

4th IRON ORE & COAL World Shipping Summit 2012

Where to raise capital today?

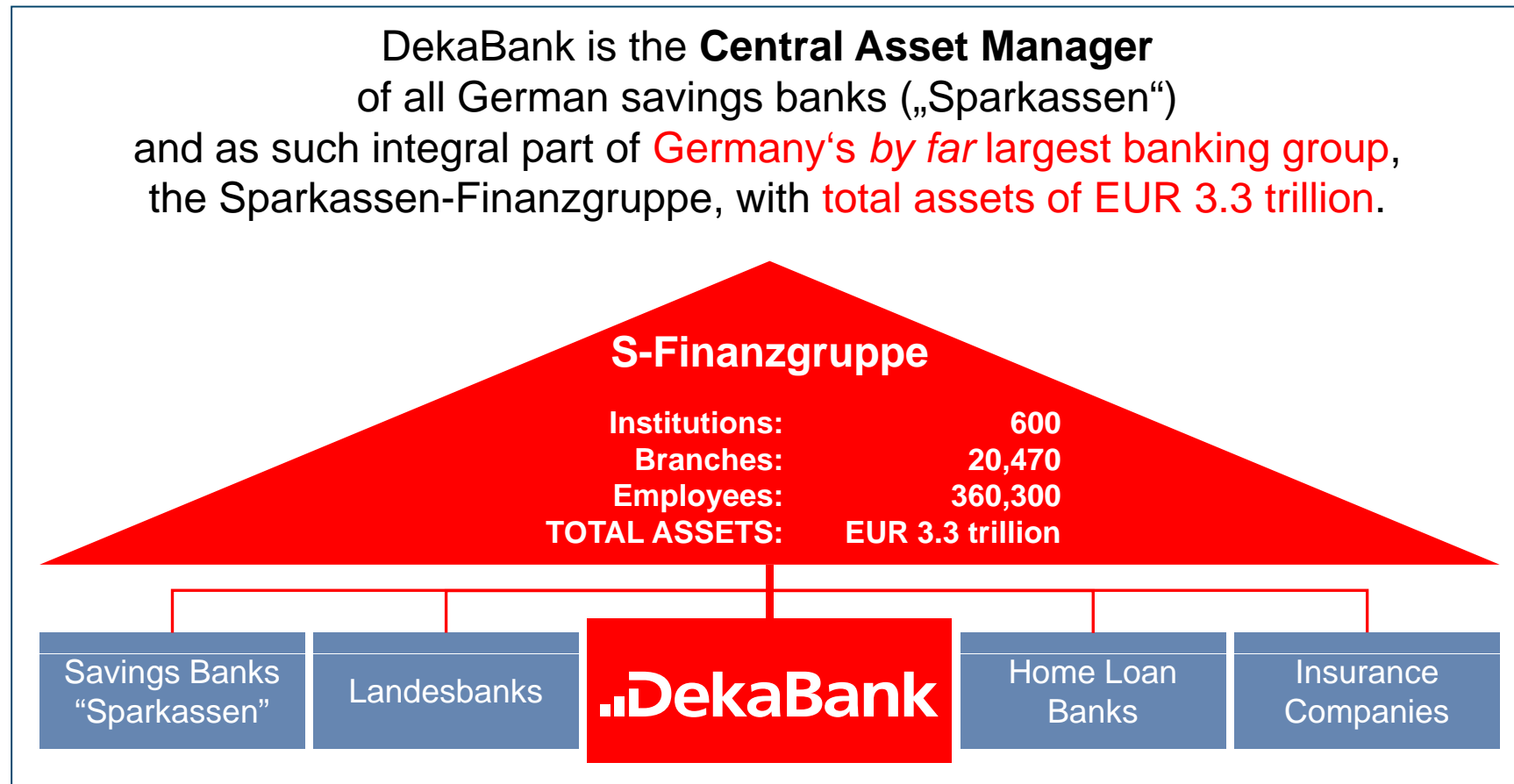
Dr. Marco Albers
October 2012

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