



Lorentzen & Stemoco

# Joint Shipping Service Morning Report



November 9, 2011

## Dry Bulk Market

	Today	Previous	Change	Change YTD
<b>Average TCEs</b>				
Capesize (\$/day)	\$23,458	\$22,892	2.5 %	25.5 %
Panamax (\$/day)	\$14,287	\$14,479	-1.3 %	-0.2 %
Supramax (\$/day)	\$14,228	\$14,678	-3.1 %	-4.3 %
BDI	1,759	1,766	-0.4 %	3.9 %
<b>Dry Commodities</b>				
India Iron Ore China Landed 63% Fe (\$/ton)	\$131	\$131	0.0 %	-25.6 %
China Average HR Sheet (\$/ton)	\$668	\$668	0.0 %	-4.2 %
Amsterdam Coal API#2 (\$/ton)	\$117.00	\$117.00	0.0 %	-11.4 %
Red Hard Wheat KCBT (\$/bushel)	\$7.17	\$7.03	2.0 %	-8.9 %

China plans to meet 45 percent of its consumption of iron ore through its own sources by 2015, government media reported, according to UPI. The new target, up from 32 percent currently, will be met through domestic production and from overseas mines in which China has investments, reports the Economic Information Daily, operated by the official Xinhua news agency. The plan is to protect China's steel industry from foreign monopoly over iron ore, the report said. It said China has been raising domestic output of the mineral as well as increasing overseas investment to secure supplies for its import-dependent steel industry.

## Tanker Market

	Today	Previous	Change	Change YTD
<b>Average TCEs</b>				
VLCC TD3 MEG-Japan (\$/day)	\$2,423	\$338	616.9 %	-85.0 %
Suez Average (\$/day)	\$10,266	\$10,285	-0.2 %	-51.8 %
Aframax Average (\$/day)	\$631	\$758	-16.8 %	-93.3 %
MR Average (\$/day)	\$10,087	\$10,931	-7.7 %	-3.1 %
<b>Oil Commodities</b>				
Brent Front Month (\$/bbl)	\$115.52	\$115.00	0.5 %	21.8 %
WTI Front Month (\$/bbl)	\$96.80	\$95.52	1.3 %	5.8 %
Brent Forward Spread, 2M-1M (\$/bbl)	-\$1.25	-\$1.16	-7.8 %	-
NWE-USG Gasoline Arbitrage (\$/mt)	-\$5.43	\$24.46	-29.9 %	-

The Organization of Petroleum Exporting Countries said the group's varying spare capacity is set to double in 4 years when it will reach 8 million b/d. "In 2010, OPEC's spare capacity stood at more than 5 million b/d," OPEC said in its most recent World Oil Outlook. "While this capacity fell to about 4 million b/d during the second and third quarter of 2011...it is expected to stabilize at about 8 million b/d over the medium term." The report continued, "Regardless of all the challenges and uncertainties, OPEC member countries continue to invest in additional capacities."

## Gas Market

	Today	Previous	Change	Change YTD
<b>Freight Rates</b>				
LPG Average (\$/ton)	72.97	73.03	-0.1 %	90.5 %
<b>Gas Commodities</b>				
Propane AG Spot (\$/ton)	758.50	757.50	0.1 %	-16.9 %
Butane AG Spot (\$/ton)	818.50	802.50	2.0 %	-8.9 %
Natural Gas (\$/MMBTU)	3.44	3.35	2.7 %	-24.2 %
<b>Bunkers</b>				
380 cSt Fujairah	700.50	689.50	1.6 %	34.8 %
380 cSt Rotterdam	646.00	645.50	0.1 %	31.0 %
380 cSt Houston	660.50	649.00	1.8 %	32.2 %

Is it time to think big on gas powered shipping, asks Lloyd's List. The newspaper writes that shipowners should be learning lessons in the emission control area SOx debate and looking at net asset value when thinking about gas fuel. While many shipowners are focused on the issues of meeting low-sulphur compliance in emission control areas after 2015, there are studies revealing that the technology providers are already looking at the bigger problems owners around the world will face after 2020. In 2020, a global 0.5% emissions cap on sulphur is likely to come into force. This rule is for all the world's oceans and seas, other than in the patchwork of ECAs which will have been at a 0.1% level since 2015.

