

Eitzen Chemical ASA

Presentation 1st Quarter 2012 results

23 May 2012



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Agenda

1. Introduction
2. 1st quarter 2012 results
3. Operations
4. Chemical tanker market highlights
5. Summary

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Main events in Q1 2012

<u>USD</u>	<u>Q1'12</u>	<u>Q4'11</u>
EBITDA	11.9m	5.7m
Avg. TCE - \$/day	10.640	9,675

- ▶ EBITDA MUSD 6.2 above previous quarter
 - Average time-charter rate increased by 10.0 %
- ▶ The 3rd party ships has begun the withdrawal from the City Class pool, and it is expected that this process is completed in the 2nd quarter
- ▶ The Company, with the assistance of ABG Sundal Collier, is in the process of evaluating alternatives to ensure adequate, longer term financial strength and liquidity



Strategy and capital resources

- ▶ Eitzen Chemical commenced a process to evaluate various options to ensure longer term financial strength and liquidity in January 2012
 - Weak cash flow as a consequence of the current challenging chemical tanker market
 - Downturn has been longer than expected and current freight rates are at historic lows
 - Grace period for payment of bank debt installments (moratorium) ends in November 2012
 - ABG Sundal Collier has been retained as sole financial advisor to assist the Company
- ▶ Various alternatives are under evaluation, including alternatives for a restructuring of the balance sheet to obtain a stronger equity position
- ▶ The Company is in discussions and has a constructive dialogue with its lenders and their advisors in relation to seeking a financial restructuring

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Income Statement

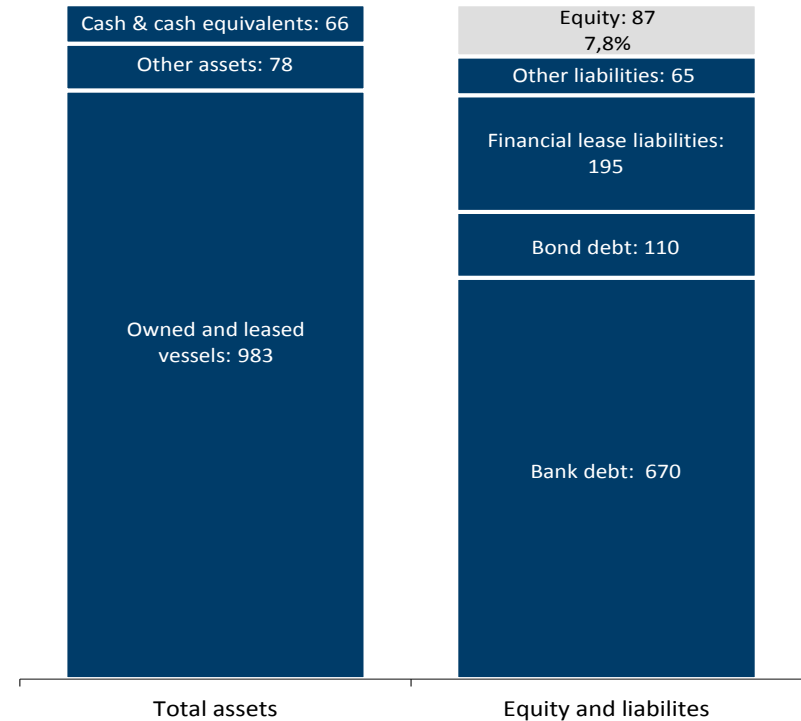
Consolidated USD mill.	2012 Q1	2011 Q4	2011 Q1	2011 12m
T/C revenues	51.0	48.9	50.3	200.6
Other income	1.4	1.9	1.2	5.7
Gross profit	52.4	50.8	51.5	206.2
Vessel operating expenses	-29.2	-30.4	-30.7	-123.1
Charterhire	-5.2	-8.4	-7.5	-32.0
G&A expenses	-6.1	-6.3	-6.2	-25.5
EBITDA	11.9	5.7	7.1	25.6
Profit/ (loss) sale of assets	-	-0.9	2.6	3.7
Impairment	-	-62.5	-	-62.5
Depreciation	-16.2	-19.1	-19.0	-77.6
EBIT	-4.3	-76.8	-9.3	-110.8
Net interest	-10.7	-10.9	-10.8	-43.2
Other financials	-1.8	10.1	0.6	2.6
Profit before tax	-16.8	-77.5	-19.5	-151.5
Tax	-	-2.5	-0.0	-2.5
Net profit/ (loss)	-16.8	-80.1	-19.5	-154.0

- ▶ T/C revenues increased by MUSD 2.1 compared to previous quarter
 - Average T/C rate increased by 10.0 %
 - Continued bunker price increases
- ▶ Expenses decreased by MUSD 4.6 compared to previous quarter
 - Reduction in charterhire expenses due to decreases in short term charter commitments
- ▶ **EBITDA of MUSD 11.9 (MUSD 5.7 in Q4 2011)**
- ▶ Reduction in depreciation of MUSD 2.9
 - Impairment of MUSD 62.5 recognized at year-end 2011
- ▶ Other financials of MUSD 1.8
 - Mainly a net unrealized currency loss on NOK bond, offset by currency gain on JPY financial lease options

