

This Week's Overview of Shipping Investments
SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 9th August 2013 (Week 32, Report No: 32/13)
(Given in good faith but without guarantee)

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Investment Trends during August: ↓ Secondhand – ↓ Newbuilding – Demolition ↓

S&P		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	20				
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	18	36	20	19	30	

Average No of vessels reported sold per week in August

20

Average No of vessels reported sold per week in July

25

DEMO		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	14				
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	6	18	25	21	17	

Average No of vessels reported demo per week in August

14

Average No of vessels reported demo per week in July

17

NB		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	50				
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	65	45	71	57	96	

Average No of vessels reported on order per week in August

50

Average No of vessels reported on order per week in July

67

At the current week, 34 transactions reported worldwide in the secondhand and demolition market, down by 28% week-on-week with 33% decrease in secondhand purchases and 18% lower scrapping volumes. The highest activity is recorded in the newbuilding market, due to large volume of new orders for tankers and gas tankers with a slowdown of activity for bulk carriers, containers and special projects.

Compared with newbuilding investments, this week's secondhand purchasing activity is 60% down and demolition 72% down.

At **similar week in 2012**, the total S&P activity in the secondhand / demolition market was standing 24% lower than the current levels, when 26 transactions had been reported and secondhand ship purchasing was standing 33% higher than the levels of newbuilding orders. Newbuilding orders for special projects were in the frontline with 11 new orders, while only 2 new orders for bulkers and 2 for tankers had been reported.

Secondhand: 20 S&P deals – 30 S&P deals last week – 20 S&P deals in the first week of August 2012

Newbuilding: 50 new orders -96 new orders last week – 15 new orders in the first week of August 2012

Demolition: 14 disposals -17 disposals last week – 6 disposals in the first week of August 2012

SECONDHAND MARKET

S&P Transactions: 20 vessels reported to have changed hands—total invested capital region more than \$357,9 mil, 2 S&P deals reported at an undisclosed sale price. (9 bulkers, 10 tankers and 1 container)

Average age of vessels sold – 10yrs old built 2003

S&P activity: 33% down week-on-week and at the same levels of last year). The lower volume S&P activity of this week is attributed to zero reported vessel purchases for liner vessels. At **similar week in 2012**, 20 vessels induced buyers' interest at a total invested capital of about \$151,575mil. (5 S&P deals in the bulk carrier segment, 2 in the tanker, 12 in the container and 1 in the special project).

A large volume of S&P activity is being marked this week in the bulk carrier and tanker segments by holding 45% share and 50% respectively of the total S&P activity against only one S&P deal in the container segment. The highest invested capital is being recorded in the tanker segment of region \$237,3 mil for 10 vessel purchases and bulkers follow with an invested capital of \$113,3mil for 9 vessel purchases. Investors' interest for secondhand vessels is centered on MR product tankers and supramax / handy bulkers.

- **European owners' presence:** 10 vessel purchases - invested capital about \$232,3mil- 5 bulkers, 4 tankers and 1 container
- **Greek owners' presence:** 4 vessel purchases invested capital region \$133,3mil , 2 bulkers and 2 tankers
- **Asian owners' presence:** 1 vessel purchases for a Japanese handysize bulker built 1994 for about \$4,5mil
- **USA owners' presence:** 4 vessel purchases –product tankers for an invested capital of \$80,4mil

Per vessel type:

↑ **Bulk Carriers –Investment trends during August:**

S&P		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	9					
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	2	8	7	7	13	

Average No of bulkers reported sold per week in August

9

Average No of bulkers reported sold per week in July

7

At the current week: 9 S&P deals, down by 31% week-on-week and 80% up year-on-year.

Total Invested Capital: region \$ 113,3 mil, 1 S&P deal reported at an undisclosed sale price - **Average age of vessels sold – 12yrs old built 2001 (preference in the handy segment and supramax segment– 4 and 3 vessel purchases respectively for vessels built Japan).**

- **Panamax:** 1 enbloc S&P deals for two panamax resales 79,800dwt built 2013 China for about \$22mil each
- **Supramax:** 3 vessel purchases, one about 56,000dwt built 2006 Japan for xs \$19mil. One vessel of about 54,000dwt built 2007 Japan for about \$18 mil and one vessel of about 50,000dwt built 2003 Japan for about \$14,7mil.
- **Handysize:** 4 S&P deals, for vessels built Japan. One vessel of about 30,000dwt built 1998 reported sold for about \$7,8mil with special survey due, one 23,825dwt built 1995 sold for about \$5,3mil and one about 22,000dwt built 1994 Japan for about \$9,4mil.

