

American Shipping Company ASA



SEB Nordic Seminar
January 2019

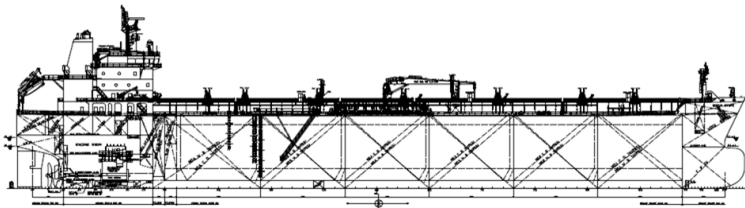
Important information

- This Company Presentation is current as of January 2019. Nothing herein shall create any implication that there has been no change in the affairs of American Shipping Company ASA ("AMSC" or the "Company") since such date. This Company Presentation contains forward-looking statements relating to the Company's business, the Company's prospects, potential future performance and demand for the Company's assets, the Jones Act tanker market and other forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Company Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development.

American Shipping Company (AMSC)

Introduction to AMSC

- Established in 2005
- Oslo listed with market capitalization of USD ~230m*
 - OSE ticker: AMSC
 - U.S. OTC ticker: ASCJF
 - Bond ticker: AMTI01
- Pure play Jones Act tanker owner with a modern tanker fleet
- Long-term bareboat leases generate stable, predictable cash flow
- Fleet well positioned to reap upside in a rising Jones Act tanker market
- Solid balance sheet with no debt maturities before Q4 2020
- Exploring growth and diversification opportunities in the U.S. Jones Act market



Fleet overview

#	Vessel	Design	Type	Built
1	Overseas Houston	Veteran Class MT 46	MR	2007
2	Overseas Long Beach	Veteran Class MT 46	MR	2007
3	Overseas Los Angeles	Veteran Class MT 46	MR	2007
4	Overseas New York	Veteran Class MT 46	MR	2008
5	Overseas Texas City	Veteran Class MT 46	MR	2008
6	Overseas Boston	Veteran Class MT 46	MR	2009
7	Overseas Nikiski	Veteran Class MT 46	MR	2009
8	Overseas Martinez	Veteran Class MT 46	MR	2010
9	Overseas Anacortes	Veteran Class MT 46	MR	2010
10	Overseas Tampa	Veteran Class MT 46 Shuttle tanker		2011













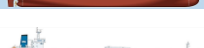

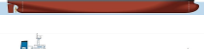
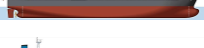

* Market cap. based on closing share price of NOK 32.90 per Jan 4th, 2019

Long Term Contracts Returning Stable Cash Flow

American Shipping Company

Bareboat charter to OSG

TCs to blue chip charterers*

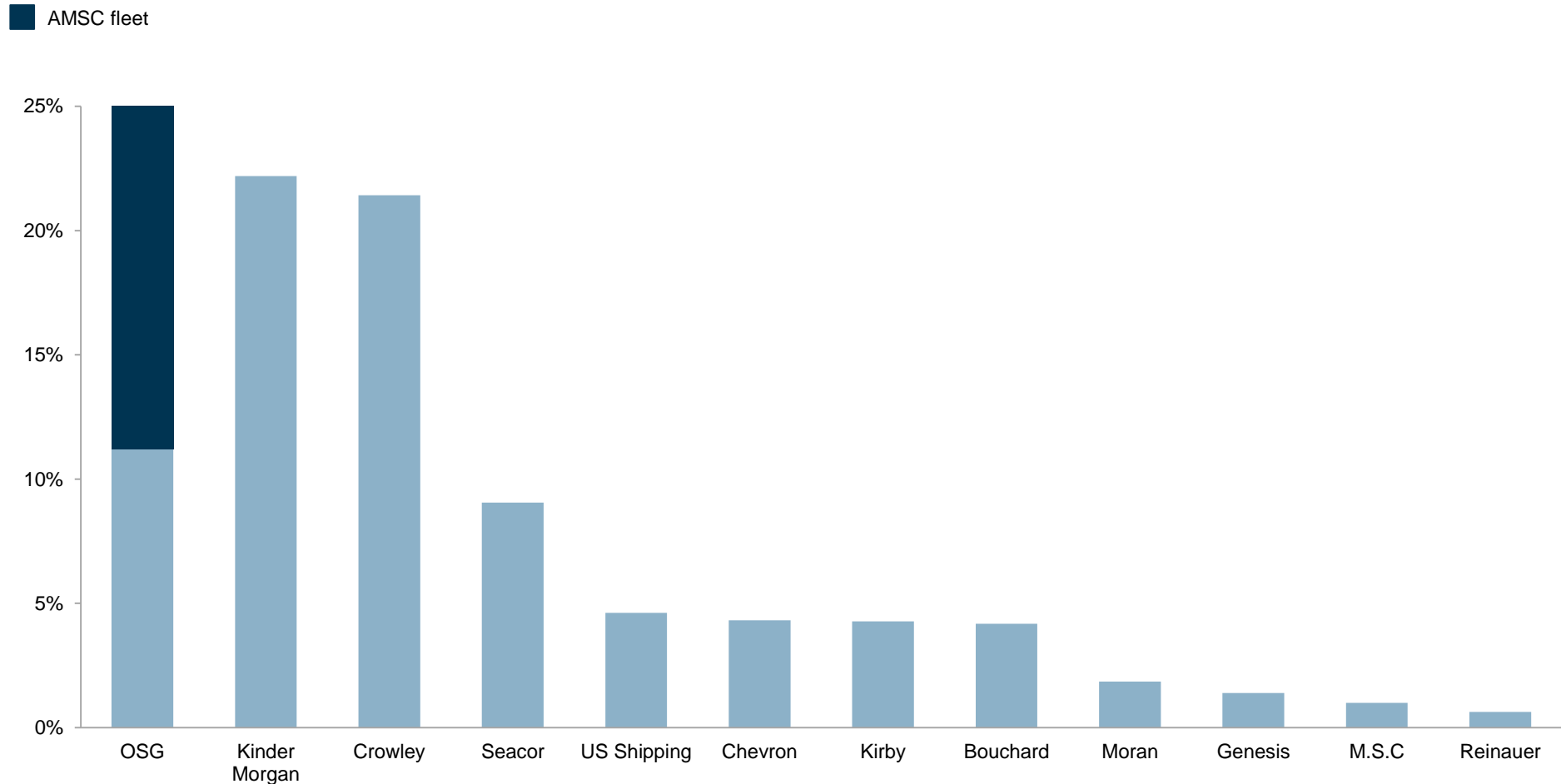
American Shipping Company		Bareboat charter to OSG		OSG	TCs to blue chip charterers*	
		2009 - expiry	Evergreen Extensions		Spot – 6 years**	Charters include S&P rating
		BBC exp. 2022	BBC Options		TC	 A+
		BBC exp. 2022	BBC Options		TC	
		BBC exp. 2022	BBC Options		TC	
		BBC exp. 2022	BBC Options		TC	 A-
		BBC exp. 2022	BBC Options		TC	
		Exp. '20	BBC Options		TC	 AA-
		Exp. '20	BBC Options		TC	
		Exp. '20	BBC Options		TC	 BBB+
		Exp. '20	BBC Options		TC	
		BBC exp. 2025	Options		TC	 BBB-

