

International Seaways, Inc.

Third Quarter 2020
Earnings Presentation
November 6, 2020

International Seaways, Inc.

INSW
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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, June 30, 2020 and September 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

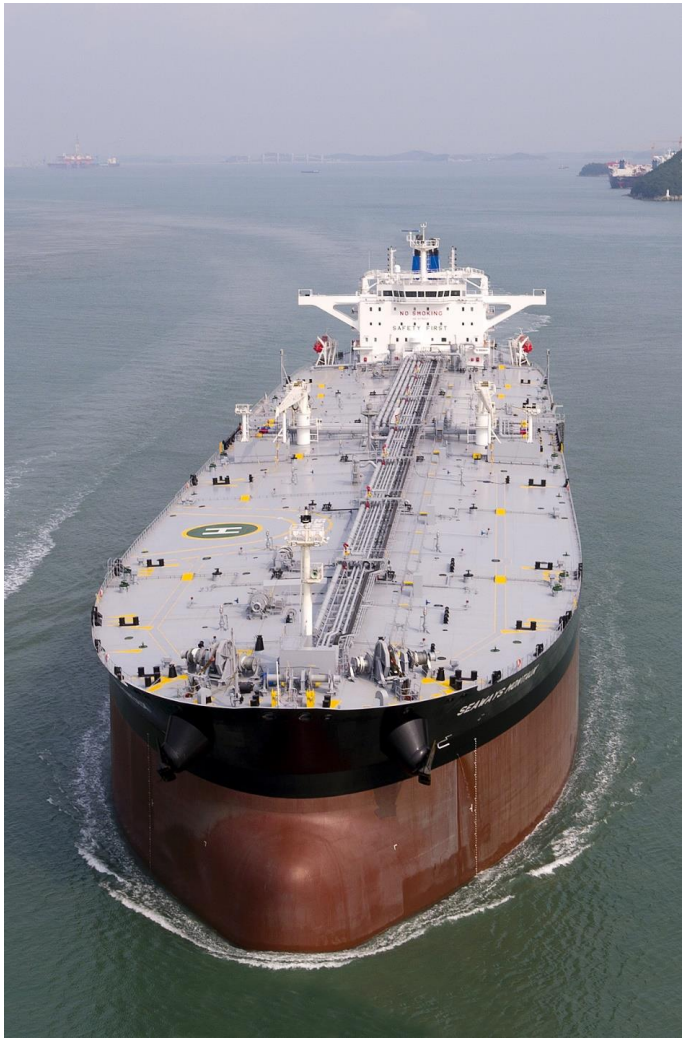
Lois K. Zabrocky

President & CEO

International Seaways, Inc.

