



International
Seaways, Inc.

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Second Quarter 2020
Earnings Presentation
August 7, 2020

INSW
LISTED
NYSE

Disclaimer

Forward-Looking Statements

During the course of this presentation, the Company (International Seaways, Inc. (INSW)) may make forward-looking statements or provide forward-looking information. All statements other than statements of historical facts should be considered forward-looking statements. Some of these statements include words such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “will,” “should,” “could,” “seek,” “predict,” “intend,” “plan,” “estimate,” “anticipate,” “target,” “project,” “forecast,” “shall,” “contemplate” or the negative version of those words or other comparable words. Although they reflect INSW’s current expectations, these statements are not guarantees of future performance, but involve a number of risks, uncertainties, and assumptions which are difficult to predict. Some of the factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, the forward-looking statements include, but are not necessarily limited to, vessel acquisitions, general economic conditions, competitive pressures, the nature of the Company’s services and their price movements, and the ability to retain key employees. The Company does not undertake to update any forward-looking statements as a result of future developments, new information or otherwise.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures, including Time Charter Equivalent (“TCE”) revenue, EBITDA, Adjusted EBITDA, and total leverage ratios, designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. TCE revenues, which represents shipping revenues less voyage expenses, is a measure to compare revenue generated from a voyage charter to revenue generated from a time charter. EBITDA represents net (loss)/income before interest expense, income taxes and depreciation and amortization expense. Adjusted EBITDA consists of EBITDA adjusted for the impact of certain items that we do not consider indicative of our ongoing operating performance. Total leverage ratios are calculated as total debt divided by Adjusted EBITDA. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See Appendix for a reconciliation of certain non-GAAP measures to the comparable GAAP measures.

This presentation also contains estimates and other information concerning our industry that are based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

Additional Information

You should read the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, the Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, and other documents the Company has filed with the SEC for additional information regarding the Company, its operations and the risks and uncertainties it faces. You may obtain these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov, or from the Company’s website at www.intlseas.com.



Business Review – Lois K. Zabrocky, President & CEO

Coronavirus Update

■ Shoreside

- All New York and Houston Lightering office employees working remotely since March 16 and we will continue to evaluate our return based upon our highest priority, the safety of our staff
- Full staff capabilities maintained
- No delays in closing books nor SEC filings

■ Crewing

- Strict measures are in effect on all of our ships for the health and safety of our seafarers
- Global travel restrictions are making crew changes exceptionally difficult, resulting in longer stays on board the vessels and at home
- We are now deviating vessels where possible to facilitate crew changes

■ Operations

- There have been no material cost increases as of now
- SIRE and other inspections are difficult to arrange
- Transport of spare parts taking longer
- Notwithstanding the above challenges, all key operations are working smoothly.

■ Overall

- Our priorities are a safe environment for our employees ashore and at sea, and the continued safe, reliable service to our energy customers

