IMSF Lisbon

The newbuilding market – a few thoughts

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- Supply/demand
- What if scenarios
- B/E calculations
- Deliveries and slippage
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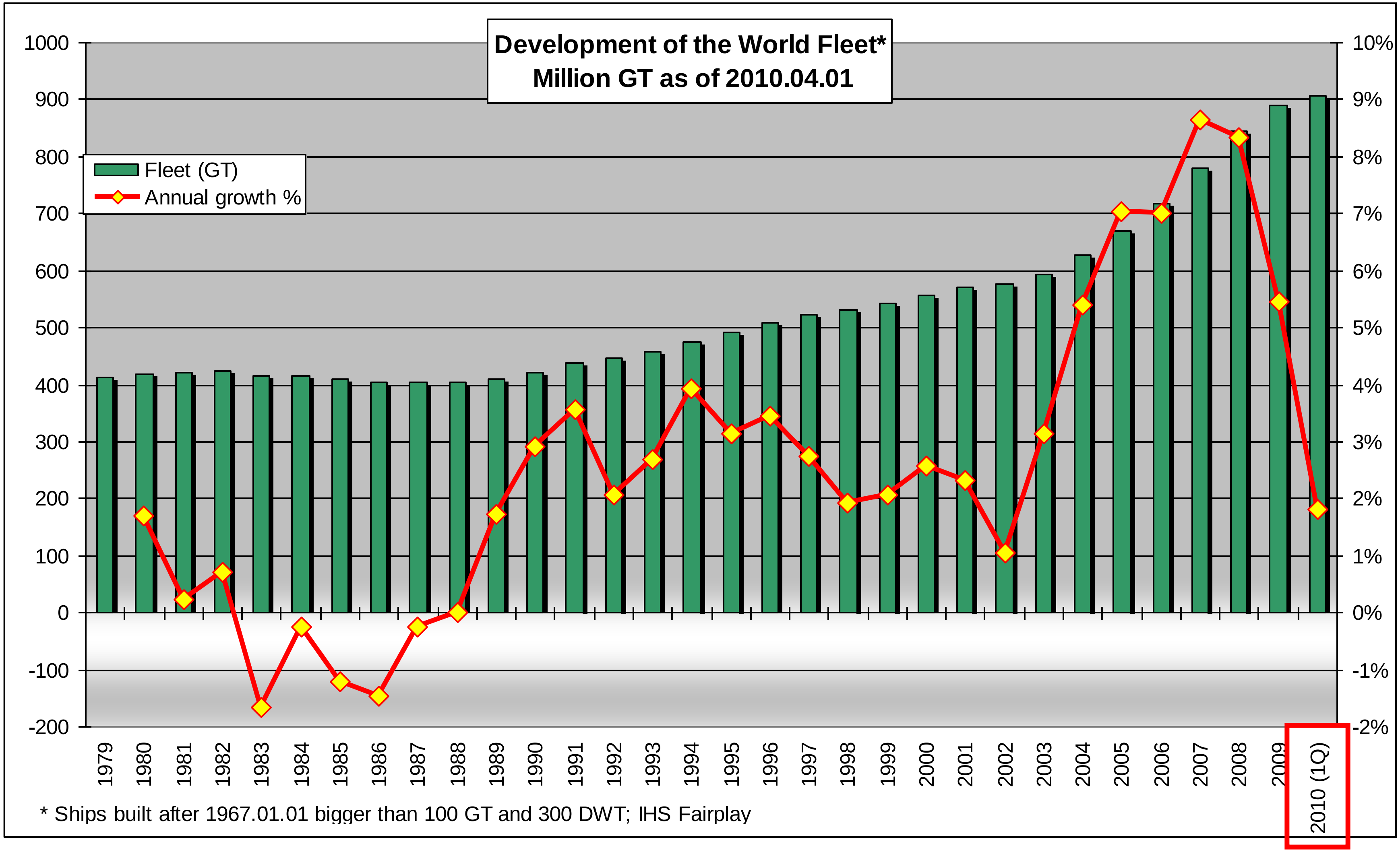
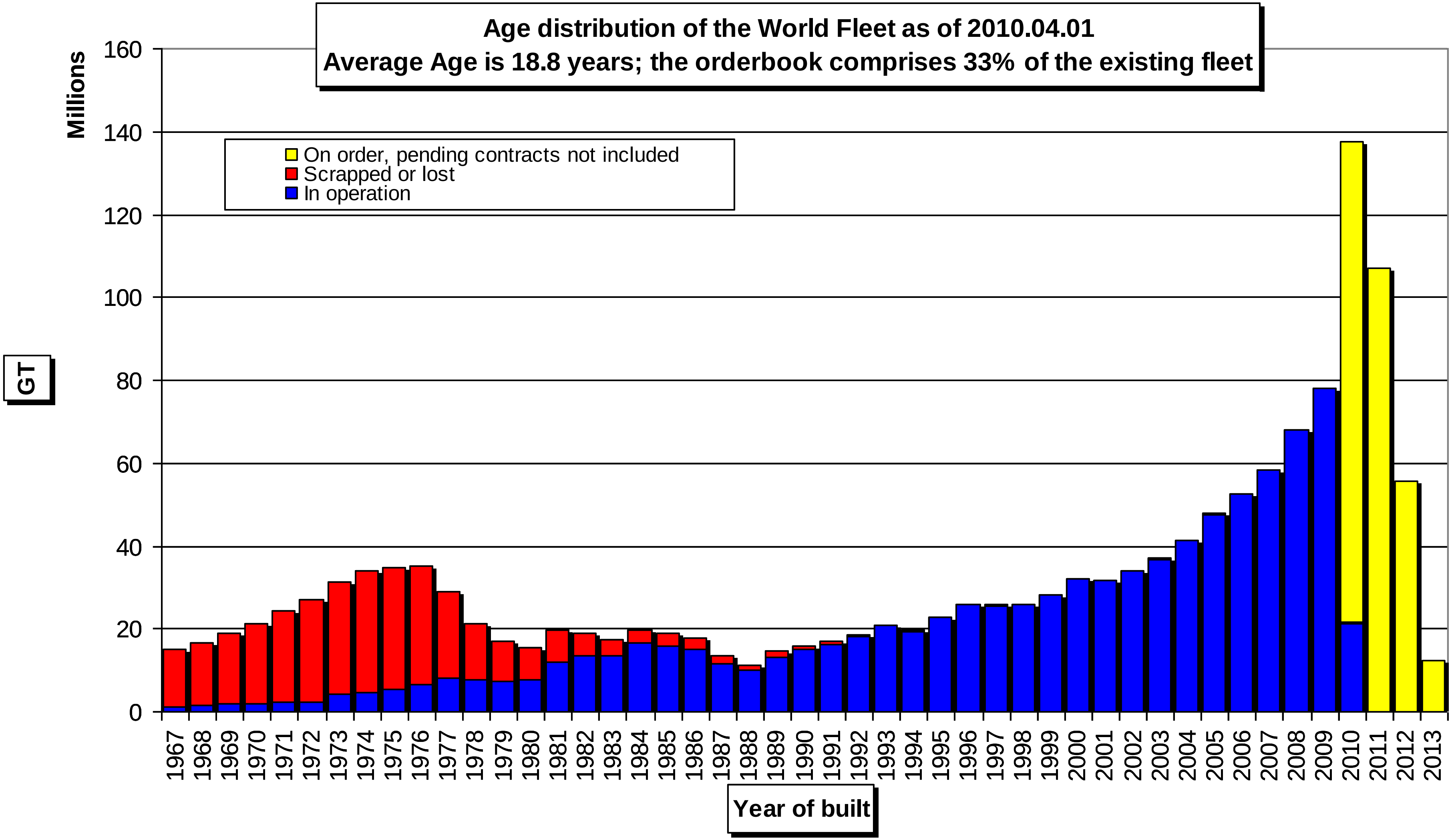
World Fleet

Development of the World Fleet 1979 – 2010 (1Q)



