



# TSAKOS ENERGY NAVIGATION LIMITED (TEN)

367 Syngrou Avenue, 175 64 P. Faliro, Hellas

**Tel:** 30 210 94 07 710-3, **Fax:** 30 210 94 07 716, **e-mail:** [ten@tenn.gr](mailto:ten@tenn.gr)

**Website:** <http://www.tenn.gr>

Press Release

November 21, 2014

---

## TSAKOS ENERGY NAVIGATION REPORTS NINE-MONTH AND THIRD QUARTER FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014 AND DIVIDEND DECLARATIONS

***\$20.0 million net income for the nine months 2014 and \$5.2 million for Q3  
Dividend declarations with increase on first payment 2015  
Low oil price results in record spot rates in Q4 to date  
President & CEO Nikolas P. Tsakos elected Chairman of INTERTANKO***

### NINE-MONTH AND RECENT HIGHLIGHTS

- For the nine-month 2014 period, net income of \$20.0 million or \$0.18 per diluted share, compared to a \$1.9 million loss for the same period in 2013. \$5.2 million net income for the third quarter or \$0.04 per diluted share, compared to a \$1.4 million loss in the third quarter of 2013
- Nine months operating income increased 67.2% to \$46.8 million versus the prior year period. Third Quarter operating income up 43.3% to \$13.8 million versus the prior year period – Nine months EBITDA at \$124.1 million, 20.0% higher from same period in 2013
- Healthy liquidity position at \$213.0 million of cash at end of the nine months 2014
- Pro-forma fleet of 63 vessels, totaling 6.6 million dwt, consisting of 44 tankers for trade in the crude space, three shuttle tankers, 14 tankers carrying products and two LNG vessels, including one tri-fuel 174,000m<sup>3</sup> LNG carrier under construction.
- 31 vessels benefiting from very strong spot tanker rates triggered by the reduction in the price of oil
- Total contracted coverage in excess of \$0.8 billion with average charter of 2.5 years
- Newbuilding program of nine aframax crude carriers, two LR1 product carriers and one shuttle tanker all under long-term contracts with a potential gross revenue generation, if options exercised, of approximately \$1.25 billion
- Timely acquisition of two modern suezmax crude tankers, delivered mid-June and early July
- Crude price drop and dollar strength materially benefits TEN's bottom line
- Common stock dividend of \$0.05 per share to be paid on November 25, 2014 and \$0.06 dividend payment in Q1 2015

**Athens, Greece** – November 21, 2014 – Tsakos Energy Navigation Limited (TEN or the “Company”) (NYSE: TNP) today reported results (unaudited) for the first nine months and third quarter of 2014.

---

Visit our company website at: <http://www.tenn.gr>

## **NINE-MONTH RESULTS**

TEN achieved significantly improved results in the first nine months of 2014 over the first nine months of 2013. Operating income for the first nine months of 2014 was \$46.8 million compared to \$28.0 million in the first nine months of 2013, a 67.2% increase. Net income for the period amounted to \$20.0 million compared to a net loss of \$1.9 million in the first nine months of 2013.

Revenue, net of voyage expenses and commissions, totaled \$247.4 million in the nine months ended September 30, 2014 compared to \$214.8 million in the first nine months of 2013, a 15.2% increase. Part of the increase was generated due to the significantly stronger TCE rates achieved for crude carrying suezmaxes and aframaxs in the first nine months of 2014, compared to the equivalent period of the previous year and to the introduction of the two shuttle tankers delivered in the first nine months of 2013 which operated throughout the first nine months of 2014 and to the acquisition of the two suezmaxes *Euro* and *Eurovision* in mid-2014 which provided an additional \$4.9 million of net revenue.

Vessel operating costs for the first nine months of 2014 amounted to \$108.6 million, an increase of \$11.5 million, of which nearly half relates to the full operation of the two shuttle tankers and the recent acquisition of the two suezmaxes. The increase was also due in part to a relatively high Euro during the first nine months 2014 affecting crew and repair expenses and to higher dry-docking activity. General and administrative expenses continued to remain stable at \$3.3 million.

Interest and finance costs in the period were \$27.4 million, compared to \$30.9 million in the first nine months of 2013. The decrease was due partly to lower average loans outstanding and more competitive interest rate spreads achieved. The expiration of interest rate swaps over the past two years reduced swap interest payments by half.

## **THIRD QUARTER RESULTS**

TEN enjoyed a very strong start to the third quarter with operating income amounting to \$13.8 million, compared to \$9.7 million during the third quarter of 2013, a 43.3% increase, due to overall higher net revenue. The third quarter of 2014 ended with net income of \$5.2 million or \$0.04 per diluted share. In the third quarter of 2013, a net loss of \$1.4 million, or \$(0.04) per share, was incurred.

