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Markets Research

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Industrials
Marine

Industry
DB 2014 Shipping Outlook

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Industry Update

Justin Yagerman
Research Analyst
(+1) 212 250-5191
justin.yagerman@db.com

Taylor Mulherin
Research Associate
(+1) 212 250-9383
taylor.mulherin@db.com

Robert Salmon, CFA
Research Associate
(+1) 212 250-2812
robert.salmon@db.com

Sentiment Shift: Global Shipping Markets Back In Focus In 2014

Constructive On Dry Bulk; Crude Turnaround Still A Work In Process

On the back of H2 2013 strength, we believe 2014 could mark a turning point for the dry bulk market, which has bounced along the bottom of the shipping cycle since the global financial crisis. While we continue to expect dry bulk rate volatility through 2014, we believe periodic weakness should be viewed as an opportunity to gain exposure to a market with a fundamentally improving supply/demand balance. Alternatively, we remain skeptical of the crude tanker market despite increased rates in Q1 2014, leading us to favor tanker companies with exposure to the comparatively more attractive product tanker sector.

2014 Could Be The Start Of A Sustained Improvement In The Dry Bulk Market

Dry bulk rates have scraped along the bottom of their historical ranges for much of the past three years, but appear poised for a sustained improvement as supply growth is set to moderate further in 2014 and beyond. Global fleet growth in deadweight tons (DWT) is set to decelerate through 2016 as ship owners were not as eager to place orders for newbuildings during the challenging market of the past few years. Dry bulk demand is expected to be driven in large part by growth in iron ore and coking coal cargoes as new capacity for iron ore production is poised to come online, providing support for our estimates.

Skeptical Of Crude Tanker Rate Sustainability; Product Market Improving

While we are currently projecting limited crude tanker fleet growth (on a DWT basis) of only 1.2% y/y in 2014, followed by 0.5% y/y growth in 2015 and 2016, fleet utilization is projected to only modestly improve near-term. However, rates are up significantly in Q1 2014 due in part to weather factors which have created port delays. Compared to crude, our view of the product tanker market is relatively positive given that utilization is expected to remain north of 90% in our forecasted periods after a roughly 91.5% utilization year in 2013. Product exports out of the U.S. have benefited from a build-up of crude oil which must be refined before it is allowed to be exported due to the U.S. ban on crude exports and new refining capacity in emerging markets has created longer ton miles for petroleum products.

Containership Fleet Growth To Outpace Demand Yet Again In 2014

While total containership supply growth is expected to outpace demand growth yet again in 2014, freight and charter rates will continue to be determined by how capacity is distributed over specific trade lanes. Contracted fleet growth of 9.4% in 2014 is expected to outpace Clarksons' estimate for 6.1% trade growth in 2014 (1.6x DB's world GDP growth estimate). Further, the Containership industry supply/demand dynamic is most susceptible to the re-introduction of "shadow capacity" from slow steaming and idled vessels.

Introducing Quarterly 2014 And FY2015 Estimates And Updated Price Targets

We are introducing our quarterly 2014 and yearly 2015 estimates. Our new price targets are derived using either an EV/EBITDA multiple applied to our EBITDA estimates, a targeted distribution yield, or net asset value calculation. Sector risks include changes to global commodity demand, increasing ship available ship capacity, access to the capital markets by ship owners and the broader global economy.

Key Changes

Company	Target Price	Rating
NNA.N	5.00 to 6.00(USD)	-
SSW.N	23.00 to 26.00(USD)	-
TK.N	43.00 to 49.00(USD)	-
GASS.OQ	14.00 to 12.00(USD)	-
TNK.N	2.00 to 3.00(USD)	-

Source: Deutsche Bank

Top picks

Scorpio Bulkers (SALT.N),USD9.65	Buy
Diana Shipping Inc (DSX.N),USD11.62	Buy
Navios Partners L.P. (NMM.N),USD18.06	Buy

Source: Deutsche Bank

Companies Featured

Capital Product Prtns. (CPLP.OQ),USD10.00	Buy
Dynagas L.P. (DLNG.OQ),USD21.73	Hold
DryShips Inc (DRYS.OQ),USD3.39	Hold
Diana Shipping Inc (DSX.N),USD11.62	Buy
Frontline Ltd. (FRO.N),USD4.67	Sell
StealthGas (GASS.OQ),USD9.76	Buy
Genco Shipping (GNK.N),USD2.38	Sell
Navios Partners L.P. (NMM.N),USD18.06	Buy
Navios Acquisition Corp. (NNA.N),USD4.34	Buy
Scorpio Bulkers (SALT.N),USD9.65	Buy
Seaspan Corp (SSW.N),USD21.92	Hold
Textainer Group Holdings (TGH.N),USD36.47	Hold
Teekay Corporation (TK.N),USD53.17	Hold
Teekay Tankers Ltd. (TNK.N),USD3.77	Hold

Source: Deutsche Bank

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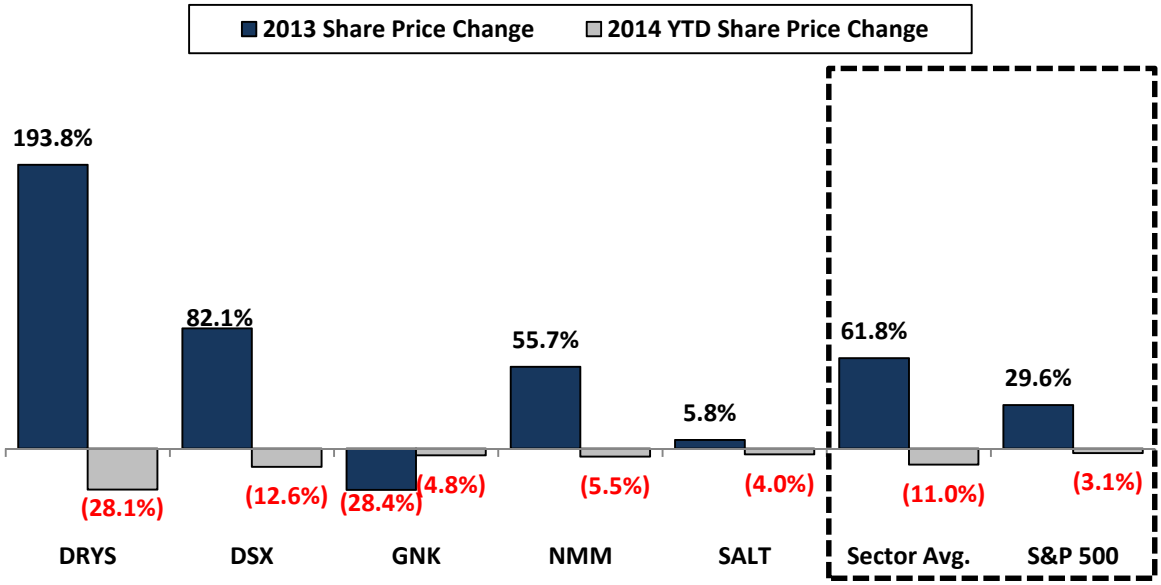
Executive Summary

2014 Outlook & Positioning

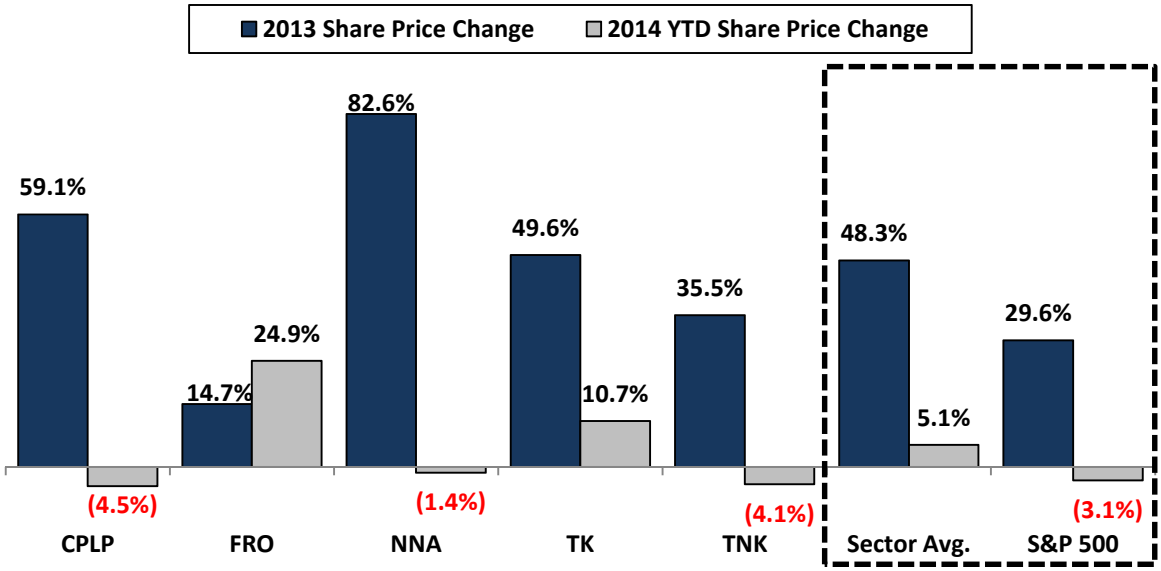
As 2014 gets off to a volatile start, we reflect on a 2013 in which investors clearly began to refocus on Ocean Shipping fundamentals. Of the 14 stocks we cover across the Dry Bulk, Tanker, Container and Gas sub-sectors, only one (GNK) finished 2013 below where it started. Nearly 60% of our group outpaced the S&P 500 in what was a banner year for equities. Amidst a backdrop of global growth punctuated by: (a) the expected continued expansion of emerging market economies; (b) the expected inflection of European GDP out of recession and back to growth; and (c) the continued build-out and growth in the North American shale-driven energy transformation; we believe institutional investors should look to gain high-quality exposure to Ocean Shipping at what we believe is still a nascent point of recovery in most shipping markets. Especially for Dry Bulk and Product Tankers. While the shipping sector exhibits a high-degree of volatility, we believe the risk/reward has become more favorable, even on the back of lofty 2013 returns, as the supply-glut from the prior cycle has abated alongside a demand picture that remains solid. In this report we have laid-out our thesis for each type of Ocean Shipping asset we cover and provided investors with our "Top Picks" (see page 14) for gaining Ocean Shipping exposure. Figures 1 – 4 below illustrate the 2013 and YTD 2014 stock performance for our Ocean Shipping coverage by sector relative to the S&P 500.

Figure 1: Dry Bulk Stock Performance In 2013 And 2014 YTD



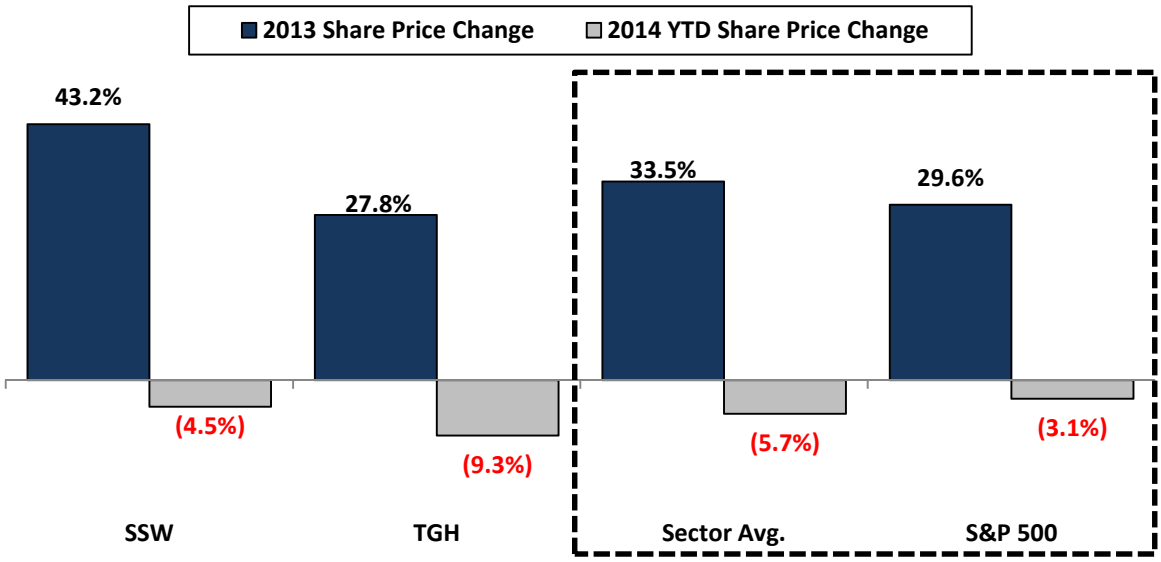
Source: Deutsche Bank, Thomson One

Figure 2: Tanker Stock Performance In 2013 And 2014 YTD



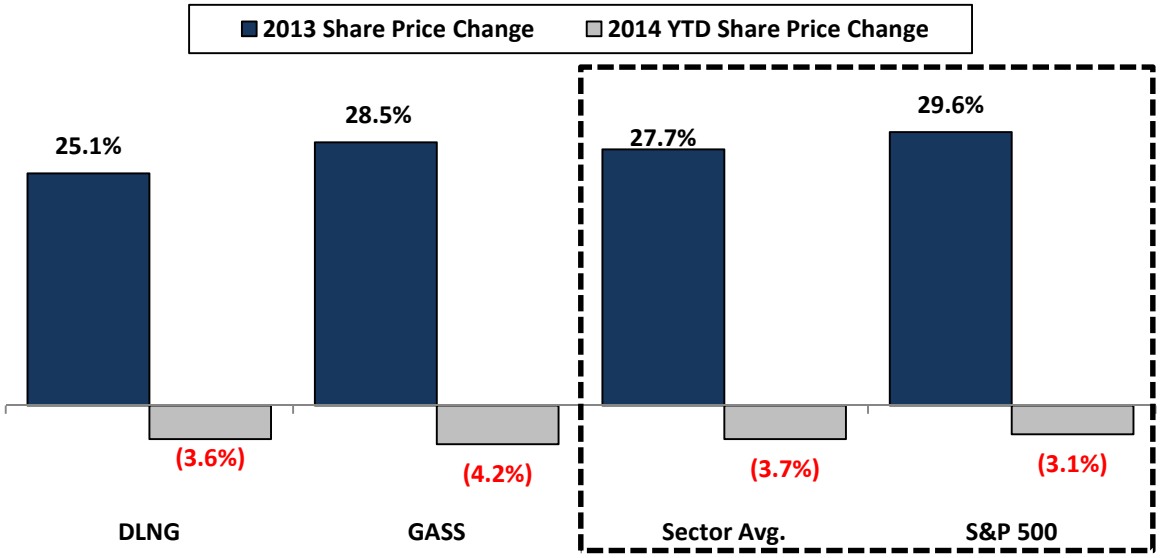
Source: Deutsche Bank, Thomson One

Figure 3: Container Stock Performance In 2013 And 2014 YTD



Source: Deutsche Bank, Thomson One

Figure 4: Gas (LPG & LNG) Sector Stock Performance In 2013 And 2014 YTD



Source: Deutsche Bank, Thomson One

Better Fundamentals Bring Us To Cusp Of Dry Bulk Recovery

2014 Could Be The Start Of A Sustained Improvement In The Dry Bulk Market. Over-ordering of vessels during the strong rate environment of 2006 to 2008 led to a supply and demand imbalance once these vessels hit the water (typically a roughly 2-3 year lag time exists from order to delivery). Compared to demand growth at a 5% CAGR through from 2008 through 2013, dry bulk vessel capacity increased at a 10.8% CAGR (on a DWT basis) over the same period. Dry bulk rates have scraped along the bottom of their historical ranges for much of the past three years, but appear poised for a sustained improvement as supply growth is set to moderate further in 2014 and beyond. Global fleet growth in DWT is set to decelerate through 2016 as ship owners were not as eager to place orders for newbuildings during the challenging market of the past few years. Our current orderbook suggests industry fleet utilization will improve from 90.1% in 2013 to 95.9% in 2016, due to dry bulk demand growth of 4.0-5.9% in 2014 to 2016, compared to decelerating fleet growth (5.1% in 2014, 4.3% in 2015, and 2.4% in 2016). For a more comprehensive analysis of our supply/demand assumptions, see Figure 9 on page 17.

Wave Of New Iron Ore Supply Capacity Poised To Come Online. New capacity for iron ore production is poised to come online in the next several years, providing support for our iron ore growth estimates. While many projects have been subject to delays in the recent past due to environmental permissions and needed funding, DB's Commodities Team believes rising unemployment in many producer countries should result in governments adopting a more mining friendly approach. Dry bulk demand is expected to be driven in large part by growth in iron ore and coking coal cargoes over the next several years. Iron ore growth of 10.2% y/y in 2014 and 8% in 2015 is driven by DB's expectation for increased production in both Australia and Brazil as a result of continued Chinese steel restocking.

Fundamentals Expected To Improve Through At Least 2016. We have updated our dry bulk supply and demand model to reflect recent newbuild orders (Figure 9 on page 17) and updated scrapping, slippage, and cancelation estimates. We maintain that the market reached a trough in 2013 as supply growth is set to moderate further in 2014 and beyond. Global fleet growth in DWT is set to decelerate through 2016 as ship owners were not as eager to place orders for newbuildings during the challenging market of the past few years. We note that a key risk factor to our forecasts is Chinese commodity demand, which is a significant driver of dry bulk activity, and an increase in vessel ordering by dry bulk operators in the face of an improving market. Any material increase or decrease in Chinese economic expectations could have an outsized impact on our mid-single digit demand growth forecasts.

Key Dry Bulk Stocks To Watch In 2014. With our outlook suggesting that we are in the early stages of a sustained dry bulk market recovery, we believe investors need to begin positioning themselves in companies with the most exposure to an improving market. We believe a basket of DSX (Buy, $15 price target) and SALT (Buy, $18 price target) is an optimal way to play the expected improvement in the dry bulk market. DSX's meaningful contract coverage provides downside protection to rate volatility, while SALT is essentially a call option on dry bulk rates given its expectation to operate its yet to be delivered fleet exclusively in the spot market. DSX has contract coverage of at least 62% in 2014 (assuming no charterer extensions), which provides the company with assured cash flows while leaving an opportunity to re-charter vessels into a strengthening rate environment.

We note that there are several companies which we feel provide "false exposure" to the dry bulk sector. While GNK (Sell, $1 price target) is a dry bulk operator with primarily spot exposure, we feel that share prices will be increasingly driven by the potential for either a bankruptcy filing or debt restructuring ahead of their scheduled resumption of debt amortization payments due on March 31, 2014. DRYS (Hold, $3 price target) is another suboptimal way to play the dry bulk recovery, in our opinion, given that its operating results are driven in large part by its majority stake (59.4%) in offshore drilling company ORIG. In fact, the company's traditional shipping segment only represented approximately 7.3% of the company's Q3 2013 consolidated EBITDA.

Tankers: Favoring Product Exposure Over Crude

Uncertain Of Sustainability In Recent Crude Tanker Rate Improvement. While we are currently projecting limited crude tanker fleet growth (on a DWT basis) of only 1.2% y/y in 2014, followed by 0.5% y/y growth in 2015 and 2016, respectively, fleet utilization is not projected to breach 90% until 2016. However, rates are up significantly in Q1 2014 due in part to weather factors which have created port delays. While we remain uncertain of the long-term sustainability of this rate improvement based on supply/demand fundamentals, recent rate action illustrates the volatility inherent in the crude tanker market. After seaborne crude demand growth of approximately 1.2% y/y in 2013, demand is expected to continue growth in a similar range from 2014-16. Non-OECD Asia is expected to be the driving force to any variation in crude demand, with Clarksons estimating that 72% of total VLCC crude trade volumes were shipping to Asia in 2013.

Ton-Mile Expansion Should Help To Offset Lackluster Demand Growth. An important theme which may help to mitigate lackluster demand growth is the expanding distance between the geographic location of crude production and delivery. While the U.S. shale revolution has resulted in a reduction of imports to the United States overall, we note that the decline has largely come on shorter haul routes from Latin America, Africa, and Europe. Conversely, Middle Eastern imports have actually increased as oil interests in the region are focused on maintaining market share by offering cargoes at prices that compete with domestic production. With AG-US volumes holding steady, we expect ton-mile expansion from increased West African exports to Asia, given the declining US and European import volumes. We believe North American crude production has displaced the light sweet West African crude, which will likely find a home in China and other Asian destinations. The longer-haul voyages on VLCCs and Suezmaxes should help increase total ton-mile demand helping to offset flat-to-down US long-haul demand. This phenomenon has been at least partially responsible for recent rate strength as longer routes serve to reduce industry capacity.

Product Tanker Environment Looks More Favorable At This Time. Compared to crude, our view of the product tanker market is relatively positive given that utilization is expected to remain north of 90% in our forecasted periods after a roughly 91.5% utilization year in 2013. According to Clarksons, product demand is expected to increase by 4.1% in 2013, compared to 2.9% growth in active supply. One of the most important factors over the near-term for product supply/demand improvement is the expansion of the clean products trade from the U.S. Gulf to South America. Product exports out of the U.S. have benefited from a build-up of crude oil which must be refined before it is allowed to be exported due to the U.S. ban on crude exports and new refining capacity in emerging markets has created longer ton miles for petroleum products. Continued strength in U.S. exports to South America, combined with strong Asian demand is expected to be more than sufficient to counteract a projected 4.4% increase in product tanker supply growth in 2014. Further, product rates should benefit from the addition of refinery capacity in Asia and the Middle East, on top of reduced refining capacity in Europe and Australia, leading to new, longer trade routes. This should lead to ton-mile expansion that can help to offset diminishing product imports to the U.S.

Key Tanker Stocks To Watch In 2014. With increased refinery capacity in Asia, and European refineries becoming less competitive, the US and Asia have increased their product exports. Therefore, we continue to favor companies with meaningful exposure to the product tanker market. NNA (Buy, $6 price target) has a product tanker fleet which should be able to take advantage of rate improvement through strategically timed re-chartering and the structure of its time charter contracts, which include profit sharing. We have been encouraged by NNA's recent opportunism in the crude sector as well as the company's demonstration of a strong sense of market timing. The company has focused on long-term value and cash flows by taking advantage of what it perceives as market inefficiencies in either the crude or product market. CPLP has positioned itself to take advantage of an eventual strengthening in the product tanker market by placing many of its product vessels on 1-year time charters and has the potential to benefit from profit sharing if markets exceed currently contracted rates on 45% of the company's tanker fleet. It has also simultaneously improved its average charter duration to 8.9 years as of September 30, 2013 (from 6.9 years in Q2 2013) from the delivery of container vessels with long-term (12 year) time charters attached.

Containership Fleet Growth Continues To Outpace Demand

Fleet Growth To Outpace Demand Yet Again In 2014. While total global supply growth is expected to outpace demand growth yet again in 2014, freight and charter rates will continue to be determined by how capacity is distributed over specific trade lanes (i.e. what size ship will move in various trade lanes). Contracted fleet growth of 9.4% in 2014 is expected to outpace Clarksons' estimate for 6.1% trade growth in 2014 (1.6x DBe GDP growth). Demand growth on long-haul mainlines, such as the Far East-Europe route, could accelerate from 2013 levels as the European economy improves this year. However, the delivery of large Super Post-Panamax vessels which generally operate on these mainline routes will keep the supply/demand dynamic from being conducive to higher rates, in our opinion.

Further, the Containership industry supply/demand dynamic is most susceptible to the re-introduction of "shadow capacity" in an improving demand market, from slow steaming and idled vessels. In order to address the widespread decline of trade during the global recession in 2009, the industry widely adopted a slow steaming policy that has served to reduce industry capacity by approximately 1.7 million TEU (roughly 10% of current fleet), according to Clarksons. In addition, Clarksons estimates that approximately 0.7 million TEU (4.1% of current fleet) are currently laid up in an effort to improve industry rates as of December 2013. We note that a portion of idled capacity is likely to return to the market in January.

We therefore believe time charter rates will remain weak (absent continued active supply-side rationalization). Rates will likely show intra-year volatility as liners could seek short-term charters to augment peak season supply needs or if global GDP estimates prove to be too low. If the US consumer were to materially reaccelerate, increased Asia-US activity would not only boost demand, but also the global trade multiplier.

Operators Search For Economies Of Scale Through Larger Ships. The current containership orderbook is dominated by the new, more fuel-efficient super post-Panamax class vessels currently in favor by the liners. This asset class, which consists of vessels of greater than 8,000 TEU in size, currently makes up 81.5% of the orderbook on a TEU basis. Greater carrying capacity, combined with the ships' slower, long-stroke engines can cut fuel costs by up to 20% on a per TEU basis. Vessel upsizing may also be a function of the expected expansion of the Panama Canal slated for completion in 2015, when ships of upwards of 13,000 TEU will be able to traverse the canal (compared to roughly 5,000 TEU at present).

LNG & LPG Markets Appear Relatively In Balance

LNG Fleet Growth Poised To Increase Ahead Of Higher Demand. The total size of the industry LNG fleet grew 4.1% in 2013, compared to 2.9% in 2012. This compares to growth of above 10% per annum between 2004 and 2010. As of January 2014, the current fleet consisted of 386 vessels of varying size, with a combined capacity of approximately 55.3 million cubic feet. However, we note that the total listed capacity of the market fleet may be somewhat overstated as there is growing demand for the use of LNG vessels as floating storage and regasification unit (FSRU) vessels in emerging market economies, which have had the effect of reducing effective global capacity without being reflected in the global fleet size or orderbook.

According to Clarksons, the current orderbook of LNG carriers represents 31.1% of current LNG carrier fleet carrying capacity on a cbm basis. This is below the approximate historical average newbuilding orderbook of LNG carriers which represented 48.3% of the LNG carrier fleet carrying capacity between 2002 and 2012. As of January 2014, 111 carriers, with an aggregate carrying capacity of roughly 17.2 million cbm were on order for delivery through 2017. The current orderbook is relatively homogonous when considering the size of vessels, as only 8 of the 111 on order are below 145,000 cbm, with none greater than 182,000 cbm.

New Projects Likely To Drive LNG Demand Growth. We believe that LNG export capacity is currently at a consolidation point and will likely remain supply side constrained from a liquefaction standpoint until roughly 2015 as only a limited number of projects are expected to come online in the near-term. However beginning in 2015, several new Australian projects are expected to come online in addition to Cheniere's Sabine Pass facility in the United States, serviced in part by one of DLNG's (Hold, $20 price target) sponsor's vessels, scheduled to begin in 2016. According to Wood Mackenzie, LNG demand is expected to grow at a 4.6% CAGR through 2017 as new projects ramp beginning in 2015-16.

The Handysize LPG Market Remains In Balance As Fleet Growth Remains Rational. The small-vessel LPG market has benefitted from minimal fleet growth over the past decade, with fleet growth averaging a modest 2.5% per annum since 2001. Since 2009, annual fleet growth has remained below 3.1%. The modest fleet expansion coupled with seaborne demand growth has resulting in a balanced supply/demand dynamic keeping owners profitable over the past decade.

Strong LPG Demand Growth In 2014-15; Growth To Reaccelerate As New Production Capacity Comes On Line. Since 2006, the global seaborne LPG trade has grown at an average CAGR of 2.6% (includes the 2009 decline). Over the next three-years global seaborne trade is expected to grow at an average rate of 6.0% through 2016. The growth has not only been driven by emerging market demand, but also developed nations. The growth in US shale gas and crude shale production has led to increased LPG supply. In the US, when extracting crude and natural gas, producers are unable to burn or release LPG for environmental and safety reasons. This has led to an increased supply of LPG, beyond our domestic needs, increasing exports.

VLGCs Benefiting From U.S.-Asia Trade; Supply Growth To Constrain Rates. Very Large Gas Carriers (VLGCs) have been supported by continued activity in the Atlantic, as ship owners have benefited from increased exports out of the U.S. Gulf. Further, Asian importers (particularly China) have become more focused on diversifying their supply sources, resulting in increased ton-mile demand. Despite available volumes in the Middle East, comparatively lower U.S. LPG prices have supported the strength of U.S. to Asia exports. While this phenomenon is expected to continue going forward, resulting in a promising demand outlook for VLGC carriers, an expected increase in available capacity is likely to limit rate improvement over the medium-term. The current VLGC orderbook suggests that the industry fleet will grow at roughly 6% in 2014, with roughly similar fleet growth in 2015. However, newbuilding deliveries are expected to accelerate in H2 2014, indicating that 2013 VLGC rate strength may continue in the interim.

