

Shipping 3Q14 Preview: Poised for a Pop

With the 4Q typically the strongest period of the year for shipping, we believe freight rates should strengthen ahead of a strong cyclical recovery. The crude tanker market has begun to tighten due to global increase in crude oil production and inventory stockpiling associated with lower crude prices. The product tanker market has been improving and we expect rates to continue to rise as several export-oriented refineries are scheduled to come online through 1Q15 and as U.S. refinery capacity comes back on line. We expect surging iron ore shipments and low coal inventory levels should drive a large seasonal improvement in dry bulk shipping. Although LNG shipping utilization has improved, the market should remain oversupplied through mid-2015 while the LPG market should remain strong as LPG exports from the U.S. grow. The container market has seen improved demand growth with dwindling idle capacity, but we expect supply issues will continue to hinder the sector.

Ticker	Price	Target Price		Rating	3Q14E		4Q14E		2014E		2015E		2016E		2017E
Tankers		New	Old		New	Old	New	Old	New	Old	New	Old	New	Old	New
NNA	\$2.75	\$5.00	\$5.50	Buy	\$0.01	\$0.01	\$0.10	\$0.07	\$0.12	\$0.09	\$0.53	\$0.54	\$0.70	\$0.76	\$0.94
STNG	\$7.76	\$13.00	\$14.00	Buy	\$0.00	\$0.00	\$0.25	\$0.20	\$0.19	\$0.15	\$1.14	\$1.31	\$1.18	\$1.08	\$1.20
TNP	\$6.34	\$10.00	\$9.00	Buy	\$0.08	\$0.11	\$0.27	\$0.33	\$0.51	\$0.60	\$1.05	\$1.00	\$1.22	\$1.59	\$1.94
Dry Bulk															
DSX	\$9.03	\$12.00	\$12.00	Buy	(\$0.10)	(\$0.08)	(\$0.07)	(\$0.06)	(\$0.33)	(\$0.31)	\$0.07	\$0.31	\$0.56	\$0.77	\$0.79
NM	\$5.62	\$11.50	\$14.00	Buy	(\$0.15)	(\$0.12)	(\$0.01)	\$0.08	(\$0.24)	(\$0.12)	\$0.49	\$0.99	\$1.33	\$1.46	\$1.74
SALT	\$5.19	\$11.00	\$12.00	Buy	(\$0.15)	(\$0.09)	(\$0.08)	\$0.02	(\$0.42)	(\$0.26)	(\$0.01)	(\$0.01)	\$0.91	\$1.28	\$1.27
SBLK	\$10.78	\$16.00	\$18.00	Buy	(\$0.07)	\$0.04	\$0.08	\$0.39	\$0.13	\$0.82	\$1.47	\$2.07	\$2.38	\$2.92	\$2.72
Containers															
CMRE	\$19.48	N/A	N/A	Hold	\$0.36	\$0.43	\$0.39	\$0.39	\$1.59	\$1.66	\$1.81	\$1.90	\$2.40	\$2.50	\$2.46
SSW	\$19.47	N/A	N/A	Hold	\$0.27	\$0.27	\$0.30	\$0.30	\$0.95	\$0.95	\$1.43	\$1.44	\$2.46	\$2.47	\$2.57
LPG															
NVGS	\$24.25	\$33.00	\$33.00	Buy	\$0.42	\$0.41	\$0.46	\$0.46	\$1.54	\$1.53	\$2.13	\$2.13	\$2.74	\$2.74	\$2.93
LNG															
GLNG	\$54.85	N/A	N/A	Hold	(\$0.02)	(\$0.02)	\$0.12	\$0.12	(\$0.08)	(\$0.08)	\$0.84	\$0.99	\$1.46	\$2.02	\$1.89
GLOG	\$21.98	N/A	N/A	Hold	\$0.25	\$0.25	\$0.27	\$0.27	\$0.78	\$0.78	\$0.71	\$0.71	\$0.88	\$0.85	\$0.98

Source: FactSet and Stifel estimates

Prices as of close 10/21/2014

Investment Thesis: We continue to believe the long-term outlook for refined product tankers and dry bulk carriers remains attractive based on overall structural demand and a recent pullback in several of our names that have them trading at a discount to their NAV and prefer names such as STNG, NNA, SALT, SBLK, and NM. Furthermore, we feel seasonal demand will increase for crude tankers and prefer names such as TNP. As new LPG exports come on line over the next 18 months, we would be aggressive buyers of NVGS and believe the LNG names offer good long-term value but investors can afford to be patient. Lastly, while the container market continues to improve, we are hesitant to enter the market currently until long-term structural issues improve.

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All relevant disclosures and certifications appear on pages 51 - 52 of this report.

Shipping Equity Dislocation of Value

In recent weeks there has been a dramatic sell off in shipping equities, and while a portion of the selloff has been recaptured over the past few days, the dry bulk, tanker, and gas carrier names under coverage have lost 20%, 14%, and 21%, each respectively in the past 30 days. With many of the names trading well below NAV levels, despite relatively firm asset value and in the case of tankers and gas carriers improving day rates, we believe there is substantial value in the group currently.

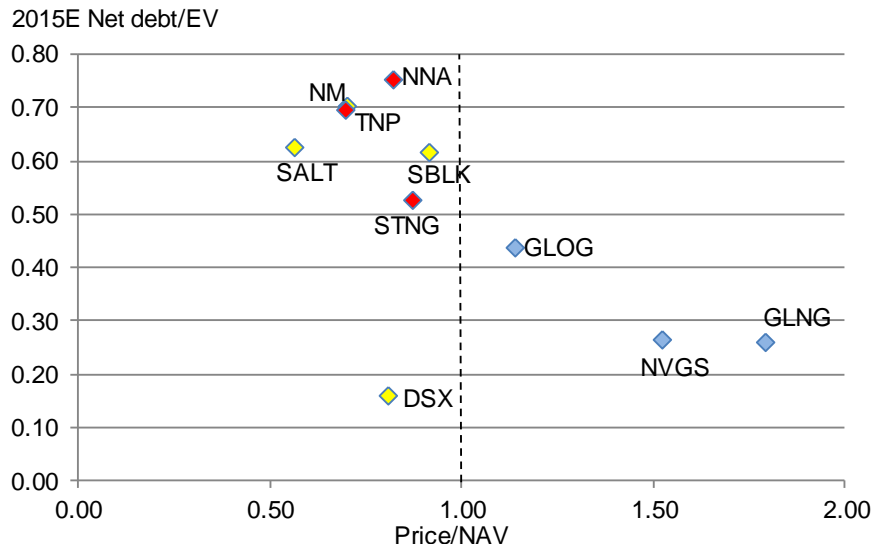
Exhibit 1: Stock Performance Analysis Relative to Price/NAV

	Ticker	Market Cap	Price 10/21/2014	30-Day Change %	60-Day Change %	NAV/Share	Price/NAV
Tankers							
Navios Maritime Acquisition Corp.	NNA	\$394.3	\$2.75	(16.7%)	(18.6%)	\$3.34	82.2%
Scorpio Tankers Inc.	STNG	\$1,291.5	\$7.76	(15.8%)	(17.4%)	\$8.89	87.3%
Tsakos Energy Navigation Ltd.	TNP	\$515.8	\$6.34	(8.1%)	(15.9%)	\$9.09	69.8%
Dry Bulk							
Diana Shipping Inc.	DSX	\$714.7	\$9.03	(11.9%)	(17.0%)	\$11.17	80.9%
Navios Maritime Holdings Inc.	NM	\$549.1	\$5.62	(24.4%)	(40.4%)	\$8.01	70.2%
Scorpio Bulkcarriers Inc.	SALT	\$695.6	\$5.19	(28.0%)	(35.1%)	\$9.19	56.5%
Star Bulk Carriers Corp.	SBLK	\$863.6	\$10.78	(15.7%)	(21.7%)	\$11.77	91.6%
LNG							
GasLog Ltd.	GLOG	\$1,689.5	\$21.98	(14.5%)	(9.6%)	\$19.28	114.0%
Golar LNG Limited	GLNG	\$4,798.3	\$54.85	(24.3%)	(14.7%)	\$30.59	179.3%
LPG							
Navigator Holdings Ltd.	NVGS	\$1,285.0	\$24.25	(23.0%)	(16.8%)	\$15.92	152.4%
Container							
Costamare Inc.	CMRE	\$1,430.2	\$19.48	(18.1%)	(14.1%)	\$6.64	293.5%
Seaspan Corp.	SSW	\$1,812.7	\$19.47	(15.3%)	(16.2%)	\$9.58	203.2%

Source: Stifel estimates and FactSet

With macro fear and falling commodity prices wreaking havoc on investor sentiment in 3Q, typical seasonal improvements and improving day rates have lent little support to the shares of shipping companies. However, the recent market pullback has presented an auspicious opportunity for shipping investments in strong companies either trading at a steep discount to net asset value or in high growth industries which had previously been pricing the shares to perfection. Furthermore, as reflected in **Exhibit 2**, while in theory there should be some sector and capital structure differentiation with respect to where various names are trading with respect to NAV, only the gas carrier names are trading at a premium, and although the tanker names are trading at a slight premium to the dry bulk names, the premium is marginal. Furthermore, names with high degrees of leverage would likely be trading at larger discounts to NAV because of anticipation for falling assets values, but again this is not overwhelmingly the case. Thus we believe there are a number of pricing dislocations in the market, and although shipping is highly volatile, we believe several sub-sectors will experience a seasonal uplift during the 4Q that should allow significant price appreciation.

Exhibit 2: Valuation Comparison Chart



Source: Stifel estimates

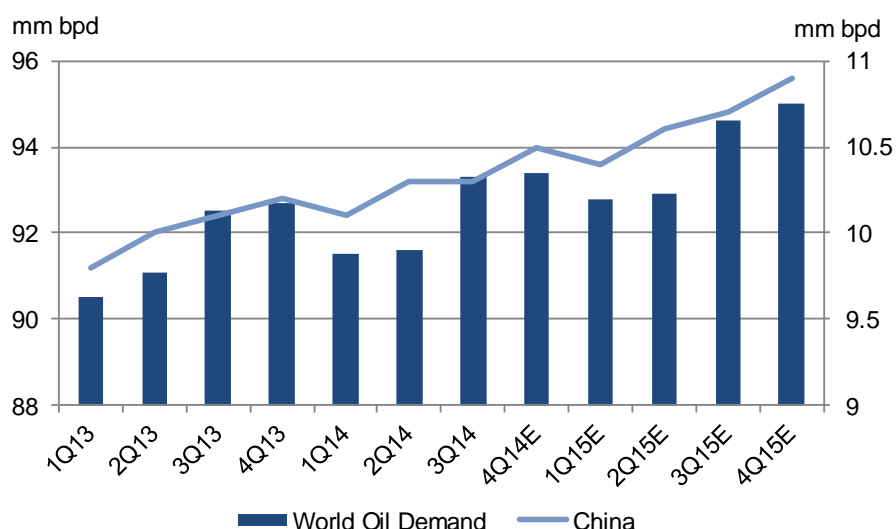
- Tankers: currently trading at an average discount of 20.2% to NAV, however with the market transitioning towards the seasonally strongest part of the year, we feel both crude and product tankers should continue to improve into 4Q and rates are likely to be meaningfully better in 2015 relative to 2014.
- Dry bulk: currently trading at an average discount of 25.2% to NAV, however with Indian coal inventories at the lowest level in over two years and expected increasing in Chinese iron ore imports ahead of the Chinese New Year, we continue to believe demand should begin to significantly tighten, further pushing charter rates to their highest level of the year.
- LNG: Although we believe the spot market is likely to remain soft through 2015, we feel companies that have charter rate coverage through 2016 should be able to maintain sufficient operations to weather the storm. Furthermore, with the market likely to require over 200 incremental LNG vessels through 2020, we believe demand should begin to tighten the market by 2016 and rates should materially improve.
- LPG: Due to the increased crude and gas processing from the shale formations in the U.S., we expect LPG exports to continue to strengthen ahead of the winter season as countries around the world build up their heating sources inventory. Furthermore, the ethane export market continues to develop, which should bode well for companies that have vessels capable of carrying the in-demand gas.
- Containers: Charter rates have begun to improve in the container market as the pace of ordering vessels has seemed to slow. However, as the global economy appears to be slowing and trade demand has been low to start the 4Q, we remain hesitant in regards to the market until demand increases enough to absorb the excess supply of vessels.

Crude Tanker Industry Preview

Seasonal demand and crude inventory building should result in strong tanker rates in 4Q14 and 1Q15.

Crude tanker demand in 3Q was reasonably firm relative to what is normally a softer period of the year. Specifically, Suezmax and Aframax vessels were especially strong in the quarter as Libyan crude returned to the market with charter rates peaking in mid-July at \$44,000 and \$43,000 per day, respectively. While these rates have contracted moderately to \$34,657 and \$23,445 per day, they are still higher than the same period in 2013 when rates were \$6,012 and \$17,893 per day, each respectively. VLCC rates lagged the smaller crude tankers a bit in 3Q averaging approximately \$23,000 per day, although there has been a sharp rise in VLCC rates within the past several weeks with rates currently at \$29,776 per day. As crude prices have fallen sharply on abundant supplies from North America and OPEC maintaining high production level, we would expect buyers to be aggressively building inventories in the near-term which could actually boost crude tanker demand, despite somewhat lackluster demand forecasts. Furthermore, as the market enters the seasonally stronger end of the year (crude demand typically increases by approximately two million barrels per day between 2Q and 4Q) and given likely demand for inventory building as the result of lower crude prices, we believe crude tanker rates are likely to continue to tighten in 4Q14 and into 1Q15.

Exhibit 3: World Oil Demand



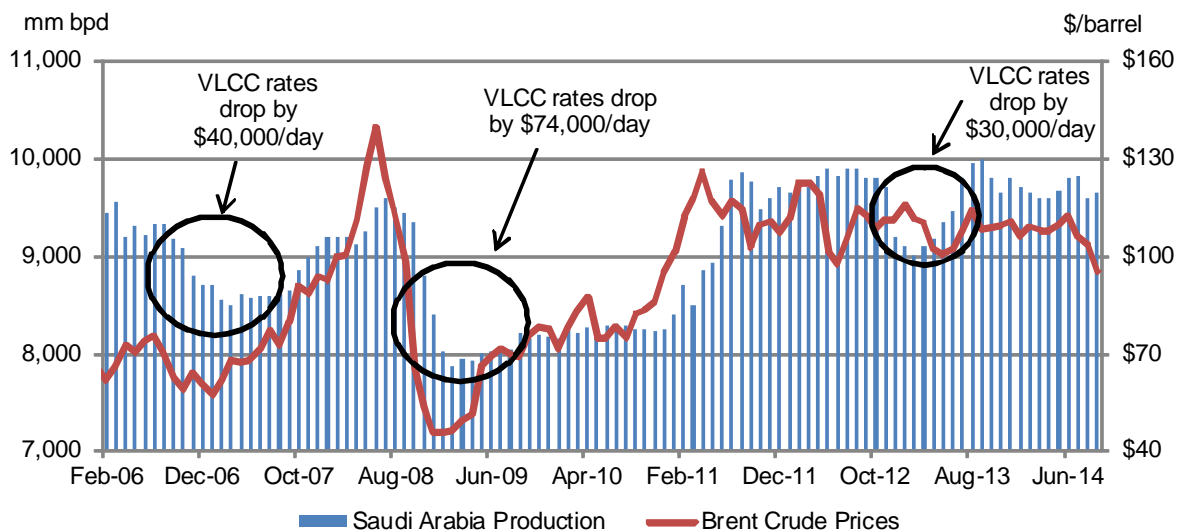
Source: IEA

Although, crude tanker demand growth forecasts have been coming in as of late, we believe a critical component lost in the conversation is the fact that crude demand is still expected to grow. Specifically, the most recent IEA market report estimates that global demand for crude oil in 2015 will grow by 1.1 million barrels per day to 93.5 million barrels per day. Although we expect new export-oriented refineries to effectively consume approximately half of that capacity, even at 0.5 million barrels per day the net growth on crude tanker trade is likely to be approximately 2%, as much of the incremental volume of crude is likely to move to China where refinery capacity is slated to grow by 0.5 million barrels per day in 2015.

What about OPEC? With global crude oil production surging, several members of OPEC continue to disagree on the appropriate strategy. Venezuela, the 6th largest member of the organization and one of the original members, has been one of the more vocal proponents in favor of a production cut in response to the contraction in Brent crude price. However, Saudi Arabia, Iraq, and Iran have not

only continued to keep production high, but are offering significant discounts to Asian buyers in order to maintain their market share. Furthermore, Saudi Arabia has begun to seek out European buyers and lock them into long-term agreements for oil purchases based on the recent price discounts. Traditionally, in order to maintain pricing in periods of softness OPEC would cut production and Saudi Arabia being the de facto leader of the group due to its massive oil capacity would make up the preponderance of the production cuts while other members made minor cuts if any at all. As a result, the Saudis have been resistant to production cuts on a unilateral basis until other members first capitulate. Additionally, Iraq's state-owned company Oil Marketing Company has also reduced its oil prices by \$3.15 a barrel below the Oman/Dubai benchmark to entice Asian owners while European buyers have received a \$5.40 discount below the Brent crude benchmark. Given the discord and price cutting by major OPEC members we believe a meaningful production cut is unlikely in the near-term and consequently crude volumes (i.e. crude tanker demand) is likely to remain firm through at least the seasonally stronger winter months.

Exhibit 4: Saudi Arabia's Support of Brent Crude Oil



Source: Bloomberg

As seen in **Exhibit 4**, historically, whenever Brent crude oil prices have reached a certain level deemed unreasonable (typically around \$90/barrel), Saudi Arabia has reduced its crude production enough to support prices until supply and demand factors in the market rebalance. Since 2006 there have been three occurrences of Saudi production cuts to protect crude prices:

1. First in late 2006 when Brent fell from \$79 to \$60 per barrel. As a result the Saudis cut 0.8 million barrels per day of production. Between September and December of that year VLCC rates fell from \$86,000 per day to \$46,000 per day.
2. In early-July 2008 when Brent crude prices peaked at \$140 per barrel before trending downward sharply to \$46 by the end of the year. Consequently, the Saudis decreased oil production by 12% from 9.5 million barrels per day to 8.4 million barrels. As oil production decreased, VLCC charter rates dropped by over 51% during the same period, from \$145,000 a day to \$71,000 a day.

Opportunistic crude storage could absorb an additional 0.5 million barrels per day in 2015, resulting in total crude tanker demand of 3%-4%.

