Braemar Shipping Services Plc

Proposed acquisition of NAVES Corporate Finance GmbH

Investor Presentation

September 2017

Agenda

1. Overview
2. Deal rationale
3. NAVES Corporate Finance
4. Deal structure
5. Proforma financials
6. Enhanced Braemar structure
7. Summary and next steps

Overview

- Proposed acquisition of NAVES Corporate Finance GmbH to create a new Financial Division within Braemar
- Initial consideration of €24m in cash, convertible loan notes and ordinary shares
- Up to €11m of further earn out payments over a three year period in the form of convertible loan notes
- Aligns with Braemar's strategy to:
  - improve market coverage and ability to support our clients
  - diversify business operations and global reach
  - grow scale through organic and acquisitive development
  - deliver long term shareholder value through earnings enhancing growth

Deal rationale

- Entrance into the valuable maritime financial advisory market through an established, successful business
- Continued growth opportunities in the existing NAVES business
- Geographic expansion opportunities for the enlarged Group
- Collaboration between Braemar and NAVES, particularly Shipbroking, provides an opportunity to increase client services and corresponding revenue
- Continued diversification of Braemar's underlying earnings[1] to help smooth the impact of economic cycles
- Expected to be immediately earnings[1] enhancing for Braemar[2]

[1]Earnings for these purposes are underlying basic earnings per share excluding Specific Items, such as acquisition related items, gains/losses on sale of investments, and other one-off items.
[2]The Board believes that the Acquisition will be earnings enhancing for Braemar during the current financial year ending February 2018 and in the first full financial year following Completion being the year ending February 2019. This statement is not intended as a profit forecast and should not be interpreted to mean that underlying basic earnings per ordinary share for the current or future financial years would necessarily match or exceed the historical published underlying basic earnings per ordinary share.

NAVES Corporate Finance

BRAEMAR

Braemar is acquiring an established, successful business

- Private limited liability company headquartered in Hamburg, Germany, with twenty employees
- Founded in 2009 to target market for distress in the global ship financing market
- Continues to operate in the important market of restructuring shipping debt from KG (Kommanditgesellschaften) financings in the German commercial sector in addition to other sectors
- Successful track record advising predominantly German clients on financing, restructuring and sale and purchase transactions
- Has grown to provide restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management, and financial asset management including loan servicing

NAVES Corporate Finance

BRAEMAR

Strong track record of performance since being established in 2009

- Advised on over **US$6.5** billion of capital and charter hire restructurings
- Serviced over **US$0.5** billion of vessels or loans on behalf of its clients
- Advised on over **US$1.5** billion of related transactions, including both corporate and sale and purchase transactions
- Clients include a diverse mix of shipping companies, shipping funds, lenders, issuing houses and charterers, as well as governmental entities
- High margin business based on an established team and cost base

NAVES Corporate Finance

BRAEMAR

Experienced team

- A team of twenty professionals including five divisional heads
- Includes former ship brokers, bankers, former employees of ship-owning and managing companies, lawyers, mariners and fleet managers
- Managing Partners and Founders, Mark Kuchenbecker and Axel Siepmann, have over 40 years of combined professional experience in corporate finance and the maritime industry, and will take leadership roles in the new Financial Division
- Acquisition terms structured to encourage long term Group profit growth

NAVES Corporate Finance

BRAEMAR

Continued growth opportunities

- Complementary service offering, with opportunities for increased client services alongside Braemar’s existing divisions
- Strong fundamental market drivers:
    - High global levels of distressed maritime debt
    - Banking and capital allocation regulations
    - Reduced opportunities to source maritime capital
    - Structural and over-capacity challenges

NAVES Corporate Finance

Track record of growth

Three year historic financial information

	31 Dec 2016 €m	31 Dec 2015 €m	31 Dec 2014 €m
Revenue	7.5	5.4	4.3
Underlying operating profit	3.0	2.0	1.5
Margin	40.1%	37.0%	36.2%
Net cash generated from operations	2.6	1.2	1.6
Net Assets	2.0	3.5	2.4

Deal structure

Total Consideration	Capped at **€35m** (cash and principal value of loan notes)
Core Consideration	**€24m** Core Consideration: • €14.8m on completion 50% in cash, and 50% in convertible loan notes pro-rata to all sellers • €1.5m paid to non management in shares (based on 30 day average share price prior to announcement of 300.2p) on completion • €1.4m p.a. for three years to all sellers; 50% cash, and 50% convertible loan notes (with 3% interest p.a.) pro-rata to all sellers. • €0.7m p.a. paid in convertible loan notes for five years to Management sellers only • Management portions of all payments subject to remaining in the business and good/bad leaver provisions
Earn out Consideration	**Up to €11m** (100% convertible loan notes) payable in three annual instalments of up to €3.667m for three years following completion to Management sellers only: • Dependent on performance against a pre-agreed annual EBIT target • Annual **EBIT target €4.375m** p.a., **minimum EBIT €2m p.a**. with EBIT reallocation mechanism for excess EBIT among years 1 - 3 • EBIT performance stated post remuneration and bonus payments • Earn out consideration dependent on Management remaining in the business and good/bad leaver provisions

