American Shipping Company ASA

American Shipping Company

Q1 2020 results and company update

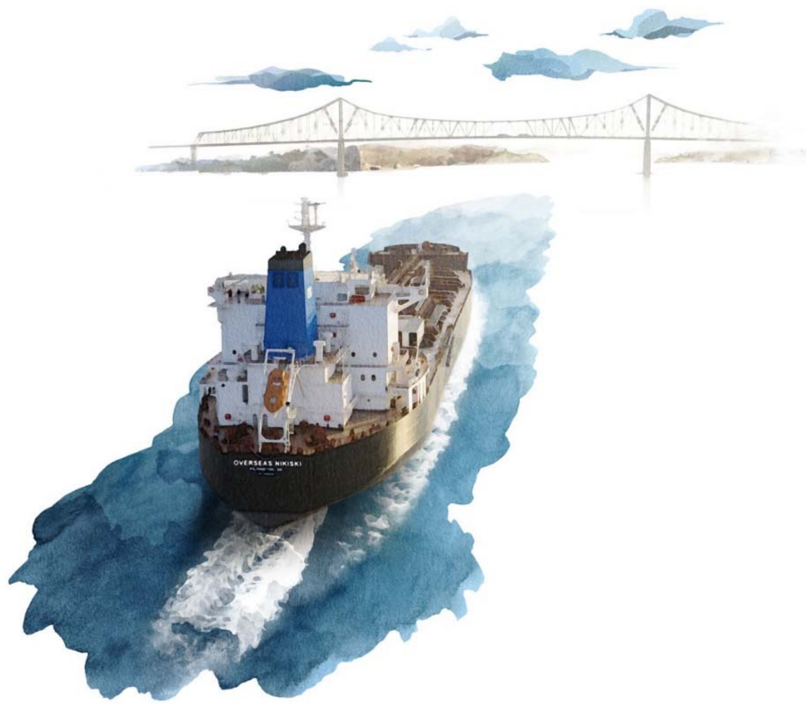
20 May 2020

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 2020 highlights

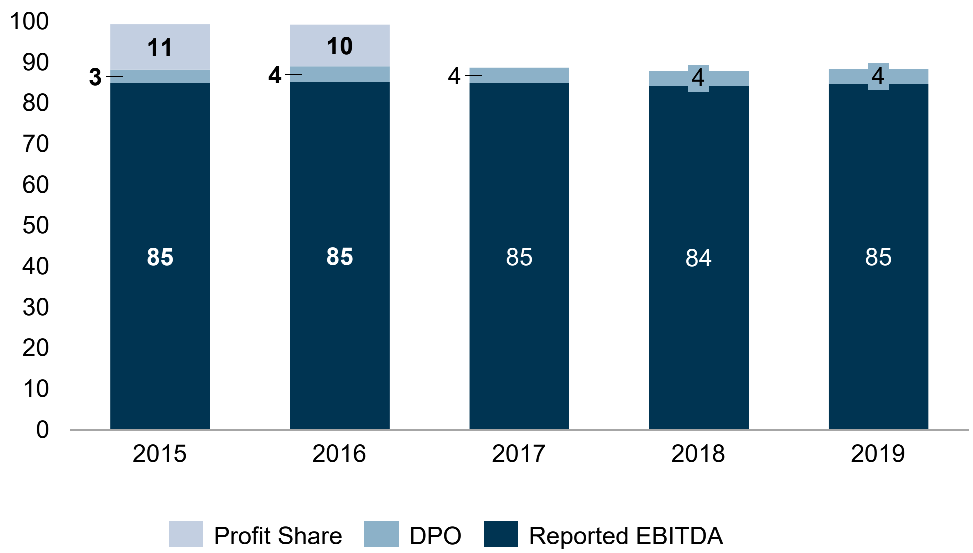
- Adjusted net profit of USD 2.9 million*
- Normalized EBITDA** of USD 22.0 million
  - DPO of USD 0.9 million
- Closed the USD 305m senior secured refinacing for 9 ships including a USD 70m RCF facility
- Swapped LIBOR exposure for approximately USD 220m of senior debt at an average rate of 0.493%
- AMSC remains insulated from Covid-19 related market volatility through its long-term, stable bareboat contracts
- Declared Q1 dividend of USD 0.08 per share, consistent with prior guidance
  - Ex-dividend date of 26 May 2020 with payment on or about 4 June 2020
  - Classified as a return of paid in capital



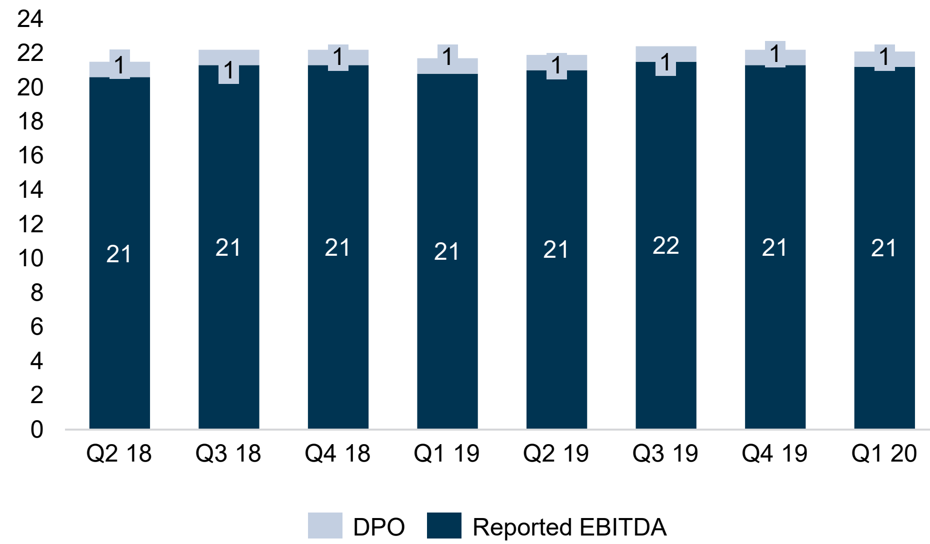
* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax
** Includes DPO, reported EBITDA for Q1 20 is USD 21.1 million

