



Lorentzen & Stemoco

Joint Shipping Service Morning Report



October 13, 2011

Dry Bulk Market

	Today	Previous	Change	Change YTD
Average TCEs				
Capesize (\$/day)	\$30,606	\$30,566	0.1 %	63.7 %
Panamax (\$/day)	\$16,237	\$15,882	2.2 %	13.5 %
Supramax (\$/day)	\$16,391	\$16,251	0.9 %	10.3 %
BDI	2,127	2,106	1.0 %	25.6 %
Dry Commodities				
India Iron Ore China Landed 63% Fe (\$/ton)	\$175	\$175	0.0 %	-0.3 %
China Average HR Sheet (\$/ton)	\$716	\$721	-0.7 %	2.7 %
Amsterdam Coal API#2 (\$/ton)	\$119.28	\$119.28	0.0 %	-7.9 %
Red Hard Wheat KCBT (\$/bushel)	\$6.76	\$6.95	-2.7 %	-15.4 %

According to Forbes, in the northwestern state of Gujarat the privately-owned port of Mundra has taken advantage of rapidly rising coal imports and chronic congestion at neighboring state-owned ports to expand operations dramatically over the past decade. Located west of the state-owned port of Kandla, which currently ranks as India's largest port, Mundra has steadily grown since it began operations in 2001. In 2007, Mundra was India's 10th largest port in terms of total tonnage throughput. It climbed to the 8th spot the following year and is still climbing. Last year, the port's tonnage throughput grew by more than one quarter. The next two to three years, the port of Mundra is expected to become India's largest port. The port is owned by the Adani Group

Tanker Market

	Today	Previous	Change	Change YTD
Average TCEs				
VLCC TD3 MEG-Japan (\$/day)	-\$4,897	-\$5,041	2.9 %	-130.2 %
Suez Average (\$/day)	\$41,979	\$43,837	-4.2 %	97.0 %
Aframax Average (\$/day)	\$12,887	\$10,159	26.9 %	36.6 %
MR Average (\$/day)	\$9,705	\$9,860	-1.6 %	-6.8 %
Oil Commodities				
Brent Front Month (\$/bbl)	\$111.64	\$111.36	0.3 %	17.7 %
WTI Front Month (\$/bbl)	\$85.57	\$85.81	-0.3 %	-7.1 %
Brent Forward Spread, 2M-1M (\$/bbl)	-\$2.39	-\$2.39	0.0 %	-
NWE-USG Gasoline Arbitrage (\$/mt)	\$35.06	\$40.46	-\$5.4	-

Saga Tankers ASA has entered into an agreement for the sale of its 2000-built Kawasaki VLCC "Saga Unity", according to a press release this morning. The sale is outright and free from any subjects. The sales proceeds of USD 29.4m net, will be used to deleverage the Company. The price level is in line with recent VLCC sales, though industry experts expect further softening in VLCC asset values. The vessel last changed hands in April 2010 at a price level in the mid - USD 60 million

Gas Market

	Today	Previous	Change	Change YTD
Freight Rates				
LPG Average (\$/ton)	76.38	76	0.5 %	99.4 %
Gas Commodities				
Propane AG Spot (\$/ton)	693.50	673.50	3.0 %	-24.0 %
Butane AG Spot (\$/ton)	773.50	738.50	4.7 %	-13.9 %
Natural Gas (\$/MMBTU)	3.54	3.52	0.6 %	-22.0 %
Bunkers				
380 cSt Fujairah	655.50	650.50	0.8 %	26.2 %
380 cSt Rotterdam	614.00	611.50	0.4 %	24.5 %
380 cSt Houston	630.50	622.50	1.3 %	26.2 %

The U.S. Energy Information Administration on Wednesday slightly raised its estimate for growth in domestic natural gas production in 2011, expecting output this year to gain 6.7 percent from 2010 levels. In its October Short-Term Energy Outlook, the EIA said it expected marketed natural gas production to rise by 4.16 billion cubic feet per day in 2011 to a record 65.99 bcf daily, compared with its September forecast of 65.79 bcf daily