Source: IHS Fairplay

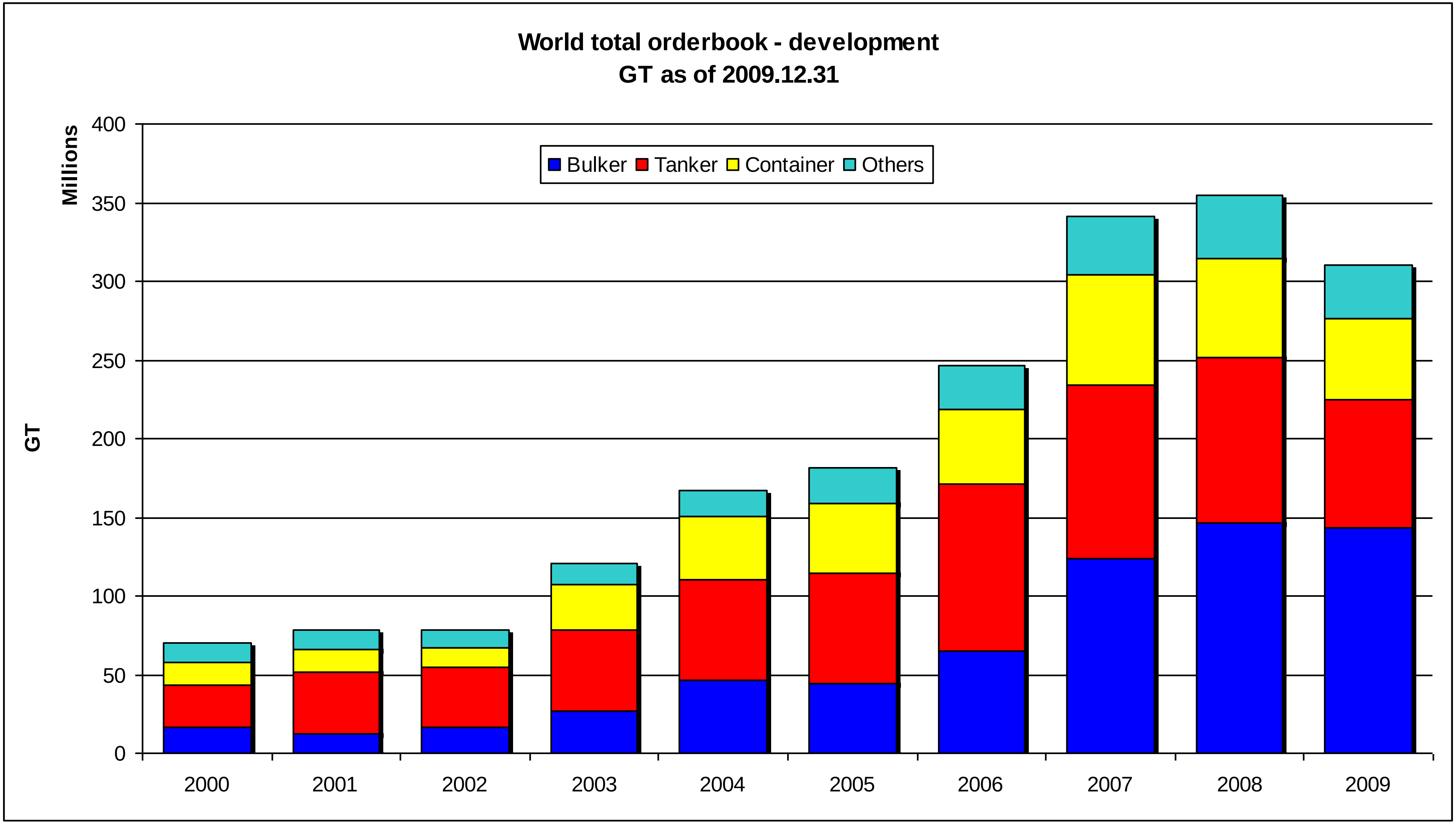
The World Fleet



Source: IHS Fairplay

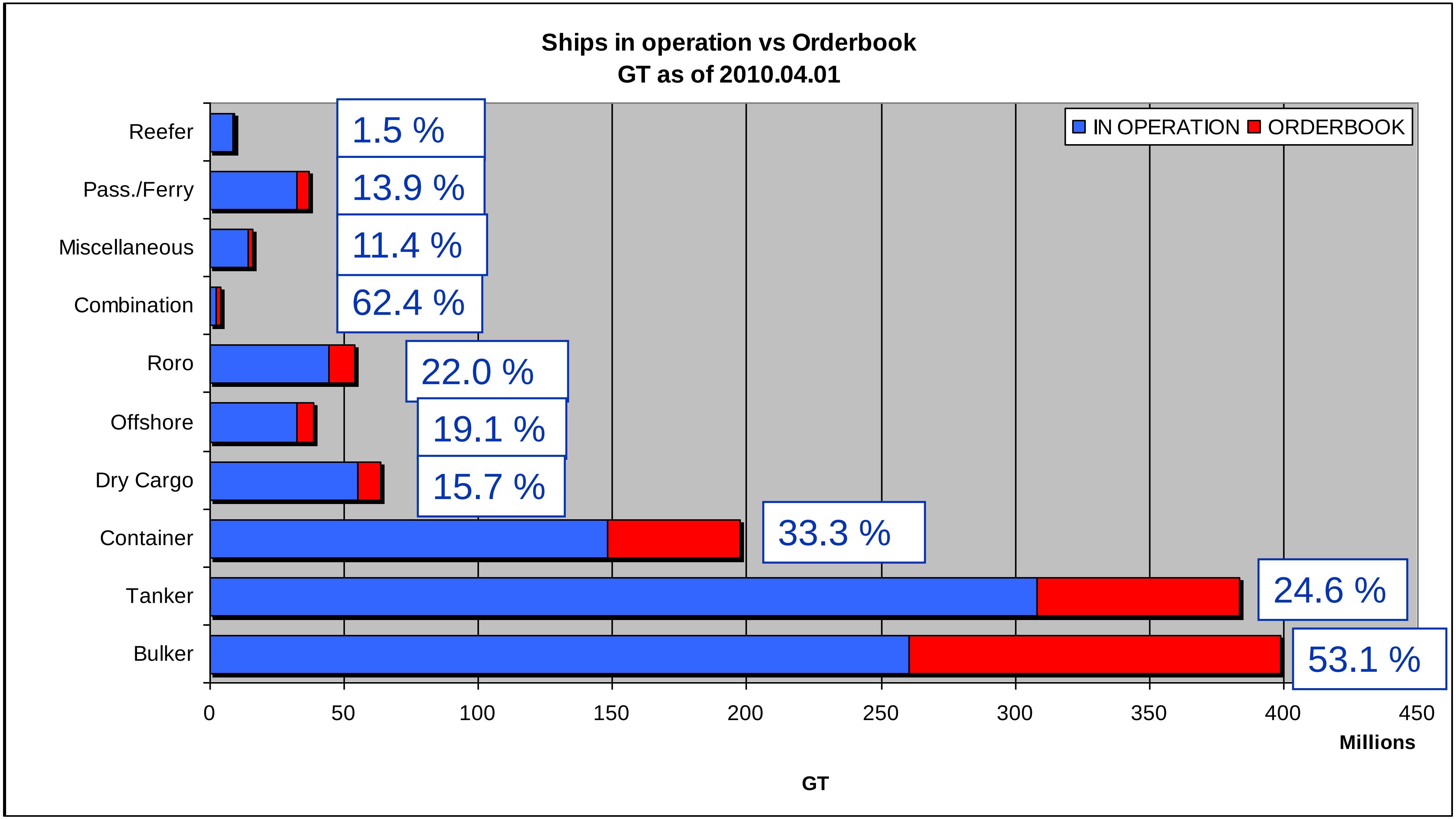
Orderbook

Orderbook accumulated



Source: IHS Fairplay

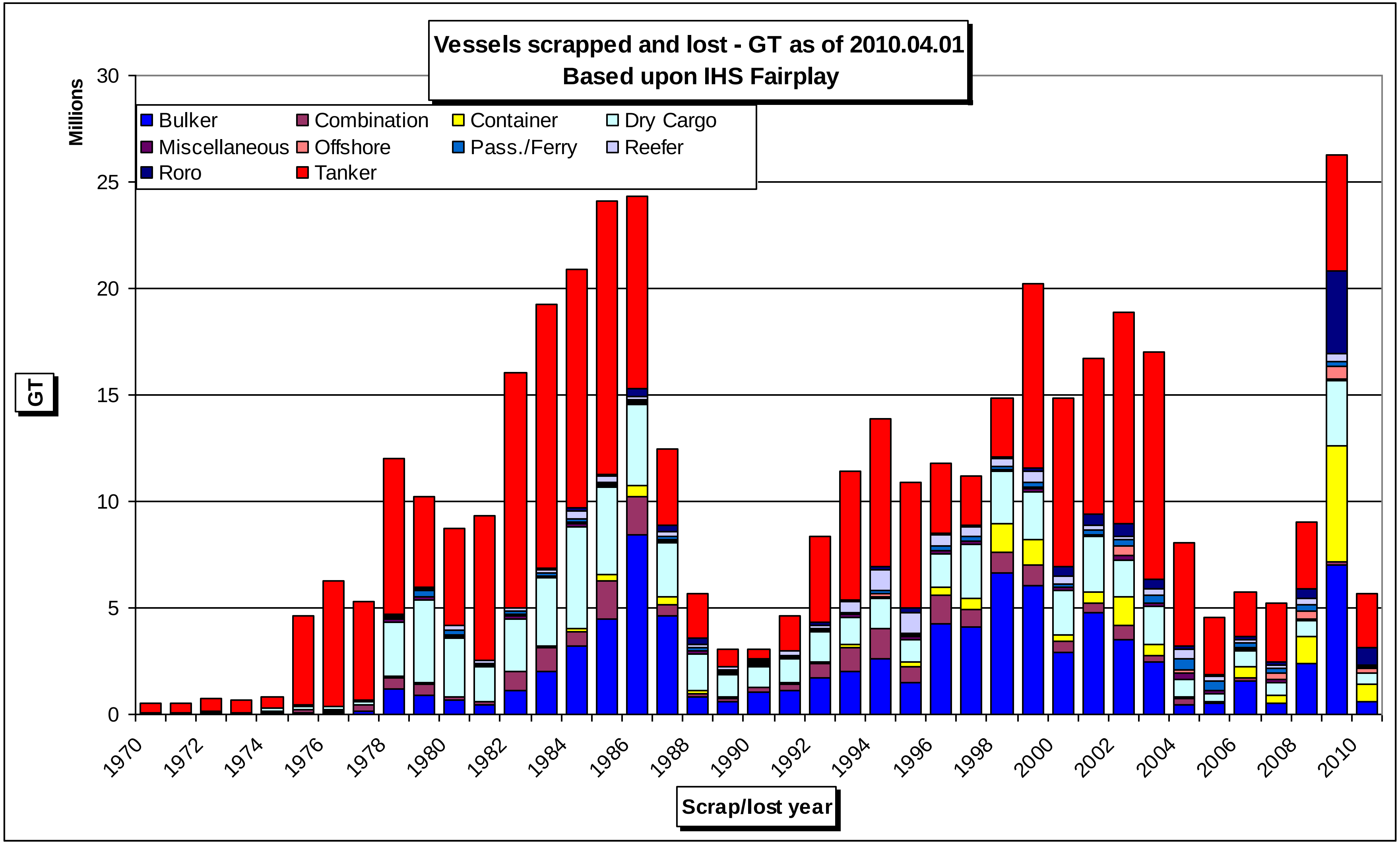
