

American Shipping Company ASA



Pareto Oil & Offshore Conference 13 September 2018
Company Presentation

Important information

- This Company Presentation is current as of September 2018. 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.

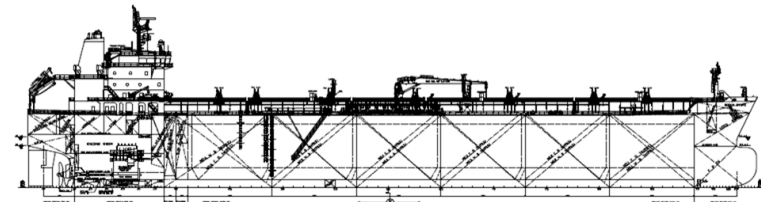
American Shipping Company (AMSC)

AMSC Snapshot

- Established in 2005
- Oslo listed with mcap. of USD ~200m*
 - 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
- Solid balance sheet with no debt maturities before Q4 2020
- Exploring growth and diversification opportunities in the U.S. Jones Act market
- Admitted to OTCQX International to increase awareness and public profile among U.S. investors

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



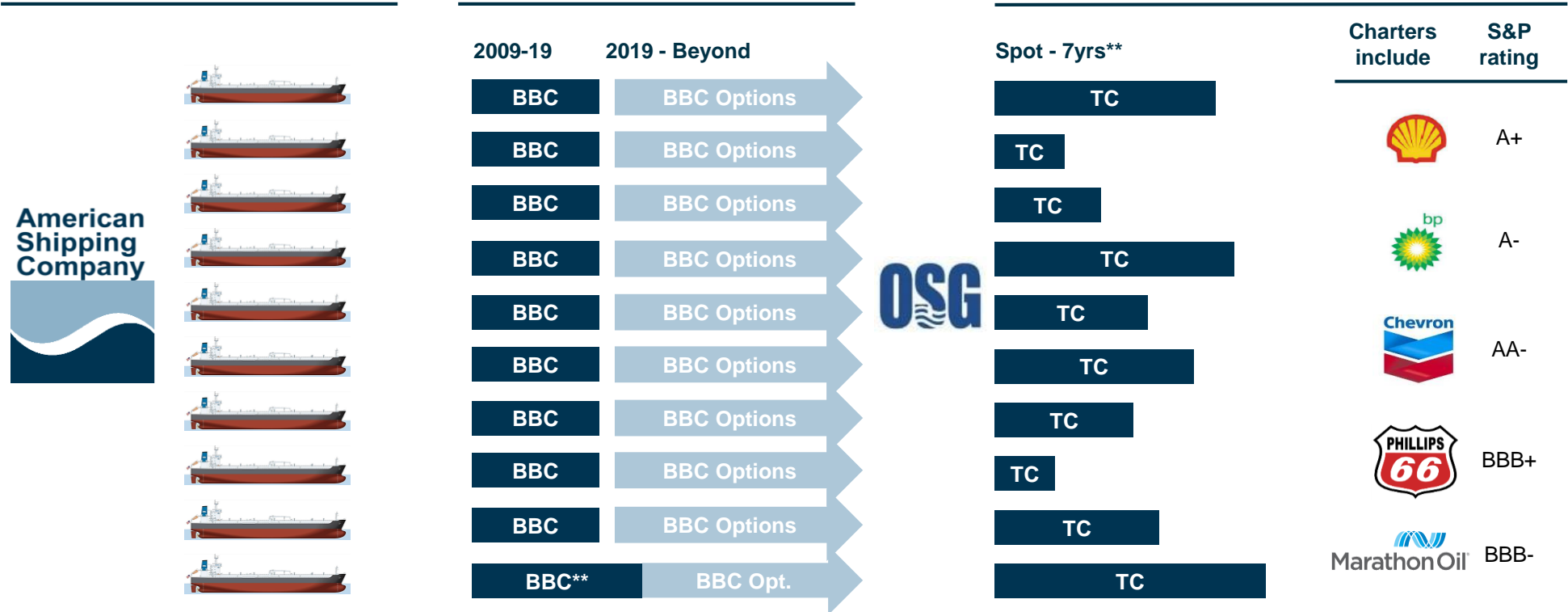
* Market cap. based on closing share price of NOK 27.90 per Sep 7th, 2018

