



# American Shipping Company ASA



Presentation of Q3 2019

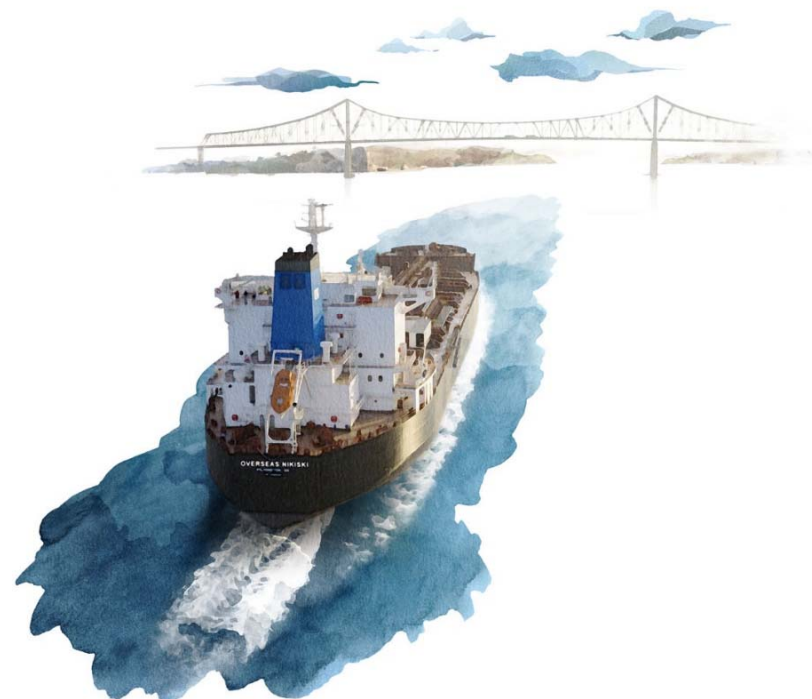
20 November 2019

# 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.

# Third Quarter 2019 Highlights

- Adjusted net profit of USD 3.0 million\*
- Normalized EBITDA\*\* of USD 22.4 million
  - No profit share
  - DPO of USD 0.9 million
- Declared Q3 dividend of USD 0.08 per share, consistent with prior guidance
  - Ex-dividend date of 26 November 2019 with payment on or about 5th December 2019
  - Classified as a return of paid in capital
- Stable market conditions for Jones Act tankers

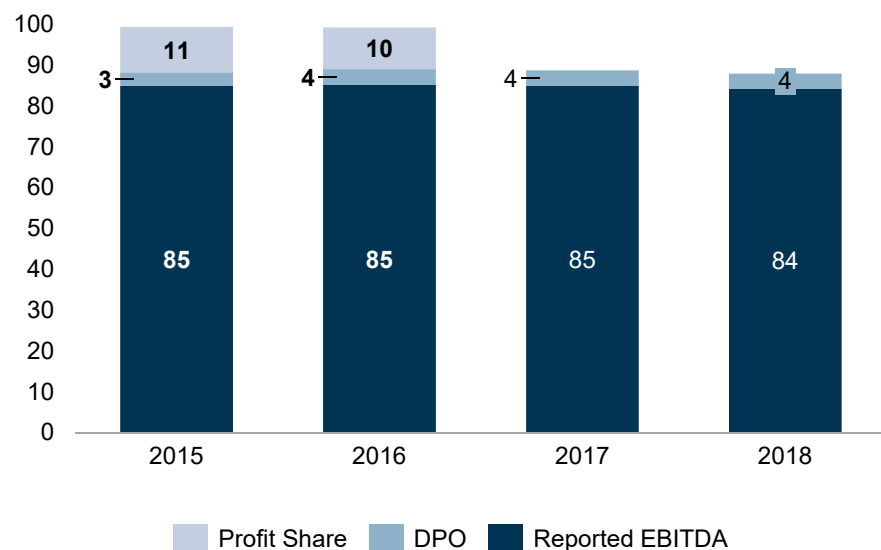


\* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax

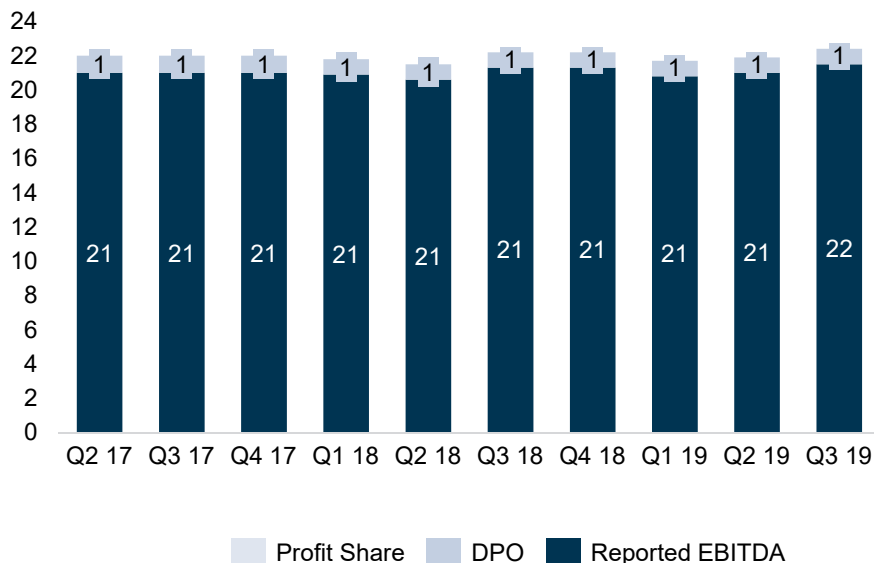
\*\* Includes DPO, reported EBITDA for Q3 19 is USD 21.5 million

