

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

January 2016

Forward Looking Statements

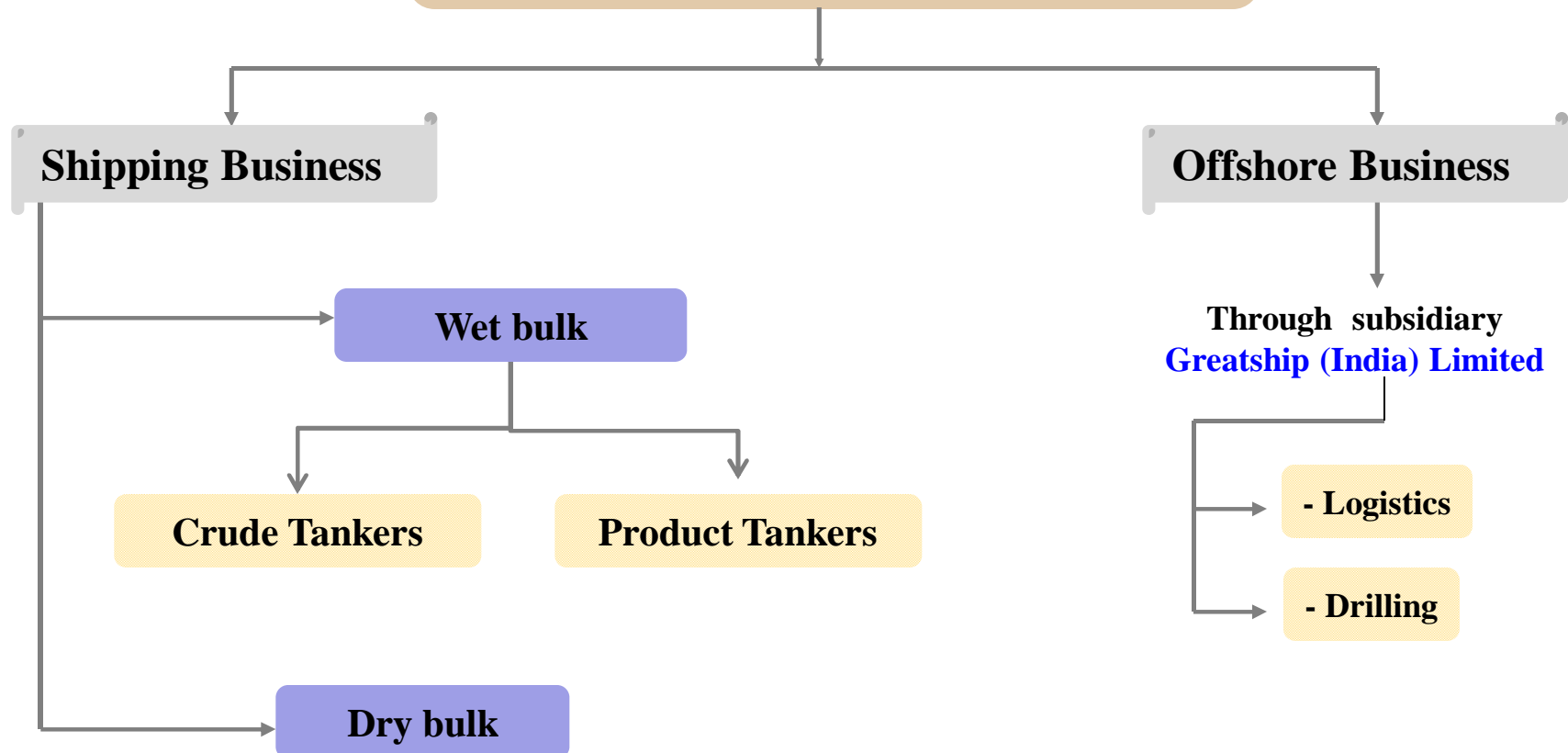
Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future results which in turn involve certain risks and uncertainties.

Certain factors may cause actual results to differ materially from those contained in the forward looking statements; including changes in freight rates; global economic and business conditions; effects of competition and technological developments; changes in laws and regulations; difficulties in achieving cost savings; currency, fuel price and interest rate fluctuations etc.

The Company assumes no responsibility with regard to publicly amending, modifying or revising the statements based on any subsequent developments, information or events that may occur.

Corporate Profile

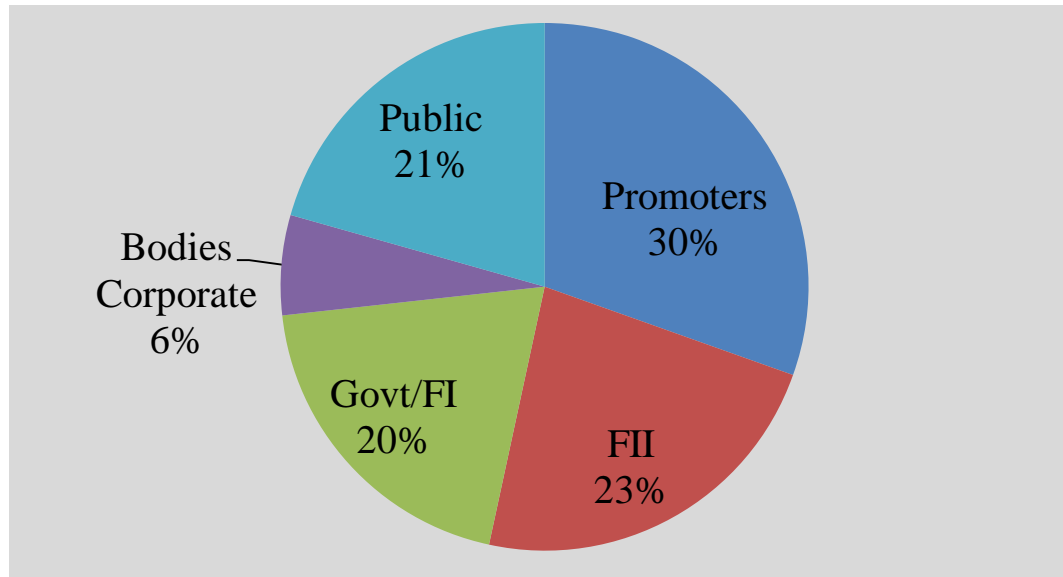
The Great Eastern Shipping Co. Ltd.
Incorporated in 1948



Company at a glance

- India's largest private sector Shipping Company*
- Diverse asset base with global operations*
- Completed 67 years of operations*
- Over 30 years of uninterrupted dividend track record*

Shareholding Pattern as on September 30, 2015



Shipping business-owned fleet

30 ships aggregating 2.4 Mn dwt, avg. age 10.6 years

- ❑ **21 Tankers avg.age 12 years**
 - 8 Crude carriers (4 Suezmax, 4 Aframax) avg. age 13.2 years
 - 12 Product tankers (4 LR1, 8 MR) avg. age 9.4 years
 - 1 Very Large Gas Carrier avg. age 22.0 years

- ❑ **9 Dry bulk carriers avg. age 6.5 years**
 - 4 Kamsarmax - avg. age 4.0 years
 - 5 Supramax - avg. age 9.4 years

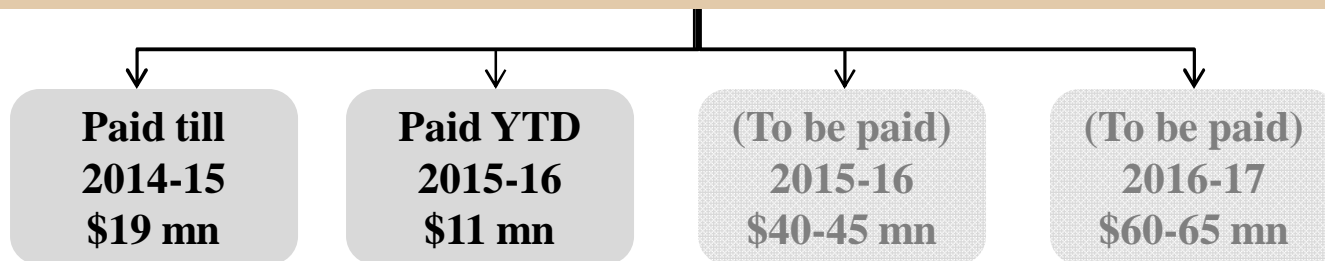
Shipping business- CAPEX plan

Newbuilding Vessels on Order

Vessel	Yard	Expected Delivery
1 Medium Range Product Tanker	STX Group	Q4 FY16
3 Kamsarmax Dry Bulk Carriers	Jiangsu New Yangzi Shipbuilding Co. Ltd, China	Q1 FY17, Q3 FY17 & Q4 FY18

