

The Great Eastern Shipping Co. Ltd.

**Business & Financial Review**

**August 2017**

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# Forward Looking Statements

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.

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# Corporate Profile

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## **The Great Eastern Shipping Company**

### **Shipping (Bulk)**

### **Offshore**

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

#### **Tankers**

- Crude**
- Products/LPG**

#### **Dry Bulk**

#### **Logistics**

#### **Drilling**

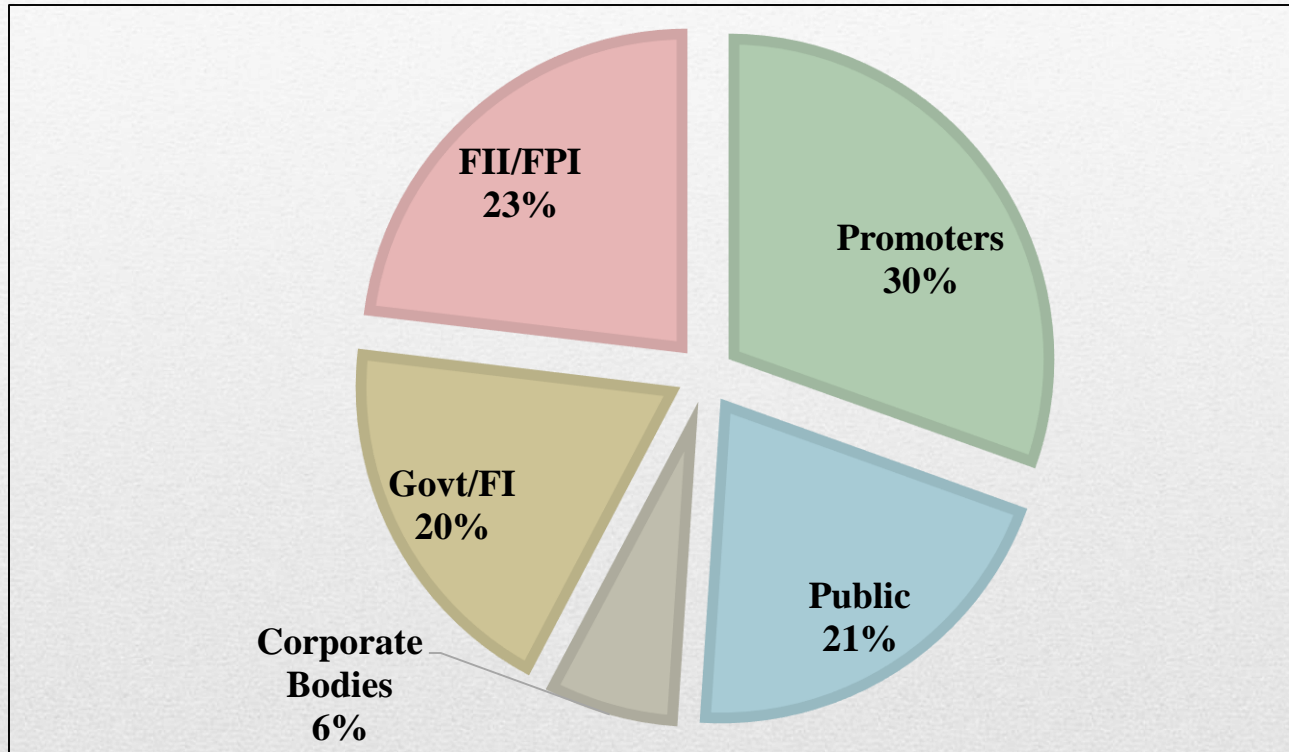
**India's largest private sector shipping company.  
Over 69 years of experience**

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# Shareholding Pattern

Shareholding Pattern as on June 30, 2017





| Sr. No.  | Vessel Name  | Type    |
|--|--------------|---------|
| 1  | Jag Lalit    | Suezmax |
| 2  | Jag Lok      | Suezmax |
| 3  | Jag Lateef   | Suezmax |
| 4  | Jag Lakshita | Suezmax |
| 5  | Jag Laadki   | Suezmax |
| 6  | Jag Leena    | Suezmax |
| 7  | Jag Lakshya  | Suezmax |
| 8  | Jag Lyall    | Aframax |
| 9  | Jag Lata     | Aframax |
| 10   | Jag Lavanya  | Aframax |
| 11   | Jag Leela    | Aframax |
| 12   | Jag Laxmi    | Aframax |
| <b>12 Crude Carriers ; Average Age – 11.9 years</b>  |              |         |
| 13   | Jag Aabha    | LR1     |
| 14   | Jag Aanchal  | LR1     |
| 15   | Jag Amisha   | LR1     |
| 16   | Jag Aparna   | LR1     |
| 17   | Jag Pahel    | MR      |
| 18   | Jag Pankhi   | MR      |
| 19   | Jag Prabha   | MR      |
| 20   | Jag Prakash  | MR      |
| 21   | Jag Pushpa   | MR      |
| 22   | Jag Prerana  | MR      |
| 23   | Jag Pranav   | MR      |
| 24   | Jag Pranam   | MR      |
| 25   | Jag Padma    | MR      |
| 26   | Jag Punit    | MR      |
| 27   | Jag Pooja    | MR      |
| 28   | Jag Pavitra  | MR      |
| <b>16 Product Carriers; Average Age – 10.0 years</b> |              |         |

## Shipping business - owned fleet

| Sr. No.  | Vessel Name | Type      |
|--|-------------|-----------|
| 29   | Jag Vishnu  | VLGC      |
| 30   | Jag Vidhi   | VLGC      |
| <b>2 Gas Carriers; Age – 22.5 years</b>          |             |           |
| 31   | Jag Anand   | Capesize  |
| 32   | Jag Aarati  | Kamsarmax |
| 33   | Jag Aditi   | Kamsarmax |
| 34   | Jag Arya    | Kamsarmax |
| 35   | Jag Arnav   | Kamsarmax |
| 36   | Jag Ajay    | Kamsarmax |
| 37   | Jag Aalok   | Kamsarmax |
| 38   | Jag Akshay  | Kamsarmax |
| 39   | Jag Amar    | Kamsarmax |
| 40   | Jag Ratan   | Supramax  |
| 41   | Jag Rahul   | Supramax  |
| 42   | Jag Rishi   | Supramax  |
| 43   | Jag Rani    | Supramax  |
| 44   | Jag Roopa   | Supramax  |
| 45   | Jag Radha   | Supramax  |
| 46   | Jag Rohan   | Supramax  |
| <b>16 Bulk Carriers; Average Age – 5.8 years</b> |             |           |

**46 Vessels**  
**Average Age – 9.78 years**  
**Total dwt - 3.80 mn**



# Vessels on Order & Capital Expenditure

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## Vessels on Committed Order & Expected Delivery

| Vessel                             | Yard  | Expected Delivery |
|------------------------------------|---|-------------------|
| 1 Secondhand<br>LR2 Product Tanker | Hyundai Heavy<br>Industries (Ulsan), South<br>Korea | Q2/Q3FY18         |

# Key points on Tanker Markets – Q2CY17

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## Asset Prices:

- VLCC 5 yr old asset prices corrected further by 8.5% Y-O-Y in Q2CY2017
- Suezmax & Aframax 5 yr old asset prices corrected by 18% Y-O-Y in Q2CY2017

## Freight rates:

- BCTI corrected 36% in H1CY2017 & BDTI corrected by 44%.

## Crude Market:

- Crude oil supply increased due to Libya and Nigeria crude output rises and OPEC compliance slumped to 78%, the lowest this year. Global refinery throughput is at one of the highest levels at \$80.3 mn b/d in Q2CY17.

