

## Section 1: 8-K

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

### FORM 8-K

#### CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the  
Securities Exchange Act of 1934

November 8, 2019

Date of Report (Date of earliest event reported)

### Overseas Shipholding Group, Inc.

(Exact Name of Registrant as Specified in Charter)

1-6479-1

Commission File Number

Delaware

(State or other jurisdiction of  
incorporation or organization)

13-2637623

(I.R.S. Employer  
Identification Number)

**Two Harbour Place  
302 Knights Run Avenue, Suite 1200  
Tampa, Florida 33602**

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(813) 209-0600**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>                        | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---|--------------------------|--|
| Class A Common Stock (par value \$0.01 per share) | OSG                      | New York Stock Exchange                          |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. [ ]

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**OVERSEAS SHIPHOLDING GROUP, INC.**

**FORM 8-K  
CURRENT REPORT**

**Section 2 – Financial Information**

Item 2.02 Results of Operations and Financial Condition.

The following information, including the Exhibit to this Form 8-K, is being furnished pursuant to Item 2.02 – Results of Operations and Financial Condition of Form 8-K. This information is not deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act of 1933 registration statements.

On November 8, 2019, Overseas Shipholding Group, Inc. issued a press release, a copy of which is attached hereto as Exhibit 99.1, announcing third quarter 2019 earnings.

**Section 9 - Financial Statements and Exhibits.**

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Pursuant to General Instruction B.2 of Form 8-K, the following exhibit is furnished with this Form 8-K.

| <b>Exhibit No.</b> | <b>Description</b>                                    |
|--------------------|---|
| 99.1               | <a href="#">Press Release dated November 8, 2019.</a> |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OVERSEAS SHIPHOLDING GROUP, INC.

(Registrant)

Date: November 8, 2019

By /s/ Richard Trueblood

Name: Richard Trueblood

Title: Vice President and Chief Financial Officer

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EXHIBIT INDEX

| <b>Exhibit No.</b> | <b>Description</b>                                    |
|--------------------|---|
| 99.1               | <a href="#">Press Release dated November 8, 2019.</a> |

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## Section 2: EX-99.1



PRESS RELEASE

Exhibit 99.1

### OVERSEAS SHIPHOLDING GROUP REPORTS THIRD QUARTER 2019 RESULTS

Tampa, FL – November 8, 2019 – Overseas Shipholding Group, Inc. (NYSE: OSG) (the “Company” or “OSG”) a provider of energy transportation services for crude oil and petroleum products in the U.S. Flag markets, today reported results for the third quarter 2019.

#### Highlights

- Shipping revenues for the third quarter 2019 were \$80.9 million, up 0.5% compared with the same period in 2018. Time charter equivalent (TCE) revenues<sup>(A)</sup>, a non-GAAP measure, for the third quarter 2019 were \$76.5 million, up 6.2% compared with the third quarter 2018.
- Third quarter 2019 Adjusted EBITDA<sup>(B)</sup>, a non-GAAP measure, was \$16.1 million, up 47.7% from \$10.9 million in the third quarter 2018.
- Operating income for the third quarter of 2019 was \$1.2 million, compared to an operating loss of \$4.1 million in the third quarter of 2018.
- Net loss for the third quarter 2019 was \$3.8 million, or (\$0.04) per diluted share, compared with net income of \$11.9 million, or \$0.13 per diluted share, for the third quarter 2018 at which time we recognized \$21.7 million of previously deferred tax benefits upon completion of an Internal Revenue Service examination.
- Total cash<sup>(C)</sup> was \$49.7 million as of September 30, 2019.
- On September 30, 2019, the Company took delivery of two 50,000 DWT class product and chemical tankers at Hyundai Mipo Dockyard Co., Ltd. The tankers, named the *Overseas Gulf Coast* and *Overseas Sun Coast*, will be operating in the international market under the Marshall Islands flag, with both vessels having entered into one-year time charters. We entered into loans in an aggregate principal amount of \$50.0 million to finance the vessels.

