

# NAVIG8 TOPCO HOLDINGS INC.

## Q3 FY20 RESULTS



**Navig8**

14 FEBRUARY 2020



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# NAVIG8 TOPCO HOLDINGS INC.

## Navig8

### Q3 – Financial Year 2019/2020

February 14, 2020 – Navig8 Topco Holdings Inc. (the “Company” and, together with its subsidiaries, the “Group”) has today presented its consolidated unaudited financial statements for the three (3) months ended 31 December 2019.

#### **BUSINESS OVERVIEW**

- Post-tax profit (before minority interests) amounted to USD 28.2 million (USD6.5 million for the same quarter last year on a pro-forma basis).
- EBITDA amounted to USD54.3 million (USD13.5 million for the same quarter last year).
- Services (Commercial Management, Technical Services and Bunker Procurement):
  - EBITDA of USD13.1m for the quarter (USD12.1m for the same quarter last year).
  - Overheads were USD1.1 million higher compared to the same quarter last year.
  - Commercial Management: Tankers and Chemicals generated a weighted average TCE of \$32,648/day and \$14,211/day, respectively up 57% and 14% year-on-year. The period-end Tankers and Chemicals pool fleets comprised 89 and 54 vessels respectively.
  - Bunker Procurement: Integr8 continued to deliver higher average business margins during Q3 compared with both Q2 and the same quarter last year. Combined with a modest rise in bunker sales volumes compared with Q2, this translated to a higher run rate increase in financial performance.
- Asset Management:
  - Stronger tanker markets, and a greater number of owned vessels generating cashflow from operation, underpinned EBITDA generation of USD41.2m for the quarter (USD1.4m for the same quarter last year).
  - The Group took delivery of its final medium-range (MR) product tanker newbuilding from New Times Shipbuilding Co. Ltd. during the quarter. All of the Group’s newbuilding vessels have been entered into, and are operating in, the relevant Navig8 pools.

*“Supported by healthy tanker markets, and driven by business-wide preparation for opportunities we were confident would present themselves, the Group’s FY20 run rate financial performance has been transformed this quarter. From final MR delivery in October into a strengthening earnings market to the allocation of bond capital to further bolster working capital availability for our bunker procurement activities, each business unit has made its contribution to YTD EBITDA that more than doubled in Q3. While near-term demand headwinds, focused on the global response to coronavirus, are impacting markets currently, our underlying expectation of healthier markets over the balance of 2020, driven by tightening supply set against significant demand growth, remains intact.”*

*Nicolas Busch, Navig8 Group CEO*

# Summary Financial Development

## **INCOME STATEMENT**

**(Compared with pro forma income statement for quarter ended 31 December 2018)**

- For the quarter ended 31 December 2019, the Company generated a post-tax profit (before minority interests) of USD28.2 million (prior period – USD6.5 million).
- Consolidated revenue increased by USD87.0 million (~10%) to USD955.3 million for the quarter, while operating costs increased by USD45.1 million, generating an improved gross profit of USD70.9 million (USD29.0 million). With overheads USD1.1 million higher at USD16.6 million (USD15.5 million), EBITDA was significantly higher at USD54.3 million for the quarter (USD13.5 million).
- Depreciation and financial items for the quarter were both higher at USD13.4 million (USD2.5 million) and USD13.9 million (USD4.2 million) respectively, reflecting the application of depreciation and financing costs to the entire 16-vessel newbuilding fleet delivered since August 2018, with the final vessel being delivered during the quarter.