Stable, predictable EBITDA

Normalized EBITDA (USD millions)



Normalized EBITDA per quarter (USD millions)



- Normalized EBITDA of USD 22.0 million in Q1 20 (USD 21.7 million in Q1 19)

Fleet deployment overview

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

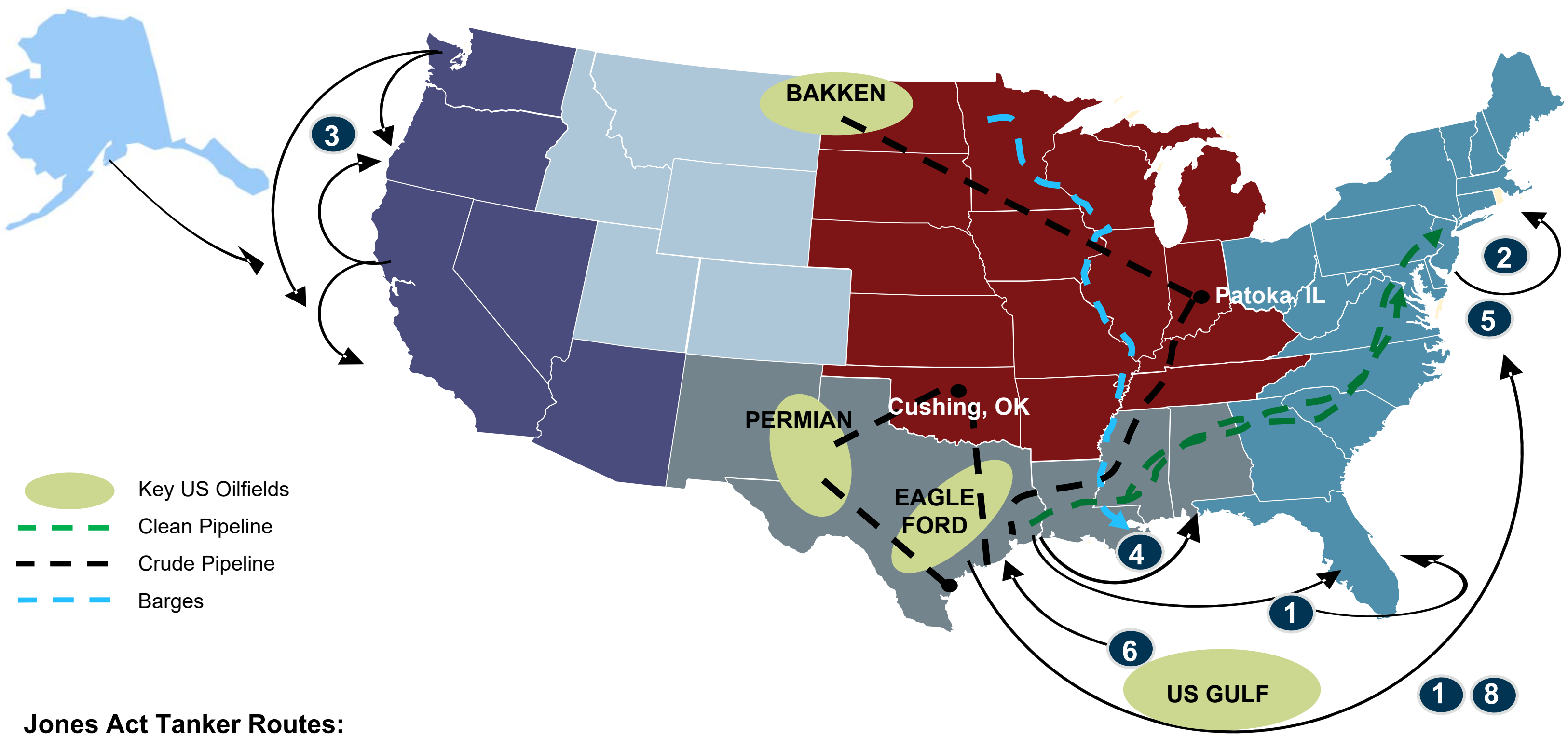
Vessel	Firm Charter	Options
Houston	BBC exp. 2022	BBC Options
Long Beach	BBC exp. 2022	BBC Options
Los Angeles	BBC exp. 2022	BBC Options
New York	BBC exp. 2022	BBC Options
Texas City	BBC exp. 2022	BBC Options
Boston	BBC exp. 2023	BBC Options
Nikiski	BBC exp. 2023	BBC Options
Martinez	BBC exp. 2023	BBC Options
Anacortes	BBC exp. 2023	BBC Options
Tampa	BBC exp. 2025	Options

