



# American Shipping Company ASA

*A Pure Play Jones Act Company*

**New York, 12-13 December 2013**



# Important information

This Company Presentation is current as of 12 December 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..

# Agenda

**Company**

**Market**

**AMSC / OSG**

**AMSC going forward**

# American Shipping Company ASA

## Company overview

- Established in 2005
  - Ordered series of 10 MR product tankers at Aker Philadelphia Shipyard
- All vessels on fixed bareboat charter to OSG until YE 2019, with evergreen renewal options
- OSG charters the vessels out to oil majors, typically on 3-5 year time charters
- AMSC receives fixed BBC revenue of USD 88m / year + 50% profit share
- Headquartered in Oslo, Norway with leasing subsidiaries in Pennsylvania
- Listed on Oslo Stock Exchange

## Share price development



Source: FactSet Prices

## Major shareholders

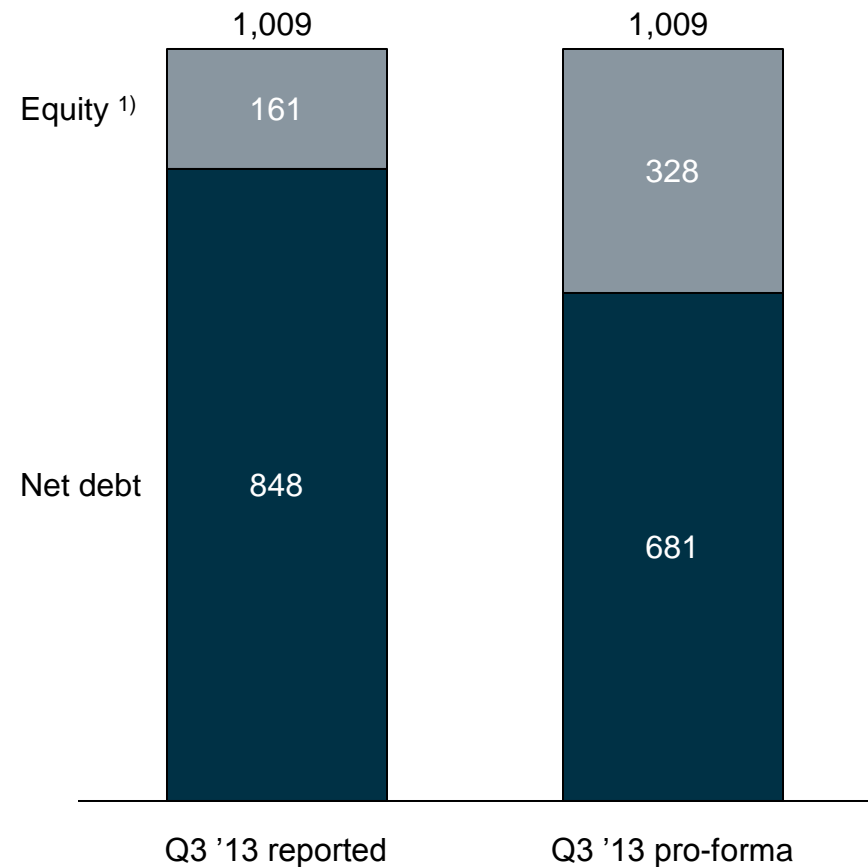
#	Shareholder	# of shares	%
1	SKANDINAVISKA ENSKILDA BANKEN AB	9,182,520	33.3%
2	CONVERTO CAPITAL FUND	5,493,430	19.9%
3	GOLDMAN SACH INT. EQUITY	2,680,581	9.7%
4	GOLDMAN SACHS & CO EQUITY SEGREGAT	1,413,605	5.1%
5	THOM EIGEL INGVAR	1,122,333	4.1%
6	CITIBANK N.A	983,485	3.6%
7	CITIBANK N.A	740,362	2.7%
8	RO LARS	700,000	2.5%
	Top 8 total	19,892,469	72.1%
	Other	7,707,531	27.9%
	<b>Total</b>	<b>27,600,000</b>	<b>100.0%</b>

# Equity issue just completed will strengthen AMSC's balance sheet and support an attractive dividend profile

## Transaction overview

- **New equity of almost USD 170m**
  - USD 120m in cash proceeds from private placement
  - USD 29m of subordinated debt converted
  - Subsequent offering of around USD 18m
- **The equity issue will give a robust capital structure facilitating a subsequent refinancing**
  - Equity ratio increased from 7% to around 20%
  - Obtained option to extend the maturity of the NOK Bond to 2021, removing a potential hurdle to refinancing the bank debt in 2015-16
- **Attractive investment vehicle**
  - Increased market cap and improved liquidity
  - Quarterly dividends of USD 0.10/share already from Q2 2014, increasing with cash profit share payments after Q4 2015
  - Unique exposure to pure play Jones Act company in a rising market

## Capital structure based on USD 167m equity issue, USDm



# 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 from 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 MPA from Princeton University

**Leigh Jaros**  
CFO / Controller



- Controller in AMSC from July 2008 and CFO from 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