Bareboat Charter (fixed rate of USD ~88m/year)
 +
DPO (fixed deferred charter hire, USD ~4m/year)
 +
Profit Split (variable 50/50 sharing of profits)
 =
Stable annual cash flows

*Illustrative TC contract durations

A Major Component of the Jones Act Fleet

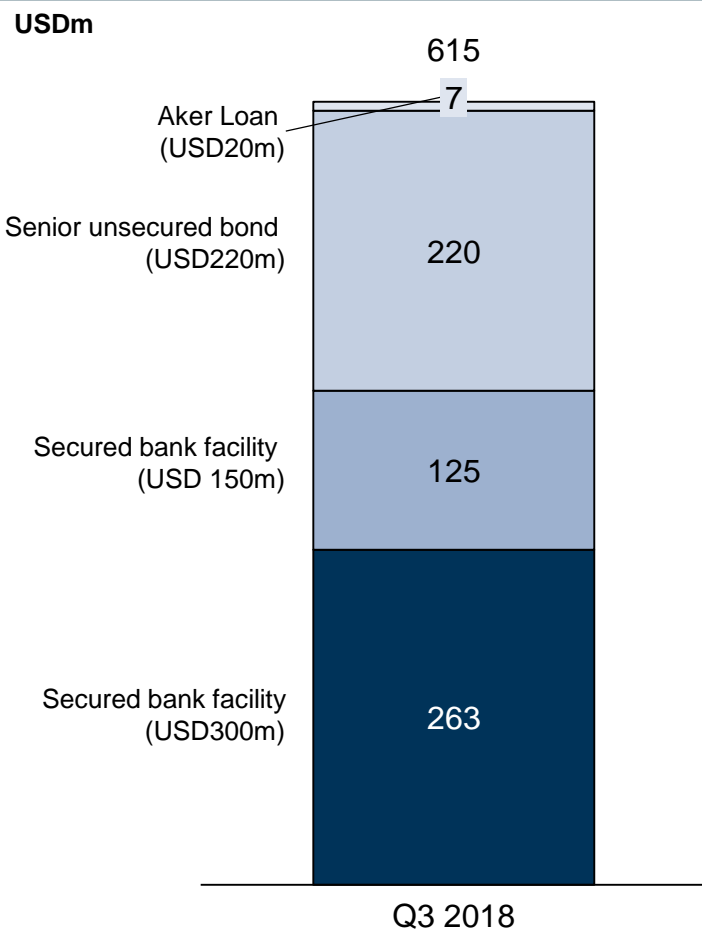
Jones Act tanker & ATB ownership based on carrying capacity



Source: Navigistics' Wilson Gillette Report and AMSC Analysis
Note: Measured as carrying capacity by barrels

Current financing structure

Current debt structure



Key terms on funding

Bank debt

- Average weighted tenor: 6 years (80% of the loan amount with 5 year tenor and 20% with a 10 year tenor)
- Average weighted interest cost: Libor + 325 bps margin
- Total annual instalments:
 - Y1: USD 8.3m
 - Y2-4: USD 28.3m (annually)
 - Y5: USD 44.3m (expect to refinance after year 4)

Unsecured bond

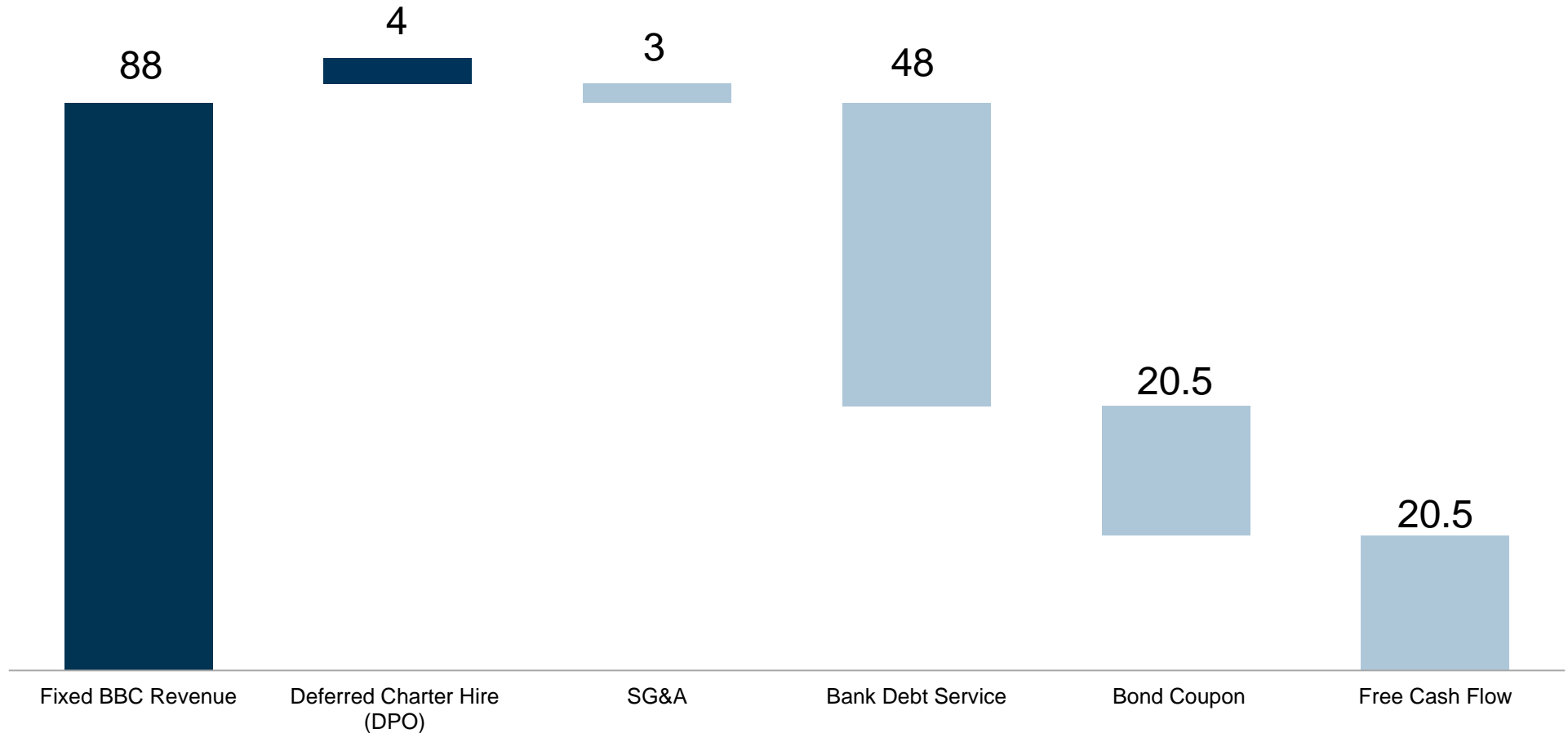
- 9.25% fixed rate, semi annual instalments
- Senior unsecured debt with maturity Feb 2022
- Amortization commencing at 42 months of USD 20m per year
- Covenants include minimum cash, maximum debt restrictions and dividends incurrence test

