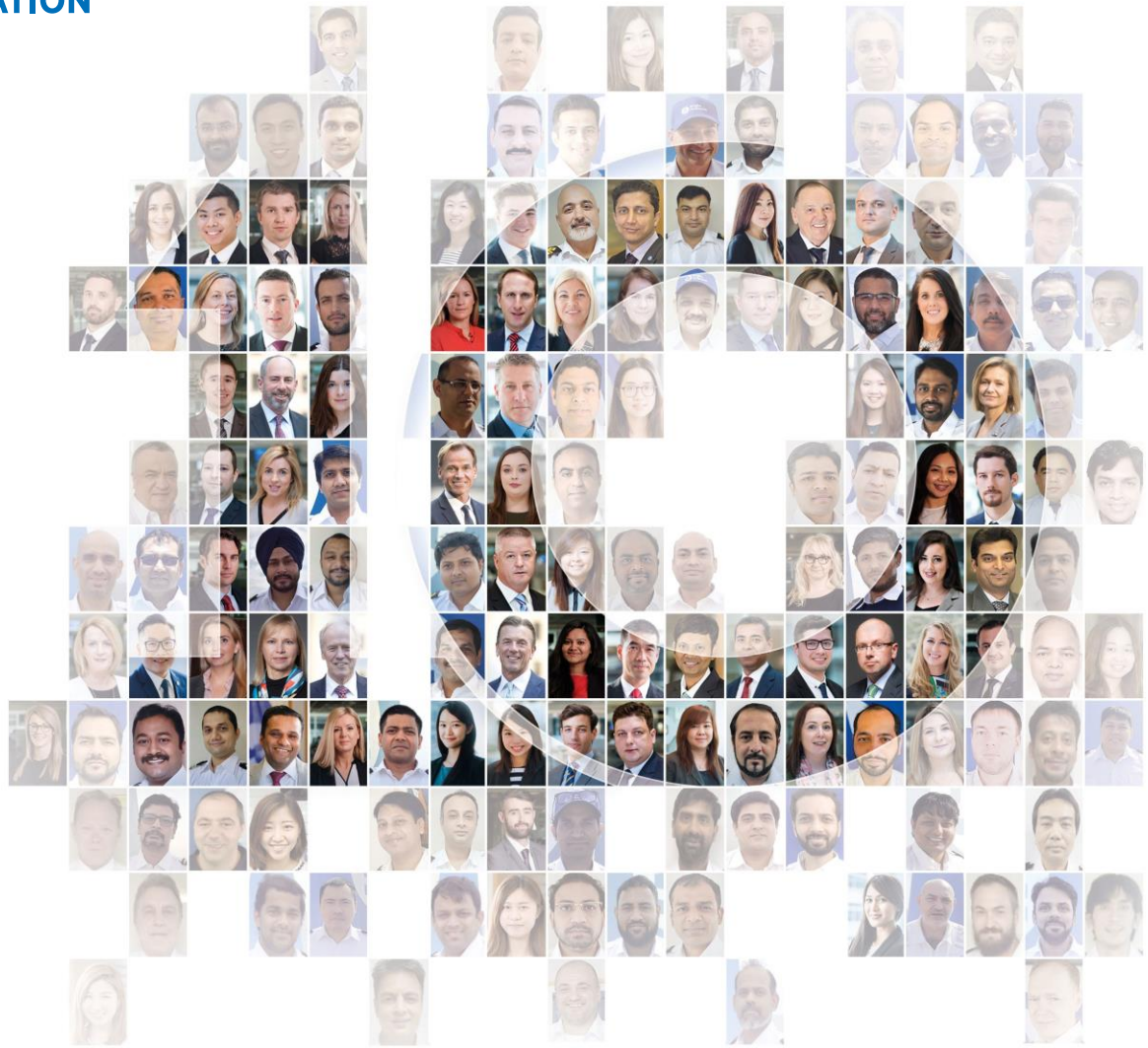
ARDMORE SHIPPING CORPORATION



Earnings Presentation | Second Quarter 2020

CELEBRATING 10 years

Disclaimer

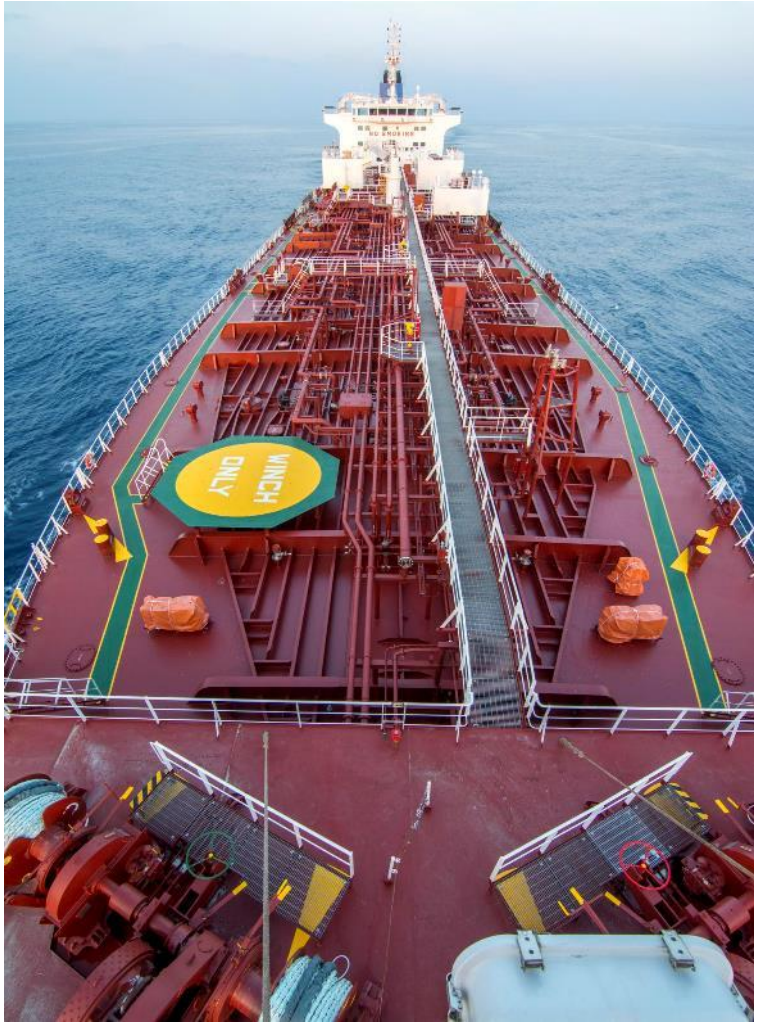
This presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of applicable U.S. federal securities laws. All statements, other than statements of historical facts, that address activities, events or developments that Ardmore Shipping Corporation (“Ardmore” or the “Company”) expects, projects, believes or anticipates will, or may occur in the future, are among these forward-looking statements including, without limitation, statements about: future operating or financial results; future tanker rates; global and regional economic conditions and trends; shipping market trends and market fundamentals, including expected tanker demand and scrapping levels, the use of tankers for storage purposes and any potential market improvement; the Company's liquidity, financial flexibility and strength; the Company's capital allocation policy and intended actions; the effect of the novel coronavirus pandemic on the Company's industry, business, financial condition and results of operation; expected global oil consumption and refinery capacity growth; the Company’s business strategy and operating leverage; the Company’s ability to benefit from tanker rate increases, including expected increases in Earnings Per Share (“EPS”) earnings and cashflow for given tanker rate increases and expected revenue dates, drydockings, fleet maintenance capital expenditures and debt reduction for 2020 and the quarters thereof. Although the Company believes that its expectations stated in this presentation are based on reasonable assumptions, actual results may differ materially from those projected in the forward-looking statements.

