



# American Shipping Company ASA



Q1 2022 financial results and company update

19 May 2022

## 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.

# First quarter 2022 highlights

- Adjusted net profit of USD 4.9 million\*
- Normalized EBITDA\*\* of USD 21.7 million
  - DPO of USD 0.8 million
- Subsequent to Q1, AMSC has entered into an agreement to acquire the offshore construction vessel, Normand Maximus from a company controlled by its secured lenders
  - Transaction backed by a new long-term bareboat charter to a subsidiary of Solstad Offshore ASA
  - Delivery and bareboat commencement expected to be during Q4 2022
- Declared Q1 dividend of USD 0.12 per share, supported by free cash flow
  - Ex-dividend date of 25 May 2022
  - Payment on or about 10 June 2022
  - Classified as a return of paid in capital

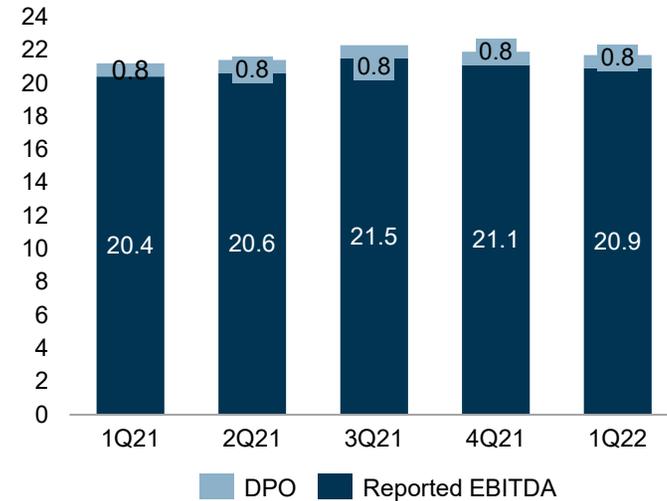
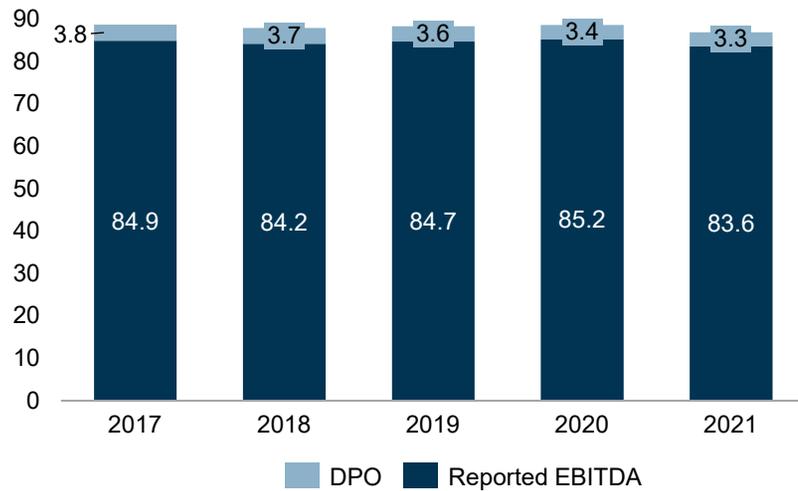


\* Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax

\*\* Includes DPO, reported EBITDA for 1Q22 is USD 20.9 million

# Stable, predictable EBITDA

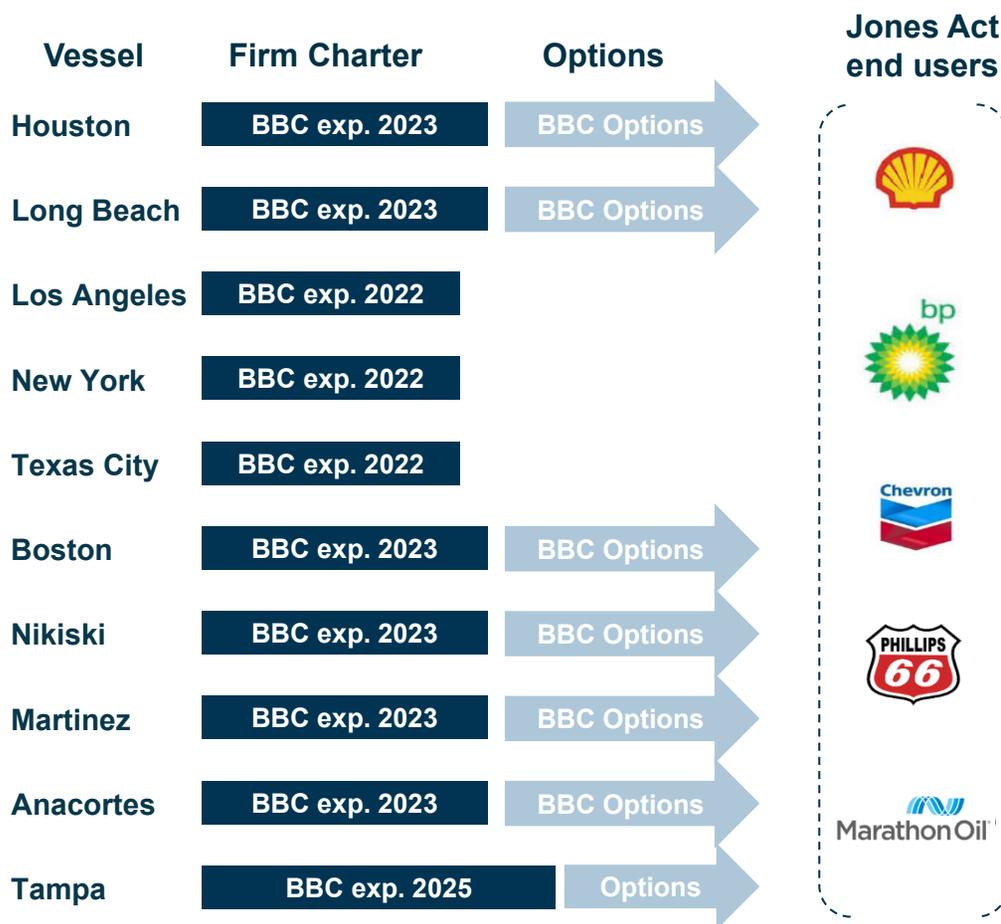
## Normalized EBITDA (USD millions)



- Normalized EBITDA of USD 21.7 million in 1Q22 (USD 21.3 million in 1Q21)

# Fleet deployment overview

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



- AMSC's fleet is on firm bareboat Charters to OSG
- OSG technically operates and commercially manages the vessels on time and voyage charters to oil majors for U.S. domestic trade
- AMSC receives fixed annual bareboat revenue of USD 88 million

# Bareboat charter update

- AMSC will take redelivery of three tankers in December 2022
- Presently engaged in multiple bareboat discussions with potential bareboat charterers
  - Strong interest from both incumbant operators and new entrants to the Jones Act tanker market
- Via operators and shipbrokers we also see increased interest for longer term time charters
- Confident to be able to bareboat charter vessels in advance of redelivery

