

The Great Eastern Shipping Co. Ltd.

**Business & Financial Review**

**May 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**

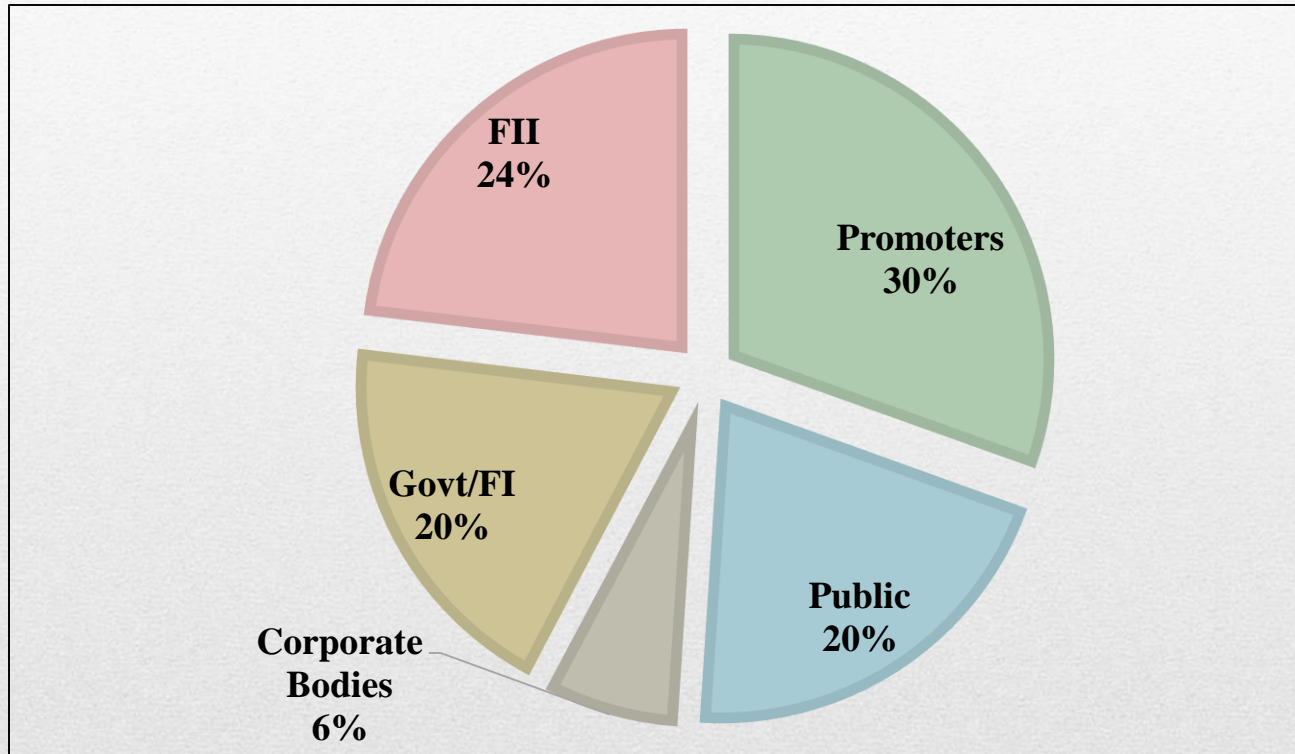
**India's largest private sector shipping company.  
Over 69 years of experience**

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# Shareholding Pattern

Shareholding Pattern as on March 31, 2017





## Shipping business - owned fleet

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 – 11.6 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
<b>15 Product Carriers; Average Age – 9.8 years</b>		

Sr. No.	Vessel Name	Type
28	Jag Vishnu	VLGC
29	Jag Vidhi	VLGC
<b>2 Gas Carriers; Age – 22.2 years</b>		
30	Jag Anand	Capesize
31	Jag Aarati	Kamsarmax
32	Jag Aditi	Kamsarmax
33	Jag Arya	Kamsarmax
34	Jag Arnav	Kamsarmax
35	Jag Ajay	Kamsarmax
36	Jag Aalok	Kamsarmax
37	Jag Akshay	Kamsarmax
38	Jag Amar	Kamsarmax
39	Jag Ratan	Supramax
40	Jag Rahul	Supramax
41	Jag Rishi	Supramax
42	Jag Rani	Supramax
43	Jag Roopa	Supramax
44	Jag Radha	Supramax
45	Jag Rohan	Supramax
<b>16 Bulk Carriers; Average Age – 5.5 years</b>		

**45 Vessels**  
**Average Age – 9.53 years**  
**Total dwt - 3.75 mn**



# Vessels on Order & Capital Expenditure

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## Vessels on Committed Order & Expected Delivery

Vessel	Yard	Expected Delivery
1 Secondhand MR Product Tanker	STX Shipbuilding Co. Inc, South Korea	Q1FY18



# Key points on Tanker Markets – Q1CY17

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## Asset Prices:

- VLCC 5 yr old asset prices corrected by 20% in Y-O-Y Q1CY2017

## Freight rates:

- BCTI was almost flat this quarter & BDTI corrected by 27%.

## Crude Market:

- Crude oil supply decreased slightly due to cut in OPEC production. Release of floating storage & high inventory levels has been noticed.

