



# American Shipping Company ASA



Presentation of Q4 2016

6 February 2017

# Important information

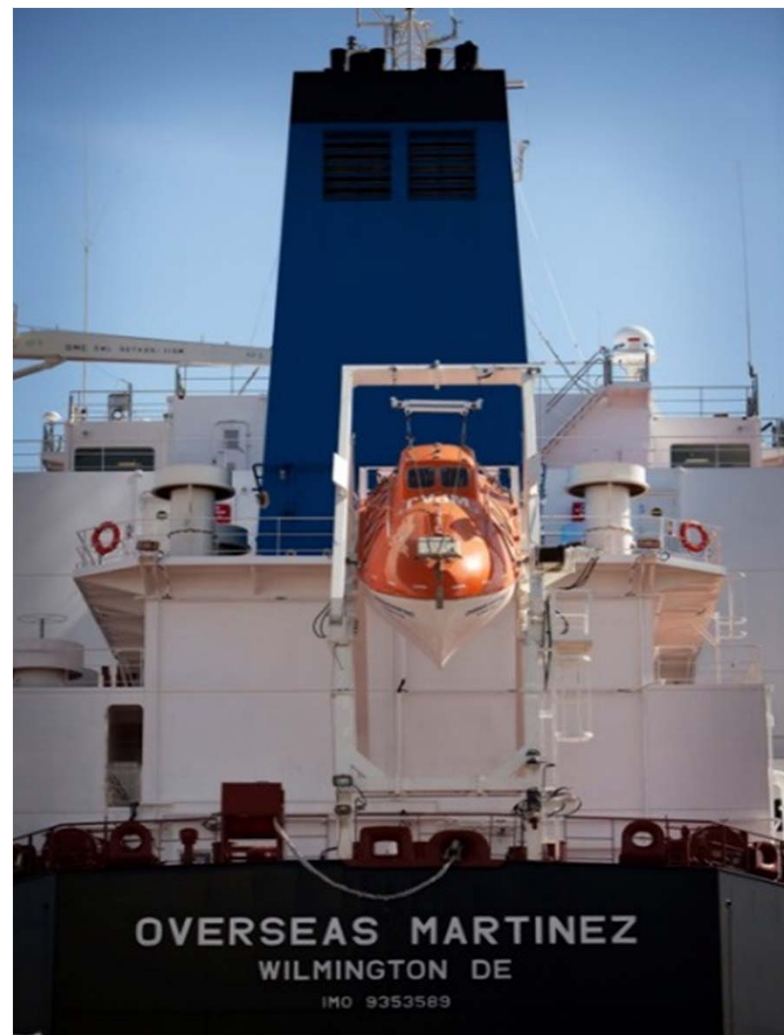
- Nothing herein shall create any implication that there has been no change in the affairs of American Shipping Company ASA ("AMSC" or the "Company") as of the date of this Company Presentation. This Company Presentation contains forward-looking statements relating to the Company's business, the Company's 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.

# Fourth Quarter 2016 Highlights

- Adjusted net profit of USD 5.8 million\*
- Normalized EBITDA\*\* of USD 24.3 million
  - Profit share of USD 1.8 million
  - DPO of USD 1.0 million
- Recognized gain of USD 2.2 million related to AMSC's investment in Philly Tankers AS
- Declared Q4 dividend of USD 0.124 per share, consistent with prior guidance provided for 2016
  - Ex-dividend date of 13 February 2017 with payment on or about 22 February 2017
  - Classified as a return of paid in capital
- Q1-17 dividend guidance of USD 0.08 per share

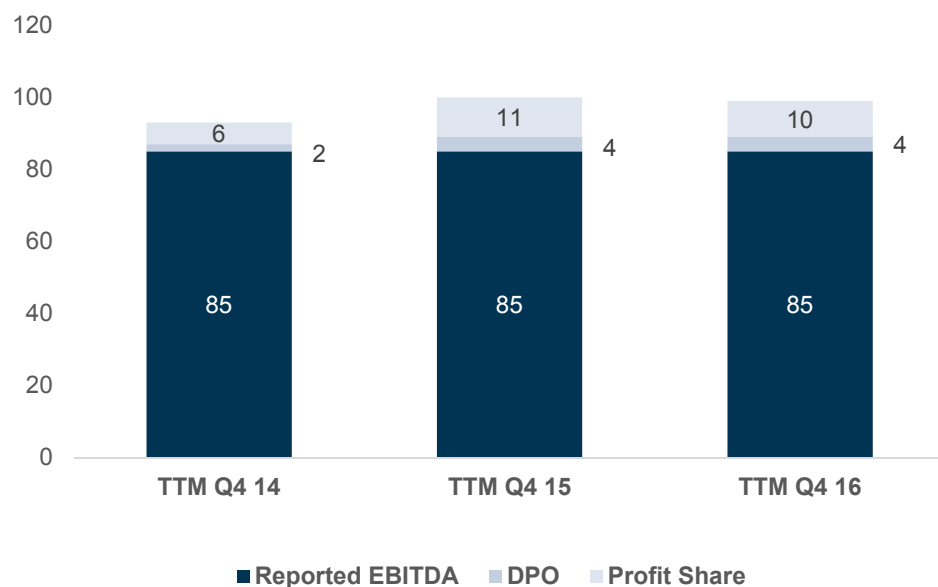
\* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax

