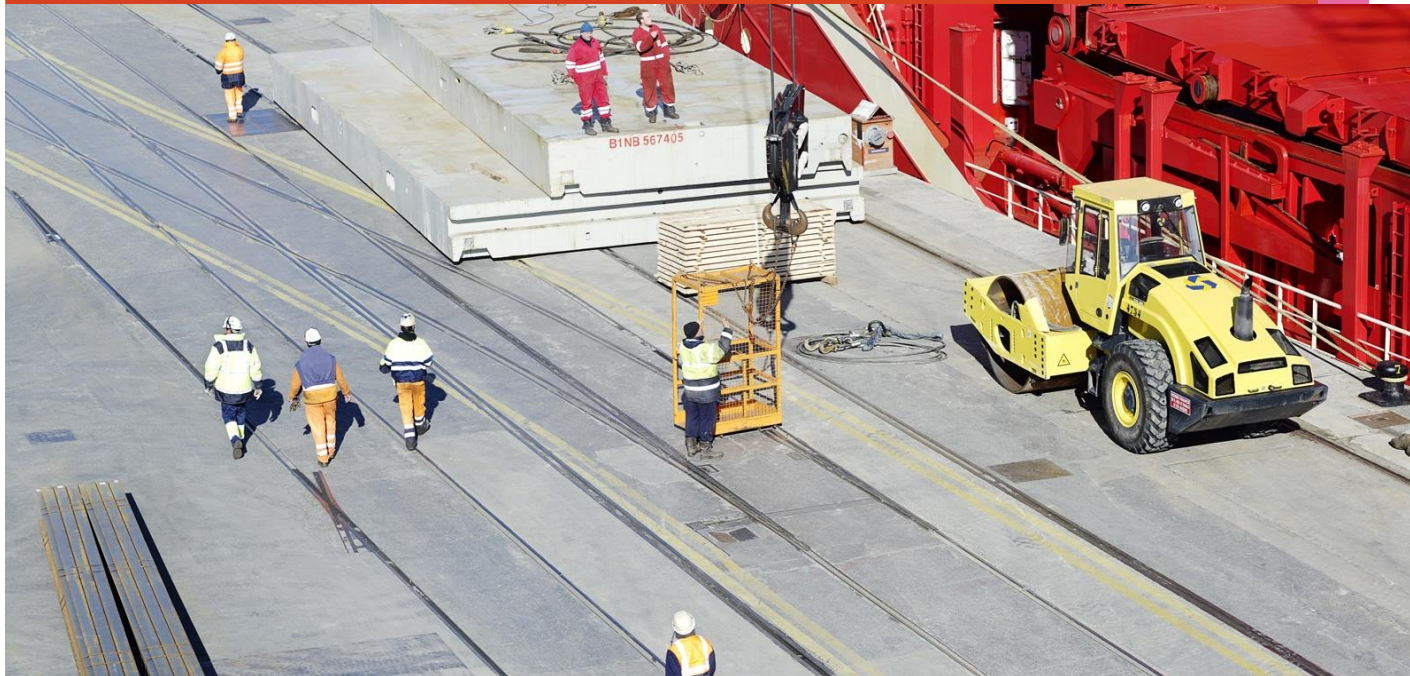


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# *Capital Markets* Shipping Industry

*Athens Ledra Hotel*  
*13 January 2014*



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# *Agenda*

- Global top 10 exchanges – overview of activity
- US IPO markets – overview of activity
- A brief dive into the shipping industry – recent IPO's, listing analysis, domicile

