



Fold, Hold, Double Up - which hand to play next?

Dr Adam Kent - Maritime Strategies International (MSI)

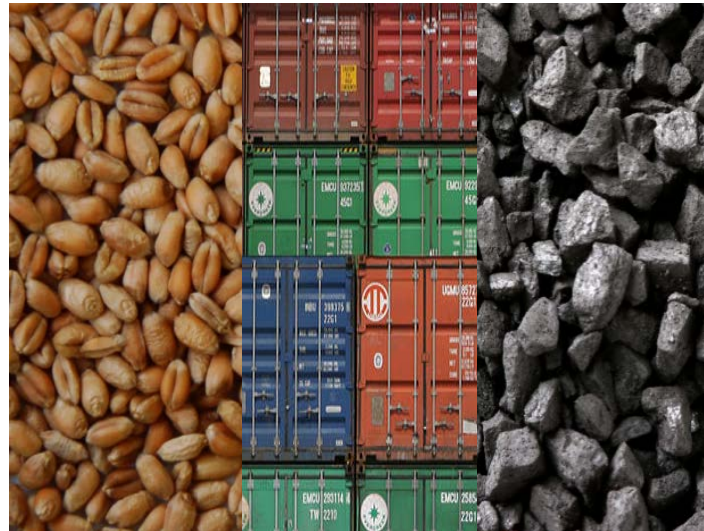
10th Annual Capital Link Shipping, Marine Services & Offshore Forum

Fold, Hold, Double Up - which hand to play next?

