



DNB

Introduction to Shipping, Offshore and
Logistics / DNB London Branch

Current Challenges in Ship Finance
Markets

Presentation to Shippingforum

18th October 2012

**Introduction / Welcome
London Branch overview**

**Status of ship finance
markets**

**Alternative sources of
financing**

Introduction to DNB London Branch



London Branch

- Established in 1971
- Staff 103
- Key Products: Credit, CM, FX/derivatives/commodities, Equity Sales & Research, DCM (from 2012)
- Key Industries: Shipping, Offshore & Logistics, Energy, Large Corporates, Nordic clients



Luxembourg Office

- A wholly-owned subsidiary of DnB NOR Bank ASA
- Established in 1985
- Staff 25
- Key Industries:
 - Private Banking



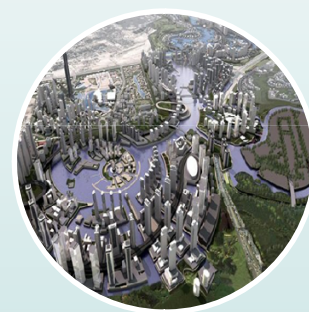
Athens Rep Office

- Established in 2007
- Staff 6
- Key Industries:
 - Shipping



Aberdeen Office

- Established in 2011
- Staff: 3
- Key Industries:
 - Energy
 - Seafood
 - Nordic clients



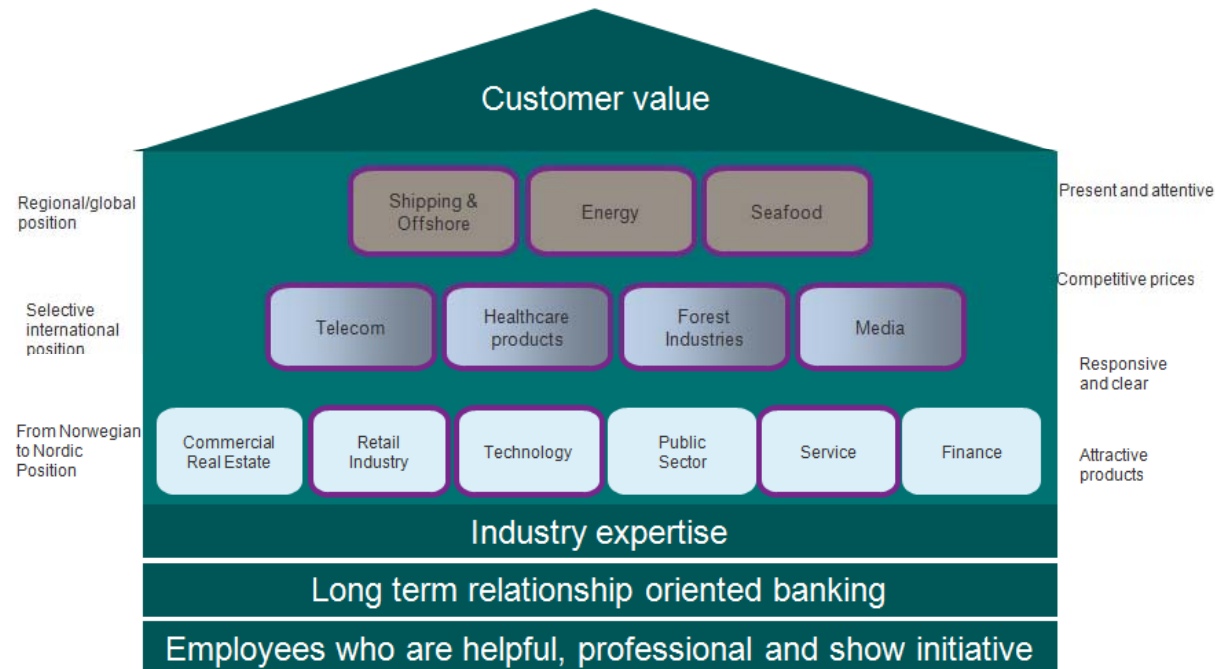
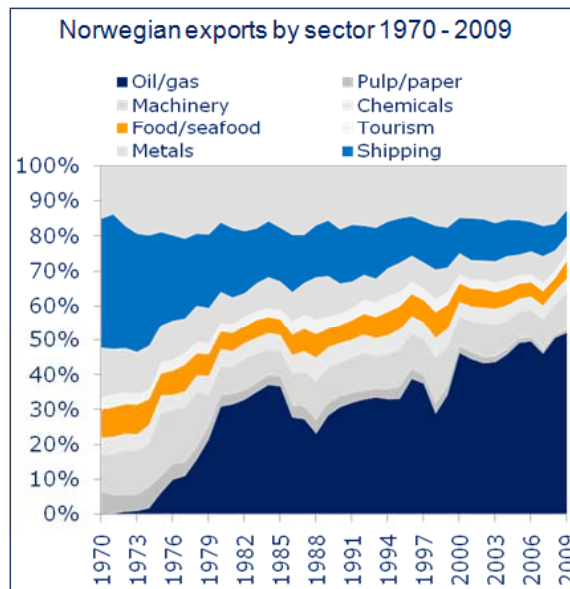
Middle East – Dubai

- To be established
- To grow business within existing industry strategies
- Main products will be lending, cash management and advisory services

A more diversified structure, with additional product areas is improving our client service capabilities

London Branch Strategy:

Creating customer value through industry expertise and long term relationship oriented banking



International expansion based on industries with traditional Norwegian competence

DNB London is a full service bank with an attractive portfolio of products and services



Cash Management

- Liquidity management
- Transactional banking



FICC

- FX / Interest Rates / Commodities / Deposits



Equity Sales & Research

- Sales
- Research
- Editors



Debt Capital Markets

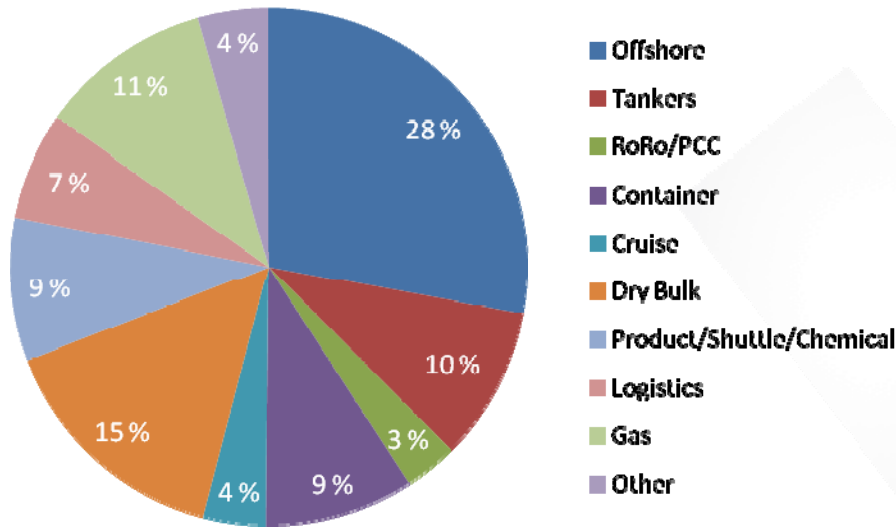
- Debt advisory
- Debt structuring
- Syndication/Distribution

**Introduction / Welcome
London Branch overview**

**Status of ship finance
markets**

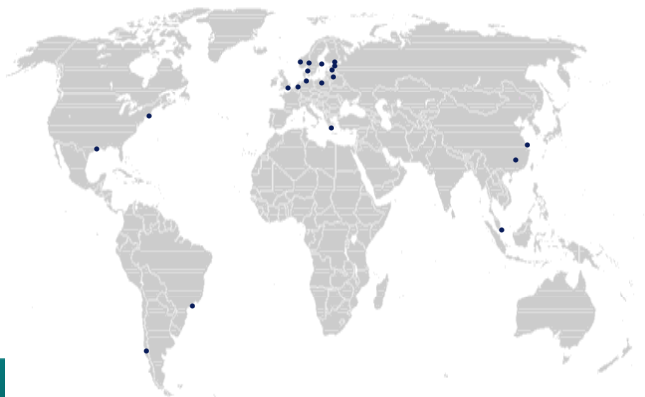
**Alternative sources of
financing**

DNB has a leading global position in the maritime industry with a diversified portfolio



