



# American Shipping Company ASA



Q2 2022 financial results and company update

23 August 2022

# Important information

Nothing herein shall create any implication that there has been no change in the affairs of American Shipping Company ASA ("AMSC" or the "Company") as of the date of this Company Presentation. 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.

# Second quarter 2022 highlights

- Adjusted net profit of USD 3.8 million\*
- Normalized EBITDA\*\* of USD 20.9 million
  - DPO of USD 0.8 million
- 12th May, AMSC entered into an agreement to acquire the offshore construction vessel, Normand Maximus from a company controlled by its secured lenders
  - New long-term bareboat charter to be entered into with a subsidiary of Solstad Offshore ASA
  - Delivery and bareboat commencement expected to be during Q4 2022
- On 10th June, AMSC announced two new multi-year Jones Act bareboat charters with Keystone Shipping Co., commencing upon redelivery in December 2022
- Declared Q2 dividend of USD 0.12 per share, supported by free cash flow
  - Ex-dividend date of 29 August 2022
  - Payment on or about 7 September 2022
  - Classified as a return of paid in capital

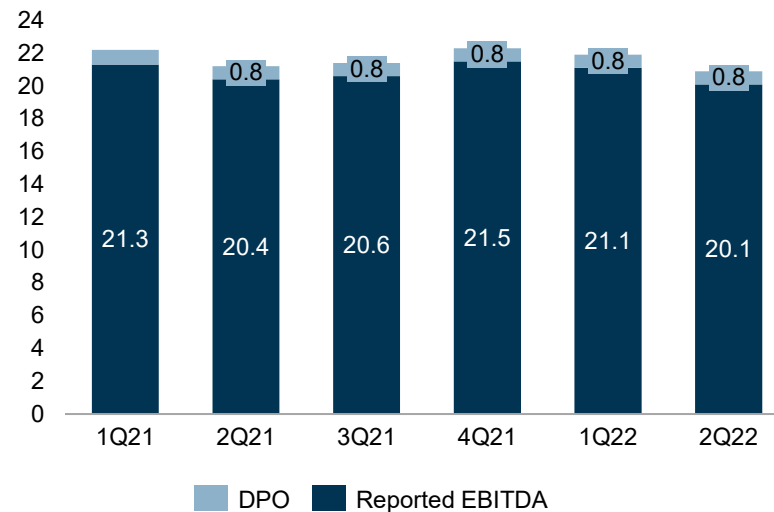
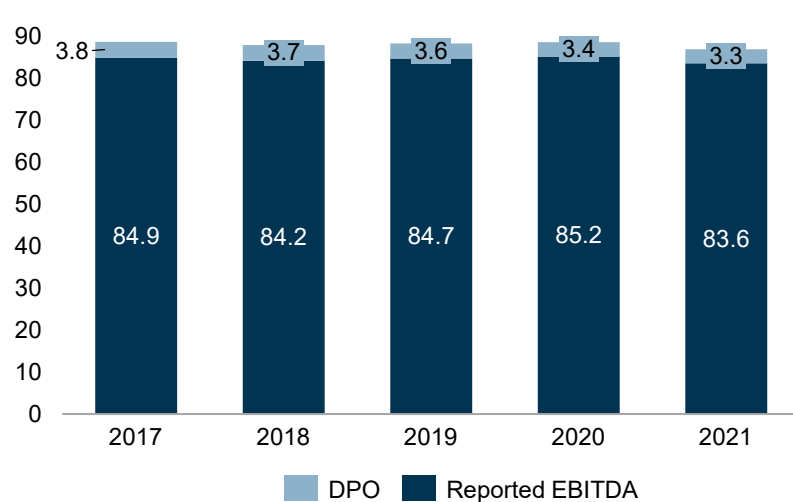


\* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax

\*\* Includes DPO, reported EBITDA for 2Q22 is USD 20.1 million

# Stable, predictable EBITDA







## Normalized EBITDA (USD millions)



- Normalized EBITDA of USD 20.9 million in 2Q22 (USD 21.4 million in 2Q21)

