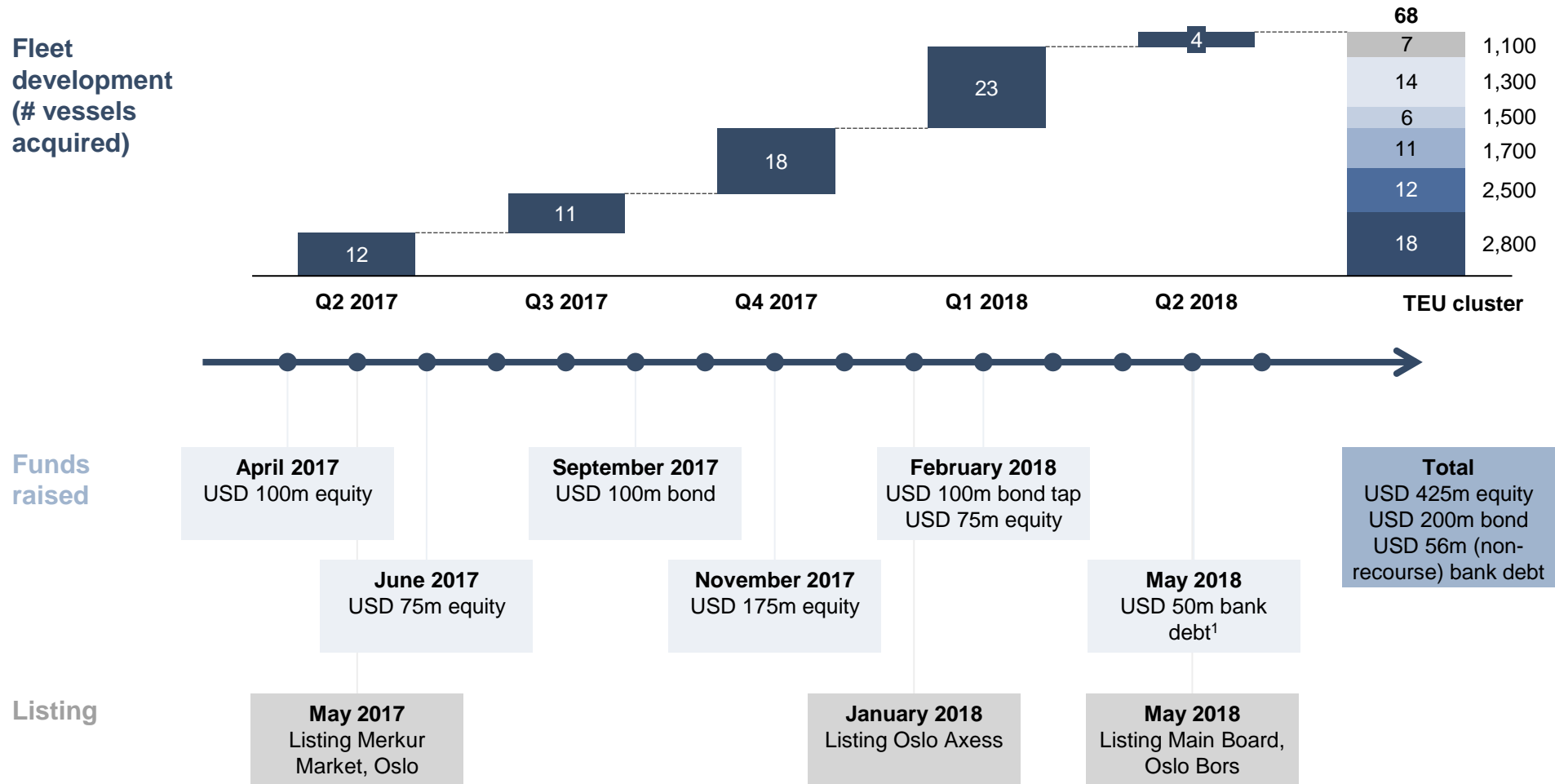
- Established in April 2017 to take advantage of attractive market fundamentals – MPCC is now the #1 owner of feeder container ships up to 3,000 TEU globally
- Acquired 68 feeder containerships between 1,000 - 3,000 TEU at attractive levels (40% avg. discount to newbuilding parity) and with high specification
- Listed on the Main Board of Oslo Bors with a market cap of USD ~512m
- Well capitalized with moderate leverage of 32% and solid equity ratio of 66%
- No legacy issues
- Low cash break-even and attractive cash yield at current market rates – significant further upside potential in asset values and charter rates
- Strong execution capabilities and experienced management
- Sponsor and initiator MPC Capital AG (part of the MPC Group) with substantial equity commitment of USD 52m

CORPORATE STRUCTURE



DEVELOPING A MARKET LEADING CONTAINER FEEDER COMPANY

VESSEL ACQUISITIONS & CAPITAL MARKET ACTIVITIES



HIGHLIGHTS Q1 2018

Q1 2018 Financials

- Total revenue of USD 28.3m (up from USD 13.2m in Q4 2017)
- EBITDA of USD 7.6m (up from USD 0.3m in Q4 2017)
- Net profit of USD 0.5m (up from USD – 2.1m in Q4 2017)
- Operating cash flow of USD 4.8m
- Total assets of USD 628m, cash position of USD 76m
- Moderate leverage of 32%, equity ratio of 66%

Q1 2018 Operations

- 30 vessels taken over in Q1 2018, 59 vessels taken over as of 31/03/2018
- 3,247 ownership days and 2,958 trading days in Q1 2018 (utilization of 96%¹)
- Average TCE of USD 9,352 per day
- Average OPEX of USD 4,810 per day
- Average EBITDA per vessel of USD 2,342 per day
- 4 vessels finished dry docking and 5 vessels initiated dry docking in Q1 2018

HIGHLIGHTS Q1 2018

Corporate development

- Portfolio of 68 vessels acquired at ~40% discount to newbuilding parity
- USD 75m in equity and USD 100m in bond proceeds raised in Q1 2018
- Post balance sheet date:
 - Full listing at Main Board, Oslo Bors
 - Non-recourse debt facility of USD 50m (up to USD 300m)
 - 4 vessels acquired, bringing the fleet to 68 vessels
- MPC Container Ships is the #1 owner of feeder container vessels up to 3,000 TEU

Market development

- Market parameters for feeder container vessels have continued their recovery in the first quarter of 2018:
 - Charter rates are up 12% for 2,750 TEU vessels in Q1 2018
 - Secondhand prices are up 21% for 2,750 TEU vessels in Q1 2018
 - Newbuilding prices are up 6% for 2,750 TEU vessels in Q1 2018
- The idle container ship fleet has come down to below 2%, from 7% in early 2017
- Continued rebalancing of supply and demand in the container market projected for 2018 and 2019
- Particularly favourable market fundamentals in the feeder segment due to strong intra-regional growth rates and moderate fleet growth

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Financials: Quarterly Report Q1 2018

PROFIT AND LOSS: ACTUALS Q1 2018 VS. Q4 2017

CONSOLIDATED PROFIT AND LOSS

	Q1 2018 ACTUAL	Q4 2017 ACTUAL	
Operating revenues	28.3	13.2	
Commissions	-1.0	-0.5	
Vessel voyage expenditures	-1.2	-1.5	
Vessel operation expenditures	-15.6	-9.1	
Ship management fees	-1.2	-0.7	
Gross Profit	9.1	1.3	
Administrative expenses	-1.4	-1.3	
Depreciation and impairment	-4.9	-2.0	
Other expenses	-0.4	-0.2	
Other income	0.3	0.5	
Operating result (EBIT)	2.7	-1.7	
Finance income	0.7	1.8	
Finance costs	-2.8	-2.2	
Profit/Loss before tax (EBT)	0.5	-2.1	
Income tax expenses	0.0	-0.1	
Profit/Loss for the period	0.5	-2.2	
EBITDA	7.6	0.3	
<i>Consolidated vessels (end of period)</i>	52	29	
<i>Ownership days</i>	3,247	1,739	
<i>Trading days</i>	2,958	1,575	
<i>Utilization¹</i>	96%	95%	
<i>Time charter revenue</i>	<i>USD per trading day</i>	9,352	7,901
<i>EBITDA</i>	<i>USD per ownership day</i>	2,342	195
<i>OPEX</i>	"	4,810	5,255
<i>EPS (diluted)</i>	<i>USD</i>	0.007	-0.051