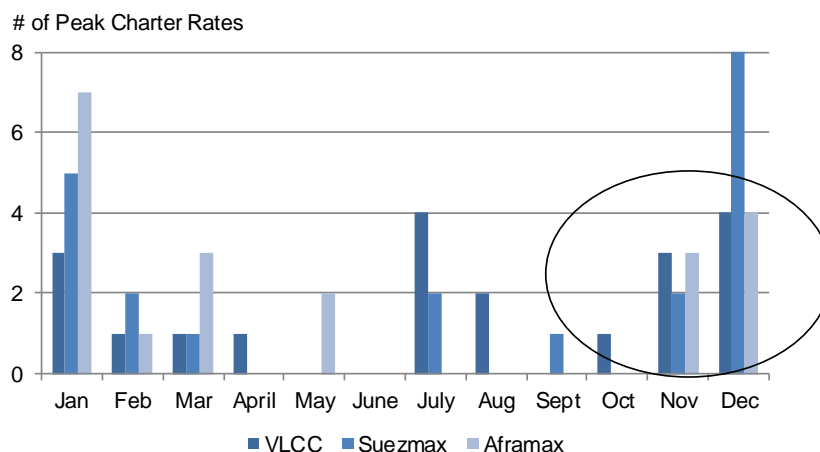
3. Finally in 2012 as Brent prices dropped from \$126 in March to a low of \$98 per barrel in July, the Saudis cut production by 0.9 million barrels. As a result VLCC tanker rates fell from \$33,000 per day in April to \$3,000 per day in October.

However, market dynamics have changed due to record increased oil production in Russia and North America, which has displaced some of the market power OPEC once yielded. With prices continuing to drop, we feel China may become an opportunistic buyer and start purchasing large amounts of crude oil for its strategic petroleum reserve. Already Chinese imports of crude oil are up 7.4% in September 2014 compared to the prior year and estimates are that in order for the country to meet its goal of 100 days of net imports by 2020 (about 600 million barrels), it would need to import an additional 340-480 million barrels. Inventory building by the Chinese could provide a floor for crude pricing and allow both OPEC and non-OPEC countries to continue to produce at full capacity. As a result, while net global demand from crude may only grow at 1.1 million barrels per day, the impact of opportunistic inventory building may increase actual volumes by an additional 0.5 million barrels per day in our opinion. After adjusting 0.7 million barrels per day for new export-oriented refineries cannibalizing the crude trade, the organic growth plus storage demand could result in 1.0 million barrels per day or incremental crude tanker shipments of 3%-4% demand growth on a ton-mile-adjusted basis.

Increased global oil production is having an impact on the crude market.

The U.S. is producing about 8.5 million bpd, the highest amount since 1986. While domestic production is booming, imports of Canadian heavy crude oil have increased by 35% on the year to 3.25 million bpd, as much of this oil is either refined in the U.S. or re-exported to international markets with anticipated exports of Canadian oil from ports in the Gulf of Mexico to increase from 25,000 barrels per day currently to over 500,000 barrels per day by 2016. This has forced West African crude to be shipped further abroad. Nigeria has focused more on their Asian clients such as China, Japan, India, and South Korea where oil exports have increased over 40% yoy through the beginning of October.

Exhibit 5: Peak Charter Rate Period for Crude Tankers



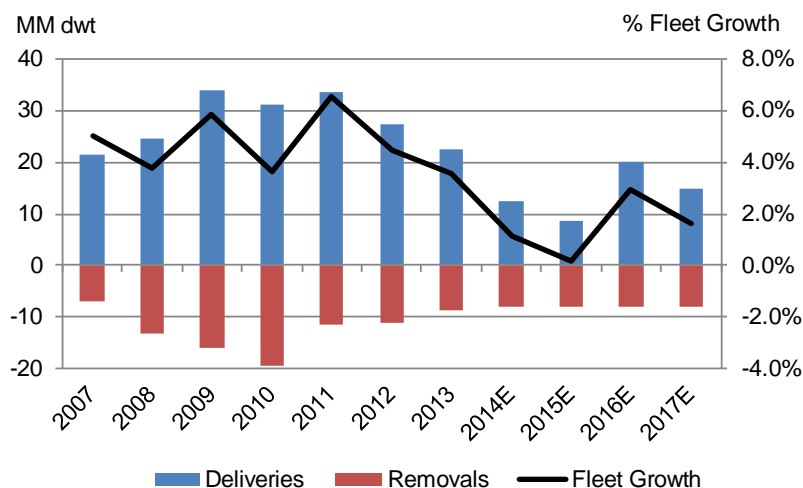
Source: Clarkson Research Services

So long as OPEC minds their own business, winter is great for crude tankers. With seasonal demand starting to pick up, charter rates in the crude market have materially improved over the last few weeks. Based on an analysis of when charter rates for crude tankers peaked over the last 20 years, November through January are the typical months when rates for VLCC, Suezmax, and Aframax vessels strengthen the most. As seen in **Exhibit 5**, over the last 20 years, VLCC rates peaked about 50% of the time during this period, while Suezmax and Aframax peaked 75% and 70%, respectively, over the same period. Furthermore, the few years rates did not peak during those months were often the result of reductions in OPEC production. In the absence of a cut in output by OPEC, we expect this pattern to continue as rates have already improved over the last few weeks and are at their highest levels for the year.

Ordering activity has picked up, but 2015 could be a window of opportunity. The crude tanker market has remained consistent in size since the 2Q from 345.6 million dwt to 346.0 currently. However, the orderbook to fleet ratio has increased from 12.3% to 14.5%, primarily due to a recent surge in Suezmax ordering. Although ordering has increased, the orderbook remains the lowest among all vessels classes and one of the lowest on record. Furthermore, of the 44.0 million dwt of vessels in the orderbook, we estimate after adjusting for cancellations and delays, only 10.0 million dwt are likely to be delivered between now and 2016. Similar to the past few years we are modeling approximately 8.0 million dwt of removals per year, or effectively no net fleet growth through 2015. The risk to this assumption is that should the market improve, the average age of the tanker fleet is just 9.5 years old compared to a typical average age 12 years. Also, just 3% of the fleet is over 20 years of age. Thus should crude tanker rates be strong enough to justify maintenance expenses, our 8.0 million dwt removal assumption could prove high. While we are assuming demand growth of 2% to perhaps as much as 4%, a strong market could cause supply to offset a healthy portion of that demand. Furthermore, we estimate that 2016 deliveries are likely to result in fleet growth of 3%-4%, limiting further upside in that year. As a result, we believe that demand could exceed supply in 2015, but marginally and thus we expect tanker rates to modestly improve.

We expect demand to modestly exceed supply in 2015 resulting in better year over year charter rates for crude tankers.

Exhibit 6: Crude Tanker Supply Analysis



Source: Clarkson Research Services and Stifel estimates

Minor adjustments to charter rate assumptions. Although we are making only slight adjustments to our quarterly rate assumptions, we are increasing our 2015 numbers in anticipation of 2%-3% demand growth relative to less than 1% supply growth. Important in this assumption is no material reduction in OPEC production which could cause the crude tanker market to spring a leak, particularly the VLCC market which is heavily weighted to volumes from the Middle East. However, given what is now a substantial increase in new vessel deliveries scheduled for 2016, we believe the market may flatten and eventually soften slightly into 2017, as reflected in our spot rate assumptions.

Exhibit 7: Crude Tanker Charter Rate Assumptions

	<u>1Q14A</u>	<u>2Q14E</u>	<u>3Q14E</u>	<u>4Q14E</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
	Average	Average	New Previous	New Previous	New Previous	New Previous	New Previous	New
VLCC	35,000	12,000	23,000 26,000	35,000 34,000	27,000 27,500	35,000 30,000	35,000 35,000	35,000
Suezmax	26,500	14,000	24,000 24,500	33,500 31,000	24,500 24,000	30,000 25,000	30,000 28,000	30,000
Aframax	31,000	13,000	22,000 20,000	26,000 26,000	23,500 23,000	25,000 20,000	25,000 24,000	25,000

Source: Stifel estimates

Exhibit 8: Crude Tanker Supply & Demand

<i>(MM bpd)</i>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Global Oil Demand	91.7	92.4	93.5	95.5	97
Seaborne Imports Demand	39.3	38.4	37.7	37.9	38.4
OECD America	6.9	5.5	4.5	4.3	4.3
OECD Europe	10.3	10.2	10.2	10.2	10.3
OECD Asia	7.8	7.7	7.5	7.6	7.6
China	5.9	6.1	6.3	6.5	6.7
Other Asia	8.4	8.9	9.2	9.3	9.5
Regional Trades	0.3	0.2	0.2	0.2	0.2
Ton-Mile Demand Growth	0.2	0.1	0.1	0.1	0.1
Product Tanker Cannibalization	-0.5	-0.3	-0.3	-0.3	-0.3
Total Seaborne Crude Trade	39.3	38.4	37.7	37.9	38.4
Incremental Tanker Demand Growth	1.3	-0.9	-0.7	0.2	0.5
Voyages Per Year	6.9	6.8	6.7	6.7	6.7
Capacity Needed (6.0 bbl/dwt)	344.2	346.1	342.3	344.1	348.7
<i>(MM dwt)</i>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2016E</u>
Beginning Year Fleet	335.7	351.7	356.2	356.9	368.9
Deliveries	24.0	12.5	8.7	20.0	6.8
Scrapping	-8.0	-8.0	-8.0	-8.0	-1.9
Ending Fleet	351.7	356.2	356.9	368.9	373.8
Incremental Tanker Supply Growth	16.0	4.5	0.7	12.0	4.9
Demand Growth	2.2%	0.5%	-1.1%	0.5%	1.3%
Supply Growth	4.8%	1.3%	0.2%	3.4%	1.3%
Net Balance	-2.6%	-0.7%	-1.3%	-2.8%	0.0%

Source: IEA & Stifel estimates

Product Tanker Industry Preview

While rates in the product market continue to strengthen ahead of the seasonally strong period of the year, the Pacific region has contributed the most to an improving market, while the Atlantic market has provided consistent, but more modest rate movements. With the 4Q typically being the strongest period for product tankers as demand for heating sources increase, we believe the product tanker market is set to continue to improve in 4Q14 and 1Q15 due to the following factors:

- 1) Several Middle Eastern export-oriented refineries ramping up capacity or coming online by the end of 2014.
- 2) Struggling refineries in Europe and Japan either shutting down or reducing utilization.
- 3) Refined product exports from the United States continue to grow, and as seasonal refinery turnarounds in the Gulf Coast conclude, export volumes are likely to grow further.
- 4) Strong demand for fuel oil and condensate cargoes in the dirty refined product market.

Export-oriented refineries in the Pacific market should provide a lift in product tanker demand. There are five major refineries in the Pacific market that are either close to starting operations or scheduled to ramp up production, which should add to product tanker volumes for the remainder of 2014.

1. Saudi Aramco's Jubail refinery started operations in 4Q13, and has been operating at its peak capacity of 400,000 barrels per day since early-August. The President of the facility reported that the majority of the refinery's production will service the Middle East, Asia, and East Africa with about 6% earmarked for Europe.
2. The Yanbu refinery joint venture project between Saudi Aramco and Sinopec located on the Red Sea has started crude oil test runs at its distillation units and is expected to begin full operations in October and quickly ramp up to full production of 400,000 bpd by the end of 2014. Most of the production is expected to serve several international markets to include Asia, Africa, Europe, the Middle East, and the U.S. We estimate this refinery alone would translate into demand for between 35-40 LR2 product tankers. The current LR2 fleet is 252 strong, thus should the Yanbu production be isolated to LR2 vessels, we estimate 14% of the existing fleet would be needed to service this refinery alone.
3. The United Arab Emirates is in the final stages of its expansion of a refinery located near Al Ruwais. The refinery is expected to have a total capacity of 400,000 barrels per day and produce up to 123,000 bpd of diesel for the Asian and European markets. The owner of the refinery, Takreer, is expected to commission the refinery to begin production in early-2015, with capacity ramping up quickly through the year.
4. Oil & Natural Gas Corp have announced in early September that the expansion efforts at the Mangalore refinery are close to completion and believe the refinery could begin full operations by late-October. This refinery will have a total capacity of 300,000 barrels per day and will mainly serve the Asian markets.
5. The Paradip refinery, with a total capacity of 300,000 bpd, is expected to be commissioned by early-2015. This refinery is expected to service several Asian countries along with competing in the Middle East for customers.

Exhibit 9: Pacific Refineries Starting Production

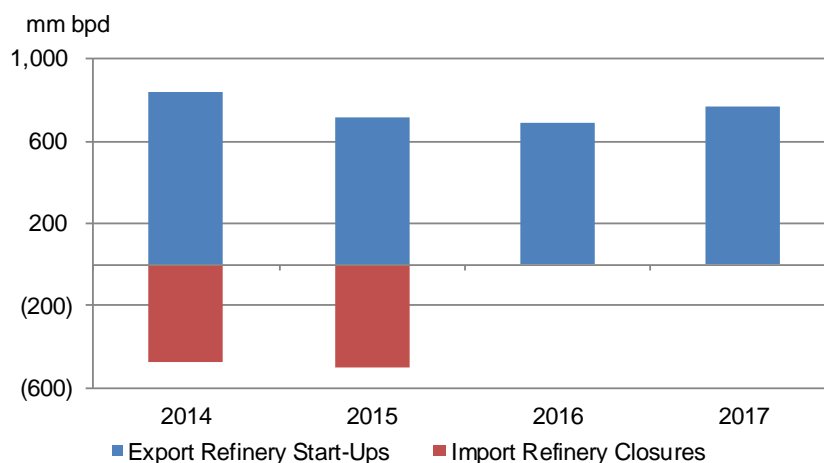
Start Year	Refinery	Owner	Location	Peak Capacity (000b/d)
2014	Mangalore	Oil & Natural Gas Corp. Ltd.	India	300
2014	Tuapse	Rosneft	Russia	140
2014	Yanbu	Saudi Aramco	Saudi Arabia	400
2015	Ruwais	Abu Dhabi National Oil Co	Abu Dhabi	417
2015	Paradip	Indian Oil Corp	India	300
2016	Jazan	Saudi Aramco	Saudi Arabia	400
2016	Laffan	Qatar Petroleum	Qatar	292
2017	Al-Duqm	Oman Refinery Co	Oman	150
2017	Al-Zour	Kuwait National Petroleum Co	Kuwait	615

Source: Company filings

With increased refinery utilization and exports from the Pacific market, rates have begun to tighten in the spot and charter market. Rates for LR1 tankers from Saudi Arabia to Japan averaged about \$17,000 a day in September, the highest month for 2014 while similar routes for LR2 tankers have remained firm at over \$20,000 a day. The Pacific market continues to strengthen towards the end of 2014 as September saw a total of 60 fixtures for chartering clean product on Panamax-size vessels, a 43% improvement from the previous period in 2013. Panamax product tanker fixtures are already at 55 by October 20, 2014, compared to 36 over the same period in 2013.

While the Middle East is set to massively increase its refining capacity, India is in the process of becoming a major player in the refined product trade. Between the startup of the Paradip refinery on the Indian East Coast and the expansion of the Mangalore refinery on the west coast, a total of 600,000 bpd is expected to be commissioned by early-2015. While a substantial percentage of the volumes from these refineries are likely to remain domestic, as much as 300,000 barrels per day could be exported between the two refineries, and there is also likely to be increased demand for coastal intra-country trade. Thus we expect India to add an additional 1%-2% to refined product tanker demand in 2015.

Exhibit 10: Refinery Start-ups and Closures

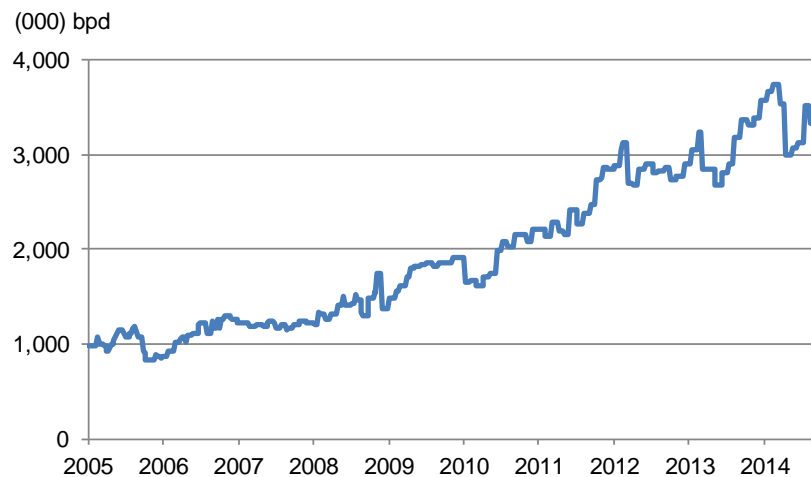


Source: Company filings

European and Asian refineries continue to suffer. The oil renaissance in North America and growth of refining capacity in the Middle East and India has left European refineries battling for relevance by shuttering unprofitable facilities or investing in costly upgrades. Since 2008, over 1.8 million barrels of capacity has been removed with the biggest losses coming from the closure of the Coryton refinery in England (175,000 bpd), the Harburg refinery in Germany (100,000 bpd), and the Berre l'Etang refinery in France (105,000 bpd). Total SA (FP-FR; NC), a global leader in oil and gas production, recently announced that it believes another 10% of refinery capacity needs to be withdrawn by 2020 in order for European refineries to achieve an 85% utilization rate, considered a rate that would keep the market balanced. The French oil major believes at least 10 more refineries need to shut down by 2020 or between 1.2 million and 2 million bpd of capacity should be cut. Eni is another large energy producer that plans on reducing its refinery capacity by about 400,000 bpd through 2015 while increasing the company's focus on its E&P business. While several refineries have been discussed, it is expected that Eni will target the refineries in Gela, Livorno, and Taranto as potential closure candidates, which combined make up around 350,000 bpd.

While the future for European refineries remains uncertain, the Asian market may be just as challenging. Caltrex, the largest refiner in Australia, decided in late-July that it will close its 125,000 bpd Kurnell refinery and convert it into a fuel import terminal. This move corresponds with the company's announcement to close its 80,000 bpd Clyde refinery near Sydney by the end of 2014. These two refineries represent approximately 27% of Australia's total refining capacity and all of the country's refining capabilities in New South Wales. After this move, Australia will have only five other refineries in operation, however Caltrex has not ruled out closing its 106,000 bpd Lytton refinery.

Exhibit 11: U.S. Refined Product Exports



Source: U.S. Energy Information Agency (EIA)

U.S. exports surge in 3Q, continue to improve heading into the second half.

After a lackluster 2Q which saw U.S. refined product exports drop 12%, refineries in the Gulf of Mexico aggressively stepped up their production of petroleum products which led to exports peaking at over 3.5 million barrels per day in mid-August. Exports have since increased further to 3.6 million barrels in mid-October, and averaged 3.4 million barrels in the 3Q, a 6% increase from 2Q14's level of 3.2 million barrels. Typically refineries schedule maintenance during September and October in order to prepare for operations to switch away from summer use fuels such as gasoline and more toward heating oils. Specifically, Total SA (FP-FR; NC) has reduced crude runs at its 225,500 bpd refinery in Port Arthur Texas; it is expected to continue its scheduled maintenance session for 30

As refinery maintenance in the U.S. Gulf Coast wraps up in late-October, we would expect a surge in exports by as much as 500,000 bpd, which should drive MR tanker rates meaningfully higher.

days, starting on September 22. PBF Energy Inc. (PBF; NC) is another 135,000 bpd refinery, located in Toledo, Ohio, that will shutter units in early-October for maintenance. Collectively, PADD3 (Gulf Coast) refinery utilization has contracted from 96.9% in mid-August to 88.9% currently or approximately 650,000 barrels per day. Typically, refineries come back on line in late October. As it takes place, we expect Gulf Coast exports are likely to rise materially into the end of the year, driving up demand particularly for MR product tankers. With the triangulated Atlantic MR tanker rate route already at \$17,524 per day currently and a strong Pacific market pulling vessels from that Atlantic, we believe MR rates could reach well into the mid-\$20,000 per day range during the quarter.

