



# American Shipping Company ASA



Presentation of 1Q 2016

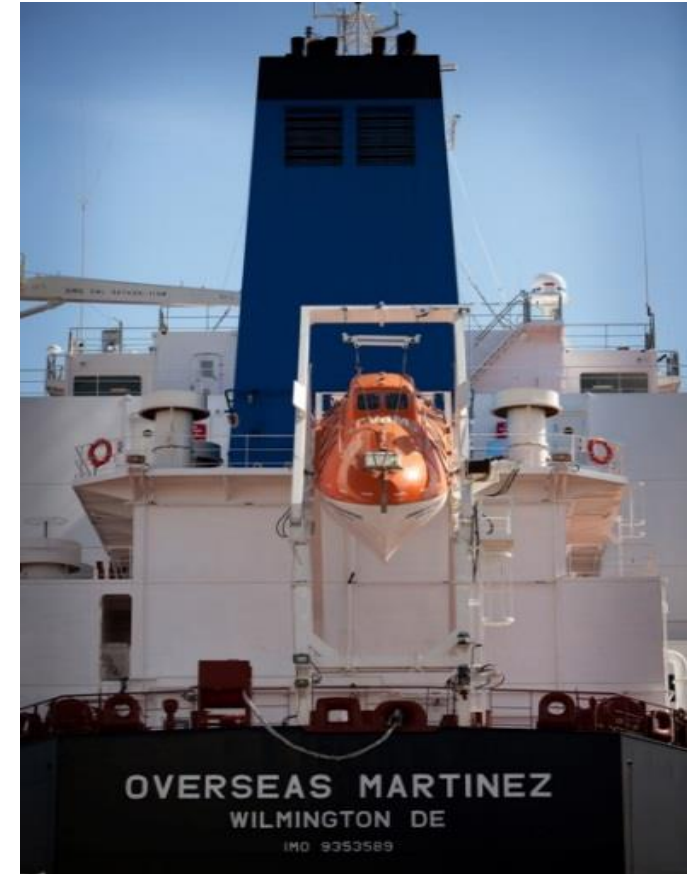
24 May 2016

# 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 2016 Highlights

- Dividend per share payment of USD 0.107 declared for 1Q 2016
- ~15% dividend growth in 2016 expected (YoY)
- Normalized EBITDA\* of MUSD 26.2
  - Q1 2016 profit share of MUSD 4.0
  - Q1 DPO of MUSD 1.0
- Trailing twelve months profit share MUSD 11.3
- Retained new CFO



# Fleet\* contracted trough 2019 with evergreen ext. options. Upside through profit share



VESSEL	2015	2016	2017	2018	2019
Los Angeles					
Texas City					
Anacortes					
Houston					
Long Beach					
New York					
Nikiski					
Martinez					
Boston					
Tampa*					



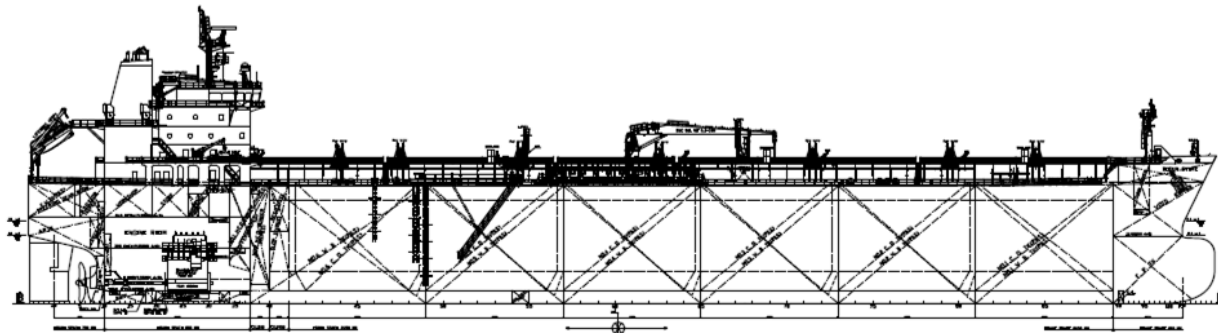
- AMSC’s fleet is on firm BB Charters to OSG (among the world’s largest tanker shipping companies) until December 2019+ evergreen ext. options
- AMSC receives fixed annual Bareboat revenue of MUSD 88 + ~50% of the profits generated by OSG under the Time Charter contracts
- OSG time charters the vessels to oil majors for U.S domestic trade



