

American Shipping Company ASA



Sidoti Fall 2020 Investor Conference
23-24th September 2020

Important information

This Company Presentation is current as of September 2020. 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.

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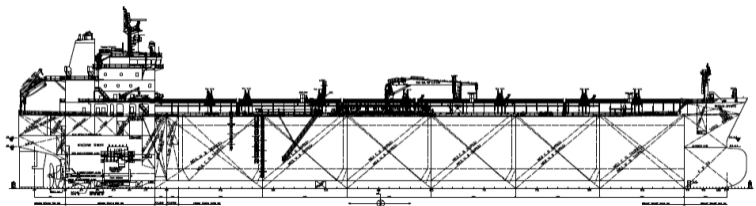
MARKET OVERVIEW



American Shipping Company (AMSC)

Introduction to AMSC

- Oslo listed with market capitalization of USD ~195m*
 - 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 contracts 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 2025
- Strong cash flow supporting dividends and solid debt service coverage



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 28.90 per September 14, 2020

Long term contracts returning stable cash flow

American Shipping Company



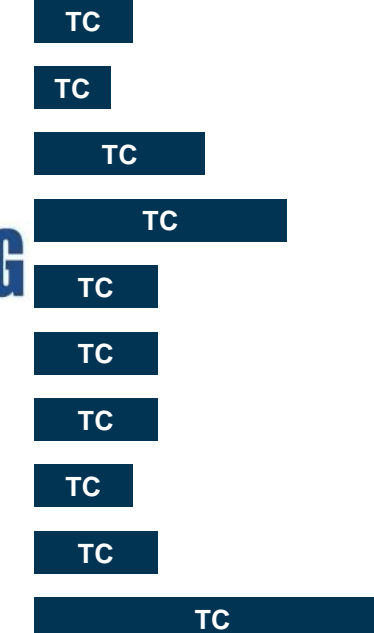
Bareboat charter to OSG






Firm BBC with Evergreen Extensions



OSG time charters to blue chip end users

Variety of TC Durations

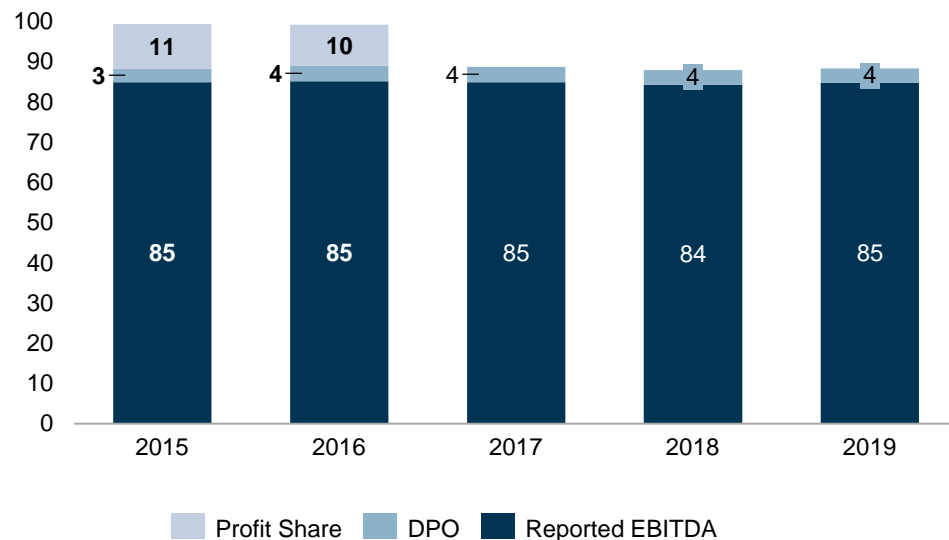


Charters include	S&P rating
	A+
	A-
	AA-
	BBB+
	BBB-

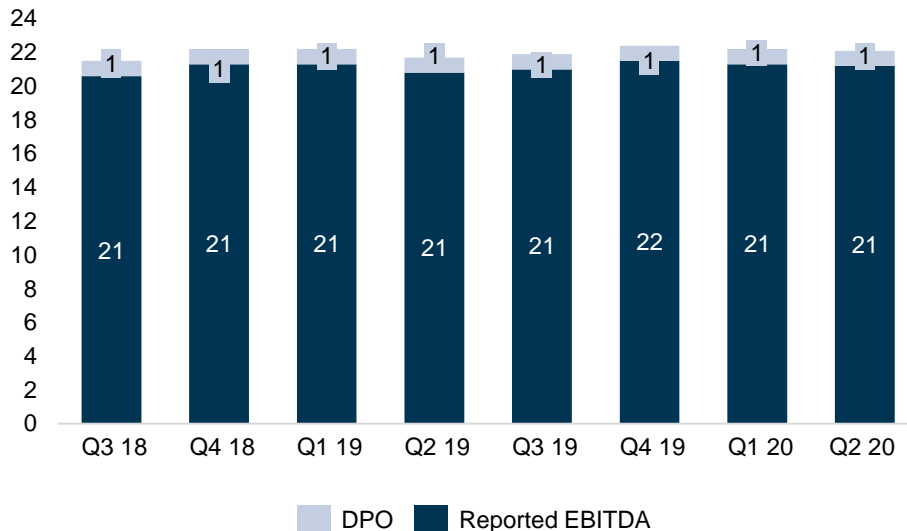
Long term charters with evergreen extension options offers AMSC downside protection with upside potential through a profit share mechanism with OSG

Stable, predictable EBITDA

Normalized EBITDA (USD millions)



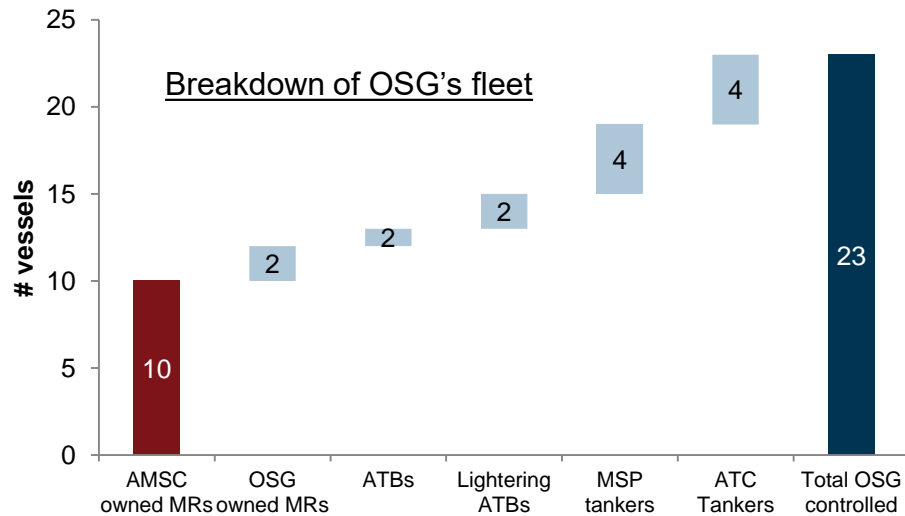
Normalized EBITDA per quarter (USD millions)