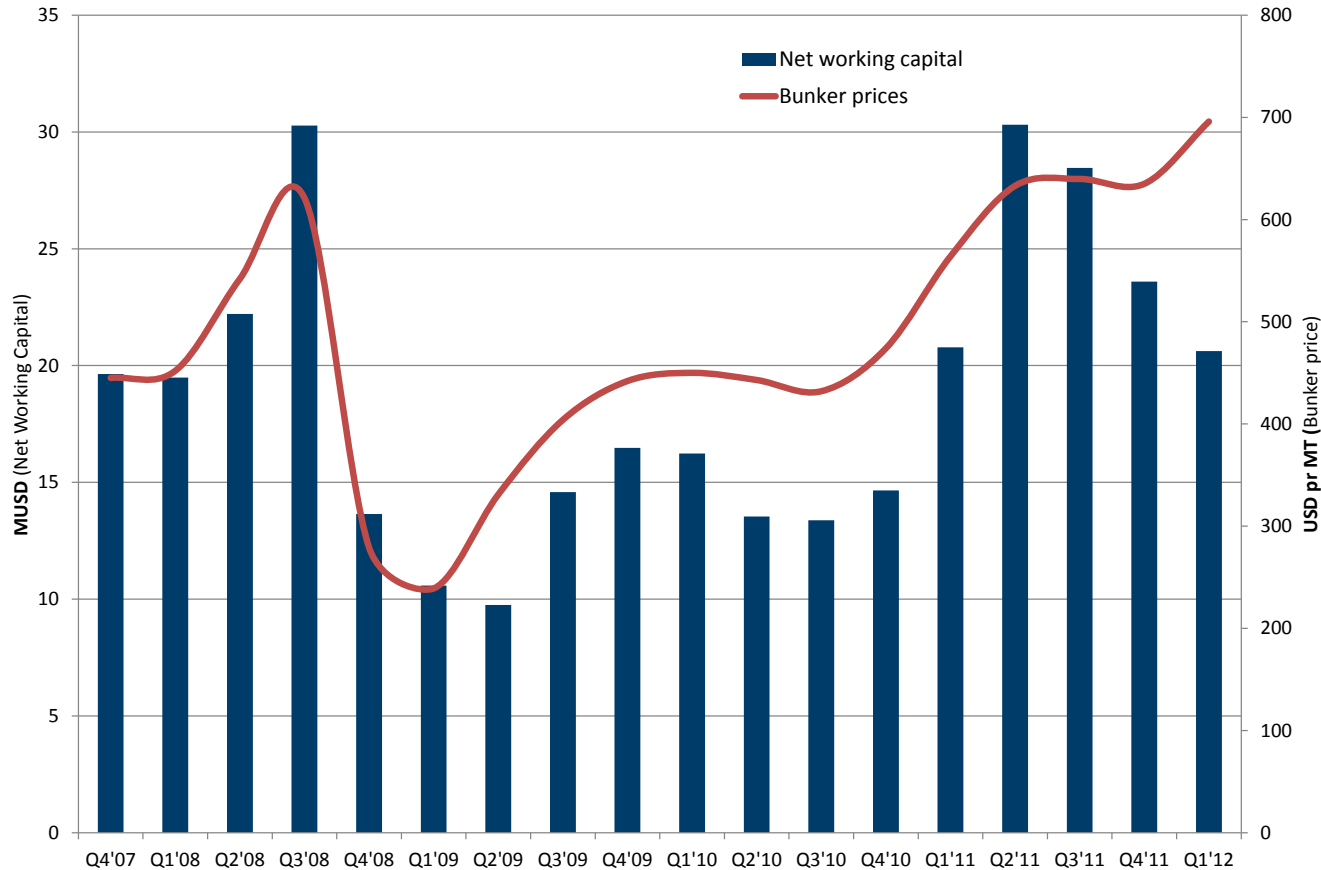
Balance sheet Q1 2012

- ▶ **Book value fleet MUSD 983** (MUSD 995 in Q4'11)
 - Owned vessels MUSD 750
 - Financial leases MUSD 233
- ▶ **Cash MUSD 65.8** (MUSD 66.8 in Q4'11)
- ▶ **Net working capital MUSD 20.6** (MUSD 23.6 in Q4'11)
- ▶ **Interest bearing debt MUSD 975** (MUSD 973 in Q4'11)
 - Bank debt of MUSD 670
 - *MUSD 26 classified as current debt*
 - Bond debt of MUSD 110
 - Leasing debt of MUSD 195
- ▶ **Book value of equity MUSD 87** (MUSD 104 in Q4'11)
 - Book equity ratio 7.8 % (9.1 % in Q4'11)

Balance sheet March 31st, 2012 (MUSD)



Working capital development versus bunker prices



- ▶ Bunker prices up considerably from previous quarter.
- ▶ Net working capital decreased mainly due to a sharp decrease in receivables of approx. MUSD 12.

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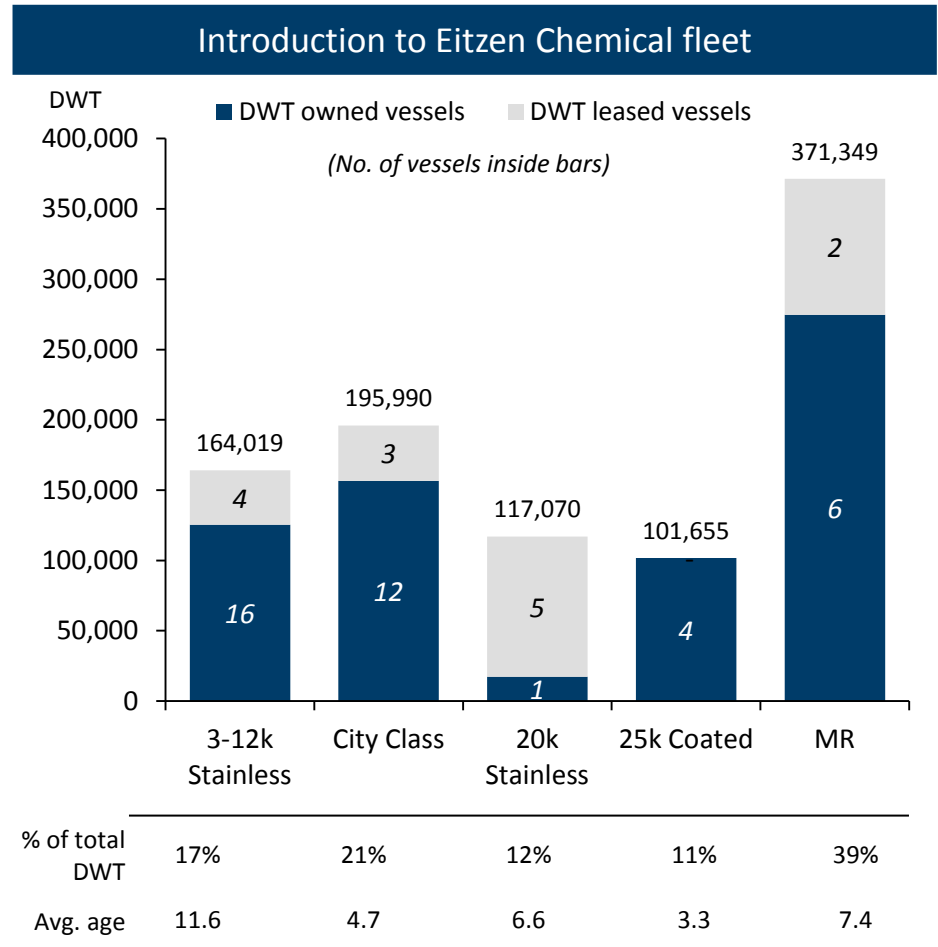
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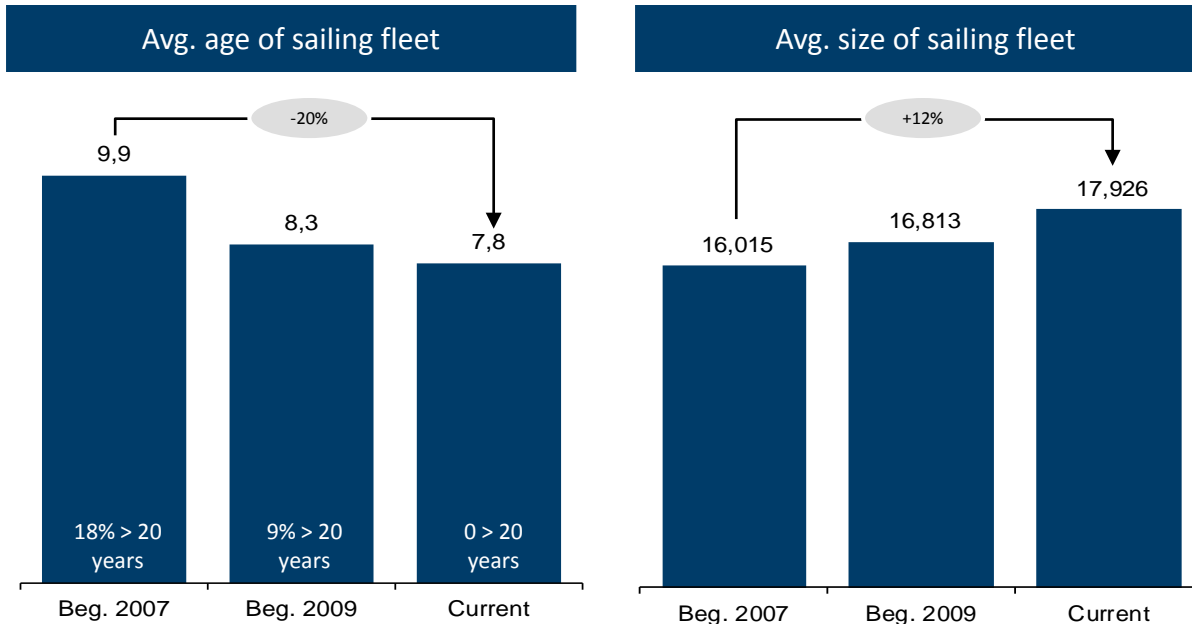
Eitzen Chemical – A leading global chemical tanker operator

