



**Nordic American Tankers' 1Q2016 Report (NYSE:NAT) – NAT is very different from other tanker companies. Operating cash flow remains stable. Cash dividend declared for the 75<sup>th</sup> time.**

Hamilton, Bermuda, May 9, 2016

Since its establishment in 1995, NAT has been pursuing a well-tested strategy that is producing high total return<sup>1</sup> and dividend yields. Thanks to a cash break-even rate below \$12,000 per day per ship, a growing NAT Suezmax fleet and spot rates of about \$36,000 per day, 1Q2016 produced good results with operating cash flow of \$55.9m. For the full year 2015 operating cash flow<sup>2</sup> was \$212m – the strongest year in NAT's history. For further details on the preceding quarters please see the table on page 3. The Company believes it is not meaningful to compare quarter on quarter as longer periods are required to gain a full picture. In 2Q2016 the tanker market is in a positive phase of development.

On May 2, 2016, NAT announced the acquisition of four existing Suezmax vessels which will be delivered to us during May, June and July. The fact that they are sister vessels is a positive factor of significance. Two were built in 2004, one in 2003 and one in 2000. Shipbuilding technology for crude oil tankers has not changed much over the last 20 years, so whether a ship has been around five years or fifteen years or longer does not matter anywhere near as much as the quality of the ship itself. Our vessels remain first-class, and these four additional tankers only enhance our fleet's reputation for safety and dependability. Members of NAT management, staff and board have comprehensive experience from Japan, having concluded business with several of its high quality shipbuilders over decades. We do not expect to issue stock in connection with these four ships.

Transparency is a key value for NAT. Communication with the public market must be correct, representing facts and the best judgement of the board of directors and management.

NAT has an excellent relationship with its demanding clients. The quality of the NAT fleet is at the top of the tanker industry as evidenced by our vetting statistics, that is, inspections of our ships by clients. In such vetting processes safety for our crew, the environment and our assets are main considerations.

There is a significant liquidity in the NAT stock, at the top in the tanker sector. It is important for investors to be able to buy and sell shares whenever they wish. In 1Q2016 about 1.9 million shares were traded daily with a value of more than \$25m per day. The average volume for 2015 as a whole was about 1.8 million shares per day, an increase of almost 40% from 2014. The market capitalization of NAT is about \$1.3 billion at this time. Net Asset Value (NAV), or the steel value of a vessel, is irrelevant when valuing NAT as a going concern traded on the stock exchange.

On April 25, 2016, NAT declared a cash dividend of \$0.43 per share payable to shareholders of record as of May 12, 2016. Payment of the dividend is expected to take place on or about May 27, 2016. Since NAT commenced operations in the fall of 1997, the Company has paid a dividend 75 times, with total dividend payments over the period amounting to \$47.40 per share, including the dividend to be paid on May 27, 2016.

The low oil price is an important factor for the tanker market. This has positively affected the tanker market through increased transportation requirements and lower fuel costs.

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<sup>1</sup> Total return is defined as stock price plus dividends, assuming dividends are reinvested in the stock.

<sup>2</sup> Operating cash flow is a non-GAAP measure. Please see later in this announcement for a reconciliation of operating cash flow to income from vessel operations.

**Key points to consider:**

- The tanker market has been more or less at the same level the last few quarters. The average for 1Q2016, 4Q2015 and 1Q2015 has been about \$36,000, \$39,800 and \$37,000 per day per ship, respectively.
- Operating cash flow per share has been as follows: \$0.62 for 1Q2016, \$0.64 for 4Q2015 and \$0.57 for 1Q2015
- Dividend payments per share have been as follows: \$0.43 for 1Q2016, \$0.43 for 4Q2015 and \$0.38 for 1Q2015.
- The balance sheet was strengthened in 1Q2016 as we retained about \$17.5m of operating cash flow during the quarter to finance future commitments, including our newbuildings.
- In December 2015 NAT announced an expanded credit facility up to \$500m, maturing in December 2020.
- The undrawn part of our credit facility plus net working capital stood at about \$282m at the time of this report. At the end of 1Q2016, the Company had net debt of about \$8.9m per vessel.
- Including the four newly acquired vessels, NAT will have 28 vessels on the water and two newbuildings. No equity offerings are planned in conjunction with this 30 vessel fleet.
- The construction of the two newbuildings for delivery in 3Q2016 and 1Q2017 is on schedule.