OSG - leading Jones Act operator and strong counterpart

OSG's business is diversified

- OSG's business spans across multiple Jones Act tanker and ATB segments as well as US Flag and Alaska crude tankers
- Strong cash flow generation expected for 2020, as more than 90% of fleet has TC contract cover for the year to high credit quality end users
- AMSC's 10 vessels are a core part of OSG's Jones Act tanker fleet accounting for 50% of revenue



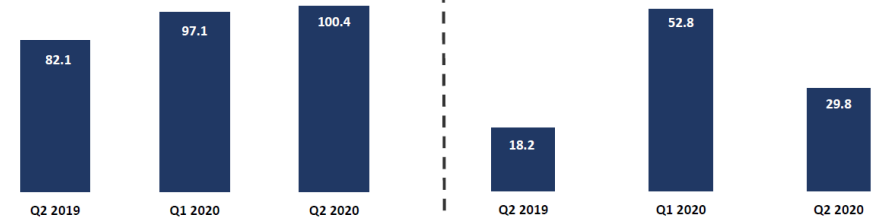
OSG financial performance

- Q2 2020 demonstrated substantially improved revenue and EBITDA, which is expected to continue for the remainder of the year

TCE Revenues and Adjusted EBITDA (\$ Millions)

TCE Revenues

Adjusted EBITDA



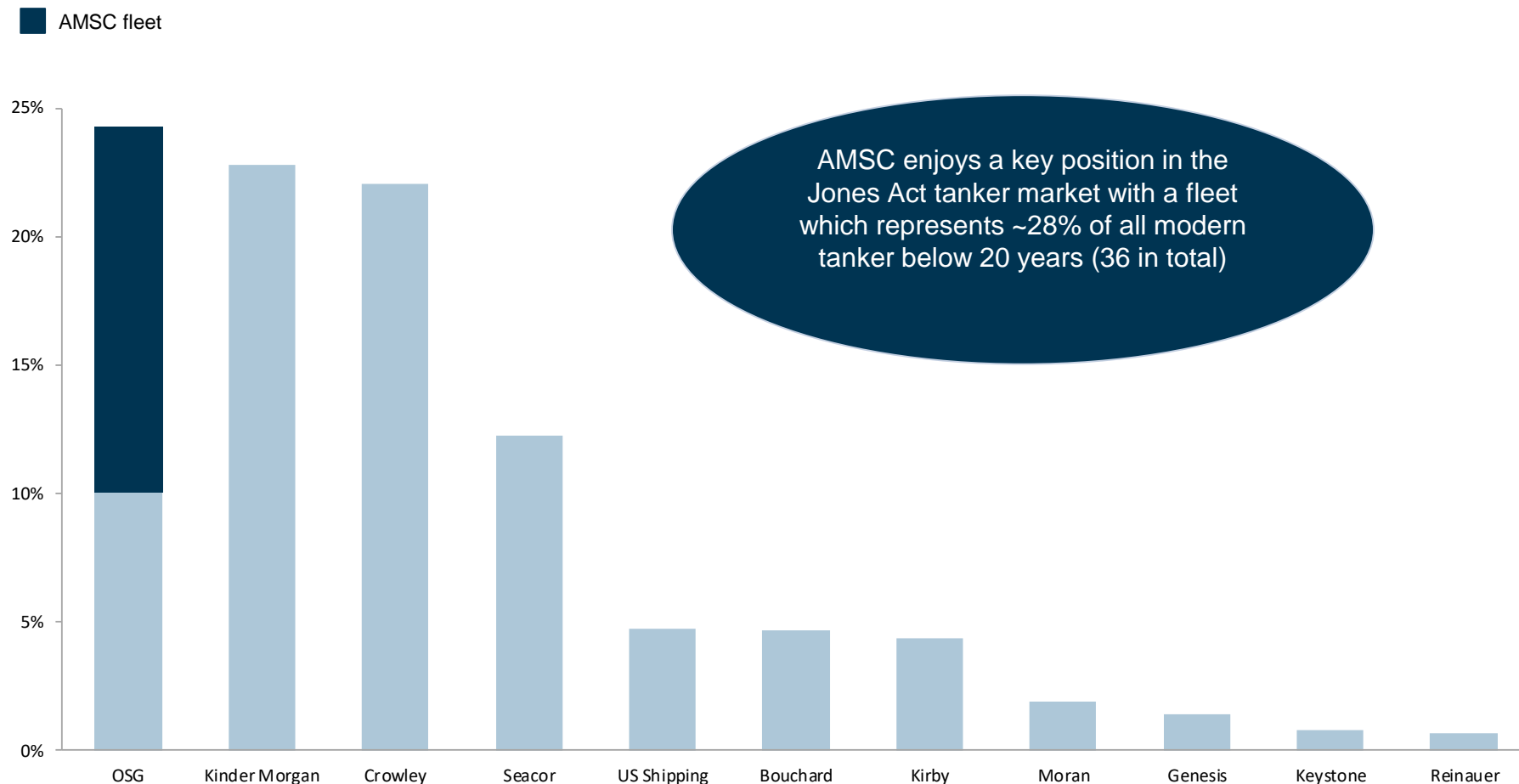
■ Q2 2020 adjusted EBITDA increased 63% over Q2 2019.

Source: OSG Q2 2020 earnings presentation

OSG is a well capitalised and strong counterpart with a diversified U.S. Flag and Jones Act tanker operation

AMSC fleet is a major component of the Jones Act tanker fleet

Jones Act tanker & ATB ownership based on carrying capacity



Source: Navigistics' Wilson Gillette Report and AMSC Analysis

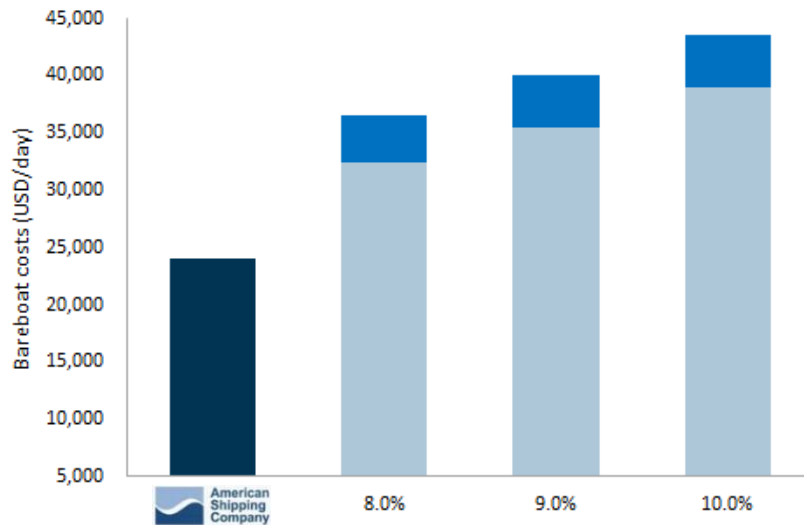
Note: Measured as carrying capacity by barrels and excludes 11 large Alaska Crude Tankers, but includes 2x newbuild ATBs for delivery in Q2 and Q4 2020

Strong competitive position reduces re-chartering risk

AMSC has the most cost efficient fleet ...