## Product Market:

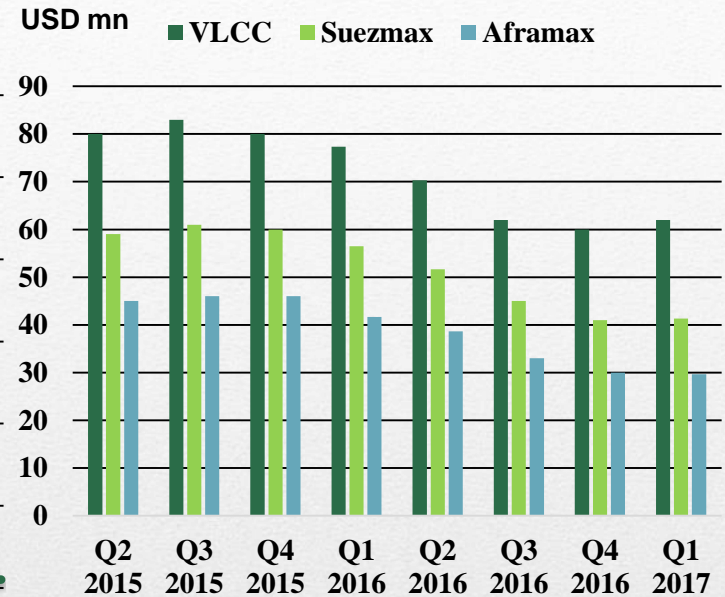
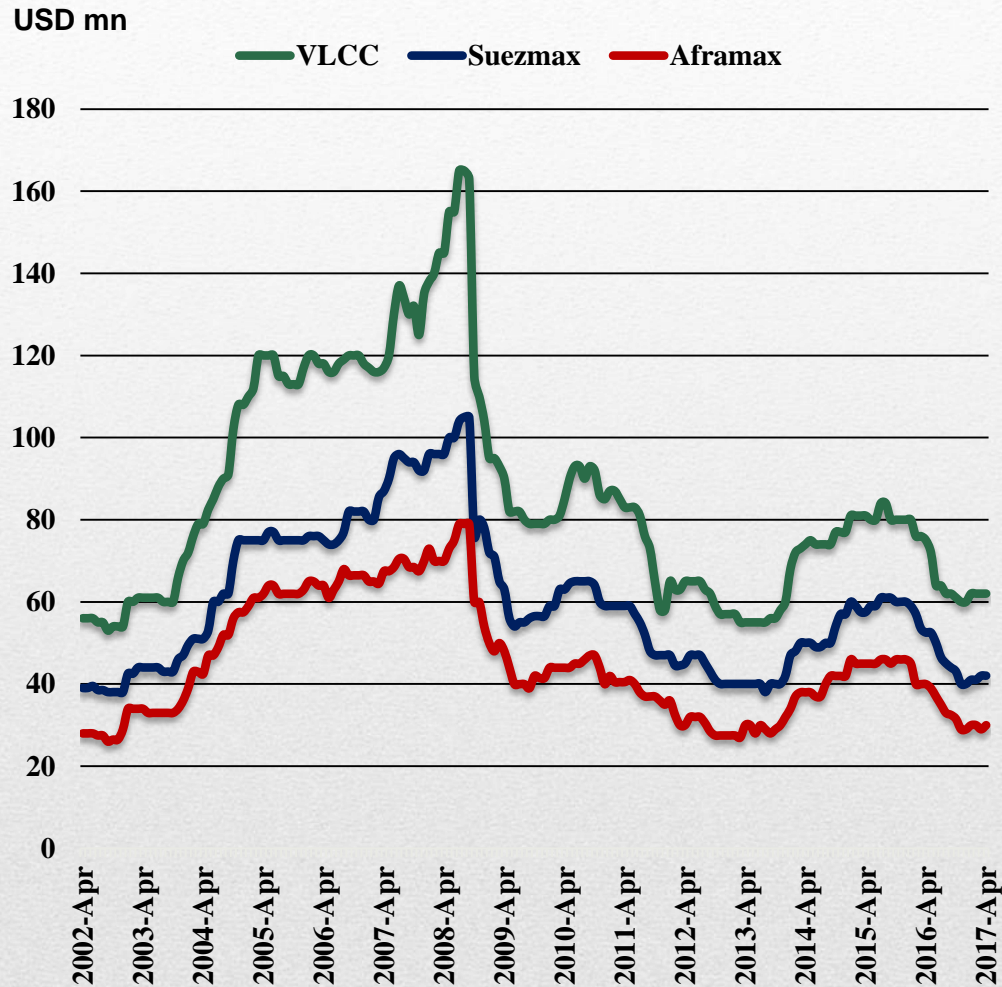
- Stocks piled up, both in east as well as in west. Outages/Maintenances for middle east splitters and other refineries.

## Fleet Growth:

- Crude tankers net fleet growth in Y-O-Y Q1CY17 is 7.14% and product tankers net fleet growth is 8.01%