\*\* Including Profit Share and DPO. Reported EBITDA for Q416 is USD 21.5 million

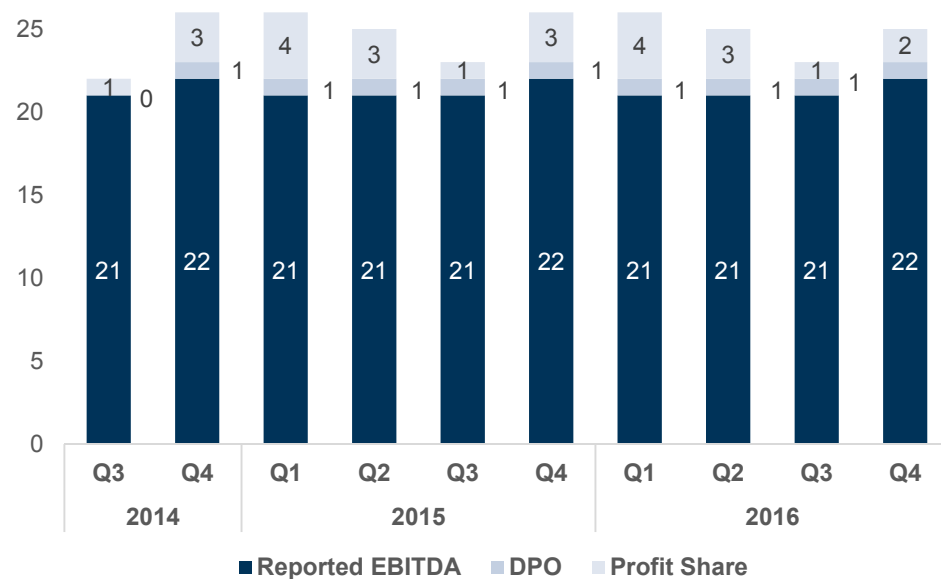


# Stable, Predictable EBITDA

## TTM Normalized EBITDA\* per Q4 (USD millions)



## Normalized EBITDA\* per quarter (USD millions)








- Normalized EBITDA\* of USD 24.3 million in Q416 (USD 26.3 million in Q415)
- Profit sharing of USD 1.8 million in Q416
- DPO of MUSD 1.0 in Q416
- Trailing twelve months profit share of USD 10.2 million

\* Including Profit Share and DPO. Reported EBITDA for Q416 is USD 21.5 million

# Fleet Deployment Overview

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

Vessel	2017-19	2019 - beyond	End users
Anacortes	BBC	BBC Options	    
Boston	BBC	BBC Options	
Houston	BBC	BBC Options	
Long Beach	BBC	BBC Options	
Los Angeles	BBC	BBC Options	
Martinez	BBC	BBC Options	
New York	BBC	BBC Options	
Nikiski	BBC	BBC Options	
Texas City	BBC	BBC Options	
Tampa	BBC*	BBC Opt.	

- AMSC's fleet is on firm BB Charters to OSG until December 2019+ evergreen ext. 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

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

# Income Statement *(unaudited)*

Figures in USD million (except share and per share information)	Year to date			
	Q4 2016	Q4 2015 **	2016	2015 **
Operating revenues	22.1	22.1	88.0	87.8
Operating expenses	(0.6)	(0.2)	(2.9)	(2.9)
<b>Operating profit before depreciation - EBITDA</b>	<b>21.5</b>	<b>21.9</b>	<b>85.1</b>	<b>84.9</b>
Depreciation	(8.7)	(9.2)	(34.3)	(34.2)
<b>Operating profit - EBIT</b>	<b>12.8</b>	<b>12.8</b>	<b>50.8</b>	<b>50.7</b>
Gain on investments	2.2	0.0	2.7	0.0
Net interest expense	(9.2)	(10.3)	(37.2)	(48.9)
Unrealized gain/(loss) on interest swaps	6.3	(0.9)	0.6	12.5
Net foreign exchange gain/(loss)	0.0	0.0	0.1	(0.2)
<b>Profit/(loss) before income tax</b>	<b>12.1</b>	<b>1.6</b>	<b>17.0</b>	<b>14.1</b>
Non-cash income tax expense	(4.6)	(4.4)	(9.9)	(4.4)
<b>Net profit/(loss) for the period *</b>	<b>7.5</b>	<b>(2.9)</b>	<b>7.1</b>	<b>9.7</b>
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
<b>Earnings/(loss) per share (USD)</b>	<b>0.12</b>	<b>(0.05)</b>	<b>0.12</b>	<b>0.16</b>