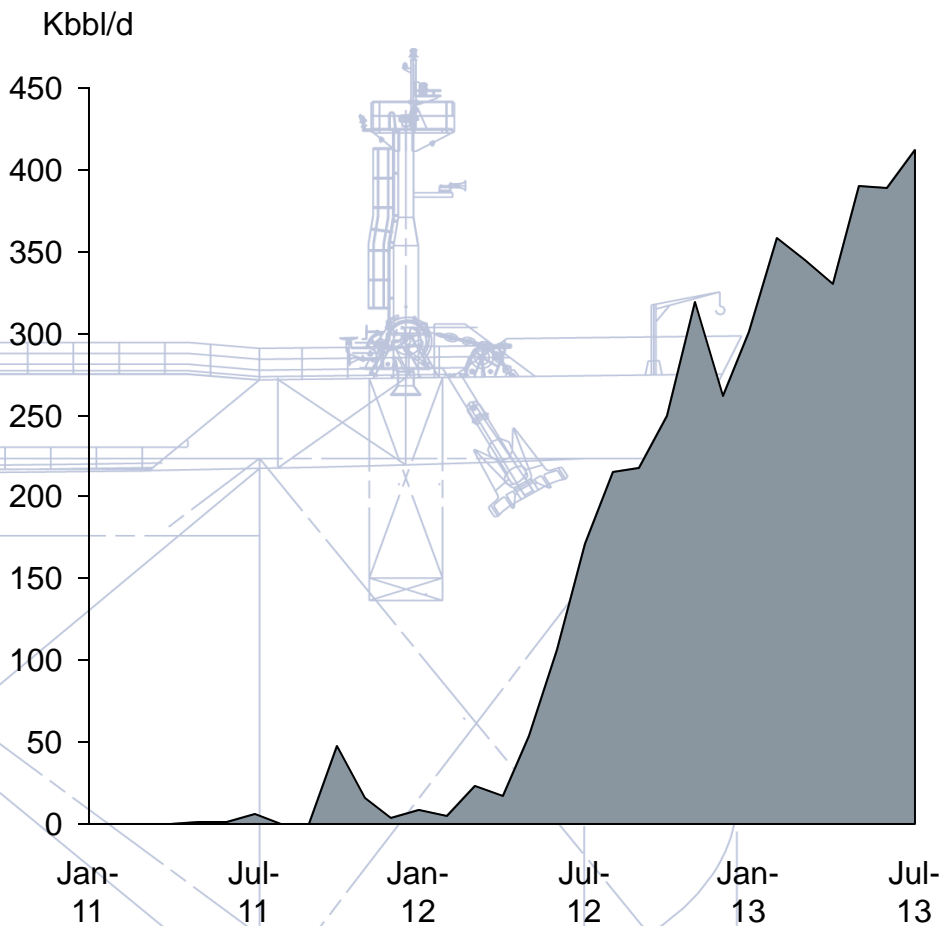
Market

AMSC / OSG

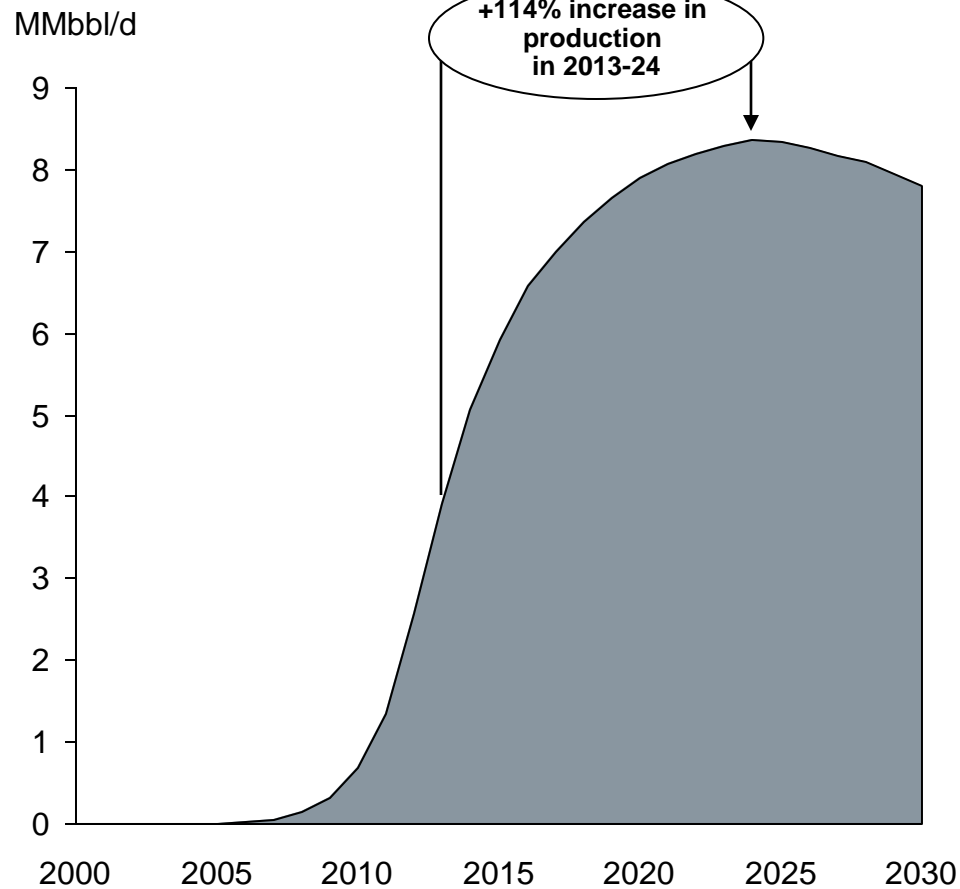
AMSC going forward

# Shale oil is the game changer

Seaborne Frac Oil out of Corpus Christi port, Texas



Shale oil production forecast <sup>1)</sup>



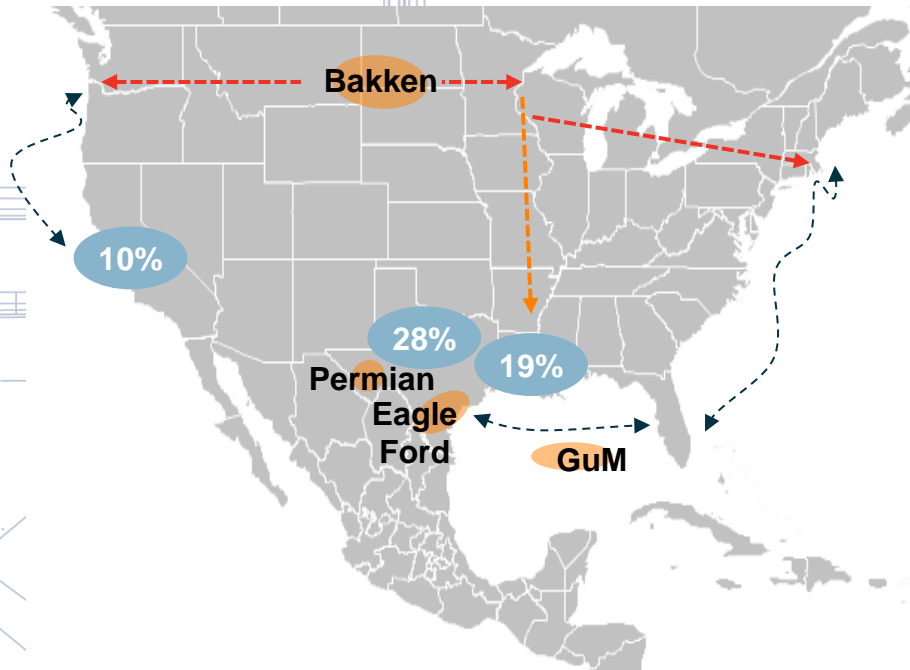
**Notes:** 1) Includes shale oil and tight liquids, as defined by Rystad Energy  
**Source:** Port of Corpus Christi, Rystad Energy, Arctic