

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 31st May 2013 (Week 22, Report No: 22/13)

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May is being marked by a high pace of newbuilding activity and a buoyed sentiment for secondhand purchases that has caused higher demand for secondhand vessels and an uptick in asset prices. Compared with January 2013, asset prices are showing higher levels in the main categories of dry bulkers with the largest increase being recorded in the supramax segment, while in tanker segment; the subdued buying appetite for crude tankers keeps downsized the levels of sold prices. The MR product segment appears to be the most favorable for purchasing with an increase of 5% in asset prices from January 2013. It is worth noting that despite the recent uptick of benchmark secondhand prices, the levels considered to be low compared with May 2012 due to the long duration of freight market recession.

Baltic Sale & Purchase Assessments for 5yrs old vessels:

Bulkers:

Capesize: average value \$30,9 May 2013 – up by \$380,500 from April 2013 (1%) and up by \$1,1mil (4%) from Jan 2013 down 9% from average value of \$33,9 on May 2012

Panamax: average value \$19,77 May 2013 – up by \$774,500 from April 2013 (4%) and up by \$1,4mil (7%) from Jan 2013 down 15% from average value of \$23,4 on May 2012

Supramax: average value \$19,82 May 2013 – up by \$1,07 mil from April 2013 (6%) and up by \$1,7mil (9%) from Jan 2013 down 13% from average value of \$22,8 on May 2012

Tankers:

VLCC: average value \$53,6 May 2013 – down by \$27,750 from April 2013 (-0,05%) and down by \$1,02 mil (-2%) from Jan 2013 down 7% from average value of \$57,9 on May 2012

Aframax: average value \$26,3 May 2013 – up by \$86,000 from April 2013 (-0,32%) and down by \$290,250 (-1%) from Jan 2013 down 15% from average value of \$31,2 on May 2012

MR : average value \$22,5 May 2013 – up by \$172,500 from April 2013 (1%) and up by \$1,14 (5%) from Jan 2013 down 4% from average value of \$23,4 on May 2012



BALTIC SALE & PURCHASE ASSESSMENT - 5yrd old vessels									in terms of USD(\$)		
	Average	T/C Average	Average	T/C Average	%monthly	Average	% since	%May 2012	monthly	since	from May 2012
Dry	May 2013	\$/day	April 2013	\$/day	change	Jan 2013	Jan 2013	change	change	Jan 2013	change
Capesize -172,000 dwt	30.914.750	5.506	30.534.250	4.448	1%	29.793.500	4%	-9%	380.500	1.121.250	-3.058.250
Panamax -74,000 dwt	19.776.250	7.472	19.001.750	8.982	4%	18.409.500	7%	-15%	774.500	1.366.750	-3.614.500
Supramax -56,000 dwt	19.820.750	9.017	18.743.750	9.457	6%	18.104.250	9%	-13%	1.077.000	1.716.500	-2.989.750
									in terms of USD(\$)		
	Average	T/C Average	Average	T/C Average	Average	T/C Average	Average	T/C Average	2012-2011	2011-2010	2010-2009
Dry	May 2012	\$/day	2012	\$/day	2011	\$/day	2010	\$/day	change	change	change
Capesize -172,000 dwt	33.973.000	7.618	32.738.320	7.680	42.858.192	15.635	57.366.118	33.320	-10.119.872	-14.507.925	5.655.549
Panamax -74,000 dwt	23.390.750	10.263	22.326.400	7.684	30.671.442	14.000	38.122.510	25.067	-8.345.042	-7.451.067	1.375.412
Supramax -56,000 dwt	22.810.500	11.547	21.438.507	9.455	27.031.000	14.401	30.848.294	22.479	-5.592.493	-3.817.294	4.118.333
									in terms of USD(\$)		
	Average	T/C Average	Average	T/C Average	Average	T/C Average	Average	T/C Average	2009-2008	2008-2007	2007-2006
Dry	2009	\$/day	2008	\$/day	2007	\$/day	2006	\$/day	change	change	change
Capesize -172,000 dwt	51.710.569	42.565	128.306.882	106.100	109.562.596	116.049	63.394.824	45.139	-76.596.314	18.744.286	46.167.773
Panamax -74,000 dwt	36.747.098	19.257	73.996.314	49.013	65.086.442	56.815	42.173.588	23.778	-37.249.216	8.909.871	22.912.854
Supramax -56,000 dwt	26.729.961	17.339	70.897.588	41.563	56.632.462	47.449	32.413.882	22.619	-44.167.627	14.265.127	24.218.579