\*Applicable to common stockholders of the parent company

\*\* 2015 numbers are restated. Refer to full press release for more information

# Balance Sheet *(unaudited)*

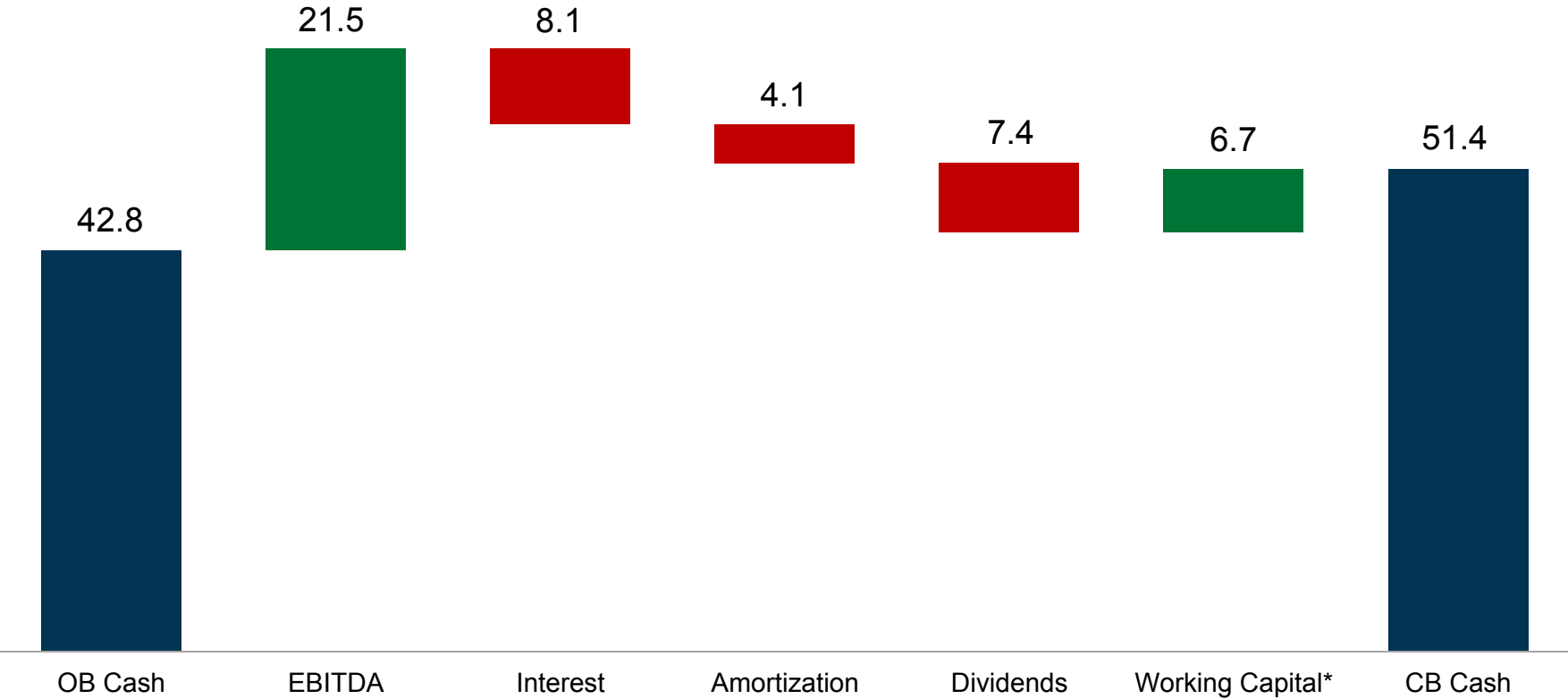
Figures in USD millions	31.12.2016	31.12.2015 *
Vessels	779.5	813.8
Interest-bearing long term receivables (DPO)	30.6	32.6
Other non current assets	27.6	24.9
Trade and other receivables	0.3	0.4
Cash held for specified uses	2.3	1.6
Cash and cash equivalents	49.1	31.7
<b>TOTAL ASSETS</b>	<b>889.4</b>	<b>905.0</b>
Total equity	195.7	216.4
Deferred tax liabilities	17.4	7.5
Interest-bearing long term debt	636.1	660.6
Derivative financial liabilities - long term portion	0.1	0.2
Interest-bearing short term debt	28.3	10.2
Derivative financial liabilities - short term portion	0.0	0.6
Deferred revenues and other payables	11.8	9.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>889.4</b>	<b>905.0</b>

\* 2015 numbers are restated. Refer to full press release for more information

# Cash increased in the quarter due to decrease in working capital



CASH DEVELOPMENT IN 4Q 16 (USD millions)

