

International Seaways, Inc.

First Quarter 2021
Earnings Presentation
May 6, 2021

International Seaways, Inc.

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, the Company’s planned merger with Diamond S, plans to issue dividends, 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, 2020, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, the Company’s Registration Statement on Form S-4 dated May 5, 2021, 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

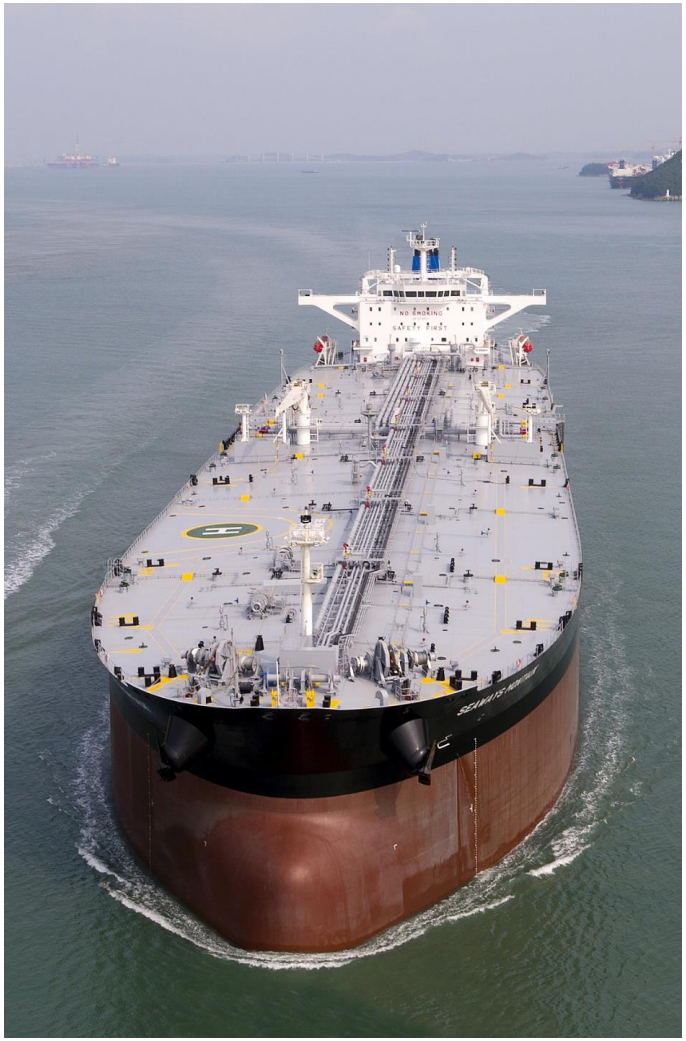
Lois K. Zabrocky

President & CEO

International Seaways, Inc.

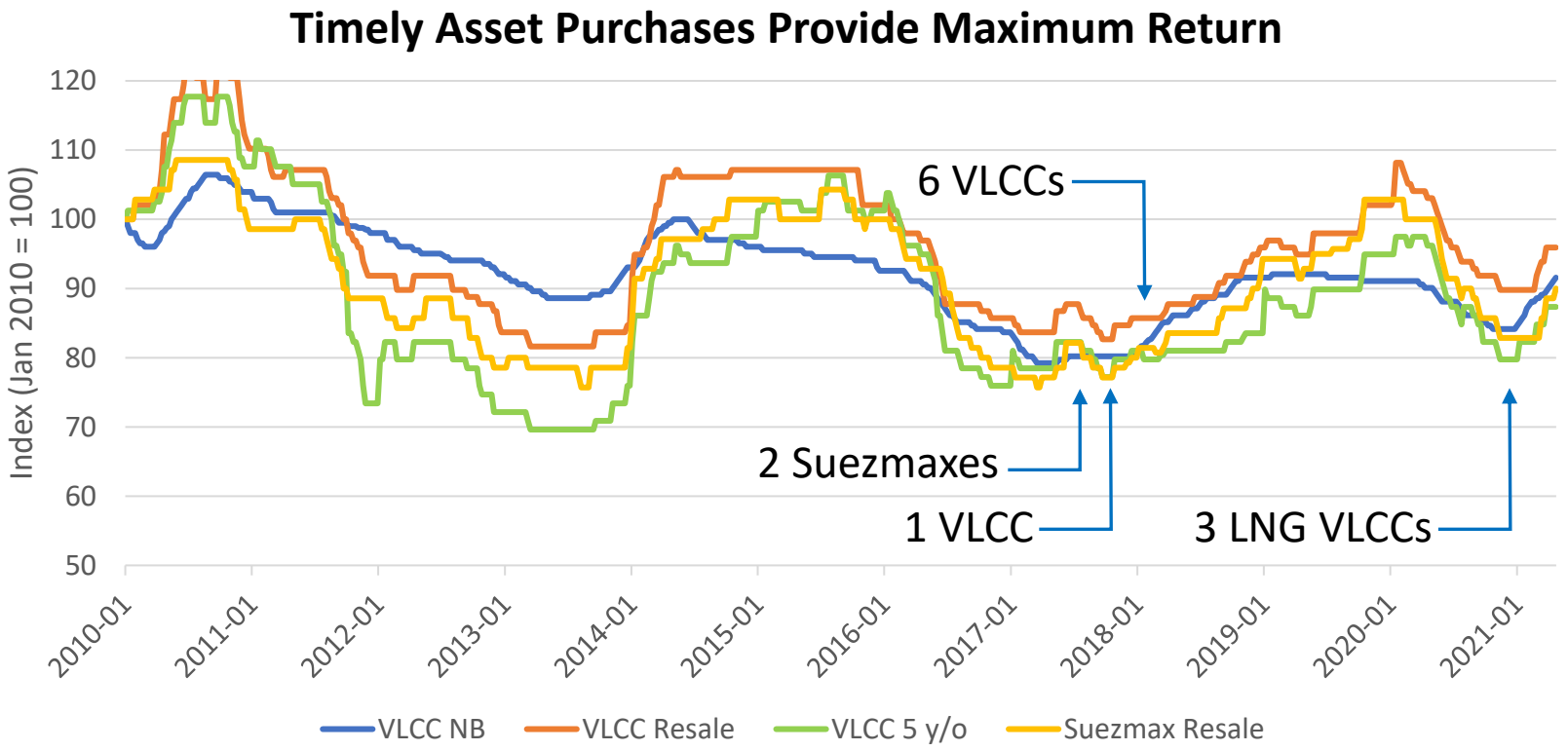
First Quarter 2021 Highlights and Recent Developments