Overview Of Our Estimates, Price Targets, & Ratings

Figure 5: Overview Of Our Shipping Sector Estimates, Price Targets, & Ratings

	Company	Rating	Price Target		Q4 2013E EPS		2013E EPS		2014E EPS		2015E EPS	
		Current Rating	Old	New	Old	New	Old	New	Old	New	Old	New
Tankers	CPLP	Buy	$11	$11	$0.13	$0.12	$0.24	$0.22	$0.43	$0.49	N/A	$0.47
	FRO	Sell	$1	$1	($0.26)	($0.17)	($1.43)	($1.33)	($1.26)	($0.58)	N/A	($0.21)
	NNA	Buy	$5	$6	$0.05	$0.03	$0.04	$0.01	$0.16	$0.22	N/A	$0.36
	TK	Hold	$43	$49	($0.51)	($0.03)	($1.20)	($1.18)	($1.65)	$0.47	N/A	$0.92
	TNK	Hold	$2	$3	$0.05	($0.02)	$0.97	($0.19)	$0.53	$0.46	N/A	$0.26
Gas	DLNG	Hold	$20	$20	$0.34	$0.34	$1.50	$1.50	$1.44	$1.44	$1.42	$1.42
	GASS	Buy	$14	$12	$0.21	$0.16	$0.71	$0.66	$1.22	$0.89	N/A	$1.46
Dry Bulk	DRYS	Hold	$3	$3	$0.24	$0.01	$1.12	($0.26)	$1.09	$0.37	N/A	$0.79
	DSX (1)	Buy	$15	$15	($0.05)	($0.05)	($0.15)	($0.15)	($0.14)	($0.14)	$0.48	$0.48
	GNK	Sell	$1	$1	$0.90	($0.57)	$4.73	($3.55)	$4.01	($1.42)	N/A	($0.59)
	NMM	Buy	$20	$20	$0.15	$0.16	$0.87	$0.88	$0.83	$0.94	N/A	$1.13
	SALT	Buy	$18	$18	($0.02)	($0.02)	($0.07)	($0.07)	($0.08)	($0.08)	$0.08	$0.13
Container	TGH	Hold	$34	$34	$0.80	$0.77	$3.11	$3.08	$3.73	$3.51	N/A	$3.75
	SSW	Hold	$23	$26	$0.27	$0.25	$0.87	$0.92	$1.10	$1.10	N/A	$1.50

(1) We upgraded DSX to Buy from Hold in our Dry Bulk Insights note dated 1/12/2014

Source: Deutsche Bank, Thomson One

Figure 6: Overview Of Our Shipping Sector Valuations And Total Return Potential

	Company	Current Price	EBITDA Estimates				Target Forward	Historic Average	Price Target		NTM Dividend	Total Return	Rating
		1/24/2014	Q4 2013E	2013E	2014E	2015E	EV/EBITDA Multiple[1]	EV/EBITDA Multiple	Old	New	Yield[2]		
Tankers	**CPLP**	**$10.00**	$33.5	$108.2	$132.8	$131.6	**9% Dist. Yield**	9.0x	$11	$11	9.9%	19.9%	Buy
	FRO	**$4.67**	$23.5	$65.7	$110.6	$136.4	**1.40x NAV/Share**	11.7x	$1	$1	N/A	(78.6%)	Sell
	NNA	**$4.34**	$35.5	$120.2	$165.5	$191.1	**10.0x 2015 EBITDA**	8.8x	$5	$6	4.6%	42.9%	Buy
	TK	**$53.17**	$206.0	$674.0	$863.2	$941.1	**1.0x NAV/share**	10.2x	$43	$49	2.4%	(5.5%)	Hold
	TNK	**$3.77**	$14.4	$51.4	$104.1	$88.9	**10x 2015 EBITDA**	10.7x	$2	$3	2.1%	(18.3%)	Hold
Gas	**DLNG**	**$21.73**	$17.0	$68.5	$65.0	$64.7	**7.5% Dist. Yield**	N/A	$20	$20	6.7%	(8.0%)	Hold
	GASS	**$9.76**	$16.7	$61.1	$76.2	$100.4	**7x 2015 EBITDA**	6.7x	$14	$12	N/A	23.0%	Buy
Dry Bulk	**DRYS**	**$3.38**	$166.6	$548.5	$868.3	$1,067.4	**1.0x NAV/share**	6.6x	$3	$3	N/A	(11.2%)	Hold
	DSX (5)	**$11.62**	$14.1	$59.6	$63.6	$114.1	**12.5x 2015 EBITDA**	7.2x	$15	$15	N/A	29.1%	Buy
	GNK	**$2.38**	$38.2	$71.6	$193.3	$226.8	**1.15x NAV/share**	10.8x	$1	$1	N/A	(58.0%)	Sell
	NMM	**$18.06**	$35.2	$154.0	$186.5	$193.9	**9% Dist. Yield**	6.9x	$20	$20	9.8%	20.5%	Buy
	SALT	**$9.65**	($0.7)	($1.3)	$2.5	$56.3	**10x Disc. 2017 EBITDA**	N/A	$18	$18	0.0%	91.2%	Buy
Container	**SSW**	**$21.92**	$126.5	$489.3	$518.5	$604.5	**10x 2015 EBITDA**	8.3x	$23	$26	5.7%	24.3%	Hold
	Company	Current Price	EPS Estimates				Target Forward	Historic Average	Price Target		NTM Dividend	Total Return	Rating
		1/24/2014	Q4 2013E	2013E	2014E	2015E	P/E Multiple[1]	P/E Multiple	Old	New	Yield[2]		
	TGH	**$36.47**	$0.77	$3.08	$3.51	$3.75	**9.0x 2015 EPS**	9.0x	$34	$34	5.2%	(1.6%)	Hold

(1) Target forward P/E and EV/EBITDA multiples are applied to our 2015 EPS and EBITDA estimates
(2) Assumes DB dividend estimates for FY2014
(3) We have based FRO and GNK's valuation based on 1.0x NAV, but have inflated asset values by 15%-40% to reflect optionality to a recovering market.
(4) SALT price target is based on the discounted value of its estimated 2017 EBITDA, discounted to year-end 2015 (10% discount rate)
(5) We upgraded DSX to Buy from Hold in our Dry Bulk Insights note dated 1/12/2014

Source: Deutsche Bank, Thomson One

Figure 7: An Overview Of DB Estimates Vs. Consensus

	Company	Q4 2013E			CY2013E			CY2014E			CY2015E		
		Us	Consensus[1]	Delta	Us	Consensus[1]	Delta	Us	Consensus[1]	Delta	Us	Consensus[1]	Delta
Tankers	CPLP	$0.12	$0.10	**$0.02**	$0.22	$0.24	**($0.02)**	$0.49	$0.40	**$0.09**	$0.47	$0.53	**($0.06)**
	FRO	($0.17)	($0.27)	**$0.10**	($1.33)	($1.47)	**$0.14**	($0.58)	($1.16)	**$0.58**	($0.21)	($0.47)	**$0.26**
	NNA	$0.03	$0.02	**$0.01**	$0.01	$0.00	**$0.01**	$0.22	$0.16	**$0.06**	$0.36	$0.48	**($0.12)**
	TK	($0.03)	$0.06	**($0.09)**	($1.18)	($1.17)	**($0.01)**	$0.47	$0.10	**$0.37**	$0.92	$0.84	**$0.08**
	TNK	($0.02)	($0.05)	**$0.03**	($0.19)	($0.22)	**$0.03**	$0.46	$0.03	**$0.43**	$0.26	$0.42	**($0.16)**
Gas	DLNG	$0.34	$0.35	**($0.01)**	$1.50	$1.49	**$0.01**	$1.44	$1.48	**($0.04)**	$1.42	$1.75	**($0.33)**
	GASS	$0.16	$0.20	**($0.04)**	$0.66	$0.71	**($0.05)**	$0.89	$1.17	**($0.28)**	$1.46	$1.59	**($0.13)**
Dry Bulk	DRYS	$0.01	($0.02)	**$0.03**	($0.26)	($0.28)	**$0.02**	$0.37	$0.27	**$0.10**	$0.79	$0.60	**$0.19**
	DSX	($0.05)	($0.06)	**$0.01**	($0.15)	($0.20)	**$0.05**	($0.14)	($0.19)	**$0.05**	$0.48	$0.52	**($0.04)**
	GNK	($0.57)	($0.53)	**($0.04)**	($3.55)	($3.52)	**($0.03)**	($1.42)	($2.01)	**$0.59**	($0.59)	($0.30)	**($0.29)**
	NMM	$0.16	$0.14	**$0.02**	$0.88	$0.85	**$0.03**	$0.94	$0.78	**$0.16**	$1.13	$0.96	**$0.17**
	SALT	($0.02)	($0.01)	**($0.01)**	($0.07)	($0.18)	**$0.11**	($0.08)	($0.01)	**($0.07)**	$0.13	$0.14	**($0.01)**
Container	TGH	$0.77	$0.81	**($0.04)**	$3.08	$3.11	**($0.03)**	$3.51	$3.53	**($0.02)**	$3.75	$3.78	**($0.03)**
	SSW	$0.25	$0.24	**$0.01**	$0.92	$0.91	**$0.01**	$1.10	$1.07	**$0.03**	$1.50	$1.55	**($0.05)**

1. Consensus provided by Thomson Reuters.

Source: Deutsche Bank estimates , Thomson One

Our Top Picks

SALT & DSX Have Most Upside To Dry Bulk Improvement

Scorpio Bulkers (SALT, Buy, $18 Price Target). SALT boasts a newbuilding program consisting of 74 dry bulk vessels currently under construction at well regarded shipyards in China, Japan, and Romania. We believe the timing of its deliveries will coincide with a strengthening dry bulk market as industry supply/demand fundamentals appear to be improving. The company plans to employ these vessels primarily in the spot market, giving it greater exposure to an improving rate environment. SALT also believes that it will be the dry bulk industry's low cost operator given an attractive purchase price entry point and the ECO design of its vessels.

Valuation & Risks: Our year-end 2014 price target is based on a 10x EV/EBITDA multiple applied to our 2017 EBITDA estimate, discounted back (10% discount rate) to year-end 2015. We believe this is the most appropriate valuation methodology considering that 2017 is the first year in which SALT's initial fleet is fully delivered. Downside risks include exposure to spot market volatility, the potential for shipyard cost overruns and delays, and a limited operating history.

Diana Shipping (DSX, Buy, $15 Price Target). DSX has meaningful upside potential given its combination of solid 2014 contract coverage (at least 62% in 2014), combined with exposure to an improving market through the re-chartering of current vessels and backlog of newbuilding acquisitions. DSX also has a significant cash balance of $315.7 million as of September 30, 2013 and expects to increase its debt leverage (debt-to-total cap) ratio to up to 50% (compared to sub-30% in Q3 2013) over time as it buys more vessels which should drive strong fleet growth.

Valuation & Risks: Our DSX price target is achieved by applying a 12.5x multiple on our adjusted 2015 EBITDA estimate. The current valuation represents a premium to DSX's 5-year average historical forward EV/EBITDA multiple of 7.2x. Our premium to the company's average historical multiple reflects DSX's growing orderbook, net cash position, and ample liquidity for new investments. Downside risks include weaker charter rates, declining asset values, lack of acquisition targets and charterer defaults.

Favoring Tanker Names With Product Exposure

Navios Maritime Acquisition (NNA, Buy, $6 price target). NNA has meaningful exposure to an improving product tanker market, combined with the potential for distribution growth over time. The company has strong time charter coverage (74.1% and 42.3% of 2014 and 2015 revenue days are fixed, respectively) and a $0.20/share annual dividend (4.6% dividend yield at current levels). NNA employs a mixture of fixed-rate and profit sharing time charters that provide solid earnings generation and the potential for upside should the product tanker rate environment improve further.

Valuation & Risks: Our price target is based NNA's estimated 2015 EBITDA estimate and target EV/EBITDA multiple of 10.0x. This compares to the company's 5-year historical average EV/EBITDA multiple of 8.8x. We believe

the higher multiple is justified by NNA's recent orderbook growth and exposure to an improving rate environment. Downside risks include lower spot product tanker rates, leverage, charterer defaults, and access to the capital markets.

Capital Product Partners (CPLP, Buy, $11 Price Target). CPLP has positioned itself to take advantage of an eventual strengthening in the product tanker market by placing many of its product vessels on 1-year time charters (10 vessels are scheduled to be re-chartered in 2014). However, the company has simultaneously improved its average charter duration to 8.9 years as of September 30, 2013 driven by the acquisition of container vessels with long-term (12 year) time charters attached. This solid contract duration helps to support the company's current annualized distribution of $0.93/share (9.3% distribution yield at current levels).

Valuation & Risks: Our price target is based on a target forward distribution yield basis of 9% on our 2014 distribution estimate. We believe this is warranted given CPLP's long-term contracted cash flow. Downside risks include sponsor credit risk, declining charter and spot market rates, and vessel oversupply.

Figure 8: CPLP Historical And Estimated Distributable Cash Flow Through FY2015

Distributable Cash Flow	2012	2013E	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014E	2015E
Net Income	($21.2)	$80.4	$16.0	$14.8	$14.0	$14.1	$58.9	$57.6
Depreciation & Amortization	$51.1	$56.0	$13.5	$13.7	$13.9	$13.9	$55.0	$55.4
Deferred Revenue & Avg. Rate Adjustment	$7.0	$11.2	$3.4	$3.2	$4.0	$4.0	$14.6	$16.0
Non-Recurring Cash Items	$41.9	($42.3)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Class B Preferred Distribution	($10.8)	($19.5)	($4.5)	($4.5)	($4.5)	($4.5)	($17.8)	($17.8)
Distributable Cash Flow	**$67.9**	**$85.9**	**$28.5**	**$27.3**	**$27.4**	**$27.5**	**$110.7**	**$111.1**
Cash Reserves	**$4.3**	**$9.6**	**$9.4**	**$8.2**	**$6.1**	**$6.2**	**$29.9**	**$25.8**
Cash Flow Per Unit	$0.99	$1.05	$0.35	$0.33	$0.33	$0.34	$1.35	$1.35
Distributions Per Unit	**$0.9300**	**$0.9300**	**$0.2325**	**$0.2325**	**$0.2600**	**$0.2600**	**$0.9850**	**$1.0400**
Y/Y Change	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*11.8%*	*11.8%*	*5.9%*	*347.3%*
Common Unit Coverage	**1.1x**	**1.1x**	**1.5x**	**1.4x**	**1.3x**	**1.3x**	**1.4x**	**1.3x**

Source: Deutsche Bank estimates, company filings

Dry Bulk Outlook

Better Fundamentals Bring Us To The Cusp Of Recovery

2014 Could Be The Start Of A Sustained Improvement In The Dry Bulk Market. Over-ordering of vessels during the strong rate environment of 2006 to 2008 led to a supply/demand imbalance once these vessels hit the water (typically a roughly 2-3 year lag time exists from order to delivery). Compared to demand growth at a 5% CAGR from 2008 through 2013, dry bulk vessel capacity increased at a 10.8% CAGR (on a DWT basis) over the same period. Dry bulk rates have scraped along the bottom of their historical ranges for much of the past three years, but appear poised for a sustained improvement as supply growth is set to moderate further in 2014 and beyond. Global fleet growth in deadweight tons (DWT) is set to decelerate through 2016 as ship owners were not as eager to place orders for newbuildings during the challenging market of the past few years.

Wave Of New Iron Ore Supply Capacity Poised To Come Online. New capacity for iron ore production is poised to come online in the next several years, providing support for our iron ore growth estimates. While many projects have been subject to delays over the past several years due to environmental permissions and needed funding, DB's Commodities Team believes rising unemployment in many producer countries should result in governments adopting a more mining friendly approach. We note that another component when attempting to estimate the timing of projects is the projected spot iron ore price over time. Over the long-term mining companies will only produce when it makes economic sense given their cost curve (which is based in part on the quality of ore and where it is located). Fortunately for seaborne demand expectations, China's domestic iron ore production generally operates at the higher-end of the cost curve (DB estimates approximately $100/ton), meaning that importing ore is very often the most attractive option depending on the price point of spot market iron ore.

Seasonal Weakness Provides Opportunity To Gain Exposure To Quality Operators. We are using the recent sell-off as an opportunity to accumulate shares of well capitalized companies with exposure to the dry bulk market. Buy-rated SALT ($18 price target) has the most exposure to improving dry bulk fundamentals given its strategy to operate all of its vessels on the spot market upon delivery (vessels will be delivered between Q2 2014 and Q3 2016). DSX (Buy, $15 price target) should also benefit from sector rate improvement as it has a meaningful amount of contracts up for repricing over the next twelve months. DSX also has a significant cash balance of $315.7 million as of September 30, 2013 and expects to increase its debt leverage ratio (debt-to-total cap) to up to 50% (compared to sub-30% in Q3 2013) in order to fund fleet growth. We believe a basket of DSX and SALT is an optimal way to play the expected improvement in the dry bulk market as DSX's meaningful contract coverage provides downside protection to rate volatility. DSX has contract coverage of at least 62% in 2014 (assuming no charterer extensions), which provides the company with assured cash flows while leaving an opportunity to re-charter vessels into a strengthening rate environment.

Dry Bulk Supply And Demand Model

Fundamentals Expected To Improve Through At Least 2016. We have updated our dry bulk supply and demand model to reflect recent newbuild orders and updated scrapping, slippage, and cancelation estimates. We maintain that the market reached a trough in 2013 as supply growth is set to moderate further in 2014 and beyond. Global fleet growth in DWT is set to decelerate through 2016 as ship owners were not as eager to place orders for newbuildings during the challenging market of the past few years. We note that a key risk factor to our forecasts is Chinese commodity demand, which is a significant driver of dry bulk activity, and an increase in ordering by dry bulk operators in the face of an improving market. Any material increase or decrease in Chinese economic expectations could have an outsized impact on our mid-single digit demand growth forecasts. Figure 9 below illustrates our dry bulk supply and demand outlook overview.

Figure 9: Dry Bulk Supply And Demand Outlook Overview

	2014E	2015E	2016E
Orderbook Slippage	15%	12.5%	12.5%
Orderbook Cancellations	15%	12.5%	12.5%

	Dry Bulk Demand Growth (Millions of Tons)	% Year/Year Growth	Global Fleet (Millions of DWT) [1]	% Net Change Year/Year	Demand In Terms Of DWT	Supply In Terms Of DWT	Implied Utilization	Baltic Dry Index Average
2000	2,134	11.3%	275.2	2.9%	40,263	42,430	94.9%	1,608
2001	2,191	2.7%	287.0	4.3%	41,347	44,238	93.5%	1,217
2002	2,258	3.0%	294.4	2.6%	42,604	45,384	93.9%	1,137
2003	2,454	8.7%	301.7	2.5%	46,302	46,506	99.6%	2,617
2004	2,649	7.9%	320.7	6.3%	49,981	49,446	101.1%	4,510
2005	2,794	5.5%	343.9	7.2%	52,717	53,024	99.4%	3,371
2006	2,980	6.7%	366.0	6.4%	56,226	54,906	102.4%	3,180
2007	3,204	7.5%	390.2	6.6%	60,453	56,904	106.2%	7,071
2008	3,298	2.9%	418.1	7.2%	62,226	60,974	102.1%	6,413
2009	3,193	-3.2%	459.1	9.8%	60,245	65,035	92.6%	2,617
2010	3,594	12.6%	537.1	17.0%	67,811	73,850	91.8%	2,758
2011	3,828	6.5%	616.2	14.7%	72,226	82,159	87.9%	1,549
2012	4,087	6.8%	679.7	10.3%	77,113	87,795	87.8%	920
2013	4,307	5.4%	721.5	6.1%	81,264	90,188	90.1%	1,206
2014E [3,4,5]	4,562	5.9%	758.5	5.1%	86,068	91,647	93.9%	
2015E [3,4,5]	4,783	4.8%	790.9	4.3%	90,237	95,561	94.4%	
2016E [3,4,5]	4,972	4.0%	809.6	2.4%	93,804	97,832	95.9%	
Rate & Utilization Correlation								83.4%

(1) Based on the Clarksons orderbook and Deustche Bank scrapping, slippage, and cancellation estimates. Scrapping estimates call for 2% of the global fleet in 2014, 1.5% in 2015, and 1.0% in 2016
(2) 2013 Dry bulk fleet growth and demand is based on Clarksons' reported figures and DB estimates
(3) Supply and demand growth broken down by Supramax equivalents. Demand growth is based on 53,000 ton cargoes multipled by a ton-mile conversion factor for sailings per year. Supply growth converted by dividing fleet by 60,000 DWT.
(4) A deficit of vessels indicates a positive supply and demand imbalance, which typically acts as a positive catalyst for day rates
(5) Seaborne trade estimates post-2013 based on Deutsche Bank estimates

Source: Deutsche Bank estimates, Clarksons Research Services

Figure 10 below illustrates the contracted orderbook by vessel class. However, we note that the Figure below does not take into account expected cancelations, slippage, and scrapping.

Figure 10: Dry Bulk Contracted Orderbook Overview

Type of Vessel		2007	2008	2009	2010	2011	2012	2013	Current World Fleet [3,4]	2014E [5]	2015E [5]	2016E [5]
Capesize Vessels	Global Fleet [1]	769	824	957	1,165	1,366	1,507	1,565	1,565	1,687	1,798	1,883
(# of Vessels)	Y/Y Growth		7.2%	16.1%	21.7%	17.3%	10.3%	3.8%	3.8%	7.8%	6.6%	4.7%
	Orderbook [2]									122	111	85
	Orderbook/Fleet									7.8%	6.6%	4.7%
Panamax Vessels	Global Fleet [1]	1,474	1,547	1,616	1,786	1,976	2,175	2,358	2,358	2,651	2,754	2,806
(# of Vessels)	Y/Y Growth		5.0%	4.5%	10.5%	10.6%	10.1%	8.4%	8.4%	12.4%	3.9%	1.9%
	Orderbook [2]									293	103	52
	Orderbook/Fleet									12.4%	3.9%	1.9%
Handymax	Global Fleet [1]	1,600	1,716	1,878	2,196	2,529	2,795	2,975	2,975	3,303	3,525	3,622
(# of Vessels)	Y/Y Growth		7.3%	9.4%	16.9%	15.2%	10.5%	6.4%	6.4%	11.0%	6.7%	2.8%
	Orderbook [2]									328	222	97
	Orderbook/Fleet									11.0%	6.7%	2.8%
Handysize	Global Fleet [1]	2,815	2,870	2,847	3,024	3,064	3,057	3,019	3,019	3,245	3,392	3,455
(# of Vessels)	Y/Y Growth		2.0%	(0.8%)	6.2%	1.3%	(0.2%)	(1.2%)	(1.2%)	7.5%	4.5%	1.9%
	Orderbook [2]									226	147	63
	Orderbook/Fleet									7.5%	4.5%	1.9%
Total Vessels	Global Fleet (Vessels)	6,658	6,957	7,298	8,171	8,935	9,534	9,917	9,917	10,886	11,469	11,766
	Y/Y Growth		4.5%	9.6%	12.0%	9.4%	6.7%	4.0%	4.0%	9.8%	5.4%	2.6%
	Orderbook [2]							0		969	583	297
	Orderbook/Fleet							0.0%		9.8%	5.4%	2.6%
Total DWT (millions)	Global Fleet DWT (millions)	391.8	417.7	459.3	537.1	616.2	679.7	721.5	721.5	794.9	843.0	871.9
	Y/Y Growth		6.6%	17.2%	16.6%	14.7%	10.3%	6.1%	6.1%	10.2%	6.0%	3.4%
	Global Orderbook DWT (millions) [2]							0.0		73.4	48.1	28.9
	Orderbook DWT/ Fleet DWT (Millions)							0.0%		10.2%	6.0%	3.4%

(1) Global fleet as of the end of the year.
(2) Orderbook data reflects deliveries during the year specified.
(3) Year/Year growth rates under 'Current World Fleet' are estimated from YE 2013.
(4) As of December 2013
(5) Based on Clarksons's Orderbook assumes no slippage, cancellation or scrapping.

Source: Deutsche Bank estimates, Clarksons Research Services

Dry Bulk Demand Assumption Overview

Dry Bulk Demand Assumption Overview. Dry bulk demand is expected to be driven in large part by growth in iron ore and coking coal cargoes over the next several years. Iron ore growth of 10.2% y/y in 2014 and 8% in 2015 is driven by DB's expectation for increased production in both Australia and Brazil as a result of continued Chinese steel restocking. Thermal coal exports from Indonesia and Australia will likely be mitigated by declining US exports, resulting in 4% y/y thermal coal growth in 2014, before decelerating to 2% and 3% in 2015-2016. Coking coal exports are expected to improve by 8% in 2014, before decelerating in 2015 and 2016. Key risks to the upside or downside of our demand model are Chinese steel restocking, Chinese GDP (8.6% in 2014 and 8.2% in 2015) and weather disruptions. Figure 11 below illustrates an overview of our demand growth assumptions for the dry bulk sector.

Figure 11: DB Dry Bulk Demand Growth By Cargo Segment

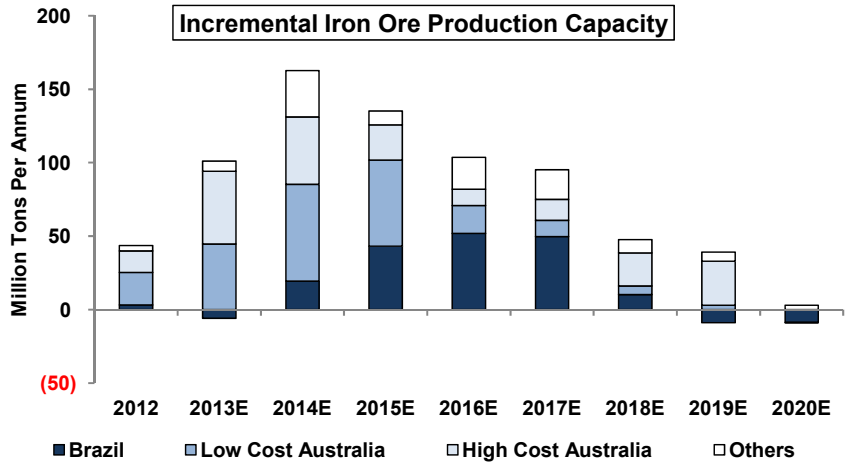
	2013E	2014E	2015E	2016E
Iron ore	6.1%	10.2%	8.0%	5.4%
Thermal coal	1.0%	4.0%	2.0%	3.0%
Coking coal	2.0%	8.0%	6.0%	0.0%
Grain	0.0%	3.5%	3.5%	3.5%
Minor bulk	4.0%	4.0%	4.0%	4.0%
Cumulative dry bulk (1)	**3.5%**	**5.9%**	**4.8%**	**4.0%**

(1) Cumulative dry bulk weightings are as follows: Iron Ore (29%), Thermal Coal (19%), Coking Coal (6%), Grain (9%), Minor Bulk (38%)
Source: Deutsche Bank estimates, Clarksons Research Service

Improving European Economy And Capacity Growth To Help Drive Iron Ore Cargoes. After a strong year of steel production growth (up 4.3% y/y in 2013), DB's Commodities team is forecasting a 4.8% y/y increase in production in 2014 driven by a rebound in European production. Production in Europe is

expected to increase by 3.5% y/y, compared to a 2% y/y decline last year. Improving demand in Europe will likely be supported by continued demand out of China and additional supply coming online from several new projects. DB is estimating supply growth to accelerate just over 10% y/y and believes that 2014 will be the peak year in the medium-term for iron ore additions based on miner comments about expected future growth. Over 50% of the expected increase in global iron ore supply is expected to come from the industry's four largest producers, BHP, Vale, Rio Tinto, and Fortescue. These producers have invested heavily in expanding their mining capacity and are focused on expanding market share. Exporters in Brazil and Australia expect to become more competitive in China over time considering their higher quality (higher Fe content/lower SiO2 content), which should be more conducive to China's new pollution limits.

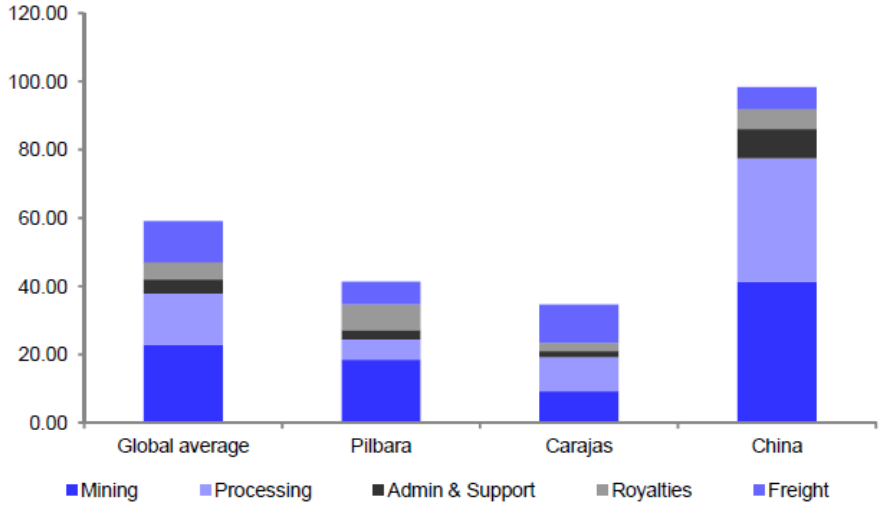
Figure 12: Incremental Expected Iron Ore Production Capacity By Year Through 2020 (In Million Tons Per Annum [Mtpa])



Source: Deutsche Bank

Continued Chinese Iron Ore Demand Should Be Catalyst For Improving Dry Bulk Rates. While Europe appears to be re-emerging as a source of iron ore demand, China remains the "800lb gorilla in the room" when it comes to demand trends. The country's significant consumption growth has coincided with its urbanization projects leading the country to account for approximately 58% of global iron ore demand. The rapid development led global steel consumption to increase at a 5.5% CAGR in the 2000s, despite the global recession which began in 2008. DB's global Commodities team is estimating China's consumption to grow at a rate of 3.8% per annum in this decade as the economy matures. Although Australia and Brazil dominate the seaborne iron ore export market, China's domestic production comprises a meaningful amount of global production (17%). However, we note that much of China's domestic supply is of lower quality (and higher cost) than its foreign counterparts, leaving the potential for it to be replaced by higher quality imports depending on the prevailing market price. We note that the global average cost of iron ore production is approximately $60/ton, with China's average cost materially higher at near $100/ton. As a result, a material decline in the price of iron ore would likely result in the replacement of China's higher cost and lower quality ore, with a greater amount of seaborne exports.