COVID - 19 RESPONSE



Second Quarter 2020 Highlights and Recent Developments

■ Another Record Quarter

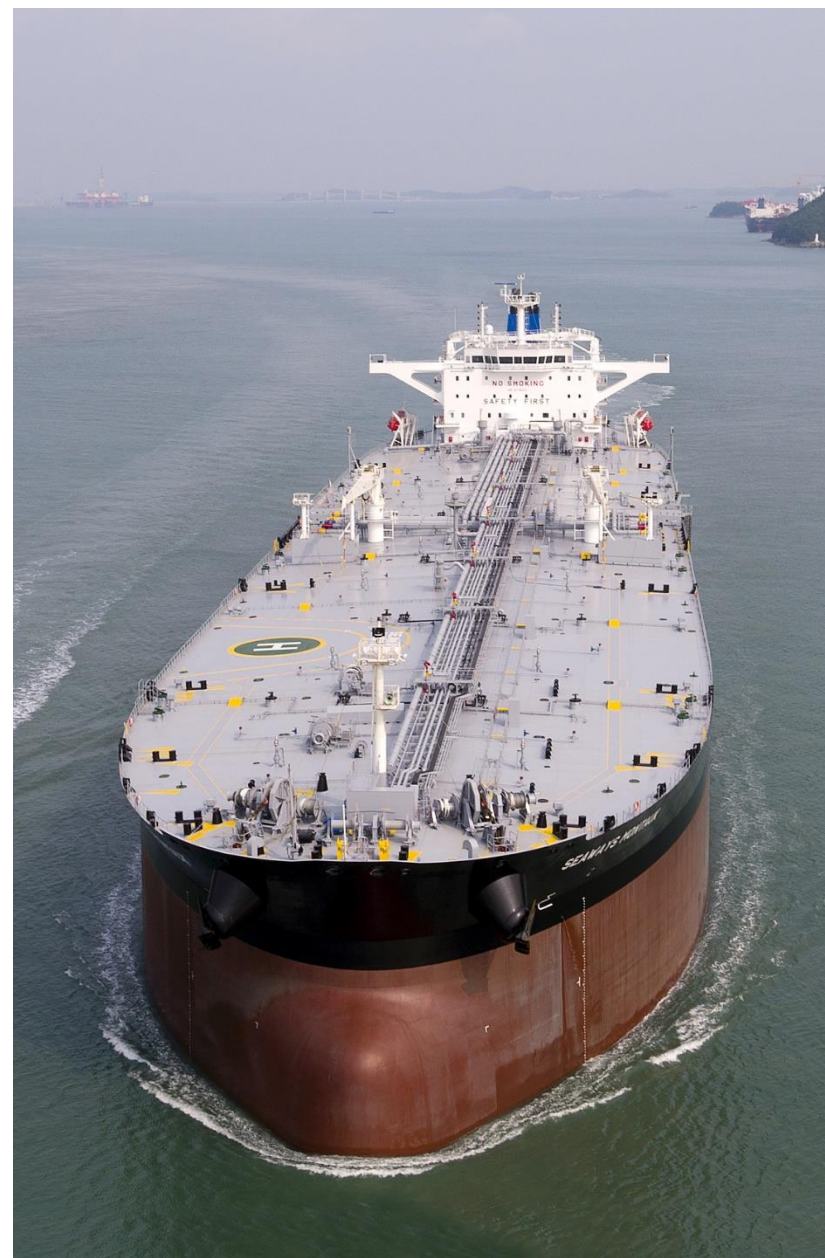
- 2020 Q2 net income \$64.4 million; \$68.5 million (\$2.39/share) when excluding vessel impairments and gain on vessel sales
- 2020 Q2 Adjusted EBITDA \$96.3 million, an increase of \$22.1 million from 2020 Q1 and \$75.0 million from 2019 Q2
- \$144 million in cash and \$184 million in liquidity at June 30

■ Strong Q2 Results Extending into Q3

- Over half of our revenue days for Q3 have already been booked at healthy rates
- Four VLCC time charters lending support, averaging \$73,300 per day through Q3, allow us to optimize revenue at a time when rates have come off

■ Executing on Capital Allocation Strategy

- Share repurchases totaling \$20 million made during quarter
- Repaying \$40 million transition facility in August; lowers interest expense by \$1.7 million and lowers breakevens going forward by \$1,800/day to under \$15,000 per day. After the repayment is made, we will have 14 unencumbered vessels worth over \$200 million
- Net loan to value 38%
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Market Update – Oil Supply, Demand and Market Implications

Oil Demand

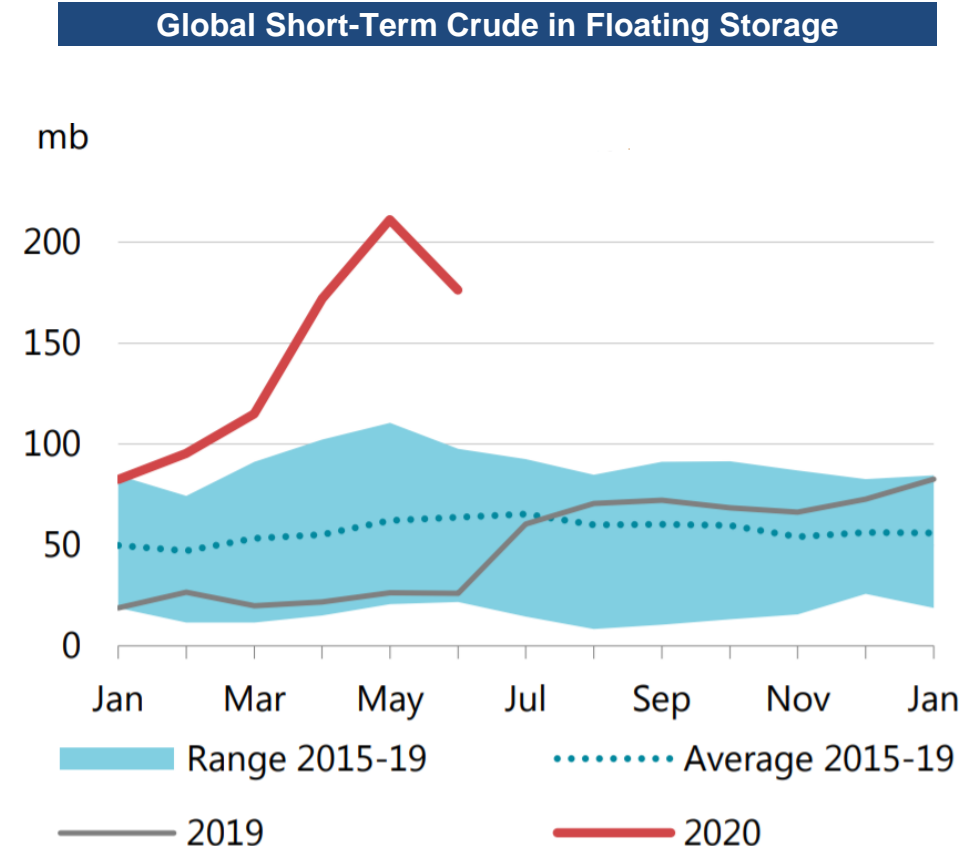
- While the Coronavirus (COVID-19) has negatively impacted oil demand, IEA has for the last two months increased their view of global oil demand, currently at 92.1 million b/d for 2020 and 97.4 million b/d for 2021, largely on the strength of Chinese demand. While down from the 100.0 million b/d achieved in 2019, this is still a significant increase from previous estimates

