



Black Sea Committee

Istanbul

23 September 2014



Agenda

- Opening Remarks
- ABS Moving Forward
- World Shipping and Shipbuilding Outlook
- Review of China, Korea & New Shipbuilding Countries in The Pacific
- Bulk Carrier Outlook
- Other Business / Closing Remarks





ABS Moving Forward

Tony Nassif
Executive Vice President & Chief Operating Officer

Istanbul
23 September 2014

ABS is a Mission Driven Organization

Our Mission

To serve the public interest as well as the needs of our members and clients by promoting the security of life, property & preserving the natural environment.

Our Vision

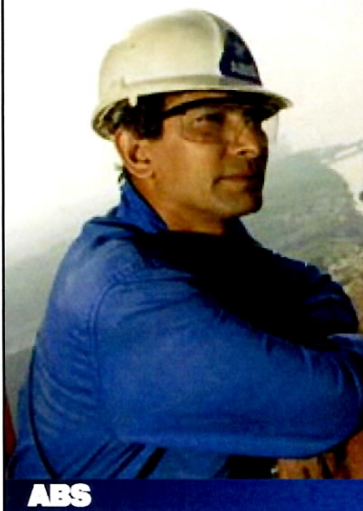
To be the global leader in marine classification & other innovative Safety, Quality & Environment services focused on the marine, energy & government sectors by promoting and investing in technologies that support the development and application of industry standards and best practices.

Our Strategy

To protect & expand class market services & grow the company around core Safety, Quality & Environment capabilities*a mission driven, market focused, class centric strategy.*

Safety is at the core of all our activities

Total Safety Commitment



Employee & Industry Worker Safety

- **Driven** for a safer working environment
...striving for zero workplace incidents
- **Met** our 50% annual reduction in lost time incidents target in each of the past 4 years
...drove down our lost time incident rate to 1 per 5.5 million work hrs.
- **Continuously** strengthening our safety culture
...received OHSAS 18001 certification in recognition of our activities

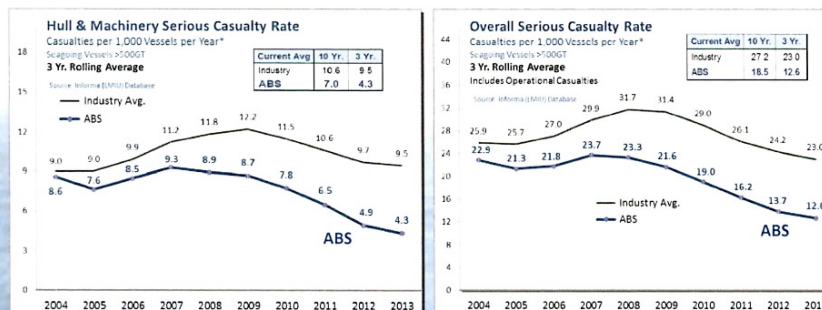
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Safety is at the core of all our activities

Striving to improve our fleet safety performance

- ABS classed fleet over past 10 yrs. in comparison to the industry average:
 - **34 %** fewer serious Hull & Machinery Casualties
 - **32%** fewer serious Overall Casualties
- A reflection of the effectiveness of the complete lifecycle safety network, & most importantly the quality of the owners & operators of ABS classed vessels



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Serious casualties are those that disrupt service or have a fatality. Overall casualties includes Hull & Machinery plus Operational Casualties, e.g. fire, explosion, collision, grounding etc. Industry rate includes ABS.

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Future Direction

Class is evolving & being driven by changing regulations & industry needs

Traditional Class - Safety Certification

- Periodic survey of class & statutory items

Enhanced Class - Performance Verification

- Less intrusive continuous assurance combined with periodic surveys
- Includes addition of other ancillary cert. services under class umbrella

Optimized Class - Performance Management (narrow focus)

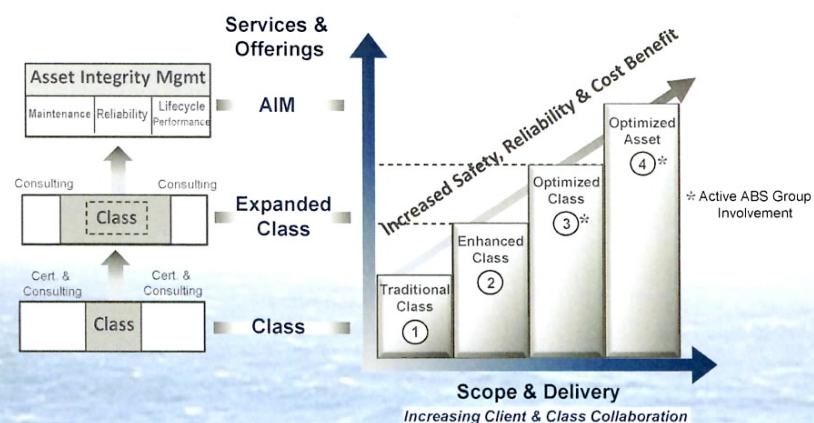
- Prioritized maintenance inspection with optimized operational data stream

Optimized Asset - Performance Management (broad based)

- Extended optimized techniques to non-class components & systems

Future Direction

The active utilization of risk mitigating offerings & services, that both enhance protection & speed service delivery to minimize disruption.



From Traditional Class to Enhanced Class, to Optimized Class, to Optimized Asset



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Future Direction

Positioning ABS to be the Class of the Future

Building on a strong foundation

- Strengthened by best in class products & services
- Underpinned by a focus on client relationships
- Superior Port State detention performance ...consistently in the top tier of IACS societies ...ranked 1 or 2 on a global composite basis
- Developed technical resource pipeline to meet future needs & challenges
- Learning organization with integrated learning management system ...greater use of simulations & next generation training techniques
- Global technology network that includes Offshore, Energy & Gas Technology Centers, & a Marine & Offshore Performance Center



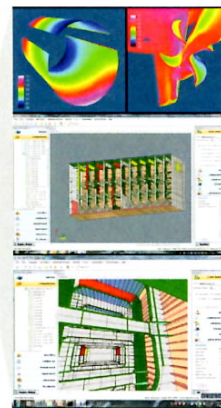
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Investing for the future

Positioned for the expanded scope of class

- Next generation work flow system to transform service delivery & improve quality
 - reduce service delivery time & minimize client disruption
- Investing in innovative products & solutions
- Leveraging Technology for practical applications
- Use of risk based inspections to provide the most efficient & least intrusive services on the market
- Asset Performance Management – Global Group
 - Assist clients with operational, environmental & lifecycle performance & integrity of their assets
 - Leverage the capabilities of Nautical Systems as a data repository & data conduit between owners/operators & their assets
- Global Gas Solutions Team
 - Technical/Performance/Operational /Regulatory guidance & support



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Strengthening the ABS Brand

ABS Group Services

- **Wholly owned subsidiary**
- **Strategic partner** to complement & extend class services in the marine & offshore sectors
- **Extends** the strength of the ABS brand as a top quality provider of technical services relevant to safety, quality & the environment
- **Provides** additional expertise in class relevant fields to enhance & extend class
- **Leverages** experience in complementary markets & industries to strengthen the ABS portfolio of marine & offshore products & services
- **Industry recognized leader** in risk technology, advanced engineering, reliability & maintenance planning, management systems & process safety