1 Second-hand Medium Range Product Tanker on order – Delivery Q4 FY16

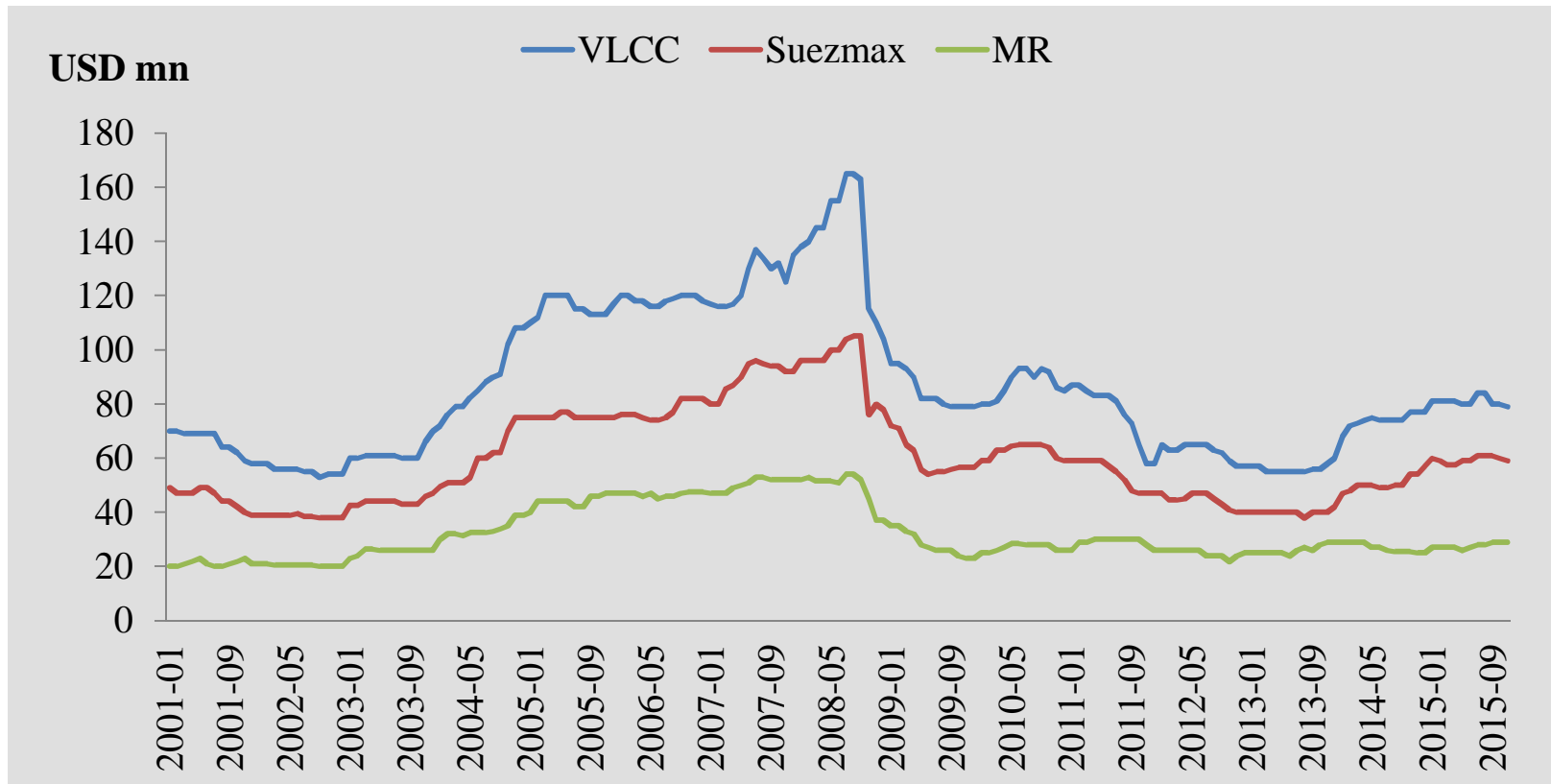
Committed Capex ~ \$140 million



Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till Nov 2015

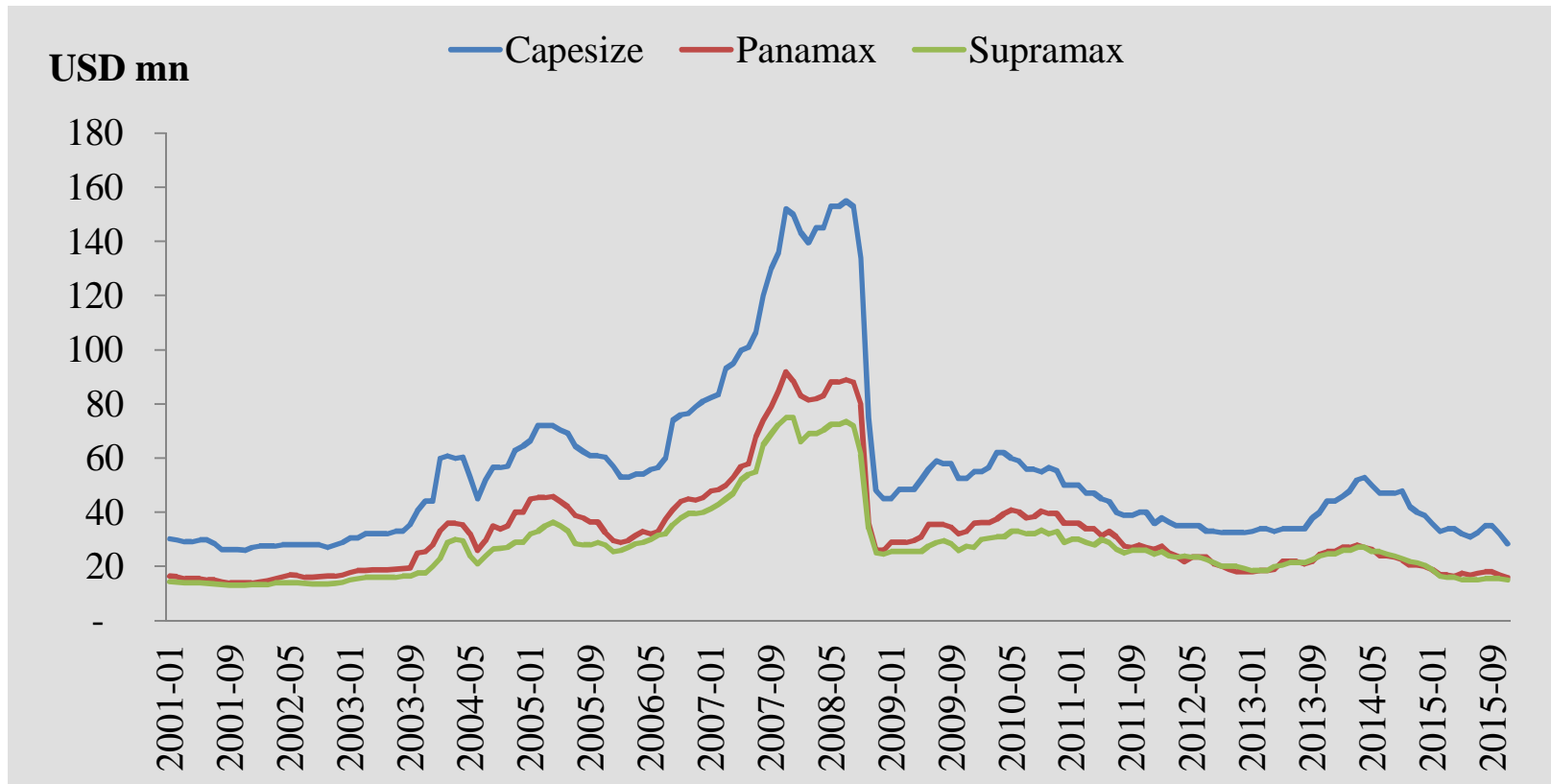
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till Nov 2015

