



Capital Link
Singapore Maritime Forum

Tuesday, April 24, 2018 - The Westin Singapore



IN PARTNERSHIP WITH



CONFERENCE NOTES

CAPITAL LINK'S SINGAPORE MARITIME FORUM

Held with huge success 580+ delegates

TUESDAY, APRIL 24, 2018 AT THE WESTIN HOTEL, SINGAPORE

HELD IN CONJUNCTION WITH THE SINGAPORE MARITIME WEEK

FORUM'S MATERIAL

(presentations, speeches, photos, interviews and videos) is available at:

<http://forums.capitallink.com/shipping/2018singapore/index.html>

April 7, 2018

Capitalizing on the long established track record of organizing highly successful large scale maritime conferences in major industry centers around the world, the inaugural [Capital Link Singapore Maritime Forum](#) took place on **Tuesday, April 24, 2018 at the Westin Hotel, in Singapore, with huge success attracting 580+ delegates. The Forum was held in partnership with Columbia Shipmanagement and Singhai Marine Services. The event was held in conjunction with the Singapore Maritime Week.**

The Forum aimed to highlight the significant role of Singapore as the gateway to Asia and to the global shipping markets and the key factors behind Singapore's success. Furthermore, it discussed the developments and trends in the energy, commodities, the various shipping sectors, the global financial and capital markets, as well as issues pertaining to regulatory developments, technical and commercial fleet management. The Forum highlighted the competitive positioning and advantages of Singapore as a maritime hub.

The majority of the speakers and panelists were experts and top decision makers from global organizations. They came to Singapore prepared to address critical topics of interest to the industry and to interact with high level executives from the Singapore and regional shipping, chartering, commodity trading and finance communities.

As such, attendees of the [Capital Link Singapore Maritime Forum](#) experienced a high level of rich industry information and unique networking opportunities with key maritime industry players, including influential members from shipowners, investment and commercial banks, financial leasing companies, global traders of major dry bulk and energy commodities and senior executives from industry associations, legal, auditing and advisory firms, all in one event.

The Forum opened with Welcome Remarks by **Mr. Nicolas Bornozis**, President - Capital Link, who stated: "Capital Link is particularly proud to host its inaugural event in Singapore, a key hub for the global maritime industry. Singapore has been an amazing success story playing a critical role as a gateway both to the regional and global markets for shipping, finance, commodities trading and chartering and more. We are gratified to see the huge positive response to our event which we plan to host annually, as with all of other maritime events around the globe. Our event takes place at a particularly interesting time, as the shipping industry faces new challenges from increased regulatory oversight, technological advances, a new financial landscape and changing market dynamics. As always, challenges go hand in hand with opportunities and shipping has proved to be an industry capable to adjust and come out ahead. Let's not forget that shipping is the major artery for the global economy and world trade."



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Mr. Esben Poulsson, Chairman - International Chamber of Shipping; President - Singapore Shipping Association; Executive Chairman – ENESEL, in his opening remarks welcomed Capital Link to Singapore and mentioned the significance of the Singapore Maritime Week reminding that this was the first Maritime Week to take place on a global scale. He mentioned the challenges and opportunities created by the commercial and regulatory trends and the very rapidly changing technological advancements. He concluded by emphasizing the role of shipping to globalization and the world economy.

Keynote Address: “The Global Shipping Markets - Current Developments - Outlook & The Role of Asia”

The keynote speaker of the Forum was **Dr. Martin Stopford**, Non-Executive President - Clarkson Research Services Limited.

PANELS & PRESENTATION TOPICS

THE MARITIME INDUSTRY - GAME CHANGERS

A discussion among leading industry participants on the major regulations that will be in effect in the near future and their potential transformational impact on the industry. The panel focused mainly on environmental compliance but also touched upon broader topics such as technological innovation and operational efficiency.

