



Results Q4 2018 Conference Call

Wednesday, 20th February 2019

Introduction

Operator

Good afternoon, ladies and gentlemen, and thank you for standing by. And welcome to today's Nordic American Tankers conference call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question, you will need to press star and one on your telephone and wait for your name to be announced. I must advise you that this conference is being recorded today, Wednesday, 20th February 2019.

Please be aware that in the following remarks, statements made with respect to Nordic American Tankers current plans, estimate, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of NAT. These statements are based on management's assumptions in light of the information currently available to it and therefore, you should not place undue reliance on them. NAT cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. For additional information as to risks and uncertainties as well as other factors that could cause actual results to differ, please refer to today's press release, which you can access by visiting the company's website.

And I would like to hand over the conference to your speaker today, Herbjørn Hansson, chairman and CEO. Please go ahead, sir.

Presentation

Herbjørn Hansson

Chairman and CEO, NAT

Good morning and good afternoon, good friends. It gives me great pleasure to address you today and to talk about pertinent features as regards Nordic American Tankers Limited. We feel a little bit at home when discussing with you. As you know, we have the American flag in our logo and we have the Norwegian flag in our logo. This company has 100,000 – about 100,000 shareholders in America, in the United States above all, also a few in other places in the world.

But we indeed, as I mentioned, feel at home here. We have also a number of pages that accompany my presentation here today. They are numbered from page one to page seven. They are overall problems and challenges that we address. And we don't intend in this presentation to go into detailed accounting matters, which we would be fully prepared to do at any time, but when there are so many people on this conference, we would suggest that any detailed accounting questions should be addressed to us and you are free to come to us at any time.

I have with me today Mr Bjørn Giæver, our CFO, and he will also be requested to contribute in this conversation when it's right. The company – as a company, Nordic American Tankers can essentially go three ways: it can go up, it can go sideways, it can go down. And there is no question whatsoever that this company is going up and that the accounting figures and all the figures show that.

Let me summarise. We do business with the largest oil companies in the world. They are strong counterparts. They are household names that you all know. They appreciate honesty, they appreciate integrity. And we as a company, we have focus on cash generation. We must distinguish between accounting figure and cash figure. We all live from cash and the big question is: what was the cash when we started out in a period, and what is the cash at the end of that period?

Not everybody understands the division and distinction between accounting number and cash number. The results of this company, this Bermuda company listed in America, the results show that 4Q 2018 was better than 4Q 2017 and better than 3Q 2018. This shows our effort journey. Last year in 2018, we several times pointed at the fact that in our judgment, 2018 would be a turning year for the tanker industry. In retrospect, we were right on that score. We saw during the last quarter of 2018 that the tanker market was turning, and we have seen going into 2019 that this turn is continuing.

And I would ask you, the conference organizer, to go on to page four of my presentation. Page four, recapitalisation, recapitalisation. Can you confirm you have done that, organiser? No, I don't hear anything from her but let's assume that she has managed to do that. And then I wish to address the first question here, in addition to my introduction, and that is recapitalisation of Nordic American Tankers. This is a very significant project. Interestingly, many years ago, some of us on this – also on this telephone, started our business in Texas, and now we're going back to Texas in America to have one bank take care of all the lending in NAT. We have constructive dialogue with Beal Bank, who is heading up these lending activities associated with Nordic American.

When it comes to this question of recapitalisation, our objective is to have no debt, as in the past. To have no debt, as in the past. A number of years ago, this company had no debt at all. And this – we have always had a very special financing arrangement and also this time we have gone the opposite of all other companies. That is because NAT is different from all other companies.

We only have Suezmax tankers, which is a completely different ship than a VLCC. As you know, a VLCC can take 2 million barrels and Suezmax tanker can take 1 million barrels. And a VLCC can go to many, many ports – sorry, can go to few ports and discharge in few ports and load in few ports. And a Suezmax tanker can go to many ports. It is a more versatile, flexible ship, if you wish.

