



**9<sup>th</sup> Annual Capital Link  
Shipping, Marine Services  
& Offshore Forum**

Wednesday, October 5, 2016  
One Moorgate Place, London, UK



IN PARTNERSHIP WITH  
**Fearnley Securities**



IN COOPERATION WITH  
**London  
Stock Exchange**

# Fearnley Securities Capital Link – London

**October 2016**

**Even Matre Ellingsen, CEO/Managing Partner**

**Fearnley Securities AS**

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# Asset values and share performance

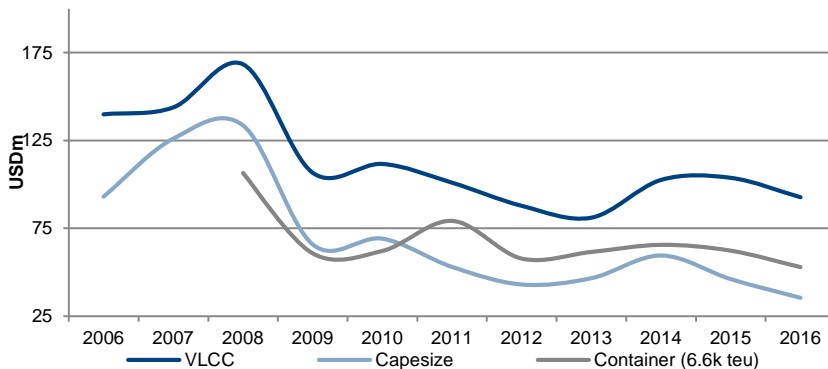
## Equities and asset values in the doldrums – an opportunity

Bottom of the cycle?

- **Shipping equities hit hard in 2016**
  - LPG and tankers have taken the biggest hits
  - LNG the only positive (+33% YTD)
  
- **Asset values hit new lows**
  - Dry bulk sector hit the hardest
  - 2016 is the year to Buy bulkers

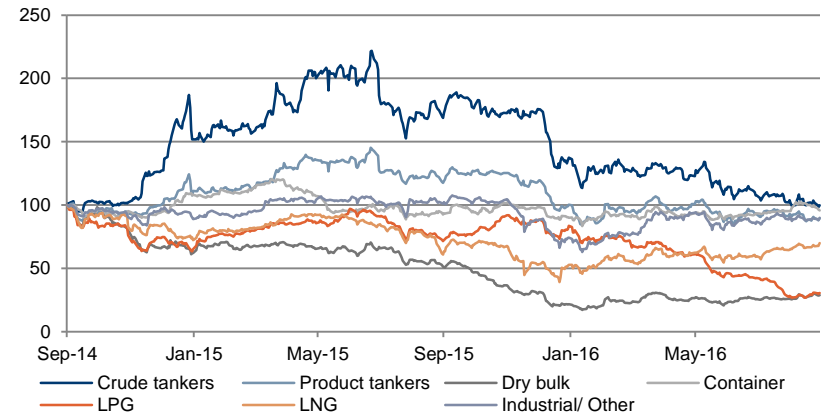
### Asset values hit new lows

Resale asset values (USDm)



