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What Is On the Horizon? ASBA 2011 Cargo Conference

Miami, September 2011

Agenda

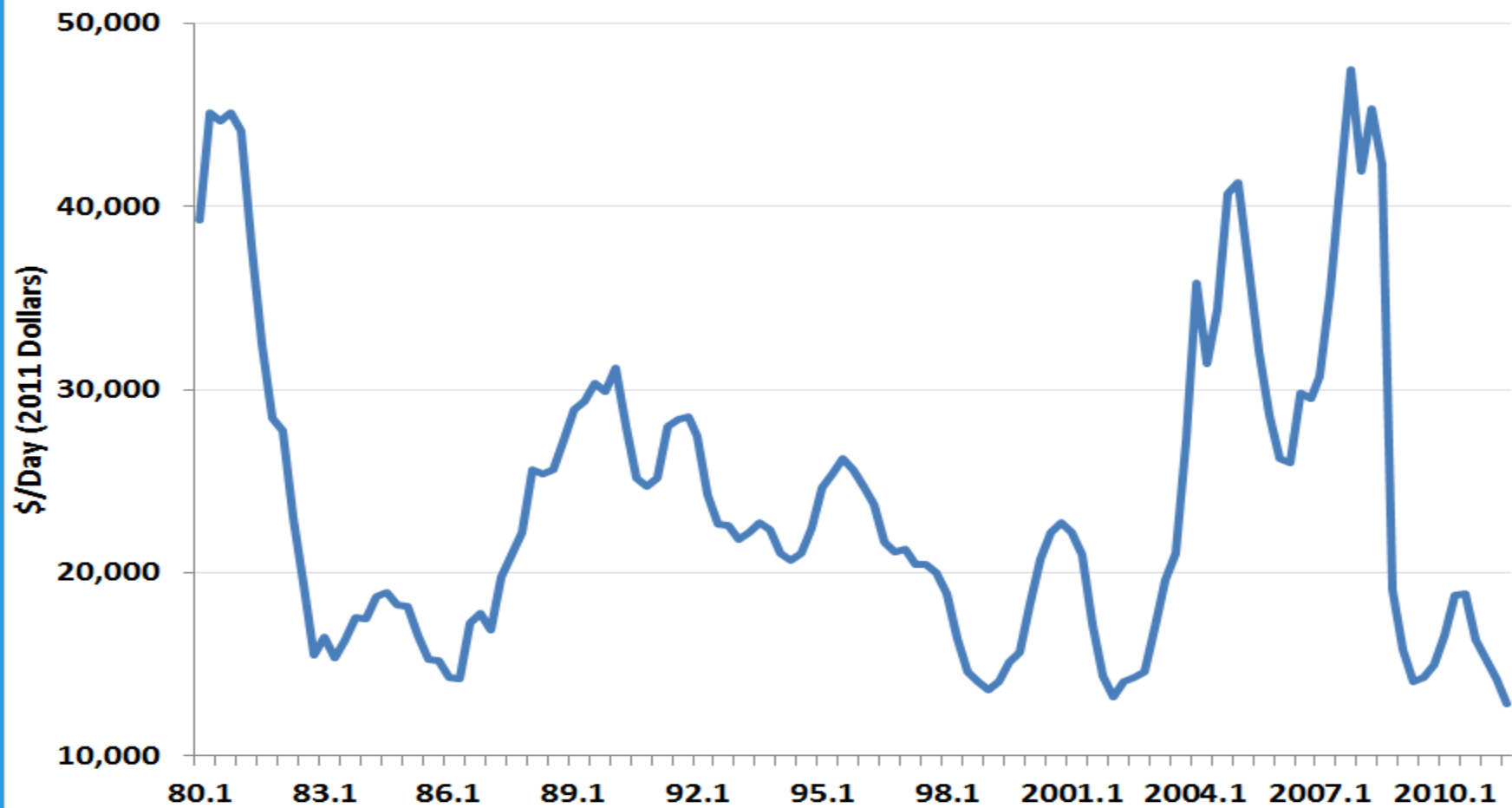


- ***Shipping is a Big Cyclical Business***
 - Global Trade and Macro Conditions
 - Shipyard Capacity – a Key Risk Factor
 - Commodity Prices
 - Fukushima Meltdown Consequences
- ***The Liner/Containership Markets***
- ***The Dry Bulk Market***
- ***The Tanker Market***

ASBA Shipping Index (real terms)



