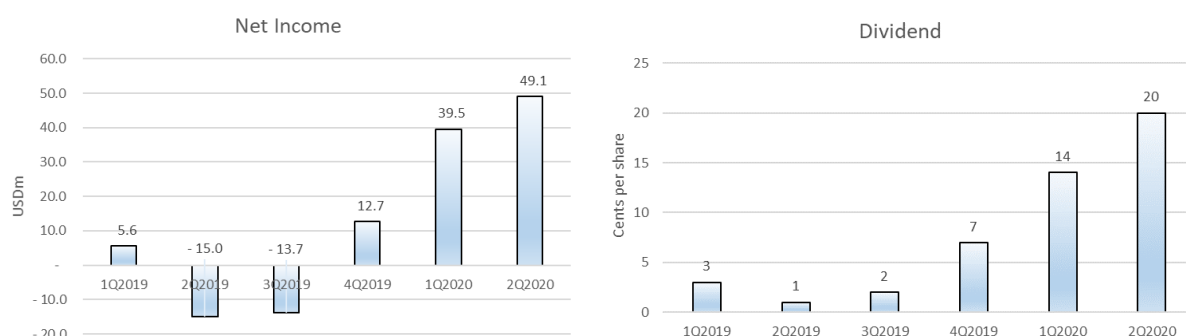




## Nordic American Tankers Limited (NYSE: NAT) – Report for the first half and second quarter ending June 30, 2020 – The Strategy of NAT Continues to Pay Off

August 17, 2020

**SOMETIMES A CHART IS WORTH A THOUSAND WORDS. HERE ARE TWO CHARTS THAT SHOW THE RECENT PERFORMANCE OF NAT BY NET INCOME AND DIVIDEND PER SHARE:**



### HIGHLIGHTS:

- 1 OUR NET INCOME FOR 2Q2020 CAME IN AT \$49.1 MILLION, A 24% IMPROVEMENT FROM THE PREVIOUS QUARTER OF \$39.5 MILLION. SEE OUR PROGRESS OVER THE LAST SIX QUARTERS IN THE FIRST CHART ABOVE.**
- 2 CASH DIVIDENDS ARE A PRIORITY FOR NAT. ON MAY 20, 2020, WE ANNOUNCED OUR 92<sup>ND</sup> CONSECUTIVE QUARTERLY DIVIDEND. THE DIVIDEND FOR 2Q2020 IS 20 CENTS (\$0.20) PER SHARE, PAYABLE ON OR ABOUT SEPTEMBER 4, 2020, TO SHAREHOLDERS OF RECORD AUGUST 28, 2020. SEE OUR DIVIDEND GROWTH OVER THE LAST SIX QUARTERS IN THE SECOND CHART ABOVE.**
- 3 THE AVERAGE TIME CHARTER EQUIVALENT (TCE) FOR OUR 23 SUEZMAX TANKERS FOR 2Q2020 WAS \$48,400 PER DAY PER SHIP. IN THE PREVIOUS QUARTER THE TCE WAS \$44,100 PER DAY PER SHIP. OUR 4Q2019 TCE WAS \$31,700 PER DAY PER SHIP. OUR OPERATING COSTS ARE ABOUT \$8,000 PER DAY PER SHIP. GOING INTO THE THIRD QUARTER, WE SEE THAT 2020 WILL BE A GOOD YEAR FOR NAT, AS WELL AS 2021.**
- 4 NAT HOLDS \$144 MILLION IN CASH AS OF THE DATE OF THIS RELEASE, EQUALING \$0.96 PER SHARE. OUR TOTAL LONG TERM LIABILITIES AS PER JUNE 30, 2020 STOOD AT \$318.9 MILLION, A REDUCTION OF MORE THAN \$110 MILLION SINCE YEAR END 2018. OUR NET DEBT\* IS \$256 MILLION OR ABOUT \$11 MILLION PER SHIP.**
- 5 WE HAVE A BUSY DRYDOCKING SCHEDULE FOR 2020. AT THE END OF SEPTEMBER, WE EXPECT TO HAVE COMPLETED ALL OF OUR 10 SCHEDULED DRYDOCKINGS FOR 2020. THE QUALITY OF THE NAT FLEET IS FIRST RATE, REFLECTING THE VETTING RECORD OF OUR SHIPS.**
- 6 DETAILED FINANCIAL INFORMATION FOR 2Q2020 AND FOR OTHER PERIODS IS INCLUDED LATER IN THIS REPORT.**

\* Net Debt is long term debt, less restricted cash and less net working capital.

## Our Fleet

Our fleet consists of 23 well maintained Suezmax tankers with a cargo lifting capacity of 1 million barrels of crude oil each. We focus solely on the Suezmax market. We believe Suezmax vessels are more versatile and the one-million-barrel market offers more options in trading than the Very Large Crude Carriers (VLCC) with their two-million-barrel lifting capacity.