# Fleet deployment overview

## Long-term fixed rate bareboat charters to various counterparts secures cash flow

Vessel	Firm Charter	Bareboat Options	Sample end users
Houston	BBC exp. 2023	Evergreen 3 or 5yr	     
Long Beach	BBC exp. 2023	Evergreen 3 or 5yr	
Los Angeles	BBC exp. 2025	2x1yr	
New York	BBC exp. 2022		
Texas City	BBC exp. 2025	2x1yr	
Boston	BBC exp. 2023	Evergreen 3 or 5yr	
Nikiski	BBC exp. 2023	Evergreen 3 or 5yr	
Martinez	BBC exp. 2023	Evergreen 3 or 5yr	
Anacortes	BBC exp. 2023	Evergreen 3 or 5yr	
Tampa	BBC exp. 2025	2x5yr followed by 5x1yr	
Norman Maximus	BBC exp. 2027	2x5yr	

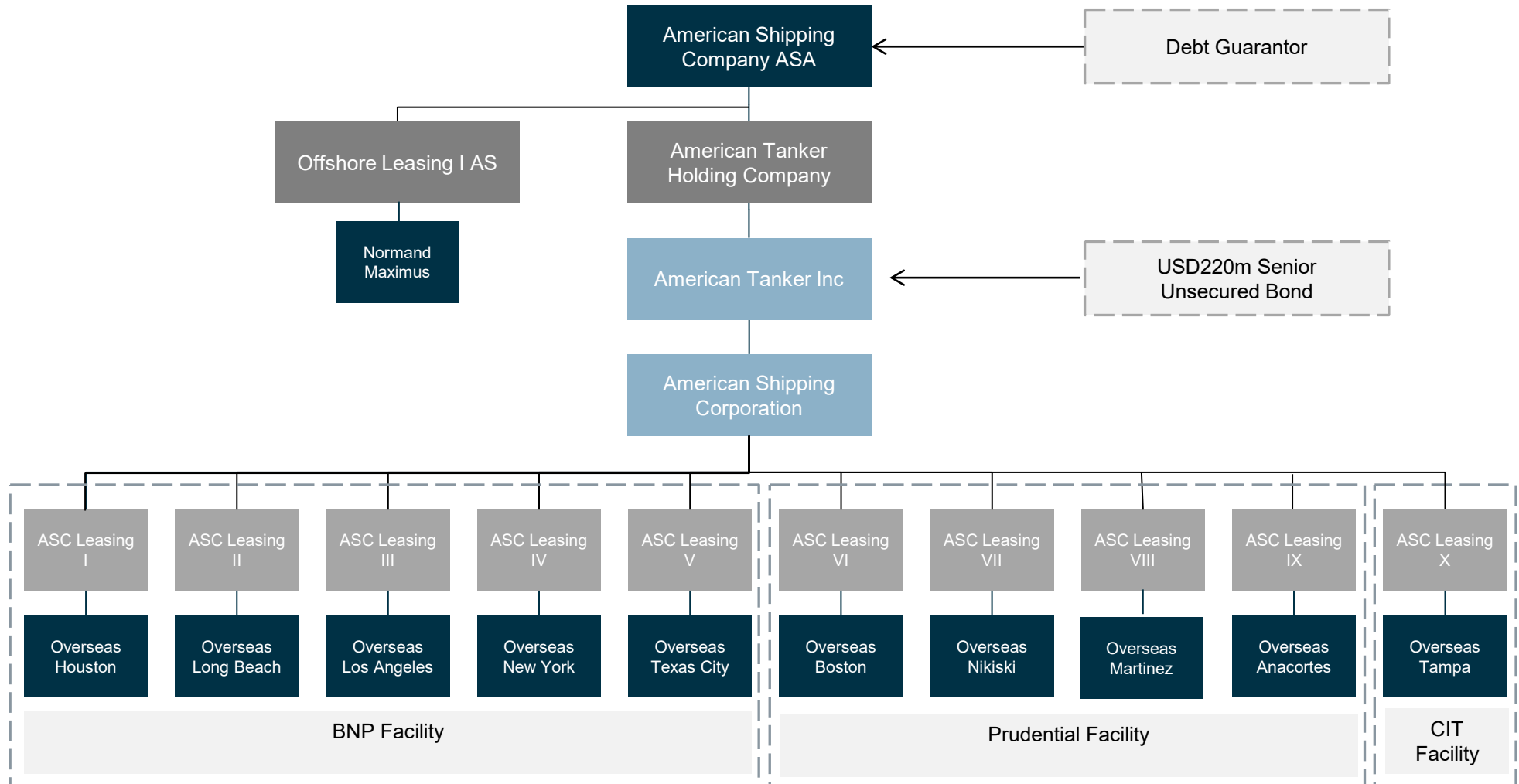
- AMSC's fleet is presently on firm bareboat Charters to OSG
  - Three vessels to be redelivered to AMSC in December 2022
  - Los Angeles and Texas City to commence BBC with Keystone Shipping upon redelivery
  - New York currently offered for new charters
- OSG technically operates and commercially manages the vessels on time and voyage charters to oil majors for U.S. domestic trade
- Normand Maximus to enter into a 5 year BBC with Solstad Offshore in Q4 2022

