



Top Ships Inc. (NasdaqGS: TOPS)

April 30, 2015
Recent Price: \$1.07

Market Data

Fiscal Year	December 31
Industry	Shipping
Market Cap	\$20.3M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	0.5x
Insider Ownership	45.5%
Shares Outstanding	19.0M
Float	10.1M
Avg. Daily Vol. (3 mos.)	26,994

As of April 30, 2015

Balance Sheet Snapshot (as of Dec 31 2014)

	MRQ
Cash*	\$15.7M
Debt*	\$0.0M

*Includes adjustments for proceeds and debt repayment from sale and leaseback agreements

Company Overview

Top Ships Inc., is an international owner and operator of modern, fuel efficient "ECO" Medium Range (MR) product / chemical tankers focusing on the transportation of petroleum products and is expected to take delivery of six MR product/chemical tankers by 3Q16. The Company took delivery of its first two vessels, StenaWeco Energy and StenaWeco Evolution, from Hyundai Mipo Dockyard Co., Ltd. while the remaining four are under construction at the same shipyard expected to be delivered between Q3 2015 and Q3 2016. TOPS's vessels are high specification ECO design vessels that have the ability to carry a broader range of cargoes than the average industry vessel while consuming significantly less fuel per day. The Company's vessels have time charters with top charterers, including BP Shipping Ltd UK, Stena Weco A/S, and NORDEN A/S.

Investment Highlights

The only ECO MR pure play in the market

Strong, experienced management team with proven ability to position TOPS in various economic environments and public track record of well timed vessel sales and chartering

- IPO in July 2004 and follow-on offering 3 months after, raised about \$300 million
- From Jan 2008 until Lehman collapse, sold most of older tonnage and terminated expensive leasing obligations while fixing all remaining vessels in the fleet at very high rates on medium to long term charters
- In 2013 sold entire fleet realizing most of the value of the charters
- In 2013/2014 repositioned the company through the acquisition of six high specification ECO MR Product Tankers (two delivered, four under construction)

Recent public offering raised \$21.3 million

- Proceeds used for acquisition of first two vessel and shipyard installments for remaining four

Focus on state of the art ECO MR Product Tankers

- Lower fuel consumption (24.3 tons/day vs. 32.6 tons/day) resulting in savings of about \$5,000 per day (assuming fuel oil costs \$600/ton)
- ECO MR Product Tankers are a small fraction of the total MR Product Tanker fleet; currently they represent about 5% of the fleet and this figure is estimated to grow to about 22% by 2017.

Contracted revenue of \$199M (\$124M firm/ \$75M options) with high quality charterers, providing strong cash flow visibility

- Average duration of charters: 3.5 years firm and 5.5 years if options exercised
- Average daily TCE: \$16,114 firm and \$16,538 if options exercised

Market fundamentals in line with company strategy

- Relocation of refineries closer to the oil reserves and particularly in the Middle East has led to increases in both product exports and tonne-miles traveled towards consuming areas
- U.S. crude oil production has risen to its highest level in 22 years and US has become a major exporter of oil products. IEA projects the U.S. to become the world's largest producer of oil by 2015