

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

February 2015

Forward Looking Statements

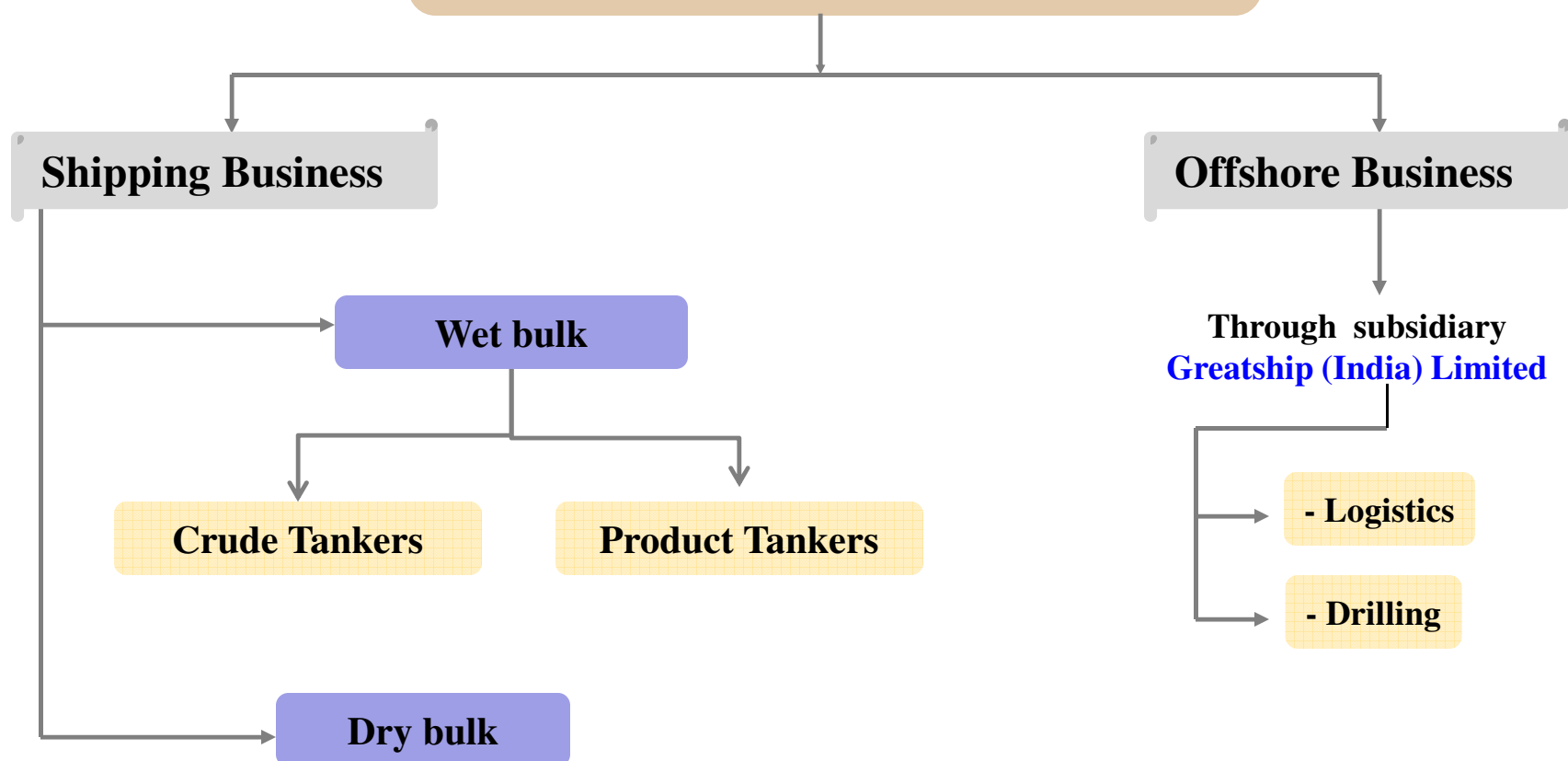
Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future 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.

Corporate Profile

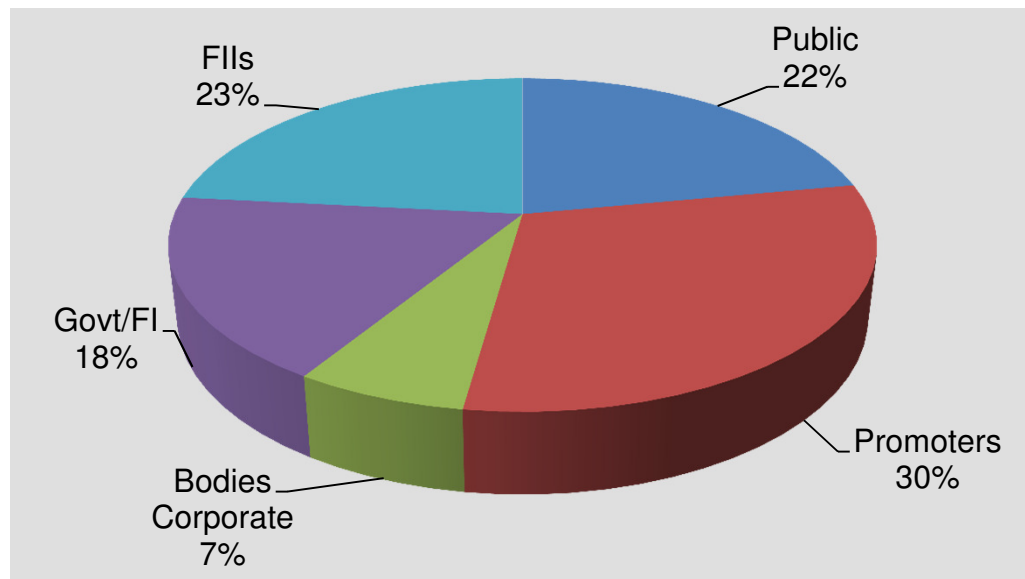
The Great Eastern Shipping Co. Ltd.
Incorporated in 1948



Company at a glance

- ✎ *India's largest private sector Shipping Company*
- ✎ *Diverse asset base with global operations*
- ✎ *Completed 66 years of operations*
- ✎ *Over 30 years of uninterrupted dividend track record*

