



Moving Energy with Integrity



Fourth Quarter 2017 Earnings Conference Call

March 9, 2018

Disclaimer

Forward-Looking Statements

During the course of this presentation, the Company (Overseas Shipholding Group, Inc.) may make forward-looking statements or provide forward-looking information, as defined under the federal securities laws. All statements other than statements of historical facts should be considered forward-looking statements, including but not limited to statements regarding the effect of the Company's spin-off of International Seaways, Inc. and any related matters such as expected operating efficiencies and cost reductions. 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 OSG'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 reduced diversification and heightened exposure to the Jones Act market of OSG's business following the spin-off from OSG on November 30, 2016 of International Seaways, Inc. (INSW), which owned or leased OSG's fleet of International Flag vessels, which may make OSG more susceptible to market fluctuations than before such spin-off; the highly cyclical nature of OSG's industry; fluctuations in the market value of vessels; declines in charter rates, including spot charter rates or other market deterioration; an increase in the supply of vessels without a commensurate increase in demand; the impact of adverse weather and natural disasters; the adequacy of OSG's insurance to cover its losses, including in connection with maritime accidents or spill events; constraints on capital availability; the Company's ability to generate sufficient cash to service its indebtedness and to comply with debt covenants; the Company's ability to renew its time charters when they expire or to enter into new time charters; competition within the Company's industry and OSG's ability to compete effectively for charters; the loss of a large customer; and changes in demand in specialized markets in which the Company currently trades. The Company does not undertake to update any forward-looking statements as a result of future developments, new information or otherwise. More information about potential factors that could affect our business and financial results is available in our filings with the SEC, such as the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and Current Reports on 8-K, including, where applicable, under the headings "Risk Factors" and "Forward-Looking Statements" in such reports. You may obtain these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

Disclaimer

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.

Restrictions on Foreign Ownership

The Jones Act places a limit of 25% on foreign ownership or control of persons engaged in transporting merchandise by water or by land and water either directly or via a foreign port between points in the United States and certain of its island territories and possessions. OSG’s organizational documents, among other things, limit ownership by non-U.S. Citizens (as defined under the Jones Act) of any class or series of its capital stock to 23%, and in certain circumstances permit OSG to withhold dividends and suspend voting rights with respect to shares held by non-U.S. Citizens and to redeem shares held by non-U.S. Citizens so that OSG’s foreign ownership remains less than 23%. As disclosed in the prospectus for the offering to which this presentation relates, if a prospective purchaser or transferee is unable to certify it is a U.S. Citizen before purchasing our Class A common stock, or a sale of stock or transfer of stock would result in non-U.S. Citizens owning 23% or more of our Class A common stock, such person may not be allowed to complete such purchase or transfer, or such purchase or transfer may be reversed, or the shares so purchased or transferred may be redeemed by OSG pursuant to its organizational documents.