Sec. / Pareto Sec. research



# Increased refining in the US Gulf drives demand for Jones Act tanker vessels

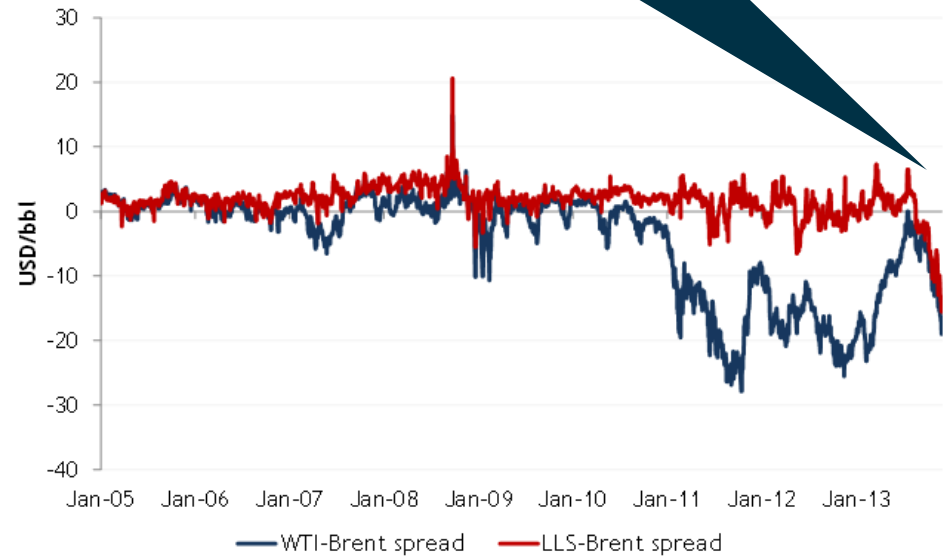
Continued shift of U.S. refining to Gulf Coast further increases demand for Jones Act tanker vessels

- US oil fields
- % of crude refinery capacity
- Bluewater
- Pipeline
- Barges



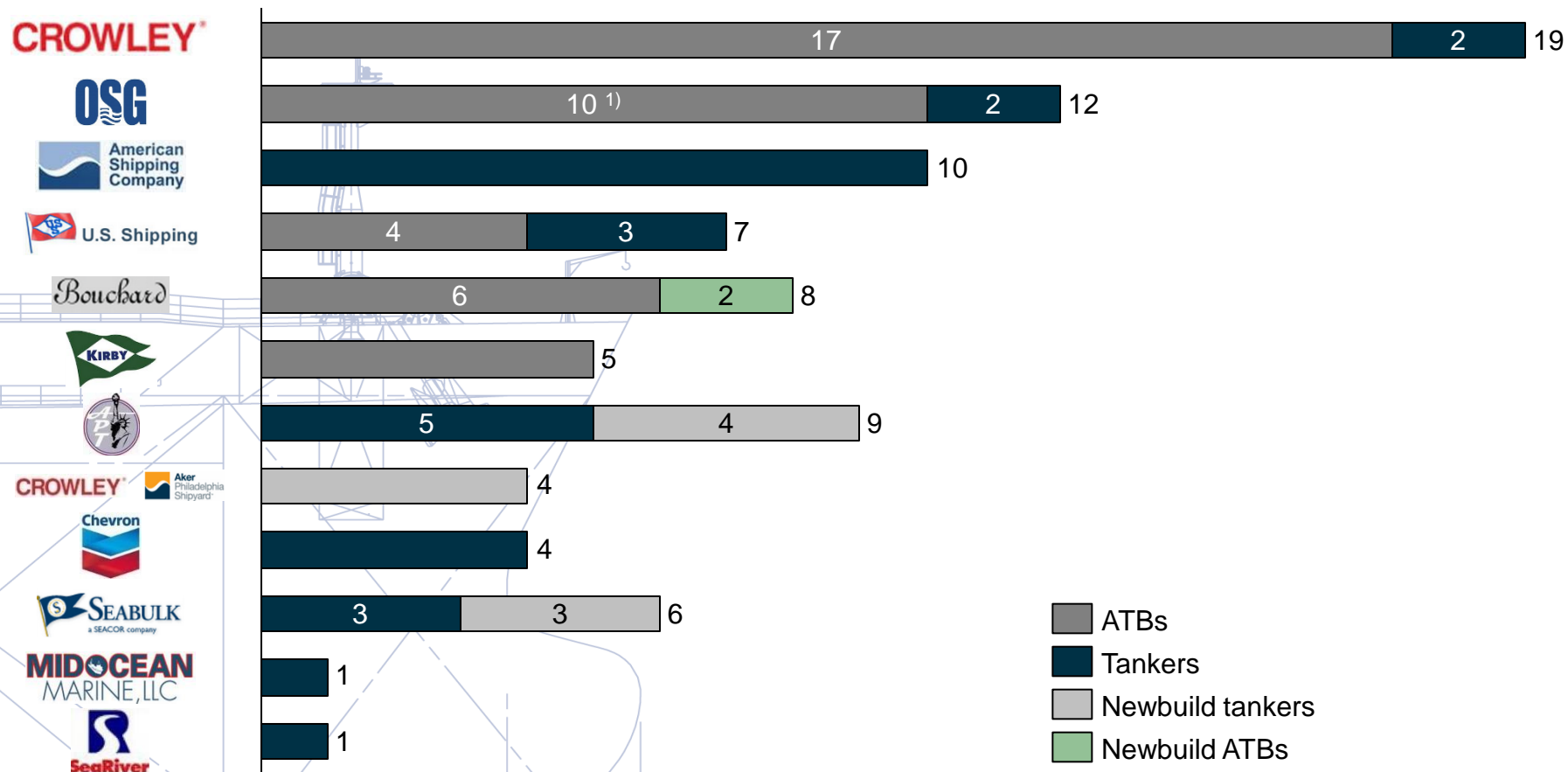
Price differential; Brent vs. Louisiana Light sweet crude

