



American Shipping Company ASA



Company Presentation

June 2016

Important information

- This Company Presentation is current as of June 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.

AMSC: Stable Long Term Contracts with...

**American
Shipping
Company**



Est. 2005

OSE Listed

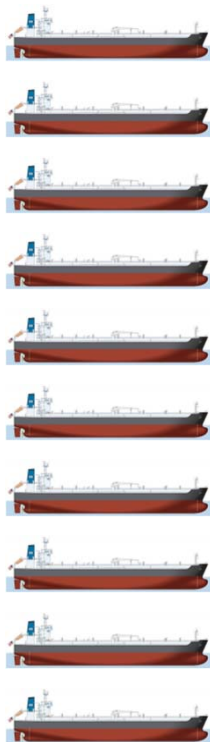
Normalized EBITDA
\$100m

MCAP ~\$180m

EV ~\$805m

Div Yield ~15%*

49% Aker ASA economic
interest



2016-19

BBC

BBC

BBC

BBC

BBC

BBC

BBC

BBC

BBC

BBC (10 Year Firm)

2019 - Beyond

BBC Options

BBC Options

BBC Options

BBC Options

BBC Options

BBC Options

BBC Options

BBC Options

BBC Options

BBC Opt.

* Full year 2016E

... OSG, that has a portfolio of contracts with....



Est. 1948

NYSE Listed

EBITDA \$435m

MCAP ~\$1bn

EV \$1.8bn

S&P B
(positive outlook)



TC Portfolio 6m - 9yr*



... Blue Chip charterers as such as...



S&P A+



S&P A-



S&P BBB+



TESORO

S&P BB+



S&P AA-

American Shipping Company Illustrated

American Shipping Company



Est. 2005

OSE Listed

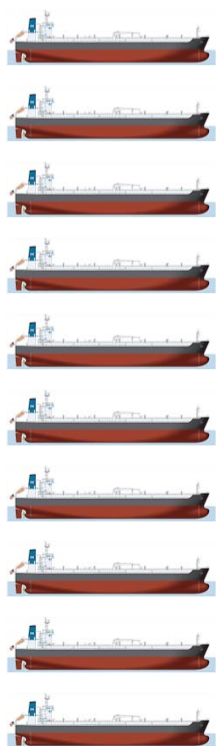
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BBC***

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TC

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TC

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TC

TC

TC

TC

TC

Blue Chip Charterers



S&P

A+

bp



A-



AA-



BBB+



BB+

BBC \$ (fixed rate)

DPO \$ (deferred payment obligation / charter hire)

Profit Split \$ (50/50 sharing of profits)