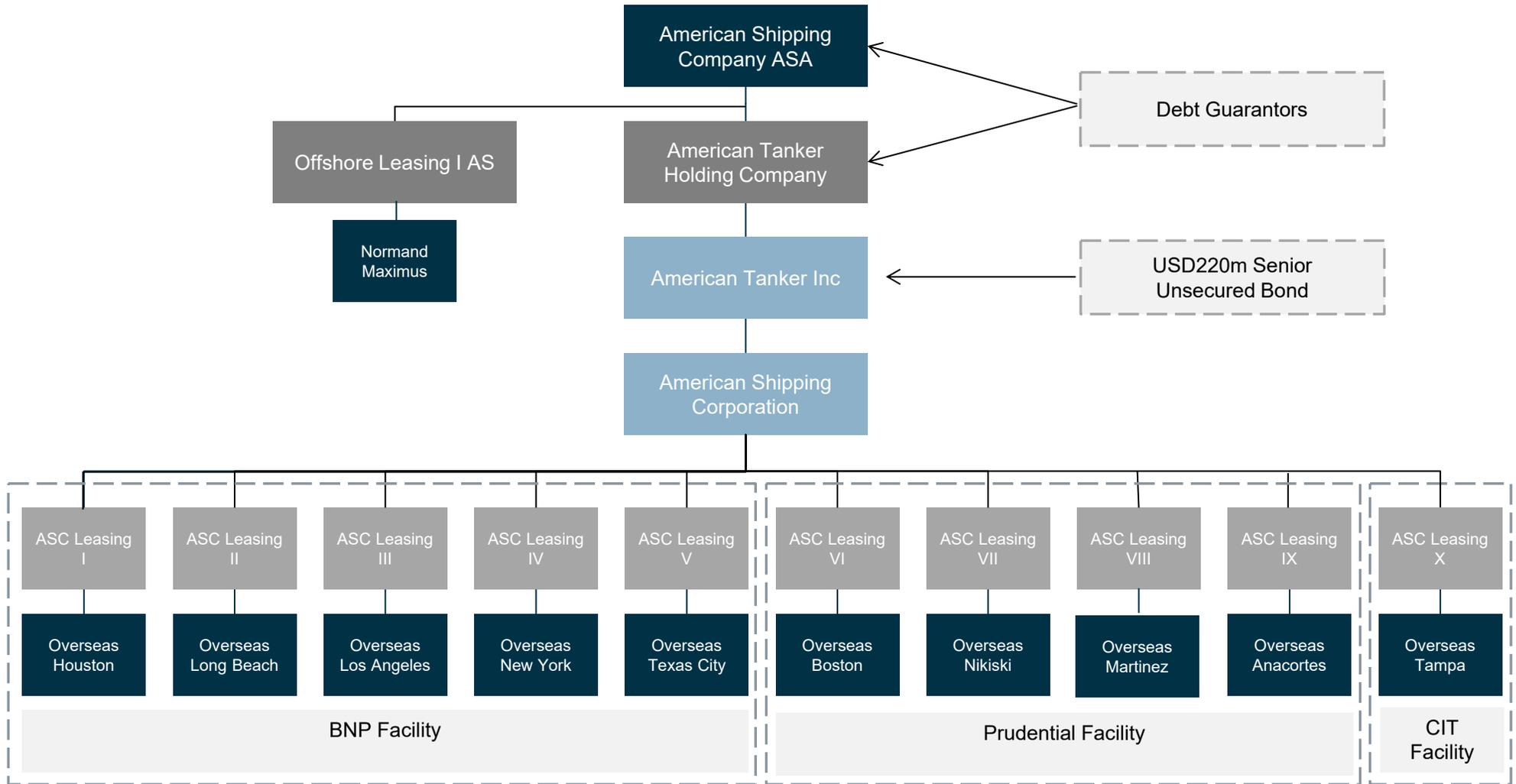


# Normand Maximus – a state of the art subsea vessel

- Subsequent to Q1, AMSC entered into an agreement to acquire the offshore Subsea / Construction Vessel, Normand Maximus, together with a new long-term bareboat charter
  - Vessel acquisition price for USD 157 million
  - Transaction backed by a new long-term bareboat charter to a subsidiary of Solstad Offshore ASA
  - Accretive transaction on all economic metrics with strong dividend yield
  - Delivery and Bareboat commencement expected to be during Q4 2022
- AMSC intends to source 70% debt and the remaining amount through a combination of cash on hand and new equity
  - Indicative debt financing terms is already in place
  - Strong support from key stakeholders to finance the Transaction