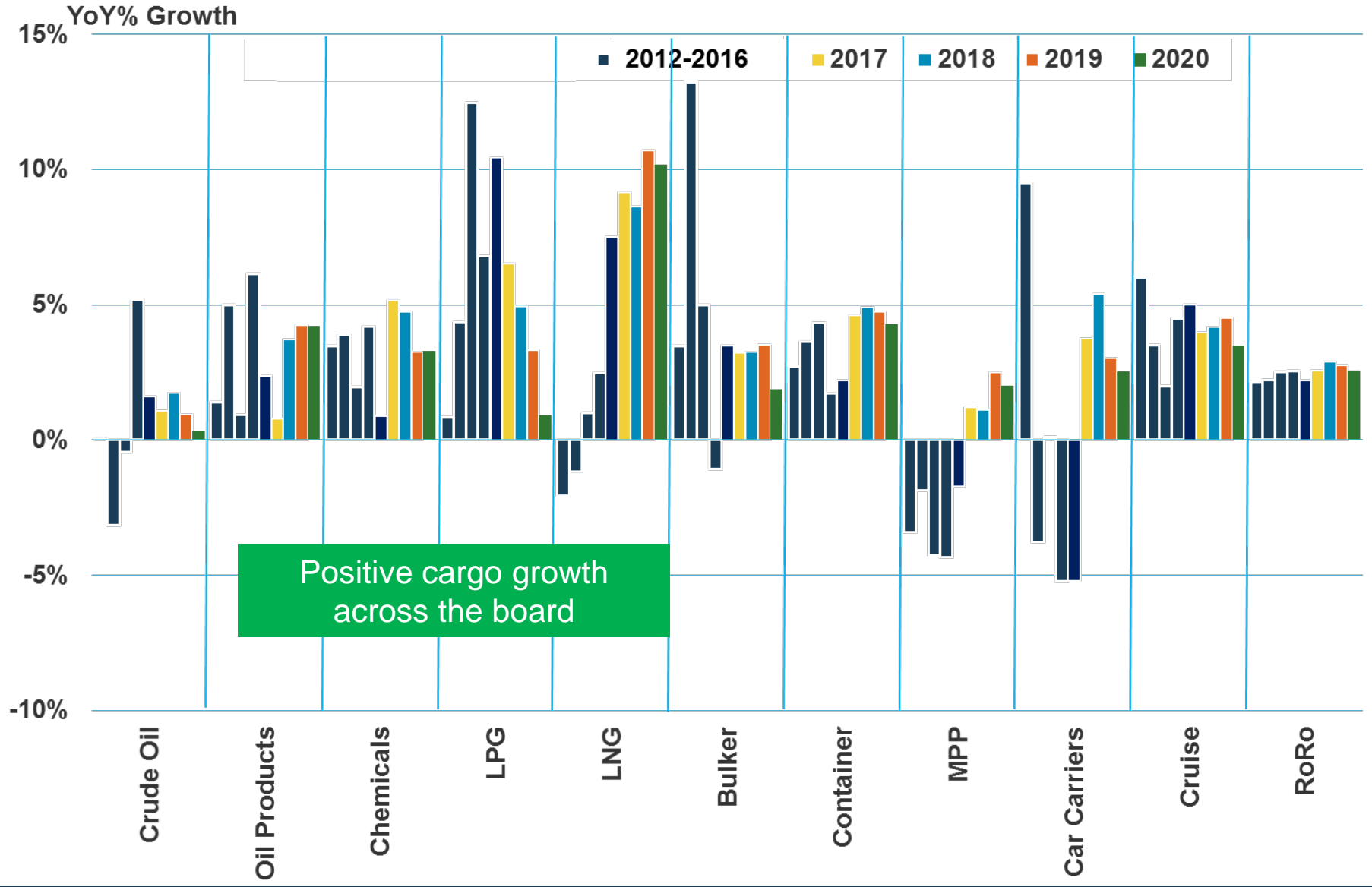


Fold, Hold, Double Up

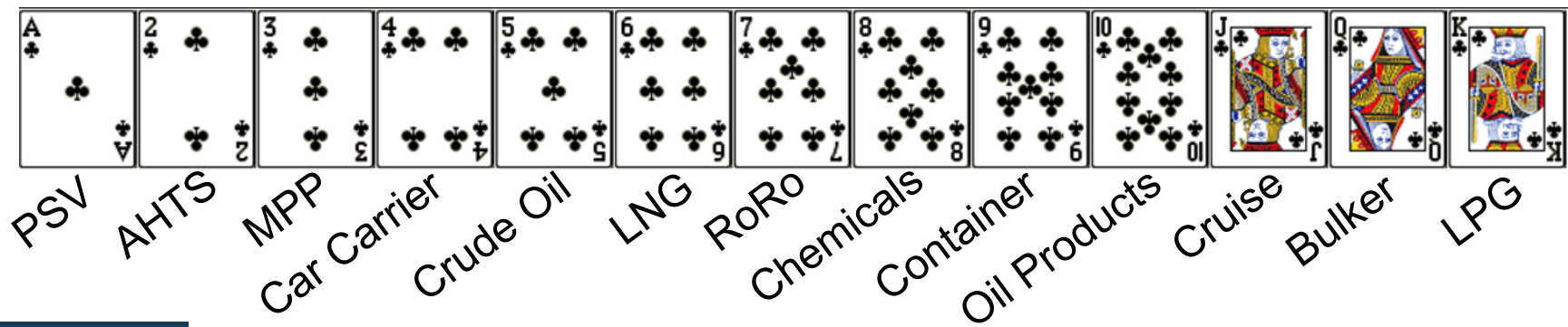
Demand



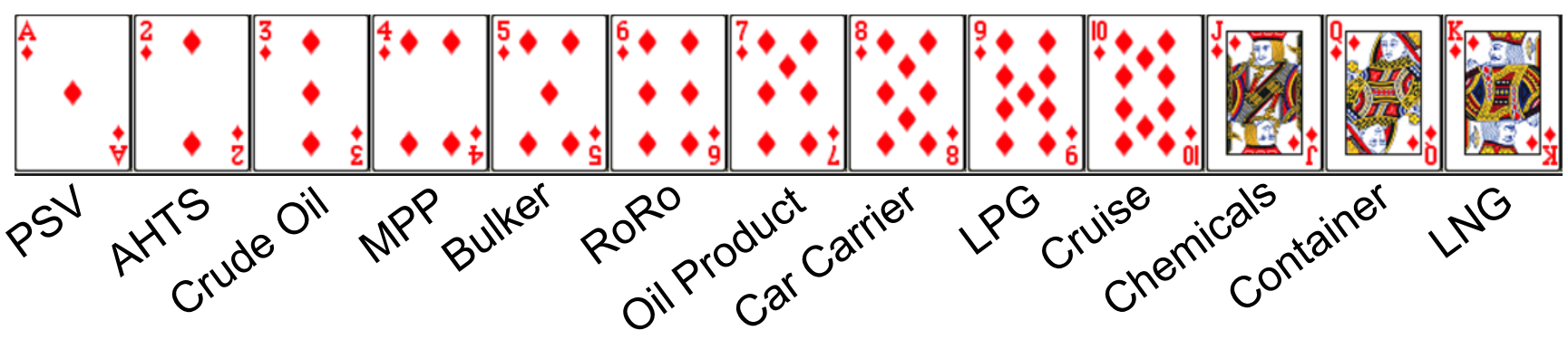
Seaborne Cargo Growth - Positive



Historical 2012-2016

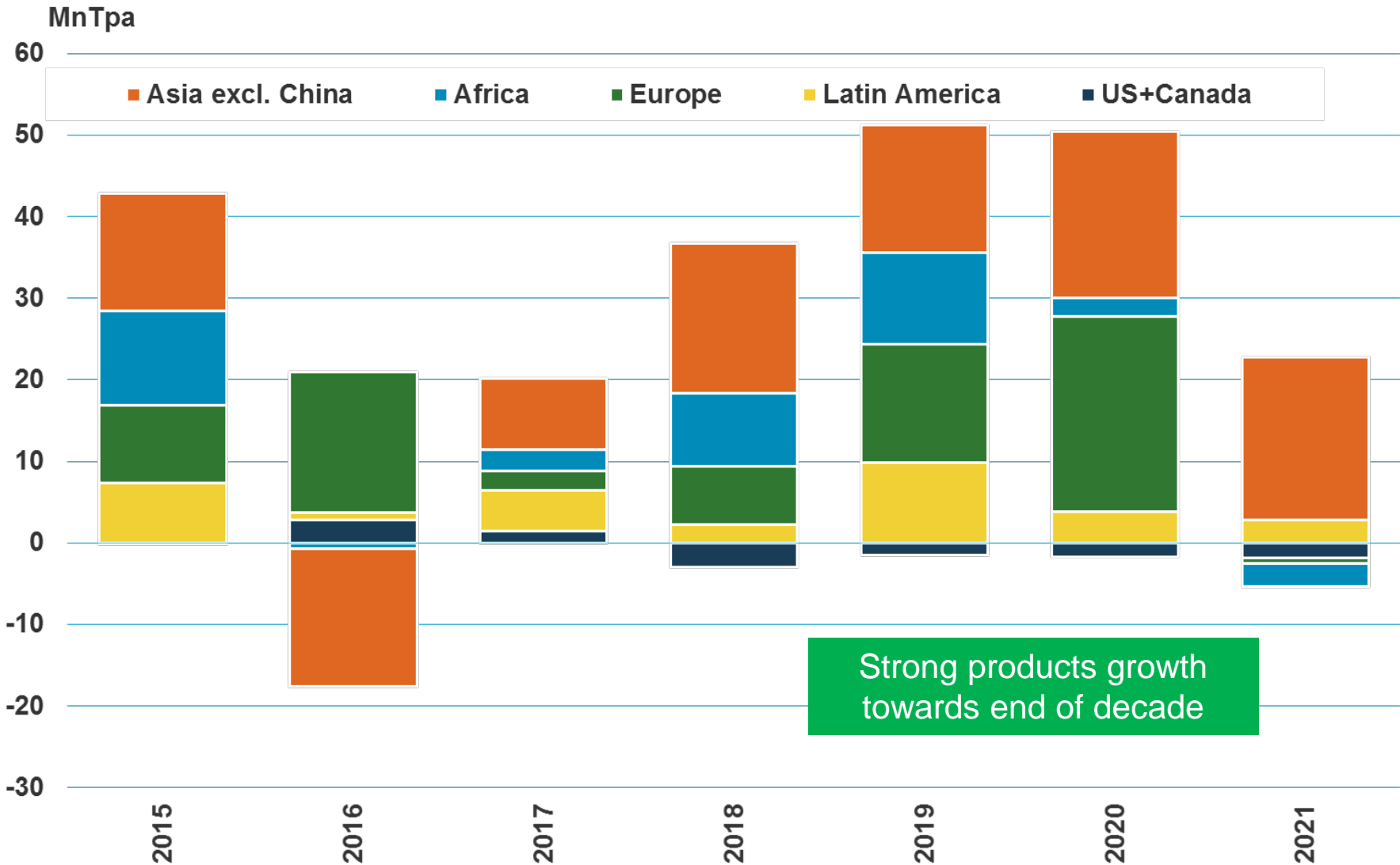


Forecast 2017-2021

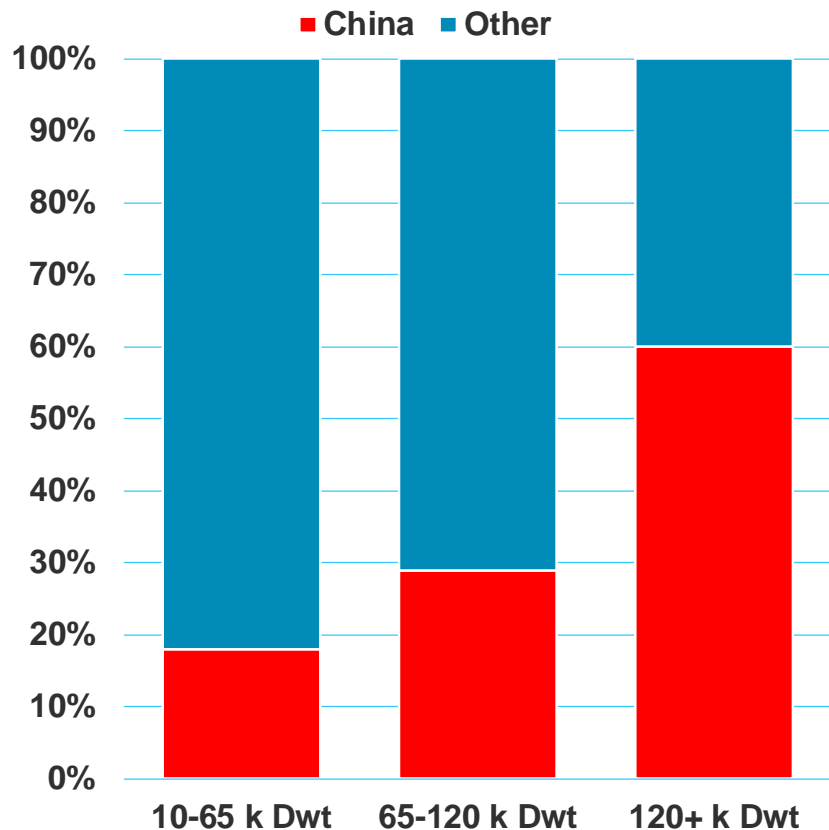


Ranking Movement (Forecast v Historical)



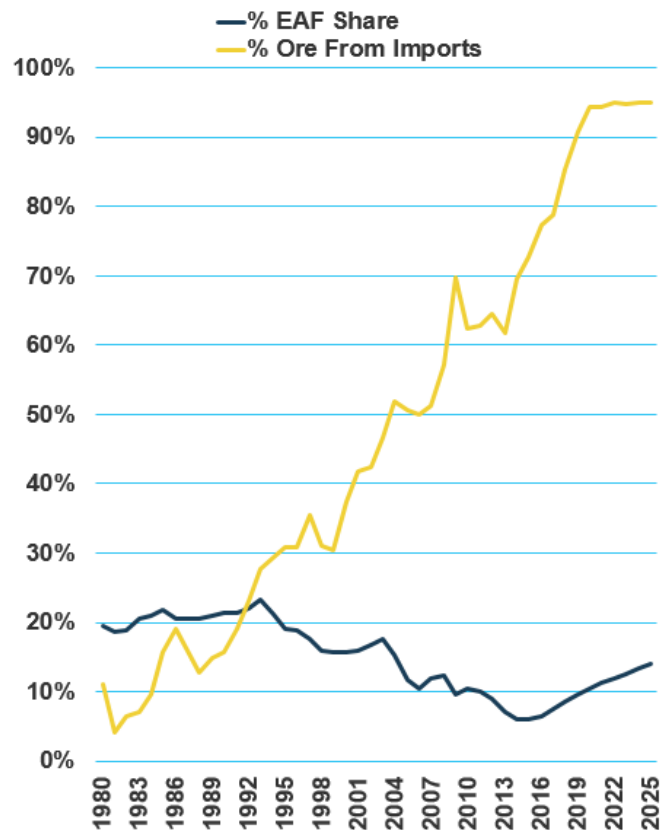


Chinese Share of Discharge by Vessel Size - 2016

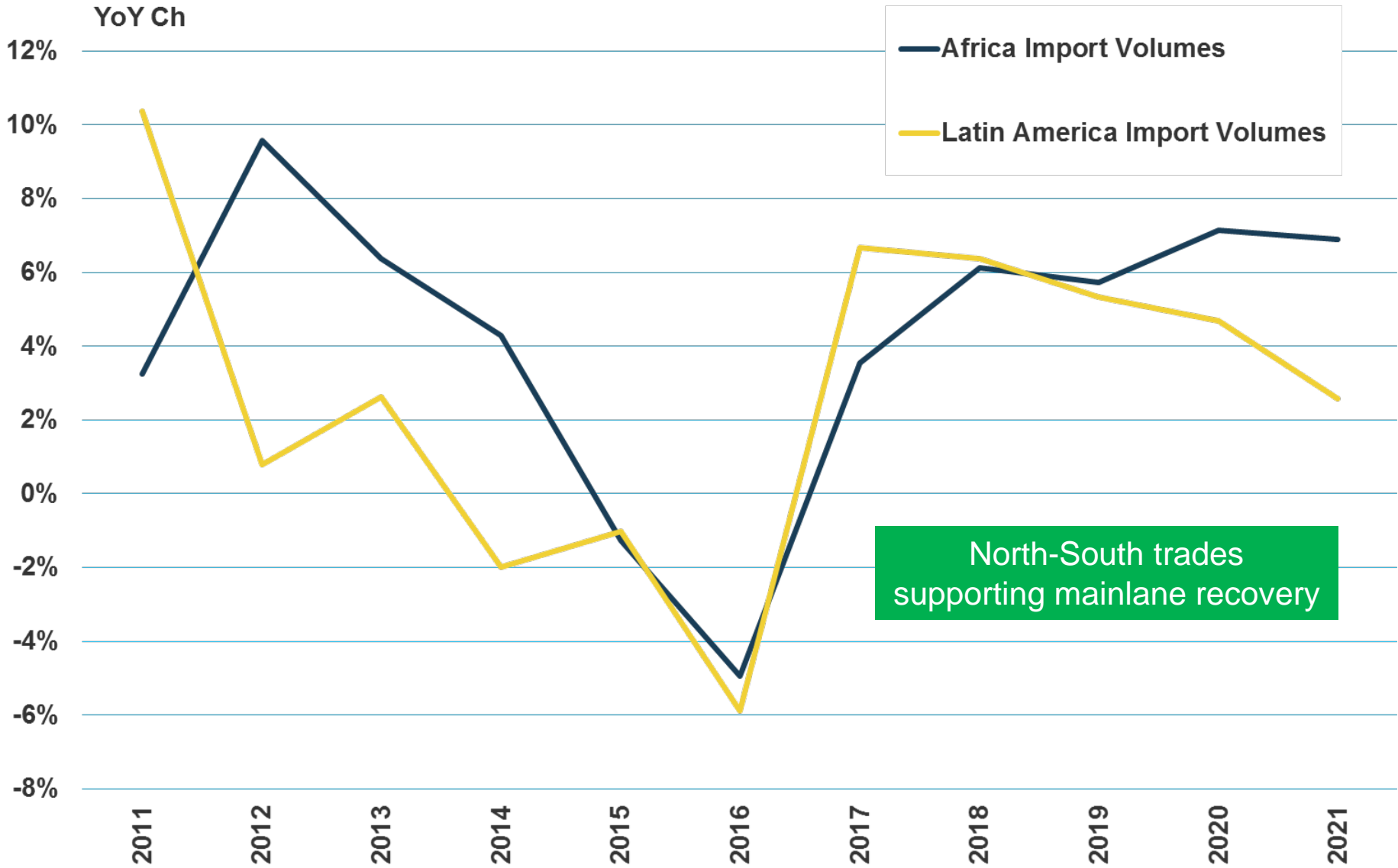


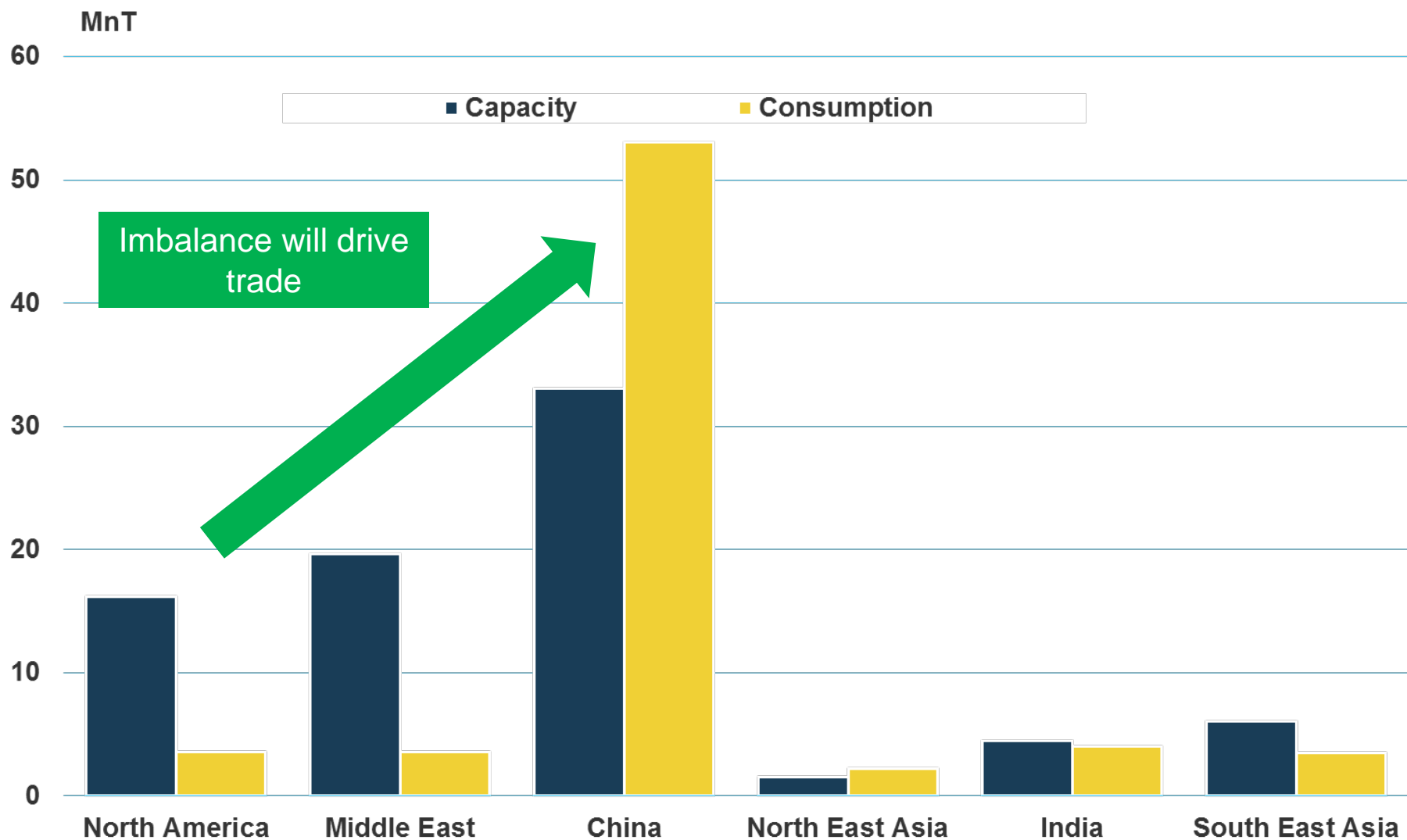
Capesize remains a China bet

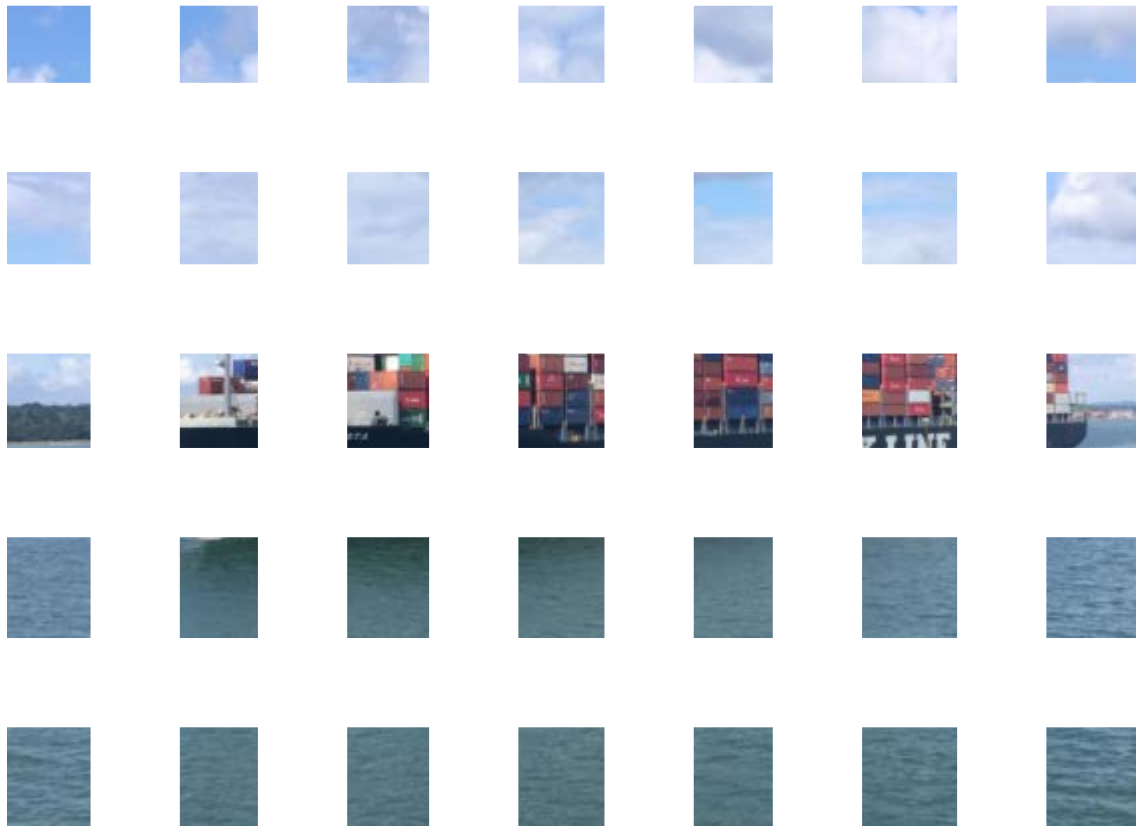
Chinese Ore Production – Dynamics Changing