For further accounting information, please see below. Our Annual Report 2015 on Form 20-F contains a large amount of information about NAT. This report was filed with the SEC March 23, 2016 and can be found on our web site [www.nat.bm](http://www.nat.bm)

**Nordic American Tankers is very different from other tanker companies.**

For a variety of reasons, NAT has an operating model that has proven itself to be sustainable in both a weak and a strong tanker market. Accretive fleet growth, low net debt per vessel and quarterly dividend payments are central elements of the strategy. NAT has one type of vessel – the Suezmax vessel - that can carry one million barrels of oil. A homogenous fleet reduces our operating costs, which helps to keep our cash-breakeven below \$12,000 per day per vessel.

**Financial Information**

The Company declared a cash dividend of \$0.43 on April 25, 2016, which is expected to be paid about May 27, 2016 to shareholders of record as of May 12, 2016. The number of NAT shares outstanding at the time of this report is 89,319,666. At this time the market capitalization of NAT is about \$1.3 billion.

The Company's operating cash flow in 1Q2016 was \$55.9m. In 4Q2015 and 1Q2015 operating cash flow was \$57.2m and \$51.0m, respectively.

Earnings per share (EPS) in 1Q2016 were \$0.33. In 4Q2015 and 1Q2015 the EPS were \$0.34 and \$0.31, respectively. EPS does not take into account risk and as such, it could be a deceptive measure.

We had a total of 46 days offhire during the quarter, of which 28 days were planned offhire, related to a drydocking which commenced in December 2015. Of the 18 days of unplanned offhire, six days were due to technical reasons. The offhire includes positioning time to and from the ship yard. For the rest of 2016 eight vessels are expected to undergo drydocking.

As a matter of policy and in particular because of high volatility in the tanker market, NAT maintains a strong balance sheet with low net debt and is focusing on keeping low financial risk. At the end of 1Q2016, the Company had net debt of about \$232m or about \$8.9m per vessel.

The table on the right shows our net operating cash flow, stock liquidity and dividend over the last eight quarters. During 2015 and into 2016, the Company had significantly stronger cashflow than during the preceding years. Liquidity in the stock is high compared with other tanker companies.

Our primary objective is to enhance total return for our shareholders, including paying a quarterly dividend.

The Company has in place a non-amortizing credit facility of \$500m maturing in December 2020, of which \$315m has been drawn at the time of this report, and cash on hand is about \$66m. Net working capital and undrawn amounts of the credit facility amount to about \$282m.

	NOCF*	Liquidity**	Dividend per share
2Q2014	\$4.3	1.6	\$0.12
3Q2014	\$21.7	1.1	\$0.14
4Q2014	\$24.5	1.2	\$0.22
1Q2015	\$51.0	1.7	\$0.38
2Q2015	\$54.5	1.6	\$0.40
3Q2015	\$49.1	2.2	\$0.38
4Q2015	\$57.2	1.8	\$0.43
1Q2016	\$55.9	1.9	\$0.43

\* Net Operating Cash Flow, \$ millions  
 \*\* Average daily trading volume, millions of shares

For further details on our financial position for 1Q2016, 4Q2015 and 1Q2015, please see later in this release.

