

GIBSON
SHIPPING ENERGY

THE TANKER OF THE FUTURE
IMSF OSLO 2012
May 2012

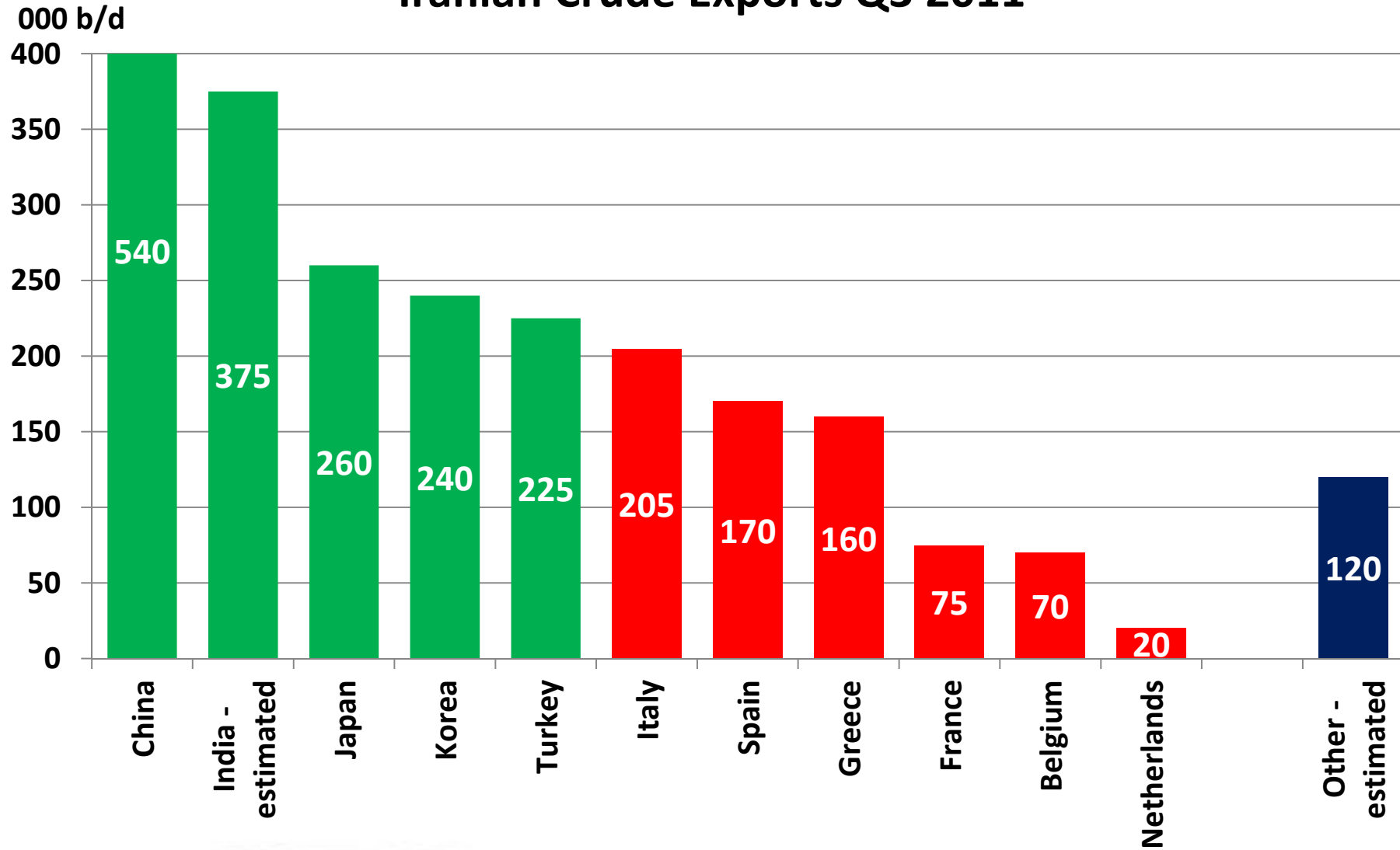


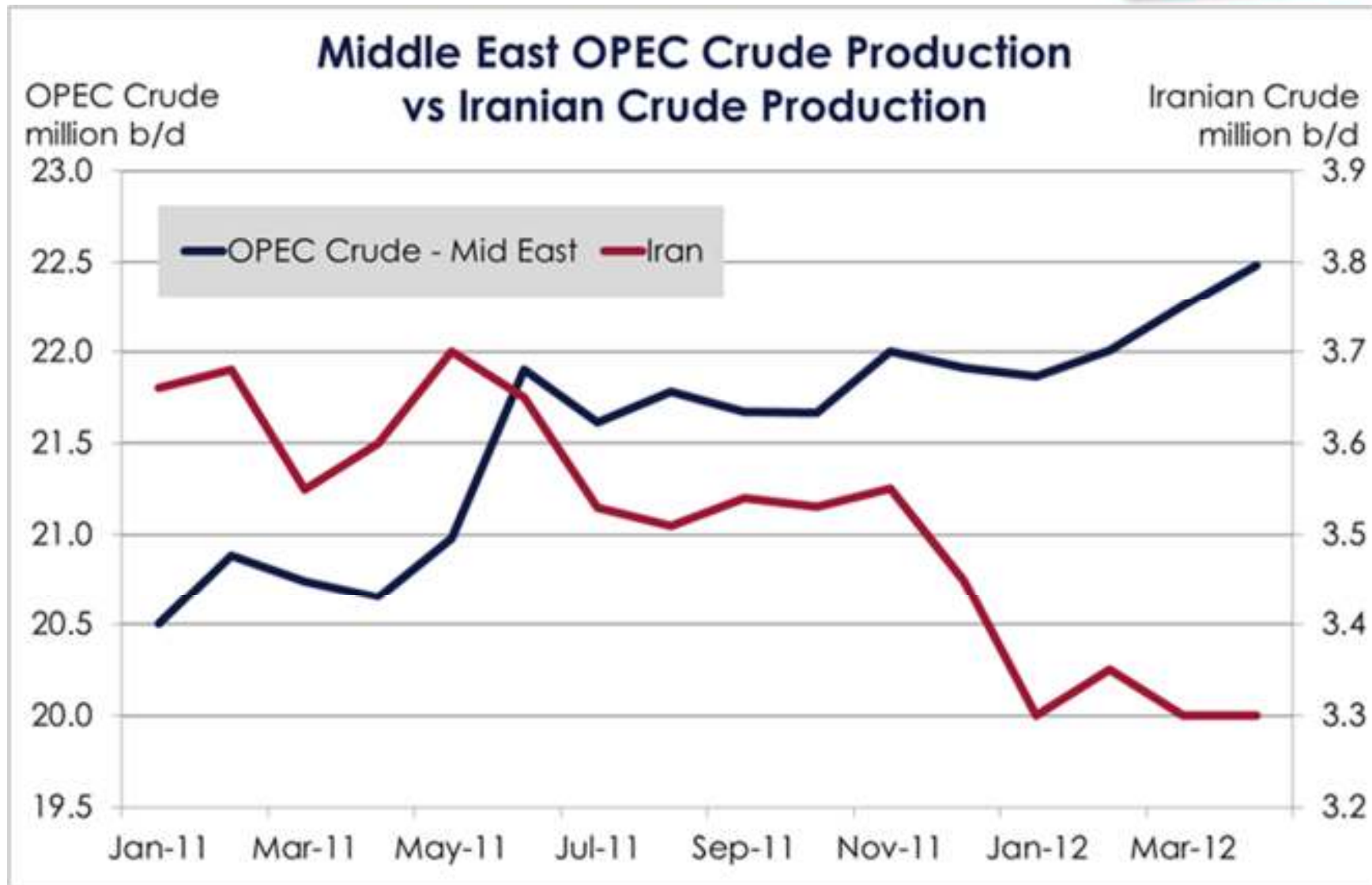
crude tankers • lpg, lng, petchem gases • offshore • product tankers
dry bulk • consultancy & research • sale and purchase • specialised tankers

Oil Industry Disruptions

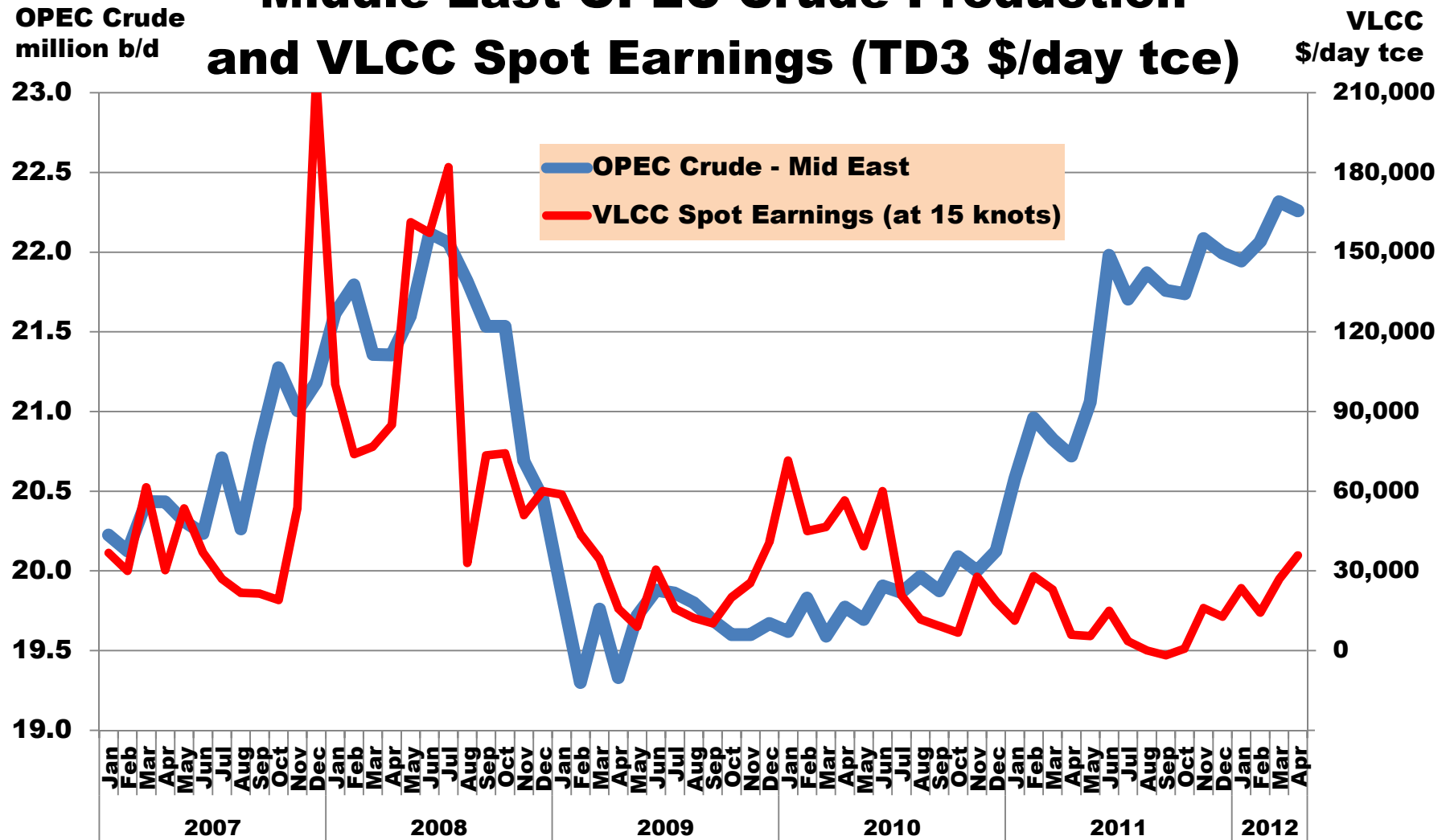
Oil Production Down	Nigeria	2.2 million b/d in Dec 2010 - 2.0 million b/d in Dec 2011
	Sudan (combined)	470,000 b/d down to around 120,000 b/d
	Syria	production down from 350,000 b/d to 190,000 b/d
	Iran	Political Risk/Sanctions
Oil Production Up	Libya	rapid return to 1.6 million b/d
	Saudi	increasing production
	Iraq	new export infrastructure/higher exports?
Extreme Electricity	Japan	loss of nuclear / more crude & fuel oil burn in summer for air con
	Saudi	1.0 million b/d crude/fuel oil burn in summer for electricity
Refinery Closures	Sunoco	US - Philadelphia (330,000 b/d), Marcus Hook (175,000 b/d)
	ConocoPhillips	US - Trainer (185,000 b/d)
	Hovensa	Hess/PDVSA St. Croix (500,000 b/d)
	Petroplus	UK (172,000 b/d), Germany (110,000 b/d) France (85,000 b/d)