Orderbook vs Ships in operation



Source: IHS Fairplay

Scrapping

Vessels sold for scrapping



Source: LRFairplay

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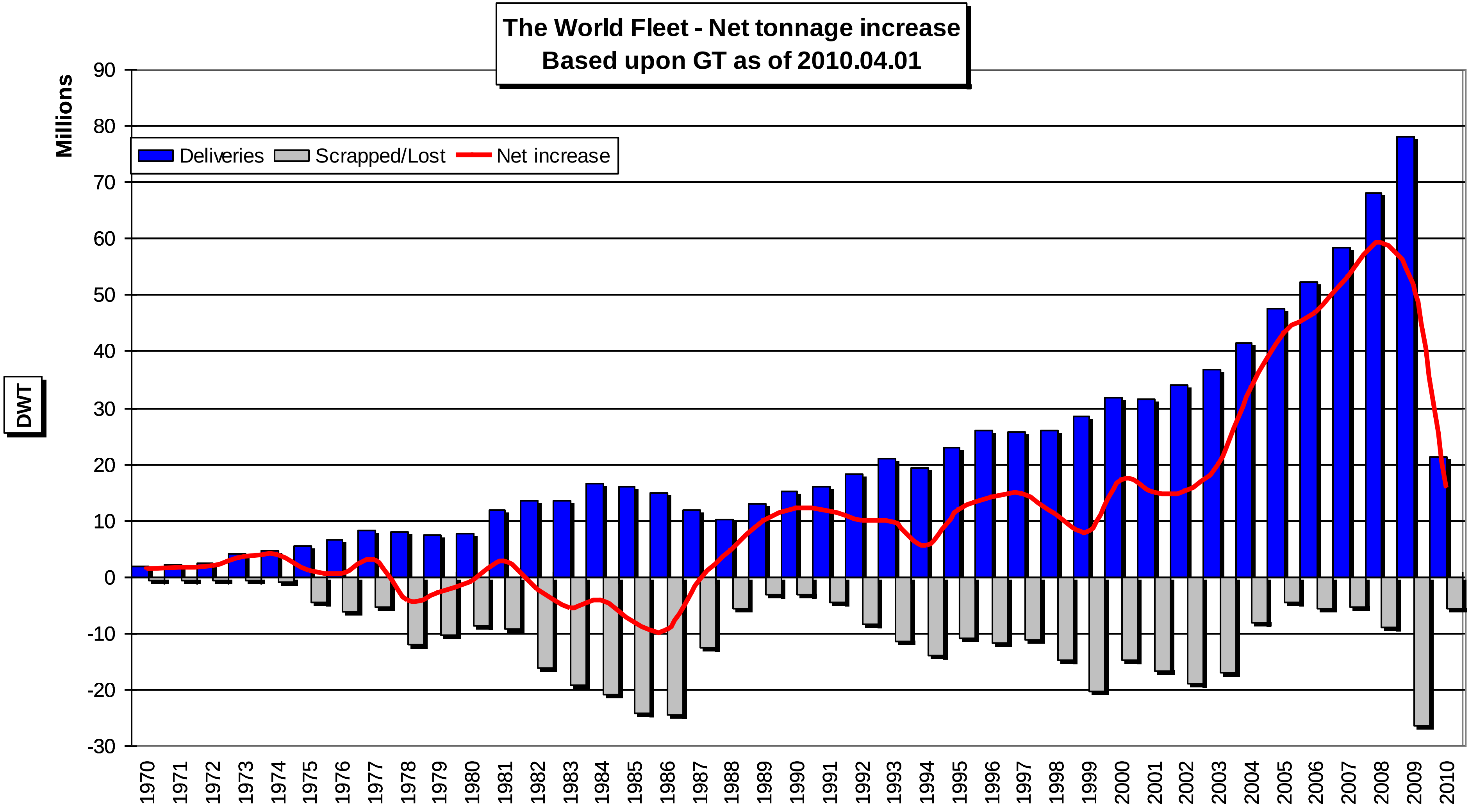
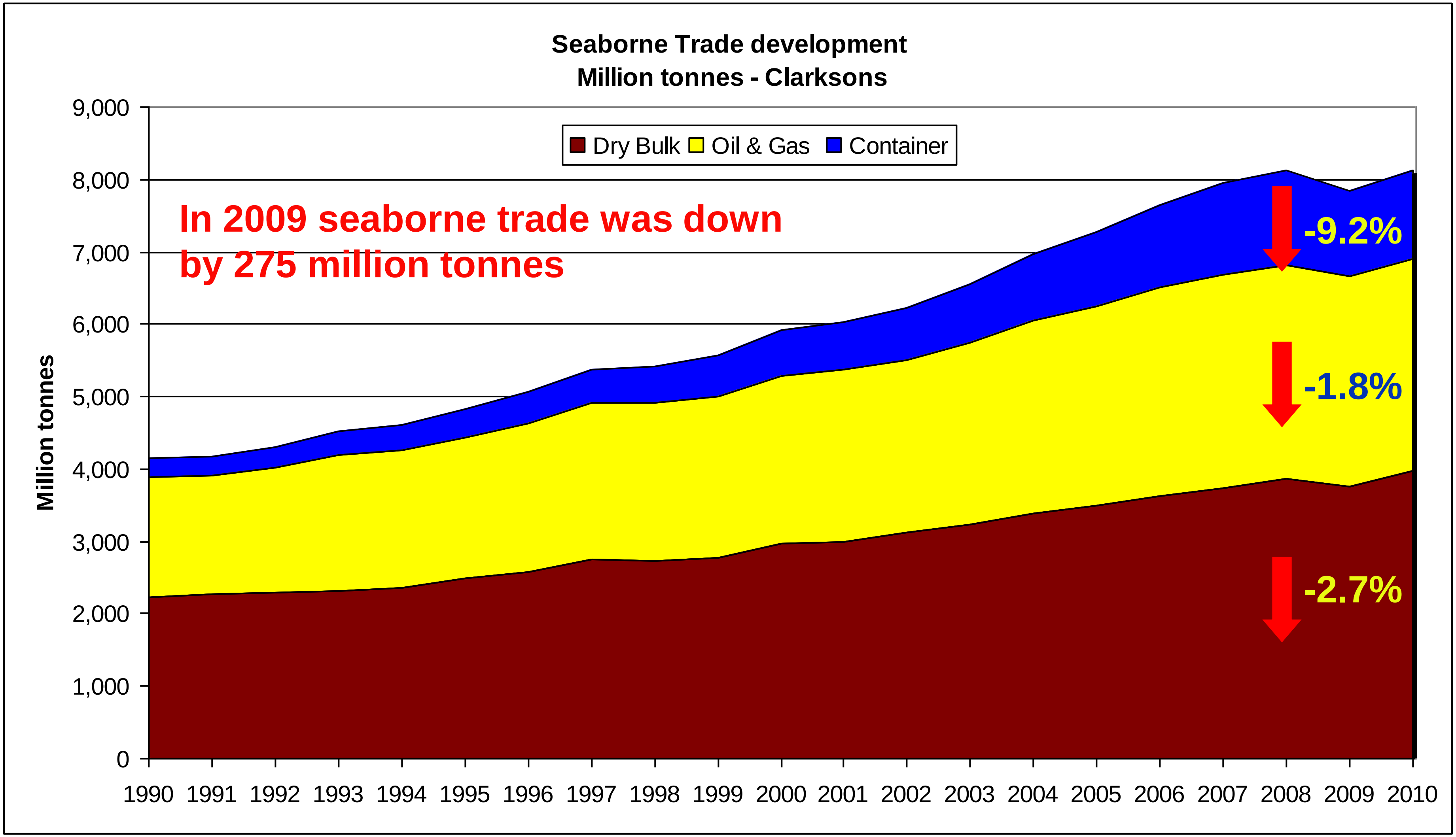
Additions to the fleet



