



## **Demand, Deliveries, Decarbonisation, Deviation and Disruption – what will drive the markets this year and beyond?**

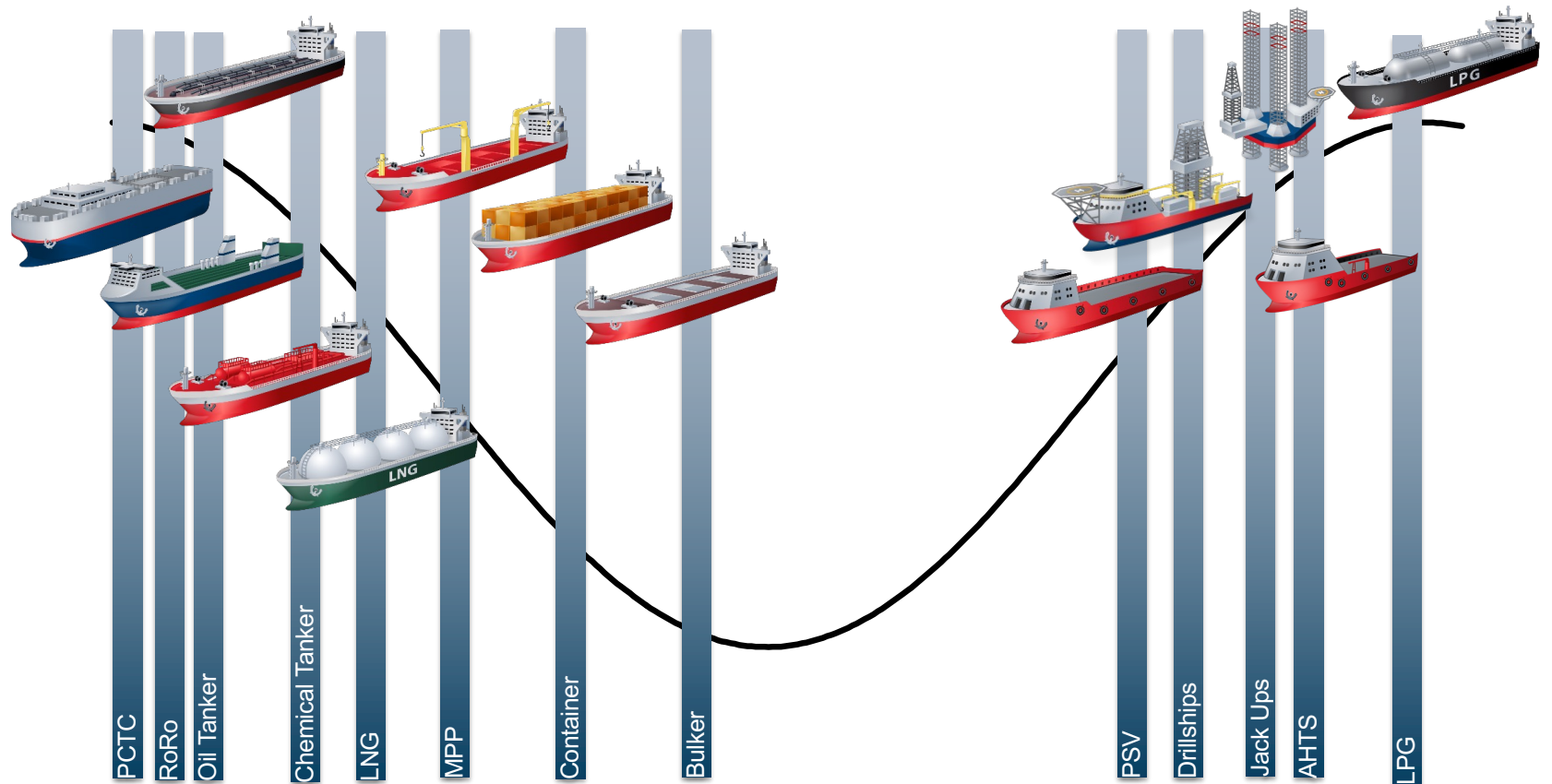
Dr Adam Kent – Maritime Strategies International (MSI)  
15<sup>th</sup> Marine Money London Ship Finance Forum – 25<sup>th</sup> January 2024



# Current Earnings

## Where are we on the cycle?

- [Intro](#)
- Demand
- Deliveries
- Decarbonisation
- Deviation & Disruption
- Earnings & Values



Note: Schematic for illustrative purposes only!



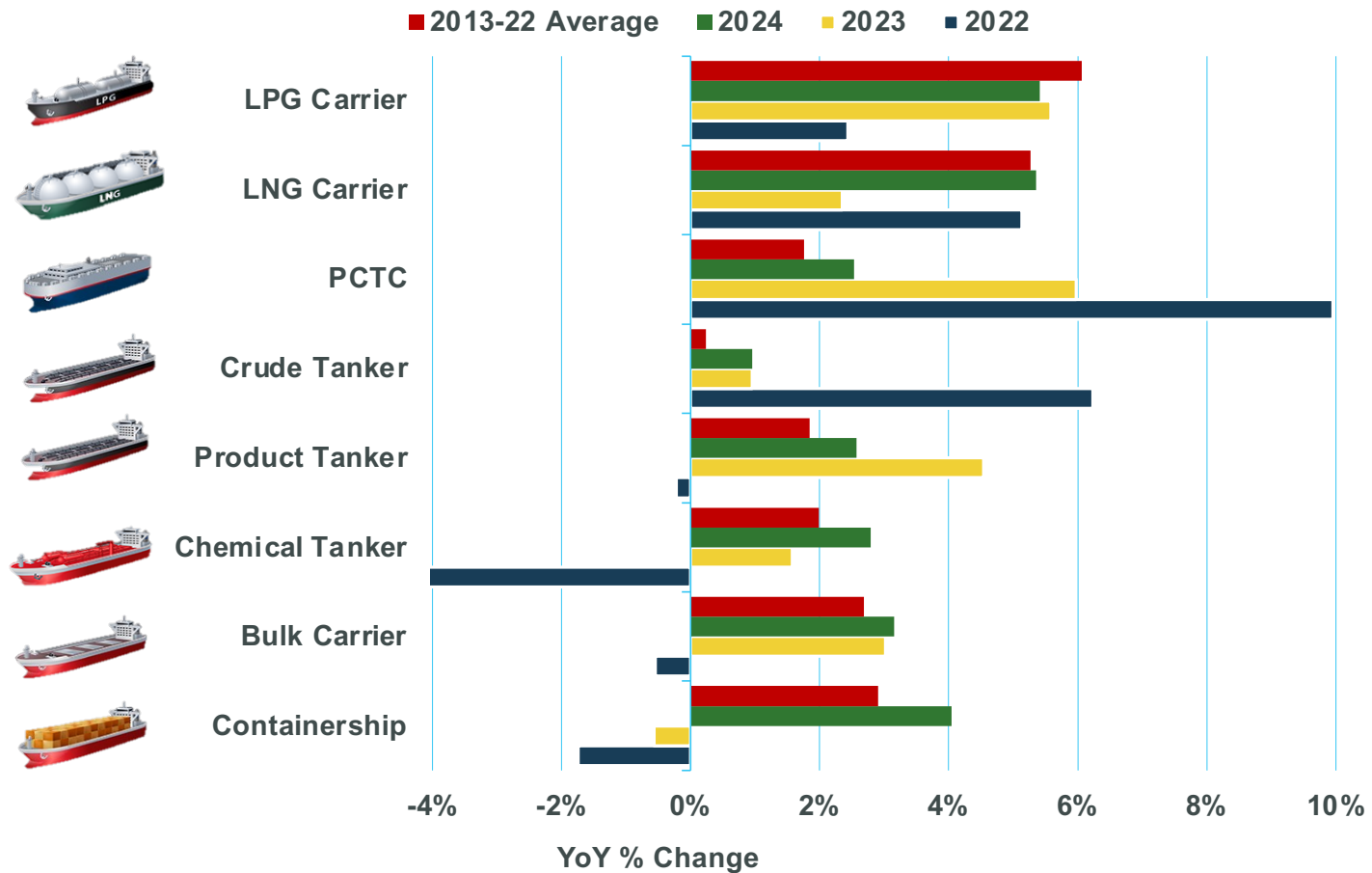
# Demand

The five D's - what will drive the markets this year and beyond?

# Cargo Growth

## 2023 a better year for most sectors

- Intro
- [Demand](#)
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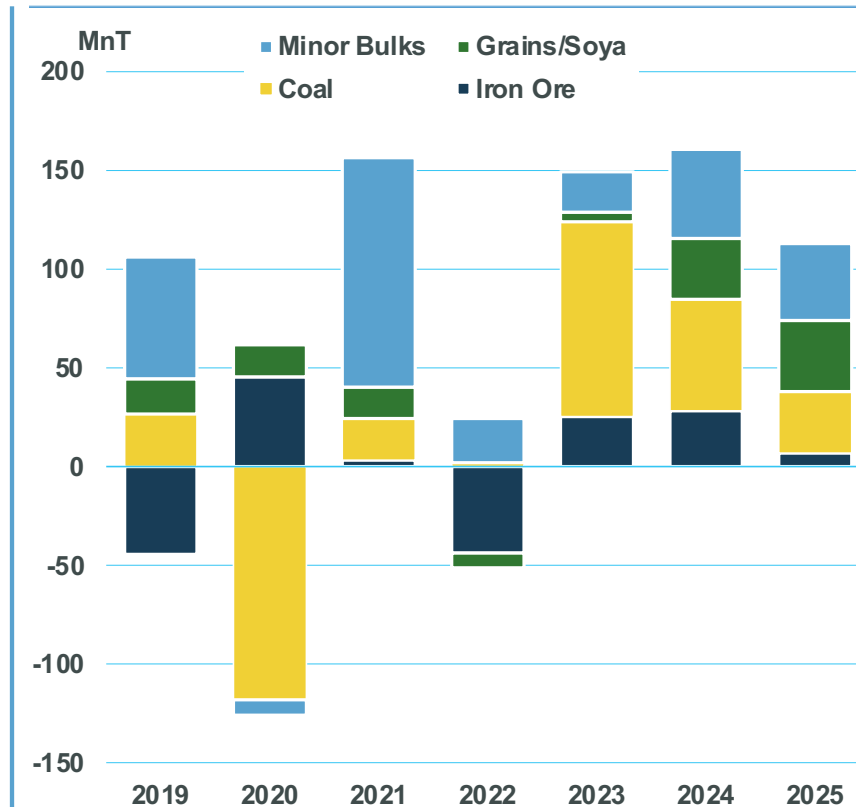


# Dry Bulk

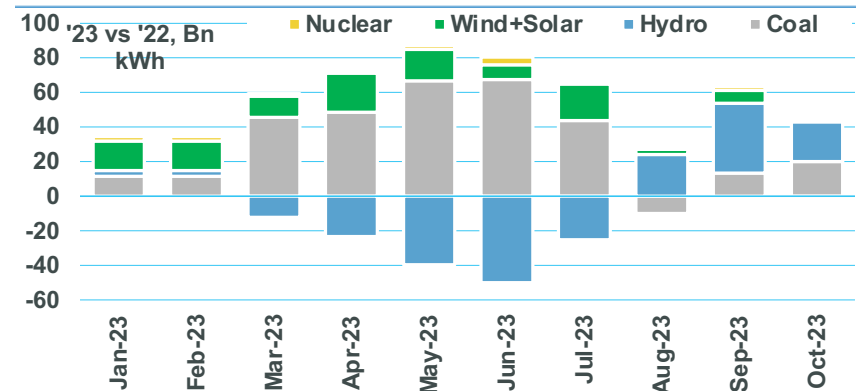
## Coal has recently been the swing factor

