



American Shipping Company ASA



Aker Credit Markets Day

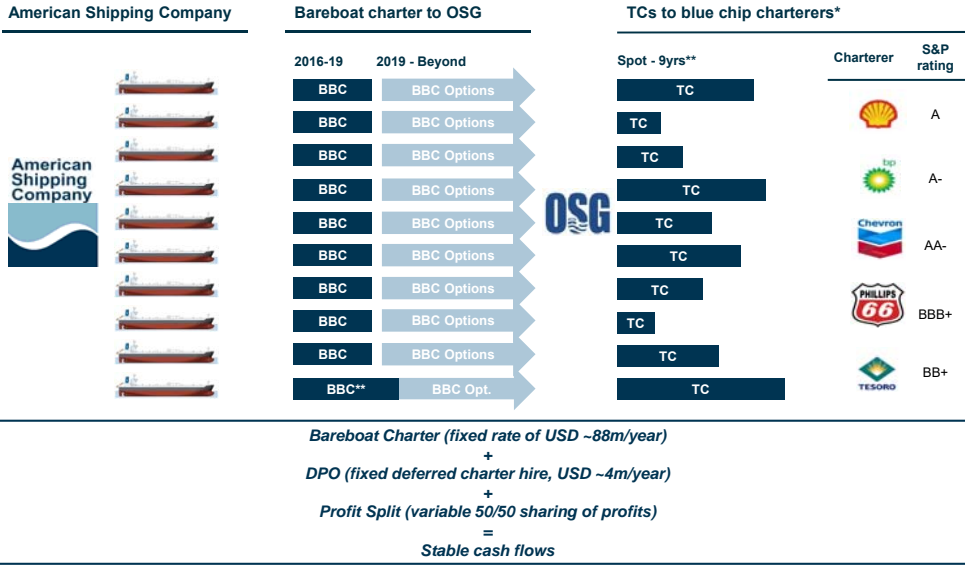
November 21st, 2016

Important information



This Company Presentation is current as of November 2016. 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.

Long Term Contracts Returning Stable Cash Flow

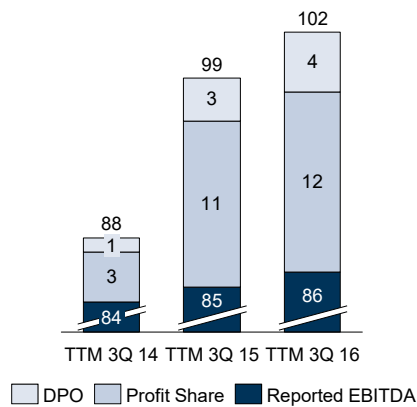


*Illustrative TC contract duration
 **Tampa was converted to a shuttle tanker and is on a 10 year BBC backed by a 10 year TC

AMSC Key Financial Highlights

- Listed on OSE
 - Enterprise Value ~ \$800m
 - MCAP ~ \$180m
 - Aker ASA has ~ 49% economic interest
- Firm BBC Revenue of \$88m
- Normalized TTM EBITDA of ~ \$102m
 - Reported EBITDA of \$86m
 - Deferred Payment Obligation (DPO) of \$4m
 - Profit share of \$12m

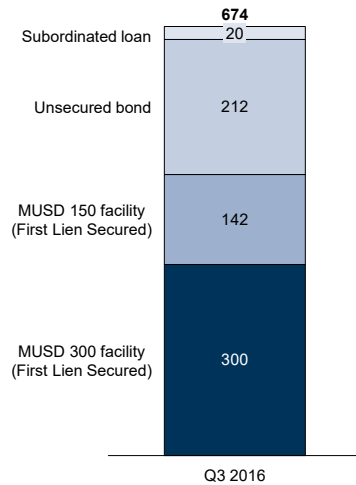
TTM NORMALIZED EBITDA* PER 3Q (MUSD)



