



The Great Eastern  
Shipping Co. Ltd.

# **BUSINESS REVIEW**

## **KOTAK CONFERENCE**



24<sup>th</sup>-25<sup>th</sup> September 2018

# FORWARD LOOKING STATEMENT

Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future results which in turn involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward looking statements; including changes in freight rates; global economic and business conditions; effects of competition and technological developments; changes in laws and regulations; difficulties in achieving cost savings; currency, fuel price and interest rate fluctuations etc. The Company assumes no responsibility with regard to publicly amending, modifying or revising the statements based on any subsequent developments, information or events that may occur.

# CORPORATE PROFILE



## Shipping (Bulk)

## Offshore

(Through wholly-owned subsidiary  
Greatship (India) Limited)

### Tankers

- Crude
- Products/LPG

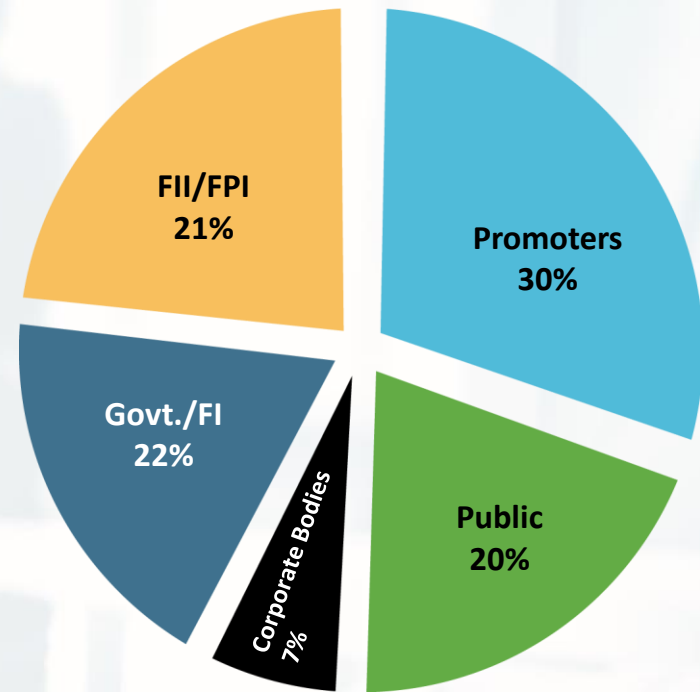
### Dry Bulk

### Logistics

### Drilling

**India's largest private sector shipping company; Over 70 years  
of experience**

# SHAREHOLDING PATTERN



Shareholding Pattern as on 30 June 2018

# FLEET PROFILE

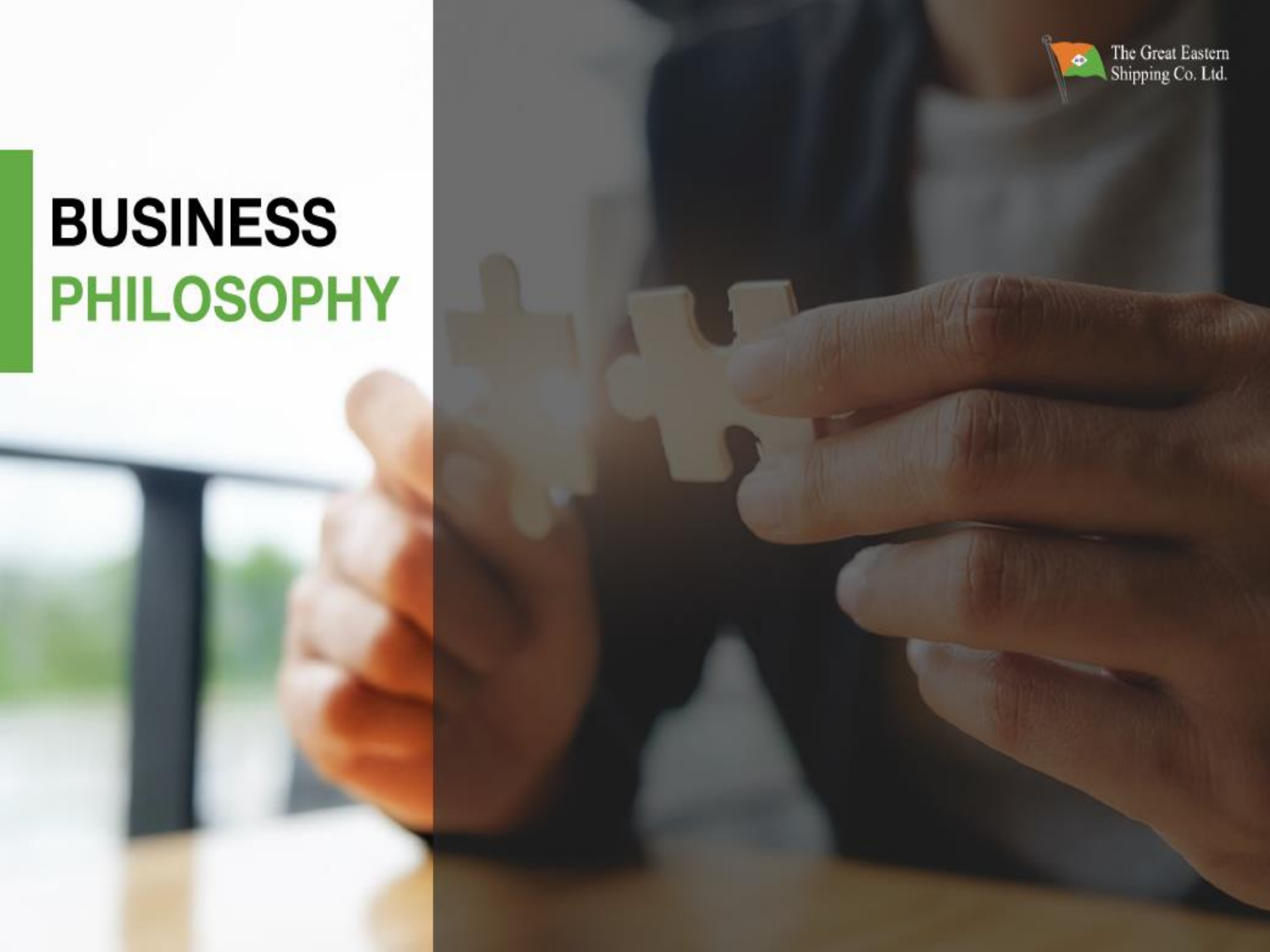
## SHIPPING

Fleet	DWT	Number of Ships	Average Age (Yrs.)
Crude Carriers	1,608,683	12	13.00
Product Carriers	987,207	17	10.91
Gas Carriers	273,466	6	18.38
Dry Bulk Carriers	1,106,942	14	5.99
<b>Total</b>	<b>3,976,298</b>	<b>49</b>	<b>10.90</b>

## OFFSHORE

Fleet	Number of Units	Average Age (Yrs.)
Jack Up Rigs	4	6.94
Platform Supply Vessels	4	9.11
Anchor handling Tug Cum Supply Vessels	8	8.96
Multipurpose Platform Supply & Support Vessels	2	8.42
ROV Support Vessels	5	7.13

# **BUSINESS** **PHILOSOPHY**





# 4 KEYS TO OUR SUCCESS



**Dynamically  
managing  
cycles**



**Diversified  
Fleet**



**In-House  
technical &  
commercial  
management**



**Strong  
balance  
sheet**



# **STRENGTH & FLEXIBILITY**



**Strong Cash & Liquidity Position**



**Low cost of debt capital & strong relationship with lenders**



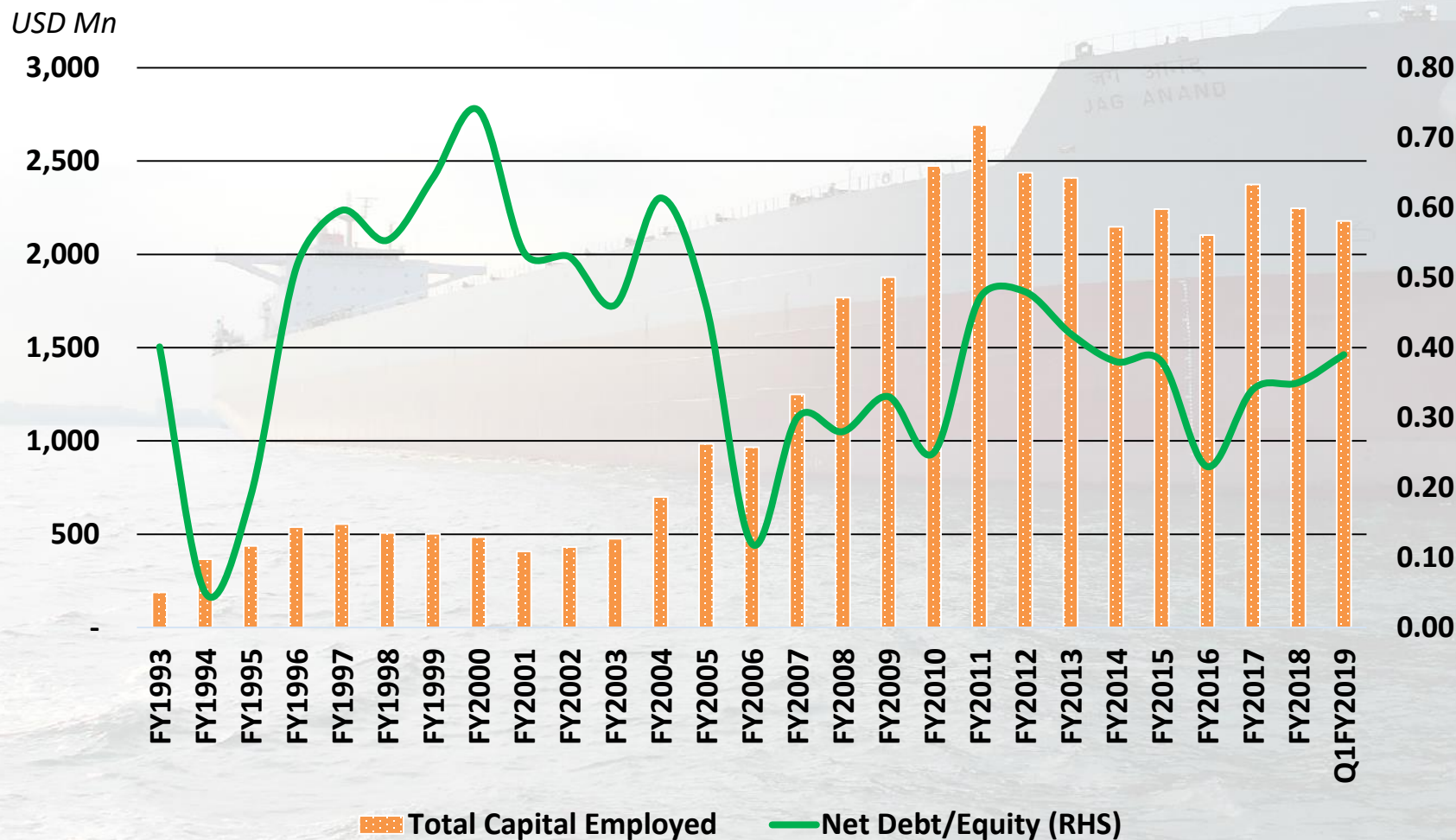
**Sales & Purchase: Capability to execute in secondhand/newbuilding market**