Amt in US\$ mn

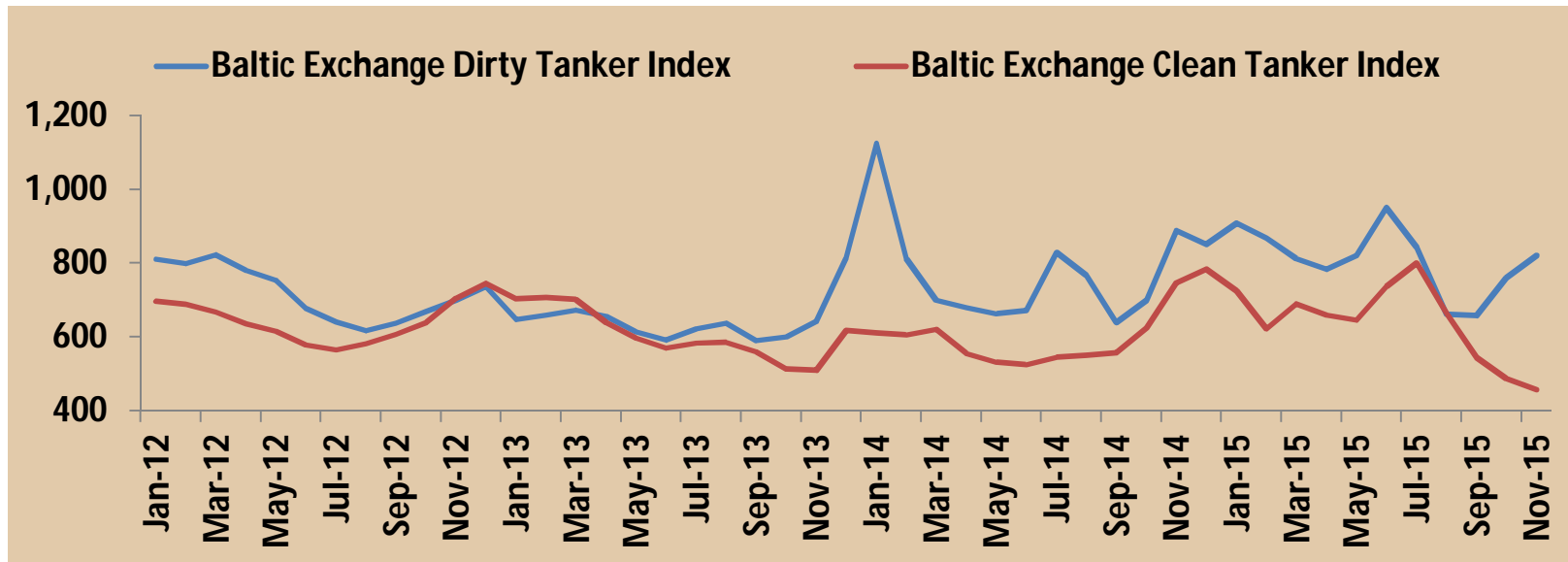


Asset Price Movement

Long-term year High /Low: (5 year old assets)

(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165	49	79
	(2008)	(1994)	
Suezmax	105	32	59
	(2008)	(1993)	
MR	46	20	29
	(2007)	(1999)	
<u>Dry Bulk</u>			
Capesize	155	25	29
	(2008)	(1999)	
Panamax	92	14	16
	(2007)	(1999)	
Supramax	75	13	15
	(2007)	(1998)	

BDTI & BCTI Movement (Jan 2012 to Nov 2015)

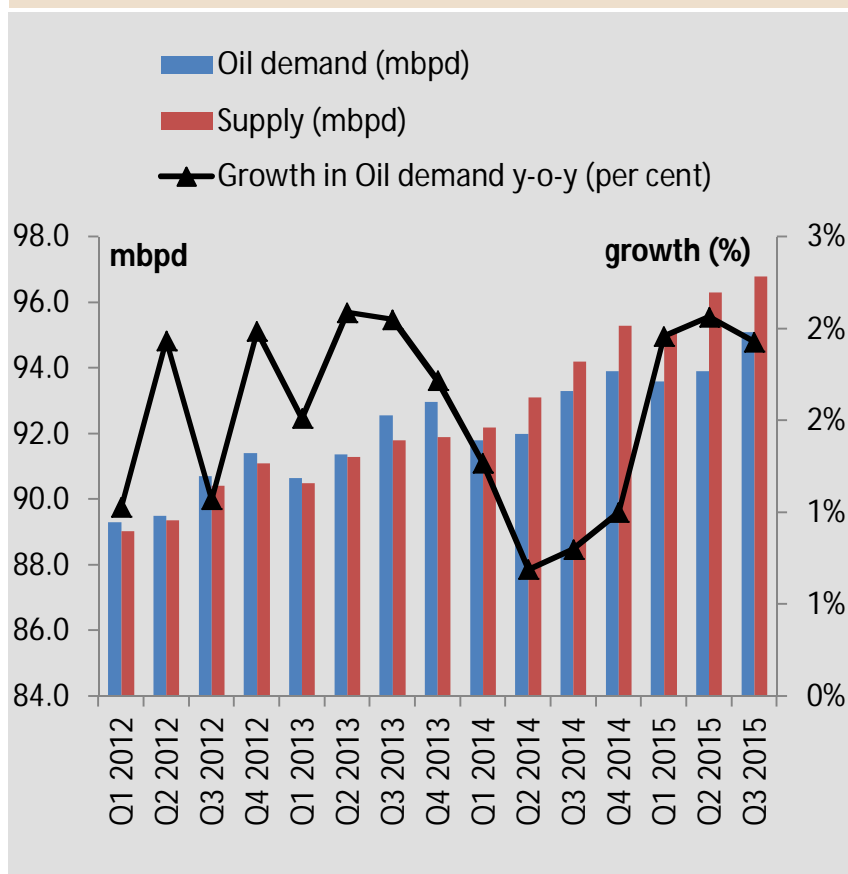


Crude tankers freight rates have risen significantly

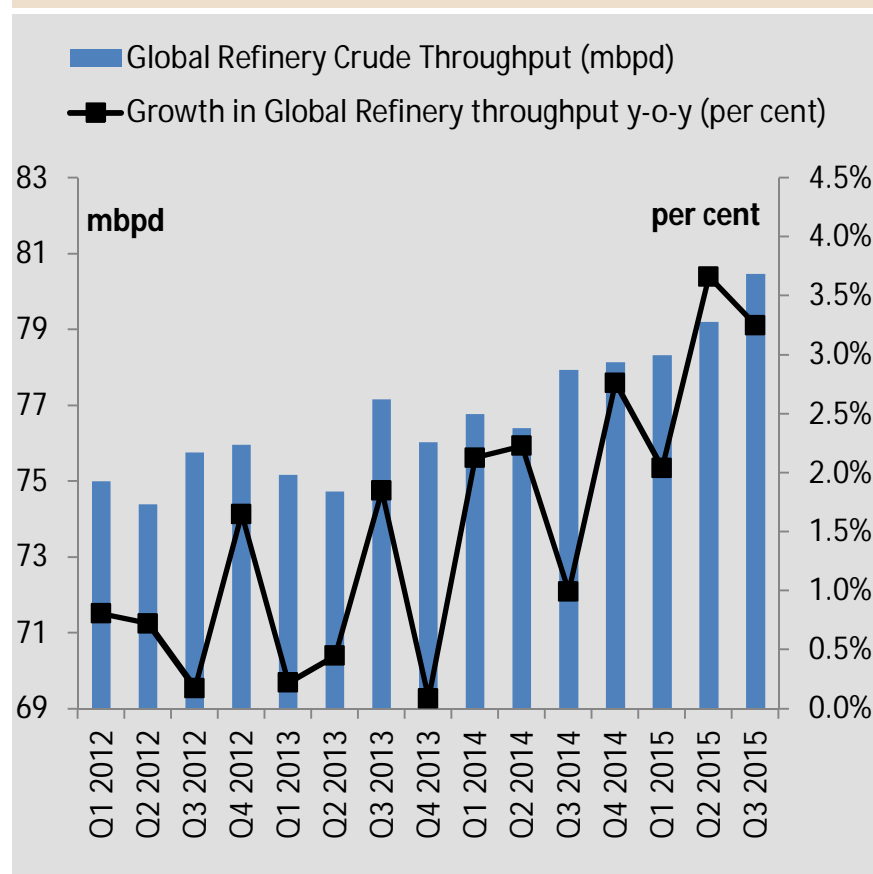
- **Low oil prices & contango – Contributing to Strategic storage & Commercial storage respectively**
- **Strong refinery margins – Increase in crude processed**
- **Rise in end-user demand, especially for Gasoline in several countries**
- **Increase in OPEC crude production & exports**