Iranian Crude Exports Q3 2011





Middle East OPEC Crude Production and VLCC Spot Earnings (TD3 \$/day tce)



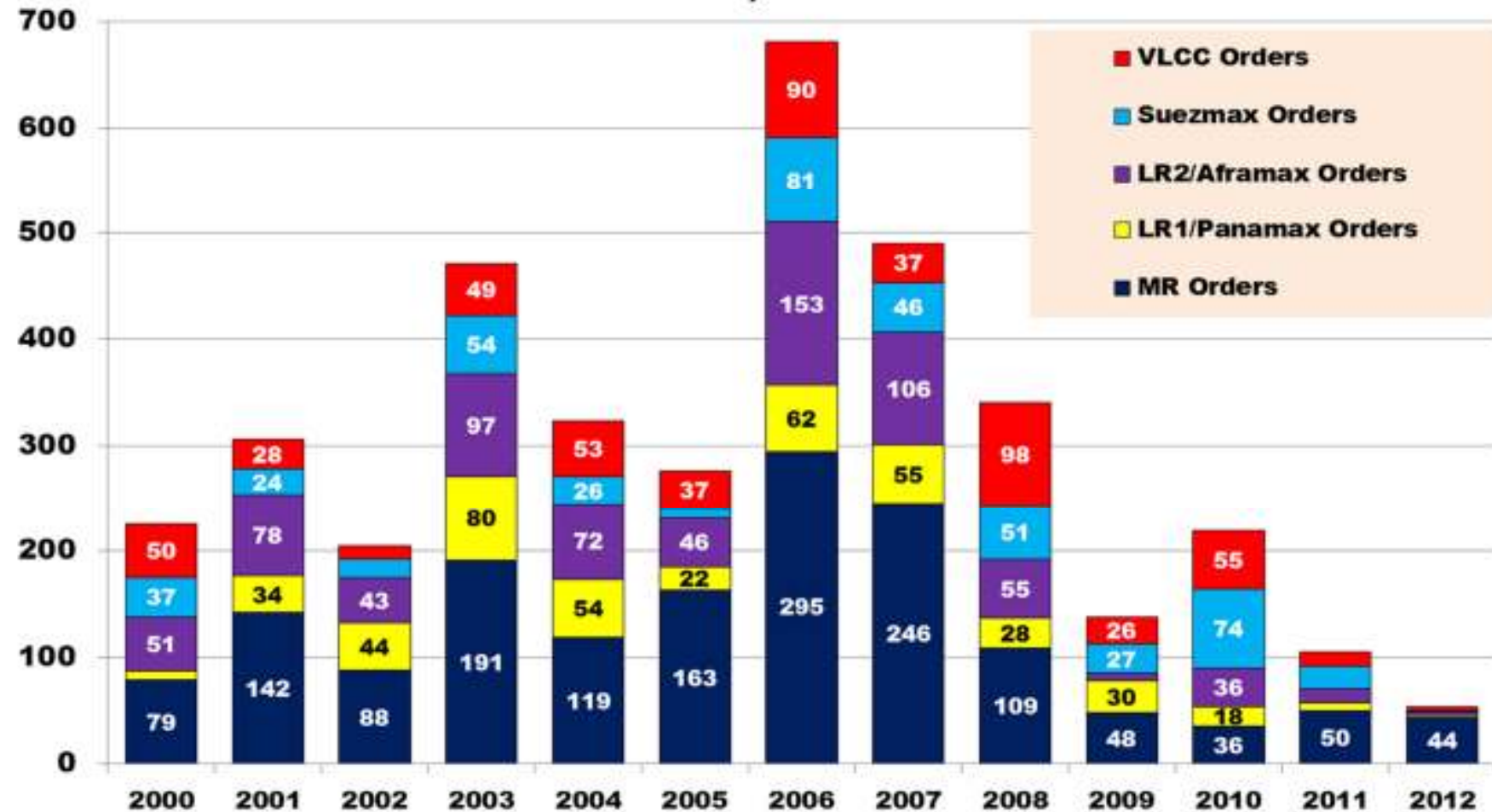
Tanker Details

		<u>Typical Newbuilding</u>	<u>Typical Cargo Size</u>
<u>CRUDE TANKERS</u>			
VLCC	Very Large Crude Carrier	315,000 dwt	260,000-280,000 tonnes
Suezmax		160,000 dwt	130,000 tonnes
Aframax		105,000 dwt	80,000 tonnes
<u>PRODUCT TANKERS</u>			
LR2	Large Range 2	110,000 dwt	75,000 tonnes
LR1	Large Range 1	75,000 dwt	55,000 tonnes
MR	Medium Range	50,000 dwt	30,000-38,000 tonnes

