



Lorentzen & Stemoco

Joint Shipping Service Morning Report



November 2, 2011

Dry Bulk Market

	Today	Previous	Change	Change YTD
Average TCEs				
Capesize (\$/day)	\$25,298	\$26,669	-5.1 %	35.3 %
Panamax (\$/day)	\$15,298	\$15,450	-1.0 %	6.9 %
Supramax (\$/day)	\$15,807	\$16,009	-1.3 %	6.4 %
BDI	1,912	1,965	-2.7 %	12.9 %
Dry Commodities				
India Iron Ore China Landed 63% Fe (\$/ton)	\$140	\$140	0.0 %	-20.5 %
China Average HR Sheet (\$/ton)	\$664	\$667	-0.4 %	-4.7 %
Amsterdam Coal API#2 (\$/ton)	\$115.60	\$115.60	0.0 %	-12.4 %
Red Hard Wheat KCBT (\$/bushel)	\$7.05	\$7.18	-1.8 %	-10.8 %

China's Winsway Coking Coal Holdings Ltd. and Japan's Marubeni Corp. agreed to acquire Canadian metallurgical-coal producer Grande Cache Coal Corp. for about C\$980 million (US\$960 million), the latest in a series of acquisitions by Chinese companies hungry for foreign resources. "Although Grande Cache is based in Canada, its coal products are mainly shipped to China to meet the country's surging demand," an official with Winsway said. China is the world's second largest importer of coking coal behind Japan due to its rapidly-expanding steel industry. Last year, China and Japan together accounted for 40 percent of global coking coal imports. Grande Cache Coal is one of the four major coking coal companies in west Canada. Its mine in west-central Alberta is expected to produce 3.5 million tons annually by March 2013

Tanker Market

	Today	Previous	Change	Change YTD
Average TCEs				
VLCC TD3 MEG-Japan (\$/day)	\$332	-\$769	143.2 %	-98.0 %
Suez Average (\$/day)	\$14,523	\$16,719	-13.1 %	-31.9 %
Aframax Average (\$/day)	\$2,477	\$3,054	-18.9 %	-73.7 %
MR Average (\$/day)	\$11,611	\$11,817	-1.7 %	11.5 %
Oil Commodities				
Brent Front Month (\$/bbl)	\$110.23	\$109.54	0.6 %	16.2 %
WTI Front Month (\$/bbl)	\$92.19	\$93.19	-1.1 %	1.6 %
Brent Forward Spread, 2M-1M (\$/bbl)	-\$1.29	-\$1.16	-11.2 %	-
NWE-USG Gasoline Arbitrage (\$/mt)	\$6.04	-\$0.96	\$7.0	-

Magellan Midstream Partners LP announced Tuesday it will further expand its Houston crude oil pipeline distribution system in the next year. The new construction will expand capacity for delivering crude oil and condensate via third-party pipeline systems in the Eagle Ford Shale area. The project will add six miles (9.7 km) of 24-inch crude oil pipeline in the Genoa Junction and Speed Junction interchanges that will connect to another 24-inch line along the Houston Ship Channel. The expansion is connected to Magellan's announced plan to reverse its Houston-to-El Paso line, formerly known as the Longhorn Pipeline.

Gas Market

	Today	Previous	Change	Change YTD
Freight Rates				
LPG Average (\$/ton)	74.19	74.56	-0.5 %	93.7 %
Gas Commodities				
Propane AG Spot (\$/ton)	755.00	739.00	2.2 %	-17.3 %
Butane AG Spot (\$/ton)	830.00	799.00	3.9 %	-7.6 %
Natural Gas (\$/MMBTU)	3.52	3.66	-3.8 %	-22.5 %
Bunkers				
380 cSt Fujairah	665.50	668.50	-0.4 %	28.1 %
380 cSt Rotterdam	645.50	646.50	-0.2 %	30.9 %
380 cSt Houston	657.50	659.00	-0.2 %	31.6 %