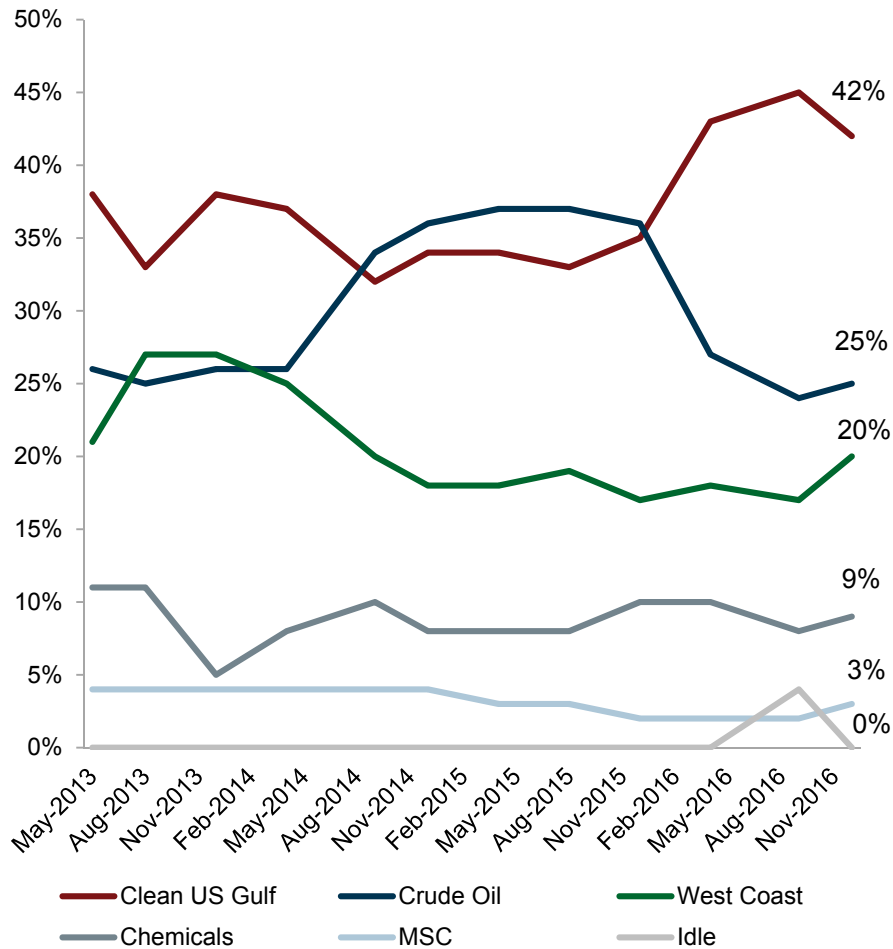


\* Working capital was decreased in the quarter due to a receipt of USD 6 million of the monthly bareboat charter hire due from the prior quarter