# Stable, Predictable EBITDA

**Normalized EBITDA\* (USD millions)**



**Normalized EBITDA\* per quarter (USD millions)**





- Normalized EBITDA\* of USD 22.4 million in Q3 19 (USD 22.2 million in Q3 18)
- No profit share in Q3 19 or Q3 18
- DPO of USD 0.9 in Q3 19 (USD 0.9 million in Q3 18)

\* Including Profit Share (except 2018 and 2017 where profit share was 0 for the full year) and DPO. Reported EBITDA for Q3 19 is USD 21.5 million

# Fleet Deployment Overview

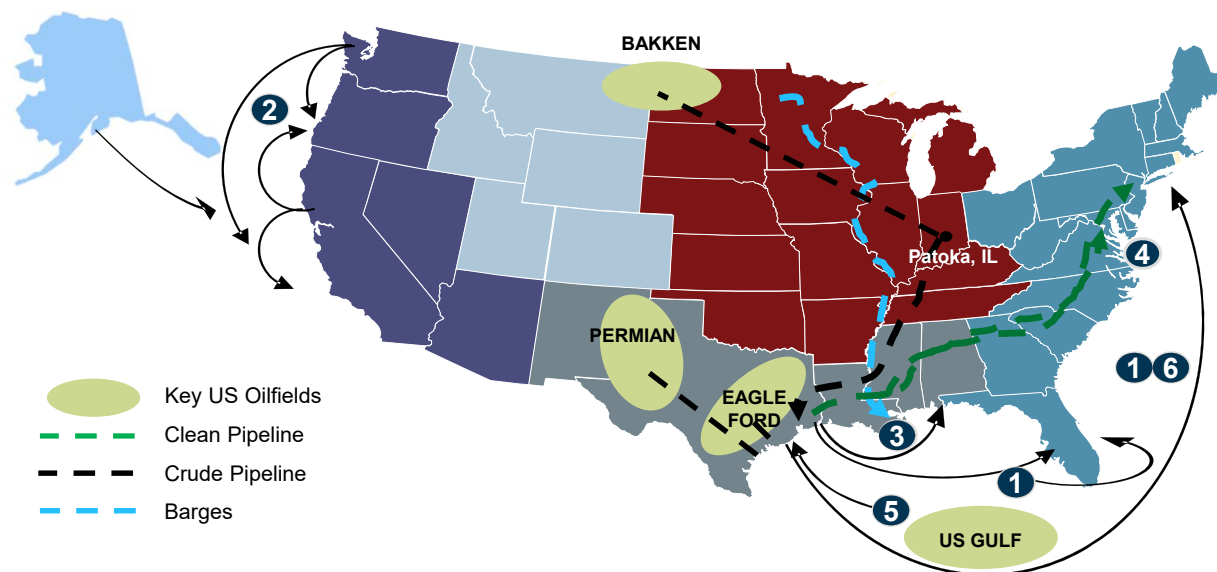
## Long-term fixed rate bareboat charters to OSG secures cash flow

Vessel	Firm Charter	Options	End users
Houston	BBC exp. 2022	BBC Options	    
Long Beach	BBC exp. 2022	BBC Options	
Los Angeles	BBC exp. 2022	BBC Options	
New York	BBC exp. 2022	BBC Options	
Texas City	BBC exp. 2022	BBC Options	
Boston	Exp. '20	BBC Options	
Nikiski	Exp. '20	BBC Options	
Martinez	Exp. '20	BBC Options	
Anacortes	Exp. '20	BBC Options	
Tampa	BBC exp. 2025	Options	

- AMSC's fleet is on firm BB Charters to OSG with evergreen extension options
- AMSC receives fixed annual bareboat revenue of USD 88 million + ~50% of the profits generated by OSG under the time charter contracts
- OSG time charters the vessels to oil majors for U.S domestic trade

