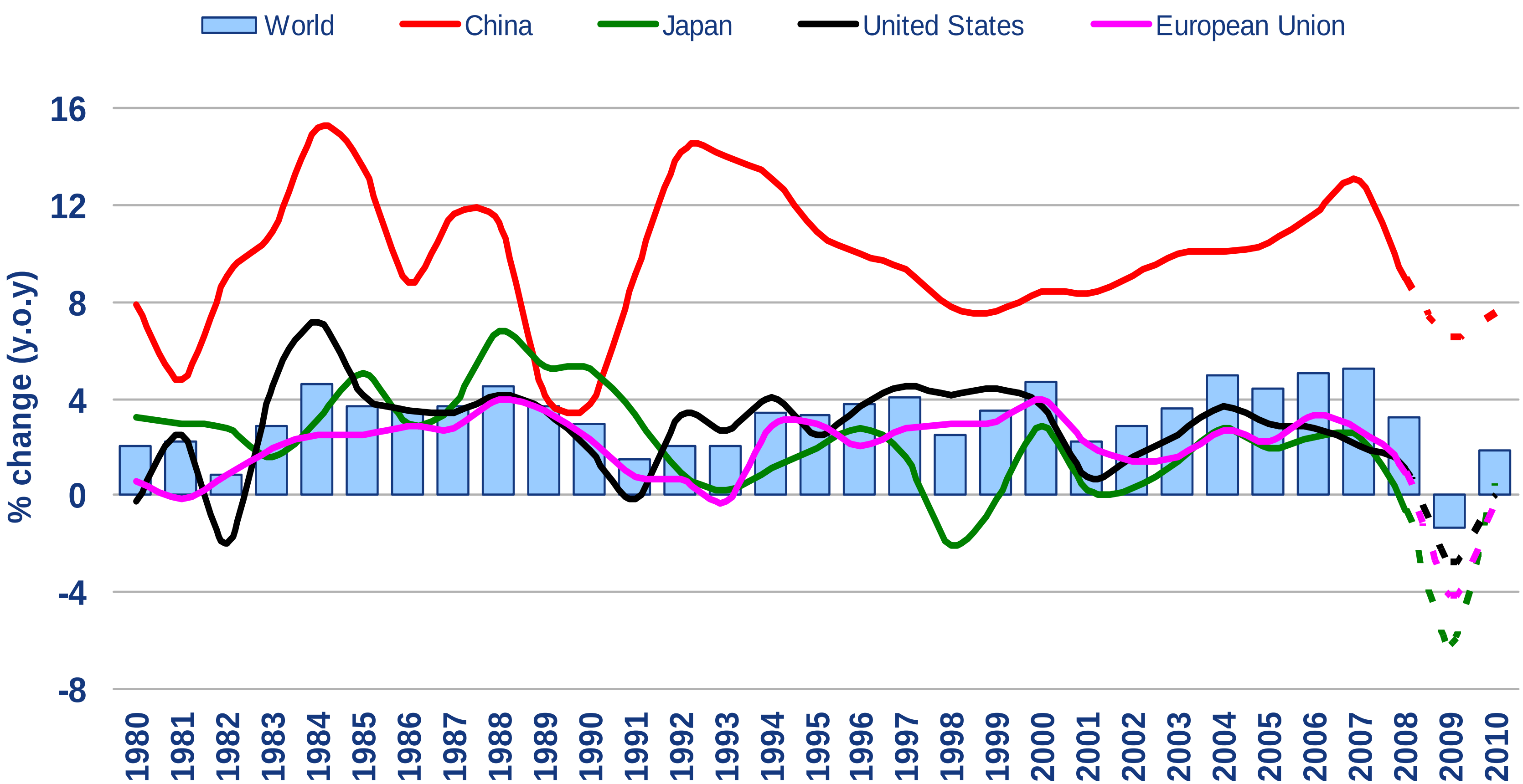
International Shipping Market:
Challenges of the Global Downturn

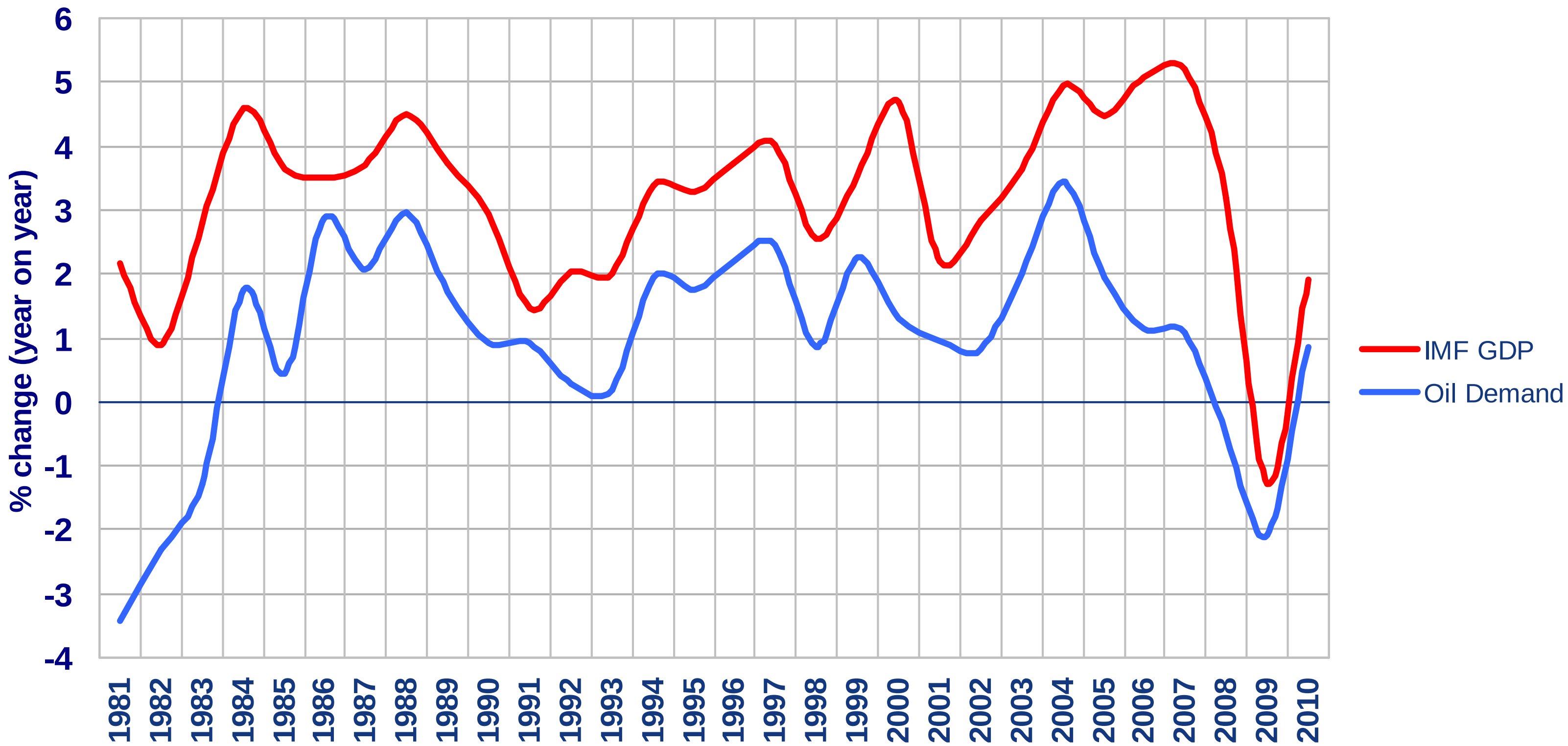
Colin Cridland, Head of Market Analysis
Leipzig, 27 May 2009
www.clarksons.com

IMF GDP – Worst Case Scenario?



