TODAY'S SHIPPING MARKET – THE CURRENT STATE OF PLAY

MAY 2017

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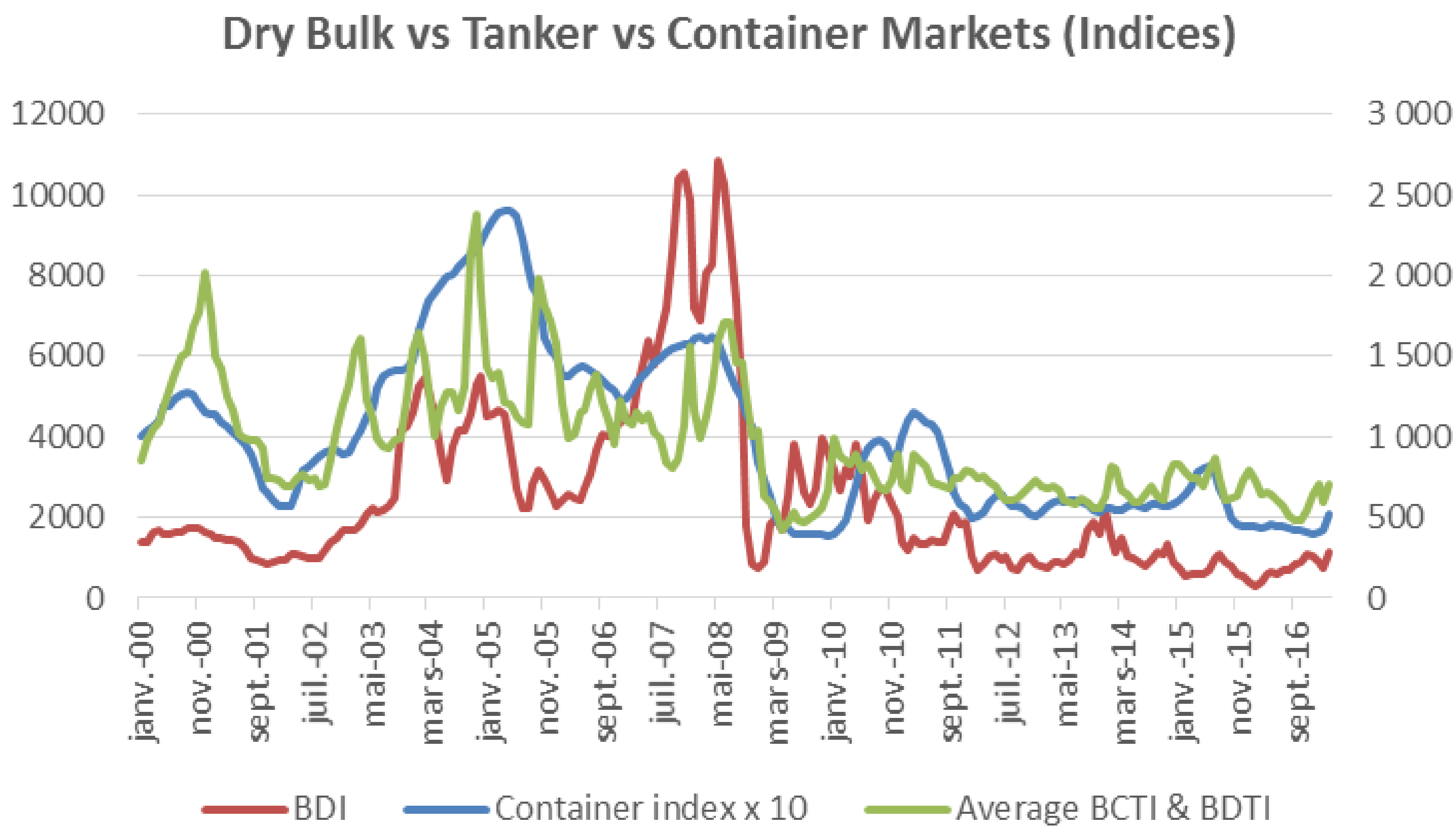
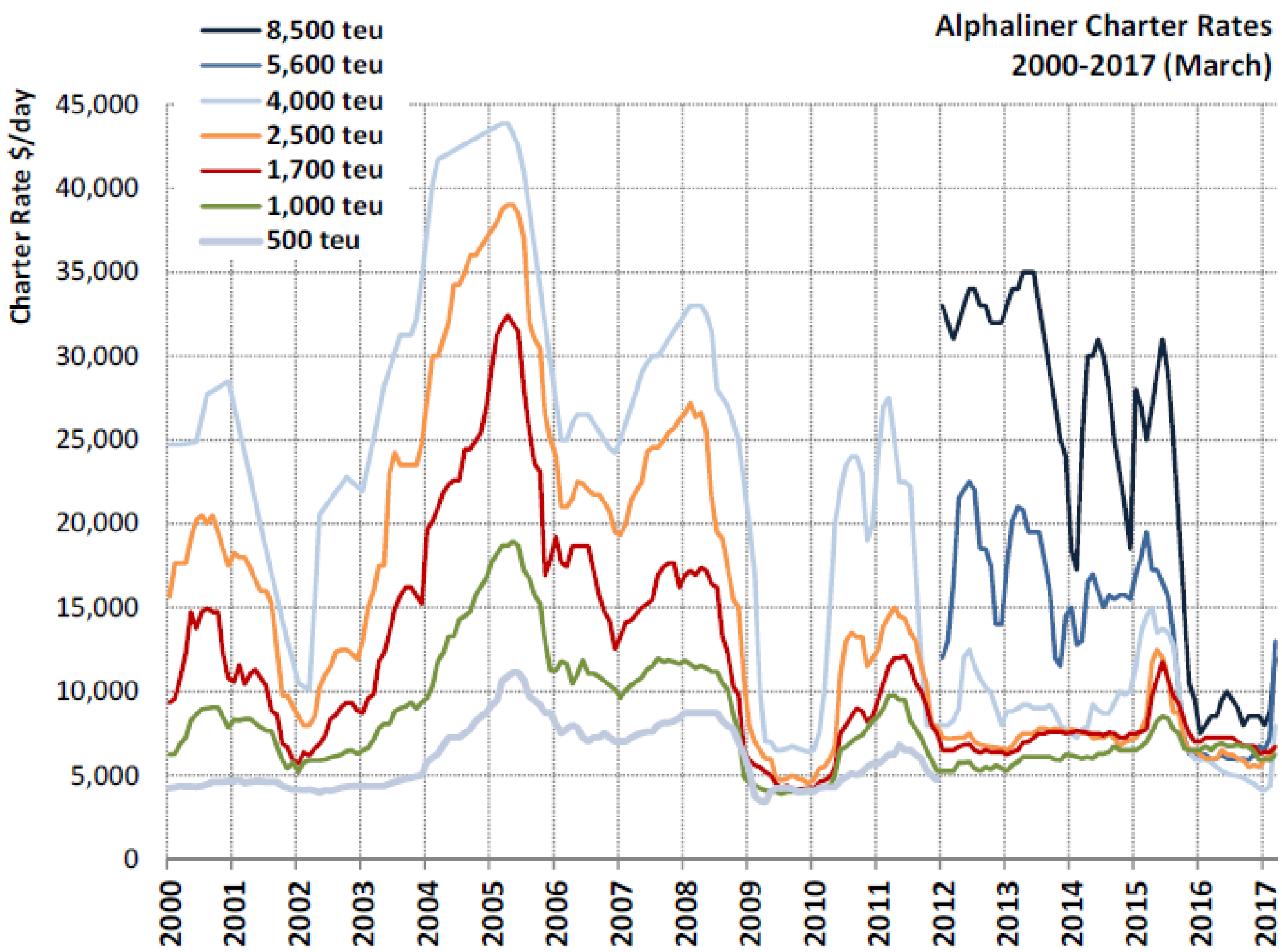