Statoil's LNG plant at Hammerfest is back online as planned after being shut down since 14 October. The plant receives large amounts of natural gas from the Snøhvit field which is cooled down (liquefied) to LNG and prepared for export. After a scheduled shutdown earlier this year pressure build-up which may be related to icing in the plant was discovered. During the shutdown parts of the plant have been heated up and dried. Gas and liquid samples have been taken for analysis, and tests have been conducted in order to find the cause of pressure build-up. The plant now works as intended and production is back to normal

Source: Bloomberg / Lorentzen & Stemoco AS

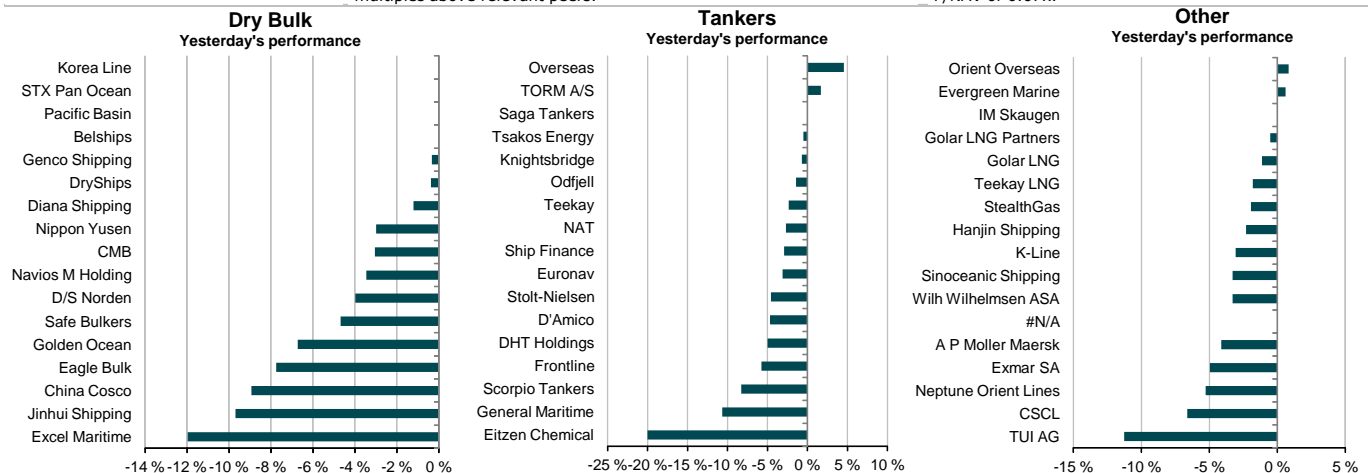
Shipping Equities

Selected news:

Overseas Shipholding Group reported its tenth successive quarterly loss for the third quarter. OSG lost \$71m in 3Q; 7.5% more than expected by the Street. Its spot-trading VLCCs made \$10,993/day on average while its Suezmaxes sailed in \$15,123/day on average.

Genco Shipping & Trading (Reduce, tp USD 3/share) reported a net result of \$1.6m for the third quarter relative to our \$2.7m net loss estimate. Its 52 vessels made an average TCE of \$17,058/day relative to our \$16,975/day estimate, however the average OPEX was lower than expected, explaining the deviation from our estimates. We reiterate our Reduce recommendation towards Genco due to an increasing exposure to challenging spot markets, a rapidly declining contract cover, a leverage that exceeds the market value of its fleet and earning multiples above relevant peers.

Wilh. Wilhelmsen ASA (Buy, tp NOK 45/share) reports its 3Q11 results on Tuesday, 8 Nov. We expect the company to report an EBIT of \$62m for the period and an EPS of \$0.17/share. We expect volumes to increase 2% based on a strong recovery in Japanese auto exports, however declining exports from Korea are likely to impact Eukor and Logistics volumes negatively. WWASA remains attractively priced at its earnings multiples as well as its P/NAV of 0.67x.