Figure 13: Global Iron Ore Cost Structure (U.S. $/Ton) In 2012
Pilbara = Australia
Carajas = Brazil

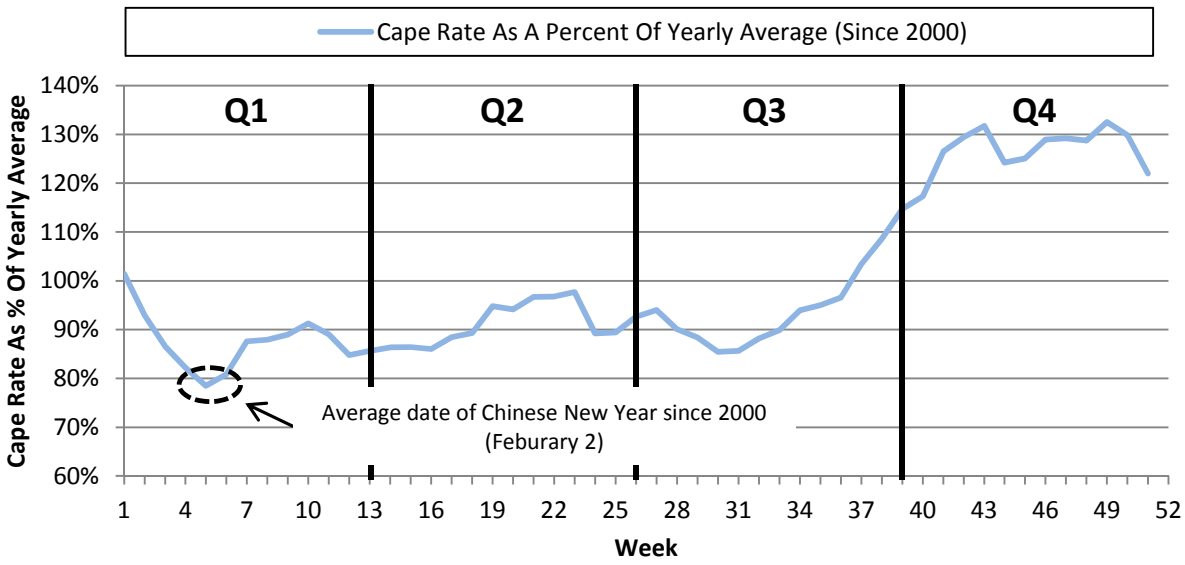


Source: AME, Deutsche Bank

Declining Marginal Costs For Thermal Coal Likely Reduce Production Volatility. Marginal costs for thermal coal production observed in 2013 are likely to continue through year-end 2015 as a combination of lower oil prices and generally weakening local currencies drive down production costs. By the end of 2013, cash costs had dropped by $1-7/ton in four of the top five major thermal coal exporting countries (Indonesia, Australia, Russia, South Africa, and Colombia). Accordingly, DB's Commodities team expects the Australian Dollar to weaken against the U.S. Dollar by a further 16% through 2016, resulting in a $13/ton reduction in U.S. Dollar marginal cost of production in Australia. Lower production costs combined with a more positive business environment (DB expects world GDP growth to accelerate from 2.8% in 2013 to 3.7% in 2014 and 4.0% in 2015) should drive thermal coal demand growth despite likely price fluctuations. Coal export growth could be somewhat mitigated by more modest growth out of Indonesia, the world's largest supplier, as the nation's government appears to be interested in increasing the value of exported products through lower quantities.

Dry Bulk Rates Follow China's Stock And Draw Inventory Model. Dry bulk spot rates are highly seasonal and generally follow China's strategy to build commodity inventories beginning late in Q3 into year-end. Imports then tend to trail off once it becomes too late for cargoes to reach Chinese shores before Chinese New Year. Dry bulk rates tend to reflect this seasonality, leading to what can be meaningful variability for carriers which operate in the spot market. Figure 14 below illustrates Capesize rates a percentage of the yearly average since 2000.

Figure 14: Cape Rate As A Percent Of Yearly Average Since 2000

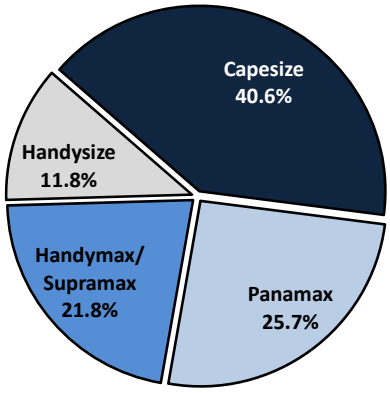


Source: Deutsche Bank, Clarksons Shipping Intelligence

Dry Bulk Supply Overview

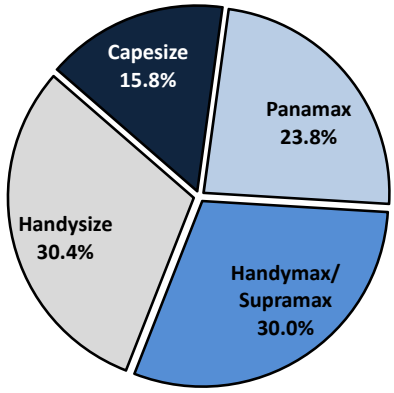
Overview Of The Existing Fleet. Capes and Panamaxes have dominated ordering over the past decade. As a result, these vessel classes make up a disproportionate share of the current fleet. However, the growth of larger vessels has been led by iron ore and coal cargo demand, which is most efficiently handled by the larger dry bulk vessels. Capesize ships make up 41% of the total fleet on a deadweight ton (DWT) basis, but only 16% of the fleet by actual ship count.

Figure 15: Dry Bulk Fleet By DWT



Source: Clarksons Research Service

Figure 16: Dry Bulk Fleet By Vessel Count

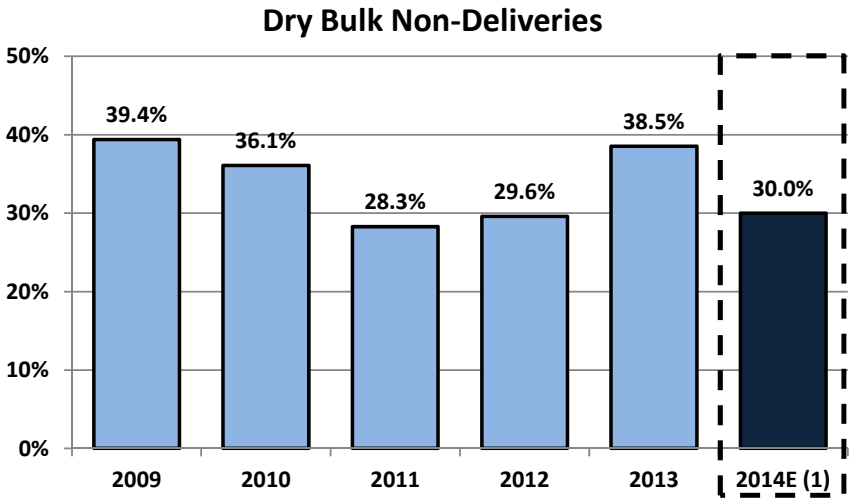


Source: Clarksons Research Service

Non-Deliveries Expected To Remain Flat In 2014 Before Declining in 2015-16. We expect non-deliveries (slippage and cancellations) to remain relatively flat at 30% in 2014 before declining modestly in 2015-16. Over the past five years we have seen non-deliveries of at least 28% per annum, according to Clarksons data, with 2013 non-deliveries coming in at 38.5%. This was calculated by comparing the contracted orderbook at the beginning of each calendar year compared to actual deliveries for that year. However, while we

can track non-deliveries from past years, we still do not know what is just slippage (i.e. delayed to future years) or cancellations which will never deliver. In 2014, we expect to see 30% of the current contracted orderbook not deliver as a result of either (i) order overstatement – out of the money vessel options counted as firm orders by the brokers; (ii) unreported contract cancellations – many orders are placed by private owners who do not disclose cancellations; (iii) contract defaults – due in part to lack of debt funding; and (iv) delays – either initiated by the yard or the owners due to market weakness.

Figure 17: Historical And Projected Dry Bulk Non Deliveries

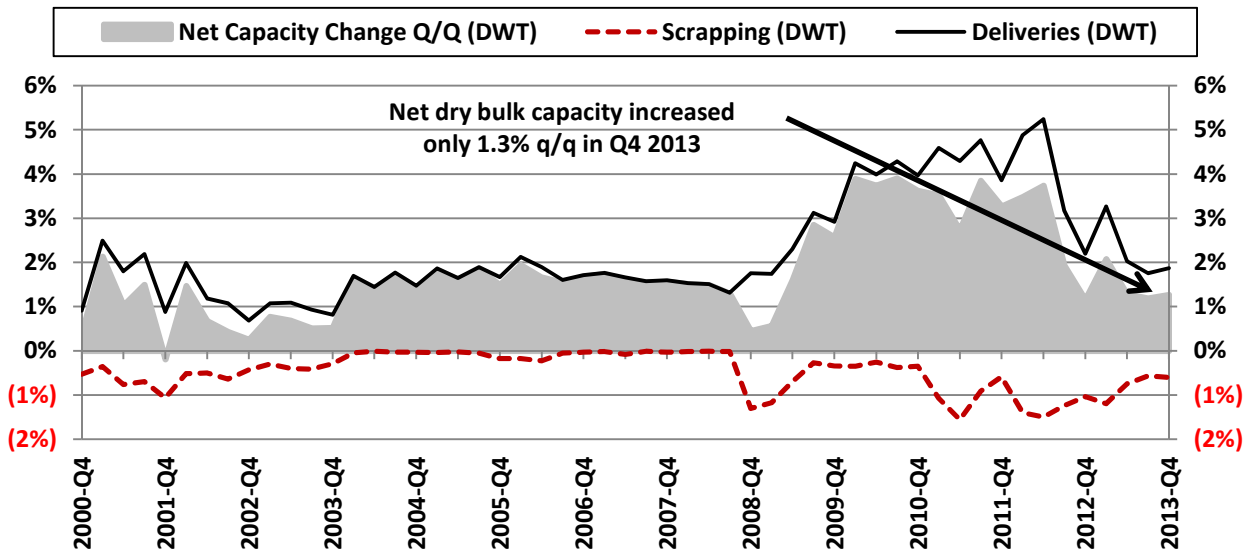


(1) Includes both cancelation and slippage estimates of 15% respectively

Source: Deutsche Bank, Clarksons Shipping Intelligence

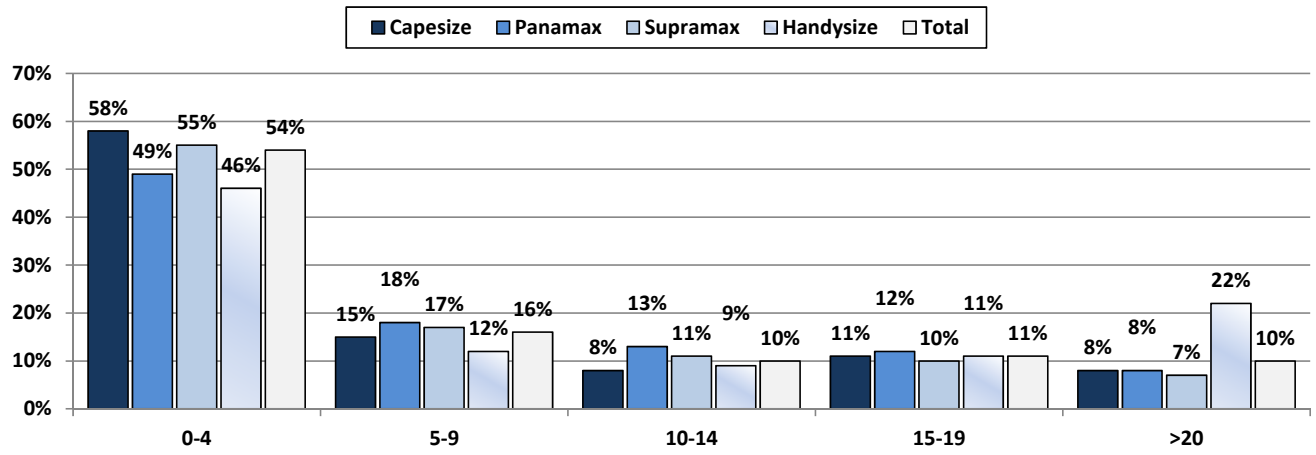
Scrapping Will Slow Down But So Will Deliveries. While we expect scrapping to decrease in the near-term due to an improving dry bulk rate environment and a relatively modern fleet, fleet growth should moderate due to fewer newbuilding deliveries. In 2013, 3.0% of the dry bulk fleet, or 21.6 million DWT were scrapped. This compares to the 10-year average of only 1.7% of the fleet. We expect scrapping to fall below historical average levels by 2015 as an improving dry bulk market should incentivize ship owners to keep vessels on the water. As a result, our current scrapping estimates are 2.0% in 2014, 1.5% in 2015, and 1.0% in 2016. We note that while 10% of the industry fleet is 20 years or older, only 8% and 7% of the Capesize and Panamax market are at this age.

Figure 18: Historical Dry Bulk Fleet Deliveries And Scrapping Activity (Q4 2000 – Q4 2013)



Source: Deutsche Bank, Clarksons Shipping Intelligence

Figure 19: Dry Bulk Fleet Age Profile By Years (As A Percentage Of The Fleet)



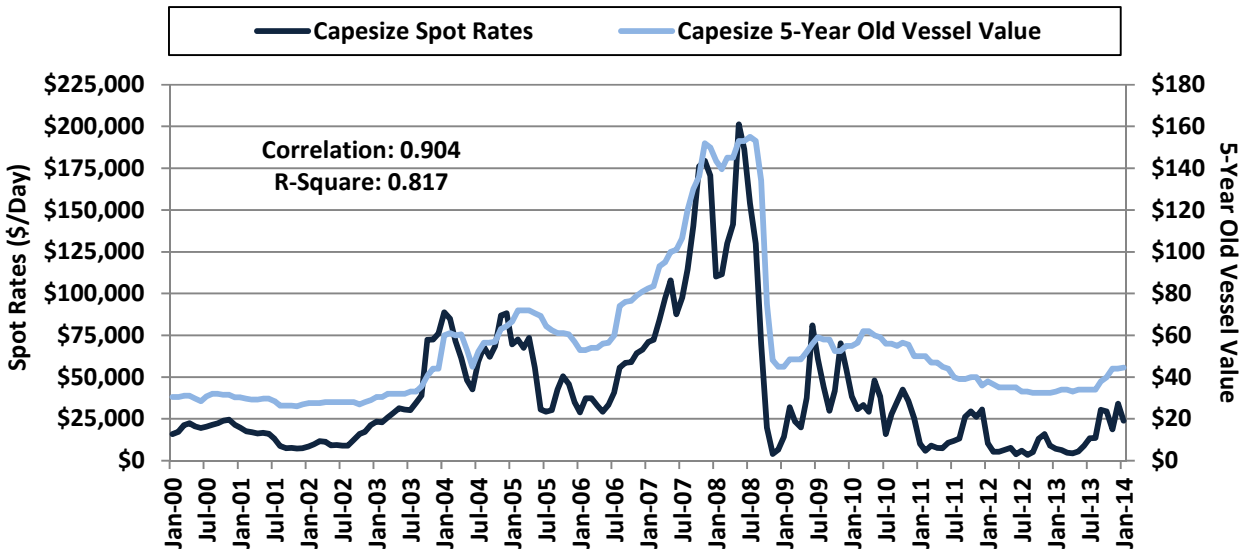
Source: Deutsche Bank, Clarksons Shipping Intelligence

Dry Bulk Vessel Values

Asset Values Provide Multiplier Effect To Dry Bulk Recovery. While current newbuilding prices are above median rates over the last decade, we note they are still well below the levels reached during the last dry bulk market cycle. During the period between 2007 and 2008 newly built Capesize vessels reached prices of up to $99 million, with 5-year old secondhand values far surpassing these levels to upwards of $150 million. This circumstance illustrates the power of available capacity during a period of market strength. Vessel operators were willing to pay up for a vessel that could immediately earn revenue, compared to a newbuilding vessel which was yet to be delivered and chanced missing the cycle. Dry bulk operators benefit from an improving

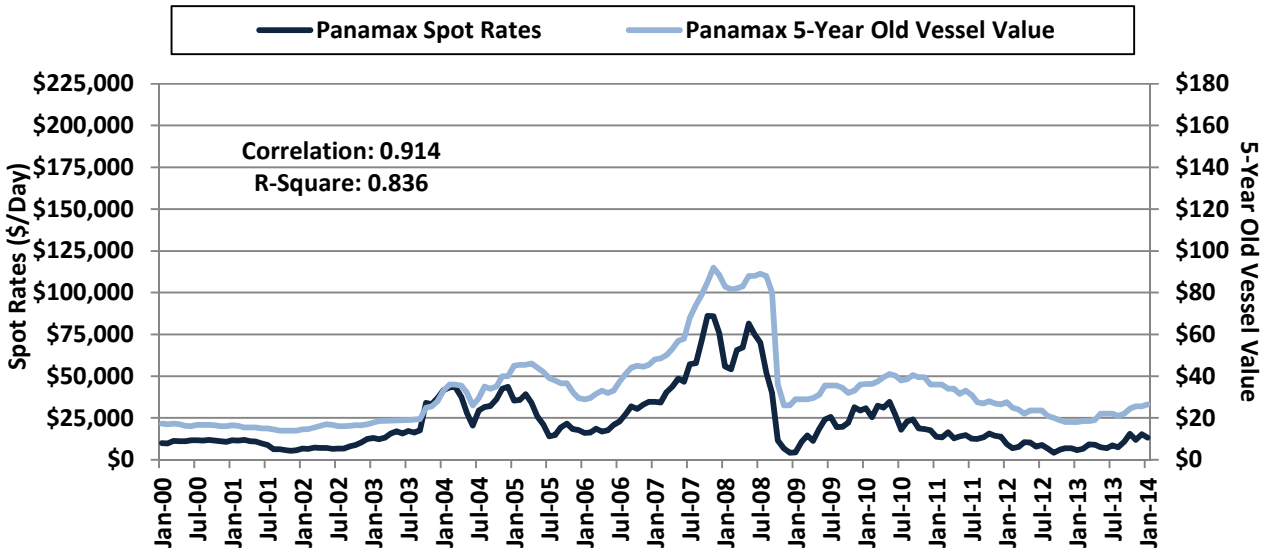
rate environment through two separate avenues: improving cash flow from higher rates and increased asset values. The Figures below illustrate the historical relationship between spot rates and vessel values for Capesize, Panamax, and Supramax vessels.

Figure 20: Historical Relationship Between Capesize Spot Rates And 5-Year Old Vessel Values



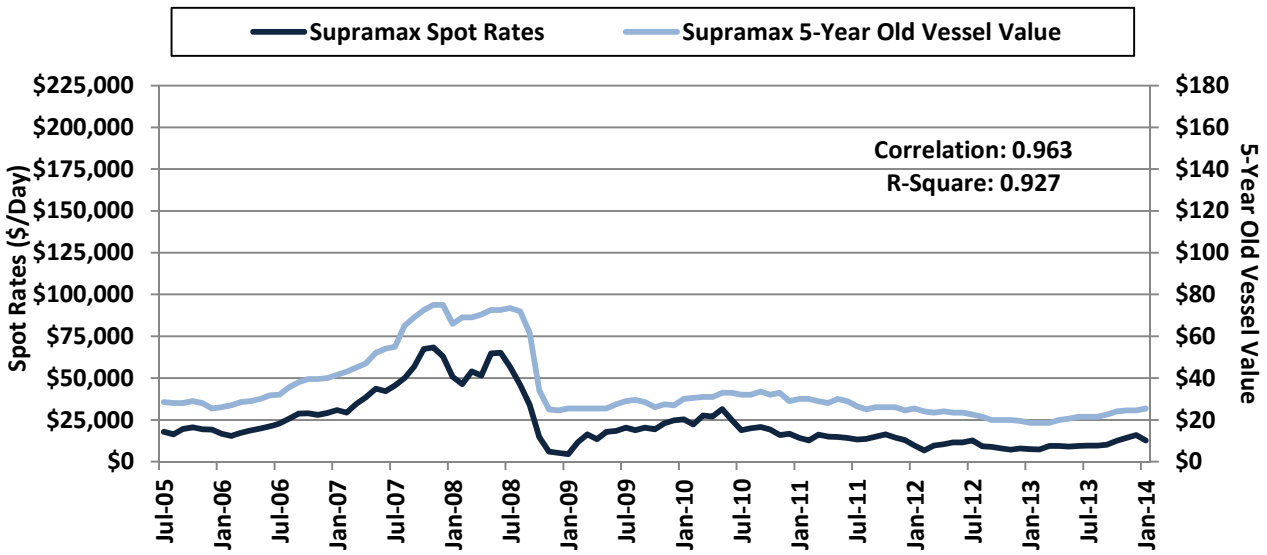
Source: Deutsche Bank, Clarksons Research Services

Figure 21: Historical Relationship Between Panamax Spot Rates And 5-Year Old Vessel Values



Source: Deutsche Bank, Clarksons Research Services

Figure 22: Historical Relationship Between Supramax Spot Rates And 5-Year Old Vessel Values



Source: Deutsche Bank, Clarksons Research Services

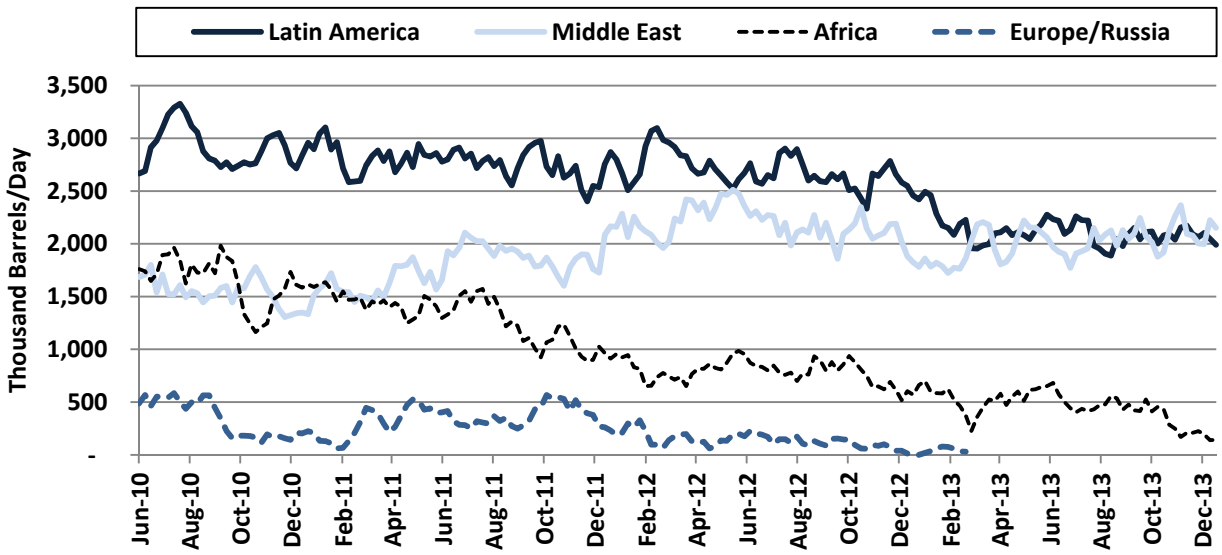
Crude Tanker Outlook

Demand Remains Biggest Question For Crude Tankers

Still Skeptical On Sustainability Of Recent Crude Tanker Rate Improvement. While we are currently projecting limited crude tanker fleet growth (on a DWT basis) of only 1.2% y/y in 2014, followed by 0.5% y/y growth in 2015 and 2016, fleet utilization is not projected to breach 90% until 2016. However, rates are up significantly in Q1 2014 due in part to weather factors which have created port delays. While we remain uncertain of the long-term sustainability of this rate improvement based on supply/demand fundamentals, recent rate action illustrates the volatility inherent in the crude tanker market. After seaborne crude demand growth of approximately 1.2% y/y in 2013, demand is expected to continue growth in a similar range from 2014-16. Non-OECD Asia is expected to be the driving force of any variation in crude demand, with Clarksons estimating that 72% of total VLCC crude trade volumes were shipped to Asia in 2013.

Ton-Mile Expansion Should Help To Offset Lackluster Demand Growth. An important theme which may help to mitigate lackluster demand growth is the expanding distance between the geographic location of crude production and delivery. While the U.S. shale revolution has resulted in a decline in imports to the United States overall, we note that the decline has largely come on shorter haul routes from Latin America, Africa, and Europe. Conversely, Middle Eastern imports have actually increased as oil interests in the region are focused on maintaining market share by offering cargoes at prices that compete with domestic production. With AG-US volumes holding steady in spite of declining overall U.S. imports, we expect ton-mile expansion from increased West African exports to Asia, given the declining US and European import volumes. We believe North American crude production has displaced the light sweet West African crude that would typically head to the U.S. and now will likely find a home in China and other Asian destinations. These longer-haul voyages on VLCCs and Suezmaxes should help increase total ton-mile demand helping to offset flat-to-down US long-haul demand. This phenomenon has been at least partially responsible for recent rate strength as longer routes serve to reduce industry capacity. Figure 23 below clearly shows the downward trend in U. S. imports from Africa, while Middle East imports have actually increased modestly since 2010.

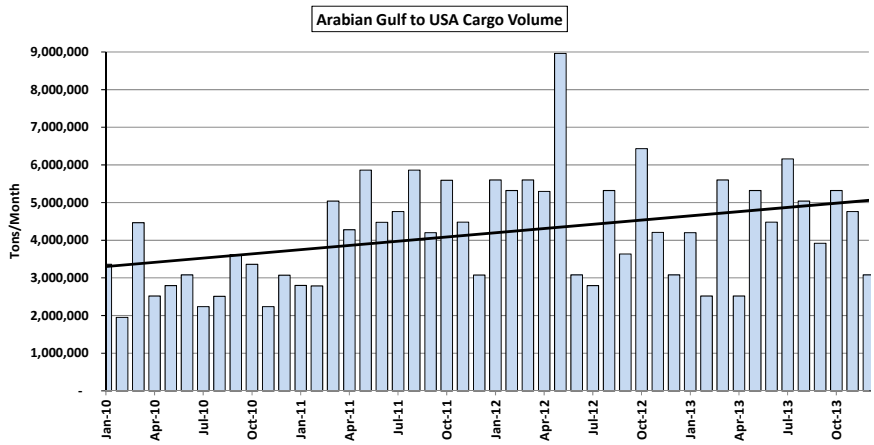
Figure 23: Four Week Rolling Average Of U.S. Crude Imports (2010 – Present)



Source: Deutsche Bank, EIA

U.S. Domestic Crude Production Does Not Mean End To Arabian Gulf Imports. Popular opinion would suggest that the meaningful increase in U.S. domestic crude production in recent years would result in a blow to demand for Middle Eastern crude. However, it appears that this phenomenon may have been someone exaggerated due to, among other things, the commitment of Middle Eastern oil interests to maintain their share of the world market. In an effort to remain competitive with lower priced U.S. crude oil, Saudi Arabia has priced U.S.-bound crude oil at a discount compared to prices it posts for Asian customers. While monthly volumes on the route tend to be volatile, it is interesting to note that the overall trend of Arabian Gulf crude oil to the U.S. is trending up, even as domestic production increases. We note that this route is primarily serviced by VLCCs, meaning that a change to this trend would be negative to VLCC rates.

Figure 24: Arabian Gulf To U.S. Cargo Volume Since 2010



Source: Poten & Partners

Crude Tanker Supply And Demand Model

Crude Demand Outlook Limits Tanker Rate Optimism. Our current supply and demand model for the crude tanker sector suggests only modest utilization improvement from 2013. While we believe we have seen a bottom in the market, lackluster demand has resulted in an uncertain and choppy earnings environment. Short-term supply/demand dislocations on particular trade routes has led to improved earnings across vessel classes in the short-term, but are unlikely to persist for sustained periods. With demand growth expectations of only 1.1-1.3% in 2014-16, we rely on ton-mile demand expansion for the modest expected utilization improvement. We note that we have only included roughly 6% ton-mile expansion into our estimates from year-end 2013 to 2016 (2.1% CAGR). The potential for this rate to increase, combined with intermittent weather delays drive the possibility for upside to our current utilization estimates.