**Stringent adherence to Risk Management policies**



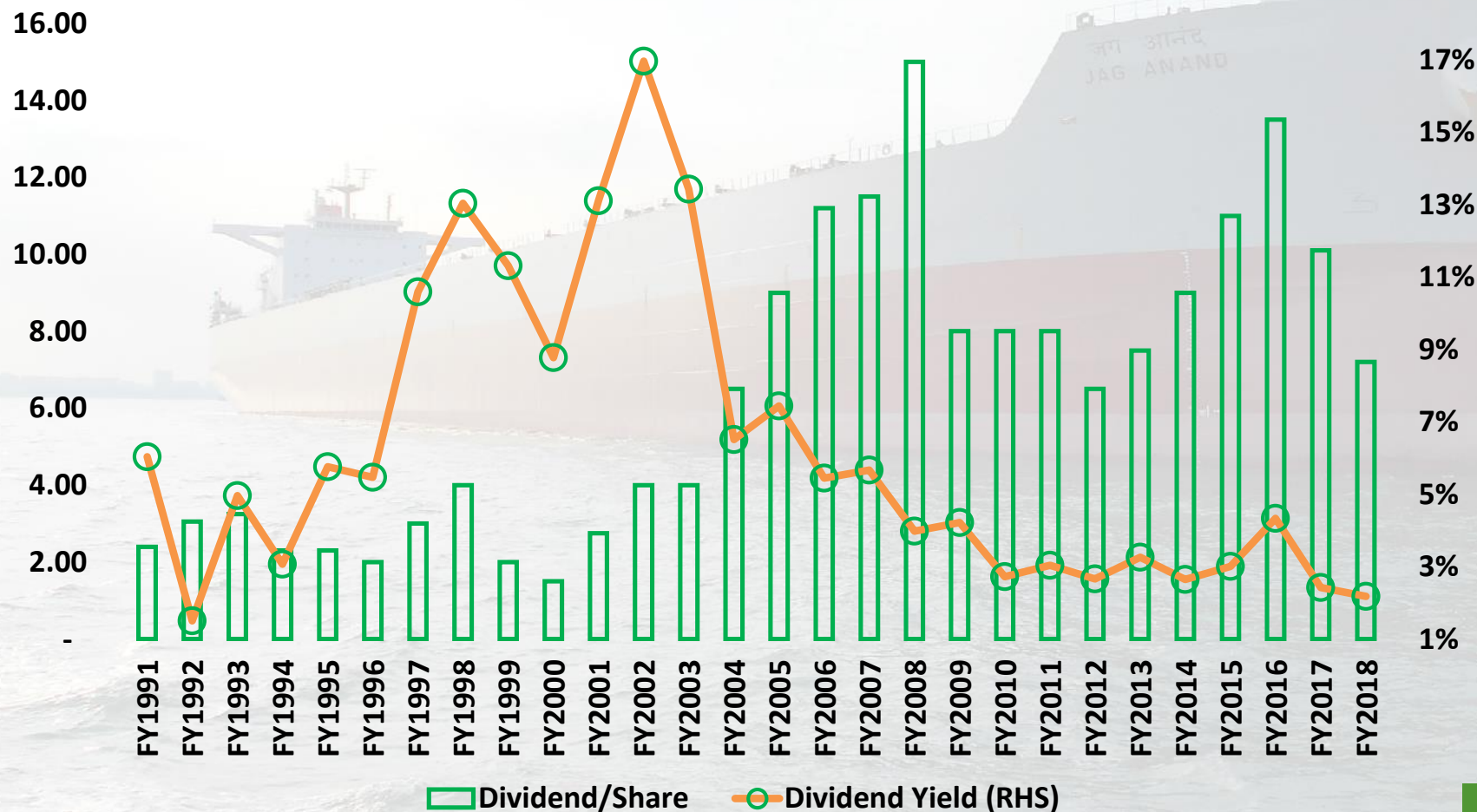
# NET DEBT/EQUITY & TOTAL CAPITAL EMPLOYED (CONSOLIDATED)