Moderator:

Mr. Mark O’Neil, President & CEO - Columbia Marlow

Panelists:

- **Mr. Wei Zhuang**, Regional Manager, Asia – BIMCO
- **Mr. Arjun Batra**, Group Managing Director - Drewry
- **Mr. Tim Wilkins**, Regional Manager of Asia- Pacific - INTERTANKO
- **Mr. Valentios (Eddie) Valentis**, President/CEO - Pyxis Tankers
- **Mr. Martin Crawford-Brunt**, CEO - RightShip

Mr. Arjun Batra, Group Managing Director – Drewry said “Growth of energy demand is slowing due to the reduced energy intensity of the global economy. By mid-century, the world will run much more on electricity compared with today. IMO’s commitment to reducing Green House Gases emissions from International shipping by at least 50% by 2050 can only happen by decarbonisation of shipping and is a good example of what is happening across many Industries globally. A combination of renewables and energy efficiency will drastically reduce demand for fossil fuel. Fossil fuel-based energy and related industries will see increased disruption and price pressure. Sectors of the Shipping industry dependent upon transportation of fossil fuels will need to re-look at their long-term strategy.”

Mr. Valentios (Eddie) Valentis, President/CEO - Pyxis Tankers stated: “With game changer events soon approaching, shipping is once again on the verge of a major transition. September 2019 marks the end of the final extension provided to owners of existing tonnage for installing the ballast water management system and most importantly, the 1st of January 2020 marks the implementation of the IMO 2020 sulfur cap (0,5%) with which all ships must comply.

As far as Ballast Water Treatment systems are concerned, things are clear and the majority of shipping companies have one way or another programmed and budgeted for the upcoming retrofits. Regarding the latter i.e. IMO 2020 sulfur cap, things are dramatically different with the majority of owners not intending to retrofit scrubbers (considering the high cost and installation limitations) and therefore expect to rely on fuels that comply with the new regulation i.e. MGO or blends (HSFO+LSFO).

The big questions that need to be answered: Will the approved fuels be available to cater for the substantially increased projected demand? What will the price be, considering the increased demand? Will refiners be ready? What will be the market implications from the switch to the new fuel - will it be affected by the projected slow



steaming? What is the actual ROI for a scrubber? Will HSFO still exist after a few years? Will older vessels be scrapped? Is LNG the fuel of the future? What will be the further impact be of the expected revision in 2025? Owners are once again in the crossroad of major decisions and this time the stakes are very high."

Mr. Martin Crawford-Brunt, CEO – RightShip stated: "Investment decisions made today will be forced to comply with tomorrow's regulation. Fortunately there exists opportunities to get ahead of the game. Thanks to the GHG Rating we have data - right down to an individual vessel level - on fleet movements and emissions. We are able measure and benchmark emissions from shipping. We also know which countries, yards, and engines are building the more efficient vessels – we can even tell you the make of the engine. There is a plethora of readily-available data and information available that will help the industry keep ahead of the regulation curve – and many are already on board."

BLOCKCHAIN, CYBERSECURITY & DIGITALIZATION TRANSFORMING SHIPPING

- *Use of Cryptocurrency*
- *Protect from Digital Kidnap;*
- *Optimize Connectivity & Operational Efficiency;*
- *Digital transformation enables new data-driven business development opportunities across marine services & marine insurances*

Moderator:

Mr. Howard Hughes, CTO - Tototheo Maritime RIC

Panelists:

- **Mr. Stephen Cooper**, CEO - Fourth Insurance Office, Inc.
- **Mr. Johan Backas**, Managing Director, Eniram – A Wartsila Company
- **Mr. Mikael Lind**, Research Manager – RISE Viktoria; Chairman – PortCDM Council

Mr. Howard Hughes, CTO - Tototheo Maritime RIC stated: "Cyber Security is nothing new in the world of IT and Digitalization. However, while there is much discussion on what tools are required to start protection, there must be an understanding that a "black box" will not solve all problems. Any business must understand their data, the flow of that data and categorize it. Cyber Security is more than just having an understanding at an IT level. All security procedures must be reviewed and understood. Only then can the IT infrastructure be secured in an appropriate manner that will offer suitable protection. Threats to security can also come internally. Either by mistake or by malicious intent. Internal awareness for crew and office staff through training must not be overlooked. It is important to realize that this protection must be organic. It must grow with the company and with the ever changing threat landscape."

Mr. Stephen Cooper, CEO - Fourth Insurance Office, Inc. stated: "Cyber-insurance should not be confused with cyber-preparedness, and a good cyber policy will not reduce your chances of suffering a cyber-related business loss. Cyber-preparedness means remaining vigilant and informed and knowing the resources you will need when an incident is threatened or detected. A first and effective response to a cyber-incident requires informed leadership and expertise, and preparedness means knowing those experts and organizations that can help you identify and minimize loss. Know your options and make your choices now, and learn whether cyber-insurance can make this easier and less costly."