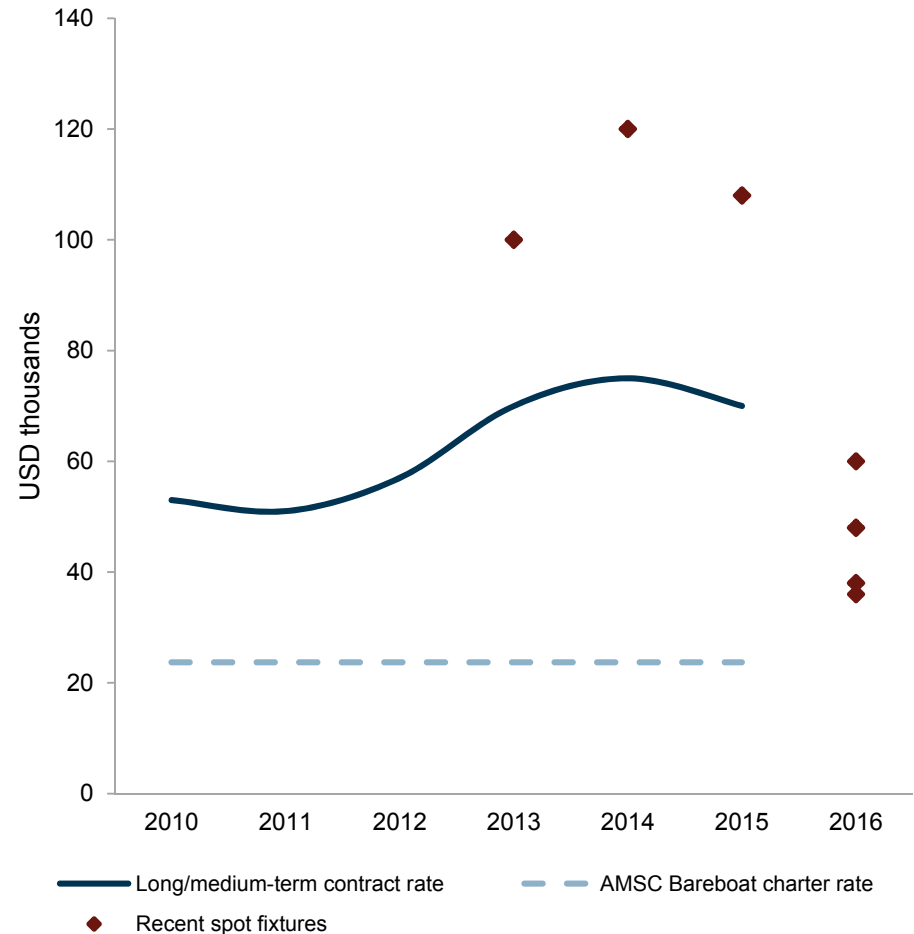


# Fleet Deployment has Shifted to Clean Products

**Historical Jones Act tanker fleet deployment by main trades (Tankers and ATBs)**



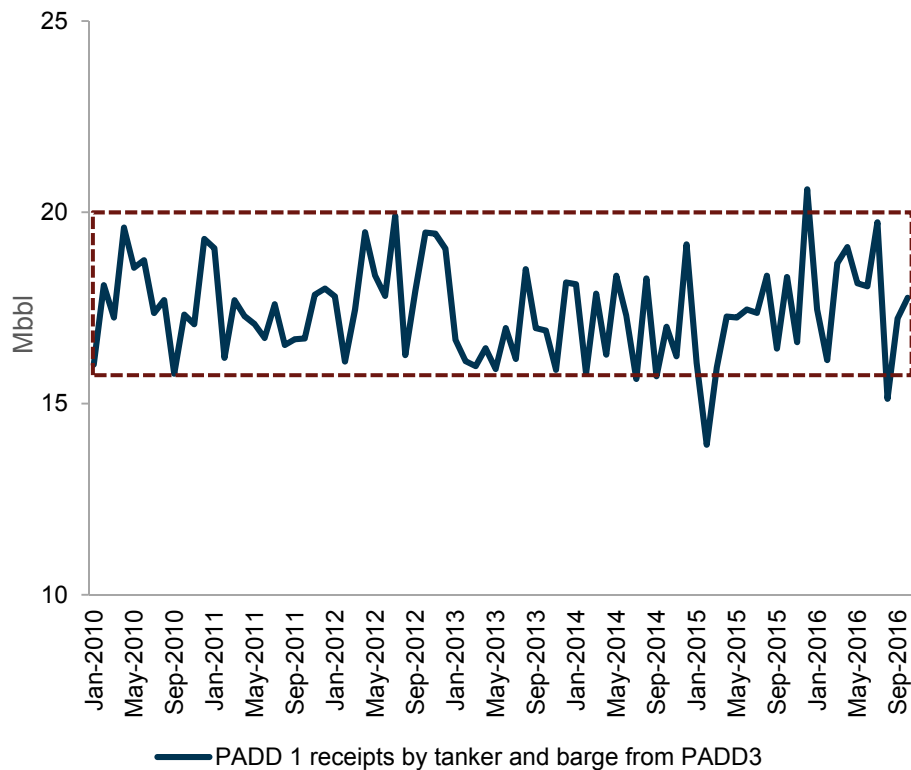
**Product tanker medium/long term time charter rates have softened with need for crude oil transport**



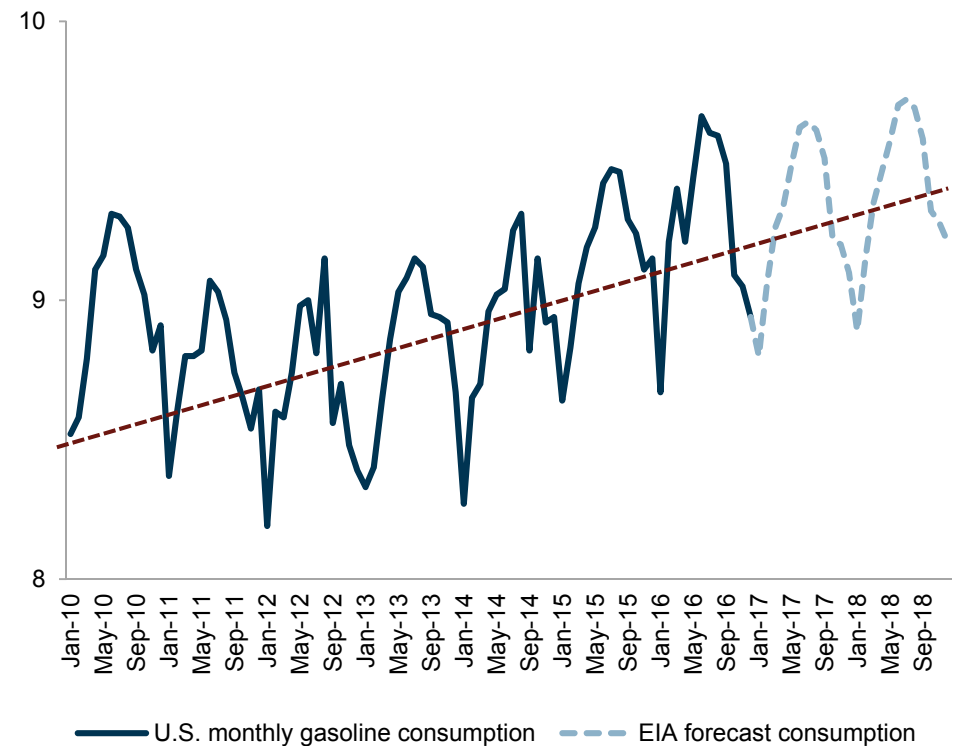
Source: Navigistics' Wilson Gillette Report, December 2016 and AMSC analysis

# Clean Product Volumes are Very Stable

Seaborne products transport from Gulf Coast to East Coast has been remarkably consistent