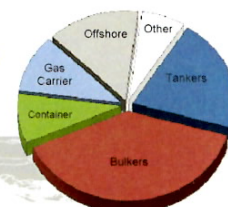


Industry Recognition & Appreciation

Growing Fleet & Strong Orderbook

- ABS class fleet has grown to 12,300 vessels, 215 MGT
- Leading share of mobile offshore units & support vessels...over 3,100
- Strong, diversified & growing new construction orderbook
 - Almost 2,700 vessels under or pending construction, 50 MGT
 - Includes 256 offshore units & structures & 703 offshore support vessels
 - 23% global GT share
 - Leading or strong position in all major shipbuilding countries & major ship owning markets
 - Government recognition as trusted advisors

ABS Orderbook
GT Distribution

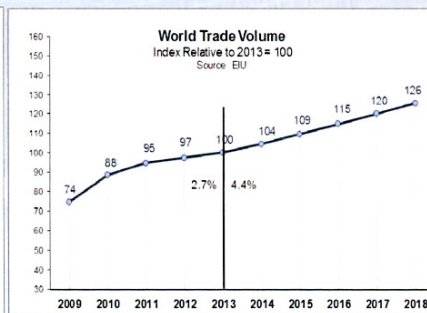
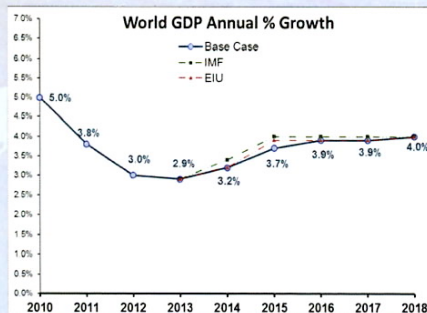


World Shipping & Shipbuilding Outlook

Fall 2014

World Economic & Trade Growth ...where it all starts

Stronger growth is projected for 2014...especially in the second half



- The long & difficult recovery has slowed this year but is expected to gain some traction with steady GDP growth improvement projected for the next few years.
- Projected Global GDP outlook used for our Fall 2014 Outlook reflects a more gradual recovery ...in comparison to both the IMF & EIU current forecasts which historically have been higher than actuals
- World Trade growth was a weak 2.7% last year, far below pre-crisis norms. It is projected to modestly grow by 4.4% this year, with an additional 5% growth in 2015

World Trade & Energy Landscape

- **The global trade recovery** has been losing some momentum after building in 2H13
...in part due to slowing growth in emerging markets & a weak 1Q14 in the U.S.
- **The global energy map** continues to be redrawn by the surge in oil & gas production in the U.S. driven by the shale revolution
...low gas prices are driving demand export to Asia
...US Govt. has softened its position on the ban of crude oil export from the U.S.
...oil prices are projected to remain relatively flat barring any major geopolitical change
- **Panama Canal expansion** completion is now scheduled for early 2016
...expanded canal & additional throughput will impact several trades
...can accommodate 13k Teu container ships & all but largest LNG carriers



Offshore Industry ...strong longer term growth

Oil Price & Demand Outlook

- Global oil demand keeps growing, but growth in unconventional oil supply is pressuring future crude prices
- As a result oil prices are projected to remain relatively flat for the next few years

Offshore Orderbook

- Continued strong Offshore MODU orders this year, with a projected gradual slow down the next couple of years
- The number of floating production projects continues to be robust...231 potential in the planning stage...with FPSOs expected to account for lion's share

Offshore Support Vessels

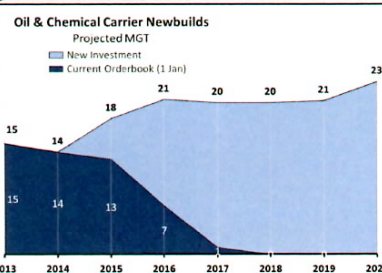
- New investment boomed the past few years expanding the fleet
- New orders so far this year have exceeded earlier expectations
- A further uptick in orders is projected for next year followed by gradual decline over the next few years



Wet Cargo Trades Outlook

Oil & Chemical Tankers

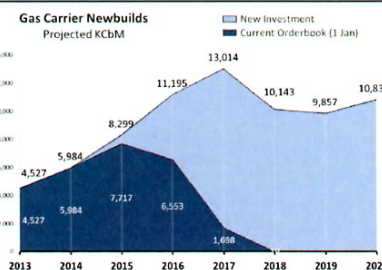
- Changes in the refinery location landscape provided a boost for the MR tanker sector ...recently it has been larger LR1 product tankers
- China's thirst for oil, fueled by the growing number of cars on the road, will benefit the long haul crude trades...VLCC & Suezmax
- Uptick in oil tanker ordering that started in early last year will peak fleet expansion in 2016 when almost 200 MR or larger size oil tankers will be delivered
- Chemical & Chem Oil tanker orders are projected to increase each year to the end of the decade



Wet Cargo Trades Outlook

Gas Carriers

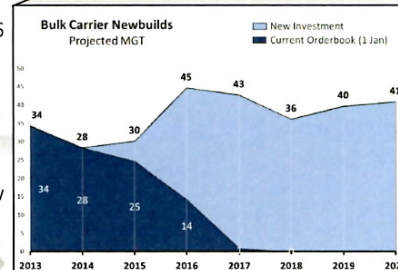
- The US shale gas boom is driving a change in the US gas infrastructure for export
- US domestic demand has not kept pace with the growth in Ethane ...fueling a growing interest in Very Large Ethane Carriers to meet projected Asian demand
- Orders for all size LPG carriers will be robust building the orderbook to a peak of 225 ships in 2015 ...with VLGCs (>60 KCbM) having the greatest growth
- Demand for LNG Carriers is projected to grow 8-9% per year for the next several years ...expanding the fleet to 500 ships in 2017 ...almost 70% growth since 2008
- Over 32 million CbM of Gas Carrier supply will be added globally over the next 3 yrs. (2015-17)



Dry Cargo Trades Outlook

Bulk Carriers

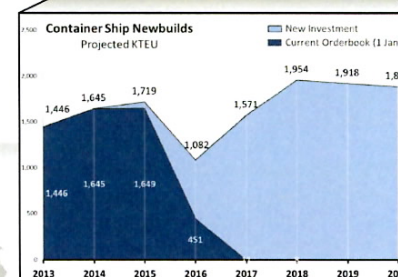
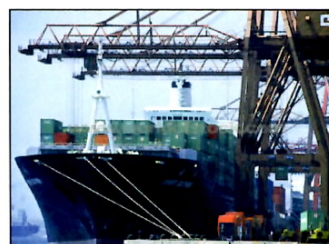
- Total dry bulk trade increased 8% last year
...second strongest growth rate since 1990
...going forward, volume growth is projected to remain in the 5-6% p.a. range
- Capacity expanded 33% over the past 5 yrs., fueled by a large inflow of new builds
- New deliveries will be down this year, but steadily build the next 2 years peaking in 2016
...when almost 700 Handymax or larger size bulk carriers will be delivered
- Bulk carrier orders have been robust the past 2 years comprising 44% of all GT ordered
- Capesize & Handymax have had the most new order activity this year on a base fleet %