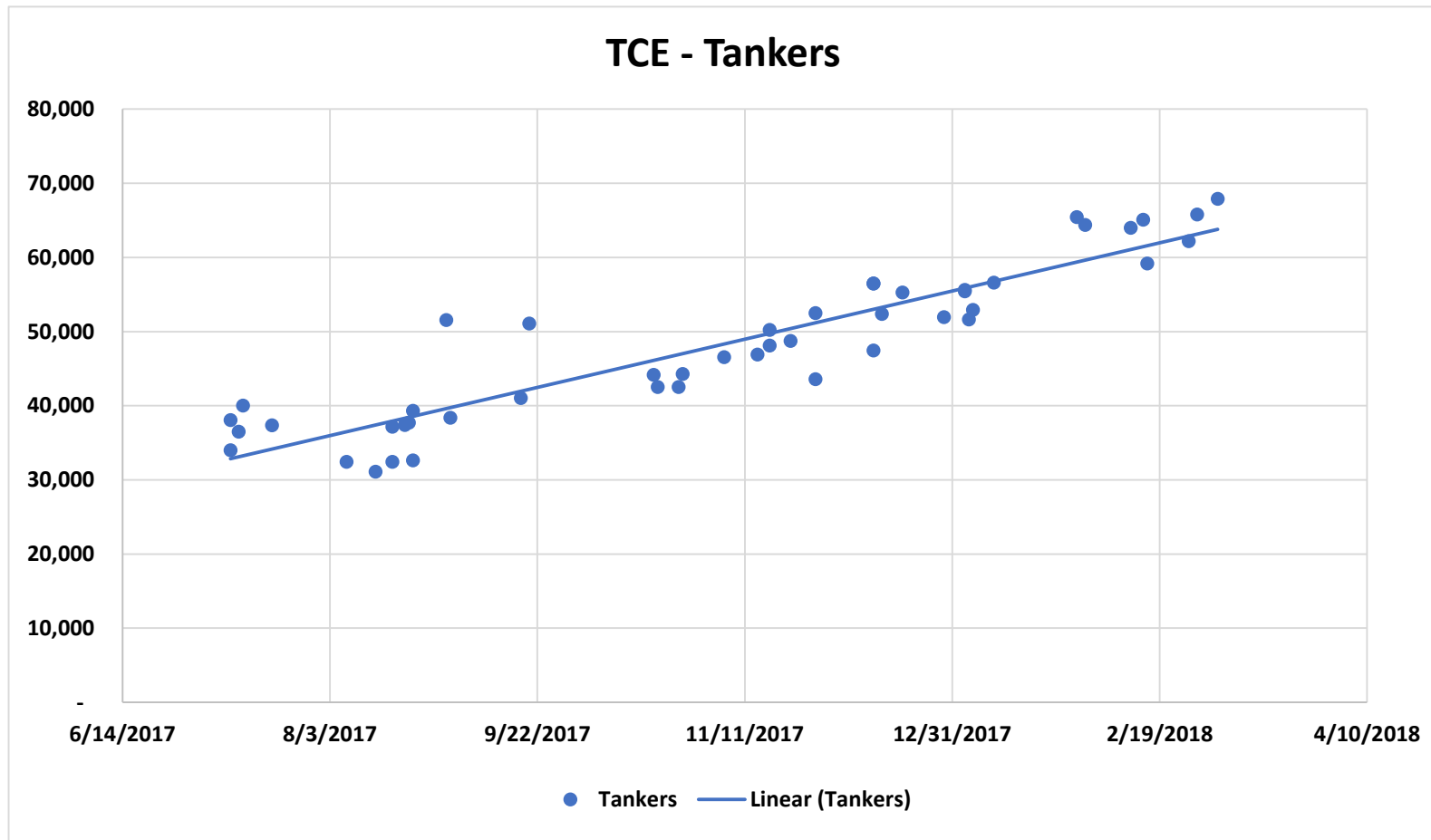


Business Review – Samuel H. Norton, President & CEO



Moving Energy with Integrity

Tanker Spot Rates July 2017 to March 2018



Tanker Spot Rates Steadily Improving

Vessel Operating Contribution

(\$ thousands)

