

**THE GREAT EASTERN
SHIPPING COMPANY LIMITED**
CIN: L35110MH1948PLC006472



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Our Ref.: S/2022/JMT

June 15, 2022

BSE Limited

1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

Dear Sir,

We enclose copy of updated presentation to be made by us in Investor/Analyst Meeting.

You are requested to take note of the same.

Thanking You,
Yours faithfully,
For **The Great Eastern Shipping Co. Ltd.**

Jayesh M. Trivedi
President (SecI. & Legal) & Company Secretary



The Great Eastern Shipping Company

Sailing past every challenge
15th June 2022



Agenda

1. Company Overview
2. Business Segments
3. Investment Thesis
4. Current Shipping Market
5. Current Offshore Market



Company Overview





GESCO – 70+ years of Excellence

Building a global brand...

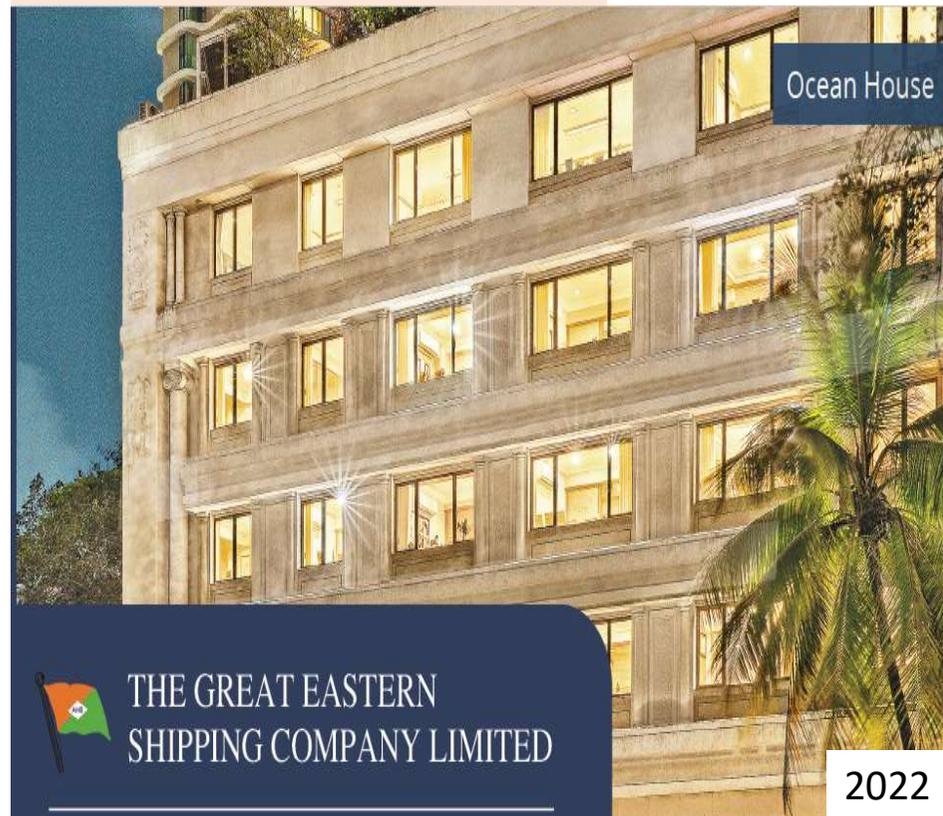
From a modest beginning...



1948



..to most admired globally



2022



Management Philosophy

Focussed on the same business for 70+ years...

Creating Superior Stakeholder Value



Committed to health & safety; Maintain superior fleet

Focus on Quality



Maintain high cash balances;
Opportunistic mindset

Patient Capital Allocation



Sector Agnostic;
Value based approach
not momentum based

Counter Cyclical Growth
Philosophy



Low balance sheet leverage; High operating leverage

Disciplined use of Leverage



Successful capital allocation, supported by strong balance sheet

02

Effective Cost of Debt

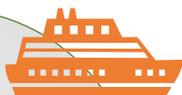
< 3.5%



04

Low B/S Leverage
Net Debt/Equity

0.12x



01

High Un-levered
Dollar Returns on
investments since

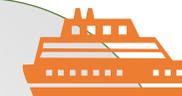
FY17 = **17.7%**



03

Strong Liquidity Position
Cash Balance

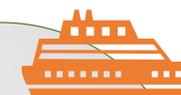
US \$400Mn



05

5 Year NAV based Dollar
Return (excluding GIL)

15.8%





Business Segments

Shipping

- Presence - Global presence with different asset classes
- Business Model - Tramping, Mix of spot and time, Dynamically managing asset purchase & sales

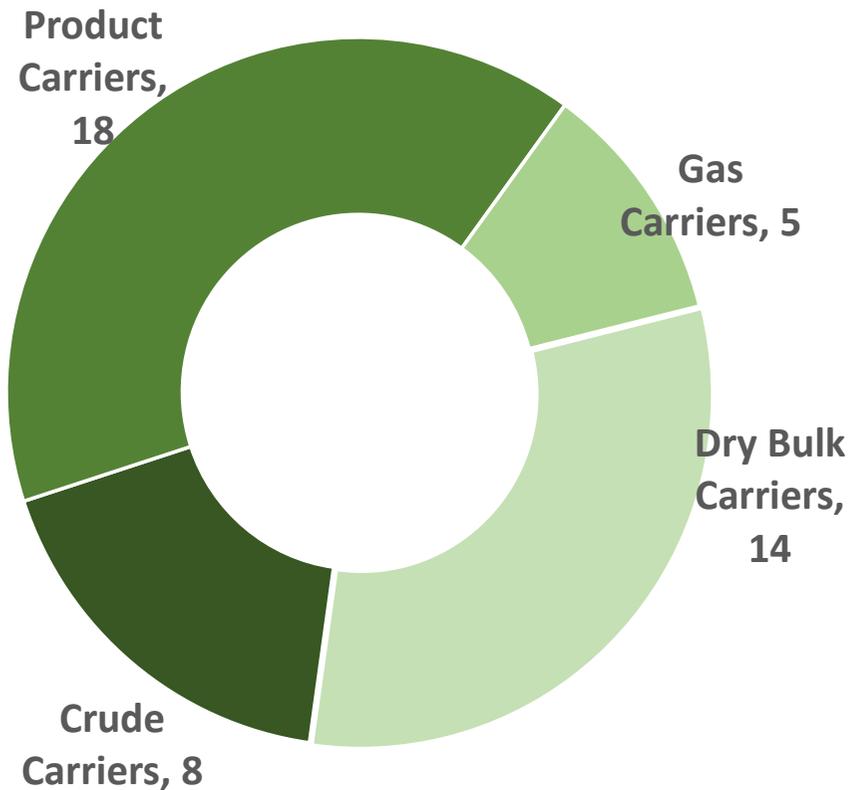
Offshore

- Presence – Global, but majority of assets in India
- Business model - Efficiently managing portfolio by fixing long term charters with quality counter parties. Managing cost, efficient operations, maintaining younger & high quality of assets