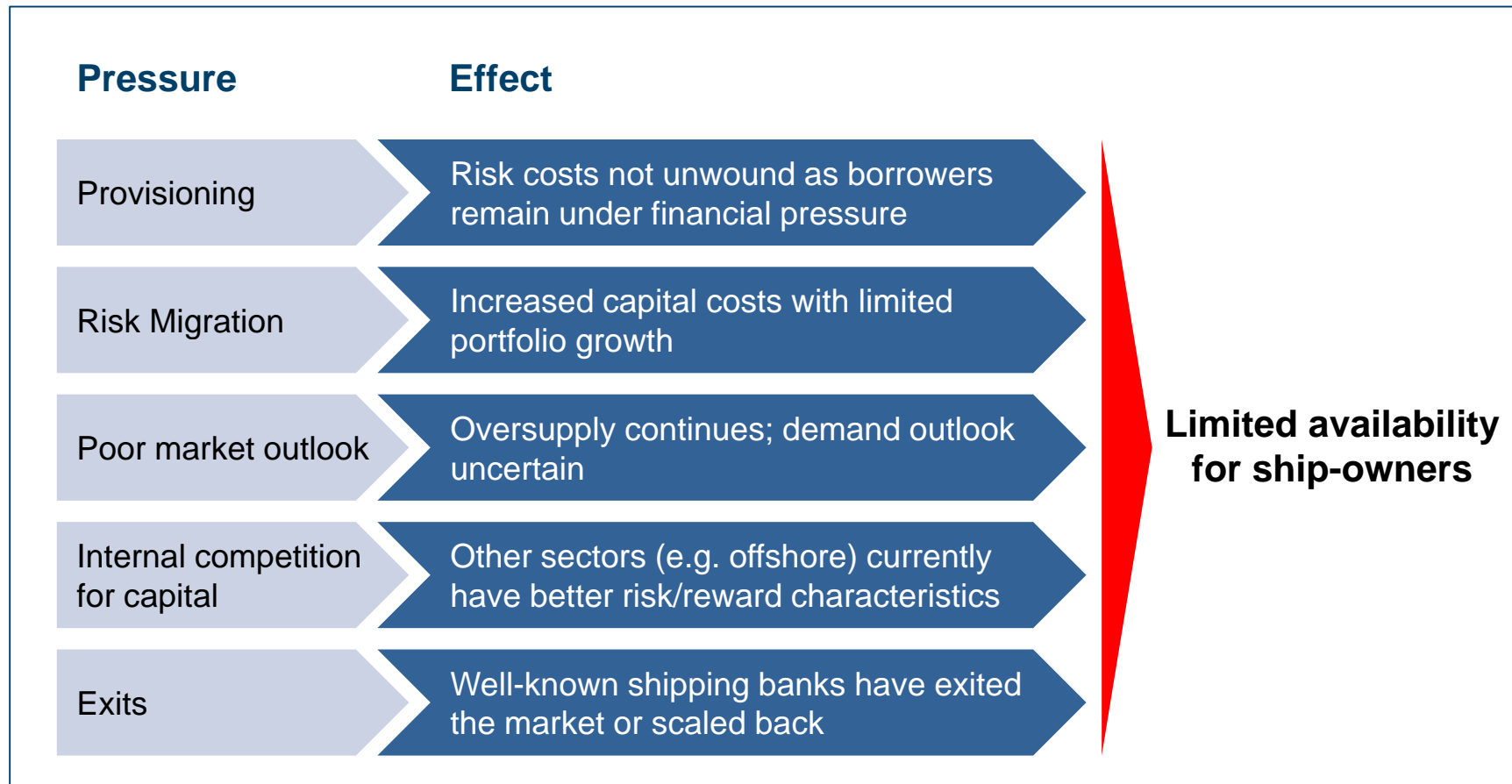


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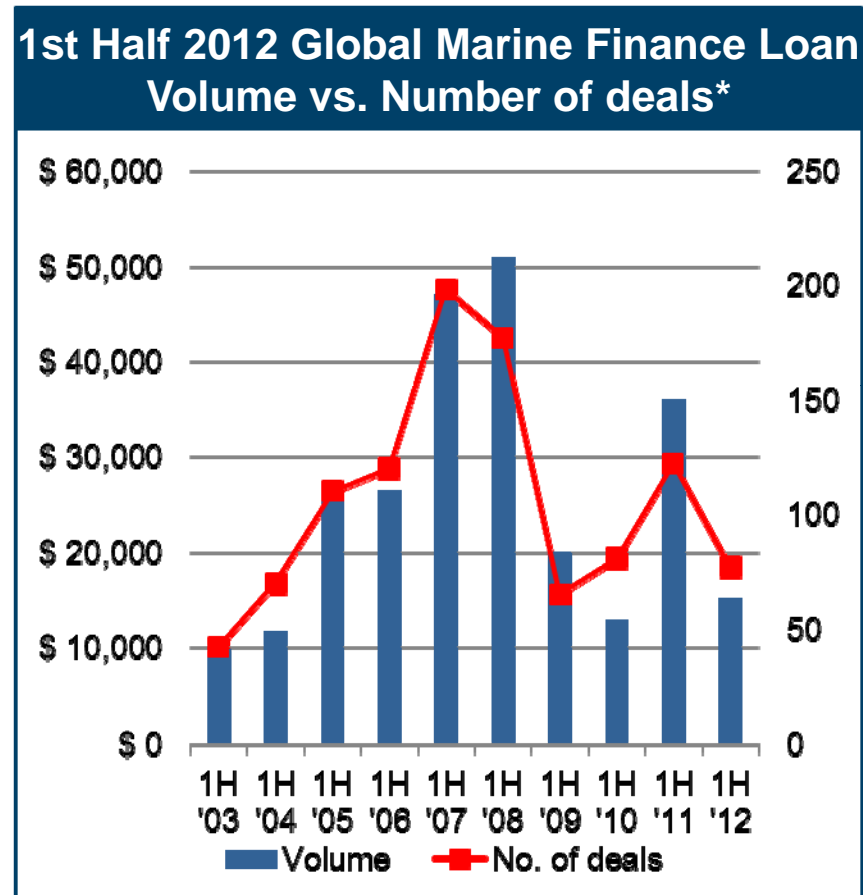
We are part of Germany's largest banking group ...