EAF steel production increase and the end of domestic ore substitution limits upside









Routes



Distance



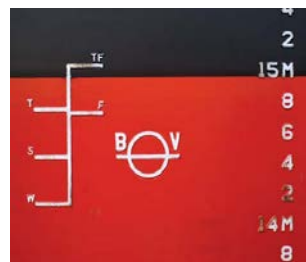
Speed



Waiting/Port Time

OCTOBER 2012						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAUNDAY	SUNDAY
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Operating Days



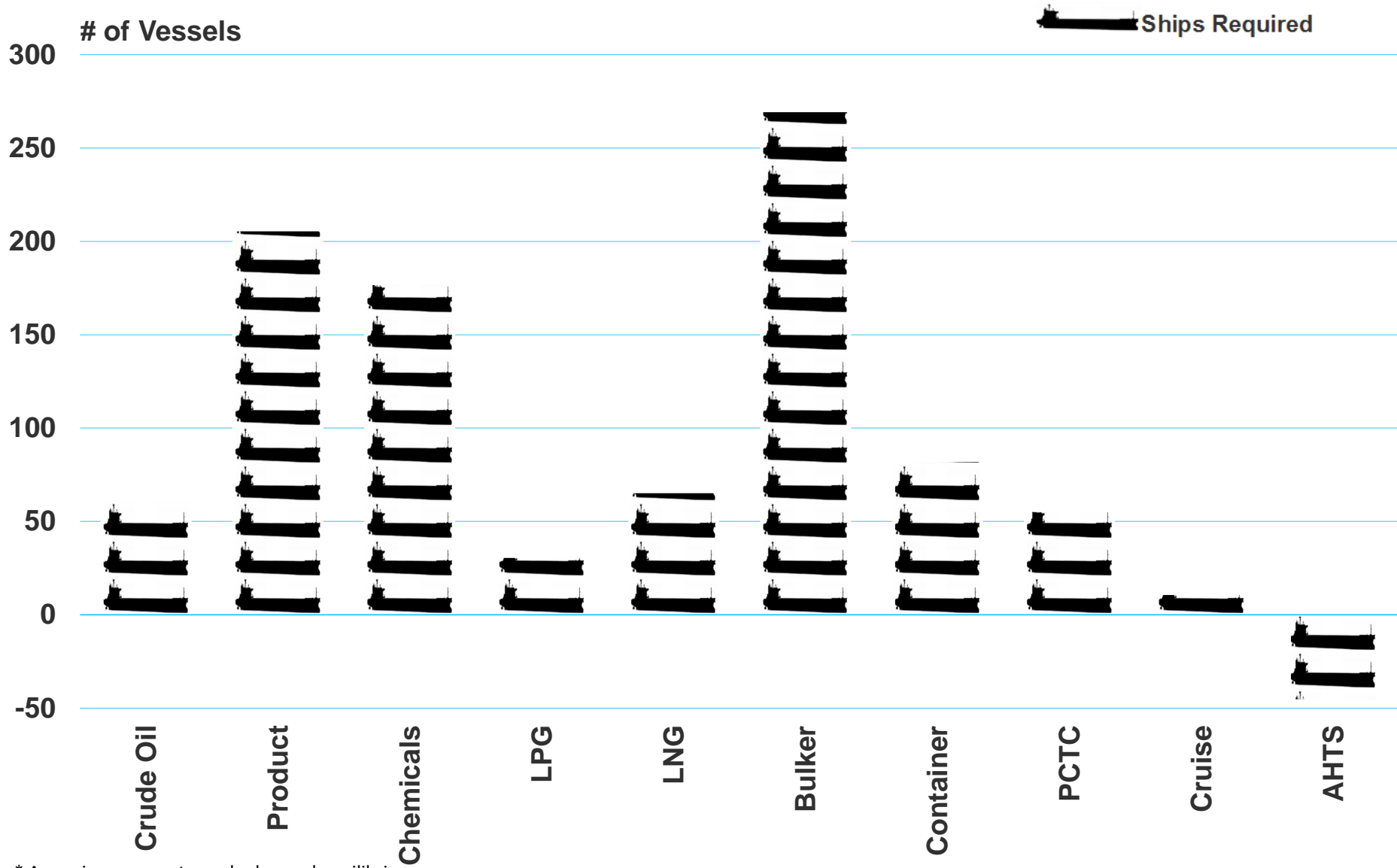
Ballast Ratio



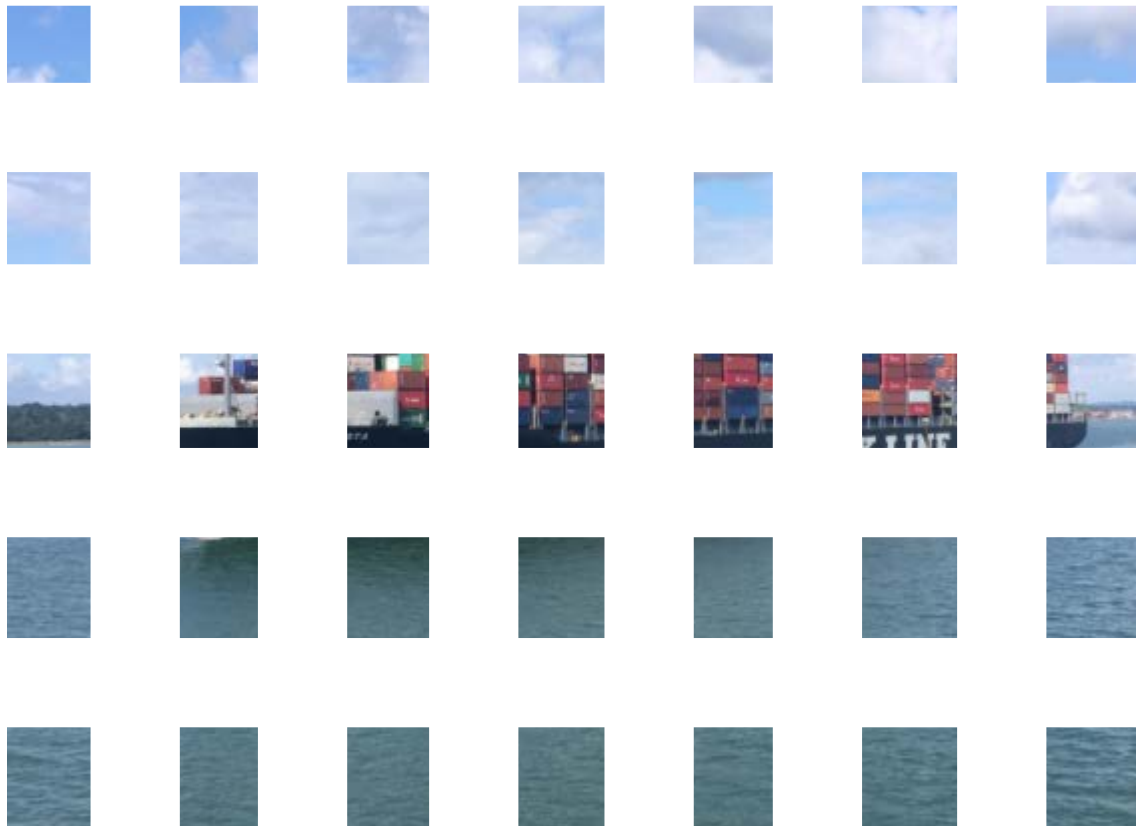
Carrying Capacity



Size Changes



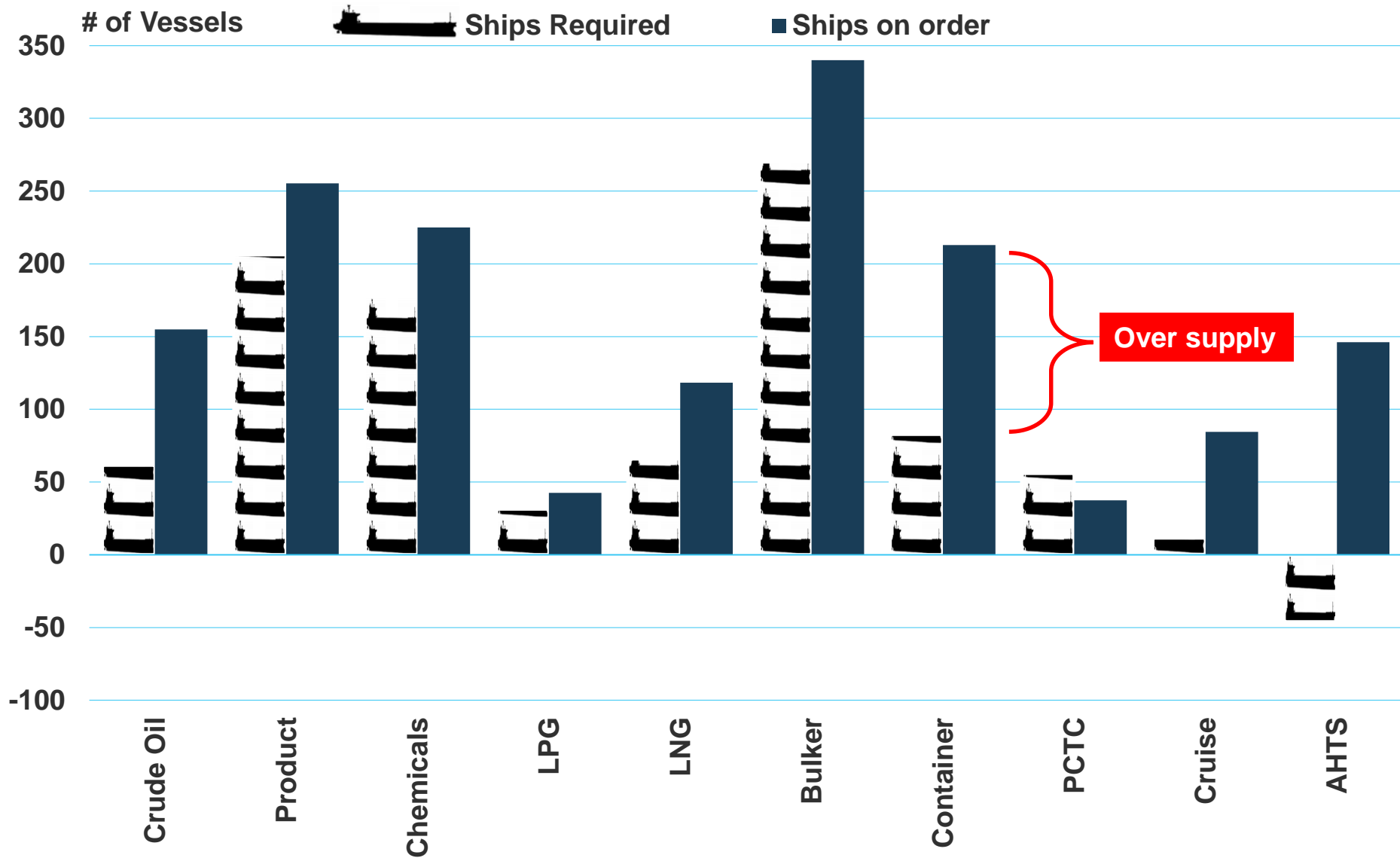
* Assuming a current supply-demand equilibrium