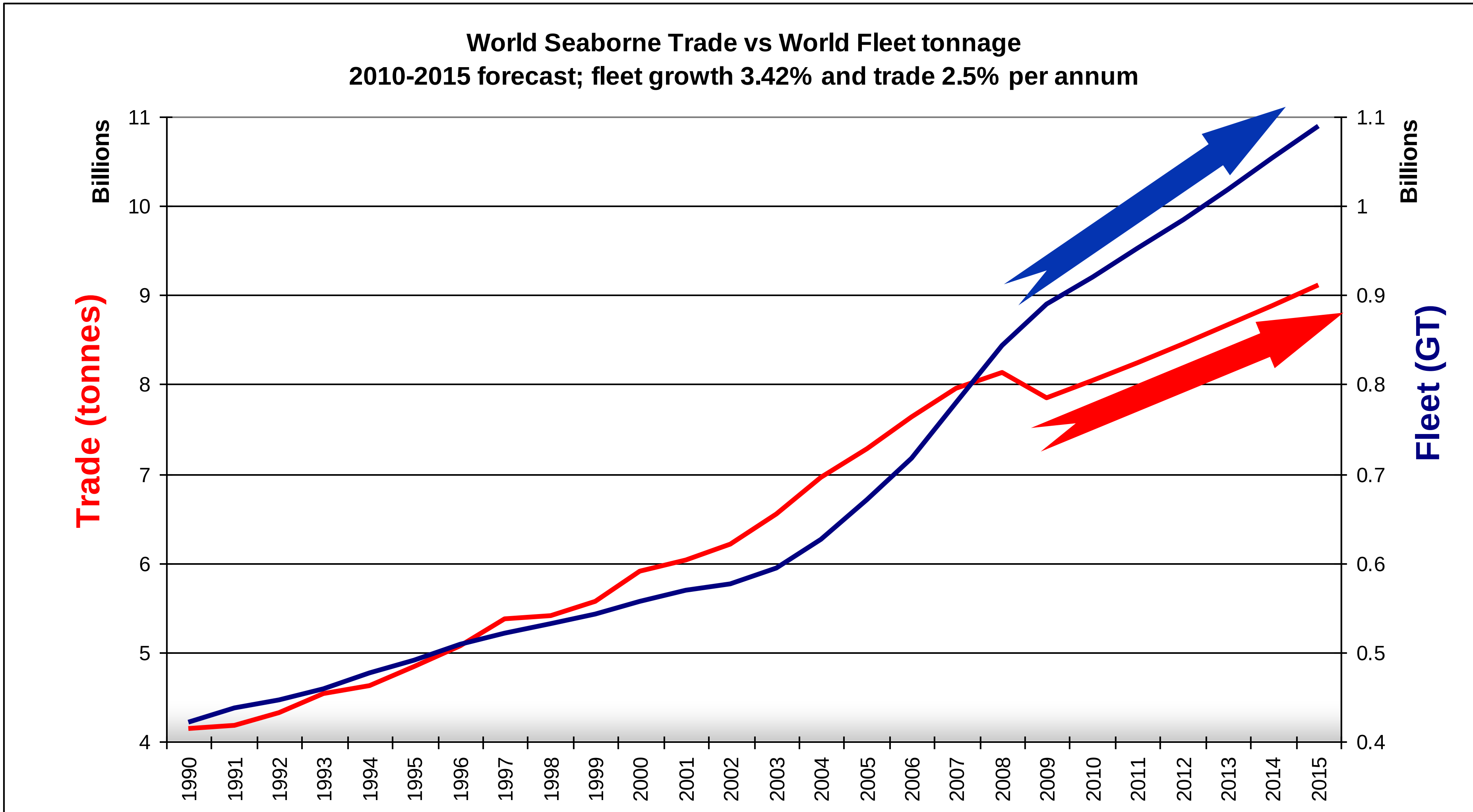
Source: IHS Fairplay

Seaborne Trade

Seaborne Trade – weaker demand



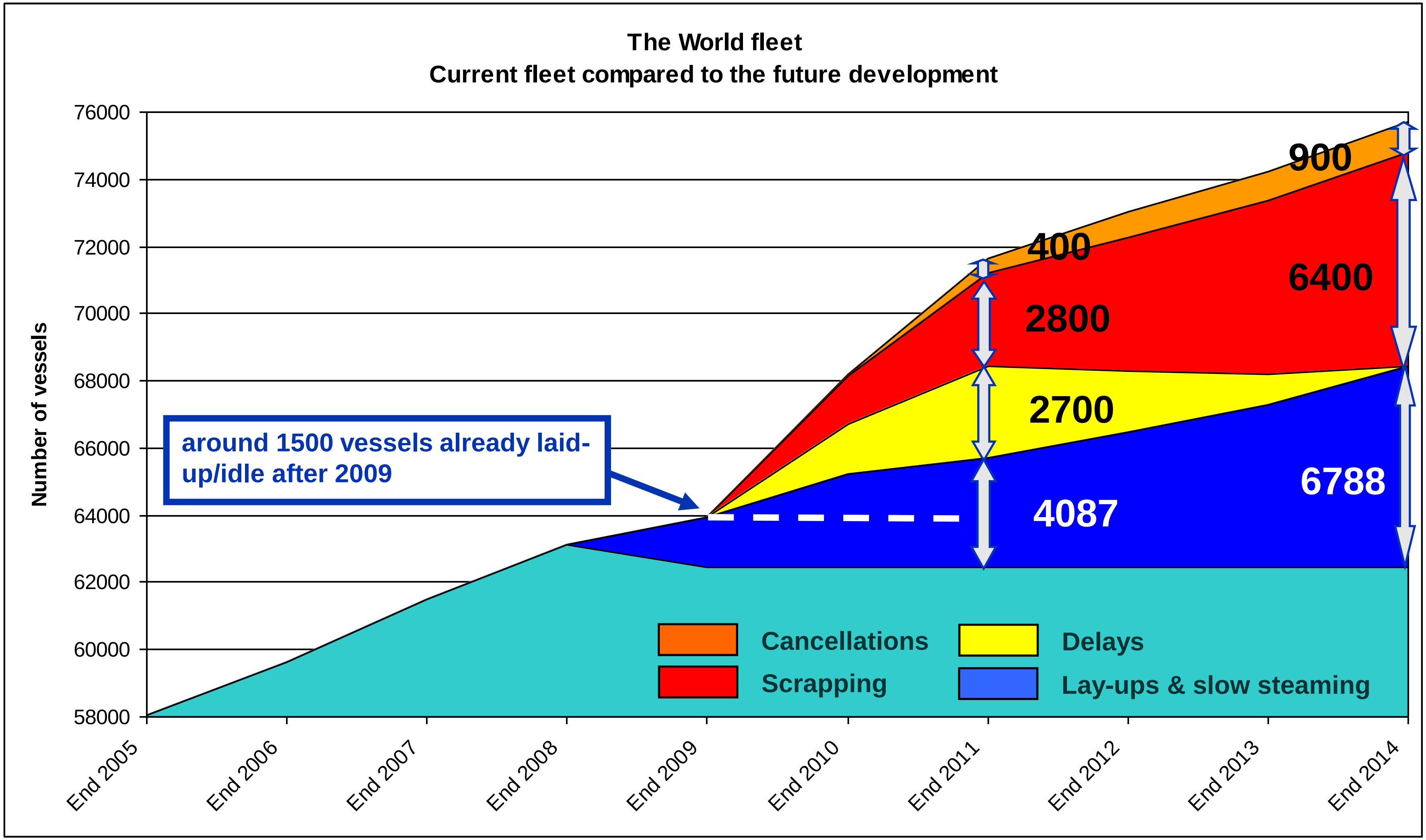
Trade and Fleet development



Source: IHS Fairplay, Clarksons

WHAT IF…

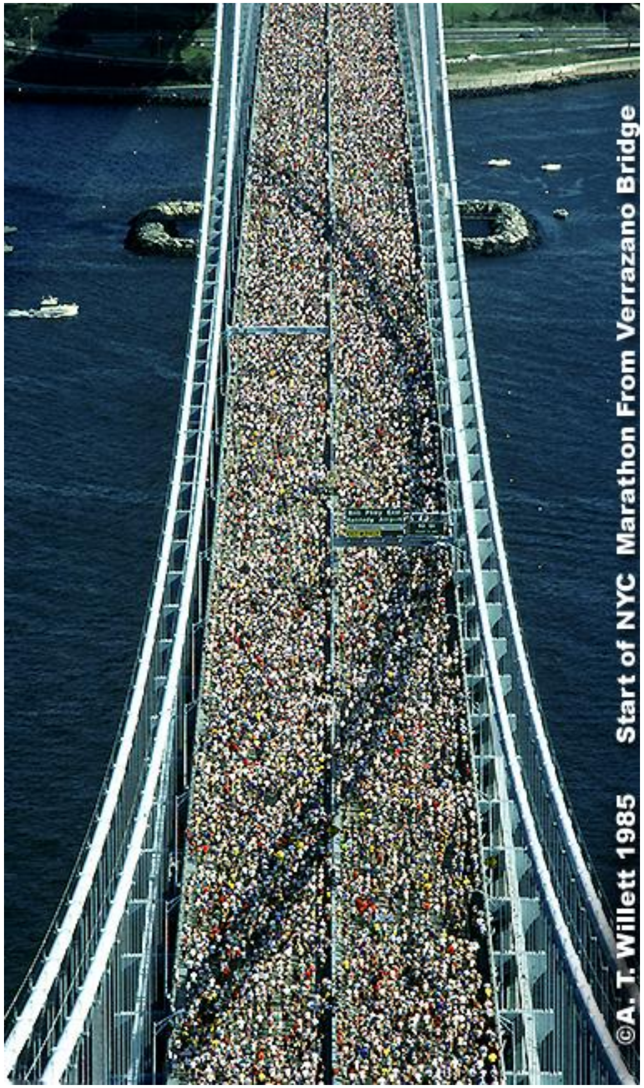
WHAT IF scenarios for the World Fleet



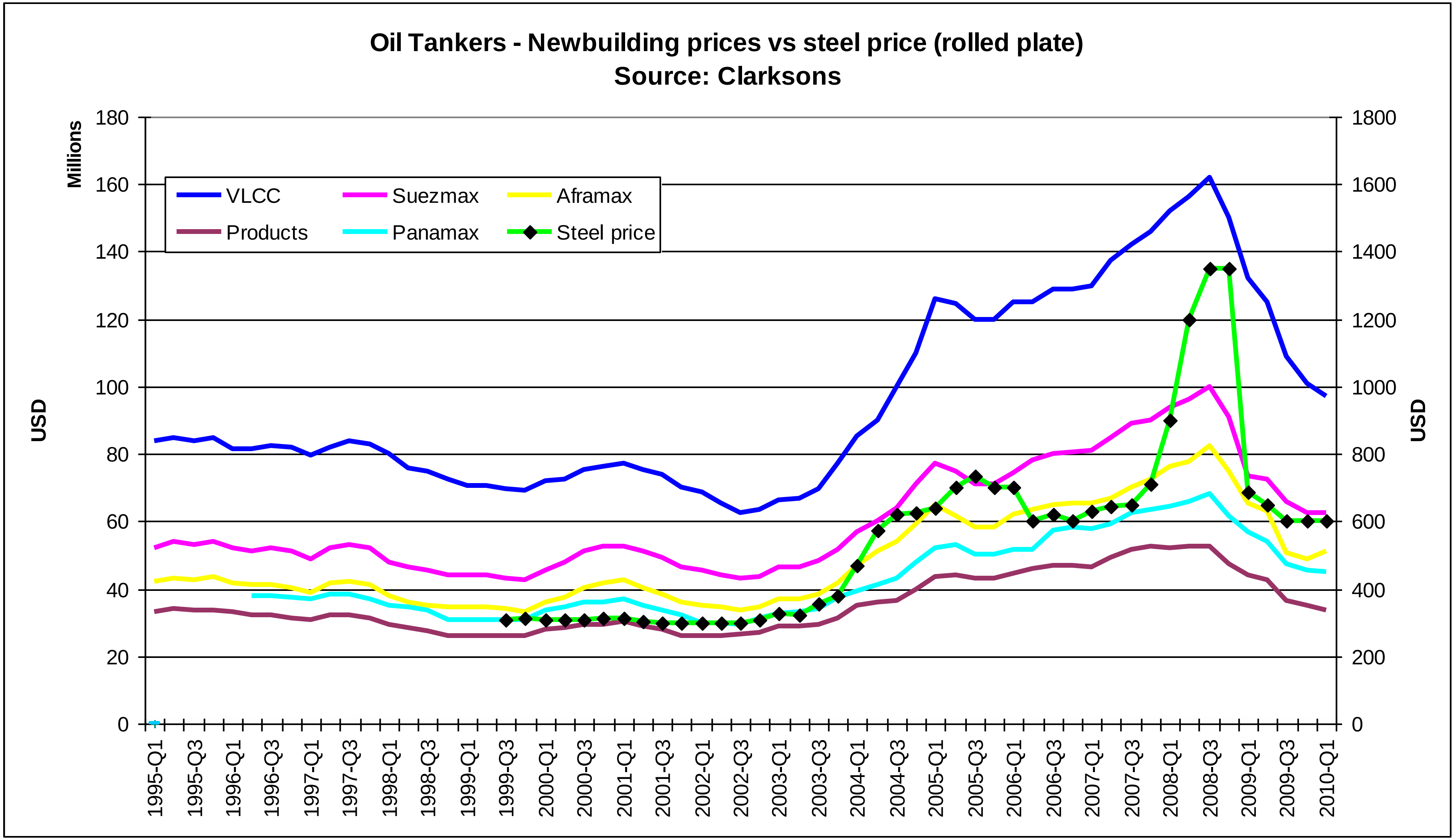
Source: DNV Market Intelligence, IHS Fairplay

More new contracts?

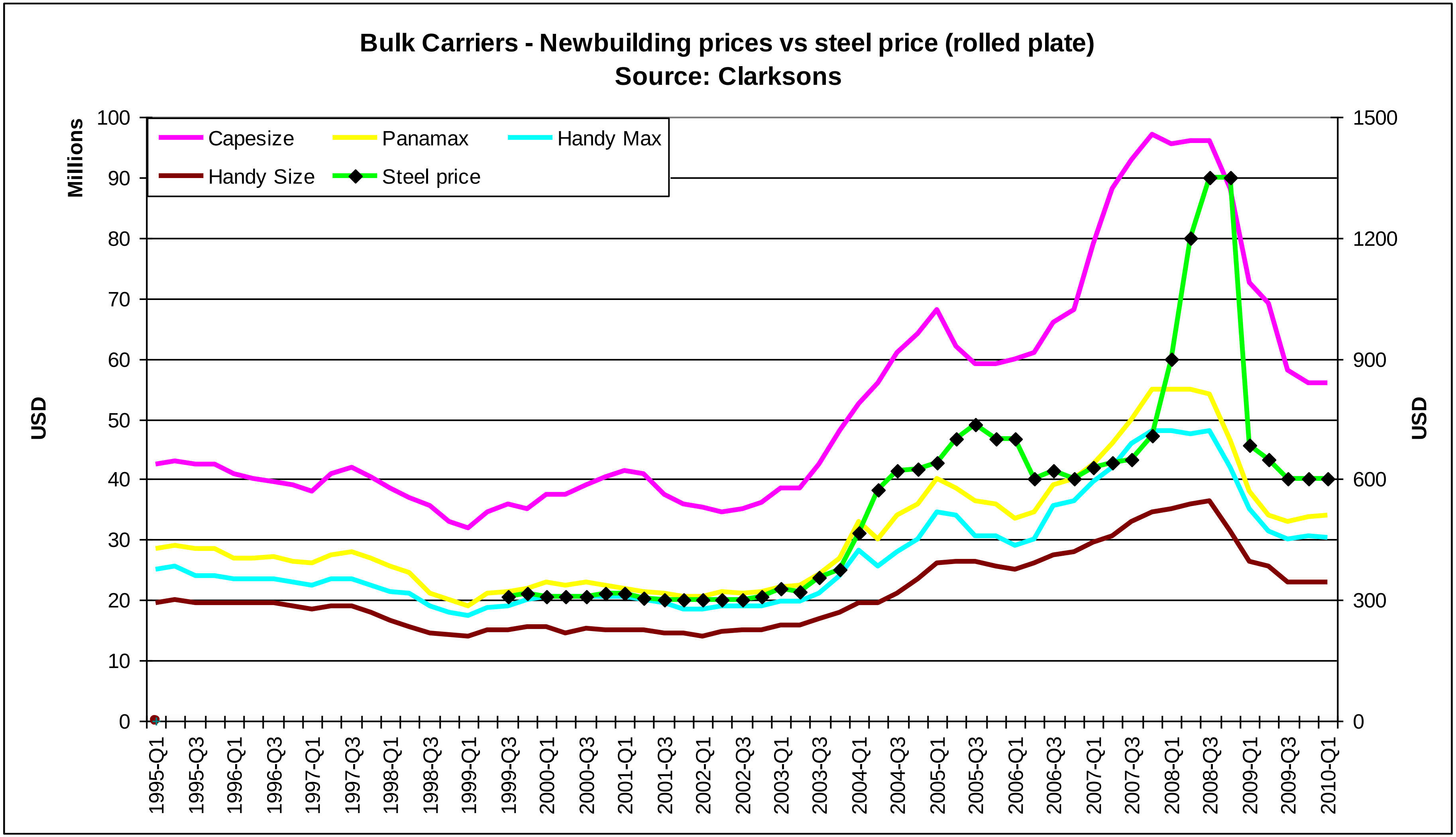
Different perspectives…



NB Market


Oil Tankers - Newbuilding prices vs steel price (rolled plate)
Source: Clarksons
Millions
USD
USD
VLCC
Suezmax
Aframax
Products
Panamax
Steel price
0
20
40
60
80
100
120
140
160
180
0
200
400
600
800
1000
1200
1400
1600
1800
1995-Q1
1995-Q3
1996-Q1
1996-Q3
1997-Q1
1997-Q3
1998-Q1
1998-Q3
1999-Q1
1999-Q3
2000-Q1
2000-Q3
2001-Q1
2001-Q3
2002-Q1
2002-Q3
2003-Q1
2003-Q3
2004-Q1
2004-Q3
2005-Q1
2005-Q3
2006-Q1
2006-Q3
2007-Q1
2007-Q3
2008-Q1
2008-Q3
2009-Q1
2009-Q3
2010-Q1

