



American Shipping Company ASA

Company Presentation

November 2013



**American
Shipping
Company**

Important Information About this Company Presentation

This Company Presentation is current as of 15 November 2013. 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.

AMSC is a leading Jones Act tanker leasing company

Modern asset base

- ▶ Owner of 10 efficient double hull product tankers
- ▶ All vessels among the most modern product tankers in operation in the U.S.

Strong market fundamentals

- ▶ US Jones Act market for oil and related products currently experiences strong charter rates and increasing demand as a result of the shale oil boom
- ▶ Shale oil production is expected to double in 2013-25

Predictable cash-flows with upside

- ▶ AMSC has a bareboat charter backlog with OSG representing USD 605m (per end of 2012) in the firm charter period extending through 2019
- ▶ Furthermore, AMSC has a 50/50 profit split with OSG after OSG cost, allowing AMSC to benefit from increasing charter rates

American Shipping Company has significant upside potential going forward through an attractive profit sharing agreement in a tight Jones Act market

Agenda



Company

Market

Company overview

Company overview

- AMSC, established in 2005, is a shipping company that owns world-class quality U.S. Jones Act vessels for operations between ports in the United States
- AMSC's business model is to bareboat charter vessels for operation in the U.S. Jones Act market through its wholly owned subsidiary leasing companies
- AMSC owns 10 product tankers
 - All among the most modern product tankers in operation in the U.S.
 - 46,000 dwt vessels with Hyundai Mipo Dockyard design, state-of-the-art, fuel efficient vessels with highly flexible cargo systems
 - Built at Aker Philadelphia Shipyard (“**AKPS**”)
 - Chartered to OSG at fixed bareboat rates
 - Senior secured credit facility from a syndicate of banks led by BNP Paribas
- AMSC is headquartered in Oslo, Norway, with its principal operating subsidiaries located in Philadelphia, USA
- Listed on the Oslo Stock Exchange since 2005

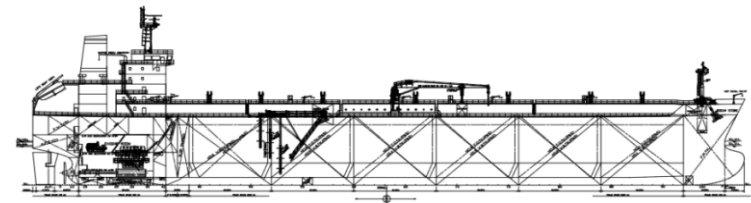
Examples of tankers in fleet

Overseas Houston

- ▶ First PT owned by AMSC
- ▶ Delivered in Q1 2007, the MT46 Veteran Class tanker is 600 feet long and can transport the equivalent of 14 million gallons of liquid product



Veteran Class MT 46 Handy Size Tanker Hull



- ▶ Deadweight: 46,000t
- ▶ Speed: 15 kn
- ▶ Cargo tanks: 6 pairs
- ▶ Accommodation: 26 + 6 persons