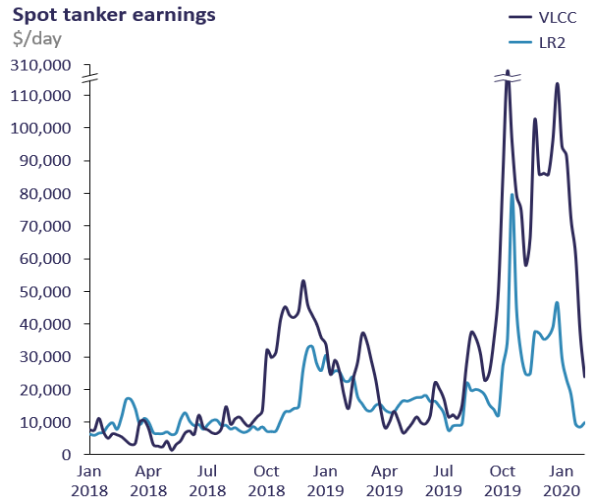
## **BALANCE SHEET**

- Total assets as at 31 December 2019 were USD1,527.9 million (USD1,027.9 million as at 31 March 2019). Vessel-related fixed assets amounted to USD729.3 million (USD460.4 million), while investments, right-of-use assets and other fixed assets totaled USD98.1 million (USD44.3 million). Net working capital was USD11.3 million (USD(31.1) million), while cash and bank balances amounted to USD102.7 million (USD73.6 million).
- Net equity as at 31 December 2019 was USD235.6 million (USD193.1 million).
- Utilization of the Working Capital Facility totaled USD96.5 million (Credit Lines total – USD148.1 million) as of 31 December 2019 (prior period – USD81.1 million; Credit Lines total – USD112.3 million), while loans (including sale and leaseback financings and the Bond) amounted to USD649.5 million (USD354.1 million).

# Summary Q3 FY20 Market Overview

## CRUDE MARKET

- Having risen to multi-year highs in October following US' September imposition of sanctions on various COSCO subsidiaries, crude tanker rates moderated but remained strong to end-quarter, supported by firm seasonal plus pre-IMO 2020 demand. While scrubber retrofits narrowed the fleet supply base further, attempts were made by owners to defer retrofits and cash in on high rates. With only est. 48% of scheduled crude tanker retrofits completed by end-quarter (est. 33% at end-Sept), this backlog is expected to offer rate support in coming months.
- The strong start to rates in January has dissipated for the time being in the face of Asia-led demand falls driven by the vigorous response to coronavirus in China and the reversal of COSCO sanctions.

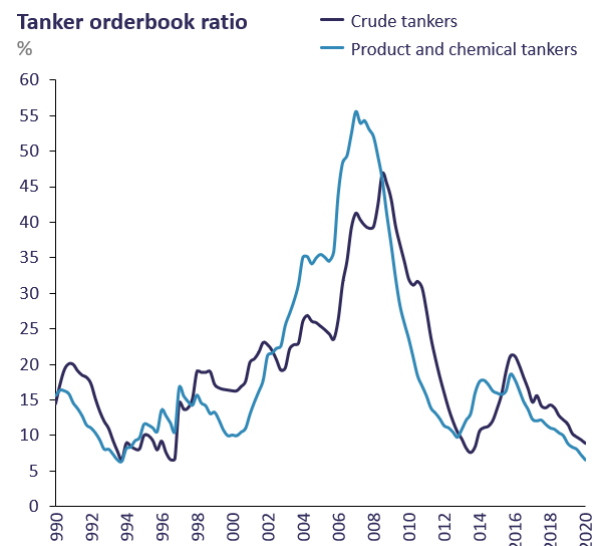


SOURCE: Clarksons

- However, underlying and historically low orderbook levels, compounded by anticipated higher scrapping levels, are expected to drive general supply tightness and stronger rates during 2020.
- OPEC+ agreed in December to reduce output by a further 0.5 million b/d, with further cuts up for discussion at March's meeting (likely to be colored by coronavirus concerns). However, these cuts are offset by US and wider Atlantic Basin production gains, such as Norway's Johan Sverdrup field (expected 410k b/d y-o-y increase during 2020) and new export infrastructure developments (e.g. US' 600k b/d Gray Oak pipeline, which came onstream in November). Together with other future infrastructure developments, extra support for long-haul tanker trades is expected moving forward.

