Half year report 2013

EURONAV

The ocean is our environment

Highlights and activity report for the first half year of 2013

JANUARY

On 31 January 2013, the Company successfully launched an exchange offer on all outstanding bonds with maturity 31 January 2015 in exchange for newly issued convertible bonds maturing 31 January 2018. In total, 1,250 bonds (USD 125 million) were tendered in exchange. Today only USD 25 million of the bonds maturing in 2015 remain outstanding.

FEBRUARY

In February, no transactions of particular significance for Euronav took place.

MARCH

One of the most important events of the first semester of 2013 was the completion of the sale of the *Cap Isabella* (2013 – 157,648 dwt). Euronav sold the Suezmax *Cap Isabella* (2013 – 157,648 dwt) a newbuilding from Samsung Heavy Industries to Belle Shipholdings Ltd., a company in which Peter Livanos, a reference shareholder of the Company and the vice-chairman of the Company's board of directors holds, directly or indirectly, a patrimonial interest. The vessel was chartered back on bareboat by the Company for a fixed period of 2 years with 3 options in favour of the charterer to extend for a further year. In case of a sale by the owner during the bareboat charter contract, the Company will also share in any surplus if the vessel value exceeds a certain threshold. As this transaction was signed before the announcement of the 2012 final figures and is the result of negotiations with various parties which started in the financial year 2012, the Company recorded the capital loss of USD -32 million still in 2012. More importantly, however, this transaction enabled Euronav to eliminate its only remaining capital expenditure whilst using very limited cash to take delivery of the vessel.

APRIL

The Company fixed its Suezmax *Cap Diamant* (2001 – 160,044 dwt) on time charter contract for a period of 8 months with an additional option of one month in favour of the charterer.

MAY

Euronav continued to implement measures to reduce fuel consumption across its spot fleet. The Company retrofitted a number of vessels with a Mewis Duct, thus improving propeller efficiency, which has demonstrated to be one of the most efficient energy saving devices. In addition, electrical heaters are being installed across the fleet. These electrical fuel heaters provide substantial fuel and cost savings since they allow the heating of the fuel at a fraction of the cost than with standard boilers when the ship is either idle or at slow steaming speed.

JUNE

The Company's biggest tanker vessel, the *TI Europe* (2002 - 441,561 dwt), was drydocked in Brest to complete a full special survey.

On 24 June 2013 the Company signed an extension of 4 years (until April 2018) on its USD 300 million senior secured credit facility originally signed in April 2009 and which at the time of the extension had an outstanding of USD 221 million. The facility continues to finance 6 vessels: the VLCCs *Olympia* (2008 – 315,981) and *Antarctica* (2009 – 315,981 dwt) and four Suezmaxes: the *Cap Felix* (2008 – 158,764 dwt), the *Cap Theodora* (2008 – 158,800 dwt), the *Felicity* (2009 - 159,000 dwt) and the *Fraternity* (2009 -159,000 dwt) and kept the same amortization profile of USD 20 million per year.

World economy, oil demand and bunker costs

Despite improved global financial market conditions, the world economy continued to expand although at a subdued pace of 3.2% during the first half of 2013. The non-OECD countries remain the main drivers of world economic growth despite some Western countries showing some signs of improvement.

The Euro zone has overcome its longest recession to date, growing modestly in the second quarter of this year. The recovery, however, remains fragile as the improvement is carried by only a few members of the Euro zone such as Germany and France. Other South European countries such as Spain and Greece continued to struggle.

The US economy is still on its way to recovery with improving domestic consumption. This recovery is mainly supported by an increased production of oil and gas and the housing and labour markets. However, the US recovery remains fragile and GDP growth forecast stands at 1.8% compared to 2.2% in 2012.

The Japanese economy has been benefitting from a large number of government-led actions such as quantitative easing and tax reduction for businesses. The objective is to improve exports and so far Japan GDP forecast for 2013 has been revised upward from 1.1% to 1.5%.

China GDP forecast has been revised down to 7.9% for 2013 mainly due to a weaker manufacturing activity caused by falling numbers of orders, particularly from the US and Europe.