And when I talk about this financing question, we enter the arena of risk management. The arena on which NAT is working is a risk management arena, simply because it is extremely important for us to be conservative in our financial attitude. To be conservative is very important for us. I have and my family has a lot of shares in NAT, and that is important for us. And we are, and the whole NAT system is, a very conservative attitude. We have one big priority vis à vis our owners and that is dividend, dividend. We wish to prioritise dividend and we declared a dividend today of 4 cents, which is lower than in the past, but again, it is somewhere to start. And given our basic attitude and basic premise that things look good for 2019, we are very hopeful that such a dividend that can be increased.

Let me then go on to another thing, page five of the presentation. And that is the role of oil traders. The role of oil traders. Oil traders are a new phenomenon in international tanker

shipping. Twenty years ago or 30 years ago, we did not have oil traders at all. And oil traders are good for this industry, simply because they carry oil all over the world. They carry oil from Europe to America and back from America to Europe and they assume risks that we do not wish to assume. And they play an important role in international tanker shipping. I venture to suggest that oil traders are very important for tanker companies, simply because on the face of it, it may seem inefficient that Europe export cars from Europe to America, and America export cars from America to Europe, but it is not inefficient at all. And that is the same with oil traders. They carry oil all over the world. And we may load a cargo in Nigeria, and it is bought and sold many times during the transit, and they may change direction where the cargo goes, and we see that all the time. And the question of oil traders, they are very – this is a very important question for the tanker industry. And we have an excellent relationship with oil traders. And that is our objective, to continue that excellent relationship.

Before I go into the details of the oil flows, I wish to address a question that has been very much in focus in recent – I would say recent days. And that is the question of scrubbers. You are pointing at me. Anything else? Yes, it is number six, it is number six, it is slide number six. Then there is a quote about scrubbers. Scrubbers, we addressed scrubbers the first time on 24th October 2017, when we sent out a press release and we said as follows, 'We have seen comprehensive discussions about the new sulphur requirements for bunker consumption on ships to be effected from 2020. Our Suezmax tankers,' and as you know, those who listen, we only have Suezmax tankers. 'Our Suezmax tankers are fully compliant to run on 0.1% sulphur content or less. Therefore, going forward we do not see that this new requirement is an issue for NAT.'

And if I may expand on that, we don't take risk that we don't have to. From time to time – some of you are based in London, most of you are based in America, but you know in London, you have the so-called London Eye, is that what we call it? London Eye, the big wheel, the big wheel close to the River Thames, close to the River Thames. And I visited the big wheel some time ago, a year or two ago, and a lot of my friends, they would like to go up into the big wheel. And I asked my wife, who was together with me and said, why should we go to the big wheel high above the sea and high above the River Thames? And she didn't have a very good answer. But I asked my friend who is a technical man, a leader of our technical team, Mr Vietor. I asked him, 'Why should I go up in the wheel?' And he said, 'Well, there's a good view up there.' But I said, 'That's not good enough. Do we make any cash from having that nice view?' And he said, 'No, there is no cash having that nice view.' And therefore, we don't take a risk we don't have to take.

The scrubbers offer those who wish to take risk, I had never understood the meaning of scrubbers and the desire of scrubbers. It has to do with microbes – microbes moving – no, no, no, no, no, yes, sulphur, it has to do with the sulphur emissions. I was wrong. It has nothing to do with the microbes. But it has to do with sulphur emissions and it is an important issue because it also has to do with the ability to burn 380 centistokes, dirty, dirty, dirty bunker. But we don't wish to burn dirty bunkers. We wish to burn clean bunkers. We would be waving the environmental flag going forward. That is our objective and will remain our objective.