## PRODUCT MARKET

- Driven both by the 'pull' of higher crude rates (which saw some LR tonnage dirty up) and organic demand growth within CPP, product tanker rates also improved during the quarter, though not as dramatically as for the crude segment. Product tanker fleet supply also slowed significantly as 2019 drew to a close, and this is expected to continue.
- Following the typical 'cascade' dynamic seen in tanker markets, the initial focus of product tanker rate strength was on larger tonnage, while MRs started to follow near the end of the quarter.
- While the same coronavirus-related issues have impacted on rates in recent weeks, this has been augmented for product tankers by substantial Q1 2020 refinery maintenance in Middle East (expected until mid-March). However, the wider demand picture is for substantial (1.3m b/d) Middle Eastern refining capacity increases to drive long-haul product exports higher in 2020/21 and beyond, led by Saudi Arabia's 400k b/d Jazan refinery (est. early Q3 2020) and Kuwait's 630k b/d Al Zour project (est. Q1 2021). A 'snap-back' in demand is also expected as China moves beyond coronavirus.



SOURCE: Navig8 Research

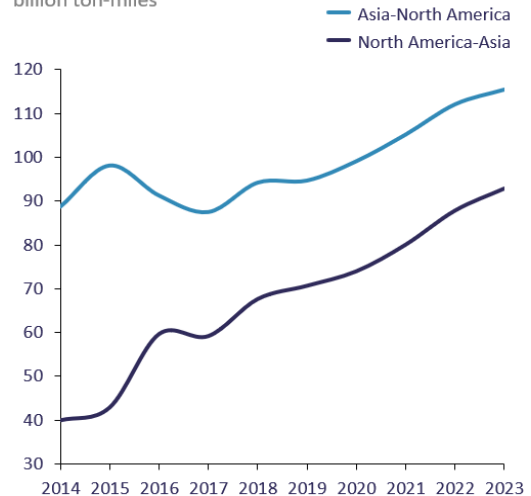
# Summary Q3 FY20 Market Overview

## CHEMICAL MARKET

- Operating typically at the end of the ‘cascade’ that starts with crude rate movements, the chemical segment did not benefit from the material rises in crude and product tanker rates during the quarter.
- As a highly industrial shipping segment, chemical tanker rates benefit from downside protection in the form of greater contracted volumes. This typically results in a earnings premium to equivalent IMO III Handy/MR product tankers. However, the sharper increases in product tanker rates caused that earnings premium to all but disappear near the end of the quarter. Given the demand-side challenges for product tankers into 2020, we have seen the premium start to re-emerge in recent weeks.
- Despite near-term volatility in CPP markets, which impacts the chemicals fleet through lower pricing of CPP cargoes (which they carry along with chemical cargoes) and the foray of IMO III product tankers into ‘cross-over’ trades (e.g. vegoils), the wider landscape looks very positive for the chemical segment. The industry is now into a sustained period of demand additions generated by new chemical infrastructure developments in the Middle East, Asia and the US. With an expected 23 million tons of organic chemical capacity to come onstream in 2020 alone, followed by several further years of other projects commencing production, long-haul trades, particularly between the US and Asia, are expected to increase materially, stretching fleet supply and supporting higher rates.

Chemical trade flows

billion ton-miles



SOURCE: MSI

## IMO 2020 EFFECT

- Despite production globally of significant VLSFO volumes during H2 2019 in preparation for IMO 2020 entry-into-force, the timing and dynamics of shipping’s switchover to compliant fuels created tightness of both supply and credit availability in the bunkering market. In turn, this led to widening fuel price differentials and the ability to price risk and product availability in a seller’s market. This dislocation continued into the first half of January, but has since subsided somewhat as HSFO prices have ticked up and VLSFO/MGO pricing has come off somewhat. Questions remain about the cumulative capacity of refiners and blenders to maintain VLSFO volumes and global availability once initial stock levels deplete, and recent price volatility is expected to feature as a factor over coming months as the effects of the IMO 2020 transition continue to resonate.
- Undoubtedly, scrubber retrofits in all tanker segments removed some fleet supply and supported market tightness during the quarter. However, deferrals – combined with a potential fresh round of scrubber orders – are expected to have an effect on fleet supply levels through 2020, exacerbated by the current coronavirus-related suspension of much shipyard retrofit activity in China.
- High IMO 2020-related refinery throughput has not yet been observed this year. However, once excess VLSFO stocks have been drawn down, analysts expect a potential 1-2 million b/d of additional throughput will start to be seen. As this occurs, it should add another supportive layer of demand for tankers.

# Consolidated Income Statement

NAVIG8 TOPCO HOLDINGS INC.

