

Shipping Markets - Trends and Outlook

Capital Link – October 2024



Nils Olav Furre Thommesen

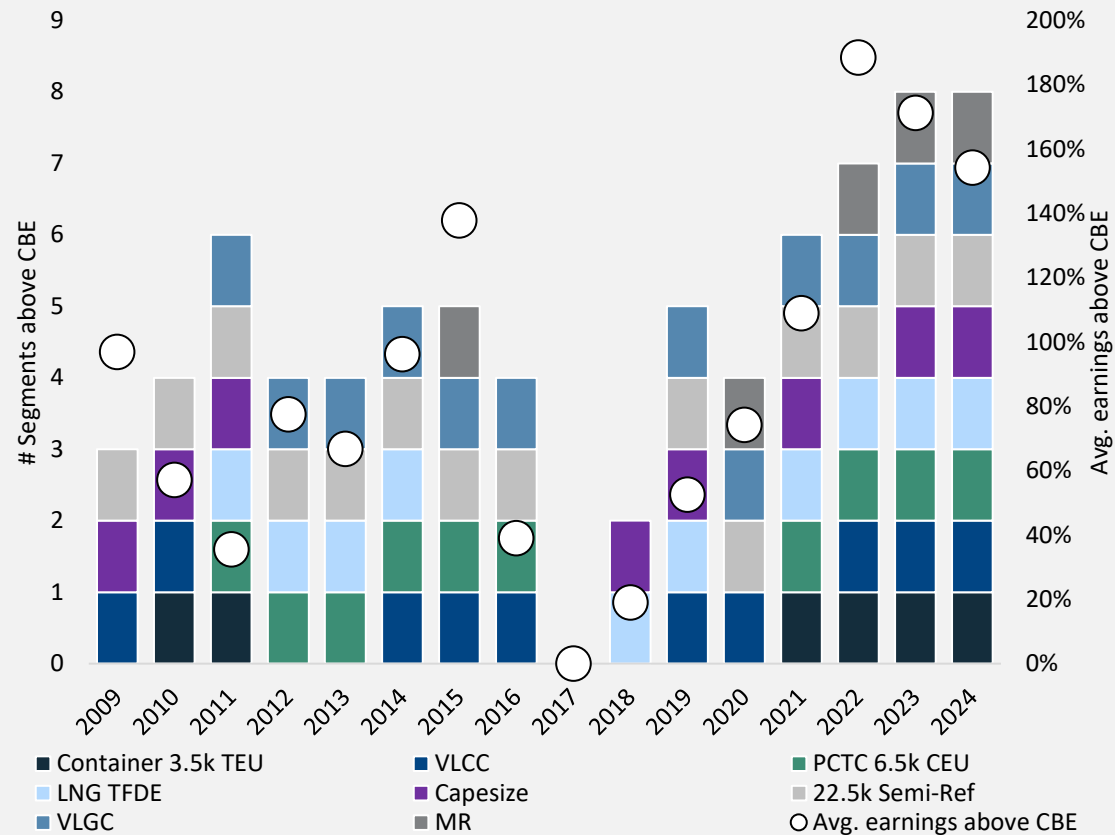
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Shipping Markets – Trends and Outlook

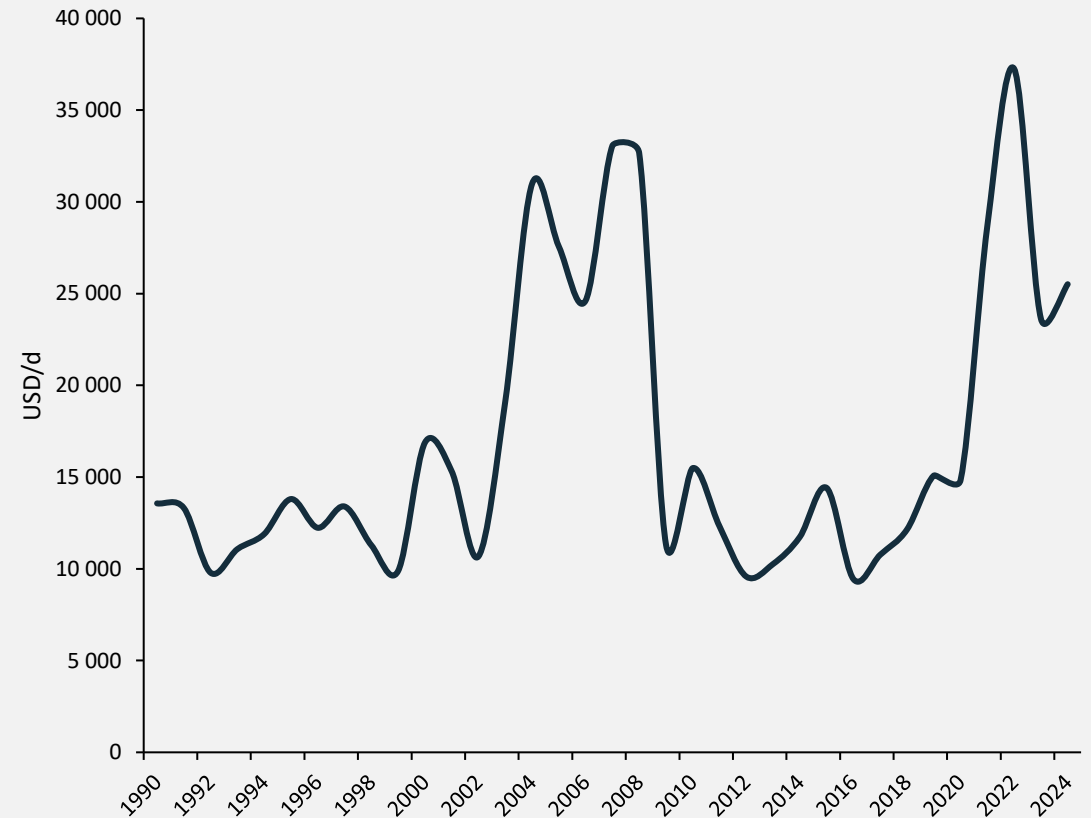
Strong shipping markets on the back of firm demand side and lack of supply growth