Average Panamax, Aframax and 2,000 teu TC rates

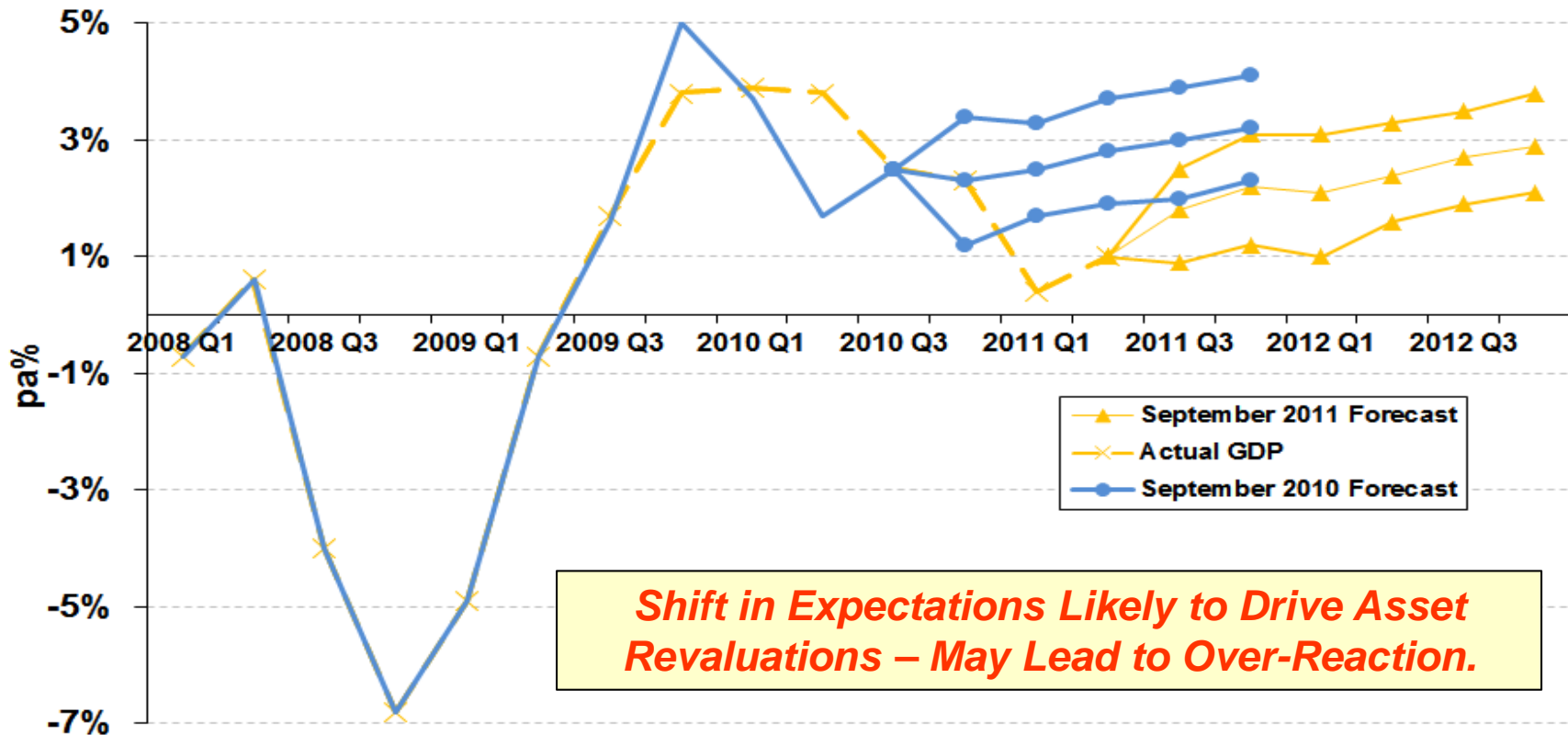


Deteriorating Macro Outlook

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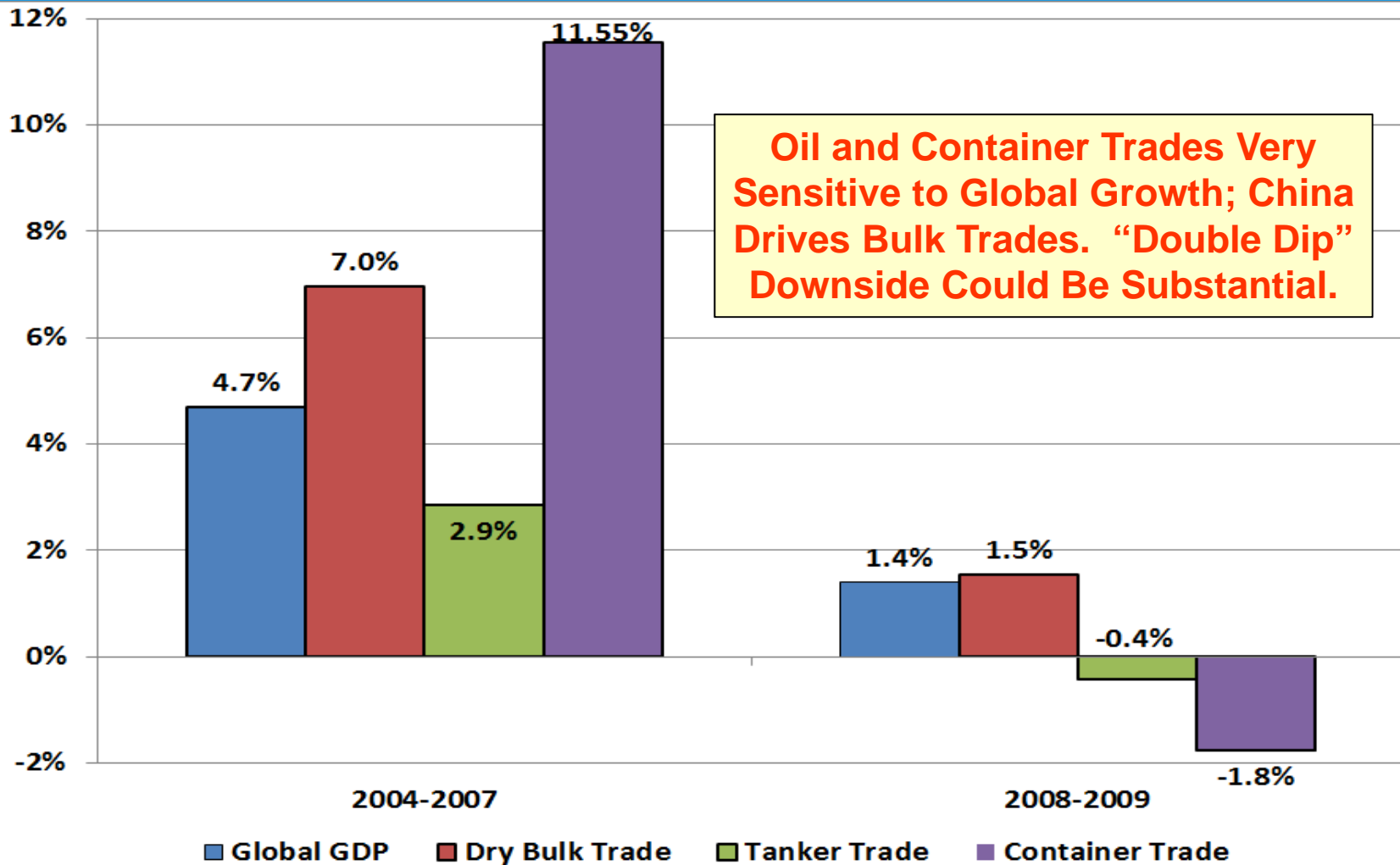
US GDP Growth Forecasts

Source: Blue Chip Economic Forecast Sept 2010 vs Sept 2011
50 Forecasters Surveyed - Chart Shows Consensus and Averages of Top and Bottom 10

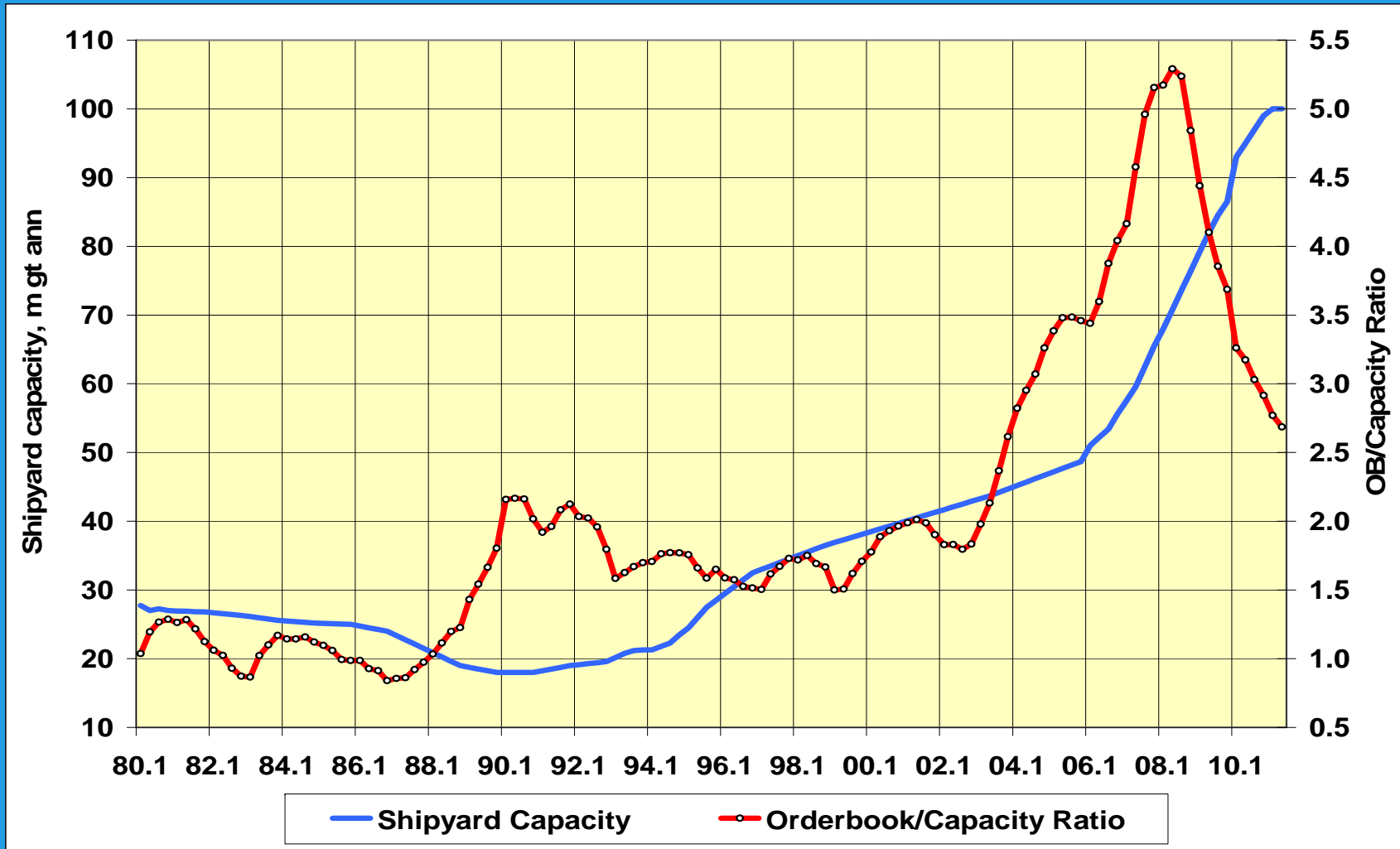


Trade and Global Growth

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Too Much Shipyard Capacity?