Shareholding Pattern as on December 31, 2014



Shipping business-owned fleet

30 ships aggregating 2.45 Mn dwt, avg.age 10.6 years

❑ **21 Tankers** avg.age 11.0 years

- **8 Crude carriers (4 Suezmax, 4 Aframax)** avg.age 12.2 years

- **12 Product tankers (4 LR1, 8 MR)** avg.age 8.4 years

- **1 Very Large Gas Carrier** avg.age 21.0 years

❑ **9 Dry bulk carriers** avg.age 9.4 years

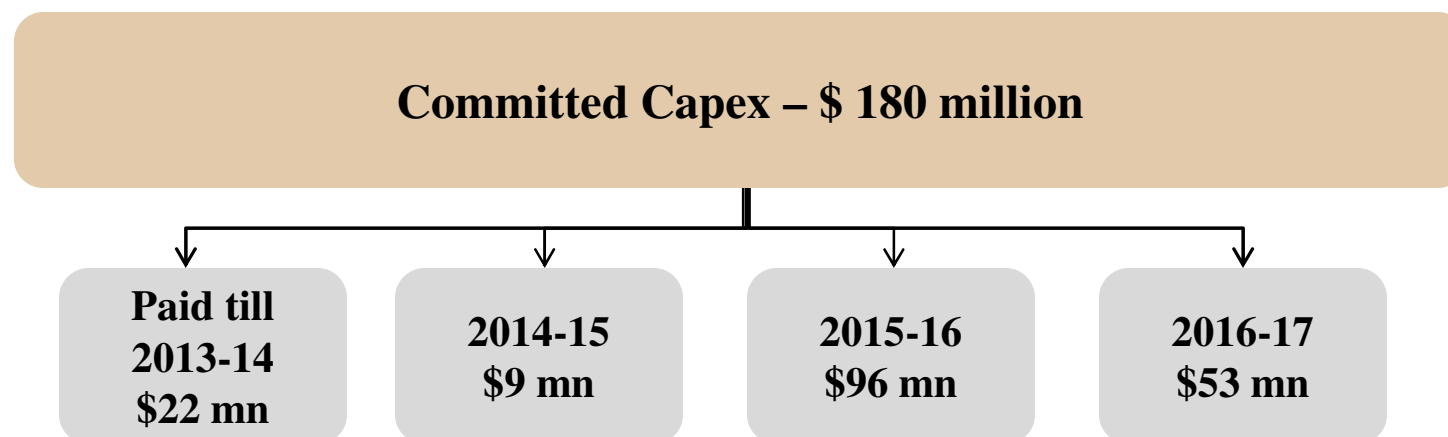
- **1 Capesize** - avg.age 19.0 years

- **3 Kamsarmax** - avg.age 4.0 years

- **5 Supramax**- avg.age 8.4 years

Shipping business- CAPEX plan

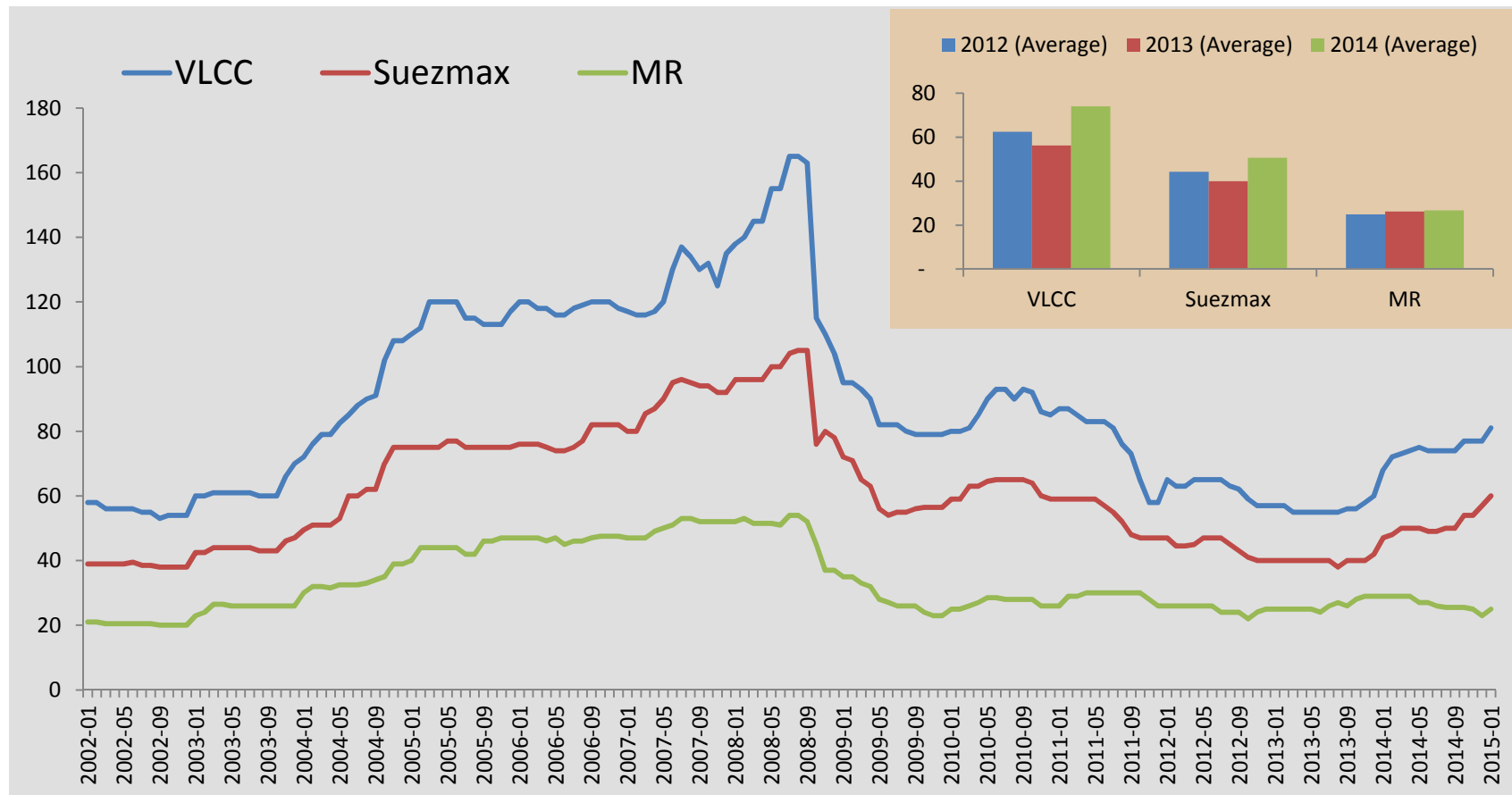
Vessels on Order		
Vessel	Yard	Expected Delivery
1 Medium Range Product Tanker	STX Group	Q4FY16
2 Kamsarmax Dry Bulk Carriers	Tsuneishi Shipbuilding	H1FY16
3 Kamsarmax Dry Bulk Carriers	Jiangsu New Yangzi Shipbuilding Co. Ltd, China	Q2 & Q3 CY2016



Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till Jan 2015

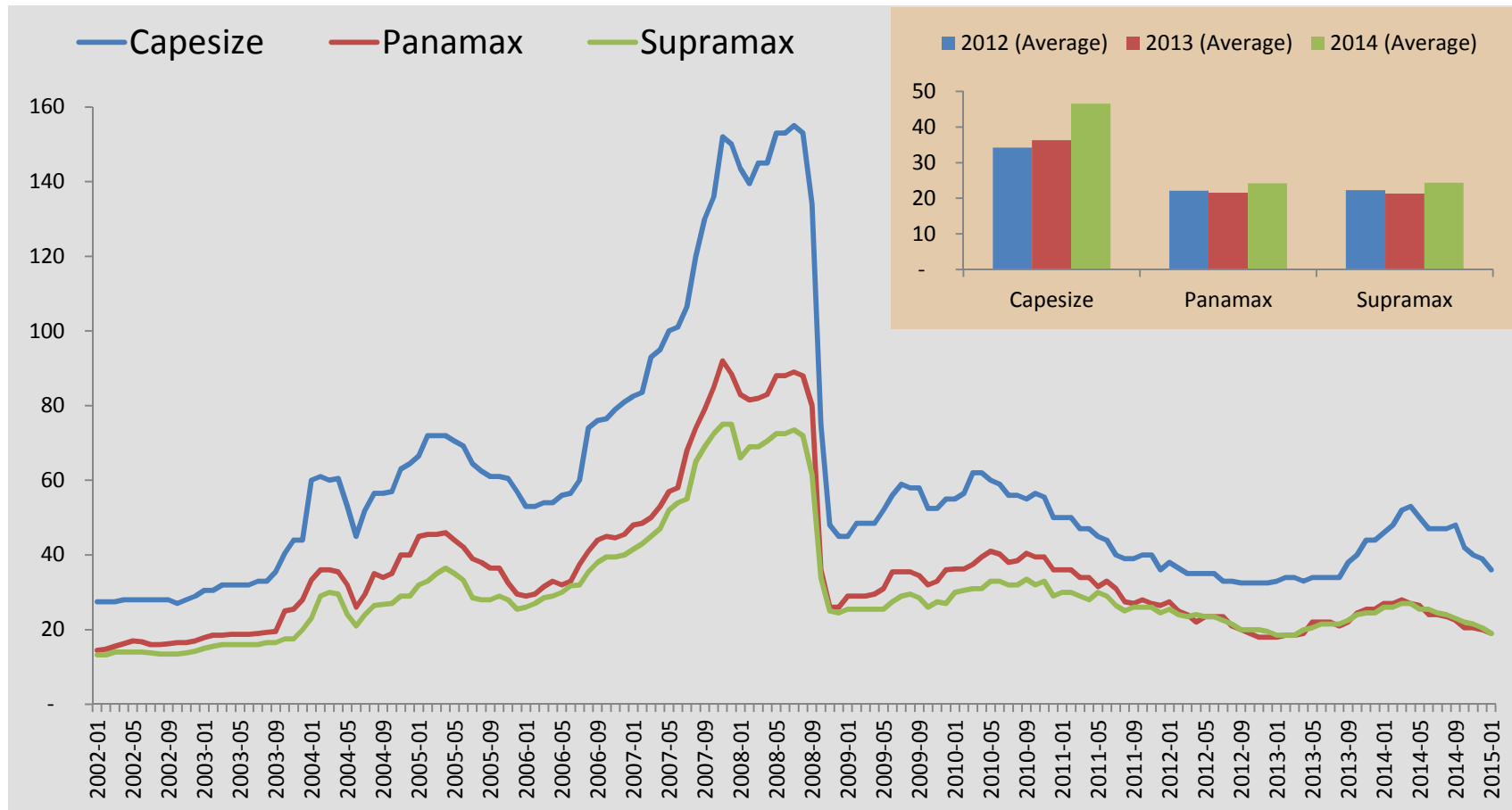
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till Jan 2015