USD 35 billion commitments to the shipping, offshore and logistics industry

More than 100 maritime & offshore relationship bankers world-wide



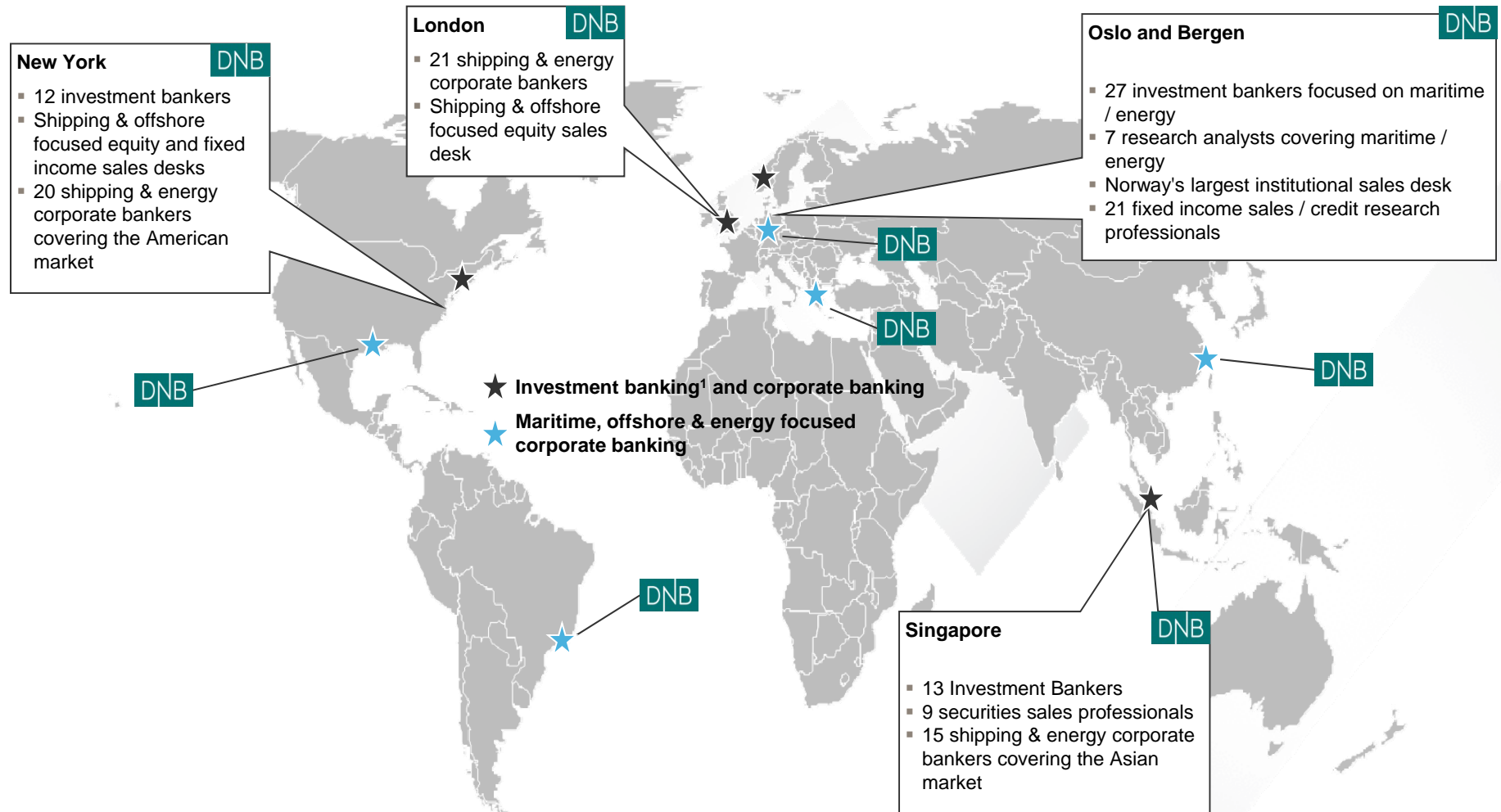
Oslo
Bergen
London
Stockholm
Athens
New York
Houston
Santiago
Shanghai
Singapore
Mumbai

Top maritime bookrunners first half 2012

- 1 **DNB Bank ASA**
- 2 Nordea Markets
- 3 BNP Paribas
- 4 Bank of America Merrill Lynch
- 5 Sumitomo Mitsui Financial Group
- 6 Mizuho
- 7 ING
- 8 Citi
- 9 Natixis
- 10 National Australia Bank

Source: Dealogic

DNB has global presence within the maritime industry



¹ Corporate Finance & Debt Capital Markets

DNB consistently leads the league tables in maritime finance

2012 1H

















Bookrunner	Deal value (USDm)
DNB Bank ASA	1,753
Nordea Markets	1,040
BNP Paribas	956
Bank of America Merrill Lynch	732
Sumitomo Mitsui Financial Group	586
Mizuho	386
ING	368
Citi	303
Natixis	302
National Australia Bank	269

2011

Bookrunner	Deal Value (USDm)
DNB Bank ASA	9,243
Nordea Markets	8,136
ING	3,102
Mitsubishi UFJ Financial Group	3,034
Citi	2,492
Deutsche Bank	2,361
ABN AMRO Bank	1,957
Bank of America Merrill Lynch	1,903
Wells Fargo Securities	1,689
Sumitomo Mitsui Financial Group	1,617

2010








Bookrunner	Deal Value (USDm)
DNB Bank ASA	5,714
Nordea Markets	4,622
Mitsubishi UFJ Financial Group	3,576
ING	1,952
Citi	1,679
BNP Paribas	1,156
RBS	1,072
JPMorgan	1,003
Bank of America Merrill Lynch	910
Danske Bank	900

 Fred.Olsen Energy ASA Senior Secured Term Loan Facility USD 1,500,000,000 Joint Bookrunner & Joint MLA DNB Bank 2012	 GASLOG Senior Secured Term Loan Facilities USD 273,000,000 / USD 435,000,000 Bookrunner, MLA and Agent DNB Bank 2011 - 12	 HURTIGRUTEN Senior Secured Term Loan Facility USD 440,000,000 Joint Bookrunner & Joint MLA DNB Bank 2012	 Bluebird Senior Secured Term Loan Facility USD 91,000,000 Joint Bookrunner, Joint MLA & Agent DNB Bank 2012	 Costamare Inc. Senior Secured Term Loan Facility USD 153,000,000 Bookrunner, MLA and Agent DNB Bank 2011	 HÖEGH LNG Senior Secured Term Loan Facility USD 288,000,000 MLA and Agent DNB Bank 2011	 Borjell Senior Secured Revolving Credit Facility USD 1,500,000,000 Joint Bookrunner & MLA DNB Bank 2011	 ODFJELL INVEST Senior Secured Term Loan Facility USD 950,000,000 Bookrunner, MLA & Facility Agent DNB Bank 2011
 Prosafes Senior Secured Credit Facility USD 1,100,000,000 Bookrunner & MLA DNB Bank 2011	 NORTH ATLANTIC DRILLING Senior Secured Credit Facility USD 2,000,000,000 Bookrunner, MLA & Facility Agent DNB Bank 2011	 Hapag-Lloyd Senior Secured Term Loan Facility USD 950,000,000 MLA DNB Bank 2011	 AkerDrilling Senior Secured Credit Facility USD 900,000,000 Bookrunner, MLA & Facility Agent DNB Bank 2011	 NCL Export Credit Financing EUR 1,185,767,308 Joint Bookrunner & Lead Arranger DNB Bank 2010	 Pacific Drilling Senior Secured Credit Facility USD 1,800,000,000 Joint Bookrunner & MLA DNB Bank 2010	 Acergy Senior Secured Credit Facility USD 1,000,000,000 Joint Bookrunner & MLA DNB Bank 2010	 Borjell Senior Secured Credit Facility USD 565,000,000 Sole Bookrunner & Joint MLA DNB Bank 2010

Source: Dealogic



DNB Markets – A leading global investment bank for the maritime industries

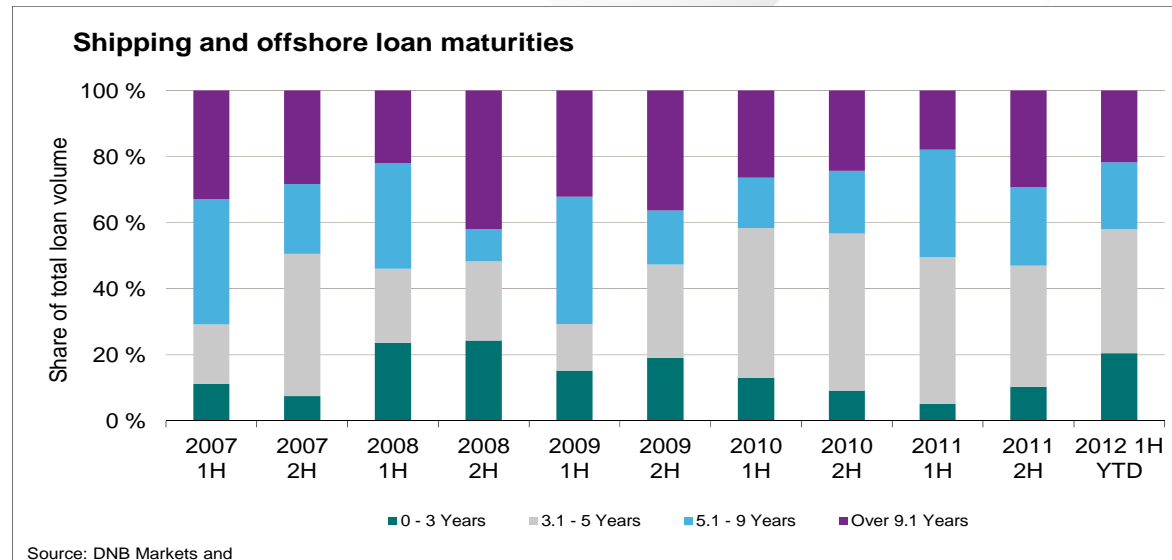
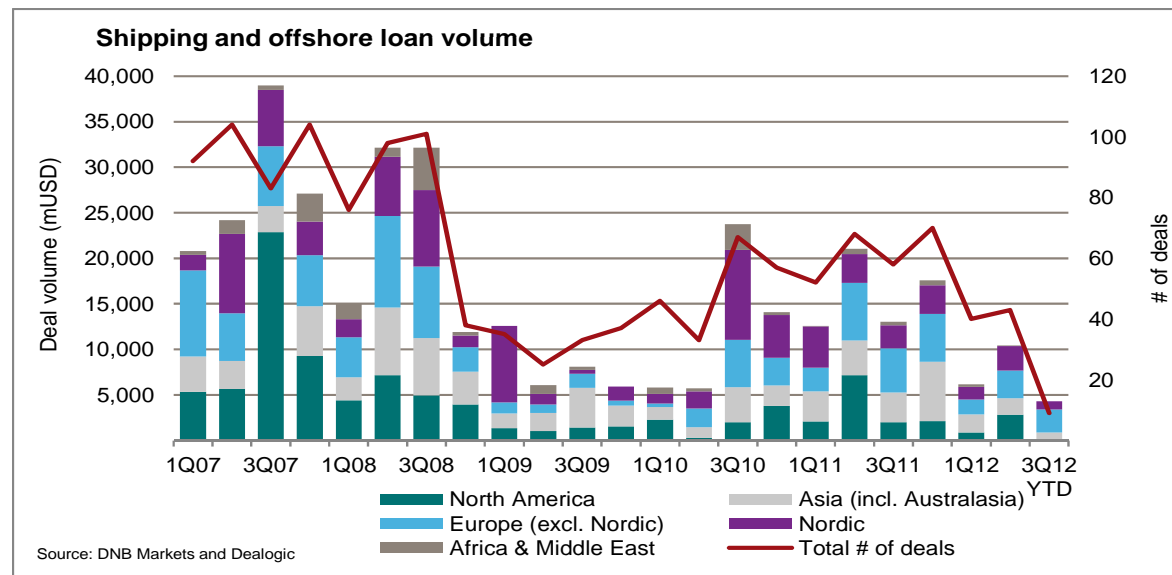
 <p>2012 FRONTLINE</p> <p>Private Placements USD 210,000,000 / USD 285,000,000</p> <p>Joint Lead Manager & Joint Bookrunner</p> <p>DNB Markets 2011 - 12</p>	 <p>HÖEGH LNG</p> <p>Private Placement NOK 1,200,000,000</p> <p>Initial Public Offering USD 120,000,000</p> <p>Global Coordinator, Joint Lead Manager & Joint Bookrunner</p> <p>DNB Markets 2011 - 12</p>	 <p>AkerDrilling™</p> <p>Initial Public Offering NOK 3,600,000,000</p> <p>Joint Bookrunner & Lead Manager</p> <p>DNB Markets 2011</p>
 <p>International Shipholding Corp.</p> <p>Sale of 2 PCTCs to Norwegian Car Carriers</p> <p>USD 73,000,000</p> <p>Sole Advisor</p> <p>DNB Markets 2012</p>	 <p>ODEJELL</p> <p>Sale of minority stake in terminal business</p> <p>Undisclosed Amount</p> <p>Sole Advisor</p> <p>DNB Markets 2011</p>	 <p>RICKMERS GROUP</p> <p>Capital Restructuring USD 3,500,000,000</p> <p>Joint Advisor</p> <p>DNB Markets 2010</p>
 <p>Sr. Unsecured Bond NOK 1,000,000,000</p> <p>Sr. Unsecured Bond NOK 1,600,000,000</p> <p>Joint Lead Manager</p> <p>DNB Markets 2011-12</p>	 <p>Pacific Drilling</p> <p>Private placement USD 600,000,000</p> <p>Sr. Unsecured Bond USD 300,000,000</p> <p>Joint Lead Manager</p> <p>DNB Markets 2011-12</p>	 <p>DEEP SEA METRO</p> <p>2nd Lien (Deep Sea Metro I) USD 150,000,000</p> <p>Sr. Secured Bond (Deep Sea Metro II) USD 460,000,000</p> <p>Joint Lead Manager</p> <p>DNB Markets 2010-11</p>