Mr. Sam Norton, President and CEO, stated, “Attaining key commercial targets across the second half of 2019 has stood as a defining element of whether or not the business strategy we have been pursuing for the past several years would find success. In this respect, we are pleased to have been able to secure time charter contracts for a total of 10 of our vessels since the end of the second quarter, increasing our forward revenue cover for 2020 to over 75% of available vessel days. Several of these contracts are for firm periods of more than one year, adding increased duration to our charter book in addition to higher charter rates. In both these areas, we consider the progress evidenced as particularly promising for our future financial performance.”

Mr. Norton added, “Overall, third quarter results were gratifying, showing a marked improvement in operating performance over last year’s third quarter in the context of material changes to both vessels in operation and the mix of contract revenues.”

#### Third Quarter 2019 Results

Shipping revenues were \$80.9 million for the quarter, up 0.5% compared with the third quarter of 2018. TCE revenues for the third quarter of 2019 were \$76.5 million, an increase of \$4.4 million, or 6.2%, compared with the third quarter of 2018. The increase primarily resulted from (a) an increase in average daily rates earned by the Company’s fleet, (b) decreased spot market exposure, (c) a 61 day decrease in scheduled drydocking, and (d) a 78 day decrease in unplanned repair days. The increase was offset by two fewer vessels in operation during the third quarter of 2019 compared to the third quarter of 2018.

Operating income for the third quarter of 2019 was \$1.2 million, compared to an operating loss of \$4.1 million in the third quarter of 2018.

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A, B, C Reconciliations of these non-GAAP financial measures are included in the financial tables attached to this press release.

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Net loss for the third quarter 2019 was \$3.8 million, or (\$0.04) per diluted share, compared with net income of \$11.9 million, or \$0.13 per diluted share, for the third quarter 2018 at which time we recognized \$21.7 million of previously deferred tax benefits upon completion of an Internal Revenue Service examination.

Adjusted EBITDA was \$16.1 million for the third quarter, an increase of \$5.2 million compared with the third quarter of 2018.

### **Conference Call**

The Company will host a conference call to discuss its 2019 third quarter results at 9:00 a.m. Eastern Time (“ET”) on Friday, November 8, 2019.

To access the call, participants should dial (844) 850-0546 for domestic callers and (412) 317-5203 for international callers. Please dial in ten minutes prior to the start of the call.

A live webcast of the conference call will be available from the Investor Relations section of the Company’s website at <http://www.osg.com/>.

An audio replay of the conference call will be available starting at 11:00 a.m. ET on Friday, November 8, 2019 by dialing (877) 344-7529 for domestic callers and (412) 317-0088 for international callers, and entering Access Code 10136164.

### **About Overseas Shipholding Group, Inc.**

Overseas Shipholding Group, Inc. (NYSE: OSG) is a publicly traded tanker company providing energy transportation services for crude oil and petroleum products in the U.S. Flag markets. OSG is a major operator of tankers and ATBs in the Jones Act industry. OSG’s 21 vessel fleet consists of two conventional ATBs, two lightering ATBs, three shuttle tankers, 10 conventional MR tankers, and two non-Jones Act MR tankers that participate in the U.S. Maritime Security Program, all of which are U.S. flagged, as well as two Marshall Island flagged non-Jones Act MR tankers trading in international markets. In addition, OSG has two barges under construction in the U.S. that will be Jones Act qualified vessels, with delivery anticipated during 2020. These vessels are anticipated to be paired with the Company’s existing tugs operating in the Jones Act trade.

OSG is committed to setting high standards of excellence for its quality, safety and environmental programs. OSG is recognized as one of the world’s most customer-focused marine transportation companies and is headquartered in Tampa, FL. More information is available at [www.osg.com](http://www.osg.com).