Amt in US\$ mn

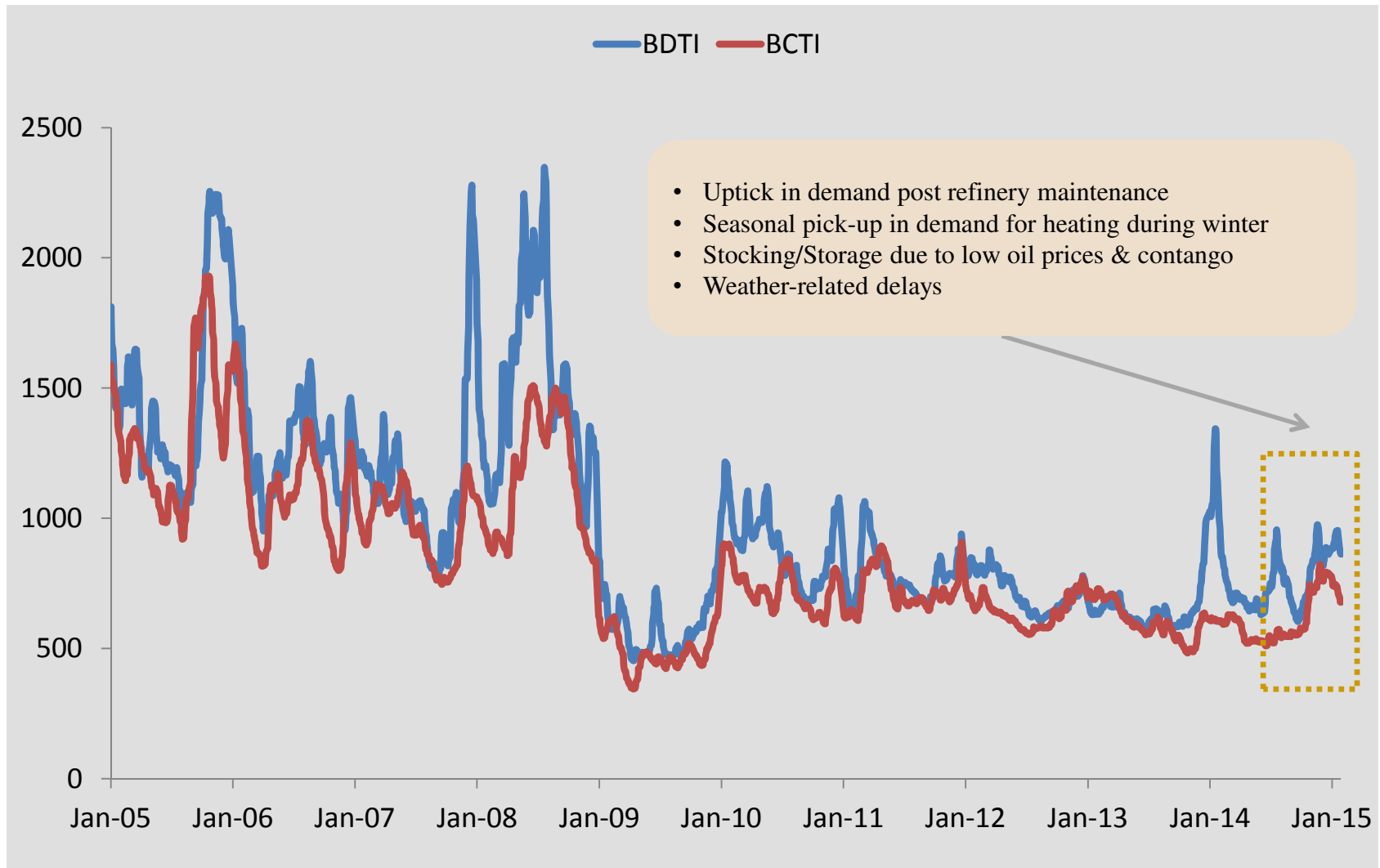


Asset Price Movement

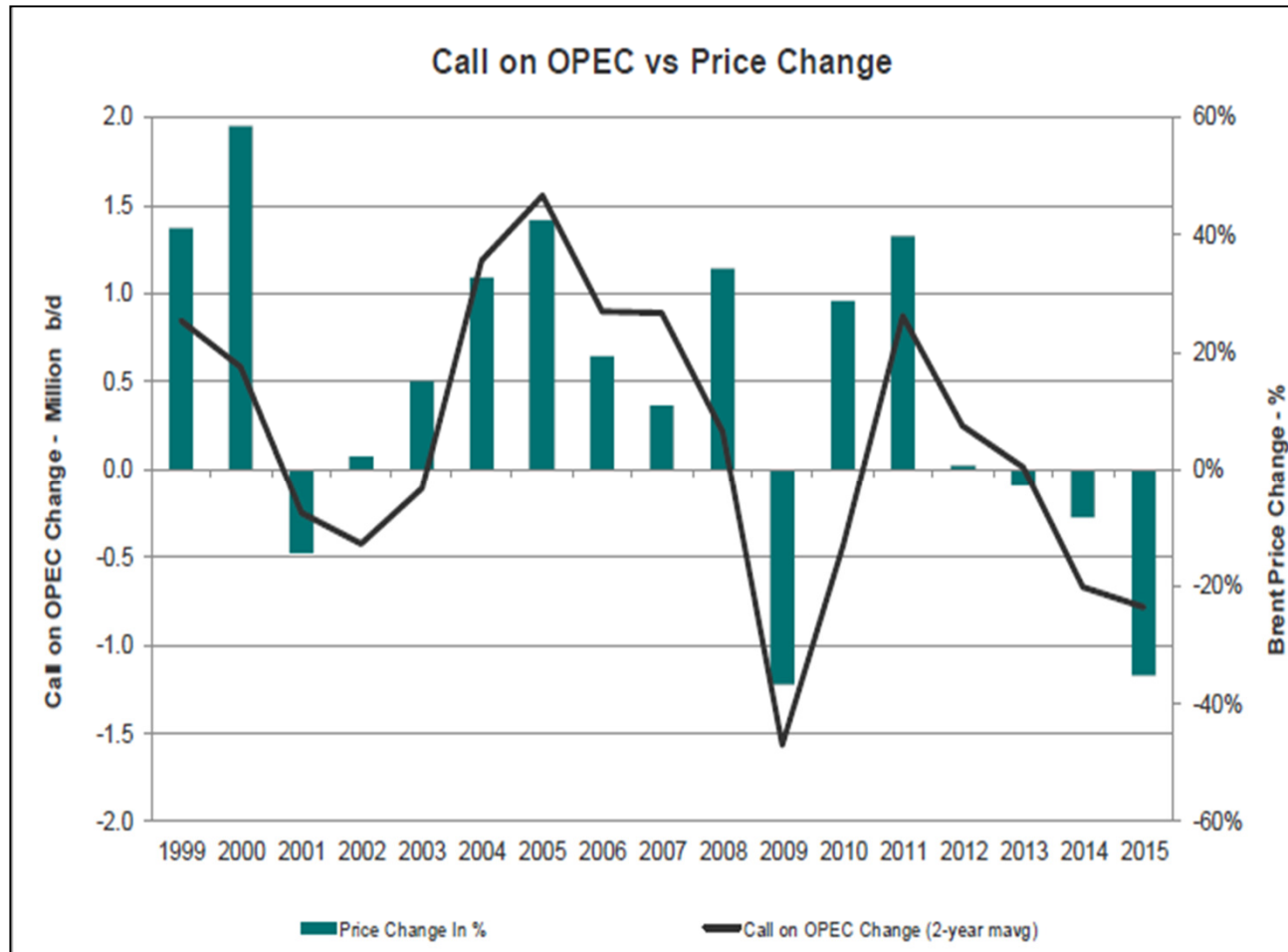
20 year High /Low: (5 year old assets)

(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165	49	81
	(2008)	(1994)	
Suezmax	105	32	60
	(2008)	(1993)	
MR	46	20	25
	(2007)	(1999)	
<u>Dry Bulk</u>			
Capesize	155	25	36
	(2008)	(1999)	
Panamax	92	14	19
	(2007)	(1999)	
Supramax	75	13	19
	(2007)	(1998)	

BDTI & BCTI Movement (Jan 2005 to Jan 2015)



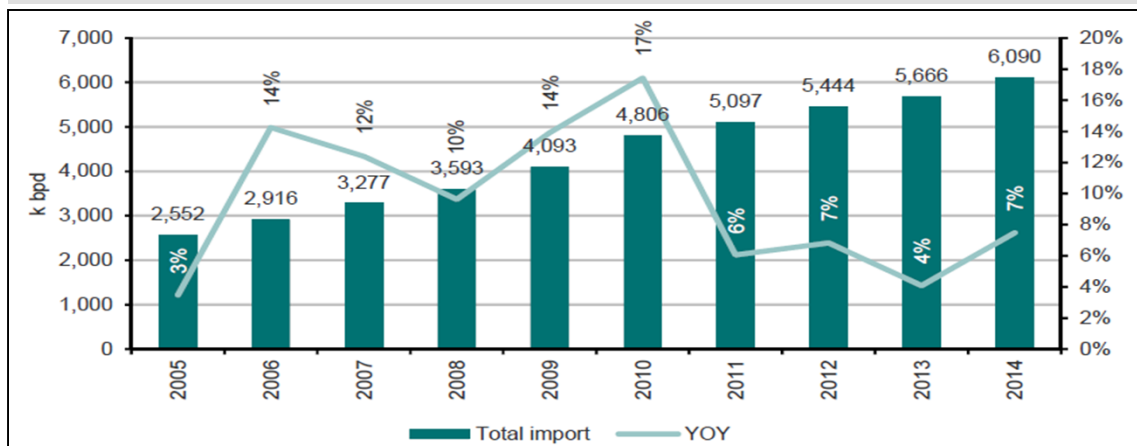
Pressure on oil prices could continue as OPEC decides to maintain production levels even at lower prices



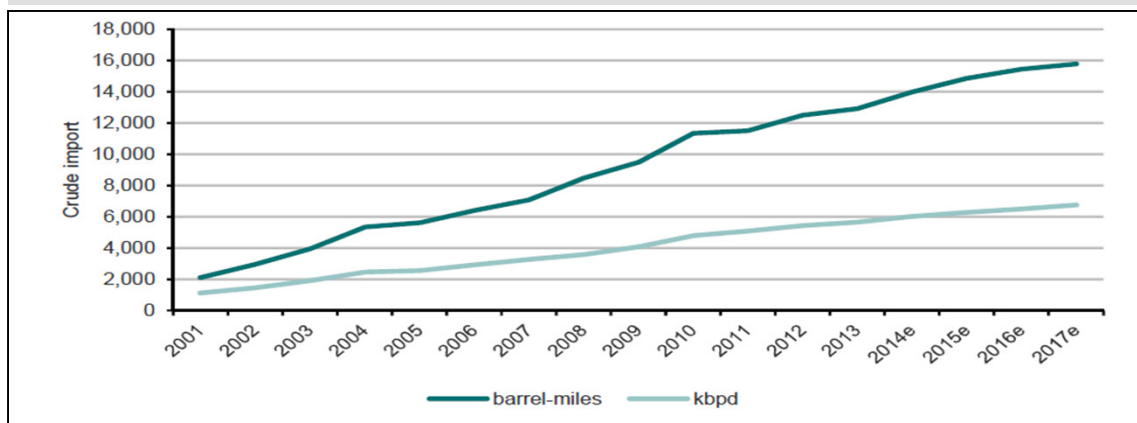
- Most oil analysts predict that oil surplus is likely to persist, atleast in H1 2015
- This could lead to continued pressure on prices
- Decline in US rig count – A watch point

Lower oil prices support stocking/storage.. Steep contango could lead to floating storage