Commodity Demand & Trade

World Oil Demand vs. GDP



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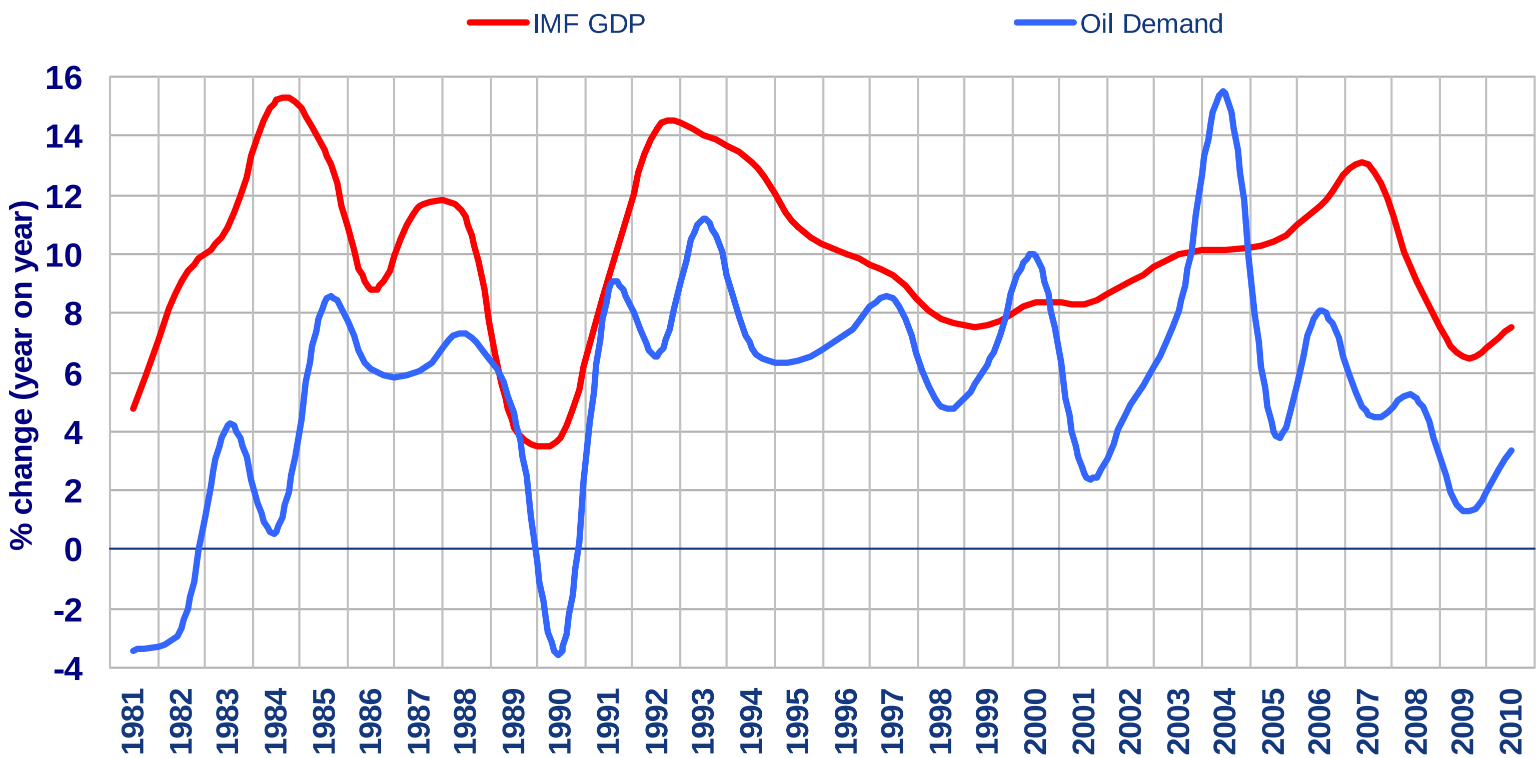
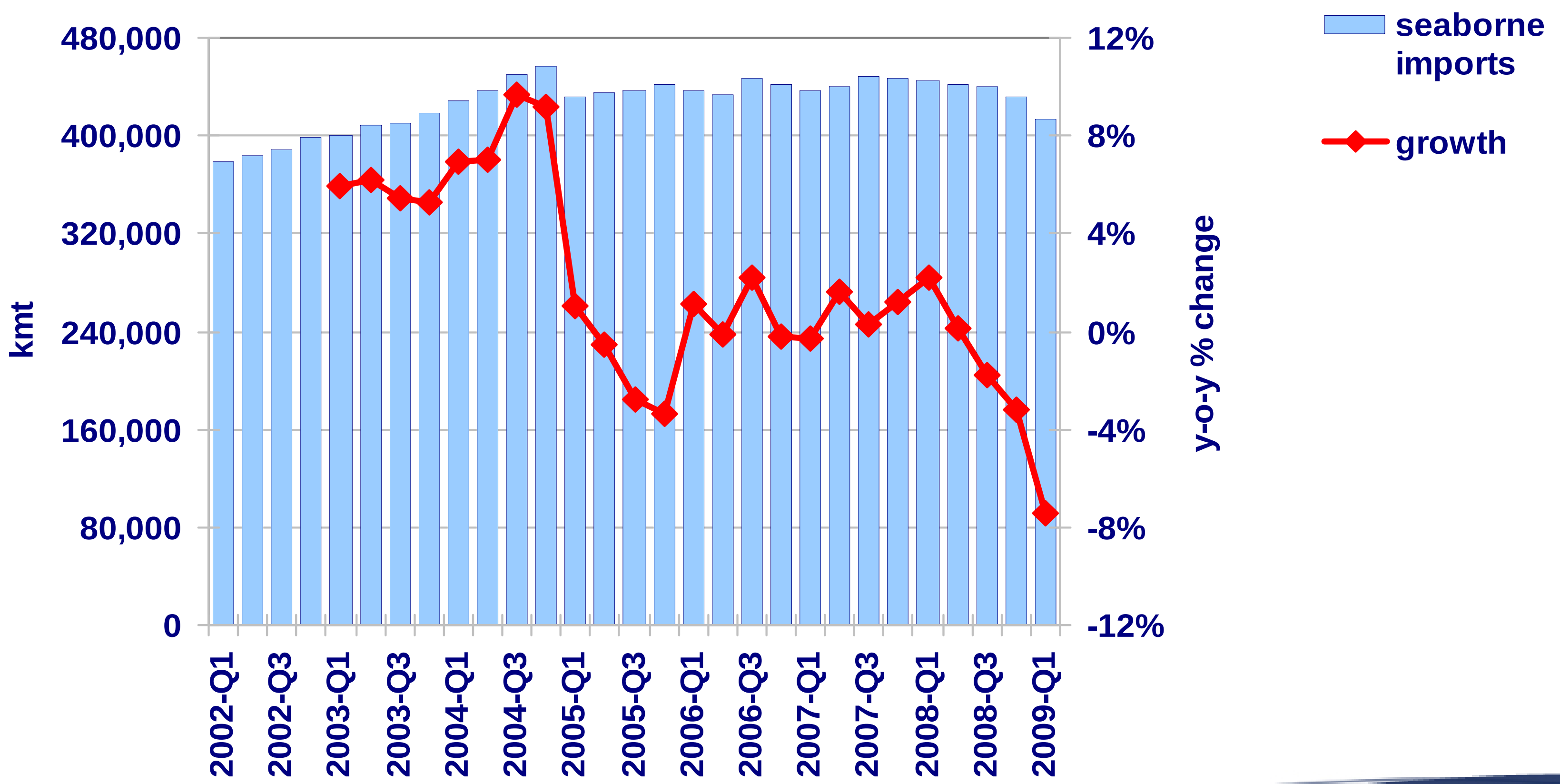
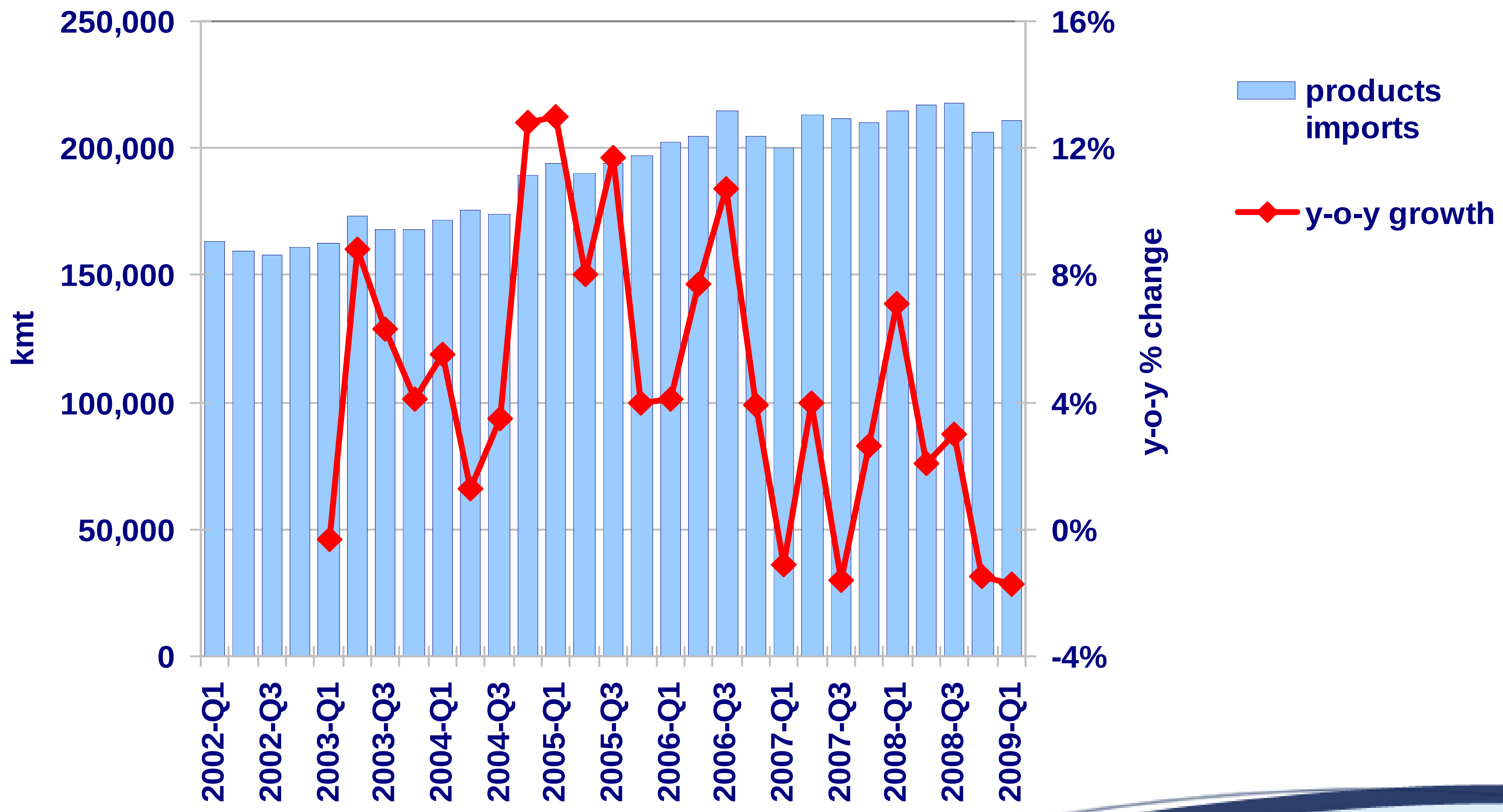
China Oil Demand vs. GDP