Figures in USDm

Pro Forma

<i>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>	Notes	Quarter ended 31 Dec 2019	Quarter ended 31 Dec 2018	Quarter ended 31 Dec 2018	Year to date 31 Dec 2019	Year to date 31 Dec 2018
Income	4	955.3	868.3	742.2	2,549.2	2,050.1
Operating expenses		-884.4	-839.3	-729.1	-2,403.7	-2,018.0
<b>Gross Profit</b>		<b>70.9</b>	<b>29.0</b>	<b>13.1</b>	<b>145.5</b>	<b>32.1</b>
Administrative expenses		-16.6	-15.5	-3.5	-45.1	-10.3
<b>EBITDA</b>	4	<b>54.3</b>	<b>13.5</b>	<b>9.6</b>	<b>100.4</b>	<b>21.8</b>
Financial Items		-13.9	-4.2	-4.4	-33.7	-7.7
Depreciation		-13.4	-2.5	-2.1	-25.9	-4.6
Share of profits/(losses) in associates and joint ventures		1.6	0.3	0.1	2.6	-1.6
<b>Net profit before tax</b>		<b>28.6</b>	<b>7.1</b>	<b>3.2</b>	<b>43.4</b>	<b>7.9</b>
Tax		-0.4	-0.6	0.0	-1.7	0.0
<b>Net profit after Tax</b>		<b>28.2</b>	<b>6.5</b>	<b>3.2</b>	<b>41.7</b>	<b>7.9</b>
Minority interest		-1.6	-1.1	-0.9	-3.5	-2.1
<b>Net profit after tax and minority interest</b>		<b>26.6</b>	<b>5.4</b>	<b>2.3</b>	<b>38.2</b>	<b>5.8</b>

# Consolidated Balance Sheet

NAVIG8 TOPCO HOLDINGS INC.

Figures in USDm

<i>Condensed Consolidated Statement of Financial Position</i>		Notes	As at 31 Dec 2019	As at 31 March 2019
<b>Fixed Assets</b>				
Vessels	5	729.3	283.3	
Vessels under construction	5	0.0	177.1	
Investments	5	40.2	40.8	
Right-of-use assets	5	55.2	0.0	
Other fixed assets	5	2.7	3.5	
<b>Current Assets</b>				
Inventory		24.6	26.0	
Trade debtors		315.0	302.4	
Other debtors		258.2	121.2	
Cash & Collateral		102.7	73.6	
<b>Total Assets</b>		<b>1,527.9</b>	<b>1,027.9</b>	
<b>Current Liabilities</b>				
Credit lines		148.1	112.3	
Short-term loans	6	38.9	55.1	
Short-term lease liabilities		27.0	0.0	
Trade payables		211.6	226.2	
Other creditors		226.8	142.2	
<b>Long-term Liabilities</b>				
Long-term loans	6	610.6	299.0	
Long-term lease liabilities		29.3	0.0	
<b>Capital &amp; Reserves</b>				
Share capital		0.0	0.0	
Reserves		223.6	183.9	
Minority interest		12.0	9.2	
<b>Total Capital &amp; Reserves</b>		<b>235.6</b>	<b>193.1</b>	
<b>Total Liabilities and Capital and Reserves</b>		<b>1,527.9</b>	<b>1,027.9</b>	

# Consolidated Cashflow Statement

NAVIG8 TOPCO HOLDINGS INC.