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

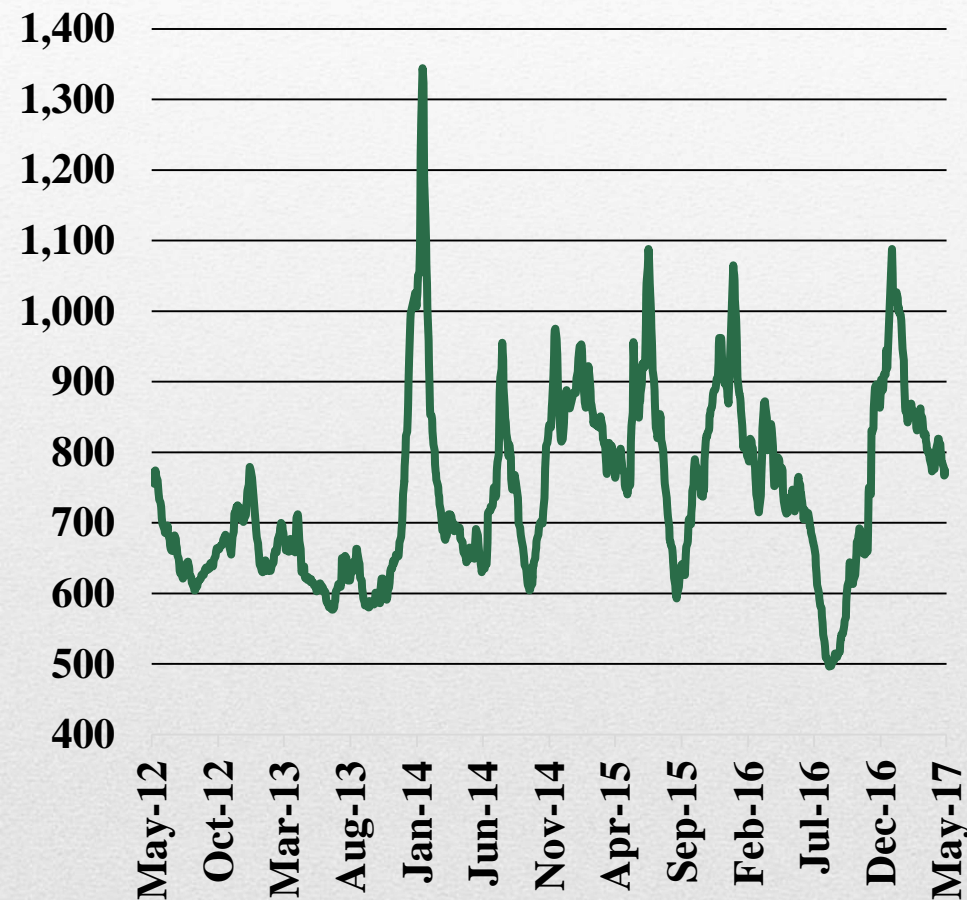


Source – Industry Reports

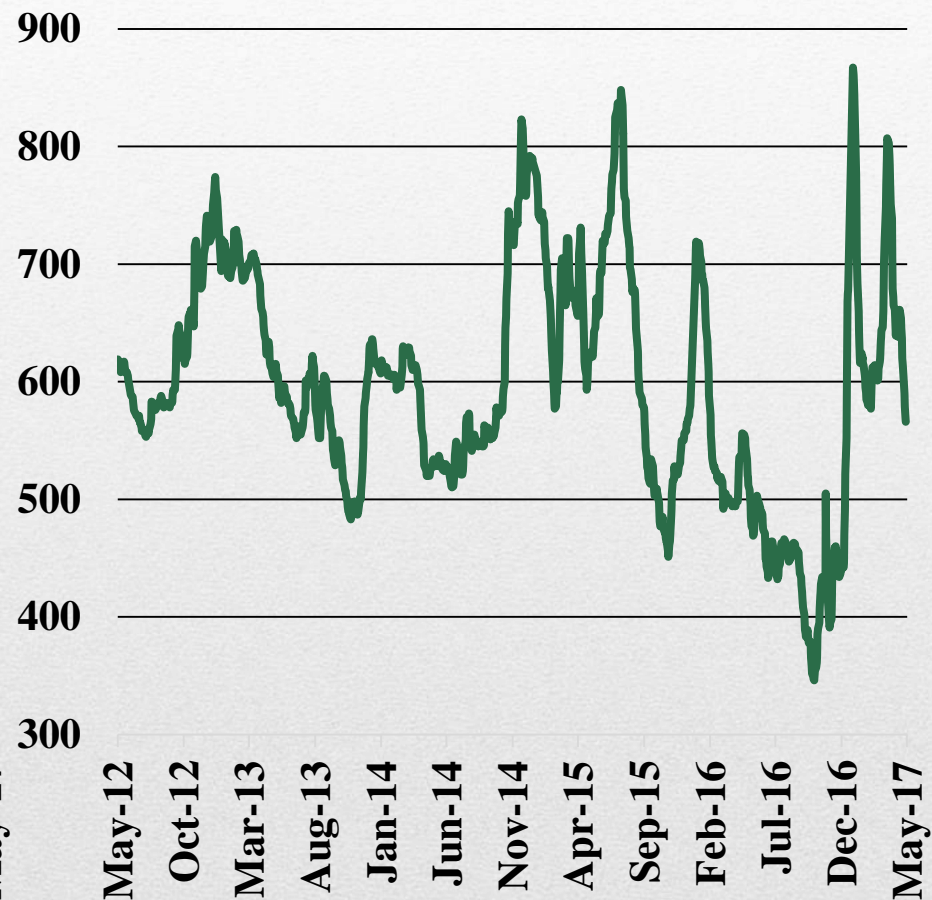


# Downward Movements of BDTI & BCTI

## Baltic Dirty Tanker Index



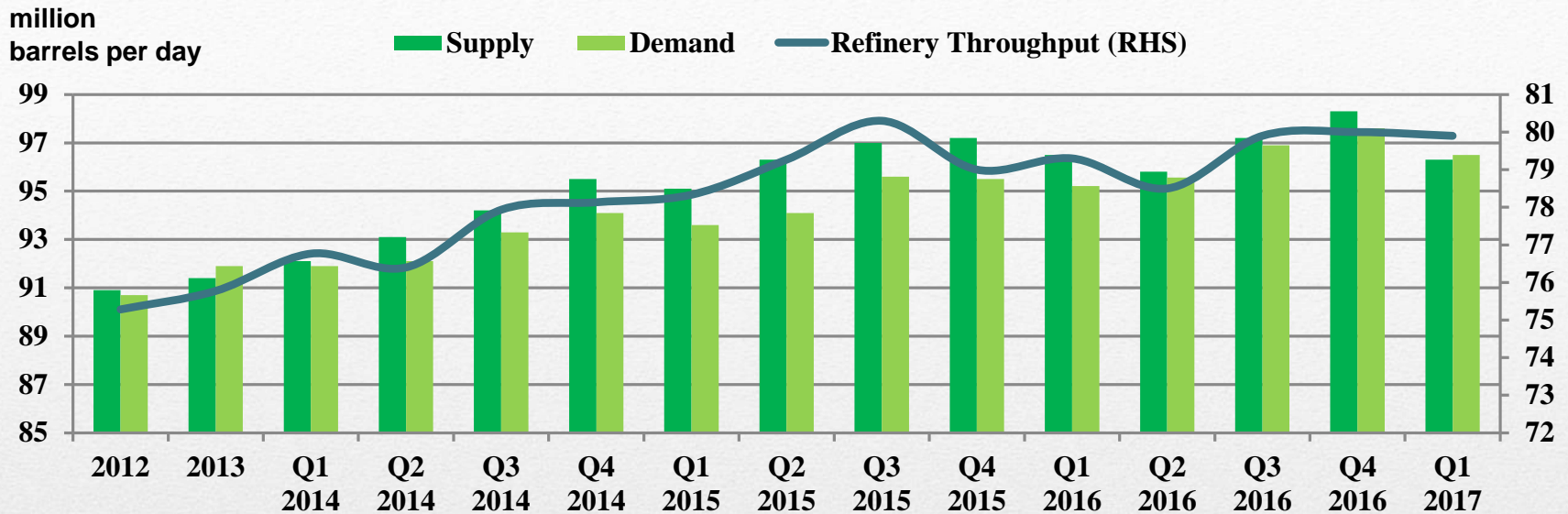
## Baltic Clean Tanker Index



Source – Industry Reports



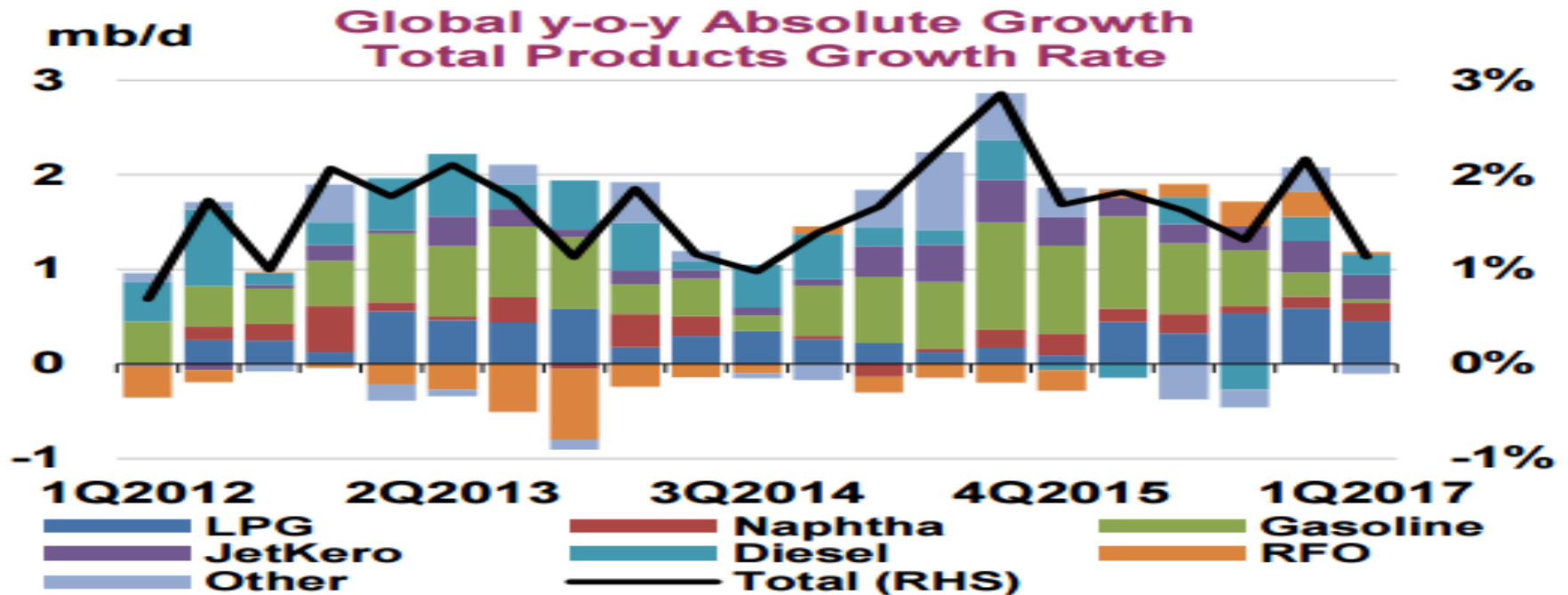
## Supply reduction leading to demand higher than supply first time in three years



- In Q1CY17, Crude tankers rates decreased due to lower loadings from OPEC countries and due to increased new building deliveries.
- In Q1CY17, Product tanker rates showed a sign of ascent in March on account of higher demand in West Africa & Latin America, but corrected back due to outages/maintenance of refineries.