# Normand Maximus – a state of the art subsea vessel

- Subsequent to Q1, AMSC entered into an agreement to acquire the offshore Subsea / Construction Vessel, Normand Maximus
  - Vessel acquisition price of USD 157 million
  - New long-term bareboat charter to be entered into with a subsidiary of Solstad Offshore ASA
  - Accretive transaction on all economic metrics with strong dividend yield
  - Delivery and bareboat commencement expected to be during Q4 2022
  
- AMSC intends to source 70% debt and the remaining amount through a combination of cash on hand and new equity
  - Indicative debt financing terms is in place
  - Strong support from key stakeholders to finance the transaction

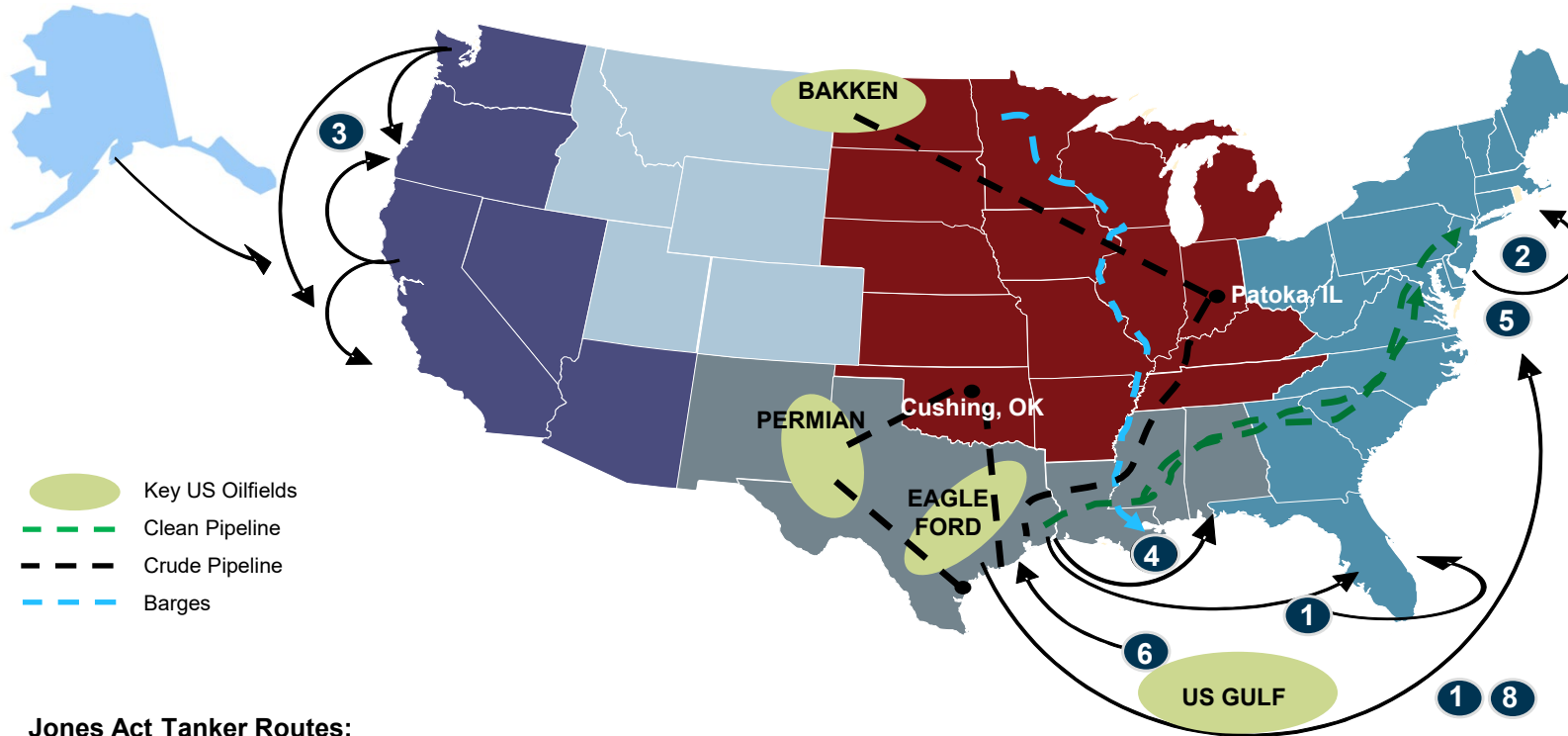