Mr. Johan Backas, Managing Director, Eniram – A Wartsila Company stated: "Digitalization with vast amount of associated opportunities to improve competitiveness in the marine industry is swiftly getting the attention of various industry stakeholders. Vast quantities of data available must be analysed efficiently and safely to provide relevant, and preferably actionable, insight to the people who need it, when they need it and where they need it. We at



Eniram – A Wärtsilä company create solutions that improve awareness of vessel operations both in real time and predictively to improve the total asset efficiency.”

Mr. Mikael Lind, Research Manager – RISE Viktoria; Chairman – PortCDM Council stated:

“Digitisation empowers the port to become connected in the global maritime ecosystem. Digitisation has been brought to the maritime sector to stay. This provides fantastic opportunities for enhanced connectivity between ships, people, and vessels where sea transports become integrated in multi-modal transport processes. However, sea transports is pursued in a self-organized eco-system with many autonomous actors acting in co-opetition. Importantly, trust and standardisation on technical and operational level need to be facilitated for a new data-sharing paradigm by trustful governance bodies. To balance a ship centric and port centric view, as in the European initiated Sea Traffic Management (STM) initiative, the International PortCDM Council has been brought forward for integration of port operations as part of sea transports.”

THE CHARTERERS' PERSPECTIVE

The Global Shipping, Commodities & Energy Markets.

Shipping is affected by developments in the global commodity and energy markets. The panel discussed cargo and trading flows, the role of Asia in global trading and the impact on shipping.

Moderator:

Mr. Frans van de Bospoort, Managing Director & Head of Shipping Finance Eastern Hemisphere – DVB Bank

Panelists:

- **Mr. Andrew Barker**, Asia Pacific Lead - Cargill
- **Mr. Bjorn Stignor**, General Manager - Golden Stena
- **Mr. Michael Nagler**, Head of Chartering - Noble
- **Mr. Rasmus Bach Nielsen**, Global Head of Wet Freight - Trafigura

Mr. Andrew Barker, Asia Pacific Lead – Cargill stated: “Fundamentals should improve the dry bulk markets, most notably with growing demand in ferrous and bauxite. However, new fuel standards, decarbonization and technology, are disrupting the industry and the longer-term impact is uncertain. To prepare for the shifts, Cargill seeks to continually improve the safety and efficiency of its chartered fleet. Our company strives to realize its purpose of nourishing the world in a safe, responsible and sustainable way. We aim to improve the efficiency of operations, modernize our chartered fleet of 600+ vessels and establish partnerships to positively impact our business and the wider industry.”

Mr. Rasmus Bach Nielsen, Global Head of Wet Freight – Trafigura stated: “Commodity trading requires significant scale, global reach, global infrastructure and a significant funding base. When it comes to the topic digitalization then we see this more as additive and evolutionary more than transformative and revolutionary. In other words, we think this will help us make better decisions. From a freight perspective then Trafigura will remain a significant spot charterer of 3rd party tonnage with 80% of all cargoes fixed externally. This is also regardless of a sizeable leasing position of 32 new crude/product tankers delivering primarily in 2019. What will change is less dependence on the time charter market.”

SINGAPORE AS AN INTERNATIONAL MARITIME HUB

Private & Public Partnership Moving Shipping Forward

Singapore has become a major hub for the global shipping industry, a gateway to the Asian and world markets for shipping, commodities and finance. A partnership and close cooperation among government, unions, shipowners and shipmanagers moves the industry forward. The panel discussed the factors behind this success and what lies ahead.

