

Annual General Meeting

Philly Shipyard ASA

Oslo, 22 April 2020

Agenda

1. Opening of the annual general meeting, including approval of the notice and agenda.
2. Election of a person to co-sign meeting minutes along with the meeting chair.
3. Presentation of business activities (non-voting).
4. Approval of the 2019 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.
5. Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to the executive management of the Company.
6. Consideration of the statement of corporate governance (non-voting).
7. Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.
8. Stipulation of remuneration to the members of the Nomination Committee.
9. Approval of remuneration to the auditor for 2019.
10. Election of members to the Board of Directors.
11. Election of members to the Nomination Committee.
12. Amendment of the articles of association.
13. Authorization to the Board of Directors for payment of dividends.
14. Authorization to the Board of Directors to acquire own shares in connection with acquisitions, mergers, de-mergers or other transactions.
15. Authorization to the Board of Directors to acquire own shares for the purpose of investment or subsequent sale or deletion of such shares.
16. Authorization to the Board of Directors to increase the share capital in connection with new shipbuilding projects or other future investments within the Company's scope of operations.

Presentation of Business Activities

Philly Shipyard ASA

Company Overview

A leading U.S. shipbuilder that utilizes state-of-the-art shipbuilding facilities and practices, that is presently pursuing a mix of commercial and government work

- **Company:** PHLX is the most modern shipyard focused in the U.S. Jones Act market that is presently pursuing a mix of commercial and government work
- **Products:** PHLX builds ocean-going tankers ranging in size from 46,000-115,000 dwt and containerships. The yard has the capabilities and infrastructure to build a variety of vessels
- **Facility:** PHLX's shipyard was completely rebuilt in 1998 and has been optimally designed to support commercial shipbuilding operations; over USD 650M invested through a public private partnership
- **Processes:** The yard utilizes modular construction, automated fabrication systems and outsourcing to enhance productivity
- **Partners:** Relationships with Hyundai Mipo Dockyards, KOMAC, SM SOLUTION, and DSEC
- **Order book:** Completed Matson Hull 030 March 2019, awarded two (2) National Security Multi-Mission Vessels (NSMV) April 8, 2020.
- **Ownership:** Aker Capital AS owns 57.6% of the company, which is listed on the Oslo Stock Exchange

Modern Shipyard



Commercial Vessels



Tankers



Container Ships

Summary of Philly Shipyard 2019 Main Events

- Negotiated a temporary conditional waiver of the minimum employment condition under the shipyard lease
- A new four-year collective bargaining agreement was ratified by the Philadelphia Metal Trades Council (PMTTC) in February
- Received a liquidating distribution totaling USD 44.6 million from Philly Tankers in February
- Delivered the second vessel (Hull 030) in the two-containership order for Matson in March
- Idled its facilities and reduced its workforce due to the lack of an order backlog
- Awarded a prime contract in May to conduct industry studies for the Common Hull Auxiliary Multi-Mission Platform (CHAMP) program for the U.S. Navy

Summary of Philly Shipyard 2019 Main Events

- Awarded a contract in July to perform modernization, repair and maintenance work on the FSS *Antares*, a government cargo ship, which was redelivered to the customer in December
- Submitted a proposal for the National Security Multi-Mission Vessel (NSMV) program for the U.S. Maritime Administration
- Awarded a contract in October to perform modernization, repair and maintenance work on the FSS *Pollux*, a sister-ship to the FSS *Antares*
- EBITDA was negative USD 17.3 million in 2019, compared to negative 15.8 million in 2018
- Focused on controlling costs and preserving cash while readying itself for potential new ship orders; total cash and cash equivalents of USD 50.7 million at 31 December 2019, excluding USD 66.5 million of restricted cash
- Philly Shipyard did not record a single lost time incident in 2019

Largest containership ever built in the U.S. – Hull 030 – the *Kaimana Hila*



Hull 030 Delivery ceremony | March 2019



Summary of Philly Shipyard 2019 Main Events

- Subsequent Event

- Awarded a subcontract for two (2) National Security Multi-Mission Vessels (NSMV) from TOTE Services, LLC with ownership by the US Department of Transportation – Maritime Administration.



