

Shipping Market Update

New York Maritime Forum 2023

DNB Markets Shipping Team

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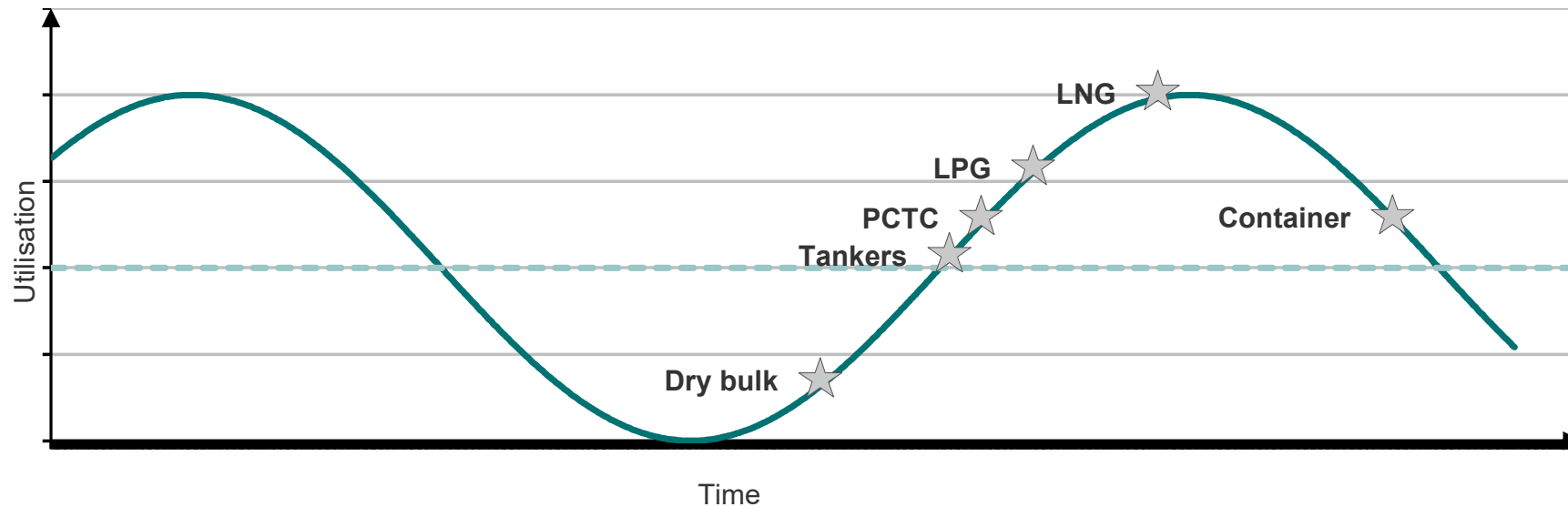
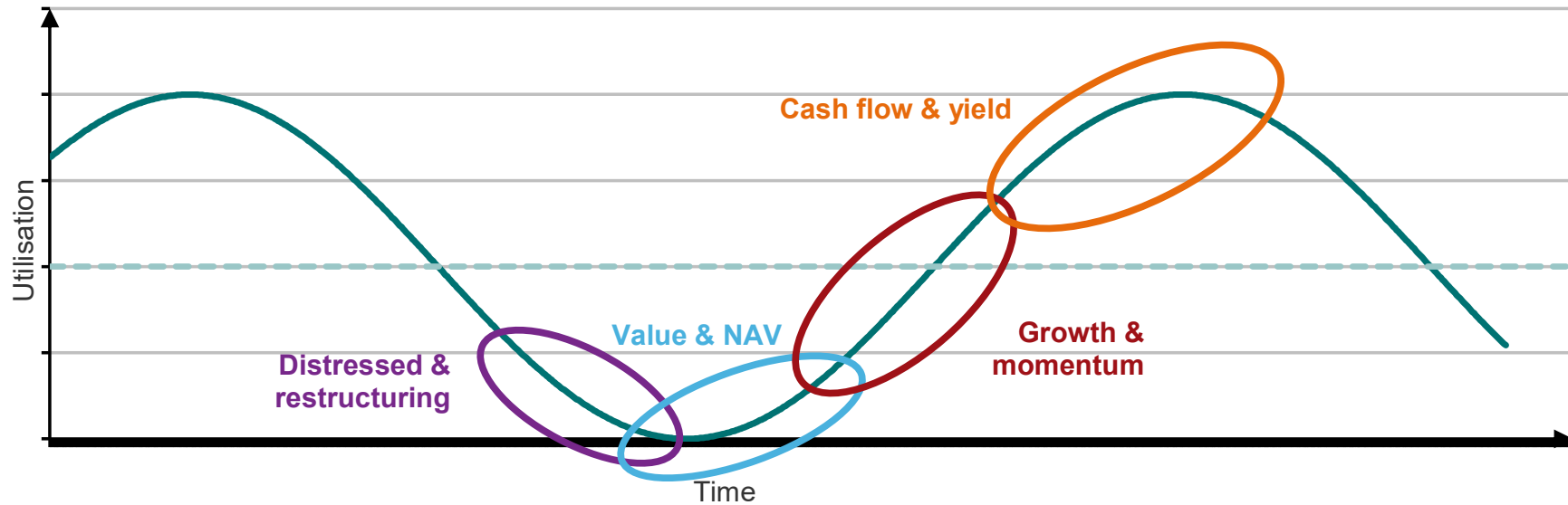
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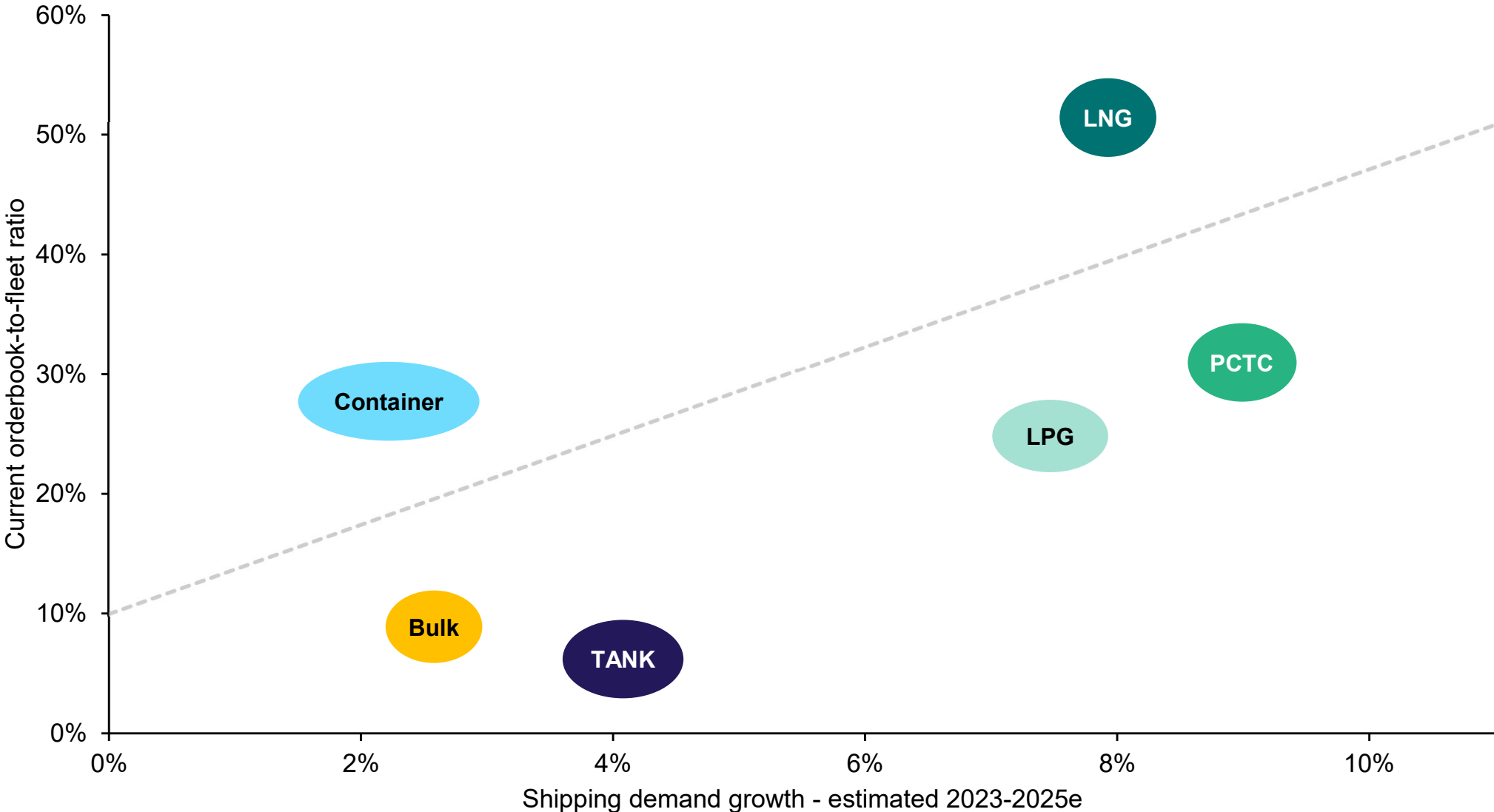
10 October 2023

