11th Annual Capital Link Shipping & Marine Services Forum
Tuesday, September 25, 2018
The Royal Society, London, UK

IN PARTNERSHIP WITH Fearnley Securities

IN COOPERATION WITH London Stock Exchange Group

PRESS RELEASE

"11TH ANNUAL CAPITAL LINK SHIPPING & MARINE SERVICES" FORUM
TUESDAY SEPTEMBER 25 2018, THE ROYAL SOCIETY, LONDON

October 2nd, 2018

Capitalizing on the long established track record of organizing highly successful large scale maritime conferences in major industry centers around the world, the **"11th Annual Capital Link Shipping & Marine Services" Forum** took place on **September 25th 2018 in London,** in partnership with **Fearnley Securities** and in cooperation with the **London Stock Exchange**.

This event brought together a distinguished group of industry experts and provided a comprehensive review and current outlook of the various shipping markets and also covered topics of critical interest to **Shipping Professionals, Financiers & Investors.** The participants gained a **deeper understanding of the current state of the shipping and marine services industry**, the subsequent **effects on their investments**, and a **clear focus on the opportunities and challenges ahead.**

Capital Link's investment conferences, organized across New York, London, Athens, Limassol, Shanghai, Singapore and Tokyo, are known for combining **rich informational content, interesting discussions** about the shipping and marine services sectors, the financial and capital market, as well as **unique promotion and networking opportunities**. The London Forum also offered the opportunity for **1x1 meetings** between company management teams and investors.

HIGH CALIBER AUDIENCE
Commercial and Investment Bankers • Charterers • Classification Societies • Commodity and Energy Traders • Finance Providers • Financial Advisors • Financial and Trade Media • Hedge Fund Managers • Institutional Investors • P&I Executives • Lawyers and Insurers • Market Analysts and Consultants • Private Equity Firms • Risk Advisors • Ship Managers • Ship Operators • Shipowners • Shipbrokers • Sovereign Wealth Funds • Venture Capital Firms

INDUSTRY PANEL & PRESENTATION TOPICS

Mr. Nicolas Bornozis, President of Capital Link Inc., in his welcome remarks at the Forum, emphasized that the Forum is now in its 11th year and has developed into the largest investor and maritime finance oriented maritime event in London. In addition to addressing challenges and opportunities across the shipping markets, the Forum this year also tackled new environmental regulations and technology that are among the game changers for the industry. At the same time, the landscape in finance has been changing rapidly with the advent of Chinese Leasing and alternative credit providers. Capital markets have been more active on the debt side while on the equity markets there have been selective follow on offerings or secondary market placements with no new IPOs. He expressed his appreciation for the long standing support from the London Stock Exchange and commented on the continued partnership with Fearnley Securities which has helped elevate the Forum to a new level of quality and effectiveness.

Mr. Rikard Vabo, Managing Director, Corporate Finance - Fearnley Securities in his opening remarks at the Forum, focused on the following main points:

- Fearnley believes the shipping markets bottomed out last year, and the lowest point for Oil Services has been passed this year. We are excited about the outlook for our core industries.

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- For shipping we expect to see continued improvement in the market balance from moderate but positive demand growth, historically low deliveries, and a limited amount of new orders.

- For Oil Service companies we foresee improving market fundamentals. Oil demand continues to grow, and offshore oil will remain an important and vital part of the global supply. Based on tighter market balance (from an oversupply situation) we expect to see a normalization of rates over the next 12 to 36 months.

- Shipping stocks in general have moved less than underlying asset values in %, which is exceptional given the positive outlook combined with a general 50% leverage on equities.
  - Based on our fundamentally positive view, we believe we have just left the starting block.
  - We believe there is a massive under allocation in shipping. Comparing the equity value of global shipping tickers with the total capitalization on Nasdaq and NYSE alone this accounts for around 2%. At a time when Capes are sailing in USD 40k a day and VLCCs are generating USD 20m per year we believe we will see a massive inflow of capital.

- Capital Link is an important arena and has a central role in the shipping community. Fearnley Securities would like send a special thanks to Nicolas Bornozis, who has been vital in marketing our industries for almost two decades.

London as a Global Capital Raising & Investment Destination
Section remarks by **Mr. Axel Kalinowski**, Head of Central and Southern Europe – London Stock Exchange.
Mr. Axel Kalinowski, reflected on market developments and activity in the London market which has seen in 2017: 108 IPOs raise Capital in London remarkably with 9 of the Top 10 IPOs being by foreign companies. Positive momentum also continuing into 2018 placing LSE #1 in EMEA and #2globally by money raised. In addition, he covered new issuance trends in the shipping sector, and why LSE remains a compelling option for companies in the sector looking to raise permanent capital looking at cases like Tufton Oceanic which raised USD 91mln to acquire a diversified portfolio of shipping vessels as well as the existing pipeline of promising candidates looking to tap London's deep pools of capital.

