



# Scorpio Tankers Inc. First Quarter 2021 Earnings Presentation

May 7, 2020

# Disclaimer and Forward-looking Statements

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This presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Scorpio Tankers Inc.’s (“Scorpio’s”) current views with respect to future events and financial performance. The words “believe,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect” and similar expressions identify forward-looking statements. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in Scorpio’s records and other data available from third parties. Although Scorpio believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond Scorpio’s control, Scorpio cannot assure you that it will achieve or accomplish these expectations, beliefs, projections or future financial performance.

Risks and uncertainties include, but are not limited to, the failure of counterparties to fully perform their contracts with Scorpio, the strength of world economies and currencies, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the tanker vessel markets, changes in Scorpio’s operating expenses, including bunker prices, drydocking and insurance costs, the fuel efficiency of our vessels, the market for Scorpio’s vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental and environmental rules and regulations or actions taken by regulatory authorities including those that may limit the commercial useful lives of tankers, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports Scorpio files with, or furnishes to, the Securities and Exchange Commission, or the Commission, and the New York Stock Exchange, or NYSE. Scorpio undertakes no obligation to update or revise any forward-looking statements. These forward-looking statements are not guarantees of Scorpio’s future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements

This presentation describes time charter equivalent revenue, or TCE revenue, which is not a measure prepared in accordance with IFRS (i.e. a “Non-IFRS” measure). TCE revenue is presented here because we believe that it provides investors with a means of evaluating and understanding how the Company’s management evaluates the Company’s operating performance. This Non-IFRS measure should not be considered in isolation from, as a substitute for, or superior to financial measures prepared in accordance with IFRS.

The Company believes that the presentation of TCE revenue is useful to investors because it facilitates the comparability and the evaluation of companies in the Company’s industry. In addition, the Company believes that TCE revenue is useful in evaluating its operating performance compared to that of other companies in the Company’s industry. The Company’s definition of TCE revenue may not be the same as reported by other companies in the shipping industry or other industries. See appendix for a reconciliation of TCE revenue to revenue, please see the Appendix of this presentation.

Unless otherwise indicated, information contained in this presentation concerning Scorpio’s industry and the market in which it operates, including its general expectations about its industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates as well as third party sources widely available to the public such as independent industry publications, government publications, reports by market research firms or other published independent sources. Internal data and estimates are based upon this information as well as information obtained from trade and business organizations and other contacts in the markets in which Scorpio operates and management’s understanding of industry conditions. This information, data and estimates involve a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed above. You are cautioned not to give undue weight to such information, data and estimates. While Scorpio believes the market and industry information included in this presentation to be generally reliable, it has not independently verified any third-party information or verified that more recent information is not available.

# Investment Highlights

<p><b>The Largest &amp; Most Modern Product Tanker Fleet in the World</b></p>	<ul style="list-style-type: none"> <li>• 131 wholly owned, finance leased or bareboat chartered-in tankers on the water with an average age of 5.3 years</li> <li>• 98 product tanker vessels equipped with exhaust gas scrubbers</li> <li>• Vessels trading within one of the world's largest product tanker platforms with a strong track record</li> </ul>
<p><b>Strong Liquidity Position</b></p>	<ul style="list-style-type: none"> <li>• Cash and cash equivalents of \$280.1 million as of May 6, 2021</li> <li>• In addition, the company has \$20.5 million in committed financing and \$47.0 million under discussion for the refinancing of 11 vessels</li> </ul>
<p><b>Limited Capex Going Forward</b></p>	<ul style="list-style-type: none"> <li>• Since 2018, the Company completed \$421.2 million in capex payments for drydock, ballast water treatment systems and scrubbers</li> <li>• Remaining capex for FY-21 is \$36.2 million</li> <li>• In addition to the above refinancing's, the Company has \$20.0 million of additional liquidity available (after the repayment of existing debt) from previously announced financings that have been committed and are tied to scrubber installations</li> </ul>
<p><b>Scorpio Has Significant Operating Leverage</b></p>	<ul style="list-style-type: none"> <li>• \$1,000/day increase in average daily rates would generate ~\$48 million of incremental annualized cash flow<sup>(1)</sup></li> <li>• An increase in average daily rates from \$20,000 to \$25,000 (25%) translates to an increase in annualized cash flow from \$421 million to \$665 million, a <b>57%</b> increase in net cash flow</li> </ul>
<p><b>Favorable Long Term Supply/Demand Fundamentals</b></p>	<ul style="list-style-type: none"> <li>• Refinery closures and additions are expected to increase seaborne volumes of refined products and ton miles</li> <li>• Limited newbuilding orders drives lowest orderbook as a percentage of fleet ever recorded</li> <li>• Favorable supply/demand environment with demand to outstrip growth in 2021</li> </ul>



# Scorpio Tankers at a Glance

## Key Facts

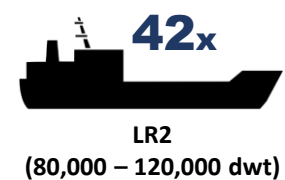
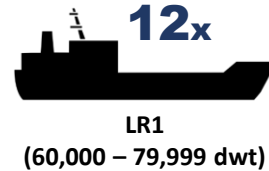
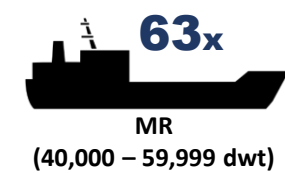
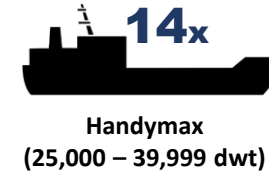
- Scorpio Tankers Inc. (“Scorpio”) is the world’s largest product tanker owner, providing marine transportation of refined petroleum products (gasoline, diesel, jet fuel and naphtha) to a diversified blue-chip customer base
- NYSE-listed with compliant governance
- The Company’s fleet consists of 131 wholly owned, finance leased or bareboat chartered-in tankers
- Vessels employed in well-established Scorpio pools with a strong track record of outperforming the market
- Headquartered in Monaco, Scorpio is incorporated in the Marshall Islands and is not subject to US income tax
- Diversified blue-chip customer base



## Fleet Overview

### Largest Product Tanker Fleet in the World

with 131 Vessels on the Water



Average Age of Fleet:  
**5.3 Years**

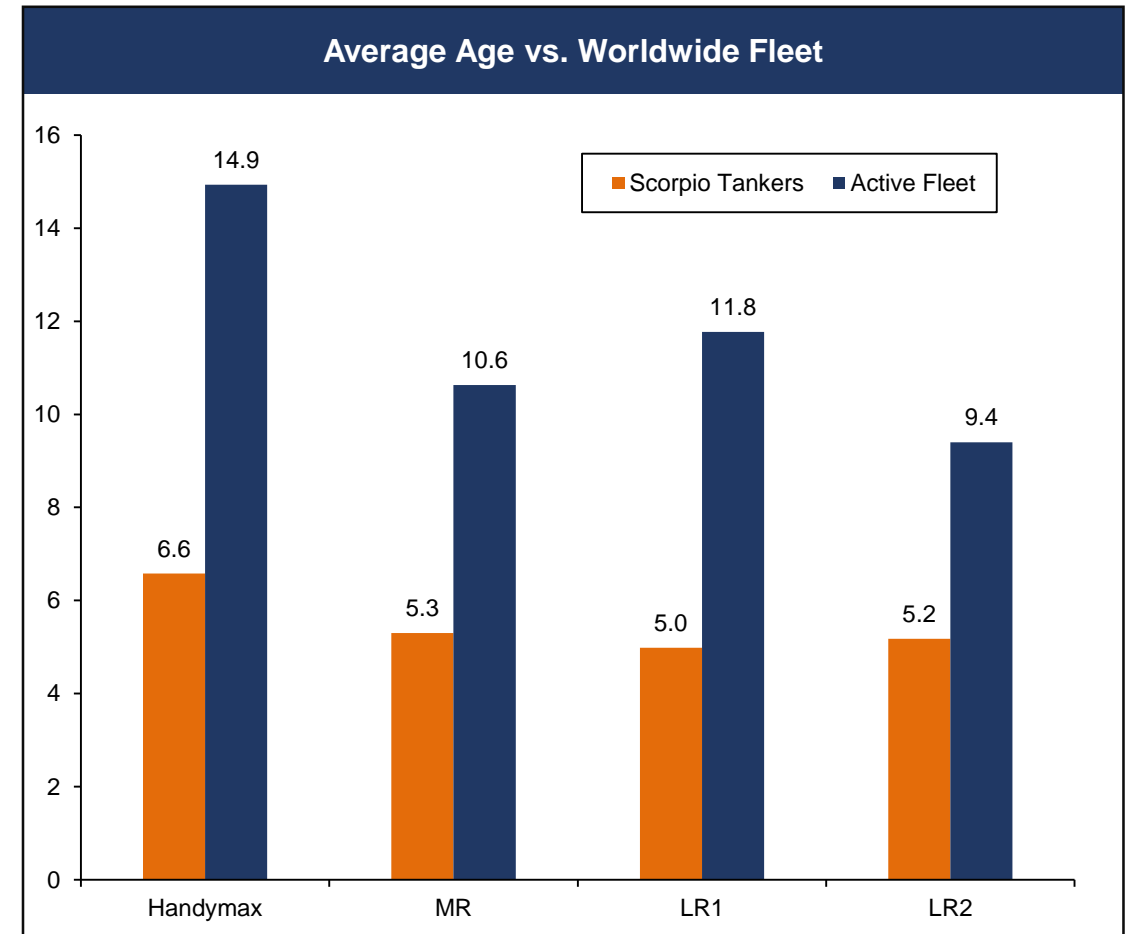
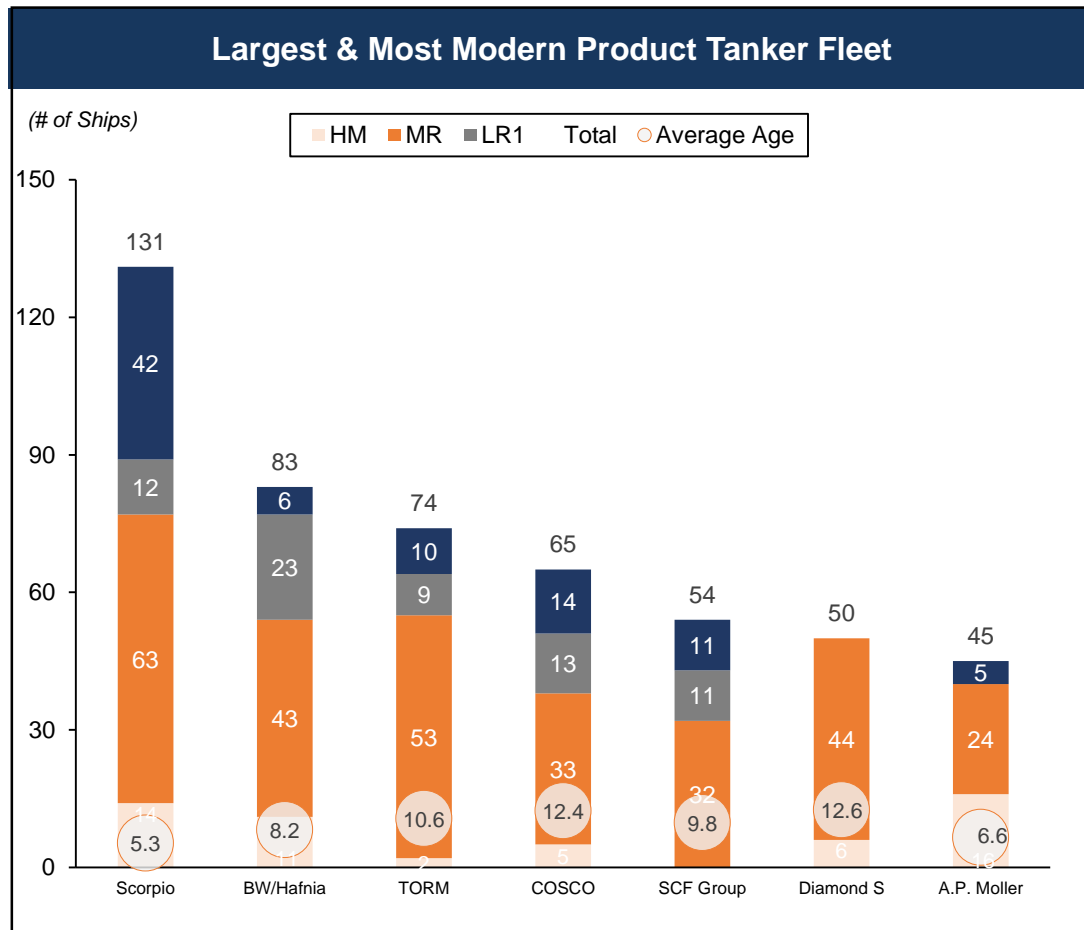
Attractive Mix of  
**Modern MR and LR Vessels**

Scrubber Fitted Vessels:  
**98 vessels<sup>1</sup>**

91% of Fleet Built at  
**Leading Korean Shipyards<sup>2</sup>**

# Largest & Most Modern Product Tanker Fleet in the World

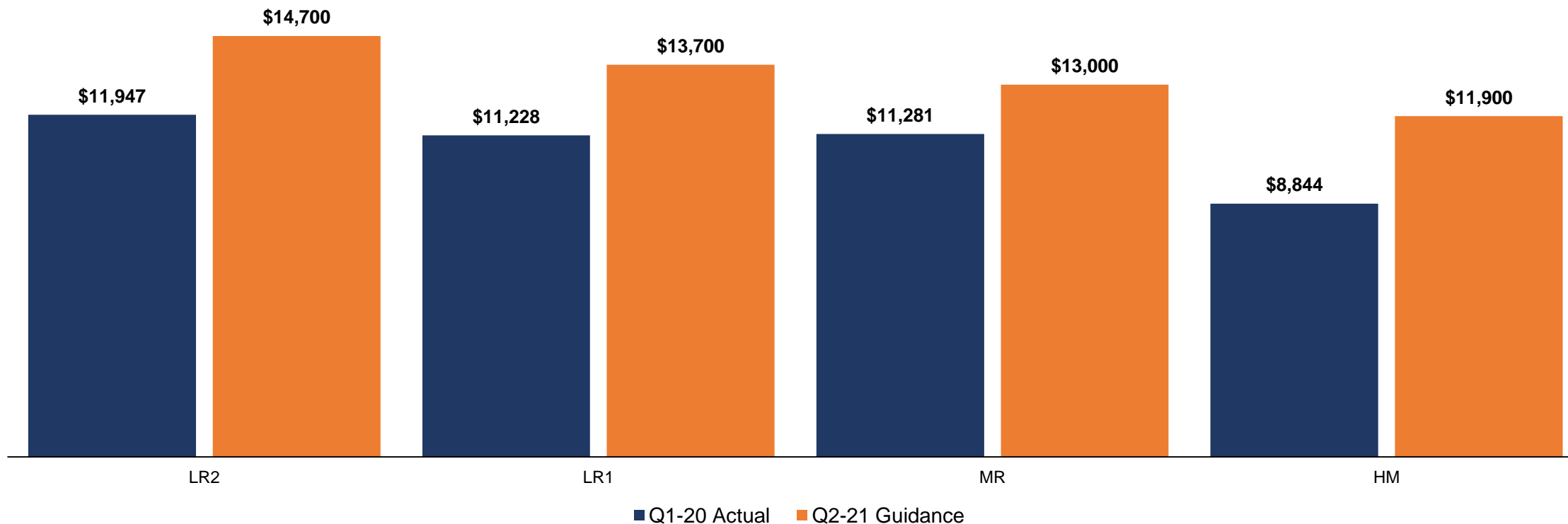
- World's largest and youngest product tanker fleet, including the leading owner in the MR and LR2 product tanker segments
- While a significant portion of the global MR and LR fleets are older than 15 years of age, the Scorpio fleet has an average age of 5.3 years