↑ **Tankers- Investement trends during August:**

S&P		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	10					
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	8	13	1	6	2	

Average No of tankers reported sold per week in August

10

Average No of tankers reported sold per week in July

6

At the current week: 10 S&P deals, 400% up week-on-week and 400%up year-on-year. Total invested capital about \$237,3mil (preference towards MR product vessels 40,000-50,000dwt built Japan –South Korea). **Average age of vessels sold –8yrs old built 2005.**

- **VLCC:** 1 enbloc deal for two vessels of about 300,000dwt built 2011 – 2010 China sold for about \$56,5mil and \$52,5mil respectively.
- **Aframax:** 1 S&P deal for a vessel of about 107,000dwt built 1998 Japan for region \$8 mil.
- **MR product:** 5 S&P deals for vessels of about 45,000-50,000dwt for region \$19-\$20mil built Japan/South Korea.
- **Handysize:** 1 S&P deal for a vessel of about 20,000dwt built 2006 Japan for about low \$20mil (stainless steel).
- **Small tankers** (less than 10,000dwt): 1 S&P deal for a vessel of 9,584dwt built 1996 Spain.

↓ **Gas Tankers - Investment trends during August:**

S&P		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	0					
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	4	1	3	0	0	

Average No of gas tankers reported sold per week in August
0

Average No of gas tankers reported sold per week in July
2

At the current week: **no deals reported**, the same as last week. (zero s&p deal reported at similar week in 2012.)

↓ **Containers- Investment trends during August:**

S&P		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	1					
July	9/8/2013	16/8/2013	23/8/2013	30/8/2013	2/8/2013	
Units	0	7	4	6	3	

Average No of containers reported sold per week in August
1

Average No of containers reported sold per week in July
4

At the current week: **1 S&P deals**, down 67% week-on-week and down by 92% year on year (12 S&P deals at similar week in August 2012).

- **Sub-panamax:** 1 boxship vessel of 2,468 TEU built 1997 Germany sold for about \$7,3 mil (with vessel cranes).

NEWBUILDING MARKET

Following the frenzy business of last week, the first week of August looms quite with interesting newbuilding deals in the tanker segment for the construction of very large crude carriers at Chinese yards.

No of new orders: 50 vessels –total deadweight: 4,398,850 tons, 10 transactions reported at an undisclosed contract price – The invested capital revealed is about \$2,28bn for 40 new orders. (11 bulkers, 18 tankers, 8 gas tankers, 3 containers, 1 Ro-Ro, 5 car carrier and 4 special projects).

Newbuilding activity: 48% down week-on-week and 220% up year-on-year. The largest volume of newbuilding activity is reported the bulk carrier, tanker and gas tanker segment with 11, 18 and 8 new orders respectively. The accelerated newbuilding activity of this week is mainly attributed to the significant volume of business for tanker due to firm activity for very large crude carriers from Chinese players. Bulk carriers held 22% share of this week's volume of new orders, tankers 36% share, gas tankers 16%, while containers and special projects only 6% share and 8% share respectively.

At **similar week in 2012**, 15 fresh orders had been reported with the largest volume of newbuilding activity in the special projects' segment with 11 new orders, 2 new orders in the bulk carrier segment and 2 new orders in the tanker.

Compared with previous week's levels, a large increase of 350% in the volume of new orders is recorded in the tanker segment (18 new orders from 4 last week) and in the gas tanker segment- 60% increase (8 new orders from 5 last week).

In terms of invested capital, a hefty amount of money is invested in the tanker segment of about \$1,2 billion – 55% share of the total invested capital with firm number for VLCCs and in the gas tanker segment of about \$427mil – 19% share with strong volume of contracts for very large LPG carriers.