- An experienced global investment banking team dedicated to the maritime industry
 - Over 50 investment bankers focusing on the shipping, offshore, oil service and energy industries
 - Extensive M&A and cross-border transaction experience
 - Proven track record in public and private equity raising, debt raising, leasing, restructuring and fairness opinions
 - Global client-coverage through offices in New York, Houston, London, Oslo, Bergen, and Singapore
- Supported by a premier global sales, research and trading team
 - Global reach through maritime-focused securities sales teams in Oslo, London, New York and Singapore
 - Extensive global research coverage of major shipping, offshore, oil service and energy companies by top ranked analysts
 - Ranked #1 in capital raised in the Norwegian markets in 2009 and 2010 and #2 in 2011
 - Ranked #1 in NOK-denominated bonds arranged in the past five years
- Backed by one of the world's largest shipping & offshore financial groups
 - USD ~30bn in commitments to the maritime industry
 - Norway's leading financial group with total assets of approximately USD 400bn
- Leveraging a global industry network
 - More than 120 maritime and oil service / energy relationship bankers world-wide
 - Long term commitment to the maritime industry

Bank lending capacity is significantly reduced

- Peak volume (2007) was USD 115bn p.a.
- During financial crisis of 2008-10 the average annual volume was USD 35bn p.a.
- The current trend points to a similar environment as in 2008-10 as banks are focusing on portfolio preservation
- Several key lenders have withdrawn from market hence unrealistic to expect a reversal to 2007 levels

Source: Dealogic, Bloomberg, Loan Pricing Corp, DNB Markets



Challenges in the syndicated loans market

- Due to balance sheet constraints (e.g. Basel III) banks are faced with a more strict prioritization when allocating capital and will in general look for the following:
 - Large corporate clients with strong balance sheets
 - Sizeable non-lending income potential
 - Segments with a positive market outlook (e.g. LNG and offshore)
 - Contracted cash flow
- Banks are looking to diversify their portfolios and following several years with strong focus on dry bulk and tankers, there is less appetite for these segments
 - Banks show relatively strong interest in LNG and offshore transactions
- Is your financing requirement larger than the lending capacity of your existing bank group?
 - Banks are in general very reluctant to take on new relationships
 - ECAs will play an important role in bridging the gap between available bank financing and newbuilding cap-ex requirements
- Several traditional shipping and offshore banks are reducing their loan portfolios
 - Opportunistic approach from non-relationship driven banks in the secondary market

The restructurings will continue for some time

2004-2007



2008->??



2008



Armada (Singapore) Pte

INDUSTRIAL CARRIERS INC.

2009

Navios Maritime Holdings
acquisition of four capesize
NBs



*Limited distressed opportunities surfaced to the public
domain in 2009, contrary to expectations*

2010



German KGs

2011



**SEARLAND
SHIPPING
MANAGEMENT**
(Zachello Group)

2012

danans



NORDIC TANKERS



NEWLEAD

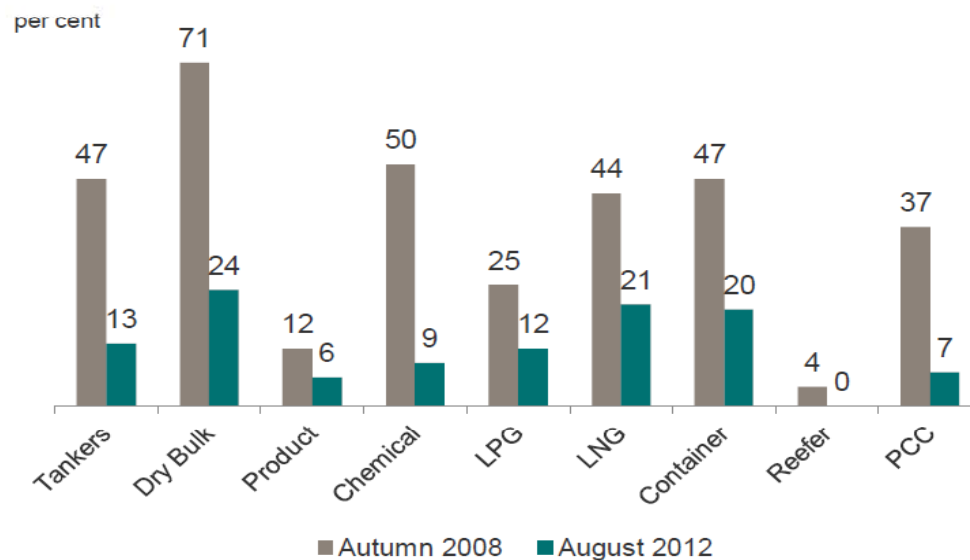


FRONTLINE

Challenges in the markets

Order book has been significantly reduced, but challenging dry bulk and tanker markets

Order book within the major shipping segments as per cent of the existing fleet



Key takeaways

- ▶ Order book is significantly reduced compared with the peak in 2008
- ▶ New delivery > scrapping
- ▶ Low increase in demand
- ▶ Spot rates expected to remain at low levels for some time

Bank Market unable to finance the current orderbook

Observations:

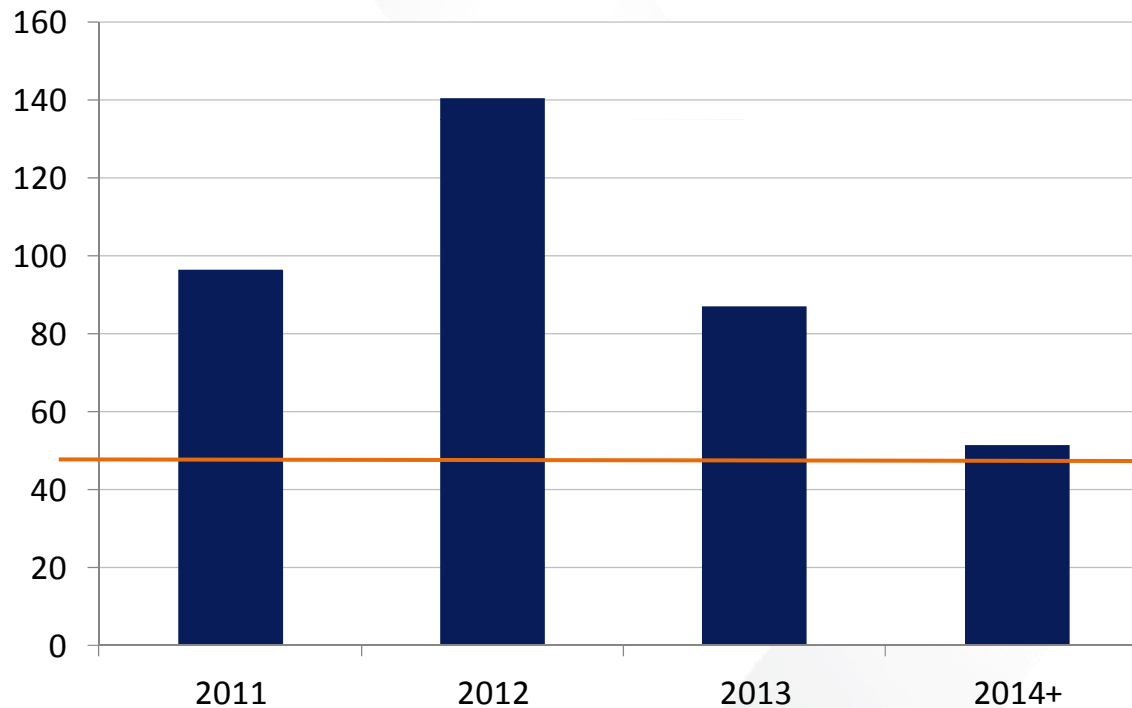
- Current syndicated bank loan volume p.a. is not sufficient to finance orderbook as is

Conclusions:

- Slippage to continue
- Cancellations to continue
- Limited newbuilding activity to persist

Orderbook size (all segments excl. offshore)

USD bn



Global league tables – can Asian banks fill the gap left by European banks?