# 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
Local refining & existing pipelines			4.18
Cactus 2 - Initial	Q3 '19	0.37	4.55
EPIC - Initial	Q3 '19	0.30	4.85
Gray Oak	Q4 '19	0.90	5.75
EPIC - Final	Q1 '20	0.30	6.05
Cactus 2 - Final	Q2 '20	0.33	6.38
Wink-to-Webster	Q3 '21	1.00	7.38
Wink-to-Webster	Q1 '22	0.50	7.88

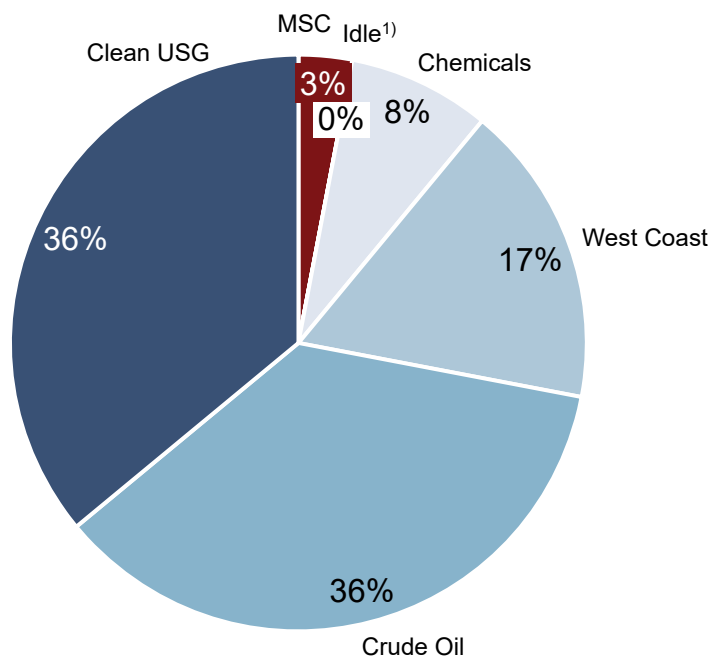
**Permian production growth has surpassed pipeline takeaway capacity – additional pipelines to drive tanker demand**