NOTES: Q1 2018 ACTUALS

- The company has taken over 30 vessels in in Q1 2018 to grow its fleet in operation from 29 vessels to 59 vessels
- Q4 2017 and the Q1 2018 results are not directly comparable due to different fleet size and impacts from start-up and take-over costs
- Average TCE has increased from USD 7,901 per day in Q4 2017 to USD 9,352 per day in Q1 2018
- Average OPEX have decreased from USD 5,255 per day in Q4 2017 to USD 4,810 per day in Q1 2018
- Average EBITDA has increased from USD 195 per day in Q4 2017 to USD 2,342 per day in Q1 2018

Financials: Quarterly Report Q1 2018

BALANCE SHEET: ACTUALS 31/03/2018 VS. 31/12/2017

CONSOLIDATED BALANCE SHEET

	31 Mar. 2018 ACTUAL	31 Dec. 2017 ACTUAL
Assets	627.9	451.1
Non-current Assets	540.8	281.2
Vessels	511.6	207.1
Prepayments on vessels	0.0	57.8
Joint ventures	29.1	16.4
Current assets	87.1	169.9
Inventories	2.9	1.7
Trade and other receivables	8.8	3.9
Cash and cash equivalents	75.5	164.3
Equity and liabilities	627.9	451.1
Equity	415.7	340.5
Share capital	92.3	77.2
Capital reserves	319.2	261.3
Retained earnings	-1.9	-2.5
Other comprehensive income	1.5	0.1
Minority interest in equity	4.6	4.4
Non-current Liabilities	199.5	102.1
Interest bearing loans	199.5	102.1
Current Liabilities	12.7	8.5
Provisions	3.8	3.2
Trade and other payables	5.4	4.0
Other current liabilities	3.5	1.3
Equity ratio	66.2%	75.5%
Leverage	31.8%	22.6%

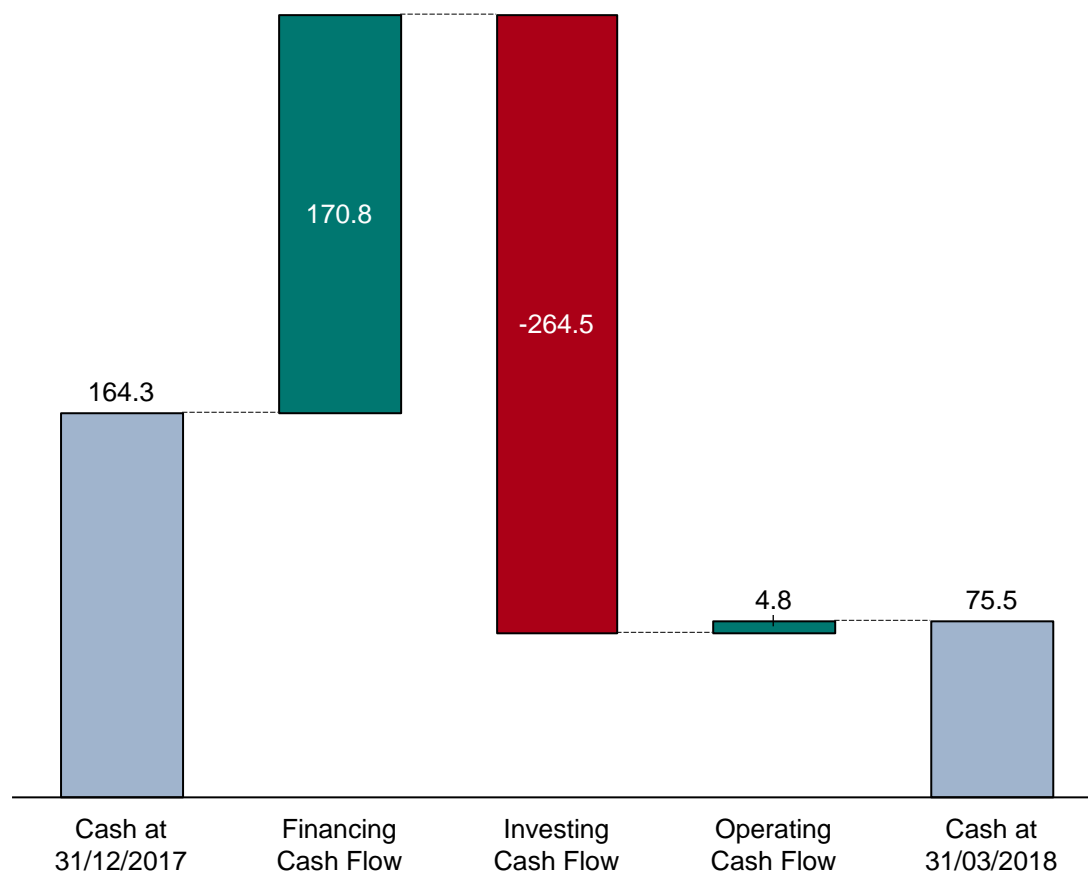
NOTES: 31 MARCH 2018

- Balance sheet changes between 31/12/2017 and 31/03/2018 are influenced by vessel acquisitions and funding steps
- Total assets of USD 628m
- Cash position of USD 76m
- Equity ratio of 66%
- Leverage of 32%

Financials: Quarterly Report Q1 2018

CASH FLOW: ACTUALS Q1 2018

CONSOLIDATED CASH FLOW



NOTES

Financing cash flow composition:

Equity issues	
<i>Net proceeds</i>	USD 72.9m
Bond issue	
<i>Net proceeds</i>	USD 97.5m

Investing cash flow composition:

Vessel purchase prices	USD -319.2m / 30 vessels
<i>thereof deposits paid in Q4 2017</i>	USD 57.8m
Vessel sales (to JV)	USD 20.0m / 2 vessels
JV investment	USD -12.7m / 3 vessels
Capitalized dry docking/initials	USD -10.3m

Operating cash flow composition:

<i>Profit of the period</i>	USD 0.5m
<i>Depreciation</i>	USD 4.9m
<i>Change in Net Working Capital</i>	USD -0.7m

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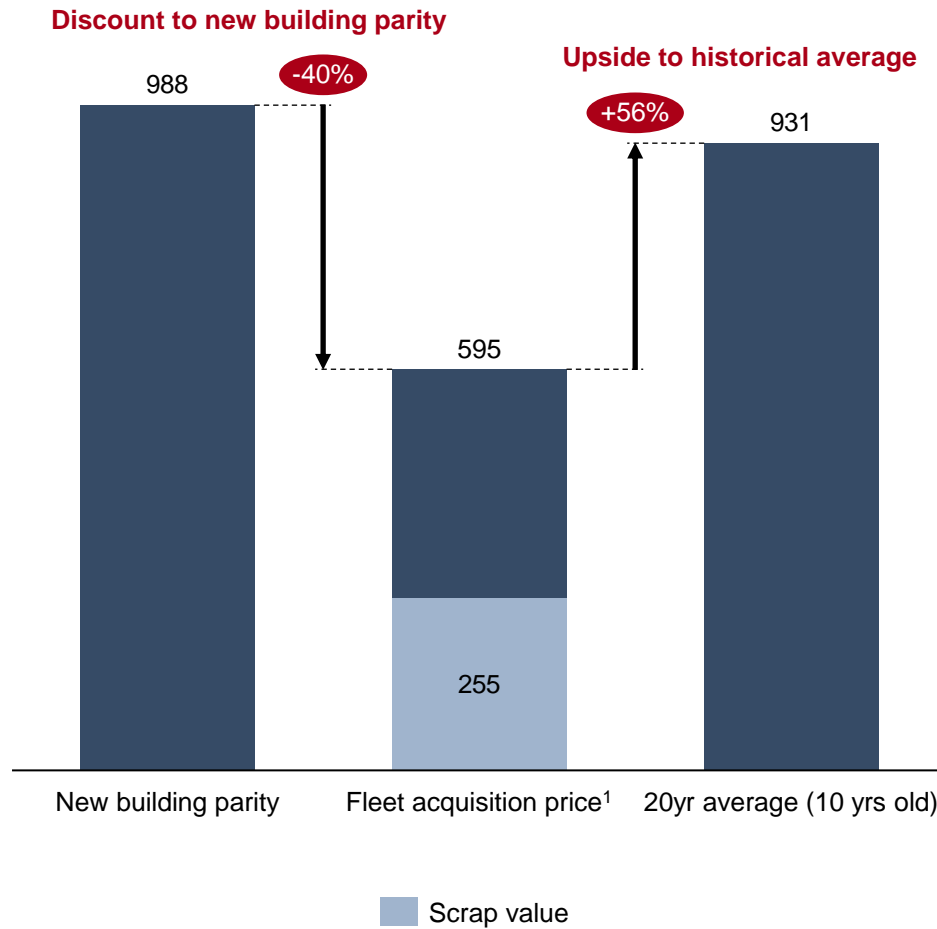
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Fleet and Operational Update

