

# American Shipping Company ASA



Presentation of 3Q 2015

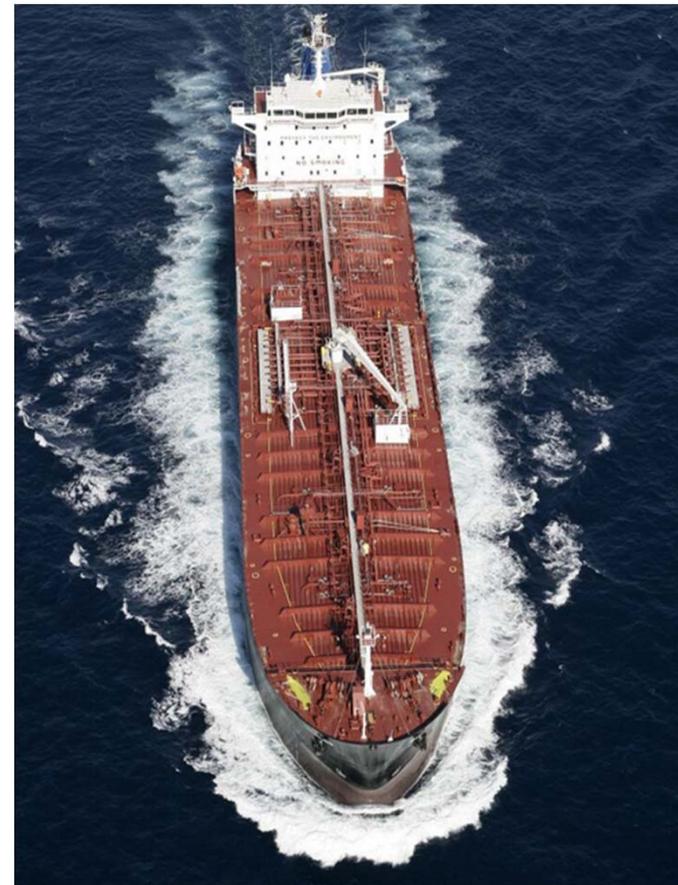
29 October 2015

# 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.

# Third Quarter 2015 Highlights

- Dividend per share payment of USD 0.103 declared for 3Q 2015
- ~15% dividend growth in 2016 expected
- Bank debt re-financing signed
- In advanced discussions to sell AMSC's 19.6% shareholding in Philly Tankers to a non-disclosed buyer
- Q3 profit share of MUSD 1.2, which reduces profit share overhang
- Trailing twelve months profit share is MUSD 10.8
- DPO accruals ended in 3Q 15. DPO will provide substantial cash flow to AMSC going forward



