



The Great Eastern  
Shipping Co. Ltd.



# FORWARD LOOKING STATEMENT

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.



The Great Eastern  
Shipping Co. Ltd.

# INVESTOR PRESENTATION



05 Sep 2022

# REPORTED FINANCIAL HIGHLIGHTS

**GE Shipping Q1FY23 consolidated Net Profit at INR 457 Cr**

**Declared 1<sup>st</sup> interim dividend of INR 5.40/Share for FY2023**

Standalone		Key Figures	Consolidated	
Q1FY23	Q1FY22	(Amount in INR Cr)	Q1FY23	Q1FY22
<b>Income Statement</b>				
1,165	664	Revenue (including other income)	1,398	801
616	292	EBITDA (including other income)	723	283
<b>428</b>	<b>99</b>	<b>Net Profit</b>	<b>457</b>	<b>12</b>
<b>Balance Sheet</b>				
11,077	10,706	Total Assets	14,143	13,931
6,924	6,210	Equity	8,471	7,742
3,173	3,640	Total Debt (Gross)	4,380	4,922
71	724	Long Term Debt (Net of Cash)	421	1,162
<b>Cash Flow</b>				
444	230	From operating activities	475	237
(24)	(177)	From investing activities	(36)	(243)
(408)	(286)	From financing activities	(460)	(335)
12	(232)	Net cash inflow/(outflow)	(21)	(341)



# **NORMALIZED FINANCIAL NOTES**

**1) The impact of the exchange rate on foreign currency loans and current assets and liabilities, including cash and bank balances, has been removed**

## **2) NCD & Currency Swap:**

- **Funds raised through NCDs have been swapped into USD using INR-FCY swaps, thus creating synthetic fixed rate USD loans.**
- **The MTM change of these swaps impacts the reported numbers.**
- **Normalized numbers are worked out after making necessary adjustments to reported numbers to reflect the effective cost of the synthetic USD loans.**

# NORMALIZED FINANCIAL HIGHLIGHTS

GE Shipping Q1FY23 consolidated Net Profit at INR 509 Cr

Declared 1<sup>st</sup> interim dividend of INR 5.40/Share for FY2023

Standalone		Key Figures	Consolidated	
Q1FY23	Q1FY22	(Amount in INR Cr)	Q1FY23	Q1FY22
<b>Income Statement</b>				
1,165	664	Revenue (including other income)	1,398	801
612	288	EBITDA (including other income)	727	303
<b>465</b>	<b>134</b>	<b>Net Profit</b>	<b>509</b>	<b>82</b>
<b>Balance Sheet</b>				
11,077	10,706	Total Assets	14,143	13,931
6,924	6,210	Equity	8,471	7,742
3,705	4,004	Total Debt (Gross)	4,913	5,286
604	1,088	Long Term Debt (Net of Cash)	954	1,525

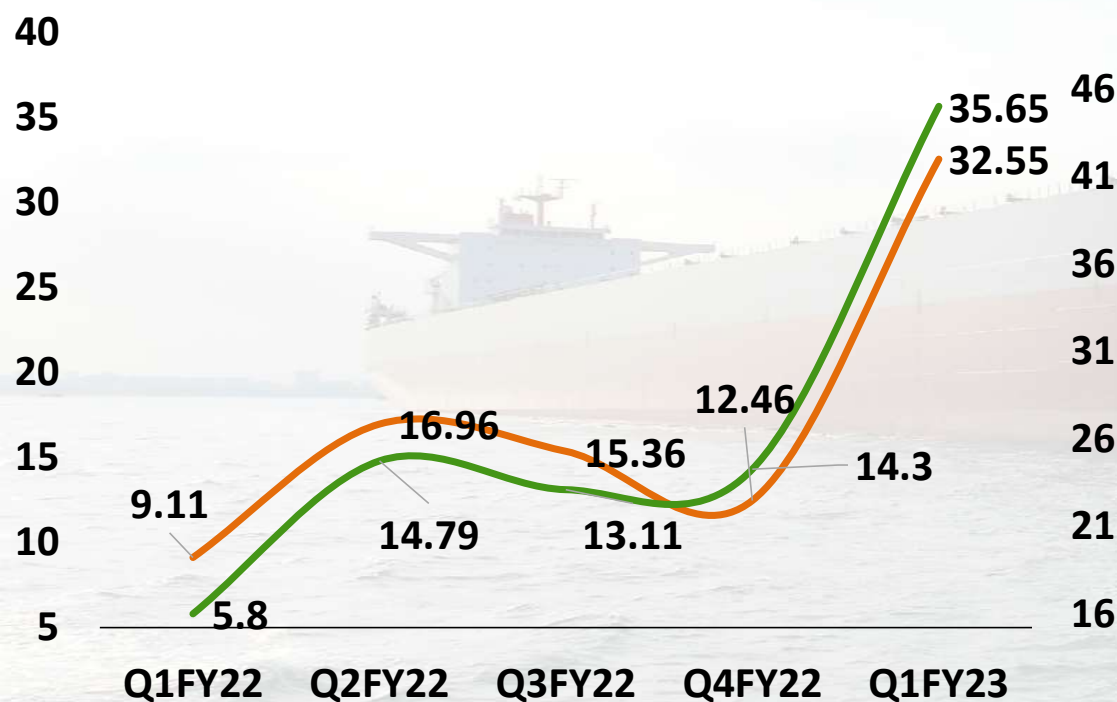
# NORMALIZED FINANCIAL HIGHLIGHTS

Standalone		Key Figures	Consolidated	
Q1FY23	Q1FY22		Q1FY23	Q1FY22
		<b>Key financial figures</b>		
27.55%	8.70%	**Return on Equity (ROE) (%)	24.64%	4.22%
18.88%	6.59%	**Return on Capital Employed (ROCE) (%)	16.76%	3.99%
0.54	0.64	Gross Debt/Equity (x)	0.58	0.68
0.09	0.18	Net Debt/Equity (x)	0.11	0.20
32.55	9.11	Earnings per share, EPS (INR/Share)	35.65	5.55
40.55	16.94	Cash Profit per share (INR/Share)	48.21	17.76
5.40	-	Dividend per share (INR/Share)	5.40	-
732	540	Net Asset Value per share (INR/Share)	779-832	567-616