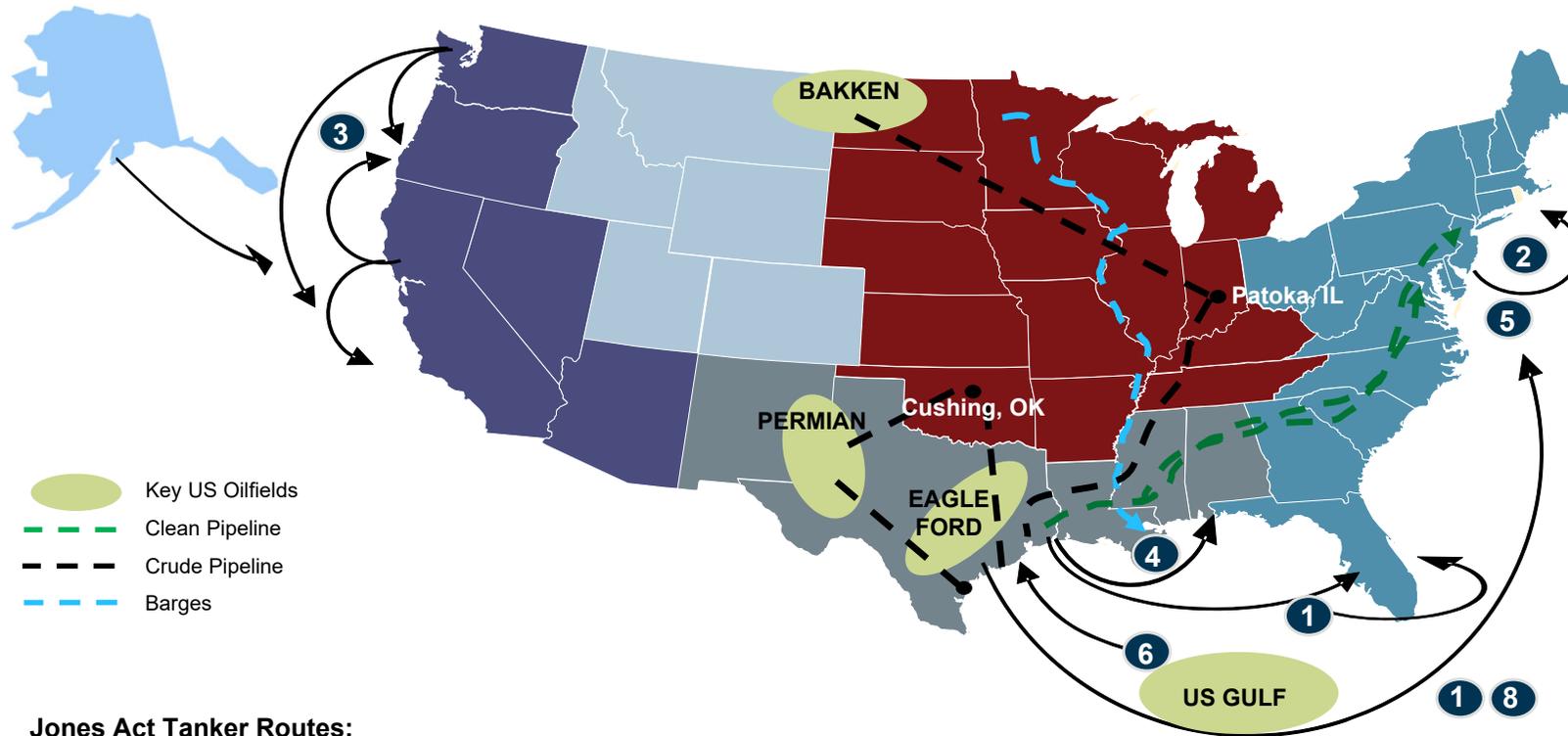


# Normand Maximus will be a owned by a Norwegian directly owned subsidiary of AMSC ASA



# A critical part of oil majors' transportation logistics

## Jones Act crude oil & products primary trade routes



# Clean products shipments to Florida fully recovered

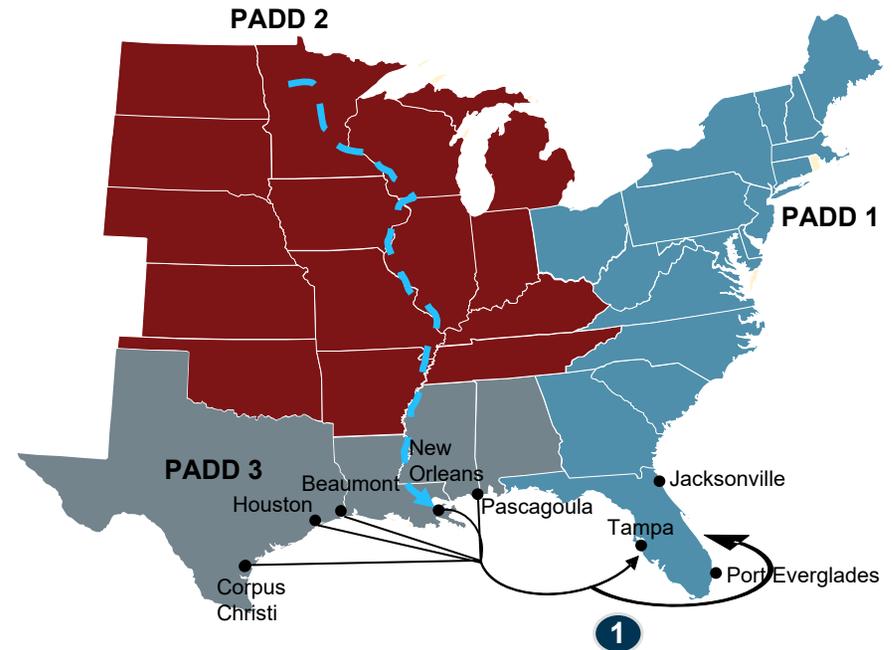
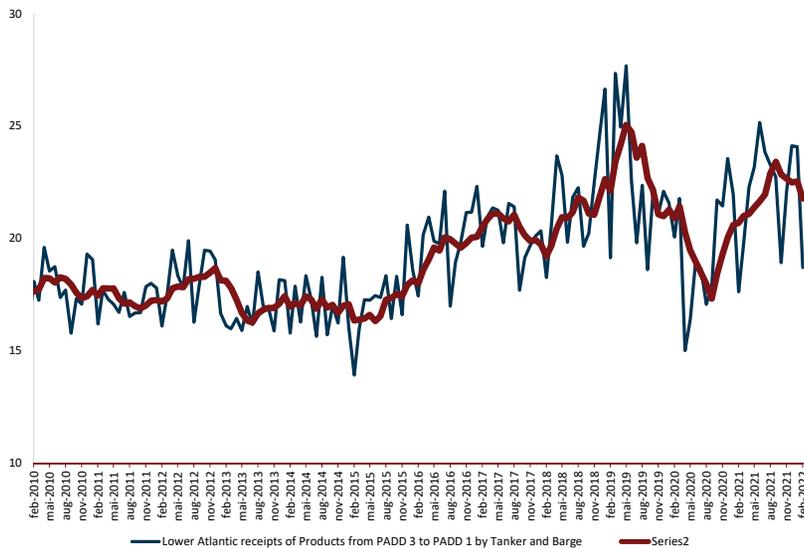
## Long-term trend of increasing marine transportation of clean products into Florida, reduced by COVID-19