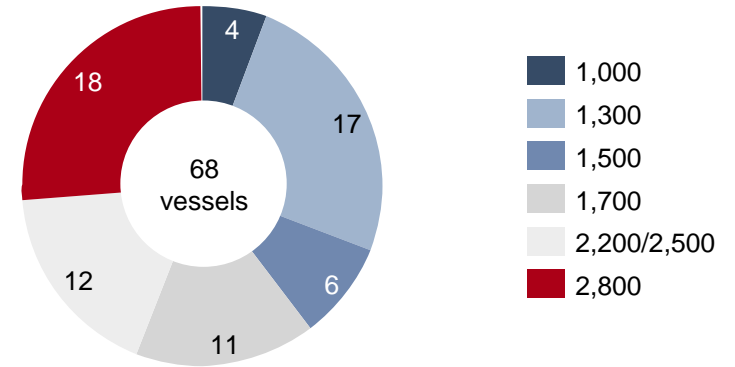
FLEET OVERVIEW

CURRENT FLEET OF 68 VESSELS

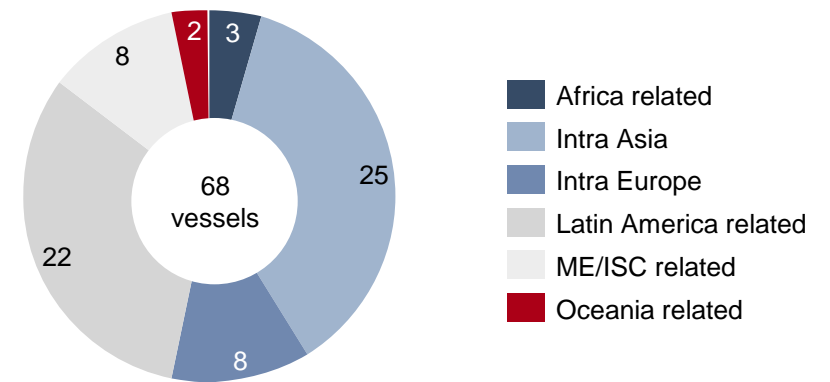
in USD m



FLEET COMPOSITION – BY TEU CLUSTER



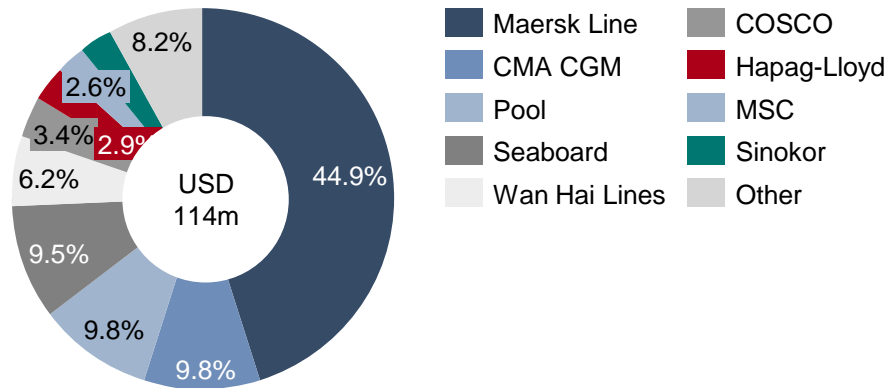
FLEET COMPOSITION – BY TRADE



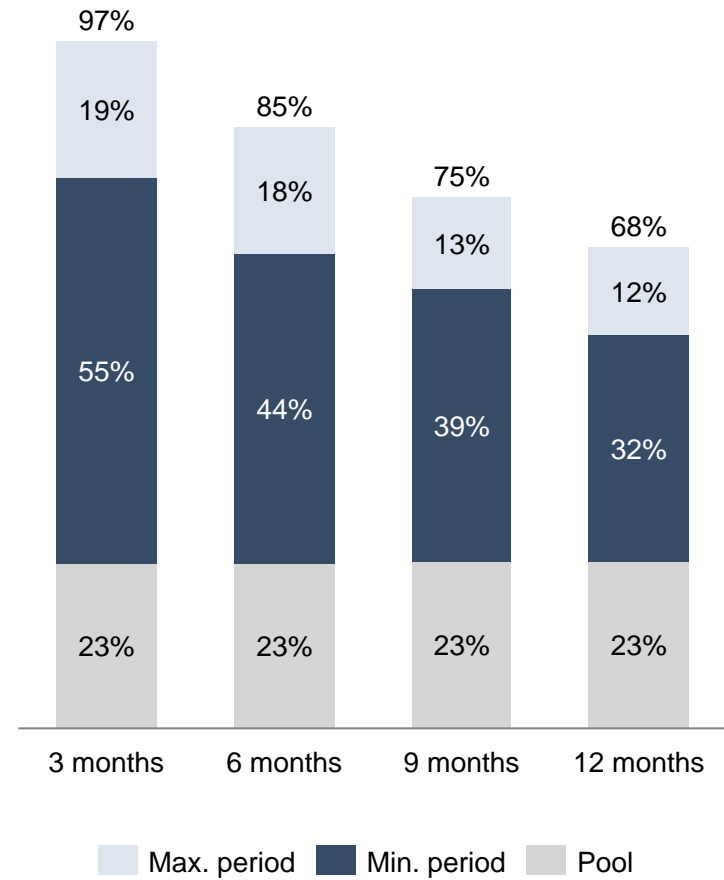
Fleet and Operational Update

CURRENT EMPLOYMENT STATUS

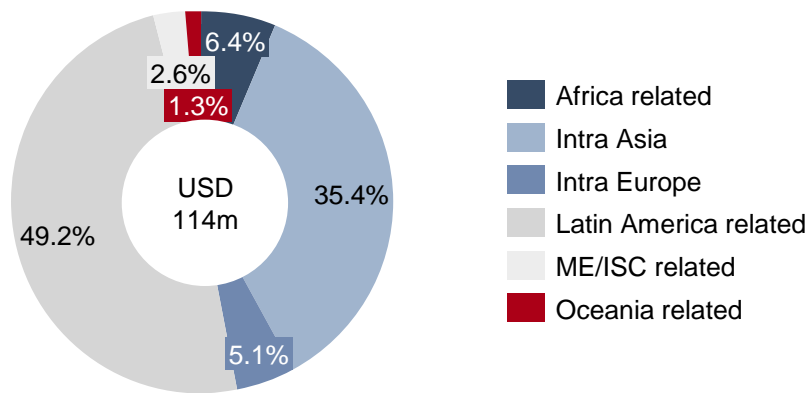
CHARTER COVERAGE BY COUNTERPARTY¹



CHARTER COVERAGE RATIO



CHARTER COVERAGE BY REGION¹

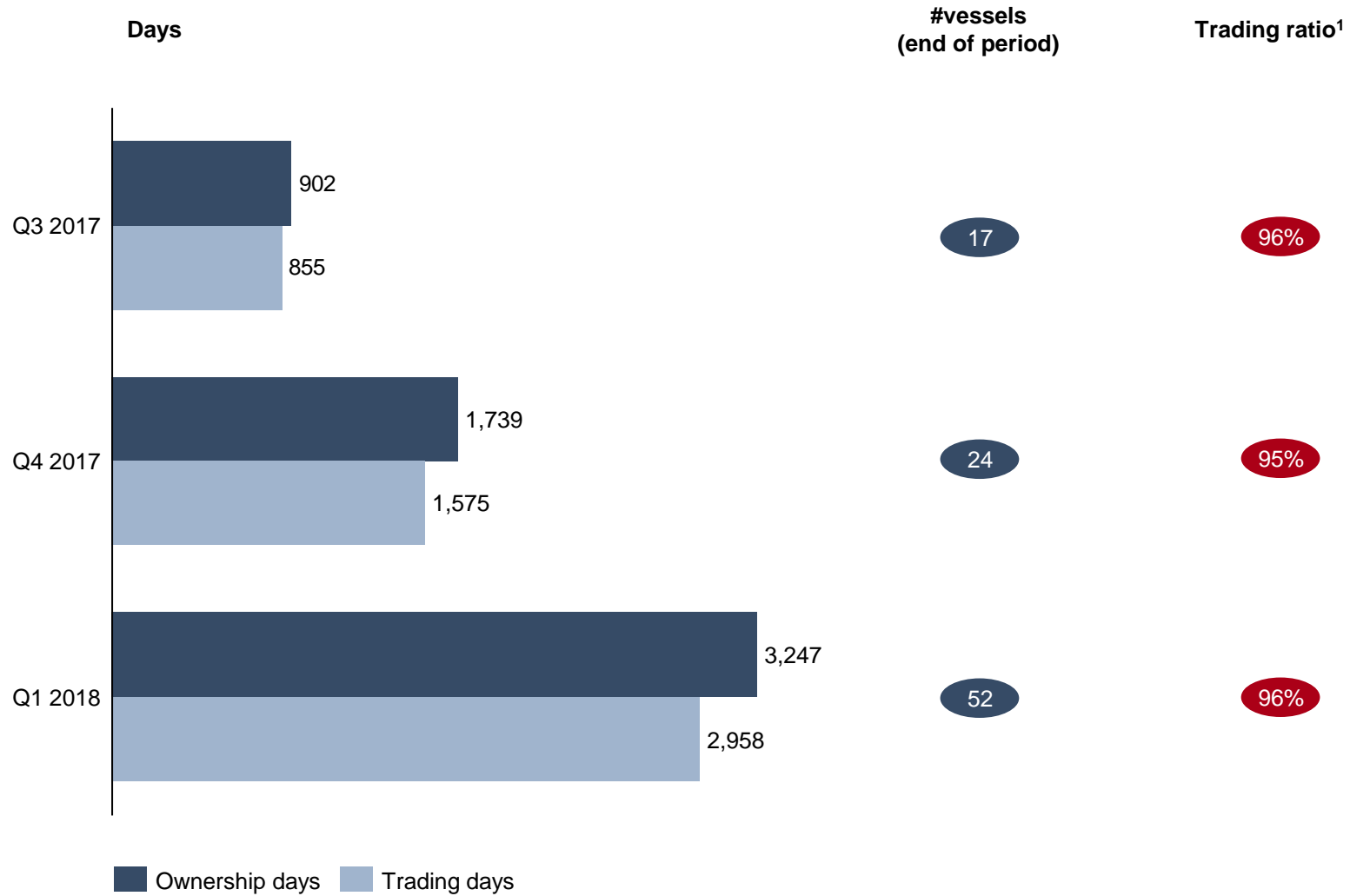


¹ Based on minimum periods, pool vessels calculated with 3 months at current pool rates

Fleet and Operational Update