- ▶ One of the leading chemical tanker operators
- ▶ Operates a high quality fleet of 53 IMO 2 chemical tankers
 - 39 owned vessels
 - 14 chartered-in vessels (purchase options on 13)
 - ~50% of the fleet is stainless steel
 - Pool management role for external vessels has been discontinued
- ▶ Well positioned through strong organisation and commercial platform
 - Operations in key chemical areas
 - Long history with key customers
 - Focus on best-in-class commercial-, operational- and technical platforms



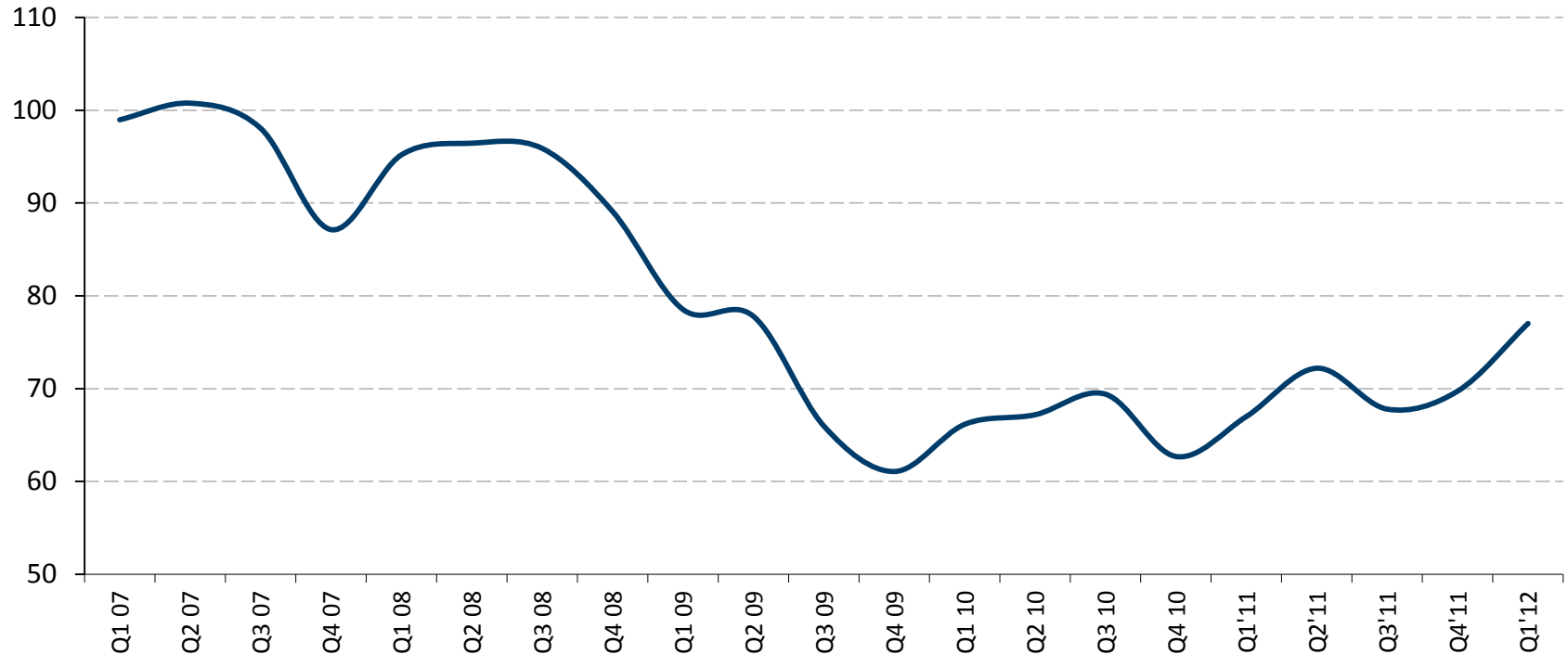
Note: 3-12k Stainless class includes 1 9k Coated vessel, 20k stainless class includes 1 17k Stainless vessel