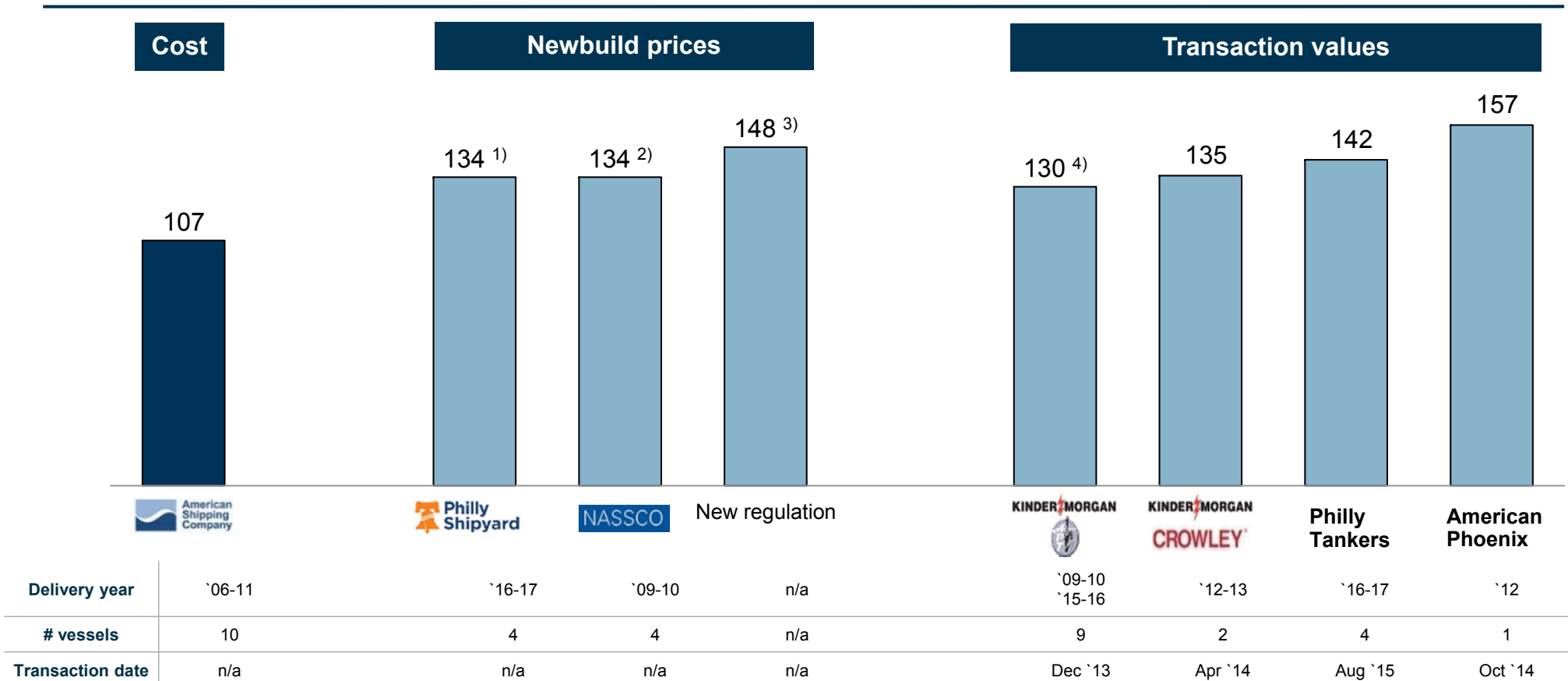
STABLE

* Full year 2016E, **Illustrative TC lengths

*** Vessel converted to a shuttle tanker and is on a 10 year BBC backed by a 10 year TC

AMSC fleet cost advantage

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



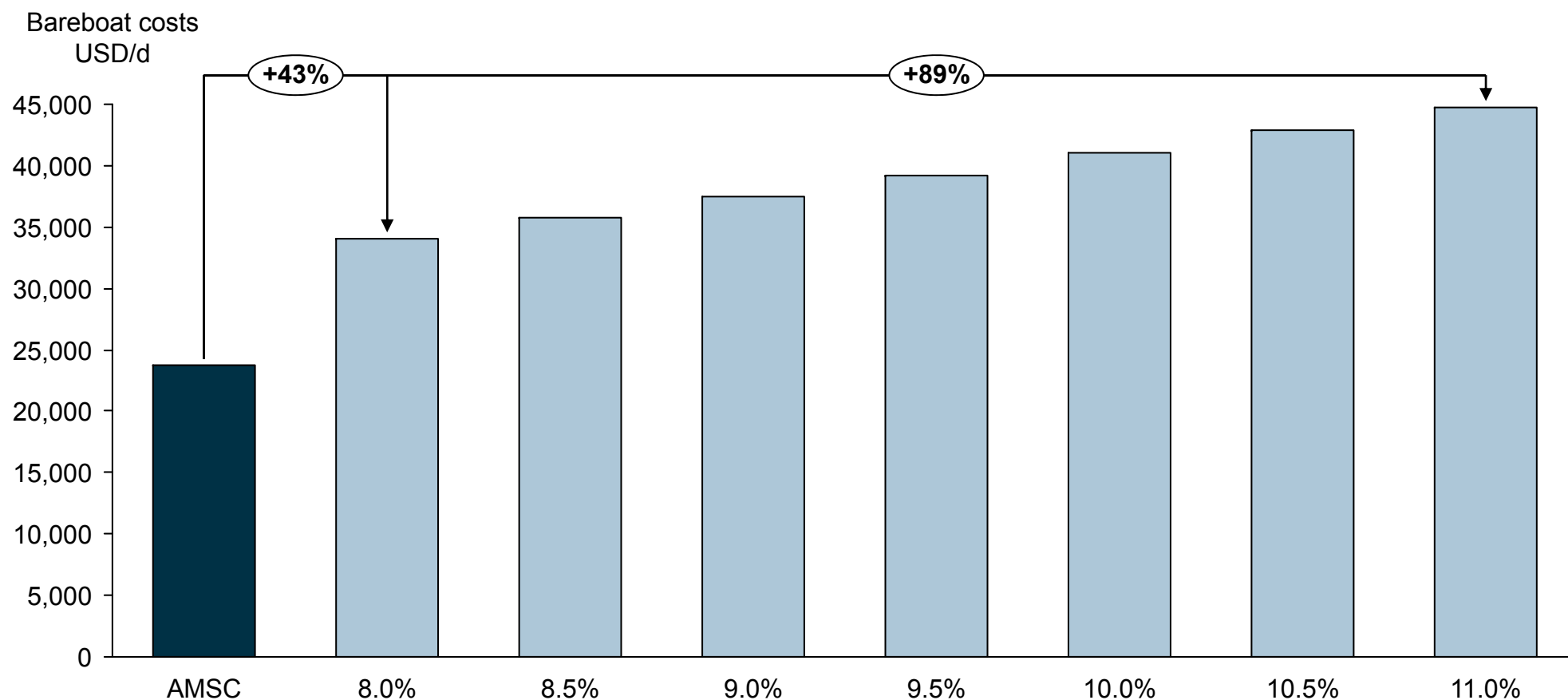
Notes:

- 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

Source: Company materials

AMSC fleet cost advantage (cont.)

...providing significantly lower break-even costs

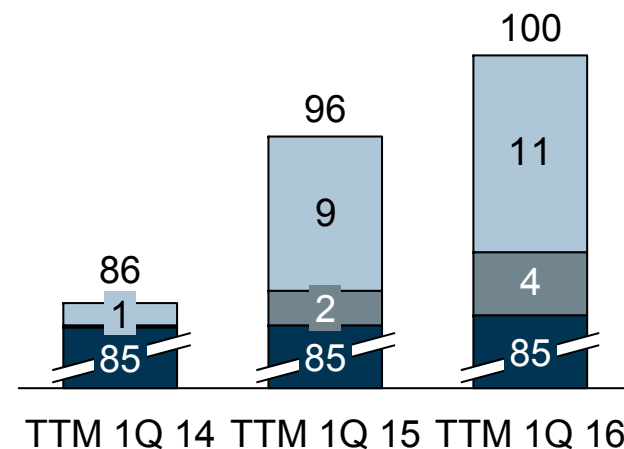


Annual bareboat costs given various total capital IRRs with newbuild cost @ USD 134m

AMSC Key Financial Highlights

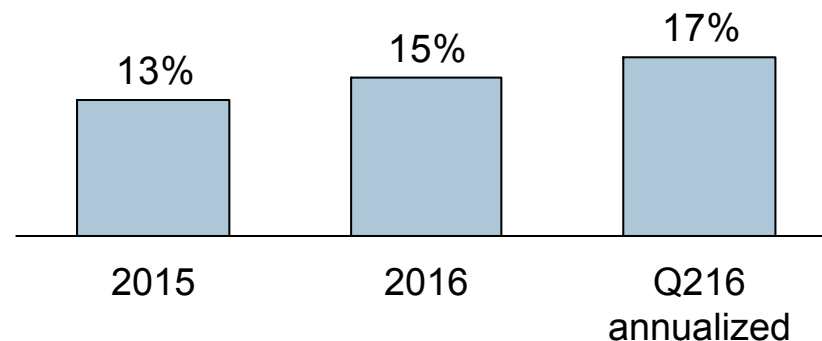
- Listed on OSE
 - ~ 1.6 BNOK MCAP (~ 195 MUSD)
- Firm BBC Revenue of 88 MUSD
- Normalized EBITDA of ~ 100 MUSD
 - Reported EBITDA of 85 MUSD
 - Deferred Payment Obligation (DPO) of 4 MUSD
 - Profit share of 11 MUSD
- Among top dividend yielding company on OSE
 - ~15% (2016E)
 - Dividend supported by firm contracts
 - Dividend classified as repayment of capital

TTM NORMALISED EBITDA* PER 1Q (MUSD)



Profit Share
 DPO
 Reported EBITDA

DIVIDEND YIELD**



The Jones Act

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

- 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

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

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

U.S. Transportation of crude and clean 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