Commodity Prices

Oil, Coal, Ore



- ***Oil Prices***
 - Lower Consumption, More Non-OPEC Oil (US Shale Oil)
 - Development of “Next Generation” Fuel Efficient Ships
 - Expectations of Rising Prices May Drive Floating Storage
- ***Iron Ore***
 - Increased Chinese Ore Production
 - 20% Increase in 2010, albeit of low quality
- ***Coal***
 - Chinese Imports Quite Price Sensitive

Japan Earthquake & Meltdown: Shipping Implications

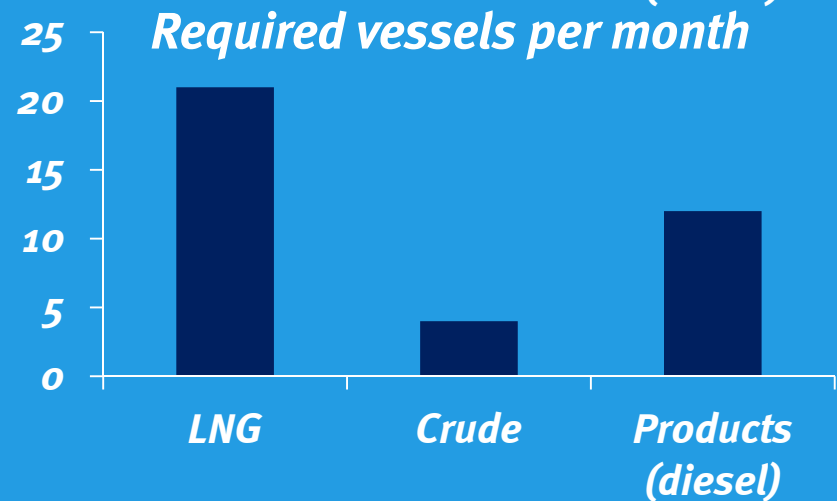
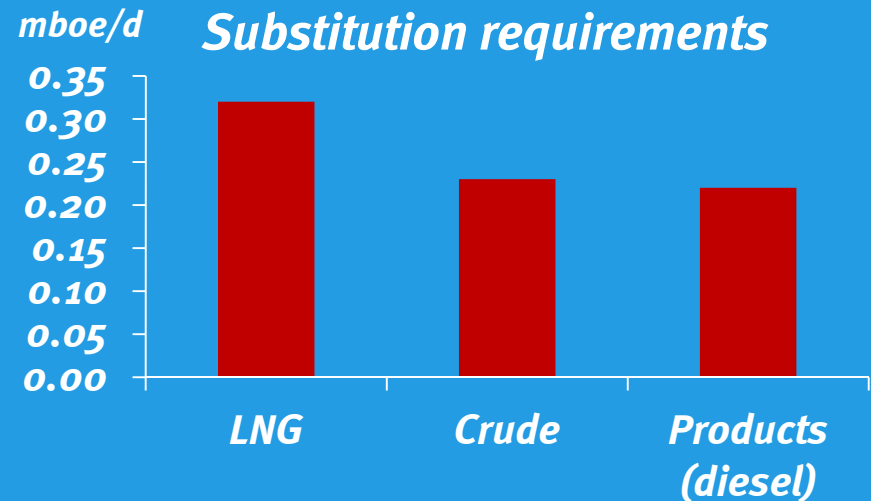


- ***16 of Japan's 54 nuclear plants currently operating***

- May need up to 460 kbd of additional oil during peak power demand

- ***Production Interruptions***

- Steel, Auto, etc.
- Now Easing



Vessel size assumptions: VLCC for crude, Aframax for products, and 130,000 cm carrier for LNG

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Liner Industry on a Roller Coaster

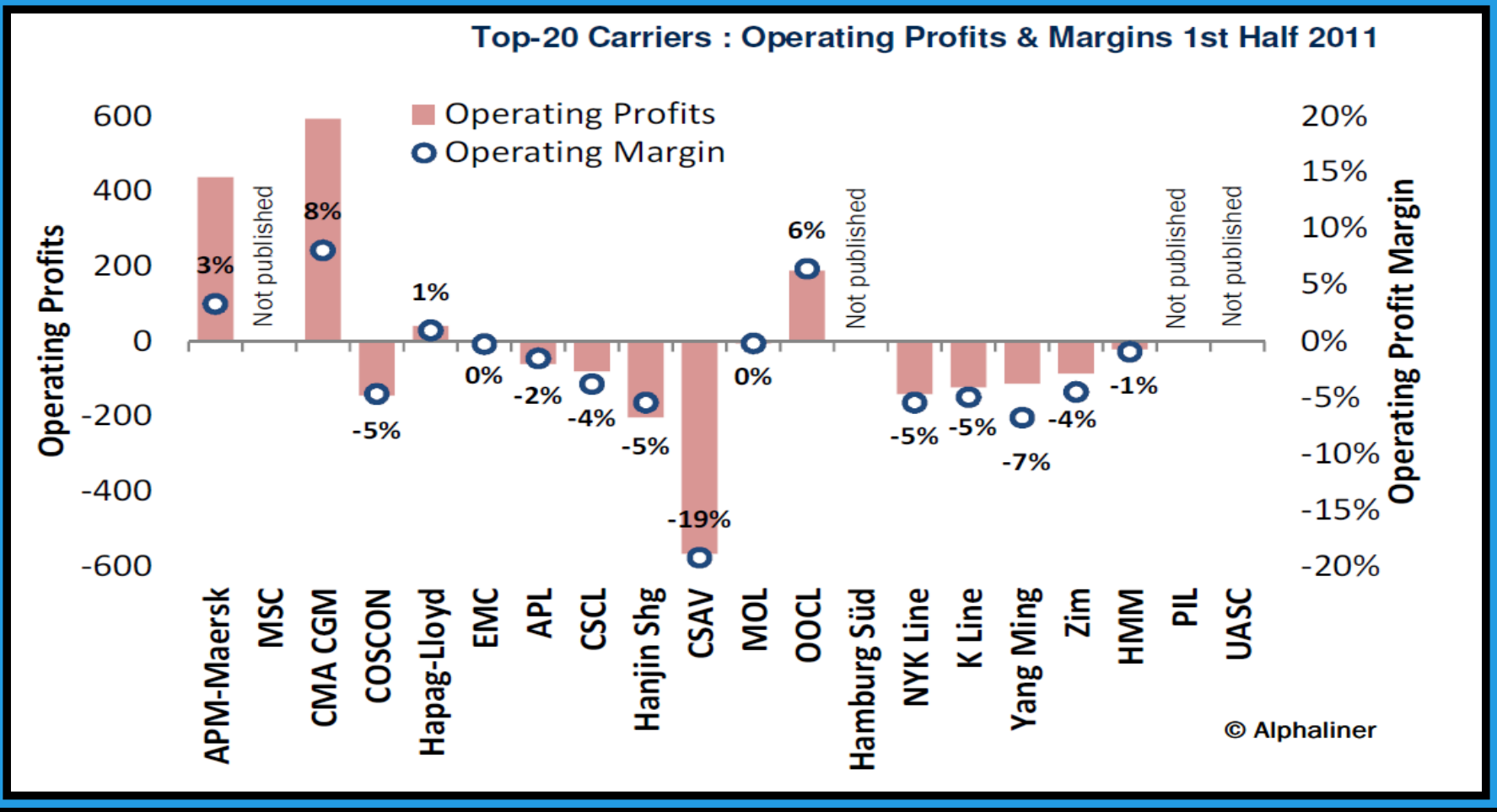
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- *Suffers Record-high Losses in 2009 (\$16 bn.)*
- *Enjoys Record-high profits in 2010 (\$15 bn.)*
- *Falls back into the red in 2011H1*
 - 2011Q2 results much worse than 2011Q1
 - Maersk liner division reports losses in 2011Q2

Operating Profits 2011H1

(EBIT, figures include gains from asset sales and hedging)