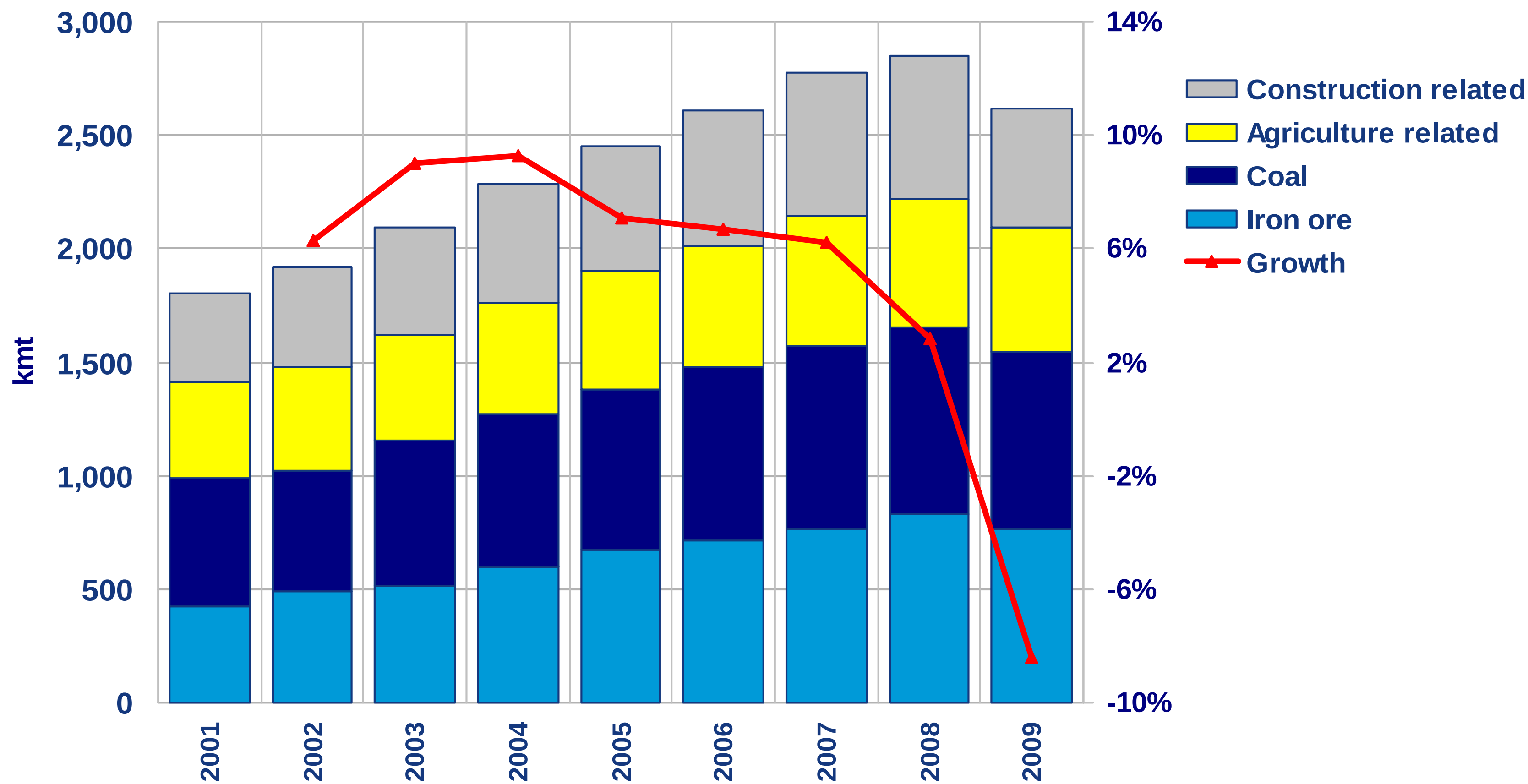
Seaborne Crude Imports



Total Oil Products Imports



Dry Bulk Seaborne Trade



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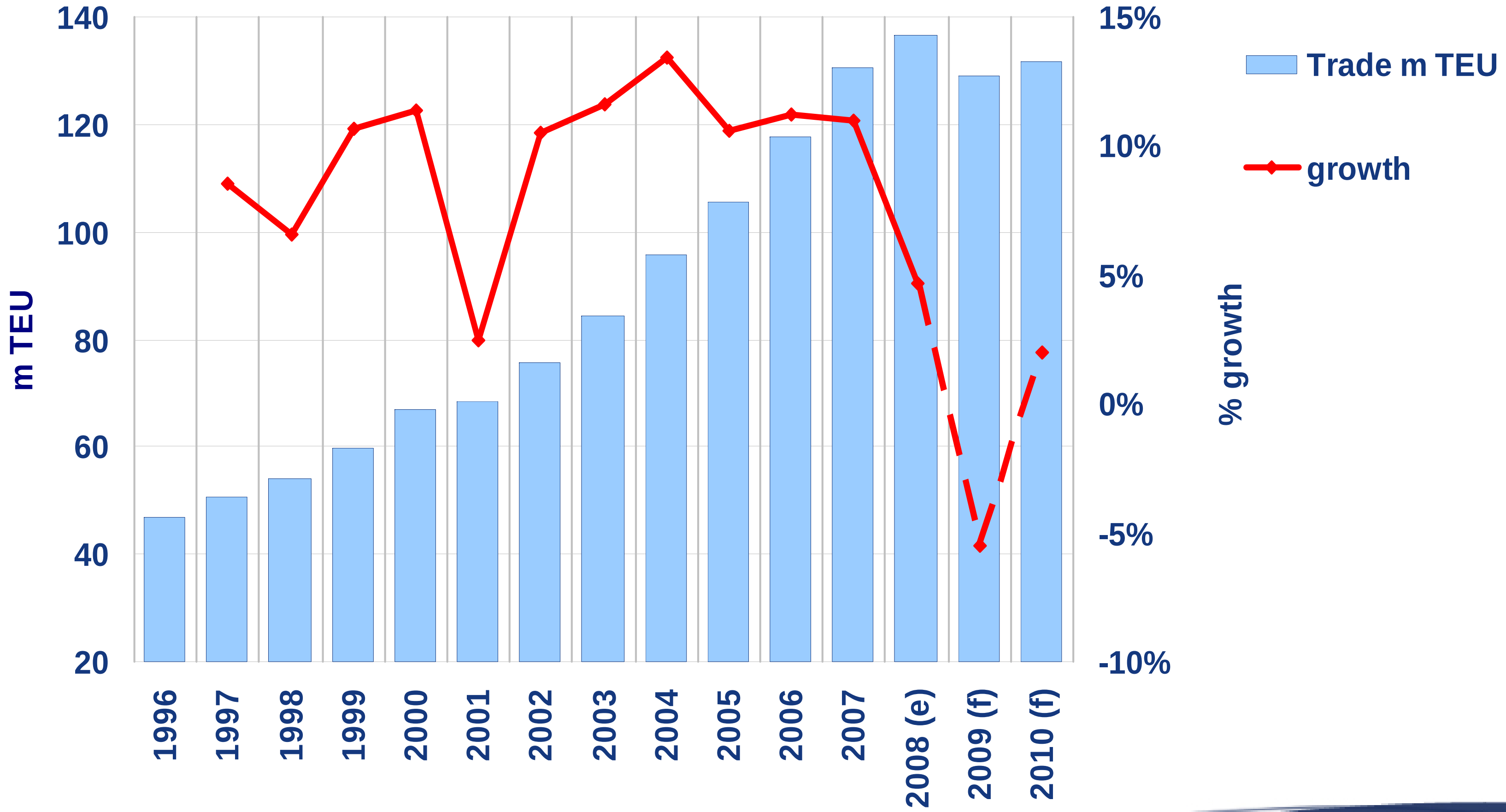
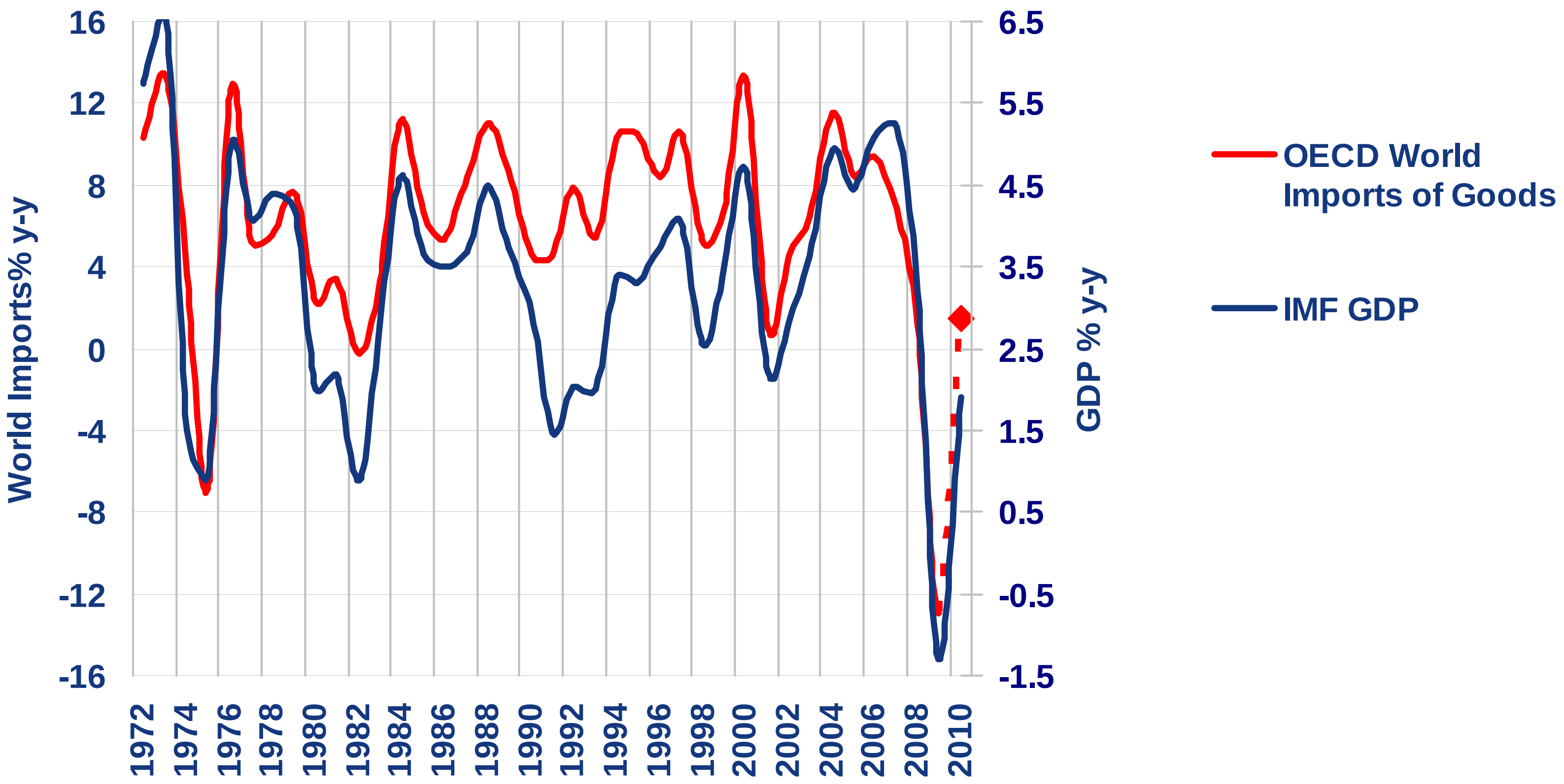
Global Container Trade



World Trade & GDP



Vessel Supply

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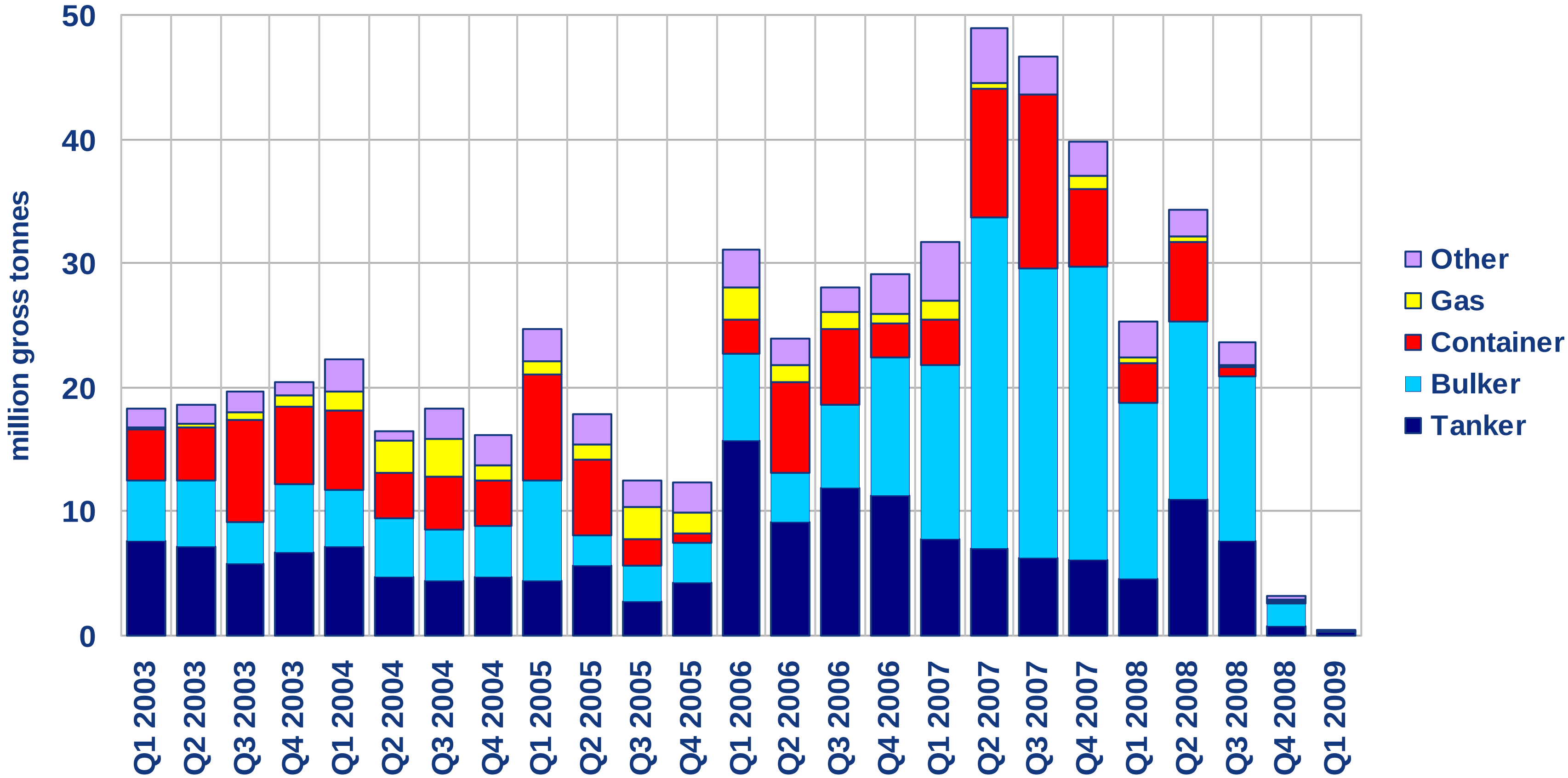
Vessel Ordering



