

MARINE MONEY

June 2016

Marine Money Week 2016

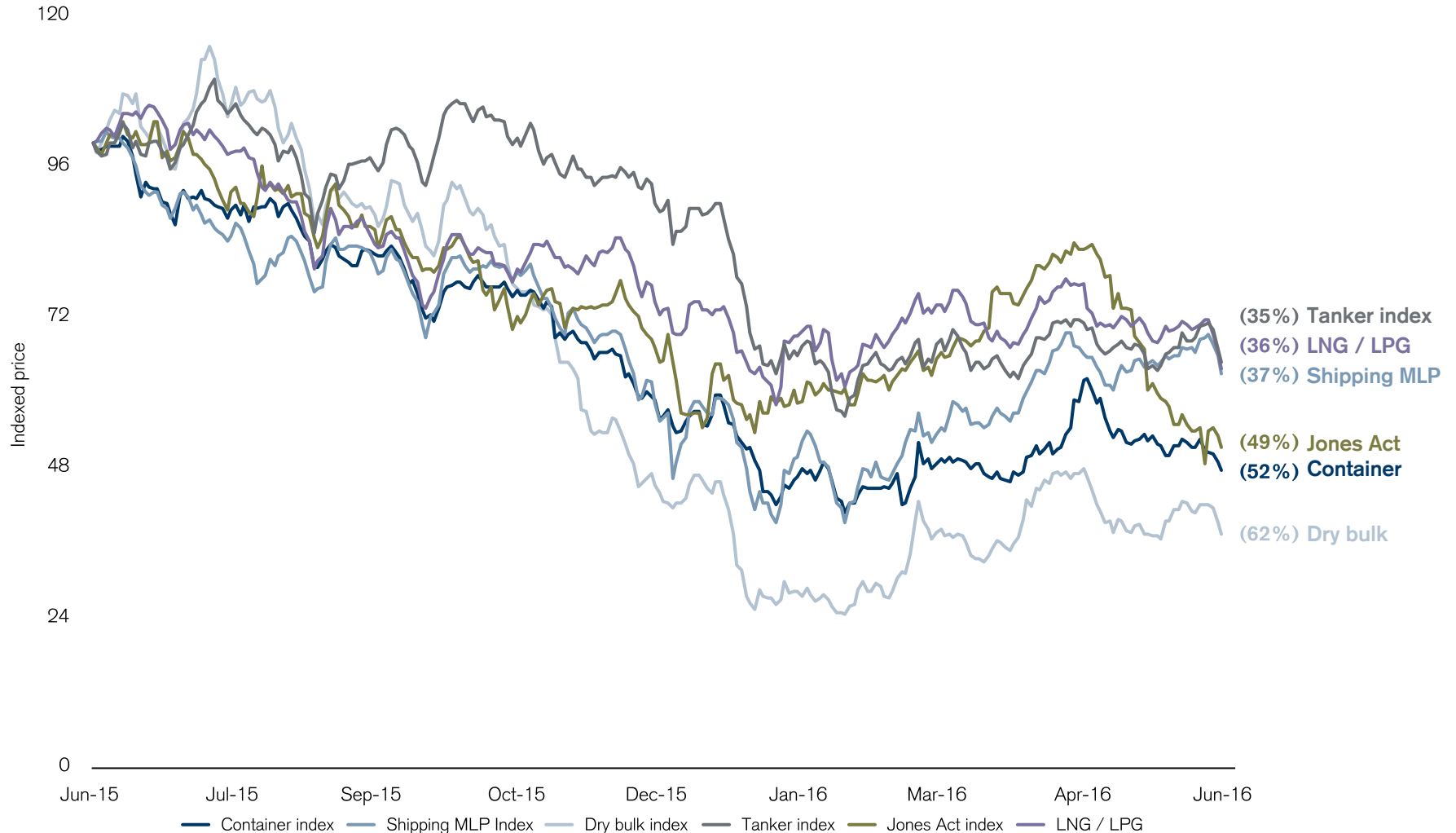
Overview of public capital markets status for shipping

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION

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Since Marine Money Week 2015, shipping investors have lost money across all segments

Total shareholder return by sub-sector



Source: FactSet as of 6/14/2016.

