

# The Great Eastern Shipping Co. Ltd.

## **Business & Financial Review**

**June 2010**

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## Forward Looking Statements

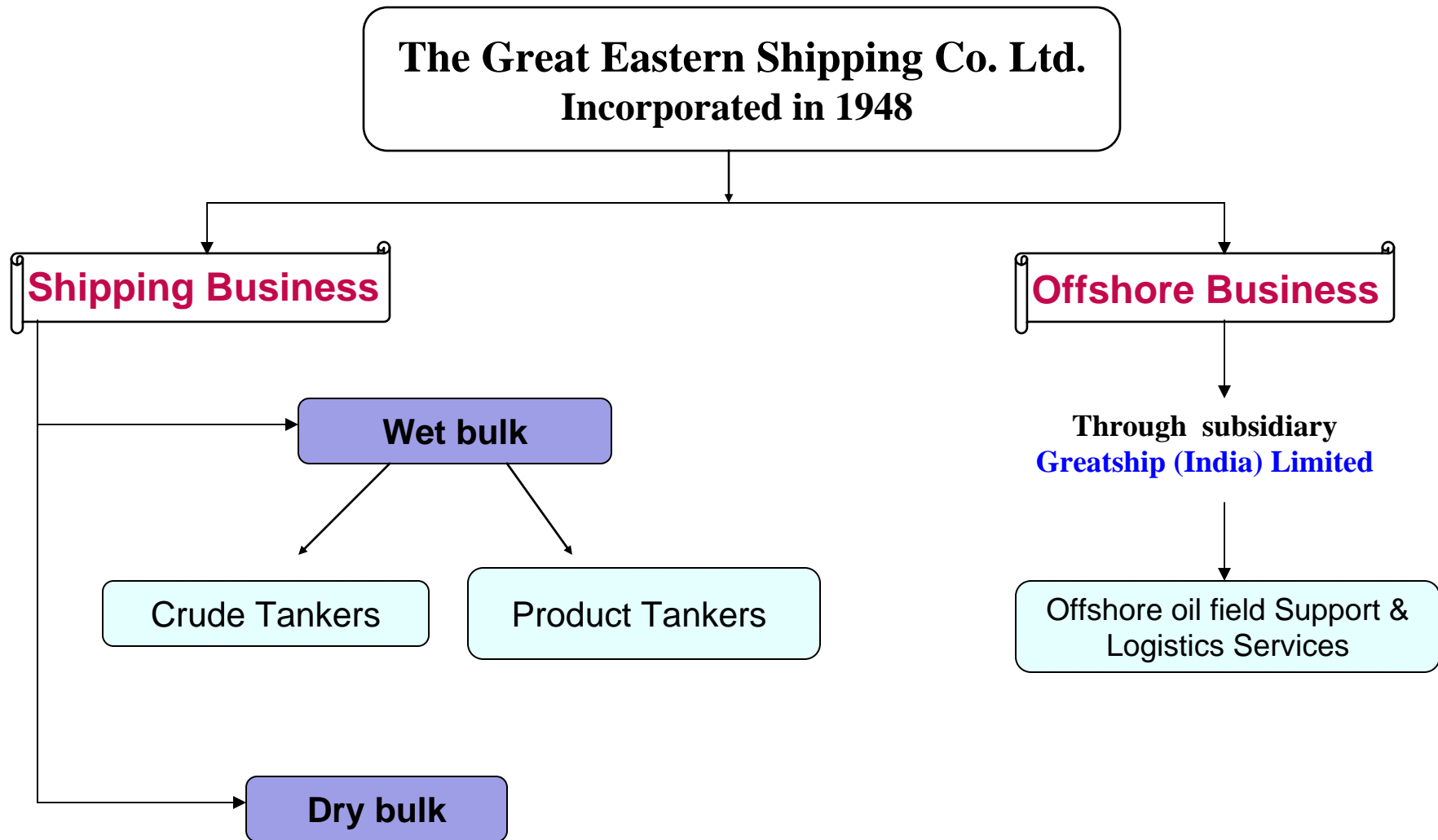
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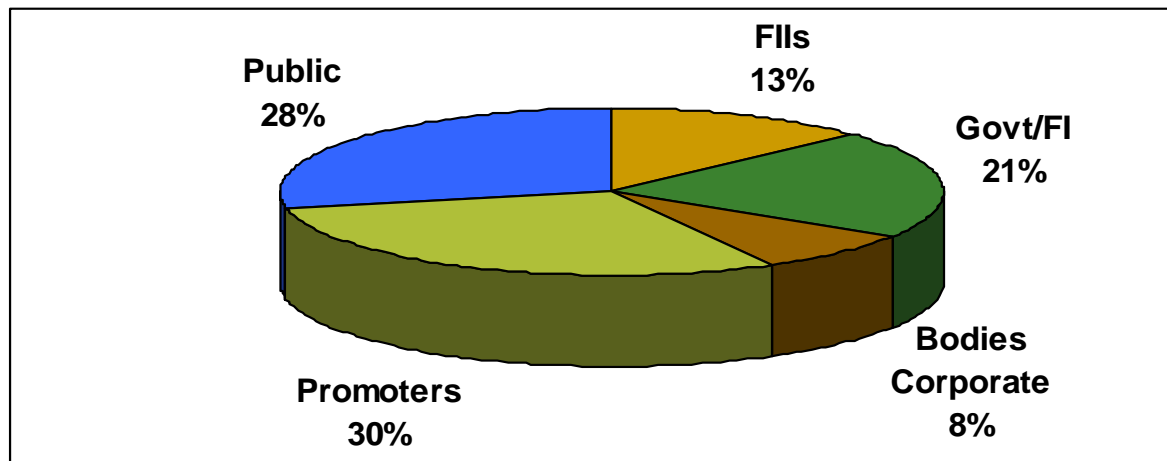
# Corporate Profile