Long Term Contracts Returning Stable Cash Flow

American Shipping Company

Bareboat charter to OSG

TCs to blue chip charterers*



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

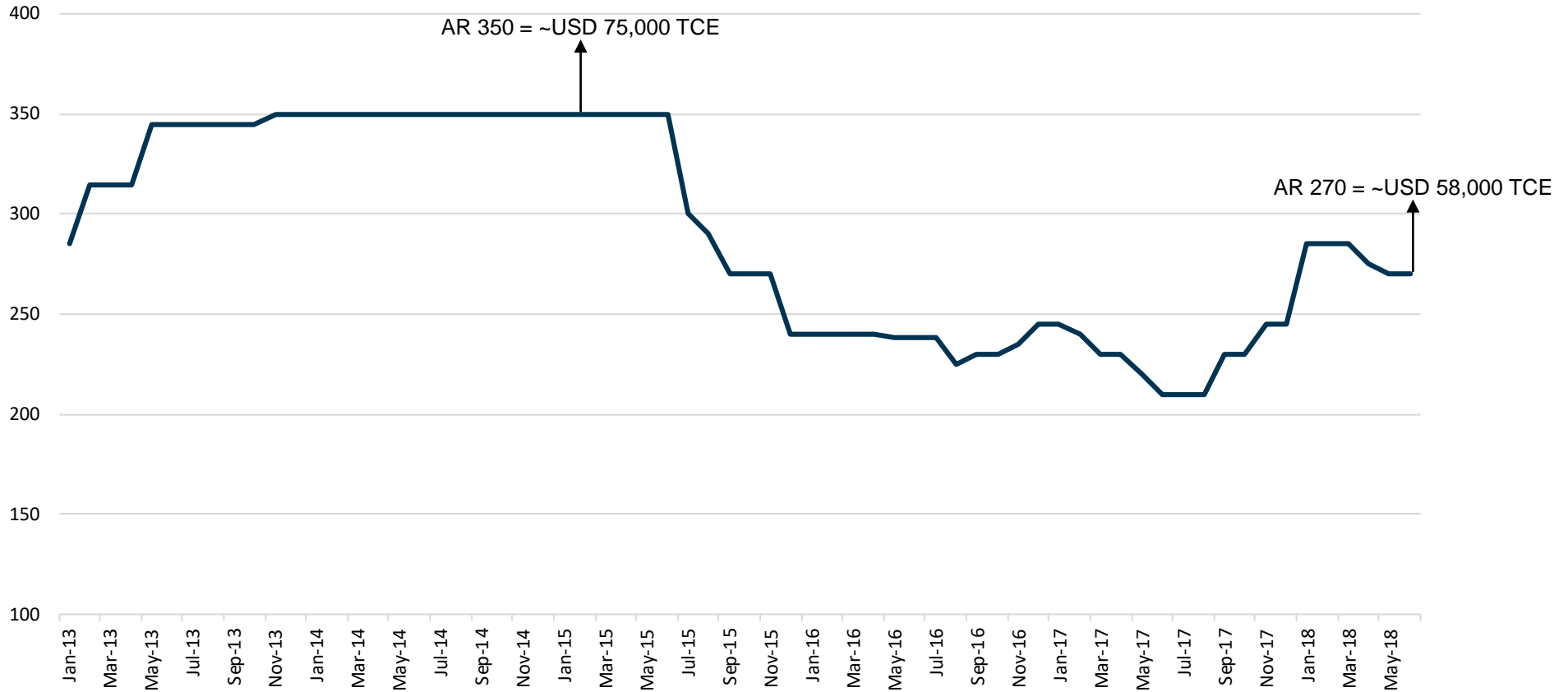
*Illustrative TC contract durations

**Tampa was converted to a shuttle tanker and is on a 10 year BBC backed by a 10 year TC

Recovering Rates

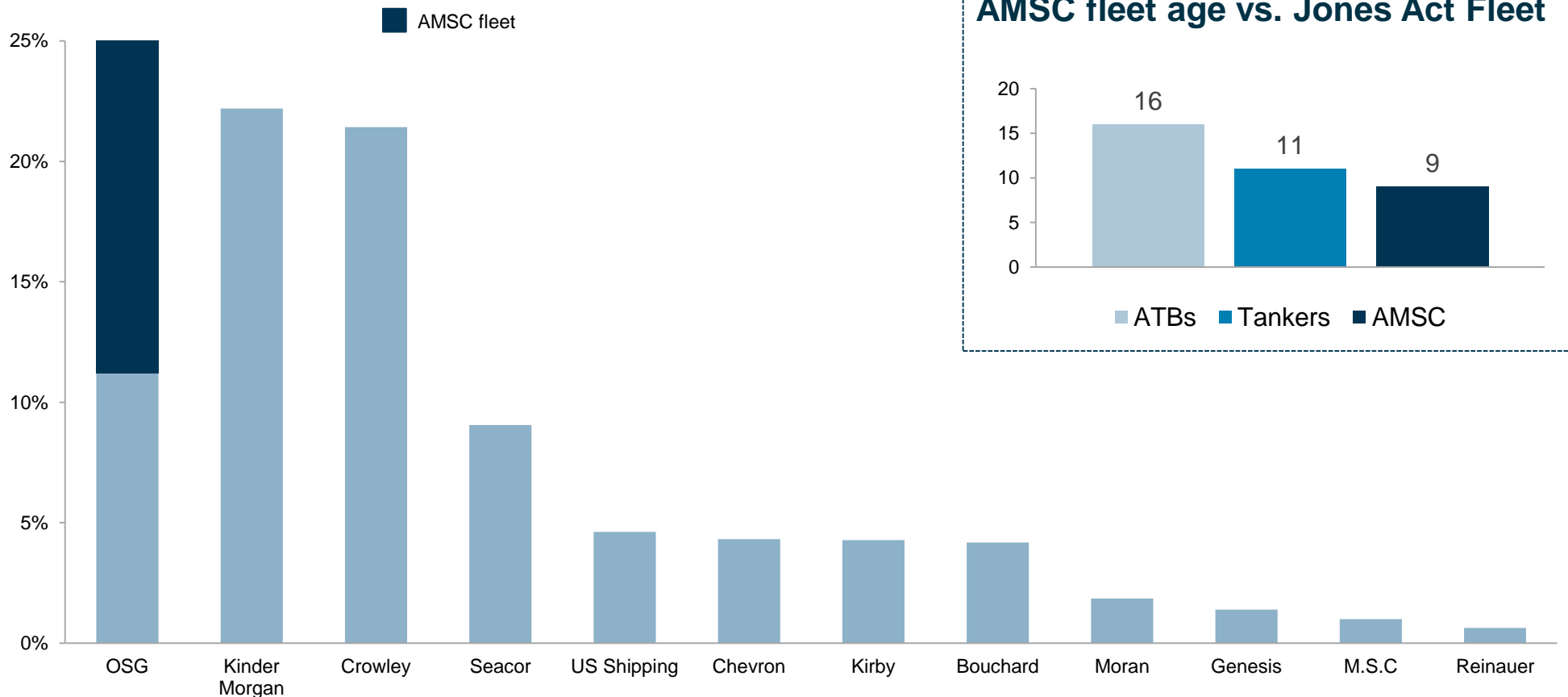
American Tanker Rate Index (spot) with Time Charter Equivalents

American Tanker
Rate Index



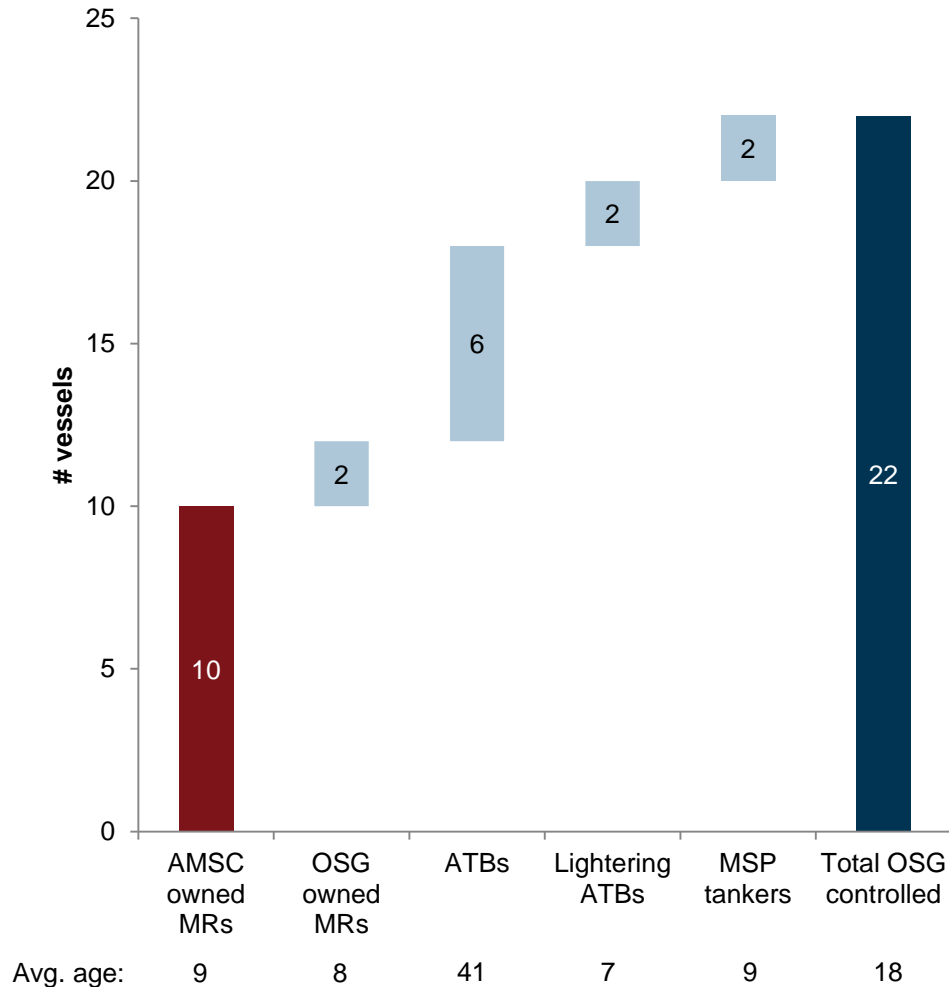
A Major Component of the Jones Act Fleet