Despite the somewhat fragile world economic situation as stated above, the IEA forecasts global oil demand to grow by 0.9% in 2013 to 90.6 million barrels per day, with gains in the non-OECD countries such as China offsetting declining OECD demand.

The price of crude oil can also impact the global economy. During the second quarter of 2013, the Brent oil price has dropped to an average of USD 102.56 per barrel compared to USD 112.45 during the first quarter. Although bunker prices decreased in the second quarter of 2013, they remained high, negatively affecting voyage profitability.

Domestic production of shale oil in the USA has reduced import by the USA by over 2 million barrels of oil per day over the past couple of years. The oil produced is very light and consequently replaces mostly oil coming from West Africa which in turn can be exported elsewhere. The majority of the West-African oil which was no longer exported to the US went to the Far East, a region much further away than the USA and had therefore a positive impact on tonne-miles. As domestic production increases in the USA, the current US refineries will face a challenge as that quality of oil (light crude) does not particularly suit many of the more sophisticated US refineries, particularly those in the Gulf and on the Atlantic Coast which were set up to import and crack heavier Mexican, Venezuelan and Middle Eastern blends.

Fracking and working over old wells is expensive in running cost and will continue only as long as the delivered cost of domestically produced oil to the Atlantic and Gulf refineries remains cheaper than the delivered cost of international oil production. The reference price for international production is the price of delivered Brent oil so the differential between WTI and Brent is a good indicator for the future of US import demand. Increased US production may stimulate trade in crude oil as light oil from the US replaces oil from West Africa which will be sold probably to destinations further away than the USA such as China, or Australia.


EURONAV


TI EUROPE
ANTWERPEN

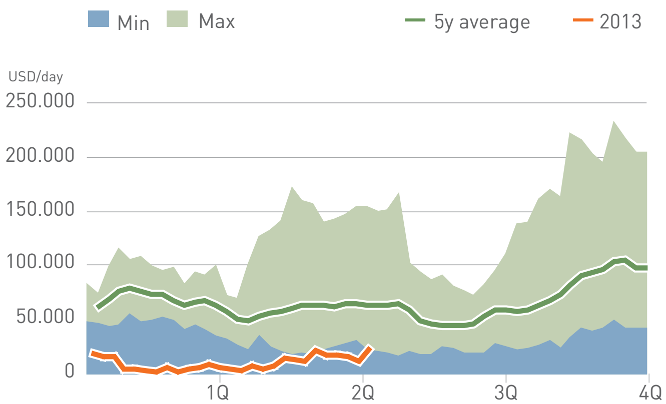
Tanker market

The prolonged weakness in the world economy combined with an increasing fleet oversupply kept pressuring market fundamentals during the first half of 2013. Even though crude tanker spot rates improved slightly during the first quarter of 2013 they remained at comparatively low levels on an historical basis and have remained low in the second quarter although showing some signs of improvement towards the end of the semester.

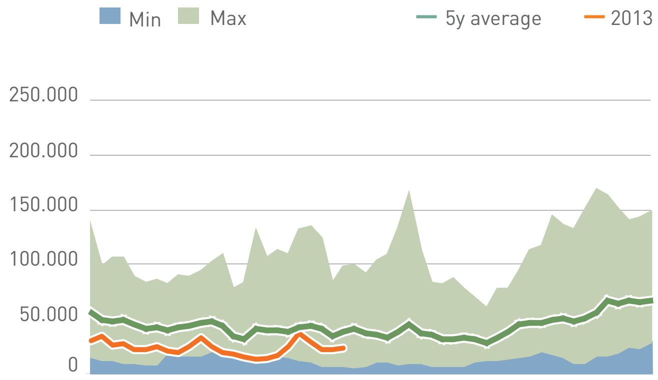
The current imbalance between tonnage supply and demand remains the biggest challenge. The VLCC fleet continued to grow throughout the first half of 2013 and, whilst demand for large tanker vessels has remained firm, such demand was not sufficient to absorb the cumulative growth of available tonnage built up since 2008. Both VLCC and Suezmax deliveries remained substantial in the first six months of the year, with 3.6 million dwt of Suezmaxes (including shuttles) delivered so far in 2013, against only 0.4 million dwt scrapped and 6.6 million dwt VLCC delivered against 2.6 million dwt scrapped.