U.S. condensate exports have the green light; further exports are on the horizon. After the Commerce Department approved Pioneer Natural Resources (PXD; NC) and Enterprise Product Partners (EPD; Buy; covered by our colleague Selman Akyol) to export U.S.-based condensate to the international markets, over 20 oil producers have applied for similar permits to export the hydrocarbon. Pioneer processes the condensate from its Eagle Ford shale installation in Texas; afterward it sells the lightly refined product to Enterprise Product Partners which markets and transports the condensate to foreign buyers. There have been three confirmed shipments of U.S.-based condensate to foreign buyers: one in South Korea, one in the Netherlands, and the most recent in Japan. Pioneer's chief executive Scott Sheffield recently commented saying the company has sold between 20,000 and 25,000 bpd of condensate in 2014, but plans to sell upwards of 50,000 bpd in 2015. Furthermore, he believes once the midterm elections are completed in November, the U.S. Commerce Department will grant between 20 and 25 new permits for several U.S. condensate producers. Enterprise Product Partner's CEO Jim Teague recently announced that his company plans to ship about five additional condensate export cargos from its Texas City facility by the end of 2014, which should range anywhere between 300,000 to 600,000 barrels.

Exhibit 12: U.S. Condensate Cargos

Charterer	Client	Cargo Size	Vessel	Load	Destination
Mitsu	GS Caltrex	400,000	MR	U.S. Gulf Coast	South Korea
Penfield Marine	Exxon Mobil Corp.	500,000	LR1	U.S. Gulf Coast	Netherlands
Dalian Ocean Shipping Company	Cosmo Oil	300,000	LR1	U.S. Gulf Coast	Japan

Source: Company filings

As seen in **Exhibit 12**, LR- and MR-sized product tankers have been the preferred vessel of choice due to their large carrying capacity and ability to dock at several global ports. We feel moving forward that most of the condensate lot sizes would be large enough to warrant either an MR or LR fixture as refineries would require enough product to either blend with lower grade crude oil or use as a feedstock for other products, making small sizes impractical for their intended use. Furthermore, we feel that the condensate production will continue to grow in 2015 as the U.S. is set to produce over 2.1 million bpd by 2019. While the U.S. has over 400,000 bpd of new condensate splitter capacity coming online, with an estimated additional 100,000 barrels of unannounced new splitters beginning operations, we feel there will still be approximately 1.5 million barrels of condensate available for export by 2019; which we estimate will mostly be transported on LR1 and MR product tanker asset classes to the Asian petrochemical and refinery market. The 1.5 million barrels of new export capacity will translate into an estimated 1%-2% in overall product tanker demand, with demand peaking during the winter months as condensate production picks up due to the ambient temperature being cooler than below the ground. This could push demand for product tankers further as demand is already strong during these months with the increased production of condensate as a heating source.

In addition to condensate, fuel oil trade has been robust. In fact, dirty refined product cargoes have increased 23.3% year over year. Furthermore, in 2Q we estimate average Handysize product tanker rates outperformed clean MR tanker rates by \$500 per day. With MARPOL Annex VI sulfur emission regulations likely to drive demand for low sulfur distillates starting on January 1, 2015, we expect trade to accelerate further as Europe begins importing cargoes as a result of displaced Russian higher sulfur product.

Vessel supply remains consistent, but demand should begin to tighten the market. The product market continues to increase in size, going up 1% from the beginning of 3Q to 129.1 million dwt, with about 19% of the fleet on order. Furthermore, the fleet continues to get younger as about 7% of the total fleet is above 20 years old. We estimate that for the remainder of 2014, about 4 million dwt of product tankers are expected to be delivered. However, due to a market that has shown limited demand movement, several companies have delayed or cancelled certain orders. Navig8, a company that specializes in product tankers, had eight LR2 newbuildings under construction at Guangzhou Shipyard International in China with delivery expected to be in 4Q15, however they delayed delivery by approximately six months due to current market conditions. This delay materially increases the length of the LR2 orderbook, which should cause for the supply/demand balance to tighten. We believe product tanker fleet growth will be 5.9 million tons by the end of 2014. Furthermore, with several scheduled deliveries being delayed for 2015, we expect total deliveries to be 7.9 million dwt, which after adjusting for non-delivery and scrapping should result in fleet growth of about 5.9%. The limited amount of new product tankers being delivered should contribute to a strengthening in spot and charter rates.

Reducing 3Q and 4Q rate assumptions but remain positive on the long-term dynamics. Although rates have continued to improve in 2014, they still remain marginally lower than our previous forecast. As a result, we are reducing our charter rate assumptions for the quarter and adjusting our EPS estimates for several product tanker names in 3Q and 4Q. However, with over 1.3 million barrels of new capacity hitting the market by the end of 2014 along with increase U.S. exports of refined product, we continue to believe the product market is set for a strong cyclical recovery during the 4Q and continued strength into 2015. As such we are largely maintaining our rate assumptions for 2015 and 2016 for the larger asset classes, while making slight reductions to MR and Handysize vessels over the same period.

Exhibit 13: Product Tanker Charter Rate Assumptions

	1Q14A	2Q14A	3Q14E		4Q14E		2014E		2015E		2016E		2017E
	Average	Average	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New
LR2	14,500	15,000	20,000	21,000	30,500	32,000	20,000	20,625	28,000	28,000	28,000	28,000	28,000
LR1	20,000	12,000	17,000	18,000	25,000	26,000	18,500	19,500	25,000	25,000	25,000	25,000	25,000
MR	14,250	11,000	14,500	17,000	20,250	21,000	15,000	16,188	21,000	22,000	21,000	22,000	21,000
Handysize	16,500	12,000	13,250	14,000	17,250	18,000	14,750	15,375	18,000	19,000	18,000	19,000	18,000

Source: Stifel estimates

Exhibit 14: Product Tanker Supply & Demand

	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>
<i>Incremental Import Demand</i>	<i>0.2</i>	<i>0.0</i>	<i>-0.2</i>	<i>-0.4</i>
<i>Export Capacity</i>	<i>-0.2</i>	<i>0.7</i>	<i>1.2</i>	<i>0.7</i>
Incremental Regional Trade	0.1	0.1	0.1	0.1
Incremental Arb Trading	0.0	0.2	0.2	0.2
New Refinery Delays	0.2	-0.1	0.2	0.2
Land Based Imports	0.0	-0.1	-0.1	0.0
<i>Incremental Seaborne Demand Growth</i>	<i>0.08</i>	<i>0.72</i>	<i>1.54</i>	<i>1.08</i>
Beginning Year Volumes	18.8	18.9	19.6	21.1
Incremental Seaborne Demand Growth	0.1	0.7	1.5	1.1
Full Year Volume Demand	18.9	19.6	21.1	22.2
Voyages Per Year	12	12	12	12
Capacity Needed (6.0 bbl/dwt)	95.7	103.7	111.8	117.5
Port Congestions & Vessel Maintenance	3.8	4.1	4.5	4.7
Total Capacity Needed	99.5	107.9	116.3	122.2
<i>Incremental Demand Growth</i>	<i>3.8</i>	<i>8.3</i>	<i>8.4</i>	<i>5.9</i>
	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>
Beginning Year Fleet	124.9	128.3	134.2	141.9
Deliveries	5.3	7.9	9.7	7.5
Scrapping	-1.9	-2.0	-2.0	-1.9
Ending Fleet	128.3	134.2	141.9	147.5
<i>Incremental Supply Growth</i>	<i>3.4</i>	<i>5.9</i>	<i>7.7</i>	<i>5.6</i>
Net Demand vs Supply Growth	0.4	2.4	0.7	0.3
<i>(Positive balance market tightens negative the market loosens)</i>				

Source: IEA & Stifel estimates

Tanker Company Preview:

Scorpio Tankers (STNG, Buy, \$7.76)

Product tanker pure play trading at a significant discount to NAV – Scorpio Tankers has one of the largest fleets in the product market with nearly all vessels operating in the spot market or under spot market pool arrangements. As evident by a quarter that saw good, but not great charter rate improvement, Scorpio has seen a dramatic pullback in shares of 23% since the beginning of 3Q, while the S&P 500 has decreased by only 1.6%. We feel this represents an attractive entry point for a company that is highly levered to improving product tanker rates, trading at a 12% discount to its NAV estimate of \$8.83. Furthermore, with the additional \$150 million stock buyback program still in effect, we feel the company offers significant downside protection around its NAV. With several new, eco-friendly vessels entering the fleet by the end of the year we are reiterating our Buy rating, but reducing our target price to \$13.00 based on the shares trading at an 10.6x EV/EBITDA on our 2015 EBITDA estimate of \$345.7 million.

Risks to target price: Prolonged weakness in product tanker rates due to softening global demand for refined products; continued ordering of new vessels could result in overbuilding; and inability to obtain low-cost financing to support fleet growth.

Exhibit 15: Scorpio Tankers Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
STNG	EPS	\$0.00	\$0.00	\$0.25	\$0.20	\$0.19	\$0.15	\$1.14	\$1.31	\$1.18	\$1.08	\$1.20
	EBITDA (MM)	\$15.5	\$15.5	\$70.0	\$62.6	\$89.5	\$82.0	\$345.7	\$374.4	\$345.2	\$365.9	\$341.5

Source: Stifel estimates

Navios Maritime Acquisition (NNA, Buy, \$2.75)

Well-supported yield with short-term exposure to improving rates – Navios Maritime Acquisition has one of the more compelling risk/reward profiles among our names in the tanker space due to its strong, well-supported yield of 7.3% and meaningful exposure to improving crude and product tanker rates. The company has a total of 11 VLCC tankers, of which four operate in the spot market and seven are chartered on 1-5 year contracts at rates significantly higher than current spot rates. This should provide the company with a highly visible cash flow base that helps supports the company's yield while providing additional free cash flow potential. Furthermore, the company has several contracts on product tankers that include profit sharing potential, providing significant upside potential and representing an attractive de-risked method of participating in a cyclical rate recovery. Compared to other names in the tanker space, equity makes up a smaller portion of the capital structure, resulting in much higher leverage to even modest improvements in charter rates. Additionally, the company has filed to spin several of the fixed rate VLCCs into an MLP, which could potentially enhance the value of the parent should the IPO be successful. With NNA currently trading at an estimated 2015 EV/EBITDA of 7.2x based on our EBITDA estimate of \$224.5 million, on the low end of the historical range, we are reiterating our Buy rating, but reducing our target price to \$5.00 based on the shares trading at a 8.7xEV/EBITDA which is in line with historical averages.

Risks to target price: Prolonged weakness in product tanker rates due to softening global demand for refined products; continued ordering of new vessels could result in overbuilding; and default of counterparties on time charter contracts.

Exhibit 16: Navios Maritime Acquisition Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
NNA	EPS	\$0.01	\$0.01	\$0.10	\$0.07	\$0.12	\$0.09	\$0.53	\$0.54	\$0.70	\$0.76	\$0.94
	EBITDA (MM)	\$37.4	\$36.9	\$52.6	\$47.7	\$159.3	\$153.9	\$224.5	\$222.7	\$242.7	\$251.4	\$267.8

Source: Stifel estimates

Tsakos Energy Navigation (TNP, Buy, \$6.34)

Leveraged to Aframax and Suezmax improvements with MLP waiting in the wings – Tsakos Energy Navigation's fleet is highly diversified with 26 product tankers, 23 crude tankers, and one LNG vessel with 12 vessels scheduled for delivery between early-2016 through late -2017. Due to the company's chartering strategy of 30 vessels on time charter (mix of short- and long-term lengths) and 20 in the spot market, Tsakos has the opportunity to significantly grow its charter revenue while also providing a stable base of highly visible cash flow. Furthermore, with significant financial and operational leverage, we estimate that a 10% improvement in 2015 spot rates would increase EPS by \$0.34. With the substantial amount of leverage to increasing rates, there is certainly a greater degree of risk and volatility compared to other less levered companies. However, we feel that this risk is somewhat mitigated by the potential for an MLP listing in early- to mid-2015 that could provide the company with a strategic advantage for cheaper financing and further enhancing value. Additionally, the company has nine Aframax vessels under construction chartered to Statoil as well as two LR1 newbuilds that are chartered to highly competent counterparties with profit sharing. Combined with the company's current fleet and we believe there are several attractive assets that could potentially be spun off into an MLP. Thus we reiterate our Buy rating and increasing our target price to \$10.00 based on the company trading at an EV/EBITDA ratio of 7.9x on our 2015 EBITDA estimate of \$256 million.

Risks to Target Price: Prolonged weakness in product tanker rates due to softening global demand for refined products; crude tanker asset values could fall further; continued ordering of new vessels could result in overbuilding; and TNP may be capital constrained if charter rates do not improve.

Exhibit 17: Tsakos Energy Navigation Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
TNP	EPS	\$0.08	\$0.11	\$0.27	\$0.33	\$0.51	\$0.60	\$1.05	\$1.00	\$1.22	\$1.59	\$1.94
	EBITDA (MM)	\$47.9	\$50.2	\$64.0	\$68.9	\$195.0	\$202.2	\$256.0	\$248.3	\$283.7	\$313.1	\$357.1

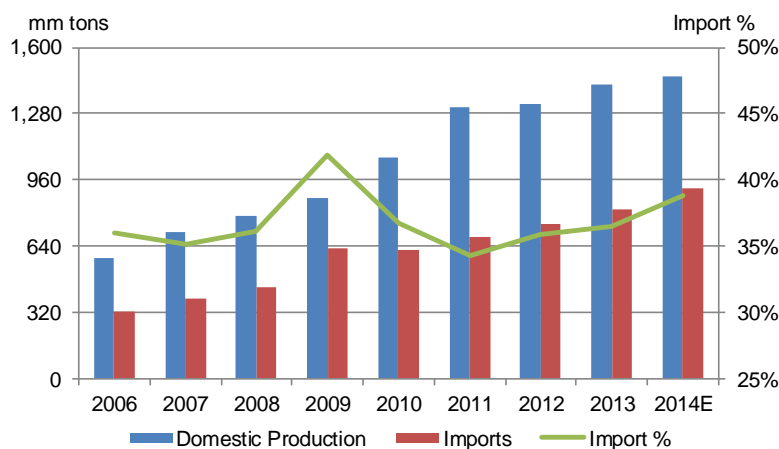
Source: Stifel estimates

Dry Bulk Industry Preview

Dry bulk rates bottomed out in the 3Q as demand from China softened; however activity picked up recently as seasonal demand looks to have finally taken hold. Spot rates for Capesize vessels remained volatile, moving from \$14,486 at the beginning of the quarter to \$7,241 in early-August, then up again to \$17,113 in late-August before retreating to \$9,792. However, Panamax and Supramax vessels consistently improved by 35% and 27% to \$5,056 and \$9,233 respectively for the quarter. While the spot market has been lackluster, the time charter market remains robust as 1-year charters for a 170,000 dwt Capesize averaged about \$21,000 a day, nearly double the average spot market price of \$12,000 for the 3Q. Panamax vessels have shown similar strength with 1-year charters at \$10,000 a day while 1-year charters for Supramax vessels are at \$10,250 a day. With charterers willing to lock in time charter rates at substantial premiums to current spot markets, we believe the supply/demand factors have begun to tighten, which should continue given the growth in iron ore supply while inventory levels of several commodities remain low in the emerging markets.

Iron ore prices continue to drop, but Chinese steel producers refuse to wave the white flag. Prices of iron ore have continued to decrease throughout the 3Q, currently at \$80.38 and down 40% for the year, due primarily to the dramatic increase in iron ore production from low cost producers in Australia and slowing Chinese economic development. China's Iron and Steel Association released its most recent report on steel production in the country, saying it has forecast Chinese steel production to increase 6% to 826 million tons by the end of 2014. Compared to 2013 however domestic consumption is expected to grow by just 3%, with the balance of production moving to the export markets. Furthermore, China's state-owned steel company Baosteel believes Chinese steel production will peak between 800 million to 900 million tons by 2018. With steel production expected to continue climbing, Chinese government officials have stated they will make a concerted effort to reach the country's annual GDP target at 7.5%. The strength in production has not spilled over to the domestic Chinese iron ore mining companies however. Historically, the Chinese government had a tendency to protect domestic miners by instituting tax duties on imported ore while providing direct economic stimulus to the miners. However, the implementation of new environmental regulations to improve air quality throughout the country has forced the government to allow imports of higher quality ore, which has displaced domestic miners.

Exhibit 18: Iron Ore Domestic Production vs. Import Composition



Source: National Bureau of Statistics of China

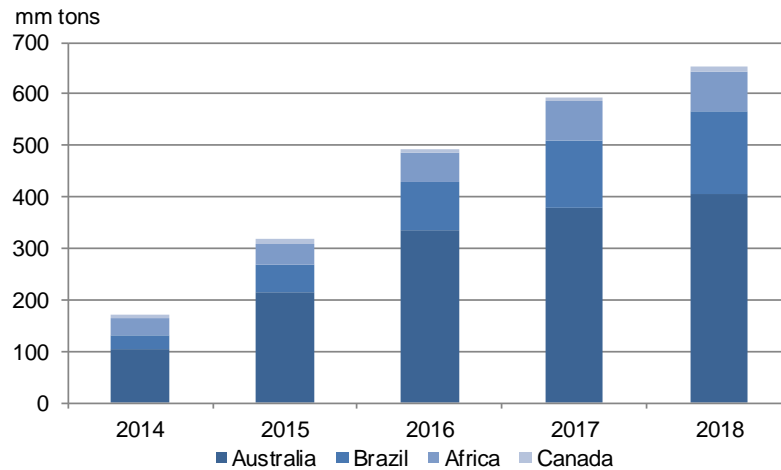
Domestic production of iron ore in China grew at a CAGR of 18% from 2006 to 2011, while imports of iron ore grew at 16% through the same period. However a turnaround has occurred over the last three years as imports grew at a CAGR of 10%, while domestic production grew at only 3%. Furthermore, imports made up 36% of China's total consumption of iron ore in 2006, but are now expected to increase to about 39% of total consumption by the end of 2014.

Lower costs allow iron ore majors to grab market share. Several of the large iron ore players continue to make a profit regardless of the decreasing iron ore prices while smaller, often domestic-based producers face significant pricing pressure. Vale S.A. (Vale-BR; Buy; covered by our colleague Paul Massoud) should continue to profit as long as iron ore stays above its breakeven level of \$60 a ton, while Rio Tinto (RIO-AU; NC) and BHP Billiton (BHP-AU; NC) break even at \$45 a ton. Fortescue (FMG-AU; NC) has the highest breakeven level of the biggest producers at \$65 a ton. Chinese domestic producers have some of the highest operating cost in the industry which ranges from \$75-\$145 a ton while Indian producers have a breakeven level around \$105 a ton. Several of the largest mining companies estimate that with current prices below \$90 a ton, about 127 million tons of global production capacity will be shut down by the end of 2014, with approximately 40 million tons deriving from China. For 2014 approximately 1.1 billion of iron ore are expected to be transported at sea.

