MPC CONTAINER SHIPS ASA

FINANCIAL REPORT
Q1 2019

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MPC CONTAINER SHIPS ASA

FIRST QUARTER 2019 HIGHLIGHTS

- Total operating revenues were USD 46.7 million (Q4 2018: USD 52.5 million).
- EBITDA was USD 4.7 million (Q4 2018: USD 9.5 million). EBITDA adjusted for non-recurring effects related to AS Fortuna (see below) was USD 6.9 million for Q1 2019.
- Net loss for the period was USD -7.7 million (Q4 2018: net loss of USD -5.1 million).
- Total ownership days of fully owned vessels were 5,400 (Q4 2018: 5,612).
- Total trading days of fully owned vessels were 4,831 (Q4 2018: 4,871). First quarter utilization was 89.9% (Q4 2018: 88.6%).
- Average time charter equivalent ("TCE") was USD 9,240 per day (Q4 2018: USD 9,991 per day).
- Average operating expenses ("OPEX") were USD 5,274 per day (Q4 2018: USD 4,927 per day).
- Equity ratio as at 31 March 2019 was 63.3% (31 December 2018: 63.6%) and the leverage ratio was 34.3% (31 December 2018: 34.3%).

SUBSEQUENT EVENTS

- On 25 April 2019, MPC Container Ships ASA ("the Company", together with its subsidiaries "the Group") announced that it had entered into a USD 40 million, three-year revolving credit facility with CIT Group. The revolving credit facility was agreed at attractive terms and can be used towards investments, vessel upgrades or general corporate purposes.

BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

The Group's principal business activity is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Group has a focus on feeder vessels, mainly between 1,000 and 3,000 TEU, that are chartered out to liner shipping companies and regional carriers.

In order to position the Group to benefit from expected market improvements whilst ensuring manoeuvrability under current conditions, the Group focuses on maintaining a low cash break-even, prudent leverage profile and capital allocation. During Q1 2019, in accordance with the share buy-back programme announced on 28 February 2019, the Company has acquired 169,956 own shares for a total consideration of USD 0.5 million. Moreover, as highlighted under subsequent events, the Group has obtained new debt financing at favourable terms, thereby ensuring flexibility and additional financial strength in anticipation of improved market conditions.

The Group has made use of the right to declare a constructive total loss for vessel AS Fortuna after her grounding in September 2018. The vessel value is fully insured and insurance proceeds exceed the book value of the vessel. EBITDA adjusted and operational cash flow adjusted for this non-recurring event was USD 6.9 million and USD 7.0 million, respectively.

FIRST QUARTER 2019 RESULTS

Financial performance

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues were USD 46.7 million during Q1 2019 (Q4 2018: USD 52.5 million). The gross profit from vessel operations was USD 7.2 million in Q1 2019 (Q4 2018: USD 11.8 million).

Container shipping continues to face an exceptionally high degree of uncertainty, ranging from the additional costs associated with IMO 2020 to the possibility of a trade recession, in particular due to on-going US-China tensions. The Group's earnings continues to be affected by the challenging shipping markets.

The Group reports a loss before taxes of USD -7.7 million in Q1 2019 (Q4 2018: USD -4.9 million) and a loss for the period was USD -7.7 million in Q1 2019 (Q4 2018: USD -5.1 million).

Financial position

The Group's total assets amounted to USD 704.7 million as at 31 March 2019 (USD 722.1 million as at 31 December 2018). Non-current assets in the amount of USD 625.9 million comprises of vessels taken over and operated by the Group as well as the equity investments into a joint venture.

Total equity was USD 446.3 million as at 31 March 2019 (USD 459.2 million as at 31 December 2018) with non-controlling interest of USD 1.7 million. As at 31 March 2019, the Group had interest-bearing debt in the amount of USD 241.8 million (USD 247.7 million as at 31 December 2018). The decrease in long-term debt is due to the repayment of financing related to vessels AS Petra and AS Palina, including payments of instalments on non-recourse senior secured term loan.

Cash flow

The total net change in cash and cash equivalents from 31 December 2018 to 31 March 2019 was USD -13.6 million.