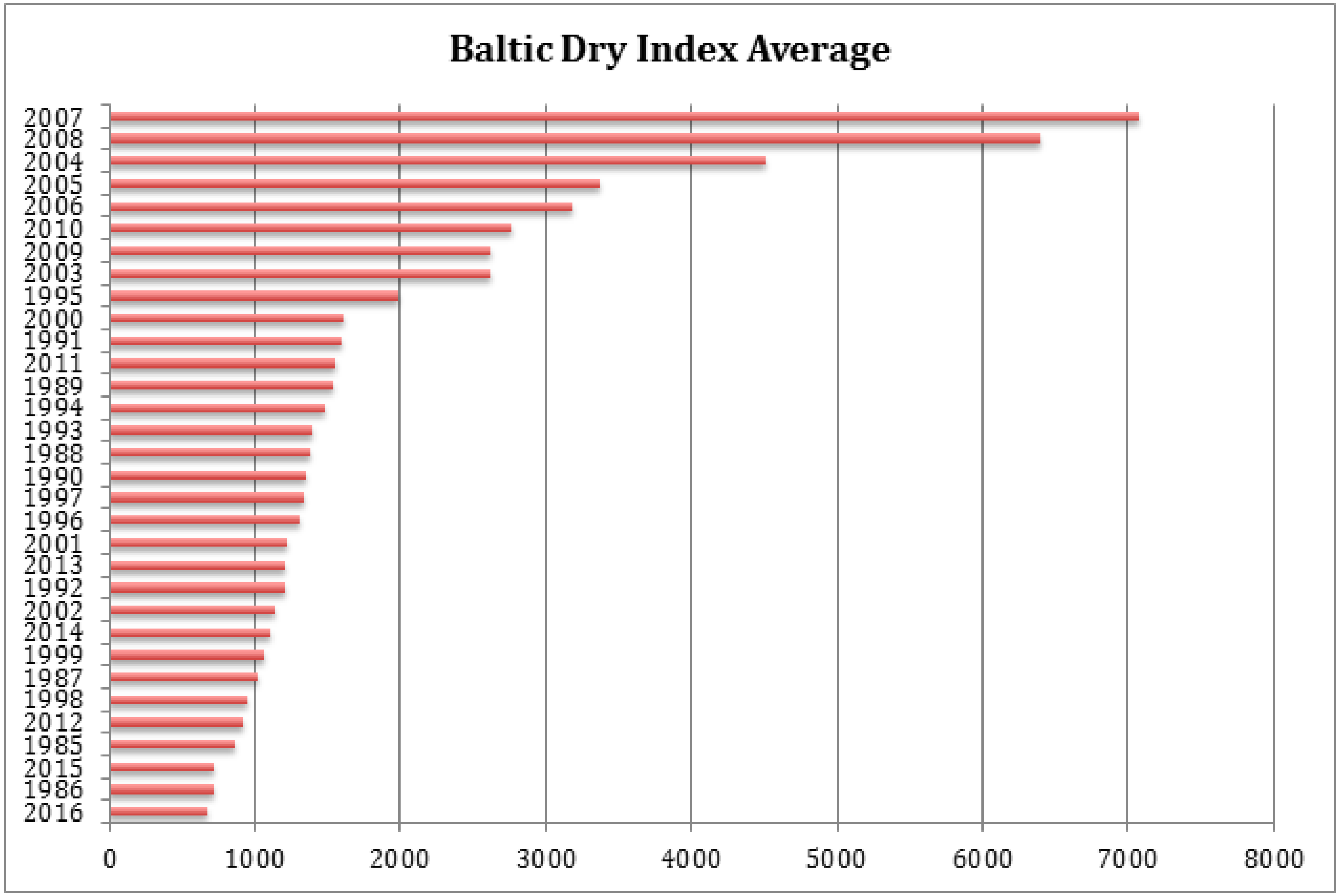
SEVERAL MARKETS ARE AT A SIMULTANEOUS LOW