Note: Unless otherwise stated, securities prices in this PPT are the last closing price

Navigating the shipping cycles

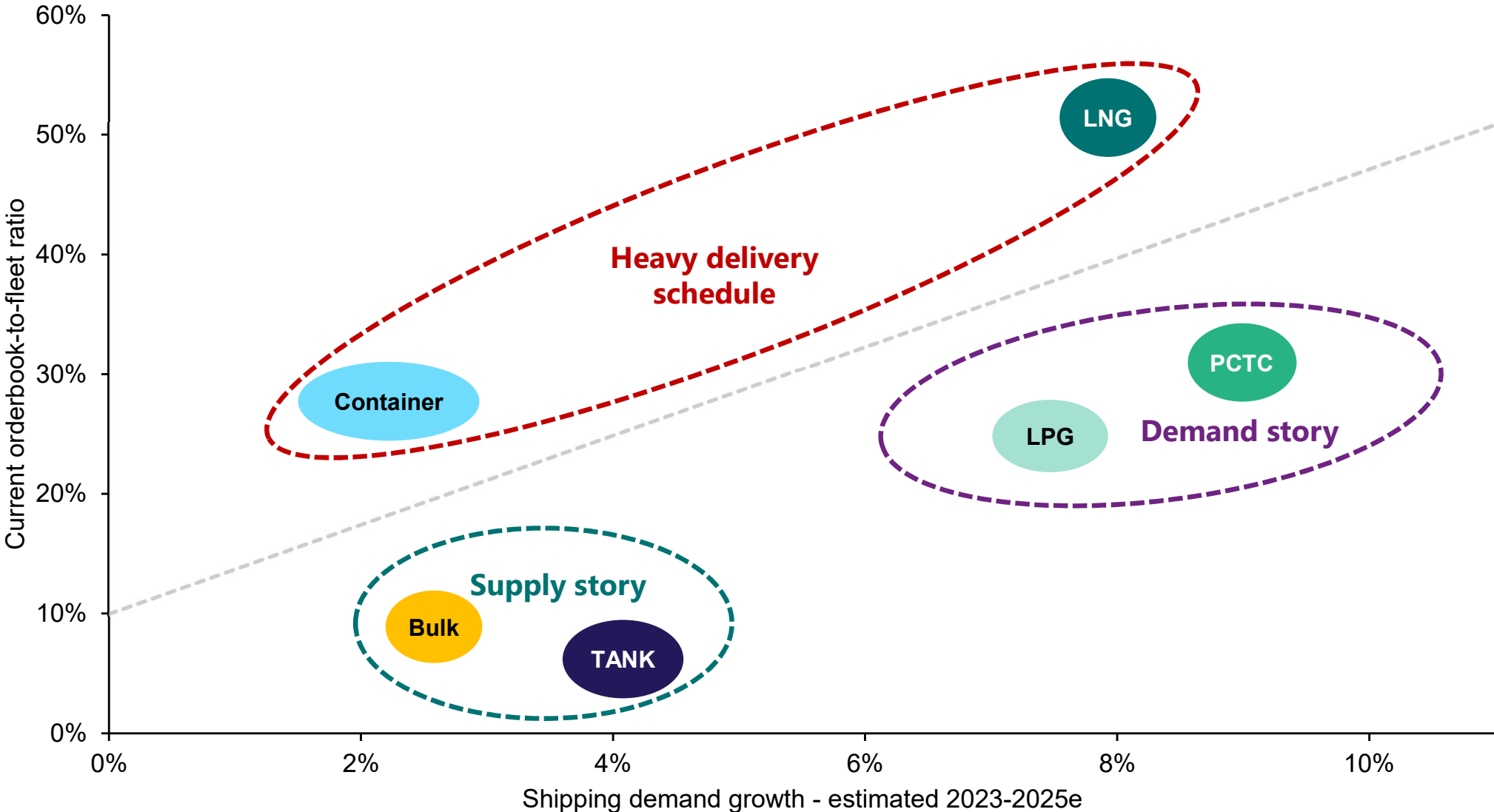


Current orderbook to fleet versus demand growth prospect for 2023–2025e



Source: SIN (orderbook), DNB Markets (illustrative demand outlook from various sources)