# Q1-20 Actual & Q2-21 Guidance of Company TCE Rates

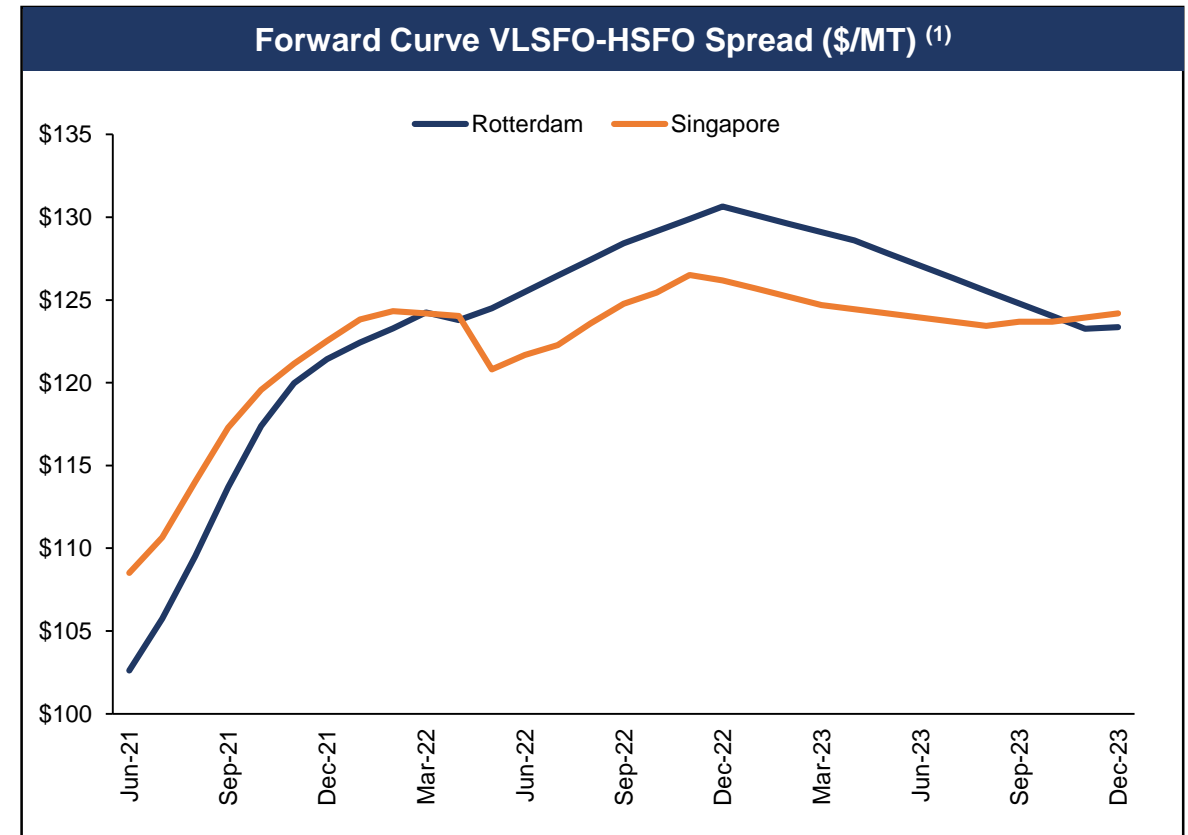
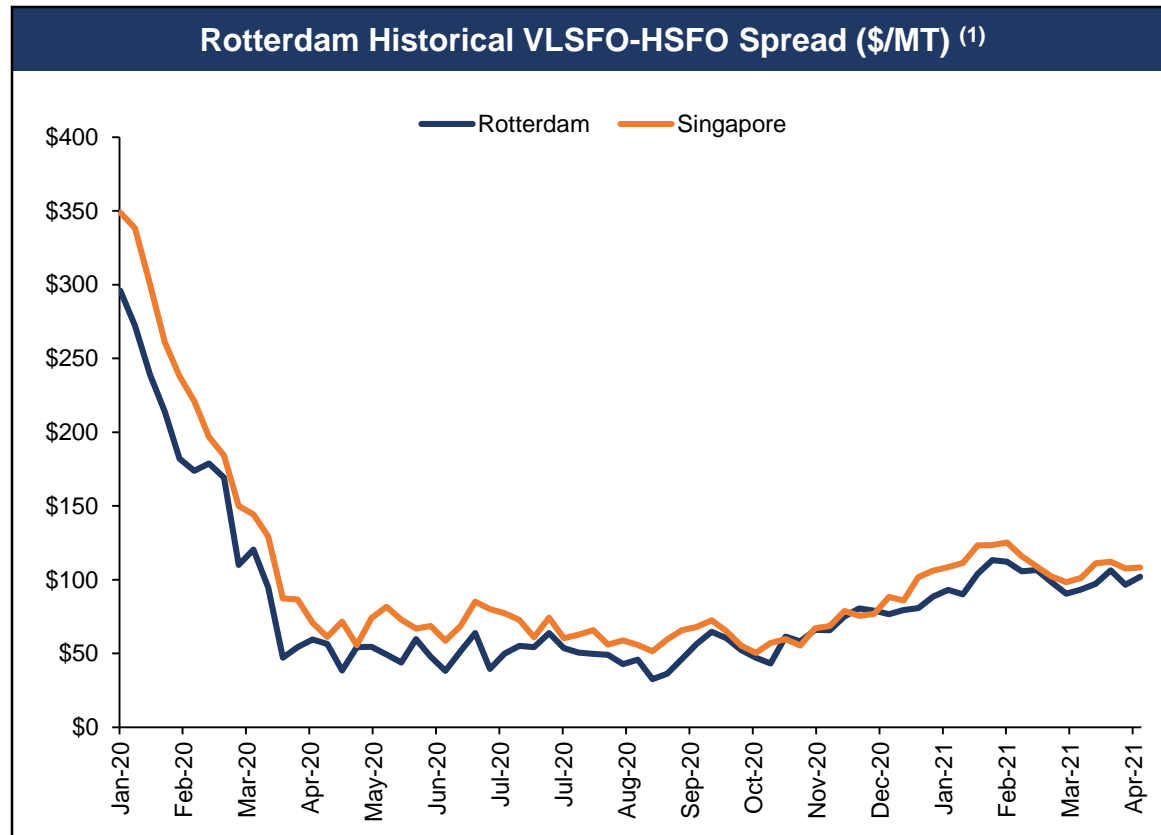
Scorpio Fleet TCE by Segment (\$/day)

% of Q2-21 Days Booked as of May 6, 2021				
	<u>LR2</u>	<u>LR1</u>	<u>MR</u>	<u>HM</u>
<b>Q2-21</b>	48%	41%	52%	42%



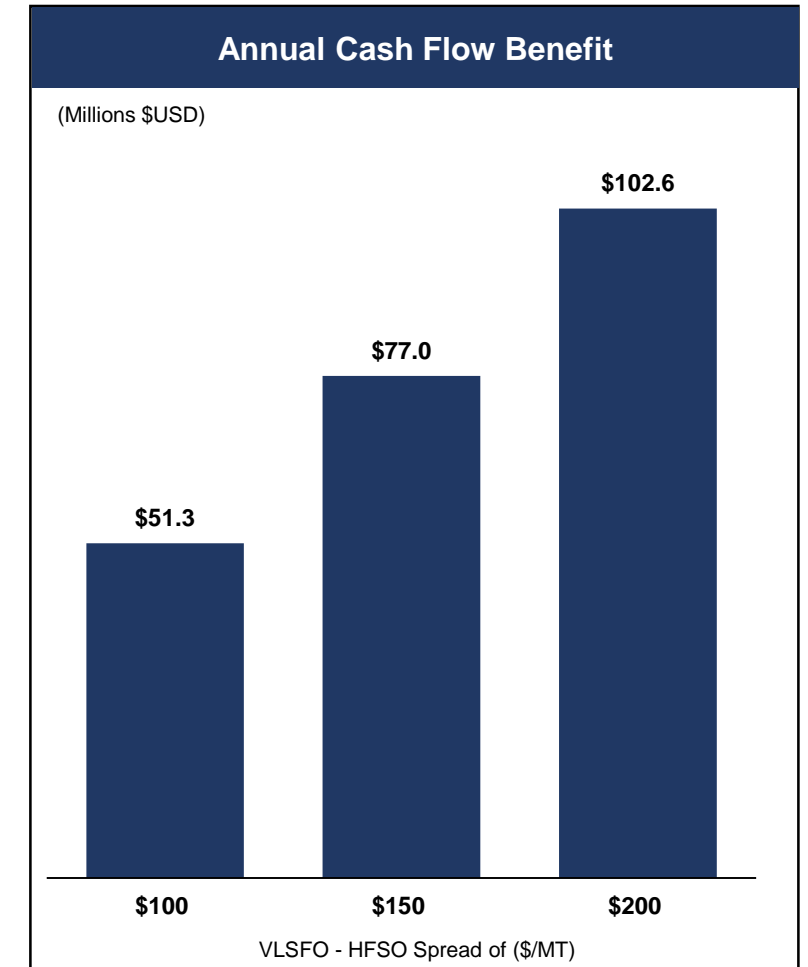
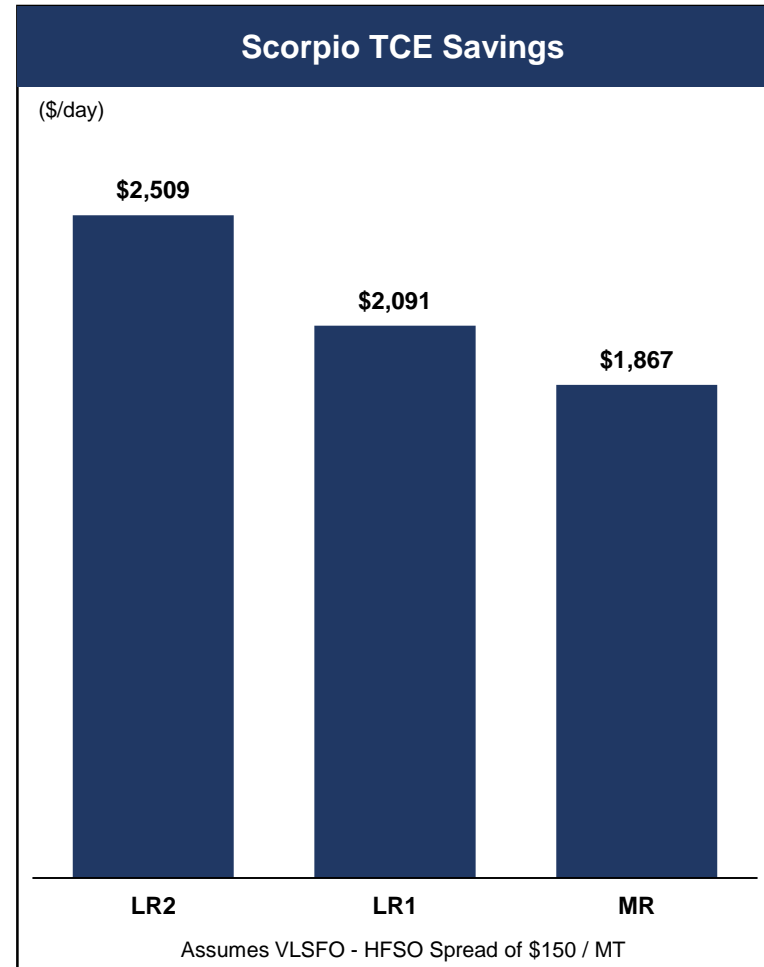
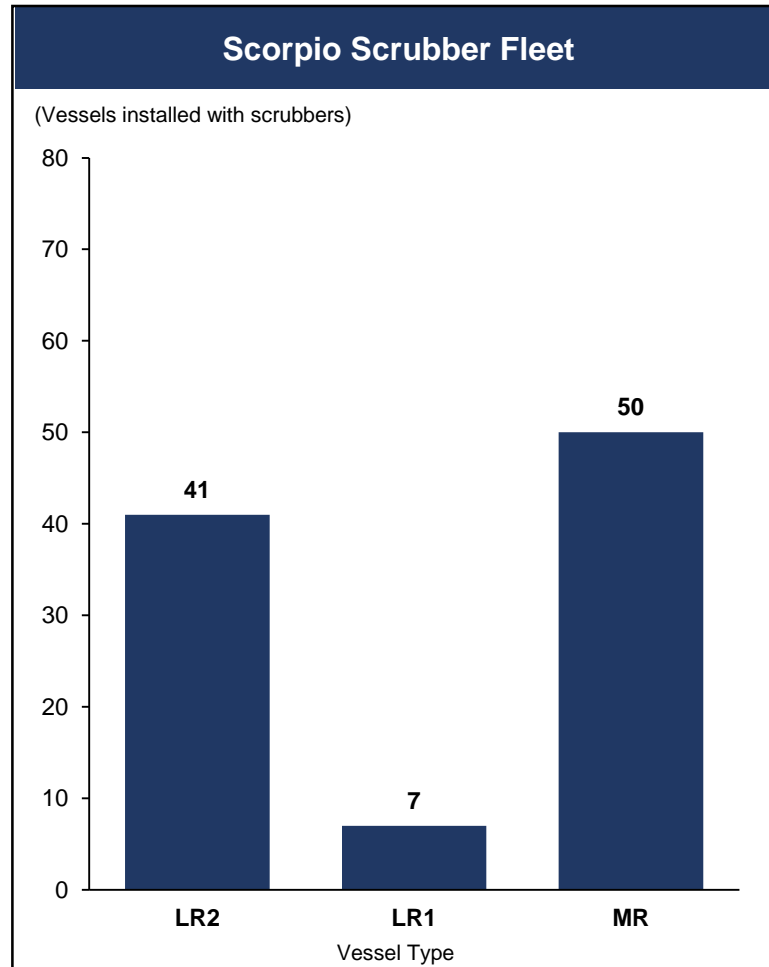
# Bunker Prices & Forward Curve

- The VLSFO-HSFO spread reached \$300/MT in January 2020 as the International Maritime Organization (IMO) regulatory fuel changes were implemented, requiring non scrubber fitted vessels to consume marine fuel with 0.5% sulfur content
- In Q2-20 the oil demand shock caused by COVID-19 resulted in a sharp decline in crude oil and refined product prices, narrowing the VLSFO-HSFO spread
- However, the VLSFO-HSFO spread has continued to increase since October and the forward curve suggests it will continue



# Scrubber Fuel Savings

- As of May 6, 2021 the Company has 98 vessels currently installed with exhaust gas cleaning systems (“scrubbers”)