During Q1 2019, the Group generated a positive cash flow from operating activities of USD 0.7 million (Q4 2018: USD 8.8 million). The cash flow from investing activities was USD -3.6 million (Q4 2018: USD -11.2 million) due to dry-dockings, scrubber retrofits and other upgrades, investments in affiliated companies and repurchase of own shares. The Group had a negative cash flow from financing activities of USD -10.7 million (Q4 2018: USD -5.0 million) due to repayment of debt and interests.

Cash and cash equivalents as at 31 March 2019 were USD 46.6 million, down from USD 60.2 million as at 31 December 2018.

CONTAINER MARKET UPDATE

After a rather subdued start to the year, demand for tonnage returned in March in essentially all segments, with the largest ships benefiting the most. Idle numbers fell in all size segments, but although the balance between supply and demand improved significantly, charter rates do not yet reflect the improving environment. Initially, vessels of >5,500 TEU in particular recorded higher charter rates, but towards the end of the Q1 2019 medium- and smaller-sized vessels are also seeing a rapid decline in supply.

Secondhand activities in Q1 2019 were at their lowest level since end-of 2016, with market prices continuously under pressure. Concurrently, newbuilding activity of only a modest pace could be observed.

The economic environment remained challenging, as reflected by the downward revision of demand growth in the largest trades, leading to a lower-than-anticipated container trade growth of 3.6% for the year as a whole (2018: 4.2%) according to research institutions. Container shipping continues to face an exceptionally high degree of uncertainty, ranging from the additional costs associated with the January 2020 implementation date of the International Maritime Organization's sulphur emission cap regulation to the possibility of a trade recession, in particular due to ongoing US-China tensions.

On a positive note, demolition activity in Q1 2019 was almost three times the capacity recycled in the same period of 2018. Similarly, less than half of the capacity was delivered in Q1 2019 than in Q1 2018, supporting the forecast of a more moderate fleet growth of 2.7% for 2019 (2018: 5.2%).

Demand

Growth in global seaborne box trade is expected to remain largely constant in 2019, with Non-Mainlane trade being an important driver while Mainlane trades expected to expand only moderately. In particular, the pace of global manufacturing remains a cause for concern as growth rates in Europe and Asia have been disappointing.

Present year container trade is estimated to grow by about 3.6%, whereas Transpacific trades grow by 0.5%, Far East Europe trades with 2.0% North-South trades with 3.7%, Other East-West with 4.1% and Intra-Regional trades with 4.9%.

Trade tariffs and the threat thereof will remain a key issue in 2019. Even threatened measures can have real effects by increasing uncertainty and discouraging investments. The implications of a major trade war between China and the United States are likely to go far beyond trade barriers, as they will affect a number of industries globally and could well lead the global economy into recession.

Moreover, global economic growth projections have been adjusted downwards recently, with e.g. the International Monetary Fund now forecasting 3.3% and 3.4% for 2019 and 2020, respectively.

For 2019, container trade growth projections range from 3.0% to 3.8%, representing a relatively healthy level in the base case, which is generally subject to an escalation of trade tensions.

Fleet development

Fleet growth in Q1 2019 was moderate. A total of 27 vessels with a carrying capacity of 0.19 million TEU were delivered, less than half the delivered capacity in Q1 2018. In particular, deliveries of container ships with a capacity of more than 15,000 TEU have slowed, with only four of them delivered compared to 12 in the same period in 2018. Overall, box ship deliveries for full-year 2019 are expected to decline by 35% year-on-year, the lowest annual level in 15 years.

Overall, net fleet growth in Q1 2019 rose by a mere 0.5% (Q1 2018: 1.8%), supporting the forecast of a more moderate fleet growth of 2.7% for 2019. Importantly, it should be noted that the "active" capacity growth in the container ship sector in 2019 could be reduced by approximately 1.0% through the "decommissioning" for scrubber retrofitting ahead of the IMO 2020.

Q1 2019 demolition was almost three times the capacity recycled during the same period in 2018. With the introduction of new environmental regulations such as ballast water treatment regulations in September 2019 and low sulphur fuel regulations in January 2020, an increasing number of older ships might be on their way to recycling yards in coming months. For this reason, fleet growth in the feeder segment is expected to slow to around 1.3%.

The total contract volume in Q1 2019 was 46 ships with a total of 0.24 million TEU carrying capacity. While interest in feeder container ship newbuildings remained very strong in the first months of 2019, fears of technology-related competition for shipyards have not yet materialized. The boxship orderbook should therefore continue to shrink relative to the merchant fleet.