## Product Market:

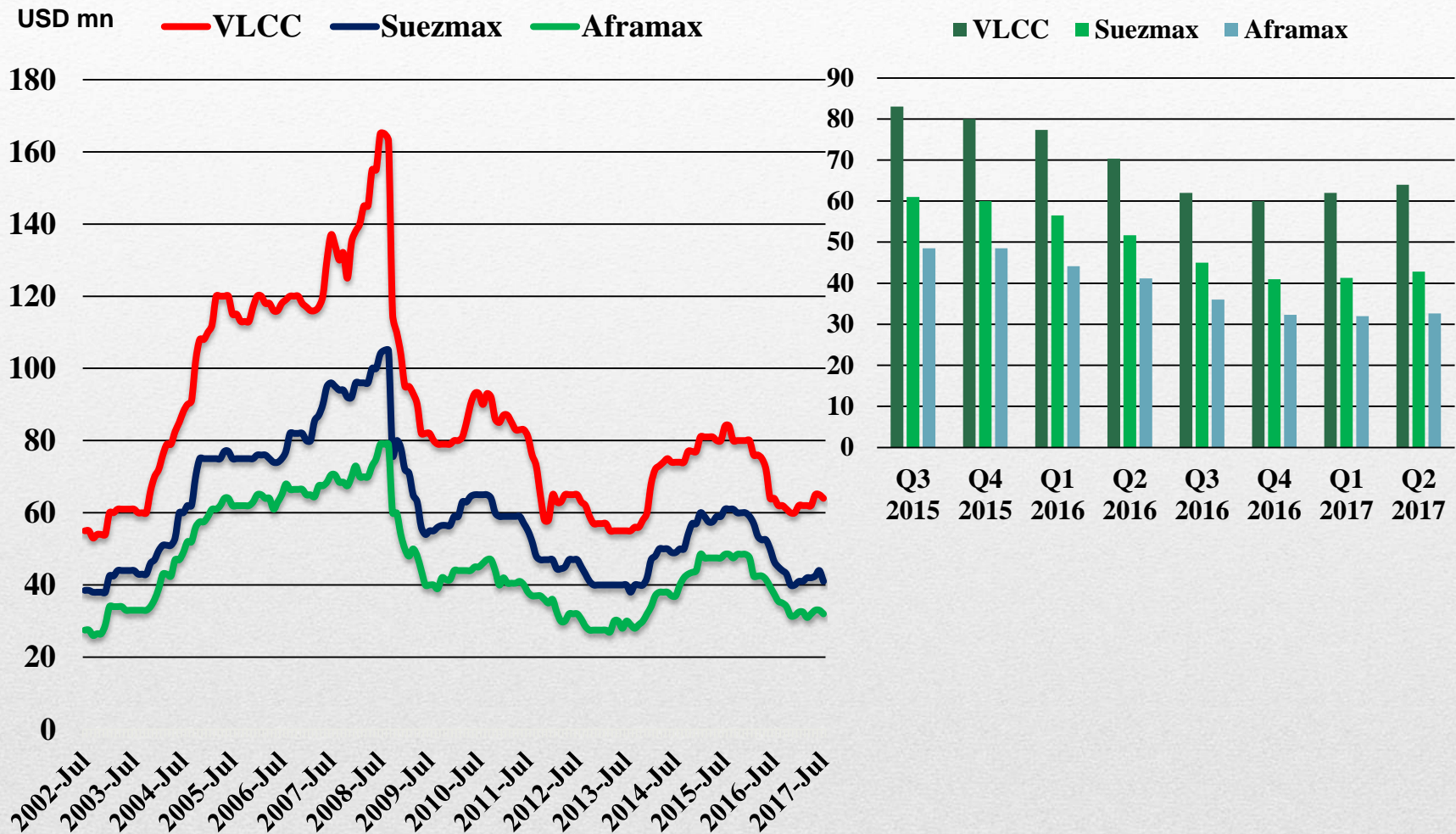
- Product Market demand continues to grow with product imports into Asia and Latin America.

## Fleet Growth:

- Crude tankers net fleet growth in Y-O-Y H1CY17 is 7.5% and product tankers net fleet growth is 8%