China crude oil imports

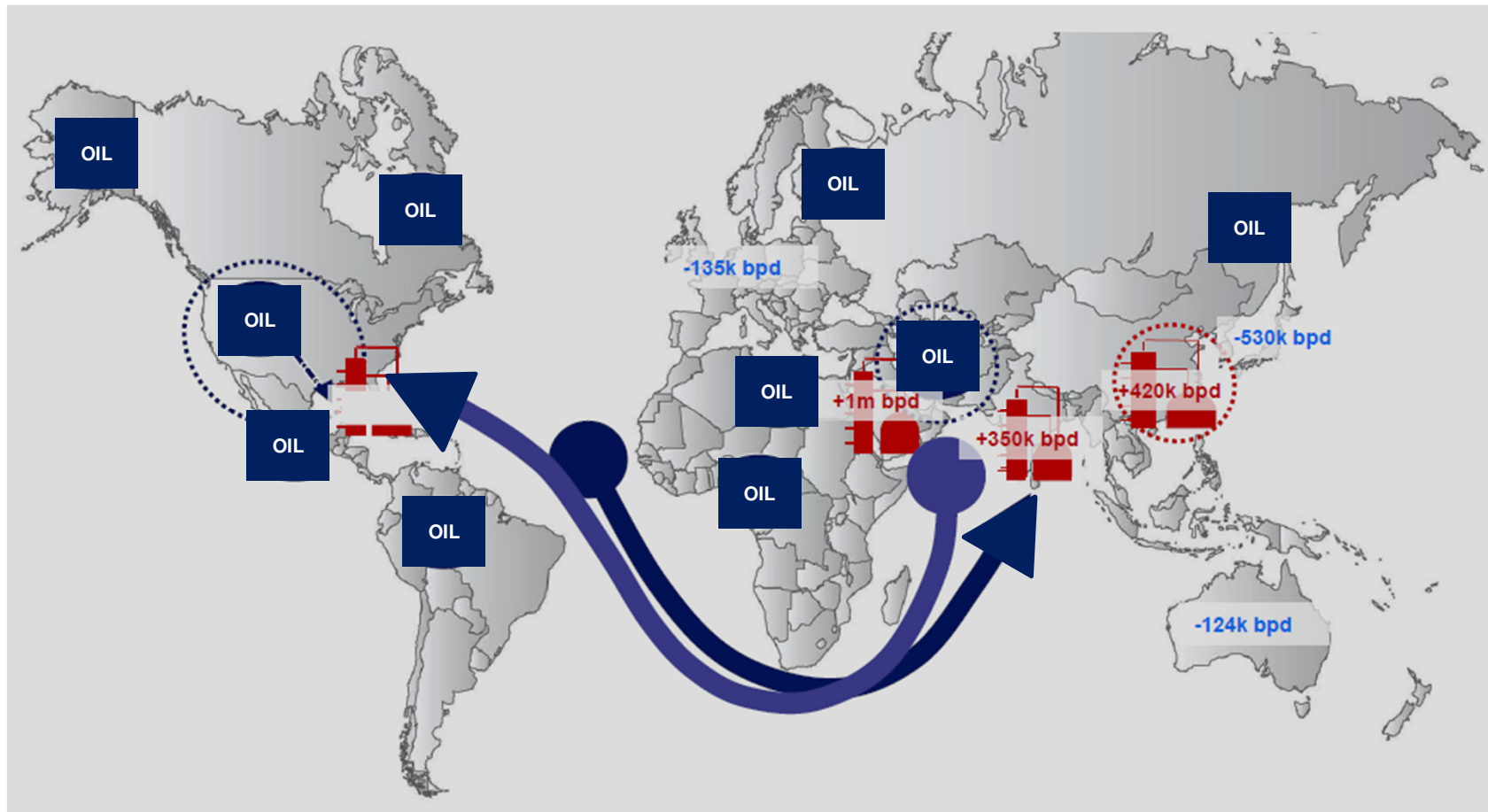


China crude oil imports – barrel-miles



- Rising imports from China – Low oil prices and filling of the SPR
- Brent contango – Steepness of contango along with availability of storage capacity on land to determine demand for floating storage
 - Floating storage reduces tonnage availability, supporting higher rates for crude oil tankers

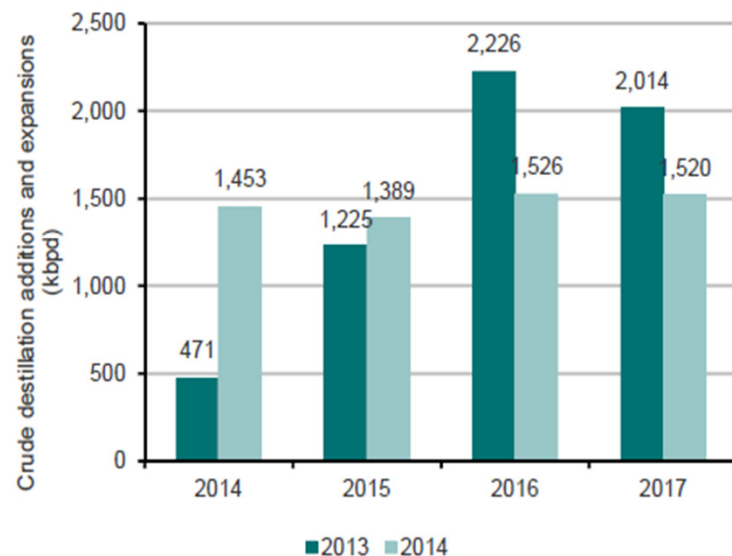
Crude Oil Trade – Changing patterns...



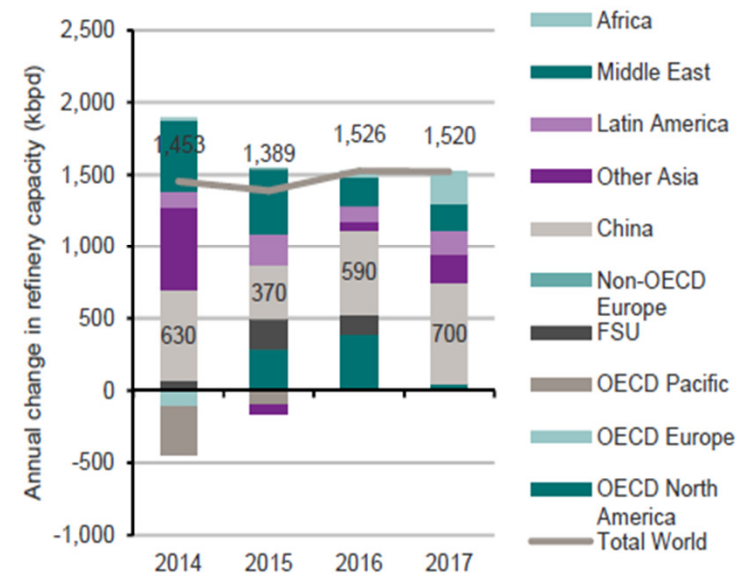
Significant new Refining capacity additions coming up in Asia and Middle East...

- The latest IEA report (June) expects about 1.4m–1.5m bpd of added global refining capacity annually for 2014–2017.
- Asia-Pacific and Middle East to account for three-fourth of the total refinery additions
- US refining sector to continue benefit, due to increasing exports of distillates to Latin America and Europe.

Global refinery capacity additions in the 2013- and 2014-report (IEA)

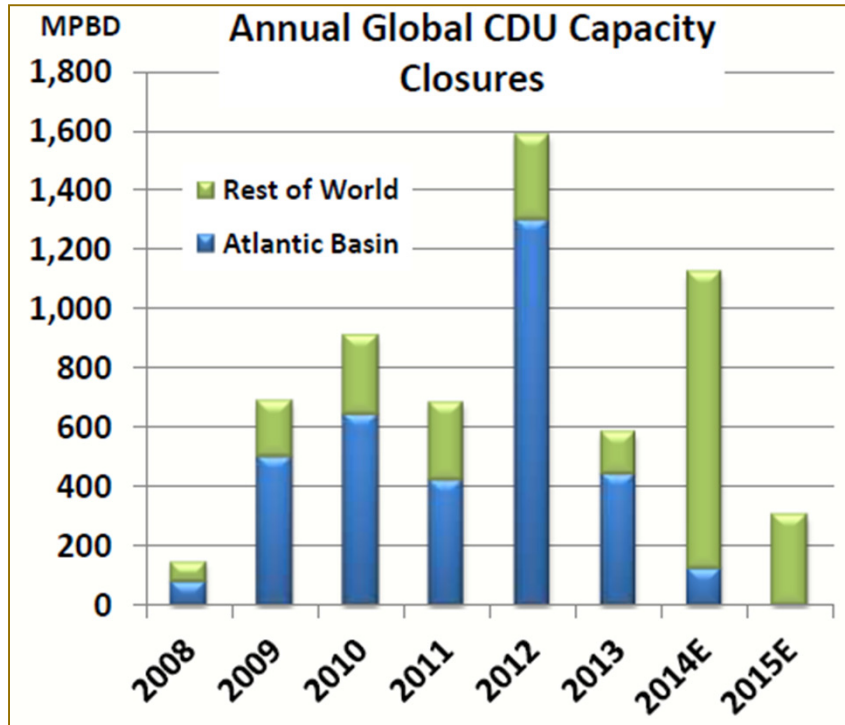


Additions by refinery region in the 2014-report



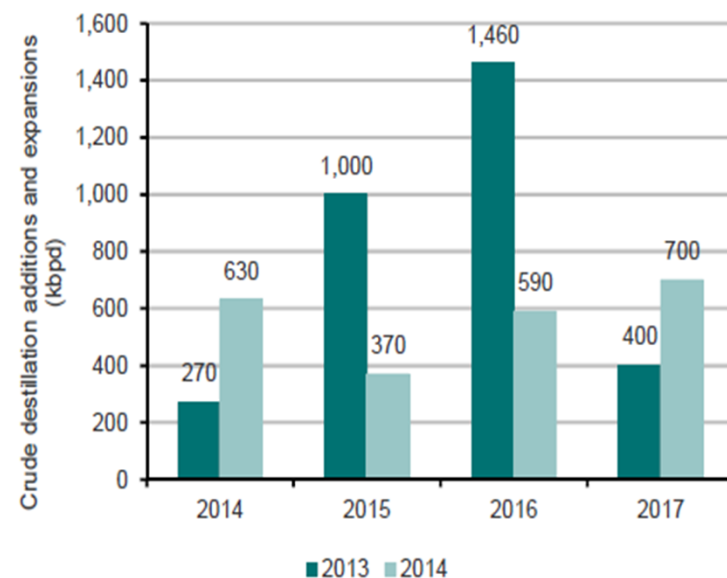
Leading to overcapacity, potential closures in the OECD region, lower utilization along with scaling back of certain planned expansions