The reduced pressure on the supply side is expected to have a positive effect for 2019, especially considering demand side risks.

Asset prices

While newbuilding prices were generally 10-15% higher than in the previous year, they either rose slightly or remained largely stable in the first months of 2019. The consolidation and rationalisation of shipyards is expected to result in further increases in newbuilding prices.

Newbuilding prices in March 2019:

- 1,000 TEU: USD 19.75 million (up 4% year-to-date)
- 1,700 TEU: USD 26.25 million (up 1% year-to-date)
- 2,750 TEU: USD 35.0 million (up 0% year-to-date)
- 4,800 TEU: USD 53.0 million (up 7% year-to-date)

By the end of Q1 2019, the number of concluded transactions remained very moderate. The total number of container ships traded stood at 22/0.1 million TEU, 42% lower than in Q1 2018. Secondhand activity is thus at its lowest level since the end of 2016.

Concerns over regulations coming into force, demand-side pressures and doubts regarding the sustainability of improved market conditions have kept many buyers away.

The secondhand values of container ships have been trending downwards since July 2018. The recent improvement in charter rates for larger vessels has not yet had any significant impact on values. Some of the few sales reported in March set even lower benchmarks, particularly in the larger end of the feeder segment.

Secondhand prices (10yr old) in March 2019:

- 1,000 TEU: USD 5.0 million (down 9% year-to-date)
- 1,700 TEU: USD 9.5 million (down 10% year-to-date)
- 2,750 TEU: USD 12.0 million (down 11% year-to-date)
- 4,300 TEU: USD 10.5 million (down 5% year-to-date)

Charter rates

After a rather subdued start into the year, demand for tonnage returned in virtually all tonnage segments since the end of the Chinese Lunar New Year holidays in March, with largest ships benefiting the most.

Analysts concluded that the pre-planned network changes of alliances, service upgrades in intra-Asian related trades and scrubber-retrofit dry-dockings were the main reasons for the increasing interest.

These improving trading conditions for owners have had a positive impact on charter rates, which thus far have risen mainly for larger vessels, while most medium- and smaller-sized units have seen only minor improvements.

The idle container ship fleet has fallen from 4.0% of the total fleet to 1.3% in the last two months. In the smaller sizes, activity in intra-Far East trades has been particularly brisk, with new service offerings helping. In a historical comparison, the speed of the current idle fleet decline within the feeder segment is unprecedented in recent years.

Towards the end of Q1 2019 demand for vessels in the 1,500-2,800 TEU segments has continued to provide support and charter rates have trended up, while negative seasonal adjustments have so far been weaker than expected.

Time charter rates (6-12 months) in March 2019:

- 1,000 TEU: USD 6,150 (down 3% year-to-date)
- 1,700 TEU: USD 7,250 (down 3% year-to-date)
- 2,750 TEU: USD 8,600 (down 9% year-to-date)
- 4,300 TEU: USD 8,250 (down 8% year-to-date)

Market outlook

Relative to year-end 2018, little visibility has been offered in Q1 2019 as to the outlook for container shipping. Uncertainties persist on global economic growth and trade tensions, leaving several industries in a state of flux in terms of growth and earnings potential. In its April 2019 World Economic Outlook, the International Monetary Fund projected a further weakening of the world economy in 2019 to a 10-year low 3.3% (the third downward adjustment since last summer). Adding to this, the European Commission in May 2019 lowered its 2019 Euro area growth forecast from 1.3% to 1.2% owing to trade and social tensions as well as BREXIT uncertainty.

For container shipping in particular, trade protectionism is taking its toll on demand. Following a period of improved optimism over a US-Sino trade war ease-up, having seen further tariffs halted since December 2018 to allow for bilateral trade talks, tensions escalated notably mid-May when Washington more than doubled existing tariffs on Chinese products and Beijing retaliated soon thereafter. At this level, even a shift in demand from China to South and Southeast Asia will only partially offset the expected reduction in cargos from China.