* Reported EBITDA + profit share + DPO

Existing Debt Facilities

Current debt structure (USD million)



Key terms on funding

Bank debt

- Facilities entered into in Q4 2015
- 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: USD 8.3m
 - Y2-4: USD 28.3m (annually)
 - Y5: USD 44.3m (expect to refinance after year 4)

Unsecured bond

- Interest cost: LIBOR + 600 bps margin
- Maturity 28 February 2018

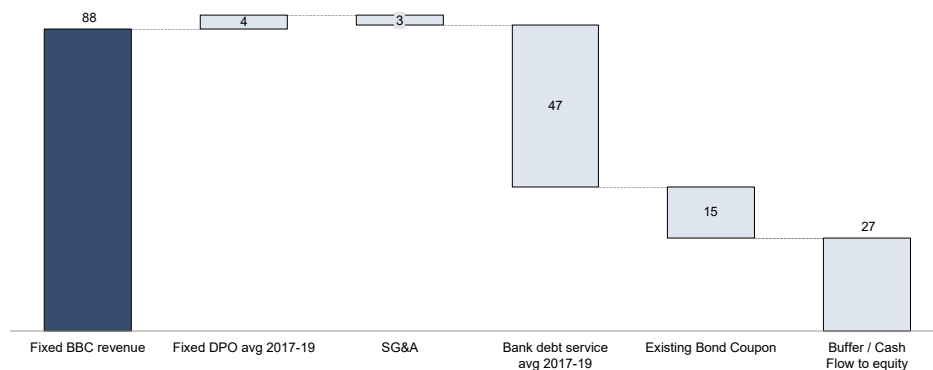
Subordinated loan

- Accruing interest of 10.25% with maturity in 4Q 2020
- Will be repaid by proceeds from Philly Tankers

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Contracted revenue provides solid cash flow buffer for debt servicing

Simplified illustration of AMSC's annual cash-flow EXCLUDING profit share (USDm)



Existing debt service covered with only 70% of current minimum fixed contracted cash flow

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The Jones Act - a stable business environment

The Jones Act has been in place since 1920...

...and the Jones Act is here to stay!

- Passed in 1920, the Jones Act generally restricts the marine transportation of cargo and passengers between points in the United States to vessels that meet the following criteria:
 - Built in the United States
 - Registered under the U.S. flag
 - Manned predominately by U.S. crews
 - At least 75% owned and controlled by U.S. citizens

- Essential feature of U.S. national security, ensuring non-dependency of ships controlled by foreign nations

- AMSC's operation in the Jones Act market is made possible by the lease finance exception of the Jones Act

100,000,000,000

USD 100bn contribution to the U.S. domestic economy

30,000,000,000

USD 30bn total investments in over 40,000 vessels

400,000

jobs directly and indirectly impacted by the U.S. maritime industry

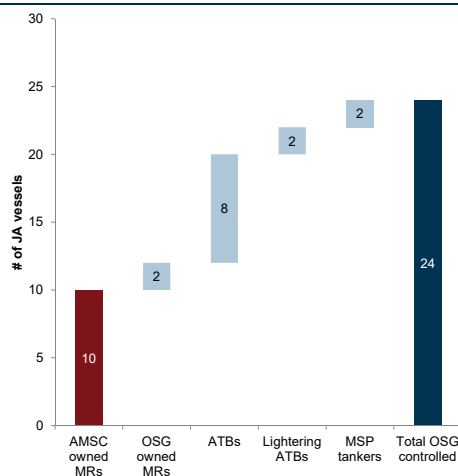
Source: American Maritime Partnership and U.S. Maritime Administration

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The AMSC fleet is an integrated part of OSG's Jones Act fleet and strategy

