

# Ardmore Shipping Corporation

Capital Link Webinar: March 10, 2022 Investor Presentation

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- I. Overview
- II. The Company
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# Ukraine – Russia Conflict

- What we know:
  - o An unprecedented event in Europe since World War II
  - o A watershed event with profound implications globally
  - o An unbearable and deteriorating humanitarian crisis
- What we don't know:
  - o The full extent of the humanitarian crisis and its implications
  - o The potential for further escalation and impact on geopolitical order
  - o Implications for the global economy, energy prices, energy distribution and availability
- What Ardmore is doing:
  - o Everything we can for our Ukrainian and Russian seafarers (but only 2% of staff)
  - o Doing what we can more broadly for seafarers and civilians from our main office in Ireland
  - o Avoiding Russian cargoes and service providers from both a moral and practical standpoint
  - o Operating with the global market mechanism for product and chemical tankers

=> Given the rapidly evolving situation, this written presentation may be "out of sync" with the realities at the time of reading; we will discuss the up-to-date impact of these events during the presentation



### Overview

MR Outlook has Changed Fundamentally	<ul> <li>Ukraine / Russia conflict has significantly disrupted crude and refined product distribution</li> <li>Already having a significant impact on product tanker charter rates</li> <li>TCE rising in spite of higher bunker prices</li> </ul>
Stock is at an Attractive Price	<ul> <li>Ardmore shares (NYSE: ASC) are trading at ~35% discount to NAV excluding investment in Element 1 ("E1")</li> <li>ASC typically trades at NAV at mid-cycle charter rates; consensus anticipating recovery in 2H22</li> <li>Recent investment in e1 marine and E1 to support SOTP<sup>(1)</sup> value throughout 2022 and beyond</li> </ul>
Financially Strong	<ul> <li>Strong balance sheet and liquidity position</li> <li>Leverage of ~49% on December 31, 2021</li> <li>Low cash breakeven</li> </ul>
Focused Strategy	<ul> <li>Focused on MR product and chemical tankers since inception</li> <li>Financial discipline with a performance driven strategy focused on ROIC</li> <li>Tactical and strategic focus on energy transition, a carbon neutral future and ESG</li> </ul>
Best-in-Class Corporate Governance	<ul> <li>Corporate Governance ranked #1 product tanker company</li> <li>100% free float</li> </ul>
Energy Transition Leadership	<ul> <li>Unrelenting focus on energy efficiency and transition: ongoing technology innovation and operational initiatives have reduced fuel consumption by 10% and carbon emissions by 155,000 tonnes<sup>2)</sup> since 2015</li> <li>Chemicals are the highest quality growth sector in liquid bulk shipping; 25% of ASC cargos are non-CPP</li> <li>All Ardmore vessels compliant with anticipated EEXI regulations and are trending below emissions target<sup>3)</sup></li> </ul>

1. SOTP = Sum Of The Parts

Based on fuel savings of approx. 2 tonnes per ship per day attributable to technical upgradings and operational improvements. Assumes 200 sailing days per year
 Eco-Design vessels average 6% below EEXI targets and preliminary calculations indicate that the Eco-Mod ships are also approx. 6% below EEXI targets at the normal continuous rating ("NCR")

# Recent Activity: Shipping and Oil Market

#### Commentary

- Ukraine / Russia conflict has resulted in the biggest humanitarian crisis in decades, largest in Europe since WW2
- Ukrainian seafarers employed on our ships have families at home in unsafe circumstances; our team are working on ways to assist and ensure their safety
- As a consequence of the Ukraine / Russia conflict, product tanker rates are now increasing with MR rates doubling in the past week
- Main drivers are currently:
  - Oil market and normal trade patterns have been scrambled
  - Russian exports of crude and refined oil to Europe have been significantly reduced; already being replaced with seaborne volumes from US and AG
  - Oil price has reached the highest level in 14 years; significant volatility and market uncertainty<sup>(1)</sup>
  - Low refined product inventory levels globally is exacerbating the supply problem
  - Most recently refinery margins have reached highest level in over 20 years<sup>(1)</sup> and trading arbitrage windows have similarly widened



Bunker Prices Increasing with Oil Price





<sup>1.</sup> Bloomberg: average of WTI and Brent refinery margins from 2001 to 2022

<sup>2.</sup> Source: Howe Robinson Partners - Eco Design MR Day Rates

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### Company



1. Comprises 25 owned ships plus two time chartered-in MRs. See slide 10 for fleet list



# Track Record of Timely Growth, Patience and Discipline

#### **Capital Markets and Transactions**

- IPO in 2013 priced at premium to NAV with eight ships on the water, bringing fleet to 20 ships
- Follow-on equity offering in Feb 2014 at premium to NAV (6 x oversubscribed) to acquire 4 x additional ships
- Acquisition of 6 x Eco-Design MRs in 2016 with primary offering, accretive to earnings and NAV and setting a record low price for MRs
- Facilitated an efficient and orderly exit for private equity sponsor through two secondary offerings in 2015 and 2017
- Transitioned to fully independent company with no private equity overhang and highquality institutional shareholder base
- Swapped out majority of floating rate debt in May 2020 for three years, locking in funding cost of 0.32% and resulting in all-in bank debt cost of 2.8%<sup>(1)</sup>
- Share price trades favorably in spite of scale as a result of company performance, best-inclass corporate governance, diversified shareholder base, and NYSE listing