### **Forward-Looking Statements**

This press release contains forward-looking statements. In addition, the Company may make or approve certain statements in future filings with the Securities and Exchange Commission (SEC), in press releases, or in oral or written presentations by representatives of the Company. All statements other than statements of historical facts should be considered forward-looking statements. These matters or statements may relate to our prospects, supply and demand for vessels in the markets in which we operate and the impact on market rates and vessel earnings, the expected delivery schedule of our two new barges under construction and their expected participation in the Jones Act trade, the continued stability of our niche business, and the impact of our time charter contracts on our future financial performance. Forward-looking statements are based on our current plans, estimates and projections, and are subject to change based on a number of factors. Investors should carefully consider the risk factors outlined in more detail in our Annual Report on Form 10-K and in similar sections of other filings we make with the SEC from time to time. We do not assume any obligation to update or revise any forward-looking statements except as required by applicable law. Forward-looking statements and written and oral forward-looking statements attributable to us or our representatives after the date of this press release are qualified in their entirety by the cautionary statements contained in this paragraph and in other reports previously or hereafter filed by us with the SEC.

### **Investor Relations & Media Contact:**

Susan Allan, Overseas Shipholding Group, Inc.  
(813) 209-0620  
[sallan@osg.com](mailto:sallan@osg.com)

## Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

|  | Three Months Ended<br>September 30, |                     | Nine Months Ended<br>September 30, |                     |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
|  | 2019<br>(unaudited)                 | 2018<br>(unaudited) | 2019<br>(unaudited)                | 2018<br>(unaudited) |
| <b>Shipping Revenues:</b>  |                                     |                     |                                    |                     |
| Time and bareboat charter revenues   | \$ 63,491                           | \$ 51,033           | \$ 188,619                         | \$ 159,113          |
| Voyage charter revenues  | 17,435                              | 29,503              | 68,503                             | 117,820             |
|  | <u>80,926</u>                       | <u>80,536</u>       | <u>257,122</u>                     | <u>276,933</u>      |
| <b>Operating Expenses:</b>   |                                     |                     |                                    |                     |
| Voyage expenses  | 4,424                               | 8,481               | 15,762                             | 30,135              |
| Vessel expenses  | 33,993                              | 33,865              | 98,960                             | 101,025             |
| Charter hire expenses  | 22,802                              | 23,079              | 67,645                             | 68,394              |
| Depreciation and amortization  | 13,324                              | 12,828              | 38,922                             | 37,627              |
| General and administrative   | 5,288                               | 6,410               | 16,917                             | 19,768              |
| Bad debt expense   | —                                   | —                   | 4,300                              | —                   |
| Loss on disposal of vessels and other property, including impairments, net | 36                                  | —                   | 87                                 | —                   |
| Total operating expenses   | <u>79,867</u>                       | <u>84,663</u>       | <u>242,593</u>                     | <u>256,949</u>      |
| Income/(loss) from vessel operations                                       | 1,059                               | (4,127)             | 14,529                             | 19,984              |
| Equity in income/(loss) of affiliated companies                            | 156                                 | —                   | 224                                | (10)                |
| Operating income/(loss)  | 1,215                               | (4,127)             | 14,753                             | 19,974              |
| Other income, net  | 375                                 | 518                 | 992                                | 271                 |
| Income/(loss) before interest expense and income taxes                     | 1,590                               | (3,609)             | 15,745                             | 20,245              |
| Interest expense   | (6,047)                             | (7,828)             | (19,124)                           | (23,401)            |
| Loss before income taxes   | (4,457)                             | (11,437)            | (3,379)                            | (3,156)             |
| Income tax benefit   | 694                                 | 23,385              | 1,075                              | 21,821              |
| <b>Net (loss)/income</b>   | <u>\$ (3,763)</u>                   | <u>\$ 11,948</u>    | <u>\$ (2,304)</u>                  | <u>\$ 18,665</u>    |
| <b>Weighted Average Number of Common Shares</b>                            |                                     |                     |                                    |                     |
| <b>Outstanding:</b>  |                                     |                     |                                    |                     |
| Basic - Class A  | 89,375,668                          | 88,535,376          | 89,210,136                         | 88,337,614          |
| Diluted - Class A  | 89,375,668                          | 89,229,282          | 89,210,136                         | 89,017,866          |
| <b>Per Share Amounts:</b>  |                                     |                     |                                    |                     |
| Basic and diluted net (loss)/income - Class A                              | \$ (0.04)                           | \$ 0.13             | \$ (0.03)                          | \$ 0.21             |