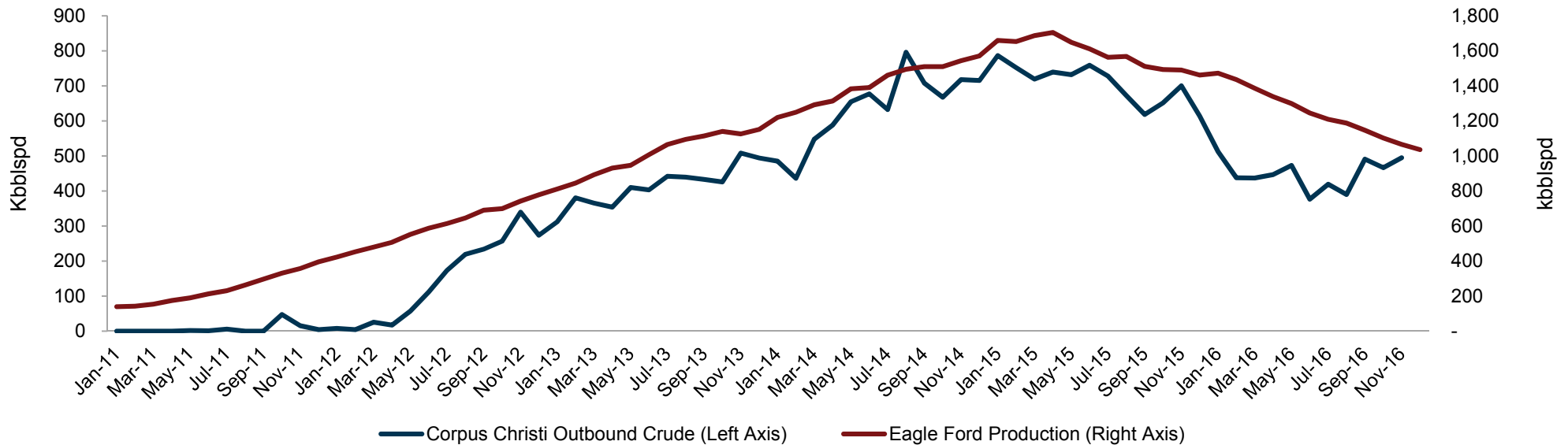


U.S. Gasoline consumption continues to drive demand growth



# Crude Oil Volumes have Decreased

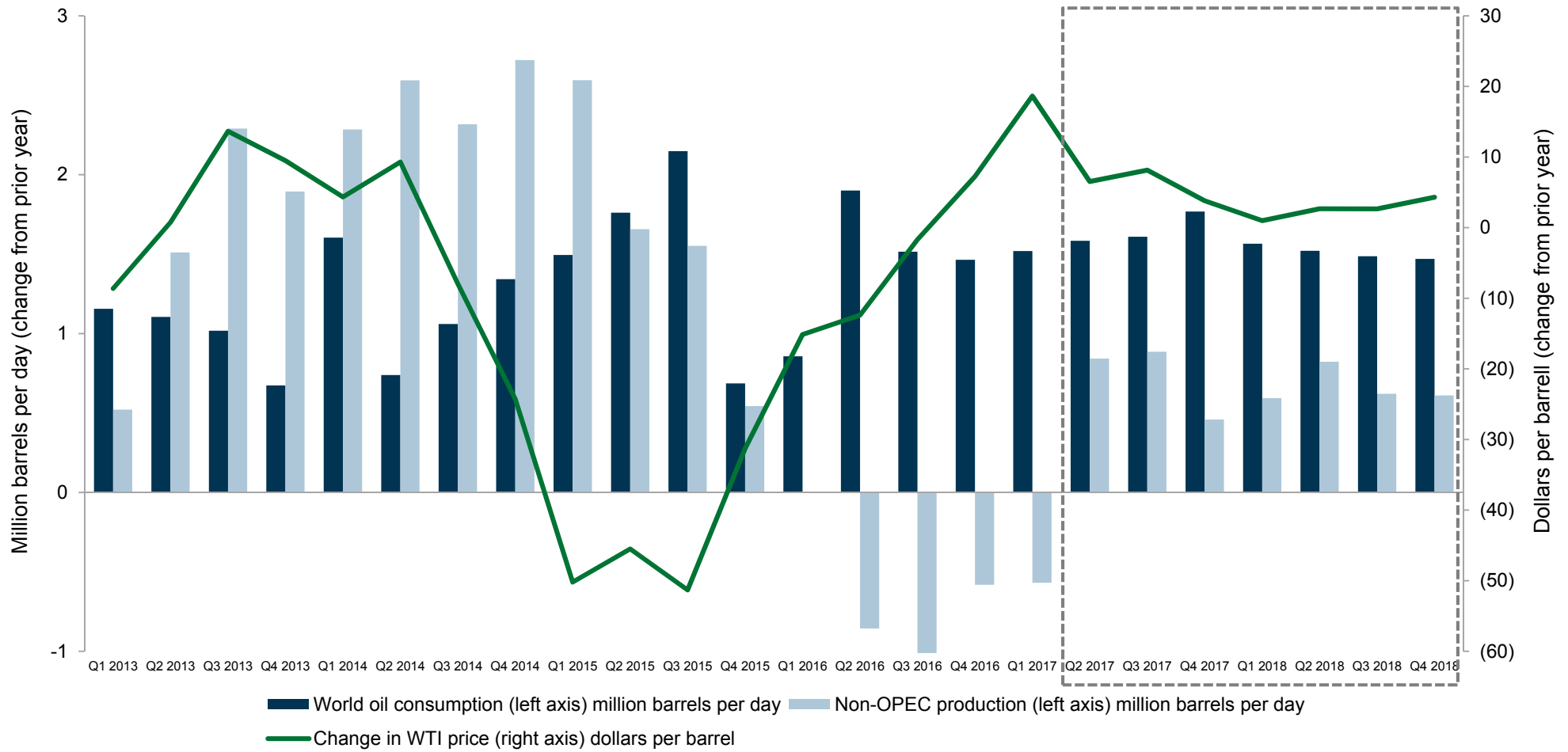
## Corpus Christi Volumes



- Shale oil production contracted in 2016 after 5 years of growth as OPEC flooded the market
- Reduced crude production, especially from Eagle Ford, led to reduced shipments from Corpus Christi
- Production may increase in 2017 and onwards as oil prices recover, which will likely lead to increased shipments out of Corpus Christi

