



**Nordic American Tankers' 2Q2016 Report (NYSE:NAT) – The NAT 30 unit fleet has a substantial earnings capacity. Technical quality is at the top. Cash dividend declared for the 76<sup>th</sup> time.**

Hamilton, Bermuda, August 8, 2016

THE SECOND QUARTER OF 2016 SHOWS SOLID RESULTS. OUR FLEET, TRADING IN THE SPOT MARKET AND UNDER CONTRACT, PRODUCED ABOUT \$28,500 PER DAY PER VESSEL. THE RECENT DELIVERIES OF FOUR JAPANESE-BUILT SECOND HAND SHIPS (COSTING \$106M) AND THE PURCHASE OF TWO NEW VESSELS FROM KOREA (\$64M CASH DELIVERY PAYMENT IN TOTAL FOR BOTH) IN THE NEXT SIX MONTHS ARE BEING FINANCED FROM OUR OWN RESOURCES, WITHOUT RAISING NEW EQUITY. THE MAKING OF THIS CASH PAYMENT IN TOTAL OF \$170M, WHICH BRINGS THE FLEET TO 30 VESSELS AND ENHANCES OUR EARNINGS POTENTIAL SIGNIFICANTLY, GUIDED US IN SETTING THE DIVIDEND FOR 2Q2016. A HIGH TANKER MARKET SHOULD RESULT IN A HIGHER DIVIDEND THAN A LOW MARKET. THE SAME MONEY WE USE TO BUY SHIPS AND THEREBY INCREASE THE DIVIDEND CAPACITY CANNOT BE USED TO PAY DIVIDENDS. IN THE PRESENT CIRCUMSTANCES, THIS WAY FORWARD IS IN THE BEST INTERESTS OF THE NAT SHAREHOLDERS.

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 and has a cash break-even rate below \$11,000 per day per ship including financial charges and G&A costs. Our operating expenses for our vessels are low; about \$8,400 per vessel per day. Operating expenses for our older vessels are essentially in line with operating expenses for our newer vessels. This is a result of our strict ongoing maintenance procedures. The drydocking costs for those of our vessels which are more than 15 years are on average less than \$2.0m per unit which is on the same level as the rest of our fleet.

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 as long as they are well maintained.

The significant liquidity in the NAT stock is at the top in the tanker sector. Investors are able to buy and sell shares whenever they wish. In 2Q2016 about 1.3 million shares were traded daily with a value of more than \$20m per day. The average volume for the first six months of 2016 for NAT was about 1.6 million shares per day. The market capitalization of NAT is about \$1.1 billion at the time of this report.

On July 28, 2016, NAT declared a cash dividend of \$0.25 per share payable to shareholders of record as of August 17, 2016. Payment of the dividend is expected to take place on or about August 31, 2016.

**Key points to consider:**

- **Since NAT commenced operations in the fall of 1997, the Company has paid a quarterly dividend 76 times, with total dividend payments over the period of \$47.65 per share, including the dividend to be paid on August 31, 2016.**
- **The low oil price has positively affected the tanker market, which is volatile.**
- **The quality of the NAT fleet is at the top 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.**

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

- **Operating cash flow<sup>2</sup> per share has been as follows: \$0.46 for 2Q2016, \$0.62 for 1Q2016 and \$0.61 for 2Q2015.**
- **NAT has a credit facility of \$500m, maturing in December 2020. A strong balance sheet is a priority.**
- **Including the four newly acquired vessels, NAT will have 28 trading vessels and two newbuildings. No equity offerings are planned in conjunction with this expansion to a 30 vessel fleet.**
- **The construction of the two newbuildings for delivery in 3Q2016 and 1Q2017 is on schedule.**
- **Net Asset Value (NAV), or the steel value of a vessel, are irrelevant when valuing NAT as a going concern.**
- **A homogenous fleet reduces our cash operating costs, which helps to keep our cash break-even rate below \$11,000 per day per vessel, including financial charges and G&A costs.**

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).

### Financial Information

The Company declared a cash dividend of \$0.25 on July 28, 2016, which is expected to be paid about August 31, 2016 to shareholders of record as of August 17, 2016. The number of NAT shares outstanding at the time of this report is 89,319,666.