- **Announced Merger Agreement with Diamond S Shipping**
  - Will double INSW's net asset value in an all-stock merger and triple the size of the fleet; will be second largest US tanker owner by ship count
  - Accretive to INSW's earnings, cash flow per share
  - Estimated annual cost synergies of $23 million and revenue synergies of $9 million by adhering to INSW's lean and scalable model
  - Enhances trading liquidity
  - Maintains financial strength and low leverage
  - Maintain $50 million share repurchase authorization
  - Special dividend of $31.5 million to existing INSW shareholders immediately prior to closing
- **Constructing Three Dual Fuel VLCCs for Delivery in 2023**
  - Seven-year time charters with Shell with a base rate that protects the downside and profit sharing that takes advantage of these innovative, efficient ships to capture the upside
  - 40% more fuel efficient than a 10 year old VLCC
  - 20% more efficient than a modern ECO VLCC.
  - Outperform 2025 Phase III EEDI targets
  - In line with Seaway's ESG principles
  - Attractive contract prices demonstrate INSW's commitment to deploy capital for growth at the right part of the cycle
- **First Quarter 2021 Results**
  - Net loss $13.4 million, or $0.48/share
  - Adjusted EBITDA $10.7 million
  - $172 million in cash at quarter end, $212 million in total liquidity



Disciplined Capital Allocation – Fleet Renewal

- **International Seaways invested $900 million at the bottom of the cycle**
  - Two Suezmax newbuilding resales purchased for $58 million each in 2017
  - 2010-built VLCC purchased for $53 million in 2017
  - Six VLCCs built 2016 and 2015 purchased for $434 million total in 2018
  - Since acquisition, the nine ships have contributed a cumulative $225 million in operating income (TCE revenue minus opex) through March 31, 2021
  - Three dual-fuel LNG VLCCs ordered for $290 million at bottom of market; newbuilding prices have increased since



Source: Clarksons

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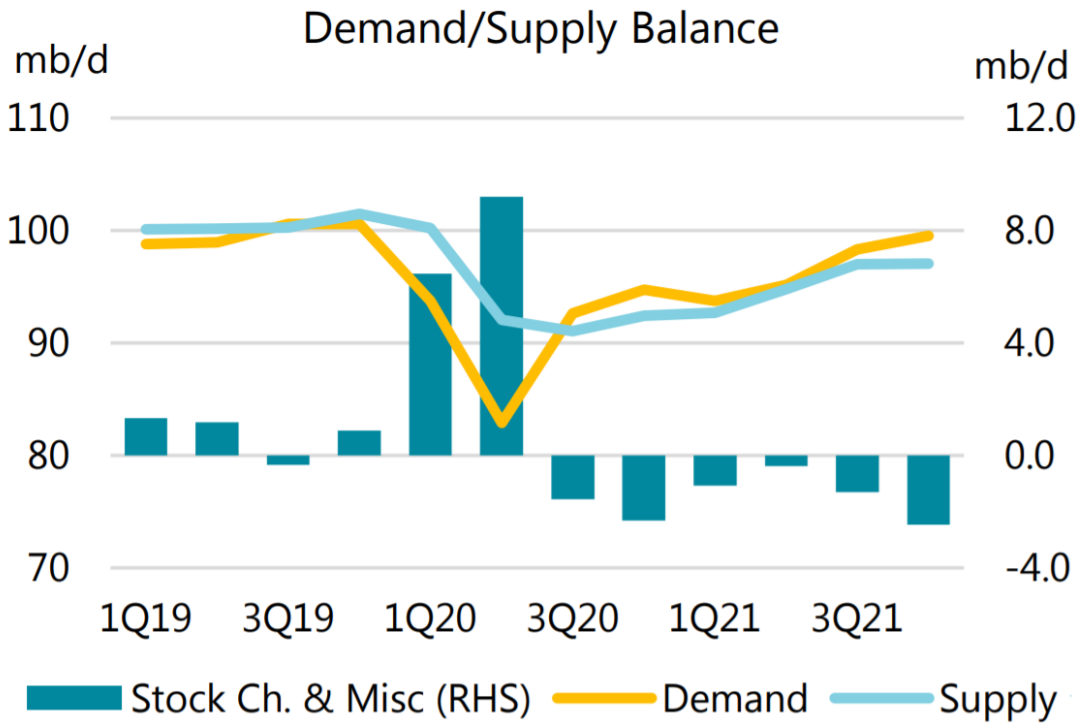
Market Update – Oil Supply, Demand and Implications