# Majority of Fleet Carry Clean Products

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

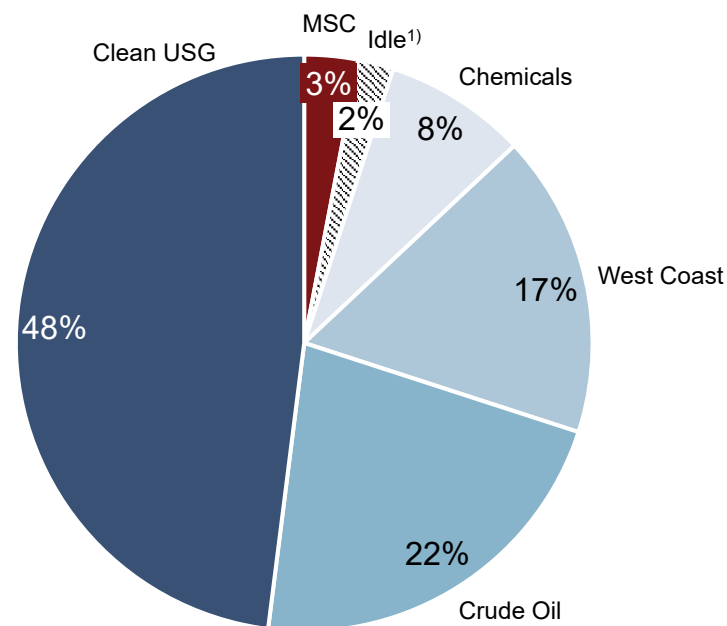
**2015**

Total capacity: ~20 mbbls



**Sept 2019**

Total capacity: ~23.5 mbbls



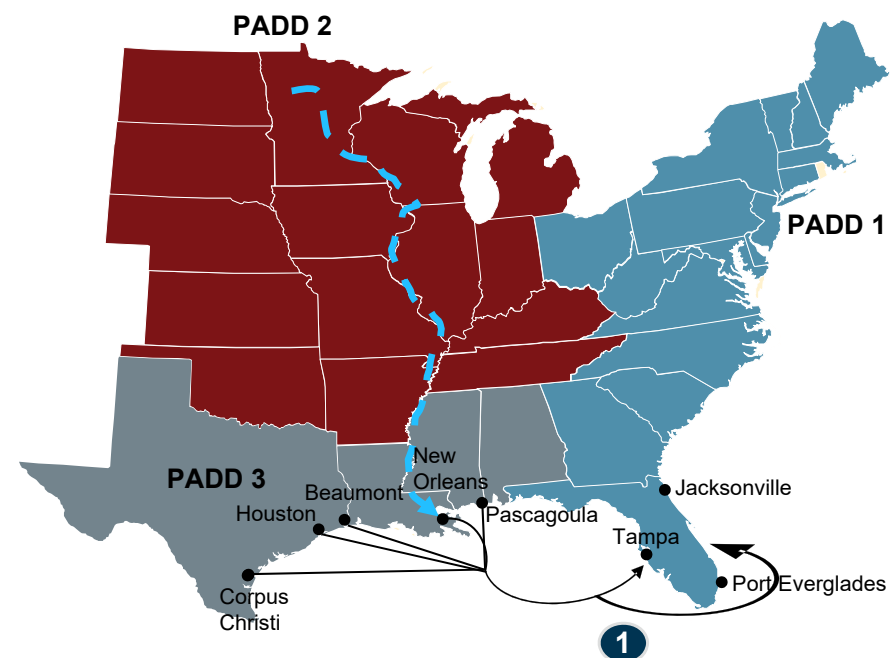
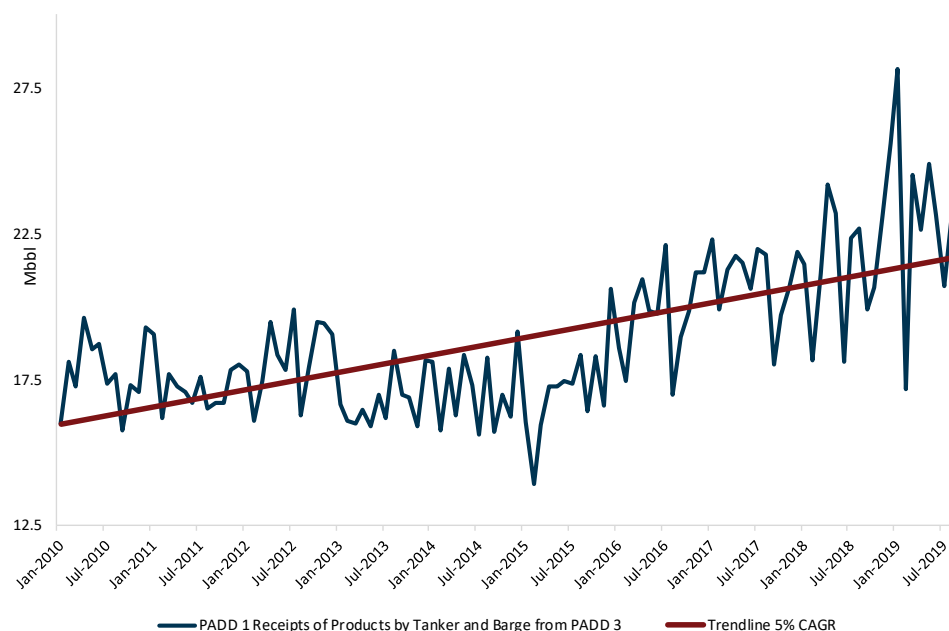
Source: Navigistics' Wilson Gillette Report Sept 2019 and AMSC analysis  
 Note: 1) Idle capacity refers only to old ATBs