OSG's Jones Act fleet

AMSC is the core of OSG's Jones Act fleet



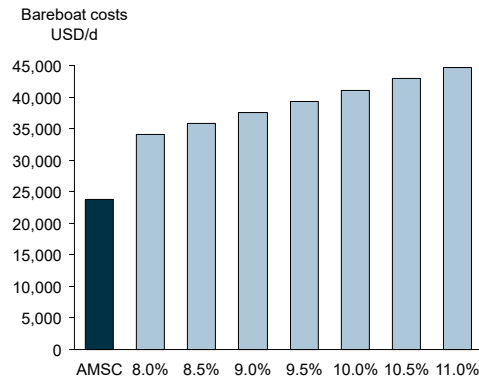
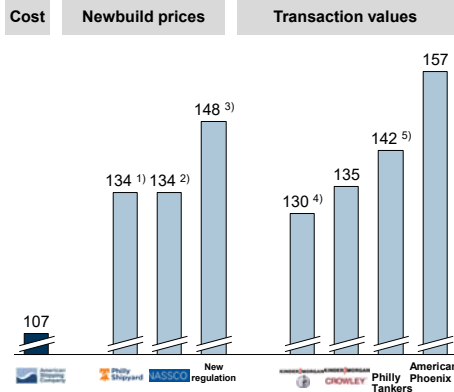
- OSG to spin-off on its international tanker business into a separate public entity "International Seaways"
- OSG post spin-off will be a pure US Flag shipping company, implying continued need for the AMSC fleet
- AMSC's 10 vessels are an important part of OSG's Jones Act tanker fleet
- The AMSC fleet is the most cost-efficient fleet in the Jones Act fleet due to favourable construction cost compared to newbuilds delivered today
- The 10 AMSC vessels represent ~30% of the total modern Jones Act fleet

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AMSC fleet comes with a significant cost advantage

AMSC has a modern fleet acquired at a lower cost...

...providing significantly lower break-even costs



Annual bareboat costs given various total capital IRRs with newbuild cost @ USD 134m

Notes: 1) Based on Philly Tankers
 2) Based on newbuild cost for the tankers delivered to American Petroleum Tankers (Golden State excluded due to cost overrun)
 3) New regulation adds NOx emission requirement that estimated will increase cost to USD 145-150m
 4) Based on total consideration for 9 vessels, including additional expenses incurred by Kinder Morgan for taking delivery
 5) Based on average price for 4 vessels

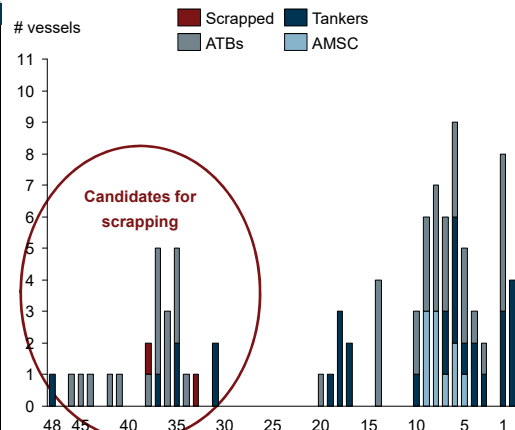
Source: Company materials

7 Tankers entering fleet.. but scrapping has started

Yard delivery schedules

Vessel age since delivery

Vessel	2016	2017	2018	2019	Yard	Contracted
Philly Tankers PT1	█				Philly Shipyard	✓
Philly Tankers PT2	█	█			Philly Shipyard	✓
Philly Tankers PT3	█	█	█		Philly Shipyard	✗
Philly Tankers PT4	█	█	█		Philly Shipyard	✗
Matson container 1		█	█		Philly Shipyard	n/a
Matson container 2		█	█		Philly Shipyard	n/a
Seacor PT 2	█				ROSECO	✓
Seacor PT 3	█	█			ROSECO	✗
Kinder Morgan PT5	█	█			ROSECO	✗
Matson Con Ro 1		█	█		ROSECO	n/a
Matson Con Ro 2		█	█		ROSECO	n/a