We take extra care to maintain our vessels to the highest standards for the safety of crew, cargo and the environment. The outcome of the inspections of our ships by oil companies (“vetting”) reflects the good quality and maintenance of our fleet.

The operations of our Suezmax fleet have not been materially affected by the Covid-19 pandemic. Main challenges have been related to crew changes and we are following guidance issued by health authorities and international shipping trade associations to safeguard our seafarers. The future macro-economic effects of Covid-19 remain uncertain.

NAT has one of the largest fleets of Suezmax tankers in the world. In a capital intensive industry like ours, careful maintenance of our existing fleet and the timing & financing of expansion are key elements to ensure both our financial stability and our commitment to paying cash dividends.

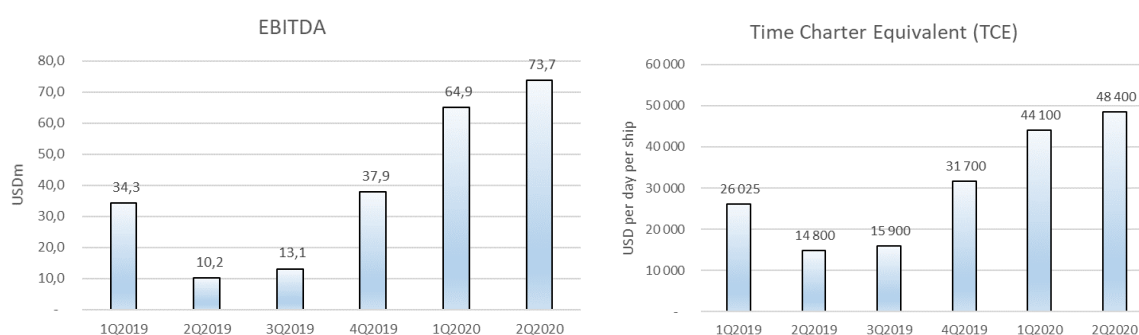
All our vessels are running on IMO compliant fuel and we do not regard installing scrubbers as an alternative of any interest.

## Results for the first half and second quarter ending June 30, 2020

For the 2<sup>nd</sup> quarter of 2020, the net income was positive with \$49.1 million or \$0.33 per share. This is a further improvement from the 1<sup>st</sup> quarter of 2020 that saw a net income of \$39.5 million or \$0.27 per share. The second quarter last year (2019) saw a net loss of \$14.9 million or -\$0.11 per share.

EBITDA (non-GAAP expression) came in at \$73.7 million for the three months ending June 30, 2020, compared to the previous quarter (1Q 2020), which generated an EBITDA of \$64.9 million.

Development of our EBITDA and Time Charter Equivalent (TCE) over the last 6 quarters are illustrated below:



For detailed information about our statement of operations (P&L), balance sheet, cash flow and reconciliation of certain Non-GAAP financial measures, we refer to the tables on page 5 and 6 of this press release.

## **Financing**

The current cash position (including restricted cash) of the Company is \$144 million or \$0.96 per share. The last close of the NAT share before the release of this report was \$4.50 per share.

Our Long Term Debt and other non-current liabilities stood at \$318.9 million as per June 30, 2020. Our total long term liabilities have been reduced with in excess of \$110 million over the last 18 months. Our Net Debt is \$256 million or about \$11 million per ship.

Our fleet is financed through two financing arrangements;

- 1) The \$306 million 5-year senior secured credit facility entered into on February 12, 2019 with CLMG Corp., funded by Beal Bank of Dallas, Texas. The total outstanding (including current portion of the debt), is \$264.7 million as per June 30, 2020. Including extra down payment after 2Q20 reporting of \$ 31.9 million the total outstanding amount is expected to be \$228.8 million at September 30, 2020.
- 1) The \$129.5 million Ocean Yield Financing was entered into in December 2017 and drawn upon during 2018, to finance three of our vessels. The remaining long term amount under this financing is now \$108 million. The total outstanding (including current portion) is \$116.1.

Current portion of long term debt includes \$44.8 million related to the \$306 million 5-year senior secured credit facility and \$7.5 million is related to the \$129.5 million Vessel Financing.

During the quarter, the Company issued 2,459,083 shares, with gross proceeds of \$15.3 million under its \$40 million At-the-market Offering (“ATM”). Following this issuance, the Company has a total of 149,689,717 common shares outstanding. No further issuance under the ATM has been conducted at this date. An aggregate of \$33.8 million in gross proceeds has been raised under the ATM in total since it was established in March 29, 2019.

## **Dividend**

Cash dividends are a priority.

For the second quarter of 2020 a cash dividend of 20 cents (\$0.20) per share was declared on May 20, 2020. This is an increase from the previous quarter when we paid out 14 cents (\$0.14) per share.