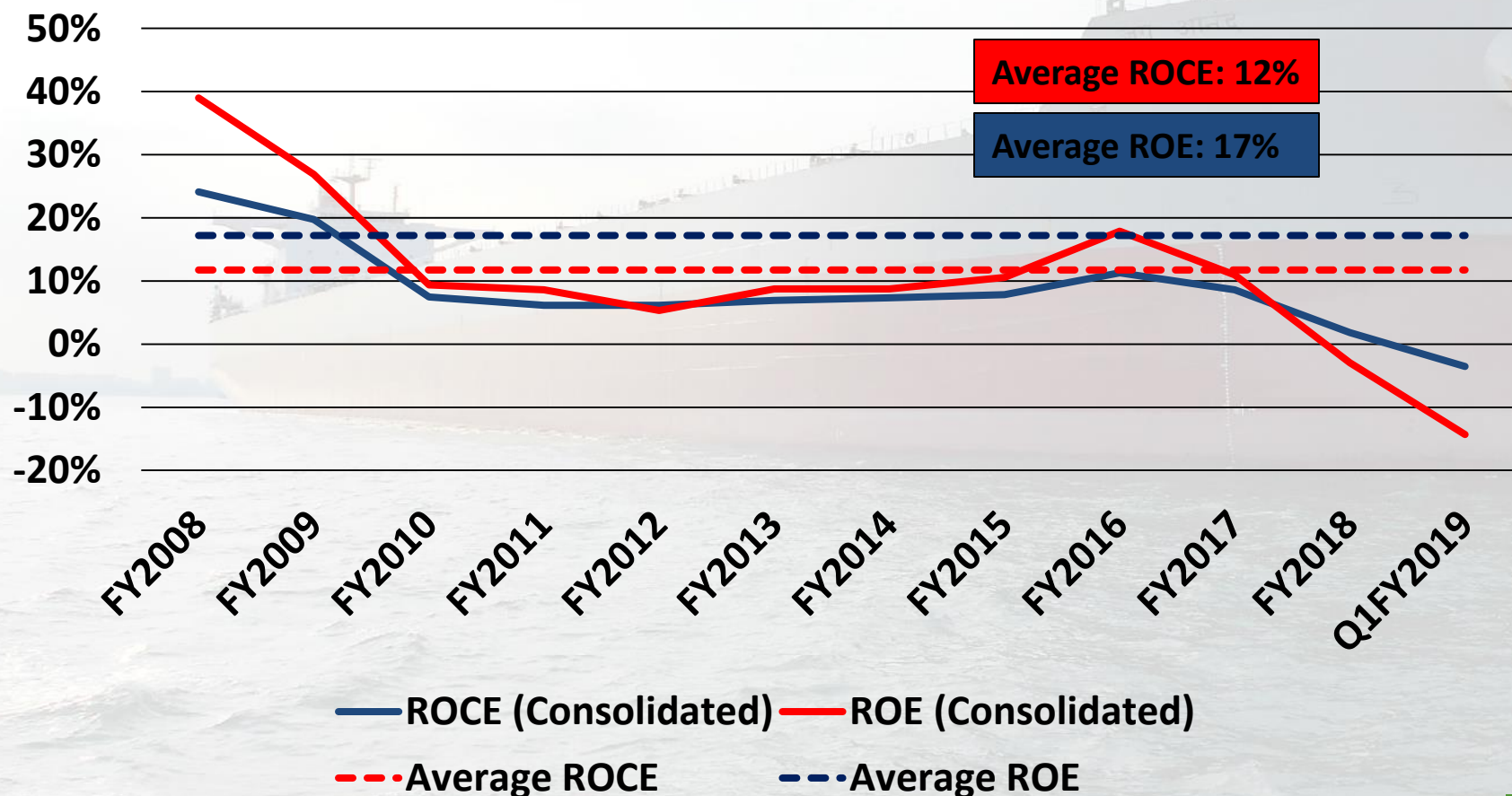
# DIVIDEND/SHARE

## (30+ YEARS CONTINUOUS DIVIDEND)

INR/Share

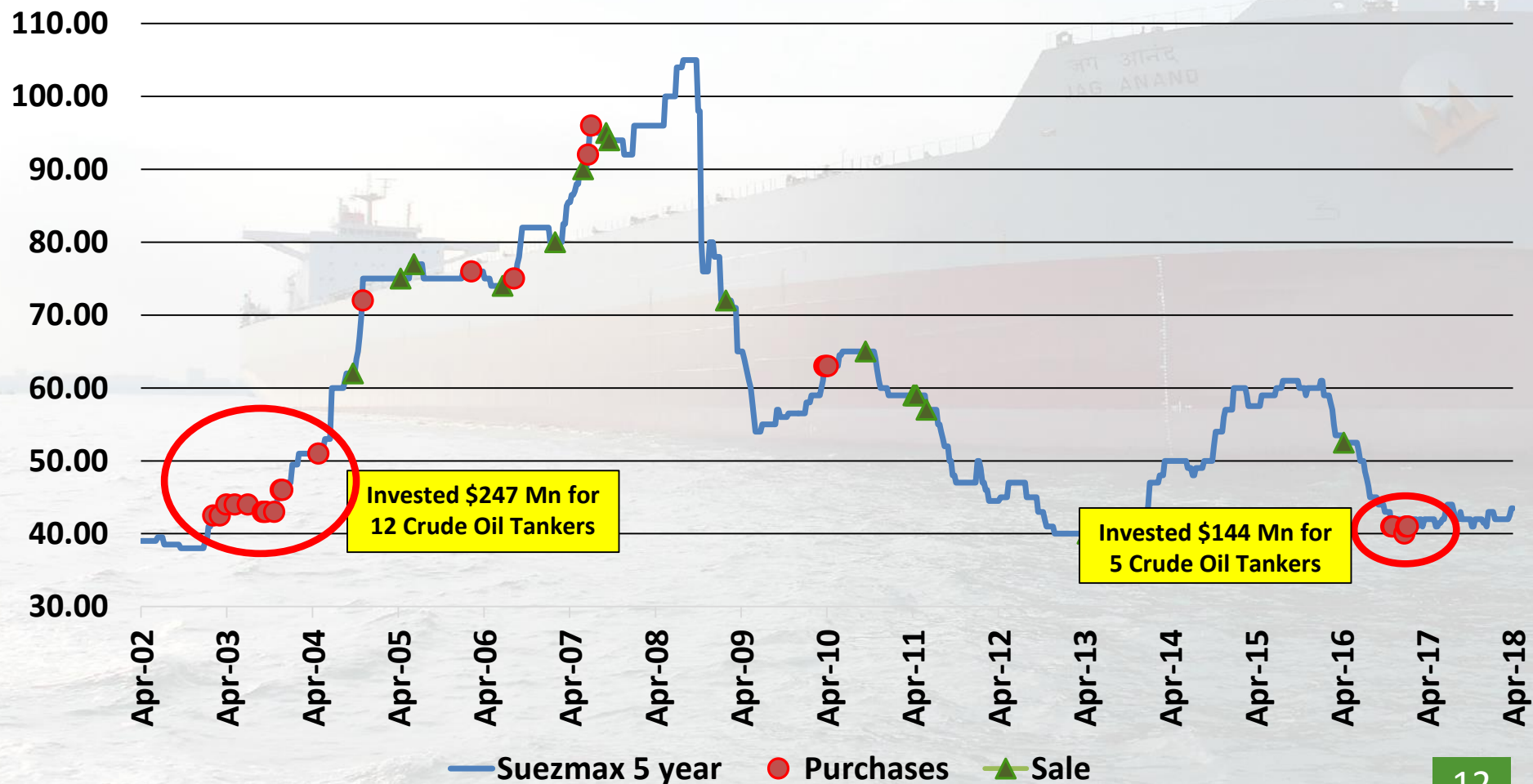


# ROE & ROCE (CONSOLIDATED)



# TIMING THE SALES & PURCHASE OF VESSELS

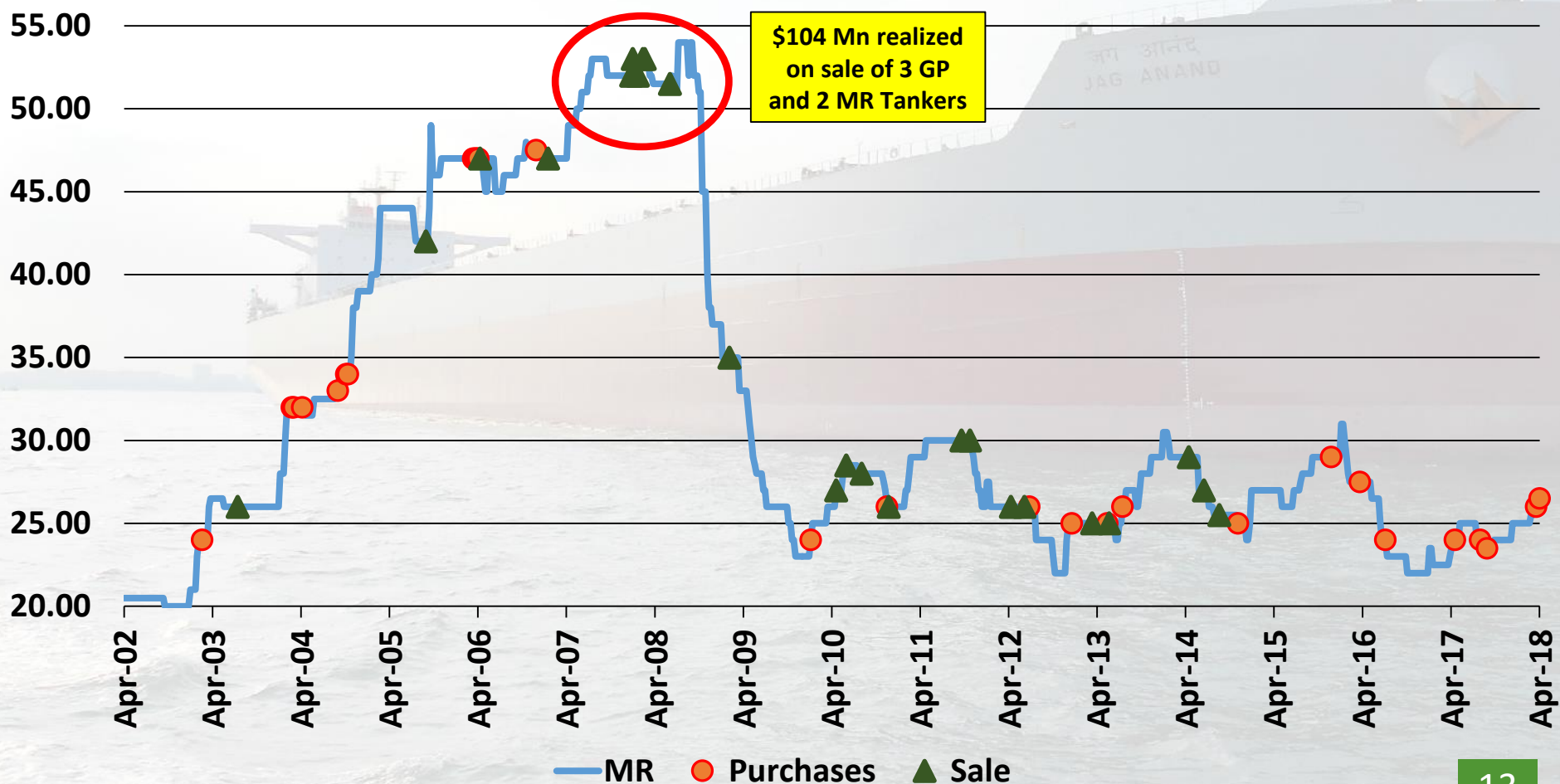
Sales & Purchase (Crude Oil Tankers) vs Suezmax 5 year old





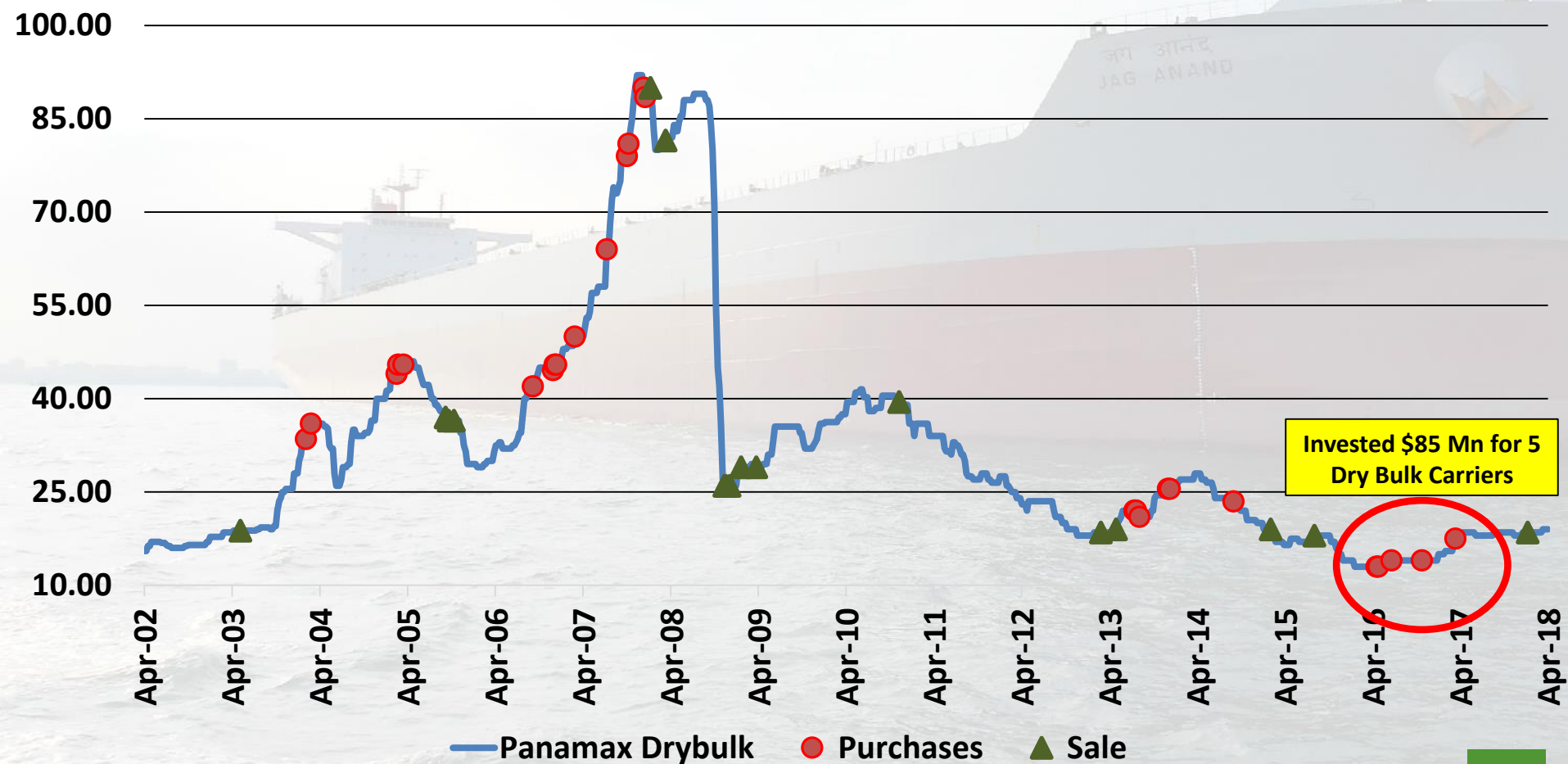
# TIMING THE SALES & PURCHASE OF VESSELS