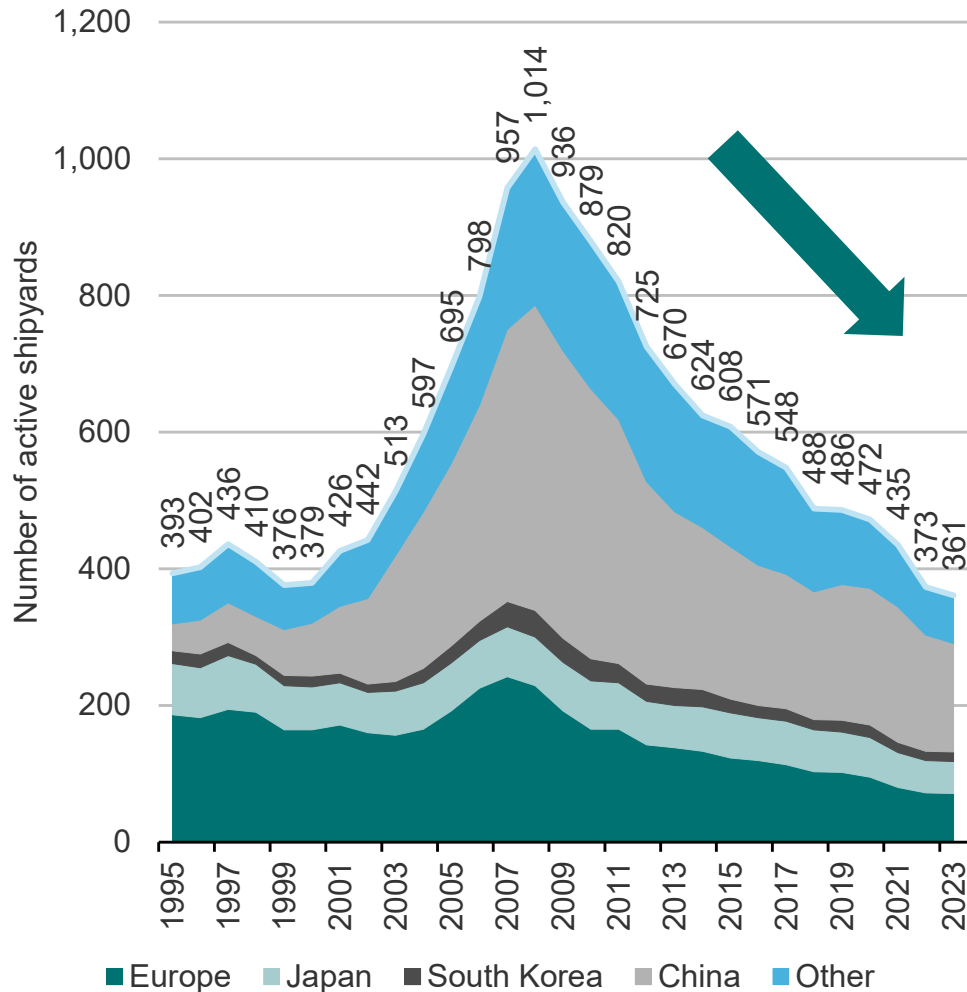
Current orderbook to fleet versus demand growth prospect for 2023–2025e



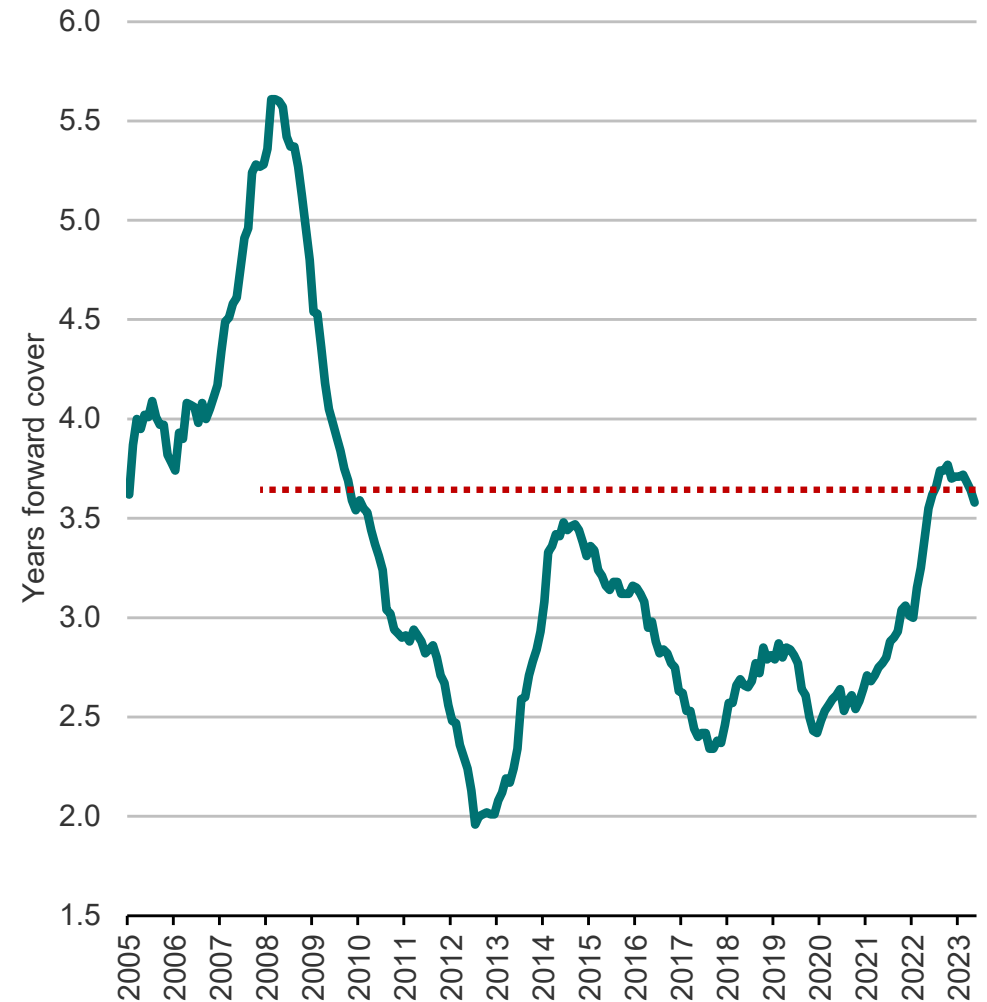
Source: SIN (orderbook), DNB Markets (illustrative demand outlook from various sources)

Yard capacity down, inflationary price pressure and forward cover extending 3.5 years should keep newbuild prices high

Number of active shipyards are down to ~1/3 from the peak in 2008...