Dry Cargo Trades Outlook

Container Ships

- Medium & smaller size container ship companies continue to struggle to remain profitable in the current soft market
...large operators profitability has been boosted in part by scale & the advantages of formed alliances
- Cascading of larger size ships will continue to increase the vulnerability of smaller vessels
- Global container trade volume is projected to gradually build the next few years ...fueled by an improving global economy
- Rates will continued to be pressured through next year by the addition of over 3.4 million TEU's of new capacity (2014 & 2015)
- Scrapping age continues to decline, with the average age now down to 21 years from the historical 28 years from 2000-2011

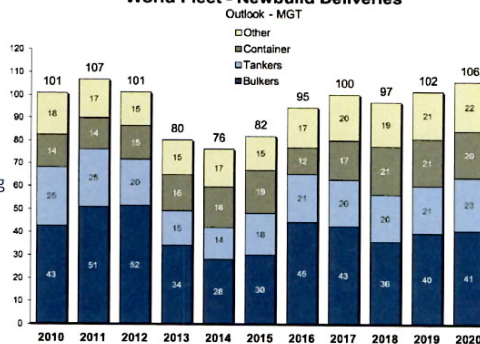


Newbuild deliveries will bottom this year

...down almost 30% from the 2011 peak

- There is a projected uptick in GT next year, the first in 4 years
- Bulk carriers will continue to be the primary growth driver for the next several years
...with deliveries projected to build peaking in 2016 when they will comprise 47% of all delivered GT
- Output capacity is projected to stabilize in the 95-102 MGT range starting in 2016
- On a market sector basis, capacity ordering will be led by very large ships
...ULCS, VLCS, VLBC & VLGCs are projected to have the greatest fleet % growth over the next 6 years

World Fleet - Newbuild Deliveries

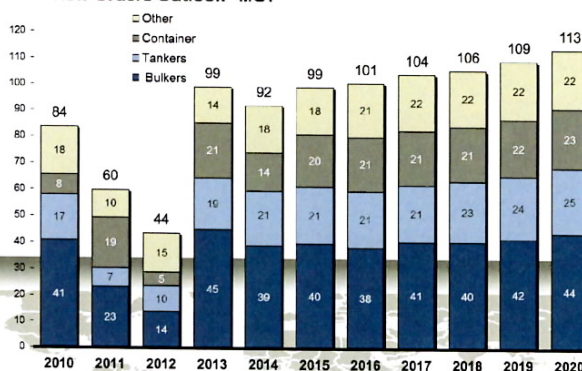


Accounts for anticipated slippage, cancellations & new orders

A steady increase in new orders

...is projected starting this year

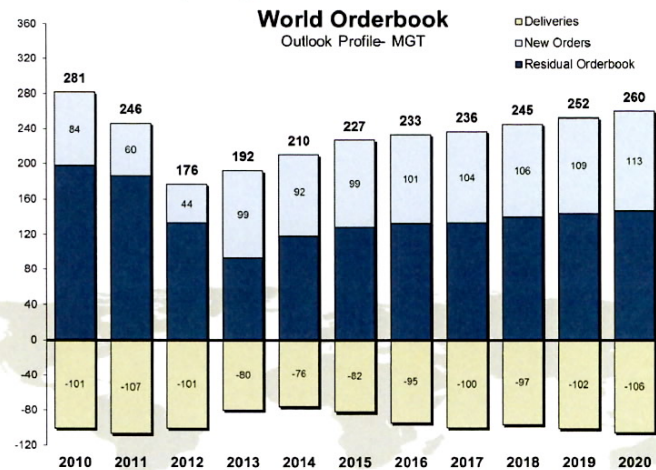
World Fleet
New Orders Outlook - MGT



- Steady building growth will be a welcomed change from the volatile order swings the past 10 years
- Growth will be fueled by a combination of energy efficient designs, lower new build prices, and improving economic & market outlook

World orderbook is projected to steadily grow

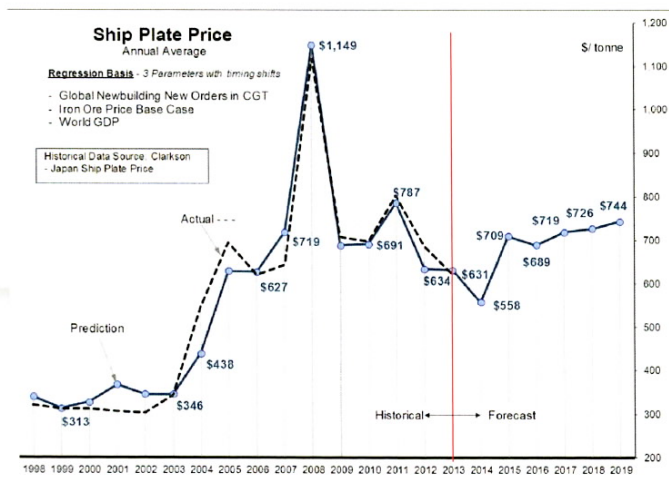
...with new orders out pacing deliveries



Growth driven by a gradually improving global economy, energy prices & environmental requirements

Ship Steel Plate Prices

...on average have decreased this year

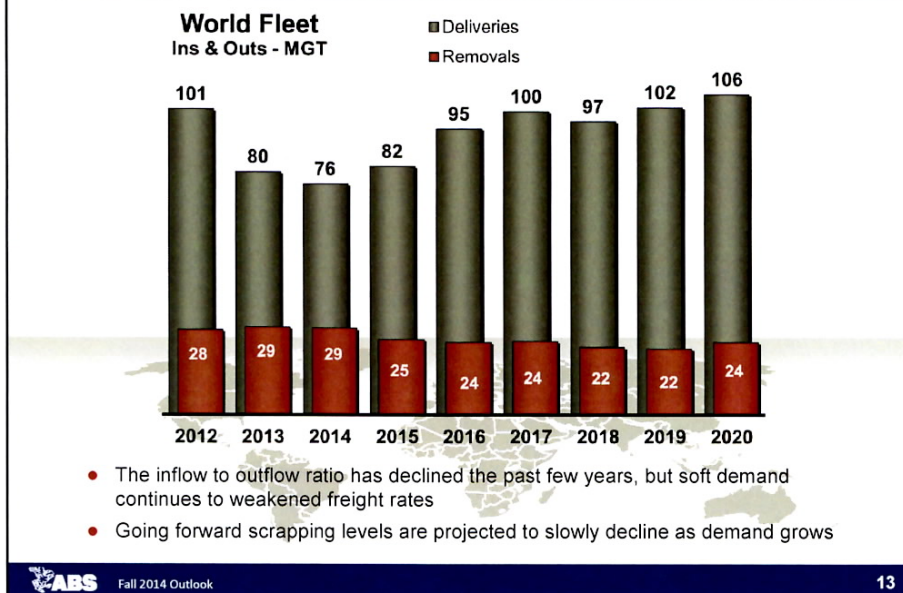


A lower iron ore price forecast has lowered the steel plate price outlook.

A 12% decline in average steel plate price is projected for 2014.

A sharp uptick is projected for 2015 despite lower ore prices due to a combination of an increase in projected World GDP & an uptick in new building ordered CGT.

