

Annual General Meeting

Philly Shipyard ASA

Oslo, 5 April 2019

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 2018 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 2018.
10. Election of members to the Board of Directors.
11. Election of members to the Nomination Committee.
12. Authorization to the Board of Directors for payment of dividends.
13. Authorization to the Board of Directors to acquire own shares in connection with acquisitions, mergers, de-mergers or other transactions.
14. Authorization to the Board of Directors to acquire own shares for the purpose of investment or subsequent sale or deletion of such shares.
15. 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 has earned a reputation as a preferred provider of ocean-going merchant vessels with a track record of delivering quality ships, having delivered around 50% of all large ocean-going Jones Act commercial ships since 2000.
- **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 and SM SOLUTION
- **Order book:** One vessel currently in the completion phase, consisting of one containership for Matson with last delivery in late March 2019
- **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 2018 Main Events

- Placed the TOTE Maritime containership project on hold in January 2018 and ultimately cancelled it in October 2018
- Idled its facilities and reduced its workforce in line with its order backlog
- Delivered the first vessel (Hull 029) in the two-containership order for Matson in October 2018
- Enhanced its government contracting resources and systems to prepare the business to compete for and handle government work
- Launched Hull 030 in November 2018

Largest containership ever built in the U.S. – Hull 029 - the *Daniel K. Inouye*

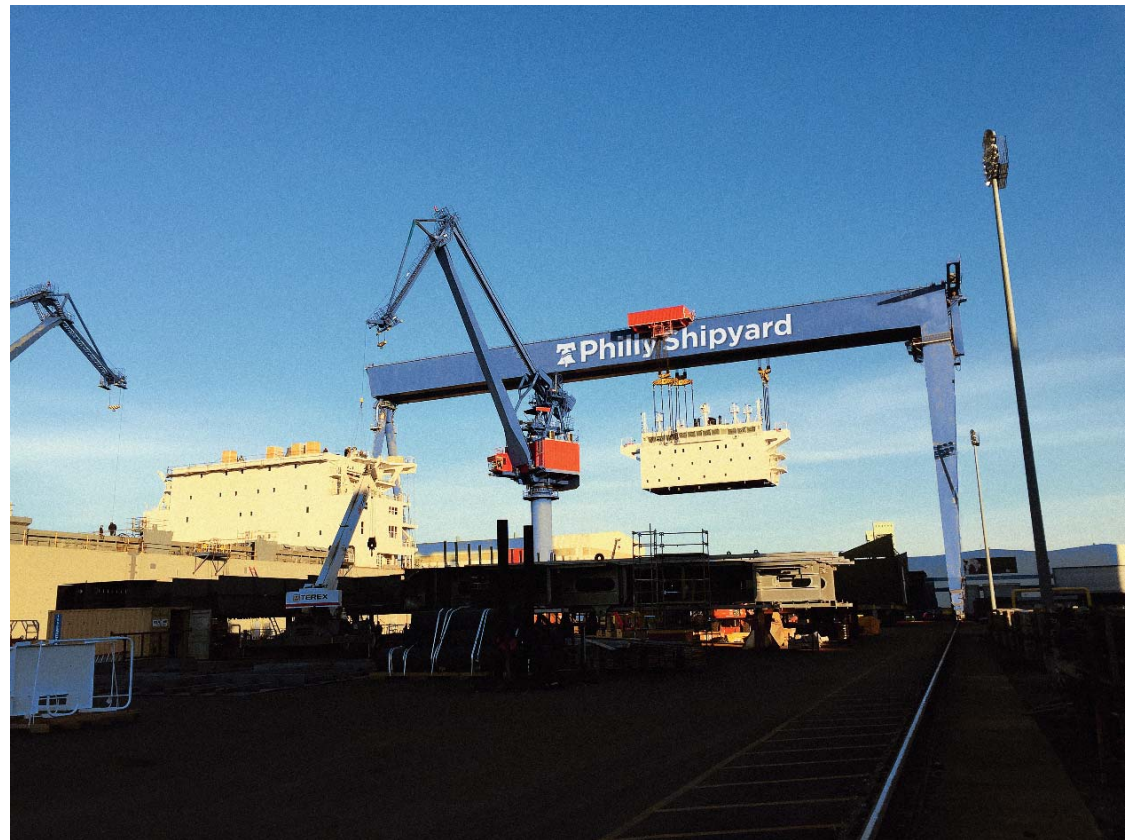


Hull 029 Naming Ceremony | June 2018



Presentation of Financial Statements

Philly Shipyard ASA



Consolidated Income Statement

<i>Amounts in USD thousands (except per share amounts)</i>	2018	2017
Operating revenues	129,737	591,784
Other (loss)/income	(523)	22,851
Operating revenues and other (loss)/income	129,214	614,635
Cost of vessels	(126,560)	(499,400)
Wages and other personnel expenses, net	(1,927)	(3,308)
Other operating expenses	(16,544)	(6,868)
Operating (loss)/income before depr. and amort. (EBITDA)	(15,817)	105,059
Depreciation	(7,830)	(5,797)
Impairment of assets	(17,601)	-
Operating (loss)/income (EBIT)	(41,248)	99,262
Financial income	1,524	2,703
Financial expenses	(2,084)	(2,032)
(Loss)/income before tax	(41,808)	99,933
Income tax benefit/(expense)	(2,291)	(32,710)
Net (loss)/income for the year	(44,099)	67,223
Basic (loss)/earnings per share (USD)	(3.64)	5.55