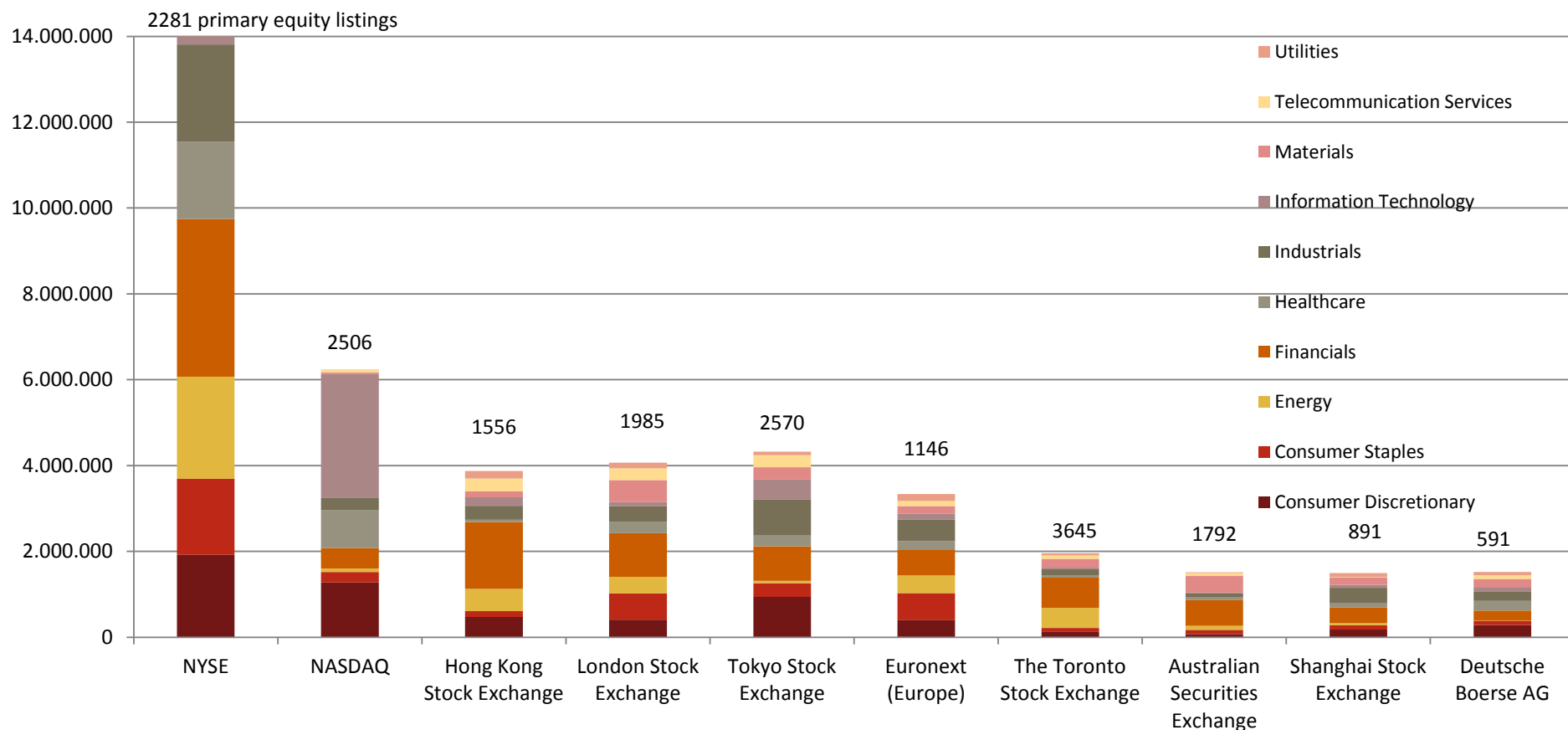
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## ***Global capital markets generally performed well 2013***

- Global earnings and outlook continue to improve post-financial crisis, with developed economies gradually strengthening and no major economic crises looming as we move into 2014
- In 2013, as the US markets had a strong recovery with indices continuing to break record highs, the EU had slightly negative GDP, but is expected to become positive in 2014, Japan's "Abenomics" delivered 2% growth, and while Chinese GDP has moderated over the past several years it remained at 7.7% growth in 2013
- The Global economy is starting to gain traction as companies have cut costs over the last several years, repaired balance sheets, and are poised for expansion in 2014. However, global macro influences that could hamper equity markets growth include rising interest rates, foreign market instability, and Middle East instability
- Specifically in the US – ECM: both volume and value of 2013 IPO's surpassed 2012 DCM: debt markets saw record levels of high-yield issuance again in 2013, approaching 2012 record highs