Oil surplus led to lower prices, in turn boosting refinery runs and demand

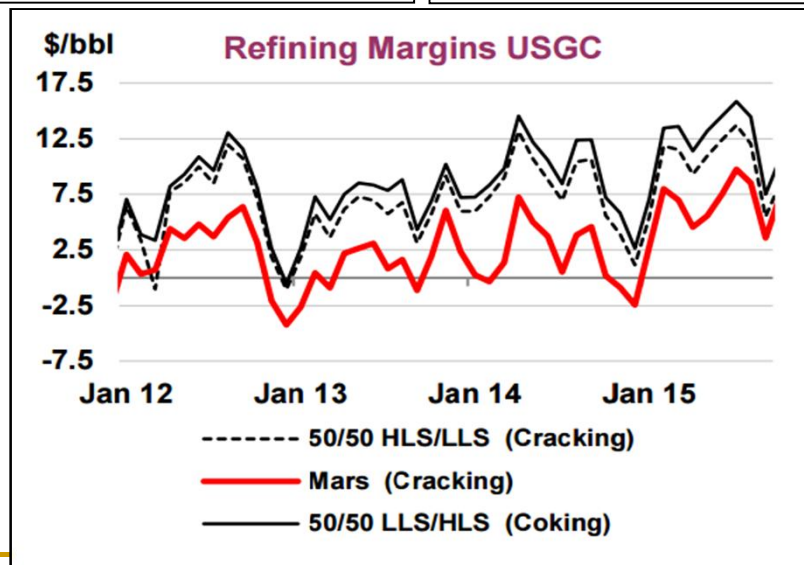
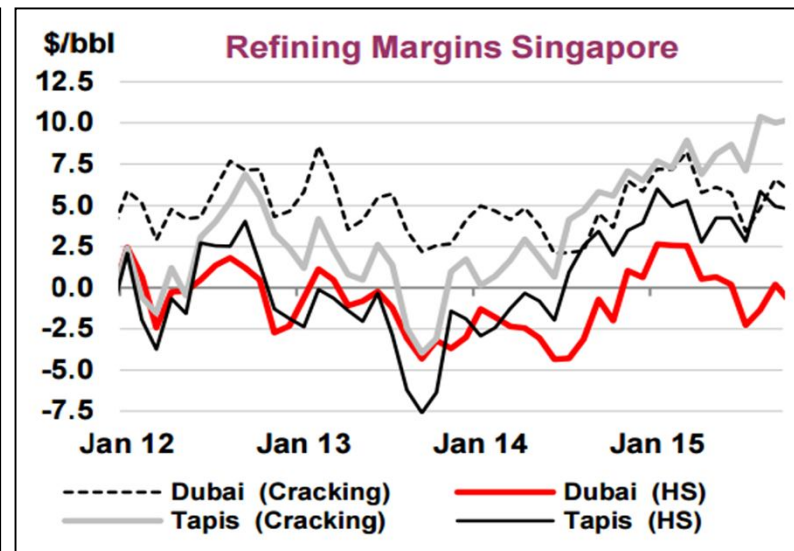
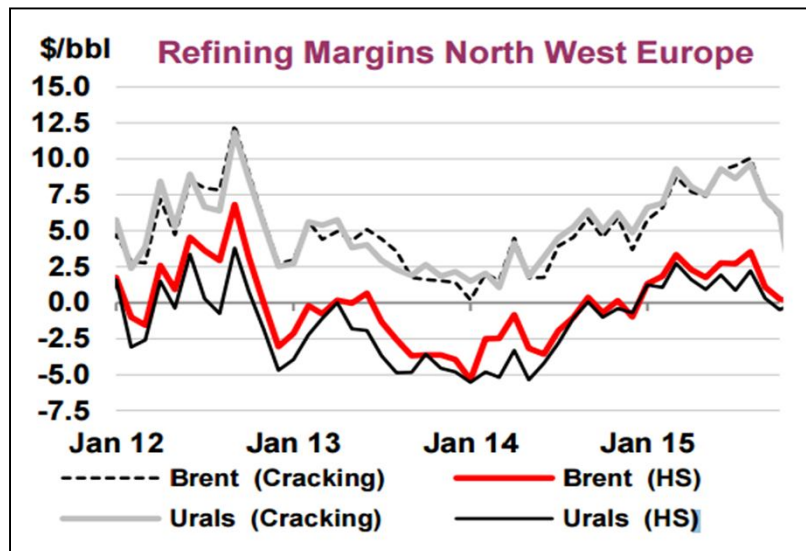
Oil demand, Supply & Surplus