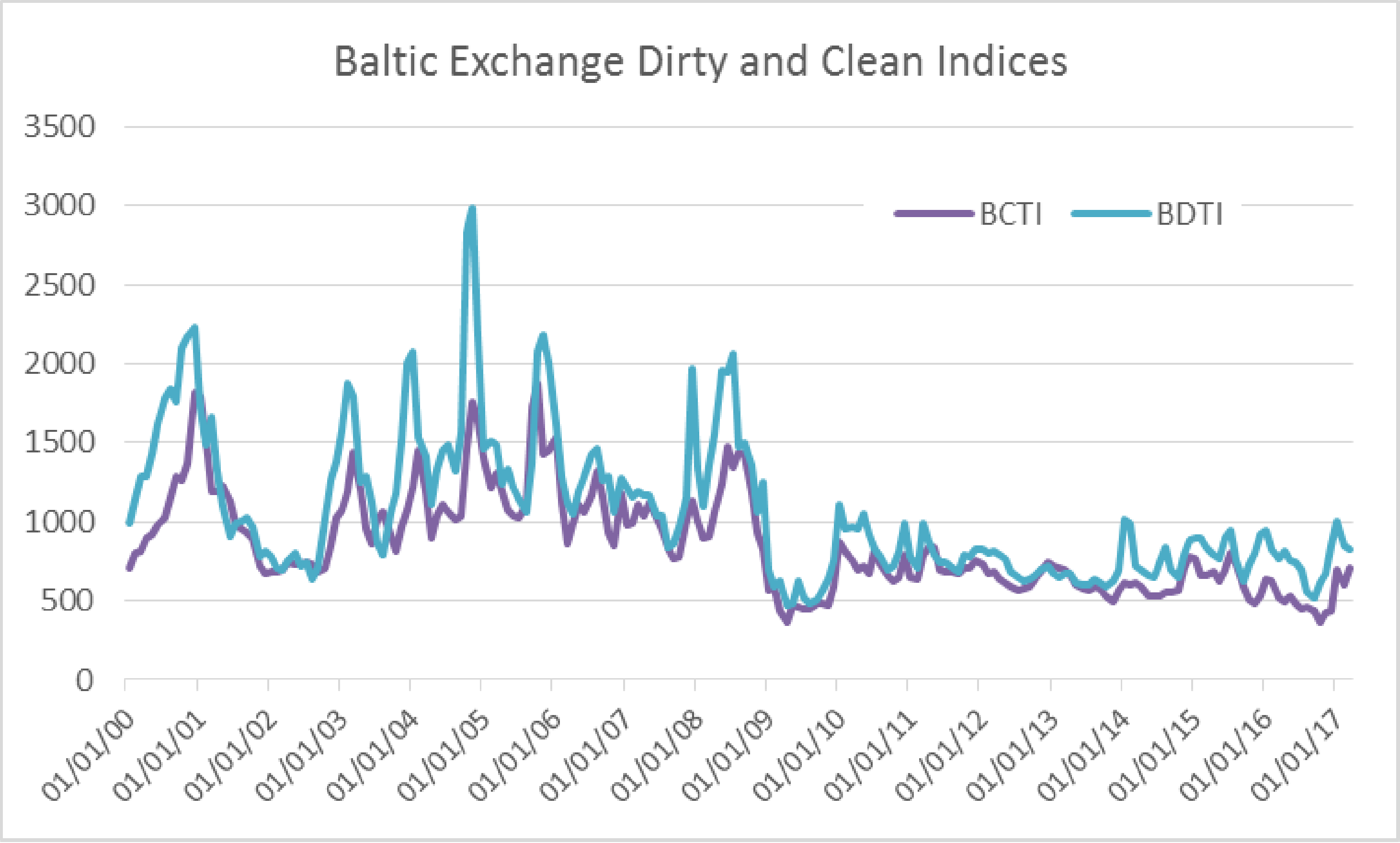
- 2016 lowest charter rates ever
- Some improvement in 2017 but remain at historic lows



