



Roads to Recovery: Comparing and Contrasting the Outlook for Distressed Sectors

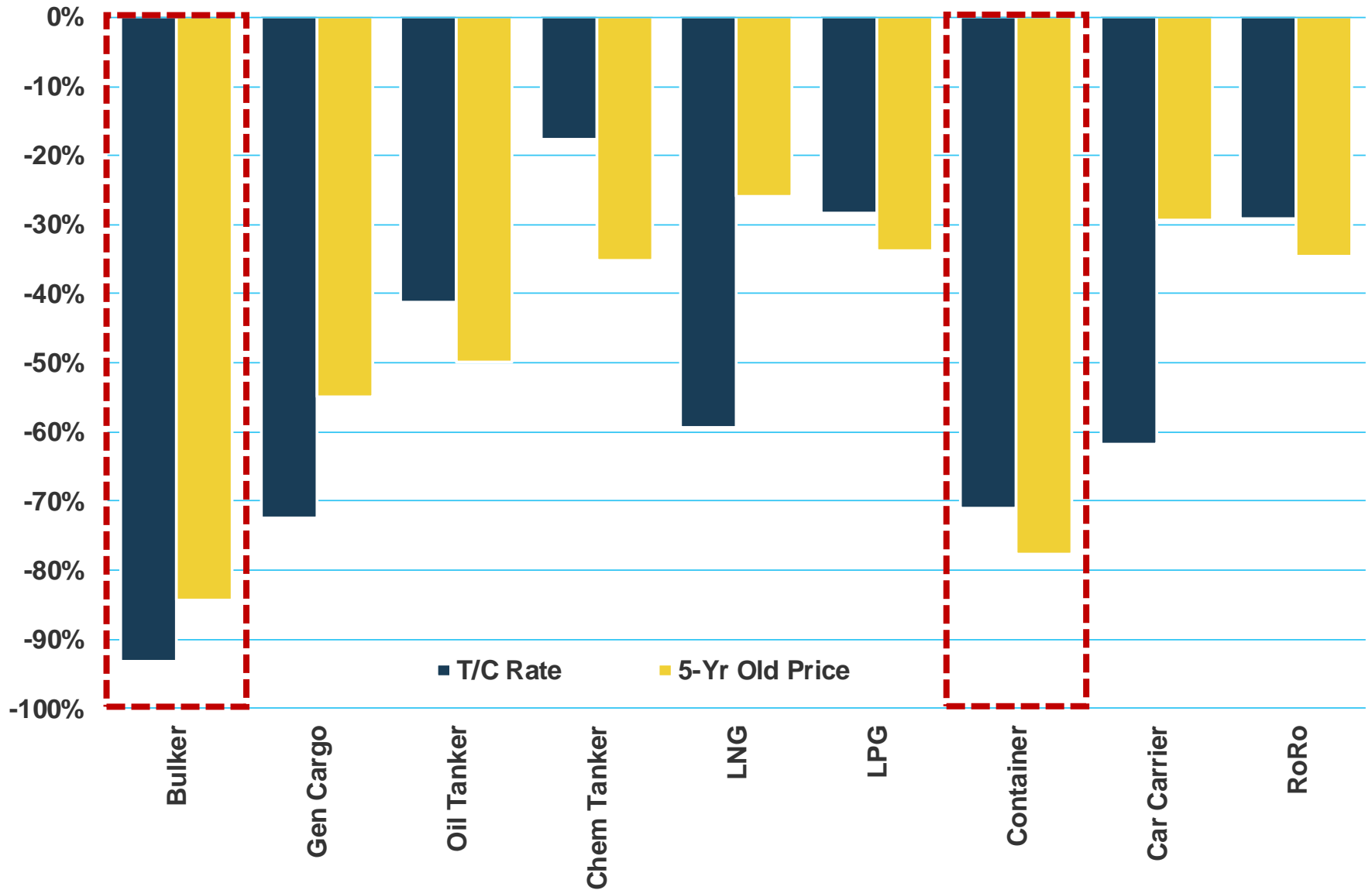
Niklas Carlén – Maritime Strategies International (MSI)

18th Annual Marine Money Greek Ship Finance Forum – 11th October 2016



Introduction

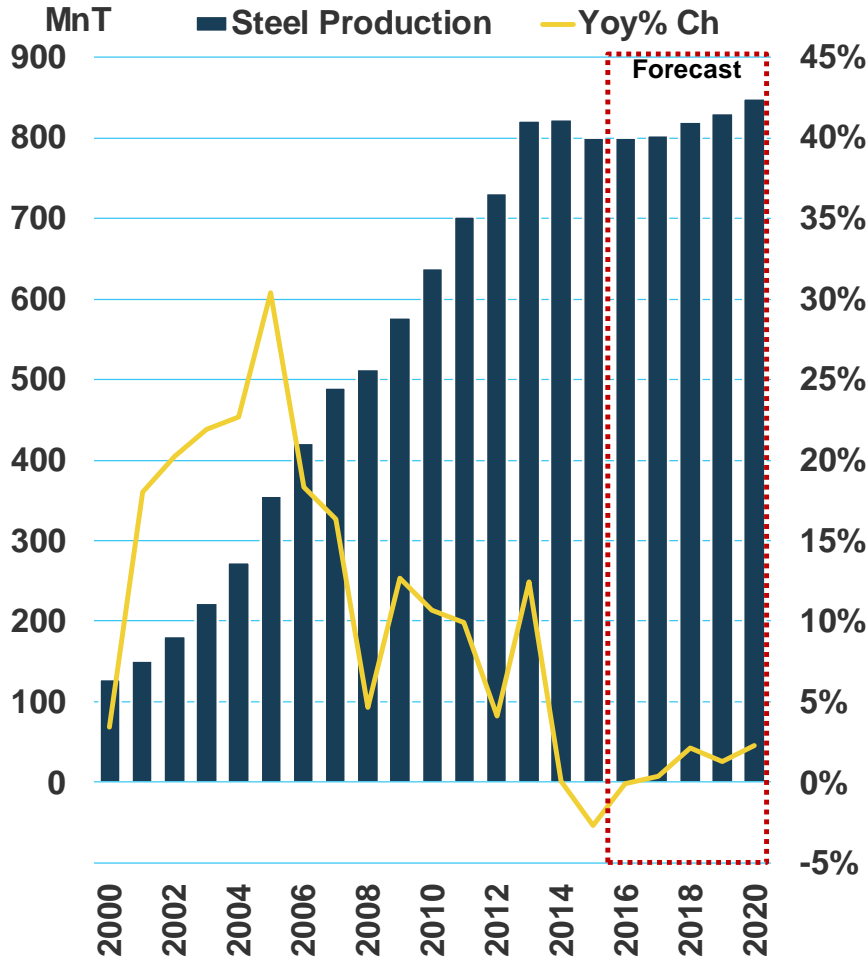
Peak to Trough Comparision: Peak 2006-08 Levels Vs Q2 2016