End users

- 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

Jones Act crude oil & products primary trade routes



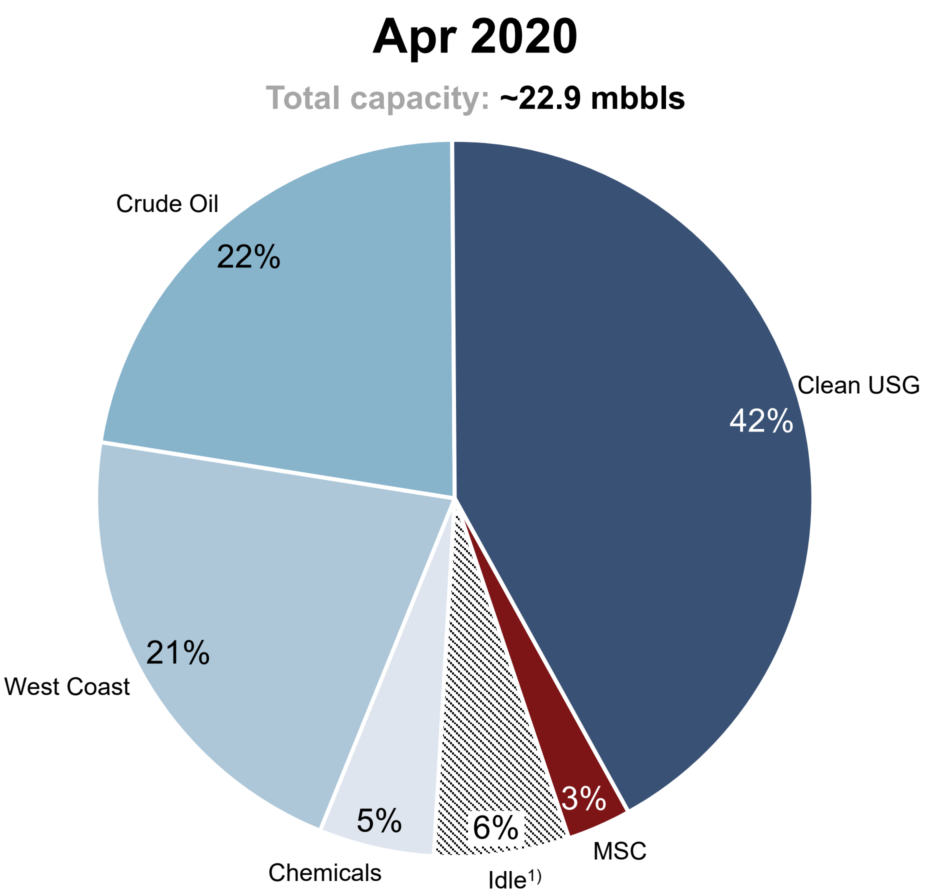
Jones Act Tanker Routes:

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)
8. Crude from Corpus Christie and Beaumont to Northeast

Source: Navigistics’ Wilson Gillette Report Apr 2020

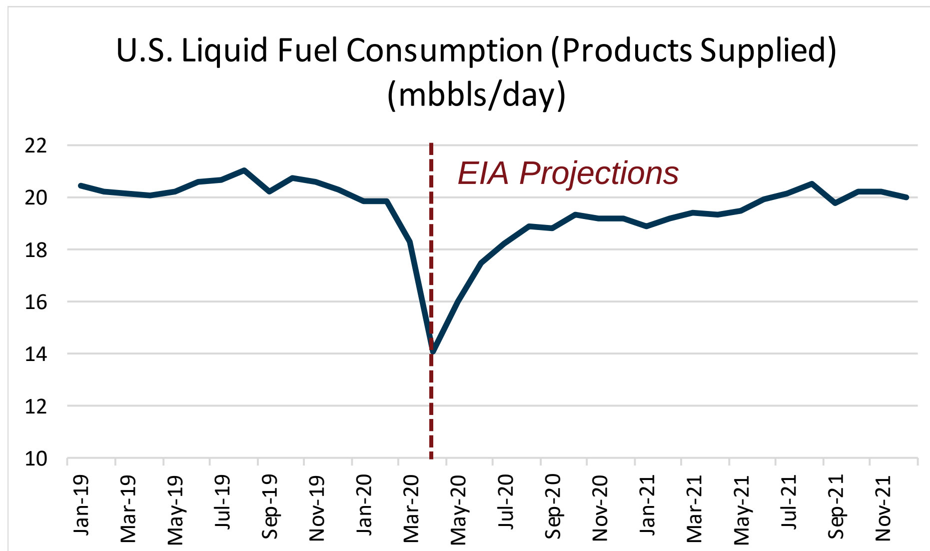
Majority of fleet carry clean products - highly stable trade over time

Fleet deployment by main trades (Tankers and ATBs)



US Clean Product Demand stable over time

- Total clean products demand in the US is very stable over time
- Highly inelastic to price, as only very low (below $2pg) or very high prices (above $4.5pg) seems to have impact on demand
- Currently fuel demand is severely impacted by "stay at home policies" across the US, caused by the Covid-19 pandemic
- EIA is forecasting a gradual return to normal demand by the end of 2020



