






Agenda

1. Company Overview
2. Business Segments
3. Investment Thesis
4. Current Shipping Market
5. Current Offshore Market



Company Overview





GESCO – 70+ years of Excellence

Building a global brand...

From a modest beginning...



..to most admired globally





Management Philosophy

Focussed on the same business for 70+ years...

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



Successful capital allocation, supported by strong balance sheet

02

Effective Cost of Debt

< 3.5%



04

Low B/S Leverage
Net Debt/Equity

0.12x



01

High Un-levered
Dollar Returns on
investments since

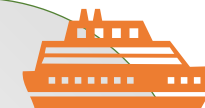
FY17 = 17.7%



03

Strong Liquidity Position
Cash Balance

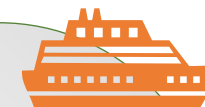
US \$400Mn



05

5 Year NAV based Dollar
Return (excluding GIL)

15.8%





Business Segments

Shipping

- Presence - Global presence with different asset classes
- Business Model - Tramping, Mix of spot and time, Dynamically managing asset purchase & sales

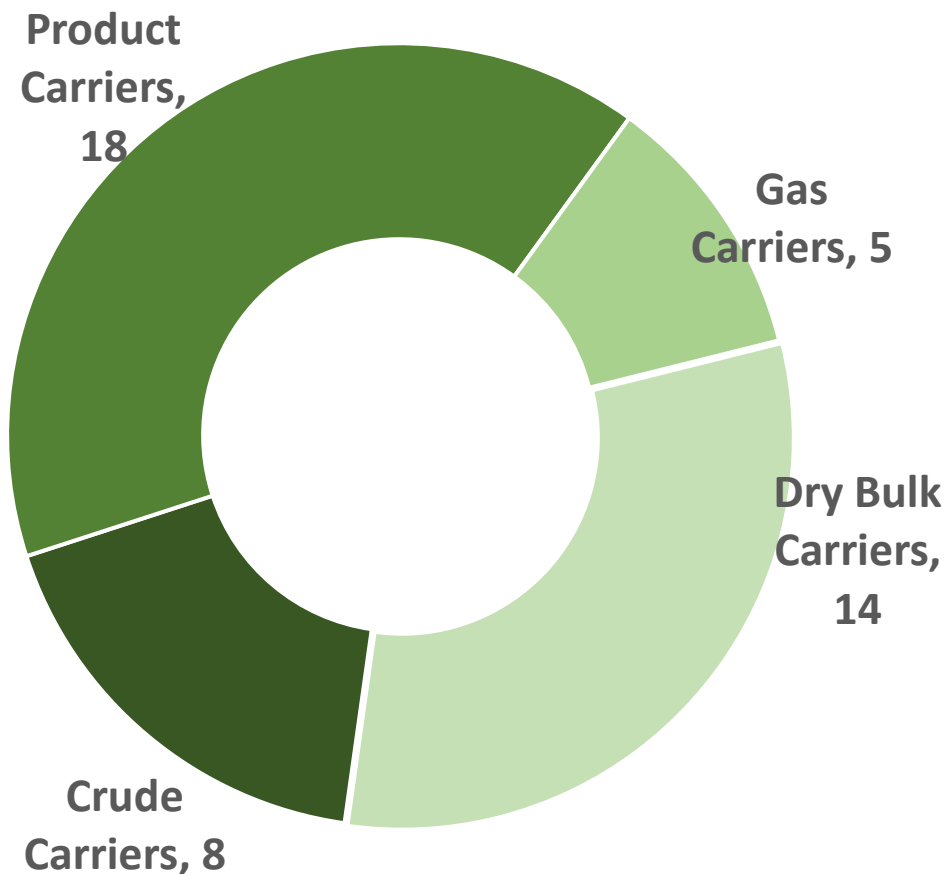
Offshore

- Presence – Global, but majority of assets in India
- Business model - Efficiently managing portfolio by fixing long term charters with quality counter parties. Managing cost, efficient operations, maintaining younger & high quality of assets



Shipping Business

Number of Vessels



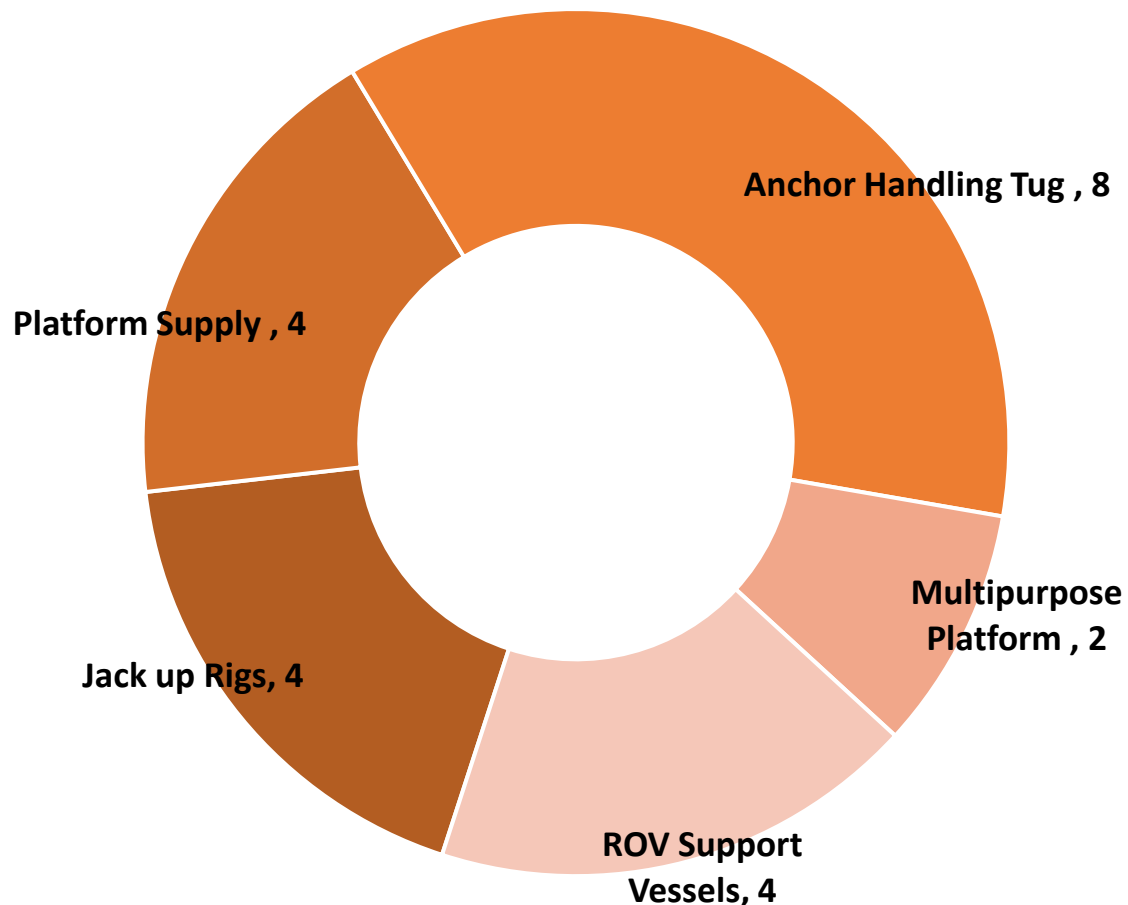
Key Strengths

- Dynamically Managing cycles
- Diversified fleet
- In-House technical & commercial management
- Healthy balance sheet & low cost of debt
- Stringent adherence to risk management