- **Oil Supply and Demand**
  - OPEC+ has announced increased production, as well as rollbacks of Saudi Arabia's voluntary cuts, amounting to an additional 600,000 b/d production for May, followed by an additional 700,000 b/d in June and 800,000 b/d in July, reaching 2.1 million b/d above present levels
  - IEA's April forecast estimates 2021 demand to be up 5.7 mb/d, an increase of 300,000 barrels/day from their February forecast. EIA is even more optimistic, expecting 2021 demand to average 97.7 million b/d
  - EIA expects global oil inventories will fall by 1.8 million b/d in the first half of 2021; combined with OPEC+ production increases, this should provide improvements in the tanker markets.



Source: IEA, EIA,

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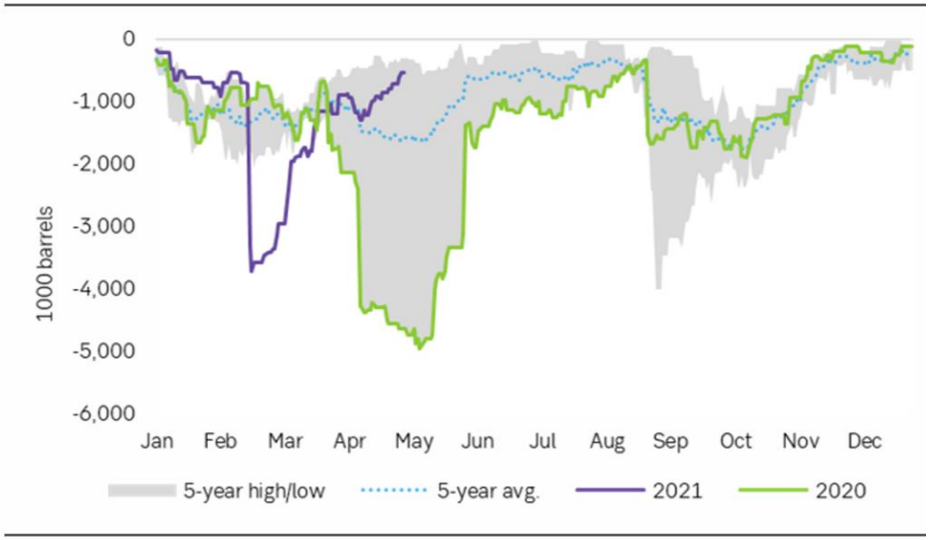
Market Update – Clean Products

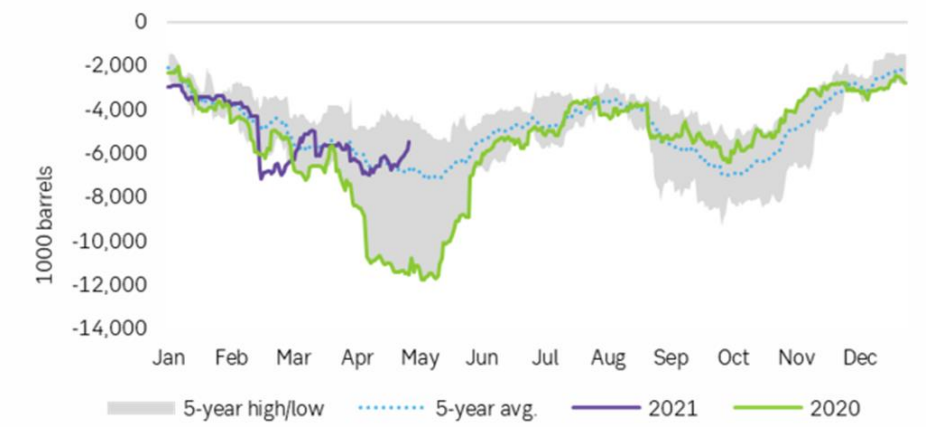
- **Refinery Outages**
  - 2020 saw a drastic reduction in global refinery utilization due to the global pandemic
  - February 2021 saw a similar drop in US refinery utilization due to record cold temperatures
  - Both US and global outages are now approaching 5 year lows, which should give strength to the product tanker markets