Shipping, Shipbuilding and Trade: Overview & Outlook
Section remarks by **Dr. Martin Stopford**, Non- Executive President - Clarkson Research Services Limited.
Dr. Martin Stopford, told the conference that the improving trend of the last year was showing signs of running out of steam. His concern was that the economic recovery would stall, leaving markets marking time, as happened in the 1990s. There is still a backlog of surplus capacity and with the Fleet growing at about the same rate as trade, clearing the backlog will take time. Trade disputes will net help, especially in the container business, and there is the risk of another crisis, which many economists are concerned about. Not all bad news, but a time to proceed cautiously.

"Everything Flows, Nothing Stands Still" Heraclitus - Game Changers & Future of the Shipping Industry (Panel Discussion)
Trends and developments that affect the industry – regulations, technology, market forces etc.
Moderator: Mr. Joshua Apfelroth, Partner – Cadwalader, Wickersham & Taft LLP
Panelists:
- **Mr. Andreas Hadjipetrou**, Managing Director – Columbia Shipmanagement
- **Mr. Evan Sproviero,** Head of Projects – GMS
- **Mr. Frederick J. Kenney**, Director of Legal and External Affairs – International Maritime Organization (IMO)
- **Dr. Sadan Kaptanoglu**, CEO – Kaptanoglu Shipping; President Designate - BIMCO
- **Mr. Clay Maitland**, Founding Partner – NAMEPA; Chairman – NYMAR; Managing Partner – International Registries

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Mr. Joshua Apfelroth, Partner – Cadwalader, Wickersham & Taft LLP, stated: "As we all know, the shipping industry has suffered through an elongated down cycle caused by a number of factors, including slowing global economic growth, an oversupply of vessels and weakened investor confidence. Recently, we have begun to see a recovery in the market and a return to profitability for a number of shipping companies, generating cautious optimism among shipowners and other industry participants. However, this hopeful outlook is threatened by a number of uncertainties, including increased trade protectionism, the implementation of new environmental regulations, industry consolidation and the availability of viable financing sources. The industry's ability to navigate these challenges, while also preventing fleet overexpansion, will be critical to ensuring a continued market recovery."

Mr. Andreas Hadjipetrou, Managing Director – Columbia Shipmanagement, with regards to 2020, advised that "it is important moving forward for operators to prepare a risk assessment per vessel which depending on the decision to install scrubbers or not to evaluate other mechanical and / or procedural changes that may need to be carried out on a per ship basis in order to ensure compliance."

Mr. Evan Sproviero, Head of Projects – GMS, stated: "The panel gave a unique insight into the current regulations and challenges that are plaguing the market today." While many fear an immediate scrap related reduction in the fleet once the IMO low sulfur cap and BWTS regulations come into full effect, **Mr. Sproviero** believes that the majority of owners are already making necessary arrangements to either modify their ships to meet the new requirements or, for older tonnage, consider changes in their trading patterns in order to facilitate their continued trading until scheduled dockings come due. He made it clear that there is no question that older ships will logically be removed from the fleet as a result of new regulations, however, this will likely be a more orderly exit with a gradual phase out.

In addition, **Mr. Sproviero** addressed the growing concerns within the ship recycling industry surrounding the over investment of expensive outside fund based debt flowing into the space. He commented that this is artificially inflating pricing and subsequently leaving small scale cash buyers without deep pockets and an over reliance on outside funding, no choice but to cut corners on costs, in particular gas freeing, which can have major human safety and environmental ramifications if not properly addressed by the shipping community.

Mr. Frederick J. Kenney, Director of Legal and External Affairs – International Maritime Organization (IMO), said: "As the International Maritime Organization celebrates the 70th anniversary of the adoption of the IMO Convention, and the 60th anniversary of its entry into force, its theme for the year is "Our Heritage: Better Shipping for a Better Future." The primary goal of the IMO remains the same as it was 70 years ago – to create a level playing field for the shipping industry through the development of a global system of regulation, consistently implemented and uniformly enforced. And that goal remains the same as the Organization confronts its most pressing current challenges: development of measures to implement the initial strategy for the reduction of greenhouse gas emissions from ships, implementation of the 2020 sulphur rules and the implementation of the Ballast Water Management Convention."