# Tankers – Asset Price Movement (5-year old)

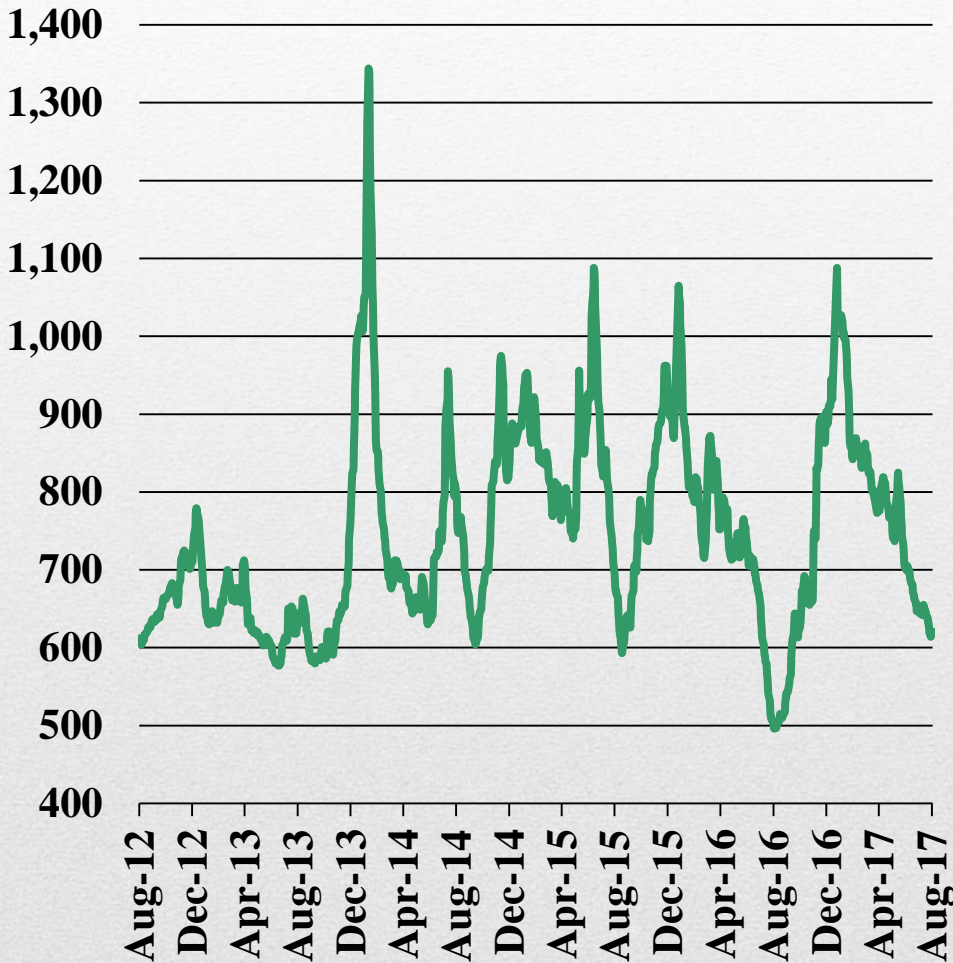


Source – Industry Reports

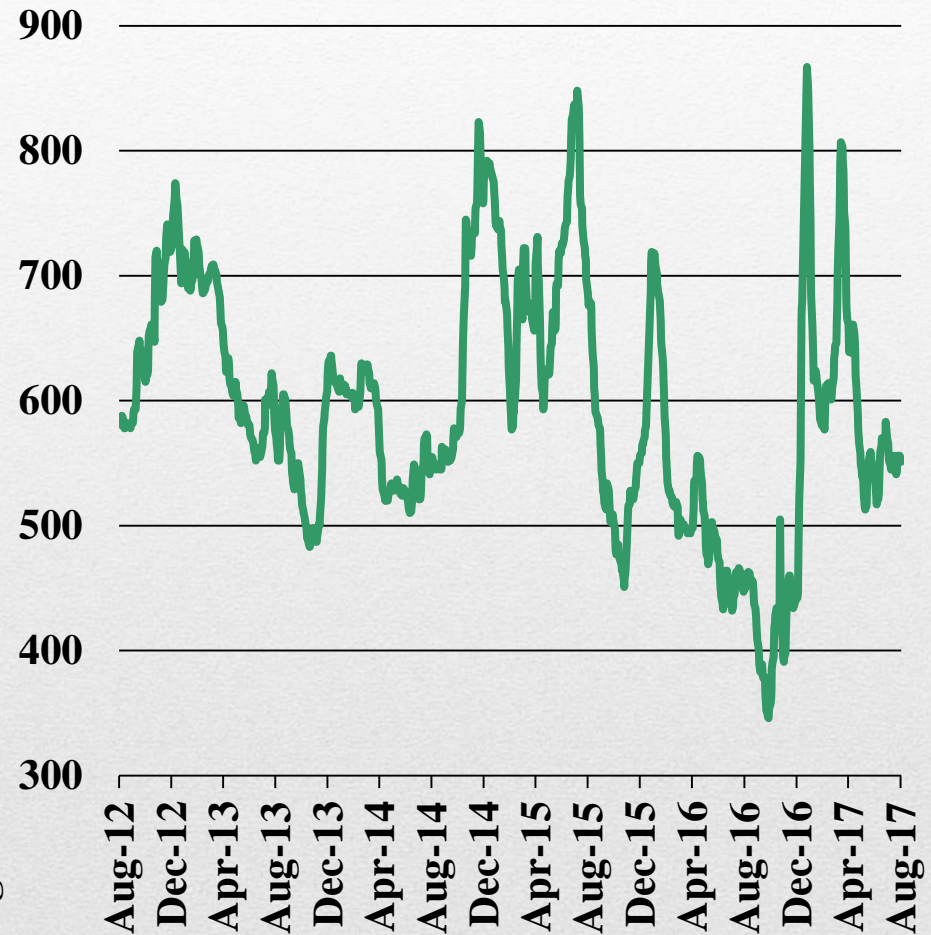


# Downward Movements of BDTI & BCTI

## Baltic Dirty Tanker Index

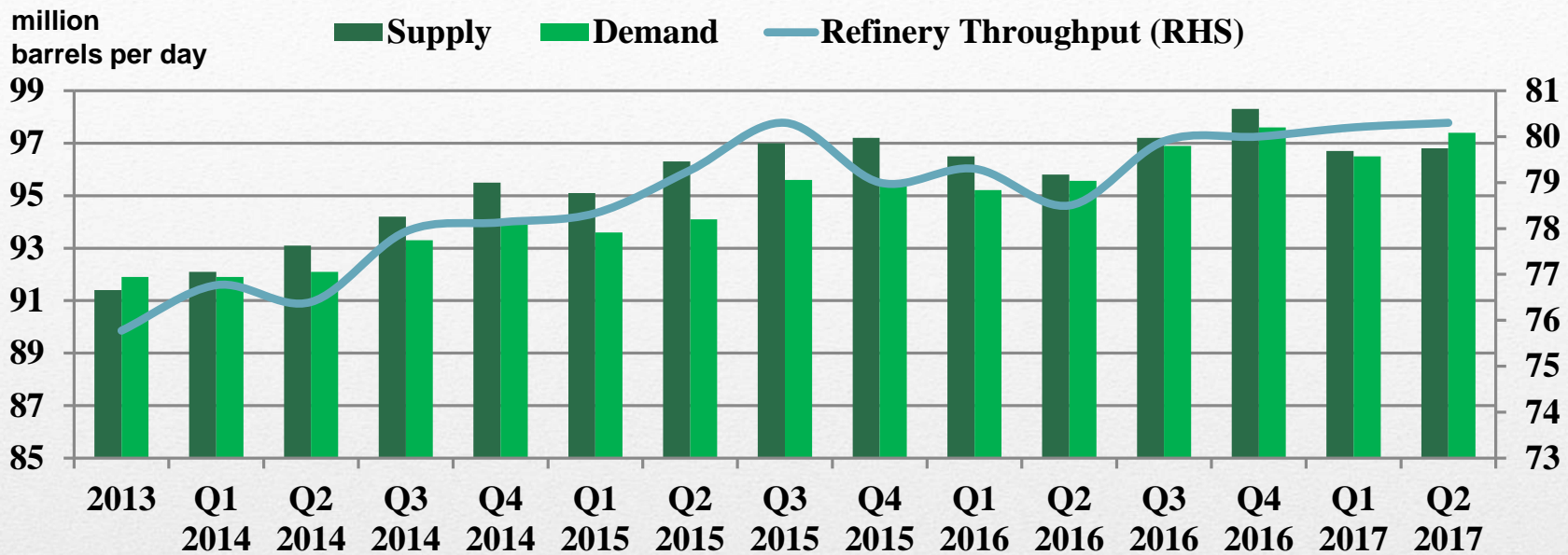


## Baltic Clean Tanker Index



Source – Industry Reports

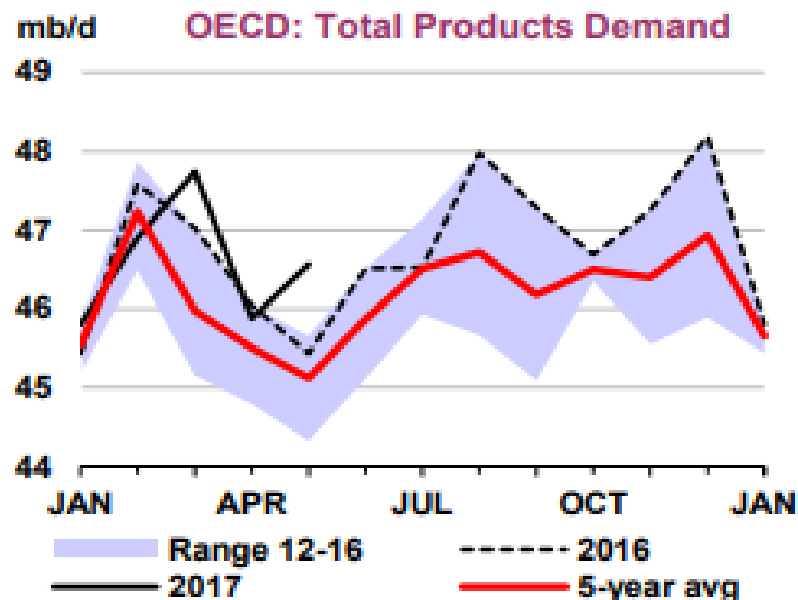
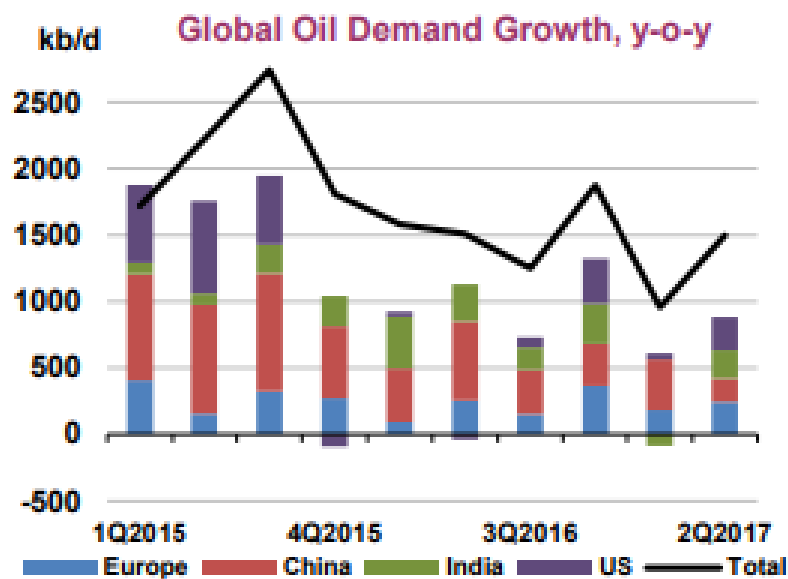
## Demand exceeding supply although supply increased Q-O-Q