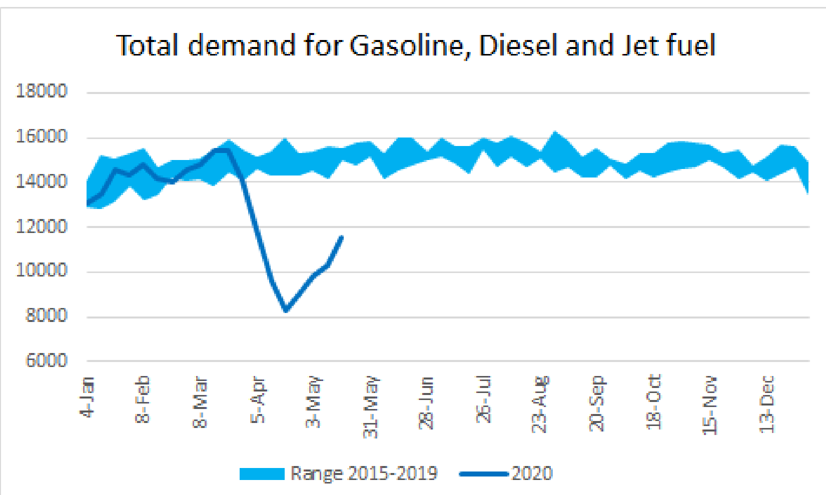
Source: Navigistics' Wilson Gillette Report Apr 2020, EIA Short Term Energy Outlook May 2020 and AMSC analysis
Note: 1) Idle capacity refers only to ATBs mostly approaching scrapping

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

American Shipping Company

Drop in clean products demand already recovering

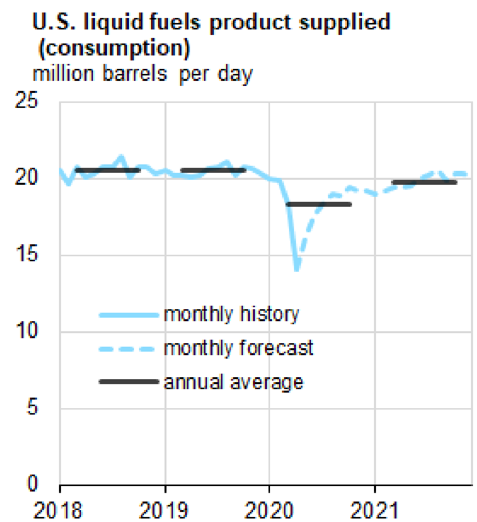
- Demand for clean products in the USA decreased by 30% in April
- Recovery has already started as the US economy is gradually opening up

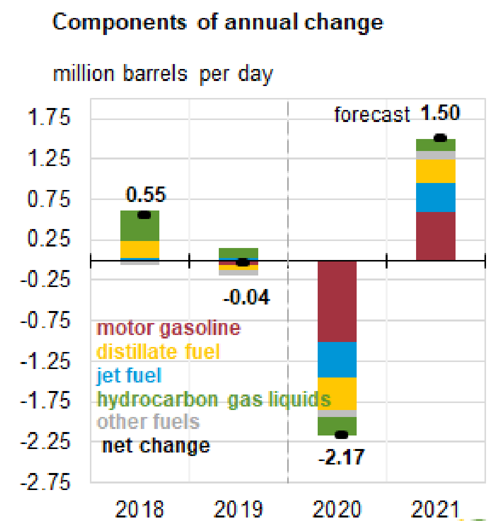


Source: EIA Weekly Petroleum Status Report May 13 2020

EIA forecast gradual recovery in 2020

- Pick up in demand for gasoline will be driven by:
  - Less interest in public transportation, less mass airline travelling, less cruise vacation
  - All leading to “Staycation” in the USA involving more automobile driving
- 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





Source: Short-Term Energy Outlook, May 2020

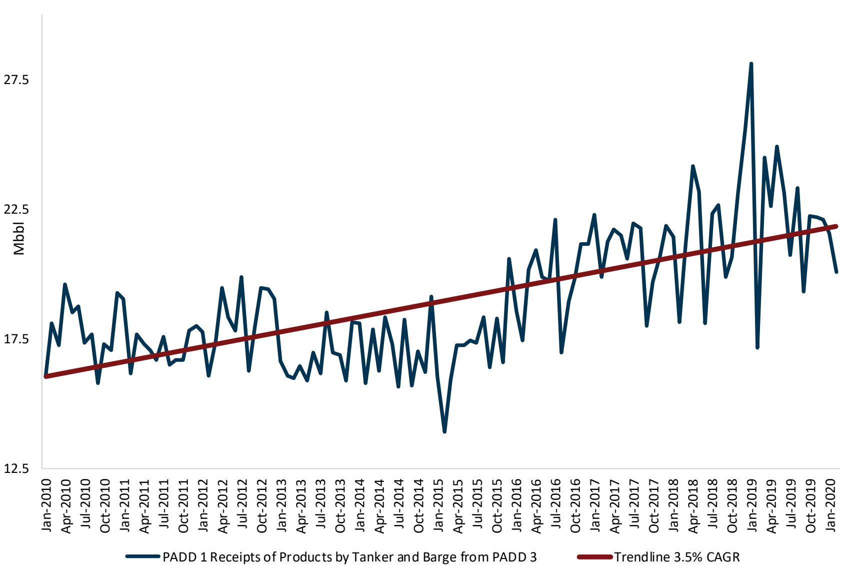
Steady long term growth in clean product shipments to Florida