US refinery outages



Source: SEB, Bloomberg

Global refinery outages



Source: SEB, Bloomberg

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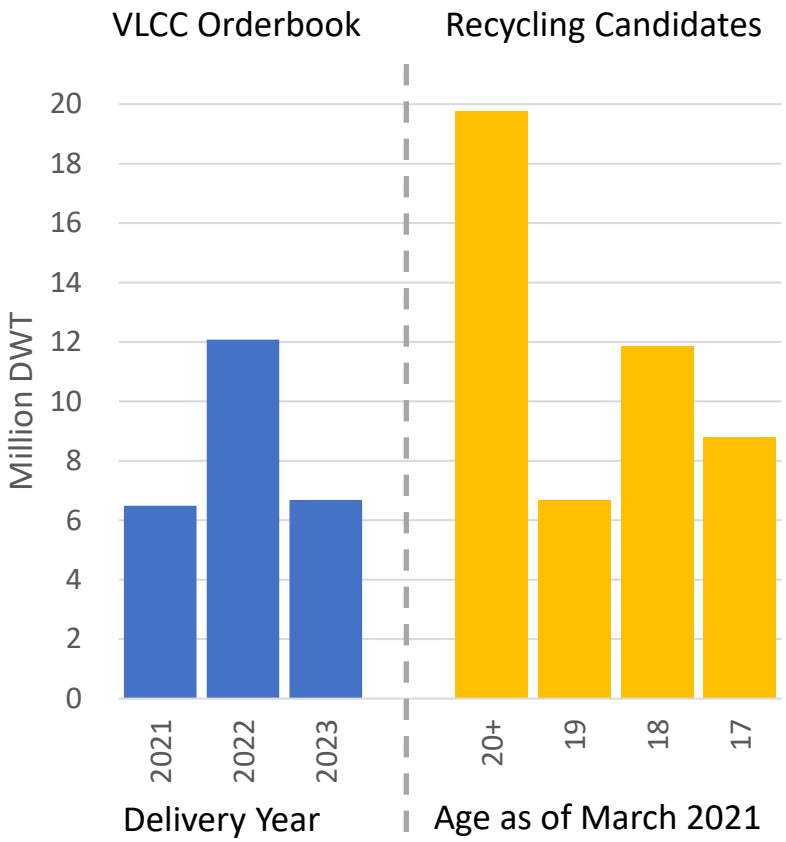
Market Update – Ship Supply

- **Orderbook Update**
  - Orderbook remains at historical lows:
    - VLCC 9.6%
    - Suezmax 8.0%
    - Aframax/LR2 9.2%
    - Panamax/LR1 1.5%
    - MR 6.1%
  - 31 VLCCs ordered in 2019; 31 in 2020; 27 YTD 2021
  - Ordering tempered by uncertainty surrounding markets, decarbonization, and higher steel and newbuilding prices
- **Recycling potential**
  - The VLCC fleet is aging – out of a total fleet of 842 ships:
    - 141 ships are 17.5 years old or older (17%). Of these,
    - 66 ships are already 20 years old or older (8%). This represents the majority of the VLCC orderbook
    - A further 9 VLCCs will reach age 20 during the balance of 2021 (1%)
  - Every 2.5 years starting with age 17.5, 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 both of 2019 and 2020, and 3 YTD 2021. At current spot rates and steel prices, we expect to see recycling increase



Source: Clarksons

International Seaways, Inc.



Financial Review

Jeffrey D. Pribor

SVP & CFO

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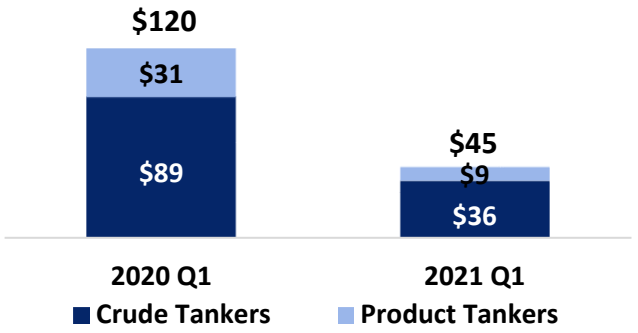
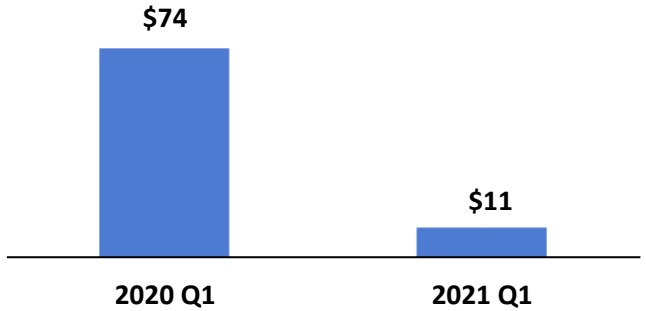
Financial Summary – TCE Revenue & Adjusted EBITDA[1]
($ millions)