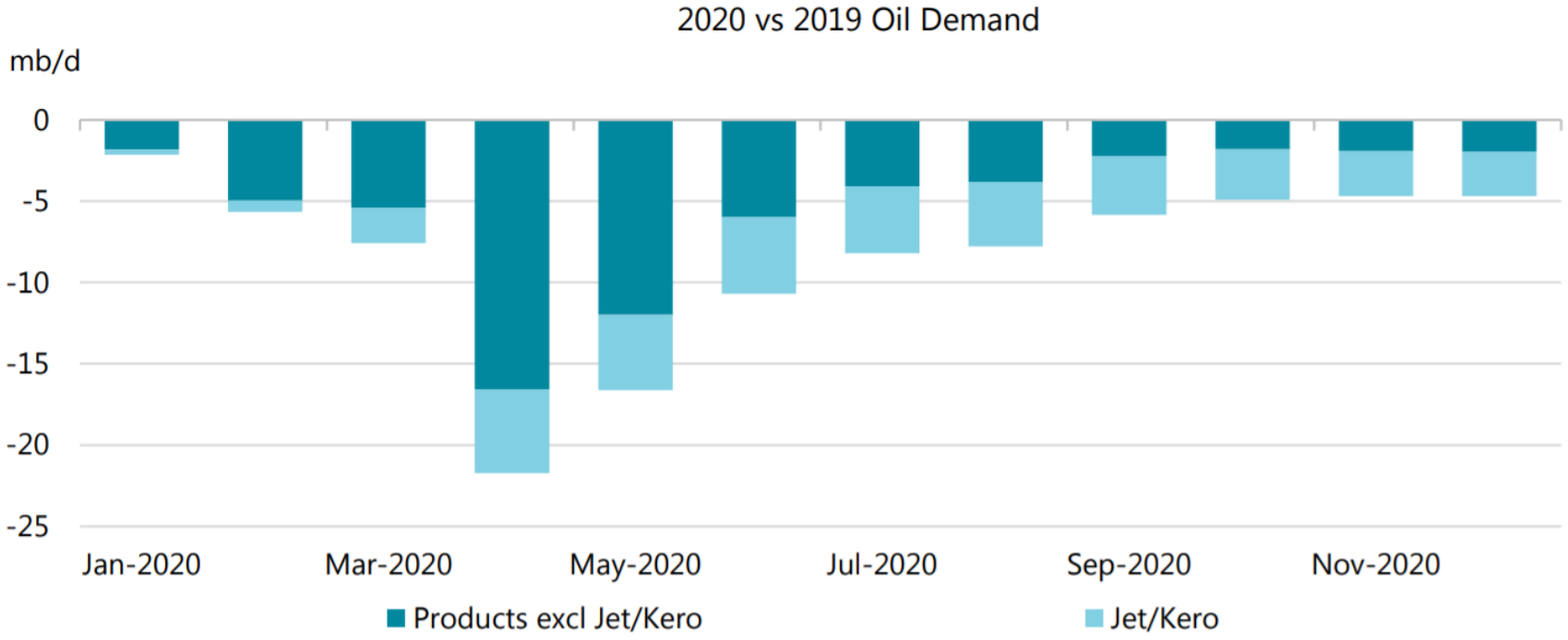
Third Quarter 2020 Highlights and Recent Developments

- **Another Strong Quarter Despite Weakening Market**
  - 2020 Q3 net income $14.0 million ($0.50/share), or $27.6 million ($0.98/share) when excluding vessel impairments, loss on vessel sales and write-off of deferred financing costs
  - 2020 Q3 Adjusted EBITDA $54.6 million, an increase of $31.0 million from 2019Q3
- **Strong Period Coverage During Weak Market**
  - Renewed FSO joint venture contracts for a further 10 years, unlocking their value. Our share of contract revenues exceeds $322 million for the extension period
  - VLCC time charters lending support, averaging $63,700 per day during Q4, allowing us to optimize revenue
- **Executing on Capital Allocation Strategy**
  - Increased authorization for share repurchases to $50 million
  - Regular $0.06/share quarterly dividend declared in October
  - Agreed to sell two older VLCCs, Seaways Mulan and Seaways Rosalyn and an older Aframax, Seaways Fran
  - Repaid $40 million transition facility in August; lowers interest expense by $1.7 million and lowers breakevens going forward by $1,800/day to approx $17,500 per day
- **Increased Financial Strength**
  - Net loan to value 39%
  - $154 million in cash and $194 million in liquidity at Sept 30
  - 11 unencumbered vessels after the sale of the 3 older ships



Market Update – Oil Supply, Demand and Implications

- **Oil Supply and Demand**
  - IEA expects 2020 Q4 demand to be at 96.1 million b/d, a slight upward revision, and expects demand to be at 98.8 million b/d by end of next year
  - With demand rising in Q4, IEA anticipates 4 million b/d stock draw, helping to decrease surplus built during Q2
  - Positive for stock drawdowns which are needed to set the stage for tanker recovery
  - On supply side, OPEC's current intention of adding 2 million b/d supply in Q1 should increase tanker demand, although extension of cuts also being discussed
  - IEA expects diesel and gasoline demand to be at 98% of 2019 levels by the end of the year