Oil Supply

- OPEC+ has agreed to ease production cuts, with August expected to see a 2 million b/d increase in production
- US shale production under pressure from lower oil prices; EIA estimates August production to be down by 2 million b/d from its peak in March
- End of strong contango has deemphasized floating storage and has led to the beginning of inventory destocking

Tanker Market Implications

- The combination of June OPEC+ production cuts, reduced demand for floating storage, and inventory destocking have all put negative pressure on freight rates



Source: EA Gibson, IEA

Market Update – Ship Supply

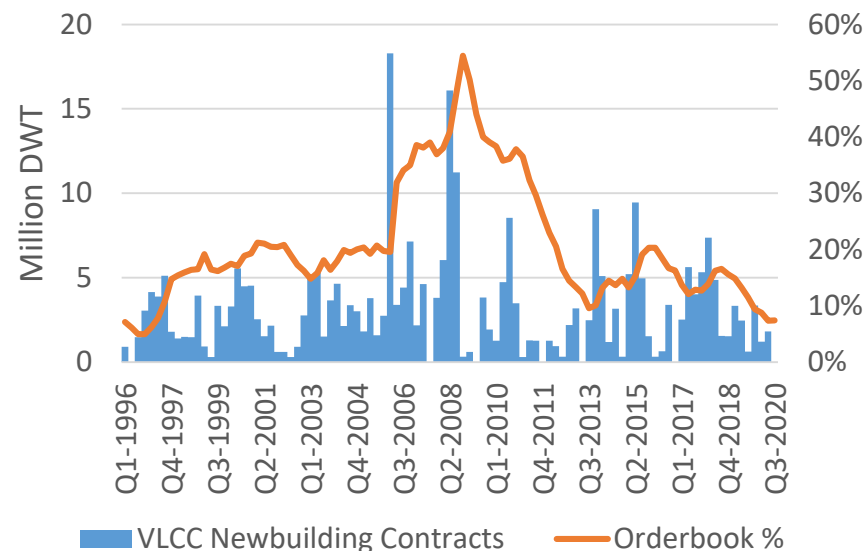
Orderbook Update

- Orderbook remains historically low:
 - VLCC 7.4%
 - Suezmax 11.1%
 - Aframax/LR2 9.6%
 - Panamax/LR1 4.3%
 - MR 6.8%
- 31 VLCCs ordered in 2019; YTD 2020 only 10 thus far
- Ordering tempered by uncertainty surrounding markets, decarbonization, and suitable propulsion systems

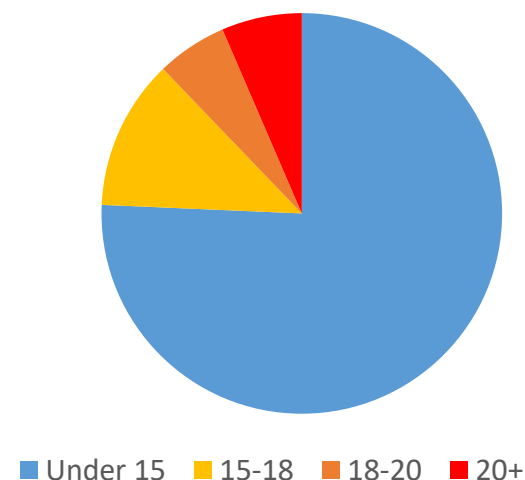
Scrapping potential

- The VLCC fleet is aging – over 200 ships out of a fleet of 826 are over 15 years old
- Ships 20 years or older have grown by nearly 3 million DWT from last quarter, an increase of 19%
- At age 15 and every 2.5 years thereafter significant investment required to continue to trade
- As ships reach ballast water treatment deadlines, even greater capital expenditure is required to keep trading
- After a record 31 scrappings in 2018, only four VLCCs were scrapped in 2019 and none YTD 2020. As rates moderate, we expect to see scrapping increase