Offshore Business – Greatship (India) Ltd. (GIL)

Number of Assets

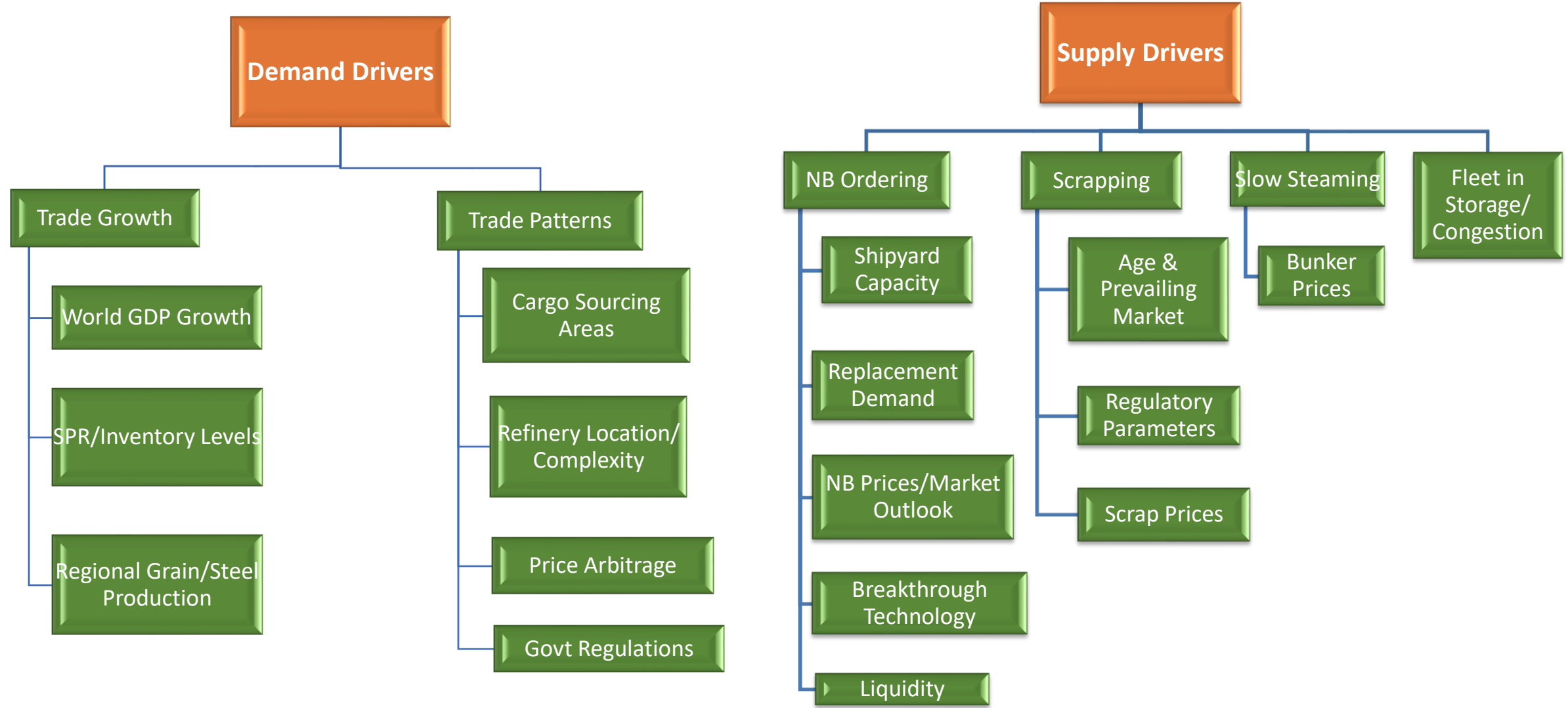


Key Strengths

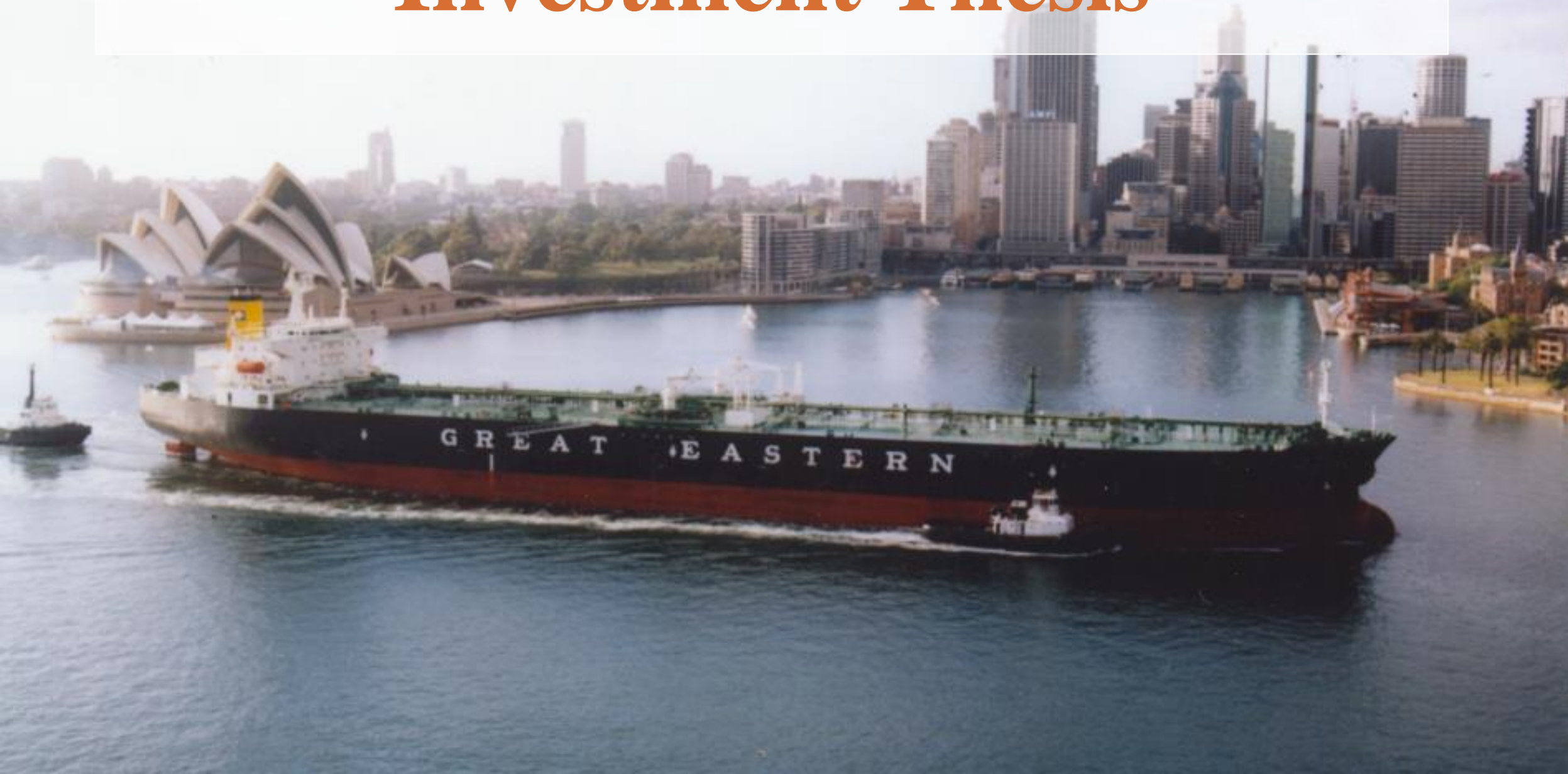
- One of the very few companies globally to have deleveraged without restructuring
- Focus on maintaining utilization and paying down debt in the down cycle of the last 7 years
- Good quality modern assets