Figures in USDm

<i>Condensed Consolidated Cash Flow Statement</i>				
	Quarter ended 31 Dec 2019	Quarter ended 31 Dec 2018	Year to date 31 Dec 2019	Year to date 31 Dec 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax and exceptional item	28.6	3.2	43.4	5.6
<b>Adjustment for:-</b>				
Depreciation of vessels and other fixed assets	13.4	2.1	25.9	4.6
Loss/(Gain) on disposal or write off of financial and other fixed assets	0.0	0.0	-0.2	0.4
Share of losses/(profits) in joint ventures and associates	-1.6	-0.1	-2.6	1.6
Interest income	-0.1	0.0	-0.5	0.0
Interest expense on leases	0.8	0.0	1.1	0.0
Interest expense on financing	13.5	4.5	35.0	9.6
<b>Operating profit before working capital changes</b>	<b>54.6</b>	<b>9.7</b>	<b>102.1</b>	<b>21.8</b>
<b>Changes in working capital:</b>				
Inventories	-4.9	0.6	1.3	1.4
Trade and other receivables and prepayments	-119.3	29.3	-198.1	-41.4
Trade and other payables	83.3	-16.5	123.2	39.0
<b>Cash (used in)/generated from operations</b>	<b>13.7</b>	<b>23.1</b>	<b>28.5</b>	<b>20.8</b>
Income tax paid	-0.3	0.0	-2.5	0.0
Interest received	0.1	0.0	0.5	0.0
Interest paid	-14.3	-4.5	-36.1	-9.6
<b>Net cash (used in)/generated from operating activities</b>	<b>-0.8</b>	<b>18.6</b>	<b>-9.6</b>	<b>11.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for vessel instalments and drydocking costs	-20.9	-44.0	-287.8	-190.9
Purchase of other fixed assets	0.0	0.0	-0.5	0.0
Proceeds from disposal of financial assets	14.5	0.0	14.7	26.1
Dividends received from financial assets, joint ventures and associates	0.4	0.0	2.2	0.1
Net cash inflow/(outflow) from disposal of a group of subsidiaries	0.0	0.0	-2.1	0.0
Additional investment in associates	-0.6	-0.3	-5.0	-1.4
<b>Net cash used in investing activities</b>	<b>-6.6</b>	<b>-44.3</b>	<b>-278.5</b>	<b>-166.1</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to non-controlling interests	0.0	0.0	-1.2	-1.0
Dividends paid to the ultimate holding company	-4.6	0.0	-4.6	-5.9
Deposit pledged with financial institutions	-0.3	0.0	-0.4	0.0
Loan to associates	0.0	0.0	-1.5	0.0
Principal repayment of lease liabilities	-5.3	0.0	-6.7	0.0
Net proceeds from/(Repayment of) debts	32.3	39.7	331.2	162.8
<b>Net cash generated from financing activities</b>	<b>22.1</b>	<b>39.7</b>	<b>316.8</b>	<b>155.9</b>
<b>Net increase in cash and cash equivalents</b>	<b>14.7</b>	<b>14.0</b>	<b>28.7</b>	<b>1.0</b>
Cash and bank balances at the beginning of the financial year/period	86.2	5.0	72.2	18.0
<b>Cash and bank balances at the end of the financial year/period</b>	<b>100.9</b>	<b>19.0</b>	<b>100.9</b>	<b>19.0</b>
Cash & Collateral	102.7	19.8	102.7	19.8
Less: Bank balances pledged with financial institutions	-1.8	-0.8	-1.8	-0.8
<b>Cash and bank balances as disclosed in Consolidated Cash Flow Statement</b>	<b>100.9</b>	<b>19.0</b>	<b>100.9</b>	<b>19.0</b>



# Consolidated Statement of Changes in Equity

NAVIG8 TOPCO HOLDINGS INC.