Shipping Business

Number of Vessels



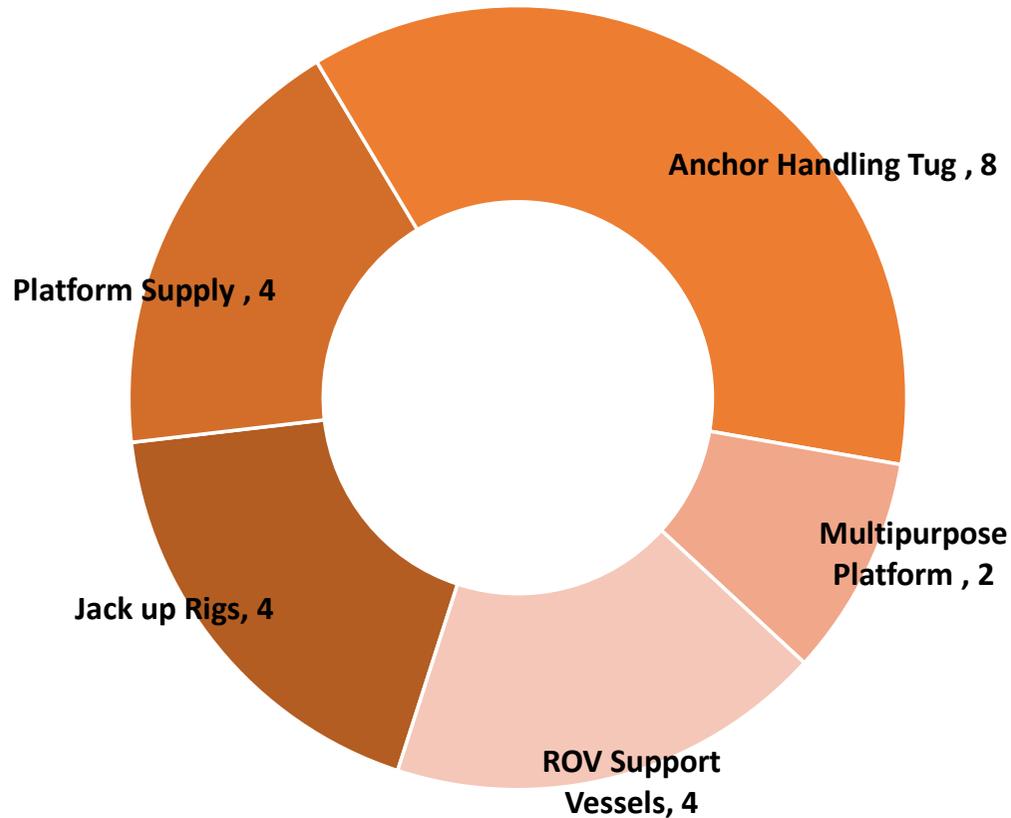
Key Strengths

- Dynamically Managing cycles
- Diversified fleet
- In-House technical & commercial management
- Healthy balance sheet & low cost of debt
- Stringent adherence to risk management



Offshore Business – Greatship (India) Ltd. (GIL)