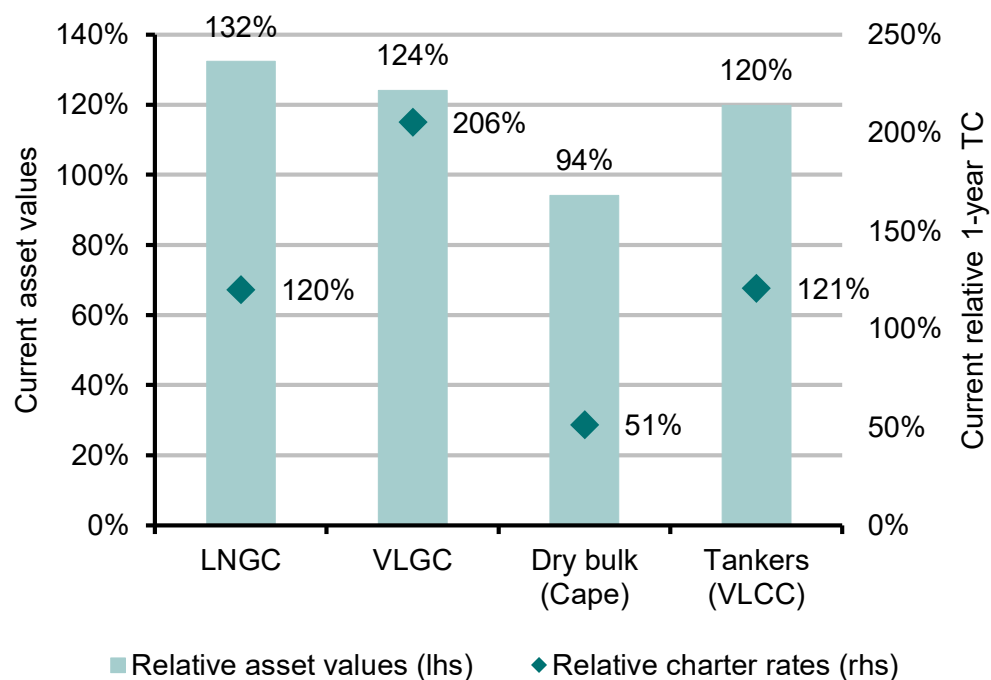


...and the yards' orderbooks are extending ~3.5 years, which is the highest since 2009/2010