The G&A costs of NAT benefit from resource sharing with Nordic American Offshore Ltd. (NAO). As our respective fleets grow, both companies benefit. Further growth should result in lower costs on a per vessel basis. NAT's investment in NAO is accounted for using the equity method. The reduced level of the oil price has impacted the operations of NAO negatively. Currently, NAT's ownership in NAO is about 29%. The market value on the stock exchange of NAT's share in NAO is lower than the book value. We expect this to be temporary.

### The Fleet

The Company will have a fleet of 30 vessels of which two are under construction. By way of comparison, in the autumn of 2004, the Company had three vessels. Our vessels are in excellent technical condition.

NAT is focused on maintaining top technical quality of the fleet. Our operational performance remains at the forefront of the industry. 1Q2016 inspections had an average of 2.1 observations which we consider an excellent result. NAT's performance can be considered industry best practice.

As reported earlier, in the arbitration case against Gulf Navigation Holding PJSC (GNH) regarding the Suezmax vessel Gulf Scandic (now named Nordic Harrier) NAT was awarded \$10.2m plus interest and costs. GNH is listed on the Dubai Financial Market (DFM) stock exchange in Dubai.

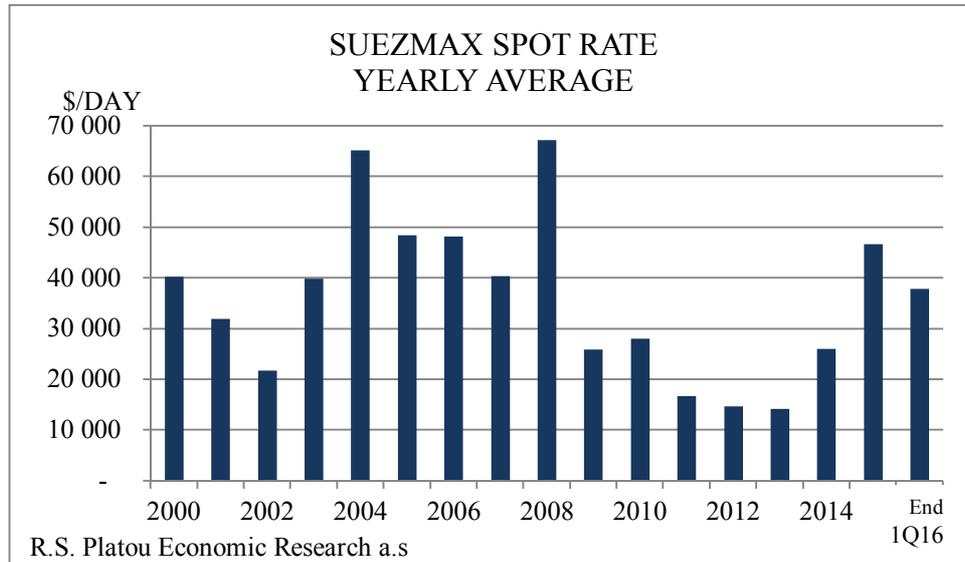
### World Economy and the Tanker Market

The development of the world economy affects the tanker industry. Seaborne imports of crude oil into the US have increased over the recent past. Imports to the Far East are steadily increasing. A low oil price is stimulating the world economy which is positive for the tanker market.

The Suezmax fleet (excl. shuttle tankers) counts 458 vessels at the end of 1Q2016, following an increase of three vessels so far this year.

A number of orders have been placed with the shipbuilders in the past year. The current orderbook stands at 96 vessels from now to late 2017. This represents about 21% of the Suezmax fleet. In 2009, the

orderbook was at over 50% of the existing fleet. At the time of this report, the orderbook for 2016 counts 37 Suezmax vessels, with 32 vessels scheduled to be delivered in the second half of the year. However, we expect the real number of deliveries for 2016 to be lower.



The graph above shows the average yearly spot rates since 2000 as reported by R.S. Platou Economic Research a.s. The daily rates as reported by shipbrokers may vary significantly from the actual rates we achieve in the market, but these rates are in general an indication of the level of the market and its direction.