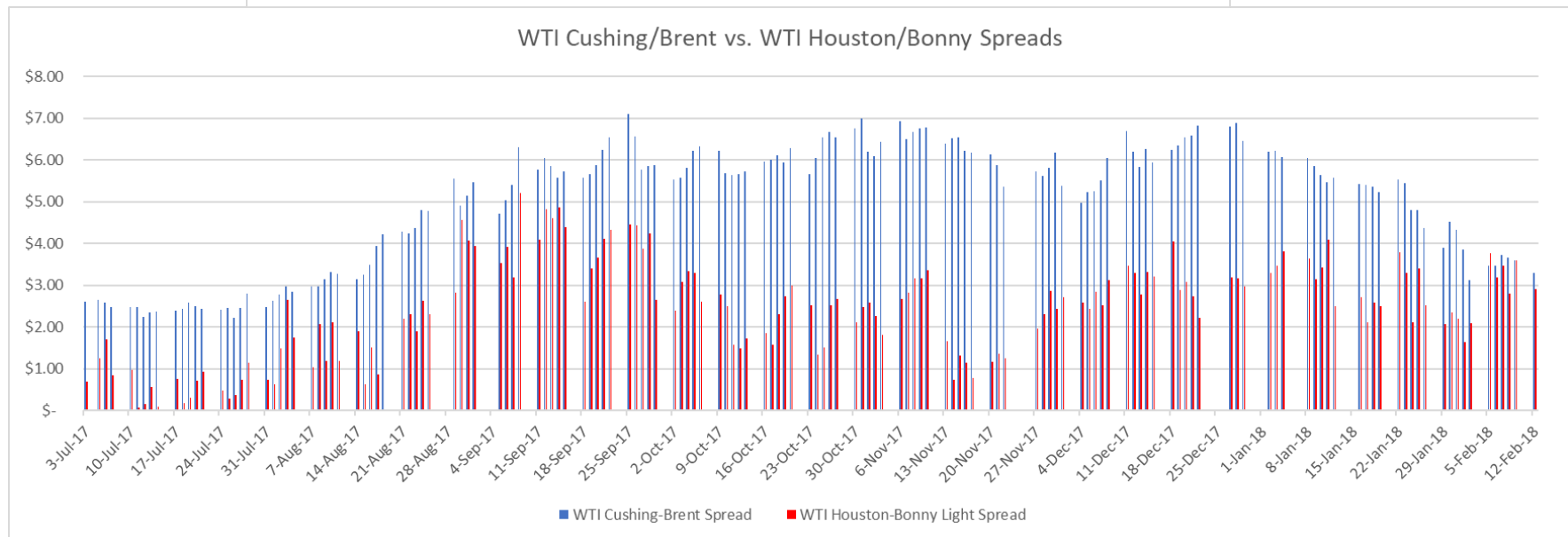
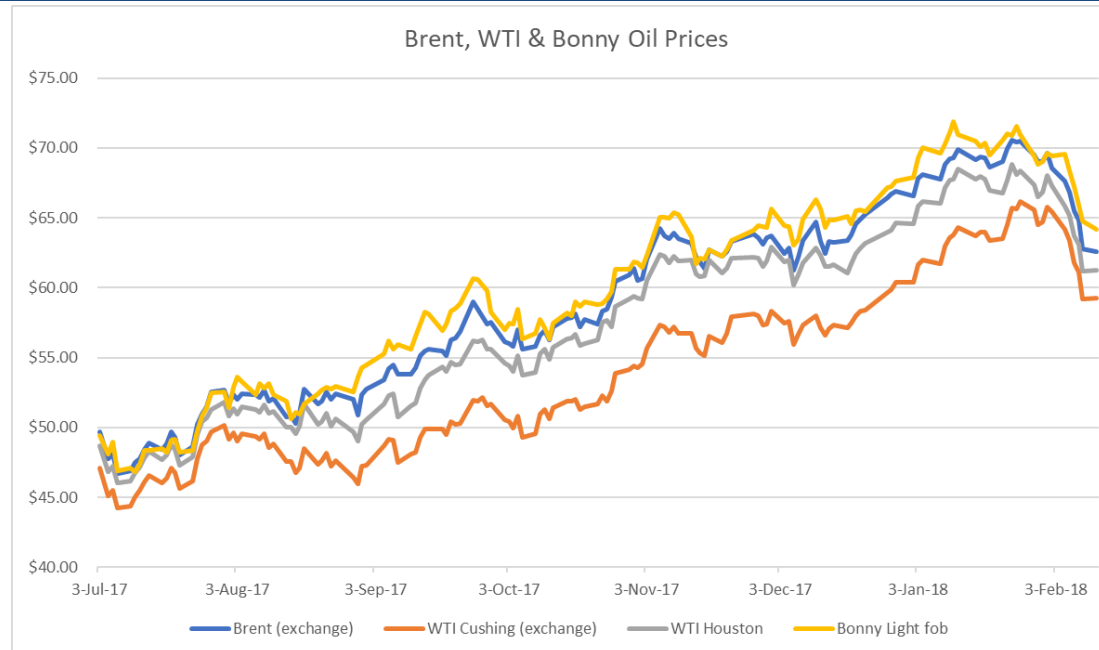
Vessel Operating Contribution

Vessel Operating Contribution, a non-GAAP measure, is TCE revenues minus vessel expenses and charter hire expenses. Our “niche market activities”, which include Delaware Bay lightering, MSP vessels and shuttle tankers, continue to provide a stable operating platform underlying our total US Flag operations. These vessels’ operations are insulated from the forces affecting the broader Jones Act market.