Quarterly: 1Q 2020 vs 1Q 2021

Quarterly TCE Revenue

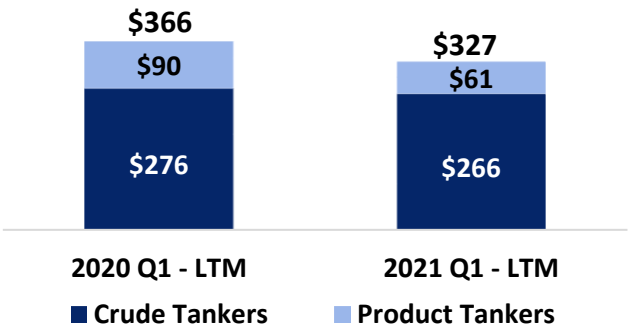


Quarterly Adjusted EBITDA

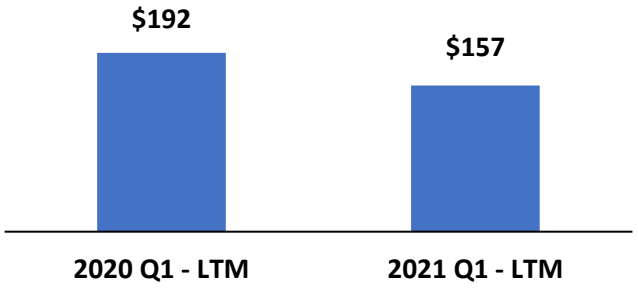


LTM: 1Q 2020 vs 1Q 2021

LTM TCE Revenue



LTM Adjusted EBITDA



LTM Adjusted EBITDA[1]:

$156.6M

[1] See Appendix for TCE Revenue and EBITDA reconciliation

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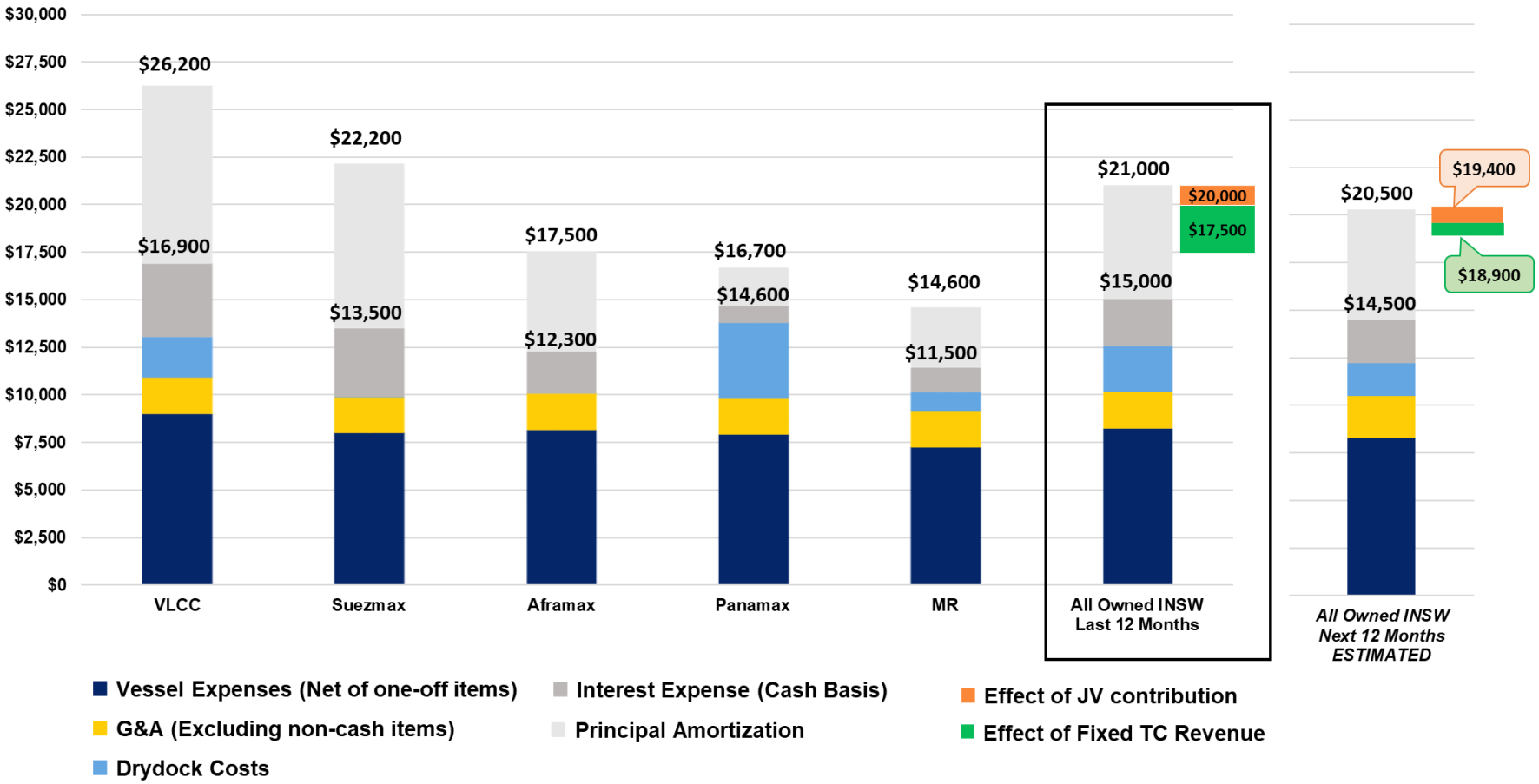
Financial Summary – 2021 Q1 & Q2 Earnings Update