Refining Capacity Rationalization



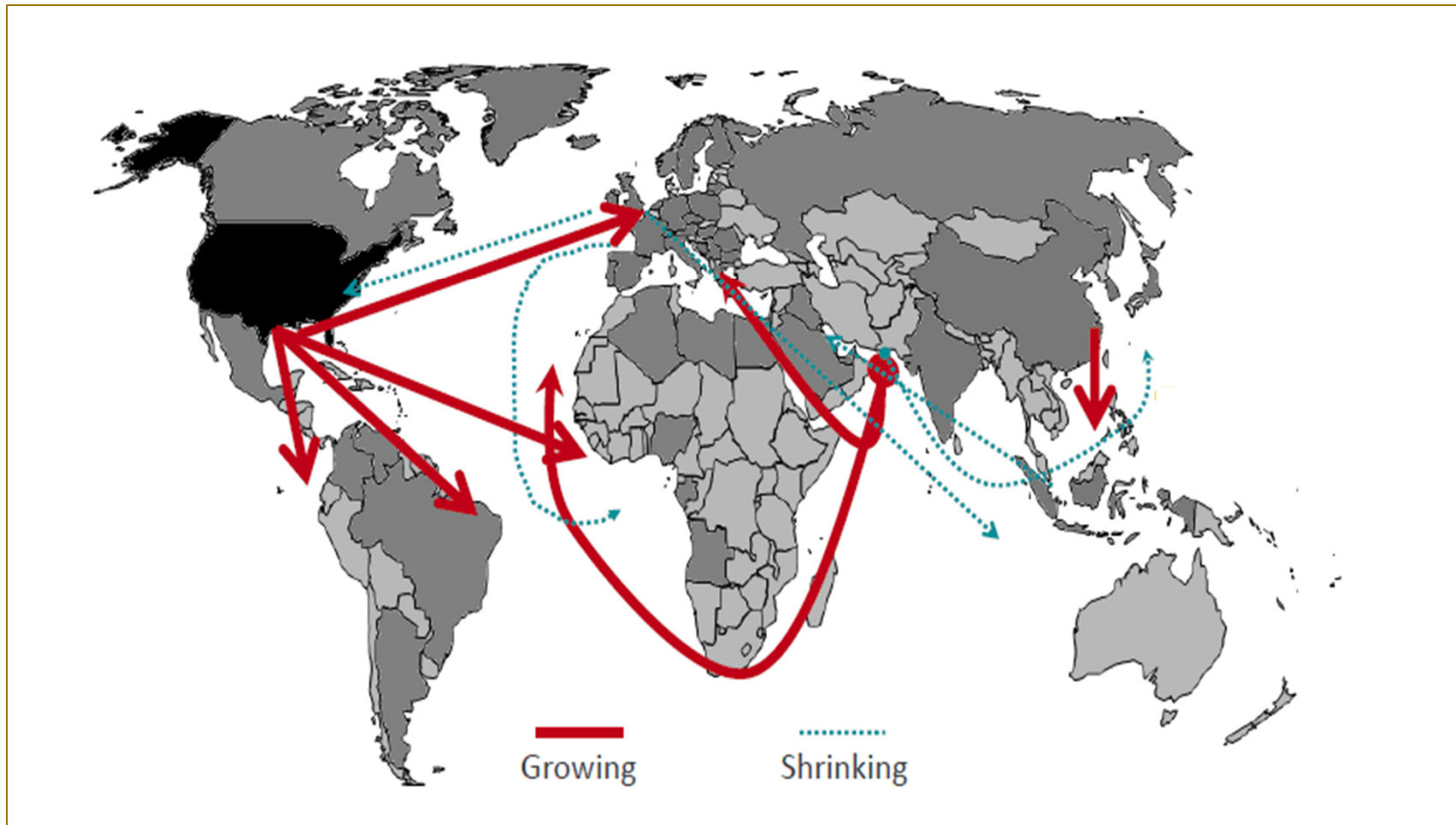
Chinese CDU expansions vs. previous projections

Refinery expansion in China

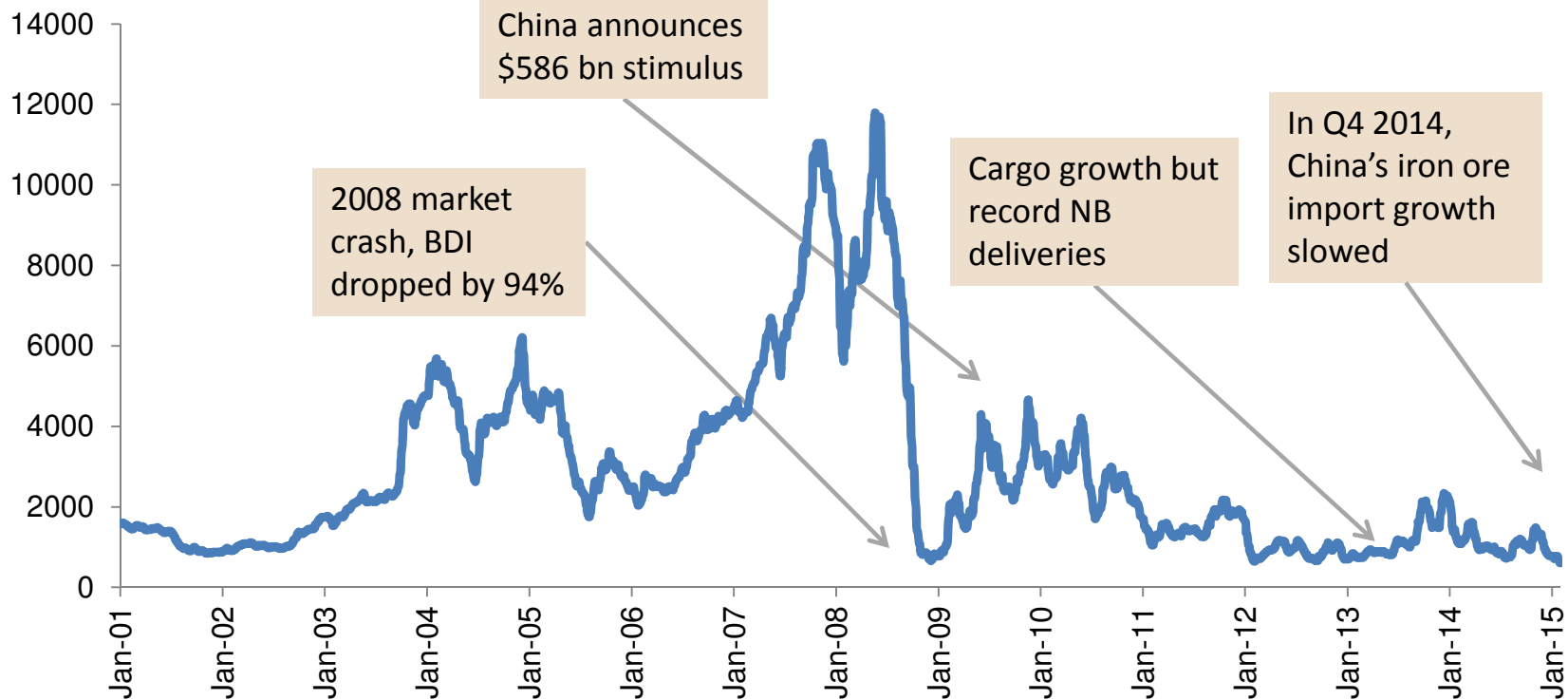


- Expansion in Latin America could witness delays
- China stalls new projects on looming surplus capacity, corruption scandals and pollution concerns
- Expect continued refinery shutdowns primarily in Europe, Australia and Japan

Growing Product trade... Changing trade patterns



BDI Movement (Jan 2001 to Jan 2015)

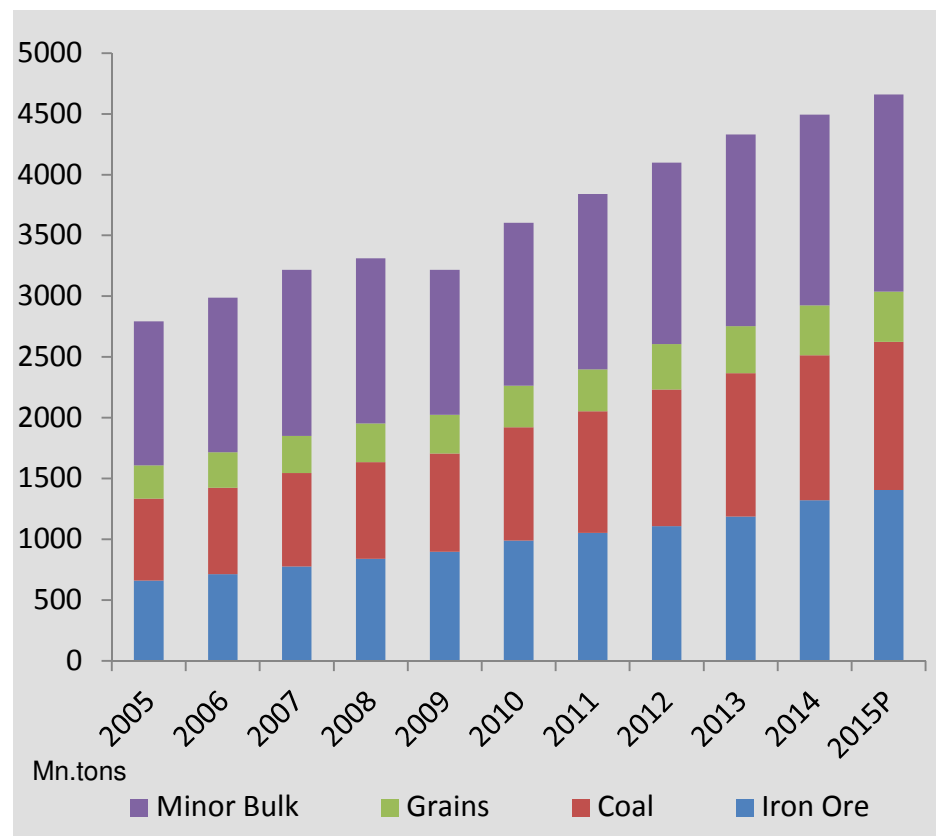
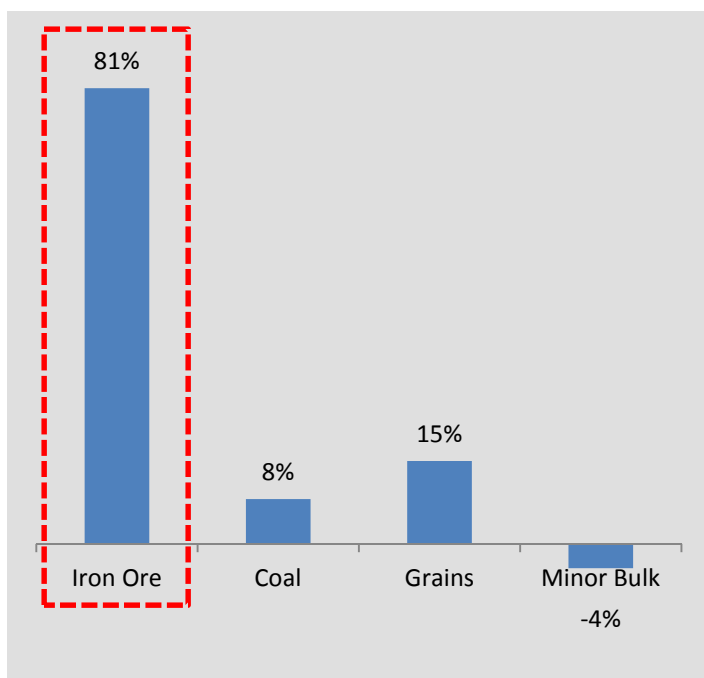