Source: Bloomberg / Lorentzen & Stemoco AS

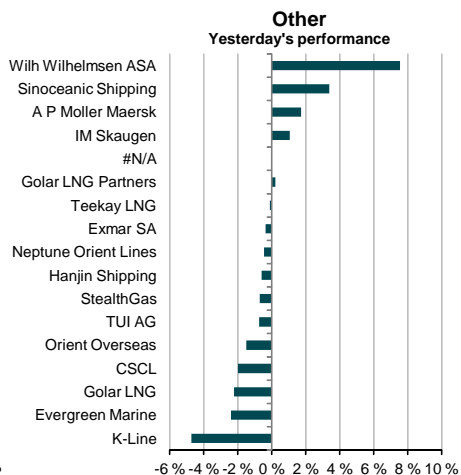
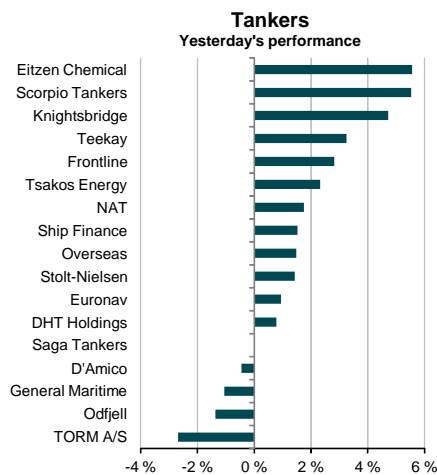
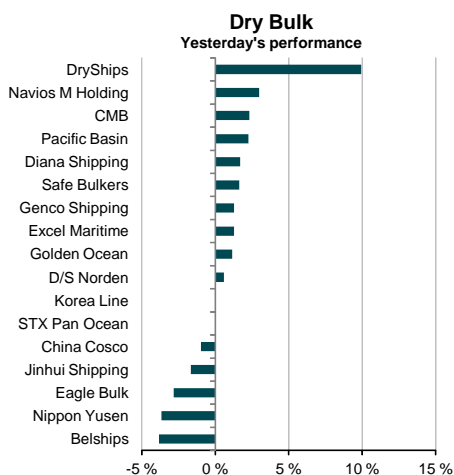
## Shipping Equities

### Selected news:

Odfjell (Buy, tp NOK 65/share) reported a net profit of \$261m for the third quarter; \$3m ahead of our \$258m estimate. Adjusted for capital gains and other non-recurring items, we calculate a net loss of \$7m for the period relative to our \$12m net loss estimate. EBITDA in the Tankers division was \$9m stronger than our \$10m estimate due to higher volumes and activity and lower bunker costs. The EBITDA in the Terminals division was lower than expected due to reduced throughput. Including the contribution from terminals owned in a JV with Lindsay Goldberg, the Terminals division recorded an EBITDA of \$25m relative to our \$29m estimate.

Knightsbridge Tankers reported a net profit of \$9.1m for the third quarter. Results are thus up 4.6% from last year when the company reported a net profit of \$8.7m. The company raise some concern over the dry bulk sector and does not expect demand to cope with the supply growth in 2012.

AP Moller-Maersk reported a net profit of DKK 371m (\$68.7m) for the third quarter; well below the DKK 1.67bn profit reported one year ago. The majority of its businesses performed well, however declining freight rates in the tanker and containership sectors impact results negatively. The containership business lost \$297m in the third quarter relative to a profit of \$1,03bn one year ago.



Source: First Securities AS / JCF FactSet / Bloomberg / TradeWinds / Lloyd's List / Fairplay