Current state of the ship finance market

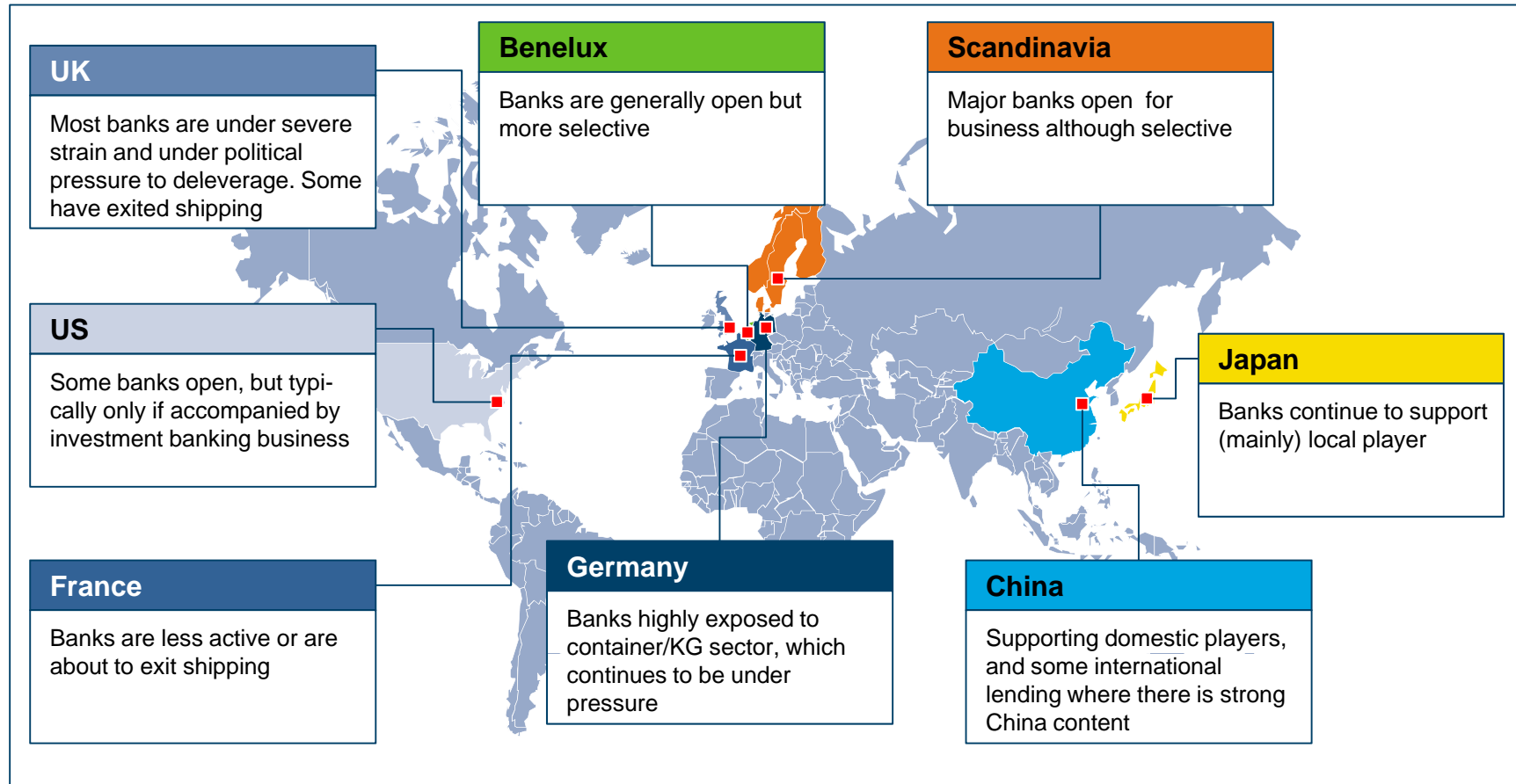


Global (syndicated) Shipping Volume

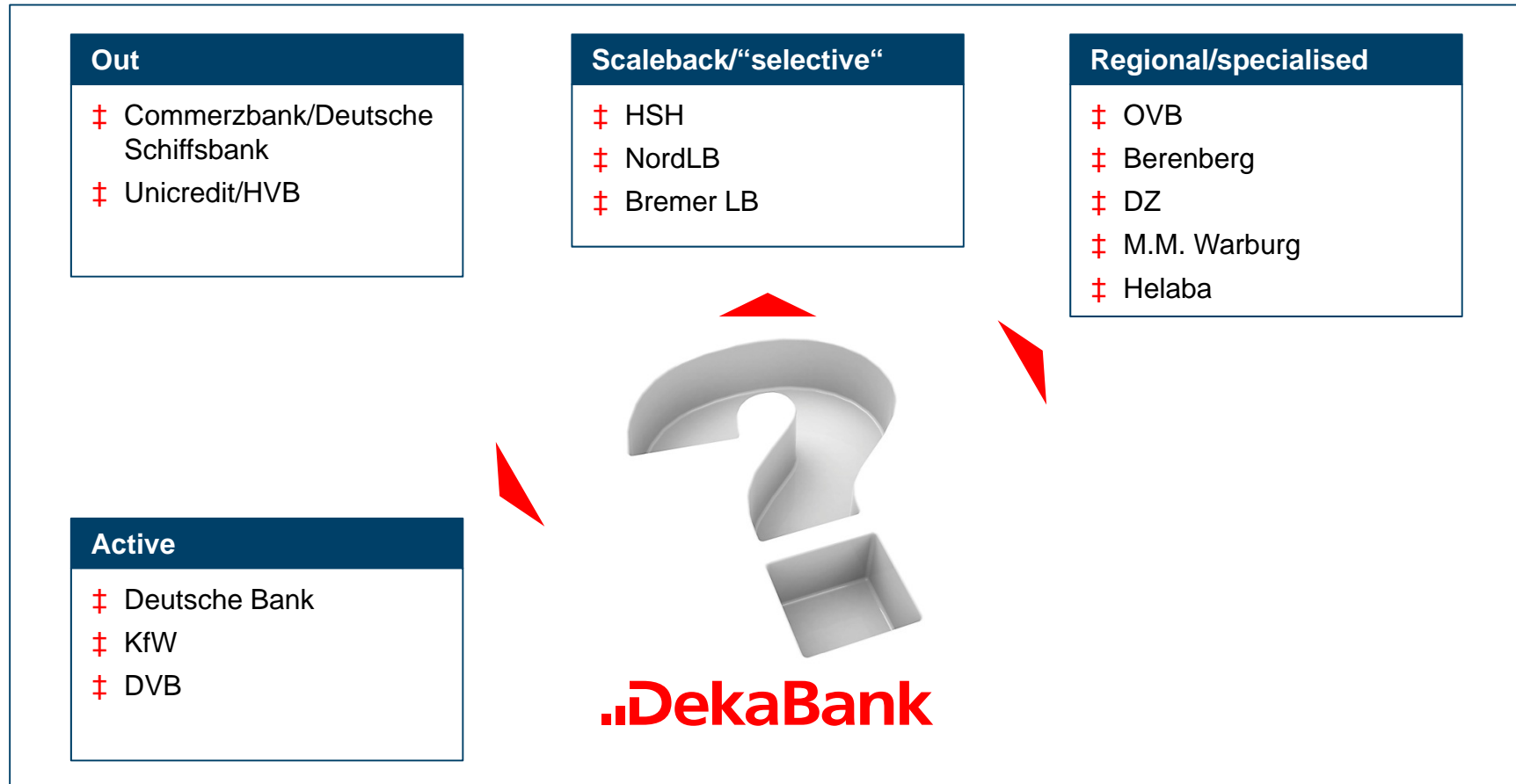


4 * Source: Dealogic