- In Q2CY17, Crude tankers rates decreased due to slowdown in crude exports from major producers and due to increased new building deliveries.
- In Q2CY17, Product tanker rates remained steady on account of short-haul exports from US Gulf and firm growth in Asia & Latin America imports and Chinese exports of oil products.

Source – Industry Reports

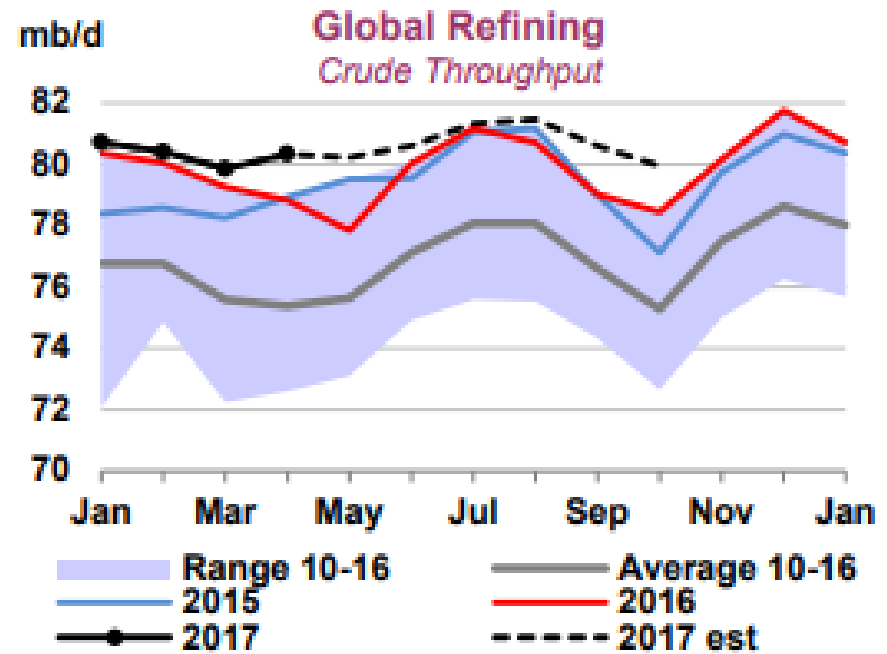
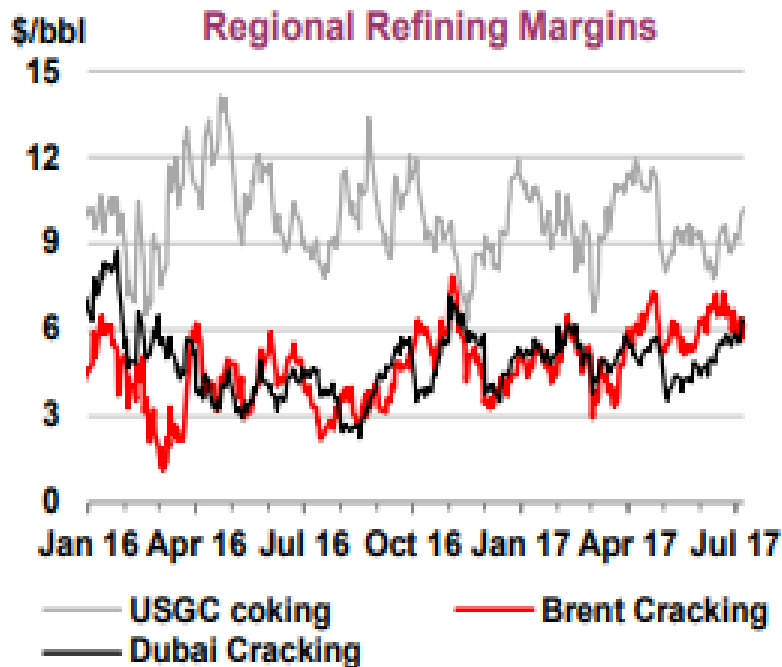
## Crude & Products growth has increased in Q2CY2017 (Y-O-Y)



- Crude: Majority of the demand is principally fuelled by expansion in Non-OECD Asia (Especially China)
- Products: Gasoil and gasoline demand have increased in Q2CY2017 (Y-O-Y)



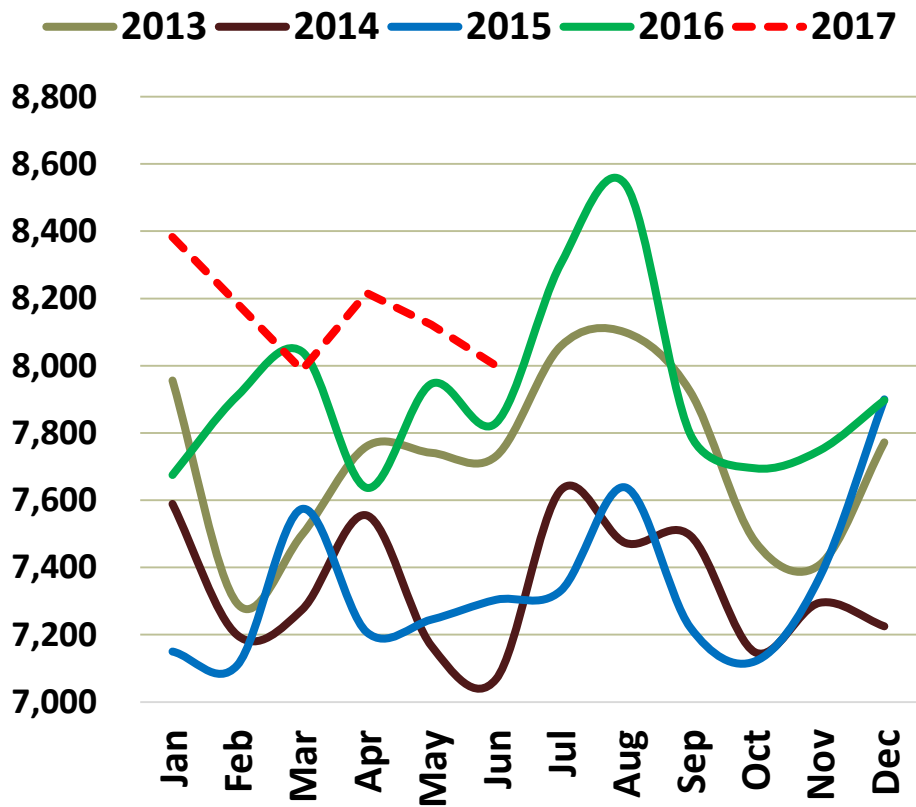
## Global refinery throughput is at one of the highest levels due to high capacity utilization in US