Source – Industry Reports

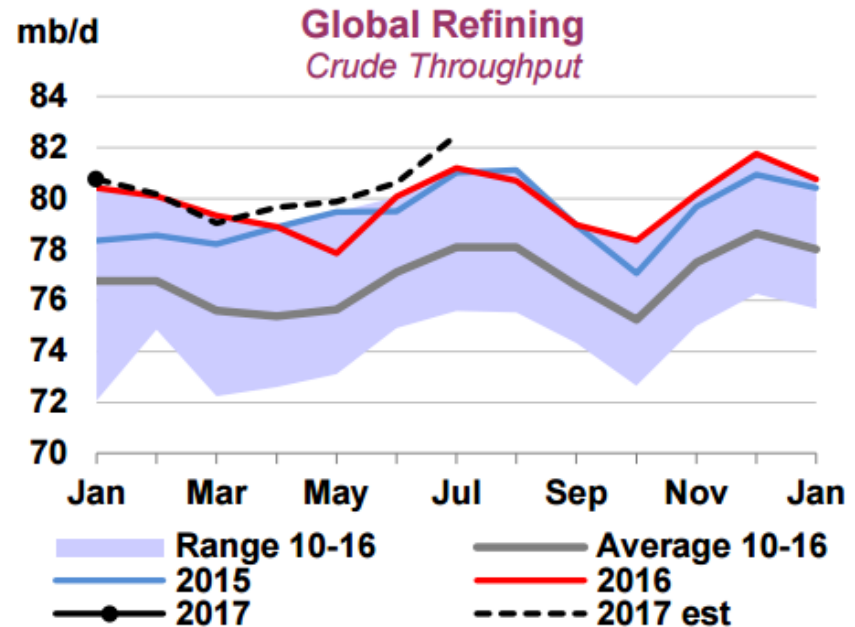
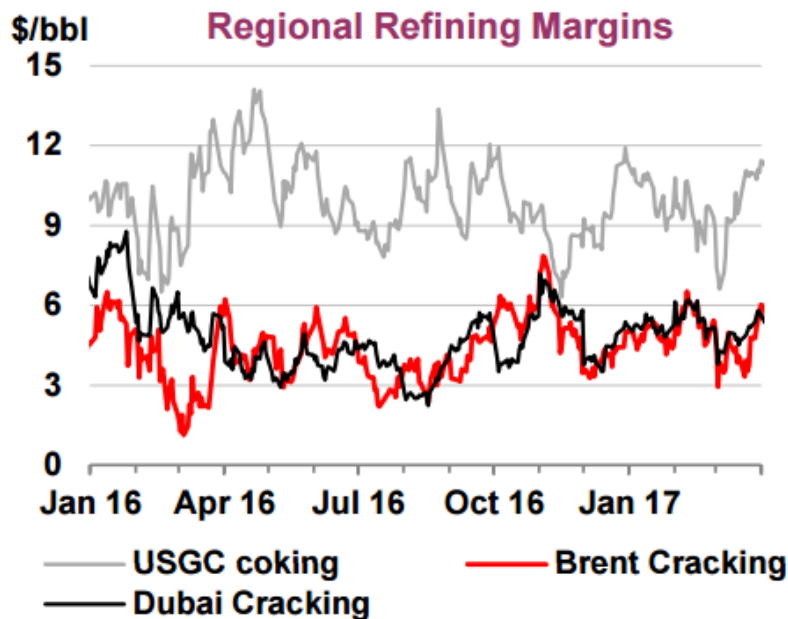
## Products growth has increased in Q1CY2017 (Y-O-Y)



- Crude: Although China and India's crude oil demand improved, overall oil demand reduced in other countries.
- Products: Naphtha and gasoline demand have increased in Q1CY2017 (Y-O-Y)



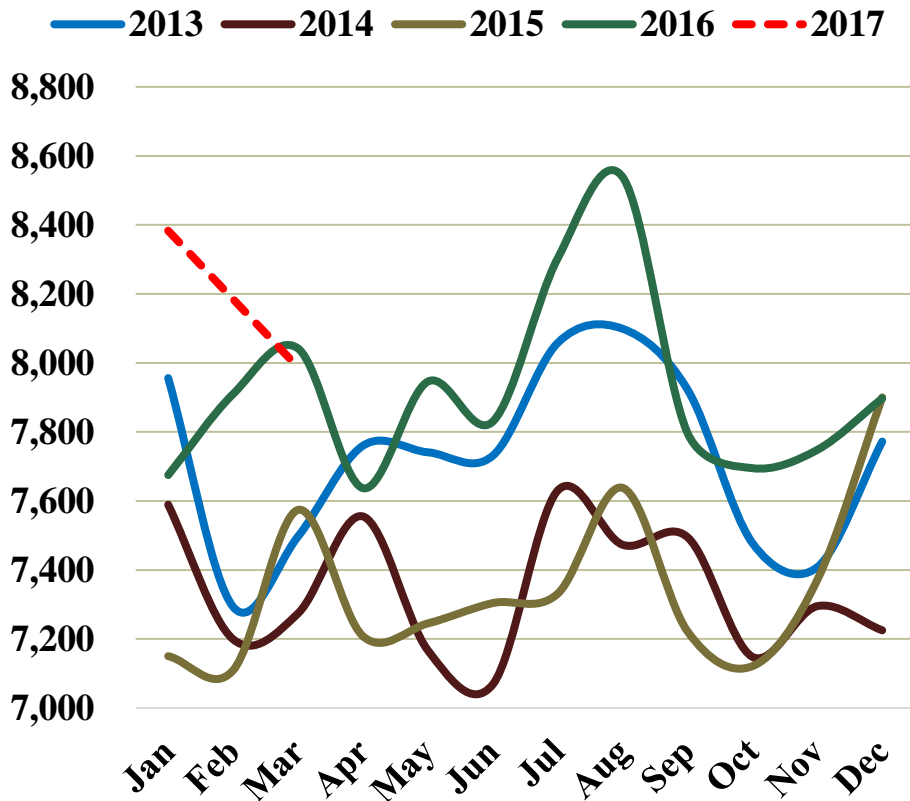
# Global refinery throughput remains flat due to decline in refinery margins