Although decreasing iron ore prices depress margins for all iron ore producers, the top four mining companies' strategy of pressuring smaller operators to become more efficient has led to several mining companies around the world either shuttering or suspending operations until the market improves. London Mining (LOND.L;NC), which operates one of the largest mines in Sierra Leone, produced about 2.1 million tons of iron ore in the 1H14, with a 63.2% Fe grade among the highest quality in the marketplace. However, due to iron ore prices trending lower throughout the year, the company has decided to defer a \$175 million expansion of its signature mine until 2017 at the earliest while also decreasing its high-end production estimate from 5.4 million tons to 5.1 million tons. Labrador Iron Mine Holdings (LIM.T; NC) announced that it has suspended all of its operations in Canada due to a depressed iron ore market and has planned for 2014 to be a planning year with no processing activity planned for the rest of 2014. Europe has also seen its iron ore production decrease as the European Union is set to pass new environment regulations that would recommend a 40% reduction in carbon emissions. Since the majority of iron ore produced in Europe has a ferrous content under 60%, most European steel makers are likely to import higher quality iron ore instead of using domestically produced ore. We believe that as prices for higher quality ore continue to decrease, steel producers around the world will be more likely to displace the locally sourced poorer quality ore in favor of 63% ferrous content ore and higher in order to reduce emissions and produce higher quality steel.

Brazil remains the game-changer. Through the first week and a half of October, there were 63 spot Capesize fixtures, setting the projected pace of about 180 to 190 for the month. In September there were only 144 spot Capesize fixtures, which marked a drop from the average of 168 for each of the previous three months. Additionally 16% of spot fixtures thus far in October have been from Brazil relative to just 9% of spot fixtures in September. Given the longer trip distance from Brazil to Asia, as more vessels load in Brazil the effective required capacity more than doubles, thus reducing the availability of Capesize vessels in the market. Thus not only is spot chartering activity picking up, but as an increased proportion of that activity comes from Brazil, the required shipping capacity also increases.

Exhibit 19: Incremental Global Iron Ore Production

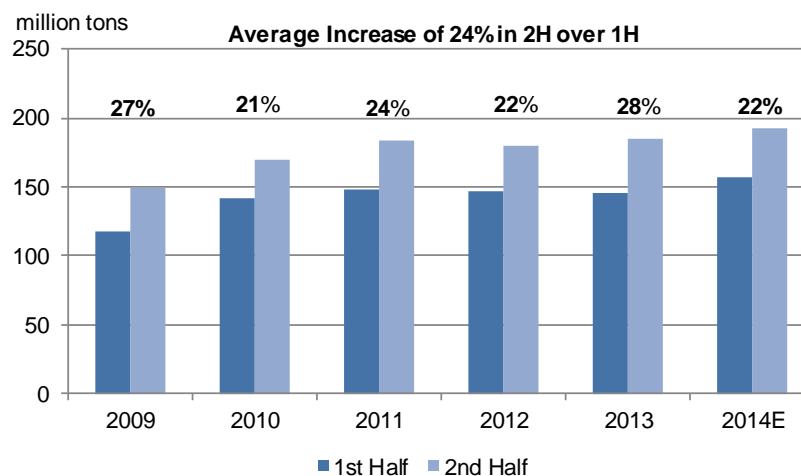


Source: The Steel Index

As seen in **Exhibit 19**, Australia currently makes up about 61% of global iron ore production, while Brazil is in second at about 15%. However, as production is expected to grow at a CAGR of about 40% by 2018, Australia's share of the market is forecast to grow to only 62% while Brazil is expected to post much stronger growth production and make up about 25% of the total market. The stronger growth trajectory from Brazil will mean increased demand for Capesize vessels due to the longer ton mileage required.

For the 1H14, Brazil produced over 150 million tons of iron ore, however, much of the iron ore production is heavily weighted toward the second half of the year when production is expected to grow by over 22% from the first half. Based on a five year analysis of average production increases from the second half of the year to the first, Brazil has averaged about a 24% increase in total production.

Exhibit 20: 2H vs1H Brazil Iron Ore Production



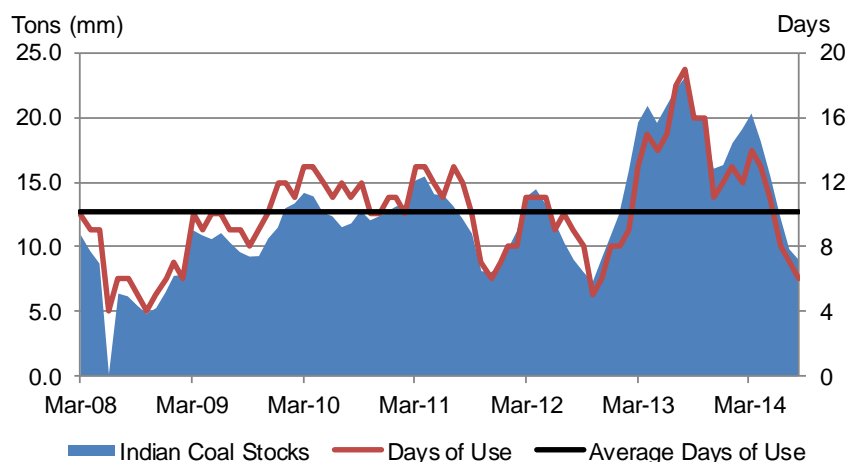
Source: Bloomberg and Clarkson Research Services

Indian iron ore imports could add to 4Q dry bulk demand. In early-September, the state government of Jharkhand was the latest mining region in India that has suspended operations at several mines, where 12 of the total 17 mines have closed due to expired leases. Jharkhand is India's third largest iron ore producing region, accounting for about 21 million tons; however, the shuttered mines make up 19 million tons of the region's total production. In Odisha, 18 out of 56 operating mines have been shuttered while the Goa region has no mines currently in operation and none are expected to restart till 1Q15 at the earliest. The substantial mine closures in India were part of a government wide crackdown on illegal mining operations that operated without a license. While the government has allowed some iron ore producers to reopen, several mines remain slow to restart.

JSW Steel (500228-IN;NC), the third largest iron ore producer in India, announced that due to recent government regulations they would be forced to import at least 10 million tons of ore by the end of FY 2014/15. Tata Steel Ltd. (500470-IN; NC) also recently announced that it will import up to 500,000 tons of iron ore a month due to the company closing its Noamundi mine in eastern Jharkhand, the largest mine in India. The Noamundi mine produced about 40% of the company's total production of 17 million tons, but was suspended in September due to a discrepancy related to its license renewal. JSW Steel and Tata Steel are only two of several iron ore producers in India that will need to import massive amounts of ore in order to meet growing domestic steel needs. India is expected to import up to 45 million tons of iron ore through 2017 as mines are slow to restart and steel production demand continues to grow.

The majority of India's iron ore imports will most likely be derived from miners in Australia and South Africa due to their proximity to the country and use of vessels. Iron ore shipments from Brazil are mainly transported on Capesize vessels, which are ideal for China due to its large import requirements; however, Indian ports are not equipped to handle larger asset classes. While India should help alleviate some of the increased supply of iron ore, with an expected surplus of over 79 million tons of ore set to hit the market by the end of the year, this should put further pressure on prices, leaving India and China in a strong position to take advantage. Foreign iron ore will continue to remain more attractive as domestic iron ore produced in India's Odisha state costs about \$105 a ton, while the global price for ore with 62% ferrous content is under \$85.00 a ton.

Exhibit 21: Indian Thermal Coal Inventory Levels

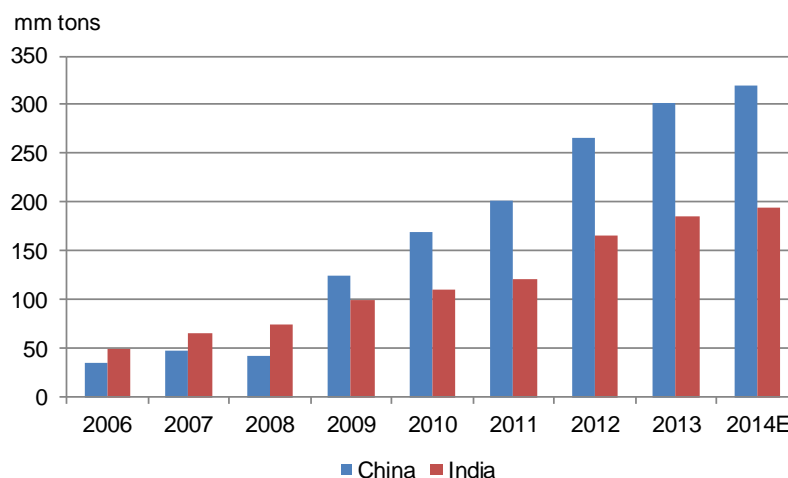


Source: Central Electricity Agency of India

Indian thermal coal inventories are at multi-year lows. We expect inventory rebuilding ahead of the seasonally stronger winter should result in a 2% increase in global demand.

Iron ore may be in the driver's seat, but coal has shotgun. As seen in **Exhibit 22**, India has averaged thermal coal inventory levels of about 10 days of use since March 2008. However, currently Indian power plants have less than six days of coal use on hand, the lowest amount in 2014 and the lowest since November 2012. Furthermore, there are 57 power plants that have less than seven days of coal in inventory and 29 plants with less than four days of inventory remaining, the highest levels since the Indian government starting tracking inventory amounts. With inventories at record low levels, Indian power plants will be forced to dramatically increase imports of coal ahead of the winter season. India imported over 16 million tons of coal in September, a 19% increase yoy. Every year, imports increase in the autumn, but this is particularly true in periods of low inventories, such as in 2012. We are assuming India is likely to increase imports by 15 million tons in 4Q, translating into an approximate 2% increase in global dry bulk trade. Longer-term India's iron ore consumption continues to grow. In fact, Glencore, the largest producer of thermal coal, believes that India will increase annual imports from 150 million tons currently to 180 million tons by 2015 and 300 million tons by 2020.

Exhibit 22: Chinese and Indian Seaborne Coal Imports



Source: Clarkson Research Services and Stifel estimates

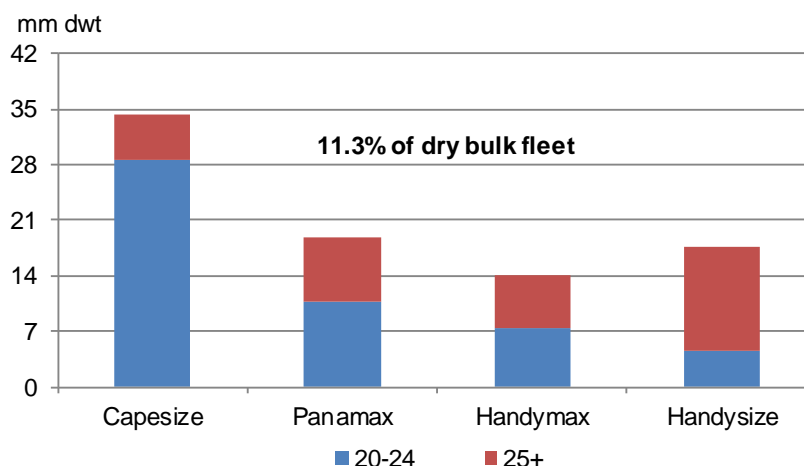
China's ban on high ash coal. Chinese officials recently announced that starting January 1, 2015 the government will ban all sales and imports of coal with an ash content of 40% or above and 3% or more sulfur content. Regions that are heavily populated, such as Beijing and Shanghai will see even heavier scrutiny with ash content limits at 16% and sulfur content at 1%. The regulation is part of China's promise to reduce the country's high emissions along with cutting the country's portion of energy that is derived from coal to less than 65% by 2017 and less than 60% by 2020; currently coal makes up about 70% of the total energy mix. Based on data provided by the China Coal Industry Association, China consumes about as much coal as the rest of the world combined, or about 3.5 billion tons a year. China imports a vast amount of its coal needs from Australia and Indonesia mainly. Indonesian coal exports should see a very limited impact as the majority of its coal has less than 1% sulfur content and an ash content between 5%-7%. Australian coal could see a much bigger effect due to coal that varies in ash and sulfur content based on different mining regions. Ultimately, given the country's reliance on coal, we expect any change in regulations to have a slow incremental impact, but is cause for long term demand concern with respect to the dry bulk trade. However, we could see a surge of imports prior to the January 1 import restriction, similar to last year when China

dramatically increased nickel and bauxite ahead of a ban on Indonesian mineral exports.

Supply concerns held at bay as demand growth continues to expand.

Although the dry bulk fleet is trending younger with 11.3% of the vessels in the fleet over 20 years old compared to typically 15%, we anticipate annual scrapping of approximately 2%. The current orderbook to fleet ratio is 23%, with delivery delays or cancellations averaging 35% of scheduled deliveries annually. After adjusting for removals, we estimate net annual fleet growth is likely to be 5.0%. Based on our estimates, we calculate net fleet growth to be 4.5% in 2015 and 4.0% in 2016, while demand is estimated to grow at 4.9% in 2015 and 4.2% in 2016. On these assumptions, we believe the dry bulk market is likely to be largely balanced, with seasonal peaks driving up charter rates.

Exhibit 23: Dry Bulk Fleet Age Profile



Source: Clarkson Research Services

Reducing 2014 and 2015 charter rate assumptions. Based on the apparent softness that occurred in the 3Q, we are reducing our charter rate assumptions primarily on Capesize and Kamsarmax vessels. We are also reducing our 2015 and 2016 spot rate assumptions modestly particularly for the larger more volatile vessels, given the increased level of economic uncertainty. However, we still believe the market is moving toward improved average charter rates relative to 2014 depressed levels, and asset values are likely to be well supported and perhaps even improve from current levels. Specifically, we believe the Capesize market will outperform other asset classes driven by growing iron ore transportation demand from the big four iron ore producers. We are also introducing our 2017 rate assumptions which reflect continued stability throughout the dry bulk market.

Exhibit 24: Dry Bulk Shipping Charter Rate Assumptions

	1Q14A	2Q14A	3Q14E		4Q14E		2014E		2015E		2016E		2017E
	Average	Average	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New
Capesize	20,000	10,000	13,000	20,500	17,000	34,000	15,000	22,000	27,000	34,000	30,000	34,000	30,000
Kamsarmax	10,000	7,000	7,000	12,000	14,000	22,000	9,500	13,000	16,000	18,000	17,000	18,000	17,000
Panamax	8,000	5,000	6,000	10,000	13,000	20,000	8,000	11,000	15,000	17,000	16,000	17,000	16,000
Supramax	12,500	9,500	8,000	12,000	12,500	18,000	10,625	13,000	14,000	15,000	14,000	15,000	14,000
Handysize	10,000	7,000	8,000	10,500	11,000	15,000	9,000	10,750	12,000	13,000	12,000	13,000	12,000

Source: Stifel estimates

Exhibit 25: Dry Bulk Supply and Demand Forecast

Demand (MM)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Volumes (tons)	3,304	3,190	3,593	3,841	4,096	4,325	4,512	4,727	4,942
Voyages Per Year	8.6	8.4	8.3	8.2	8.2	8.1	8.0	8.0	8.0
Capacity Needed (dwt)	384	380	433	468	500	534	564	595	622
Port Congestion (dwt)	18	22	26	26	26	26	26	26	26
Regional Trade (dwt)	10	12	16	21	25	29	29	29	29
Total Capacity Needed (dwt)	412	414	475	515	551	589	619	650	677
Incremental Demand (dwt)	19	2	61	41	35	38	30	31	27
Beginning Fleet	386	411	450	527	603	678	721	757	791
Deliveries	31	50	83	101	110	66	53	50	47
Scrapping	(6)	(11)	(6)	(25)	(35)	(23)	(17)	(16)	(15)
Ending Fleet	411	450	527	603	678	721	757	791	823
Incremental Demand	19	2	61	41	35	38	30	31	27
Incremental Supply	25	39	77	76	75	43	36	34	32
Incremental Demand	4.9%	0.4%	14.8%	8.5%	6.8%	7.0%	5.1%	4.9%	4.2%
Incremental Supply	6.5%	9.5%	17.1%	14.5%	12.4%	6.3%	5.0%	4.5%	4.0%

Source: Clarkson Research Services & Stifel estimates

Dry Bulk Company Preview:

Star Bulk Carriers (SBLK, Buy, \$10.78)

Completed mergers moves SBLK from the minors to the big leagues – Star Bulk completed its merger of Oceanbulk assets in the 2Q; however, the results of the acquisition should be fully reflected for 3Q14. While the Excel Maritime merger will have no impact on the 3Q results, Star Bulk's increased fleet includes 13 Newcastlemax, 26 Capesize, 4 Post Panamax, 20 Kamsarmax, 12 Panamax, 16 Ultramax, and 10 Supramax vessels, making it the largest U.S.-listed dry bulk company in the industry. Furthermore, with only eight vessels on time charter (of which the longest contract is till mid-2016), Star Bulk remains one of the more operationally levered names to the dry bulk market, specifically to Capesize vessels. We estimate that for every \$1,000 per day increase in spot rates, Star Bulk's 2015E EPS would increase by \$0.22, by far the highest percentage of equity among our coverage universe. Furthermore, Star Bulk shares represent a very attractive entry point as they are currently trading at an 8.4% discount to its estimated net asset value of \$11.77. We believe that Star Bulk will be one of the strongest benefactors of a cyclical recovery, especially as demand for Capesize vessels increases due to iron ore prices below \$90 a ton. Thus we reiterate our Buy rating but are reducing our target price to \$16 based on SBLK shares trading at 8.9x EV/EBITDA on our revised 2015 EBITDA estimate of \$295.1 million.

Risks to our target include: Slowing global growth in commodity demand; potential vessel oversupply; and delays in the delivery of newbuildings.

Exhibit 26: Star Bulk Carriers Estimates

		3Q14E		4Q14E		2014E		2015E		2016E		2017E
		New	Old	New	Old	New	Old	New	Old	New	Old	New
SBLK	EPS	(\$0.07)	\$0.04	\$0.08	\$0.39	\$0.13	\$0.82	\$1.47	\$2.07	\$2.38	\$2.92	\$2.72
	EBITDA (MM)	\$7.6	\$17.7	\$29.3	\$64.6	\$54.4	\$99.7	\$295.1	\$365.0	\$442.5	\$502.3	\$488.5

Source: Stifel estimates

Scorpio Bulkera (SALT, Buy, \$5.19)

Recent pullback represents one of the most attractive entry points in the dry bulk market – Scorpio Bulkera remains one of the most unique stories in the dry bulk space as the company continues to await delivery of its newbuilding fleet. While the first deliveries are not scheduled to arrive in earnest until early-2015, Scorpio Bulkera has chartered in 14 Panamax and five Ultramax vessels through late-2017, giving some immediate exposure to an improving market. We believe the market will be much stronger when Scorpio Bulkera's fleet has been fully delivered, which will be fully operated in the spot market and making it not only one of the largest dry bulk companies but also one of the most heavily levered to current market conditions. One of the major challenges for SALT, which has been a substantial overhang on the shares, is the unfunded portion of their 2.9 billion capex program. However, the company now has \$1.4 billion of committed bank financing on 64 of the 80 committed newbuildings. After adjusting for equity in the program and cash on hand, we estimate that SALT needs just \$495 million of additional financing on the remaining 16 vessels, which we estimate translates into leverage of just 76% relative to the purchase price of \$650 million on the new vessels, and should be easily achievable. Thus we expect any financing risk to be extremely minimal, and the shares should begin to trade closer to NAV as vessels are delivered. We are reducing our target price to \$11.00 on the basis of 10.9 EV/EBITDA on our reduced spot rate assumptions which generate a \$288.1 million 2016E EBITDA.