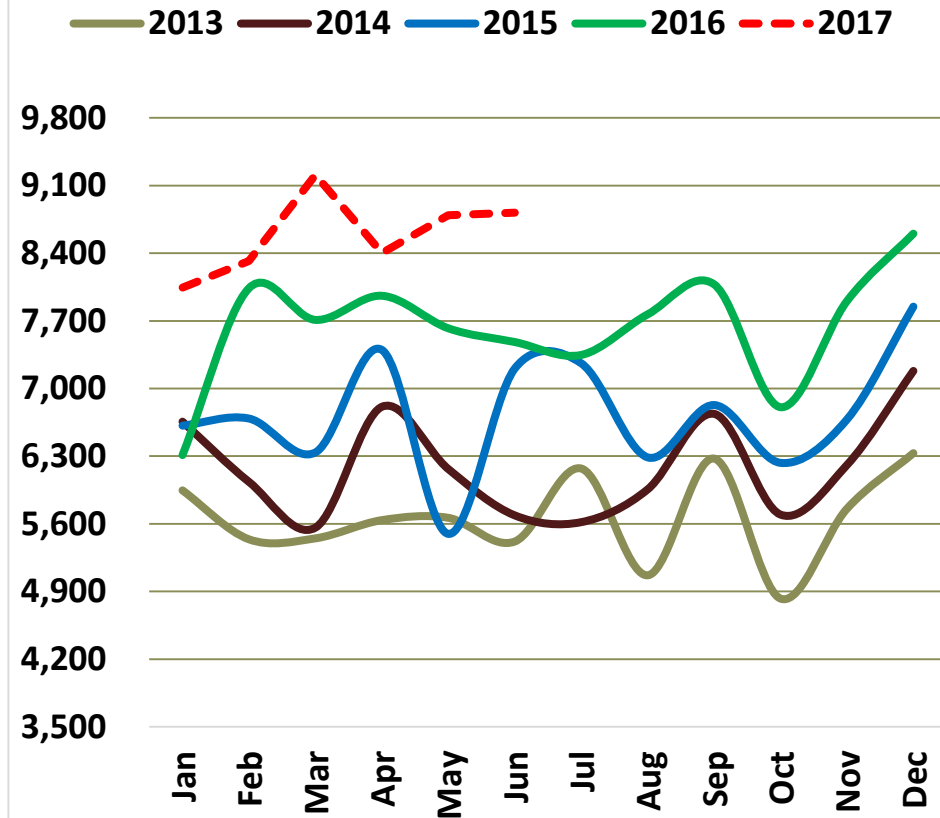
- Refining margins in Europe and Singapore got a boost from lower crude prices. Middle distillate and light ends cracks were lower in Europe and US.
- Q2CY2017 global refinery throughput is up by 100 kb/d Y-O-Y at 80.20 mb/d.

# H1FY2017 China importing crude oil at an accelerated rate

## US Crude Oil Imports ('000 bpd)



## China Crude Oil Imports ('000 bpd)



Source – Industry Reports

## World Fleet Growth – Crude Tankers

| Tanker Fleet - mn Dwt | 27-Jul-17     | 1-Jan-16      | 1-Jan-15      | 1-Jan-14      |
|-----------------------|---------------|---------------|---------------|---------------|
| VLCC                  | 223.73        | 200.00        | 193.75        | 186.13        |
| Suezmax               | 76.78         | 71.09         | 69.68         | 68.43         |
| Aframax               | 68.02         | 64.37         | 64.15         | 63.71         |
| <b>Total (80k+)</b>   | <b>368.53</b> | <b>335.46</b> | <b>327.58</b> | <b>318.27</b> |

| Order Book - mn dwt                    | 2017      | 2018      | 2019+     | Total      |
|--|-----------|-----------|-----------|------------|
| <i>Orderbook as % of current fleet</i> | <b>3%</b> | <b>7%</b> | <b>3%</b> | <b>13%</b> |

**Slippage – 24% YTD2017**





# World Fleet Growth – Product Tankers and VLGC

| Product Fleet - mn Dwt | 7/27/2017     | 1-Jan-16      | 1-Jan-15      | 1-Jan-14      |
|------------------------|---------------|---------------|---------------|---------------|
| LR2                    | 36.20         | 30.44         | 27.42         | 26.93         |
| LR1                    | 25.98         | 23.75         | 23.72         | 23.61         |
| MR/Handy (35k+)*       | 92.45         | 82.95         | 78.40         | 75.74         |
| <b>Total (35k+)</b>    | <b>154.63</b> | <b>137.14</b> | <b>129.54</b> | <b>126.28</b> |

| Order Book - mn dwt                    | 2017      | 2018      | 2019+     | Total      |
|--|-----------|-----------|-----------|------------|
| <i>Orderbook as % of current fleet</i> | <b>4%</b> | <b>4%</b> | <b>3%</b> | <b>11%</b> |

**Slippage (Product) – 34% YTD2017**

| Fleet - No. of Vessels | 27th Jul 2017 | 1st Jan 2017 | 1st Jan 2016 |
|------------------------|---------------|--------------|--------------|
| <b>VLGC</b>            | <b>262</b>    | <b>243</b>   | <b>199</b>   |

| Order Book - No. of Vessels            | 2017      | 2018      | 2019+     | Total      |
|--|-----------|-----------|-----------|------------|
| <i>Orderbook as % of current fleet</i> | <b>4%</b> | <b>3%</b> | <b>4%</b> | <b>11%</b> |



# Key points on Dry Bulk Markets – Q2CY17

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## Asset Prices:

- Capesize 5 year old asset prices rose by 42% in H1CY2017
- Panamax & Supramax 5 year olds asset prices rose by about 25% in H1CY2017

## Freight rates:

- BDI corrected to 830 from 26 months high of 1,338 end of the quarter Q2CY2017 and recovered to 1092 by Aug'17.

