



# American Shipping Company ASA



Presentation of Q1 2018

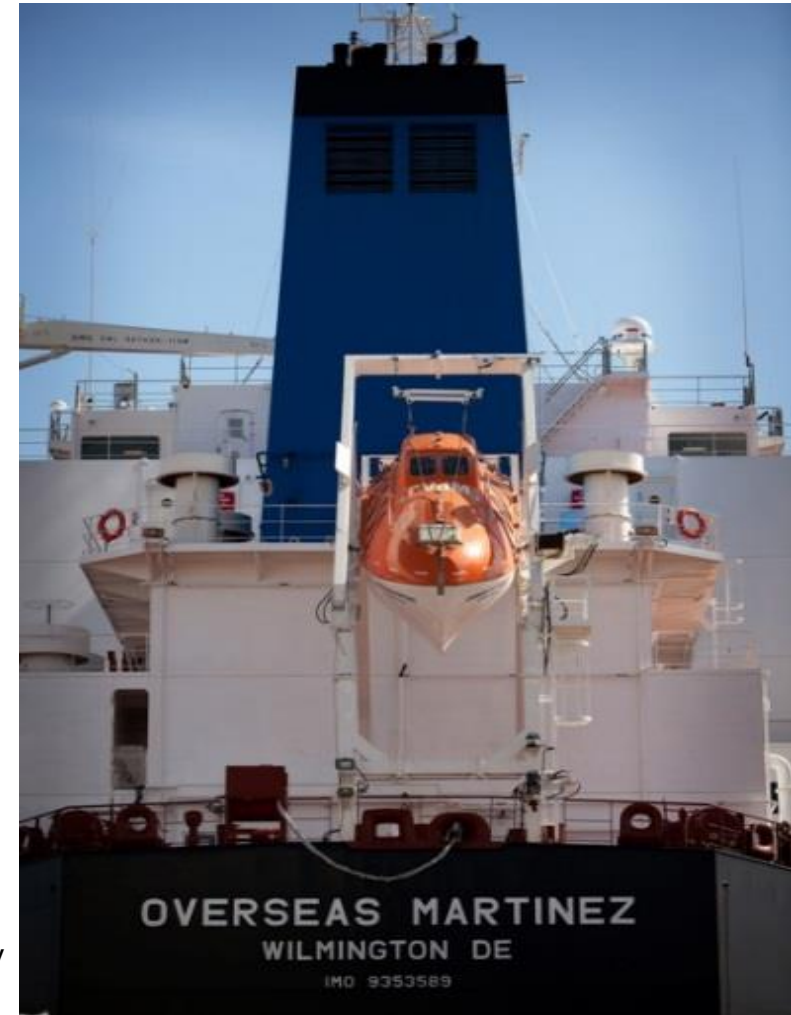
23 May 2018

# 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.

# First Quarter 2018 Highlights

- Adjusted net profit of USD 2.4 million\*
- Normalized EBITDA\*\* of USD 21.8 million
  - No profit share
  - DPO of USD 0.9 million
- Declared Q1 dividend of USD 0.08 per share, consistent with prior guidance
  - Ex-dividend date of 29 May 2018, payment on or about 7<sup>th</sup> June 2018
  - Classified as a return of paid in capital
- Improved market conditions for Jones Act tankers
  - Crude volumes to U.S. Northeast remain strong
  - Accelerated scrapping and limited supply growth going forward
  - TCE rates for short term fixtures reportedly close to USD 70,000 per day
  - Several medium term time charters reported at USD 50,000 - 55,000 per day