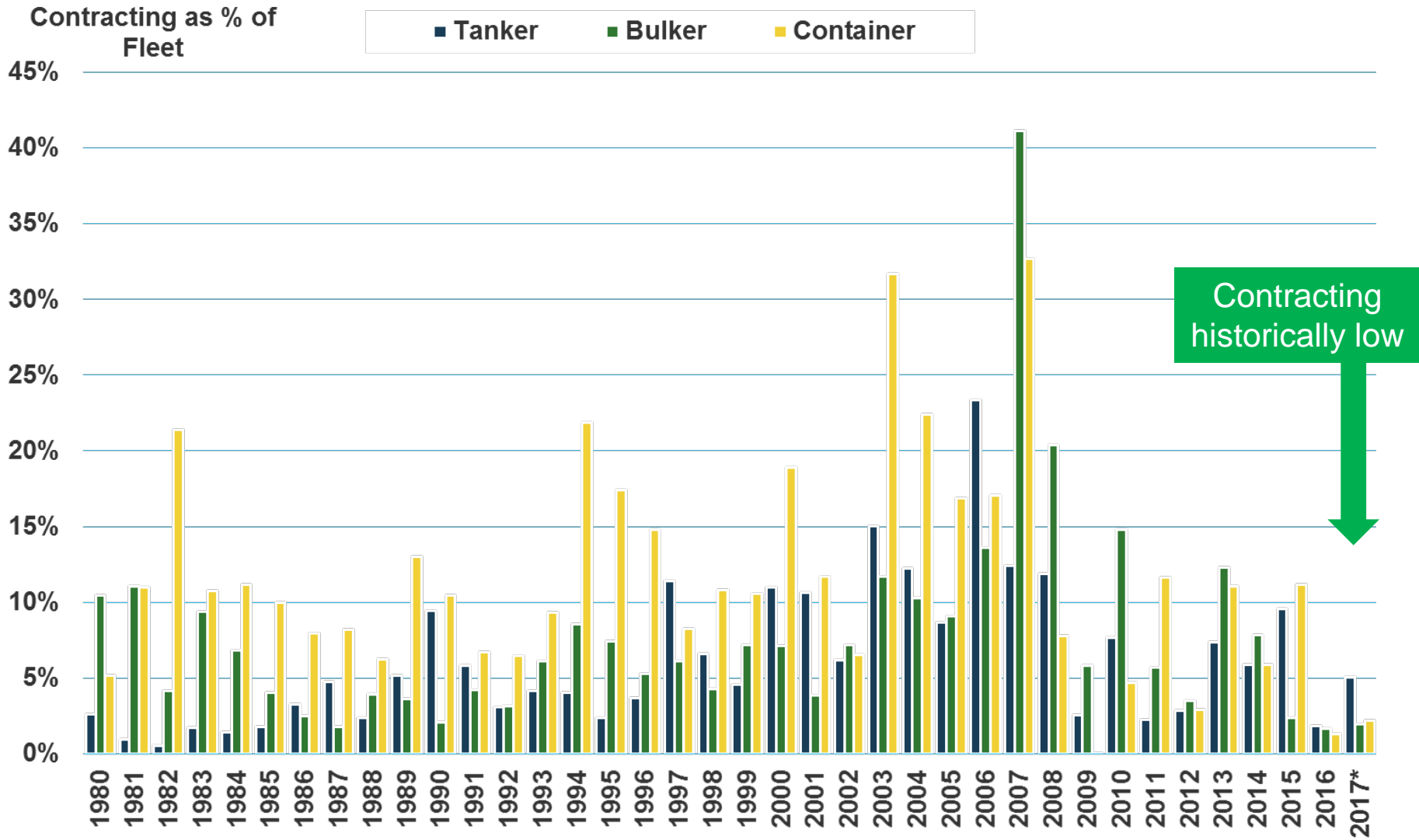
Fold, Hold, Double Up

Supply

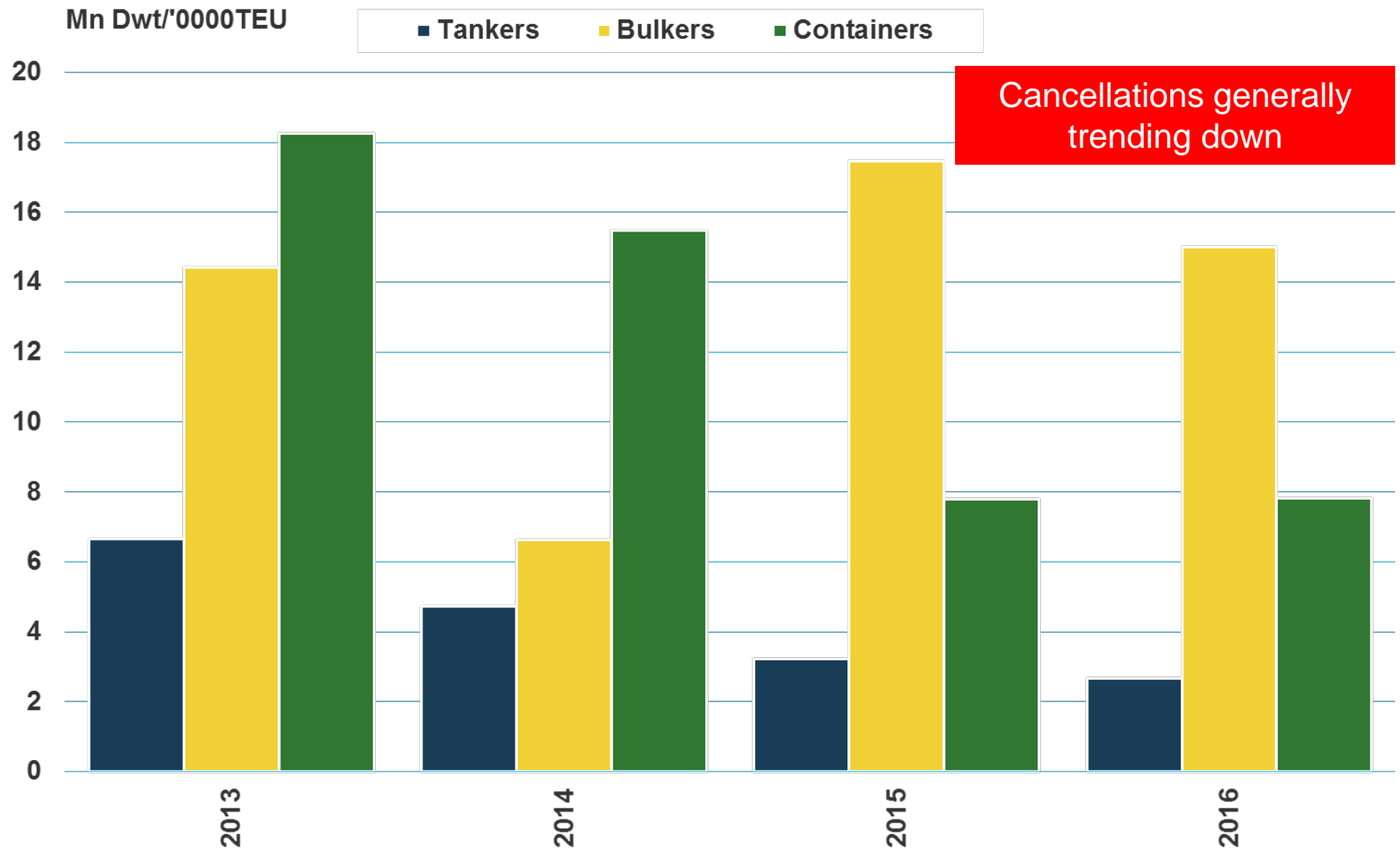


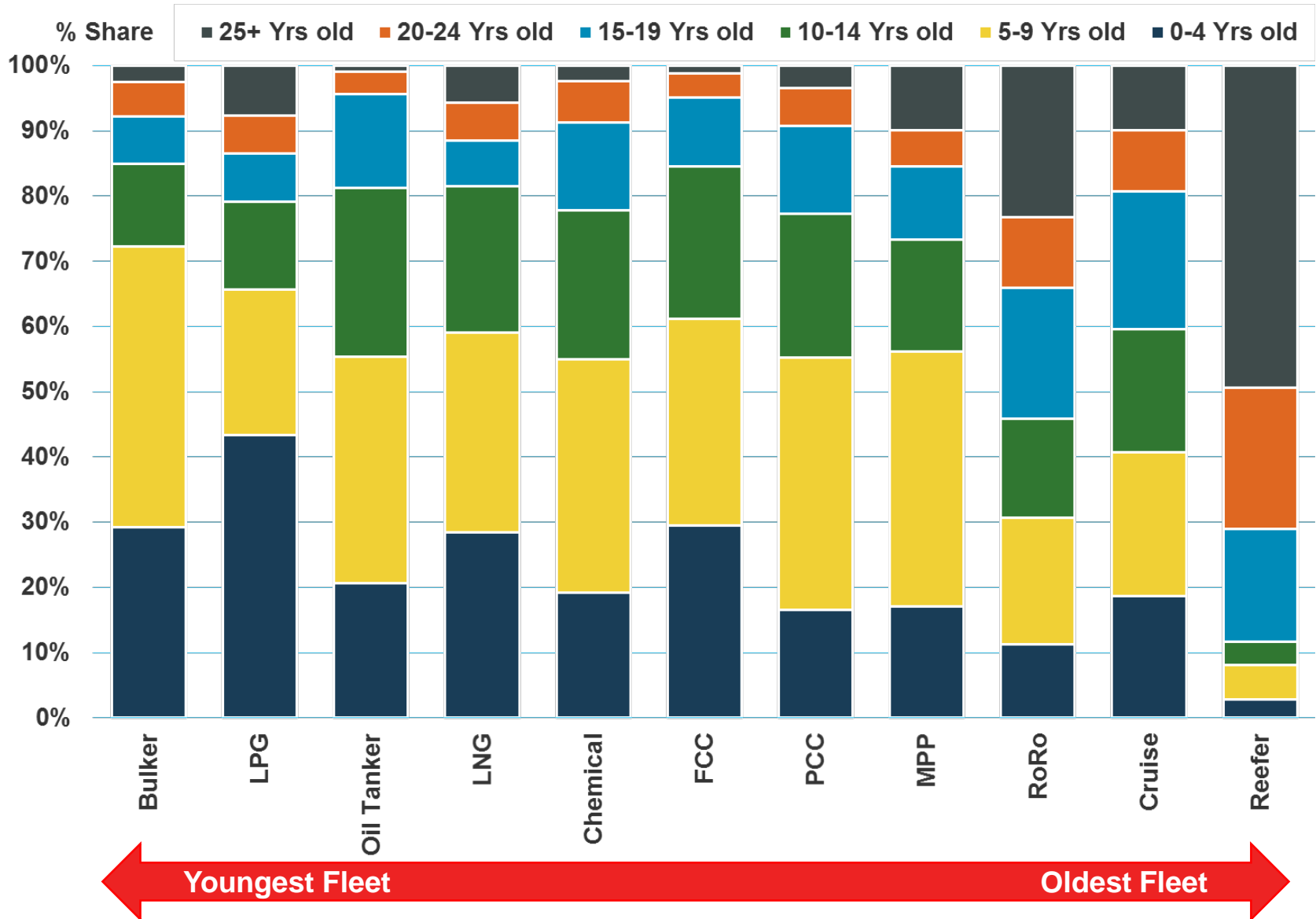


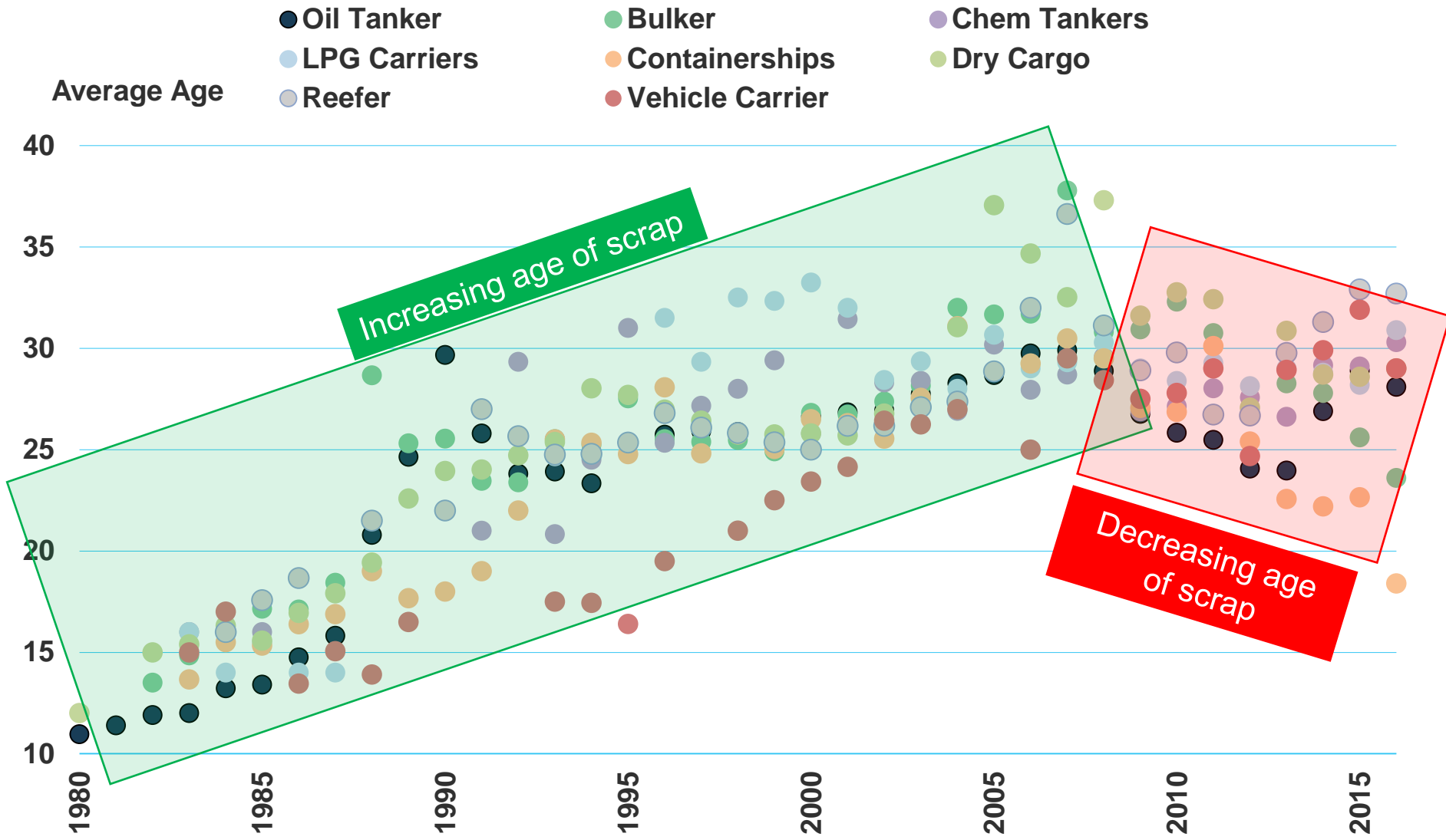




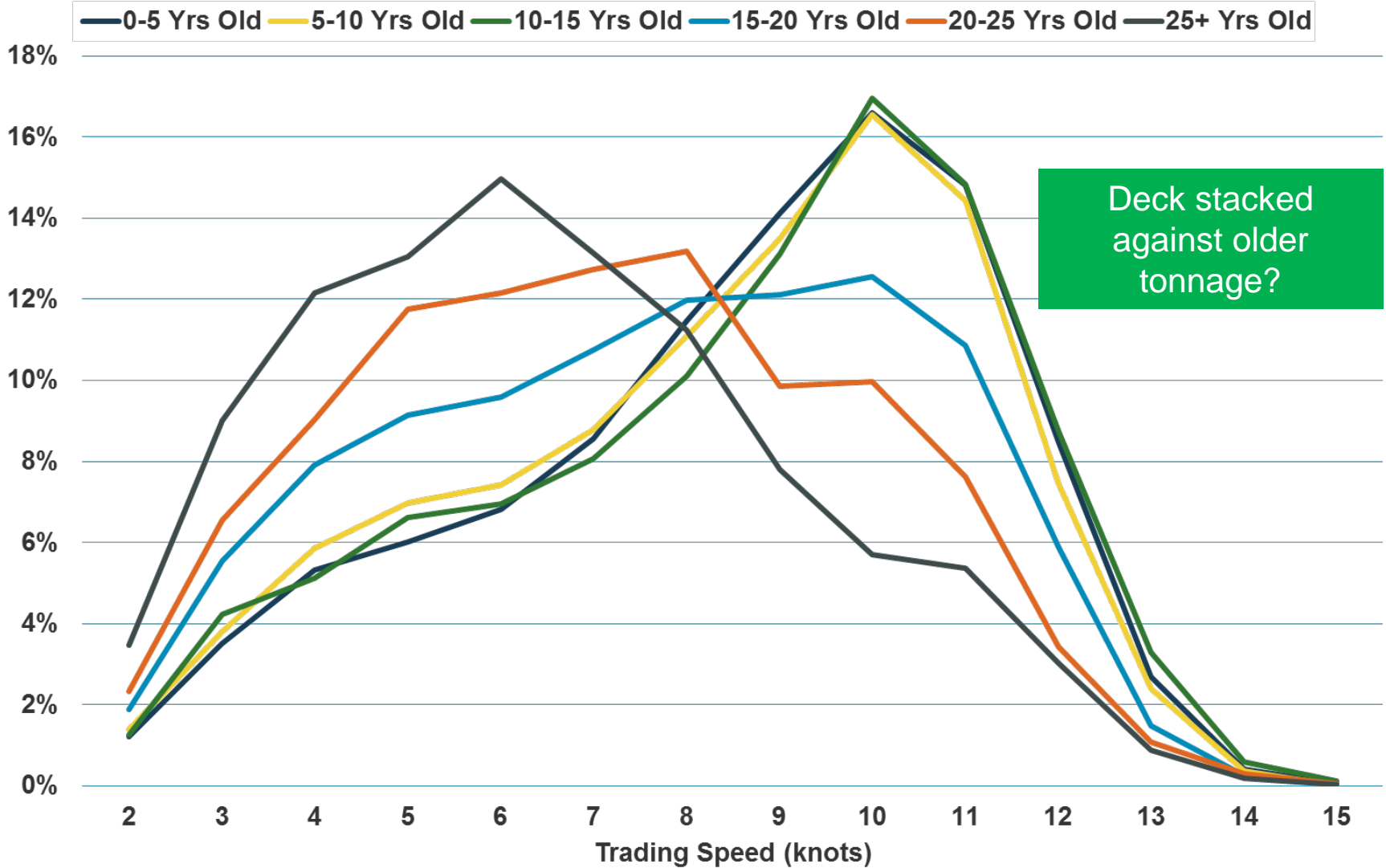
* Includes MSI's forecast assessments for contracting, scrapping, slippage and cancellations