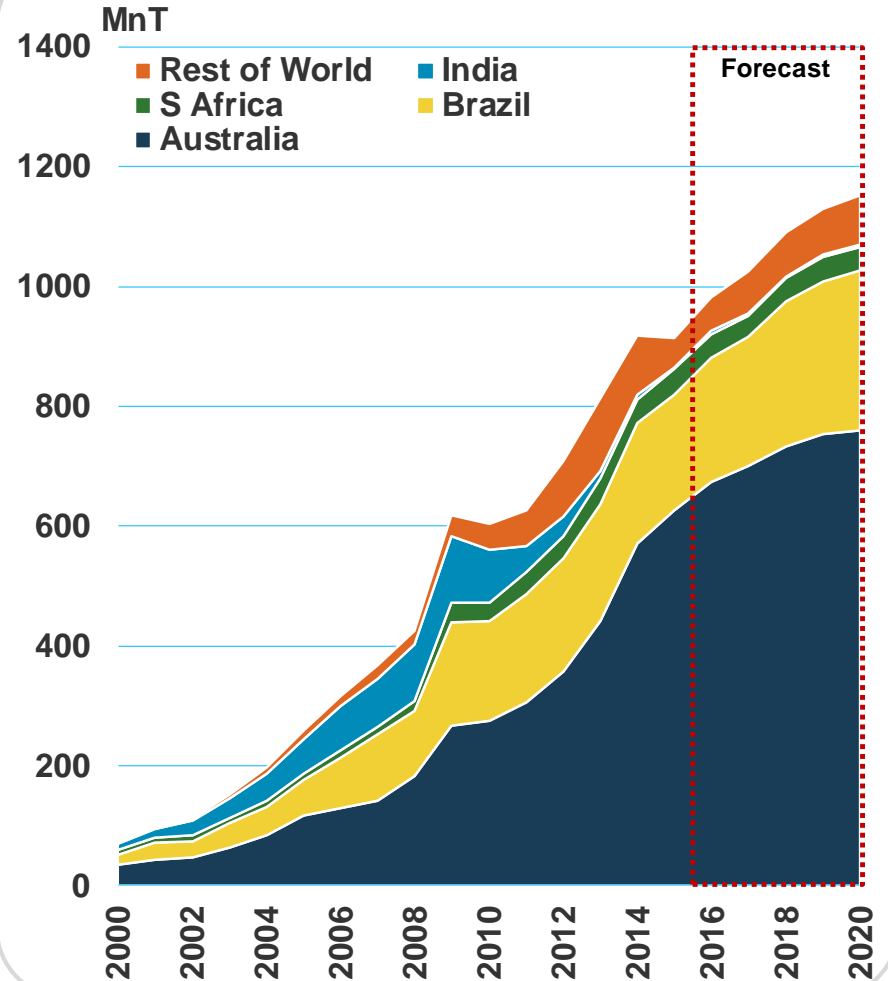


Demand

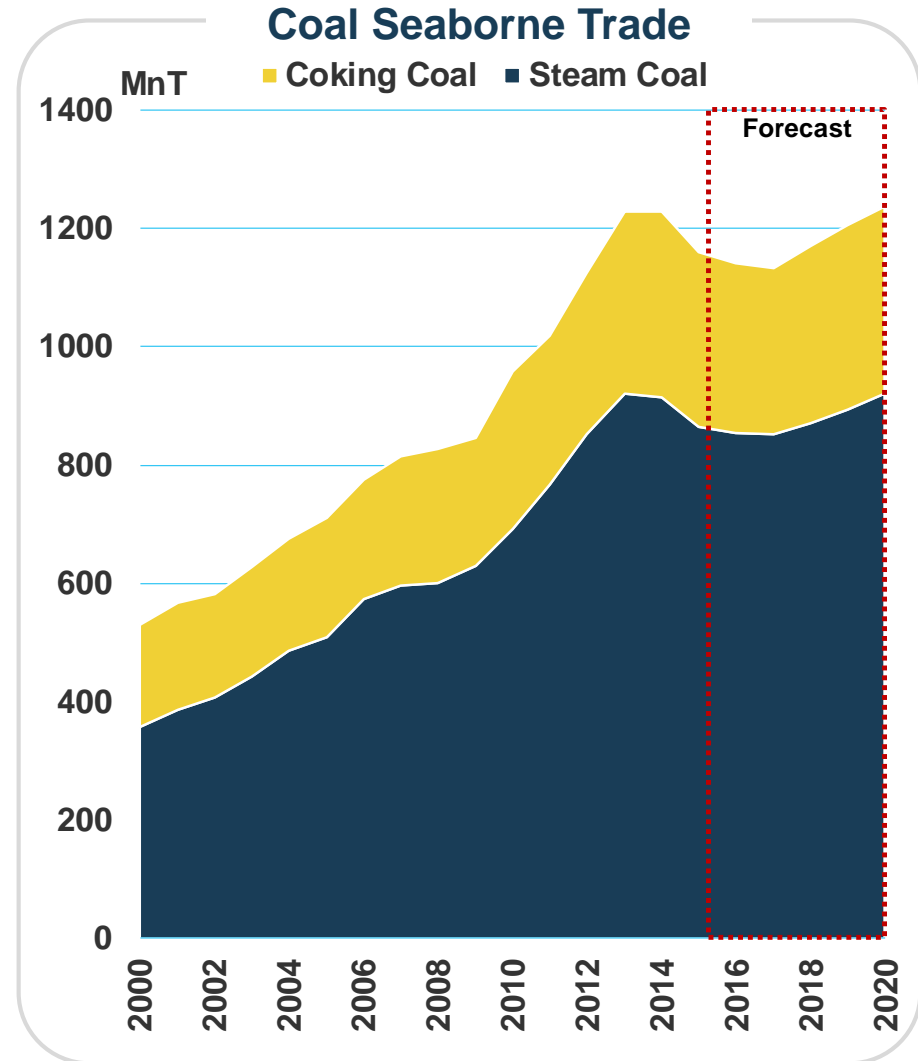
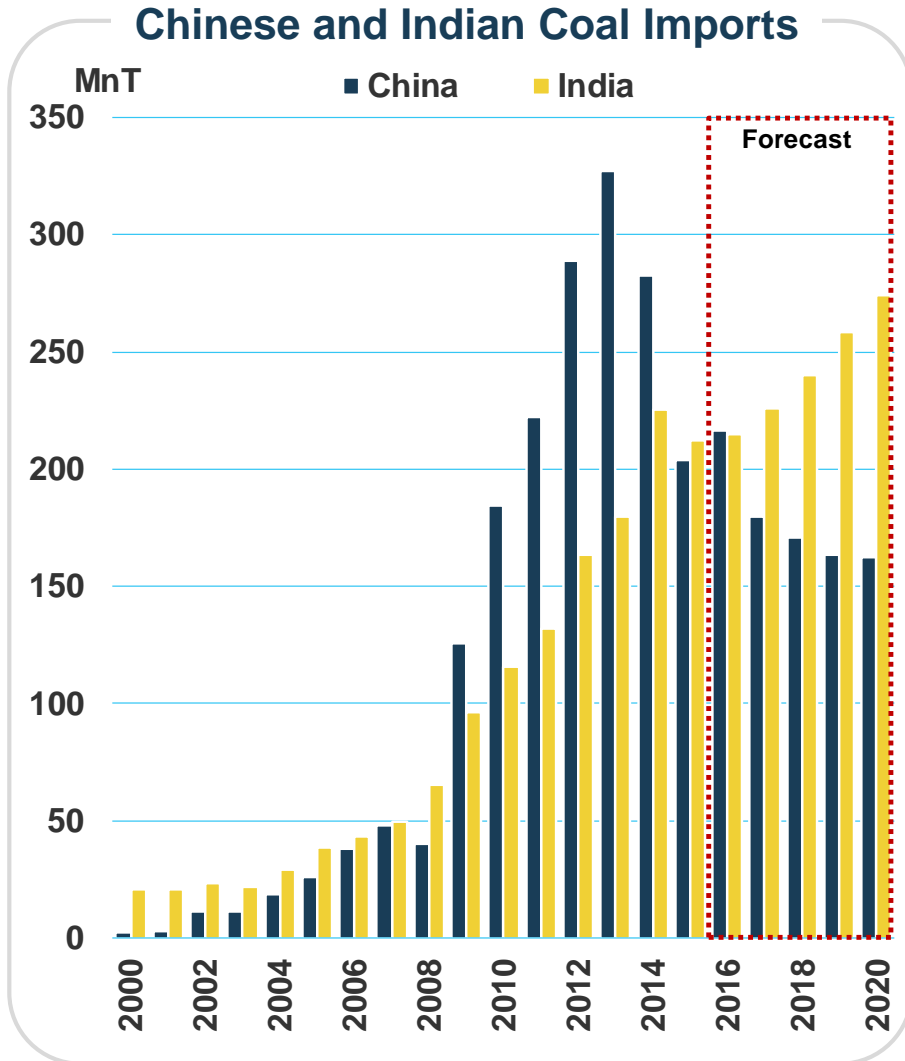
Chinese Steel Production