Revenues, net of voyage expenses and commissions, were \$82.5 million in the third quarter of 2014, up 11.7% from the third quarter of 2013. The fall in oil prices in the latter part of the quarter had little impact on bunker prices within the third quarter, while in the fourth quarter there has been a significant contribution by lower bunker prices to spot rates achieved so far, quite apart from the positive impact of falling oil prices on tanker demand. On average, TEN had effectively two more vessels than in the third quarter of 2013. Despite some 34% of operating days employed in the spot market and three vessels undergoing dry-docking during the quarter, fleet utilization remained high at 97.4%. The average daily time charter equivalent per vessel increased by 8.0% to \$19,455 compared to \$18,018 in the third quarter of 2013.

Average daily operating costs per vessel were higher in the third quarter of 2014 compared to the same period of 2013 due mainly to the impact of three vessels undergoing dry-docking

compared to only one in the third quarter of 2013. Management believes that the impact of the strengthening US dollar and of falling oil prices on lubricants will have a positive impact on operating costs in the fourth quarter and 2015. Total technical and commercial management fees increased marginally in the third quarter of 2014 from the third quarter of 2013, due to the new vessels. There has been no increase in management fees payable per vessel since 2012.

Third quarter interest and finance costs were \$9.3 million, representing a 14.0% decrease from the third quarter of 2013. This decrease was mainly due to reduced loan interest margins and reduced payments on interest rate swaps as a result of the expiry of swaps.

“It is with great pleasure to report significant profits again. It is even more gratifying to see that the recent material decrease in the price of crude has stirred record demand for our services resulting in peak spot tanker rates in the fourth quarter of this year,” stated Mr. Nikolas P. Tsakos, President & CEO of TEN. “TEN, with 31 vessels currently taking advantage of this firmness is ideally placed to reap the benefits of the strong market and further solidify and enhance its bottom line. We expect the healthy rate environment coupled with TEN’s strategic initiatives to bridge the gap in our share price,” Mr. Tsakos concluded.

## **LIQUIDITY**

TEN continued to maintain strong liquidity through the third quarter 2014. At the end of the third quarter, total cash amounted to \$213 million compared to \$172 million at the end of 2013. Net debt to capital was 50.7% at the end of the third quarter 2014 compared to 54.7% at end of the third quarter of 2013.

We have secured financing for the construction of the nine aframaxs at competitive terms from first-class banks. This includes the provision of pre-delivery financing that has already been partly utilized for payment of the second yard instalments. We have also obtained financing for the remaining pre-delivery yard installments relating to the LNG carrier under construction, *Maria Energy*, again at attractive terms from a major European bank. Discussions relating to financing the LR1s are already in progress and the newly announced shuttle tanker project has drawn the attention of several leading banks.

Cash flow for the quarter from net income before depreciation, amortization and interest (“EBITDA”) was \$41.1 million. Nine-month EBITDA amounted to \$124.1 million, a 20% increase. All the vessels enjoyed positive EBITDA in the nine-month period of 2014.

## **DIVIDEND - COMMON SHARES**

The Company will pay a dividend of \$0.05 per share of common stock on November 25, 2014 to shareholders of record as of November 21, 2014.

In addition, Management recommended and the Company’s Board of Directors agreed to increase the dividend for payment in Q1 2015 to \$0.06 per share.

## **FLEET STRATEGY & OUTLOOK**

With the crude orderbook in equilibrium, crude charter rates on the ascent, and product tankers rates improving, the tanker markets are again positioning to provide attractive returns to investors over the medium to long term. TEN, with its significant footprint in the crude market, is in the forefront of companies benefiting from these renewed dynamics. With 33

operational tankers active in crude trades in a fleet of 50 vessels with secured minimum revenues today of over \$0.8 billion and excluding the \$1.25 billion revenues that could be generated from the long-term contracts of the nine aframaxes, the two LR1 tankers and the shuttle tanker recently announced, TEN's solid position in the international tanker markets remains firmly in place.

With 31 vessels in a fleet of 50 in the water today taking advantage of strong tanker spot rates management is confident that the current buoyancy of the spot market, also being facilitated by the current heavy winter in the Western hemisphere and as indicated in the table below, will significantly benefit TEN's bottom line in the fourth quarter.

	11/19/2014	11/19/2013
VLCC	\$51,049	\$53,330
Suezmax	\$87,701	\$11,577
Aframax	\$48,589	\$11,037
LR2	\$28,363	\$5,736
LR1	\$15,535	\$3,026
MR/Handy	\$21,508	\$11,349

Source: ICAP Shipping Daily Tanker Report 11/20/2014 and 11/20/2013

Looking ahead, management will continue to explore opportunities to maintain and enhance its footprint on all sectors it operates while strategically and opportunistically divest certain assets that could provide attractive capital gains and release cash.