Fleet mix has improved as a result of strategy to phase-out older non-core vessels



- ▶ 15 newbuildings have been delivered and more than 20 vessels have been phased-out since 2007
- ▶ Fleet optimisation has had a positive impact vis-à-vis customers, improved operational performance and vettings – competitive position is enhanced

Development of Eitzen Chemical Index



- ▶ Average T/C rate for the fleet increased 10.0% in Q1 to USD 10,640/day
- ▶ USD 1,000 increase in the fleet T/C rate will increase annual revenue by approximately MUSD 19 with the current fleet mix
- ▶ Index is based on actual TCE earnings – historical earnings on a same-ship-basis is higher due to improved fleet mix

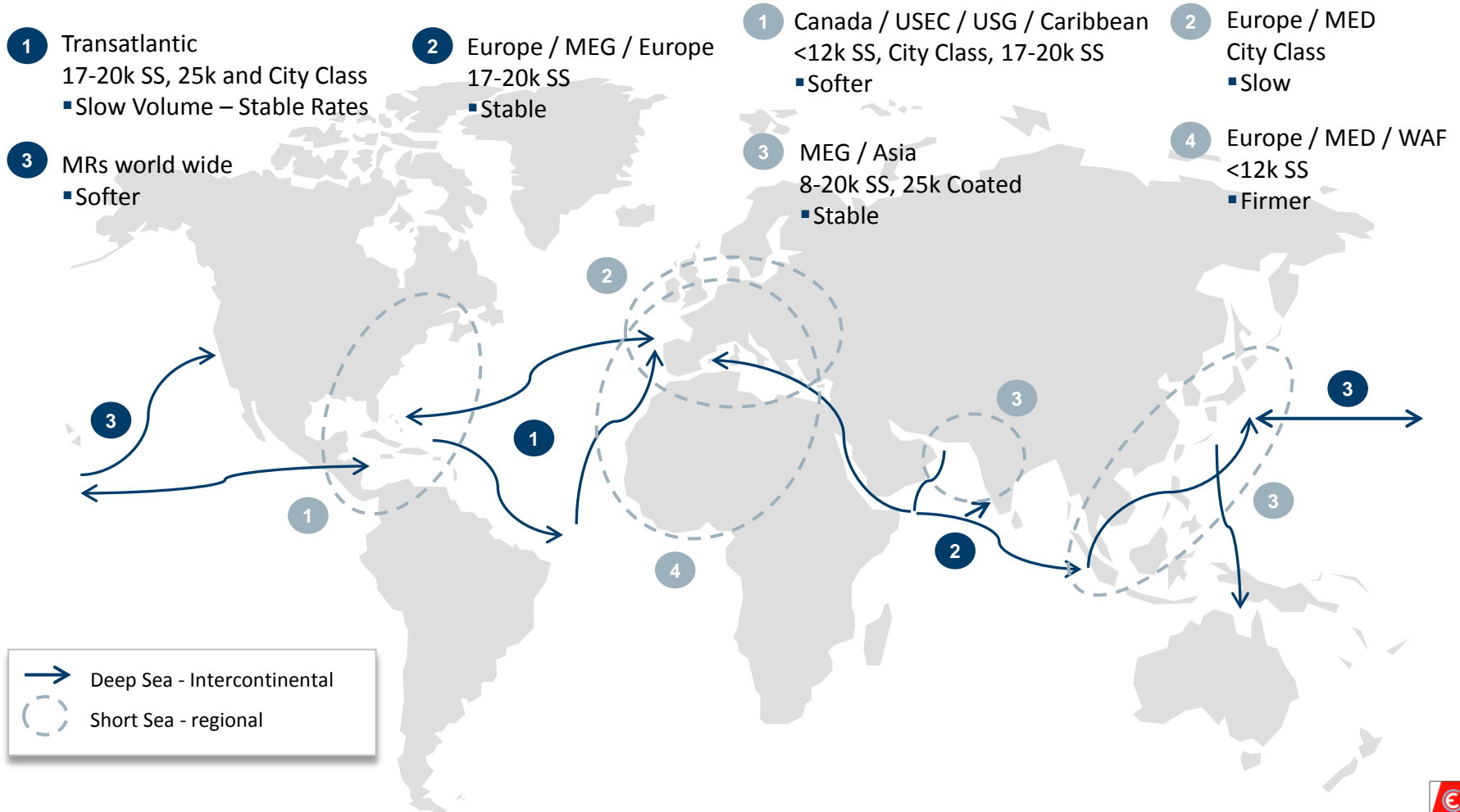
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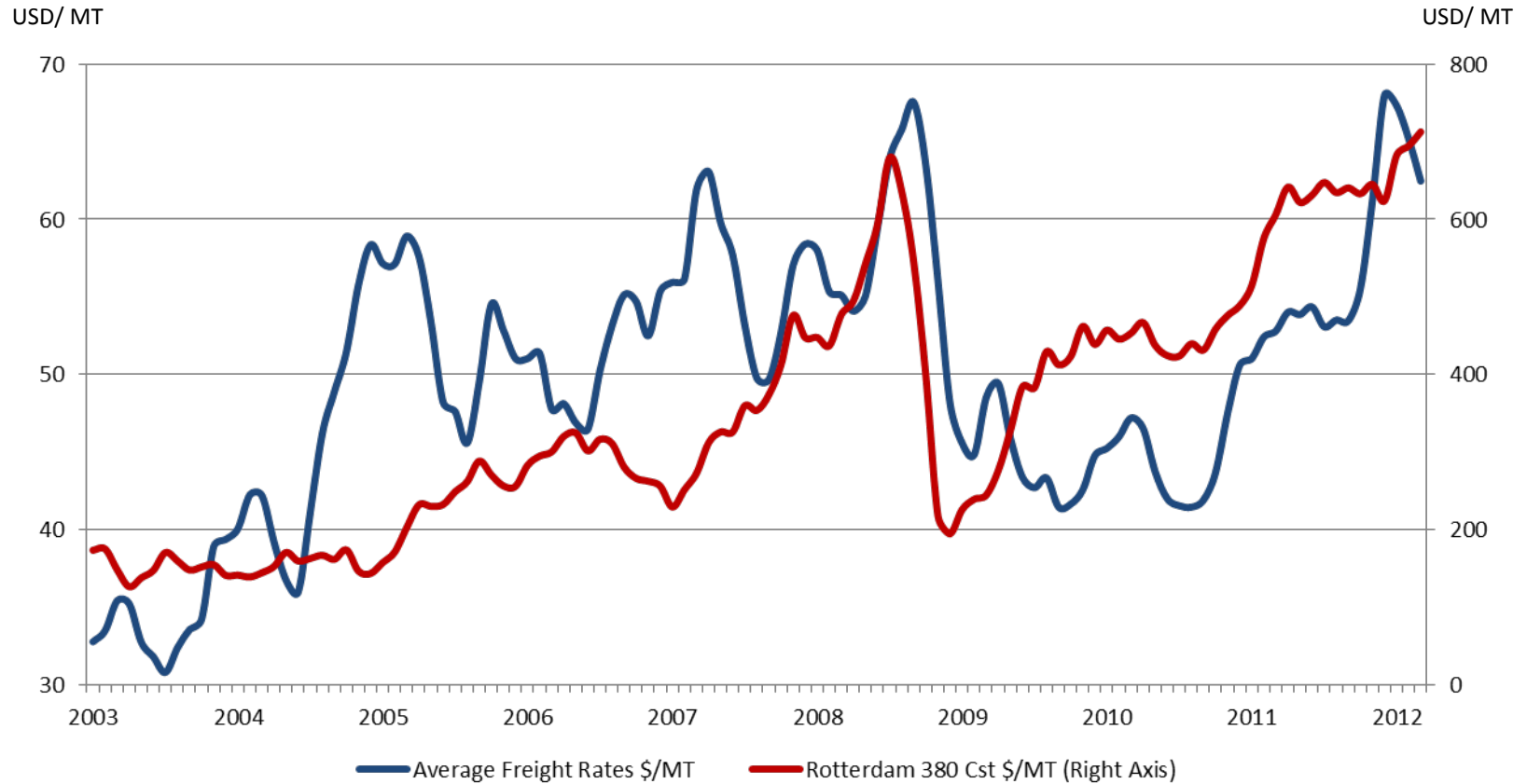
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Overview of main trade lanes and latest market developments