Source: IEA

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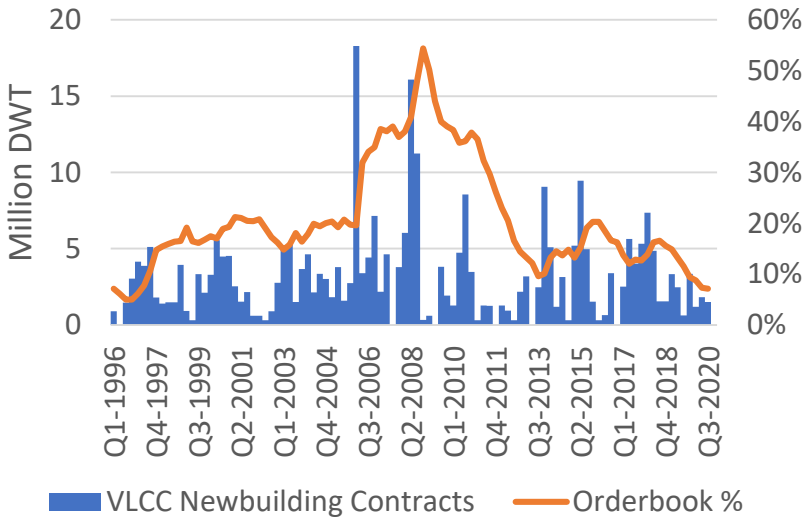
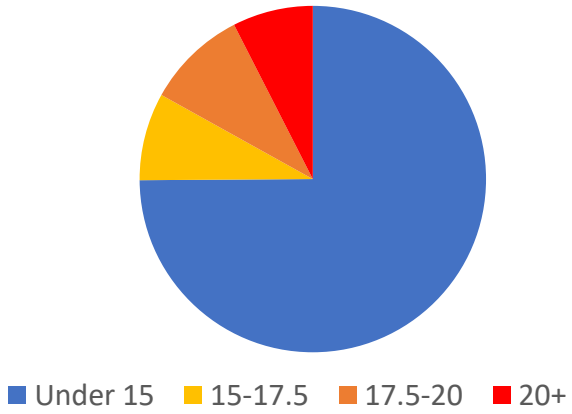
Market Update – Ship Supply

- **Orderbook Update**
  - Orderbook has continued to decline to historical lows:
    - VLCC 7.1%
    - Suezmax 10.5%
    - Aframax/LR2 9.4%
    - Panamax/LR1 3.1%
    - MR 6.7%
  - 31 VLCCs ordered in 2019; YTD 2020 only 16 thus far, although a handful of additional orders are rumored
  - Ordering tempered by uncertainty surrounding markets, decarbonization, and suitable propulsion systems
- **Recycling potential**
  - The VLCC fleet is aging – 210 ships out of a fleet of 828 will be 15 years old or older by year end
  - A further 22 VLCCs will reach age 20 during 2021
  - 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 ships recycled in 2018, only four VLCCs were recycled in 2019 and none YTD 2020. At current rates, we expect to see recycling increase





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Financial Review

Jeffrey D. Pribor

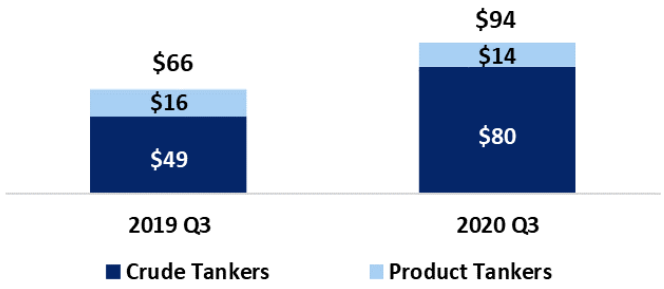
SVP & CFO

International Seaways, Inc.

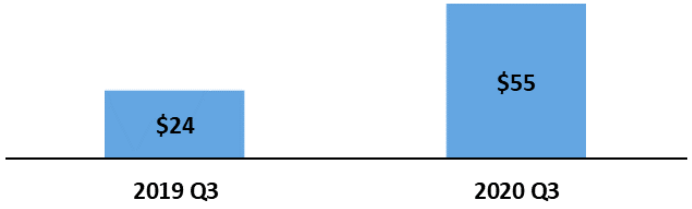
Financial Summary – TCE Revenue & Adjusted EBITDA[1]
($ millions)