Sale & Purchase (Product Tankers) Vs MR 5 year old



# TIMING THE SALES & PURCHASE OF VESSELS

Sale & Purchase (DryBulk) Vs Capesize 5 year old

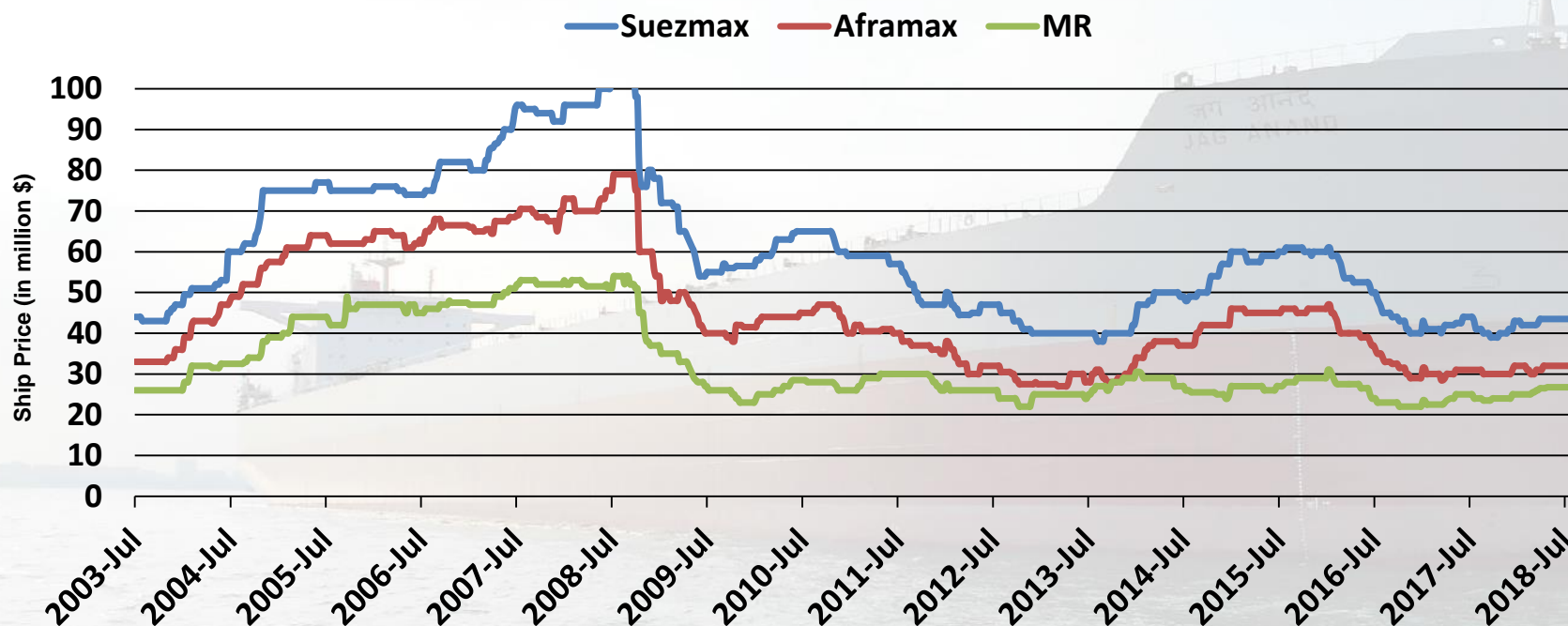




# SHIPPING MARKET

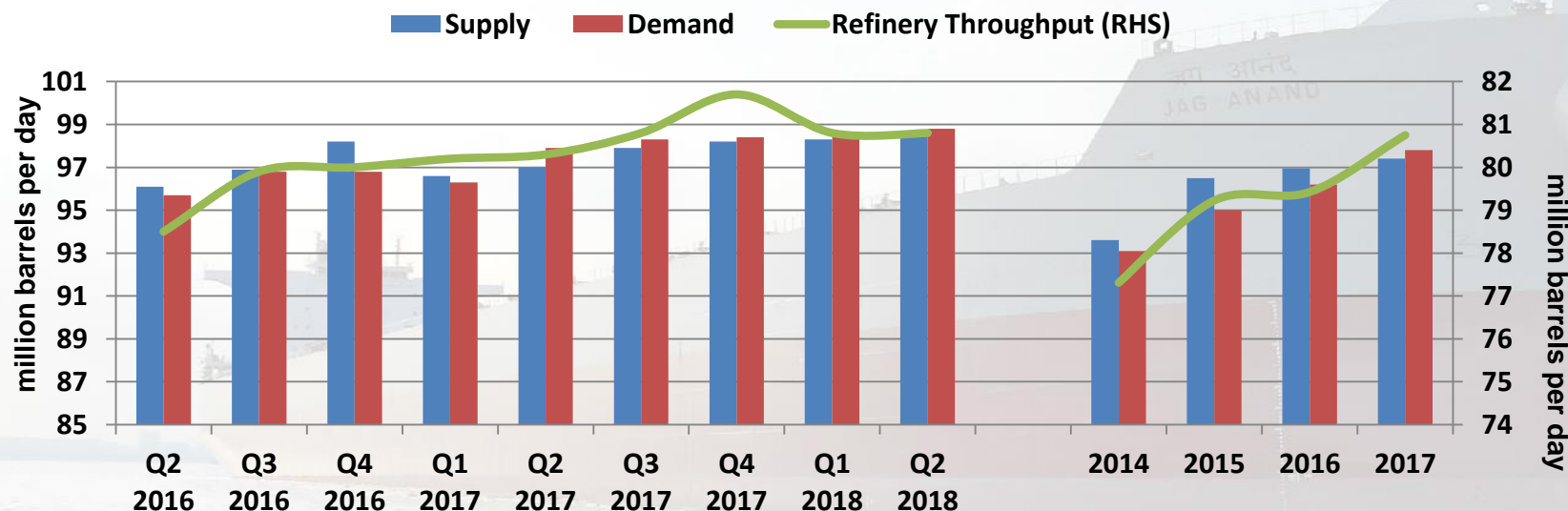


# TANKERS – ASSET PRICE MOVEMENT (5-YEAR OLD)



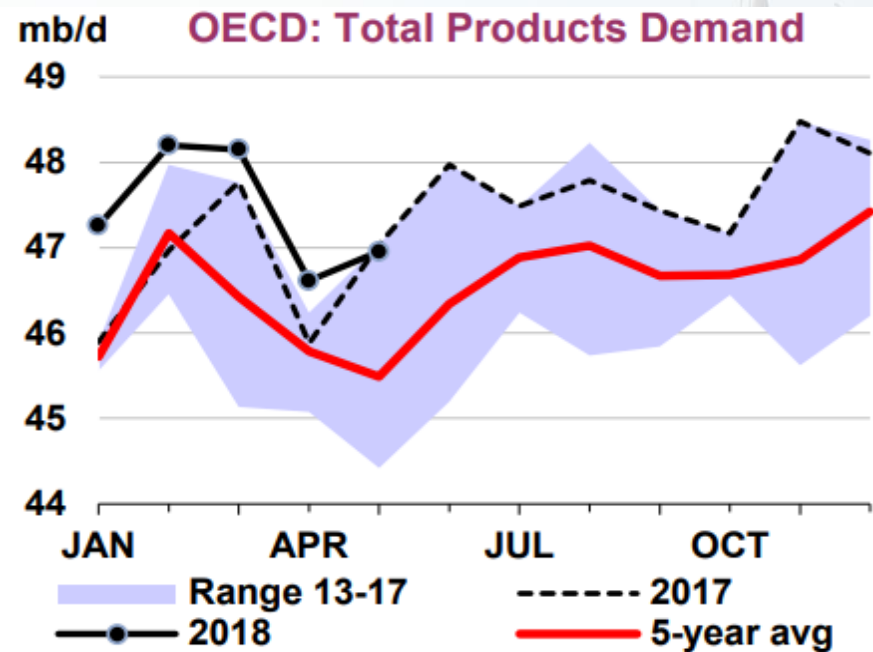
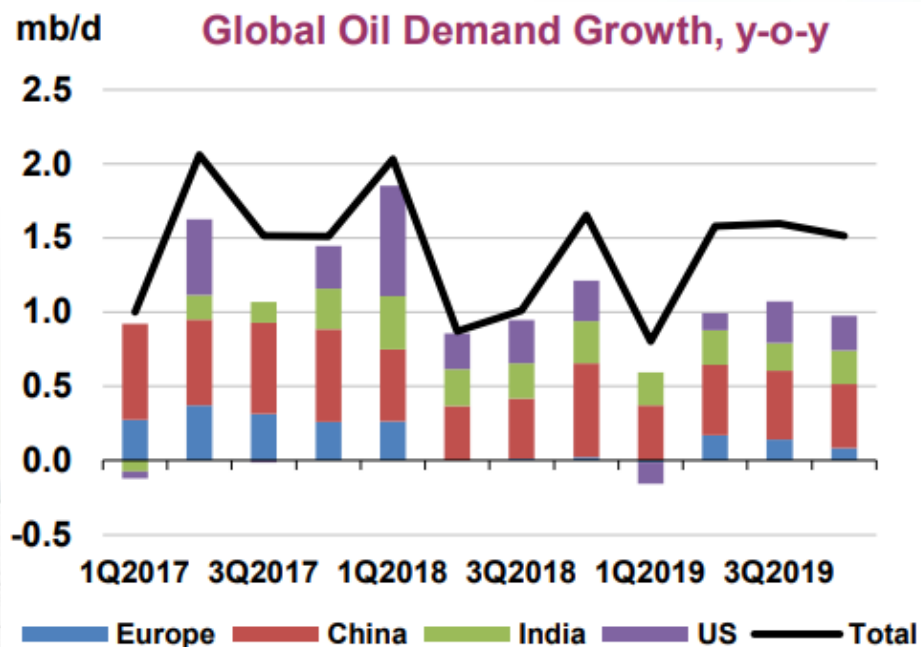
**Crude Tanker asset prices marginally improved compared to CY2017. Whereas, Product Tankers asset prices have improved 10% compared to CY2017.**

# CRUDE OIL SUPPLY & DEMAND



In Q2CY18 refining throughput growth was relatively lower as compared to growth seen during Q2CY17, due to rising oil prices. Further crude stock draws in consuming region and recent start up of oil pipeline into China collectively capped demand for seaborne crude.