Demand Drivers & Supply Drivers



Investment Thesis





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



International standards/ no. of customers

Port State Control

54 inspections with nil observations

Total Inspection 66

Unplanned technical downtime

FY22 – 0.46%



- 78 inspections carried out by oil majors with an average of 2.74 observations per inspection

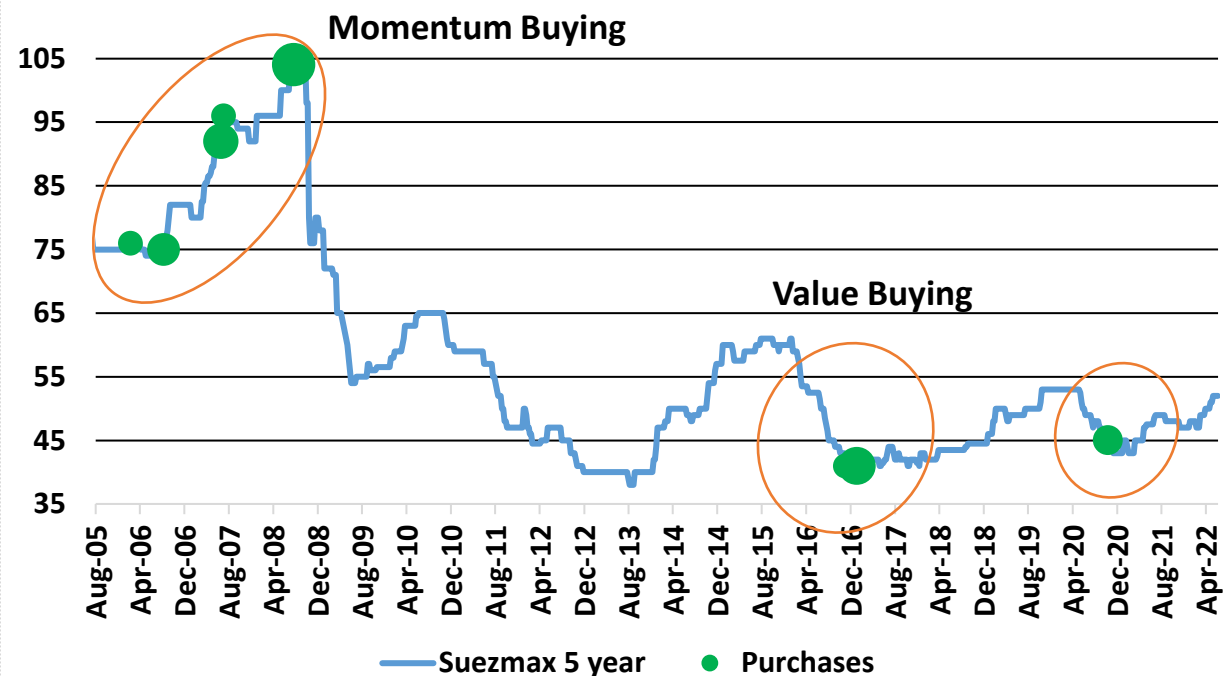
In FY 22, we carried cargo for a total of 95 customers, predominantly international