Source: Bloomberg / Lorentzen & Stemoco AS

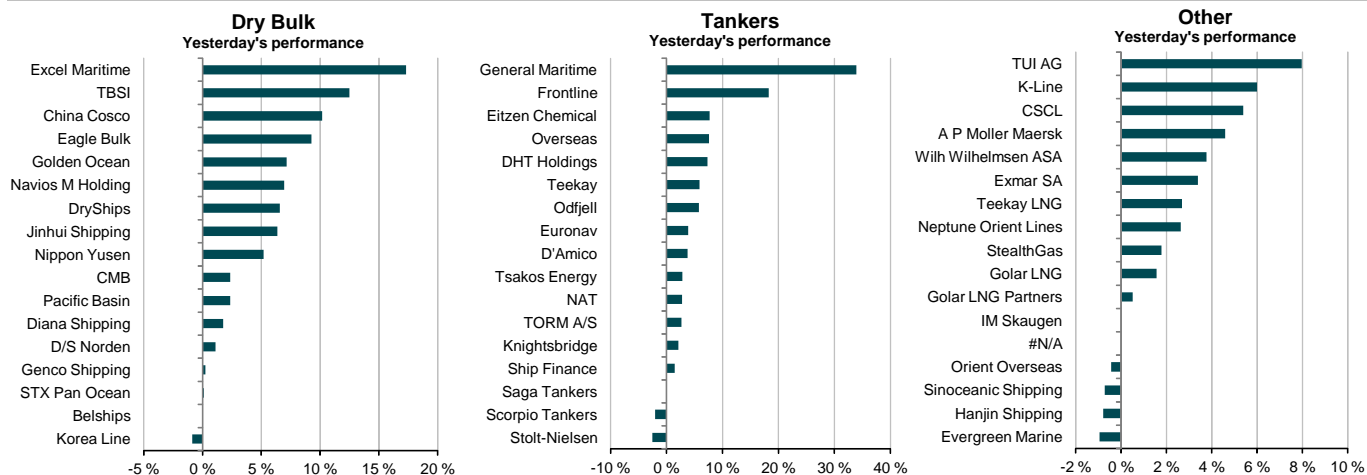
Shipping Equities

Selected news:

Latvian Shipping Company, the owner of 20 modern product tankers, says this year's results will be better than in 2010. Chairman Paul Thomas is optimistic about the product tanker market in general, but the improvement may be delayed by eurozone issues and fears that trouble in the crude tanker segment may impact products as well, Tradewinds reports.

DryShips subsidiary Ocean Rig UDW yesterday announced contracts for UDW semi Eirik Raude with 2 independent oil companies (believed to be Tullow and Anadarko) for 3 wells offshore West Africa. The contract will commence in 4Q11 upon completion of the rig's current 3 year contract with Tullow in Ghana, and the day rate for the estimated 175 day job is \$550,000/day

Maersk yesterday announced the sale of its LNG division to Teekay and Marubeni. The price of the division, consisting of 6x100% owned and 2x26% owned LNG carriers is \$1.4bn on a cash and debt free basis. Five of the units are secured on long-term contracts with a remaining duration of around 17 years while the final three are on short-term charters. Assuming that the three short-term vessels will be fixed on long-term contracts at a rate of \$95,000/day (the same as our assumed long-term contract rate for GOL), we estimate that the deal is done at an EV/EBITDA level of around 10x.