#### Strong Operating Performance

- Completed commercial operations in-sourcing in 2017, creating a fully integrated, scalable and high-performing commercial platform
- Entered a joint venture with an industry leading ship manager in 2017 to create highquality in-house technical management
- Operating performance now on par with largest companies across TCE, operating expense, overhead and finance costs
- Sold six older tankers during 2017–2019 and acquired attractively priced replacements<sup>(2)</sup>; focus in capital allocation effectiveness rather than growth for growth's sake
- Navigated challenging charter market conditions from 2016 to 2019 by remaining nimble and taking early action, while keeping market upside intact
- Completed sale-leasebacks on nine vessels in 2018 on attractive pricing and terms (average spread over LIBOR 3.5%) to build cash buffer and protect equity value

#### **Ardmore Milestones**

2021: Strategic investment and JV with Element 1 Corp. and Maritime Partners

2020: initiated Capital Allocation Policy; strong profitability in 2Q20; acquired 1 x MR at market low

2019: Sale of 3 x older 15year-old MRs at attractive prices

2018: Sale and Leaseback of 9 x vessels to build cash and protect equity value

2017: Private Equity sponsor completes exit

2016: \$70mln follow-on offering to acquire 6 x MR at record low price

2015: Private Equity sponsor completes partial exit

2014: \$108mln follow-on offering at premium to NAV and acquired 4 x MRs

2013: \$140mln IPO on NYSE at premium to NAV; newbuilding orders takes fleet to 20 ships

2010 – 2012: Commenced with 1 x MR with Private Equity sponsor and grew to 8 x vessels on water

<sup>1.</sup> Includes all bank debt i.e. vessel financing, revolving credit facilities and working capital lines. Post completion of the interest rate swaps, the remaining floating rate debt totals approx. \$55 million which is based on 1M LIBOR

<sup>2.</sup> To date we have acquired one vessel in January 2018 and one in August 2020

### Fleet Profile

High Quelity Vessels	Vessel Name	Туре	Dwt Tonnes	IMO	Built	Country	Flag	Specification
High Quality vessels	Ardmore Seavaliant	Product/Chemical	49,998	2/3	Feb-13	Korea	MI	Eco-Design
Modorn highly fuel-officient fleet	Ardmore Seaventure	Product/Chemical	49,998	2/3	Jun-13	Korea	MI	Eco-Design
of MBa is well about of the	Ardmore Seavantage	Product/Chemical	49,997	2/3	Jan-14	Korea	MI	Eco-Design
targets set by industry for carbon	Ardmore Seavanguard	Product/Chemical	49,998	2/3	Feb-14	Korea	MI	Eco-Design
reduction and chin officiency	Ardmore Sealion	Product/Chemical	49,999	2/3	May-15	Korea	MI	Eco-Design
reduction and ship enciency	Ardmore Seafox	Product/Chemical	49,999	2/3	Jun-15	Korea	MI	Eco-Design
	Ardmore Seawolf	Product/Chemical	49,999	2/3	Aug-15	Korea	MI	Eco-Design
Average age of owned fleet 8.5	Ardmore Seahawk	Product/Chemical	49,999	2/3	Nov-15	Korea	MI	Eco-Design
vears <sup>(1)</sup>	Ardmore Endeavour	Product/Chemical	49,997	2/3	Jul-13	Korea	MI	Eco-Design
,	Ardmore Enterprise	Product/Chemical	49,453	2/3	Sep-13	Korea	MI	Eco-Design
	Ardmore Endurance	Product/Chemical	49,466	2/3	Dec-13	Korea	MI	Eco-Design
Built at high-quality yards in	Ardmore Explorer	Product/Chemical	49,494	2/3	Jan-14	Korea	MI	Eco-Design
Korea and Japan	Ardmore Encounter	Product/Chemical	49,478	2/3	Jan-14	Korea	MI	Eco-Design
	Ardmore Exporter	Product/Chemical	49,466	2/3	Feb-14	Korea	MI	Eco-Design
Quality fleet = lower operating	Ardmore Engineer	Product/Chemical	49,420	2/3	Mar-14	Korea	MI	Eco-Design
cost higher utilization and	Ardmore Sealancer	Product	47,451	—	Jun-08	Japan	MI	Eco-Mod
maximum value appreciation	Ardmore Sealeader	Product	47,463	—	Aug-08	Japan	MI	Eco-Mod
maximum value approviation	Ardmore Sealifter	Product	47,472	—	Jul-08	Japan	MI	Eco-Mod
	Ardmore Seafarer	Product	49,999	—	Jun-10	Japan	SG	Eco-Mod
Complementary fleet	Ardmore Dauntless	Product/Chemical	37,764	2	Feb-15	Korea	MI	Eco-Design
	Ardmore Defender	Product/Chemical	37,791	2	Feb-15	Korea	MI	Eco-Design
Increased scale improves	Ardmore Cherokee	Product/Chemical	25,215	2	Jan-15	Japan	MI	Eco-Design
commercial flexibility	Ardmore Cheyenne	Product/Chemical	25,217	2	Mar-15	Japan	MI	Eco-Design
	Ardmore Chinook	Product/Chemical	25,217	2	Jul-15	Japan	MI	Eco-Design
	Ardmore Chippewa	Product/Chemical	25,217	2	Nov-15	Japan	MI	Eco-Design
Continuing to invest in the fleet	Total Owned Vessels	25	1,115,567		8.5(1)			
to optimize operating	T Matterhorn <sup>(2)</sup>	Product	47,981	_	Dec-10	Japan	PA	Eco-Mod
performance	Di Matteo <sup>(3)</sup>	Product	45,000	_	Oct-09	Japan	SG	Eco-Mod
	MT Admiral <sup>(4)</sup>	Product/Chemical	23,998	_	Dec-03	Croatia	GI	Eco-Mod
	MT Apollo <sup>(4)</sup>	Product/Chemical	24,028	_	Mar-03	Croatia	GI	Eco-Mod
	MT Aurelia <sup>(4)</sup>	Product/Chemical	24,017	_	Feb-06	Croatia	GI	Eco-Mod
	MT Avalon <sup>(4)</sup>	Product/Chemical	24,035	_	Dec-05	Croatia	GI	Eco-Mod
	Total	31	1,306,272					