Payment of the dividend will be on or about September 4, 2020, to shareholders of record on August 28, 2020.

Our dividend will always be a reflection of our cash earnings. A strong tanker market means strong dividends.

## **World Economy and the Tanker Market**

What is good for the world economy and world trade is positive for the crude oil tanker business. A low oil price is good for the world economy and works as a stimulus for recovery after that last few months of virus lock-downs. We see encouraging signals of improved Asian economies, boding well for the world economy and the tanker markets going forward.

The ordering activity for new ships is muted and the orderbook in percent of the existing tanker fleet has not been lower in decades. This is one of the main reasons for the good tanker market we have seen this year and for our long term optimism. The world’s Suezmax fleet (excl. shuttle, product & Jones Act tankers) counted 522 vessels at the end of June 2020. During the second quarter of 2020, 3 conventional Suezmax vessels were delivered from the shipyards. For the remainder of 2020 we expect to see a total of 13 additions to the world Suezmax fleet (excl. shuttle, product & Jones Act). We currently see 22 conventional Suezmax tankers scheduled for delivery in 2021 and 12 in 2022.

The supply of tanker tonnage is inelastic in the short-term. When there are too many ships in an area, rates tend to go down. When there is scarcity of ships, rates tend to go up. Short-term spot tanker rates may be expected to be volatile.

### **Corporate Governance/Conflict of Interests**

It is vital to ensure that there is no conflict of interests among shareholders, management, affiliates and related parties. Interests must be aligned. From time to time in the shipping industry, we see that questionable transactions take place which are not in harmony with sound corporate governance principles, both as to transparency and related party aspects. We have zero tolerance for corruption.

### **Strategy Going Forward**

The NAT strategy is built on expanding and maintaining a homogenous and top quality fleet, leveraging on our industry network and close customer relationships with major oil companies. Employment of our ships with major oil companies is a priority.

A strong balance sheet, combined with a homogenous fleet and economies of scale is giving a low cash break-even level, enabling NAT to distribute free cashflow to our shareholders.

This strategy will be positive in a strong tanker market. In an improved market, higher dividends can be expected.

Our dividend policy should continue to enable us to achieve a competitive cash yield.

Our fleet of 23 more or less identical vessels is a special feature of NAT that is particularly valuable to our customers.

NAT is firmly committed to protecting its underlying earnings and dividend potential. We shall safeguard and further strengthen this position in a deliberate, predictable and transparent way.

\* \* \* \* \*

# NORDIC AMERICAN TANKERS LIMITED

CONSOLIDATED CONDENSED STATEMENTS OF OPERATION (UNAUDITED)	Three Months Ended			Six Months Ended	
	Jun. 30, 2020	Mar. 31, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
Amounts in USD '000					
<b>Net Voyage Revenue</b>	<b>93 772</b>	<b>86 179</b>	<b>30 653</b>	<b>179 951</b>	<b>84 281</b>
Vessel Operating Expenses	(15 716)	(16 981)	(15 947)	(32 698)	(31 916)
General and Administrative Expenses	(4 137)	(4 483)	(3 885)	(8 620)	(7 453)
Depreciation Expenses	(16 268)	(17 084)	(15 742)	(33 352)	(31 527)
Operating Expenses	(36 121)	(38 548)	(35 574)	(74 670)	(70 896)
<b>Net Operating Income (Loss)</b>	<b>57 651</b>	<b>47 631</b>	<b>(4 921)</b>	<b>105 281</b>	<b>13 385</b>
Interest Income	58	92	63	150	147
Interest Expense	(8 388)	(8 404)	(9 532)	(16 792)	(20 394)
Other Financial Income (Expenses)	(153)	230	(593)	77	(2 479)
Total Other Expenses	(8 483)	(8 082)	(10 062)	(16 565)	(22 726)
<b>Net Income (Loss)</b>	<b>49 168</b>	<b>39 549</b>	<b>(14 983)</b>	<b>88 716</b>	<b>(9 341)</b>
Basic Earnings (Loss) per Share	0,33	0,27	(0,11)	0,60	(0,07)
Basic Weighted Average Number of Common Shares Outstanding	148 969 489	147 230 634	141 969 666	147 872 500	141 969 666
Common Shares Outstanding	149 689 717	147 230 634	141 969 666	149 689 717	141 969 666