# Company at a glance

- ✦ *India's largest private sector Shipping Company*
- ✦ *Diverse asset base with global operations*
- ✦ *Completed 62 years of operations*
- ✦ *More than 26 years of uninterrupted dividend track record*

## Shareholding Pattern as on Mar 31, 2010



# Shipping business-owned fleet

- ❑ **35 ships aggregating 2.66 Mn dwt, avg.age 10.5 years**
  - ❑ **29 Tankers** avg.age 10.2 years (85% in tonnage terms)
    - **11 Crude carriers (5 Suezmax, 6 Aframax)** avg.age 10.1 years (2 single hull – both double sided)
    - **17 Product tankers (4 LR1, 9 MR, 4 GP)** avg.age 9.2 years (3 single hull – 2 double sided)
    - **1 LPG carrier** – avg.age 19 years

**Double hull status – 23 tankers representing 84% in dwt terms**
  - ❑ **6 Dry bulk carriers** avg.age 13.6 years
    - **1 Capesize** - avg.age 14 years
    - **1 Panamax** - avg.age 15 years
    - **2 Supramax**- avg.age 8 years
    - **1 Handymax** - avg.age 13 years
    - **1 Handysize** - avg.age 30 years

# Committed CAPEX – Shipping Business

## Committed Capex of around USD 578 Mn

- 8 new building contracts aggregating 1.31 mn. dwt

### To be delivered in:

#### ✓ FY 2011

- 1 NB, Kamsarmax Dry Bulk Carrier (STX Shipbuilding Co. Ltd)
- 2 NB, Supramax Dry Bulk Carriers(Cosco (Zhoushan) Shipyard Co. Ltd)

#### ✓ FY 2012

- 2 NB, Kamsarmax Dry Bulk Carrier (1 in STX Shipbuilding Co. Ltd & 1 in SPP Shipbuilding Co.Ltd)
- 2 NB, Very Large Crude Carriers (VLCC) (Hyundai Heavy Industries)

#### ✓ FY 2013

- 1 NB, Very Large Crude Carrier (VLCC) (Hyundai Heavy Industries)

### Year wise addition to the gross block

<i>(Amt in US\$ mn)</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>
Total CAPEX : US 578 mn	135	332	111

US\$207 mn of the total CAPEX has been paid

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# Offshore business- Fleet Profile

➤ **Current Owned Fleet**

- ✓ 1 350ft Jack Up Rig
- ✓ 4 Platform Supply Vessels (PSV)
- ✓ 8 Anchor Handling Tug cum Supply Vessels (AHTSV)
- ✓ 1 Multipurpose Platform Supply and Support Vessel

➤ **Current Inchartered Fleet**

- ✓ 1 350ft Jack Up Rig
- ✓ 1 Platform Supply Vessel (PSV)