1. Average age as at March 8, 2022

2. Chartered in a 2010-built MR for one year plus a one-year extension, delivered in September 2020

3. Chartered in a 2009-built MR with current expected redelivery in 3Q22

4. Commercially managed Carl Büttner 24,000 dwt chemical tankers

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### Focus on Progress & Performance Intertwined

#### Environmental 8% Reduction in CO2 Emissions 4,606 MT CO. **Emissions Saved Through** Weather Routing Lero **MARPOL Pollution Incidents** With Regulations of IMO 2020 Low Sulphur Fuel Regulations and All Applicable International Regulations 8 0



1. TRCF = Total Recordable Case Frequency: A 12-month rolling average total recordable case frequency per 1 million man-hours. Man-hours are based on a 12-hour working day or actual hours worked if recorded

# Increasing Pressure on Shipping to Reduce Emissions

- Global pressure on all sectors to tackle GHG emissions; shipping is responsible for approx. 3% (~1 billion tons) of global carbon emissions
- In 2018 the IMO targeted a 40% reduction in carbon emissions by 2030 with the aim of getting to zero by 2050 (minimum target of 70% by 2050).
- Near-term IMO Requirements:
  - Energy Efficiency Existing Ships Index ("EEXI")
  - o Carbon Intensity Indicator ("CII")
- Other operating and financial initiatives are increasing the pressure:
  - EU Emissions Trading Scheme ("EU ETS")
  - Sea Cargo Charter
  - Poseidon Principles
  - EU Taxonomy



#### **Current IMO Timelines**



#### Shipping CO<sub>2</sub> Emissions as % of Global CO<sub>2</sub> Emissions

# ASC's Modern Fleet Already Ahead of Industry Targets



- 1. EEXI = Energy Efficiency Existing Ship Index. This will indicate the energy efficiency of a ship which will be determined as percentage reduction factor on a vessel specific Phase 0 EEDI (Energy Efficiency Design Index). An EEDI value is available for all new ships and so the requirement is for older ships to get a rating, which will then be compared to the EEDI established baseline. The proposed EEXI target for all existing ships is a 20% reduction compared to a vessel's calculated baseline Phase 0 EEDI value
- Annual Efficiency Ratio ("AER") is a measure of carbon efficiency using the parameters of fuel consumption, distance travelled, and design deadweight tonnage ("DWT"). AER is reported in unit
  grams of CO<sub>2</sub> per ton-mile (gCO<sub>2</sub>/dwt-nm). It is calculated by dividing (i) mass of fuel consumed by type converted to metric tons of CO<sub>2</sub> by (ii) DWT multiplied by distance travelled in nautical
  miles



3. Poseidon Principles ensure that ship finance portfolios of financiers are aligned with the targets set out in the IMO's Initial Green House Gas ("GHG") Strategy introduced in April 2018

4. Technologies adopted by or being considered by Ardmore Shipping

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# Ardmore Energy Transition Plan

	<ul> <li>Work with technical and commercial partners to develop solutions addressing the energy transition: onboard energy efficiency and future fuels (zero carbon or carbon-neutral)</li> </ul>
Energy Transition Technologies	<ul> <li>Retrofits and newbuilding features to improve hydrodynamic efficiency, electrical load reduction and substitute power sources, main engine and power transmission efficiency, operational efficiency improvements</li> </ul>
	<ul> <li>Dual-fuel engine technologies, generator substitutes, fuel cell and ancillary technology applications</li> </ul>
	<ul> <li>Assist customers in addressing their own energy transition priorities by partnering in the research and development, construction, financing, and operating of vessels for long-term time charter</li> </ul>
Energy Transition Projects	<ul> <li>Application of devices and systems developed under Energy Transition Technologies to newbuildings. Newbuilding construction supervision and other advisory services</li> </ul>
	<ul> <li>Arranging green financing and subsidies available to capitalize Transition Projects</li> </ul>
	<ul> <li>Ardmore has a long history operating chemical tankers and cross-trading MRs into chemical tanker trades</li> </ul>
Sustainable (non-fossil fuel) Cargoes	<ul> <li>Presently 25% of our cargoes are "non-fossil fuel" i.e., other than gasoline, diesel, jet, and fuel oil which will decline</li> </ul>
	<ul> <li>These cargoes include organic and inorganic chemicals, vegetable oils, and bio-fuels which we believe are "sustainable" in the sense that demand will grow through the energy transition, and they will themselves be sustainably produced</li> </ul>
e1 Marine LLC	<ul> <li>In March 2021, announced formation of e1 Marine LLC, a joint venture with Element 1 Corp. and Maritime Partners to deliver on-board hydrogen generation systems for fuel cell power systems for the marine sector. The transaction closed in June 2021</li> </ul>

