

The Great Eastern Shipping Co. Ltd.



India Investment Show

June 3 rd, 2007

# Forward Looking Statements

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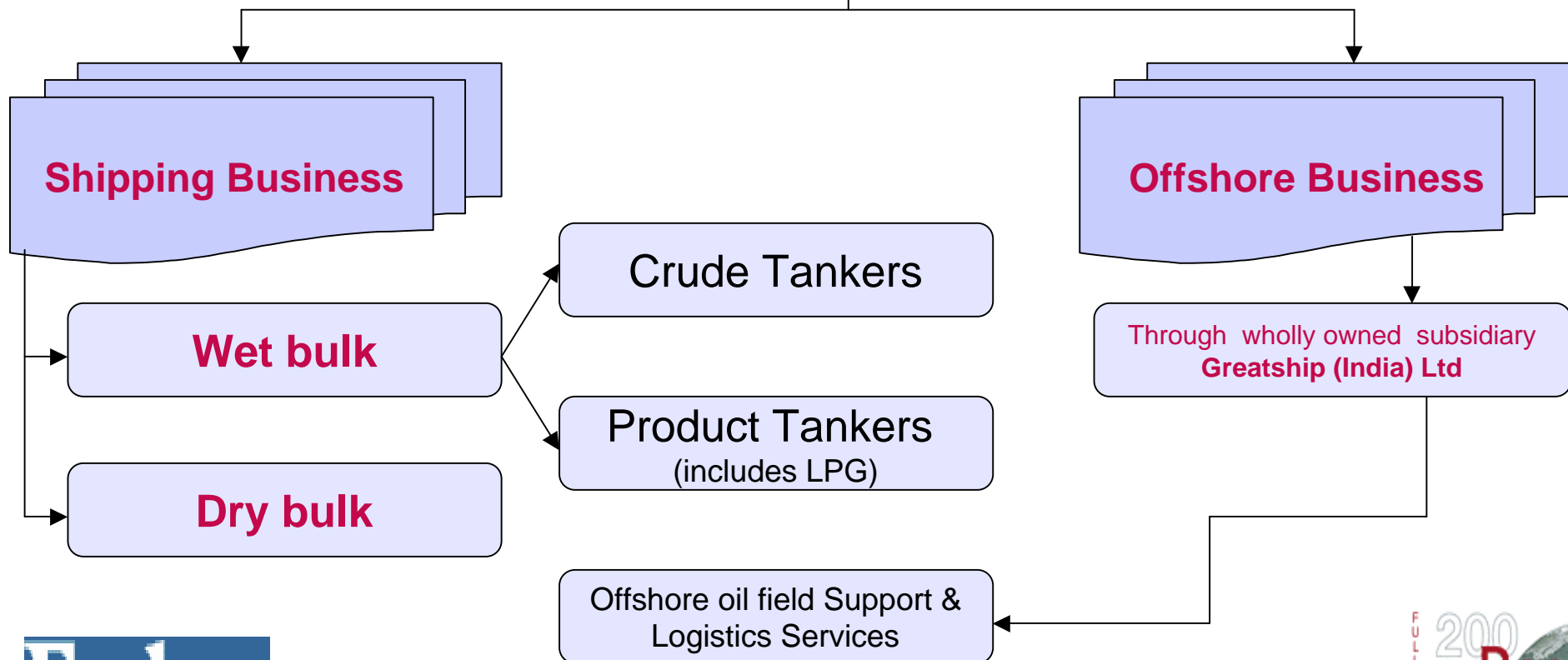
Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future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

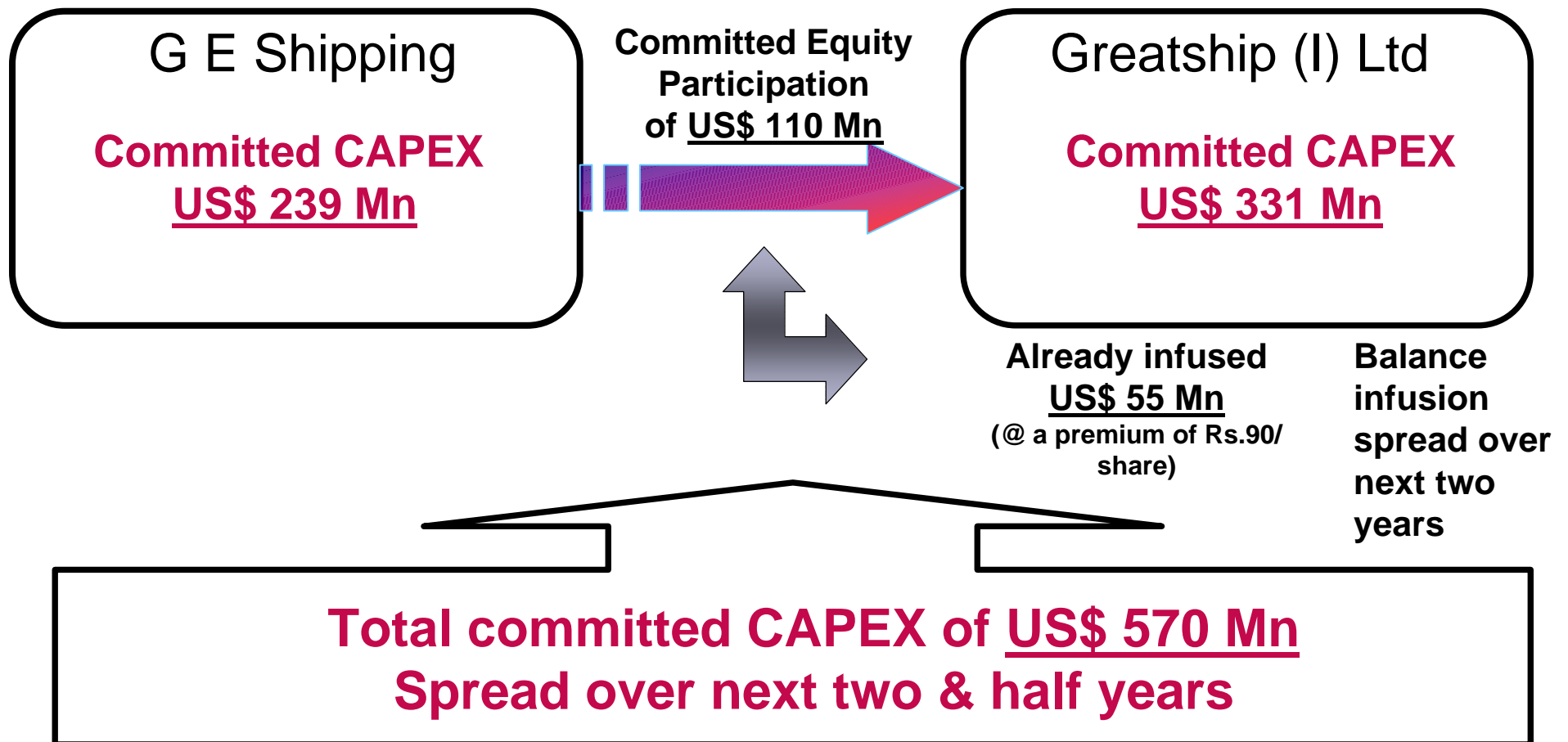
**The Great Eastern Shipping Co. Ltd**  
Incorporated in 1948