Shipping Segments Earning Above Cash Break-even Levels



Shipping Rates Continue Positive Momentum



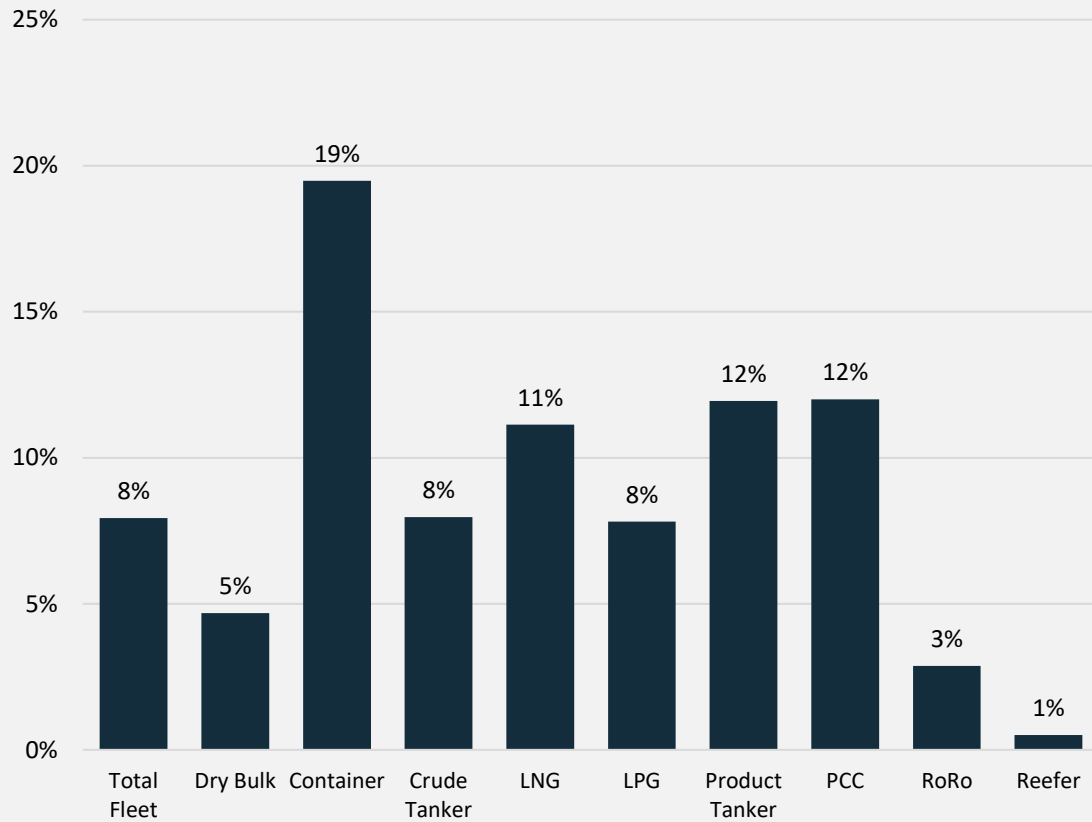
Source: SIN, Fearnleys

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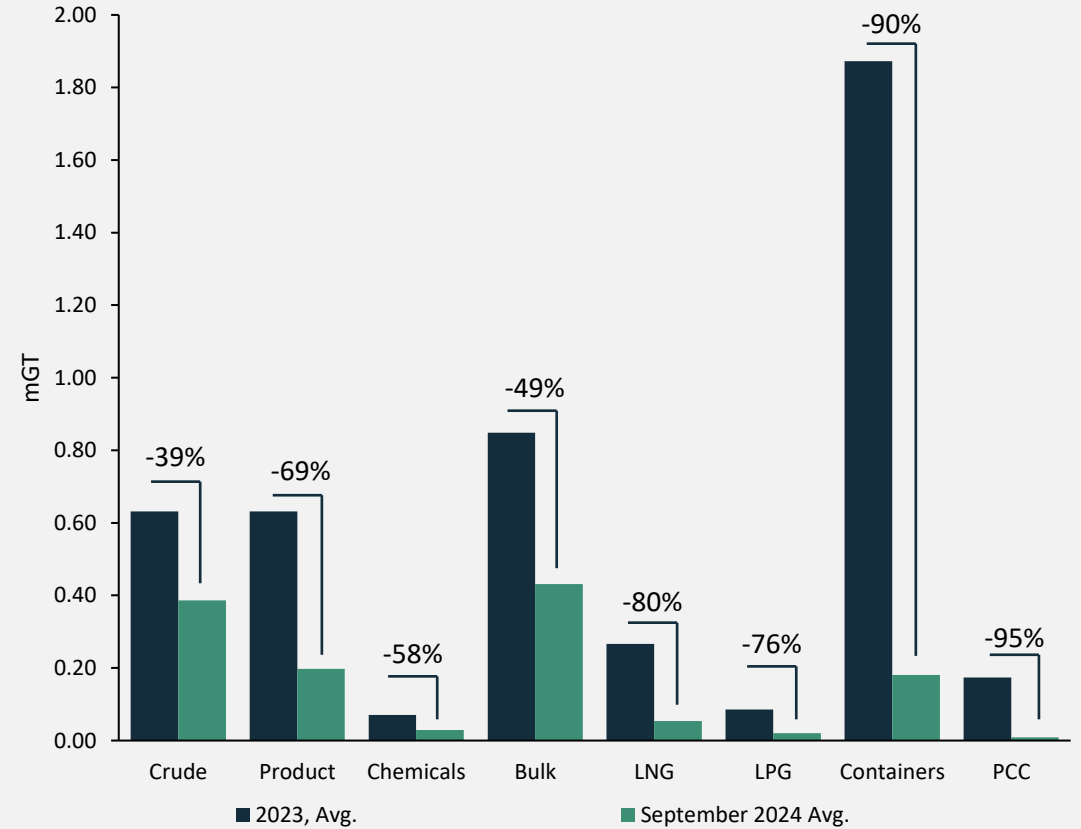
Closure of Suez Canal has positively impacted shipping freight



2023 avg. % of fleet going through Suez (in DWT terms)



Suez Canal Transit Remain Significantly Lower y/y



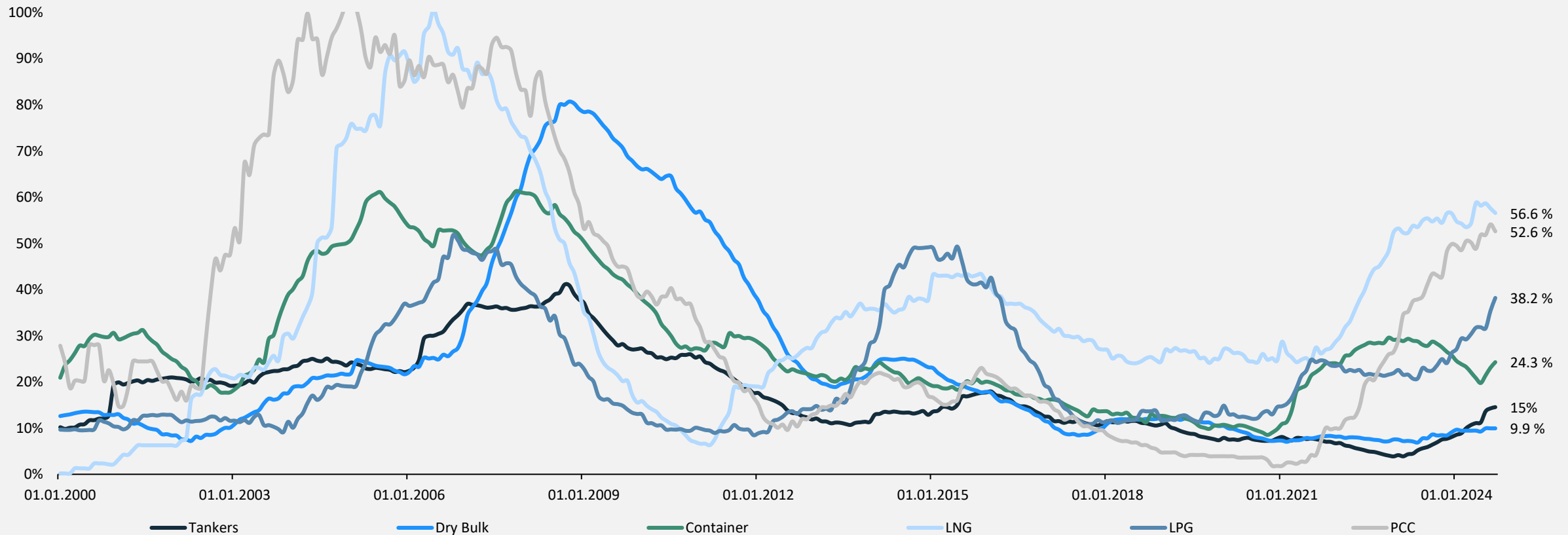
Source: SIN, Fearnleys

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Orderbook is growing, but average levels are still below late 2000's – tankers and dry bulk OBs remain conservative