Number of Assets

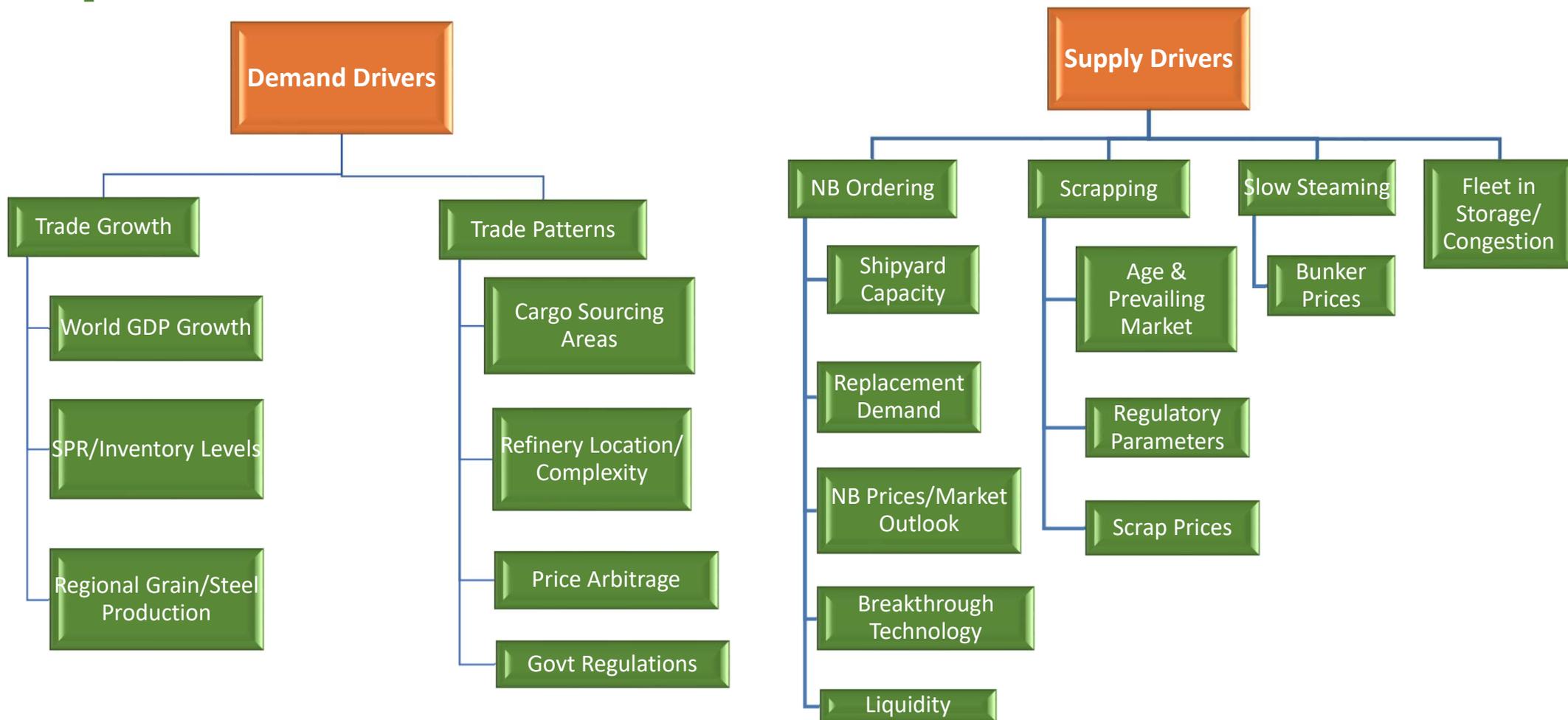


Key Strengths

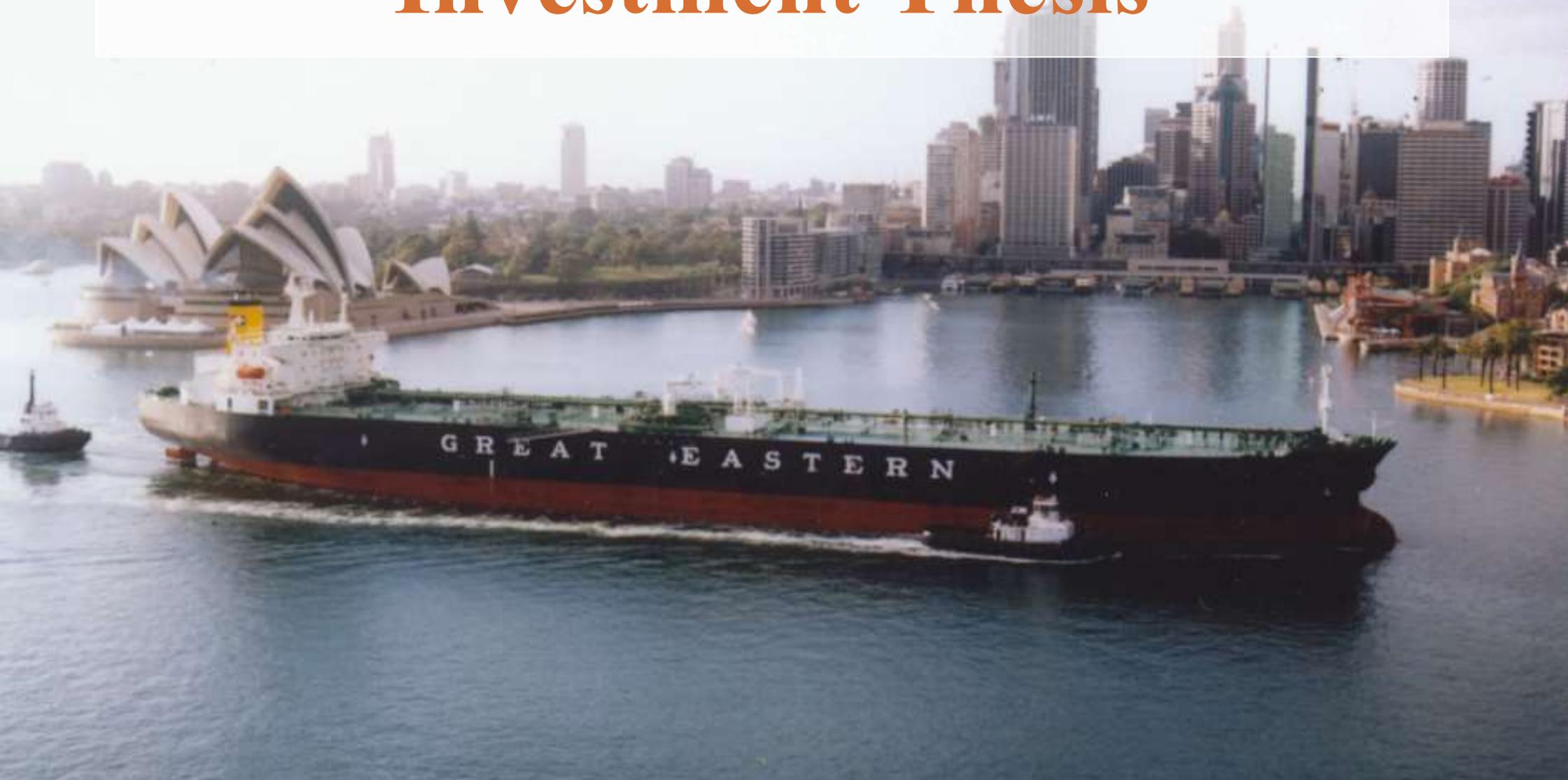
- One of the very few companies globally to have deleveraged without restructuring
- Focus on maintaining utilization and paying down debt in the down cycle of the last 7 years
- Good quality modern assets



Demand Drivers & Supply Drivers



Investment Thesis





Investment Thesis

Fleet operated at global standards, with a large number of international customers

Offshore fleet – quality operations with low balance sheet leverage

Prudent Capital Allocation across a diversified fleet



Strong cash flows

Strong balance sheet enables capacity expansion in low markets

High level of operating leverage in shipping to take advantage of high freight markets