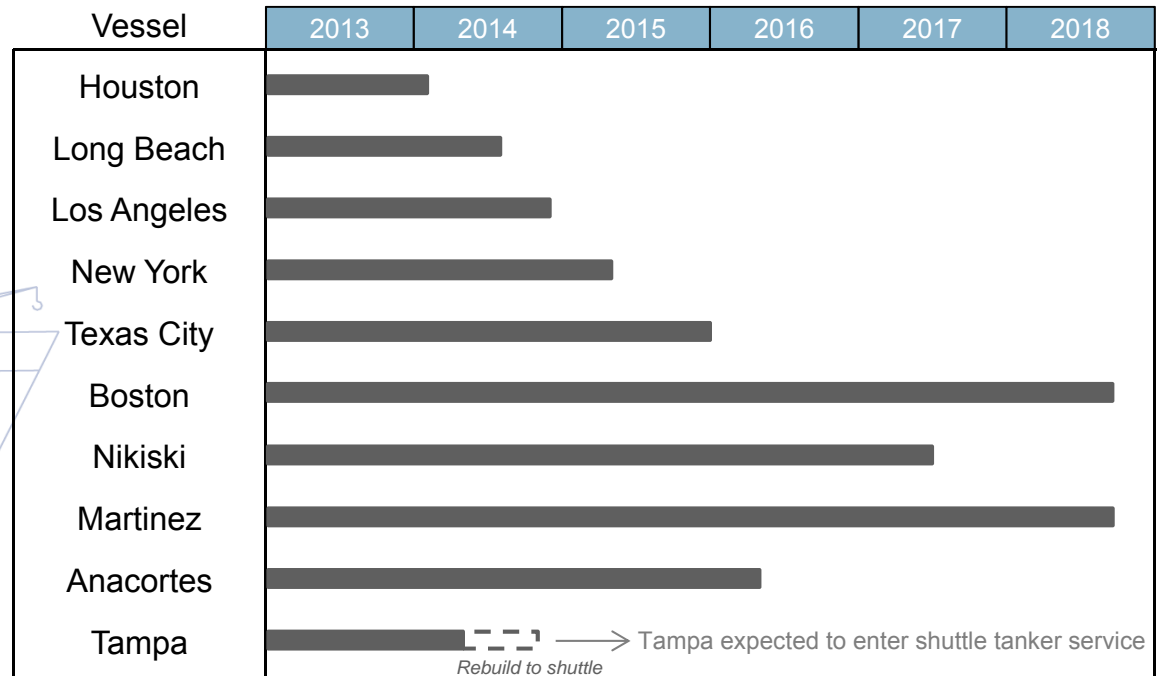


AMSC has 10 product tankers on evergreen bareboat charters to OSG providing predictable cash-flows

AMSC overview

- AMSC owns modern US flag/Jones Act product tanker fleet consisting of 10 vessels, all built at AKPS 2007-11
- Vessels are on a fixed bareboat contracts to OSG until Dec. 2019 (with renewal options for life of vessels) + 50/50 profit split
- OSG charters the vessels to oil majors for variable periods
- OSG filed for Chapter 11 in November 2012. During Q1 2013, the Bankruptcy Court approved OSG's motion to continue to perform all of its obligations with AMSC
 - Due to the favorable market development and improving time charter rates, AMSC do not anticipate that the OSG bankruptcy filing will have a material adverse effect on the company

Current OSG time charter structure (AMSC vessels)



Evergreen charters secure AMSC a fixed payment of USD 88m / year
Profit sharing secures exposure towards strong Jones Act market



Key historical financials

Historical financials (USDm)

	Q1 – Q3 '13	Q1 – Q3 '12	2012	2011
Operating revenues	65	66	88	84
G&A	(2)	(2)	(3)	(3)
EBITDA	63	63	85	81
EBIT	38	38	51	40
Net financials	(43)	(48)	(63)	(64)
Gain on swap/FX	32	1	3	17
Net profit / (loss)	26	(10)	(9)	(7)
	Q3 '13	Q3 '12	2012	2011
PP&E	890	924	915	949
Free cash	14	17	15	21
Restricted cash	7	0	7	50
Other assets	28	22	23	17
Total assets	939	962	961	1,038
Equity	68	41	42	51
IB liabilities ¹⁾	860	916	910	978
Other	11	5	9	9
Equity and liabilities	939	962	961	1,038

Comments

- Bareboat revenue of USD ~88m annually plus profit share
- Restricted cash relates to debt service payments
- Other assets mainly relates to a deferred principal obligation
 - Allows OSG to partially defer payment of BB-hire for first five vessels during the initial seven year BB periods
- Tampa conversion to shuttle tanker is expected to imply investment of USD ~17m
 - Amortized in profit share calculation over 10 years