## Coal Market:

- China total coal imports have risen by 23.4% in H1CY2017 Y-O-Y

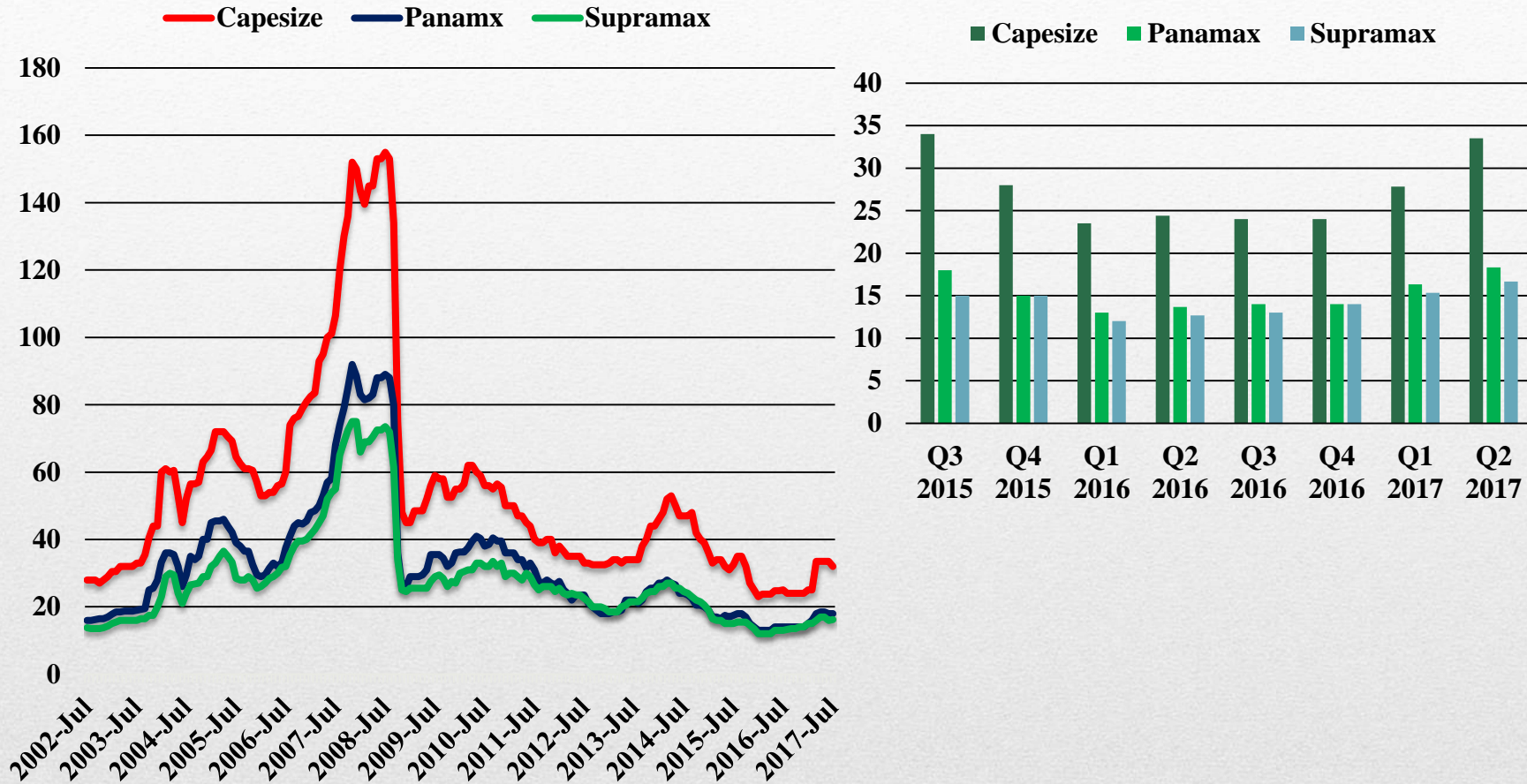
## Iron Ore Market:

- China's Iron Ore imports grew by 9% in H1CY2017 Y-O-Y. China Iron Ore imports from Australia have increased 9-10% Y-O-Y. Brazil Iron Ore imports to China has been stable in H1CY2017 Y-O-Y

## Fleet Growth:

- Dry Bulk net fleet growth in H1CY2017 is approx 2.45% YoY.

# Bulkers – Asset Prices (5-year old)



**Dry Bulk asset prices rose significantly in H1CY2017 compared to previous 3 halves.**



# Baltic Dry Index (August 2012 – August 2017)

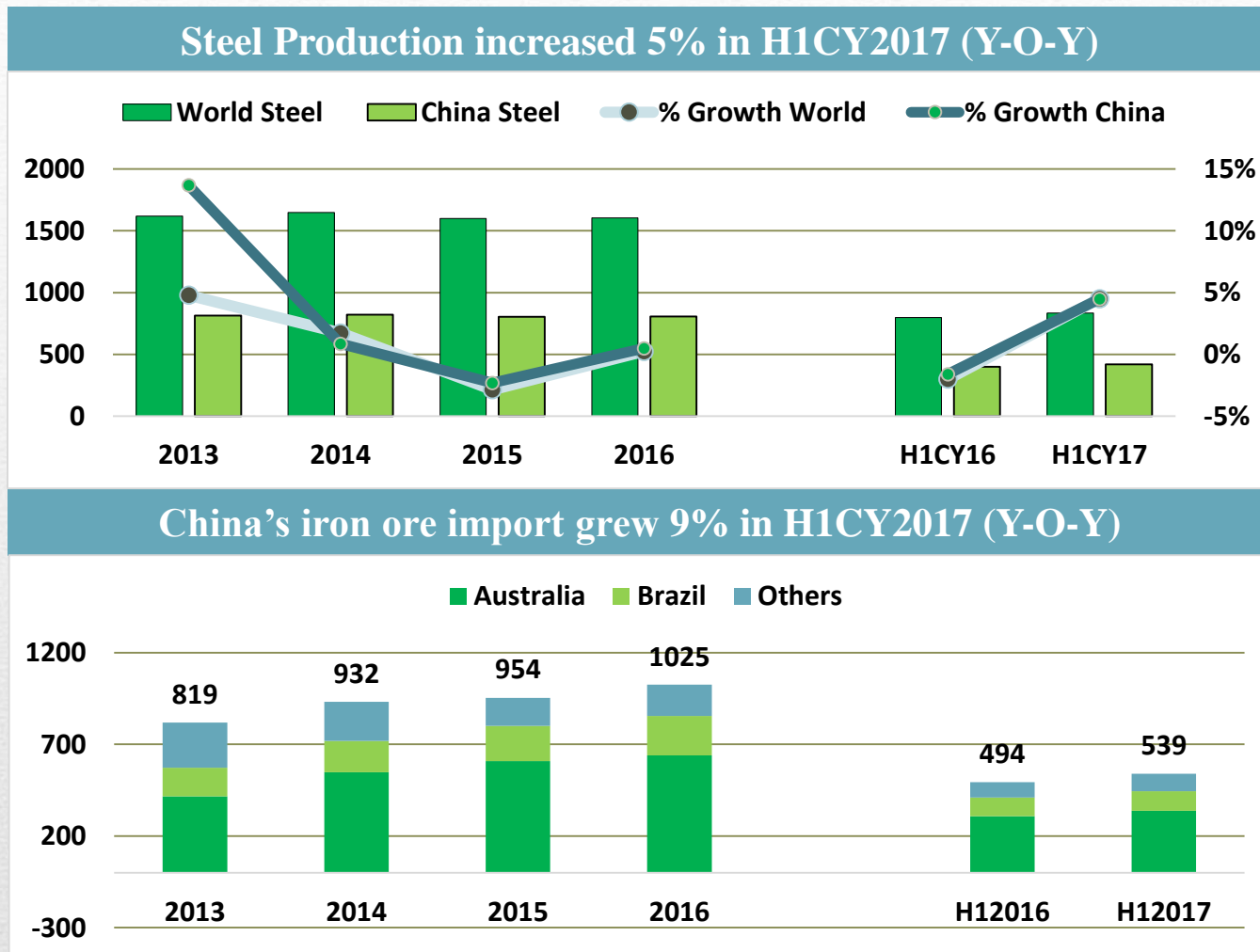
**Dry Bulk freight rates has hit 26 months high during H1CY2017**