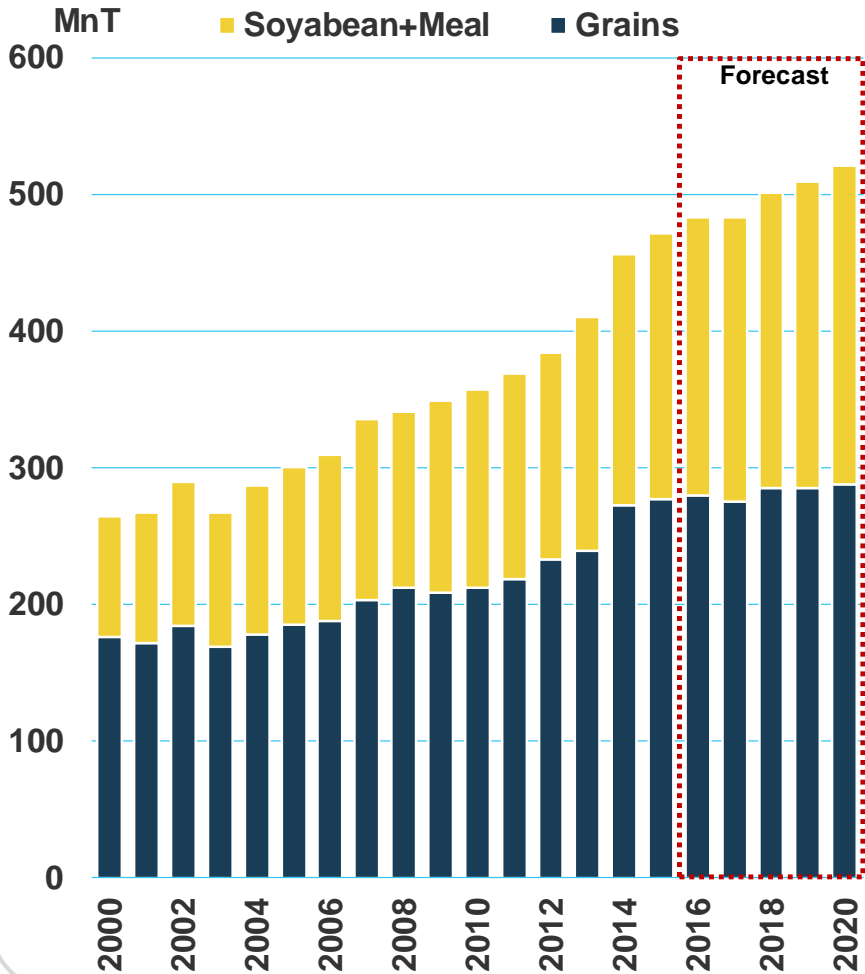
Chinese Iron Ore Imports



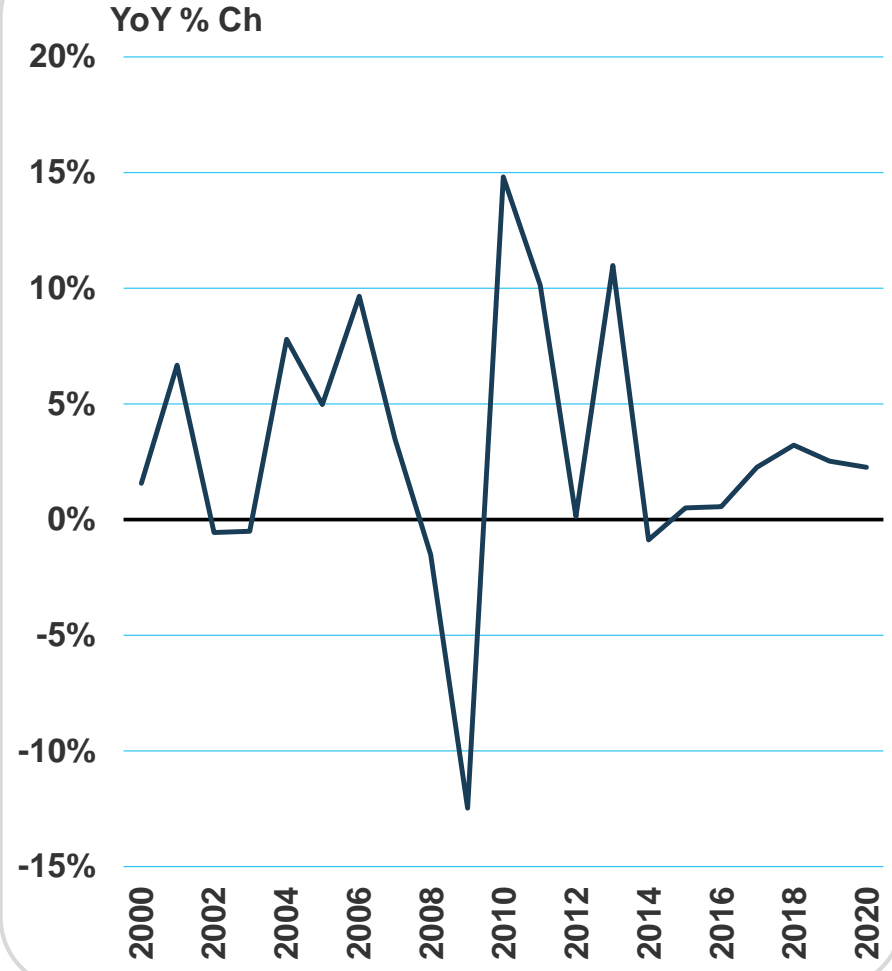
Indian Outlook Shrouded in Uncertainty



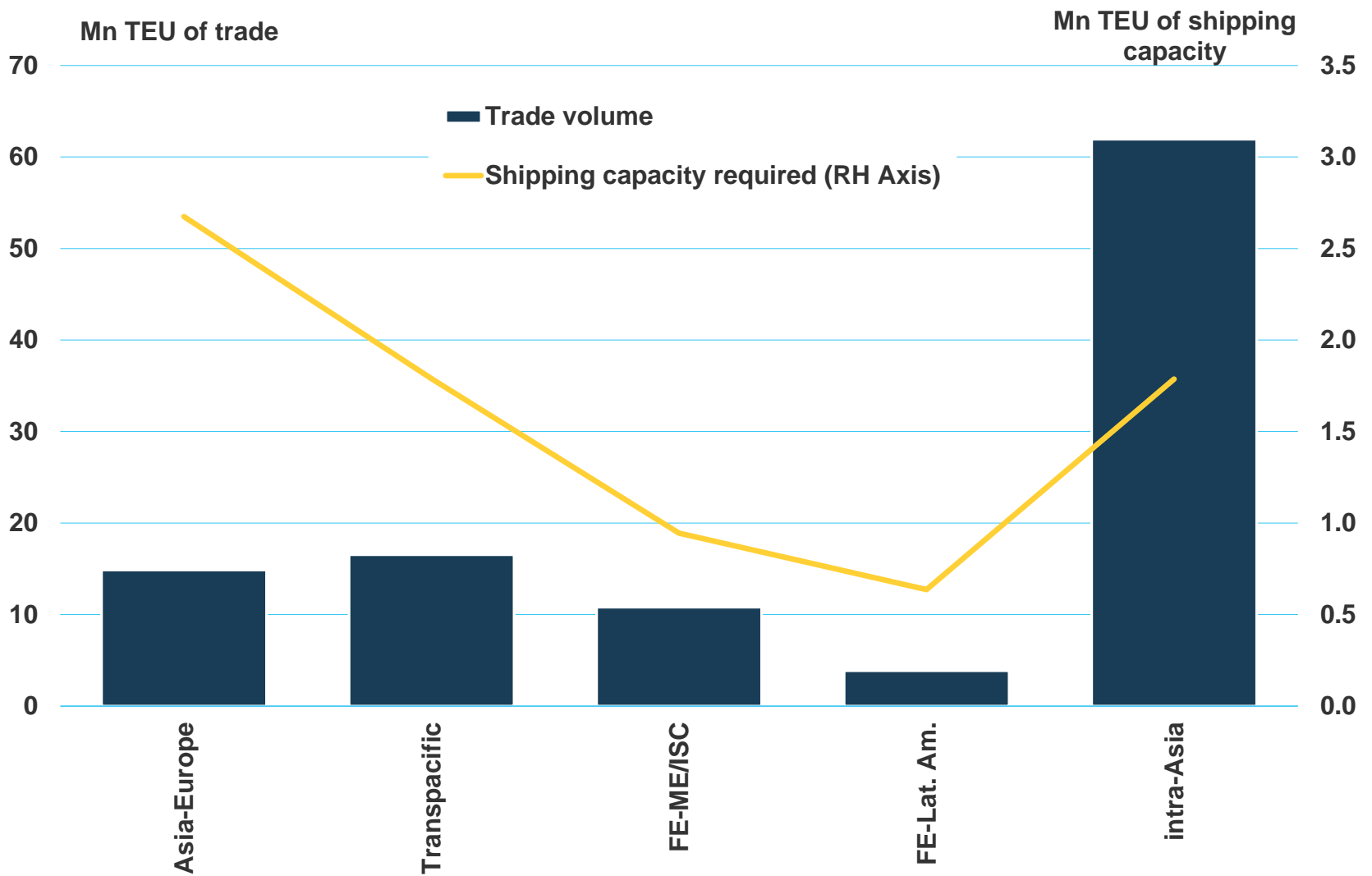
Grains+Soya Seaborne Trade



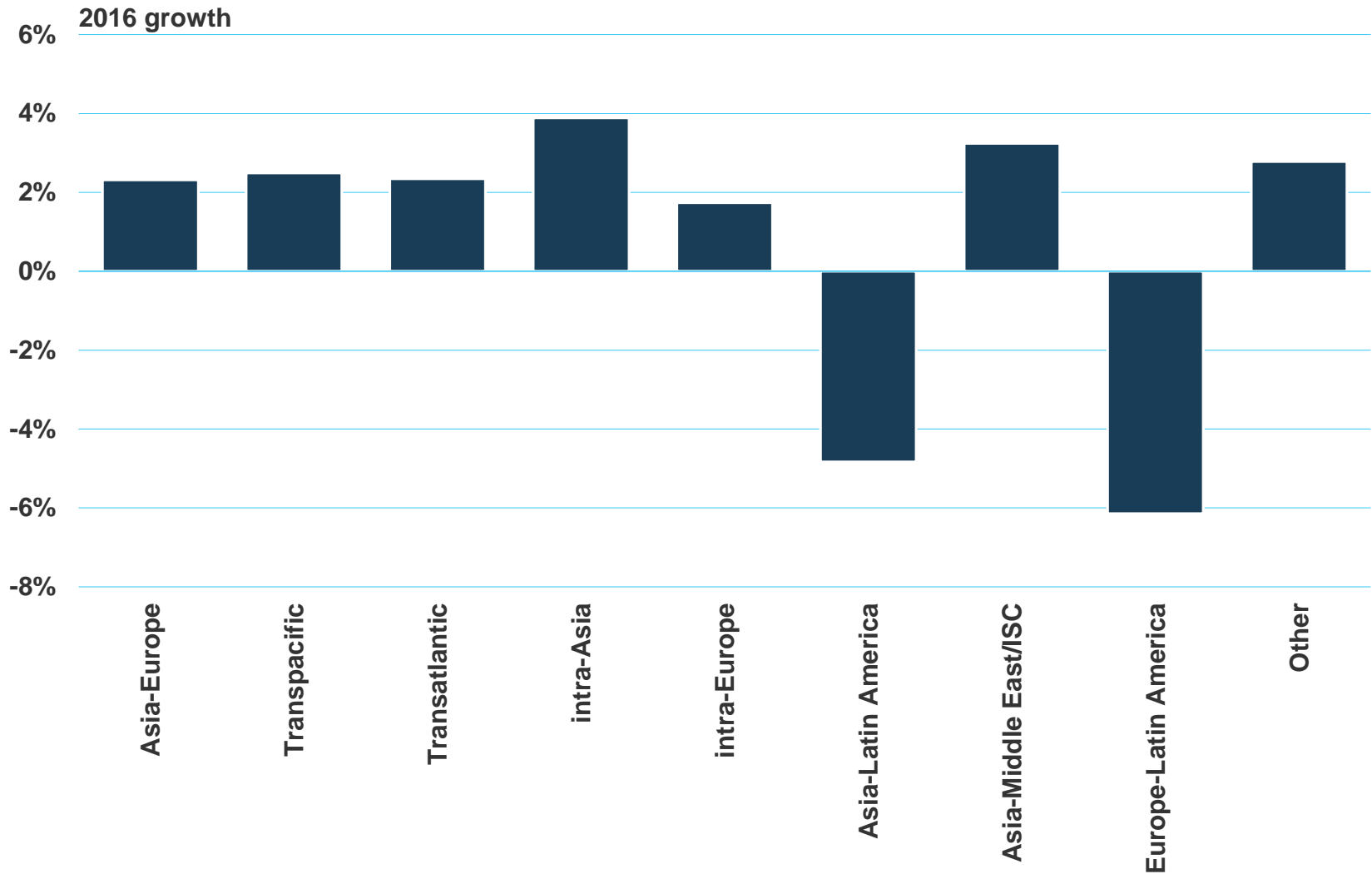
Minor Bults Seaborne Trade



TEU Trade and TEU Miles

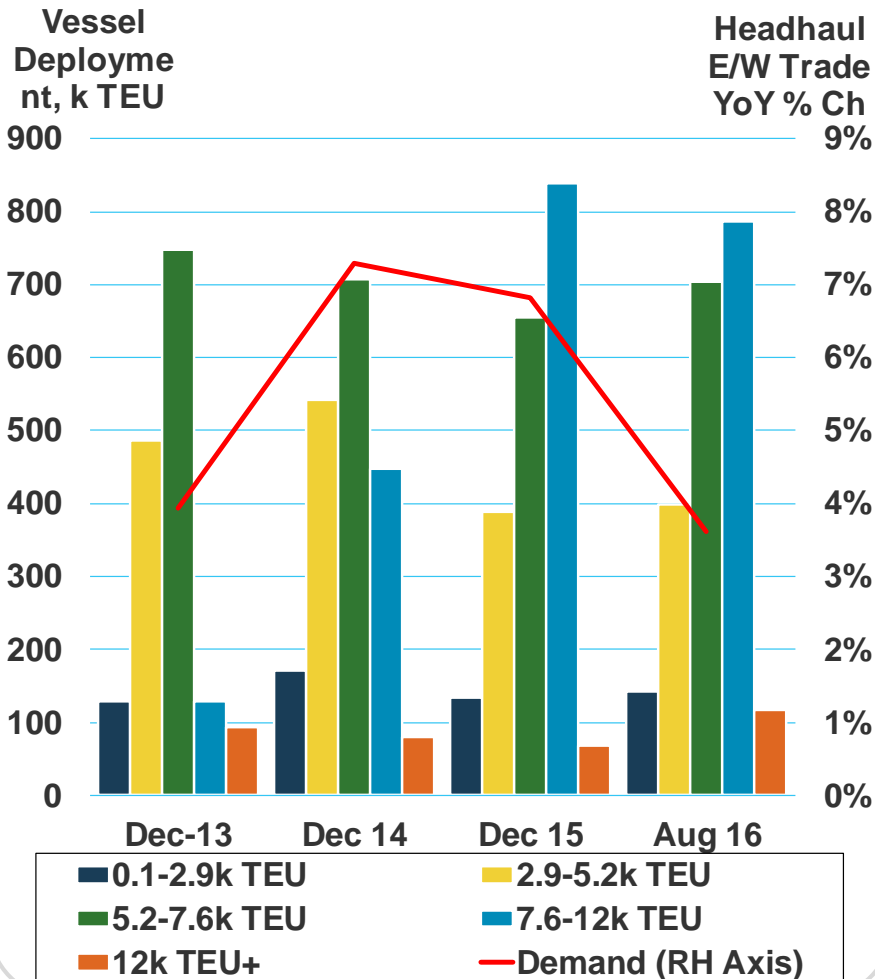


Asia-Europe isn't dominant in volume terms, but is in terms of capacity required



North-South trades have been the worst affected, but trade disappointing across the board