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

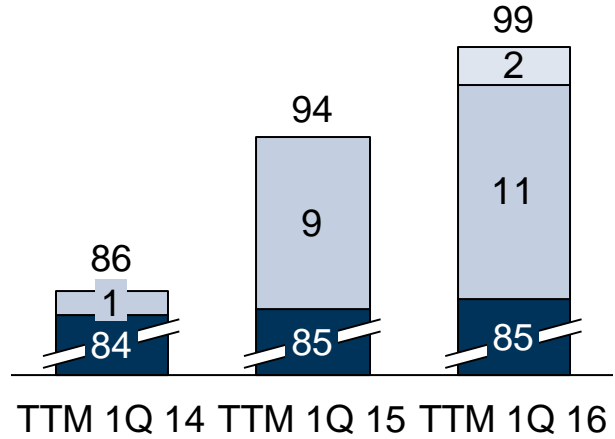
# Philly Tankers

- In 3Q 15, Philly Tankers AS agreed to sell its four product tanker contracts to a subsidiary of Kinder Morgan, Inc
  - Total consideration of MUSD 568
  - Assignment to take place immediately before delivery of each ship
  - Deliveries scheduled from Q4 2016 through Q4 2017
- AMSC has terminated its discussions to potentially monetize its MUSD 25 equity investment in Philly Tankers
  - AMSC will receive dividends and liquidation proceeds from Philly Tankers following ship deliveries and after the liquidation of the company
- As part of the debt refinancing in Q4 2015, AMSC has entered into a MUSD 20 subordinated loan from Aker ASA
  - PIK interest of 10.25% with maturity in 4Q 2020
  - Loan will be repaid with proceeds from AMSC's shares in Philly Tankers

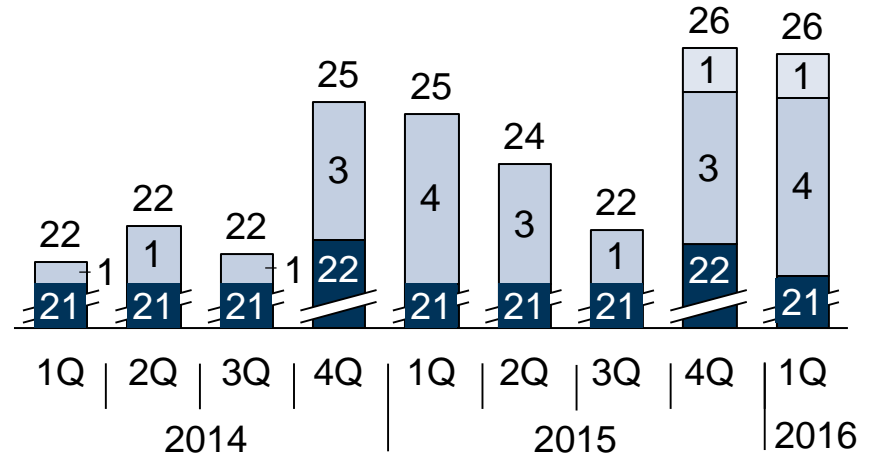


# Stable EBITDA and increasing TTM profit share

**TTM NORMALISED EBITDA\* PER 1Q (MUSD)**



**NORMALISED EBITDA\* PER QUARTER (MUSD)**



DPO
  Profit Share
  Reported EBITDA

DPO
  Profit Share
  Reported EBITDA

- Normalized EBITDA\* of MUSD 26.2 in 1Q16 (MUSD 25.3 in 1Q15)
- Profit sharing of MUSD 4.0 in 1Q16
- DPO of MUSD 1.0 in 1Q16
- Trailing twelve months profit share of MUSD 11.3