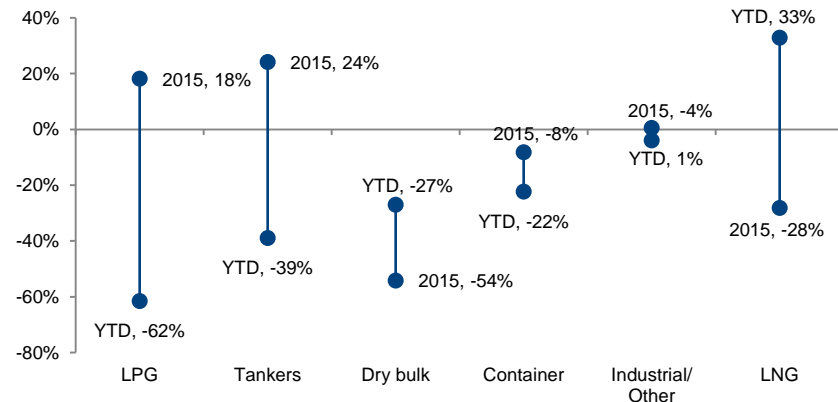
### Segment performance

Shipping Segment performance



### 2016 – A challenging year for shipping

Sector performance

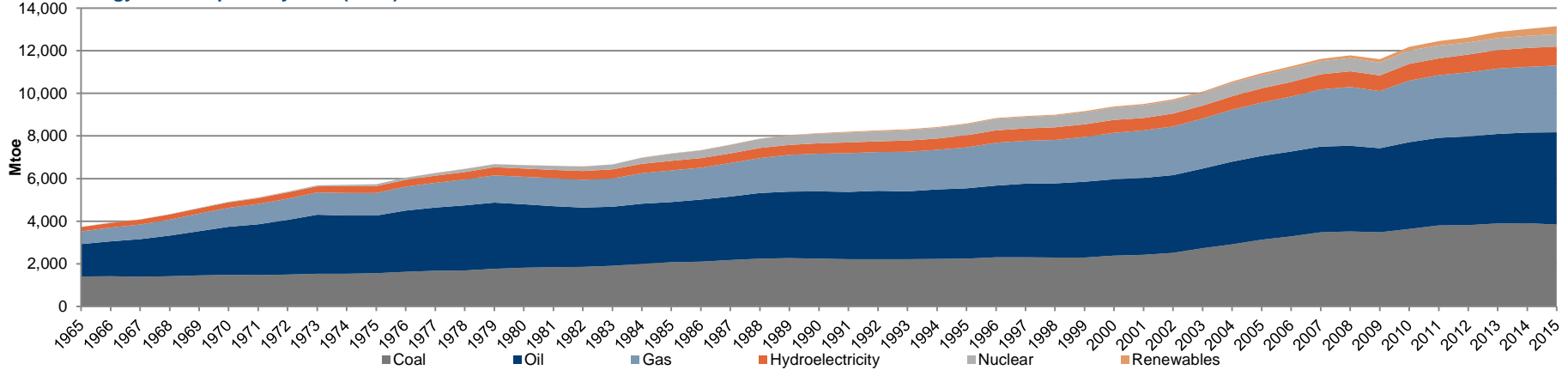


# Energy demand

## Shipping demand largely driven by global energy consumption

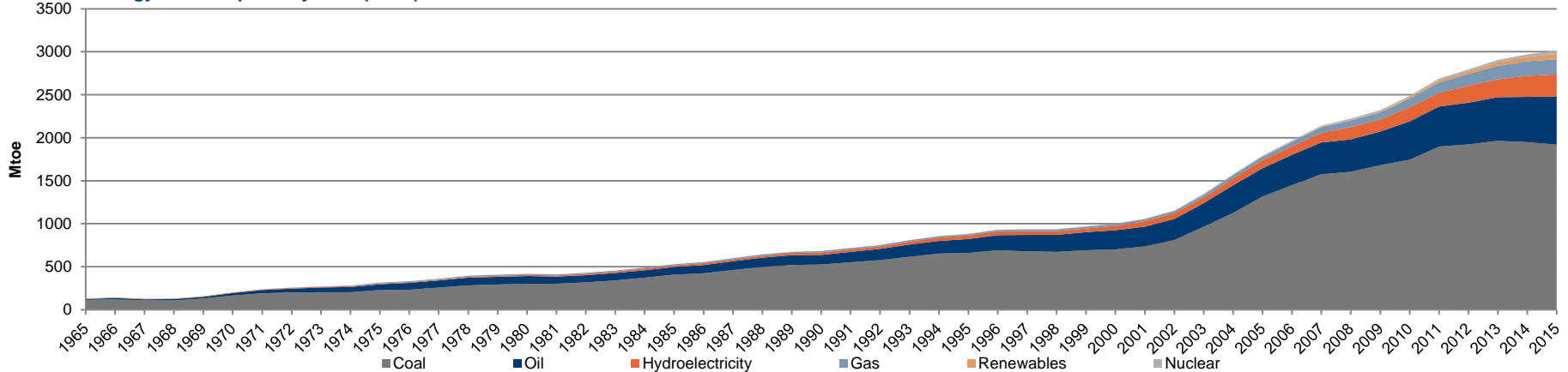
Still dominated by coal, oil and gas

World Energy Consumption by Fuel (Mtoe)