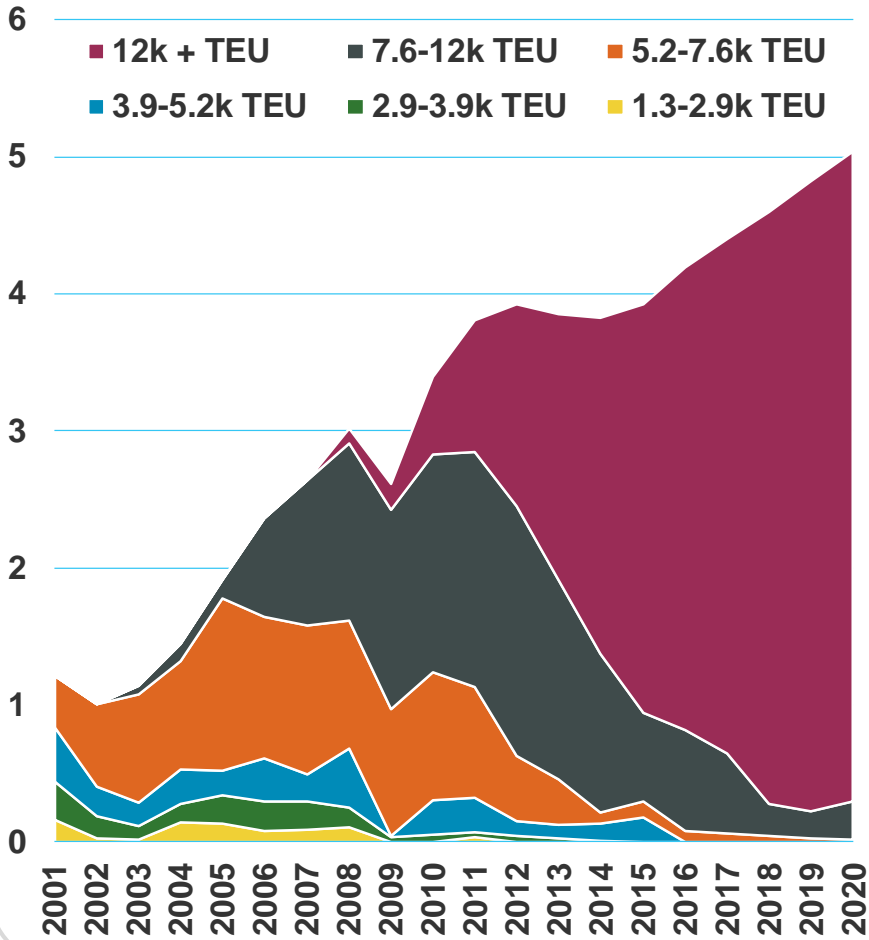
Non-Mainlane East/West Trade



- The cascade has currently broken down – four reasons:
 - Low fuel price
 - Slow trade growth
 - Service fragmentation
 - Alliance reshuffle
- In our view, trade growth is the most important of these; lines upsized in anticipation of trade growth, when that disappointed then swiftly downsized.
- Huge supply of spot ships puts lines under no pressure to secure tonnage – can keep flexibility (2-12 month fixtures).