# Normand Maximus will be owned by a Norwegian directly owned subsidiary of AMSC ASA



# A critical part of oil majors' transportation logistics

## Jones Act crude oil & products primary trade routes



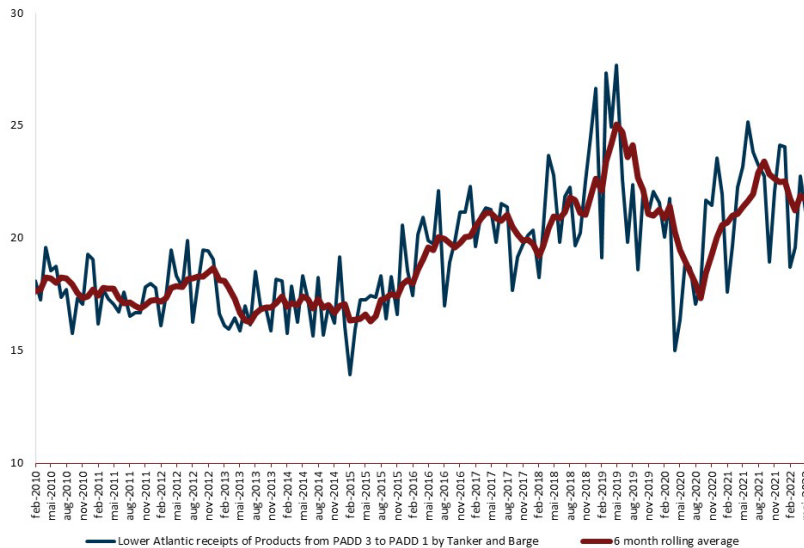


# Clean products shipments to Florida fully recovered

## Long-term trend of increasing marine transportation of clean products into Florida

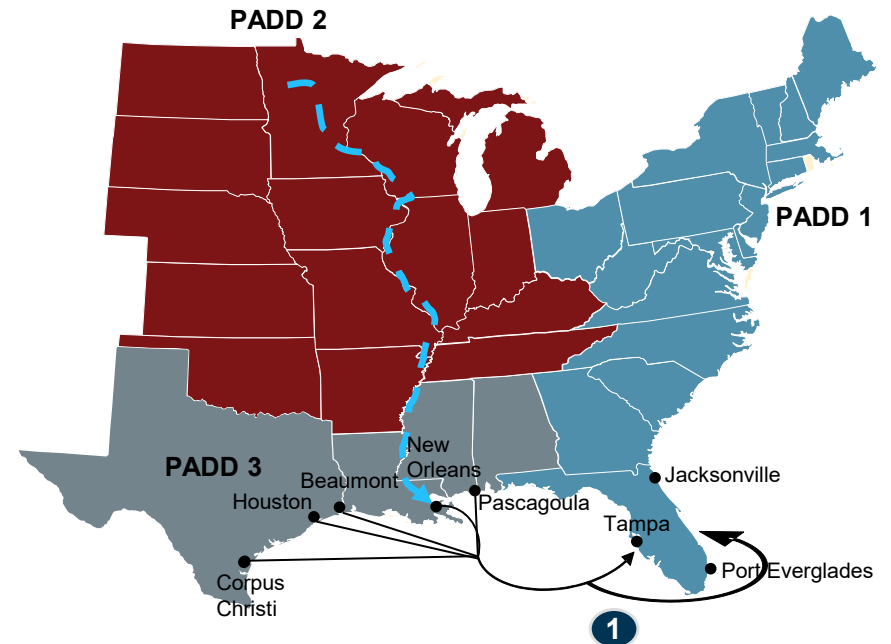
- Increasing consumption of clean products in Florida is driving demand for Jones Act tanker shipments cross US Gulf
- Over the past 10 years this trade has grown with a CAGR of about 3.5%
- Impact from Covid-19 mitigating measures significantly reduced shipments in 2020, but demand now returned to pre-pandemic levels

