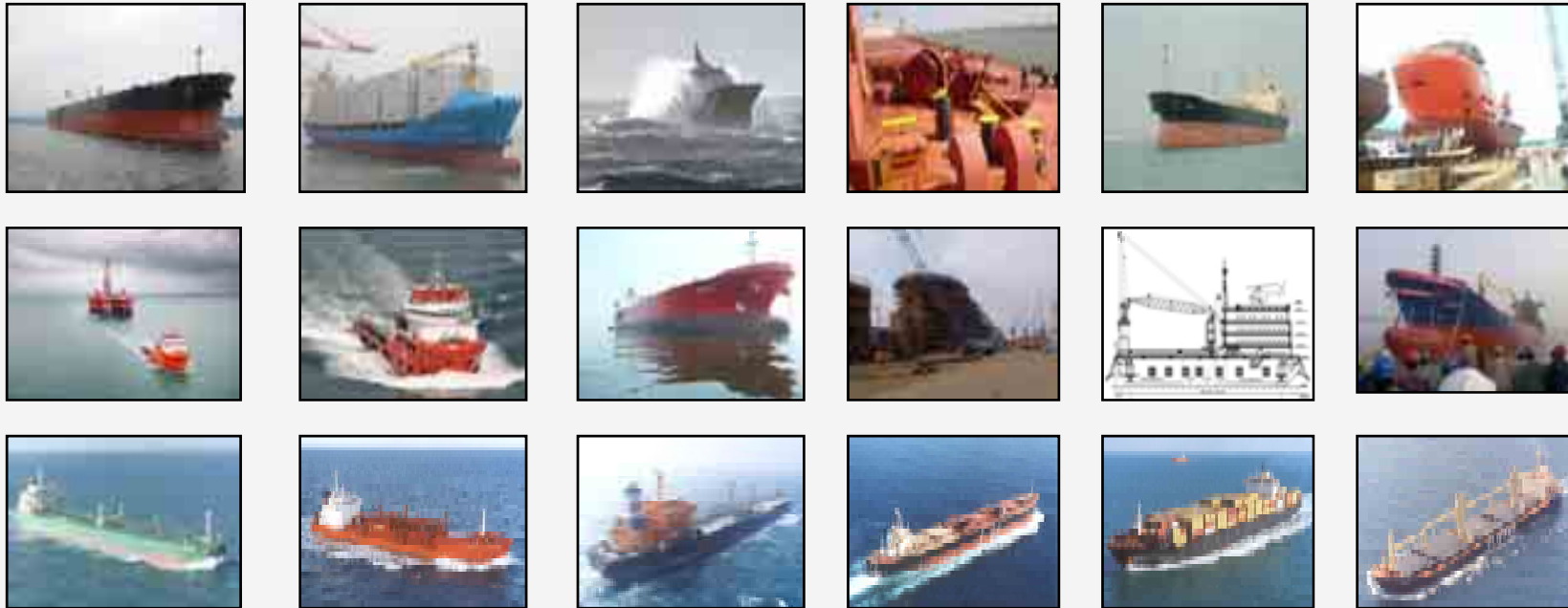
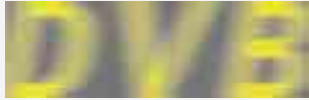


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Investment Management

Maritime Indonesia 2008



Session 5: Finance and Investments in Shipping



Introduction

-Original subtitle of this session was:

“How can the capital providers facilitate the Indonesian expansion”

-is this the main concern now for shipowners or are there more burning issues at the moment with the existing fleet and its financing??

-we will also discuss where to invest your money today??



1. Difficult times

- Drybulk and container vessel chartering market have collapsed
- Tankers, chemical, offshore still relatively robust
- Banks already had issues internally (see next slide)
- Bad news concerning clients is not what they are waiting for!
- Matrix on next slide we presented in Summer 2008 in another Forum



1. Difficult times

Matrix as presented In summer 2008	Finance market stay Bearish	Finance market becomes Bullish
Shipping market stay Bullish	Today's situation -Tough for owners but manageable	Optimistic scenario -back to the good all times of pre summer 2007
Shipping market becomes Bearish	Worst nightmare scenario -banks will be nervous Is there room for mutually Acceptable solutions?	Controlled workout scenario bank and owners work it out together

November 2008: Quite clear that worst night mare scenario becomes more realistic



Banking crisis/1

Few lines on banking crisis:

- All banks have issues, whether they have sub prime exposure or not

- Mainly because of funding

- Libor does not reflect the real cost anymore so every loan portfolio is potentially loss making, even if clients pay according to contract

- This is outside control of the banks and also of the clients so mutually acceptable solution to be found

- It will depend on individual banks how they will deal with this situation

- How do bankers in this room deal with this at the moment??



Banking crisis/2

-Which banks are open for business:

- Internationally

- In Indonesia

-If closed:

- when open again? (if at all)

- What appetite is there??

-In general a lot people say that banking will go back to the 50's: no rocket science anymore, but plain vanilla lending: exactly what we need?



Who is there to rescue the shipowner if needed?

-Shippers?? No: they paid so much for years so they do not feel sorry for the ship owners

-Any views from shippers in the room??

-Government: shipping important for country so viable shipping industry is key.

-Any views from Government officials in the room??