The supply side, meanwhile, appears steadier with a more positive outlook in general and even more so in the smaller-vessel segment where MPC Container Ships operate. YTD 2019 vessel demolition has already surpassed 2018 levels, and the IMO 2020 is expected to bring about increased slow steaming and cause vessels to be taken out of service for e.g. scrubber retrofits and tank cleanings.

The Company was established two years ago on the back of an envisaged 3-5 year recovery period for the feeder container segment. Having been slightly ahead of the recovery curve mid-2018, the sudden shift in market sentiment in Q4 2018 left the sector lagging. Meanwhile, market fundamentals remain positive with forecasts of a more favourable supply-demand outlook for the second half of 2019 and 2020 and onwards, in particular for smaller tonnage.

FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Container Ships ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in USD thousands	Notes	Q1 2019 (unaudited)	Q4 2018 (unaudited)	Q1 2018 (unaudited)
Operating revenue	5	46,657	52,488	28,260
Commissions		-1,618	-1,800	-1,043
Vessel voyage expenditures		-5,091	-8,056	-1,229
Vessel operation expenditures		-29,951	-27,650	-15,630
Ship management fees		-2,235	-2,129	-1,227
Share of profit or loss from joint venture	6	-524	-1,071	349
Gross profit		**7,238**	**11,782**	**9,480**
Administrative expenses		-2,028	-2,107	-1,411
Other expenses		-2,253	-718	-406
Other income		1,791	528	290
EBITDA		**4,748**	**9,484**	**7,953**
Depreciation	7	-9,805	-9,091	-4,916
Gain from disposal of vessels	7	2,669	0	0
Operating result (EBIT)		**-2,388**	**393**	**3,037**
Other finance income		142	73	319
Finance costs		-5,458	-5,378	-2,845
Profit/Loss before income tax (EBT)		**-7,704**	**-4,912**	**511**
Income tax expenses		-6	-142	-8
Profit/Loss for the period		**-7,711**	**-5,054**	**502**
Attributable to:				
Equity holders of the Company		-7,696	-5,144	576
Minority interest		-14	90	-74
Basic earnings per share – in USD		**-0.09**	**-0.06**	**0.01**
Diluted earnings per share – in USD		**-0.09**	**-0.06**	**0.01**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Note	Q1 2019 (unaudited)	Q4 2018 (unaudited)	Q1 2018 (unaudited)
Profit/loss for the period		-7,711	-5,054	502
Items that may be subsequently transferred to profit or loss		**-1,585**	**-1,589**	**1,391**
Foreign currency effects, net of taxes		-68	-52	12
Change in hedging reserves, net of taxes		-1,517	-1,537	1,379
Items that will not be subsequently transferred to profit or loss		**0**	**0**	**0**
Other comprehensive profit/loss, net of taxes		0	0	0
Other comprehensive profit/loss from joint ventures and affiliates		0	0	0
Total comprehensive profit/loss		**-9,296**	**-6,643**	**1,893**
Attributable to:				
Equity holders of the Company		-9,282	-6,733	1,967
Non-controlling interest		-14	90	-74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	At 31 March 2019 (unaudited)	At 31 December 2018 (audited)
Assets		**704,691**	**722,062**
Non-current Assets		625,914	633,658
Vessels	7	598,578	605,749
Prepayment on vessels	7	0	1,549
Investment in joint venture	6	27,336	26,360
Current Assets		78,777	88,404
Inventories		4,437	4,853
Trade and other receivables		27,712	23,322
Cash and cash equivalents		46,628	60,228
Unrestricted cash		33,607	44,087
Restricted cash		13,021	16,141
Equity and Liabilities		**704,691**	**722,062**
Equity		446,334	459,150
Ordinary shares	10	457,176	457,726
Share capital		101,121	101,121
Share premium		356,566	356,605
Treasury shares		-511	0
Retained losses		-11,944	-4,247
Other reserves		-600	984
Non-controlling interest		1,702	4,688
Non-current Liabilities		239,277	244,766
Interest bearing loans	8	239,277	244,766
Current Liabilities		19,080	18,145
Interest bearing loans and borrowings	8	2,511	2,942
Provisions		4,054	3,902
Trade and other payables		7,071	6,369
Payables to affiliated companies		34	53
Other liabilities		9,464	8,781