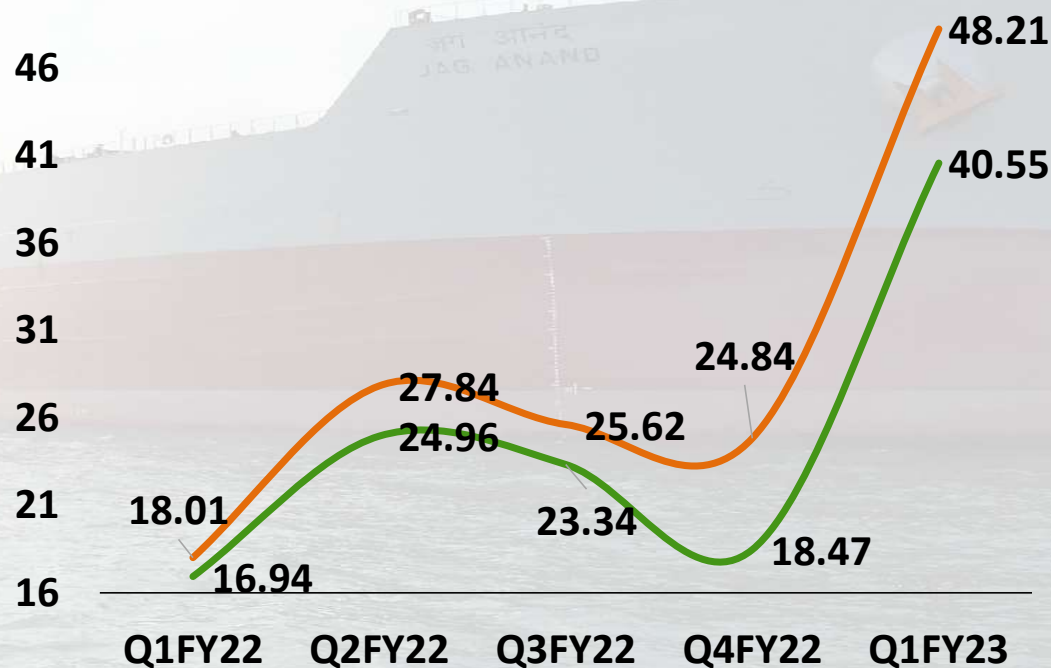
\*\*Annualized Figures

# NORMALIZED FINANCIAL KEY RATIOS

## Earnings per Share (Rs/Share)



## Cash Profit per Share (Rs/Share)



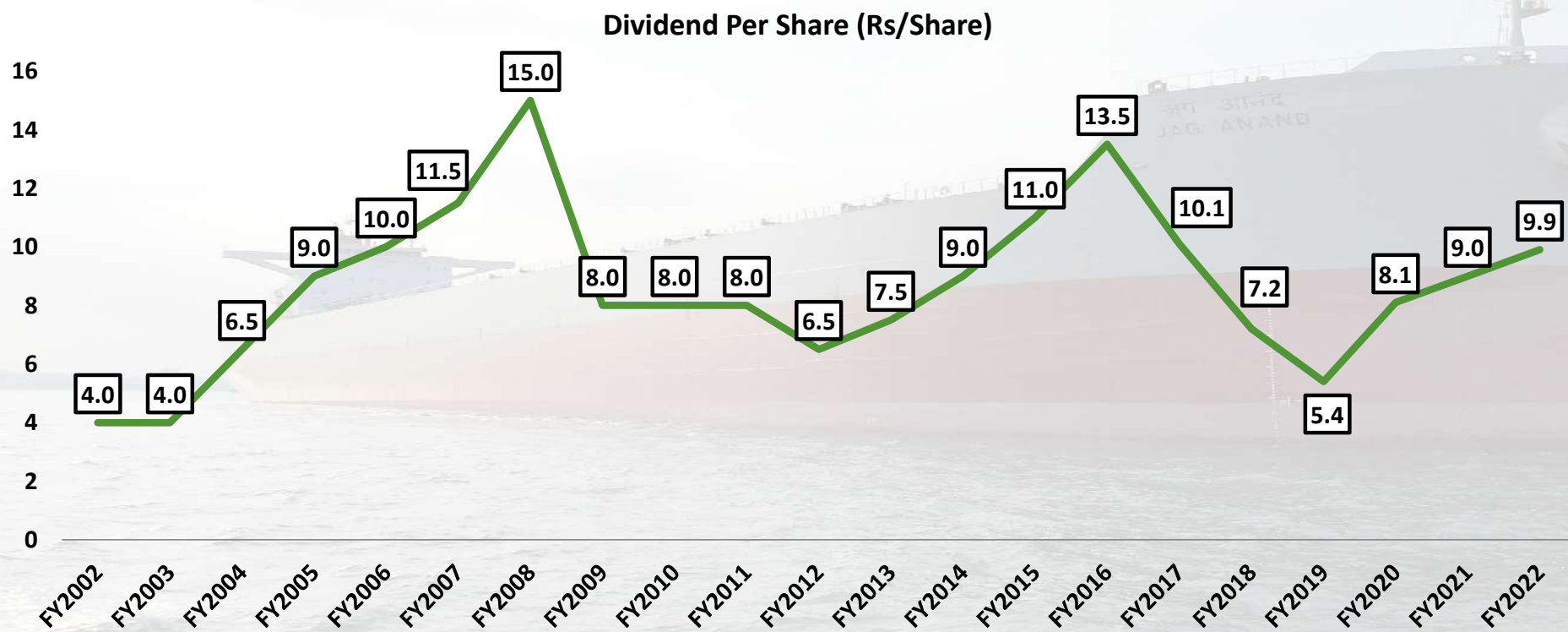
\*Annualised Figures

Consolidated

Standalone



# CREATING SUPERIOR SHAREHOLDERS' VALUE

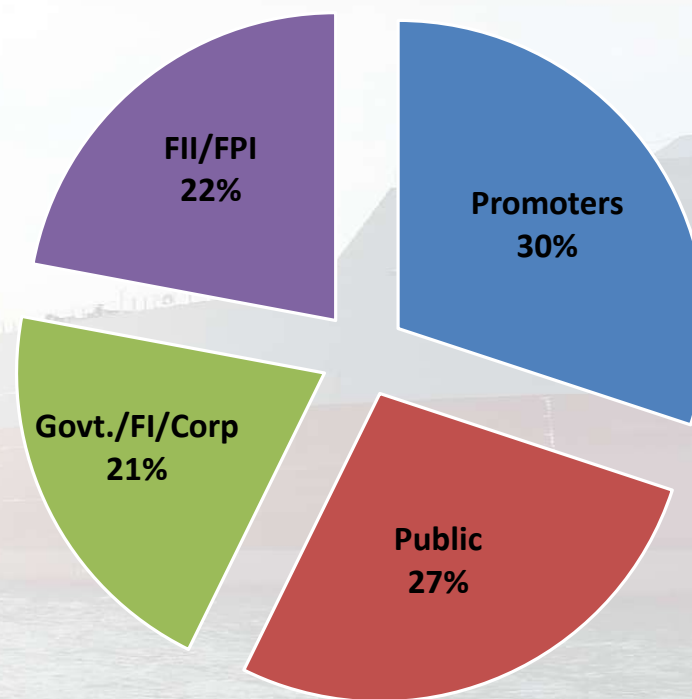


# PROFIT & LOSS STATEMENT

## INDUSTRY FORMAT

Standalone		INR Cr	Consolidated	
Q1FY23	Q1FY22		FQ1Y23	Q1FY22
1,157	623	Operating Revenue	1,359	765
322	168	Less : Direct Operating Expenses/Voyage Expenses	328	186
<b>835</b>	<b>455</b>	<b>Time Charter Equivalent (A)</b>	<b>1,031</b>	<b>579</b>
0	12	Profit on sale of ships and other assets	0	12
8	29	Other Income	39	24
<b>8</b>	<b>42</b>	<b>Total Other Income (B)</b>	<b>39</b>	<b>37</b>
177	175	Other Operating Expense	262	254
53	34	Administrative & General Expense	78	55
<b>230</b>	<b>209</b>	<b>Total Expenses (C)</b>	<b>340</b>	<b>309</b>
<b>612</b>	<b>288</b>	<b>EBITDA (D) = [ (A)+(B)-(C) ]</b>	<b>730</b>	<b>307</b>
114	115	Depreciation & Amortization (E)	179	179
0	0	Impairment (F)	0	0
<b>498</b>	<b>173</b>	<b>Operating Profit including other Income (G) = [ (D)-(E)-(F) ]</b>	<b>551</b>	<b>127</b>
71	74	Finance Expense (H)	93	98
63	26	Derivative losses/(gains) (I)	47	49
-66	-30	Foreign Currency Exchange losses/(gains) (J)	-40	-26
2	4	Income tax expense (K)	-7	-7
<b>428</b>	<b>99</b>	<b>Net Profit [ (G)-(H)-(I)-(J) ]</b>	<b>457</b>	<b>12</b>

# SHAREHOLDING PATTERN



Shareholding Pattern as on 30 June 2022

# MANAGEMENT COMMENTARY



## Mr. Bharat K Sheth

### Deputy Chairman & Managing Director

**“All four of our shipping sectors did well in Q1, some better than others. Having a large part of our fleet in the spot market helped us take advantage of the market strength.**

**Strong cash flows from the business, coupled with an increase in asset values, resulted in a significant increase in Net Asset Value for the quarter.**

**A long period of underinvestment in energy seems to have caught up with the oil market, boosting demand for rigs and vessels. It is possible that we are past the worst of the offshore market.**

**We must recognize that recessionary pressures are building up, the impact of which is difficult to assess.”**



# PERFORMANCE REVIEW

## Break up of Revenue days (Shipping)

Revenue Days	Q1 FY23	Q1 FY22
Owned Tonnage	3,929	3,990
Inchartered Tonnage	215	16
<b>Total Revenue Days</b>	<b>4,144</b>	<b>4,006</b>
Total Owned Tonnage (mn.dwt)	3.57	3.68

## Break up of Revenue days (Offshore)

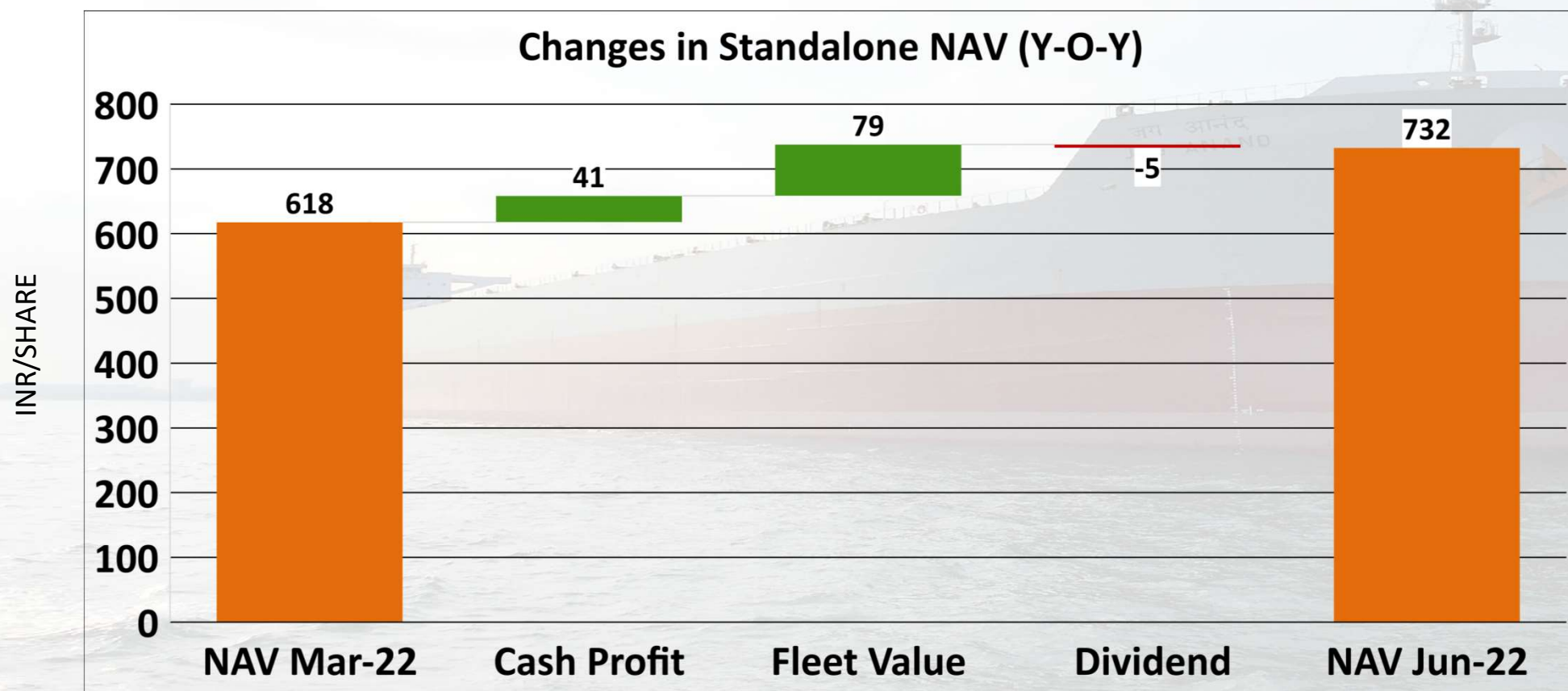
Revenue Days	Q1 FY23	Q1 FY22
Offshore Logistics	1,555	1,512
Drilling Services	356	214
<b>Total</b>	<b>1,911</b>	<b>1,726</b>