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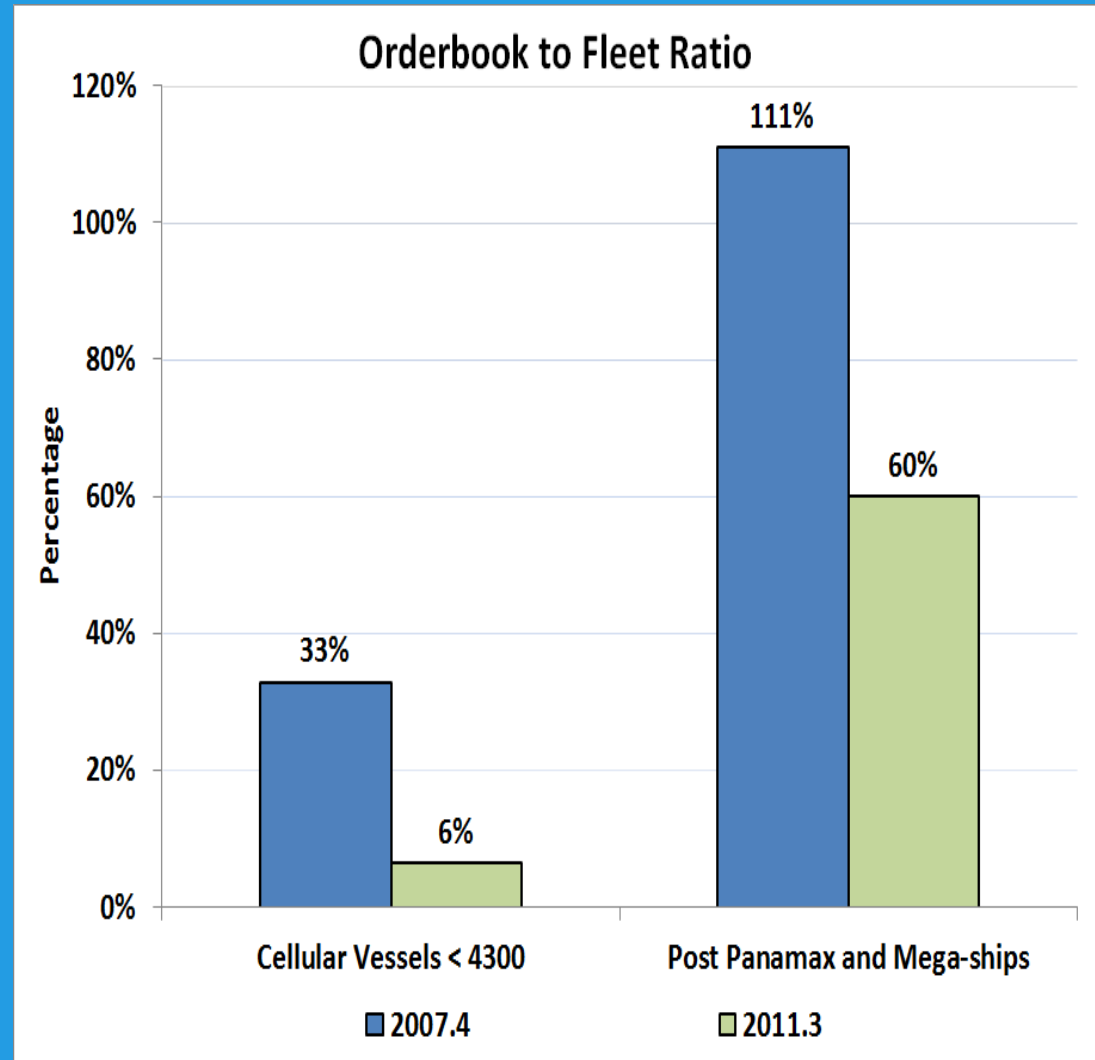


Source: Alphaliner

Declining Backlog of Containerships for Delivery



- *Orderbook Near “Normal” but Very Large Ships Dominate.*
- *Pressure on E/W and Eur/FE Trades*
- *“Cascade” of Large Ships to N/S and Asian Trades Will Test Market.*