Dr. Sadan Kaptanoglu, CEO – Kaptanoglu Shipping; President Designate – BIMCO, stated: "We are going through very interesting times. Risks coming from everywhere geo political risks, trade wars which mean more protectionism, more tariffs. On top of this shipping is entering a new era of regulation. Ballast water management and 2020 Sulphur regulation will change our industry significantly.
Our duty in BIMCO to think ahead all the technical and contractual challenges as well as daily matters for our members and rise their voice on behalf of them therefore we have a task force 2020 working on new challenging regulations and our new bunker clause will be out in November. It is very important that all the parties shipowners, charterers, refineries, bunker suppliers and flag states should work together so that this challenges can be overcome."

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Mr. Clay Maitland, Founding Partner – NAMEPA; Chairman – NYMAR; Managing Partner – International Registries, stated: "My fellow panelists, consisted of, Andreas Hadjipetrou of Columbia Shipmanagement, Evan Sproviero of GMS, Frederick J. Kenney of International Maritime Organization, Sadan Kaptanoglu of BIMCO, moderated by Joshua Apfelroth of Cadwalader, Wickersham & Taft LLP, explored the topic of "Game Changers and Future of the Shipping Industry". We discussed the trends and developments that affect the industry, specifically in the areas of regulations, technology, market forces, etc."

IMO 2020 – Dilemmas, choices and economics

Mr. Dag Kilen, Senior Analyst – Fearnley Securities, stated: "Most ship owners spent the first 1 ½ years post IMO's 2020 sulphur cap announcement to be in denial. Or, were they coming up with excuses instead of just saying it as it was – that there was no cash or funding available for huge investments? The trading houses and Oil & Gas majors, the fuel market experts who could not find sufficient incentives for major refinery upgrades, were meanwhile in the market looking for scrubber fitted vessels for TC, or they were ordering scrubbers for installation on their own ships. The latter, combined with IMO confirming the 2020 reality this spring, has lately sparked a sudden and massive interest for scrubbers. The scrubber economics are attractive, as the fuel market is expected to experience an imbalance the first 3-5 years, while payback is expected to be 1-2 years. Scrubbers are however not the long-term solution. For that, we need alternative fuels, LNG and LPG, which today are premature solutions".

IMO – The Owners Response (Panel Discussion)

Ballast Water Treatment, Sulfur Emissions, Decarbonization – Regulations, Technology, Strategic Options & Capital Considerations

Moderator: Mr. Toby Royal, Partner – Watson Farley Williams LLP

Panelists:

- **Mr. John C. Lycouris**, CEO – Dorian LPG (USA)
- **Mr. Erik A.S. Frydendal**, CEO/CFO – Hunter Group ASA
- **Mr. Nicolas Busch**, CEO – Navig8 Group
- **Mr. Magnus Halvorsen**, Chairman – 2020Bulkers

Mr. Toby Royal, Partner – Watson Farley Williams LLP, stated: "It is right of course and an absolute necessity for the environment to be protected. Regulations also raise the quality bar to entry (and indeed, continuity), encouraging innovation within the industry to increase efficiencies. There is also however a business need for certainty and for the regulators to ensure that a level playing field can be maintained through trusted enforcement measures so that all compliant stakeholders (and irrespective of which compliance strategy is adopted) are not placed, through their desire to be compliant, at a disadvantage to others."

Mr. Erik A.S. Frydendal, CEO/CFO – Hunter Group ASA, said: "We believe that in shipping you should invest at the bottom of the cycle and not through the cycle, and that is exactly what we have done. It is all about supply and demand. Right now, we have too many ships and too little oil is being transported which explains the current low rates. But, this may change due to IMO 2020. In our view IMO 2020 will help set the stage for a "perfect storm" for tanker owners. Nothing drives scrapping like low rates and regulatory changes. To quote Francis Bacon, "The folly of one man is the fortune of another."

Mr. Magnus Halvorsen, Chairman – 2020Bulkers, said: "2020Bulkers was established as an asset play, taking advantage of the historically low new newbuilding prices, as well as the attractive yard terms in September 2017. We were early to announce we that our vessels would be equipped with scrubbers, and have seen a significant interest from first class charterers who are want to secure modern, fuel efficient, scrubber fitted vessels. Given the strong earnings potential of our vessels, combined with a historically low entry point, we are now building a lean operation capable of operating the vessels and will after delivery focus on returning capital to investors though dividends."