Figure 25: Crude Tanker Supply And Demand Outlook Overview

	2014E	2015E	2016E
Orderbook Slippage	15.0%	12.5%	12.5%
Orderbook Cancellations	15.0%	12.5%	12.5%
Increased Crude Storage (Million DWT)	1.00	1.00	1.00

	Total Seaborne Crude (Millions Of Barrels/Day)	% Year/Year Growth	Global Fleet (Millions of DWT) [1]	% Net Change Year/Year	Demand In Terms Of DWT [2]	Supply In Terms Of DWT [2]	Implied Utilization
2000	33.4		221.6		2029	2110	96.2%
2001	33.5	0.4%	215.9	-2.5%	1940	2056	94.3%
2002	33.5	0.0%	219.9	1.8%	1940	2094	92.7%
2003	35.3	5.5%	226.3	2.9%	2096	2156	97.2%
2004	37.1	5.1%	236.7	4.6%	2258	2254	100.2%
2005	37.7	1.6%	253.0	6.9%	2354	2410	97.7%
2006	38.0	0.7%	264.5	4.5%	2370	2519	94.1%
2007	38.3	0.7%	277.4	4.8%	2387	2641	90.4%
2008	38.2	-0.1%	287.2	3.6%	2513	2735	91.9%
2009	36.4	-4.7%	306.6	6.7%	2420	2920	82.9%
2010	37.5	3.0%	319.3	4.2%	2535	3041	83.3%
2011	37.3	-0.5%	341.2	6.8%	2521	3250	77.6%
2012	38.2	2.3%	356.9	4.6%	2815	3399	82.8%
2013	38.6	1.2%	363.6	1.9%	2936	3463	84.8%
2014E [3]	39.0	1.1%	368.0	1.2%	3065	3504	87.5%
2015E [4]	39.5	1.2%	369.7	0.5%	3102	3521	88.1%
2016E [5]	40.0	1.3%	371.5	0.5%	3248	3538	91.8%

(1) Based on Clarkson's Orderbook and Deutsche Bank scrapping, slippage, and cancellation estimates. Excludes clean trading tankers. Total Crude Production data represents IEA, Clarksons and DB estimates.
(2) Supply/Demand broken down in Aframax equivalents. Demand growth converted using an average laden volume of 600,000 barrels and an average of about 8 voyages/year. Supply growth converted by dividing fleet by 105,000 dwt.
(3) Total Seaborne Crude estimates are provided by Deutsche Bank's commodities team and assume that seaborne crude represents 43.5% of total crude production (based on 5-year average)

Source: Deutsche Bank estimates, Clarksons Shipping Intelligence

Figure 26: Crude Tanker Contracted Orderbook Overview

Type of Vessel		2010	2011	2012	2013	Current World Fleet	2014E [3]	2015E [3]	2016E [3]
VLCC	Global Fleet [1]	539	578	611	621	621	652	664	697
(# of Vessels)	Orderbook						31	12	33
	Y/Y Growth	1.3%	7.2%	5.7%	1.6%	7.4%	5.0%	1.8%	5.0%
Suezmax	Global Fleet [1]	410	444	471	493	493	522	536	541
(# of Vessels)	Orderbook	.					29	14	5
	Y/Y Growth	6.2%	8.3%	6.1%	4.7%	11.0%	5.9%	2.7%	0.9%
Aframax	Global Fleet [1]	836	909	913	903	903	940	988	1004
(# of Vessels)	Orderbook						37	48	16
	Y/Y Growth	2.0%	8.7%	0.4%	(1.1%)	(0.7%)	4.1%	5.1%	1.6%
Total Vessels	Global Fleet (Vessels)	1,785	1,931	1,995	2,017	2,017	2,114	2,188	2,242
	Orderbook						97	74	54
	Y/Y Growth	2.7%	8.2%	3.3%	1.1%	4.5%	4.8%	3.5%	2.5%
Total DWT (millions)	Global Fleet DWT (millions)	319	341	357	364	364	382	393	406
	Orderbook						18.5	11.3	12.9
	Y/Y Growth	4.2%	6.8%	4.6%	1.9%	0.0%	5.1%	3.0%	3.3%

(1) Global fleet as of the end of the year.
(2) Orderbook data reflects deliveries during the year specified.
(3) Vessel orderbook reflects contracted fleet growth net of scrapping, does not include slippage/cancellation

Source: Deutsche Bank

The Long-Term Impact Of Iran To The Global Crude Market Is Likely To Be Minimal. U.S. and European sanctions on the Iranian production and export of crude oil have substantially reduced the country's impact on global supply since implementation in 2010 and tightening in 2012. However, the recent interim deal between the P5+1 and Iran over its nuclear program has raised the expectation among market participants that there may be a normalization of Iranian exports as soon as late-2014. Exports have been cut by roughly 60% (roughly 1.5 million barrels/day) since 2012. While the potential increase in oil production out of the Middle East may at first appear to be a positive for the crude tanker market, the actual result will likely be more complicated and uncertain. Much of the lost supply from Iran was made up for by increased swing production from Saudi Arabia and Iraq, which would likely be reduced should Iran come back online.

On the supply side, if the sanctions were lifted, Iran's fleet of crude tankers might return to the market in part of whole. The National Iranian Tanker Company (NITC) currently has a fleet of 37 VLCCs, 9 Suezmaxes, and 5 Aframaxes, which combined would add approximately 8% capacity to the global fleet if it were to all be added back into the market immediately. However, we note that many of the VLCCs are currently deployed as floating storage, which dramatically decreases the amount of potential capacity to be returned to the marketplace. Tanker research company Poten suggests that the real addition to the return of NITC vessels to the market would be closer to an additional 2.5-3% of capacity of the global fleet over time and noted that this process could take place over a meaningful period of time given the logistics involved in the process. This leaves us with the removal of sanctions likely being a modest negative to crude tanker rates over time as our base case scenario.

Crude Tanker Demand Assumption Overview

Crude Tanker Demand Assumption Overview. Crude tanker cargoes, or seaborne crude, are expected to see a modest improvement in 2014-16. China, non-OECD Asia, and the rest of world emerging markets are the primary

drivers for growth going forward, with a modest increase in Latin America expected. Europe is likely to remain a drag on the sector given increased efficiency and only modest GDP growth, which is a key importer of West African crude. Further, we expect essentially flat seaborne imports in the US. In Figure 27 below, we outline the major growth assumptions by region.

Figure 27: DB Seaborne Crude Transportation Volume Growth By Region

Crude Import Growth By Region (Mbd)										
	China	OECD Asia	OECD Americas	OECD Europe	Rest of Asia	Latin America	Rest Of World	Total	Seaborne Crude Import Growth (Mbd)	Y/Y Seaborne Crude Growth
2014E	0.4	0.0	0.0	(0.1)	0.1	0.1	0.5	1.0	0.4	1.1%
2015E	0.4	0.0	0.0	(0.1)	0.3	0.2	0.3	1.1	0.5	1.2%
2016E	0.5	0.0	0.1	(0.1)	0.2	0.1	0.4	1.2	0.5	1.3%

Note: Seaborne crude is assumed to represent 43.5% of the overall increase in crude import demand (based on 5-year historical average).

Source: Deutsche Bank estimates

In Figure 28 below, we have broken down DB's current oil consumption estimates by region. While the US is expected to modestly increase, we believe this will be sourced by non-seaborne domestic production and Canadian imports. The continued weak European economy (DB expects 1.0% and 1.4% European GDP growth in 2014 and 2015, respectively) is expected to drive modest consumption declines through 2016. China and other Asia continue to be the source of the majority of crude demand growth.

Figure 28: DB Commodities Global Oil Demand Outlook

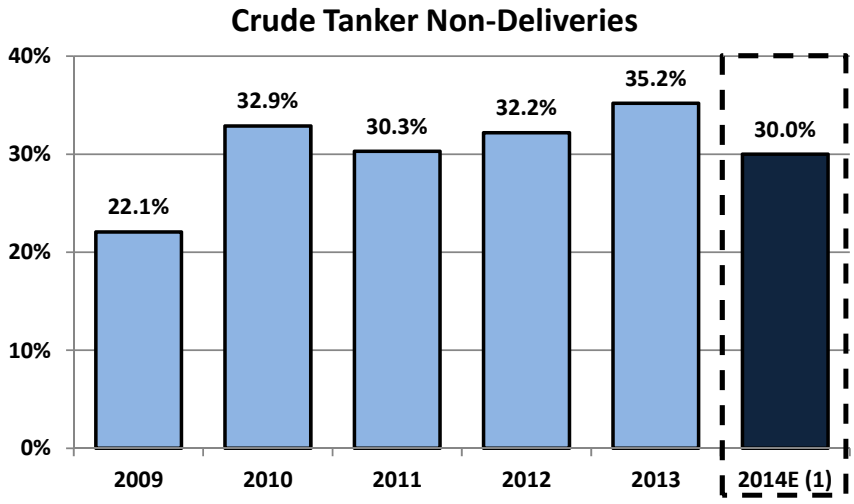
Million Barrels/Day (Mbd)	2010	2011	2012	2013E	2014E	2015E	2016E
Consumption							
OECD Americas	24.1	24	23.6	23.7	23.7	23.7	23.8
USA	*19.2*	*18.9*	*18.5*	*18.7*	*18.7*	*18.7*	*18.8*
OECD Europe	14.7	14.3	13.7	13.6	13.5	13.4	13.3
Germany	*2.5*	*2.4*	*2.4*	*2.4*	*2.4*	*2.4*	*2.4*
OECD Asia-Pac	8.2	8.2	8.6	8.4	8.3	8.3	8.3
Japan	*4.5*	*4.5*	*4.7*	*4.6*	*4.4*	*4.4*	*4.3*
Total OECD	**47.0**	**46.5**	**45.9**	**45.7**	**45.5**	**45.4**	**45.4**
FSU	4.1	4.4	4.5	4.6	4.7	4.8	4.9
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.8	10.2	10.6	11.1	11.6
Other Asia	10.7	11	11.3	11.6	11.7	12	12.2
Latin America	6.1	6.2	6.4	6.6	6.7	6.9	7
Middle East	7.3	7.4	7.7	7.9	8.1	8.3	8.5
Africa	3.5	3.5	3.7	3.8	4	4.1	4.3
Total Non-OECD	**41.3**	**42.5**	**44.1**	**45.4**	**46.5**	**47.9**	**49.2**
Global Oil Demand (Mbd)	**88.3**	**89**	**90**	**91.1**	**92**	**93.3**	**94.6**
	3.3%	*0.8%*	*1.1%*	*1.2%*	*1.0%*	*1.4%*	*1.4%*

Source: Deutsche Bank estimates

Non-Deliveries Expected To Remain High In 2014. We are forecasting fairly consistent y/y non-deliveries in 2014 vs. 2013. Our estimate reflects a slightly lower amount (30% in 2014E vs. 35.2% in 2013) of total non-deliveries (slippage & cancelations) owing in part to conservatism and the likelihood that as the market improves, realized deliveries will pick up. Similar to the dry bulk sector (see Page 16), orderbook overstatement as well as defaulting owners are the primary driver for our cancellation estimates. Further, owners with negotiating leverage have been successful in delaying order deliveries, resulting in our continued high (15%) slippage estimate for 2014. Figure 29

below shows the historical and projected total crude tanker order non-deliveries as a percentage of orders at the beginning of each year.

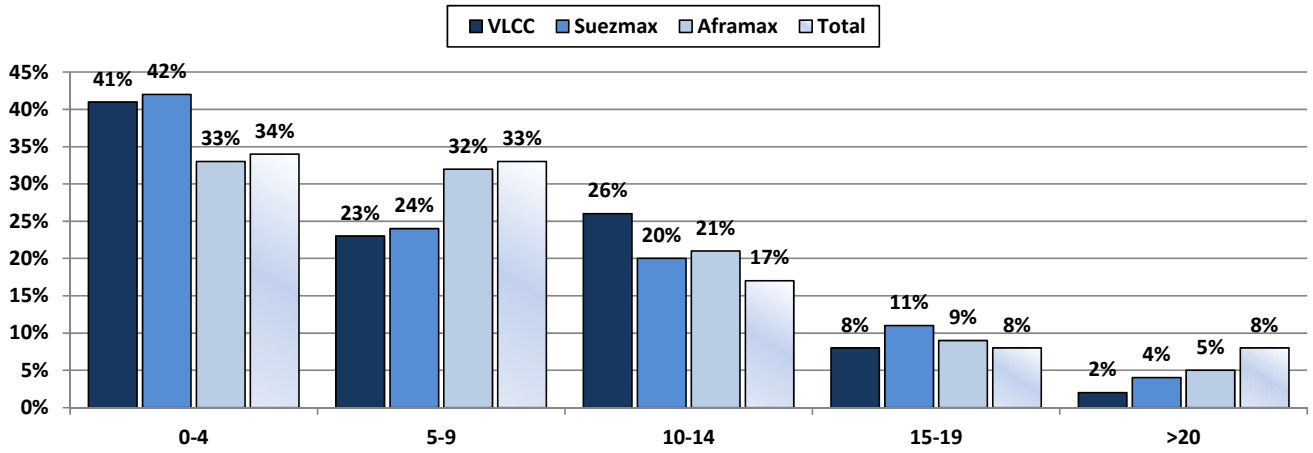
Figure 29: Historical And Projected Total Crude Tanker Order Non-Deliveries



Includes both cancelation and slippage estimates of 15% respectively
Source: Deutsche Bank, Clarksons Research Services

Crude Scrapping Unlikely To Increase Materially Looking Forward. Unlike the dry bulk sector, the tanker market is generally a young fleet. The 2010 phase out of single hull tankers has led to the vast majority of tankers aged less than 20 years. Despite the modern fleet age, charterers are seeking more fuel efficient and better designed tankers (and in a weak market they can be selective). As a result, tankers older than 15-years old will likely realize lower average spot earnings over the course of the year. However, the discrimination is supply based and if the market rallies, we expect older tankers to be more competitive. Conversely, in the weak summer months, they may incur longer wait times between cargoes or take spot-rate discounts. This should encourage the continued scrapping of the older fleet, but given the small pool, scrapping will likely remain at modest levels. Figure 30 below outlines the current age profile and Figure 31 depicts current scrap values.

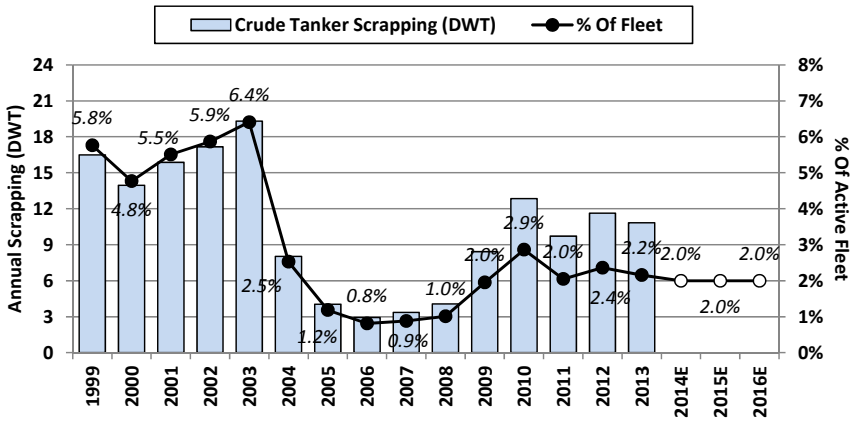
Figure 30: Tanker Fleet Age Profile By Years (As A Percentage Of The Fleet)



Source: Deutsche Bank, Clarksons Shipping Intelligence

According to Gibson Shipping Energy, in 2013 ship owners scrapped the greatest number of VLCCs since 2003 when international regulations necessitated the first-phase of single-hull disposals.

Figure 31: Historical Crude Tanker Scrapping By DWT And As A Percentage Of The Fleet



Source: Deutsche Bank, Clarksons Research Services

Product Tanker Outlook

U.S. Refining Capacity Should Drive Strong Product Demand

Product Tanker Environment Looks More Favorable At This Time. Compared to crude, our view of the product tanker market is relatively positive given that utilization is expected to remain north of 90% in our forecasted periods after a roughly 91.5% utilization year in 2013. According to Clarksons, product demand is expected to increase by 4.1% in 2013, compared to 2.9% growth in active supply. One of the most important factors over the near-term for product supply/demand improvement is the expansion of the clean products trade from the U.S. Gulf to South America. Product exports out of the U.S. have benefited from a build-up of crude oil which must be refined before it is allowed to be exported due to the U.S. ban on crude exports. In addition, new refining capacity in emerging markets has created longer ton miles for petroleum products.

Continued strength in U.S. exports to South America, combined with strong Asian demand is expected to be more than sufficient to counteract a projected 4.4% increase in product tanker supply growth in 2014. Further, product rates should benefit from the addition of refinery capacity in Asia and the Middle East, on top of reduced refining capacity in Europe and Australia, leading to new, longer trade routes. This should lead to ton-mile expansion which will help offset diminishing product imports to the U.S.

Product Tanker Demand Growth And A Modest Orderbook Should Fuel A Recovery. Our current supply/demand model for the product tanker sector suggests further rate improvements in 2014 and our forecasted outlook period. We expect continued strong US exports as well as new refineries opening in the Middle East and Asia to drive further product tanker trade and ton-mile expansion.

Figure 32: Product Tanker Supply And Demand Outlook Overview

	2014E	2015E	2016E
Orderbook Slippage	10.0%	10.0%	10.0%
Orderbook Cancellations	10.0%	10.0%	10.0%
Storage (Million DWT)	0.00	0.00	0.00

	Total Seaborne Product (Million B/D)	% Year/Year Growth	Global Fleet (Millions of DWT) [1]	% Net Change Year/Year	Demand In Terms Of DWT [2]	Supply In Terms Of DWT [2]	Implied Utilization
2000	11.9		56.2		15,459	15,611	99.0%
2001	11.5	-3.1%	57.0	1.5%	14,979	15,208	98.5%
2002	11.6	0.7%	58.0	1.7%	15,083	15,461	97.6%
2003	12.2	5.2%	60.8	4.9%	15,862	16,213	97.8%
2004	13.7	11.8%	67.3	10.7%	17,731	17,941	98.8%
2005	14.7	7.9%	73.4	9.1%	19,133	19,565	97.8%
2006	16.0	8.3%	80.5	9.7%	20,716	21,025	98.5%
2007	16.5	3.6%	89.1	10.7%	21,456	21,780	98.5%
2008	17.1	3.2%	100.8	13.2%	22,144	24,650	89.8%
2009	17.3	1.2%	112.0	11.1%	22,404	26,143	85.7%
2010	18.4	6.8%	118.0	5.3%	23,935	27,538	86.9%
2011	19.0	3.0%	122.5	3.8%	24,662	28,574	86.3%
2012	19.3	1.6%	124.7	1.8%	25,052	28,408	88.2%
2013	20.1	4.1%	128.4	2.9%	26,090	28,522	91.5%
2014E [1,2]	20.8	3.4%	133.9	4.4%	26,977	29,021	93.0%
2015E [1,2]	21.5	3.5%	140.9	5.2%	27,921	29,738	93.9%
2016E [1,2]	22.3	3.5%	143.4	1.8%	28,898	30,268	95.5%

(1) Based on Clarkson's Orderbook and Deutsche Bank scrapping, slippage, and cancellation estimates. Excludes crude tankers. Total prodcut data represents Clarksons and DB estimates.
(2) Supply/Demand broken down in MR equivalents. Demand growth converted using an average laden volume of 37,000 metric tonnes and an average of about 9.5 voyages/year.
Supply growth converted by dividing fleet by 45,000 dwt.

Source: Deutsche Bank, Clarksons Research Services

Figure 33: Product Tanker Contracted Orderbook Overview (Does Not Include Scrapping And Slippage Estimates)

Type of Vessel		2006	2007	2008	2009	2010	2011	2012	2013	Current World Fleet	2014E [4]	2015E [4]	2016E [4]
Coated Suezmax	Global Fleet [1]	7	10	10	10	12	12	12	13	13	13	13	12
(# of Vessels)	Orderbook										0	0	0
	Scrapping										(0)	(0)	(0)
	Net Change										(0)	(0)	(0)
	Y/Y Growth		42.9%	0.0%	0.0%	20.0%	0.0%	0.0%	8.3%	8.3%	(1.5%)	(1.5%)	(1.5%)
LR2 (Aframax)	Global Fleet [1]	140	150	179	212	232	241	244	248	248	263	295	302
(# of Vessels)	Orderbook					.					19	36	11
	Scrapping										(4)	(4)	(4)
	Net Change										15	32	7
	Y/Y Growth		7.1%	19.3%	18.4%	9.4%	3.9%	1.2%	1.6%	1.6%	6.2%	12.2%	2.2%
LR1 (Panamax)	Global Fleet [1]	166	205	238	267	288	310	317	323	320	325	323	326
(# of Vessels)	Orderbook					.					7	3	8
	Scrapping										(5)	(5)	(5)
	Net Change										2	(2)	3
	Y/Y Growth		23.5%	16.1%	12.2%	7.9%	7.6%	2.3%	1.9%	0.9%	0.7%	(0.6%)	1.0%
Handysize (MR)	Global Fleet [1]	1487	1570	1690	1789	1807	1828	1844	1883	1875	1999	2094	2120
(# of Vessels)	Orderbook										144	125	58
	Scrapping										(28)	(30)	(31)
	Net Change										116	95	27
	Y/Y Growth		5.6%	7.6%	5.9%	1.0%	1.2%	0.9%	2.1%	1.7%	6.1%	4.8%	1.3%
Total Vessels	Global Fleet (Vessels)	1,800	1,935	2,117	2,278	2,339	2,391	2,417	2,467	2,456	2,600	2,725	2,761
	Orderbook										163	161	69
	Scrapping										(32)	(34)	(36)
	Net Change									0	131	127	33
	Y/Y Growth		7.5%	9.4%	7.6%	2.7%	2.2%	3.3%	0.4%	2.7%	5.4%	4.8%	1.3%
Total DWT (millions)	Global Fleet DWT (millions)	81	89	101	112	118	122	125	127	127	135	143	146
	Orderbook										9.4	10.2	4.7
	Scrapping										(1.9)	(2.0)	(2.1)
	Net Change										7.5	8.2	2.6
	Y/Y Growth		10.7%	13.2%	11.1%	5.3%	3.8%	5.7%	0.0%	4.0%	5.9%	6.1%	1.8%

(1) Global fleet as of the end of the year.
(2) Orderbook data reflects deliveries during the year specified.
(3) Handysize ships represent product tankers between 10,000-59,000 DWT.
(4) Vessel orderbook reflects contracted fleet growth net of scrapping, does not include slippage/cancellation

Source: Deutsche Bank, Clarksons Research Services

Product Tanker Supply Overview. Product tankers were a relatively overlooked sector during the shipping rally of the last decade. While the industry fleet grew by 57% from 2006 to 2013 (on a DWT basis), compared to 25.6% demand growth, this does not take into account changing trade routes which have increased ton-mile demand. The larger LR1 and LR2s saw the strongest growth since 2006 (111%-155%), the smaller Handysizes grew by only 42% over the same time period. The comparatively modest MR supply growth has resulted in the current tight supply/demand dynamic we see today and our strong market outlook. The larger LR1 and LR2s have been employed in long-haul naptha and certain other clean trades (mainly in the Pacific), leaving only a modest surplus of smaller product tanker tonnage in the Atlantic market.

Container Outlook

Capacity Growth Continues To Be An Issue

Fleet Growth To Outpace Demand Yet Again In 2014. While total global supply growth is expected to outpace demand growth yet again in 2014, freight and charter rates will continue to be determined by how capacity is distributed over specific trade lanes. Contracted fleet growth of 9.4% in 2014 is expected to outpace Clarksons' estimate for 6.1% seaborne trade growth in 2014 (1.6x DB's GDP growth estimate). Demand growth on long-haul mainlines, such as the Far East-Europe route, could accelerate from 2013 levels as the European economy improves this year. However, the delivery of large Super Post-Panamax vessels which generally operate on these mainline routes will keep the supply/demand dynamic from being conducive to higher rates, in our opinion. Further, the Containership industry supply/demand dynamic is most susceptible to the re-introduction of "shadow capacity" in an improving demand market, from slow steaming and idled vessels.

In order to address the widespread decline of trade during the global recession in 2009, the industry widely adopted a slow steaming policy that has served to reduce industry capacity by approximately 1.7 million TEU (roughly 10% of current fleet). In addition, Clarksons estimates that approximately 0.7 million TEU (4.1% of current fleet) are currently laid up in an effort to improve industry rates as of December 2013. We note that some idled capacity is likely to return to the market in January.

We therefore believe time charter rates will remain weak (absent continued active supply-side rationalization). Rates will likely show intra-year volatility as liners could seek short-term charters to augment peak season supply needs or if global GDP estimates prove to be too low. If the US consumer were to materially reaccelerate, increased Asia-US activity would not only boost demand, but also the global trade multiplier.

Operators Search For Economies Of Scale Through Larger Ships. The current containership orderbook is dominated by the new, more fuel-efficient super post-Panamax class vessels currently in favor by the liners. This asset class, which consists of vessels of greater than 8,000 TEU in size, currently makes up 81.5% of the orderbook on a TEU basis. Greater carrying capacity, combined with the ships' slower, long-stroke engines can cut fuel costs by up to 20% on a per TEU basis. Vessel upsizing may also be a function of the expected expansion of the Panama Canal slated for completion in 2015, when ships of upwards of 13,000 TEU will be able to traverse the canal (compared to roughly 5,000 TEU at present).

Figure 34 below illustrates current SCFI spot rates compared to historical periods. We note that routes from Asia to Europe and the Mediterranean have improved over 20% y/y as of Friday's close. This compares to y/y declines on routes to the U.S. West and East Coasts. The difference illustrates the liners' ability to successfully implement general rate increases (GRIs) on trade lanes to Europe and the Med. by reducing excess capacity through slow steaming or laying up vessels.

Figure 34: Current Spot Container Freight Rates

SCFI	1/24/2014	1/17/2014	W/W Variance Absolute	W/W Variance %	1/24/2013	Y/Y Variance Absolute	Y/Y Variance %	YTD Average	YTD Average Absolute	YTD Average %
SCFI	1,173	1,188	(15)	(1.3%)	1,228	(55)	(4.5%)	1,164	9	0.8%
Europe	1,598	1,641	(43)	(2.6%)	1,326	272	20.5%	1,646	(48)	(2.9%)
Med	1,634	1,670	(36)	(2.2%)	1,301	333	25.6%	1,682	(48)	(2.9%)
USWC	2,110	2,111	(1)	(0.0%)	2,497	(387)	(15.5%)	1,941	169	8.7%
USEC	3,427	3,430	(3)	(0.1%)	3,657	(230)	(6.3%)	3,264	163	5.0%

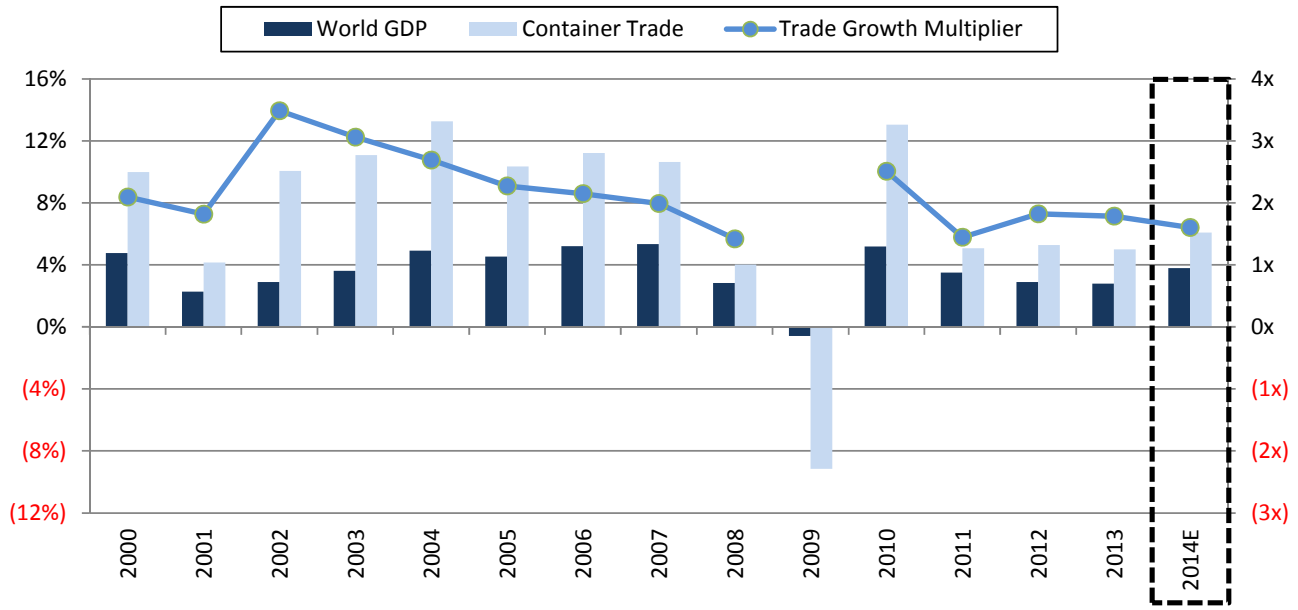
Source: Deutsche Bank, SCFI

Container Demand Outlook

Container Trade Growth Remains Below 2x GDP. The global container trade multiple vs. world GDP remained roughly steady in 2013, but remains below the long-term average of approximately 2x GDP growth. The container trade finished 2013 up approximately 5.0% y/y, after increasing by 5.3% y/y in 2012. Clarksons is currently calling for a 6.1% y/y increase in the container trade next year, which would equate to a 1.6x multiple on DB's current world GDP growth estimate of 3.8%. This multiple may be conservative considering historical comparisons, implying upside potential to trade should the global economy materially improve vs. expectations.

However, historical trade multiples may no longer be realistic given the increase in intra-Asian trade. We expect the majority of growth this year to come from emerging markets, particularly in Asia. Asian demand is largely regional (i.e. China-Singapore), which are short-haul trade routes. The impact of the Asian growth is negative mix-shift for ton mile demand at the same time as we are set to experience strong fleet growth. However, new North-South trades may provide longer haul demand than intra-Asia as Latin American and African demand increases. These routes are still not as long as the Asia-Europe or Asia-USEC voyages. Given that DB is currently modeling sub-2% GDP growth for the European continent in 2014 and 2015, if European economies were to improve meaningfully there would be upside potential to rates.