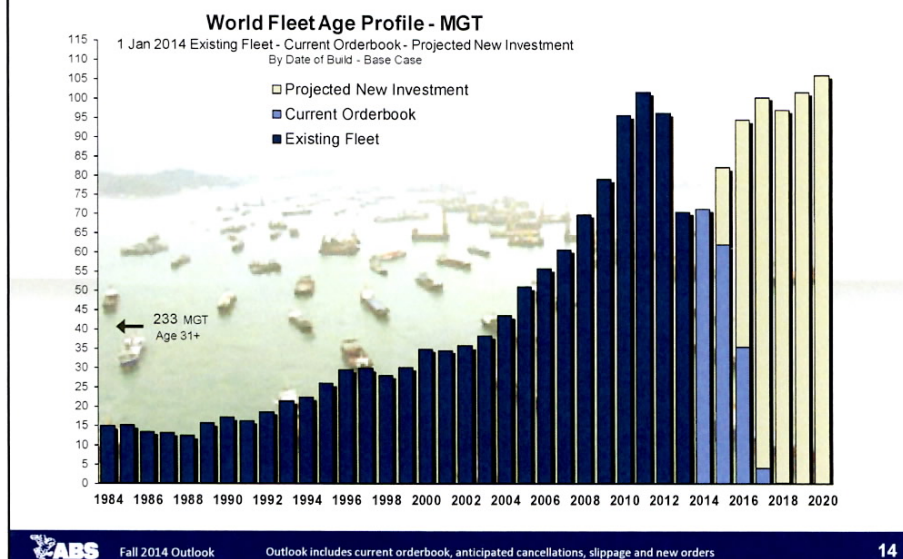
Supply inflow will build & then be steady



World Fleet Age Profile

By Date of Build

The large inflow of new builds will continue to reduce the average age profile



Take Aways

1. The economic recovery has been slow but the pace is projected to accelerate by year end
2. Resurgence of oil & gas production in U.S. coupled with environmental requirements is redrawing the global energy map
...driving a boost for gas carriers
3. New Ordered GT this year started strong, then slowed, but is expected to pick up
...ending the year about 7% less than last year
...a steadily annual increase each year is projected to the end of the decade
4. World orderbook will continue to grow this year
...and is projected to steadily build to the end of the decade fueled by the expanding global economy & in part by eco designs
5. Gas Carrier ordering will continue to be strong
...for the foreseeable future driven by energy prices, environmental req'mts, & the shale gas boom
6. New build output will likely stabilize overall starting in 2016
...though the market sector contribution will vary each year



Fall 2014 Outlook

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ABS Greater China & Korea Update

Darren Leskoski
Vice President Greater China Division

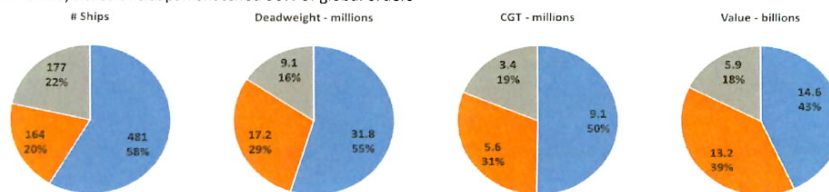


Three Shipbuilding Nations – Current Status

- **Shipbuilding Trends - Renewed Threat of Surplus Tonnage...**
 - 2008 - 2012 period of subdued shipbuilding demand – Thinning of orderbook
 - 2013 strong contracting level driven by speculative investors and market timing for “cheap eco-friendly & fuel efficient designs”

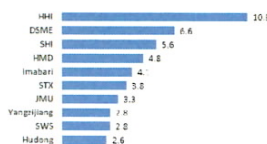
- **1H14 Shipbuilding Contracts Profile**

- China, Korea and Japan snatched 90% of global orders



- Korea leading for high value orders - Offshore/LNGCs - with average US\$ 80m/order compared to China US\$30m/order and Japan US\$33m/order
- China leading with total number of vessels, Dwt and CGT – but China has average 19K CGT/vessel compared to Korea 34K CGT/vessel and Japan 19K CGT/vessel

Three Shipbuilding Nations – Market Sector Shifts



Leading Korea Shipbuilding Powerhouses – Orderbook CGT rankings

- #1 - Hyundai HI with 11m CGT of global new orders, followed by Samsung HI, Daewoo and HMD
- #5 and #7 with Japan's Imabari and JMU in
- #8, 9 and 10 with SWS, Yangzijiang and Hudong

China's multi-directional shipbuilding drive to become #1

- Strong support of Chinese leaders
- Incentive finance packages for marine and offshore new construction orders
- Strong domestic fleet renewal
- Shipbuilding maturity stage at major yards – LNGCs & ULCS
- Penetration of niche market sectors – LPG carriers, stainless steel chemical carriers

The boon and the bane for Korean Shipbuilding...

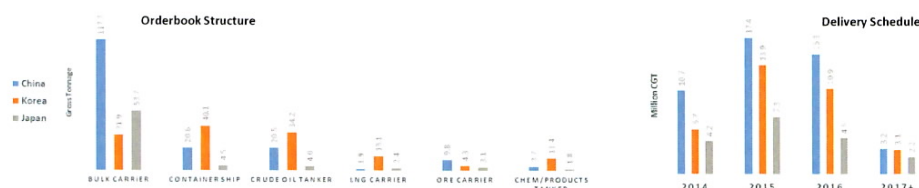
- Post 2008 crisis Offshore orders were the lifebuoy of Korean shipbuilding
- With the cooling down of the offshore market, Korea may suffer a lack of competitiveness in the commercial vessels market



Three Shipbuilding Nations – Moving forward...

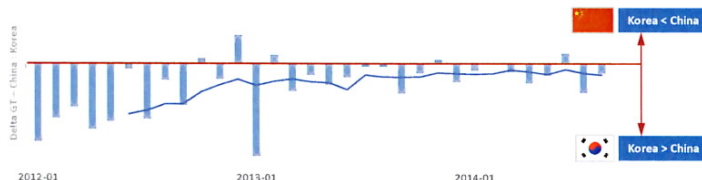
Ship Type Orderbook Trends

- 83% of China-Korea-Japan orderbook by GT concentrated in 6 vessel types
- Bulk carrier orderbook represents 45% of the total China-Korea-Japan orderbook



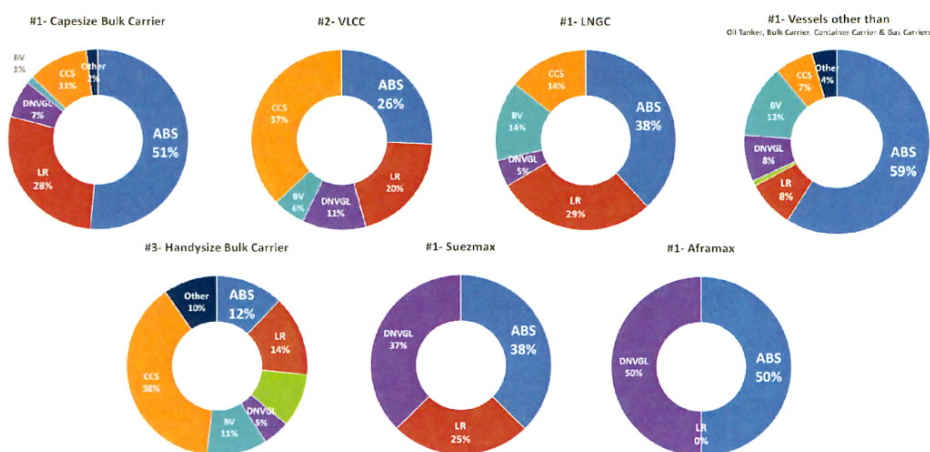
Key Korea Ship Type Market Sectors shifting to China