Factors that might cause or contribute to such a discrepancy include, but are not limited to: failure of applicable assumptions to be met relating to the illustrative performance metrics from hypothetical fleet expansion or illustrative increases in EPS and cashflow from any rate increases; and the risk factors described in the Company's filings with the Securities and Exchange Commission (the "SEC"), including the Company’s Annual Report on Form 20-F for the year ended December 31, 2019. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

Earnings Release: Second Quarter 2020

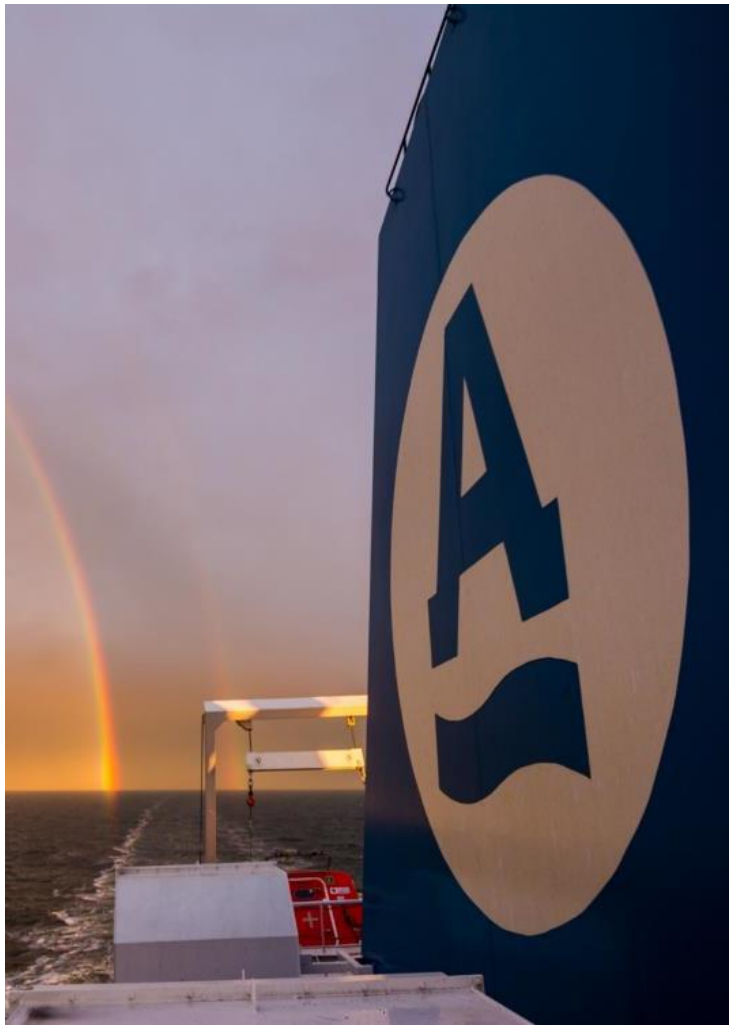
Agenda

- Highlights
- Key Industry Developments
- Long-term Strategy
- Assessing Growth Opportunities
- Stewarding Shareholder Value
- Market Review
- Financial Review
- Summary



Highlights

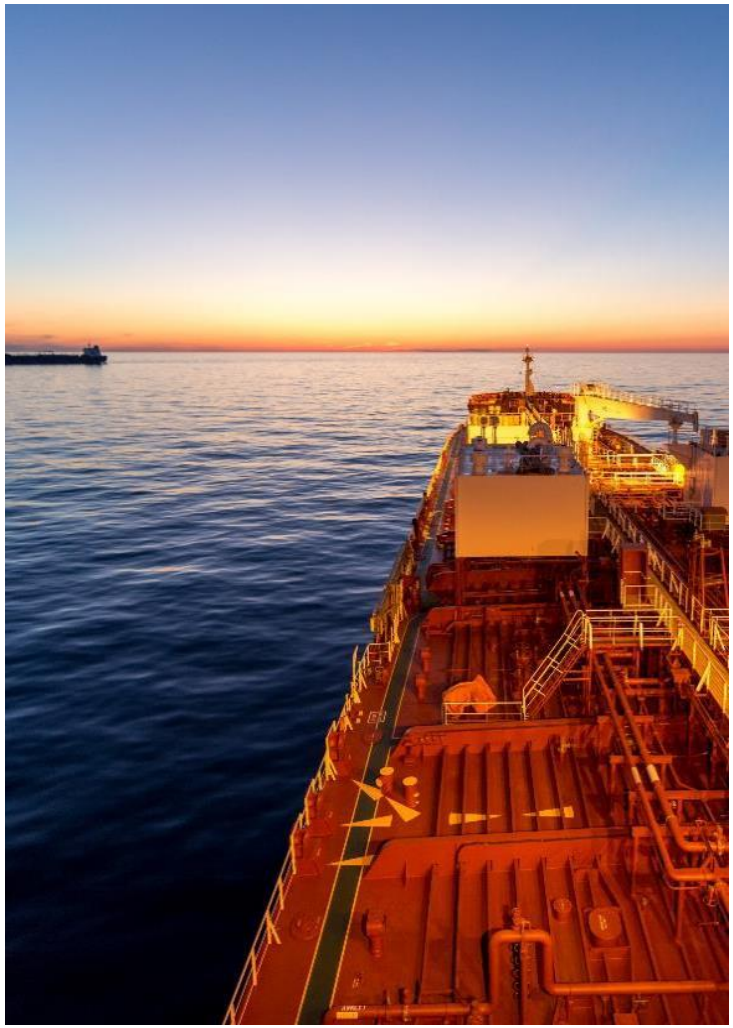
- Reporting adjusted net profit[1] of $13.7 million, or $0.41 per share, for 2Q20 compared to profit of $6.5 million, or $0.20 per share, for 1Q20
- Tanker market was very strong in the second quarter, with Ardmore performing well on a relative basis, thus producing excellent TCE results:
  - MRs overall earned $21,260 / day in 2Q20 compared to $19,310 in 1Q20; Eco-design MR's earned $21,540 in 2Q20 and $19,560 in 1Q20[2].
  - Chemical tankers earned $16,340 compared to $19,700 in 1Q20[3]; on a capital adjusted basis, chemical tankers earned $18,005 for 2Q20 and $22,010 for 1Q20[4]
- After three profitable quarters, Ardmore now has cash and undrawn lines of $82 million and net leverage of 48.5% as of second quarter
- We have been active in taking advantage of market conditions:
  - Chartered out two MRs for six-month periods in April / May at strong rates
  - Acquired a high-quality 2010-built Onomichi (Japan) MR with survey passed and BWTS installed, for $16.7 million with projected net income breakeven of $11,700 / day, and chartered in another 2010-built MR for one-year option one-year at a rate of $13,400 / day
  - Completed refinancing of a $15 million receivables facility with ABN, extending the maturity and improving terms, representing Ardmore's first sustainability-linked financing
  - Executed floating-to-fixed interest rate swaps on $324 million of our debt in May, locking in funding at an average of 0.32% and all-in bank debt cost of 2.8%
- Meanwhile, our new capital allocation policy announced in March is yielding positive results in terms of improving our financial strength and maintaining our fleet's earning power, thus supporting our initiatives towards achieving accretive growth for shareholders