Louisiana Light sweet crude is trading almost USD 20 per bbl lower than Brent



# Overview of the Jones Act product tanker market

# of Jones Act tanker vessels by owner



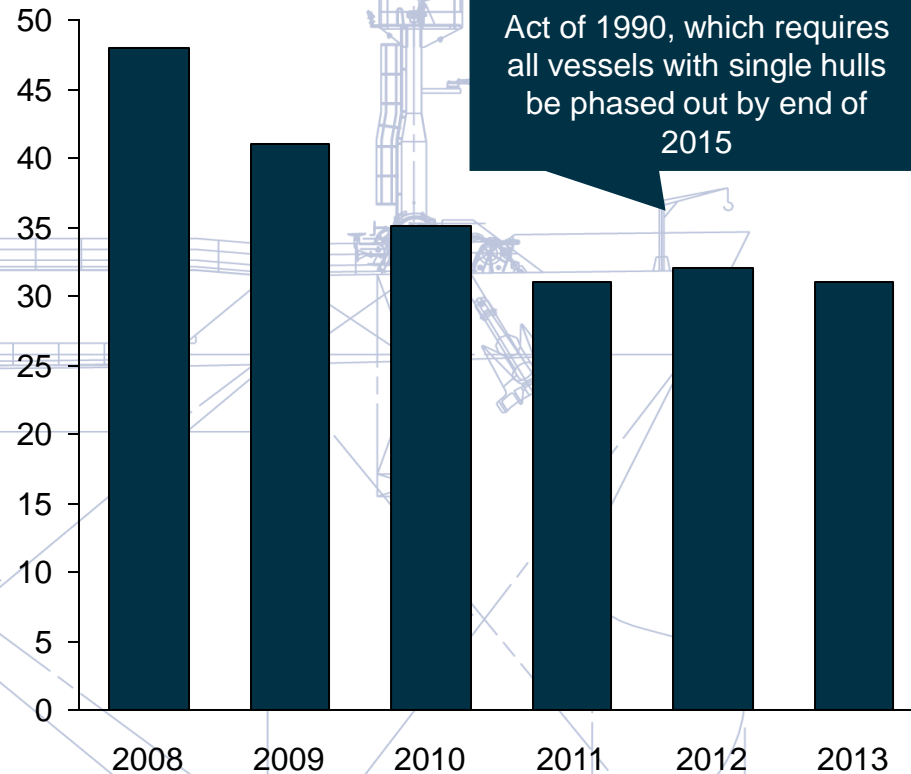
**Notes:** 1) OSG ATB fleet includes 2 lightering vessels, which are illustrated separate ly in OSG’s own fleet reports

**Source:** Navigistics Consulting ©, Arctic Sec. / Pareto Sec. research

# Fleet size has been reduced on account of OPA 90 – ageing of present fleet implies further scrapping

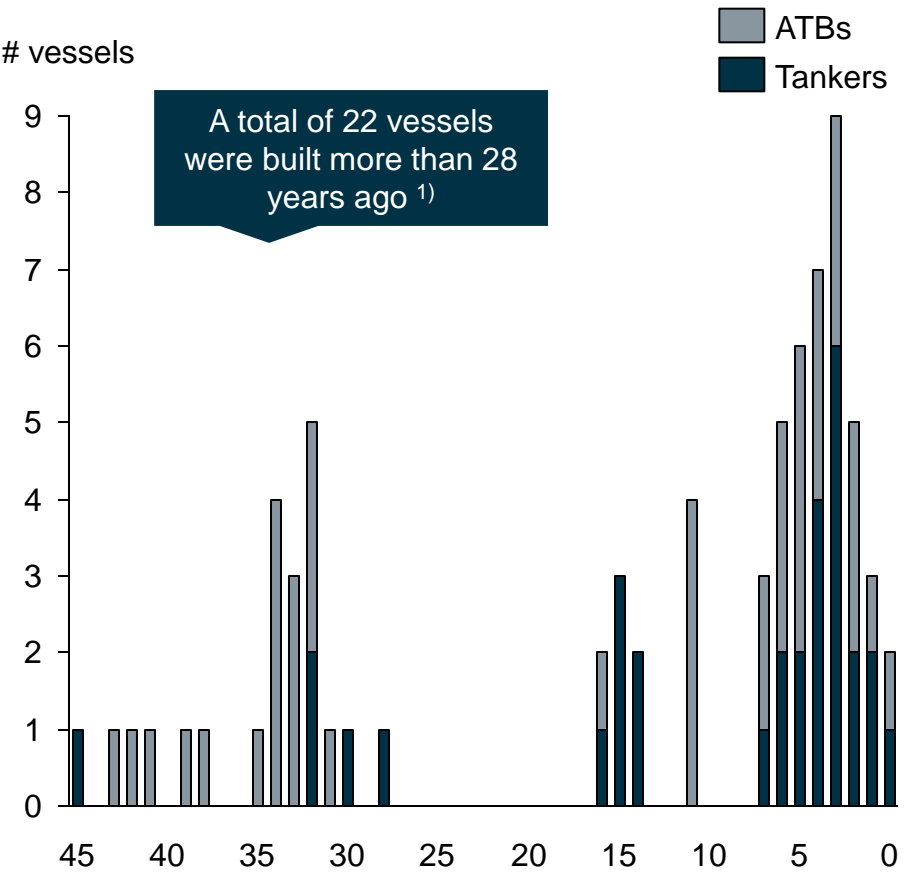
## The Jones Act tanker fleet has been declining