OB/Fleet by Segment



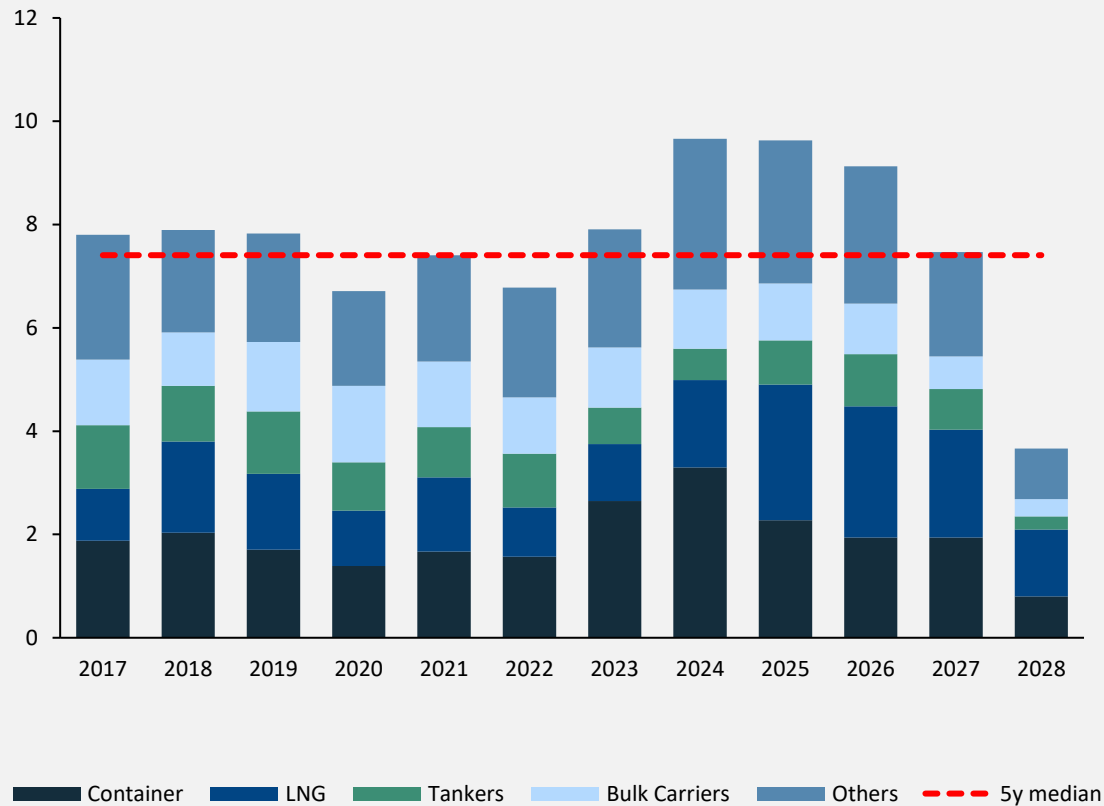
Source: SIN, Fearnleys

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Yard slot availability for 2027 is coming down – most segments must look to 2028 for meaningful orders



Global Shipping Deliveries by Segment (CGT)



Average Age of Global Fleet Implies Huge Replacement Needs



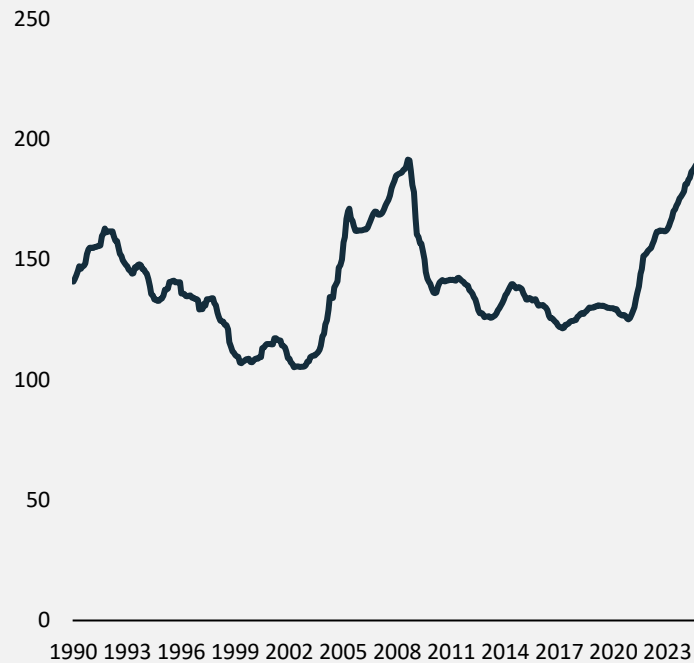
Source: SIN, Fearnleys

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Asset values pushed higher by strong earnings and soaring newbuilding prices



Newbuilding Price Index



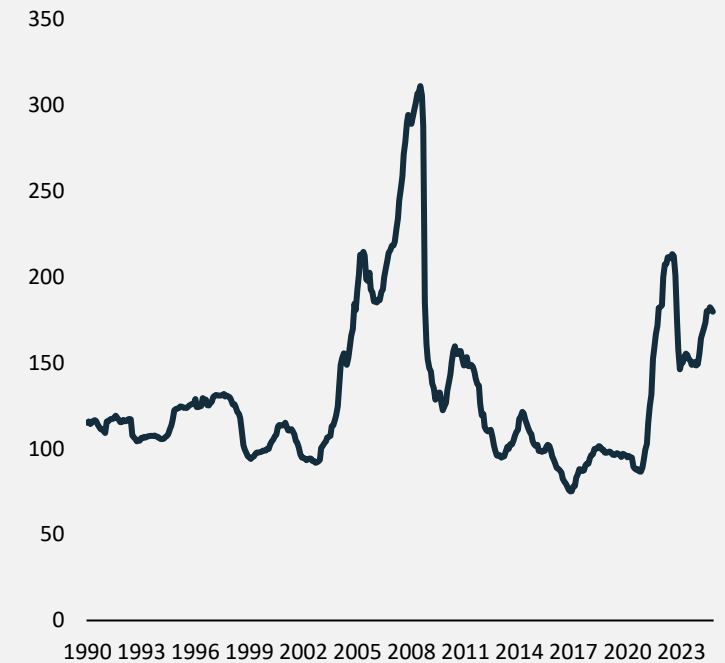
Newbuilding prices remain high due to inflation and limited yard capacity

Global Shipyard Forward Coverage



Strong backlogs for yards on the back of contracting activity across segments

Secondhand Price Index



NB prices and rates drive up secondhand prices

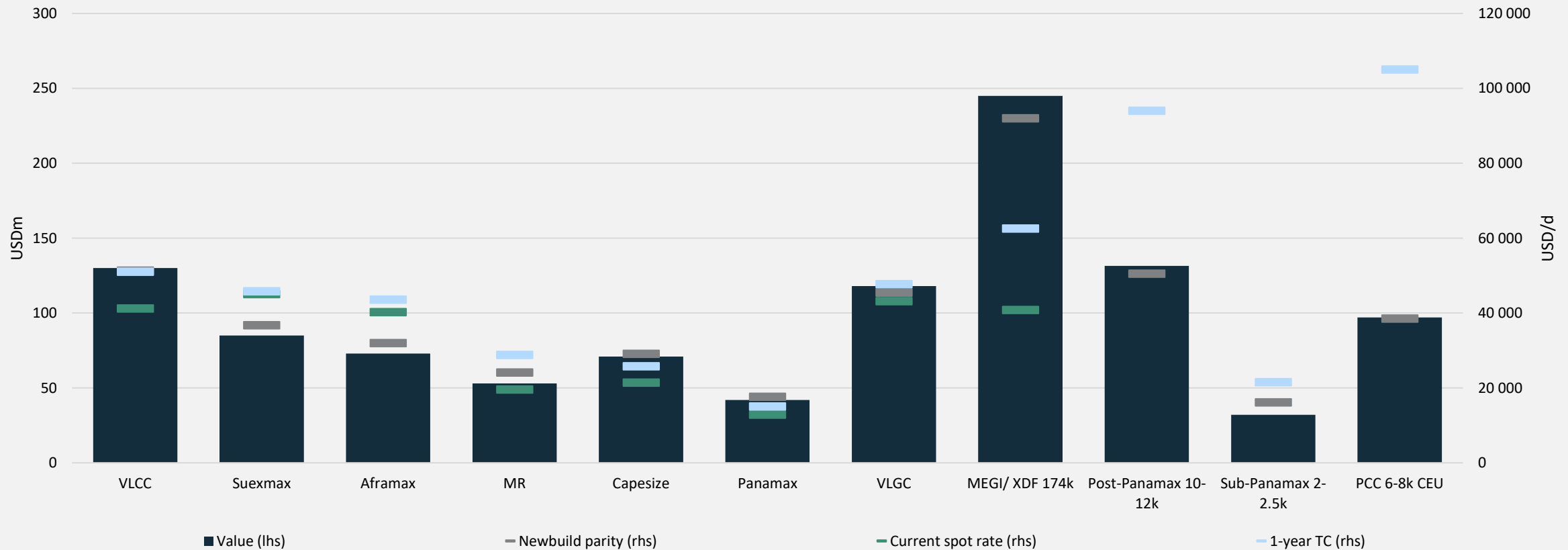
Source: SIN

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Spot rates currently below NB parity and 1-year TCs – will we see continued NB contracting?