1. Adjusted net profit is a non-GAAP measure. A definition and a reconciliation of this measure to its nearest GAAP comparable measure are included within Ardmore's earnings releases (as "Adjusted Earnings") for June 30, 2020 and March 31, 2020
2. MRs with scrubbers estimated to have earned premium of $2,712 per day in 1Q20 and $818 per day during 2Q20 based a spread between HSFO and VLSFO for bunkers consumed during 1Q20 and 2Q20 of $250 / MT and $75 / MT respectively (bunkers lifted from December 1, 2019 to May 31, 2020). Scrubber premium assumes bunker consumption of 20 MT / day, scrubber utilization of 90% and sailing days of 220 per year.
3. Time Charter Equivalent ("TCE") daily rate represents net revenue (revenue less voyage expenses) divided by revenue days. Revenue days are the total number of calendar days the vessels are in the Company's possession less off-hire days generally associated with drydocking or repairs. Net revenue utilized to calculate TCE is determined on a discharge to discharge basis.
4. Chemical tanker TCE capital adjusted is the adjustment made to actual TCE for capital invested relative to an MR. The objective is to show present rates comparable to MR rates to assess relative performance. Capital invested is based on analyst consensus market value of 2015-built vessels as follows: $29 million for an MR, $27.5 million for a 37k Dwt coated IMO2 vessel and $21.5 million for a 25k Dwt coated IMO2 vessel.

Key Industry Developments

- Market being driven by a tug of war between volatility, disruption and dislocation vs. fundamental oil demand (sharp decline then recovery yet to be determined)
- Impact of COVID-19 is unfolding as expected; product tanker market volatile with spikes and dips, currently emerging from dip following very strong April-June
- IMO 2020 provided some support for middle distillate demand in 1H20, while spreads between HSFO and VLSFO, on a global basis, have declined from $250 / tonne in 1Q20 to $75 / tonne in 2Q20[1]
- Late summer is usually a lower rate environment for product tankers, and this year seems to be following the same pattern, but we expect to see higher charter rates from here:
  - Specific factors relating to oil market disruption are already pushing up MR rates in the US Gulf and Atlantic, and providing the foundation for an expected rate rise in North Asia
  - Likelihood of an oil price "taper tantrum," with OPEC+ increasing oil output at an uncertain time, resulting in more oil price volatility along with more tonne-mile demand for product tankers commencing September
  - Winter market conditions commencing in November, boosting demand through seasonally higher oil consumption, unpredictable market dislocations, and weather delays
- Despite the still muted near-term outlook, we maintain our positive long-term view: tanker demand driven by oil consumption is expected to recover with the global economy, while supply growth remains constrained
- Chemical tankers have followed the same pattern as product tankers in 1H20; however, as chemical tanker demand is highly correlated to GDP, their prospects in a post-pandemic recovering global economy are particularly compelling



1. Average price for bunkers consumed in 1Q20 is based on spot prices for HSFO / VLSFO lifted from December 2019 to February 2020. 2Q20 is based on spot prices for HSFO / VLSFO lifted from March 2020 to May 2020

Long-term Strategy

- Ardmore has a strong track record regarding long-term strategy execution *(see slide 19 in appendix for more details)*
- Ardmore's strategy is based on the following principles:
  - Consistent focus on modern, fuel-efficient, high-quality product and chemical tankers
  - In-house commercial expertise and performance culture to drive strong relative performance and constant operational improvement
  - Highly professional customer service and fleet management, including "One Team" engagement with seafarers to optimize performance
  - An efficient, scalable operating platform capable of significant growth to achieve efficiencies through cost discipline
  - Effective capital allocation with long-term shareholder value focus, including well-timed fleet growth (and divestiture) when conditions permit
  - Strong financial profile to enable Ardmore to act counter-cyclically as well as obtain highly competitive borrowing costs and terms
  - Provide shareholders with a liquid currency on the NYSE with significant free float and informational transparency to maximize value
  - Best-in-class corporate governance to enhance and protect shareholder value

Assessing Growth Opportunities

Philosophy and Approach to Growth

- We assess fleet growth opportunities based on prospects for performance improvement, long-term value creation, and protection of shareholders interests
- Regarding growth through M&A, we evaluate opportunities and engage in discussions regularly, always on the premise that they must be compelling for ASC shareholders
- We aim for accretive growth by building on an existing strong operating platform; illustrative analysis shown here indicates our highly competitive performance with just 20 MR's, along with what is possible incrementally with even moderate growth
- We believe benefits of consolidation in the MR sector are being overplayed: market highly fragmented with largest player less than 5% out of 2,220 vessels in world fleet, only slightly more consolidated on chartering side; it's a trading business
- What matters is the capability of your commercial team, customer service, and operational teamwork, as well as the cost and quality of your fleet
- Scale efficiencies are potentially valuable, but can only be achieved on an operationally strong platform with strict cost control through an aligned organization
- Financial strength and debt cost is less about scale and more about leverage and liquidity, risk management, and track record

Ardmore Performance Metrics[1]

	ASC FY 2019		
	Actual	**+ 8 Eco MRs**	**+ 25 Eco MRs**
No. of MRs in Operation	20	28	45
Total No. of Owned Ships in Fleet[2]	26	34	51
Eco-design MR TCE	$15,781	$15,781	$15,781
MR TCE	$15,382	$15,495	$15,604
MR Opex / Day[3]	$6,576	$6,571	$6,567
Corporate Overhead[4]	$1,141	$873	$599
Technical Overhead[5]	$140	$110	$87
Commercial Overhead[6]	$342	$305	$254
- As % of pool fees[7]	56.5%	43.0%	28.6%
Total Overhead / Day	$1,622	$1,289	$940
Book Value Per Owned MR (US$mln)	$26.37		
Cash Per Ship (US$mln)	$2.02		
Company Net Leverage	51.3%		
Bank Credit Spread	2.49%		
Funding Cost[8]	1.90%		
All-in Bank Debt Cost *(@ 4Q19)*	4.39%		

1. The illustrations are based on hypothetical acquisitions as of January 1, 2019 of additional 8 and 25 vessels, respectively, and on the assumptions included in the other notes on this slide. This illustrative analysis is solely intended to illustrate potential ASC performance for 2019 using such assumptions. Actual results could vary materially based on a number of factors that would affect the items above and other relevant matters. Accordingly, investors should not rely on the hypothetical illustrative analysis illustrated as an indication of actual future results.
2. Based on average owned fleet during 2019
3. MR opex scale illustration assumes opex per day of $6,560 for additional ships for 2019. This is in line with the opex for Ardmore's Eco-design ships in 2019
4. Corporate overhead excludes non-cash items of $2.3mln for 2019, transaction fees of $650k for 2019 and technical overhead (disclosed separately). Scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $50k related to audit fees and (ii) 25 x Eco MR's: $400k related to 3 additional accounting staff totaling $300k plus additional audit fees of $100k.
5. Technical overhead relates to overhead costs for Ardmore internal technical management team of $1.3 mln. Scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $50k related to additional travel (ii) 25 x Eco MRs: $300k related to 2 additional technical staff totaling $200k plus additional travel estimate of $100k.
6. Commercial overhead scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $550k related to 5 additional staff in chartering, operations, revenue accounting (ii) 25 x Eco MRs: $1.5 mln related to additional staff in chartering, operations, revenue accounting and demurrage. Amounts include additional IT licenses etc.
7. Based on pool administration fees of $250 / day plus commission of 2.25% on TCE income by total operating days in the period
8. For 4Q19 based on 3M LIBOR as at Dec 2019. Ardmore entered fixed interest rate swaps on $324 mln of floating rate debt in May 2020 for three years at 0.32%. Remainder of debt is based on 1M (0.22%) and 3M (0.30%) LIBOR rates as at July 2020