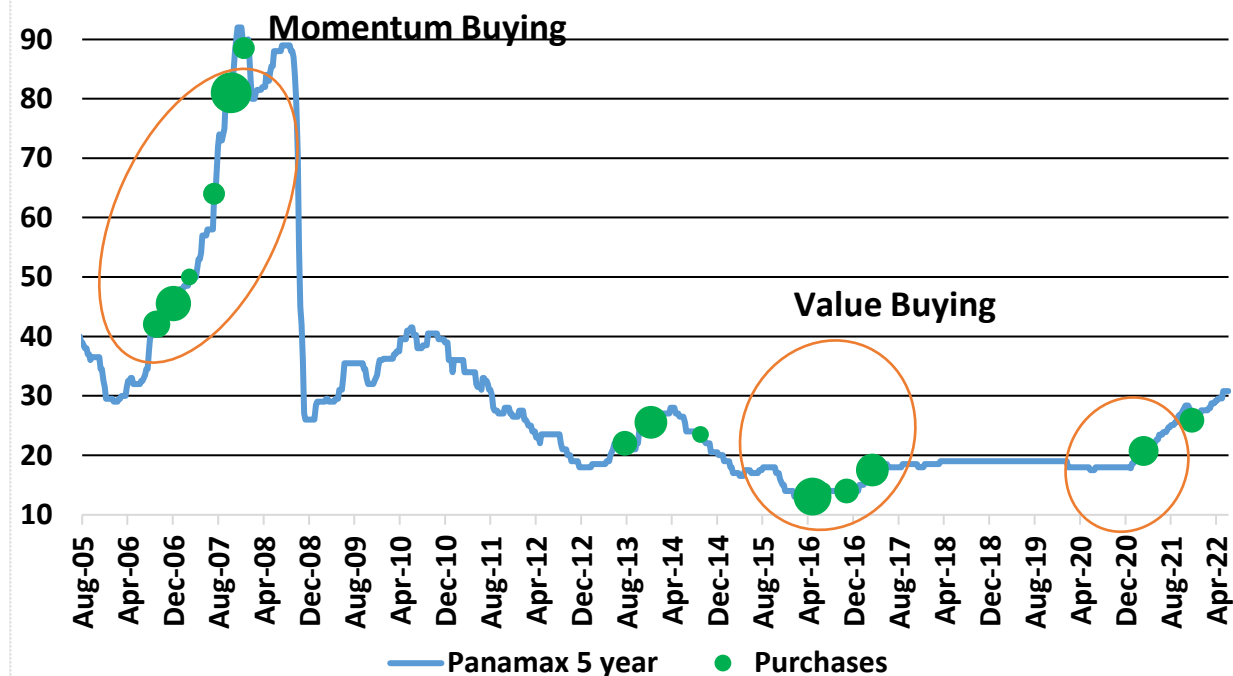
Prudent Capital Allocation

Transformation from Momentum Buying to Value Buying

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



Purchase (DryBulk) Vs Panamax Drybulk 5 year old





Balance Sheet Discipline

Net Debt to Fleet Ratio

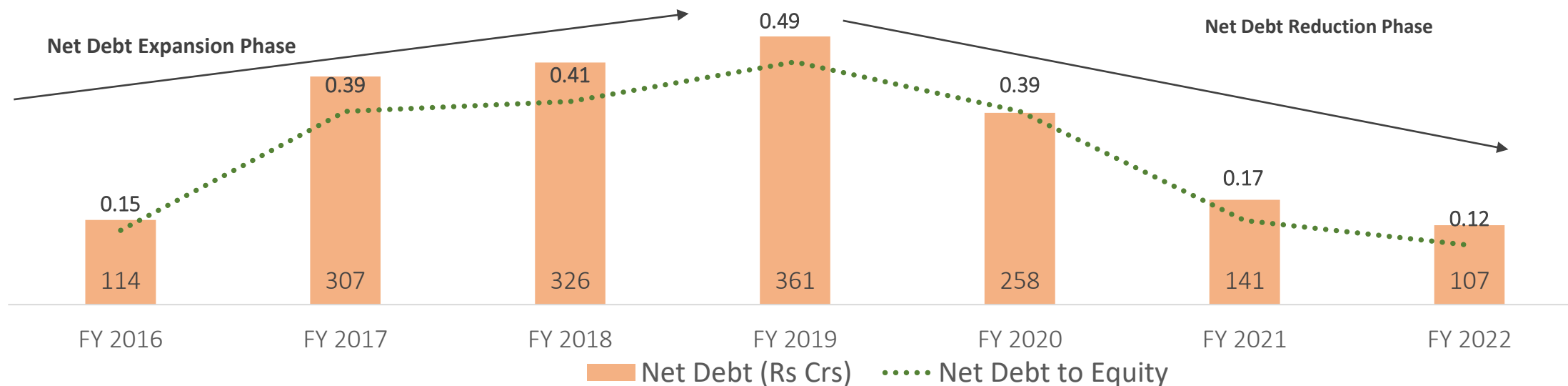
GESCO

0.1

PEERS

0.42

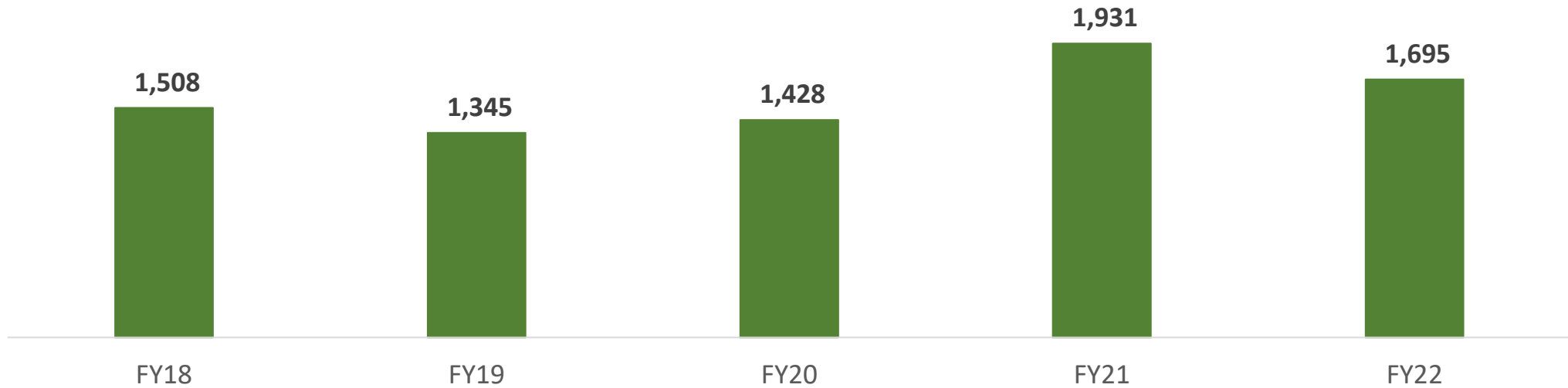
- NCD Ratings – CARE ratings AA+; BRICKWORK AAA
- Effective cost of debt <3.5%; lowest amongst peers





EBITDA Over the Years

Consolidated EBITDA (Rs. Crores)