# *NYSE leads the world in listed market cap*

The US continues to dominate global capital markets by market capitalization, with the NYSE and NASDAQ taking the top 2 spots with over 4,700 listings



Numbers above bar charts are total number of primary equity listings per exchange

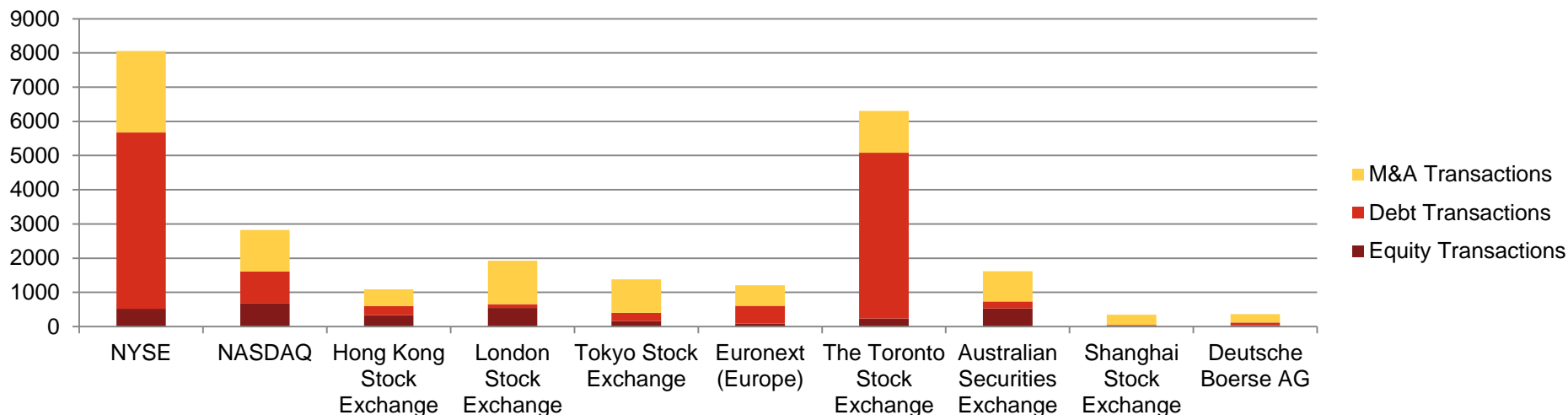
\*London Stock Exchange includes (LSE and AIM), Toronto Stock Exchange includes TSX and TSX Venture, and Euronext includes Paris, Brussels, Amsterdam, and Lisbon