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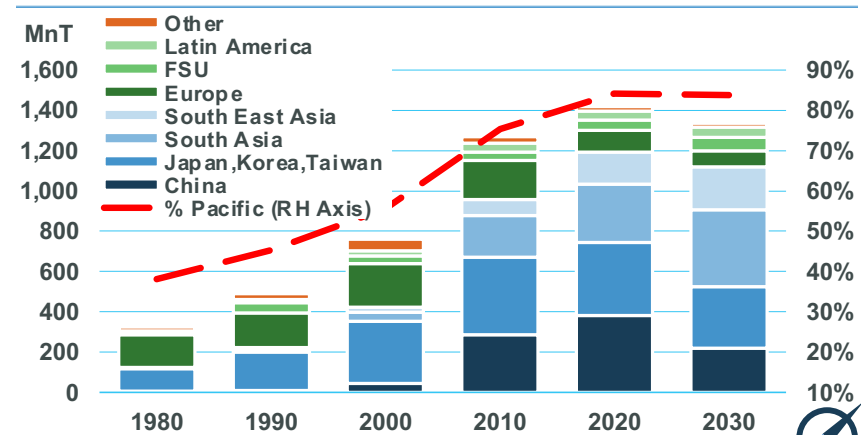
Incremental Seaborne Trade by Commodity Grouping



China Power Generation During 2023 – Coal to the Rescue



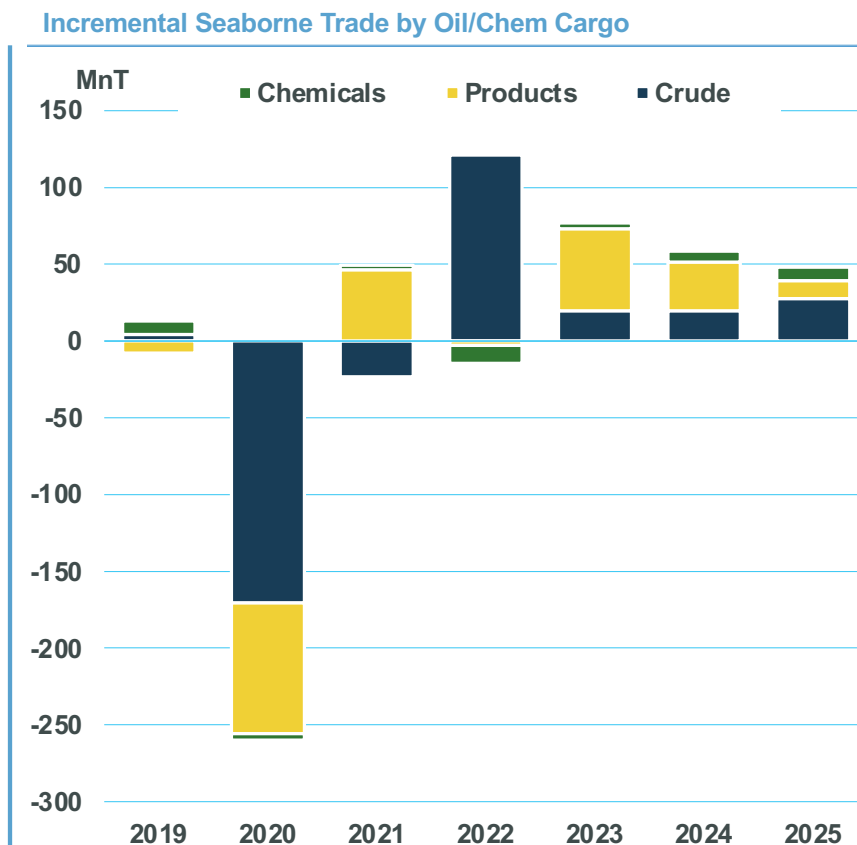
Coal Import Dynamics – Longer Term Context



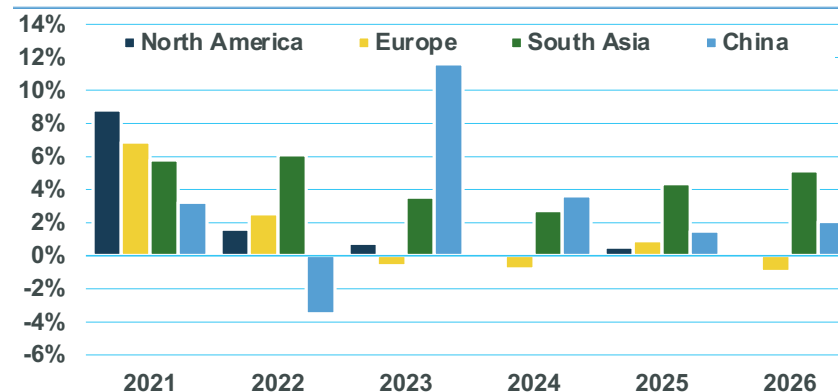
# Oil Tankers

## Regional demand shift

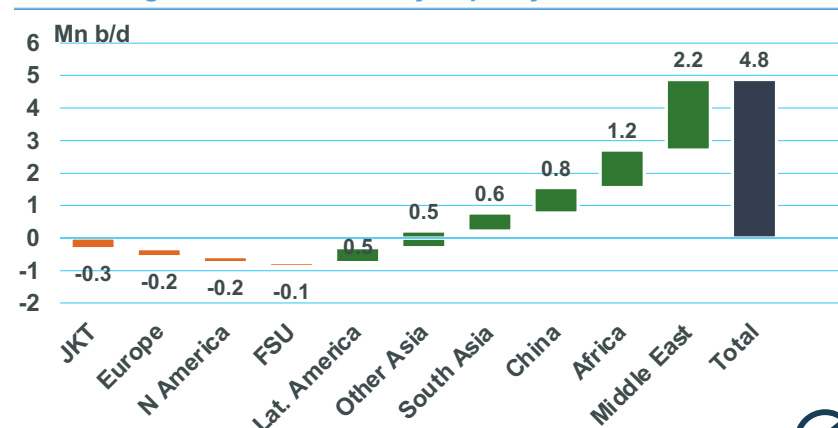
- Intro
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### Regional Oil Demand Growth



### Net Change in Forecast Refinery Capacity 2023-2027

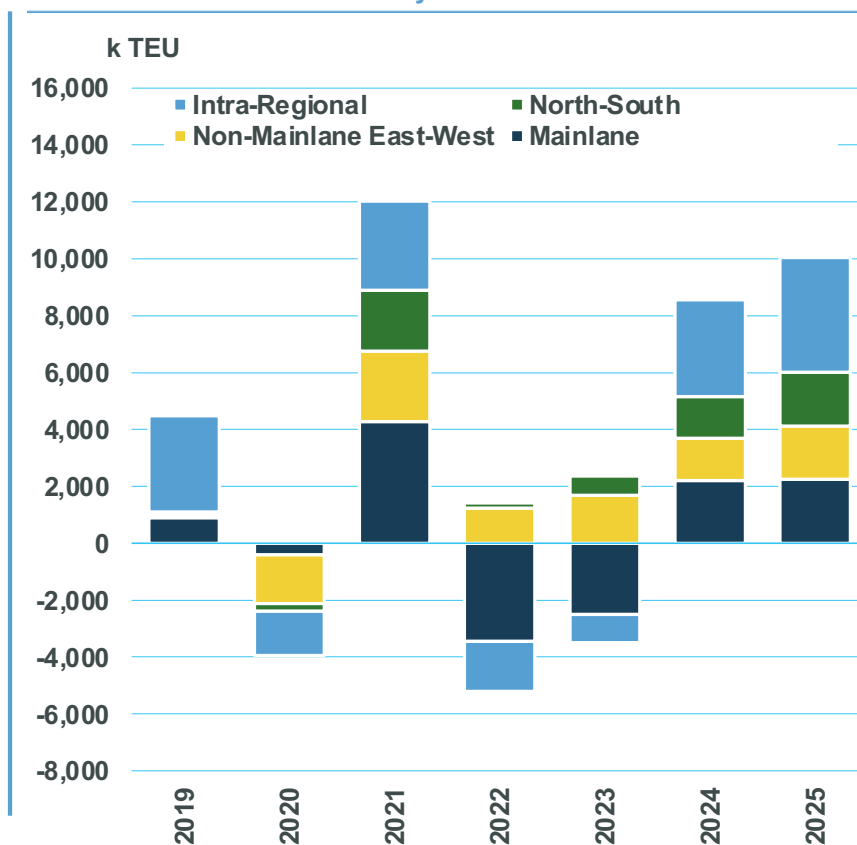


# Containers

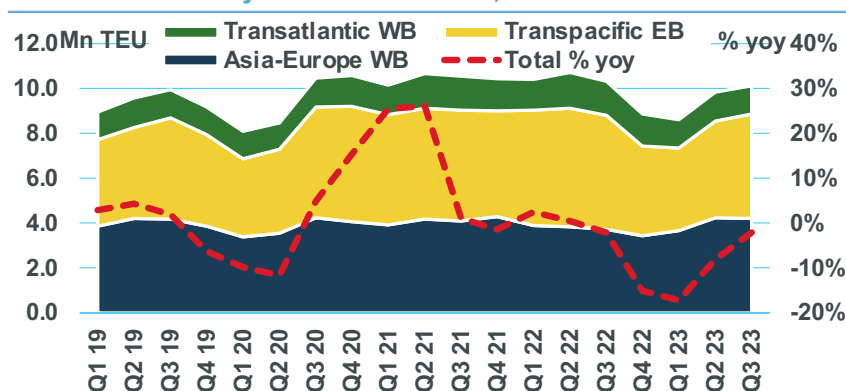
All trades pulling in one direction hereon in

- Intro
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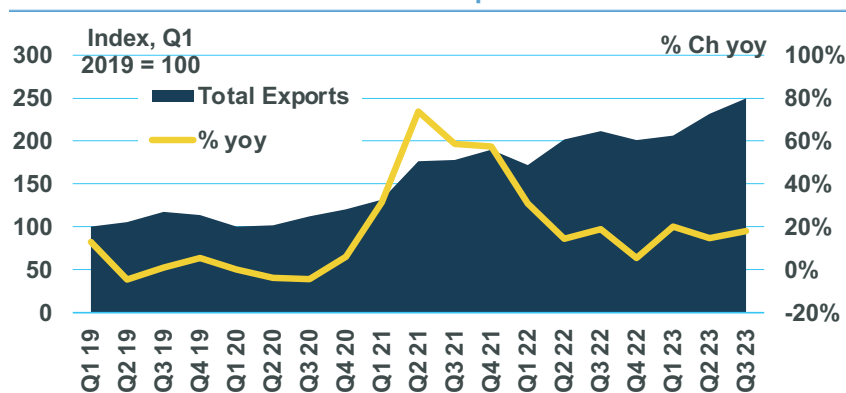
Incremental Container Trade by Route