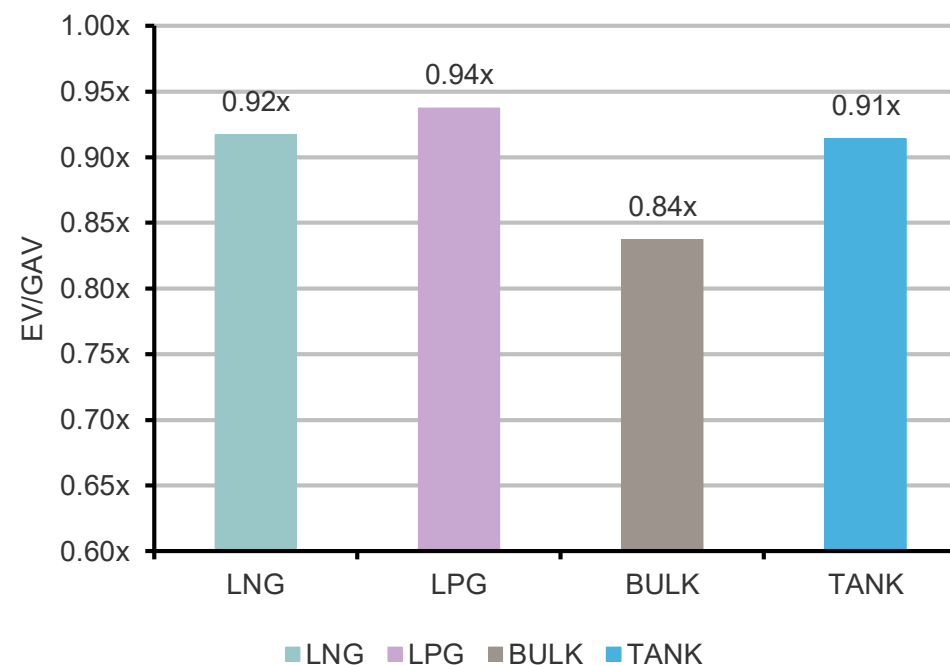


Snapshot of valuation for commodity shipping segments

Asset values and freight markets in historical context



Equity markets' pricing of EV to gross asset values

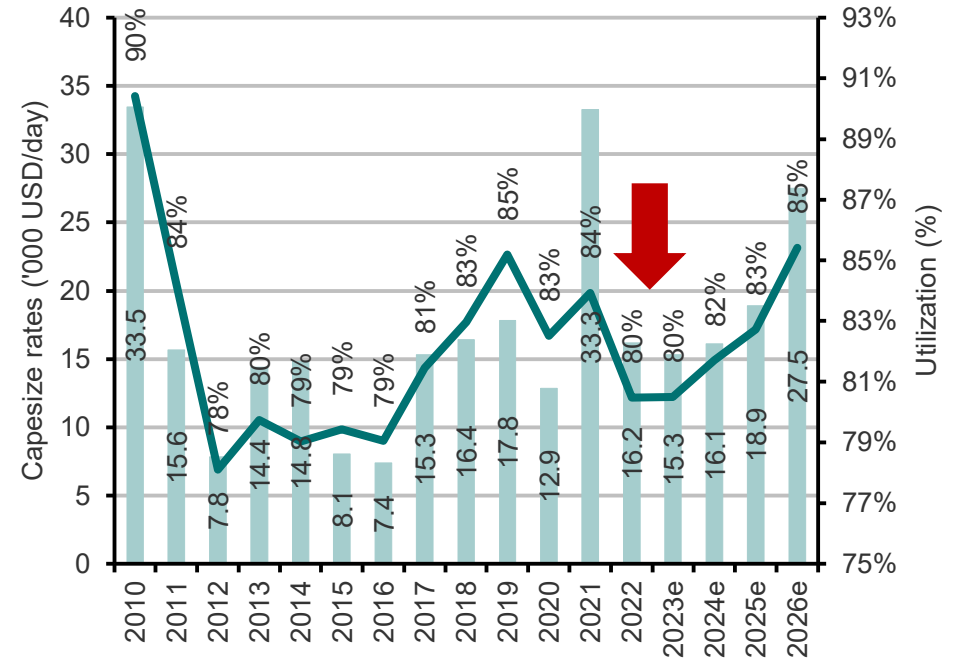
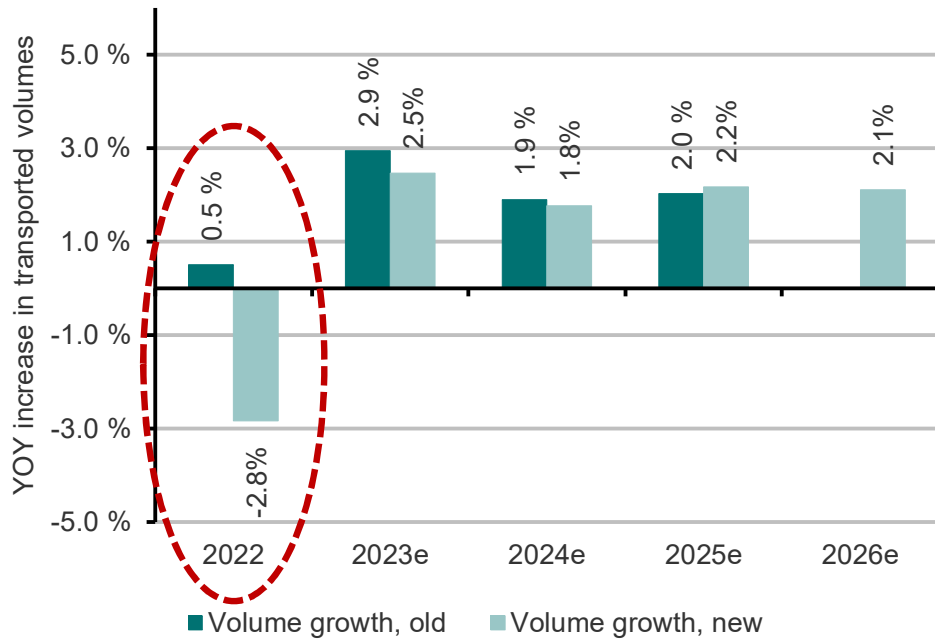


Dry bulk seeing two layers of discount as it is behind other sectors in its cycle
Other segments indicate a discussion of the cycle's longevity rather than deep value

Dry bulk: Bullish risk/reward, but still a waiting game

Slow ROW demand has put our demand estimates at a deficit of ~4% entering 2024 despite strength in China YTD...

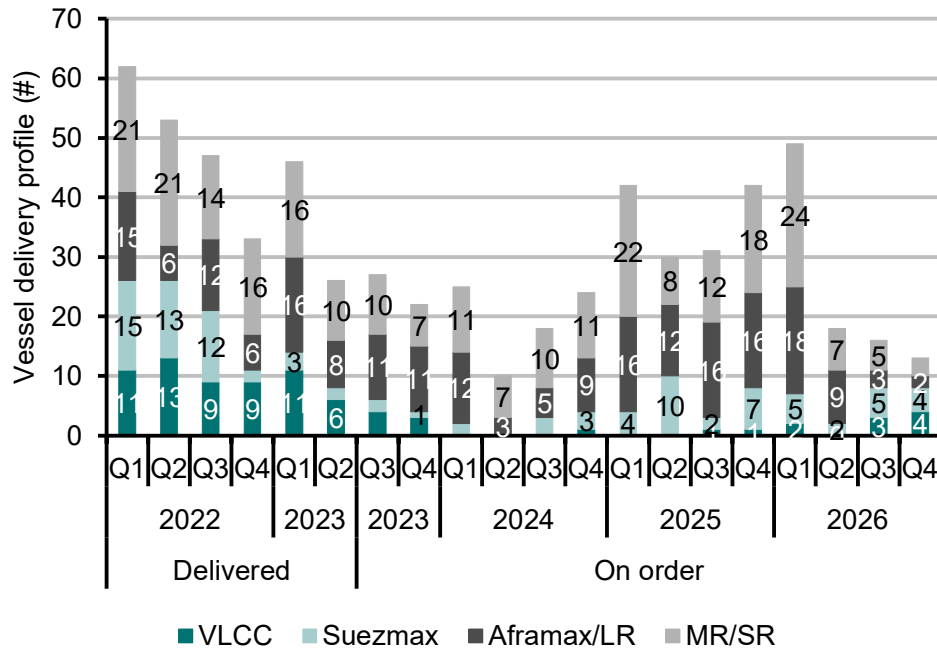
...leaving longer to see the expected inflection point from a very supportive record low orderbook at 7.8% of fleet



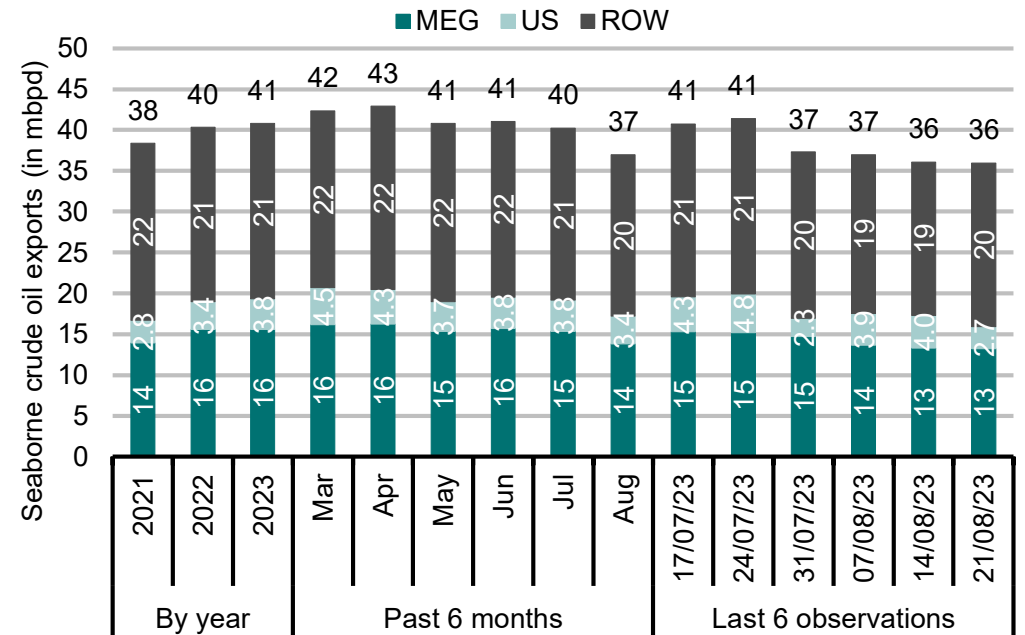
→ ~40% upside potential to our 2025e spot rates in a high-case (+1%-point GDP) scenario for Chinese growth

Tankers: Supply side remains enticing as oil demand fully recovers

Limited orderbook remains the story for tankers, although mid-size segments have seen an uptick recently...