**Asia's 3<sup>rd</sup> most profitable company**



## Committed Capex





# Asset Profile

## Shipping business

- ❑ 46 ships aggregating 3.22 Mn dwt
  - ❑ 34 Tankers (53% double hull)
    - ❑ 13 Crude oil carriers (1 VLCC, 4 Suezmax, 8 Aframax)
    - ❑ 19 Product tankers (2 Panamax ,10 MR, 7 GP)
    - ❑ 2 LPG carriers
  - ❑ 12 Dry bulk carriers
    - ❑ 1 Capesize
    - ❑ 2 Panamax
    - ❑ 6 Handymax
    - ❑ 3 Handysize

**Committed Capex of around USD 239 Mn -** 5 new building contracts aggregating 0.33 mn. dwt.

- ❑ 1 NB, MR Product tanker to be delivered in Q2 FY 2007-08
- ❑ 2 NB, LR 1 Product Tankers during Q3 FY 2008-09
- ❑ 2 NB, LR 1 Product Tankers to be delivered during mid CY 2009

Delivery schedule as at end of FY	FY08E	FY09E	FY10E
Cumulative Mn.dwt *	3.26	3.41	3.56

\* basis current committed capex & no asset sale

## Asset Profile

### Offshore business - **Greatship (I) Ltd.** (wholly owned subsidiary)

#### ☐ 2 Platform Supply Vessels (PSV)

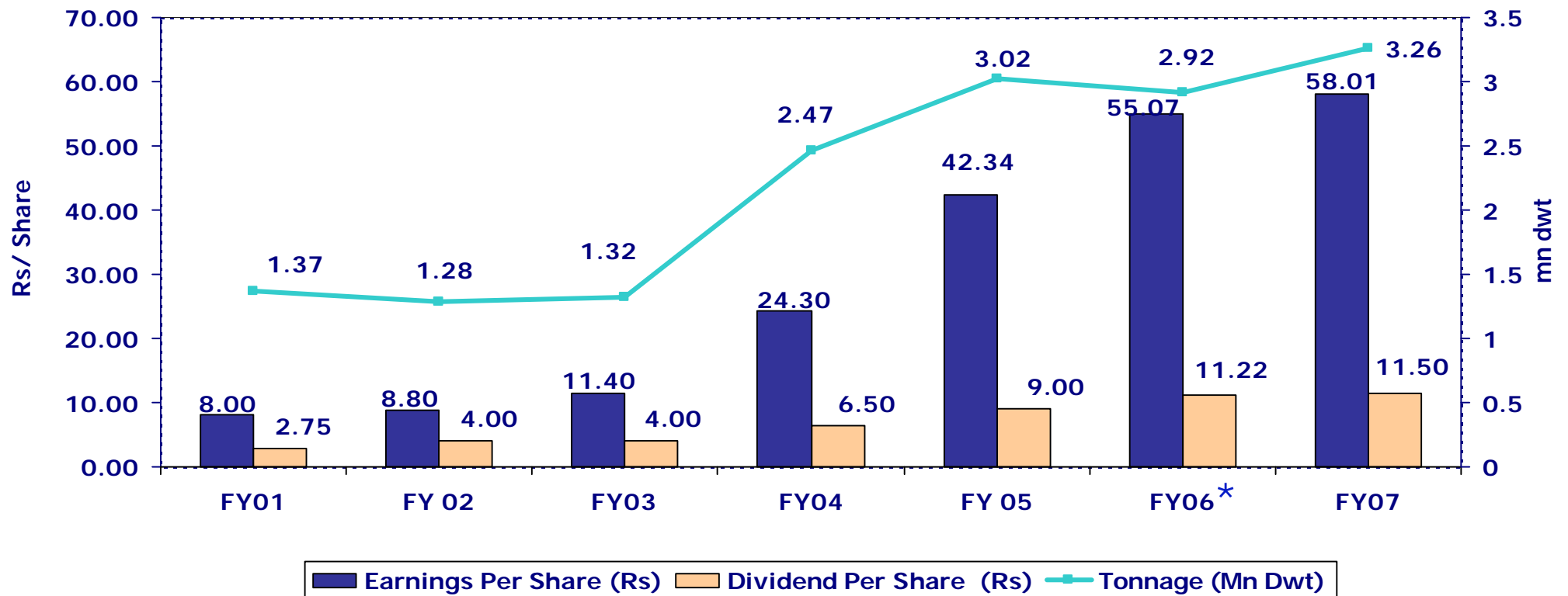
##### ☐ Committed Capex of around USD 331 Mn

- ☐ 1 Secondhand PSVs to be delivered in Q2 FY 2007-08
- ☐ 2 NB 80T AHTSV (CDL) one each in Q3 and Q4 FY 2007-08
- ☐ 2 NB PSVs (Aker) delivery during Q2 and Q3 FY 2008-09
- ☐ 2 NB 80T AHTSVs (Labroy) to be delivered in Q4 FY 2008-09
- ☐ 2 NB 80T AHTSV (Labroy) one each in Q1 and Q2 FY 2009-10
- ☐ A New Building 350 ft Jack Up Rig (Keppel) to be delivered in Q3 FY 2009-10

Delivery schedule as at end of FY	FY08E	FY09E	FY10E
Cumulative No of assets*	5	9	12

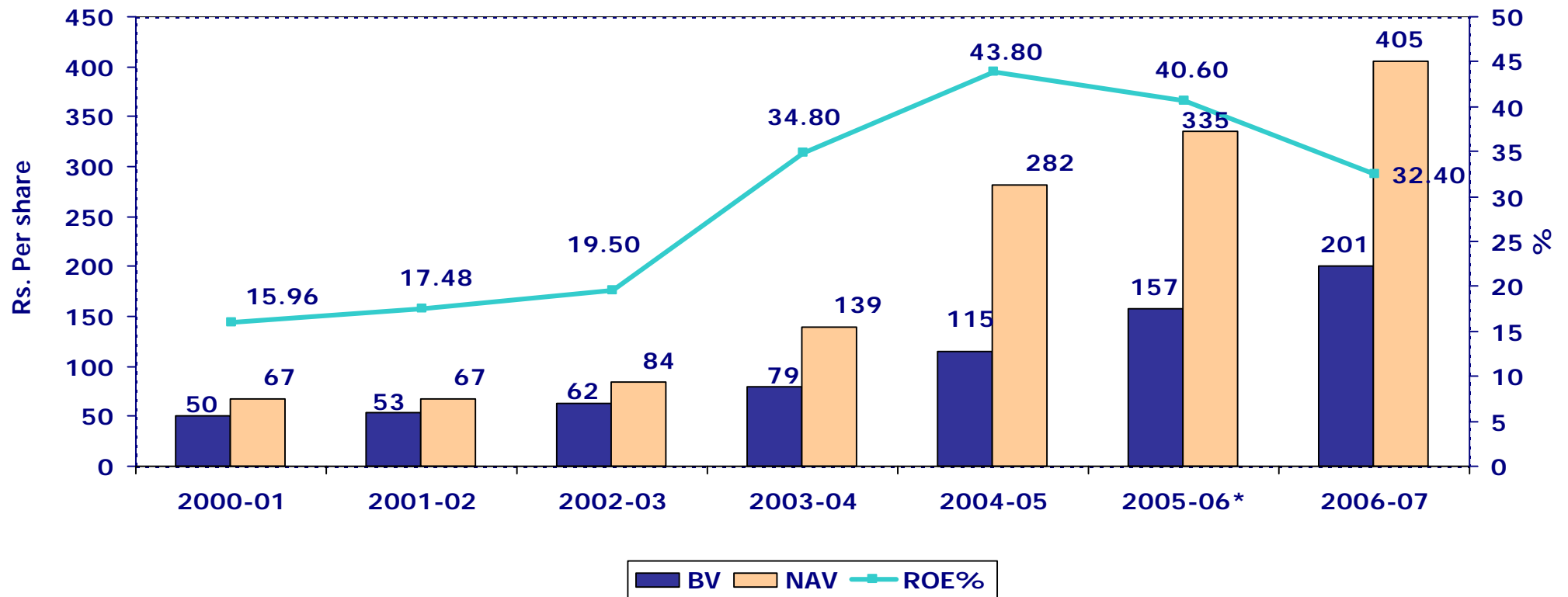
\* basis current committed capex & no asset sale