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)	Performance				(mUSD)	P/E		EV/EBITDA		Yield		Gearing
			Last	1d	1w	1m		YTD	M cap	11	12	11	12	
Golden Ocean	GOGL NO	4.55	7.2 %	11 %	9 %	-44 %	370	5.9	5.7	7.8	7.3	12 %	10 %	61 %
Jinhui Shipping	JIN NO	11.70	6.4 %	11 %	-1 %	-40 %	175	1.7	3.7	3.6	4.8	0 %	0 %	67 %
CMB	CMB BB	17.29	2.4 %	2 %	0 %	-25 %	835	8.2	9.1	8.2	7.6	6 %	6 %	53 %
DryShips	DRYS US	2.59	6.6 %	8 %	-8 %	-51 %	1,058	5.5	3.7	8.2	5.5	0 %	0 %	78 %
Diana Shipping	DSX US	8.12	1.8 %	10 %	-6 %	-30 %	665	6.2	10.2	3.9	4.4	0 %	0 %	Neg.
Genco Shipping	GNK US	8.43	0.2 %	23 %	3 %	-41 %	303	15.9	na	7.4	9.0	0 %	0 %	83 %
Navios M Holding	NM US	3.39	6.9 %	12 %	-1 %	-36 %	345	5.8	6.2	5.8	5.3	7 %	7 %	76 %
Excel Maritime	EXM US	2.71	17.3 %	33 %	34 %	-52 %	232	na	na	7.9	10.8	0 %	0 %	80 %
Eagle Bulk	EGLE US	1.65	9.3 %	17 %	-10 %	-67 %	103	na	na	11.2	9.3	0 %	0 %	91 %
TBSI	TBSI US	0.90	12.5 %	9 %	3 %	-69 %	28	na	na	na	na	0 %	0 %	na
Korea Line	005880 KS	9,120	-0.9 %	6 %	7 %	-65 %	127	na	na	na	na	na	na	na
STX Pan Ocean	STX SP	8.50	0.1 %	2 %	-6 %	-35 %	1,372	na	na	na	18.2	0 %	0 %	64 %
Nippon Yusen	9101 JP	202	5.2 %	7 %	-9 %	-44 %	4,442	na	11.9	9.9	7.7	2 %	2 %	72 %
Pacific Basin	2343 HK	3.46	2.4 %	13 %	-1 %	-33 %	861	na	17.2	7.1	6.8	2 %	2 %	20 %
Belships	BEL NO	6.00	0.0 %	0 %	10 %	-17 %	27	na	na	na	na	na	na	na
China Cosco	1919 HK	3.79	10.2 %	28 %	1 %	-54 %	9,586	na	19.7	na	17.2	0 %	0 %	30 %
D/S Nordco	DNORD DC	156	1.1 %	2 %	8 %	-23 %	1,242	12.3	15.8	5.5	5.0	5 %	4 %	Neg.
Market cap weighted average			6.7 %	16.8 %	-1.3 %	-45.5 %		8.3	15.3	8.0	12.2	1 %	1 %	

