



CONCORDIA MARITIME

Kim Ullman

CEO

Concordia Maritime

Concordia Maritime Looks Ahead for Market Upturn in the Second Half of 2018

New York, January 31, 2018. “We can now see five solid drivers for an improved market condition in the second half of 2018” stated Kim Ullman, Concordia Maritime’s CEO, during the Q4 2017 earnings call. These include stronger growth for the global economy, increasing demand for oil and oil products, decreasing inventory levels, the gradual end of OPEC/non OPEC production cuts and lower fleet growth. He concluded “Taking all this into account, we expect increased demand for tanker transport and a progressively more balanced and stronger market during the second half of 2018”.



As expected, 2017 was a weak year – for the market and for Concordia Maritime. The combination of reduced shipping volumes due to OPEC’s output cuts and extensive ship deliveries contributed to an imbalance – which in turn resulted in low rates in all tanker market segments. In this context, the company reported after-tax losses of

of SKr660.2m, including impairment losses of SKr473.3m, compared with after-tax profits of SKr56.9m on revenue of SKr1bn in 2016. The Board will propose to the forthcoming AGM a dividend of SEK 0 (0.5) per share.

As stated in the earnings release, the extremely high stock levels that were built up during in 2015 and half of 2016 were behind the main reasons for lower tanker demand resulting in a weak market. However, as the result of OPEC’s output cuts, stock have fallen sharply as of the spring of 2017 and are expected to return to normal levels by mid-2018.

The IMF expects global GDP to grow at 3.9% for 2018 and 2019. And as OPEC and non-OPEC oil production rates return to normal, this is expected to lead to increased transport needs during the year. At the same time, global oil consumption is expected to increase by about 1.4 million barrels per day. All in all, this provides good incentives for increased demand for tanker transport with effect from summer 2018.

On the supply side, order books are relatively low and net growth in new MR vessels during 2018 is expected to be just 2 percent, compared with about 4.5 percent in 2017.

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The tougher environmental requirements, such as the Ballast Water Convention and the new Sulphur Directive on sulphur limits by 2020, will increase incentives for phasing out and scrapping older tankers. There were around 20+ MR ships scrapped in 2017 and at least the same number is expected to be scrapped in 2018. There are currently 85 MR/ handy tankers of 25 years of age or more.

Kim Ullman remains confident we are close to entering recovery cycle and is positioning the fleet to benefit from an eventual upturn in the second half of 2018. The Company has chartered 6 Eco MR tankers on TC on a 50/50 basis with Stena Bulk against its anticipation of a gradually improved market in late 2018.

Concordia's fleet continues its focus on niche trades. Six of the ten P-MAX tankers are employed on contracts up to and including summer 2018, one in the US Gulf/St. Lawrence, South America, Middle East Gulf, two in Asia Pacific and one in Asia going into the mid-year in line with an anticipated improved market. As Mr. Ullman stated "We have continued to identify niche trades for our P-MAX vessels, where their unique properties are particularly beneficial." This strategy contributed to their income for the year being about 25 percent higher than the market average in the MR segment, earning 12,300 /day in comparison to the market rate of 10,300/day.

trading in IMOIIIMAX and Suezmax pools."

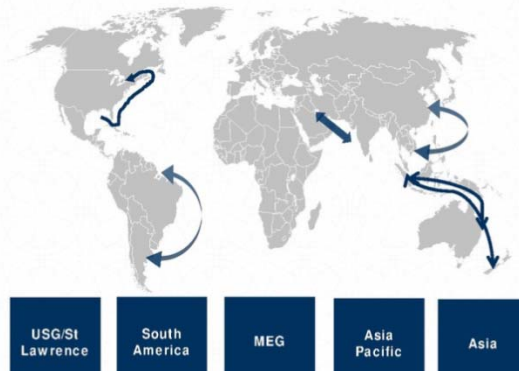
Vessel	Employment
P-MAX	
Stena Premium	Spot
Stena Polaris	Spot
Stena Performance	TC TO June 2018
Stena Provence	TC TO Sept. 2018
Stena Progress	TC TO May 2019
Stena Paris	TC TO July. 2018
Stena Primorsk	TC TO June 2018
Stena Penguin	Spot
Stena Perros	Spot
Stena President	TC TO May 2018
IMOIIIMAX	
Stena	Spot
Stena	Spot
MR ECO	
Unnamed Vessel [3]	Spot
Unnamed Vessel [4]	Spot
Unnamed Vessel [4]	Spot
Unnamed Vessel [5]	Spot
Unnamed Vessel [6]	Spot
Unnamed Vessel [6]	Spot
CRUDE OIL TANKERS	
Suezmax	
Stena Supreme	Spot

- 1) Contracted on a bareboat basis until 2024, with annual purchase options from 2020
- 2) Contracted on a bareboat basis until 2026 with a purchase obligation in the same year
- 3) 50% charter December 2017 – November 2018 (with option for further 12 months)
- 4) 50% charter June/July 2017 – June/July 2019
- 5) 50% charter January 2018 – January 2020
- 6) 50% charter April/May 2018 – April/May 2019
- 7) Contracted on a bareboat basis until 2028, with annual purchase options from 2019

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Kim Ullman pointed out that 2017 was another year with no serious incidents or accidents on any of the Company's vessels. He also noted the continued efforts to reduce vessel related environmental impacts. The major focus has been on reducing emissions into the sea and air. Overall carbon dioxide emissions fell by more than 8,220 mt and sulphur dioxide emissions by 68 mt in 2017.

PMAX: cont. focus on niche trades – now six contracts



Income, spot

USD per day	Number of ves- sels	Average income, Concordia Maritime				Average income, market			
		Q4 2017	Q4 2016	Full year 2017	Full year 2016	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Product tankers	8.5	12,300	12,200	12,700	16,300	10,300	9,300 ¹⁾	10,200	12,100 ¹⁾
Suezmax	1.0	18,300	24,200	18,200	28,400	17,400	29,500 ²⁾	15,800	27,600 ²⁾

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. Suezmax Long Run Historical Earnings

Concordia Maritime is an international tanker shipping company. Our focus is on cost-effective and safe transportation of refined petroleum products and vegetable oils. The Company's B shares were first listed on Nasdaq Stockholm in 1984. www.concordiamaritime.com

Please refer to the following links for the Company's financial report and presentation:

https://www.concordiamaritime.com/globalassets/delarsrapporter/2017/pdf/cm_q4_2017_eng.pdf

http://www.capitallink.com/files/concordia_Q4.pdf