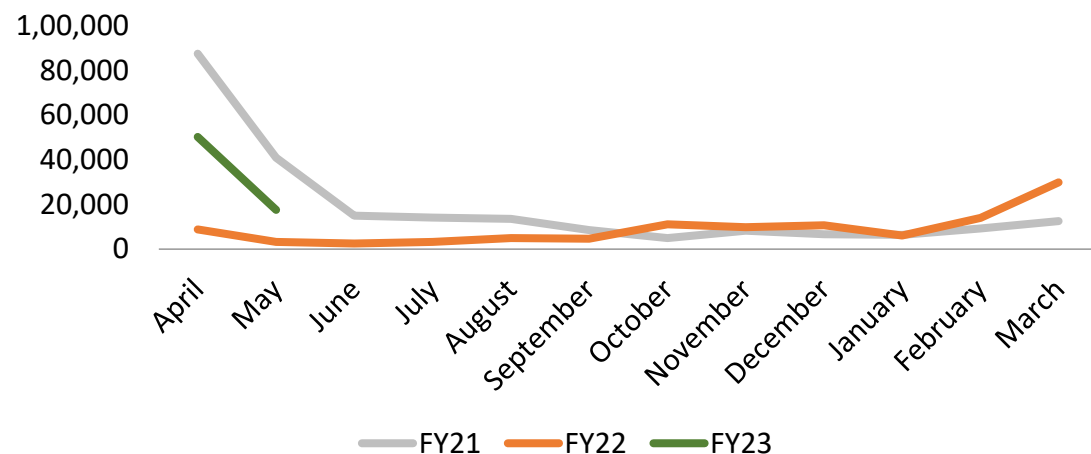
Current Shipping Market





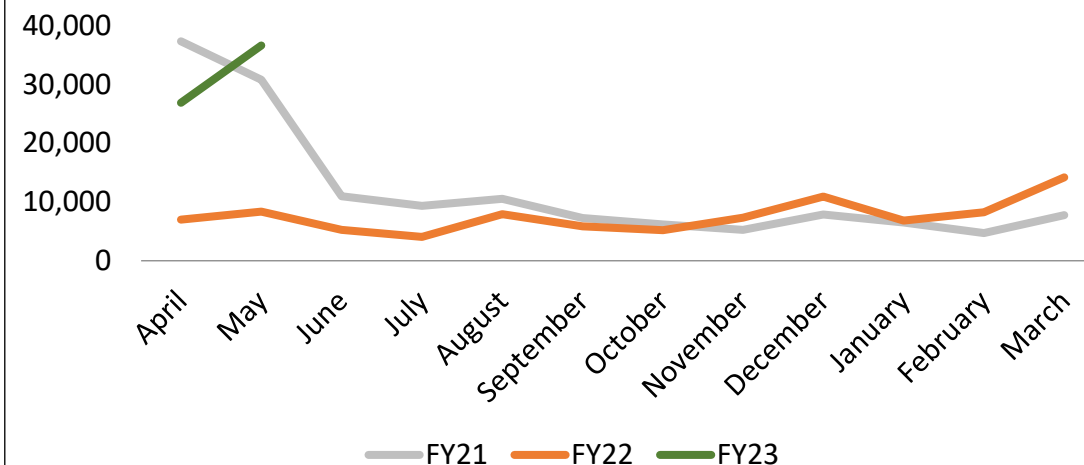
Tanker Market

Avg Suezmax Earnings (USD/Day)



USD/Day	FY21	FY22	% Change
12M	18,970	9,079	-52%

Avg MR Earnings (USD/Day)

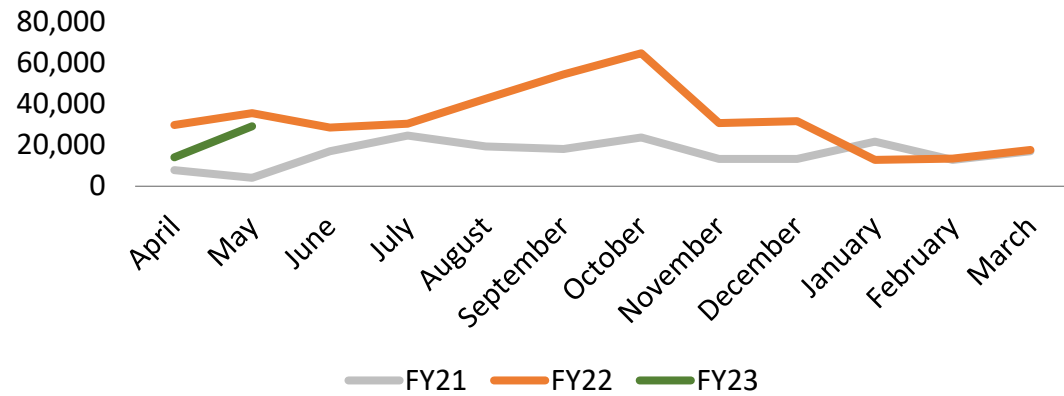


USD/Day	FY21	FY22	% Change
12M	12,040	7,597	-37%



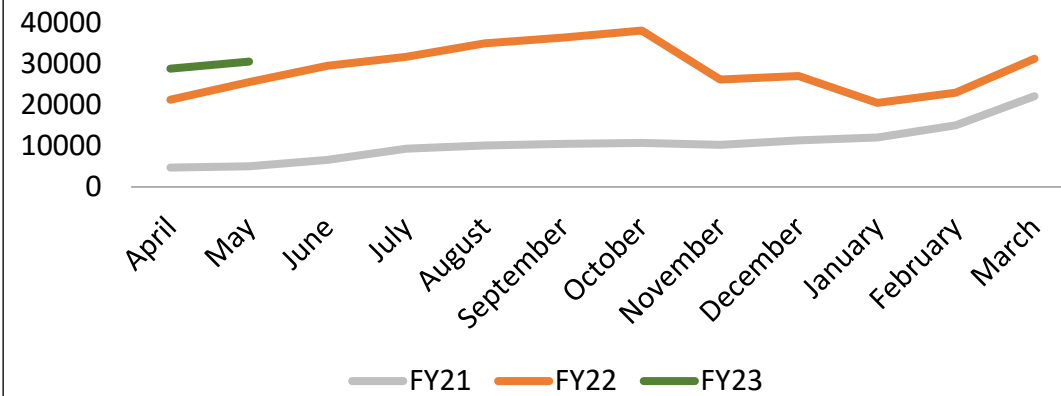
Dry Bulk Market

**Avg Baltic Capesize 5T/C
Earnings(USD/Day)**



USD/Day	FY21	FY22	% Change
12M	16,012	32,642	104%

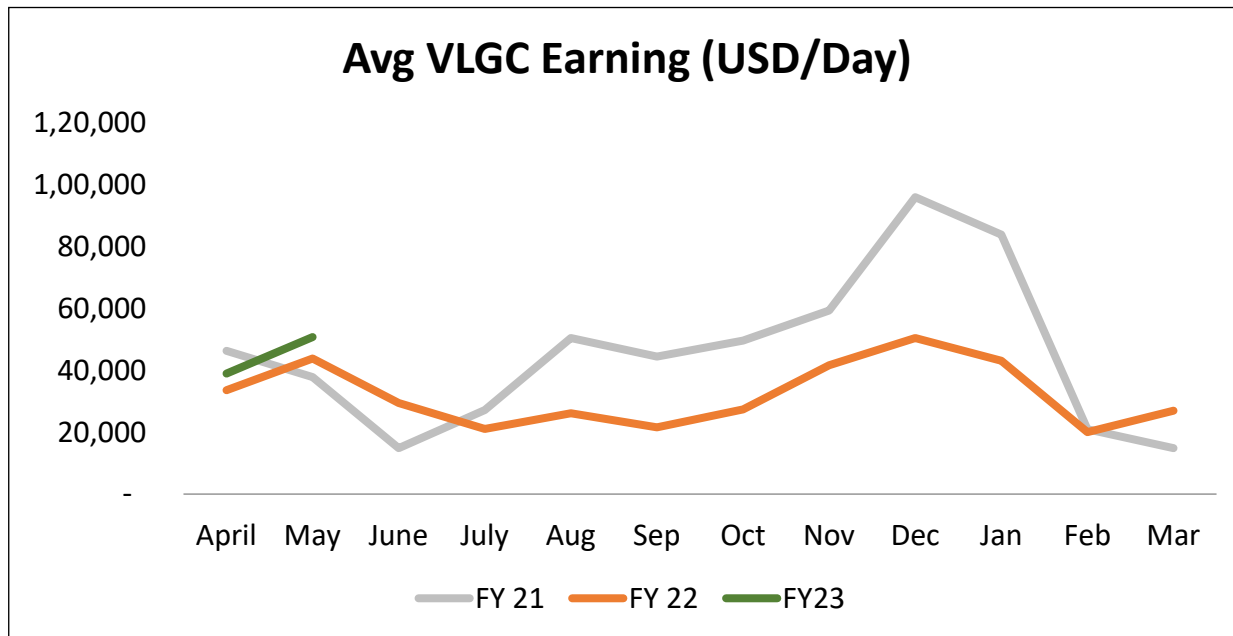
**Avg Baltic Supra Earnings BSI-58 10T/C
(USD/Day)**