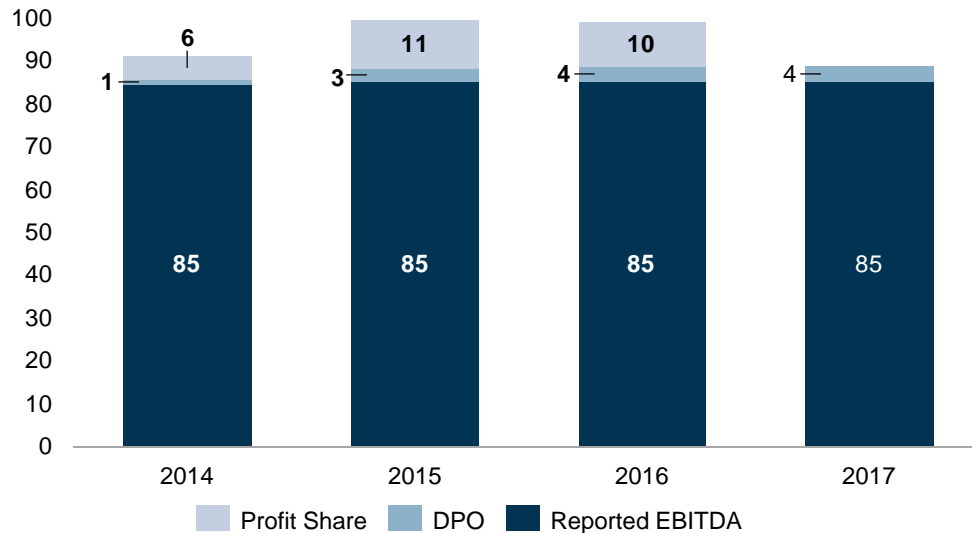


\* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax

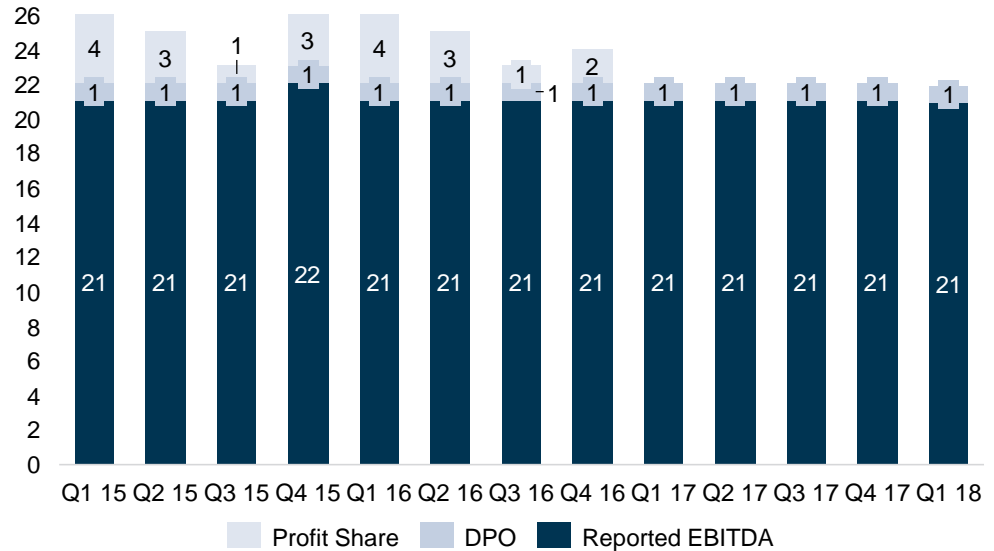
\*\* Includes DPO, reported EBITDA for Q1 18 is USD 20.9 million

# Stable, Predictable EBITDA

## Normalized EBITDA\* (USD millions)



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








- Normalized EBITDA\* of USD 21.8 million in Q1 18 (USD 21.9 million in Q1 17)
- No profit share in Q1 18 (USD 1.7 million in Q1 17)
- DPO of USD 0.9 in Q1 18 (USD 1.0 million in Q1 17)

\* Including Profit Share (except 2017 where profit share was 0 for the full year) and DPO. Reported EBITDA for Q1 18 is USD 20.9 million

# Fleet Deployment Overview

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

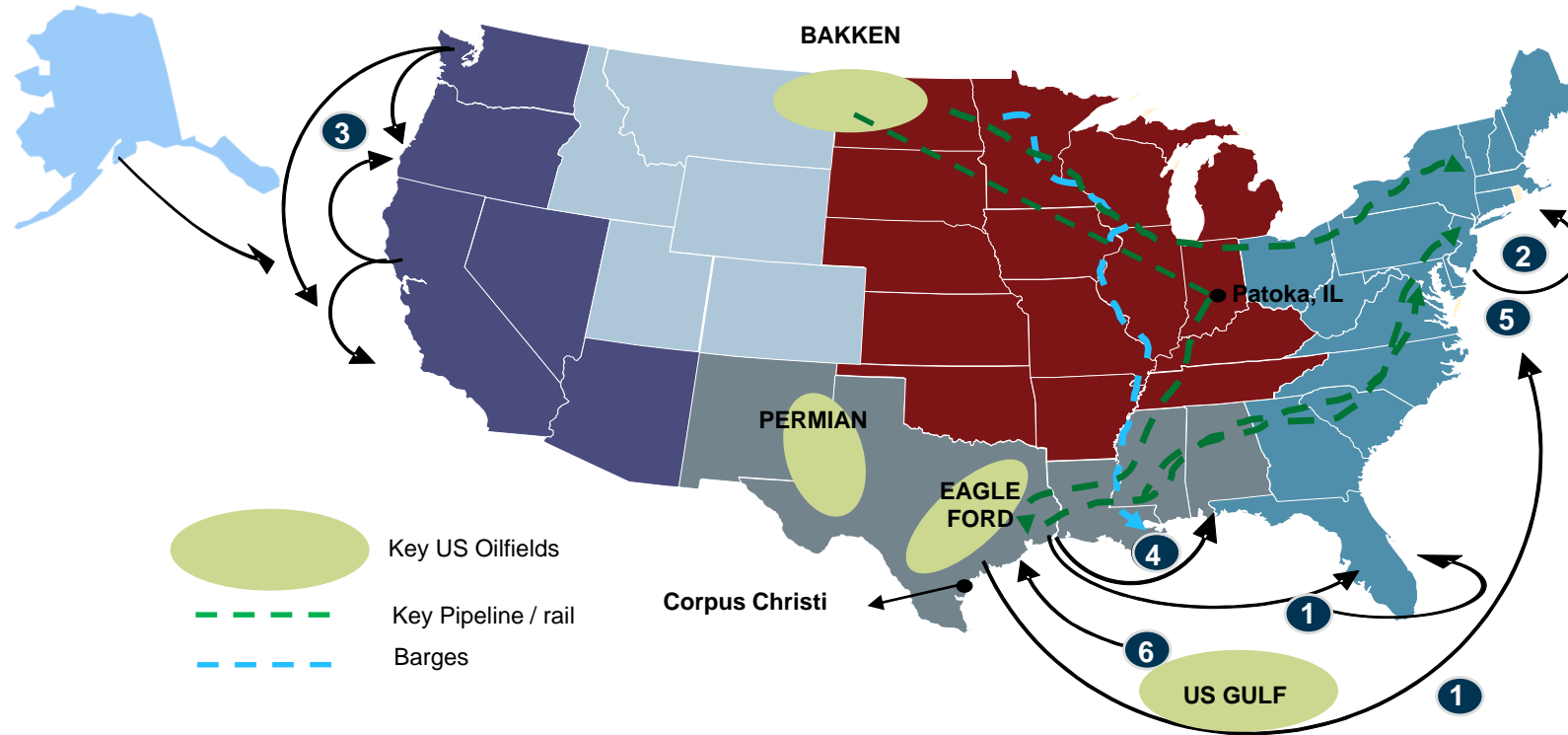
Vessel	2017-19	2019 - beyond	End users
Anacortes	BBC	BBC Options	    
Boston	BBC	BBC Options	
Houston	BBC	BBC Options	
Long Beach	BBC	BBC Options	
Los Angeles	BBC	BBC Options	
Martinez	BBC	BBC Options	
New York	BBC	BBC Options	
Nikiski	BBC	BBC Options	
Texas City	BBC	BBC Options	
Tampa	BBC*	BBC Opt.	