To rebalance the tanker fleet, tanker demolition of older tonnage should be increased. The scrapping of vessels of 15 years of age or older is justified especially considering the high cost of the third special survey (standard procedure for ships every 5 years). Depending on how well the vessels have been maintained in the past, many aging units require greater maintenance, the third special survey involves higher costs than earlier special surveys, and these costs can thereafter recur at intervals of 2.5 years. Beyond the additional operating costs facing older tankers, aging vessels can also potentially become commercially obsolete given the fact preference is often given to younger tankers. Nevertheless and even though higher scrapping activity is fundamental to a potential rebound of the market, ship owners have been reluctant to do so.

VLCC Average Earnings (Modern Ships)



Suezmax Average Earnings (Modern Ships)



The average time charter equivalent rates obtained by the Company's owned VLCC fleet in the Tankers International (TI) pool was approximately USD 17,600 per day for the first semester of 2013 (first semester 2012: USD 26,560 per day).

The average time charter equivalent earnings of the Euronav Suezmax fleet chartered out on long term, was USD 22,200 per day for the first semester of 2013 (first semester 2012: USD 26,500 per day).

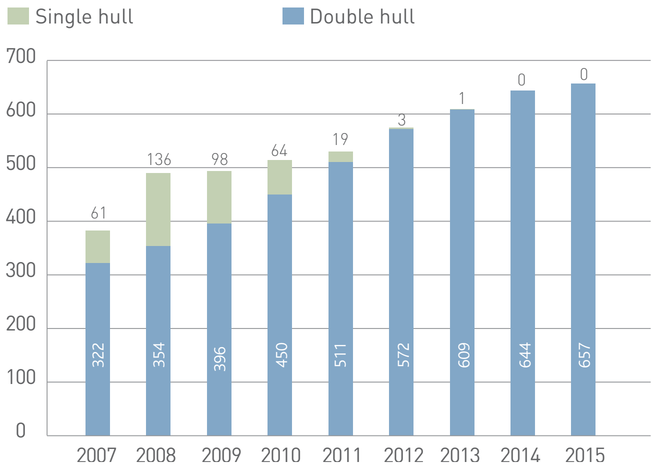
The average time charter equivalent rates obtained by the Euronav Suezmax spot fleet was USD 17,500 per day for the first semester of 2013 (first semester 2012: USD 22,900 per day).

Orderbook

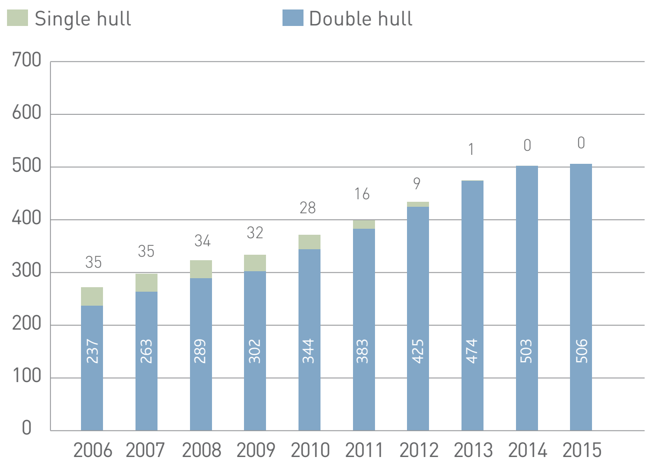
A shortage of capital following the financial crisis combined with oversupply of available tonnage has led to the lowest actual growth of the world fleet since 2001. Still today, the ordering for newbuildings remains low. The industry seems to have understood that the market can only pass the bottom of the cycle if no new orders for newbuildings are placed, not even for the so-called "eco-vessels".