USD/Day	FY21	FY22	% Change
12M	10,631	28,728	170%



LPG (Gas) Market

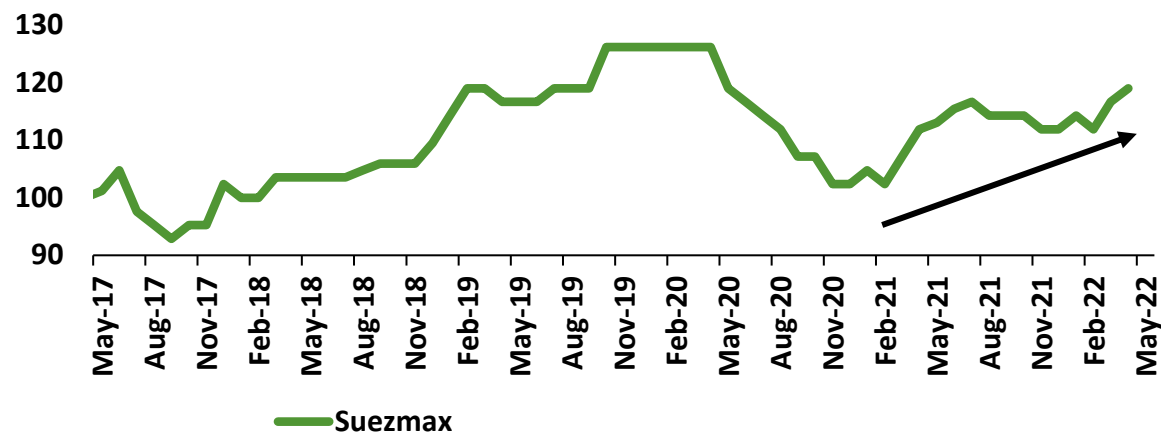


USD/Day	FY21	FY22	% Change
12M	45,500	32,100	-29%

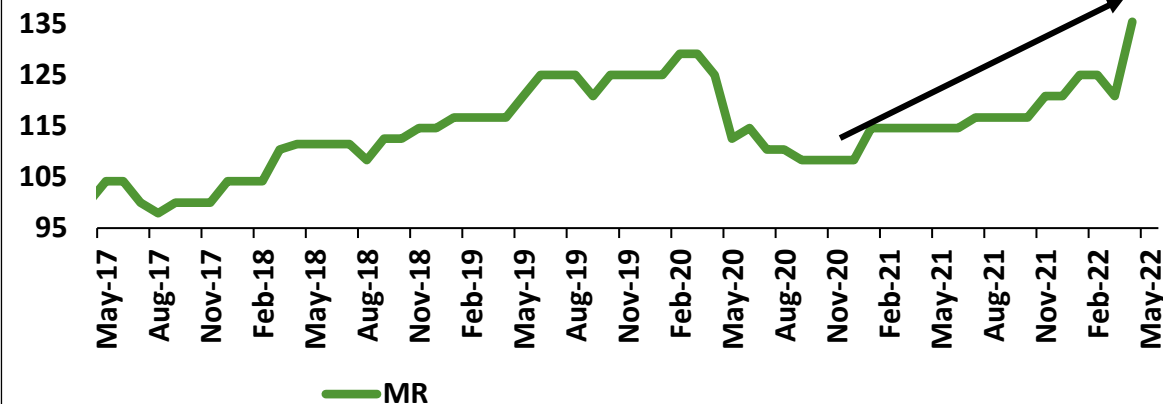


Asset Price Movement (Over the Last 5 Years)

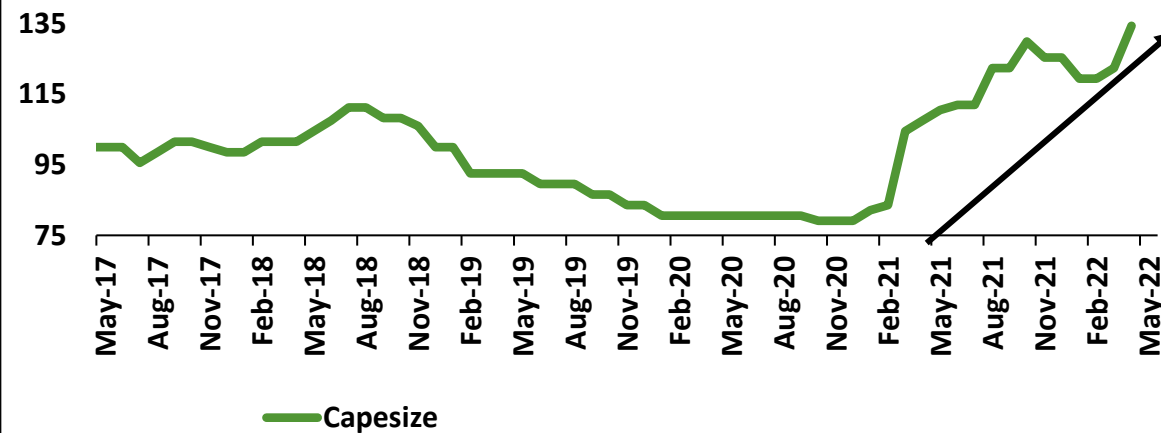
5 Yr Old Asset Value Movement (Crude)



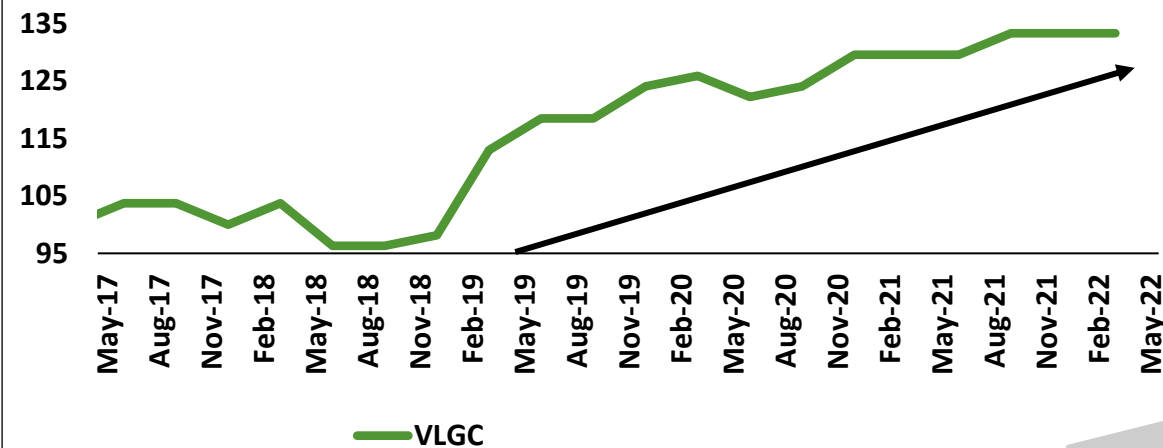
5 Yr Old Asset Value Movement (Product)