USD Millions

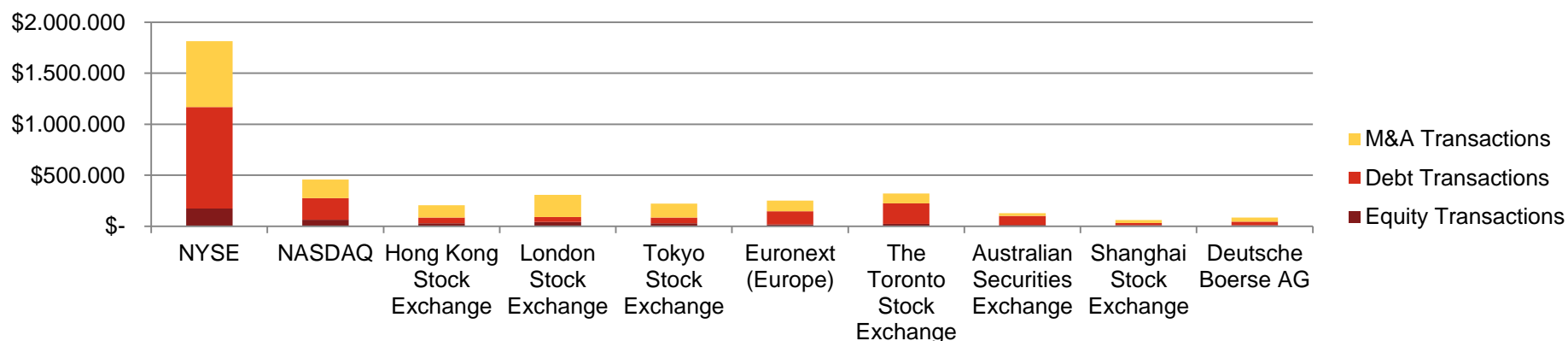
Source: S&P CapitalIQ

# ***NYSE dominates debt and M&A activity***

Number of Transactions



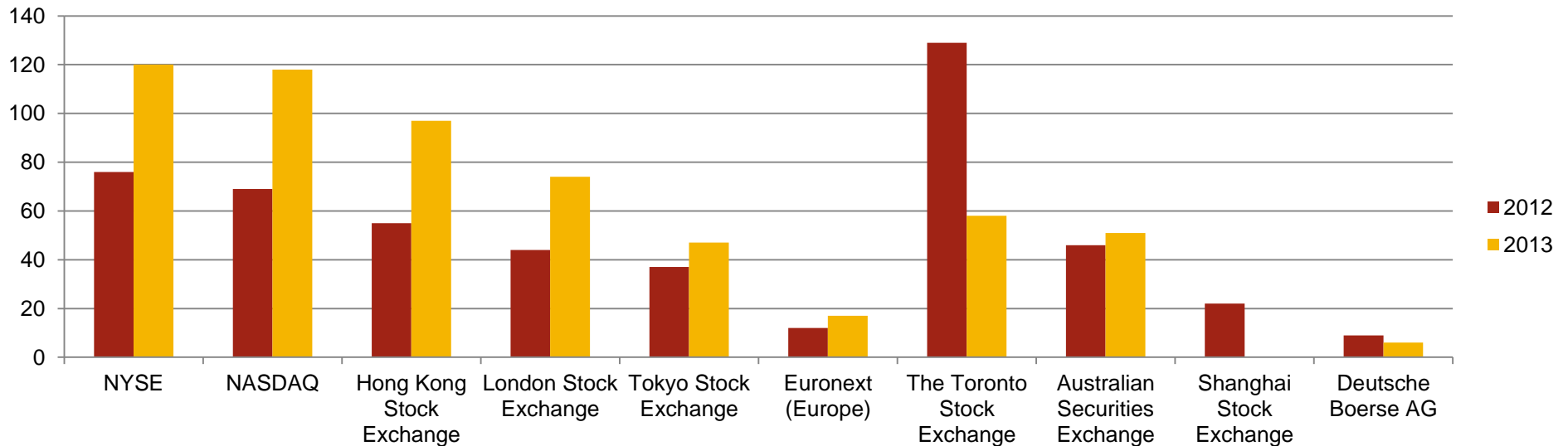
Total Deal Value



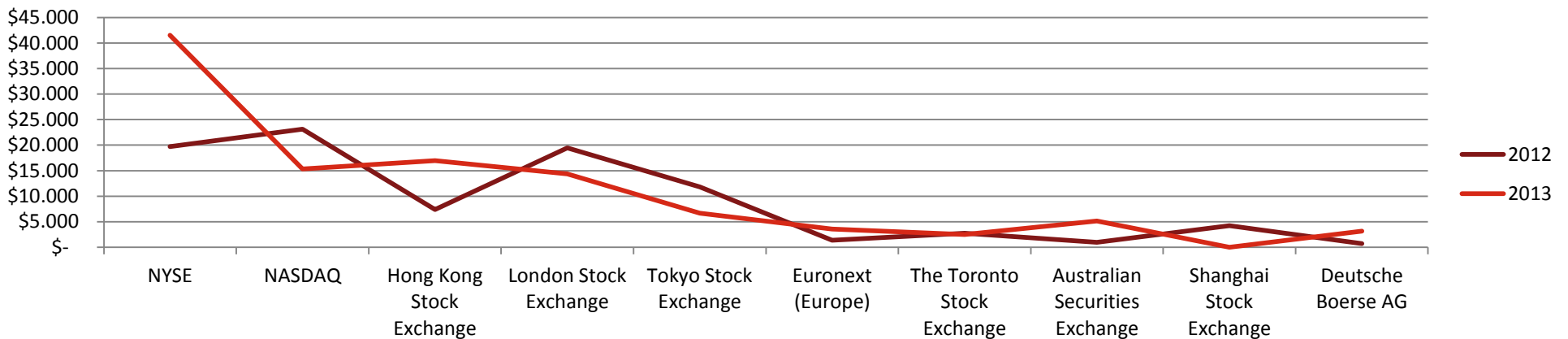
USD Millions  
Source: Capital IQ

# US leads the world in IPO's, Shanghai declines

Number of IPOs