## Historical performance



\*relates to shipping business post demerger

## Delivering through the years ...



\*relates to shipping business post demerger

## Historical NAV per share

(only shipping business)

As on	Rs/Share
31-March-2005	300
31-December-2005	320
31-March-2006	335
30-June-2006	350
30-September-2006	400
31-December-2006	388
31-March-2007	405






## Quarterwise Financial comparison – FY 2006-07 (in Rs Mn)

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Income from Operations</b>	<b>4406.3</b>	<b>5223.2</b>	<b>4907.5</b>	<b>5438.1</b>
<b>Operating Profit**</b>	<b>2419.3</b>	<b>2657.6</b>	<b>2238.5</b>	<b>2992.0</b>
<b>Interest</b>	<b>273.9</b>	<b>267.0</b>	<b>242.7</b>	<b>288.3</b>
<b>Depreciation</b>	<b>709.0</b>	<b>643.2</b>	<b>594.2</b>	<b>706.1</b>
<b>PAT*</b>	<b>2410.6</b>	<b>2354.8</b>	<b>1658.5</b>	<b>2409.2</b>

\* Includes prior period adjustments \*\* Operating Profit excl. gain on sale of ships

## Financial Comparison Q4FY2006-07 & Q4FY2005-06

(in Rs Mn)


	Q4FY2006 – 2007	Q4FY 2005 - 2006	% Change
Income from Operations	5438.1	5283.7	3% 
Operating Profit**	2992.0	2705.2	10.6% 
Interest	288.3	232.7	23.9% 
Depreciation	706.1	769.9	- 8.3% 
PAT*	2409.2	1835.2	31.3% 
RONW	32%	31.2%	
ROCE	21.6%	19.8%	

\* Includes prior period adjustments \*\* Operating Profit excl. gain on sale of ships





## Quarter 4 FY 2006-07 under review

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### Macro Factors

- ✓ Reduced OPEC production – compliance with quotas 
- ✓ Warm winter & drawdown on product inventories 
- ✓ Higher volumes of Chinese crude imports from long haul West Africa 

### Company Specific

- ✓ Revenue days higher by 8%; inchartering days higher by 78% 
- ✓ Higher spot dry bulk earnings 
- ✓ Low dry docking and repair & maintenance expenses 
- ✓ Improved operating margins @ 55% 








## Financial Overview FY 2005-06 & 2006-07

<b>Balance Sheet as on</b>	<b>31-03-2006</b>	<b>31-03-2007</b>
Share Capital (Rs Mn)	1522.7	1522.7
Reserves (Rs Mn)	22339	29155
Debt (Rs Mn)	18691	21897
Total (Rs Mn)	<b>42552.7</b>	<b>52574.7</b>
<b>Ratios for</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>
NAV/ Share (Rs)	335	405
BV/ Share (Rs)	157	201
Gearing	0.78	0.71

<b>(Rs.Mn)</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>% change</b>
Op.Revenues	19347.7	19975.1	3%
EBIDTA	9357.6	10287.3	10%
<i>% of Op. Rev</i>	<i>48%</i>	<i>51%</i>	
EBIT	8388.2	9215.4	9.86%
<i>% of Op. Rev</i>	<i>43%</i>	<i>46%</i>	
PAT	8386	8833.1	5.33%
<i>EBIDTA/Av. Capital Employed</i>	<i>23.8%</i>	<i>21.6%</i>	

## Financial Comparison FY2006-07 & FY2005-06

(in Rs Mn)




	<b>FY 2006 – 2007</b>	<b>FY 2005 - 2006</b>	<b>% Change</b>
<b>Income from Operations</b>	<b>19975.1</b>	<b>19347.7</b>	<b>3.2%</b> 
<b>Operating Profit**</b>	<b>10287.3</b>	<b>9350.1</b>	<b>10%</b> 
<b>Interest</b>	<b>1071.9</b>	<b>969.4</b>	<b>10.6%</b> 
<b>Depreciation</b>	<b>2652.5</b>	<b>2828.1</b>	<b>- 6.2%</b> 
<b>PAT*</b>	<b>8833.1</b>	<b>8386.0</b>	<b>5.3%</b> 
<b>RONW</b>	<b>32.4%</b>	<b>40.6%</b>	
<b>ROCE</b>	<b>20.8%</b>	<b>23.8%</b>	

\* Includes prior period adjustments \*\* Operating Profit excl. gain on sale of ships





## The Year FY 2006-07 under review

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### Macro Factors

- ✓ Increasing ton-mile demand due to sourcing diversity 
- ✓ Growth in tonnage in dry and wet segment 
- ✓ Port congestion & increasing share of minor bulks –impetus to drybulk 

### Company Specific

- ✓ Inchartering days higher by 71% 
- ✓ High treasury income and increased dry bulk earnings 
- ✓ Low depreciation and no. of dry dockings 
- ✓ Improved operating margins @ 51% 

## Financial Overview FY 2005-06 & 2006-07 (consolidated)

<b>Balance Sheet as on</b>	<b>31-03-2006</b>	<b>31-03-2007</b>
Share Capital (Rs Mn)	1522.7	1522.7
Reserves (Rs Mn)	22681	29737
Debt (Rs Mn)	18766	22538
Cap. Employed (Rs Mn)	<b>42984.1</b>	<b>53798.5</b>
RONW	40.5%	32.9%
ROCE	23.9%	21.1%

(Rs.Mn)	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>% change</b>
Op.Revenues	20360.6	21659.5	6.37%
EBIDTA	9356	10674.8	14%
<i>% of Op. Rev</i>	<i>46%</i>	<i>49%</i>	
EBIT	8380.2	9564.8	14%
<i>% of Op. Rev</i>	<i>41%</i>	<i>44%</i>	
PAT	8521.2	9124.3	7%
<i>EBIDTA / Av. Capital Employed</i>	<i>23.5%</i>	<i>22%</i>	