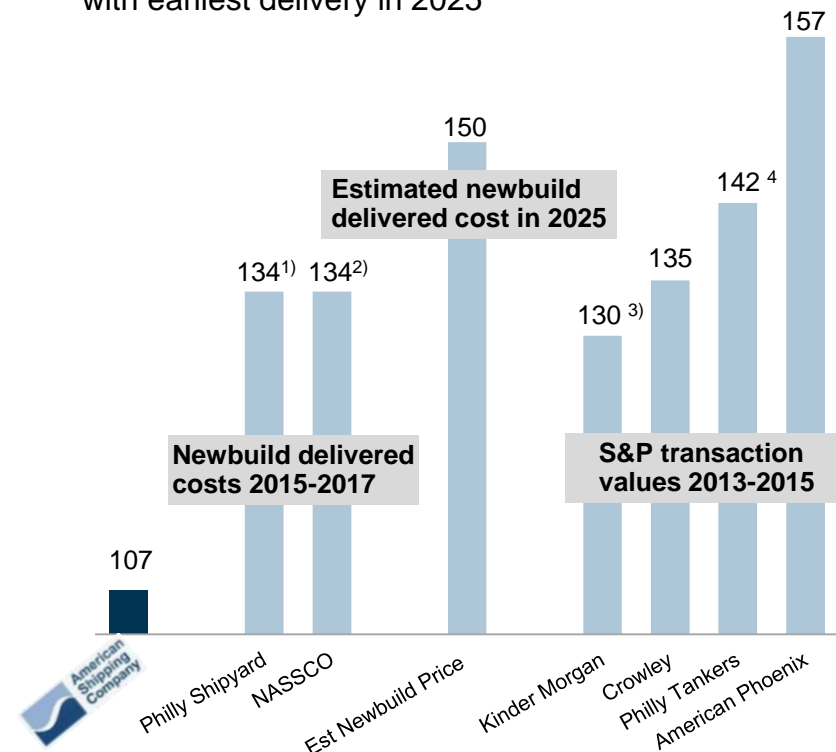
- AMSC's bareboat rate reflects the low delivered cost
- Provides AMSC with the lowest bareboat breakeven levels in the modern Jones Act tanker fleet
- Current average bareboat rate of \$24,050 per day is at least \$10,000 per day cost advantage compared to competitors

Annual bareboat costs given various total capital IRRs with newbuild cost @ USD 134m and USD 150m



...due to substantially lower delivered cost

- AMSC has an average delivered cost of USD107m per vessel
- Considerable lower than its peers which have either built or bought vessel at prices ranging from USD130-157m
- Current estimated newbuild cost at Philly or NASSCO would be around USD150m assuming an order for multiple vessels, with earliest delivery in 2025



Notes: 1) Based on Philly Tankers. 2) Based on newbuild cost for the tankers delivered to American Petroleum Tankers. 3) Based on total consideration for 9 vessels, including additional expenses incurred by Kinder Morgan for taking delivery of newbuilds. 4) Based on average price for 4 vessels.

Source: AMSC analysis

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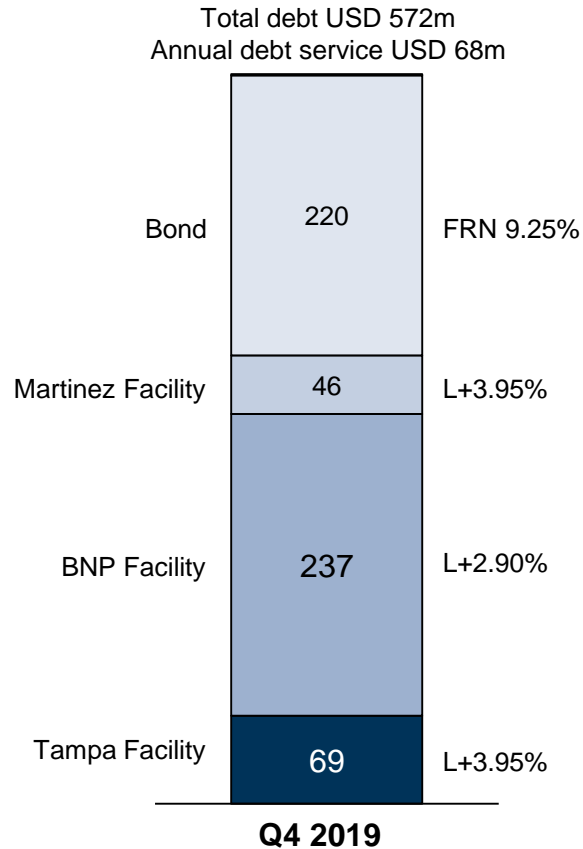
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MARKET OVERVIEW