Stewarding Shareholder Value

- Our independent board, full transparency and high-quality corporate governance represent significant value for shareholders through full alignment with Management and protection of shareholders interests
- Ardmore was recently recognized as #3 out of 52 public shipping companies overall, and the #1 ranked foreign private issuer, on Webber Corporate Governance Scorecard issued in June 2020.
- The Webber Corporate Governance Scorecard also illustrates the high correlation of shareholder returns to a company's standing on the scorecard in terms of quartiles

Transparency

- US GAAP
- Timely quarterly reporting
- SEC filings to high standard
- Full disclosure on cost structure

Trading Profile

- Full NYSE Listing, with 100% free float
- No private equity, controlling shareholder, or other similar overhang
- High ADTV relative to non-NYSE shipping companies
- High-quality institutional investor base

Corporate Governance

- No conflicts or transactions with affiliates
- No fees or other benefits to related parties
- 100% Independent Board[1]
- Full alignment of interest with shareholders
- Strong track record on capital preservation
- Transparent and effective capital allocation policy

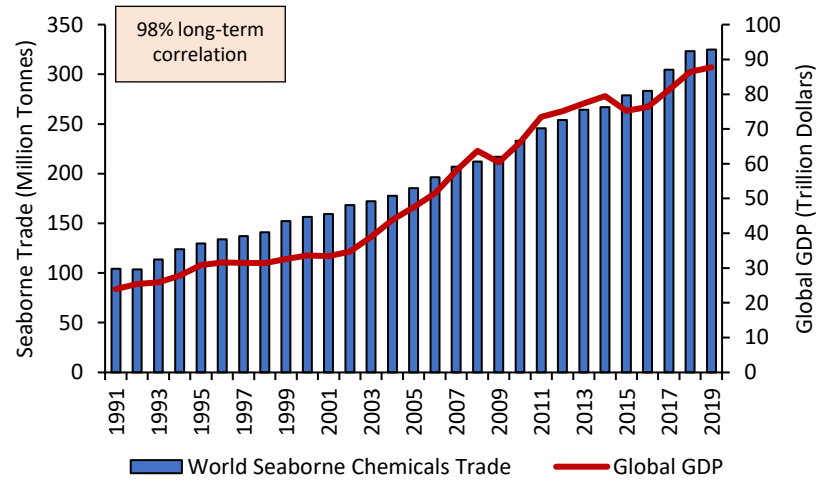
1. Excluding the CEO

Tanker Market and Financial Update

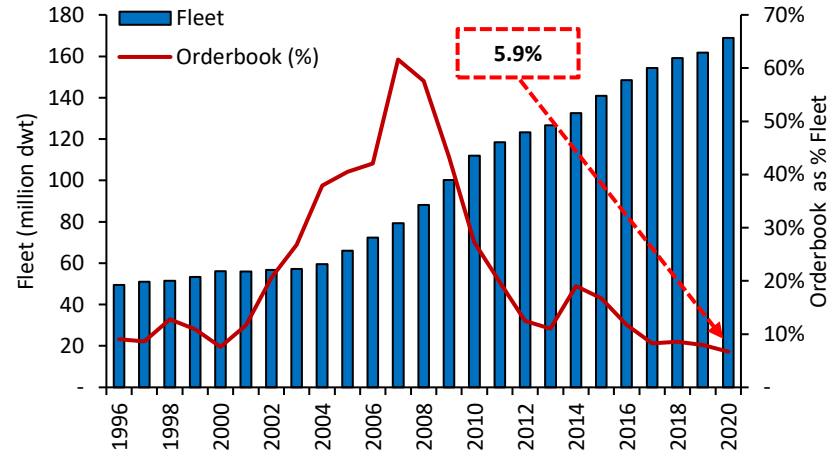
Industry Fundamentals

- Global economy is slowly emerging from the COVID-19 pandemic; expect the global economy to grow by 5.4% in 2021 vs. -4.9% in 2020[1]
  - Oil consumption expected to gradually recover through 2021[2]
- Chemical tankers, in particular, should directly benefit from the global economic rebound in 2021
  - Chemical tanker trade is highly correlated to Global GDP[3][4]; major end users include automotive and construction industries
- Meanwhile, product tanker tonne-mile demand should benefit from accelerated refinery dislocation; up to 1.4 mbd of refinery capacity in Europe is under threat of closure[5]
- On the supply side, product tanker (MR / LR1 / LR2) net fleet growth remains exceptionally low[6][7]
  - Total orderbook stands at 177 product tankers (48 LRs and 129 MRs) or 5.9% of existing fleet delivering from 3Q20 to 1Q23
  - Scrapping run rate is approx. 40 - 45 ships per year and fleet is rapidly aging; in three years 46% (1,398 ships) of the fleet will be over 15 years old
    - MR scrapping run rate 30 - 40 ships / year; approx. 47% of fleet (1,078 ships) will be over 15 years old in three years
  - Product tanker fleet growth, net of scrapping, expected to be approx. 1.6% in 2020 and 2.0% in 2021 (est. MR net fleet growth approx. 1.7% in 2020)
- Chemical tanker supply fundamentals are also positive:
  - Orderbook at historical lows of 3.6%, with net fleet growth averaging 1.4% per annum over the next two years[6][7]

Global GDP and Chemical Tanker Trade[3][4]



Product Tanker Orderbook and Fleet Development[6][7]

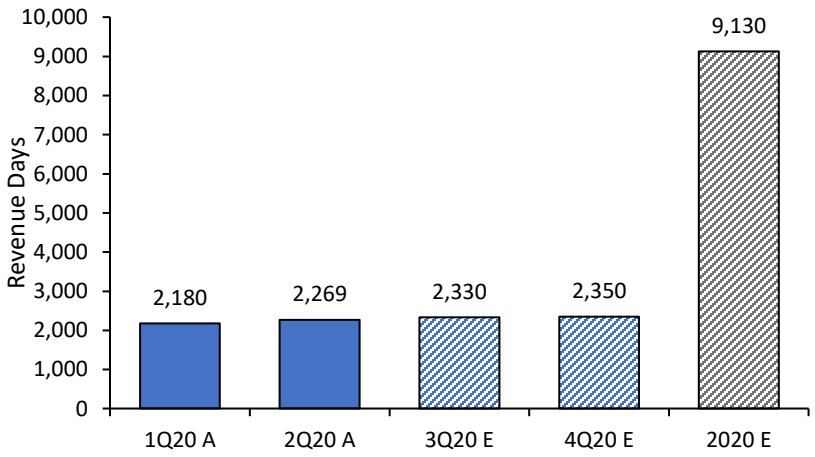


1. IMF World Economic Outlook Update, June 2020
2. IEA, July Oil Market Report, July 2020
3. Clarksons Shipping Intelligence Network, World Seaborne Chemical Trade, as at July 23, 2020
4. WorldBank.org, GDP (current $US), July 2020
5. "Pandemic hastens threat of closure for struggling oil refineries", Reuters, July 2, 2020
6. Clarksons Shipping Intelligence Network and Management's estimates. Note these numbers include slippage. Management's estimates based on 12.5% of full year scheduled deliveries slipping into 2021; scrapping levels estimated from current fleet age; 22 ships were scrapped in 2019. Estimated deliveries assume no delays due to pandemic
7. Clarksons Shipping Intelligence Network and Management's estimates for MR, LR1 and LR2 fleet. Estimated deliveries assume no delays due to pandemic