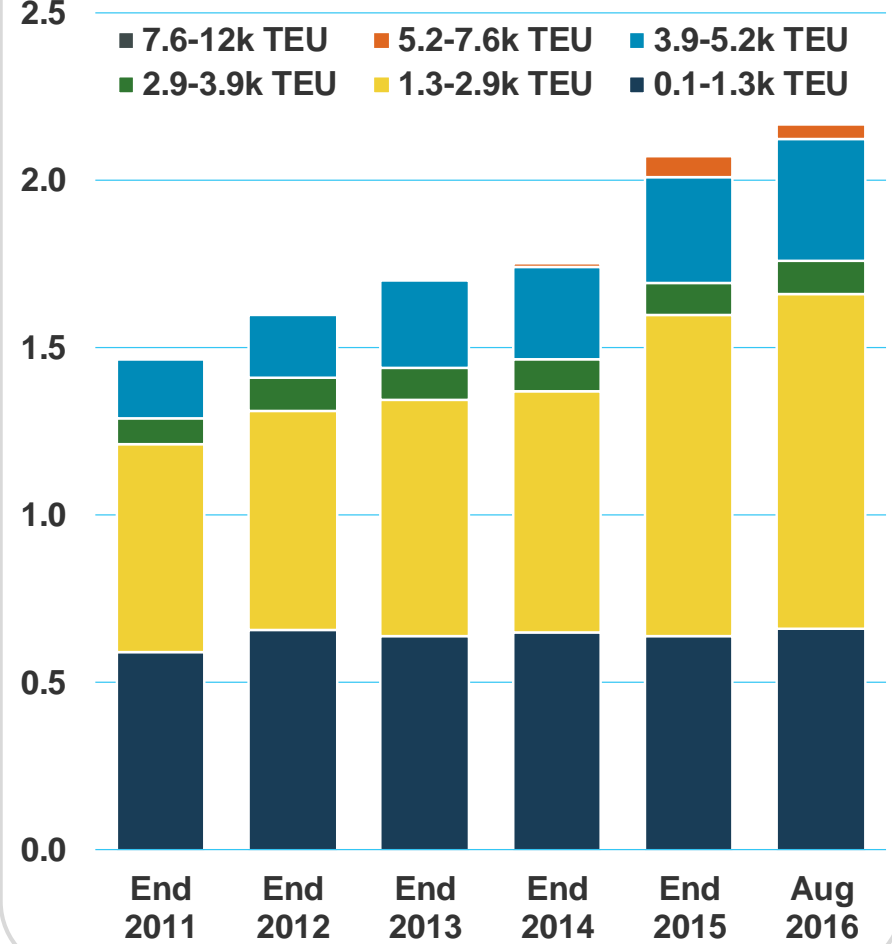
Evolution of Asia-Europe Deployment

Mn TEU

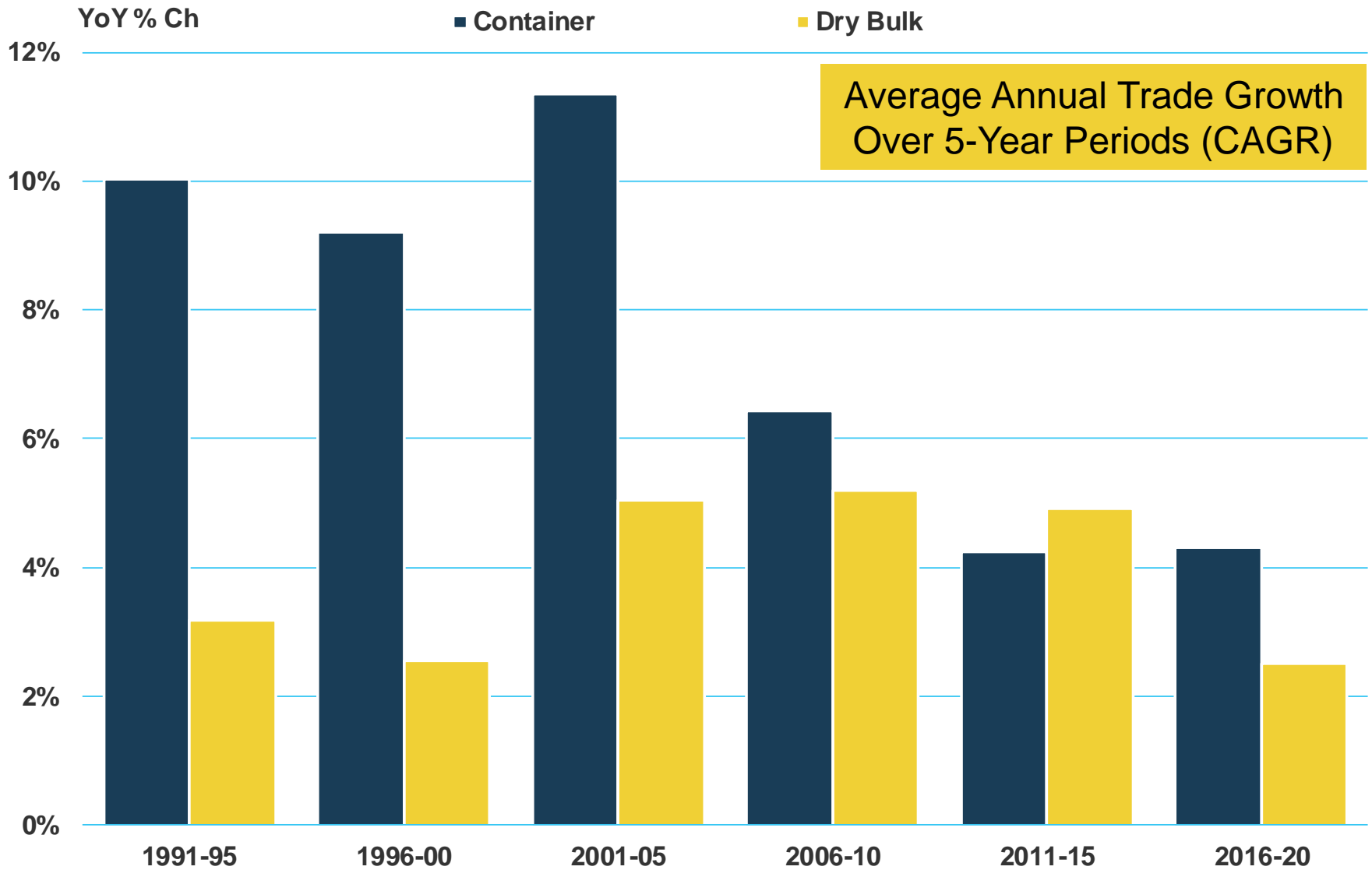


Intra-Asian Deployment

Mn TEU



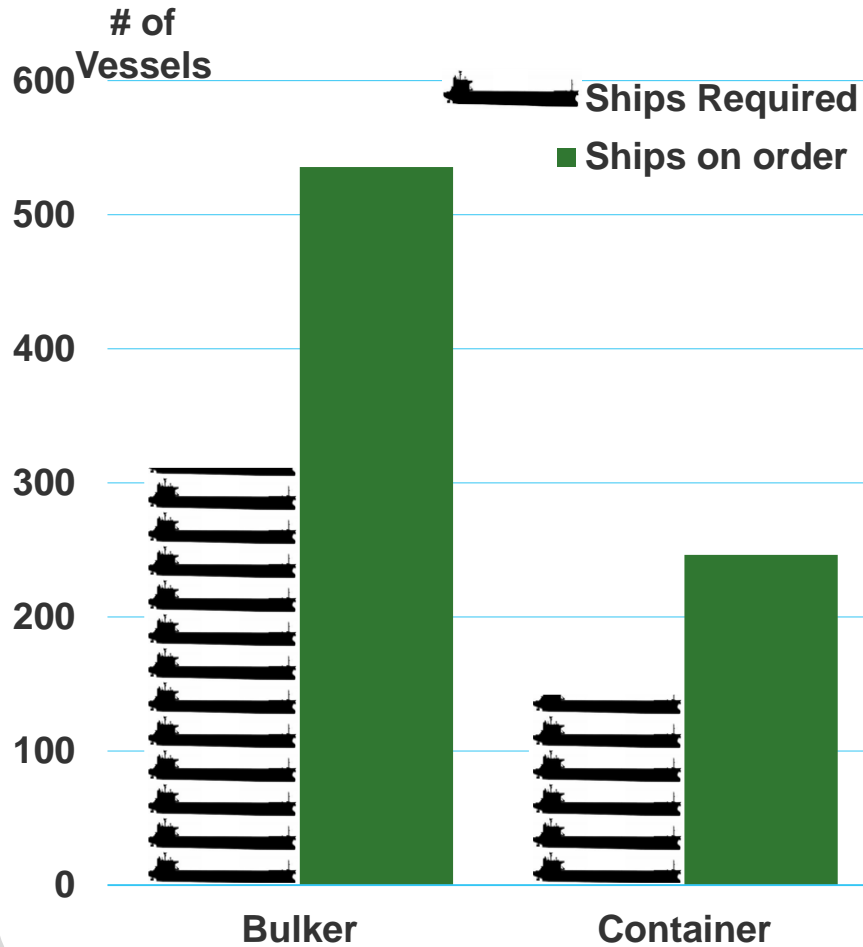
Seaborne Growth Prospects Compared: Dry Bulk Vs Container Trade