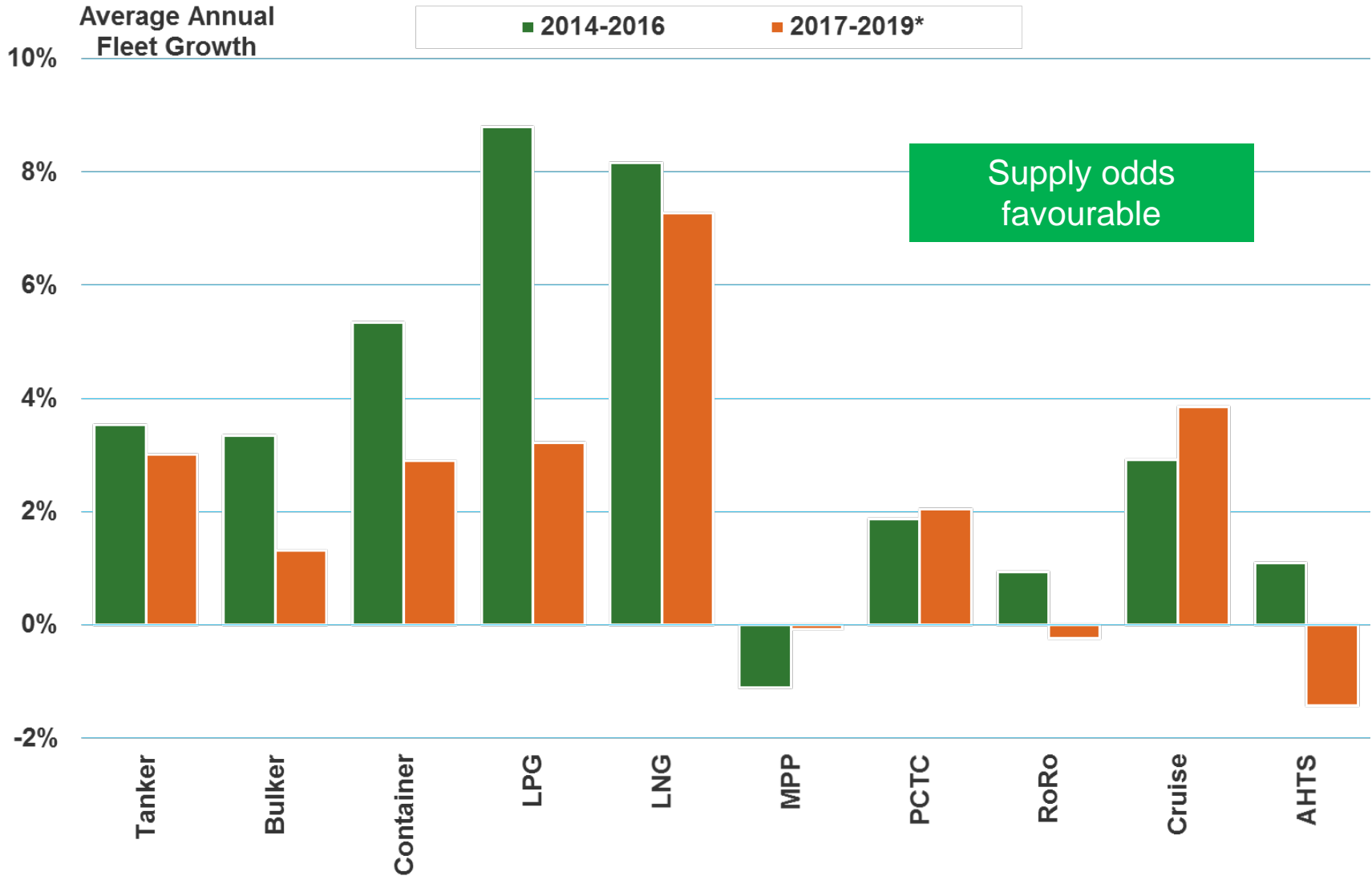


Dry Bulk Effective Speed*



Deck stacked against older tonnage?

* Calculation is representative of port-to-port speed, including slow steaming, anchoring, waiting etc.



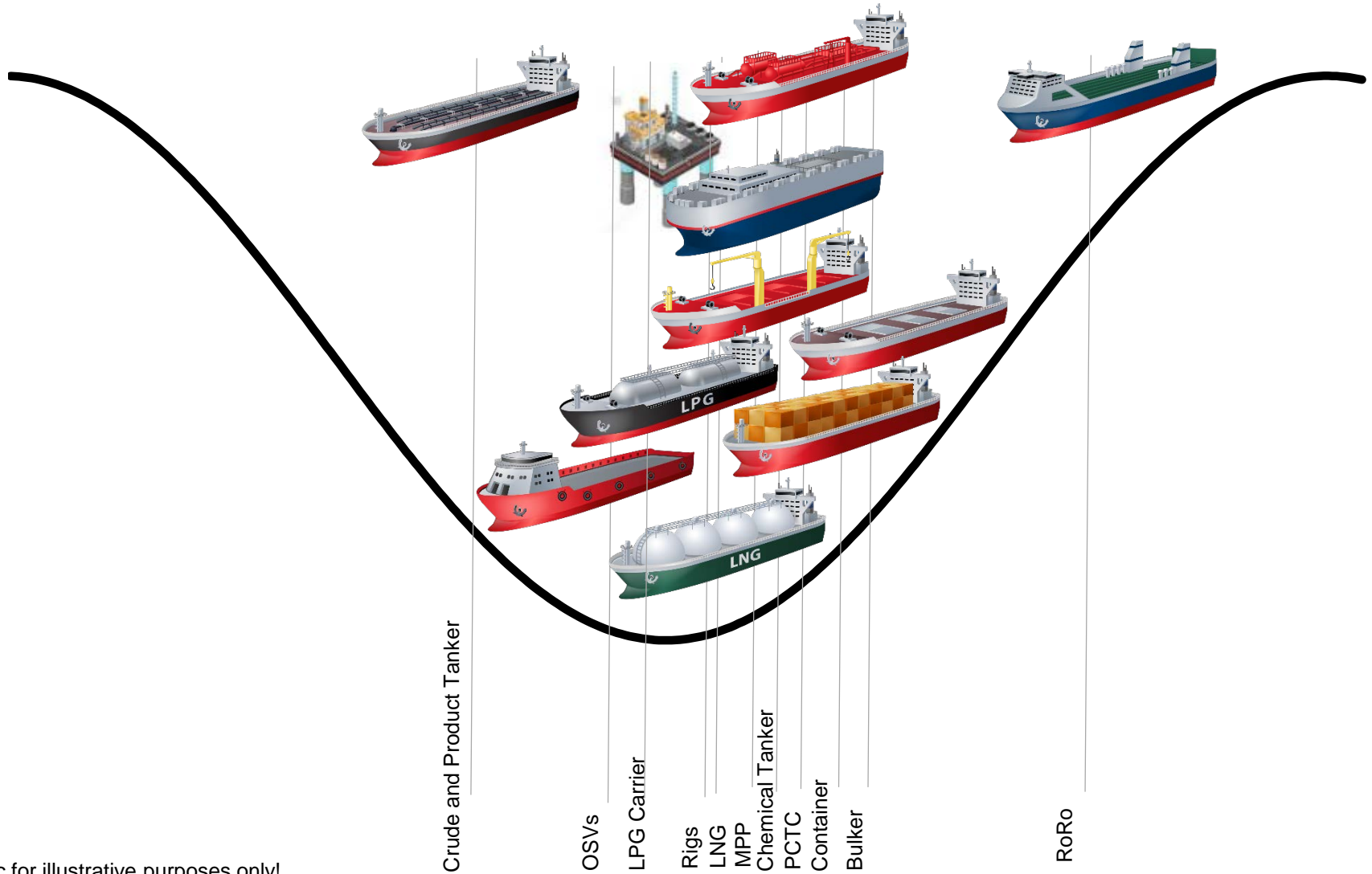
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Fold, Hold, Double Up