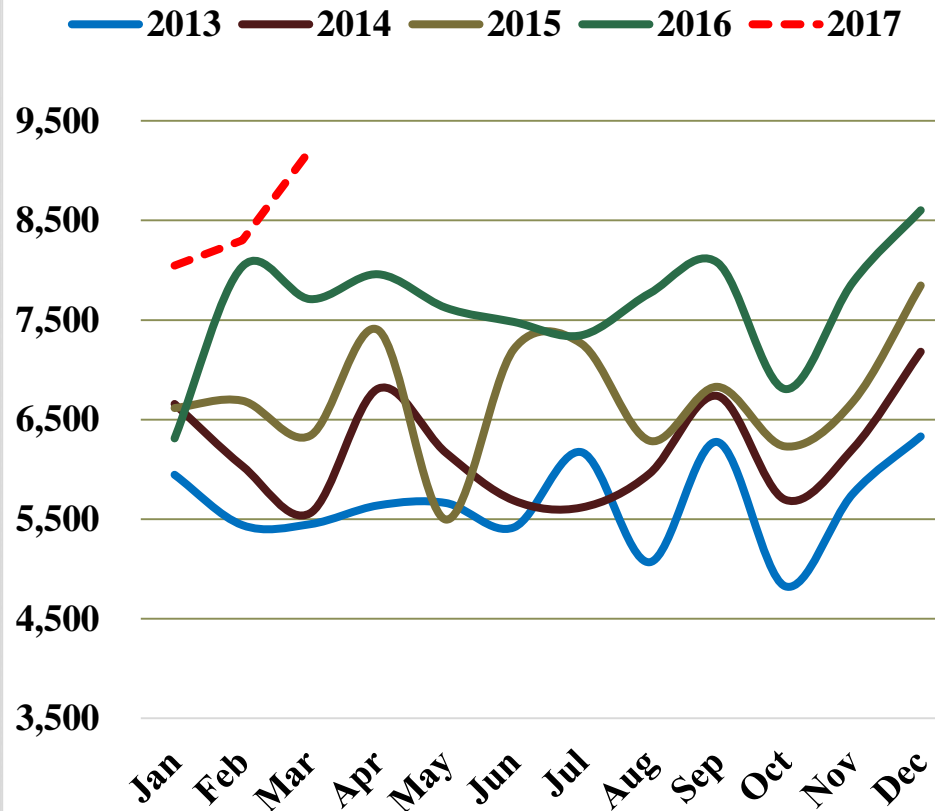
- Due to drop in crude prices and maintenance season, gasoline and naphtha cracks were pushed lower, resulting in decline in refinery margins for Q1CY2017.
- Q1CY2017 global refinery throughput is up by 100 kb/d Y-O-Y at 79.16 mb/d.

# Q1FY2017 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	5th May 2017	1st Jan 2016	1st Jan 2015	1st Jan 2014
VLCC	219.78	200.00	193.75	186.13
Suezmax	76.81	71.09	69.68	68.43
Aframax	67.71	64.37	64.15	63.71
<b>Total (80k+)</b>	<b>364.29</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>6%</b>	<b>6%</b>	<b>1%</b>	<b>13%</b>

**Slippage – 40% YTD2017**



# World Fleet Growth – Product Tankers and VLGC

Product Fleet - mn Dwt	5th May 2017	1st Jan 2016	1st Jan 2015	1st Jan 2014
LR2	35.01	30.44	27.42	26.93
LR1	25.81	23.75	23.72	23.61
MR/Handy (35k+)*	91.82	82.95	78.40	75.74
<b>Total (35k+)</b>	<b>152.63</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>	<i>5%</i>	<i>3%</i>	<i>2%</i>	<i>11%</i>

**Slippage (Product) – 40% YTD2017**

Fleet - No. of Vessels	5th May 2017	1st Jan 2016	1st Jan 2015
<b>VLGC</b>	<b>252</b>	<b>199</b>	<b>164</b>

Order Book - No. of Vessels	2017	2018	2019+	Total
<i>Orderbook as % of current fleet</i>	<i>11%</i>	<i>2%</i>	<i>3%</i>	<i>16%</i>



# Key points on Dry Bulk Markets – Q1CY17

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## Asset Prices:

- Capesize 5 year old asset prices rose by 15% in absolute terms from previous quarter.
- Panamax & Supramax 5 year olds asset prices rose by 10-12% in absolute terms from previous quarter.

## Freight rates:

- BDI hit 26 months high of 1,338 end of the quarter Q1CY2017 and corrected to 994 by May'17.

## Coal Market:

- Decrease in Indian coal imports is offset by higher coal imports of China

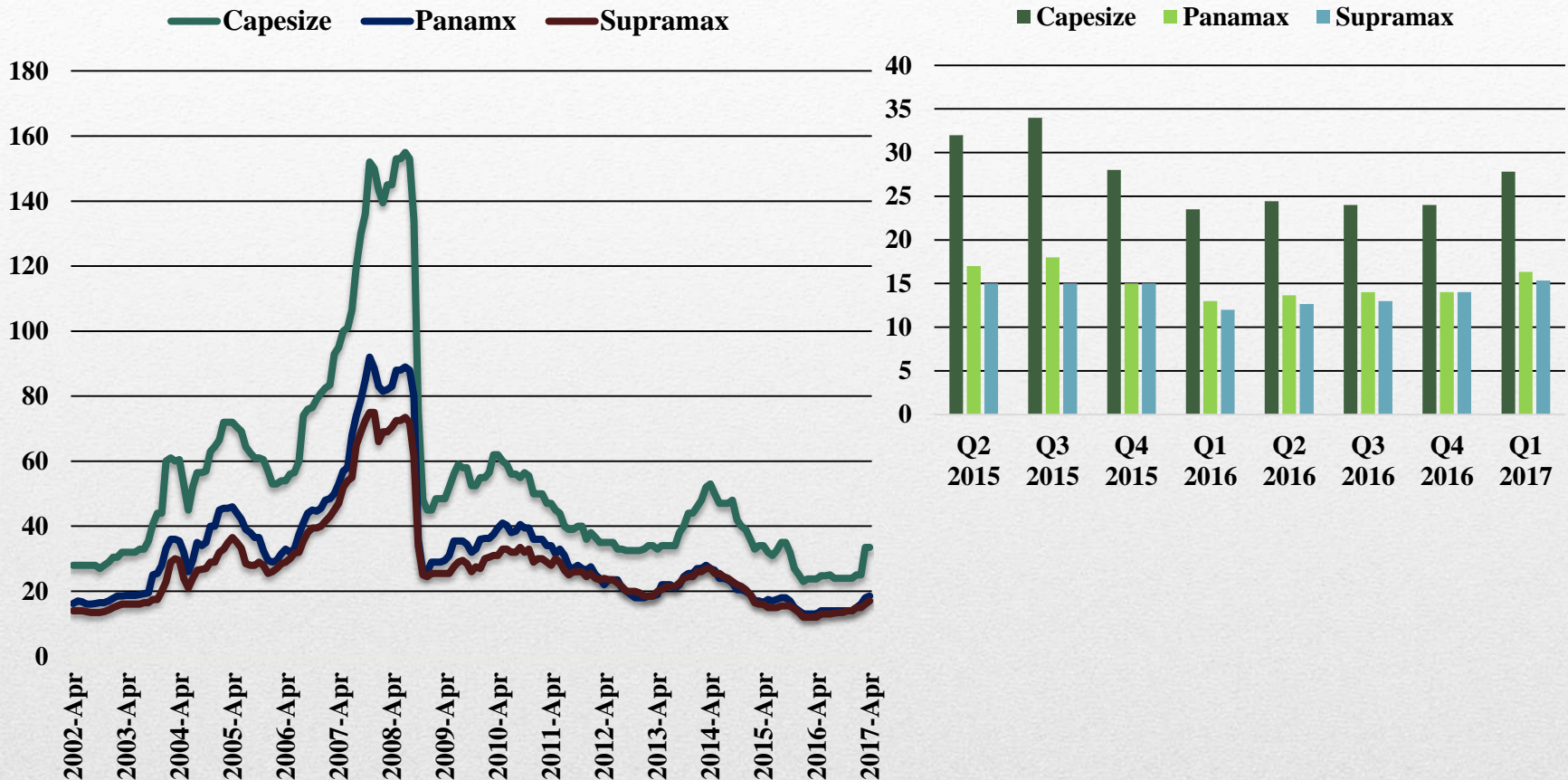
## Iron Ore Market:

- China's Iron Ore imports grew by 12% in Q1CY2017 Y-O-Y. China Iron Ore imports from Australia have increased 13-14% Y-O-Y. Brazil Iron Ore imports to China has been at a record high.