Newbuilding Cost and Current Rates - Spot (Largely) Lower than 1-year TCs



Source: SIN, Fearnleys

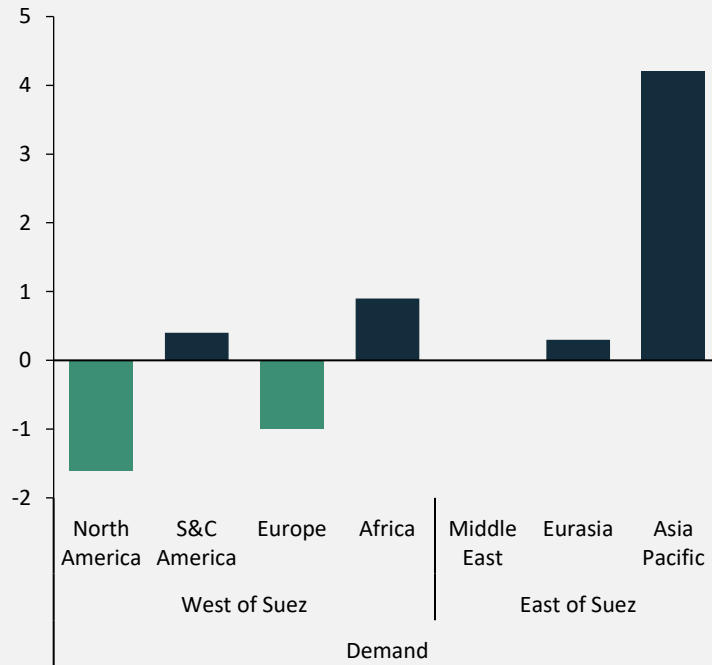
Note: Newbuild parity rate assumes 10% WACC, 95% utilization, scrap USD 450/t and a lifetime of the asset depending on the vessel

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Tankers – Supply/Demand

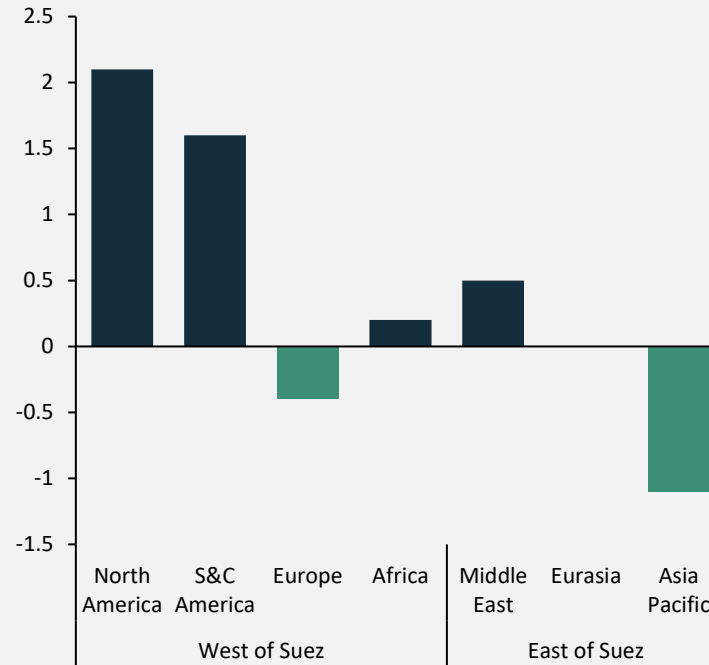


Oil Demand Growth 2023-2030 by Region



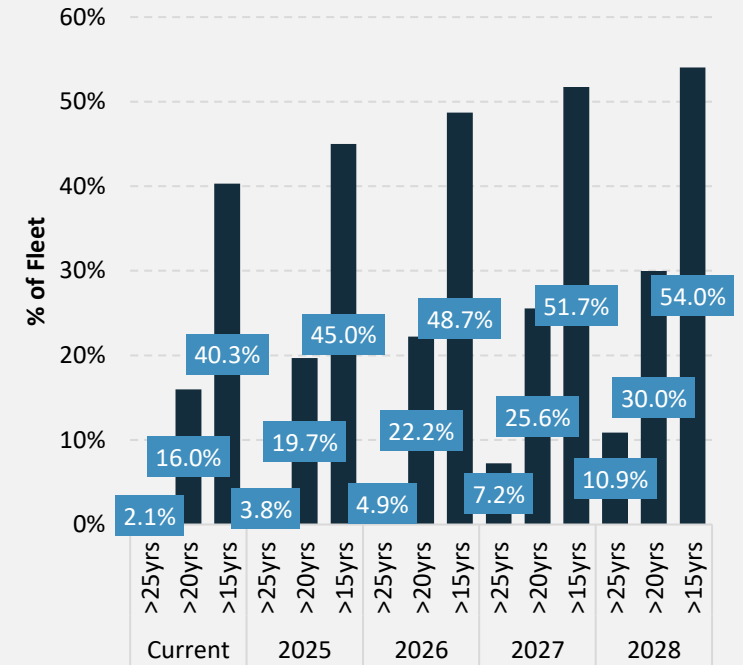
Demand growth for oil set to continue...

Oil Supply Growth 2023-2030 by Region



...with geographical imbalances in supply/demand growth supporting a strong tanker market

Tankers - Scrapping Candidates



Massive phase-out potential – peak oil in 2030 (or earlier) reflected in current orderbook