Currently the order book shows 78 VLCC and 84 Suezmax vessels to be delivered between 2013 and 2015, of which almost half should be delivered by the end of this year. However, orders for in total 11 VLCCs are known to be cancelled for financial reasons and an additional 7 are likely to follow. Moreover, a large number of deliveries has been postponed in both the Suezmax and VLCC sector. With this in mind, the current order book does not look as worrying as at the beginning of this year.

World VLCC fleet growth (per year)



World Suezmax fleet growth (per year)



As oil demand is widely expected to continue to grow, orders for floating storage and production systems have been at a near record pace. Over the next five years it is anticipated that 25 to 35 orders for FSO's will be placed.

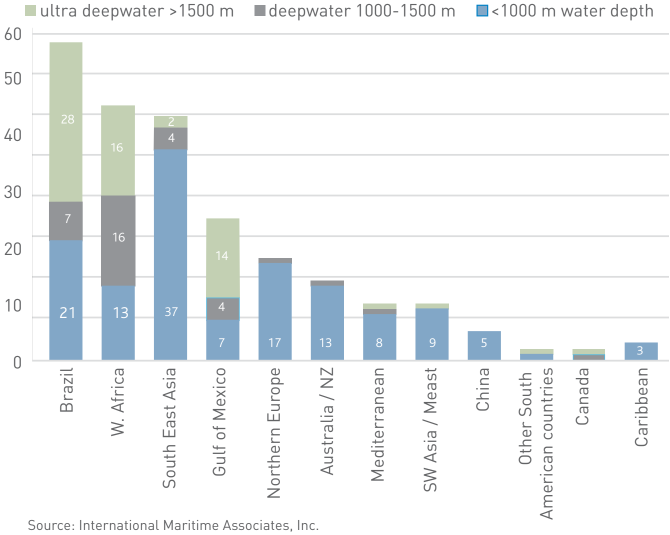
Floating Storage and Offloading/Floating Storage Production and Offloading (FSO/FPSO) market

As of the first semester 2013 there were 248 floating production systems being bid, designed, planned or studied globally.

As oil demand is widely expected to continue to grow, orders for floating storage and production systems have been at a near record pace. Over the next five years it is anticipated that 25 to 35 orders for FSO's will be placed. Deep water is a major source of new oil and gas supply and this sector will undoubtedly attract a substantial and increasing portion of oil companies' exploration and production capital expenditures. Most FSOs currently in operation are aging single hull tankers which are modified for storage and offloading use. Many of these units are quite old – around 75% of the FSOs now operating are 20 years or older. Roughly half of the FSOs in service are located in Southeast Asia and replacement is expected due in the coming years.

Euronav's offshore department is currently working on a number of studies with several clients and has been qualified for two FSO projects in South East Asia. The department has also renewed its Achilles JQS Certification, the qualification system for suppliers to the oil and gas industry in Norway and Denmark. This certificate allocation will enhance the Company's ability to participate in opportunities in the Northern Europe offshore market.

248 projects involving floating production or storage systems are planned or under study



Source: International Maritime Associates, Inc.

The fleet

Euronav's owned fleet currently consists of 36 vessels being 1 V-Plus vessel, 2 FSO vessels (both owned in 50%-50% joint venture), 11 VLCCs (of which 2 in joint venture) and 22 Suezmaxes (of which 4 in joint venture).

Part of Euronav's Suezmax fleet is chartered out on long term contracts, the other part of the Suezmax fleet is operated by Euronav directly on the spot market. The average age of the Euronav Suezmax fleet is a little less than 8 years.

The majority of Euronav's VLCC fleet is operated within the Tankers International pool on the spot market. The TI pool is one of the largest modern exclusively double hulled fleet worldwide and comprises 28 vessels. The average age of Euronav's VLCC fleet is currently 8.5 years.