Moderator:

Mr. Terence Zhao, President - Singhai Marine Services



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Panelists:

- **Mr. Stephen Cotton**, General Secretary – ITF
- **Mr. Yan Xiankai**, Group CEO & Chairman – Bilesea Group
- **Mr. Sheshashayee Venkatraman**, CEO – Miclyn Express Offshore
- **Ms. Tan Beng Tee**, Assistant Chief Executive (Development) – MPA
- **Ms. Lisa Teo**, Executive Director (Corporate Development) – Pacific International Lines (PTE) Ltd

President Singhai Marine Services, **Mr. Terence Zhao**, mentioned that it is a very appropriate time to discuss Singapore's role in shaping the private & public partner business model in the maritime industry. **Mr. Terence Zhao** highlighted that the private & public partner business model is not new in the Singapore maritime industry. In fact, it is the essence of Singapore's past success and potentially the road for and to the future. For the public side of this model, the Maritime and Port Authority of Singapore is the driving force behind Singapore's current status as an International Maritime Centre. This accolade was attained after growing continuously and successfully over the past few decades. **Mr. Terence Zhao** expressed confidence that the Maritime Port Authority can ride on their past achievements and continue to adopt appropriate strategies to tackle challenges and leverage on opportunities presented in the fast-changing environment brought by changes of global economics and energy use, and by advances in technology. **Mr. Terence Zhao** hoped that the panel had provided valuable insights on how Singapore could further develop closer partnership and cooperation among government, unions, ship owners and managers to move the shipping industry forward and enhance Singapore's role as an International Maritime Centre.

Mr. Yan Xiankai, Group CEO & Chairman – Bilesea Group stated: "Singapore has been successful for the past decades, partly due to its national strategic plan from the beginning and its focused execution for its maritime industry. With IMC2030, Singapore, taking itself as maritime ecosystem, is repositioning itself for connectivity, talent and innovation. Singapore government played an important role in the past and will do so in the coming decades for its transparency, Efficiency and forward looking.

In response to IMC2030, some Key maritime university alumni set up Unimex.org limited in Singapore early this year. Unimex stands for universal maritime elites exchange. It's targeting to build the world largest partnership for maritime alumni including maritime professionals, maritime students and faculties as well. It'll be a unique maritime ecosystem cultivated by and for maritime alumni, to help all participants in maritime industry for its sustained success. Unimex believes that participation creates value and continuous involvement captures values."

Mr. Sheshashayee Venkatraman, CEO – Miclyn Express Offshore stated: "The offshore market has just completed 45 months in the worst downturn in history. Unfortunately, there does not seem to be an end in sight, as yet. The only ray of optimism is in that the market seems to have bottomed out - leading to an expectation of recovery. Companies will need to hold on and find new paradigms to continue to survive. Is recovery inevitable? I believe yes, but it will be gradual and not without slidebacks. While dealing with the market, companies will need to manage their lenders and find ways to restructure their financial liabilities to give themselves sufficient runway. In such a situation, management teams will be the primary differentiator – the capable ones will weather the storm and emerge stronger and better prepared to ride the next wave.

Ms. Tan Beng Tee, Assistant Chief Executive (Development) – MPA shared the objectives and key projects under the Industry Transformation Map (ITM) for the Sea Transport sector which was launched by MPA in January 2018. She said that "the ITM demonstrates the close collaboration amongst the various stakeholders - government, business and labour movement to advance the interests of the maritime community to the benefit of all. Such collective efforts would help realize the vision of Singapore to be the global maritime hub for connectivity, innovation and talent."

Ms. Lisa Teo, Executive Director (Corporate Development) – Pacific International Lines (PTE) Ltd stated: "As Singapore's only remaining container line, we at Pacific International Lines, make a conscious decision to continue



flying the flag for Singapore on the international stage. We can say there is an emotional attachment to Singapore but we stay in Singapore for very sound and rational business reasons.

Singapore continues to serve as the gateway for businesses to regional and global markets.

As long as Singapore remains committed to promoting the maritime sector as a strategic national interest and continues to adopt pro-business fiscal and economic policies which support maritime business, we believe Singapore will remain an attractive maritime centre to international businesses.”

THE FUTURE OF SHIPPING

A Roundtable discussion among industry leaders

- *A high-level discussion on the evolution of the shipping industry, the main industry drivers, opportunities and challenges for the shipping industry across the board.*
- *Shipping markets outlook, energy and commodity flows, investment opportunities, access to capital, the impact of technology, operational and regulatory challenges and more*

Moderator:

Ms. Mei Lin Goh, Partner - Watson Farley & Williams

Panelists:

- **Mr. Michael Parker**, Industry Head, Global Shipping & Logistics and Chairman, EMEA Corporate Banking - Citi
- **Dr. Martin Stopford**, Non-Executive President – Clarkson Research Services Limited
- **Mr. Jeremy Nixon**, CEO – Ocean Network Express
- **Dr. Nikos Tsakos**, President & CEO – Tsakos Energy Navigation; Chairman – INTERTANKO
- **Mr. Esben Poulsen**, Chairman, International Chamber of Shipping; President – Singapore Shipping Association; Executive Chairman -ENESEL

Mr. Jeremy Nixon, CEO – Ocean Network Express stated: “Jeremy Nixon is the CEO of Ocean Network Express (ONE) which is a new liner company formed post the recent consolidation of KL, MOL and NYK Group’s container divisions. They are now the 6th largest and have their global headquarters in Singapore. Issues that were addressed included the latest challenges of today’s liner shipping market, and the need for companies to have a clear go to market strategy. Also the need for shipping, as the servant of global trade, to continue to be allowed to operate on a level playing field with full international government support.”

FINANCIAL LEASING AS MAINSTREAM FINANCE

Leasing Alternatives Throughout Asia

Financial Leasing has become a dominant form of ship finance for the Asian & International Shipping Industry. The panel discussed the outlook for further growth with new market entrants and players, where new capital can come from, what types of deals and owners can qualify for leasing and joint ventures between leasing firms & cargo owners. It also discussed the various financial leasing options available throughout Asia and the experience of shipping companies who have used them.

Moderator:

Mr. Conor Warde, Partner – Mayer Brown JSM

Panelists:

- **Mr. Justin Sharp**, Executive Director, Head of Structured Asset Finance, Asia – Commonwealth Bank of Australia
- **Ms. Uta Urbaniak**, Chief Financial Officer – Epic Gas
- **Mr. James Stove-Lorentzen**, Jr., Managing Partner - NorthCape Pte Ltd
- **Mr. Terry Chen (Zeping)**, Head of Shipping, Offshore & Logistics - Taiping & Sinopec Financial Leasing Co., Ltd

Mr. Conor Warde, Partner – Mayer Brown JSM stated: “Leasing companies, particularly those based in China, have had a significant impact on the maritime industry over the last number of years and they will be important players in the future as well. As these companies continue to develop their portfolios they are becoming increasingly selective



about the quality and volume of the deals in which they are involved. Despite this increasing selectivity, there is no question that these companies have and will continue to be a critical source of funding for shipowners around the world.”

Mr. Justin Sharp, Executive Director, Head of Structured Asset Finance, Asia – Commonwealth Bank of Australia stated: “Our focus remains on developing long term relationships for our shipping portfolio. This has been with leading shipping companies and also the financial leasing companies. The market position and involvement of the financial leasing companies continues to grow and support the capital requirement of the shipping sector.”

Ms. Uta Urbaniak, Chief Financial Officer – Epic Gas stated: “Epic Gas successfully raised over \$300 million of traditional bank debt with European banks over the last 4 years despite a general tightness in the ship finance market. We expanded into the Japanese finance market at competitive terms and are keen to grow our financing sources further.”

Mr. James Stove-Lorentzen, Jr., Managing Partner - NorthCape Pte Ltd stated: “Total drawdown from Chinese financial institutions was more than \$16 billion in 2017, of which more than 70% was from Chinese leasing companies. Over the past nine years the Chinese banks have taken a 20% share of the global ship financing market from the traditional shipping banks and two of the top three banks are now Chinese. The funding from the Chinese leasing institutions have been particular attractive because of higher LTV, longer tenors and profiles, and the ability to fully underwrite transactions in excess of USD 1 billion. In the past six years NorthCape have concluded 37 separate transaction for more than 100 assets and with transaction value in excess of USD 11 billion.”

GLOBAL SHIPPING BANKS & THE AVAILABILITY OF FINANCE FOR THE SHIPPING INDUSTRY

- *Banks have been the traditional source of finance for the shipping industry - how major shipping banks deal with new regulatory and market challenges.*
- *Is the bank finance market shrinking or growing? Is new capital available for the industry? Who can qualify for bank finance and at what cost and terms?*

Moderator:

Mr. John Forrester, Partner - Holman Fenwick, Willan

Panelists:

- **Mr. Joep Gorgels**, Global Head of Shipping - ABN AMRO
- **Mr. Michael Parker**, Industry Head, Global Shipping & Logistics and Chairman EMEA Corporate Banking - Citi
- **Mr. Christian Niewandt**, Global Head of Shipping - HSH Nordbank
- **Mr. Tobias Zehnter**, Global head of Shipping - NORD L/B