The Company's operating cash flow in 2Q2016 was \$40.7m. In 1Q2016 and 2Q2015 operating cash flow was \$55.9m and \$54.5m, respectively. The 2<sup>nd</sup> and 3<sup>rd</sup> quarter often produce seasonal downturns.

Earnings per share (EPS) in 2Q2016 were \$0.15. In 1Q2016 and 2Q2015 the EPS were \$0.33 and \$0.35, respectively. EPS does not take account of financial risk.

For the whole fleet, we had a total of 65 days offhire during the quarter, of which 59 days were planned offhire. The unplanned offhire was negligible. The offhire includes 19 days of positioning time to and from the ship yard. For the rest of 2016 six vessels are expected to undergo drydocking, if not one or two of them are moved to 2017.

NAT continues to maintain a strong balance sheet with low net debt and is focusing on keeping low financial risk. At the end of 2Q2016, the Company had net debt of about \$303m or about \$11m per vessel

The table on the right shows our net operating cash flow, stock liquidity and dividend over the last eight quarters. Liquidity in the stock is high compared with other tanker companies.

Our primary objective is to maximize the risk adjusted total return, including paying a quarterly dividend.

	NOCF*	Liquidity**	Dividend per share
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
2Q2016	\$40.7	1.3	\$0.25

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

<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.

For further details on our financial position for 2Q2016, 1Q2016 and 2Q2015, 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 29.1%. The market value on the stock exchange of NAT’s share in NAO is lower than the book value for the time being.

**The Fleet**

The Company will have a fleet of 30 trading vessels in early 2017. By way of comparison, in the autumn of 2004, the Company had three vessels.

NAT is focused on maintaining top technical quality of the fleet. Our operational performance remains at the forefront of the industry. 2Q2016 inspections had an average of 2.3 observations which we consider an excellent result. NAT’s performance can be considered industry best practice.

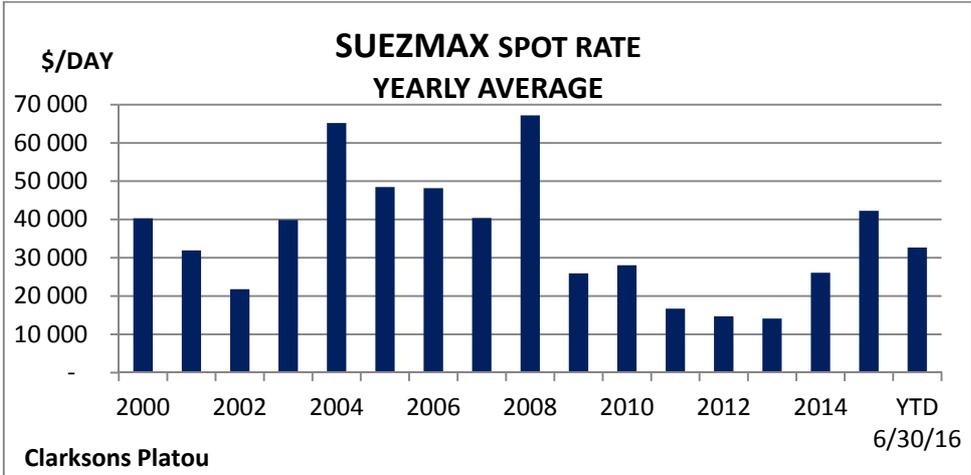
The arbitration case against Gulf Navigation Holding PJSC (GNH) regarding the Suezmax vessel Gulf Scandic (now named Nordic Harrier) is still unresolved.

**World Economy and the Tanker Market**

The development of the world economy affects the tanker industry. A low oil price is stimulating the world economy which is positive for the tanker market.

The Suezmax fleet (excl. shuttle tankers) counts 464 vessels at the end of 2Q2016, following an increase of six vessels so far this year.

A number of orders have been placed with the shipbuilders in the past year. The current orderbook stands at 84 vessels from now to late 2017. This represents about 18% 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 31 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 Clarksons Platou. The rates above are in general an indication of the level of the market and its direction.

At the time of this report, the market is weak. We are hopeful that we may see improved rates later this year.

The supply of tanker tonnage is inelastic in the short term. When there are too many ships, rates tend to go to the bottom. When there is a short term scarcity of ships, rates tend to go very high.