Aker loan

- Accruing interest of 10.25% with maturity in 4Q 2020
- Will be repaid by proceeds from Philly Tankers

Stable, Predictable Cash Flow

Simplified illustration of AMSC's annual cash flow *excluding* profit share (USDm)



Jones Act – a Vital Part of the US Economy

The Jones Act has been in place since 1920...

- The Jones Act generally restricts the marine transportation of cargo and passengers between points in the United States to vessels that meet the following criteria:
 - Built in the United States
 - Registered under the U.S. flag
 - Manned predominately by U.S. crews
 - At least 75% owned and controlled by U.S. citizens
 - AMSC's presence in the Jones Act market is made possible by the lease finance exception of the Jones Act
- The Jones Act is an essential feature in U.S. national security
 - Ensuring non- dependency of ships controlled by foreign nations
 - Maintaining critical domestic shipbuilding capacity
 - Supporting a domestic pool of highly skilled mariners
- The Jones Act is a significant contributor to the US economy
 - Large U.S. employer
 - Substantial amounts of capital invested

... and is a vital part of the US economy

100,000,000,000

USD 100bn contribution to the US domestic economy

30,000,000,000

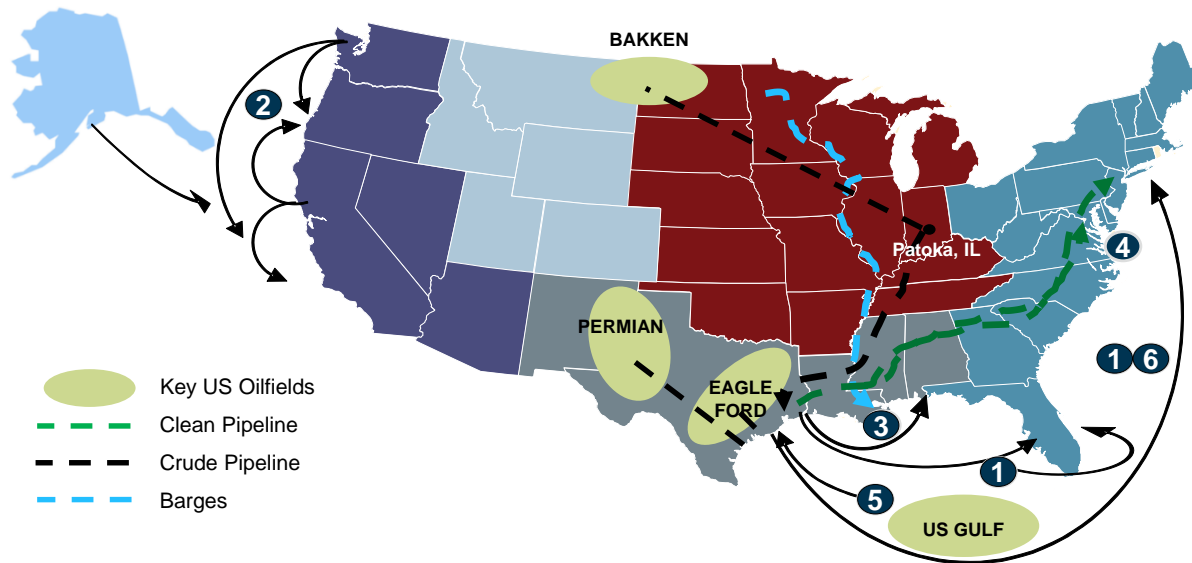
USD 30bn total investment in over 40,000 vessels

400,000

Number of jobs directly and indirectly impacted by the US maritime industry

A Critical Part of Oil Majors' Transportation Logistics

Primary trade routes for Jones Act crude oil and products



Jones Act Tanker Routes:

- 1 Gulf Coast refineries to Florida and East Coast (Clean)
- 2 Alaska and Intra-west coast movements (Clean/Dirty)
- 3 Cross-Gulf movements (Dirty)
- 4 Delaware Bay Lightening (Dirty)
- 5 Shuttle tankers from deep water U.S. Gulf to Gulf Coast Refineries (Dirty)
- 6 Gulf Coast crude to Northeast refineries (Dirty)