The following table sets forth the contribution of our vessels:




	Three Months Ended December 31,		Fiscal Year Ended December 31,	
	2017	2016	2017	2016
Niche Market Activities	\$ 21,905	\$ 29,731	\$ 101,405	\$ 106,410
Jones Act Handysize Tankers	(1,079)	7,045	6,083	36,648
ATBs	4,197	15,896	26,057	69,928
Vessel Operating Contribution	\$ 25,023	\$ 52,672	\$ 133,545	\$ 212,986

Oil Price Spreads



Fleet Overview

Diversified Fleet Within Jones Act Market

Vessel Type	Vessel Class	Capacity (in Barrels)	Approximate US Fleet	OSG Active Fleet	Number Owned	Market Share (%)
	Tanker	330,000	44	9	—	20%
	Shuttle Tanker	330,000	3	3	2	100%
Large ATB 	ATB	237,000	48	6*	7	15%
	Lightering ATB	320,000	2	2	2	100%
Total Jones Act			97	20	11	22%
	MSP Tanker	400,000	2	2	2	100%
Total US Flag				22	13	

Note: Market share calculated as OSG Active Fleet/Approximate U.S. Fleet. Market Share calculation also includes the OSG 214/Enterprise, which is currently in lay up as of May 2017.

* Excludes OSG 214/Enterprise

Sources: Company filings, Navigistics



Financial Review – Dick Trueblood, VP & CFO



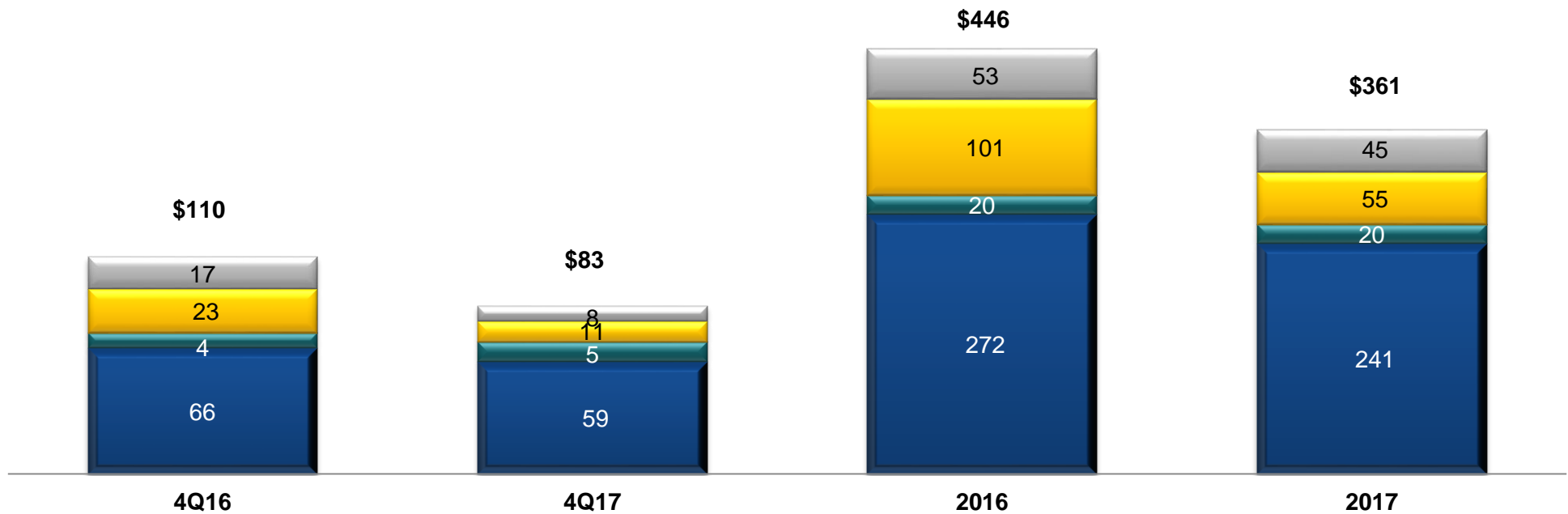
Moving Energy with Integrity

Financial Summary – TCE Revenue

(\$ millions)

Quarterly TCE Revenue¹

(\$ Millions)



Diversified Portfolio Dampens Market Volatility

■ Jones Act Handysize Product Tankers
 ■ Non-Jones Act Handysize Product Tankers
 ■ ATBs
 ■ Lightering