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Dry Bulk Sector (Panel Discussion)

Moderator: Mr. Bobby P Mitropoulos, Managing Director - Weberseas (Hellas) SA

Panelists:

- **Mrs. Birgitte Vartdal**, CEO – Golden Ocean
- **Mr. Martyn Wade**, CEO – Grindrod Shipping Pte
- **Mr. Tom Beney,** SVP of Commercial Affairs – Navios Group of Companies
- **Mr. Stamatis Tsantanis**, CEO – Seanergy Maritime Holdings
- **Mr. Herman Billung**, Senior VP – Star Bulk Carriers

Mr. Bobby P Mitropoulos, Managing Director - Weberseas (Hellas) SA, said: "Despite the continuous volatility in the dry bulk market the fundamentals look quite positive and there is confidence in the market. It has been a slow recovery since the beginning of 2016 when the BDI hit an all-time low of 290 points. Since then we have seen the BDI trend upwards, always with volatility, reaching 1774 points which was the peak in July 2018.

Even though the BDI has risen significantly since the beginning of 2016 we still believe the trend remains upward for the short and medium term. New building deliveries are down by approximately 40% YOY which brings the fleet growth to about 2% for 2018 and 2019. The order book from over 20% back in 2015 has dropped down to less than 10% and remains close to 15 year lows.

At least, so far, we see some discipline in new orders and no large speculative ordering which obviously is very positive for the market.

Even though, due to the improved freight market, the recycling of dry bulk vessels is almost none existent, it is noticeable that about 7% of the fleet is 20 years or older.

The Chinese GDP growth is estimated between 6.5% to 7% range, most likely closer to 6.5%. which is still very strong.

The supply-demand balance seems to be improved now, steel demand has been increased and the same applies for coal demand for India and south East countries. Iron ore imports to China are expected to rise this year between 3% and 3.5%.

Obviously the question of new regulations such as ballast water treatment systems, Bunker Sulphur content, Scrubbers and tariffs between the US and China remain of paramount importance. We have to see how these will affect the market over the coming years."

Mrs. Birgitte Vartdal, CEO – Golden Ocean noted that Golden Ocean's fleet is focused on larger vessel segments, which provide the greatest leverage to market upside and also the most volatility. With respect to the environment from 2020 onwards, Mrs. Vartdal stated that the age of Golden Ocean's fleet will serve as a competitive advantage. Also, larger vessel classes are generally viewed as the best candidates for scrubber retrofits, and the company is taking further actions to install scrubbers on certain of its vessels with scrubbers to further optimize its fleet.

Mr. Herman Billung, Senior VP – Star Bulk Carriers, stated: "With synchronize global growth the demand for dry bulk transportation looks healthy for the next 18 to 24 months. Obviously a looming trade war creates uncertainty, but apart from potential lack of soya bean exports from US short term, the direct impact on dry bulk shipping should not be exaggerated. We all know that it is always surprises either way when it comes to demand, but the supply side offers better visibility and low ordering activity over the last 18 months is very encouraging. We only need marginal demand growth (Consensus 2-3%) to achieve higher utilization from where we are Today.

The global sulphur cap which will come into force on January 1st, 2020 should be supportive to freight rates irrespective of how the various owners are going to address the new regulations. It is however surprising to note how many owners who have been in "denial mode" rather than proactive and prepare themselves for something we all know is going to happen.

Star Bulk being the largest U.S. listed company with a fleet of 111 high quality vessels on a fully delivered basis, is well positioned to benefit from an expected decent freight environment. The Company has a strong financial position with total cash over MUSD230 and a fully delivered net leverage of ~ 50%.

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Star Bulk has embarked on a scrubber installation program with the aim to have the entire fleet scrubber fitted by January 2020."

Future Proof Ships - The Blueprint for Newbuilds (Presentation)

How the IMO strategy will impact the value of the vessels and what the Owners can do to future proof their assets

Mr. Tore Longva M.Sc, Principal Consultant, International Regulatory Affairs – DNV GL – Maritime, said: "Moving forward the uncertainty facing the industry seem only to increase. Regulations on SOx and CO2 are poised to shape the future fleet. Simultaneously, fuel and technology are developing rapidly, with potential game-changing consequences. Looking 100 years back we find very recognizable ships. The main changes have been on ship size and cargo types, and not on design and fuel. Can we expect that the ships built in 10 and 20 years will be as similar as those sailing today? Design options should be stress-tested under possible future scenarios to ensure that they are future-proof and remain competitive towards future designs."