Proceeds raised from IPOs



USD Millions

Source: Capital IQ

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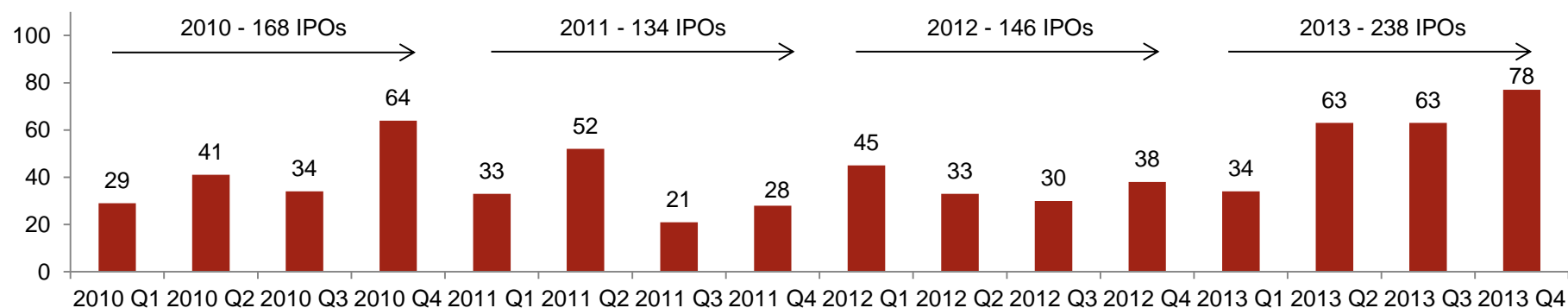
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# *PwC IPO watch – The US market has recently averaged 43 IPOs and \$10.9 billion of proceeds per quarter*