- **European owners' presence:** 19 new orders- invested capital about \$720mil -3 bulkers, 7 tankers, 6 gas tankers, 2 containers and 1 car carrier.
- **Greek owners' presence:** 2 new orders – for handy container vessels 1,700 TEU from Allseas Marine at an undisclosed contract price.
- **Asian owners' presence:** 22 new orders – invested capital about \$1,14 bn (6 from Chinese, 2 for ultramax bulkers and 4 VLCCs)
- **USA owners' presence:** Valles Steamship of Canada placed an order for two aframax tankers at Chinese yard for about \$48mil each.

Chinese yards grasped 55% share of this week's ordering activity, South Korean 38% and Japanese 18%.

- **No. of units ordered at Chinese yards:** 22 new orders, 11 bulkers, 6 tankers, 3 containers, 1 car carrier and 1 special project
- **No of units ordered at Japanese yards:** 7 new orders, 7 tankers and 4 gas tankers
- **No of units ordered at South Korean yards:** 15 new orders, 7 tankers, 4 gas tankers and 4 car carriers

Per vessel type:

↓ Bulk Carriers –Investment trends during August:

NB		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	11				
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	18	15	25	28	42

Average No of bulkers reported on order per week in August

11

Average No of bulkers reported on order per week in July

26

At the current week:

11 new orders, down 74% week-on-week and up 450% year-on-year, 2 reported new orders at similar week in August 2012. (all new orders reported at Chinese yards). The largest volume of newbuilding activity is reported in the ultramax segment.

- **Ultramax- 8 new orders:** 4 new orders of 64,000 dwt from **undisclosed investor at China Shipping Industry** (Jiangsu), a shipbuilding subsidiary of China Shipping with deliveries are scheduled over January-April 2015, with the construction expected to start in October 2013. 2 new orders of 64,000 dwt from China's **Shenzhen Haihong Shipping** at Guangzhou Huangpu for about \$26,5mil each with delivery in 2015. 2 new orders of 64,000 dwt from **Norr Systems** of Singapore at China's Taizhou Kouan Shipbuilding at an undisclosed contract price for delivery in the second half of 2014.
- **Handysize- 3 new orders:** 2 new orders of 37,650dwt vessels from Italian shipowner **Giovani Visentini Transporti** and 1 from **Globeco**, as exercised options, eco designs for construction at China's Avic Weihai Shipyard for delivery in the second half of 2015.

↑ Tankers–Investment trends during August:

NB		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	18				
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	4	8	5	0	4

Average No of tankers reported on order per week in August

18

Average No of tankers reported on order per week in July

4

At the current week: 18 new orders reported, up by 350% week-on-week and up by 800% year-on-year (from 4 new orders last week and 2 new orders reported at similar week in August 2012). 6 new orders placed in China for VLCCs and aframax units, 7 in South Korea for MR vessels and 5 in Japan for VLCCs).

- **VLCC– 9 new orders:** 3 new orders of 320,000dwt from **U.A.E based –Gulf Energy** at Japan Marine United for about \$93mil each. 2 new orders 320,900dwt from **undisclosed investor** at Japan Marine United for about \$95-\$97mil each. In addition, Shanghai listed China Merchants Energy Shipping announced in a stock filing that it will exercised its options for four more 320,000dwt vessels at Chinese yards, Dalian Shipbuilding Industry for 2 and Shanghai Waigaoqiao Shipbuilding for the other 2, but contracts have not yet been signed. Both orders are considered to be a part of the pool orders for up to 50 VLCCs from Chinese ship-owners, which said to be launched at the end of 2012.
- **Aframax – 2 new orders:** 115,000 dwt vessels from **Valles Steamship** of Canada at China's Guangzhou Longxue for about \$48mil each (letter of intent signed at this stage).

- **MR product- 7 new orders:** **Scorpio Tankers** announced orders at Hyundai Mipo Dockyard for two 52,000dwt MR product tankers for \$35M each and two Handymax ice class-1A (37,000dwt) product tankers for \$32M each. The MRs will be delivered in 2Q15 and the Handymaxes in 4Q14. **Ardmore Shipping** of Ireland exercised its options with SPP Shipbuilding of South Korea for two 50,300dwt IMO-3 eco design product tankers for a total price of \$68,5mil with delivery in the second and third quarter of 2015.
- **Handysize – Chemical:** Norwegian owner Jo Tankers confirmed that it concluded a preliminary newbuilding deal that gives it the option to build up to 10 chemical tankers of 33,000dwt at a Chinese yard with not disclosing further details either for the name of the yard or the price.