Figure 35: World GDP Vs. Container Trade (2000 – 2013E)



Source: Deutsche Bank, Clarksons Research Service

DB is currently forecasting worldwide GDP growth of 3.8% and 4.0% in 2014 and 2015 respectively. This growth is driven by accelerating growth in China, strong emerging market demand, and a strengthening U.S. economy. Our economists have also grown more positive on the European economy, with improving growth prospects a positive indicator for container demand trends. Figure 36 below illustrates DB's current GDP forecasts for 2013-15E.

Figure 36: DB Worldwide GDP Growth Forecasts

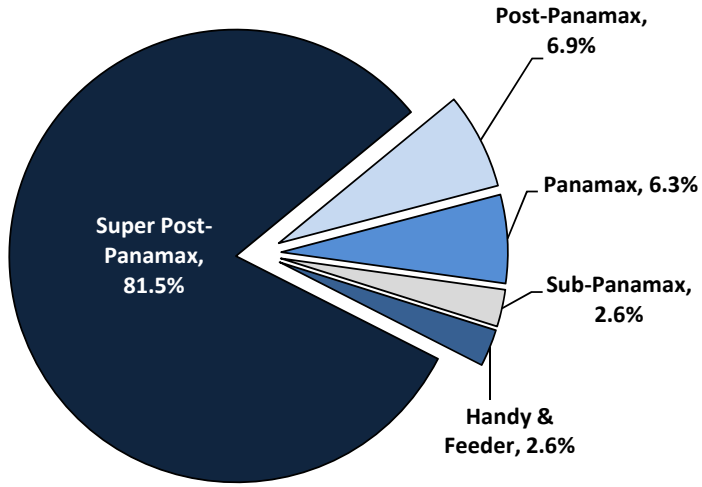
	Real GDP Growth (Y/Y Change)		
	2013E	2014E	2015E
U.S.	2.0%	3.5%	3.8%
Japan	1.5%	0.7%	1.3%
Europe	(0.4%)	1.0%	1.4%
Germany	*0.5%*	*1.5%*	*1.4%*
France	*0.2%*	*0.9%*	*1.6%*
Italy	*(1.8%)*	*0.6%*	*0.7%*
Spain	*(1.3%)*	*0.6%*	*1.2%*
UK	1.5%	2.7%	2.0%
Denmark	0.4%	1.8%	1.5%
Sweden	0.9%	2.4%	2.8%
Canada	1.8%	2.9%	2.8%
Australia	2.4%	3.4%	3.3%
Asia (Ex-Japan)	6.0%	6.9%	6.8%
China	*7.8%*	*8.6%*	*8.2%*
India	*4.3%*	*5.5%*	*6.0%*
Latin America	2.3%	2.6%	3.1%
EM Countries	4.5%	5.3%	5.4%
World	**2.8%**	**3.8%**	**4.0%**

Source: Deutsche Bank estimates

Container Supply Outlook

Super Post-Panamax Demand Dominates The Containership Orderbook. The current containership orderbook is dominated by the new, more fuel-efficient super post-Panamax class vessels currently in favor by the liners. This asset class, which consists of vessels greater than 8,000 TEU in size, currently makes up 81.5% of the orderbook on a TEU basis. Greater carrying capacity, combined with the ships' slower, long-stroke engines can cut fuel costs by up to 20% on a per TEU basis. The smaller Post-Panamax (5,000 - 7,999 TEU) and Panamax (3,000 - 4,999 TEU) vessel classes compose 6.9% and 6.3% of the orderbook, respectively. Overall, we currently anticipate that the fleet will grow by approximately 9.4% y/y in 2014 and 9.0% y/y in 2015, before leveling off to 3.8% y/y growth in 2016.

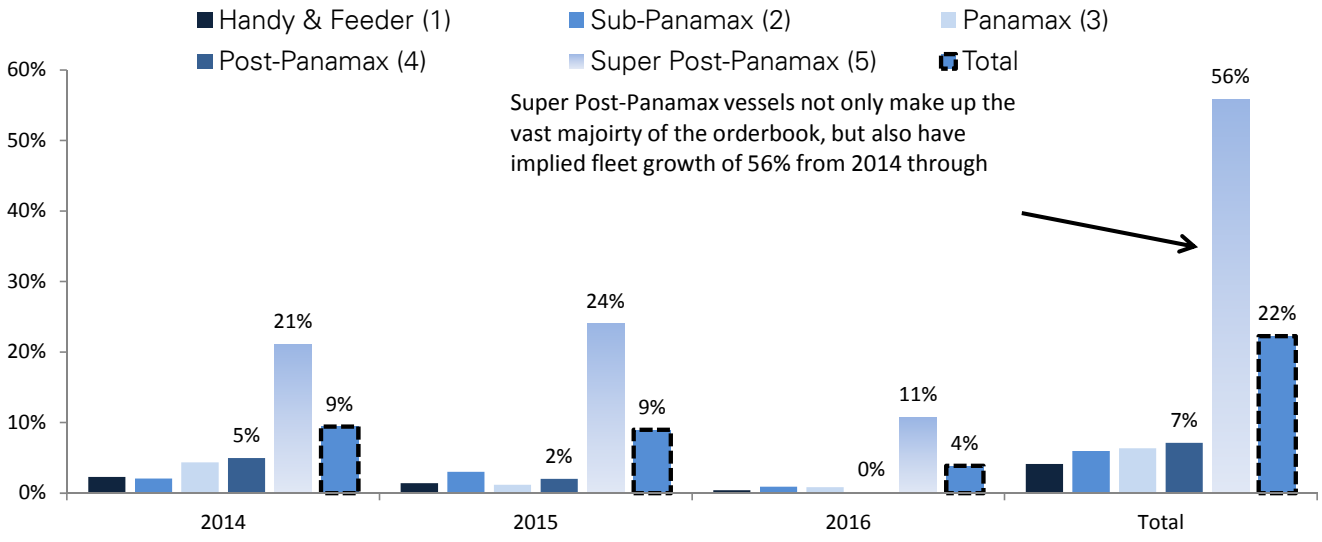
Figure 37: Current Orderbook Composition By Vessel Size



Source: Clarksons Research Service

Figure 38 below outlines the current orderbook profile by ship class and delivery date. Panamax and smaller ships have fairly negligible orderbooks, and given their size do not have a material impact on total industry TEU.

Figure 38: Current Containership Orderbook Profile (% Of Current Fleet)



(1) Handy & Feeder asset class includes vessels which carry less than 2,000 TEU
(2) Sub-Panamax asset class includes vessels which carry between 2,000 and 3,000 TEU
(3) Panamax asset class includes vessels which carry between 3,000 and 4,999 TEU
(4) Post-Panamax asset class includes vessels which carry between 5,000 and 7,999 TEU
(5) Super Post-Panamax asset class includes vessels which carry greater than 8,000 TEU

Source: Clarksons Research Service

Non Deliveries Could Help Moderate Fleet Growth. Historically, containership non-deliveries have been more modest than typically seen in the tanker and dry bulk sectors. However, last year, with tanker and dry bulk non-deliveries trending near 30%, the containership sector was closer to 21% of the 2013 orderbook not delivering. Unfortunately there is no precise way to tell how much of the orderbook that did not deliver was a result of delays, or actual

cancellation/false orders. While shipyard delays are common and often can push off deliveries for months (and in extreme cases years), cancellations (which are more rare) are obviously the most beneficial to lowering supply growth.

Our figures below do not include any non-deliveries (slippage or cancellation) nor do they include any scrapping. We have outlined contracted fleet growth by vessel segment in Figure 39 below.

Figure 39: Contracted Containership Fleet Growth (Gross)

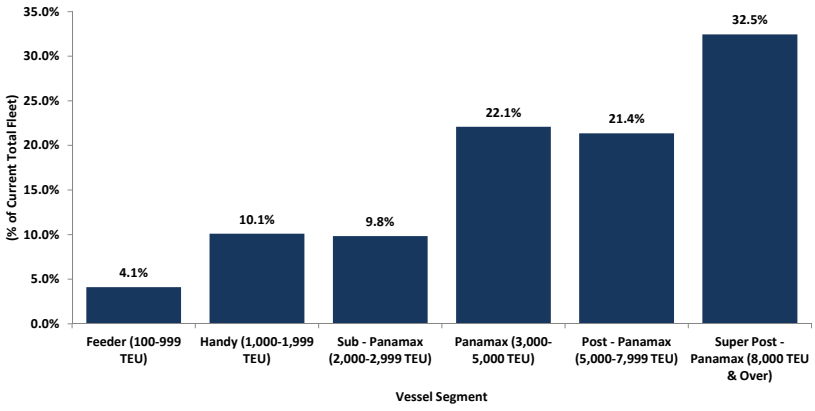
	Handy & Feeder	Sub-Panamax	Panamax	Post-Panamax	Super Post-Panamax	Total
2014	2.3%	2.0%	4.4%	5.0%	21.1%	9.4%
2015	1.4%	3.0%	1.2%	2.0%	24.0%	9.0%
2016	0.4%	0.9%	0.8%	0.1%	10.7%	3.8%
Total	**4.1%**	**6.0%**	**6.3%**	**7.1%**	**55.8%**	**22.2%**

Source: Clarksons Research Service

Current Fleet Profile

Current Fleet Profile. As in the dry bulk and crude tanker shipping sectors, the containership fleet is heavily skewed towards larger vessels. Currently, post-Panamaxes and Super Post-Panamaxes account for over 53.9% of the delivered fleet. Figure 40 below outlines the containership fleet by vessel size.

Figure 40: Current Containership Fleet Profile By Size

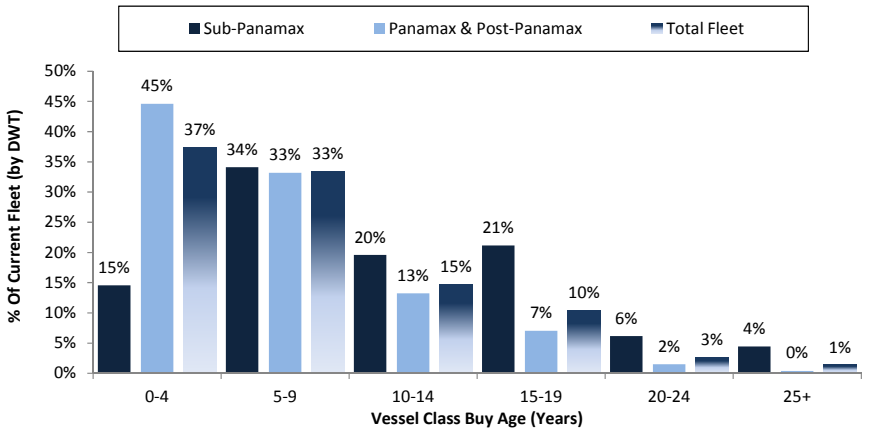


Source: Clarksons Research Service

Scrapping Could Play A More Important Role As Ships Age. While most vessels have useful lives between 20-30 years, containerships have historically been skewed towards the longer-end (i.e. 25-35 years). Actual vessel age will ultimately be driven by the strength of the market as vessels enter their fourth and fifth special surveys (at age 20 and 25). A poor near-term outlook may cause an owner to scrap a ship rather than potentially invest millions of dollars in new steel and equipment to keep the vessel trading for another five years. Historically, scrapping has had a modest impact in comparison to overall fleet size. However, new fuel efficient designs and the relative inefficiency of aging

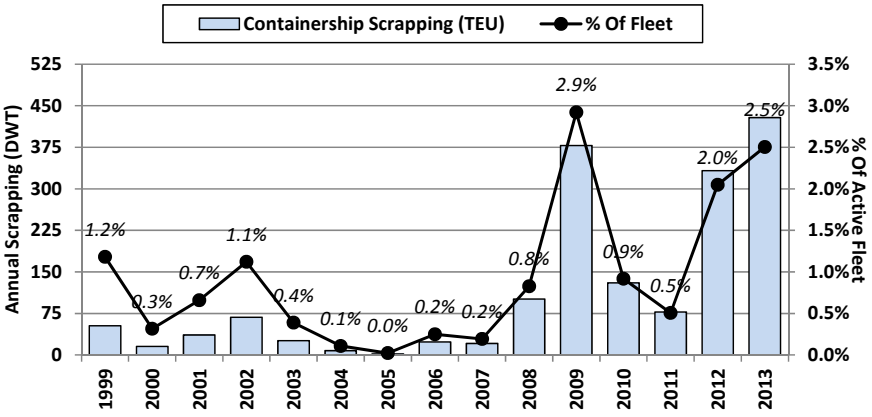
vessels could lead to higher scrapping rates as these ships find it more difficult to compete for business and/or becomes dilutive. This phenomenon however, would take several years to develop in the larger Panamax and Post-Panamax vessel classes as the current fleet is particularly young, with only 9% of these vessel classes over 15 years of age. Figure 41 and Figure 42 below outline the current fleet age profile and historical scrapping.

Figure 41: Fleet Age By Sub-Panamax And Larger Ships



Source: Clarksons Research Service

Figure 42: Historical Containership Scrapping (2000-2013E)



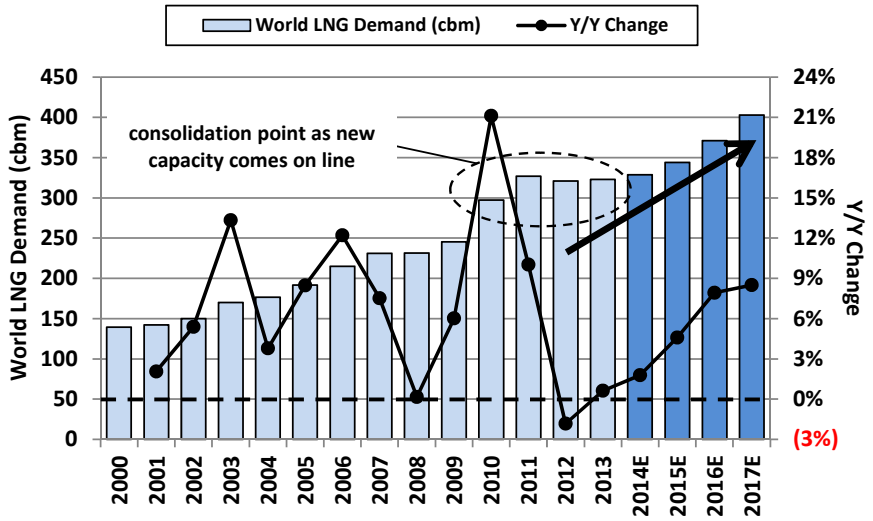
Source: Clarksons Research Services

LNG & LPG Overview

LNG Outlook

LNG Export Growth Pauses In 2013; Acceleration Likely Ahead. We believe that LNG export capacity is currently at a consolidation point and will likely remain supply side constrained from a liquefaction standpoint until roughly 2015 as only a limited number of projects are expected to come online in the near-term. However beginning in 2015, several new Australian projects are expected to come online in addition to Cheniere's Sabine Pass facility in the United States, serviced in part by one of DLNG's sponsor's vessels, scheduled to begin in late 2015 or early 2016. DB's Commodities team cautions that it will take new projects several months to ramp up production, meaning that new capacity which comes online will likely have a modest lag time before it impacts seaborne supply/demand dynamics. Figure 43 below shows world LNG demand and the y/y change since 2000.

Figure 43: World LNG Demand And Y/Y Changes Since 2000



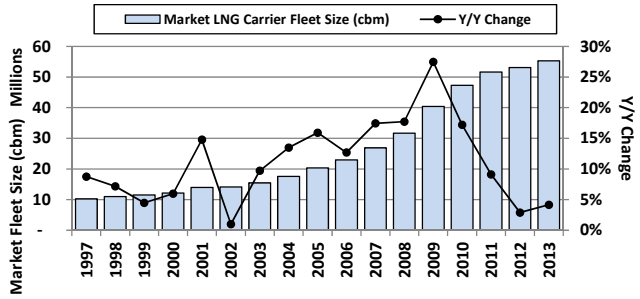
Source: Deutsche Bank, Wood Mackenzie

LNG Fleet Growth Poised To Increase Ahead Of Growing Demand. The total size of the industry LNG fleet grew 4.1% in 2013, compared to 2.9% in 2012. This compares to growth of above 10% per annum between 2004 and 2010. As of January 2014, the current fleet consisted of 386 vessels of varying size, with a combined capacity of approximately 55.3 million cubic feet. However, we note that the total listed capacity of the market fleet may be somewhat overstated as there is growing demand for the use of LNG vessels as floating storage and regasification unit (FSRU) vessels in emerging market economies, which have had the effect of reducing effective global capacity without being reflected in the global fleet size or orderbook. The average age of the global LNG fleet as of August 2013 was approximately 11.2 years according to PFC Energy, and LNG research provider. However, roughly 13% of the fleet is above 25 years old, implying industry scrapping potential as vessel owners are generally expected to begin retiring ships once they reach 30 years old (this

will likely depend highly on demand, marketability of older assets, and regulations).

According to Clarksons, the current orderbook of LNG carriers represents 31.1% of current LNG carrier fleet carrying capacity on a cbm basis. This is below the approximate average newbuilding orderbook of LNG carriers which represented 48.3% of the LNG carrier fleet carrying capacity between 2002 and 2012. As of January 2014, 111 carriers, with an aggregate carrying capacity of roughly 17.2 million cbm were on order for delivery through 2017. The current orderbook is relatively homogonous when considering the size of vessels, as only 8 of the 111 on order are below 145,000 cbm, with none greater than 182,000 cbm. Figure 44 below illustrates the LNG fleet in million cubic meters over time, while Figure 45 represents the current orderbook at delivery schedule for incremental additions into the fleet.

Figure 44: Fleet Development Of LNG Carriers (1997 – 2013)



Source: Deutsche Bank, Clarksons Research

Figure 45: Current Orderbook And Delivery Schedule For LNG Carriers

Year	Vessels	CBM	% Of Current Fleet (CBM)	Fleet (Vessel Count)
2014	34	5,435,070	9.8%	8.9%
2015	36	4,795,640	8.7%	9.4%
2016	26	4,422,000	8.0%	6.8%
2017	15	2,548,200	4.6%	3.9%
Total	**111**	**17,200,910**	**31.1%**	**29.1%**

Source: Deutsche Bank, Clarksons Research

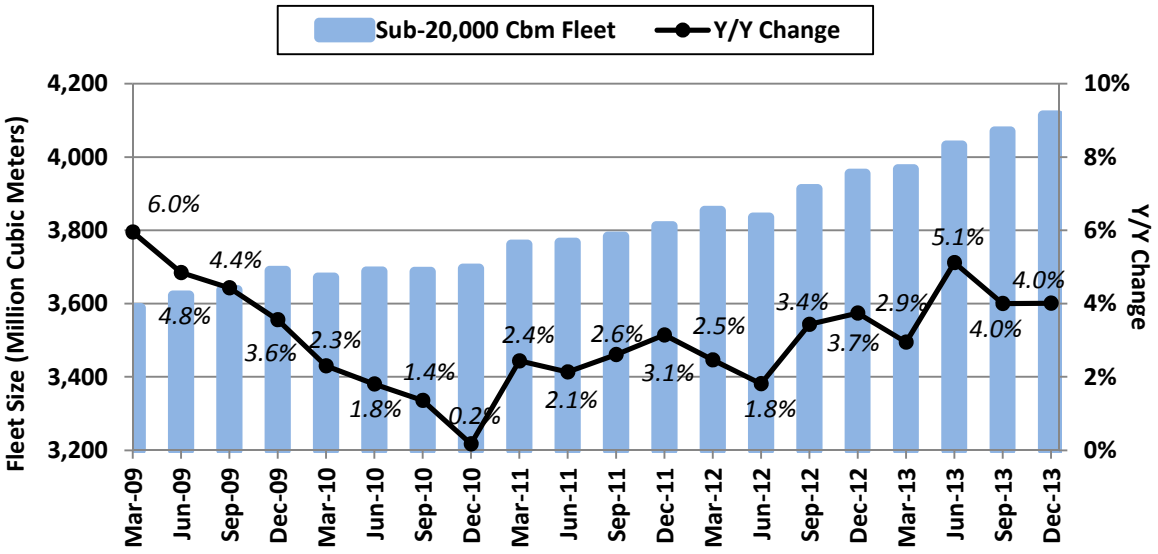
Demand For Natural Gas Is Increasing As New Participants Enter The Market. The global LNG seaborne trade stagnated in 2013, and was down 0.4% y/y. However. demand for natural gas is anticipated to increase meaningfully in the coming years driven by a combination of higher utilization rates for emerging economies such as China and the Middle East and the entrance of new participants into the market. According to the EIA, China's natural gas consumption is expected to increase at a 5.3% CAGR through 2040, compared to just 0.7% annualized growth in OECD Europe (off a larger base). From 2008 to 2012, eight new countries began importing LNG, joining the eighteen that had previously participated in the market. Going forward Israel, Malaysia, Singapore, and Lithuania will all begin importing LNG in 2013 or 2014. New players into the LNG market in addition to growth from other established and emerging economies is expected to combine with more traditional Asian markets such as Korea and Japan to drive consistent demand growth over time.

LPG Outlook

The Handysize LPG Market Remains In Balance As Fleet Growth Remains Rational. The small-vessel LPG market has benefitted from minimal fleet growth over the past decade, with fleet growth averaging a modest 2.5% per annum since 2001. Since 2009, annual fleet growth has remained below 3.1%. The modest fleet expansion coupled with seaborne demand growth has resulting in a balanced supply/demand dynamic keeping owners profitable

over the past decade. Figure 13 below shows the historical fleet development of sub-20,000 LPG carriers since 2009.

Figure 46: Fleet Development Of Sub-20,000 CBM Ships (1995 – 2013)



Source: Deutsche Bank, Clarksons Shipping Intelligence

Modest Orderbook For Small And Medium Sized Fleet; Large Vessel Class Growing. The current orderbook across the sub 20,000 cbm LPG vessel class stands at approximately 6.9% of the current fleet. This compares to the larger fleet (greater than 40,000 cbm) which has an orderbook that currently represents 21.4% of the fleet. Figure 47 below provide a delivery schedule of the current orderbook.

Figure 47: Current LPG Orderbook And Delivery Schedule (2014-17E)

	Small Size LPG Fleet (<20,000 CBM)				Medium Size LPG Fleet (20-40,000 CBM)				Large Size LPG Fleet (>40,000 CBM)			
	Total		% Of Current Fleet		Total		% Of Current Fleet		Total		% Of Current Fleet	
	CBM	Vessel Count	CBM	Vessel Count	CBM	Vessel Count	CBM	Vessel Count	CBM	Vessel Count	CBM	Vessel Count
Current	4,115,000	971			3,503,600	122			13,699,340	176		
2014	338,448	51	1.6%	4.0%	356,566	13	1.7%	1.0%	832,000	10	3.9%	0.8%
2015	271,900	29	1.3%	2.3%	344,000	12	1.6%	0.9%	2,715,998	33	12.7%	2.6%
2016	90,000	7	0.4%	0.6%	365,700	11	1.7%	0.9%	1,005,200	12	4.7%	0.9%
2017			0.0%	0.0%	115,500	3	0.5%	0.2%	-	0	0.0%	0.0%
Total			3.3%	6.9%			5.5%	3.1%			21.4%	4.3%

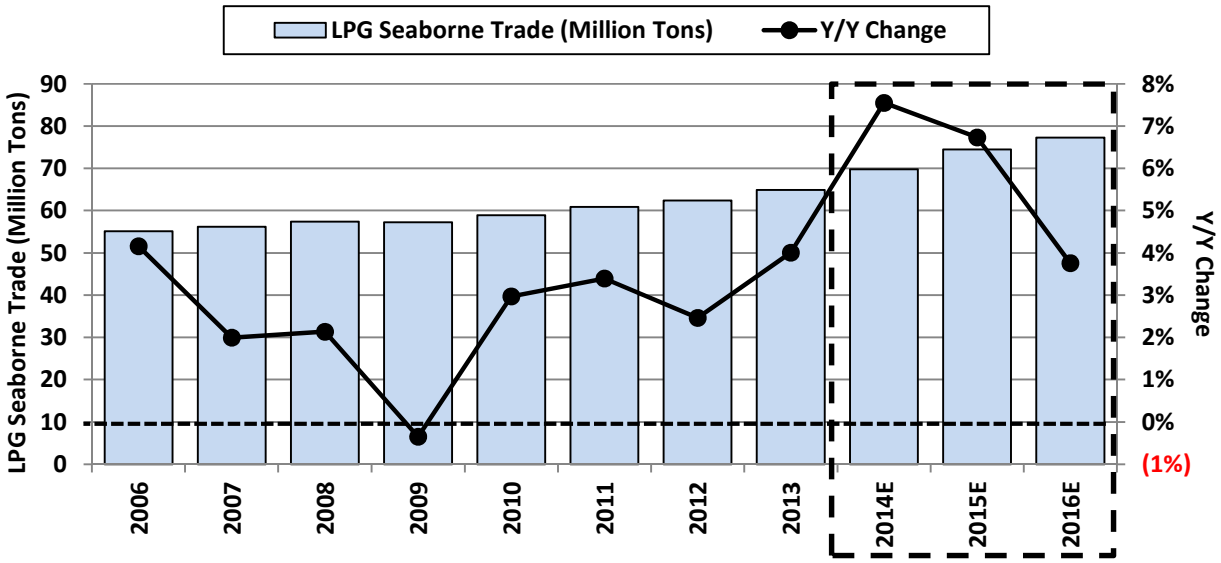
Source: Deutsche Bank

Strong Demand Growth In 2014-15; Growth To Reaccelerate As New Production Capacity Comes On Line. Since 2006, the global seaborne LPG trade has grown at an average CAGR of 2.6% (includes the 2009 decline). Over the next three-years global seaborne trade is expected to grow at an average rate of 6.0% through 2016. The growth has not only been driven by emerging market demand, but also developed nations. The growth in US shale gas and crude shale production has led to increased LPG supply. In the US, when extracting crude and natural gas, producers are unable to burn or release LPG

for environmental and safety reasons. This has led to an increased supply of LPG, beyond our domestic needs, increasing exports.

Since 2005, the global LPG trade has grown at an average CAGR of 3.6% (includes the 2009 decline). Post-recession, global trade growth is expected to grow at an average rate of 6.4% through 2015 based on Viamar estimates. If a larger regional trade (U.S. to South America and the Caribbean) develops, this could create increased geographic fleet dispersion versus a market today which is dominated by trade in Europe and Asia. Even if U.S. exports are shipped predominantly on larger, long-haul ships to Europe and Asia, it should drive increased demand for final-mile delivery on smaller ships, which is where GASS (Buy, $12 price target) operates. Figure 48 below illustrates LPG seaborne trade volumes since 2005.

Figure 48: LPG Seaborne Trade 2005 – 2016E In Million Tons



Source: Deutsche Bank, MSI, EIA, GASS Company filings

Valuation & Risks

Dry Bulk Valuation & Risks

Dryships (DRYS, Hold, $3)

Valuation: Our price target is based on 1.0x NAV valuation, including the company's interest in ORIG.

Risks: Upside risks include improving spot rates and asset values as well as capex and loan amortization restructurings. Downside risks include limited access to capital, declining shipping rates and asset values, unfunded capex and declining liquidity.

Figure 49: DB Estimated NAV Calculation For DRYS

	Current FMV
Vessels	$1,322.8
Fleet Asset Value[1]	**$1,322.8**
DRYS Unconsolidated Cash & Restricted Cash ($MM)[2]	$150.0
DRYS Unconsolidated Debt ($MM)	$1,724.3
Out of the money interest rate swaps[3]	$40.1
Net Debt	**$1,614.4**
DRYS Share of ORIG (Market Value)[4]	$1,462.6
NAV	**$1,171.0**
Diluted Shares Outstanding (MM)[5]	382.7
Net Asset Value per share	**$3.06**
1.0x Net Asset Value/Share	**$3.06**

Assumtions:

1. Vessel values based on Clarksons and DB estimates and includes the recent dry bulk newbuilding sales.
2. Implied from difference of DRYS and ORIG cash & restricted cash balances as of 9/30/2013
3. As per Q2 earnings presentation.
4. ORIG value based on DRYS' current 59.4% ownership stake.
5. DRYS' diluted Q3 share count

Source: Deutsche Bank, company filings

Diana Shipping (DSX, Buy, $15)

Valuation: Our DSX price target is achieved by applying a 12.5x multiple on our adjusted 2015 EBITDA estimate. The current valuation represents a premium to DSX's 5-year average historical forward EV/EBITDA multiple of 7.2x. Our premium to the company's average historical multiple reflects DSX's growing orderbook, net cash position, and ample liquidity for new investments.

Risks: Downside risks include weaker charter rates, declining asset values, lack of acquisition targets and charterer defaults.

Genco Shipping & Trading (GNK, Sell, $1)

Valuation: Our valuation methodology for GNK is based on a 15% premium to current market value of its assets in our NAV analysis.

Risks: Upside risks include a debt restructuring, recovering spot dry bulk rates, higher-than-expected coal and iron ore demand, and increasing asset values.