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

Source: Navigistics' Wilson Gillette Report and AMSC analysis

US Transportation of Crude and Products

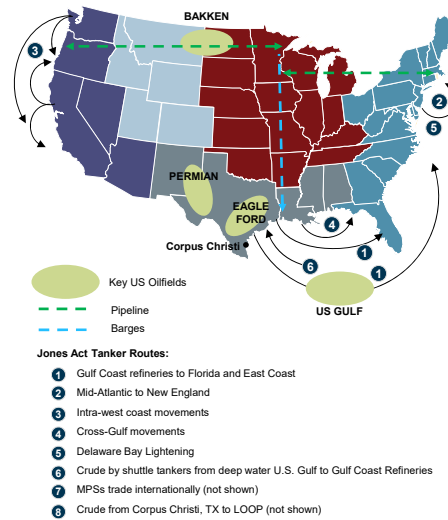
The link between Oilfields and Refineries

- Onshore shale oil resources mainly located inland
- Refineries mainly located along the coast
- Combination of pipelines, trains, tankers/barges and trucks necessary to transport oil from fields to refineries and products from refineries to end markets

Transport Modes

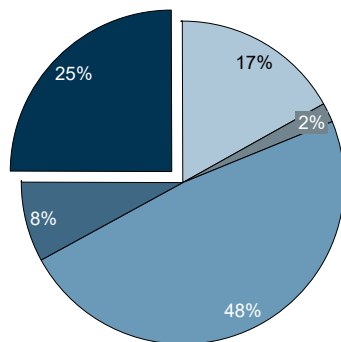


US Oilfields and Transportation links



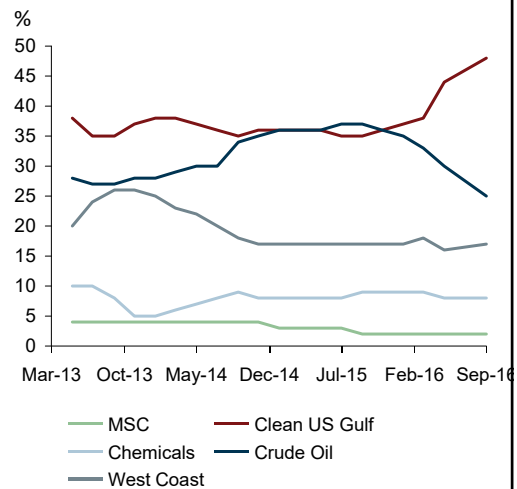
Stable fleet deployment over time – current shift back to clean products trade

Current Jones Act tank fleet deployment by main trades (Tankers and ATBs)



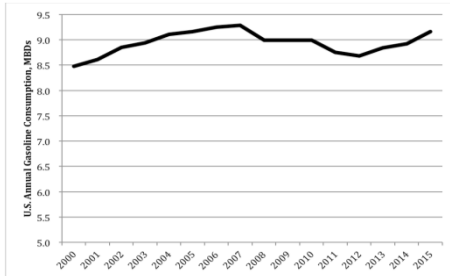
■ West Coast ■ Chemicals
■ MSC ■ Crude oil
■ Clean US Gulf

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

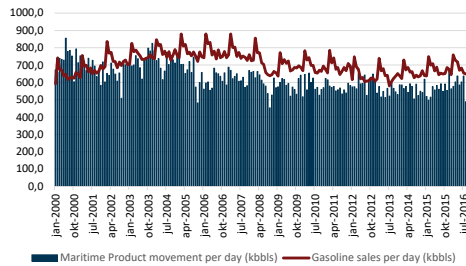


Demand for clean products is stable over time

U.S. Annual Gasoline Consumption (Mbbld)



PADD 3 to PADD 1 Waterborne Product Movements and Florida Gasoline Sales (Kbbld)