Bookrunner League Table – Shipping & Offshore

2007				2010				2011			
Pos.	Bookrunner	Deal Value (USD m)	% share	Pos.	Bookrunner	Deal Value (USD m)	% share	Pos.	Bookrunner	Deal Value (USD m)	% share
1	Nordea Markets	16,100.51	13.91	1	DNB Bank ASA	5,714.44	10.53	1	DNB Bank ASA	9,242.50	13.26
2	DNB Bank ASA	15,765.22	13.62	2	Nordea Markets	4,621.94	8.52	2	Nordea Markets	8,135.78	11.67
3	Citi	9,157.59	7.91	3	Mitsubishi UFJ Financial Group	3,575.87	6.59	3	ING	3,580.07	5.14
4	Barclays Capital	7,776.67	6.72	4	ING	2,578.53	4.75	4	Mitsubishi UFJ Financial Group	3,034.03	4.35
5	BNP Paribas	7,759.69	6.71	5	Citi	1,858.67	3.43	5	Citi	2,491.64	3.58
6	Goldman Sachs	7,500.00	6.48	6	ABN AMRO Bank	1,558.65	2.87	6	Deutsche Bank	2,360.51	3.39
7	RBS	6,023.38	5.21	7	BNP Paribas	1,457.72	2.69	7	ABN AMRO Bank	1,956.82	2.81
8	HSH Nordbank	4,823.78	4.17	8	JPMorgan	1,002.80	1.85	8	Bank of America Merrill Lynch	1,903.21	2.73
9	ING	4,654.23	4.02	9	Bank of America Merrill Lynch	910.00	1.68	9	Wells Fargo Securities	1,689.17	2.42
10	Sumitomo Mitsui Financial Group	2,499.95	2.16	10	Danske Bank	900.00	1.66	10	Sumitomo Mitsui Financial Group	1,616.79	2.32
11	Bank of America Merrill Lynch	2,417.50	2.09	11	HSBC	873.57	1.61	11	JPMorgan	1,469.43	2.11
12	JPMorgan	2,332.63	2.02	12	Wells Fargo Securities	815.83	1.5	12	Swedbank First Securities	1,280.45	1.84
13	Credit Agricole CIB	1,807.34	1.56	13	RBS	770.00	1.42	13	Mizuho	1,172.63	1.68
14	Mizuho	1,718.05	1.48	14	Deutsche Bank	711.33	1.31	14	BNP Paribas	914.52	1.31
15	Wells Fargo Securities	1,548.50	1.34	15	Mizuho	697.31	1.29	15	RBS	765.26	1.1
16	SG Corporate & Investment Banking	1,211.25	1.05	16	Svenska Handelsbanken AB	675.00	1.24	16	SG Corporate & Investment Banking	754.17	1.08
17	HSBC	1,200.61	1.04	17	Sumitomo Mitsui Financial Group	647.42	1.19	17	Santander	714.83	1.03
18	UBS	1,188.33	1.03	18	Credit Agricole CIB	644.82	1.19	18	Danske Bank	672.12	0.96
19	Intesa Sanpaolo	1,102.25	0.95	19	DZ Bank	500.00	0.92	19	Credit Agricole CIB	654.62	0.94
20	Mediobanca	1,058.28	0.91	20	State Bank of India	427.68	0.79	20	SEB	592.95	0.85
Subtotal		97,645.75	84.38	Subtotal		30,941.58	57.03	Subtotal		45,001.51	64.57
Total		115,720.10	100	Total		54,252.31	100	Total		69,696.24	100

General observations

- Since 2007, Asian banks have steadily climbed the league tables in the global shipping and offshore space largely due to:
 - the exit or reduced lending of several shipping (European) banks after 2008
 - Asian owners continuing to tap the bank market for capex or refinancings
- Given the slowdown/exit of the top 3 French banks in marine finance in 4Q 2011, we expect the Asian banks to continue climbing the ranks further in the next 12-24 months

**Introduction / Welcome
London Branch overview**

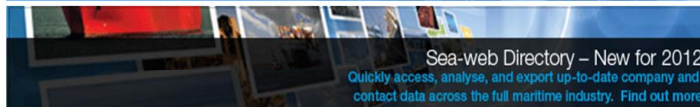
**Status of ship finance
markets**

**Alternative sources of
financing**

Sources of capital outside the traditional bank market

- ECA financing
- Bond markets
- Private Debt Market / Private Placements
- Public equity markets
- Private equity/ Hedge funds
- Sovereign Wealth Funds
- Shipping funds
- Ship leasing companies
- KS / KG / Limited partnerships

Fairplay 24



Daily News
14 Sep 2012

Ocean Rig upsizes bond offering

Please note that this is a subscriber area - to download this issue of the magazine a valid username and password are required. If you have forgotten your details please email customer.support@ihs.com

NASDAQ-listed Ocean Rig, controlled by George Economou-led DryShips, has priced an \$800m junk bond offering. Ocean Rig had original issued coupon

TradeWinds

FINANCE TANKERS DRY CARGO LINER OFFSHORE SHIP SALES CASUALTIES PIRACY

Golar preps bond press

Another publicly traded shipowner is turning to the Norwegian bond market it a bid to slash debt.



Golar LNG Partners on Thursday announced plans to raise between NOK 1m and 1.3m (\$227m) from the issuance of senior unsecured notes Oslo with maturity in October 2017.

The shipowner says proceeds will be used to pay down a \$223m shareholder loan from affiliate Golar LNG Limited and intends to use the remainder for general corporate purposes.

TradeWinds

FINANCE TANKERS DRY CARGO LINER OFFSHORE SHIP SALES CASUALTIES PIRACY

CMA CGM lines up injection

CMA CGM appears to be closing on the finalisation of a billion-dollar debt restructuring after striking a tentative deal to accept an infusion from France's sovereign wealth fund.



Market sources tell TradeWinds the Jaques Saade-led liner giant is in the advanced stages of negotiations that could lead to a \$150m equity injection from Fonds Stratégique d'Investissement (FSI) but note

TradeWinds

FINANCE TANKERS DRY CARGO LINER OFFSHORE SHIP SALES CASUALTIES PIRACY SEARCH...

'King of bankruptcy' sees ships as being his next big adventure

Billionaire investor Wilbur Ross has labelled shipping as a 'fragmented' sector and likened it to the pre-consolidated steel industry, with tankers sailing through a 'valley of death'. However, he is hopeful the slide will start to correct itself and that money can be made when consolid

Lloyd's List

HOME NEWS WORLD MARKETS AWARDS E-PAPER
Containers Dry Cargo Finance Insurance Ports & Logistics Reg

HIGHLIGHTS: P&I clubs face greater constraints in 2013 German bulk shipping is bucking the

Private equity cannot fill shortfall in ship finance

Friday 28 September 2012, 15:26 by Liz McCarthy

Send to Colleague

Interested in this topic?

Funds deploy strict criteria investment opportunities

THREE years after the ship industry started talking up

WLN News

OCT 5, 2010

Diana Shipping, ExIm Bank of China Sign \$82 Million Loan Agreement

Diana Shipping Inc., a global shipping transportation company specializing in dry bulk cargoes,