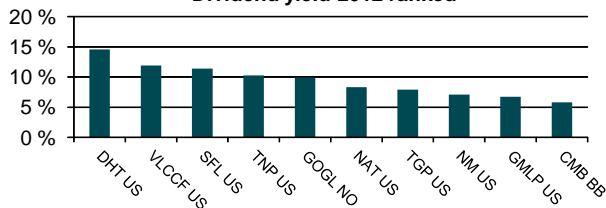
Tankers

Company	Ticker	(Local curr)	Performance				(mUSD)	P/E		EV/EBITDA		Yield		Gearing
			Last	1d	1w	1m		YTD	M cap	11	12	11	12	
Frontline	FRO NO	32	18.2 %	29 %	-2 %	-78 %	449	na	na	12.0	11.3	3 %	1 %	84 %
Ship Finance	SFL US	13.70	1.5 %	8 %	1 %	-36 %	1,084	8.3	8.3	13.9	12.4	11 %	11 %	64 %
Euronav	EURN BB	4.29	3.9 %	6 %	-16 %	-66 %	306	na	na	9.6	9.3	0 %	0 %	80 %
General Maritime	GMR US	0.39	33.9 %	114 %	18 %	-88 %	47	na	na	na	18.6	0 %	0 %	96 %
Teekay	TK US	24.05	5.9 %	11 %	-6 %	-27 %	1,683	na	na	10.1	7.9	5 %	5 %	74 %
Overseas	OSG US	15.60	7.6 %	20 %	-8 %	-56 %	475	na	na	na	11.6	8 %	6 %	81 %
NAT	NAT US	14.40	2.8 %	12 %	-14 %	-45 %	680	na	na	na	15.5	8 %	8 %	16 %
Tsakos Energy	TNP US	5.86	2.8 %	5 %	3 %	-41 %	270	na	na	13.0	9.2	10 %	10 %	83 %
Saga Tankers	SAGA NO	2.00	0.0 %	5 %	-7 %	-64 %	31	na	na	5.3	5.7	0 %	0 %	68 %
Knightsbridge	VLCCF US	16.84	2.1 %	3 %	2 %	-24 %	411	12.0	12.1	7.9	7.7	12 %	12 %	17 %
DHT Holdings	DHT US	7.3	7.3 %	6 %	-24 %	-59 %	119	8.0	na	6.8	6.8	18 %	15 %	67 %
Odfjell	ODF NO	36.50	5.8 %	11 %	4 %	-32 %	558	na	na	9.4	7.9	0 %	4 %	67 %
TORM A/S	TORM DC	6.42	2.6 %	0 %	-24 %	-84 %	87	na	na	na	11.7	0 %	0 %	95 %
Stolt-Nielsen	SNI NO	114.00	-2.6 %	5 %	-3 %	-20 %	1,300	13.1	8.2	8.6	7.1	5 %	5 %	53 %
Eitzen Chemical	ECEM NO	0.14	7.7 %	-13 %	-26 %	-92 %	28	na	na	na	19.7	0 %	0 %	97 %
Scorpio Tankers	STNG US	5.79	-2.0 %	5 %	-3 %	-43 %	105	na	na	13.2	11.1	0 %	0 %	56 %
D'Amico	DIS IM	0.64	3.7 %	7 %	5 %	-34 %	132	na	10.0	12.7	7.0	0 %	1 %	69 %
Market cap weighted average			4.0 %	10.6 %	-4.3 %	-38.0 %		11.0	8.9	10.5	9.7	6 %	6 %	