Let me then also talk a little bit about, on page seven, page seven on the slides that you have seen. Let me talk a little bit about the strengths of the US economy together with China. We in our group, we visit China very often. We go to China with our ships very often. We always

have a few ships in China, bringing cargo to China or carrying cargo from China. Or we also have ships there at shipyards when we undergo regular maintenance. And we have an excellent relationship with the Chinese authorities. They would like us to go to Iran and we said no, we don't go to Iran, because America will not accept that we go to Iran and having the American flag in our logo, having the name of Nordic American, we don't go to Iran, period, and that is how it is.

But we go a lot to Iran – we go to Japan and to all the countries in the Far East. And what is one – one good thing, I would say, about America this time and also about Mr Trump. Mr Trump, he talks to people. And some people say, and I tend to agree with them, it is better to talk to people than not talk to people. And because when you talk to people, that may be an opening for a solution, and if you don't talk to people, that opening may not be there.

We in our group, we are doing a lot of business in Korea. We are doing a lot of business in Japan. We are doing a lot of business in China and other – Malaysia, and other places in the Far East. And if I should be critical to us Europeans, that is, we have not understood that the gravity of world trade has moved to the East. We in Europe believe that we are the emperors of the world and the managers of the world and what the European politicians have done to a large extent that is via budgeting, they give away money to the voters and tell voters, if you vote for us, we will give you money and that is – they spend the taxpayers' money and that's why we have very bad economy in Europe.

Let me, when I talk about the Far East, also mention Russia, Russia here, because the – I could speak a long time about this question about the Far East, about Europe and about Russia. You all listening in here, you know that, mountain chain of Ural. And on the east side of Ural, there are 20 million Russians, about 20 million Russians. And in the Far East, there are 1.3 billion Chinese. And the Russians are apparently very concerned about this huge force represented by China.

In my view, China is the big winner of the political game, if you wish, going on now. But interestingly, when you look upon history, you know, over the last 2,000 years and we don't reckon – and discuss the tanker market over such a long period, but China has with a few exceptions not fought any wars on foreign soil in the last 200 years, except they were involved to some extent in the Vietnam War and the Korean War. In short, China is the winner in the political game. The tanker business is the – also a winner, simply because when there is a lot of moves in the world economy, that's good for the tanker business.

Europe is the loser and Russia is the loser. So that is really the gist of what I'm saying. America is also to some extent a loser here. They don't like that I say that, so I should say it's a little bit low-key way. But America may have about 35,000 soldiers in Korea and Korea, as some of you know, many of you know, it's one of the most advanced nations on Earth.

This was – madam organiser, slide number seven. And now, we will open for discussions that you may have. As I indicated in my introduction, we can discuss any detail associated with this, but I'm more interested and we're more interested in the big picture. And you are free to call us at any time, 24 hours a day on detailed accounting questions.

In total, the biggest thing that we discussed here is now the refinancing and our move to America. Our move to America. We are great fans of America. Nobody can change that

attitude. That has always been the foundation of this company. And therefore, I open the – madam organiser, the floor for any questions my friends might have.

Madam organiser? And I see – I must also – see, I tell you, I see there are people from Los Angeles, there are people from Texas, there are people from all over America and it is a great stimulation for us and a great stimulation for us to see you all here. Okay, madam organiser.

Q&A

Operator: Thank you, ladies and gentlemen. We will now begin the question and answer session. As a reminder, if you wish to ask a question, please press star and one on your telephone and wait for your name to be announced. Please stand by while we compile the Q&A queue. This will only take a few moments. If you wish to cancel your request, please press the hash key. Once again, please press star and one if you wish to ask a question. And the first question comes from the line of Greg Lewis from BTIG. Please ask your question.

Greg Lewis (BTIG): Yes. Hi, Herbjørn and Bjørn, this is Greg Lewis. You know, I guess what I would say is, first, congratulations on the new credit facility. Clearly, that puts you guys in a better position today than you were, say, a month ago. But I mean, just as we think about it, big picture, what is sort of – Herbjørn, how are you thinking about trying to position NAT? You know, what's your sort of vision for this company now as we think about, you know, the next two to three years, which is looking like it's going to be an improving tanker market?

