

# Is the appetite for shipping stocks saturated?

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# Many newcomers amongst institutional shipping investors

- Most "new" shipping investors have never seen really weak shipping markets
- Dry bulk and tanker rates are expected to be high forever
- They have never seen tanker rates at 5000 USD per day
- Some uncertainty is creeping into valuations; P/NAV is now below 1 for most listed companies

# Reality catching up

- Financial problems starting to show up - many cancelled new orders especially from smaller owners with weak financials
- Uncertainty about orderbooks -Too large orders and questions if the yards can really deliver (especially new yards from China but we see some problems in Korea too)
- Many new shipping stock investors are yield investors. They are spoiled with high dividends and rising shareprices ( in the 90ties there were neither dividends or rising shareprices)

# Safe haven illusion

- Listing of shipping companies has increased transparency in the shipping industry
- Knowledge about the industry has increased, but focus is mostly on dry bulk and tankers. Other segments seem to have been forgotten; such as car-carriers, chemical tankers and gas-carriers.
- Shipping stocks have been perceived as safe haven during the last months of stock market turbulence (together with Emerging Markets and Miners??)

## “The times they are changing...”

- Most listed shipping companies controlled by a “group” or family
- Some groups have “other” vested interests - could become an increasing problem, especially in economic downturns ( less money - more fights)
- “newcomers” in the listed companies not so familiar with “old fashioned “ way of doing business in shipping.
- Warning to family controlled companies; more activist shareholders will enter the scene..... but if your are listed, you have to play by the rules showing transparency, giving information etc. ....or else “Go private again!”

# Stormy waters awaiting

- Economic cycle downturn will put pressure on shipping stocks - not all "new" shipping investors anticipate the consequences
- Liquidity will shrink with prices moving down.
- Dividend yield will disappear