### **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.

Our dividend policy will continue to enable us to achieve a competitive, risk adjusted cash yield.

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.

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# NORDIC AMERICAN TANKERS LIMITED

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION	Three Months Ended			Six Months Ended	
	Jun. 30, 2016 (unaudited)	Mar. 31, 2016 (unaudited)	Jun. 30, 2015 (unaudited)	June 30, 2016 (unaudited)	June 30, 2015 (unaudited)
Amounts in USD '000					
<b>Net Voyage Revenue</b>	<b>61 652</b>	<b>76 734</b>	<b>73 464</b>	<b>138 386</b>	<b>143 024</b>
Vessel Operating Expenses	(18 743)	(18 188)	(16 894)	(36 931)	(33 029)
General and Administrative Expenses	(3 850) *	(3 368) *	(2 840) *	(7 218) **	(4 906) **
Depreciation Expenses	(21 447)	(21 626)	(20 187)	(43 073)	(40 468)
Operating Expenses	(44 039)	(43 183)	(39 920)	(87 222)	(78 403)
<b>Net Operating Gain (Loss)</b>	<b>17 612</b>	<b>33 552</b>	<b>33 543</b>	<b>51 164</b>	<b>64 621</b>
Interest Income	36	28	34	64	73
Interest Expense	(2 415)	(2 536)	(2 564)	(4 951)	(5 400)
Other Financial Income (Expense)	(2 264)	(1 743)	(113)	(4 007)	(652)
Total Other Expenses	(4 643)	(4 252)	(2 644)	(8 894)	(5 979)
<b>Net Gain (Loss)</b>	<b>12 970</b>	<b>29 300</b>	<b>30 900</b>	<b>42 270</b>	<b>58 642</b>
Basic Gain (Loss) per Share	0.15	0.33	0.35	0.47	0.66
Basic Weighted Average Number of Common Shares Outstanding	89 319 666	89 307 564	89 182 001	89 313 615	89 182 001
Common Shares Outstanding	89 319 666	89 319 666	89 182 001	89 319 666	89 182 001

\*) The G&A for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015 include non-cash charges of \$1.6m, \$0.7m and \$0.8m respectively which are charges related to share based compensation and pension cost.

\*\*) The G&A for the six months ended June 30, 2016 and June 30, 2015 include non-cash charges of \$2.3m and \$0.4m which are charges related to share based compensation and pension cost.

CONSOLIDATED CONDENSED BALANCESHEET	June 30, 2016 (unaudited)	June 30, 2015 (unaudited)	Dec. 31, 2015 (unaudited) <sup>1</sup>
Amounts in USD '000			
Cash and Cash Equivalents	29 519	105 508	29 889
Accounts Receivable, net	29 880	19 400	28 598
Prepaid Expenses	4 375	5 051	4 372
Inventory	17 181	20 542	14 843
Voyages in Progress	18 028	27 243	37 353
Other Current Assets	3 654	2 581	3 125
<b>Total current assets</b>	<b>102 638</b>	<b>180 325</b>	<b>118 180</b>
Vessels, Net	1 004 346	875 669	962 685
Deposit for vessels	66 723	38 400	64 000
Goodwill	18 979	18 979	18 979
Investment in Nordic American Offshore Ltd.	59 729	58 804	64 877
Other Non-current Assets	15 240	7 270	15 906
<b>Total non-current assets</b>	<b>1 165 018</b>	<b>999 123</b>	<b>1 126 447</b>
<b>Total Assets</b>	<b>1 267 656</b>	<b>1 179 448</b>	<b>1 244 627</b>
Accounts Payable	4 671	5 615	4 245
Accrued Voyage Expenses	6 898	8 666	7 035
Other Current Liabilities	9 666	7 904	9 577
<b>Total Current liabilities</b>	<b>21 235</b>	<b>22 185</b>	<b>20 857</b>
Long-term Debt	385 000	250 000	330 000
Deferred Compensation Liability	14 892	12 879	13 046
<b>Total Non-current Liabilities</b>	<b>399 892</b>	<b>262 879</b>	<b>343 046</b>
Shareholders' Equity	846 529	894 384	880 723
<b>Total Liabilities and Shareholders' Equity</b>	<b>1 267 656</b>	<b>1 179 448</b>	<b>1 244 627</b>

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



## 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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