OWNERSHIP AND TRADING DAYS

CONSOLIDATED VESSELS



Fleet and Operational Update

DEVELOPMENT OF CHARTER RATES AND OPEX

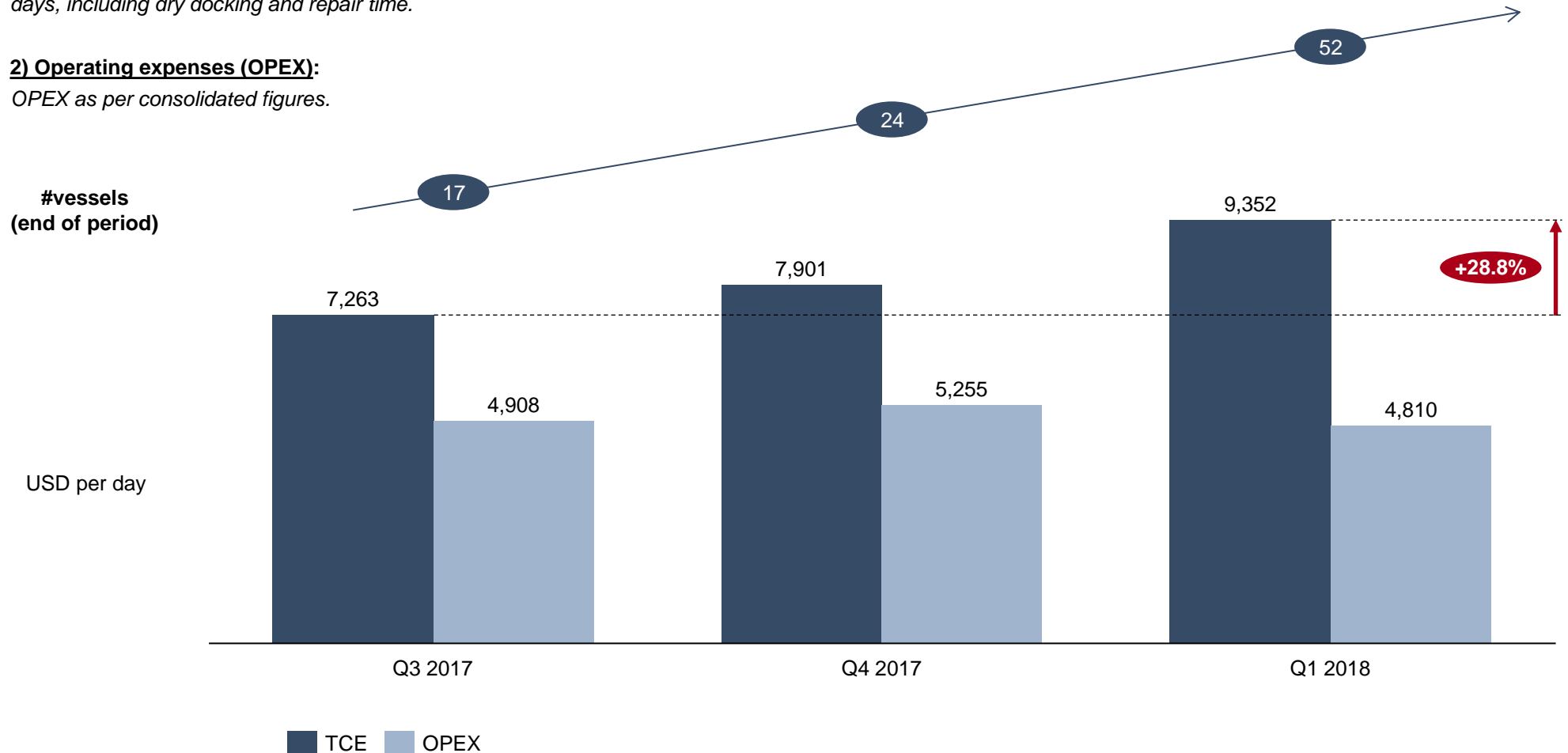
CONSOLIDATED FLEET

1) Time Charter Equivalent (TCE):

Time charter revenue divided by trading days during a reporting period.
Trading days are ownership days net of commercial and technical off-hire days, including dry docking and repair time.

2) Operating expenses (OPEX):

OPEX as per consolidated figures.



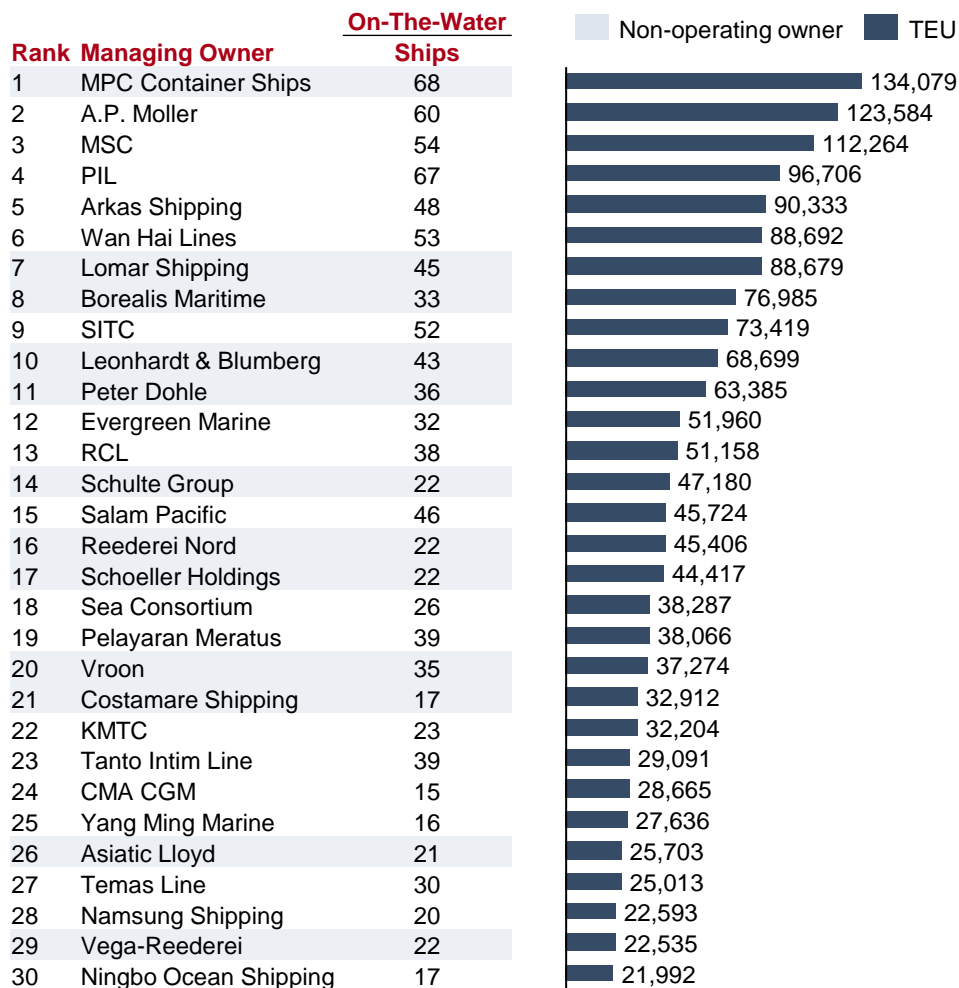
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STRONG MARKET POSITION IN THE FEEDER CONTAINER SEGMENT