# Increasing Clean Volumes Into Florida

## Rising seaborn transport from Gulf to East Coast

## Gulf Coast to Florida Trade Lane

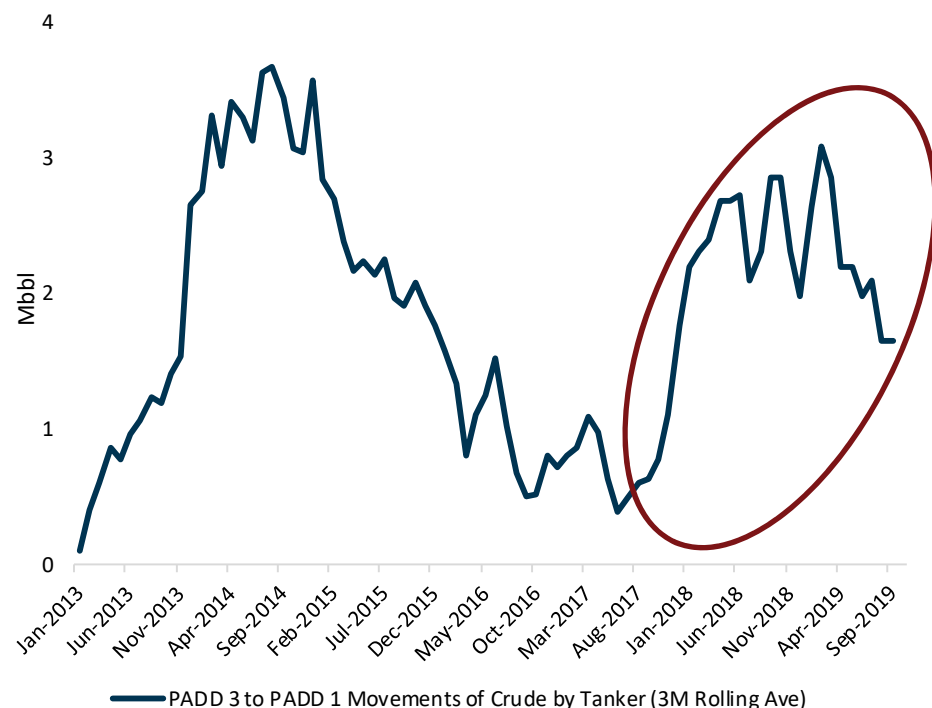
Mbbbls per month





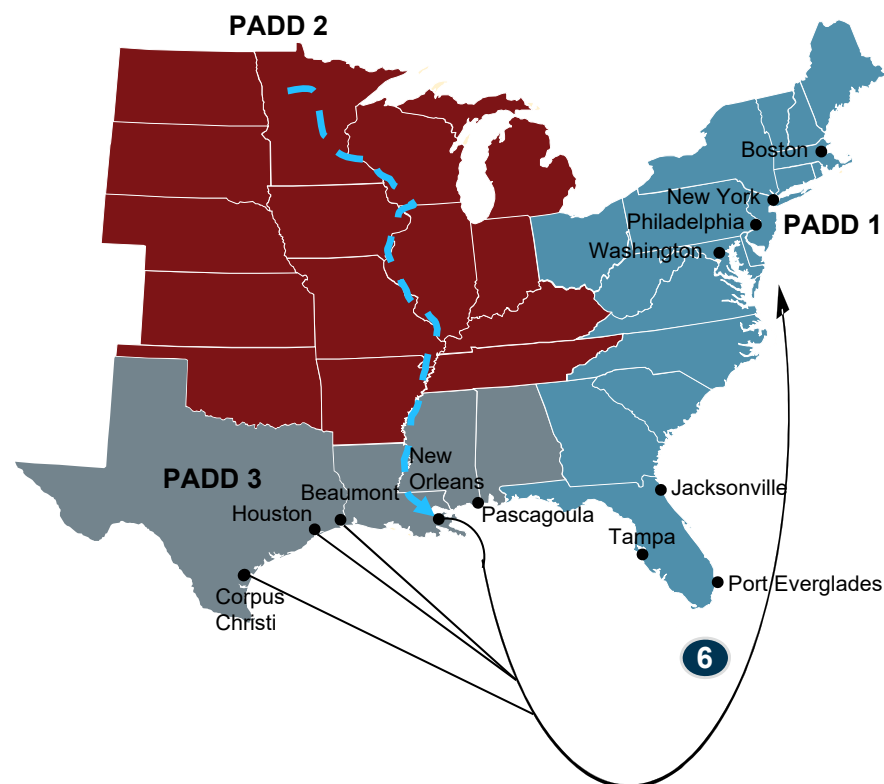
# Crude Trade to East Coast stabilizing

## 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

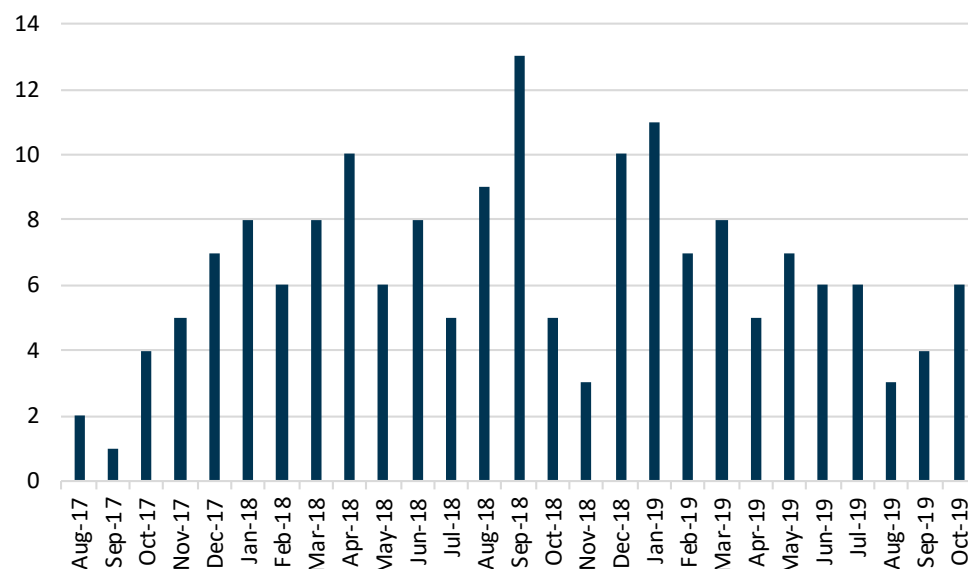
## Trade lane carrying Crude from Gulf Coast to U.S. Northeast