The big Chinese growth engine is tilted towards 'Shipping' commodities

Chinese Energy Consumption by Fuel (Mtoe)



# Capital markets

## Primarily rescue issues on the equity side, but still some growth capital

### Bottom of the cycle?

#### Equity issues

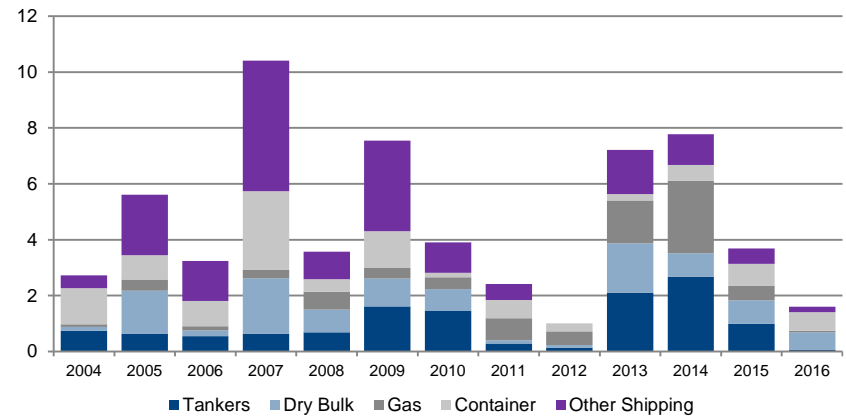
- 2016 set to be the second lowest in terms of raised equity in over a decade
- Primarily rescue operations in dry bulk and container segments
- However, still some growth capital
  - Eagle Bulk raising USD 88m

#### Bond issues

- Challenging bond market YTD
- Flight to quality
  - GasLog
  - Stolt-Nielsen
  - Maersk
  - Ocean Yield

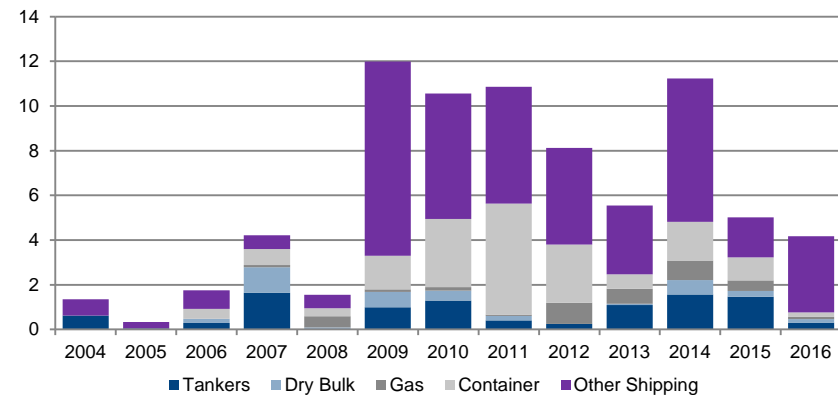
### Equity issues

Equity (USDbn)