Lorentzen & Stemoco AS  
Telephone: +47 2252 7700

First Securities AS  
Telephone: +47 2323 8000



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	4.34	1.2 %	6 %	4 %	-47 %	354	5.5	5.3	7.6	6.9	13 %	10 %	61 %	
Jinhui Shipping	JIN NO	11.80	-1.7 %	-1 %	10 %	-39 %	177	1.7	3.7	3.8	4.9	0 %	0 %	67 %	
CMB	CMB BB	16.30	2.3 %	0 %	-2 %	-29 %	788	7.4	8.2	7.7	7.7	6 %	6 %	52 %	
DryShips	DRYS US	2.99	9.9 %	11 %	33 %	-44 %	1,221	6.7	4.4	8.4	5.8	0 %	0 %	74 %	
Diana Shipping	DSX US	8.36	1.7 %	0 %	18 %	-28 %	690	6.4	10.5	3.8	4.6	0 %	0 %	Neg.	
Genco Shipping	GNK US	8.72	1.3 %	2 %	26 %	-39 %	314	12.7	na	7.2	8.9	0 %	0 %	82 %	
Navios M Holding	NM US	3.79	3.0 %	2 %	25 %	-28 %	385	7.0	7.2	5.9	5.4	6 %	6 %	74 %	
Excel Maritime	EXM US	2.38	1.3 %	-4 %	26 %	-58 %	204	na	na	8.0	11.4	0 %	0 %	82 %	
Eagle Bulk	EGLE US	1.37	-2.8 %	-5 %	1 %	-72 %	86	na	na	11.3	9.3	0 %	0 %	93 %	
Safe Bulkers	SB US	6.87	1.6 %	4 %	21 %	-22 %	487	4.6	4.6	6.9	6.3	9 %	9 %	47 %	
Korea Line	005880 KS	7,500	0.0 %	0 %	-17 %	-71 %	109	na	na	na	na	na	na	na	
STX Pan Ocean	STX SP	8.09	0.0 %	-2 %	-3 %	-38 %	1,311	na	na	na	19.2	0 %	0 %	65 %	
Nippon Yusen	9101 JP	184	-3.7 %	-3 %	-3 %	-49 %	4,025	na	14.2	10.0	8.8	2 %	2 %	74 %	
Pacific Basin	2343 HK	3.62	2.3 %	1 %	16 %	-30 %	902	na	15.5	7.3	7.0	2 %	2 %	20 %	
Belships	BEL NO	5.77	-3.8 %	-4 %	-4 %	-20 %	26	na	na	na	na	na	na	na	
China Cosco	1919 HK	4.05	-1.0 %	0 %	27 %	-51 %	9,453	na	na	na	na	0 %	0 %	30 %	
D/S Nordco	DNORD DC	151	0.6 %	0 %	0 %	-25 %	1,207	12.0	16.6	5.1	5.0	4 %	3 %	Neg.	
<b>Market cap weighted average</b>			<b>-0.2 %</b>	<b>0.4 %</b>	<b>15.8 %</b>	<b>-44.4 %</b>		<b>7.8</b>	<b>11.5</b>	<b>7.9</b>	<b>8.5</b>	<b>1 %</b>	<b>1 %</b>		

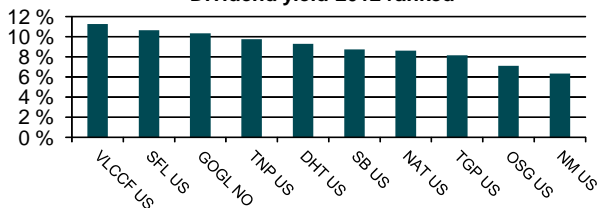
## Tankers

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	2.8 %	1 %	5 %	-82 %	370	na	na	12.2	11.3	3 %	2 %	86 %	
Ship Finance	SFL US	14.66	1.5 %	5 %	24 %	-32 %	1,160	8.8	8.9	14.2	12.7	11 %	11 %	63 %	
Euronav	EURN BB	3.21	0.9 %	1 %	-22 %	-75 %	229	na	na	9.7	11.4	0 %	0 %	84 %	
General Maritime	GMR US	0.19	-1.1 %	-28 %	11 %	-94 %	23	na	na	na	na	0 %	0 %	98 %	
Teekay	TK US	26.97	3.3 %	7 %	26 %	-18 %	1,888	na	na	10.5	8.5	5 %	5 %	72 %	
Overseas	OSG US	12.36	1.5 %	-5 %	0 %	-65 %	377	na	na	na	15.7	11 %	7 %	84 %	
NAT	NAT US	13.93	1.8 %	-2 %	11 %	-46 %	658	na	na	na	17.8	9 %	9 %	21 %	
Tsakos Energy	TNP US	6.16	2.3 %	4 %	13 %	-38 %	284	na	na	14.0	9.6	10 %	10 %	82 %	
Saga Tankers	SAGA NO	1.45	0.0 %	7 %	-24 %	-74 %	22	na	na	2.4	8.1	0 %	0 %	56 %	
Knightsbridge	VLCCF US	17.77	4.7 %	3 %	12 %	-20 %	434	12.9	12.8	8.3	8.1	11 %	11 %	16 %	
DHT Holdings	DHT US	1	0.8 %	-16 %	-24 %	-72 %	81	5.4	16.1	6.2	6.9	20 %	9 %	75 %	
Odfjell	ODF NO	36.00	-1.4 %	2 %	10 %	-33 %	553	na	na	10.4	8.1	3 %	3 %	67 %	
TORM A/S	TORM DC	5.45	-2.7 %	-10 %	-11 %	-86 %	74	na	na	na	11.6	0 %	0 %	96 %	
Stolt-Nielsen	SNI NO	106.50	1.4 %	2 %	0 %	-25 %	1,220	12.1	8.4	8.4	7.1	5 %	5 %	54 %	
Eitzen Chemical	ECHEM NO	0.19	5.6 %	-10 %	12 %	-89 %	38	na	na	na	na	0 %	0 %	96 %	
Scorpio Tankers	STNG US	6.30	5.5 %	3 %	24 %	-38 %	114	na	na	14.6	15.2	0 %	0 %	48 %	
D'Amico	DIS IM	0.55	-0.5 %	-2 %	-8 %	-44 %	114	na	12.9	12.2	6.2	0 %	1 %	73 %	
<b>Market cap weighted average</b>			<b>2.0 %</b>	<b>2.5 %</b>	<b>12.2 %</b>	<b>-35.6 %</b>		<b>10.7</b>	<b>9.6</b>	<b>10.9</b>	<b>10.4</b>	<b>6 %</b>	<b>6 %</b>		