American Shipping Company

Increasing seaborn transportation of clean products from U.S. Gulf to East Coast

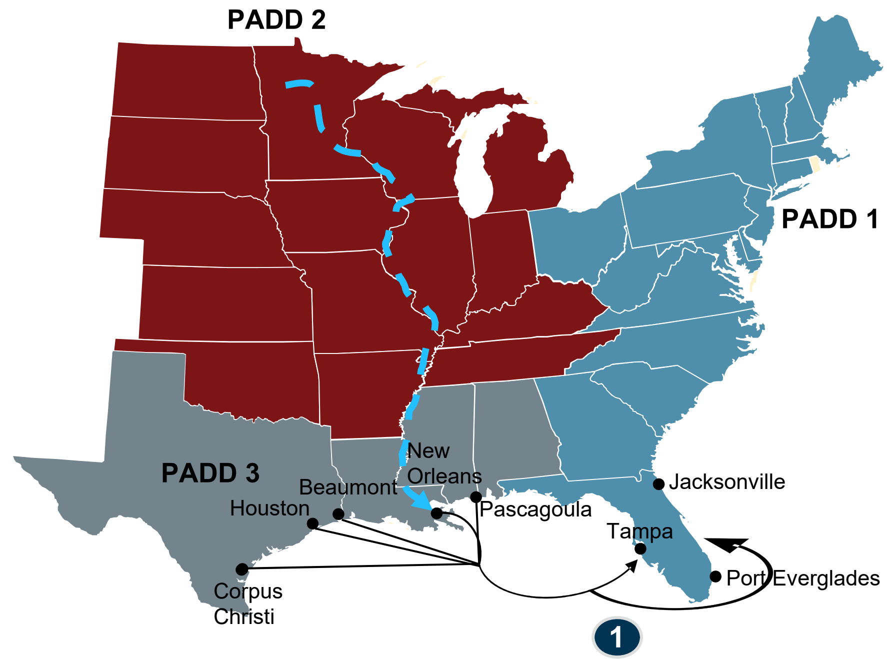
- Increasing consumption of clean products in Florida is driving demand for Jones Act tanker shipments cross U.S. Gulf
- Over the past 10 years this trade has grown with a CAGR of about 3.5%
- Demand impact from Covid-19 mitigating measures expected to reduce shipments in 2020, but return to normal in 2021

Mbbls per month



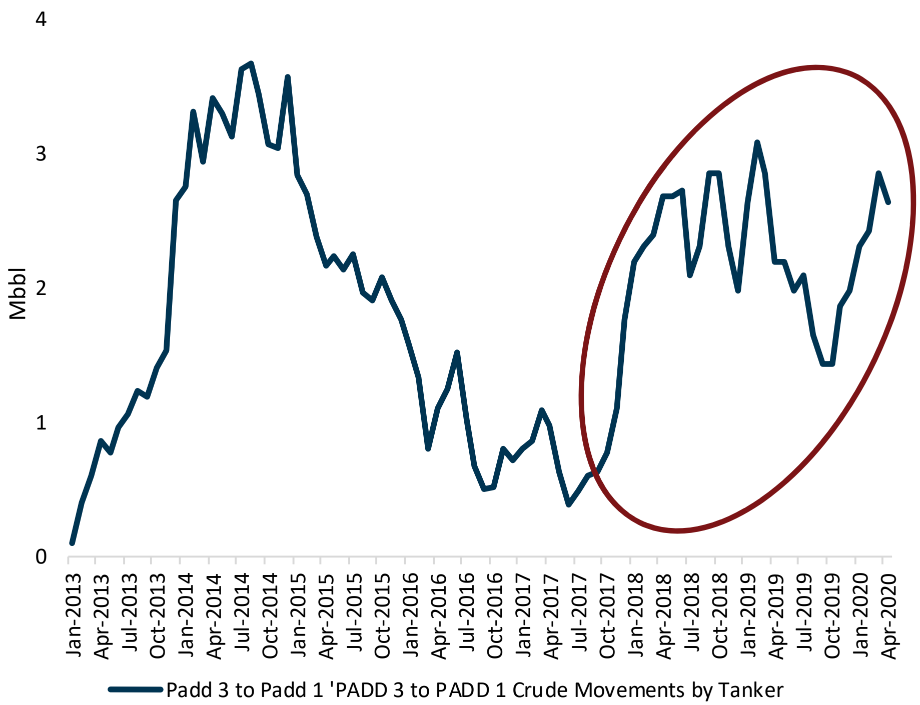
Gulf Coast to Florida Trade Lane

- 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 U.S. Gulf refineries
- Florida consumption is split 65-70% Gasoline, 15-20% Diesel and 10-15% Jet fuel