Jones Act tanker & ATB ownership based on carrying capacity



Integral Part of OSG's Fleet

AMSC's tankers is a substantial part of OSG's fleet

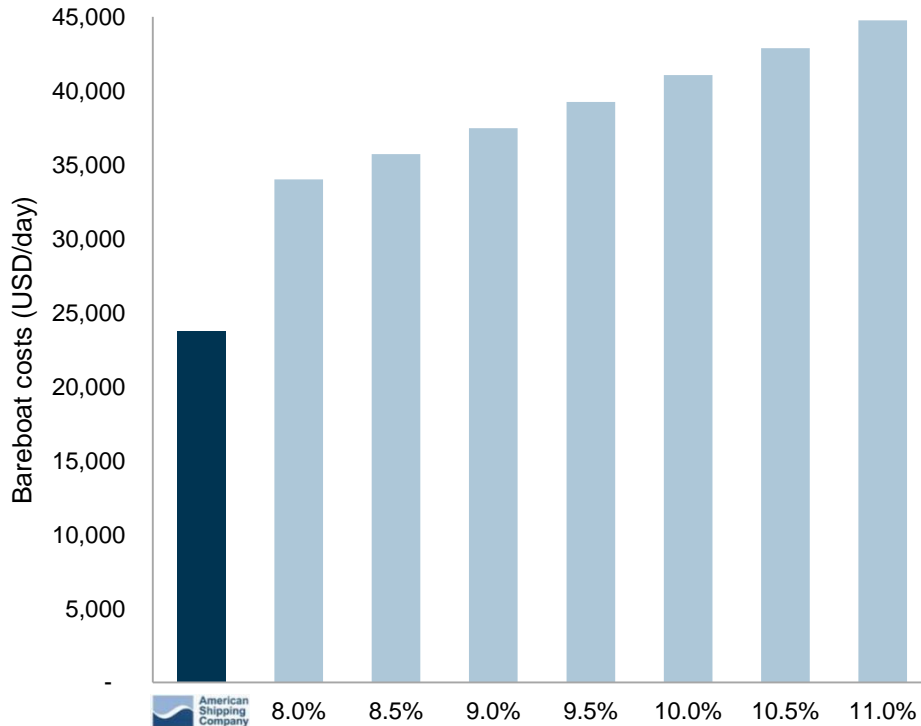


AMSC is important to OSG

- OSG is a pure-play Jones Act company following its spin-off of its international fleet into International Seaways Inc.
- AMSC's 10 vessels are a core part of OSG's Jones Act tanker fleet
- The AMSC fleet represent ~30% of all modern Jones Act tankers below 15 years (36 in total)
- The AMSC fleet is the most cost-efficient modern fleet in the Jones Act tanker market due to favourable construction cost compared to newbuilds delivered today

Competitive Position Reduces Re-Chartering Risk

AMSC can offer charters at attractive levels...

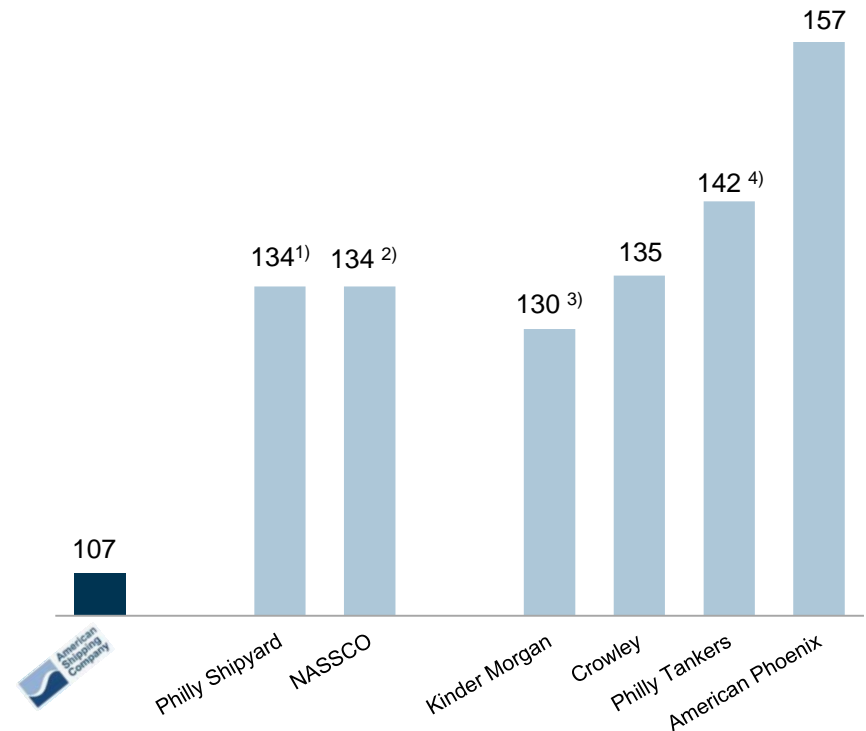


Annual bareboat costs given various total capital IRRs with newbuild cost @ USD 134m

...due to substantially lower newbuild cost

Newbuild Delivered Costs

Transaction values

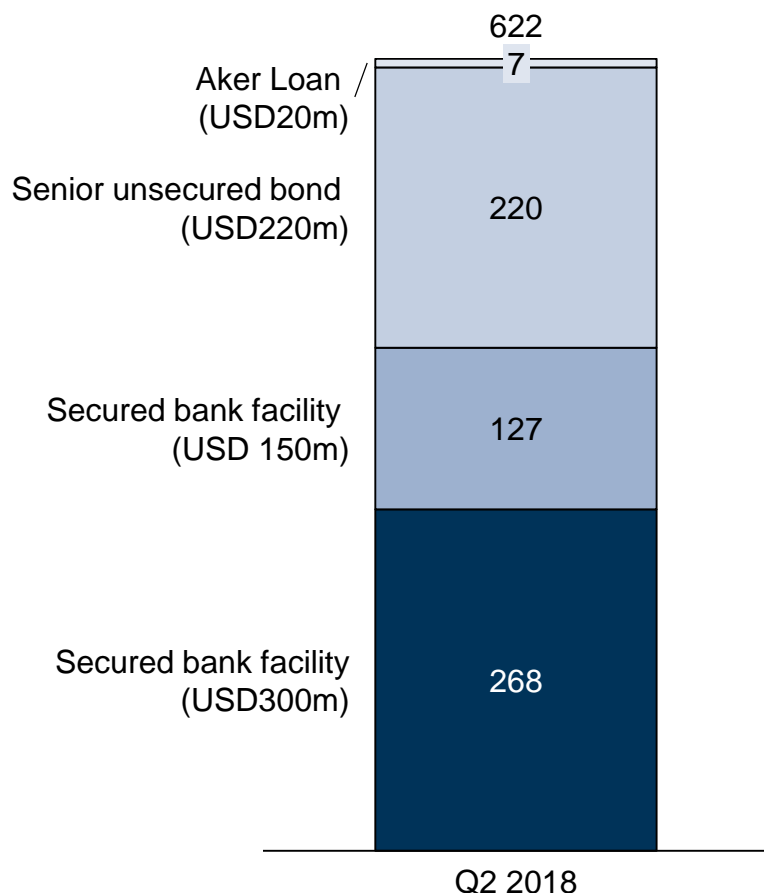


Notes: 1) Based on Philly Tankers
 2) Based on newbuild cost for the tankers delivered to American Petroleum Tankers
 3) Based on total consideration for 9 vessels, including additional expenses incurred by Kinder Morgan for taking delivery
 4) Based on average price for 4 vessels