Historically Low Orderbook



VLCC Fleet is Ageing





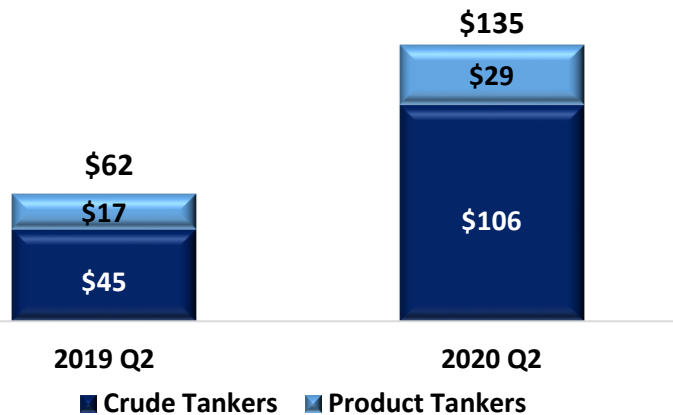
Financial Review – Jeffrey D. Pribor, SVP & CFO

Financial Summary – TCE Revenue & Adjusted EBITDA ¹

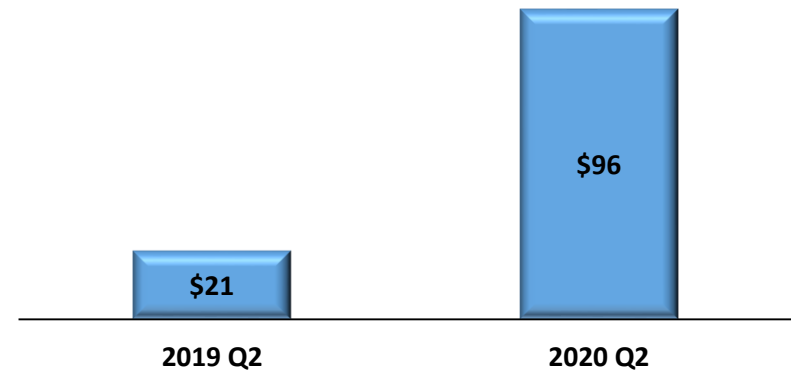
(\$ millions)

2019 Q2 vs 2020 Q2

Quarterly TCE Revenue

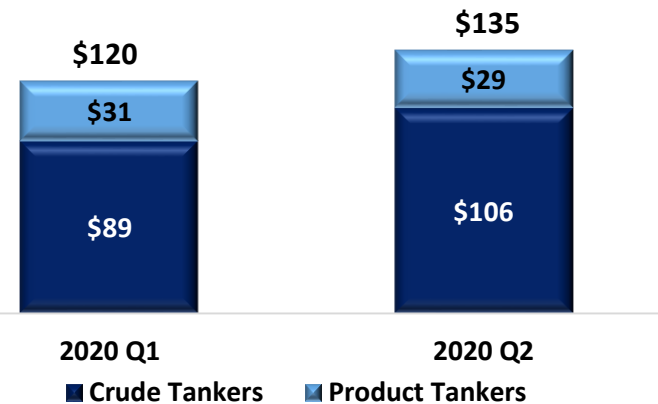


Quarterly Adjusted EBITDA

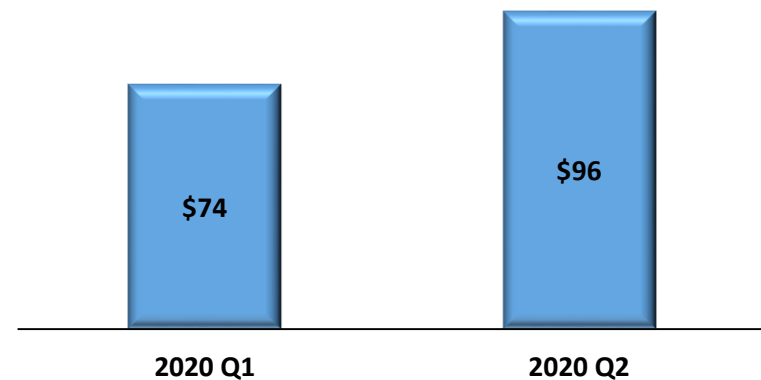


2020 Q1 vs 2020 Q2

Quarterly TCE Revenue



Quarterly Adjusted EBITDA



¹ See Appendix for TCE Revenue and EBITDA reconciliation.