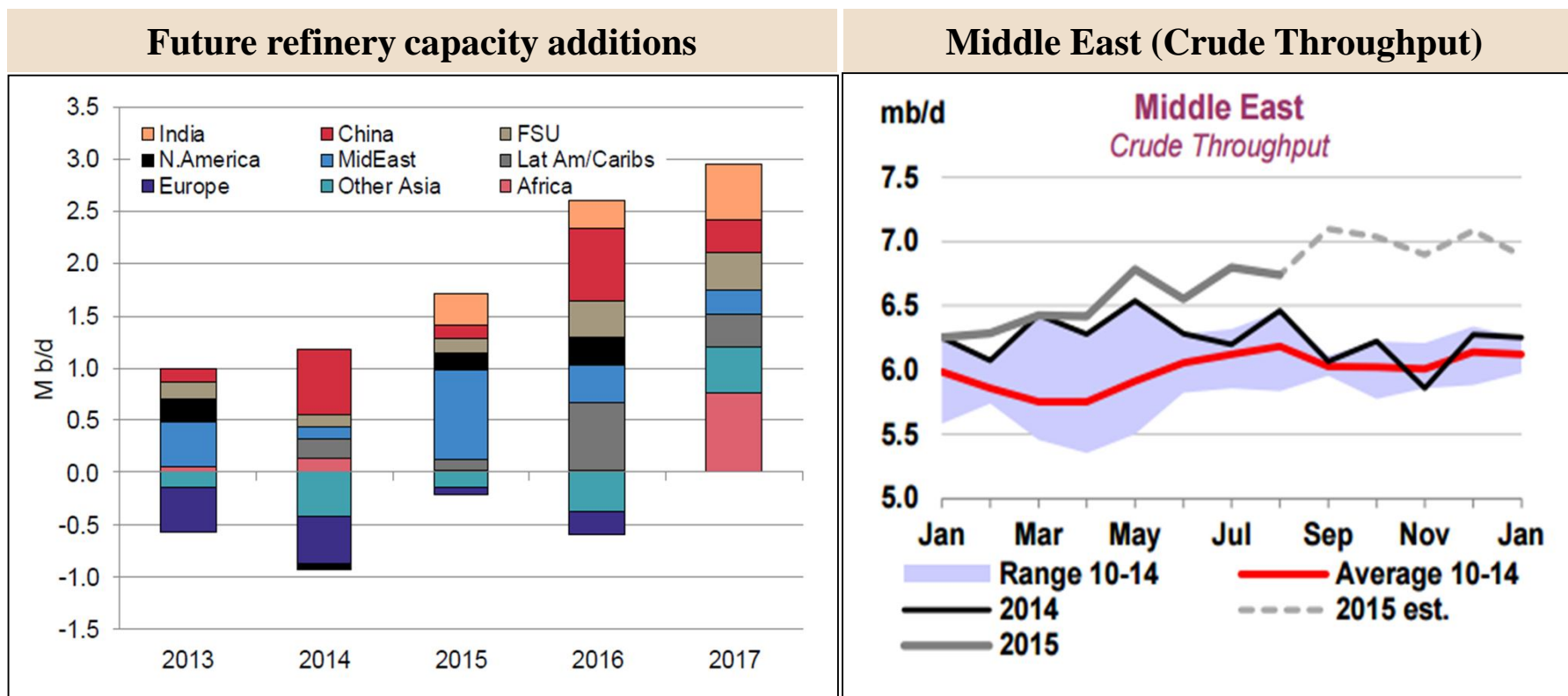
Global refinery throughput & growth



Strong refinery margins

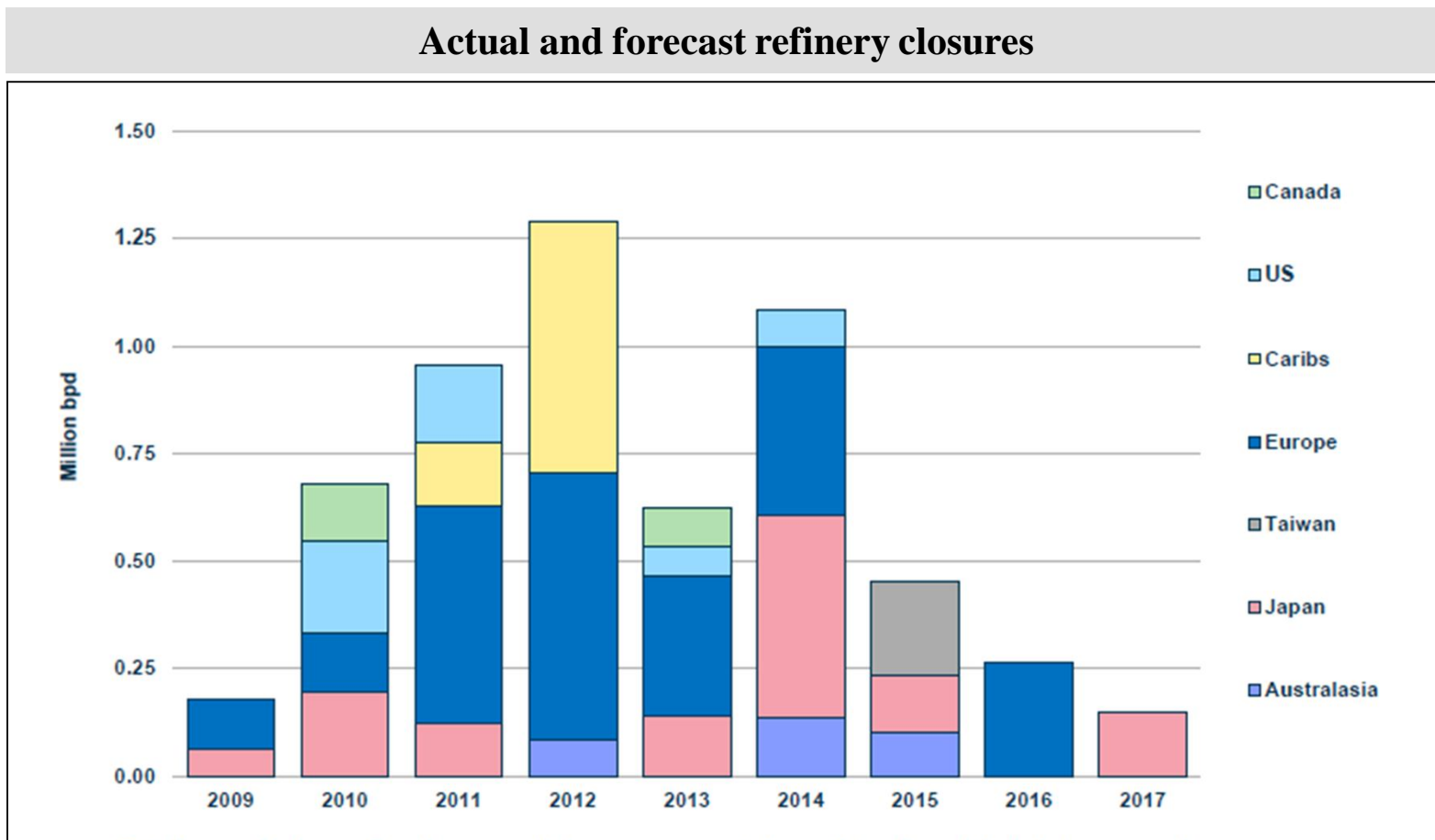


Middle East refinery capacities get commissioned, Asia to account for bulk of future capacity additions

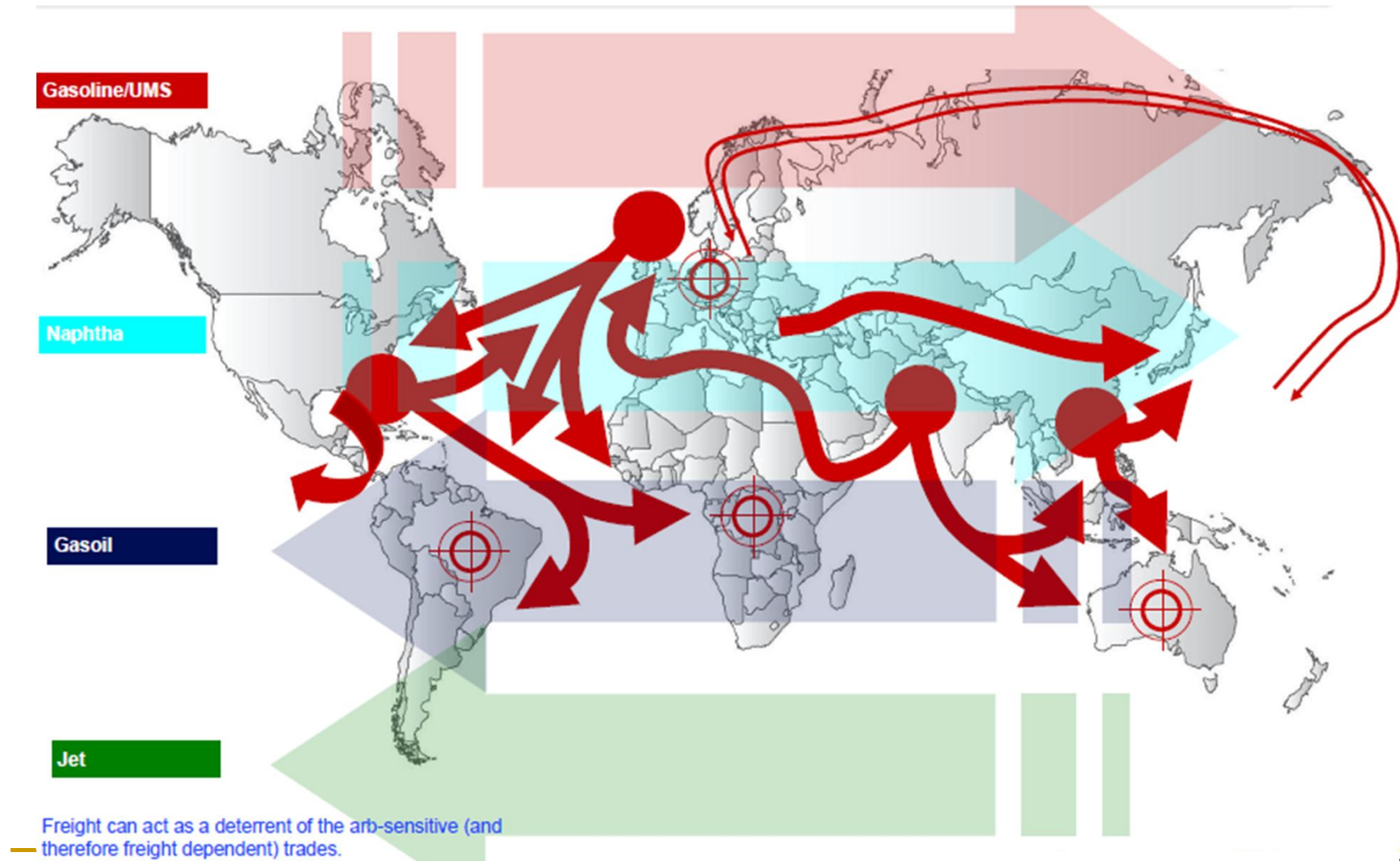


- New refineries in Saudi Arabia (that came online in 2013-15) have already led to increase in products exports from the region
- Closure of refineries in Europe witnessed delays on account of healthy refining margins & higher demand especially for gasoline