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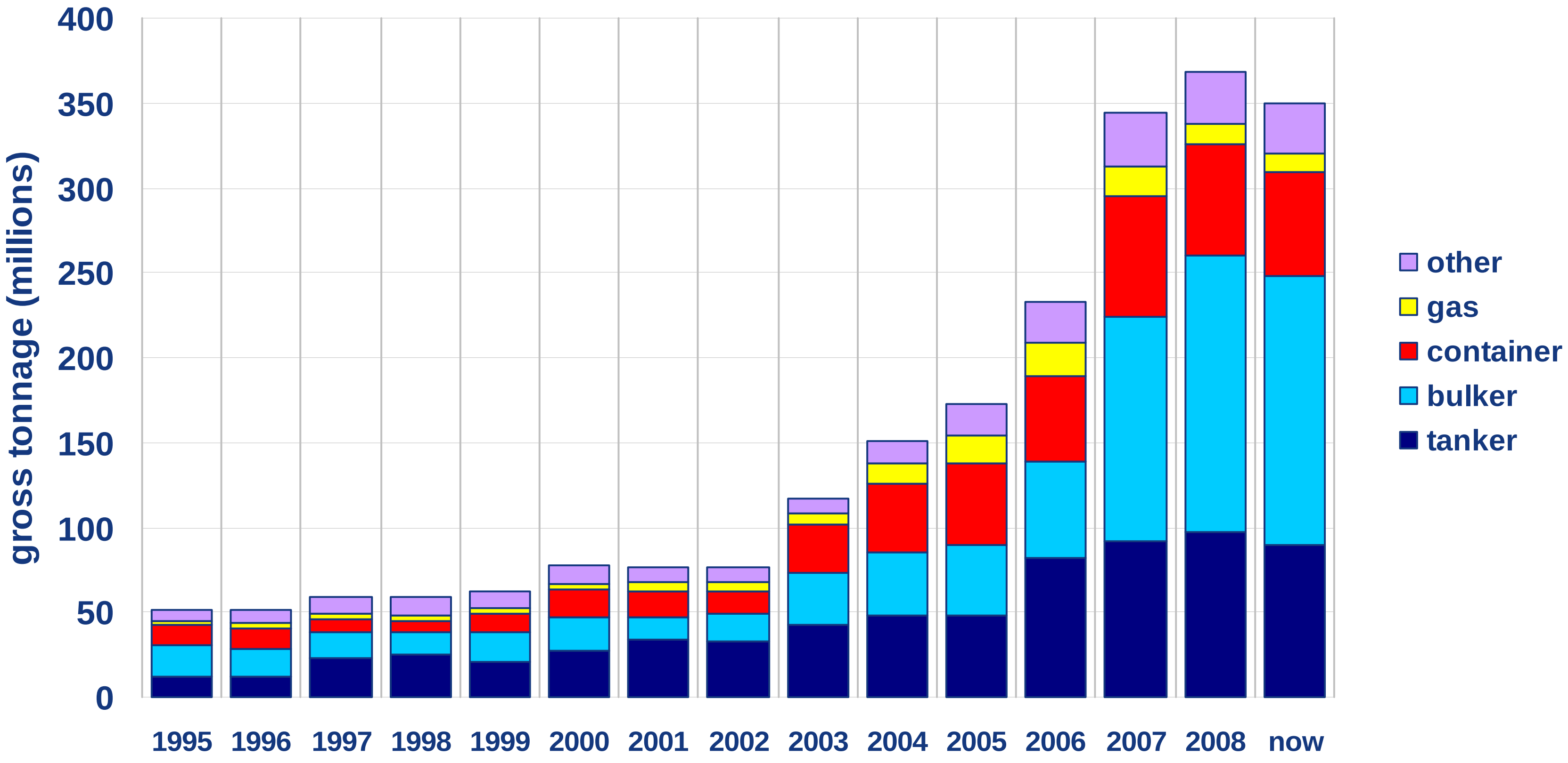
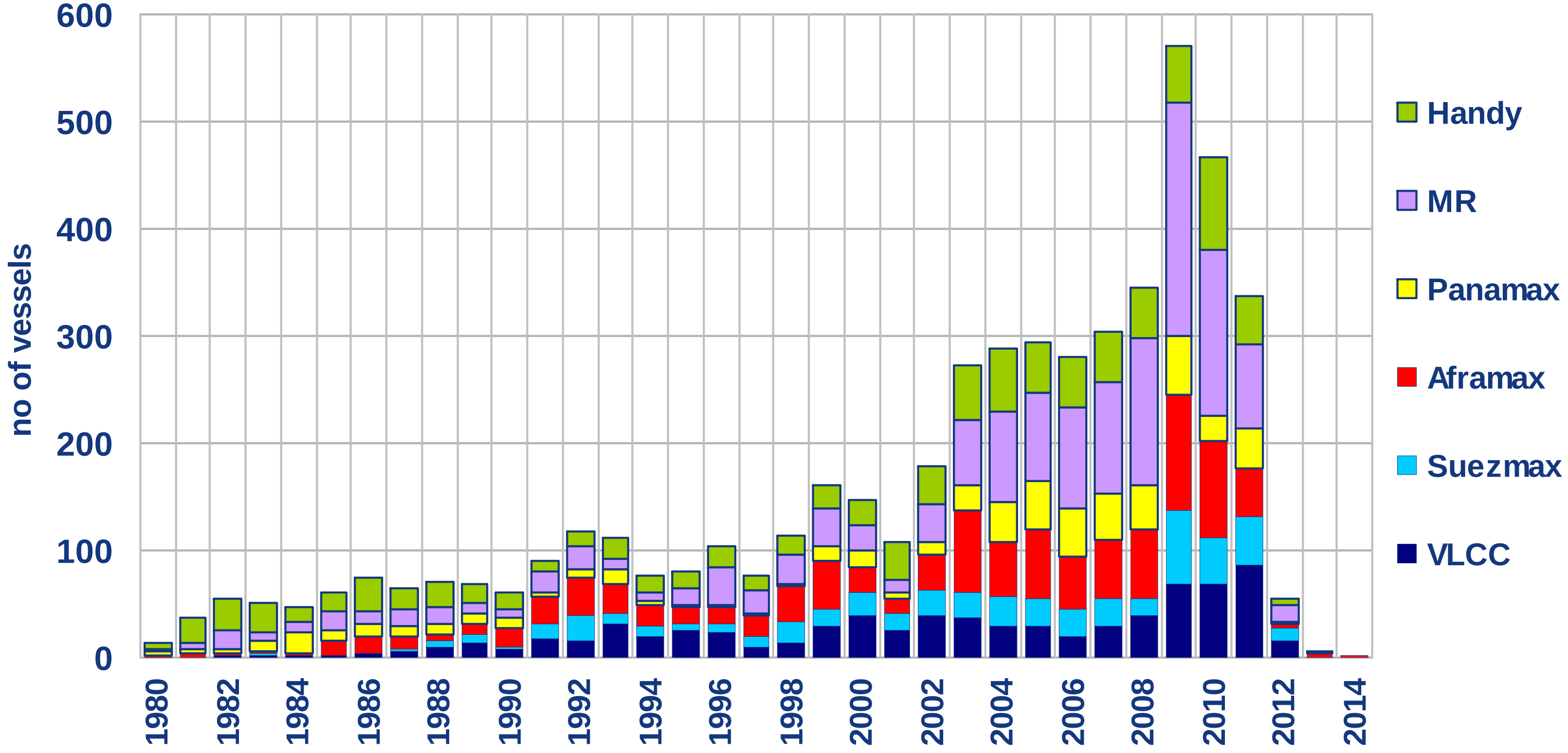
Orderbook Development