- AMSC's fleet is on firm BB Charters to OSG until December 2019\* plus 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

\* All vessels excluding Overseas Tampa which is contracted to June 2025

# A Critical Part of Oil Majors' Transportation Logistics

## Jones Act crude oil & products primary trade routes

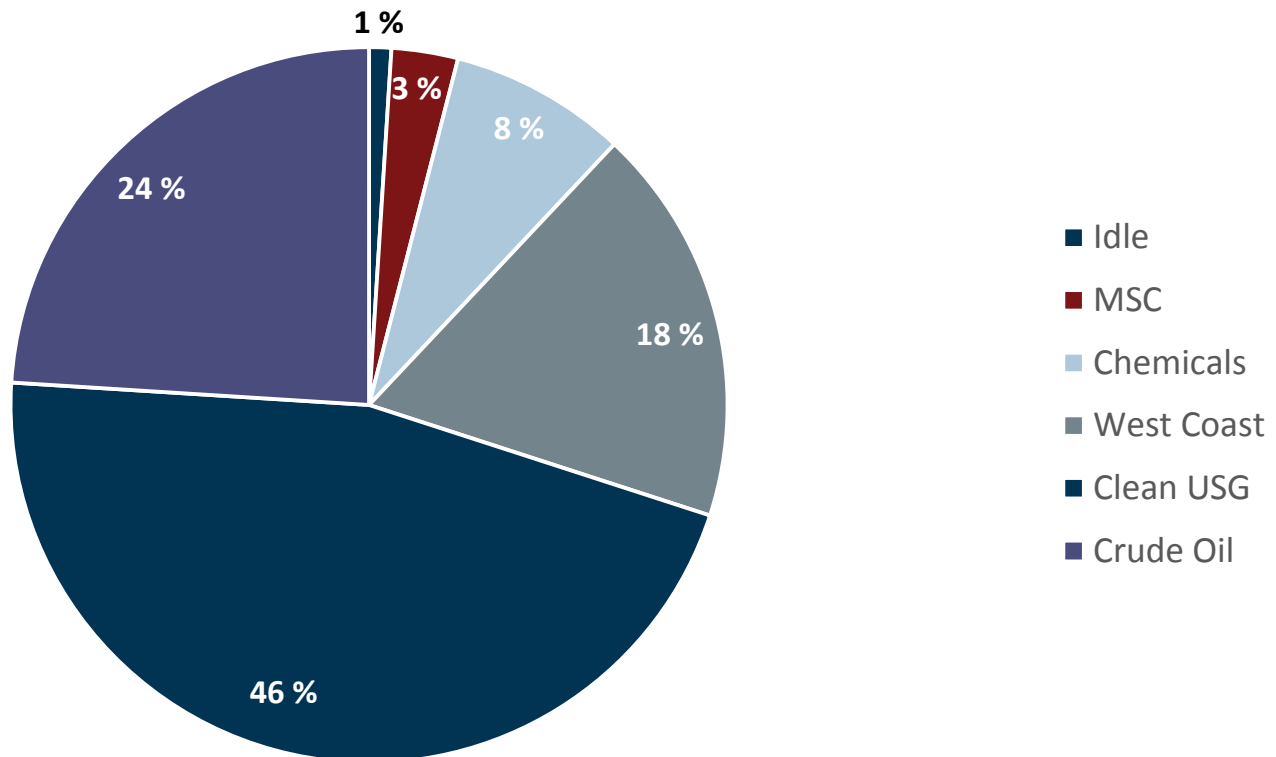


### Jones Act Tanker Routes:

- 1 Gulf Coast refineries to Florida and East Coast (Clean)
- 2 Mid-Atlantic to New England (Clean)
- 3 Alaska and Intra-west coast movements (Clean/Dirty)
- 4 Cross-Gulf movements (Dirty)
- 5 Delaware Bay Lightening (Crude)
- 6 Shuttle tankers from deep water U.S. Gulf to Gulf Coast Refineries (Crude)
- 7 Crude from Corpus Christi, TX to LOOP (not shown)