PIPELINES



VESSELS



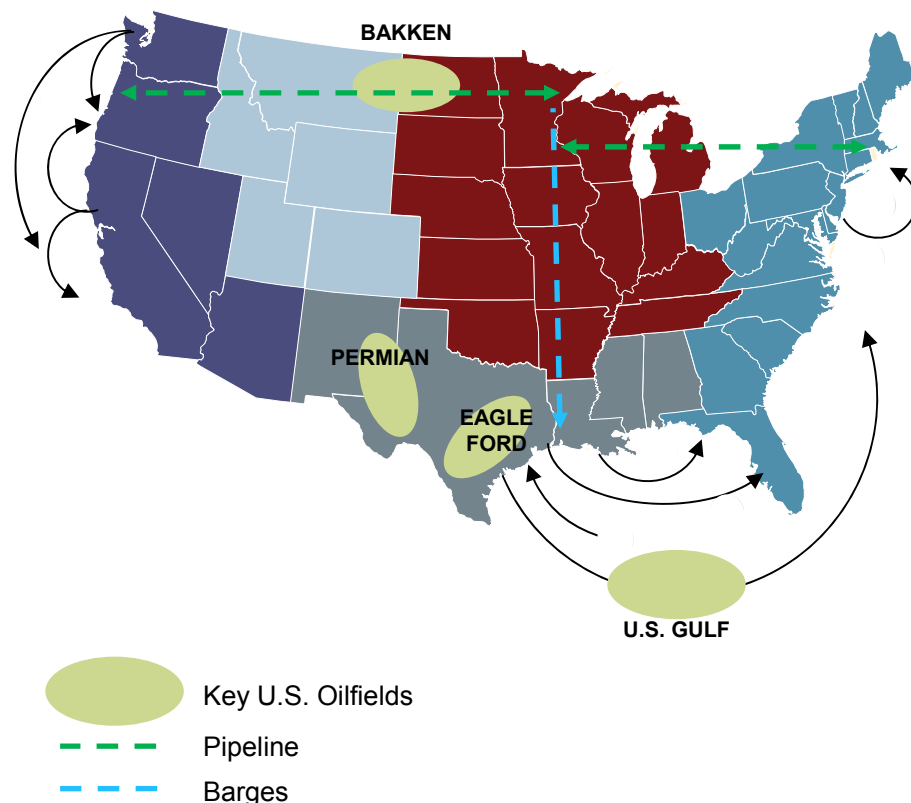
TRUCKS



TRAIN

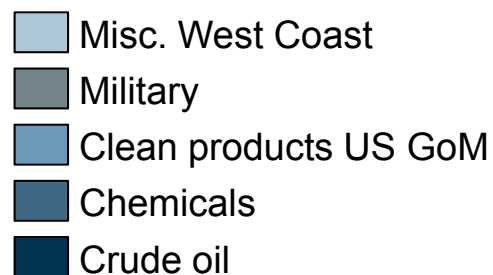
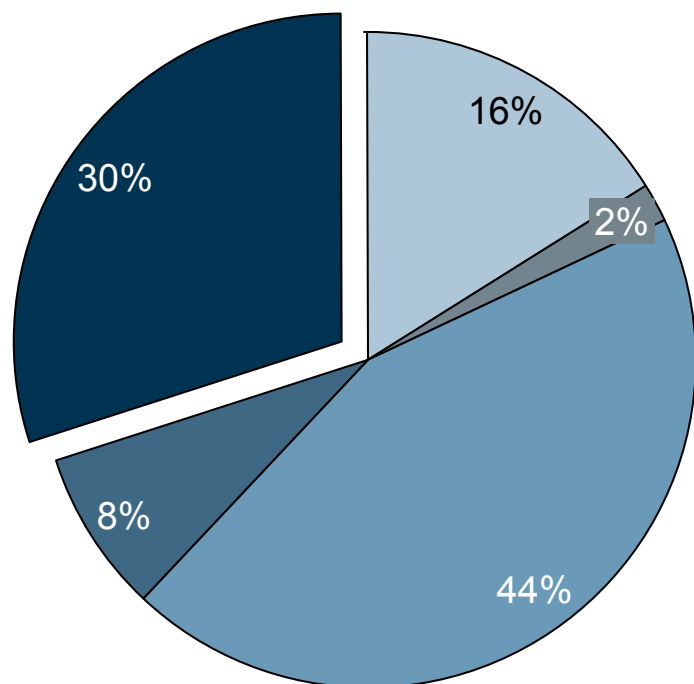