Lorentzen & Stemoco

Shipping Equities



Dry bulk

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Golden Ocean	GOGL NO	4.02	-6.7 %	-13 %	-1 %	-50 %	324	5.1	5.0	7.4	6.9	14 %	11 %	64 %	
Jinhui Shipping	JIN NO	11.65	-9.7 %	-14 %	17 %	-40 %	173	1.7	3.6	3.6	4.8	0 %	0 %	68 %	
CMB	CMB BB	16.54	-3.0 %	-7 %	-5 %	-28 %	792	7.5	8.3	7.7	7.7	6 %	6 %	52 %	
DryShips	DRYS US	2.64	-0.4 %	2 %	13 %	-50 %	1,078	5.9	3.8	8.2	5.7	0 %	0 %	78 %	
Diana Shipping	DSX US	8.13	-1.2 %	2 %	10 %	-30 %	671	6.2	10.2	3.8	4.5	0 %	0 %	Neg.	
Genco Shipping	GNK US	8.97	-0.3 %	1 %	15 %	-38 %	323	15.9	na	7.5	9.1	0 %	0 %	82 %	
Navios M Holding	NM US	3.63	-3.5 %	-3 %	15 %	-31 %	369	6.3	6.6	5.8	5.4	7 %	7 %	75 %	
Excel Maritime	EXM US	2.50	-12.0 %	-10 %	20 %	-56 %	214	na	na	8.1	11.6	0 %	0 %	82 %	
Eagle Bulk	EGLU US	1.43	-7.7 %	-7 %	-9 %	-71 %	90	na	na	11.2	9.2	0 %	0 %	93 %	
Safe Bulkers	SB US	6.52	-4.7 %	-2 %	5 %	-26 %	462	4.4	4.3	6.7	6.2	9 %	9 %	48 %	
Korea Line	005880 KS	7,500	0.0 %	0 %	-16 %	-71 %	109	na	na	na	na	na	na	na	
STX Pan Ocean	STX SP	8.24	0.0 %	8 %	-4 %	-37 %	1,327	na	na	na	19.4	0 %	0 %	65 %	
Nippon Yusen	9101 JP	195	-3.0 %	1 %	-8 %	-46 %	4,236	na	15.0	10.2	8.9	2 %	2 %	73 %	
Pacific Basin	2343 HK	3.60	0.0 %	2 %	18 %	-30 %	897	na	15.4	7.3	7.0	2 %	2 %	20 %	
Belships	BEL NO	6.00	0.0 %	-2 %	0 %	-17 %	26	na	na	na	na	na	na	na	
China Cosco	1919 HK	3.77	-8.9 %	-12 %	16 %	-54 %	8,620	na	na	na	na	0 %	0 %	32 %	
D/S Nordco	DNORD DC	152	-4.0 %	-7 %	-1 %	-25 %	1,199	11.9	15.2	5.2	4.8	5 %	4 %	Neg.	
Market cap weighted average			-5.2 %	-5.2 %	7.2 %	-45.5 %		7.8	11.7	8.0	8.6	2 %	1 %		