Note: Total shareholder return includes dividends.

Container index: Seaspan, Danaos, Diana, Costamare, Global Ship Lease and Box Ships. **Jones Act index:** Matson, Kirby, International Shipholding and SEACOR Holdings.

Dry Bulk index: Dryships, Diana Shipping, Navios Maritime Holdings, Safe Bulkers, Star Bulk Carriers, Compagnie Maritime Belge, Pacific Basin Shipping, Norden, Golden Ocean, Scorpio Bulkers, Knightsbridge and Baltic Trading.

Tanker index: Frontline, Teekay Corp., Nordic American Tankers, Scorpio Tankers, Tsakos Energy Navigation, Navios Maritime Acquisition, Teekay Tankers, D'Amico, ASC, Capital Product Partners LP and DHT Holdings.

LNG / LPG index: Exmar, GasLog, Golar LNG Limited, Hoegh LNG, Navigator Holdings, Dorian LPG, Avance Gas, BW LPG and Stealthgas.

Shipping MLP index: Teekay LNG Partners, Teekay Offshore Partners, Navios Maritime Partners, Knot Offshore Partners, Dynagas LNG Partners, Capital Products Partners, Hoegh LNG Partners, Golar LNG Partners and GasLog Partners.

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Shipping stocks were initially impacted by the oil sell-off, but have since failed to recover – why?

Total shareholder return – Since June 2015



Source: FactSet as of 6/14/2016.

Note: Total shareholder return includes dividends.

Shipping index: Seaspan, Danaos, Diana, Costamare, Global Ship Lease, Box Ships, Dryships, Diana Shipping, Navios Maritime Holdings, Safe Bulkers, Star Bulk Carriers, Compagnie Maritime Belge, Pacific Basin Shipping, Norden, Golden Ocean, Scorpio Bulkers, Knightsbridge, Baltic Trading, Frontline, Teekay Corp, Nordic American Tankers, Scorpio Tankers, Tsakos Energy Navigation, Navios Maritime Acquisition, Teekay Tankers, D'Amico, ASC, Capital Product Partners LP, DHT Holdings, Exmar, GasLog, Golar LNG, Hoegh LNG, Navigator Holdings, Dorian LPG, Avance Gas, BW LPG, Stealthgas, Teekay LNG Partners, Teekay Offshore, Navios Maritime Partners, Knot Offshore, Dynagas LNG, Capital Products Partners, Hoegh LNG, Golar LNG and GasLog Partners.

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Immediate macro and maritime-specific (micro) concerns...

Macro concerns

Global economic growth rates; GDP sensitivity

Crude oil price freefall and potential knock-on effects

China outlook

Falling commodity prices

Rising interest rates / monetary policy

Micro concerns

Disproportionate impact of macro factors on maritime sector

“Structural” concerns, most notably in drybulk sector

Suitability of MLPs for shipping assets

...overwhelmed by any positive long-term fundamentals

Characteristics of a defensive market

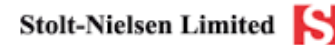
Investors favor:

Examples:

Predictability / visibility



Scale



Favorable technicals
(such as liquidity / float)