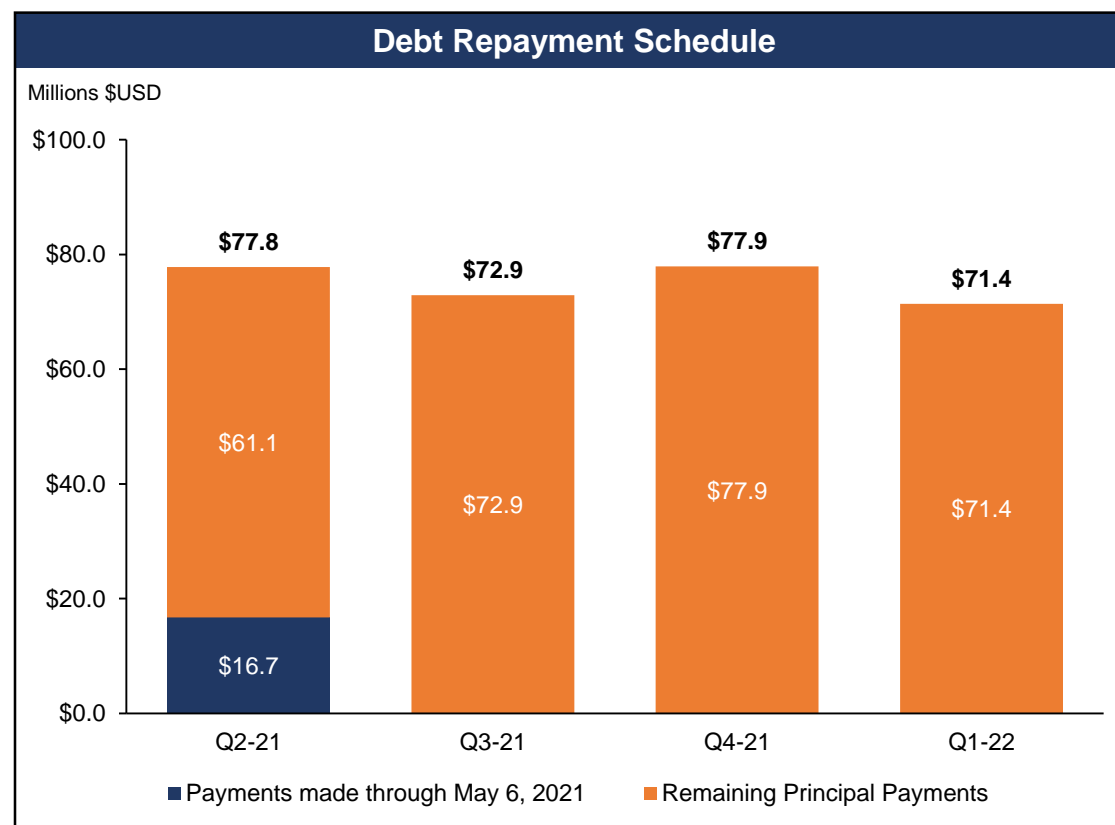
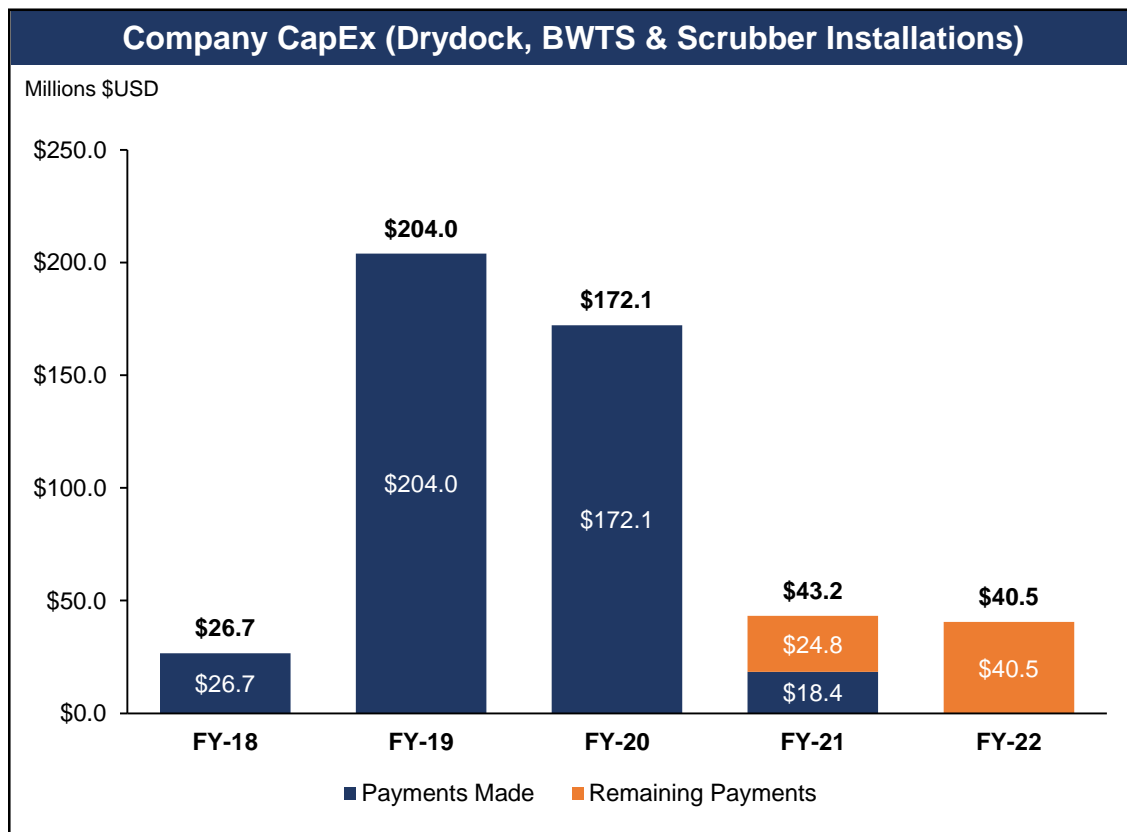
# Financials

# Quarterly Financial Performance

(In '000s of USD)	Q1-21	Q1-20
<b>Revenue</b>	<b>\$ 134,165</b>	<b>\$ 254,167</b>
Vessel operating costs	(83,302)	(81,463)
Voyage expenses	(1,385)	(4,220)
Depreciation	(60,625)	(60,038)
G&A	(13,560)	(17,261)
Total operating expenses	(158,872)	(162,982)
<b>Operating income / (loss)</b>	<b>\$ (24,707)</b>	<b>\$ 91,185</b>
Net finance expenses	(33,842)	(44,200)
Loss on exchange of convertible notes	(3,856)	-
Other expenses, net	11	(358)
<b>Net (loss) / income</b>	<b>\$ (62,394)</b>	<b>\$ 46,627</b>
<b>Add Back</b>		
Financial expenses	33,842	44,200
Depreciation and amortization	66,817	67,883
Gain on repurchase of convertible notes	3,856	-
<b>Adjusted EBITDA</b>	<b>\$ 42,121</b>	<b>\$ 158,710</b>

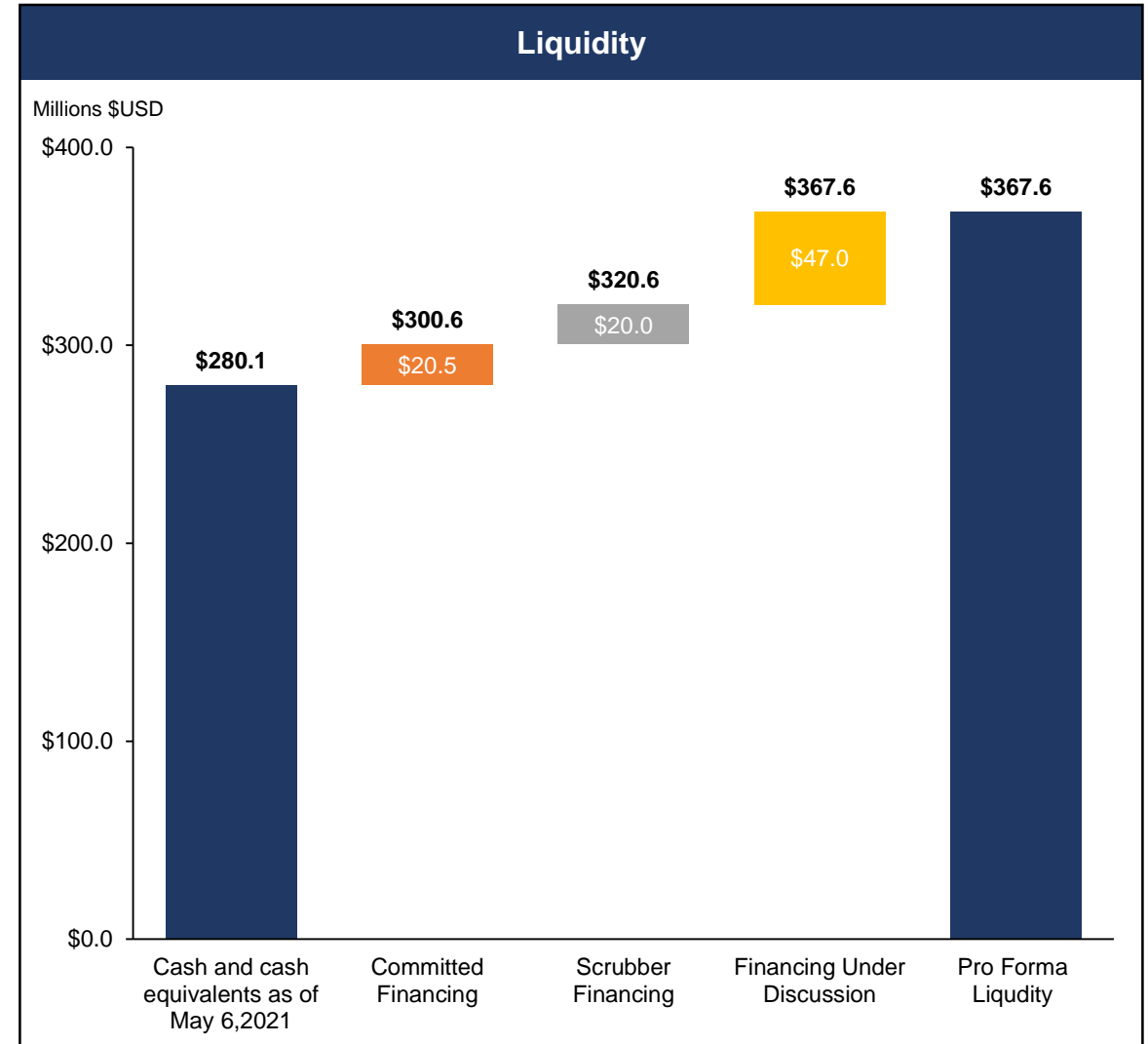
# Limited Capex & Upcoming Maturities Have Been Refinanced

- Since 2018, the Company completed \$421.2 million in capex payments for drydock, ballast water treatment systems and scrubbers
- Remaining capex for FY-21 is \$24.8 million
- The Company has \$20 million of committed scrubber financing that has yet to be drawn

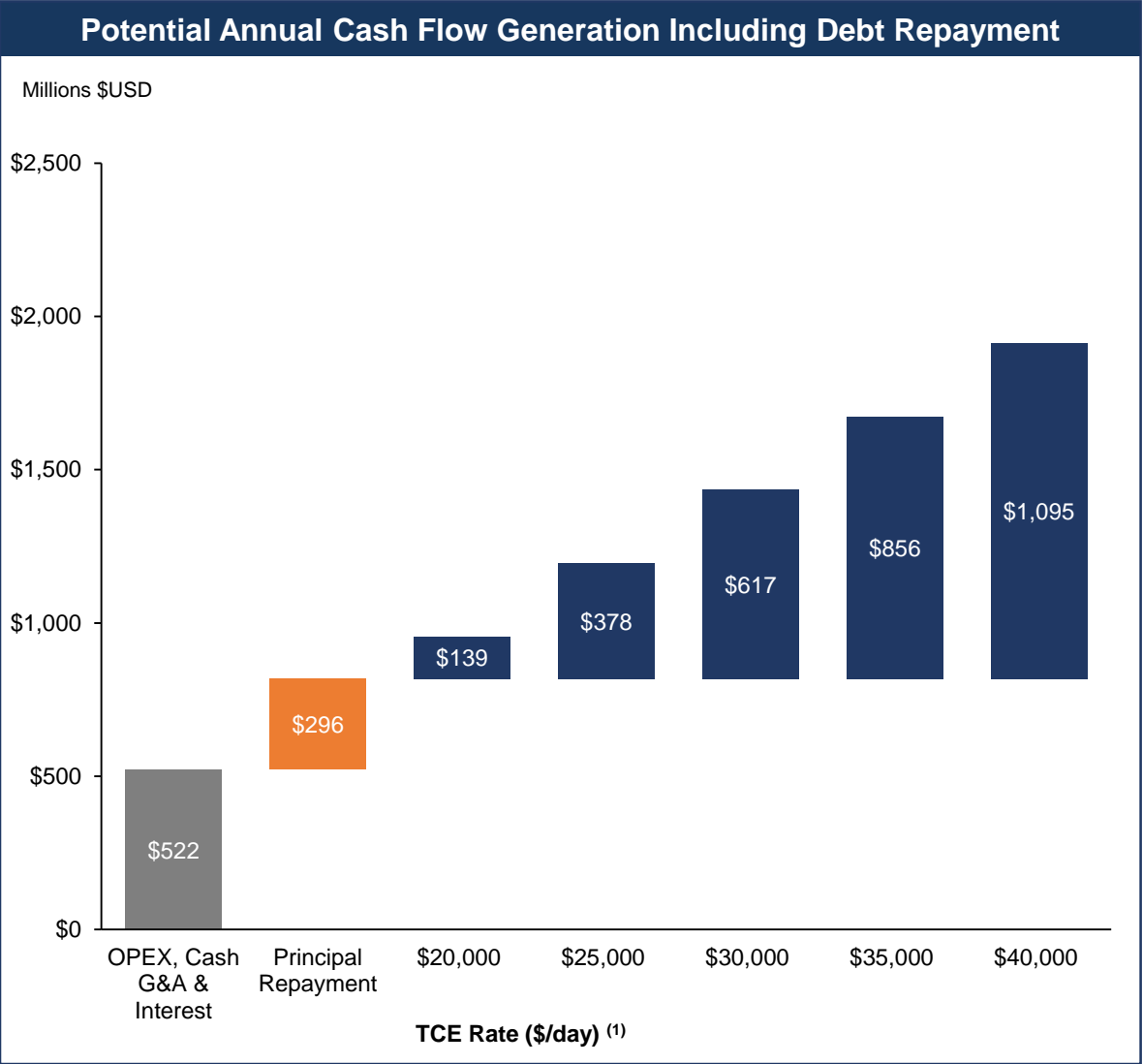
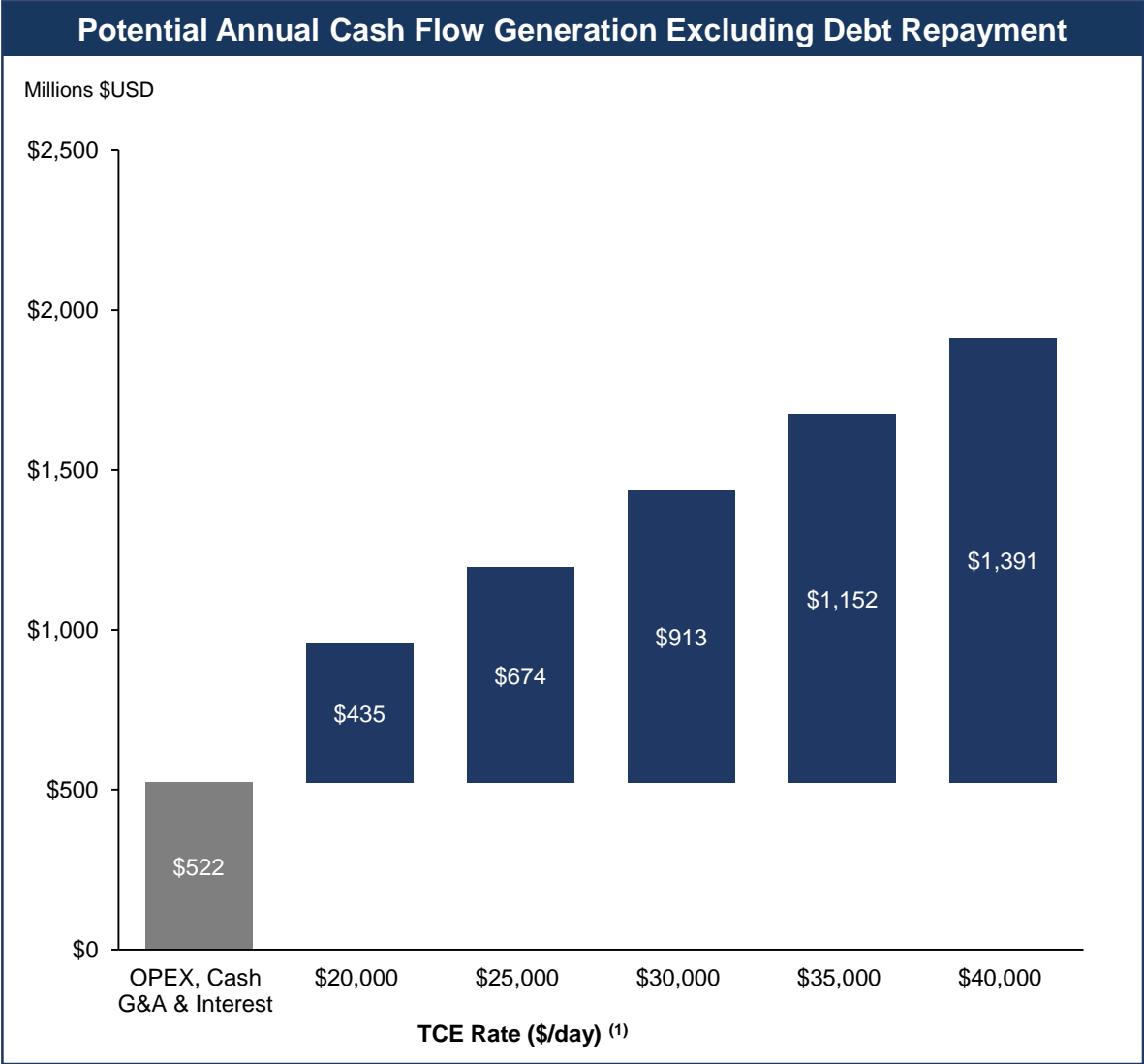


# Liquidity

- As of May 6, 2021, the Company had \$280.1 million in unrestricted cash and cash equivalents.
- The Company has committed financing to increase liquidity by approximately \$20.5 million,
  - \$20.5 million from the refinancing of two vessels (after the repayment of existing debt).
  - These refinancing's are expected to close before the end of the second quarter of 2021
- The Company is also in discussions with financial institutions to further increase liquidity by up to \$47.0 million in connection with the refinancing of 11 vessels.
- In addition to the above, the Company has \$20.0 million of additional liquidity available (after the repayment of existing debt) which are expected to occur at varying points in the future as several of these financings are tied to scrubber installations on the Company's vessels.