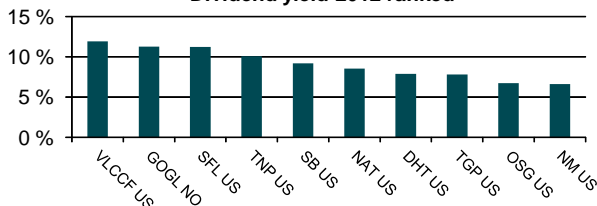
Tankers

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Frontline	FRO NO	27	-5.7 %	-5 %	-6 %	-82 %	370	na	na	12.0	11.3	3 %	2 %	86 %	
Ship Finance	SFL US	13.89	-2.9 %	0 %	7 %	-35 %	1,099	8.3	8.4	14.0	12.5	11 %	11 %	64 %	
Euronav	EURN BB	3.11	-3.1 %	-3 %	-28 %	-75 %	220	na	na	9.5	11.4	0 %	0 %	85 %	
General Maritime	GMR US	0.23	-10.7 %	-17 %	-11 %	-93 %	28	na	na	na	na	0 %	0 %	98 %	
Teekay	TK US	25.16	-2.3 %	-2 %	11 %	-24 %	1,761	na	na	10.3	8.3	5 %	5 %	74 %	
Overseas	OSG US	13.05	4.6 %	0 %	-5 %	-63 %	398	na	na	na	15.1	10 %	7 %	84 %	
NAT	NAT US	14.03	-2.7 %	-2 %	0 %	-46 %	663	na	na	na	15.6	8 %	9 %	19 %	
Tsakos Energy	TNP US	5.95	-0.5 %	-2 %	7 %	-41 %	275	na	na	13.9	9.5	10 %	10 %	83 %	
Saga Tankers	SAGA NO	1.45	0.0 %	4 %	-28 %	-74 %	22	na	na	3.4	6.7	0 %	0 %	60 %	
Knightsbridge	VLCF US	16.76	-0.7 %	-4 %	1 %	-25 %	409	12.0	12.1	7.9	7.7	12 %	12 %	17 %	
DHT Holdings	DHT US	2	-5.0 %	-4 %	-25 %	-67 %	95	6.3	19.0	6.4	7.2	17 %	8 %	72 %	
Odfjell	ODF NO	35.10	-1.4 %	-4 %	3 %	-35 %	533	na	na	9.7	7.8	0 %	4 %	68 %	
TORM A/S	TORM DC	6.00	1.7 %	-18 %	-15 %	-85 %	80	na	na	na	11.7	0 %	0 %	96 %	
Stolt-Nielsen	SNI NO	105.00	-4.5 %	-3 %	-4 %	-26 %	1,188	11.8	8.2	8.3	7.0	5 %	5 %	55 %	
Eitzen Chemical	ECHEM NO	0.20	-20.0 %	18 %	11 %	-89 %	40	na	na	na	19.9	0 %	0 %	96 %	
Scorpio Tankers	STNG US	5.86	-8.3 %	2 %	11 %	-42 %	106	na	na	14.0	12.5	0 %	0 %	55 %	
D'Amico	DIS IM	0.55	-4.7 %	-7 %	-11 %	-44 %	113	na	12.8	12.2	6.2	0 %	1 %	73 %	
Market cap weighted average			-2.6 %	-2.3 %	1.6 %	-38.6 %		10.3	9.3	10.6	10.1	6 %	6 %		