3Q 2019 vs 3Q 2020

Quarterly TCE Revenue

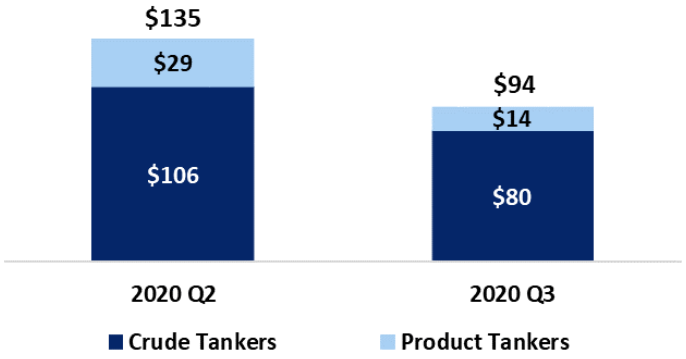


Quarterly Adjusted EBITDA

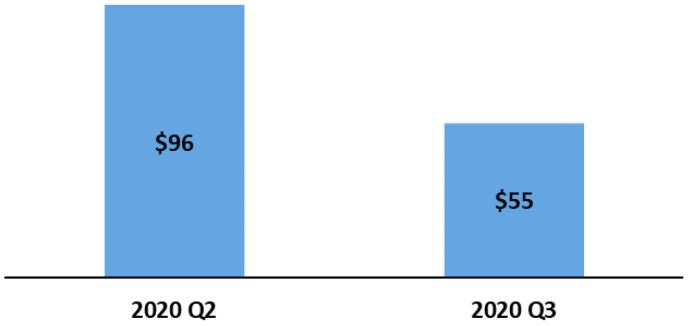


2Q 2020 vs 3Q 2020

Quarterly TCE Revenue



Quarterly Adjusted EBITDA



LTM Adjusted EBITDA[1]:

$297M

[1] See Appendix for TCE Revenue and EBITDA reconciliation

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Financial Summary – Q3 & Q4 Earnings Update

	2020 Q3 Actual			2020 Q4 Booked to Date[1]					
	SPOT	TC	OVERALL	SPOT		TC		OVERALL	
	TCE	TCE	TCE	Fixed	TCE	Fixed	TCE	Fixed	TCE
VLCC	**$35,700**	**$73,400**	**$47,400**	**59%**	**$19,600**	**100%**	**$63,700**	**72%**	**$38,600**
VLCC < 15	$40,400	$80,600	$52,500	59%	$19,600	100%	$70,300	68%	$36,200
VLCC 15+	$19,000	$51,700	$30,100			100%	$51,700	100%	$51,700
Suezmax	**$28,200**	**---**	**$28,200**	**58%**	**$14,400**	**0%**	**$0**	**58%**	**$14,400**
Aframax/LR2	**$13,000**	**---**	**$13,000**	**38%**	**$9,400**	**100%**	**$17,800**	**46%**	**$11,800**
Panamax/LR1	**$15,000**	**$15,800**	**$15,200**	**37%**	**$19,000**	**41%**	**$16,600**	**39%**	**$18,000**
MR	**$14,400**	**---**	**$14,400**	**29%**	**$11,000**	**0%**	**$0**	**29%**	**$11,000**