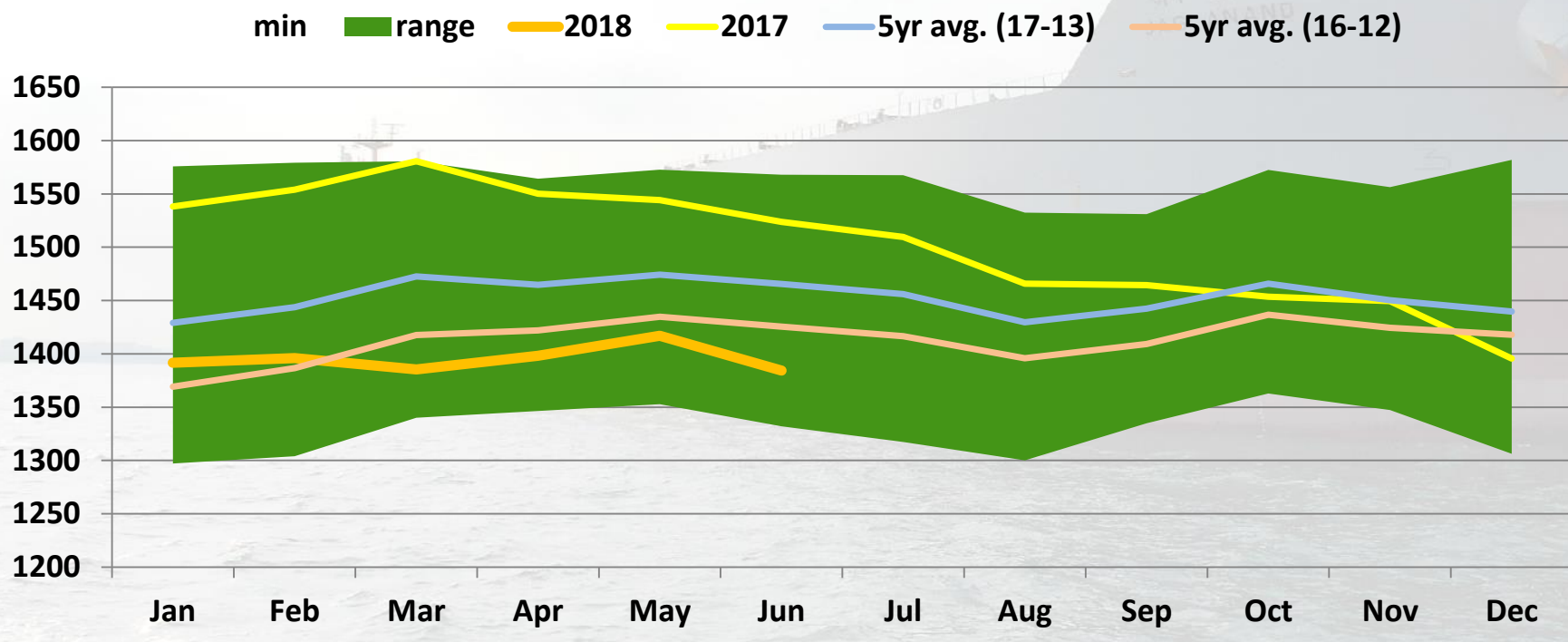
# CRUDE & PRODUCT GROWTH



Majority of the demand growth is fuelled by positive growth in OECD Americas & Non-OECD Asia.

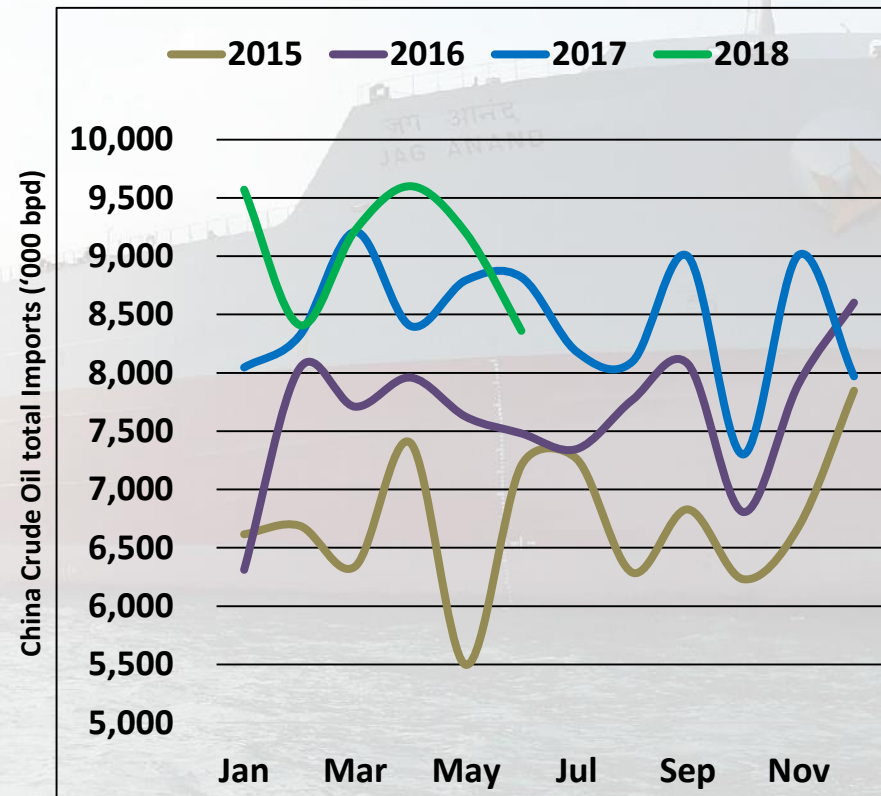
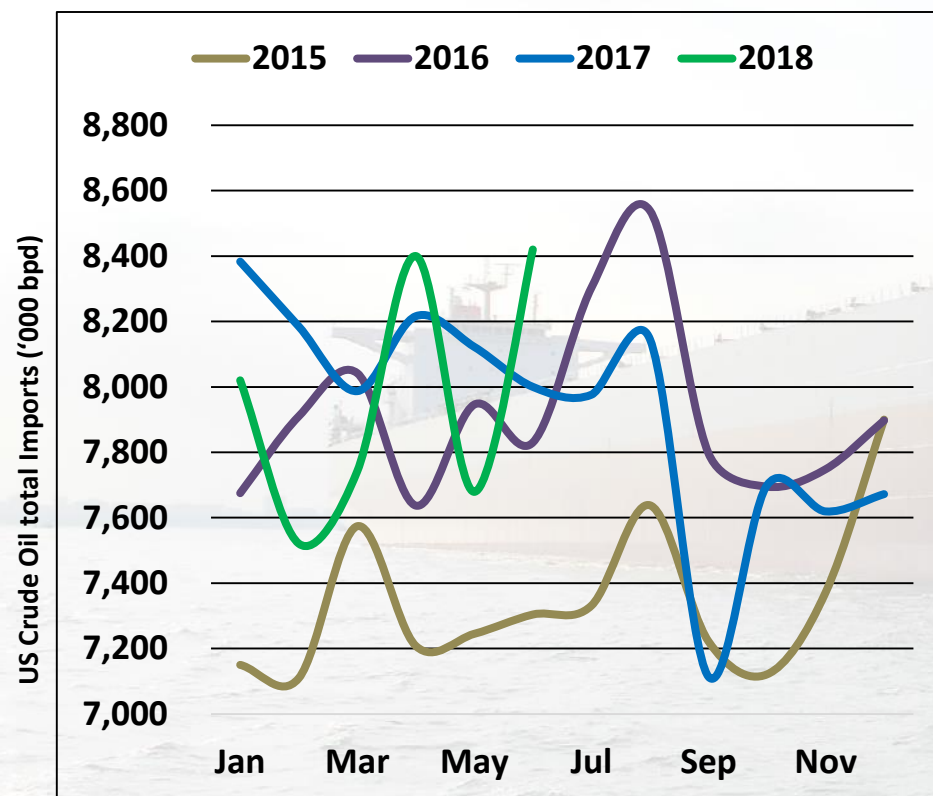
# CRUDE INVENTORIES

Total Crude Inventories (Mn barrels)



Crude Inventories in 2018 is amongst the lowest in last five years due to high stock draws.