# Fleet\* contracted through 19' 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

# Bank debt refinancing signed

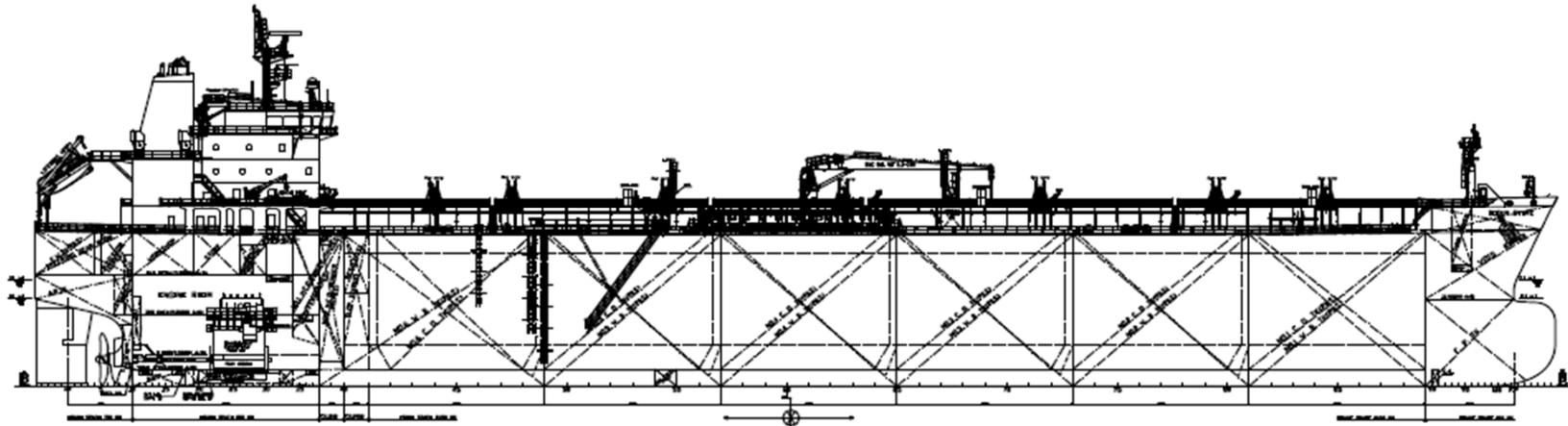
- Signed loan agreements for a total of MUSD 450 to refinance the secured vessel debt
- Structured in two separate facilities
  - MUSD 300 facility secured by eight vessels with a club of three banks consisting of BNP Paribas, SEB and Credit Agricole
  - MUSD 150 facility secured by two vessels with CIT, Prudential and AloStar
- Funding is expected to take place shortly
- Following has been agreed with holders of the unsecured bond:
  - Cash interest increased from 50% to 100% from funding of bank debt
  - Option to extend maturity beyond February 2018 waived by AMSC

## Key Terms

- Total amount: MUSD 450
- Average weighted tenor: 6 years (80% of the loan amount with 5 year tenor and 20% with a 10 year tenor)
- Average weighted interest cost: Libor + 325 bps margin
- Total annual installments:
  - Y1: MUSD 8.3
  - Y2-4: MUSD 28.3
  - Y5: MUSD 44.3 (expect to refinance after year 4)

# Advanced negotiations to sell AMSC's shares in Philly Tankers

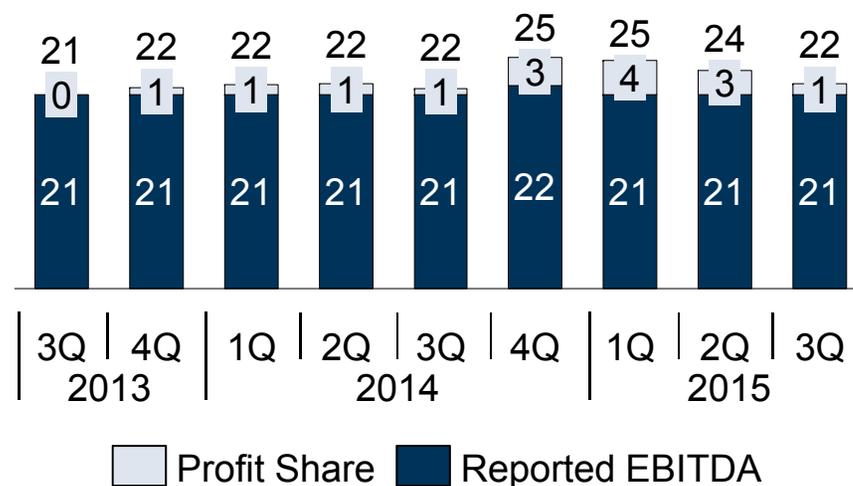
- Philly Tankers AS agreed to sell its four product tanker contracts to a subsidiary of Kinder Morgan, Inc
  - Total consideration of MUSD 568
  - Assignment to take place immediately before delivery of each ship
  - Deliveries scheduled from Q4 2016 through Q4 2017
- AMSC has subsequently entered into advanced discussions to sell its 25,000 shares in Philly Tankers to a non-disclosed party with expected signing of final agreements shortly