Risks to our target include: Slowing global growth in commodity demand; potential vessel oversupply; inability to procure financing for capex program; and delays in the delivery of newbuildings.

Exhibit 27: Scorpio Bulkera Estimates

		3Q14E		4Q14E		2014E		2015E		2016E		2017E
		New	Old	New	Old	New	Old	New	Old	New	Old	New
SALT	EPS	(\$0.15)	(\$0.09)	(\$0.08)	\$0.02	(\$0.42)	(\$0.26)	(\$0.01)	(\$0.01)	\$0.91	\$1.28	\$1.27
	EBITDA (MM)	(\$19.7)	(\$12.1)	(\$10.5)	\$3.0	(\$56.7)	(\$35.5)	\$38.7	\$54.7	\$288.1	\$348.3	\$346.3

Source: Stifel estimates

Navios Maritime Holdings (NM, Buy, \$5.62)

Leveraged to improving market with a strong base of fixed cash flow – With a strong management team and the best cost controls in the industry, Navios Maritime Holdings has maintained its status as one of the leading names in the dry bulk market, with 63 vessels under control and 147 vessels in the Navios group of companies. Navios Maritime Holdings is heavily levered to the market as we estimate a \$1,000 per day increase in 2015 spot rates would increase EPS by \$0.18. Although the company maintains one of the larger fleets in the dry bulk market, it generates a large portion of its cash flow through distributions from its subsidiaries (NNA and NMM) which represents \$44.6 million in annual dividend cash flow of \$0.43 per share. The Navios South American Logistics business that the company has continued to plan for a potential IPO likely in late-2015 as EBITDA grows, which we feel could be a strong catalyst given Navios' 63.8% investment in the business. Additionally, Navios continues to trade at one of the largest discounts of our dry bulk names at about 30% of our sum-of-the-parts value of \$8.01 per share or \$9.08 per share fully valuing the subsidiaries. Thus we reiterate our Buy rating but we are reducing our target price to \$11.50 per share based on the shares trading at 9.6x EV/EBITDA ratio based on our 2015 EBITDA estimate of \$246.4 million which includes the company's equity earnings in its public subsidiaries.

Risks to our target price: Slowing global growth in commodity demand; potential vessel oversupply; and an inability to refinance bonds as they come due.

Exhibit 28: Navios Maritime Holdings Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
NM	EPS	(\$0.15)	(\$0.12)	(\$0.01)	\$0.08	(\$0.24)	(\$0.12)	\$0.49	\$0.99	\$1.33	\$1.46	\$1.74
	EBITDA (MM)	\$37.7	\$40.1	\$46.6	\$56.5	\$154.5	\$166.8	\$246.4	\$301.0	\$317.2	\$343.3	\$326.5

Source: Stifel estimates

Diana Shipping (DSX, Buy, \$9.03)

The sleep well at night dry bulk name – Diana Shipping operates one of the most conservatively run companies in the shipping industry, with a cash balance of \$309.1 million against a debt balance of only \$425.0 million. Additionally, the majority of Diana's vessels are on long-term contracts typically about 2-3 years in duration. Although Diana has limited exposure to current market conditions and has a very conservative profile, the shares are trading at a 20% discount to NAV despite Diana having one of the lowest sensitivities to dry bulk spot rates or asset values. As a result, we reiterate our Buy rating and \$12.00 target price which is approximately in line with our \$11.17 net asset value for the company.

Risks to our target price: Slowing global growth in commodity demand; potential vessel oversupply; and a sharp decline in asset values which could impact the NAV of the company.

Exhibit 29: Diana Shipping Estimates

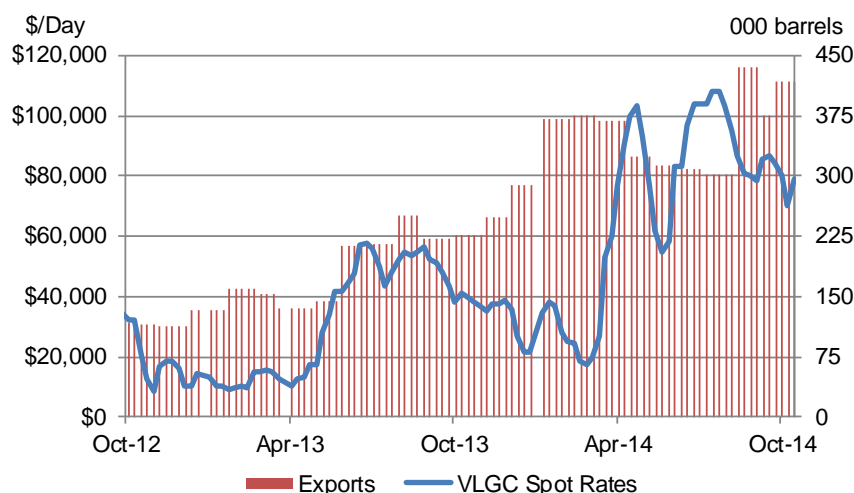
		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
DSX	EPS	(\$0.10)	(\$0.08)	(\$0.07)	(\$0.06)	(\$0.33)	(\$0.31)	\$0.07	\$0.31	\$0.56	\$0.77	\$0.79
	EBITDA (MM)	\$12.9	\$13.9	\$15.4	\$16.0	\$53.0	\$54.6	\$89.8	\$108.3	\$130.8	\$148.6	\$149.6

Source: Stifel estimates

Liquefied Petroleum Gas Shipping Industry Preview

Although the market for larger LPG vessels softened slightly in 3Q relative to 2Q, even rates of \$80,000 per day for VLGCs at the close of the quarter are 279% of the 10-year average of \$28,692 per day driven by rising exports from the U.S. In fact, as seen in **Exhibit 30**, exports of propane and propylene have increased 13% since the beginning of the year to 418,000 barrels per day. Furthermore, the 22,000 cbm Handysize semi-refrigerated market reached all-time record levels and is still currently at \$35,833 per day, while the smaller 5,000 cbm pressurized market actually softened throughout the quarter at \$15,000 per day as most incremental LPG volumes are being allocated to the petrochemical market rather than the consumer market served by the smaller vessels, although we expect the consumer market to grow over time. As further shale production continues in the U.S., we would expect further cargoes to be exported primarily from the Gulf Coast to international markets specifically Asia and Europe.

Exhibit 30: U.S. Exports of Propane and Propylene and VLGC Spot Rates



Source: EIA and Fearnleys

While rates remain high in the LPG market, there is additional capacity scheduled to hit the market through 2016. Specifically, we estimate there are two new LPG facilities that will add a total of over 137,000 barrels of new LPG capacity to the market. Furthermore, by the end of 2016, the U.S. should have the ability to export up to 1.5 million barrels of LPG which we believe would amount to a 30% increase in global LPG seaborne trade, but with many of these cargoes likely to move from the Gulf Coast to Asia, we believe the ton-mile impact on LPG shipping trade is likely to be closer to 50%. Although much of this trade is likely to be done with VLGC vessels, there should also be a marked increase for the semi-refrigerated markets as approximately 30% of the new capacity scheduled to come on line will not be suited for fully refrigerated vessels.

Exhibit 31: U.S. LPG Export Terminals

Existing

<u>Owner</u>	<u>Facility</u>	<u>Location</u>	<u>Capacity Mb/d</u>
Enterprise	Enterprise	TX	130
Enterprise	Expansion 1	TX	120
Targa	Galena Park	TX	50
Targa	Expansion1	TX	83
Sunoco Logistics	Marcus Hook	PA	17
Petrogas	Ferndale	WA	30
Total			430

Brownfield

<u>Owner</u>	<u>Facility</u>	<u>Location</u>	<u>Capacity Mb/d</u>	<u>Schedule</u>
Enterprise	Expansion 2	TX	50	2015
Enterprise	Expansion 3	TX	233	2015
Targa	Galena Park 2	TX	67	2014
Sunoco Logistics	Marcus Hook 2	PA	70	2014
Sunoco Logistics	Marcus Hook 3	PA	70	2015

Greenfield

<u>Owner</u>	<u>Facility</u>	<u>Location</u>	<u>Capacity Mb/d</u>	<u>Schedule</u>
Occidental	Oxy	TX	150	2015
Sunoco Logistics	Mariner South	TX	200	2015
Enlink	CrossTex	LA	N/A	2015
Phillips 66	Freeport	TX	147	2016
Sage Midstream	Haven	WA	57	2016
Total Additions			1,044	

Source: Company filings and Stifel estimates

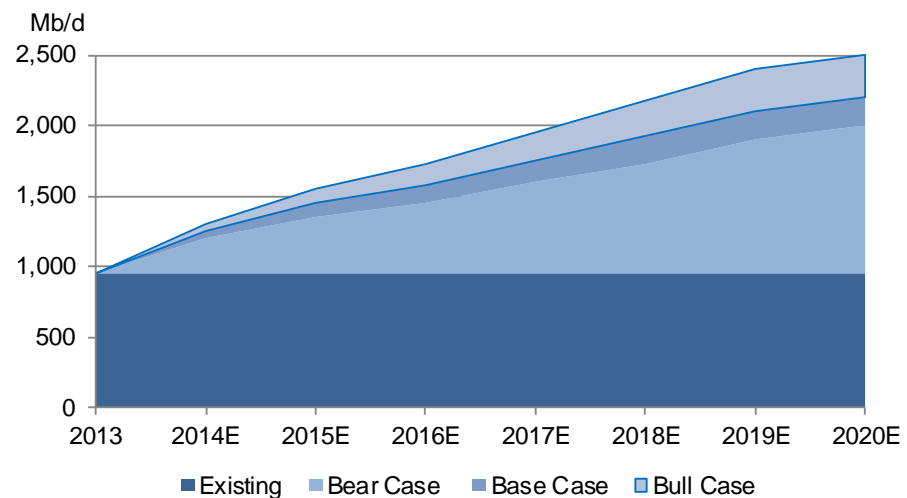
Due to the surge in natural gas liquids coming from various shale formations around the U.S., several companies have either started construction on new LPG export terminals or are under advanced discussions for increasing exports of LPG through 2016. The largest expansion facility set to come online the soonest is Enterprise Product Partners' expansion efforts at its Houston Ship Channel facility. This facility is expected to bring capacity up by 50,000 bpd through mid-2015 with the third expansion phase increasing capacity by 233,000 by the end of 2015. Management at EPD has also announced that it has long-term contracts signed with several Asian and European petrochemical clients through 2024. Sunoco Logistics is another company that has plans to expand its LPG capacity by building a 200,000 bpd pipeline to transport propane and butane from its storage facility in Mont Belvieu, Texas to the company's export terminal in Nederland, Texas. The pipeline is expected to be operational by 1Q15. We estimate that there is a total of over 1.2 million barrels per day of new export capacity hitting the market through the end of 2016, relative to current trade of 2.0 million barrels per day globally.

Growth in Asian LPG imports has some companies joining forces and preparing for expected arrival. With the Pacific market expected to be the main source of LPG imports, China is preparing for increased demand of LPG to take advantage of the cheaper feedstock for petrochemical manufacturing. There are six new propane dehydrogenation plants scheduled to start operations in China by mid-2015. The plant run by Yantai Wanhua Polyurethanes located in Shandong province is scheduled to be the first plant to start operations in early-2015, most likely January or February, with a capacity to process up to 750,000 tons of propylene while consuming 900,000 tons of propane and 600,000 tons of butane. Overall, the six new propane dehydrogenation plants (PDH) could

produce up to 3.5 million tons of propylene a year. Oriental Energy's 660,000 ton PDH is scheduled to start operations by early-2015, which is located in Jiangsu province.

Ethane is coming. As the U.S. continues to increase its production of ethane, several companies are preparing for the expected initial wave of demand for exports. Currently the U.S. produces approximately 1.0 million barrels of ethane annually, but has processing capacity for only about 800,000 barrels per day. However, we expect U.S. production to grow to over 2.0 million barrels per day by 2020, with just an additional 600,000 barrels per day of processing capacity. Thus we expect that to simply contend with the ethane oversupply, approximately 500,000 barrels per day will likely need to be exported, requiring approximately 30 VLEC vessels and 30 medium sized vessels. Currently ships have been ordered for only approximately 30% of the potential volumes. Furthermore, we believe that actual exports could exceed 500,000 barrels per day as export terminals offer a much quicker time to market option relative to new petrochemical processing capacity which would likely not be available for at least five years. Much of the interest of building very large gas carriers is centered on Enterprise's recent announcement of the world's largest ethane export terminal in the Gulf Coast. Enterprise also decided to increase its capacity at the facility due to over 85% of its initial capacity being signed to long-term contracts which would give the facility a total capacity of 300,000 bpd and would require 26-30 VLECs; based on current market conditions there are only six firm vessels under construction.

Exhibit 32: U.S. Ethane Production (2013-2020E)

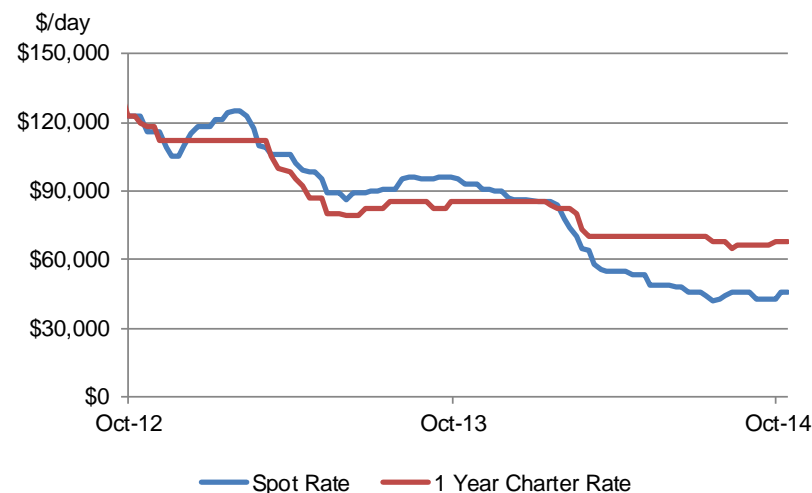


Source: Bentek and Stifel Estimates

Liquefied Natural Gas Shipping Industry Preview

Vessel utilization has tightened considerably in recent weeks within the LNG market, as several LNG carriers have been used for floating storage due to pricing differences between U.S., Europe, and Japan, leading to further increases in demand for vessels. Furthermore, several of the large liquefaction facility projects have announced that they are either on schedule or ahead by several months, which should provide some consistent improvement in demand. Currently, spot rates remain under pressure and are down 46% for the year at \$46,000, but 1-year time charter contracts for LNG vessels have increased 3% over the past few weeks from \$66,000 a day at the end of September to \$68,000 a day at the beginning of October. More importantly, very few vessels are currently unemployed and new vessel deliveries no longer have to wait months to load their first cooling cargo.

Exhibit 33: LNG Charter Rates



Source: Clarkson Research Services

Based on data from the EIA, natural gas production in the U.S. is expected to grow 5.4% in 2014 and 2.0% in 2015. The increased production in natural gas is expected to keep prices low in the U.S., averaging about \$4.37 for the year and a 17% premium to current prices of \$3.72 mmbt, while increasing exports to Mexico to meet their growing demand from its electric power sector. With current natural gas prices in Europe of \$10.30 mmbtu and \$13.95 mmbtu in Japan, we feel gas producers will continue to seek out exports to those regions while several large export-oriented liquefaction facilities continue to speed up construction.

Given the recent declines in oil prices which has consequently also driven down LNG prices particularly in Asia as LNG can in some cases be used interchangeably as a fuel for power generation or a petrochemical feedstock with oil based products, several LNG carriers have been chartering vessels as a floating storage to traders anticipating increased pricing during the winter months. As a result of vessels being taken out of the trade to store cargoes, the portion of the LNG fleet available to trade has also contracted, leaving fewer vessels available to transport spot cargoes. This small niche market could provide a small uplift in demand for LNG vessels, at a time when liquefaction demand has yet to take off. Ultimately, we do believe the market is likely to slow during the winter months as traders unwind these storage positions.

LNG growth continues to move forward. In late-September, U.S. FERC officially approved Dominion Resources' LNG liquefaction facility in Cove Point,

Maryland to begin construction. The facility, located within an hour drive of Washington D.C. is expected to cost between \$3.4 million and \$3.8 million, with a total capacity of 5.75 million tons and an operational start date in 2017. We estimate the two-train facility will require up to 10 vessels to export the fully-subscribed LNG capacity from the U.S. Atlantic Coast to markets in Japan and India. The Dominion Cove Point liquefaction facility will be the first and maybe only plant located in the northeast as the majority of liquefaction capacity is expected to be in the Gulf Coast where Cheniere Energy (LNG; NC) is currently building its \$7.5 billion liquefaction facility, which has moved up its expected start date to 4Q15 and would be the first U.S. export facility to export LNG. Due to the increased interest in U.S.-based LNG, Cheniere announced that they will be expanding its terminal by two additional trains, bringing the total capacity to 27 million tons and requiring about 41 incremental vessels. The fully operational facility should have all six liquefaction trains completed and running by 3Q18. In total, we estimate that the U.S. will increase its liquefaction capacity by over 93 million tons by 2020, however, with Australia adding over 62 million tons to its overall capacity by 2020 and Qatar making up over 33% of the total global market, we believe the U.S. will have to settle for third-best in the seaborne LNG trade.

Short-term market is challenging, but long-term growth should be substantial. Indonesia's Donggi-Senoro LNG facility was supposed to start operations in the 4Q, however, due to several construction delays the facility will come online by mid-2015. This facility would have been Indonesia's first LNG export terminal, which will have a 2 million ton capacity with shipments expected to be delivered to Chubu Electric Power Co and Kyushu Electric Power in Japan and Korea Gas Corp. in South Korea. Requiring only two incremental LNG vessels, the Donggi-Senoro facility was one of the smaller plants coming online within the next 12 months, however, there are four very large LNG liquefaction facilities in Australia scheduled to come online through mid-2015, which would add a total of 26 million tons of new capacity to the country and require about 23 new LNG carriers. The Queensland LNG plant (8.5 million tons) is expected to start operations by the end of 2014, while the Gladstone LNG facility (7.8 million tons) and Gorgon LNG plant (15.6 million tons) are expected to begin by mid-2015, when we believe the market will begin to tighten and provide a strong base for improving charter rates. By the end of 2020, we estimate that total LNG liquefaction capacity will increase by 193.7 million tons and the industry will require about 238 new LNG vessels.