Source: Company materials

Fully Financed until Q4-2020

Current debt structure (USD million)



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 installments:
 - Y1: USD 8.3m
 - Y2-4: USD 28.3m (annually)
 - Y5: USD 44.3m (expect to refinance after year 4)

Unsecured bond

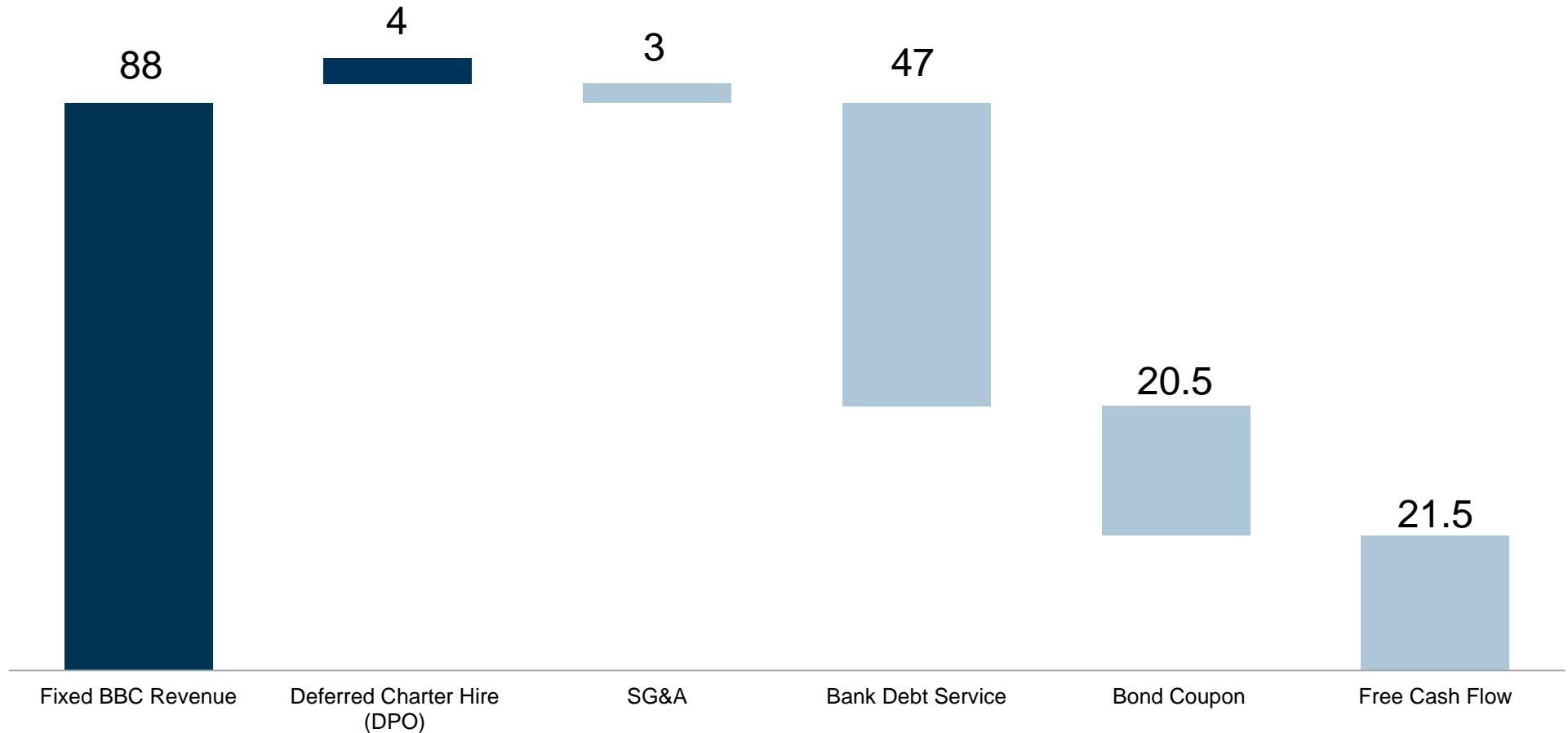
- 9.25% fixed rate, semi annual installments
- Senior unsecured debt with maturity Feb 2022
- Ammortization commencing at 42 months of USD 20m per year
- Covenants include minimum cash, maximum debt restrictions and dividends incurrence test

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)



Overview of the Jones Act

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 operation in the Jones Act market is made possible by the lease finance exception of the Jones Act
- Essential feature of U.S. national security, ensuring non-dependency of ships controlled by foreign nations
- Large U.S. employer

...and is a vital part of the U.S. economy

100,000,000,000

USD 100bn contribution to the U.S. domestic economy

30,000,000,000

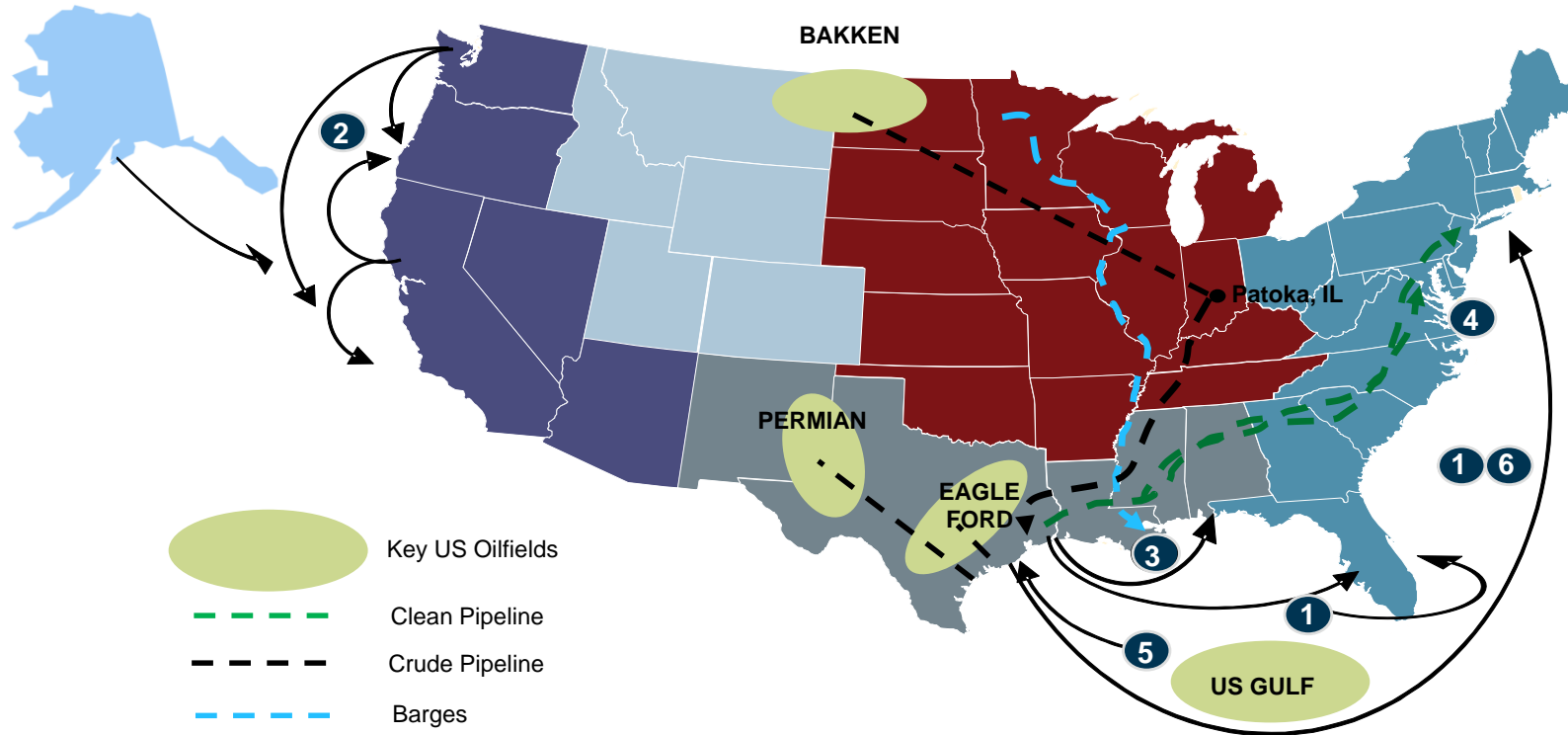
USD 30bn total investments in over 40,000 vessels