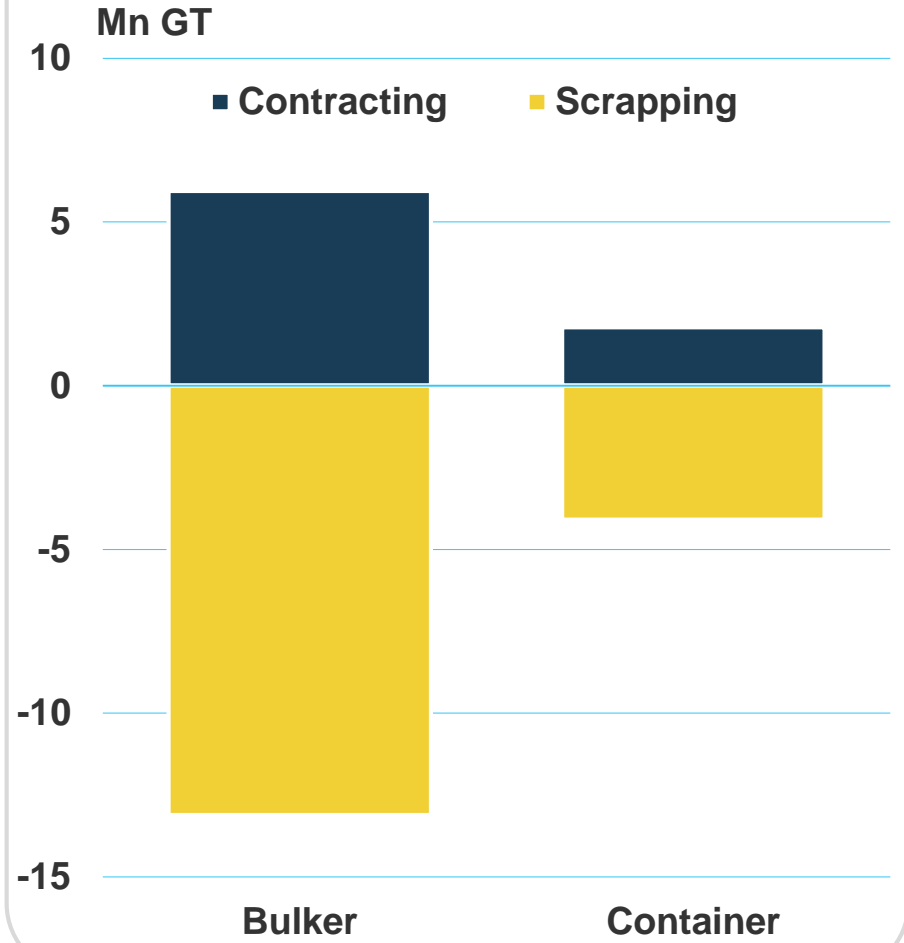


Supply

Required Ships* Vs Orderbook

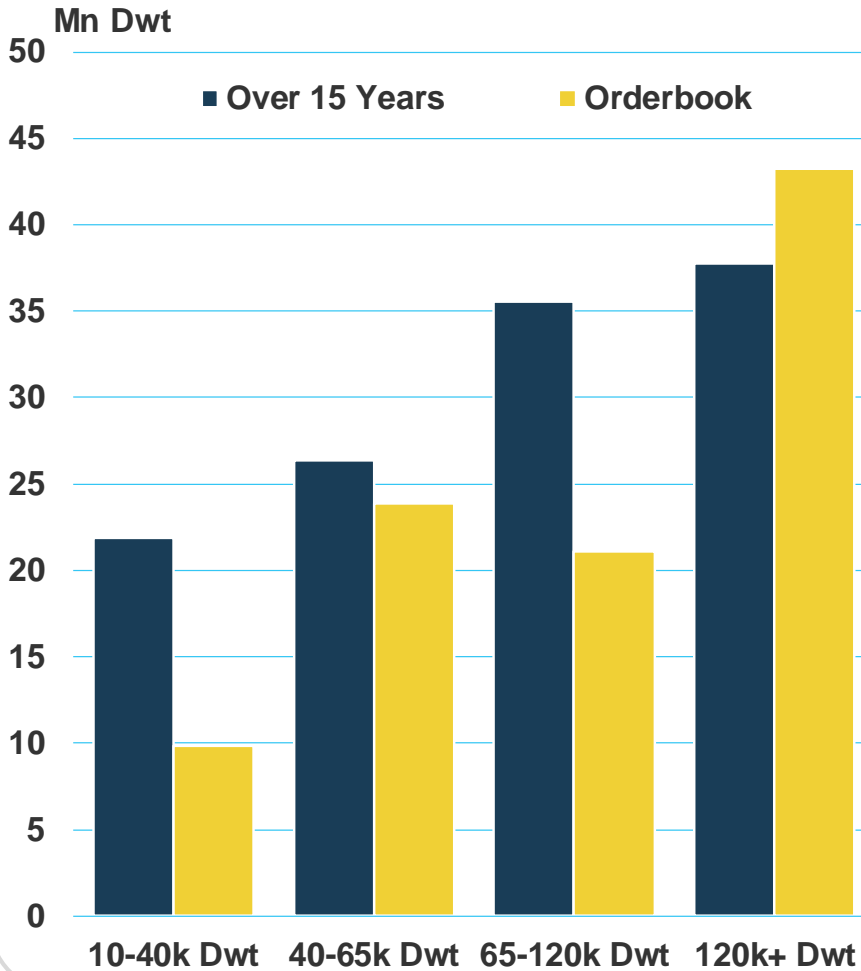


YTD Capacity Adjustment

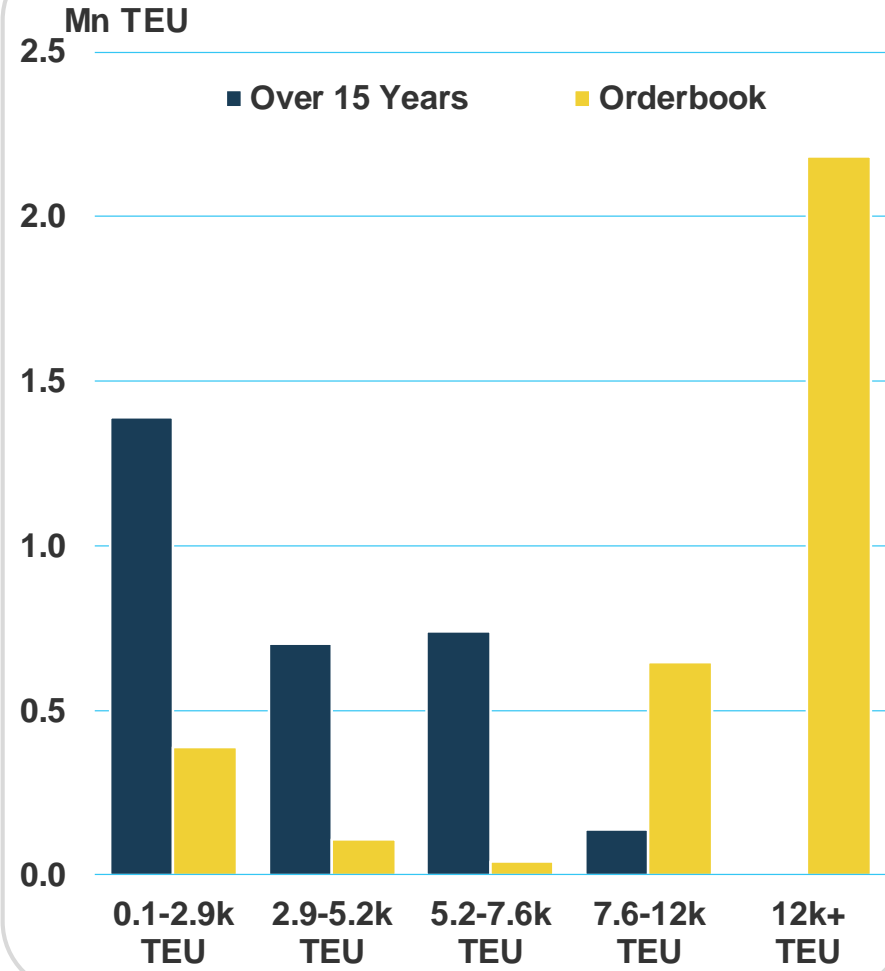


*Required ships to meet incremental demand, irrespective of current over-capacity