Herbjørn Hansson: I will come back to my introductory remarks: either we go upwards, sideways or down. This company is on its way up. There is one question that we have not discussed, Greg, at all, and that is the market itself. We could make \$100 million, \$120 million cash-wise in 2019. And therefore, I foresee, you know, an expansion of the company. That expansion will primarily come via the market, via the market. And this company will grow, no question. This company will build on our relationship with Big Oil: Shell, ExxonMobil, British Petroleum, Chinese oil companies. And this company will build on dividend, dividend. We have had some tough times recently in the industry. And we are now – we have 4 cents as a dividend this time. And obviously, even a blind man can see that there is scope for more dividend if the tanker market improves. And then essentially, you know, and then we can speculate and discuss whether the tanker market will improve or not.

We are not in the guessing business, but there is no question that it looks fine, the prospects for the tanker market, in my judgment and in our judgment, looks very, very fine. And the numbers show that we have now achieved a much more efficient financing and we are moving, "moving things to America," because that is in America that we belong. We are not a Norwegian company at all. We are a Bermuda-based company listed in America, many places. NYSE is a big place for us of course, having about 20% of all the stock being traded is on NYSE. And then we have the so-called dark pools all over America. And we have the locations that we visit. And all our friends, Bjørn and I and my colleagues, we have met thousands of analysts and investors all over America over these many years. And we are not Americans but to be foreigners, we understand very much what's going on in your country, Greg.

Back to the vision, that is to say it very, very in a summarising way, we will reap money from the market, because we essentially have two starting points when it comes to this vision. Either the world goes on or the world does not go on. And in our judgment, the world is very promising at this time. Thank you, Greg. Thank you for asking such a good question.

Greg Lewis: Okay. And then just one follow-up for me around the dividend. I mean, historically, that has really – \$1 came in the door, \$1 was paid out as dividend. As we think about cash flows and the use of – and the thought around the dividend and the balance sheet, how should we be thinking about the use of cash and how that's going to translate? What sort of is the plan around the dividend?

Herbjørn Hansson: What you are really asking, as you know, is that risk management question. And we will not take on too much debt and convert the debt, if you wish, to pay dividend. That's very important. It has to do with this attitude that I mentioned to you on one of my slides, to be conservative financially. I'm one of the largest shareholders in this company and I've got and my family has – we have got tens and tens of millions of dollars in this company and I can assure you we are not going to spoil this money, but I'm telling you, we wish to be conservative.

In a strong market, we will pay more dividend that we have done in the past. No question. But I wouldn't like to put a figure to it. But what we do see now that I referred to earlier, we are now collecting about \$25,000 a day or more in the marketplace. And that you should know is a lot of money for this company. And we have all our ships with the exception of a few in the marketplace, in the spot market. And we – if you believe the market will come up again, and we would then have a much better basis for paying dividend than we had in the past. But I wouldn't put a number to it, Greg. That would not be right.

Greg Lewis: Okay. Perfect, gentlemen. Thank you very much for the time.

Herbjørn Hansson: Thank you, Greg.

Operator: Thank you, gentlemen. And the next question comes from the line of Randy Giveans from Jefferies. Please ask your question.

Randy Giveans (Jefferies): Hey, great to hear from you, Herbjørn. This is Randy Giveans from Houston, so you certainly have good representation here in Texas.

Herbjørn Hansson: Thank you, Randy.

Randy Giveans: Yes, absolutely. So, yes, it's been a while since your last earnings call and this call certainly did not disappoint. So I appreciate all the colour on everything. I just had a follow-up question on your plans to comply with IMO 2020. You know, you mentioned your vessels are able obviously to run on the 0.1% sulphur fuel. I'm assuming they currently run on the 3.5% sulphur fuel when crossing large oceans. But that said, do you have any concerns regarding VLSFO availability or compatibility of new 0.5% sulphur blends?

Herbjørn Hansson: Did you get the question, Bjørn?