Presentation of Financial Statements

Philly Shipyard ASA



Consolidated Income Statement

<i>Amounts in USD thousands (except per share amounts)</i>	2019	2018
Operating revenues	28,207	129,737
Other loss	-	(523)
Operating revenues and other loss	28,207	129,214
Cost of vessels sold	(26,031)	(126,560)
Wages and other personnel expenses	(2,318)	(1,927)
Other operating expenses	(17,170)	(16,544)
Operating loss before depr. and impairment (EBITDA)	(17,312)	(15,817)
Depreciation	(7,056)	(7,830)
Reversal of impairment of assets /(impairment of assets)	3,077	(17,601)
Operating loss before interest interest & taxes (EBIT)	(21,291)	(41,248)
Financial income	2,131	1,524
Financial expenses	(2,021)	(2,084)
Loss before tax	(21,181)	(41,808)
Income tax benefit/(expense)	969	(2,291)
Loss after tax	(20,212)	(44,099)
Basic loss per share (USD)	(1.67)	(3.64)

Consolidated Statement of Financial Position

Assets

<i>Amounts in USD thousands</i>	2019	2018
ASSETS		
Property, plant and equipment	26,104	44,084
Right-of-use asset	13,035	-
Restricted cash non-current	-	44,616
Equity-accounted investments	-	44,641
Other non-current assets	234	231
Total non-current assets	39,373	133,572
Prepayments and other receivables	3,502	3,534
Income tax receivable	166	3,262
Contract asset	1,608	-
Restricted cash current	66,475	-
Cash and cash equivalents	50,673	49,624
Total current assets	122,424	56,420
Total assets	161,797	189,992

Consolidated Statement of Financial Position

Equity & Liabilities

<i>Amounts in USD thousands</i>	2019	2018
EQUITY AND LIABILITIES		
Paid in capital	35,206	35,206
Other equity	56,060	76,272
Total equity attributable to equity holders of parent co.	91,266	111,478
Total equity	91,266	111,478
Welcome Fund loan, non-current	-	59,639
Deferred tax liability	2,193	1,500
Total non-current liabilities	2,193	61,139
Trade payables and accrued liabilities	6,255	15,042
Other provisions - warranties	2,137	945
Customer advances, net	-	1,218
Income tax payable	18	170
Welcome Fund loan, current	59,928	-
Total current liabilities	68,338	17,375
Total liabilities	70,531	78,514
Total equity and liabilities	161,797	189,992

Philly Shipyard ASA

Income Statement

<i>Amounts in USD thousands</i>	2019	2018
Operating revenues	-	-
Operating expenses	(571)	(463)
Operating loss	(571)	(463)
Interest income from subsidiaries	1,699	1,637
Interest expense to subsidiaries	(2,231)	(2,230)
Other interest income and financial income	423	1,767
Other interest expense and financial expense	(14)	(52)
(Loss)/income before tax	(694)	659
Income tax benefit	205	167
Net (loss)/income after tax	(489)	826
Allocation of net (loss)/income:		
Net (loss)/income after tax	(489)	826
Other equity	489	(826)
Total	-	-

Philly Shipyard ASA

Statement of Financial Position

<i>Amounts in USD thousands</i>	2019	2018	<i>Amounts in USD thousands</i>	2019	2018
ASSETS:			EQUITY AND LIABILITIES:		
Shares in subsidiary	67,000	67,000	Share capital	22,664	22,664
Loan to subsidiary	31,000	31,000	Share premium reserve	12,542	12,542
Total non-current assets	98,000	98,000	Total paid in capital	35,206	35,206
Cash and cash equivalents	1,505	2,721	Other equity	8,761	9,250
Prepayments & other receivables	44	38	Total equity	43,967	44,456
Total current assets	1,549	2,759	Deferred tax liability	205	415
Total assets	99,549	100,759	Loan from subsidiary	55,000	55,562
			Total non-current liabilities	55,205	55,977
			Income tax payable	-	170
			Trade payables & accrued liabs.	377	156
			Total current liabilities	377	326
			Total equity and liabilities	99,549	100,759

Auditor's Report 2019

KPMG AS

Gunnar Sotnakk, State Authorized Public Accountant

Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to executive management of the Company

The General Meeting supports the Board of Directors' statement regarding establishment of salary and other benefits for the executive management pursuant to the Public Limited Liability Companies Act section 6-16a.

Corporate Governance Report 2019

Philly Shipyard ASA's corporate governance report is presented on pages 62-65 of the 2019 annual report.

Proposal from the Nomination Committee of remuneration to the members of the Board of Directors, the Audit Committee and the Nomination Committee

Board of Directors

> Board chairperson	NOK 475 000
> Board members	NOK 375 000
> Audit committee chairperson	NOK 55 000
> Audit committee members	NOK 45 000

Nomination Committee

> Chairman and members	NOK 34 000
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Approval of remuneration to the auditor for 2019

The remuneration to the auditor of USD 38,000 ex.-VAT for the audit of the Company's 2019 annual accounts is approved. The Group has not paid any fees to KPMG for services other than audit.

Board composition



Kristian Rokke
Chairman



Amy E.
Humphreys
Deputy
Chairperson



Elin Karfjell

Nomination committee composition



Leif-Arne
Langøy
(chairman)



Ove A.
Taklo

Board authorizations

- > Authorization to the Board of Directors for payment of dividends.
- > Authorization to the Board of Directors to purchase own shares in connection with acquisitions, mergers, de-mergers or other transactions.
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- > Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

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