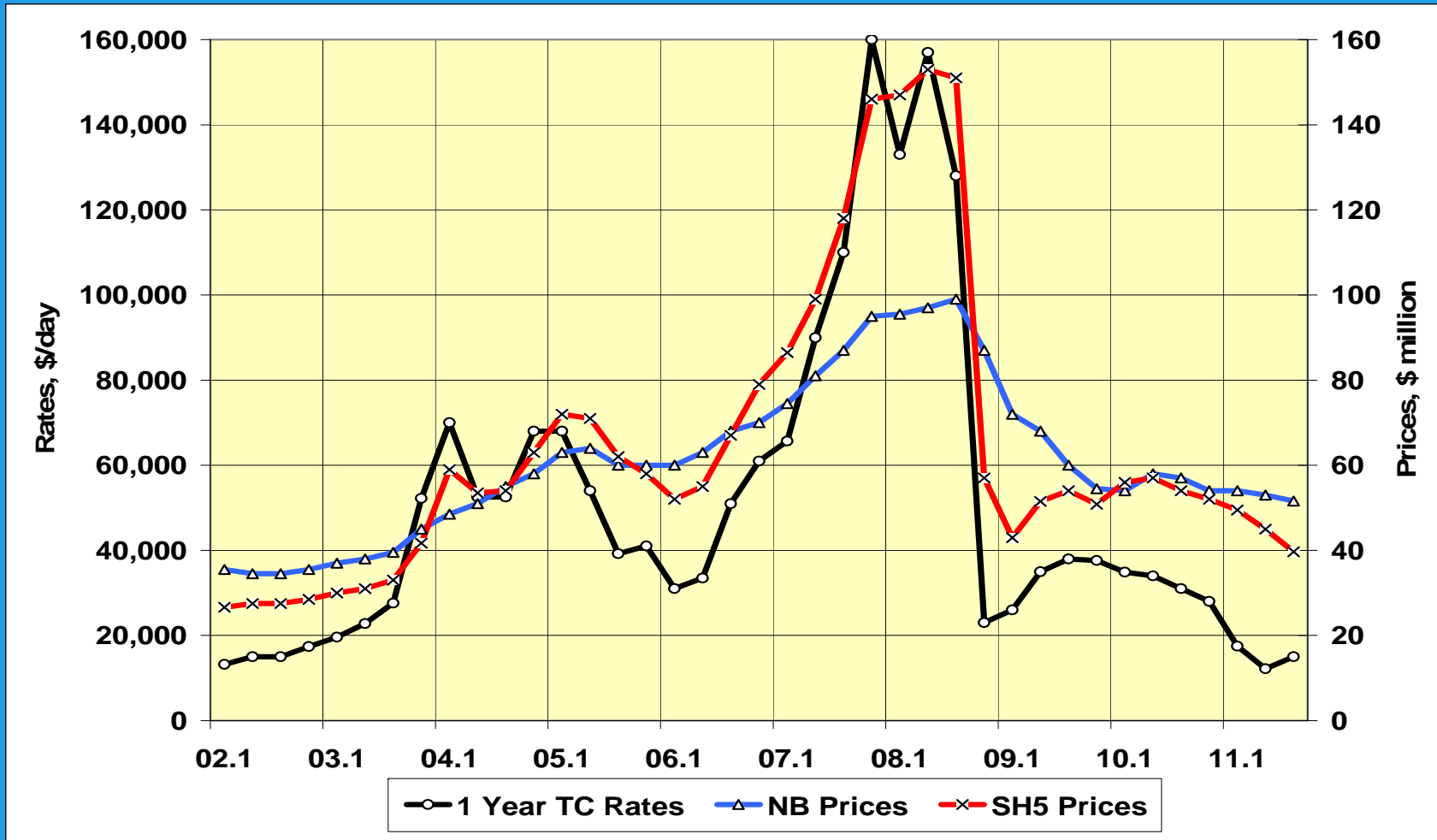


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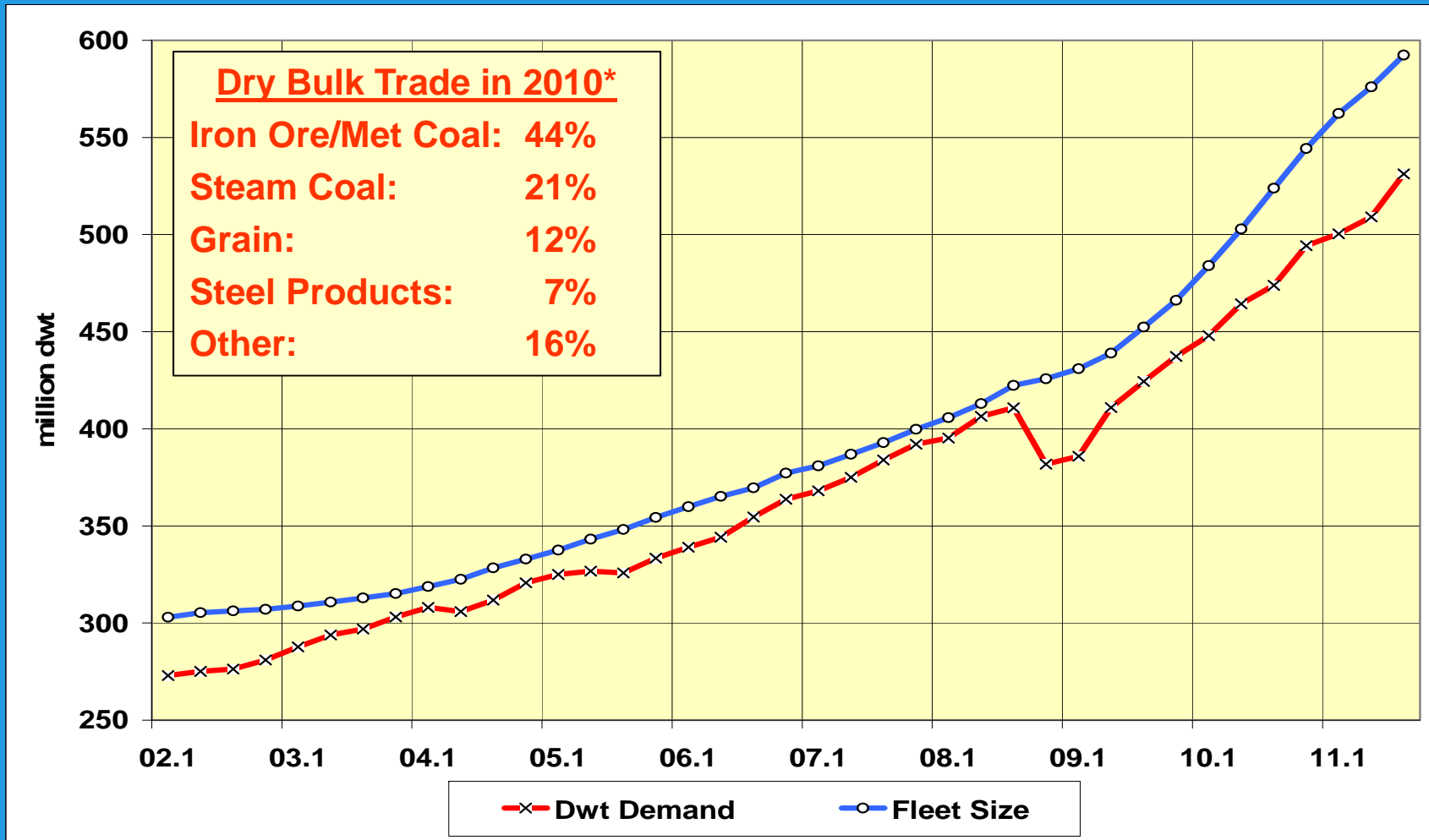