### Bond issues

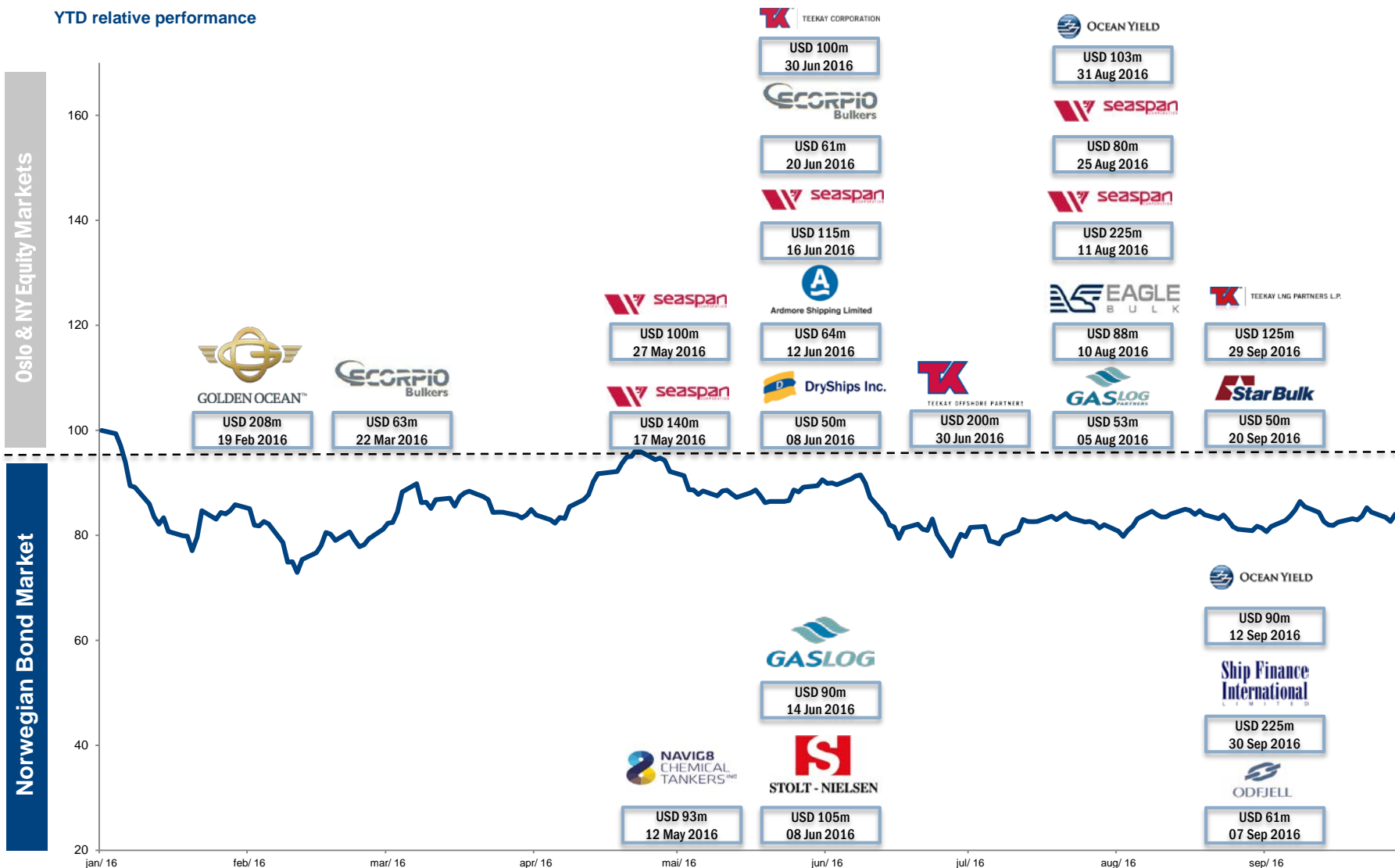
Bonds (USDbn)