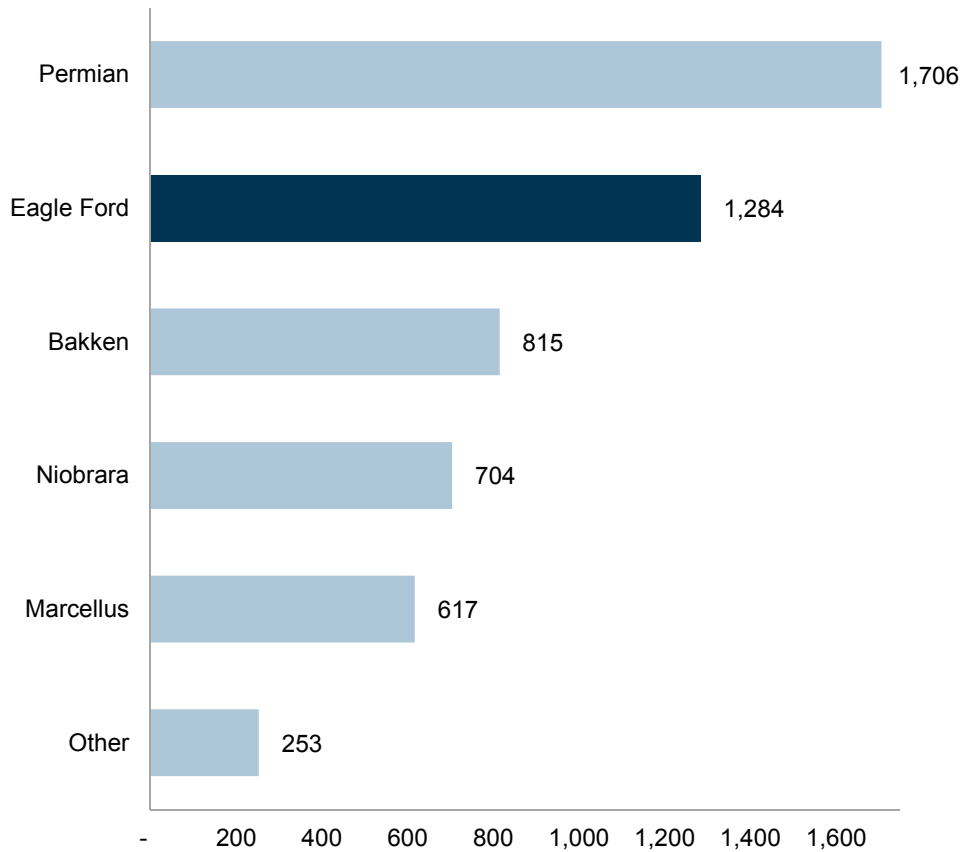
# Non-OPEC Volumes are Forecast to Increase