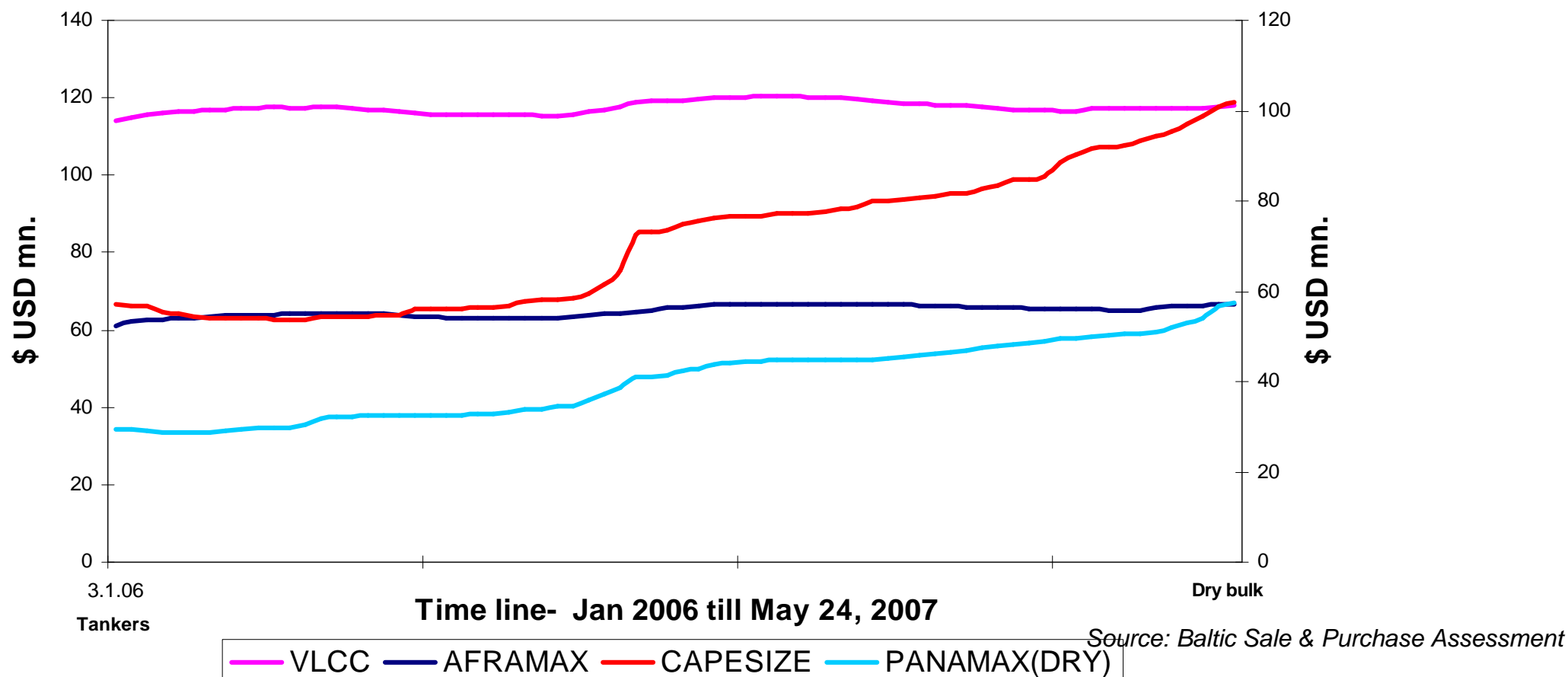
# Global Shipbuilding Status

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- ☑ **Highest contracting since 1973; 40% of tanker & 33% of dry bulk fleet on order**
- ☑ **Order book for associated marine equipment (engines, crankshaft and on-board navigation system) have also reached record high**
  - ✓ Led to increases in equipment cost and longer lead times
- ☑ **Regulatory environment contributing to increased costs**
  - ✓ IMO anti - fuel pollution rules may enhance operating costs
  - ✓ IACS's Common Structural Rules have increased construction costs
- ☑ **S.Korean yards lead with more than 50% market share**
- ☑ **NB Prices driven by rising steel prices, depreciating USD and global liquidity & benign long term interest rates**
  - ✓ Chinese Yuan appreciated around 7% over 3 years; around 4% over 12 months against USD
  - ✓ Korean Won gained 17.78% over 3 years ; 1.38% over 12 months against USD

## Ship prices continue to be firm

### Asset Price Movement (5 yr old)



## Regulatory environment supporting Ship building

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- ☑ Regulations getting stringer

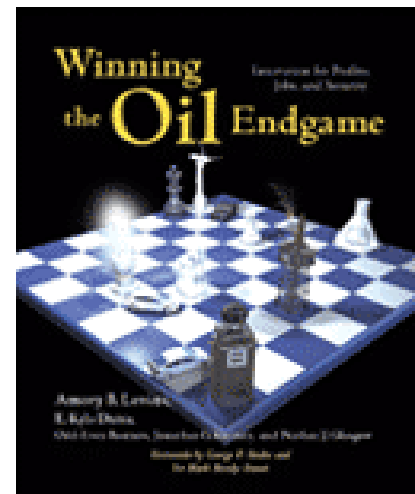
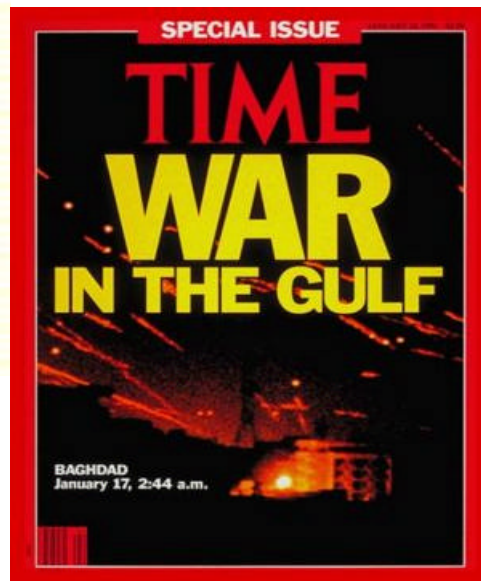
As per MARPOL single hull tankers to move out of trade by 2010

- ☑ Caveat : Flag States and Port States can accept single hull tankers to 25 years or up to 2015 whichever is earlier

Conversions into double hulls,FSOs,FPSOs and migration into ore carriers (VLOC)



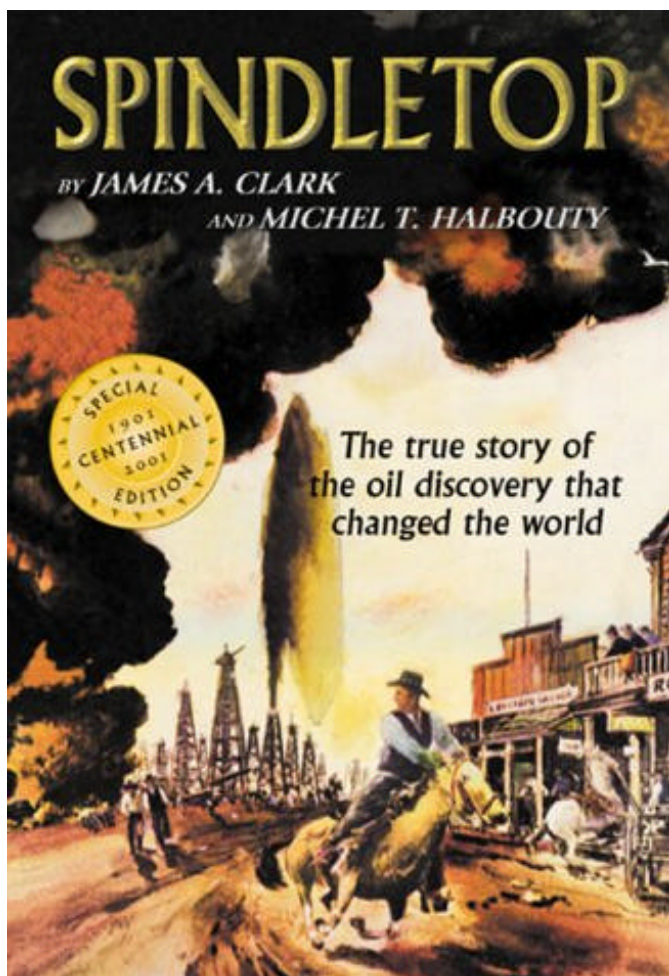
## OIL has many expressions





## US once ruled the ENERGY space – celebrates 148 years of oil era

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✓ US strikes oil in 1859 in Pennsylvania

✓ US supplies grew too old :