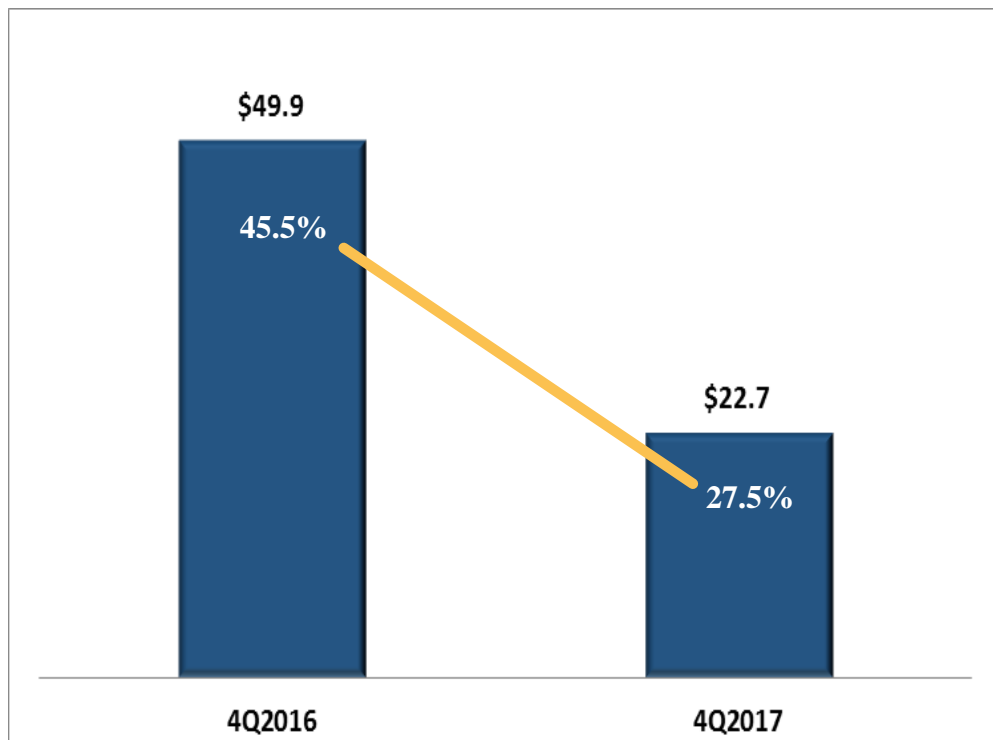
Source: Company filings

¹ See Appendix for TCE Revenue reconciliation.

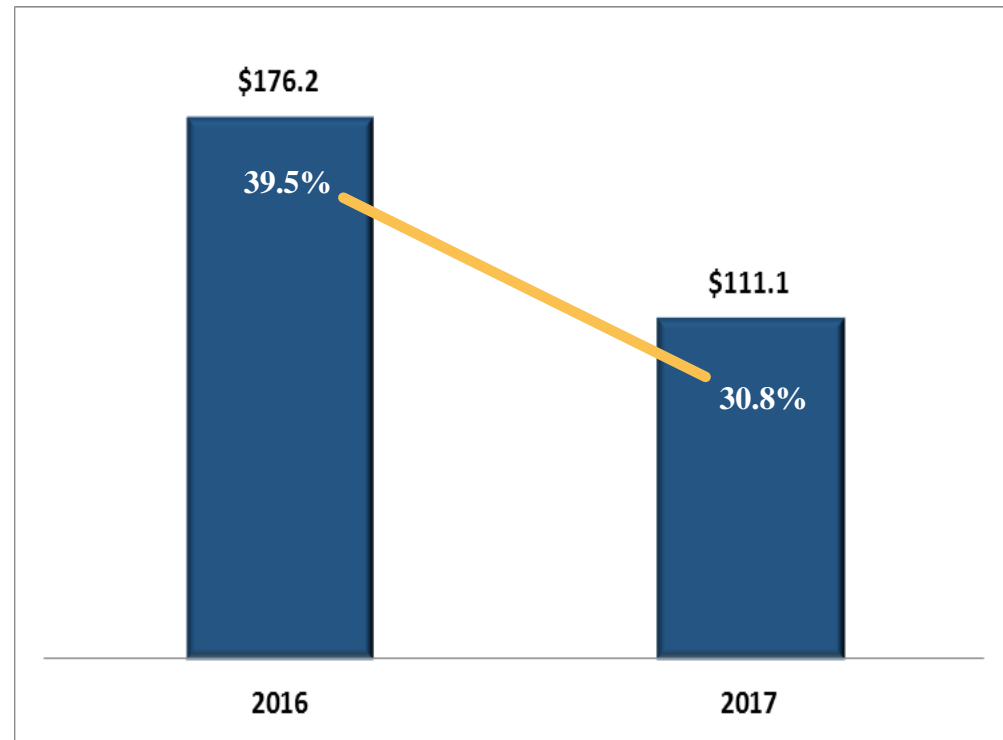
Financial Summary – Adjusted EBITDA

(\$ millions)