# Potential Cash Flow Generation



(1) TCE Rate reflects a market TCE Rate for a non-scrubber ECO vessel.

Note: Annual revenue calculated as TCE Rate x 365 days x number of vessels. Based on 131 vessels and assumes vessel cash breakeven of \$17,100 per day and debt repayment of \$296.1 million from Q2-21 through Q2-22

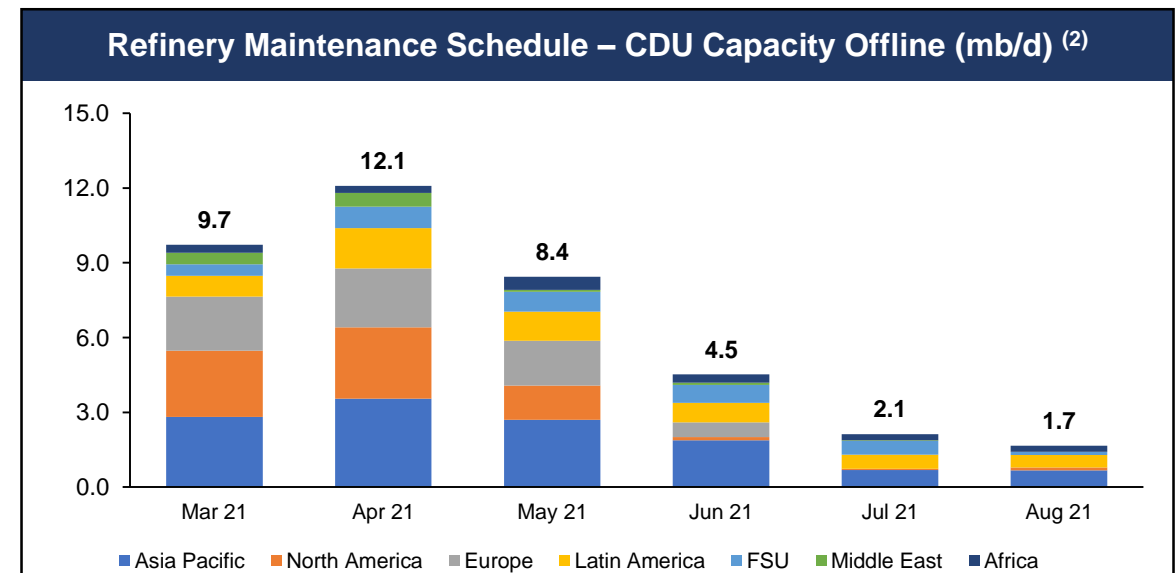
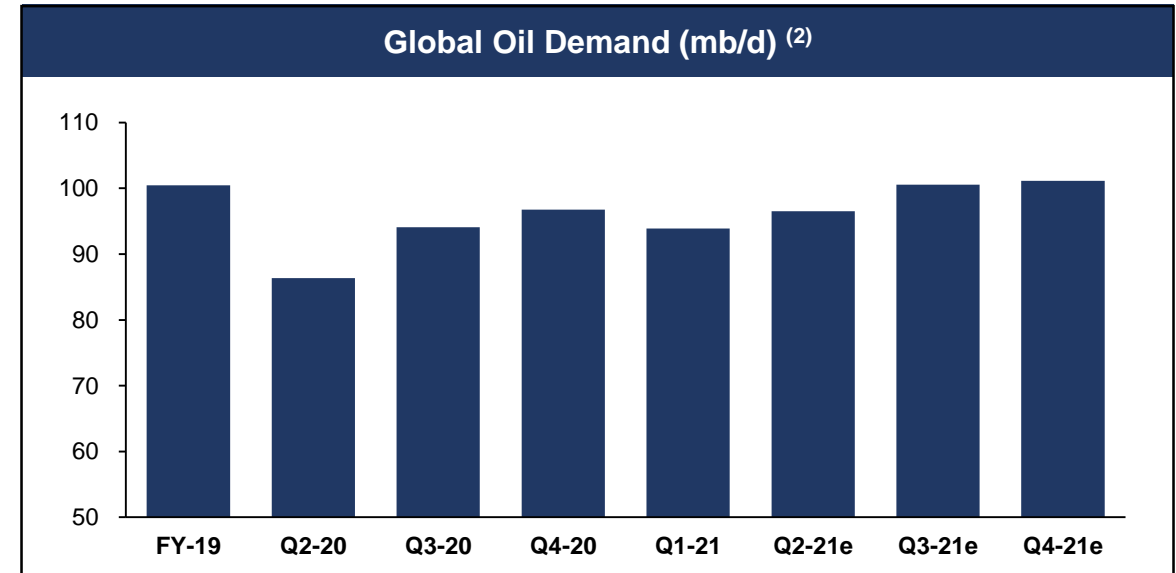


# Market Fundamentals



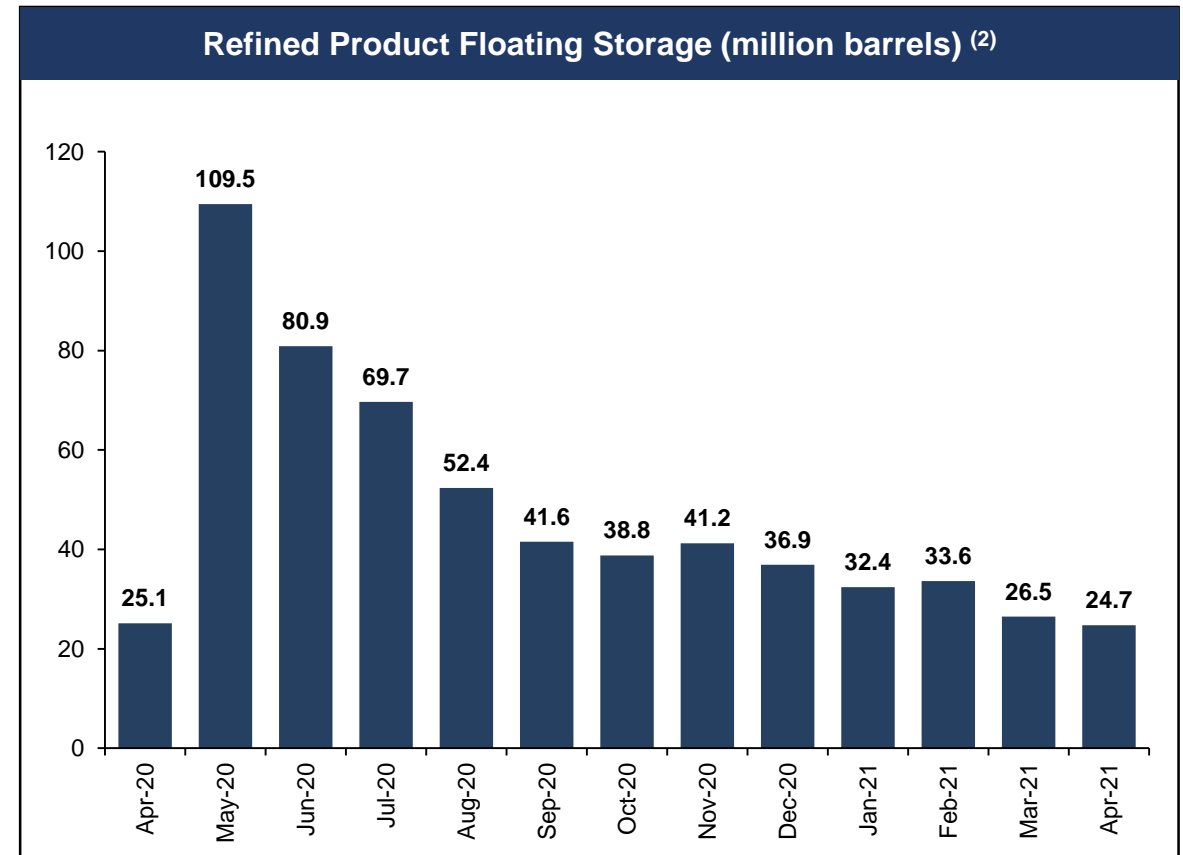
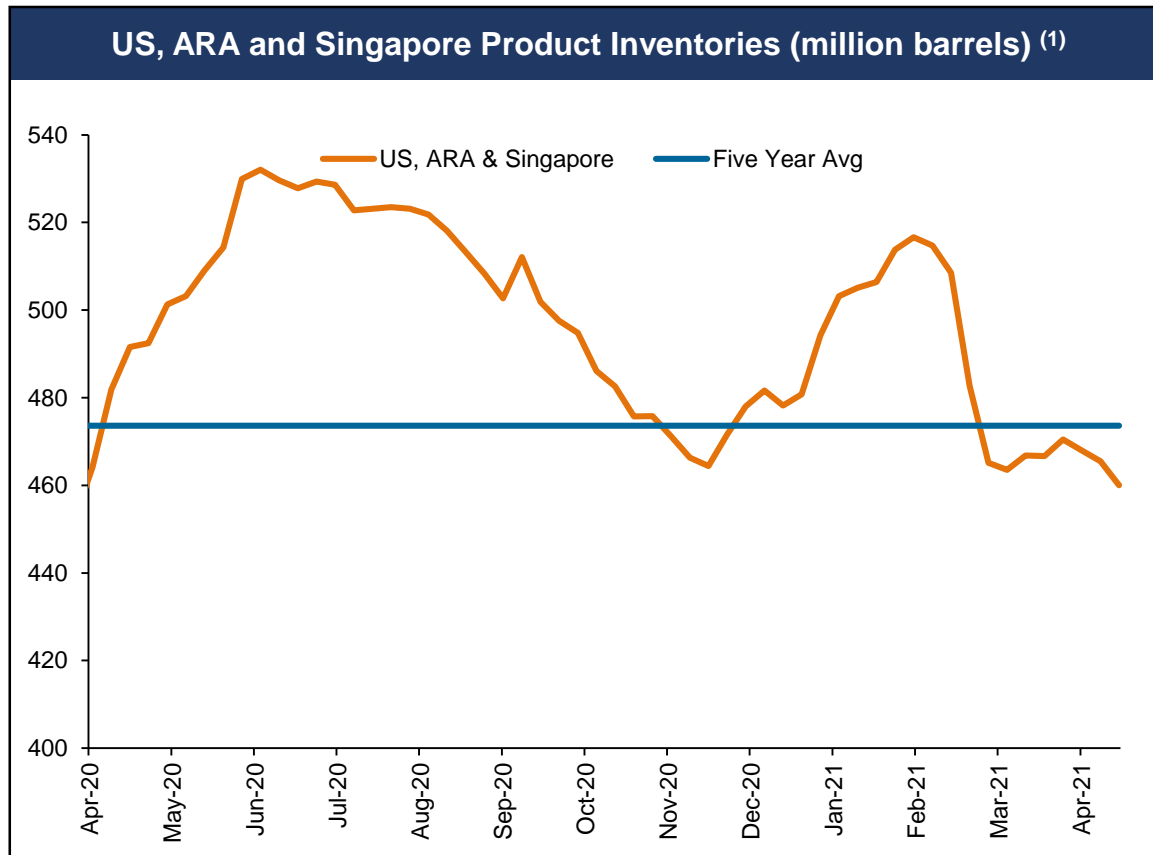
# Short Term Market Update

- Global oil demand has recovered significantly since April 2020, but continues to balance its recovery with the impact of the pandemic
- Floating and land based refined product inventories continue to decline below their five year avg
- Significant refinery maintenance between March and May reduced overall seaborne volumes but refinery throughput is forecasted to rise 6.8 mb/d from April to August<sup>(1)</sup>
- Demand in Asia for refined products has been robust and is expected to continue through their sustained recovery in manufacturing and economic activity
- Global vaccine rollout programs expected to increase personal mobility and consequently consumption of refined products
- Widespread vaccinations in the US have driven increases in gasoline, diesel and jet fuel consumption
- Lower product inventories coupled with increasing product demand will be met by higher refinery runs and seaborne exports



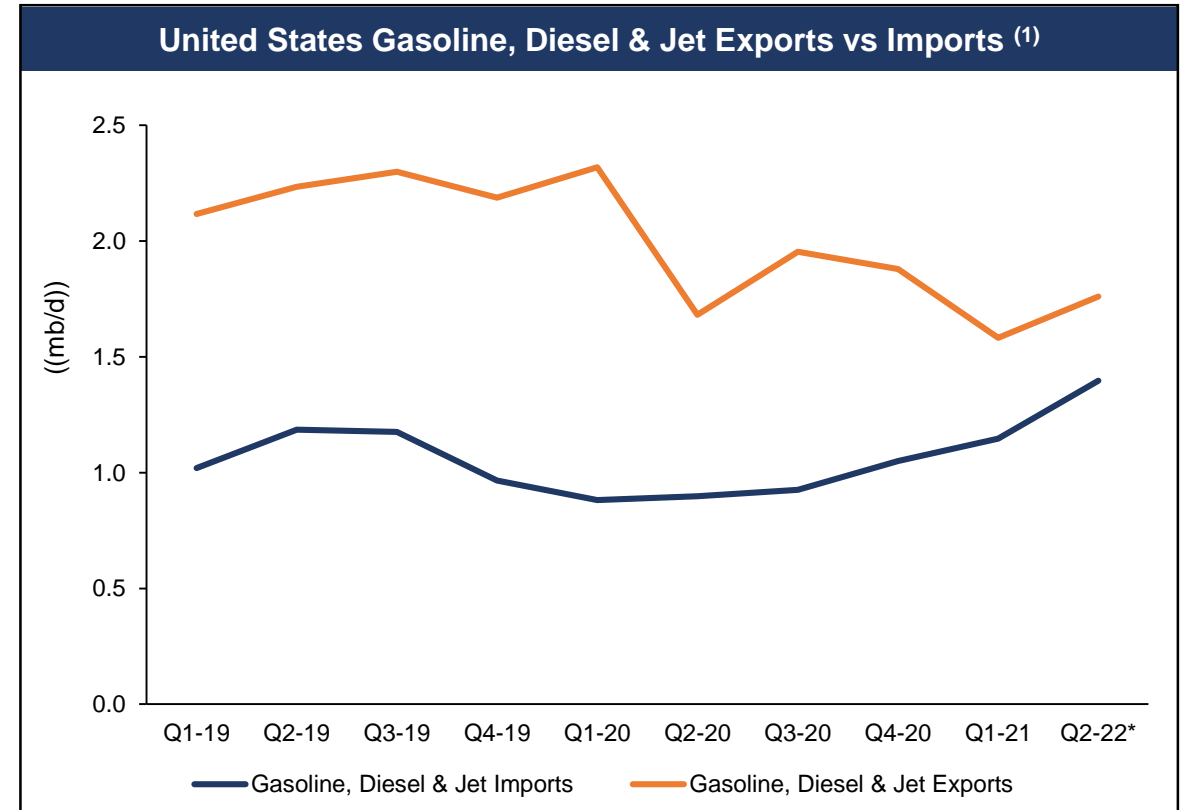
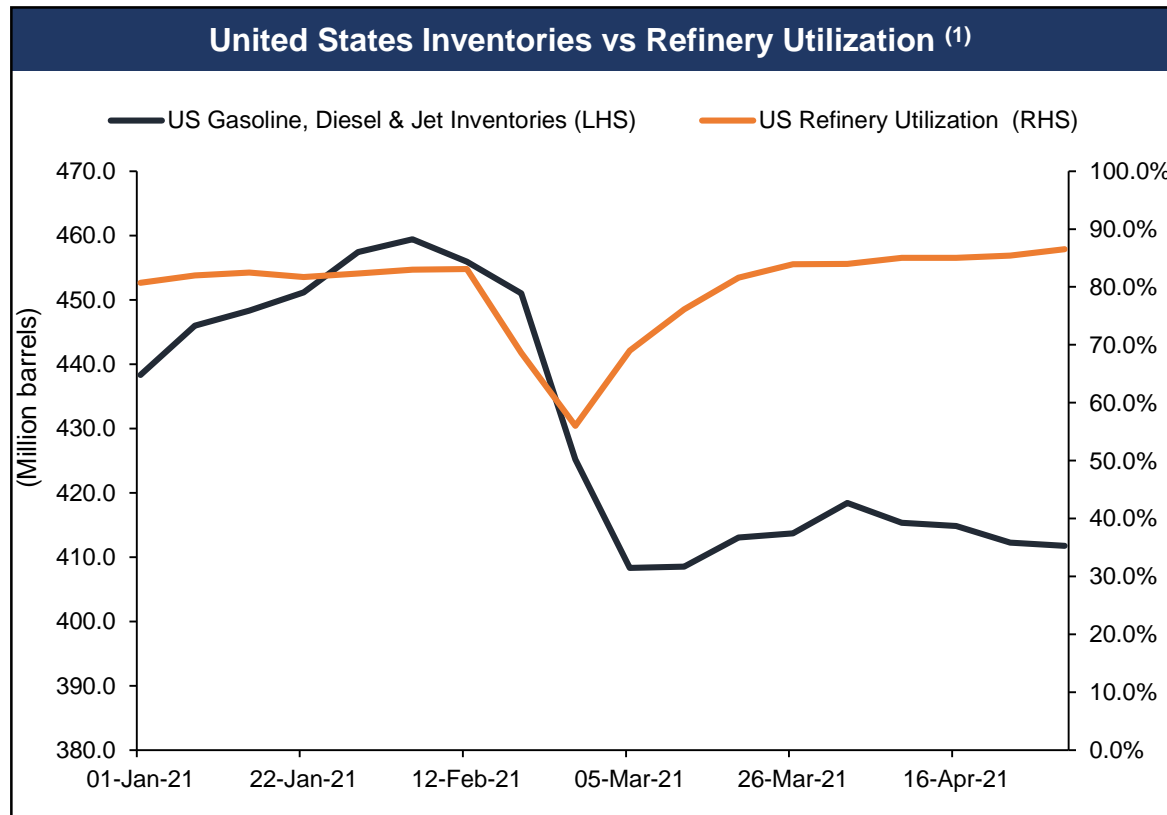
# Floating and Land Based Inventories Continue to Decline