The Permian Pipeline Crunch

Permian Pipeline Capacity – New Projects and Production Growth, MBDs

Pipeline project	Start	Incremental capacity	Total capacity
Current capacity			2.80
Local refining		0.50	3.30
Sunrise	Q2 '19	0.12	3.51
Cactus 2	Q4 '19	0.67	4.18
Gray Oak	Q1 '20	0.70	4.88
EPIC	Q2 '20	0.40	5.28
Enterprise NGL	Q2 '20	0.10	5.38
Permian to Gulfcoast	Q3 '20	0.60	5.98
ExxonMobil	Q4 '20	1.00	6.98

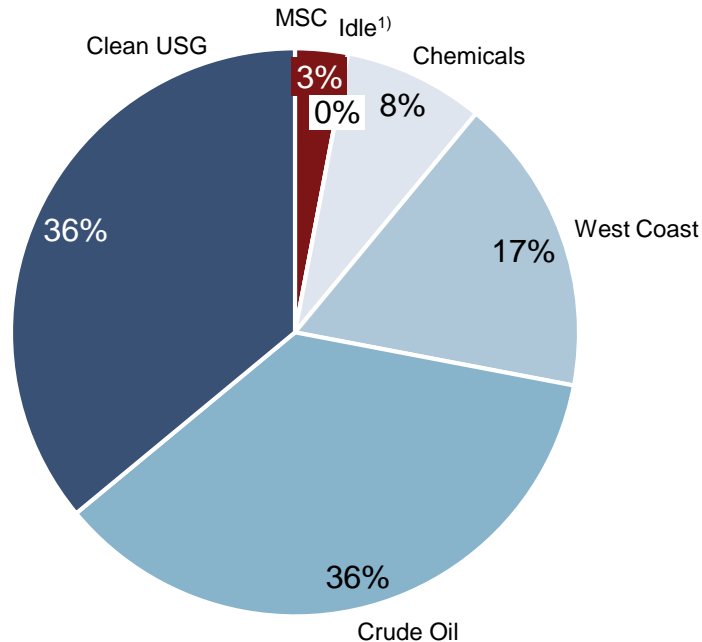
Permian production growth has surpassed pipeline takeaway capacity – additional volumes to drive tanker demand

Majority of Fleet Carry Clean Products

Jones Act tanker fleet deployment by main trades (Tankers and ATBs)