### Corporate Governance/Conflict of Interests

It is vital for NAT to ensure that there is no conflict of interests among shareholders, management, affiliates and related parties. Interests must be aligned. From time to time in the shipping industry, we see that questionable transactions take place which are not in harmony with sound corporate governance principles, both as to transparency and related party aspects.

### Strategy going forward

Our objective is to have a strategy that is flexible and has benefits in both a strong tanker market and a weak one. In an improved market, higher earnings and dividends can be expected. The Company is in a position to reap the benefits of strong markets. Over the last year the Company has improved its relative position. After an acquisition of vessels or other forms of expansion, our objective is for the Company to pay a higher dividend per share and produce higher earnings per share than had such an acquisition not taken place. In an opportunistic way NAT is assessing investments that can further build the Company.

Our dividend policy will continue to enable us to achieve a competitive, risk adjusted cash yield over time compared with that of other tanker companies.

NAT is firmly committed to protecting its underlying earnings and dividend potential. We shall endeavor to safeguard and further strengthen this position for our shareholders in a deliberate, predictable and transparent way.

We encourage prospective investors interested in the crude tanker sector to consider buying shares in NAT.

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# NORDIC AMERICAN TANKERS LIMITED

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION	Three Months Ended			Twelve Months Ended
	Mar. 31, 2016 (unaudited)	Dec. 31, 2015 (unaudited)	Mar. 31, 2015 (unaudited)	Dec. 31, 2015 (unaudited) <sup>1</sup>
Amounts in USD '000				
<b>Net Voyage Revenue</b>	<b>76 734</b>	<b>77 385</b>	<b>69 560</b>	<b>287 082</b>
Vessel Operating Expenses	(18 188)	(17 827)	(16 135)	(66 589)
General and Administrative Expenses	(3 368) *	(3 500) *	(2 065) *	(9 790) **
Depreciation Expenses	(21 626)	(21 666)	(20 281)	(82 610)
Operating Expenses	(43 183)	(42 992)	(38 482)	(158 989)
<b>Net Operating Income</b>	<b>33 552</b>	<b>34 393</b>	<b>31 078</b>	<b>128 093</b>
Interest Income	28	7	39	114
Interest Expense	(2 536)	(2 851)	(2 836)	(10 855)
Other Financial Income (Expense)	(1 743)	(1 395)	(539)	(2 725)
Total Other Expenses	(4 252)	(4 239)	(3 336)	(13 467)
<b>Net Income</b>	<b>29 300</b>	<b>30 154</b>	<b>27 742</b>	<b>114 627</b>
Basic Earnings per Share	0.33	0.34	0.31	1.29
Basic Weighted Average Number of				
Common Shares Outstanding	89 307 564	89 182 001	89 182 001	89 182 001
Common Shares Outstanding	89 319 666	89 182 001	89 182 001	89 182 001

\*) The G&A for the three months ended March 31, 2016, December 31, 2015 and March 31, 2015 include non-cash charges of \$0.7m, \$1.2m and (\$0.4m) respectively which are charges related to share based compensation and pension cost.

\*\*) The G&A for the twelve months ended December 31, 2015 include non-cash charges of \$1.1m which are charges related to share based compensation and pension cost.