## Change in world consumption and Non-OPEC production growth

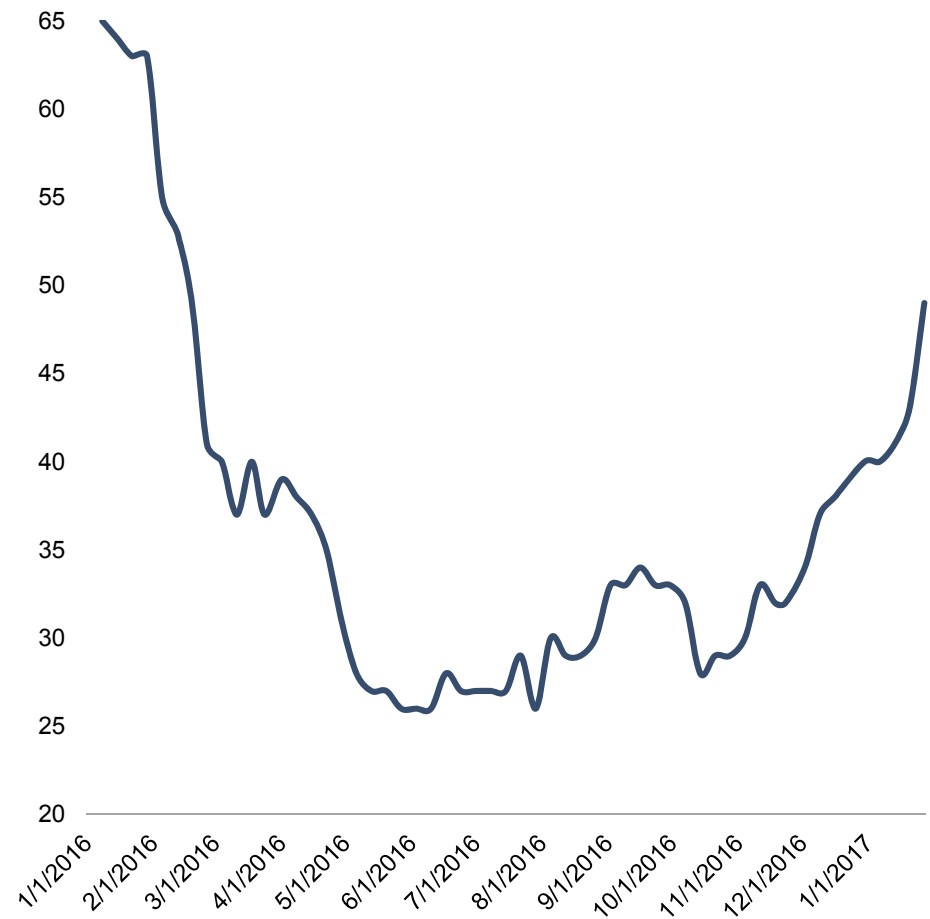


# U.S. Shale is the World's Incremental Producer

## Drilled but uncompleted wells by region



## Eagle Ford crude oil drilling rig count

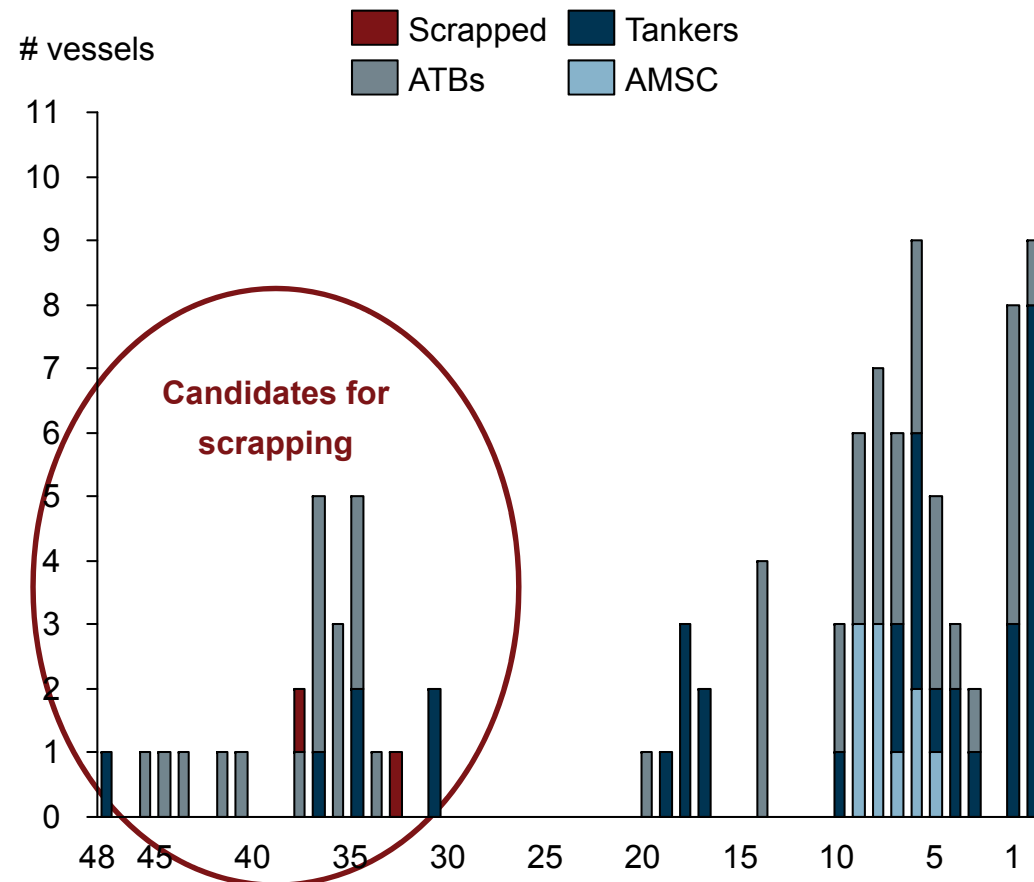


# 5 Tankers Entering Fleet.. but Scrapping has Started

Yard delivery schedules

Vessel	2017	2018	2019	Yard	2 Contracted
Philly Tankers PT2					✓
Philly Tankers PT3					✗
Philly Tankers PT4					✗
Matson container 1					n/a
Matson container 2					n/a
Seacor PT 3					✗
Kinder Morgan PT5					✗
Matson Con Ro 1					n/a
Matson Con Ro 2					n/a

Vessel age since delivery



- No new orders placed for product tankers for more than two years
- Scrapping has started with more to come in the near future

# Investment Highlights

## Highlights

### GOOD VISIBILITY INTO JONES ACT MARKET

## Comments

- Clean products and chemical trades remain steady, and U.S. shale production is expected to rebound
- Vessel supply growth is constrained by limited shipyard capacity and high newbuilding costs

### LEADING MARKET POSITION

- AMSC is the largest listed pure play Jones Act tanker owner
- Lowest break-even cost of all modern tankers, decreasing re-chartering risk
- Attractive evergreen charter extensions

### STABLE & PREDICATBLE BUSINESS MODEL

- Stable cash flow from bareboat contracts at fixed rates and DPO
- Upside potential from profit share arrangement
- Committed to returning value to shareholders while also prudently managing balance sheet and maintaining financial flexibility



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