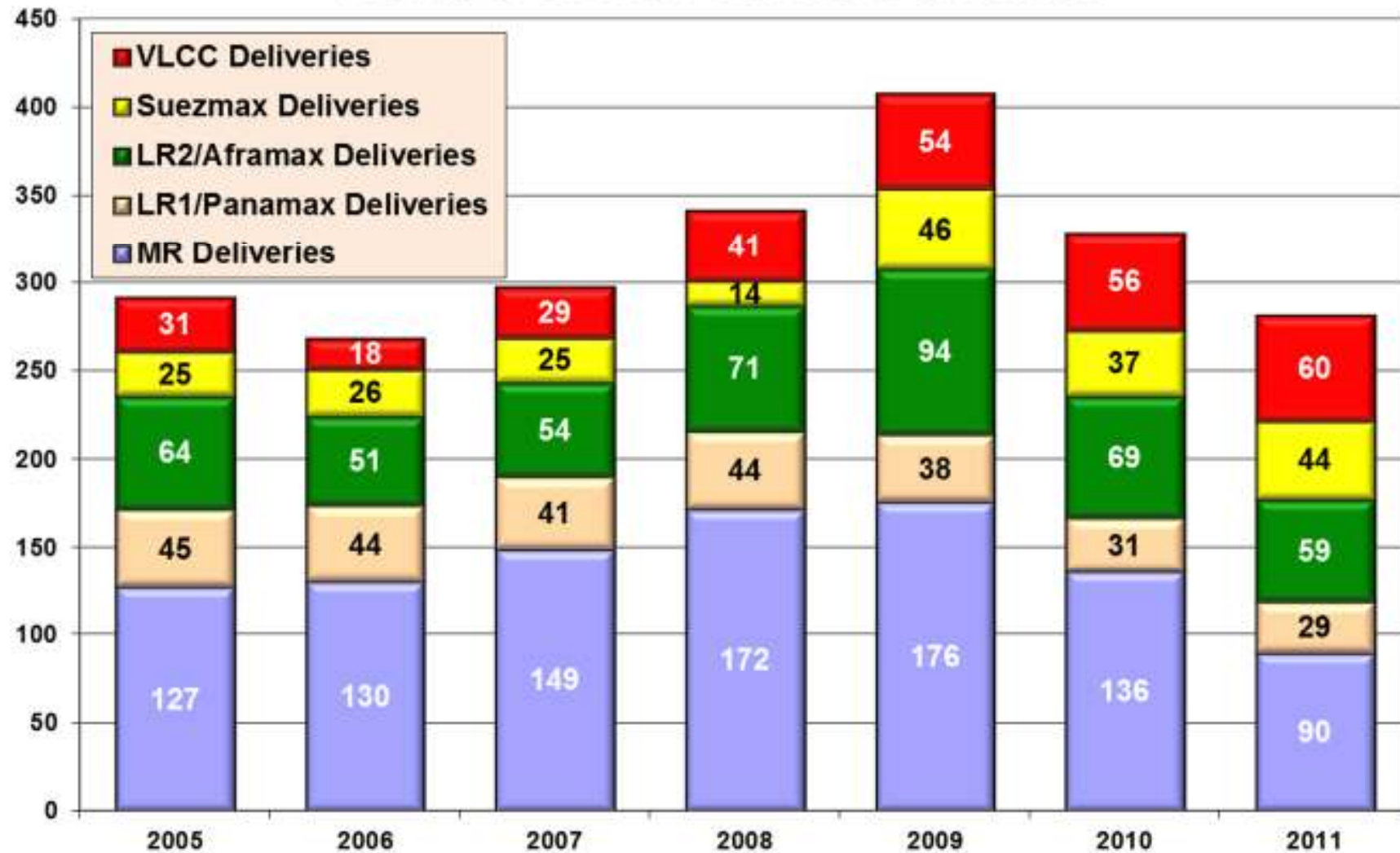
Tanker Orders Placed Each Year

number

above 25,000 dwt




Number of New Tanker Deliveries

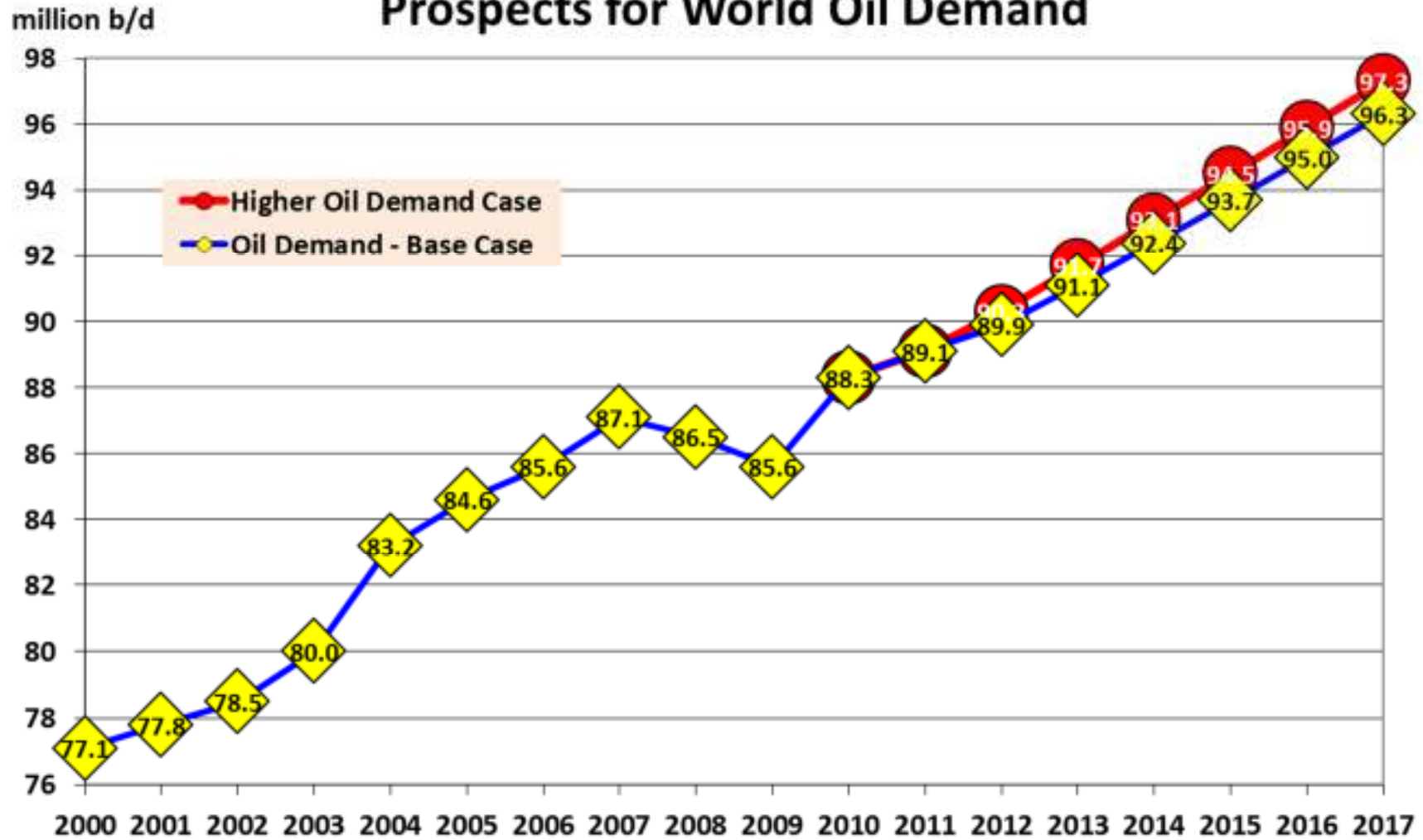


Double Hull Tanker Fleet Developments over the Past 12 months

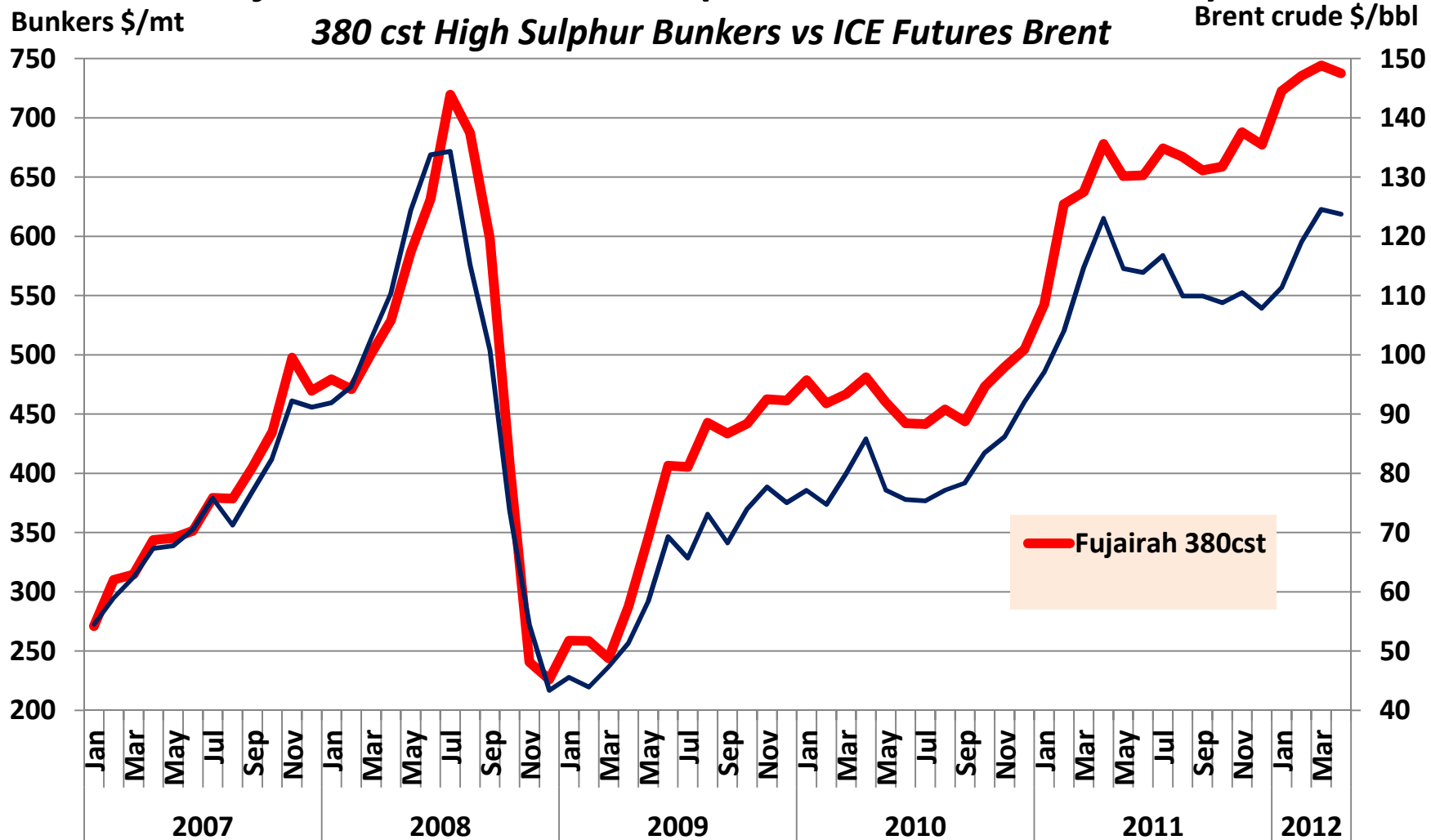
	Mar 2011	Mar 2012	Change No.	Change %
VLCC	526	581	+55	10%
Suezmax	406	448	+42	10%
Aframax/LR2	864	924	+60	7%
LR1	388	417	+29	7%
MR	1,596	1,685	+89	6%
Total	3,780	4,055	+275	7%