BALTIC SALE & PURCHASE ASSESSMENT - 5yrd old vessels							in terms of USD(\$)		
	Average	Average	%monthly	Average	% since	%May 2012	monthly	since	from May 2012
Wet	May 2013	April 2013	change	Jan 2013	Jan 2013	change	change	Jan 2013	change
VLCC -305,000 dwt	53.638.500	53.666.250	-0,0517%	54.660.500	-2%	-7%	-27.750	-1.022.000	-4.344.250
Aframax -105,000 dwt	26.384.500	26.298.500	0,3270%	26.674.750	-1%	-15%	86.000	-290.250	-4.825.750
MR-45,000 dwt	22.459.000	22.286.500	1%	21.316.000	5%	-4%	172.500	1.143.000	-980.000
							in terms of USD(\$)		
	Average	Average	Average	Average	Average	Average	2012-2011	2011-2010	2010-2009
Wet	May 2012	April 2012	2012	2011	2010	2009	change	change	change
VLCC -305,000 dwt	57.982.750	58.664.600	56.917.614	76.313.500	86.396.569	85.292.157	-19.395.886	-10.083.069	1.104.412
Aframax -105,000 dwt	31.210.250	31.659.200	29.858.440	37.772.942	43.031.196	42.503.118	-7.914.502	-5.258.254	528.078
MR-45,000 dwt	23.439.000	23.910.200	22.877.216	27.347.000	26.293.549	30.106.804	-4.469.784	1.053.451	-3.813.255
							in terms of USD(\$)		
	Average	Average	Average	Average	Average	Average	2009-2008	2008-2007	2007-2006
Wet	2008	2007	2006	2005	2004	2003	change	change	change
VLCC -305,000 dwt	143.028.235	124.564.808	117.521.902	115.000.627	87.939.135	63.593.429	-57.736.078	18.463.428	7.042.906
Aframax -105,000 dwt	71.300.863	67.184.846	64.449.118	60.446.647	48.082.712	33.839.429	-28.797.745	4.116.017	2.735.729
MR-45,000 dwt	50.959.235	49.427.481	46.542.039	43.154.039	34.820.480	N/A	11.721.559	1.531.755	2.885.442

The fourth and final week of May ends with a maintained high pace of investments in the secondhand and newbuilding market from the previous two weeks of May, while the scrapping momentum shows signs of weakness after the recent depreciation in Indian rupee and the slump of prices.

At the current week, 44 transactions reported worldwide in the secondhand and demolition market, down by 8,3% week-on-week with 6,6% increase in secondhand purchases and 33,3% lower scrapping volumes. At similar week in 2012, the total S&P activity was standing 43% lower than the current levels, when 25 transactions had been reported and secondhand ship purchasing was 143% higher than the volume of newbuilding orders. The highest activity has been recording in the newbuilding arena, which is up by 128% from this week's secondhand purchasing activity due to amount of tankers and bulk carriers' new orders.