**Baltic Dry Index**



**Baltic Dry Index corrected to 1,092 in Aug'17 from a 26 months high of 1,338 in Mar'17**

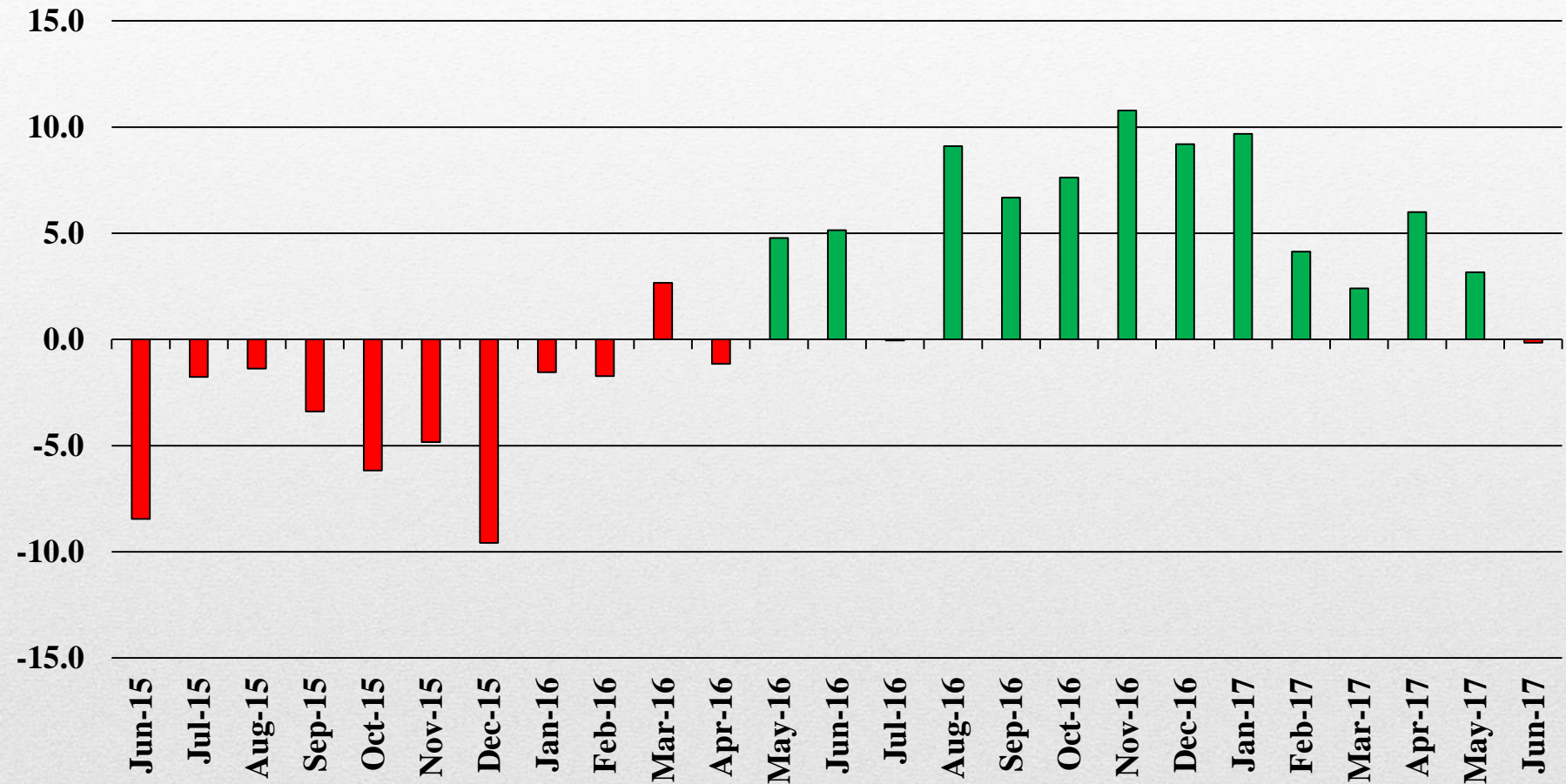
## Steel Production & China's Iron ore imports have grown significantly



# Coal imports by China up by 23% in H1CY2017 (Y-O-Y)

China coal imports change (Y-O-Y)

mt



Source – Industry Reports



# World Fleet Growth – Dry Bulk

| Fleet - Mn Dwt | 27th July 2017 | 1st Jan 2017 | 1st Jan 2016 |
|----------------|----------------|--------------|--------------|
| Capesize       | 323            | 315          | 309          |
| Panamax        | 202            | 196          | 195          |
| Handymax       | 195            | 189          | 180          |
| Handysize      | 95             | 94           | 93           |
| <b>Total</b>   | <b>815</b>     | <b>794</b>   | <b>776</b>   |

| Orderbook - mn dwt     | 2017 | 2018 | 2019+ | 2020 | Total |
|------------------------|------|------|-------|------|-------|
| Gross Orderbook %Fleet | 2%   | 3%   | 2%    | 0%   | 7%    |

**Slippage – 34% (YTD 2017)**



## Scrapping picks up for crude tankers while slows down for drybulk

### Scrapping as % of world fleet (year-wise)

| Vessel Category | Fleet as on |          | Scrapping              |       |       |
|-----------------|-------------|----------|------------------------|-------|-------|
|                 | Aug 17      | YTD 2017 | 2016                   | 2015  | 2014  |
|                 | (in mn dwt) |          | (% of beginning fleet) |       |       |
| Crude           | 370         | 0.92%    | 0.35%                  | 0.23% | 1.60% |
| Product         | 154         | 0.44%    | 0.62%                  | 0.61% | 1.19% |
| Dry Bulk        | 816         | 1.17%    | 3.67%                  | 4.03% | 2.25% |



# **Greatship (India) Limited**

**(a 100% subsidiary)**

## **Business Review**

**August 2017**

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# Offshore business- Fleet Profile

## The Greatship Group

### ➤ Current Owned Fleet

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

### Fleet Utilization

| Category    | Extent of coverage of fleet's operating days (per cent) (FY18) |
|-------------|--|
| PSV         | 29   |
| ROVSV       | 53   |
| AHTSV       | 100  |
| MPSSV       | 61   |
| Jackup Rigs | 68   |



# Key points on E&P markets – Q2CY17

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## Day rates:

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

## Fleet Growth:

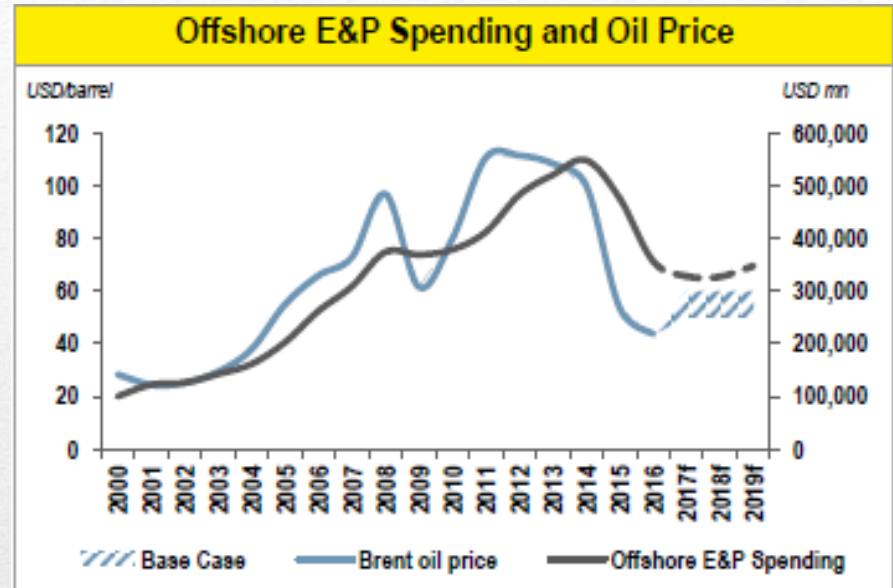
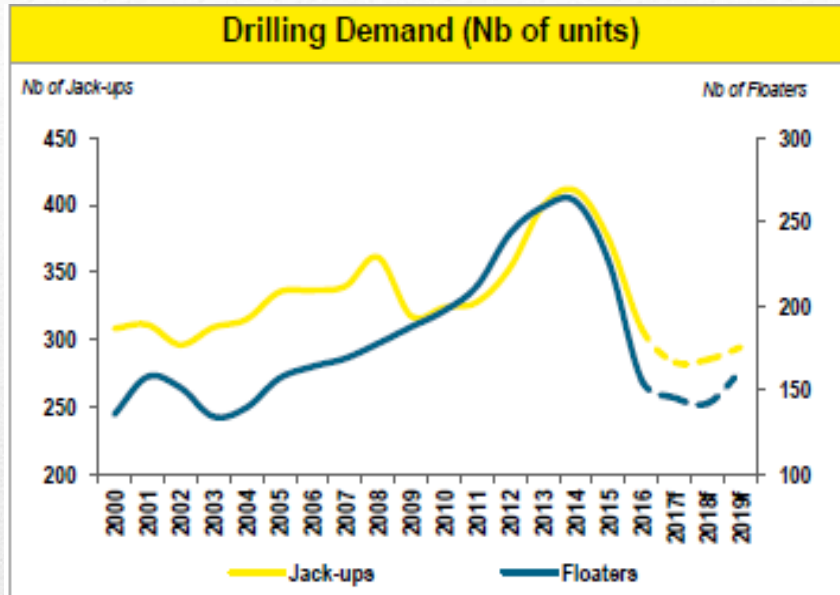
- Rigs: Remains flat in Q2CY17
- OSV's: Remains flat in Q2CY17