Financial Summary – Q2 & Q3 Earnings Update

2020 Q2 Actual

	SPOT TCE	TC TCE	OVERALL TCE
VLCC	\$71,700	\$67,200	\$70,500
VLCC < 15	\$75,300	\$73,800	\$74,900
VLCC 15+	\$51,600	\$51,600	\$51,600
Suezmax	\$49,000	---	\$49,000
Aframax/LR2	\$30,600	---	\$30,600
Panamax/LR1	\$31,500	\$16,300	\$24,500
MR	\$17,200	---	\$17,200

2020 Q3 Booked to Date²

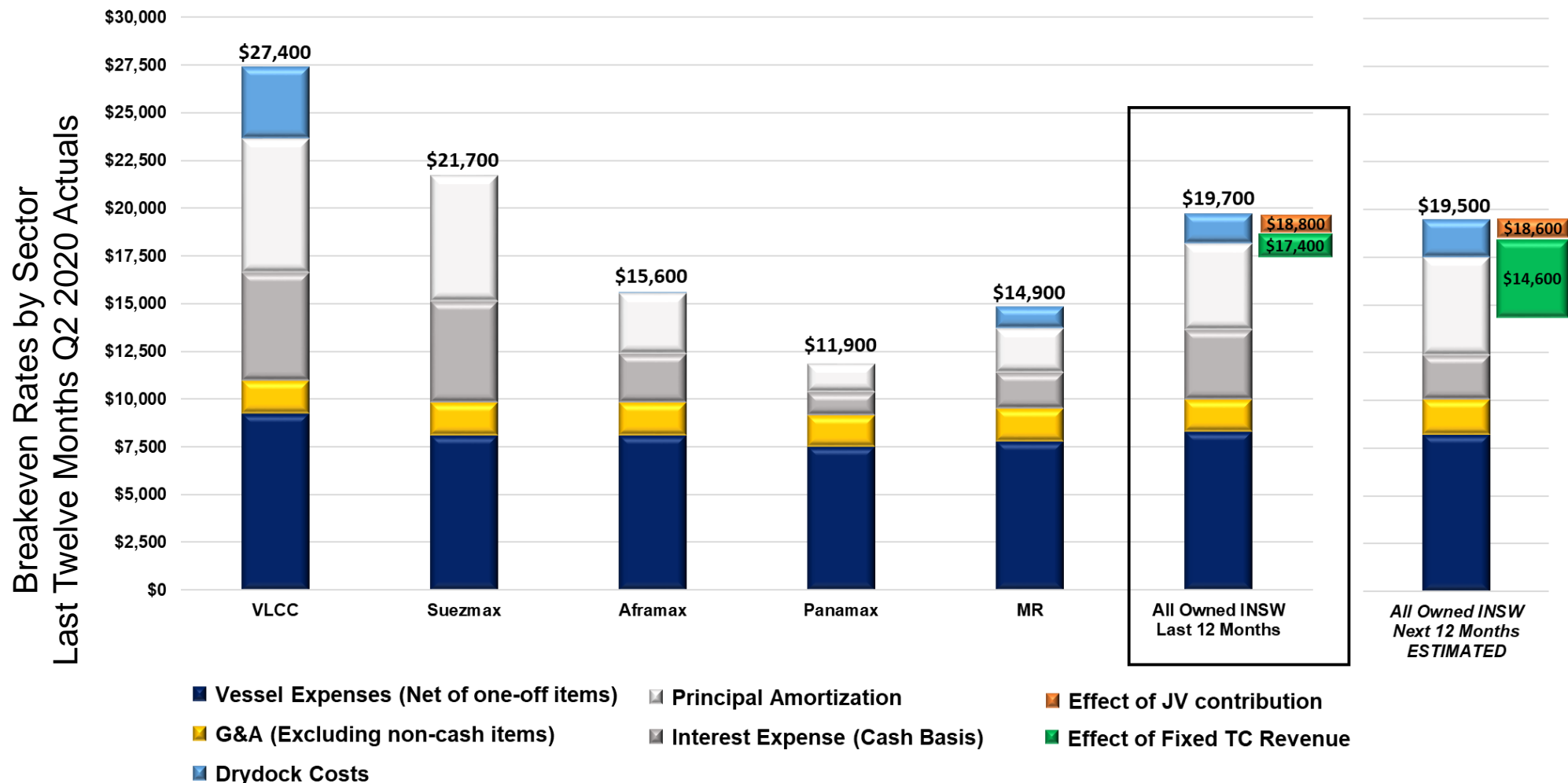
	SPOT Fixed	TCE	TC Fixed	TCE	OVERALL Fixed	TCE
VLCC	55%	\$45,700	100%	\$73,300	69%	\$58,200
VLCC < 15	56%	\$50,700	100%	\$80,500	69%	\$63,500
VLCC 15+	49%	\$24,000	100%	\$51,700	67%	\$38,600
Suezmax	56%	\$30,900	0%	\$0	56%	\$30,900
Aframax/LR2	45%	\$14,200	0%	\$0	45%	\$14,200
Panamax/LR1	43%	\$21,000	58%	\$16,400	49%	\$18,800
MR	48%	\$13,200	0%	\$0	48%	\$13,200