Bank Finance (Panel Discussion)

Moderator: Mr. Tony Rice, Partner – HFW

Panelists:

- **Mr. Joep Gorgels**, Global Head Transportation & Logistics Clients, Corporate and Investment Banking – ABN AMRO Bank
- **Mr. Michael Parker**, Global Industry Head for Shipping – Citi
- **Mr. Christos Tsakonas**, Head of Global Shipping – DNB
- **Mr. Michiel Steeman**, Managing Director, Shipping Finance Europe – DVB Bank SE

LNG Sector (Panel Discussion)

Moderator: Mr. Peder Nicolai Jarlsby, Shipping Equity Research – Fearnley Securities

Panelists:

- **Mr. Jon Skule Storheill**, CEO – Awilco LNG
- **Mr. Oystein M. Kalleklev**, CEO and CFO – Flex LNG
- **Mr. Alastair Maxwell**, CFO – GasLog Ltd.
- **Mr. Stuart Buchanan**, Head–Investor Relations – Golar LNG
- **Mr. Richard Tyrrell**, CEO/CFO – Höegh LNG Partners

Mr. Peder Nicolai Jarlsby, Shipping Equity Research – Fearnley Securities who stated: "With charterers scrambling for tonnage ahead of the winter spot rates are now assessed at USD 85-90k/d thus already surpassing peak of last year. Moreover, terms for period business are even higher, suggesting very strong economics for owners with available tonnage. It is estimated that China sourced a total of 8 million tons of LNG from the spot market last year, and with expectations of another c. 20-25% increase in Chinese volumes this year we could see a similar demand boost for spot cargo in 2h18 as we saw last winter. Higher oil prices have also lifted Far East prices, effectively providing wider margins to trade on."

Mr. Jon Skule Storheill, CEO – Awilco LNG, said: "After four dismal years, the LNGC market turned in the winter of 2017/2018 and Owners' expectations for the coming years are high. Global LNG production is set to grow by 9 % p.a. the next four years, from 290 MT in 2017 to more than 400 MT in 2021. Triggered by strong demand growth in Asia, met by new supply predominantly from the US, ton-mile is expected to grow by 13 % p.a. in the same period. The current LNGC fleet and orderbook is therefore not sufficient to meet the expected incremental transportation demand. Awilco LNG is well positioned for the improving market."

Mr. Oystein M. Kalleklev, CEO and CFO – Flex LNG, stated: "The LNG market is in early phase of recovery and the long-term fundamental outlook is very strong due to the energy transition. There has also been a great technological transition from steam to motor ships over the last ten years and Flex LNG has a new fleet consisting of four vessels on the water and four under construction for delivery over the next two years. All our vessels are large and equipped with the modern two stroke propulsion providing substantial fuel efficiency compared to older LNG vessels. In order to benefit from the improved prospects for LNG shipping we have deliberately avoided long-term contracts so that we are in position to reap the benefits of the coming market improvements."

Mr. Alastair Maxwell, CFO – GasLog Ltd., stated: "The next several years should provide opportunities for GasLog to continue expanding its leading presence in LNG shipping while enhancing our ability to reward our shareholders, in our view. Demand for LNG has been strong this year, growing at approximately 9% thus far, and, as we look ahead, growth is forecast to remain firm through 2025 according to Wood Mackenzie. Equally importantly, this growth has been broad based across Asia and Europe in particular, while new LNG supply sources, especially out of the US but also other regions, have expanded ton-miles for the LNG trade. The increasing number of market participants and trade routes are also leading to greater LNG shipping intensity. These favorable dynamics drive our positive outlook for our business and for our ability to continue to deliver attractive total returns to our shareholders."

Capital Markets & Private Equity (Panel Discussion)

Moderator: Mr. Richard Hakes, Partner – Reed Smith LLP

Panelists:

- **Mr. Anders Meyerhoff**, Principal – Apax Partners
- **Mr. Jim Cirenza**, Managing Director – DNB Markets, Inc.
- **Mr. Rikard Vabo**, Managing Director, Corporate Finance – Fearnley Securities
- **Mr. Douglas Mavrinac**, Managing Director – Jefferies LLC
- **Mr. Paulo Almeida**, Portfolio Manager – Tufton Oceanic Ltd.

Mr. Richard Hakes, Partner – Reed Smith LLP chaired a panel discussing the benefits of private equity and other fund investors to the shipping industry, as well as some of the current investment trends. The panel discussed the investment opportunities and challenges facing the industry at the present time. In particular there was an interesting discussion of the changing role of non-bank investors and the way in which the depleted capacity of the traditional shipping banks has created an opportunity for investors to shift their focus from looking to take advantage of the perceived bottom of a cyclical industry to having a much greater and wider-ranging role. The panelists touched on a variety of structures – and the way that alternative investors can offer much more than just outright investments. Mr. Hakes noted that "real opportunities remain for strategic partnerships at every level of the shipping industry. In Reed Smith's role working with clients on some of the industry's most complex transactions it is very apparent to us that the need for bespoke sophisticated solutions and considered deal-selection is ever more important". The panelists also discussed the appetite of new participants in the industry and how the wider macroeconomic environment presented both a threat and an opportunity in equal measure.