SECONDHAND MARKET

Overall, 32 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 238,6 mil, while 14 deals reported on private terms. Bulk carriers and tankers(including gas tankers) represent the 78.1% of total sales of this week's S&P activity against 12.5% share from containers and liners. Comparable with previous year, this week's S&P activity is 88,2% higher than last year, when 17 vessels induced buyers' interest at a total invested capital of about \$260,7mil with 3 S&P deals in the bulk carrier segment, 7 in the tanker, 3 in the gas tanker, 2 in the liner, 1 in the container and 1 for special projects. In terms of invested capital, bulk carrier segment appears as the most overweight segment by attracting about 59% of the total amount of money invested with an invested capital of about more than \$140.56mil for 15 total vessel purchases.

NEWBUILDING MARKET

In the **newbuilding market**, the aggressive ordering plans from Scorpio Tankers in the tanker segment led to excessive high volume of new contracts of more than 70 for a second straight. In the bulk carrier segment, the appetite persists high with an average number of new orders reported every week in May, 16 vessels, from 13 in March, and activity in all vessel sizes. In the

container segment, activity slowed down following last week's high volume of new orders mainly in the post panamax segment of more than 8,000 TEU.

Overall, the week closed with 73 fresh orders reported worldwide at a total deadweight of 3,793,110 tons, posting 3% week-on-week decline from previous week, with tankers holding 38% share of the total volume of new orders, bulk carriers 23%, and special projects 16.4%. This week's total newbuilding business is up 943% from similar week's closing in 2012, when 7 fresh orders had been reported, 1 tanker, 2 containers and 4 special projects. In terms of invested capital, the total amount of money invested is estimated in region of more than \$4,55 bn with 21 newbuilding contracts reported at an undisclosed contract price. A hefty amount of money is invested in the offshore segment with an invested capital of more than \$1,78bn for 12 new orders and tankers follow with 28 new orders, up by 133% week-on-week, for an invested capital of more than \$944,4mil. In the bulk carrier segment, the volume of new orders showed 26% weekly decrease with 17 new orders at a total value of more than \$516mil.

In the **bulk carrier** segment, Golden Union of Greece placed an order for two 180,000dwt bulkers at Hyundai Heavy Industries for about \$49mil each with delivery in 2014-2015. In the ultramax segment, Shenzhen-listed Sainty Marine ordered six new 64,000dwt bulkers at its subsidiary Sainty Shipbuilding (Yangzhou), in a deal worth about \$246M. The ships would be chartered out to Marshall Islands-registered State Shipping, following vessel deliveries from the beginning of 2014. State Shipping would charter in the vessels for a decade and buy them after the charterparty expires. The newbuildings are priced at \$41M each, including charter hires and purchase costs.

In the supramax segment, Atlantic Bulk Carriers of Greece ordered three 57,000dwt vessels at Hyundai Vinashin of Vietnam for \$27,5mil each with delivery in 2015-2016. In the handymax segment, Transbulk Management of Greece ordered two 39,500dwt vessels at Zhejiang Yangfan for \$23mil each with delivery in 2015. In addition, Chengxi Shipyard has been contracted to build two Green Dolphin-design bulkers in a leasing deal arranged by its parent company. The 38,800dwt Handysizes will be built for CSSC (Hong Kong) Shipping under yard for delivery in the second half of 2014. The vessels would be under charter agreement with Aquavita International of Ukraine.

In the handysize segment, Wisdom Marine Lines of Taiwan ordered one 35,300dwt bulker at Tsuneishi Zhoushan for about \$22 mil with delivery in 2014. In addition, South Korean Kwangyang Marine Co. ordered one 20,000dwt bulker at Chonhaiji of South Korea for \$21,6mil with delivery in March 2015.

In the **tanker** segment, Consolidated Marine Management Inc. has placed an order for two 114,000dwt vessels at Hyundai Heavy Industries, with an option of two more, for \$48mil each, to be delivered in 2015.