# ETP Investment: Element 1 and E1 Marine

- Completed first ETP transaction with Element 1 Corp. ("E1") in June 2021
  - Purchased a 10% equity stake in E1 for \$10mln (<u>https://www.e1na.com/</u>)
  - Formation of e1 Marine, a joint venture among Ardmore, Element 1 Corp. and Maritime Partners, LLC ("MP") (<u>https://www.e1marine.com/</u>)
  - e1 Marine has a worldwide mandate for the marketing, development, licensing and sale of E1's unique hydrogen generation technology for application to the marine sector
- Technology is unique and proven:
  - Unique patented technology involves methanol-to-hydrogen reforming and purification to ISO grade (required for low temperature PEM fuel cells) on a commercial scale
  - Cost effective: consumes approx. 35% less energy than diesel-generators<sup>(3)</sup>
  - Carbon reduction: approx. 30-50% less CO<sub>2</sub> than a diesel generator<sup>(3)(4)</sup>
  - Low maintenance costs: simple design, high reliability and very few "moving parts"
  - Future proof: can switch to renewable methanol and system can be potentially configured for efficient carbon capture also
- Significant progress on commercial and product development:
  - Completed first sale a hydrogen generator to a leading global marine engine manufacturer on a pilot project basis in December 2021
  - Element 1 Corp. entering into a joint research agreement with Aramco Americas to apply carbon capture system to E1's hydrogen generator, could result in the world's only functioning carbon negative (green methanol) power system for the marine industry

#### "M Series" Hydrogen Generator



ONE UNIT SOLD TO LEADING MARINE ENGINE MANUFACTURER (CONFIDENTIAL) (Delivering March 2022)

Joint research agreement with Aramco Americas to apply carbon capture system to E1's hydrogen generator





The World's first Methanol-to-Hydrogen towboat; ordered in December 2021 and expected to deliver in mid-2023



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<sup>1.</sup> Ardmore has also taken a seat on the E1 board as part of this deal

<sup>2.</sup> Dividend rate is subject to potential increases upon the occurrence of customary events

<sup>3.</sup> Estimate based on Ardmore and E1 internal analysis of a 500kw system compared to diesel generator

<sup>4.</sup> Based on standard methanol, hydrogen generator / fuel cell. Also produces zero particulates, zero NOx, zero SOx emissions

### **Commercial Strategy and Customers**





### **Our Organization**

#### **Our Team**

#### Houston

- Freight Trading Americas
- Voyage Management
- Commercial Operations

- Cork **Executive Management** .
- **Commercial Operations**
- Freight Trading Europe .
- **Operations Management**
- Voyage Management Finance & Accounting
- Corporate Services

#### Singapore

- Freight Trading Asia & Middle East
- Voyage Management
- Claims & Receivables
- **Operations Analytics**
- Finance & Accounting
- Corporate Services



Ardmore Commercial Team





Ardmore Cork Team



# Senior Management Team

Name	Experience (Years)	History
Anthony Gurnee CEO	40	<ul> <li>CEO of Industrial Shipping Enterprises, COO of MTM Group and CFO of Teekay Shipping Corp.</li> <li>Shipping financier with Citicorp and U.S. Naval Officer</li> <li>MBA, CFA, Fellow of the Institute of Chartered Shipbrokers</li> </ul>
<i>Mark Cameron</i> COO	39	<ul> <li>VP of Strategy and Planning at Teekay Marine Services</li> <li>Fleet Manager at AP Møller-Maersk and Chief Engineer at Safmarine</li> <li>Director West of England P&amp;I and former Chairman of International Parcel Tankers Association ("IPTA")</li> </ul>
<b>Paul Tivnan</b> CFO	21	<ul> <li>Formerly at Ernst &amp; Young, Financial Services Advisory</li> <li>BA, MBS, Fellow of the Institute of Chartered Accountants and Chartered Tax Advisor</li> <li>Institute of Chartered Shipbrokers and Graduate of LBS and INSEAD Leadership Programmes</li> <li>Director of Element 1 Corp. and Board Advisor to e1 Marine LLC</li> </ul>
Gernot Ruppelt CCO	20	<ul> <li>Tanker Broker at Poten &amp; Partners (New York)</li> <li>Trade Manager Maersk Broker / AP Møller-Maersk (U.S, Denmark, Singapore, Germany)</li> <li>Global Executive MBA (INSEAD), Institute of Chartered Shipbrokers</li> <li>Chairman of INTERTANKO's Commercial &amp; Markets Committee</li> </ul>
<b>Aideen O'Driscoll</b> VP Corporate Services	12	<ul> <li>A corporate legal professional with experience in a variety of senior roles</li> <li>BCL, LLM, MBA, Practicing Solicitor</li> <li>Industry leadership position as a founder member of the Diversity Working Group, a cross industry group focused on bringing up to date thinking and action to the broad maritime community</li> </ul>

### **Board of Directors**

	Name	Experience
01	<b>Curtis McWilliams</b> Chairman of the Board	Director of Ardmore since 2016 and appointed Chairman of the Board effective January 2019 President and CEO of CNL Real Estate Advisors, Inc. and President, CEO and Director of Trustreet Properties Inc.
-	<b>Brian Dunne</b> Chair of Audit Committee	<ul> <li>Director of ReAssure Group, Ark Life Assurance Company, Aergen Aviation Finance and Chorus Aviation Capital</li> <li>CFO and President of ACE Aviation Holdings Inc., CFO and Director of Aer Lingus Group plc.</li> </ul>
<b>e</b>	<b>Mats Berglund</b> Director	<ul> <li>Director and CEO of Pacific Basin</li> <li>CFO and COO at Chemoil Energy, Senior VP Overseas Shipholding Group</li> <li>Group Controller of Stena Line, VP and CFO of Concordia Maritime and StenTex, President of StenTex, VP and President of Stena Rederi</li> </ul>
9	<b>Helen Tveitan de Jong</b> Director	Chairman of Carisbrooke Holdings and CEO of Carisbrooke Shipping Ltd. Established and headed the London branch of DVB Nedship Bank (1996 – 2001), Founding Partner at THG Capital (2001 – 2007)
Ø	<b>Dr. Kirsi Tikka</b> Director	<ul> <li>Director Pacific Basin, Foreign Member of the U.S. National Academy of Engineering and a member of UK Women in Maritime Task Force</li> <li>18 years experience with American Bureau of Shipping (ABS) in various specialist and leadership positions</li> <li>Professor of Naval Architecture at the Webb Institute in New York</li> </ul>
<b>B</b>	Anthony Gurnee CEO & Director	<ul> <li>CEO of Industrial Shipping Enterprises, COO of MTM Group and CFO of Teekay Shipping Corp.</li> <li>Shipping financier with Citicorp and U.S. Naval Officer</li> <li>MBA, CFA, Fellow of the Institute of Chartered Shipbrokers</li> </ul>