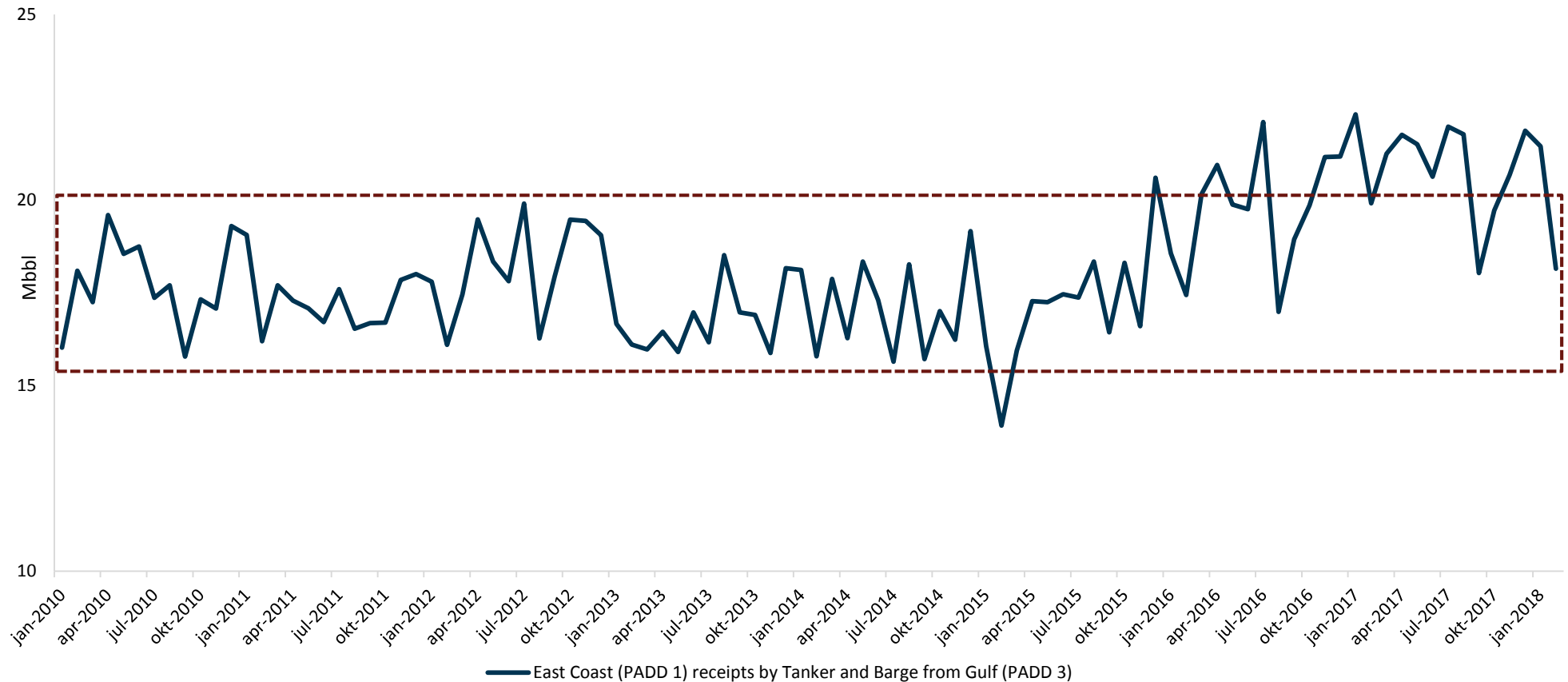
# Majority of Fleet carry Clean Products