Maritime Press

한국해운신문 한글판보기

Shipping Shipbuilding Ports/Terminals Shipper/Logistics Interview

HOME > NEWS > Shipbuilding

E-mail Corrections Print

Korea Eximbank boosts ship finance

Thursday, February 09, 2012, 16:26:47

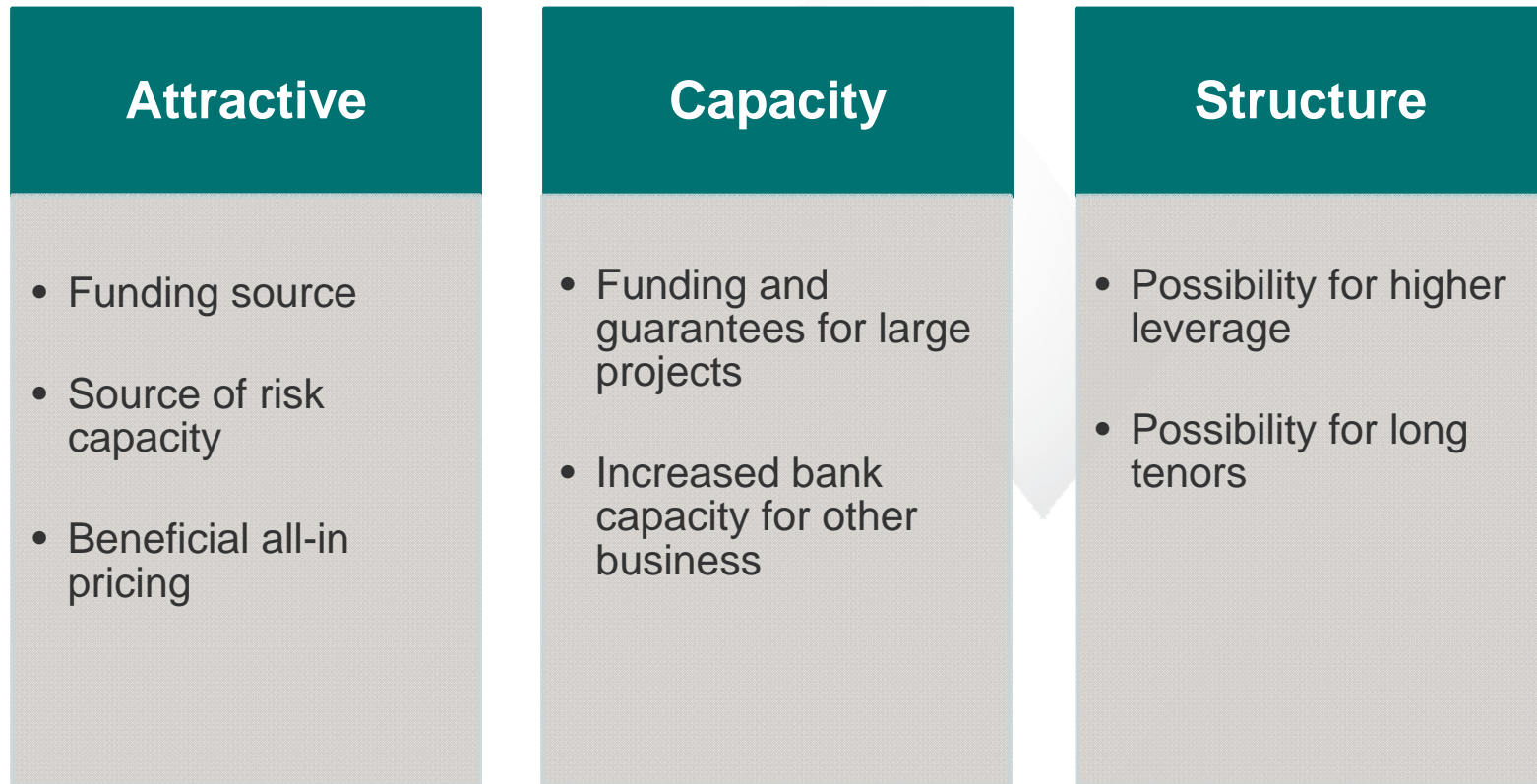
Paul Yoon ckyoon7@paran.com

The Export-Import Bank of Korea (Korea Eximbank) is boosting ship finance with LTV (loan-to-value) raised up to 100% in favor of shipping and shipbuilding players.

Yong Hwan Kim, governor of Korea Eximbank, revealed on Feb. 6 in a press conference that the bank plans to provide ship financing supports amounting to a total of 14.55 trillion this year for shipping and shipbuilding players now suffering difficulties.

Export Credit Agencies

Export Financing Could Improve Financing Terms



Export Credit Agencies

- **China Export-Import Bank (CEXIM)**
 - Open for business for selective group of shipyards (including Shanghai S.Y. and Hudong)
 - Provides funding
 - Have capacity to do large amounts
 - DNB has a strong relationship to CEXIM
- **Korean Export-Import Bank (KEXIM)**
 - Provides funding, but currently very high funding cost (Libor+400bps)
 - Korea recently announced plan for financing of vessels ordered at Korean yards by Korean companies. We expect a support plan also for financing of NB's ordered by international companies
- **Korean Export Insurance Corporation (KEIC)**
 - "Open for business" on a selective basis
 - Provides insurance cover, needs funding from commercial banks/ ECAs
- **Nippon Export and Investment Insurance (NEXI)**
 - Provides insurance cover, needs funding from commercial banks/ ECAs
 - Supports Japanese plant, ship and technology exports

Selected Export Finance Transactions

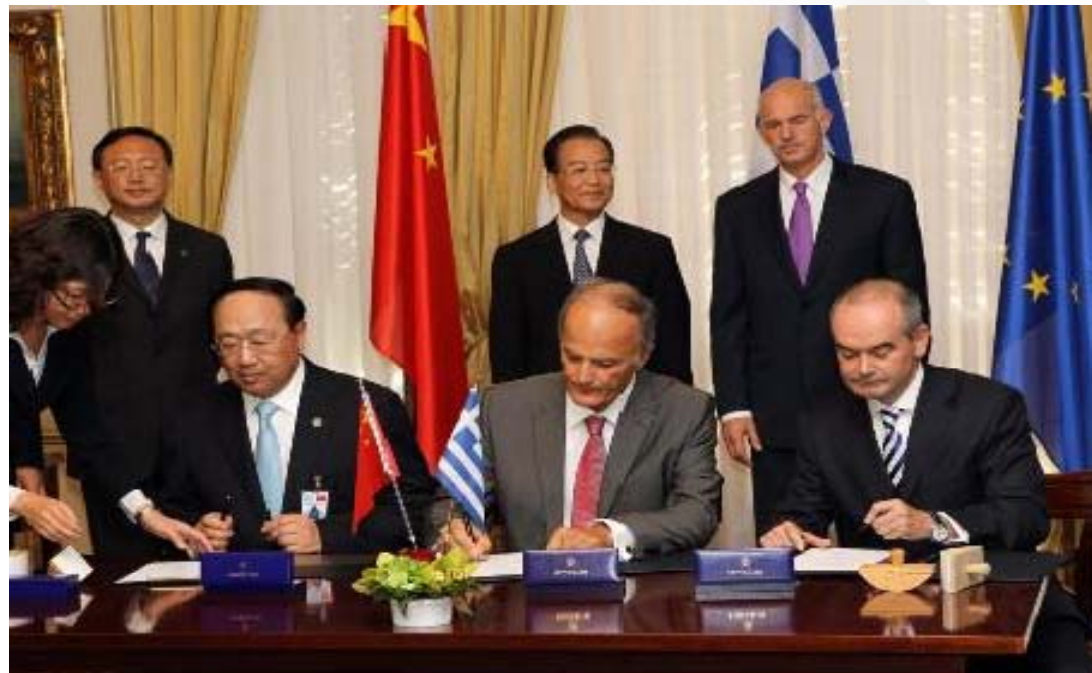
 Mandated Lead Arranger USD 48,200,000  2008	 Mandated Lead Arranger NOK 7,200,000,000  2009	 Mandated Lead Arranger Facility Agent USD 2,750,000,000  2009	 Coordinator Facility agent MLA USD 125,000,000  2010	 Mandated Lead Arranger USD 1,800,000,000  2010	 USD 203,343,000 Term Loan Facility Mandated Lead Arranger 2011 
Penwood Holdings USD 232,624,000 Term Loan Facility Mandated Lead Arranger 2011 	 USD 67,000,000 Term Loan Facility Sole Arranger 2011  	 USD 46,000,000 Term Loan Facility Mandated Lead Arranger 2011 	 USD 147,000,000 Term Loan Facility Mandated Lead Arranger 2011 	 Aker DOF Deepwater USD 63,100,000 NOK 175,000,000 Term Loan Facilities Mandated Lead Arranger 2011  	 USD 41,100,000 Term Loan Facility Sole Arranger 2011 
 USD 410,000,000 Term Loan Facility Mandated Lead Arranger 2011  	  EUR 250,000,000 Term Loan Facility Mandated Lead Arranger 2011 	 USD 511,000,000 Term Loan Facility Mandated Lead Arranger 2011 	 USD 180,000,000 Term Loan Facility Mandated Lead Arranger 2011  	Deep Sea Metro II USD 200,000,000 Term Loan Tranche Funding provider 2011 	 Torghatten I & II NOK 824,000,000 Term Loan Facilities Sole Arranger 2011   

Recent Transaction with China Exim

DNB acted as Coordinating Bank and Mandated Co-Lead Arranger with the Export Import Bank of China (Cexim) in a USD 111m Senior Secured Term Loan facility for Angelicoussis Shipping Group Ltd. ('ASGL'). The facility will be used to part finance three 114,500 dwt bulk carriers to be delivered in January 2011, June 2011 and October 2011 respectively. Contract price for each vessel is at USD 56.4m.

The deal was signed in an official ceremony in Athens hosted by the then Greek Prime Minister Mr George Papandreou and the Chinese Prime Minister Mr Wen Jiabao.

ASGL is a blue chip client and its principal John Angelicoussis enjoys a first class reputation in Greek Shipping. We maintain a long standing relationship with ASGL, a client of the Bank since 2001.



Why Issue High Yield Bonds?

- Access a large, liquid and growing debt capital market
 - Increasingly important alternative debt funding source as bank lending capacity diminishes
- Broaden corporate story beyond lenders and equity investors
 - High yield market has wide investor following
 - Published and widely referenced industry credit research from the largest brokerage houses
- Introduce long-term, non-amortizing debt to capital structure
- Obtain financing with instruments providing permissive operational governance (no performance covenants)
- Provide seasoned issuers with ability to raise new money under fast time-frame to support strategic initiatives
- Opportunities to raise desirable unsecured financing
- Market acceptance for dividend recapitalization transactions enabling owners to take money "off the table"
- Greater leverage tolerance historically than bank market

Norwegian Versus U.S. High Yield Bonds

	Norwegian High Yield Bond	U.S. High Yield Bond
Minimum Size	US ~\$20 million	US \$150-\$200 million
Maximum Size	US ~\$500 million	US \$2,000+ million
Market Size	US \$20 billion	US \$1+ trillion
Tenor	3 to 7 years	Typically 5 to 10 years
Coupon type	Fixed or floating	Typically fixed; semi-annual
Amortization	Bullet maturity	Bullet maturity
Optional redemption	Non-callable for a portion of life; prepayable at a premium thereafter	Non-callable for a portion of life; prepayable at a premium thereafter
Public rating	Not required	Moody's and S&P required
Covenants	Maintenance and incurrence	Incurrence
Modification ease	Remedy consents not uncommon	Consents difficult
Investors	Scandinavian, European and American	US and global; various types
Reporting requirements	Conforms with existing reporting style	SEC style; can be less cumbersome for foreign private issuers
Market depth	Less liquid given market size; active credit research following for many issuers	Deep and liquid; active credit research following
Law	Norwegian Law	US Law
Settlement	VPS	DTC
Listing	OSE	No listing
Execution ease	2-6 weeks depending on complexity; straight-forward documentation	6-8 weeks; fullsome documentation