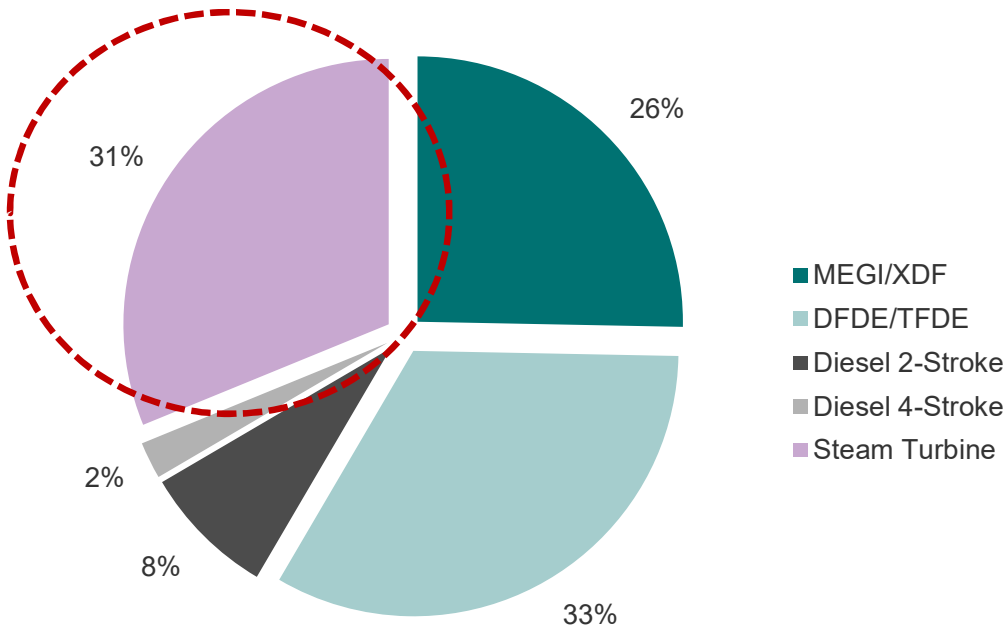
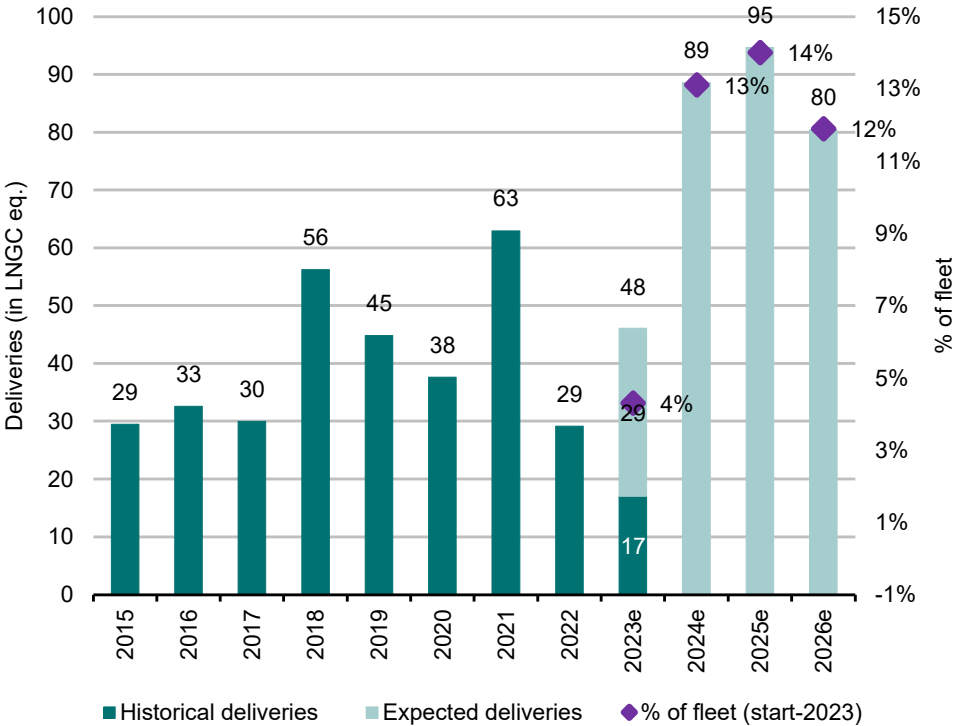
...as we await the full return of volumes to match the still-recovering underlying oil demand



LNG: Heavy delivery schedule necessitates high gas prices

Orderbook to fleet is above 50%, which implies considerable demand growth is needed to sustain markets...