Bjørn Giæver (Nordic American Tankers): No, I think first I can answer that our vessels are already running on 0.1% compliant fuel in ECA areas. That's been implemented a few years ago. So –

Herbjørn Hansson: Explain what the areas are.

Bjørn Giæver: Emission controlled areas, whereas North America and Europe, Northern Europe.

Herbjørn Hansson: Yes.

Bjørn Giæver: So our engines can run on the compliant fuel already. So that's not an issue.

Herbjørn Hansson: But if I may just illustrate our thinking. There are about 80,000 ships in the world and there are about 3,000 or less that have scrubbers. And those who are strong advocates for scrubbers, they are owning companies selling scrubbers, you know. I think it is the wrong notion to go for scrubbers. I say it a little bit jokingly, but if you can make profit by selling cookies here in Sandefjord, Norway, we wouldn't start selling cookies, because that's outside the scope of our strategic thinking.

And we wish to minimise our risk. We don't wish to make maximise our risk. Why should we? That is my question. And I mentioned the London wheel, why should we take on risks that we don't have to take on? But this is a big fight, if you wish, between the Big Oil and governments. It has to do with the Paris Protocol and it has to do with the Kyoto Protocol and international business. We wish to be on the side that is reducing pollution, and not on the side of increasing pollution.

And today they burn about 100 million barrels a day worldwide in oil. And the dirty oil is so-called 380 centistokes. We wish to have the oil companies carry that burden. And the oil companies would like to reduce it from 100 million to 98 million. And the oil companies would like us, the shipping people, to carry the thing, you know. And we – there is a little fight going on here. I said that to a top man in an oil company being in charge on Northern Europe, and I said, this is how we look at it, the question of scrubbers. And he said to me, well you presented it in a very simple way. Yes, you are right, I said, but we are simple people, running a simple company and we are very predictable.

And in summary, we don't wish to take on new risks, because we have so many risks. We have risk of currency, et cetera, et cetera, et cetera.

Randy Giveans: Yes, I guess my question was around the risk of new blends for the 0.5% sulphur. But if you're just going to buy the 0.1%, you know, MGO, there is no risk there. Understand all of that.

So let me move on to another question. So you sold your last two Suezmaxes from the 1990s, you still have eight vessels, you know, around 15 to 18 years of age. So two questions for those. When do you expect to sell some of these older vessels? And then when it comes to fleet renewal, will it be by ordering additional new buildings or acquiring younger second-hand vessels?

Herbjørn Hansson: I – the question is, when you look upon – I have a degree in history, I must tell you, but when you look at history, there is one big thing that has happened in this business. That was in 1989, when Captain Hazelwood went aground with Exxon Valdez in – up there. And that is a big change taking place, big change. Ship owners, they had normally always built new ships and killing themselves, that is the history of ship owners over the years. And we don't wish to join that gang.

We believe our thinking, but we have a very good ability to change our mind if that should be warranted. But our thinking at this time is to go for second-hand ships. We don't wish to go for new buildings now, simply because the financial burden with the second-hand ship is lower than the financial burden of a new ship. That's point number one.

And point number two, we deal with the most critical customers in the world, Big Oil, and they charter our ships, be that 15 years or 20 years or five years. You know? There is no difference there, because it is the quality that matters. But to be very precise, we wish to buy second-hand ships. I wouldn't say no to new buildings, but that is not on the cards.

Randy Giveans: Sure, sure. Okay. And that's one final question. Yeah, congrats on the new Beal Bank, from also here in Texas, financing. Just looking at the terms on that, what's a good interest rate range for that for modelling purposes?

Herbjørn Hansson: 6% to 8% they say.

Randy Giveans: Bonds?

Herbjørn Hansson: Yes, but it doesn't – I wouldn't go into the details, but I'm very pleased with the cooperation with Beal Bank, because they are very much, I believe, very much like ourselves. When somebody runs in one direction, they run in the opposite direction. And that is exactly the same with Nordic American Tankers. When somebody runs in this direction, Nordic American Tankers is running in the opposite direction.