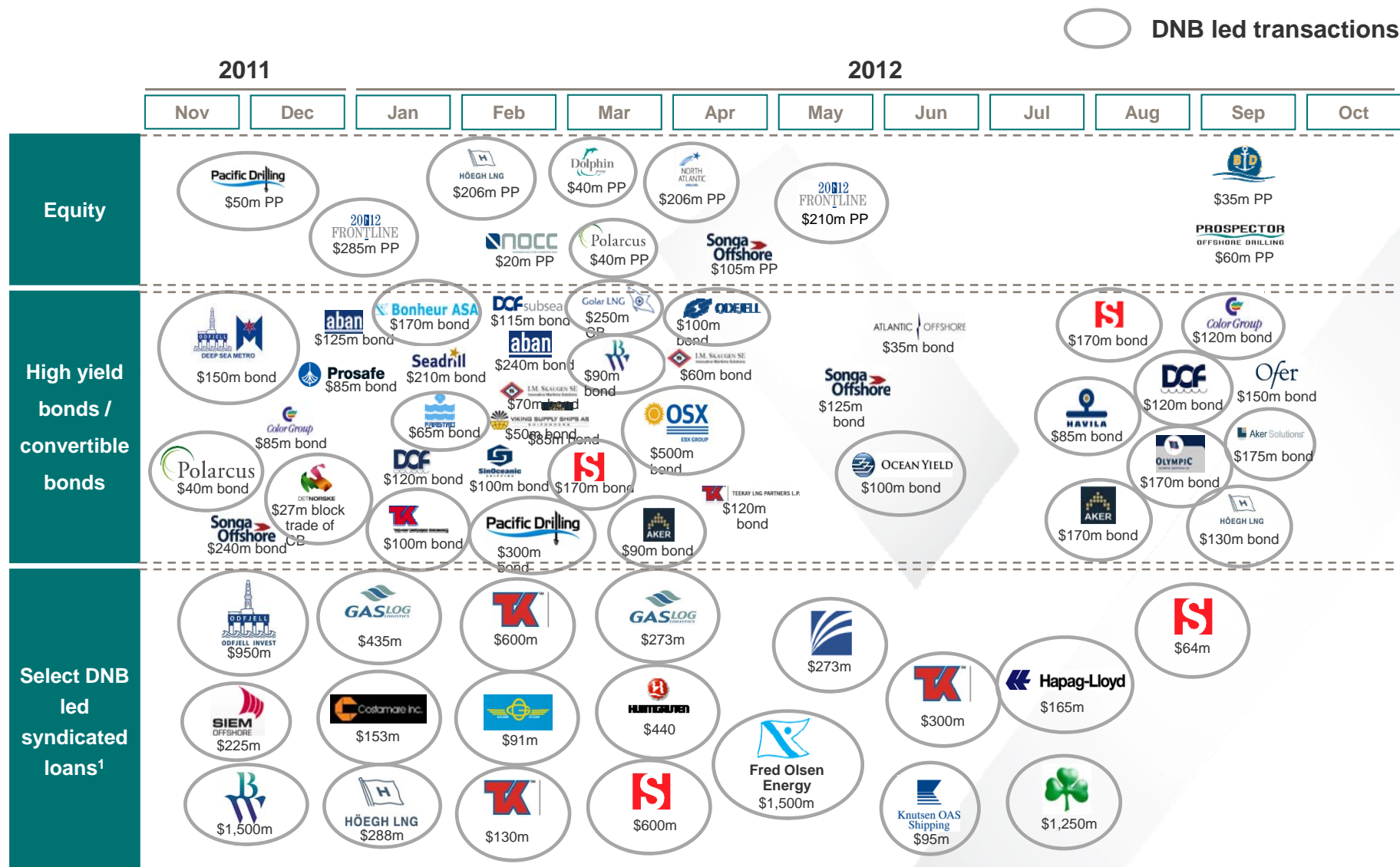
U.S. Bond Markets

Maritime Transportation Sector Issuance

Date	Issuer	Size (US\$mm)	Issue	Tenor (yrs)	Call	Mdy's	S&P	Coupon	Price	Yield	Spread
6-Oct-10	<i>Navios Acquisition</i>	400	Senior sec	7	NC-3	B2	B	8.625%	100.000	8.625%	689
6-May-10	American Petroleum Tankers	285	Senior sec	5	NC-2	B1	B+	10.250%	97.203	11.000%	875
24-Mar-10	<i>Overseas Shipholding Group</i>	300	Senior	8	NCL	Ba3	BB-	8.125%	98.563	8.375%	495
15-Jan-10	<i>Teekay Shipping</i>	450	Senior	10	NC-life	B1	BB	8.500%	99.181	8.625%	492
12-Jan-10	Marquette Transportation Corp.	250	Senior sec	7	NC-4	B3	B-	10.875%	98.810	11.125%	795
17-Dec-09	United Maritime Group	200	Senior sec	7	NC-3	B3	B	11.750%	100.000	11.750%	947
6-Nov-09	<i>General Maritime Corporation</i>	300	Senior	8	NC-4	B3	B	12.000%	97.512	12.500%	922
4-Nov-09	<i>NCL Corporation</i>	450	Senior sec	7	NC-4	B3	B+	11.750%	98.834	12.000%	892
22-Oct-09	<i>Navios Maritime Holdings Inc</i>	400	Senior sec	8	NC-4	Ba3	BB	8.875%	98.603	9.125%	591
16-Oct-09	Trico Marine Services	400	Senior sec	5	NC-3	B1	B-	11.875%	96.393	12.875%	1050
21-Sep-09	<i>Seacor Holdings</i>	250	Senior	10	nc	Ba1	BBB-	7.375%	99.329	7.471%	400
12-Aug-09	<i>Hornbeck Offshore</i>	250	Senior	8	NC-4	Ba3	BB-	8.000%	97.123	8.500%	498
30-Jun-09	<i>Royal Caribbean Cruises Ltd</i>	300	Senior	6	nc	Ba3	BB-	11.875%	97.399	12.500%	952



DNB leading active Norwegian maritime capital markets



¹ DNB is either Bookrunner or Joint Lead Manager

Source: Stamdata, Oslo Stock Exchange, Norges Fondsmeglerforbund and DNB Markets

DNB ranked #1 Bookrunner / MLA for shipping / offshore loans by Dealogic

Norwegian Bond Markets

54 HY bond issues YTD 2012 totaling \$6.2 bn (30 issues / \$4.1bn for the full year 2011)

	Trade date	Issuer	DNB shadow rating	Currency	Amnt (mill)	Tenor (yrs)	Coupon	Spread (bps)	Listing	Sector
	12.10.12	Ship Finance International Limited	BB- / B+	NOK	600	5	FRN	500	OSE	Shipping
	11.10.12	J. Lauritzen A/S		NOK	500	5	FRN	825	OSE	Shipping
DNB	03.10.12	Austevoll Seafood	BB+ / BB	NOK	500	6	FRN	410	OSE	Seafood
DNB	02.10.12	Noreco	B- / CCC+	NOK	300	1	Fixed	1100	OSE	ESP
DNB	28.09.12	Golar LNG Partners	BB / BB-	NOK	1,300	5	FRN	520	OSE	Shipping
	28.09.12	Floateel International Ltd.		USD	200	5	Fixed	725	OSE/ABM	Offshore
	28.09.12	Teekay Corporation		NOK	700	3	FRN	475	OSE	Offshore
DNB	27.09.12	Aker Solutions ASA	BB+ / BB+	NOK	1,000	7	FRN	420	OSE	Industry
DNB	24.09.12	Höegh LNG Holdings Ltd.	B+ / B	NOK	750	5	FRN	600	OSE	Shipping
	24.09.12	Offer Holdings Group Ltd.		USD	150	5	Fixed	1080	n.a.	Shipping
	11.09.12	Titan Ltd.		USD	150	5	Fixed	820	OSE	Mining
DNB	11.09.12	Olympic Shipping	B+ / B	NOK	300	5	FRN	600	ABM	Offshore
	10.09.12	Teodin Acauico (Helly Hansen)		NOK	380	5	FRN	600	ABM	Industry
DNB	04.09.12	Color Group AS	BB- / B+	NOK	700	7	FRN	525	ABM	Shipping
DNB	31.08.12	DOF ASA	B+ / B	NOK	700	7	FRN	700	OSE	Offshore
DNB	23.08.12	Stolt-Nielsen Limited	BB / BB-	NOK	500	7	FRN	500	OSE	Shipping
DNB	23.08.12	Stolt-Nielsen Limited	BB / BB-	NOK	200	5.5	FRN	465	OSE	Shipping
DNB	23.08.12	Stolt-Nielsen Limited	BB / BB-	NOK	300	2.5	FRN	375	OSE	Shipping
DNB	23.08.12	Aker ASA	BB+ / BB+	NOK	1,000	10	FRN	500	OSE	Industry
DNB	20.08.12	Havila Shipping ASA	B- / CCC+	NOK	500	4	FRN	914	ABM	Offshore
	24.07.12	Villa Organic AS		NOK	100	3	FRN	800	ABM	Seafood
DNB	27.06.12	Ocean Yield AS	B+ / B	NOK	600	5	FRN	650	OSE	Offshore
	25.06.12	Kistefos AS		NOK	350	3	FRN	950	ABM	Industry
	18.06.12	Atlantic Offshore		NOK	200	3	FRN	1000	ABM	Offshore
	01.06.12	Songes Offshore SE	B / B-	NOK	750	3	FRN	775	OSE	Offshore
	25.05.12	Aker Solutions ASA		NOK	1,500	5	FRN	425	OSE	Industry
	17.04.12	Teekay LNG Partners		NOK	700	5	FRN	525	OSE	Shipping
	02.04.12	Norwegian Air Shuttle		NOK	600	3	FRN	550	OSE	Aviation
DNB	26.03.12	Odjell SE	B+ / B	NOK	600	5	FRN	575	OSE	Shipping
	22.03.12	I.M. Skaugen SE		NOK	350	5	FRN	900	OSE	Shipping
DNB	13.03.12	OSX 3 Leasing B.V.		USD	500	3	Fixed	850	OSE	Offshore
DNB	09.03.12	Stolt-Nielsen Limited	BB/BB-	NOK	600	6	FRN	475	OSE	Shipping
DNB	09.03.12	Stolt-Nielsen Limited	BB/BB-	NOK	400	3	FRN	375	OSE	Shipping
DNB	07.03.12	Hurtigruten ASA	B+ / B-	NOK	500	5	FRN	700	OSE	Shipping
	06.03.12	Viking Supply Ships AS		NOK	300	5	FRN	775	OSE	Offshore
DNB	01.03.12	BW Offshore Limited	BB+ / BB	NOK	500	5	FRN	425	OSE	Offshore
DNB	29.02.12	Aker ASA	BB+ / BB+	NOK	500	5	FRN	400	OSE	Industry