## Fleet Growth:

- Dry Bulk net fleet growth in Q1CY2017 approx 1.7% YoY.

# Bulkers – Asset Prices (5-year old)

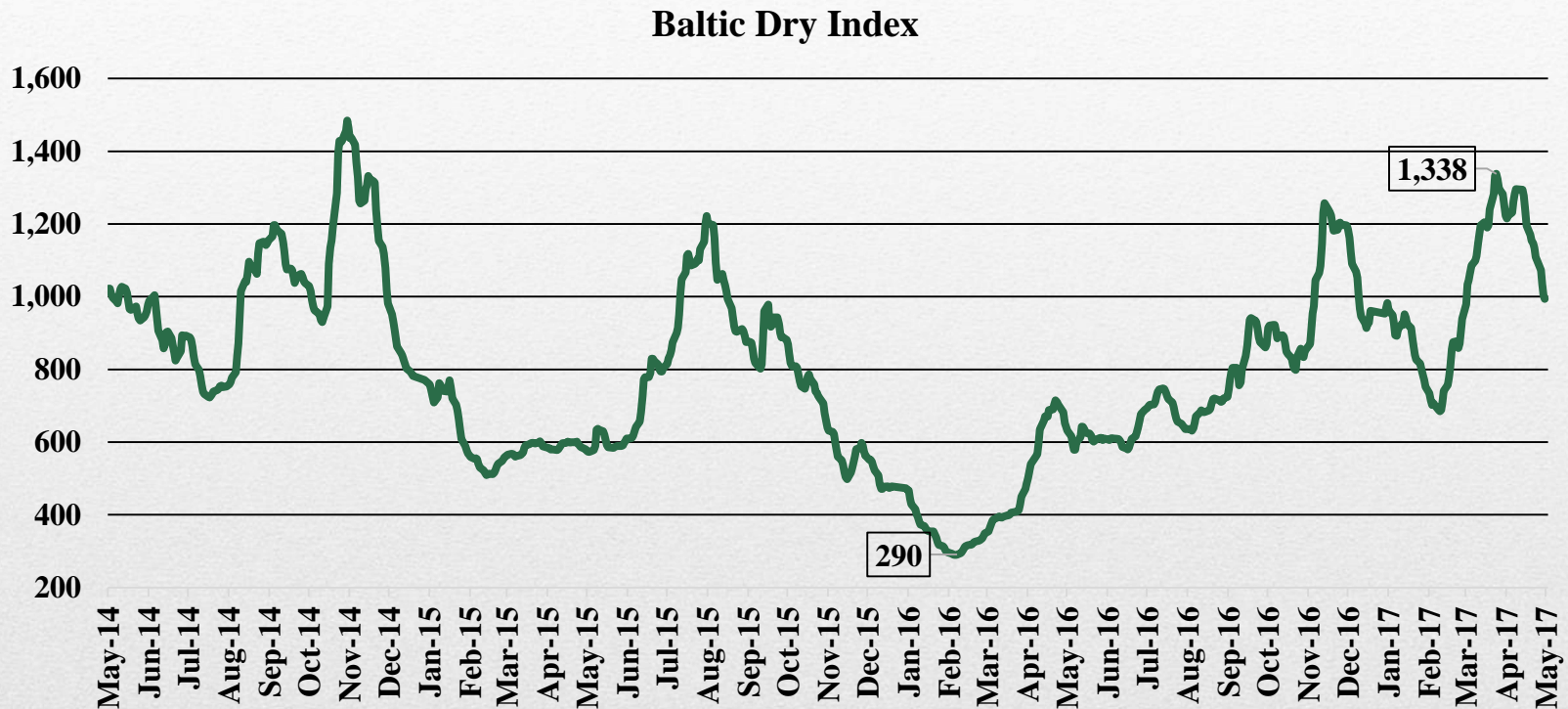


**Dry Bulk asset prices rose significantly in Q1CY2017 compared to previous 4 quarters**



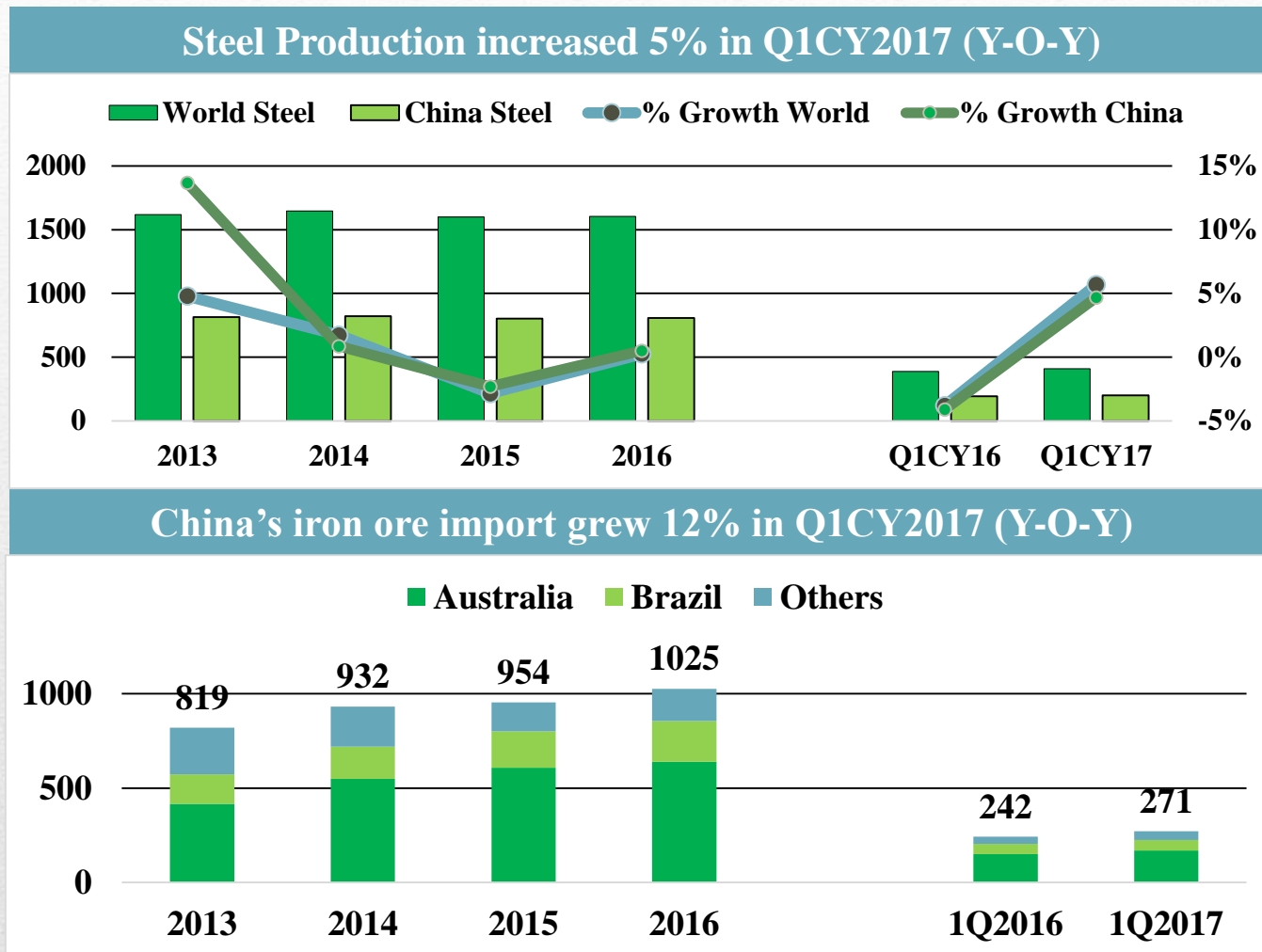
# Baltic Dry Index (May 2014 – May 2017)