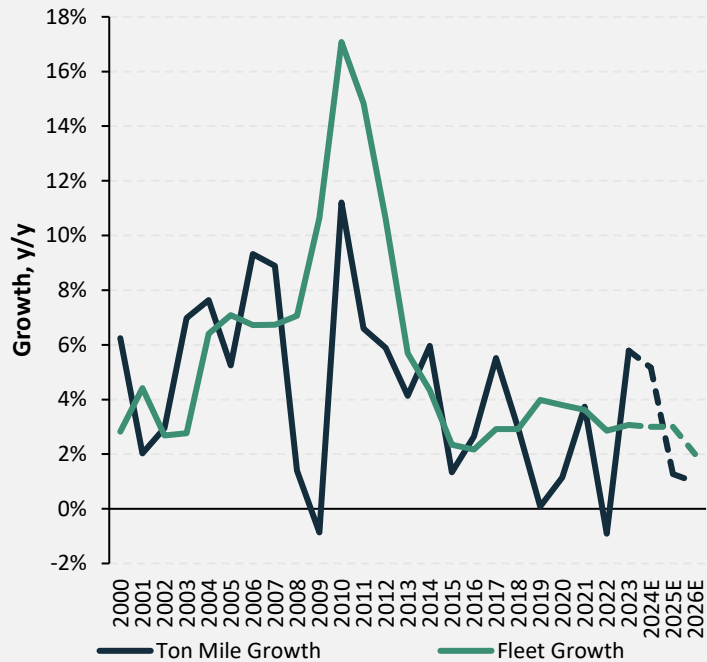
Source: IEA, Fearnleys

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Dry Bulk – Supply/Demand

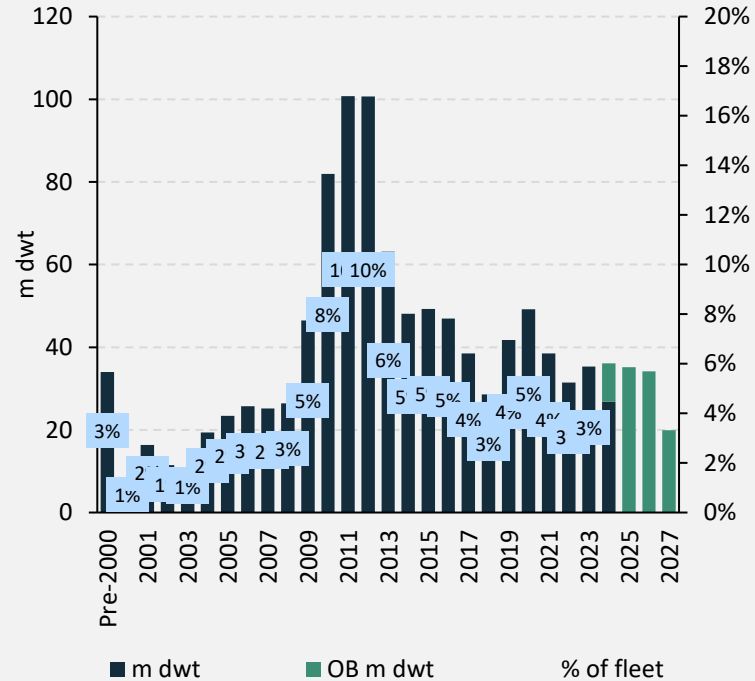


Balanced Supply/Demand Outlook



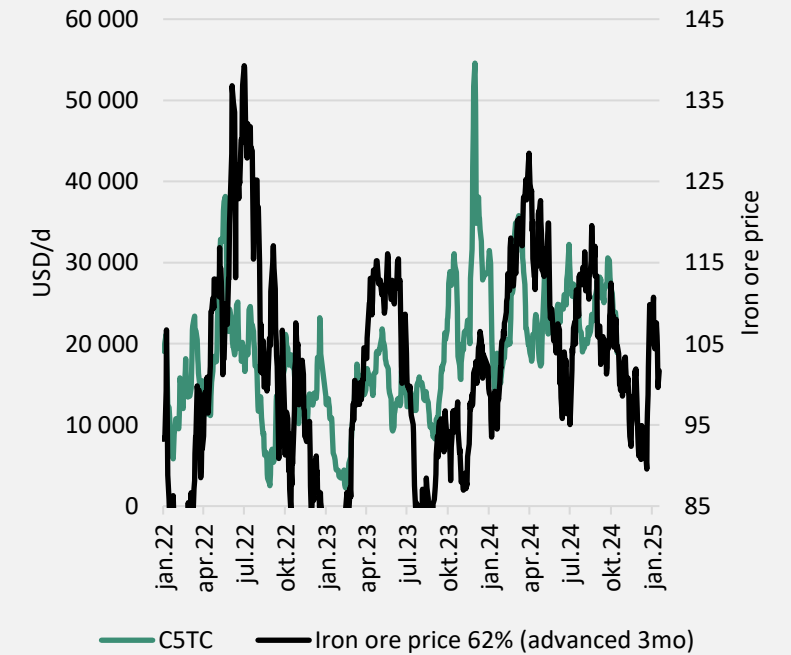
Continued demand for ton miles and undemanding OB/fleet of 10%

Fleet Profile: Massive Share Built in '10-'12



Large share of fleet approaching 15-year age. Longer term similar phase-out story as tankers

Capesize Earnings vs. Iron Ore Prices



Short-term focus on China. Will we see more stimulus supporting dry bulk?

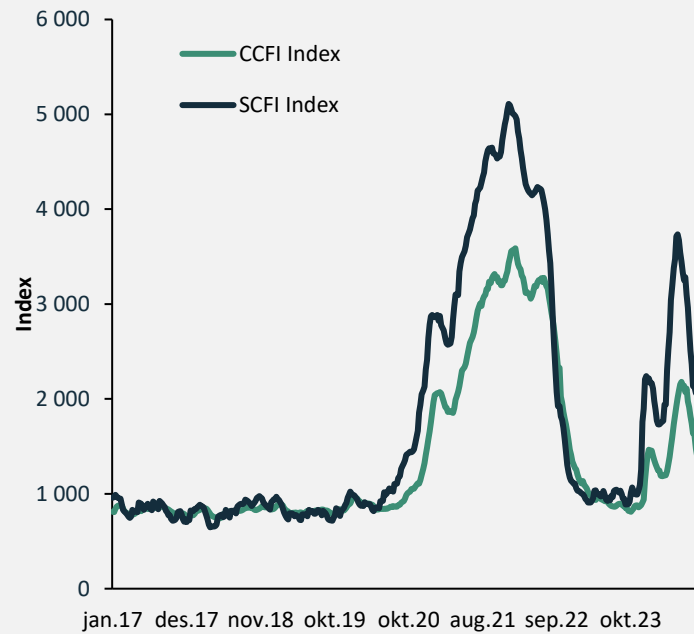
Source: SIN, Bloomberg, Fearnleys

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Containers – Supply/Demand

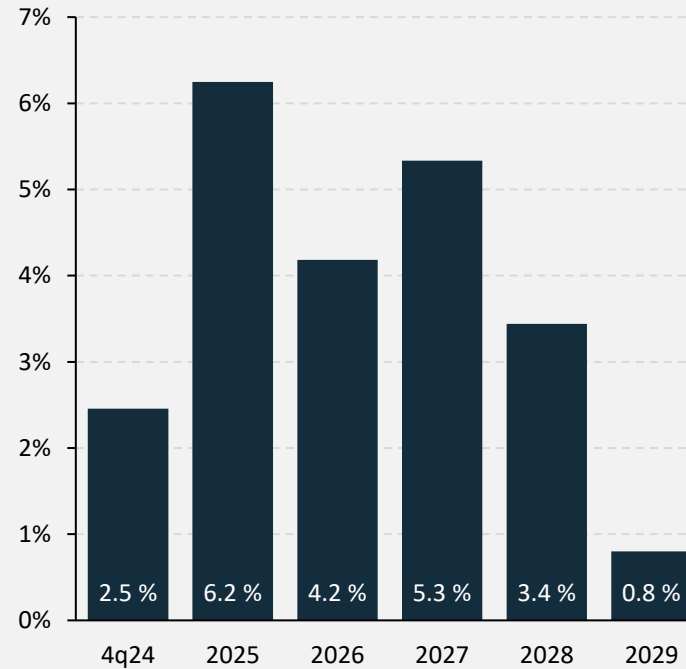


SCFI/CCFI Indices



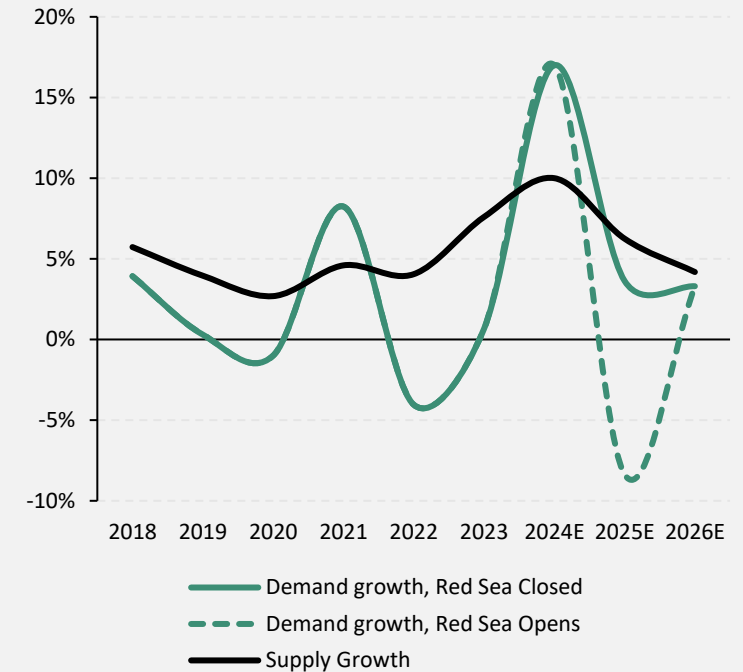
Limited available tonnage and strong demand has driven rates higher

Fleet growth per year



Large orderbook remains and new orders are coming

Supply/Demand Balance



Outlook highly depends on the Red Sea situation going forward

Source: SIN, CTA, IMF, Fearnleys

Note: Demand consists of global containerized throughput, IMF's GDP growth assumptions and 12% ton mile demand growth for Red Sea closure