NB Market



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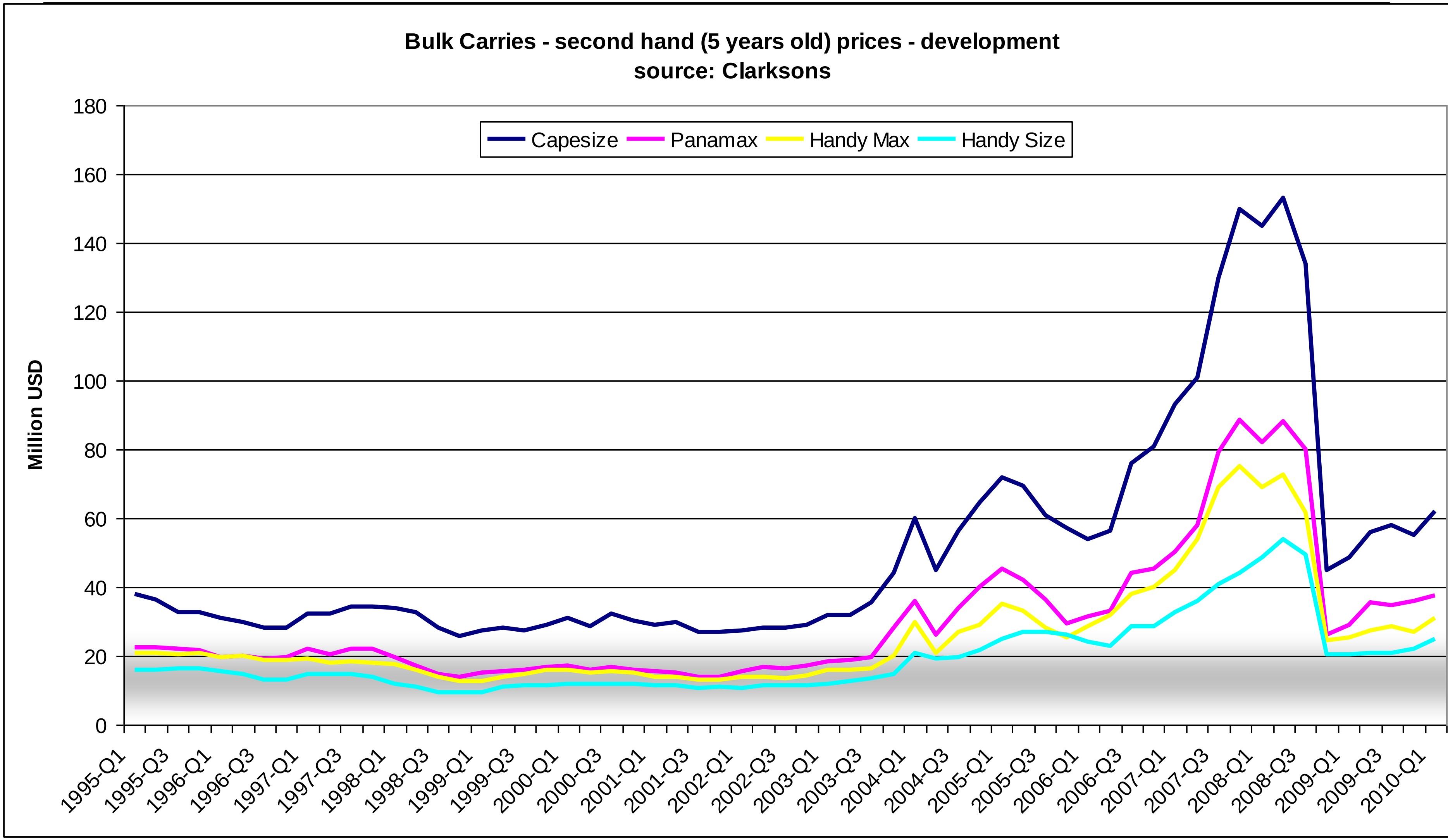
SH market



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CAPEX – capesize example

Example of CAPEX costs for Capesize bulker

- CASE 1
  - Asset value – 36 mill. USD
  - Equity – 11 mill. USD
  - Loan – 25 mill. USD
  - LTV – 70%
  - Tenor – 7 years
  - Average LIBOR – 4.5%
  - Margin 125 bps
  - Balloon - 16 mill. USD

- CASE 2
  - Asset value – 60 mill. USD
  - Equity – 18 mill. USD
  - Loan – 42 mill. USD
  - LTV – 70%
  - Tenor – 7 years
  - Average LIBOR – 4.5%
  - Margin 125 bps
  - Balloon - 26 mill. USD

- CASE 3
  - Asset value – 80 mill. USD
  - Equity – 24 mill. USD
  - Loan – 56 mill. USD
  - LTV – 70%
  - Tenor – 7 years
  - Average LIBOR – 4.5%
  - Margin 125 bps
  - Balloon - 35 mill. USD

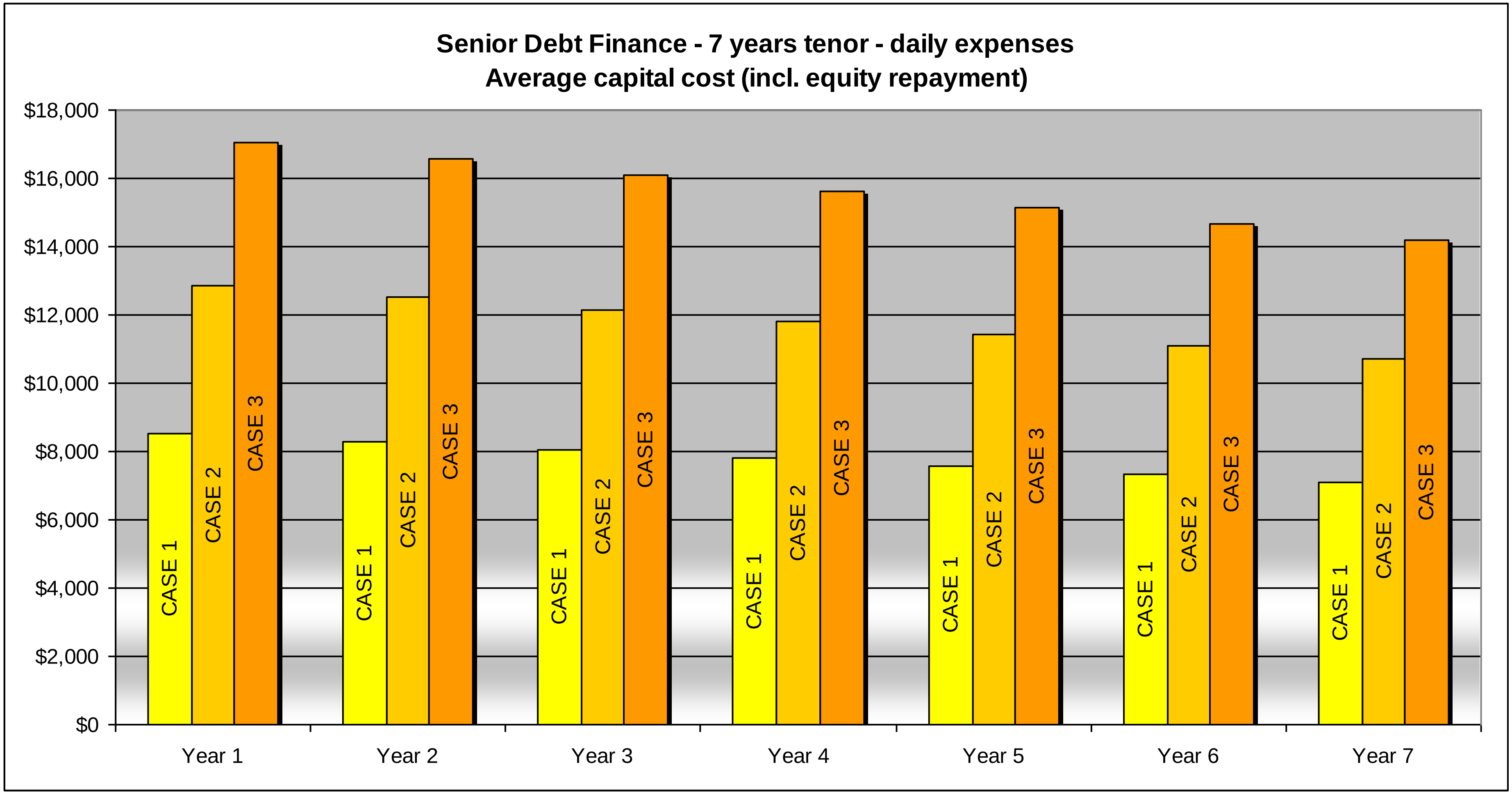
Comments:

* Return on equity – not included in the calculations

** 80% of equity must be repaid within 15 years

Source: DNV Market Intelligence

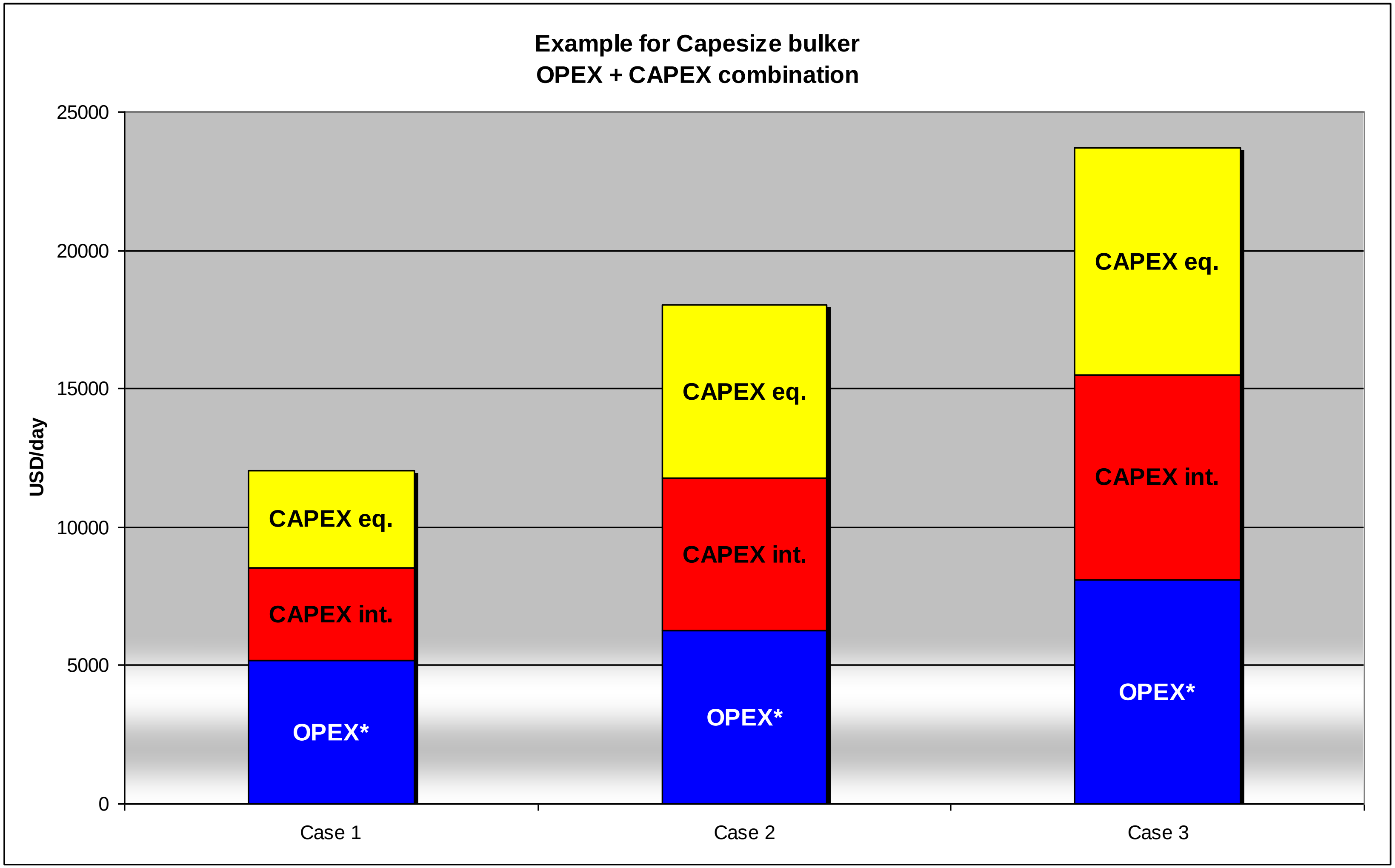
Example of CAPEX costs for Capesize bulker