Mainlane Quarterly Headhaul Volumes, 2019-2023



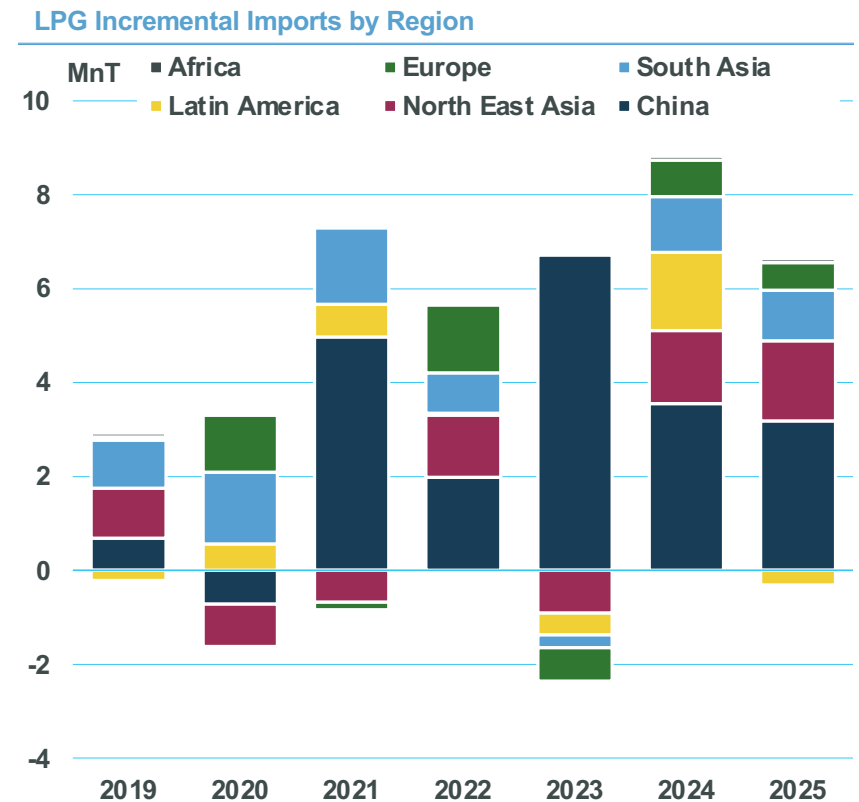
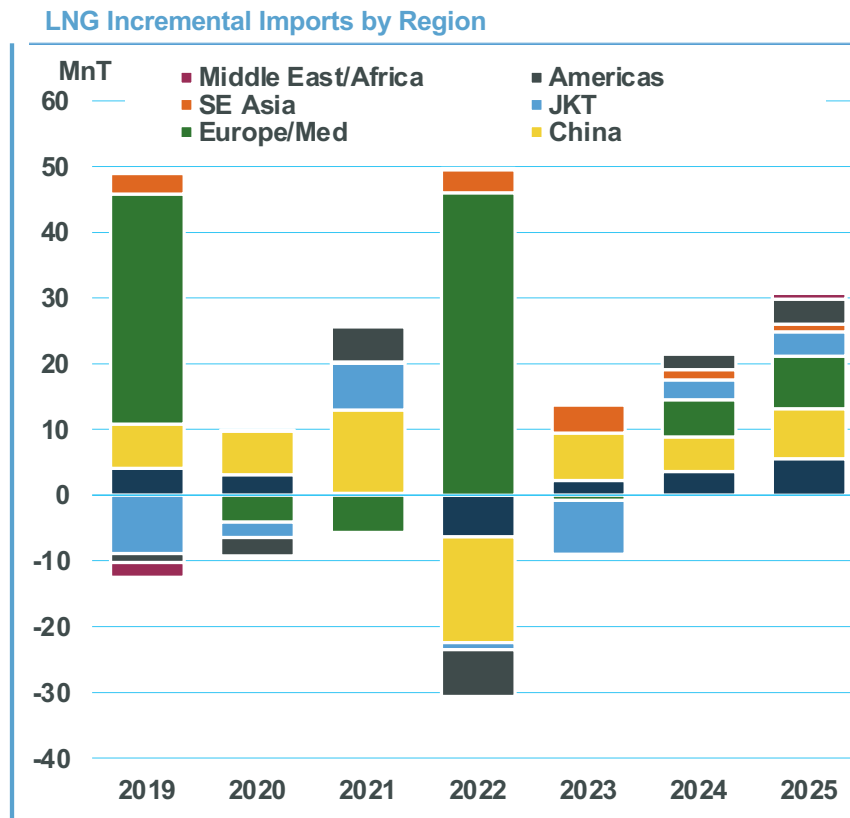
Estimated Chinese Containerised Exports to Mexico



# Gas Carriers

## Regional importer swings

- Intro
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- Earnings & Values







# Deliveries

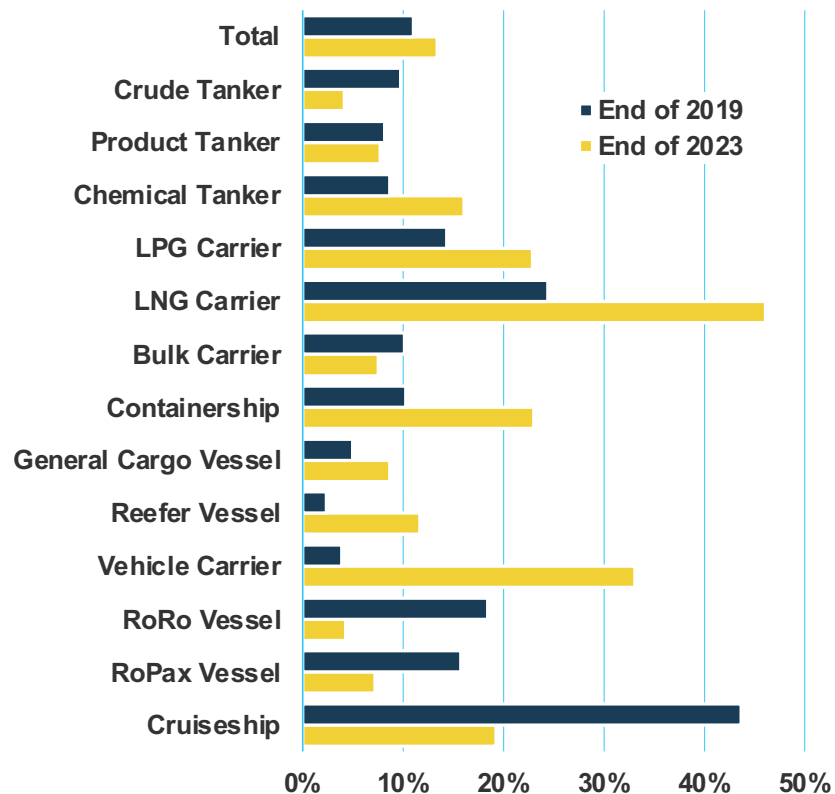
The five D's - what will drive the markets this year and beyond?

# Fleet Orderbook and Age Profile

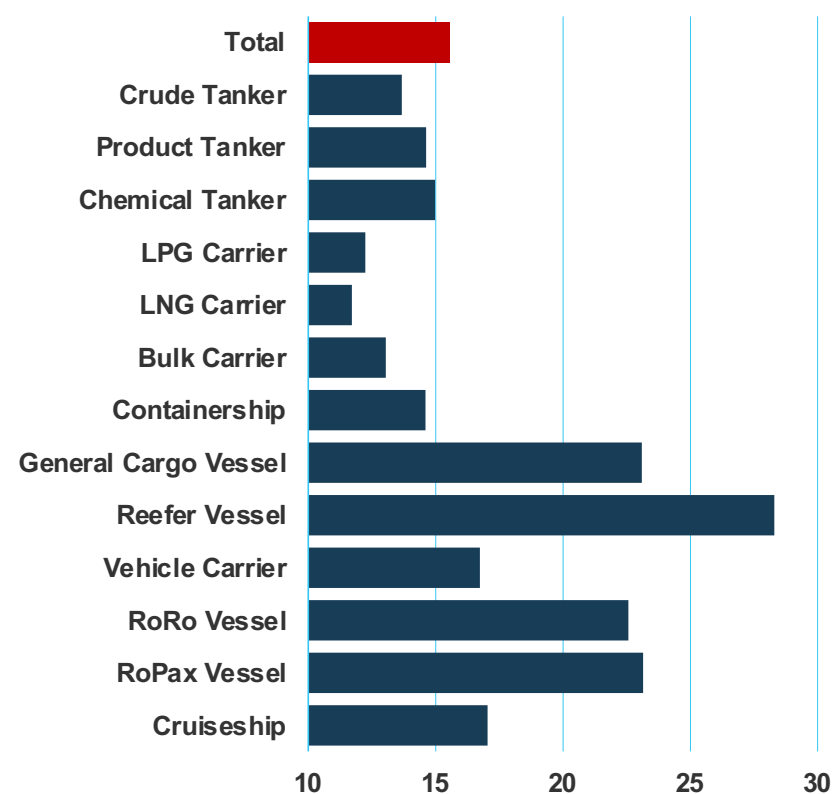
## Most sectors well balanced

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Orderbook as % of Fleet



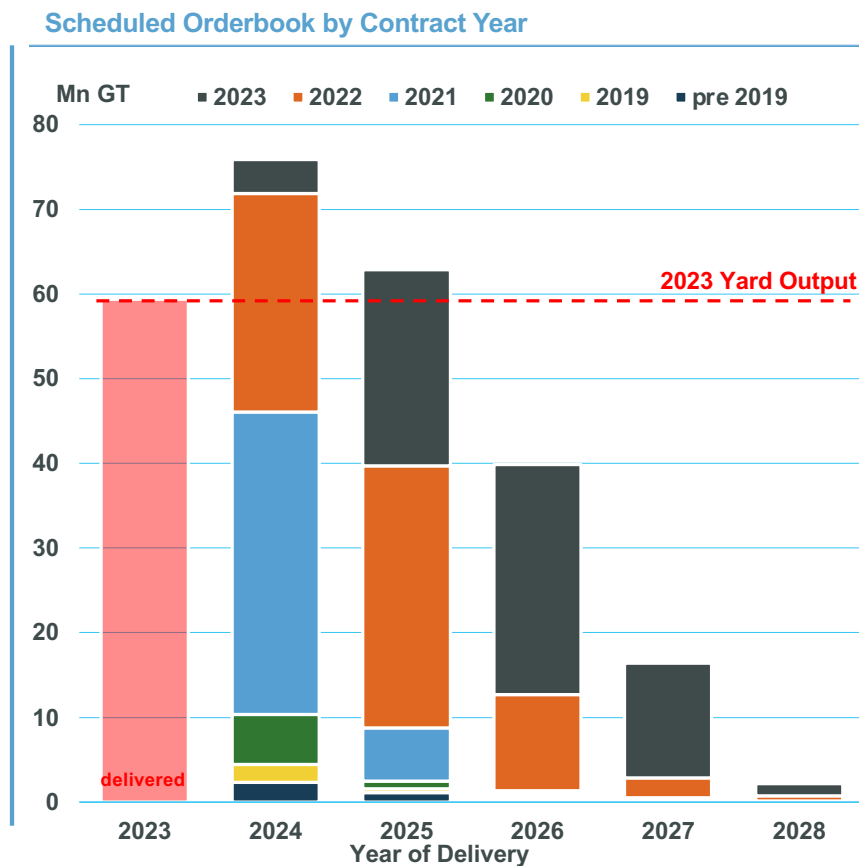
Fleet Average Age by Ship Type



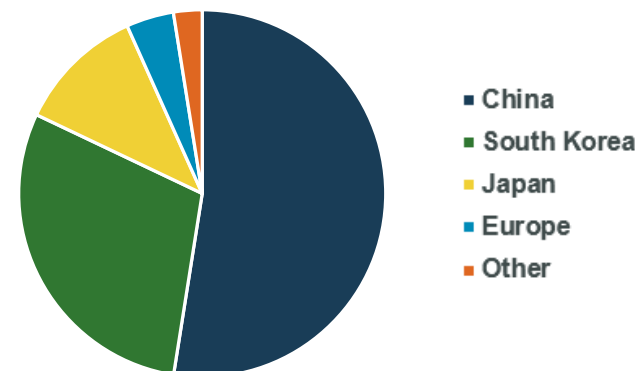
# Orderbook Front Loaded

## Slippage inventible

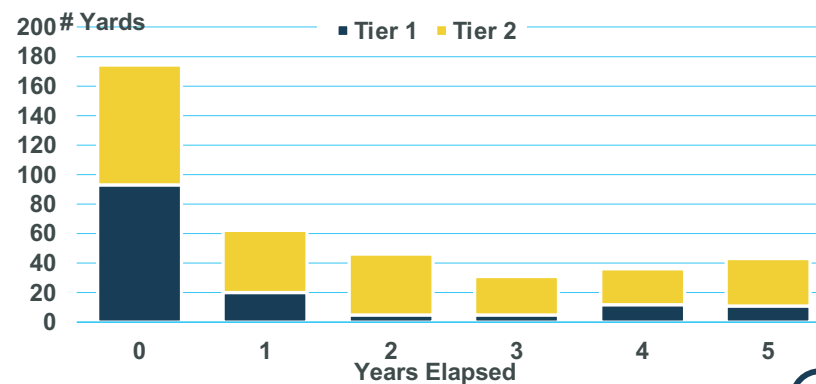
- Intro
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## Orderbook Share by Shipbuilding Nation