400,000

jobs directly and indirectly impacted by the U.S. maritime industry

A Critical Part of Oil Majors' Transportation Logistics

Jones Act crude oil & products primary trade routes

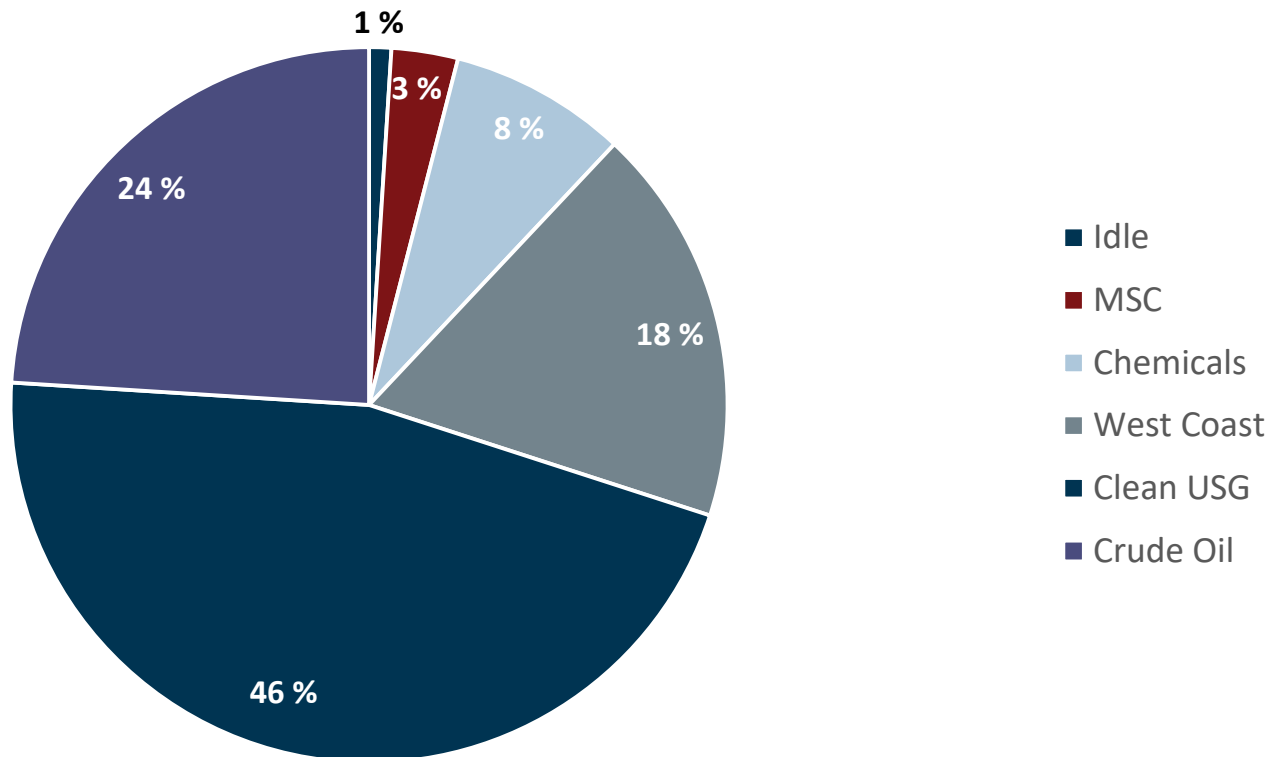


Jones Act Tanker Routes:

- 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)