U.S. Oilfields and Transportation links

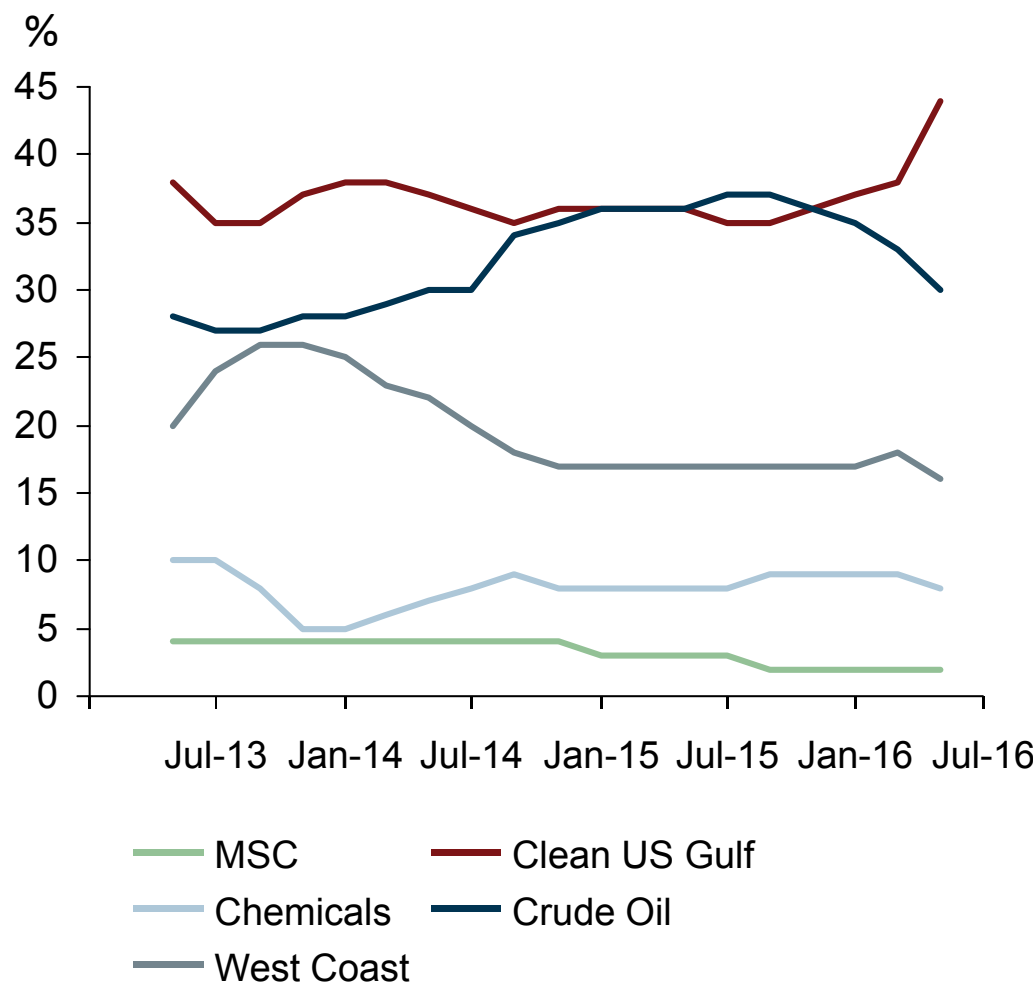


Stable fleet deployment over time – current shift back to clean products trade

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

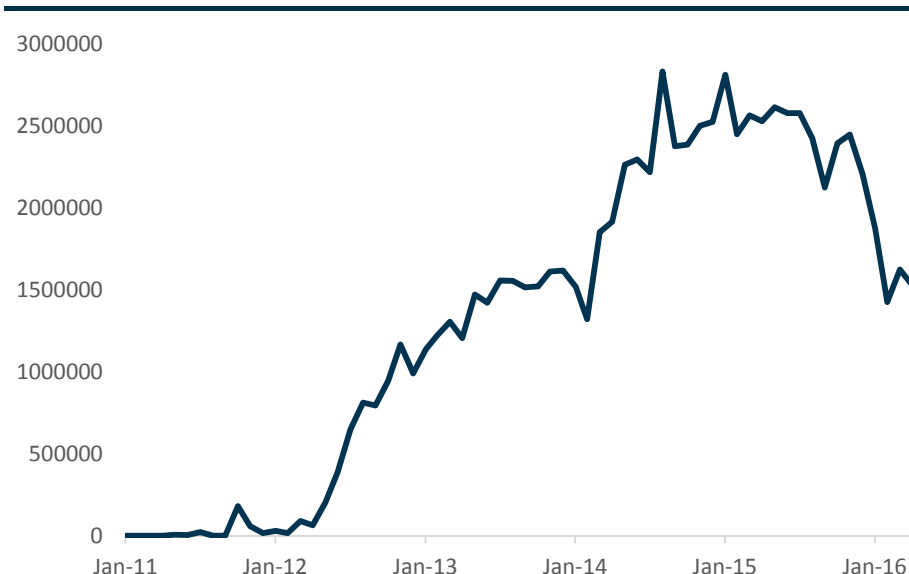


**Historical Jones Act tank fleet deployment by
main trades (Tankers and ATBs)**

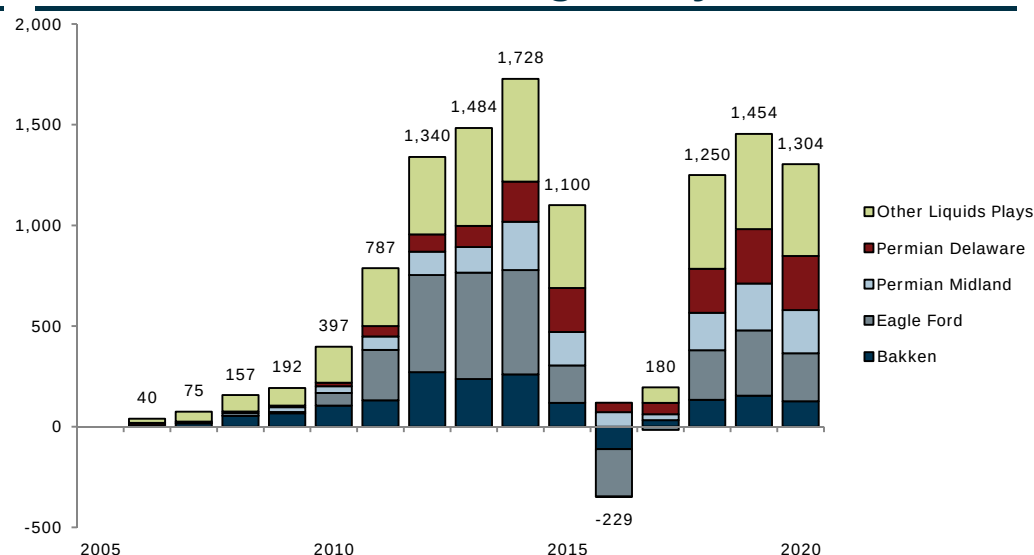


Reduced crude transportation due to lower shale production - expected to rebound

Corpus Christi Volumes (tons per month)



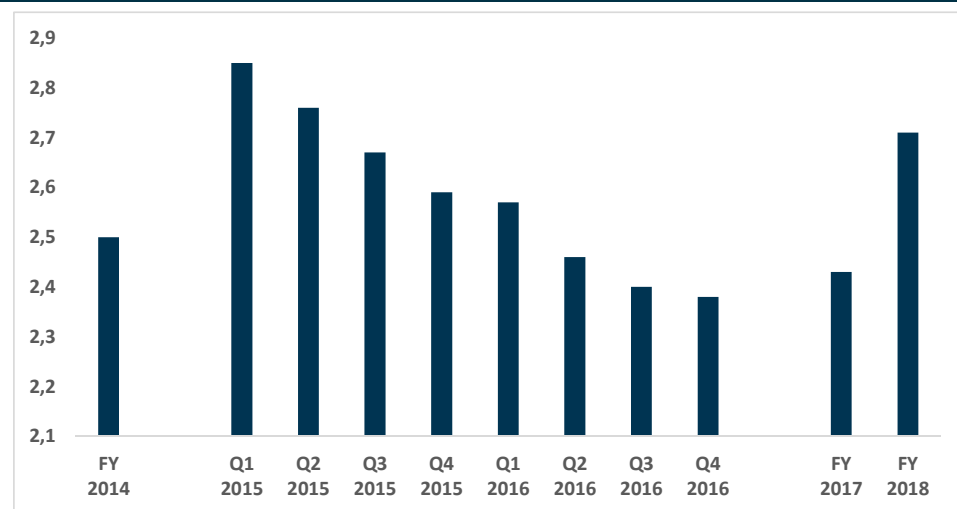
YoY Liquids Production Additions by Top American Shale and Thight Plays



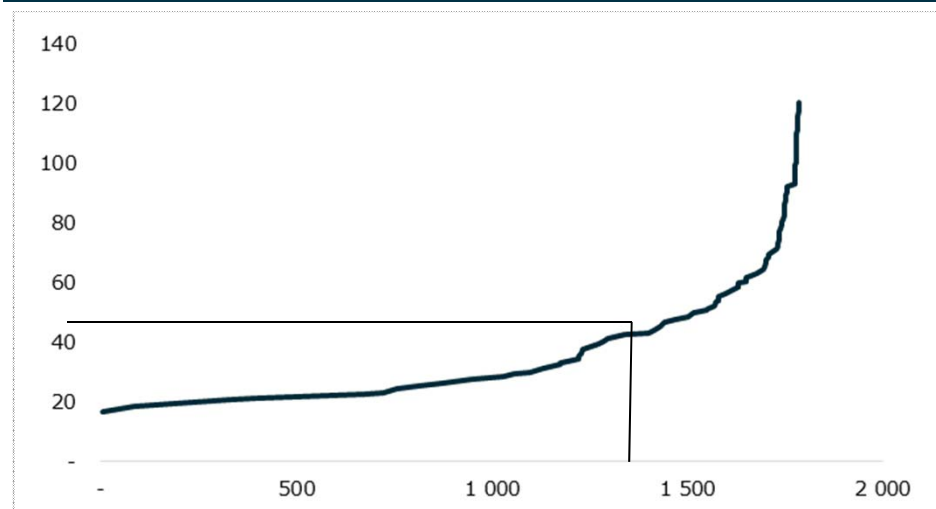
- Shale oil production is going from strong growth over the past 5 years to contracting in 2016, but production may increase again in 2017 and forward as oil price recovers
- Reduced crude production, especially from Eagle ford, leads to reduced shipments from Corpus Christi, Texas, but volumes seems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