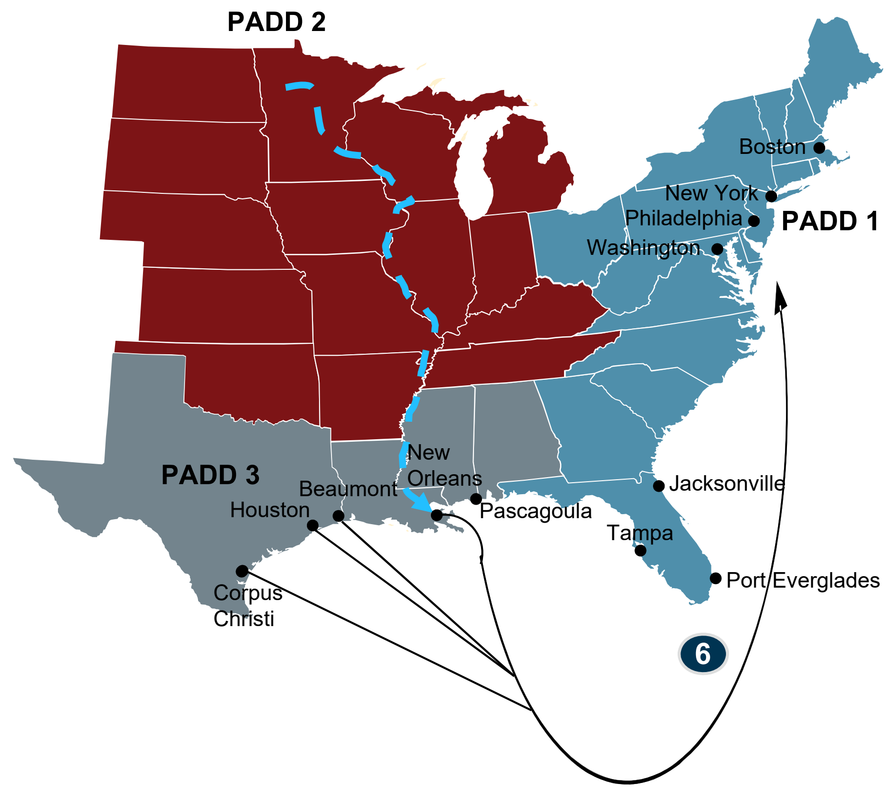


Crude trade to Northeast has remained strong despite current oil market volatility

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



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

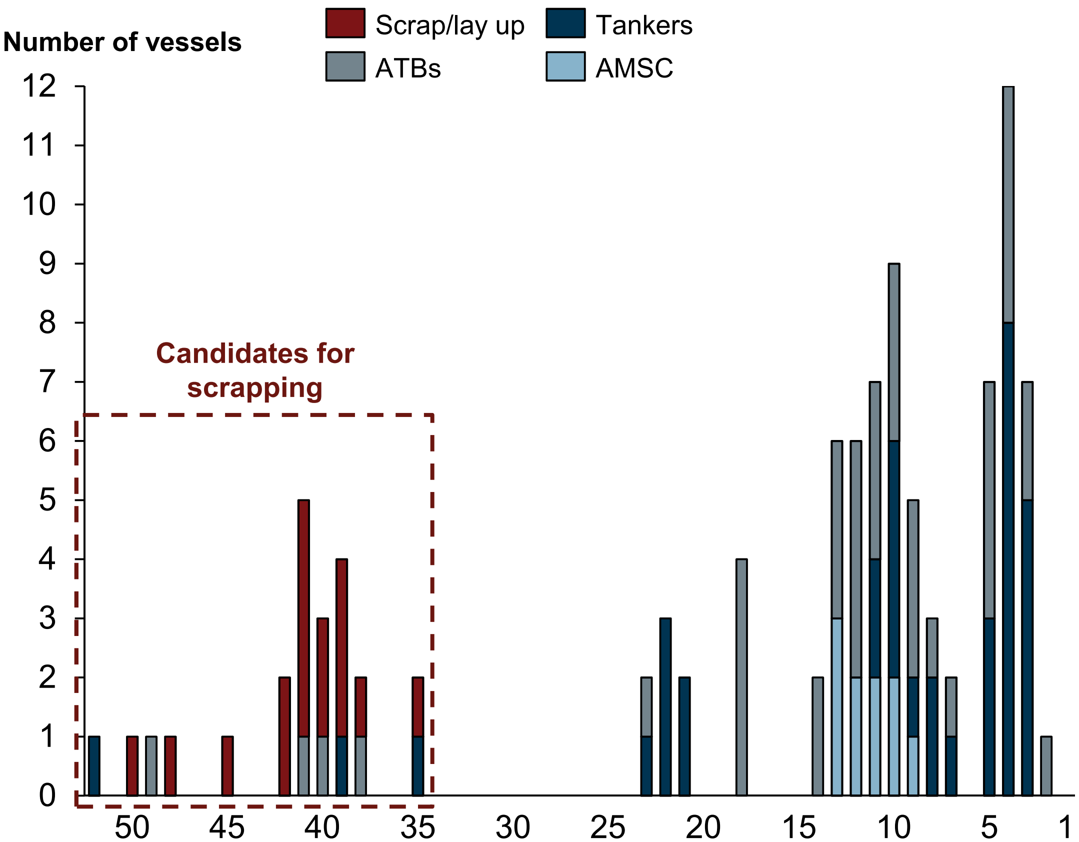


- Historically, volumes have been driven by spread in pricing of U.S. Crude Oil vs international alternatives
- Low crude oil price and falling U.S. oil production is potentially increasing oil price spread volatility going forward