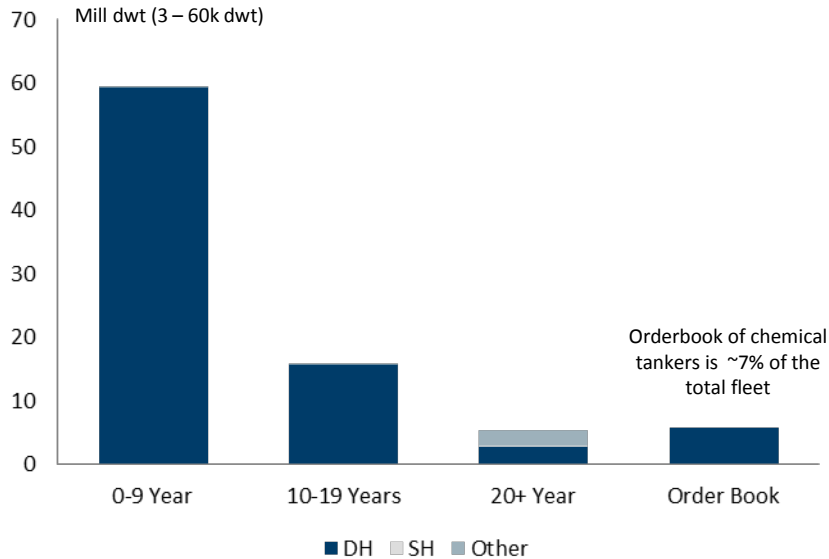


Gross freight rates have increased

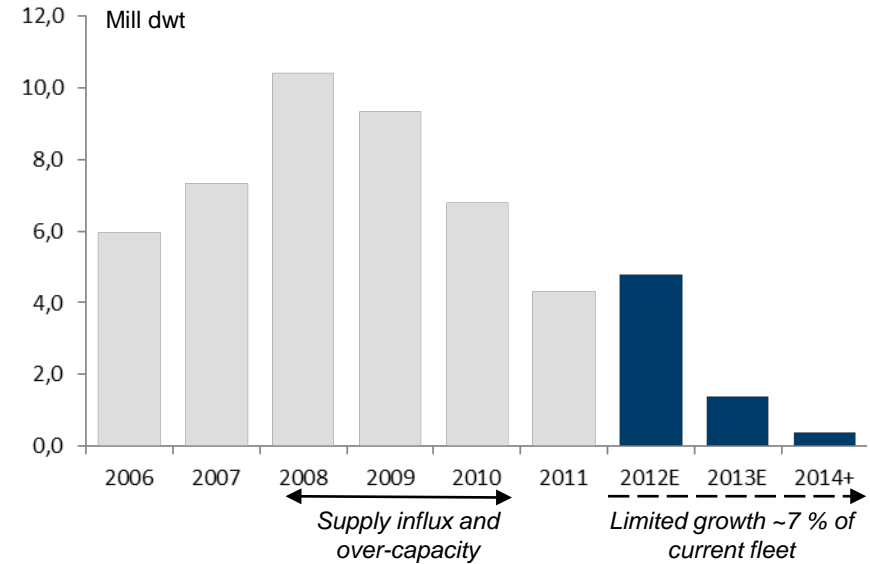


Orderbook

Orderbook versus current chemical tanker fleet¹⁾



Chemical tanker deliveries²⁾

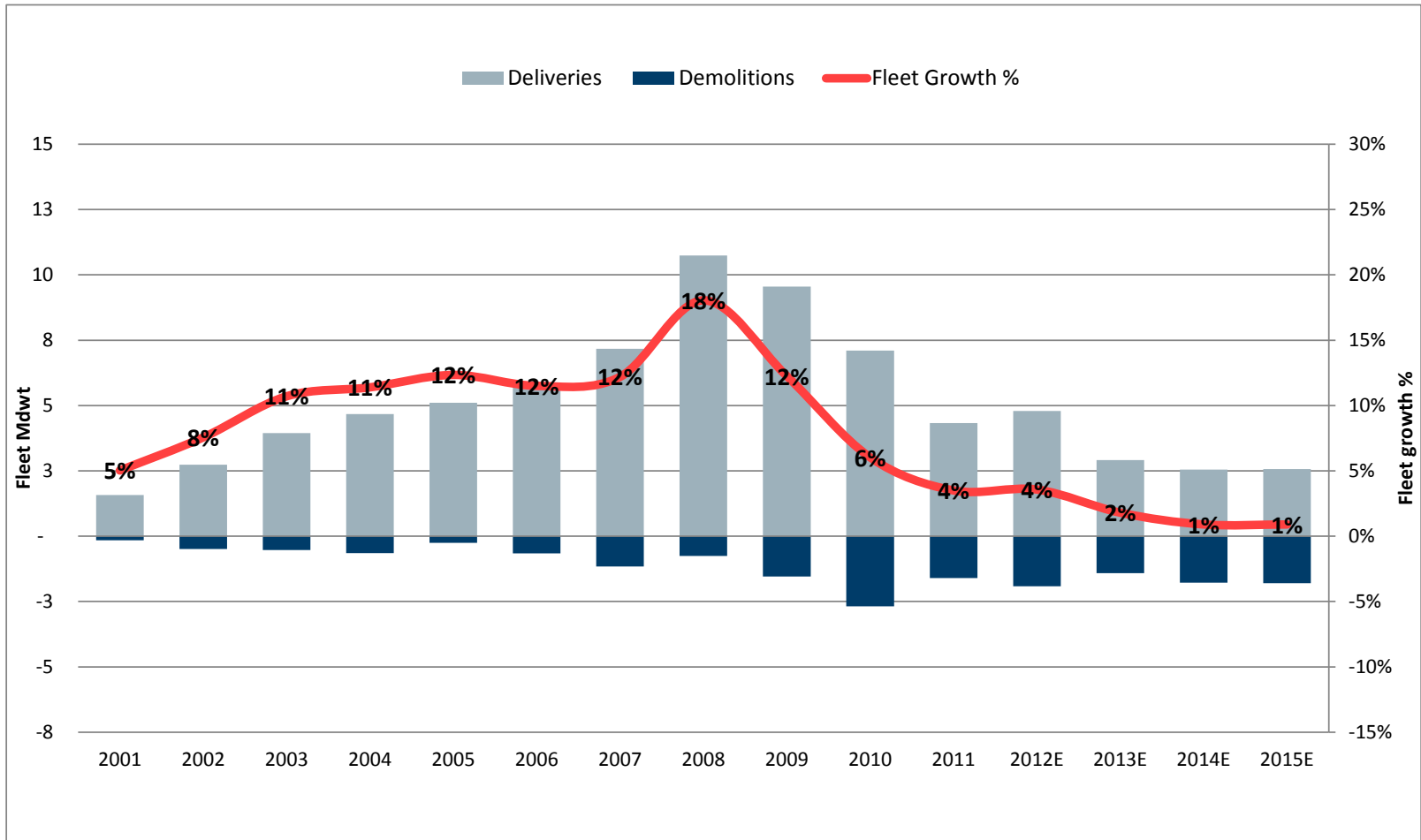


- ▶ Current long down-cycle has had a clear effect on newbuilding activity – few orders for chemical tankers are being placed.
- ▶ Supply of chemical tanker tonnage is expected to be reduced over the next few years – demand spikes will translate into a shortage of tonnage
 - Orderbook for smaller stainless steel vessels is very limited – approximately 0.9 % of current fleet
- ▶ Low contracting expected to continue – We expect the industry to focus on consolidation rather than placing new orders

1) Fleet defined as Chemical tankers from 3k to 60k dwt. Source: Eitzen Chemical based on industry sources

2) Only tankers capable of carrying chemicals (IMO 1-3). Source: Eitzen Chemical based on industry sources

Chemical tanker fleet growth rate expected to decline the coming years



Chemical tankers from 3k to 60k dwt, corrected for delays, cancellations, new orders, hidden orders. Source: Eitzen Chemical based on industry sources.

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Summary