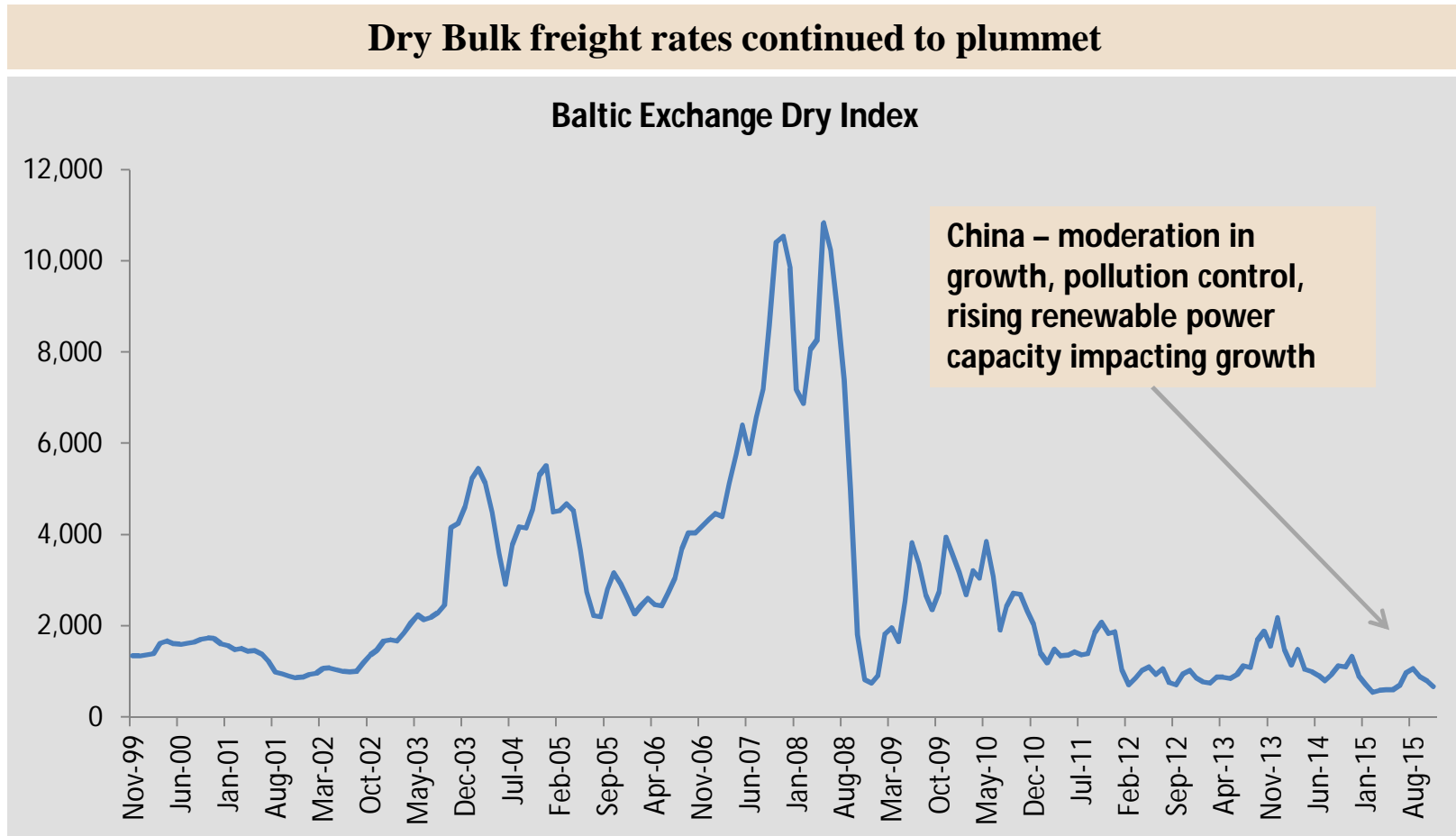
Overcapacity, potential refinery closures in the OECD region



Growing Product trade... Changing trade patterns

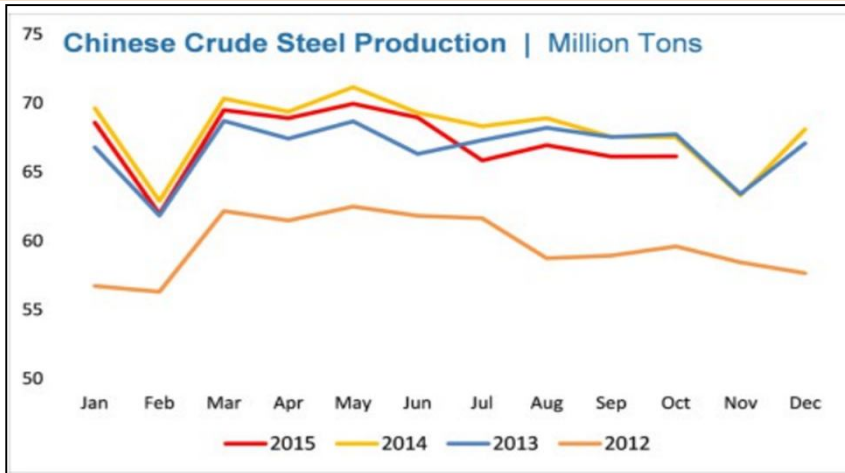


BDI Movement (Jan 2001 to November 2015)

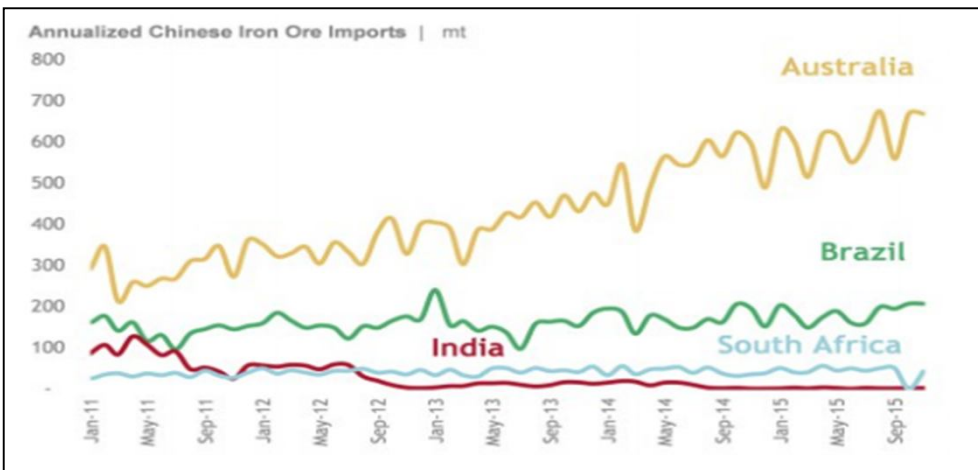
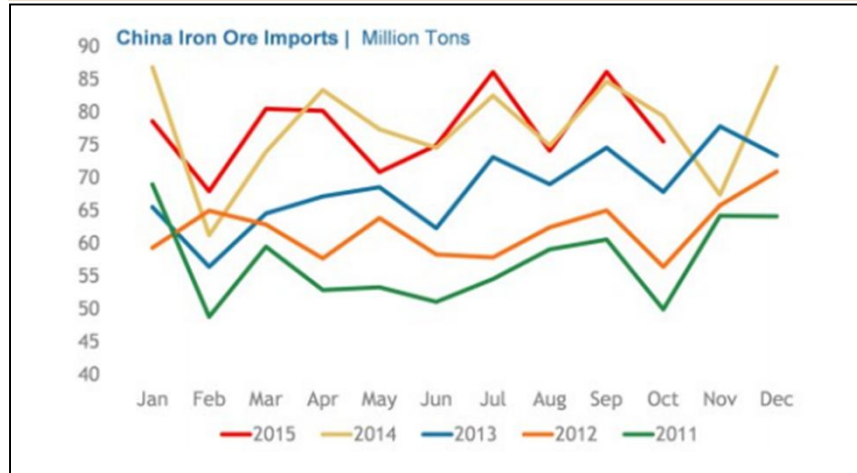