- Refined product (Gasoline, diesel and jet fuel) inventories are below their five year average in the United States, ARA and Singapore
- Floating refined product inventories decreased from 109.5 million barrels in May 2020 to 24.7 million barrels in April 2021



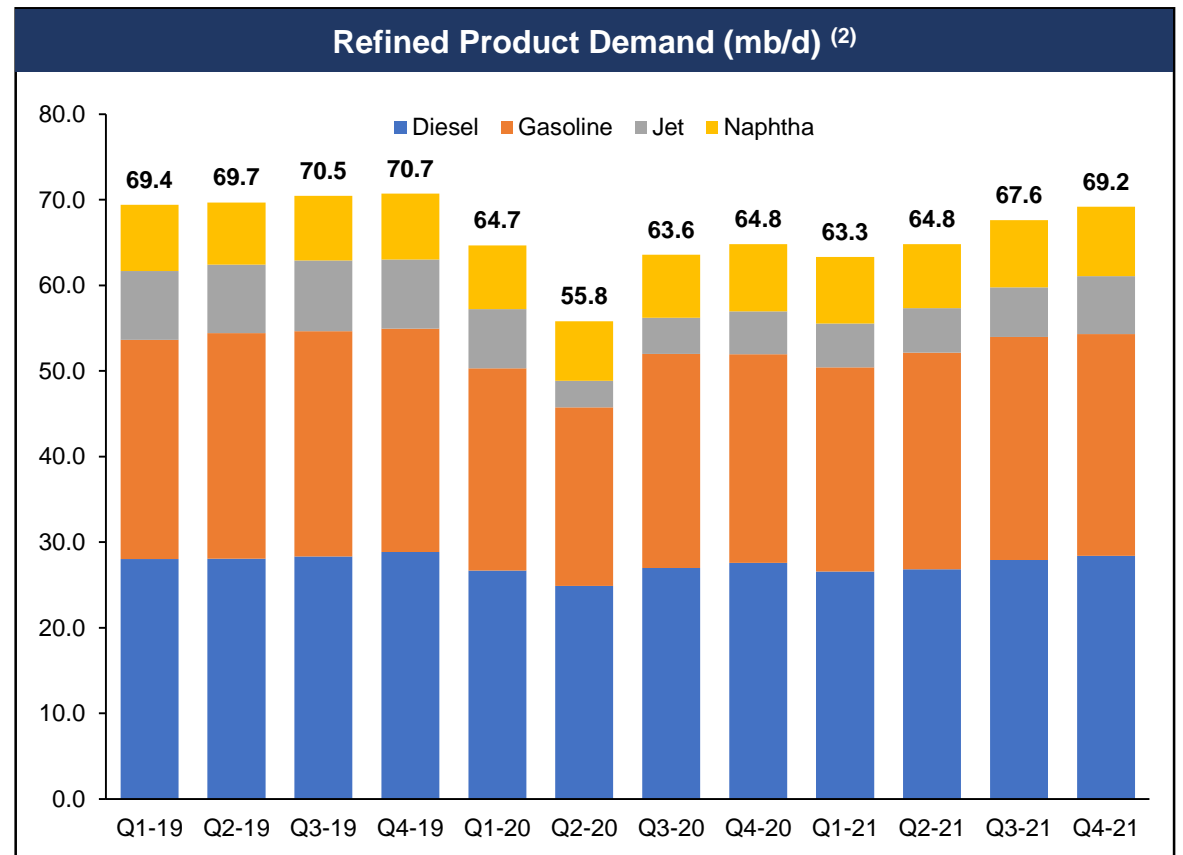
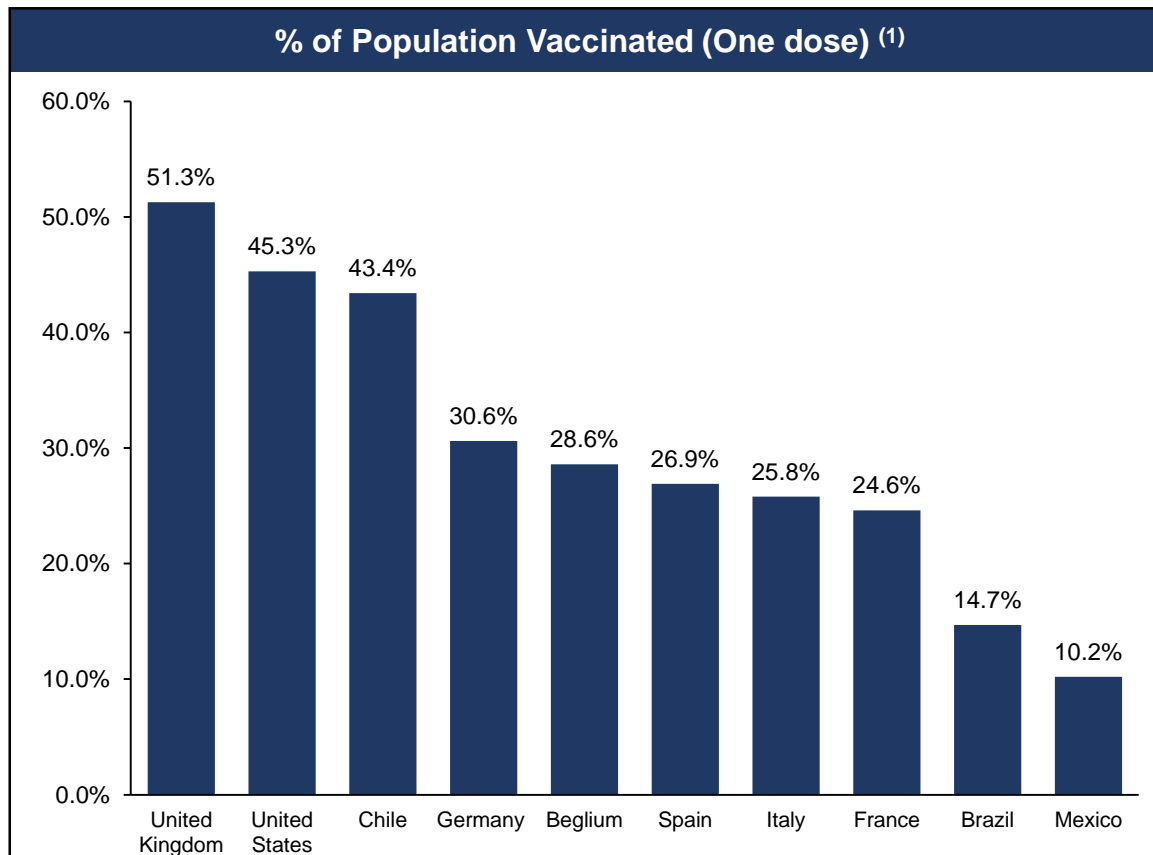
# Vaccinations Driving Refined Product Demand in United States

- Widespread vaccinations in the United States are increasing personal mobility and the consumption of gasoline, jet and diesel fuel
- Despite increasing refinery utilization rates and lower net exports, US product inventories have not been building suggesting strong underlying demand



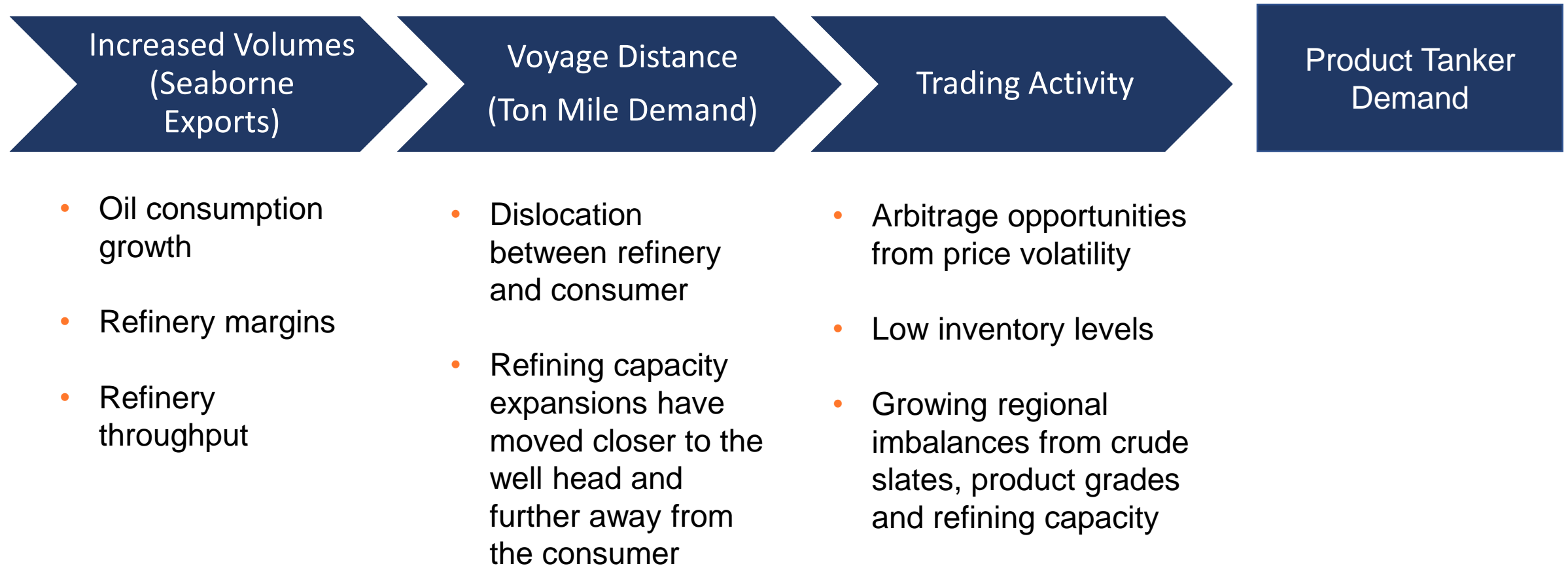
# Vaccinations to Drive Demand Recovery in Refined Products

- Global vaccine rollout programs expected to increase personal mobility and consequently consumption of refined products
- Asia's ability to reduce COVID outbreaks has led to a strong recovery in oil demand and increasing vaccinations in North America and Europe are expected to further increase demand
- Low product inventories, refinery closures and growing demand are expected to increase seaborne exports and ton miles



# Product Tanker Demand Drivers

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# Long Term Fundamentals

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## ***Oil and Refined Product Demand Expected to Continue to Recover through 2021***

- Oil demand expected to continue to recover and the IEA expects oil demand to increase 5.7 mb/d in 2021 to 96.7 mb/d <sup>(1)</sup>
- Refinery throughput is forecasted to rise by 6.8 mb/d from April to August, resulting in average annual growth of 4.5 mb/d <sup>(1)</sup>
- Seaborne refined product exports and ton mile demand are estimated to increase 6.7% and 7.1%, respectively <sup>(2)</sup>

## ***Refining Capacity Closures & Expansions Expected to Increase Product Exports & Ton Miles***

- Older and less efficient refineries face a wave of closures due to weak refining margins, tightening environmental rules and overseas competition, prompting some owners to opt to converting to import terminals or biofuels production facilities
- At the same time, over 1 million barrels of complex refining capacity will come online in the Middle East in 1H-21

## ***Limited Newbuilding Orders & Aging Fleet Extends Limited Fleet Growth***

- Limited newbuilding orders have kept the current orderbook near all-time lows
- Including newbuilding deliveries, a significant portion of the product tanker fleet will turn 15 years old over the next three years

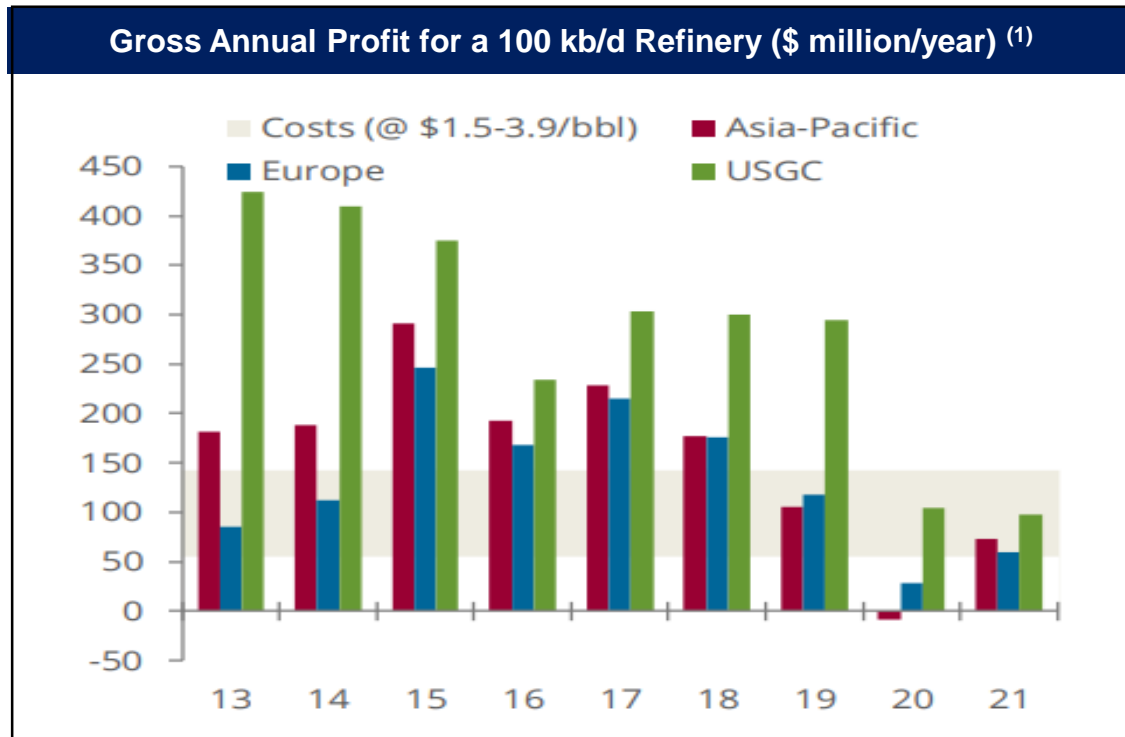
## ***Environmental Regulations to Benefit Modern Vessels***