- ▶ Despite a stronger market in 1st quarter 2012, Eitzen Chemical expects a continued challenging chemical tanker market in the short term. However, the fundamental outlook for 2012 is more optimistic than for 2011 due to easing supply growth
 - The 2nd quarter of 2012 is expected to be lower than the 1st quarter of 2012
 - Easing supply growth is expected to help fundamentals in the 2nd half of 2012
 - Only a moderate increase in demand is required for a recovery
 - Uncertain macro outlook is a concern for demand growth
- ▶ Significant earnings improvement potential from current low levels
- ▶ The Company is in discussions and has a constructive dialogue with its lenders and their advisors in relation to seeking a financial restructuring

- ▶ Eitzen Chemical is well positioned for recovery
 - Modern high quality fleet
 - Strong organisation and commercial/operational platform
 - Long-term relationships with key industrial customers



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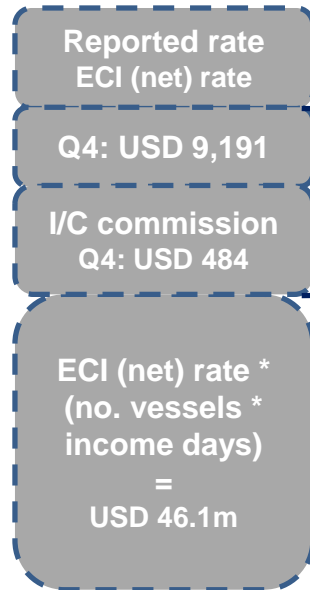
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Update on reporting of T/C rates

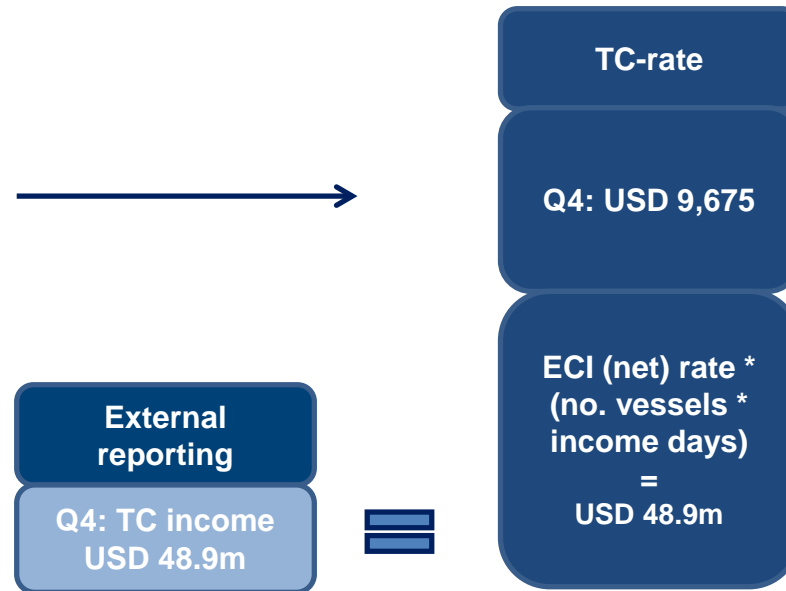
Previous reporting standard



Weighted average rate estimated after charging each vessel with a 2.5 % intercompany commission fee.