**Volume \$M

Which international banks are active now and who will be active in the future?



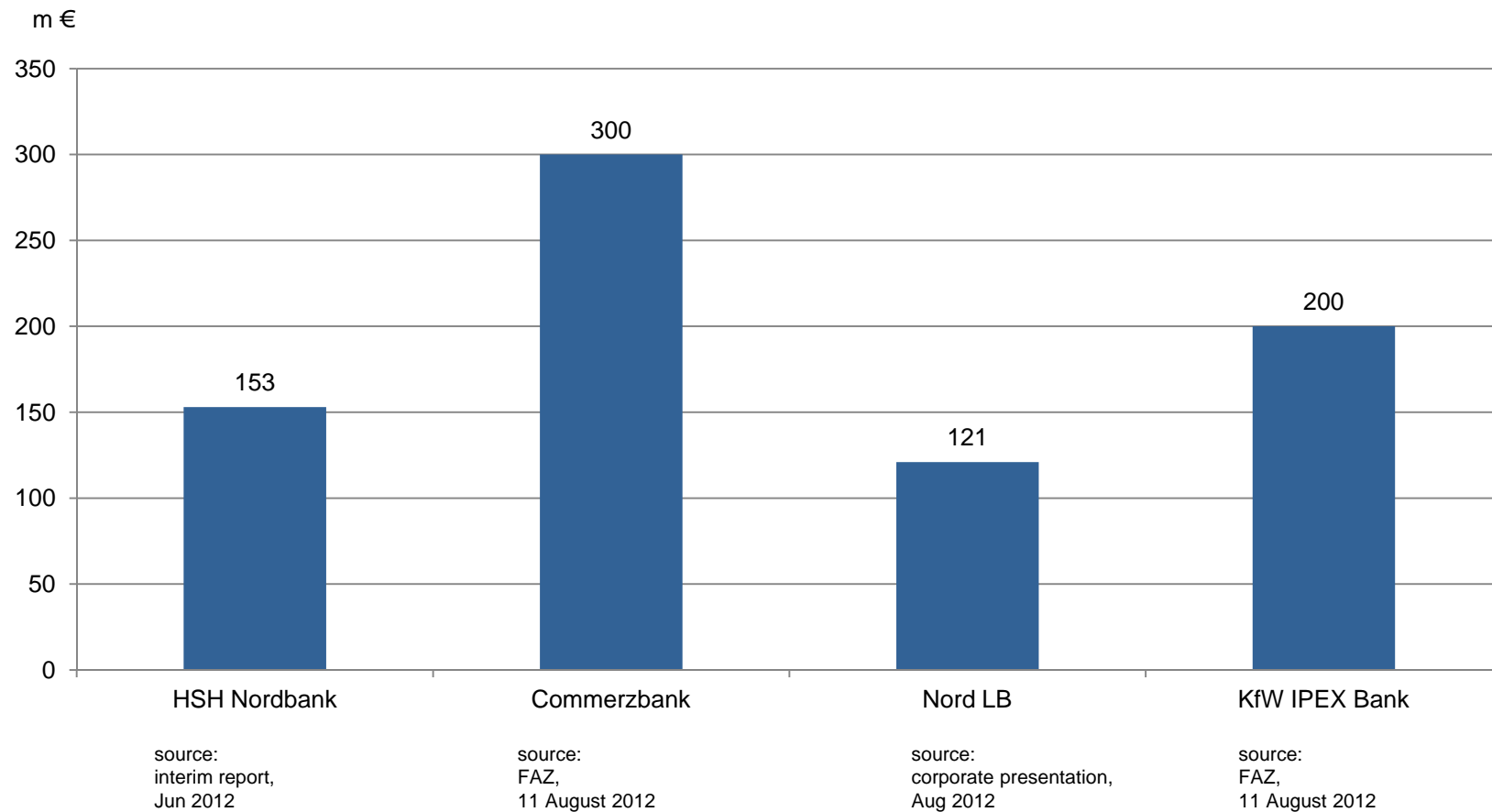
Which German banks are active now? Any left for the future?