OIL peaked in 1970

Natural gas peaked in 1973

✓ US has been world's largest consumer of oil for a century

World's largest energy importer

Imports more energy than next 2 highest importers

✓ Within US energy production is skewed

9 states are producers ; 51 are parasites

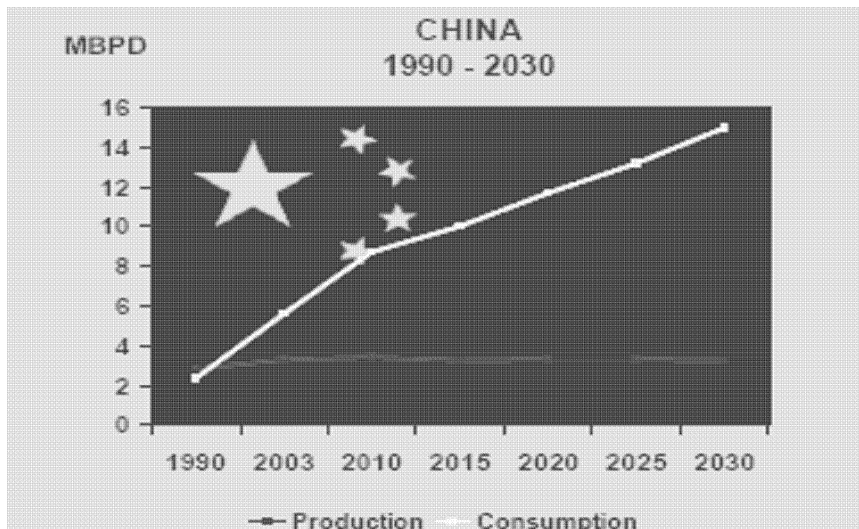
# The Transition happened .....



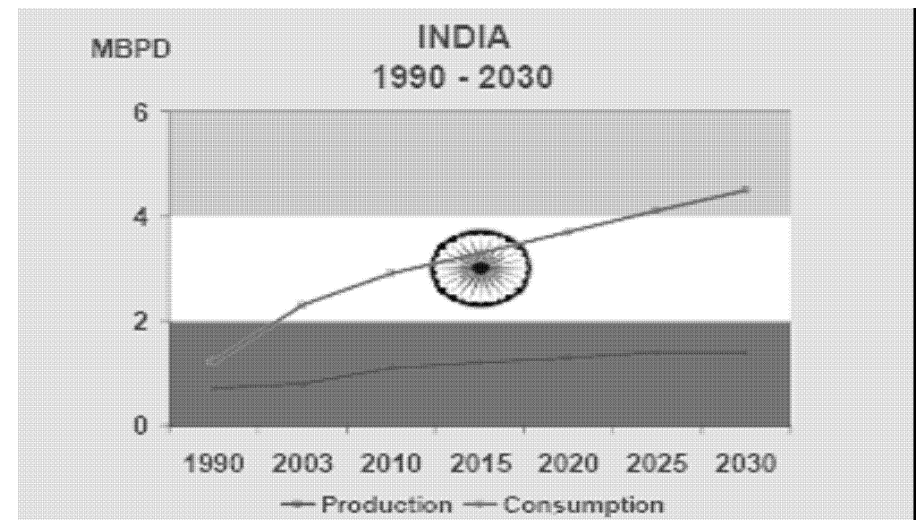
## Energy vulnerability is on the rise

- ✓ Demand for oil galloping
- ✓ Middle East supply buffer depleting; oil price escalating
- ✓ Producers & Users not in an “ideal” harmony situation
- ✓ Sector serviced by vintage infrastructure

**Demand growth in New Emerging GIANT economies**



Source: EIA



## Oilonomics

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- ✓ Global economy well set for continued robust growth in 2007 & 2008
  - ✓ Growth moderated at 4.9%
- ✓ Oil production increasingly concentrated in small number of countries
- ✓ Over 130 projects in execution/planning stage in OPEC
- ✓ Oil as a “financial asset”
- ✓ China plans SPRs – Phase I 100 mn bbl (25 days) by 2008; Phase II 226 mn bbl (45 days) by 2010



IEA's World oil demand forecast is  
1.8 % increase for 2007 to 86.03 mbpd

## Changing trade patterns

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### Oil supply dynamics changing

North Sea – Decreasing Supply  
Venezuela – Diversifying Customer base  
West Africa – More takers  
Angola , Algeria – inching production  
Nigeria – increasingly unstable



Oil demand sourcing matrix changing  
China & India in forefront

### Other Market Developments

Increasing demand from India & China  
Political Risk - Africa, Venezuela

**Resulting in longer haul trade routes...**

## Oil Markets gloomed by uncertainty

- ☑ In the past oil demand growth forecasts have been significantly way off

CY	2004	2004	2005	2005	2006	2006	2007	2007
	Forecast	Actuals	Forecast	Actuals	Forecast	Actuals	Forecast	Actuals
Oil demand growth	1.5%	3.7%	2.2%	0.94%	1.8%	0.9%	1.8%	?

- ☑ OPECs capacity additions governed by political, legal and sovereign complexities
- ☑ Weather conditions continue to have a bearing on freight markets
  - ✓ 2007 Hurricane Outlook for Atlantic Storms – 75% above normal, 20% near normal, 5% below normal .Named storms 13-17, Hurricanes 7-10, Major Hurricanes 3- 5 (Cat 3)

(Source : Thomson Datastream)



## An emerging Product trade

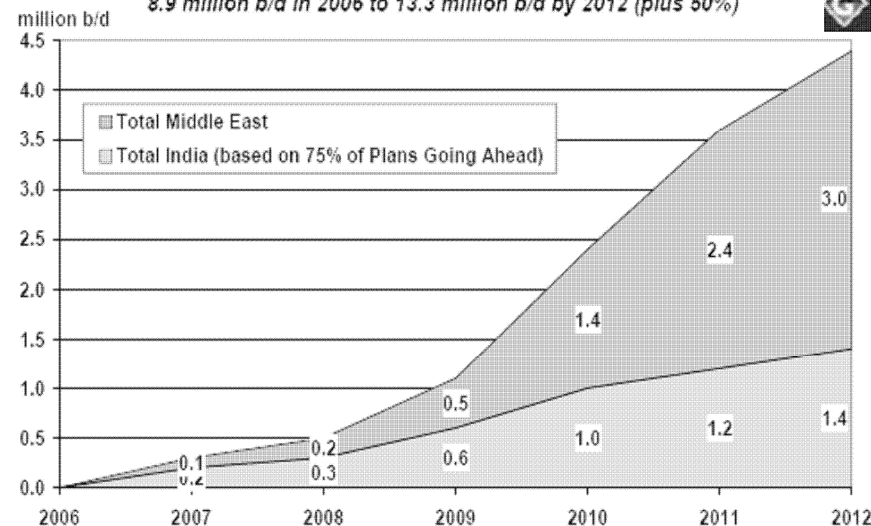
- ✓ Refinery maintenance season over in H1 of CY. OPEC production from AG expected to rise in H2 of CY
- ✓ New refining capacity coming up in ME & Asia Pacific away from consuming EU & US

Larger parcel size over longer distances

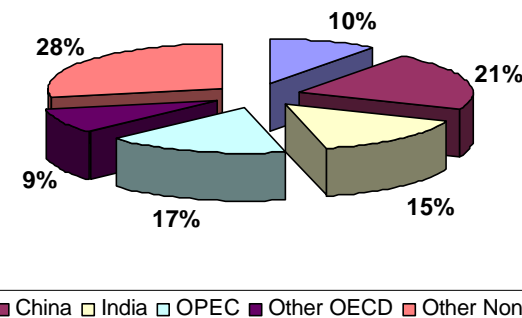


Increases in Indian and Middle East Refining Capacity versus 2006

8.9 million b/d in 2006 to 13.3 million b/d by 2012 (plus 50%)