# Limited new growth capital YTD

## Overview of Selected Recent Equity and Bond Issues by Shipping Companies

YTD relative performance

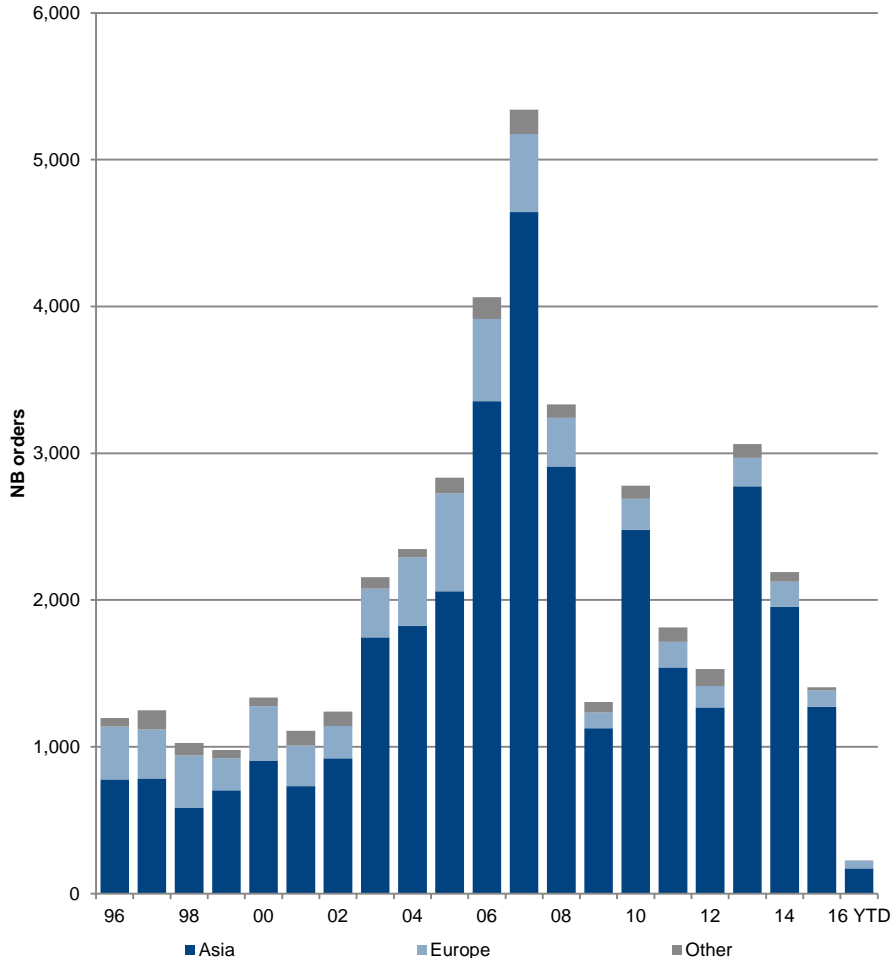


# Yards

## Capacity reductions is doctor's orders

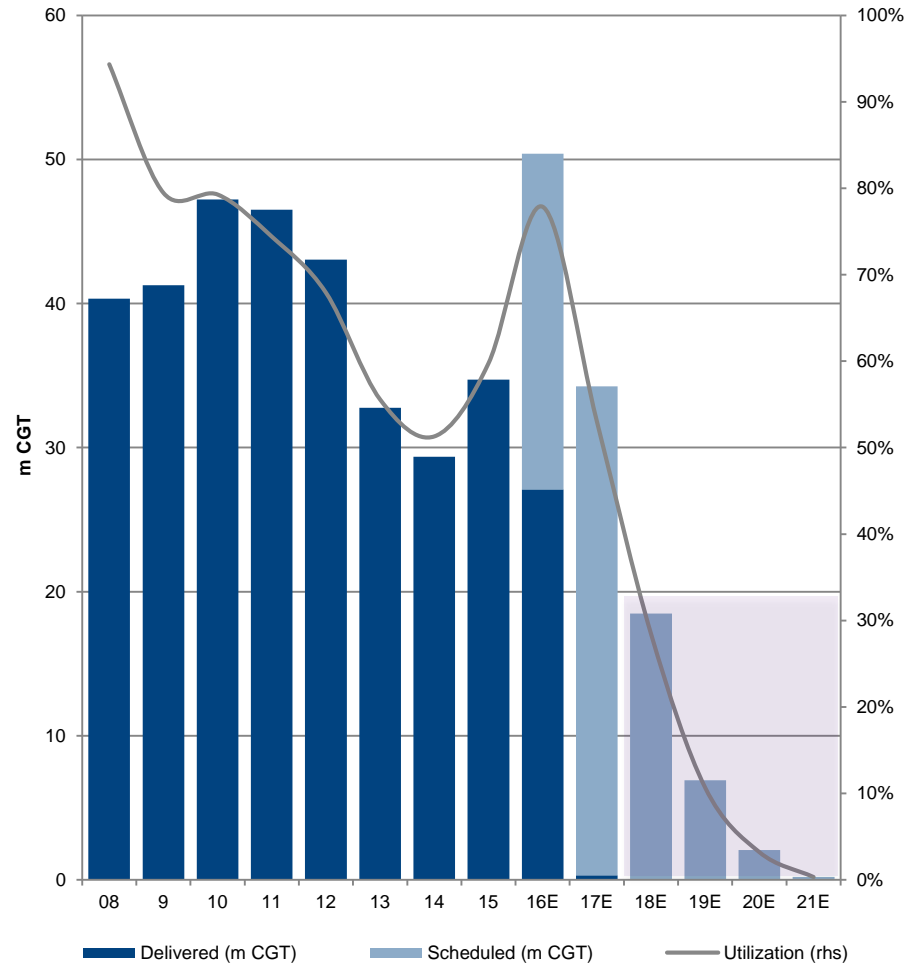
Contracting activity down ~70% YTD

Contracting activity  
Number of vessels



Leaving a very scarce OB for 2018 and beyond

World yard industry output

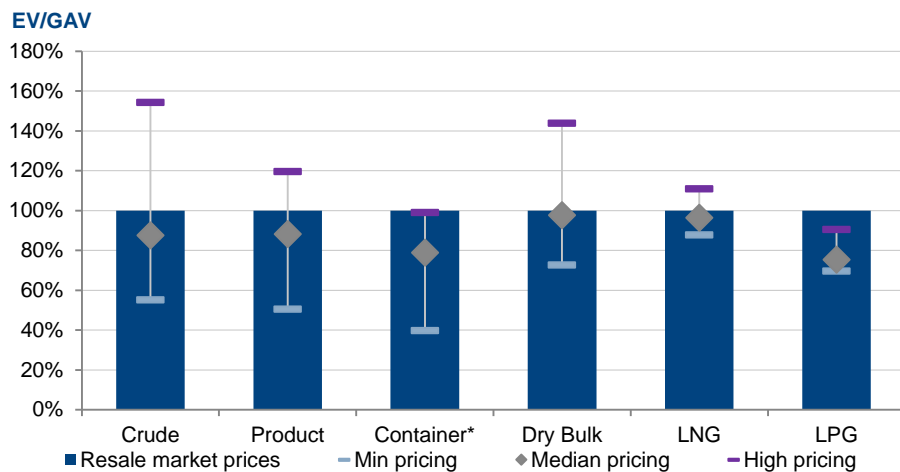


# Shipping Investment Perspectives

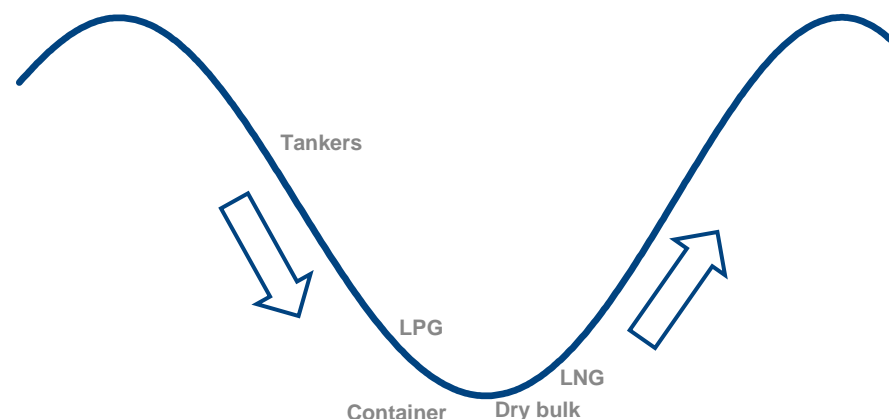
## Outlook

Industry		Market outlook
Segment	Recommendation	2017 Comments
Dry bulk	Buy	<i>Self-correcting mechanisms</i>
Container	Selective	<i>Supply side adjusting to 1x GDP multiplier</i>
Tankers	Trading Buy	<i>Already pricing in a soft 2017</i>
LPG	Selective	<i>2016 was all about spread, 2017 is on fleet growth</i>
LNG	Buy	<i>To the upcycle, then</i>

### Segment pricing



### Shipping cycle



Sources: Fearnley, Factset, Company data  
 Note: \*Container = P/B

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Issued by Fearnley Securities AS on 20 March 2015

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Company Name	Analyst's holding		Others		Last updated
	Equities	Bonds	Equities	Bonds	
AWILCO LNG	-	-	5 260 050	-	30.04.2016
Deep Sea Supply	880	-	-	-	30.04.2016
Statoll	33	-	-	-	30.04.2016