# PERFORMANCE REVIEW

## Average quarterly TCYs earned in various (Shipping) categories

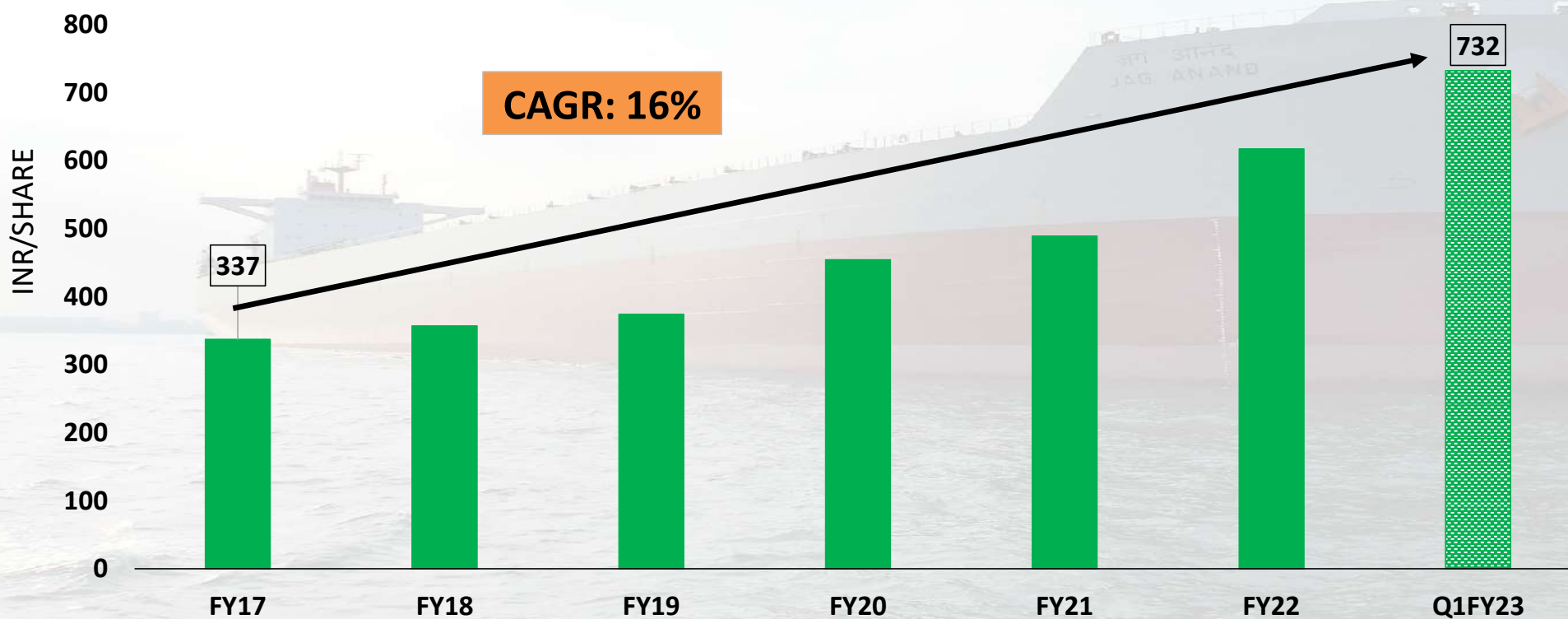
Average (TCY USD/day)	Q1 FY23	Q4 FY22	Q-o-Q Change	Q1 FY22	Y-o-Y Change
Crude Carriers	<b>28,852</b>	15,051	<b>92%</b>	8,779	<b>229%</b>
Product Carriers	<b>25,745</b>	10,251	<b>151%</b>	10,518	<b>145%</b>
LPG Carriers	<b>26,196</b>	26,107	<b>0%</b>	26,514	<b>-1%</b>
Dry Bulk	<b>27,235</b>	22,158	<b>23%</b>	24,238	<b>12%</b>

# CHANGES IN STANDALONE NET ASSET VALUE (Y-O-Y)



# STANDALONE NET ASSET VALUE MOVEMENT – LAST 5 YEARS

Standalone NAV - Highest Since Inception





## COMPLETION OF BUYBACK - FINAL FIGURES

Total Shares Bought Back	4,199,323
Average Price (INR/Share)	316.21*
Amount Utilized (INR Cr)	132.77*
% of Equity Reduced	2.86%
Buyback tax on Utilized Amount (INR Cr)	29.96
Total Utilization %	59%

Amount Earmarked (INR Cr)	225.00
Taxation on Amount (INR Cr)	52.42
Total Amount Earmarked (INR Cr)	277.42
Maximum Buy Back Price (INR/Share)	333.00

*\*Excludes transaction costs like brokerage costs, securities transaction taxes, service tax, and stamp duty.*

# REVENUE COVERAGE

## Category-wise coverage of operating days (Shipping) --- FY23

Category	Extent of coverage of fleet's operating days
Crude Carriers	15%
Product Carriers	20%
LPG Carriers	98%
Dry Bulk	28%

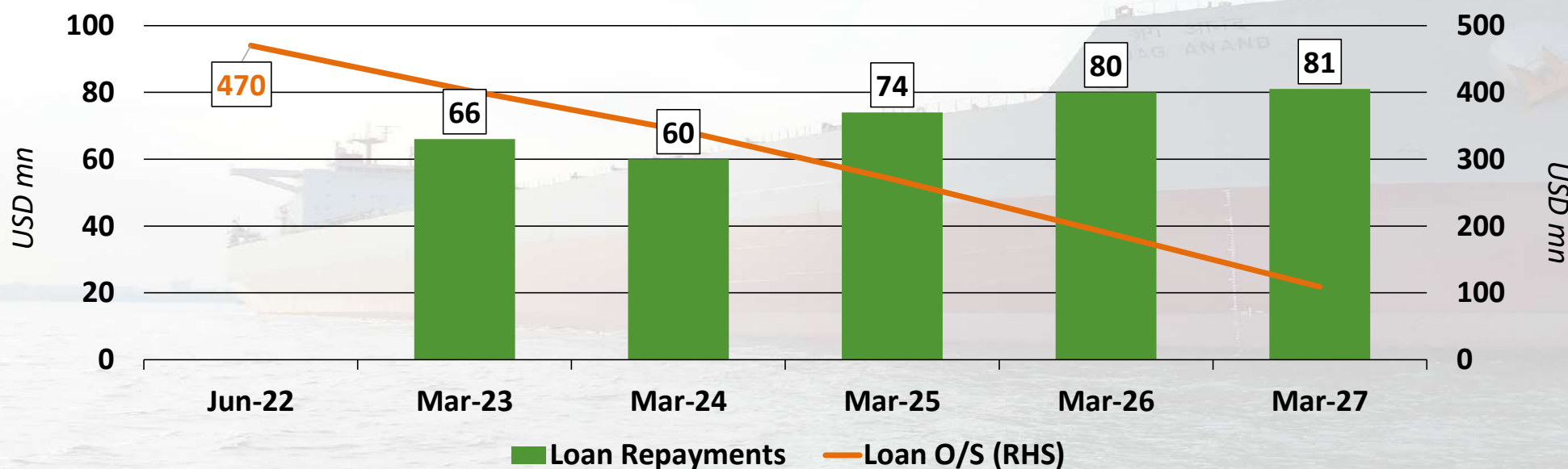
## Category-wise coverage of operating days (Offshore) --- FY23

Category	Extent of coverage of fleet's operating days
Jackup Rigs	91%
AHTSV	81%
MPSVV	31%
PSV/ROVSV	93%

# GESCO STANDALONE

## DEBT REPAYMENT SCHEDULE (NEXT 5 YEARS)

GESCO Standalone (USD mn)



- 1) Prepaid USD 31 Mn of ECB debt in Q1FY23.
- 2) Effective all-in USD cost of debt of less than 4.00% (Jun-22)
- 3) 90% of debt portfolio is fixed.

# FLEET PROFILE

SHIPPING				
Fleet	DWT (FY23)	Fleet (31-Aug-22)		Committed Capex/Sale
		No:	Avg Age	
Crude Carriers*	1,058,499	8	14.53	Sale*: 1 Aframax committed to sell by H2FY23
Product Carriers	1,092,465	18	14.47	
Gas Carriers	185,363	4	16.79	
Dry Bulk Carriers	1,210,805	14	9.39	
Total	3,547,132	44	12.87	
OFFSHORE				
Fleet		Number of Units		Average Age (Yrs.)
Jack Up Rigs		4		10.81
Platform Supply Vessels		4		12.98
Anchor handling Tug Cum Supply Vessels		8		12.44
Multipurpose Platform Supply & Support Vessels		2		12.29
ROV Support Vessels		4		10.83



# MANAGEMENT PHILOSOPHY

## 7 DECADES OF UNPARALLELED EXPERIENCE

### Creating Superior Stakeholder Value



Committed to health & safety;  
Maintain superior fleet

Focus on Quality



Maintain high cash balances;  
Opportunistic mindset

Patient Capital Allocation



Sector Agnostic;  
Value based approach  
not momentum  
based

Counter Cyclical Growth  
Philosophy



Low balance sheet  
leverage;  
High operating  
leverage

Disciplined Use of Leverage

# INVESTMENT **THESIS**

**Fleet operated at global standards, with a large number of international customers**

**Offshore fleet – quality operations with low balance sheet leverage**

**Prudent Capital Allocation across a diversified fleet**

**Strong cash flows**

**Strong balance sheet enables capacity expansion in low markets**

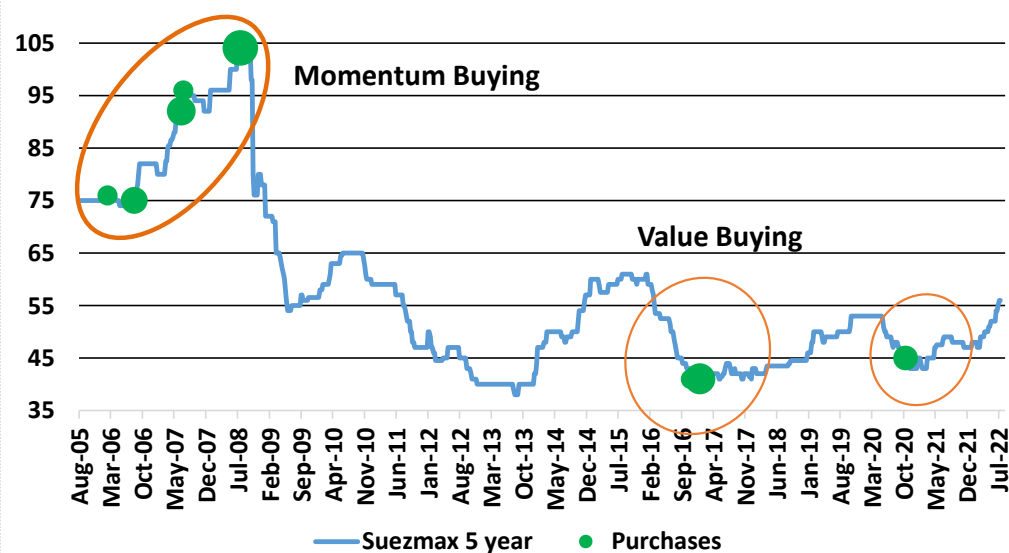
**High level of operating leverage in shipping to take advantage of high freight markets**