Projected Distillation capacity additions



Source: JP Morgan

## Tanker Market – Supply side of the equation

- ✓ Fleet growth in 2007-2009 estimated to be at very high levels (2007 tanker supply growth to be around 6%) , 2010 phase-out is a wildcard
- ✓ Scrapping at around 3.42 mn. dwt in 2006 much below the 5 year average of around 13 Mn dwt
- ✓ Potential conversions - floating storages, ore carriers to reduce active cargo fleet

Global Tanker Fleet age Profile (Category wise)

	VLCC	Suezmax	Aframax	Panamax	Clean	% age of total fleet
25-30+ years	0.74%	3.26%	2.90%	6.17%	12.63%	3.97%
15- 24 years	18.51%	22.76%	25.01%	23.73%	21.73%	21.38%
0-14 years	80.75%	73.98%	72.09%	70.1%	65.64%	74.65%
Total (mn. dwt)	144122	53560	73111	21904	61513	354210

Source:Clarksons

## Tanker Market Outlook

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- ☑ Tanker supply / demand growth appear to be evenly balanced
  - ✓ Lengthening of voyage distances , discrimination of single hulls stand to be influencers
- ☑ Geo-politics to stay in forefront – expect the unexpected – supply threats
  - ✓ Nigeria prone to sporadic outrages
  - ✓ Leadership in Venezuela & Middle East
- ☑ Weakness in USD offsets increase in energy prices for ROW
- ☑ Support likely from fewer energy substitution options



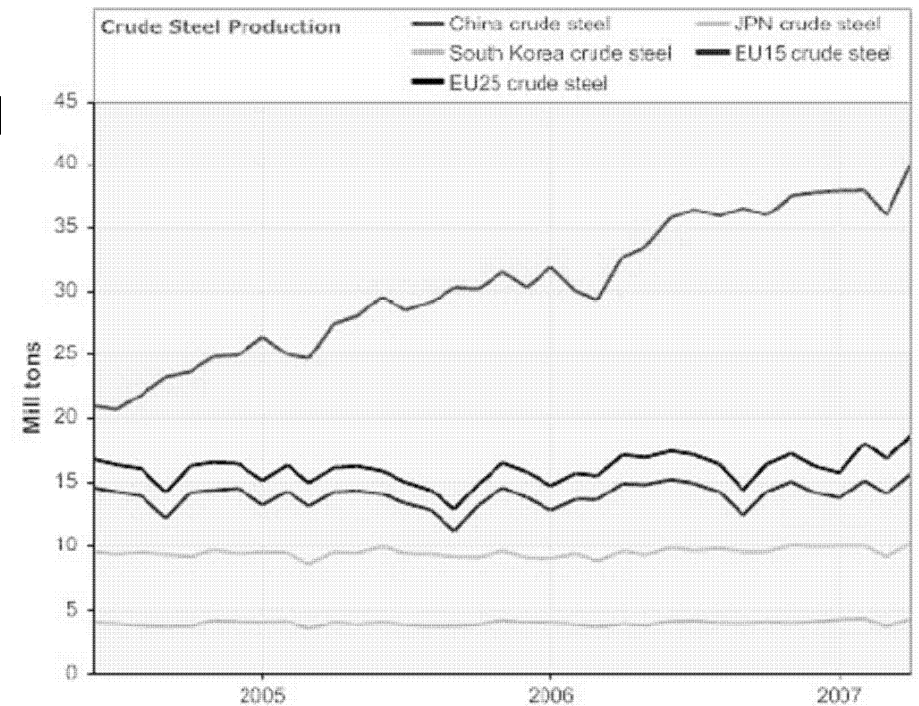
## Demand dynamics of dry bulk trade

- ✓ Economic performance & industrial production driving dry bulk trade
- ✓ After steel, coal constitutes larger portion of the seaborne trade pie
- ✓ Minor bulks (1/3<sup>rd</sup>) gradually inching its share
- ✓ GRAIN TRADE: (seasonally shifting patterns)
  - ✓ Growing sophistication of middle class in the Far East towards meat eating (animal feed trade) and grain based products
  - ✓ Rise in ethanol use; absorbing more corn
  - ✓ Wheat crop scares on warmer summer in Europe supported by Australian draught



## CHINA Steel full steam ahead !!!

- ✓ Rise in China's investment & production of steel
- ✓ Chinese steel production expected > 500 million tons in 2007
- ✓ Chinese's iron ore imports expected to exceed 400 million tons in 2007
- ✓ China has become a net importer of coal



Source: Lorentzen & Stemoco AS

## COAL – a widely sought after commodity

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- ☑ Met coal demand arising from steel sector requirements
- ☑ Coal as cheapest source of power generation fuelled by industrialisation
  - ✓ Chinese coal exports decreasing; Indonesia & Australia exports on the rise
- ☑ India's thermal coal imports imminent to bridge gap between demand & supply

(in MT)

2004-05	2005-06	2006-07	2011-12	2016-17
		End of 10 <sup>th</sup> Plan	End of 11 <sup>th</sup> Plan	End of 12 <sup>th</sup> Plan
10.78	23.17	28.00	75.00	100.00

**Imported coal superior in quality & performance**  
**Low ash content; environmental friendly**  
**blending possible**



## Dry bulk Market – Supply side of the equation

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- ☑ Fleet growth in 2007 estimated to be at 6.7%
- ☑ Scrapping at around 1.9 mn. dwt in 2006 ; average scrapping 1990 to 2005 around 4.96 mn dwt, 1998 to 2005 around 6.18 mn dwt
- ☑ Potential conversions to VLOCs to change trade dynamics

Global Drybulk Fleet age Profile (Category wise)

	Capesize	Panamax	Handymax	Handysize	% age of total fleet
25-30+ years	7.17%	12.2%	8.22%	36.16%	<b>14.17%</b>
15- 24 years	26.25%	24%	23.83%	32.74%	<b>24.94%</b>
0-14 years	66.58%	63.8%	67.95%	31.1%	<b>60.89%</b>
Total (mn. dwt)	<b>126855</b>	<b>106706</b>	<b>73223</b>	<b>66520</b>	<b>373304</b>