**Dry Bulk freight rates has hit 26 months high during Q1CY2017**



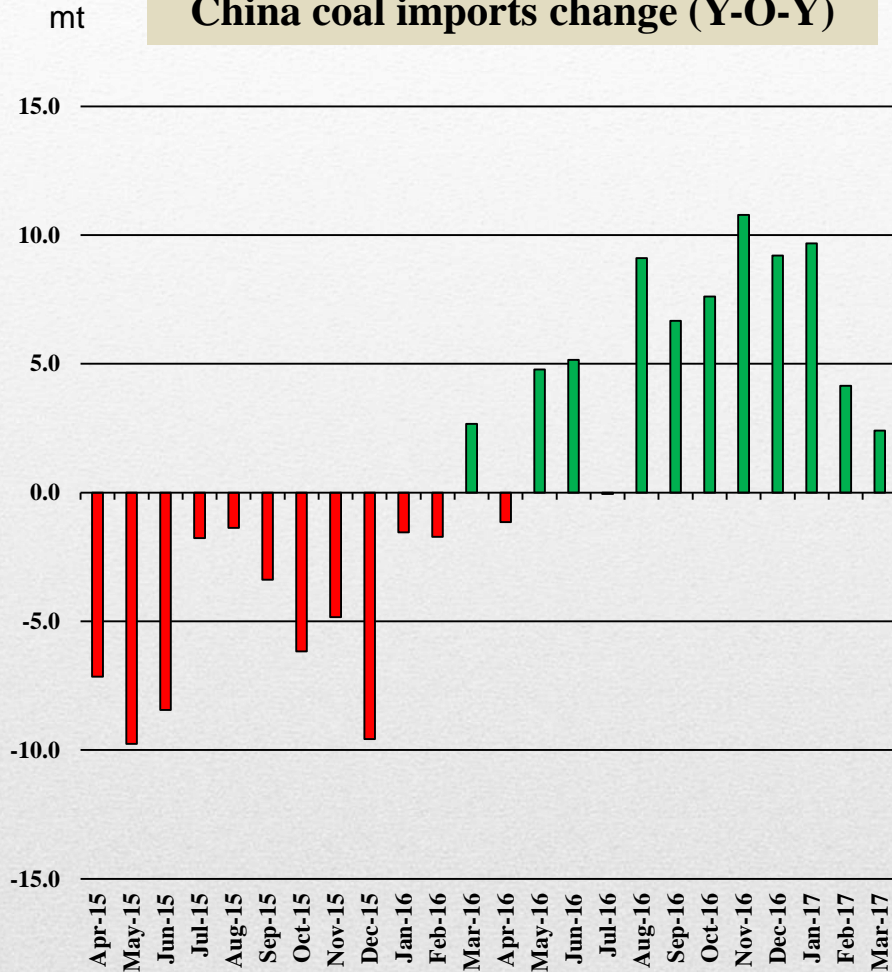
**Baltic Dry Index corrected to 994 in May'17 from a 26 months high of 1,338 in Mar'17**

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

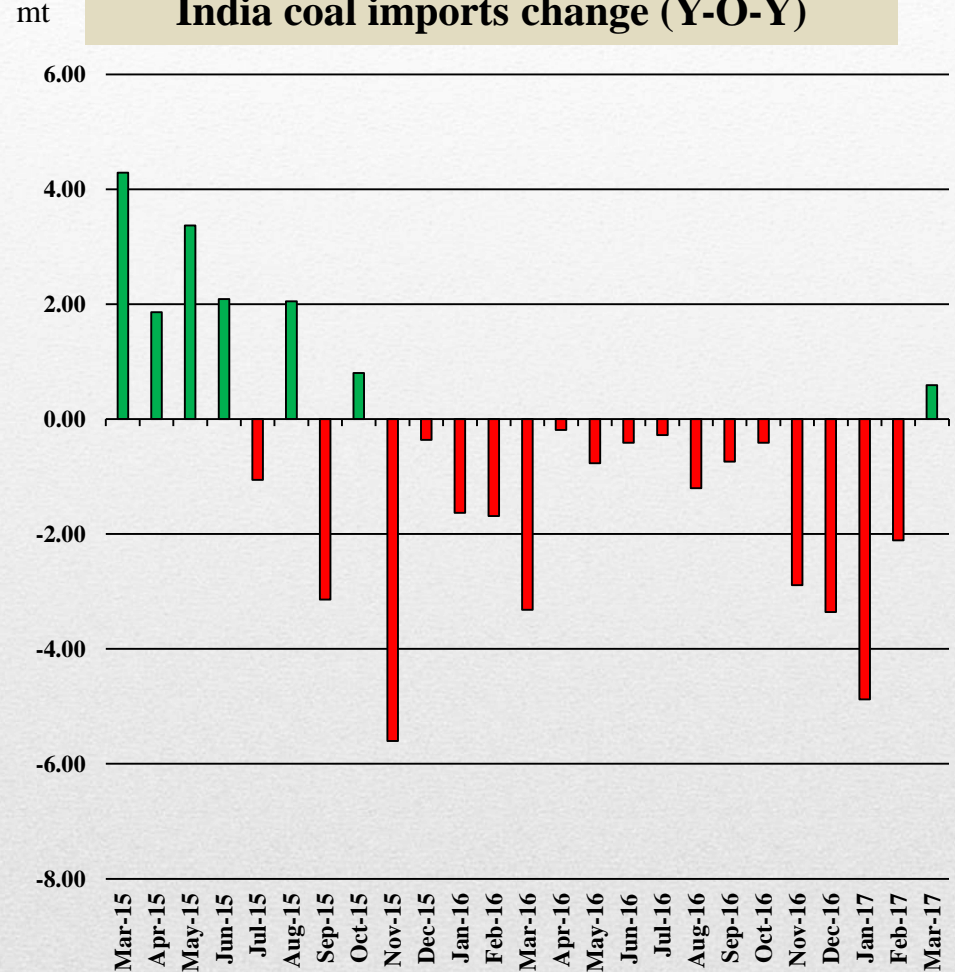


# Coal imports by China has increased in Q1CY2017 (Y-O-Y)

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



**India coal imports change (Y-O-Y)**



Source – Industry Reports



# World Fleet Growth – Dry Bulk

Fleet - Mn Dwt	5th May 2017	1st Jan 2016	1st Jan 2015
Capesize	320	309	307
Panamax	200	195	192
Handymax	192	180	167
Handysize	95	93	91
<b>Total</b>	<b>807</b>	<b>776</b>	<b>757</b>

Order Book - mn dwt	2017	2018	2019+	Total
Gross Orderbook %Fleet	4%	3%	1%	8%

**Slippage – 41% (Jan'17 – Apr'17)**

# Scrapping slows down

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

Vessel Category	Fleet as on		Scrapping		
	May 17	YTD 2017	2016	2015	2014
	(in mn dwt)		(% of beginning fleet)		
Crude	364	0.32%	0.35%	0.23%	1.60%
Product	153	0.08%	0.62%	0.61%	1.19%
Dry Bulk	807	0.76%	3.67%	4.03%	2.25%