Figure 50: DB Estimated NAV Calculation For GNK

Estimated Vessel Value[1]	$1,315.1
Mkt Value Of BALT & Jinhui Shares[2]	$101.9
Market Value Of Assets	**$1,417.0**
Cash ($MM)[3]	$57.3
Debt ($MM)[4]	$1,440.2
Net Debt	**$1,382.9**
NAV	**$34.1**
Diluted Shares Outstanding (MM)	43.2
Net Asset Value per share	**$0.79**

(1) Estimated Vessel Values represent a 15% premium to current market prices.

(2) Based on GNK's ownership interests as of September 30, 2013.

(3) As of Q3 2013, Excludes BALT cash balanaces.

(4) Includes total convertible principal amount and excludes BALT debt.

Source: Deutsche Bank estimates, company filings

Navios Maritime Partners (NMM, Buy, $20)

Valuation: Our price target is based on a target forward distribution yield of 9% based on NMM's estimated 2014 distribution. We believe this is appropriate given its improved charter coverage and expected available cash flow from its exposure long-term container charters.

Risks: Downside risks include weaker spot and time charter rates, restricted access to the capital markets, and distribution cuts.

Scorpio Bulkers (SALT, Buy, $18)

Valuation: Our year-end 2014 price target is based on a 10x EV/EBITDA multiple applied to our 2017 EBITDA estimate, discounted back (10% discount rate) to year-end 2015. We believe this is the most appropriate valuation methodology considering that 2017 is the first year in which SALT's initial fleet is fully delivered.

Risks: Downside risks include exposure to spot market volatility, the potential for shipyard cost overruns and delays, and a limited operating history.

Tanker Valuation & Risks

Capital Product Partners (CPLP, Buy, $11)

Valuation: Our price target is based on a target forward distribution yield basis of 9% on our 2014 distribution estimate. We believe this is warranted given CPLP's long-term contracted cash flow.

Risks: Downside risks include sponsor credit risk, declining charter and spot market rates, and vessel oversupply.

Frontline Ltd. (FRO, Sell, $1)

Valuation: Our price target is based on a 40% premium applied to the current market value of FRO's fleet in our NAV analysis.

Risks: Upside risks include higher-than-expected spot and charter rates, asset value appreciation, lower cash break-even levels and accretive acquisitions.

Figure 51: DB Estimated NAV Calculation For FRO

Vessels[1]	$964
Frontline 2012[2]	$114.2
Estimated Asset Value	**1,077.9**
Cash ($MM)[1]	$74.3
Debt and Capital Leases ($MM)[1]	$1,107.3
NAV	**$45.0**
Diluted Shares Outstanding (MM)	86.5
Net Asset Value per share	**$0.52**

1. At 40% premium to current values. Excludes estimated ITCL fleet, cash and debt balances.
2. Assumes current share price on Oslo Exchange and USD/NOK exchange rate

Source: Deutsche Bank estimates, company filings

Navios Maritime Partners (NNA, Buy, $6)

Valuation: Our price target is based NNA's estimated 2015 EBITDA estimate and target EV/EBITDA multiple of 10.0x. We believe the higher multiple is justified by NNA's recent orderbook growth and exposure to an improving rate environment.

Risks: Downside risks include lower spot product tanker rates, leverage, charterer defaults, and access to the capital markets.

Teekay Corp. (TK, Hold, $49)

Valuation: Our price target is based on 1.0x our SOTP analysis.

Risks: Upside risks include greater-than-expected cash flow generation, allowing for delivering at TK. Downside risks include negative tanker cash flow, newbuilding projects, unexpected asset off hire, access to capital and LNG and offshore project demand.

Figure 52: DB Estimated NAV Calculation For TK

Vessels (incl. newbuildings)[1]	$1,334
VLCC Loan & Other Investments	75
Estimated Asset Value	**$1,409**
Net Debt ($MM)[2]	$1,136
Daughter Equity[3]	$2,067
Sevan Marine	$100
GP Interest (25x multiple)[4]	$1,000
NAV	**$3,441**
Diluted Shares Outstanding (MM)	70.8
Net Asset Value per share	**$48.63**

(1) DB estimates

(2) TK Parent net debt

(3) Assumes current market share prices

(4) We assume 25x as our GP cash flow multiple given TK daughter's higher distribution yield to the MLP sector

Source: Deutsche Bank estimates, company filings

Teekay Tankers (TNK, Hold, $3)

Valuation: Our price target is based on our 2015 EBITDA estimate and a target forward EV/EBITDA multiple of 10x, which is inline its historical average multiple, which we believe is appropriate given TNK's expected fleet growth, yield and timing in the cycle.

Risks: Upside risks include improved spot rates, increased distributions and accretive acquisitions. Downside risks include spot exposure and dependency on TK for vessel operations, asset size concentration, rising operating expenses and dividend cuts.

Container Valuation & Risks

Seaspan (SSW, Hold, $26)

Valuation: Our price target is based on our 2015E EBITDA and a target forward EV/EBITDA multiple of 10x, which represents a premium to its historical average multiple of 8.3x (since 2009), which we feel is appropriate given fleet growth potential and SSW's current orderbook and cash flow back log.

Risks: Upside risks include increasing dividends, accretive fleet growth opportunities and improvement in liner freight rates. Downside risks include SSW's ability to find accretive acquisitions, access to capital markets, newbuilding delivery risk, increasing operating expenses and time charter renewals.

Textainer (TGH, Hold, $33)

Valuation: Our price target is based on our 2015 EPS estimate and a target forward P/E multiple of 9.0x, which we believe is appropriate given TGH's potential fleet growth and utilization. Our multiple is in line with TGH's historical average of 9.0x.

Risks: Upside risks include increased new container orders and secondhand acquisitions. Downside risks include lower yields, liner defaults, weaker capex spending, declining utilization and access to capital markets.

LNG & LPG Valuation & Risks

Dynagas (DLNG, Hold, $20)

Valuation: Our price target is based on a 7.5% dividend yield applied to DLNG's targeted minimum annualized distribution of $1.46/unit. Our targeted dividend yield is a roughly inline with the historical normalized dividend yield of DLNG's high-yielding ocean shipping peer group.

Risks: Upside risks include higher-than-expected LNG demand, distribution increases, and vessel value appreciation. Downside risks include lack of fleet growth and a concentrated customer base.

StealthGas (GASS, Buy, $12)

Valuation: Our price target for GASS was derived using a 7.0x EV/EBITDA multiple applied to our 2015 EBITDA estimates. This is roughly inline with its historical average of 6.9x. However, if fleet expansion and vessel deliveries occur outside of our forecast period, multiple expansion may occur.

Risks: Downside risks include lower-than-expected charter rates, lack of fleet expansion, declining asset values, more limited access to capital and related party interests.

We would like to thank DB's Global Commodities team for their help in preparing this report.

Tanker Financials

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

Capital Product Prtns.

Reuters: CPLP.OQ Bloomberg: CPLP US

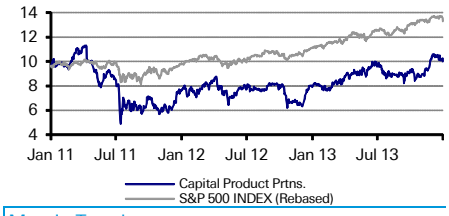
Buy

Price (24 Jan 14)	USD 10.00
Target Price	USD 11.00
52 Week range	USD 7.62 - 10.57
Market Cap (m)	USDm 744
	EURm 544

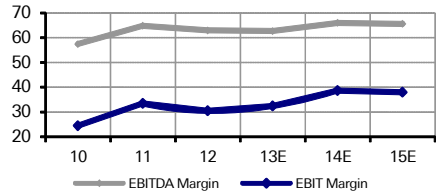
Company Profile

Capital Product Partners L.P. (CPLP) is an Athens-based owner of product and crude tankers as well of containerships. CPLP owns a total of 25 high-specification modern vessels, generally employed on medium-to-long-term contracts to its sponsor and third parties.

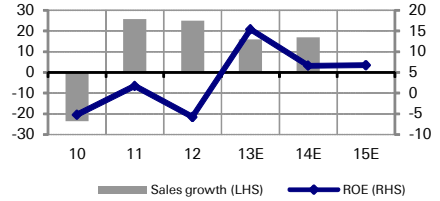
Price Performance



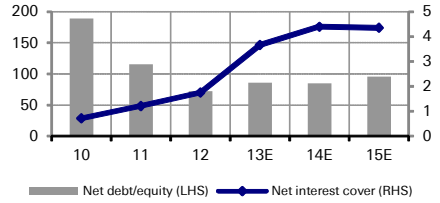
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	-0.32	0.14	0.15	0.22	0.49	0.47
Reported EPS (USD)	-0.27	0.09	-0.46	1.10	0.49	0.47
DPS (USD)	0.89	0.66	0.93	0.93	0.93	0.00
BVPS (USD)	7.22	10.99	8.41	8.12	7.36	6.61
Valuation Metrics						
Price/Sales (x)	2.9	3.3	3.5	4.3	3.7	3.7
P/E (DB) (x)	nm	60.2	50.6	45.6	20.6	21.3
P/E (Reported) (x)	nm	87.2	nm	9.1	20.6	21.3
P/BV (x)	1.3	0.6	0.8	1.2	1.4	1.5
FCF yield (%)	nm	7.6	24.2	nm	15.0	15.0
Dividend yield (%)	10.4	8.0	12.3	9.3	9.3	0.0
EV/Sales	7.6	8.3	6.3	7.4	6.3	6.3
EV/EBITDA	13.2	12.8	10.0	11.7	9.5	9.6
EV/EBIT	31.1	24.8	20.6	22.7	16.2	16.6
Income Statement (USDm)						
Sales	94	119	148	172	201	201
EBITDA	54	77	94	108	133	132
EBIT	23	40	45	56	78	76
Pre-tax profit	-10	6	21	38	59	58
Net income	-10	6	-31	91	40	39
Cash Flow (USDm)						
Cash flow from operations	20	57	127	127	123	123
Net Capex	-100	-27	-2	-331	0	0
Free cash flow	-80	30	125	-204	123	123
Equity raised/(bought back)	105	1	138	0	0	0
Dividends paid	-34	-45	-73	-87	-99	-103
Net inc/(dec) in borrowings	-3	25	-176	316	-5	-5
Other investing/financing cash flows	10	10	18	-5	0	0
Net cash flow	-1	21	32	21	19	15
Change in working capital	*-3*	*-57*	*5*	*-7*	*2*	*4*
Balance Sheet (USDm)						
Cash and cash equivalents	32	53	44	63	65	63
Property, plant & equipment	707	1,074	960	1,178	1,123	1,067
Goodwill	0	0	0	0	0	0
Other assets	14	87	67	-20	28	26
Total assets	754	1,215	1,070	1,220	1,215	1,156
Debt	474	652	458	583	578	581
Other liabilities	47	45	38	33	33	33
Total liabilities	521	697	496	616	611	613
Total shareholders' equity	233	517	574	604	604	542
Net debt	*442*	*599*	*415*	*520*	*513*	*518*
Key Company Metrics						
Sales growth (%)	-23.5	25.7	25.0	15.9	16.9	-0.2
DB EPS growth (%)	na	na	9.4	46.5	121.8	-3.3
Payout ratio (%)	nm	483.2	nm	76.4	191.2	0.0
EBITDA Margin (%)	57.4	64.9	63.0	62.7	66.0	65.6
EBIT Margin (%)	24.5	33.5	30.5	32.5	38.7	38.0
ROE (%)	-5.2	1.7	-5.7	15.4	6.6	6.7
Net debt/equity (%)	189.2	115.7	72.3	86.1	84.9	95.5
Net interest cover (x)	0.7	1.2	1.8	3.7	4.4	4.4
DuPont Analysis						
EBIT margin (%)	24.5	33.5	30.5	32.5	38.7	38.0
x Asset turnover (x)	0.1	0.1	0.1	0.2	0.2	0.2
x Financial cost ratio (x)	-0.4	0.2	0.4	0.7	0.8	0.8
x Tax and other effects (x)	1.1	0.9	-1.6	2.2	0.7	0.7
= ROA (post tax) (%)	-1.4	0.7	-2.7	7.9	3.3	3.3
x Financial leverage (x)	3.7	2.6	2.1	1.9	2.0	2.1
= ROE (%)	-5.2	1.7	-5.7	15.4	6.6	6.7
annual growth (%)	*na*	*na*	*na*	*na*	*-57.0*	*1.9*
x NTA/share (avg) (x)	5.2	5.5	8.0	7.2	7.4	7.0
= Reported EPS	-0.27	0.09	-0.46	1.10	0.49	0.47
annual growth (%)	*na*	*na*	*na*	*na*	*-55.9*	*-3.3*

Source: Company data, Deutsche Bank estimates

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

Frontline Ltd.

Reuters: FRO.N Bloomberg: FRO UN

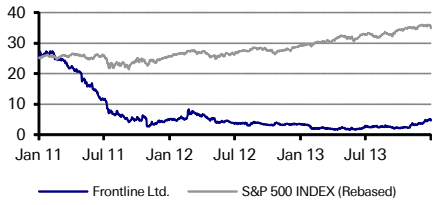
Sell

Price (24 Jan 14)	USD 4.67
Target Price	USD 1.00
52 Week range	USD 1.76 - 5.06
Market Cap (m)	USDm 364
	EURm 266

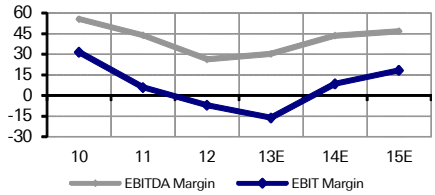
Company Profile

Frontline Ltd. (FRO) is a leader in the seaborne transportation of oil, with a fleet of more than 80 vessels, including 12 owned VLCCs and 12 owned Suezmaxes, with the remainder chartered-in or leased, and an emphasis on spot employment.

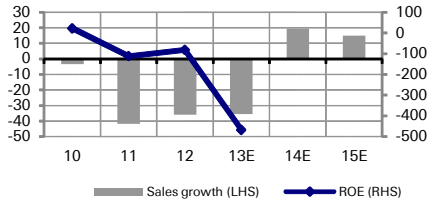
Price Performance



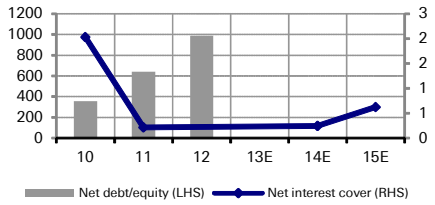
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	1.75	-1.39	-1.52	-1.33	-0.58	-0.21
Reported EPS (USD)	2.07	-6.80	-1.69	-2.44	-0.58	-0.21
DPS (USD)	2.00	0.22	0.00	0.00	0.00	0.00
BVPS (USD)	9.60	2.58	1.54	-0.49	-1.03	-1.23
Valuation Metrics						
Price/Sales (x)	2.6	2.2	1.1	1.7	1.4	1.2
P/E (DB) (x)	17.1	nm	nm	nm	nm	nm
P/E (Reported) (x)	14.4	nm	nm	nm	nm	nm
P/BV (x)	2.6	1.7	2.1	nm	nm	nm
FCF yield (%)	nm	30.9	4.6	nm	nm	16.1
Dividend yield (%)	6.7	1.5	0.0	0.0	0.0	0.0
EV/Sales	5.7	4.7	4.8	6.8	5.9	4.9
EV/EBITDA	10.2	10.8	18.1	22.6	13.5	10.5
EV/EBIT	18.1	81.8	nm	nm	70.2	26.9
Income Statement (USDm)						
Sales	883	514	330	212	254	291
EBITDA	490	225	87	64	111	136
EBIT	277	30	-23	-35	21	53
Pre-tax profit	139	-107	-119	-105	-50	-18
Net income	161	-530	-131	-190	-50	-18
Cash Flow (USDm)						
Cash flow from operations	317	57	20	-41	39	65
Net Capex	-518	293	-4	-1	-82	0
Free cash flow	-200	351	16	-42	-42	65
Equity raised/(bought back)	0	0	0	17	0	0
Dividends paid	-156	-17	0	0	0	0
Net inc/(dec) in borrowings	192	-482	-89	-56	126	-22
Other investing/financing cash flows	258	132	1	24	0	0
Net cash flow	94	-16	-72	-57	84	43
Change in working capital	*-35*	*-41*	*20*	*-22*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	177	161	138	81	165	208
Property, plant & equipment	3,082	1,348	1,203	888	829	745
Goodwill	0	0	0	0	0	0
Other assets	539	332	348	334	386	386
Total assets	3,798	1,841	1,688	1,303	1,379	1,339
Debt	2,895	1,527	1,435	1,267	1,394	1,372
Other liabilities	144	100	123	63	63	63
Total liabilities	3,039	1,627	1,557	1,330	1,457	1,435
Total shareholders' equity	759	213	131	-28	-78	-96
Net debt	*2,718*	*1,366*	*1,297*	*1,187*	*1,229*	*1,164*
Key Company Metrics						
Sales growth (%)	-3.4	-41.7	-35.9	-35.6	19.5	14.9
DB EPS growth (%)	32.9	na	-9.3	12.7	56.0	64.0
Payout ratio (%)	96.5	nm	nm	nm	nm	nm
EBITDA Margin (%)	55.5	43.8	26.3	30.2	43.6	46.8
EBIT Margin (%)	31.4	5.8	-7.0	-16.3	8.4	18.2
ROE (%)	21.7	-111.7	-81.9	-467.6	nm	nm
Net debt/equity (%)	358.1	640.0	988.9	nm	nm	nm
Net interest cover (x)	2.0	0.2	nm	nm	0.2	0.6
DuPont Analysis						
EBIT margin (%)	31.4	5.8	-7.0	-16.3	8.4	18.2
x Asset turnover (x)	0.2	0.2	0.2	0.1	0.2	0.2
x Financial cost ratio (x)	0.5	-3.6	5.1	3.6	-3.1	-0.6
x Tax and other effects (x)	1.1	4.9	1.1	1.5	0.8	0.6
= ROA (post tax) (%)	4.3	-18.8	-7.4	-12.7	-3.7	-1.3
x Financial leverage (x)	5.0	5.9	11.0	36.8	-21.2	-14.0
= ROE (%)	21.7	-111.7	-81.9	-467.6	78.7	18.7
annual growth (%)	*52.4*	*na*	*26.7*	*-471.0*	*na*	*-76.3*
x NTA/share (avg) (x)	9.6	6.1	2.1	0.5	-0.7	-1.1
= Reported EPS	2.07	-6.80	-1.69	-2.44	-0.58	-0.21
annual growth (%)	*57.2*	*na*	*75.2*	*-44.7*	*76.1*	*64.0*

Source: Company data, Deutsche Bank estimates

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

Navios Acquisition Corp.

Reuters: NNA.N Bloomberg: NNA UN

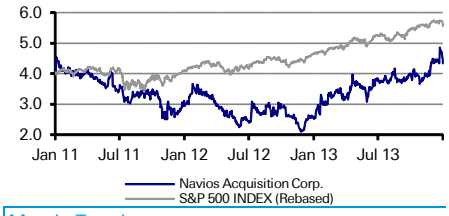
Buy

Price (24 Jan 14)	USD 4.34
Target Price	USD 6.00
52 Week range	USD 2.52 - 4.85
Market Cap (m)	USDm 409
	EURm 299

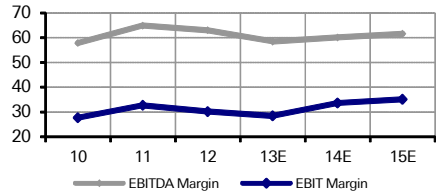
Company Profile

Navios Maritime Acquisition Corp. is a tanker owner/operator involved in the tranportation of liquid chemicals, crude oil and refined petroleum products. NNA operates its vessels worldwide with a mixture of spot and fixed charter employment.

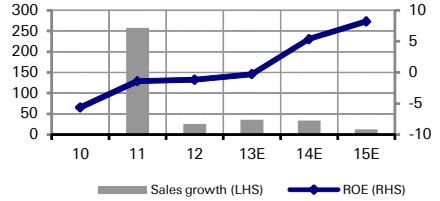
Price Performance



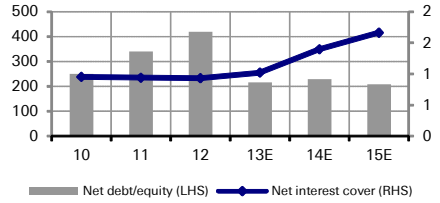
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	-0.01	-0.06	-0.08	0.01	0.22	0.36
Reported EPS (USD)	-0.47	-0.08	-0.07	-0.01	0.23	0.36
DPS (USD)	0.00	0.24	0.20	0.20	0.20	0.00
BVPS (USD)	8.31	5.76	5.71	5.52	4.33	4.49
Valuation Metrics						
Price/Sales (x)	4.9	1.2	0.8	2.0	1.5	1.3
P/E (DB) (x)	nm	nm	nm	548.5	19.8	12.0
P/E (Reported) (x)	nm	nm	nm	nm	18.7	12.0
P/BV (x)	0.5	0.5	0.4	0.8	1.0	1.0
FCF yield (%)	nm	nm	nm	nm	nm	23.8
Dividend yield (%)	0.0	6.6	7.1	4.6	4.6	0.0
EV/Sales	23.8	8.0	7.2	7.5	5.8	4.9
EV/EBITDA	41.1	12.4	11.4	12.7	9.7	8.0
EV/EBIT	85.8	24.5	23.8	26.2	17.3	14.1
Income Statement (USDm)						
Sales	34	120	151	206	275	310
EBITDA	19	78	95	120	165	191
EBIT	9	39	46	59	93	109
Pre-tax profit	0	-3	-3	1	26	43
Net income	-14	-3	-3	-1	28	43
Cash Flow (USDm)						
Cash flow from operations	11	68	82	5	119	124
Net Capex	-359	-193	-225	-449	-156	0
Free cash flow	-347	-125	-143	-444	-37	124
Equity raised/(bought back)	108	0	0	308	0	1
Dividends paid	0	-10	-10	-19	-26	-26
Net inc/(dec) in borrowings	148	153	144	267	27	-36
Other investing/financing cash flows	152	-38	11	-7	-6	0
Net cash flow	61	-20	2	105	-42	63
Change in working capital	*4*	*29*	*40*	*-62*	*22*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	76	72	64	154	112	175
Property, plant & equipment	846	1,020	1,339	1,693	1,776	1,694
Goodwill	0	0	0	0	0	0
Other assets	83	103	8	14	14	27
Total assets	1,005	1,195	1,411	1,861	1,902	1,896
Debt	709	885	1,034	1,277	1,304	1,300
Other liabilities	42	71	145	64	78	57
Total liabilities	751	957	1,179	1,341	1,382	1,357
Total shareholders' equity	254	239	231	519	520	539
Net debt	*633*	*813*	*970*	*1,123*	*1,192*	*1,125*
Key Company Metrics						
Sales growth (%)	nm	257.3	26.0	36.0	33.9	12.6
DB EPS growth (%)	69.6	-880.6	-31.1	na	2,669.3	64.9
Payout ratio (%)	nm	nm	nm	nm	86.3	0.0
EBITDA Margin (%)	57.9	64.9	63.1	58.5	60.1	61.6
EBIT Margin (%)	27.7	32.7	30.2	28.5	33.6	35.1
ROE (%)	-5.6	-1.4	-1.2	-0.3	5.3	8.2
Net debt/equity (%)	249.5	340.6	419.4	216.2	229.1	208.7
Net interest cover (x)	1.0	0.9	0.9	1.0	1.4	1.7
DuPont Analysis						
EBIT margin (%)	27.7	32.7	30.2	28.5	33.6	35.1
x Asset turnover (x)	0.0	0.1	0.1	0.1	0.1	0.2
x Financial cost ratio (x)	-0.1	-0.1	-0.1	0.0	0.3	0.4
x Tax and other effects (x)	30.1	1.4	0.8	-0.9	1.1	1.0
= ROA (post tax) (%)	-1.4	-0.3	-0.2	-0.1	1.5	2.3
x Financial leverage (x)	4.0	4.5	5.5	4.4	3.6	3.6
= ROE (%)	-5.6	-1.4	-1.2	-0.3	5.3	8.2
annual growth (%)	*na*	*75.0*	*16.3*	*75.8*	*na*	*53.1*
x NTA/share (avg) (x)	8.3	5.9	5.7	4.0	4.3	4.4
= Reported EPS	-0.47	-0.08	-0.07	-0.01	0.23	0.36
annual growth (%)	*na*	*82.1*	*19.3*	*83.3*	*na*	*56.0*

Source: Company data, Deutsche Bank estimates

Model updated:26 January 2014

Running the numbers

North America

United States

Marine

Teekay Corporation

Reuters: TK.N Bloomberg: TK UN

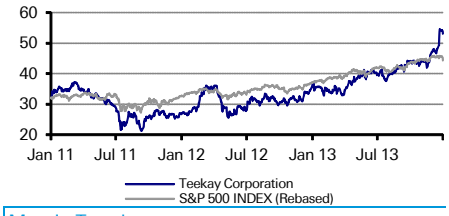
Hold

Price (24 Jan 14)	USD 53.17
Target Price	USD 49.00
52 Week range	USD 32.78 - 54.65
Market Cap (m)	USDm 3,746
	EURm 2,737

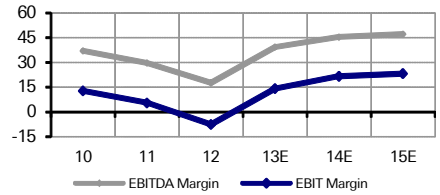
Company Profile

Teekay Corporation (TK) is a market leader in global energy transportation services, operating a fleet of nearly 150 vessels, including crude oil tankers, product tankers, LNG, LPG, FSO, and FPSO vessels, utilizing both spot and long-term employment.

Price Performance

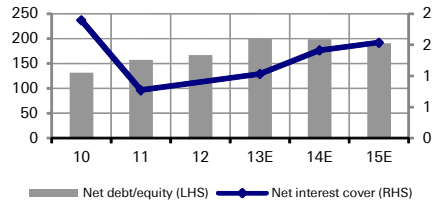


Margin Trends



Growth & Profitability

Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	-1.65	-1.46	-0.79	-1.18	0.47	0.92
Reported EPS (USD)	-3.65	-5.23	-2.11	-0.58	0.47	0.92
DPS (USD)	3.45	1.27	1.27	1.27	1.27	0.00
BVPS (USD)	27.15	20.35	18.99	16.60	15.35	15.01
Valuation Metrics						
Price/Sales (x)	1.1	1.2	1.2	2.2	2.0	1.9
P/E (DB) (x)	nm	nm	nm	nm	112.6	57.6
P/E (Reported) (x)	nm	nm	nm	nm	112.6	57.6
P/BV (x)	1.2	1.3	1.7	3.2	3.5	3.5
FCF yield (%)	nm	nm	nm	nm	nm	6.0
Dividend yield (%)	12.7	4.2	4.2	2.4	2.4	0.0
EV/Sales	3.9	4.7	4.6	6.4	6.2	5.9
EV/EBITDA	10.4	16.0	26.3	16.2	13.8	12.6
EV/EBIT	30.1	86.0	nm	44.9	28.9	25.6
Income Statement (USDm)						
Sales	1,823	1,777	1,818	1,714	1,902	1,997
EBITDA	674	527	319	674	863	941
EBIT	233	98	-137	243	411	464
Pre-tax profit	-274	-365	-161	-80	29	61
Net income	-267	-369	-147	-41	33	65
Cash Flow (USDm)						
Cash flow from operations	185	-34	290	200	475	527
Net Capex	-272	-671	-365	-740	-600	-300
Free cash flow	-87	-706	-76	-540	-125	227
Equity raised/(bought back)	2	-122	0	20	0	0
Dividends paid	-252	-93	-83	-90	-90	-90
Net inc/(dec) in borrowings	162	684	157	777	200	0
Other investing/financing cash flows	800	8	-51	-239	-83	1
Net cash flow	625	-229	-53	-72	-98	138
Change in working capital	*-380*	*-157*	*-8*	*-151*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	780	692	639	567	469	607
Property, plant & equipment	6,573	7,360	6,628	6,929	6,492	6,314
Goodwill	203	167	167	320	320	131
Other assets	2,355	2,924	3,568	3,764	5,088	5,317
Total assets	9,911	11,143	11,002	11,580	12,369	12,370
Debt	5,170	5,871	5,967	6,949	7,422	7,422
Other liabilities	1,409	1,978	1,844	1,449	1,449	1,374
Total liabilities	6,579	7,849	7,811	8,398	8,871	8,796
Total shareholders' equity	3,332	3,293	3,191	3,181	3,498	3,574
Net debt	*4,390*	*5,179*	*5,327*	*6,382*	*6,953*	*6,814*
Key Company Metrics						
Sales growth (%)	-2.7	-2.5	2.3	-5.7	11.0	5.0
DB EPS growth (%)	-37.8	11.6	46.1	-49.1	na	95.5
Payout ratio (%)	nm	nm	nm	nm	267.8	0.0
EBITDA Margin (%)	37.0	29.6	17.5	39.3	45.4	47.1
EBIT Margin (%)	12.8	5.5	-7.6	14.2	21.6	23.2
ROE (%)	-13.4	-21.6	-10.7	-3.3	3.0	6.1
Net debt/equity (%)	131.8	157.2	166.9	200.6	198.8	190.7
Net interest cover (x)	1.9	0.8	nm	1.0	1.4	1.5
DuPont Analysis						
EBIT margin (%)	12.8	5.5	-7.6	14.2	21.6	23.2
x Asset turnover (x)	0.2	0.2	0.2	0.2	0.2	0.2
x Financial cost ratio (x)	0.5	-0.3	2.2	0.0	0.3	0.3
x Tax and other effects (x)	-2.4	12.5	0.5	-5.8	0.3	0.4
= ROA (post tax) (%)	-2.8	-3.5	-1.3	-0.4	0.3	0.5
x Financial leverage (x)	4.9	6.2	8.1	9.1	10.6	11.5
= ROE (%)	-13.4	-21.6	-10.7	-3.3	3.0	6.1
annual growth (%)	*na*	*-61.2*	*50.5*	*69.4*	*na*	*105.2*
x NTA/share (avg) (x)	27.2	24.2	19.7	17.6	15.9	15.2
= Reported EPS	-3.65	-5.23	-2.11	-0.58	0.47	0.92
annual growth (%)	*na*	*-43.2*	*59.6*	*72.7*	*na*	*95.5*

Source: Company data, Deutsche Bank estimates

Model updated:24 January 2014

Running the numbers

North America

Bermuda

Marine

Teekay Tankers Ltd.