[1] As of October 30, 2020

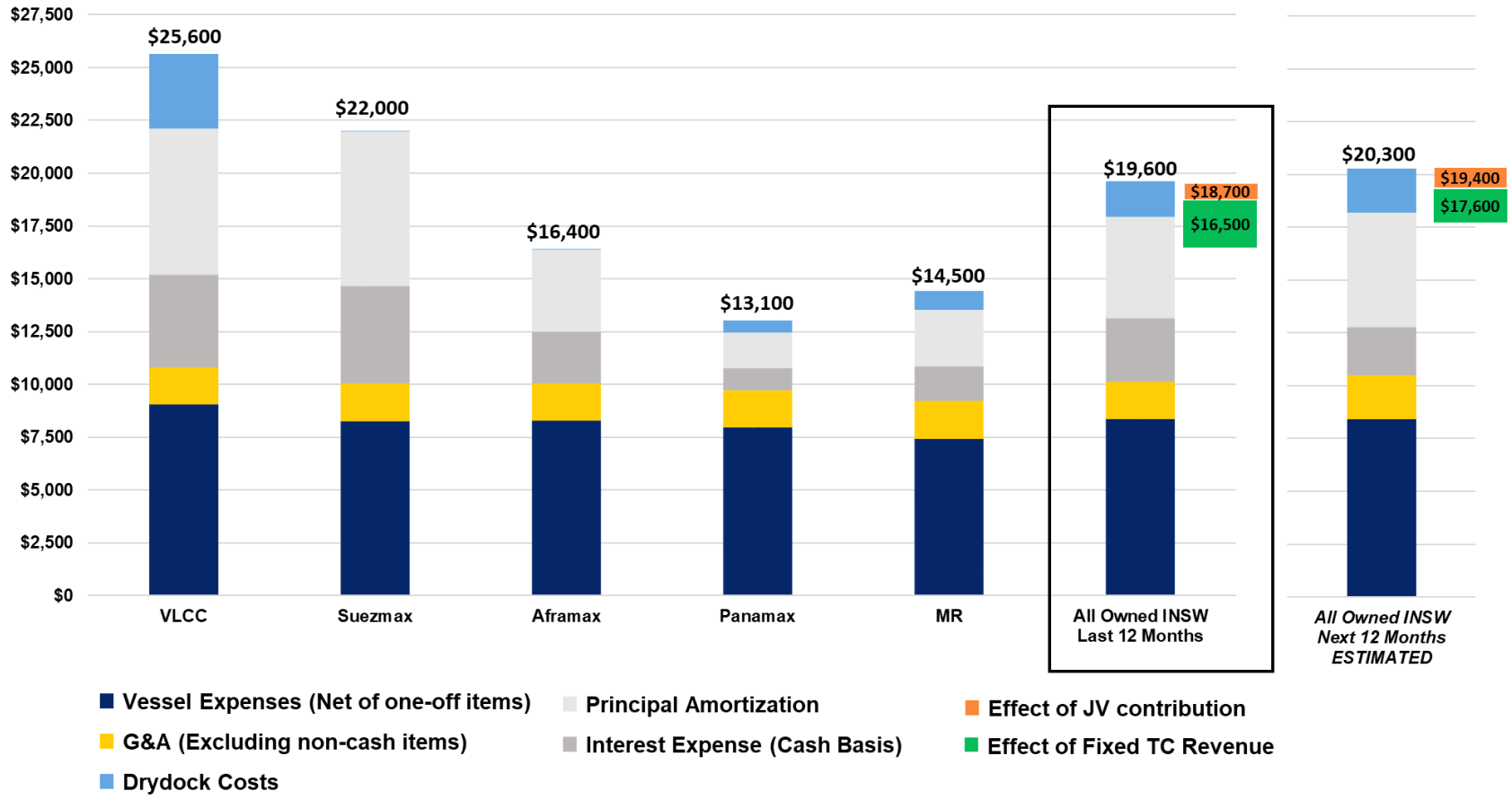
Overall 2020 Q3 VLCC TCE includes 362 time charter days at $73,400/day. Overall 2020 Q4 VLCC TCE includes 261 time charter days at $63,700/day

Overall 2020 Q3 Panamax TCE includes 269 time charter days at $15,800/day. Overall 2020 Q4 Panamax TCE includes 147 time charter days at $16,600/day

Rates exclude average pool fees of approximately $654/day

Lean and Scalable Model – Cash Breakevens

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 Aframaxes vessels have charter hire and OPEX expenses of approx. $16,400 per day
Breakevens are basis Revenue Days