Figures in USDm

## Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Group					Total Equity
	Share Capital	Other Reserves	Retained earnings	Total attributable to owners of the Group	Non-controlling Interest	
<b>Balance at 31 March 2018</b>	0.0	-11.1	-40.2	-51.3	6.8	-44.5
Net profit for the financial period	0.0	0.0	5.8	5.8	2.1	7.9
Other comprehensive income	0.0	0.4	0.0	0.4	0.0	0.4
<b>Total comprehensive income/(loss) for the financial period</b>	0.0	0.4	5.8	6.2	2.1	8.3
Dividends paid to non-controlling interests	0.0	0.0	0.0	0.0	-1.0	-1.0
Dividends paid to the ultimate holding company	0.0	0.0	-5.9	-5.9	0.0	-5.9
Effect of dilution of interest in subsidiaries	0.0	0.2	-0.2	0.0	0.2	0.2
<b>Balance at 31 December 2018</b>	<b>0.0</b>	<b>-10.5</b>	<b>-40.5</b>	<b>-51.0</b>	<b>8.1</b>	<b>-42.9</b>
Net profit for the financial period	0.0	0.0	3.5	3.5	0.4	3.9
Other comprehensive income	0.0	1.0	0.0	1.0	0.0	1.0
<b>Total comprehensive income/(loss) for the financial period</b>	0.0	1.0	3.5	4.5	0.4	4.9
Business combinations under common control	0.0	0.0	230.6	230.6	0.5	231.1
Effect of dilution of interest in subsidiaries	0.0	0.0	-0.2	-0.2	0.2	0.0
<b>Balance at 31 March 2019</b>	<b>0.0</b>	<b>-9.5</b>	<b>193.4</b>	<b>183.9</b>	<b>9.2</b>	<b>193.1</b>
Net profit for the period	0.0	0.0	38.2	38.2	3.5	41.7
Other comprehensive income	0.0	6.3	0.0	6.3	0.0	6.3
<b>Total comprehensive income for the financial period</b>	0.0	6.3	38.2	44.5	3.5	48.0
Dividends paid to the ultimate holding co	0.0	0.0	-4.6	-4.6	0.0	-4.6
Dividends paid to non-controlling interests	0.0	0.0	0.0	0.0	-1.2	-1.2
Waiver of related party loans	0.0	0.0	-0.2	-0.2	0.2	0.0
Effect of dilution of interest in subsidiaries	0.0	0.3	-0.3	0.0	0.3	0.3
<b>Balance at 31 December 2019</b>	<b>0.0</b>	<b>-2.9</b>	<b>226.5</b>	<b>223.6</b>	<b>12.0</b>	<b>235.6</b>

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 1. GENERAL INFORMATION

Navig8 Topco Holdings Inc. (the “Company”) is a private limited company domiciled in the Marshall Islands. The address of its registered office is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, Marshall Islands.

The Company is principally an investment holding company. The principal activities of the Company and its subsidiaries are shipping-related, including ship-owning and chartering, brokerage and commercial management, bunker procurement, technical services and risk management.

### 2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements, which are expressed in United States dollars, have been prepared in accordance with IAS 34 on Interim Financial Reporting. The accounting policies, judgements and significant estimates are consistent with those applied in the audited consolidated financial statements for the financial year ended 31 March 2019. The quarterly and year-to-date interim figures are unaudited (see below), while the comparatives for the year ending 31 March 2019 are audited.

A number of the Group’s subsidiaries were transferred into the Group during the financial year ended 31 March 2019. For ease of comparability quarter-on-quarter, a pro forma income statement has been included which forms the basis for the business performance analysis in the Executive Summary. The pro forma income statement assumes that all the Group’s subsidiaries were part of the Group as at 1 April 2018.

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

#### *i. Impairment of non-financial assets*

The Group assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such an indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the asset is estimated to determine the impairment loss. In making this judgment, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In determining the fair value less costs of disposal, the Group has obtained valuation reports from third party source. The valuation of the vessels is prepared assuming a sale between a willing seller and a willing buyer on a charter-free basis.

#### *ii. Useful lives of vessels and other fixed assets and residual value of vessels*

The Group determines the estimated useful lives and related depreciation charges for its vessels and other fixed assets. This estimate is based on the historical experience of the actual useful lives of vessels and other fixed assets of a similar nature and function. Changes in the remaining useful life of the vessel and other fixed assets and residual value, determined based on year end scrap rates, technical innovations and competitor actions, would result in an adjustment to the current and future rate of depreciation through profit or loss. Management will increase the depreciation charge where useful lives are less than previously estimated. Management will write-off or write-down technically obsolete assets.

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES CONT.

#### *iii. Loss allowance for receivables (including accrued receivables)*

The Group applies the simplified approach to provide expected credit losses for all trade receivables as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

#### *iv. Leases*

In making an evaluation, judgment is used in determining lease classification.

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability.

During the quarter, the Group entered into contracts with third parties for the sale of vessels under construction and vessels. The Group further entered into bareboat charter agreements for these vessels. Management has applied its judgment and applied IFRIC 4 "Determining whether an Arrangement contains a Lease". Management has assessed that the agreements entered into between the Group and third parties do not qualify for sale-leaseback accounting, as a result of this purchase option which constitutes a form of continuing involvement by the Group in the vessel. The Group has applied its judgment and determined that the exercise of the purchase option is "almost certain" and treated as a financing arrangement.