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Cape Rates vs. Prices

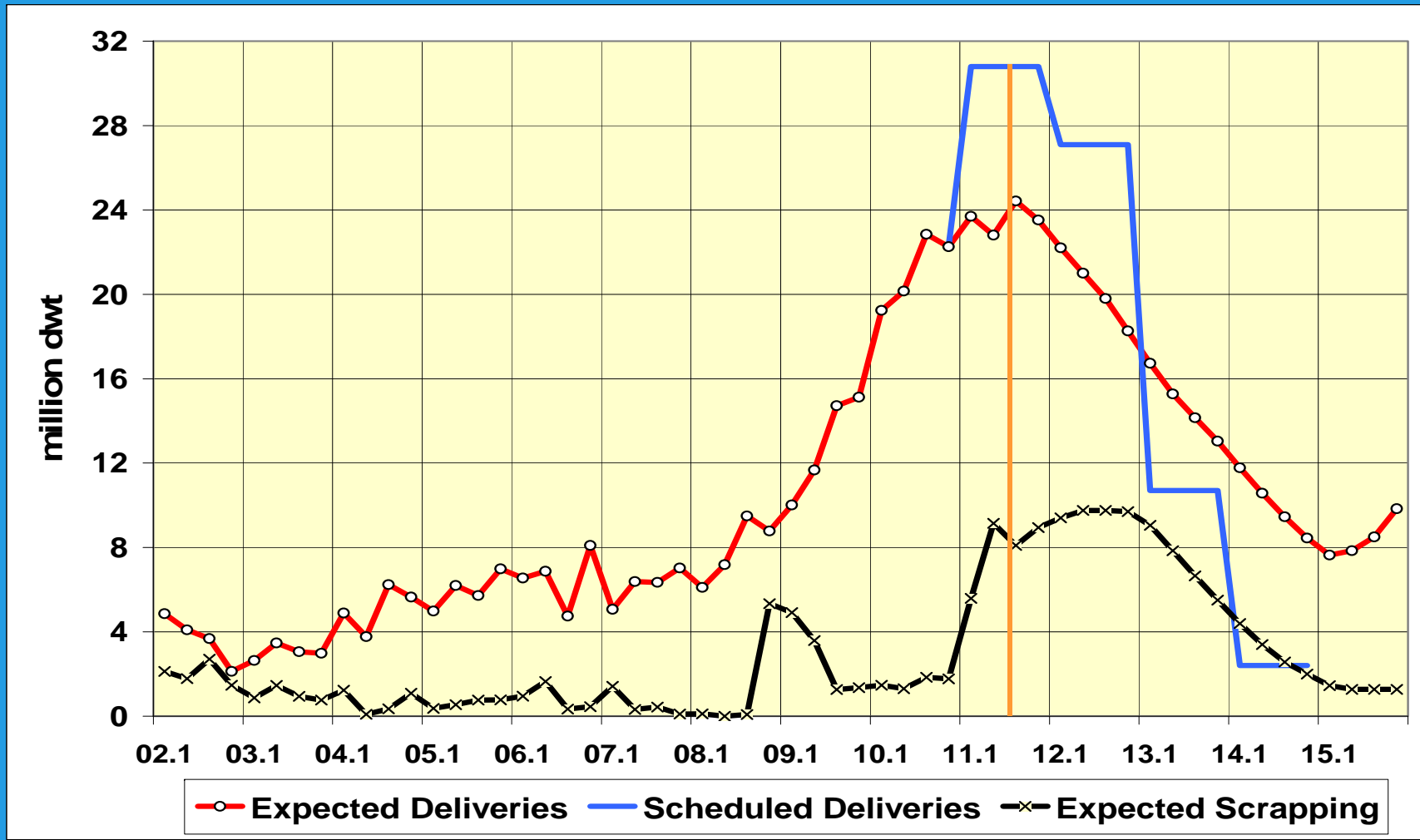


Dry Bulk Supply vs. Demand



*) In tonne-miles

Dry Bulk Deliveries vs. Scrapping

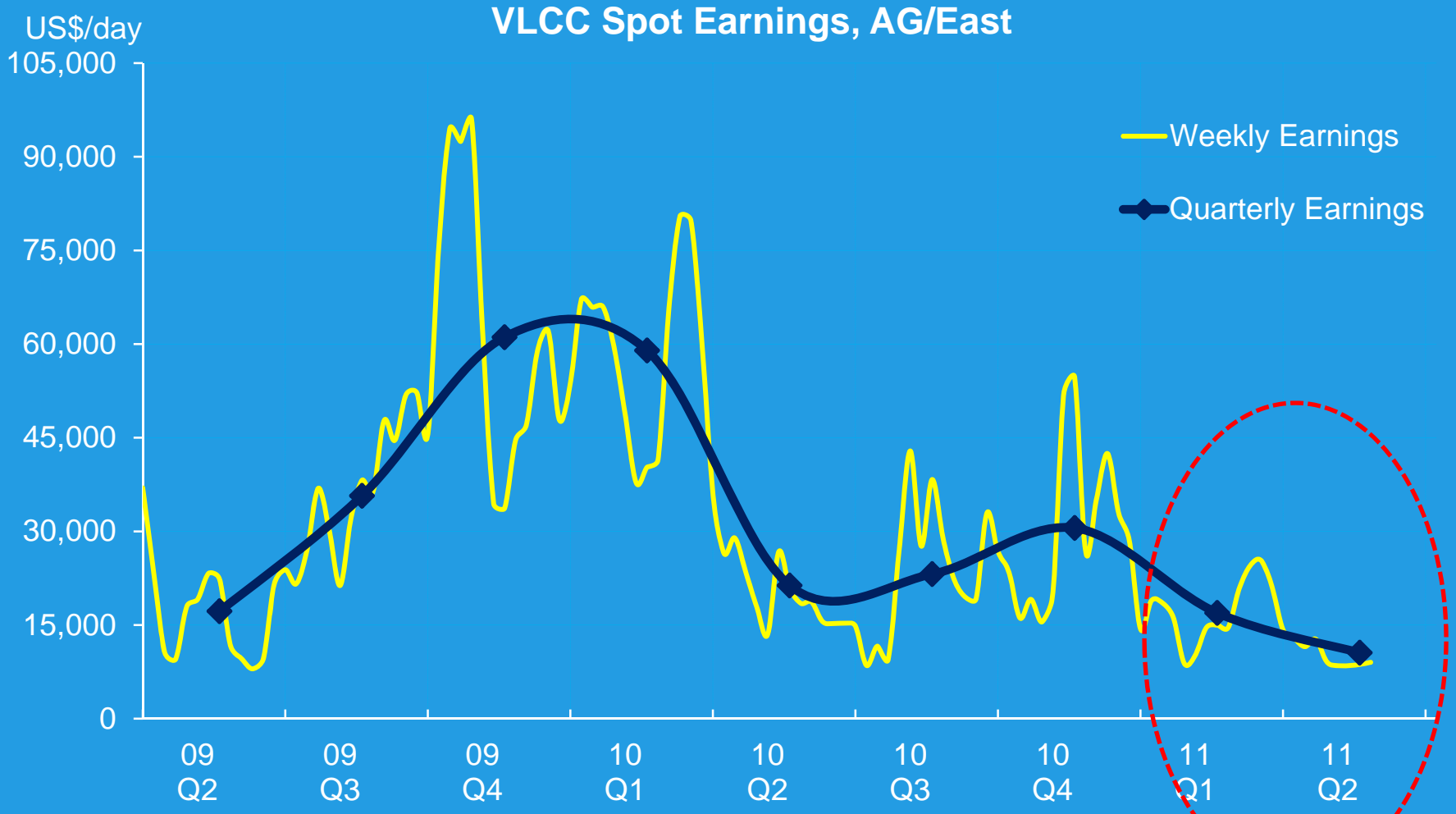


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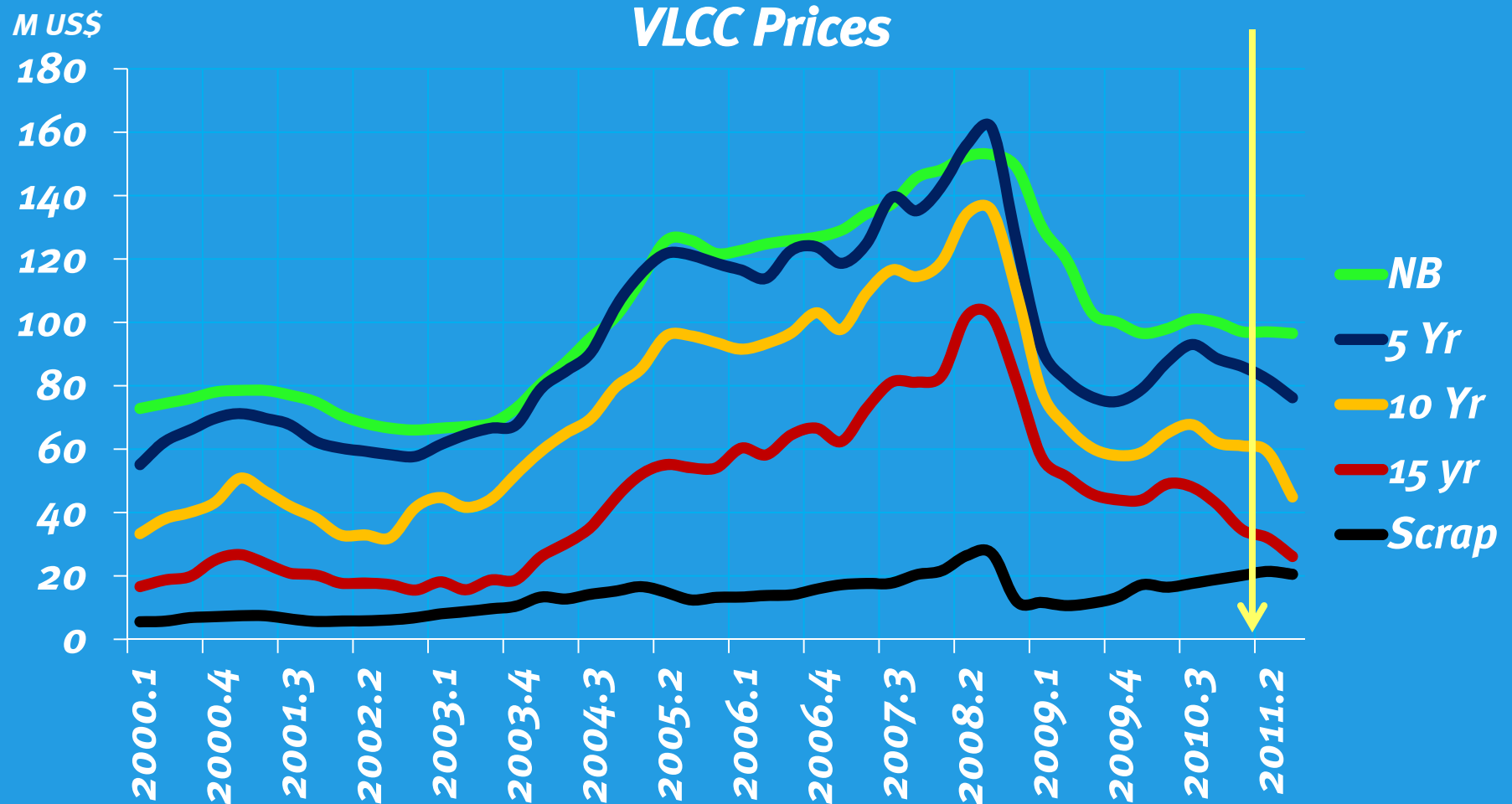
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Where's the volatility?