Consolidated Statement of Financial Position

Assets

<i>Amounts in USD thousands</i>	2018	2017
ASSETS		
Property, plant and equipment	44,084	50,103
Restricted cash	44,616	13,154
Equity-accounted investments	44,641	47,310
Deferred tax asset	-	897
Other non-current assets	231	239
Total non-current assets	133,572	111,703
Prepayments and other receivables	3,534	4,603
Income tax receivable	3,262	5,912
Vessels-under-construction receivable	-	7,275
Work-in-process	-	13,420
Restricted cash	-	14
Cash and cash equivalents	49,624	110,066
Total current assets	56,420	141,290
Total assets	189,992	252,993

Consolidated Statement of Financial Position Equity & Liabilities

<i>Amounts in USD thousands</i>	2018	2017
EQUITY AND LIABILITIES		
Paid in capital	35,206	35,206
Other equity	76,272	120,371
Total equity attributable to equity holders of parent co.	111,478	155,577
Total equity	111,478	155,577
Interest-bearing long-term debt	59,639	59,370
Deferred tax liability	1,500	704
Total non-current liabilities	61,139	60,074
Trade payables and accrued liabilities	15,042	34,814
Other provisions - warranties	945	1,315
Customer advances, net	1,218	-
Income tax payable	170	965
Interest-bearing short-term debt	-	248
Total current liabilities	17,375	37,342
Total liabilities	78,514	97,416
Total equity and liabilities	189,992	252,993

Philly Shipyard ASA

Income Statement

<i>Amounts in USD thousands</i>	2018	2017
Operating revenues	-	-
Operating expenses	(463)	(296)
Operating loss	(463)	(296)
Interest income from subsidiaries	1,637	1,313
Interest expense to subsidiaries	(2,230)	(2,213)
Other interest income and financial income	1,767	2,995
Other interest expense and financial expense	(52)	(63)
Income before tax	659	1,736
Income tax benefit/(expense)	167	(640)
Net income for the year	826	1,096
Allocation of net income:		
Net income for the year	826	1,096
Other equity	(826)	(1,096)
Total	-	-

Philly Shipyard ASA

Statement of Financial Position

<i>Amounts in USD thousands</i>	2018	2017
ASSETS:		
Shares in subsidiary	67,000	67,000
Loan to subsidiary	31,000	31,000
Total non-current assets	98,000	98,000
Cash and cash equivalents	2,721	1,840
Other current assets	38	603
Total current assets	2,759	2,443
Total assets	100,759	100,443

<i>Amounts in USD thousands</i>	2018	2017
EQUITY AND LIABILITIES:		
Share capital	22,664	22,664
Share premium reserve	12,542	12,542
Total paid in capital	35,206	35,206
Other equity	9,250	8,424
Total equity	44,456	43,630
Deferred tax liability	415	704
Loan from subsidiary	55,562	55,000
Total non-current liabilities	55,977	55,704
Income tax payable	170	965
Other current liabilities	156	144
Total current liabilities	326	1,109
Total equity and liabilities	100,759	100,443

Auditor's Report 2018

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 2018

Philly Shipyard ASA's corporate governance report is presented on pages 64-67 of the 2018 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 350 000 |
| > Board members | NOK 240 000 |
| > Audit committee chairperson | NOK 50 000 |
| > Audit committee members | NOK 40 000 |

Nomination Committee

- | | |
|------------------------|------------|
| > Chairman and members | NOK 34 000 |
|------------------------|------------|

Approval of remuneration to the auditor for 2018

The remuneration to the auditor of USD 30,943 ex.-VAT for the audit of the Company's 2018 annual accounts is approved. In addition, the Group has paid fees to KPMG of USD 22,229 ex.-VAT for services other than audit.

Board composition



Jim Miller
(Chairman)



Kristian Rokke
(Deputy
Chairman)



Amy E.
Humphreys



Elin Karfjell

Nomination committee composition



Leif-Arne
Langøy
(chairman)



Gerhard
Heiberg



Arild Støren
Frick

Board authorizations

- > Authorization to the Board of Directors for payment of dividends.
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