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Last updated: 12 July 2016

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- Frontline Ltd
- Hayyard Group ASA
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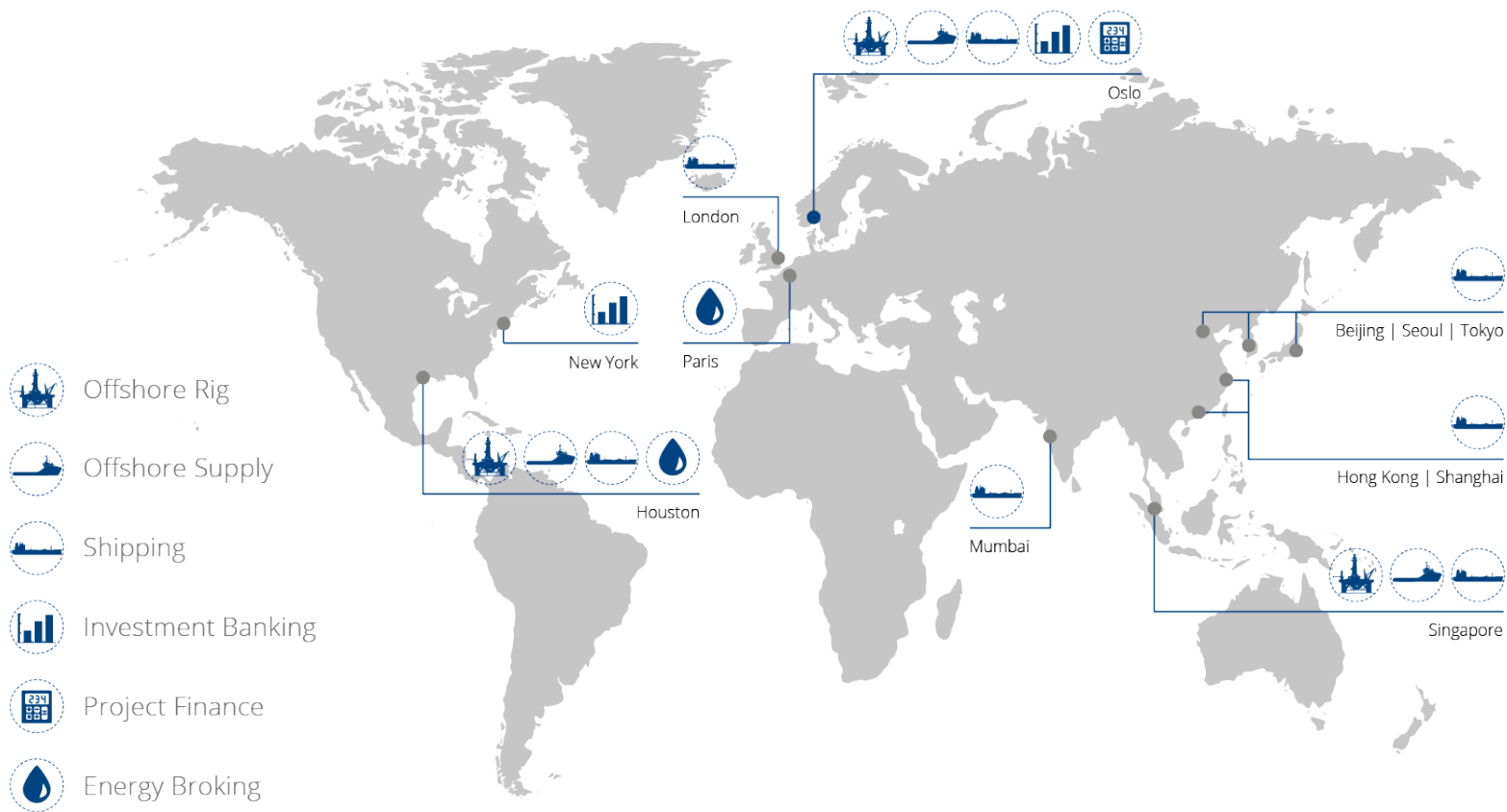
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29%	24%	20%	27%	0%	0%	0%	100%

Last updated: 16 June 2016



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