Notes: 1) Includes the swap agreement and is net of capitalized bank fees

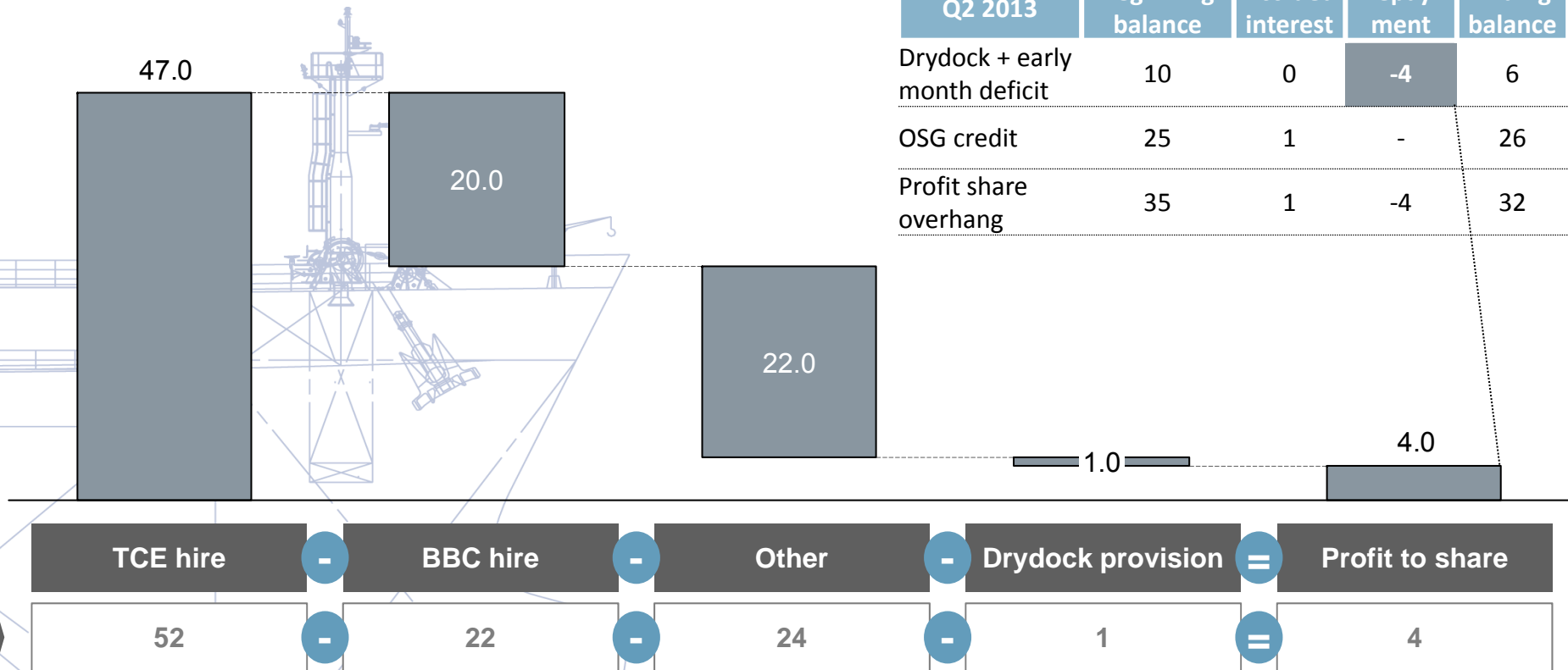
Source: AMSC



Illustration of the OSG profit share arrangement

Q2 2013 financials, USDm

Q2 2013	Beginning balance	Accrued interest	Repayment	Ending balance
Drydock + early month deficit	10	0	-4	6
OSG credit	25	1	-	26
Profit share overhang	35	1	-4	32



Break-even rate of USD 49k/d in Q2 2013



Lean organisation with highly experienced management team

Annette Malm Justad
Chairperson



- Member of AMSC's Board of Directors since December 2007
- Board member of PGS, Awilco LNG, Store Norske Kulkompani and Small Turbine Partners
- 2006 – 10: CEO of Eitzen Maritime Services ASA
- Previously: Various positions within Yara International ASA, Norgas Carriers/IM Skaugen ASA, and Norsk Hydro ASA
- Master degree in Technology Management from MIT (Sloan School)/NTH/NHH in addition to a MSc in Chemical Engineering from NTH

Dag Fasmer Wittusen
President / CEO



- CEO of AMSC since July 2011
- Previously: Special advisor to Aker ASA and Board Member of AMSC since 2009, in addition to numerous executive positions within the Aker Group, including CEO of Aker Finans AS, Executive Director of TH Global (ex Kvaerner PLC), member of various Aker boards, Executive Vice President of Aker RGI and Managing Director of RGI. Also co-founder of investment banking group Orkla Finans, Vice President of Eksportfinans and Loan Officer at the World Bank
- BA from Brown University and an MPA from Princeton University