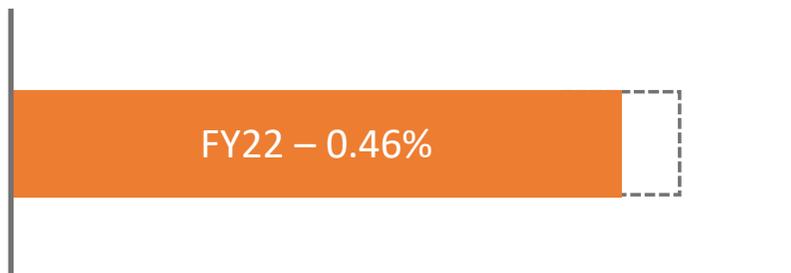


International standards/ no. of customers

Port State Control



Unplanned technical downtime



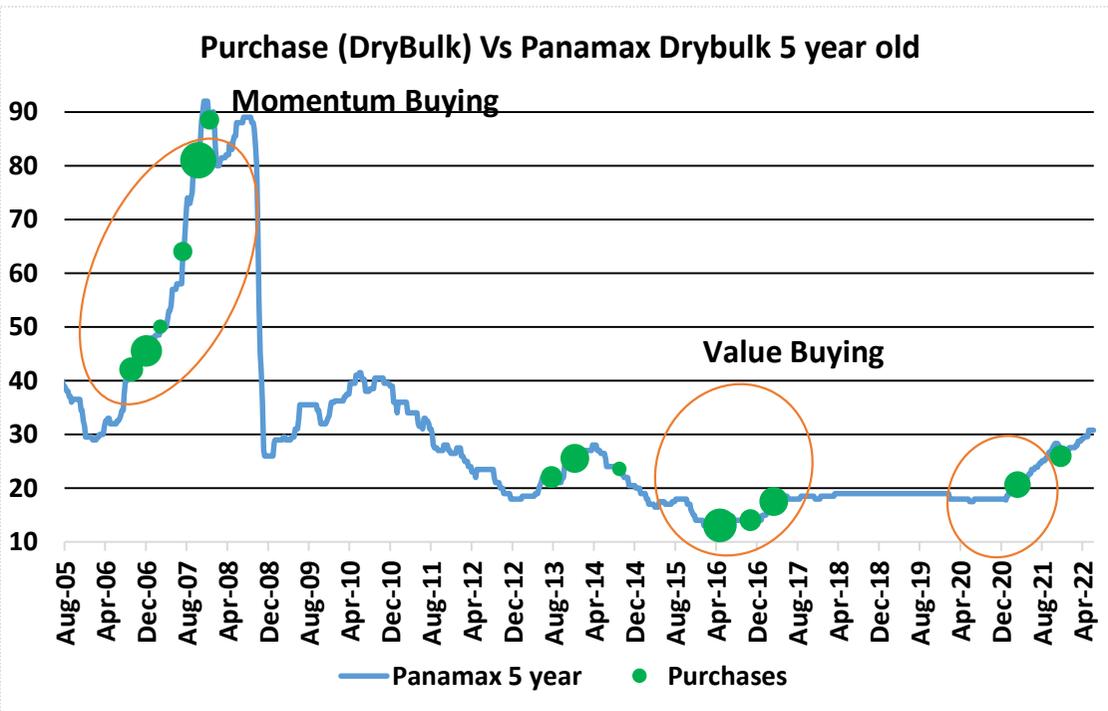
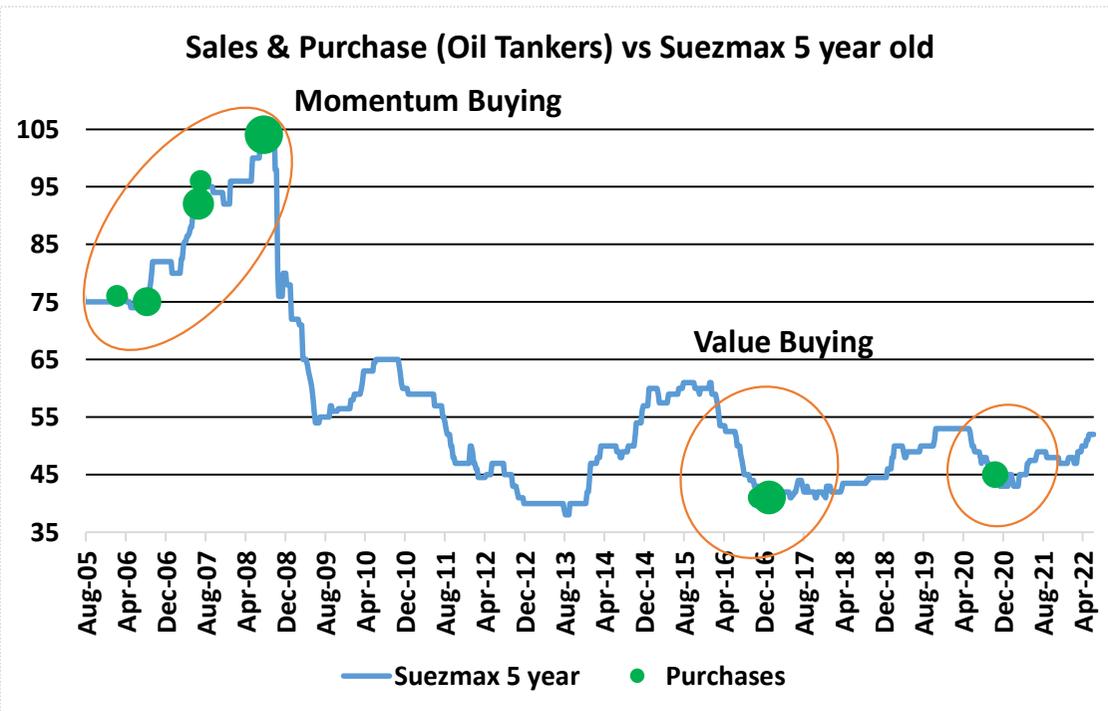
- 78 inspections carried out by oil majors with an average of 2.74 observations per inspection

In FY 22, we carried cargo for a total of 95 customers, predominantly international



Prudent Capital Allocation

Transformation from Momentum Buying to Value Buying



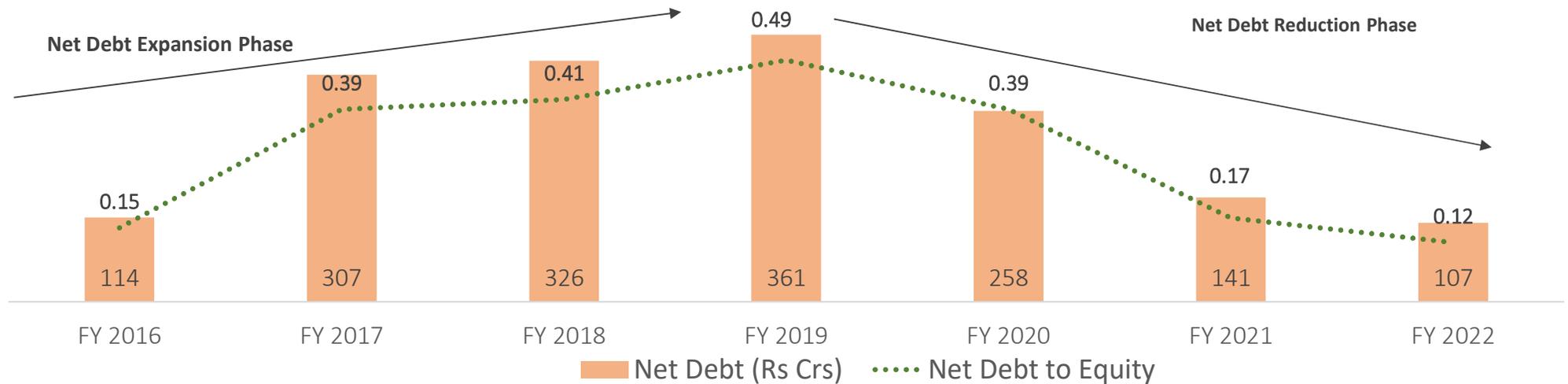


Balance Sheet Discipline

Net Debt to Fleet Ratio

GESCO	0.1
PEERS	0.42

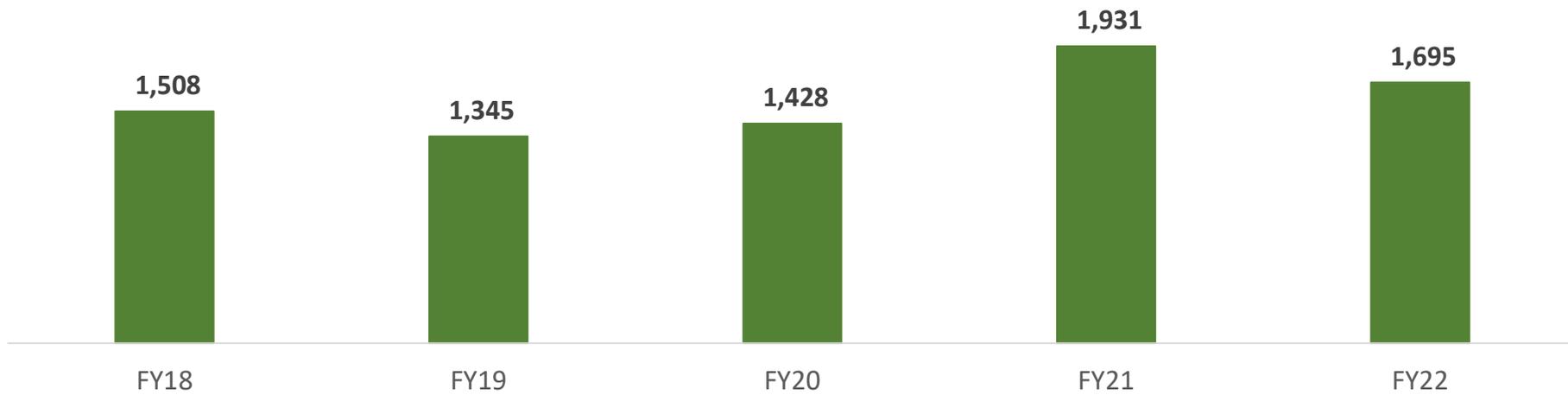
- NCD Ratings – CARE ratings AA+; BRICKWORK AAA
- Effective cost of debt <3.5%; lowest amongst peers