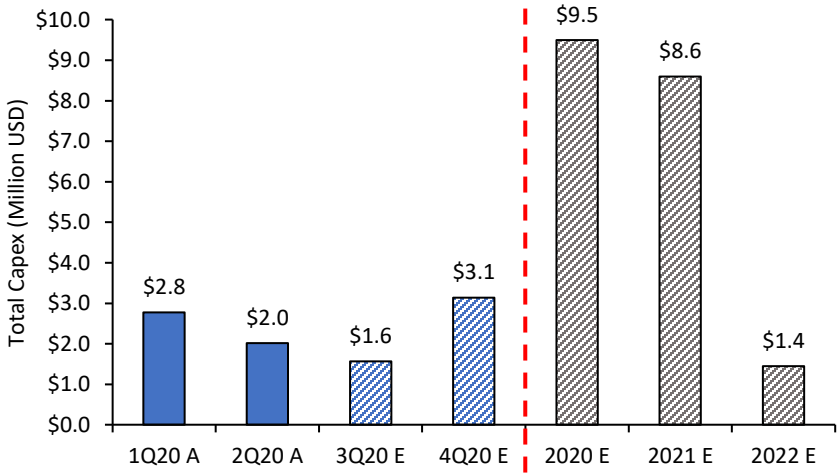
Fleet and Operations

- Revenue days estimated to be 9,130 for the full year 2020[1]
  - Recently acquired Japanese MR is expected to deliver in late August / early September
  - Entered a time charter-in for a 2010-built Japanese MR for one year plus option one year; expected to deliver in late September
  - Both ships delivering in advance of anticipated stronger winter market
- Drydocking and Ballast Water Treatment System ("BWTS") installation:
  - No drydocks planned for 3Q20; six drydockings planned for 4Q20
  - No further BWTS installations until 3Q21 (13 ships remaining)
  - Capital expenditure for remainder of year estimated at $4.7 million
- Operationally fleet is running very well:
  - Several crew changes completed successfully in recent weeks
  - Operating expenses under budget for 2Q20

Revenue Days Profile[1]



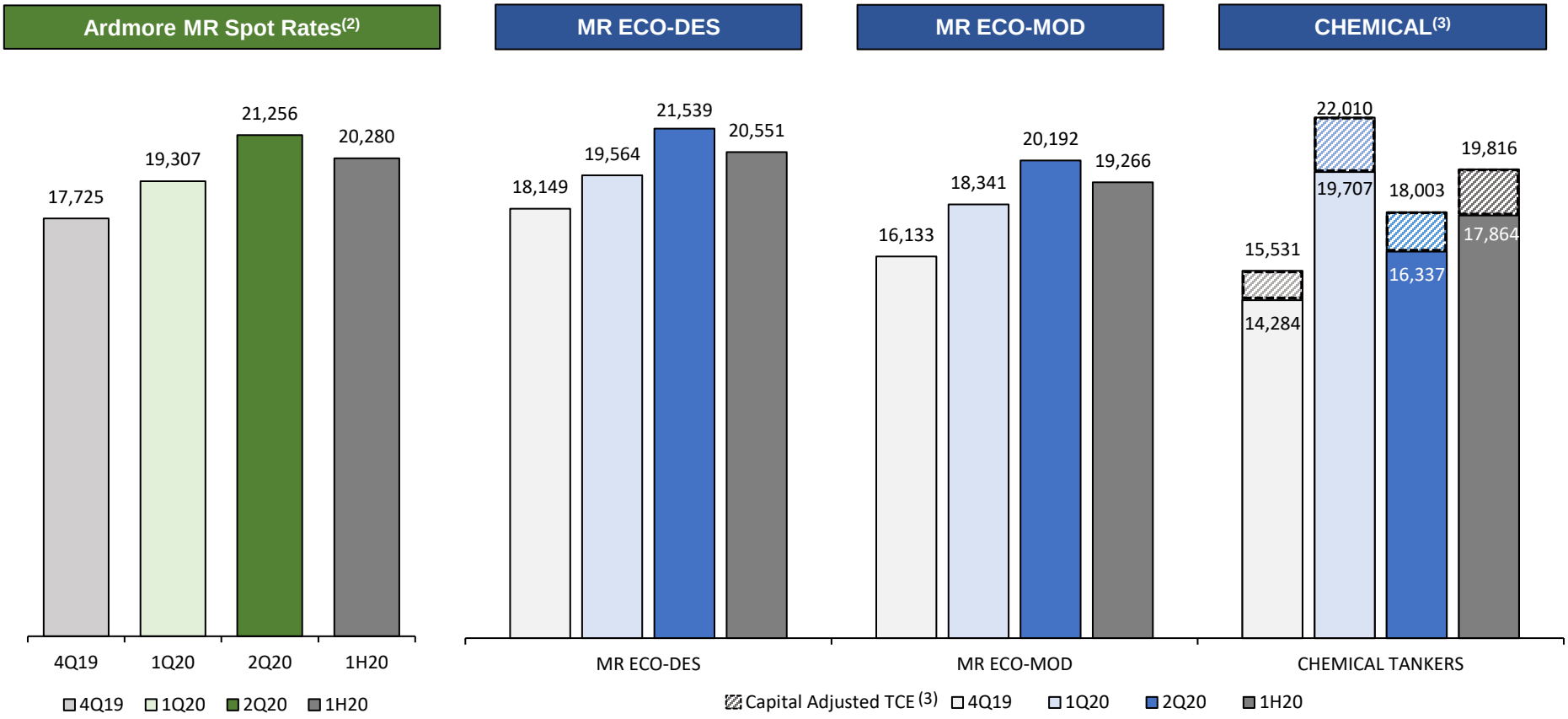
Fleet Maintenance Capex[2]



1. 3Q20 and 4Q20 forecasted revenue days includes impact of newly acquired 2010-built MR and TC-in vessel, assuming delivery on September 1, 2020 and September 24, 2020 respectively
2. Capex schedule is based on a cashflow basis and may be altered depending on COVID-19 restrictions and drydock availability

Product and Chemical Tanker Charter Rates

Time Charter Equivalent ($ / day)[1]



For every $1,000 / day increase in rates, EPS expected to increase by approximately $0.30 cents[4]

1. Time Charter Equivalent ("TCE") daily rate represents net revenue (revenue less voyage expenses) divided by revenue days. Revenue days are the total number of calendar days the vessels are in the Company's possession less off-hire days generally associated with drydocking or repairs. Net revenue utilized to calculate TCE is determined on a discharge to discharge basis
2. MRs with scrubbers estimated to have earned premium of $2,712 per day in 1Q20 and $818 per day during 2Q20 based a spread between HSFO and VLSFO for bunkers consumed during 1Q20 and 2Q20 of $250 / MT and $75 / MT respectively (bunkers lifted from December 1, 2019 to May 31, 2020). Scrubber premium assumes bunker consumption of 20 MT / day, scrubber utilization of 90% and sailing days of 220 per year.
3. Chemical tanker TCE capital adjusted is the adjustment made to actual TCE for capital invested relative to an MR. The objective is to show present rates comparable to MR rates to assess relative performance. Capital invested is based on analyst consensus market value of 2015-built vessels as follows: $29 million for an MR, $27.5 million for a 37k Dwt coated IMO2 vessel and $21.5 million for a 25k Dwt coated IMO2 vessel.
4. Calculations based on existing cost structure and assume (a) fleet of 27 vessels, (b) utilization of 99.6% (as per Ardmore's 2019 20-F), (c) 33.2mln shares as at June 30, 2020. Assumes no change in tax rate, cost of debt or share count