Scorpio Tankers announced contracts for 16 more fuel-efficient product tanker newbuildings and confirmed that it plans no more orders. Eight 114,000dwt LR2s were ordered for \$52M each, for deliveries in 1Q-2Q15. Four will be built by Samsung HI, two by Hyundai Samho HI and two by Daewoo Shipbuilding & Marine Engineering. Four 52,000dwt MRs were ordered for \$32.5M each, to be delivered by SPP Shipbuilding in 1Q-2Q15. Finally, four 37,000dwt ice-class Handymaxes were contracted for \$31.6M each, for delivery in 3Q14 by builder Hyundai Mipo Dockyard. The aggregate price-tag on the 16 orders announced today is \$672.4M.

In addition, Guangzhou Shipyard International has secured a contract to build up to eight MR chemical/products tankers of 50,000dwt for Trafigura with delivery during 2015. Navios Acquisition of Greece signed a contract of two more eco design MR tankers of 51,200dwt at South Korean yard Dae Sun Shipbuilding & Engineering for delivery in the second half of 2014.

In the small tanker segment, China's Chongqing Chuandong Shipbuilding Industry won orders for six tankers within May. The yard obtained and order for one plus one 5,400dwt oil products/chemical carrier from Nanjing Zhonggang Shipping on 6 May, and 2+2 7,700dwt oil tankers from SK Shipping on 16 May. The 5,400dwt ship will be 108.2m long, 15.5m wide and 8m deep, with draught of 6.3m and 6,600m³ liquid cargo tank. The two 7,700dwt tankers will be 101.39m long, 19.05m wide and 10.50m deep with draught of 6.70m.

In the **gas tanker** segment, Japan's K Line is said to have signed a contract to build the world's largest moss type LNG carrier of 182,000cbm at Kawasaki Heavy Industries under a long time charter with Japan's Inpex and energy major Total. In addition, K Line ordered one 152,000cbm LNG at Mitsubishi Heavy Industries to be also under a long time charter agreement with Japan's Inpex.

In the LPG segment, Epic Shipping of Singapore ordered two fully pressurized 5,500cbm gas carriers at Sasaki Shipbuilding of Japan for about \$18,5mil and two 3,500cbm gas carriers at Kitanihon Shipbuilding for about \$16mil each.

In the **liner** segment, Chinese builder Jiangsu Hongqiang Marine HI said it had signed contracts with German owner Krey Schiffahrts to build four 'eco' trader 12,550dwt multipurpose heavy-lift ships with scheduled delivery from first half of 2015. The newbuildings will have an overall length of 144.7m, beam 22.8m, depth 11.3m and design draught 7.5m. Deliveries are scheduled to start from 1H 2015.

In the **reefer** segment, fruit shipper and vessel owner Dole announced its plans for the acquisition of new three reefer boxships in its US West Coast operations for \$165mil with delivery from late 2015 to early 2016. The vessels would have capacity of 770feu, compared to 491feu capacity of the ships being replaced, which are 27 years old. According to the company, the vessel purchases will be funded from a previously announced plan, which was suspended, of \$200mil repurchasing of company's outstanding stock. "At this time, we have decided to use our existing funding resources to take advantage of this opportune window in the shipping industry, when these specialty ships can be built at very competitive costs," said Dole president C Michael Carter.

In the **passenger** segment, Royal Caribbean Cruises Ltd. announced that it has signed a contract with Germany's Meyer Werft shipyard construct a third Quantum-class cruise ship for delivery in mid 2016. The price and the terms of the new contract is similar to the price –EUR 697mil and terms of the first two Quantum class ships and the contract is subject to financing conditions.

In the **offshore** segment, high valued contracts for the construction of jack up rigs grasped investors' interest. South Korean Hyundai HI said it won a deal worth \$750M to build one semisubmersible drilling rig for Diamond Offshore. In addition, Singapore's Sembcorp Marine won an order from Tokyo's BOT Lease to build a jack-up rig for \$220.5M. To be built by its subsidiary PPL Shipyard, the rig is scheduled for delivery end January 2015, said SMM. Sembcorp Marine also won a \$596M order from Noble for a jack-up rig with ultra-high specifications, with an option for one more.