- **Moderation in pace of China's iron ore imports during Q4 2014, in comparison to 9M CY 2014**
- **Chinese Government efforts to control pollution, rising hydropower capacities affecting coal trade**
- **Ban on nickel ore and bauxite exports from Indonesia, pre-ban stocking by China continues to impact demand for smaller vessels**

Seaborne Bulk Trade ... growing steadily

Global dry bulk seaborne trade reached 4.5 bn tons in 2014

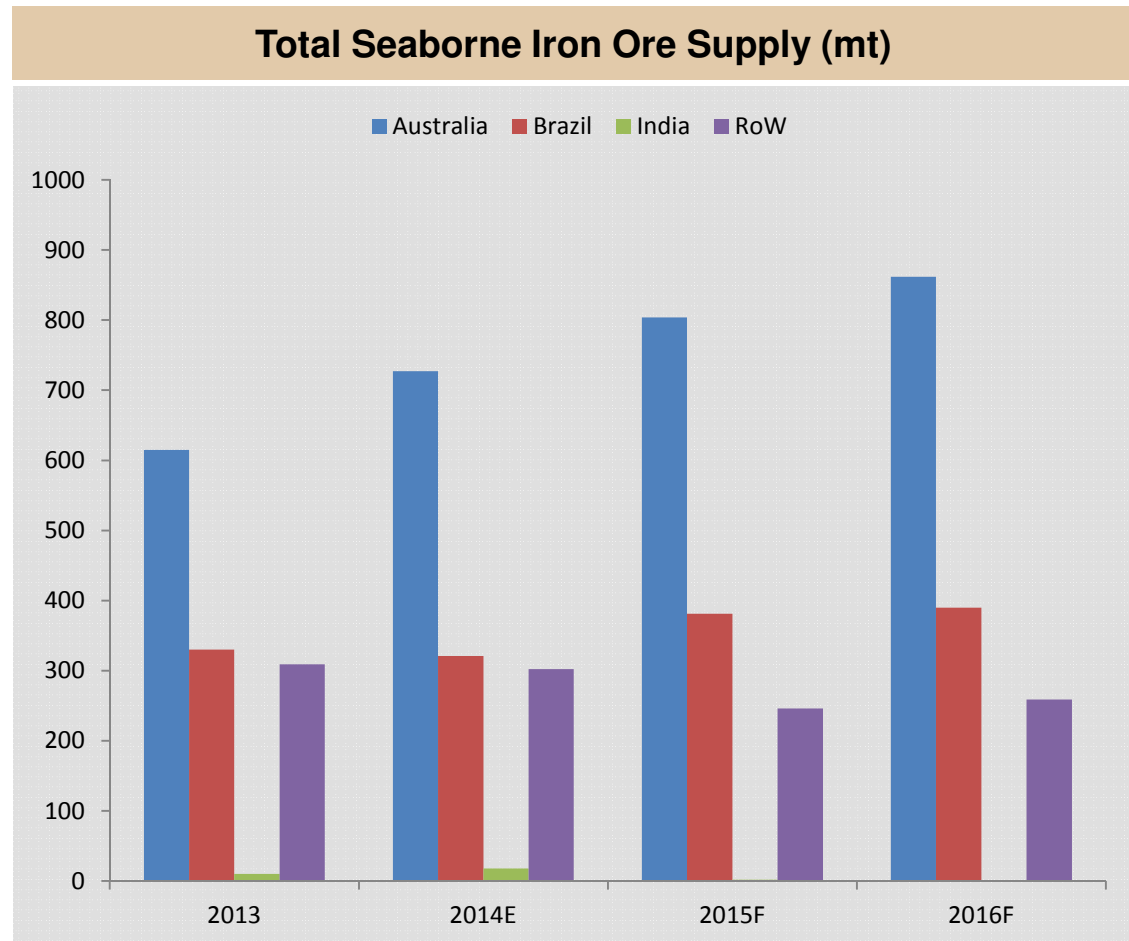
Contribution to seaborne trade growth by commodity



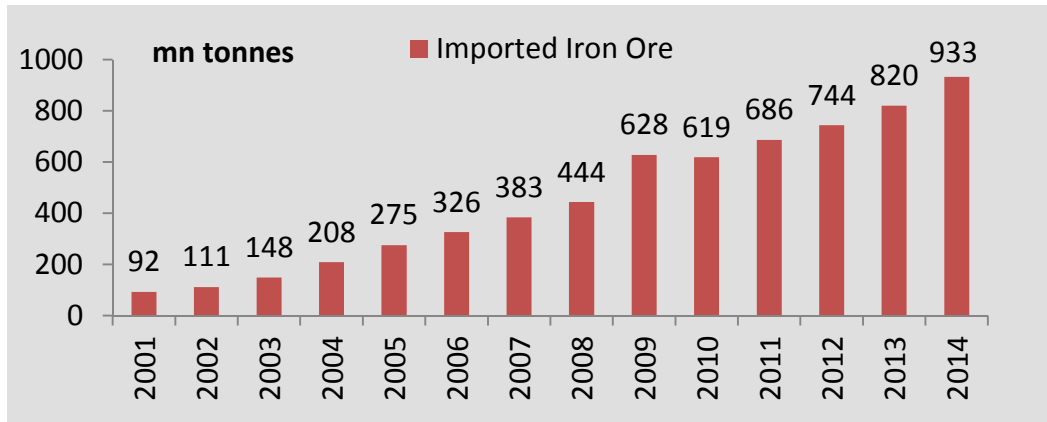
Seaborne trade expected to grow at 3-4% in 2015

Dry Bulk Trade ...Driven by Iron Ore Volumes

- ❑ Until 2016, iron ore seaborne trade will be a function of available international supplies
- ❑ Post 2016, iron ore seaborne trade to be directed by demand and price arbitrage