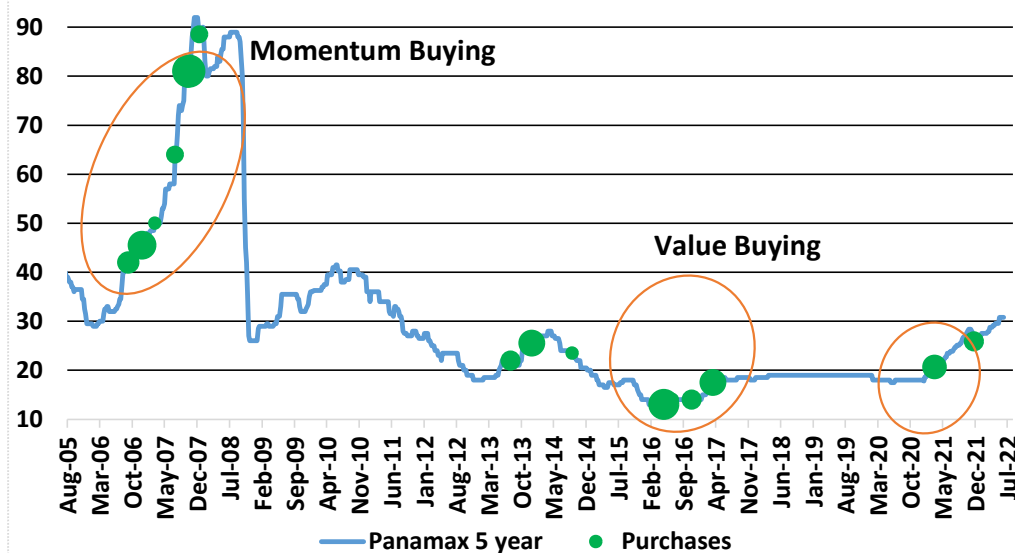
# Prudent Capital Allocation

## Transformation from Momentum Buying to Value Buying

Sales & Purchase (Oil Tankers) vs Suezmax 5 year old



Purchase (DryBulk) Vs Panamax Drybulk 5 year old

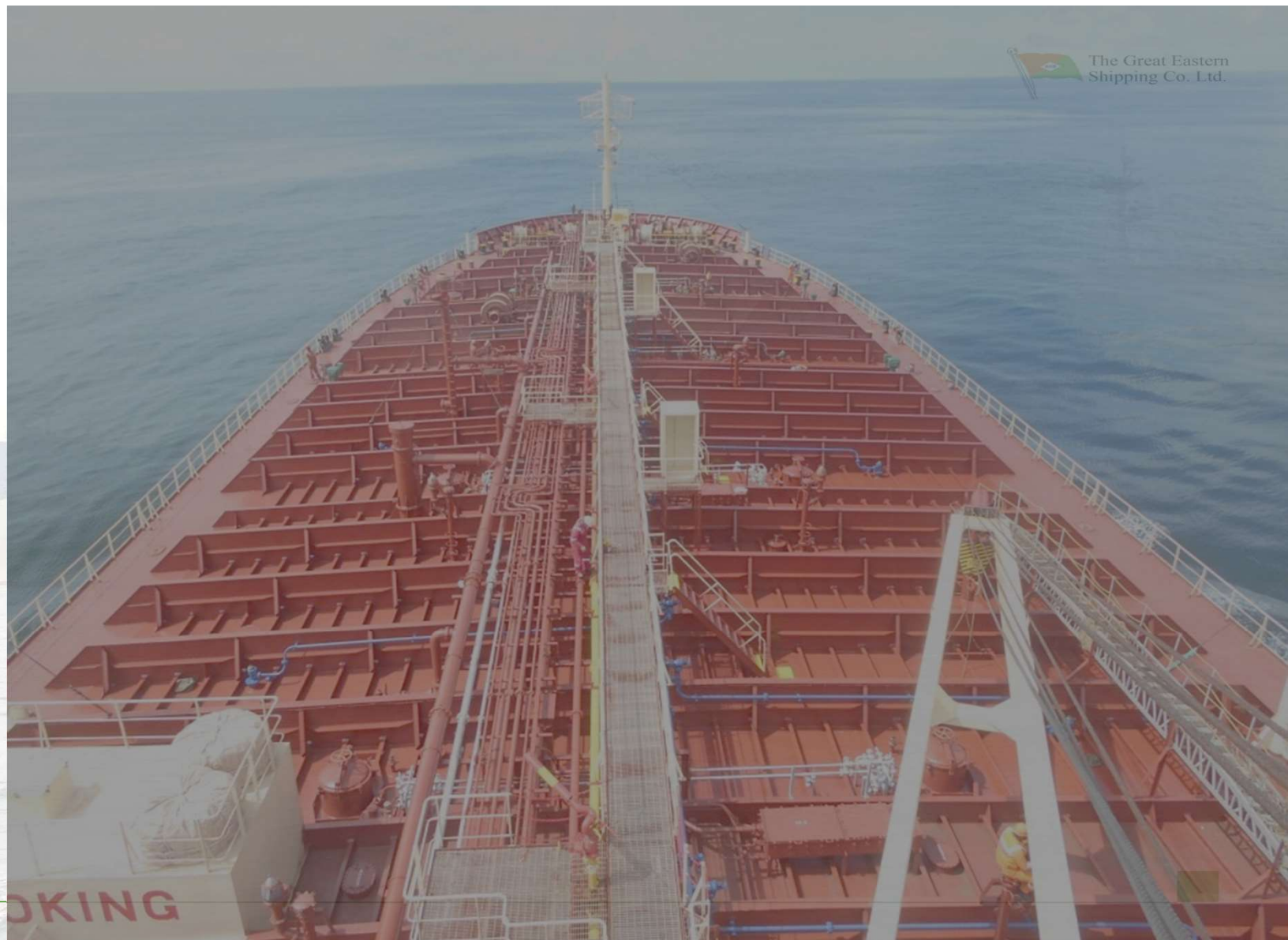


# SHIPPING MARKET

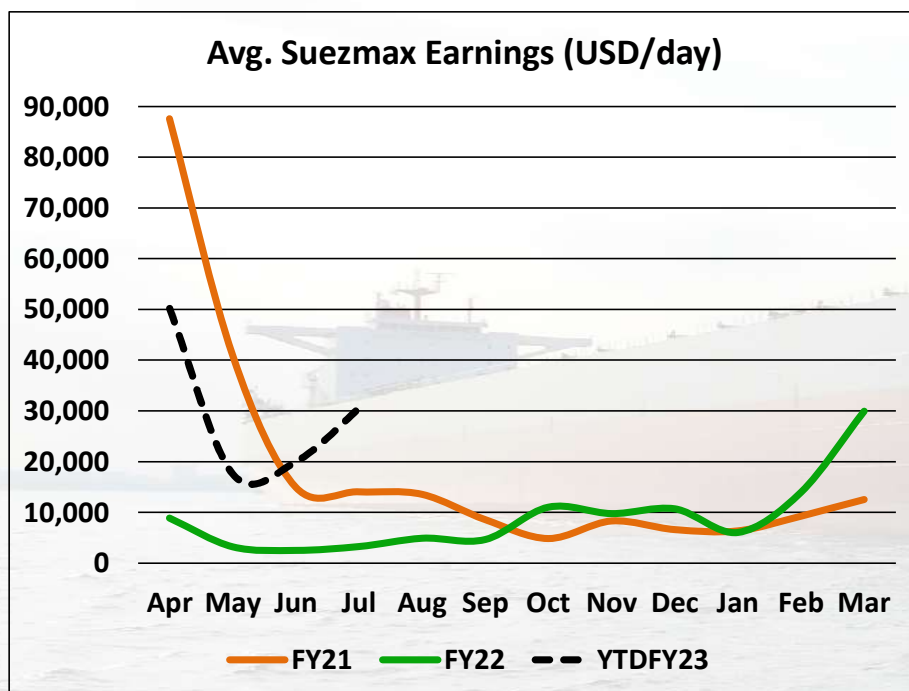




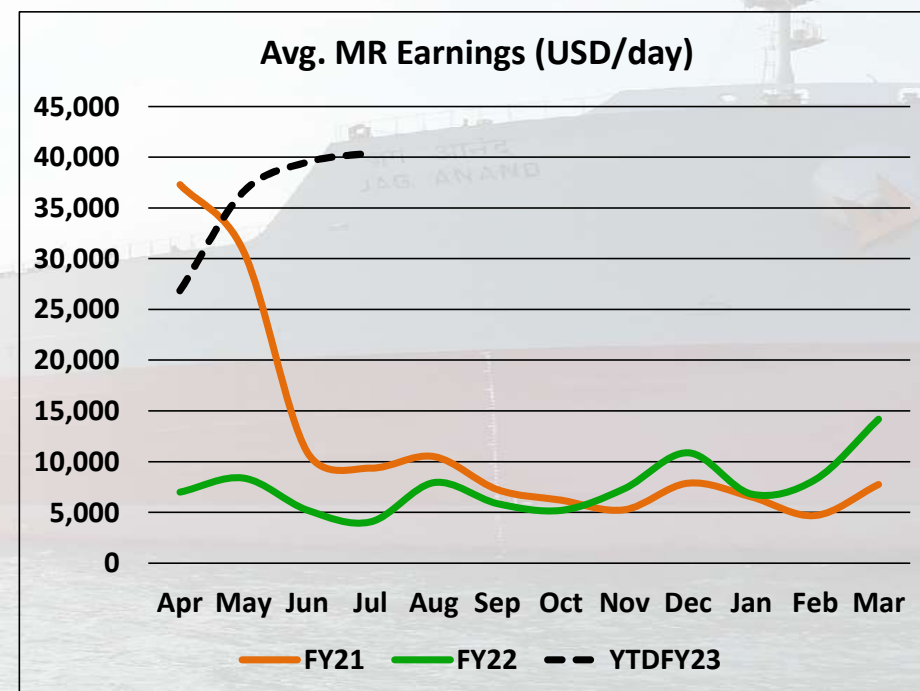
# TANKER MARKET



# Crude and Product Tankers



USD/day	YTD FY22	YTD FY23	% change
4M	4,469	29,574	562%



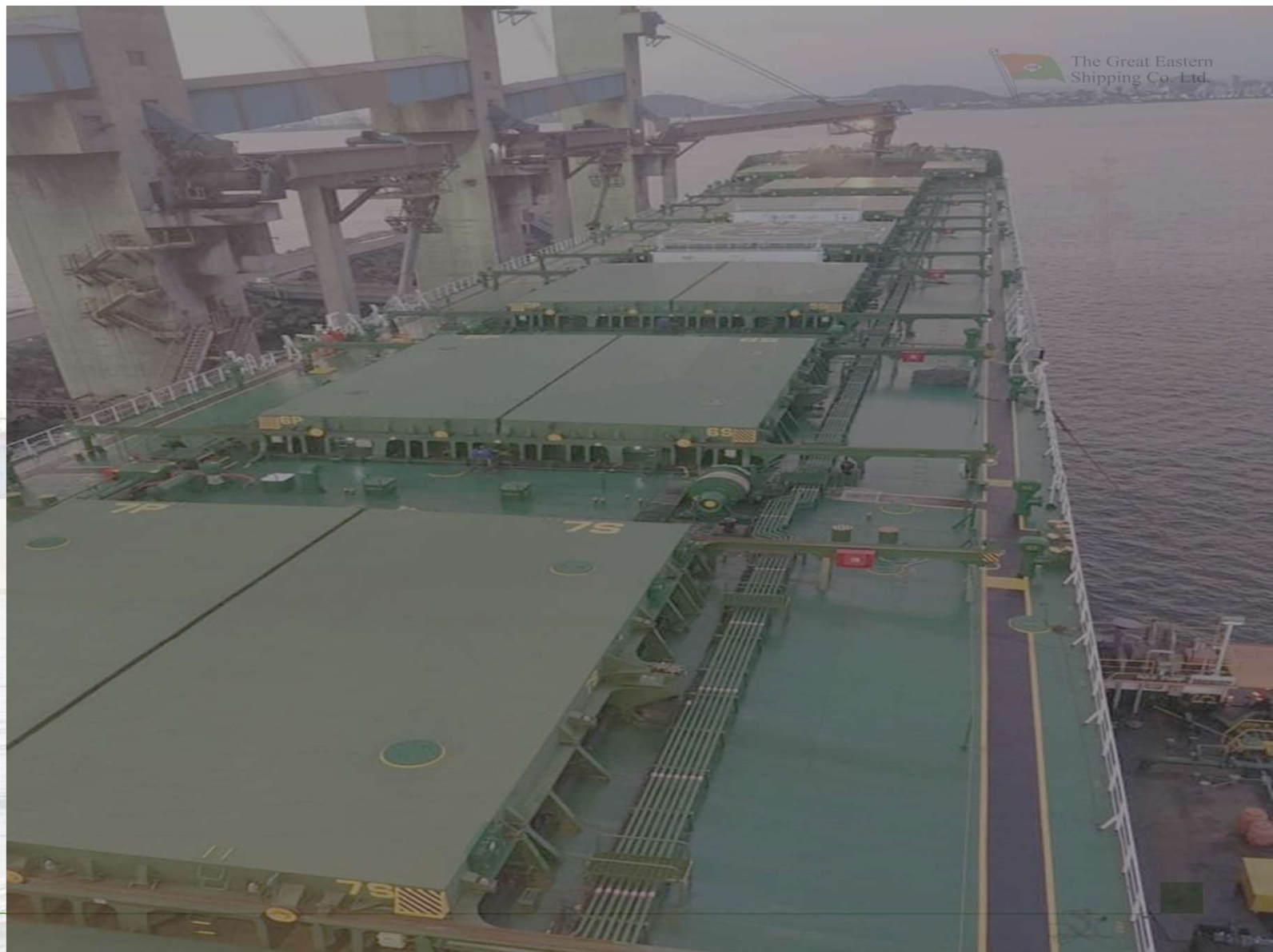
USD/day	YTD FY22	YTD FY23	% change
4M	6,167	35,841	481%

## Crude and Product Tankers

- The Russia-Ukraine conflict provided a fillip to tanker markets as it led to significant altering of trade flows and increased fleet inefficiencies. Spot earnings rose 4-5X y-o-y after hovering around opex levels for around 2 years.
- The recovery in spot earnings was led by Product tankers due to supply tightness in products, mainly in Atlantic markets.
- Global refineries were running at close to full capacity as margins remained at record levels during the quarter amidst low inventory levels.
- Crude and product trade remain 4% and 1% below pre-COVID levels.
- Increased congestion/stationary fleet helped curtail the impact of fleet growth

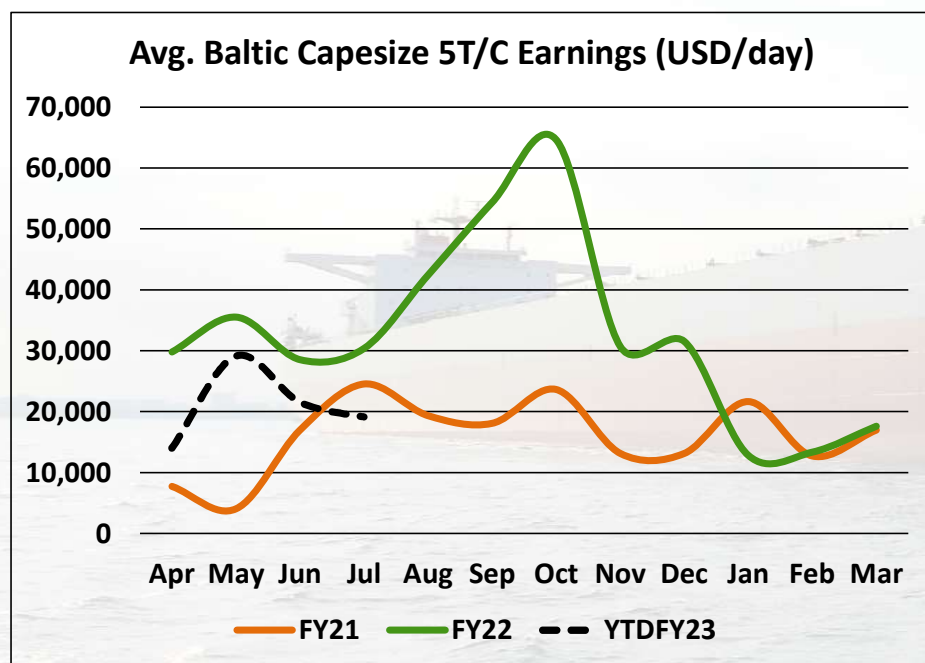