-A private initiative by the joint shipping banks similar to the US 700 bln TARP (trouble asset relief programme).

-Proposed by Head of Shipping in Fortis.



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Finance growth/renewal

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- Bankers: can not live or without them (U2 somewhere in the eighties)
- Shipping still highly dependant on bank debt
- Any hope situation will improve??
 - views from bankers in the room today?
- How to reduce dependency???
- What are the alternative sources??



Alternative sources?

-private equity

-Public equity

-International bonds

-Local bonds

-Any other ideas?

-Islamic financing from Middle East?



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Equity the future driver

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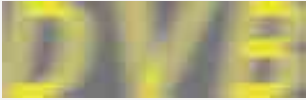
Shipping order book:

- Huge at the moment
- USD 350-500 bln??
- Not all orders have been fully financed



Shipping Private Equity landscape

	Mezzanine loans	Sale-lease back	Distressed assets	Structured lease	Corporate equity, JV's, buy outs
Ks/KG		x			
Shipping Funds	X	X	X	X	X
Leasing companies		x		X	
Private equity firms					X
Investment banks		X	X		X
Hedge funds	X	X	X	X	X
Owners		X		X	X



Access to Alternative source: Leasing schemes

- Indonesian owners have made limited use of the foreign available shipping capital
- Many foreign capital is provided in the form of leasing (bareboat/TC) structures
- It is not possible foreign parties own Indonesian flag ships and hence structuring Indonesian deals proved difficult
- Deals done was mainly with international flags
- Also tax issues.



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Access to Alternative sources

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- Local bond market
- Would be nice to know a bit more this market
- Any expertise in the room today?
- Can foreign owners tap this market?



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Access to Alternative sources

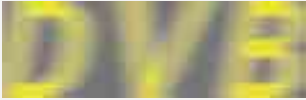
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- Public equity

- International markets are closed

- We saw an Indonesian shipping/offshore company doing a successful listing

 - PT Trada Maritime representative to comment on their experiences?

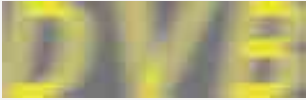


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Access to Alternative sources

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- International bond market
- Bonds are trading far below par
- New issues will be very challenging
- Any expertise in the room today?

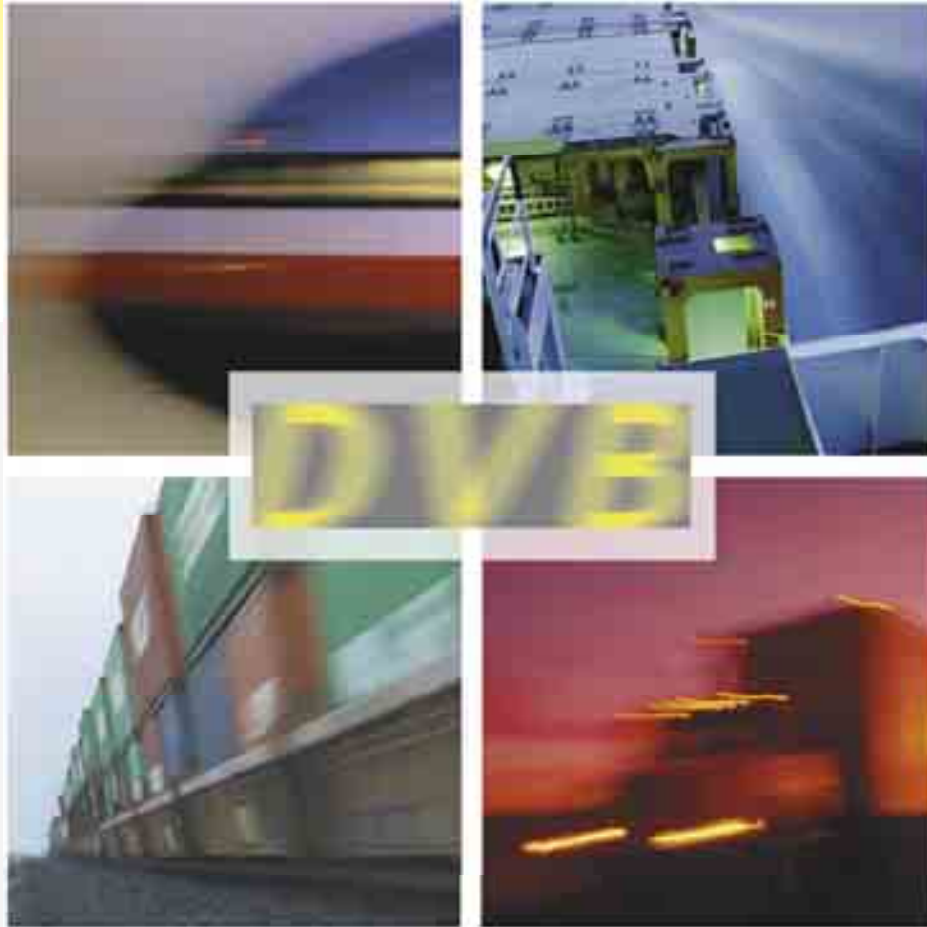


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Where and when to invest?

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- Fearnleys data on Indonesian fleet
- Indonesia somewhat sheltered from international mess?
- So when is the good time to invest?



**Thank you
for your
attention!!**