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In USD thousands	Share capital (unaudited)	Share premium (unaudited)	Treasury shares (unaudited)	Retained losses (unaudited)	Other reserves (unaudited)	Non-controlling interest (unaudited)	Total equity (unaudited)
Equity as at 1 January 2019	101,121	356,605	0	-4,247	985	4,687	**459,150**
Purchase of own shares			-511				**-511**
Capital increase to non-controlling interest						391	**391**
Changes in ownership in subsidiaries that do not result in loss of control		-39				-3,361	**-3,400**
Result of the period				-7,696		-14	**-7,711**
Foreign currency effects					-68		**-68**
Hedging reserves					-1,517		**-1,517**
Equity as at 31 March 2019	**101,121**	**356,566**	**-511**	**-11,944**	**-600**	**1,702**	**446,334**
Equity as at 1 January 2018	77,155	261,322	0	-2,639	140	4,542	**340,520**
Share issuance	23,966	95,283					**119,249**
Capital increase to non-controlling interest						136	**136**
Result of the period				-1,608		9	**-1,599**
Foreign currency effects					-30		**-30**
Hedging reserves					875		**875**
Equity as at 31 December 2018	**101,121**	**356,605**	**0**	**-4,247**	**984**	**4,688**	**459,150**

CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q1 2019 (unaudited)	Q4 2018 (unaudited)	Q1 2018 (unaudited)
Profit/Loss before income tax		-7,704	-4,912	511
Income tax expenses paid		0	0	0
Net change in current assets		-3,974	1,433	-6,123
Net change in current liabilities		935	-1,686	3,887
Fair value change in derivatives		-1,517	-1,537	1,379
Depreciation		9,805	9,091	4,916
Finance costs (net)		5,316	5,305	2,526
Share of profit or loss from joint venture		524	1,071	-349
Gain from disposal of vessels		-2,669	0	0
Cash flow from operating activities		**717**	**8,765**	**6,747**
Proceeds from disposal of vessels		9,030	0	0
Dry docks and other upgrades on vessels		-7,391	-11,323	-251,191
Investment in subsidiaries and affiliated companies		-4,900	37	-12,375
Interest received		142	62	318
Purchase of own shares		-511	0	0
Cash flow from investing activities		**-3,630**	**-11,223**	**-263,248**
Proceeds from share issuance		391	0	74,497
Share issuance costs		0	0	-1,554
Proceeds from debt financing		0	0	100,000
Repayment of debt		-6,383	-160	-160
Interest paid		-4,525	-4,736	-2,446
Debt issuance costs		-170	-95	-2,701
Cash flow from financing activities		**-10,688**	**-4,991**	**167,637**
Net change in cash and cash equivalents		-13,600	-7,450	-88,864
Net foreign exchange differences		0	0	-1
Cash and cash equivalents at beginning of period		60,228	67,678	164,323
Cash and cash equivalents at the end of period[1]		**46,628**	**60,228**	**75,458**

[1] Whereof USD 13.0 million were restricted as at 31 March 2019 and USD 16.1 million were restricted as at 31 December 2018.

NOTES

Note 1 - General information

MPC Container Ships ASA (the "Company") is a public limited liability company (Norwegian: *allmennaksjeselskap*) incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Company was incorporated on 9 January 2017 and commenced operations in April 2017, when the first vessels were acquired. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group is the investment in and operation of container vessels.

The shares of the Company are listed at the Oslo Stock Exchange as at 3 May 2018 under the ticker "MPCC".

Note 2 - Basis of preparation

The unaudited interim financial statements for the period ended 31 March 2019 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The statements have not been subject to audit. The statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2018. The consolidated financial statements are presented in USD thousands unless otherwise indicated.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Note 3 - Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial reporting are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 31 December 2018 except for the new standards effective as of 1 January 2019.

The Company implemented IFRS 16 starting 1 January 2019. The new standard is replacing IAS 17 Leases. The Company has implemented the new standard using the modified retrospective approach for the implementation of IFRS 16 where comparative figures are not restated. The Company has used the practical expedients when applying the new standard to leases previously classified as operating leases under IAS 17. As the Group do not charter in any vessels and do not have any other lease agreements exceeding 12 months, there has been no material impacts from the implementation of the new standard.

Note 4 - Segment information

All of the Group's vessels earn revenue from seaborne container transportation globally. The vessels exhibit similar economic, trading and financial characteristics. The Group is organized in one operating segment, i.e. the container shipping segment.