# vessels  
in fleet



## Vessel age since delivery

# vessels

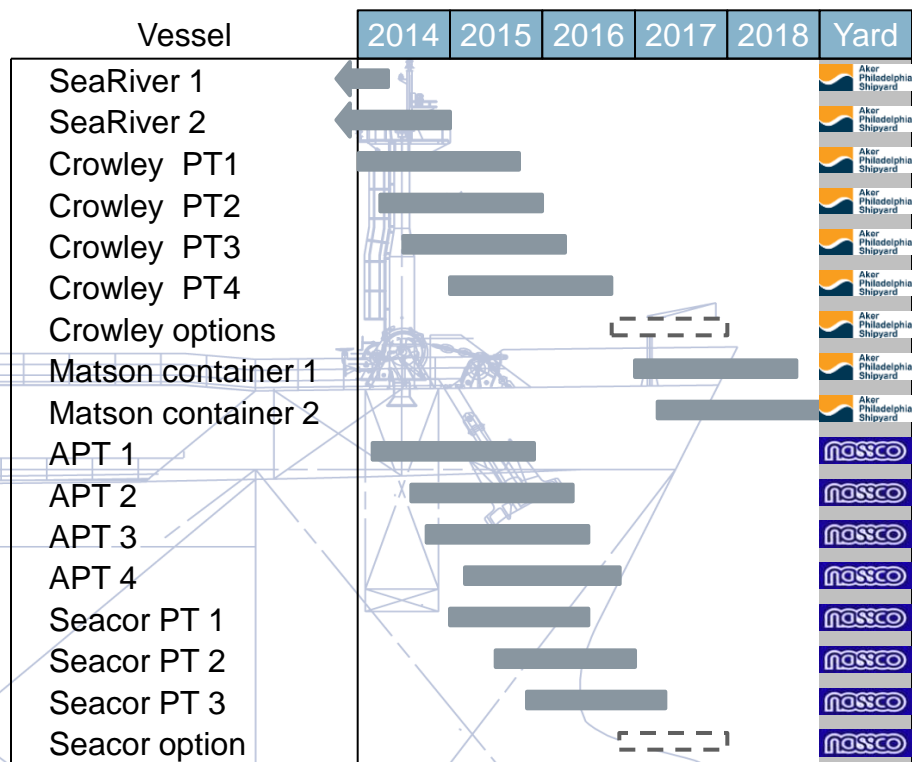


**Notes:** 1) Some of these were converted to double hulls several years after delivery

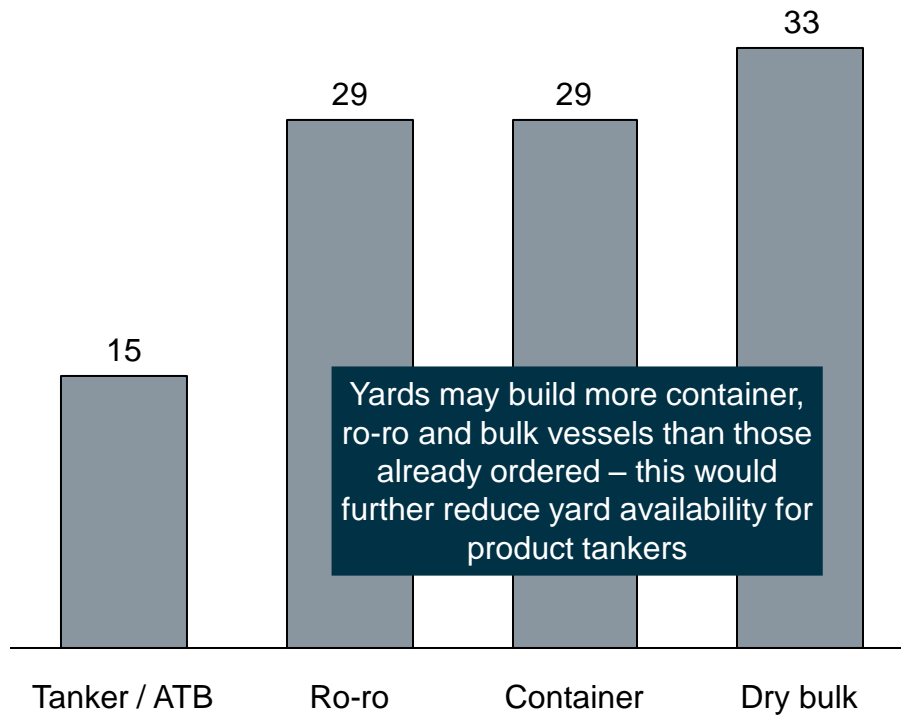
**Source:** Navigistics Consulting ©, Arctic Sec. Equity Research