- Increasing consumption of clean products in Florida is driving demand for Jones Act tanker shipments cross US Gulf
- Over the past 10 years this trade has grown with a CAGR of about 3.5%
- Impact from Covid-19 mitigating measures have significantly reduced shipments in 2020, but expected to gradually return to historical levels

## Gulf Coast to Florida Trade Lane

- As Florida has no pipeline connection nor any refineries, all clean products consumed are supplied by sea
- Florida is sourcing 90% of its clean products demand on a Jones Act tanker from US Gulf refineries
- Florida consumption is split 65-70% Gasoline, 15-20% Diesel and 10-15% Jet fuel

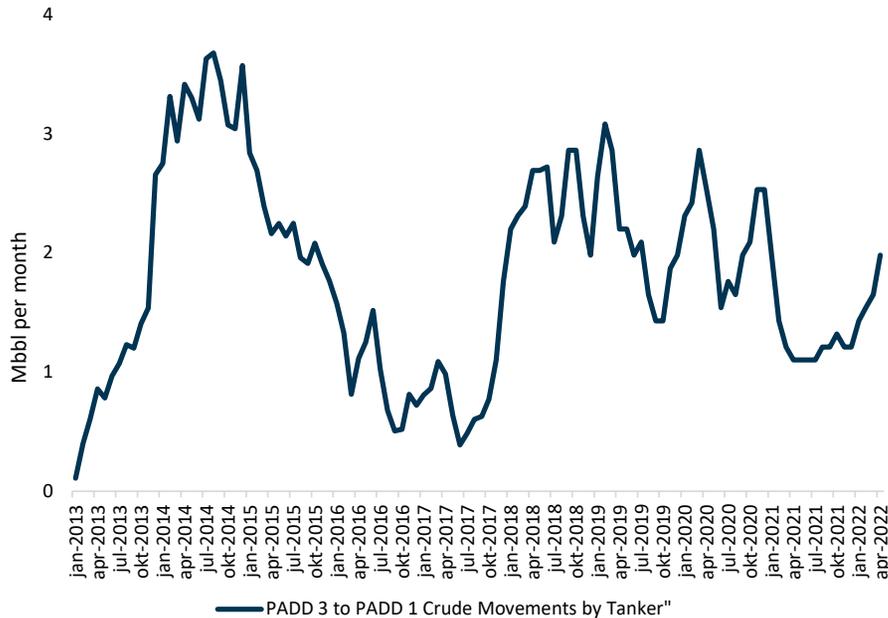
Mbbls per month



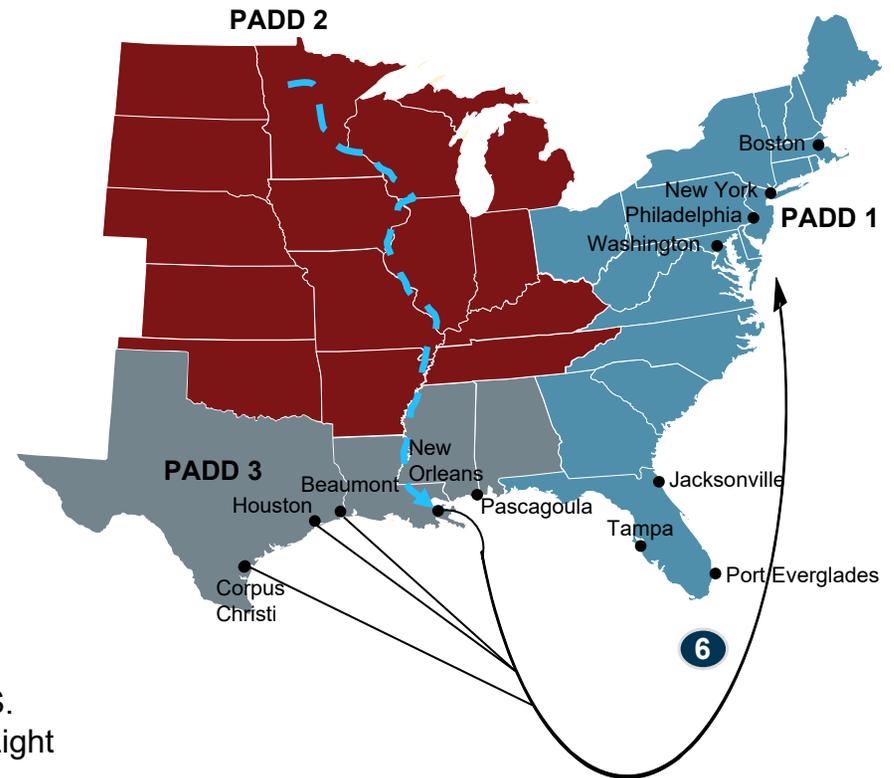
Sources: EIA, data through February 2022