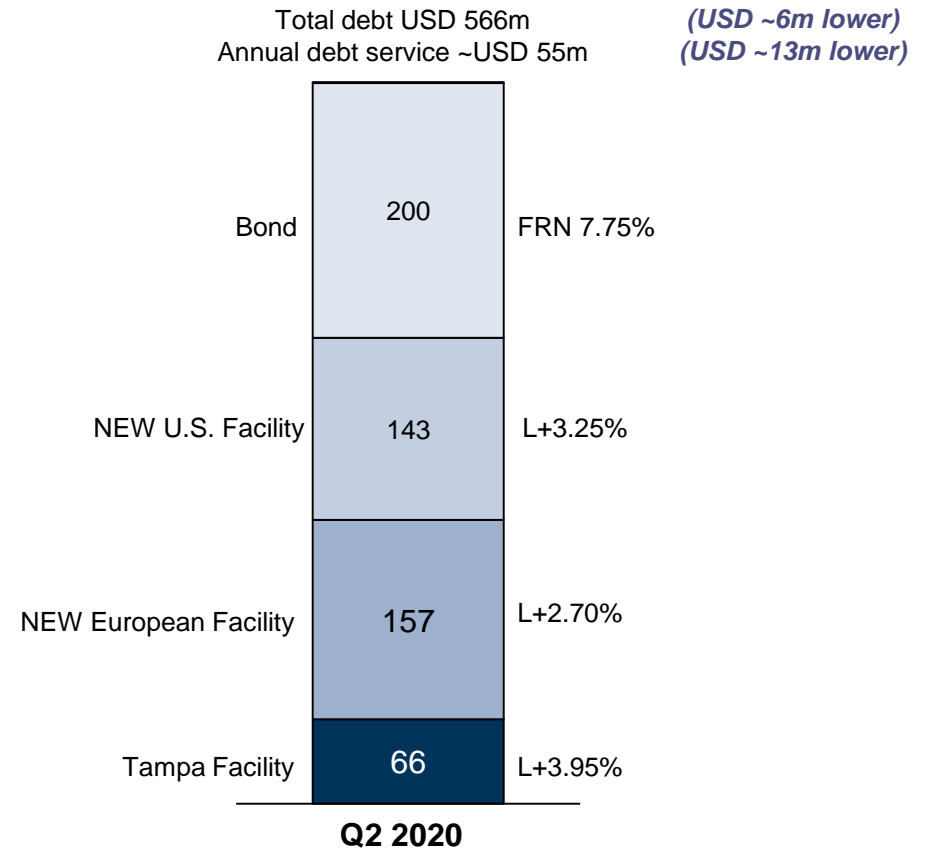


Enhanced debt structure and reduced debt service

Year End 2019 debt structure



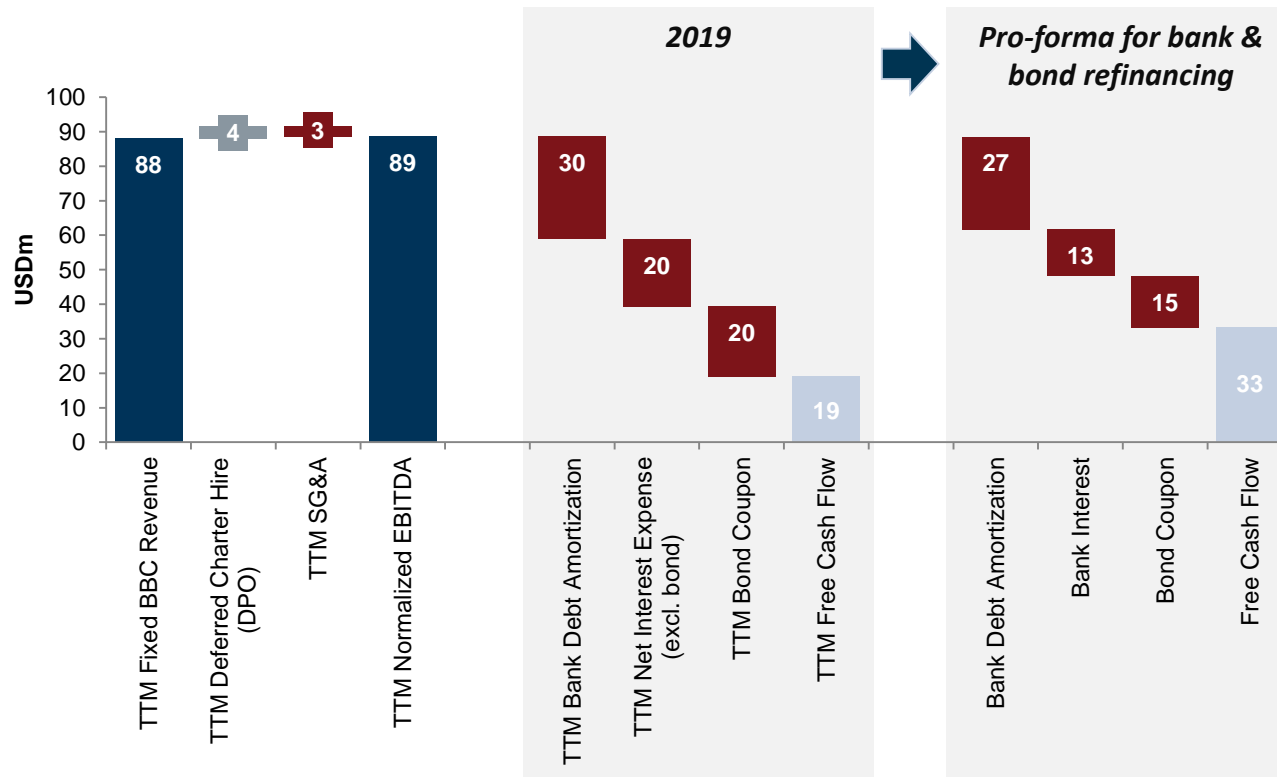
**Current debt structure
(Q2 2020 pro forma for bond refinancing)**



AMSC successfully closed its bank debt refinancing in April 2020 at much improved terms and increased flexibility
Libor swapped for 5 years at an average rate of 0.49% for USD 220 million of the bank debt
Successfully closed an USD 200 million bond debt refinancing in July 2020 at significant lower coupon

Illustrative cash flow waterfall

Simplified cash flow waterfall TTM and pro-forma for recent bank debt refinancing



- Bareboat charters and DPO (less SG&A) provides a comfortable cash flow for debt service
 - Stable, low risk from fully chartered fleet
- Figures pro-forma for the bank and bond refinancing are based on estimated next twelve months debt service