Quarterly Adjusted EBITDA¹



Annual Adjusted EBITDA¹



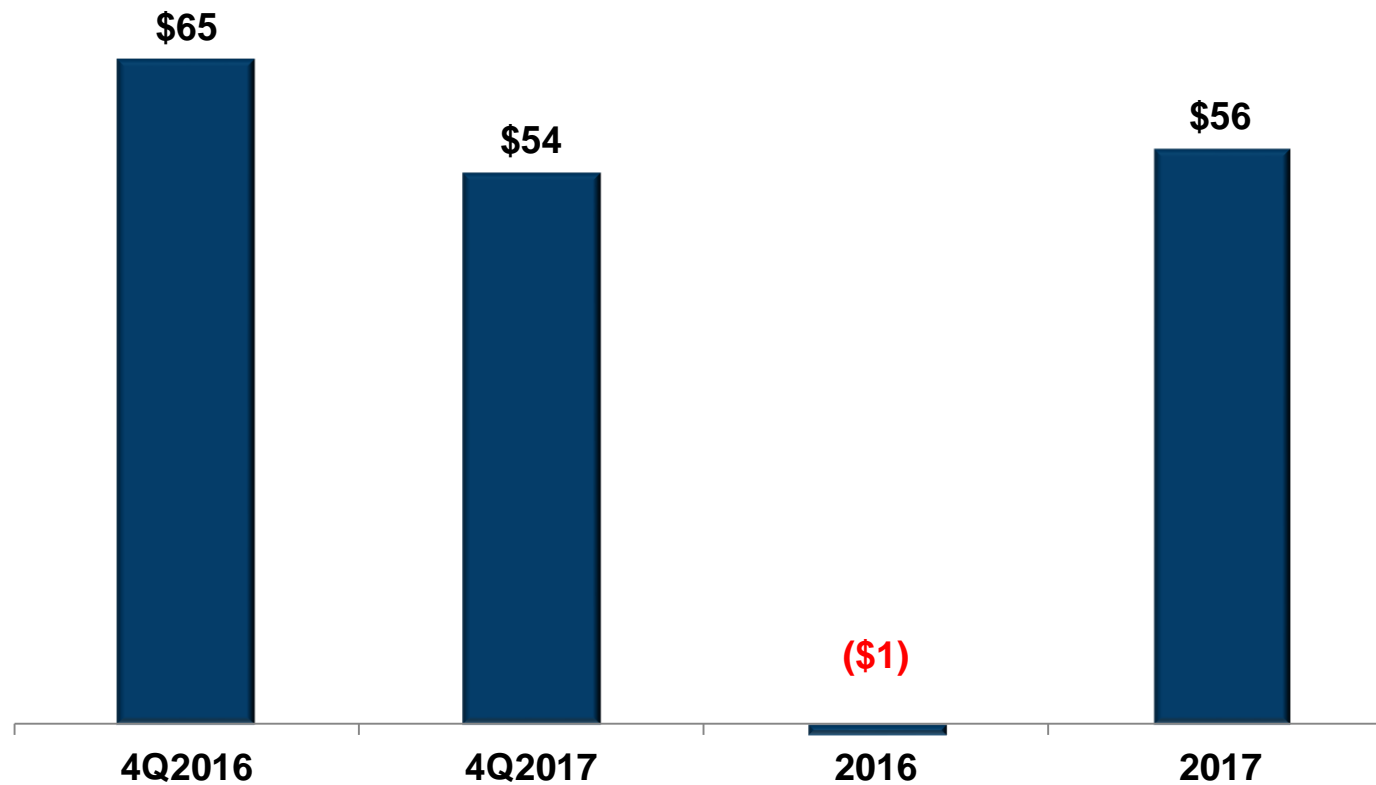
Source: Company filings

¹ See Appendix for EBITDA reconciliation.