## Number of Years Since Last Shipyard Order





# Decarbonisation

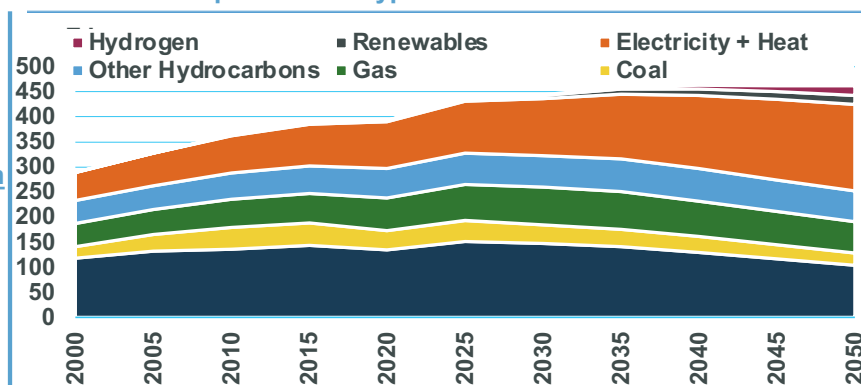
The five D's - what will drive the markets this year and beyond?

# Energy Transition

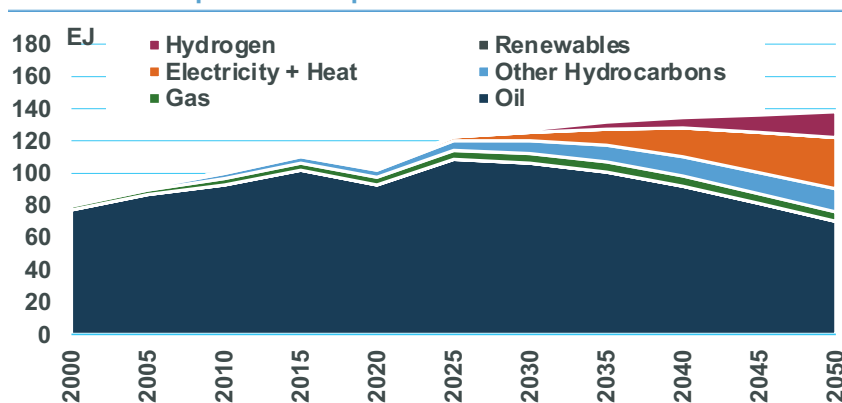
## We've entered the transition stage

- Intro
- Demand
- Deliveries
- **Decarbonisation**
- Deviation & Disruption
- Earnings & Values

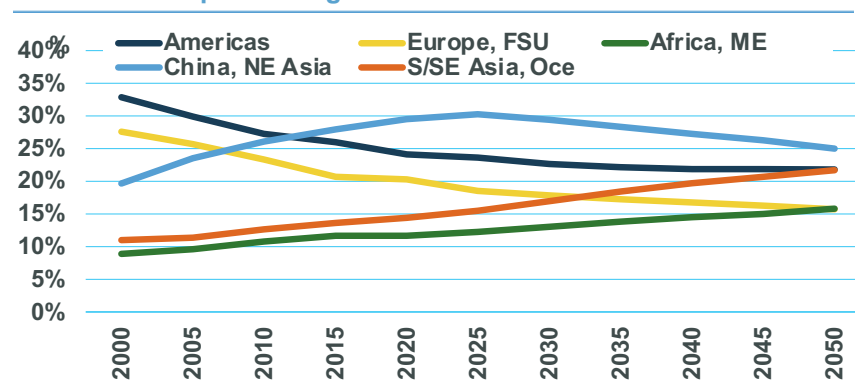
Final Consumption - Fuel Type



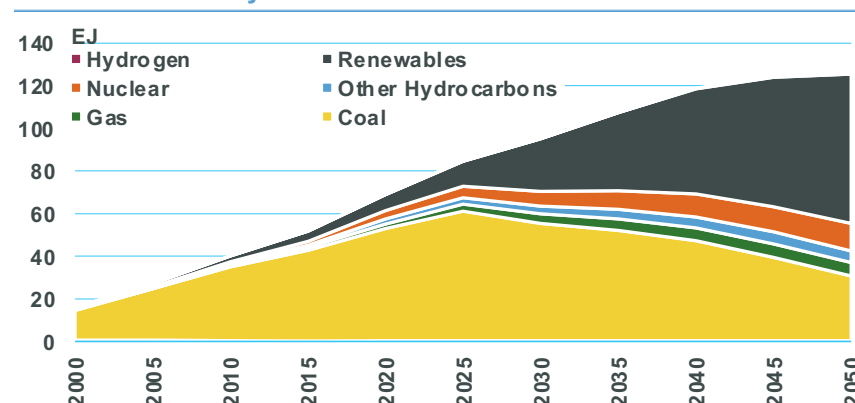
Final Consumption - Transport



Final Consumption – Regional Share



Chinese Electricity Generation

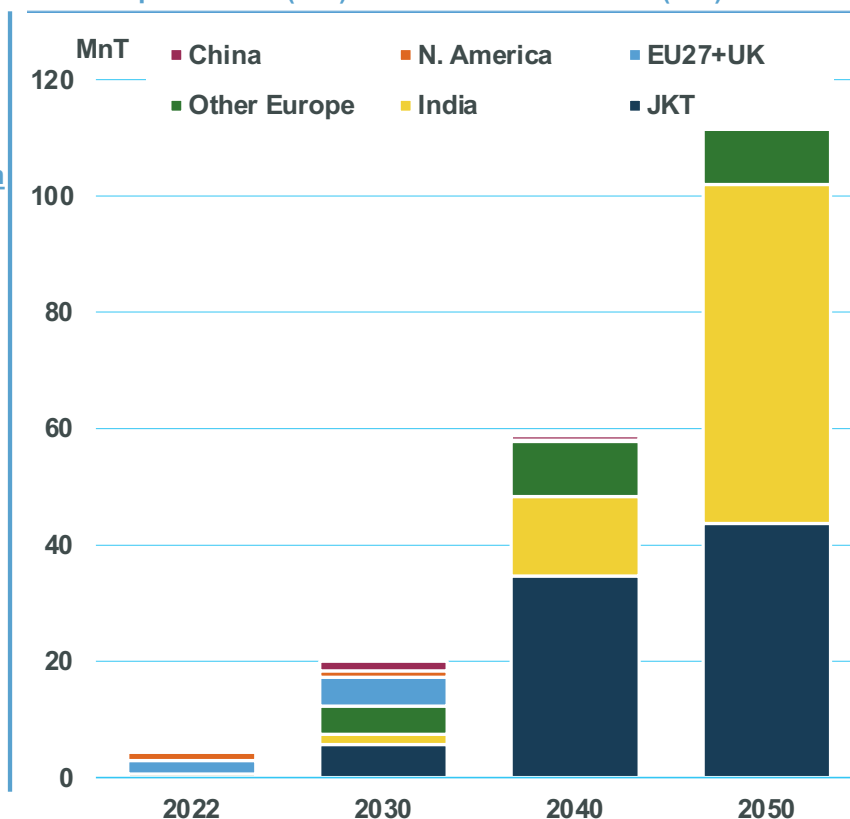


# New Opportunities

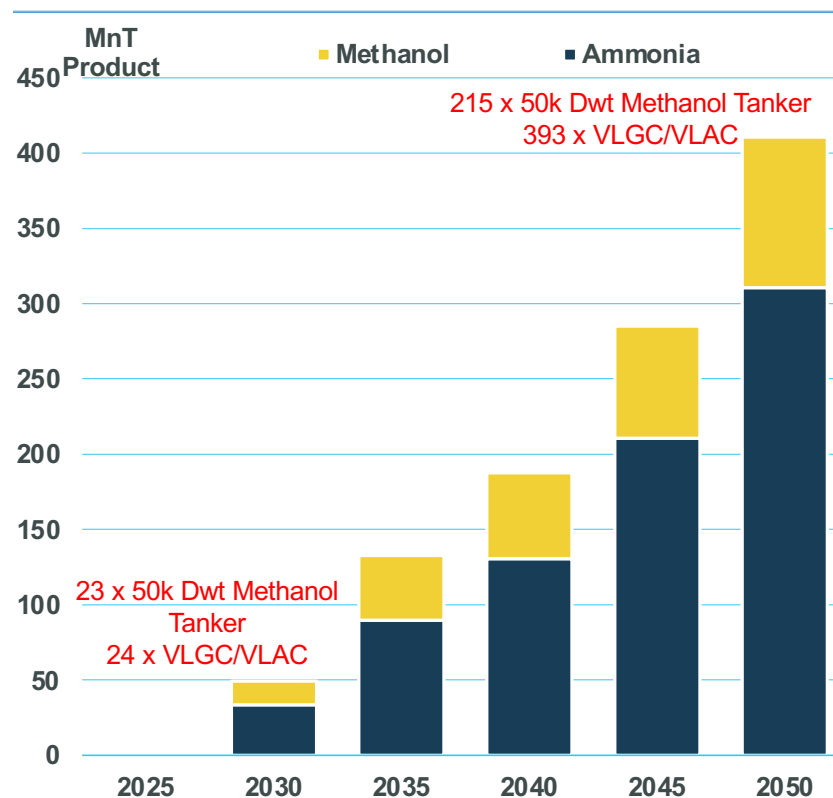
## New cargoes new routes new vessels

- Intro
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Hot Briquetted Iron (HBI) and Direct Reduced Iron (DRI)