Favorable cost curve at Eagle Ford could lead rebound as oil price recovers

Total Eagle Ford production (liquids and gas)



Eagle Ford cost curve (\$/bbls) (only liquids)



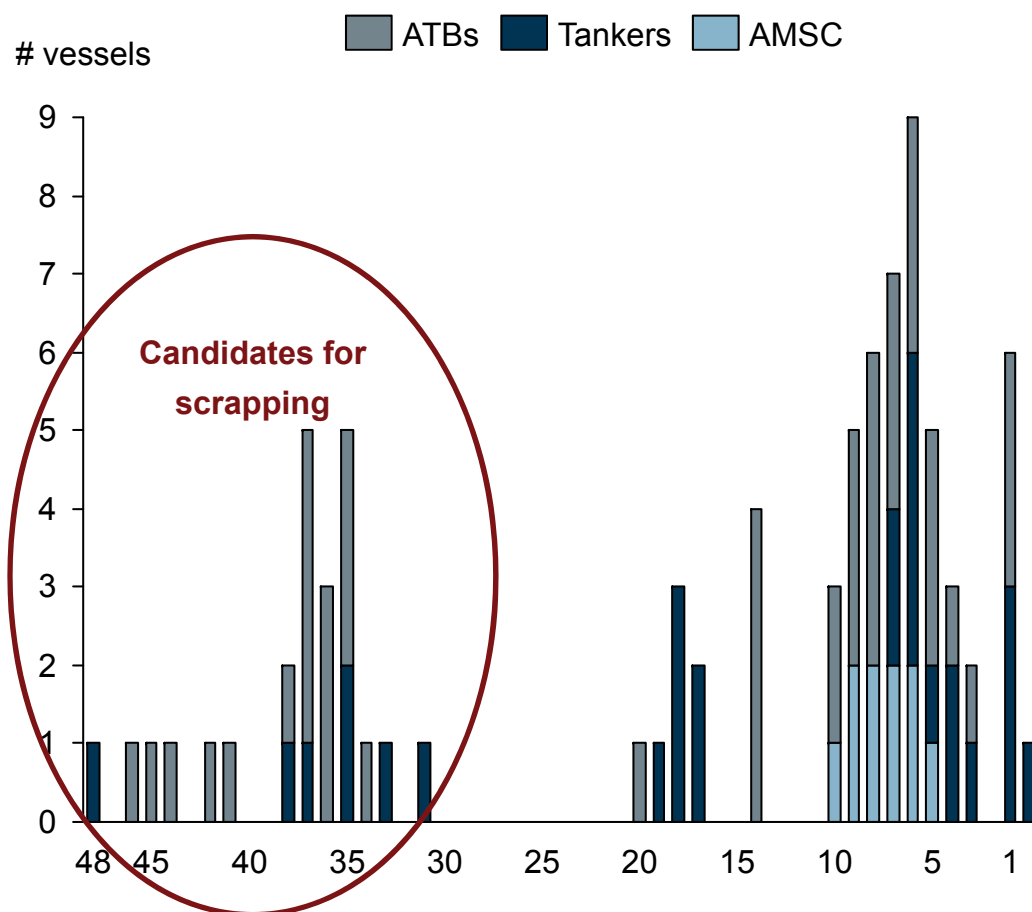
- Eagle Ford has one of the most cost sensitive production curves in the U.S. shale
- Current production level has a breakeven level around \$45 per barrel,
- Significant growth potential in the \$50 - \$75 price range

Growing but ageing fleet

Yard delivery schedules

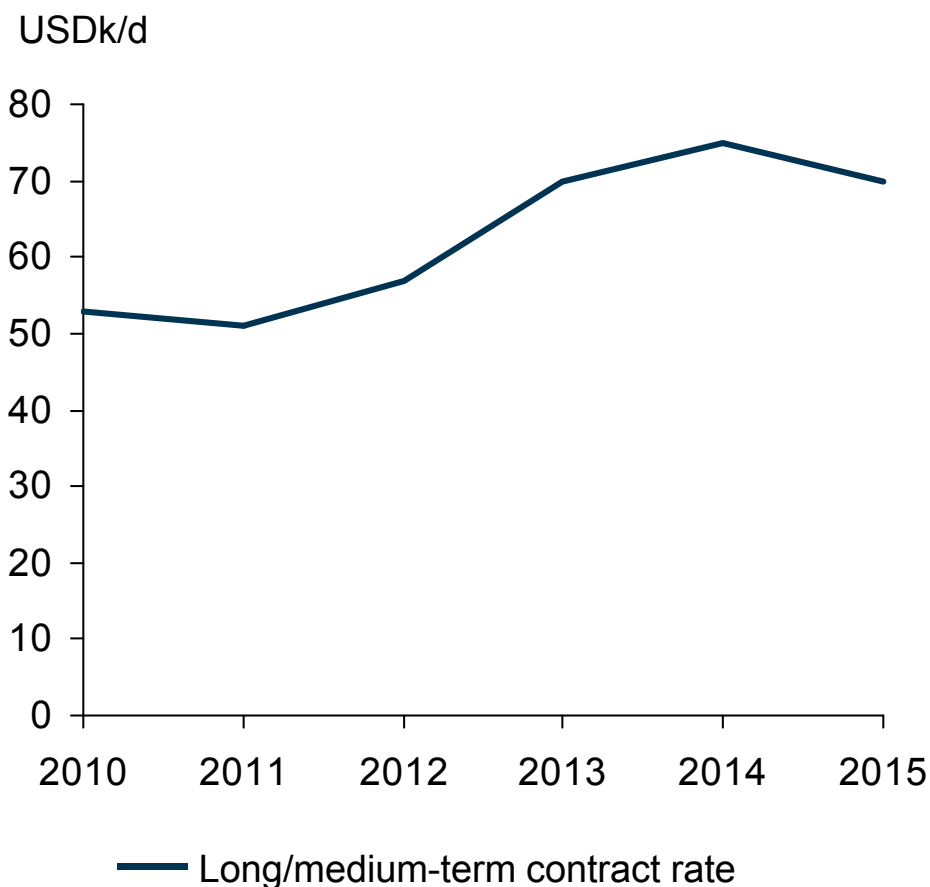
Vessel	2016	2017	2018	Yard	Contracted
PHLY Crowley PT4				 Philly Shipyard	✓
Philly Tankers PT1				 Philly Shipyard	✓
Philly Tankers PT2				 Philly Shipyard	✓
Philly Tankers PT3				 Philly Shipyard	✗
Philly Tankers PT4				 Philly Shipyard	✗
Matson container 1				 Philly Shipyard	n/a
Matson container 2				 Philly Shipyard	n/a
Kinder Morgan PT2				 Nassco	✓
Kinder Morgan PT3				 Nassco	✓
Kinder Morgan PT4				 Nassco	✓
Kinder Morgan PT5				 Nassco	✓
Seacor PT 1				 Nassco	✓
Seacor PT 2				 Nassco	✓
Seacor PT 3				 Nassco	✗
Tote container 2				 Nassco	n/a