Slow growth in steel consumption impacting demand for seaborne iron ore imports

China crude steel production (mt)



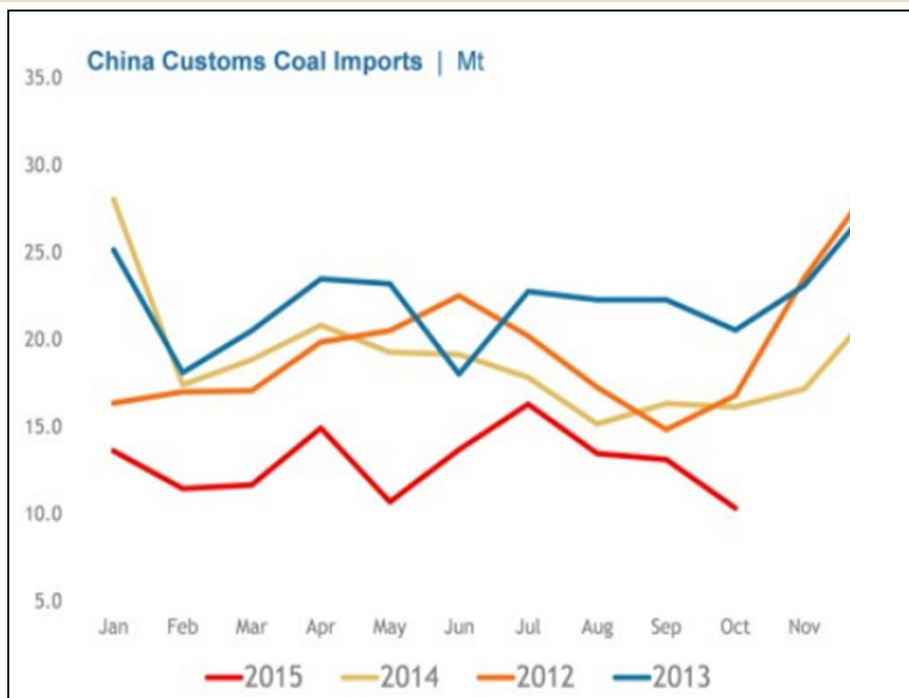
China iron ore imports (mt)



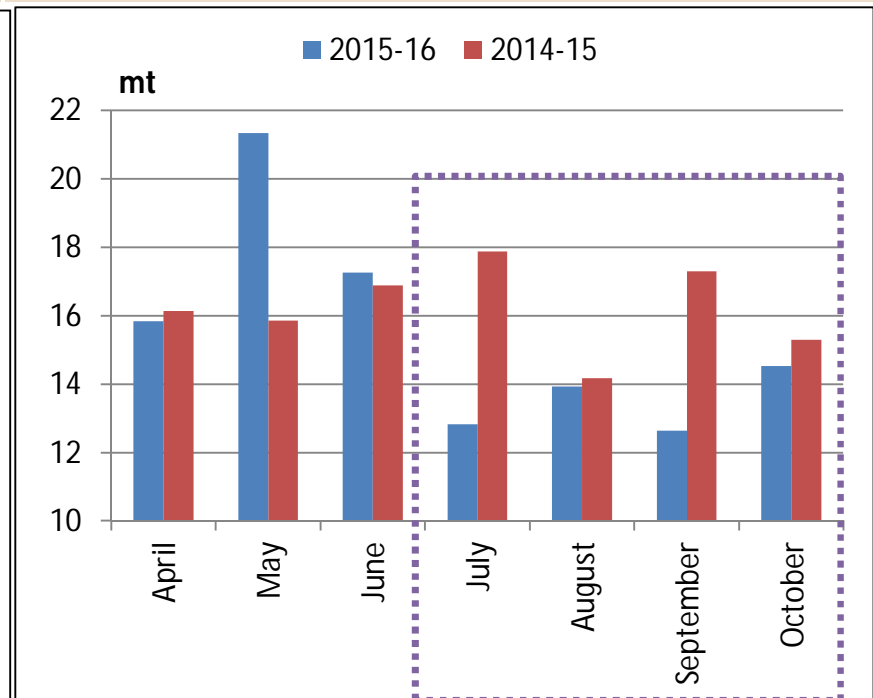
Substitution of other import sources by Australia leading to short-haul trade

Focus on pollution control, rising hydropower generation – Severe blow to coal trade

China coal imports

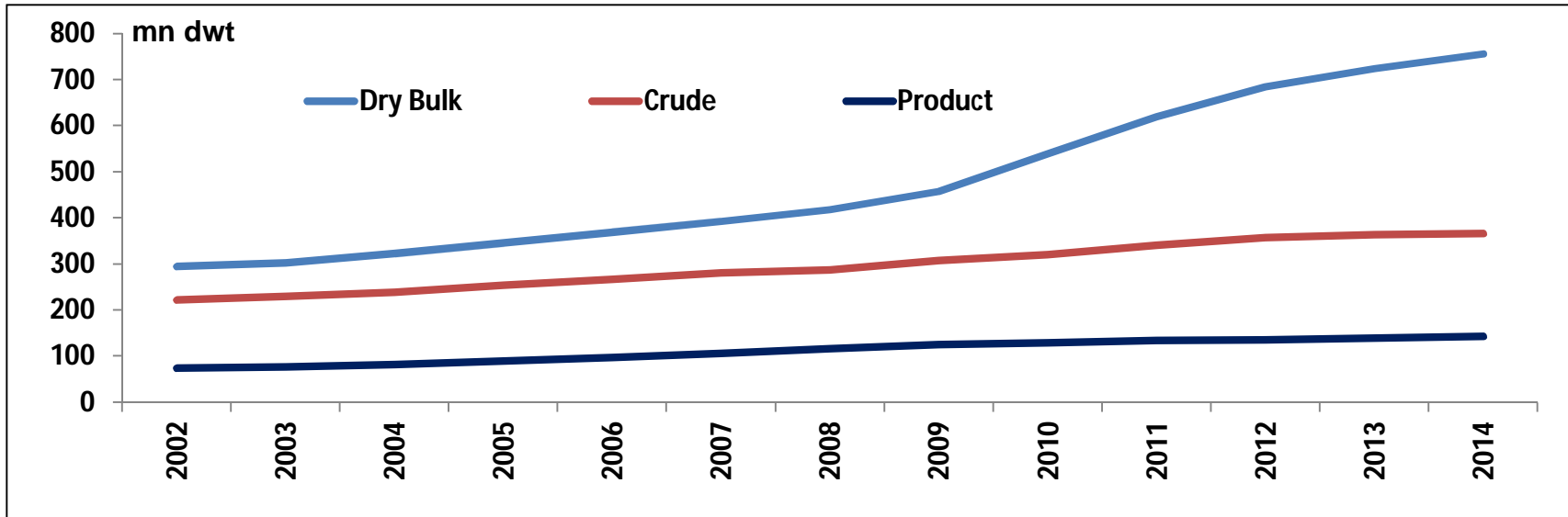


India coal imports



China coal imports decline sharply. Growth in Indian coal imports coming off too

World Fleet Growth



World Fleet addition	Fleet			
	Nov 15	CY2015	CY2016	CY2017+
	(in mn dwt)			
Crude tankers	333	1%	8%	10%
Product tankers	140	3%	8%	7%
Dry bulk carriers	776	4%	9%	2%

Accelerated scrapping in Dry Bulk

Scrapping as % of world fleet (year wise)