At the time of preparing this report, Euronav's weighed tonnage profile including vessels on charter is as follows:

VLCC and V-Plus owned	3,545,776 dwt
VLCC and Suezmax on time charter in	462,688 dwt
FSO owned	441,774 dwt
Suezmax owned	3,107,243 dwt
Suezmax vessels commercially managed	317,261 dwt
Total owned and controlled tonnage	**7,874,742 dwt**


EURONAV

Condensed consolidated interim financial statements

Below are excerpts from the condensed consolidated interim financial statements of Euronav for the six months ended 30 June 2013. The condensed consolidated interim financial statements were authorised for issue by the board of directors on 28 August 2013.

A full version of the condensed consolidated interim financial statements prepared in accordance with IAS 34 and including the auditors' review report as well as the management certification can be downloaded from **www.euronav.com**.

Een Nederlandstalige versie van de volledige tussentijdse geconsolideerde rekeningen is verkrijgbaar op de website van de vennootschap www.euronav.com. Een papieren versie is tevens verkrijgbaar op eenvoudig verzoek.

STATEMENT OF FINANCIAL POSITION

(in thousands of USD)	30.06.2013	31.12.2012
ASSETS		
NON-CURRENT ASSETS	**1,983,194**	**2,065,448**
Property, plant and equipment	1,979,114	2,062,063
Intangible assets	42	78
Financial assets	3,144	2,344
Deferred tax assets	894	963
CURRENT ASSETS	**212,566**	**297,431**
TOTAL ASSETS	**2,195,760**	**2,362,879**
EQUITY and LIABILITIES		
EQUITY	**832,512**	**867,020**
Equity attributable to equity holders of the Company	832,512	867,020
Non-controlling interest	-	-
NON-CURRENT LIABILITIES	**1,132,799**	**1,186,089**
Loans and borrowings	1,063,773	1,119,741
Non-current other payables	66,995	64,233
Deferred tax liabilities	-	-
Employee benefits	2,031	2,115
Deferred government grants	-	-
Provisions	-	-
CURRENT LIABILITIES	**230,449**	**309,770**
TOTAL EQUITY and LIABILITIES	**2,195,760**	**2,362,879**

INCOME STATEMENT

(in thousands of USD)	30.06.2013	30.06.2012
Turnover	202,559	231,856
EBITDA	**73,146**	**98,243**
Depreciation and amortisation expenses	-83,159	-88,693
Result from operating activities	**-10,013**	**9,550**
Financial result	-29,187	-29,549
Result before income tax	**-39,200**	**-19,999**
Income tax expense	-72	38
Result for the period	**-39,272**	**-19,961**
attributable to		
Owners of the Company	-39,272	-19,961
Non-controlling interest	-	-
Weighted number of shares	50,000,000	50,000,000
Basic earnings per share (in USD)	-0.79	-0.40
Diluted earnings per share (in USD)	-0.79	-0.40

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of USD)	30.06.2013	30.06.2012
Result for the period	-39,272	-19,960
Total other comprehensive income	4,789	1,686
Total comprehensive income for the period	**-34,483**	**-18,274**
attributable to		
Owners of the Company	-34,483	-18,274
Non-controlling interest	-	-

STATEMENT OF CHANGES IN EQUITY

(in thousands of USD)	30.06.2013	30.06.2012
Balance at the beginning of the period	**867,019**	**980,988**
Total comprehensive income for the period	**-34,483**	**-18,274**
Total contributions by and distributions to owners	-23	-
Total changes in ownership interests in subsidiaries	-	-
Total transactions with owners	**-23**	**-**
Balance at the end of the period	**832,513**	**962,714**

CASH FLOW STATEMENT

(in thousands of USD)	30.06.2013	30.06.2012
Net cash and cash equivalents at the beginning of the period	**145,840**	**185,414**
Cash flows from operating activities	29,116	58,365
Cash flows from investing activities	-1,449	-147,541
Cash flows from financing activities	-74,547	27,636
Effect of changes in exchange rates	-500	-904
Net cash and cash equivalents at the end of the period	**98,460**	**122,970**