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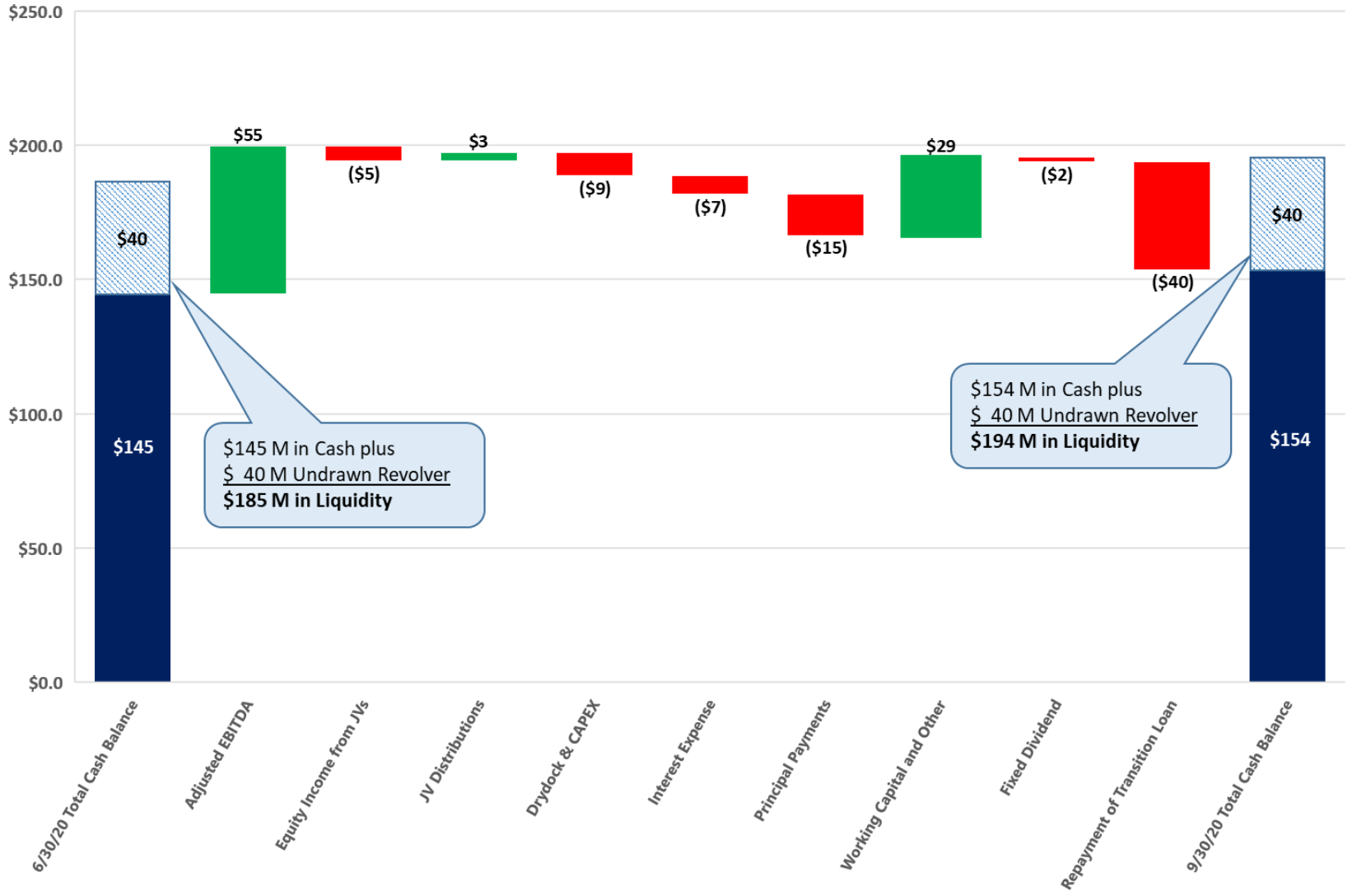
Financial Summary – Change in Cash Balance



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Strong Financial Position – Balance Sheet

Strong balance sheet protects INSW during low portions of tanker cycle

September 30, 2020 ($ M)			
Assets		**Liabilities**	
Cash and Equivalents	$137	Current Liabilities (including $61M current portion of long term debt and $10M current portion of lease liabilities)	$103
Other Current Assets	$83	Long Term Debt	$489
		Long Term Portion of Lease Liabilities	$12
		Other Long Term Liabilities	$22
Total Current Assets	**$220**	**Total Liabilities**	**$626**
Restricted Cash	$16		
Vessels	$1,291		
Right of Use Assets	$24	**Equity**	
Other Long Term Assets	$160	Total Equity	$1,087
Total Assets	**$1,712**	**Total Liabilities and Equity**	**$1,712**

INSW Book Value of FSO JV as of September 30, 2020: $144 million

- Net Debt to Total Capitalization: 27%
- Net Debt to LTM EBITDA: 1.3x
- Net Loan to Asset Value[1]: 39%
- Portion of debt which is fixed or hedged: 96%

INSW Debt at 9/30/20				
	Principal Balance ($M)	**Maturity**	**Rate**	**Quarterly Amortization**
Core Facility	$281.0	1/23/2025	LIBOR +240 bps	$9.5M
Sinosure Credit Facility	$252.0	2027-2028	LIBOR +200 bps	$5.9M
8.5% Senior Notes	$25.0	6/30/2023	8.50%	0
Total Debt Balance	**$558.0**			
Undrawn Revolver	$40.0		LIBOR +240 bps	