Exhibit 34: LNG Supply & Demand

Demand (MM)	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E
Liquefaction Volumes Growth (cubic meters)	377.4	398.7	483.7	538.3	529.6	532.4	538	543.0	620.8	690.5	770.5	830.8
New Capacity (cm)		21	85	55	-9	3	5	78	70	80	60	89
Additional Incremental Vessels Needed		15	58	37	-6	2	2	33	29	40	40	62
Beginning Vehicles (greater than 100,000 cbm)	207	253	291	316	328	327	340	366	391	417	457	485
Deliveries	52	40	27	16	3	18	30	27	28	42	30	25
Removals	(6)	(2)	(2)	(4)	(4)	(5)	(4)	(2)	(2)	(2)	(2)	(2)
Ending Vehicles	253	291	316	328	327	340	366	391	417	457	485	508
Incremental Demand		15	58	37	-6	2	2	33	29	40	40	62
Incremental Supply		38	25	12	-1	13	26	25	26	40	28	23

Source: Company filings & Stifel estimates

Gas Company Preview:

Navigator Holdings Ltd. (NVGS, Buy, \$24.25)

Handysize leader with large ethane option – Navigator Holdings is the market leader in Handysize vessels with 25 vessels in operation and 12 newbuilds, while operating the vessels on a blend of long and short-term/spot employment. Along with its strong market position, the company also has 14 vessels that can transport ethane and ethylene, including newbuilds. The growth of U.S.-based ethane is creating an export market with several international petrochemical companies seeking cheaper ethylene feedstocks which will require new purpose built vessels. While Navigator has not entered into any VLEC newbuild arrangements, the company did recently sign its first ethane export contract with Borealis for 10 years starting in late-2016 when its first ethane carrier is scheduled for delivery. We believe that demand for Navigator's remaining ethane-capable vessels will increase substantially over the next 18 months, providing a strong catalyst for share price appreciation. Furthermore, we believe their core business will continue to generate excellent returns on the back of growth in U.S. propane and butane exports which have already led to stronger than expected charter rates resulting in an increase in our 3Q14 estimates. Thus with the shares trading at a 8.8x EBITDA estimate of \$204.8 million, we believe further growth is on the horizon and are reiterating our Buy rating and \$33.00 price target.

Risks to our target price: Potential overbuilding of the fleet; failure to procure ethane export contracts; a contraction of U.S. oil and gas drilling; and an environmental accident that could damage the company's reputation and balance sheet.

Exhibit 35: Navigator Gas Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
NVGS	EPS	\$0.42	\$0.41	\$0.46	\$0.46	\$1.54	\$1.53	\$2.13	\$2.13	\$2.74	\$2.74	\$2.93
	EBITDA (MM)	\$42.2	\$41.8	\$45.0	\$45.2	\$161.8	\$161.6	\$204.8	\$205.1	\$251.5	\$251.5	\$258.3

Source: Stifel estimates

Golar LNG Limited (GLNG, Hold, \$54.85)

Premier LNG company but fully-valued given execution risk– Golar LNG Limited has a long and storied history in the LNG industry, considered one of the leading players in the floating storage and regasification units (FSRUs) and the development of floating liquefied natural gas (FLNG) facilities, which we believe is the future of the LNG market. Furthermore, with the recent secondary offering being used to help fund the conversion of its LNG carrier, the *Hilli*, we believe the company is well capitalized to fund the conversion of one or perhaps two projects. Ultimately we believe each FLNG project could be worth more than \$30 per share to the company, and a contract for a portion of the capacity on the first unit is likely to be announced shortly. However, we estimate the NAV of GLNG without FLNG contribution to be about \$30 per share, and given the current share price nearly one FLNG project is already priced into the shares. Although we believe there is tremendous long-term potential, the ideal counterparties are typically smaller E&P companies who are less likely to spend capital in a depressed energy market. As a result, we believe development of new FLNG projects could be slow in progressing. As a result, we are maintaining our Hold rating on the shares.

Exhibit 36: Golar LNG Limited Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
GLNG	EPS	(\$0.02)	(\$0.02)	\$0.12	\$0.12	(\$0.08)	(\$0.08)	\$0.84	\$0.99	\$1.46	\$2.02	\$1.89
	EBITDA (MM)	\$10.5	\$10.5	\$33.7	\$33.7	\$42.8	\$42.8	\$184.5	\$196.7	\$238.3	\$293.9	\$324.4

Source: Stifel estimates

GasLog Ltd. (GLOG, Hold, \$21.98)

MLP adds value, but a soft market likely to persist into late 2015 – Gaslog operates a young, high quality fleet with an average age of 5.5 years and remaining average charter length of 5.3 years, insulating it from a depressed, but gradually improving market. GasLog also has 10 vessels being built with scheduled delivery between late-4Q14 and late-2017, with four of these vessels already signed to time charters. We believe most of these vessels should be delivered into a much improved charter rate environment as several large liquefaction facilities should begin operation in the U.S. and Australia starting in 2015. However, we do believe there could be risk of current weakness in the oil and gas markets resulting in a slowing of the pace of liquefaction development which may result in a bit more protected period of softness. We do believe that the company will continue to drop down assets in its MLP, which should add some near-term value. However with GasLog shares currently trading at a 14% premium to its NAV estimate of \$19.28, we believe there is long term value in the name at these levels, but it is likely to take time to materialize as the LNG shipping market slowly improves, and thus we are maintaining our Hold rating.

Exhibit 37: GasLog Ltd. Estimates

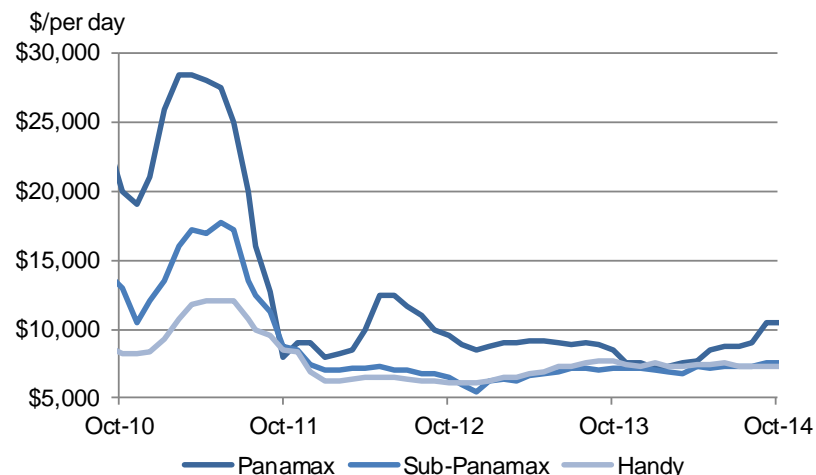
		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
GLOG	EPS	\$0.25	\$0.25	\$0.27	\$0.27	\$0.78	\$0.78	\$0.71	\$0.71	\$0.88	\$0.85	\$0.98
	EBITDA (MM)	\$62.3	\$62.3	\$66.5	\$66.5	\$208.9	\$208.9	\$179.9	\$178.6	\$208.7	\$208.9	\$229.4

Source: Stifel estimates

Container Shipping Industry Preview

Seasonally strong demand in 3Q reduced the size of the idle fleet to the lowest point in the past three years, but was sufficient to drive only a modest increase in charter rates for secondhand capacity in the quarter. There was a slowing of demand for new Post Panamax tonnage by the liner companies which has resulted in few orders at slightly lower rates. While charter rates are still below their 10-year historical average, Panamax one year charter rates have improved to \$10,500 a day, a 47% improvement since the beginning of the year and the highest amount since August 2012. While Sub-Panamax vessels have experienced a smaller improvement of \$7,600, it is up 9% for the year. Handy containerships have stayed consistently within the range of \$7,300 to \$7,500 for 2014.

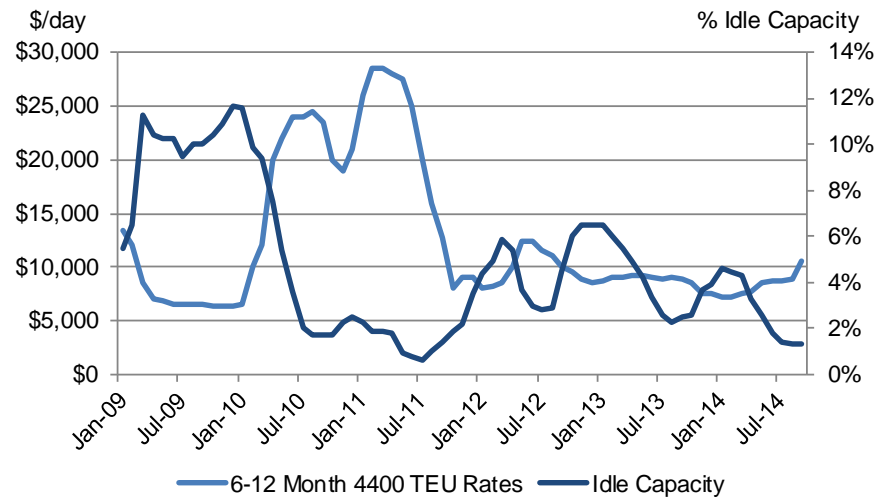
Exhibit 38: Containership Charter Rate



Source: Clarkson Research Services

Despite concerns over slower macro-economic conditions, global trade has been stubbornly strong, although Europe in particular shows cause for concern. Germany, the Eurozone's biggest economy, reported a 5.8% decline in exports due to low manufacturing and factory production along with low demand from the rest of the European region. France has seen its trade deficit widen in August due to low activity in its industrial and petrochemical market. Outside of Europe, Japan's economy is struggling to gain any traction as the country's industrial output has declined 1.5% along with household spending which is down 5% in August from the prior month. There were fears that China's economy was struggling, however exports have increased by 15.3% from the previous year while imports rose 7%. The U.S. appears to be one of the stronger regions in the world, however the country is not immune to outside forces as retail sales fell 0.3% in September from the prior month while import prices fell 0.5% in September in a sign of lackluster demand growth and a strengthening dollar. In the prior European downturn during 2009, container volumes fell 9.2% relative to Eurozone GDP contraction of 4.5%. Because Europe makes up 20.4% of all container trade, and is particularly important with respect to imports from the Far East due to the long ton-mile trade, another European contraction could have a several impact on the container shipping market which has still not recovered from the previous downturn. Ultimately, we believe macro concerns are unlikely to have any near-term impact on rates, as most secondhand assets are already operating near cash flow breakeven levels and the market is already past its seasonal peak.

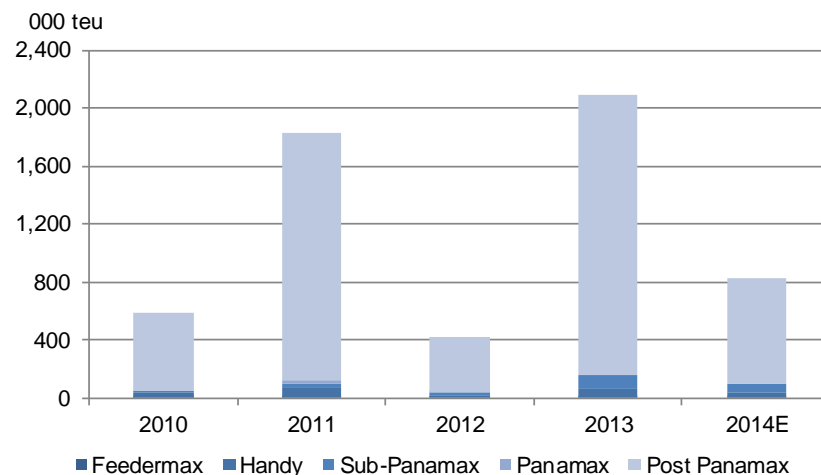
Exhibit 39: Containership Idle Capacity vs. Charter Rates



Source: Clarkson Research Services

Could 2015 be the year? In August, idle containership capacity dropped to 1.5% of the fleet which marked the lowest levels since summer 2011. Furthermore, typically as idle capacity falls shipping rates rise as shown in **Exhibit 39** which plots the percent of the fleet which is idle against the six month charter rates on 4,400 TEU Panamax containerships. In fact, historically, the correlation is -0.5 and even more inverse correlated on a two month lag. However, following peak summer trading, idle capacity ordinarily rises and consequently rates contract. Next year, we anticipate net fleet growth to be about 6% or slightly greater than 2014 levels. Should demand growth continue at its current pace we believe supply and demand could be closely balanced and idle capacity could drop to similar or lower levels in 2015, albeit still most likely a relatively soft freight rate environment. The orderbook should begin to ease in 2016, which may create a strong supply/demand environment depending on the growth of global trade between now and then.

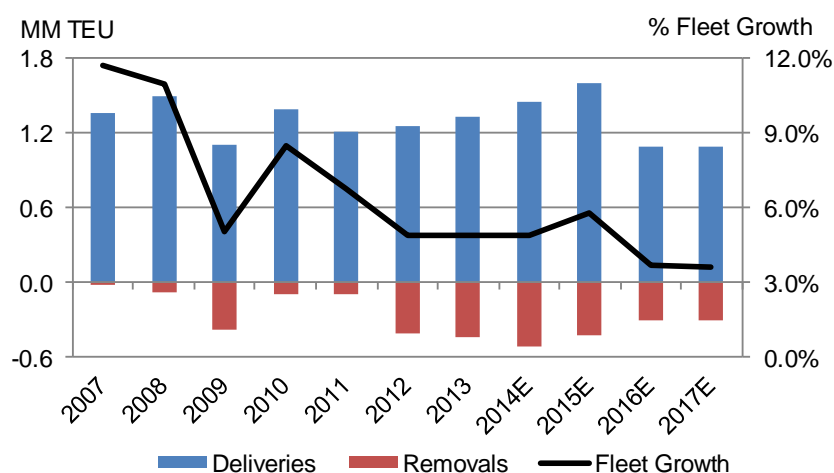
Exhibit 40: Containership Contracts 2010-2014



Source: Clarkson Research Services

Supply of vessels remains constant, but demand is expected to slow. While the orderbook for containerships has not grown much since the beginning of the 3Q, at 3.5 million teu, about 10% of the total orderbook is scheduled for delivery by the end of 2014 with over 54% scheduled for delivery in 2015. The silver lining in the industry may be that while deliveries are expected to be high, owners have considerably slowed their pace of ordering additional vessels in the 3Q14 compared to last period, down 55% from 87 vessels to only 39. However, several of these vessels are much larger than current containerships, averaging at over 10,000 teu, which may reduce the role of several of the smaller asset classes as owners and liners attempt to build economics of scale and operate their fleets more efficiently. With supply and demand tightly balanced, in the absence of a global slowdown in trade, we believe there could be improved charter rates when the market is seasonally strong, but limitedly. Furthermore, we would expect chartering activity for new efficient vessels to be moderate, and largely in line with pace of ordering in 2014, rather than the high levels of 2013.

Exhibit 41: Containership Fleet Development



Source: Clarkson Research Services and Stifel estimates

Exhibit 42: Containership Supply and Demand Model

<i>Demand (MM TEU)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Transpacific	18.4	20.3	20.8	20.8	21.5	22.7	24.0	25.3	26.7
Far East-Europe	17.3	19.6	20.5	19.9	21.0	22.0	22.9	23.3	23.8
Transatlantic	5.3	5.9	6.2	6.1	6.1	6.3	6.4	6.5	6.5
North-South	20.3	23.5	25.8	26.6	27.8	28.9	30.4	31.9	33.5
Other	63.7	68.7	74.7	79.6	80.6	86.5	92.5	99.0	105.9
Total	125.0	138.0	148.0	153.0	157.0	166.4	176.2	186.1	196.5
Trips per Year									
Transpacific	8.5	8.5	8	8	8	8	8	8	8
Far East-Europe	5.5	5.5	5	5	5	5	5	5	5
Transatlantic	14	14	14	14	14	14	14	14	14
North-South	10.5	10	10	10	10	10	10	10	10
Other	10	10	10	10	10	10	10	10	10
	9.4	9.3	9.2	9.2	9.2	9.2	9.2	9.2	9.3
Vessel Demand (MM TEU)	13.29	14.82	16.10	16.56	17.04	18.06	19.10	20.14	21.23
Incremental Demand Growth	-1.2	1.5	1.3	0.5	0.5	1.0	1.0	1.0	1.1
<i>(MM TEU)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Beginning Year Fleet	14.4	15.1	16.4	17.5	18.4	19.3	20.2	21.4	22.2
Deliveries	1.1	1.3	1.2	1.2	1.3	1.5	1.6	1.1	1.1
Scrapping	-0.4	0.0	-0.1	-0.4	-0.4	-0.5	-0.4	-0.3	-0.3
Ending Fleet	15.1	16.4	17.5	18.4	19.3	20.2	21.4	22.2	23.0
Incremental Supply Growth	0.7	1.3	1.1	0.9	0.9	0.9	1.2	0.8	0.8
Net Supply/Demand Balance	-1.9	0.2	0.2	-0.4	-0.4	0.1	-0.1	0.2	0.3
Freight Rates Appreciation	-62%	46%	24%	-32%	-6%				

Source: Stifel estimates and Clarkson Research Studies

Exhibit 43: Container Shipping Charter Rate Assumptions

	<u>1Q14A</u>	<u>2Q14E</u>	<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
	Average	Average	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New
8,000 TEU	24,000	27,000	20,000	20,000	20,000	20,000	22,750	22,750	20,000	20,000	24,000	24,000	26,000
5,000 TEU	8,000	10,000	12,000	12,000	10,000	10,000	10,000	10,000	13,000	13,000	15,000	15,000	18,000
3,000 TEU	7,000	7,500	9,000	9,000	6,500	6,500	7,500	7,500	9,000	9,000	12,000	12,000	14,000
1,500 TEU	6,500	7,500	8,000	8,000	7,000	7,000	7,250	7,250	10,000	10,000	10,000	10,000	10,000

Source: Stifel estimates

Container Shipping Company Preview:

Costamare (CMRE, Hold, \$19.48)

Strong operator with limited rate exposure, but nowhere to go. – Costamare remains one of the preeminent names in container shipping with 58 vessels in operation and nine under construction including their joint venture with York Capital. Along with being an expert in operating older tonnage, the company employs its vessels on a mix of short-term and long-term contract lengths, with 41% of 2015 cash flow being derived from contracts greater than 5 years in remaining duration. Furthermore, with \$206 million of required annual debt repayment and \$99.2 million in current dividend commitments, against \$267.4 million in estimated operating cash flow, we believe it may be challenging for the company to increase dividends at a meaningful pace. Costamare has filed to separate a portion of its fleet into an MLP which could provide additional capital for growth but with CMRE trading with a yield of 5.5% which is in line with the growth-oriented MLP peer group, we believe until market conditions improve it may be challenging for the shares to appreciate meaningfully and thus we are maintaining our Hold rating.