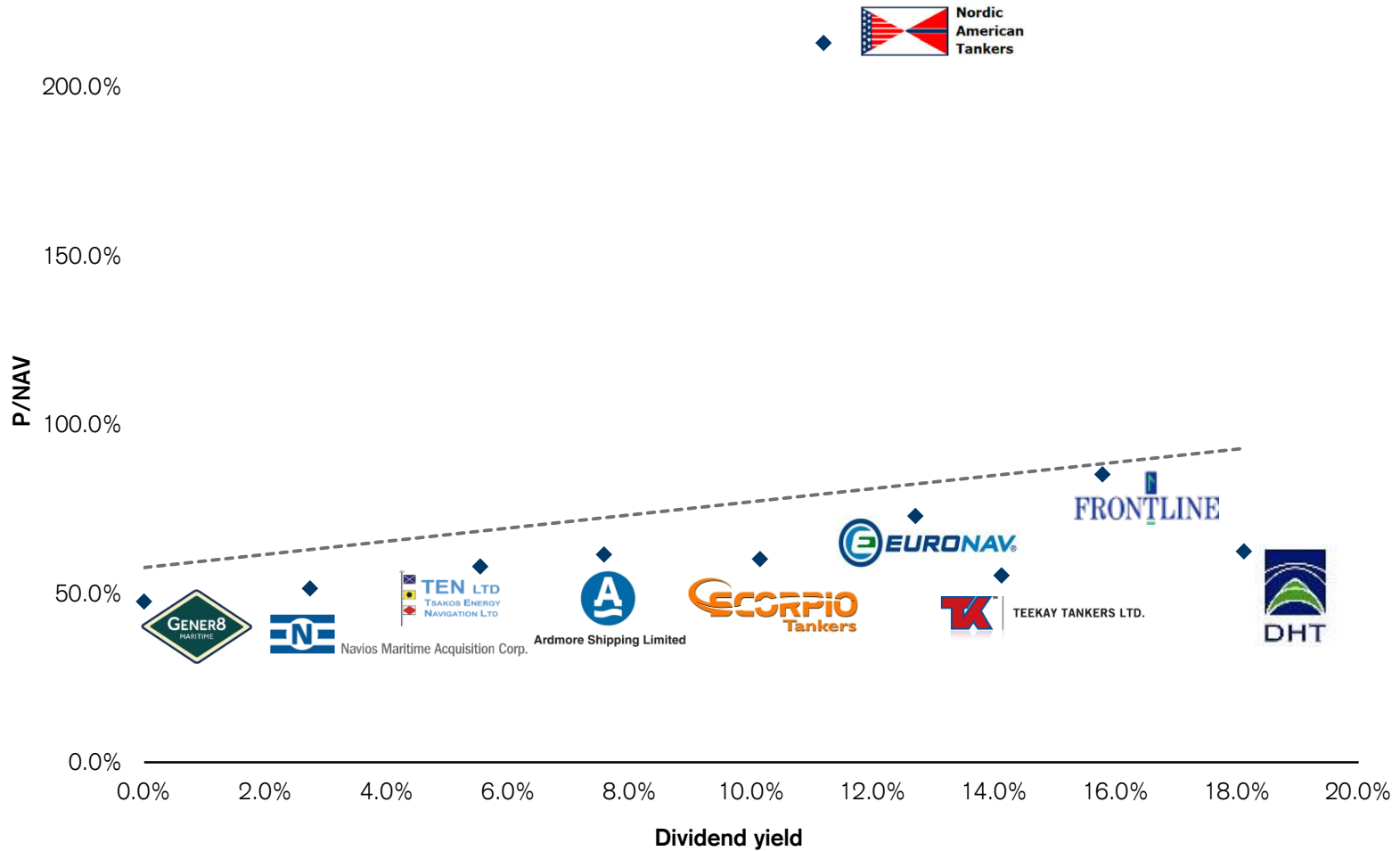
Current income / yield



In a defensive market, investors discount the growth component of their investing thesis

Correlation of yield to NAV is high

U.S. listed tanker stocks correlation

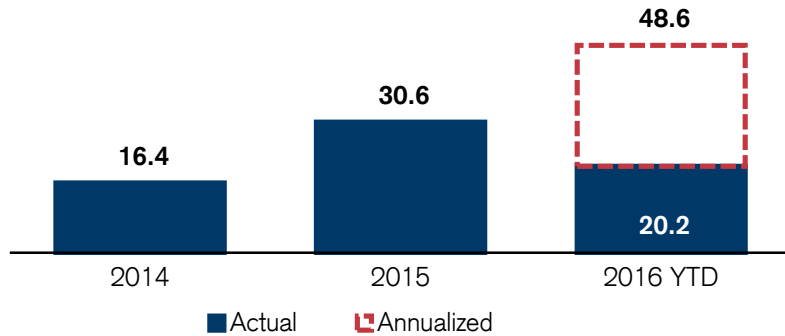


Source: Company filings, FactSet and Wall Street research.
 Note: Pricing as of 6/14/16.
 NAV data sourced from Wall Street research.
 Dividend yields obtained from analyst consensus estimates for FY2016.