With cash of \$213 million as at September 30, 2014 and proven access to bank finance at still relatively low cost, management is comfortable with the needs to fund its capital expenditure. With healthy cash reserves and with a fleet earning positive EBITDA, in its entirety, management has the luxury to evaluate, at its own pace, all options available and act accordingly on a project-by-project basis.

#### **NIKOLAS P. TSAKOS ELECTED CHAIRMAN OF INTERTANKO**

On November 12, 2014, INTERTANKO's Council of Members met in Dubai and elected Nikolas Tsakos as Chairman of the Association, succeeding Graham Westgarth who stepped down after five years in post.

"Graham has been a charismatic leader during the tanker industry's unprecedented downturn," said Nikolas P. Tsakos. "I am honored to take over from him at a time when INTERTANKO's role in today's challenging environment is more prominent than ever. Operational excellence and environmental protection together with commercial sustainability and close co-operation with all parties involved in the transportation and delivery of oil will continue to be the Association's main goals."

INTERTANKO is the independent tanker owners association. It has 212 members, whose combined fleet comprises some 3,040 tankers totaling 270 million dwt. The associate membership stands at some 300 companies related to the tanker industry. INTERTANKO stands for safe transport, cleaner seas and free competition.

---

Visit our company website at: <http://www.tenn.gr>

## **Conference Call**

As previously announced, today, Friday, November 21, 2014, at 10:00 a.m. Eastern Time, TEN will host a conference call to review the results as well as management's outlook for the business. The call, which will be hosted by TEN's senior management, may contain information beyond what is included in the earnings press release.

### **Conference Call details:**

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 866 819 7111 (US Toll Free Dial In), 0800 953 0329 (UK Toll Free Dial In) or +44 (0)1452 542 301 (Standard International Dial In). Please quote "Tsakos" to the operator.

A telephonic replay of the conference call will be available until November 28, 2014 by dialing 1 866 247 4222 (US Toll Free Dial In), 0800 953 1533 (UK Toll Free Dial In) or +44 (0)1452 550 000 (Standard International Dial In). Access Code: 90295809#

### **Simultaneous Slides and Audio Webcast:**

There will also be a simultaneous live, and then archived, slides webcast of the conference call, available through TEN's website ([www.tenn.gr](http://www.tenn.gr)). The slides webcast will also provide details related to fleet composition and deployment and other related company information. This presentation will be available on the Company's corporate website reception page at [www.tenn.gr](http://www.tenn.gr). Participants for the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

## **ABOUT FORWARD-LOOKING STATEMENTS**

Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. TEN undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

For further information please contact:

Company  
Tsakos Energy Navigation Ltd.  
George Saroglou, COO  
+30210 94 07 710  
[gsaroglou@tenn.gr](mailto:gsaroglou@tenn.gr)

Investor Relations / Media  
Capital Link, Inc.  
Nicolas Bornozis  
Paul Lampoutis  
+212 661 7566  
[ten@capitallink.com](mailto:ten@capitallink.com)

---

Visit our company website at: <http://www.tenn.gr>

## TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES

Selected Consolidated Financial and Other Data

(In Thousands of U.S. Dollars, except share and per share data)

	Three months ended		Nine months ended	
	September 30		September 30	
	2014	2013	2014	2013
<b>STATEMENT OF OPERATIONS DATA</b>				
<b>Voyage revenues</b>	\$ 120,881	\$ 107,564	\$ 363,565	\$ 313,348
Commissions	4,565	4,166	13,662	12,018
Voyage expenses	33,837	29,557	102,516	86,501
Vessel operating expenses	37,182	32,823	108,556	97,054
Depreciation	25,179	24,571	72,716	70,767
Amortization of deferred dry-docking costs	1,354	1,298	3,985	3,708
Management fees	4,190	4,019	12,262	11,845
General and administrative expenses	1,000	1,208	3,268	3,311
Stock compensation expense	142	0	142	0
Foreign currency losses/(gains)	(406)	267	(358)	144
<b>Total expenses</b>	<b>107,043</b>	<b>97,909</b>	<b>316,749</b>	<b>285,348</b>
<b>Operating income</b>	<b>13,838</b>	<b>9,655</b>	<b>46,816</b>	<b>28,000</b>
Interest and finance costs, net	(9,337)	(10,856)	(27,432)	(30,875)
Interest income	188	142	302	300
Other, net	498	(682)	247	(378)
<b>Total other expenses, net</b>	<b>(8,651)</b>	<b>(11,396)</b>	<b>(26,883)</b>	<b>(30,953)</b>
<b>Net Income/(loss)</b>	<b>5,187</b>	<b>(1,741)</b>	<b>19,933</b>	<b>(2,953)</b>
Less: Net loss/(income) attributable to the noncontrolling interest	29	379	48	1,085
<b>Net Income/(loss) attributable to Tsakos Energy Navigation Limited</b>	<b>\$ 5,216</b>	<b>\$ (1,362)</b>	<b>\$ 19,981</b>	<b>\$ (1,868)</b>
Effect of preferred dividends	(2,109)	(1,000)	(6,328)	(1,567)
Net Income/(loss) attributable to common stockholders of Tsakos Energy Navigation Limited	\$ 3,107	\$ (2,362)	13,653	(3,435)
Earnings/(loss) per share, basic and diluted	\$ 0.04	\$ (0.04)	\$ 0.18	\$ (0.06)
Weighted average number of common shares, basic and diluted	84,705,556	56,614,752	77,227,931	56,501,037