# Domestic crude volumes to Northeast is reduced, but expected to grow with widening crude spreads

**PADD 3 to PADD 1 Crude Oil Moves by Tanker and Barge (3 month moving average)**



**Trade lane carrying Crude from Gulf Coast to U.S. Northeast**

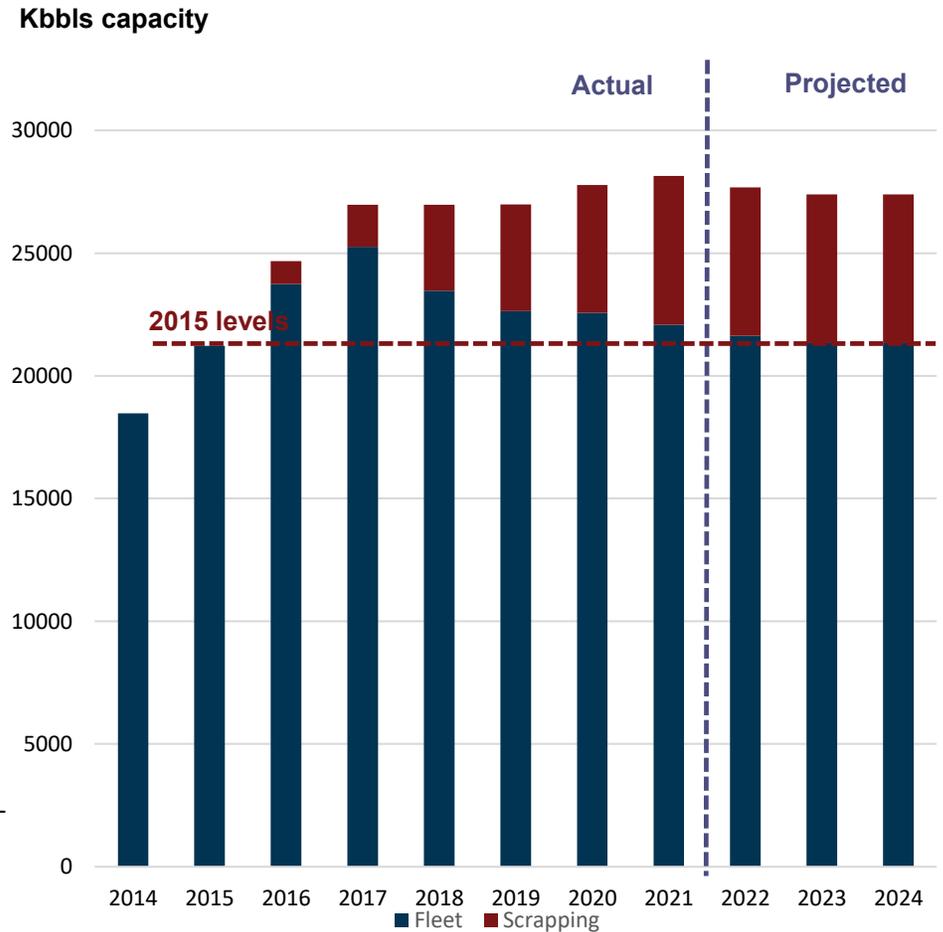
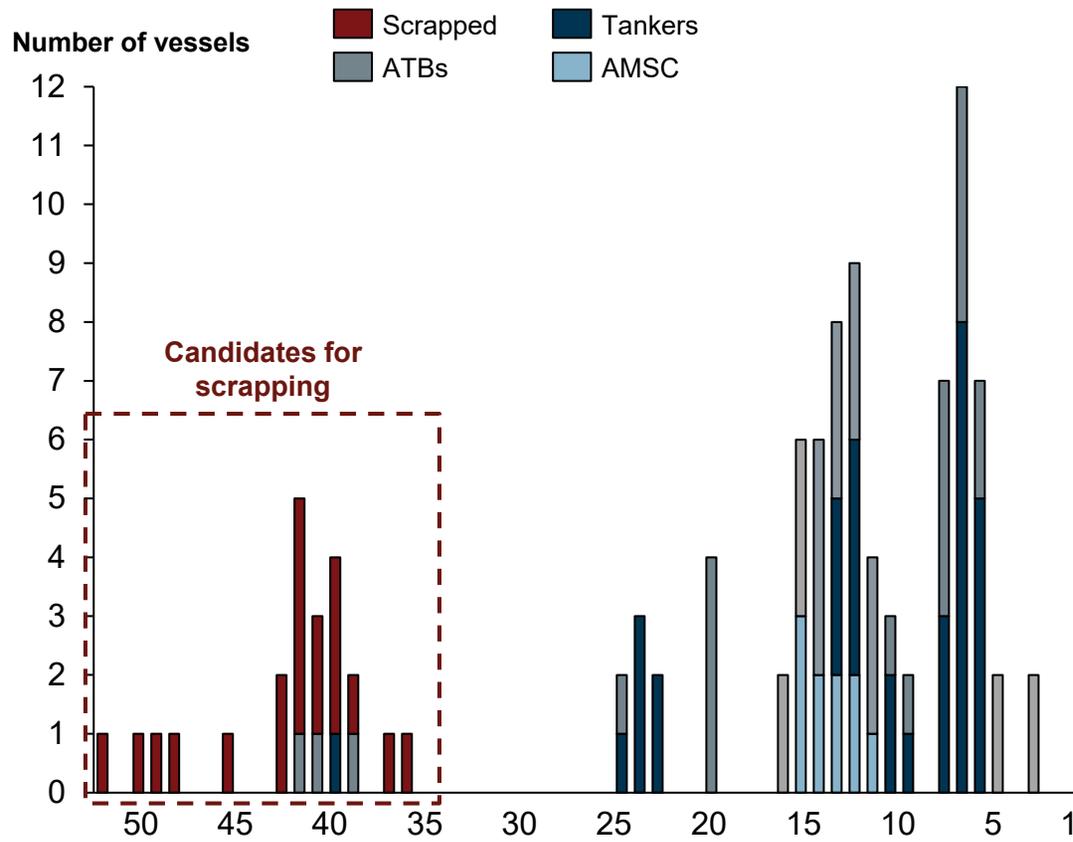