Tanker Age Profile



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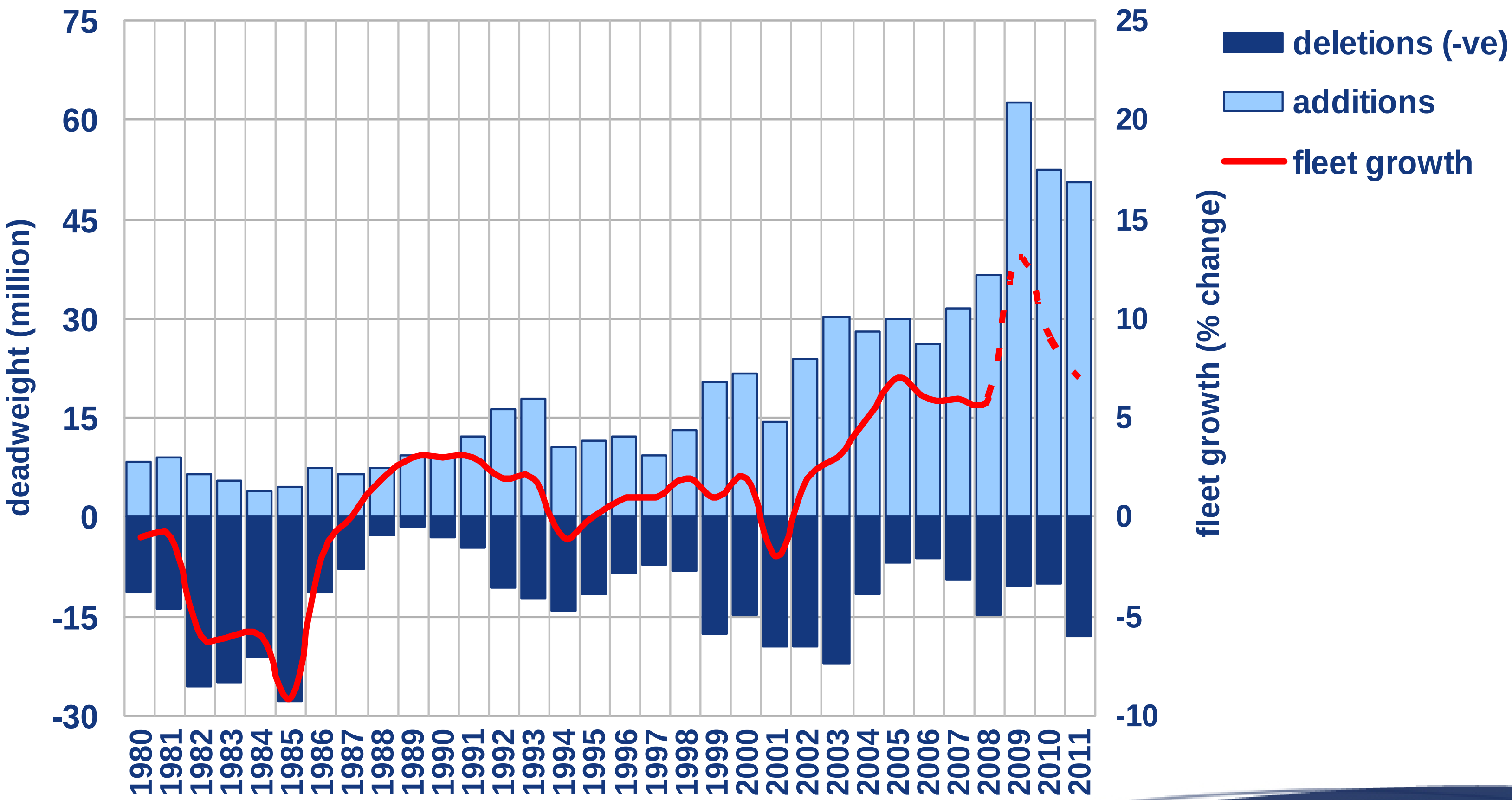
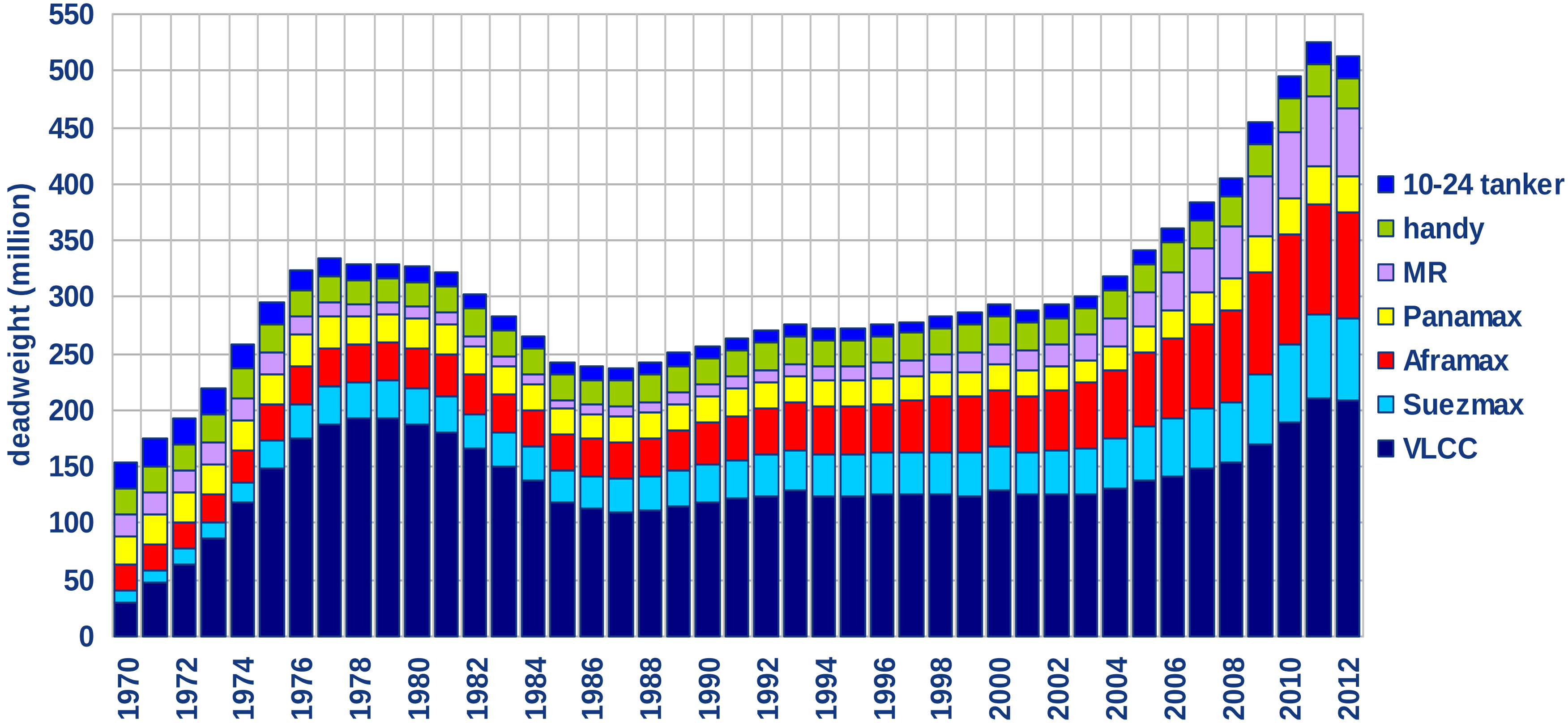
Tanker Fleet Changes



Tanker Fleet Development



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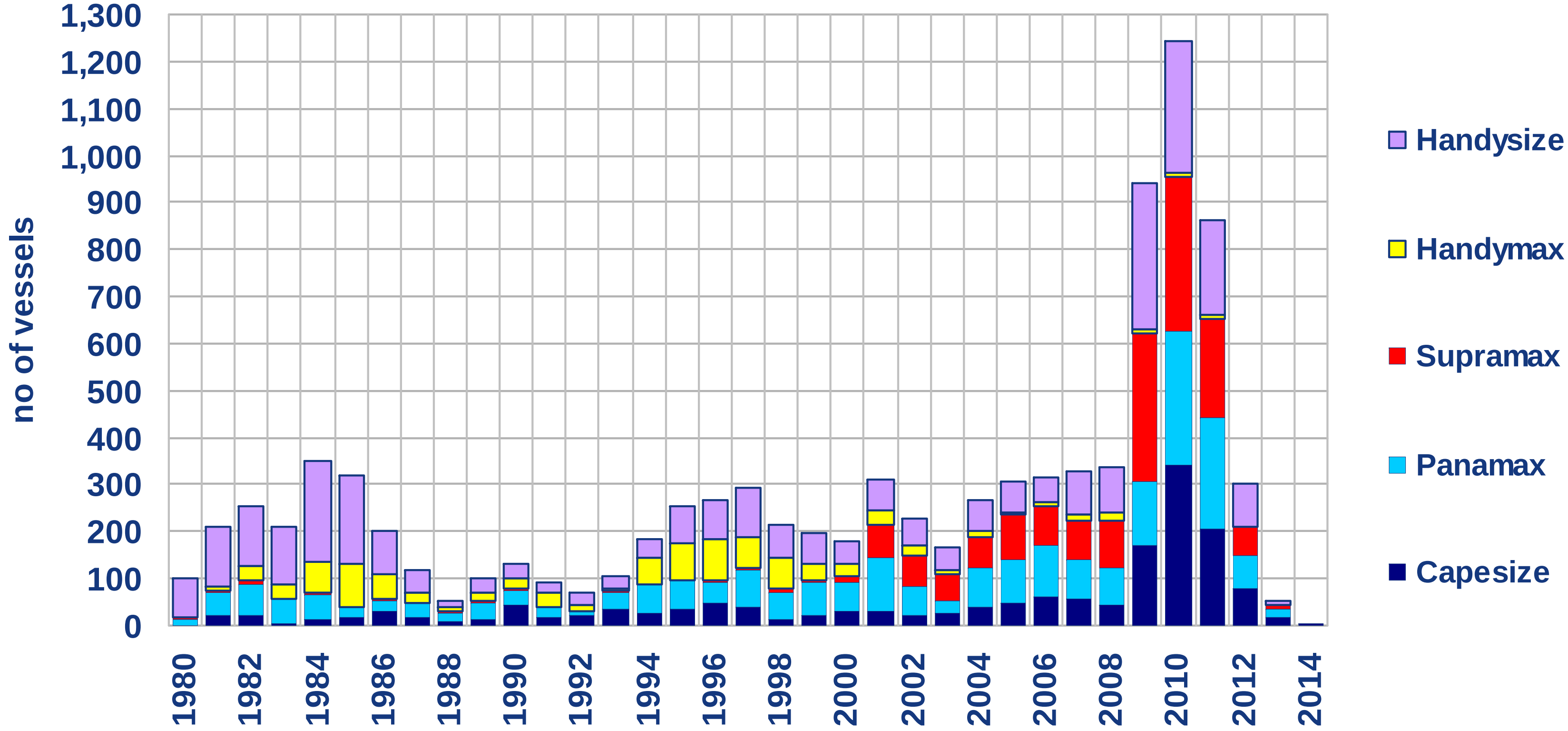
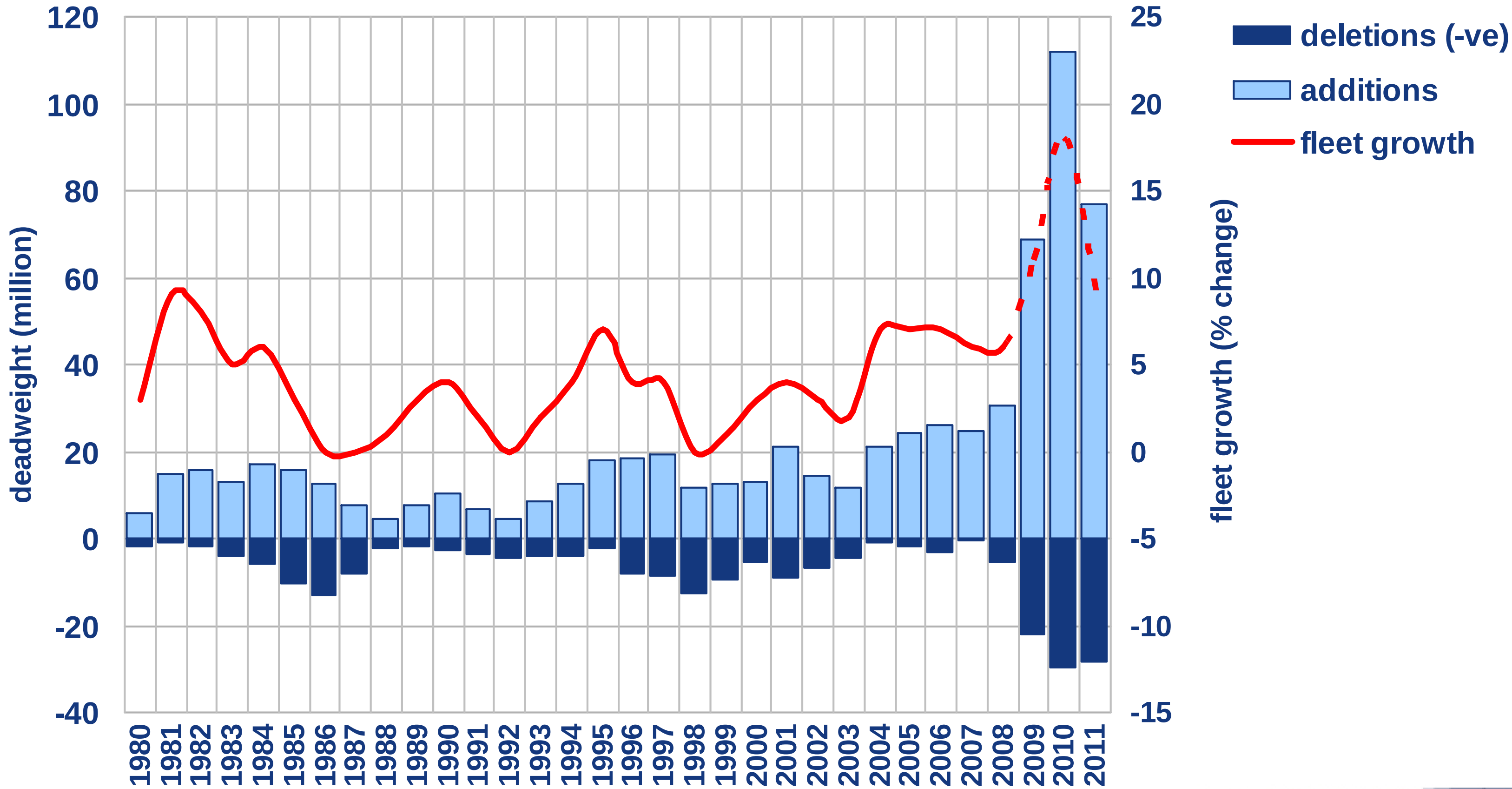
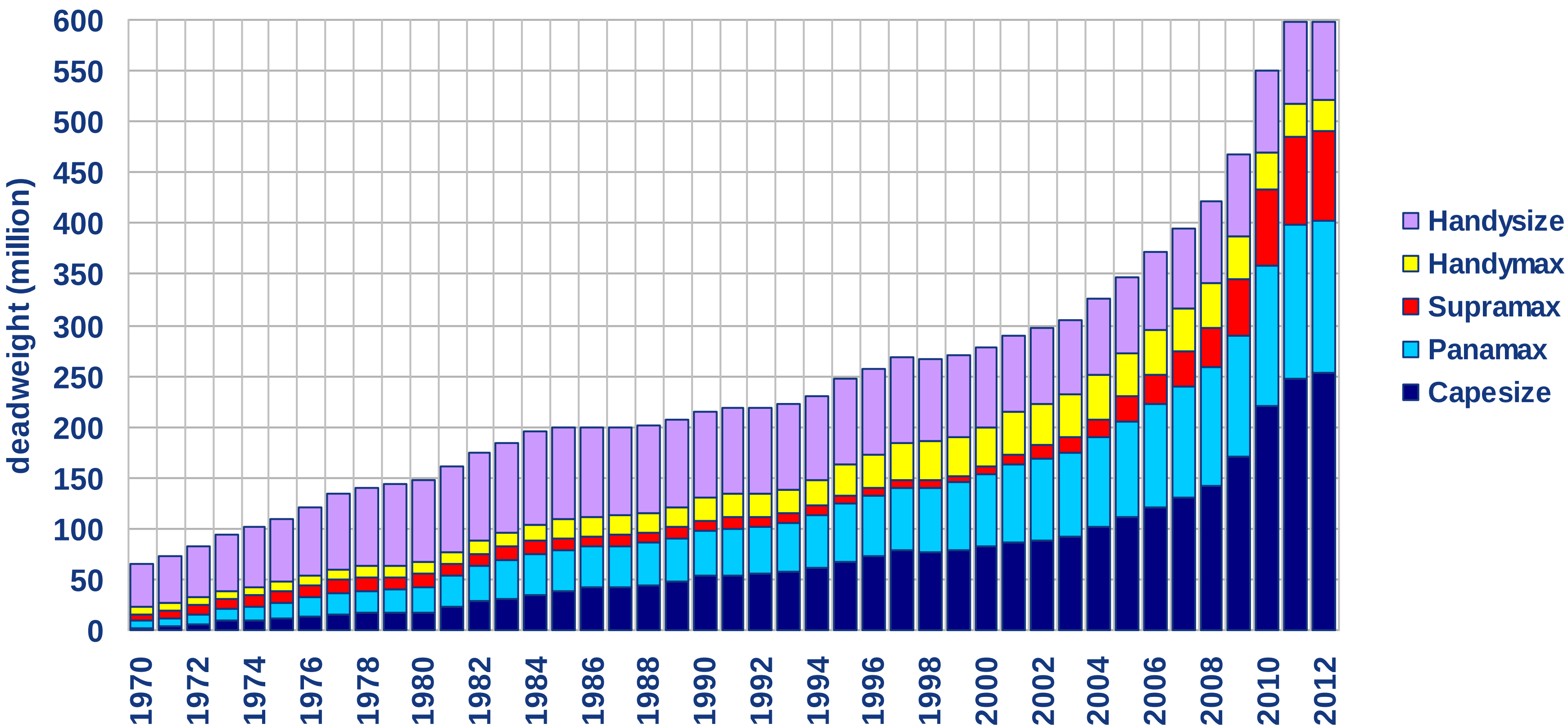
Bulker Carrier Age Profile