Bank and bond debt refinancing increases free cash flow substantially

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JONES ACT MARKET OVERVIEW



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

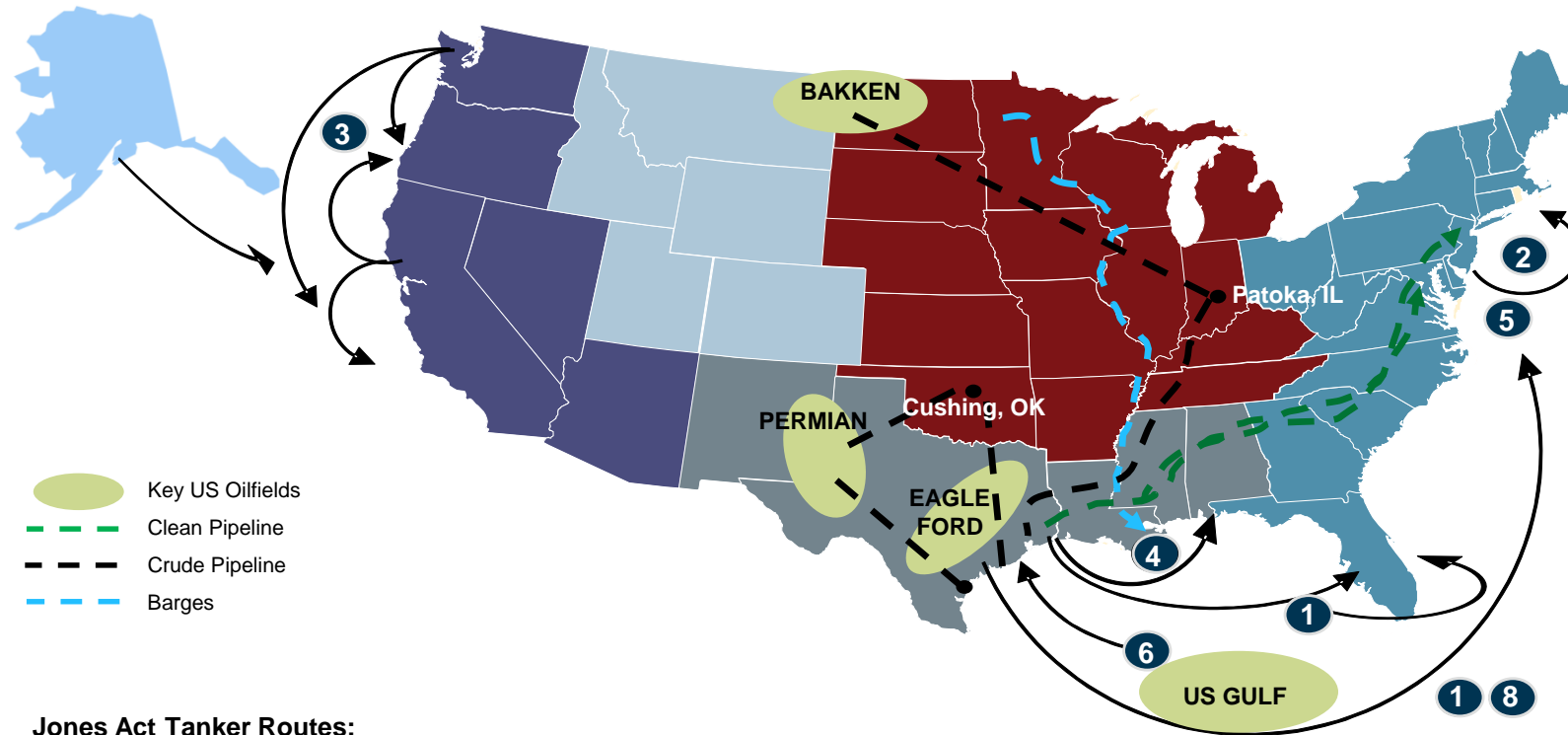
USD 30bn total investment in over 40,000 vessels

400,000

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

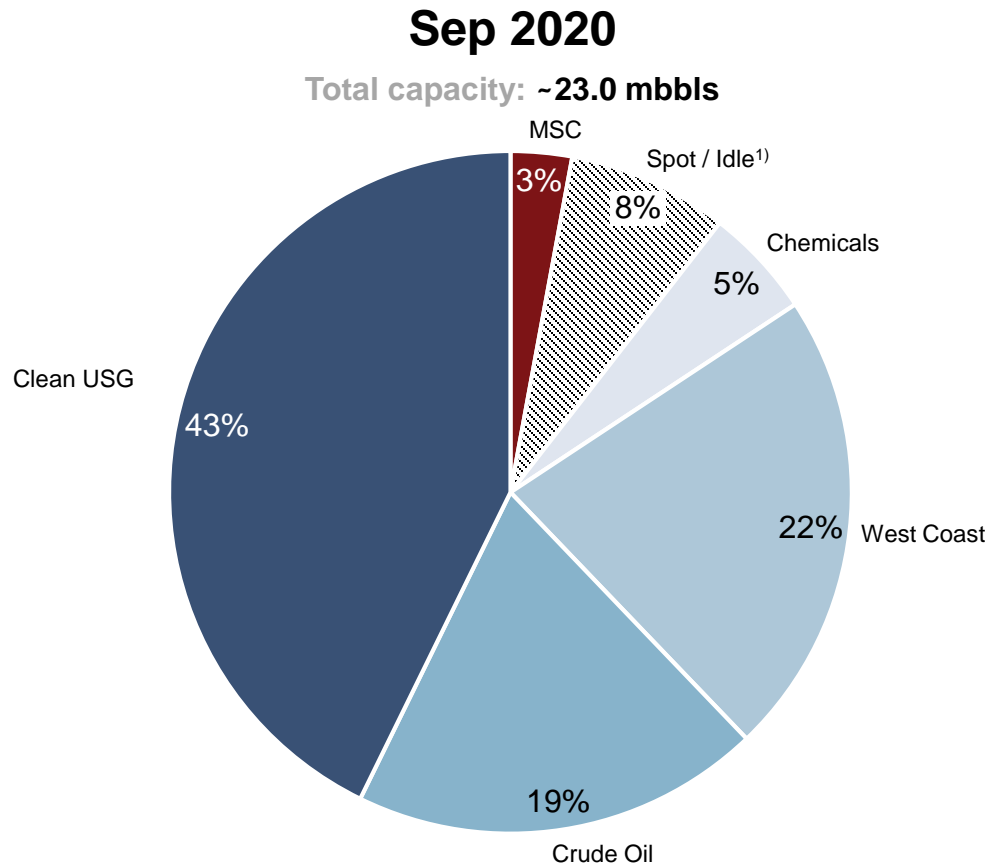
A critical part of oil majors' transportation logistics

Jones Act crude oil & products primary trade routes

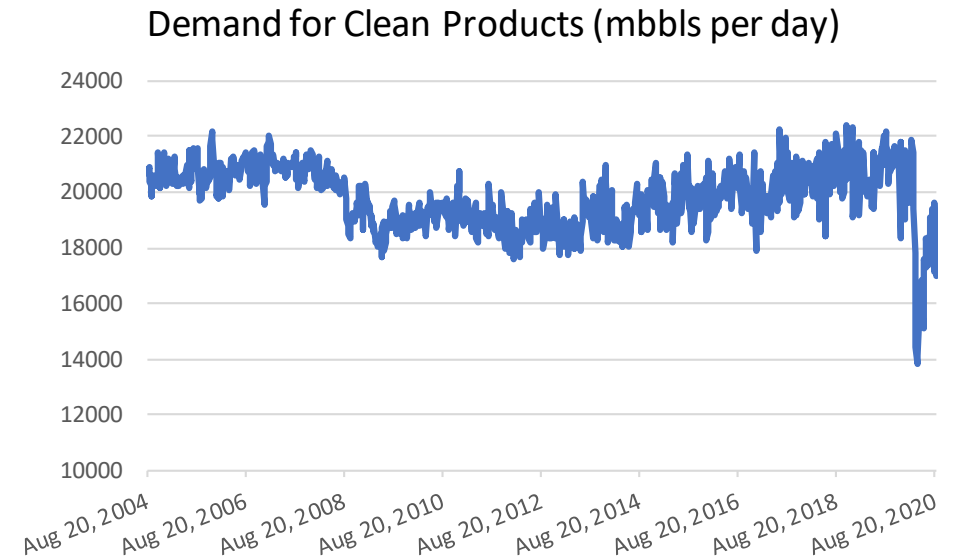


Majority of fleet carry clean products - highly stable trade over time

Fleet deployment by main trades (Tankers and ATBs)