Source: DNV Market Intelligence

B/E

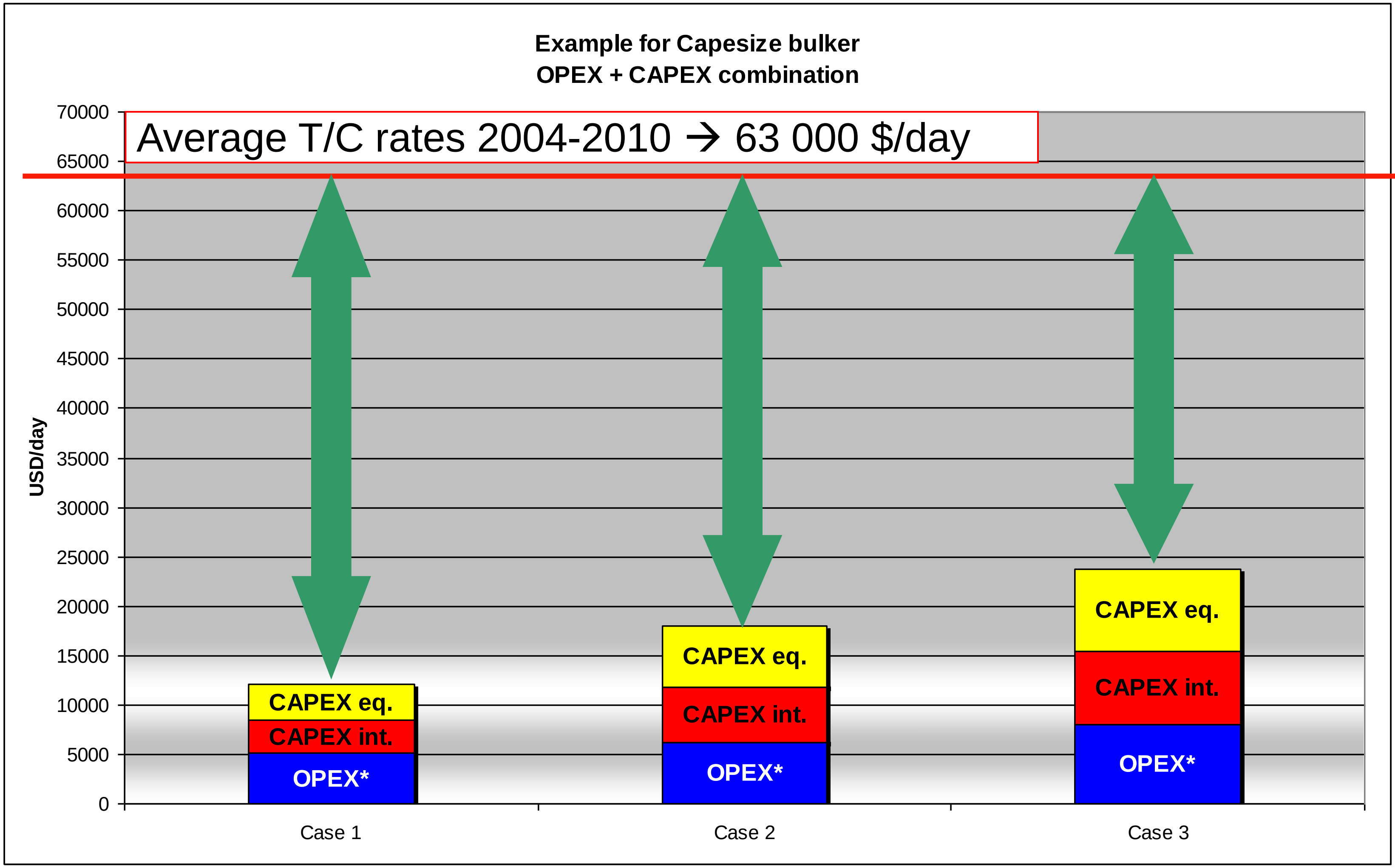
B/E → OPEX + CAPEX



* Case 1 – OPEX as in 2000 – 5200 $/day; Case 2 – OPEX as in 2005 – 6250 $/day; Case 3 – OPEX as in 2008 – 8080 $/day

Source: DNV Market Intelligence, Drewry

OPEX + CAPEX vs average T/C



* Case 1 – OPEX as in 2000 – 5200 $/day; Case 2 – OPEX as in 2005 – 6250 $/day; Case 3 – OPEX as in 2008 – 8080 $/day

Source: DNV Market Intelligence, Drewry

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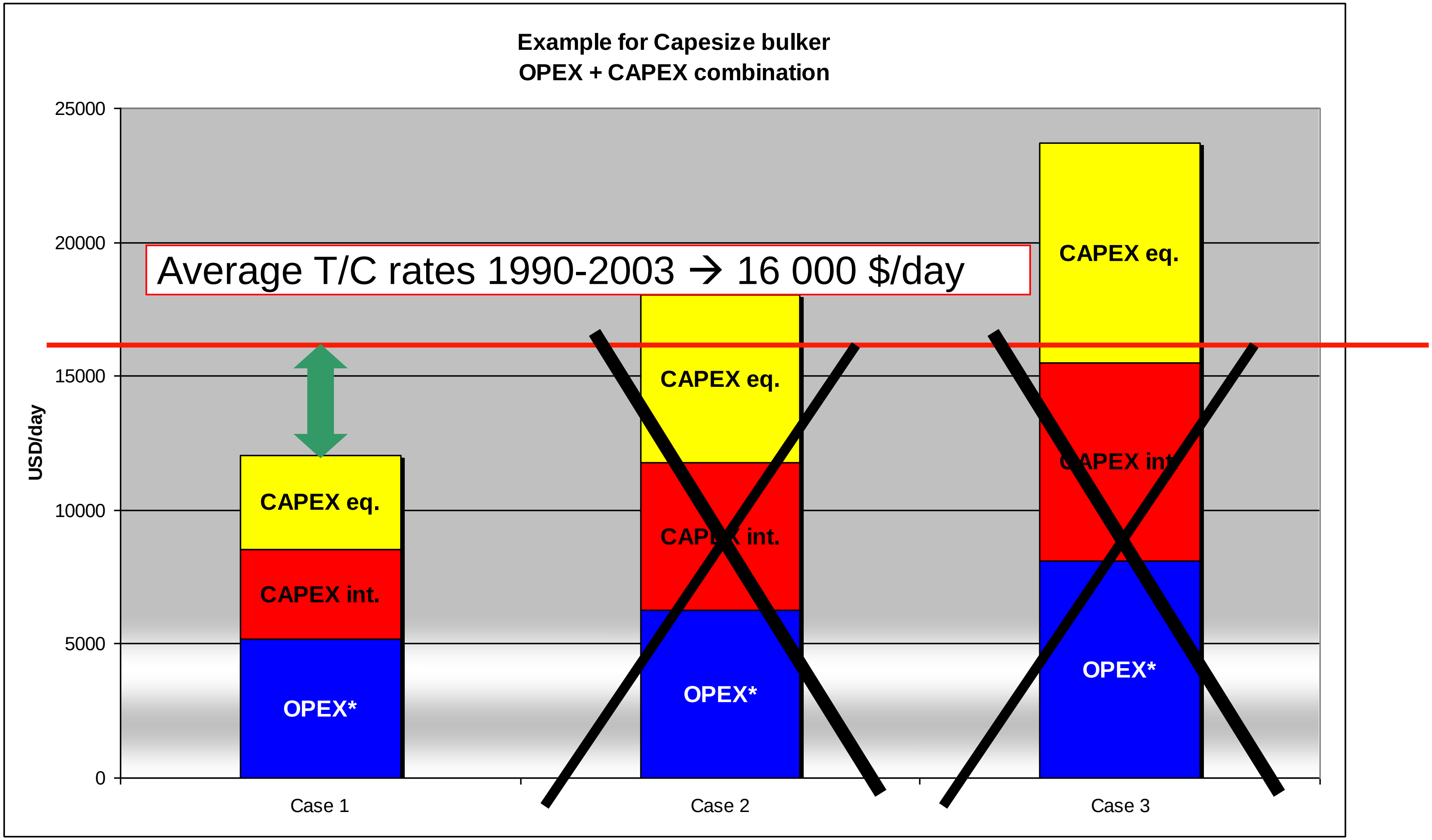
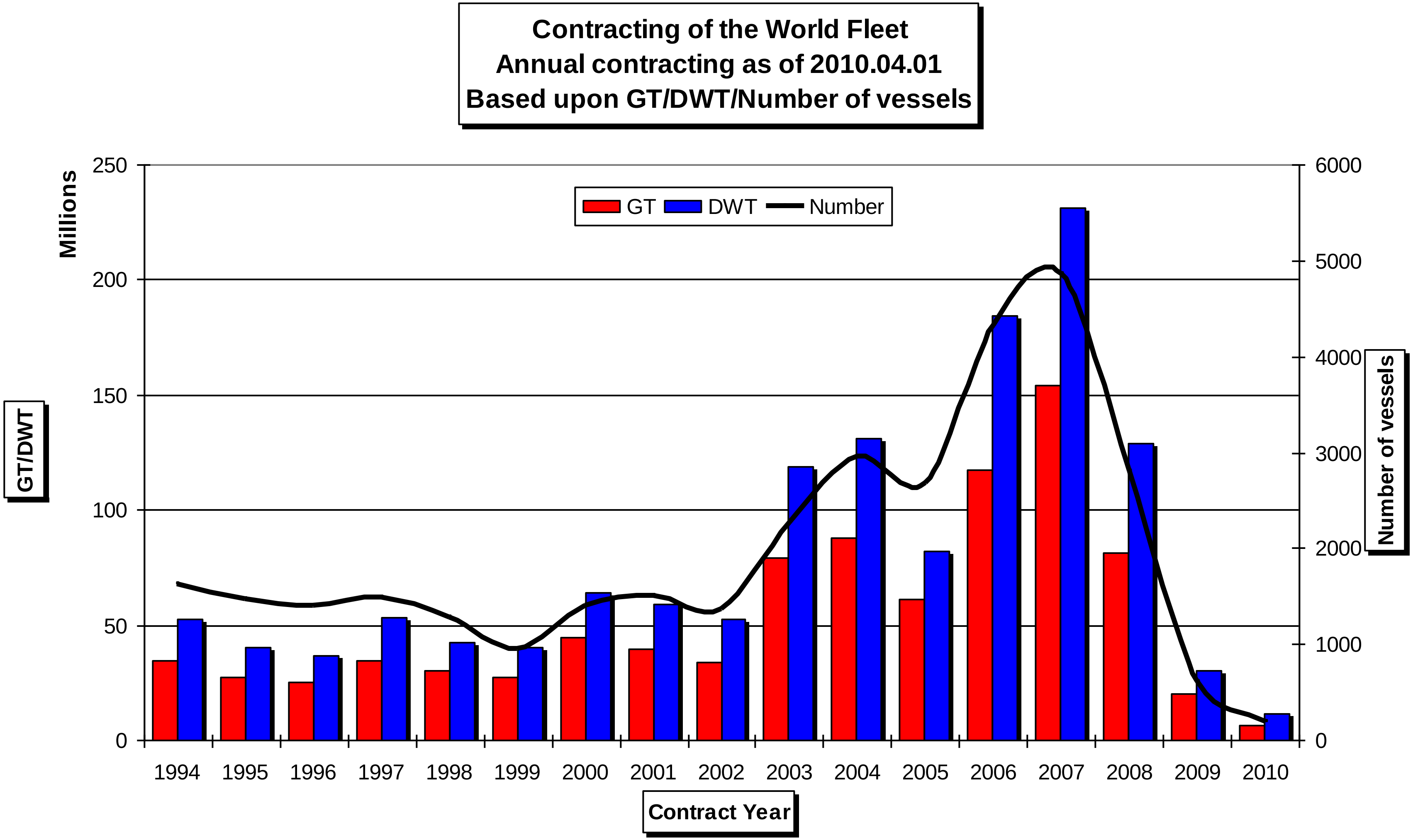
OPEX + CAPEX vs average T/C