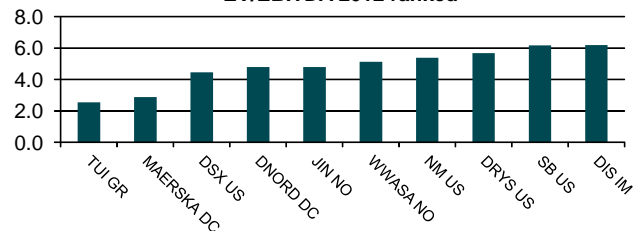
Other

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Golar LNG	GOL NO	221.00	-1.1 %	3 %	14 %	148 %	3,110	na	18.5	na	13.7	3 %	3 %	22 %	
Golar LNG Partners	GLMP US	28.55	-0.5 %	7 %	12 %	na	1,115	19.2	15.3	13.1	10.6	4 %	6 %	35 %	
Höegh LNG Holdings	HLNG NO	39.30	-3.9 %	-3 %	6 %	na	314	na	na	na	19.9	0 %	0 %	50 %	
IM Skaugen	IMSK NO	30.00	0.0 %	6 %	4 %	-19 %	143	na	17.1	19.3	10.1	0 %	0 %	49 %	
Exmar SA	EXM BB	5.18	-5.0 %	2 %	25 %	-4 %	422	na	10.2	10.7	8.1	5 %	3 %	68 %	
Teekay LNG	TGP US	34	-1.8 %	-4 %	11 %	-9 %	2,027	19.0	16.0	13.0	11.2	7 %	8 %	43 %	
StealthGas	GASS US	4.07	-1.9 %	-1 %	4 %	-49 %	86	6.2	4.9	na	na	na	na	na	
A P Moller Maersk	MAERSKA DC	33,420.00	-4.1 %	-5 %	6 %	-32 %	27,705	10.3	9.8	2.9	2.9	3 %	3 %	34 %	
TUI AG	TUI GR	4.21	-11.3 %	-8 %	9 %	-60 %	1,449	11.4	7.6	3.0	2.5	0 %	0 %	63 %	
Evergreen Marine	EVGZF US	16.70	0.6 %	2 %	7 %	-39 %	1,928	na	na	na	10.7	0 %	1 %	29 %	
Sinoceanic Shipping	SINO NO	6	-3.3 %	-6 %	-16 %	-31 %	14	na	na	na	na	na	na	na	
Hanjin Shipping	000700 KS	8,490	-2.3 %	5 %	12 %	-54 %	334	na	na	na	na	na	na	na	
K-Line	9107 JP	158.00	-3.1 %	6 %	-3 %	-56 %	1,545	na	na	na	14.4	0 %	0 %	79 %	
CSC	2866 HK	1.41	-6.6 %	-3 %	17 %	-59 %	5,317	na	na	na	na	0 %	0 %	20 %	
Orient Overseas	316 HK	36.05	0.8 %	1 %	14 %	-41 %	2,903	15.2	12.2	7.0	6.3	2 %	2 %	16 %	
Neptune Orient Lines	NOL SP	1.08	-5.3 %	-1 %	-1 %	-50 %	2,184	na	na	19.1	9.3	0 %	0 %	35 %	
Wilhelmsen ASA	WWASA NO	30	-3.3 %	-4 %	15 %	-31 %	1,145	8.1	5.5	6.4	5.1	3 %	4 %	52 %	
Market cap weighted average			-3.8 %	-2.5 %	8.4 %	-25.8 %		11.4	10.9	5.2	5.6	2 %	2 %		

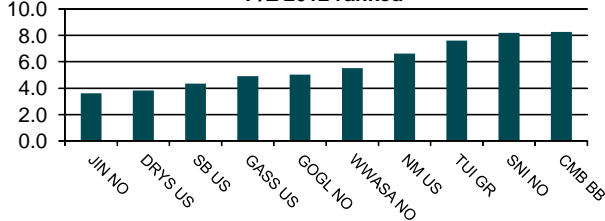
Dividend yield 2012 ranked



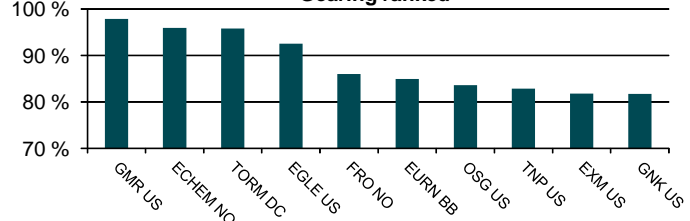
EV/EBITDA 2012 ranked



P/E 2012 ranked



Gearing ranked



Source: JCF FactSet / First Securities AS



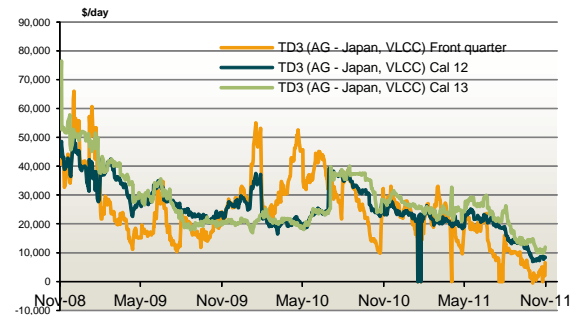
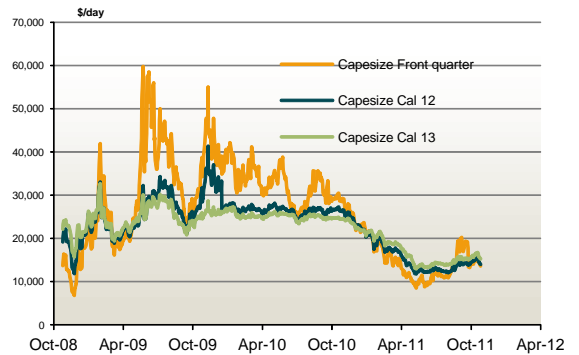
Currencies