# **Greatship (India) Limited**

**(a 100% subsidiary)**

## **Business Review**

**May 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	32
ROVSV	49
AHTSV	100
MPSSV	69
Jackup Rigs	70



# Key points on E&P markets – Q1CY17

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## Day rates:

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

## Fleet Growth:

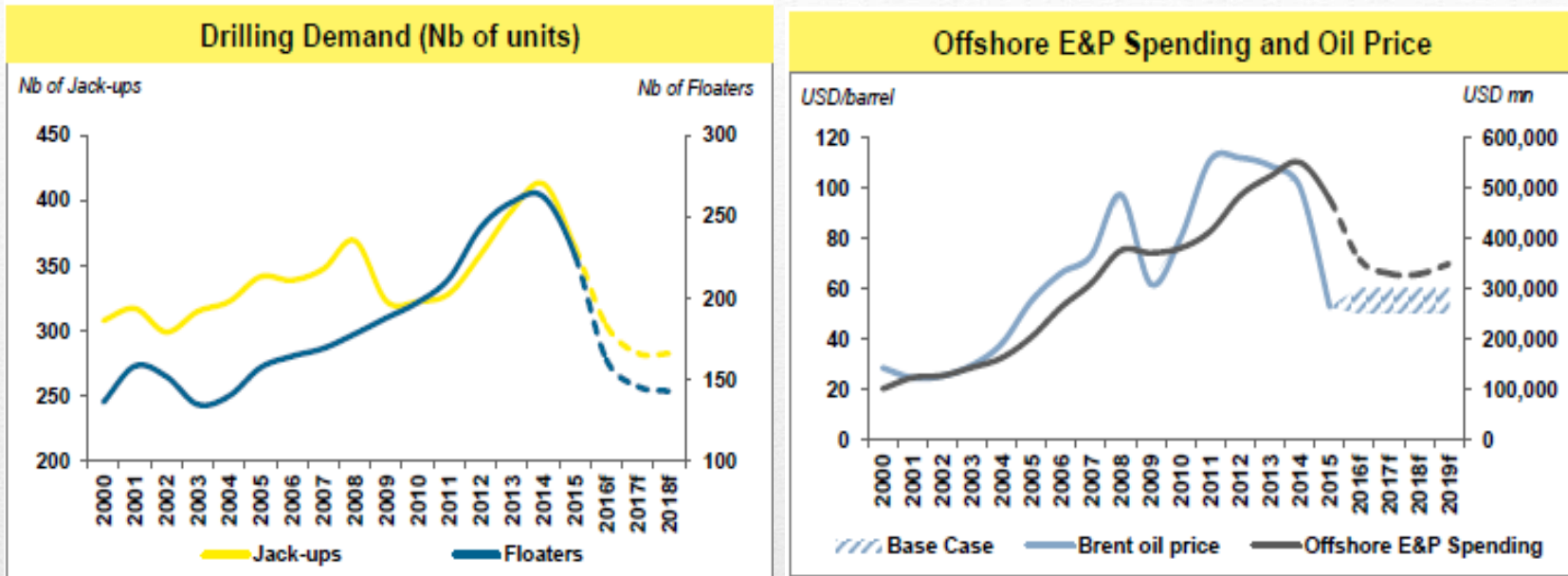
- Rigs: Remains flat in Q1FY17
- OSV's: Remains flat in Q1FY17

## Fleet Utilization Levels: Sub 50%

## Slippage:

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

# No signs of recovery in Offshore E&P spending in Q1CY17



- 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	539	2066	1620
Orderbook	102	156	182
<i>% of O/B to current fleet</i>	<i>19%</i>	<i>8%</i>	<i>11%</i>

- **Q1CY2017 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 continue to come off. For premium Jack ups, lack of contract renewals has resulted in utilization levels coming down from around 90% at the start of 2014 to sub 50% 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

## Q4 FY 2016-17

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# FY 2016-17 Financial Highlights

Standalone		Key Figures	Consolidated	
FY'17	FY'16	(Amount in Rs. crs)	FY'17	FY'16
<b>Income Statement</b>				
2,226.74	2,110.39	Revenue (including other income)	3,629.13	3,926.49
1,261.97	1,108.30	EBITDA (including other income)	2,121.44	2,267.07
601.39	618.28	Net Profit	754.96	1,096.98
<b>Balance Sheet</b>				
10,641.70	8,855.31	Total Assets	15286.51	13932.83
5,162.02	4,620.08	Equity	7223.33	6563.48
4,431.71	2,877.92	Total Debt (Gross)	6815.75	5758.94
1,384.71	15.92	Long Term Debt (Net of Cash)	2,475.75	1,858.94
<b>Cash Flow</b>				
672.00	967.00	From operating activities	1,476.00	2,059.00
(1,786.00)	(225.00)	From investing activities	(1,734.00)	(287.00)
1,328.00	(806.00)	From financing activities	758.00	(1,691.00)
214.00	(64.00)	Net cash inflow/(outflow)	500.00	81.00



# FY 2016-17 Financial Highlights

Standalone		Key Figures	Consolidated	
FY'17	FY'16	(Amount in Rs. crs)	FY'17	FY'16
		<b>Key financial figures</b>		
56.67%	52.52%	EBITDA Margin (%)	58.46%	57.74%
12.30%	13.78%	Return on Equity (ROE) (%)	10.95%	17.87%
9.93%	10.76%	Return on Capital Employed (ROCE) (%)	8.59%	11.30%
0.86	0.62	Gross Debt/Equity Ratio (x)	0.94	0.88
0.27	0.00	Net Debt/Equity Ratio (x)	0.34	0.28
67.11	65.30	Exchange rate USD/INR, average (Rs)	67.11	67.46
64.85	66.25	Exchange rate USD/INR, end of period (Rs)	64.85	66.25
		<b>Share related figures</b>		
39.89	41.01	Earnings per share, EPS (Rs)	50.07	72.76
39.81	40.93	Diluted earnings per share (Rs)	49.97	72.61
64.66	60.60	<b>Cash Profit per share (Rs)</b>	107.26	124.45
10.10	13.50	Dividend per share (Rs)	10.10	13.50

# Q4 FY 2016-17 Performance Highlights

## Breakup of revenue days

Revenue Days	Q4'FY17	Q4'FY16
Owned Tonnage	3,636	2,574
Inchartered Tonnage	77	85
<b>Total Revenue Days</b>	<b>3,713</b>	<b>2,659</b>
<b>Total Owned Tonnage (mn.dwt)*</b>	<b>3.70</b>	<b>2.36</b>

\* As on 31<sup>st</sup> March 2017

## Average TCY Details

Average (TCY \$ per day)	Q4'FY17	Q4'FY16	% Chg
Crude Carriers	20,897	33,838	(38)%
Product Carriers (Incl. Gas)	15,868	21,613	(27)%
Dry Bulk	8,345	4,418	89%

## Mix of Spot & Time

Days (in %)	Q4'FY17	Q4'FY16
<b><u>Dry Bulk</u></b>		
Spot %	46%	63%
Time %	54%	37%
<b><u>Tankers</u></b>		
Spot %	48%	66%
Time %	52%	34%
<b><u>Total</u></b>		
Spot %	48%	65%
Time %	52%	35%



# THANK YOU

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