↑ **Gas Tankers - Investment trends during August:**

NB		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	8					
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	19	2	5	0	5	

Average No of gas tankers reported on order per week in August

8

Average No of gas tankers reported on order per week in July

6

At the current week: 8 new orders, up 60% week-on-week (2 in LNG and 6 in the LPG) reported, from 5 new orders last week and 0 new order reported at similar week in August 2012. 4 new orders placed in South Korea for very last LPG carriers and 2 in Japan for small LPG units.

- **2 new orders – LPG medium size 38,000cbm:** The joint venture between **EXMAR and Teekay LNG Partners**- Exmar LPG has exercised an option for two LPG carriers at Hanjin Subic Bay of Philippines at a newbuilding cost of \$45mil each for delivery in 2017.
- **4 new orders – LPG very large size 84,000cbm:** **Scorpio** confirmed orders for four 84,000m³ very large gas carriers, 2 for construction at South Korea's Hyundai Samho HI and the other 2 at Daewoo Shipbuilding & Marine Engineering, for \$75M each. Deliveries were scheduled for 2H15. These deals follow previous order reported on July 5th for other five very large LPG carriers of 84,000cbm at a newbuilding cost of \$74M each – two at DSME and three at Hyundai Samho Heavy Industries.
- **2 new orders – LPG small 5,000cbm:** **Epic Pantheon International Gas** has signed for up to 5,000 cbm pressurized LPG carriers at Japan's Kitanihon Shipbuilding for about \$18-\$19mil each with delivery in 2015.

↓ **Containers- Investment trends during August:**

NB		week 1	week 2	week 3	week 4	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	3					
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	7	4	6	9	17	

Average No of containers reported on order per week in August

3

Average No of containers reported on order per week in July

9

At the current week: 3 new orders, down 82% week-on-week, zero new orders reported at similar week in August 2012. All the activity is recorded in the handy segment at Chinese yards.

- **Handy – 3 new orders:** 1 new order of **1,000 TEU** from **Kambara Kisen** of Japan at China's Tsuneishi Zhoushan at an undisclosed contract price. 2 new orders, with an option for 2 more of **1,700 TEU** from **Allseas Marine** of Greece at an undisclosed contract price.

Car Carriers: South Korea's **Hyundai Glovis** is adding four more pure car truck carriers for construction at Hyundai Heavy Industries for delivery in 2015. The units will have a car capacity of 6,500 car-equivalent unit ceu. The ships are said to have been ordered through a Korean Shipping Fund and Hyundai Glovis will bareboat charter them with a purchase obligation at the end of the contract. The newbuilding cost for each vessel is believed to be in the region below \$60mil each. In addition, Hoegh Autoliners of Norway exercised its option for the construction of one more car carrier of 8,500ceu, from its previous order in January of another three units, at China's **Xiamen Shipbuilding**.

Special Projects: Keppel Fels of Singapore said it has secured another contract for the Mexican offshore market worth \$206M. It has received an order for the construction of one one jack-up rig from Uruguay's Parden Holding to be delivered in the fourth

quarter of 2015. the rig will be operated in offshore Mexico where it can operate in water depths of up to 400ft and drill to depths of 30,000ft and will have accommodation capacity for up to 150 people.

DEMOLITION MARKET

↓ Bulk Carriers — Tankers ↑ Containers

BC		week 1	week 2	week 3	week 4
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013
Units	3				
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	5	8	8	9	5

Average No of bulkers reported demo per week in August

3

Average No of bulkers reported demo per week in July

7

TNK		week 1	week 2	week 3	week 4
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013
Units	4				
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	0	4	3	6	7

Average No of tankers reported demo per week in July

4

Average No of tankers reported demo per week in June

4

CONT		week 1	week 2	week 3	week 4
	July	9/8/2013	16/8/2013	23/8/2013	30/8/2013
Units	4				
June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	0	2	4	1	1

Average No of containers reported demo per week in August

4

Average No of containers reported demo per week in July

2

Scrap price momentum remains subdued although the Ramadan period and monsoon season is almost ended. Benchmark levels in the Indian subcontinent region are less than \$380/ldt for dry cargo in the last two weeks and less than \$420/ldt for wet cargo since mid-July. In China, the improved momentum persists from rising steel prices and increased demand from yards for incoming tonnage with scrap levels hovering up by \$15-\$20/ldt from end-June levels to \$325/ldt for dry and \$340/ldt for wet cargo.