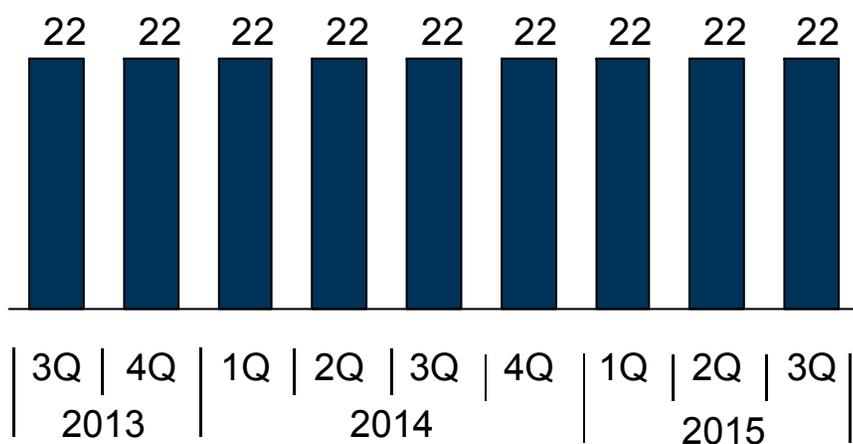
# Stable Operating Revenues and TTM profit share of MUSD 10.8

- Operating revenues of MUSD 22.1 in 3Q15 (MUSD 22.1 in 3Q14)
- Normalized EBITDA\* of MUSD 22.4 in 3Q15 (MUSD 21.6 in 3Q14)
- Profit sharing of MUSD 1.2 in 3Q15
- Trailing twelve months profit share of MUSD 10.8

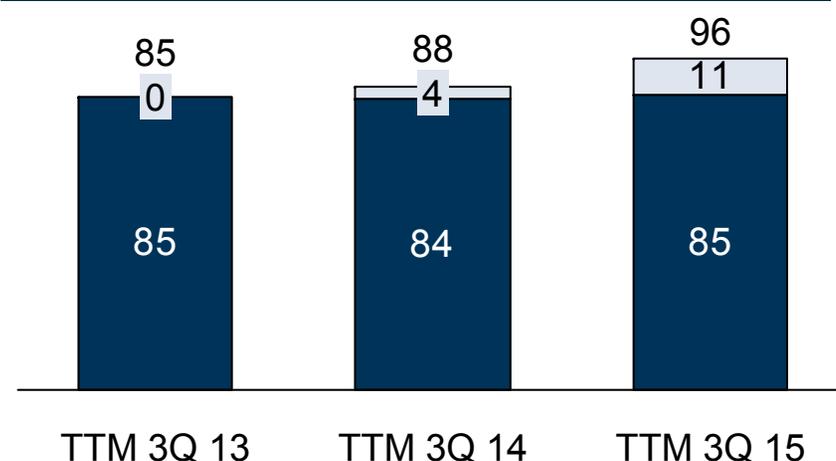
**EBITDA & PROFIT SHARE PER QUARTER (MUSD)**