## Volume of IPOs by quarter



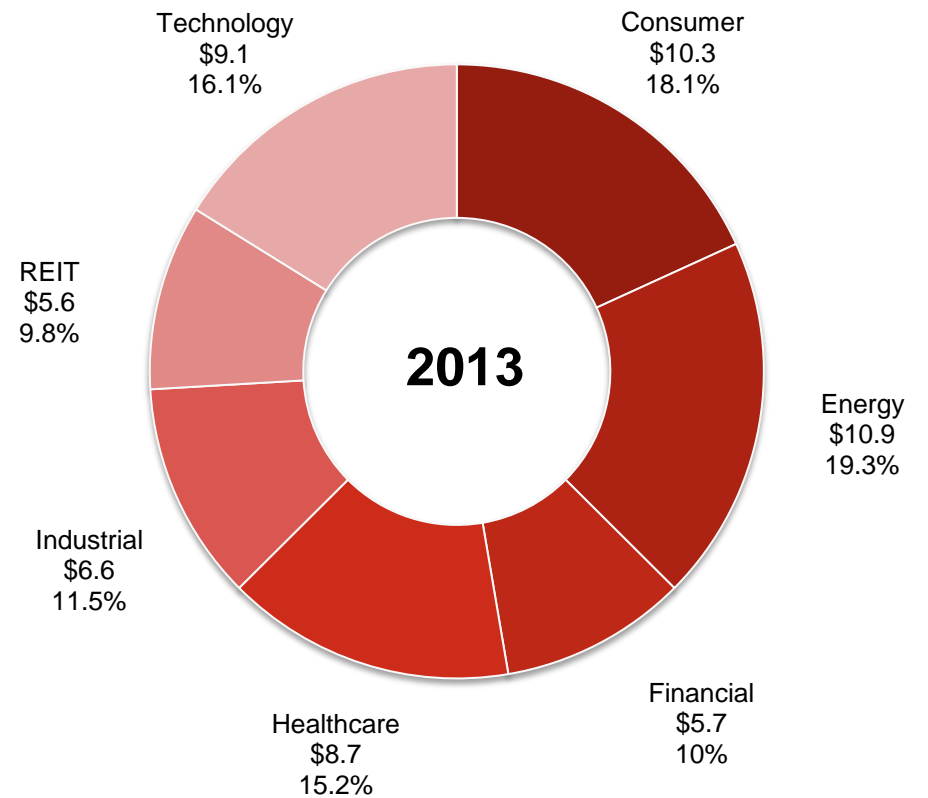
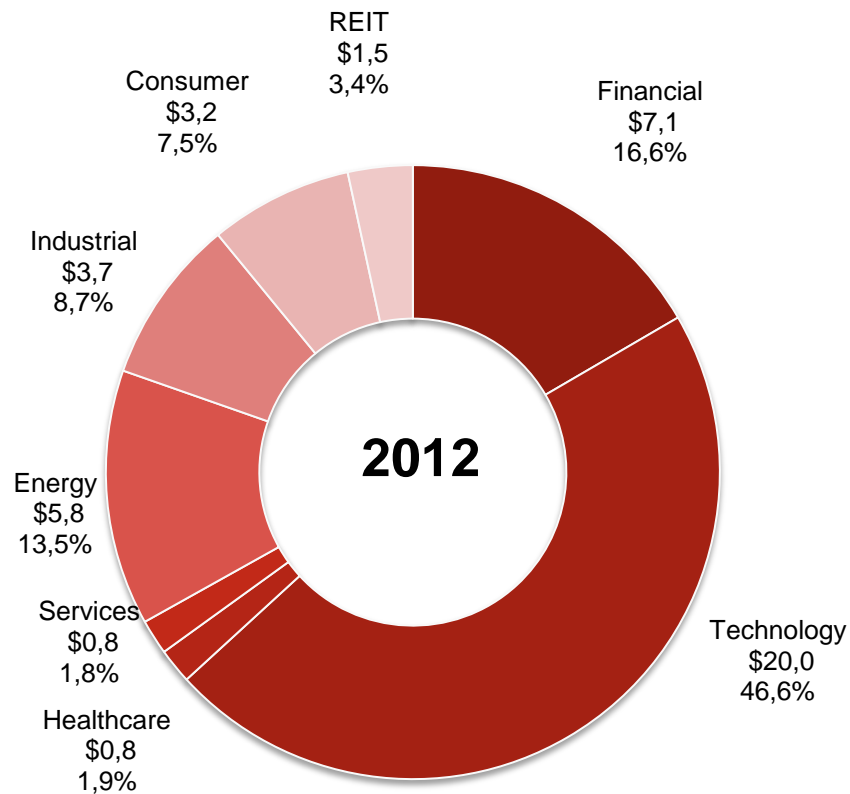
## Offering value of IPOs by quarter (\$ bn)



Note: Does not include IPOs listed on foreign exchanges, closed-end funds or trusts