Reuters: TNK.N Bloomberg: TNK US

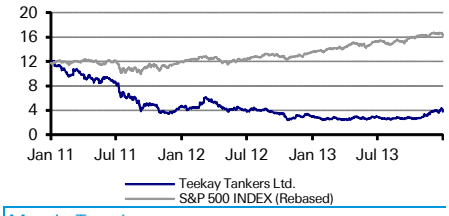
Hold

Price (24 Jan 14)	USD 3.77
Target Price	USD 3.00
52 Week range	USD 2.39 - 4.38
Market Cap (m)	EURm 230
	USDm 315

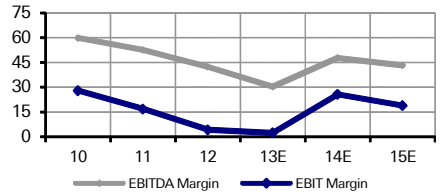
Company Profile

Teekay Tankers Limited (TNK) owns a fleet of 13 oil tankers, including Aframaxes and Suezmaxes. TNK employs a mix between period charters and spot (pool) employment for its vessels, and pays out all of its distributable cash flow as dividends.

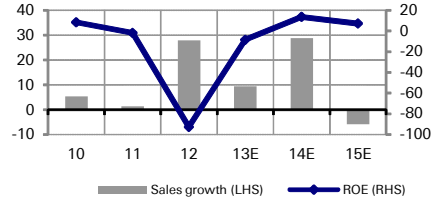
Price Performance



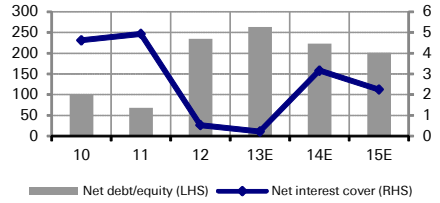
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	0.53	0.17	-0.14	-0.19	0.46	0.26
Reported EPS (USD)	0.64	-0.15	-4.61	-0.29	0.46	0.26
DPS (USD)	1.31	0.85	0.27	1.27	0.00	0.00
BVPS (USD)	10.47	8.05	3.96	3.21	3.55	3.70
Valuation Metrics						
Price/Sales (x)	4.1	4.0	2.0	1.9	1.4	1.5
P/E (DB) (x)	22.0	48.2	nm	nm	8.2	14.6
P/E (Reported) (x)	18.4	nm	nm	nm	8.2	14.6
P/BV (x)	1.2	0.4	0.7	1.2	1.1	1.0
FCF yield (%)	nm	10.9	6.9	4.1	31.2	22.7
Dividend yield (%)	11.2	10.6	6.6	33.8	0.0	0.0
EV/Sales	7.9	6.7	6.6	6.0	4.5	4.6
EV/EBITDA	13.2	12.8	15.7	19.9	9.4	10.5
EV/EBIT	28.2	40.0	155.5	246.3	17.5	24.2
Income Statement (USDm)						
Sales	119	121	155	169	218	205
EBITDA	71	64	65	51	104	89
EBIT	33	20	7	4	56	39
Pre-tax profit	22	10	-11	-15	38	22
Net income	27	-9	-366	-24	38	22
Cash Flow (USDm)						
Cash flow from operations	77	55	28	13	98	72
Net Capex	-96	-2	-6	0	0	0
Free cash flow	-20	53	22	13	98	72
Equity raised/(bought back)	331	107	94	0	0	1
Dividends paid	-55	-51	-22	-10	-10	-10
Net inc/(dec) in borrowings	-364	-105	-49	10	-22	-22
Other investing/financing cash flows	128	0	0	0	0	0
Net cash flow	20	3	46	13	66	41
Change in working capital	*5*	*-7*	*332*	*-4*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	12	16	26	40	106	146
Property, plant & equipment	757	717	886	850	802	752
Goodwill	0	0	0	0	0	0
Other assets	167	150	193	190	222	244
Total assets	937	882	1,106	1,079	1,129	1,142
Debt	459	349	736	746	768	768
Other liabilities	35	44	68	64	64	64
Total liabilities	494	393	803	810	832	832
Total shareholders' equity	443	489	302	269	297	309
Net debt	*446*	*333*	*709*	*707*	*662*	*622*
Key Company Metrics						
Sales growth (%)	5.4	1.3	27.9	9.4	28.8	-5.8
DB EPS growth (%)	-45.3	-68.8	na	-28.8	na	-43.7
Payout ratio (%)	205.5	nm	nm	nm	0.0	0.0
EBITDA Margin (%)	59.8	52.6	42.3	30.3	47.7	43.3
EBIT Margin (%)	27.9	16.9	4.3	2.5	25.7	18.9
ROE (%)	8.3	-1.9	-92.6	-8.6	13.5	7.1
Net debt/equity (%)	100.8	68.1	234.7	263.1	223.2	201.0
Net interest cover (x)	4.6	4.9	0.5	0.2	3.2	2.2
DuPont Analysis						
EBIT margin (%)	27.9	16.9	4.3	2.5	25.7	18.9
x Asset turnover (x)	0.2	0.1	0.2	0.2	0.2	0.2
x Financial cost ratio (x)	0.8	0.8	-0.9	-3.5	0.7	0.6
x Tax and other effects (x)	1.0	-0.6	63.5	1.7	1.0	1.0
= ROA (post tax) (%)	3.6	-1.0	-36.9	-2.2	3.5	1.9
x Financial leverage (x)	2.3	2.0	2.5	3.8	3.9	3.7
= ROE (%)	8.3	-1.9	-92.6	-8.6	13.5	7.1
annual growth (%)	*-30.2*	*na*	*-4,659.6*	*90.7*	*na*	*-47.5*
x NTA/share (avg) (x)	7.7	7.7	5.0	3.4	3.4	3.6
= Reported EPS	0.64	-0.15	-4.61	-0.29	0.46	0.26
annual growth (%)	*-25.7*	*na*	*-2,988.4*	*93.6*	*na*	*-43.7*

Source: Company data, Deutsche Bank estimates

Gas Financials

Dynagas (DLNG)

StealthGas (GASS)

Model updated:14 January 2014

Running the numbers

North America

United States

Marine

Dynagas L.P.

Reuters: DLNG.OQ Bloomberg: DLNG US

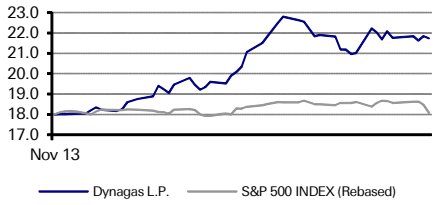
Hold

Price (24 Jan 14)	USD 21.73
Target Price	USD 20.00
52 Week range	USD 18.00 - 22.80
Market Cap (m)	USDm 652
	EURm 476

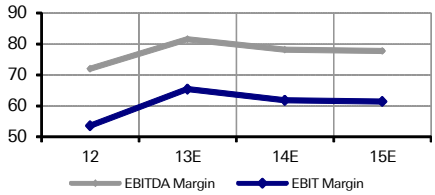
Company Profile

Dynagas is a liquefied natural gas maritime transportation company which offers ship management services to provide charterers with reliable performance. The company operates its initial fleet of three vessels on multi-year charters and currently has its vessels on contracts with major international energy companies.

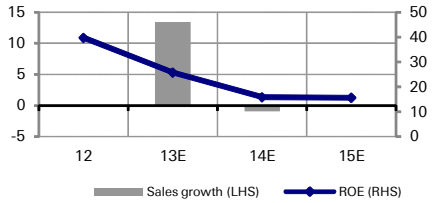
Price Performance



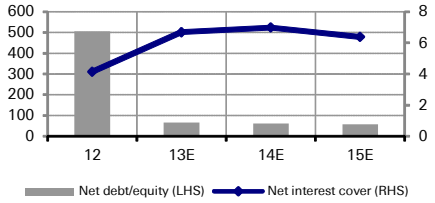
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec	2012	2013E	2014E	2015E
Financial Summary				
DB EPS (USD)	1.70	1.50	1.44	1.42
Reported EPS (USD)	1.70	1.50	1.44	1.42
DPS (USD)	0.00	0.00	1.46	1.46
BVPS (USD)	4.30	9.13	9.11	9.07
Valuation Metrics				
Price/Sales (x)	nm	7.8	7.8	7.8
P/E (DB) (x)	na	14.5	15.1	15.3
P/E (Reported) (x)	na	14.5	15.1	15.3
P/BV (x)	0.0	2.4	2.4	2.4
FCF yield (%)	na	7.7	8.9	8.7
Dividend yield (%)	na	0.0	6.7	6.7
EV/Sales	nm	9.9	9.9	9.7
EV/EBITDA	nm	12.2	12.6	12.5
EV/EBIT	nm	15.2	16.0	15.8
Income Statement (USDm)				
Sales	74	84	83	83
EBITDA	53	69	65	65
EBIT	40	55	51	51
Pre-tax profit	30	45	43	43
Net income	30	45	43	43
Cash Flow (USDm)				
Cash flow from operations	0	50	58	57
Net Capex	0	0	0	0
Free cash flow	0	50	58	57
Equity raised/(bought back)	0	0	0	0
Dividends paid	0	0	-44	-44
Net inc/(dec) in borrowings	0	-167	0	0
Other investing/financing cash flows	0	146	0	0
Net cash flow	0	30	14	13
Change in working capital	*0*	*-4*	*0*	*0*
Balance Sheet (USDm)				
Cash and cash equivalents	0	30	44	57
Property, plant & equipment	467	453	439	425
Goodwill	0	0	0	0
Other assets	-467	-483	-483	-482
Total assets	0	0	0	0
Debt	381	212	212	212
Other liabilities	20	2	2	2
Total liabilities	401	214	214	214
Total shareholders' equity	75	274	273	272
Net debt	*381*	*182*	*168*	*155*
Key Company Metrics				
Sales growth (%)	nm	13.4	-0.9	0.0
DB EPS growth (%)	na	-12.3	-3.5	-1.6
Payout ratio (%)	0.0	0.0	101.2	102.8
EBITDA Margin (%)	72.0	81.6	78.1	77.7
EBIT Margin (%)	53.6	65.4	61.8	61.4
ROE (%)	39.7	25.7	15.8	15.6
Net debt/equity (%)	506.4	66.6	61.5	57.1
Net interest cover (x)	4.1	6.7	7.0	6.4
DuPont Analysis				
EBIT margin (%)	53.6	65.4	61.8	61.4
x Asset turnover (x)	–	–	–	–
x Financial cost ratio (x)	0.8	0.9	0.9	0.8
x Tax and other effects (x)	1.0	1.0	1.0	1.0
= ROA (post tax) (%)	–	–	–	–
x Financial leverage (x)	0.0	0.0	0.0	0.0
= ROE (%)	39.7	25.7	15.8	15.6
annual growth (%)	*na*	*-35.2*	*-38.5*	*-1.3*
x NTA/share (avg) (x)	4.3	5.8	9.1	9.1
= Reported EPS	1.70	1.50	1.44	1.42
annual growth (%)	*na*	*-12.3*	*-3.5*	*-1.6*

Source: Company data, Deutsche Bank estimates

Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

StealthGas

Reuters: GASS.OQ Bloomberg: GASS UW

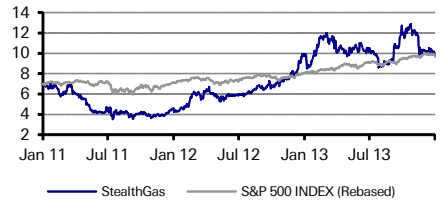
Buy

Price (24 Jan 14)	USD 9.76
Target Price	USD 12.00
52 Week range	USD 8.50 - 12.87
Market Cap (m)	USDm 276
	EURm 201

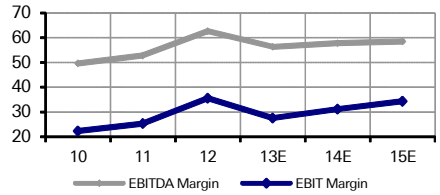
Company Profile

StealthGas Inc is a provider of international seaborne transportation services to LPG producers and users. Their vessels carry various petroleum and petrochemical gas products in liquefied form, including propane, butane, butadiene, isopropane, propylene and vinyl chloride monomer, which are all byproducts of the production of oil and natural gas. These products are transported in liquefied form in order to reduce their volume and to facilitate their handling. StealthGas has a fleet of 46 ships either delivered or contracted.

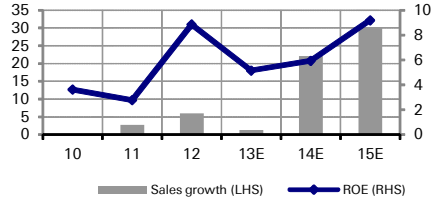
Price Performance



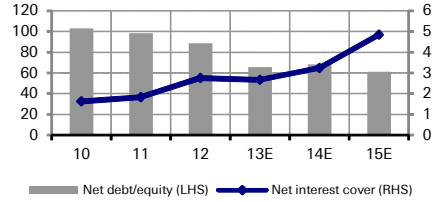
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	0.39	0.56	1.18	0.66	0.89	1.46
Reported EPS (USD)	0.51	0.41	1.41	0.74	0.89	1.46
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	14.22	14.97	16.64	16.73	15.16	16.62
Valuation Metrics						
Price/Sales (x)	1.1	1.1	1.2	2.6	2.1	1.6
P/E (DB) (x)	13.1	9.1	5.1	14.8	11.0	6.7
P/E (Reported) (x)	9.8	12.4	4.3	13.2	11.0	6.7
P/BV (x)	0.6	0.3	0.5	0.6	0.6	0.6
FCF yield (%)	nm	11.7	3.2	nm	nm	nm
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales	4.3	4.1	4.0	5.4	4.6	3.5
EV/EBITDA	8.8	7.8	6.4	9.6	8.0	6.0
EV/EBIT	19.4	16.2	11.3	19.7	14.8	10.2
Income Statement (USDm)						
Sales	98	100	107	108	132	172
EBITDA	48	53	67	61	76	100
EBIT	22	25	38	30	41	59
Pre-tax profit	8	12	24	19	28	47
Net income	11	9	29	21	28	47
Cash Flow (USDm)						
Cash flow from operations	28	42	48	50	64	88
Net Capex	-34	-30	-44	-160	-86	-176
Free cash flow	-6	12	4	-110	-22	-88
Equity raised/(bought back)	-6	-2	0	109	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	-1	6	-6	38	-14	84
Other investing/financing cash flows	-1	-2	1	-1	0	0
Net cash flow	-14	14	-1	37	-36	-4
Change in working capital	*-8*	*-4*	*-5*	*0*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	30	44	42	79	43	39
Property, plant & equipment	640	636	654	788	859	993
Goodwill	0	0	0	0	0	0
Other assets	18	16	17	20	20	20
Total assets	688	696	713	887	921	1,052
Debt	345	351	345	389	374	365
Other liabilities	37	32	26	26	61	155
Total liabilities	382	383	371	415	436	520
Total shareholders' equity	306	313	342	472	486	533
Net debt	*315*	*308*	*303*	*310*	*332*	*326*
Key Company Metrics						
Sales growth (%)	nm	2.8	6.0	1.3	22.1	30.2
DB EPS growth (%)	na	43.5	112.1	-44.2	34.3	64.8
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	49.6	52.8	62.6	56.4	57.8	58.5
EBIT Margin (%)	22.3	25.4	35.6	27.6	31.1	34.3
ROE (%)	3.6	2.8	8.8	5.1	5.9	9.2
Net debt/equity (%)	103.0	98.2	88.6	65.5	68.2	61.2
Net interest cover (x)	1.6	1.8	2.8	2.7	3.2	4.8
DuPont Analysis						
EBIT margin (%)	22.3	25.4	35.6	27.6	31.1	34.3
x Asset turnover (x)	0.1	0.1	0.2	0.1	0.1	0.2
x Financial cost ratio (x)	0.4	0.5	0.6	0.6	0.7	0.8
x Tax and other effects (x)	1.3	0.7	1.2	1.1	1.0	1.0
= ROA (post tax) (%)	1.6	1.2	4.1	2.6	3.1	4.7
x Financial leverage (x)	2.2	2.2	2.2	2.0	1.9	1.9
= ROE (%)	3.6	2.8	8.8	5.1	5.9	9.2
annual growth (%)	*na*	*-23.8*	*220.5*	*-41.9*	*15.2*	*55.0*
x NTA/share (avg) (x)	14.2	14.8	15.9	14.4	14.9	15.9
= Reported EPS	0.51	0.41	1.41	0.74	0.89	1.46
annual growth (%)	*na*	*-20.5*	*244.9*	*-47.4*	*19.4*	*64.8*

Source: Company data, Deutsche Bank estimates

Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Dry Bulk Sector

Dryships Inc. (DRYS)

Diana Shipping (DSX)

Genco Shipping & Trading (GNK)

Navios Maritime Partners (NMM)

Scorpio Bulkers (SALT)

Model updated:14 January 2014

Running the numbers

North America

United States

Marine

DryShips Inc

Reuters: DRYS.OQ Bloomberg: DRYS US

Hold

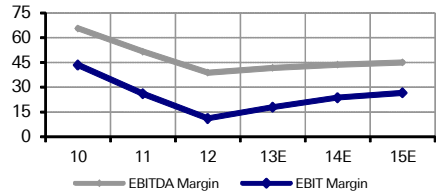
Price (24 Jan 14)	USD 3.39
Target Price	USD 3.00
52 Week range	USD 1.68 - 4.70
Market Cap (m)	USDm 1,300
	EURm 950

Company Profile

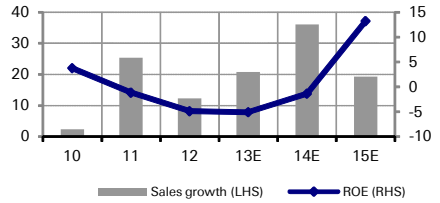
Dryships Inc. (DRYS) is an Athens based owner of dry bulk, tanker and deep water drilling vessels. DRYS' dry bulk and tanker vessels are largely spot market exposed for 2013, while its ultra deepwater (UDW) drilling rigs are generally employed on mult-year contracts. DRYS maintains a majority ownership stake in Ocean Rig (NSDQ: ORIG) which holds its offshore drilling fleet.

Price Performance

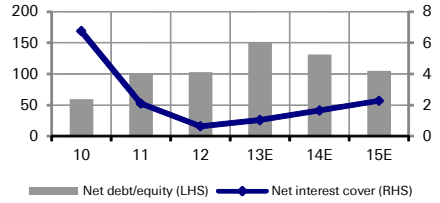
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	1.09	0.34	-0.33	-0.26	0.37	0.79
Reported EPS (USD)	0.45	-0.13	-0.50	-0.51	-0.14	1.44
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	14.51	11.10	10.17	9.95	10.51	11.31
Valuation Metrics						
Price/Sales (x)	1.6	1.2	0.8	0.9	0.7	0.5
P/E (DB) (x)	4.7	10.9	nm	nm	9.3	4.3
P/E (Reported) (x)	11.2	nm	nm	nm	nm	2.4
P/BV (x)	0.4	0.2	0.2	0.3	0.3	0.3
FCF yield (%)	31.5	31.6	37.8	11.1	26.5	76.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales	4.3	4.9	4.1	4.8	3.3	2.5
EV/EBITDA	6.5	9.6	10.5	11.6	7.6	5.5
EV/EBIT	9.9	18.9	36.8	27.0	14.1	9.3
Income Statement (USDm)						
Sales	860	1,078	1,210	1,462	1,989	2,374
EBITDA	564	555	469	610	868	1,067
EBIT	373	281	134	262	470	631
Pre-tax profit	323	148	-95	6	182	348
Net income	126	-46	-191	-196	-55	556
Cash Flow (USDm)						
Cash flow from operations	411	377	335	144	347	996
Net Capex	20	41	19	0	0	0
Free cash flow	431	418	354	144	347	996
Equity raised/(bought back)	579	0	0	20	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	-157	1,377	279	1,732	-336	-436
Other investing/financing cash flows	-1,221	-1,913	-444	-2,017	-97	0
Net cash flow	-368	-117	189	-120	-86	560
Change in working capital	*33*	*127*	*86*	*-12*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	392	251	397	221	332	639
Property, plant & equipment	3,167	6,544	6,506	8,404	8,389	7,953
Goodwill	0	0	0	0	0	0
Other assets	3,426	1,826	1,975	1,738	1,551	1,547
Total assets	6,984	8,622	8,878	10,364	10,272	10,139
Debt	2,720	4,242	4,387	5,989	5,653	5,217
Other liabilities	365	441	624	559	559	559
Total liabilities	3,085	4,683	5,010	6,548	6,212	5,776
Total shareholders' equity	3,900	3,939	3,868	3,816	4,060	4,364
Net debt	*2,328*	*3,991*	*3,990*	*5,768*	*5,321*	*4,577*
Key Company Metrics						
Sales growth (%)	2.3	25.3	12.3	20.8	36.1	19.4
DB EPS growth (%)	0.1	-68.7	na	21.6	na	114.6
Payout ratio (%)	0.0	nm	nm	nm	nm	0.0
EBITDA Margin (%)	65.6	51.5	38.8	41.7	43.7	45.0
EBIT Margin (%)	43.4	26.1	11.1	17.9	23.7	26.6
ROE (%)	3.7	-1.2	-4.9	-5.1	-1.4	13.2
Net debt/equity (%)	59.7	101.3	103.1	151.1	131.0	104.9
Net interest cover (x)	6.8	2.1	0.6	1.0	1.7	2.3
DuPont Analysis						
EBIT margin (%)	43.4	26.1	11.1	17.9	23.7	26.6
x Asset turnover (x)	0.1	0.1	0.1	0.2	0.2	0.2
x Financial cost ratio (x)	0.9	0.5	-0.6	0.0	0.4	0.6
x Tax and other effects (x)	0.4	-0.3	2.5	-20.9	-0.3	1.6
= ROA (post tax) (%)	2.0	-0.6	-2.2	-2.0	-0.5	5.4
x Financial leverage (x)	1.9	2.0	2.2	2.5	2.6	2.4
= ROE (%)	3.7	-1.2	-4.9	-5.1	-1.4	13.2
annual growth (%)	*na*	*na*	*-318.8*	*-4.2*	*72.8*	*na*
x NTA/share (avg) (x)	12.1	11.0	10.3	10.0	10.2	10.9
= Reported EPS	0.45	-0.13	-0.50	-0.51	-0.14	1.44
annual growth (%)	*na*	*na*	*-289.4*	*-1.7*	*72.3*	*na*

Source: Company data, Deutsche Bank estimates

Model updated:14 January 2014

Running the numbers

North America

United States

Marine

Diana Shipping Inc

Reuters: DSX.N Bloomberg: DSX UN

Buy

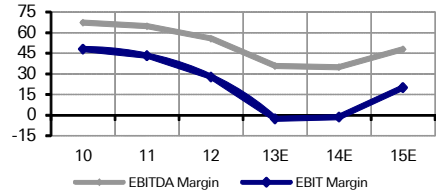
Price (24 Jan 14)	USD 11.62
Target Price	USD 15.00
52 Week range	USD 8.35 - 13.64
Market Cap (m)	USDm 942
	EURm 688

Company Profile

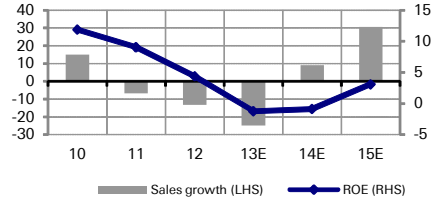
Diana Shipping Inc. (DSX) is an Athens based owner of dry bulk vessels used for shipping commodities such as iron ore, coal, and grain. DSX's fleet currently consists of 30 high quality modern Panamax and Capesize vessels, with a portfolio approach to employment.

Price Performance

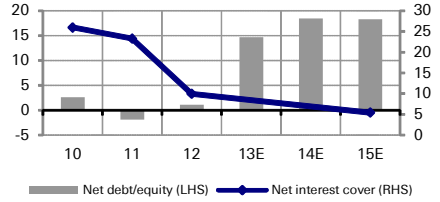
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	1.59	1.33	0.67	-0.15	-0.14	0.48
Reported EPS (USD)	1.59	1.33	0.67	-0.19	-0.14	0.48
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	14.50	14.91	15.62	15.50	15.31	15.78
Valuation Metrics						
Price/Sales (x)	3.8	3.2	2.8	5.6	5.2	3.9
P/E (DB) (x)	8.2	7.6	11.4	nm	nm	24.2
P/E (Reported) (x)	8.2	7.6	11.4	nm	nm	24.2
P/BV (x)	0.8	0.5	0.5	0.7	0.8	0.7
FCF yield (%)	nm	11.5	nm	nm	nm	0.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales	3.9	3.1	2.8	6.7	6.4	4.9
EV/EBITDA	5.8	4.8	5.1	18.9	18.4	10.3
EV/EBIT	8.2	7.2	10.2	nm	nm	24.6
Income Statement (USDm)						
Sales	275	257	223	167	183	239
EBITDA	185	166	124	60	64	114
EBIT	132	111	62	-4	-2	48
Pre-tax profit	129	107	54	-12	-11	39
Net income	129	107	54	-16	-11	39
Cash Flow (USDm)						
Cash flow from operations	179	157	118	52	55	105
Net Capex	-180	-63	-164	-159	-100	-100
Free cash flow	-2	93	-46	-107	-45	5
Equity raised/(bought back)	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	29	13	67	52	0	-10
Other investing/financing cash flows	0	-20	13	-59	0	0
Net cash flow	27	87	34	-114	-45	-5
Change in working capital	*-3*	*-6*	*2*	*4*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	345	417	447	328	283	278
Property, plant & equipment	1,196	1,110	1,223	1,286	1,320	1,354
Goodwill	0	0	0	0	0	0
Other assets	44	78	74	156	156	166
Total assets	1,585	1,605	1,743	1,770	1,759	1,798
Debt	376	394	461	513	513	513
Other liabilities	47	2	15	1	1	1
Total liabilities	423	396	476	514	514	514
Total shareholders' equity	1,170	1,209	1,266	1,257	1,246	1,285
Net debt	*31*	*-23*	*14*	*185*	*230*	*235*
Key Company Metrics						
Sales growth (%)	15.1	-6.8	-13.3	-24.8	9.2	30.6
DB EPS growth (%)	2.8	-16.9	-49.7	na	10.6	na
Payout ratio (%)	0.0	0.0	0.0	nm	nm	0.0
EBITDA Margin (%)	67.3	64.7	55.6	35.6	34.8	47.8
EBIT Margin (%)	48.0	43.1	27.8	-2.6	-1.3	20.0
ROE (%)	11.9	9.0	4.4	-1.2	-0.9	3.1
Net debt/equity (%)	2.6	-1.9	1.1	14.7	18.5	18.3
Net interest cover (x)	25.9	23.3	10.0	nm	nm	5.5
DuPont Analysis						
EBIT margin (%)	48.0	43.1	27.8	-2.6	-1.3	20.0
x Asset turnover (x)	0.2	0.2	0.1	0.1	0.1	0.1
x Financial cost ratio (x)	1.0	1.0	0.9	2.6	4.6	0.8
x Tax and other effects (x)	1.0	1.0	1.0	1.3	1.0	1.0
= ROA (post tax) (%)	8.9	6.7	3.2	-0.9	-0.6	2.2
x Financial leverage (x)	1.3	1.3	1.4	1.4	1.4	1.4
= ROE (%)	11.9	9.0	4.4	-1.2	-0.9	3.1
annual growth (%)	*-13.3*	*-23.9*	*-51.7*	*na*	*28.4*	*na*
x NTA/share (avg) (x)	13.4	14.7	15.3	15.6	15.4	15.5
= Reported EPS	1.59	1.33	0.67	-0.19	-0.14	0.48
annual growth (%)	*2.8*	*-16.9*	*-49.7*	*na*	*29.3*	*na*

Source: Company data, Deutsche Bank estimates

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

Genco Shipping

Reuters: GNK.N Bloomberg: GNK UN

Sell

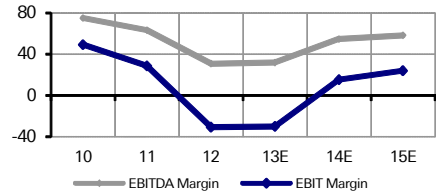
Price (24 Jan 14)	USD 2.38
Target Price	USD 1.00
52 Week range	USD 1.26 - 4.70
Market Cap (m)	USDm 103
	EURm 75

Company Profile

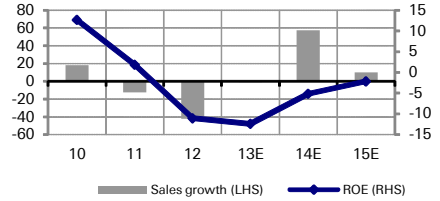
Genco Shipping & Trading Limited (GNK) is U.S.-based owner of a diverse fleet of 49 dry bulk vessels ranging in size from Handysize up to Capesize. GNK typically utilizes staggered long-term charters when employing its vessels.