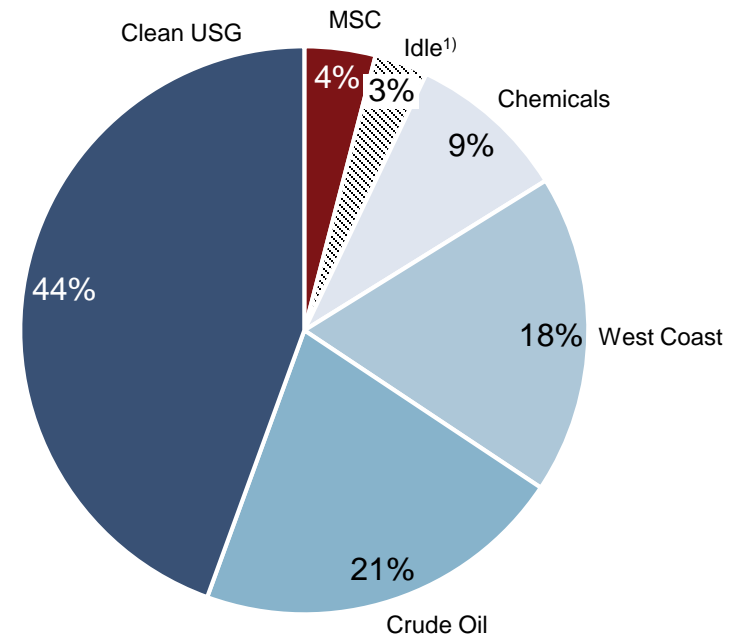
2015

Total capacity: ~20 mbbls



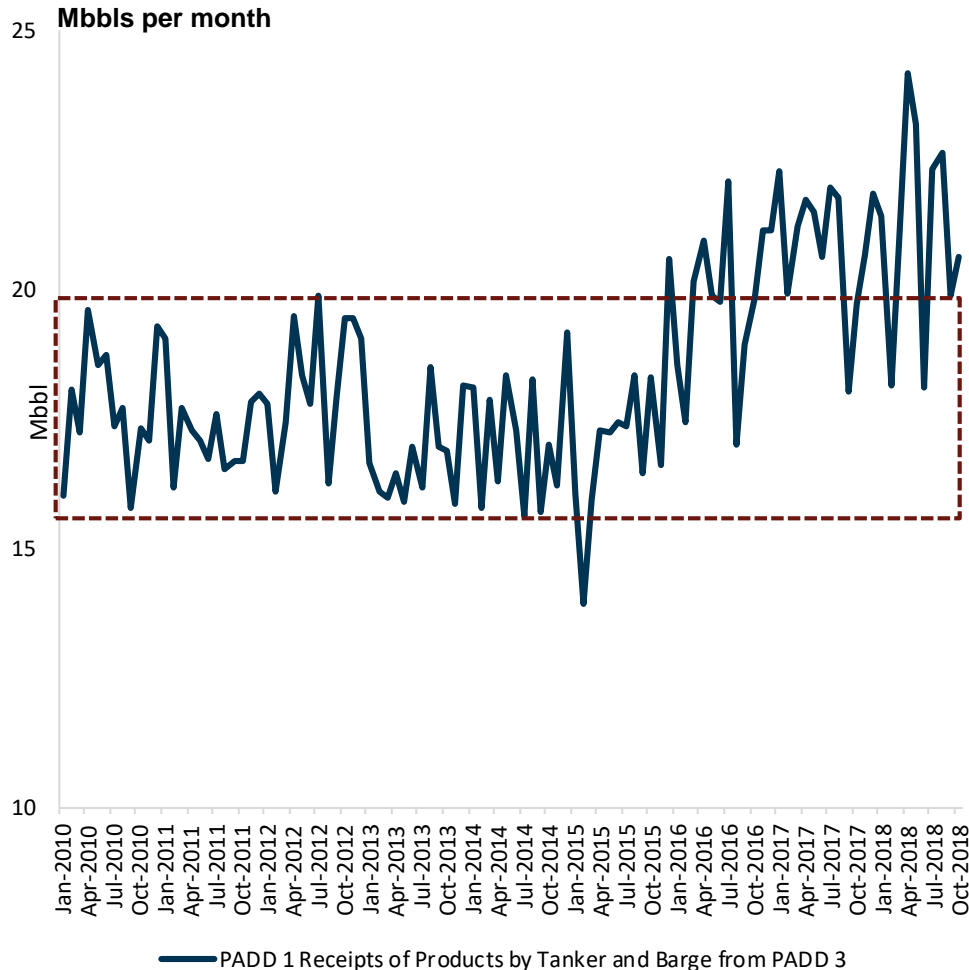
Dec 2018

Total capacity: ~23.5 mbbls

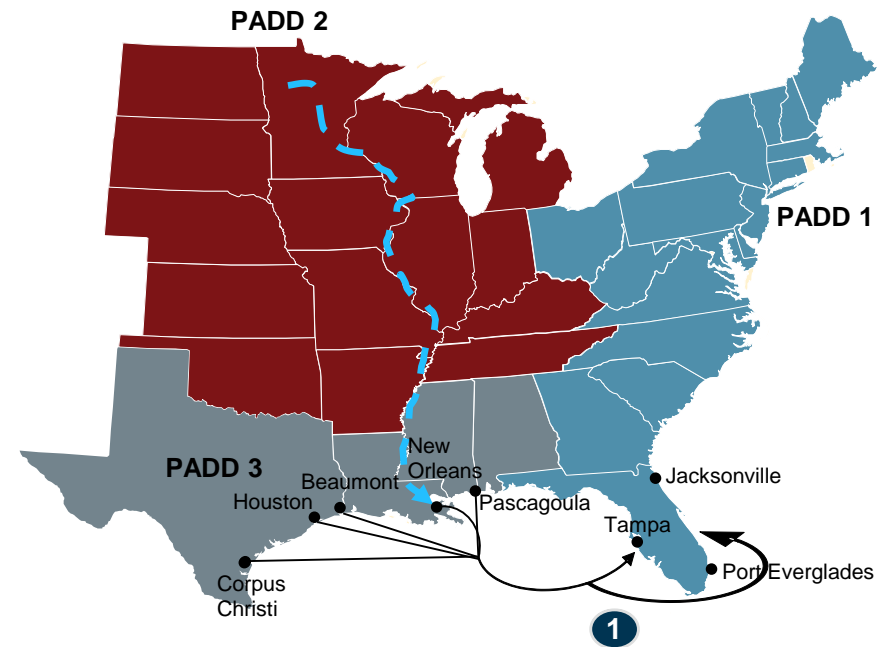


Increasing Volumes Into Florida

Rising seaborn transport from Gulf to East Coast

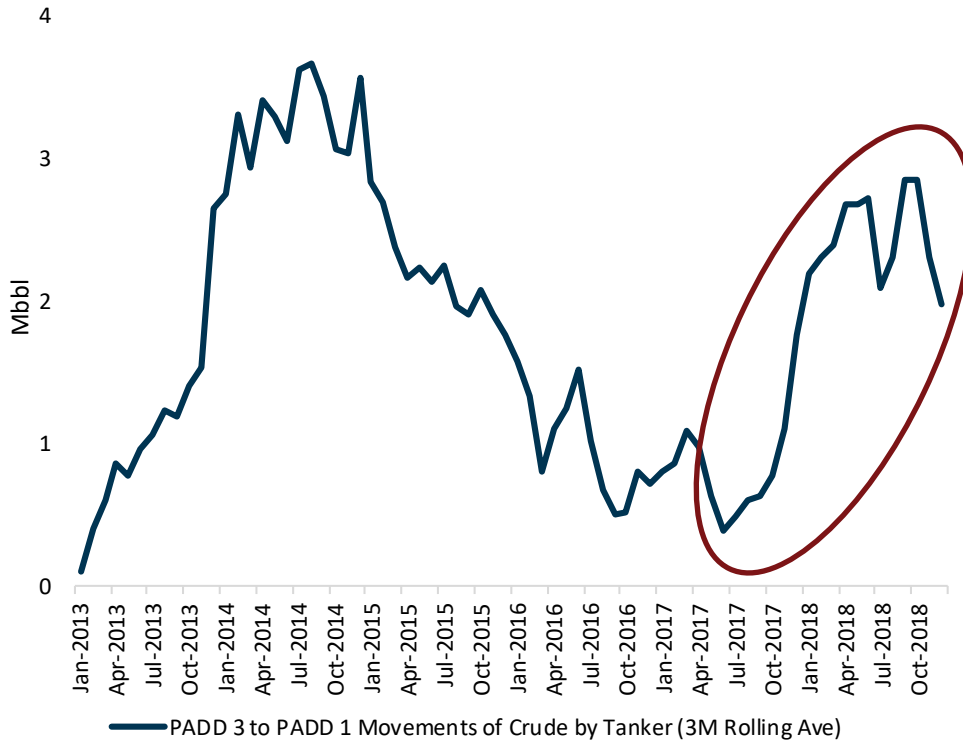


Gulf Coast to Florida Trade Lane



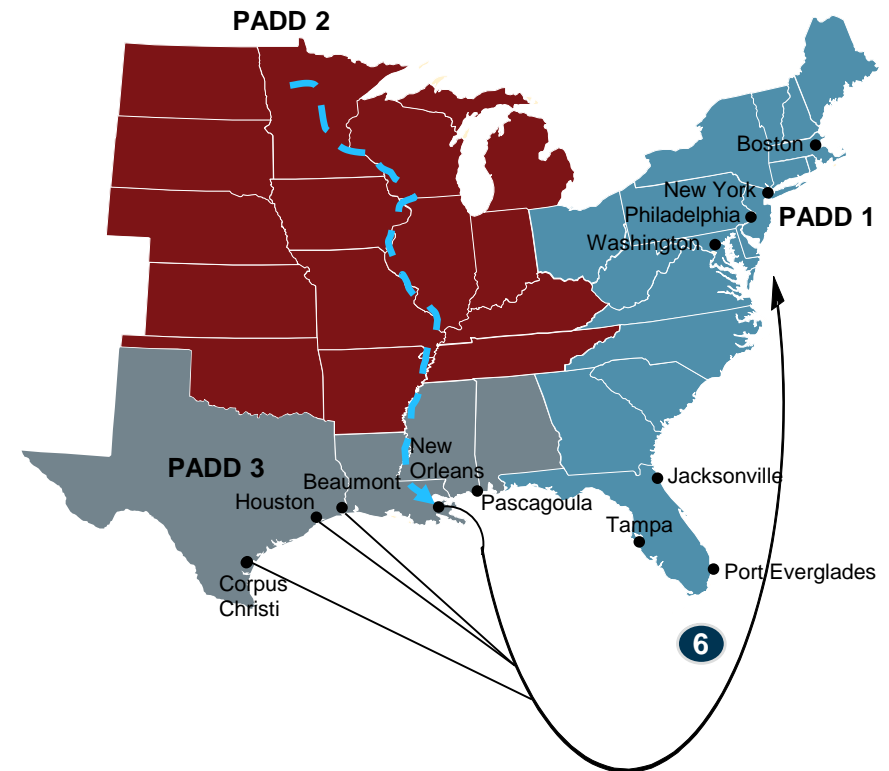
Crude Returning to Peak Levels on East Coast