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### **Product and Chemical Tanker Demand Drivers**





# Demand: Global Oil Demand Continued Growth to 2026<sup>(1)</sup>



A

1. IEA Oil Market Report, February 2022

### **Demand: Refinery Dislocation Increasing Tonne-miles**



### **Refinery Dislocation Increasing Tonne-miles: Recent Case**



1. "Refinery shift" means closure of refinery in one location (e.g. Europe or Australia) and opening of refinery in another location (e.g. Middle East or China)

2. An MR can carry approx. 300,000 barrels of refined products. Assumes voyage length of 30 days on a one-way or repositioning basis. As an example, a voyage from Jubail in Saudi Arabia to Rotterdam will take approx. 30 days at 12 knots including time for load / discharge. A voyage from Ulsan in South Korea to Perth, Australia with reposition to Singapore will take approx. 30 days at 12 knots including time for load / discharge. A voyage from Ulsan in South Korea to Perth, Australia with reposition to Singapore will take approx. 30 days at 12 knots including time for load / discharge. Assuming a 100,000-bpd refinery closure and one MR every three days this would equate to 10 additional MRs per month

# Demand: Chemical Tanker Demand to Track GDP

- Chemical tankers should directly benefit from the global economic rebound in 2022:
  - Chemical tanker trade is highly correlated to Global GDP<sup>(1)(2)</sup>
  - Major end users include automotive and construction industries
- Long-term outlook remains positive:
  - Global economy is emerging from the COVID-19 pandemic; the global economy expected to grow by 4.4% in 2022 and 3.8% in 2023<sup>(3)</sup>
  - Petrochemical capacity (liquid bulk chemicals) continues to grow; much of the growth coming from methanol
  - Chemical tanker orderbook currently at of 7.9%, with net fleet growth averaging less than 1% per annum over the next two years<sup>(5)</sup>



#### Net Petrochemical Capacity Change by Region<sup>(4)</sup>



- 1. Clarksons Shipping Intelligence Network, World Seaborne Chemical Trade January 2022
- 2. WorldBank.org, GDP (current \$US), January 2022
- 3. IMF, World Economic Outlook, January 2022
- MSI Horizon

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5. Clarksons Shipping Intelligence Network and Management's estimates for chemical tanker fleet. Note these numbers include slippage. Management's estimates based on 12.5% of full year scheduled deliveries slipping into 2023; scrapping levels estimated from current fleet age. Estimated deliveries assume no delays due to pandemic



#### Global GDP and Chemical Tanker Trade<sup>(1)(2)</sup>

\* Excluding China

# Supply: Product Tanker Scrapping Has Increased<sup>(1)</sup>



Vessels Scrapped

1. Clarksons Shipping Intelligence Network, February 2022

2. MR, LR1 and LR2 product tanker fleet over 20 years old in 2027

# Scrapping to Continue: Aging Fleet & Emission Regulations



Global Fleet Age Profile: Chemical Tankers<sup>(1)(2)</sup>



1. Clarksons Shipping Intelligence Network, February 2022

2. Eco defined as vessels built in 2013 and later

3. Product and Chemical tanker fleet over 25 years old in 2032



# Supply: Orderbook Remains at Very Low Levels



- Product tanker orderbook at 175 vessels or 6.1% of existing fleet delivering to 2Q25<sup>(1)(2)</sup> / Chemical tanker orderbook is 7.9% (98 ships)
- New ship ordering expected to remain low in the near-term
  - Very limited berth availability due to the surge in orders in other sectors
  - Lack of clarity on propulsion technology and emissions regulations has dampened willingness of tanker owners to order speculatively

<sup>1.</sup> Clarksons Shipping Intelligence Network and Management's estimates for MR, LR1 and LR2 fleet. Note these numbers include slippage. Management's estimates based on 12.5% of full year scheduled deliveries slipping into 2023; scrapping levels estimated from current fleet age. Estimated deliveries assume no delays due to pandemic

<sup>2.</sup> Clarksons Shipping Intelligence Network and Management's estimates for MR, LR1 and LR2 fleet and chemical tanker fleet. Estimated deliveries assume no delays due to pandemic

# Demand Growth Expected to Exceed Net Fleet Growth



- Product / chemical tanker tonne-mile demand growth for products and chemical tankers expected to be in the range of 3-4%
- Supply growth expected to be well below demand growth:
  - Product tankers: net of scrapping expect fleet growth of 1-2% per annum for next two years
  - o Chemical tankers: net of scrapping expect fleet growth of less than 1% per annum for next two years
  - 1. Clarksons Shipping Intelligence Network, March 2022 and Management's estimates for product tanker fleet and chemical tanker fleet. Fleet growth is based on number of ships

3. Prod / Chem Expected Tonne-Mile Demand Growth based on Clarksons Shipping Intelligence Network compounded annual growth rate for seaborne oil products trade over the period 2000 - 2022 and Management's estimates



<sup>2.</sup> Estimated deliveries assume 12.5% of deliveries scheduled for 2022 will slip into 2023

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# Strong Balance Sheet and Disciplined on Capital Allocation