Mr. Jim Cirenza, Managing Director – DNB Markets, Inc., stated: "The deadline for compliance with the IMO's sulphur cap less than 16 months away and the capital markets will play an important role. We are on course for 2,300 scrubbers by early 2020…… covering 15% of pre-2020 HFO bunker demand. Ship owners are making important decisions now, either as scrubberphiles or sceptics. All of this will have implications for fuel prices, scrapping, slow steaming, asset prices and opportunities for equity and fixed income investors, during this exciting period of time.
DNB will continue to play a critical role in shipping research, banking, sales, corporate access and investment banking services."

Mr. Paulo Almeida, Portfolio Manager – Tufton Oceanic Ltd., added: "I agree very much with the panelists that the lower availability of capital, especially bank debt, for shipping creates great opportunities. Our focus at Tufton is providing institutional investors access to these opportunities. Due to the supply-side improvement of the past few years in both shipping and shipbuilding, we believe that the current risk-return profile in shipping is superior to many other asset classes. We also believe Tufton is the only firm that offers institutional investors exposure to a diverse portfolio of ship types with low revenue volatility and low leverage. And we do so through both private funds and our London-listed fund."

Alternative Finance & Yield (Panel Discussion)
Moderator: Mr. Rolf Johan Ringdal, Partner – BAHR
Panelists:

- **Mr. Elias Sakellis**, Director – Australis Maritime Limited
- **Mr. Nicolas Duran**, Partner & Director Investment Banking - Fearnley Securities
- **Mr. Eirik Eide**, CFO – Ocean Yield
- **Mr. Richard Moore**, Co–Founder and Managing Director – RMK Maritime LLC
- **Mr. George Cambanis**, Managing Director – YieldStreet Marine Finance

The panel on "Alternative Finance & Yield", moderated by Partner **Rolf Johan Ringdal** of Lawfirm BAHR, Oslo, discussed the increasing relevance and importance of various leasing and fund initiatives at a time when traditional banks keep retreating from the financing of vessels and oil service units. Topics included differences between lessors in ownership and sponsorships, funding approaches and strategies, and the pros and cons of diversity and portfolio assessment versus focused segment approaches. Also discussed, was the role of, and some recent developments in relation to, Asian leasing companies. **Mr. Ringdal** stated: "I thought the panelists offered a lively discussion, which proved that providers of alternative finance are innovative players who, no doubt, will play an increasingly important role in the financing of the shipping and oil service industries."

Mr. Elias Sakellis, Director – Australis Maritime Limited, stated: "The last decade has seen a fundamental shift in ship financing, resulting in a structural undersupply of credit to the maritime industry. While banks, and increasingly leasing companies, will always play a significant role in the sector's capital structure, more flexible and versatile platforms will naturally find a place in the market, primarily focusing on high-quality small- to medium-sized owners and managers, who are increasingly finding themselves being underbanked. The focus for such platforms will be providing higher-leverage and flexible capital structures, as well as fast and reliable execution. Lowering such platforms' cost of capital over time, will be the ultimate differentiating factor. This is precisely how we have set up Australis Maritime."

Mr. Nicolas Duran, Partner & Director Investment Banking - Fearnley Securities, stated that "the shifts in the banking industry and ensuing diverging access to debt amongst ship owners and operators is creating some interesting dynamics where many will find themselves having to think in new ways about financing their assets. The flight to quality and cost of funding arbitrage means that many will have to rely on alternative finance solutions in seeking out reasonable leverage for their business. Whether it's to extend liquidity runway, free up capital for growth or simply refinance maturities, the alternative finance market has become a mainstay for the shipping industry and its importance is only likely to grow, making it highly relevant to everyone but the absolute top credits."

Mr. Eirik Eide, CFO – Ocean Yield the "dividend yield company", stated: "Ocean Yield is a diversified owner of modern, fuel-efficient vessels of 55 vessels operating in the oil-service and shipping sectors. The company's strategy of acquiring assets backed by long-term charters to creditworthy counterparties has created significant visibility into future earnings and dividend capacity. As of 30 June 2018, Ocean Yield had a contracted EBITDA backlog of USD 3.6 billion derived from a diverse portfolio of charters with and average weighted length of 11.3 years. Mr. Eide discussed the favorable market backdrop for completing new transactions and Ocean Yield's ambition to continue to expand its portfolio of vessels in order to maintain its long track record of returning value to the company's shareholders through dividends."