The ECI (net) rate does not align with the reported TC income because of the charged I/C commission fee

Reporting from Q1 2012



- ▶ From Q1 2012 the rates will be reported as illustrated
- ▶ Rates from previous periods have been similarly adjusted in the quarterly report to ensure comparability

Overview of Eitzen Chemical's vessels

(1/3)

Vessel	Built	Age	Coating	IMO	Tank Coating	Tanks	DWT	Ownership	Lease	Technical manager	Flag
0 - 12,000 DWT SS											
SICHEM COLIBRI	23.04.2001	11	Stainless Steel	IMO 2	Stainless Steel (SS)	11	3 592	Owned		Selandia	Malta
SICHEM SPARROW	07.06.2001	11	Stainless Steel	IMO 2	Stainless Steel (SS)	11	3 596	Owned		Selandia	Malta
TORQUATO	14.08.1992	20	Stainless Steel	IMO 2	Stainless Steel (SS)	26	5 430	Owned		V-Ships	United Kingdom
IEVOLI SILVER	09.10.1992	19	Stainless Steel	IMO 2	Stainless Steel (SS)	26	5 459	Owned		V-Ships	United Kingdom
ATTILIO IEVOLI	10.10.1995	16	Stainless Steel	IMO 2	Stainless Steel (SS)	24	6 239	Owned		V-Ships	United Kingdom
IEVOLI GOLD	10.10.1993	18	Stainless Steel	IMO 2	Stainless Steel (SS)	22	6 999	Owned		V-Ships	United Kingdom
SICHEM CROISIC	15.01.2001	11	Stainless Steel	IMO 2	Stainless Steel (SS)	18	7 721	Owned		V-Ships	Malta
SICHEM LILY	02.01.2009	3	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 000	Owned		Thome	Malta
SICHEM ORCHID	07.11.2008	3	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 115	Owned		Thome	Malta
SICHEM IRIS	11.08.2008	4	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 140	Owned		Thome	Malta
TOUR MARGAUX	09.02.1993	19	Stainless Steel	IMO 2	Stainless Steel (SS)	31	8 674	Owned		V-Ships	Malta
SICHEM PALACE	29.09.2004	8	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 807	Owned		Thome	Singapore
SICHEM AMETHYST	13.10.2006	5	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 817	Financial lease with purchase options	TC	Bernhard Schulte	Panama
SICHEM RUBY	08.10.2006	5	Stainless Steel	IMO 2	Stainless Steel (SS)	12	8 824	Financial lease with purchase options	TC	Bernhard Schulte	Panama
SICHEM PEARL	07.07.1994	18	Stainless Steel	IMO 2	Stainless Steel (SS)	20	10 332	Owned		Selandia	Singapore
TOUR POMEROL	30.09.1998	14	Stainless Steel	IMO 2	Stainless Steel (SS)	31	10 379	Owned		V-Ships	Singapore
Sichem Fumi	30.09.1996	16	Stainless Steel	IMO 2	Stainless Steel (SS)	20	11 674	Owned		Thome	Panama
SICHEM CHALLENGE	17.12.1998	13	Stainless Steel	IMO 2	Stainless Steel (SS)	22	12 181	Owned		Selandia	Singapore
SICHEM MISSISSIPPI	15.12.2008	3	Stainless Steel	IMO 2	Stainless Steel (SS)	20	12 273	Operational lease with purchase options	BB	V-Ships	Panama
9,000 DWT Epoxy											
SICHEM ANELINE	19.11.1998	13	Coated	IMO 2	Epoxy	12	8 941	Financial lease with purchase options	BB	Selandia	Marshall Islands

Overview of Eitzen Chemical's vessels

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Vessel	Built	Age	Coating	IMO	Tank Coating	Tanks	DWT	Ownership	Lease	Technical manager	Flag
City Class											
SICHEM DUBAI	07.12.2007	4	Coated	IMO 2	Epoxy	14	12 889	Owned		Selandia	Malta
SICHEM MARSEILLE	28.07.2007	5	Coated	IMO 2	Epoxy	14	12 928	Owned		Selandia	Singapore
SICHEM MELBOURNE	30.08.2007	5	Coated	IMO 2	Epoxy	14	12 937	Owned		Selandia	Singapore
SICHEM NEW YORK	04.04.2007	5	Coated	IMO 2	Epoxy	14	12 945	Owned		V-Ships	Singapore
SICHEM HIROSHIMA	20.05.2008	4	Coated	IMO 2	Epoxy	14	13 000	Operational lease with purchase options	TC	Selandia	Singapore
SICHEM MONTREAL	28.10.2008	3	Coated	IMO 2	Epoxy	14	13 056	Owned		V-Ships	Singapore
SICHEM BEIJING	12.10.2007	4	Coated	IMO 2	Epoxy	14	13 068	Owned		Selandia	Singapore
SICHEM HONG KONG	31.10.2007	4	Coated	IMO 2	Epoxy	14	13 069	Owned		Selandia	Singapore
SICHEM PARIS	21.07.2008	4	Coated	IMO 2	Epoxy	14	13 079	Owned		Selandia	Singapore
SICHEM MUMBAI	13.10.2006	5	Coated	IMO 2	Epoxy	14	13 084	Financial lease with purchase options	BB	V-Ships	Panama
SICHEM ONOMICHI	15.02.2008	4	Coated	IMO 2	Epoxy	14	13 104	Operational lease with purchase options	TC	Selandia	Singapore
SICHEM MANILA	30.01.2007	5	Coated	IMO 2	Marineline	14	13 125	Owned		Thome	Singapore
SICHEM SINGAPORE	14.03.2006	6	Coated	IMO 2	Epoxy	14	13 141	Owned		Selandia	Italy
SICHEM EDINBURGH	03.05.2007	5	Coated	IMO 2	Marineline	14	13 153	Owned		Selandia	Singapore
SICHEM RIO	09.06.2006	6	Coated	IMO 2	Epoxy	14	13 162	Owned		Selandia	Italy
17,000 - 20,000 DWT SS											
SICHEM DEFIANCE	07.03.2001	11	Stainless Steel	IMO 2	Stainless Steel (SS)	20	17 396	Owned		Selandia	Marshall Islands
SICHEM CONTESTER	29.10.2007	4	Stainless Steel	IMO 2	Stainless Steel (SS)	20	19 822	Financial lease with purchase options	TC		Singapore
NORTH CONTENDER	26.10.2005	6	Stainless Steel	IMO 2	Stainless Steel (SS)	20	19 925	Financial lease with purchase options	TC	Selandia	Panama
NORTH FIGHTER	15.03.2006	6	Stainless Steel	IMO 2	Stainless Steel (SS)	20	19 932	Financial lease with purchase options	TC	Selandia	Panama
SICHEM PACE	26.01.2006	6	Stainless Steel	IMO 2	Stainless Steel (SS)	20	19 983	Operational lease	BB	Selandia	Panama
SICHEM DEFENDER	09.01.2007	5	Stainless Steel	IMO 2	Stainless Steel (SS)	20	20 000	Financial lease with purchase options	TC		Panama