Mr. John Forrester, Partner - Holman Fenwick, Willan introduced the panellists and asked for their views on the challenges they face in the current market, particularly on the regulatory side. Apart from regulations imposed by external banking regulators, he was interested to hear how the banks' own internal regulations affect lending and about the impact of regulations in the shipping industry more generally, such as on emissions and water ballast treatment. He asked whether, on balance, regulation is all bad. After asking whether the bank finance market is shrinking or growing, he went on to explore alternative sources of capital and ended with a discussion on the criteria for obtaining bank finance.

Mr. Christian Niewandt, Global Head of Shipping - HSH Nordbank stated: “After almost ten years of restructuring the privatisation of the bank has created a basically clean vehicle ready for new business with existing and new clients on a global basis.



We have learnt our bitter lessons when it comes to the complex risks in shipping. This will help us to rebuild a strong and shock resistant portfolio with good names and good structures as we continue to believe in the future of shipping being an integral part of the globalisation.

We are open to corporate backed structures as well as asset oriented deals. The current environment offers a wide range of opportunities which is further fuelled by the decision of numerous banks to quit shipping.

Since we are no longer under pressure to book business at any rate we enjoy the comfortable situation to say no if needed.”

ALTERNATIVE FINANCE & PRIVATE EQUITY

- *Are there sources of capital beyond bank finance & financial leasing?*
- *New & Alternative Sources of Capital for Projects & Smaller Owners*
- *Credit Funds - Debt Finance & Structured Equity - Private Equity*

Moderator:

Mr. Gregg Johnston, Partner – Stephenson Harwood (Singapore) Alliance

Panelists:

- **Mr. Nicholas E. Meer**, CFA, Managing Director, Global Transportation Group – J.P. Morgan Asset Management - Alternatives
- **Mr. Martin Hugger**, Managing Director - Meerbaum Capital Solutions Inc.
- **Mr. Philip Clausius**, Founder & Managing Partner - Transport Capital Pte Ltd

Mr. Gregg Johnston, Partner – Stephenson Harwood (Singapore) Alliance chaired a panel on Private Equity and Alternative Finance in Asian based shipping. Conversation points touched up shipping finance following aviation finance with the growth of alternatives to senior bank finance. The panel discussed whether regulation change could create more opportunities for alternative financiers and whether current market conditions across traditional shipping were attractive to Private Equity.

Mr. Martin Hugger, Managing Director - Meerbaum Capital Solutions Inc. commented: “While shipping market are recovering, traditional banks that left the industry, don’t seem to be coming back and the ones that stayed, are very focused and often shrinking their portfolios. Alternative finance providers are filling the gap. We give quick guidance on projects, are fast in decision making, flexible to respond to changing needs and circumstances and reliable in transacting. Many clients saw us initially as a bridge to the future, but learned to value speediness, responsiveness and flexibility and keep coming back with their projects.”

ONE BELT ONE ROAD & BEYOND - THE MARITIME CONTEXT

The section remarks were made by **Mr. Benjamin Wong**, Head of Transport & Industrial – InvestHK who stated: “With over 150 years of maritime development, Hong Kong has one of the world’s largest shipping communities. Hong Kong is also the world’s freest economy, with free trade, free market, free flow of capital and stable and freely convertible currency.

Our low and simple tax regime provides an attractive business environment including profits tax exemption for international shipping operations and double taxation relief arrangements covering shipping income with 45 trading partners, entrenching Hong Kong’s position as a diversified international maritime centre.”

LPG SECTOR

Panel Discussion

Moderator:

Mr. Torben S. Pedersen, Managing Director - Fearngas (Singapore) Pte Ltd



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- **Mr. Niels Rigault**, SVP Commercial - BW LPG
- **Mr. Su Bin**, CEO – Pacific Gas

Mr. Torben S. Pedersen, Managing Director - Feargas (Singapore) Pte Ltd stated:

“The VLGC market is presently at an all-time low.

The spot market return today, basis full employment and zero downtime, is at about USD 4,700 PD.

The VLGC fleet today counts 267 vessels.

30 of these vessels are more than 25 years old.