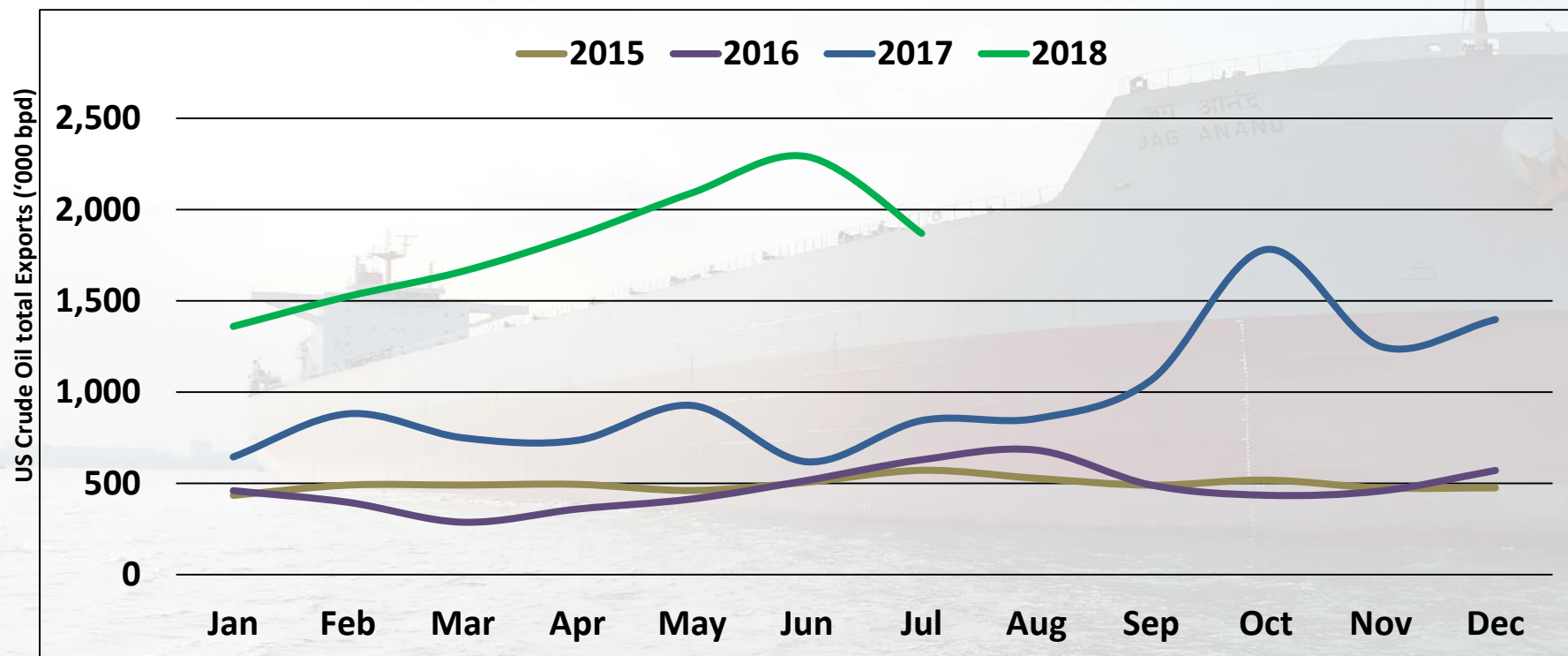
# CRUDE OIL IMPORTS (US & China)



**In Q2CY2018, China imported 4% higher crude oil than Q2CY2017**



# CRUDE OIL EXPORTS (US)



**In 2018, US significantly increased their crude oil exports due to margins improvement and high crude production**

# WORLD FLEET GROWTH

## CRUDE TANKERS

Tanker Fleet (mn Dwt)	20-Jul-18	1-Jan-18	1-Jan-17	1-Jan-16	1-Jan-15	1-Jan-14
<b>VLCC</b>	223.88	225.10	213.80	200.00	193.75	186.13
<b>Suezmax</b>	81.80	80.60	74.60	71.09	69.68	68.43
<b>Aframax</b>	67.07	67.20	66.40	64.37	64.15	63.71
<b>Total</b>	<b>378.23</b>	<b>378.90</b>	<b>355.00</b>	<b>335.46</b>	<b>327.58</b>	<b>318.27</b>

Order Book (mn Dwt)	2018	2019	2020+	Total
<i>Orderbook as % of current fleet</i>	4%	7%	3%	13.2%

<b>Slippage (YTD 2018)</b>	<b>20%</b>
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# WORLD FLEET GROWTH

## PRODUCT TANKERS & VLGC

Product Fleet (mn Dwt)	20-Jul-18	1-Jan-18	1-Jan-17	1-Jan-16
LR2	37.95	36.60	33.50	30.10
LR1	26.65	26.51	25.20	24.00
MR/Handy (35k+)	82.86	82.40	80.40	76.70
<b>Total</b>	<b>150.31</b>	<b>147.61</b>	<b>139.40</b>	<b>130.80</b>

Order Book(mn Dwt)	2018	2019	2020+	Total
<i>Orderbook as % of current fleet</i>	<b>3%</b>	<b>5%</b>	<b>2%</b>	<b>9.3%</b>

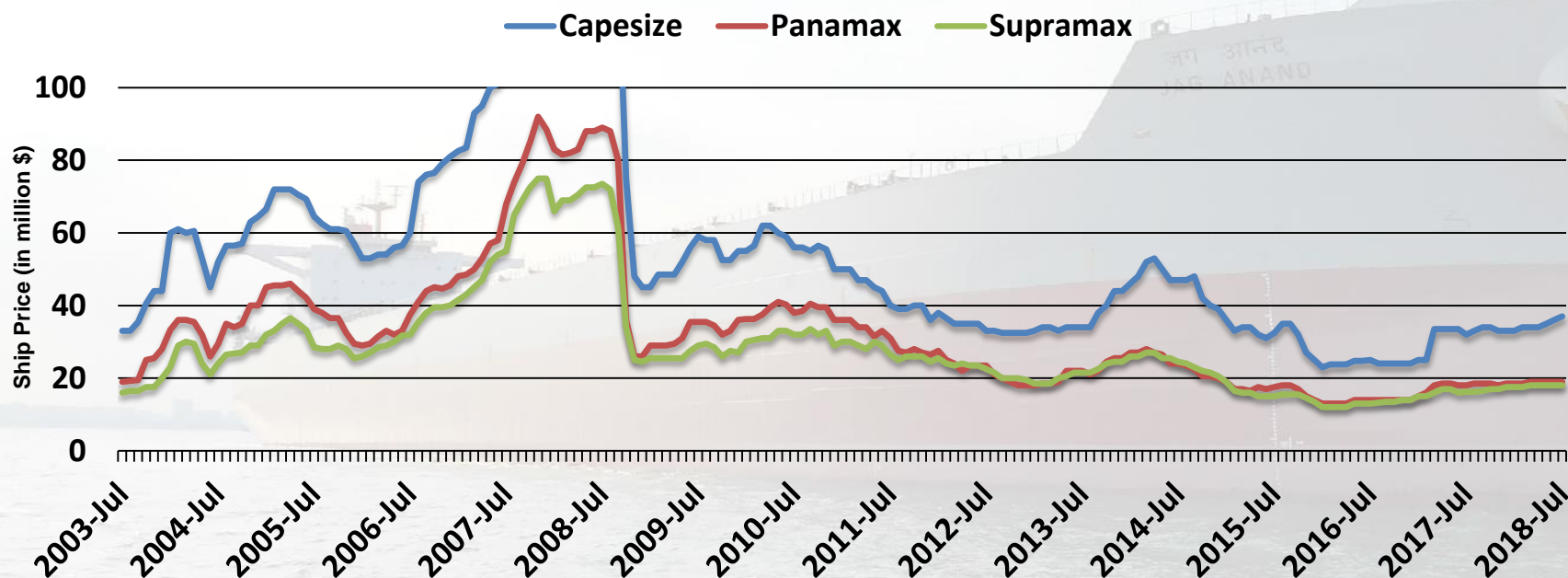
<b>Slippage Product (YTD 2018)</b>	<b>20%</b>
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Fleet(No. of Vessels)	20-Jul-18	1-Jan-18	1-Jan-17
<b>VLGC</b>	268	266	243

Order Book (No. of Vessels)	2018	2019	2020+	Total
<i>Orderbook as % of current fleet</i>	<b>1%</b>	<b>9%</b>	<b>4%</b>	<b>13.8%</b>

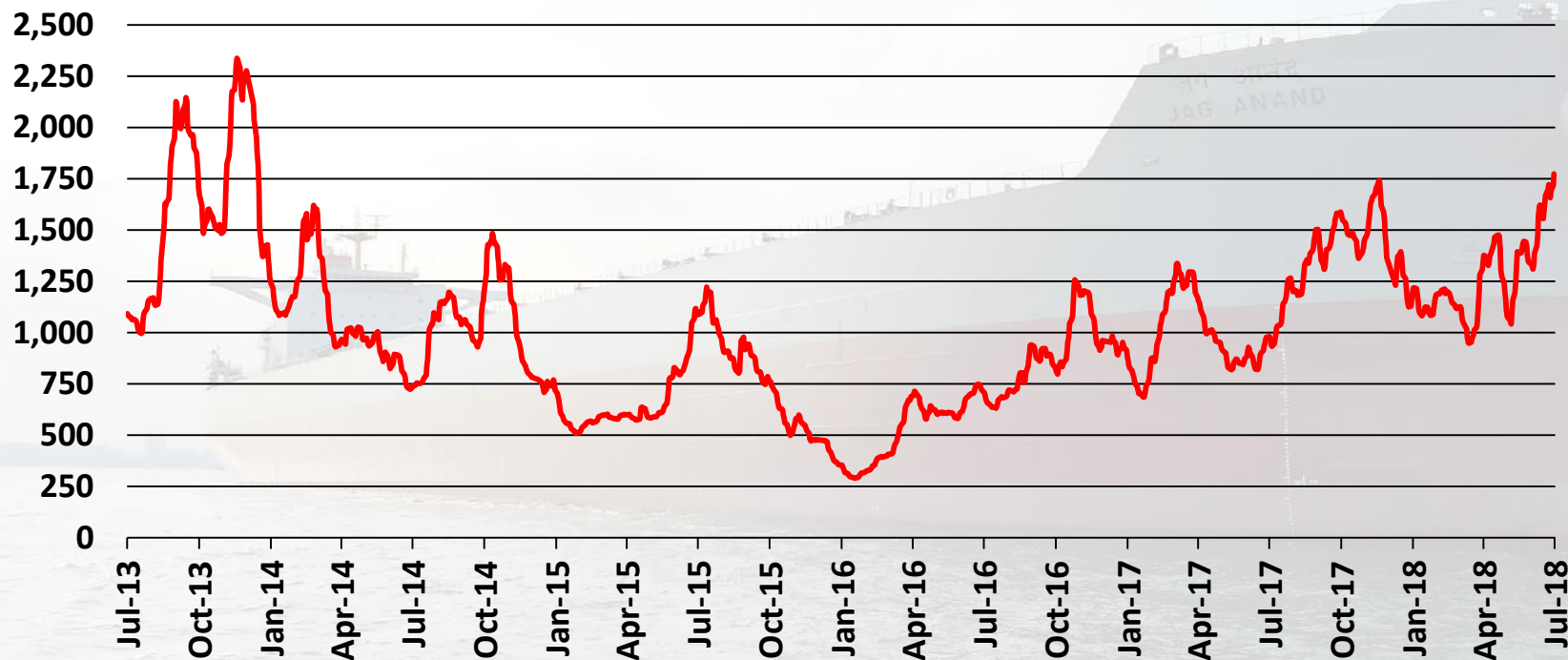
# BULKER ASSET PRICES

## 5-YEAR OLD



**Dry Bulk asset prices on average rose by about 7% in Q22018 compared to Q22017. In Q2CY2018, Capesize prices have increased marginally.**