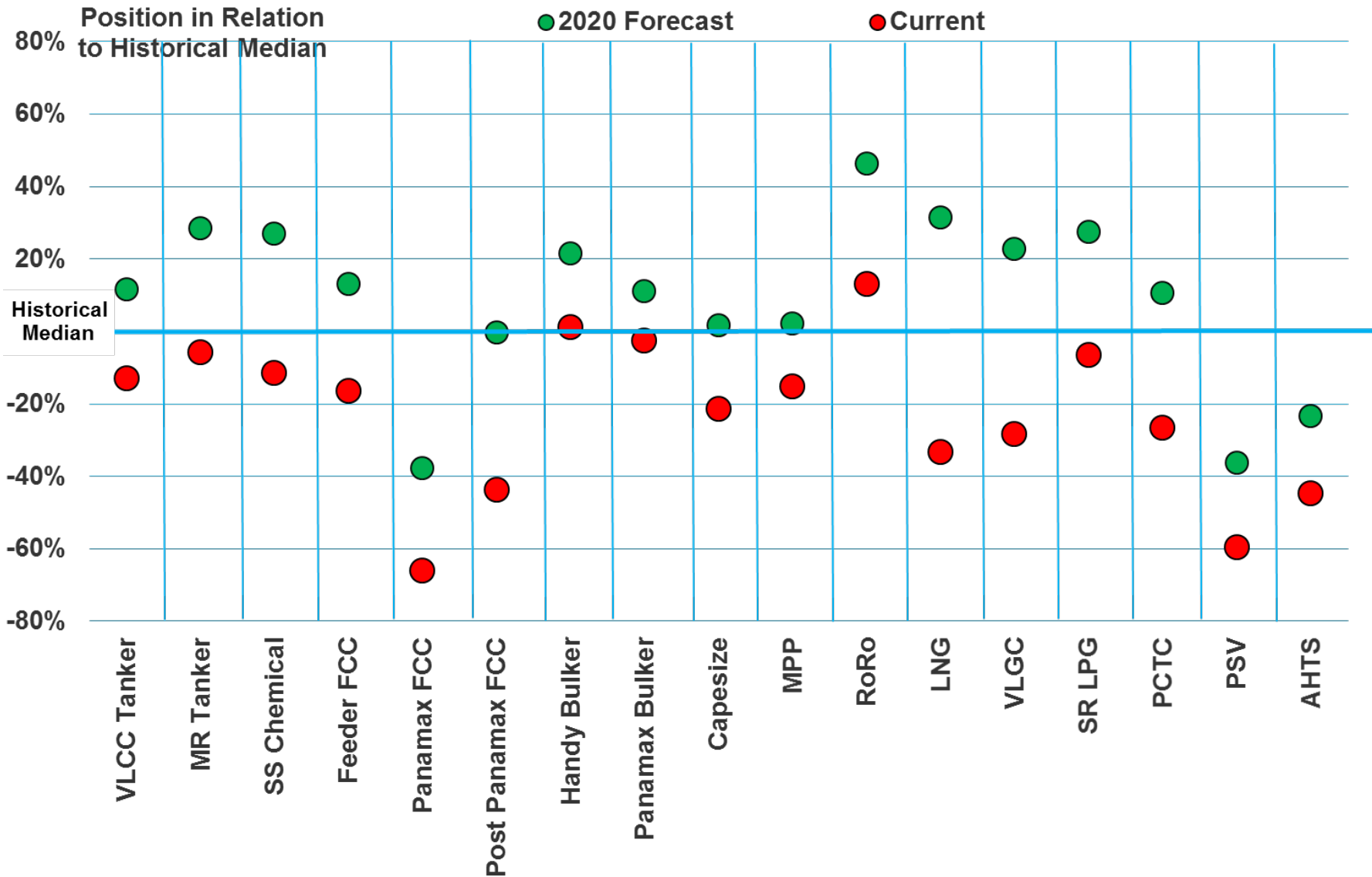
Earnings



Where on the Earnings Cycle Are We?



Schematic for illustrative purposes only!

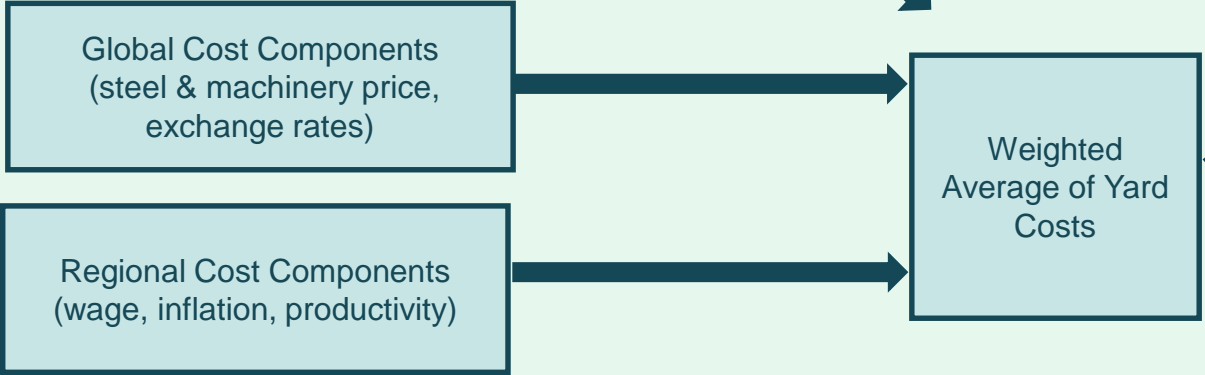
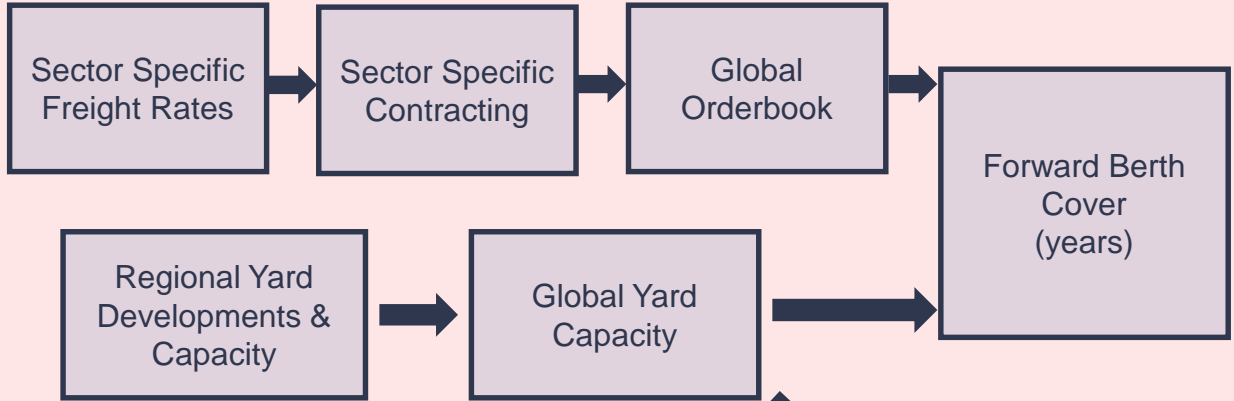


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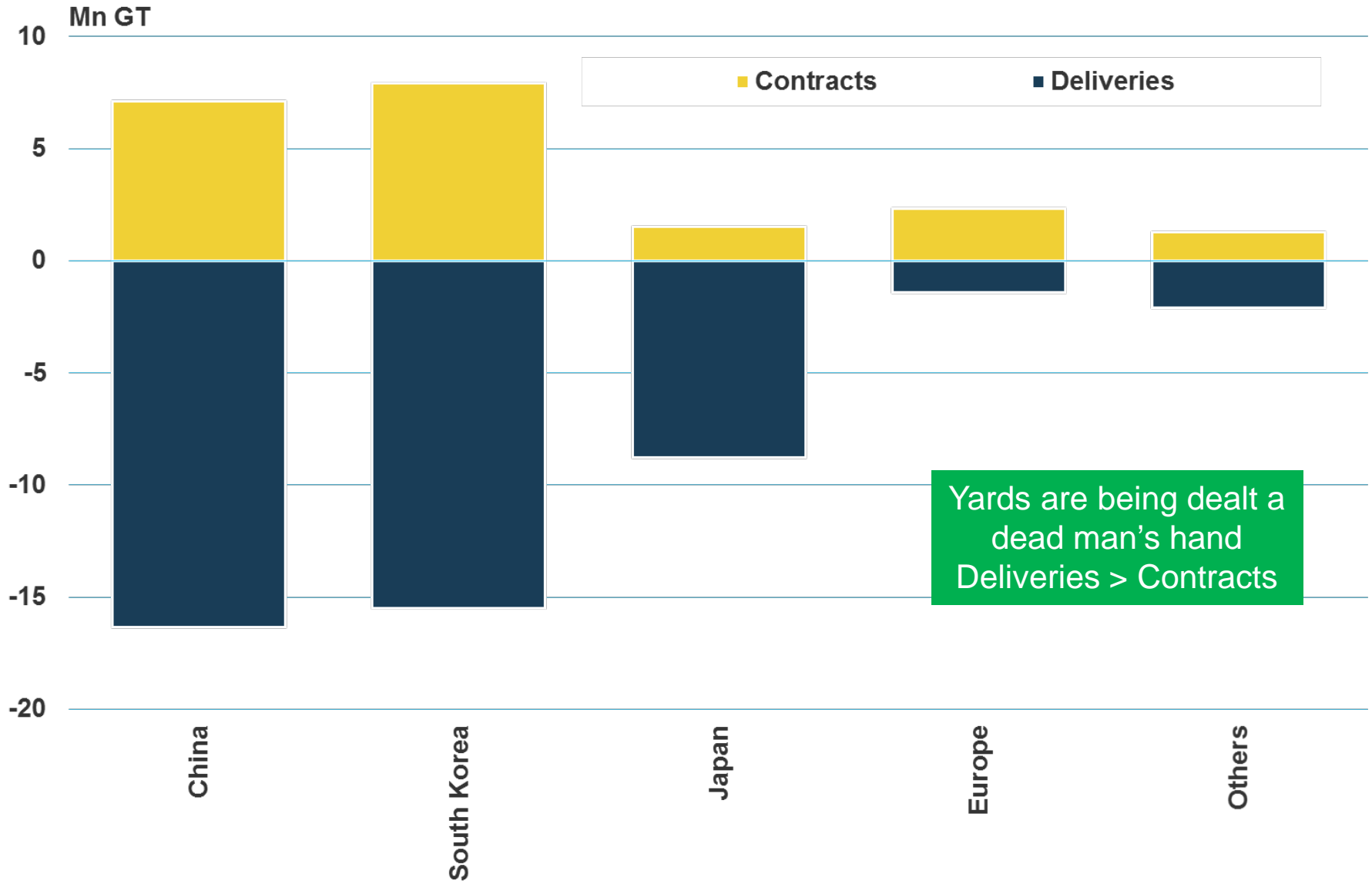
Newbuilding Prices