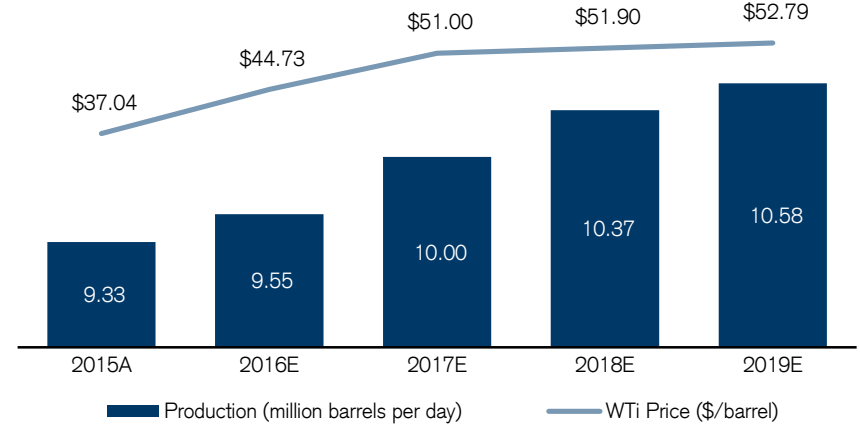
Reasons for optimism

Drybulk scrapping activity

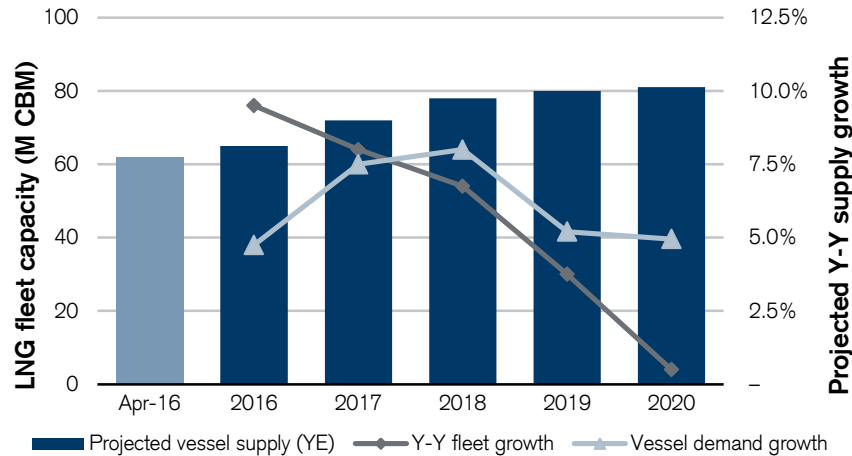
(million dwt)



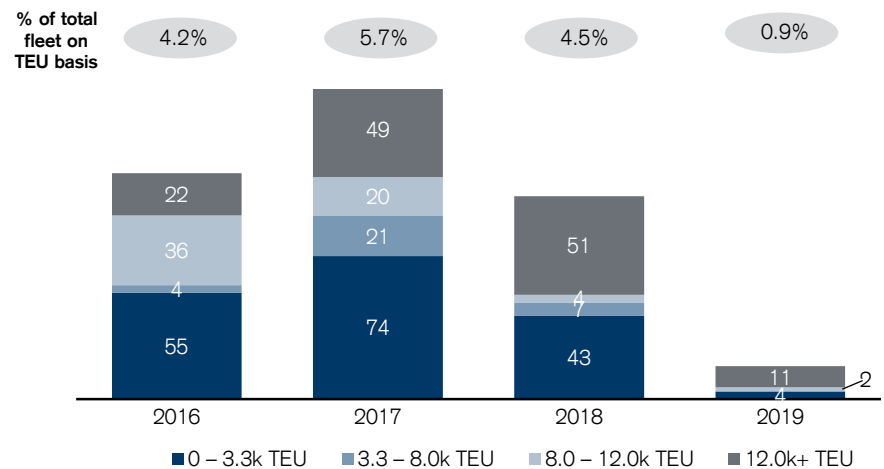
U.S. crude oil forecast



LNG vessel supply growth vs. vessel demand growth



Containership orderbook (no. of vessels)