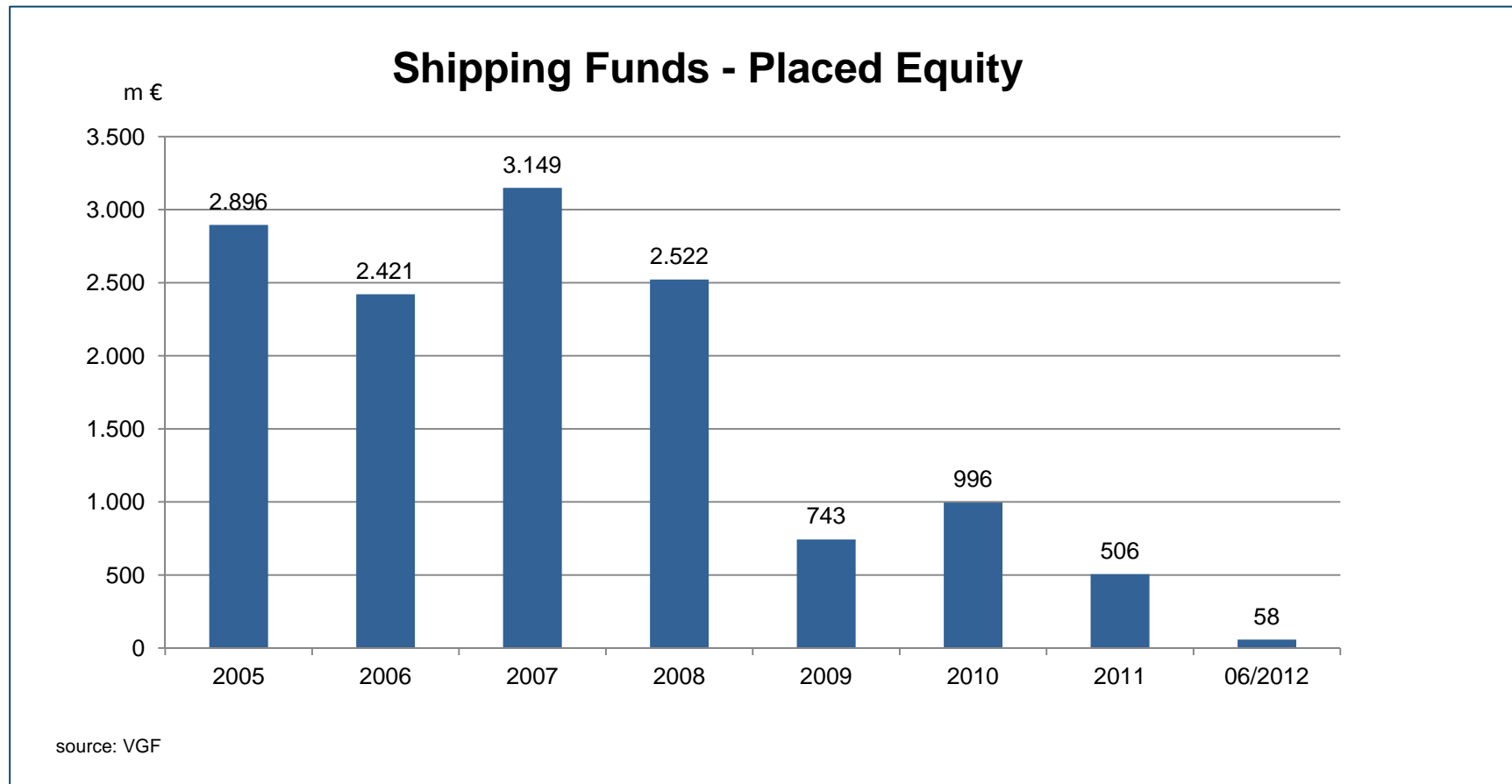
KG-market & Restructuring Issues

- ‡ > 100 KGs already gone bankrupt
- ‡ Even more require equity injections from investors
- ‡ Approx. 800 KG ships are struggling
- ‡ Restructurings continue to pick up again
- ‡ Increasing enforcements
- ‡ Any hope?