And my previous – I used to be many years ago, number two man in one of the biggest groups in Norway and then we always said when we had a good idea, the question is not whether it is a percentage up or down, that is not the question. The question is whether we do it. And I happen to believe and I believe based upon our relationship with Texas, where you are living, Randy, and the whole – our approach to America, I believe that this is one of the best transactions strategically that we have done.

Randy Giveans: Yeah, I think you mentioned it was better terms than the old revolving credit facility, so –

Herbjørn Hansson: Yes, absolutely.

Randy Giveans: Nice. Excellent. Well, I'll jump off. Thank you again, good to catch up.

Herbjørn Hansson: Thank you, Randy.

Operator: Thanks a lot, sir. And the next question comes from the line of Liam Burke from B Riley FBR. Please ask your question.

Liam Burke (B Riley FBR): Yes, thank you and good afternoon. You talked about early – or the quarter to date for 2019, where we're seeing nice strong bouncing of the TCE rates. Can you give us any indication on how much momentum you see through the balance of the year with the strong start to 2019?

Herbjørn Hansson: Yes. Are you calling in from Los Angeles?

Liam Burke: No, I'm calling in from Washington, DC.

Herbjørn Hansson: Okay. That's a good, a great place. I know very well Washington, DC, but I shall not talk about that now.

Liam Burke: Okay.

Herbjørn Hansson: I think strategically we are in a very good position now. Not many ships on order, world economy is strong, Trump will find a solution in the Far East. Political uncertainty is good for the tanker business. And I feel good about this. And of course, if I gave you a number, you would put it down in your notebook and you will come back in end December and say, 'Well, you were wrong,' or, 'I was right.'

I think that the overall scene, stage looks fine. It is the same as we had last year. We predicted and we said in writing that the tanker market would turn last year and it did turn last year. We have moved very nicely into 2019. It goes a little up, it goes a little down. But when there is volatility, that is a good measure of a balanced market – of a balanced market, when there is volatility.

And as long as we can have our quality stamp, we have a quality stamp in this company, and I'm very proud of that. All our people ashore and on board, who are our good representatives. We have a good quality stamp, which is important. As I mentioned during this conversation, people trust us and they trust our ships. And I could give a speech about risk management and about the tanker market for just about an hour. But I wouldn't spend your time listening to me about this.

But I am encouraged. I am encouraged and we shall generate a lot of cash this year based on the presumption that the world goes on. Because it's very strange, some people are nervous about the tanker business and then I tell them, if you are nervous, you should not be in the tanker business. But what I'm saying is – and they are concerned about when it's up, they are concerned it could fall and when it's down, they are concerned it will not rise.

Generally speaking, the tanker business is looking promising for this year. And I could give you the rationale for that, but that would take a long time and long – much more time than we have on this call available.

Liam Burke: And very quickly –

Herbjørn Hansson: Yes please. Yes please.

Liam Burke: Yeah, you mentioned that your cash flow generation will be strong this year with the higher TCEs. Your balance sheet is in much better shape with the refinancing. Your dividend is what it is. Is the priority for paying down debt? Is the priority for looking for other assets, as you mentioned in the earlier question? Or how does that cash get allocated when you're looking at different alternatives for it?

Herbjørn Hansson: As I said to you, the objective is to have no debt in this company. That is the objective. And the next thing I said, we base ourselves on a conservative financial attitude. The third thing I mentioned, it is a question of risk management, but I and we, our priorities will be the customers and the shareholders. These are the two priorities and dividend will be an important – important element in this picture.

What the future is holding, nobody knows, but we are in the business of making money, that is for sure, to give to our shareholders. And we are in the business of having good friends in the oil industry, where we – they appreciate our honesty, they appreciate our integrity. And we will focus on the oil industry and on the government.