	2021 Q1 Actual			2021 Q2 to Date[1]					
	SPOT	TC	OVERALL	SPOT		TC		OVERALL	
	TCE	TCE	TCE	Fixed	TCE	Fixed	TCE	Fixed	TCE
VLCC (ALL)	**$15,700**	**$47,400**	**$21,100**	**63%**	**$15,200**	**100%**	**$43,900**	**67%**	**$19,800**
Scrubber	$17,100	$43,900	$20,400	62%	$15,600	100%	$43,900	66%	$20,400
No Scrubber	$11,200	---	$11,200	91%	$9,300	---	---	91%	$9,300
> 15 years	---	$51,700	$51,700	---	---	---	---	---	---
Suezmax	**$12,200**	**---**	**$12,200**	**75%**	**$16,000**	---	---	**75%**	**$16,000**
Aframax/LR2	**$11,700**	**$17,800**	**$13,200**	**37%**	**$11,100**	**100%**	**$17,800**	**53%**	**$14,300**
Panamax/LR1	**$13,100**	**$10,700**	**$11,800**	**49%**	**$21,000**	**72%**	**$11,100**	**60%**	**$15,200**
MR	**$7,400**	**---**	**$7,400**	**65%**	**$12,600**	---	---	**65%**	**$12,600**

[1] As of April 29, 2021
Overall 2021 Q1 VLCC TCE includes 155 time charter days at $47,400/day. Overall 2021 Q2 VLCC TCE includes 91 time charter days at $43,900/day
Overall 2021 Q1 Afra/LR2 TCE incudes 90 time charter days at $17,800/day. Overall 2021 Q2 Afra/LR2 TCE includes 91 time charter days at $17,800/day
Overall 2021 Q1 Pana/LR1 TCE includes 516 time charter days at $10,700/day. Overall 2022 Q1 Pana/LR1 TCE includes 435 time charter days at $11,100/day
Rates exclude average pool fees of approximately $620/day. Excludes prior period accounting adjustments

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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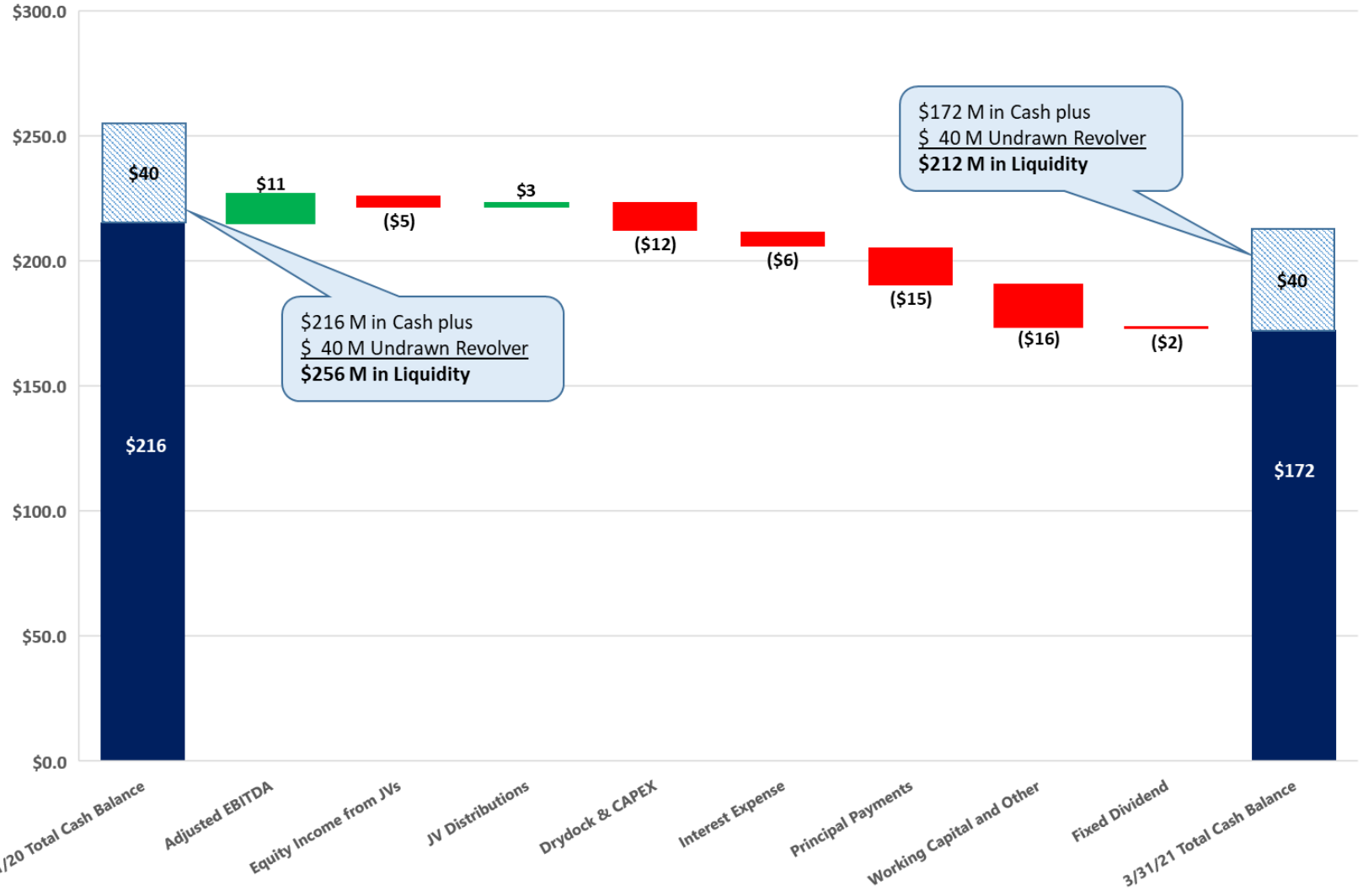
Financial Summary – Change in Cash Balance