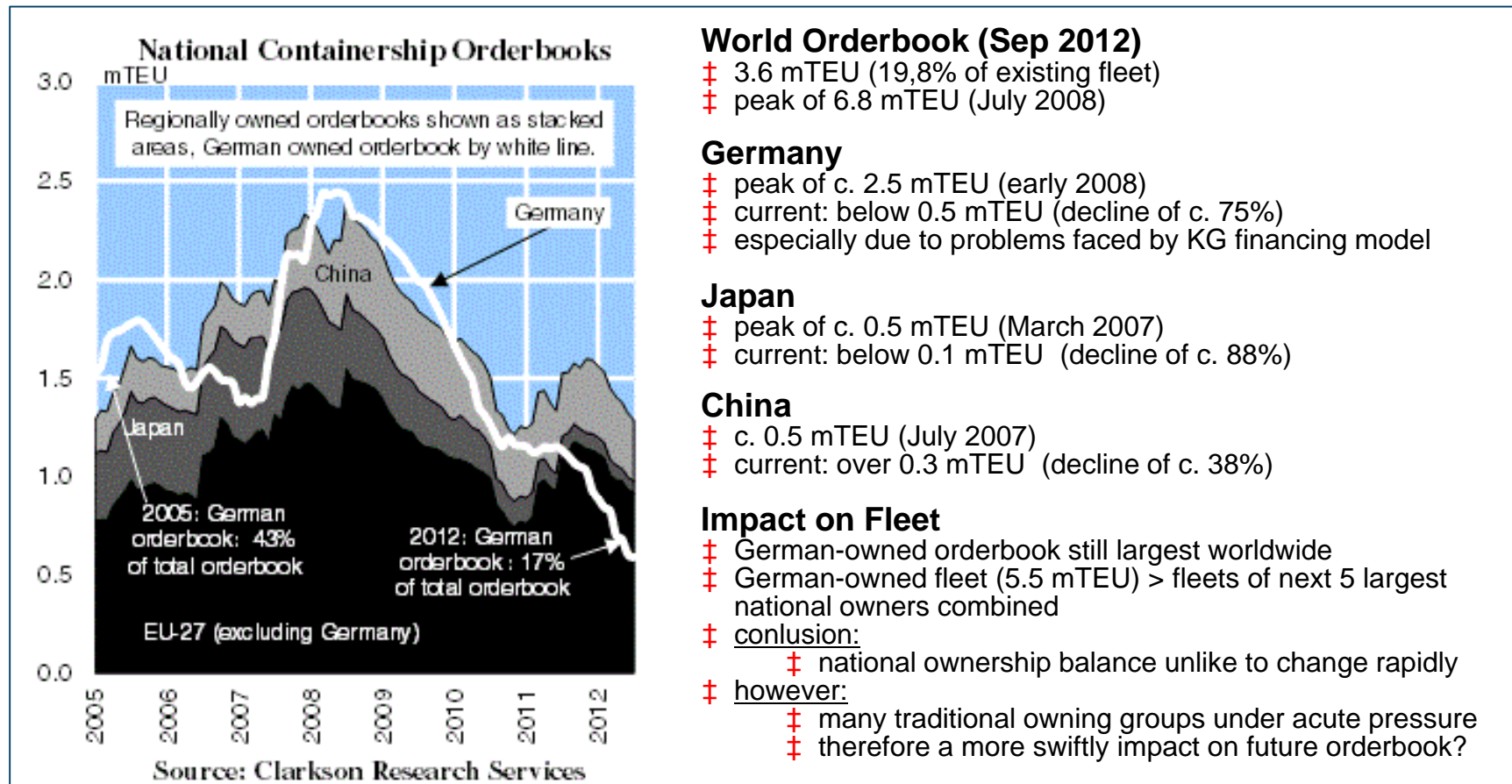
Risk Provisions – First Half 2012



KG-market / Shipping Funds



Containership Orderbook – Largest Owner Nations



World Orderbook (Sep 2012)

- ‡ 3.6 mTEU (19,8% of existing fleet)
- ‡ peak of 6.8 mTEU (July 2008)

Germany

- ‡ peak of c. 2.5 mTEU (early 2008)
- ‡ current: below 0.5 mTEU (decline of c. 75%)
- ‡ especially due to problems faced by KG financing model

Japan

- ‡ peak of c. 0.5 mTEU (March 2007)
- ‡ current: below 0.1 mTEU (decline of c. 88%)