Mbbbls per month



## Gulf Coast to Florida Trade Lane

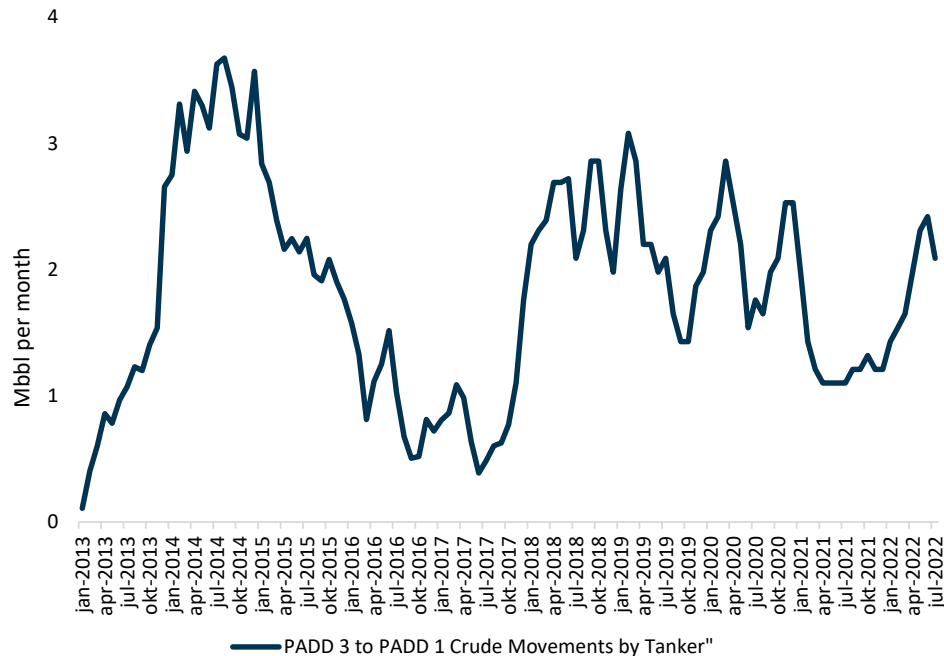
- As Florida has no pipeline connection nor any refineries, all clean products consumed are supplied by sea
- Florida is sourcing 90% of its clean products demand on a Jones Act tanker from US Gulf refineries
- Florida consumption is split 65-70% Gasoline, 15-20% Diesel and 10-15% Jet fuel



Sources: EIA, data through May 2022

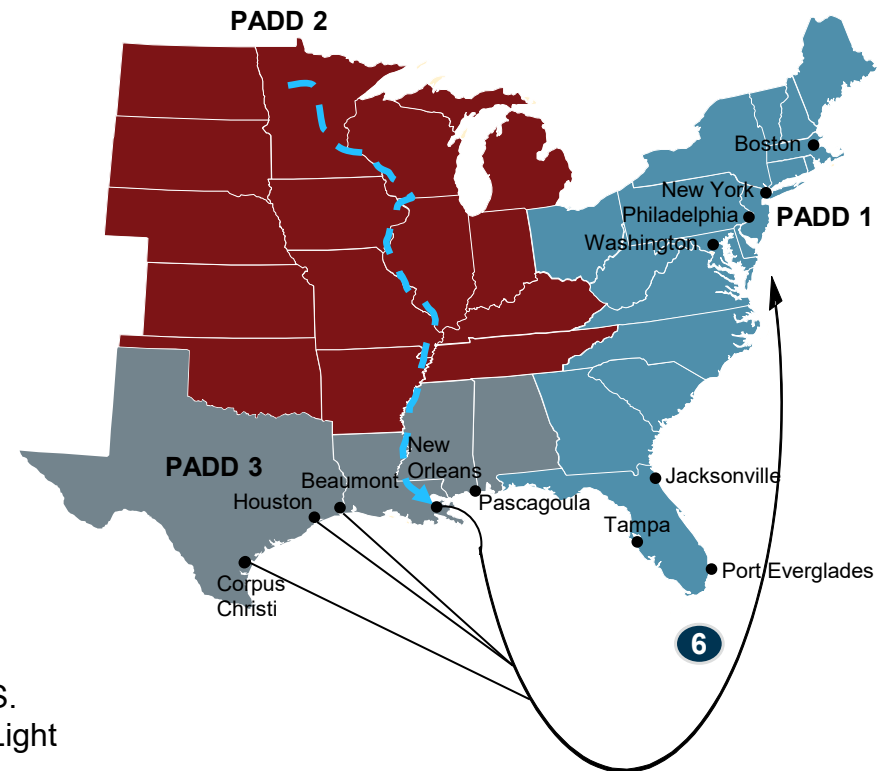
# Domestic crude volumes to Northeast returned to pre-pandemic levels