Mr. George Cambanis, Managing Director – YieldStreet Marine Finance, said: "For years banks paid depositors very little for their money. In fact, depositors paid banks to keep their money. Banks on the other hand lent out depositor

money at Libor plus a pittance. Visiting banks in London or Hamburg you would see a sea of people shuffling paper. Then when the banks went bankrupt the state went back to depositors to bail them out.
YieldStreet is a technology platform that onboards investors within minutes, seamlessly automates interest payments and tax documents, no manual intervention. Our mission is prosperity for all. Our investor money earns income of 8 to 18 percent."

Product Tankers Sector (Panel Discussion)
Moderator: Mr. Espen L. Fjermestad, Shipping Equity Research – Fearnley Securities
Panelists:

- **Mr. Kim Ullman**, CEO – Concordia Maritime
- **Mr. Marco Fiori**, CEO – d'Amico International Shipping S.A.
- **Mr. Eddie Valentis**, CEO – Pyxis Tankers
- **Mr. Christian Søgaard-Christensen**, CFO – TORM A/S

Mr. Espen L. Fjermestad, Shipping Equity Research – Fearnley Securities, said: "Product tankers should be well positioned to benefit from shifts as a result of the IMO 2020 mandate from i) demand uplift from increased shipments of clean products, ii) improved refining margins and utilization and iii) elevated scrapping potential. Before that, very modest supply growth and an improving crude market into 2019 should help lift rates from current low levels."

Mr. Marco Fiori, CEO – d'Amico International Shipping S.A., stated: '2018 has been a very tough market for product tankers. However, I still remain positive on the outlook of our industry as I think all the main long term fundamentals are pointing to a market rebound. The demand for refined products is expected to rise in the following years whilst the fleet net growth is at a historical low level. In addition to this, the 2020 new bunker regulations should provide a further boost to product tanker players. I think a rebound in freight rates is now not a question of "if" but a question of "when".'

Mr. Eddie Valentis, CEO – President and CEO of NASDAQ listed product tanker specialist Pyxis Tankers Inc. stated: "Disappointing year so far but we remain optimistic. All fundamentals point to a sustainable recovery in the product tanker sector as soon as seasonality kicks in later this year. Factors such as a historical low MR orderbook, acceleration of scrapping, firm oil demand driven by non-OECD growing economies, more export oriented refinery additions in the middle east and China which will result in healthy tone-mile demand increase and inventories (specially diesel) being below their 5 year averages all these point to a strong and sustainable rate recovery. More importantly the IMO2020 regulation is definitely a very interesting development in shipping from which we expect product tankers to benefit greatly from substantial movement of middle distillates. Overall, we still believe that later this year will be the start of a sustainable period for better market conditions."

Crude Oil Tankers Sector (Panel Discussion)
Moderator: Dr. Arlie G. Sterling, President & Co–Founder – Marsoft Inc.
Panelists:

- **Mr. Lars Barstad**, Commercial Director – Frontline Ltd.
- **Mrs. Lois Zabrocky**, President & CEO – International Seaways
- **Mr. Aristidis Alafouzos**, COO – Okeanis Eco Tankers Corp.
- **Mr. Robert Burke**, Partner & CEO – Ridgebury Tankers
- **Mr. Paul Durham**, CFO – Tsakos Energy Navigation

Dr. Arlie G. Sterling, President & Co–Founder – Marsoft Inc. shared Marsoft's Q3 2018 Tanker Market Outlook (see www.marsoft.com for market commentary) and posed these topics to the Panel:

- 2018 set a record, of sorts, for the crude tanker market. Average VLCC spot charter rates over the first six months of this year are the lowest on record (since 1980 anyway). Has the weak spot market limited your ability to take advantage of investment opportunities?
- Very slow growth in demand, driven mostly by surprising discipline on the part of OPEC, is the most important factor behind the weak rates in the first half of the year. Marsoft sees faster trade growth in the second half, primarily due to by stronger US exports. What other factors do you see that will drive faster demand growth over the next year?
- Fleet growth also contributed to the weakness in the first half of the year (even though scrapping grabbed the headlines). Marsoft expects the fleet to grow slowly over the next year as a result of slowing deliveries. That will also contribute to stronger charter rates. What are the factors driving fleet growth that you are watching?
- An improving market is good for all owners. What are your strengths vs. your competition which could mean you will outperform the market? Do scrubbers play a role?
- Escalating US/China trade tensions and Iran sanctions are adding new uncertainty to the outlook for the tanker market. Where do you see these issues moving over the next three months?