¹ As of August 6, 2020

² Overall 2020 Q2 VLCC TCE includes 261 time charter days at \$67,200/day. Overall 2020 Q3 VLCC TCE includes 368 time charter days at \$73,300/day. Overall 2020 Q2 Panamax/LR1 TCE includes 540 time charter days at \$16,300/day. Overall 2020 Q3 TCE includes 254 time charter days booked at approximately \$16,400/day
Rates exclude average pool fees of approximately \$719/day

Lean and Scalable Model – Cash Breakevens –Last 12 Months

TCE breakeven levels allow INSW to navigate low points in the tanker cycle while providing significant operating leverage in rising markets

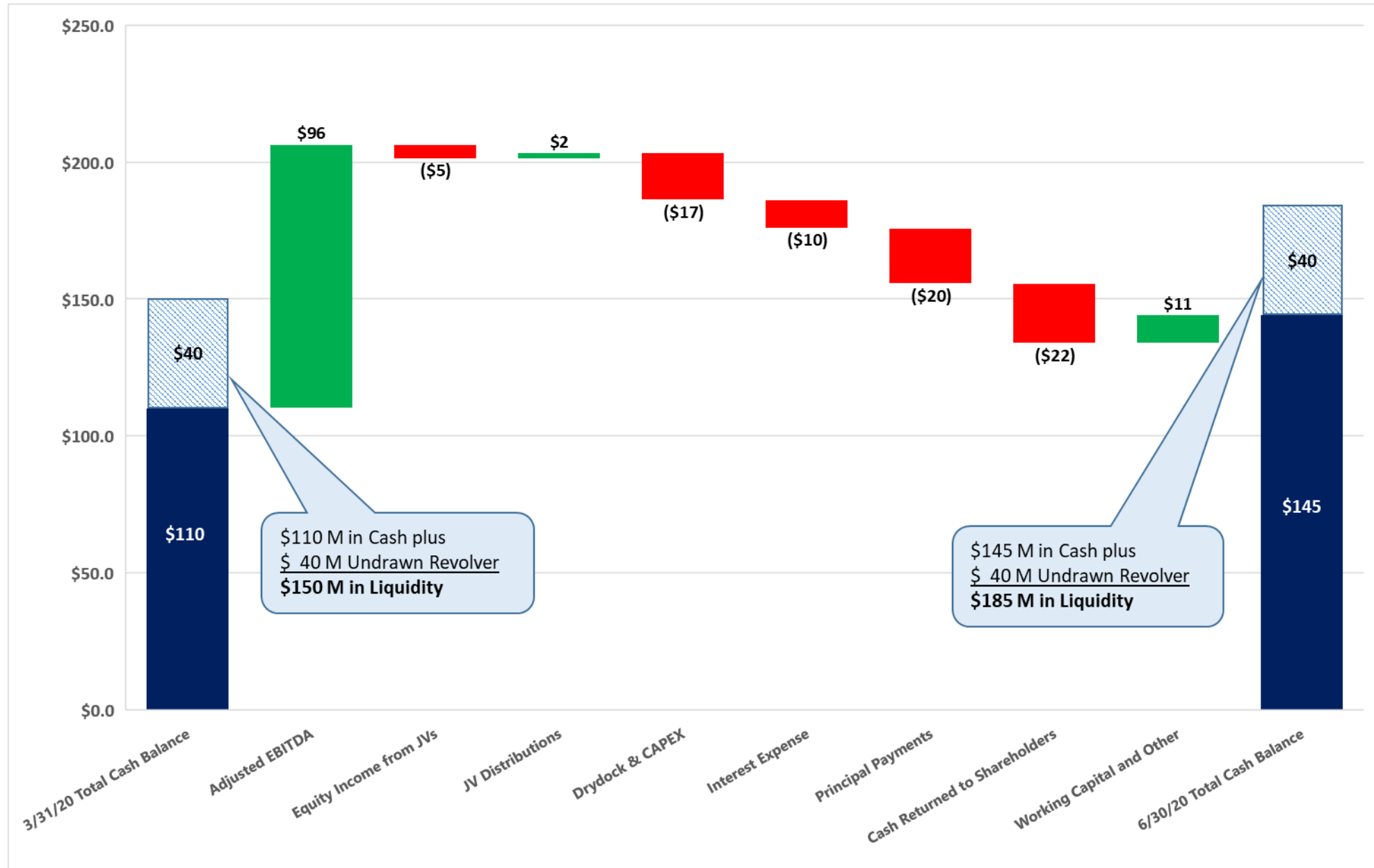


- INSW Daily OPEX excludes DDK deviation bunkers, insurance claims and one-off expenses
- G&A for the Lightering segment is excluded
- Vessels that have been sold are excluded
- Only includes owned vessels. Two bareboat-in Aframax vessels have charter hire and OPEX expenses of approx. \$17,700 per day
- Breakevens are basis Revenue Days