- Total liquidity of \$67 million (comprising cash of \$55 million plus a further \$12 million available in undrawn facilities) at end of December 2021, which equates to \$2.7 million per ship
- Debt reduction remains a top priority under our capital allocation policy:
  - Corporate leverage of 49% on net debt basis at December 2021; down 3.2% from prior year
  - No near-term debt maturities; next significant maturity in December 2024
- Completed a \$40 million preferred share issuance in 2021 on highly attractive terms; perpetual with dividend of 8.5%
  - Preferred shares are a highly attractive piece of capital; boosted liquidity and enabled leverage reduction





- 1. Debt movement includes impact of netting of deferred finance fees of of \$6.0mln at year end 2020 (\$4.8mln at year end 2021 and forecasting \$3.3mln at year end 2022), \$2.9 million receivable in respect of finance leases and derivative liabilities
- 2. Repayments include scheduled amortization of senior debt and finance leases. Balloon repayments, prepayments, drawdowns and revolver movements are not included

### Significant Earnings Power Across Fleet<sup>(1)</sup>

#### Significant Potential Earnings Power with 27 x Ship Fleet<sup>(1)</sup>

Vessel Type	Base TCE per day	Rates 1H20 TCE per day	Upside Rates – May '20 TCE per day
MR Product (50k Dwt)	\$16,750	\$20,250	\$24,100
MR Chem (25-37k Dwt)	\$16,250	\$17,850	\$21,800



#### Every \$1,000 / day increase in rates ≈ \$0.28 / share in EPS

1. Management's estimates based on (i) 27 vessels, (ii) 34,363,884 shares as at December 31, 2021 (iii) 361 revenue days / vessel, (iv) expenses as per 2021 financial statements. Accretion assumes positive earnings. Actual EPS estimates may differ materially from the estimated EPS. MR rate of \$16,750 / day are based on Howe Robinson TTC estimates, with a deduction of \$500 / day for MR Chem TCE rates. MR and chemical tanker mid-rates are based on ASC rates reported for first half of 2020 and upside rates are based on ASC rates reported in May 2020. The rates reported in May 2020 were the highest rates achieved by ASC in the in the most recent 5-year period, but do not reflect the extent of rate increases achieved by the overall industry during the last major cyclical upturn

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# Strengthening Ship Values are Increasing NAV / Share



#### Every **\$1 million day increase** in vessel values ≈ **\$0.73** increase in NAV / Share

1. Clarksons Shipping Intelligence

2. Share price based on close at March 7, 2022



# High Quality Investor Base: 100% Free Float

Top 20 Shareholders <sup>(1)</sup>						
No	Holder	Position	Percent			
1	Private Management Group Inc	2,768,578	8.06%			
2	Aristotle Capital Management LLC	2,593,053	7.55%			
3	Royce & Associates LP	1,853,307	5.39%			
4	Dimensional Fund Advisors LP	1,713,231	4.99%			
5	Oaktree Capital Group Holdings LP	1,600,000	4.66%			
6	Franklin Resources Inc	998,200	2.90%			
7	RBF Capital LLC	958,488	2.79%			
8	Macquarie Group Ltd	876,093	2.55%			
9	Frank Russell Company	855,721	2.49%			
10	Donald Smith & Co Inc	838,898	2.44%			
11	Waddell & Reed Financial Inc	773,107	2.25%			
12	Nomura Holdings Inc	772,408	2.25%			
13	Legg Mason Inc	568,500	1.65%			
14	BlackRock Inc	495,717	1.44%			
15	SEI Investments Co	471,539	1.37%			
16	Putnam Investments LLC	396,376	1.15%			
17	Adirondack Research & Management	366,773	1.07%			
18	Banco Bilbao Vizcaya Argentaria SA	342,908	1.00%			
19	Aegis Financial Corp	333,082	0.97%			
20	WealthTrust Axiom LLC	303,826	0.88%			

Approx. 60% of shares held by top 20 shareholders; primarily long only investors, many of whom have been with us since our IPO

<sup>1.</sup> Bloomberg as at February 21, 2022

<sup>2.</sup> One-year average daily trading value is daily trading volume multiplied by share price on that day. Bloomberg, February 21, 2022

# Leading Analyst Coverage

Analyst Coverage							
FIRM	ANALYST	PHONE	EMAIL				
Jefferies	Randy Giveans	+1 713 651 3829	rgiveans@jefferies.com				
Evercore ISI	Jonathan Chappell	+1 212 497 0827	jonathan.chappell@evercoreisi.com				
Stifel	Ben Nolan	+1 312 564 8703	nolanb@stifel.com				
Clarksons Platou	Omar Nokta	+1 212 317 8163	omar.nokta@clarksons.com				
Pareto Securities	Eirik Haavaldsen	+47 2413 2120	eirik.haavaldsen@paretosec.com				
Fearnley Securities	Peder Nicolai Jarlsby	+47 22 93 64 71	pn.jarlsby@fearnleys.no				
H.C. Wainwright	Magnus Fyhr	+1 212 916 3962	mfyhr@hcwco.com				

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### **Investment Summary**

- MR outlook has changed fundamentally:
  - Ukraine / Russia conflict has significantly disrupted crude and refined product distribution
  - Already having a significant impact on product tanker charter rates
  - > TCE rising in spite of higher bunker prices
- Ukraine / Russia conflict has resulted in the biggest humanitarian crisis since WW2; doing everything we can for seafarers and civilians
- Stock is at an attractive price relative to asset values, shipping cycle, peer group and potential from transition technology investments
- Company is financially sound; strong liquidity position with leverage of 49% and low cash breakeven
- Proactively addressing the energy transition:
  - > 25% of cargo base is non-CPP
  - > Significant investment in innovation and collaboration with technology partners
- Consistent focused strategy
- High quality listing and corporate governance