Exhibit 44: Costamare Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
CMRE	EPS	\$0.36	\$0.43	\$0.39	\$0.39	\$1.59	\$1.66	\$1.81	\$1.90	\$2.40	\$2.50	\$2.46
	EBITDA (MM)	\$86.0	\$86.1	\$83.0	\$83.0	\$337.4	\$337.5	\$353.2	\$347.7	\$373.8	\$373.8	\$358.0

Source: Stifel estimates

Seaspan Corp (SSW, Hold, \$19.47)

Moderate dividend growth on the horizon until rates improve – Seaspan operates one of the largest containership fleets in the industry with 28 Post Panamax, 37 Panamax, and 10 Handy containerships. Furthermore, the company has 14 Post Panamax vessels scheduled for delivery between late-2014 and mid-2016. With 54% of 2015 cash flows made up of vessels with contracts greater than 5-years of remaining duration and with the contribution of new vessels with long-term contracts, we believe Seaspan has a strong, long-term contracted base of cash flows that should keep the company's dividend not only intact, but could possible grow 10% through 2015 and 5% in 2016. Seaspan is also in a great position to win additional contracts for further newbuilds backed by long-term time charter contracts or grow the fleet through the potential consolidation of their 10.3% joint venture which owns 20 vessels. However, with the shares trading at an 7.1% dividend yield and with a highly levered balance sheet including preferred equity, although we are estimating modest dividend growth, until there is substantial improvement in the container shipping charter rate environment we feel SSW shares are relatively fully valued and are maintaining our Hold rating.

Exhibit 45: Seaspan Estimates

		<u>3Q14E</u>		<u>4Q14E</u>		<u>2014E</u>		<u>2015E</u>		<u>2016E</u>		<u>2017E</u>
		New	Old	New	Old	New	Old	New	Old	New	Old	New
SSW	EPS	\$0.27	\$0.27	\$0.30	\$0.30	\$0.95	\$0.95	\$1.43	\$1.44	\$2.46	\$2.47	\$2.57
	EBITDA (MM)	\$134.9	\$134.9	\$138.6	\$138.6	\$515.4	\$515.4	\$605.7	\$610.1	\$737.1	\$737.2	\$739.7

Source: Stifel estimates

Costamare Inc. 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	392,416	429,225	494,719	515,615	539,046	522,872
Voyage Expenses	8,406	6,623	7,888	7,620	7,966	7,727
Net TCE Revenue	384,010	422,602	486,831	507,995	531,080	515,145
Vessel Operating Expenses	112,462	115,998	124,029	129,028	131,394	131,035
G&A Expenses	4,045	8,517	6,750	6,720	6,720	6,720
Management fees	15,171	16,580	18,698	19,000	19,200	19,400
Other expenses	(110)	24	0	0	0	0
EBITDA	252,442	281,483	337,354	353,248	373,766	357,990
Depreciation	88,512	98,017	116,841	119,430	119,430	119,430
EBIT	163,930	183,466	220,513	233,818	254,336	238,560
Interest Expense	(74,734)	(74,533)	(93,683)	(87,811)	(78,579)	(68,590)
Interest Income	1,495	504	640	104	171	67
Joint Venture Income	0	692	857	1,885	16,113	26,328
Other income/(expense)	655	(317)	2,806	0	0	0
Net Income	91,346	109,812	131,133	147,996	192,040	196,366
Common Income	91,346	108,276	119,183	135,533	179,578	183,904
Preferred Income	0	1,536	11,950	12,463	12,463	12,463
Diluted Common Shares	67,596	74,800	74,800	74,800	74,800	74,800
Series B Preferred	0	1,000	2,000	2,000	2,000	2,000
Series C Preferred	0	0	4,000	4,000	4,000	4,000
Common EPS	\$1.35	\$1.45	\$1.59	\$1.81	\$2.40	\$2.46
DPS	\$1.08	\$1.08	\$1.11	\$1.15	\$1.16	\$1.16

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	94,828	103,372	114,173	116,852	117,544	125,980	126,629	124,565
Voyage Expenses	1,371	1,955	1,477	1,820	1,547	2,017	2,483	1,841
Net TCE Revenue	93,457	101,417	112,696	115,032	115,997	123,963	124,146	122,724
Vessel Operating Expenses	27,880	28,472	29,552	30,094	29,384	30,521	32,108	32,016
G&A Expenses	963	1,280	1,040	5,234	1,097	1,353	1,300	3,000
Management Fees	3,890	4,100	4,313	4,277	4,471	4,827	4,700	4,700
Other Expenses	(75)	(11)	0	110	63	47	0	0
EBITDA	60,799	67,576	77,791	75,317	80,982	87,215	86,038	83,008
Depreciation	21,932	23,586	25,750	26,749	27,516	29,610	29,858	29,858
EBIT	38,867	43,990	52,041	48,568	53,466	57,605	56,181	53,151
Interest Expense	(17,564)	(16,544)	(22,815)	(17,610)	(25,796)	(20,354)	(26,514)	(21,019)
Interest Income	209	200	0	95	150	141	185	164
Joint Venture Income	0	0	295	397	205	0	326	326
Other Income/(Expense)	0	50	(345)	(22)	875	1,931	0	0
Net Income	21,512	27,696	29,176	31,428	28,900	39,323	30,178	32,622
Common Income	21,512	27,696	28,591	30,477	26,294	36,210	27,063	29,507
Preferred Income	0	0	585	951	2,606	3,113	3,116	3,116
Diluted Shares	74,800	74,800	74,800	74,800	74,800	74,800	74,800	74,800
Common EPS	\$0.29	\$0.37	\$0.38	\$0.41	\$0.35	\$0.48	\$0.36	\$0.39
DPS	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.28	\$0.28	\$0.28

Source: Company filings and Stifel estimates

Diana Shipping 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	223,231	164,453	174,372	216,596	265,962	290,992
Voyage Expenses	8,273	8,121	9,143	10,397	13,298	14,550
Net TCE Revenue	214,958	156,332	165,229	206,199	252,664	276,442
Vessel Operating Expenses	66,294	77,210	87,412	90,392	94,867	98,879
G&A Expenses	24,913	23,724	24,983	26,000	27,000	28,000
Other expenses	(1,374)	(616)	(150)	0	0	0
EBITDA	125,125	56,014	52,984	89,807	130,797	149,564
Depreciation	62,010	64,741	69,590	71,448	73,688	75,927
EBIT	63,115	(8,727)	(16,606)	18,359	57,110	73,636
Interest Expense	(7,617)	(8,139)	(8,749)	(8,694)	(6,091)	(3,341)
Interest Income	1,433	1,799	3,213	1,860	932	0
Other income/(expense)	(2,292)	(2,870)	(5,103)	(5,769)	(5,769)	(5,769)
Net Income	54,639	(17,937)	(27,245)	5,756	46,181	64,526
Diluted Shares	81,113	81,327	81,734	81,734	81,897	82,061
EPS	\$0.67	(\$0.22)	(\$0.33)	\$0.07	\$0.56	\$0.79

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	43,048	40,005	41,936	39,464	41,145	43,150	43,383	46,694
Voyage Expenses	2,199	2,093	2,031	1,798	2,398	2,241	2,169	2,335
Net TCE Revenue	40,849	37,912	39,905	37,666	38,747	40,909	41,214	44,360
Vessel Operating Expenses	17,957	19,569	19,735	19,949	20,656	21,934	22,218	22,604
G&A Expenses	5,464	5,479	5,399	7,382	6,248	6,285	6,100	6,350
Other expenses	0	(317)	(182)	(117)	(65)	(85)	0	0
EBITDA	17,428	13,181	14,953	10,452	11,908	12,775	12,896	15,405
Depreciation	15,549	15,919	16,397	16,876	16,874	17,340	17,514	17,862
EBIT	1,879	(2,738)	(1,444)	(6,424)	(4,966)	(4,565)	(4,618)	(2,457)
Interest Expense	(2,064)	(2,025)	(2,057)	(1,993)	(1,960)	(2,103)	(2,483)	(2,202)
Interest Income	200	150	520	929	904	939	773	597
Other income/(expense)	70	(633)	(198)	(2,109)	(758)	(1,447)	(1,447)	(1,447)
Net Income	85	(5,246)	(3,179)	(9,597)	(6,780)	(7,176)	(7,776)	(5,509)
Diluted Shares	81,059	81,383	81,383	81,483	81,734	81,734	81,734	81,734
EPS	\$0.00	(\$0.06)	(\$0.04)	(\$0.12)	(\$0.08)	(\$0.09)	(\$0.10)	(\$0.07)

Source: Company filings and Stifel estimates

GasLog FYE 12/31
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	68,542	157,240	329,662	286,257	315,310	345,743
Drydock Expense	0	0	0	0	0	0
Net TCE Revenue	68,542	157,240	329,662	286,257	315,310	345,743
Vessel Operating Expenses	14,646	34,919	90,069	75,373	75,625	85,410
G&A Expenses	20,410	21,597	30,742	30,972	30,972	30,972
Other expenses	0	0	0	0	0	0
EBITDA	33,486	100,724	208,851	179,912	208,714	229,361
Depreciation	13,065	29,322	71,953	89,004	90,461	108,439
EBIT	20,421	71,402	136,898	90,908	118,253	120,921
Financial (costs)/gains including gain/(loss) on swaps	(11,568)	(29,244)	(68,122)	(63,469)	(76,637)	(81,087)
Financial income	1,174	411	392	991	806	163
Share of profit of associate	1,078	1,470	1,606	1,693	1,736	1,779
Other income/(expense)	(774)	(4,913)	(615)	0	0	0
Income/(loss) from continuing operations	10,332	39,126	70,159	30,123	44,158	41,777
Minority Interest	0	0	(8,769)	0	0	0
Equity in net earnings of affiliates	0	0	0	27,086	27,107	37,405
Net Income	10,332	39,126	61,389	57,209	71,264	79,183
Diluted Shares	56,057	62,863	78,747	80,993	80,993	80,993
EPS	\$0.18	\$0.62	\$0.78	\$0.71	\$0.88	\$0.98

Source: Company filings and Stifel estimates

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	21,777	32,948	43,177	59,338	57,071	73,236	97,017	102,338
Drydock Expenses	0	0	0	0	0	0	0	0
Net TCE Revenue	21,777	32,948	43,177	59,338	57,071	73,236	97,017	102,338
Vessel Operating Expenses	4,877	7,575	8,285	14,182	16,945	19,116	26,707	27,301
G&A Expenses	6,615	4,813	4,503	5,667	6,263	7,993	7,993	8,493
Other expenses	0	0	0	0	0	0	0	0
EBITDA	10,285	20,561	30,389	39,488	33,863	46,127	62,316	66,544
Depreciation	4,240	6,384	8,393	10,305	11,190	15,872	20,999	23,892
EBIT	6,045	14,177	21,996	29,184	22,673	30,255	41,318	42,652
Financial (costs)/gains including gain/(loss) on swaps	(718)	(7,063)	(13,288)	(8,175)	(13,623)	(17,669)	(18,415)	(18,415)
Financial income	179	70	102	60	82	69	121	121
Share of profit of associate	388	355	351	376	397	393	403	413
Other income/(expense)	(2,649)	(469)	2,271	(4,066)	74	(689)	0	0
Income (loss) from continuing operations	3,245	7,070	11,432	17,379	9,603	12,359	23,426	24,771
Minority Interest	0	0	0	0	0	(1,990)	(3,549)	(3,231)
Equity in net earnings of affiliates	0	0	0	0	0	0	0	0
Net Income	3,245	7,070	11,432	17,379	9,603	10,369	19,877	21,540
Diluted Shares	62,863	62,863	62,863	62,863	72,869	80,134	80,993	80,993
EPS	\$0.05	\$0.11	\$0.18	\$0.28	\$0.13	\$0.13	\$0.25	\$0.27

Source: Company filings and Stifel estimates

Golar LNG 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	423,025	97,379	131,025	307,358	363,394	506,136
Voyage Expenses	11,476	14,259	13,592	14,636	17,304	24,102
Net TCE Revenue	411,549	83,120	117,433	292,722	346,090	482,034
Vessel Operating Expenses	88,919	43,750	56,832	88,520	87,840	136,740
G&A Expenses	24,935	20,503	18,657	19,713	19,910	20,906
Other expenses	527	120	(834)	0	0	0
EBITDA	297,168	18,747	42,778	184,489	238,339	324,388
Depreciation	88,335	36,871	60,611	94,068	94,068	121,068
EBIT	208,833	(18,124)	(17,833)	90,421	144,271	203,320
Interest Expense	(34,537)	0	(26,241)	(58,572)	(59,700)	(58,308)
Interest Income	2,153	3,549	1,044	1,456	506	136
Other income/(expense)	(9,721)	60,640	17,411	28,290	29,490	29,490
Pretax Income	166,728	46,065	(25,619)	61,596	114,567	174,638
Taxes	(3,641)	3,404	2,314	2,280	2,280	2,280
Net (loss)/income	118,150	65,290	(7,146)	78,954	136,384	177,406
Diluted Shares	80,318	80,464	87,007	93,514	93,701	93,701
EPS	\$1.47	\$0.81	(\$0.08)	\$0.84	\$1.46	\$1.89

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	35,115	27,926	17,030	17,308	20,966	21,084	27,755	61,220
Voyage Expenses	1,720	1,780	5,011	5,748	6,114	3,241	1,322	2,915
Net TCE Revenue	33,395	26,146	12,019	11,560	14,852	17,843	26,433	58,305
Vessel Operating Expenses	9,599	12,311	9,763	12,077	13,767	11,785	11,347	19,933
G&A Expenses	4,292	5,587	5,592	5,032	4,864	4,507	4,597	4,689
Other expenses	0	(126)	(127)	373	(1,317)	483	0	0
EBITDA	19,504	8,374	(3,209)	(5,922)	(2,462)	1,068	10,489	33,683
Depreciation	8,806	8,865	8,648	10,552	12,335	12,132	14,855	21,290
EBIT	10,698	(491)	(11,857)	(16,474)	(14,797)	(11,064)	(4,365)	12,393
Interest Expense	0	0	0	0	(2,164)	(1,371)	(9,458)	(13,248)
Interest Income	974	1,001	1,298	276	283	4	485	273
Other income/(expense)	5,449	54,773	(7,693)	8,111	7,134	(2,735)	6,506	6,506
Pretax Income	17,121	55,283	(18,252)	(8,087)	(9,544)	(15,166)	(6,832)	5,924
Taxes	787	613	712	1,292	614	566	567	567
Net (loss)/income	20,325	58,969	(13,131)	(873)	(5,816)	(10,630)	(1,746)	11,046
Diluted Shares	80,504	80,234	80,537	80,580	80,620	80,661	93,351	93,398
EPS	\$0.25	\$0.73	(\$0.16)	(\$0.01)	(\$0.07)	(\$0.13)	(\$0.02)	\$0.12

Source: Company filings and Stifel estimates

Navios Maritime Holdings 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	616,494	512,279	546,896	653,750	737,843	747,759
Voyage Expenses	157,963	244,412	231,482	244,180	254,273	255,238
Vessel Operating Expenses	229,106	114,074	120,036	121,406	122,756	122,421
G&A Expenses	51,331	44,634	40,898	41,800	43,600	43,600
Other operating expenses	3,180	0	0	0	0	0
EBITDA	174,914	109,159	154,480	246,364	317,214	326,500
Depreciation	108,206	98,124	106,430	115,110	117,373	119,635
EBIT	66,708	11,035	48,050	131,254	199,841	206,865
Interest Expense	(103,479)	(108,506)	(112,933)	(109,706)	(90,439)	(75,439)
Other income/(expense)	164,094	20,496	(12,626)	(14,456)	(15,550)	(15,029)
Income/(loss) from Continuing Operations	127,323	(76,975)	(77,509)	7,093	93,852	116,397
Equity in Net Earnings of Affiliates	38,731	19,344	47,623	53,385	64,993	82,607
Loss/(income) Before Taxes	166,054	(57,631)	(29,885)	60,477	158,846	199,004
Income Tax Benefit/(Expense)	(312)	4,260	(1,136)	0	0	0
Net Income/(Loss)	165,742	(53,371)	(31,021)	60,477	158,846	199,004
Minority Interest	(77)	(3,772)	6,027	(9,965)	(20,592)	(18,715)
Net Income	165,665	(57,143)	(24,995)	50,513	138,253	180,289
Diluted shares	111,034	101,854	103,520	103,412	103,567	103,567
EPS	\$1.49	(\$0.56)	(\$0.24)	\$0.49	\$1.33	\$1.74

Source: Stifel estimates and Company filings

Navios Maritime Holdings 12/31 FYE
Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	133,837	125,572	122,284	130,586	122,191	145,408	135,002	144,295
Voyage Expenses	70,008	65,632	55,455	53,317	51,178	63,514	58,218	58,572
Vessel Operating Expenses	27,695	26,444	31,392	28,543	28,328	33,840	28,934	28,934
G&A Expenses	8,962	9,873	9,137	16,662	11,031	9,567	10,150	10,150
Other operating expenses	0	0	0	0	0	0	0	0
EBITDA	27,172	23,623	26,300	32,064	31,654	38,487	37,700	46,638
Depreciation	24,323	24,233	24,410	25,158	25,674	25,828	26,714	28,214
EBIT	2,849	(610)	1,890	6,906	5,980	12,659	10,986	18,424
Interest Expense	(25,358)	(27,372)	(27,415)	(28,361)	(28,046)	(28,521)	(28,263)	(28,102)
Other income/(expense)	(3,304)	9,796	(806)	14,810	2,066	(5,862)	1,081	1,210
Income/(loss) from Continuing Operations	(25,813)	(18,186)	(26,331)	(6,645)	(20,000)	(21,724)	(16,196)	(8,468)
Equity in Net Earnings of Affiliates	14,123	4,127	11,530	(10,436)	22,418	7,079	6,402	11,725
Loss/(income) Before Taxes	(11,690)	(14,059)	(14,801)	(17,081)	2,418	(14,645)	(9,794)	3,257
Income Tax Benefit/(Expense)	3,700	(128)	1,407	(719)	(1,515)	(2,421)	(4,161)	(4,161)
Net Income/(Loss)	(7,990)	(14,187)	(13,394)	(17,800)	903	(17,066)	(13,955)	(904)
Minority Interest	(2,165)	(1,694)	346	(259)	(77)	7,713	(1,272)	(338)
Net Income	(10,155)	(15,881)	(13,048)	(18,059)	826	(9,353)	(15,227)	(1,241)
Diluted shares	101,759	101,783	101,861	102,011	104,928	102,948	103,051	103,154
EPS	(\$0.10)	(\$0.16)	(\$0.13)	(\$0.18)	\$0.01	(\$0.09)	(\$0.15)	(\$0.01)

Source: Stifel estimates and Company filings

Navios Maritime Acquisition 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	151,097	202,397	272,314	351,034	372,622	397,348
Voyage Expenses	2,622	6,929	1,213	0	0	0
Net TCE Revenue	148,475	195,468	271,101	351,034	372,622	397,348
Vessel Operating Expenses	47,043	71,392	99,386	114,986	118,401	118,078
Charter hire	2,460	2,929	3,477	2,500	2,500	2,500
G&A Expenses	4,217	5,917	8,911	9,000	9,000	9,000
Other expenses	0	0	0	0	0	0
EBITDA	94,755	115,230	159,327	224,549	242,721	267,771
Depreciation	49,644	59,880	69,765	76,356	77,963	77,963
EBIT	45,111	55,350	89,562	148,192	164,759	189,808
Interest Expense	(49,432)	(58,386)	(72,573)	(69,167)	(60,239)	(49,239)
Interest Income	445	315	431	265	247	310
Other income/(expense)	465	4,317	672	0	0	0
Net Income	(3,411)	1,596	18,092	79,290	104,767	140,880
Diluted Shares	40,517	98,392	147,447	149,715	150,014	150,314
EPS	(\$0.08)	\$0.02	\$0.12	\$0.53	\$0.70	\$0.94