PADD 3 to PADD 1 Crude Oil Moves by Tanker and Barge



- East Coast volumes back to ~6 tankers, up from ~1 tanker during 2017
- Volumes driven by spread in pricing of U.S. oil vs international alternatives

Trade lane carrying Crude from Gulf Coast to U.S. Northeast

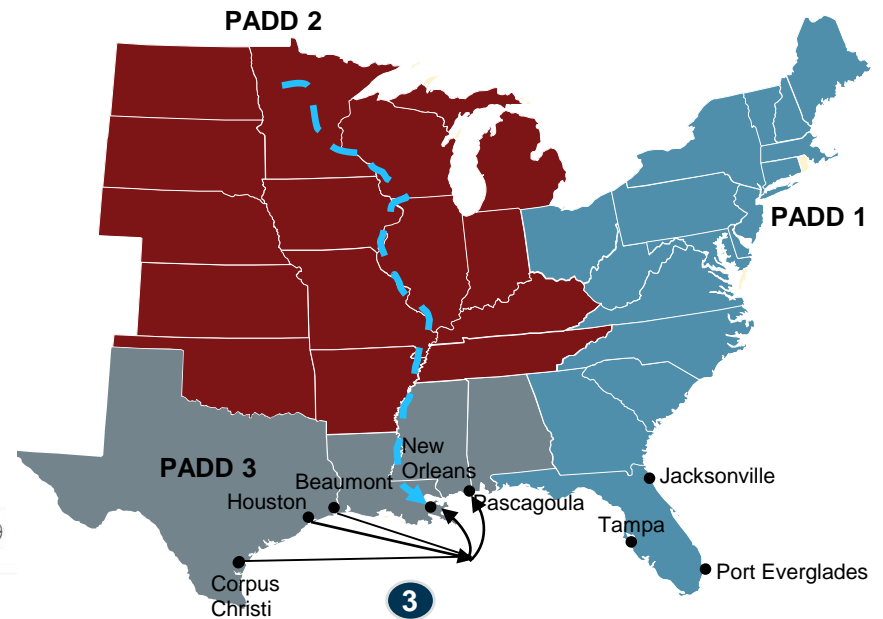
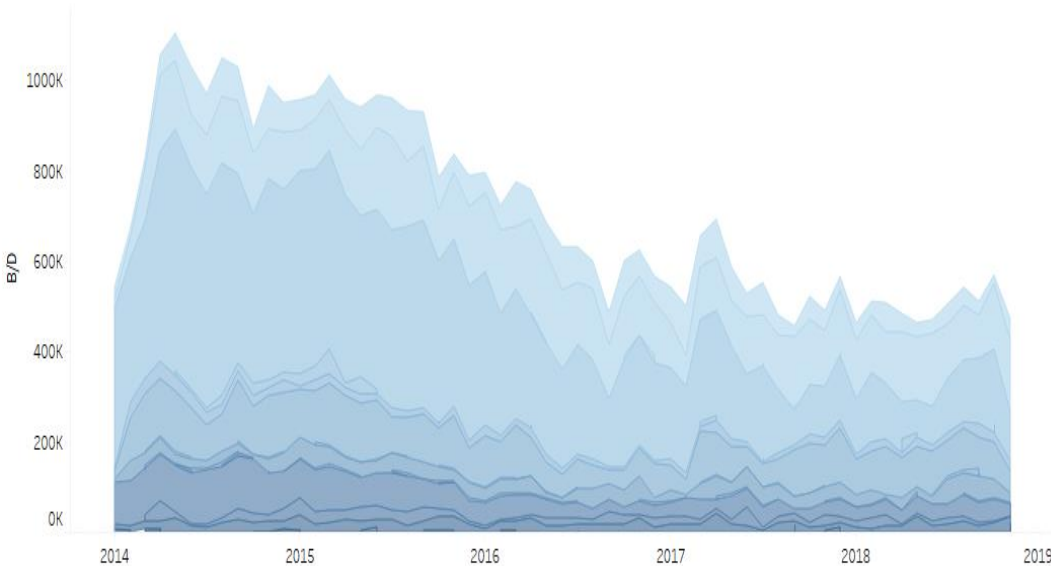


Intra Gulf Crude Shipping Volumes Stabilizing

Intra PADD 3 Crude Oil Volumes

Intra Gulf Trades are mainly Crude Oil from Texas into Louisiana, Alabama and Mississippi