- China contracted tanker GT gradually increasing with 2014 contract level marginally lower than Korea



ABS Greater China Orderbook

- **ABS #1 – 25.5% ABS Market Share Leadership** for China Marine & Offshore Orderbook

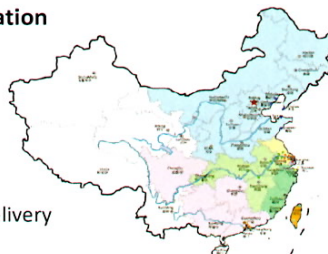


ABS Greater China Division Re-Organization



ABS GCD Service Delivery

- **815 Employees serving the largest shipbuilding nation**
 - 25% increase in headcount in 2014
 - Multicultural Experienced Staff
 - ▶ 130 Engineers
 - ▶ 500 Surveyors
 - Specialized Expertise to support projects
 - Continued staff development to enhance service delivery
- **ABS Operations in more than 140 Shipyards**
 - Enhanced coverage through ABS Project Management & Teamwork approach
- **Restructured ABS District Management to promote Service Delivery Excellence**
 - Dedicated responsibilities for
 - ▶ Operation & Service Delivery
 - ▶ Marketing & Business Development
- **ABS Opens Beijing Office - Office expands best-in-class service for the Chinese market**



ABS Greater China Division - Engineering

- **130 Engineers located in four locations to support ABS clients**
 - Shanghai
 - Dalian
 - Yantai
 - Taipei
- **Full range of engineering capabilities including advanced analysis**
- **Largest engineering office in China among all foreign classification societies**



ABS GCD Engineering Support to Shipyards

- **Major New Designs approved to ABS Class**
 - Newcastlemax/Capesize Bulk Carriers from BOHAI, SWS, NACKS, MARIC, SDARI, ...
 - VLCCs from DSIC, SWS, BOHAI, ...
 - Suezmax/Aframax oil or product carriers from NTS, GSI, ...
 - Ultra large container carriers from NACKS, CSBC, SDARI, CIMC,...
 - LNG and LPG carriers from HUDONG, JIANGNAN, CIMC, ...
 - World's First CNG Carriers and Ethylene Carriers
 - LNG Fueled Container Carriers
 - Semis and Jack-ups from DSIC, CMHI, CIMC, COSCO, ZPMC, ...
- The new **ABS China Operational & Environmental Performance Team** will support client with energy efficiency & environmental performance services



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Notable Deliveries in 2014

- | | |
|------------------------|---|
| ● 6 x SEDU's | Yantai CIMC Raffles , DSIC, ZPMC, COSCO NT, SWS |
| ● 7 x 13K TEU CC | NACKS |
| ● 3 x VLCC | SWS |
| ● 2 x 205K DWT BC's | DACKS |
| ● 5 x 82K BC | New Yangzijiang |
| ● 4 x Woodchip Carrier | New Yangzijiang |
| ● 4 x Panamax BC's | Hudong - Zonghua |
| ● 2 x 64K BC | Sainty Shipyard |
| ● 4 x 35K BC | Jinling Shipyard |
| ● 1 x Accom Semi | Fujian Mawei |
| ● 5 x PSVs | Zhejiang SB |
| ● 36 x PSV | Fujian Shipyard Group |
| ● Tender Drill Barge | COSCO Guangdong |
| ● Jacket Launch Barge | COSCO Zhoushan |



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Key Contracts in 2014

- | | |
|-----------------------------|---|
| • 37 x Newcastlemax BC's | Bohai, CATIC, Yangzijiang, Hantong, NACKS |
| • 20 x Capesize BC's | Beihai, NTS, SWS |
| • 4 x Kamsarmax BC's | Hantong, Zenghe |
| • 23 x Supramax BC's | Kouan, CIC, Guoyu, NACKS, COSCO Zhoushan |
| • 6 x VLCC | SWS |
| • 4 x Aframax Tankers | NTS |
| • 4 x MR Tanker | Samsung Ningbo |
| • 1 x 2200m3 CNG | Hantong |
| • 4 x 35K LEGC and 2 x VLGC | Jiangnan |
| • 4 x 174K LNGC | Hudong |
| • 27 x SEDU | CMHI, ZPMC, Huangpu, SWS |
| • 6 x SEMI | Yangzijiang, Keppel, Honghua |
| • 10 x Lift Boats | Qingdao Haixi |
| • 2 x Accommodation Units | CIMC Raffles, COSCO Zhoushan |
| • 52 x PSV / OSV | Fujian Southeast, Fujian Mawei, Xiamen |
| • 4 x 1.8K TEU Feeder CC | CSBC |



Organizational Changes in Pacific & Korea



Matthew Tremblay takes over the position of Vice-President of Operations from Derek Novak. He joins us from the Americas Division.



MJ Joo takes over position of Country Manager - Korea



Andre Han assumes new responsibility as Vice President of Business Development - Korea

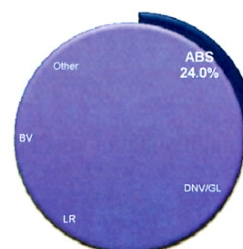
ABS Korea Orderbook

- **ABS Market Share leadership for the marine & offshore orderbook**

- 24% of the Korean shipbuilding market
- 228 vessels of 15.2m GT
- 2014 - 103 deliveries (7.5m GT)
 - 44 deliveries remain
- 2015 currently 93 deliveries (5.8m GT) scheduled

- **1Q-3Q14 orders**

- 71 vessels of 5.2m GT ordered to ABS Class
- 18% improvement from 2013
- High Value Orders
 - LNGCs, VLGCs, Suezmax Tankers , VLCCs ,
 - Drillships , FLNG,TLP



Korea Orderbook

Korea Activities

- **Key ABS projects awarded**

- 4 x 174K LNGs for Gaslog & Maran
- 11 x 84K VLGCs for Dorian , Shangdong, Dorian, CMM , Kumiai
- 2 x Drillships for Ocean Rig
- 1 x FLNG for Petronas
- 6 x 87K Ethane Carrier for Reliance
- 7 x VLCCs for DHT, Ocean Bulk , Maran
- 14 x Suezmax Tankers for Arcardia,Polembros, Diamond S. Nereus
- 1 x TLP for HESS



- **Korea Business Outlook**

- High value vessels
- LNGC for US Shale gas transformation and offshore projects
- Conventional ship prices and competition abroad
- Expansion of Seoul office
- Quality of service, Responsiveness, & Communications