Source: EIA, Marine Traffic and AMSC analysis

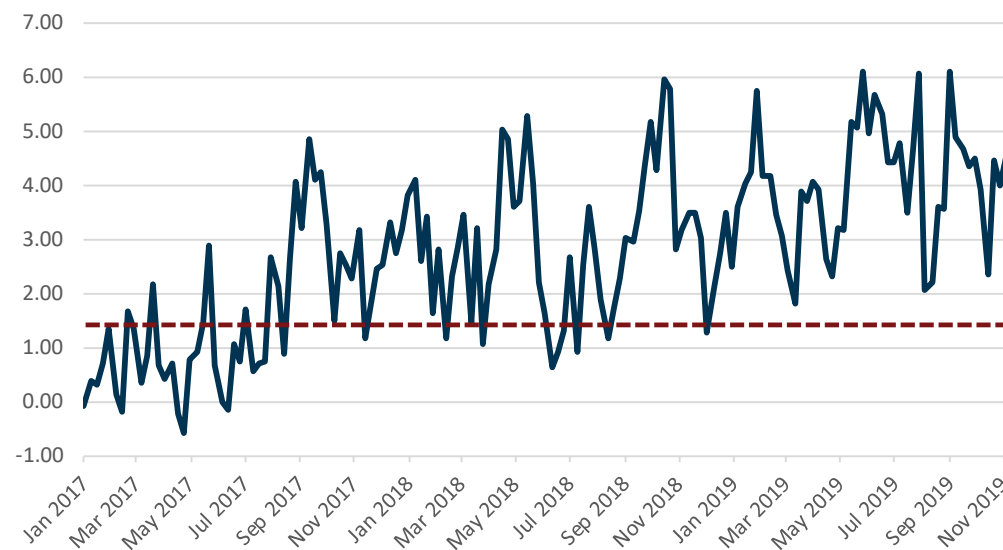
# Oil Price Spread - Key Driver for Crude Shipping Volumes

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



- On average 7 MR voyages per month of crude to U.S. Northeast refineries

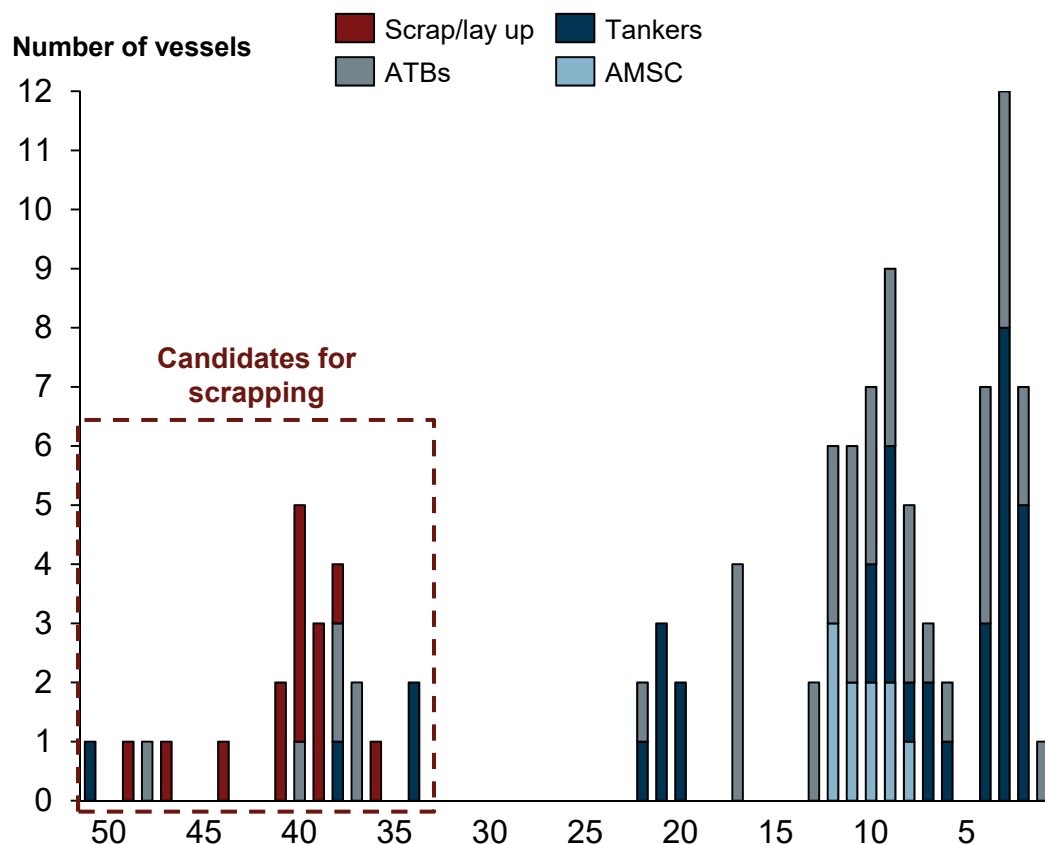
## Crude Oil Price Spread - WTI Houston vs. Bonny Light