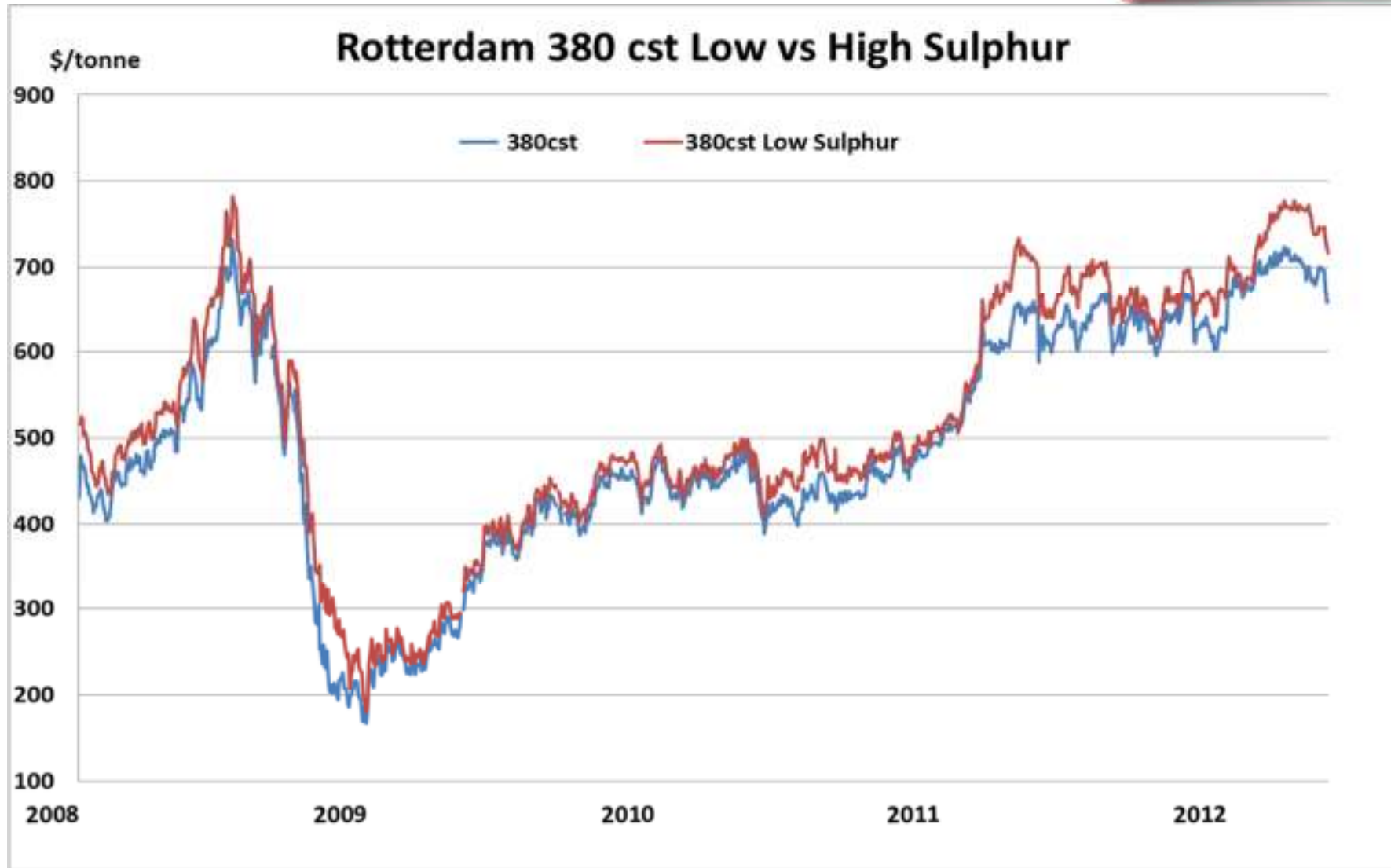


Prospects for World Oil Demand



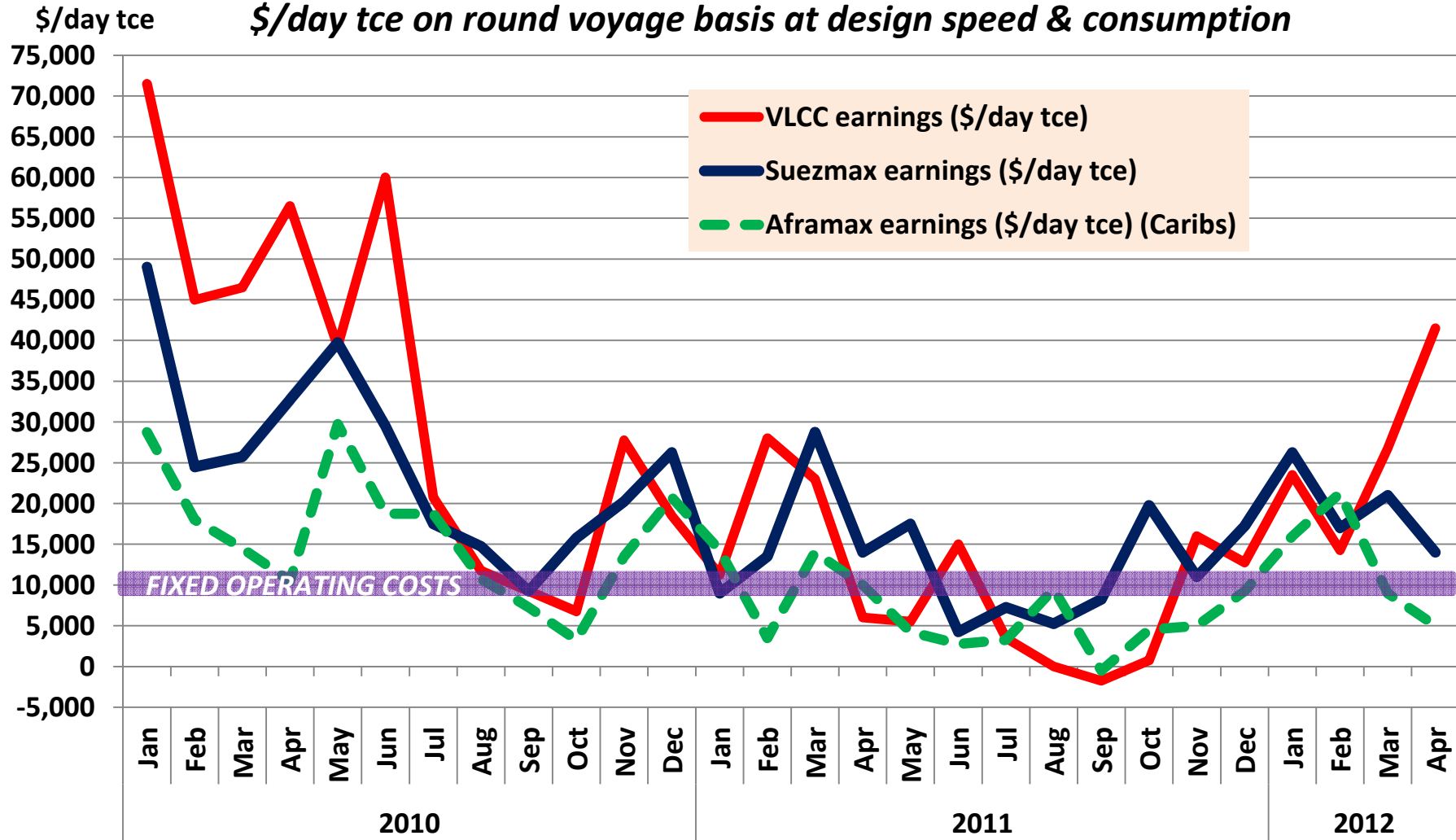
Fujairah Bunker Prices (and Brent Crude Prices)



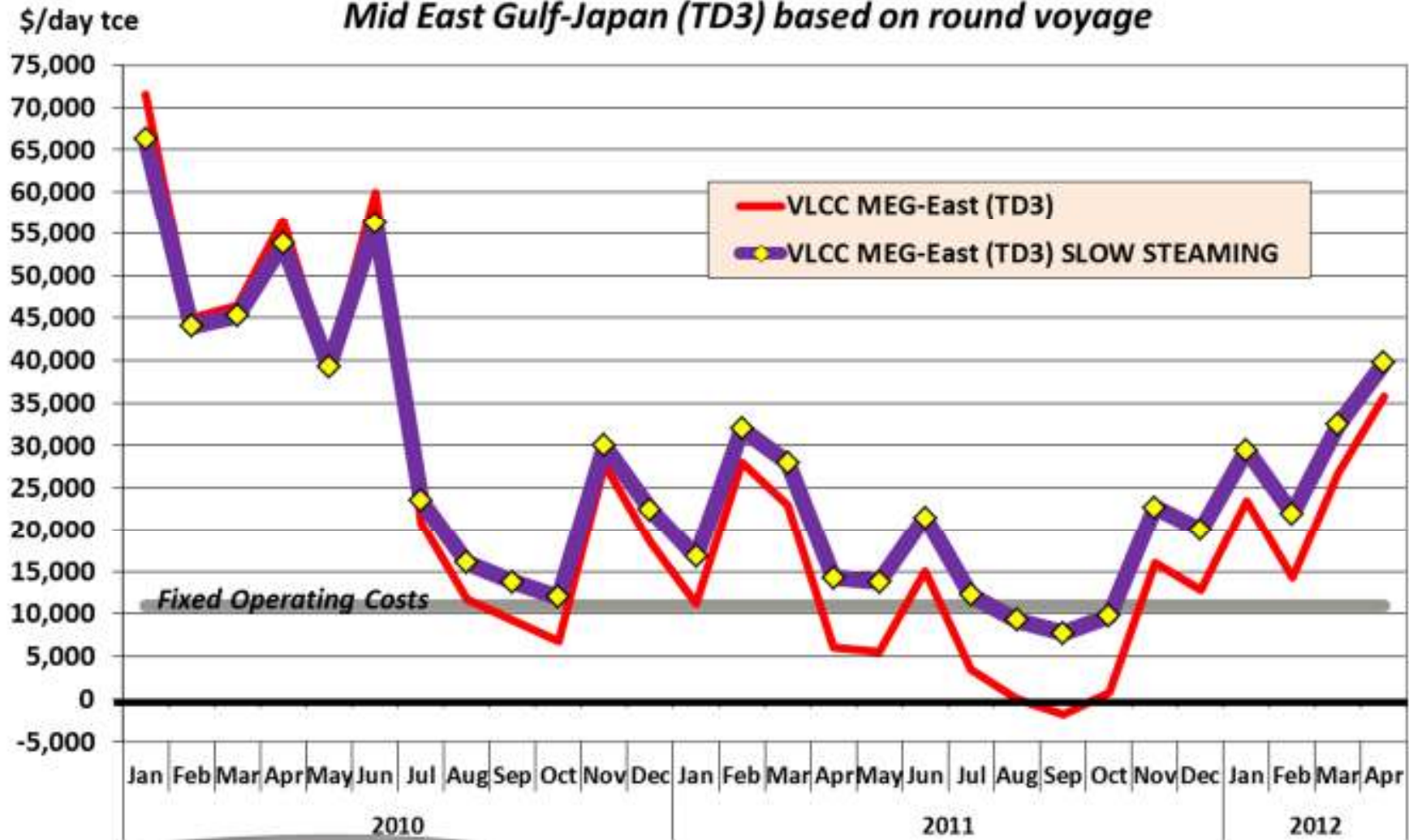


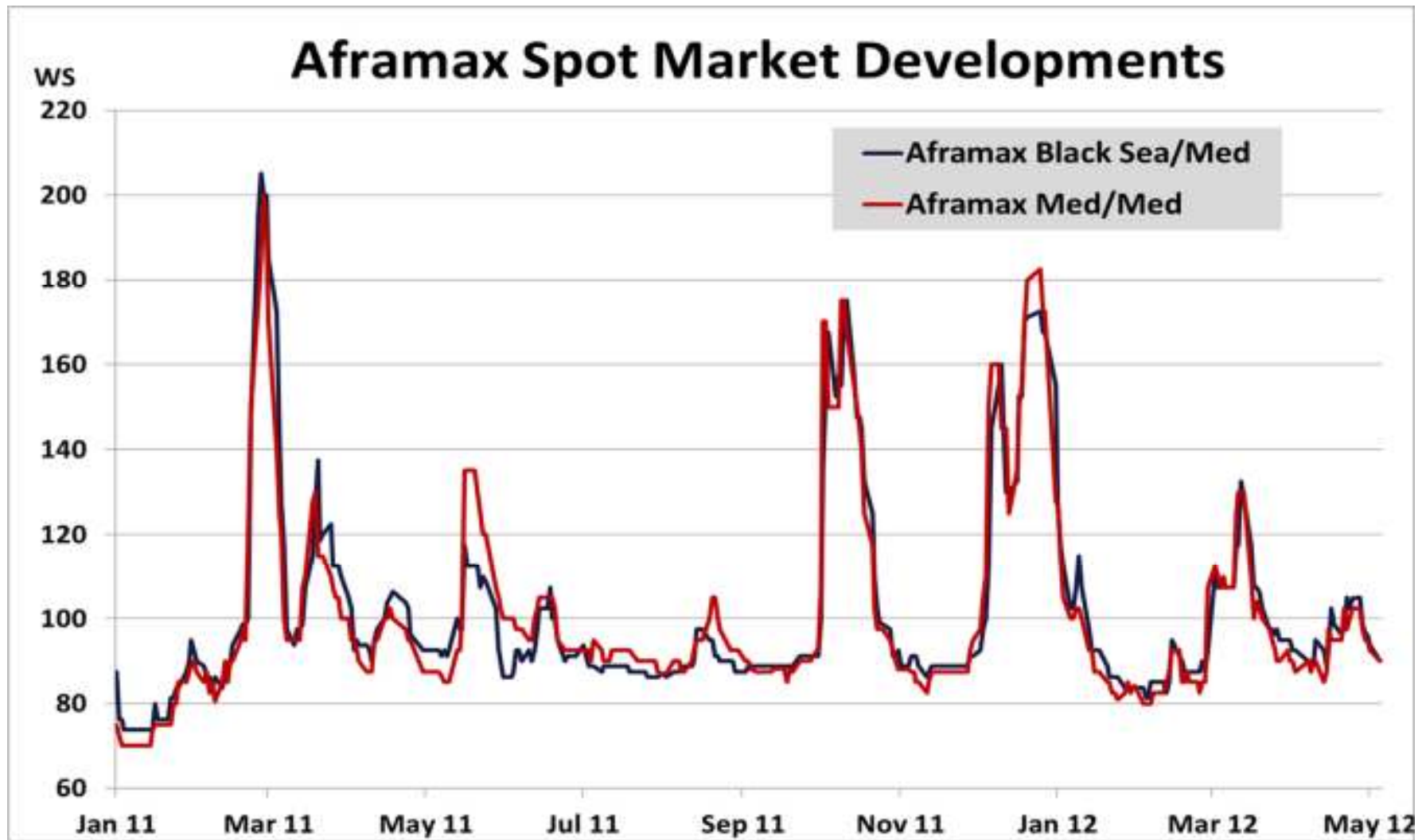
VLCC, Suezmax & Aframax Spot Tanker Earnings