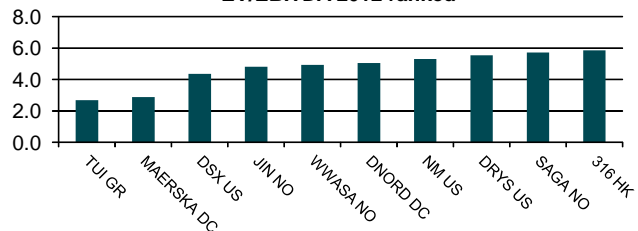
Other

Company	Ticker	(Local curr)	Performance				(mUSD)	P/E		EV/EBITDA		Yield		Gearing
			Last	1d	1w	1m		YTD	M cap	11	12	11	12	
Golar LNG	GOL NO	194.50	1.6 %	7 %	13 %	118 %	2,761	na	16.2	19.1	12.7	3 %	3 %	24 %
Golar LNG Partners	GLMP US	25.88	0.5 %	8 %	1 %	na	1,011	17.8	14.3	11.1	10.1	5 %	7 %	27 %
Höegh LNG Holdings	HLNG NO	40.00	0.0 %	0 %	-7 %	na	322	na	na	na	na	0 %	0 %	na
IM Skaugen	IMSK NO	28.90	0.0 %	2 %	1 %	-22 %	139	na	na	na	13.8	0 %	0 %	51 %
Exmar SA	EXM BB	4.27	3.4 %	5 %	7 %	-21 %	351	na	9.1	8.5	6.9	6 %	4 %	71 %
Teekay LNG	TGP US	34	2.7 %	5 %	5 %	-10 %	2,001	18.8	16.3	13.0	11.5	7 %	8 %	43 %
StealthGas	GASS US	4.01	1.8 %	3 %	-4 %	-50 %	85	6.1	4.8	na	na	na	na	na
A P Moller Maersk	MAERSKA DC	33,720.00	4.6 %	7 %	8 %	-31 %	28,171	10.0	8.8	2.8	2.9	3 %	3 %	34 %
TUI AG	TUI GR	4.74	8.0 %	11 %	24 %	-55 %	1,647	12.8	8.6	3.1	2.7	0 %	0 %	61 %
Evergreen Marine	EVGZF US	15.65	-0.9 %	4 %	-1 %	-43 %	1,789	na	18.2	15.1	8.8	1 %	1 %	30 %
Sinoceanic Shipping	SINO NO	7	-0.7 %	-7 %	-12 %	-18 %	17	na	na	na	na	na	na	40 %
Hanjin Shipping	000700 KS	7,510	-0.8 %	8 %	-30 %	-59 %	282	na	na	na	na	na	na	50 %
K-Line	9107 JP	159.00	6.0 %	13 %	-10 %	-55 %	1,574	na	16.3	18.7	8.4	0 %	1 %	78 %
CSC	2866 HK	1.37	5.4 %	27 %	-14 %	-60 %	5,502	na	na	na	na	0 %	0 %	17 %
Orient Overseas	316 HK	34.60	-0.4 %	15 %	-1 %	-43 %	2,783	10.6	9.7	6.5	5.8	2 %	3 %	17 %
Neptune Orient Lines	NOL SP	1.17	2.6 %	6 %	7 %	-46 %	2,371	na	na	15.8	8.2	0 %	0 %	30 %
Wilhelmsen ASA	WWASA NO	28	3.8 %	4 %	-2 %	-35 %	1,076	7.2	5.1	5.9	4.9	4 %	4 %	54 %
Market cap weighted average			3.9 %	9.3 %	4.0 %	-29.0 %		10.7	10.4	6.5	5.0	2 %	3 %	

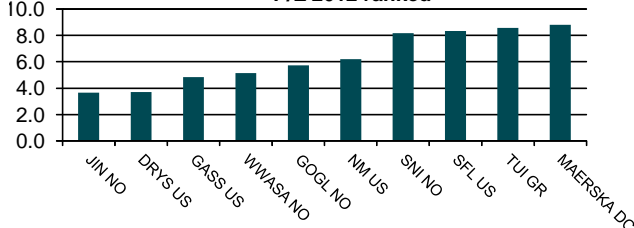
Dividend yield 2012 ranked



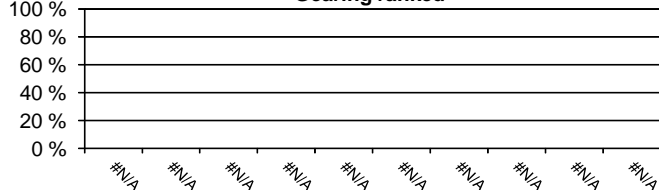
EV/EBITDA 2012 ranked



P/E 2012 ranked



Gearing ranked



Source: JCF FactSet / First Securities AS



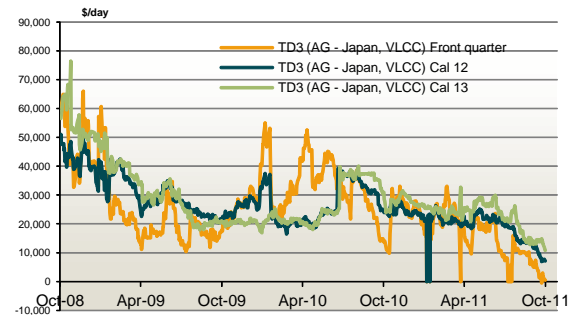
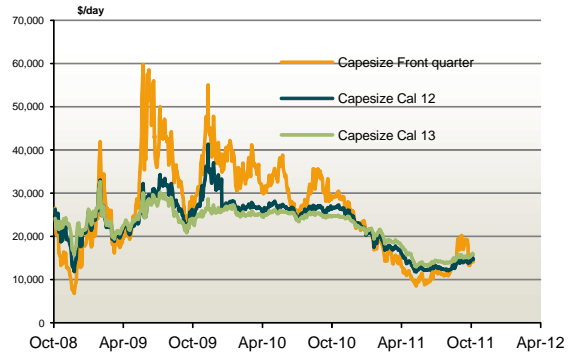
Currencies