Vessel age since delivery

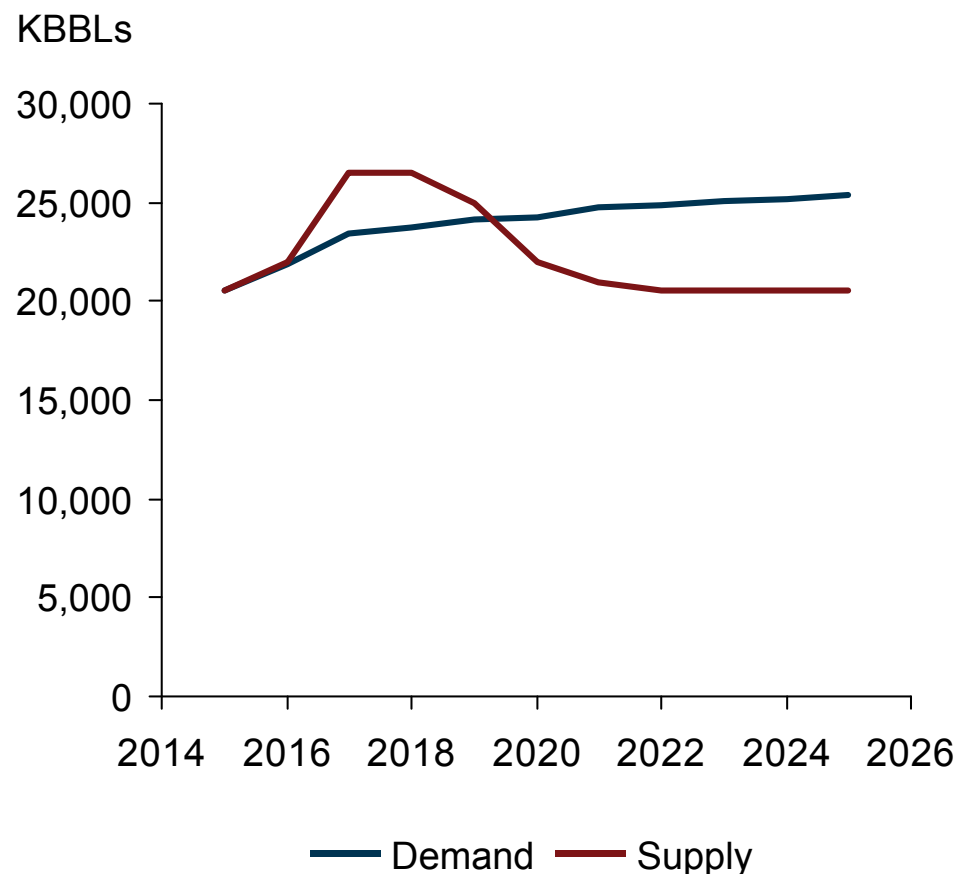


Softer market short term, but positive long term supply and demand balance

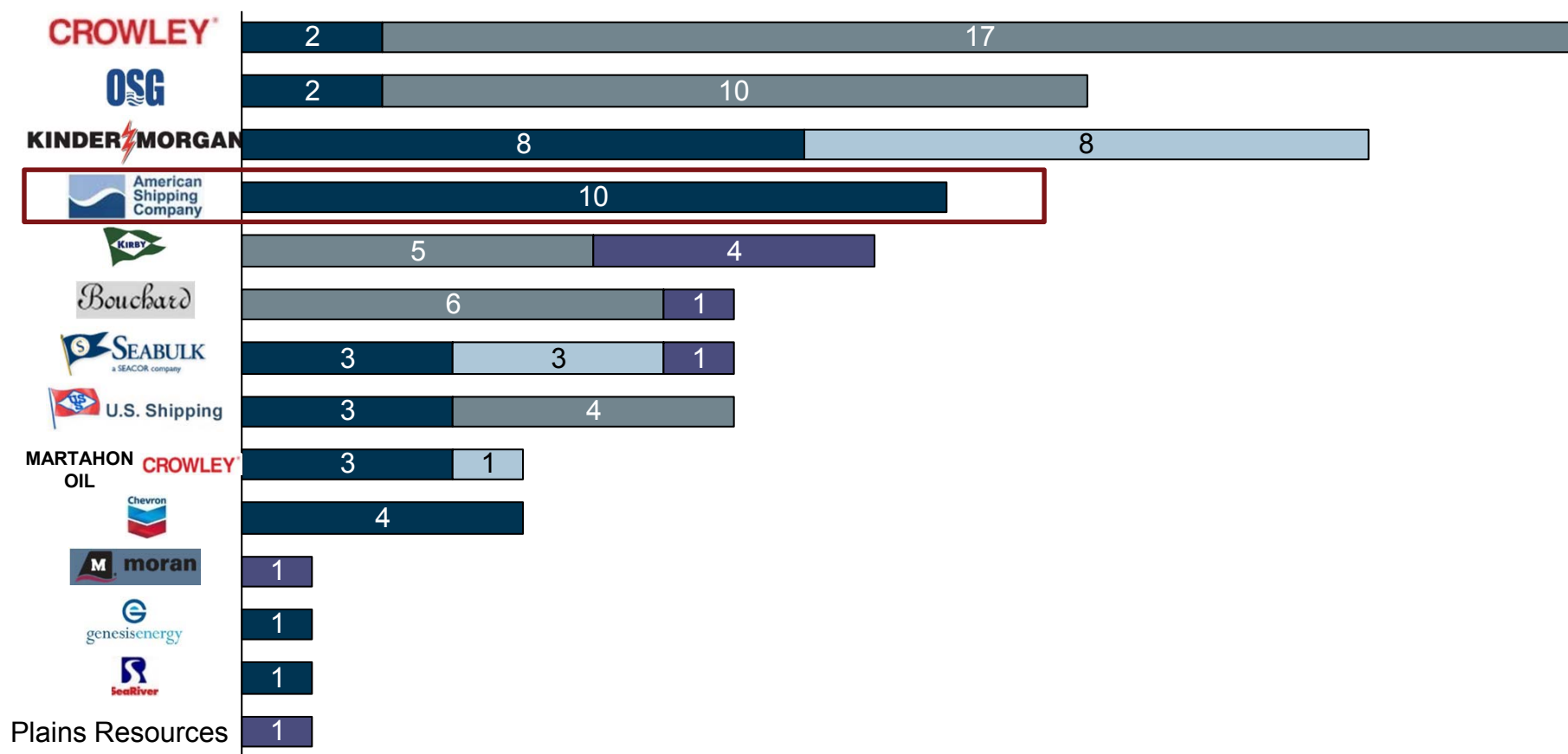
Product tanker medium/long term time charter contract rate development