# Shipyard capacity is filling up, limiting the supply of new vessels

Delivery schedule of new vessels, US Jones Act tanker market



Vessel age across Jones Act segments

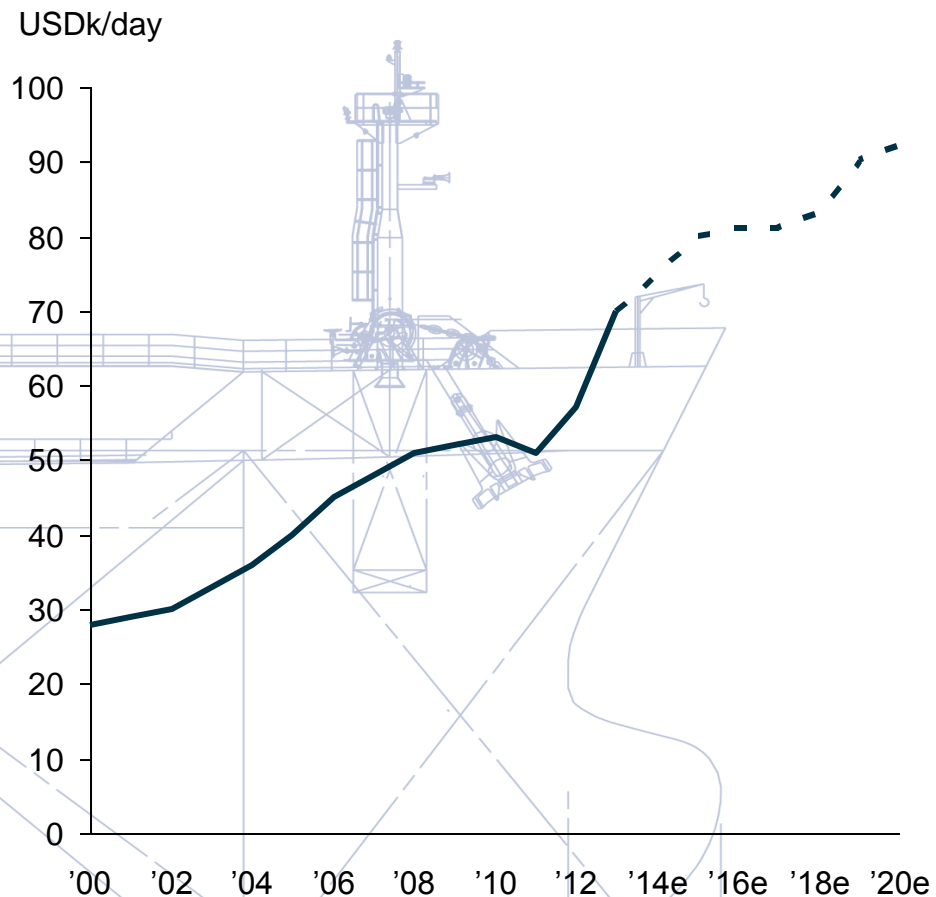


**Only two US shipyards – NASSCO and Aker Philadelphia Shipyard – have capability to build MR size product tankers at competitive prices and timetables**