- 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

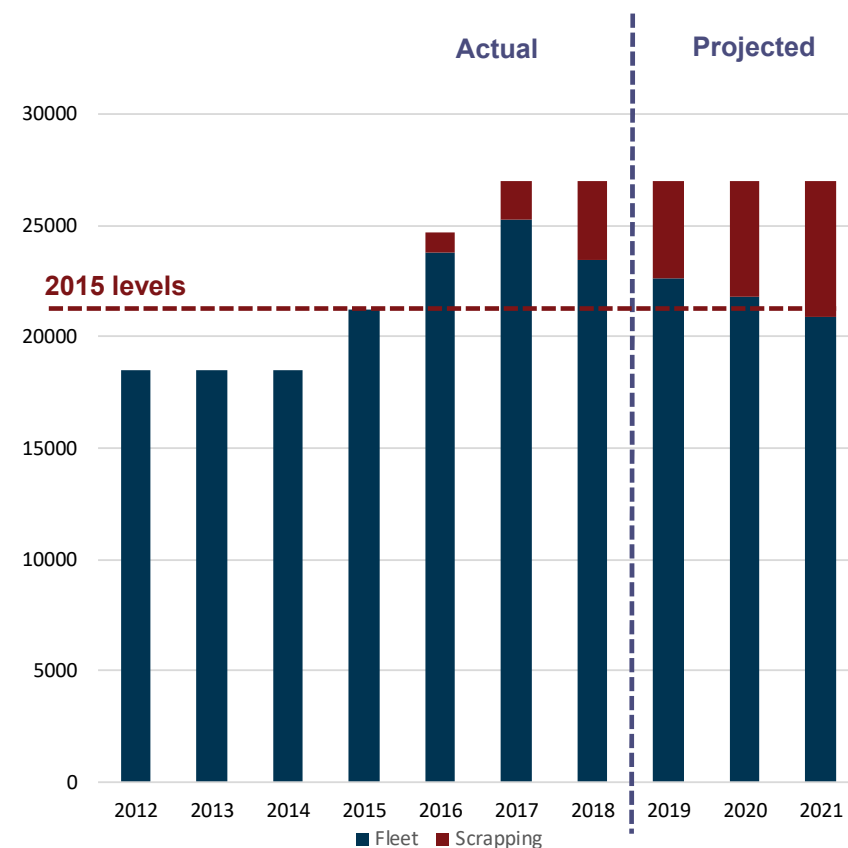
# Fleet Reduction as Scrapping Continues

## Fleet profile by vessel age



## Considerable fleet growth in past years, but scrapping likely to bring fleet back to 2015 levels

### Kbbbls capacity



Source: Navigistics' Wilson Gillette Report Sep 2019, broker reports and AMSC analysis

# Income Statement (unaudited)

Figures in USD million (except share and per share information)	Q3 2019	Q3 2018
Operating revenues	22.1	22.1
Operating expenses	(0.6)	(0.8)
<b>Operating profit before depreciation - EBITDA</b>	<b>21.5</b>	<b>21.3</b>
Depreciation	(8.5)	(8.5)
<b>Operating profit - EBIT</b>	<b>13.0</b>	<b>12.8</b>
Gain on investments	-	-
Net interest expense	(10.0)	(10.4)
Unrealized gain/(loss) on interest swaps	0.1	0.1
Net foreign exchange gain/(loss)	-	-
<b>Profit/(loss) before income tax</b>	<b>3.1</b>	<b>2.5</b>
Income tax expense	-	(0.2)
Non-cash income tax benefit/(expense)	(0.2)	0.1
<b>Net profit / (loss) for the period *</b>	<b>2.9</b>	<b>2.4</b>
Average number of common shares	60,616,505	60,616,505
<b>Earnings/(loss) per share (USD)</b>	<b>0.05</b>	<b>0.04</b>