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Strong Financial Position – Balance Sheet

Strong balance sheet protects INSW during low portions of tanker cycle

March 31, 2021 ($ M)			
Assets		**Liabilities**	
Cash and Equivalents	$156	Current Liabilities (including $61M current portion of long term debt and $8M current portion of lease liabilities)	$98
Other Current Assets	$65	Long Term Debt	$459
		Long Term Portion of Lease Liabilities	$9
		Other Long Term Liabilities	$18
Total Current Assets	**$221**	**Total Liabilities**	**$584**
Restricted Cash	$16		
Vessels	$1,136		
Right of Use Assets	$19	**Equity**	
Other Long Term Assets	$159	Total Equity	$968
Total Assets	**$1,552**	**Total Liabilities and Equity**	**$1,552**

INSW Book Value of FSO JV as of March 31, 2021: $132 million

- Net Debt to Total Capitalization: 26%
- Net Debt to LTM EBITDA: 2.23x
- Net Loan to Asset Value[1]: 33%
- Portion of debt which is fixed or hedged: 96%

INSW Debt at 3/31/21

	Principal Balance ($M)	Maturity	Rate	Quarterly Amortization
Core Facility	$262.1	1/23/2025	LIBOR +240 bps	$9.5M
Sinosure Credit Facility	$240.2	2027-2028	LIBOR +200 bps	$5.9M
8.5% Senior Notes	$25.0	6/30/2023	8.50%	0
Total Debt Balance	**$527.3**			
Undrawn Revolver	$40.0		LIBOR +240 bps	

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

Summary

- **Announced Merger Agreement with Diamond S Shipping**
  - Will double INSW's net asset value in an all-stock merger and triple the size of the fleet; will be second largest US tanker owner by ship count
  - Accretive to INSW's earnings, cash flow per share
  - Estimated annual cost synergies of $23 million and revenue synergies of $9 million by adhering to INSW's lean and scalable model
  - Enhances trading liquidity
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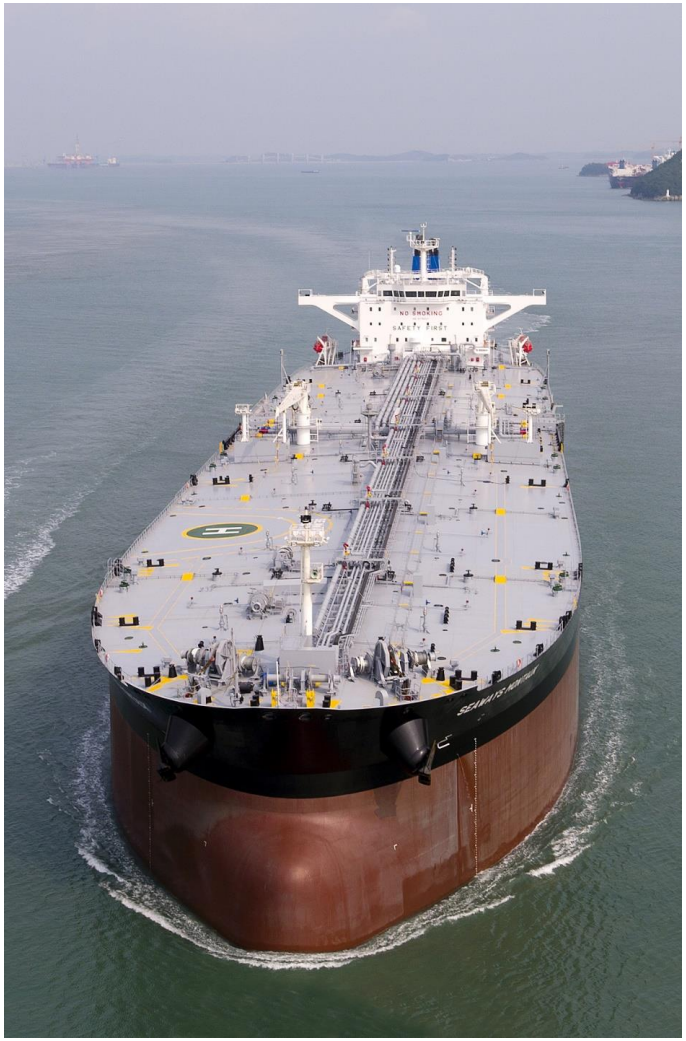