\$/day tce on round voyage basis at design speed & consumption

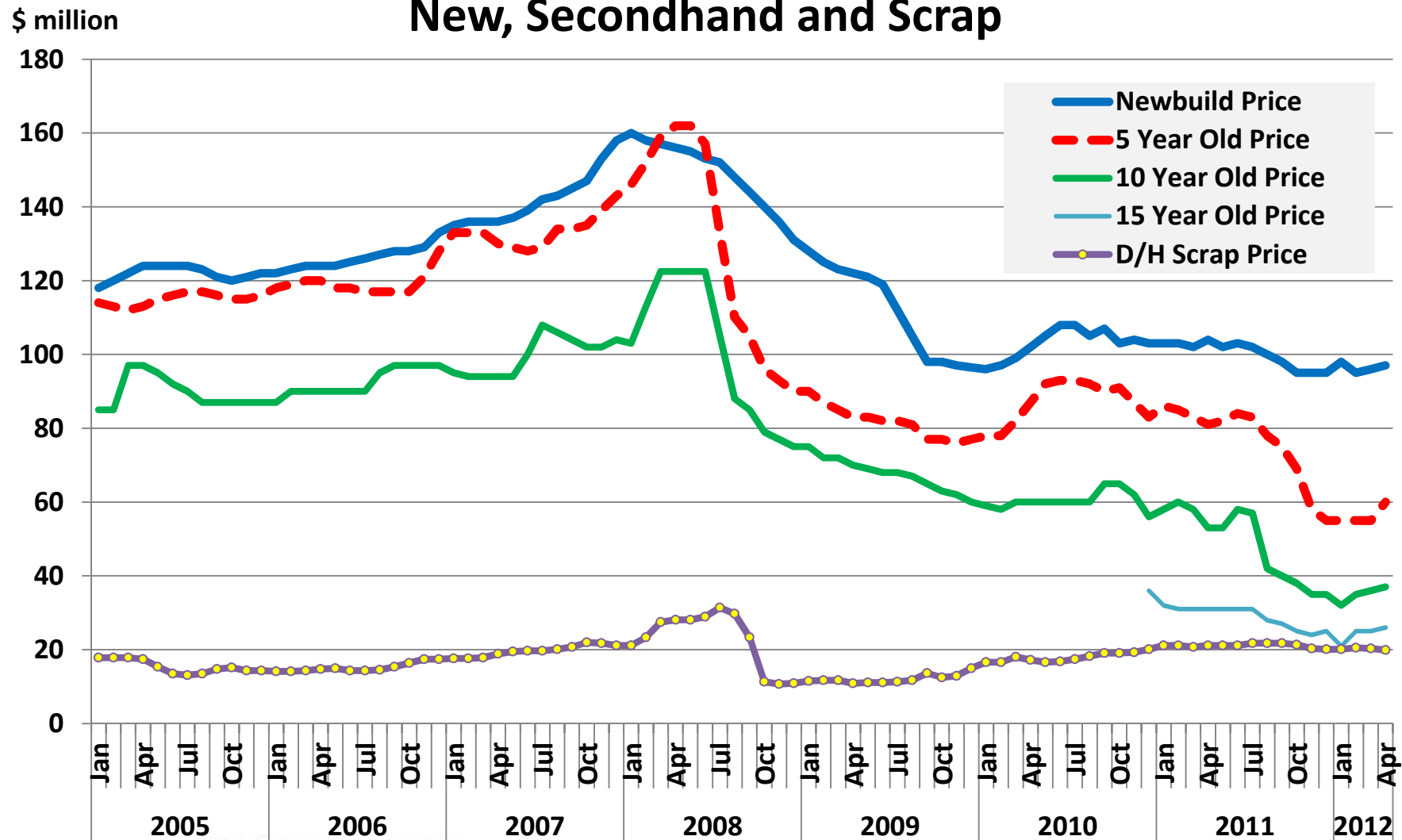


VLCC Earnings - Slow Steaming vs Design Speed Mid East Gulf-Japan (TD3) based on round voyage