China

- ‡ c. 0.5 mTEU (July 2007)
- ‡ current: over 0.3 mTEU (decline of c. 38%)

Impact on Fleet

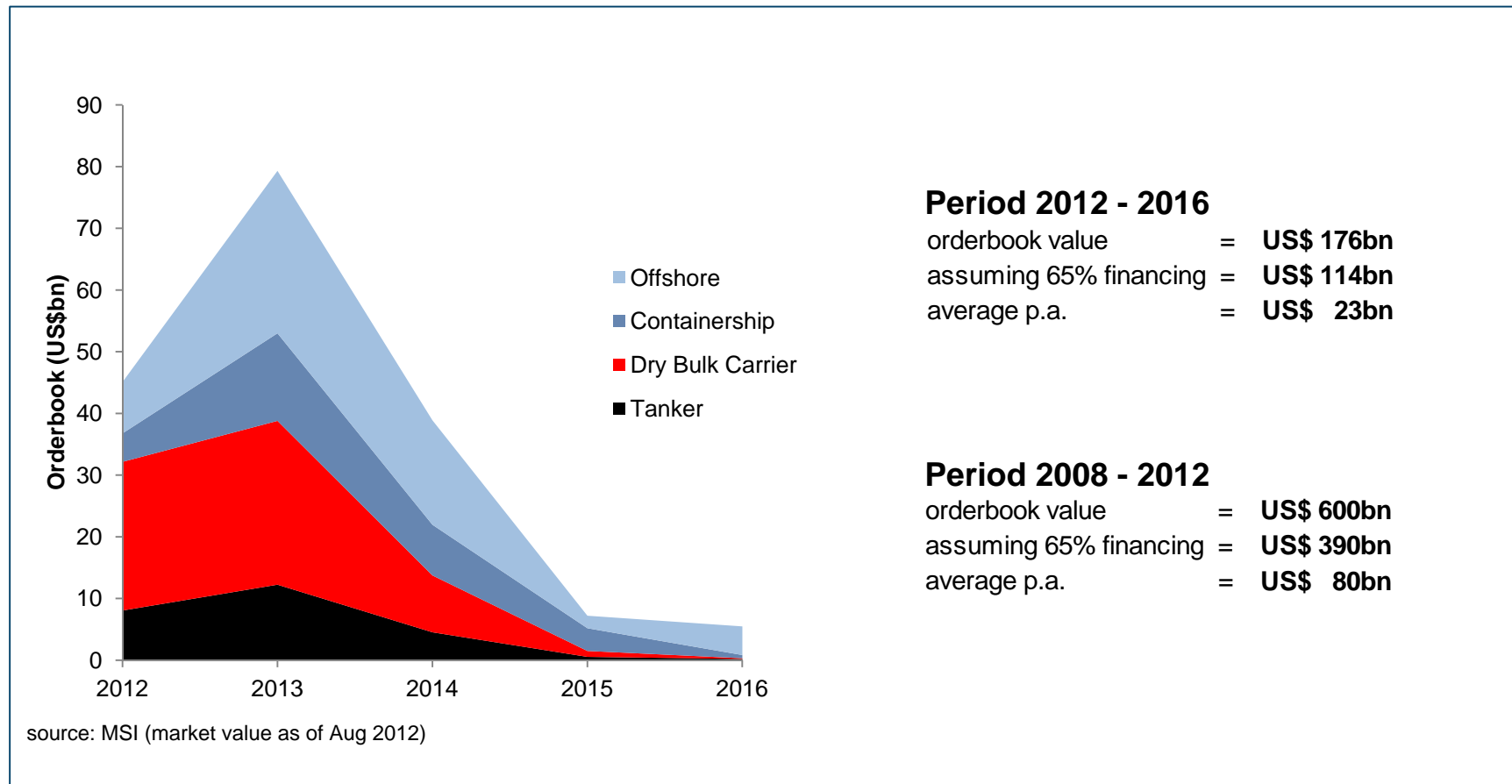
- ‡ German-owned orderbook still largest worldwide
- ‡ German-owned fleet (5.5 mTEU) > fleets of next 5 largest national owners combined
- ‡ conclusion:
 - ‡ national ownership balance unlikely to change rapidly
- ‡ however:
 - ‡ many traditional owning groups under acute pressure
 - ‡ therefore a more swiftly impact on future orderbook?

Germany – Consolidation process ahead?

Many traditional German owning groups under acute pressure

- ‡ currently about 400 shipping companies in Germany
- ‡ average size: 9 vessels
- ‡ potential solutions?
- ‡ Mergers
 - ‡ E.R. Schiffahrt + Komrowski = Blue Star Holding
 - ‡ Blue Star Holding > 150% E.R. Schiffahrt
 - ‡ Blue Star Holding > 300% Komrowski
 - ‡ => economies of scale
- ‡ Pools
 - ‡ Ahrenkiel Shipmanagement
 - ‡ MPC Munchmeyer Petersen Steamship (MPC Steamship)
 - ‡ neither owner previously listed as top 20 tonnage provider
 - ‡ combined pool: top 15