Norwegian Bond Market characteristics

Typical issuers

Unsecured bonds

- Mainly Norwegian listed companies

Secured bonds

- Both public and private Norwegian companies
- Both public and private Non-Norwegian companies
- Both project and corporate structures
- Listed companies viewed positively in terms of transparency and corporate governance

Investors

- Investor base consists of both domestic Norwegian and international investors
- Unsecured bonds in NOK dominated by Norwegian/Scandinavian investors
- Secured bonds in USD and higher risk bonds dominated by International investors
- International investors that can invest in unrated bonds on Norwegian documentation typically have wider investment mandates and higher yield requirements

Documentation

- No official credit rating requirement – shadow ratings typically done by the managers of the issue
- Unsecured bonds – Standard Norwegian Trustee documentation
- Secured bonds – Bond agreement on Norwegian law, security documents on applicable law (similar to bank loan)
- Typically 2-6 weeks process depending on complexity

The Norwegian bond market offers issuers a fast and efficient process with simple and straight-forward documentation

US Private Placement - Description

A “Traditional” Private Placement:

- Long-term, fixed-rate bonds sold to US institutional investors; exempt from SEC registration under Section 4(2)
 - **Typical maturities are in the 7-12 year range**
- Highly flexible and negotiated with no benchmark size, maturity, or structure
- Typically senior unsecured debt, ***pari passu with bank loans***
- Standard ***process takes 6-10 weeks*** from mandate to close
- Cross border issuers make up over half the market
- Project issuers becoming a large part of the market
- Investment-grade quality
 - ***Formal rating not required but Investment grade characteristics needed***

Advantages		Disadvantages
Diversify funding sources away from bank and public bonds		Smaller market than banks
Highly flexible		Generally includes covenants
“Privately” placed with ability to keep confidential		Prepayment requires a make-whole payment
Exempt from SEC registration		More expensive than short-term bank debt
No need to conform to US GAAP		Limited secondary market liquidity
Ratings not required		
Ability to provide funding delays		
Consistent market appetite; no issuance “windows”		

Case study – SBM Offshore

SBM Offshore priced its first US Private Placement project bond of US\$ 500 million for the FPSO Cidade de Anchieta

11 October 2012

Yesterday, SBM Offshore successfully priced an inaugural US\$ 500 million US Private Placement project bond with 16 Institutional Investors. The bond which is rated Baa2/BBB by Moody's and Fitch carries a 5.5% fixed coupon for a 15 year maturity.

This is the first transaction issued for an FPSO in the US Capital Markets, and SBM Offshore is very pleased with such diversification of funding sources.

The proceeds of this placement will be used to fund the refurbishment of the FPSO Cidade de Anchieta, which started its service for Petrobras on 10 September of this year under an 18 year lease and operate contract. Closing of the transaction is expected to occur by the end of October.



US Equity Markets

- The poor trading performance of recent deals as well as the grim outlook for certain sectors (dry bulk, tankers) means the market is taking a 'pause' as far as general shipping issues are concerned (with some exceptions such as LNG)
- The shipping equity markets have been open in 'windows', but currently only open to certain companies and sectors
- For already listed companies it is possible to raise additional equity through follow on offerings, albeit at a discount

Shipping IPO's Since 2010						
Date	Issuer	IPO Price	Offering Size (\$mm)	Last Price	Change in Price Since Deal	Market Cap (\$mm)
30-Mar-12	GasLog	\$14.00	\$329.0	\$10.80	(22.9%)	\$678.9
14-Apr-11	Box Ships	\$12.00	\$132.0	\$7.29	(39.3%)	\$119.0
7-Apr-11	Golar LNG Partners Limited	22.50	270.0	31.87	41.6%	1,270.8
20-Oct-10	Costamare	12.00	159.6	13.31	10.9%	902.4
27-Oct-10	SeaCube Container Leasing	10.00	95.0	18.30	83.0%	371.3
16-Feb-10	Scorpio Tankers	13.00	162.5	5.55	(57.3%)	235.0
1-Mar-10	Crude Carriers	19.00	256.5	0.11	(99.4%)	4.1
9-Mar-10	Baltic Trading	14.00	228.2	3.87	(72.4%)	86.2
Mean:		\$14.6	\$204.1	\$11.4	(\$0.2)	\$427.0
Median:		\$13.5	\$195.4	\$9.0	(31.1%)	\$303.1

Golar LNG Partners LP IPO



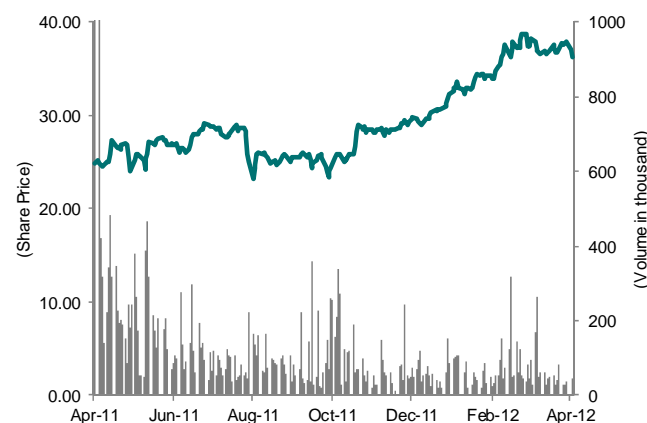
Terms of the Offering

Sponsor:	Golar LNG Partners LP
Listing:	Common units listed on the Nasdaq Global Market under the ticker "GMLP"
Size of Offering:	\$270 million
Common units Issued:	12,000,000
Offering Price:	\$22.50
Pricing Date:	April 7, 2011
DNB Markets Role:	Co Manager
Use of Proceeds:	The company did not receive any proceeds from the sale of common units by Golar LNG Limited
Syndicate:	Citi, BofA Merrill Lynch and Morgan Stanley as Joint Lead Managers and Bookrunners. Raymond James, RBC, Wells Fargo, BNP Paribas, DNB Markets, Evercore Partners

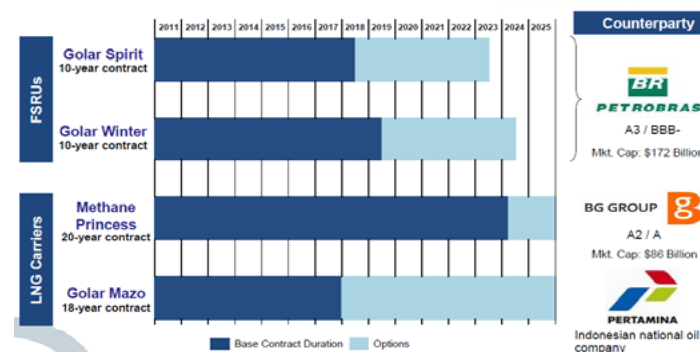
Transaction Commentary

- The book was significantly oversubscribed
- Allocation by segment: 55% (Traditional MLP investors), 45% (Mutual funds and other non traditional takers)
- Allocation by investor type: 60% (Institutional), 40% (Private)
- Top 10 got allocated 40% of the deal, while top 25 got allocated 68% of the deal

Share Price Performance After IPO



Contracts



Total fixed contracted revenue of approximately \$1.25 billion

(1) Chinese Petroleum Corporation owns 40% of Golar Moza

GasLog IPO

Terms of the Offering

Sponsor:	GasLog Ltd
Listing:	Common shares listed on the New York Stock Exchange under the ticker "GLOG"
Size of Offering:	\$329 million
Common shares Issued:	23,500,000
Offering Price:	\$14.00
Pricing Date:	March 29, 2012
DNB Markets Role:	Co Manager
Use of Proceeds:	To help fund the company's orderbook of 8 LNG carriers
Syndicate:	Goldman Sach, Citigroup, JP Morgan and UBS as Joint Lead Managers and Bookrunners. DNB Markets, Dahlman Rose, Evercore Partnes, Pareto and SEB as co-managers

Company Description

- GasLog is an owner, operator and manager of LNG carriers. Gaslog's owned fleet consists of 10 LNG carriers; two ships delivered in 2010 and eight on order for delivery between 2013 and 2015.
- Six of the eight newbuilds have already secured 6-8 year charters to BG Group and Shell
- In addition GasLog currently has another 12 LNG carriers under technical management of which 11 are owned or leased by BG Group
- Peter Livanos founded the company, is the main shareholder and is the CEO and Chairman. Other board members include Philip Radziwill and Anthony S. Papadimitrou from the Onassis Foundation

Transaction Commentary

- The estimated price range was given as \$16.00 to \$18.00 per share., but the company has to price below that at \$14.00 with the shares trading in the days following the IPO (currently below \$11.00)
- Market commentaries pointed to an aggressive valuation as the reason for the market reaction
- Arctic Securities felt a price of \$12.50 valuing each modern LNG carrier at \$208m would be a fair valuation of the company
- The medium term contracts (6-8 years) turned into a negative as analysts felt it removed potential upside to a strong LNG market

Dividend Policy

- The company has communicated a fixed dividend of \$0.11/share quarterly equal to 3.14% yield at the offering price and 4.07% on the current share price.
- The dividend policy is to pay dividends that will allow the company to retain sufficient liquidity to fund its obligations as well as execute the business plan
- The company chose not to go with a full pay-out dividend model as is the case with Teekay LNG and Golar LNG Partners



US Master Limited Partnerships



Teekay LNG
Partners

- The third largest independent owner of LNG carriers formed by Teekay Corporation in 2004. Teekay LNG Partners provides LNG, LPG and crude oil marine transportation services under long-term, fixed-rate time-charter contracts with major energy and utility companies.