Source: SEC filings

# ***IPO's raised \$56.9 billion in 2013 and \$42.9 billion in 2012***

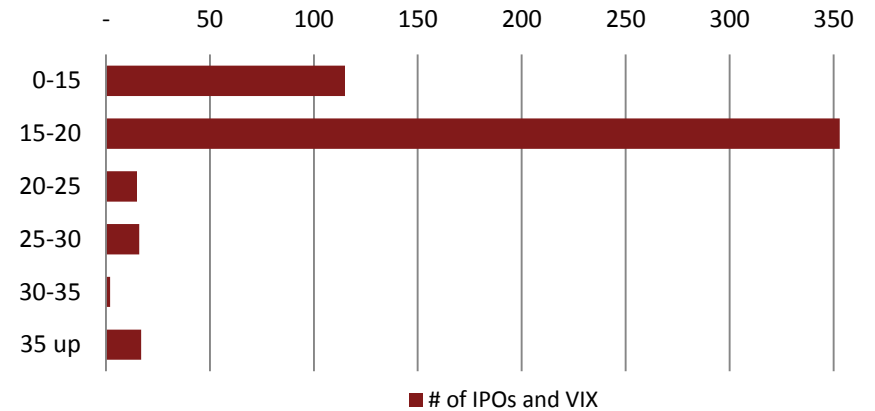




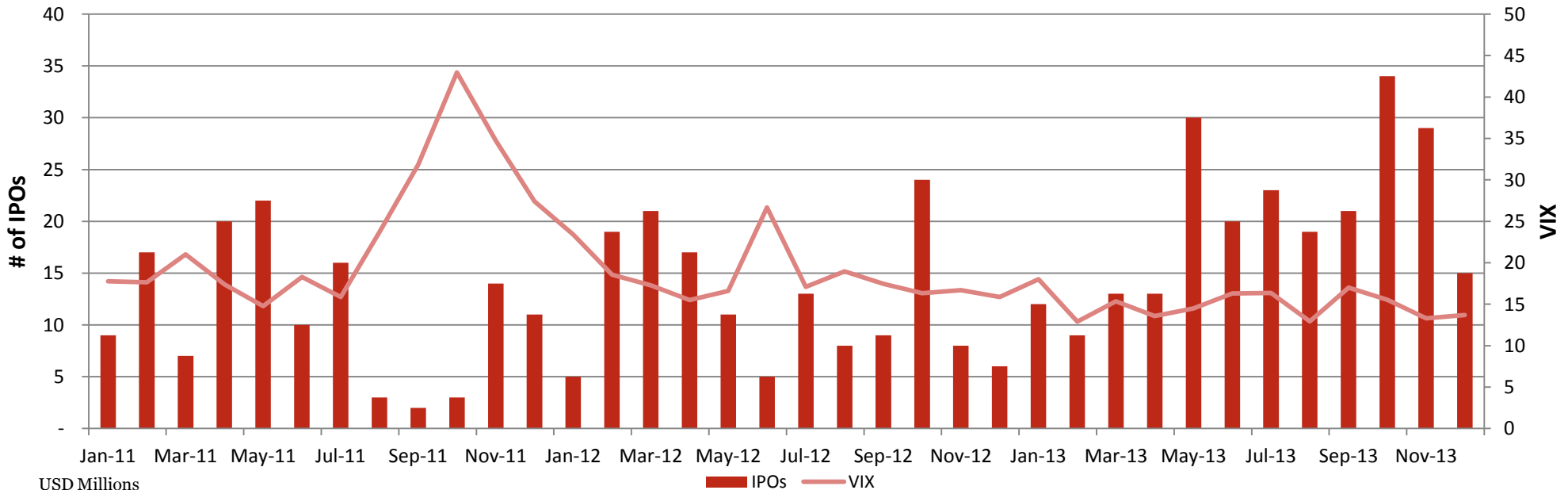
# US Market volatility measure remains low

- Since Jan 2011, of the 518 IPO's that took place, 68% of all IPOs occurred when the VIX was trading between 15 and 20 and 90% of all IPOs occurred when the VIX was trading below 20. These are periods of relatively low volatility, which generally promotes investor confidence.










- 2013 saw low levels of volatility, as reflected by the VIX index amid a background of record equity market performance, partly driven by investors chasing yield.



Monthly Number of US IPOs and VIX



## Recent shipping IPO's are trading well below issue price

	Exchange	Date Priced	Proceeds	1 Day Return	IPO to Dec 31, 2013 Return	TEV/LTM Revenue	TEV/LTM EBITDA
	OB	10/21/2013	\$127	-2%	33%	0.4x	14.2x
 Gamma Logistics Corporation	SEHK	8/14/2013	\$7	10%	-5%	0.4x	7.1x
	NYSE	7/31/2013	\$140	-4%	11%	10.2x	43.3x
	OTCNO	6/27/2013	\$250	19%	27%	N/A	N/A
	JKSE	2/11/2013	\$9	50%	30%	2.2x	7.9x
	ICSE	11/18/2012	\$91	1%	16%	0.8x	8.7x
	JKSE	9/28/2012	\$6	22%	-5%	2.0x	4.6x
	SHSE	8/27/2012	\$175	7%	-25%	3.5x	13.4x
	WSE	7/25/2012	\$8	2%	-3%	2.2x	5.6x