# DRY BULK MARKET

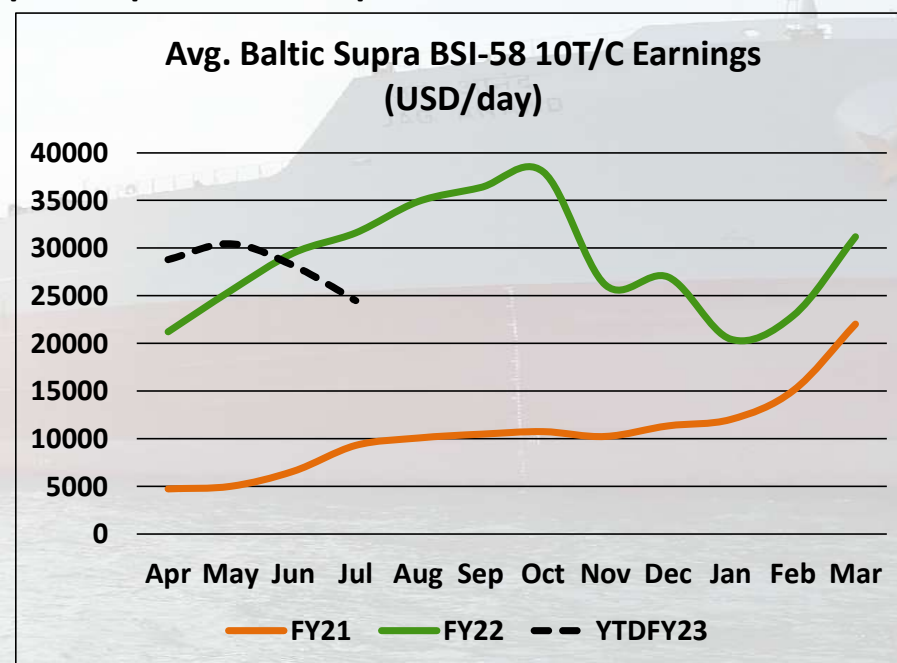


# Dry Bulk

DB Freight softened in Q1FY23 Y-O-Y, but Sub-Capes outperformed Capes



USD/day	YTDFY22	YTDFY23	% change
4M	31,059	20,961	-33%



USD/day	YTDFY22	YTDFY23	% change
4M	26,957	27,983	4%

Sources: Industry Reports



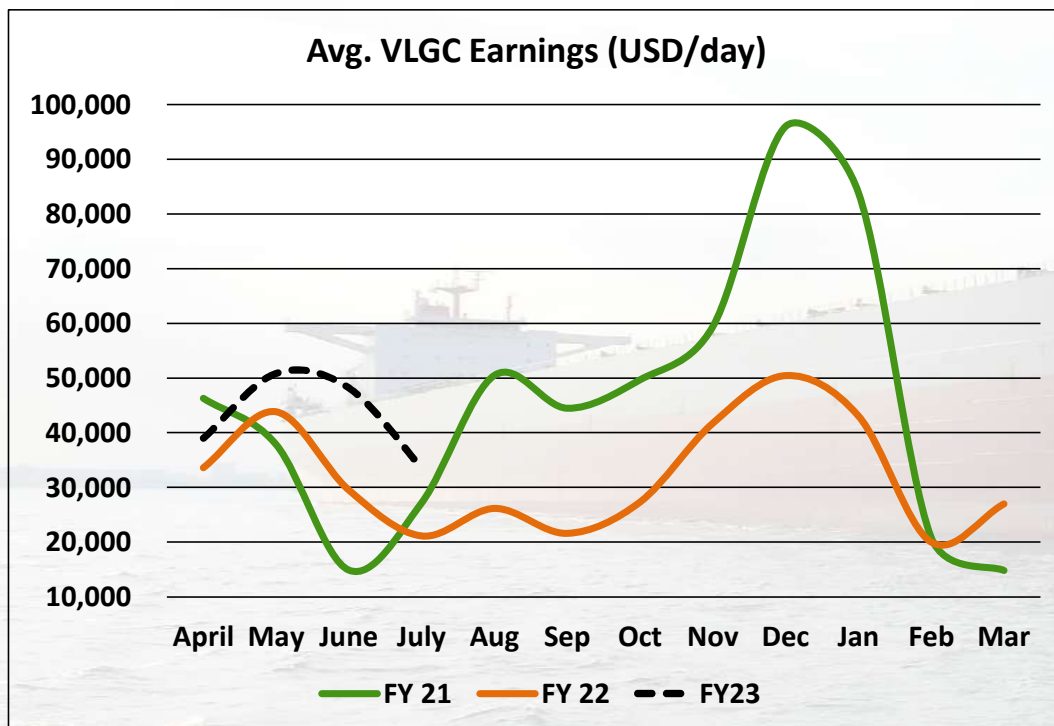
# Dry Bulk

- During the quarter, spot earnings for Capes averaged significantly lower (down 32%), whereas those for sub capes rose 14% on a y-o-y basis respectively. This was the second straight quarter where sub capes continued to outperform the capesize spot earnings on an absolute basis.
- Overall, Dry bulk trade growth was flat to marginally negative (-0.5% to -1% y-o-y) during the quarter mainly impacted by lower iron ore and grain trade.
- Global Iron ore trade declined 2.5 % y-o-y mainly driven by lower exports from India and Brazil, whereas, global grain trade was down 10 % y-o-y chiefly due to loss of exports from Ukraine.
- Global Coal trade was up by 2 % y-o-y on the back of higher coal export volumes from Indonesia. Minor bulks trade growth continued to support the market.
- Whilst DB fleet grew by 3.5% y-o-y, congestion remained elevated during the quarter, curbing effective fleet supply growth. Current OB to Fleet ratio @ 7.10% continues to be at very low levels.