Clean Methanol and Clean Ammonia Trade Outlook



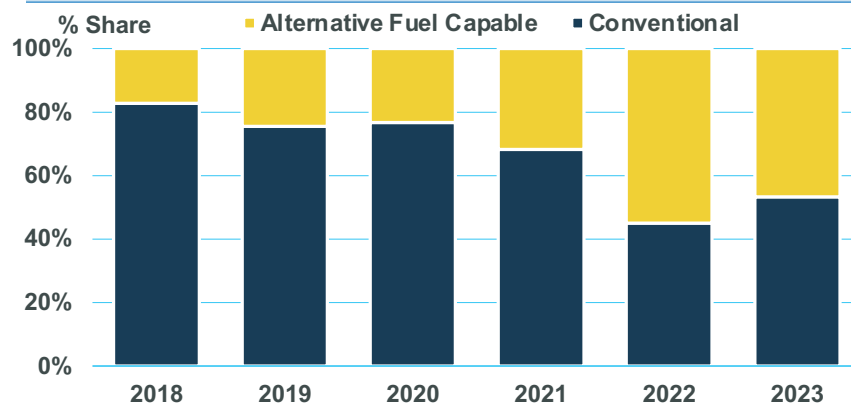


# Future Fuel for Shipping

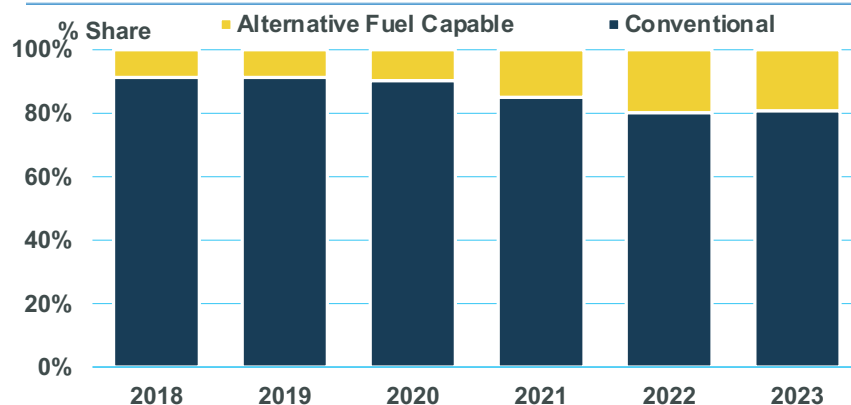
## The moving in the right direction

- Intro
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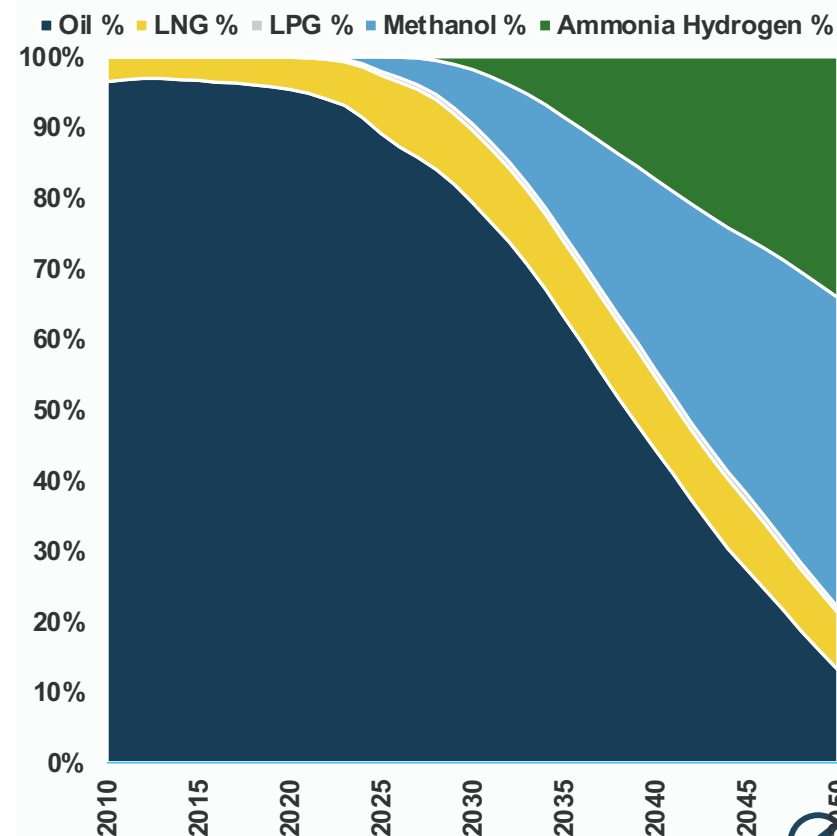
Dual Fuel Orders - MnGT



Dual Fuel Orders - # of Vessels



Future Fuel Demand

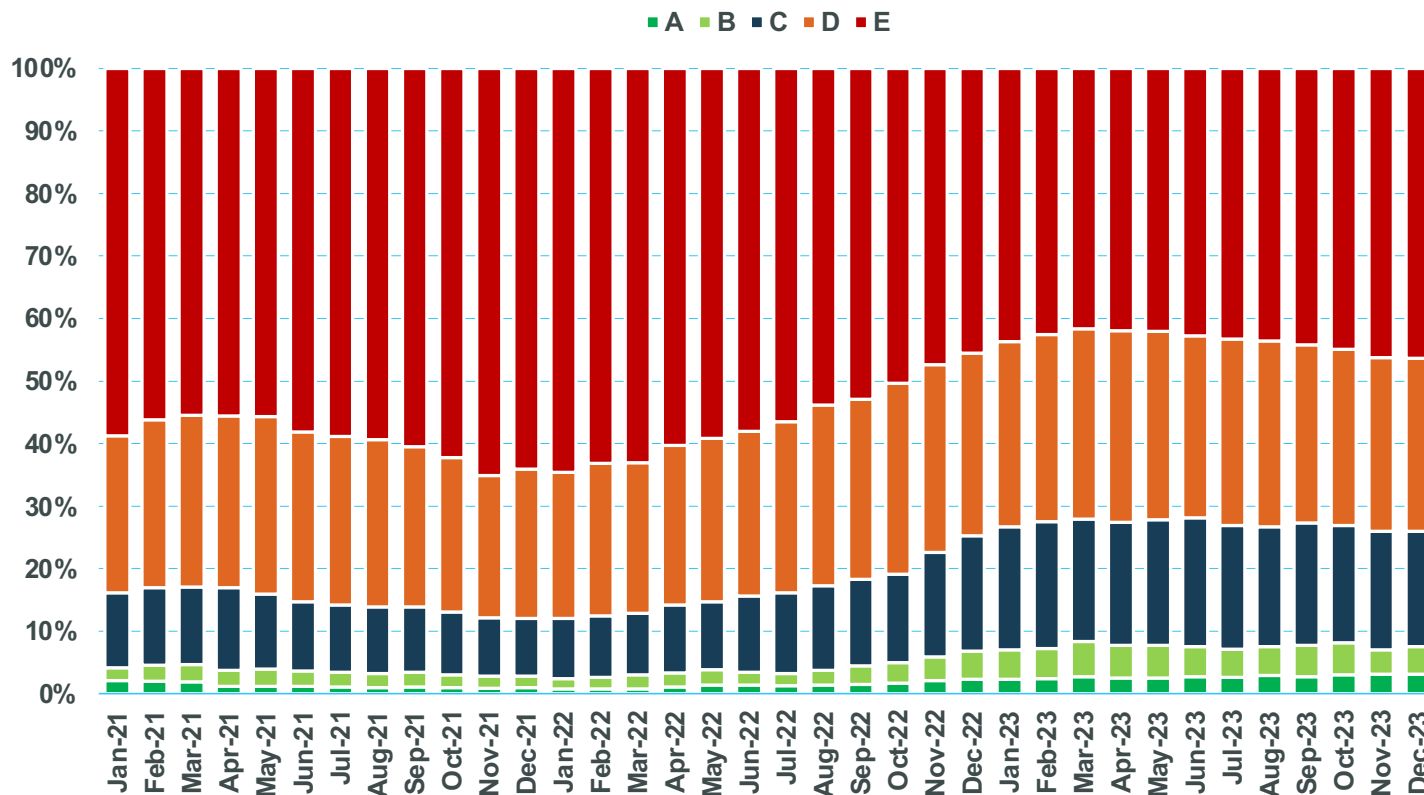


# Regulations

The market and regulatory pressure will dictate the pace of change

- Intro
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Capesize Fleet Monthly CII Bands





## Deviation and Disruption

The five D's - what will drive the markets this year and beyond?

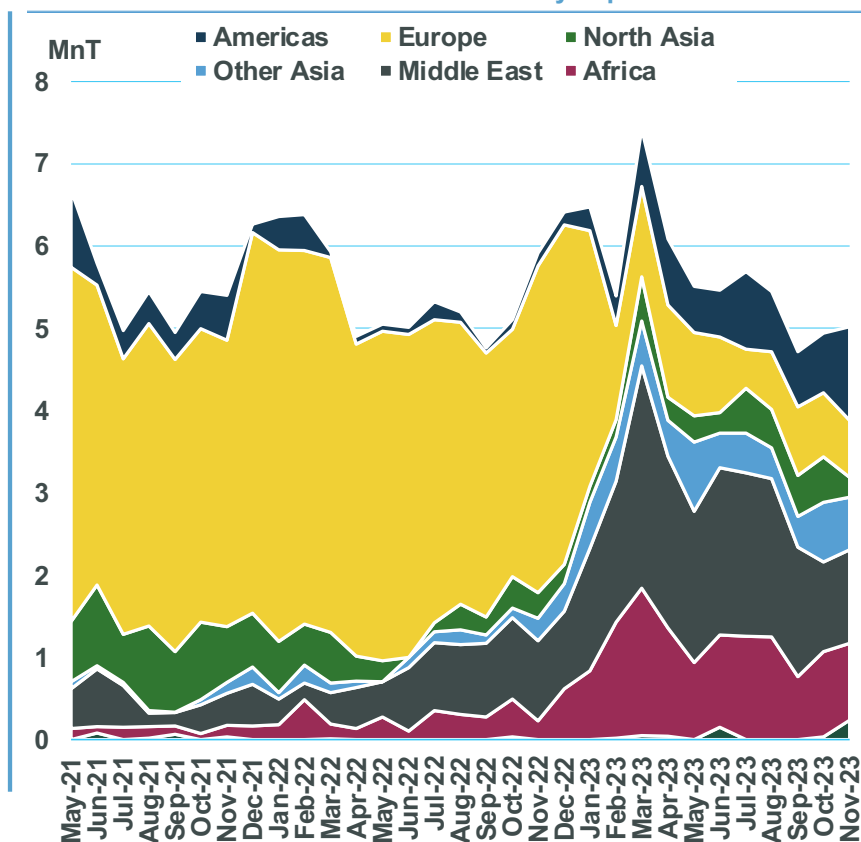


# Russian Invasion of Ukraine

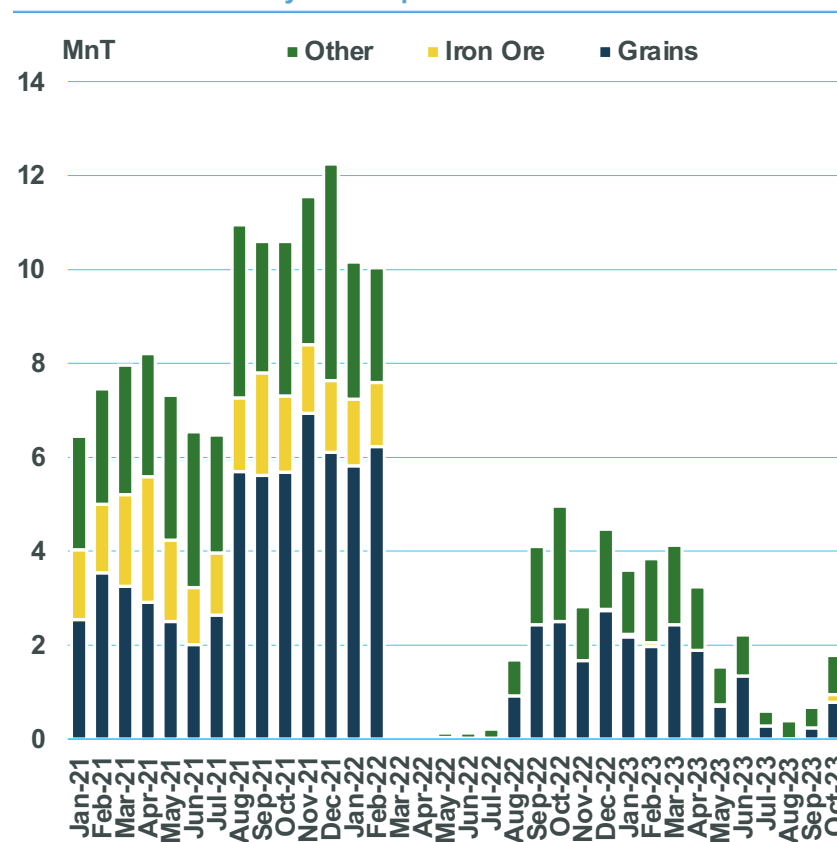
## Trade map redefined

- Intro
- Demand
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Russian Seaborne Clean Product Flows by Importer