Values tumble in 2011

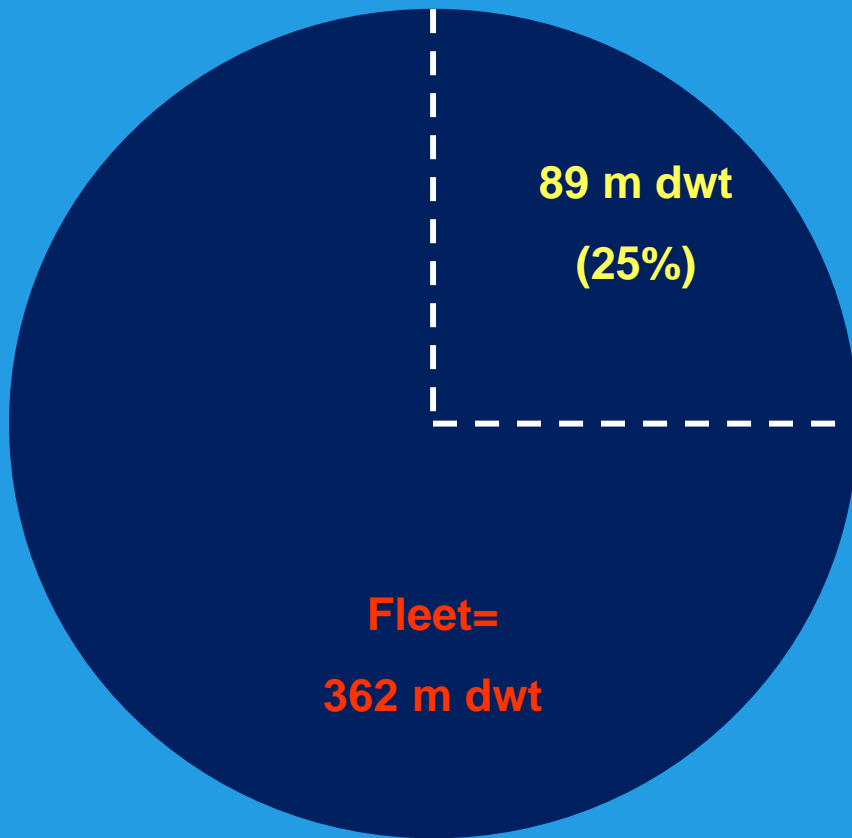
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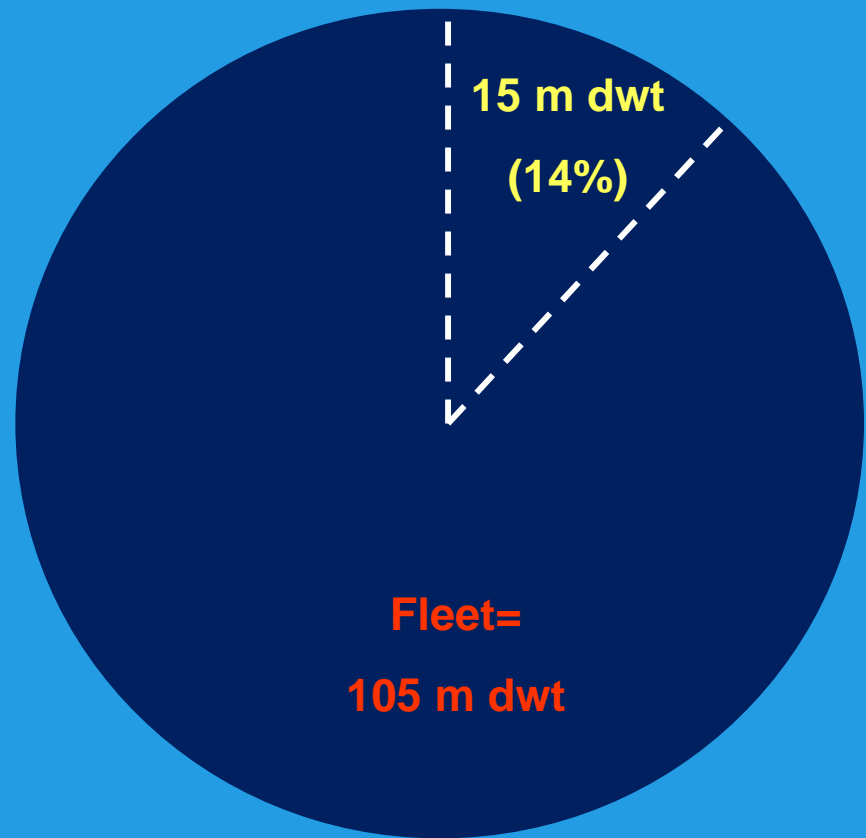
Orderbook