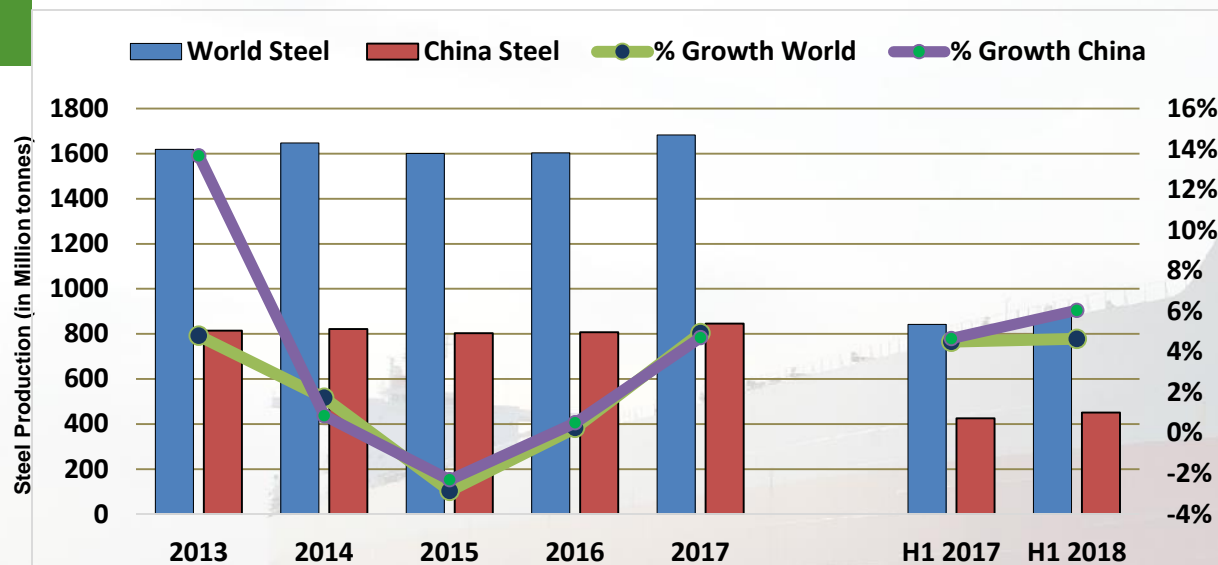
# BALTIC DRY INDEX



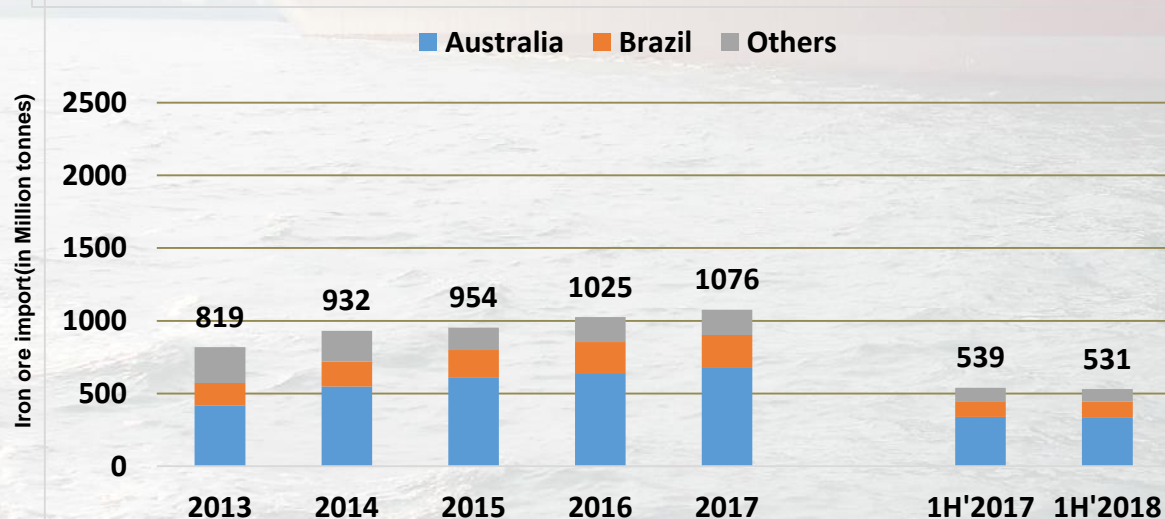
**Baltic Dry Index hits 4.5 year high of 1,774 in Jul'18 from a low of 291 in Feb'16.**



# CHINA IRON ORE & STEEL PRODUCTION



**China Steel Production  
increased 6% in  
H1CY2018 Y-O-Y**



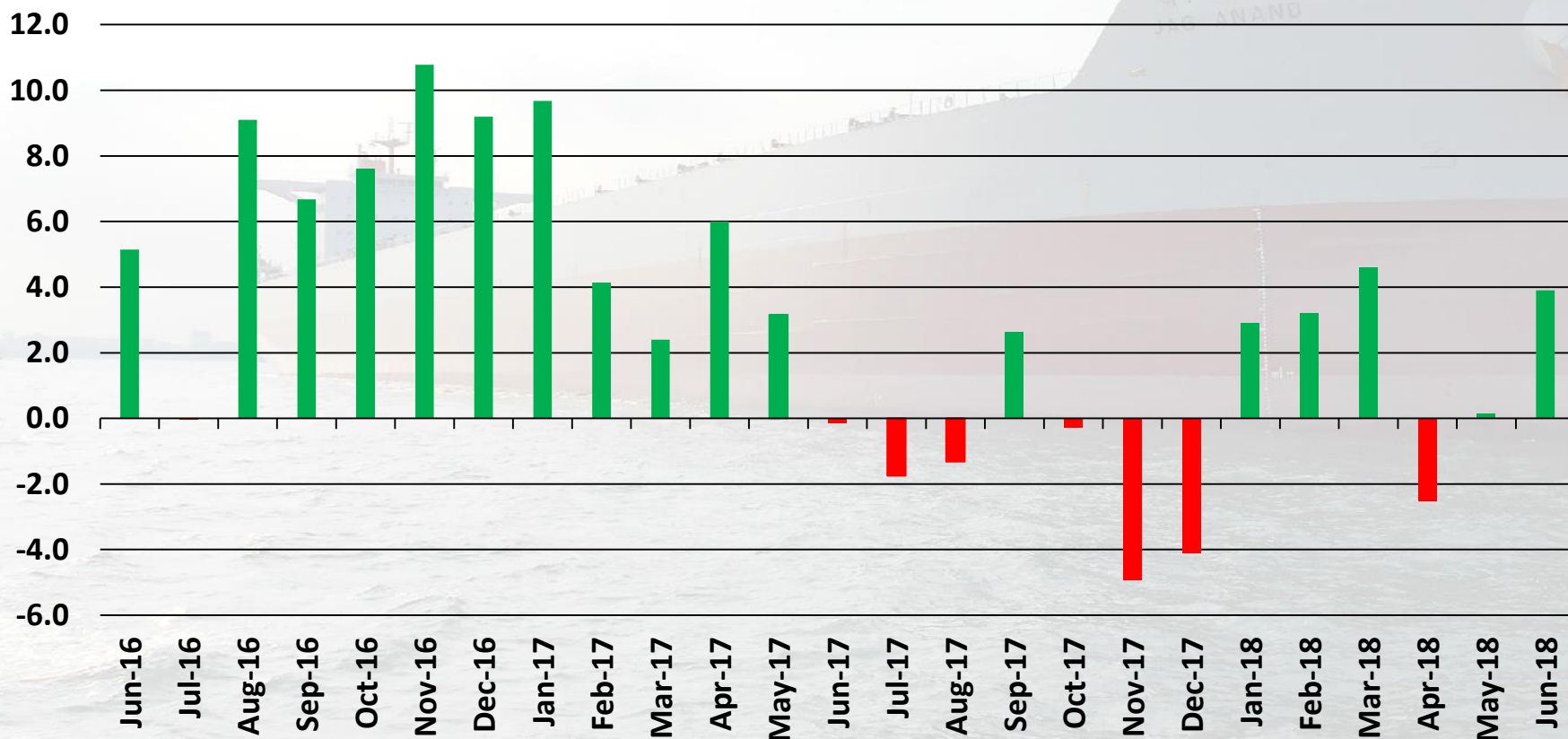
**China's iron ore import  
marginally lower in  
1H'CY2018  
Y-O-Y**



# CHINA COAL IMPORTS

## China coal imports change (Y-O-Y)

Mn Tonnes



# WORLD FLEET GROWTH

## DRY BULK

Fleet(in mn Dwt)	20-Jul-18	1-Jan-18	1-Jan-17	1-Jan-16
Capesize	330	324	315	309
Panamax	205	202	196	195
Handymax	199	196	189	180
Handysize	97	96	94	93
<b>Total</b>	<b>831</b>	<b>818</b>	<b>794</b>	<b>776</b>

Orderbook (mn Dwt)	2018	2019	2020	2021+	Total
Orderbook (%Fleet)	2%	4%	3%	1%	9.6%