Projected Supply and Demand for Jones Act tank transportation



AMSC is the second largest tanker owner



Tankers (total of 37)
 ATBs* (total of 42)
 Newbuild tankers (total of 16)
 Newbuild ATBs (total of 8)

Investment Highlights

**LEADING MARKET
POSITION**

**SECURED CASH
FLOWS**

**STABLE U.S. JONES
ACT TANKER
MARKET**

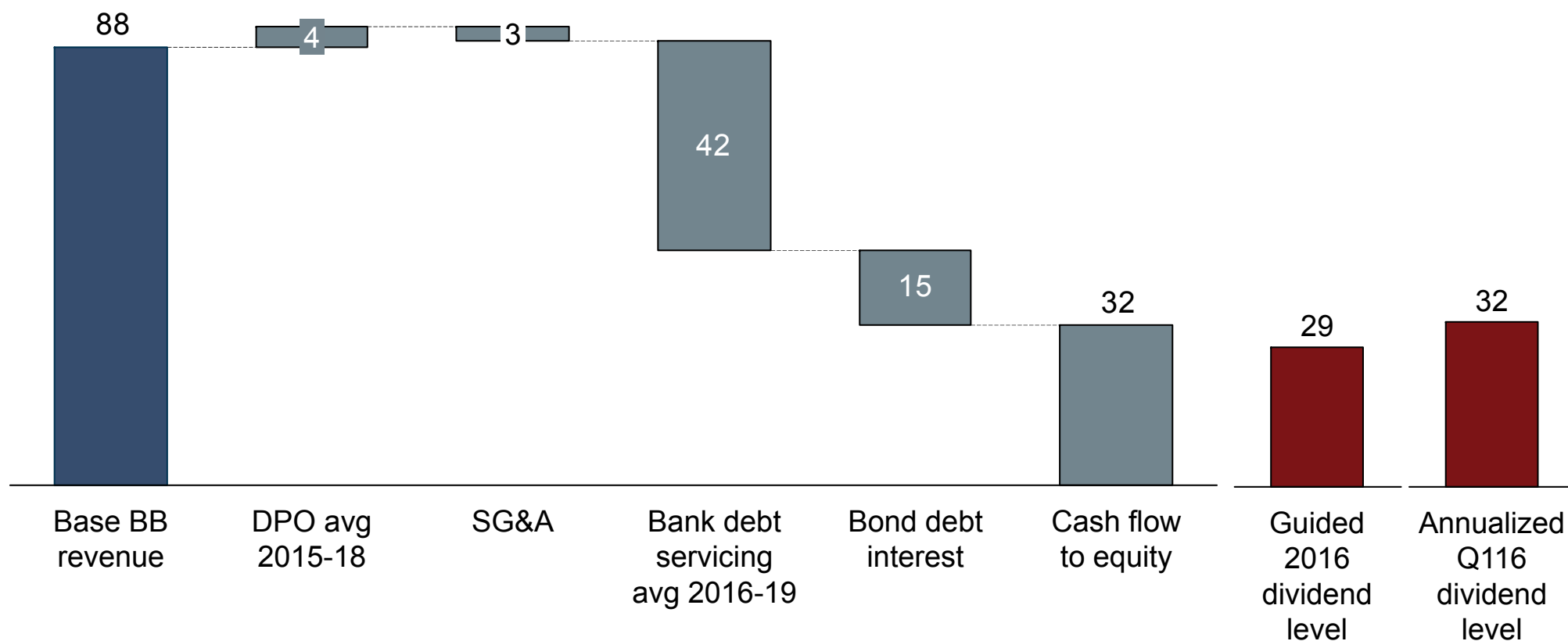
**STRONG DIVIDEND
YIELD**

THANK YOU!



2016 dividend supported by secured Bareboat + DPO cash flow alone...

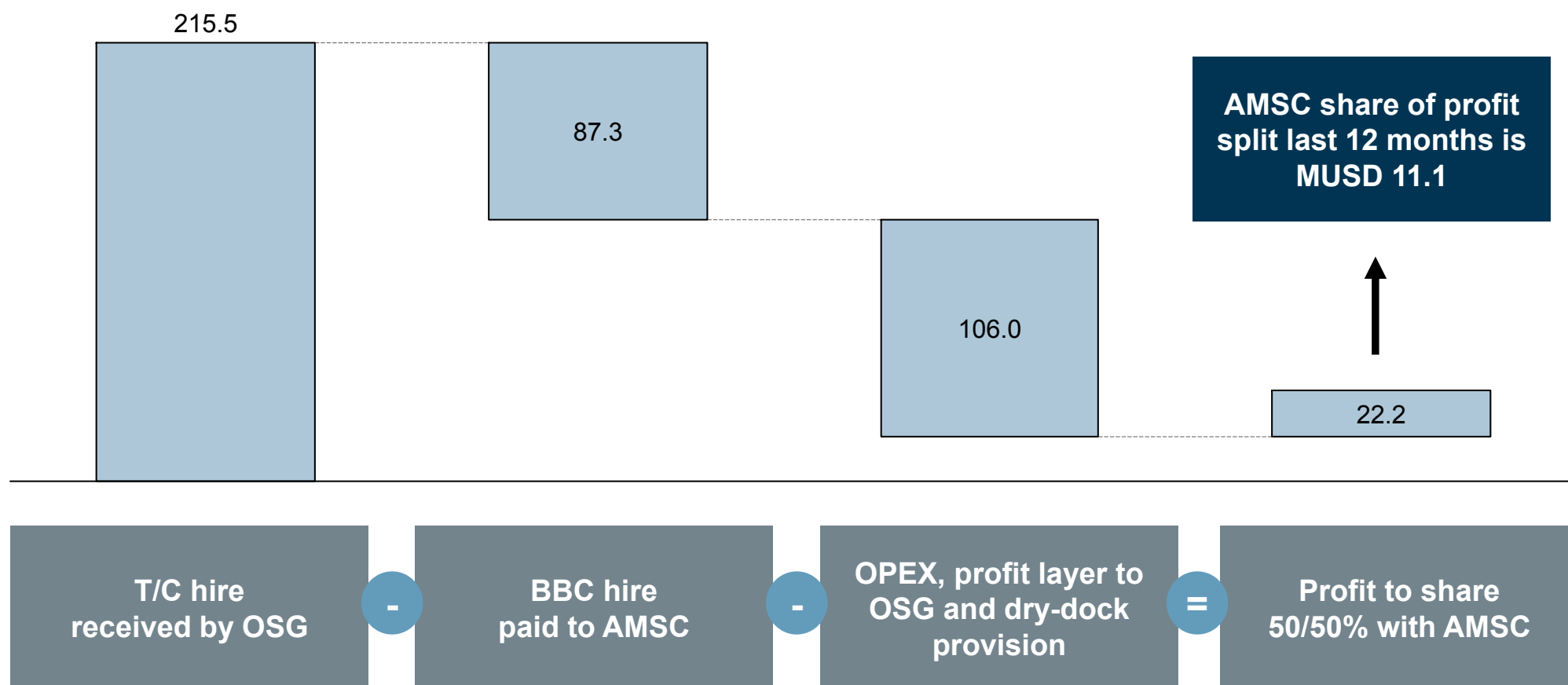
Simplified illustration of AMSC cash-flow EXCLUDING profit share (MUSD)