CONSOLIDATED CONDENSED BALANCE SHEET	Mar. 31, 2016 (unaudited)	Dec. 31, 2015 (unaudited) <sup>1</sup>
Amounts in USD '000		
Cash and Cash Equivalents	45 201	29 889
Accounts Receivable, net	41 007	28 598
Prepaid Expenses	4 889	4 372
Inventory	13 876	14 843
Voyages in Progress	27 241	37 353
Other Current Assets	2 729	3 125
<b>Total current assets</b>	<b>134 941</b>	<b>118 180</b>
Vessels, Net	942 281	962 685
Deposit for vessels	64 000	64 000
Goodwill	18 979	18 979
Investment in Nordic American Offshore Ltd.	62 404	64 877
Other Non-current Assets	15 608	15 906
<b>Total non-current assets</b>	<b>1 103 272</b>	<b>1 126 447</b>
<b>Total Assets</b>	<b>1 238 214</b>	<b>1 244 627</b>
Accounts Payable	4 339	4 245
Accrued Voyage Expenses	5 482	7 035
Other Current Liabilities	12 996	9 577
<b>Total Current liabilities</b>	<b>22 817</b>	<b>20 857</b>
Long-term Debt	330 000	330 000
Deferred Compensation Liability	13 552	13 046
<b>Total Non-current Liabilities</b>	<b>343 552</b>	<b>343 046</b>
Shareholders' Equity	871 845	880 723
<b>Total Liabilities and Shareholders' Equity</b>	<b>1 238 214</b>	<b>1 244 627</b>

<sup>1</sup> Annual 2015 financial information is derived from audited financial statements.

# NORDIC AMERICAN TANKERS LIMITED

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW	Three months	Twelve months
	ended	ended
Amounts in USD '000	Mar. 31, 2016	Dec. 31, 2015
	(unaudited)	(unaudited) <sup>1</sup>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>53 963</b>	<b>174 392</b>
Investment in Vessels	(951)	(187 373)
Investment in Nordic American Offshore Ltd	0	(9 508)
Long-Term Deposit	0	(5 000)
Other	0	231
Return of Investments	722	4 227
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(229)</b>	<b>(197 423)</b>
Proceeds from Use of Credit Facility	0	80 000
Credit Facility Costs	(61)	(4 640)
Cash Dividends Paid to Shareholders	(38 407)	(123 071)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(38 469)</b>	<b>(47 711)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	15 266	(70 742)
Effect of exchange rate changes on Cash	45	(104)
Cash and Cash Equivalents at Beginning of Period	29 889	100 735
<b>Cash and Cash Equivalents at End of Period</b>	<b>45 201</b>	<b>29 889</b>

<sup>1</sup> Annual 2015 financial information is derived from audited financial statements.

## NORDIC AMERICAN TANKERS LIMITED

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES	Three Months Ended			Twelve Months ended
	Mar. 31, 2016 (unaudited)	Dec. 31, 2015 (unaudited)	Mar. 31, 2015 (unaudited)	Dec. 31, 2015 (unaudited)
Amounts in USD '000				
Voyage Revenue	106 752	114 559	112 962	445 738
Voyage Expense	(30 018)	(37 174)	(43 402)	(158 656)
<b>Net Voyage Revenue <sup>(1)</sup></b>	<b>76 734</b>	<b>77 385</b>	<b>69 560</b>	<b>287 082</b>

	Three Months Ended			Twelve Months ended
	Mar. 31, 2016 (unaudited)	Dec. 31, 2015 (unaudited)	Mar. 31, 2015 (unaudited)	Dec. 31, 2015 (unaudited)
Net Operating Income	33 552	34 393	31 078	128 093
Depreciation Expense	21 626	21 666	20 281	82 610
Share Based Compensation and Pension Cost	707	1 169	(370)	1 109
<b>Operating Cash Flow <sup>(2)</sup></b>	<b>55 884</b>	<b>57 227</b>	<b>50 989</b>	<b>211 812</b>

- (1) Net voyage revenues represents voyage revenues less voyage expenses such as bunker fuel, port fees, canal tolls and brokerage commissions. Net voyage revenues is included because certain investors use this data to measure a shipping company's financial performance. Net voyage revenues is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.
- (2) Operating cash flow represents income from vessel operations before depreciation and non-cash administrative charges. Operating cash flow is included because certain investors use this data to measure a shipping company's financial performance. Operating cash flow is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the tanker market, as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, including the prospectus and related prospectus supplement, our Annual Report on Form 20-F, and our reports on Form 6-K.

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