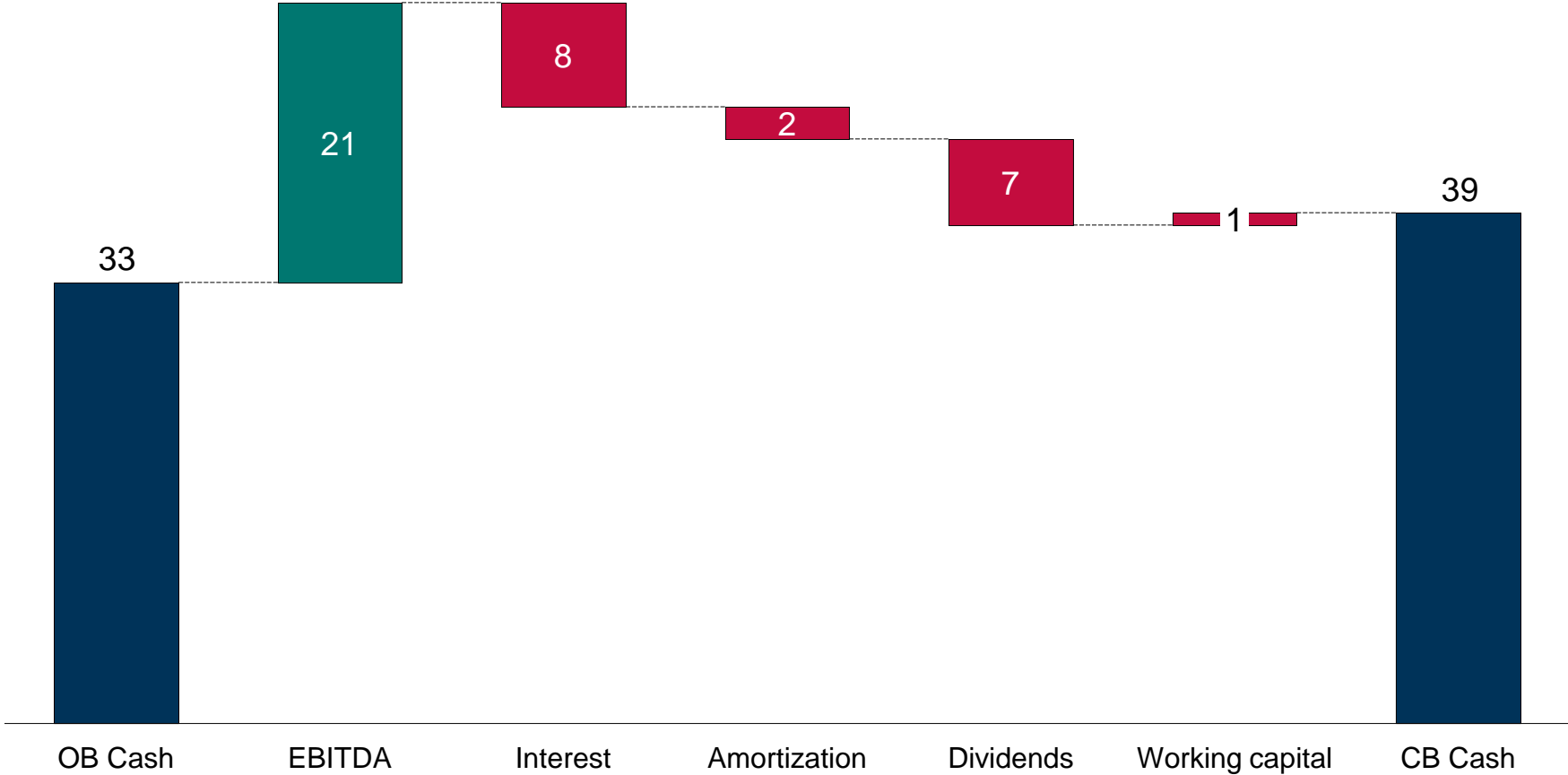
\* Including Profit Share and DPO. Reported EBITDA for 1Q16 is MUSD 20.9



# Cash increased in the quarter due to reduced debt service post refinancing



CASH DEVELOPMENT IN 1Q 16 (MUSD)



# Balance Sheet

Figures in USD millions	31.03.2016	31.03.2015
Vessels	805.3	839.8
Deferred tax assets	-	-
Interest bearing long term receivables (DPO)	32.1	33.4
Other non current assets	25.2	24.9
Trade and other receivables	0.3	0.3
Cash held for specific uses	2.2	8.2
Cash and cash equivalents	36.4	76.8
<b>TOTAL ASSETS</b>	<b>901.5</b>	<b>983.4</b>
Total equity	215.7	232.3
Deferred tax liabilities	1.5	0.3
Interest bearing long term debt	654.5	665.5
Derivative financial liabilities – long term portion	1.0	6.4
Interest bearing short term debt	15.0	53.1
Derivative financial liabilities – short term portion	4.0	16.9
Deferred revenues and other payables	9.8	8.9
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>901.5</b>	<b>983.4</b>