## Fleet Utilization Levels: Sub 50%

## Slippage:

- OSV – 60% - 70% YTD2017
- Rigs – 60% - 70% YTD2017

# No signs of recovery in Offshore E&P spending in Q2CY17



- Drilling demand has been declining continuously since the peak in 2014
- With the Brent oil price showing signs of stabilization at lower levels, Offshore E&P spending which had come off significantly since 2014 shows no signs of recovery yet.





# Global Fleet Supply – Offshore

## Fleet & Orderbook

| (Nos)                            | Jackup Rigs | AHTSVs    | PSV        |
|----------------------------------|-------------|-----------|------------|
| Current Fleet                    | 546         | 2105      | 1642       |
| Orderbook                        | 97          | 133       | 172        |
| <i>% of O/B to current fleet</i> | <i>18%</i>  | <i>6%</i> | <i>10%</i> |

- Q2CY2017 actual deliveries have been far lower than scheduled. Due to bleak employment scenario owners have refrained from taking delivery. A lot of deliveries due in 2016 were pushed forward to 2017 and have not yet been delivered. Going forward slippage is expected to remain high.
- Asset utilization levels have come off significantly. For premium Jack ups, lack of contract renewals has resulted in utilization levels coming down from around 90% at the start of 2014 to about 60% as on date.
- 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 FY 2017-18

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# Q1 FY 2017-18 Financial Highlights

| Standalone              |          | Key Figures                      | Consolidated |          |
|-------------------------|----------|----------------------------------|--------------|----------|
| Q1 FY'18                | Q1 FY'17 | (Amount in Rs. crs)              | Q1 FY'18     | Q1 FY'17 |
| <b>Income Statement</b> |          |                                  |              |          |
| 587.15                  | 477.72   | Revenue (including other income) | 857.43       | 889.59   |
| 274.01                  | 249.64   | EBITDA (including other income)  | 428.76       | 526.47   |
| 72.35                   | 103.56   | Net Profit                       | 103.56       | 247.82   |
| <b>Balance Sheet</b>    |          |                                  |              |          |
| 10664.09                | 9473.50  | Total Assets                     | 15160.55     | 15741.44 |
| 5235.51                 | 4713.14  | Equity                           | 7316.38      | 7921.16  |
| 4455.17                 | 3403.16  | Total Debt (Gross)               | 6731.88      | 6239.97  |
| 1436.78                 | 117.19   | Long Term Debt (Net of Cash)     | 2481.76      | 1870.84  |
| <b>Cash Flow</b>        |          |                                  |              |          |
| 142.86                  | 133.55   | From operating activities        | 228.51       | 342.08   |
| (133.97)                | (250.41) | From investing activities        | (164.38)     | (280.44) |
| (47.60)                 | 455.62   | From financing activities        | (175.55)     | 301.99   |
| (38.71)                 | 338.76   | Net cash inflow/(outflow)        | (111.42)     | 363.63   |



# Q1 FY 2017-18 Financial Highlights

| Standalone |          | Key Figures                               | Consolidated |          |
|------------|----------|---|--------------|----------|
| Q1 FY'18   | Q1 FY'17 | (Amount in Rs. crs)                       | Q1 FY'18     | Q1 FY'17 |
|            |          | <b>Key financial figures</b>              |              |          |
| 46.67%     | 52.26%   | EBITDA Margin (%)                         | 50.01%       | 59.18%   |
| 5.57%      | 8.88%    | Return on Equity (ROE) (%)                | 5.70%        | 13.69%   |
| 6.27%      | 7.99%    | Return on Capital Employed (ROCE) (%)     | 5.87%        | 10.13%   |
| 0.85       | 0.72     | Gross Debt/Equity Ratio (x)               | 0.92         | 0.79     |
| 0.27       | 0.02     | Net Debt/Equity Ratio (x)                 | 0.34         | 0.24     |
| 64.49      | 66.65    | Exchange rate USD/INR, average (Rs)       | 64.49        | 66.65    |
| 64.57      | 67.52    | Exchange rate USD/INR, end of period (Rs) | 64.57        | 67.52    |
|            |          | <b>Share related figures</b>              |              |          |
| 4.80       | 6.87     | Earnings per share, EPS (Rs)              | 6.87         | 16.44    |
| 4.79       | 6.86     | Diluted earnings per share (Rs)           | 6.86         | 16.40    |
| 12.48      | 12.32    | Cash Profit per share (Rs)                | 19.12        | 26.95    |
| -          | -        | Dividend per share (Rs)                   | -            | -        |

# Q1 FY 2017-18 Performance Highlights

## Breakup of revenue days

| Revenue Days                         | Q1'FY18      | Q1'FY17      |
|--------------------------------------|--------------|--------------|
|                                      |              |              |
| Owned Tonnage                        | 3,998        | 2,794        |
| Inchartered Tonnage                  | 77           | 121          |
| <b>Total Revenue Days</b>            | <b>4,075</b> | <b>2,915</b> |
|                                      |              |              |
| <b>Total Owned Tonnage (mn.dwt)*</b> | <b>3.80</b>  | <b>2.49</b>  |

\* As on 30<sup>th</sup> June 2017

## Average TCY Details

| Average (TCY \$ per day)     | Q1'FY18 | Q1'FY17 | % Chg |
|------------------------------|---------|---------|-------|
|                              |         |         |       |
| Crude Carriers               | 15,584  | 25,426  | (39)% |
| Product Carriers (Incl. Gas) | 15,432  | 20,122  | (23)% |
| Dry Bulk                     | 9,166   | 5,784   | 58%   |

## Mix of Spot & Time

| Days (in %)            | Q1'FY18 | Q1'FY17 |
|------------------------|---------|---------|
| <b><u>Dry Bulk</u></b> |         |         |
| Spot %                 | 41%     | 54%     |
| Time %                 | 59%     | 46%     |
| <b><u>Tankers</u></b>  |         |         |
| Spot %                 | 60%     | 54%     |
| Time %                 | 40%     | 46%     |
| <b><u>Total</u></b>    |         |         |
| Spot %                 | 54%     | 54%     |
| Time %                 | 46%     | 46%     |



# THANK YOU

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

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