Price Performance

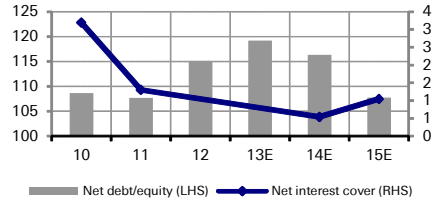
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	4.01	0.70	-3.47	-3.55	-1.42	-0.59
Reported EPS (USD)	4.01	0.70	-3.47	-3.55	-1.42	-0.59
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	40.93	38.60	30.23	28.03	26.92	27.00
Valuation Metrics						
Price/Sales (x)	1.3	0.8	0.8	0.5	0.3	0.3
P/E (DB) (x)	4.5	12.5	nm	nm	nm	nm
P/E (Reported) (x)	4.5	12.5	nm	nm	nm	nm
P/BV (x)	0.4	0.2	0.1	0.1	0.1	0.1
FCF yield (%)	nm	8.1	nm	nm	87.3	93.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales	4.6	4.5	7.2	6.8	4.1	3.5
EV/EBITDA	6.1	7.1	23.4	21.5	7.5	6.0
EV/EBIT	9.3	15.8	nm	nm	27.0	14.6
Income Statement (USDm)						
Sales	449	392	226	224	353	388
EBITDA	337	248	70	72	193	227
EBIT	221	112	-69	-67	54	93
Pre-tax profit	152	26	-157	-160	-46	4
Net income	144	25	-145	-153	-61	-25
Cash Flow (USDm)						
Cash flow from operations	283	158	-19	-13	90	96
Net Capex	-705	-133	-2	-43	0	0
Free cash flow	-422	25	-21	-56	90	96
Equity raised/(bought back)	55	0	0	0	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	296	-103	-189	0	-195	-70
Other investing/financing cash flows	242	35	54	105	0	0
Net cash flow	170	-43	-155	48	-105	26
Change in working capital	*14*	*-17*	*-36*	*-5*	*3*	*-21*
Balance Sheet (USDm)						
Cash and cash equivalents	280	228	73	121	16	42
Property, plant & equipment	2,674	2,800	2,661	2,575	2,436	2,300
Goodwill	0	0	0	0	0	0
Other assets	229	91	109	121	124	183
Total assets	3,183	3,119	2,843	2,817	2,575	2,525
Debt	1,746	1,694	1,524	1,564	1,369	1,299
Other liabilities	87	63	58	42	42	58
Total liabilities	1,833	1,758	1,582	1,606	1,411	1,357
Total shareholders' equity	1,350	1,362	1,261	1,211	1,164	1,167
Net debt	*1,466*	*1,466*	*1,452*	*1,444*	*1,354*	*1,258*
Key Company Metrics						
Sales growth (%)	18.2	-12.6	-42.3	-0.9	57.2	10.1
DB EPS growth (%)	-15.1	-82.5	na	-2.2	60.1	58.5
Payout ratio (%)	0.0	0.0	nm	nm	nm	nm
EBITDA Margin (%)	75.1	63.3	30.8	31.9	54.8	58.4
EBIT Margin (%)	49.3	28.6	-30.6	-29.9	15.3	24.0
ROE (%)	12.6	1.8	-11.1	-12.4	-5.2	-2.2
Net debt/equity (%)	108.7	107.7	115.1	119.2	116.3	107.7
Net interest cover (x)	3.2	1.3	nm	nm	0.5	1.0
DuPont Analysis						
EBIT margin (%)	49.3	28.6	-30.6	-29.9	15.3	24.0
x Asset turnover (x)	0.2	0.1	0.1	0.1	0.1	0.2
x Financial cost ratio (x)	0.7	0.2	2.3	2.4	-0.9	0.0
x Tax and other effects (x)	0.9	1.0	0.9	1.0	1.3	-6.7
= ROA (post tax) (%)	5.2	0.8	-4.9	-5.4	-2.3	-1.0
x Financial leverage (x)	2.4	2.3	2.3	2.3	2.3	2.2
= ROE (%)	12.6	1.8	-11.1	-12.4	-5.2	-2.2
annual growth (%)	*-30.9*	*-85.5*	*na*	*-12.2*	*58.4*	*57.7*
x NTA/share (avg) (x)	31.8	38.4	31.4	28.6	27.5	27.0
= Reported EPS	4.01	0.70	-3.47	-3.55	-1.42	-0.59
annual growth (%)	*-15.1*	*-82.5*	*na*	*-2.2*	*60.1*	*58.5*

Source: Company data, Deutsche Bank estimates

Model updated:21 January 2014

Running the numbers

North America

United States

Marine

Navios Partners L.P.

Reuters: NMM.N Bloomberg: NMM UN

Buy

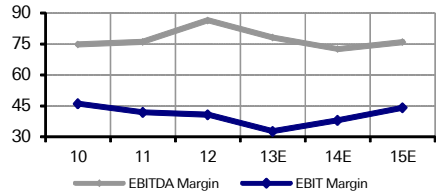
Price (24 Jan 14)	USD 18.06
Target Price	USD 20.00
52 Week range	USD 13.26 - 19.45
Market Cap (m)	USDm 1,229
	EURm 898

Company Profile

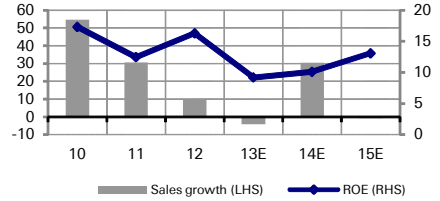
Navios Maritime Partners L.P. (NMM) transports iron ore, coal, grain, steel products and other dry bulk cargoes along worldwide shipping routes. Navios Partners currently owns a fleet of 12 dry bulk vessels consisting of eight Panamax vessels, three Capesize vessels, and one Handymax vessel. NMM also charters in two Panamax vessels, creating an operating fleet of 14 dry bulk vessels with a total carrying capacity of 1,331,291 deadweight tons (dwt), with an average age of nearly seven years.

Price Performance

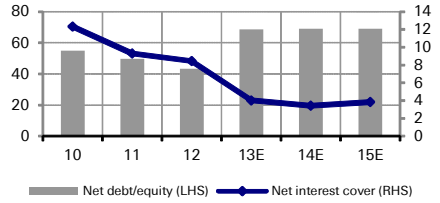
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	1.51	1.40	1.61	0.88	0.94	1.13
Reported EPS (USD)	1.40	1.19	1.61	0.90	0.94	1.13
DPS (USD)	1.74	1.75	1.77	1.77	1.77	0.00
BVPS (USD)	11.37	10.19	10.41	10.41	8.98	8.35
Valuation Metrics						
Price/Sales (x)	5.2	5.1	4.3	6.2	4.8	4.8
P/E (DB) (x)	11.5	12.4	9.1	20.4	19.2	16.0
P/E (Reported) (x)	12.4	14.6	9.1	20.2	19.2	16.0
P/BV (x)	1.7	1.4	1.2	1.7	2.0	2.2
FCF yield (%)	nm	5.4	10.4	nm	12.1	12.4
Dividend yield (%)	10.0	10.1	12.0	9.8	9.8	0.0
EV/Sales	7.1	6.6	5.6	8.7	6.6	6.5
EV/EBITDA	9.5	8.6	6.4	11.1	9.0	8.5
EV/EBIT	15.5	15.7	13.7	26.7	17.3	14.7
Income Statement (USDm)						
Sales	143	187	205	197	257	255
EBITDA	107	142	177	154	186	194
EBIT	66	78	84	64	98	113
Pre-tax profit	61	69	74	61	69	83
Net income	61	65	96	61	69	83
Cash Flow (USDm)						
Cash flow from operations	95	127	179	124	160	165
Net Capex	-292	-76	-89	-338	0	0
Free cash flow	-197	51	91	-214	160	165
Equity raised/(bought back)	260	88	70	151	0	0
Dividends paid	-72	-95	-107	-122	-130	-130
Net inc/(dec) in borrowings	137	-4	-48	257	-3	-3
Other investing/financing cash flows	-156	-44	-21	-60	0	0
Net cash flow	-28	-3	-16	12	28	32
Change in working capital	*-6*	*-7*	*11*	*-18*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	51	48	32	44	71	104
Property, plant & equipment	612	667	721	724	656	575
Goodwill	0	0	0	0	0	0
Other assets	177	195	201	497	485	496
Total assets	841	910	955	1,264	1,213	1,175
Debt	322	326	300	531	528	527
Other liabilities	28	24	37	25	24	33
Total liabilities	349	350	336	556	552	560
Total shareholders' equity	492	560	619	709	661	614
Net debt	*270*	*278*	*268*	*487*	*457*	*424*
Key Company Metrics						
Sales growth (%)	54.6	30.6	9.9	-4.1	30.5	-0.7
DB EPS growth (%)	-8.7	-7.5	15.6	-45.2	6.2	20.6
Payout ratio (%)	124.1	147.0	109.4	197.8	188.6	0.0
EBITDA Margin (%)	74.7	76.0	86.4	78.1	72.5	75.9
EBIT Margin (%)	46.0	41.8	40.7	32.6	37.9	44.1
ROE (%)	17.3	12.4	16.3	9.2	10.1	13.1
Net debt/equity (%)	55.0	49.7	43.2	68.7	69.1	69.0
Net interest cover (x)	12.3	9.3	8.4	4.0	3.4	3.8
DuPont Analysis						
EBIT margin (%)	46.0	41.8	40.7	32.6	37.9	44.1
x Asset turnover (x)	0.2	0.2	0.2	0.2	0.2	0.2
x Financial cost ratio (x)	0.9	0.9	0.9	0.8	0.7	0.7
x Tax and other effects (x)	1.0	0.9	1.3	1.3	1.0	1.0
= ROA (post tax) (%)	9.5	7.5	10.3	5.5	5.6	7.0
x Financial leverage (x)	1.8	1.7	1.6	1.7	1.8	1.9
= ROE (%)	17.3	12.4	16.3	9.2	10.1	13.1
annual growth (%)	*-28.2*	*-28.1*	*30.8*	*-43.6*	*9.9*	*29.5*
x NTA/share (avg) (x)	8.1	9.6	9.9	9.8	9.3	8.7
= Reported EPS	1.40	1.19	1.61	0.90	0.94	1.13
annual growth (%)	*6.3*	*-15.0*	*35.5*	*-44.5*	*4.9*	*20.6*

Source: Company data, Deutsche Bank estimates

Model updated:14 January 2014

Running the numbers

North America

United States

Marine

Scorpio Bulkers

Reuters: SALT.N Bloomberg: SALT UN

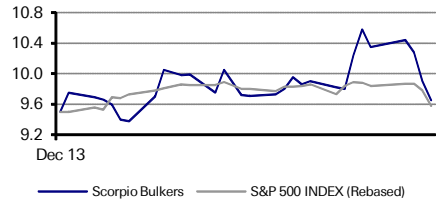
Buy

Price (24 Jan 14)	USD 9.65
Target Price	USD 18.00
52 Week range	USD 9.38 - 10.58
Market Cap (m)	USDm 671
	EURm 491

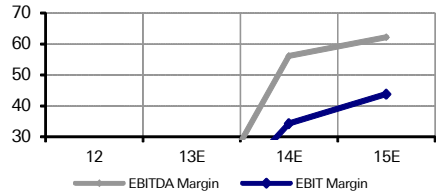
Company Profile

SALT is a dry bulk shipping company which has an initial fleet of Ultramax, Kamsarmax, and Capesize vessels to be delivered beginning in mid-2014. The company intends to operate these vessels primarily in the spot market, or in spot market-oriented pools.

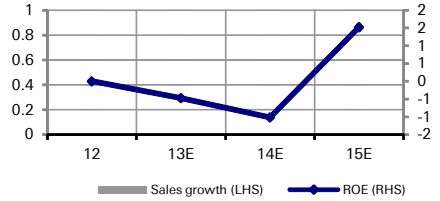
Price Performance



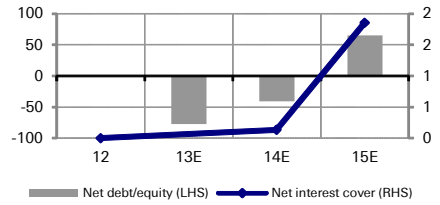
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec		2012	2013E	2014E	2015E
Financial Summary					
DB EPS (USD)	IV		-0.07	-0.08	0.13
Reported EPS (USD)	IV		-0.07	-0.08	0.13
DPS (USD)	IV		0.00	0.00	0.00
BVPS (USD)	IV		15.84	8.51	8.61
Valuation Metrics					
Price/Sales (x)	IV		nm	152.0	7.4
P/E (DB) (x)	IV		nm	nm	76.8
P/E (Reported) (x)	IV		nm	nm	76.8
P/BV (x)	IV		0.6	1.1	1.1
FCF yield (%)	IV		nm	nm	2.8
Dividend yield (%)	IV		0.0	0.0	0.0
EV/Sales	IV		nm	51.2	15.4
EV/EBITDA	IV		nm	91.4	24.8
EV/EBIT	IV		nm	149.6	35.3
Income Statement (USDm)					
Sales	IV		0	4	91
EBITDA	IV		-1	2	56
EBIT	IV		-1	2	40
Pre-tax profit	IV		-5	-11	17
Net income	IV		-5	-11	17
Cash Flow (USDm)					
Cash flow from operations	IV		-2	-9	35
Net Capex	IV		0	0	0
Free cash flow	IV		-2	-9	35
Equity raised/(bought back)	IV		1,105	0	0
Dividends paid	IV		0	0	0
Net inc/(dec) in borrowings	IV		8	309	609
Other investing/financing cash flows	IV		-252	-398	-1,207
Net cash flow	IV		859	-97	-563
Change in working capital	*IV*		*0*	*0*	*0*
Balance Sheet (USDm)					
Cash and cash equivalents	IV		859	762	200
Property, plant & equipment	IV		264	660	1,866
Goodwill	IV		0	0	0
Other assets	IV		-13	-10	-17
Total assets	IV		1,110	1,412	2,048
Debt	IV		8	317	927
Other liabilities	IV		0	0	0
Total liabilities	IV		8	317	927
Total shareholders' equity	IV		1,102	1,095	1,112
Net debt	*IV*		*-851*	*-445*	*727*
Key Company Metrics					
Sales growth (%)	IV		nm	nm	nm
DB EPS growth (%)	IV		na	-16.2	na
Payout ratio (%)	IV		nm	nm	0.0
EBITDA Margin (%)	IV		nm	56.1	62.1
EBIT Margin (%)	IV		nm	34.3	43.8
ROE (%)	IV		-0.5	-1.0	1.5
Net debt/equity (%)	IV		-77.2	-40.7	65.4
Net interest cover (x)	IV		nm	0.1	1.9
DuPont Analysis					
EBIT margin (%)	IV		nm	34.3	43.8
x Asset turnover (x)	IV		0.0	0.0	0.1
x Financial cost ratio (x)	IV		0.8	-6.4	0.5
x Tax and other effects (x)	IV		5.0	1.2	0.9
= ROA (post tax) (%)	IV		-0.5	-0.9	1.0
x Financial leverage (x)	IV		1.0	1.1	1.6
= ROE (%)	IV		-0.5	-1.0	1.5
annual growth (%)	*IV*		*na*	*-116.1*	*na*
x NTA/share (avg) (x)	IV		15.4	8.3	8.3
= Reported EPS	IV		-0.07	-0.08	0.13
annual growth (%)	*IV*		*na*	*-16.2*	*na*

Source: Company data, Deutsche Bank estimates

Container Financials

Seaspan (SSW)

Textainer (TGH)

Model updated:14 January 2014

Running the numbers

North America

United States

Marine

Seaspan Corp

Reuters: SSW.N Bloomberg: SSW UN

Hold

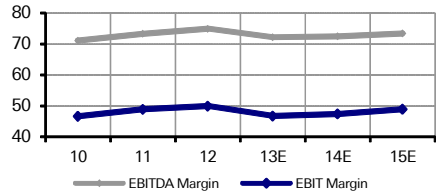
Price (24 Jan 14)	USD 21.92
Target Price	USD 26.00
52 Week range	USD 18.50 - 24.82
Market Cap (m)	USDm 1,426
	EURm 1,042

Company Profile

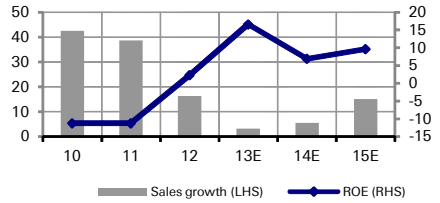
Seaspan Corp. (SSW) is global ocean shipping company that owns containerships which move sea containers for major steamship lines. SSW owns a fleet of 69 (including newbuilds) containerships, which are chartered under long-term contracts.

Price Performance

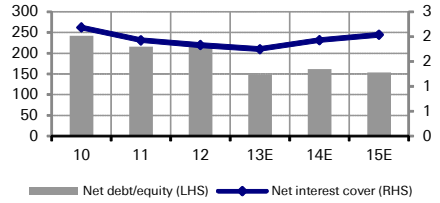
Margin Trends



Growth & Profitability



Solvency



Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	1.13	1.08	1.22	0.92	1.10	1.50
Reported EPS (USD)	-1.38	-1.41	0.32	2.55	1.10	1.50
DPS (USD)	0.45	0.53	0.76	1.25	1.25	0.00
BVPS (USD)	14.51	17.11	19.42	22.83	22.34	23.45
Valuation Metrics						
Price/Sales (x)	1.9	1.8	1.6	2.1	2.0	1.7
P/E (DB) (x)	10.1	13.6	13.4	23.8	19.9	14.6
P/E (Reported) (x)	nm	nm	50.7	8.6	19.9	14.6
P/BV (x)	0.9	0.8	0.8	1.0	1.0	0.9
FCF yield (%)	nm	nm	4.1	nm	nm	nm
Dividend yield (%)	4.0	3.6	4.6	5.7	5.7	0.0
EV/Sales	7.8	6.3	5.7	5.4	5.5	4.7
EV/EBITDA	10.9	8.6	7.6	7.4	7.5	6.5
EV/EBIT	16.7	12.9	11.4	11.5	11.5	9.7
Income Statement (USDm)						
Sales	407	565	657	678	715	824
EBITDA	290	414	492	489	518	604
EBIT	190	276	328	317	339	403
Pre-tax profit	95	123	137	122	147	195
Net income	-115	-122	27	223	104	151
Cash Flow (USDm)						
Cash flow from operations	154	262	259	308	335	401
Net Capex	-717	-632	-217	-351	-526	-690
Free cash flow	-564	-371	42	-43	-191	-289
Equity raised/(bought back)	26	216	-98	113	0	1
Dividends paid	-24	-58	-85	-84	-95	-119
Net inc/(dec) in borrowings	535	686	16	-53	51	414
Other investing/financing cash flows	-72	-5	-14	-17	0	1
Net cash flow	-99	469	-139	-85	-236	7
Change in working capital	*-4*	*-42*	*-22*	*-11*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	34	481	430	309	81	88
Property, plant & equipment	3,192	4,697	4,863	4,712	5,059	5,547
Goodwill	0	0	0	0	0	0
Other assets	1,151	269	358	110	94	-325
Total assets	4,377	5,448	5,651	5,131	5,234	5,311
Debt	2,428	3,033	3,129	2,513	2,564	2,564
Other liabilities	959	1,231	1,303	1,134	1,134	1,134
Total liabilities	3,387	4,264	4,432	3,646	3,697	3,697
Total shareholders' equity	990	1,183	1,219	1,485	1,537	1,614
Net debt	*2,394*	*2,552*	*2,700*	*2,204*	*2,482*	*2,475*
Key Company Metrics						
Sales growth (%)	42.6	38.7	16.3	3.2	5.5	15.2
DB EPS growth (%)	32.0	-4.5	13.5	-24.6	19.5	36.2
Payout ratio (%)	nm	nm	175.3	36.4	83.0	0.0
EBITDA Margin (%)	71.1	73.3	74.9	72.2	72.5	73.4
EBIT Margin (%)	46.6	48.9	49.9	46.7	47.4	48.9
ROE (%)	-11.3	-11.2	2.3	16.5	6.9	9.6
Net debt/equity (%)	241.9	215.7	221.6	148.4	161.5	153.4
Net interest cover (x)	2.2	1.9	1.8	1.7	1.9	2.0
DuPont Analysis						
EBIT margin (%)	46.6	48.9	49.9	46.7	47.4	48.9
x Asset turnover (x)	0.1	0.1	0.1	0.1	0.1	0.2
x Financial cost ratio (x)	0.5	0.5	0.5	0.4	0.5	0.5
x Tax and other effects (x)	-1.1	-0.9	0.2	1.7	0.6	0.7
= ROA (post tax) (%)	-2.9	-2.5	0.5	4.1	2.0	2.9
x Financial leverage (x)	3.9	4.5	4.6	4.0	3.4	3.3
= ROE (%)	-11.3	-11.2	2.3	16.5	6.9	9.6
annual growth (%)	*na*	*0.0*	*na*	*633.7*	*-58.5*	*40.0*
x NTA/share (avg) (x)	12.3	12.6	14.3	15.4	16.0	15.6
= Reported EPS	-1.38	-1.41	0.32	2.55	1.10	1.50
annual growth (%)	*na*	*-2.7*	*na*	*690.1*	*-56.9*	*36.2*

Source: Company data, Deutsche Bank estimates

Model updated:24 January 2014

Running the numbers

North America

United States

Marine

Textainer Group Holdings

Reuters: TGH.N Bloomberg: TGH UN

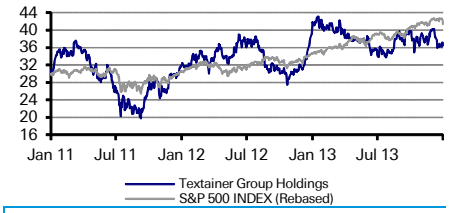
Hold

Price (24 Jan 14)	USD 36.47
Target Price	USD 34.00
52 Week range	USD 33.71 - 43.06
Market Cap (m)	USDm 2,053
	EURm 1,500

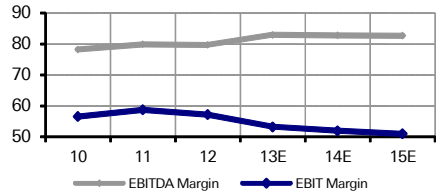
Company Profile

Textainer (TGH) is the largest lessor of intermodal containers, with a total fleet of more than 2.4 million TEUs of capacity. TGH leases its fleet on a mixture of short- and long-term leases, with over 78% of its fleet employed on long-term leases.

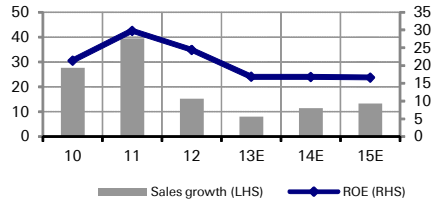
Price Performance



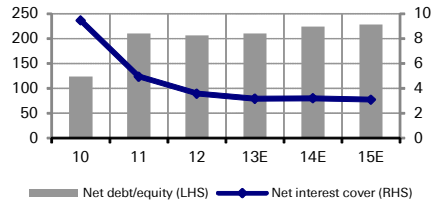
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec	2010	2011	2012	2013E	2014E	2015E
Financial Summary						
DB EPS (USD)	2.51	3.57	3.68	3.08	3.51	3.75
Reported EPS (USD)	2.35	3.77	3.95	3.18	3.51	3.77
DPS (USD)	0.99	1.28	1.63	1.85	1.88	1.93
BVPS (USD)	12.12	13.93	19.65	20.31	21.97	23.84
Valuation Metrics						
Price/Sales (x)	3.9	3.4	3.5	3.9	3.5	3.1
P/E (DB) (x)	9.7	8.1	9.0	11.8	10.4	9.7
P/E (Reported) (x)	10.4	7.7	8.4	11.5	10.4	9.7
P/BV (x)	2.4	2.1	1.6	1.8	1.7	1.5
FCF yield (%)	nm	nm	nm	nm	nm	nm
Dividend yield (%)	4.1	4.4	4.9	5.1	5.2	5.3
EV/Sales	6.9	6.7	8.0	8.7	8.5	8.0
EV/EBITDA	8.8	8.5	10.1	10.5	10.2	9.6
EV/EBIT	12.2	11.5	14.0	16.4	16.3	15.6
Income Statement (USDm)						
Sales	303	423	487	526	587	665
EBITDA	237	338	388	437	486	550
EBIT	171	248	278	280	305	339
Pre-tax profit	142	193	196	190	210	230
Net income	116	188	206	181	200	214
Cash Flow (USDm)						
Cash flow from operations	164	213	267	309	390	435
Net Capex	-344	-760	-1,017	-657	-740	-725
Free cash flow	-180	-547	-749	-348	-350	-290
Equity raised/(bought back)	5	12	204	57	0	0
Dividends paid	-48	-63	-83	-104	-106	-108
Net inc/(dec) in borrowings	202	620	644	429	277	299
Other investing/financing cash flows	21	-4	11	53	82	90
Net cash flow	0	18	26	87	-97	-10
Change in working capital	*-7*	*-50*	*-26*	*-6*	*0*	*0*
Balance Sheet (USDm)						
Cash and cash equivalents	57	75	100	188	91	81
Property, plant & equipment	1,439	1,906	2,918	3,351	3,916	4,435
Goodwill	0	0	0	0	0	0
Other assets	251	327	458	531	435	340
Total assets	1,747	2,308	3,476	4,070	4,441	4,855
Debt	889	1,509	2,262	2,691	2,969	3,267
Other liabilities	187	117	168	189	189	192
Total liabilities	1,077	1,626	2,430	2,880	3,158	3,460
Total shareholders' equity	671	682	1,046	1,190	1,284	1,396
Net debt	*832*	*1,434*	*2,162*	*2,503*	*2,878*	*3,187*
Key Company Metrics						
Sales growth (%)	27.7	39.5	15.2	8.1	11.5	13.3
DB EPS growth (%)	48.0	42.6	3.0	-16.2	14.0	6.8
Payout ratio (%)	41.2	33.3	40.6	57.5	53.0	50.6
EBITDA Margin (%)	78.2	79.9	79.7	83.0	82.8	82.7
EBIT Margin (%)	56.6	58.7	57.2	53.2	52.0	51.0
ROE (%)	21.3	29.7	24.4	16.8	16.8	16.6
Net debt/equity (%)	124.1	210.4	206.6	210.3	224.2	228.4
Net interest cover (x)	9.5	4.9	3.6	3.2	3.2	3.1
DuPont Analysis						
EBIT margin (%)	56.6	58.7	57.2	53.2	52.0	51.0
x Asset turnover (x)	0.2	0.2	0.2	0.1	0.1	0.1
x Financial cost ratio (x)	0.9	0.8	0.7	0.7	0.7	0.7
x Tax and other effects (x)	0.8	0.9	1.0	0.9	1.0	0.9
= ROA (post tax) (%)	7.4	9.3	7.1	4.8	4.7	4.6
x Financial leverage (x)	2.9	3.2	3.4	3.5	3.6	3.6
= ROE (%)	21.3	29.7	24.4	16.8	16.8	16.6
annual growth (%)	*11.7*	*39.4*	*-18.0*	*-30.9*	*-0.3*	*-1.0*
x NTA/share (avg) (x)	11.0	12.7	16.2	18.9	20.9	22.7
= Reported EPS	2.35	3.77	3.95	3.18	3.51	3.77
annual growth (%)	*24.6*	*60.6*	*4.7*	*-19.4*	*10.4*	*7.3*

Source: Company data, Deutsche Bank estimates

Justin Yagerman
+1 212 250-5191 justin.yagerman@db.com

Appendix 1

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Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.
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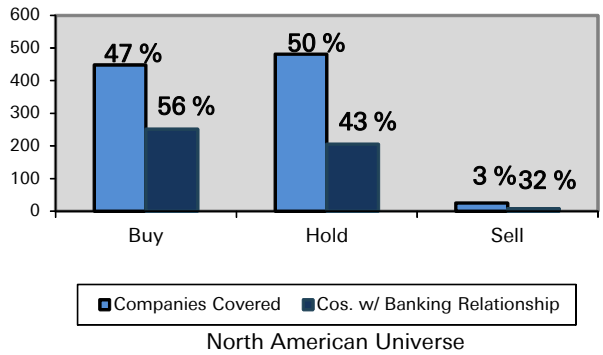
Equity rating dispersion and banking relationships



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David Folkerts-Landau
Group Chief Economist
Member of the Group Executive Committee

Guy Ashton
Global Chief Operating Officer
Research

Marcel Cassard
Global Head
FICC Research & Global Macro Economics

Richard Smith and Steve Pollard
Co-Global Heads
Equity Research

Michael Spencer
Regional Head
Asia Pacific Research

Ralf Hoffmann
Regional Head
Deutsche Bank Research, Germany

Andreas Neubauer
Regional Head
Equity Research, Germany

Steve Pollard
Regional Head
Americas Research

International locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

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