Financial Performance

Financial Performance Data

INCOME STATEMENT DATA	Three Months	Three Months
US$ millions, unless otherwise stated	**June 30, 2020**	**June 30, 2019**
Results		
EBITDA[1]	$27.9	$5.7
GAAP net profit / (loss)	$13.6	($9.9)
Adj. EBITDA[1]	$27.9	$12.3
Adj. net profit / (loss)[2]	$13.7	($3.4)
Adj. EPS[2]	$0.41	($0.10)
General and administrative expenses		
Corporate	($4.0)	($3.9)
Commercial and chartering	($0.9)	($0.6)
Depreciation and amortization	($9.4)	($9.1)
Interest and finance	($4.8)	($6.5)
Loss on sale of vessel	-	($6.6)
TC-in expense	-	-
Operating Expenses		
Total operating expenses (US$ million)	($14.3)	($14.9)
Eco-Design MR Opex / Day ($ / day)[3]	($6,293)	($6,306)
Eco-Mod MR Opex / Day ($ / day)[3]	($6,463)	($6,872)
Eco-Design Chemical Opex / Day ($ / day)[3]	($6,313)	($6,143)

1. EBITDA and Adjusted EBITDA are non-GAAP measures. A definition of these measures and a reconciliation of these measures to their nearest GAAP comparable measures are included within Ardmore's earnings release for June 30, 2020
2. Adjusted net profit / loss is a non-GAAP measure. A definition of this measure and a reconciliation of this measure to its nearest GAAP comparable measure are included within Ardmore's earnings release (as "Adjusted Earnings") for June 30, 2020
3. Fleet operating costs per day are routine operating expenses and comprise crewing, repairs and maintenance, insurance, stores, lube oils, communication costs and technical management fees paid to third-party managers

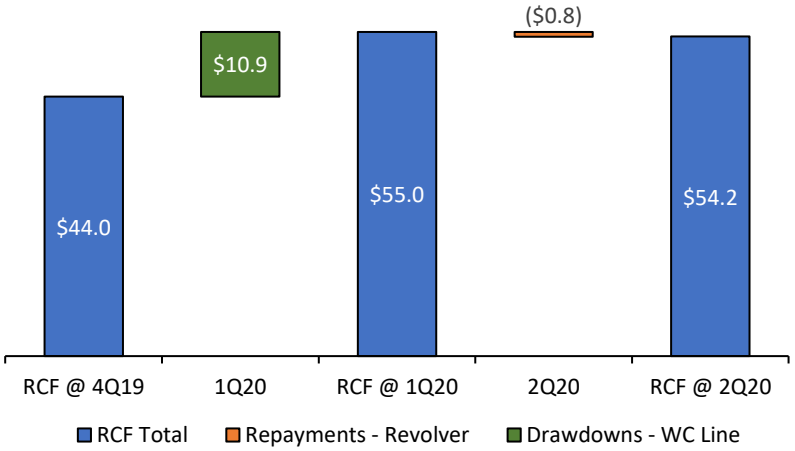
Financial Activity and Balance Sheet

- Completed our first sustainability-linked financing with ABN AMRO in July in keeping with our commitment to progress
  - $15 million facility contains pricing adjustment feature linked to Ardmore's performance on CO_2 emission reduction and other environmental and social initiatives
  - Recognizes Ardmore's strong performance; notably carbon emission levels which significantly outperform Poseidon Principles targets and a diverse organization with 10 nationalities of which 59% are female
  - Pricing structure and KPIs in the new facility will reward Ardmore for maintaining its reduction trajectory and overall performance on ESG
  - Facility includes improvements to commercial terms and maturity extended to July 2022 with extension options
- Strong cash position of $72.9 million at quarter end and $82.3 million as at July 27, 2020
- Entered floating-to-fixed interest rate swaps in May on $324 million of debt at 0.32%[4]
  - Average all-in bank debt cost is approx. 2.8% as at July[5]
- Overall maintaining a strong balance sheet
  - Fully drawn revolving credit facilities to ensure maximum financial flexibility given economic conditions
  - Total net debt as at end of June: $342 million
  - Leverage of 48.5% on a net debt basis; down 2.8% from 4Q19[3]

Balance Sheet Summary

US$ millions, unless otherwise stated	**Jun 30, 2020**	**Dec 31, 2019**
Cash	72.9	51.7
Receivables, Inventories and Advances	46.2	46.3
Vessels, Drydocking and Other Assets[1]	658.1	671.5
Total Assets	**777.3**	**769.6**
Payables and Accruals	17.1	23.4
Revolving Credit Facilities	54.2	44.0
Debt and Finance Lease Obligations[2]	360.6	376.1
Equity	345.4	326.1
Total Liabilities and Equity	**777.3**	**769.6**
Net Debt	341.9	368.4
Leverage (Net Debt)[3]	*48.5%*	*51.3%*

Revolving Credit Facility Movement YTD

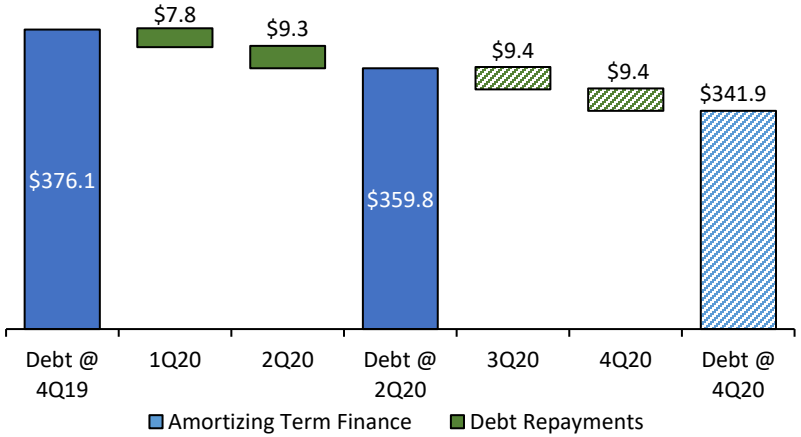


1. Excludes $2.9mln receivable in respect of finance leases representing seller's credit under the sale and leaseback financings of the Ardmore Sealeader and Ardmore Sealifter effected in 2Q17
2. Debt balance includes impact of netting of deferred finance fees of $6.7mln in 2Q20 ($7.5mln in 4Q19), netting of $2.9mln receivable in respect of finance leases and derivative liabilities
3. Leverage (Net Debt) = Debt less Cash / Total Liabilities and Equity less Cash
4. Ardmore entered fixed interest rate swaps on $324 mln of floating rate debt in May 2020 for three years at 0.32%. Remainder floating rate debt is based on 1M (0.22%) and 3M (0.30%) Libor rates as at July 2020
5. Includes all bank debt i.e. vessel financing, revolving credit facilities and working capital lines. Post completion of the interest rate swaps, the remaining debt totals approx. $60 mln. Approx. $55 million of debt is based off 1M LIBOR and $5 million based off 3M LIBOR