Ukraine Seaborne Dry Bulk Exports

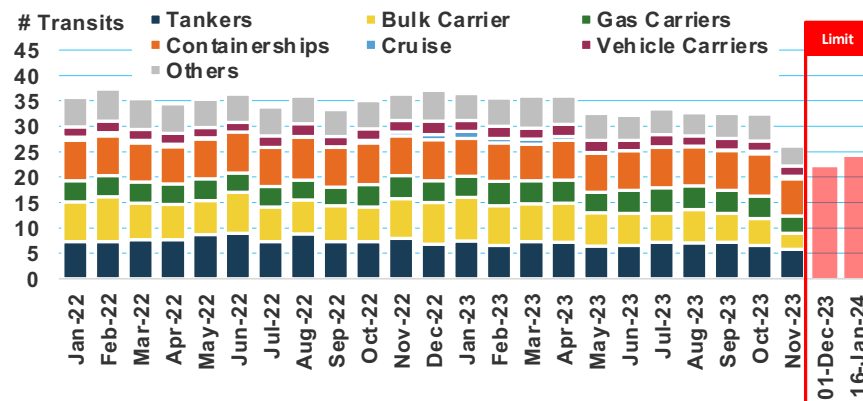


# Panama Canal

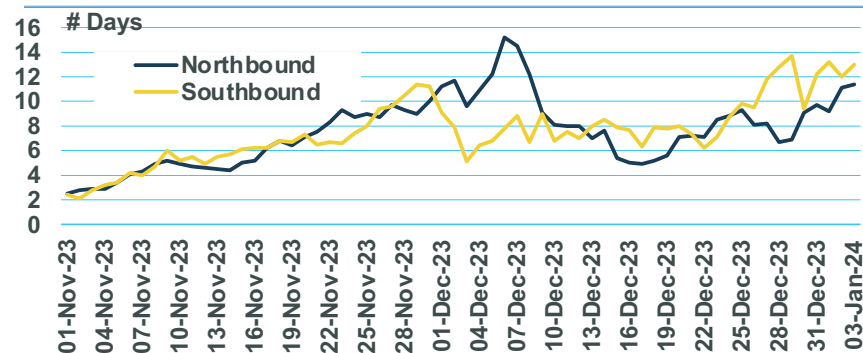
## Big impact for some sectors

- Intro
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Panama Canal Daily Transits by Ship Type



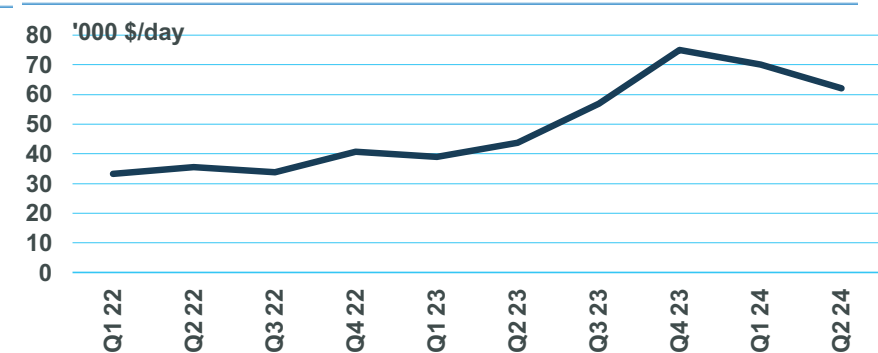
Panama Canal Transit Waiting Time for Ships without Reservations



Panama Canal: Illustrative Impact on Distances and Fuel Costs

	LPG Carrier		Dry Bulk Carrier	
Ship Size	VLGC		Kamsarmax	
Start Port	Houston, USA		New Orleans, USA	
End Port	Chiba, Japan		Qingdao, China	
Distance via Panama Canal (NM / Days)	9,269 NM	24.9 Days	10,018 NM	34.8 Days
Distance via Suez Canal (NM / Days)	14,602 NM	39.3 Days	13,960 NM	48.5 Days
Distance via Cape of Good Hope (NM / Days)	15,844 NM	42.6 Days	15,202 NM	52.8 Days
% Distance Increase: COGH vs Panama	71%		52%	
Est Fuel Cost Diff: COGH vs Panama Canal	+ \$420 k		+ \$250 k	

Impact on VLGC Earnings

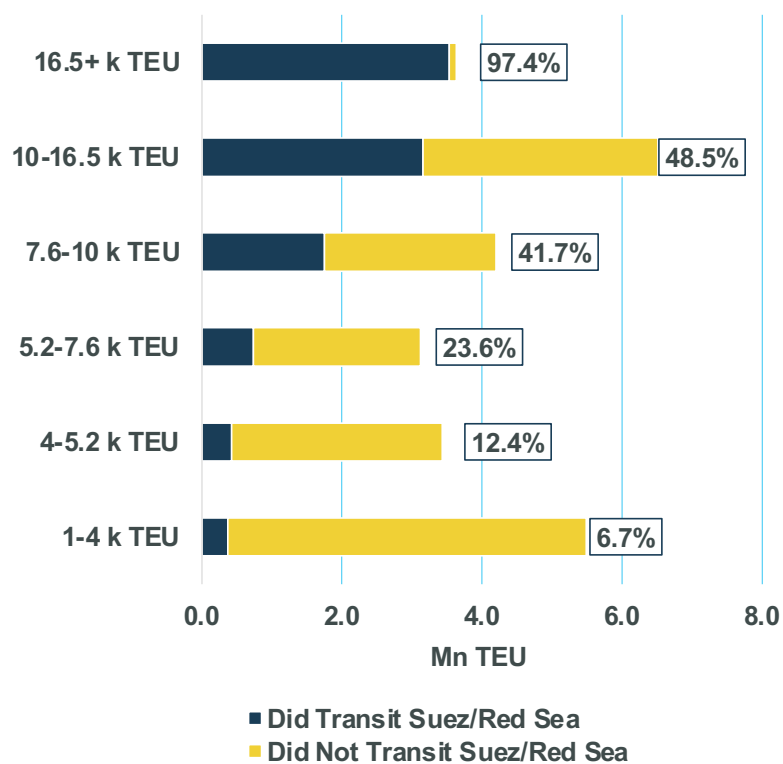


# Suez Canal

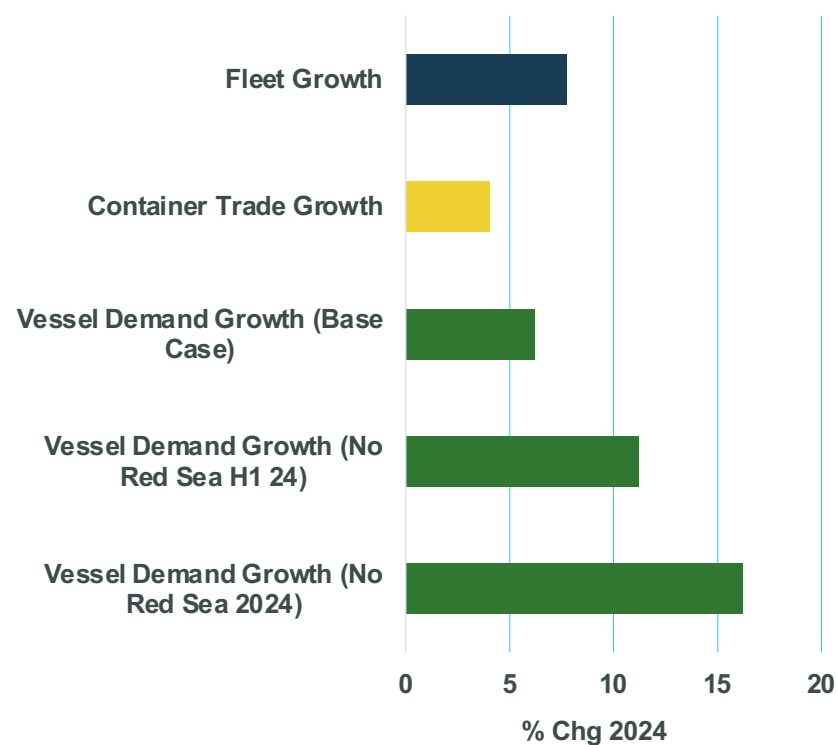
## Large containers hit hard

- Intro
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Container Exposure to Suez Canal – Based on 2023



Demand Supply Impact Suez Canal Scenario

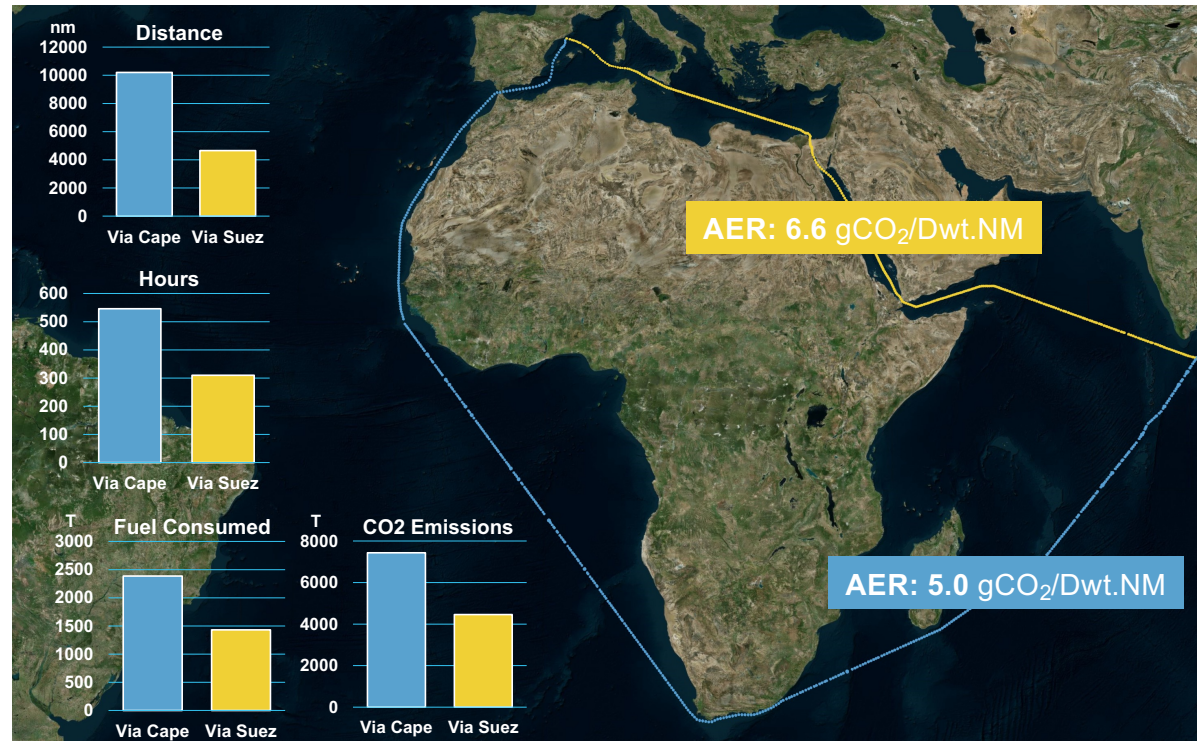




# Rerouting Environmental Implications

Using AIS Data to estimate impact on emissions, ETS, AER, CII

- Intro
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15 k TEU Containership  
Columbo to Barcelona