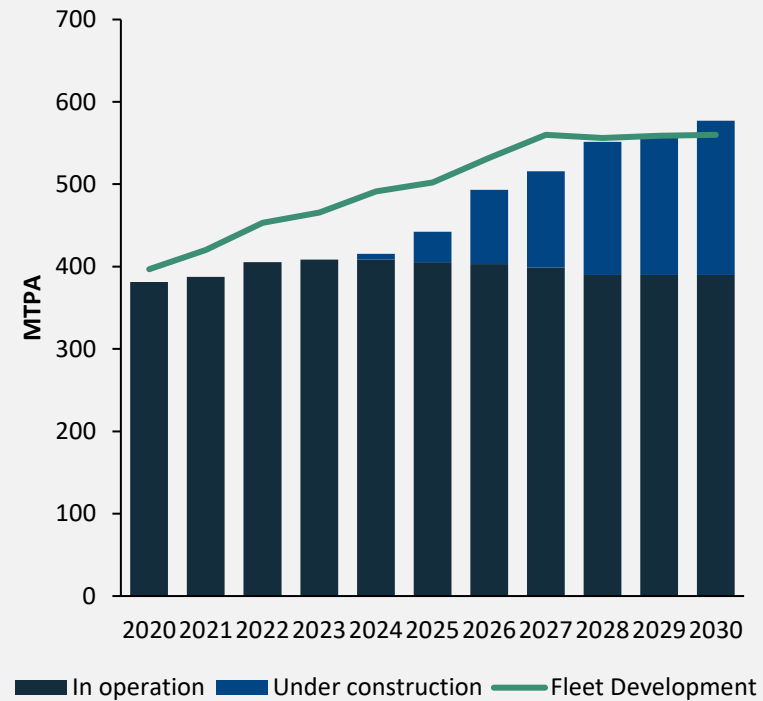
Supply growth in TEU

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LNG – Supply/Demand

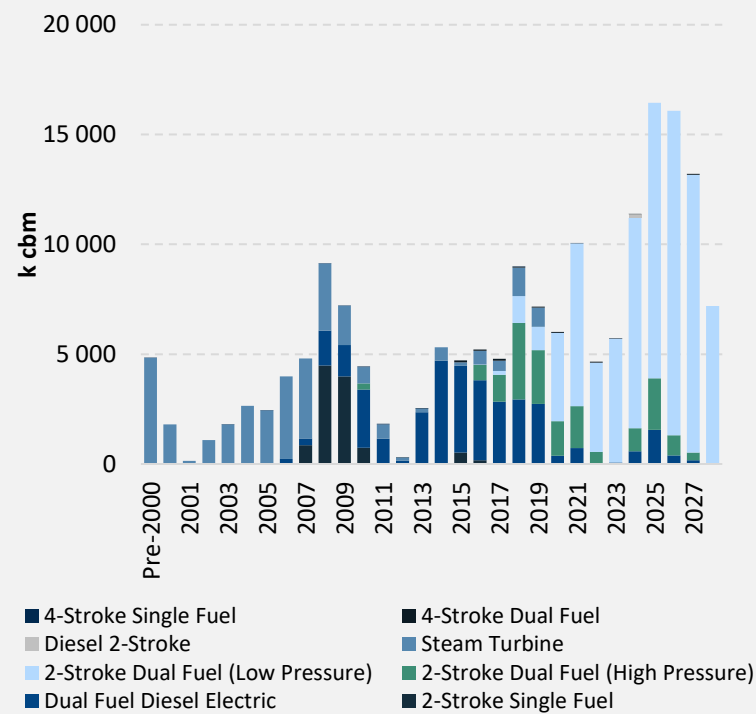


Liquefaction Growth vs. Fleet Growth



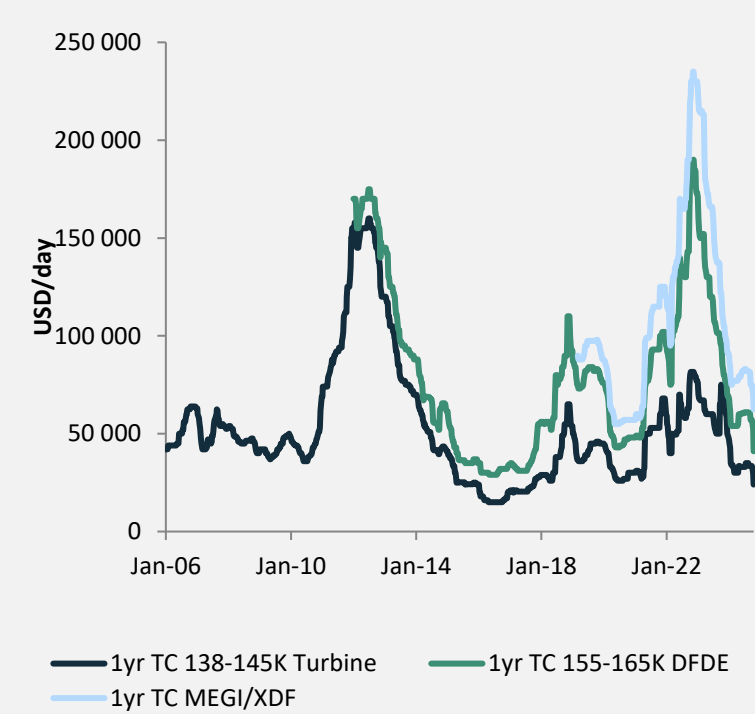
Oversupply set to last until 2027/2028 when significant liquefaction comes onstream

LNGC - Fleet by propulsion technology



Large orderbook of modern tonnage largely committed to projects

LNGC 1-Year Charter Rates



Current charter rates indicates massive scrapping of Steam Turbine tonnage

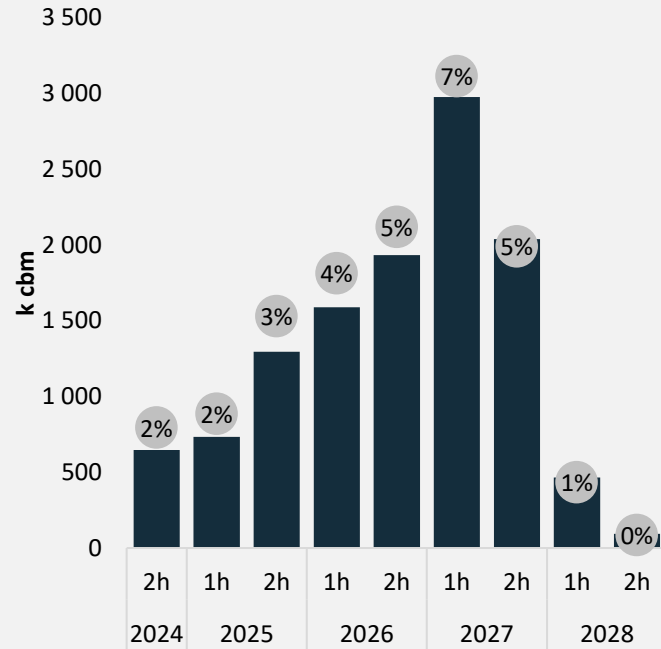
Source: SIN, CTA, IMF, Fearnleys

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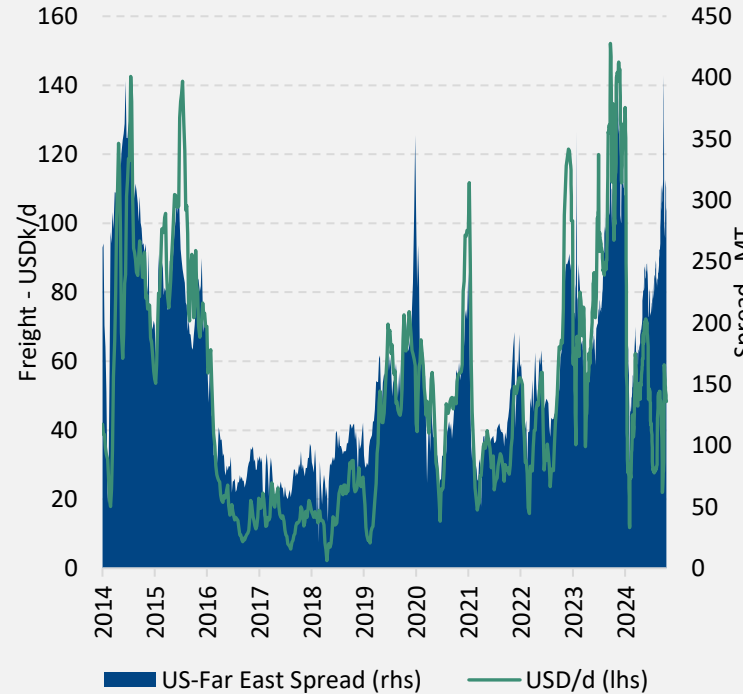
LPG – Supply/Demand