EBITDA Over the Years

Consolidated EBITDA (Rs. Crores)



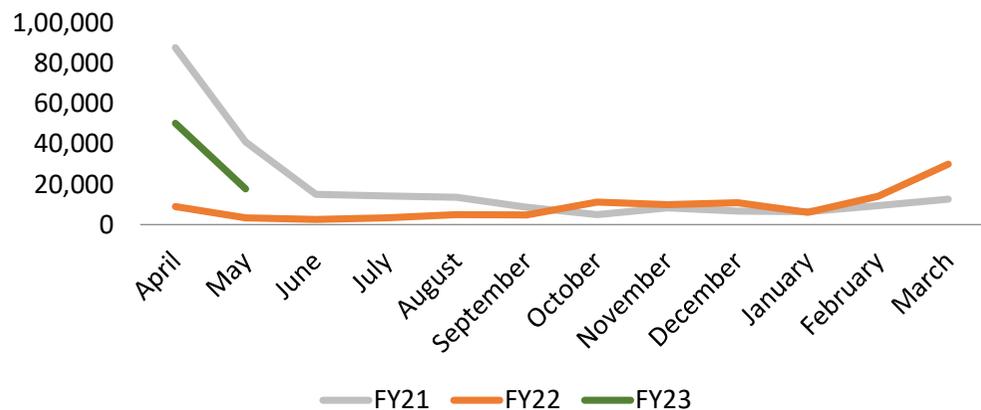
Current Shipping Market





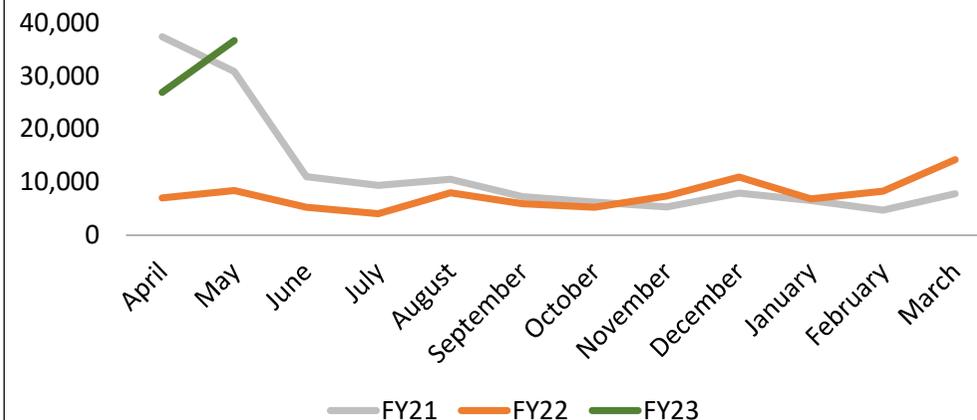
Tanker Market

Avg Suezmax Earnings (USD/Day)



USD/Day	FY21	FY22	% Change
12M	18,970	9,079	-52%

Avg MR Earnings (USD/Day)