# LPG (GAS) MARKET



# Gas



**VLGC Spot earnings sustained healthy levels during Q1 FY-23 and were higher YoY in comparison to Q1 FY-22.**

USD/day	YTDFY22	YTDFY23	% change
4M	32,021	42,878	34%



# Gas

- VLGC spot earnings averaged USD 46,000 / day during Q1 FY-23 up 29 % y-o-y basis.
- Global VLGC trade grew 11 % y-o-y whereas fleet growth was 6.5 % y-o-y.
- Effective VLGC fleet supply was higher y-o-y due to lower congestion at Panama Canal & drop in scheduled dry docking

# Fleet Supply

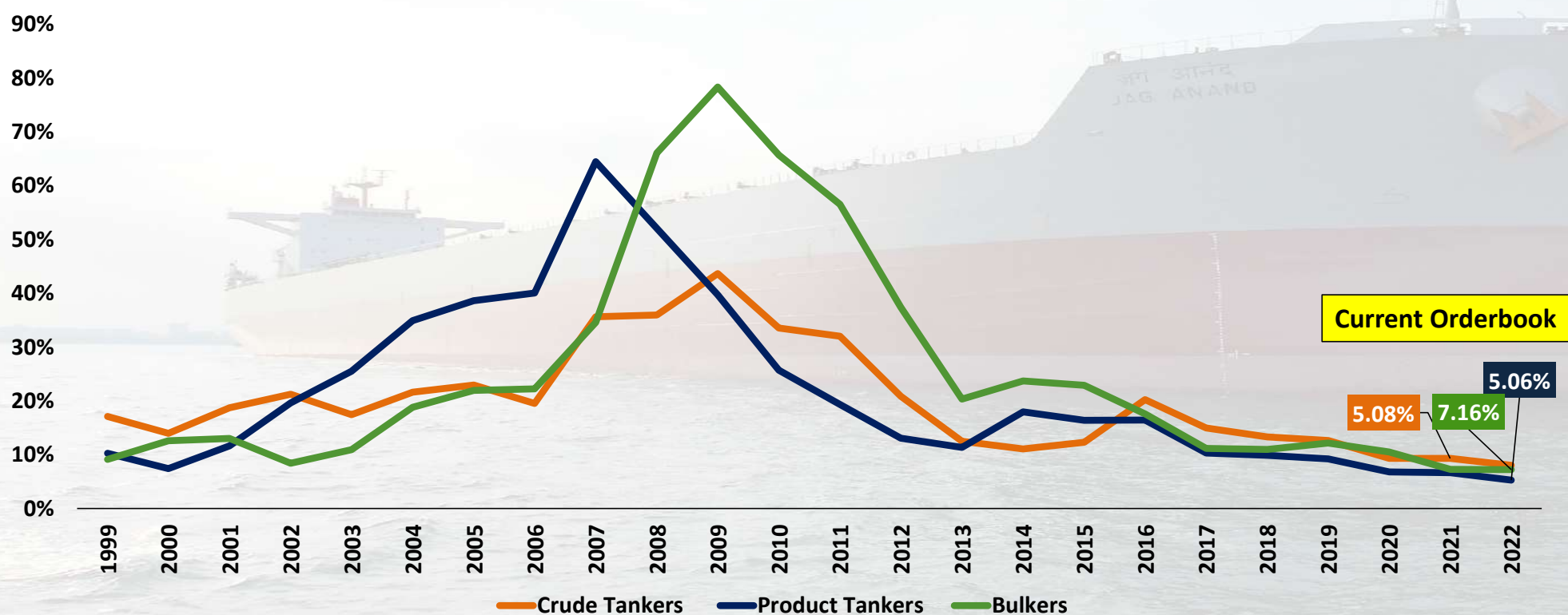


 The Great Eastern  
Shipping Co., Ltd.



# One of the Lowest Order Book to Fleet Ratios

## Historic Order Book as a % of fleet

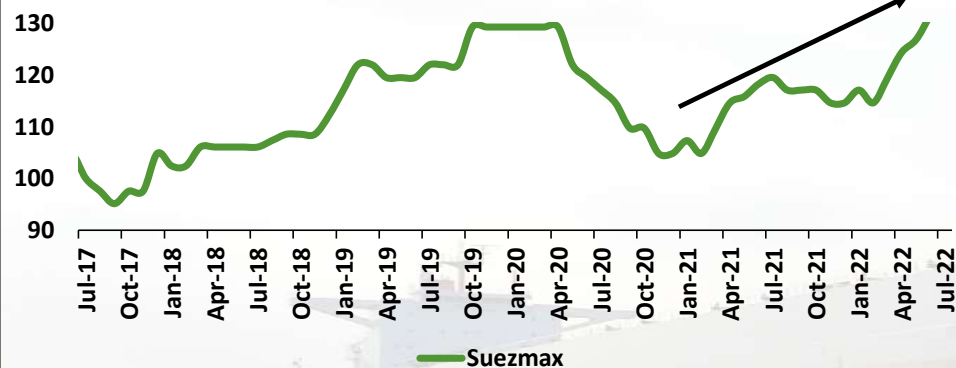


Sources: Industry Reports

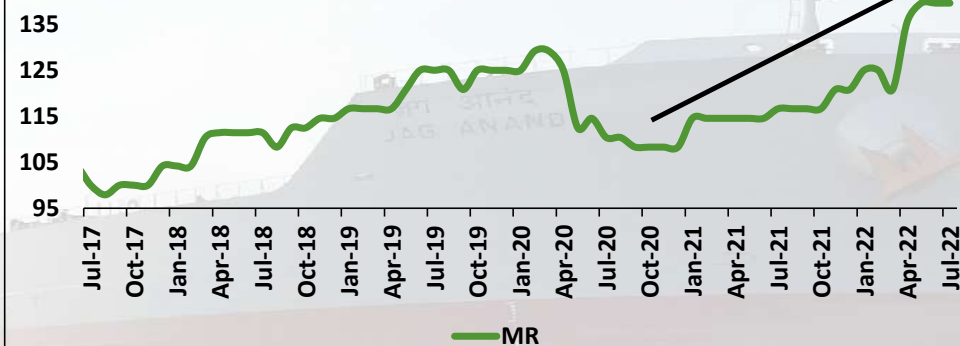
# ASSET PRICE MOVEMENT

# ASSET PRICE MOVEMENT (INDEXED) Over the Last 5 Years

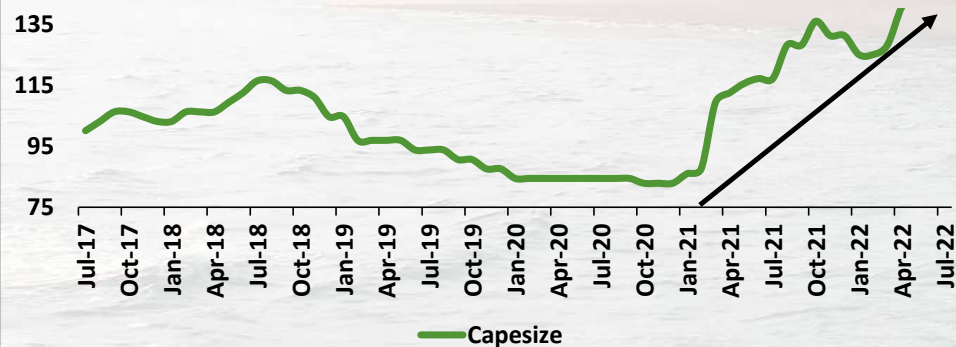
5 Yr Old Asset Value Movement (Crude)



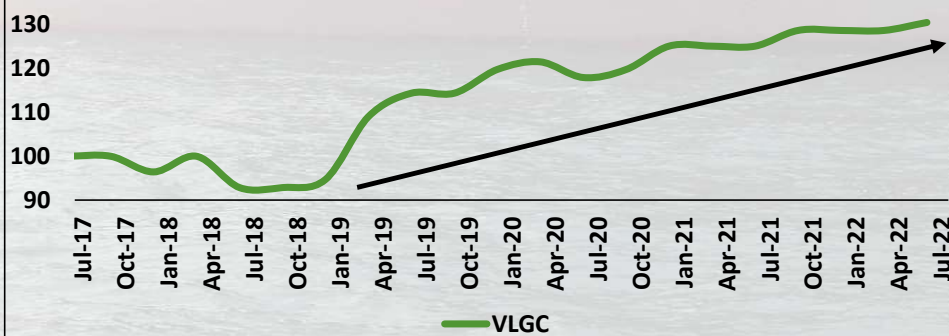
5 Yr Old Asset Value Movement (Product)



5 Yr Old Asset Value Movement (Dry Bulk)



5 Yr Old Asset Value Movement (LPG)



# SCRAPPING

Vessel Category	Fleet (mn Dwt)	Scrapping (% of beginning world fleet)								
	Jul 22	H1CY2022	CY2021	CY2020	CY2019	CY2018	CY2017	CY2016	CY2015	CY2014
Crude	444	0.69%	2.47%	0.53%	0.55%	4.39%	2.43%	0.39%	0.38%	1.75%
Product	174	0.69%	2.11%	0.57%	0.60%	1.72%	1.22%	0.54%	0.62%	1.10%
Dry Bulk	958	0.20%	0.56%	1.74%	0.93%	0.54%	1.85%	3.78%	4.02%	2.24%

- Scrapping for crude and product tankers was particularly restrained due to optimistic sentiment of an earnings recovery in the near term.
- Relatively high spot freight rates in the dry bulk market has deterred significant scrapping in the sector.