	Today	Previous	Change
EURUSD	1.3791	1.3791	0.0 %
EURJPY	106.28	106.56	-0.3 %
USDJPY	77.07	77.26	-0.2 %
USDKRW	1,155.9	1,166.9	-0.9 %
USDCNY	6.3775	6.3599	0.3 %
USDNOK	5.6273	5.6312	-0.1 %



FFAs

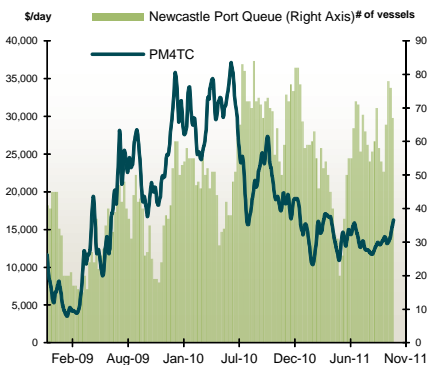
	Today	Previous	Change
Capesize Front quarter	14,204	14,617	-2.8 %
Capesize Cal 12	14,725	15,142	-2.8 %
Capesize Cal 13	15,821	16,125	-1.9 %
	(\$/day)	(\$/day)	
Panamax Front quarter	12,336	12,257	0.6 %
Panamax Cal 12	12,239	12,225	0.1 %
Panamax Cal 13	12,707	12,707	0.0 %
Supramax Front quarter	13,238	13,160	0.6 %
PM4TC Cal 12	12,638	12,590	0.4 %
PM4TC Cal 13	12,892	12,860	0.2 %
TD3 (AG - Japan, VLCC) Front quarter	549	869	-36.8 %
TD3 (AG - Japan, VLCC) Cal 12	7,229	7,778	-7.1 %
TD3 (AG - Japan, VLCC) Cal 13	10,829	11,946	-9.4 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	16,129	18,562	-13.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	11,530	12,028	-4.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	16,053	16,566	-3.1 %
TC2 (ARA - USEC, MR) Front quarter	8,144	8,064	1.0 %
TC2 (ARA - USEC, MR) Cal 12	8,873	8,818	0.6 %
TC2 (ARA - USEC, MR) Cal 13	10,555	10,892	-3.1 %



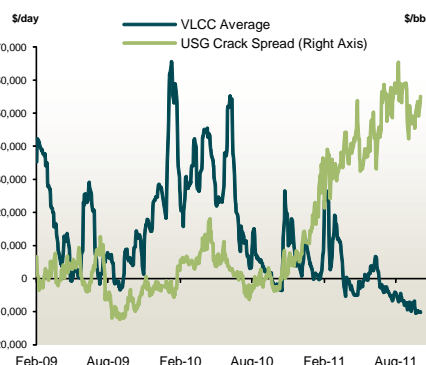
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

Selected Indicators

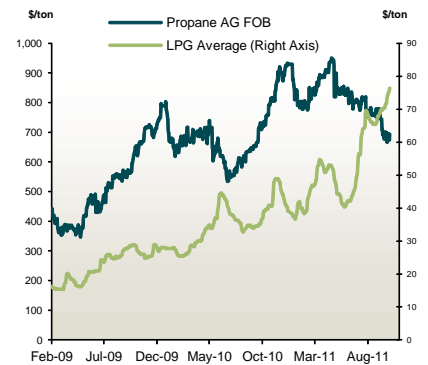
Dry Bulk



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 - Vika
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.