**Consolidated Balance Sheets**  
(\$ in thousands)

|   | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|-------------------------------|------------------------------|
|   | <b>(unaudited)</b>            |                              |
| <b>ASSETS</b>   |                               |                              |
| <b>Current Assets:</b>  |                               |                              |
| Cash and cash equivalents   | \$ 49,484                     | \$ 80,417                    |
| Restricted cash   | 60                            | 59                           |
| Voyage receivables, including unbilled of \$4,532 and \$10,160, net of reserve for doubtful accounts                              | 7,172                         | 16,096                       |
| Income tax receivable   | 476                           | 439                          |
| Other receivables   | 2,781                         | 3,027                        |
| Prepaid expenses  | 1,130                         | 9,886                        |
| Inventories and other current assets  | 1,998                         | 2,456                        |
| <b>Total Current Assets</b>   | <b>63,101</b>                 | <b>112,380</b>               |
| Vessels and other property, less accumulated depreciation   | 732,675                       | 597,659                      |
| Deferred drydock expenditures, net  | 26,888                        | 26,099                       |
| <b>Total Vessels, Other Property and Deferred Drydock</b>   | <b>759,563</b>                | <b>623,758</b>               |
| Restricted cash - non current   | 114                           | 165                          |
| Investments in and advances to affiliated companies   | 272                           | 3,585                        |
| Intangible assets, less accumulated amortization  | 32,967                        | 36,417                       |
| Operating lease right-of-use assets   | 257,630                       | —                            |
| Other assets  | 23,312                        | 51,425                       |
| <b>Total Assets</b>   | <b>\$ 1,136,959</b>           | <b>\$ 827,730</b>            |
| <b>LIABILITIES AND EQUITY</b>   |                               |                              |
| <b>Current Liabilities:</b>   |                               |                              |
| Accounts payable, accrued expenses and other current liabilities  | \$ 31,933                     | \$ 34,678                    |
| Current portion of operating lease liabilities  | 89,136                        | —                            |
| Current portion of finance lease liabilities  | 4,011                         | —                            |
| Current installments of long-term debt  | 30,821                        | 23,240                       |
| <b>Total Current Liabilities</b>  | <b>155,901</b>                | <b>57,918</b>                |
| Reserve for uncertain tax positions   | 218                           | 220                          |
| Noncurrent operating lease liabilities  | 191,046                       | —                            |
| Noncurrent finance lease liabilities  | 24,075                        | —                            |
| Long-term debt  | 344,696                       | 322,295                      |
| Deferred income taxes, net  | 71,456                        | 73,365                       |
| Other liabilities   | 19,982                        | 44,464                       |
| <b>Total Liabilities</b>  | <b>807,374</b>                | <b>498,262</b>               |
| <b>Equity:</b>  |                               |                              |
| Common stock - Class A (\$0.01 par value; 166,666,666 shares authorized; 85,668,793 and 84,834,790 shares issued and outstanding) | 857                           | 848                          |
| Paid-in additional capital  | 589,985                       | 587,826                      |
| Accumulated deficit   | (254,318)                     | (252,014)                    |
|   | 336,524                       | 336,660                      |
| Accumulated other comprehensive loss  | (6,939)                       | (7,192)                      |
| <b>Total Equity</b>   | <b>329,585</b>                | <b>329,468</b>               |
| <b>Total Liabilities and Equity</b>   | <b>\$ 1,136,959</b>           | <b>\$ 827,730</b>            |