# Committed CAPEX – Offshore Business

➤ **Delivery Schedule of the Committed Capex**

**To be delivered in:**

✓ **FY 2011**

- 3 NB Platform / ROV Support Vessels (CDL)
- 2 NB MPSV (Keppel Singmarine)
- 2 NB MSVs (Mazagon Dock)

✓ **FY 2012**

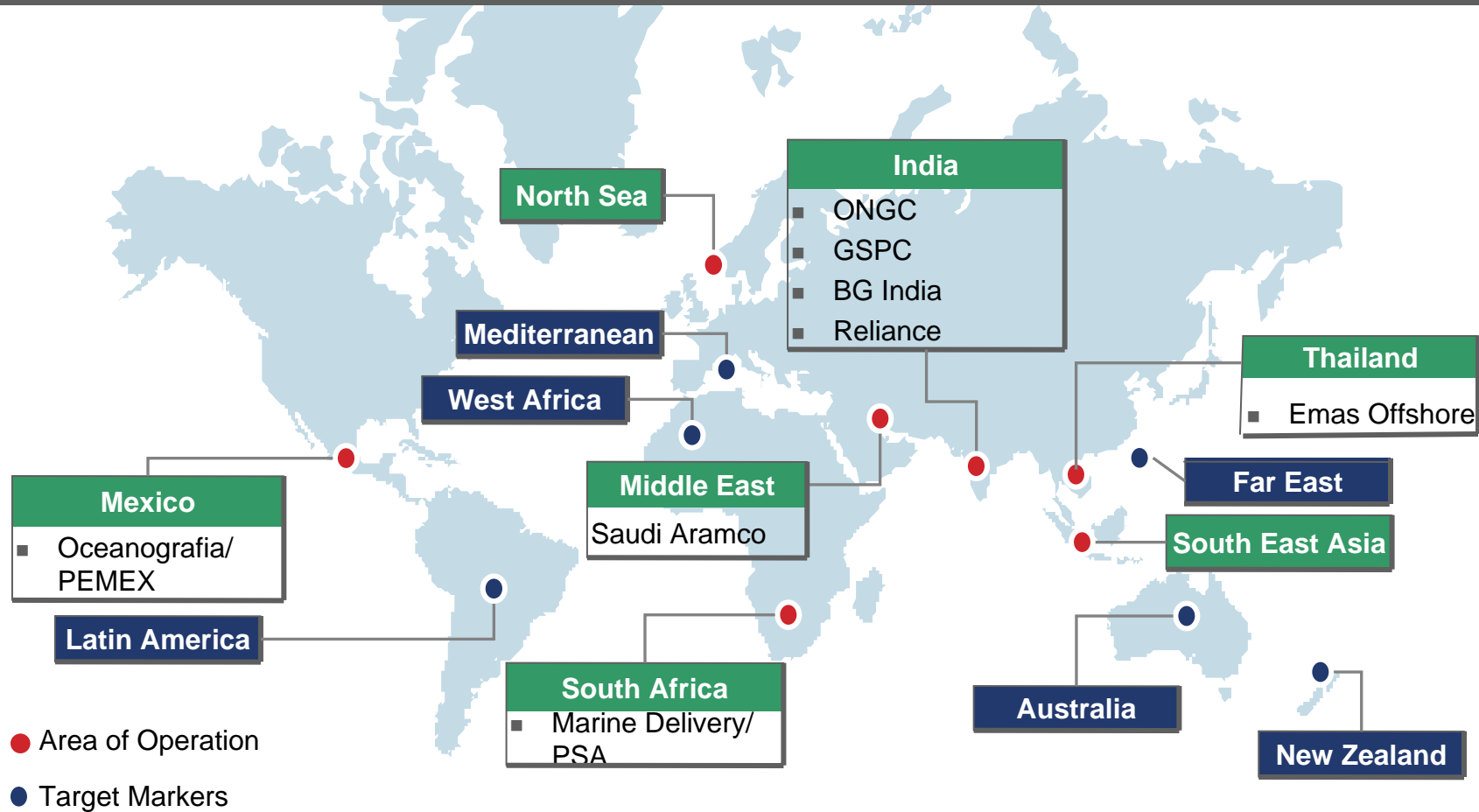
- 2 NB 150T AHTSV (Drydock World, Singapore)

<b>Fleet Growth</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010E</b>	<b>FY2011E</b>	<b>FY2012E</b>
<b>Fleet ( in nos)</b>	4	8	15	21	23