Overview of Eitzen Chemical's vessels

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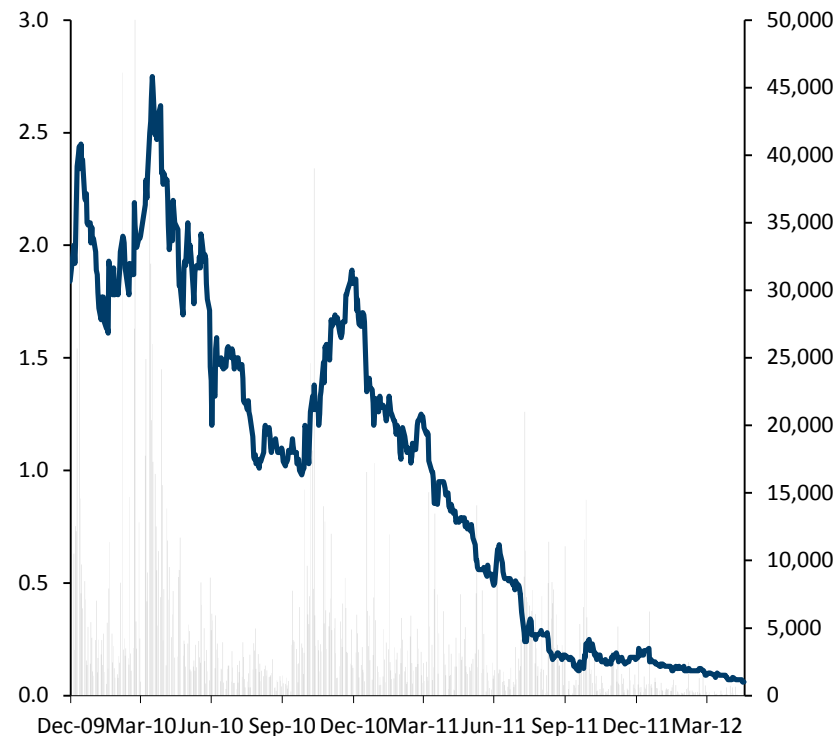
Vessel	Built	Age	Coating	IMO	Tank Coating	Tanks	DWT	Ownership	Lease	Technical manager	Flag
20,000 - 25,000 DWT											
SICHEM OSPREY	07.04.2009	3	Coated	IMO 2	Epoxy	14	25 000	Owned		V-Ships	Malta
SICHEM HAWK	24.10.2008	3	Coated	IMO 2	Epoxy	14	25 385	Owned		V-Ships	Malta
SICHEM FALCON	20.01.2009	3	Coated	IMO 2	Epoxy	14	25 419	Owned		V-Ships	Malta
SICHEM EAGLE	30.07.2008	4	Coated	IMO 2	Epoxy	14	25 421	Owned		V-Ships	Singapore
Above 30,000 DWT											
SITEAM ANJA	03.02.1997	15	Coated	IMO 3	Epoxy	20	44 640	Owned		Thome	Marshall Islands
SITEAM DISCOVERER	26.09.2008	4	Coated	IMO 2	Epoxy/Zink	22	46 005	Owned		Thome	Singapore
SITEAM VOYAGER	29.04.2008	4	Coated	IMO 2	Epoxy/Zink	22	46 017	Owned		Thome	Singapore
SITEAM LEADER	16.03.2009	3	Coated	IMO 2	Epoxy/Zink	22	46 017	Owned		V-Ships	Singapore
SITEAM ADVENTURER	28.11.2007	4	Coated	IMO 2	Epoxy/Zink	22	46 026	Owned		Thome	Singapore
SITEAM EXPLORER	18.07.2007	5	Coated	IMO 2	Epoxy/Zink	22	46 026	Owned		Thome	Singapore
SITEAM JUPITER	14.02.2000	12	Coated	IMO 2	Epoxy/Zink	21	48 309	Financial lease with purchase options	TC		Liberia
SITEAM NEPTUN	23.03.2000	12	Coated	IMO 2	Epoxy/Zink	21	48 309	Financial lease with purchase options	TC		Liberia

Shareholders

Shareholders per 21 May 2012

Name	Number of shares	Percentage
Jason Shipping ASA (former Camillo Eitzen)	383,532,236	34.00 %
JP Morgan Clearing (NOM)	37,242,795	3.30 %
SEB Enskilda	31,398,182	2.78 %
DnB NOR Markets	26,022,291	2.31 %
Tigerstaden AS	25,000,000	2.22 %
Odin Maritim	17,430,831	1.55 %
Apollo Asset Limited	15,945,000	1.41 %
Hustadlitt A/S	14,945,000	1.32 %
Sabaro Investment L John Casely	14,200,000	1.26 %
MP Pensjon PK	14,011,700	1.24 %
Swedbank clients	13,637,880	1,21 %
JPMorgan Securities	12,000,000	1.06 %
Toluma Norden AS	10,450,500	0.93 %
BNY GCM Client ACCS (E) ILM	10,426,187	0.92 %
Verdipapirfondet DNB Navigator	10,021,715	0.89 %
Herfindal, Torgeir	10,000,000	0,89 %
Mathias Holding AS	8,000,000	0.71 %
Nordnet Bank AB	7,644,962	0.68 %
Mordu Minerals AB	7,472,500	0.66 %
Askeladden Invest As	6,879,046	0.61 %
Sum 20 largest shareholders	676,260,825	59.95 %
Other shareholders	451,761,498	40.05 %
Total	1,128,022,323	

Share price development



Trade volum [1000] (Right)

ECHM share price NOK (left)