**Consolidated Statements of Cash Flows**  
(\$ in thousands)

|  | <b>Nine Months Ended</b> |                   |
|--|--------------------------|-------------------|
|  | <b>September 30,</b>     |                   |
|  | <b>2019</b>              | <b>2018</b>       |
|  | (unaudited)              | (unaudited)       |
| <b>Cash Flows from Operating Activities:</b>                               |                          |                   |
| Net (loss)/income  | \$ (2,304)               | \$ 18,665         |
| <b>Items included in net income not affecting cash flows:</b>              |                          |                   |
| Depreciation and amortization  | 38,922                   | 37,627            |
| Bad debt expense   | 4,300                    | —                 |
| Loss on disposal of vessels and other property, including impairments, net | 87                       | —                 |
| Amortization of debt discount and other deferred financing costs           | 1,477                    | 3,117             |
| Compensation relating to restricted stock awards and stock option grants   | 1,212                    | 2,312             |
| Deferred income tax benefit  | (1,851)                  | (22,328)          |
| Interest on finance lease liabilities                                      | 941                      | —                 |
| Non-cash operating lease expense   | 62,058                   | —                 |
| Loss on extinguishment of debt, net  | 72                       | 981               |
| Other - net  | —                        | 1,575             |
| Distributed earnings of affiliated companies                               | 3,314                    | 3,747             |
| Payments for drydocking  | (11,477)                 | (9,629)           |
| Operating lease right-of-use assets  | 5,999                    | —                 |
| Operating lease liabilities  | (61,366)                 | —                 |
| Changes in operating assets and liabilities, net                           | 4,368                    | 7,630             |
| Net cash provided by operating activities                                  | <u>45,752</u>            | <u>43,697</u>     |
| <b>Cash Flows from Investing Activities:</b>                               |                          |                   |
| Proceeds from disposals of vessels and other property                      | 3,404                    | —                 |
| Expenditures for vessels and vessel improvements                           | (105,244)                | (10,116)          |
| Expenditures for other property  | (1,399)                  | (124)             |
| Net cash used in investing activities                                      | <u>(103,239)</u>         | <u>(10,240)</u>   |
| <b>Cash Flows from Financing Activities:</b>                               |                          |                   |
| Payments on debt   | (16,667)                 | (28,166)          |
| Extinguishment of debt   | (3,271)                  | (47,000)          |
| Tax withholding on share-based awards                                      | (294)                    | (359)             |
| Issuance of debt   | 50,000                   | —                 |
| Deferred financing costs for issuance of debt                              | (1,417)                  | —                 |
| Payments on principal portion of finance lease liabilities                 | (1,847)                  | —                 |
| Net cash provided by/(used in) financing activities                        | <u>26,504</u>            | <u>(75,525)</u>   |
| Net decrease in cash, cash equivalents and restricted cash                 | (30,983)                 | (42,068)          |
| Cash, cash equivalents and restricted cash at beginning of period          | 80,641                   | 166,269           |
| Cash, cash equivalents and restricted cash at end of period                | <u>\$ 49,658</u>         | <u>\$ 124,201</u> |

## Spot and Fixed TCE Rates Achieved and Revenue Days

The following tables provides a breakdown of TCE rates achieved for spot and fixed charters and the related revenue days for the three and nine months ended September 30, 2019 and the comparable period of 2018. Revenue days in the quarter ended September 30, 2019 totaled 1,735 compared with 1,874 in the prior year quarter. A summary fleet list by vessel class can be found later in this press release.

|   | 2019          |                | 2018          |                |
|---|---------------|----------------|---------------|----------------|
|   | Spot Earnings | Fixed Earnings | Spot Earnings | Fixed Earnings |
| <b>Three Months Ended September 30,</b>   |               |                |               |                |
| Jones Act Handysize Product Carriers:     |               |                |               |                |
| Average rate                              | \$ 2,825      | \$ 57,494      | \$ 17,133     | \$ 56,999      |
| Revenue days                              | 184           | 1,009          | 276           | 797            |
| Non-Jones Act Handysize Product Carriers: |               |                |               |                |
| Average rate                              | \$ 32,809     | \$ 12,810      | \$ 16,541     | \$ —           |
| Revenue days                              | 92            | 91             | 184           | —              |
| ATBs:                                     |               |                |               |                |
| Average rate                              | \$ 938        | \$ 21,507      | \$ 15,233     | \$ 22,171      |
| Revenue days                              | 14            | 166            | 235           | 224            |
| Lightering:                               |               |                |               |                |
| Average rate                              | \$ 56,923     | \$ —           | \$ 65,023     | \$ —           |
| Revenue days                              | 179           | —              | 158           | —              |