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### MR Tankers in Perspective

#### World Tanker Fleet<sup>(1)</sup> 7,075 Vessels



#### MRs are the "Yellow cabs" of the World Tanker Fleet<sup>(2)</sup>



#### **Growing Share of World Tanker Fleet**

- MR tankers comprise ~32% of the world tanker fleet by number of ships<sup>(1)</sup>
- Seaborne oil transport is gradually shifting away from crude and toward refined products, driven by long-term refinery dislocation
- MRs trade everywhere and are the ship of choice for oil traders due to their versatility

1. Fleet data as at March 2021 from Drewry as per Ardmore Shipping Corporation Form 20-F for the year ended December 31, 2020

2. Vessels Value AIS Data, September 2019



# MRs are the "Yellow Cabs" of the World Tanker Fleet<sup>(1)</sup>



MRs Trade Everywhere And Are The Ship Of Choice For Oil Traders Due To Their Versatility

1. Vessels Value AIS Data, September 2019



# Refinery Summary and Seaborne Product Trade

Regional Refinery Shift <sup>(1)</sup>							
Region	Closures 2020 - 2022	Openings 2022 - 2026					
Europe	1.2	0.1					
Australia	0.5	-					
Middle East	-	0.9					
Africa	0.3	0.9					
America	1.3	-					
China	0.7	1.0					
Asia (excl. China)	1.5	5.6					
Total (mbd)	5.5	8.5					

Seaborne Product Trade Balances <sup>(2)</sup>						
	20	202	22 F			
Region	Imports	Exports	Imports	Exports		
Middle East	0.8	3.7	0.8	4.2		
North America	2.3	2.7	2.4	3.0		
China	0.6	1.0	0.6	1.0		
Asia (excl. China)	6.8	5.5	7.0	5.8		
Europe	5.8	5.1	6.4	5.1		
Latin America	2.2	0.6	2.3	0.7		
Africa	1.8	0.6	1.9	0.7		
FSU	-	2.5	-	2.5		
Australasia	0.8	-	1.0	-		
Other	0.7	0.1	0.7	0.1		
Total Trade (mbd)	21.8	21.8	23.1	23.1		



1. Data points sourced from Reuters, S&P Global, Barclays and Argus Media

2. Clarksons Shipping Intelligence Network, Oil & Tanker Outlook, January 2022



# Refinery Development Details

Global Refinery Openings <sup>(1)</sup>					Global Refin	ery Closures <sup>(1)</sup>			
Refinery	Status	Country	Date	Capacity (bpd)	Refinery	Status	Country	Date	Capacity (bpd)
Rongsheng	Opened	China	2020	200,000	Kwinana (BP)	Indefinite closure	Australia	2020	(146,000)
Lianyungang	Opened	China	2021	320,000	Come-by-Chance	Indefinite closure	Canada	2020	(135,000)
Johor	Opened	Malaysia	2021	300,000	Shandong	Indefinite unit closure	China	2020	(742,000)
Jizan	Opened	Saudi Arabia	2021	400,000	Grandpuits	Conversion	France	2020	(101,000)
					Osaka	Indefinite closure	Japan	2020	(115,000)
	Tota	I Opened 2020 - 2021	1	1,220,000	Tabangao	Indefinite closure	Philippines	2020	(110,000)
					Durban	Indefinite closure	South Africa	2020	(180,000)
Jieyang	Opening	China	2022	400,000	Cape Town	Temporary closure	South Africa	2020	(110,000)
Sinopec	Expansion	China	2022	200,000	Bilbao	Temporary unit closure	Spain	2020	(220,000)
Bontang	Opening	Indonesia	2022	300,000	Coruna	Temporary unit closure	Spain	2020	(120,000)
Al-Zour	Opening	Kuwait	2022	615,000	Antwerp (Gunvor)	Indefinite closure	The Netherlands	2020	(88,000)
Dangote	Opening	Nigeria	2023	650,000	Grangemouth	Indefinite unit closure	UK	2020	(90,000)
Duqm	Opening	Oman	2022	230,000	Convent, Louisiana	Indefinite closure	USA	2020	(211,000)
Maharashtra	Opening	India	2022-23	1,200,000	Martinez, California	Indefinite closure	USA	2020	(161,000)
Barmer	Opening	India	2023	180,000	Rodeo, California	Indefinite closure	USA	2020	(120,000)
Hambantota	Opening	Sri Lanka	2023	200,000	Cheyenne, Wyoming	Indefinite closure	USA	2020	(50,000)
Tangshang	Opening	China	2023	300,000	Gallup, New Mexico	Indefinite closure	USA	2020	(26,000)
Yantai	Opening	China	2024	400,000	Lytton (Ampol)	Potential closure	Australia	2021	(109,000)
Kulevi	Opening	Georgia	2024	75,000	Altona (Exxon Mobil)	Closing	Australia	2021	(90,000)
Tuban	Opening	Indonesia	2024	300,000	Nantaali	Indefinite closure	Finland	2021	(110,000)
Sonangol	Expansion	Angola	2024	200,000	Negishi (Eneos)	Closing	Japan	2021	(390,000)
Qayara	Opening	Iraq	2024	70,000	Marsden Point	Potential closure	New Zealand	2021	(135,000)
Mumbai	Opening	India	2025	1,200,000	Slagen	Indefinite closure	Norway	2021	(120,000)
Ratnagiri	Opening	India	2025	1,200,000	Porto	Closing	Portugal	2021	(110,000)
Dornogovi	Opening	Mongolia	2025	30,000	Ulsan (SK Energy)	Indefinite unit closure	South Korea	2021	(100,000)
Gwadar	Opening	Pakistan	2025	300,000	Mailao	Indefinite unit closure	Taiwan	2021	(220,000)
Parco	Opening	Pakistan	2025	250,000	Limetree Bay	Indefinite closure	USA	2021	(200,000)
Nagapattinam	Opening	India	TBA	180,000	Somerset, Kentucky	Indefinite closure	USA	2021	(7,000)
Balasore	Opening	India	TBA	TBA	Alliance, Louisiana <sup>(2)</sup>	Indefinite closure	USA	2021	(255,000)
Tanjung Bin	Opening	Malaysia	TBA	30,000	Wesseling <sup>(2)</sup>	Indefinite closure	Germany	2021	(147,000)
		-			Pulau Bukom (Shell)	Reduced output	Singapore	2022	(500,000)
					Livorno	Indefinite closure	Italy	2022	(105,000)
Total Openings 2022 – 2026 8.510.000						Total Closures	2020 - 2025	(5,503,000)	