Cash flow from Profit Share (MUSD 11 last 12 months) not included in figures above

Appendix: Profit Share

Illustration of the OSG profit share arrangement: trailing 4 quarters financials, MUSD

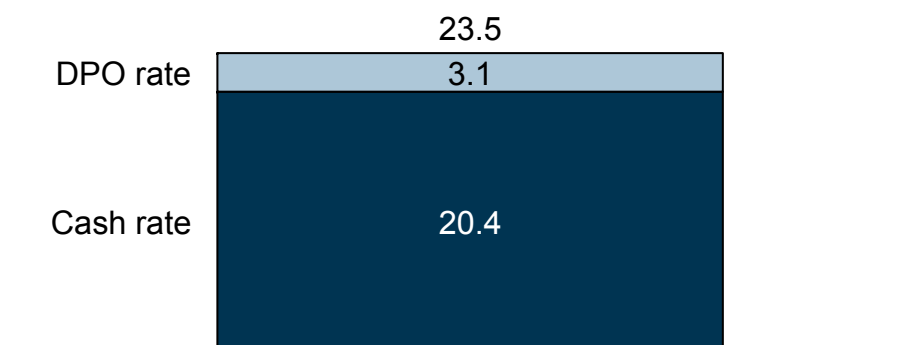


Appendix: DPO Cash Flow

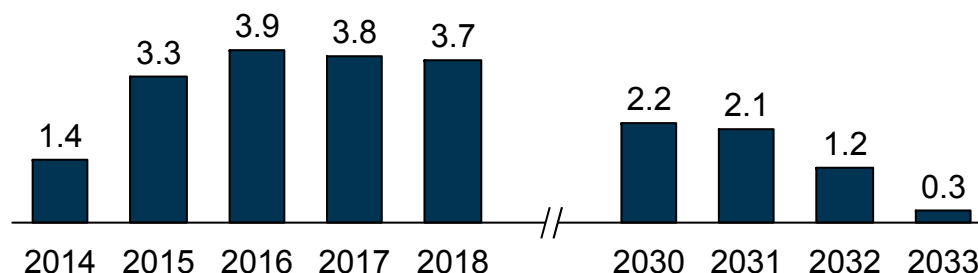
DPO explained

- DPO = “Deferred Principal Obligation”
- OSG pays a reduced cash rate on the first 5 vessels for 7 years, accruing up to USD 7m on each vessel
 - Originally structured to reduce OSG’s cash costs during the startup period
 - Structured as a loan from AMSC to OSG
- Payable to AMSC after 7 years, over 18 years including interest @ 6.06%
 - Due in full if OSG does not extend the charter after the initial term
- 4Q 15 first quarter with full cash effect from DPO

Split of bareboat rate for PT 1-5 first 7 years, USDk/d



Estimated yearly DPO payments to AMSC, USDm



Significant industry consolidation with Kinder Morgan in the lead



- **Aug 2015:** Kinder Morgan acquired Philly Tankers, previously majority owned by PHLI for a total transaction value of USD 568m



- **Nov 2014:** Kinder Morgan acquired 2 product tankers from Crowley for a consideration of USD 270m



- **Oct 2014:** Genesis Energy acquired a 2-year old tanker for USD 157m



- **April 2014,** Crowley acquired profit-share interests in 2 vessels from PHLI for a total transaction value of USD 40m



- **Dec 2013:** Kinder Morgan acquired 4 existing and 5 newbuild tankers from AMPT for a total transaction value of USD 1.2bn

Appendix: BoD & Management

AMSC management team

**Pål Lothe
Magnussen**
President /
CEO



- President and CEO from January 2015 (CFO since 2014)
- Previously: Director / Investment Banking Division / DNB Markets, Vice President / Corporate Banking Shipping and Offshore / DNB with experience from New York, Singapore and Oslo
- MBA from Columbia University, MSc. from the Norwegian School of Management

**Morten
Bakke**
CFO



- CFO from April 2016
- Previously: Senior Vice President / DVB Corporate Finance, Shipping Analyst / Moore Stephens LLP, Analyst / Credit Suisse
- MSc. Shipping, Trade and Finance from Cass Business School and BA Business Studies from University of Greenwich

**Leigh
Jaros**
Business
Controller /
Finance
Manager



- Controller in AMSC from July 2008 and CFO July 2011 – May 2014
- Previously: +10 years 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

AMSC board of directors

**Anette
Malm
Justad**
Chairman



- Board member since December 2007
- Previously: CEO / Eitzen Maritime Services and various positions in e.g. Yara International, Norgas Carriers / IM Skaugen and Norsk Hydro
- MSc. In Technology Management from MIT/NTH/NHH in addition to MSc in Chemical Engineering from NTH

**Peter D.
Knudsen**
Board
Member



- Board member since March 2012
- Previously: CEO / Jason Shipping, CEO / Eitzen Maritime Services and various positions in Christiania Bank, Nordea Bank and GIEK and others
- MBA from Oslo Business School / Arizona State University

**Audun
Stensvold**
Board
Member



- Board Member since May 2016
- Currently Investment Director in Aker ASA
- Previously: CFO and Investment Director in i Convento Capital, Financial Advisor in Selmer and Financial Analyst in DNB.
- MSc in Norwegian School of Economics (NHH)