I will tell you one more, one more thing, that I didn't touch upon in my previous information – exposé. There is a big change taking place in America. Now you in America are exporting oil and we are talking about big numbers, 2 million barrels a day, you know, according to the latest statistics, 2 million barrels a day, simply because the shale oil has become much more profitable, even down to a price of \$50 per barrel. And this change in the picture in America that you export oil is a new feature of the stage.

And you know, and even more importantly, the US is becoming an important exporter to China and India. And crude oil is not on the list of commodities affected by the US-China trade war, facilitating the US-China trade. And we now see that Saudi Arabia is producing less oil now, about 9.8 million barrels compared to 11 million barrels in November 2018. But Saudi Arabia is still under the wings of America.

And I'm optimistic for 2019 for reasons given, and the ensuing years. And I have been so strong in our statement here now, that is now you can take it down and you can hold it against me later. But I think this question of having a balanced situation is important. When you have a volatile market, it is the indication of a good balance.

I have with me Bjørn Giæver, our CFO here. Bjørn, have I forgotten anything of importance that you and I haven't discussed and with the board? Would you like to say some words of wisdom to these people?

Bjørn Giæver: No, I think what you're saying about a balanced distribution of the cash for dividend is always important for this company and will continue to be.

Herbjørn Hansson: Yes. Okay, sir. Any other questions, madam organiser?

Operator: Thanks a lot. And the next question comes from the line of Fotis Giannakoulis from Morgan Stanley. Please ask your question.

Fotis Giannakoulis (Morgan Stanley): Yes. Hi, Herbjørn, hi, Bjørn and thank you for the opportunity. Congratulations for this new financing. This is a new bank that you bring into the picture, I've never heard that this bank had done any other shipping financing before. Can you give us a little bit more background of how did you find them? Is this a sign that more lenders are willing to finance the shipping industry? It seems that there is a drought right now in financing and this is something new that we see here.

Herbjørn Hansson: This is a first-class bank dominated by a first-class person, who is one of the richest persons in America, I have been told. And it is – you know, we don't wish to borrow money from anybody who doesn't wish to lend us money. No. And we very proudly give them the money back. We are not willing to lend money from all people. Not at all. We wish to come back, Fotis, to where we were a few years ago, when we had no debt.

When I had such an esteemed Greek gentleman on the phone as Fotis from Morgan Stanley, I must say the first – one of the first people I met in the shipping industry was Christina Onassis, you may have heard about, you know, many years ago, but that's a different story. We have an excellent relationship with the Greek shipping community.

But this is not a new bank, but it is a good bank. And we must think new and we think new and the bank thinks new and everybody. The day you don't think in a new way, that is a bad day.

Fotis Giannakoulis: Thank you very much, Herbjørn. One more, you mentioned about the US exports, we had a surge in tanker rates last week and it seems that this is because of an increase in US crude exports. Can you give us your – some colour of what you have seen the last few days? And in your estimate, how much crude can the US export? What are the constraints right now and over the next couple of years? This 2 million barrels per day, how much it can grow to help the tanker market get even stronger?

Herbjørn Hansson: It has of course to do with the price differential between the Brent oil in the North Sea and the so called Western Texas, WTI, and I wouldn't give you a detail on this. It has to do with Saudi Arabia, it has to do with Iran, it has to do – we carry a lot of oil in that area as well. And it has to do with the difference of the price in America. Price differentials between the Brent and the WTI now is over \$10 a barrel. And therefore it is positive for – and there are arbitrage opportunities. And US exports to Europe will mainly be driven by Europe's demand for gas oil, meaning diesel oil. Europe is short on gas oil, particularly now on the advent of the IMO 2020 regulations.

But, it's difficult to say, but there is a free market and when the parameters change, we see a change in picture right away, right away. And it's very encouraging that we see this lifted increase from America, because from our perspective, it is good for the tanker industry and that is essentially our main view. But you know much more than I, Fotis, so I rather have to listen to you at the conference call.