There are 37 confirmed new buildings, equal to about 14 pct of the present fleet.

In light of the very low market and imminent trading restrictions (water ballast and exhaust emissions), is this enough to discourage Owners from taking their vessels thru 4th and 5th special surveys?

As a consequence, will we see enough VLGCs being recycled in the next 1-2 years to make a real difference in the VLGC supply/demand balance?

New Panama Canal

As highlighted by many in our industry, the new Panama Canal may reach its full VLGC capacity in the near future.

Is this being taken into account when Owners are making their investment decisions?

Oil Majors and Trader making larger direct and indirect investments in the VLGC market segment.

This includes companies such as Shell, Chevron, Statoil, P66, Oriental Energy, Astomos, Gyxis, Eneos Globe, Petredec, Geogas, Vitol, Trafigura, Gunvor and Vilma.

What will the impact of this be vis-a-vis market pricing? And will the traditional Owners be able to offer transport solutions to such customers whereby preventing further VLGC ordering by Majors and Traders??

Finally, 2 points over which no market participant have any control.

-The possibility that USA do not to agree to extend current Iran sanctions package on 11th May 2018, and

-The possible additional implementation of USA/China trade tariffs.

If one or both of these possibilities were to happen, what will the possible impact be for the VLGC's?"

Mr. Su Bin, CEO – Pacific Gas stated: “China has made remarkable progress in recent years in relation to country's transformation of its energy mix and has thus far played a leading role towards its global commitment of a green and low-carbon future. We believe that the Chinese gas marketing is huge potential. The path China takes will have a profound impact on global markets, trade and investment flows, technology costs and the achievement of shared global goals. We believe seaborne transportation of LPG as well as LNG will remain one of the cheapest and most efficient global solutions to address China's ever-increasing demand for green and low-carbon energy.”

TANKER SECTOR

Panel Discussion

Moderator:

Mr. Ben Nolan, Managing Director – Stifel Financial Corp.

Panelists:

- **Mr. Marco Fiori**, CEO – d'Amico International Shipping
- **Dr. Anil Sharma**, President & CEO – GMS
- **Mr. Andrew Hoare**, COO – Navig8 Group
- **Mr. Robert Burke**, CEO – Ridgebury Tankers



Mr. Ben Nolan, Managing Director – Stifel Financial Corp. stated: “The sea will never rest which is why shipping is wonderful and painful but always exciting. We believe that capital markets are quickly evolving with respect to the industry and those companies who are both nimble and focus on being good stewards of capital should be successful.”

Mr. Marco Fiori, CEO – d’Amico International Shipping stated: “I am firmly convinced the product tanker market is finally heading towards a positive cycle. In fact, all the fundamentals are pointing to the right direction, with all the variables aligned for rate improvements. In particular, a strong oil consumption is expected for 2018, also on the back of the estimated growth in global economic activity. This will obviously provide further benefit to the demand for seaborne transportation of refined products. The global refining industry has undergone a structural shift over the last years with refining capacity moving far from some of the key consuming centers and towards some of the main points of extraction, mainly in the Middle East. This phenomenon has been driving ton-mile demand for product tankers and it is expected to further consolidate with new export oriented refinery capacity coming on line. The high level of product inventories, which has been depressing demand for the last two years, seems to be finally coming to a more manageable level. All these positive factors should support demand and they are coupled with a very limited supply growth expected for the next coming years.”

Mr. Andrew Hoare, COO – Navig8 Group stated: “Whilst tanker operators continue to face more than their fair share of uncertainty, particularly around OPEC production levels and US shale oil development, it has become increasingly more evident that IMO 2020 regulations will have a significant impact on our markets. Operators who prepare accordingly stand to benefit.”

Mr. Robert Burke, CEO – Ridgebury Tankers stated: “In the next few years the tanker market will be going through a series of changes that will have significant impact on rates, capacity, financial returns and fleet profiles. The combined effect of the pending and overlapping 2020 emissions and BWTS regulations have little precedent on which to look back upon and calculate an outcome. The constant drumbeat but unpredictable levels of increased shale production, US exports, OPEC cuts combined with regulatory change make projections all the more difficult. Even in this difficult tanker market owners can’t hold back from placing large bets on what will happen in the next few years. For the adrenaline addicted tanker owners the anticipated volatility of the next few years should make it a fun time to be in the market!”

