



**STENA SONANGOL SUEZMAX POOL LLC
SECOND QUARTER 2018 RESULTS**

HIGHLIGHTS

- Almi Voyager delivered into the Pool in May 2018
- Almi Galaxy delivered into the Pool in May 2018
- Almi Sky delivered into the Pool in June 2018
- Istanbul to be delivered into the Pool in early July 2018

The second quarter TCE returns were slightly higher compared to the first quarter of the year. Tanker rates are still suffering from low activity and high newbuilding deliveries and as a result rates continue to struggle in all segments. The scrapping activity in the Suezmax segment remains healthy this year with 13 vessels having been fully scrapped while another 8 have been taken over by scrap buyers. This equals 4.0% of current Suezmax fleet and has reduced the fleet growth from a gross 25 deliveries to a net increase of 4 vessels since the beginning of 2018.

OPEC and Non-OPEC have made efforts to rebalance the oil market from early 2017, decided to strive for full compliance versus its original 1.8 mbpd production cut agreement when they met earlier this year. Outages, in particular in Venezuela and Libya, had taken OPEC’s output to a compliance rate of 158% by May. Production could be increased by about 1 mbpd in the coming period, mainly through a production increase by Saudi Arabia and partly Russia. Saudi could increase production on their own by 1 mbpd (to 11 mbpd). Output could go up by more than 1 mbpd the coming period if Russia hikes its production as well. The oil market balance suggests that the OPEC increase is highly needed to avoid drawing oil stocks to very low levels. In addition, the market may have set its eyes on the lack of investment decisions the past 4 years, which in turn is likely to create low production growth in the early 2020’s. It is expected that the rebalancing of the oil market will be done and that a reversal of the OPEC output will stimulate tanker demand in a positive way through second half of 2018 into 2019.

The Pool continues to operate at a high efficiency with 73.3% ship days earning revenue for the quarter as compared to 73.2% for a rolling 12 month average.

RESULT COMPARISON

In USD/ Day	2nd Quarter 2018	1st Quarter 2018	2nd Quarter 2017	Full Year Earnings			
				2018 ytd	2017	2016	2015
Revenue Days	1,829	1,642	1,689	3,471	6,430	6,693	7,239
TCE/Revenue days	14,750	13,616	17,083	14,213	18,971	28,900	41,310

* TCE/Revenue day excludes owner’s offhire and drydock (vessel is not available to the Pool)