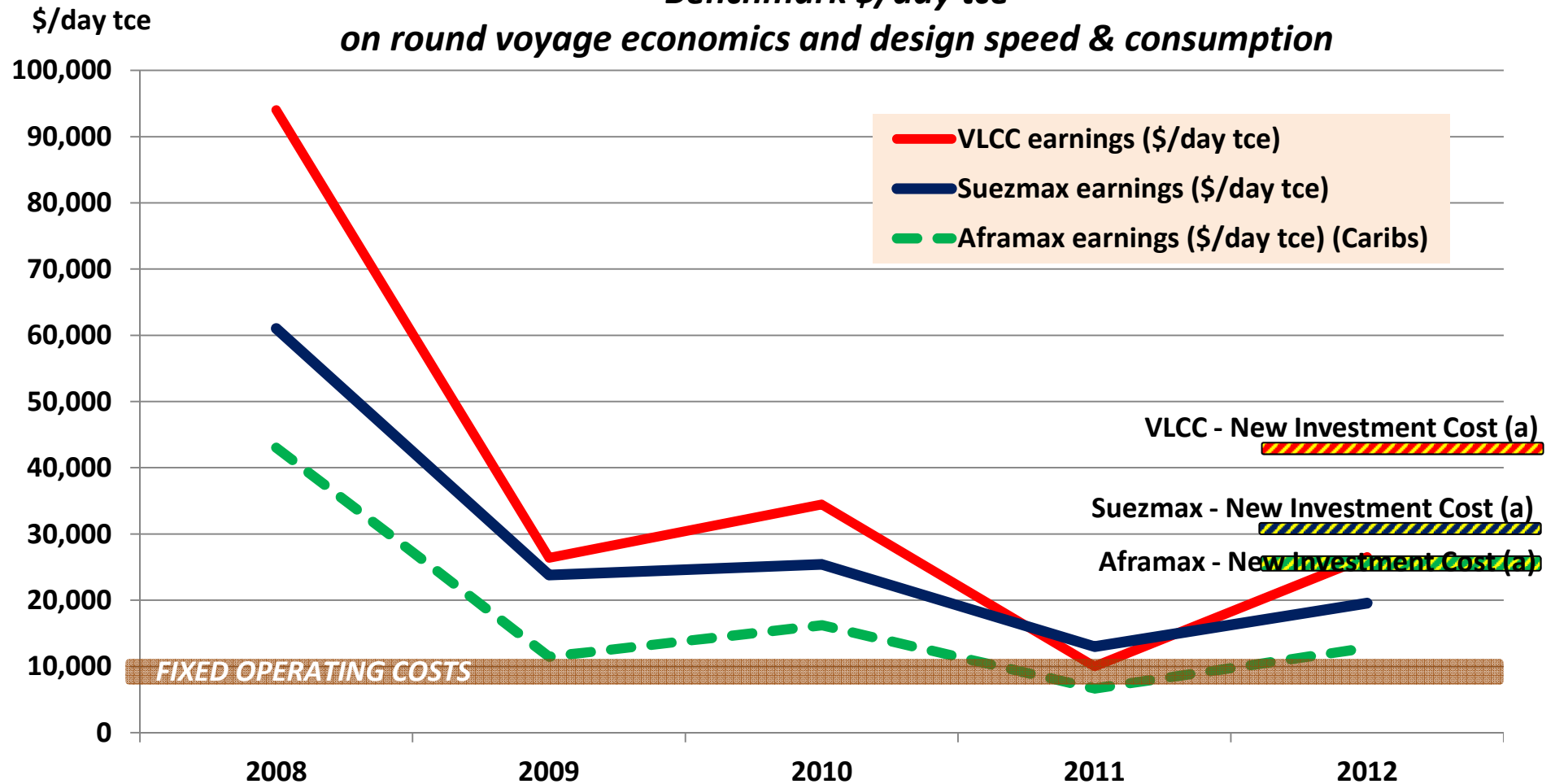
VLCC Prices New, Secondhand and Scrap



VLCC, Suezmax & Aframax Spot Tanker Earnings

Benchmark \$/day tce

on round voyage economics and design speed & consumption

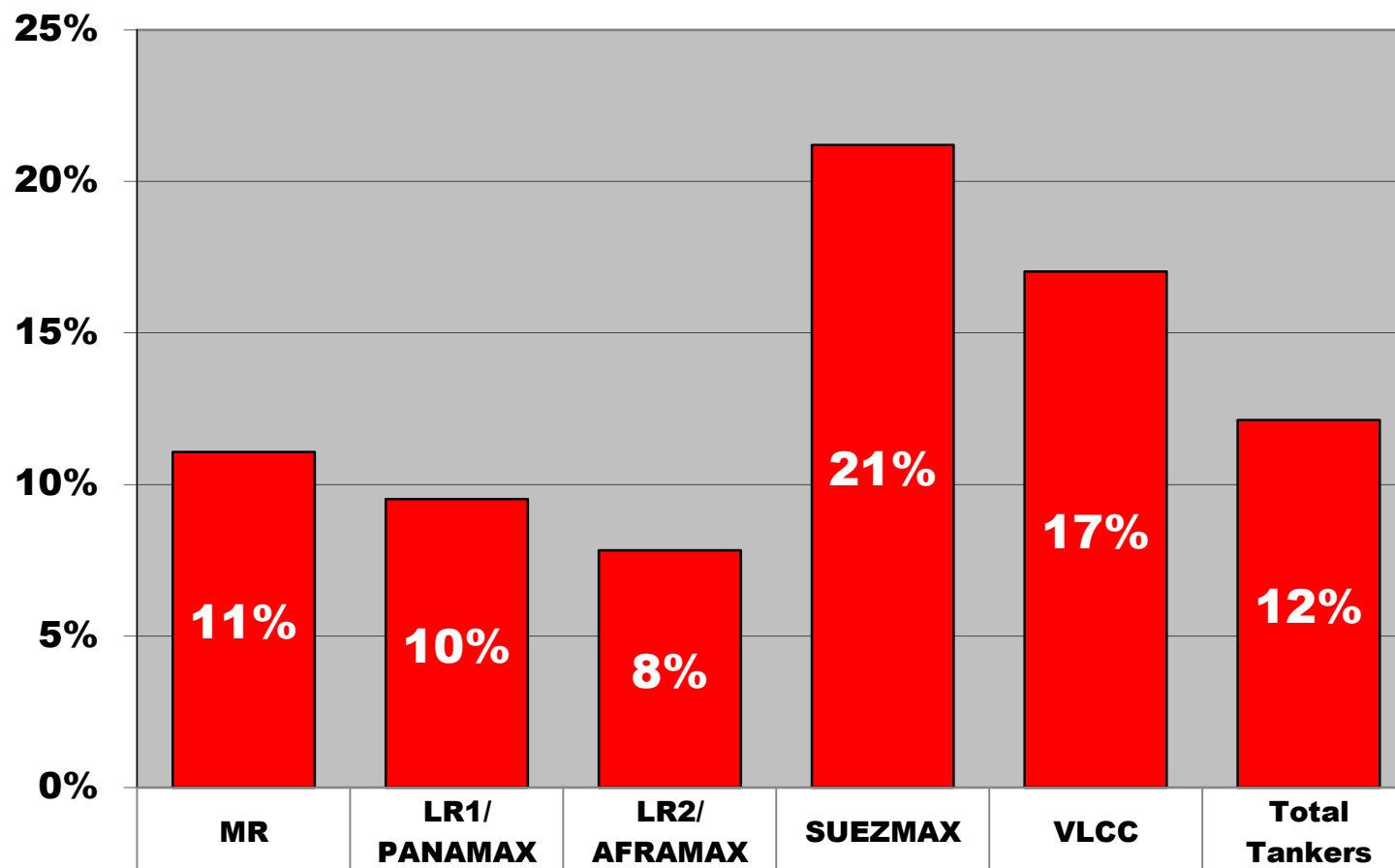


(a) based on 10 years payback at 6% p.a. with residual value at current scrap price

Number of New Tanker Orders Placed Each Year

	2005	2006	2007	2008	2009	2010	2011	2012 to date
VLCC	37	90	37	98	26	55	13	4
Suezmax	9	81	46	51	27	74	21	1
LR2	15	68	58	24	0	11	1	3
Aframax	31	85	48	31	7	25	13	0
LR1	17	59	54	22	30	18	5	2
Panamax	5	3	1	6	0	0	2	0
MR	163	295	246	109	48	36	50	44
Total	277	681	490	341	138	219	105	54

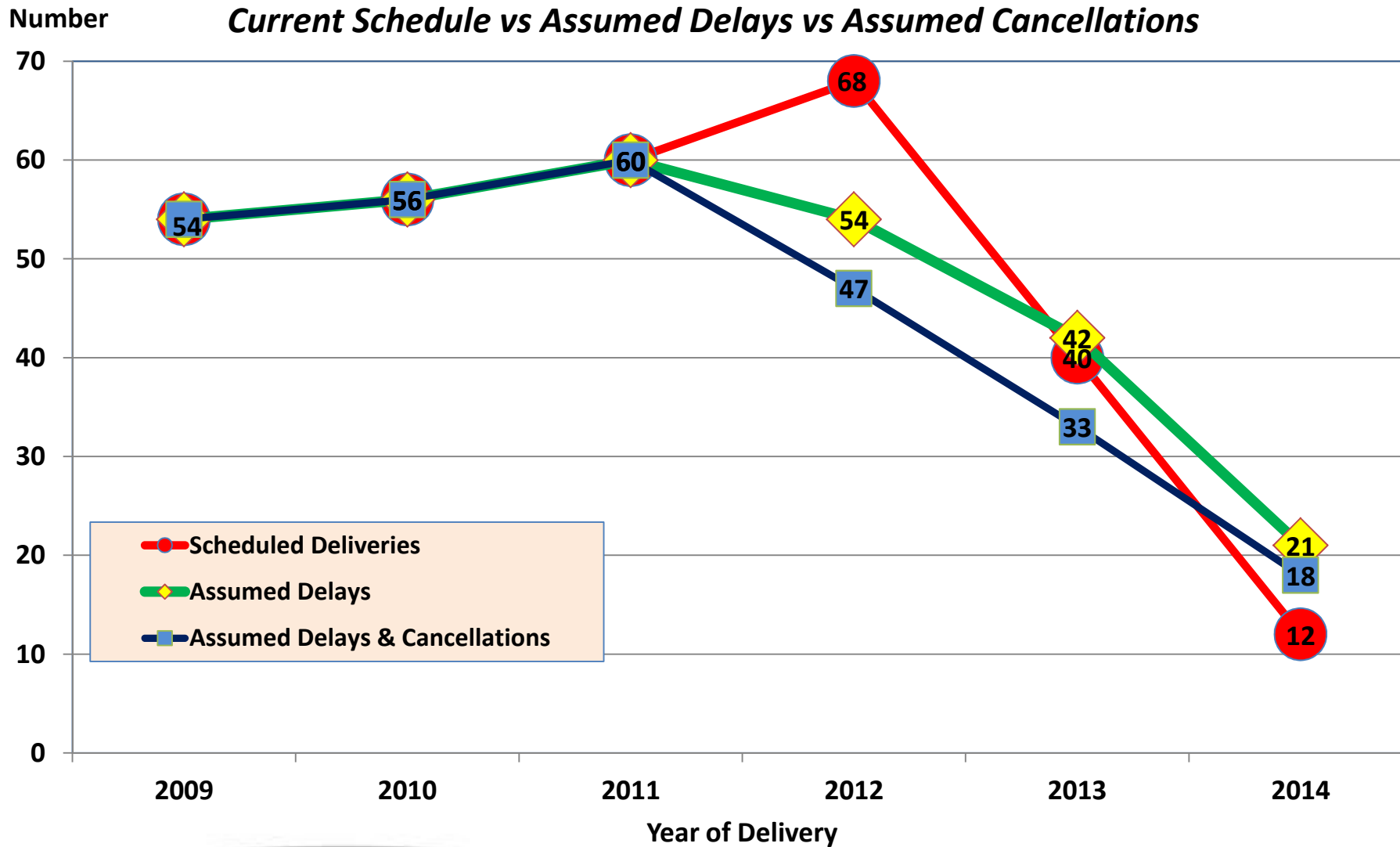
Tanker Orderbook as % of the Existing Fleet



■ orders as % of fleet	11%	10%	8%	21%	17%	12%
On Order	200	41	72	95	102	510
Existing Fleet	1,807	431	920	448	599	4,205