Current Orderbook – Financing Requirements

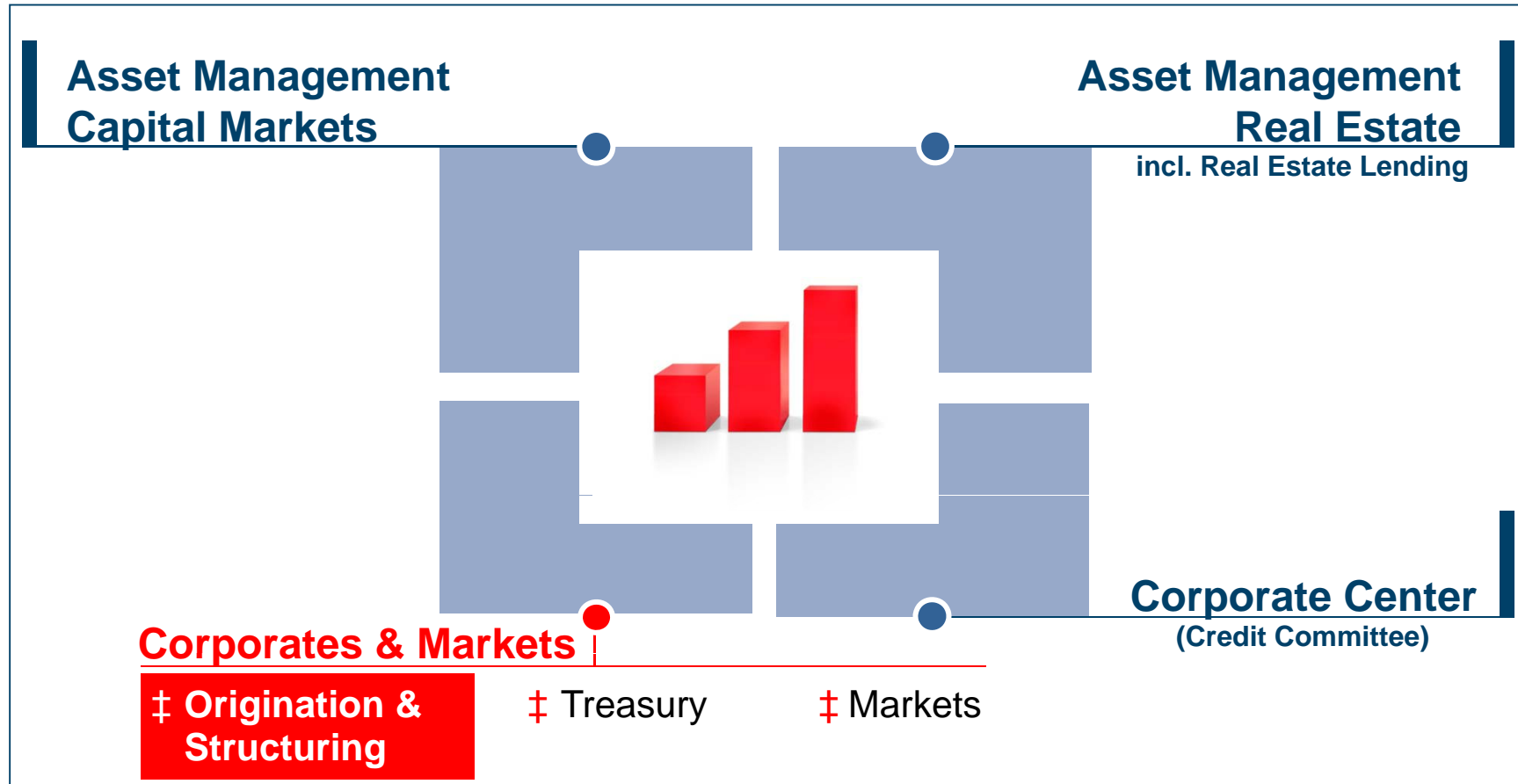


Who will fill the funding gap?

Cancelled/ delayed new- building orders	<ul style="list-style-type: none">‡ Best solution. Reduces catastrophic impact on shipping markets as well
Increased equity from cash rich owners	<ul style="list-style-type: none">‡ For those that can afford it (and haven't lost too much in recent turmoil), and still want to invest, this may be an option‡ Opportunities at rock bottom prices / new designs
ECAs	<ul style="list-style-type: none">‡ ECAs becoming increasingly professional in the terms they expect from ship-owners‡ Bank funding is still required and pricing benefit is no longer applicable‡ Positive: low RWA consumption!
Private equity	<ul style="list-style-type: none">‡ Mismatch in expectations between the price at which shipowners will sell and the price for which returns are attractive to funds‡ Distressed opportunities limited as banks prefer to restructure quietly or sell to friendly clients with financing attached
Institutional investors	<ul style="list-style-type: none">‡ Institutionals are looking for alternative investments to e.g. sovereign bonds‡ Reduced return expectations‡ Deka with direct access as Central Asset Manager of Savings Bank Group

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Business Segments



Strategies to secure bank financing



When is the shipping / banking crisis (credit squeeze) over?

The impact of the Euro crisis on the real economy is just starting...

Overcapacity continues...

Negative impact of Basle III...

Lenders are still shy... will they ever come back?



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