Bulk Carrier Fleet Changes



Bulk Carrier Fleet Development



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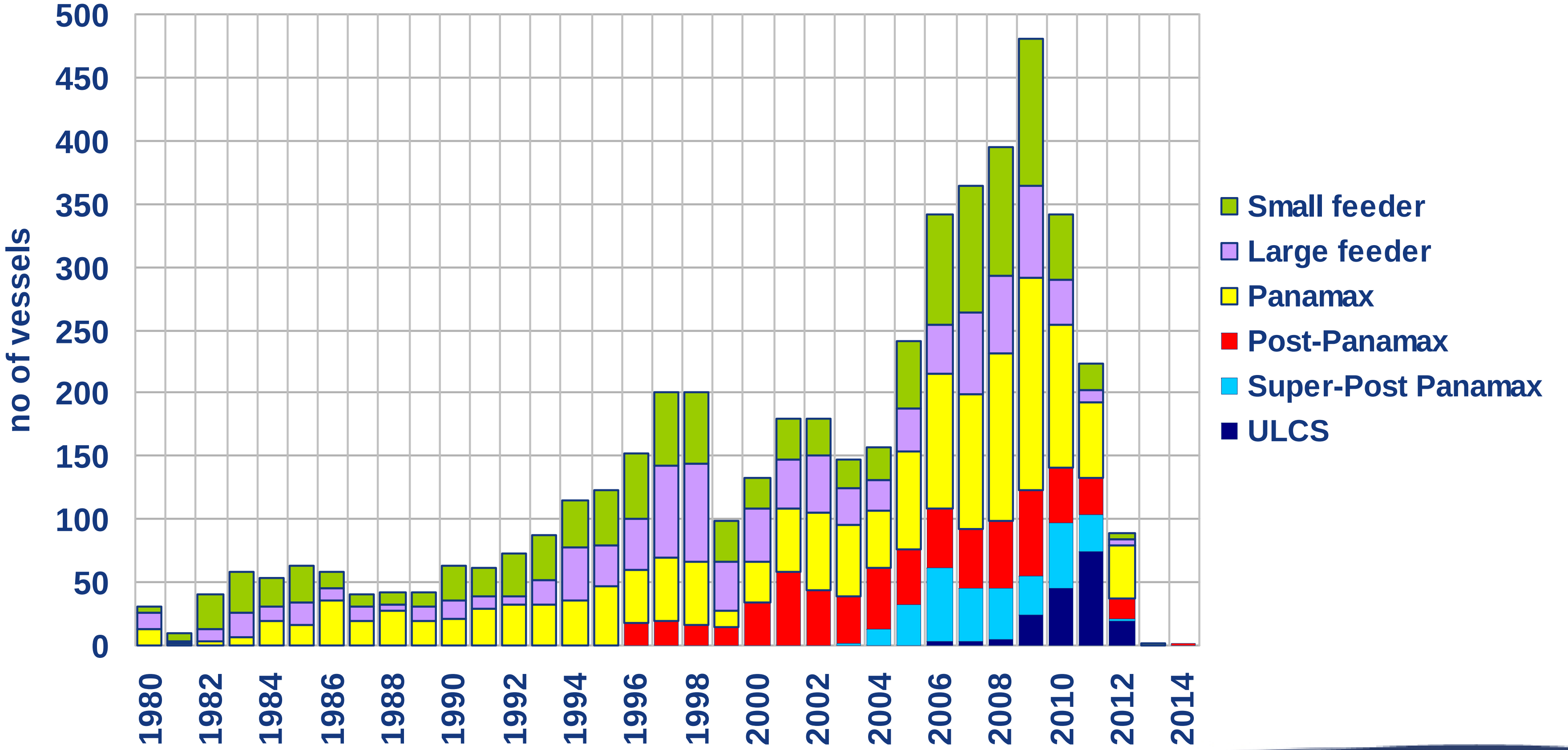
Containership Age Profile



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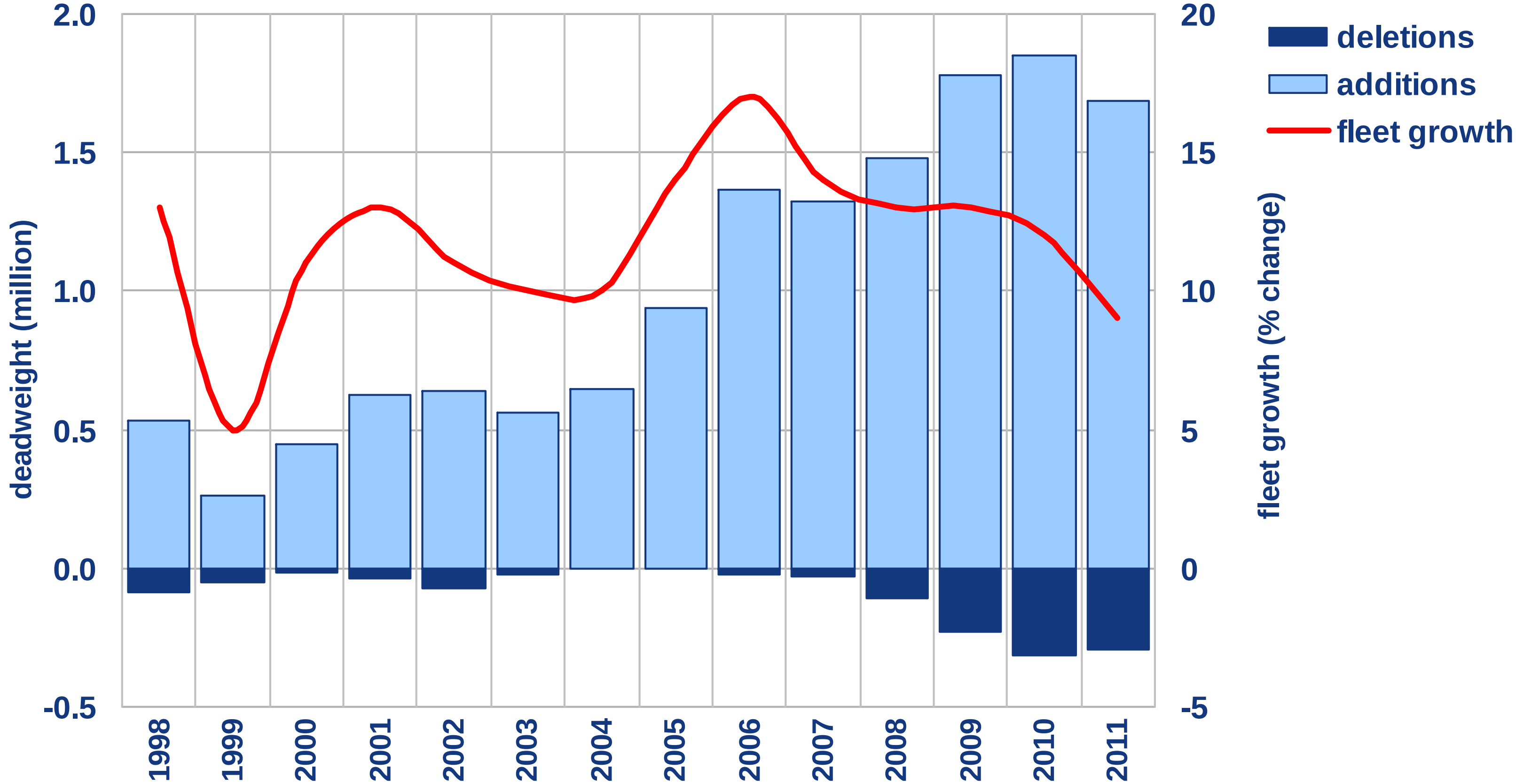
Containership Fleet Changes