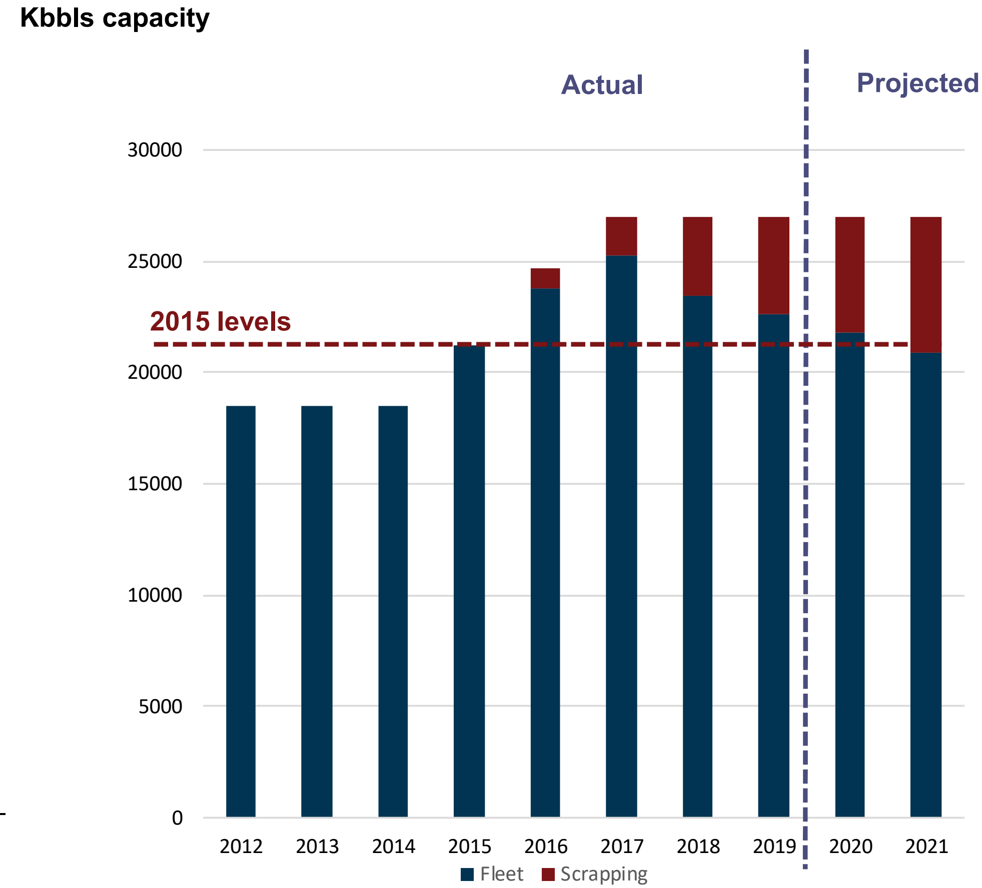
Source: EIA, Marine Traffic and AMSC analysis

Fleet reduction as scrapping continues

Fleet profile by vessel age



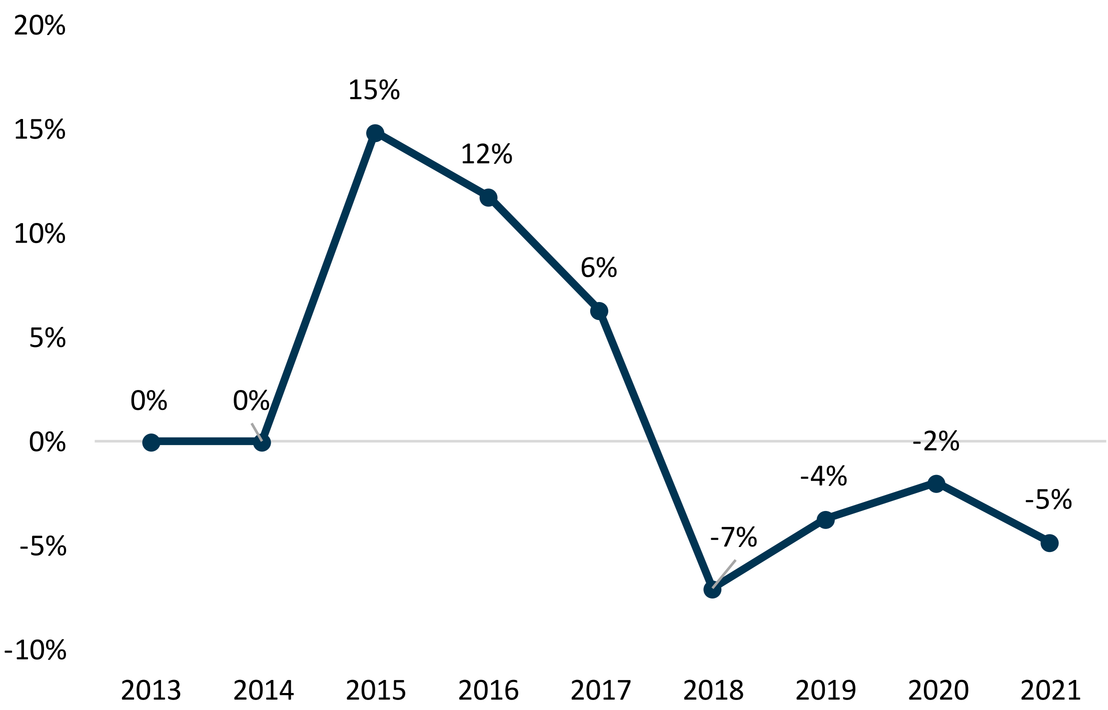
Considerable fleet growth in past years, but scrapping has already reduced active fleet to 2015 levels



Source: Navigistics' Wilson Gillette Report Apr 2020, broker reports and AMSC analysis

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

Source: Navigistics' Wilson Gillette Report Apr 2020, broker reports and AMSC analysis

Income Statement (unaudited)

Figures in USD million (except share and per share information)	Q1 2020	Q1 2019
Operating revenues	21.9	21.6
Operating expenses	(0.8)	(0.8)
Operating profit before depreciation - EBITDA	**21.1**	**20.8**
Depreciation	(8.4)	(8.3)
Operating profit - EBIT	**12.7**	**12.5**
Net interest expense	(11.7)	(10.3)
Unrealized gain/(loss) on interest swaps	0.8	(1.2)
Gain / (loss) on investments	-	(0.2)
Net foreign exchange gain / (loss)	(0.2)	-
Profit/(loss) before income tax	**1.6**	**0.8**
Income tax expense	-	-
Non-cash income tax benefit/(expense)	-	0.1
Net profit / (loss) for the period *	**1.6**	**0.9**
Average number of common shares	60,616,505	60,616,505
Earnings/(loss) per share (USD)	**0.03**	**0.01**