Leigh Jaros
CFO / Controller



- Controller in AMSC since July 2008 and CFO since July 2011
- Previously: +10 years of progressively responsible corporate financial experience including financial reporting, analysis and budgeting. Ms. Jaros was employed by Aker Philadelphia Shipyard as its Accounting Supervisor prior to joining AMSC.
- BSc in Finance and Economics from West Chester University

Agenda



Company

Market

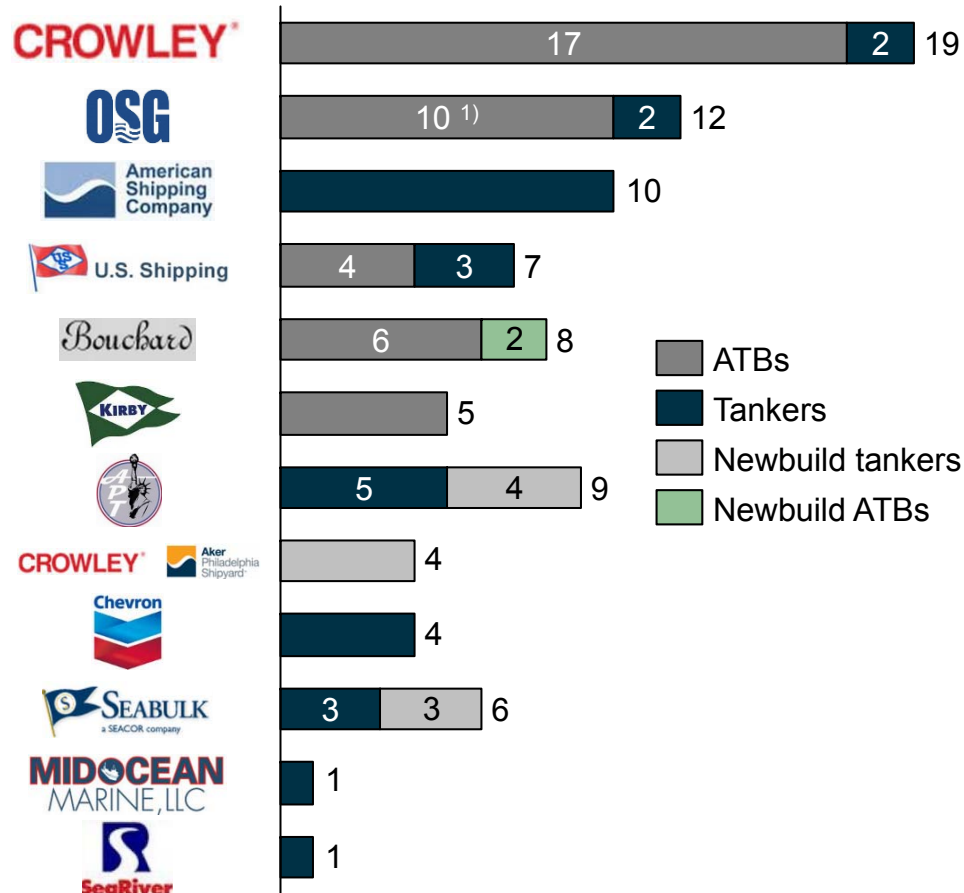
Overview of the Jones Act tanker market

Overview of the Jones Act tanker market

- The “Jones Act” requires vessels used to ship cargo between U.S. ports to be built in the U.S, registered under the U.S. flag and 75% owned and controlled by U.S. citizens
 - AMSC operates in the Jones Act under the lease finance exception, which permits foreign ownership under certain conditions
- The U.S. Jones Act industry is comprised of those ships that transport merchandise between U.S. ports located in continental United States, as well as Alaska, Hawaii and Puerto Rico
- The Jones Act prevents foreign-built, -owned or -operated vessels from competing in inter-U.S. port shipping
- Jones Act vessels serve 90% of the U.S. population with \$400+ billion of merchandise shipped annually
- Bi-partisan political support for the Jones Act industry remains strong with no signs of wavering