Financial Summary – Change in Cash Balance

(\$ millions)



Strong Financial Position – Balance Sheet

Strong balance sheet protects INSW during low portions of tanker cycle

June 30, 2020 (\$ M)	
Assets	Liabilities
Cash and Equivalents	\$128
Other Current Assets	\$115
Total Current Assets	\$242
Restricted Cash	\$16
Vessels	\$1,316
Right of Use Assets	\$26
Other Long Term Assets	\$158
Total Assets	\$1,759
	Current Liabilities (including \$81M current portion of long term debt and \$10M current portion of lease liabilities)
	\$131
	Long Term Debt
	\$523
	Long Term Portion of Lease Liabilities
	\$14
	Other Long Term Liabilities
	\$19
	Total Liabilities
	\$687
	Equity
	Total Equity
	\$1,072
	Total Liabilities and Equity
	\$1,759

INSW Book Value of FSO JV as of June 30, 2020: \$141 million

- Net Debt to Total Capitalization: 30%
- Net Debt to Asset Value ¹: 38%
- Portion of debt which is fixed or hedged: 90%

INSW Debt at 6/30/20

	Principal Balance (\$M)	Maturity	Rate	Quarterly Amortization
Core Facility	\$290.5	1/23/2025	LIBOR +260 bps ²	\$9.5M
Transition Facility ³	\$40.0	6/30/2022	LIBOR +350 bps	\$5.0M
Sinosure Credit Facility	\$257.9	2027-2028	LIBOR +200 bps	\$5.9M
8.5% Senior Notes	\$25.0	6/30/2023	8.50%	0
Total Debt Balance	\$613.4			
Undrawn Revolver	\$40.0		LIBOR +260 bps ²	

1. Conventional tanker fleet only; excludes gross value and debt of FSO joint venture
2. The margin on the Core Facilities may adjust by 0.20%, based on whether the Company meets certain leverage ratios. The Company currently anticipates the margin on the Core Facilities will decrease to 2.40% by the third quarter of 2020
3. Transition Facility will be fully repaid in the third quarter of 2020

Summary

■ Another Record Quarter

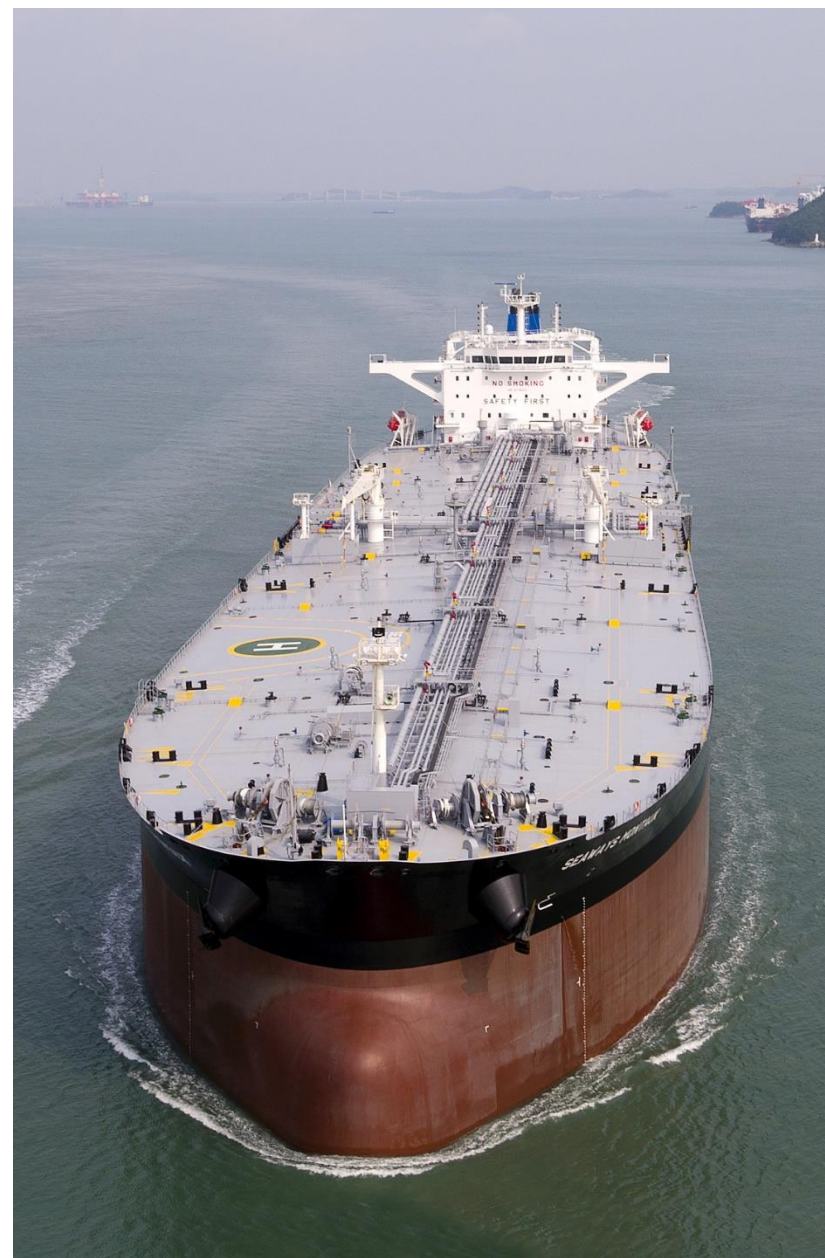
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Appendix