* Case 1 – OPEX as in 2000 – 5200 $/day; Case 2 – OPEX as in 2005 – 6250 $/day; Case 3 – OPEX as in 2008 – 8080 $/day

Source: DNV Market Intelligence, Drewry

Contracting



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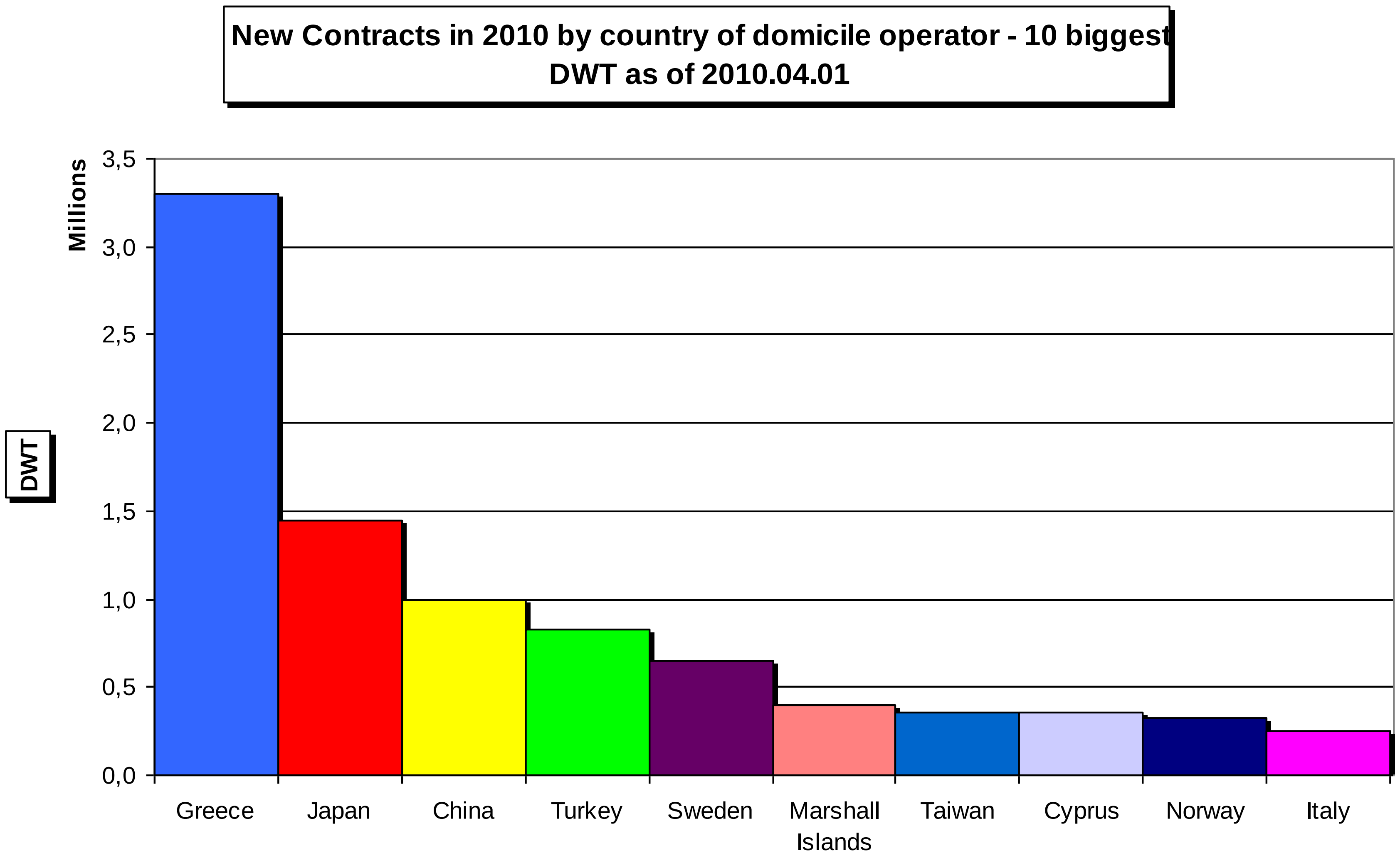
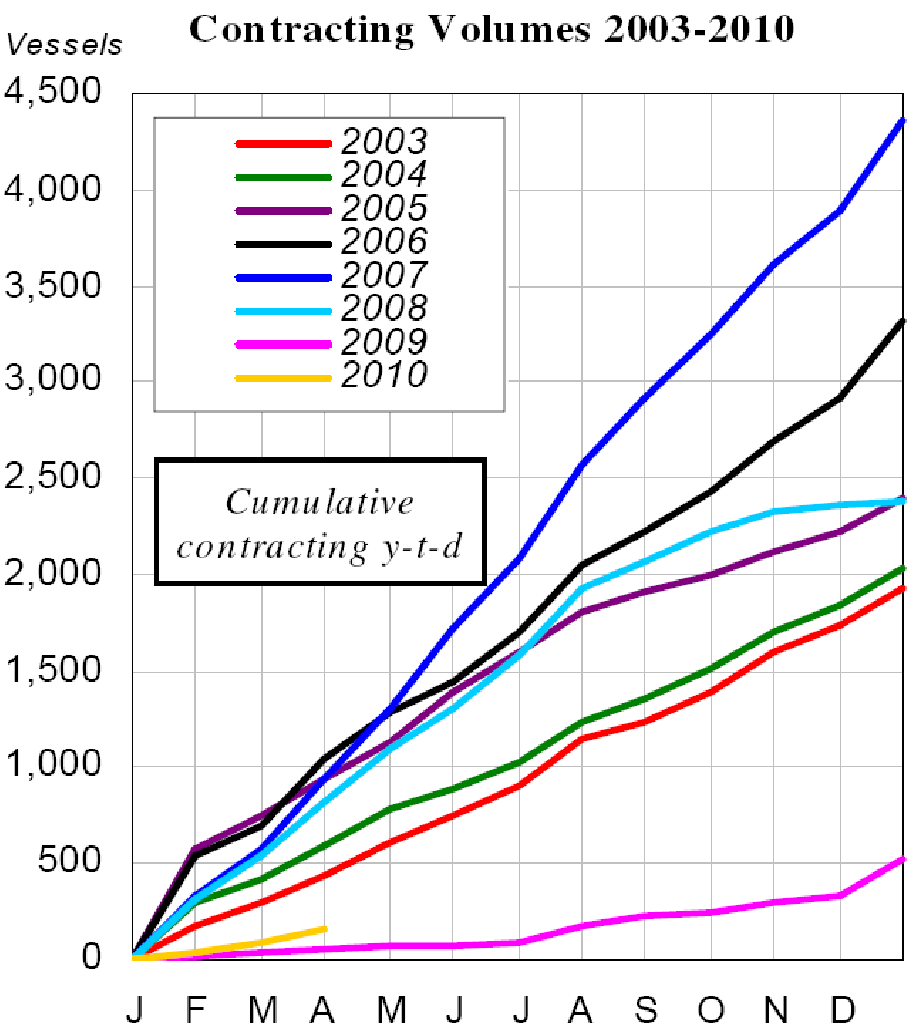
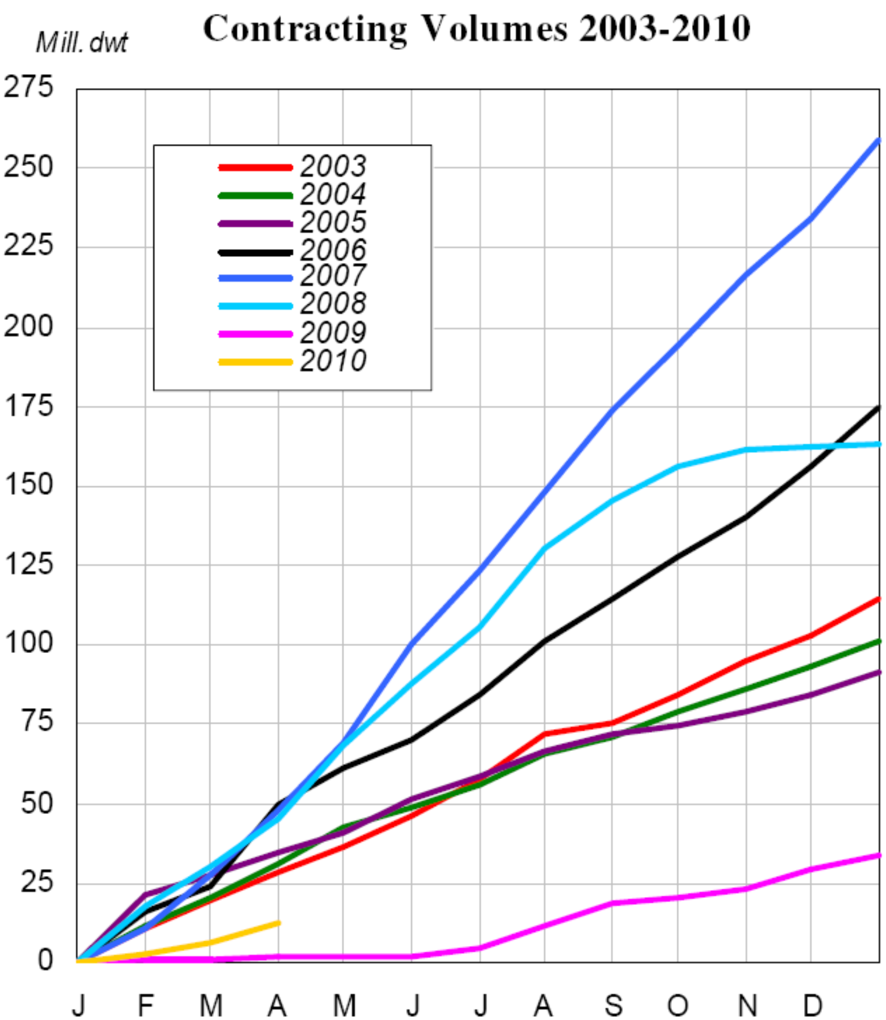
New Contracts 2009 - 2010