USD Millions

Source: Capital IQ

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# *US, Scandinavia and Tokyo have the most shipping company listings*

## By Number of Listed Shipping Companies

	<b>Number of Shipping Companies Listed</b>	<b>Total Market Cap of Shipping Companies (USD Millions)</b>
<b>NYSE</b>	27	\$89,952
<b>NASDAQ</b>	18	\$7,155
<b>Oslo Bors</b>	16	\$7,639
<b>OMX Nordic Exchange</b>	16	\$49,114
<b>Tokyo Stock Exchange</b>	16	\$14,497

## By Total Market Cap of Shipping Companies

	<b>Number of Shipping Companies Listed</b>	<b>Total Market Cap of Shipping Companies (USD Millions)</b>
<b>NYSE</b>	27	\$89,952
<b>OMX Nordic Exchange</b>	16	\$49,114
<b>Hong Kong Stock Exchange</b>	13	\$21,785
<b>Swiss Exchange</b>	1	\$15,422
<b>Tokyo Stock Exchange</b>	16	\$14,497

Source: Capital IQ

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## *US, Hong Kong and Shanghai markets show higher valuations*

Exchange	TEV/LTM Revenue		TEV/LTM EBITDA	
	Overall Industrial Sector	Shipping Companies	Overall Industrial Sector	Shipping Companies
NYSE	2.3X	6.4x	12.0x	21.9x
NASDAQ	2.5x	6.4x	13.8x	19.5x
Hong Kong	4.6x	2.0x	16.3x	42.4x
London	3.5x	3.4x	13.8x	9.8x
Tokyo	0.7x	1.1x	8.3x	9.2x
Euronext (Europe)	1.6x	4.5x	9.9x	11.4x
Toronto	4.4x	1.4x	10.8x	6.4x
Australia	3.3x	1.9x	9.1x	6.6x
Shanghai	4.2x	6.8x	26.2x	24.1x
Deutsche Boerse	1.1x	3.2x	11.7x	9.1x

Multiples are an arithmetic mean (not market cap weighted) for shipping companies listed on the exchange  
 TEV – Total Enterprise Value, (Market Capitalization plus net debt); LTM – Last Twelve Months  
 Source: Capital IQ

# *Let's all domicile in the Marshall Islands!!*

Tax Domicile	Shipping Companies Incorporated	Total Market Cap of Shipping Companies (USD Million)	Headquarters	Exchange
<b>Marshall Islands</b>	34	\$24,601	Greece (20), US (4), Bermuda (4), UK (2), Canada (1), Monaco (1), Hong Kong (1), Ireland (1), Marshall Islands (1)	NYSE (18), NASDAQ (13), OTC, Pink Sheets (2), London (1)
<b>Bermuda</b>	14	\$13,229	Hong Kong (6), Bermuda (5), Greece (1), UK(1), Monaco (1)	Hong Kong (4), Oslo Bors (3), Singapore (1), NYSE (4) and NASDAQ(2)
<b>China (incl Hong Kong)</b>	13	\$18,913	China (including Hong Kong) (13)	Shanghai (6), Hong Kong (6), Shenzhen (1)
<b>United States</b>	11	<b>\$70,235</b>	US (8), Viet Nam (1), Hong Kong (1), Monaco (1)	NYSE (5), NASDAQ (2), OTC, Pink Sheets (4)
<b>Norway</b>	10	\$1,691	Norway (15)	Oslo Bors (9), Norway OTC (1)
<b>Singapore</b>	9	\$2,773	Singapore (9)	Singapore (8), London (1)
<b>Malaysia</b>	9	\$8,396	Malaysia (9)	Bursa Malaysia (9)
<b>India</b>	8	\$1178	India (8)	Mumbai (8)
<b>Indonesia</b>	4	\$237	Indonesia (4)	Jakarta (4)
<b>Japan</b>	2	\$5,128	Japan (8)	Tokyo (2)

Source: CapitalIQ; data reflected above was for a sample size of 177 of the 264 total shipping companies identified

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# *Thank you.*

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