Estimated Drydock and CAPEX costs and Out-of-Service Days

Out-of-Service Days *					
	Q1 (A)	Q2 (A)	Q3	Q4	FY 2020
VLCC	390	203	4	30	627
Suezmax	0	2	10	0	12
Aframax / LR2	8	30	0	0	38
Panamax / LR1	16	7	138	199	360
MR	43	-14	35	0	64
	456	229	187	229	1,101

Drydock Costs					
	Q1 (A)	Q2 (A)	Q3	Q4	FY 2020
VLCC	\$6.4	\$4.8	\$3.0	\$0.0	\$14.1
Suezmax	\$0.0	\$0.0	\$0.2	\$0.0	\$0.2
Aframax / LR2	\$0.8	\$0.0	\$0.0	\$0.0	\$0.9
Panamax / LR1	\$0.1	\$0.1	\$6.9	\$6.7	\$13.8
MR	\$0.3	\$0.0	\$1.3	\$0.0	\$1.6
	\$7.6	\$4.9	\$11.3	\$6.7	\$30.5

CAPEX Costs *					
	Q1 (A)	Q2 (A)	Q3	Q4	FY 2020
VLCC	\$11.2	\$8.3	\$3.8	\$0.1	\$23.4
Suezmax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aframax / LR2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Panamax / LR1	\$0.4	\$3.7	\$3.5	\$0.9	\$8.6
MR	\$0.4	\$0.0	\$0.8	\$0.3	\$1.5
	\$12.0	\$12.0	\$8.2	\$1.4	\$33.6

* Loss of Hire recovery relating to the Mulan of 99 out-of-service days is expected in Q3

** Principally relates to Scrubber and BWTS costs

TCE Revenue Reconciliation

(\$ thousands)

	2Q19	2Q20	1Q20
Time charter equivalent revenues	62,487	135,289	119,731
Add: Voyage expenses	6,523	4,436	5,606
Shipping revenues	69,010	139,725	125,337

Adjusted EBITDA Reconciliation

(\$ thousands)

<i>All INSW</i>	2Q19	2Q20	1Q20
Net income / (loss)	(16,523)	64,358	33,019
Income tax provision / (benefit)	0	1	0
Interest expense	17,443	8,881	12,009
Depreciation and amortization	18,818	18,880	18,267
EBITDA	19,738	92,120	63,295
Third-party debt modification fees	-	-	232
(Gain) / Loss on disposal of vessels, including impairments	1,548	4,134	(2,804)
Write-off of deferred financing costs	-	-	12,501
Loss on extinguishment of debt	-	21	992
Adjusted EBITDA	21,286	96,275	74,216

Chartered In Fleet

Charter-In Hire Details

- **Time Charter-Ins:**
 - 1 MR vessel at 25% - redelivers March 2021 - Charter Hire expense for rest of 2020: \$532K
 - 1 LR1 vessel that redelivers in August 2021 – Charter Hire expense for rest of 2020: \$2.4M
- **Bareboat-Ins:**
 - 2 Aframax vessels that redeliver in 2024 – Charter Hire expenses for rest of 2020: \$3.2M
- **Lightering:**
 - 5 workboats that redeliver between December 2020 and July 2023 – Charter Hire expenses for rest of 2020: \$4.9M