Source: Clarksons

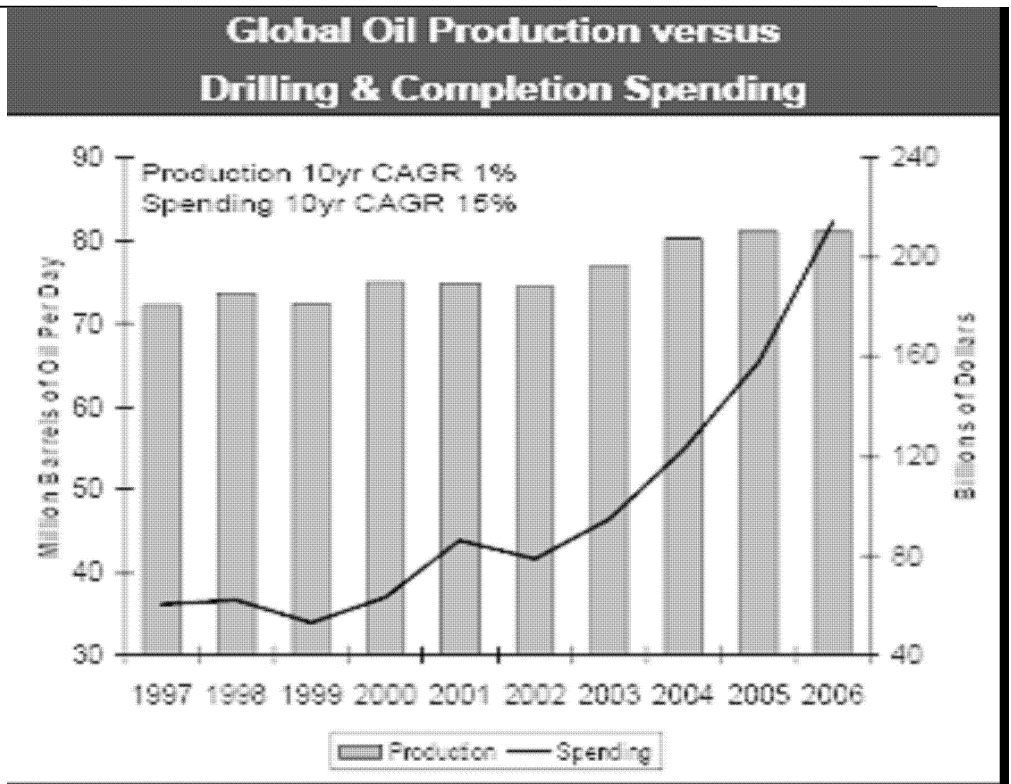
## Dry bulk Market Outlook

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- ☑ Market “heated up” could witness volatility ; port congestion to give sudden spikes “bi-directional ”
- ☑ CHINA “boom” key factor in dry bulk freight surge
- ☑ Overcapacity in steel and environmental issues in use of coal may impact the chunk of commodity trade
- ☑ Change in trade pattern in case of grains/soybean to partly support the trade

## Offshore oil field services industry

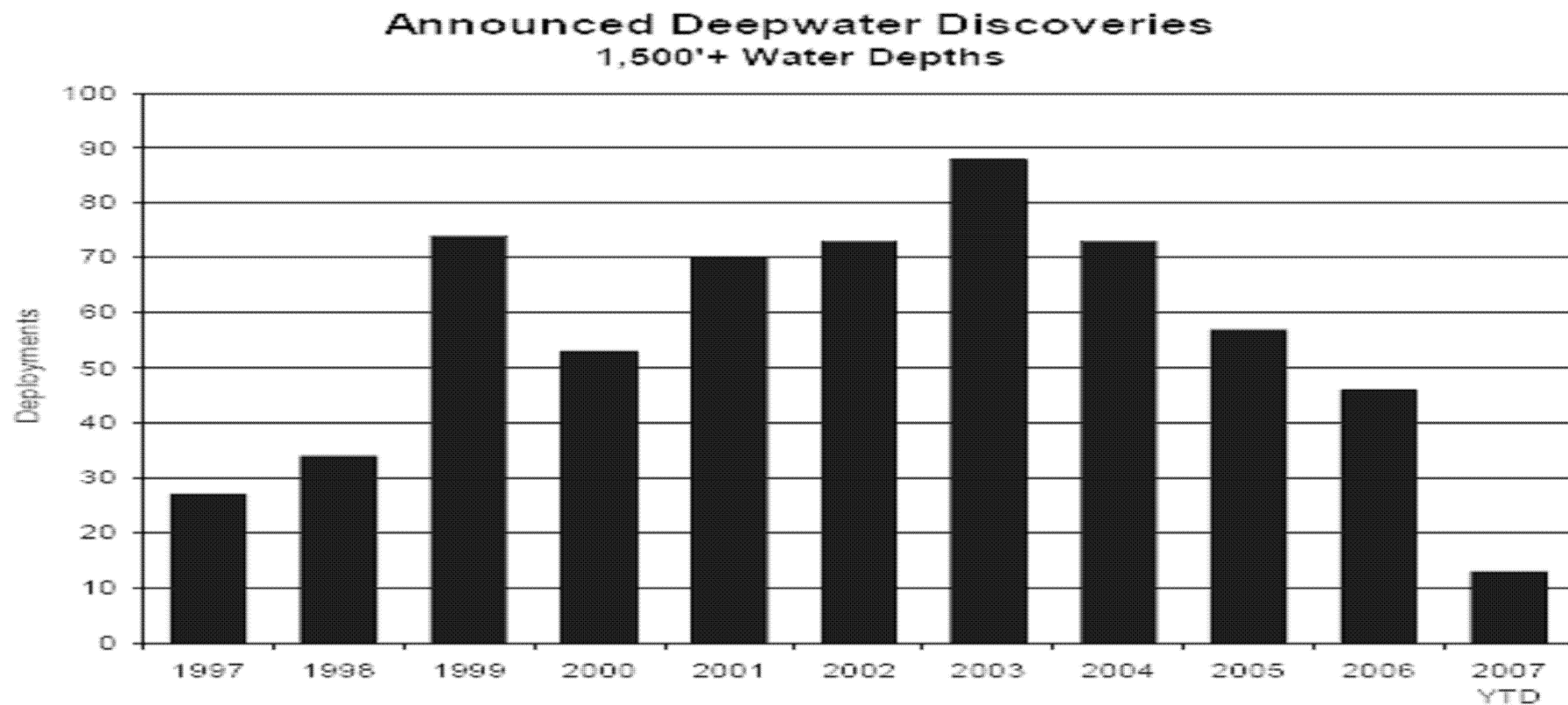
- ✓ Continuing growth in energy demand
- ✓ Energy Security concerns high on sovereign agenda
- ✓ Globally E & P expenditure on the rise
- ✓ Offshore will continue to account for increasing proportion of oil supply
- ✓ Increase in demand from higher oil prices – Demand > Supply
- ✓ ASIA currently accounts for 25% of global offshore drilling expenditure, US at 23%, W Europe at 17%