# Global Presence-Risk Diversification and Profit Maximization

One of the few Indian companies to operate in diverse markets across the world with prestigious counterparties; helps to hedge against fluctuations in charter rates



## FY'10 Financial Highlights

Standalone			Consolidated	
FY'10	FY'09	(Amount in Rs. crs)	FY'10	FY'09
<b><u>Income Statement</u></b>				
2,245	3,283	Revenue	3,322	4,274
921	2,007	EBITDA	1,191	2,107
396	1,385	Net Profit	513	1,418
<b><u>Balance Sheet</u></b>				
9,040	7,995	Total Assets	11,080	9,498
5,371	4,928	Equity	5,710	5,232
3,669	3,067	Long Term Debt (Gross)	5,370	4,266
214	1,102	Long Term Debt (Net of Cash)	1,447	1,754
<b><u>Key financial figures</u></b>				
41.03	61.12	EBITDA Margin (%)	35.86	49.29
7.68	30.21	Return on Equity (ROE) (%)	9.37	29.65
6.29	21.00	Return on Capital Employed (ROCE) (%)	7.02	19.21
0.67	0.62	Debt/Equity Ratio (x)	0.93	0.82
<b><u>Share related figures</u></b>				
25.99	90.94	Earnings per share, EPS (Rs)	33.67	93.11
8.00	8.00	Dividend paid per share (Rs)	8.00	8.00

**NAV as on 31 Mar'10 Rs.339**

# FY10 Performance Highlights

## Breakup of revenue days

Q4 FY10	Q4FY09	% chg	Revenue Days	FY10	FY09	% chg
3,374	3,401	(1)%	Owned Tonnage	13,269	14,014	(5)%
-	64	-	Inchartered Tonnage	256	531	(52)%
<b>3,374</b>	<b>3,465</b>	<b>(3)%</b>	<b>Total Revenue Days</b>	<b>13,525</b>	<b>14,545</b>	<b>(7)%</b>
<b>2.89</b>	<b>2.85</b>		Total Owned Tonnage (mn.dwt)	<b>2.89</b>	<b>2.85</b>	

## Mix of Spot & Time

Q4 FY10	Q4 FY09	Days (in %)	FY10	FY09
<b>47%</b>	81%	<b>Dry Bulk</b>		
<b>53%</b>	19%	Spot %	<b>63%</b>	72%
		Time %	<b>37%</b>	28%
<b>39%</b>	51%	<b>Tankers</b>		
<b>61%</b>	49%	Spot %	<b>47%</b>	52%
		Time %	<b>53%</b>	48%
<b>41%</b>	58%	<b>Total</b>		
<b>59%</b>	42%	Spot %	<b>49%</b>	57%
		Time %	<b>51%</b>	43%