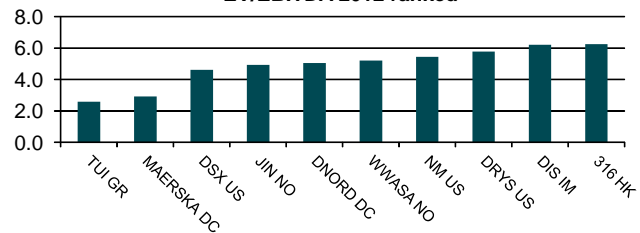
## Other

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	220.50	-2.2 %	-2 %	19 %	147 %	3,142	na	19.7	na	13.6	3 %	3 %	22 %	
Golar LNG Partners	GMLP US	28.50	0.2 %	-1 %	17 %	na	1,114	19.2	15.2	13.1	10.7	5 %	6 %	35 %	
Höegh LNG Holdings	HLNG NO	40.60	0.7 %	3 %	1 %	na	328	na	na	na	na	0 %	0 %	49 %	
IM Skaugen	IMSK NO	28.50	1.1 %	-2 %	-1 %	-23 %	138	na	16.4	19.0	9.9	0 %	0 %	50 %	
Exmar SA	EXM BB	5.42	-0.4 %	4 %	33 %	1 %	445	na	10.7	10.9	8.2	5 %	3 %	67 %	
Teekay LNG	TGP US	33	-0.1 %	-5 %	2 %	-13 %	2,140	18.2	15.3	13.5	11.5	8 %	8 %	42 %	
StealthGas	GASS US	4.08	-0.7 %	-1 %	6 %	-49 %	86	6.2	4.9	na	na	na	na	na	
A P Moller Maersk	MAERSKA DC	33,080.00	1.7 %	1 %	5 %	-33 %	27,680	10.7	10.0	2.9	2.9	3 %	3 %	35 %	
TUI AG	TUI GR	4.36	-0.8 %	-1 %	-1 %	-58 %	1,517	11.8	7.9	3.0	2.6	0 %	0 %	63 %	
Evergreen Marine	EVGZF US	16.20	-2.4 %	-2 %	7 %	-41 %	1,869	na	na	19.6	10.5	0 %	1 %	29 %	
Sinoceanic Shipping	SINO NO	6	3.4 %	1 %	-14 %	-25 %	15	na	na	na	na	na	na	na	
Hanjin Shipping	000700 KS	8,300	-0.6 %	2 %	16 %	-55 %	324	na	na	na	na	na	na	na	
K-Line	9107 JP	141.00	-4.7 %	-5 %	-1 %	-61 %	1,388	na	na	na	14.1	0 %	0 %	80 %	
CSC	2866 HK	1.48	-2.0 %	-2 %	16 %	-57 %	5,576	na	na	na	na	0 %	0 %	19 %	
Orient Overseas	316 HK	35.90	-1.5 %	-1 %	14 %	-41 %	2,892	16.5	12.5	7.3	6.2	2 %	2 %	16 %	
Neptune Orient Lines	NOL SP	1.10	-0.5 %	-2 %	-2 %	-50 %	2,229	na	na	na	10.5	0 %	0 %	35 %	
With Wilhelmsen ASA	WWASA NO	33	7.5 %	11 %	25 %	-23 %	1,288	8.9	6.1	6.6	5.2	3 %	3 %	48 %	
<b>Market cap weighted average</b>			<b>0.4 %</b>	<b>0.1 %</b>	<b>7.6 %</b>	<b>-26.1 %</b>		<b>11.8</b>	<b>11.2</b>	<b>5.1</b>	<b>5.6</b>	<b>2 %</b>	<b>3 %</b>		