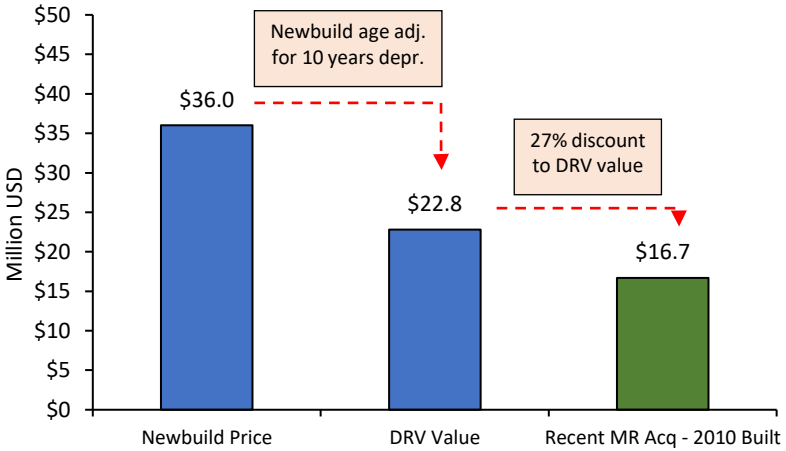
Capital Allocation Policy: Progress and Priorities

- Capital allocation policy working very well; initiated to maintain fleet and build financial strength to enable counter-cyclical investment
- Continuing to focus on financial strength and debt reduction:
  - Total repayments of $17.1 million on term loans and leases in 1H20; all term debt and leases amortizing at approx. $38 million annually
- Taking advantage of market weakness:
  - Acquired a high-quality, fuel-efficient, 2010-built Onomichi MR; a sister to three high-performing ships currently in our fleet and replacement for older vessels sold in 2019 at strong price
  - Exceptionally attractive price of $16.7 million for modern ship
    - Price equates to 27% discount to Depreciated Replacement Value ("DRV") (i.e. based on newbuild price today)
    - No capex required for three years; recently completed drydock and BWTS installation prior to sale to Ardmore
    - Significantly accretive to earnings with net income breakeven of $11,700 / day
    - ROIC of approx.10% based on estimated through-the-cycle TCE rates of $15,000 / day
- Capital allocation priorities are unchanged; top priorities are maintaining fleet earnings power and debt reduction while giving due consideration to accretive growth

Term Debt and Lease Amortisation[(1)(2)]



Recent MR Acquisition at Market Trough[(3)(4)]



1. Forecast only based on current debt and lease repayment schedule.
2. Gross debt is net of sellers' credit of $2.9mln, excludes netting of deferred finance fees of $6.7mln as at 2Q20 (deferred finance fees were $7.5mln as at 4Q19 and forecasted to be $5.8mln as at 4Q20) and excludes derivative liabilities; Gross debt at 4Q20 is pro-forma, based on closing debt as at 2Q20 adjusted for scheduled debt and lease amortization for 3Q20 and 4Q20
3. Clarksons, MR Newbuild Value as at July 2020
4. DRV calculation assumes scrap value of $300 / LDT and 10 years depreciation from 2020 MR Newbuild value of $36 million

Summary

Summary

- 2Q20 was a very profitable quarter driven by exceptional market volatility, earning 41 cents per share, which provides an annualized earnings yield of 40% based on our current stock price. In addition, we have added two ships on highly attractive terms, which will add meaningfully to our earnings power and lower our breakeven rate

- The muted near-term market outlook reflects seasonal and oil inventory destocking factors as well as uncertainty around oil demand, but we maintain our long-term positive view based on the outlook for tanker demand in a recovering global economy combined with very constrained supply growth

- The outlook for chemical tankers is particularly compelling given the high correlation to global GDP and the prospects for a post-pandemic above-trend global economic recovery

- Recent market volatility has if nothing else highlighted the earnings and cash flow potential of our fleet under strong charter market conditions, but it's worth making the point that oil market-related spikes don't constitute a cyclical upturn, something we have not seen in the tanker sector for more than 10 years

- Cyclical upturns occur when demand rises unexpectedly on a sustained basis and supply cannot catch up, usually occurring against a backdrop of deep pessimism and investor fatigue after years of weak market conditions. In our opinion, this is not out of the question if we see a strong, above-trend post-pandemic global economic recovery, as all other conditions are in place

- Meanwhile, our new capital allocation policy is yielding positive results in terms of increasing our financial strength, with cash and undrawn lines now up to $82 million and leverage on a net debt basis down to 48.5%, supporting future fleet and earnings growth

- As we mark Ardmore's ten-year anniversary, we are proud of the operating platform that we have built, the track record of strategy execution that we have established, the excellent team that we have assembled, and our adherence to the highest standards of corporate governance and transparency

- With a modern, fuel-efficient fleet, significant earnings power, and a solid financial foundation, we believe Ardmore is well positioned to generate strong returns for shareholders, where a $10,000 increase in fleet TCE, such as recently seen in April and May, translates into close to $3.00 in earnings per share

Appendix

Track Record of Timely Growth, Patience and Discipline

Capital Markets and Transactions

- IPO in 2013 priced at premium to NAV with eight ships on the water, bringing fleet to 20 ships
- Follow-on equity offering in Feb 2014 at premium to NAV (6 x oversubscribed) to acquire 4 x additional ships
- Acquisition of 6x Eco-design MRs in 2016 with primary offering, accretive to earnings and NAV and setting a record low price for MRs
- Facilitated an efficient and orderly exit for private equity sponsor through two secondary offerings in 2015 and 2017
- Transitioned to fully independent company with no private equity overhang and high-quality institutional shareholder base
- Swapped out majority of floating rate debt in May 2020 for three years, locking in funding cost of 0.32% and resulting in all-in bank debt cost of 2.8%[1]
- Share price trades favorably in spite of scale as a result of company performance, best-in-class corporate governance, diversified shareholder base, and NYSE listing

Strong Operating Performance

- Completed commercial operations in-sourcing in 2017, creating a fully integrated, scalable and high-performing commercial platform
- Entered a joint venture with an industry leading ship manager in 2017 to create high-quality in-house technical management
- Operating performance now on par with largest companies across TCE, operating expense, overhead and finance costs
- Sold six older tankers during 2017–2019 and acquired attractively priced replacements[2]; focus capital allocation effectiveness rather than growth for growth's sake
- Navigated challenging charter market conditions from 2016 to 2019 by remaining nimble and taking early action, while keeping market upside intact
- Completed sale-leasebacks on nine vessels in 2018 on attractive pricing and terms (average spread over LIBOR 3.5%) to build cash buffer and protect equity value

Ardmore Milestones

- 2020: initiated Capital Allocation Policy; strong profitability in 2Q20; acquired 1 x MR at market low
- 2019: Sale of 3 x older 15year-old MRs at attractive prices
- 2018: Sale and Leaseback of 9 x vessels to build cash and protect equity value
- 2017: Private Equity sponsor completes exit
- 2016: $70 mln follow-on offering to acquire 6 x MR at record low price
- 2015: Private Equity sponsor completes partial exit
- 2014: $108 mln follow-on offering at premium to NAV and acquired 4 x MRs
- 2013: $140 mln IPO on NYSE at premium to NAV; newbuilding orders takes fleet to 20 ships
- 2010 – 2012: Commenced with 1 x MR with Private Equity sponsor and grew to 8 x vessels on water

1. Includes all bank debt i.e. vessel financing, revolving credit facilities and working capital lines. Post completion of the interest rate swaps, the remaining floating rate debt totals approx. $60 million. Approx. $55 million of debt is based off 1M Libor and $5 million based off 3M Libor
2. To date we have acquired one vessel in January 2018 and one in July 2020

Key Performance Metrics and Scope for Accretive Growth

Scale Efficiency Illustration[1]