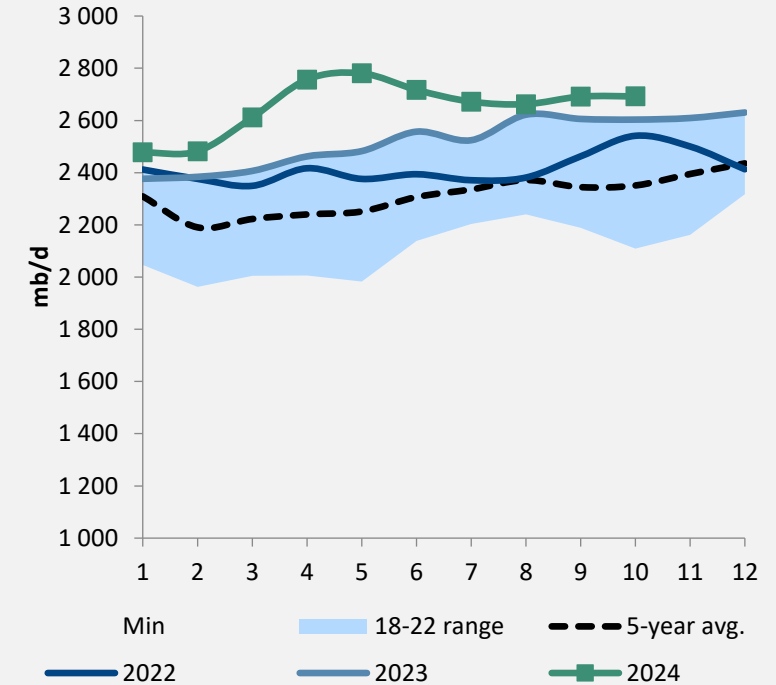
VLGC fleet growth



US-East Arbitrage vs. Rates



US Propane Production



Orderbook tilted towards 2026-2027

Arbitrage highly supportive of profitable value chain

Strong demand growth supports arbitrage
US supply growth supports shipping demand

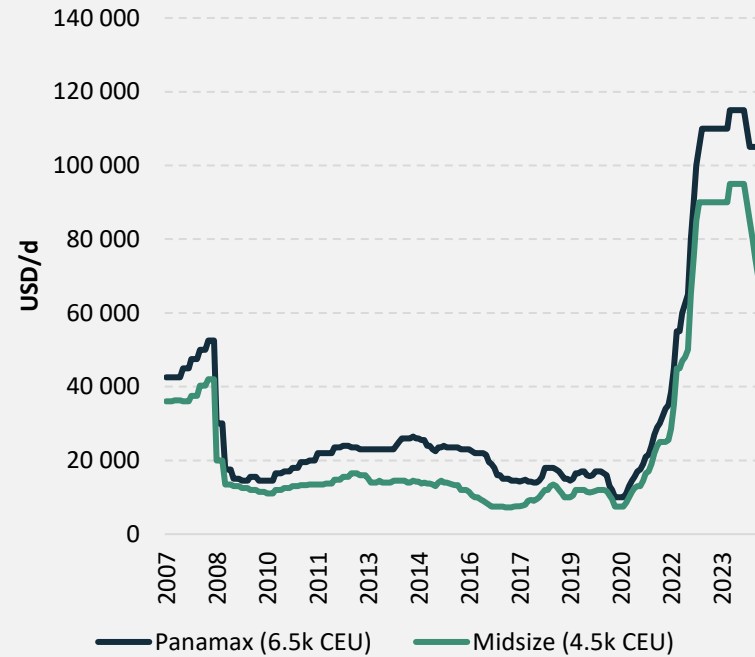
Source: SIN, Bloomberg, Fearnleys

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PCC – Supply/Demand

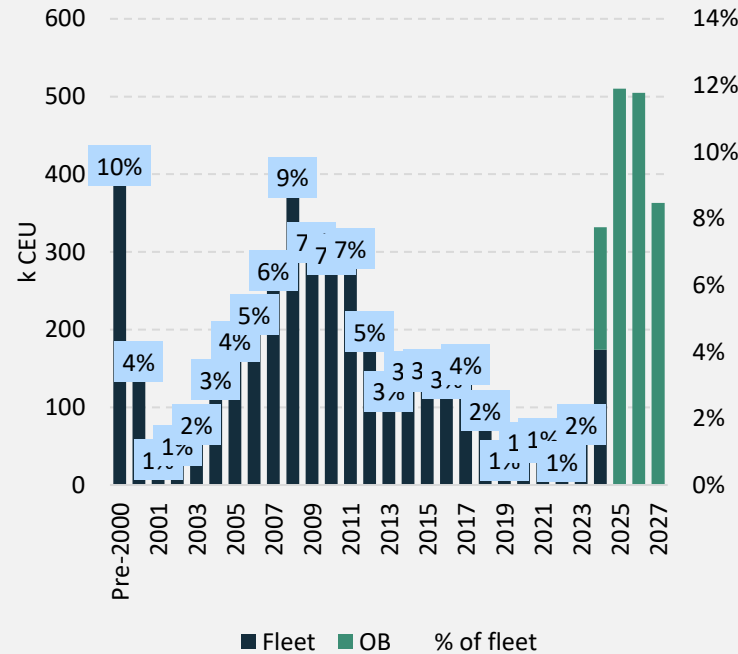


Car Carrier Rates



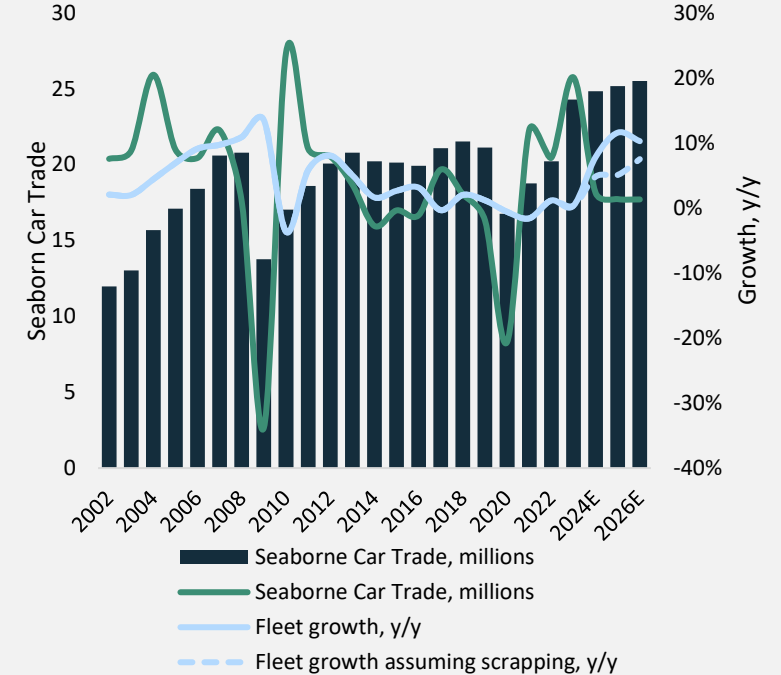
Strong rates from higher Chinese exports stretching the fleet