2014 ABS Learning & Development Activities

- **Strong focus on training to support ABS operation and business activity**
- **2014 Internal Training Highlights – (163 student/days)**
 - New Hire Training Program (NHOP1, QWI, NDE, CSSP)
 - Dynamic Positioning System
 - ISM Experienced Auditor
 - Mobile Offshore Drilling Units
 - Advanced Certification of Drilling System
 - Floating Storage Units
 - Lifeboat
 - Phased Array Ultrasonic Testing of Welds (PAUT)
- **2014 External Training Highlights – (573 student/days)**
 - Practical Implementation of PSPC
 - LNG Fueled Vessels / LNG Carriers - New Construction
 - Incident Investigation & Root cause Analysis - Implementation
 - ISPS Code Internal Auditor Course
- **2014 In-House Client Training**
 - Active Fire Fighting Systems on MODUs - Wilhelmsen
 - LNG Fueled Vessels - Sainty Shipyard
 - MODU - New Construction - Sainty Shipyard
 - LNGC New Construction - China MSA
 - LPG Carriers: New Construction - Shandong Shipping
 - New Construction - Rongsheng Heavy Industry
 - LPG Carriers: New Construction - Southwest Maritime
 - New Construction - Pacific Gas
 - ISM Internal Auditor Training - TCC Shanghai
 - ILO MLC 2006 Awareness - TCC Shanghai
 - Diving System Classification Requirements - Fujian Mawei Shipyard
 - LNG Fueled Vessels - Fujian Mawei Shipyard



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Technology & Business Development Activities

- **Market focused Seminars delivered in 2014**
 - Workshop: Gap Analysis of Revised IGC Code - Shanghai, Dalian
 - Trading in US & Australian Waters - Shanghai, Hong Kong, Taipei
 - PSPC in Practice - Hong Kong
 - TLP Technology & Class/Certification Services - Beijing, Shenzhen
 - GoM Coastal Regulation for Offshore Installation - Shanghai, Dalian
 - Drilling SEMI & Drillship Technology & Market - Shanghai, Beijing
 - ABS Seminars on LNG & Arctic Technologies - Vladivostok
 - Non-linear Seakeeping Performance - Busan
 - FLNG Technologies - Seoul
 - Environment - Busan

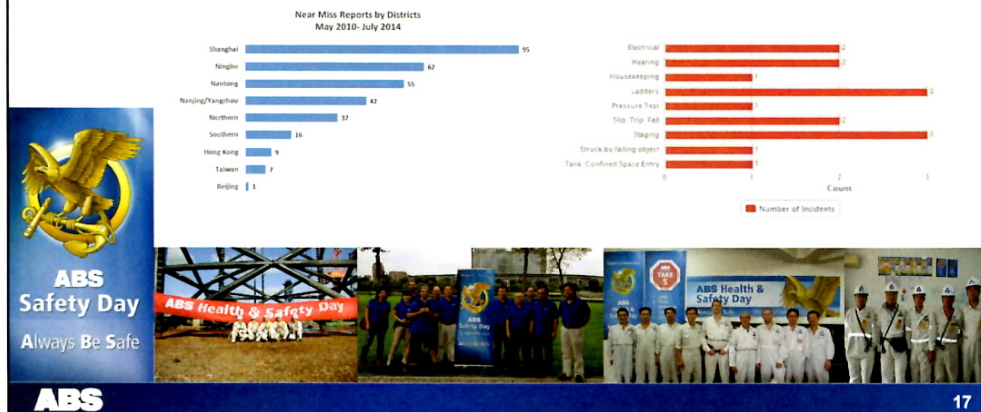


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ABS – A Commitment a Safe Working Environment

- **ABS systematically track, record, and investigate every near miss report** submitted from the ports and districts to ensure
 - Effective corrective action are implemented, and
 - The lessons learned are shared



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ABS – Implementing Safety

- ABS has implemented several strategic safety initiatives
 - **GCD Safety Ambassador Award**
 - Reward program that recognizes commitment to safety
 - ABS Promoting Safety - Surveyor Mr. Shu-Gui Gao
 - **“Stop Work Authority”**
 - A program that encourages employees to “stop” work when exposed to unsafe working conditions
 - **“ABS Take 5” program**
 - A program that encourages employees to perform a mental Job Safety Analysis (JSA) before commencing a task



The 5 steps involved

- Look around the area
- Think about the steps involved in the task
- Recognize the hazards
- Control the hazards
- Begin the task

China Port State Control

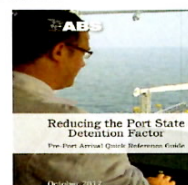
Year	Total Detained	ABS Detained	ABS Fault
2013	678	32 (4.72%)	1
2014	366	16 (4.37%)	1

• Top Deficiencies

- Emergency Fire Pumps
- Structural Fire Protection
- Lifeboats & Releasing Mechanisms
- Ventilation & Closing Devices
- Oily Water Separators
- Sewage Treatment Plants
- Navigation Equipment
- Hatch Cover Securing
- Embarkation Ladders
- Navigation Lights
- Load Line Cert & Freeboard Marks

• China MSA

- Accommodate Inspectors
- Escort Inspectors
- Document Findings & Support Info
- Notify ABS
- Assessment & Verification
- Clearance to Sail
- Appeal



2014 ABS Commitment

• ABS Leadership

- Orderbook - ABS is the Preferred Class Society - Marine & Offshore
- ABS selected as the Class of choice for novel designs, high value vessels and Offshore projects

• ABS is committed to Service Delivery Excellence

- Safety as a top priority – Reinforce Safety in all that we do
- Staff Learning & Development - Continuously improve staff knowledge & skills
- Share knowledge & Experience with clients through training and seminars
- Enhanced operations management for improved operational control & responsiveness


• The ABS Spirit

Confident • Motivated • Creative • Reliable • Resourceful • Enthusiastic • Committed






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Bulk Carrier Outlook

September 2014

r.0.2




While effort has been made to make the projections as reasonable as possible, they are to be considered only estimates for general planning purposes. ABS takes no responsibility for their accuracy or use.

1

Dry Cargo Trades Outlook

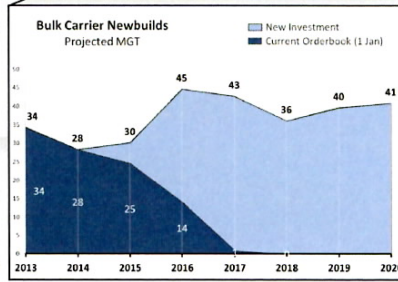
Bulk Carriers

- Total dry bulk trade increased 8% last year
...second strongest growth rate since 1990
...going forward, volume growth is projected to remain in the 5-6% p.a. range
- Capacity expanded 33% over the past 5 yrs., fueled by a large inflow of new builds
- New deliveries will be down this year, but steadily build the next 2 years peaking in 2016
...when almost 700 Handymax or larger size bulk carriers will be delivered
- Bulk carrier orders have been robust the past 2 years comprising 44% of all GT ordered
- Capesize & Handymax have had the most new order activity this year on a base fleet %




Bulk Carrier Newbuilds

Projected MGT



Year	Current Orderback (1 Jan)	New Investment
2013	34	34
2014	28	28
2015	25	30
2016	14	45
2017	0	43
2018	0	36
2019	0	40
2020	0	41