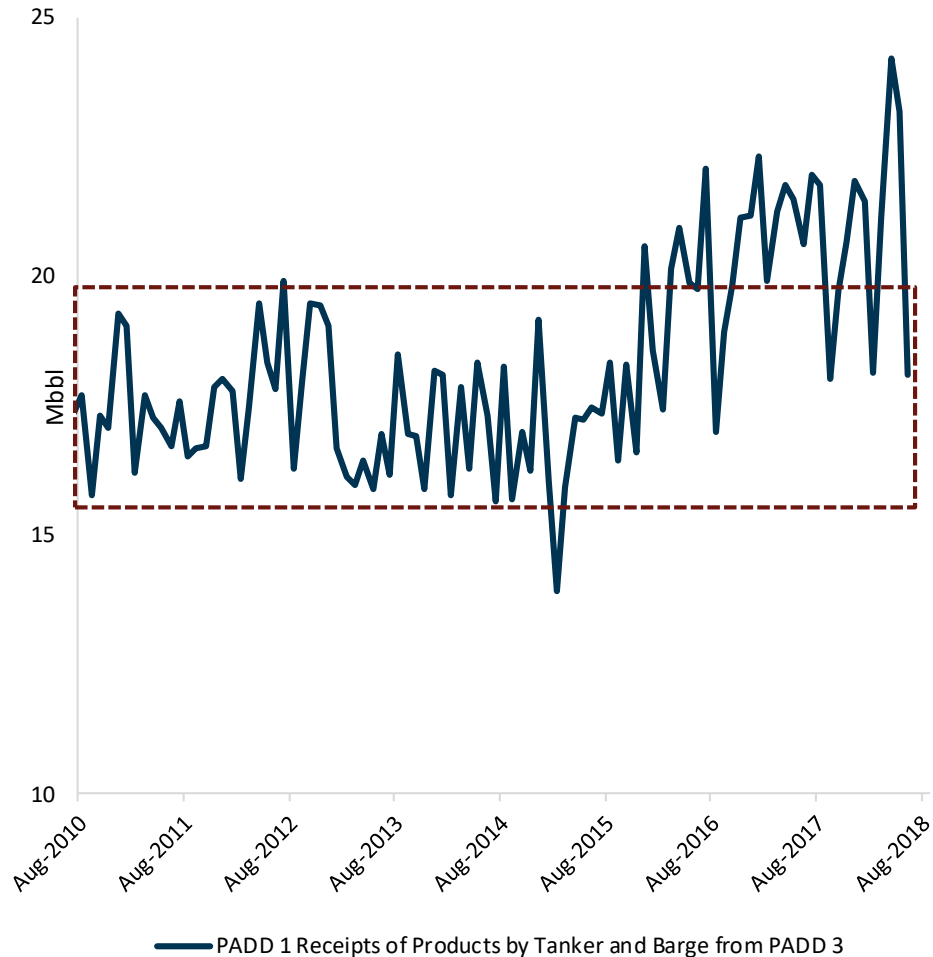
Majority of Fleet carry Clean Products

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

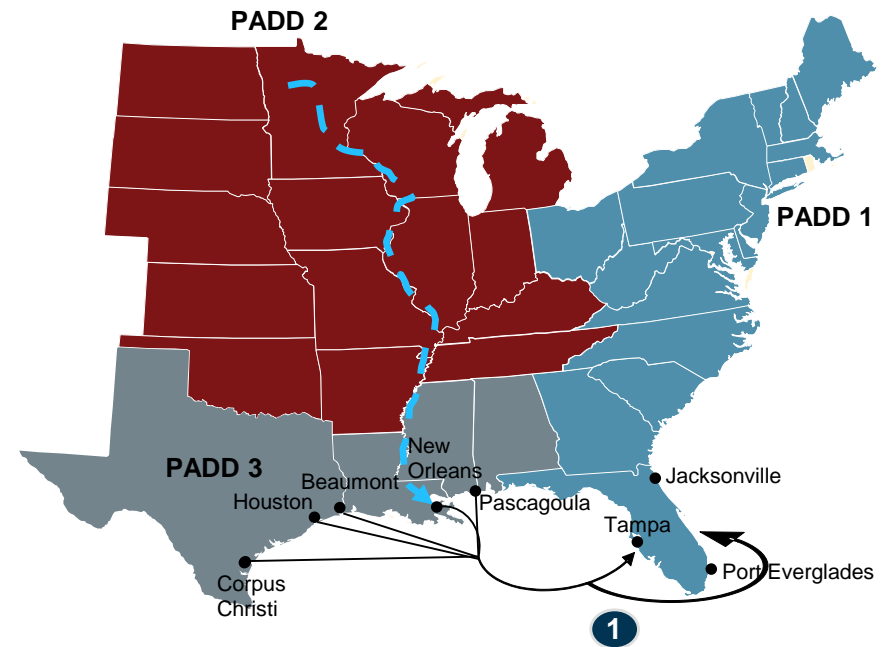


Rising Clean Product Volumes

Seaborne products transport from Gulf Coast to East Coast is rising (Mbbbls per month)

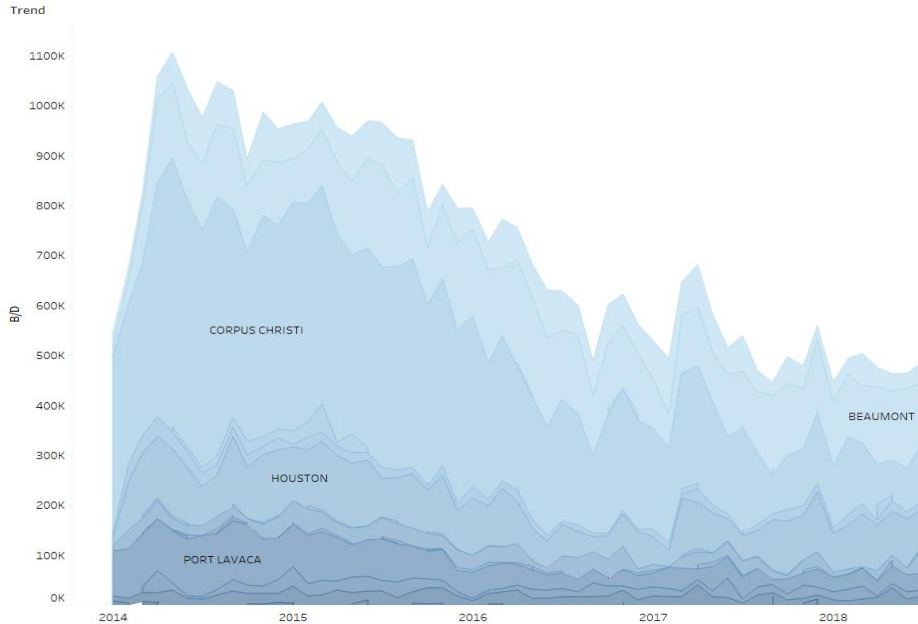


Gulf Coast to Florida Trade Lane

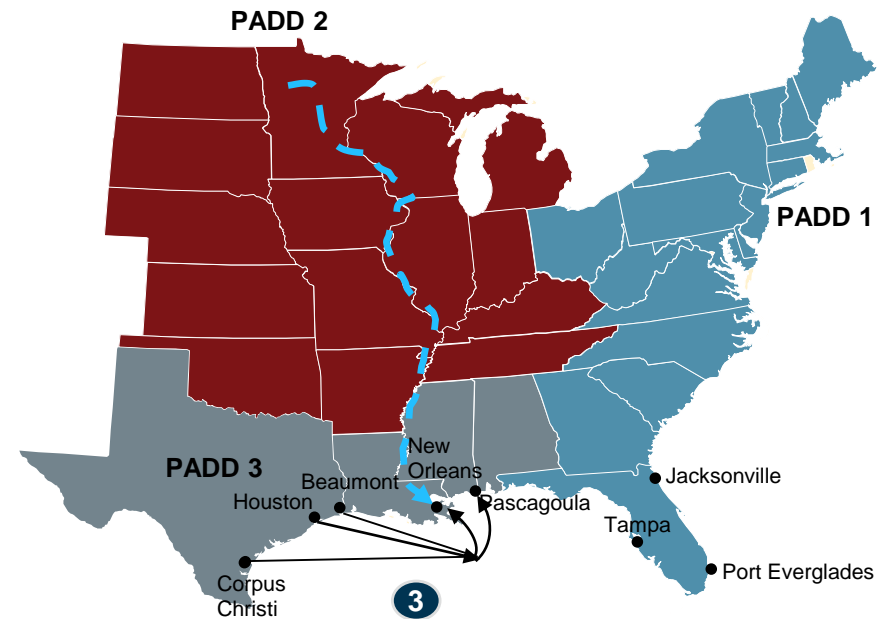


Crude Shipping Volumes Stabilizing Intra Gulf

Intra PADD 3 Crude Oil Moves by Area of Loading, (KBD's)