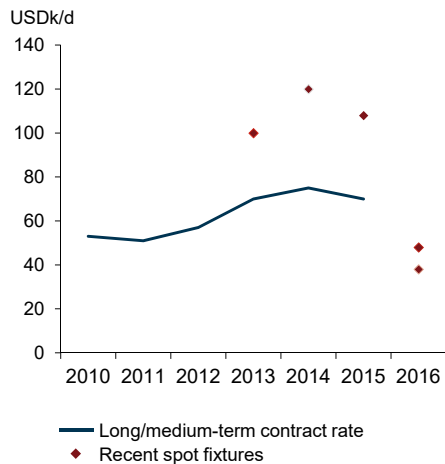


- Gasoline is the largest clean petroleum product moving in the cross U.S. Gulf (USG) Jones Act trade
 - U.S. Gasoline consumption has historically been steady
- Waterborne product movement to PADD 1 consists mainly of products from USG to Florida as Florida has no pipeline access.
 - Tanker and barge transportation to Florida is steady and in line with stable gasoline consumption

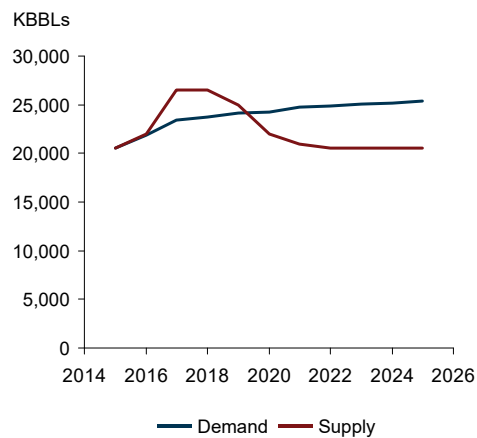
Sources: EIA AEO report 2016, Navigistics September 2016 Report,

Softer market short term, but positive long term supply and demand balance

Product tanker medium/long term time charter development and recent spot fixtures



Projected Supply and Demand for Jones Act tanker transportation

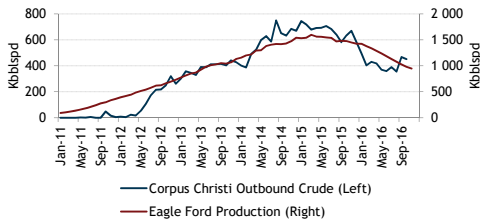


Source: Navigistics' Wilson Gillette Report, and AMSC analysis

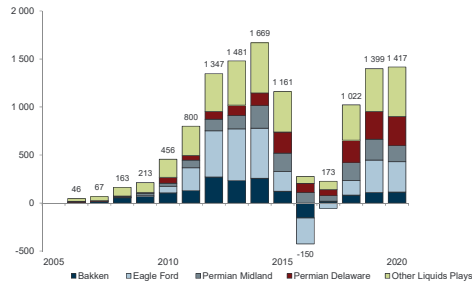
Reduced crude transportation due to lower shale production - expected to rebound



Corpus Christi Shipment Volumes



YoY Liquids Production Additions by Top American Shale and Tight Plays



- Shale oil production is going from strong growth over the past 5 years to contracting in 2016, but production may increase again in 2017 and forward as oil price recovers
- Reduced crude production, especially from Eagle Ford, leads to reduced shipments from Corpus Christi
- Shipments out of Corpus Christi will likely increase as Eagle Ford production increase

Sources: Rystad Energy, Arctic Securities, EIA

Summary



SECURED CASH FLOWS

- Backlog of secured bareboat revenue of \$366m with average weighted tenor of 3.8 years per Q3 2016
- Evergreen charter extensions are deep in the money for OSG
- Blue chip end users

LEADING MARKET POSITION

- Pure play Jones Act tanker exposure
- Second largest Jones Act product tanker owner
- Modern fleet built at cost substantially below current newbuilding prices, providing lowest break-even cost of modern Jones Act tankers

STABLE U.S. JONES ACT TANKER MARKET

- Increased 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

THANK YOU!