DEMOLITION MARKET

In the **demolition** market, the price sentiment has softened severely during the last days on the upcoming budgets in Bangladesh and Pakistan in the beginning of June, while the weakening rupee in India has pushed fiercely the price levels offered by Alang shipbreakers. Benchmark prices now in Indian subcontinent region seem weaker than end May 2012 by sliding to \$400/ldt for dry and \$425-\$430/ldt for wet cargo. China remains uncompetitive with a further slump of \$20/ldt in its levels offered to \$330/ldt for dry and \$340/ldt for wet cargo.

The depreciation of India's currency and lower steel prices have pulled India out of the game with problems of renegotiations for vessels that have been sold in recent weeks, but not yet beached in Alang. In Bangladesh, the price sentiment is the same weak from a downward incline in local steel plate prices and the upcoming budget on June 6th. Interesting transaction seems to be the disposal of very large crude carrier M/T "UNIVERSAL HOPE" 299,700dwt built 1993 with 40,970ldt for Bangladesh at the high price of \$435/ldt "asis" Ningbo, North China including approximately 1,200tons bunkers on board.

In Pakistan, rumors for a 4% increase in import duties on incoming vessels for disposal led benchmark price levels to fall by \$10/ldt during the last week with end buyers waiting to see the direction of price levels after the announced budget on June 14th.

The week ended with 12vessels reported to have been headed to the scrap yards of total deadweight 789,830 tons. In terms of the reported number of transactions, the demolition activity has been marked with 33% decrease from previous week, showing 14% lower demolitions for bulkers, 67% each lower demolitions for liners and containers. Despite the weak scrapping appetite for bulkers, they still hold the lion share 50% of this week's total volume of demolition business.

In terms of deadweight sent for scrap, there has been 33% weekly decrease with 3 reported disposals for large vessel sizes, one very large crude tanker built 1993, one capesize built 1990 and one aframax tanker built 1991. Bangladesh is reportedly to have won 5 of the 12 total demolition transactions and 3 from India.

At a similar week in 2012, demolition activity was down by 33%, in terms of the reported number of transactions, when 8 vessels had been reported for scrap of total deadweight 715,582 tons with 3 disposals for bulkers, 3 for liners, 1 tanker and 1 combined. Pakistan and Bangladesh had been offering \$410-\$435/ldt for dry and \$440-\$455/ldt for wet cargo.

GREEK PRESENCE

Greek players keep their aggressive position in the **newbuilding arena** from previous week, 7 bulkers and 4 tankers for an invested capital of about \$390,5mil. In the **tanker** segment, Consolidated Marine Management Inc. has placed an order for two

114,000dwt vessels at Hyundai Heavy Industries, with an option of two more, for \$48mil each, to be delivered in 2015. Navios Acquisition of Greece signed a contract of two more eco design MR tankers of 51,200dwt at South Korean yard Dae Sun Shipbuilding & Engineering for delivery in the second half of 2014. In the **bulk carrier** segment, Golden Union placed an order for two 180,000dwt bulkers at Hyundai Heavy Industries for about \$49mil each with delivery in 2014-2015. In the supramax segment, Atlantic Bulk Carriers ordered three 57,000dwt vessels at Hyundai Vinashin of Vietnam for \$27,5mil each with delivery in 2015-2016. In the handymax segment, Transbulk Management ordered two 39,500dwt vessels at Zhejiang Yangfan for \$23mil each with delivery in 2015.

In the secondhand market, the Greek presence was evident with 6 transactions overall of total reported invested capital US \$55,8 mil, while 3 deals were reported at undisclosed terms. The majority of sales were in the bulkcarrier segment, with two capesize resales and two handysize vessels attracting the buying interest. On the other sectors, an eleven years old VLCC and a twelve years old large panamax reported to have induced the greek interest.