	Today	Previous	Change
EURUSD	1.3784	1.3703	0.6 %
EURJPY	107.65	107.39	0.2 %
USDJPY	78.1	78.37	-0.3 %
USDKRW	1,121.9	1,113.9	0.7 %
USDCNY	6.3571	6.3552	0.0 %
USDNOK	5.6336	5.6598	-0.5 %



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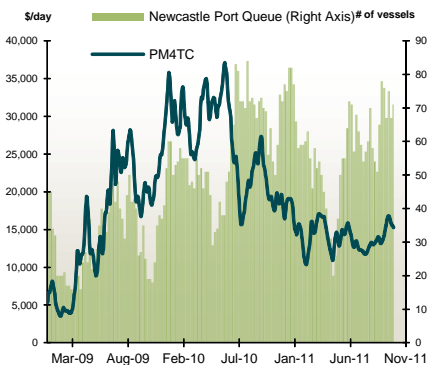
	Today	Previous	Change
Capesize Front quarter	13,646	13,879	-1.7 %
Capesize Cal 12	13,995	14,159	-1.2 %
Capesize Cal 13	15,258	15,433	-1.1 %
	(\$/day)	(\$/day)	
Panamax Front quarter	11,589	11,679	-0.8 %
Panamax Cal 12	11,649	11,786	-1.2 %
Panamax Cal 13	12,079	12,364	-2.3 %
Supramax Front quarter	12,015	12,233	-1.8 %
PM4TC Cal 12	12,028	12,272	-2.0 %
PM4TC Cal 13	12,420	12,675	-2.0 %
TD3 (AG - Japan, VLCC) Front quarter	6,460	2,059	213.7 %
TD3 (AG - Japan, VLCC) Cal 12	8,372	8,470	-1.2 %
TD3 (AG - Japan, VLCC) Cal 13	11,980	11,095	8.0 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	11,727	18,647	-37.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	11,648	11,606	0.4 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	17,139	16,573	3.4 %
TC2 (ARA - USEC, MR) Front quarter	8,894	8,600	3.4 %
TC2 (ARA - USEC, MR) Cal 12	8,899	8,802	1.1 %
TC2 (ARA - USEC, MR) Cal 13	11,070	10,727	3.2 %



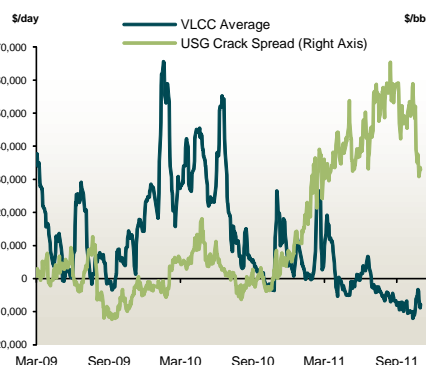
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

Selected Indicators

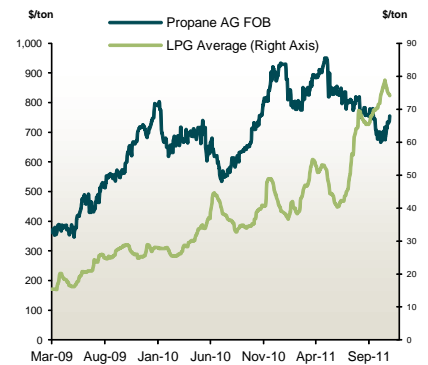
Dry Bulk



Tanker



Gas



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