Appendix

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Estimated Drydock and CAPEX costs and Out-of-Service Days
($ millions)

	2021 Out-of-Service Days				
	Q1 (A)	Q2 (E)	Q3 (E)	Q4 (E)	FY 2021
VLCC	76	158	0	52	**287**
Suezmax	0	0	0	0	**0**
Aframax / LR2	0	0	6	6	**12**
Panamax / LR1	169	6	0	32	**208**
MR	2	0	19	3	**24**
	248	**164**	**25**	**93**	**531**

	2021 Drydock Costs				
	Q1 (A)	Q2 (E)	Q3 (E)	Q4 (E)	FY 2021
VLCC	$2.2	$7.5	$0.0	$4.5	**$14.2**
Suezmax	$0.0	$0.0	$0.0	$0.0	**$0.0**
Aframax / LR2	$0.0	$0.0	$0.1	$0.1	**$0.2**
Panamax / LR1	$5.8	$1.3	$0.0	$1.2	**$8.4**
MR	$0.5	$0.0	$1.6	$0.0	**$2.1**
	$8.6	**$8.8**	**$1.7**	**$5.9**	$24.9

	2021 CAPEX Costs *				
	Q1 (A) **	Q2 (E)	Q3 (E)	Q4 (E)	FY 2021
VLCC	$2.1	$18.1	$15.2	$1.7	**$37.1**
Suezmax	$0.0	$0.0	$0.0	$0.0	**$0.0**
Aframax / LR2	$0.0	$0.2	$0.0	$0.0	**$0.2**
Panamax / LR1	$0.6	$0.1	$0.0	$0.0	**$0.7**
MR	$0.0	$0.0	$0.4	$0.0	**$0.4**
	$2.7	**$18.4**	**$15.6**	**$1.7**	$38.4

** Principally relates to Scrubber and BWTS costs. VLCC cost in Q2 and Q3 include payments for 3 VLCC newbuildings*
*** Q1 2021 CAPEX does not include $0.6M in costs related to the Diamond S merger*

TCE Revenue Reconciliation
($ thousands)

	1Q20	1Q21	LTM 1Q20	LTM 1Q21
Time charter equivalent revenues	119,731	45,169	365,621	327,443
Add: Voyage expenses	5,606	1,587	24,026	15,624
Shipping revenues	**125,337**	**46,756**	**389,647**	**343,067**

Adjusted EBITDA Reconciliation
($ thousands)

All INSW	1Q20	1Q21	LTM 1Q20	LTM 1Q21
Net income / (loss)	33,019	(13,365)	21,292	(51,915)
Income tax provision	-	-	1	1
Interest expense	12,009	7,280	60,743	31,983
Depreciation and amortization	18,267	16,754	74,991	72,830
EBITDA	**63,295**	**10,670**	**157,027**	**52,900**
Third-party debt modification fees	232	-	232	-
(Loss)/income on disposal of vessels, net of impairments	(2,804)	11	(2,448)	102,902
Loss 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	12,501	-	16,059	572
Loss on extinguishment of debt	992	-	2,092	205
Adjusted EBITDA	**74,216**	**10,681**	**191,544**	**156,580**

Chartered In Fleet

Charter-In Hire Details

- **Time Charter-Ins:**
  - 1 LR1 vessel that redelivers in August 2021 – Charter Hire expense for 2021 : $1.7M
- **Bareboat-Ins:**
  - 2 Aframax vessels that redeliver in 2024 – Charter Hire expense for 2021 : $4.7M
- **Lightering:**
  - 5 workboats that redeliver between June 2021 and July 2023 – Charter Hire expense for 2021 : $6.2M

INSW Fleet as of May 4, 2021

Ship	Type	Built	DWT	Ownership
Gener8 Chiotis	VLCC	2016	300,973	Owned
Seaways Cape Henry	VLCC	2016	300,932	Owned
Seaways Triton	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 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 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