OWNERS OF FEEDER CONTAINER VESSELS



TRENDS & CHALLENGES

- Consolidation in the container liner industry
- New regulations – IMO 2020
- Digitalization backlog putting pressure on liners' capex resources
- New accounting standard for leases – IFRS 16
- Protectionist tendencies & implications for world trade flows



OPPORTUNITIES

- Growing the company in a phase where many market players are still burdened with legacy issues
- Establishment of a leading container tonnage provider with attractive and flexible financing possibilities
- Additional value to be generated from scale and platform ideas
- Benefitting from economies of scale
- Strategic partnerships with charterers to tackle industry challenges, e.g. off balance sheet solutions and capex requirements

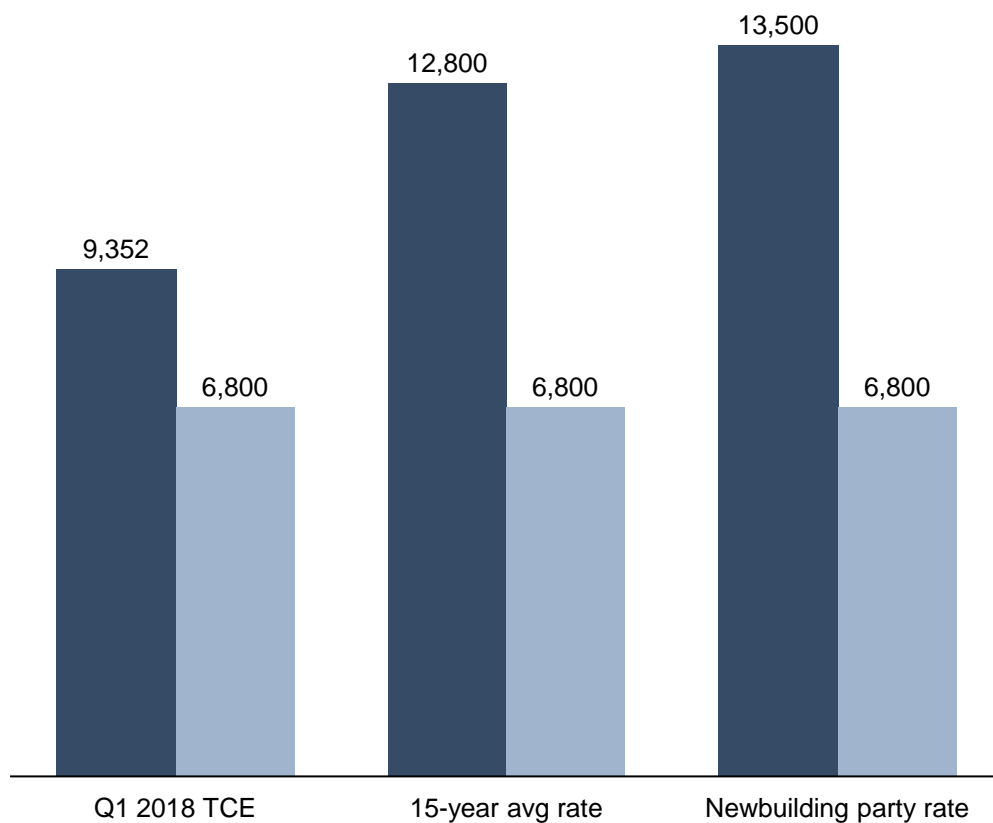
MPCC is the largest non-operating owner of feeder container ships globally

HIGH UPSIDE IN EARNINGS POTENTIAL

UPSIDE POTENTIAL IN RATES

■ TCE ■ Normalized CBE¹

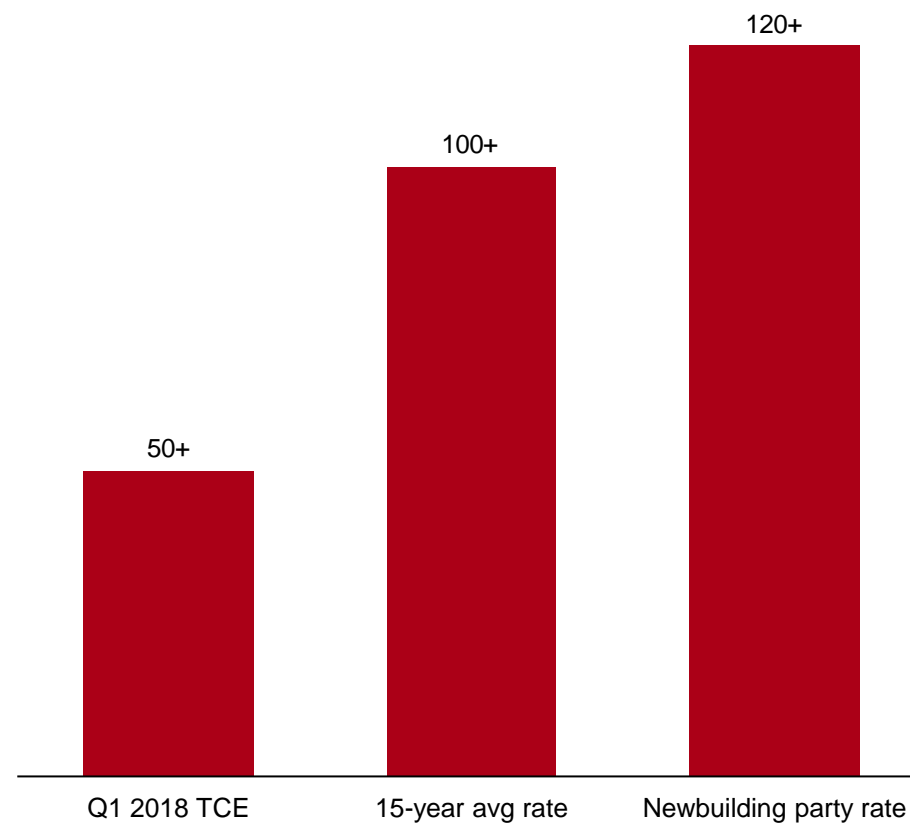
USD per day



EBITDA POTENTIAL (FULLY DELIVERED & ANNUALIZED)²

■ EBITDA

USD million p.a.



¹ assuming 60 fully consolidated vessels and additional bank financing of USD 50m compared to capital structure as of 31/03/2018; excluding dry docking costs

² assuming 60 fully consolidated vessels

MPC CONTAINER SHIPS ASA – OUTLOOK

OUTLOOK

- MPCC Vision: “Create the market leading container feeder company positioned to get maximum interest from the capital markets and offer unique and flexible service to its customers“

STRATEGY

Strategy:

- Assets / Growth:
 - Explore further asset acquisitions via the secondhand market (subject to pricing and NB parity)
 - Evaluate alternative growth options, e.g. M&A and ship-for-share transactions
- Yield: Low cost break-evens provides for solid dividend potential in future
- Scale: Economies of scale in financing, strategic partnerships and operations

Operations:

- Technical - implement measures to advance operational efficiencies (e.g. spare part pools, dry docking contingents, further improve OPEX)
- Commercial:
 - Further extent charter coverage and implement chartering strategy on portfolio basis
 - Explore strategic partnerships with industry players

Corporate:

- Capital market – evaluate measures to improve trading volumes, increase analyst coverage etc.
- Maintain moderate leverage