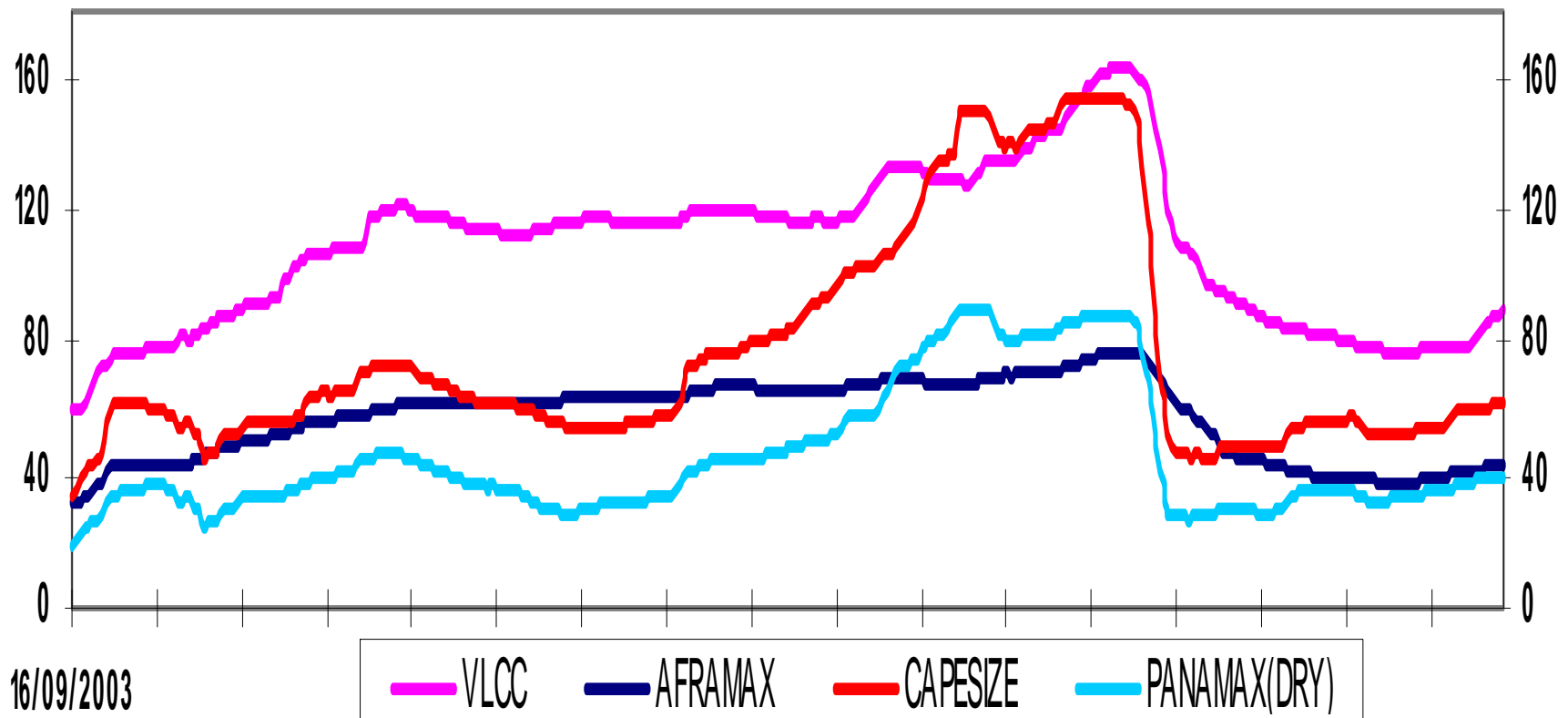
## Average TCY Details

Average (TCY \$ per day)	Q4FY10	Q4FY09	% Chg
Crude Carriers	29,322	32,450	(10)%
Product Carriers (Incl. Gas)	17,920	21,495	(17)%
Dry Bulk	23,963	23,264	3%

# Asset Price Movement (5 yr old)

Timeline- Sep2003 till Jun 01, 2010

Amt in US\$ mn



Source: Baltic Sale & Purchase Assessment

## Gross World fleet addition-Shipping

World Fleet addition*	CY2010	CY2011	CY2012
Crude tankers	10%	14%	4%
Product tankers	11%	9%	2%
Dry bulk carriers	21%	18%	9%

**11% of world tanker fleet single hull**

\*includes only new building from yards

Fleet as on 1 <sup>st</sup> May'10 (in mn dwt)	Scrapping (in mn dwt)	CY2008	CY2009	CY2010 YTD
315.3	Crude	1.3	5.1	4.1
127.8	Product	1.5	3.3	2.8
481.2	Bulk	3.6	10.0	1.9

**17% of world dry bulk fleet > 25 years**

Source: Clarkson

## Slippages... to be a decisive factor

<b>CY 2009 (in mn dwt)</b>	<b>VLCC</b>	<b>Suezmax</b>	<b>Aframax</b>	<b>Panamax</b>	<b>MR</b>	<b>GP</b>	<b>Total</b>
Orderbook as in 1 Jan'09	20.8	10.9	11.9	4.1	10.6	2.1	60.5
Actual Deliveries CY09	16.7	7.1	10.5	2.8	7.2	1.4	45.9
Slippages/ cancellations	4.1	3.8	1.3	1.2	3.4	0.7	14.6
<b>Slippages/ cancellations as % of orderbook as on 1 Jan'09</b>	<b>19.9%</b>	<b>34.7%</b>	<b>11.3%</b>	<b>29.8%</b>	<b>32.1%</b>	<b>33.5%</b>	<b>24.2%</b>

<b>CY 2009 (in mn dwt)</b>	<b>Capesize</b>	<b>Panamax</b>	<b>H'max</b>	<b>H'size</b>	<b>Total</b>
Orderbook as in 1 Jan'09	31.3	11.2	17.9	9.2	69.8
Actual Deliveries CY09	21.1	6.6	9.7	4.5	42.1
Slippages/ cancellations	10.2	4.6	8.2	4.7	27.7
<b>Slippages/ cancellations as % of orderbook as on 1 Jan'09</b>	<b>32.6%</b>	<b>40.9%</b>	<b>45.7%</b>	<b>51.1%</b>	<b>39.7%</b>

# Tanker Market

- **Crude:**

- Demand outlook for the medium term to be weak
- High fleet growth to put excessive pressure

- **Product:**

- Low refining margins & depressed demand keeping product tanker rates down

*Large US oil inventories coupled with new building deliveries expected to keep tanker rates under pressure*

But...