1. Data points sourced from Reuters, S&P Global, Barclays and Argus Media

2. New / updated refinery for 4Q21



### **Product and Chemical Overlap**



IMO 3 Tankers	IMO 2 Tankers			
Cargo CPP + Vegoils	Cargo: CPP + Vegoils + Biofuels + Chemicals			
Tank Coating: Epoxy	Tank Coating: Phenolic Epoxy / Stainless Steel / Marine Line			
• Tank Size: >3,000 m3	• Tank Size: <3,000 m3			
<ul> <li>Inerting: Required (standard IGS not suitable for chemicals)</li> </ul>	Inerting: Not required for chemicals but growing preference for Nitrogen			
Crewing: Standard tanker competency	Crewing: Chemical tanker competency			

#### Coated IMO2 Ships Are Essentially More Sophisticated Product Tankers<sup>(1)</sup>

<sup>1.</sup> Certain chemicals such as Caustic Soda can be carried on IMO3 ships. However, the vast majority of inorganic chemicals must be carried on IMO2 ships and acid-based cargos are only suitable for stainless steel ships

### Summary Refinery Process<sup>(1)</sup>



1. Excludes; treaters, hydrobreakers, reformers and visbreakers



# Origin of Product and Chemical Cargos



# Maintaining Governance Standards

#### Commentary

- ASC ranked in the top tier of US public shipping companies for corporate governance:
  - Ranked No. 1 Product Tanker Company
- Fully independent Board of Directors and no related party and affiliated transactions<sup>(2)</sup>
- Continues to be a key area of focus for investors



Corporate Governance Scorecard: Issued June 2021 <sup>(1)</sup>				
	Rank	Company	Ticker	Carbon Disclosure
Quartile 1	1	Genco Shipping and Trading	GNK	√
	2	Euronav	EURN	✓
	3	International Seaways	INSW	✓
	4	Eagle Bulk Shipping	EGLE	✓
	5	Ardmore Shipping Corporation	ASC	✓
	6	Triton International Ltd	TRTN	✓
	7	Matson	MATX	✓
	8	Grindrod	GRIN	$\checkmark$
	9	Double Hull Tankers	DHT	$\checkmark$
	10	World Fuel Services	INT	$\checkmark$
	11	Torm	TRMD	✓
	12	Kirby Corporation	KEX	$\checkmark$
	13	Overseas Shipholding Group	OSG	✓
Quartile 2	14	Golar	GLNG	✓
	15	Safety Comes First	FLOT-RU	$\checkmark$
	16	Navigator Holdings Ltd	NVGS	$\checkmark$
	17	Teekay	TK	$\checkmark$
	18	Dorian	LPG	$\checkmark$
	19	Frontline	FRO	$\checkmark$
	20	BW LPG	BWLPG-NO	$\checkmark$
	21	Teekay Tankers	TNK	$\checkmark$
	22	CAI International	CAI	x
	23	Golden Ocean Group	GOGL	$\checkmark$
	24	Ship Finance International	SFL	~
	25	Flex LNG	FLNG	~
	26	Gaslog Partners LP	GLOP	∕
Quartile 3	27	ZIM Integrated Shipping Services	ZIM	~
	28	Eneti Inc.	NEII	~
	29	New Fortress Energy	NFE	X
	30	Star Bulk	SBLK	*
	31	Pangea Logistics Solutions, Ltd.	PANL	*
	32	Scorpio Tankers	SING	•
	33	Lexaner Group Holdings		×
	34	Avance Gas Holding Ltd.	AGAS-NU	•
	35	Knot Offshore Partners LP		*
	30	Hunter Group ASA	HUNT-NU	~
	20	Cestamore	CMDE	×
	38	Costamare	UNIRE	Ŷ
Quartile 4	39	Heady LNG Partners		*
	40	Copital Braduat Partners		~
	41	Diana Shipping Inc.	DEV	~
	42	Nordia American Tankara Ltd	NAT	•
	43	Danage Corporation	DAC	~
	44	Navias Maritima Dartaara L.D.	NIMAM	v
	45	Navios Maritime Partners L.P.	NMM	X
	46	Global Ship Lease	GSL	✓
	47	Navios Maritime Acquisition Corp.	NNA	X
	48	Dynagas	DLNG	X
	49	Stealth Gas Inc.	GASS	X
	50	Sare Bulkers	SB	X
	51	I sakos Energy Navigation	INP	X
	52	Castor Maritime Inc.	CTRM	X

- 1. Webber Research: 2021 ESG Scorecard, June 22, 2021
- 2. Excludes executive director, Anthony Gurnee (CEO) and the 50/50 Joint Venture in place with Anglo Eastern for technical ship management services