## PADD 3 to PADD 1 Crude Oil Moves by Tanker and Barge (3 month moving average)



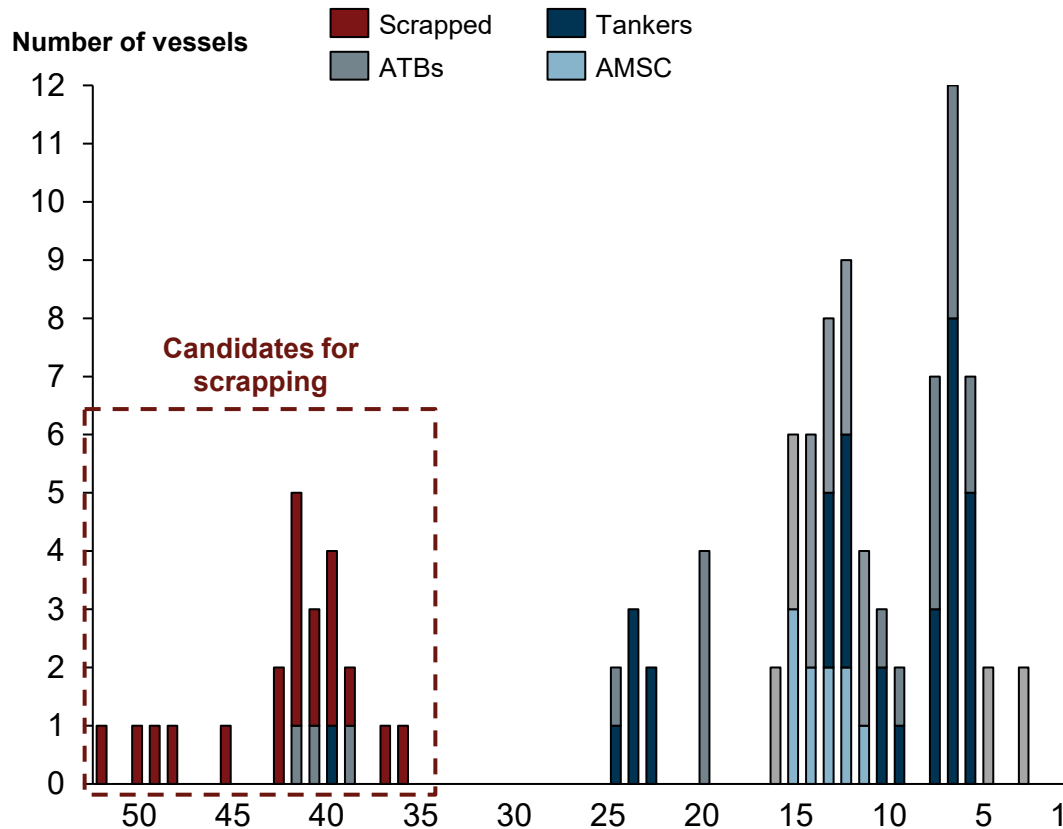
- Historically, volumes have been driven by spread in pricing of U.S. Crude oil vs. international alternatives such as Brent and Bonny Light