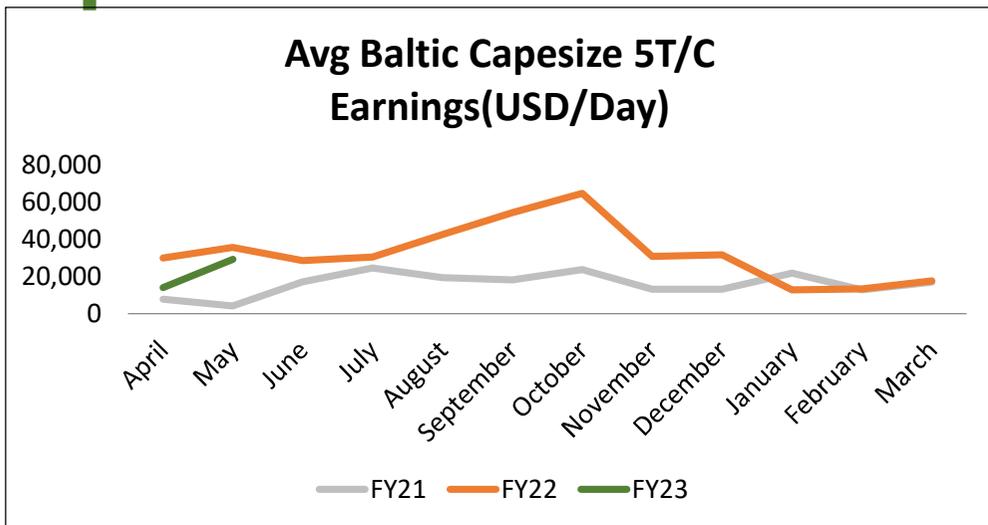


USD/Day	FY21	FY22	% Change
12M	12,040	7,597	-37%

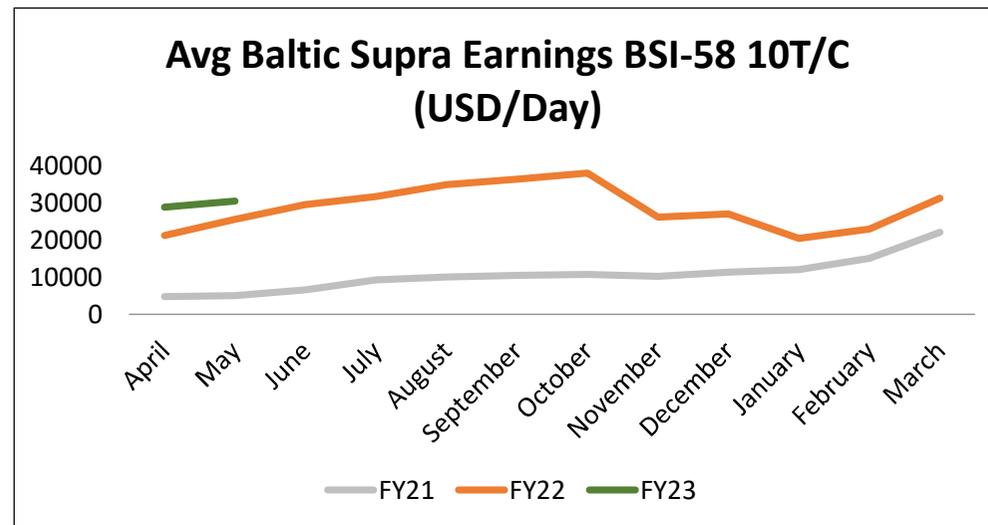
Sources – Industry Reports



Dry Bulk Market



USD/Day	FY21	FY22	% Change
12M	16,012	32,642	104%

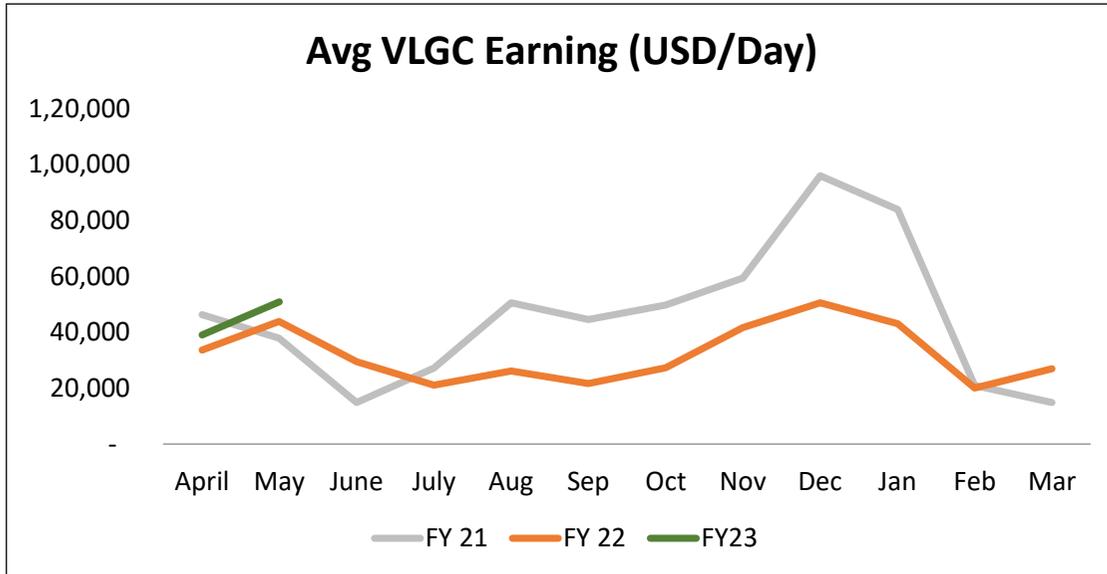


USD/Day	FY21	FY22	% Change
12M	10,631	28,728	170%

Sources – Industry Reports



LPG (Gas) Market



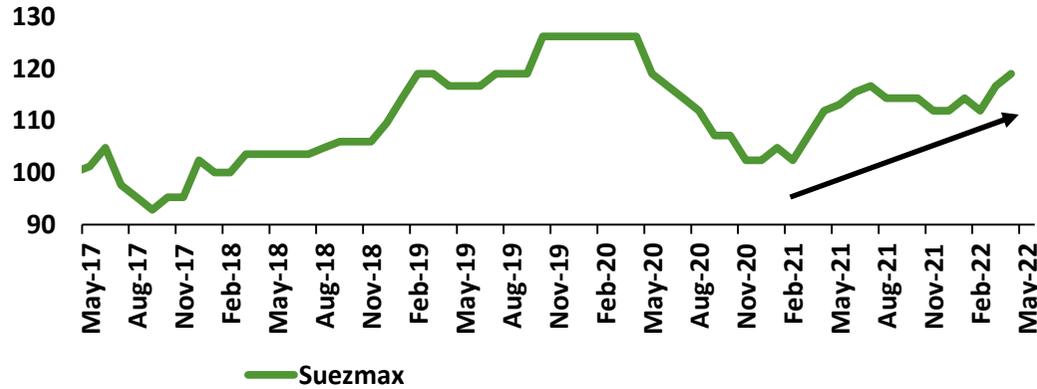
USD/Day	FY21	FY22	% Change
12M	45,500	32,100	-29%

Sources – Industry Reports

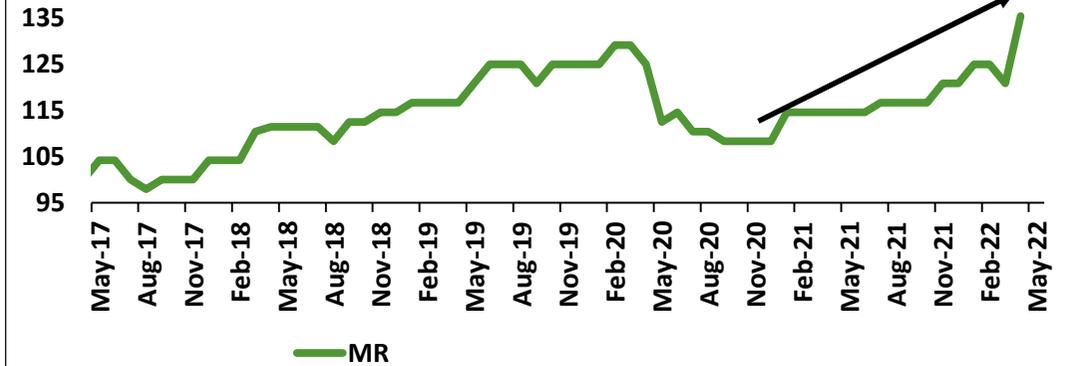


Asset Price Movement (Over the Last 5 Years)

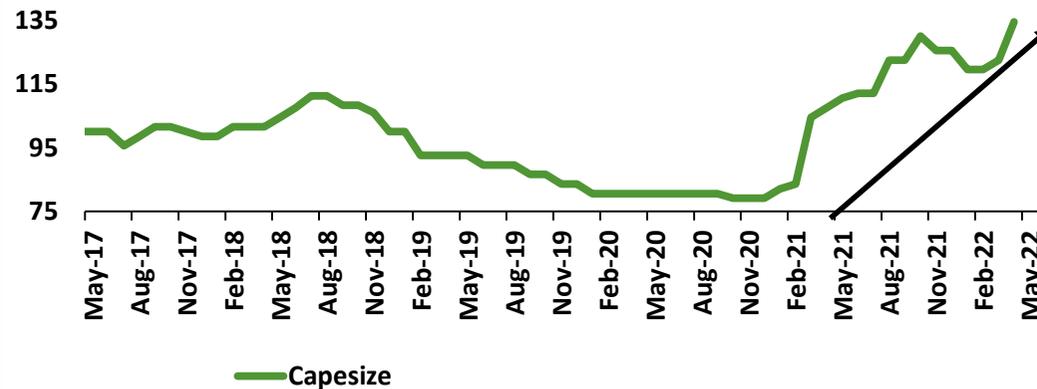
5 Yr Old Asset Value Movement (Crude)