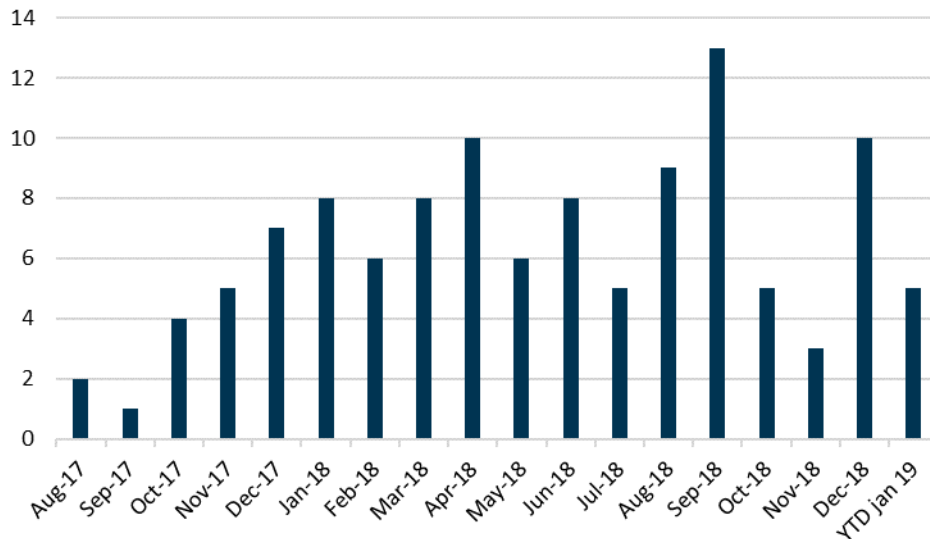
KBD's



- Jones Act U.S. Gulf loading has stabilized at 500k barrels per day

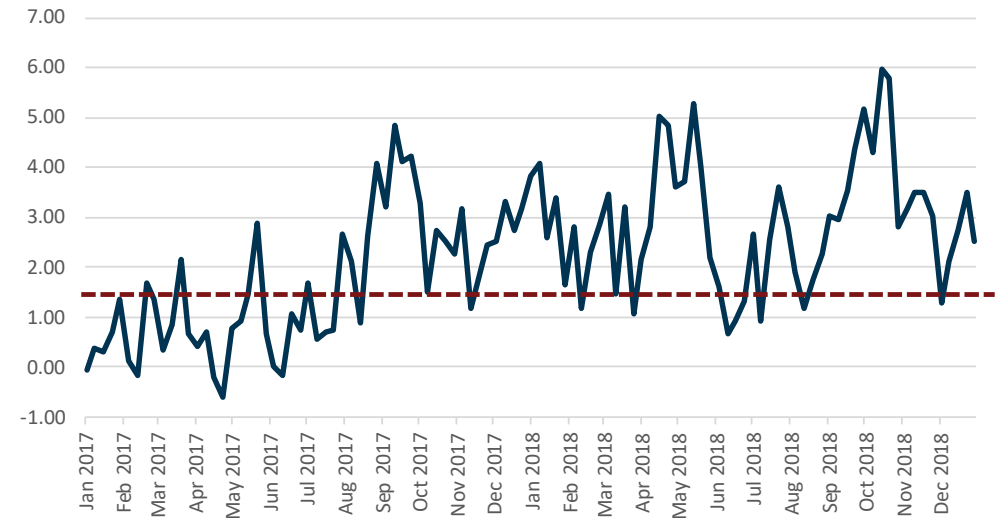
Oil Price Spread - Key Driver for Increased Crude Shipping Volumes

PADD 3 to PADD 1 Crude Oil Moves by Number of Tanker Liftings



- 10 voyages Dec 2018, Delta refinery completed maintenance in Oct/Nov
- On average 8 MR voyages per month of crude to U.S. Northeast refineries
- Record thirteen voyages in September 2018

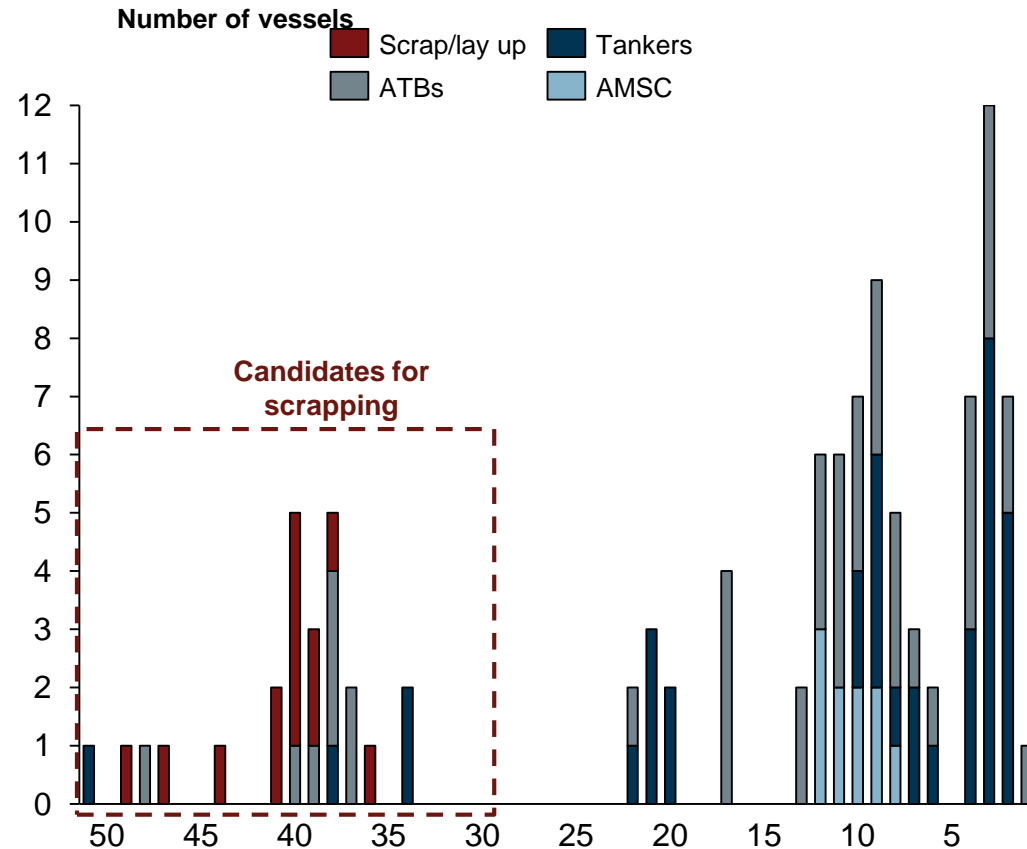
Crude Oil Price Spread - WTI Houston vs. Bonny Light



- Crude loaded in Houston vs. West Africa needs to be minimum \$1.50 cheaper to be competitive for purchase by U.S. Northeast Refiners
- Spread has been sufficiently wide since Aug/Sept 2017