- Historically, volumes have been driven by spread in pricing of U.S. Crude oil vs. international alternatives such as Brent and Bonny Light

# Two older tankers recently scrapped leading to further fleet retraction

Fleet profile by vessel age

Considerable fleet growth in past years, but scrapping has already reduced active fleet back to 2015 levels



Source: AMSC analysis

# Income Statement (unaudited)



| Figures in USD million (except share and per share information) | 1Q2022      | 1Q2021      |
|---|-------------|-------------|
| Operating revenues  | 21.7        | 21.7        |
| Operating expenses  | (0.8)       | (1.3)       |
| <b>Operating profit before depreciation - EBITDA</b>            | <b>20.9</b> | <b>20.4</b> |
| Depreciation  | (8.5)       | (8.4)       |
| <b>Operating profit - EBIT</b>                                  | <b>12.4</b> | <b>12.0</b> |
| Net financial expense   | (7.5)       | (6.9)       |
| Unrealized gain/(loss) on interest swaps                        | 6.5         | (0.5)       |
| Net foreign exchange gain / (loss)                              | 0.1         | 0.1         |
| <b>Profit/(loss) before income tax</b>                          | <b>11.5</b> | <b>4.7</b>  |
| Income tax expense  | (0.1)       | 0.3         |
| Non-cash income tax benefit/(expense)                           | (2.6)       | (1.1)       |
| <b>Net profit / (loss) for the period *</b>                     | <b>8.8</b>  | <b>3.9</b>  |
| Average number of common shares                                 | 60,616,505  | 60,616,505  |
| <b>Earnings/(loss) per share (USD)</b>                          | <b>0.15</b> | <b>0.06</b> |

