

## **Nordic Tankers reaches solution with its lenders for the product tanker fleet and divests its chemical tanker activities**

Company announcement No. 1/2012  
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- Nordic Tankers has today entered into a conditional agreement to sell its chemical tanker activities including the organisation for USD 30 million to a company controlled by Triton, a European investment firm.
- The sale is a result of discussions between Nordic Tankers and its banks driven by the high debt position in Nordic Tankers and continuing low freight rates.
- Nordic Tankers will in the future be a tonnage provider with a fleet of six product tankers in the range 37,000-73,000 dwt.
- A moratorium on deferred and ordinary instalments payable until 31 March 2013 has been agreed for the product tanker fleet subject to certain conditions.
- The listed company will change its name from "Nordic Tankers A/S" to "Nordic Shipholding A/S".

### **1. Introduction**

Nordic Tankers or the "Company" has today entered an agreement on the divestment of its chemical tanker operations to a company controlled by Triton, a European investment firm.

The transaction is subject to certain conditions being fulfilled, amongst other approval at the annual general meeting on 20 April 2012, and applicable competition law approvals. The parties expect the transaction to be completed in May 2012.

The divestment comes as a result of discussions between Nordic Tankers and its banks – Nordea and Danish Ship Finance – and is viewed as the best available solution for Nordic Tankers and its stakeholders considering the high debt position and continuing low freight rates.

The period with very low and non-compensatory freight rates has regrettably lasted much longer than anticipated by most observers. Thus, the development has deviated significantly from expectations when Nordic Tankers was reconstructed January 2010 and capital was raised from existing and new shareholders to implement the Company's strategy: "The Nordic Ambition".

Over the last two years, however, significant improvements have been achieved in line with the strategy. The contract of affreightment portfolio has been expanded, new chemical tanker pools have been established, and time charters have been concluded. Technical and nautical level of operation has been upgraded to the extent that all major oil companies will contract Nordic Tankers. In parallel, the organisation has been fine-tuned to deliver strong performance.

But the financial and economic crisis and the prevailing freight market conditions have eroded the capital base required to further implement the strategy. During 2011, the board and management have therefore continuously worked on identifying sources of new equity to strengthen the capital base and see the Company through the prolonged period of non-sustainable rates. Unfortunately, it has not yet been possible to determine viable ways to attract equity. Nordic Tankers thus faced a difficult situation.

In this long-lasting process the board, however, identified Triton as a motivated potential buyer with the financial strength and strategic interest in buying the strong cohesive asset – the chemical tanker vessels and the organisation managing it as a whole. The divestment provides Nordic Tankers with time to continue the search for a long term solution based on its product tanker fleet. With the prevailing loss making freight rates a recapitalisation and refinancing is however necessary.

## **2. The contemplated transaction**

The proposed divestiture of the chemical tanker activities will be structured as a sale of all nine owned chemical tanker vessels, the six in-chartered chemical tanker vessels, all contracts of affreightment and the organisation of Nordic Tankers, encompassing commercial and technical management, administration and corporate management – approximately 140 employees. The purchase price has been agreed at USD 30 million, of which two-thirds will be lent to the company to be established, which is to own the nine owned chemical tanker vessels, in order for the buyer to reduce the debt position and ensure cash-break-even in this entity over the coming period of time. The loan, which will be subordinated to the bank debt in the nine vessels, is repayable in 2017, will accumulate rolled-up interest of 7.5% annually, and is subject to certain conditions.

The sale and purchase agreement includes a 3 year non-compete clause restricting Nordic Tankers A/S to invest in and operate in chemical tanker business as well as a customary catalogue of seller's warranties.

## **3. The future direction of the listed Company**

Following a divestiture of the chemical tanker activities the listed Company will become a tonnage provider in the product tanker segment. The five 37,000 dwt handy-size vessels will remain in commercial management with Maersk, where they participate in the Handytankers Pool, while the technical management of these vessels will remain with TB Marine in Hamburg. The 73,000 dwt LR1 Nordic Anne will remain commercially managed by Hafnia in the Straits Tankers Pool, while its technical management will remain with the organisation of Nordic Tankers being divested.

The board of directors has agreed with the Company's two banks – Nordea and DSF – that both deferred and ordinary instalments payable on the product tankers will be deferred until 31 March 2013. It has further been agreed that the USD 10 million of the USD 30 million purchase price will be applied towards reduction of debt in the product tankers.

Following a sale the listed entity will thus consist of six product tankers and related bank debt, obligations towards Clipper related to the acquisition of the chemical organisation back in 2010 and a loan received during Q4 2011, and the receivable related to the loan of USD 20 million made in connection with the transaction. The listed Company's post-transaction equity ratio will be approximately 8.9% comparing to a 7.6% equity ratio at Q4 2011.

Over the coming year, the board and the Company's banks will cooperate to establish a permanent financial solution including a recapitalisation and refinancing of the Company. The solution may encompass elements such as an equity injection from existing or new investors, a potential merger or a sale of one or more vessels, if doable at agreeable terms.

#### **4. Future management and administration of the listed Company**

In order to bring cost in line with its new reduced size the listed Company expects to enter into an agreement with Tankers Inc. regarding future management and administration. Tankers Inc. will take over all tasks related to accounting, stock exchange communication and investor relations, and will simultaneously monitor the external commercial and technical management partners while the overall strategy and responsibility for the commercial direction and bank relations remain with the board. As part of the product tanker industry, Tankers Inc. will be able to advise the board of directors on possibilities relating to chartering out or selling vessels. This setup represents a relatively low cost solution.

#### **5. Name change from "Nordic Tankers" to "Nordic Shipholding"**

The name and brand "Nordic Tankers" is included in the sale as the organisation transferred operates globally under this name.

As all commercial activity related to the product tankers remaining in the Company is outsourced to leading professional pool operators (the Maersk Handytankers Pool and the Hafnia/Straits Tankers Pool, respectively), the continuing listed Company does not commercially need the name. The board proposes to change the name of the listed Company "Nordic Tankers A/S" to "Nordic Shipholding A/S".

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#### *About Nordic Tankers*

*Nordic Tankers is a Danish shipping company listed on NASDAQ OMX Copenhagen. Nordic Tankers operates a fleet of around 90 chemical and product tankers, with a main strategic focus on chemical tankers in the segment below 25,000 dwt. Nordic Tankers has offices in Copenhagen (headquarters), Stamford (Connecticut, U.S.), Houston (Texas, U.S.), Bogota (Colombia) and Riga (Latvia) and has about 140 employees.*

[www.nordictankers.com](http://www.nordictankers.com)

#### *About Triton*

*Triton is an investment firm dedicated to investing in medium-size businesses headquartered in Northern Europe with a focus on Germany, Switzerland, Austria and the four Nordic countries: Denmark, Finland, Norway and Sweden. Within this Northern European region,*



**NORDIC TANKERS**

*Triton focuses on businesses in three core sectors: Business Services, Industrials and Consumer / Health.*

[www.triton-partners.com](http://www.triton-partners.com)

*About Tankers Inc.*

*Tankers Inc. is a Danish shipping company focused on ownership, chartering and commercial management of tonnage in the product tanker segment. The team is led by CEO Mikael Skov. For more information, please contact Mikael Skov on +45 33 69 90 81.*

[www.tankersinc.com](http://www.tankersinc.com)