Bulk Carriers

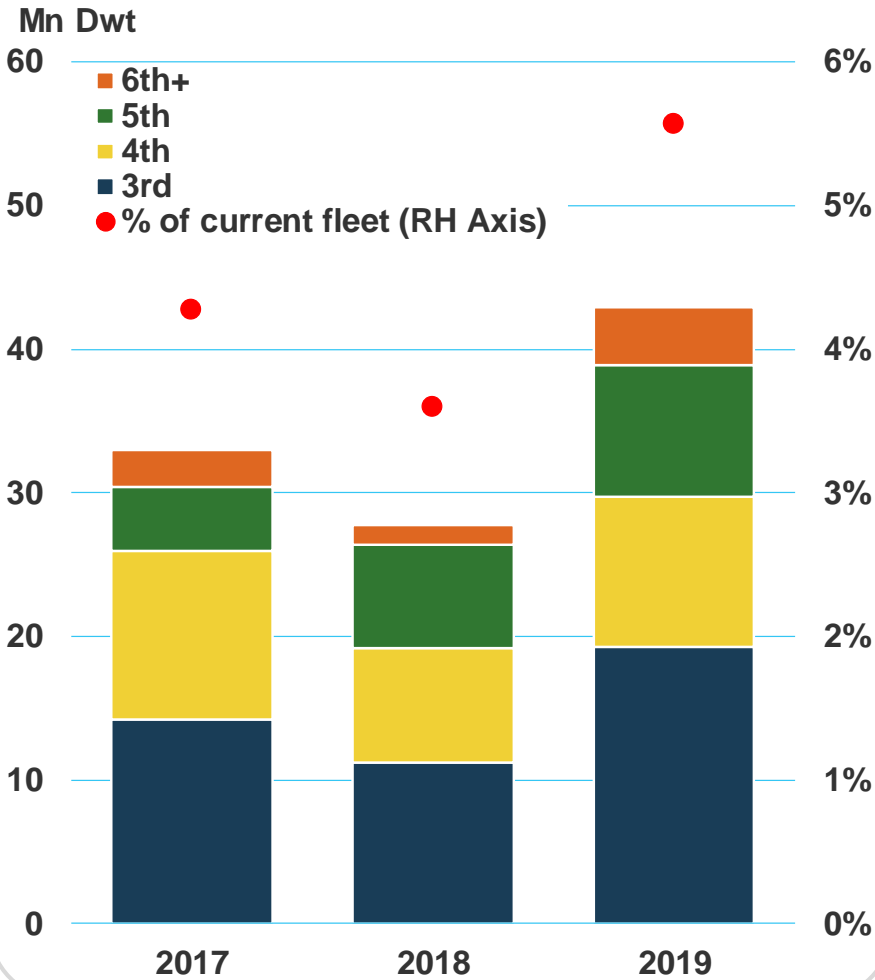


Containerships

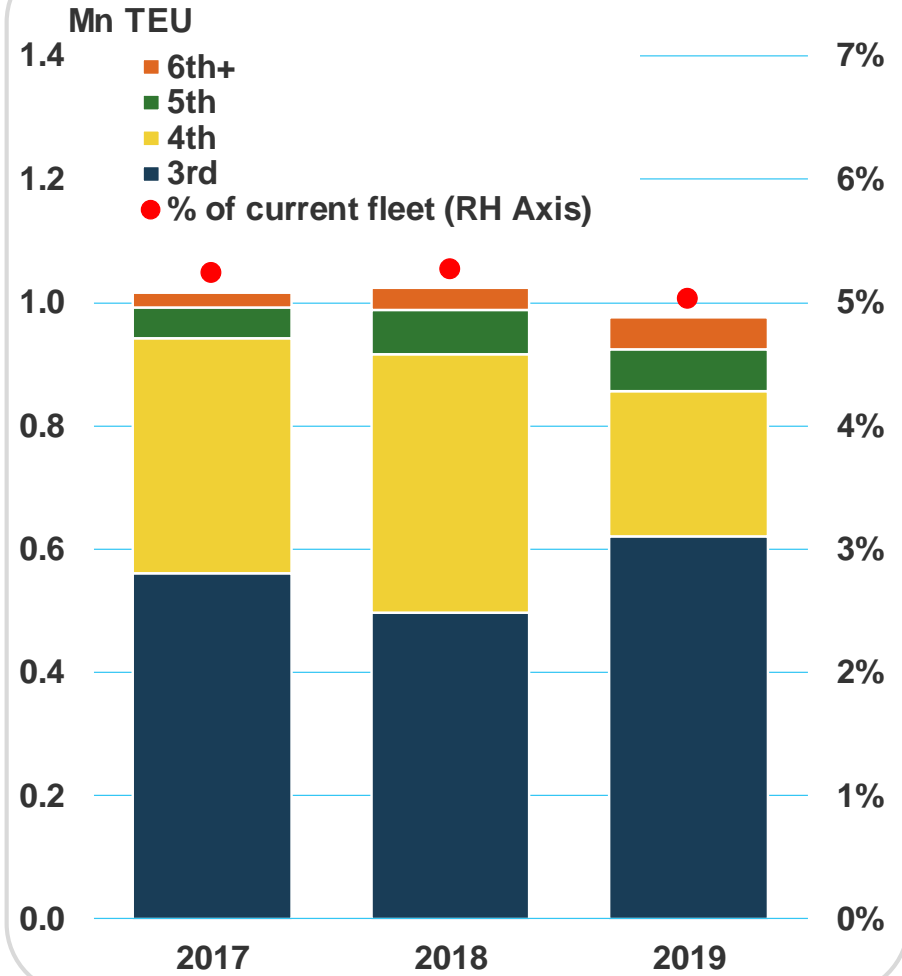


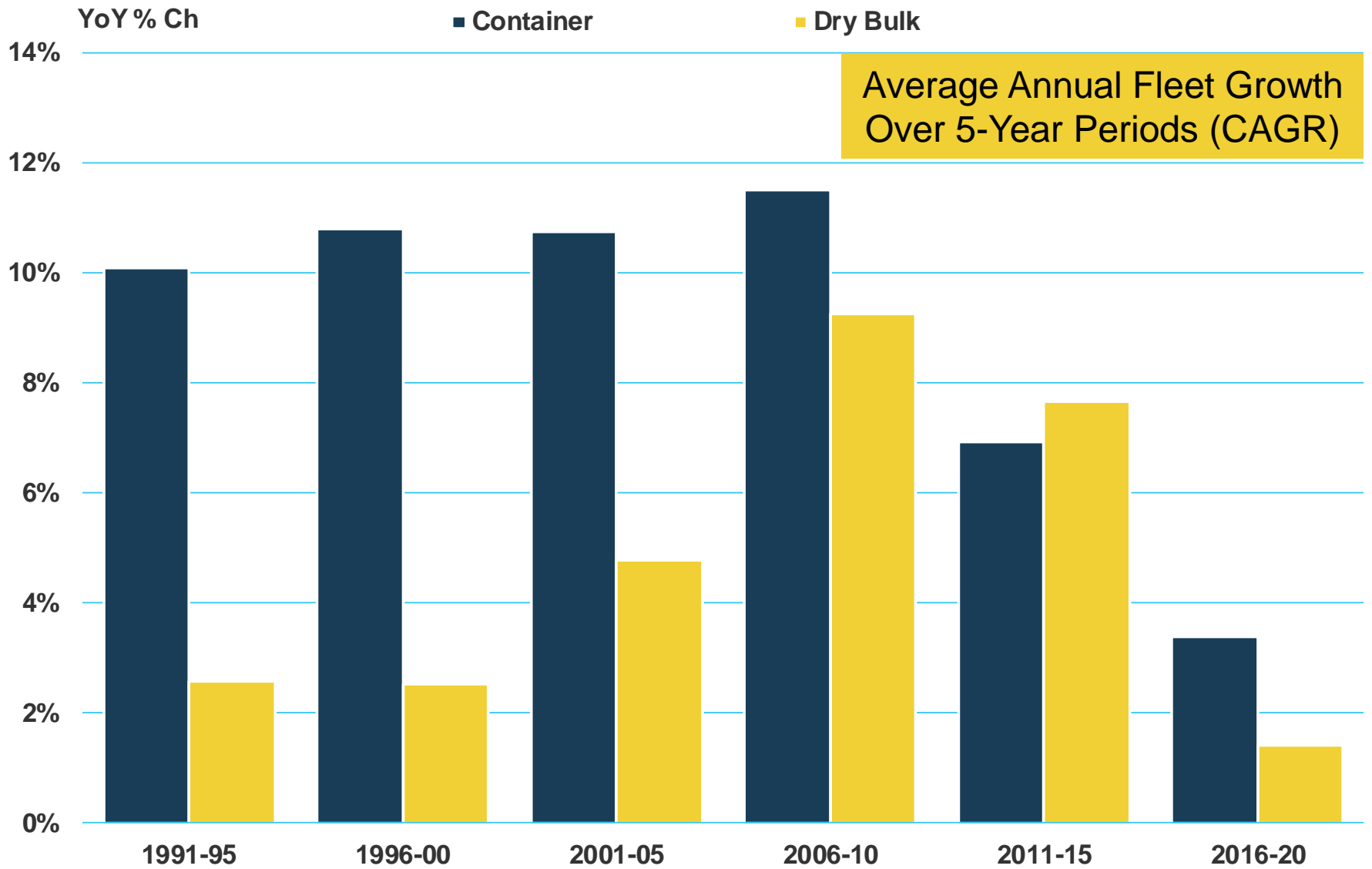


Bulk Carriers



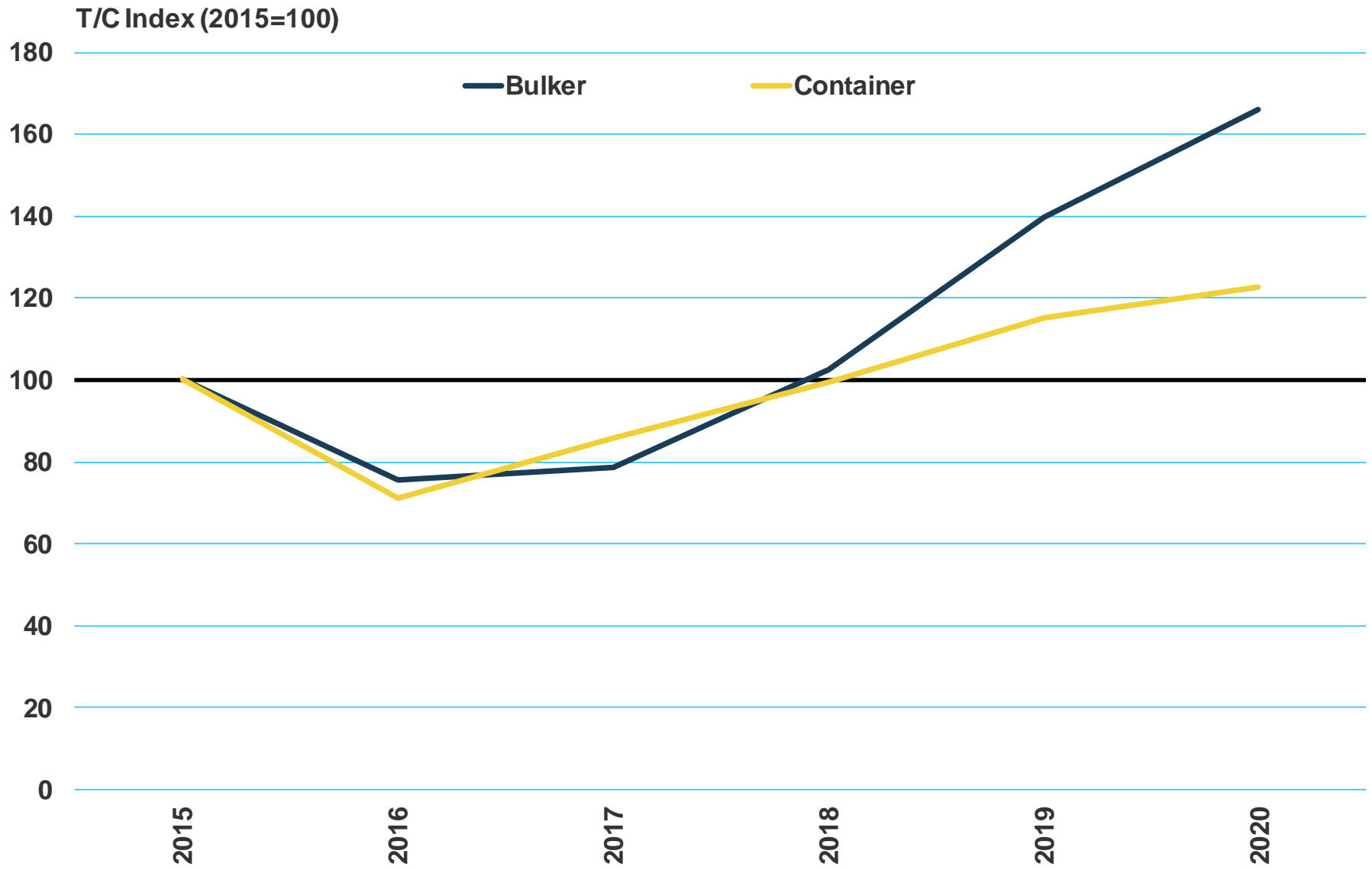
Containerships





Roads to Recovery





- MSI Forecast Marine eValuator (FMV) is the first **web-based** tool to provide **forecast and historical price data** covering virtually all of the deepsea shipping fleet.
- Data includes **forecasts of newbuilding, second-hand prices, 1 year timecharter rates and operating costs** for specific vessels.
- MSI FMV draws on MSI's **proven, proprietary models** and a consistent cross-sectional view across all principal shipping sectors. It puts asset values in the context of the near term market to enable reliable benchmarking with outputs based on annual averages.
- Coverage:



Crude Oil Tanker



Chemical Tanker



Multi Purpose



Product Oil Tanker



LPG Carrier



Containership



Dry Bulk Carrier



LNG Carrier



PCC/PCTC

www.msiltd.com/fmv

Vessel Details

Vessel Name: MM Singapore 2016 Yard Tier: Tier 1
 Sector: Dry Bulk Carrier Gear: Geared
 Size (Dwt): 56000 Hatch: Standard Bulker
 Year of Build: 2008 Hull: Single
 Ice Class: None Efficiency: 0
 Country of Build: Japan

Forecast Details

Downloaded: 14 Sep 2016
 MSI Base Case: 163.1
 Downloaded By: Adam Kent
 Downloaded For: Maritime Strategies International Ltd.

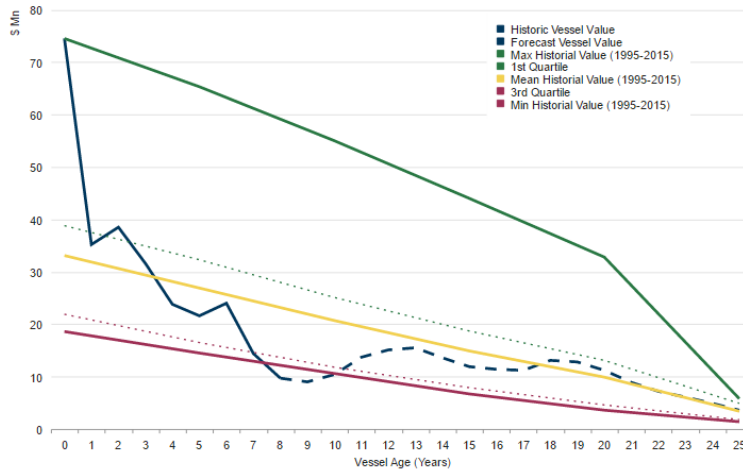
Quarterly average timeseries

	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Fair Market Value (\$ Mn)	9.1	10.5	10.8	8.3
1 Yr T/C (\$ k/day)	6.0	5.9	6.1	5.6