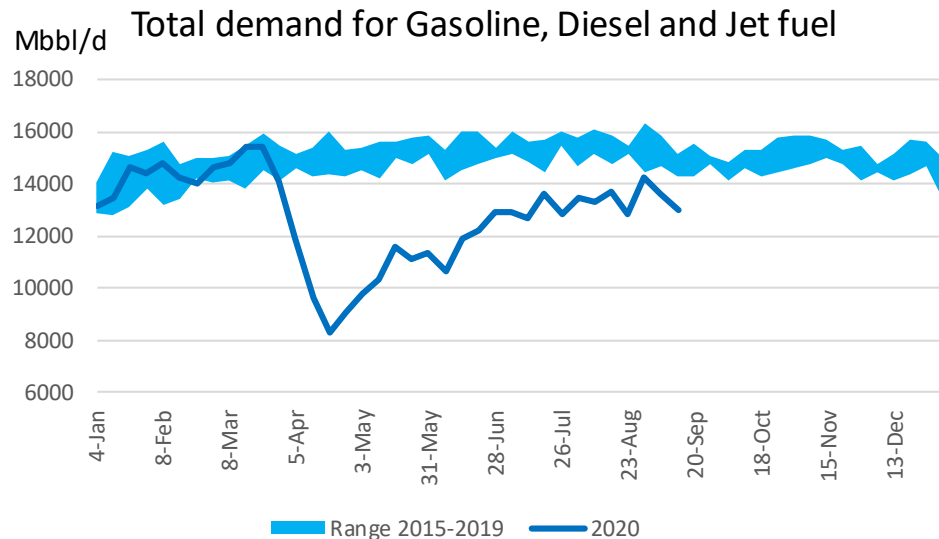
US Clean Product Demand stable over time



Short term dip in clean product demand expected to be followed by gradual recovery in 2H 2020

Drop in clean products demand already recovering

- Demand for clean products in the USA decreased by ~30% in Q2 2020 compared to same period last year
- Demand recovery in the last three months has been significant
- Latest data suggests current demand is 12% below 5 year average
- EIA is forecasting a gradual through 2H 2020

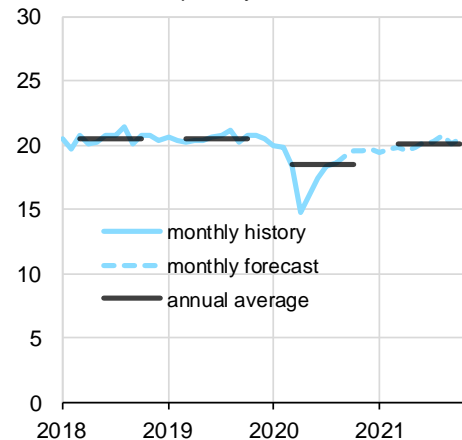


EIA forecast gradual recovery in 2020

- Q2 fuel demand has been severely impacted by “stay at home policies” across the US, caused by the Covid-19 pandemic
- Gasoline demand has recovered as the economy has gradually opened up
- Demand for diesel is less impacted due its industrial nature being consumed by trucks, buses, machinery, etc.
- Demand for Jet fuel will likely suffer until commercial air traffic is back in favour

U.S. liquid fuels product supplied (consumption)

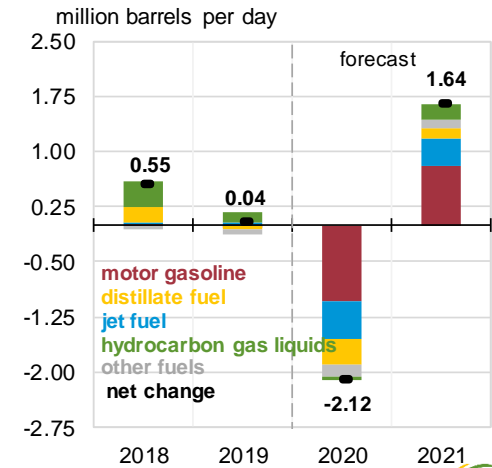
million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2020