|   | 2019          |                | 2018          |                |
|---|---------------|----------------|---------------|----------------|
|   | Spot Earnings | Fixed Earnings | Spot Earnings | Fixed Earnings |
| <b>Nine Months Ended September 30,</b>    |               |                |               |                |
| Jones Act Handysize Product Carriers:     |               |                |               |                |
| Average rate                              | \$ 20,635     | \$ 57,192      | \$ 30,931     | \$ 60,759      |
| Revenue days                              | 431           | 2,950          | 894           | 2,315          |
| Non-Jones Act Handysize Product Carriers: |               |                |               |                |
| Average rate                              | \$ 25,213     | \$ 12,319      | \$ 28,506     | \$ —           |
| Revenue days                              | 303           | 242            | 526           | —              |
| ATBs:                                     |               |                |               |                |
| Average rate                              | \$ 18,573     | \$ 21,565      | \$ 16,620     | \$ 22,438      |
| Revenue days                              | 188           | 685            | 764           | 740            |
| Lightering:                               |               |                |               |                |
| Average rate                              | \$ 65,984     | \$ —           | \$ 66,648     | \$ —           |
| Revenue days                              | 529           | —              | 513           | —              |

## Fleet Information

As of September 30, 2019, OSG's operating fleet consisted of 21 vessels, 10 of which were owned, with the remaining vessels chartered-in. Vessels chartered-in are on bareboat charters.

| Vessel Type                               | Vessels Owned | Vessels Chartered-In | Total Vessels | Total dwt (2) |
|---|---------------|----------------------|---------------|---------------|
| Handysize Product Carriers <sup>(1)</sup> | 6             | 11                   | 17            | 810,825       |
| Refined Product ATBs                      | 2             | —                    | 2             | 59,490        |
| Lightering ATBs                           | 2             | —                    | 2             | 91,112        |
| Total Operating Fleet                     | 10            | 11                   | 21            | 961,427       |

- (1) Includes two owned shuttle tankers, 11 chartered-in shuttle tankers, two non-Jones Act MR tankers that participate in the U.S. Maritime Security Program, all of which are U.S. flagged, as well as two owned Marshall Island flagged non-Jones Act MR tankers trading in international markets.
- (2) Total dwt is defined as aggregate deadweight tons for all vessels of that type.

## Reconciliation to Non-GAAP Financial Information

The Company believes that, in addition to conventional measures prepared in accordance with GAAP, the following non-GAAP measures may provide certain investors with additional information that will better enable them to evaluate the Company's performance. Accordingly, these non-GAAP measures are intended to provide supplemental information, and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP.

### (A) Time Charter Equivalent (TCE) Revenues

Consistent with general practice in the shipping industry, the Company uses TCE revenues, which represents shipping revenues less voyage expenses, as a measure to compare revenue generated from a voyage charter to revenue generated from a time charter. Time charter equivalent revenues, a non-GAAP measure, provides additional meaningful information in conjunction with shipping revenues, the most directly comparable GAAP measure, because it assists Company management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. Reconciliation of TCE revenues of the segments to shipping revenues as reported in the consolidated statements of operations follow:

|                                  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|----------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                  | 2019                                | 2018      | 2019                               | 2018       |
| Time charter equivalent revenues | \$ 76,502                           | \$ 72,055 | \$ 241,360                         | \$ 246,798 |
| Add: Voyage expenses             | 4,424                               | 8,481     | 15,762                             | 30,135     |
| Shipping revenues                | \$ 80,926                           | \$ 80,536 | \$ 257,122                         | \$ 276,933 |

### 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 includes Delaware Bay lightering, MSP vessels and shuttle tankers, continue to provide a stable operating platform underlying our total US Flag operations. We believe these vessels' operations are insulated from the forces affecting the broader Jones Act market.