■ Total — Margin %

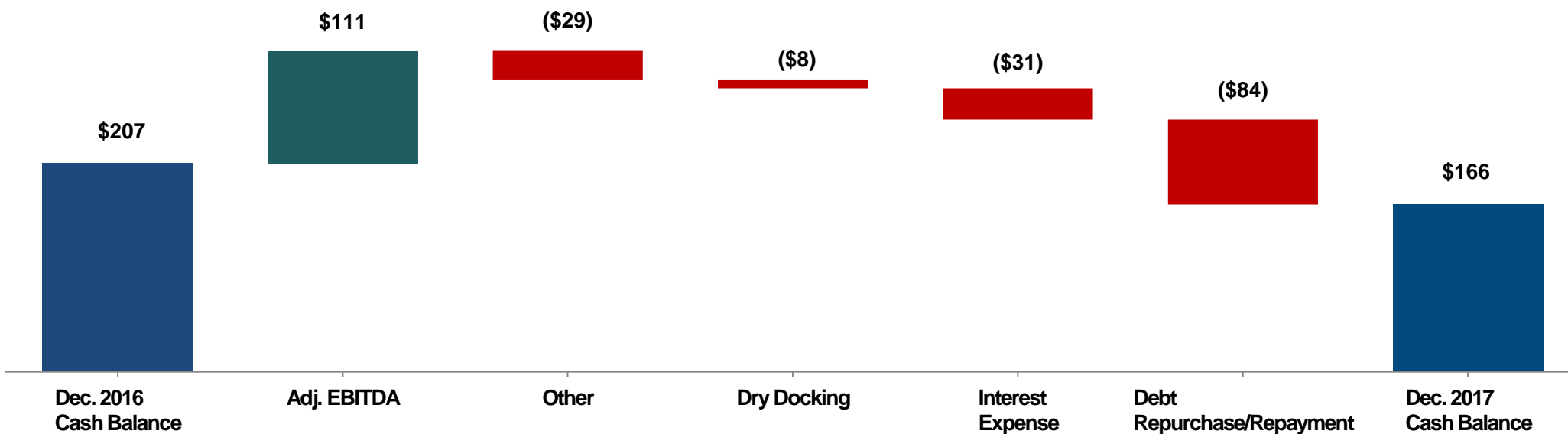
Financial Summary – Net Income/Loss From Continuing Operations

(\$ millions)



Financial Summary – Capital Highlights

Change in Cash Balance 2016 to 2017



Financial Summary – Balance Sheet & Liquidity

(\$ millions)

(\$ Millions)	12/31/2017
Cash ⁽¹⁾	\$166
Debt ⁽²⁾	\$456
Net Debt	\$290
Equity	\$313
Total Liquidity ⁽³⁾	\$241
Net Debt to Equity Ratio	0.9x



Capital Structure

- Net Debt to Equity of 0.9x
- Total Liquidity of \$241 million
- No Scheduled Debt Amortization⁽⁴⁾

Balance Sheet Provides Ability to Take Advantage of the Opportunities Within OSG's Portfolio

(1) Q4 2017 Cash includes \$0.3 million of restricted cash

(2) Debt balance is not reduced for unamortized discounts and deferred costs totaling \$7.0 million at December 31, 2017.

(3) Total liquidity defined as Cash plus available amount under Revolver.

(4) Subject to ongoing cash sweep payment.

- **Niche assets – Shuttle Tankers, Delaware Bay Lightering, and MSP vessels – coupled with strong liquidity position give OSG the necessary assets to move through a market recovery**
- **Current market trends indicate a tightening market with positive implications for OSG**
- **Well positioned to build on strengths, address future opportunities, and drive shareholder value**



Q&A



Moving Energy with Integrity



Appendix



Moving Energy with Integrity

TCE Revenue Reconciliation

(\$ Millions)

	4Q16	4Q17	2016	2017
Time Charter Equivalent (TCE) Revenue	\$110	\$83	\$446	\$361
Voyage Expenses	5	10	16	29
Shipping Revenue	\$115	\$93	\$462	\$390

Source: Company filings

Adjusted EBITDA Reconciliation

(\$ Millions)

	4Q16	4Q17	2016	2017
Net (Loss) / Income from Continuing Operations	\$65	\$54	\$(1)	\$56
Income Tax (Benefit) / Provision from Continuing Operations	(64)	(60)	(65)	(58)
Interest Expense	10	9	43	37
Depreciation and Amortization	21	13	90	59
EBITDA	\$32	\$16	\$67	\$94
Severance	11	—	13	0
Loss on Disposal of Vessels, Including Impairments	7	6	105	13
Loss on Repurchase of Debt	0	1	3	3
Reorganization Items, Net	0	0	(11)	0
Adjusted EBITDA	\$50	\$23	\$176	\$111

Source: Company filings