Fleet as on Nov 2015 (in mn dwt)	Scrapping Jan-Oct (in mn dwt)	Vessel Category	CY2012	CY2013
333	0.7	Crude	3%	2%
140	0.3	Product	2%	2%
776	24	Bulk	5%	3%

Greatship (India) Limited

(a 100% subsidiary)

Business Review

January 2016

Offshore business- Fleet Profile

The Greatship Group

➤ Current Owned Fleet

- ✓ **4 Jack Up Rigs (350ft)**
- ✓ **5 Platform Supply Vessels (PSV)**
- ✓ **8 Anchor Handling Tug cum Supply Vessels (AHTSV)**
- ✓ **2 Multipurpose Platform Supply and Support Vessels (MPSSV)**
- ✓ **6 Platform / ROV Support Vessels (ROVSV)**

High Fleet Utilization

Category	Extent of coverage of fleet's operating days (per cent)
PSV	81
ROVSV	100
AHTSV	96
MPSSV	13
Jackup Rigs	96

Greatship's Modern & Technologically Advanced Fleet & High Utilization

Young Fleet

- Young fleet with an average age of approx. **4 years by FY 2014-15**
- Demand shifting to modern vessels, especially as safety becomes a major concern for oil companies

Technologically Advanced

- Specialized/technologically advanced vessels equipped with DP I/DP II (Dynamic Positioning) and FiFi I (Fire Fighting) technologies
- Equipped to operate in challenging environments
- Efficient and versatile vessels

Revenue Efficiencies

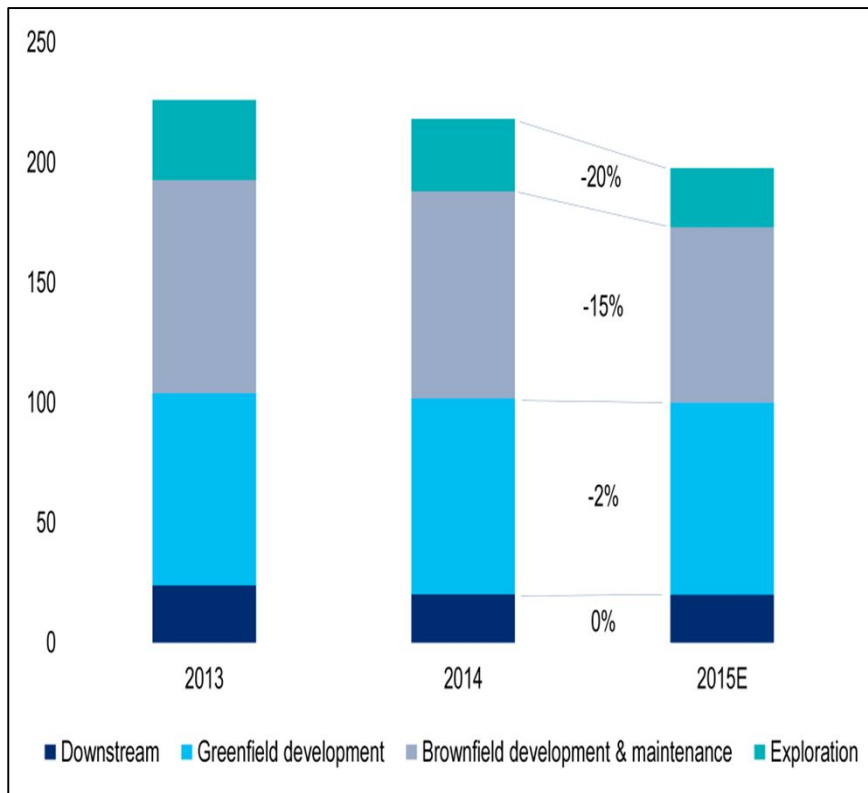
- Higher utilization rates
- Minimum down time

Cost Efficiencies

- Lower Operating costs
- Reduced maintenance capex & opex

Sharp decline in E&P spending led by lower oil prices

E&P spending set to decline



- ❑ Oversupply of crude oil led to significant decline in E&P spending
- ❑ Stacking of rigs & renegotiations of rates on the rise, utilisations levels decline
- ❑ Deep & Ultra-deep water projects severely impacted

Impact on shallow water offshore projects will be less severe due to lower break-even

Global Fleet Supply – Offshore

Fleet & Orderbook			
(Nos)	Jackup Rigs	AHTSVs	PSV
Current Fleet	522	2,003	1,535
Orderbook	132	258	274
<i>% of O/B to current fleet</i>	25%	13%	18%

High orderbook amid industry slowdown continues to be a concern

FINANCIAL HIGHLIGHTS

Q2 FY 2015-16

Q2 FY 2015-16 Financial Highlights

Standalone			Key Figures	Consolidated		
Q2FY'16	Q2FY'15	H1FY'16	(Amount in Rs. crs)	Q2FY'16	Q2FY'15	H1FY'16
Income Statement						
647	549	1,187	Revenue (including other income)	1,090	959	2,115
370	243	658	EBITDA (including other income)	645	460	1,230
249	108	411	Net Profit	383	207	706
Balance Sheet						
9,476	9,336	9,476	Total Assets	15,896	14,670	15,896
5,271	4,945	5,271	Equity	8,211	7,241	8,211
2,933	3,201	2,933	Total Debt (Gross)	6,199	6,037	6,199
31	599	31	Long Term Debt (Net of Cash)	2,391	2,690	2,391
Cash Flow						
171	27	390	From operating activities	461	320	895
202	263	(415)	From investing activities	(20)	206	(573)
(334)	(295)	(413)	From financing activities	(559)	(485)	(859)
39	(5)	(438)	Net cash inflow/(outflow)	(117)	40	(537)

Q2 FY 2015-16 Financial Highlights

Standalone			Key Figures	Consolidated		
Q2FY'16	Q2FY'15	H1FY'16	(Amount in Rs. crs)	Q2FY'16	Q2FY'15	H1FY'16
			Key financial figures			
57.20%	44.30%	55.50%	EBITDA Margin (%)	59.20%	47.90%	58.20%
19.20%	8.80%	16.10%	Return on Equity (ROE) (%)	19.10%	11.60%	18.10%
14.40%	7.70%	12.40%	Return on Capital Employed (ROCE) (%)	12.80%	8.60%	12.00%
0.56	0.65	0.56	Gross Debt/Equity Ratio (x)	0.75	0.83	0.75
0.01	0.12	0.01	Net Debt/Equity Ratio (x)	0.29	0.37	0.29
64.69	60.46	63.92	Exchange rate USD/INR, average (Rs)	64.69	60.46	63.92
65.59	61.75	65.59	Exchange rate USD/INR, end of period (Rs)	65.59	61.75	65.59
			Share related figures			
16.53	7.17	27.28	Earnings per share, EPS (Rs)	25.38	13.71	46.85
16.5	7.16	27.23	Diluted earnings per share (Rs)	25.33	13.68	46.76
21.86	12.63	37.69	Cash Profit per share (Rs)	36.44	23.86	68.61
-	-	-	Dividend per share (Rs)	-	-	-

Q2 FY 2015-16 Performance Highlights

Breakup of revenue days

Revenue Days	Q2'FY16	Q2'FY15
Owned Tonnage	2,769	2,603
Inchartered Tonnage	65	0
Total Revenue Days	2,834	2,603
Total Owned Tonnage (mn.dwt)*	2.36	2.45

* As on 30th September

Average TCY Details

Average (TCY \$ per day)	Q2'FY16	Q2'FY15	% Chg
Crude Carriers	31,012	20,263	53%
Product Carriers (Incl. Gas)	30,128	20,537	47%
Dry Bulk	7,874	9,337	(16)%

Mix of Spot & Time

Days (in %)	Q2'FY16	Q2'FY15
<u>Dry Bulk</u>		
Spot %	89%	88%
Time %	11%	12%
<u>Tankers</u>		
Spot %	76%	61%
Time %	24%	39%
<u>Total</u>		
Spot %	80%	68%
Time %	20%	32%

* Excludes inchartered vessel

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
September 2015	544	565
June 2015	518	536
March 2015	493	518
December 2014	496	557



THANK YOU

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