The following table sets forth the contribution of our vessels:

| (\$ in thousands)  | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |           |
|--|-------------------------------------|------------|------------------------------------|-----------|
|  | 2019                                | 2018       | 2019                               | 2018      |
| Niche market activities  | \$ 20,435                           | \$ 19,224  | \$ 63,786                          | \$ 71,475 |
| Jones Act handysize tankers  | (1,590)                             | (6,537)    | 3,555                              | (4,072)   |
| ATBs   | 862                                 | 2,424      | 7,414                              | 9,976     |
| Vessel operating contribution  | 19,707                              | 15,111     | 74,755                             | 77,379    |
| Depreciation and amortization  | 13,324                              | 12,828     | 38,922                             | 37,627    |
| General and administrative   | 5,288                               | 6,410      | 16,917                             | 19,768    |
| Bad debt expense   | —                                   | —          | 4,300                              | —         |
| Loss on disposal of vessels and other property, including impairments, net | 36                                  | —          | 87                                 | —         |
| Equity in income/(loss) of affiliated companies                            | 156                                 | —          | 224                                | (10)      |
| Operating income/(loss)  | \$ 1,215                            | \$ (4,127) | \$ 14,753                          | \$ 19,974 |

### (B) EBITDA and Adjusted EBITDA

EBITDA represents net (loss)/income from continuing operations before interest expense, income taxes and depreciation and amortization expense. Adjusted EBITDA consists of EBITDA adjusted to exclude amortization classified in charter hire expenses, interest expense classified in charter hire expenses, gain/(loss) on disposal of vessels and other property, including impairments, loss on repurchases and extinguishment of debt, non-cash stock based compensation expense and the impact of other items that we do not consider indicative of our ongoing operating performance. EBITDA and Adjusted EBITDA do not represent, and should not be a substitute for, net (loss)/income or cash flows from operations as determined in accordance with GAAP. Some of the limitations are: (i) EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments; (ii) EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; and (iii) EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt. While EBITDA and Adjusted EBITDA are frequently used as a measure of operating results and performance, neither of them is necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculation. The following table reconciles net income/(loss) from continuing operations as reflected in the consolidated statements of operations, to EBITDA and Adjusted EBITDA. Prior periods have been adjusted to conform to current year presentation.

| (\$ in thousands)  | Three Months Ended September<br>30, |           | Nine Months Ended September 30, |           |
|--|-------------------------------------|-----------|---------------------------------|-----------|
|  | 2019                                | 2018      | 2019                            | 2018      |
| Net (loss)/income  | \$ (3,763)                          | \$ 11,948 | \$ (2,304)                      | \$ 18,665 |
| Income tax benefit   | (694)                               | (23,385)  | (1,075)                         | (21,821)  |
| Interest expense   | 6,047                               | 7,828     | 19,124                          | 23,401    |
| Depreciation and amortization  | 13,324                              | 12,828    | 38,922                          | 37,627    |
| EBITDA   | 14,914                              | 9,219     | 54,667                          | 57,872    |
| Amortization classified in charter hire expenses                           | 231                                 | 465       | 692                             | 1,394     |
| Interest expense classified in charter hire expenses                       | 398                                 | 428       | 1,202                           | 1,291     |
| Non-cash stock based compensation expense                                  | 450                                 | 815       | 1,212                           | 2,312     |
| Loss on disposal of vessels and other property, including impairments, net | 36                                  | —         | 87                              | —         |
| Loss on extinguishment of debt, net  | 24                                  | —         | 72                              | 981       |
| Adjusted EBITDA  | \$ 16,053                           | \$ 10,927 | \$ 57,932                       | \$ 63,850 |

### (C) Total Cash

| (\$ in thousands)             | September 30,<br>2019 | December 31,<br>2018 |
|-------------------------------|-----------------------|----------------------|
| Cash and cash equivalents     | \$ 49,484             | \$ 80,417            |
| Restricted cash - current     | 60                    | 59                   |
| Restricted cash - non-current | 114                   | 165                  |
| Total Cash                    | \$ 49,658             | \$ 80,641            |

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