**Greatship (India)  
Limited**  
(a 100% subsidiary)





# Fleet Supply

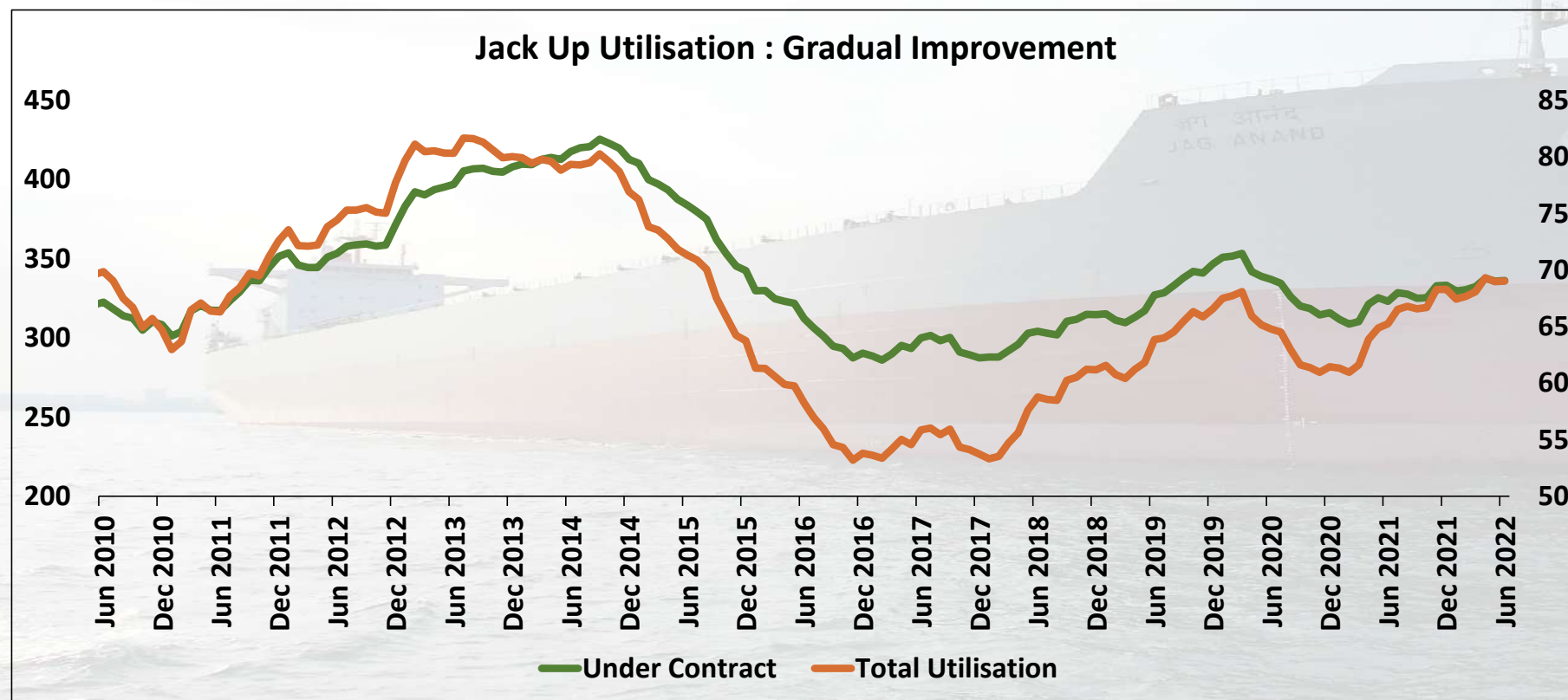
## Increasing number of Cold Stacked Rigs

Number	Jackup Rigs	PSVs + AHTSVs
Current Fleet	488	3,484
Under Contract Fleet	340	2,155
Orderbook	27	117
O/B to current fleet	5.5%	3.4%
Total Scrapping since January 2016 (nos.)	142	553
No. of Vessels/Rigs more than 20/30 years old (as %age of fleet)	33%	19%
Cold Stacked more than 3 years	48	598

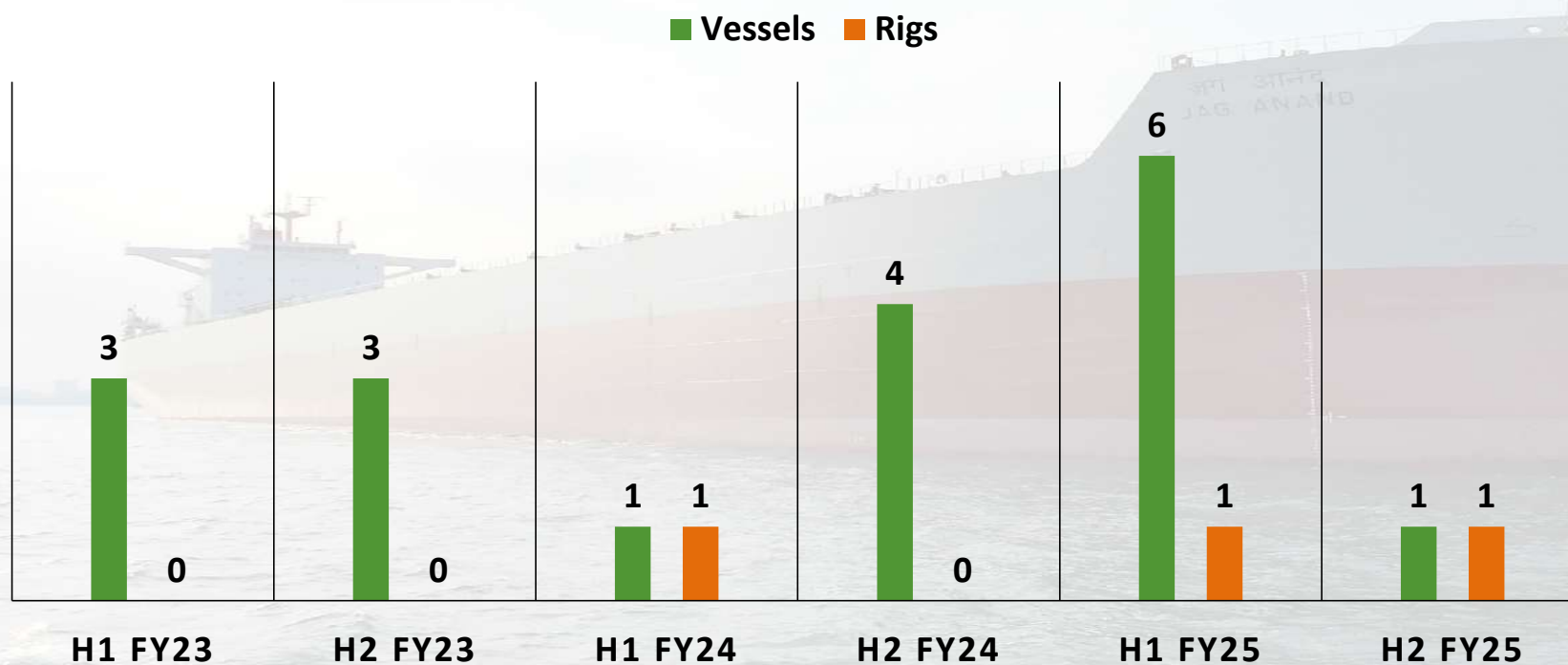
*There is a large potential for scrapping over next few years if the market continues to remain weak.*

Source – Industry Reports

## Market Trends: Utilisation



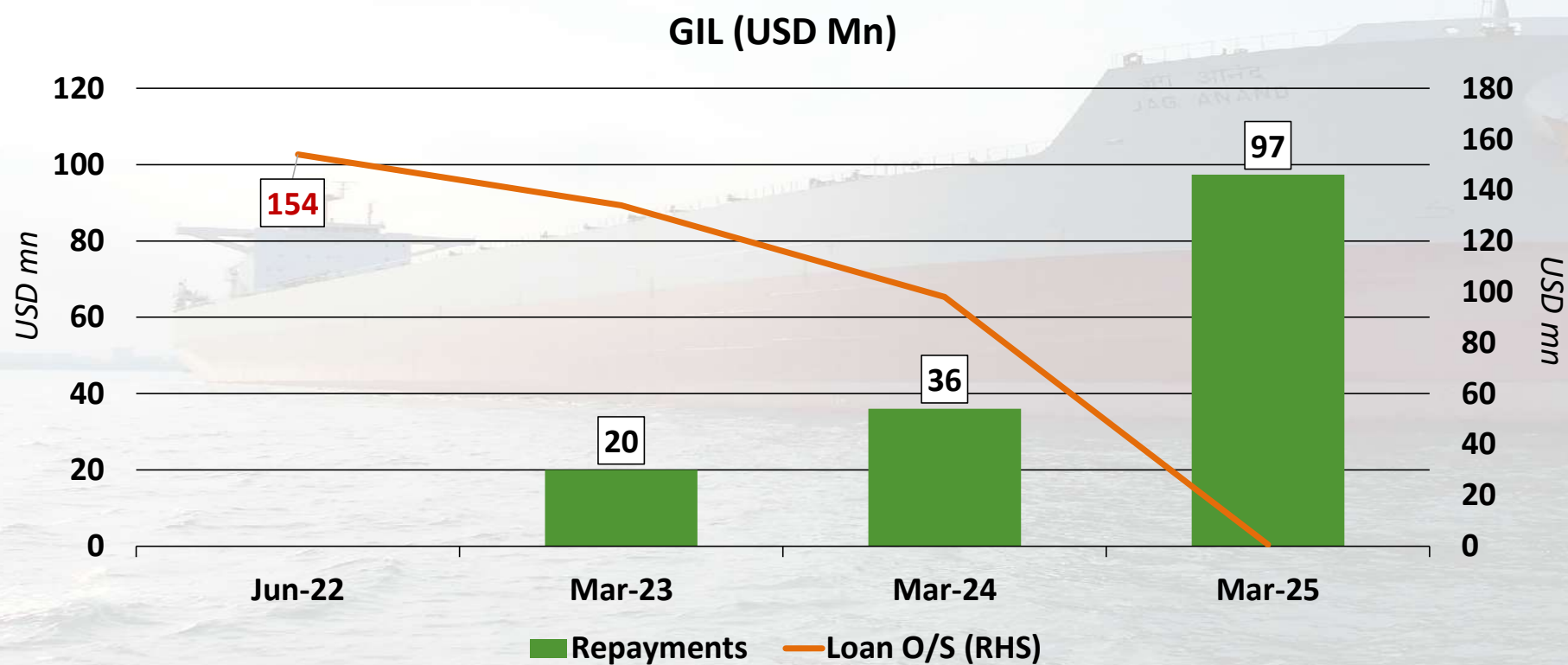
# Repricing



*We have entered into a new contract for one JU Rig which will start after completion of the existing contract. The rig comes for repricing only in H2FY26*

# GREATSHIP

## DEBT REPAYMENT SCHEDULE (NEXT 3 YEARS)

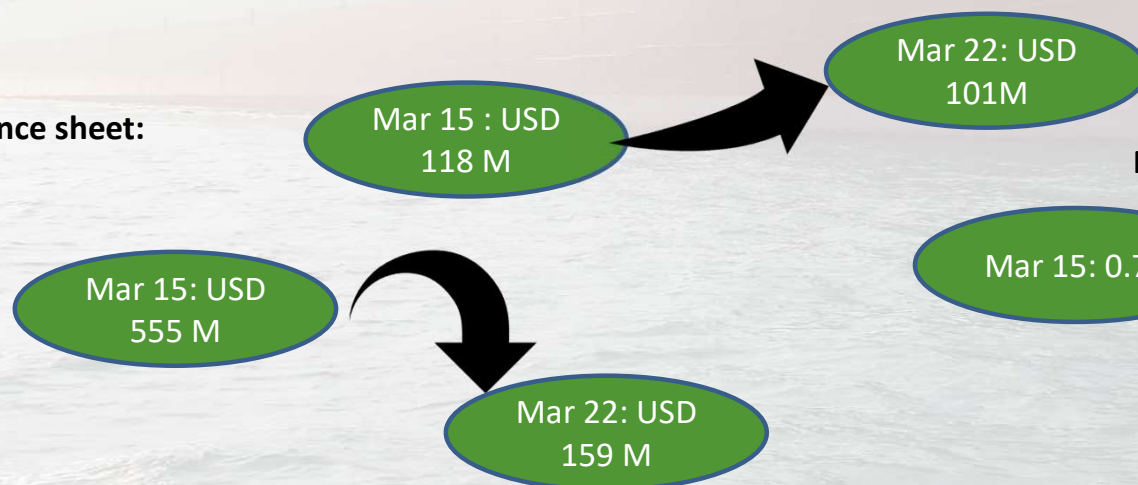


# GREATSHIP EVOLUTION: THE LAST 7 YEARS

- Most challenging years for the offshore sector since the late 80s.
- Utilization levels across asset classes dropped to historic lows, charter rates came down to levels that barely generated any +ve EBIDTA.
- Large part of the industry went through financial restructuring/reorganization/forced consolidation.
- How did we fare?