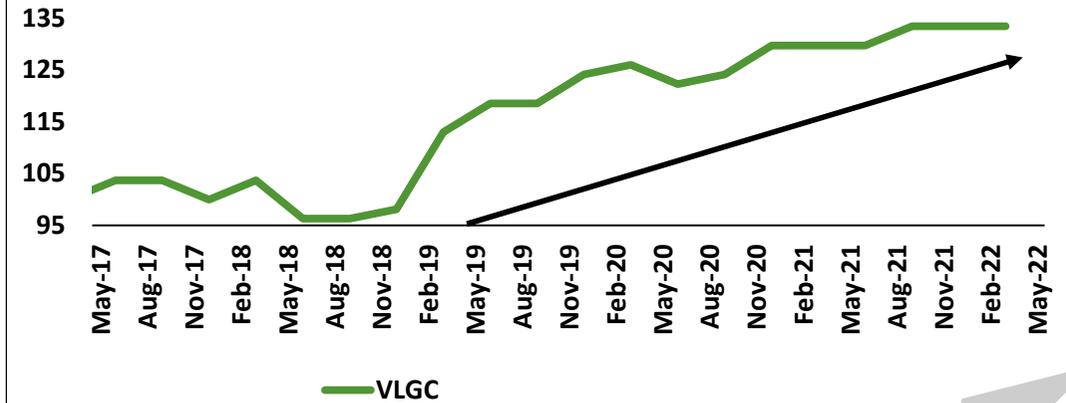
5 Yr Old Asset Value Movement (Product)



5 Yr Old Asset Value Movement (Dry Bulk)



5 Yr Old Asset Value Movement (LPG)



Sources – Industry Reports



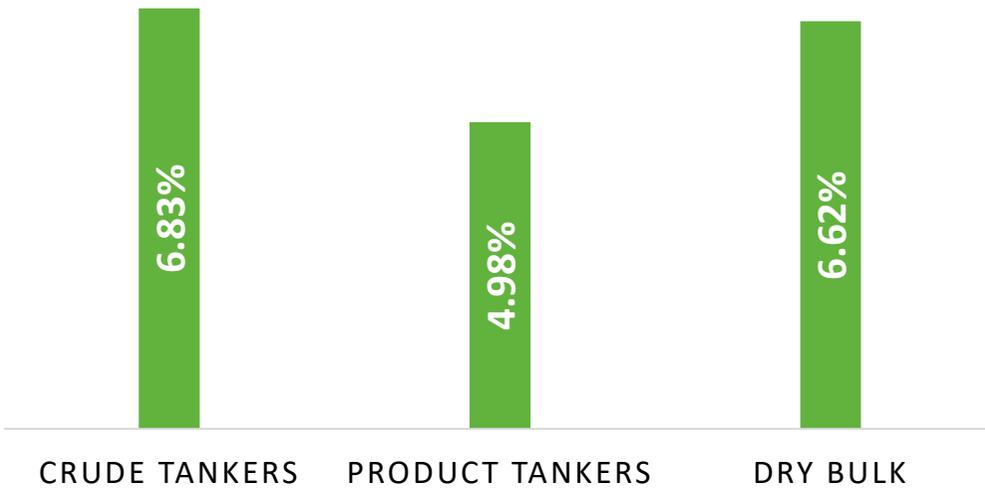
Scrapping

Vessel Category	Fleet (mn Dwt)	Scrapping (% of beginning world fleet)								
		May 22	Q1CY2022	CY2021	CY2020	CY2019	CY2018	CY2017	CY2016	CY2015
Crude	438	0.31%	2.47%	0.53%	0.55%	4.39%	2.43%	0.39%	0.38%	1.75%
Product	174	0.47%	2.11%	0.57%	0.60%	1.72%	1.22%	0.54%	0.62%	1.10%
Dry Bulk	953	0.11%	0.56%	1.74%	0.93%	0.54%	1.85%	3.78%	4.02%	2.24%

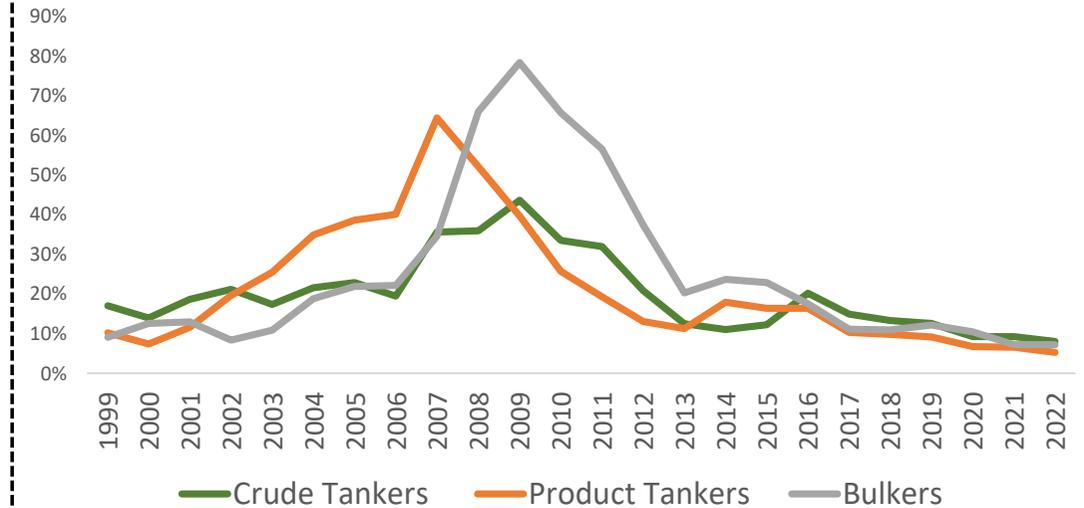


Lowest Order Book to Fleet Ratio

Order Book as a % of fleet



Historical Order Book as a % of fleet



This is one of the lowest order books for Product and Dry Bulk in the last 25 years