[1] Conventional tanker fleet only; excludes value of FSO joint ventures

Summary

- **Another Strong Quarter Despite Weakening Market**
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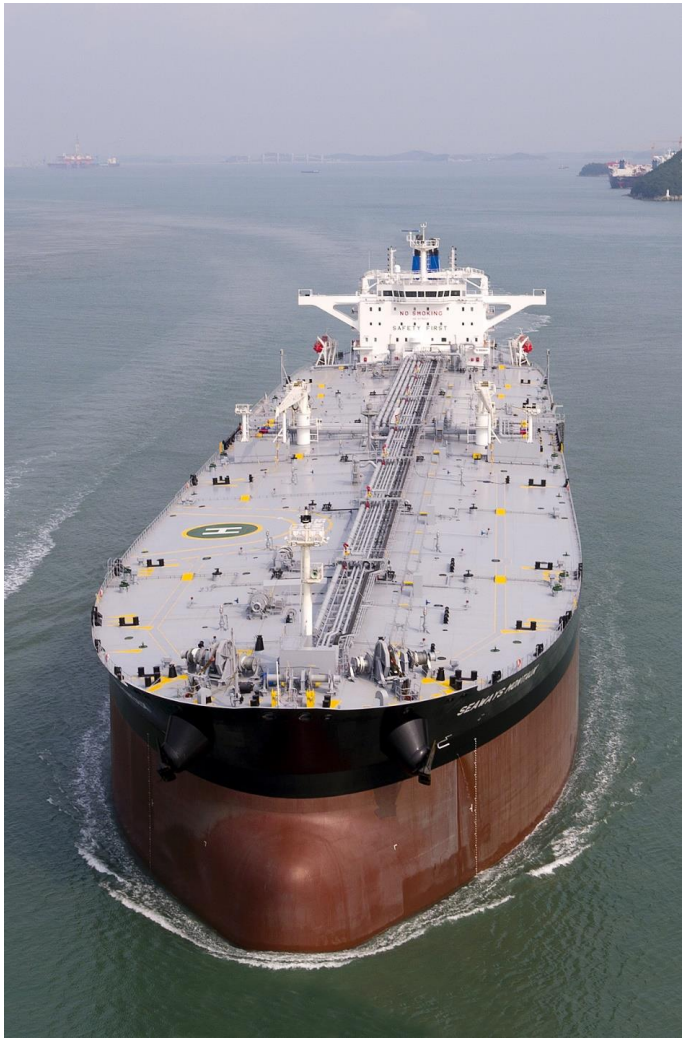



Appendix

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

	Out-of-Service Days [1]				
	Q1 (A)	Q2 (A)	Q3 (A)	Q4	FY 2020
VLCC	390	203	-86	80	**587**
Suezmax	0	2	4	0	**7**
Aframax / LR2	8	30	0	0	**38**
Panamax / LR1	16	7	275	501	**800**
MR	43	-14	1	35	**65**
	456	**229**	**195**	**616**	**1,496**

	Drydock Costs				
	Q1 (A)	Q2 (A)	Q3 (A)	Q4	FY 2020
VLCC	$6.4	$4.8	$0.7	$1.4	**$13.2**
Suezmax	$0.0	$0.0	$0.0	$0.0	**$0.0**
Aframax / LR2	$0.8	$0.0	$0.0	$0.0	**$0.8**
Panamax / LR1	$0.1	$0.1	$2.6	$8.8	**$11.6**
MR	$0.3	$0.0	$0.1	$0.9	**$1.2**
	$7.6	**$4.9**	**$3.3**	**$11.0**	**$26.9**

	CAPEX Costs [2]				
	Q1 (A)	Q2 (A)	Q3 (A)	Q4	FY 2020
VLCC	$11.2	$8.3	$3.6	$1.1	**$24.3**
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	$1.1	$1.7	**$7.0**
MR	$0.4	$0.0	$0.8	$0.3	**$1.5**
	$12.0	**$12.0**	**$5.5**	**$3.2**	**$32.8**

1. Loss of Hire recovery relating to the Mulan of 110 out-of-service days is included in Q3 and 8 out-of-service days is included in Q4
2. Principally relates to scrubber and BWTS costs

TCE Revenue Reconciliation
($ thousands)