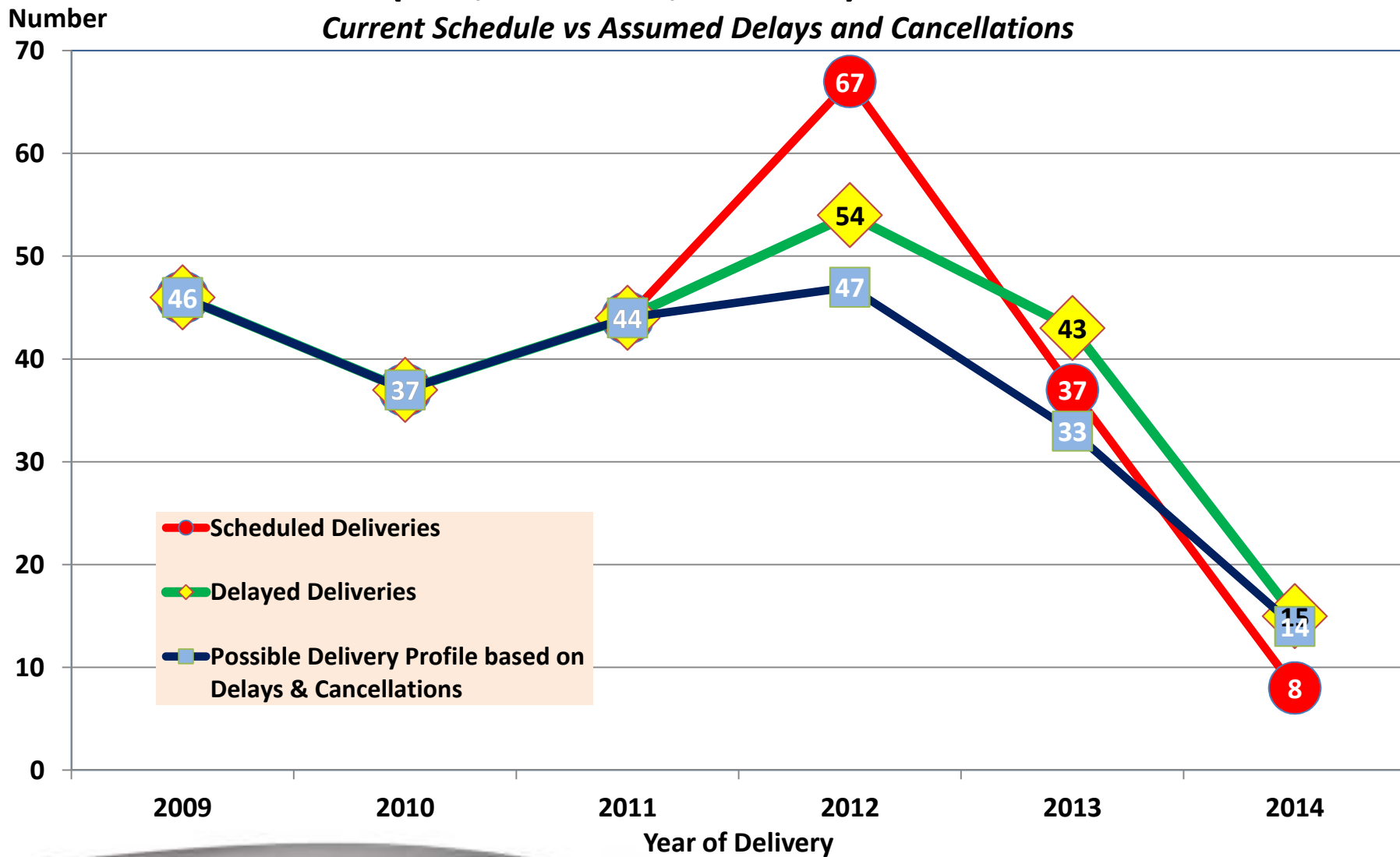
VLCC (200,000+ dwt) - New Deliveries

Current Schedule vs Assumed Delays vs Assumed Cancellations

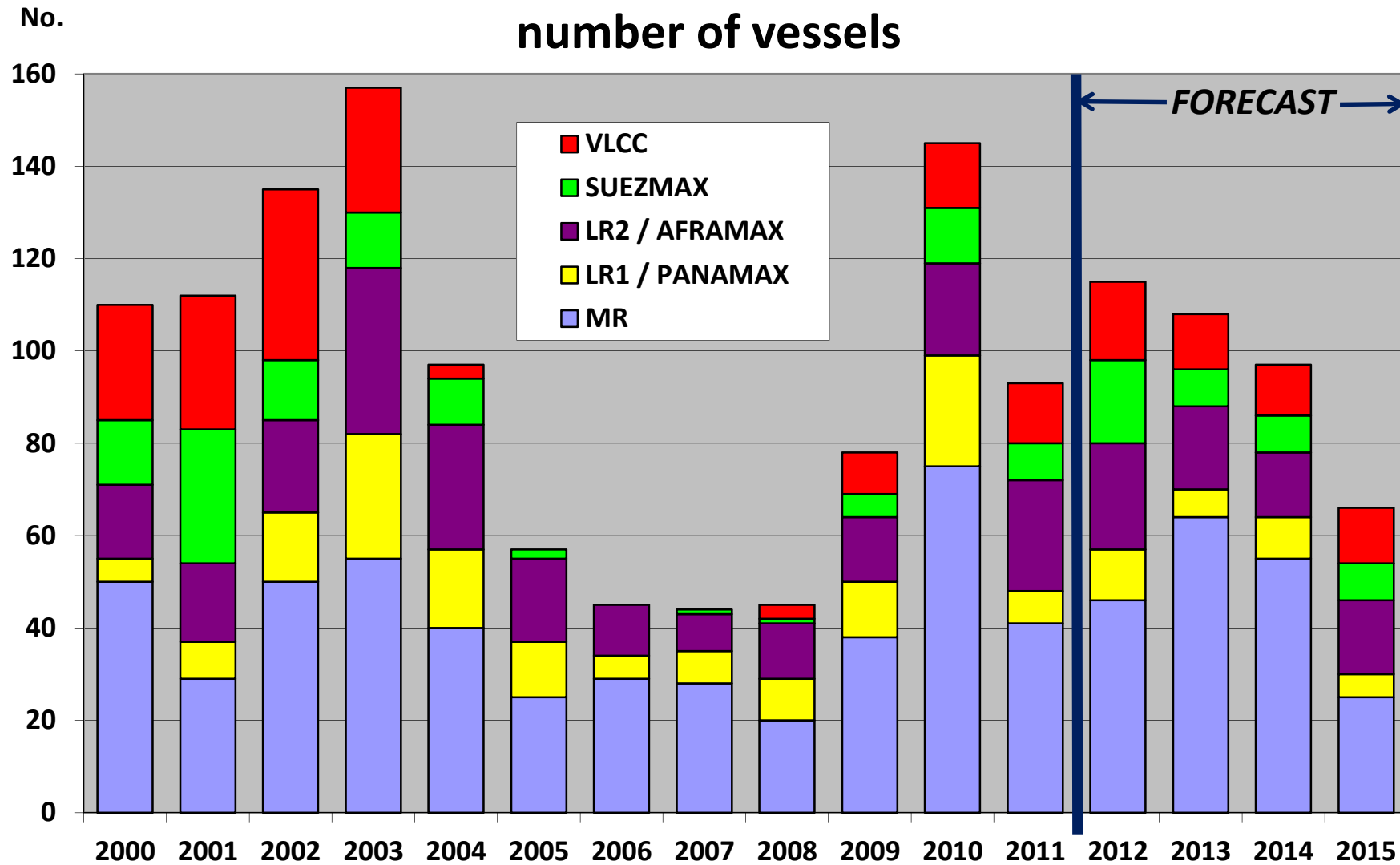


Suezmax (120,000 - 200,000 dwt) - New Deliveries

Current Schedule vs Assumed Delays and Cancellations



Tanker Scrapping number of vessels

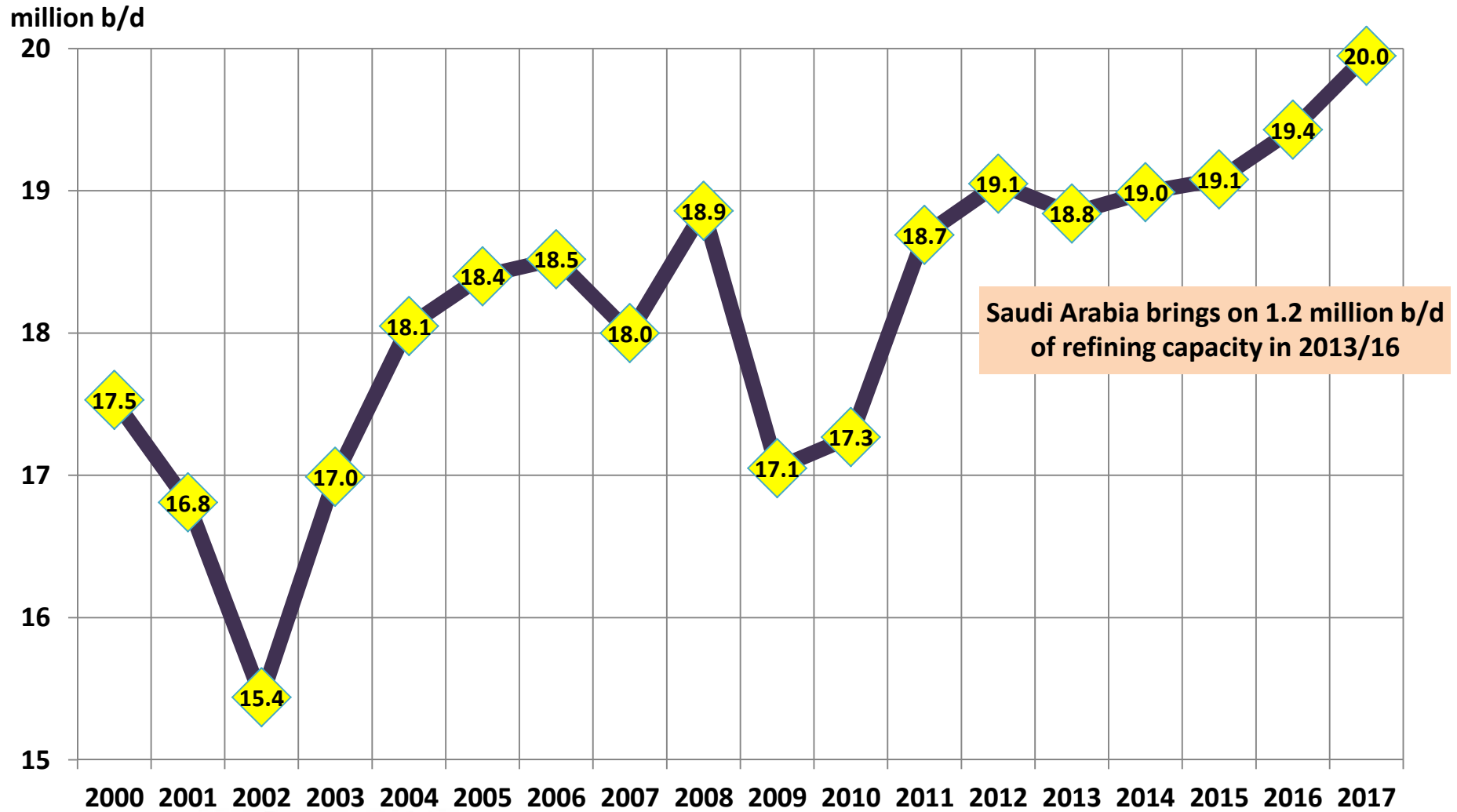


Annual Average Number of Tankers *based on delays and assumed cancellations*

	2011	2012	2013	2014	Net Change 2011-14	
					No.	%
VLCC	578	609	627	637	+60	10%
Suezmax	432	459	487	508	+76	18%
Aframax/LR2	912	941	958	975	+63	7%
LR1/Panamax	421	435	448	454	+32	8%
MR	1,760	1,797	1,812	1,820	+60	3%
Total	4,102	4,242	4,333	4,394	+292	7%