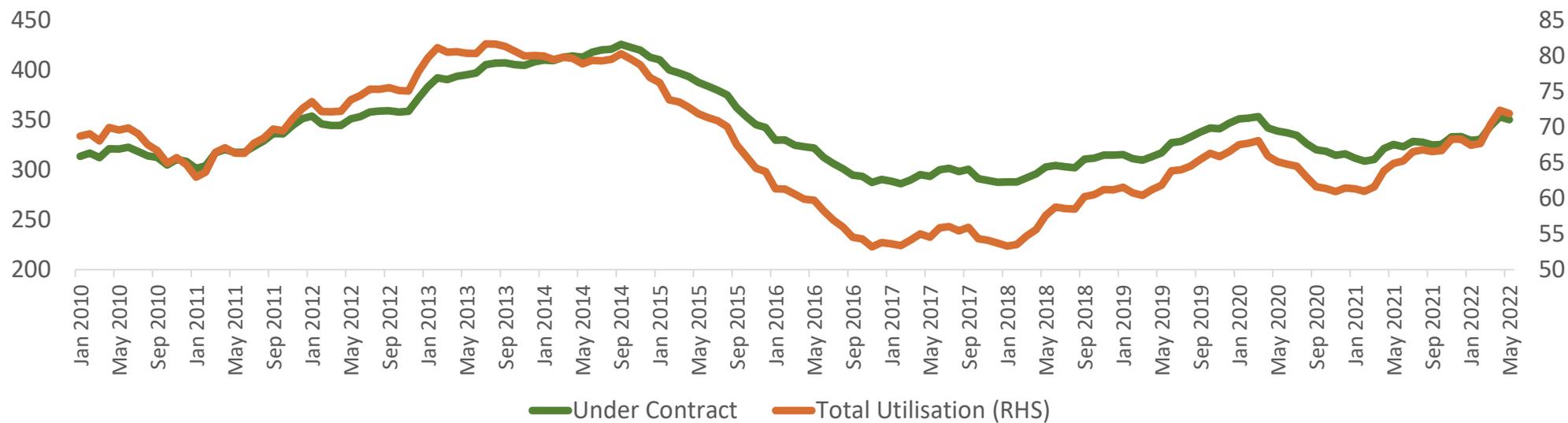
Current Offshore Market





Market Trends

Jack up utilisation: gradual improvement



- Firming Jack-up rig demand in the Middle East



Fleet Supply

Large number of Cold Stacked Rigs

Number	Jackup Rigs	PSVs + AHTSVs
Current Fleet	488	3,515
Contracted Fleet	350	2,157
Orderbook	28	132
O/B to current fleet	5.7%	3.8%
Total Scrapping since January 2016 (nos.)	141	507
No. of Vessels/Rigs more than 20/30 years old (as %age of fleet)	33%	19%
Cold Stacked more than 3 years	50	661

Large potential for removals over the next few years

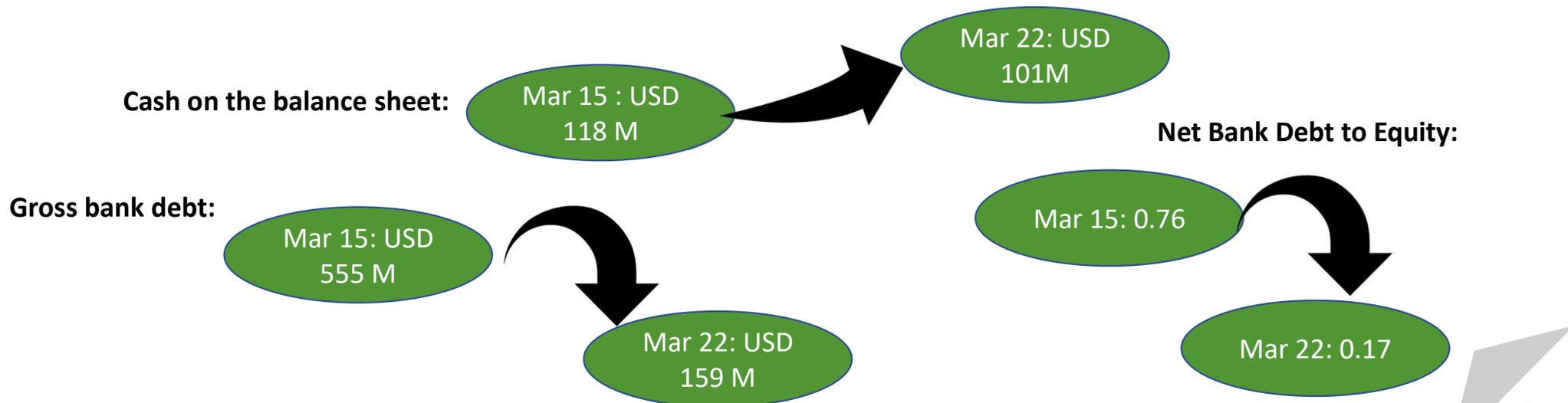
Sources – Industry Reports



Greatship Evolution

Last seven years

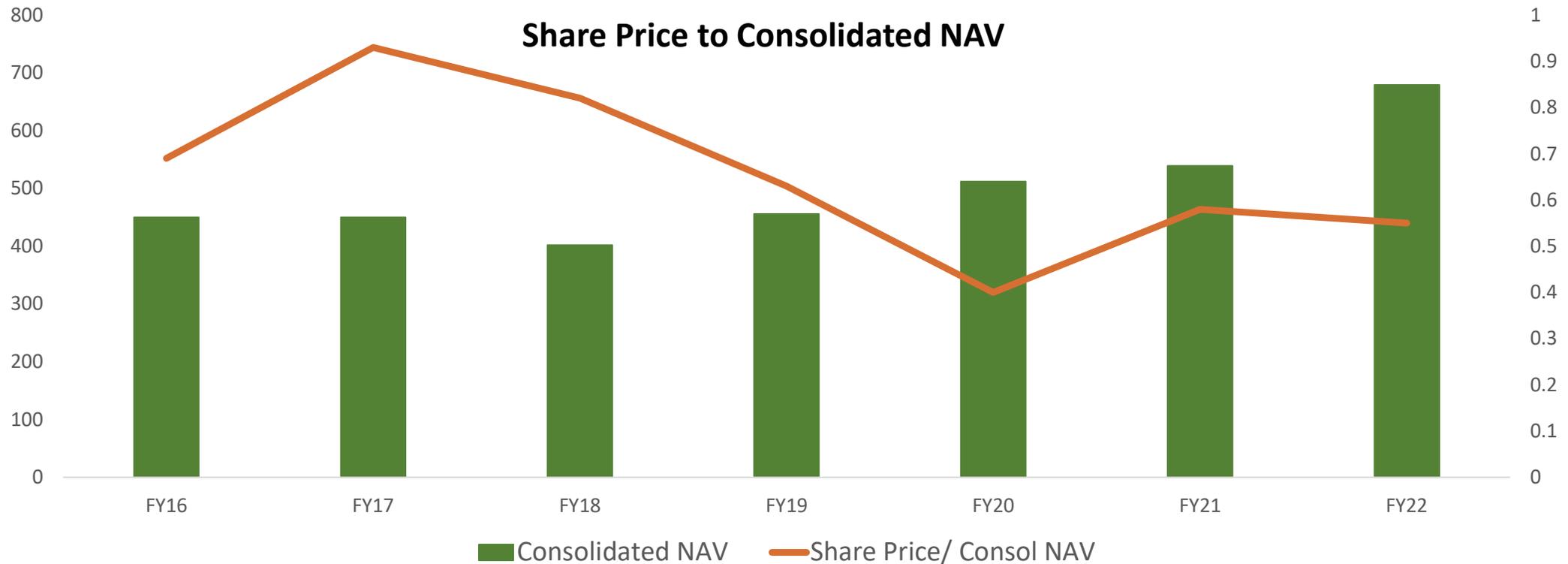
- Most challenging years for the offshore sector since the late 80s.
- Utilization levels across asset classes dropped to historic lows, charter rates came down to levels that barely generated any +ve EBIDTA.
- Large part of the industry went through financial restructuring/reorganization/forced consolidation.
- How did we fare?





Price at a significant discount to NAV

At current P/Consolidated NAV, GESCO trades at 0.55



* For FY22 we have taken share price as on 14th June 2022

Thank You