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



# Increasing Clean Product Volumes

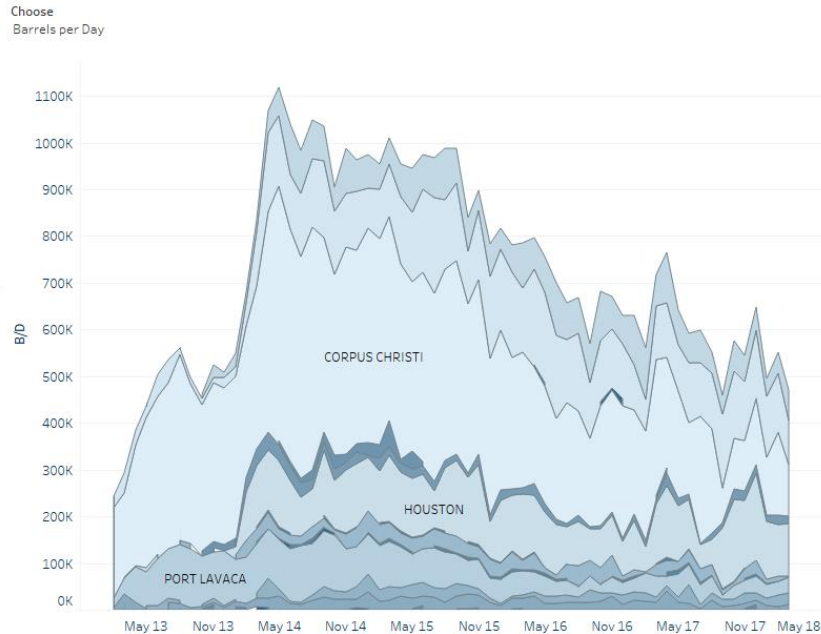
Seaborne products transport from Gulf Coast to East Coast is very consistent (Mbbls per month)





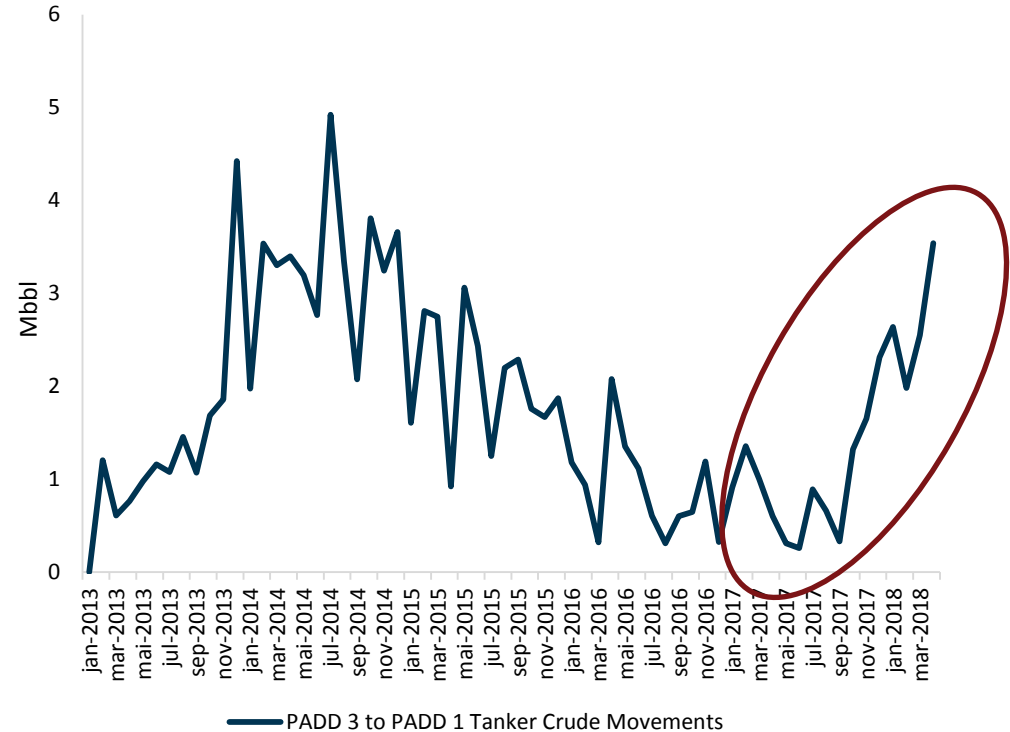
# Crude Shipping Volumes Stabilizing Intra Gulf whilst Returning to Peak Levels on East Coast

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



- JA USG loading of 600m bbls per day utilizes ~9 vessels for USG crude trade (assuming 5 days roundtrip)
- Volumes poised to recover

**PADD 3 to PADD 1 Crude Oil Moves by Tanker and Barge (Mbbbls per month)**

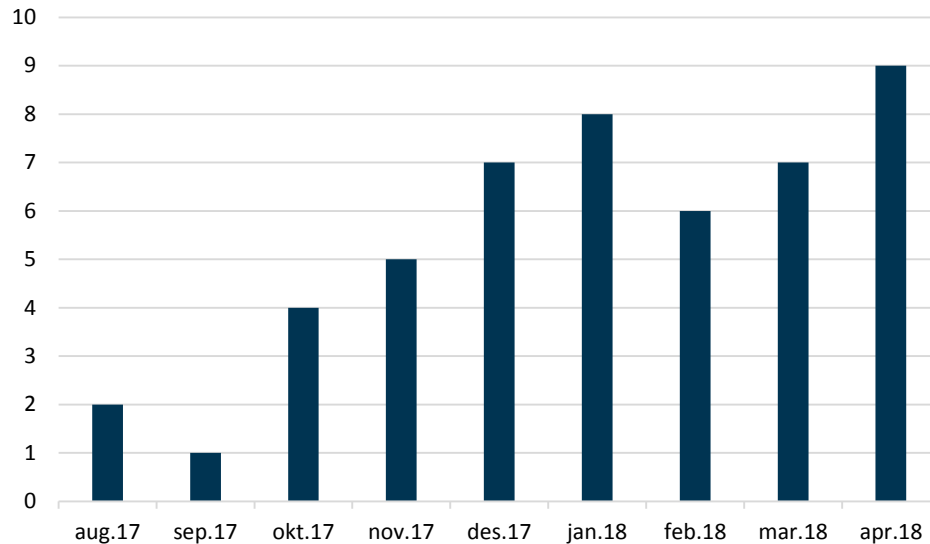


- Volumes in East Coast trade is back to ~5 tankers, up from ~1 tanker during 2017
- Volumes driven by spread in pricing of US oil vs international alternatives