- The EU has put pressure on the IMO to accelerate it's 2030 GHG emission targets and may implement its own ETS system by 2023
- While it's unclear how the timeline of these plans will accelerate, the focus on reducing GHG emissions in the shipping sector is clear and modern fuel efficient vessels will be in the best position to benefit from increasing regulation



# Global Refinery Closures Accelerate

- Older inefficient refineries face a wave of closures due to weak refining margins, tightening environmental rules and overseas competition, prompting some owners to opt for closure or converting plants for storage or biofuels production
- After closing, the lost production in these regions is likely to be replaced through imports
- At the same time, the Middle East is adding over 1 million barrels of complex and export oriented refining capacity in 1H-21
  - Q1-21 – Jazan refinery in Saudi Arabia, 400 kb/d Q2-21 - Al Zhour refinery in Kuwait with 615 kb/d
- The combination of refinery closures and additions is expected to increase seaborne volumes of refined products and ton miles

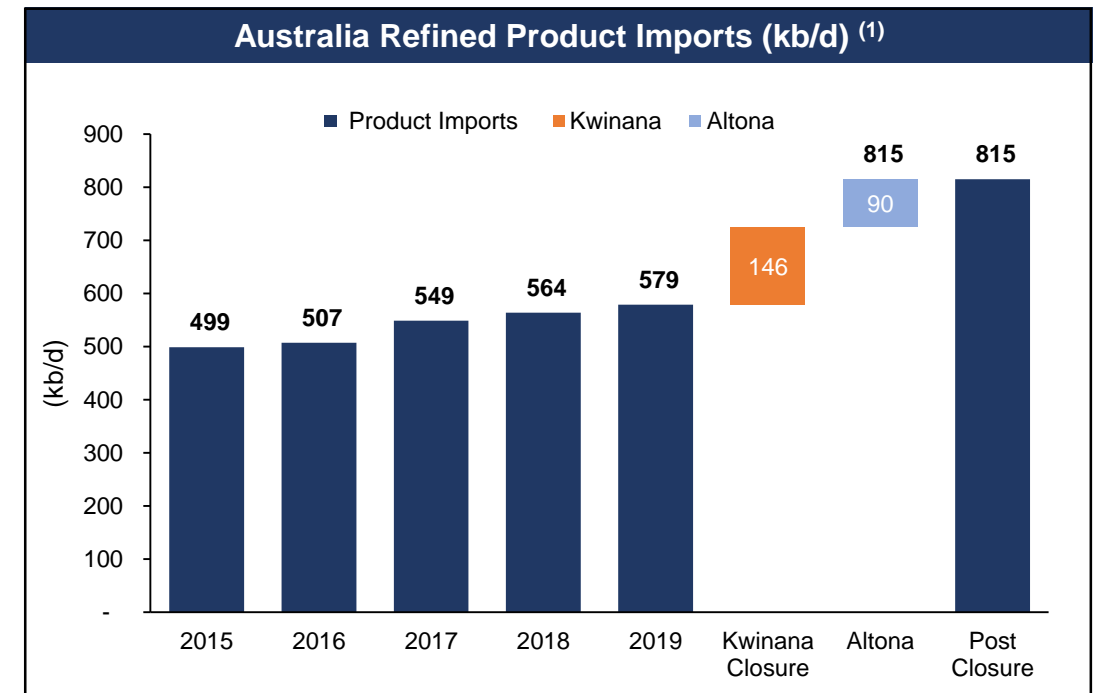


Announced Refinery Closures			
Operator	Location	Capacity (kbd)	Timing
MPC	Martinez, California (USA)	161	2020
MPC	Gallup, NM (USA)	26	2020
PBF	Paulsboro, NJ (USA)	170	2020
HFC	Cheyenne, WY (USA)	52	2020
Shell	Convent, LA (USA)	211	2020
North Atlantic	Come by Chance, Canada	135	2021
Exxon Mobil	Slagentangen, Norway	120	2021
Ineos	Grangemouth, Scotland	90	2021
Total	Granpuits, France	101	2021
Gunvor Group	Antwerp, Belgium	110	2021
Neste	Naantali, Finland	55	2021
Galp	Port Refinery, Portugal	110	2021
Shell	Tabangao, Philippines	110	2020
Refining NZ	Marsden Point, New Zealand	40	2021
BP	Kwinana Beach, Australia	146	2020
Exxon Mobil	Altona, Australia	90	2021
Cosmo Oil	Osaka, Japan	115	2021

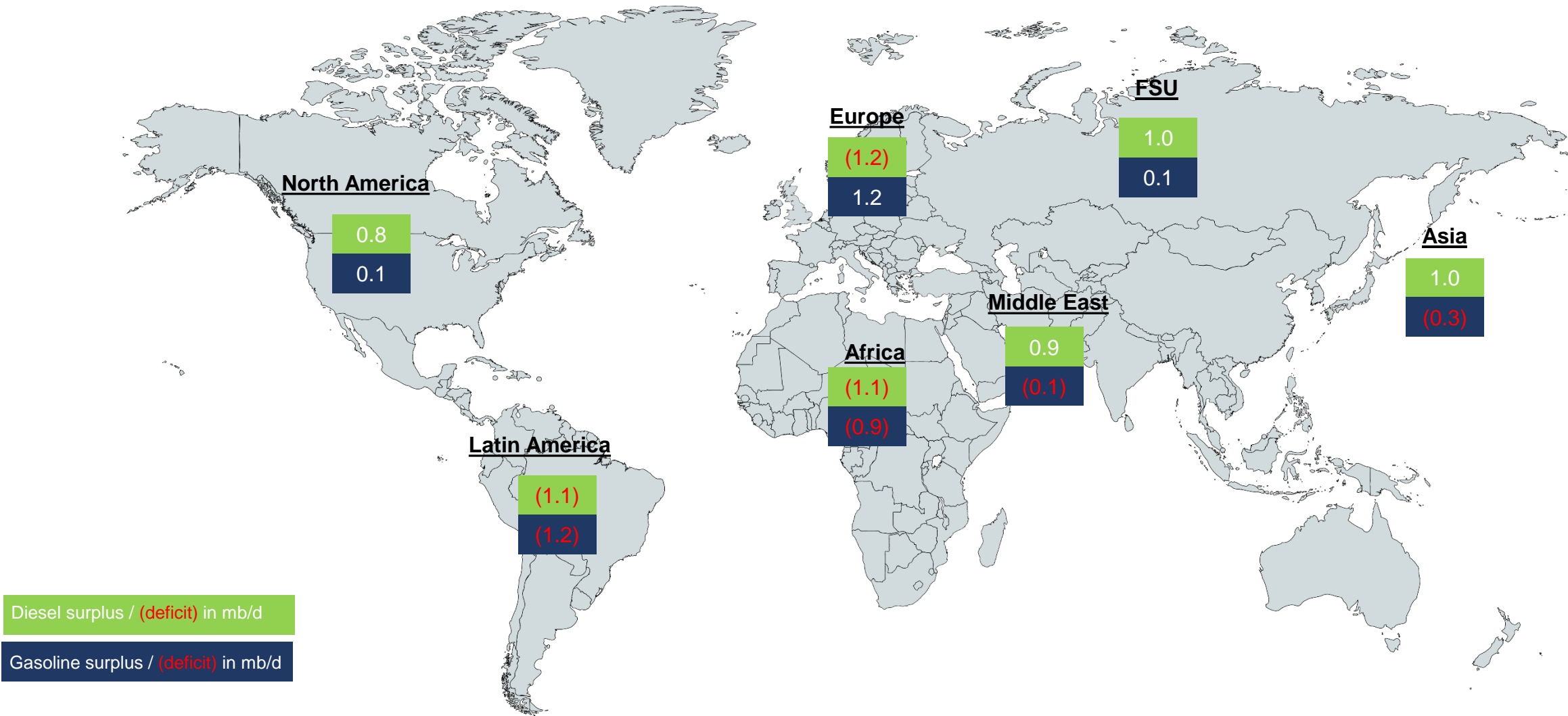
# Impact of Closing Australia's Kwinana & Altona Refinery

- BP announced that they are closing their 146 kb/d Kwinana refinery in Australia at the end of 2020
- In February 2021 Exxon Mobil announced that they will be closing their Altona Refinery
- Australia already imports more than 50% of it's refined product demand and imports have continued to increase since 2015
- To replace the lost production from the Kwinana and Altona refineries, Australia will need to import an additional 236 kb of refined product per day or 86 million barrels of refined product per year
- Assuming the lost production is replaced by imports from Saudi Arabia and Singapore it would:
  - Require an additional 23 MRs or 11 LR1/LR2s per year
  - Increase seaborne refined product ton mile demand by 2.2% <sup>(2)</sup>

Australia Refining Capacity			
Refinery	Owner	Capacity (kb/d)	Status
Altona	Exxon Mobil	90	Closing
Geelong	Viva Energy	120	Active
Lytton	Ampol	128	Active
Kwinana	BP	146	Closing
<b>Total Refining Capacity</b>		<b>484</b>	

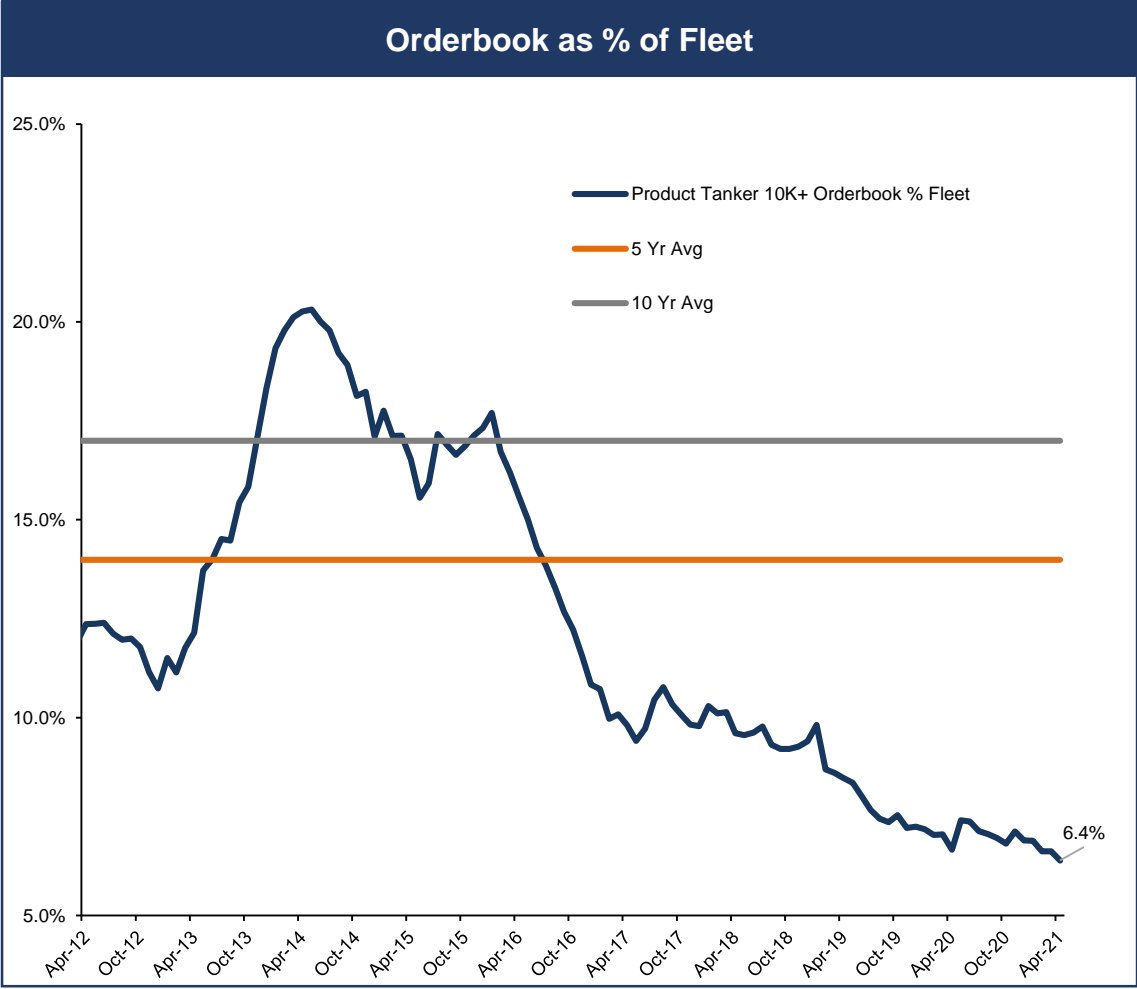
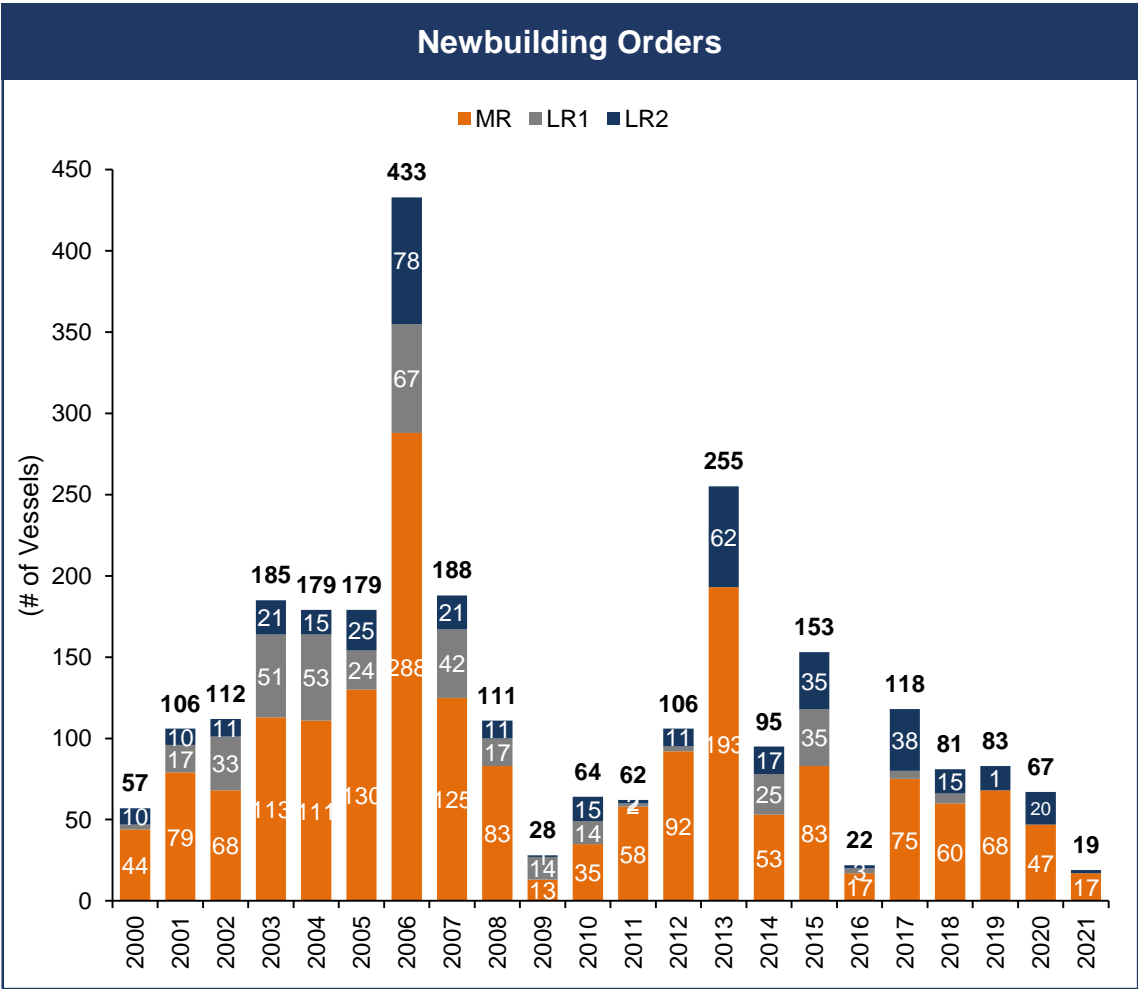