Mr. Lars Barstad, Commercial Director – Frontline Ltd., said: "At last years event, we where expecting a seasonal upturn, but also facing high fleet growth and an oil market where inventory draws suppressed freight demand. In sum the market looked challenging, unless we saw scrapping pick up. Now, a year later, the market is far more balanced and robust as older units have left the fleet and oil inventories have normalized. It's been a pleasure discussing the current market and the expectations ahead of IMO 2020 with representatives of fellow ship owners at Capital Link. What lies ahead is clearly a game changer for the industry across all asset classes, and will offer both challenges and opportunities. Uncertainty and volatility is something the tanker industry is used to, and many times thrives in. At Frontline we are very excited about the years ahead."

Mrs. Lois Zabrocky, President & CEO – International Seaways, stated: "After two years of nearly no scrapping and in light of the depressed rate environment, owners are making the tough decisions to remove less economic tonnage from the crude market, which together with a more favorable orderbook should markedly improve supply fundamentals. Global oil demand also remains strong and with continually decreasing inventory levels we see the real possibility of OPEC and Russia increasing production, contributing to a market recovery. Pending IMO 2020 regulations should also have a positive effect on the tanker market and the rate environment. We expect IMO 2020 regulations will boost demand for both crude and product tankers, as refinery margins increase and refineries produce more low Sulphur fuels and Middle distillates, increasing overall crude volumes and the seaborne transportation of petroleum products."

Mr. Robert Burke, Partner & CEO – Ridgebury Tankers, said: "It has been a very difficult time for tanker owners with rates under severe pressure, expensive retrofits and fuel price increases on the horizon in 2020, values under pressure and capital markets less than happy. It can be a very depressing environment to live in – yet this is the exact right time to invest and Capital Link has provided us owners with the exact right forum for owners to interact with capital that has the foresight to act in a counter cyclical fashion and invest into what appears to be an upcoming exciting period in the tanker market."

Mr. Paul Durham, CFO – Tsakos Energy Navigation, stated: "The crude tanker market has had a difficult year with spot rates at record lows mainly caused by speculative over-building of tankers. Our priority has been to ensure adequate liquidity, by placing most of our fleet on time charter with first class customers at rates that largely covered the operational and financial costs of the whole fleet. Despite encouraging signs of market recovery, with increasing crude production, high scrapping, a reduced order book and buoyant demand, it is a strategy we will maintain given impending sulphur regulations likely initially to bring severe disruption to the whole shipping sector, but which may also provide the catalysts for recovery."

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Founded in 1995, Capital Link is a New York based investor relations, financial communications and advisory firm with a strategic focus on the maritime, commodities and energy sectors, MLPs, as well as Closed-End Funds and ETFs. Based in **New York City,** Capital Link has presence in **London, Athens & Oslo**. **Capital Link is a member of the Baltic Exchange** and works very closely with the **New York Stock Exchange, NASDAQ** and the **London Stock Exchange** as well as with major international and supranational organizations and industry associations in the areas of the firm's strategic concentration.
Our proactive approach, which integrates **Investor Relations, Information Technology and Media**, enhances awareness and branding for our clients through tailored outreach programs targeting analysts, institutional and individual investors and the financial media complemented by extensive and uniquely powerful marketing platforms. **Capital Link offers a full suite of services including strategic and corporate advisory, investor relations, media relations, public and industry relations and the organization of corporate events. Capital Link is also known for the organization of** large scale, high quality **Investment Forums** focusing on maritime transportation and U.S. investment products in key industry centers, such as **New York, London, Athens, Limassol, Shanghai, Singapore and as of this year in Tokyo.** We organize twelve to fourteen conferences annually, of which seven are focused on the maritime sector. **The Capital Link Investment Forums** feature industry leaders and draw the elite of the global financial and investment communities. The **Capital Link brand** is widely-recognized and valued worldwide by participants in these communities for combining rich informational and educational content with as well as superior networking opportunities. In addition to conferences, **Capital Link organizes Webinars** focusing on investment strategies, sectors, critical topics of interest to the investment community and company presentations. Capital Link's **global marketing platform** enhances the visibility and reach of these events on a global scale that lasts well beyond the date on which each event is held, becoming a continuous reference point for market participants.
Capital Link's efforts have been recognized by the 2011 Lloyds's List Greek Shipping Awards, in 2012 and 2013 by the InterContinental Finance Magazine and in 2016 by the Wealth & Finance Magazine, Also, by the International Propeller Club of the United States and AHI-American Hellenic Institute.

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