DRY BULK/DRY CARGO SECTOR

Panel Discussion

Moderator:

Mr. Gautam Khurana, Director – Drewry Maritime Financial Research

Panelists:

- **Mr. Kyriakos Panayides**, Managing Director – AAL Shipping
- **Mr. Reginald Sequeira**, Head of Bulk Carrier Business Unit – Great Eastern Shipping Co. Ltd.
- **Mr. Martyn Wade**, CEO – Grindrod Shipping Pte. Ltd
- **Mr. Mats Berglund**, CEO – Pacific Basin
- **Mr. Khalid Hashim**, Managing Director – Precious Shipping

Mr. Gautam Khurana, Director – Drewry Maritime Financial Research stated: “The belt and road initiative is expected to boost dry-bulk shipping demand as most of the regions along the BRI are steel deficient. The BRI should also boost demand for other dry-bulk commodities such as cement, bauxite, alumina, aggregates, sand and phosphate rock. On the other hand, the spectre of protectionism risks derailing global growth and may prove to be a dampener for markets as the uncertain climate could crimp investment over the short term.



Mr. Kyriakos Panayides, Managing Director – AAL Shipping stated: “The Multipurpose Shipping segment witnessed an unprecedented period of consolidation over the past years and that trend looks set to continue. Freight rates reached to unsustainably low levels by fierce competition within, as well as from cheap pricing by desperate Bulk Carriers with lower operating costs. With record low projects by Oil & Gas in the past two years, only few Project carriers made it through the ‘perfect storm’. The segment was left alone with no financing model in place from both investors and financiers to support it, failing to understand the complexity of our sector. I guess that’s the price we are paying for being a specialised sector... we simply cannot have it all.”

Mr. Reginald Sequeira, Head of Bulk Carrier Business Unit – Great Eastern Shipping Co. Ltd. stated: “After several years of unabated supply we have just started seeing a moderating fleet growth. There is also a trend of global economic and trade growth. The supply-demand balance, therefore, suggests a cautiously optimistic scenario for Dry Bulk Shipping in the foreseeable future.

However, the upcoming 2020 regulations on sulphur emissions and longer-term controls on GHG emissions pose difficult questions for ship-owners as to what is the right technology to meet new regulations. The cumulative burden of all regulations cannot be left only at the doors of ship-owners. Collective efforts are needed from all interested parties of the industry in finding sustainable solutions. Owners need to exercise restraint in ordering new ships and add to the expanded fleet, without finding viable answers to the long-term challenges of regulatory changes.

Great Eastern Shipping Co., over nearly seven decades of its successful operation, has tried to build a strong balance sheet by dynamically managing market cycles and by operating a diversified fleet backed by in-house commercial and technical management and supported by strong relationships built over the years with charterers, shipyards and lenders.”

Mr. Khalid Hashim, Managing Director – Precious Shipping stated: “With the low sulphur fuel oil deadline of 1st January 2020 rapidly approaching, Scrubbers, an out dated technology are being thrust on ship owners as a costly solution when the option to burn low sulphur fuel oil is on the table. If we examine the statistics we see that at the end of March 2018 there were less than 0.30% of ships that were scrubber fitted/ready out of the 95,000+ vessels that need to comply with the new legislation. Even if the scrubber fitted/ready ships figure trebles by the time we reach 1st January 2020, it will be just 1% of the existing world fleet of about 95,000+ ships. With such a low number of potential clients, we don’t think that any of the oil majors would continue to produce high sulphur fuel oil when the prospects for sales of the same are going to be so limited. Not only that, the oil majors would then have to invest in dedicated pipelines, storage tanks and bunker delivery vehicles like tankers that would be solely dedicated/doing the dirty high sulphur fuel oil trade. This looks like a classic case of too much investment for too little, and very uncertain, returns. High sulphur fuel oil, if it is available post 1st January 2020, would likely be sold, not at a discount, but at a premium to low sulphur fuel oil! Owners have voted with their pocket books and made clear that there is only low sulphur fuel oil that is an acceptable/palatable solution.”

FORUM’S MATERIAL

The material of the Forum (presentations, speeches, photos, interviews and videos) is available at:
<http://forums.capitallink.com/shipping/2018singapore/index.html>

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