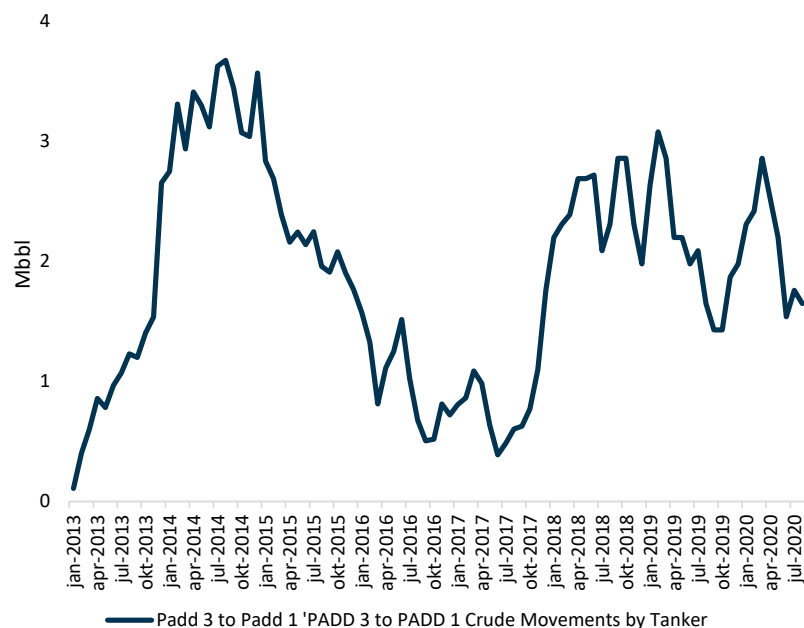
Components of annual change

million barrels per day

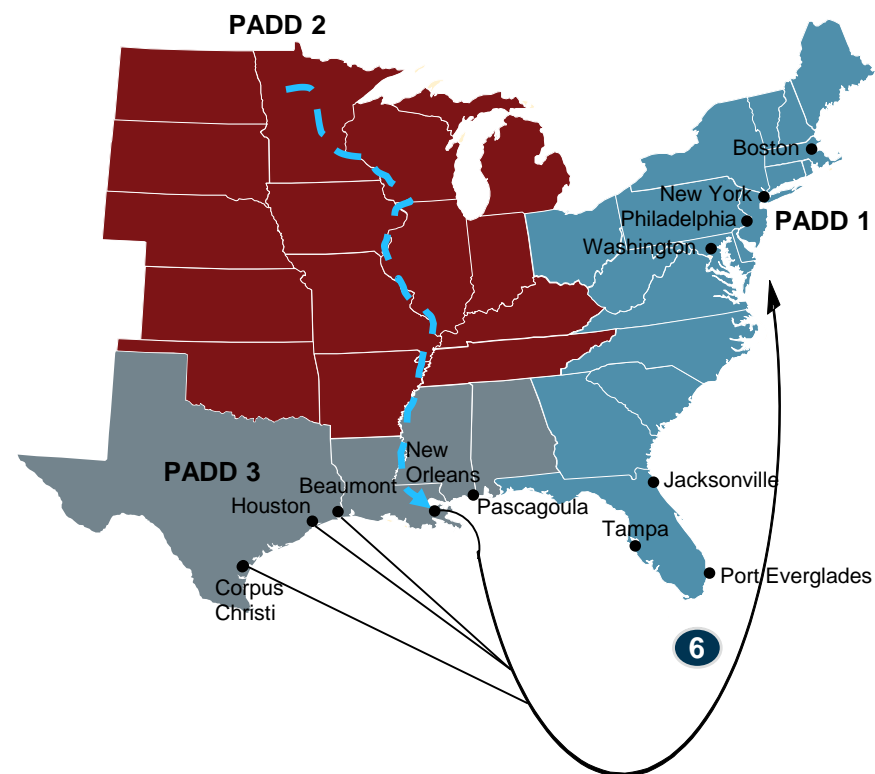


Crude trade to Northeast has remained strong despite current oil market volatility

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



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

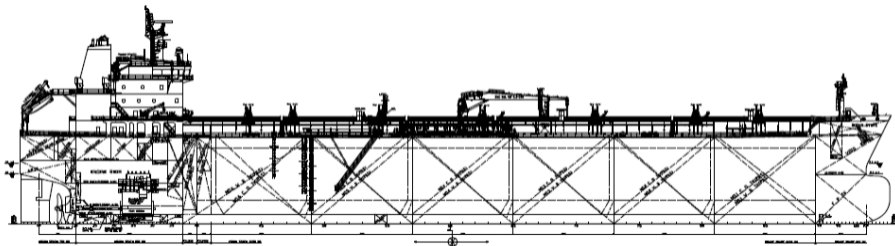


- Historically, volumes have been driven by spread in pricing of U.S. Crude Oil vs international alternatives
- Low crude oil price and falling U.S. oil production is potentially increasing oil price spread volatility going forward

No yard capacity for newbuilds until 2025

Yard capacity

- Only two yards have sufficiently large dry docks to build Jones Act MR tankers:
 - Philly Shipyard
 - General Dynamics NASSCO
- Both yards build vessels for commercial Jones Act trading as well as government/naval contracts
- Both yards have won large government contracts in 2019/2020, which will occupy its capacity to build additional merchant vessels



- Philly Shipyard is listed on Oslo Axess (ticker: PHLIY)
- Awarded contract for up to 5 training ships in April 2020
 - Initial award value of USD 630m, but could increase to USD 1.5bn if all ships are ordered
- ***Likely no capacity for newbuild JA MRs until 2025***

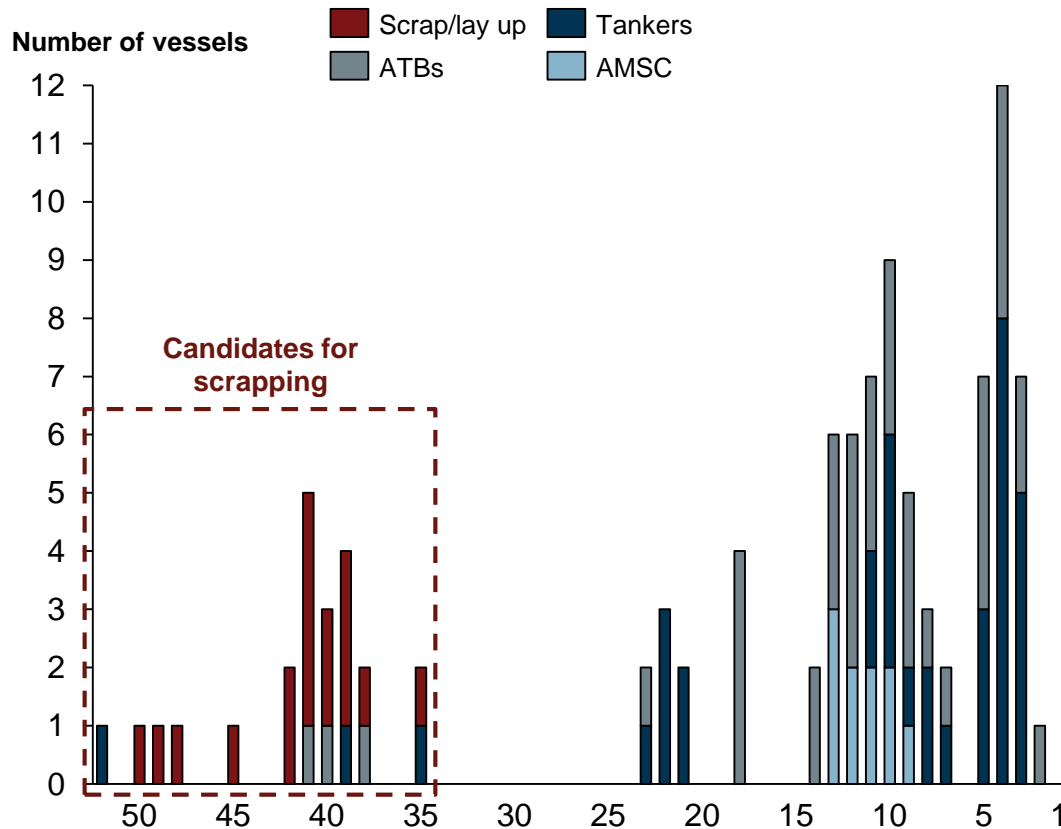
GENERAL DYNAMICS NASSCO

- Backlog of 11 ships to be constructed through 2026 as of year end 2019
- Awarded a USD 22.2bn naval contract in 2019, largest shipbuilding contract in US Navy history
- ***Likely no capacity for newbuild JA MRs until 2025***

The two yards that can build Jones Act MR tankers do not have capacity to deliver new vessels until 2025