- Argus Houston vs. Bonny Light

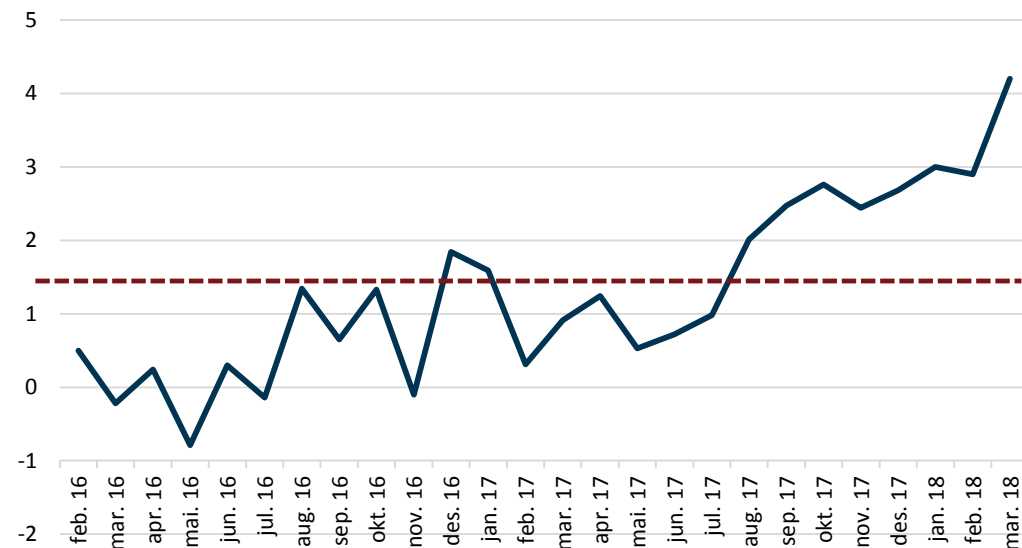
# Oil Price Spread - Key Driver for Increase in PADD 3 to PADD 1 Crude Shipping Volumes

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



- Record 9 monthly voyages in April 18
- ~ 5 tankers absorbed in activity from U.S. Gulf up to North East refineries
- YTD 30x cargoes delivered or in transit

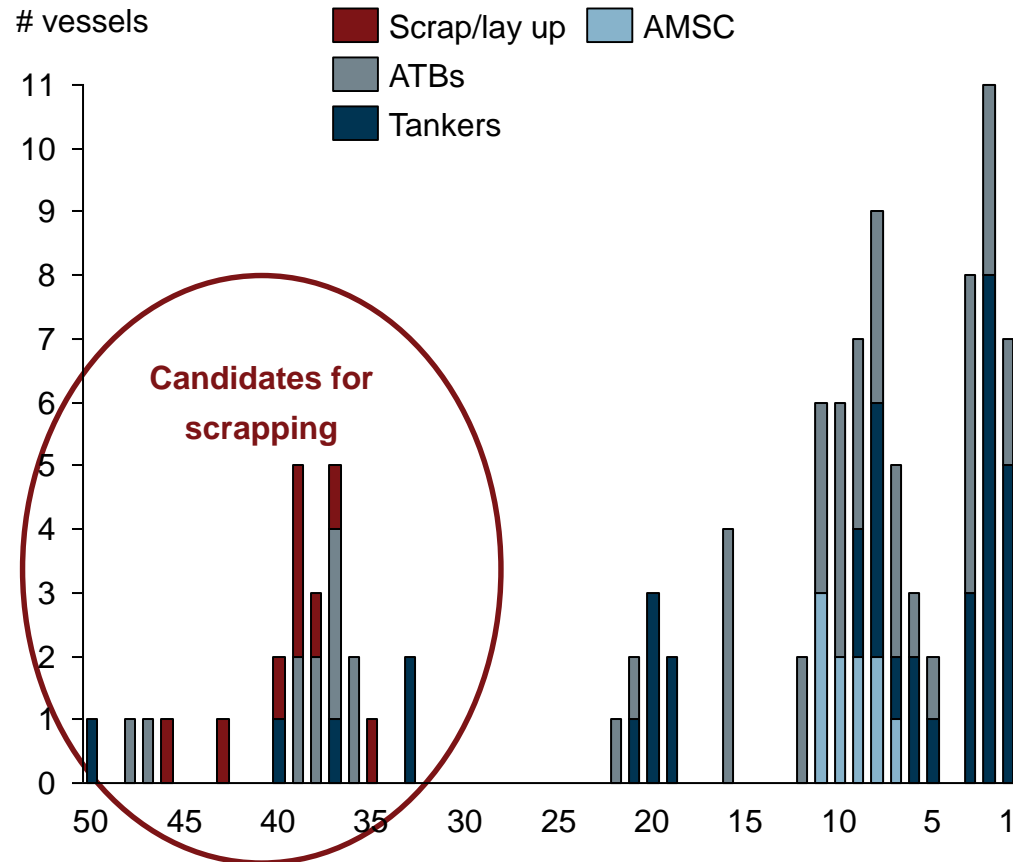
**Crude Oil Price Spread - Argus Houston vs. Bonny Light**