CONSOLIDATED CONDENSED BALANCE SHEET (UNAUDITED)	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Amounts in USD '000			
Cash and Cash Equivalents	112 806	42 062	48 847
Restricted Cash *	18 376	7 337	12 791
Accounts Receivable, Net	23 101	15 442	24 583
Prepaid Expenses	5 790	3 012	3 383
Inventory	10 112	22 088	22 475
Voyages in Progress	9 357	7 462	13 124
Other Current Assets	2 879	2 790	4 169
<b>Total current assets</b>	<b>182 421</b>	<b>100 193</b>	<b>129 372</b>
Vessels, Net	872 507	923 275	899 997
Investment securities	0	2 748	0
Other Non-Current Assets	2 732	1 982	1 534
<b>Total Non-Current Assets</b>	<b>875 239</b>	<b>928 005</b>	<b>901 531</b>
<b>Total Assets</b>	<b>1 057 660</b>	<b>1 028 198</b>	<b>1 030 903</b>
Accounts Payable	1 566	5 493	8 405
Accrued Voyage Expenses	3 085	7 379	11 524
Other Current Liabilities	14 384	6 389	15 562
Dividends Payable	29 931	0	0
Current Portion of Long Term Debt	52 357	20 116	23 537
<b>Total Current liabilities</b>	<b>101 323</b>	<b>39 377</b>	<b>59 028</b>
Long-Term Debt	318 067	390 378	375 517
Other Non-Current Liabilities	815	15 440	934
<b>Total Non-current Liabilities</b>	<b>318 882</b>	<b>405 818</b>	<b>376 451</b>
Shareholders' Equity	637 455	583 003	595 424
<b>Total Liabilities and Shareholders' Equity</b>	<b>1 057 660</b>	<b>1 028 198</b>	<b>1 030 903</b>

\* Restricted cash is related to deposits made for future Drydockings of our vessels.

# NORDIC AMERICAN TANKERS LIMITED

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW (UNAUDITED)	Six Months Ended		Twelve Months Ended
	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Amounts in USD '000			
<b>Net Cash Provided by Operating Activities</b>	<b>118 250</b>	<b>40 832</b>	<b>52 858</b>
Investment in Vessels	(1 574)	(557)	(2 531)
Proceeds from Sale of Investment Securities	419	0	212
<b>Net Cash Used in Investing Activities</b>	<b>(1 155)</b>	<b>(557)</b>	<b>(2 319)</b>
Proceeds from Issuance of Common Stock	14 758	0	17 922
Proceeds from Borrowing Activities	0	300 000	300 000
Repayments on Credit Facility	0	(313 400)	(313 400)
Repayments of Vessel Financing	(3 751)	(3 566)	(7 273)
Repayment of Borrowing Facility	(27 099)	(6 378)	0
Transaction Costs Borrowing Facility	0	(6 904)	0
Repayments of Senior Secured Credit Facility	0	0	(14 324)
Transaction Costs Senior Secured Credit Facility	0	0	(6 921)
Dividends Distributed	(31 255)	(9 936)	(14 255)
<b>Net Cash Used in Financing Activities</b>	<b>(47 347)</b>	<b>(40 184)</b>	<b>(38 251)</b>
Net Increase in Cash, Cash Equivalents and Restricted Cash	69 749	91	12 288
Effect of exchange rate changes on Cash	(205)	(19)	23
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	61 638	49 327	49 327
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<b>131 182</b>	<b>49 399</b>	<b>61 638</b>
Cash and Cash Equivalents	112 806	42 062	48 847
Restricted Cash *	18 376	7 337	12 791

\* Restricted cash is related to deposits made for future Drydockings of our vessels, in accordance with the new borrowing facility.

## NORDIC AMERICAN TANKERS LIMITED

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)	Three Months Ended			Six Months Ended	
	Jun. 30, 2020	Mar. 31, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
Amounts in USD '000					
Voyage Revenue	122 589	132 145	66 161	254 793	154 444
Voyage Expense	(28 817)	(45 966)	(35 508)	(74 783)	(70 163)
<b>Net Voyage Revenue <sup>(1)</sup></b>	<b>93 772</b>	<b>86 179</b>	<b>30 653</b>	<b>180 010</b>	<b>84 281</b>

	Three Months Ended			Twelve Months Ended
	Jun. 30, 2020	Mar. 31, 2020	Jun. 30, 2019	Dec. 31, 2019
Net Income (Loss)	49 168	39 549	(14 983)	(10 352)
Interest Expense	8 388	8 404	9 532	38 390
Interest Income	(58)	(92)	(63)	(298)
Depreciation Expense	16 268	17 084	15 742	63 965
<b>EBITDA <sup>(2)</sup></b>	<b>73 766</b>	<b>64 945</b>	<b>10 228</b>	<b>91 705</b>

(1) Net voyage revenues represents voyage revenues less voyage expenses such as bunker fuel, port fees, canal tolls and brokerage commissions. Net voyage revenues is included because certain investors use this data to measure a shipping company's financial performance. Net voyage revenues is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

(2) EBITDA is included because certain investors use this data to measure a shipping company's financial performance. EBITDA is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the tanker market, as a result of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, including the prospectus and related prospectus supplement, our Annual Report on Form 20-F, and our reports on Form 6-K.

NAT is a Bermuda based Company.

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