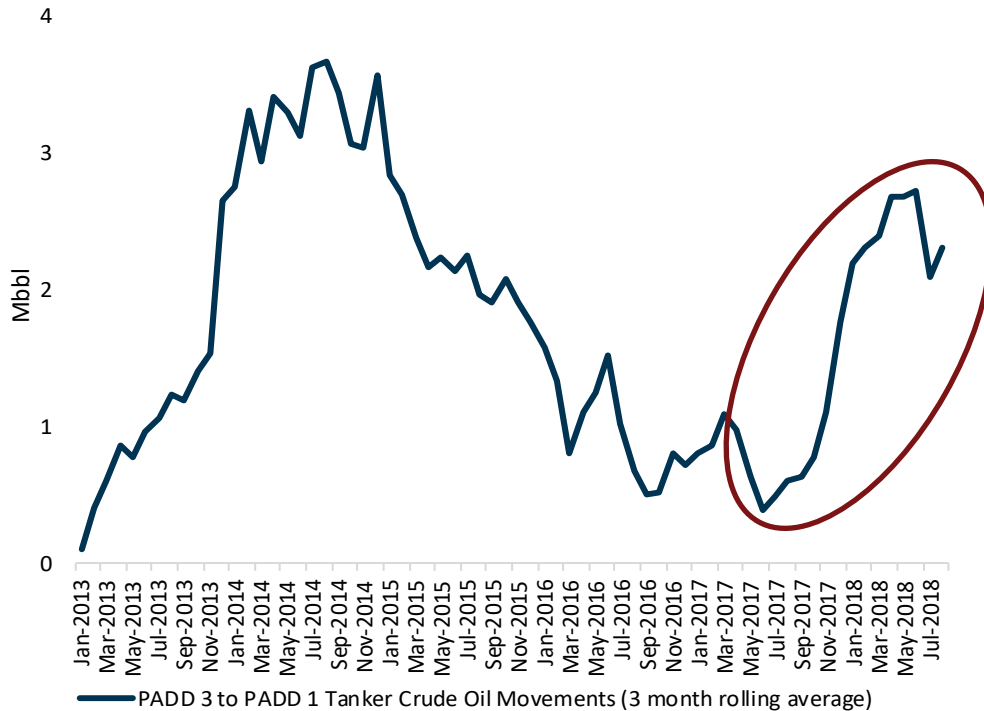
Intra Gulf Trades are mainly Crude Oil from Texas into Louisiana, Alabama and Mississippi



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

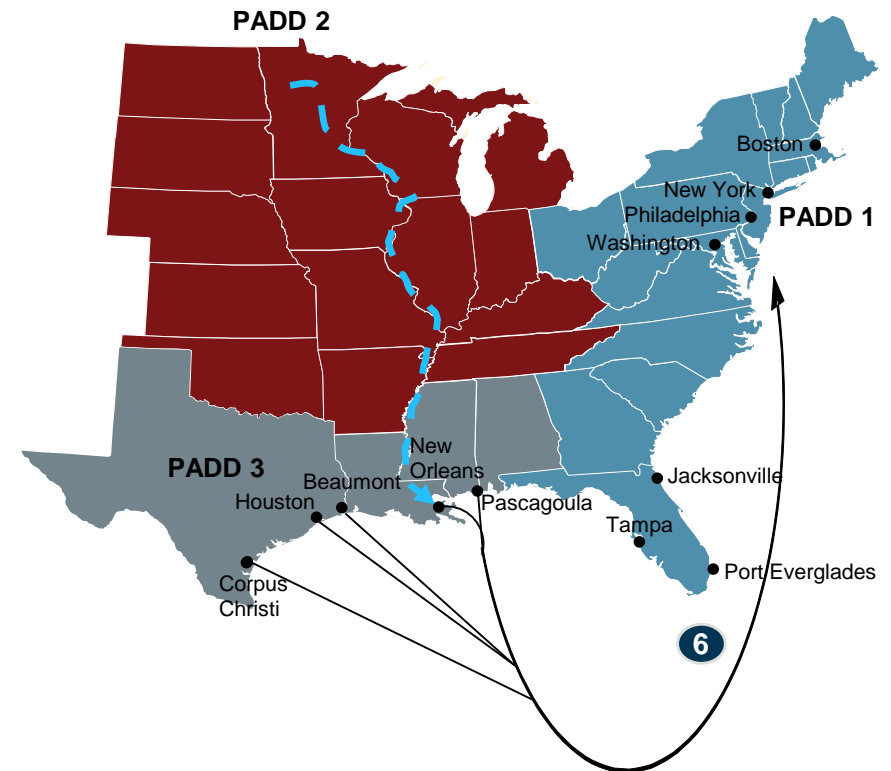
Crude Returning to Peak Levels on East Coast

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



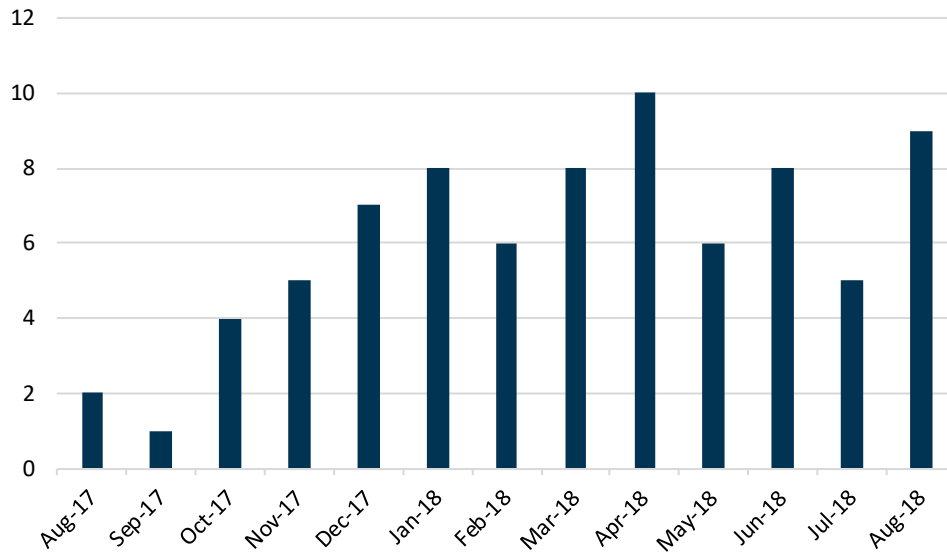
- East Coast volumes back to ~6 tankers, up from ~1 tanker during 2017
- Volumes driven by spread in pricing of U.S. oil vs international alternatives