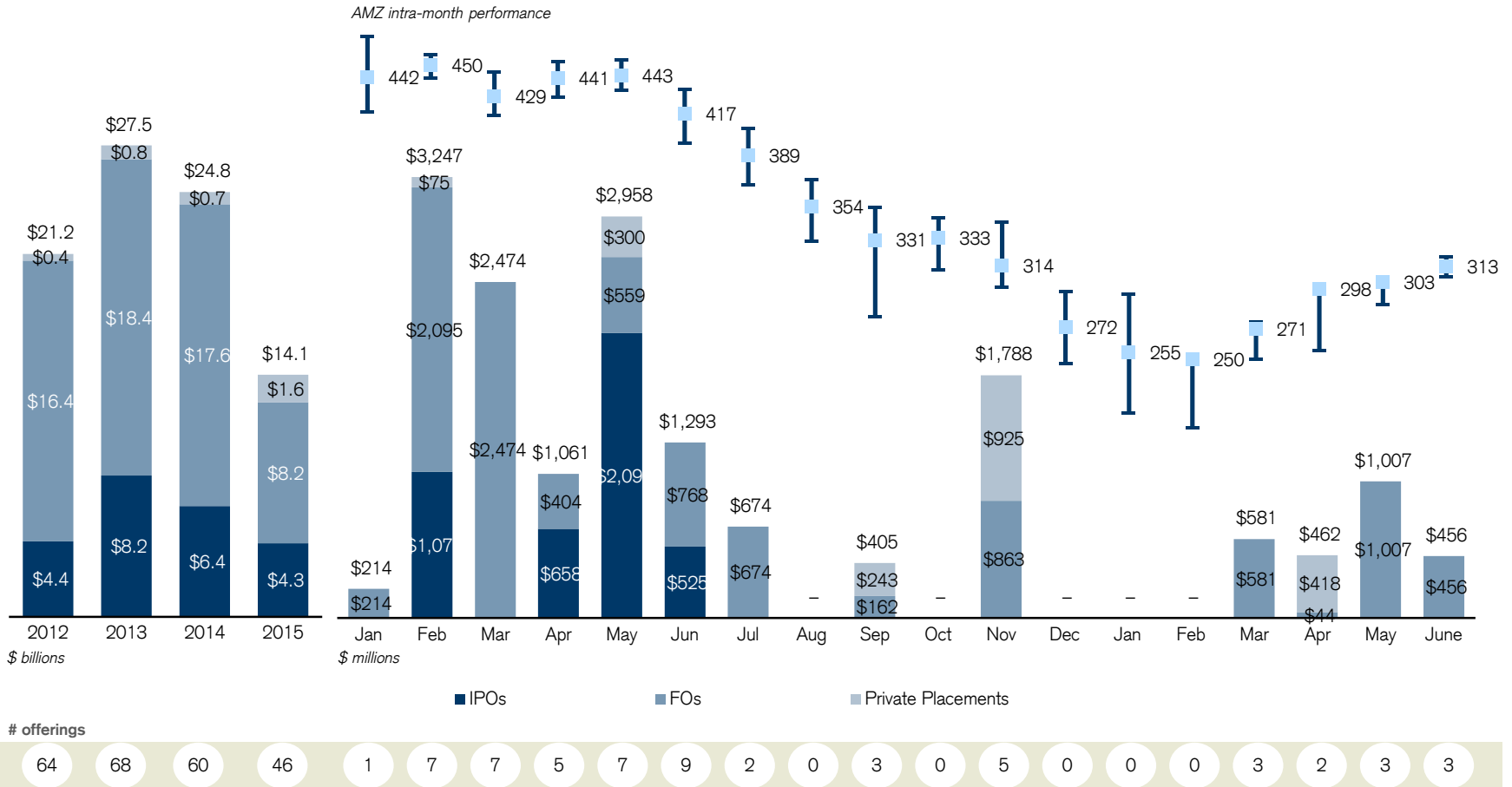


Source: Clarksons, Bloomberg, CS Research and EIA.