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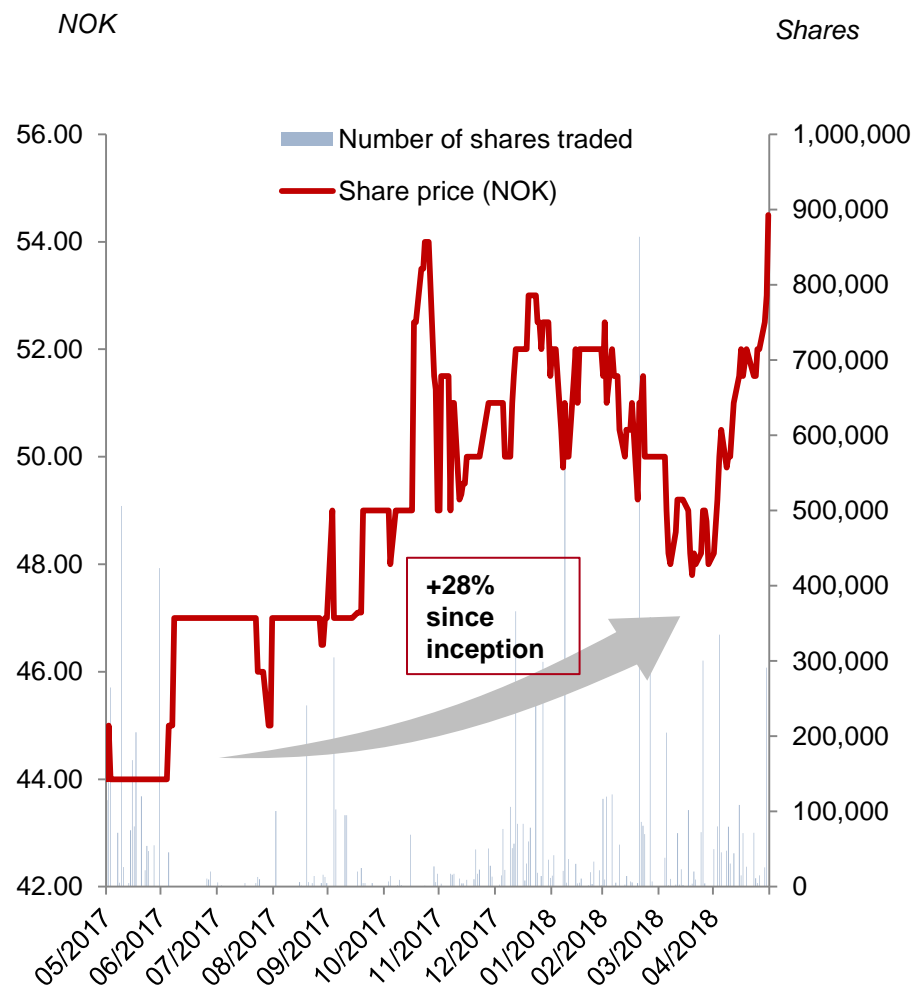
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CAPITAL MARKET SNAPSHOT

SHARE PRICE AND VALUATION



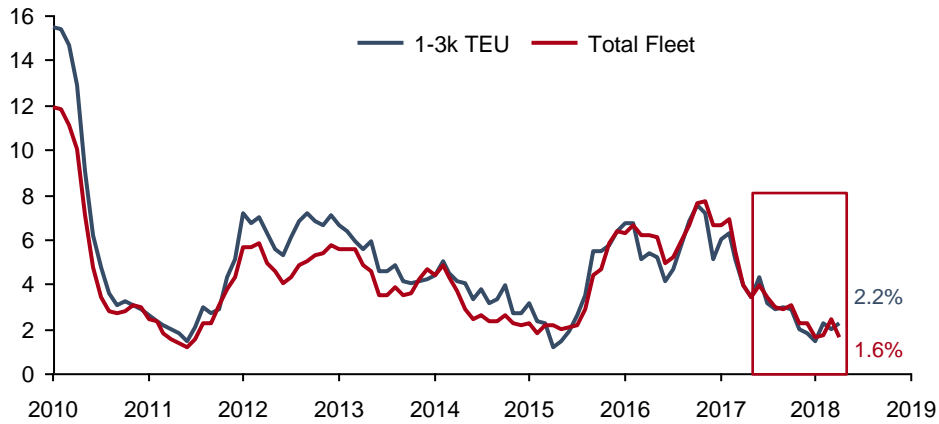
TRADING INFORMATION

Ticker	MPCC
Segment	Oslo Stock Exchange, Oslo
ISIN	NO0010791353
Trading currency	NOK
Shares outstanding	77,003,000
Market cap. 30 May 2018	USD 512m
Average trading volume (30-day)	55,000 shares

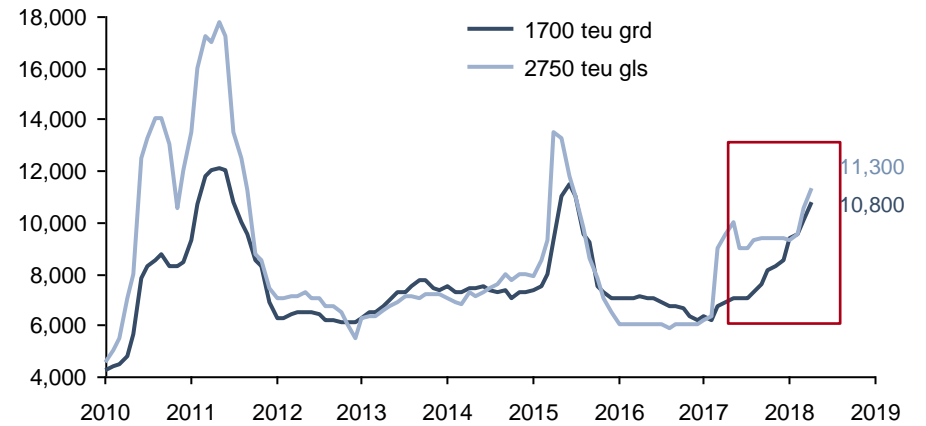
Appendix

MARKET UPDATE – POSITIVE MOMENTUM IN RATES AND ASSET VALUES

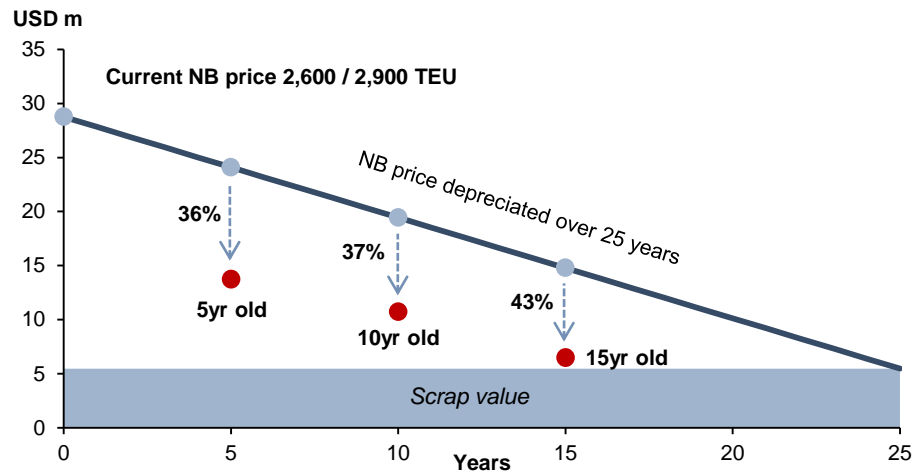
IDLE FLEET (IN % OF EXISTING FLEET)



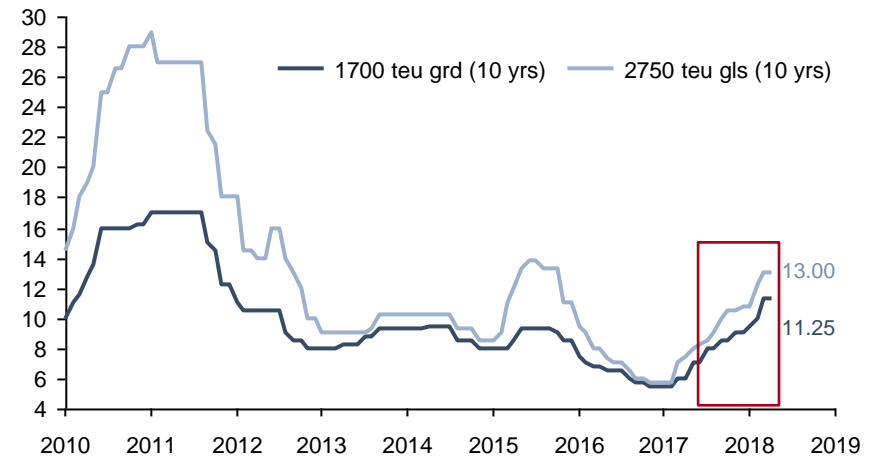
TC RATES (IN USD/DAY)