Slippage (YTD 2018)	32%
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# SCRAPPING

Vessel Category	Fleet (mn Dwt)	Scrapping(% of beginning world fleet)				
	19 July 18	2018 (YTD)	2017	2016	2015	2014
Crude	378.35	3.40%	2.35%	0.35%	0.23%	1.60%
Product	150.31	1.01%	1.42%	0.62%	0.61%	1.19%
Dry Bulk	831.00	0.27%	1.77%	3.67%	4.03%	2.25%

**High Scrapping for Tankers, and very low for Dry bulk**

**Greatship (India)  
Limited**  
(a 100% subsidiary)



# OFFSHORE BUSINESS FLEET PROFILE

## Fleet Utilization

Current Owned Fleet Type	Fleet Count
Jack Up Rigs (350ft)	4
Platform Supply Vessels (PSV)	4
Anchor Handling Tug cum Supply Vessels (AHTSV)	8
Multipurpose Platform Supply and Support Vessels (MPSSV)	2
Platform / ROV Support Vessels (ROVSV)	5

Category	Extent of coverage of fleet's operating days (FY19)
PSV	60%
ROVSV	66%
AHTSV	88%
MPSSV	41%
Jackup Rigs	98%

As on 30<sup>th</sup> June 2018

# KEY POINTS ON E&P MARKETS

## Q2 CY2018

### Day Rates

- Day rates for both AHTSV & PSV have come off by ~ 45%-50% since 2014

### Fleet Growth

- Rigs: Total fleet has reduced by about 3% during the quarter due to scrapping of cold stacked rigs and limited new building deliveries. The effective marketed supply has reduced marginally.
- OSV's: Total fleet remains broadly same compared to last quarter.

### Fleet Utilization

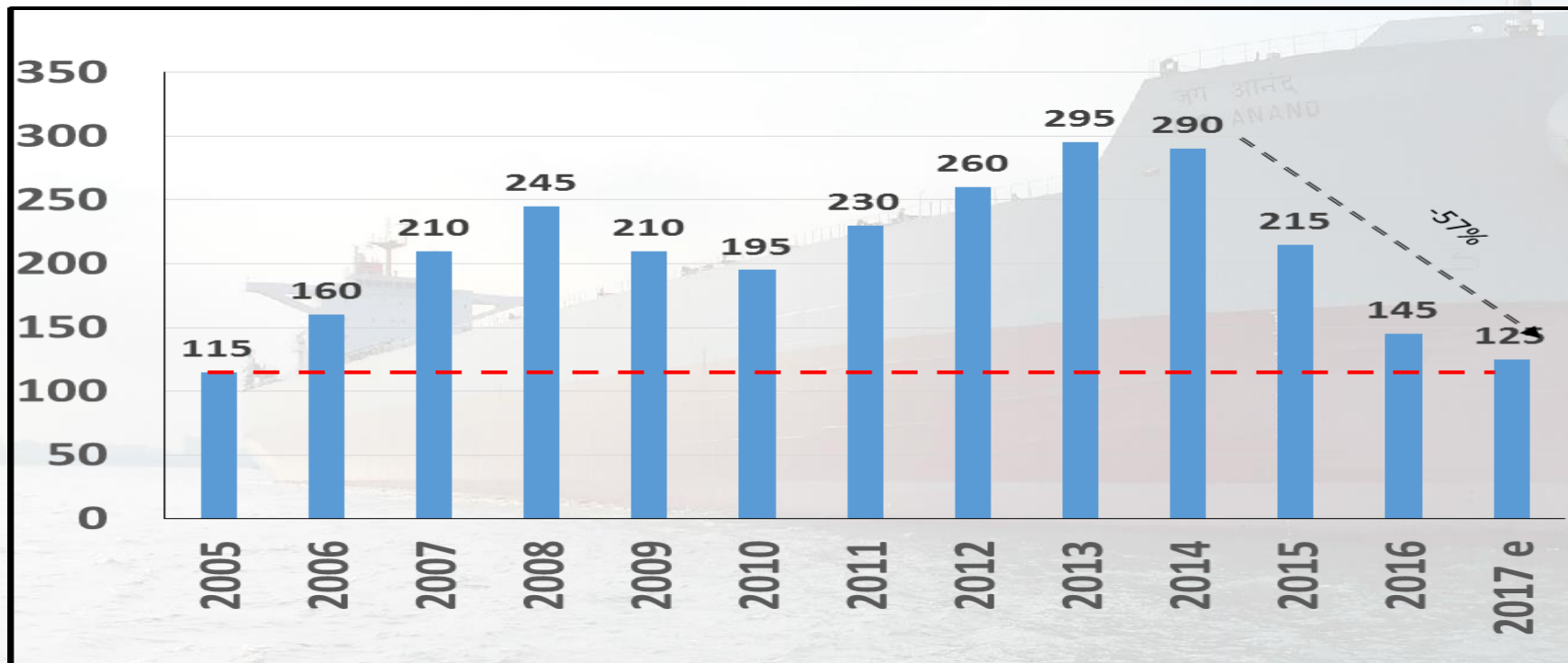
- Rigs: 50-60% (Term)
- Vessels: 40-50% (Term)

### Slippage

- OSVs: 70%-80%(CY2017)
- Rigs: 70% - 80%(CY2017)



## OFFSHORE E&P SPENDING



According to various industry reports, after the sharp fall over last 3 years, the E&P spending is expected to further decline, albeit marginally, in 2018

# GLOBAL FLEET SUPPLY

## OFFSHORE

### Fleet & Orderbook

Number	Jackup Rigs	AHTSVs	PSV
Current Fleet	516	2055	1638
Orderbook	91	93	136
<i>O/B to current fleet</i>	17.6%	4.5%	8.3%

- Q2CY2018 actual deliveries have been far lower than scheduled. Due to bleak employment scenario owners have refrained from taking delivery. Going forward slippage is expected to remain high. 45% of Jackup Rigs are currently 30 years and above.
- Although the activity has started to pick up in the Jack-up and OSV space, the charter rates are expected to remain at low levels till the excess supply in the market is cleared.
- In case of PSVs and AHTSVs more than half the fleet is either idle/stacked or working in spot market at a very low utilization.



# FINANCIAL HIGHLIGHTS

## Q1 FY19

# FINANCIAL HIGHLIGHTS

GE Shipping Q1FY19 consolidated Net Loss at Rs. 245.08 Crore

Standalone		Key Figures	Consolidated	
Q1 FY19	Q1 FY18	(Amount in Rs. Crs)	Q1 FY19	Q1 FY18
<b>Income Statement</b>				
677.27	506.88	Revenue (including other income)	876.44	777.16
(14.13)	274.01	EBITDA (including other income)	84.56	428.76
<b>(232.87)</b>	<b>72.35</b>	<b>Net Profit</b>	<b>(245.08)</b>	<b>103.56</b>
<b>Balance Sheet</b>				
10748.98	10664.09	Total Assets	14923.45	15160.55
4990.52	5235.51	Equity	6740.37	7316.38
4515.74	4455.17	Total Debt (Gross)	6557.12	6731.88
1726.36	1436.78	Long Term Debt (Net of Cash)	2661.76	2481.76
<b>Cash Flow*</b>				
188.16	142.86	From operating activities	212.22	228.51
(307.71)	(133.97)	From investing activities	(332.28)	(164.38)
183.18	(47.60)	From financing activities	108.95	(175.55)
63.63	(38.71)	Net cash inflow/(outflow)	(11.11)	(111.42)

• Placement of Bank deposits and sale and purchase of Mutual Funds are not considered in Cash flow as they are considered as cash and cash equivalent.

\* Non-GAAP measures

# FINANCIAL HIGHLIGHTS

Standalone		Key Figures	Consolidated	
Q1 FY19	Q1 FY18		Q1 FY19	Q1 FY18
		<b>Key financial figures</b>		
-2.09%	54.06%	EBITDA Margin	9.65%	55.17%
-18.24%	5.57%	Return on Equity (ROE) *	-14.34%	5.70%
-5.94%	6.27%	Return on Capital Employed (ROCE) *	-3.53%	5.87%
0.90	0.85	Gross Debt/Equity Ratio	0.97	0.92
0.35	0.27	Net Debt/Equity Ratio	0.39	0.34
66.43	64.49	Average Exchange rate USD/INR	66.43	64.49
68.47	64.57	End of Period Exchange rate USD/INR	68.47	64.57
		<b>Share related figures(in Rs.)</b>		
(15.44)	4.80	Earnings per share, EPS	(16.25)	6.87
(15.44)	4.79	Diluted earnings per share	(16.25)	6.86
8.43	8.72	Cash Profit per share	15.38	14.12
-	-	<b>Dividend per share</b>	-	-

\* Annualized based on Q1 figures



# FINANCIAL HIGHLIGHTS

## Breakup of Revenue Days

Revenue Days	Q1 FY19	Q1 FY18
Owned Tonnage	4,190	3,998
Inchartered Tonnage	56	77
<b>Total Revenue Days</b>	<b>4,246</b>	<b>4.074</b>
Total Owned Tonnage (mn.dwt)	3.97	3.80

## Average TCY Details

Average (TCY \$ per day)	Q1'FY19	Q1'FY18	% Change
Crude Carriers	11,011	15,584	-29%
Product Carriers (Incl. Gas)	14,697	15,432	-5%
Dry Bulk	13,597	9,166	48%

## Mix of Spot & Time

Days (in %)	Q1'FY19	Q1'FY18
<b><u>Dry Bulk</u></b>		
Spot %	74%	41%
Time %	26%	59%
<b><u>Tankers</u></b>		
Spot %	82%	60%
Time %	18%	40%
<b><u>Total</u></b>		
Spot %	79%	54%
Time %	21%	46%

# INVESTMENT CASE

Long term history of reading the cycles along with proven capability to time the cycles

Low leverage, strong liquidity gives the ability to ride out the bad markets

Cost of debt among the lowest in the industry

We are in the top 10<sup>th</sup> percentile of worldwide  
listed shipping companies for shareholders  
returns over 20 years



**THANK YOU**  
visit us at [www.greatship.com](http://www.greatship.com)