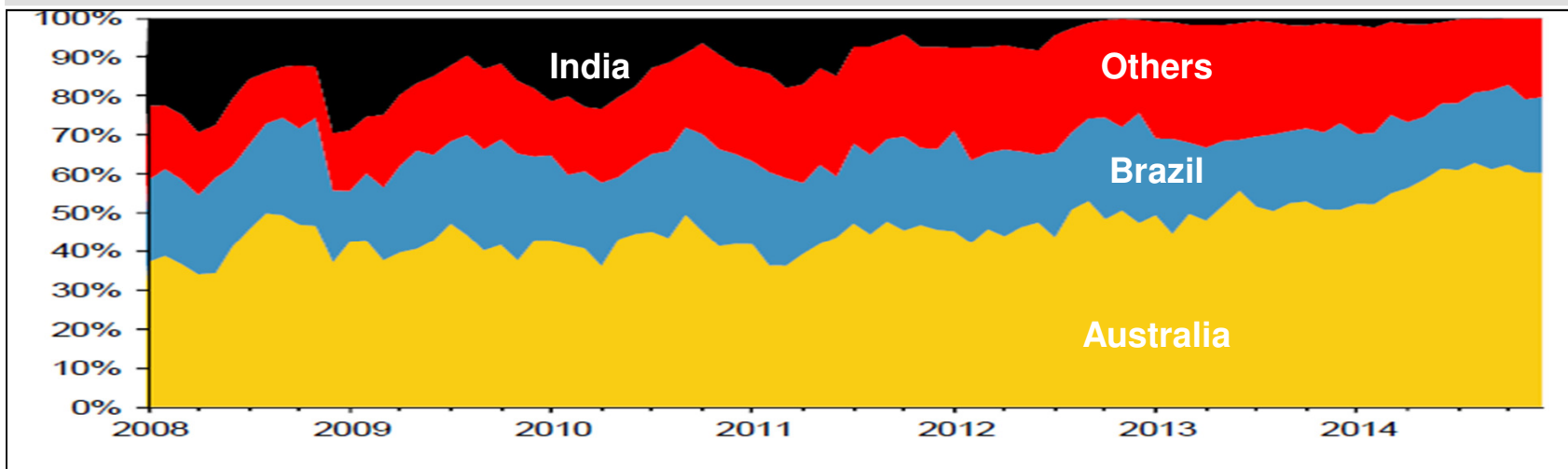


Dry Bulk Trade...China ore import substitution continues

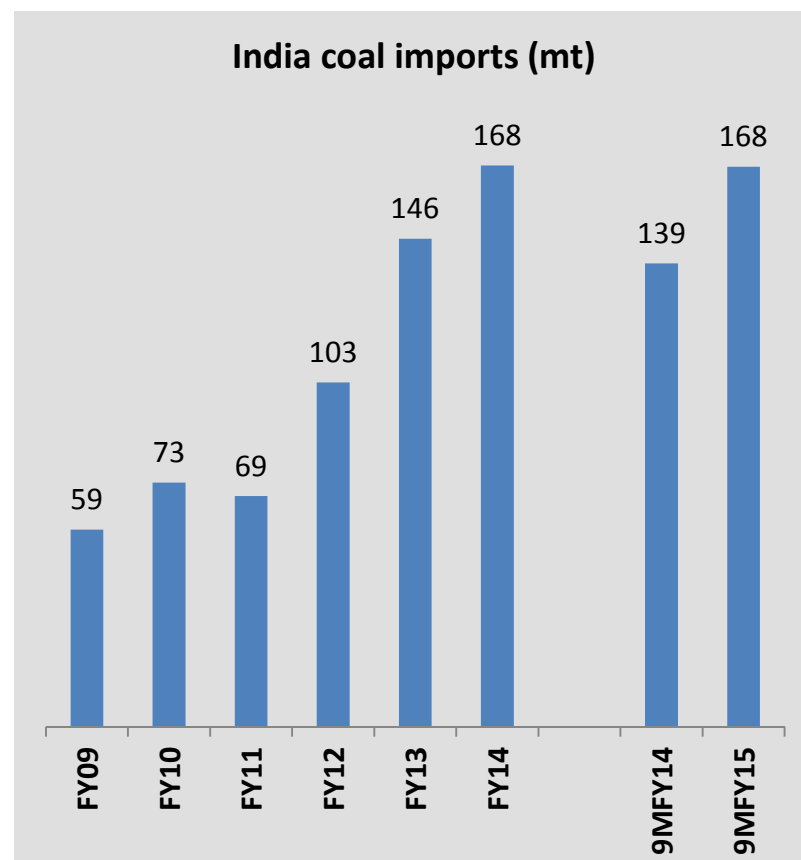
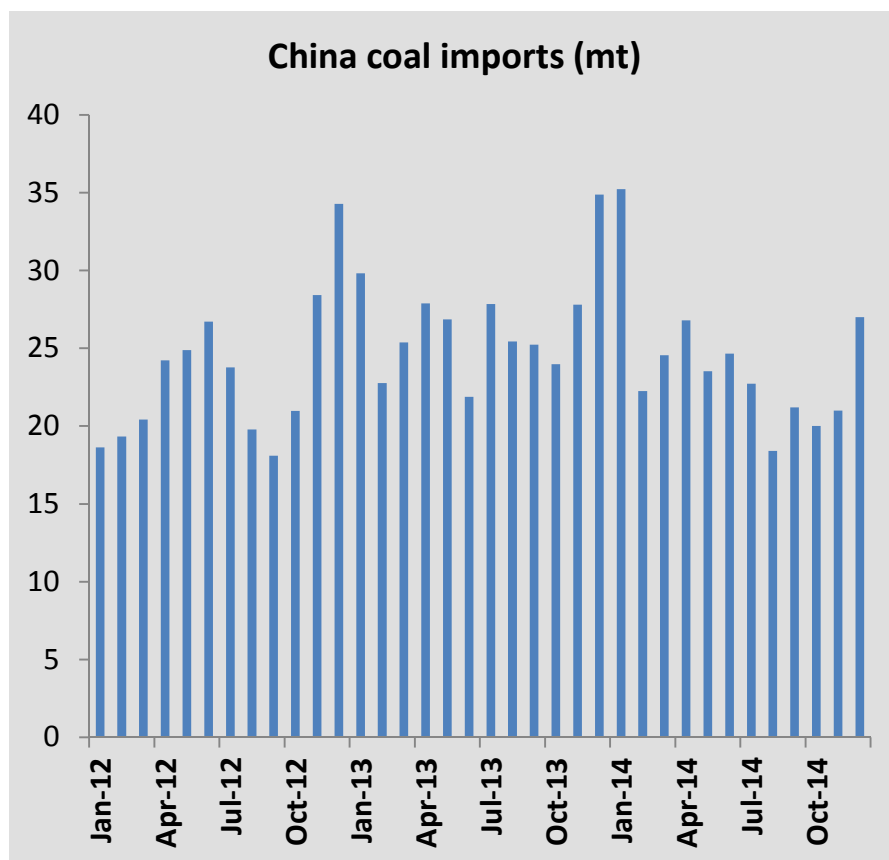


- Continued import substitution led to higher imports
- Increasing share of Australia in China's total ore imports impacts ton-mile demand

China iron ore imports – Regional share

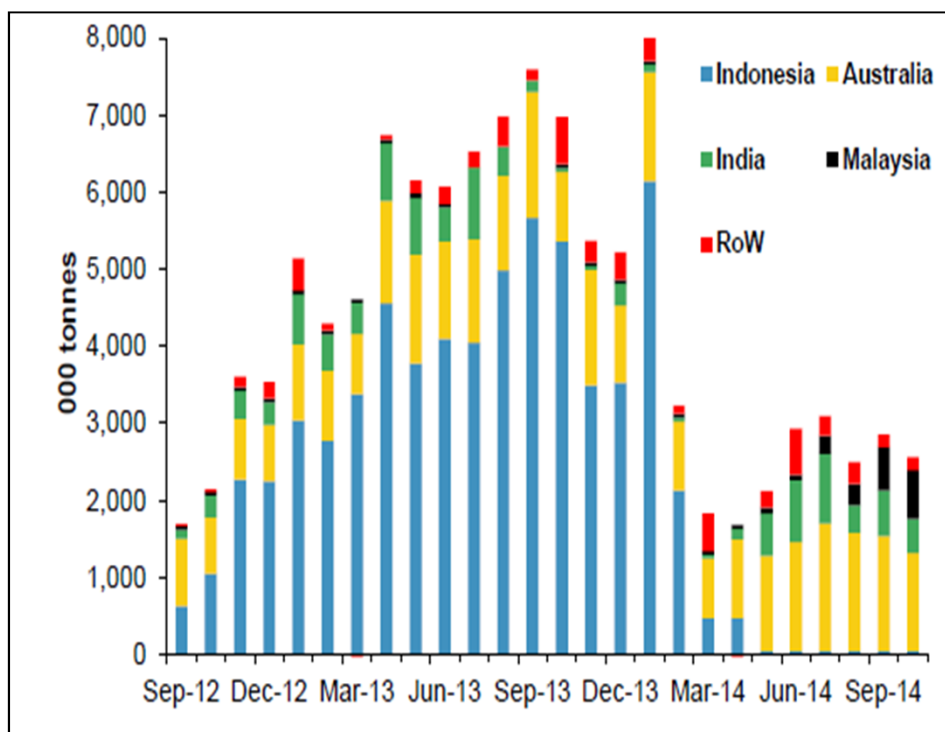


Dry Bulk Trade ...Lack luster Chinese coal imports take the sheen off !!!...India to become the growth driver..

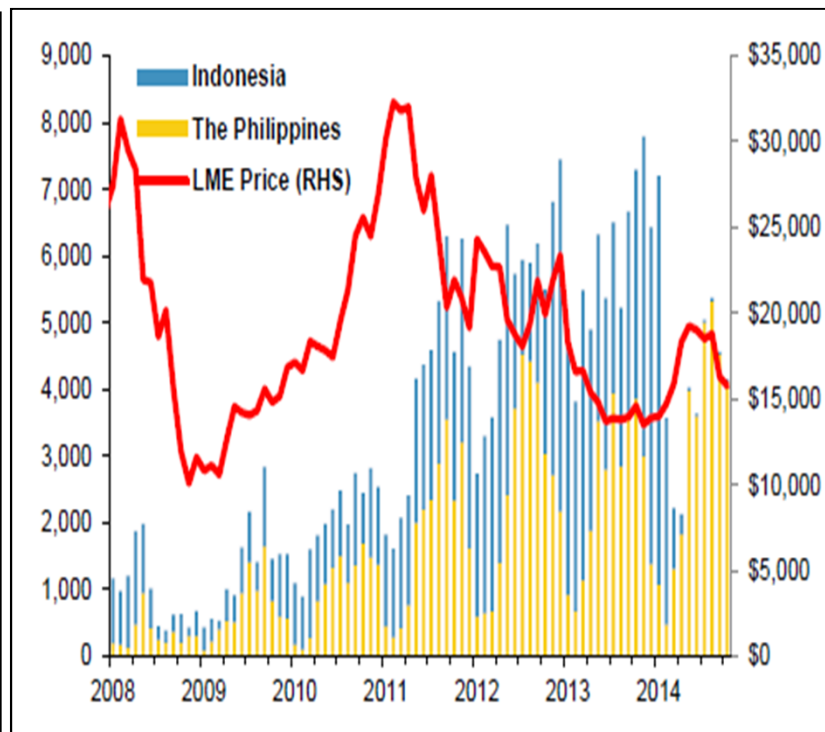


Dry Bulk Trade ...Indonesian bauxite & nickel ore exports plunged to zero following the ban

China bauxite imports

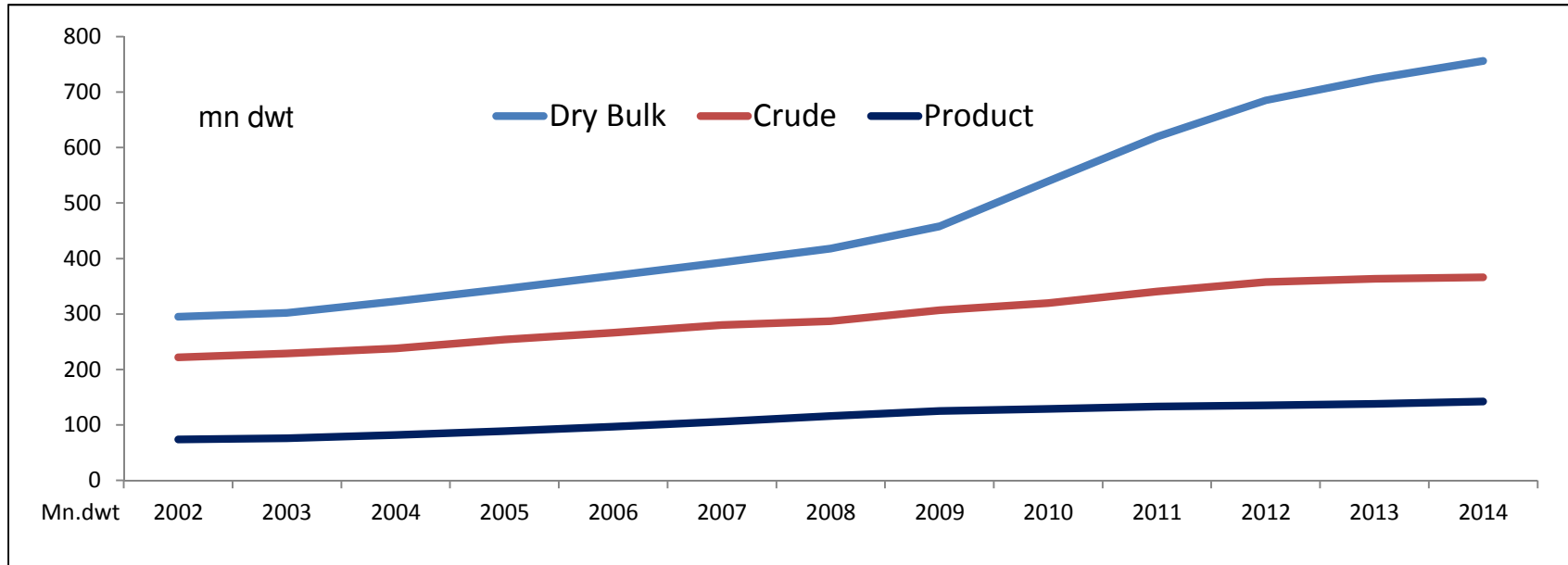


China nickel ore imports



- Slow pick-up in trade growth on account of pre-ban stocking by China
- China could secure bauxite from new sources, domestic capacity expansions (China) to bridge the nickel ore import gap to some extent

World Fleet Growth



World Fleet addition	Fleet (as on 1 st Jan'15) (in mn dwt)	CY2015	CY2016	CY2017+
Crude tankers	366	5%	6%	3%
Product tankers	142	8%	6%	3%
Dry bulk carriers	756	11%	8%	3%