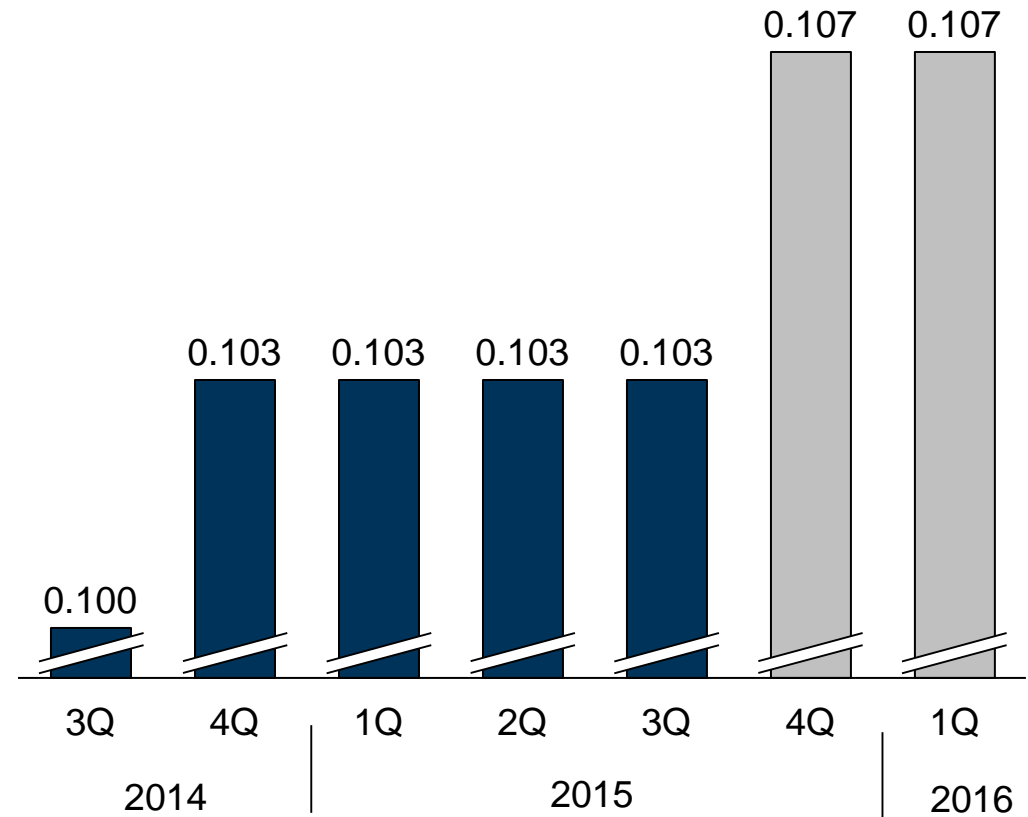


# Substantial dividend growth in 2016 expected

## DIVIDENDS PER SHARE (USD)

Dividends expected as follows\*

- 1Q16: USD 0.107 / share (authorized by BoD)
- 2Q16: USD 0.107 / share (expected)
- Total dividend for 2016 expected to grow approx. 15% compared to 2015



\* Quarterly dividends are usually paid out within 60 days after end of quarter, thus Q4 is actually paid in Q1 the following year

# Investment Highlights

## Highlights

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STABLE U.S. JONES ACT  
TANKER MARKET

LEADING MARKET  
POSITION

LOW RISK BASELINE  
DIVIDEND WITH UPSIDE  
POTENTIAL

## Comments

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- Increasing demand for clean products as fuel price has dropped
  - US shale production expected to rebound
  - Market is currently softer, but shipping remains a competitive alternative
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- Pure play Jones Act tanker exposure
  - AMSC is the second largest product tanker owner
  - AMSC's modern fleet built at cost substantially below newbuilding prices, providing lowest break-even cost of all modern tanker
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- Current quarterly dividend of \$ 0.107/share with strong support in fixed Bareboat revenue
  - Guided ~15% YoY dividend growth in 2016 with strong support in existing contracts
  - Current dividend yield of ~13% (Q2 2016) and ~16% (run rate 2H2016)

# Appendix: About the U.S. Jones Act

## The Jones Act has been in place since 1920

- The Merchant Marine Act of 1920, P.L. 66-261 (the “Jones Act”) requires that goods and passengers transported by water between U.S. ports be done in vessels that are built in the U.S, registered under the U.S. flag, U.S. crewed and >75% owned and controlled by U.S. citizens
- AMSC’s operation in the Jones Act market is made possible by the lease finance exception of the Jones Act, which permits foreign ownership of the ships under certain conditions including that the vessels be bareboat chartered to qualified U.S. citizen operators, such as OSG
- 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
- Essential feature of U.S. national security, ensuring non- dependency of ships controlled by foreign nations

## Significant financial impact gives bi-partisan support for the U.S. Jones Act

USD 14bn in annual  
economic output

84,000 jobs in U.S.  
shipyards

70,000 jobs working  
on or with Jones Act  
vessels

Over 39,000 vessels  
of all sizes  
representing an  
investment of USD  
30bn



OVERSEAS ANACORTES  
WILMINGTON DE  
IMO 8292881