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MLP market window is thawing for midstream MLPs with shipping MLPs to follow

MLP equity issuance: 2015 – 2016 YTD



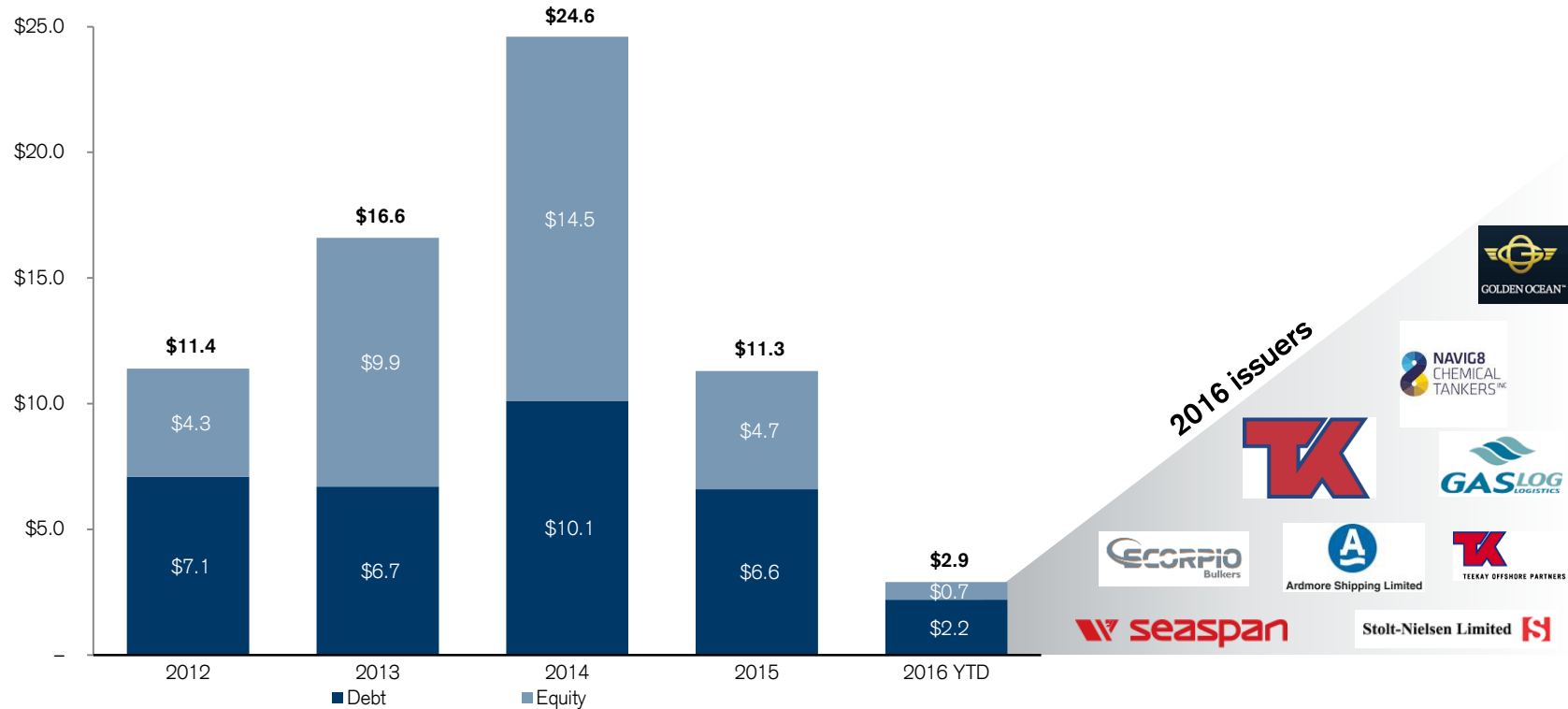
MLP issuance ended 2015 43% lower than in 2014, marking the lowest volume since 2009 – the markets have begun to reopen in 2016

Source: Dealogic. Includes US-listed MLPs. AMZ intra-month performance represents price range and average price for the month.

The capital markets are presently shallow and selective, but will be open for shipping in the longer-term

Shipping companies capital market issuances: 2012 – 2016 YTD

(\$ in billions)



# debt offerings	38	44	57	35	7
# equity offerings	33	75	80	49	9

Public investors need to believe growth + yield will lead to a fair return on risk capital

Source: Clarksons and Dealogic as of 6/14/2016.

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