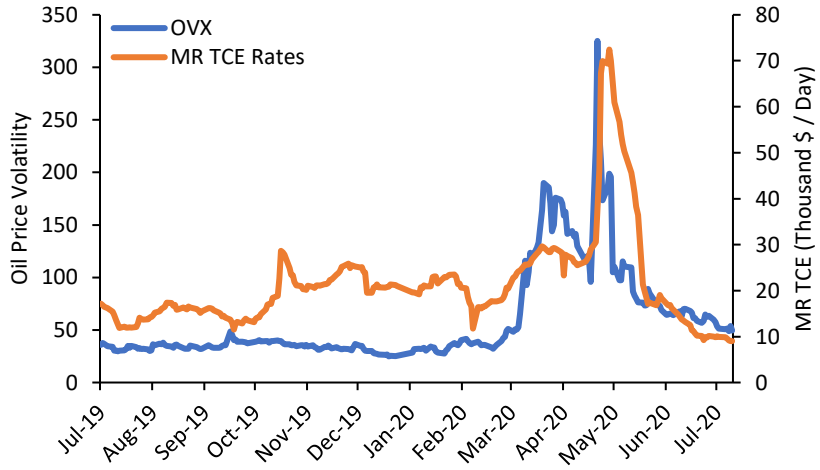
	ASC FY 2019			ASC 1H20		
	Actual	**+ 8 Eco MRs**	**+ 25 Eco MRs**	**Actual**	**+ 8 Eco MRs**	**+ 25 Eco MRs**
No. of MRs in Operation	20	28	45	19	27	44
Total No. of Owned Ships in Fleet[2]	26	34	51	25	33	50
Eco-design MR TCE	$15,781	$15,781	$15,781	$20,551	$20,551	$20,551
MR TCE	$15,382	$15,495	$15,604	$20,280	$20,361	$20,434
MR Opex / Day[3]	$6,576	$6,571	$6,567	$6,366	$6,354	$6,344
Corporate Overhead[4]	$1,141	$873	$599	$1,226	$933	$635
Technical Overhead[5]	$140	$110	$87	$143	$112	$88
Commercial Overhead[6]	$342	$305	$254	$377	$331	$271
- As % of pool fees[7]	56.5%	43.0%	28.6%	52.9%	40.1%	26.5%
Total Overhead / Day	$1,622	$1,289	$940	$1,746	$1,377	$994
Book Value Per Owned MR (US$mln)	$26.37			$25.70		
Cash Per Ship (US$mln)	$2.02			$2.92		
Company Net Leverage	51.3%			48.5%		
Bank Credit Spread	2.49%			2.49%		
Funding Cost[8]	1.90%			0.29%		
All-in Bank Debt Cost *(@ 4Q19 / 2Q20)*	4.39%			2.78%		

1. The illustrations are based on hypothetical acquisitions as of January 1, 2019 and 1H20 of additional 8 and 25 vessels, respectively, and on the assumptions included in the other notes on this slide. This illustrative analysis is solely intended to illustrate potential ASC performance for 2019 and 1H20 using such assumptions. Actual results could vary materially based on a number of factors that would affect the items above and other relevant matters. Accordingly, investors should not rely on the hypothetical illustrative analysis illustrated as an indication of actual future results.
2. Based on average owned fleet during 2019 and 1H20
3. MR opex scale illustration assumes opex per day of $6,560 for additional ships for 2019 and $6,327 for 1H2020. This is in line with the opex for Ardmore's Eco-design ships
4. Corporate overhead excludes non-cash items of $2.3mln for 2019 and $1.6mln for 1H20, transaction fees of $650k for 2019 and $110k for 1H20 and technical overhead (disclosed separately). Scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $50k related to audit fees and (ii) 25 x Eco MR's: $400k related to 3 additional accounting staff totaling $300k plus additional audit fees of $100k. . Additional expense estimates are pro-rated for half year 1H20
5. Technical overhead relates to overhead costs for Ardmore internal technical management team of $1.3 mln. Scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $50k related to additional travel (ii) 25 x Eco MRs: $300k related to 2 additional technical staff totaling $200k plus additional travel estimate of $100k. . Additional expense estimates are pro-rated for half year 1H20
6. Commercial overhead scale illustration assumes increased costs as follows: (i) 8 x Eco MRs: $550k related to 5 additional staff in chartering, operations, revenue accounting (ii) 25 x Eco MRs: $1.5 mln related to additional staff in chartering, operations, revenue accounting and demurrage. Amounts include additional IT licenses etc. . Additional expense estimates are pro-rated for half year 1H20
7. Based on pool administration fees of $250 / day plus commission of 2.25% on TCE income by total operating days in the period
8. For 4Q19 based on 3M Libor as at Dec 2019. Ardmore entered fixed interest rate swaps on $324 mln of floating rate debt in May 2020 for three years at 0.32%. Remainder of debt is based on 1M (0.22%) and 3M (0.30%) Libor rates as at July 2020

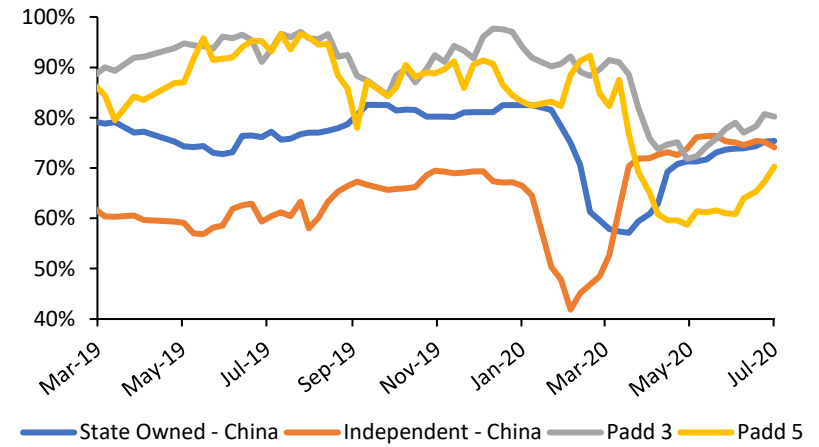
Current Market Activity

- Product tankers have enjoyed unprecedented levels of disruption and volatility in the second quarter
  - MR rates surged April / May on the back of record oil price volatility and market disruption before easing in June / July[1][2]
  - Product tanker activity increasing in recent weeks in Atlantic, AG and WAF; as several regions emerge from lockdown and imbalances materialize
- Global refinery throughput is rebounding from lows in April, resulting in increased cargo volumes[3]
- Oil market remains in turmoil, with potential for an oil price "taper tantrum" over next few months
  - Inventory levels remain high with onshore storage at or near capacity; product tanker floating storage off peak levels but remains high (138 ships at July 17 down from 238 ships in May)[4] and could start to rise[5]
  - Oil consumption demand is recovering, but risks remain; several regions continue to deal with rising COVID-19 numbers and lockdown restrictions, while fears of a second wave are increasing
  - Meanwhile, oil production set to increase in 2H20[6]; US production set to bottom out in June[7] and OPEC+ set to increase production by 2 mbd from August[6] under the existing agreement
- Near-term outlook:
  - Volatility and market disruption will continue to be the main driver of tonne-mile demand
  - Regional inventory imbalances will continue to emerge as countries ease restrictions and demand for refined products follows while winter market expected to heighten activity further

OVX V. MR Charter Rates[1][2]



Refinery Utilization: Coming Off the Bottom[3]



1. CBOE.com, July 2020
2. Howe Robinson, Daily Tanker Rates, July 2020
3. China Petroleum Weekly, as at July 17, 2020
4. Clarksons Shipping Intelligence Network, July 24, 2020
5. S&P, "Clean tanker floating storage inquiries rise as appetite returns", July 7, 2020
6. Financial Times, OPEC and Russia primed to unwind historic supply cuts, July 15, 2020
7. EIA, Short Term Energy Outlook, July 2020