Annual average timeseries

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Newbuilding Contract Price (\$ Mn)	31.5	26.5	26.4	29.6	26.5	23.0	21.2	21.1	24.3	26.6	28.3	27.1
Age (years)	3	4	5	6	7	8	9	10	11	12	13	14
Fair Market Value (\$ Mn)	31.6	23.8	21.6	24.0	14.4	9.7	9.0	10.4	13.7	15.1	15.5	11.1
1 Yr T/C (\$ k/day)	13.8	9.8	9.4	10.5	8.1	5.8	6.0	7.4	9.5	10.8	11.5	10.1
Operating Costs (\$ k/day)	5.2	5.1	5.2	5.3	5.3	5.2	5.2	5.4	5.5	5.7	5.9	6.0

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Quarterly Fair Market Value & 1 Year Time Charter Rate (1Q history, current Q, 2Q forecast)

Annual average:

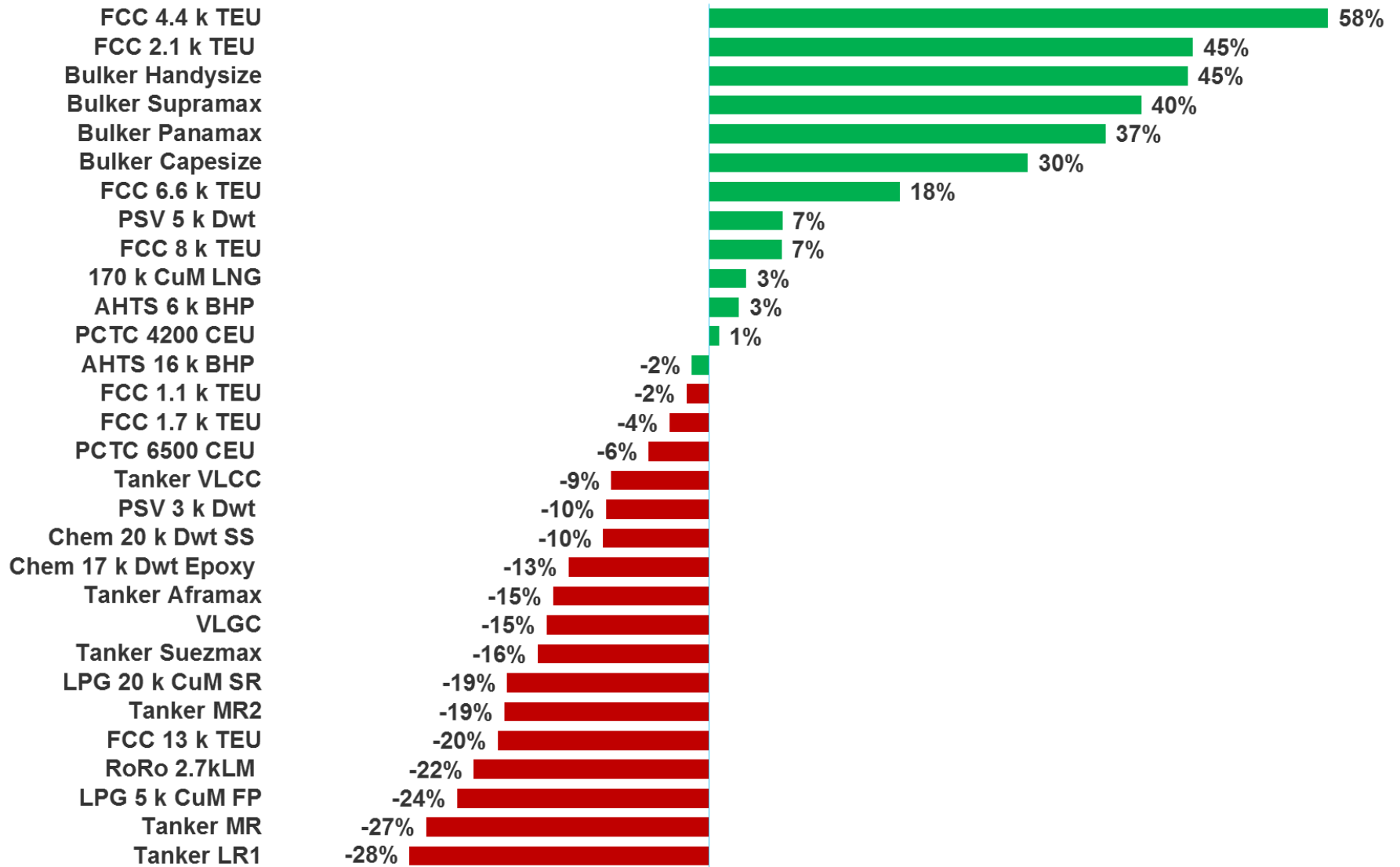
- Newbuilding contract price
- Fair Market Value
- 1 Year Time Charter Rate
- Operating Cost

5 years history and 15 years forecast

Price Development Chart detailing forecast price development in relation to historical metrics

Asset Play Prognosis

Buy 5 year old today – sell in 5 years time



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MSI's expertise covers a broad range of shipping sectors, providing clients with a combination of sector reports, forecasting models, vessel valuations and bespoke consultancy services.

MSI is staffed by economists and scientists offering a structured quantitative perspective to shipping analysis combined with a wide range of industry experience.

MSI balances analytical power with service flexibility, offering a comprehensive support structure and a sound foundation on which to build investment strategies and monitor/assess exposure to market risks.



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