No of demolition: 14 disposals –total deadweight: 953,507 tons- 3 bulkers, 4 tankers, 1 liner, 4 containers, 1 reefer and 1 Ro-Ro.

Demolition activity (in terms of reported number of transactions): 18% down week-on-week showing 300% weekly increase in the volume of container disposals and weekly declines of 40%, 50% and 50% in the bulk carrier, tanker and liner segments respectively. The largest activity is recorded in the tanker and container segments by holding each 29% share of the total demolition volume against 20% share from bulk carriers.

In terms of deadweight sent for scrap, there has been 27% weekly decrease with 2 floating storage vessels sent for disposal, 1 panamax tanker, 1 capesize bulker and small panamax container vessels of about 3,500 TEU.

India is reportedly to have won 8 of the 15 demolition transactions, Bangladesh 3, China 3 with no reported deals for Pakistan and 3 demolition transactions reported at no revealed destination.

Benchmark scrap prices in the Indian subcontinent region: \$375/ldt for dry and \$410/ldt for wet cargo. Scrap prices in China hover at \$325/ldt for dry and \$340/ldt for wet cargo.

Notable demolition transactions: Container vessels, M/V "ALTAMIRA EXPRESS" & M/V "MADRID EXPRESS" of about 3,500 TEU built 1987 & 1986 reported for disposal in India at about \$413/ldt, asis including bunker remaining on board. In addition, capesize bulker, M/V "VASOS" of 152,065dwt built 1990 Japan reported for disposal in Bangladesh at about \$407/ldt.

At a **similar week in 2012**, demolition activity was down by 60%, in terms of the reported number of transactions, when 6 vessels had been reported for scrap of total deadweight 674,160 tons with 4 disposals for bulkers and 2 tanker. Ship-breakers in Indian subcontinent region had been offering \$390-\$400/ldt for dry and \$415-\$430/ldt for wet cargo.

Per vessel type:

- **Bulk Carriers- number of disposals per vessel size:** 1 capesize, 1 handymax and 1 handysize
- **Tankers- number of disposals per vessel size:** 2 floating storage vessels, 1 panamax and 1 handysize
- **Containers- number of disposals per vessel size:** 4 in the small panamax segment

Per Demo Country:

- **India:** 8 vessel disposals – 2 bulkers, 4 containers, 1 Ro-Ro cargo, 1 reefer
- **Bangladesh:** 2 vessel disposals – 1 capesize bulk carriers and 1 handysize tanker
- **Pakistan:** no reported deals
- **China:** 1 vessel disposal for a panamax tanker

GREEK PRESENCE

Investment trends during August: SH — - NB ↓

S&P		week 1	week 2	week 3	week 4
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013
Units	4				
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3	5	5	6	3

Average No of vessel purchases per week in August

4

Average No of vessel purchases per week in July

4

NB		week 1	week 2	week 3	week 4
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013
Units	2				
July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3	7	5	2	16

Average No of new orders per week in August

2

Average No of new orders per week in July

7

At the current week:

Second-hand purchasing activity: 33% up week-on-week - **Newbuilding** activity: 88% down week-on-week.

Secondhand Market- No of vessel purchases: 4 vessels – invested capital invested capital \$133,3mil , 2 bulkers and 2 tankers

- **Bulk Carriers:** 1 supramax vessel 55,742dwt built 2006 Japan for region excess \$19mil with special and drydock survey due and one handysize 23,825dwt built 1996 Japan for region \$5,3mil.
- **Tankers:** 2 VLCCs of about 300,000dwt built 2010-2011 for a total price of \$109mi.

Newbuilding Market- No of new orders: 2– for handy container vessels 1,700 TEU from Allseas Marine at an undisclosed contract price.