Teekay
Offshore
Partners

- Founded in 2006. Provider of marine transportation, oil production and storage services to the offshore oil industry focusing on the fast-growing, deepwater offshore oil regions of the North Sea and Brazil predominantly on long-term, stable contracts. Teekay Offshore owns interests in shuttle tankers, FPSO and FSO units and conventional oil tankers.



Navios
Maritime
Partners

- The company was founded in 2007 and owns and operates dry cargo vessels, Panamax, Capesize, and Handymax, that are chartered out under long-term time charters with an average remaining term of approximately 4.0 years to a strong group of counterparties.



Capital Product
Partners

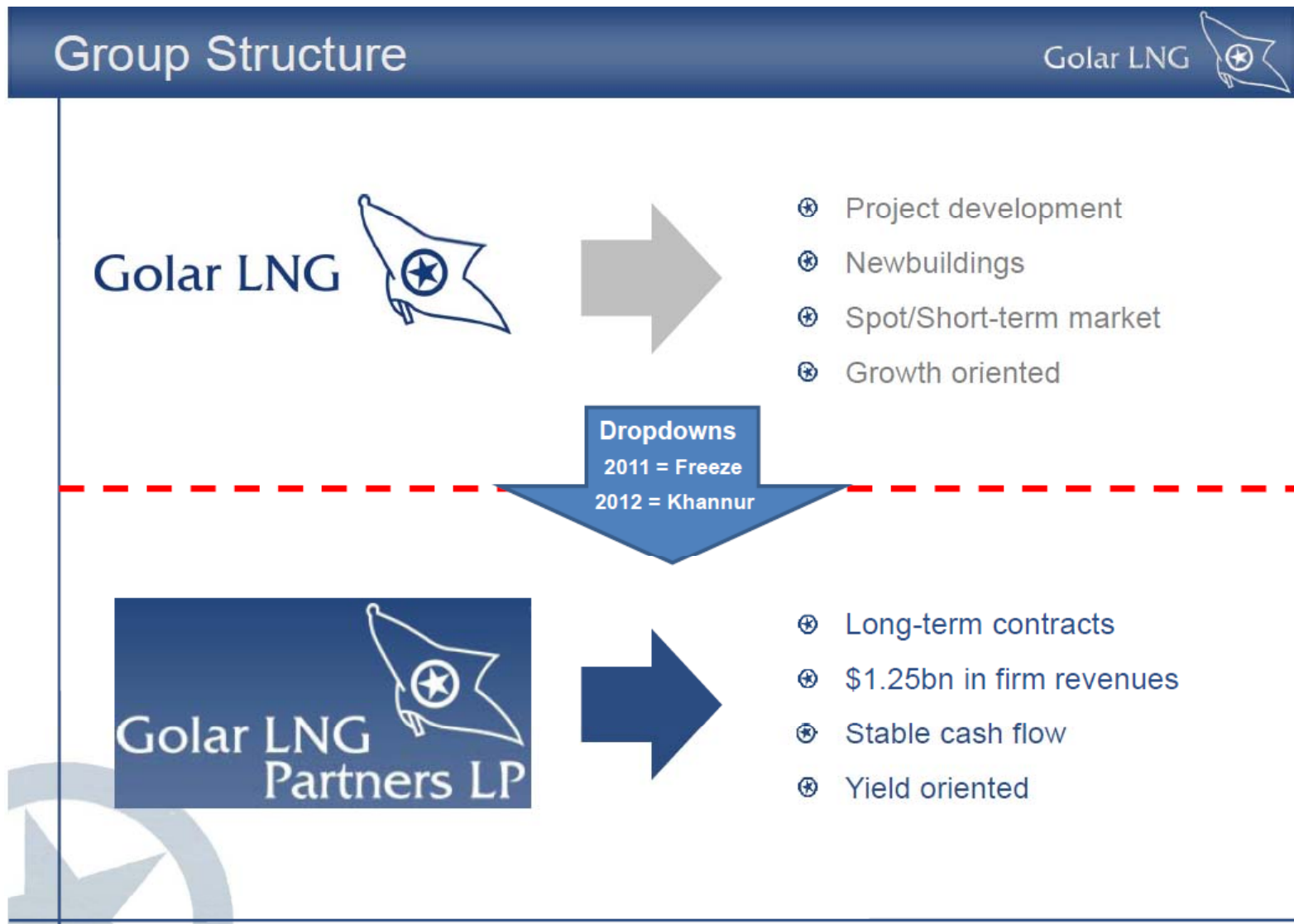
- Formed in 2007 by Capital Maritime (Evangelos Marinakis). The focus is on crude, VLCC and Suezmax and MR product tankers on medium to long term time and bareboat charters



Golar LNG
Partners

- Formed by Golar LNG Limited in 2011 to own and operate FSRUs and LNG carriers under long-term charters (five years or longer). Will leverage the relationships, expertise and reputation of Golar. Golar intends to focus primarily on FSRU and LNG project development, LNG trading and LNG transportation, storage and regasification activities with contract terms and associated cash flows that are more short-term and/or variable in nature.





Financial Investors active in Shipping

Private Equity

- Private equity firms focusing on distressed situations and buyouts are keen to explore the current distressed situations in shipping
- A typical transaction structure would usually secure significant influence over the company, while also involving an incentive structure to align the management's and the private equity investor's interests
- Typically reluctant to invest into fund structures as it adds another layer of fees and marginalizes their influence among a group of investors
- However, these investors would normally require board representation/seat on an investment committee, influence investment decisions and see clear path to liquidity

Hedge Funds

- More opportunistic approach to investments
- Willingness to consider alternative structures and invest in different parts of the capital structure
- Pricing may be more aggressive due to use of leverage. Levered hedge funds have lower cost of capital
- Lead time for closing of a transaction tends to be shorter
- Willingness to invest in long dated illiquid assets in return for board representation and ability to trigger exit
- May take aggressive posture in distressed situation













Institutional Investors / HNIs

- Investors with knowledge of shipping sector and a desire to gain exposure to shipping investments
- Key investment criteria is track record of project sponsor and management team
- Requirement for good corporate governance
- Focus on use of proceeds and would want to concrete investment opportunities at the time of capital raise
- Generally require greater liquidity or exit visibility than private equity

Commodity Traders

- Global commodity trading firms like Glencore, Vitol etc. are actively seeking to expand their control over their shipping needs through asset ownership and joint ventures
- Commodity trading desks at global investment banks, for e.g., Goldman Sachs and Morgan Stanley are keen to expand into shipping, which has been a support function for their cargo trading desks
- Commodity houses are usually comfortable with direct asset ownership, for e.g. Glencore backed ST Shipping is both an active charterer and owner of product tanker tonnage
- Commodity trading desks at investment banks are primarily focused on securing commercial control and are flexible regarding structuring charter contracts that enable ship-owners to raise financing

Select Distressed Funds Focused on Shipping Sector

	JP Morgan Asset Management	<ul style="list-style-type: none"> JP Morgan Asset Management has partnered up with a private Greek ship-owner and is seeking to deploy \$500m-\$740m of capital to acquire dry bulk, tanker and containership assets from troubled owners
	Apollo Management	<ul style="list-style-type: none"> Has entered into partnership with a private German ship-owner to invest in distressed shipping assets
	Morgan Stanley	<ul style="list-style-type: none"> Morgan Stanley is to set up an opportunity fund to take advantage of the global downturn in shipping by investing up to \$400m in dry bulk and container ships
	Tufton oceanic	<ul style="list-style-type: none"> Tufton Oceanic announced plans to launch the Oceanic Distressed Fund in the first quarter of 2009. It hopes to raise \$200m from private investors to acquire vessels in distressed sales
	Northern Shipping Funds	<ul style="list-style-type: none"> Northern Shipping Funds is a leading alternative capital provider to the shipping and offshore oil service sectors and an asset based investor with flexibility to invest in debt, equity and hybrid structures
	Ardmore	<ul style="list-style-type: none"> Greenbriar Equity Group and Seacove Shipping Partners have initiated a joint effort to pursue investments in the maritime sector; Deploying ~ \$100 million of capital which could take the form of equity, debt, warrants, and mezzanine
	Triton Partners	<ul style="list-style-type: none"> Triton is an investment firm dedicated to investing in medium-size businesses headquartered in Northern Europe. Recently completed two shipping investments: Herning Shipping and Nordic Tankers; both in the chemical tanker segment
  <small>Fortress</small>	Private Equity	<ul style="list-style-type: none"> Private equity players with shipping sector knowledge will look to deploy committed capital for acquiring distressed assets as traditional LBO deals dry up
 	Distressed funds	<ul style="list-style-type: none"> Experienced special opportunities investors who have raised multi-billion dollar distressed funds will look for opportunities across the asset spectrum from buying bank loans to distressed M&A opportunities
		

First Reserve Corp. – Diamond S / Cido CASE STUDY



Diamond S Shipping:

- DSS Holdings LP is a partnership between First Reserve Fund XII, LP, and Craig H. Stevenson Jr.
- The partnership was formed in October 2007 to create an energy focused shipping company.

- In August 2011, the ship management company Diamond S Shipping ('DSS') announced that it will buy 30 medium-range refined product carriers from privately owned Cido Tanker Holding Co. The deal is expected to close in this calendar quarter.
 - There is a USD 40m tag for each of the ships bound for DSS, which are being funded by private equity cash and loans.
- First Reserve, WL Ross, Morgan Creek Capital, PPM American Capital Partners and Fairfax Financial Holdings have committed about USD 1bn in equity to the privately held U.S. shipping group as it looks to expand its fleet amid rising demand for oil.
 - The outstanding balance will be provided by DnB NOR and Nordea Bank Finland as debt finance
- The deal is seen as good news for the product tanker market, asset prices and owners in the sector.
 - The acquisition of the vessels shows that there is a greater interest in the product tanker segment and indicates that asset values are recovering.
 - Indications that the supply/demand balance will continue to improve for this segment of the market in late 2011 and 2012.

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Thank You