Note 5 - Revenue

in USD thousands	Q1 2019	Q1 2018
Time charter revenue	35,237	20,733
Pool charter revenue	9,404	6,950
Other revenue	2,016	577
Total operating revenue	**46,657**	**28,260**

The Group's time charter contracts are separated into a lease element and a service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and are accounted for in accordance with the lease standard. Revenues from time charter services (service element) and other revenue (e.g. bunkers and other services) are accounted for in accordance IFRS 15. The Group's performance obligation is to provide time charter services to its charterers.

in USD thousands	Q1 2019	Q1 2018
Service element	19,736	13,847
Other revenue	24,904	13,836
Total revenue from customer contracts	**44,640**	**27,683**
Lease element	2,016	577
Total operating revenue	**46,657**	**28,260**

Note 6 - Interest in joint ventures

The Group has a 50% interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning eight container vessels through respective wholly-owned subsidiaries.

in USD thousands	Q1 2019	Q1 2018
Operating revenue	5,693	5,475
Operating costs	-6,476	-4,628
Net financial income/expense	-266	-149
Income tax	0	0
Profit after tax for the period	**-1,049**	**699**
Total comprehensive income for the period	**-1,049**	**699**
Group's share of profit for the period	**-524**	**349**

In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method.

Note 7 - Vessels and prepayments

in USD thousands	At 31 March 2019 (unaudited)	At 31 December 2018 (audited)
Acquisition cost at 1 January	**639,871**	**268,158**
Acquisition of vessels	0	273,536
Prepayments reclassified to vessels	1,549	57,787
Prepayments	-1,549	1,549
Capitalized dry-docking and other expenses	7,447	38,841
Disposals of vessels	-6,361	0
Acquisition cost	**640,956**	**639,871**

Accumulated depreciations 1 January	-32,573	-3,302
Depreciation for the year-to-date	-9,805	-29,271
Accumulated depreciations at end of period	**-42,378**	**-32,573**
Closing balance at end of period	**598,578**	**607,298**
Depreciation method	*Straight-line*	*Straight-line*
Useful life (vessels)	*25 years*	*25 years*
Useful life (dry docks)	*5 years*	*5 years*

AS Fortuna was declared as a constructive total loss by the Group after her grounding in September 2018. The vessel value is fully insured and insurance proceeds exceeds the book value of the vessel.

Note 8 - Interest-bearing debt

in USD thousands	Ticker	Currency	Facility amount	Interest	Maturity	31 March 2019 (unaudited)	31 Dec 2018 (audited)
Nominal value of issued bonds	MPCBV	USD	200,000	Floating + 4.75%	September 2020	200,000	200,000
Non-recourse senior secured term loan	N/A	USD	51,150	Floating + 4.75%	May 2023	49,104	50,127
Other long-term debt incl. accrued interest						467	5,484
Total outstanding						**249,571**	**255,611**
Debt issuance costs						-7,783	-7,903
Total interest bearing debt outstanding						**241,788**	**247,708**

For the non-recourse senior secured term loan, the Group has an accordion option at the lender's discretion for additional approximately USD 250 million. The Group has entered into fixed interest-rate swap agreements for USD 50 million of the USD 200 million bond loan in MPC Container Ships Invest B.V. For the remaining bond loan of USD 150 million the Group has entered into interest cap and collar agreements. For the non-recourse senior secured term loan, the Group has entered into collar agreements.

The following main financial covenants are defined in the terms for the bond loan:

- Vessel loan-to-value ratio of MPC Container Ships Invest B.V. and its subsidiaries shall not exceed 75%;
- MPC Container Ships Invest B.V., together with its subsidiaries, shall maintain a minimum liquidity of 5% of the financial indebtedness of MPC Container Ships Invest B.V. and its subsidiaries; and
- the book-equity ratio of the Group shall at all times be higher than 40%.

The following main financial covenants are defined in the terms of the non-recourse senior secured term loan:

- Vessel loan-to-value ratio of MPCC First Financing GmbH & Co. KG and its subsidiaries shall not exceed 75%; and
- MPCC First Financing GmbH & Co. KG shall maintain a minimum liquidity of 5% of the financial indebtedness of MPCC First Financing GmbH & Co. KG and its subsidiaries.