#### *v. Contingencies*

The Group is involved from time to time in the course of its business in disputes resulting from its operating activities, which may or may not result in legal action being taken by or against the Group.

Based on consultations with its legal counsel, management considers the likely outcome of the disputes in which it is currently involved and has concluded it will not have a material impact on the Group's financial statements.

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 4. REVENUES AND EBITDA

#### REVENUES

<i>Figures in USDm</i>	Pro Forma				
	Quarter ended 31 Dec 2019	Quarter ended 31 Dec 2018	Quarter ended 31 Dec 2018	Year to date 31 Dec 2019	Year to date 31 Dec 2018
Services	785.6	762.2	706.1	2,131.5	1,959.2
Asset Management	169.7	106.1	36.1	417.7	90.9
	<b>955.3</b>	<b>868.3</b>	<b>742.2</b>	<b>2,549.2</b>	<b>2,050.1</b>

#### EBITDA

<i>Figures in USDm</i>	Pro Forma				
	Quarter ended 31 Dec 2019	Quarter ended 31 Dec 2018	Quarter ended 31 Dec 2018	Year to date 31 Dec 2019	Year to date 31 Dec 2018
Services	13.1	12.1	6.8	35.7	16.0
Asset Management	41.2	1.4	2.8	64.7	5.8
	<b>54.3</b>	<b>13.5</b>	<b>9.6</b>	<b>100.4</b>	<b>21.8</b>

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 5. FIXED ASSETS

#### VESSELS:

<i>Figures in USDm</i>	Year to date 31 Dec 2019	Year to date 31 March 2019
<u>Cost</u>		
At beginning of year	292.8	82.1
Additions	1.0	113.4
Adjustment for prior period cost	-1.9	0.0
Transfer of delivered vessels	463.9	70.2
Addition from step acquisition	0.0	27.1
At end of period/year	755.8	292.8
<u>Accumulated depreciation</u>		
At beginning of year	9.5	2.4
Charge for the financial period/year	17.0	7.1
At end of period/year	26.5	9.5
<u>Net book value</u>		
At end of period/year	<b>729.3</b>	<b>283.3</b>

#### VESSELS UNDER CONSTRUCTION:

<i>Figures in USDm</i>	Year to date 31 Dec 2019	Year to date 31 March 2019
<u>Cost</u>		
At beginning of year	177.1	104.8
Additions	286.8	142.5
Transfer of delivered vessels	-463.9	-70.2
At end of period/year	<b>0.0</b>	<b>177.1</b>

See also Group Fleet List on slide 19.

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 5. FIXED ASSETS (CONTD)

<b>INVESTMENTS</b>	<b>Year to date</b>	<b>Year to date</b>
<i>Figures in USDm</i>	<b>31 Dec 2019</b>	<b>31 March 2019</b>
Investment in associates	36.2	32.6
Investment in joint ventures	4.0	0.0
Investment in financial assets	0.0	8.2
<b>TOTAL INVESTMENTS</b>	<b>40.2</b>	<b>40.8</b>

<b>RIGHT-OF-USE ASSETS</b>	<b>Year to date</b>	<b>Year to date</b>
<i>Figures in USDm</i>	<b>31 Dec 2019</b>	<b>31 March 2019</b>
<u>Cost</u>		
At beginning of year	0.0	0.0
Additions	64.5	0.0
At end of period/year	64.5	0.0
<u>Accumulated depreciation</u>		
At beginning of year	0.0	0.0
Charge for the financial period/year	9.3	0.0
At end of period/year	9.3	0.0
<u>Net book value</u>		
At end of period/year	55.2	0.0

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 5. FIXED ASSETS (CONTD)