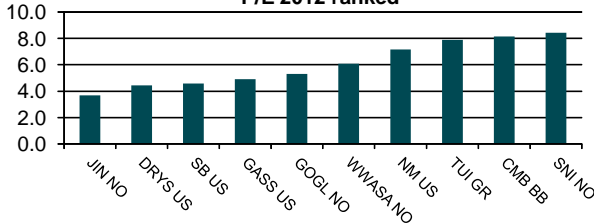
Dividend yield 2012 ranked



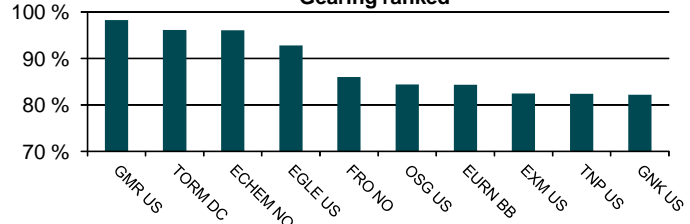
EV/EBITDA 2012 ranked



P/E 2012 ranked



Gearing ranked



Source: JCF FactSet / First Securities AS



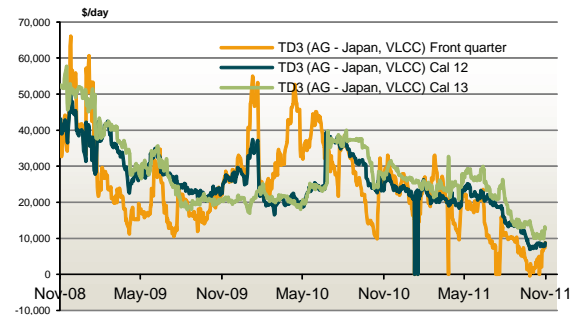
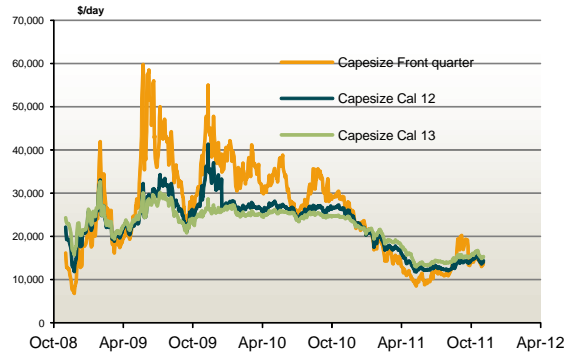
## Currencies

	Today	Previous	Change
EURUSD	1.3785	1.3834	-0.4 %
EURJPY	106.96	107.52	-0.5 %
USDJPY	77.6	77.73	-0.2 %
USDKRW	1,117.3	1,121.1	-0.3 %
USDCNY	6.3411	6.3465	-0.1 %
USDNOK	5.6161	5.5935	0.4 %



## FFAs

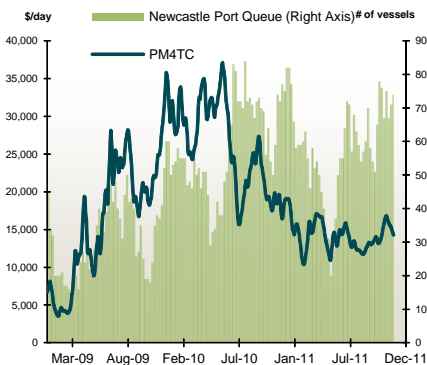
	Today	Previous	Change
Capesize Front quarter	14,008	13,475	4.0 %
Capesize Cal 12	14,396	14,002	2.8 %
Capesize Cal 13	15,363	15,108	1.7 %
	(\$/day)	(\$/day)	
Panamax Front quarter	11,450	11,250	1.8 %
Panamax Cal 12	11,563	11,395	1.5 %
Panamax Cal 13	12,075	12,000	0.6 %
Supramax Front quarter	11,642	11,500	1.2 %
PM4TC Cal 12	11,715	11,662	0.5 %
PM4TC Cal 13	12,042	12,058	-0.1 %
TD3 (AG - Japan, VLCC) Front quarter	8,829	7,378	19.7 %
TD3 (AG - Japan, VLCC) Cal 12	8,741	7,905	10.6 %
TD3 (AG - Japan, VLCC) Cal 13	12,651	13,186	-4.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	10,907	11,205	-2.7 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	10,655	10,919	-2.4 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	15,382	15,526	-0.9 %
TC2 (ARA - USEC, MR) Front quarter	8,468	8,415	0.6 %
TC2 (ARA - USEC, MR) Cal 12	8,619	8,545	0.9 %
TC2 (ARA - USEC, MR) Cal 13	9,946	9,949	0.0 %