- 2016 saw lowest Baltic Dry Index since creation in 1985
- 2014, 2015 and 2016 worst 3 consecutive years in history



- Strong fleet growth has put pressure on rates
- This has kept rates in check despite good demand growth



DESPITE FORECASTS, THE FLEET CONTINUES TO GROW

2017 will see another year of bulk fleet growth :

- Capesize: +1.2% in 2017
- Panamax: +3.5% in 2017
- Supramax: +4.7% in 2017
- Handysize: +0% in 2017

Forecast bulk fleet growth in 2017
2.4%

Fleet Projection*								
	31 Dec. 2016		31 Dec. 2017		31 Dec. 2018		31 Dec. 2019	
	Dwt.	No.	Dwt.	No.	Dwt.	No.	Dwt.	No.
Cape	354,737,011	2,076	359,024,230	2,092	362,444,788	2,092	366,632,638	2,090
Panamax	157,223,876	2,020	162,803,118	2,082	162,622,150	2,074	161,485,803	2,056
Supramax	204,319,340	3,876	213,853,727	4,048	215,429,636	4,075	214,510,859	4,056
Handy	67,536,114	2,318	66,979,467	2,297	66,429,152	2,278	65,778,213	2,256

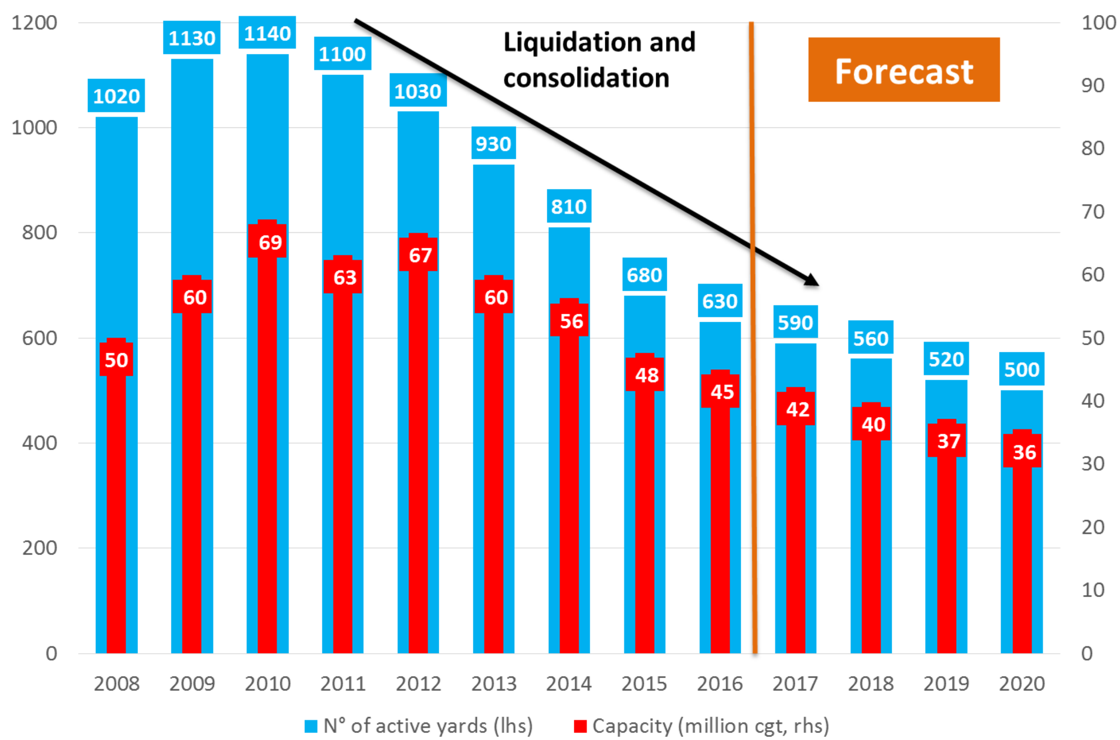
What could change?

DISAPPEARING SHIPYARD CAPACITY

Industry contraction:

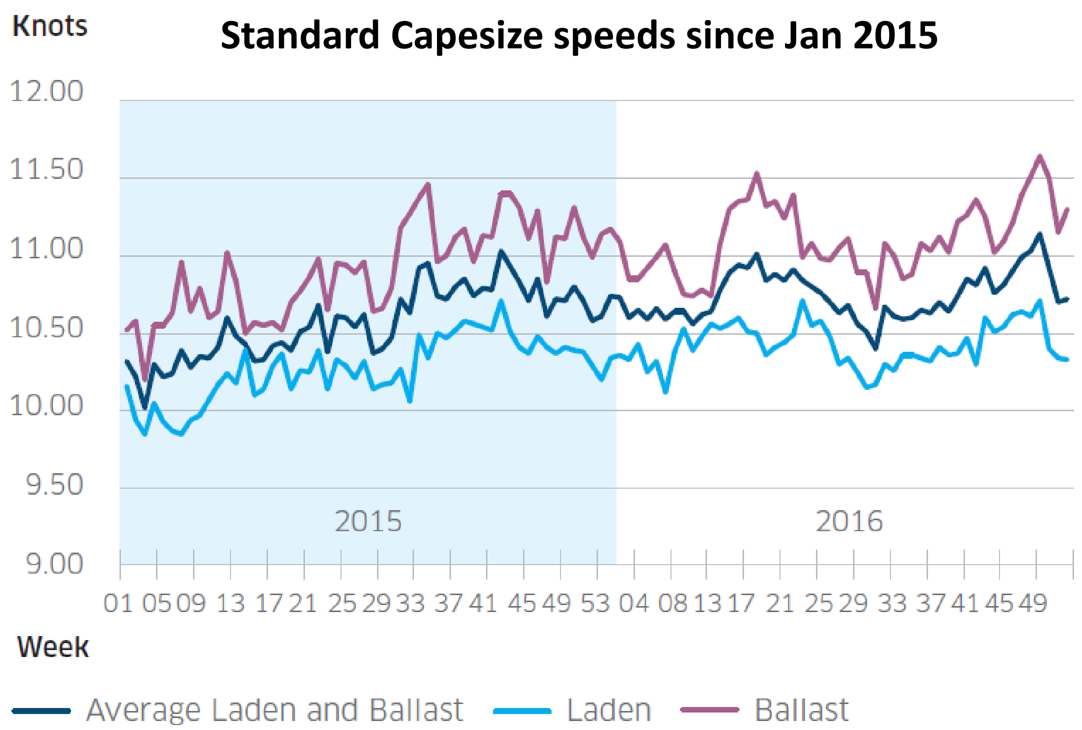
- 630 yards in 2016; 590 in 2017
- a 35% drop in CGT
- 'Effective' capacity even lower due to finance and yard unreliability
- 50% of Korean, 30% of Chinese and 20% of Japanese capacity could disappear by 2018