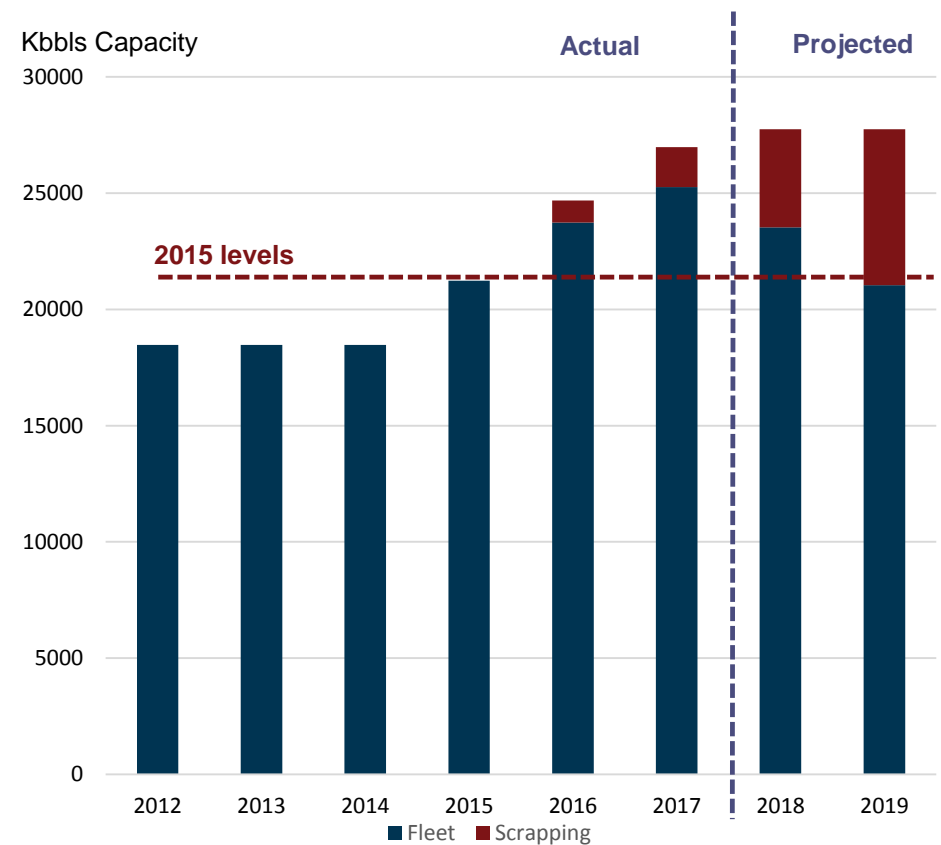
- Crude loaded in Houston vs. West Africa needs to be minimum \$1.50 cheaper to be competitive for U.S. East Coast Refiners
- Spread has been sufficiently wide since Aug/Sept 2017 and is increasing

# Limited Remaining Fleet Growth and Scrapping Continues (3x units YTD 2018)

Fleet profile by vessel age



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



# Income Statement *(unaudited)*

Figures in USD million (except share and per share information)	Q1 2018	Q1 2017
Operating revenues	21.6	21.6
Operating expenses	(0.7)	(0.7)
<b>Operating profit before depreciation - EBITDA</b>	<b>20.9</b>	<b>20.9</b>
Depreciation	(8.3)	(8.4)
<b>Operating profit - EBIT</b>	<b>12.6</b>	<b>12.5</b>
Gain on investments	-	2.3
Net interest expense	(10.2)	(14.5)
Unrealized gain/(loss) on interest swaps	1.9	0.7
Net foreign exchange gain/(loss)	-	-
<b>Profit/(loss) before income tax</b>	<b>4.3</b>	<b>1.0</b>
Income tax expense	-	(0.6)
Non-cash income tax expense	(0.5)	(1.9)
<b>Net profit / (loss) for the period *</b>	<b>3.5</b>	<b>(1.5)</b>
Average number of common shares	60,616,505	60,616,505
<b>Earnings/(loss) per share (USD)</b>	<b>0.06</b>	<b>(0.03)</b>