DISCOUNT TO NEWBUILDING PARITY



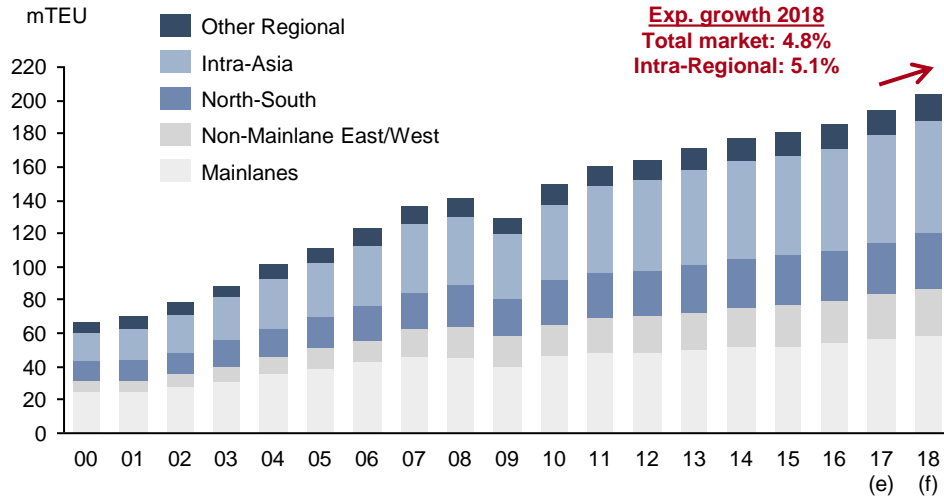
SECONDHAND ASSET VALUES (IN USDM)