5 Yr Old Asset Value Movement (Dry Bulk)



5 Yr Old Asset Value Movement (LPG)





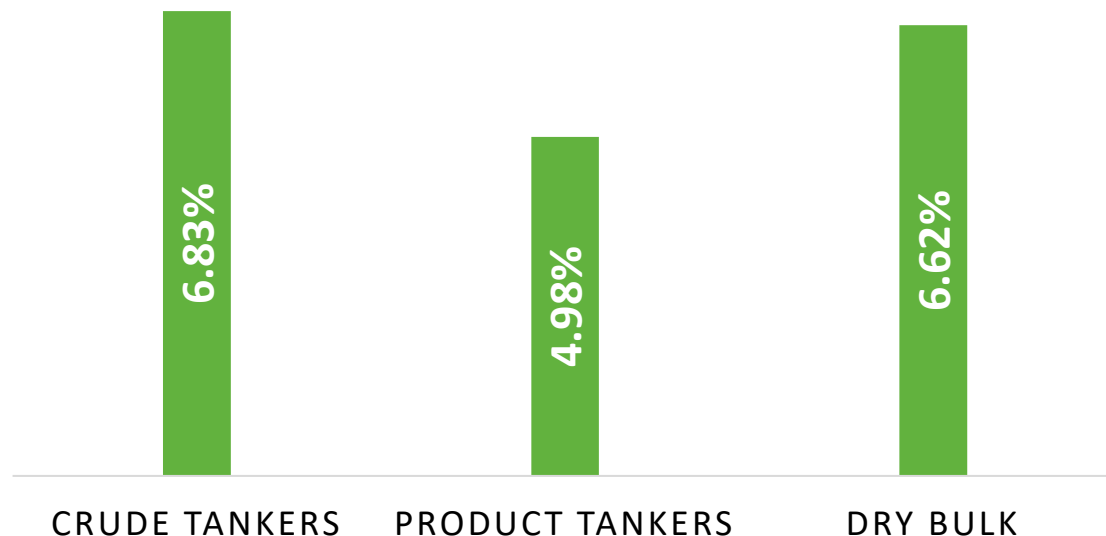
Scrapping

Vessel Category	Fleet (mn Dwt)	Scrapping (% of beginning world fleet)								
	May 22	Q1CY2022	CY2021	CY2020	CY2019	CY2018	CY2017	CY2016	CY2015	CY2014
Crude	438	0.31%	2.47%	0.53%	0.55%	4.39%	2.43%	0.39%	0.38%	1.75%
Product	174	0.47%	2.11%	0.57%	0.60%	1.72%	1.22%	0.54%	0.62%	1.10%
Dry Bulk	953	0.11%	0.56%	1.74%	0.93%	0.54%	1.85%	3.78%	4.02%	2.24%

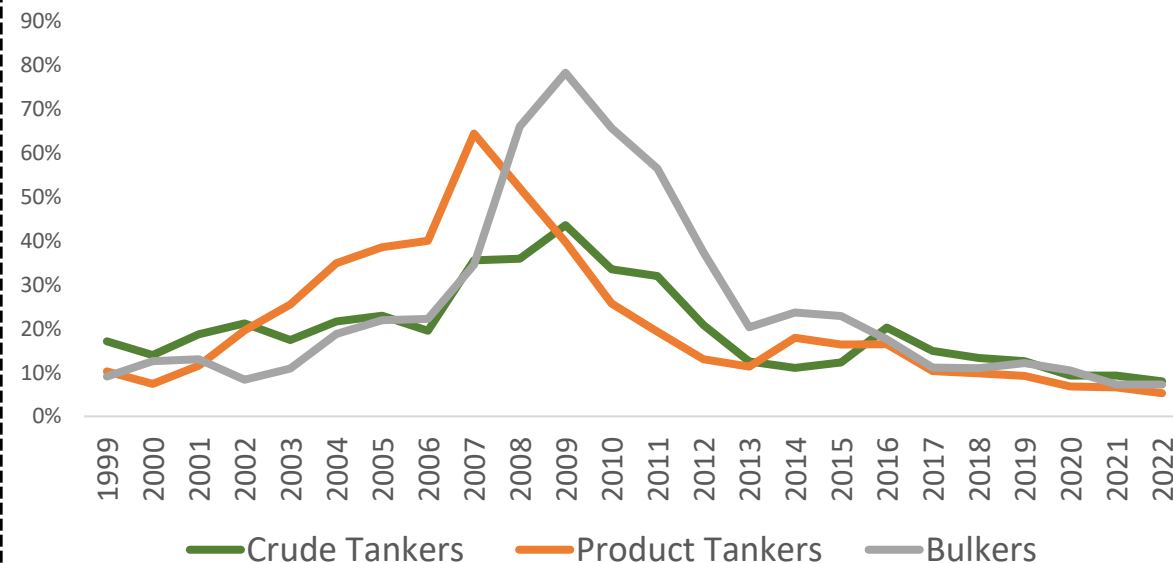


Lowest Order Book to Fleet Ratio

Order Book as a % of fleet



Historical Order Book as a % of fleet



This is one of the lowest order books for Product and Dry Bulk in the last 25 years