\*Applicable to common stockholders of the parent company

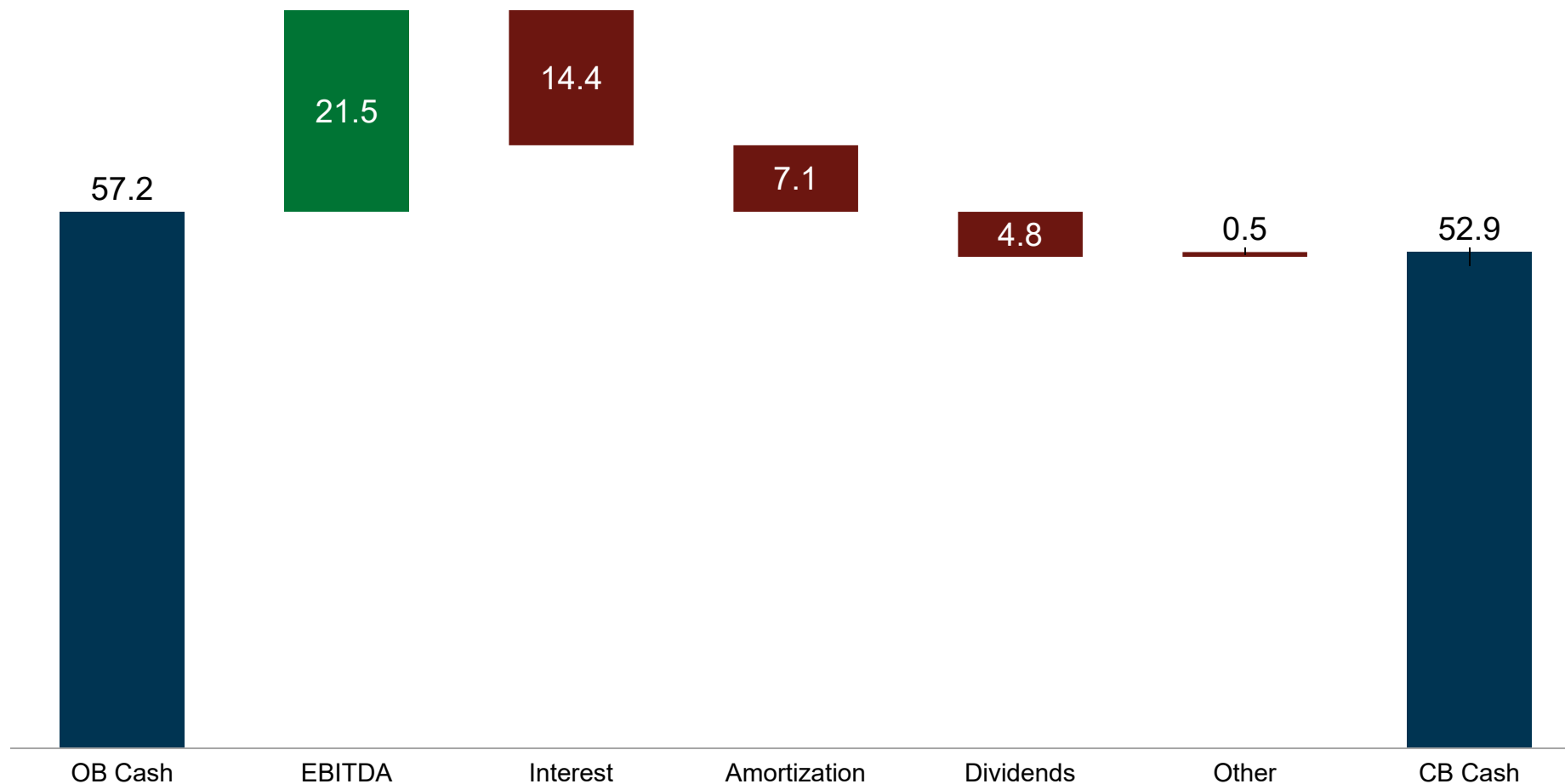
# Balance Sheet (unaudited)

Figures in USD millions	30.09.2019	30.09.2018
Vessels	686.5	720.3
Interest-bearing long term receivables (DPO)	25.3	27.2
Other non current assets	-	16.4
Derivative financial assets	-	4.2
Trade and other receivables	0.1	0.1
Cash held for specified uses	2.4	2.1
Cash and cash equivalents	50.5	47.3
<b>TOTAL ASSETS</b>	<b>764.8</b>	<b>817.7</b>
Total equity	166.0	180.6
Deferred tax liabilities	12.7	12.3
Interest-bearing long term debt	533.2	580.7
Derivative financial liabilities	0.9	-
Interest-bearing short term debt	41.6	28.3
Deferred revenues and other payables	10.4	15.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>764.8</b>	<b>817.7</b>

# Cash position decreased during the quarter



## CASH DEVELOPMENT IN 3Q 19 (USD millions)



# Investment Highlights

Highlights	Comments
<b>INCREASING DEMAND IN KEY TRADES</b>	<ul style="list-style-type: none"> <li>Stable crude shipments from U.S. Gulf to the U.S. Northeast</li> <li>Growing clean trade into Florida</li> <li>Jones Act time charter rates approaching USD 60,000 per day</li> </ul>
<b>REDUCING FLEET CAPACITY</b>	<ul style="list-style-type: none"> <li>Scrapping of older tonnage continues with 2 MRs and 5 ATBs retired in 2018 and two additional ATBs to date in 2019</li> <li>10 tankers and ATBs approaching 35 years or older in 2020; with Special Surveys coming up</li> <li>Slim orderbook with only two barges for delivery in 2020</li> </ul>
<b>FLEET WELL POSITIONED TO BENEFIT FROM MARKET UPSIDE</b>	<ul style="list-style-type: none"> <li>AMSC owned vessels already committed on new time charters for most of 2020</li> <li>The fleet is well positioned to capitalise on increased time charter rates through the profit split</li> </ul>
<b>LEADING MARKET POSITION WITH STABLE CASH FLOWS</b>	<ul style="list-style-type: none"> <li>Bareboat contracts provide stable cash flows with profit share upside potential</li> <li>Existing modern fleet that is integral to OSG's business</li> <li>Well positioned to take advantage of growth opportunities in a strengthening market</li> </ul>