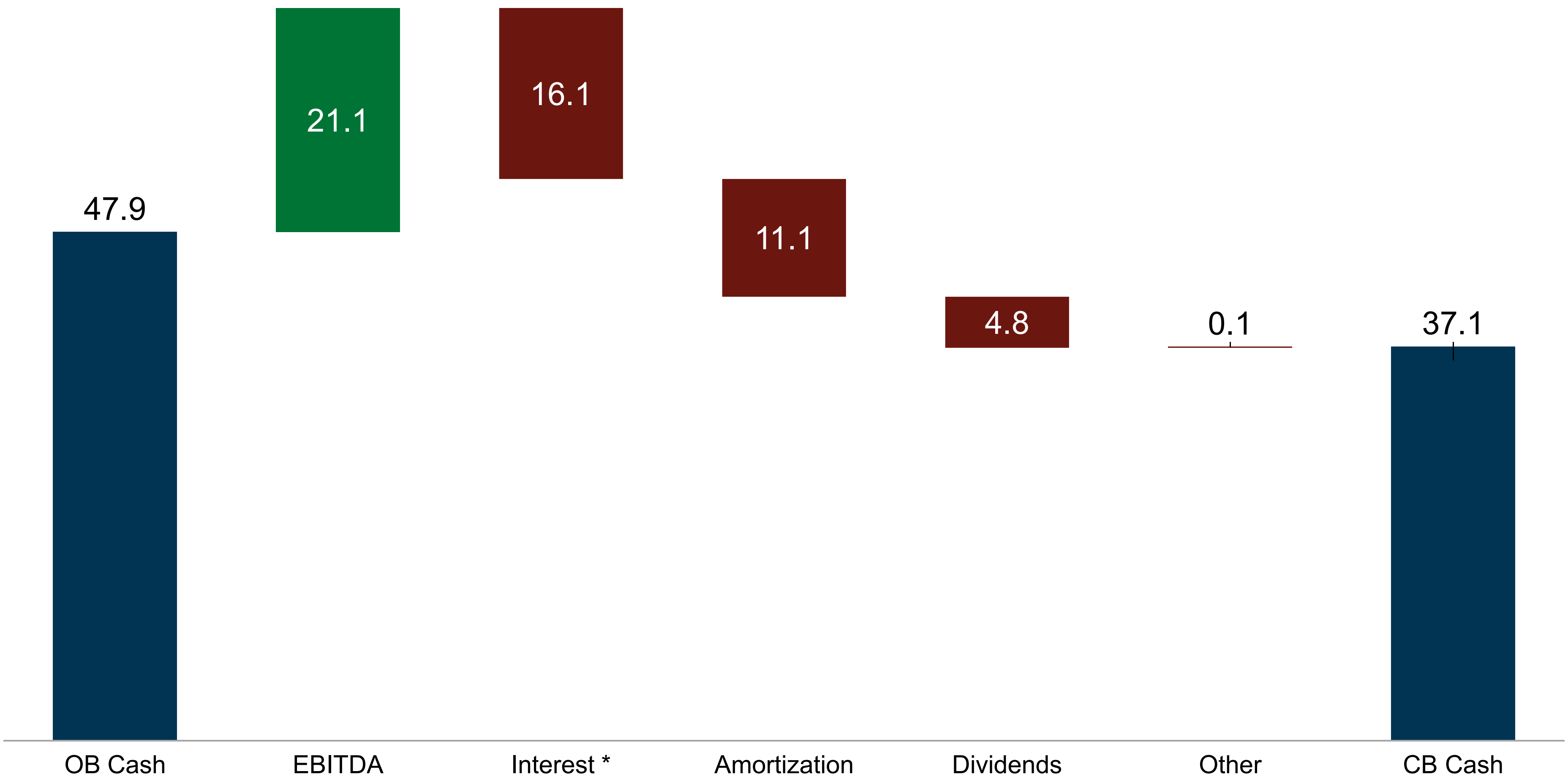
*Applicable to common stockholders of the parent company

Balance Sheet (unaudited)

Figures in USD millions	31.03.2020	31.03.2019
Vessels	670.4	703.4
Interest-bearing long term receivables (DPO)	24.8	26.3
Derivative financial assets	-	1.2
Trade and other receivables	0.3	0.2
Cash held for specified uses	0.8	3.2
Cash and cash equivalents	36.3	48.8
TOTAL ASSETS	**732.7**	**783.2**
Total equity	161.8	172.1
Deferred tax liabilities	11.4	12.9
Interest-bearing long term debt	512.3	554.3
Interest-bearing short term debt	44.3	33.7
Deferred revenues and other payables	3.0	10.2
TOTAL EQUITY AND LIABILITIES	**732.7**	**783.2**

Cash position decreased during the quarter

CASH DEVELOPMENT IN 1Q 20 (USD millions)



* Interest expense during the quarter includes a one-time USD 1.9 million payment for termination of interest rate swaps just prior to refinancing of the bank debt , as well as the semi-annual bond interest payment

Summary – long term stable business model despite short term volatility imposed by Covid-19

American Shipping Company

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