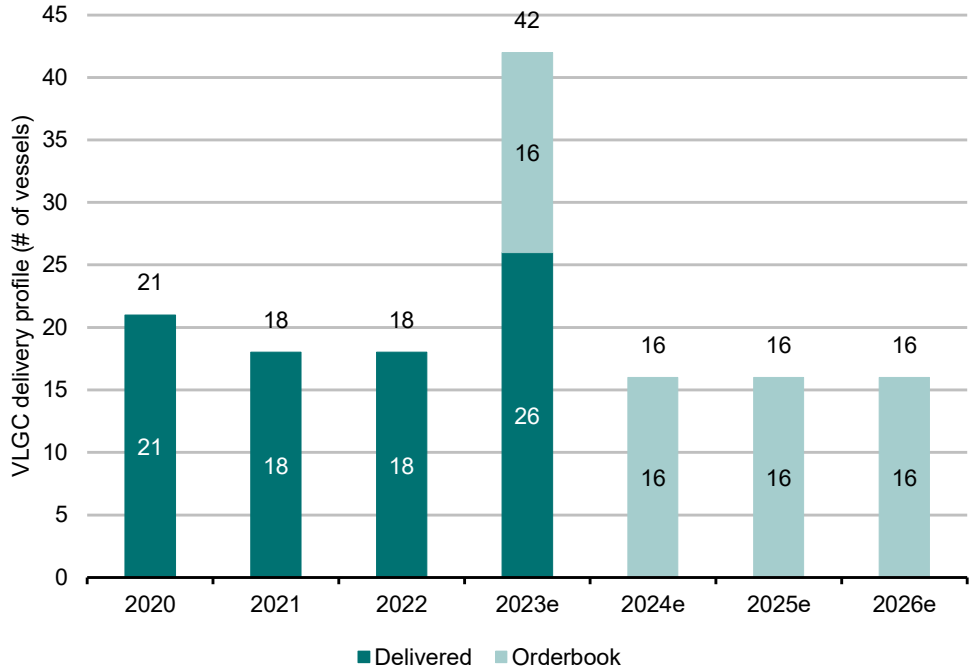
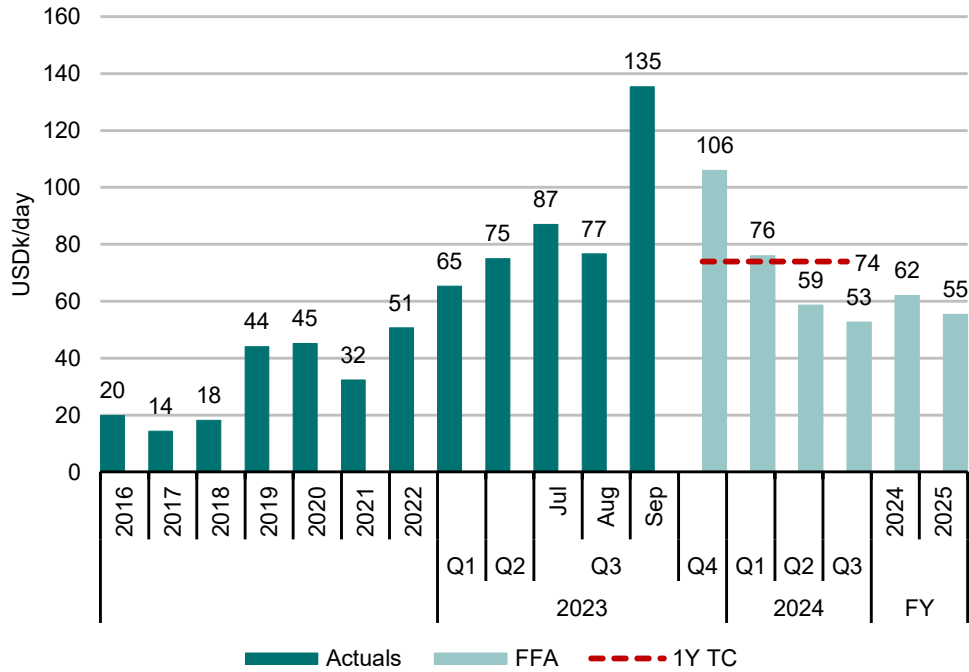
...although ~30% of the fleet are viable scrapping candidates, should global LNG prices remain elevated



LPG: Strong long-term fundamentals remain intact

Very strong freight market outlook implies significant cash flows on the table for VLGCs in the medium term...

...as the troubling deliveries this year are digested and limited deliveries scheduled for 2024–2026e



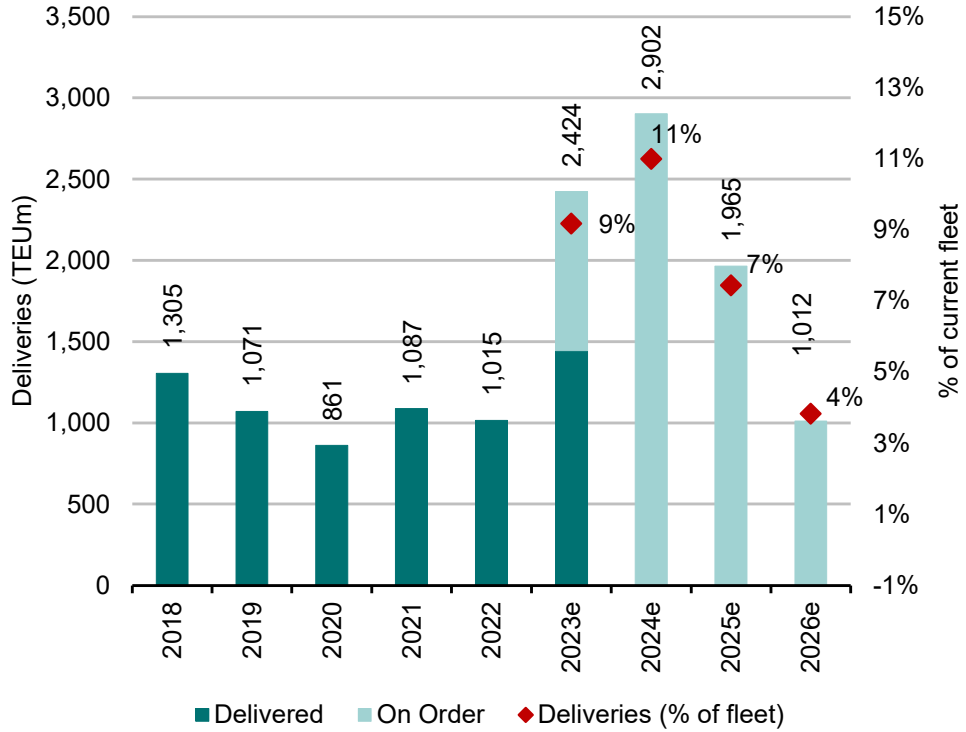
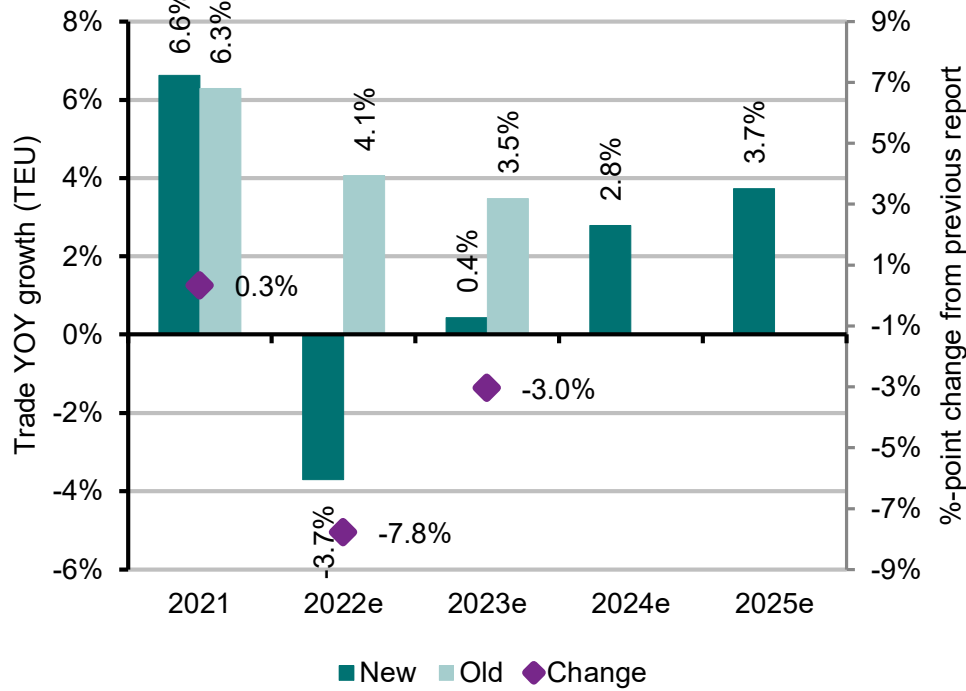
→ Current FFAs could theoretically lock in more than 50% of the value for a 5-year-old VLGC at USD85m.