	3Q19	3Q20	2Q20
Time charter equivalent revenues	65,808	94,032	135,289
Add: Voyage expenses	5,470	5,851	4,436
Shipping revenues	**71,278**	**99,883**	**139,725**

Adjusted EBITDA Reconciliation
($ thousands)

All INSW	3Q19	3Q20	2Q20	LTM 3Q20
Net income / (loss)	(11,095)	13,981	64,358	127,249
Income tax provision	0	-	1	2
Interest expense	17,010	7,999	8,881	43,169
Depreciation and amortization	18,961	19,014	18,880	75,107
EBITDA	**24,876**	**40,994**	**92,120**	**245,527**
Third-party debt modification fees	-	-	-	232
(Gain) / Loss on disposal of vessels, net of impairments	(1,472)	12,834	4,134	14,445
Gain on sale of investment in affiliated companies	-	-	-	(3,033)
Release of other comprehensive loss upon sale of investment in affiliated company	-	-	-	21,615
Write-off of deferred financing costs	343	572	-	16,288
Loss on extinguishment of debt	100	181	21	2,194
Adjusted EBITDA	**23,847**	**54,581**	**96,275**	**297,268**

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: $0.3M
  - 1 LR1 vessel that redelivers in August 2021 – Charter Hire expense for rest of 2020: $0.9M
- **Bareboat-Ins:**
  - 2 Aframax vessels that redeliver in 2024 – Charter Hire expenses for rest of 2020: $1.6M
- **Lightering:**
  - 5 workboats that redeliver between December 2020 and July 2023 – Charter Hire expenses for rest of 2020: $2.4M

INSW Fleet as of November 1, 2020

Ship	Type	Built	DWT	Ownership
Gener8 Chiotis	VLCC	2016	300,973	Owned
Gener8 Success	VLCC	2016	300,932	Owned
Gener8 Supreme	VLCC	2016	300,933	Owned
Seaways Diamond Head	VLCC	2016	300,781	Owned
Seaways Hendricks	VLCC	2016	300,757	Owned
Seaways Tybee	VLCC	2015	300,703	Owned
Seaways Kilimanjaro	VLCC	2012	296,520	Owned
Seaways Mckinley	VLCC	2011	296,305	Owned
Seaways Everest	VLCC	2010	296,409	Owned
Seaways Raffles	VLCC	2010	317,858	Owned
Seaways Rosalyn	VLCC	2003	317,979	Owned
Seaways Mulan	VLCC	2002	318,518	Owned
Seaways Tanabe	VLCC	2002	298,561	Owned
Seaways Hatteras	Suezmax	2017	158,432	Owned
Seaways Montauk	Suezmax	2017	158,432	Owned
Seaways Redwood	Aframax	2013	112,792	Owned
Seaways Yellowstone	Aframax	2009	112,989	BB-in
Seaways Yosemite	Aframax	2009	112,905	BB-in
Seaways Fran	Aframax	2001	112,118	Owned
Seaways Shenandoah	LR2	2014	112,691	Owned
Seaways Reymar	Panamax	2004	69,501	Owned
Seaways Hellas	Panamax	2003	69,636	Owned
Seaways Jademar	Panamax	2002	69,708	Owned
Seaways Goldmar	Panamax	2002	69,684	Owned
Seaways Rosemar	Panamax	2002	69,628	Owned
Seaways Silvermar	Panamax	2002	69,609	Owned
Seaways Rubymar	Panamax	2002	69,599	Owned

Ship	Type	Built	DWT	Ownership
Seaways Leyte	LR1	2011	73,944	Owned
Seaways Samar	LR1	2011	73,920	Owned
Seaways Guayaquil	LR1	2009	74,999	Owned
Ice Victory	LR1	2006	70,372	TC-in
Seaways Visayas	LR1	2006	74,933	Owned
Seaways Luzon	LR1	2006	74,908	Owned
Seaways Athens	MR	2012	50,342	Owned
Seaways Milos	MR	2011	50,378	Owned
Seaways Kythnos	MR	2010	50,284	Owned
Seaways Skopelos	MR	2009	50,221	Owned
FSO Africa	FSO	2010	432,023	JV 50%
FSO Asia	FSO	2009	432,023	JV 50%

Trading Crude
Trading Products
JV Ships