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

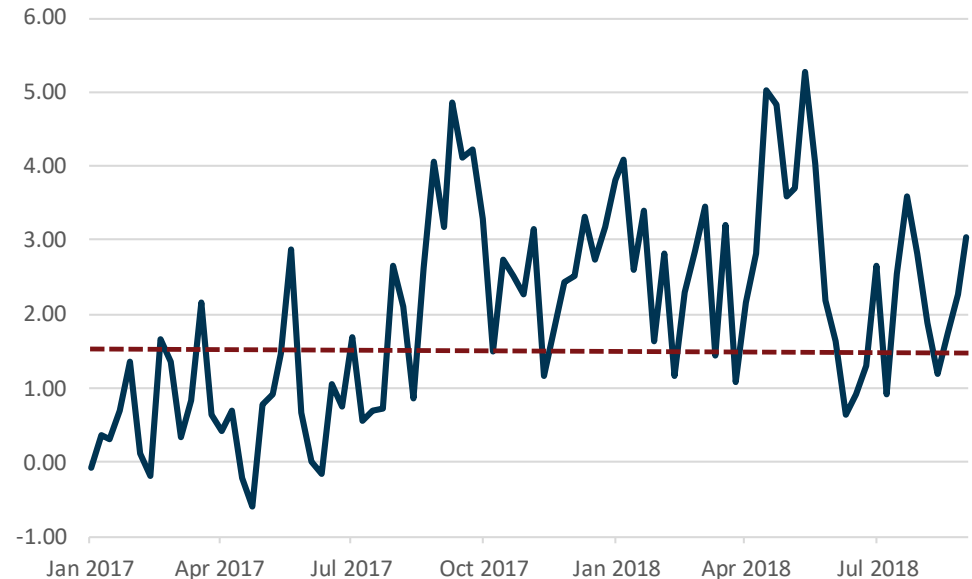


Oil Price Spread - Key Driver for Increased Crude Shipping Volumes

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



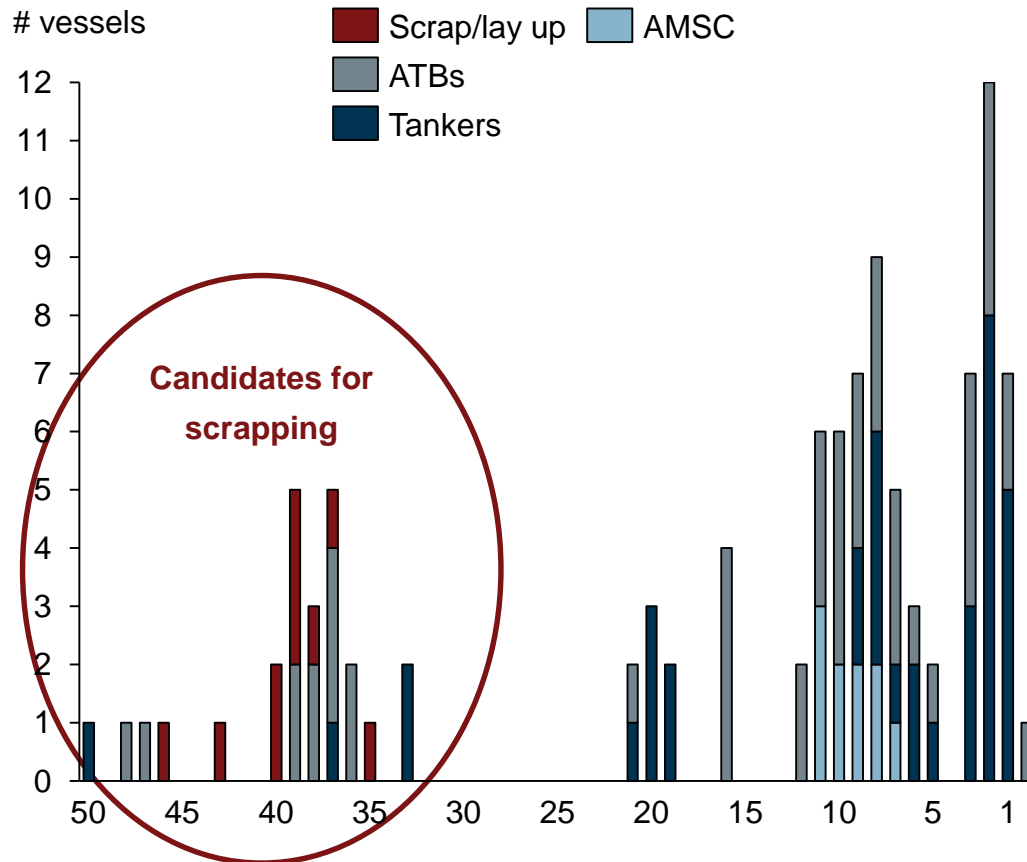
Crude Oil Price Spread - WTI Houston vs. Bonny Light



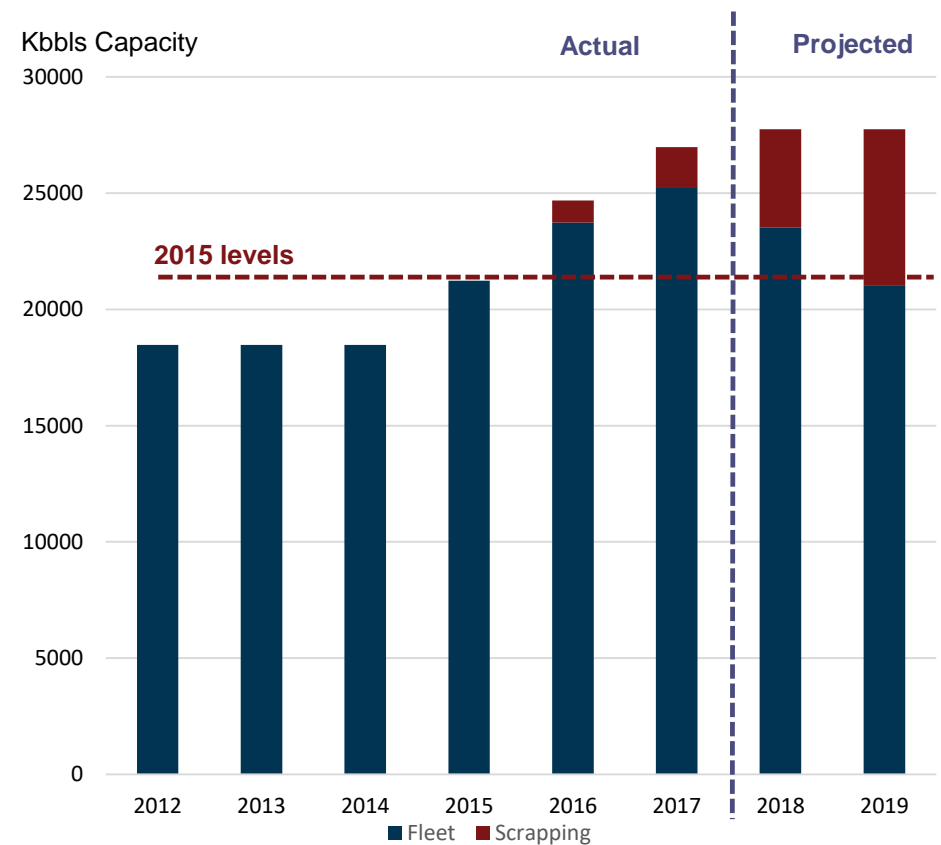
- On average 8 MR voyages per month of crude to U.S. Northeast refineries
- Crude loaded in Houston vs. West Africa needs to be minimum \$1.50 cheaper to be competitive for purchase by U.S. Northeast Refiners
- Spread has been sufficiently wide since Aug/Sept 2017

Limited Remaining Fleet Growth and 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



Investment Highlights

Highlights

INCREASING DEMAND IN KEY TRADES

- Soaring crude shipments from U.S. Gulf to the U.S. Northeast
- Intra gulf crude volumes stabilizing
- Growing clean trade into Florida

REDUCING FLEET CAPACITY

- Scrapping of older tonnage continues with 3 MR equivalents (~1 million bbls capacity) retired year to date
- 15 tankers and ATBs are approaching 35 years of age or older
- Slim orderbook with only two ATBs for delivery in 2018 and 2020

LEADING MARKET POSITION WITH STABLE CASH FLOWS

- AMSC has the most cost efficient modern Jones Act tanker fleet
- Stable cash flow from fixed rate bareboat contracts and upside potential from profit share arrangement
- Committed to returning capital to shareholders through dividends, whilst prudently managing the balance sheet and maintaining financial flexibility

Q&A