The Group is in compliance with all bond and loan covenants as at 31 March 2019.

Note 9 - Related party disclosure

The following table provides the total amount of service transactions that have been entered into with related parties for the first quarter of 2019:

in USD thousands - Q1 2019	Type of services	Group	2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG
Ahrenkiel Steamship GmbH & Co. KG / B.V.	Technical	2,002	252
Contchart Hamburg Leer GmbH & Co. KG / B.V.	Commercial	582	69
MPC Maritime Investments GmbH	Corporate	173	0
MPC Münchmeyer Petersen Capital AG	Corporate	86	0
Total		**2,842**	**321**

All related party transactions are carried out at market terms. Please see Note 19 in the Company's 2018 Annual Report for additional description.

See Note 10 – Share capital regarding warrants allocated to the founding shareholders.

Note 10 - Share capital

	Number of shares	Share capital (USD thousands)
1 January 2018	**65,253,000**	**101,121**
16 February 2018	77,003,000	92,254
20 June 2018	83,289,000	99,939
2 July 2018	84,253,000	101,121
31 December 2018	**84,253,000**	**101,121**
Changes in shares and share capital in the period	0	0
31 March 2019	**84,253,000**	**101,121**

The share capital of the Company consists of 84,253,000 shares as at 31 March 2019, with nominal value per share of NOK 10. All issued shares are of equal rights and are fully paid up.

Total share issuance costs from incorporation until 31 March 2019 amounts to USD 13.3 million.

During 2017, the Company issued a total of 2,121,046 warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG as the founding shareholder. Each warrant gives the holders the right, but no obligation, to subscribe for one share in the Company at the exercise price of the NOK equivalent of USD 5.00 per share, given that the vesting conditions are met. The warrants issued to the founding shareholder are recognized as equity instruments in accordance with IAS 32. See Note 22 in the Company's Annual Report 2018 for further information.

Note 11 - Subsequent events

On 25 April 2019, the Group announced that it had entered into a USD 40 million, three-year revolving credit facility with CIT Group. The revolving credit facility was agreed at attractive terms and can be used towards investments, vessel upgrades or general corporate purposes.

ALTERNATIVE PERFORMANCE MEASURES

The Group's financial information is prepared in accordance with international financial reporting standards ("IFRS"). In addition, it is the management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The Group is in the initial phase of operation and performance measures are therefore subject to change. The alternative performance measures are intended to enhance comparability of the results and to give supplemental information to the users of the Group's external reporting.

GROSS PROFIT

Gross profit a key financial parameter for the Group and is derived directly from the income statement by deducting cost of sales (vessel voyage expenditures, ship management fees, vessel operating expenditures and commissions) from the operating revenues.

EBITDA

Earnings before interest, tax, depreciations and amortizations ("EBITDA") is a key financial parameter for the Group and is derived directly from the income statement by adding back depreciation and gain/loss from disposals of vessels to the operating result ("EBIT").

in USD thousands	Q1 2019 (unaudited)	Q4 2018 (unaudited)	Q1 2018 (unaudited)
Operating result (EBIT)	-2,388	393	3,037
Depreciation	9,805	9,091	4,916
Gain from disposal of vessels	-2,669		
EBITDA	**4,748**	**9,484**	**7,953**

AVERAGE TIME CHARTER EQUIVALENT ("TCE")

TCE is a commonly used Key Performance Indicator ("KPI") in the shipping industry. TCE represents time charter revenue and pool revenue divided by the number of trading days for the consolidated vessels during the reporting period. Trading days are ownership days minus days without revenue, including commercial, uninsured technical and dry dock related off-hire days.

AVERAGE OPERATING EXPENSES ("OPEX") PER DAY

OPEX per day is a commonly used KPI in the shipping industry. OPEX per day represents operating expenses excluding tonnage taxes divided by the number of ownership days of consolidated vessels during the reporting period.

UTILIZATION

Utilization in percentage is a commonly used KPI in the shipping industry. Utilization in percentage represents total trading days including off-hire days relates to dry docks divided by the total number of ownership days during the period.

LEVERAGE RATIO

Interest bearing long-term debt and interest bearing short-term debt divided by total assets.

EQUITY RATIO

Total book equity divided by total assets.

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