Deal structure

Convertible Loan Notes

- Convertible at a fixed 30% (390.3p) / 50% (450.3p) premium for Management and Non-Management shareholders respectively, to 300.2p completion equity price
- Euro denominated, 3% p.a. coupon, redeemable two years after issue by Braemar or holder
- Unsecured, unlisted and non-transferable
- Total number of shares from conversion capped at 19.9% per annum of Braemar voting rights
- Accelerated conversion rights in the event of distress

Financing

- Cash element of consideration and transaction costs will be funded through Braemar's existing banking facilities
- Cash element of deferred consideration and any repayment of convertible loan notes will be funded through operating cash flow

Key staff commitment

- Five year Management incentive arrangements

Pro forma underlying financials (unaudited)

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	Braemar (28-Feb-17) £m	NAVES[1] (31-Dec-16) £m	Enlarged Group[2] £m
Revenue	139.8	6.4	146.2
Underlying operating profit	**3.5**	**2.6**	**6.1**
Underlying operating profit margin	*2.5%*	*40.1%*	*4.2%*

[1] The financial information for NAVES has been translated into Sterling at the closing rate at 28 February 2017 of 1.1707

[2] The financial statements of the Enlarged Group have been prepared in a manner consistent with the accounting policies adopted by Braemar and is for illustrative purposes only to show the effect of the Acquisition and the transaction costs associated with the Acquisition as if it had occurred on 28 February 2017. Underlying profit excludes Specific Items, as shown in Annual Report 2017

Our enhanced structure

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BRAEMAR SHIPPING SERVICES PLC

Shipbroking

Tanker chartering
- Crude oil
- Clean Petroleum Products
- Liquefied Petroleum Gas (LPG)
- Liquefied Natural Gas (LNG)
- Specialised tankers
- Forward Freight Agreements (FFA)
- Projects

Sale and Purchase
- Second hand
- New building
- Recycling
- Valuations

Dry Bulk Chartering

Offshore
- Chartering
- Sale & Purchase

Research & Consultancy

Technical

Event orientated
- Vessel surveys
- Energy loss adjusting

Project orientated
- Liquefied Natural Gas (LNG)
- Marine engineering
- Ship construction supervision

Hybrid
- Marine warranty surveys
- Incident response & pollution control
- Environmental consultancy

Logistics

Agency
- Crude oil
- Port & Liner Agency
- Hub Agency

Freight Forwarding
- Freight Forwarding
- Customs clearance

Financial

- Corporate finance advice
- Restructuring advice
- Debt advisory services
- Equity advice
- M&A
- Loan service monitoring
- Interim and pre insolvency vessel monitoring and management
- Private placement and financial asset management
- Structured vessel sales

Summary and next steps

- Good, highly complementary acquisition
- In line with our strategy to diversify Group earnings
- Opportunity to increase client service and corresponding revenues

Timetable

- Class 1 acquisition requiring shareholder approval
- Announcement date - 7 September 2017
- Shareholder meeting date - 26 September 2017

Appendices

Accounting Treatment

Braemar's accounting policy is to exclude Specific Items from underlying profits. The following specific transaction items will be recognised within reported operating profit but excluded from underlying operating profit:

- Transaction expenses
- Fair value movements on earn out and deferred consideration due to Non-management sellers
- Post-completion payments to Management sellers in relation to the transaction which are treated for accounting purposes as post-acquisition services, comprising:
    - Deferred cash consideration
    - Deferred loan note consideration
    - Earn out loan notes
- Foreign exchange movements in relation to earn out and deferred consideration which have not been designated as hedging instruments
- Fair value movements on the equity conversion feature of the issued (and recognised but not yet issued) loan notes
- Amortisation of acquired intangible assets
- Interest, including the unwinding of any discounting of earn out and deferred consideration, will be separately identified in financing costs

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Braemar uses alternative profit measures ("APMs") as key financial indicators to assess underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information to investors and other interested parties. Our APMs include underlying operating profit and underlying basic earnings per share. Explanations of these and their calculations are shown in details in our annual report.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice.

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