- Increase in global refinery capacity in next 2 years to give support to seaborne movement...and
- Accelerated single hull phase out could relieve some supply side pressure

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# Dry Bulk Market

- Chinese iron ore imports to increase by 29%, whereas rest of world to decline by 32% . Therefore, China to be a key support
- Excessive fleet addition to be a key concern

## **... but a ray of hope...**

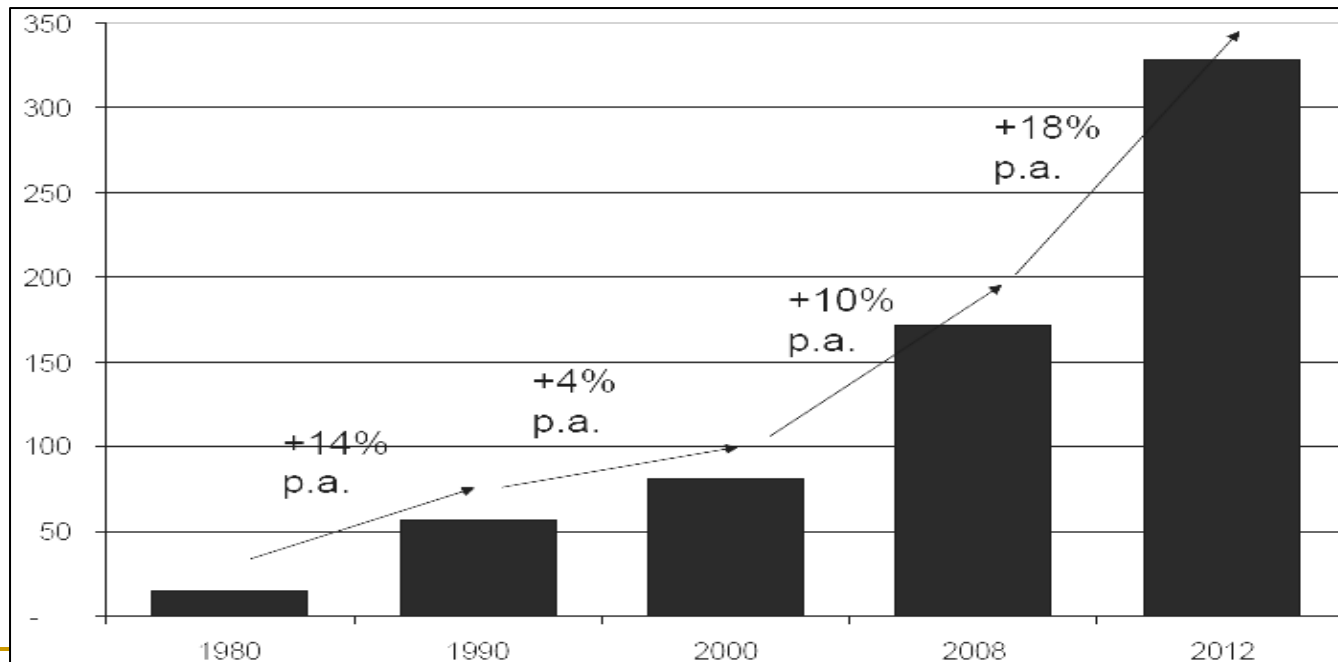
- Increase in level of scrapping activity
- Construction on more than one third of the existing orderbook not yet begun.
- First trigger for a market upturn will be settlement of iron ore prices & active resumption of shipments by China
- Impact of worldwide stimulus packages, viable commodity prices & simultaneous rebuilding of inventories- will help a rapid turnaround