* LR 2 product tankers included in Crude

Scrapping... too little to cheer

Scrapping as % of world fleet (year wise)

Fleet as on 1 st Jan 2015 (in mn dwt)	Scrapping 2014 (in mn dwt)	Vessel Category	CY2012	CY2013
366	6	Crude	3%	2%
142	2.3	Product	2%	2%
756	15.9	Bulk	5%	3%

* LR 2 product tankers included in Crude

Require acceleration in scrapping to minimize the demand supply mismatch

* LR 2 product tankers included in Crude

Greatship (India) Limited

(a 100% subsidiary)

Business & Financial Review

December 2014

Offshore business- Fleet Profile

The Greatship Group

➤ *Current Owned Fleet*

- ✓ **3 Jack Up Rigs (350ft)**
- ✓ **5 Platform Supply Vessels (PSV)**
- ✓ **9 Anchor Handling Tug cum Supply Vessels (AHTSV)**
- ✓ **2 Multipurpose Platform Supply and Support Vessels (MPSSV)**
- ✓ **6 Platform / ROV Support Vessels (ROVSV)**

On Order: 1 Jackup Rig (350 ft) – expected delivery in Q1 CY2015

Greatship's Modern & Technologically Advanced Fleet

Young Fleet

- Young fleet with an average age of approx. **4 years by FY 2013-14**
- Demand shifting to modern vessels, especially as safety becomes a major concern for oil companies

Technologically Advanced

- Specialized/technologically advanced vessels equipped with DP I/DP II (Dynamic Positioning) and FiFi I (Fire Fighting) technologies
- Equipped to operate in challenging environments
- Efficient and versatile vessels

Revenue Efficiencies

- Higher utilization rates
- Minimum down time

Cost Efficiencies

- Lower Operating costs
- Reduced maintenance capex & opex

Offshore Service Value Chain

	Exploration	Development	Production
Length of Typical Cycle	- 3 to 5 years	- 2 to 4 years	- 5 to 55 years
Description	<ul style="list-style-type: none"> - Collection of survey data - Analysis & interpretation - Identification of oil & gas reserves 	<ul style="list-style-type: none"> - Construction & installation of production platforms, pipelines & equipment - Preparation for production 	<ul style="list-style-type: none"> - Management of oil & gas production - Operations & Maintenance - Retrofit work
Vessels	<ul style="list-style-type: none"> - AHTV, AHTSV, MPSSV, Tugs - PSV/ Supply, Crewboats - ROV Support Vessels - Seismic survey & support hydrographic survey (for pipeline routes) - Chase boats 	<ul style="list-style-type: none"> - AHTV, AHTSV, MPSSV, Tugs - PSV/ Supply, Crewboats - Derrick/ Crane Vessels - Cable & pipe-lay vessels - Heavy Lift Transport - Offshore Dredgers - Accommodation units 	<ul style="list-style-type: none"> - AHTSV, - PSV/ Supply - MPSSV/ Production Support Vessels - Emergency Rescue & Response Vessels - Crewboats - Accommodation units

E&P spending to decline in response to lower oil prices

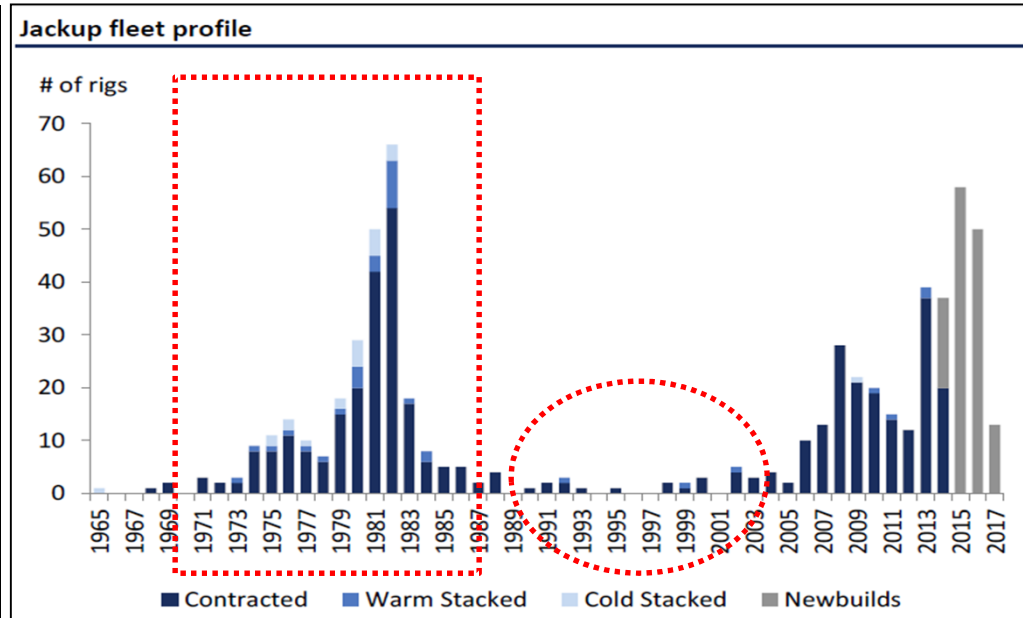
Barclays E&P survey

(\$mm)	2013-2014 %	2014-2015 %
North America Spending	9.4%	-14.1%
Middle East	15.5%	14.5%
Latin America	6.1%	-4.7%
Russia/FSU	6.3%	-13.1%
India, Asia & Australia	3.7%	-6.0%
Europe	-0.2%	-16.7%
Africa	8.5%	5.5%
Majors (International)	-0.1%	-9.7%
NAM Independents (International)	6.5%	-23.9%
Other E&P (International)	12.7%	-2.3%
International Spending Total	4.4%	-6.7%
Worldwide E&P Spending:	5.8%	-8.8%

- ❑ Low oil prices has led to E&P spending cut announcements
- ❑ Impact likely to be higher on Deep and Ultra deepwater projects. However, day rates across segment will remain under pressure

Global Fleet Supply – Offshore

(Nos)	Jackup Rigs	AHTSVs	PSV / Supply
Current Fleet	504	2,039	1,463
Orderbook	135	178	344
% of O/B to current fleet	29%	9%	24%



- High fleet growth to impact rates
- However, utilization for modern assets to be higher
- Potential scrapping as current world fleet of jack-ups is old (Avg. age is 21 years)
- Slippages on orders at Asian yards could lead to lesser-than expected fleet growth

FINANCIAL HIGHLIGHTS

Q3 FY 2015

Q3FY 2015 Financial Highlights

Standalone			Key Figures	Consolidated		
Q3FY'15	Q3FY'14	9MFY'15	(Amount in Rs. crs)	Q3FY'15	Q3FY'14	9MFY'15
Income Statement						
512.52	415.43	1555.31	Revenue (including other income)	944.25	792.99	2810.66
206.90	157.34	668.69	EBITDA (including other income)	406.84	360.62	1334.97
69.07	13.13	264.83	Net Profit	181.70	101.50	611.27
Balance Sheet						
9418.13	9742.29	9418.13	Total Assets	15110.83	15093.2	15110.83
5012.55	4886.98	5012.55	Equity	7480.39	6847.76	7480.39
3152.80	3544.83	3152.80	Total Debt (Gross)	6152.94	6688.23	6152.94
510.53	413.55	510.53	Long Term Debt (Net of Cash)	2669.08	2658.51	2669.08
Cash Flow						
201.40	148.40	337.82	From operating activities	441.43	450.57	1063.39
(106.22)	63.11	(111.29)	From investing activities	(349.74)	(148.86)	(610.37)
(94.73)	(119.05)	(499.52)	From financing activities	(4.76)	(285.74)	(547.40)
0.45	92.46	(272.99)	Net cash inflow/(outflow)	86.93	15.97	(94.38)

Q3FY 2015 Financial Highlights

Standalone			Key Figures	Consolidated		
Q3FY'15	Q3FY'14	9MFY'15		Q3FY'15	Q3FY'14	9MFY'15
40.37%	37.87%	42.99%	EBITDA Margin (%)	43.09%	45.48%	47.50%
5.55%	1.08%	7.19%	Return on Equity (ROE) (%)	9.87%	5.99%	11.44%
5.76%	3.13%	6.69%	Return on Capital Employed (ROCE) (%)	7.52%	5.69%	8.41%
0.63	0.73	0.63	Gross Debt/Equity Ratio (x)	0.82	0.98	0.82
0.10	0.08	0.10	Net Debt/Equity Ratio (x)	0.36	0.39	0.36
61.87	62.20	60.69	Exchange rate USD/INR, average (Rs)	61.87	62.2	60.69
63.04	61.81	63.04	Exchange rate USD/INR, end of period (Rs)	63.04	61.81	63.04
			Share related figures			
4.58	0.87	17.56	Earnings per share, EPS (Rs)	12.05	6.73	40.54
4.57	0.87	17.53	Diluted earnings per share (Rs)	12.03	6.71	40.46
10.25	6.92	33.51	Cash Profit per share (Rs)	22.54	17.96	70.64
4.58	0.87	17.56	Earnings per share, EPS (Rs)	12.05	6.73	40.54

Q3 FY 2015 Performance Highlights

Breakup of revenue days

Revenue Days	Q3'FY15	Q3'FY14
Owned Tonnage	2,547	2,599
Inchartered Tonnage	0	0
Total Revenue Days	2,547	2,599
Total Owned Tonnage (mn.dwt)*	2.45	2.42

* As on 31st December, 2014

Average TCY Details

Average (TCY \$ per day)	Q3'FY15	Q3'FY14	% Chg
Crude Carriers	19,237	13,957	38%
Product Carriers (Incl. Gas)	24,061	16,036	50%
Dry Bulk	10,772	13,407	(20)%

Mix of Spot & Time

Days (in %)	Q3'FY15	Q3'FY14
<u>Dry Bulk</u>		
Spot %	85%	62%
Time %	15%	38%
<u>Tankers</u>		
Spot %	80%	50%
Time %	20%	50%
<u>Total</u>		
Spot %	80%	53%
Time %	20%	47%

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
December 2014	496	557
September 2014	480	558
June 2014	468	560
March 2014	449	550

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THANK YOU

visit us at www.greatship.com

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