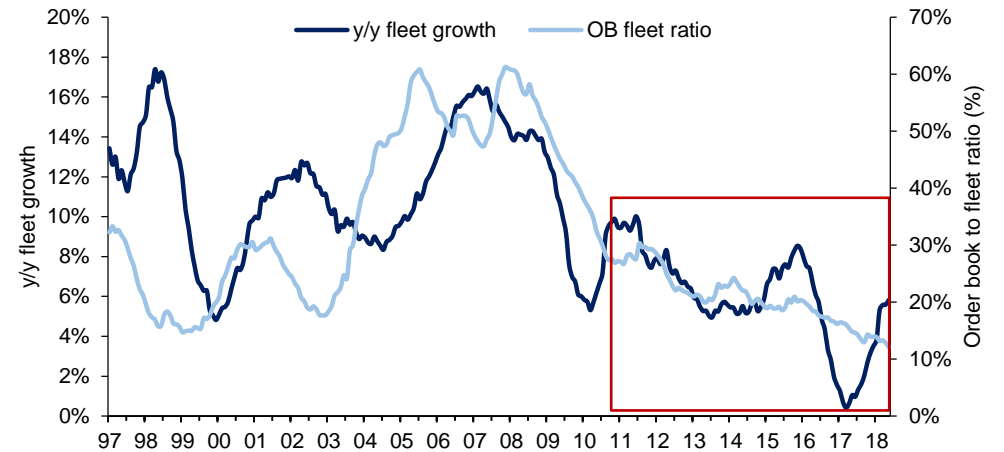
Appendix

SUPPLY AND DEMAND BALANCE IMPROVING IN THE WHOLE CONTAINER SHIPPING MARKET

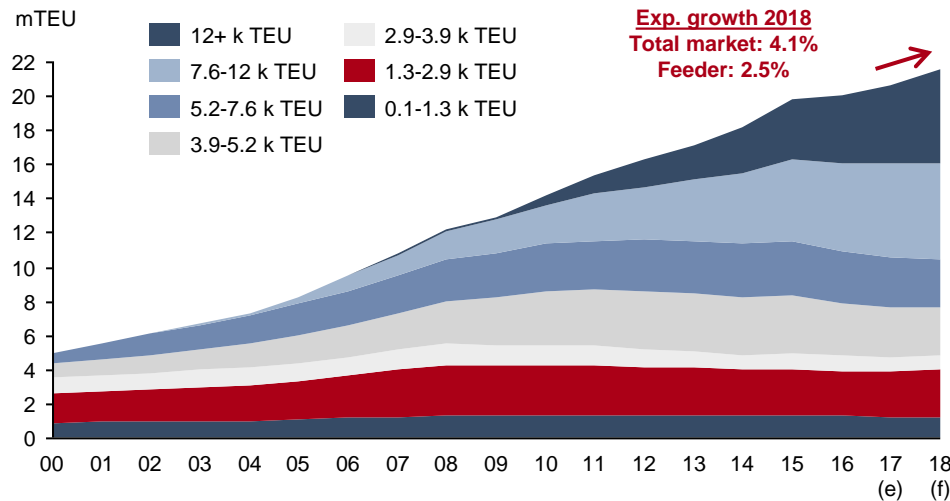
DEMAND: TRADE DEVELOPMENT



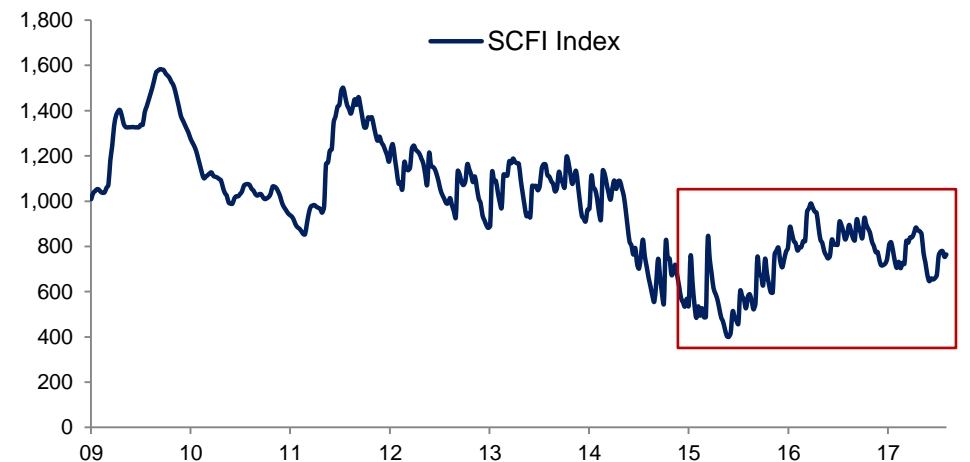
ORDER BOOK AT HISTORIC LOW



SUPPLY: FLEET DEVELOPMENT



FREIGHT RATES STABILIZING



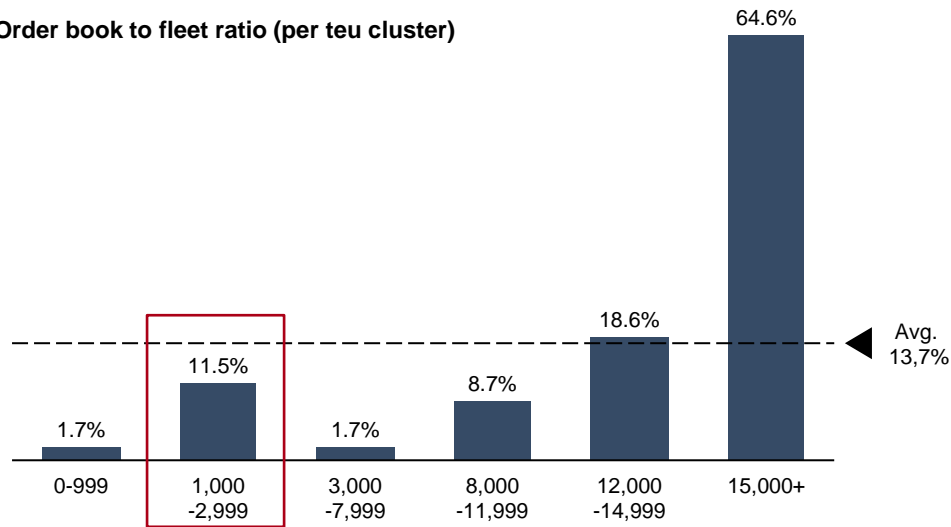
Appendix

EVEN MORE FAVORABLE SUPPLY/DEMAND DYNAMICS FOR THE FEEDER SEGMENT

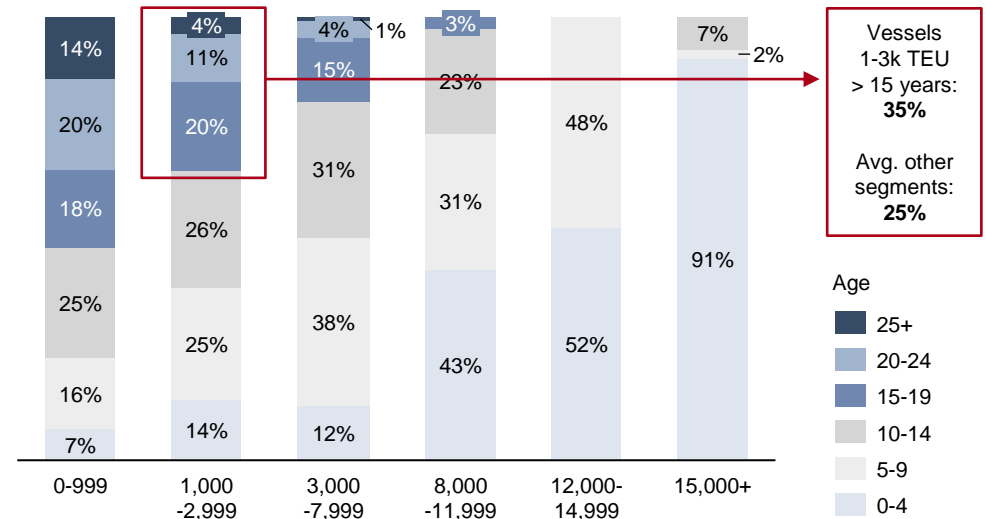
Trade deployment of feeder tonnage (1-3k TEU)

LIMITED ORDERING OF FEEDER TONNAGE

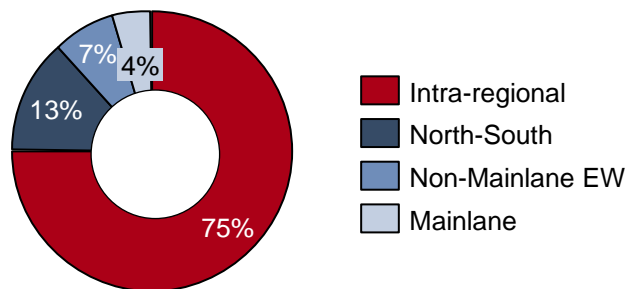
Order book to fleet ratio (per teu cluster)



AGEING FEEDER CONTAINER FLEET



FEEDER TONNAGE CONCENTRATED IN INTRA-REGIONAL TRADES



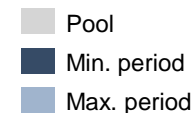
- 75% of feeder tonnage deployed in intra-regional trades
- Intra-regional trades have high entry barriers for larger tonnage due to port restrictions, frequency requirements, inflexibility and commercial constraints
- Charter market recovery to be expected in segments best protected by cascading, e.g. regional feeder trades
- Intra-regional trades have outperformed other trading regions since 2011 and are projected to continue doing so, e.g. Intra-Asia with highest growth projections over the next 2 years (CAGR > 6%)

Appendix

FLEET EMPLOYMENT 1,000 – 1,700 TEU

VESSEL EMPLOYMENT DETAILS

No.	Vessel	Stake	Cluster	Charterer	Rate (\$pd)	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19
1	AS LAURETTA	100%	1000 gls	SITC	8,000					
2	AS LEONA	100%	1000 gls	Heung-A	7,250					
3	AS LAETITIA	100%	1000 grd	CMA CGM	7,950					
4	AS LAGUNA	100%	1000 grd	Maersk Line	6,000					
5	AS FATIMA	100%	1300 gls	Pool	7,470					
6	AS FENJA	100%	1300 gls	COSCO	7,500					
7	AS FIONA	100%	1300 gls	Wan Hai Lines	8,900					
8	AS FLORA	100%	1300 gls	TCL	8,900					
9	AS FLORIANA	100%	1300 gls	Pool	7,470					
10	AS FRIDA	100%	1300 gls	Wan Hai Lines	9,000					
11	AS FABIANA	100%	1300 grd	Pool	9,100					
12	AS FABRIZIA	100%	1300 grd	Pool	9,100					
13	AS FAUSTINA	100%	1300 grd	Pool	9,100					
14	AS FEDERICA	100%	1300 grd	Pool	9,100					
15	AS FELICIA	100%	1300 grd	Pool	9,100					
16	AS FILIPPA	100%	1300 grd	Pool	9,100					
17	AS FIORELLA	100%	1300 grd	Pool	9,100					
18	AS FLORETTA	100%	1300 grd	Pool	9,100					
19	AS FORTUNA	100%	1300 grd	Pool	9,100					
20	AS FRANZISKA	100%	1300 grd	Pool	9,100					
21	AS FREYA	100%	1300 grd	RCL	9,500					
22	AS RAFAELA	100%	1500 gls	Yang Ming	7,950					
23	AS RAGNA	100%	1500 gls	Pool	7,160					
24	AS RICCARDA	100%	1500 gls	Pool	7,160					
25	AS ROBERTA	100%	1500 gls	Wan Hai Lines	10,500					
26	AS ROMINA	100%	1500 gls	Pool	7,160					
27	AS ROSALIA	100%	1500 gls	Pool	7,160					
28	AS CARELIA	100%	1700 grd	Hapag-Lloyd	9,300					
29	AS CYPRIA	100%	1700 grd	CMA CGM	9,400					
30	AS SABRINA	100%	1700 grd	Maersk Line	14,430					
31	AS SAMANTA	100%	1700 grd	Maersk Line	14,430					
32	AS SARA	100%	1700 grd	Maersk Line	14,430					
33	AS SAVANNA	100%	1700 grd	Maersk Line	14,430					
34	AS SERAFINA	100%	1700 grd	Maersk Line	14,430					
35	AS SERENA	100%	1700 grd	MCC	9,650					
36	AS SOPHIA	100%	1700 grd	MCC	9,650					
37	AS SUSANNA	100%	1700 grd	Maersk Line	14,430					
38	AS SVENJA	100%	1700 grd	Maersk Line	14,430					



Appendix

FLEET EMPLOYMENT 2,000 – 2,800 TEU

VESSEL EMPLOYMENT DETAILS

No.	Vessel	Stake	Cluster	Charterer	Rate (\$pd)	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19
39	AS ANGELINA	100%	2200 grd	Seaboard	7,600					
40	AS PAULINE	100%	2500 gls	Evergreen	8,650	Take-over	after TC			
41	AS PENELOPE	100%	2500 gls	Sinotrans	8,700	Take-over	after TC			
42	AS PALATIA	100%	2500 grd	COSCO	10,450					
43	AS PAOLA	100%	2500 grd	CMA CGM	8,800					
44	AS PATRIA	100%	2500 grd	Seaboard	11,200					
45	AS PAULINA	100%	2500 grd	CMA CGM	12,000					
46	AS PETRONIA	100%	2500 grd	CMA CGM	9,750					
47	AS PALINA	80%	2500 grd	CMA CGM	12,250					
48	AS PETRA	80%	2500 grd	CMA CGM	9,000					
49	AS PETULIA	50%	2500 grd	Seaboard	11,400					
50	AS CALIFORNIA	100%	2800 gls	Maersk Line	8,500					
51	AS CAMELLIA	100%	2800 gls	CMA CGM	10,500					
52	AS CAROLINA	100%	2800 gls	Maersk Line	7,750					
53	AS CLARA	100%	2800 gls	Hapag-Lloyd	8,950					
54	AS CLARITA	100%	2800 gls	ZISS	9,250	11,500				
55	AS CLEMENTINA	100%	2800 gls	MCC	8,850					
56	AS COLUMBIA	100%	2800 gls	Sinokor	9,500	11,600				
57	AS CONSTANTINA	100%	2800 gls	Heung-A	9,250					
58	SEVILLIA	100%	2800 gls	COSCO	9,650					
59	SICILIA	100%	2800 gls	TS Lines	10,700					
60	AS CARINTHIA	50%	2800 gls	Wan Hai Lines	10,500					
61	CARDONIA	50%	2800 gls	Milaha Maritime	9,000					
62	CARPATHIA	50%	2800 gls	Milaha Maritime	9,000					
63	CIMBRIA	50%	2800 gls	OOCL	9,100					
64	CORDELIA	50%	2800 gls	APL	9,250					
65	AS CARLOTTA	100%	2800 grd	Hamburg-Süd	9,250	11,500				
66	AS CHRISTIANA	100%	2800 grd	Hamburg-Süd	9,250	11,500				
67	AS CLEOPATRA	50%	2800 grd	MSC	10,650					
68	AS PATRICIA	50%	2800 grd	SITC	8,500					

Pool
 Min. period
 Max. period

▶ **Current gross blended TC rate (total fleet): USD 9,700 per day**