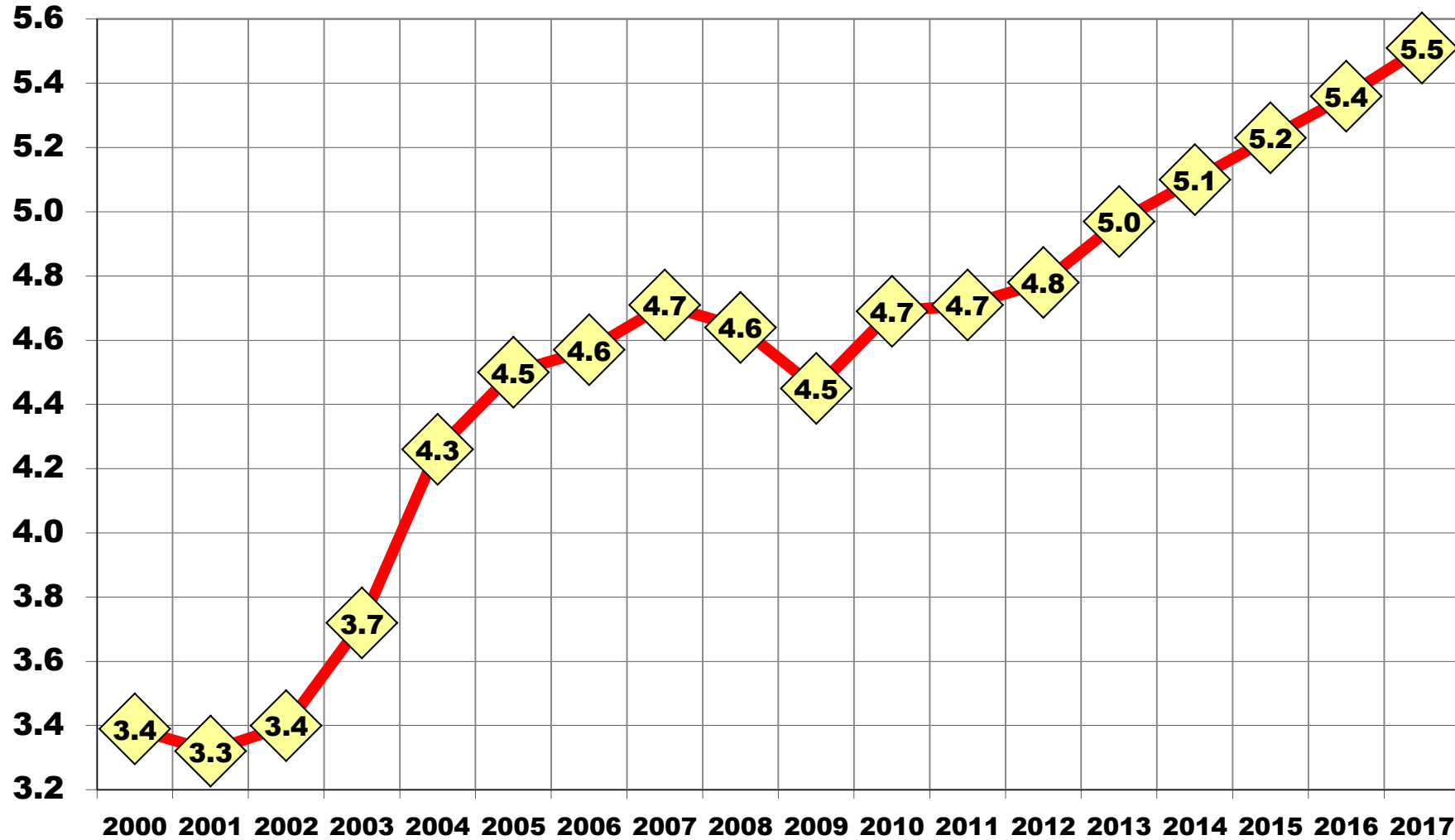


Outlook for Middle East OPEC Crude Exports



Prospects for West African Crude Exports

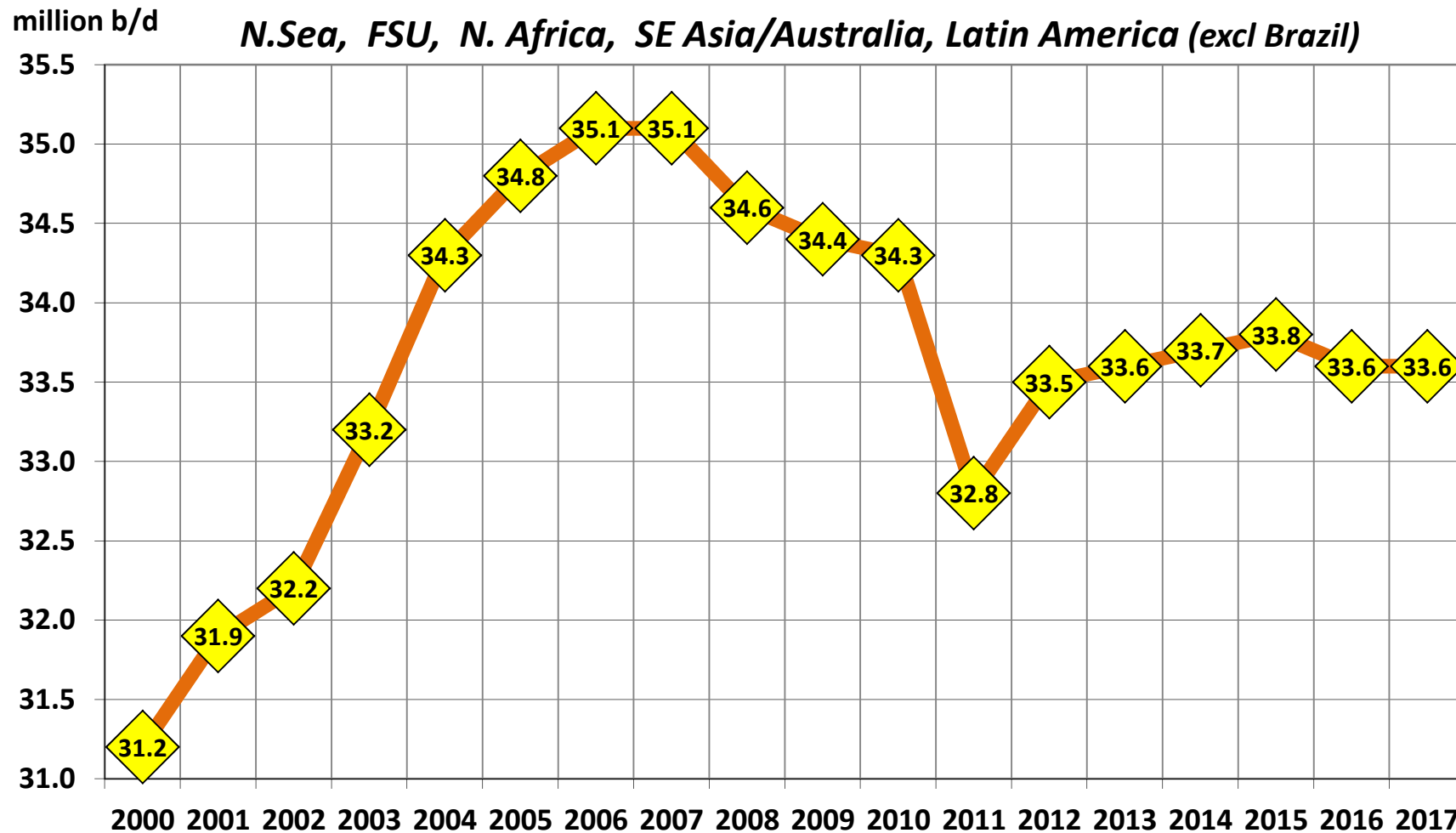
million b/d



Demand Prospects for Aframax Crude Tankers

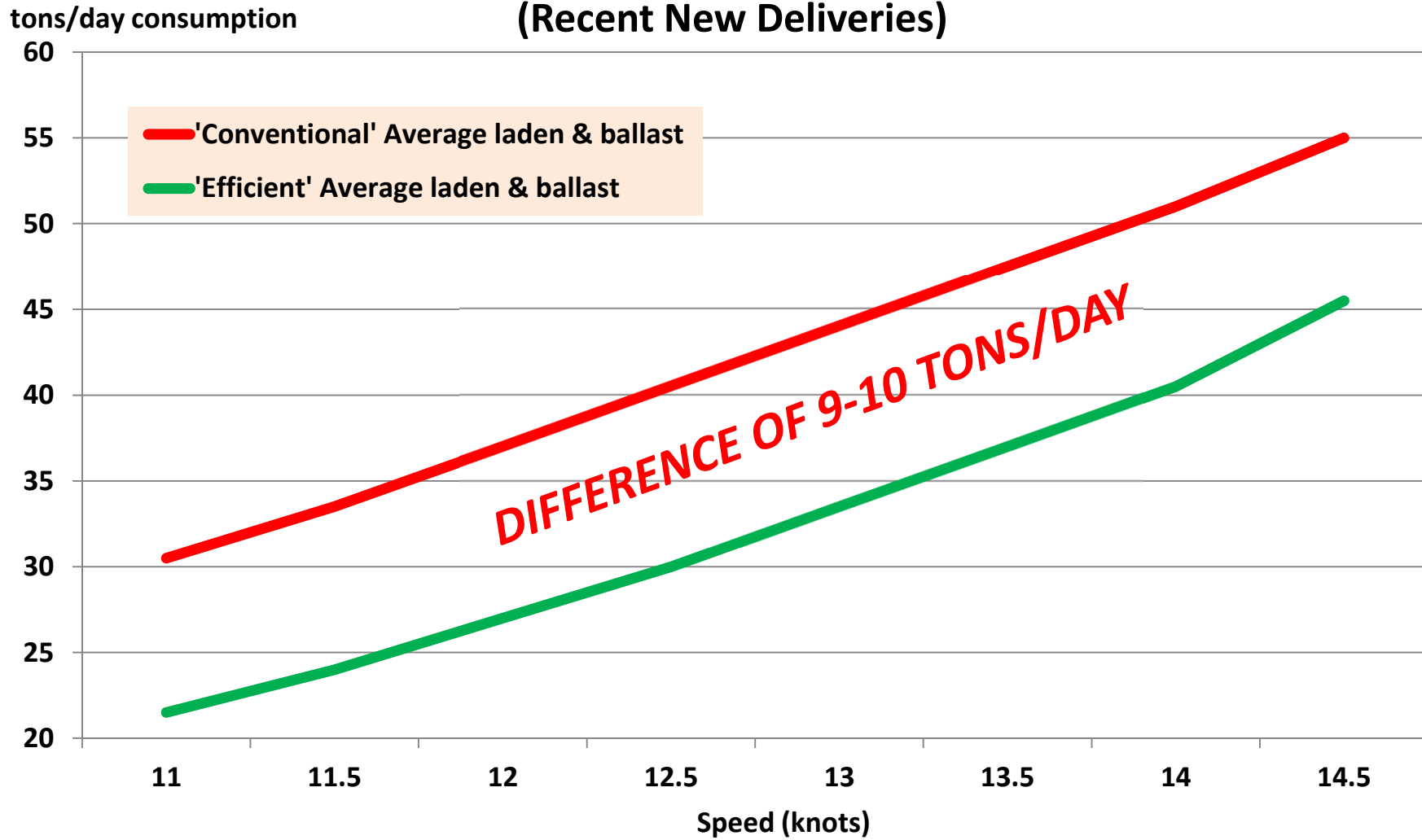
Short Haul Crude Production

N.Sea, FSU, N. Africa, SE Asia/Australia, Latin America (excl Brazil)





Suezmax Speed & Consumption Indications (Recent New Deliveries)



Indications of VLCC Investment Economics

	'Conventional' VLCC	Deemed ECO VLCC (a)
Newbuild Price	\$90 million	\$97 million
Capital Cost (b)	\$29,000/day	\$32,000/day
Fixed Operating Costs	\$11,000/day	\$11,000/day
Required Income	\$40,000/day	\$43,000/day
Estimated Average Spot Earnings Jan-Apr 2012 (TD3) (c)		
at Design Speed (15 knots)	\$25,000/day	\$40,000/day
Slow Steaming (13.5 knots laden / 11.5 knots ballast)	\$31,000/day	\$41,000/day

(a) assuming 25% fuel saving

(b) based on financing over 10 years at 6% p.a. and residual value at current scrap price

(c) time charter equivalent (tce) earnings on round voyage basis net of bunkers & port charges

1 Year Suezmax Time Charter Rates

'Conventional' Suezmax \$16,000

'Efficient' Suezmax \$18,000-19,000/day ?

Price Premium \$2,000-3,000/day

Cost Saving \$6,000-7,000/day

Owner and Charterer to Share 'Efficiency' Saving



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