# Regional Diesel & Gasoline Balances

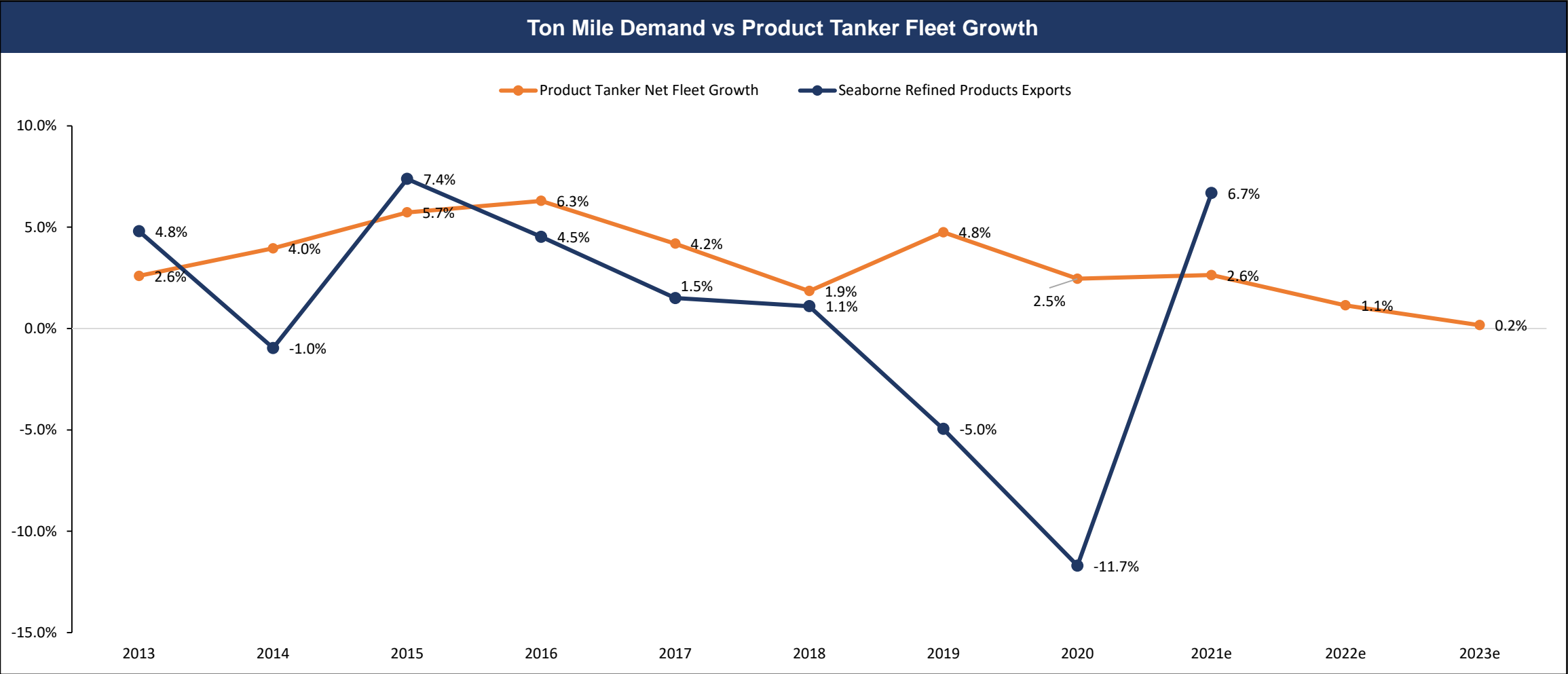


# Orderbook as % of Fleet Remains Near Historical Low

- Limited newbuilding orders coupled with a low orderbook has kept orderbook as % of fleet near historical lows

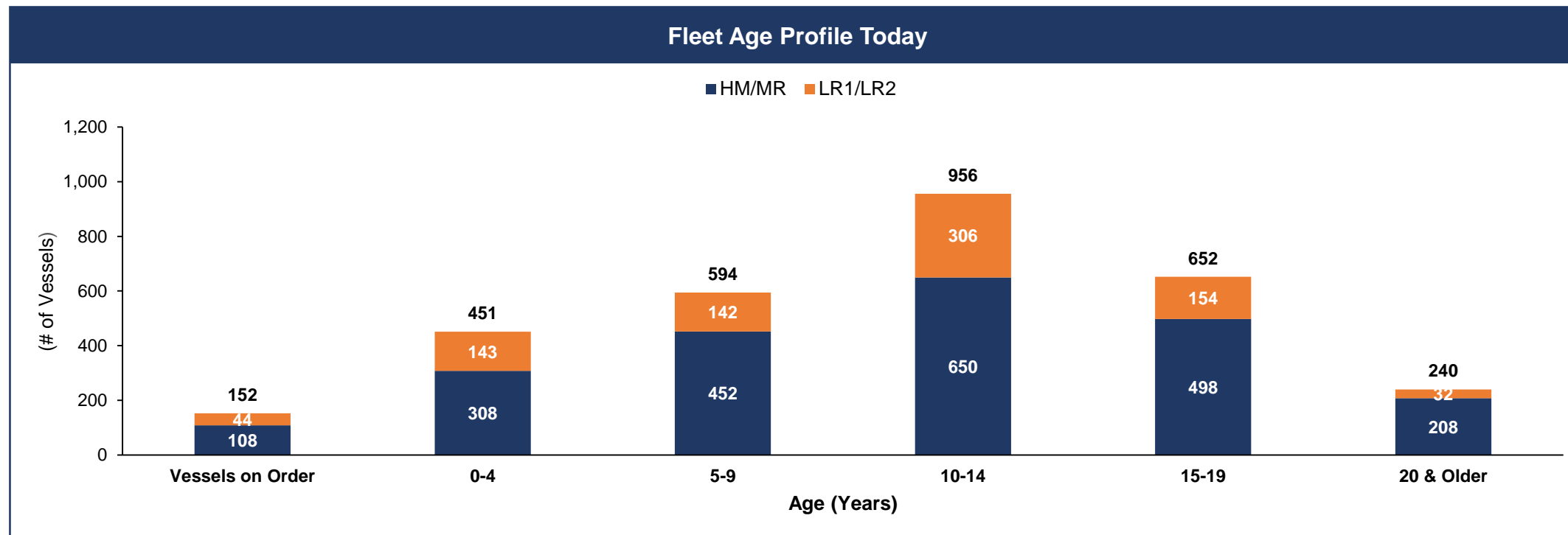


# Seaborne Ton Mile Demand to Outpace Supply in 2021



# Significant % of the Fleet Turning 15 Years & Older

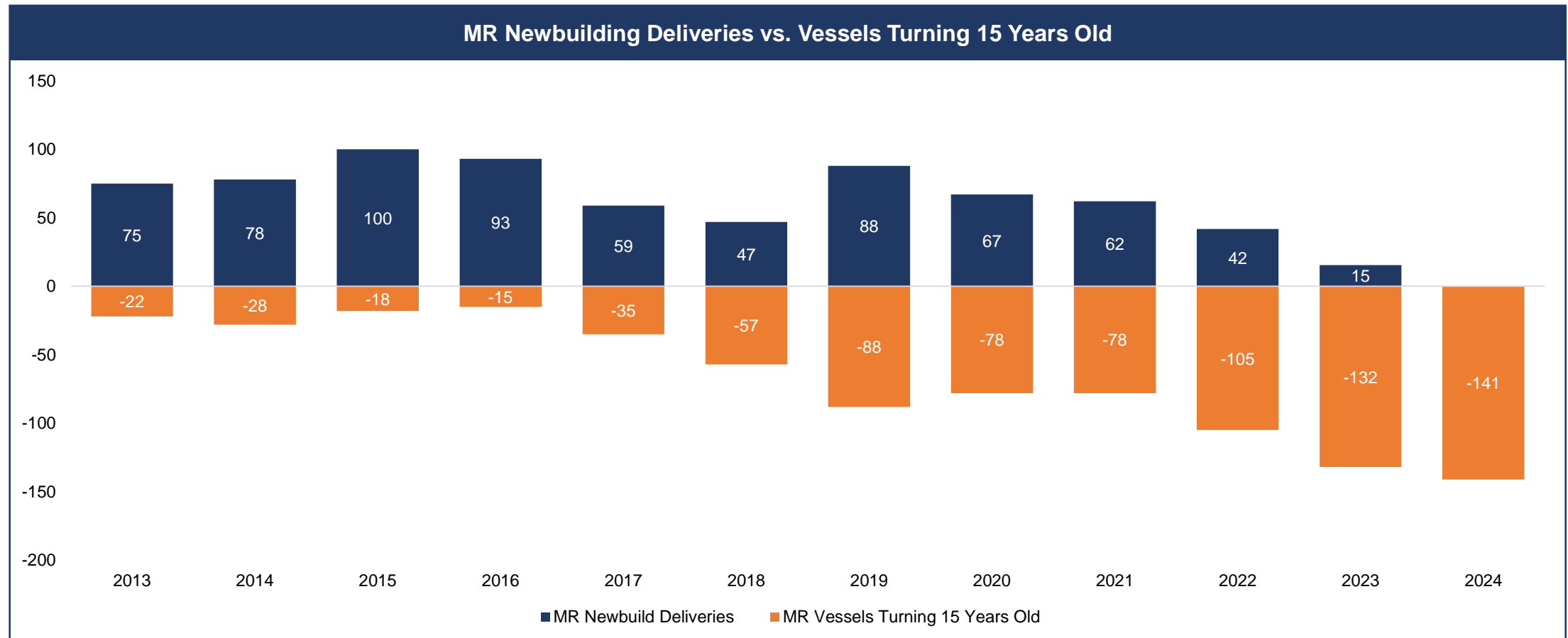
- Certain key customers will only employ product tankers 15 years & younger
- This limits trading opportunities for older tonnage and creates a two-tiered market where;
  - Owners consider continuing to carry refined products, switching from products to crude, vessel conversion, storage, and scrapping
- There are currently 652 product tanker vessels that are 15 to 19 years old and an additional 956 vessels turning 15 over the next five years
- With only 152 product tanker vessels on order and the potential for new environmental regulation the active product tanker fleet could experience a continued reduction in supply





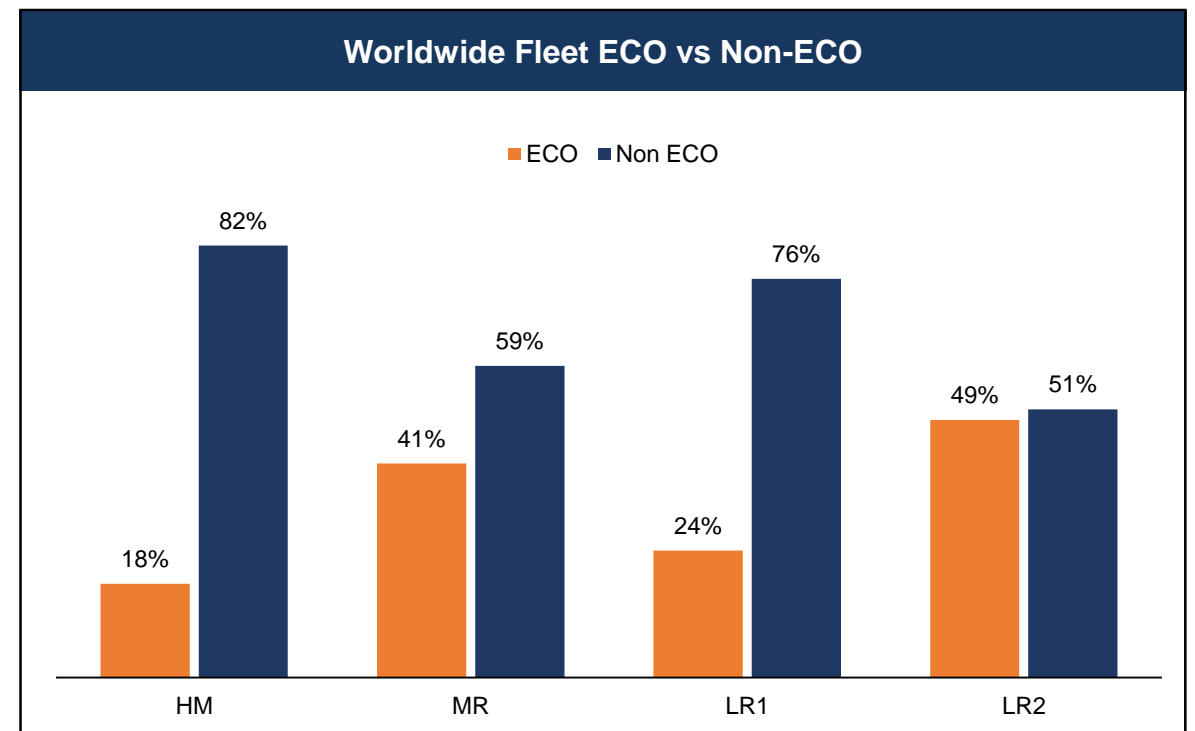
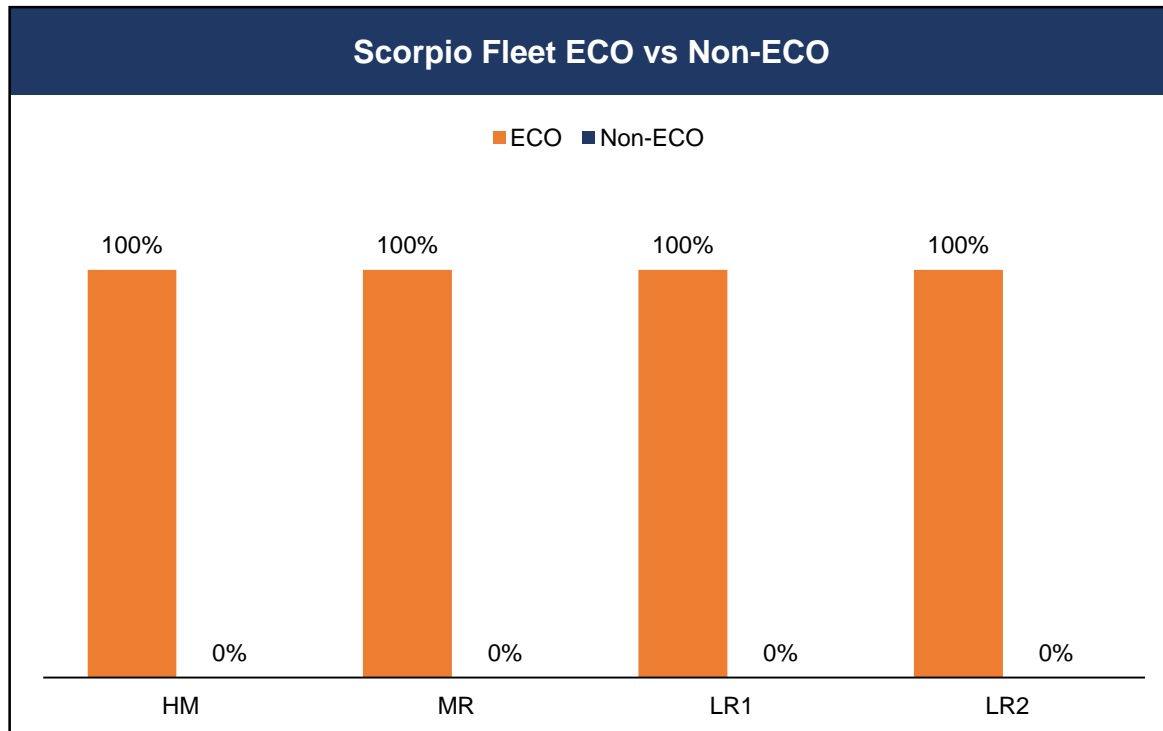
# MR Vessels Turning 15 Years Old Exceeds Newbuild Deliveries

- Prior to 2018, newbuilding MR vessel deliveries had never exceeded the number of vessels turning 15 years old each year
- During the next four years, 456 MRs will turn 15 years and older which is significantly greater than the total MR orderbook of 95 vessels today



# Increasing Environmental Regulations to Benefit Modern Vessels

- The EU has put pressure on the IMO to accelerate its 2030 GHG emission targets and implement and may implement its own ETS system by 2023
- It's unclear how the timeline of these plans will accelerate, but the focus on reducing GHG emissions in the shipping sector is clear
- Modern fuel-efficient vessels will benefit given their lower GHG emissions while older less efficient vessels may undergo retrofits or be scrapped
- Scorpio is well positioned for future regulation as it operates the largest and youngest fleet of scale with an average age of 5.3 years