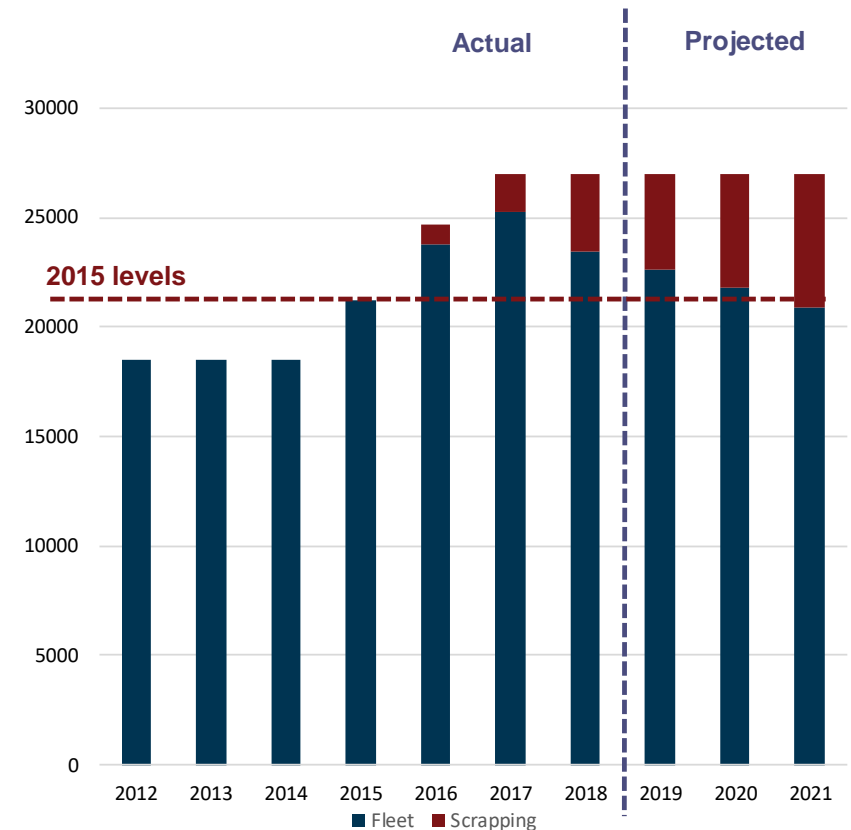
Fleet Reduction as Scrapping Continues

Fleet profile by vessel age



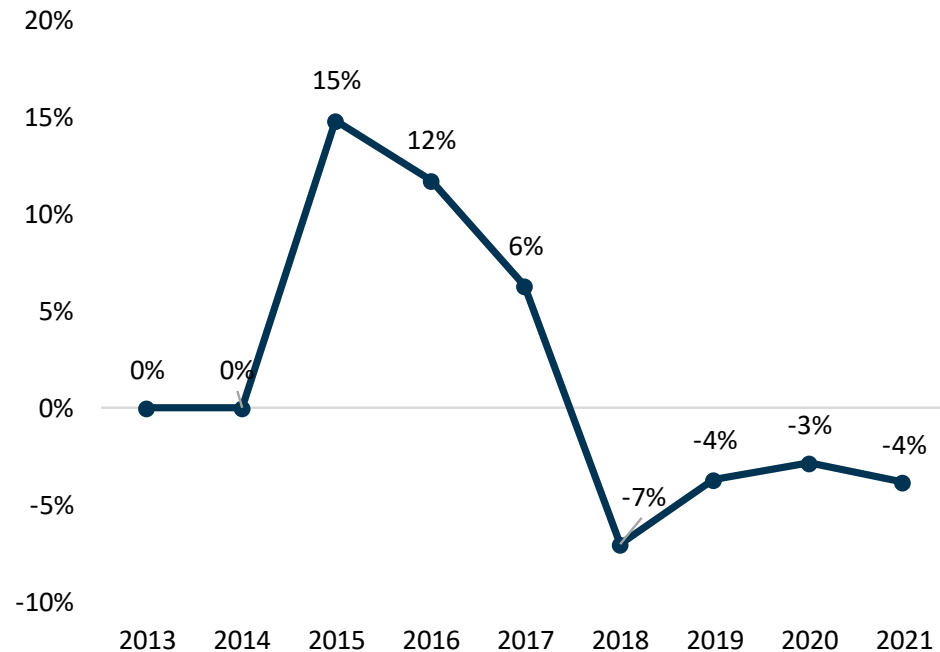
Considerable fleet growth over the last 3 years, but scrapping likely to bring fleet back to 2015 levels

Kbbbls capacity



Negative Fleet Growth

Continued scrapping and order book virtually non existing



Scrapping

- Since 2016, four tankers and nine ATBs has been scrapped, sold for operations outside the Jones Act market or gone into definite lay-up
- Additional twelve ATBs and Tankers are expected to leave the fleet over the next few years

New capacity

- Current orderbook consists of only one ATB for delivery in 2020
- Yard capacity for tankers are limited with NASSCO mainly building navy ships and Philly likely to focus on government work going forward
- Likely newbuild price for an MR tanker expected to be in the USD130-140m range
- TC rates of ~USD70,000 per day required to justify newbuilds

Recovering Rates

Time Charter Equivalent spot rates projected to return towards peak levels of 2014-2015



Currently seeing strong momentum in rates...

...Navigistics forecasts continued improvement on the back of solid fundamentals

Investment Highlights

Highlights

INCREASING DEMAND IN KEY TRADES

- Soaring crude shipments from U.S. Gulf to the U.S. Northeast, highest since 2015
- Growing clean trade into Florida
- Jones Act rates are increasing towards peak levels seen in 2014/15 levels

REDUCING FLEET CAPACITY

- Scrapping of older tonnage continues with 2 MRs and 5 ATBs retired in 2018
- 12 tankers and ATBs approaching 35 years or older in 2020; with Special Surveys coming up
- Slim orderbook with only one ATBs for delivery in 2020

FLEET WELL POSITIONED TO REAP MARKET UPSIDE

- OSG to renew employment on AMSC's tankers during 2019 in a strengthening market
- The AMSC fleet is well positioned to capitalise on increased charter rates through the profit split

LEADING MARKET POSITION WITH STABLE CASH FLOWS

- Current fleet of 10 tankers is a significant part of the modern Jones Act tanker fleet
- Bareboat contracts provide stable cash flows with profit share upside potential
- Opportunity to capitalize on growth opportunities in the market



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