\*Applicable to common stockholders of the parent company

# Balance Sheet (unaudited)

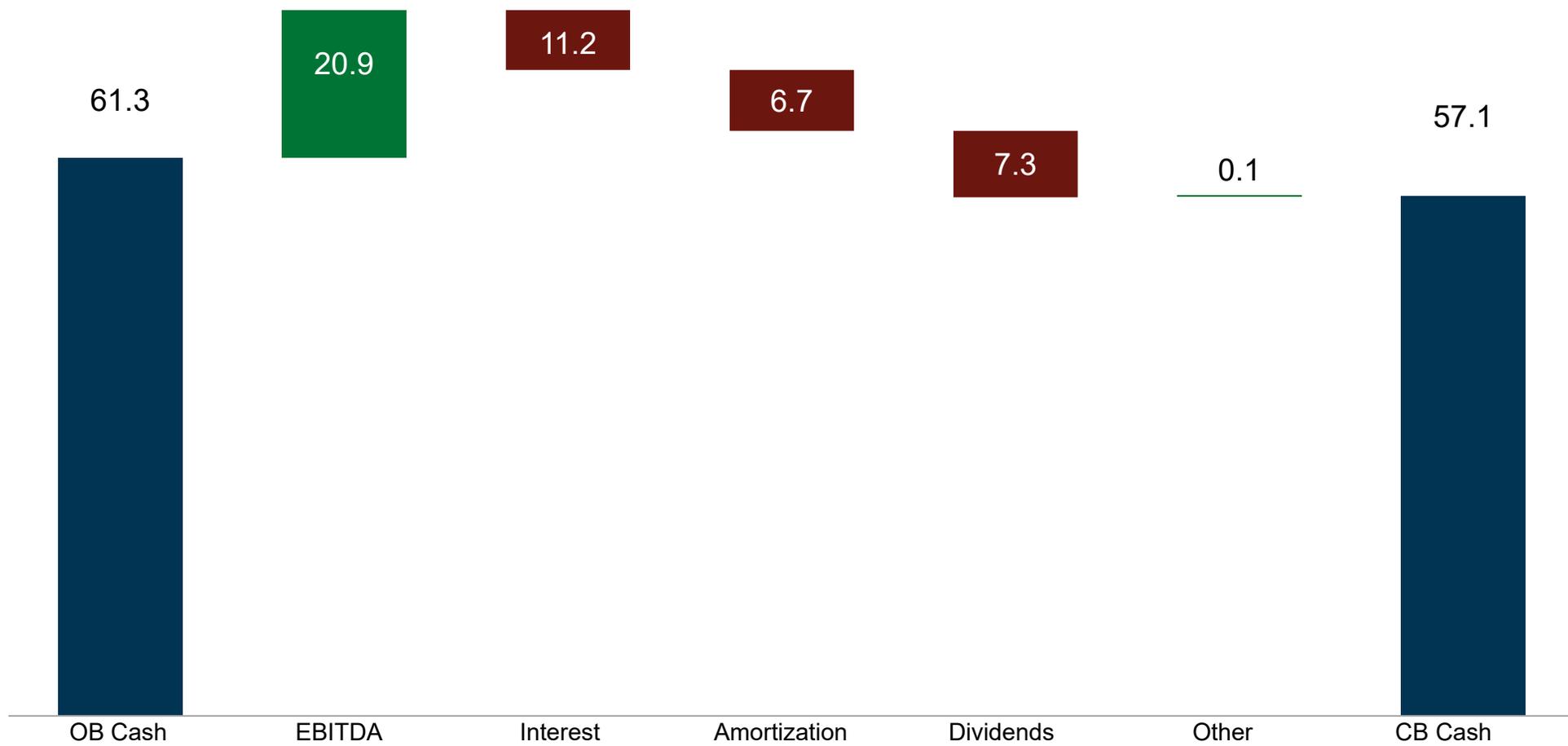


| Figures in USD millions                      | 31.03.2022   | 31.03.2021   |
|--|--------------|--------------|
| Vessels                                      | 606.6        | 641.2        |
| Deferred tax assets                          | 10.7         | 14.3         |
| Interest-bearing long-term receivables (DPO) | 7.3          | 20.9         |
| Derivative financial assets                  | 10.1         | -            |
| Trade and other receivables                  | 14.5         | 2.8          |
| Cash held for specified uses                 | 6.3          | 5.7          |
| Cash and cash equivalents                    | 50.8         | 32.7         |
| <b>TOTAL ASSETS</b>                          | <b>706.3</b> | <b>717.6</b> |
|  |              |              |
| Total equity                                 | 150.8        | 159.1        |
| Deferred tax liabilities                     | 18.0         | 9.8          |
| Interest-bearing long-term debt              | 512.0        | 518.8        |
| Derivative financial liabilities             | -            | 1.7          |
| Capitalized Fees                             | (6.3)        | (8.2)        |
| Interest-bearing short-term debt             | 26.8         | 26.8         |
| Trade and other payables                     | 5.0          | 9.5          |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>703.3</b> | <b>717.6</b> |

# Cash position decreased during the quarter



CASH DEVELOPMENT IN 1Q 22 (USD millions)



# Summary – long term stable business model

## BAREBOAT CONTRACTS PROVIDE STABLE CASH FLOW

- Bareboat contracts provide strong and stable cash flows
- Multiple ongoing discussions for rechartering of the three tankers for redelivery
- Additional diversified cash flows from the Normand Maximus

## BALANCED JONES ACT TANKER MARKET WITH POSITIVE OUTLOOK

- Increased activity on key Jones Act tanker trades
- Reduced fleet capacity through scrapping and no yard availability
- Jones Act tanker market expected to strengthen going forward

## RECOVERING OFFSHORE SERVICE MARKET

- Increased field development activity commissioned for 2023 onwards
- Normand Maximus ideally positioned to benefit from increased market activity
- Alternative use of the vessel in the offshore wind market

## STRONG AND IMPROVING FINANCIAL PERFORMANCE

- Modest loan to asset values and healthy credit metrics
- Contracted cash flow providing solid debt service coverage
- Significant free cash flow generation