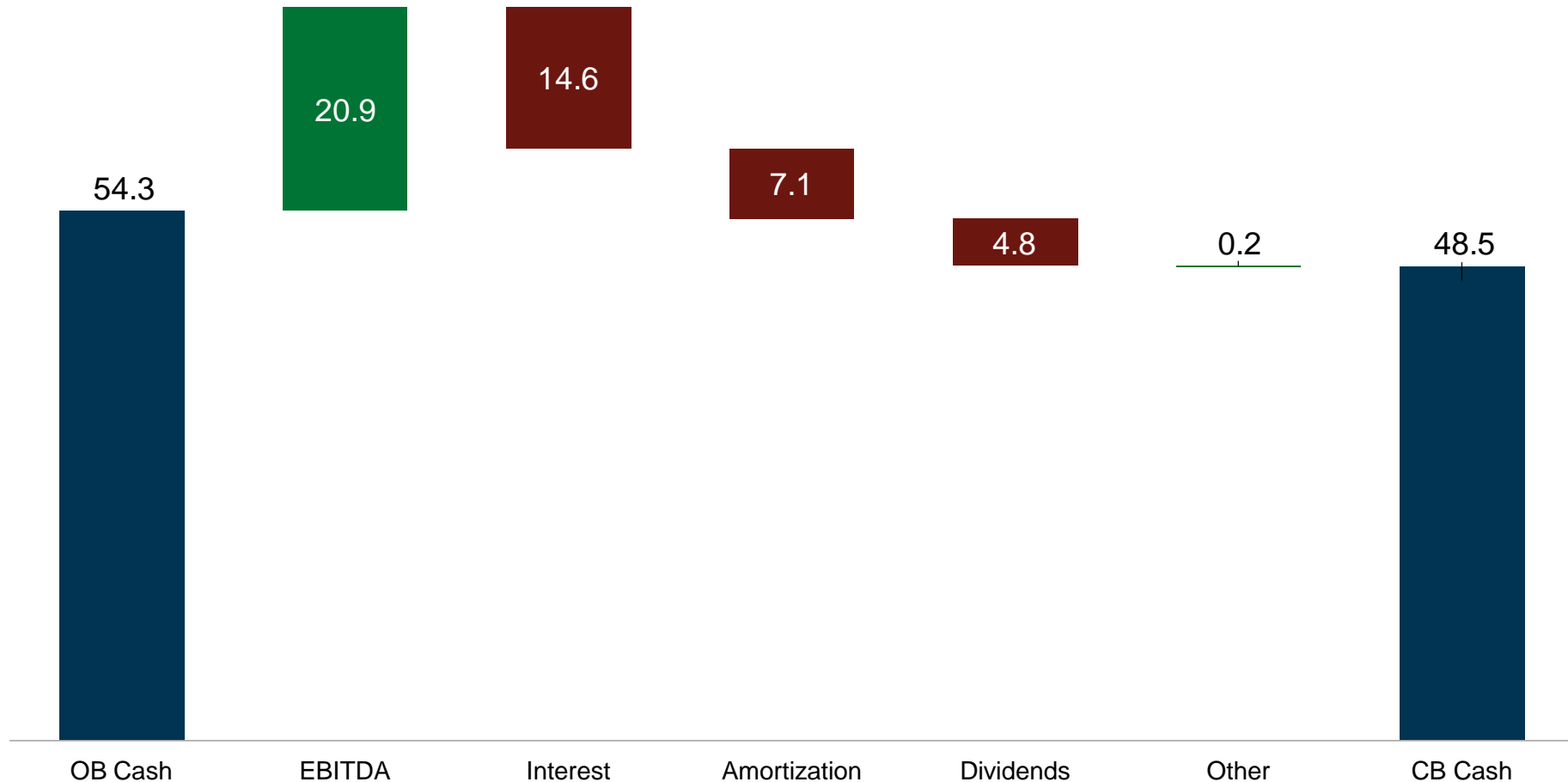
\*Applicable to common stockholders of the parent company

# Balance Sheet *(unaudited)*

Figures in USD millions	31.03.2018	31.03.2017
Vessels	737.3	771.0
Interest-bearing long term receivables (DPO)	28.2	30.1
Other non current assets	16.4	22.6
Derivative financial assets	3.5	0.6
Trade and other receivables	0.2	0.2
Cash held for specified uses	2.2	2.2
Cash and cash equivalents	46.3	46.8
<b>TOTAL ASSETS</b>	<b>834.1</b>	<b>873.5</b>
Total equity	185.8	186.5
Deferred tax liabilities	12.1	19.3
Interest-bearing long term debt	593.7	626.0
Derivative financial liabilities	-	-
Interest-bearing short term debt	28.3	28.3
Deferred revenues and other payables	14.2	13.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>834.1</b>	<b>873.5</b>

# Cash position decreased during the quarter due to payment of bi-annual bond coupon

CASH DEVELOPMENT IN 1Q 18 (USD millions)



# Investment Highlights

## Highlights

### INCREASED DEMAND IN KEY TRADES

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

### NO NEW VESSEL ORDERS

- Final MR tanker delivered and only 2 smaller ATBs entering the market in 2018
- No tanker orders placed for the past 4 years
- Scrapping / lay-up of older tonnage continues

### 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