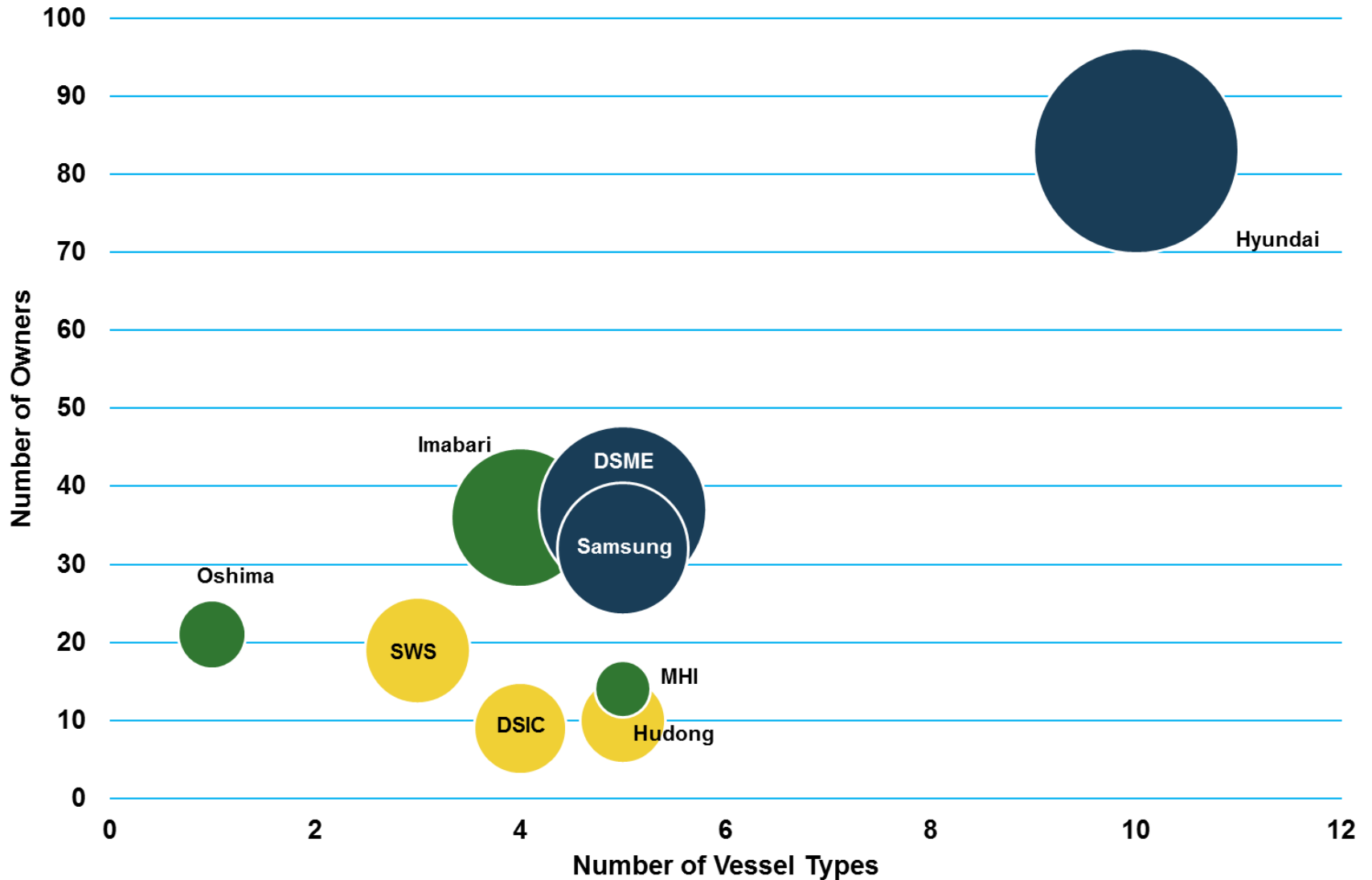


Forward Cover = Pricing Power

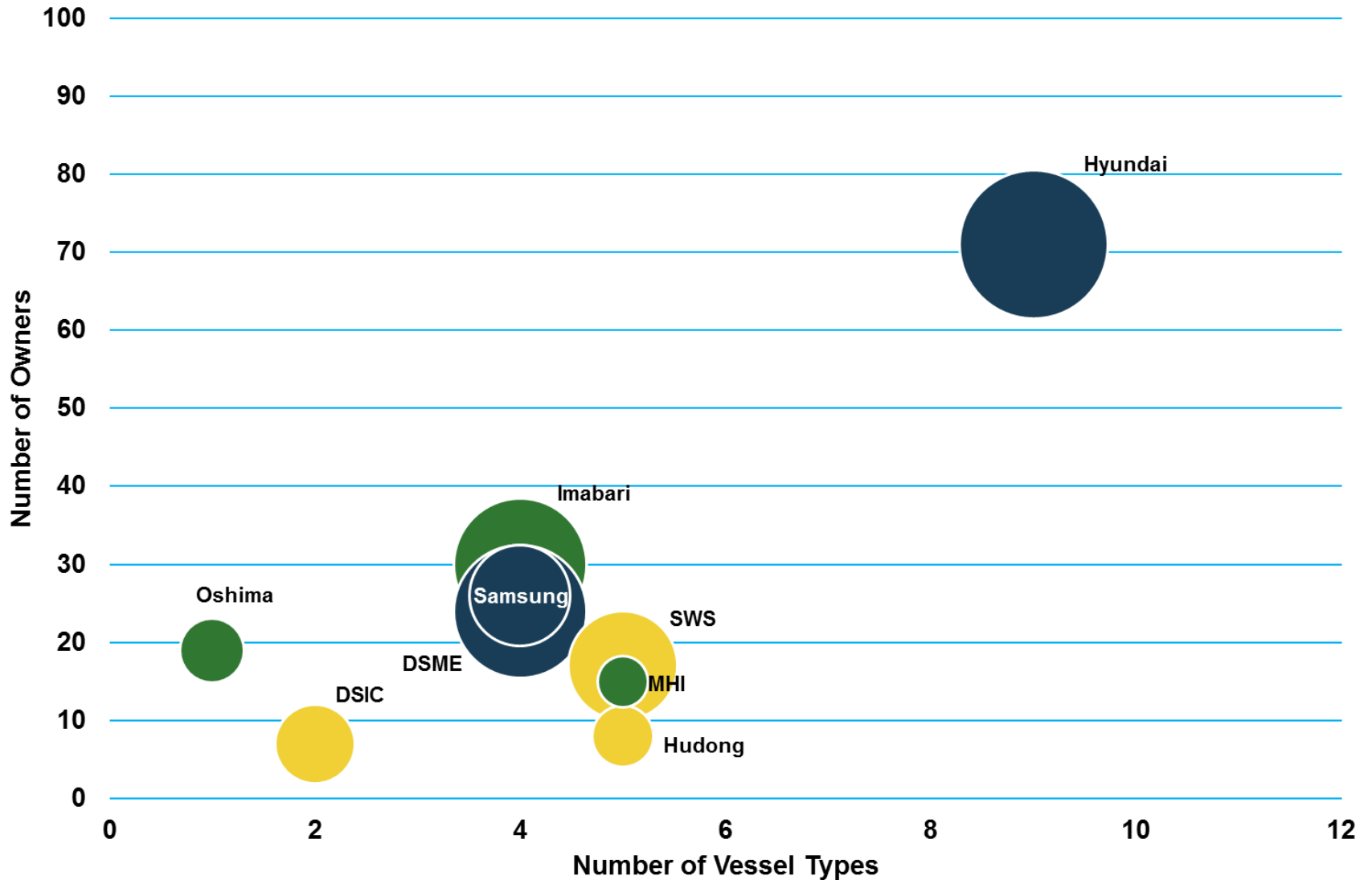


Costs = Pricing Floor



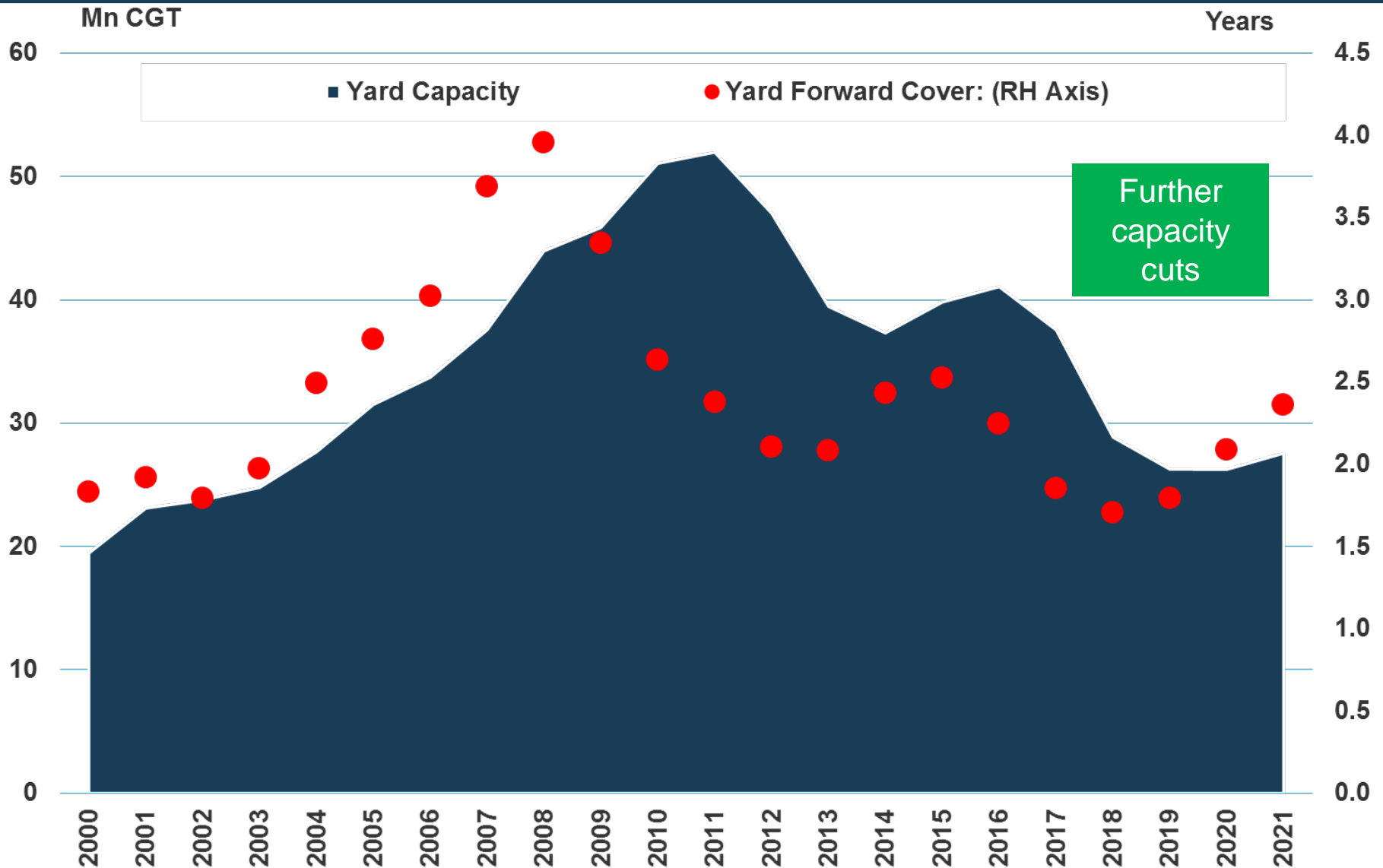


Size of bubble = Orderbook in GT



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Shipyard Capacity & Forward Cover