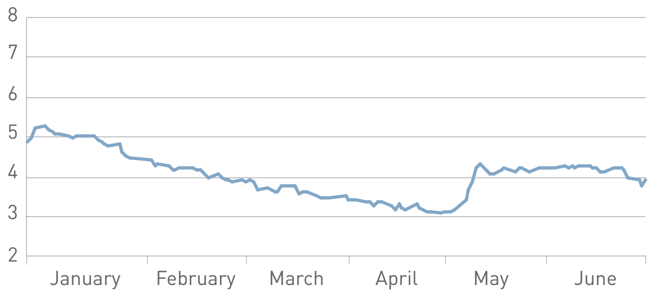
The Euronav share

The share capital of Euronav amounts to USD 56,247,700.80 and is currently represented by 51,750,000 shares of which 1,750,000 in treasury.

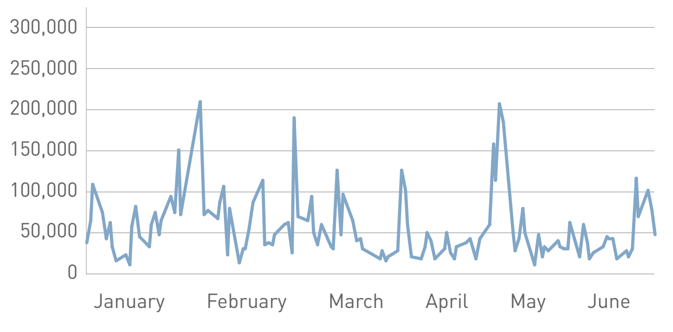
According to the information available to Euronav at the time of preparing this report, the shareholders' structure is as shown in the table:

Shareholder	Number of shares	Percentage
Saverco NV	15,000,000	28.99%
Tanklog Holdings Limited	10,854,805	20.97%
Victrix NV	5,330,121	10.30%
Euronav NV-Treasury shares	1,750,000	3.38%
Third parties	18,815,074	36.36%
Total	**51,750,000**	**100.00%**

Share price evolution (EURO) first semester 2013



Daily volume of traded shares first semester 2013



Convertible bonds

On 4 September 2009, the Company issued 1,500 bonds for a total of USD 150 million. In the course of the first quarter 2012, the Company bought back 68 notes of its USD 150 million fixed rate senior unsecured convertible notes, due 2015. The face value of each bond is USD 100,000 and the Company paid an average of USD 78,441. So far no bonds have been converted.

On 31 January 2013, the Company has launched an exchange offer on all outstanding bondzs with maturity 31 January 2015 in exchange for newly issued convertible bonds maturing 31 January 2018. After the transaction being closed, 1,250 bonds (USD 125 million) were exchanged which means that only 250 old bonds remain outstanding with maturity 31 January 2015 representing a total amount of USD 25 million. The Company currently holds 63 new and 5 old bonds. The offering circular and more detailed information on the convertible bonds can be consulted on our website: **www.euronav.com**

Risks and uncertainties

The principal risks and uncertainties to which the Euronav group is exposed for the remainder of the year are unchanged from those identified in our annual report 2012. The principal risks and uncertainties, together with the group's strategy to manage them, are set out in the section "internal control and risk management systems", "hedging policy" and "tonnage tax regime and risks" of the annual report 2012.

In view of the weak recovery of the global economy and the tonnage oversupply, management does not foresee any substantial changes in freight rates. Given the current circumstances in the tanker market, the board of directors continues to closely monitor the market and review possible impairment indicators such as the current market value of the fleet compared to its carrying amount.

REGISTERED OFFICES

De Gerlachekaai 20
B-2000 Antwerpen - België
tel. + 32 3 247 44 11
fax + 32 3 247 44 09
e-mail admin@euronav.com
website www.euronav.com

RESPONSIBLE EDITOR

Marc Saverys
De Gerlachekaai 20
B-2000 Antwerpen - België

Registered within the jurisdiction of the
Commercial Court of Antwerp - VAT BE 0860 402 767

Dit verslag is ook beschikbaar in het Nederlands.
This report can be downloaded on our website:
www.euronav.com

EURONAV
The ocean is our environment