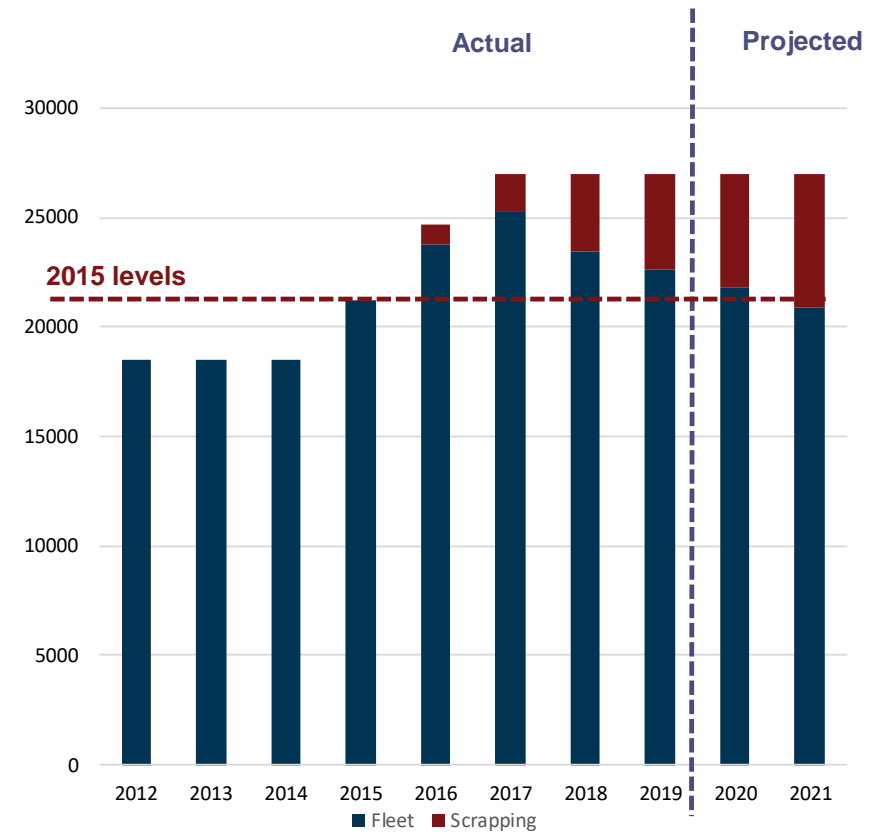
Fleet reduction as scrapping continues

Fleet profile by vessel age



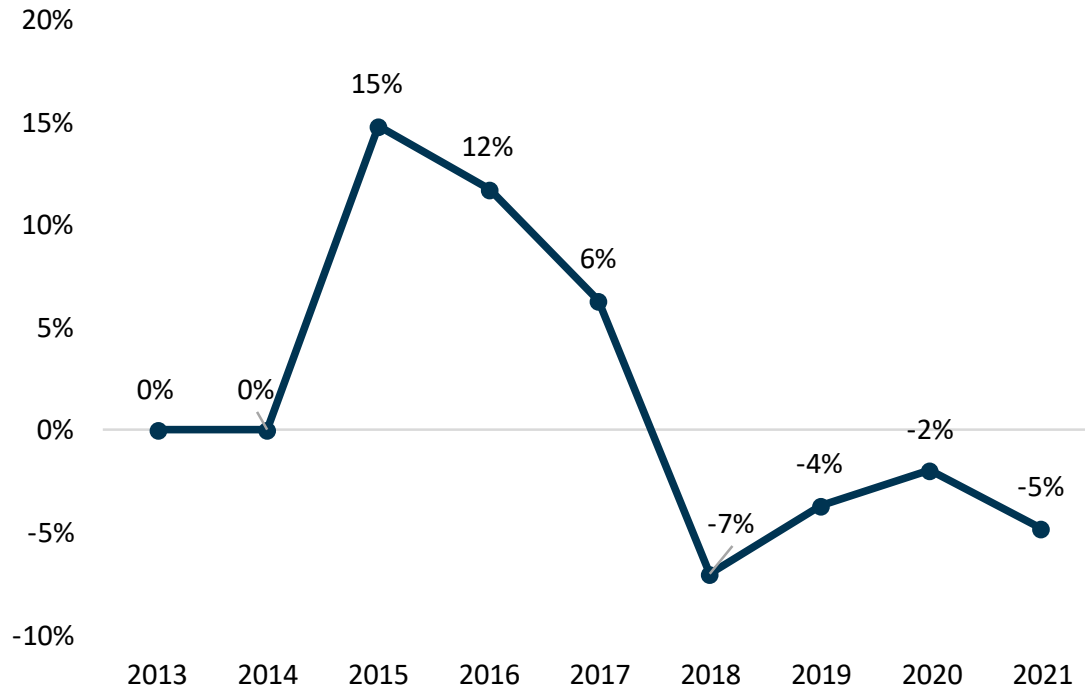
Considerable fleet growth in past years, but scrapping has already reduced active fleet to 2015 levels

Kbbbls capacity



Negative Fleet Growth

Net capacity reduction driven by scrapping and limited orderbook



- Since 2016, five tankers and thirteen ATBs has been scrapped, sold for operations outside the Jones Act market or gone into definite lay-up
- The entire JA tanker orderbook consist of two small barges for delivery in 2020 and no new tankers expected in the next five years
- Yard capacity for tankers are limited with NASSCO mainly building navy ships and Philly Shipyard building MARAD Training Ships
- Likely delivered cost for a newbuild is now around USD150m with first available delivery slot in 2025
- Sustainable multi-year TC rates of ~USD70,000 per day required to justify newbuilds

Summary – long term stable business model despite short term volatility

LONG TERM CONTRACTS PROVIDE STABLE CASH FLOW

- Bareboat contracts provide strong and stable cash flows
- Likely to continue with OSG for many years through evergreen extension options
- Most cost competitive fleet reduces re-chartering risk

LONG TERM INCREASING DEMAND IN KEY TRADES

- Continued strong crude trade from U.S. Gulf to the U.S. Northeast
- Growing clean trade into Florida and to U.S. Northeast
- Jones Act tanker market expected to remain stable despite current volatility

REDUCING FLEET CAPACITY WITH NO YARD AVAILABILITY

- Slim orderbook with only two replacement barges for delivery in 2020
- No available yard capacity to build Jones ACT tankers until 2025 or later
- Negative fleet growth expected next two years as scrapping of old tonnage continues

STRONG AND IMPROVING FINANCIAL PERFORMANCE

- Modest secured loan to value, generating substantial equity value
- Contracted cash flow providing solid debt service coverage
- Significant free cash flow generation offer further liquidity buffer and dividend capacity



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