Further capacity cuts

Forward Cover = Shipyard Capacity, Orderbook ratio

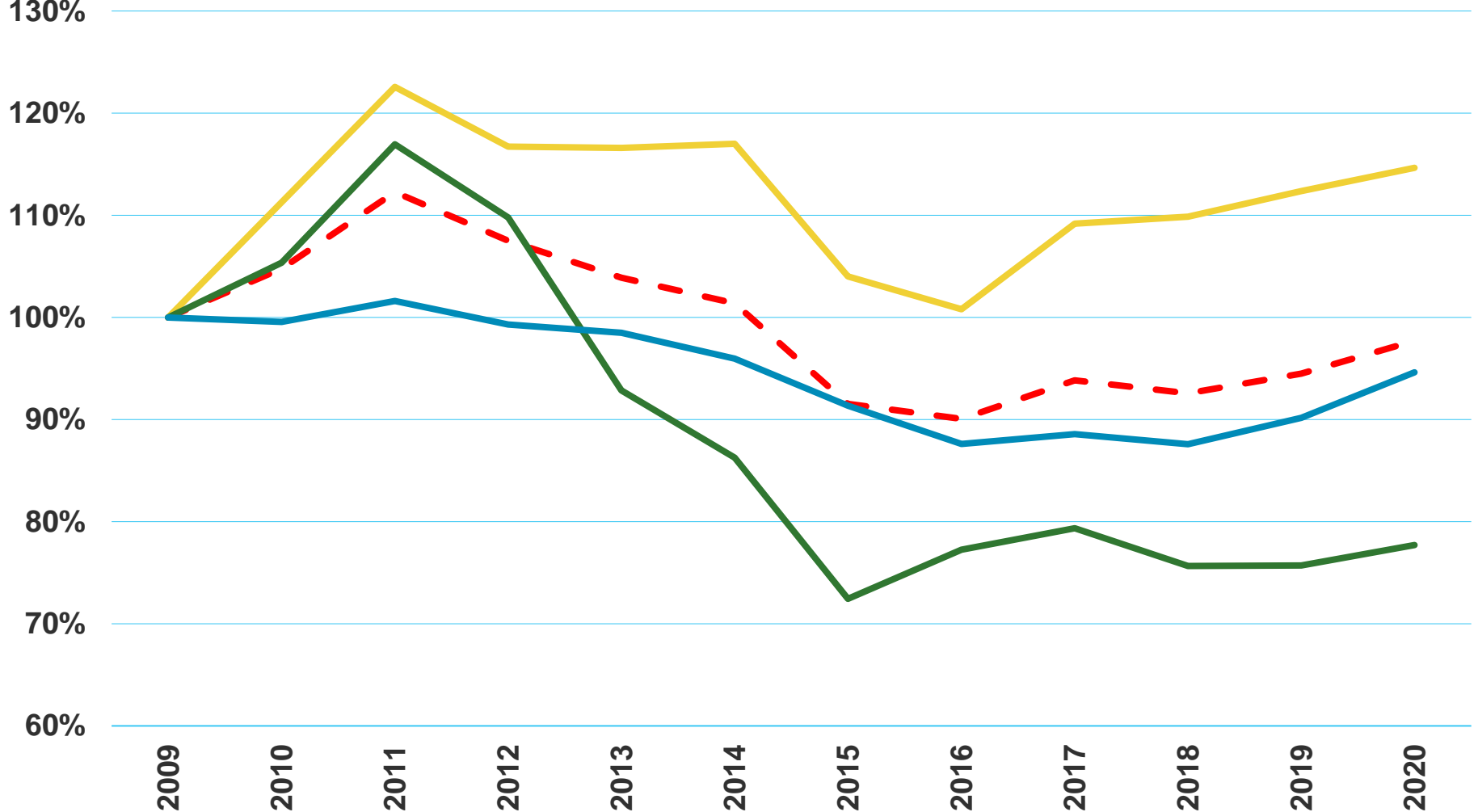
Index
2009= 100
130%

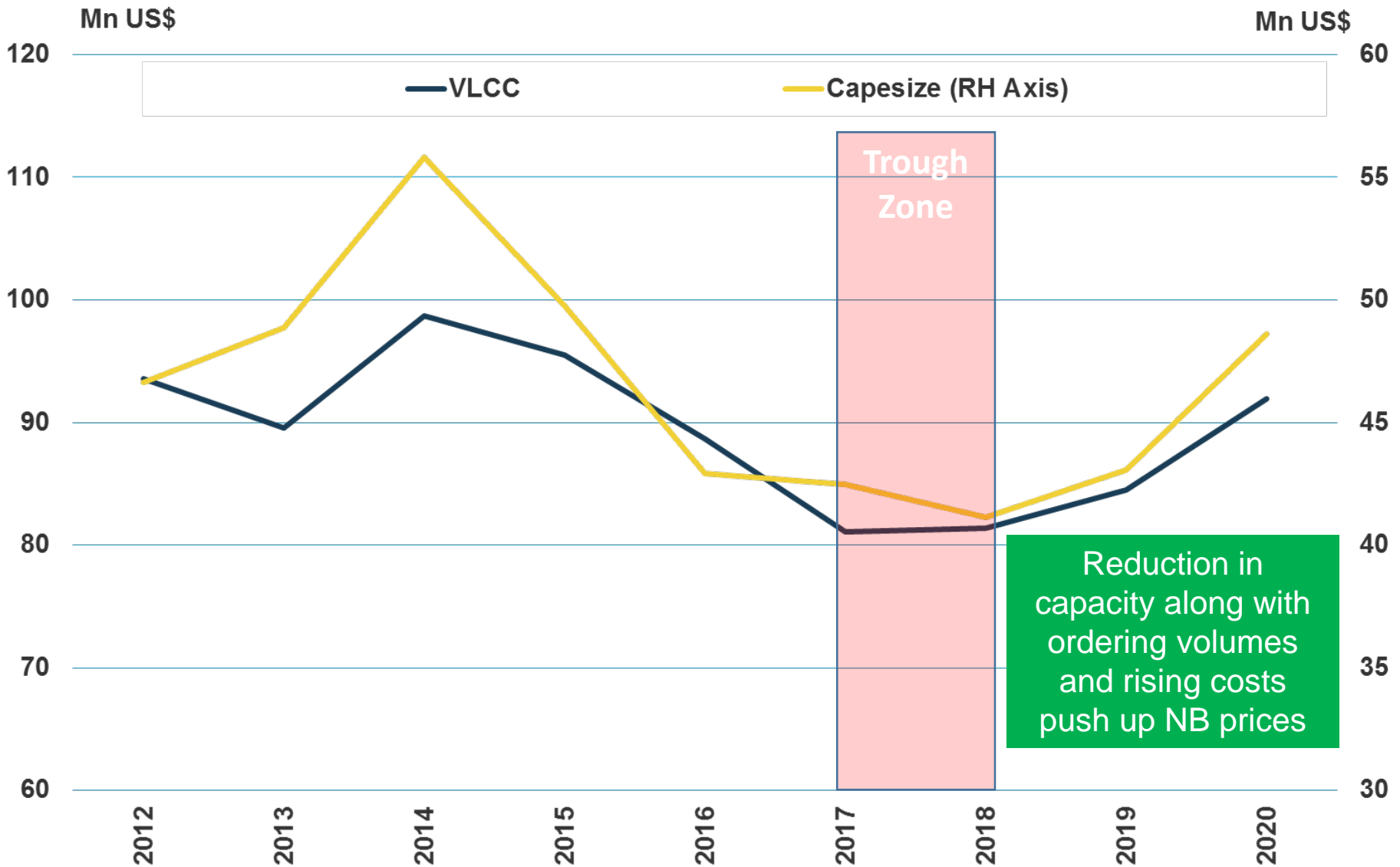
- - - Weighted Average Index

— Korea

— Japan

— China



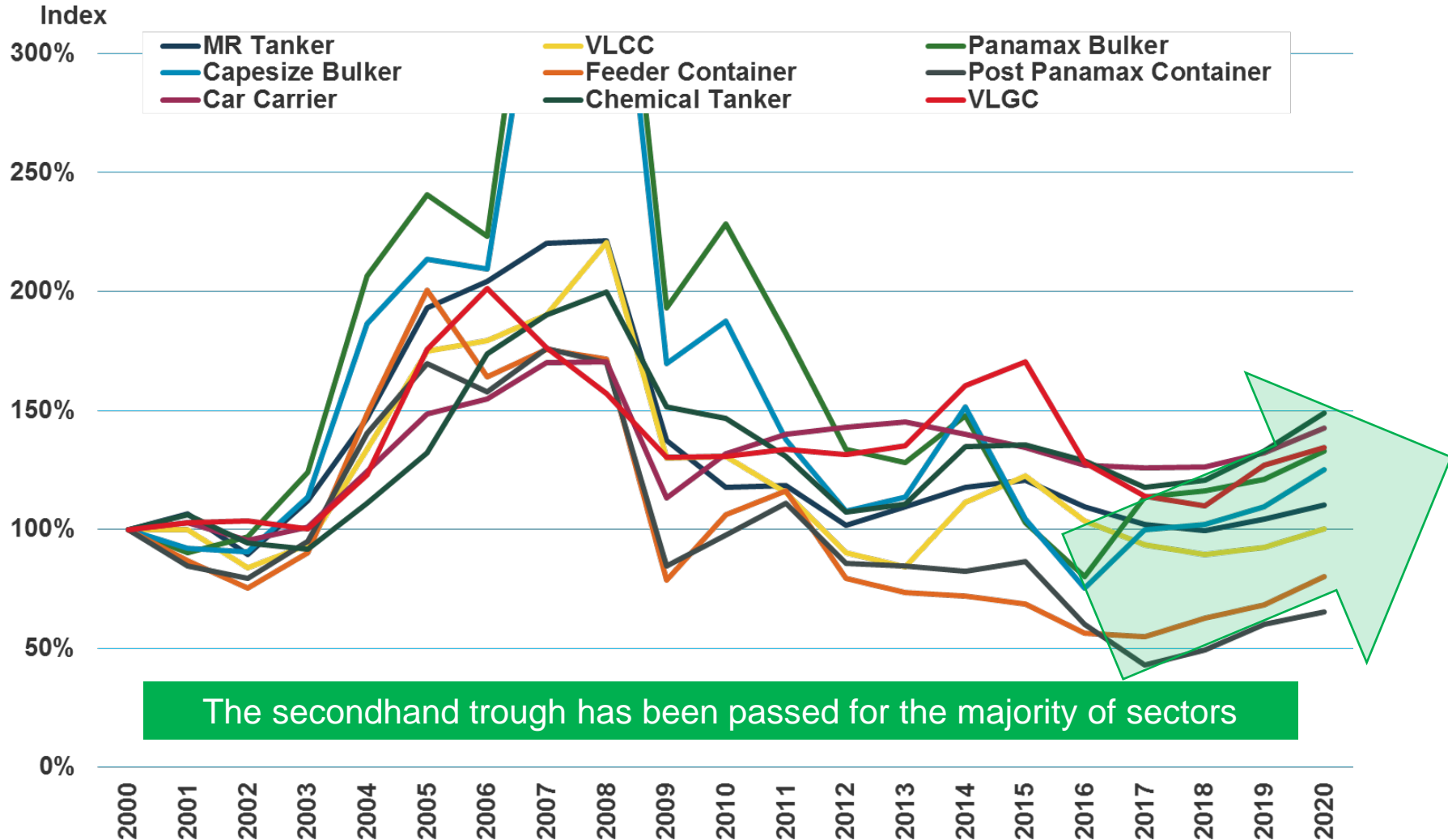


Fold, Hold, Double Up

Secondhand Prices



5 Year Old Prices – Worst Hand Has Been Played



Fold, Hold, Double Up

The Winning Hand



- 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

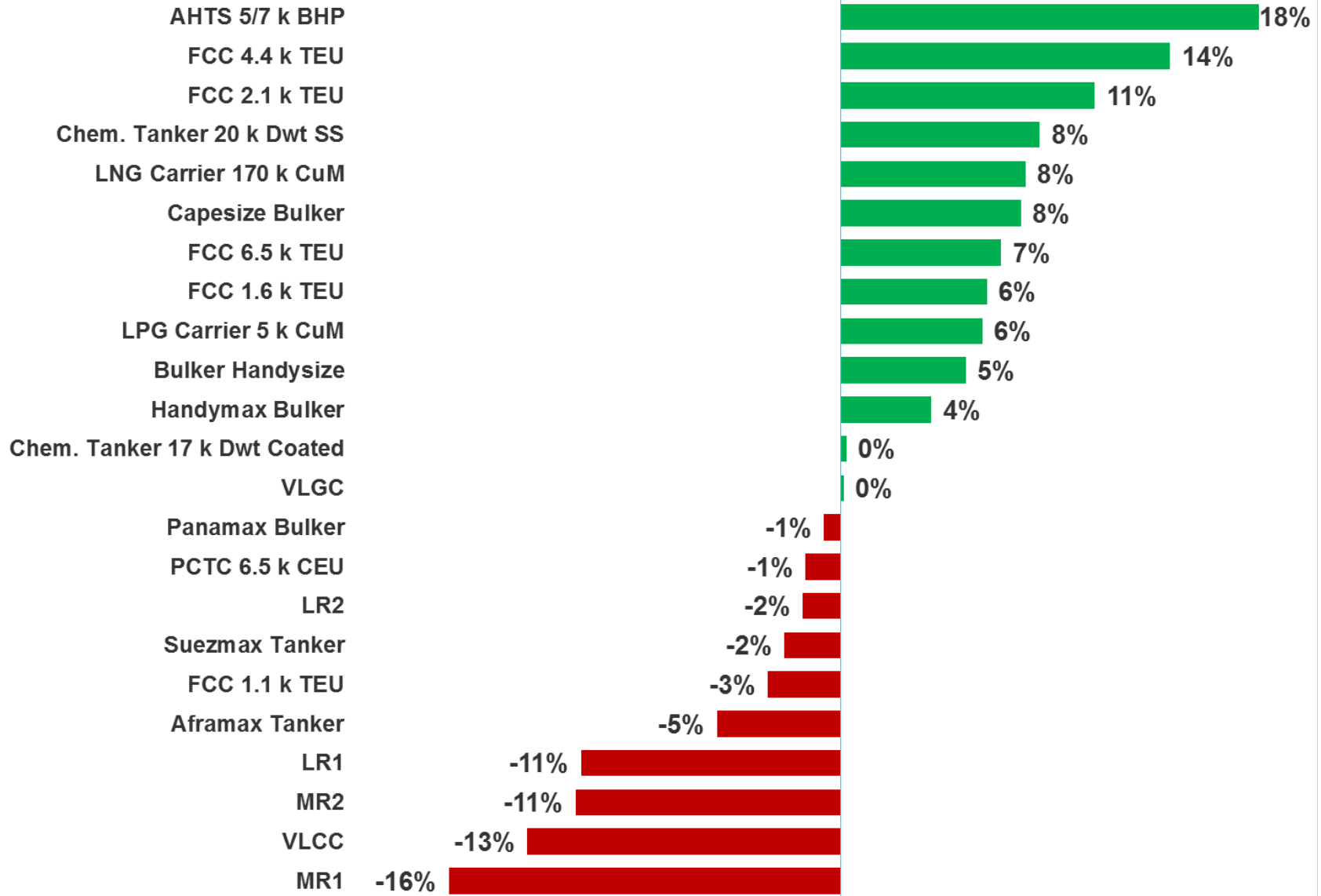


AHTS

www.msild.com/fmv



PSV





or



**Thank You
For Listening!**

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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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