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

## Daily Time Charter Rate Trend for Jones Act Tankers



## Favorable supply/demand metrics

Increase in shale oil production

Longer shipping distances

Limited newbuild capacity

# Agenda

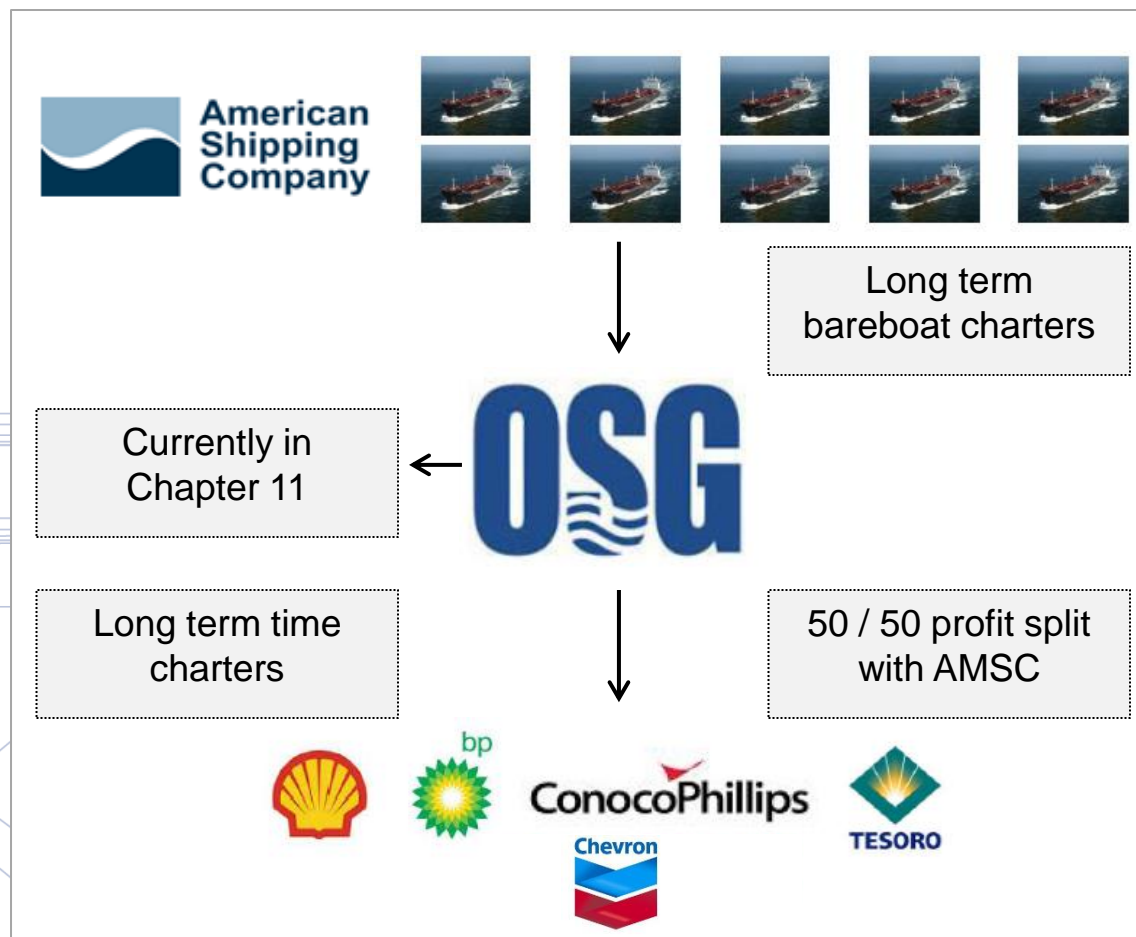
Company

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AMSC going forward

# All ten AMSC vessels are on evergreen bareboat charters with OSG



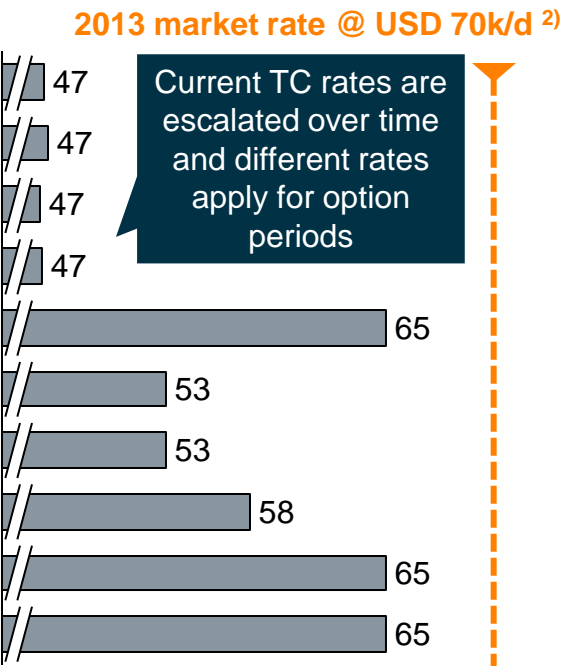
- OSG time charters the vessels to end user oil majors for Jones Act trade
- AMSC receives fixed annual BBC of USD 88 m + 50% of the profits generated by OSG under the TCs
- OSG is in Chapter 11, but continues to service AMSC punctually
- TC renewal options that OSG has with their clients cannot be exercised while OSG is in Chapter 11
- Significant upside potential through an attractive profit sharing agreement in tight Jones Act market

# The 10 vessels are leased bareboat to OSG, which has Time Charters with large US oil companies

OSG customer fixed contract length and customer

Vessel	2013	2014	2015	2016	2017	2018	Customers
Houston	→ Option period						    
Long Beach	→ Option period						
Los Angeles	→ Option period						
New York	→ Option period						
Texas City							
Boston	→ Option						
Nikiski	→ Option						
Martinez	→ Option						
Anacortes							
Tampa	→ Tampa to enter shuttle tanker service <i>Rebuild to shuttle</i>						

OSG current TC rates<sup>1)</sup> vs market rates



AMSC earns a fixed payment of USD 88m / year + profit split  
Higher TC rates are expected for OSG at TC renewals

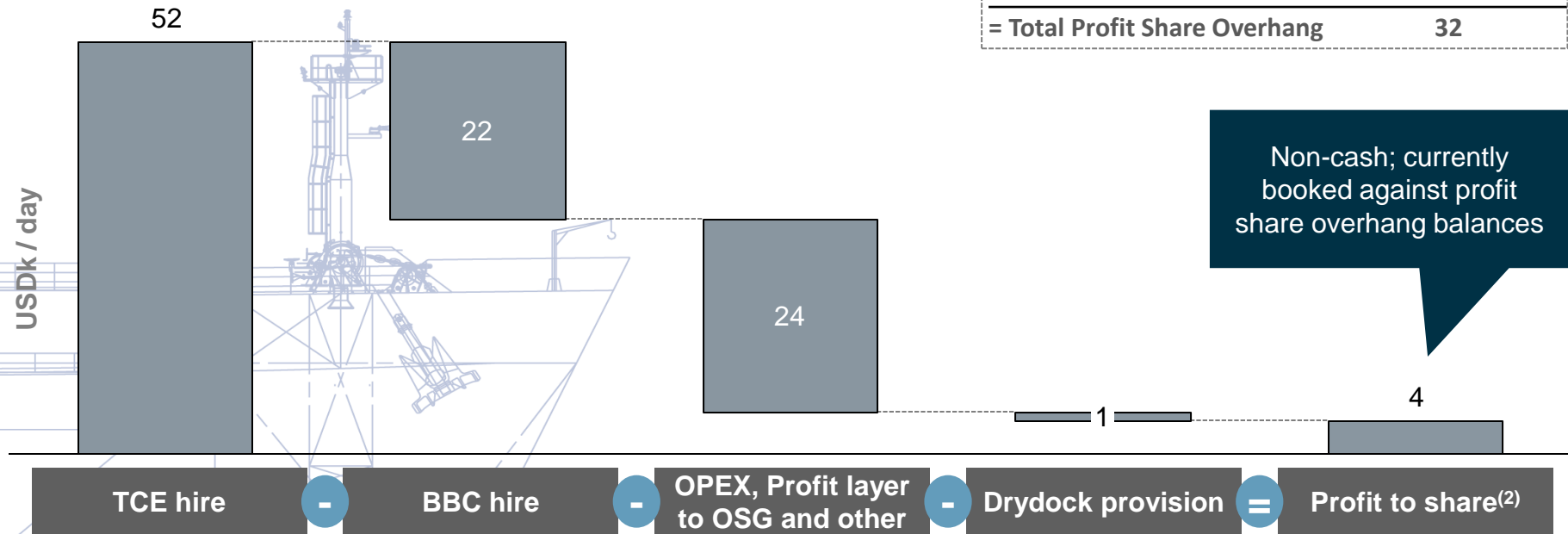
**Notes:** 1) TC rates for Aug 2013. Texas City TC rates are based on June 2013 figures, due to drydocking in July-Aug  
2) Navigistics Consulting © estimate of 2013 Jones Act tanker market rate  
**Source:** OSG Form 8-K as of Sep 20, 2013





# Outline of the OSG profit share arrangement: Q2 2013 financials

Profit Share Overhang	Ending balance per Q2 13
Early month shortfall	6
+ OSG credit	26
<b>= Total Profit Share Overhang</b>	<b>32</b>