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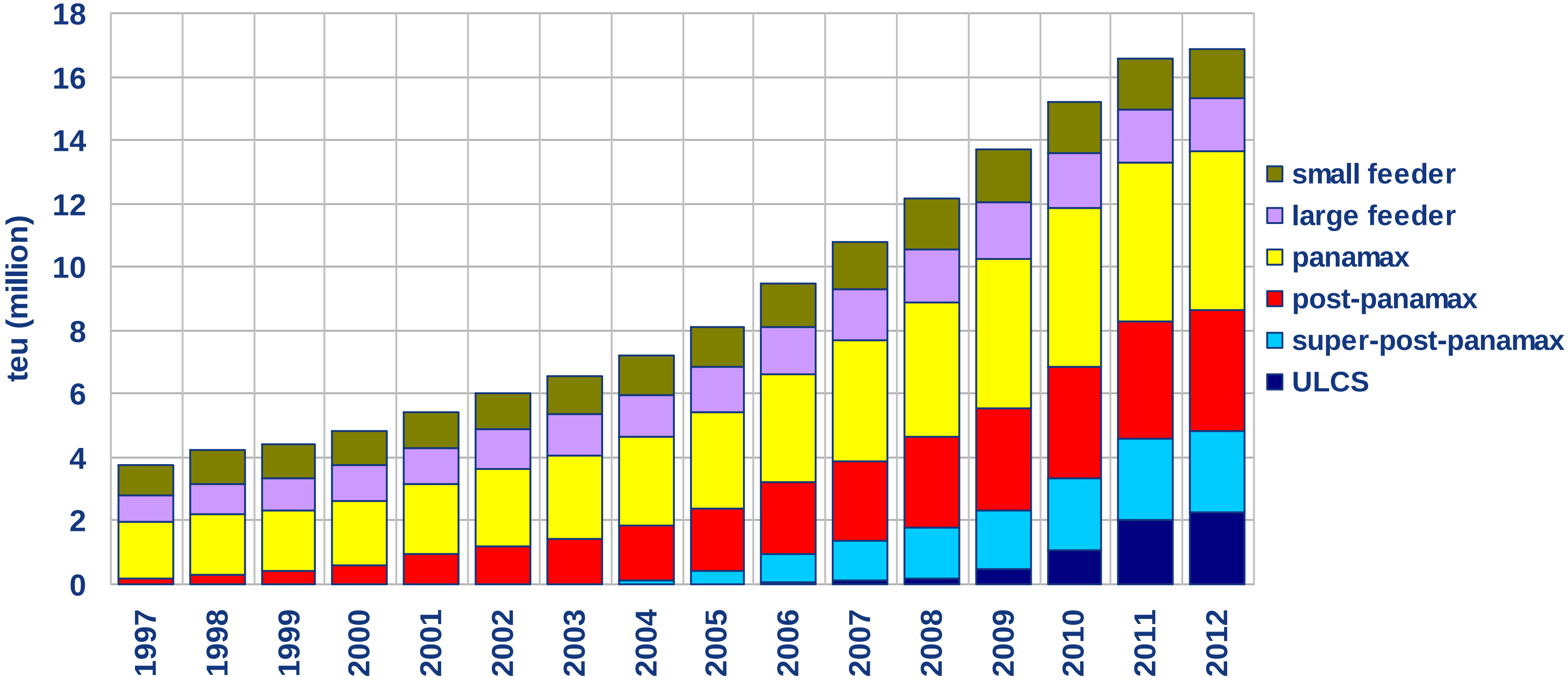
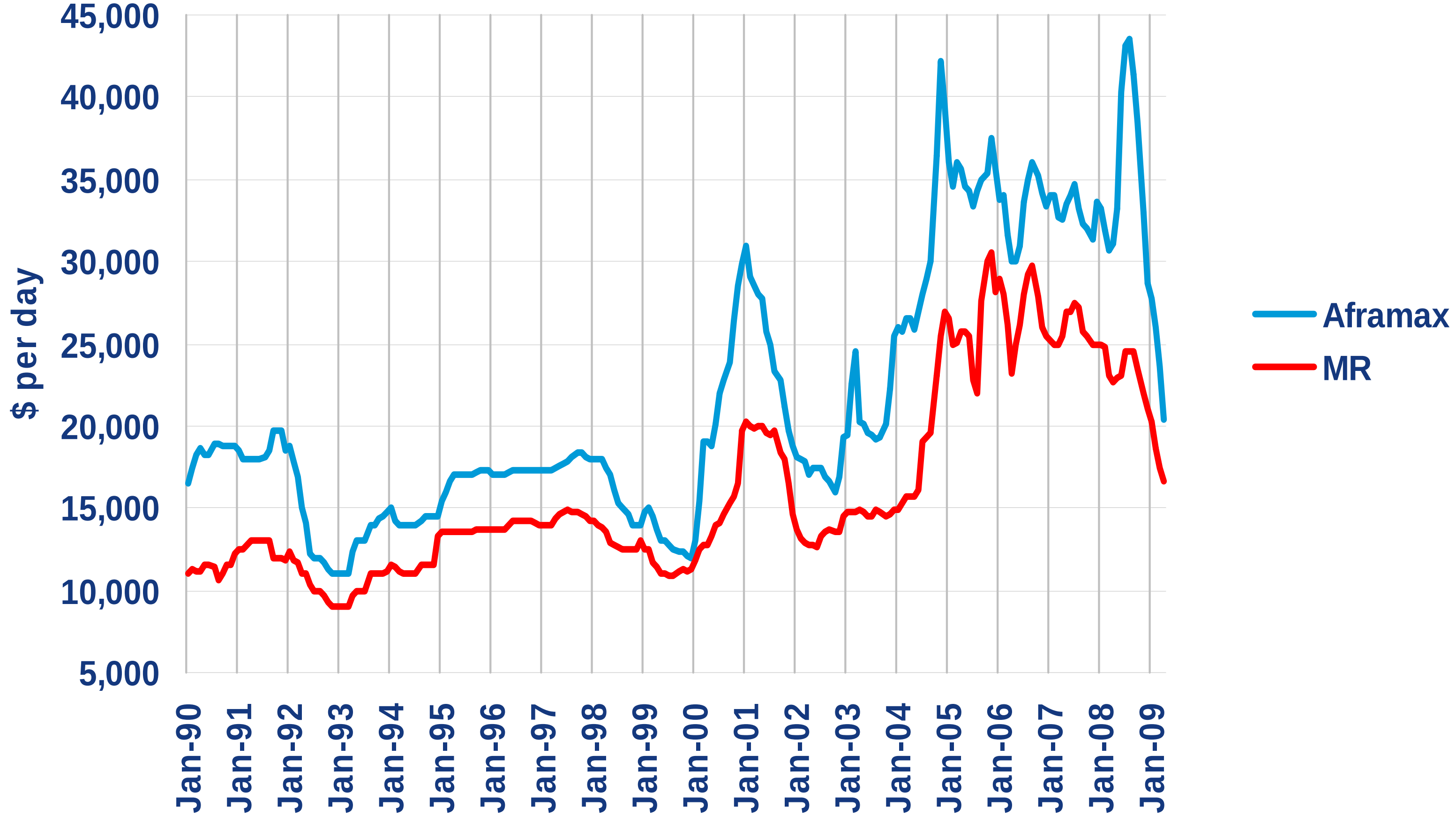
Containership Fleet Development



Markets

Crude & Product 1 yr tc rates



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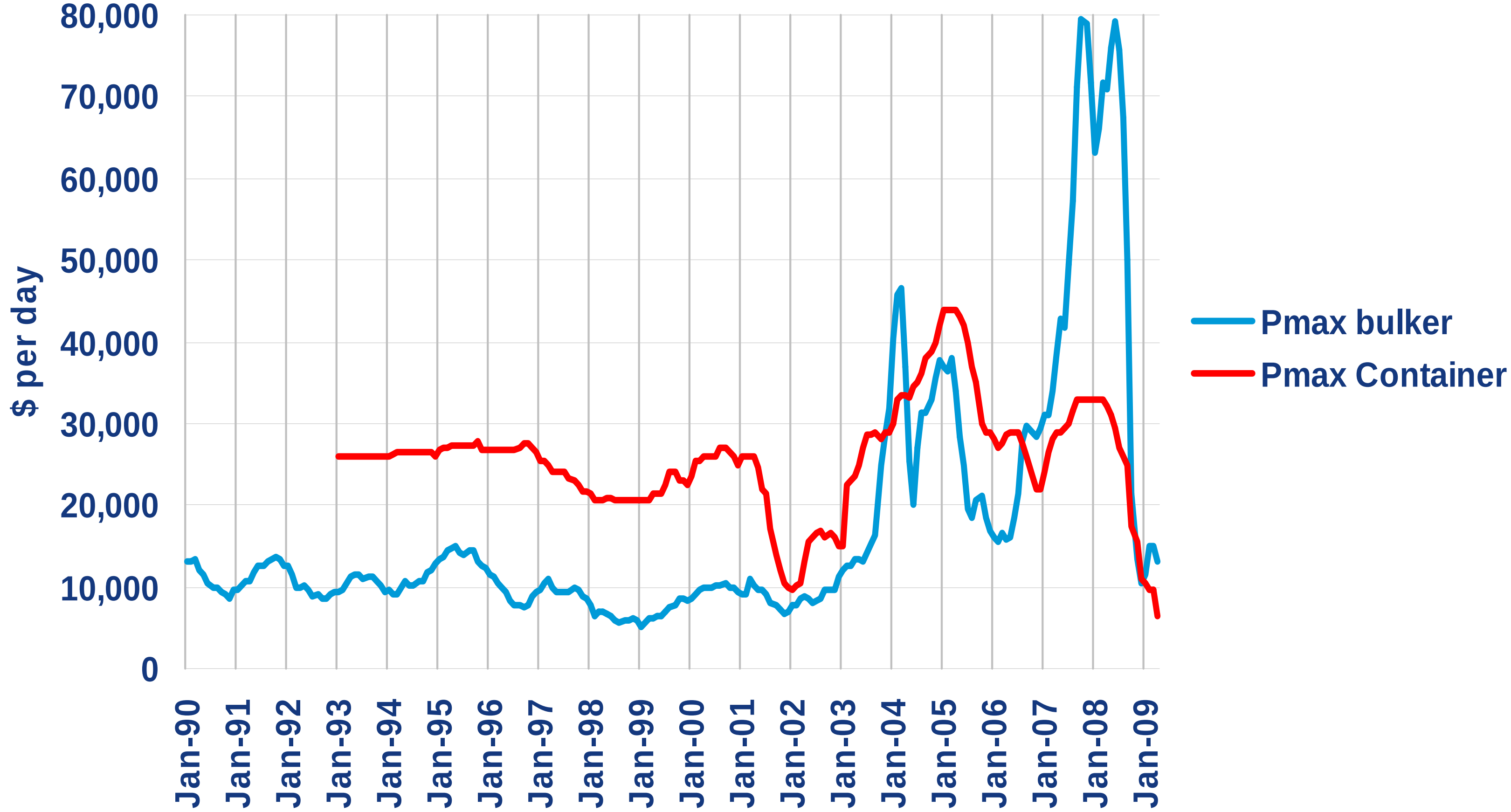
Dry bulk & Container 1yr tc rates