Source: Baltic Exchange (freight rates), SIN (fleet data)

Containers: Oversupply to plague industry for years

YTD data (volumes down 4%) poses downside risks to our 2023 growth estimates...

...and even strong growth of ~5% will struggle with a dramatic delivery pace well into 2026e

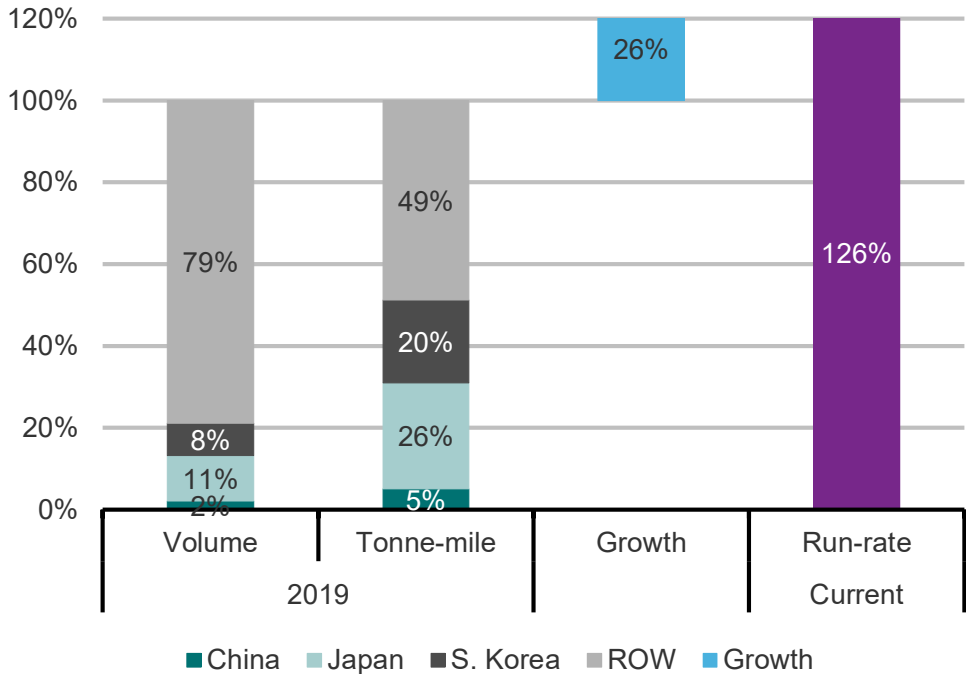


→ Markets back to 'normal', but deliveries yet to have their impact and more inefficiencies left to unwind.

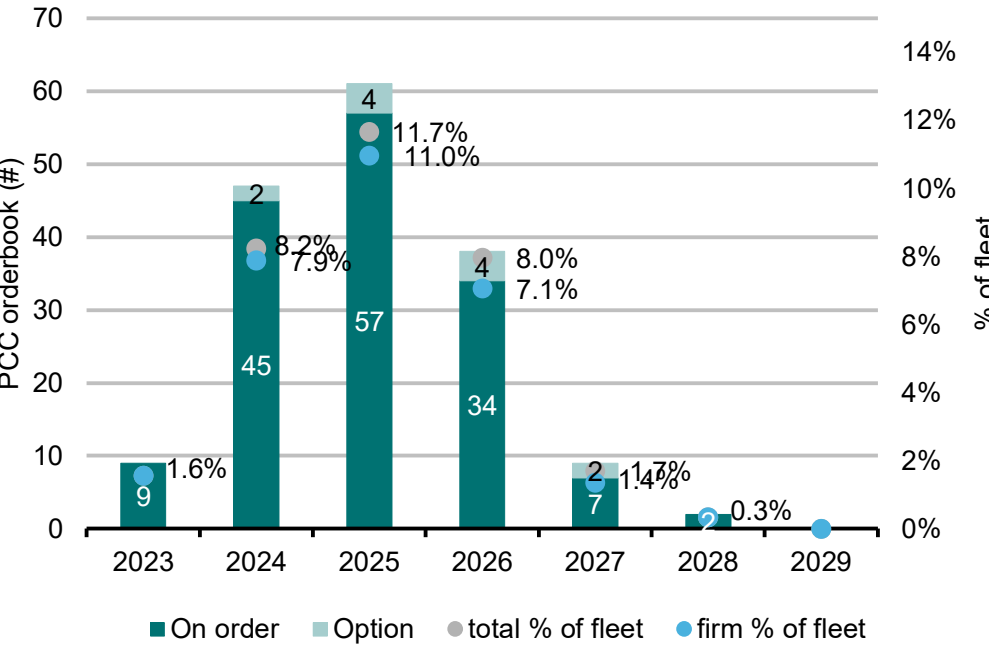
Source: DNB Markets (demand growth), SIN (fleet data)

Car carriers: Asian export growth still in early innings

Asian export growth (led by China) is highly constructive for car carrier shipping demand...



...which should offset the ~30% delivery orderbook that has built after essentially 0% fleet growth since 2015



Source: Bloomberg (trade data), SIN (fleet data)

Thank you for your attention

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10 October 2023

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