Cash on the balance sheet:

Gross bank debt



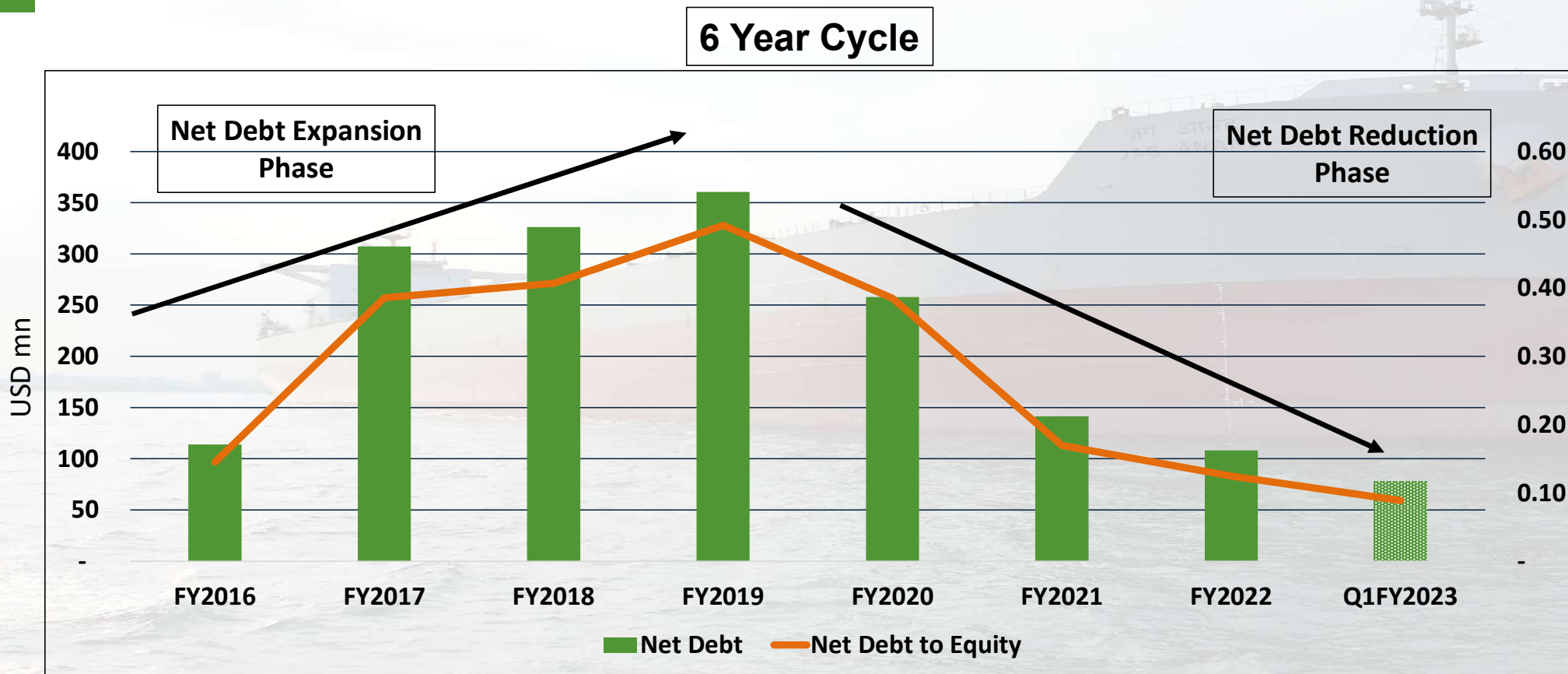
Net Bank Debt to Equity:



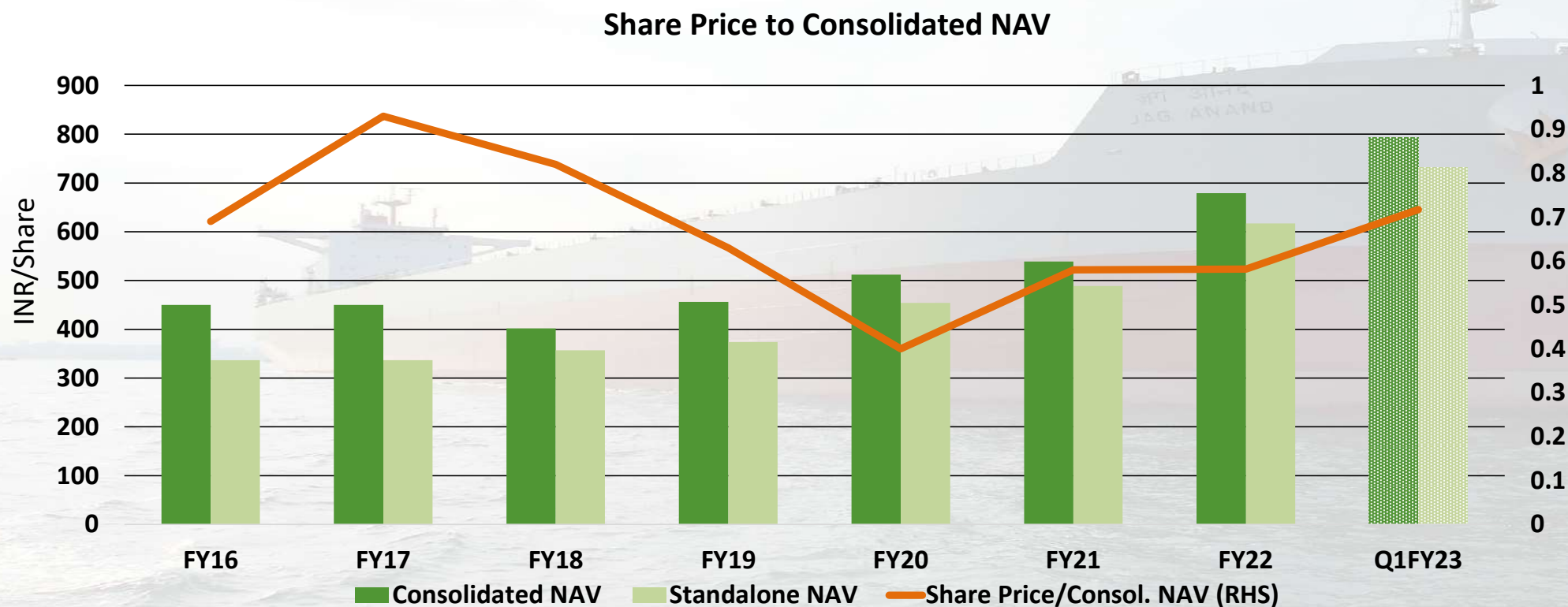


# FINANCIALS

# Counter Cyclical Investments have Generated Strong Cash Flows



# Share Price to Consolidated NAV



\* For Q1FY23 we have taken share price as on 30<sup>th</sup> August 2022

# GREAT EASTERN CSR FOUNDATION (GECSRF)



 The Great Eastern Shipping Co. Ltd.

GECSRF supports NGOs working under health, education and livelihoods

## CURRENT PARTNERS

### EDUCATION



### HEALTH



### LIVELIHOODS



## INITIATIVES ON ENVIRONMENT

- **Reduced our annual CO2 emissions by about 40,000 tons between FY2019 and FY2022, by investing in various energy saving technologies.**
- After the Jan 2020 IMO mandate on switching from 3.50% Sulphur to 0.5%, there has been a drastic reduction of 83.65% of Sulphur Oxide (Sox) emissions by following a mixed strategy of using low sulphur fuel and installation of EGCS (Scrubber)
- Created an ESG profile of our company based certain ESG metric. The profile is available on our website under “SUSTAINABILITY” tab
- Voluntarily published our first Environment Social Governance (ESG) report
- Established a working group for feasibility study on alternate fuels and fuel optimisation technologies in view of the IMO emission reduction targets.



# THANK YOU

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

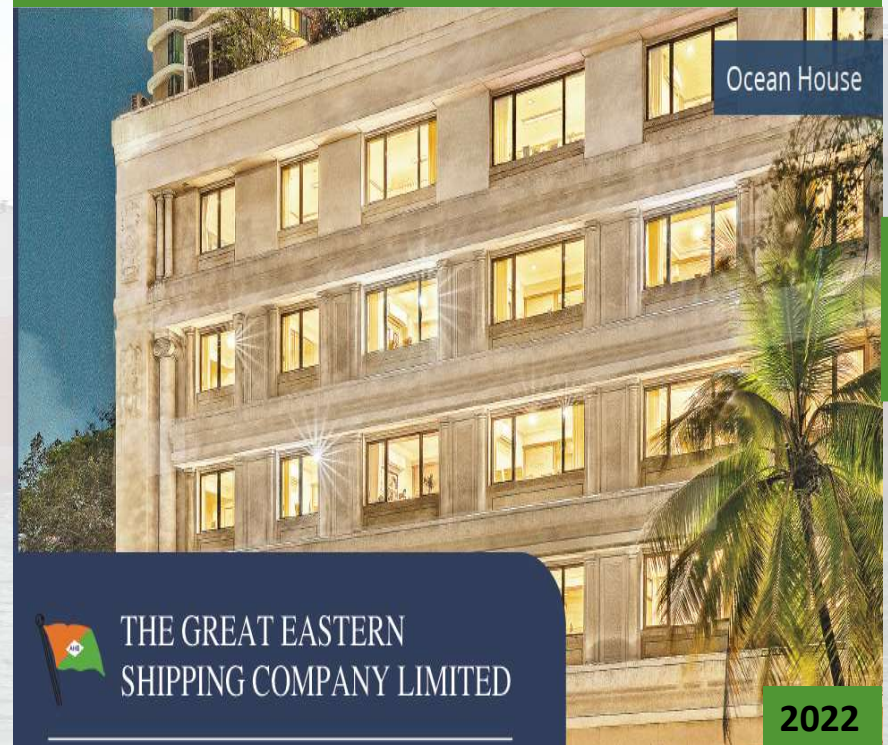
From a modest beginning...



1948



...to most admired globally



2022

Read the Story of GE Shipping – [Coffee Table Book](#)