Fotis Giannakoulis: That's very kind of you Herbjørn, but you know, you have the experience here. One last question. You know very well Middle East and right now Saudi Arabia is burning a lot of crude for power generation. Do you think that with IMO 2020 they might instead of burning crude, they may start exporting it and instead start burning fuel oil? Do you see any benefits from this potential switch from burning crude for electricity into fuel oil? Any benefit for the tanker market?

Herbjørn Hansson: I haven't studied that in detail, but if I should venture to give you a little summary of the stage, there is a fight between Saudi Arabia and Iran. Saudi Arabia is bombing in Yemen, our ships go in that area and we have tough times with people trying to get onto our ships and what you call it, pirates, pirates. But Saudi is now producing 9.8 million as we mentioned, as compared to 11.3 million. Saudi Arabia is under the wings of America, no question.

The big question in that area is the extent to which America will keep their wings above Saudi Arabia, that is the big question. I don't know the answer to this question. It has to do with Iran. But this, I wouldn't say technical question, but how they will act in the future, I don't know. I simply don't know, Fotis. But I do know that there is a strong force in Saudi Arabia for women's liberation, for women's liberation. That is overriding the political scene in Saudi Arabia. But what would happen, I simply don't know. You are much more better qualified to tell us about that.

But the whole stage is so important and so changing. We just a few days ago, we fixed a ship from Venezuela to the Far East, very long voyage. I will not give you any numbers, it was extremely advantageous for us. But that was done before the sanctions were implemented on Venezuela and we fixed the ship, and Erik Tomstad, our Executive Vice President on the chartering side is with us here. We fixed the ship just before the new rules were introduced,

and we carried the oil all the way from Venezuela to China, which is one of the best voyages in the world. And we made so much money on that trip, that it would be catching the headlines everywhere if we told you about it.

But the whole political scene is changing all the time and we have to manoeuvre in this situation. What I would suggest though, this is not, this industry doesn't fit into the Harvard-type flow chart. It does not, because that is not how this industry is behaving.

I think we have time for one more question, one more question and then we close this discussion and you are all free to come back to us and ask any question you may have. It will be an interesting future. But one more question, if anybody wishes to – would venture to come and ask a question.

Operator: Thanks a lot, sir. And the last question comes from the line of Erik Hovi from Clarksons. Please ask your question.

Erik Hovi (Clarksons): Hi guys. Congratulations on a good quarter. So just going into the dividends again. Based on the guidance of \$25,000 for the first quarter cash earnings implies a dividend of approximately 14 to 15 cents per share, so how fast do you guys think the dividend level will come back at the operating cash earnings, as it has been historically? Is it a fair assumption to estimate that half would be debt repayments and the other half going to shareholders?

Herbjørn Hansson: I will not predict the dividend, but \$5,000 a day, is that \$5,000 from out of \$20,000, how many percentage is that? 25%. And of course, in a stronger market there is more room for dividends. There's no question about it. And how much? I would like to maximise it, then I get dividend on my stock as well. You know? So I wouldn't, Erik, allow – Erik, he is from one of the top ship brokers in the world, located many places in the world, in London and Oslo and the Far East and all over the place. I wouldn't tell it. We had in the past when we had almost no debt, people told us, 'Your stock price is too high.' And then we said very clearly, 'We can live with that.' But we would like to come back to that day when we had no debt and when we can come back to the very high dividend that we paid in the past.

But I couldn't promise that. I wouldn't promise. But this year looks fine and 2020 looks fine. Our present – what we had – the credit facility elapsed in 2020, about October, I believe, Bjørn? October. And now we don't have that anymore.

So what I should summarise, we have come closer to America because it is in America we belong.

Let that be my closing statement. And I would like to thank you very much, madam organiser and those who listened to you. And if you got something out of it, I'm pleased. And if you think that a lot of things, of stupid things, have been said, you should call me and tell me why. That is the only request I have. We are optimistic. Now somebody is calling me. Thank you very much and we keep in touch. Thank you.

[END OF TRANSCRIPT]