# Offshore Market

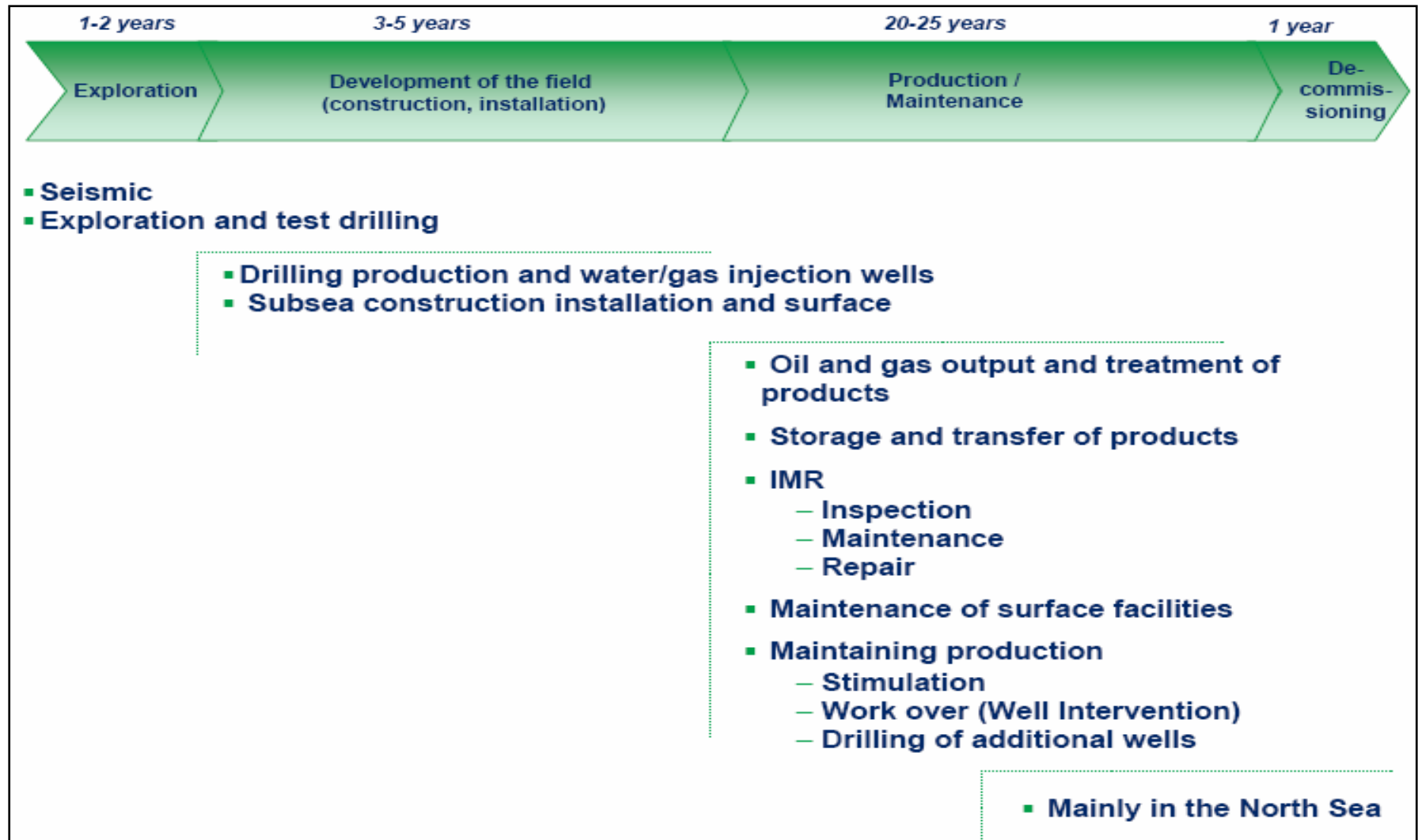
- ✓ Decline in oil & gas reserves
- ✓ Energy Security concerns high on consumer countries agenda
- ✓ Development and drilling activity in mid to deep water
- ✓ Tenders continuing to be issued for long term work

## Total Subsea fleet development



Source: Offshore Research, Pareto

# Life Cycle of Offshore Fields



Source: Bourbon, Feb 2008

# Offshore Supply Market

## OSV Fleet Summary

(Nos)	AHTSVs	PSVs	Others
Current Fleet*	2,455	1,949	1,763
Orderbook	382	204	162
% of O/B to current fleet	15%	10%	9%

\* Data as on May'10, Source: Clarkson





**THANK YOU**

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