Car Carriers by Year Built



Fleet growth required to bridge gap between demand and historic underinvestment

Supply / Demand



Market set to normalize once fleet is phased in

Source: SIN, Fearnleys

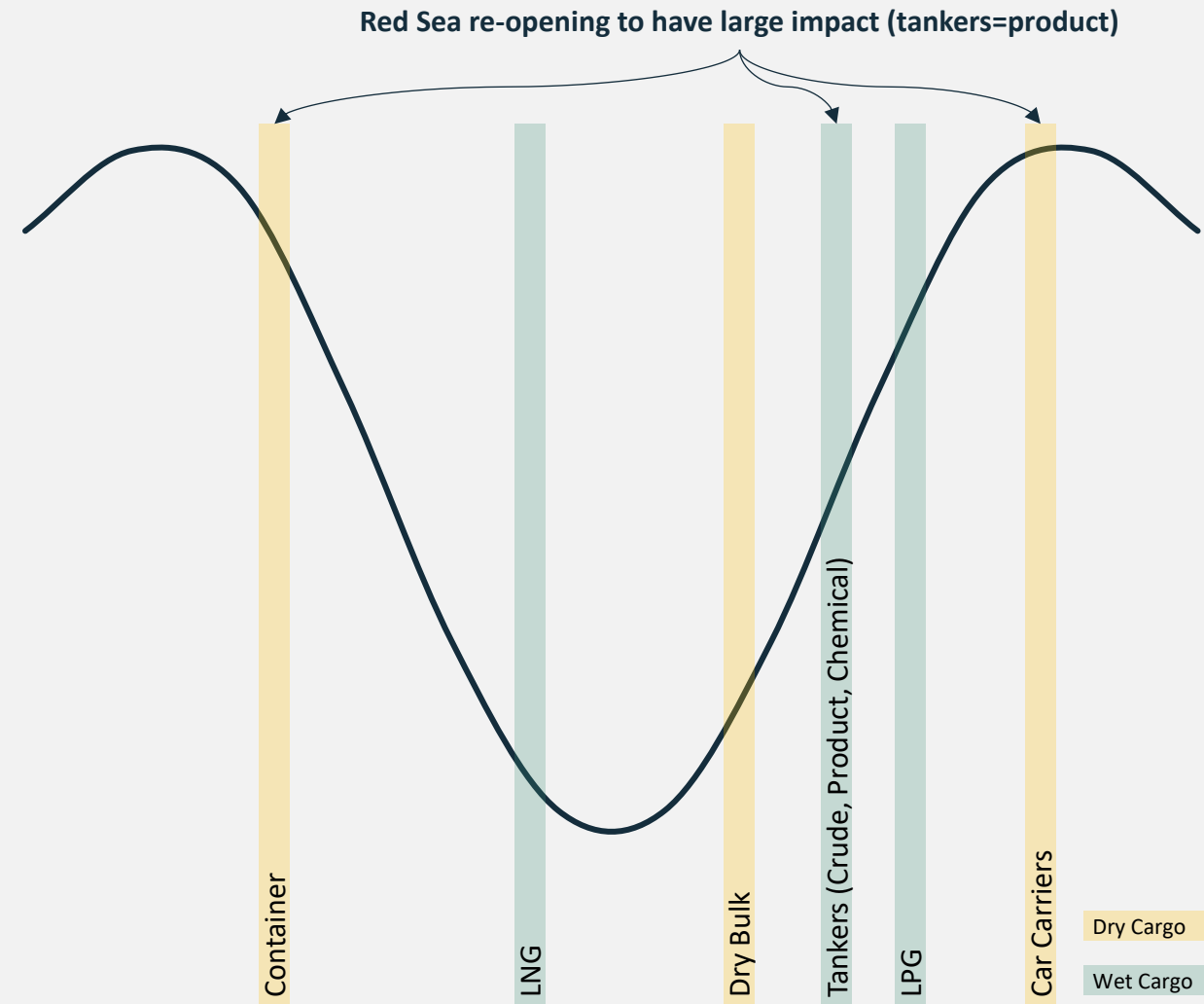
Note: Fleet growth is in k CEU

Shipping Markets – Trends and Outlook

Summary



- **Strong shipping markets should continue, but...**
- **Much depends on geopolitical events**
 - Suez Canal, Russia/Ukraine, Trade War, Middle East
- **Newbuild prices set to remain high with yard coverage at healthy levels**
 - More container orders expected to materialize, filling up yard capacity
- **Renewal capacity needed, especially tankers and dry bulk**



Source: Fearnleys

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Issued by Fearnley Securities on March 17, 2023.

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DNO ASA	600	-	-	-
Green Minerals	40	-	-	-
Northern Ocean	2.000	-	-	-
Odfjell Drilling Ltd	3.000	-	-	-
SeaBird Exploration	226	-	-	-
TGS ASA	34	-	-	-
Ventura Offshore	54	-	-	-
Vår Energi ASA	290	-	-	-

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Last updated 30 June 2024








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- BlueNord ASA
- Borr Drilling Ltd
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- d'Amico International Shipping SA
- Diamond Offshore Drilling Inc
- Diana Shipping Inc
- Dorian LPG
- Gram Car Carriers ASA
- Havila Kyststruten AS
- Hunter Group ASA
- NEL ASA
- M Vest Water AS
- Maha Energy AB
- Okea ASA
- Seadrill Limited
- Shelf Drilling Ltd
- Transocean Limited
- Ventura Offshore Holding Ltd

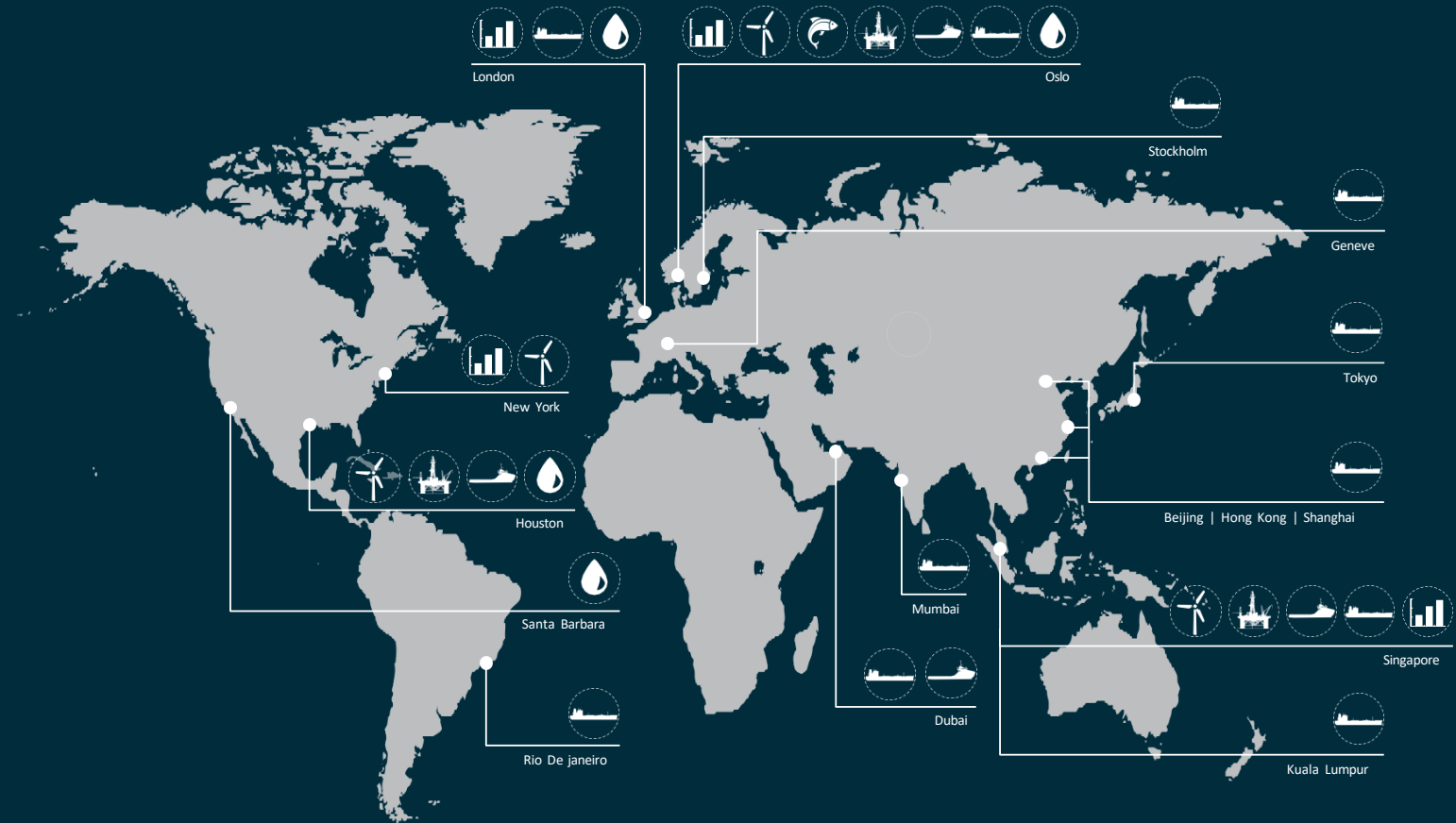
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Last updated 30 June 2024

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-  Renewable Energy & Cleantech
-  Aquaculture
-  Shipping
-  Offshore Rig
-  Offshore Supply
-  Energy Broking



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