Fall 2014 Outlook

2

Dry Bulk Trade Outlook

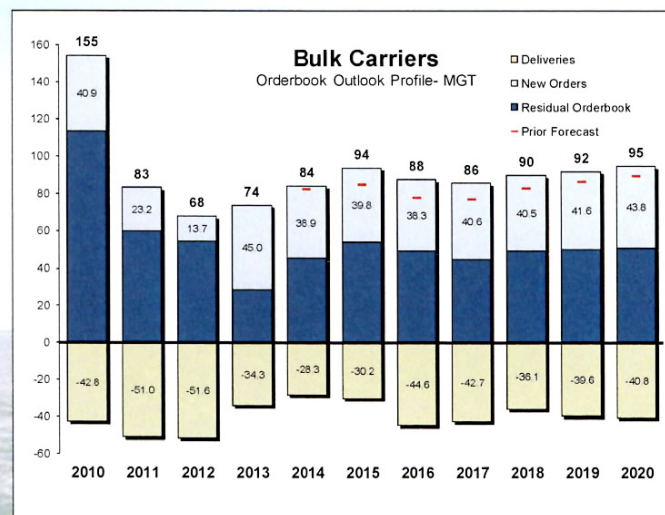
Dry Bulk	2014	2015	2016	2017
Dry Bulk Trade ¹	5.8%	5.2%	5.2%	5.1%
VLOC Ship Demand ²	12%	13%	14%	13%
Capesize	4%	4%	6%	7%
Panamax	9%	9%	9%	8%
Handymax	3%	4%	4%	4%
Handy Size	4%	4%	5%	3%

Much of the Panamax size growth is at the lower end of the size range

- Panamax size traditionally ranges from 60-100KDwt, with Handymax from 40-60 KDwt.
- Supramax...the largest of the Handymaxes...have been growing in size & many have now spilled over into the lower end of the Panamax size range

1 - Seaborne Trade Volume Growth based on Dwt, Teu or Cbm
 2- Ship Demand - Total GT including trade efficiency factors

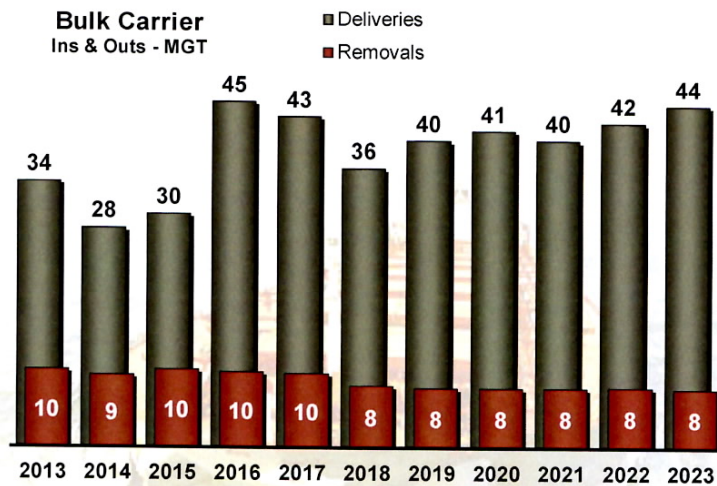
Bulk Carrier Orderbook Outlook



A stronger orderbook going forward is projected in comparison to our June forecast

Bulk Carrier – Ins and Outs

**Bulk Carrier
Ins & Outs - MGT**

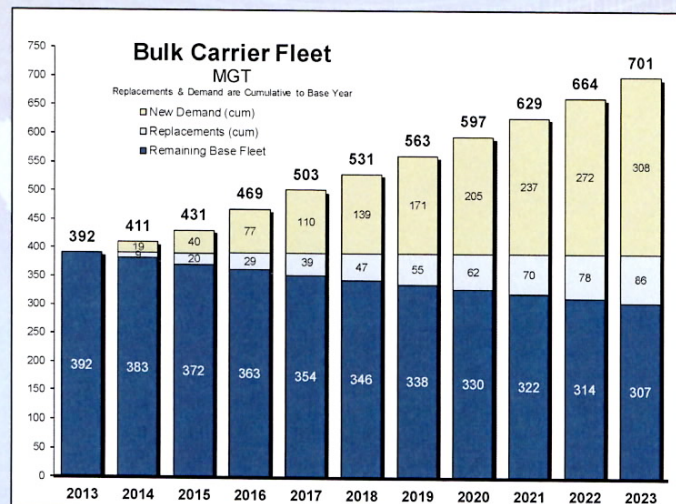


In to Out ratio will likely be at its lowest point next year

Bulk Carrier Fleet MGT

**Bulk Carrier Fleet
MGT**

Replacements & Demand are Cumulative to Base Year

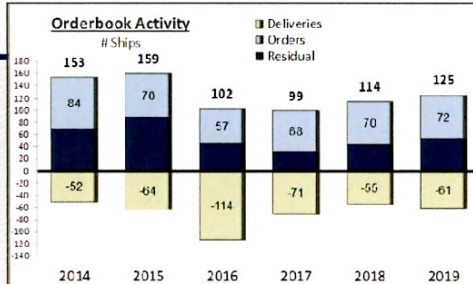
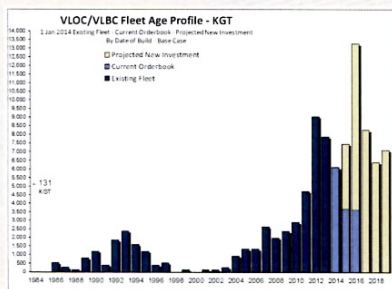


50% fleet GT growth by the end of 2020

VLOC/VLBC Outlook

>200+ KDwt

- Large inflow of new builds in 2016
...fleet to exceed 500 ships by mid year
- Shrinking fleet % of older ships
...less than 5% over 20 yrs. old in 2019



Base Case							
Growth Context	2013	2014	2015	2016	2017	2018	2019
World GDP	3.0%	3.2%	3.7%	3.9%	3.9%	4.0%	4.0%
Trade Volume		14.7%	12.4%	11.1%	10.2%	9.6%	9.0%
Ship Demand		11.7%	13.4%	14.1%	13.2%	11.1%	9.5%
Current State ¹							
# Ships - Year End							
Orderbook	122	70	38	6	3	3	3
Deliveries ²	60	52	32	32	3	0	0
Outlook							
New Orders	71	84	70	57	68	70	72
Orderbook	122	153	159	102	99	114	125
Deliveries	60	52	64	114	71	55	61
Fleet Removals	9	13	12	10	9	7	6
New Demand	51	39	52	104	62	48	55
Fleet	358	397	449	553	615	663	718
Fleet Growth		10.8%	13.1%	23.2%	11.2%	7.8%	8.3%
Fleet % >20yrs Old ³		16.6%	12.7%	9.2%	6.8%	5.4%	4.2%

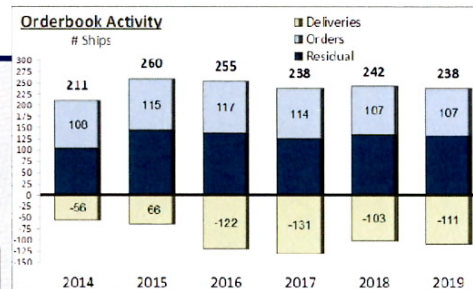
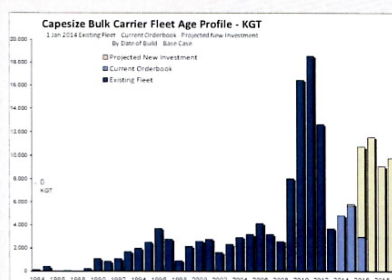
1 - Jan 2014 2 - Adjusted for projected cancellations & slippage 3 - Based on GT

7

Capesize Bulker Outlook

100-200 KDwt

- Large capacity buildup 2009-2012
- Followed by a 3 yr. slow down
- To be followed by another notable capacity buildup starting in 2016