NEW CONTRACTS - development





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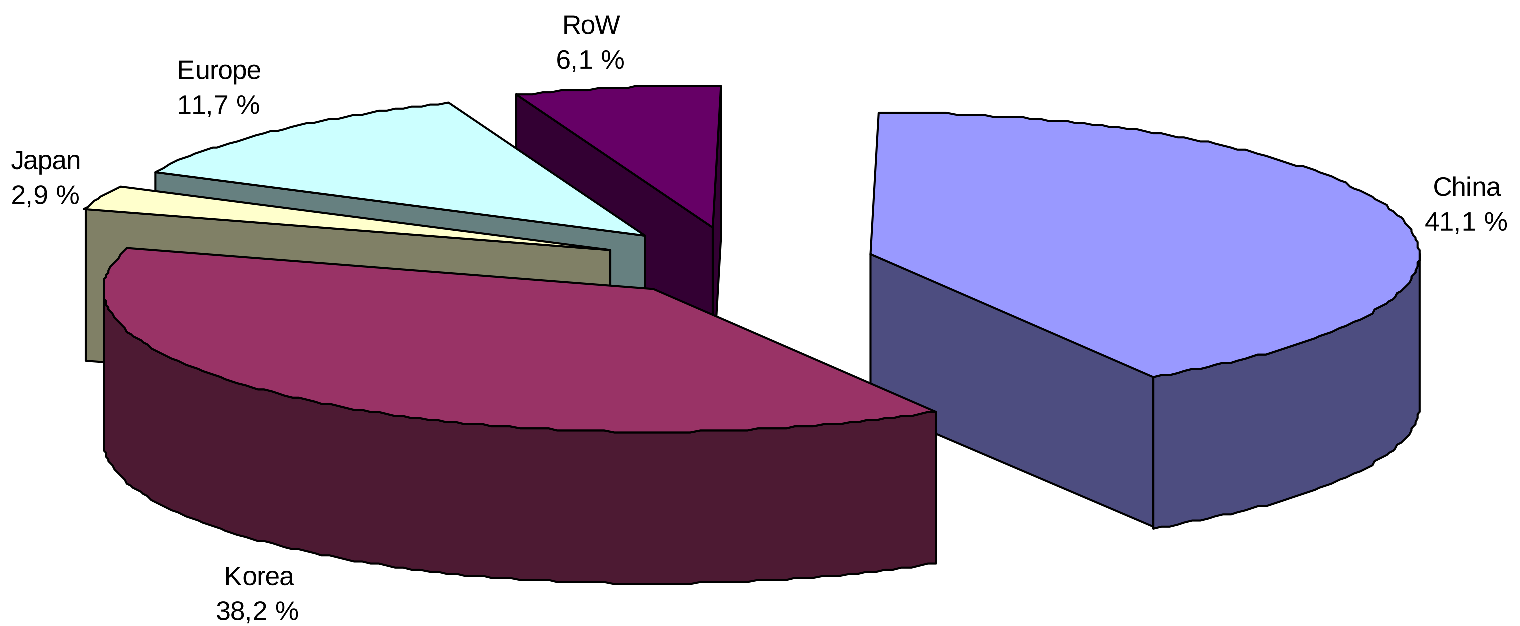
Cancellations

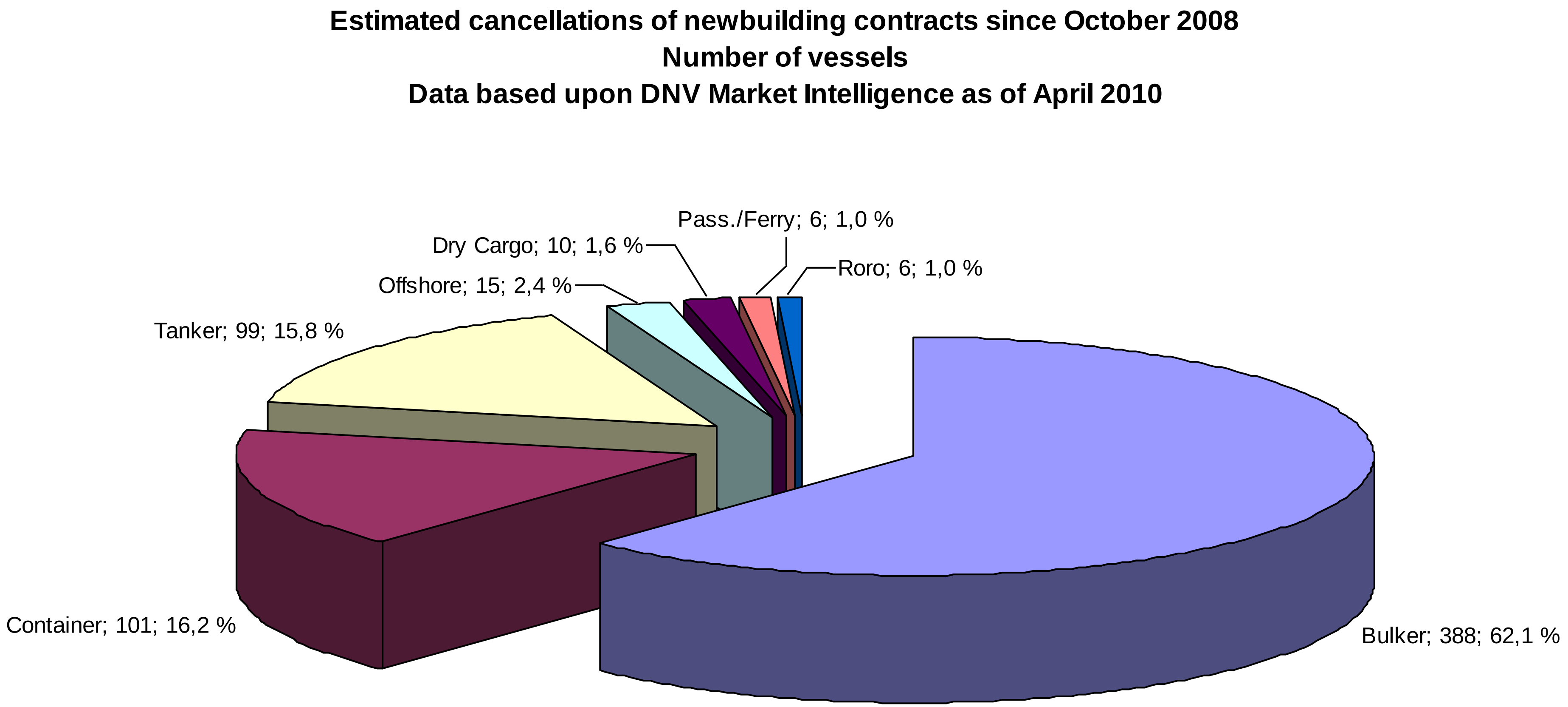
Cancellations

Estimated cancellations of newbuilding contracts since October 2008
Builders CoD in number of vessels
Data based upon DNV Market Intelligence as of April 2010



Source: DNV Market Intelligence

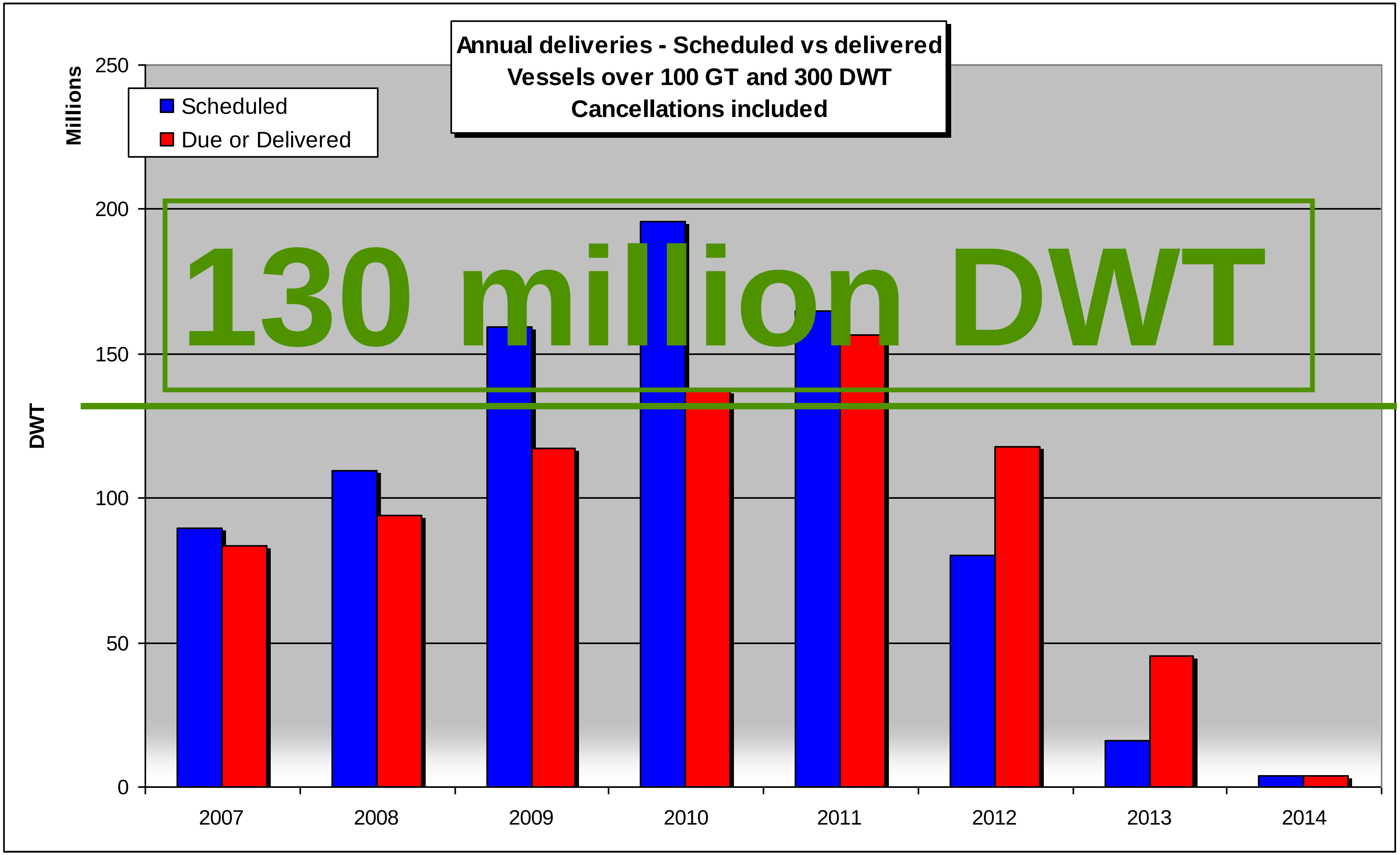
Estimated cancellations of newbuilding contracts in number



Source: DNV Market Intelligence

Deliveries - Delays

Deliveries - slippage



Source: IHS Fairplay

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