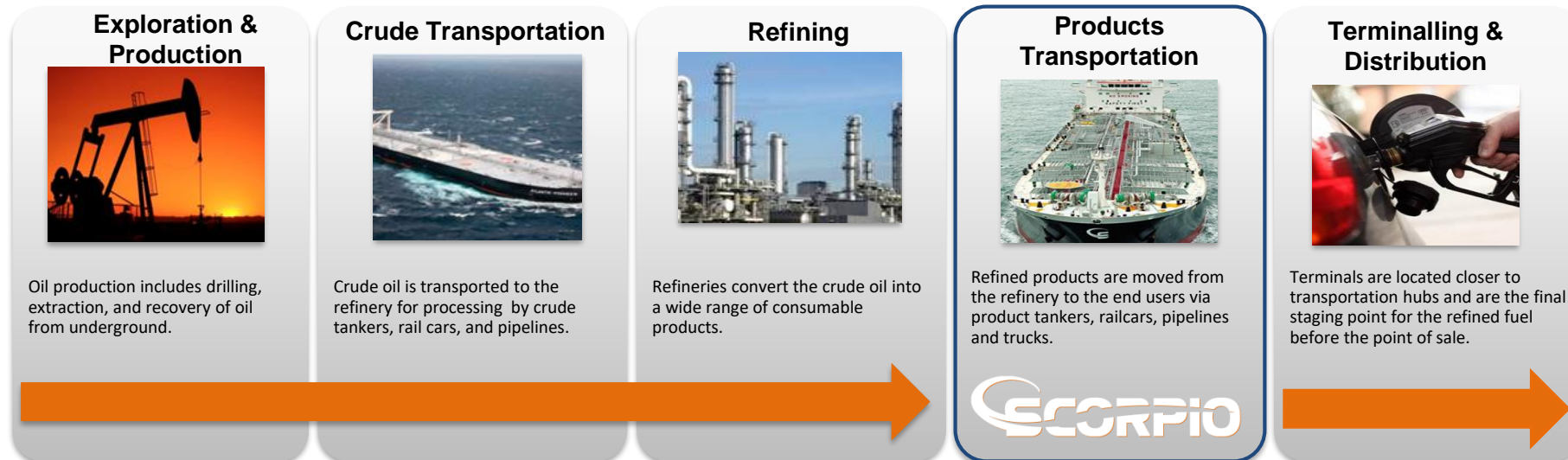




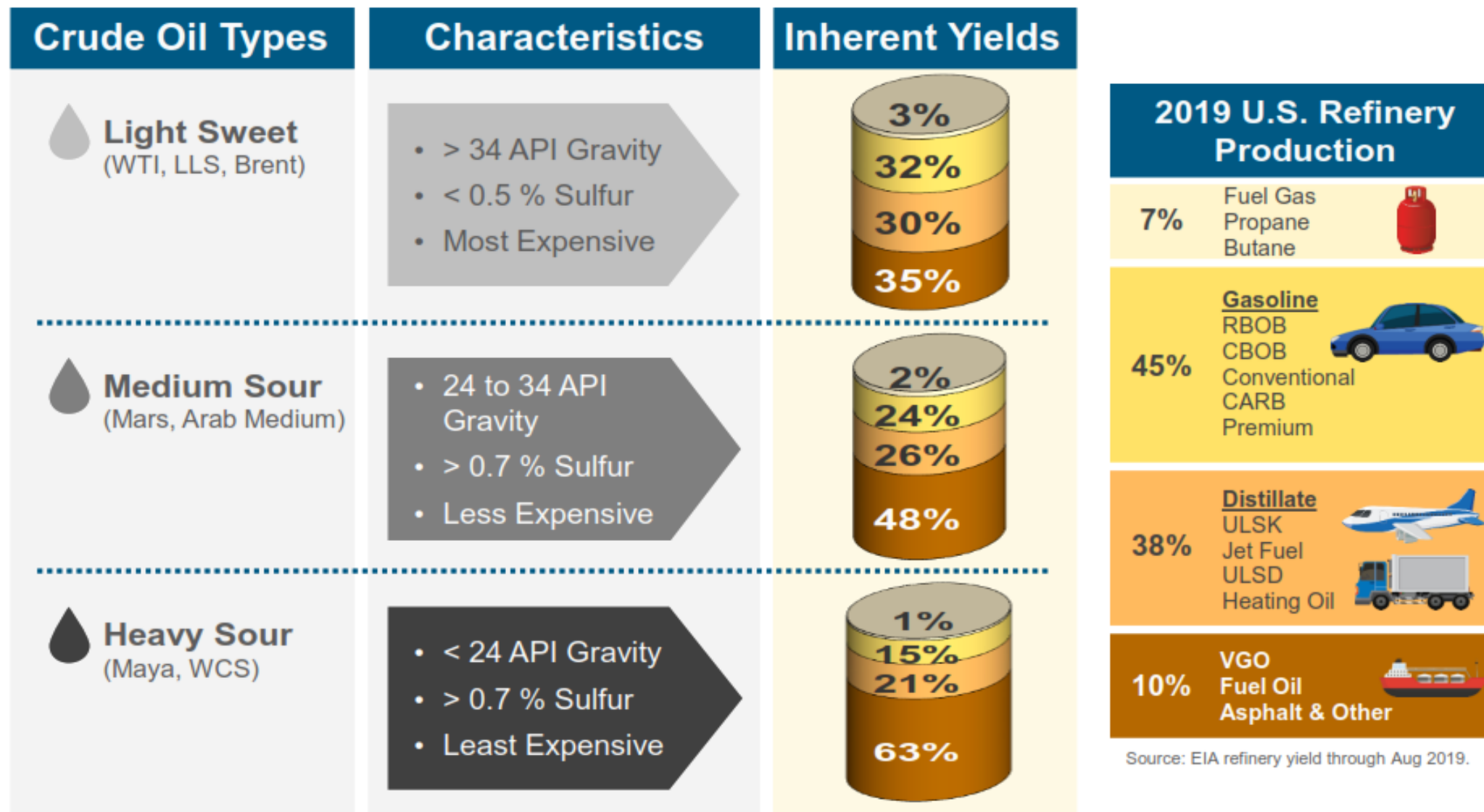
# Appendix

# Product Tankers in the Oil Supply Chain

- Crude Tankers provide the marine transportation of the crude oil to the refineries.
- Product Tankers provide the marine transportation of the refined products to areas of demand.
- Structural demand drivers in the product tanker industry:
  - US has emerged as a refined products powerhouse, becoming the worlds largest product exporter
  - Changes in refinery locations, expansion of refining capacity in Asia and Middle East as well as a reduction in OECD refining capacity (Europe & Australia).
  - Changes in consumption demand growth in Latin America, Africa, and non-China/Japan Asia and lack of corresponding growth in refining capacity
  - Balance of trade: needs of each particular region- gasoline/diesel trade between U.S./Europe is a prime example of this given significantly different diesel penetration rates for light vehicles
    - Europe imports surplus diesel from the United States, and exports surplus gasoline to the United States.



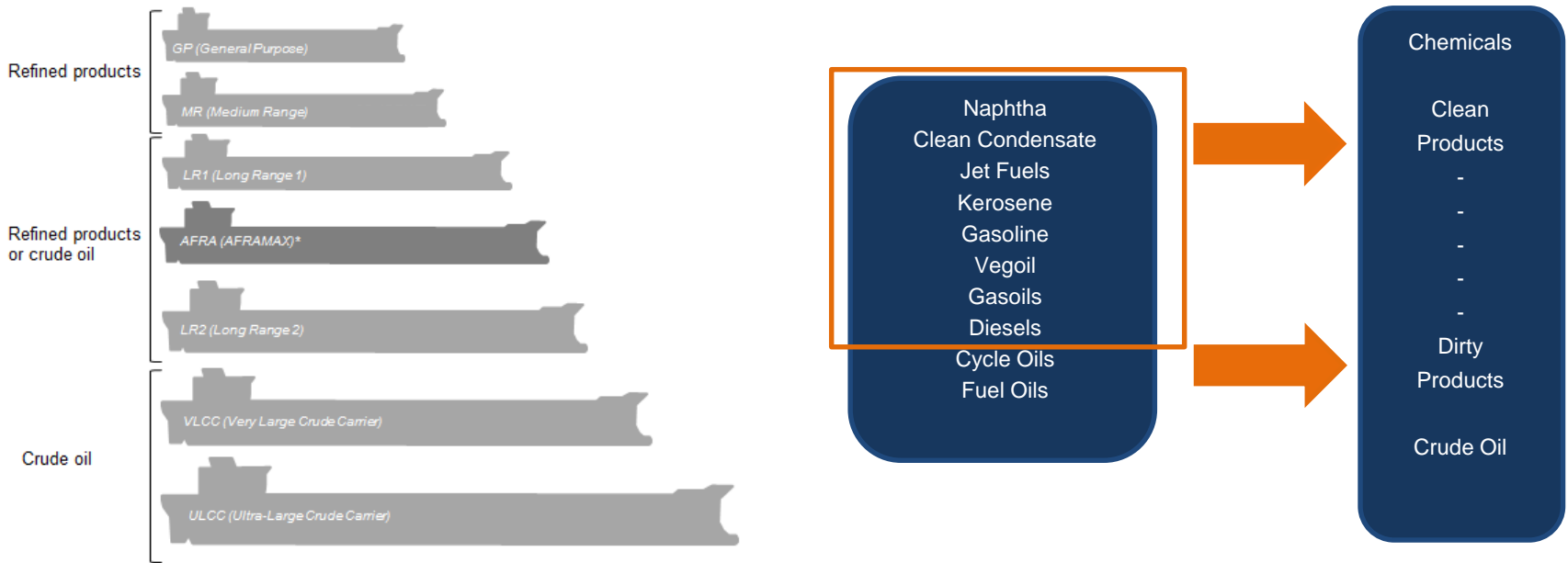
# What is in a Barrel of Crude Oil?



Source: EIA refinery yield through Aug 2019.

# Product & Crude Tankers

Tankers									
“Dirty”					“Clean”				
Crude					Products				
Vessel Size	VLCC (200,000 + DWT)	Suezmax (120,000 - 200,000 DWT)	Aframax (80,000 - 120,000 DWT)	Panamax (60,000 - 80,000 DWT)	Handysize (< 60,000 DWT)	LR2 (80,000-120,000 DWT)	LR1 (60,000-80,000 DWT)	Hmx/MR (25,000-60,000 DWT)	Handysize (<25,000 DWT)
Cargo Size	2,000,000 bbls	1,000,000 bbls	500,000-800,000 bbls	350,000-500,000 bbls	<=350,000 bbls	615,000-800,000 bbls	345,000-615,000 bbls	200,000-345,000 bbls	<=200,000 bbls





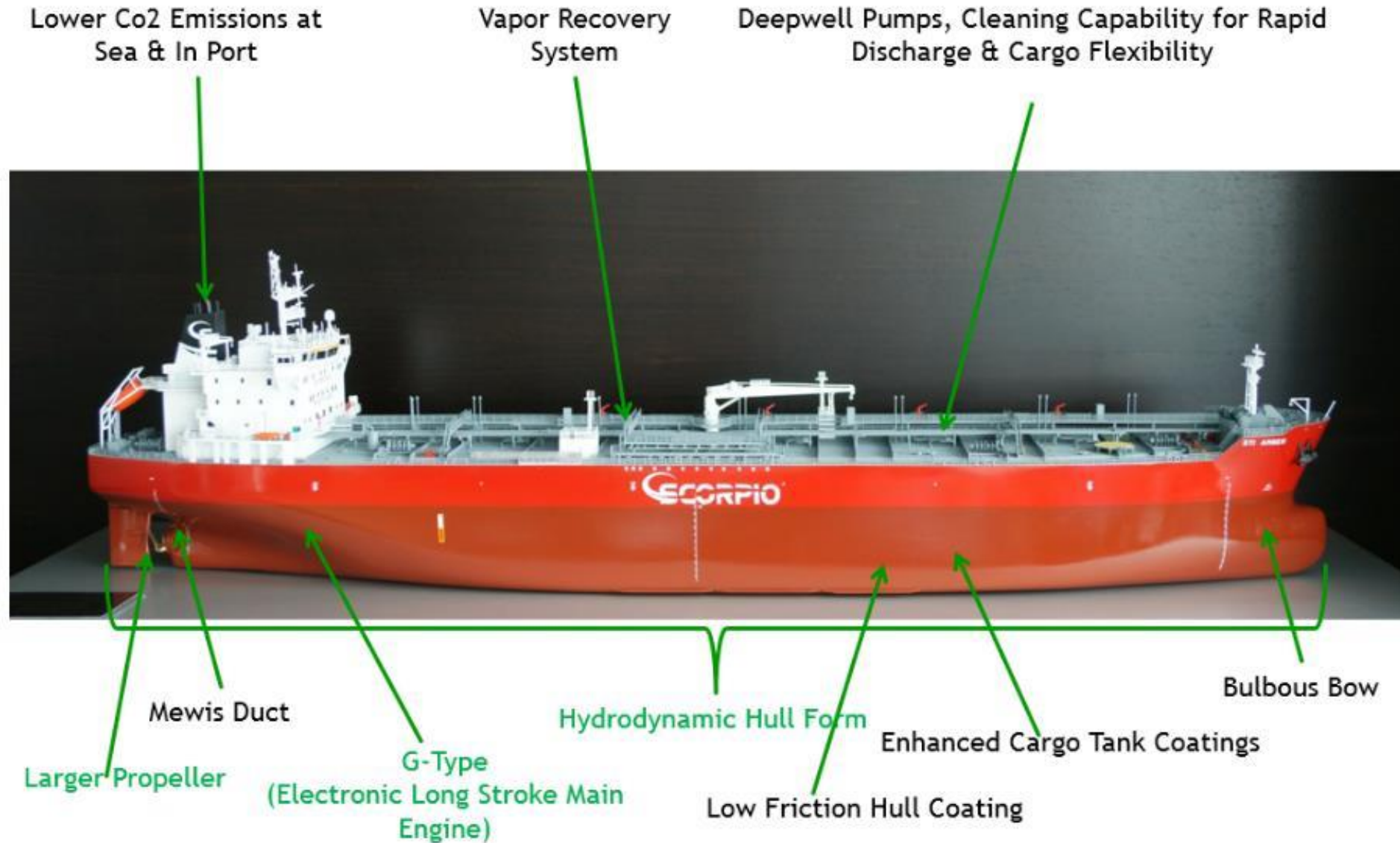
# Product Tanker Specifications

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IMO Classes I, II, & III		
IMO Class I	Chemical Tankers	IMO Class I refers to the transportation of the most hazardous, very acidic, chemicals. The tanks can be stainless steel, epoxy or marine-line coated.
IMO Class II	Chemical & Product Tankers	IMO Class II carries Veg & Palm Oils, Caustic Soda. These tanks tend to be coated with Epoxy or Stainless steel.
IMO Class III	Product Tankers	Typically carry refined either light, refined oil “clean” products or “dirty” heavy crude or refined oils.

- Product tankers have coated tanks, typically epoxy, making them easy to clean and preventing cargo contamination and hull corrosion.
- IMO II & III tankers have at least 6 segregations and 12 tanks, i.e. 2 tanks can have a common line for discharge.
- Oil majors and traders have strict requirements for the transportation of chemicals, FOSFA cargoes (vegetable oils and chemicals), and refined products.
- Tanks must be completely cleaned before a new product is loaded to prevent contamination.

# Design Features on Scorpio Product Tankers



# Scrubber Fuel Savings

Consumption figures below assume that:

- Scrubbers do not operate during any port activities
- Each voyage has a load and discharge port in an ECA, i.e. scrubber does not operate in ECA waters

Annual ECO Vessel Fuel Consumption (MT/year) <sup>(1)</sup>			
<i>Sailing (Ballast &amp; Laden)</i>	<b>MR</b>	<b>LR1</b>	<b>LR2</b>
Non ECA	4,641	5,072	6,019
<i>Waiting/Idle</i>			
Non ECA	153	272	347
<i>Less</i>			
Additional Consumption for Scrubber	-252	-257	-261
<b>Total Non ECA Consumption (MT)</b>	<b>4,542</b>	<b>5,087</b>	<b>6,105</b>
<b>MGO-HSFO Spread (\$/MT)</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>
<b>Annual Scrubber Savings</b>	<b>\$908,400</b>	<b>\$1,017,450</b>	<b>\$1,220,940</b>
<b>Scrubber TCE Savings (\$/day)</b>	<b>\$2,489</b>	<b>\$2,788</b>	<b>\$3,345</b>
<b>Every \$100 change in fuel spread equates to TCE savings of (\$/day)</b>	<b>\$1,244</b>	<b>\$1,394</b>	<b>\$1,673</b>



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