Base Case							
Growth Context	2013	2014	2015	2016	2017	2018	2019
World GDP	3.0%	3.2%	3.7%	3.9%	3.9%	4.0%	4.0%
Trade Volume		2.1%	1.8%	2.1%	2.3%	2.7%	2.8%
Ship Demand		4.1%	4.3%	5.6%	6.8%	6.2%	5.8%
Current State ¹							
# Ships - Year End							
Orderbook	159	103	39	6	4		
Deliveries ²	43	56	64	33	2	0	0
Outlook							
New Orders	126	108	115	117	114	107	107
Orderbook	159	211	260	255	238	242	238
Deliveries	43	56	66	122	131	103	111
Fleet Removals	29	23	29	33	32	21	22
New Demand	14	33	37	89	99	82	89
Fleet	1,210	1,243	1,280	1,369	1,468	1,550	1,639
Fleet Growth		2.7%	3.0%	7.0%	7.2%	5.6%	5.7%
Fleet % >20yrs Old ³		8.1%	9.8%	9.8%	8.2%	8.1%	8.1%

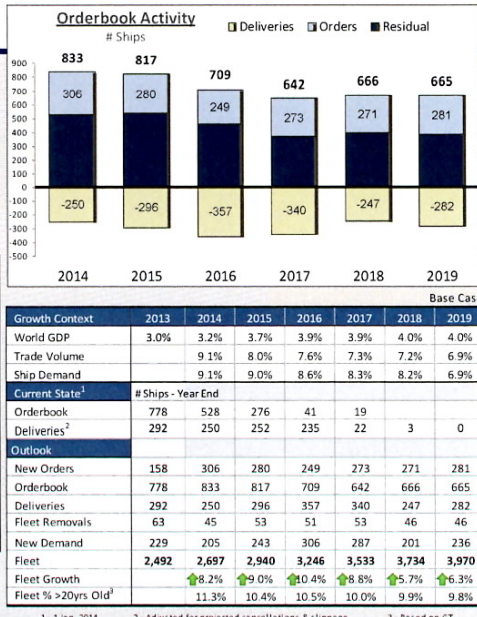
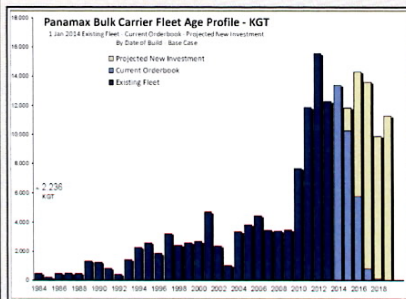
1 - Jan 2014 2 - Adjusted for projected cancellations & slippage 3 - Based on GT

8

Panamax Bulker Outlook

60-100 KDwt

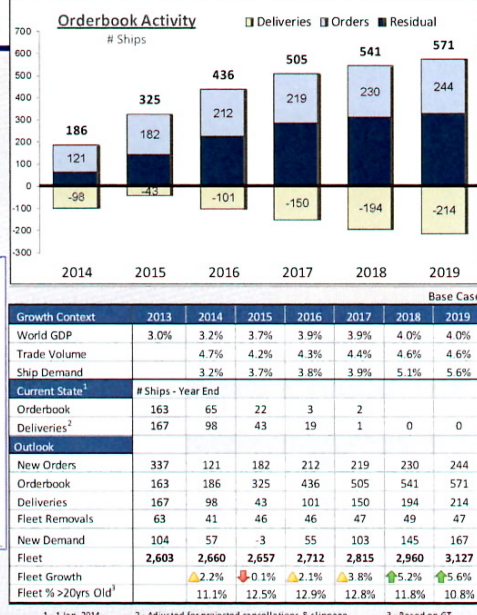
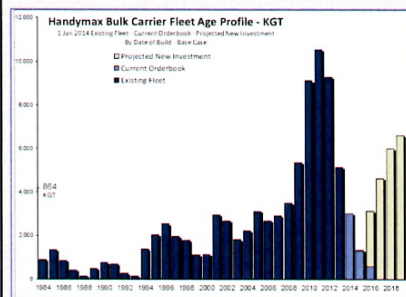
- Sizable capacity buildup the past 4-5 years that reduced the fleet average age will continue
- Though the pace of new orders are projected to slow over the next 3 yrs.

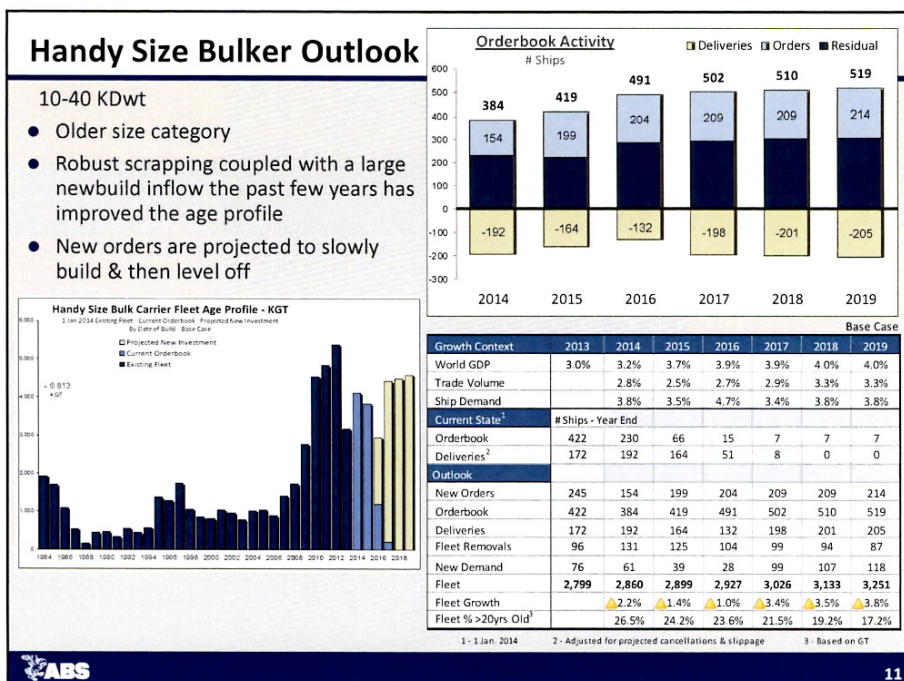


Handymax Bulker Outlook

40-60 KDwt

- Large capacity buildup in 2010-2012
- Steady drop off in deliveries thru 2015
- Looking forward, new orders are projected to outpace deliveries for at least the next 5 yrs.





Conclusion

- Last year dry bulk trade had its second strongest volume growth since 1990
...more modest growth is projected going forward in the 5-6% p.a. range
- Bulk Carriers continue to be the mainstay of the newbuilding market...with strong current preference for Newcastlemax size (210 KDwt)
...economy of scale without the port restrictions associated with larger VLOC's
- Overall new orders are projected to outpace deliveries through 2015
...peaking the orderbook GT at almost 40% higher than the 2012 low
- The projected 2016 inflow of newbuilding GT is almost 45 MGT...the strongest delivery year since 2012
- Going forward removals are projected to remain high but will continue to decline as a % of new build deliveries
...demand will need to keep pace with the growing capacity...projected to grow almost 50% by the end of 2020



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