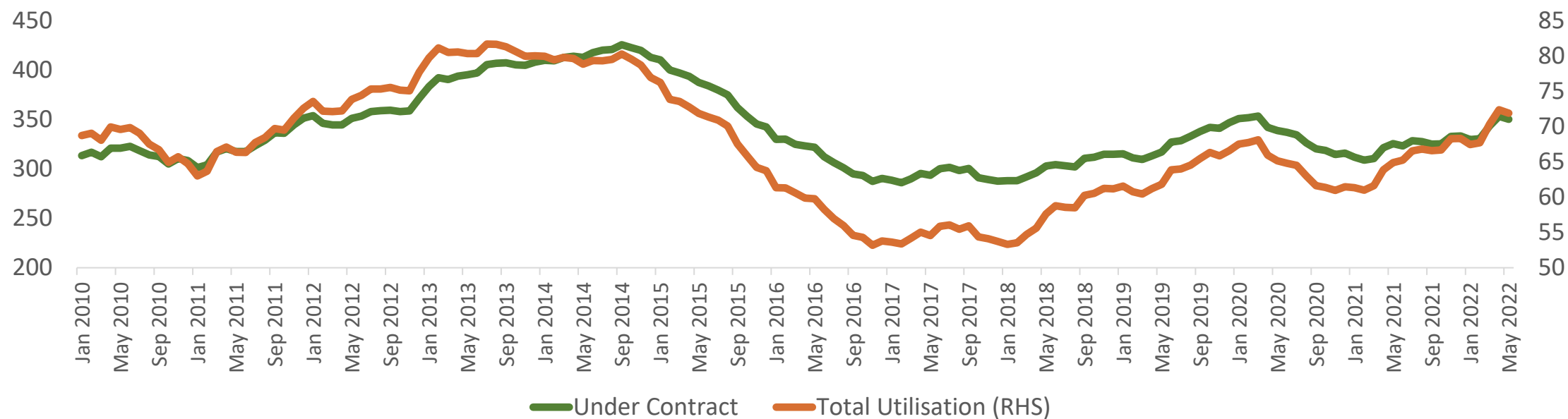
Current Offshore Market





Market Trends

Jack up utilisation: gradual improvement



- Firming Jack-up rig demand in the Middle East



Fleet Supply

Large number of Cold Stacked Rigs

Number	Jackup Rigs	PSVs + AHTSVs
Current Fleet	488	3,515
Contracted Fleet	350	2,157
Orderbook	28	132
O/B to current fleet	5.7%	3.8%
Total Scrapping since January 2016 (nos.)	141	507
No. of Vessels/Rigs more than 20/30 years old (as %age of fleet)	33%	19%
Cold Stacked more than 3 years	50	661

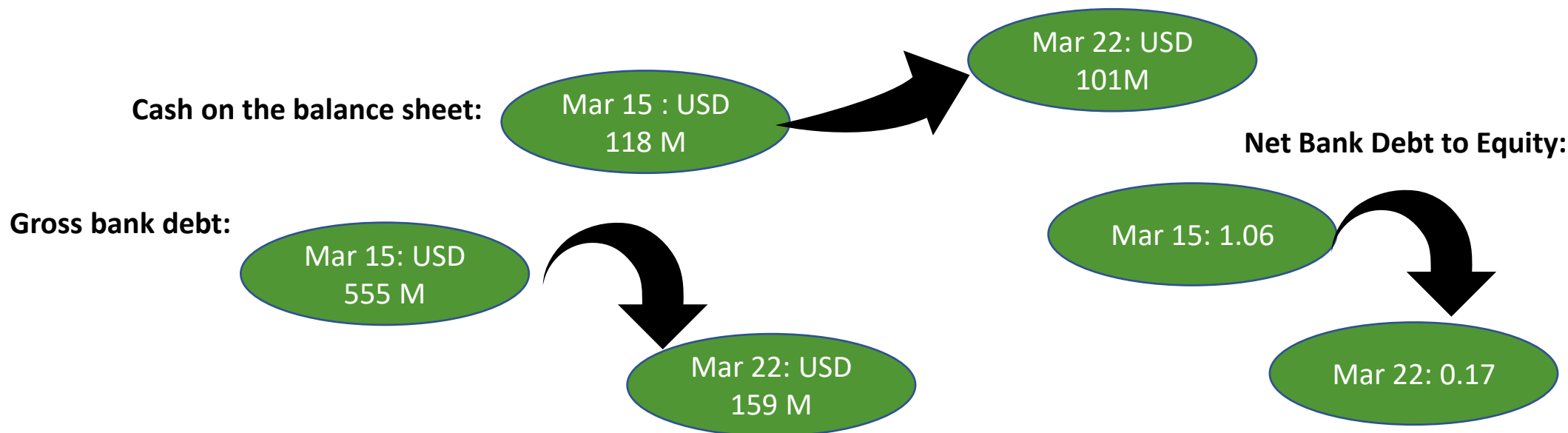
Large potential for removals over the next few years



Greatship Evolution

Last seven years

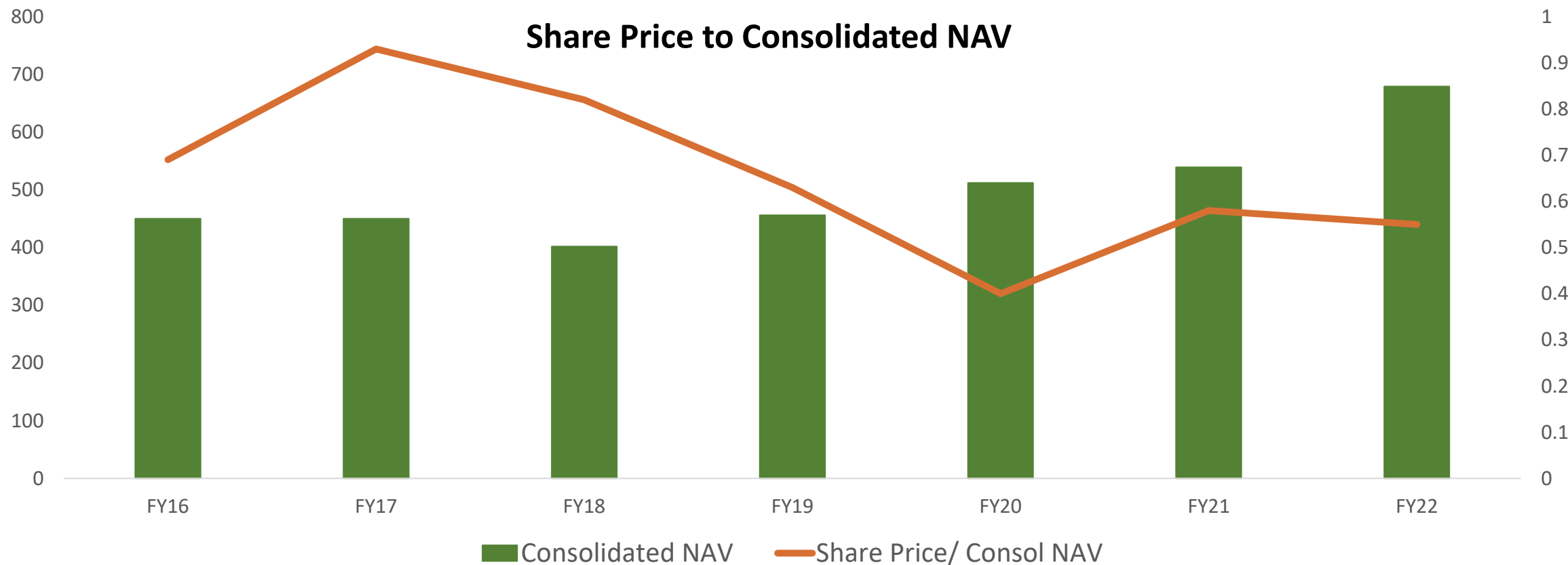
- Most challenging years for the offshore sector since the late 80s.
- Utilization levels across asset classes dropped to historic lows, charter rates came down to levels that barely generated any +ve EBIDTA.
- Large part of the industry went through financial restructuring/reorganization/forced consolidation.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





Price at a significant discount to NAV

At current P/Consolidated NAV, GESCO trades at 0.55



* For FY22 we have taken share price as on 14th June 2022

Thank You