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



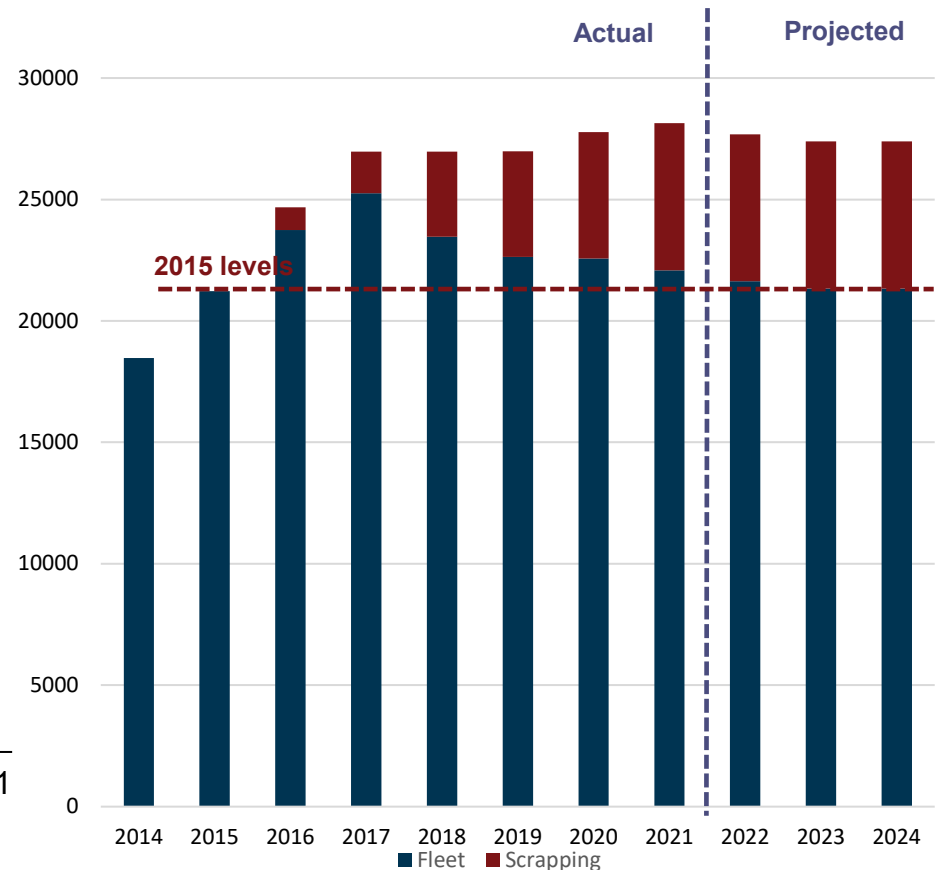
# No vessels on order and scrapping expected to continue

## Fleet profile by vessel age



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

## Kbbbls capacity



# Income Statement (unaudited)

Figures in USD million (except share and per share information)	2Q2022	2Q2021
Operating revenues	22.0	21.9
Operating expenses	(1.9)	(1.3)
<b>Operating profit before depreciation - EBITDA</b>	<b>20.1</b>	<b>20.6</b>
Depreciation	(8.6)	(8.5)
<b>Operating profit - EBIT</b>	<b>11.5</b>	<b>12.1</b>
Net financial expense	(7.7)	(7.6)
Unrealized gain/(loss) on interest swaps	1.7	0.4
Net foreign exchange gain / (loss)	(1.4)	-
<b>Profit/(loss) before income tax</b>	<b>4.1</b>	<b>4.9</b>
Income tax expense	-	(0.3)
Non-cash income tax benefit/(expense)	(0.8)	(1.0)
<b>Net profit / (loss) for the period *</b>	<b>3.3</b>	<b>3.6</b>
Average number of common shares	60,616,505	60,616,505
<b>Earnings/(loss) per share (USD)</b>	<b>0.05</b>	<b>0.06</b>