**ETS = €75,000 extra**  
via COGH versus Suez

**AER/CII Rating**  
5.0 gCO<sub>2</sub>/Dwt.NM  
Via COGH

6.6 gCO<sub>2</sub>/Dwt.NM  
Via Suez



# Earnings & Values

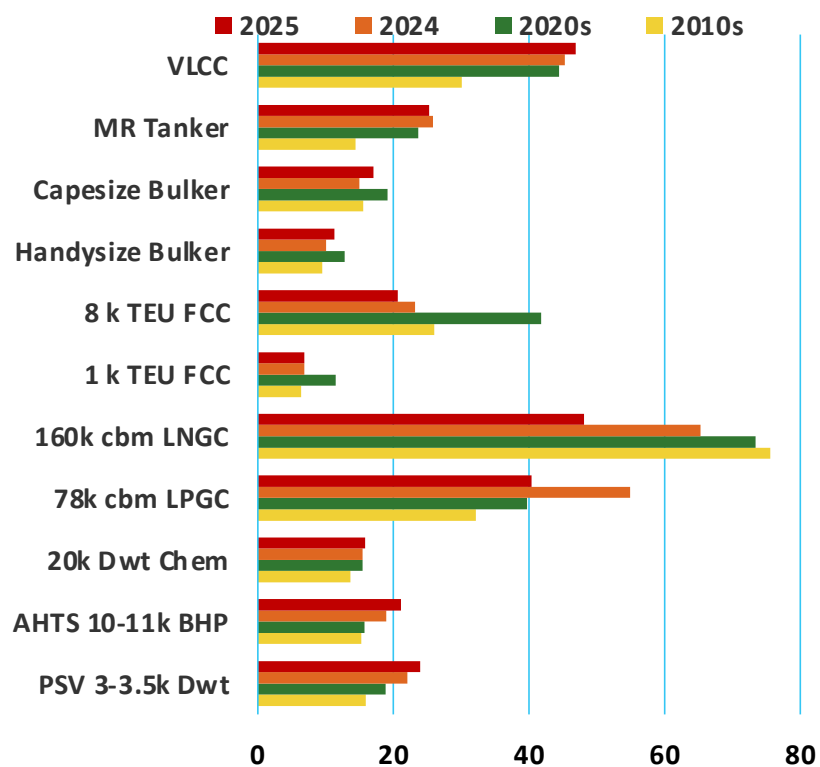
The five D's - what will drive the markets this year and beyond?

# Earnings & Newbuilding Prices

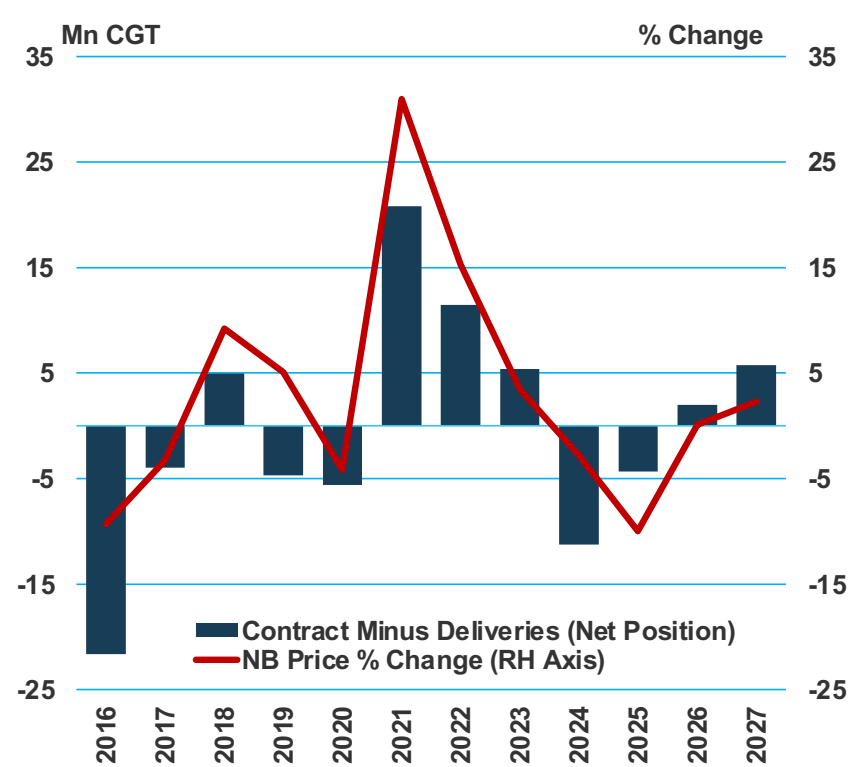
Remain supportive

- Intro
- Demand
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Average 1 Yr TC Rate



Deliveries Outpace Contracts – Newbuilding Price to Slide

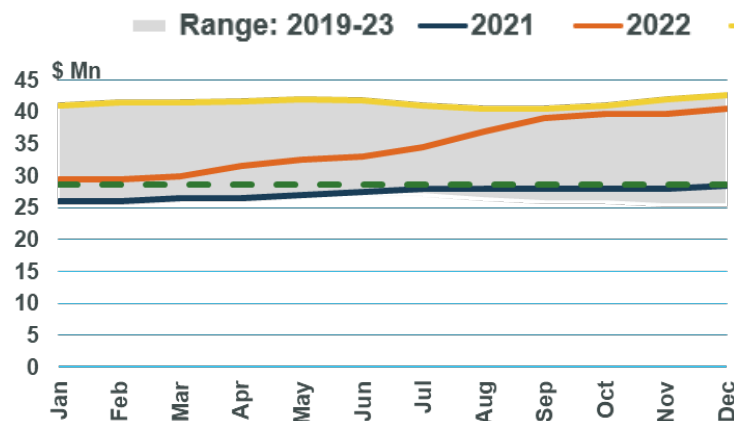


## Secondhand Prices

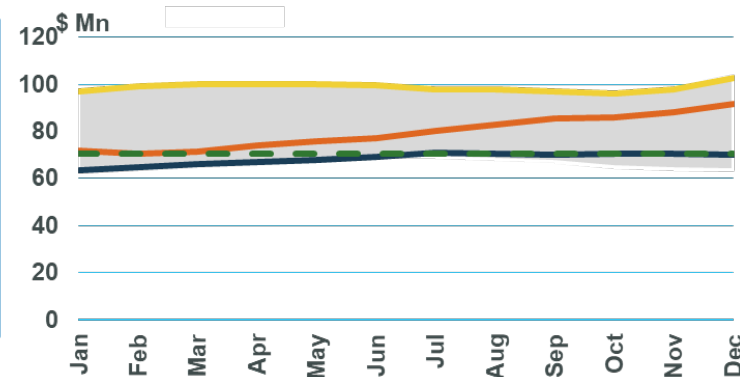
Asset values at recent highs for tankers - bulker and container prices remain “sticky”

- Intro
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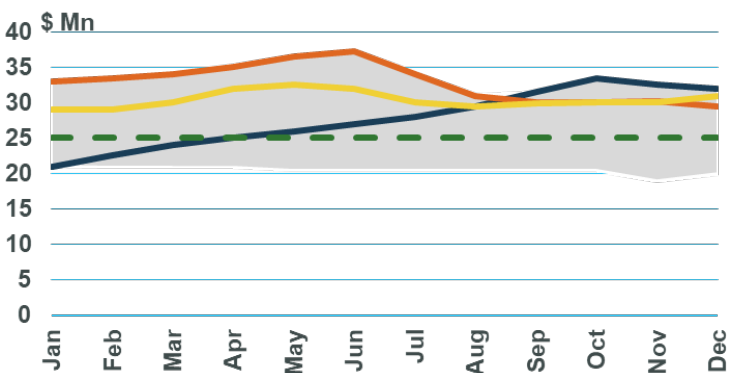
MR Product Tanker



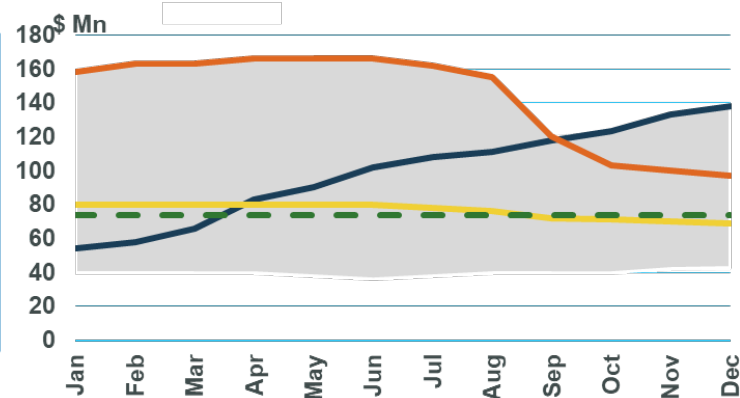
VLCC Tanker



Panamax Bulker



13 k TEU Containership

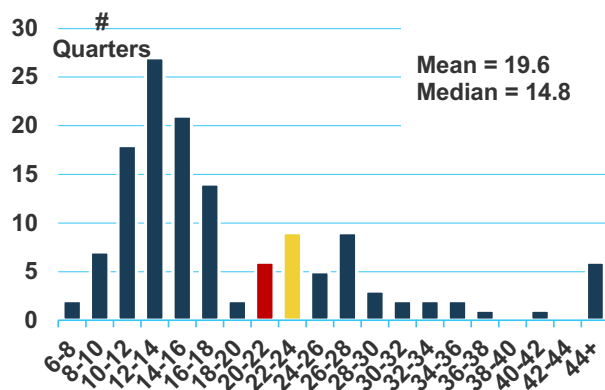


# Value Outlook – 10 Yr Old Prices (Mn US\$)

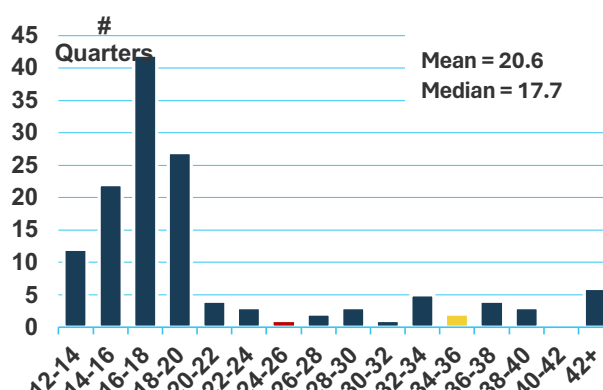
## Quarterly Historical Distributions Q1 23 v Q1 28