Visit our company website at: <http://www.tenn.gr>

BALANCE SHEET DATA	September 30		December 31		September 30	
	2014		2013		2013	
Cash		213,023		171,764		173,094
Other assets		94,201		80,546		82,813
Vessels, net		2,223,125		2,173,068		2,223,546
Advances for vessels under construction		155,151		58,521		57,997
<b>Total assets</b>	\$	<b>2,685,500</b>	\$	<b>2,483,899</b>	\$	<b>2,537,450</b>
Debt		1,421,037		1,380,298		1,404,234
Other liabilities		90,437		105,938		113,751
Stockholders' equity		1,174,026		997,663		1,019,465
<b>Total liabilities and stockholders' equity</b>	\$	<b>2,685,500</b>	\$	<b>2,483,899</b>	\$	<b>2,537,450</b>

OTHER FINANCIAL DATA	Three months ended				Nine months ended			
	September 30				September 30			
	2014		2013		2014		2013	
Net cash from operating activities	\$	33,932	\$	31,668	\$	60,801	\$	104,230
Net cash used in investing activities	\$	(108,498)	\$	(15,578)	\$	(219,286)	\$	(142,779)
Net cash from financing activities	\$	49,519	\$	10,114	\$	200,928	\$	61,575
TCE per ship per day	\$	19,455	\$	18,018	\$	20,087	\$	18,065
Operating expenses per ship per day	\$	8,095	\$	7,483	\$	8,165	\$	7,635
Vessel overhead costs per ship per day	\$	1,161	\$	1,184	\$	1,179	\$	1,173
		9,256		8,667		9,344		8,808

FLEET DATA						
Average number of vessels during period		49.9	48.0	48.7	47.3	
Number of vessels at end of period		50.0	48.0	50.0	48.0	
Average age of fleet at end of period	Years	7.4	6.8	7.4	6.8	
Dwt at end of period (in thousands)		5,102	4,786	5,102	4,786	
Time charter employment - fixed rate	Days	1,866	1,792	5,423	4,821	
Time charter employment - variable rate	Days	828	1,072	2,436	3,175	
Period employment (pool and coa) at market rates	Days	258	123	834	398	
Spot voyage employment at market rates	Days	1,522	1,359	4,303	4,280	
Total operating days		4,474	4,346	12,996	12,674	
Total available days		4,593	4,416	13,295	12,923	
Utilization		97.4%	98.4%	97.8%	98.1%	

Visit our company website at: <http://www.tenn.gr>

<b>Non-GAAP Measures</b>						
<b>Reconciliation of Net Income to EBITDA</b>						
	Three months ended			Nine months ended		
	September 30			September 30		
	2014		2013	2014		2013
Net Income/(loss) attributable to Tsakos Energy Navigation Limited	5,216		(1,362)	19,981		(1,868)
Depreciation	25,179		24,571	72,716		70,767
Amortization of deferred special survey & drydocking costs	1,354		1,298	3,985		3,708
Interest Expense	9,337		10,856	27,432		30,875
<b>EBITDA</b>	<b>\$ 41,086</b>		<b>\$ 35,363</b>	<b>\$ 124,114</b>		<b>\$ 103,482</b>
<p>The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP measures used within the financial community may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods as well as comparisons between the performance of Shipping Companies. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. We are using the following Non-GAAP measures:</p> <p>(i) TCE which represents voyage revenues less voyage expenses divided by the number of operating days. Commission is not deducted .</p> <p>(ii) Vessel overhead costs which include Management fees, General &amp; Administrative expenses and Stock compensation expense.</p> <p>(iii) Operating expenses per ship per day which exclude Management fees, General &amp; Administrative expenses and Stock compensation expense.</p> <p>(iv) EBITDA. See in the table above for reconciliation to net income.</p> <p>Non-GAAP financial measures should be viewed in addition to and not as an alternative for, the Company's reported results prepared in accordance with GAAP.</p> <p>The Company does not incur corporation tax.</p>						