<b>OTHER FIXED ASSETS</b>	<b>Year to date</b>	<b>Year to date</b>
<i>Figures in USDm</i>	<b>31 Dec 2019</b>	<b>31 March 2019</b>
<u>Cost</u>		
At beginning of year	3.7	0.2
Additions	0.5	0.1
Addition from step acquisition	0.0	3.5
Write off/Disposals	-0.4	-0.1
At end of period/year	3.8	3.7
<u>Accumulated depreciation</u>		
At beginning of year	0.2	0.0
Charge for the financial period/year	1.2	0.2
Write off/Disposals	-0.3	0.0
At end of period/year	1.1	0.2
<u>Net book value</u>		
At end of period/year	2.7	3.5
<b>TOTAL OTHER FIXED ASSETS</b>	<b>2.7</b>	<b>3.5</b>



# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 6. INTEREST BEARING DEBT

<i>Figures in USDm</i>	Year to date 31 Dec 2019	Year to date 31 March 2019
Bank loans		
- Non-current	1.3	1.7
- Current	0.5	5.7
	1.8	7.4
Other borrowings		
- Non-current	609.3	297.3
- Current	38.4	49.4
	647.7	346.7
<b>Total bank loans and other borrowings</b>	<b>649.5</b>	<b>354.1</b>
<b>Short-term loans</b>	<b>38.9</b>	<b>55.1</b>
<b>Long-term loans</b>	<b>610.6</b>	<b>299.0</b>
	<b>649.5</b>	<b>354.1</b>

# Consolidated Notes to Financials

## NOTES TO INTERIM REPORT

### 7. FORWARD LOOKING STATEMENTS

This report contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Navig8 TopCo Holding Inc.'s management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs, or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this report include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the chemicals market as a result of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, 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, and other factors described from time to time.

This communication is not for publication or distribution, directly or indirectly, in or into any state or jurisdiction into which doing so would be unlawful. The distribution of this communication may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes, should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

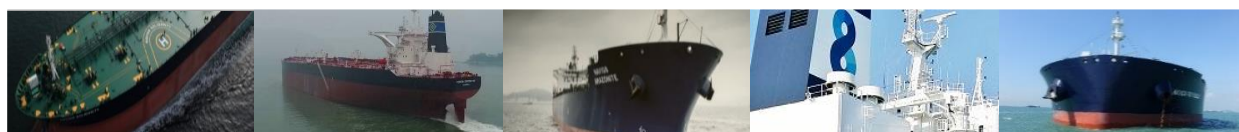
### 8. EVENTS AFTER BALANCE SHEET DATE

None.

# Group Fleet List

Vessel Name	Type	DWT	Built	Shipyard	Flag
<b>DELIVERED</b>					
Leicester*	VLCC	300,852	Jan-17	SWS	MI
Navig8 Pride LHJ	LR2	110,000	Aug-18	New Times	MI
Navig8 Providence	LR2	110,000	Aug-18	New Times	MI
Navig8 Precision	LR2	110,000	Sep-18	New Times	MI
Navig8 Prestige JKB	LR2	110,000	Jan-19	New Times	MI
Navig8 Perseverance	LR2	110,000	Apr-19	New Times	MI
Navig8 Passion	LR2	110,000	May-19	New Times	MI
Navig8 Promise	LR2	110,000	Jun-19	New Times	MI
Navig8 Prosperity	LR2	110,000	Jun-19	New Times	MI
Navig8 Honor	LR1	74,960	Jan-11	Sungdong	MI
Navig8 Grace	MR	50,000	May-19	New Times	LIB
Navig8 Gallantry	MR	50,000	May-19	New Times	LIB
Navig8 Guard	MR	50,000	Jul-19	New Times	LIB
Navig8 Guide	MR	50,000	Jul-19	New Times	LIB
Navig8 Goal	MR	50,000	Aug-19	New Times	LIB
Navig8 Gauntlet	MR	50,000	Aug-19	New Times	LIB
Navig8 Gladiator	MR	50,000	Sep-19	New Times	LIB
Navig8 Gratitude	MR	50,000	Oct-19	New Times	LIB
Navig8 Universe	MR	45,313	Jul-13	Shina SB	MI
Navig8 Constellation	MR	45,281	Sep-13	Shina SB	MI
Miss Claudia*	MR	40,158	May-06	Shina SB	MI
Aurelia 1	Bunker	7,511	Jun-07	Drydocks World Dubai	MI
Straits Sky*	Bunker	6,863	Apr-09	Jiangmen Yinxing	SG

\* Ownership interest - not fully owned by Group





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