■ Q1 2024 ■ Q1 2028

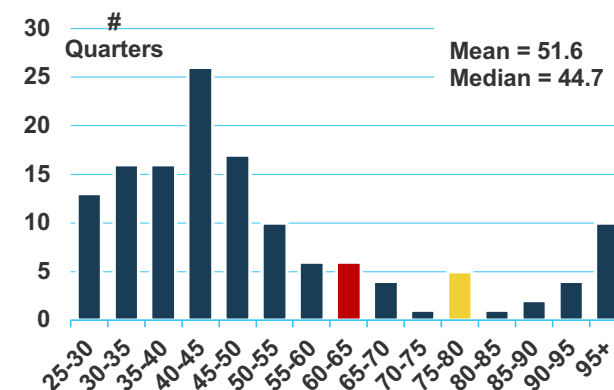
Panamax Bulker



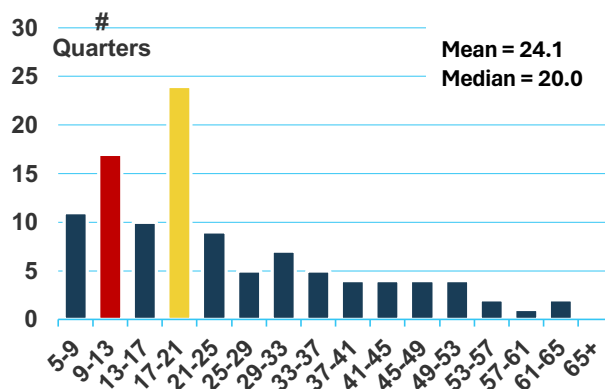
MR Tanker



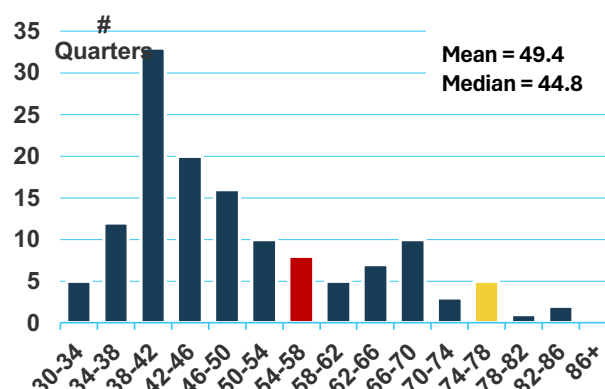
VLCC



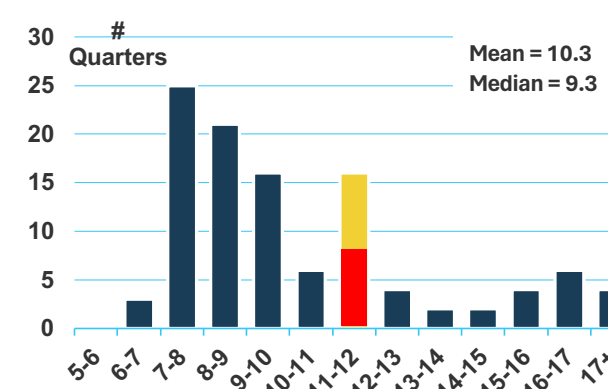
3.4kTEU Container



VLGC



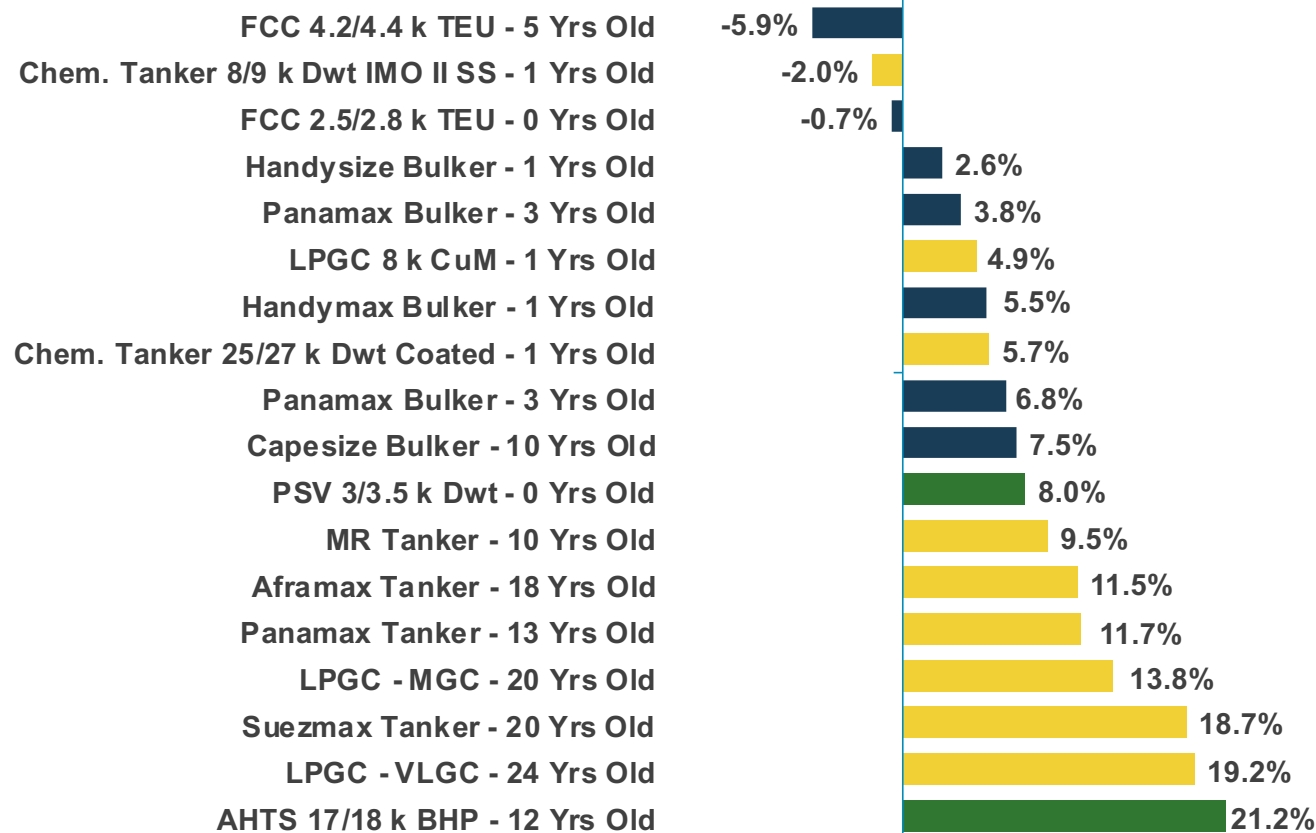
MPP



# Investment Returns

**\$30Mn buy now sell in 2028**

- Intro
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- Earnings & Values





## MSI Background and Disclaimer

For nearly 40 years, MSI has developed integrated relationships with a diverse client base of financial institutions, ship owners, shipyards, brokers, investors, insurers and equipment and service providers.

MSI's expertise covers a broad range of shipping sectors, providing clients with a combination of sector reports, forecasting models, vessel valuations and bespoke consultancy services.

MSI's team is comprised of professionals with extensive academic credentials, deep industry knowledge and many years experience of delivering successful client projects.

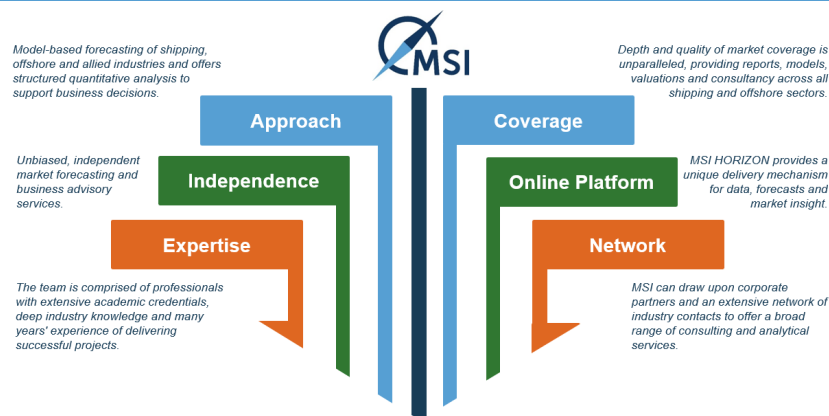
MSI balances analytical power with service flexibility, offering a comprehensive support structure and a sound foundation on which to build investment strategies and monitor/assess exposure to market risks.

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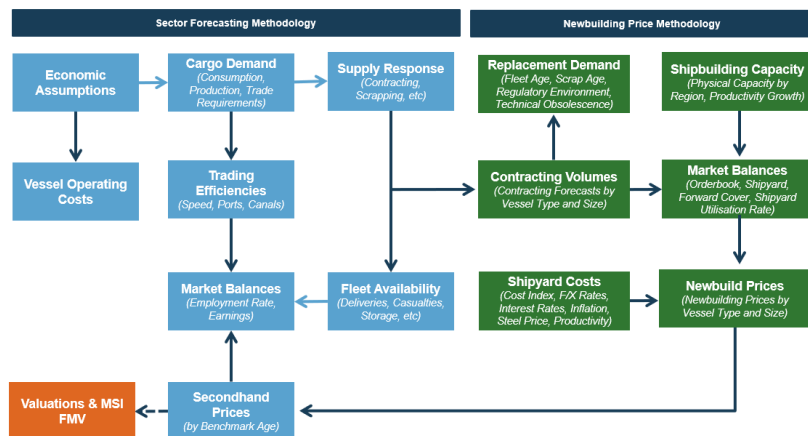
# Introduction to MSI

Boutique maritime consultancy offering forecasts, modelling, data, asset valuation and strategic advisory services

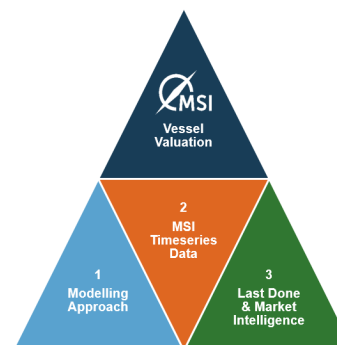
## MSI's Strategic Advantage



## Forecasting Models (All Marine Markets) & Market Reports



## Current and Forecast Asset Valuations



MSI independent valuations are derived by applying a meta-analysis approach using:

1. MSI's proprietary econometric modelling processes and algorithms developed over the last 25+ years
2. Vessel benchmarked and analysed in relation to MSI published timeseries data
3. Vessel directly compared to last done sales and current market intelligence on likely sale candidates and prices.

MSI's valuation services include:

- Certificated spot valuations
- Vessel forecasts (value, earnings, nb price and opex)
- Charter attached valuations
- Option price valuations
- Forecast value sensitivity and stress testing
- RVI support including soft value, forced value, recessionary value, cautious plausible value, 1 in 100 value etc.
- Historical value development and static age data
- Valuation briefing notes
- Valuation reports
- Expert witness/Expert testimony

MSI is a member of:



## Advisory Services

1. How do the Company's assets and market position benchmark against MSI's forecasts?
2. Is there a clear strategic vision for the development of the business?
3. Does the market, customer and competitor analysis in the Business Plan align with MSI's assessment?
4. Does the market, customer and competitor analysis in the Business Plan align with MSI's assessment?
5. What external stakeholders will influence the business plan's success or failure?
6. Are the financial projections realistic considering MSI's forecasts?
7. What are the key enablers for success and where do the key risks and considerations lie?

- Based on the results of the analysis, MSI will review the Company's existing business plan to assess:

- Viability relative to external market conditions
- Feasibility based on the Company's likely ability to deliver upon it

- The review will focus on the following factors:

- Market-related
- Financial
- Organisational structure
- Office locations
- Operating cost benchmarking
- Overhead costs
- Management team experience
- Business development process
- Opportunity red flag report

## Contact Us



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