Global Yards Capacity and N° of Yards



IMO limits fuel sulphur content:

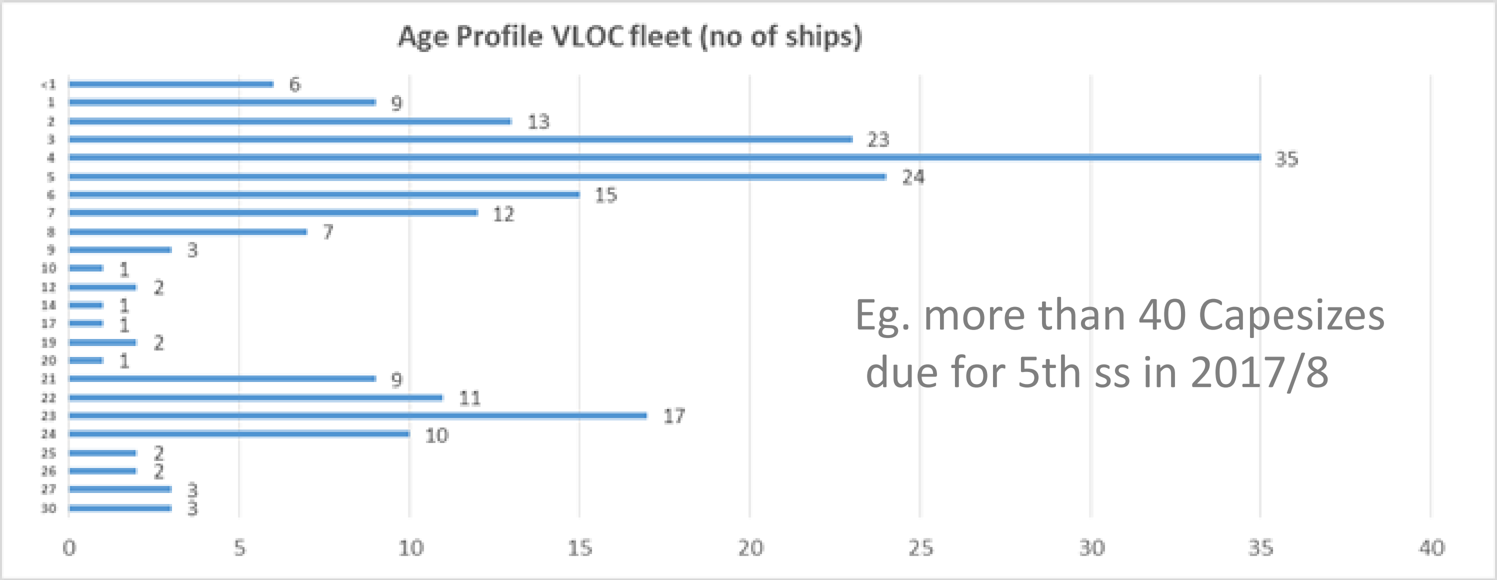
- Cap of 0.5% by 2020
- Will likely raise bunker prices
- Another incentive to slow speed?
- +-1 knot represents +-7% Capesize capacity



Source: Alphabulk

Ballast Water Treatment System (BWTS):

- Comes into force Sep 2017
- Expensive - $1-5 million
- Mandatory retrofit at next drydock
- Will force owners to scrap



FLEET CONTRACTION IN 2018?

If no major ordering takes place this year, fleet should stabilise in 2018

- Capesize: +0.7% in 2018
- Panamax: -0.08% in 2018
- Supramax: +0.04% in 2018
- Handysize: -0.9% in 2018

Forecast bulk fleet growth in 2018
0.5%

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THANK YOU