Notes: 1) OSG ATB fleet includes 2 lightering vessels
Source: Various market research

of Jones Act tanker vessels by owner



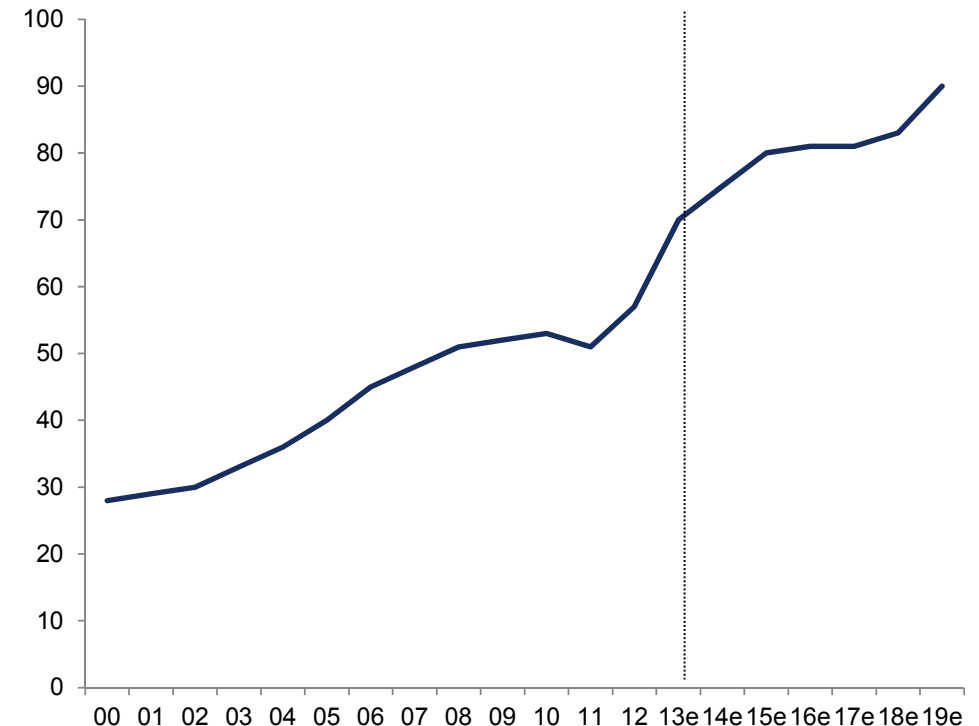
The product tanker market is expected to remain tight in the coming years

Favorable supply/demand balance

- Significant increase in demand for Jones Act tankers going forward
 - Increase in shale oil production creates requirement for Jones Act tonnage to transport crude oil to refineries and clean products to terminals
 - Some demand will be filled by pipelines and rail
 - Surplus of refinery capacity will drive product flows from the US Gulf to the East Coast
 - Increased oil movement from the Bakken area to the US North West is likely to lift seaborne trade from the North West to the South West refineries
 - OSG has publicly stated that up to 10 new shuttle tankers will be required for US Gulf ultra deep-water oil production by 2020
- The current order book includes 12 product tankers and 2 ATBs
 - Limited additional yard availability until 2017 and onwards