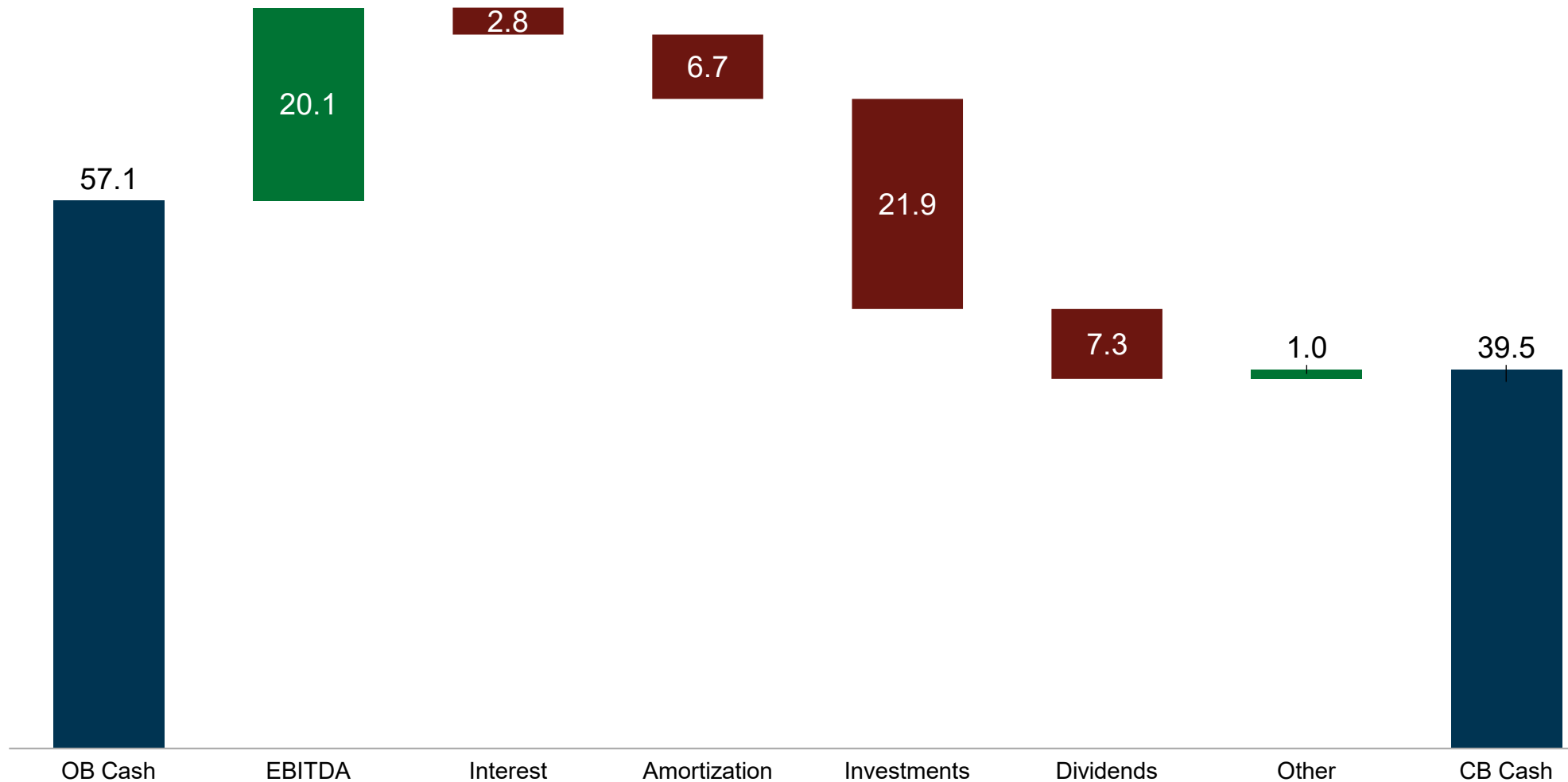
\*Applicable to common stockholders of the parent company

# Balance Sheet (unaudited)

Figures in USD millions	30.06.2022	30.06.2021
Vessels	600.0	632.7
Deferred tax assets	9.4	13.7
Interest-bearing long-term receivables (DPO)	6.9	20.5
Derivative financial assets	11.8	-
Deposit for ship	20.0	-
Trade and other receivables	14.3	2.8
Cash held for specified uses	6.5	5.9
Cash and cash equivalents	33.0	53.9
<b>TOTAL ASSETS</b>	<b>701.8</b>	<b>729.6</b>
Total equity	146.8	156.7
Deferred tax liabilities	18.8	10.3
Interest-bearing long-term debt	505.3	532.1
Derivative financial liabilities	-	1.3
Capitalized Fees	(5.8)	(8.0)
Interest-bearing short-term debt	26.8	26.8
Trade and other payables	9.9	10.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>701.8</b>	<b>729.6</b>

# Cash position decreased during the quarter

## CASH DEVELOPMENT IN 2Q 22 (USD millions)



# Summary – long term stable business model

## BAREBOAT CONTRACTS PROVIDE STABLE CASH FLOW

- Bareboat contracts provide strong and stable cash flows
- Two of three returning tankers already rechartered
- Additional diversified cash flows from the Normand Maximus

## BALANCED JONES ACT TANKER MARKET WITH POSITIVE OUTLOOK

- Demand back to pre-pandemic levels with charter rates improving
- Reduced fleet capacity through scrapping and no yard availability
- Jones Act tanker market expected to strengthen going forward

## RECOVERING OFFSHORE SERVICE MARKET

- Increased field development activity commissioned for 2023 onwards
- Normand Maximus ideally positioned to benefit from increased market activity
- Alternative use of the vessel in the offshore wind market

## STRONG AND IMPROVING FINANCIAL PERFORMANCE

- Modest loan to asset values and healthy credit metrics
- Contracted cash flow providing solid debt service coverage
- Significant free cash flow generation