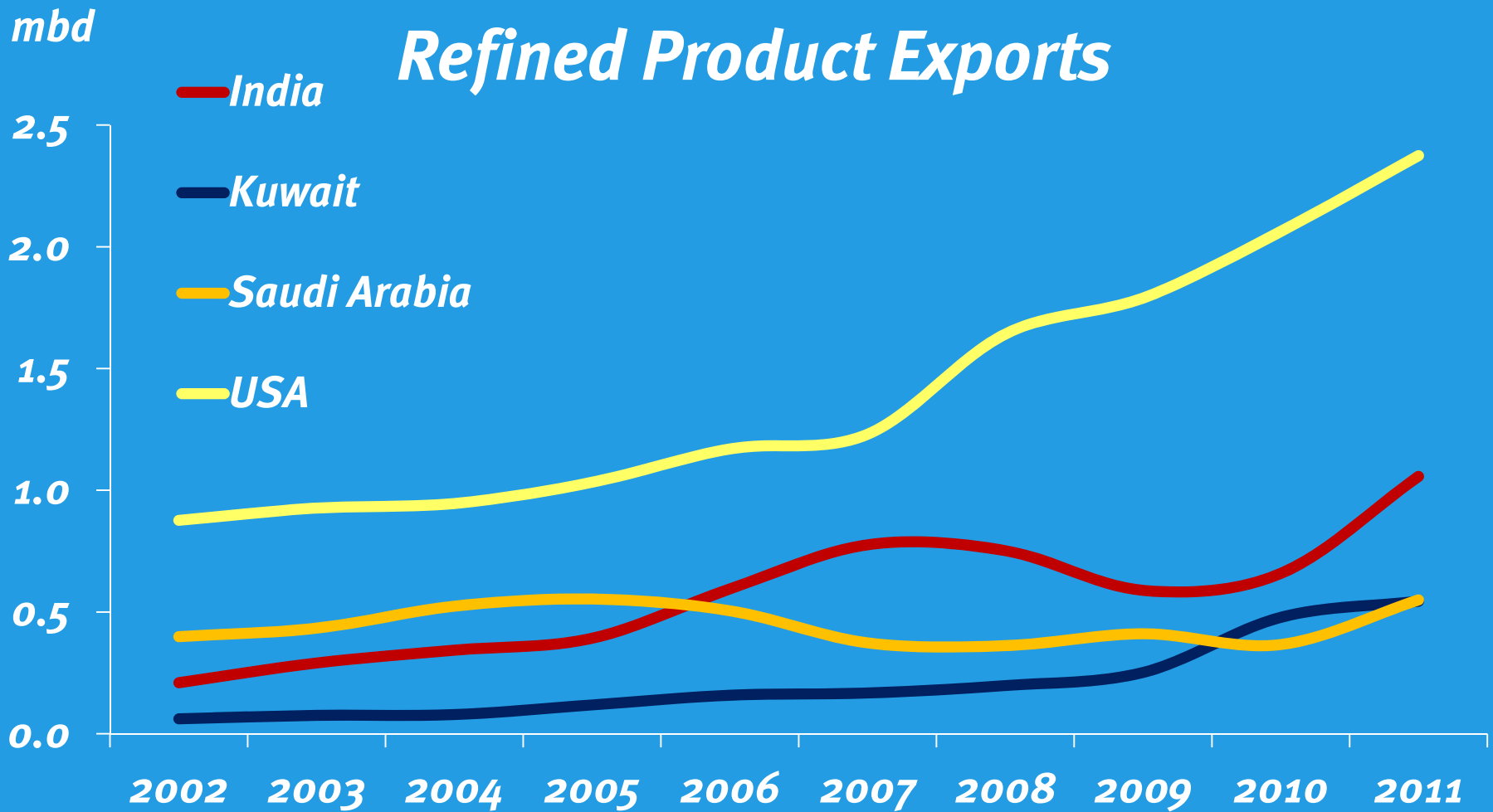
Crude Tanker OB/Fleet



Product Tanker OB/Fleet

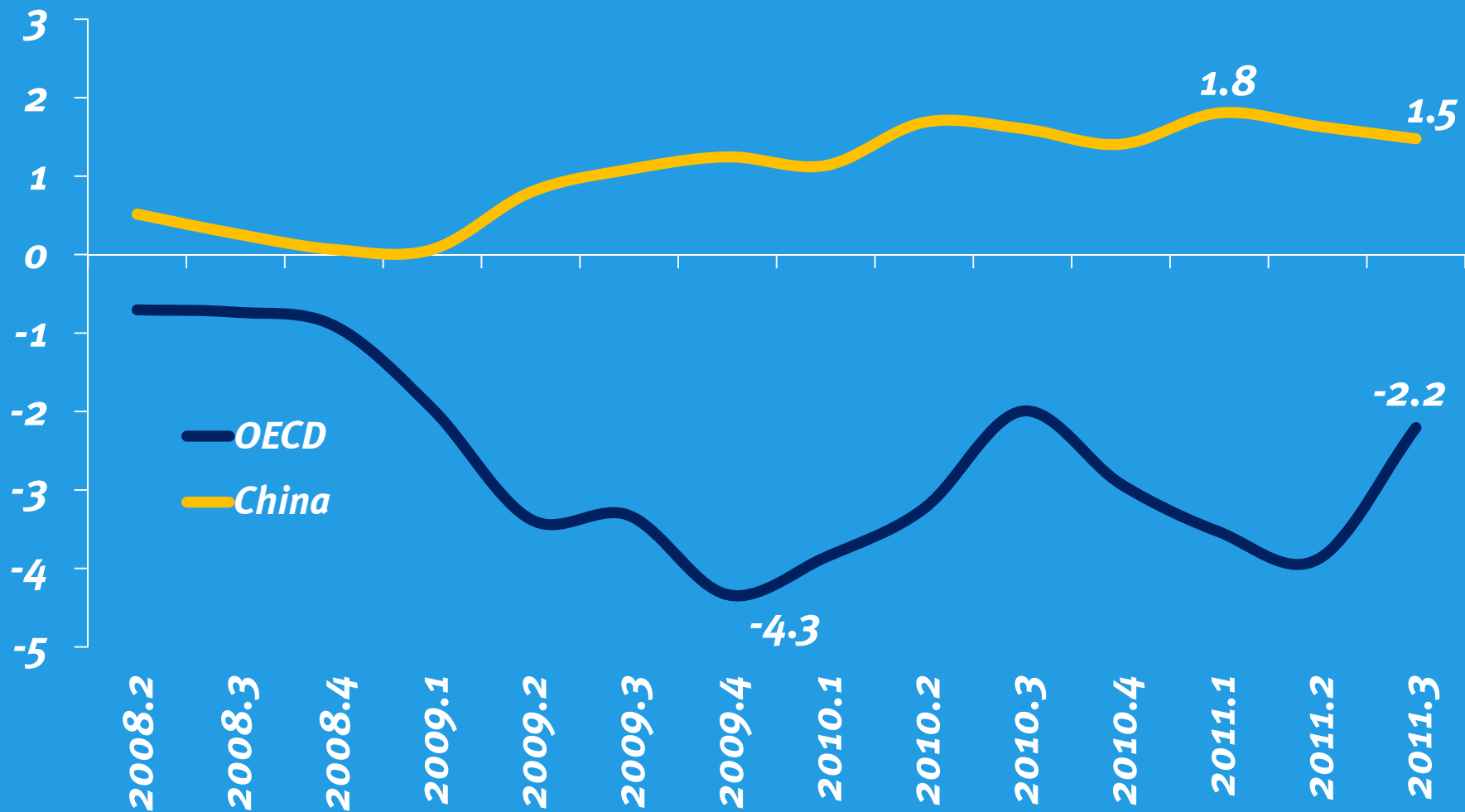


Rapid Growth in U.S. Product Exports



Post-recession oil import growth: China vs OECD

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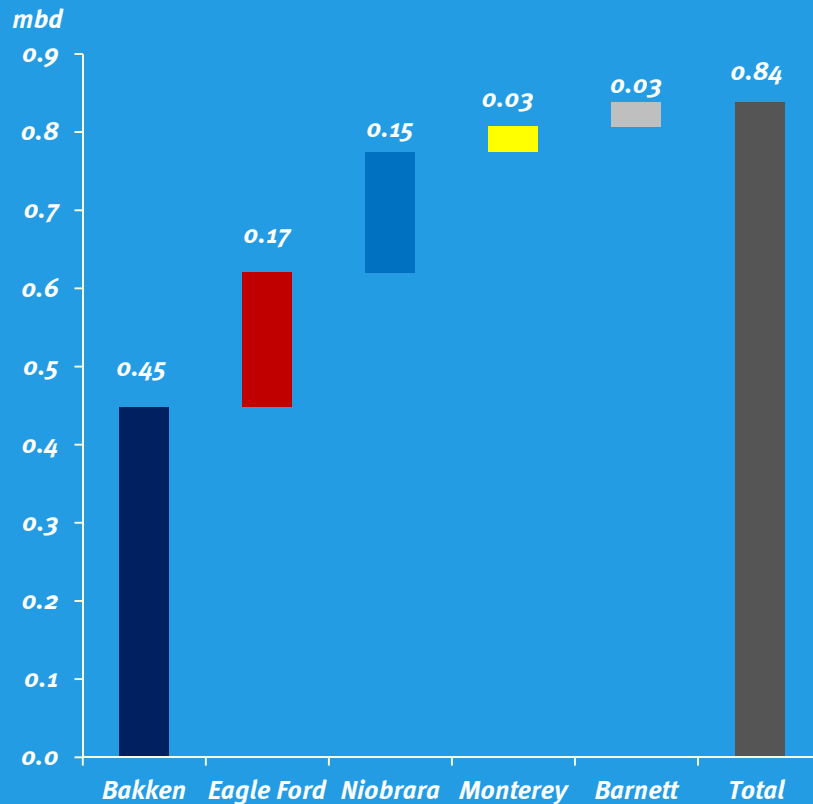


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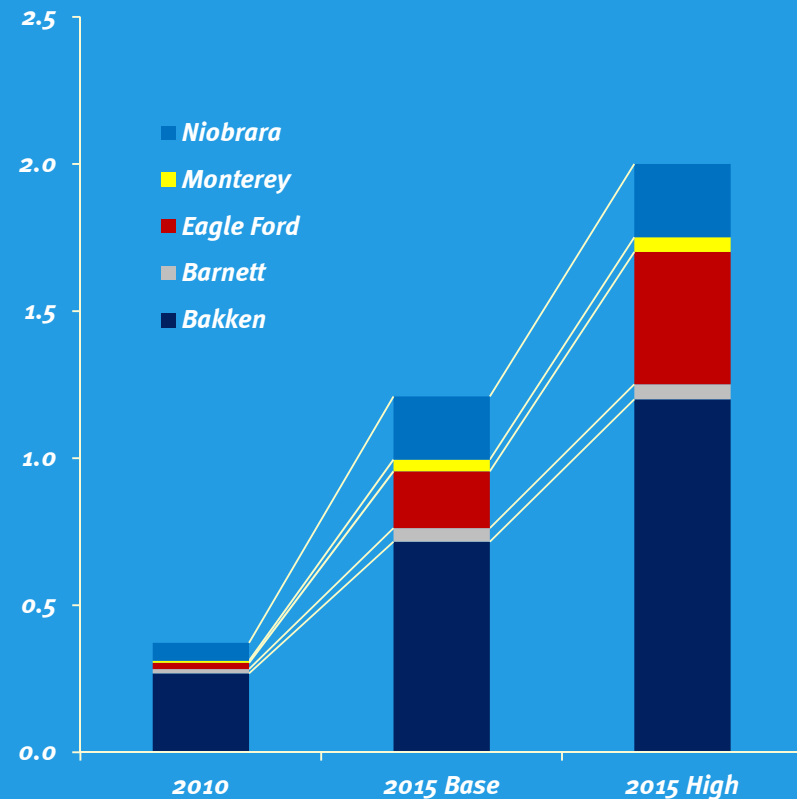
U.S. Oil Shale Production Outlook

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U.S. Shale Oil Growth 2010-15



"Consensus" vs. High Case



- *Thanks!*