Historical and projected time charter rates for Jones Act Tankers

USDk/day



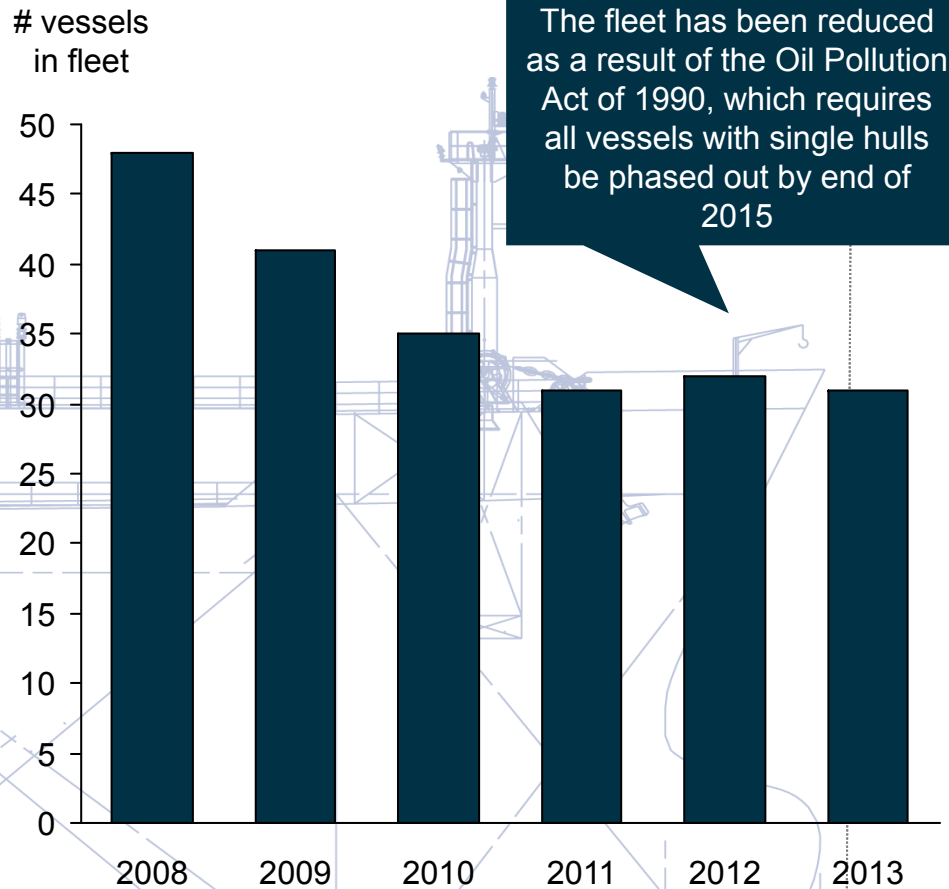
Year



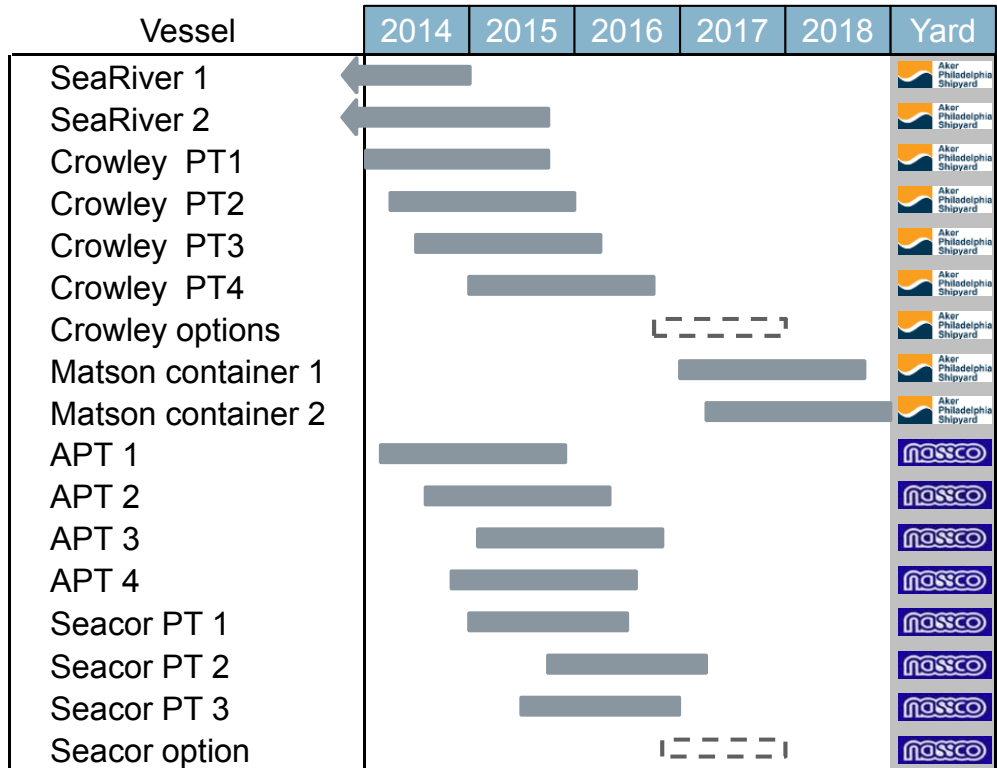
Source: Navigistics Consulting, Various market research

Declining fleet while yard capacity filling up towards 2018

The Jones Act tanker fleet has been declining



Delivery schedule of new vessels, US Jones act market



Only two US shipyards – NASSCO and Aker Philadelphia Shipyard – with capability to build MR size product tankers at competitive prices and timetables