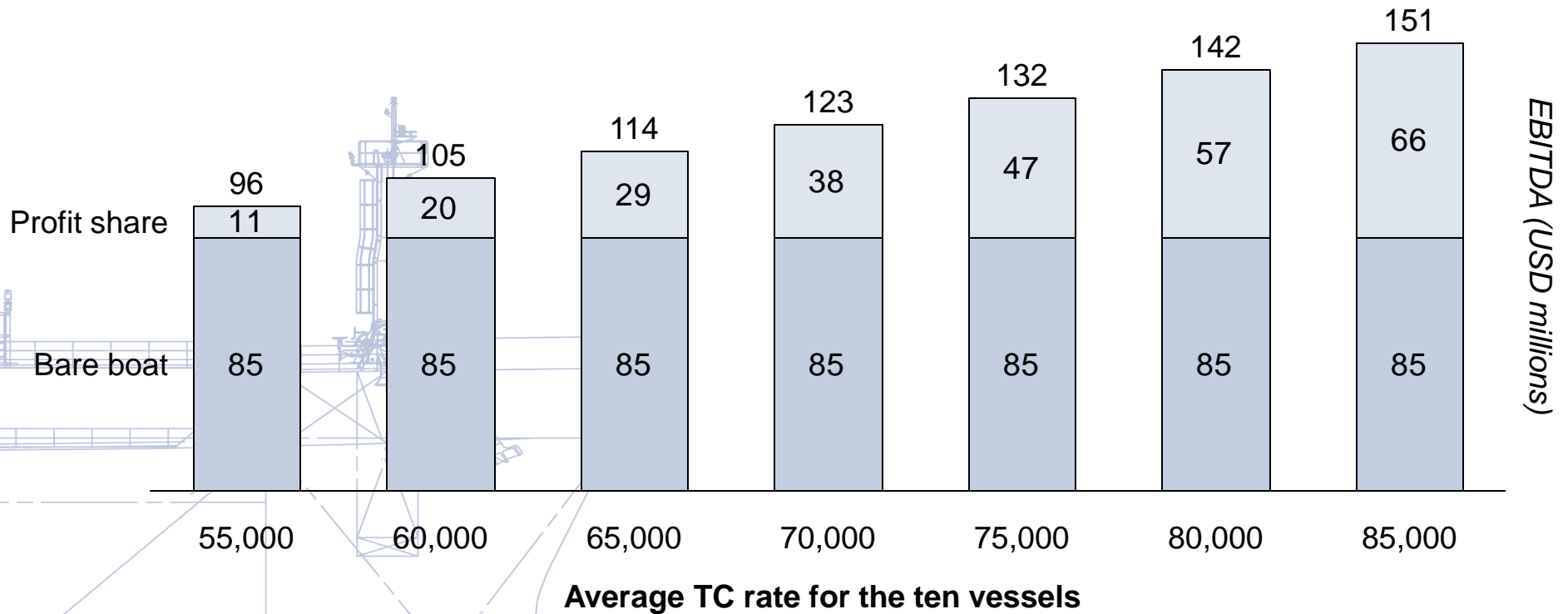
2013 breakeven TC rates is approx. USD 49k/d <sup>(1)</sup>



Source: AMSC Q3 2013 report

Note : 1) 2013 full year estimate 2) Balance of profit share overhang will be paid down through generated profit sharing going forward. AMSC is likely to repay any remaining profit share overhang in Q4 2015.

# AMSC EBITDA sensitivity to time charter rates (Illustrative)



An USD 5k/d increase in average fleet time charter rate means an EBITDA increase of around USD 9m for AMSC

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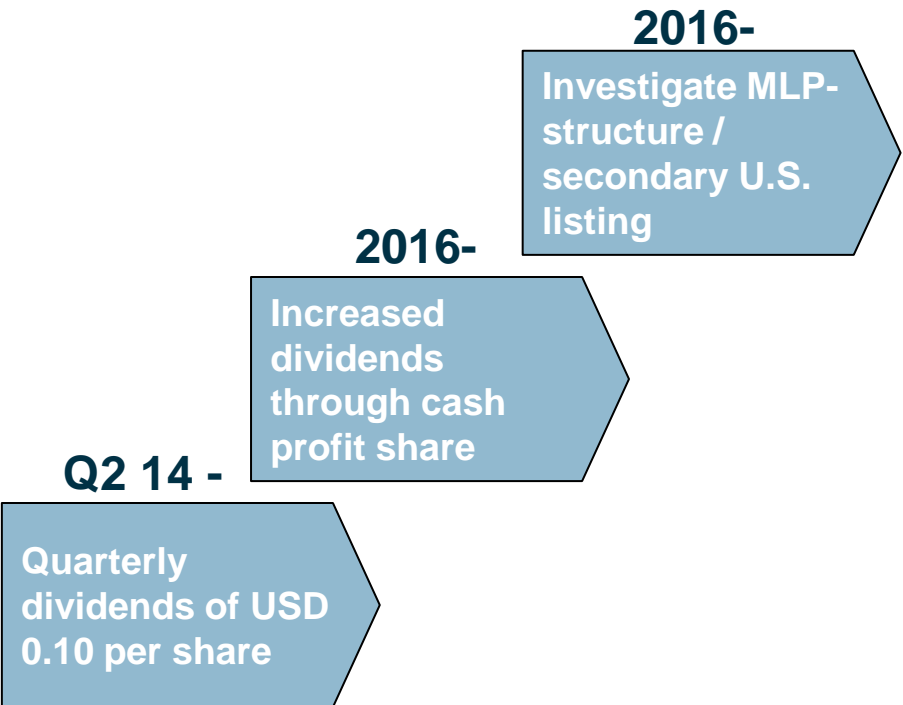
AMSC going forward

# «Best pure play in rising Jones Act market»?

## Unique position in rising market

- **Modern asset base**
- **Attractive cash flows**
- **Strong market fundamentals**
- **Increasing freight rates**

## Attractive dividend policy going forward



AMSC will continuously assess accretive growth opportunities

# Q & A