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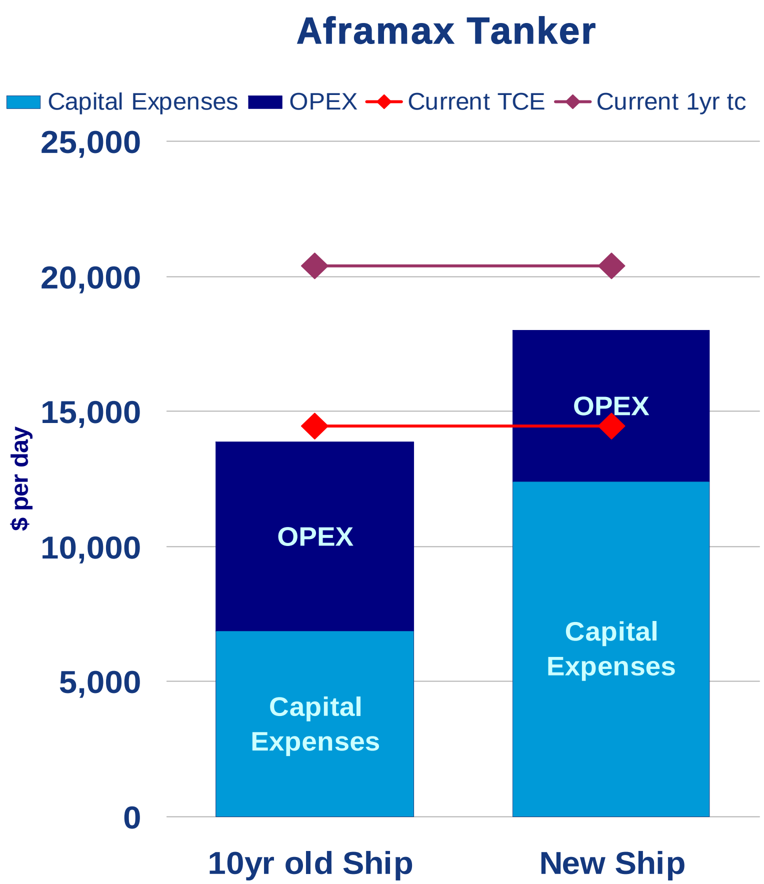
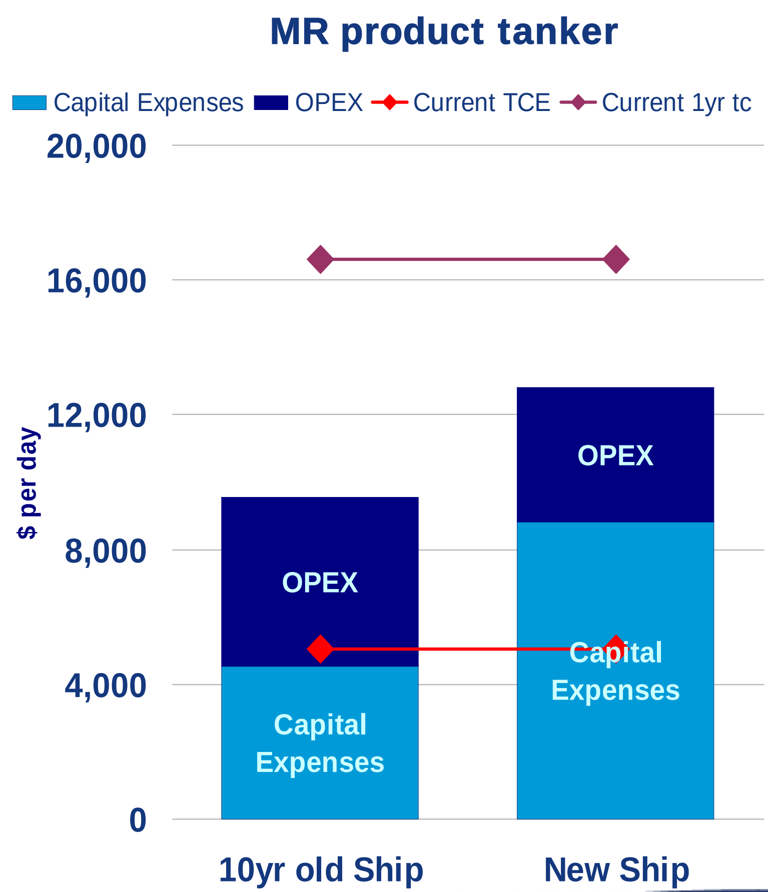
EBITDA levels per sector (in $ per day)

	Aframax	MR	Pmax bulker	Pmax Container
Avg. 2006	31,290	20,387	17,832	19,404
Avg. 2007	25,343	20,845	48,552	21,889
Avg. 2008	40,751	18,017	40,998	18,793
Av. 2009	13,044	6,727	5,528	2,081
Now (as Apr.09)	**7,442**	**35**	**6,319**	**934**

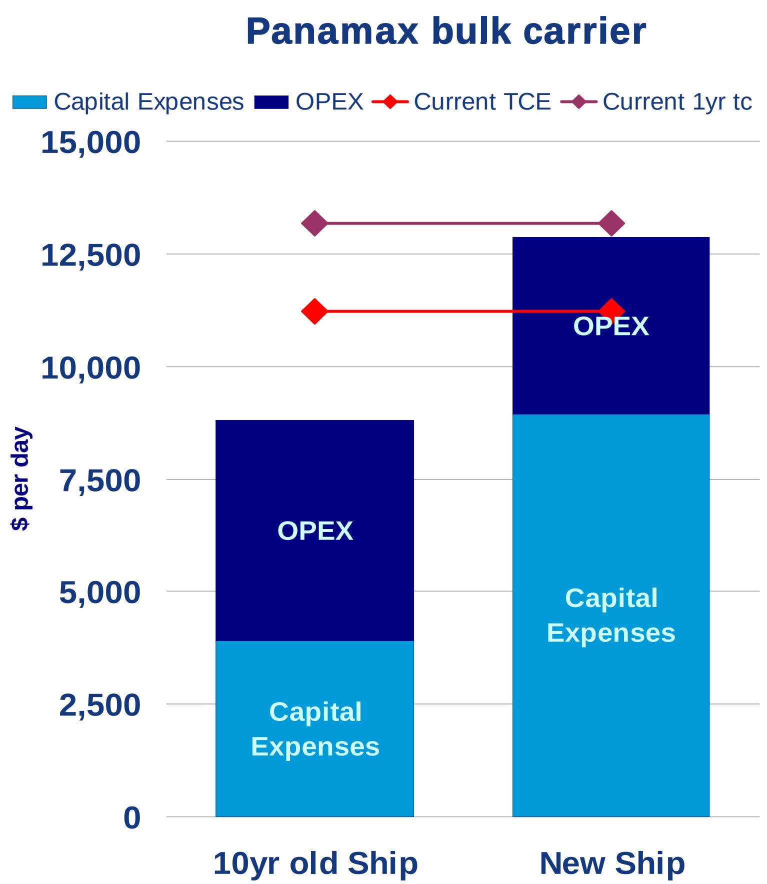
EBITDA = Earnings Before Interest, Tax, Depreciation & Amortization

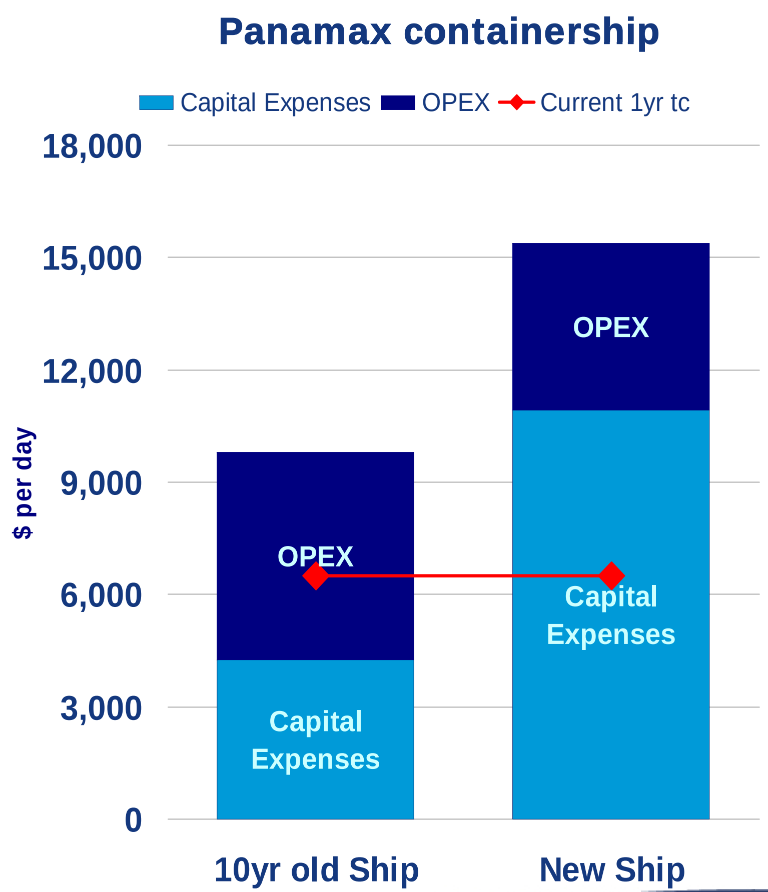
Daily Costs & Earnings - Tanker





Daily Costs & Earnings – Dry/Container





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Summary & Conclusions

- Uncertain economic outlook
    - 3.8% adjustment to 2009 outlook in 7 months
- Oil demand closely linked to GDP but energy efficiency and alternative energy impacting
- Seaborne crude trade already fallen by 7.4% in Q1 2009 (y-o-y)
- Seaborne dry bulk trade forecast to fall by 8.4% in 2009
- Container trade forecast to fall by 5.5%
- OECD forecast of 13% drop in world trade 2009 seems PESSIMISTIC
- Shipyard ordering boom over but massive orderbook overhang remains
- Massive fleet capacity growth in the next three years
    - Tanker 30%, bulk 42% and container 37%
- Earnings (1yr TC) substantially reduced since last summer
    - Product tanker 30%, crude tanker 55%, dry bulk 80% and container 75%
- Earnings for all modern vessels currently below cost
- WARNING! – New regulations impose more cost on shipping…WHO PAYS?
  (MR Product tanker minimum $2,500 extra per day)

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Thank you