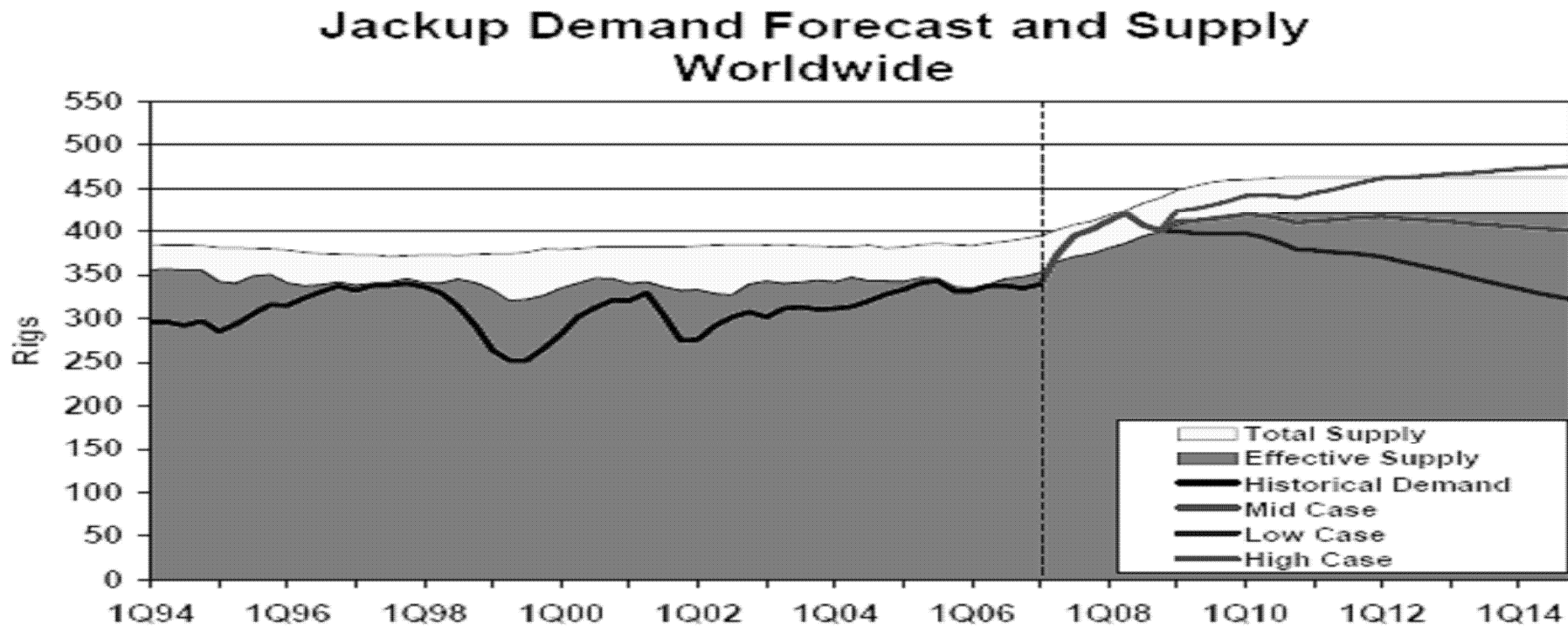
Source: EIA, Spears & Associates



## Globally shift towards Deep water drilling activity



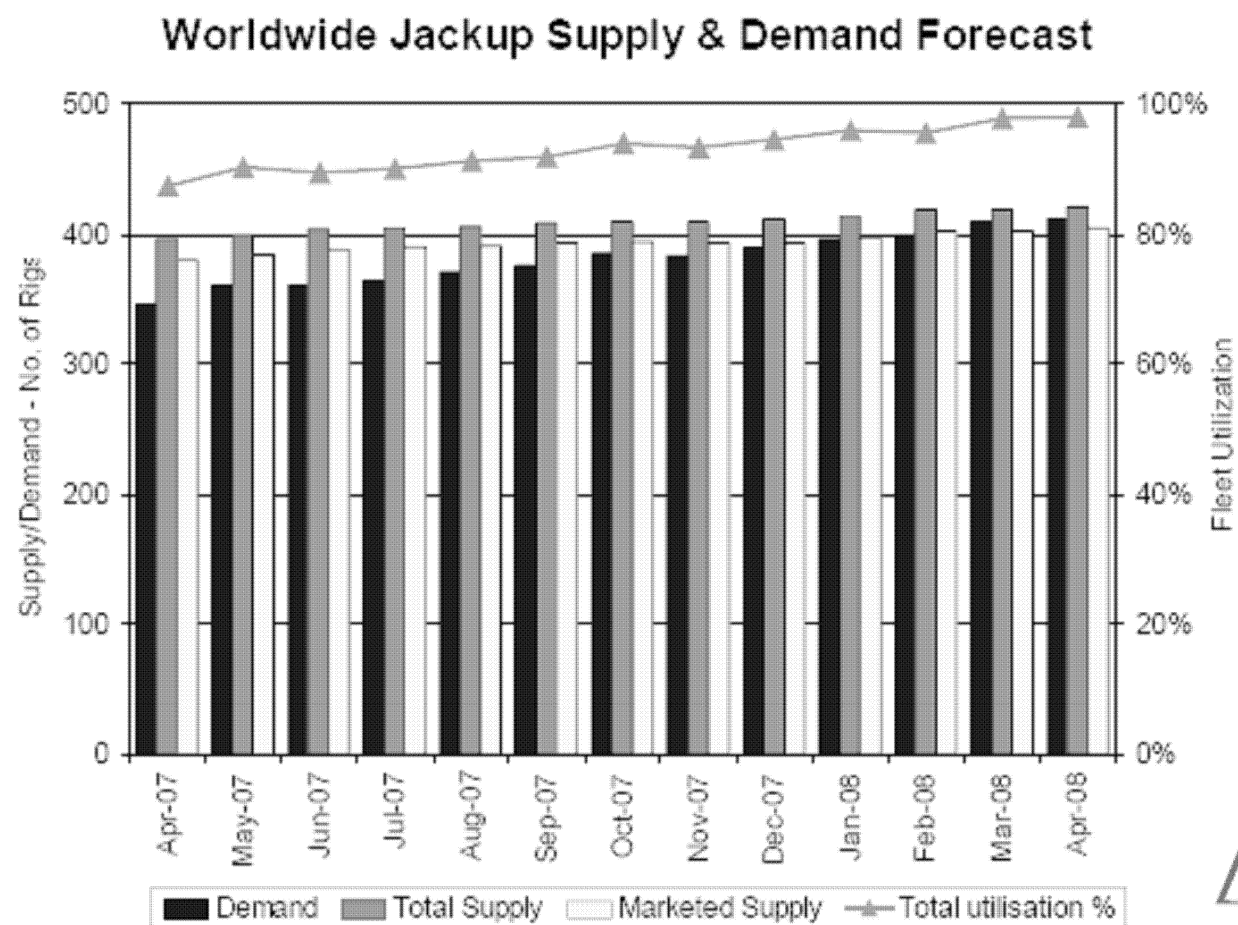
## Offshore Oil services Industry : Global Rig forecasts



Source: ODS Petrodata



## Distinct market for Jackup's



## Ageing Offshore fleet

(No.of units)	Total Fleet	AHTS	PSV
Existing fleet	1879	1018	861
<i>Average Age (yrs)</i>	<i>17.1</i>	<i>18.4</i>	<i>15.2</i>
NB Orderbook	545	333	212
Position	(29%)	(33%)	(25%)

Source: ODS Petrodata/ Clarksons

- ☑ **AHTS - 56.9% over 20 years of age; 16.9% over 30 years of age**
- ☑ **PSV – 42.5% over 20 years of age ; 7.7% over 30 years of age**
- ☑ **Potential new deliveries**
  - ☑ In 2007 – 58 PSVs & 32 AHTS , In 2008 – 52 PSVs & 33 AHTS
  - ☑ In 2009 – 19 PSVs & 47 AHTS , In 2010 – 4 PSVs & 7 AHTS
  - ☑ In 2011 – 5 PSVs

## India's Offshore oil field services industry

	Onshore	Offshore		TOTAL
		Deep water	Shallow water	
NELP I	1	7	16	24
NELP II	7	8	8	23
NELP III	8	8	7	23
NELP IV	10	11	-	21
NELP V	12	6	2	20
NELP VI	25	24	6	55
<b>TOTAL</b>	<b>63</b>	<b>64</b>	<b>39</b>	<b>166</b>
In NELP VII around 70 to 80 blocks ,acreage 4,00,000 SKM				

Source:DGH

Pre NELP i.e (1993 –2006)- Investments made on Exploration USD 781.65 mn 25 discoveries made

Post NELP (i.e 2000–2006) – Investments made on Exploration USD 1451.18 mn, 40 discoveries made

## FACT FILE : India's Offshore oil field services industry

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- ☑ Only 18% of India's total offshore area has been explored
- ☑ 58 offshore wells were drilled between 2000 –2004 ; NELP envisages 498 wells to be drilled between 2006 –1012
- ☑ Indian operators chartered 25 rigs in 2004.By 2010 an estimate of 44 rigs is expected to be chartered
- ☑ In 2004 , 89 offshore vessels were working in India which is 112 as on 2007 and expected to be 135+ by 2010
- ☑ Non availability of drilling assets have delayed drilling programmes of India's operators

## Offshore oil field services outlook

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- ☑ 193 countries in the world are energy dependent , vast majority of the countries rely on few energy producing nations
- ☑ New Building capacity fully exploited
  - ☑ In 1980s there were around 80 yards manufacturing rigs
  - in 2006 there are 10 yards
  - ☑ During 1982-83 60 rigs were built, during the next 3 years 2007 to 2009 , 65 rigs would be delivered
- ☑ Specialised high spec vessels in demand



**Thank You**

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