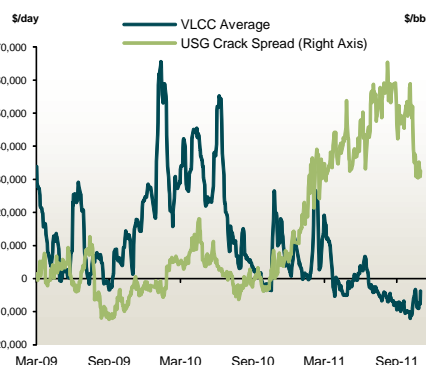
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

## Selected Indicators

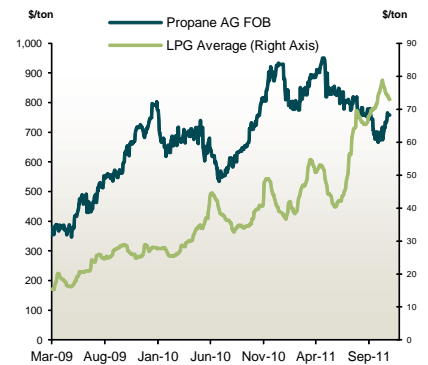
### Dry Bulk



### Tanker



### Gas



Source: Bloomberg / Lorentzen & Stemoco AS





Lorentzen & Stemoco

# General Disclaimer



## Contact Information

### Lorentzen & Stemoco AS

Lilleakerveien 4  
0238 OSLO  
Norway

#### Dry Bulk

Nicolai Hansteen, Chief Economist  
nicolai.hansteen@lorstem.no  
+47 2252 7728

#### Tank

Thomas Zwick, Shipping Analyst  
tz@lorstem.no  
+47 2252 7735

#### Gas

Knut Stangebye Olsen, Shipping Analyst  
knut.stangebye.olsen@lorstem.no  
+47 2252 7703

### First Securities AS

Filipstad Brygge 1  
Postboks 1441 - Vikta  
N-0115 OSLO  
Norway

#### Shipping Equity Research

Erik Folkeson, Financial Analyst  
efo@first.no  
+47 2323 8257

## Lorentzen & Stemoco AS Disclaimer

This document has been prepared for the information of clients of Lorentzen & Stemoco AS (L&S). This document may not be reproduced, distributed or published for any purpose without the prior written permission of L&S. The content of this document, including attachments, is intended for the confidential use of the individual(s) or entity(-ies) to whom it is addressed only and may contain personal and/or confidential information. All the information and opinions contained in this document have been prepared or arrived at from sources which are believed to be reliable and given in good faith. L&S does not represent that such information is accurate or complete and it should not be relied upon as such, nor is it a substitute for the judgment of the recipient. All opinions and estimates contained herein constitute L&S' judgment at the date of this document and are subject to change without notice. L&S does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any use of information, opinion and/or estimates in this document.

## First Securities AS Disclaimer

This document is intended for use only by those investors to whom it is made available by First Securities AS and no part of this report may be reproduced in any manner, or used other than as intended, without the prior written permission of First Securities AS. The information contained in this document has been taken from sources deemed to be reliable. First Securities AS makes every effort to use reliable, comprehensive information but we do not represent that such information is accurate or complete and it should not be relied on as such. Any opinions expressed herein reflect our judgement at this date and are subject to change. First Securities AS has no obligation to notice changes of judgements or opinions expressed herein. The opinions contained herein are based on numerous assumptions as described in the document. Different assumptions could result in materially different results. Furthermore, the assumptions may not be realized. This document does not provide individually tailored investment advice and all recipients of this document are advised to seek the advice of a financial advisor before deciding on an investment or an investment strategy. First Securities AS accept no liability whatsoever for any direct, indirect or consequential loss rising from the use of this document or its contents. This document does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The distribution of this document may be restricted by law in certain jurisdictions and person into whose possession this document comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. First Securities AS shall not have any responsibility for any such violations.