**OPERATING REVENUES PER QUARTER (MUSD)**



**TTM EBITDA & PROFIT SHARE PER 3Q (MUSD)**

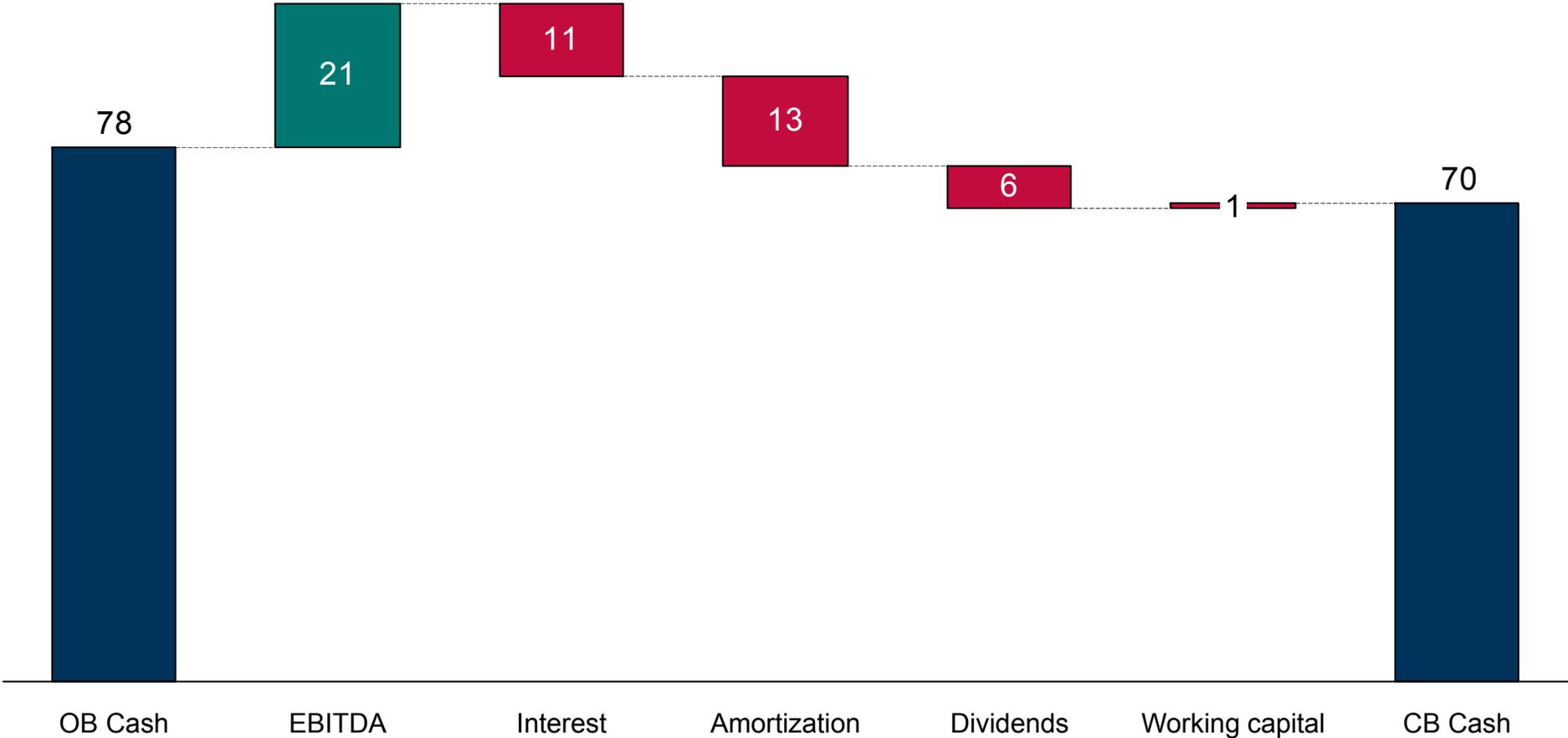


\* Including Profit Share

# Cash reduced in the quarter. Debt service will be substantially lower post refinancing



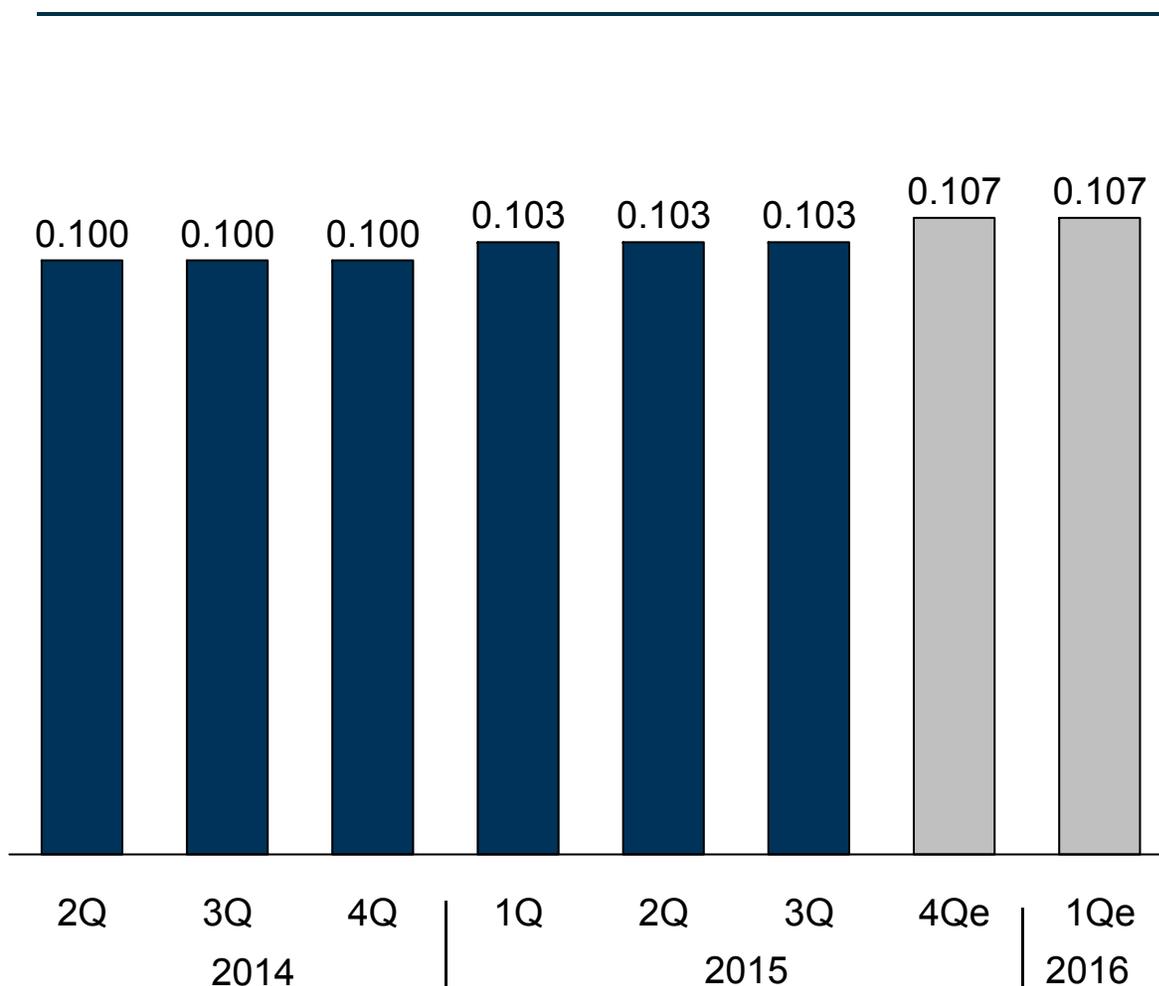
CASH DEVELOPMENT IN 3Q 15 (MUSD)



# Substantial dividend growth in 2016 expected

- Dividend for next two quarters expected as follows\*
  - 4Q15: USD 0.107 / share
  - 1Q16: USD 0.107 / share
- Total dividend for 2016 expected to grow approx. 15% compared to 2015

DIVIDENDS PER SHARE (USD)



\* Quarterly dividends are usually paid out within 60 days after end of quarter

# AMSC Investment Highlights

## ATTRACTIVE U.S. JONES ACT MARKET

- **Vessel acquisitions** by **deeply embedded players** in the U.S. petroleum transport shows that shipping remains a competitive alternative
- Recent long term **Time Charter** rates made at **attractive levels**

## LEADING MARKET POSITION

- AMSC is the **second largest** Jones Act product tanker owner
- AMSC's modern fleet built at cost substantially below current newbuilding prices, providing **lowest break-even cost** of all modern tankers
- **Attractive MUSD 450m bank debt refinancing** signed

## LOW RISK BASELINE DIVIDEND WITH UPSIDE POTENTIAL

- **Quarterly dividends** with **strong support** in fixed Bareboat revenue
- Ambition to **grow dividend level** as Time Charter contract renewals provide substantial upside through profit share

# 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**