Source: Company filings and Stifel estimates

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	44,172	47,057	53,372	57,796	60,969	62,242	66,159	82,944
Voyage Expenses	762	762	3,534	1,871	736	477	0	0
Net TCE Revenue	43,410	46,295	49,838	55,925	60,233	61,765	66,159	82,944
Vessel Operating Expenses	14,098	15,826	19,408	22,060	22,300	23,787	25,883	27,416
Charter hire	710	647	786	786	785	1,392	650	650
G&A Expenses	1,084	1,123	1,438	2,272	2,185	2,226	2,200	2,300
Other expenses	0	0	0	0	0	0	0	0
EBITDA	27,518	28,699	28,206	30,807	34,963	34,360	37,426	52,578
Depreciation	13,330	14,523	15,359	16,668	16,638	16,959	17,647	18,522
EBIT	14,188	14,176	12,847	14,139	18,325	17,401	19,779	34,057
Interest Expense	(13,337)	(14,048)	(14,793)	(16,208)	(17,112)	(18,147)	(18,502)	(18,812)
Interest Income	212	43	17	43	110	169	92	60
Other income/(expense)	(328)	(107)	440	4,312	495	177	0	0
Net Income	735	64	(1,489)	2,286	1,818	(400)	1,370	15,304
Diluted Shares	56,146	90,216	112,592	134,615	141,093	149,565	149,565	149,565
EPS	\$0.01	\$0.00	(\$0.01)	\$0.02	\$0.01	(\$0.00)	\$0.01	\$0.10

Source: Company filings and Stifel estimates

Navigator Group 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2010A</u>	<u>2011A</u>	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	82,017	88,875	146,716	238,338	314,022	371,146	440,748	457,824
Commissions	2,951	2,664	4,234	5,473	7,450	9,279	11,019	11,446
Voyage Expenses	17,400	17,661	27,791	49,336	50,057	55,000	60,000	60,000
Net TCE Revenue	61,665	68,549	114,692	183,528	256,515	306,867	369,729	386,379
Vessel Operating Expenses	21,377	22,939	32,827	56,029	73,075	88,750	104,684	114,154
Charter hire	0	344	11,288	6,834	8,400	0	0	0
G&A Expenses	4,035	4,232	5,282	6,146	10,484	10,750	11,073	11,405
Other expenses	908	1,166	1,393	7,751	2,781	2,600	2,500	2,500
EBITDA	35,345	39,869	63,902	106,768	161,775	204,767	251,473	258,320
Depreciation	17,889	18,678	24,180	36,608	45,759	53,638	61,312	68,985
EBIT	17,456	21,191	39,722	70,160	116,016	151,129	190,162	189,335
Interest Expense	(2,354)	(2,442)	(8,736)	(28,768)	(29,940)	(30,631)	(35,001)	(23,001)
Interest Income	1	9	65	99	344	78	134	79
Other income/(expense)	(99)	(108)	(515)	(506)	(1,173)	(1,807)	(2,327)	(2,495)
Net Income	15,004	18,650	30,536	40,984	85,247	118,768	152,968	163,919
Diluted Shares	31,029	31,195	37,286	46,008	55,525	55,786	55,869	56,009
EPS	\$0.48	\$0.60	\$0.82	\$0.89	\$1.54	\$2.13	\$2.74	\$2.93

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	42,313	60,503	64,215	71,306	69,826	76,063	82,181	85,953
Commissions	1,120	1,455	1,351	1,547	1,485	1,762	2,055	2,149
Voyage Expenses	7,723	14,537	13,645	13,432	9,886	12,171	14,000	14,000
Net TCE Revenue	33,470	44,512	49,219	56,328	58,455	62,130	66,126	69,804
Vessel Operating Expenses	9,590	13,343	14,972	18,125	17,261	17,833	18,529	19,452
Charter hire	1,375	1,800	1,800	1,859	2,100	2,100	2,100	2,100
G&A Expenses	1,398	1,796	1,427	1,524	2,725	2,559	2,600	2,600
Other expenses	445	554	1,929	4,824	459	922	700	700
EBITDA	20,661	27,019	29,092	29,996	35,909	38,716	42,197	44,952
Depreciation	7,146	8,536	10,125	10,801	11,049	11,146	11,548	12,017
EBIT	13,514	18,483	18,967	19,196	24,861	27,570	30,649	32,936
Interest Expense	(5,797)	(6,943)	(7,814)	(8,214)	(7,849)	(7,819)	(7,034)	(7,238)
Interest Income	34	13	12	40	92	125	100	28
Other income/(expense)	(133)	(91)	(142)	(141)	(221)	(212)	(354)	(385)
Net Income	7,618	11,462	11,023	10,881	16,882	19,663	23,361	25,340
Diluted Shares	41,611	46,293	46,297	49,830	55,327	55,535	55,591	55,647
EPS	\$0.18	\$0.25	\$0.24	\$0.22	\$0.31	\$0.35	\$0.42	\$0.46

Source: Company filings and Stifel estimates

Scorpio Bulkers 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	0	0	54,473	158,619	525,629	616,132
Commissions	0	0	717	3,014	10,513	12,323
Voyage Expenses	0	0	3,180	0	0	0
Net TCE Revenue	0	0	50,577	155,605	515,116	603,809
Vessel Operating Expenses	0	0	1,794	35,732	161,330	199,853
Charter hire	0	0	72,384	48,160	31,679	22,660
G&A Expenses	0	5,506	33,101	33,000	34,000	35,000
Other expenses	0	0	0	0	0	0
EBITDA	0	(5,506)	(56,702)	38,713	288,107	346,296
Depreciation	0	0	837	19,510	91,849	110,009
EBIT	0	(5,506)	(57,539)	19,203	196,258	236,287
Interest Expense	0	0	(263)	(20,609)	(74,433)	(65,933)
Interest Income	0	341	1,479	403	131	116
Other income/(expense)	0	(1,143)	(5)	0	0	0
Net Income	0	(6,309)	(56,328)	(1,003)	121,957	170,470
Diluted Shares	0	77,836	135,072	133,838	134,038	134,038
EPS	NA	(\$0.08)	(\$0.42)	(\$0.01)	\$0.91	\$1.27

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	0	0	0	0	5,467	13,180	11,931	23,895
Commissions	0	0	0	0	0	0	239	478
Voyage Expenses	0	0	0	0	3,048	132	0	0
Net TCE Revenue	0	0	0	0	2,419	13,048	11,693	23,417
Vessel Operating Expenses	0	0	0	0	0	0	598	1,196
Charter hire	0	0	0	0	6,679	19,883	22,582	23,239
G&A Expenses	0	1	676	4,829	6,897	8,454	8,250	9,500
Other expenses	0	0	0	0	0	0	0	0
EBITDA	0	(1)	(676)	(4,829)	(11,157)	(15,289)	(19,737)	(10,518)
Depreciation	0	0	0	0	0	0	279	558
EBIT	0	(1)	(676)	(4,829)	(11,157)	(15,289)	(20,016)	(11,076)
Interest Expense	0	0	0	0	0	0	0	(263)
Interest Income	0	0	19	322	524	269	432	253
Other income/(expense)	0	0	(2,080)	937	(23)	18	0	0
Net Income	0	(1)	(2,738)	(3,570)	(10,656)	(15,002)	(19,584)	(11,086)
Diluted Shares	0	0	64,650	91,022	140,179	133,237	133,370	133,504
EPS	NA	NA	(\$0.04)	(\$0.04)	(\$0.08)	(\$0.11)	(\$0.15)	(\$0.08)

Source: Company filings and Stifel estimates

Star Bulk 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Voyage revenues	85,684	68,296	150,954	562,033	785,682	845,502
Voyage expenses	19,598	7,549	17,241	51,094	71,426	76,864
Net revenue	66,086	60,747	133,713	510,939	714,256	768,638
Management fee income	478	1,598	2,111	0	0	0
Vessel operating expenses	27,832	27,087	60,381	180,819	234,988	242,488
Dry-dock expenses	5,663	3,519	6,264	15,000	16,000	16,000
G&A expenses	9,320	9,910	15,112	20,000	20,800	21,632
Other expenses	(16,607)	(10,519)	(313)	0	0	0
EBITDA	40,356	32,348	54,380	295,120	442,468	488,519
Depreciation & amortization	33,045	16,061	31,688	61,972	96,376	103,348
EBIT	7,311	16,287	22,692	233,148	346,092	385,171
Interest Expense	(7,838)	(6,814)	(14,809)	(67,264)	(75,429)	(75,524)
Interest Income	246	230	217	470	239	843
Other income/(expense)	0	0	1	0	0	0
Net Income	(281)	9,703	8,100	166,354	270,903	310,490
Diluted Shares	5,392	14,039	63,765	113,515	113,742	113,970
EPS	(\$0.05)	\$0.69	\$0.13	\$1.47	\$2.38	\$2.72

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Voyage revenues	18,230	17,132	17,272	15,662	20,947	25,283	32,795	71,930
Voyage Expenses	2,603	1,902	2,375	669	2,445	5,276	2,981	6,539
Net Revenue	15,627	15,230	14,897	14,993	18,502	20,007	29,813	65,391
Management fee income	209	247	455	687	798	1,063	250	0
Vessel operating expenses	6,969	6,763	6,787	6,568	8,005	8,057	16,275	28,045
Dry docking expenses	272	300	1,605	1,342	690	574	2,000	3,000
G&A Expenses	2,145	2,564	2,499	2,702	2,893	3,019	4,200	5,000
Other expenses	(2,284)	(2,551)	(3,348)	(2,336)	(79)	(234)	0	0
EBITDA	8,734	8,401	7,809	7,404	7,791	9,654	7,588	29,346
Depreciation	4,153	3,917	3,957	4,034	4,679	5,098	10,063	11,848
EBIT	4,581	4,484	3,852	3,370	3,112	4,556	(2,475)	17,498
Interest Expense	(1,875)	(1,919)	(1,711)	(1,309)	(1,363)	(1,694)	(3,578)	(8,174)
Interest Income	64	22	120	24	(11)	32	52	143
Other income/(expense)	0	0	0	0	5	(4)	0	0
Net Income	2,770	2,587	2,261	2,085	1,743	2,890	(6,001)	9,468
Diluted Shares	5,406	5,453	16,808	28,489	28,850	29,096	83,598	113,515
EPS	\$0.51	\$0.47	\$0.13	\$0.07	\$0.06	\$0.10	(\$0.07)	\$0.08

Source: Company filings and Stifel estimates

Seaspan Corporation 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	656,860	677,090	721,886	827,559	983,515	999,760
Voyage Expenses	0	0	0	0	0	0
Net TCE Revenue	656,860	677,090	721,886	827,559	983,515	999,760
Vessel Operating Expenses	138,655	150,105	169,760	185,021	208,559	221,300
G&A Expenses	24,617	34,783	32,324	32,400	33,372	34,373
Operating Lease	3,145	4,388	4,433	4,436	4,436	4,436
Other expenses	0	0	0	0	0	0
EBITDA	490,443	487,814	515,369	605,702	737,148	739,652
Depreciation	164,140	172,459	181,246	203,267	231,212	238,592
EBIT	326,303	315,355	334,123	402,435	505,936	501,060
Interest Expense	(184,433)	(182,195)	(185,746)	(204,546)	(206,469)	(190,809)
Interest Income	2,533	2,045	4,586	2,112	495	536
Other income/(expense)	(7,710)	(13,832)	(9,907)	(8,000)	(8,000)	(8,000)
Net Income	136,693	121,373	143,056	192,002	291,962	302,787
Preferred Series C & D Dividends	34,422	40,779	53,329	54,731	54,731	54,731
Net Income to Common	102,271	80,594	89,728	137,271	237,231	248,056
Diluted Common Shares	83,835	87,824	94,897	95,859	96,243	96,628
EPS	\$1.22	\$0.92	\$0.95	\$1.43	\$2.46	\$2.57
DPS	\$1.00	\$1.25	\$1.35	\$1.48	\$1.56	\$1.56

Source: Company filings and Stifel estimates

Seaspan Corporation 12/31 FYE
Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	164,924	167,786	172,392	171,988	167,983	173,873	187,839	192,191
Voyage Expenses	0	0	0	0	0	0	0	0
Net TCE Revenue	164,924	167,786	172,392	171,988	167,983	173,873	187,839	192,191
Vessel Operating Expenses	37,546	37,344	36,717	38,498	41,252	41,087	43,487	43,935
G&A Expenses	7,791	11,833	7,813	7,346	8,043	7,481	8,300	8,500
Operating Lease	1,086	1,097	1,107	1,098	1,106	1,109	1,109	1,109
Other expenses	0	0	0	0	0	0	0	0
EBITDA	118,501	117,512	126,755	125,046	117,582	124,196	134,943	138,648
Depreciation	42,753	42,840	43,336	43,530	43,732	44,603	45,886	47,026
EBIT	75,748	74,672	83,419	81,516	73,850	79,593	89,058	91,622
Interest Expense	(45,406)	(45,734)	(45,832)	(45,223)	(43,339)	(47,109)	(47,650)	(47,648)
Interest Income	187	600	459	799	1,106	2,683	357	440
Other income/(expense)	(2,179)	(4,036)	(3,989)	(3,628)	(2,828)	(3,079)	(2,000)	(2,000)
Net Income	28,350	25,502	34,057	33,464	28,789	32,088	39,765	42,414
Preferred Series C & D Dividends	10,163	10,176	9,903	10,537	12,242	13,721	13,683	13,683
Net Income to Common	18,187	15,326	24,154	22,927	16,547	18,367	26,083	28,731
Diluted Shares	85,990	86,703	87,800	90,803	94,013	95,001	95,191	95,381
EPS	\$0.21	\$0.18	\$0.28	\$0.25	\$0.18	\$0.19	\$0.27	\$0.30
DPS	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.35	\$0.35	\$0.35

Source: Company filings and Stifel estimates

Scorpio Tankers 12/31 FYE
Annual Income Statement (\$000), except per-share data

	<u>2012A</u>	<u>2013A</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	<u>2017E</u>
Gross Revenue	114,121	207,600	370,759	665,122	633,307	617,865
Voyage Expenses	20,333	4,846	7,025	4,000	4,000	4,000
Net TCE Revenue	93,788	202,754	363,734	661,122	629,307	613,865
Vessel Operating Expenses	30,353	40,204	87,667	192,166	198,189	197,648
Charter hire	43,701	115,542	139,490	72,715	33,951	21,153
G&A Expenses	11,690	25,787	47,115	50,500	52,015	53,575
Other expenses	0	0	0	0	0	0
EBITDA	8,044	21,221	89,462	345,741	345,152	341,489
Depreciation	14,818	23,595	42,717	95,390	99,792	99,792
EBIT	(6,774)	(2,374)	46,745	250,351	245,359	241,696
Interest Expense	(5,210)	(2,752)	(15,723)	(52,285)	(46,214)	(38,295)
Interest Income	35	1,147	261	169	246	151
Other income/(expense)	64	562	3,473	3,746	9,477	9,665
Net Income	(11,886)	(3,417)	34,756	201,981	208,868	213,216
Diluted Shares	41,401	151,713	186,402	176,988	177,342	177,519
EPS	(\$0.29)	(\$0.02)	\$0.19	\$1.14	\$1.18	\$1.20

Quarterly Income Statement (\$000), except per-share data

	<u>1Q13A</u>	<u>2Q13A</u>	<u>3Q13A</u>	<u>4Q13A</u>	<u>1Q14A</u>	<u>2Q14A</u>	<u>3Q14E</u>	<u>4Q14E</u>
Gross Revenue	44,924	51,553	57,756	53,367	76,734	57,445	85,577	151,002
Voyage Expenses	1,200	1,333	1,249	1,064	3,974	551	1,250	1,250
Net TCE Revenue	43,724	50,220	56,507	52,303	72,760	56,894	84,327	149,752
Vessel Operating Expenses	7,971	8,527	11,137	12,569	13,070	13,680	23,226	37,691
Charter hire	20,496	26,972	31,877	36,197	40,173	36,220	33,053	30,044
G&A Expenses	2,759	5,290	6,522	11,216	10,966	11,649	12,500	12,000
Other expenses	0	0	0	0	0	0	0	0
EBITDA	12,498	9,431	6,971	(7,679)	8,551	(4,655)	15,548	70,018
Depreciation	4,767	5,521	6,377	6,930	5,953	7,369	11,143	18,252
EBIT	7,731	3,910	594	(14,609)	2,598	(12,024)	4,405	51,766
Interest Expense	(1,399)	(522)	(448)	(383)	(399)	(472)	(5,370)	(9,482)
Interest Income	181	369	400	197	27	42	134	58
Other income/(expense)	53	92	121	296	(260)	1,208	1,355	1,170
Net Income	6,566	3,849	667	(14,499)	1,966	(11,246)	524	43,511
Diluted Shares	86,500	141,572	179,990	198,792	199,719	185,846	183,055	176,988
EPS	\$0.08	\$0.03	\$0.00	(\$0.08)	\$0.01	(\$0.06)	\$0.00	\$0.25

Source: Company filings and Stifel estimates

Tsakos Energy Navigation 12/31 FYE
Annual Income Statement (\$000), except per-share data

	2012A	2013A	2014E	2015E	2016E	2017E
Gross Revenue	393,988	418,378	441,175	429,757	477,881	576,910
Profit Sharing	0	0	0	2,794	1,449	1,445
Voyage Expenses	124,012	132,997	77,774	0	0	0
Net TCE Revenue	269,976	285,381	363,401	432,551	479,330	578,356
Vessel Operating Expenses	133,252	130,761	147,090	152,753	172,104	196,302
G&A Expenses	20,709	20,729	21,241	23,800	23,500	25,000
Other expenses	29	35	48	0	0	0
EBITDA	115,986	133,856	195,022	255,999	283,726	357,054
Depreciation	99,250	100,414	103,164	105,991	114,511	129,556
EBIT	16,736	33,442	91,858	150,008	169,215	227,498
Interest Expense	(51,575)	(40,917)	(43,392)	(52,888)	(58,261)	(54,583)
Interest Income	1,348	366	574	531	558	123
Other income/(expense)	(327)	(61)	(231)	0	0	0
Net Income	(33,818)	(7,170)	48,809	97,650	111,512	173,038
Preferred Dividends	0	(3,109)	(8,436)	(8,436)	(8,436)	(8,436)
Net Income to Common	(33,818)	(10,279)	40,373	89,214	103,076	164,602
Diluted Shares	53,285	56,295	79,041	84,692	84,692	84,692
EPS	(\$0.63)	(\$0.18)	\$0.51	\$1.05	\$1.22	\$1.94

Source: Company filings and Stifel estimates

Quarterly Income Statement (\$000), except per-share data

	1Q13A	2Q13A	3Q13A	4Q13A	1Q14A	2Q14A	3Q14E	4Q14E
Gross Revenue	97,693	108,091	107,564	105,030	130,288	112,396	91,041	107,450
Profit Sharing	0	0	0	0	0	0	0	0
Voyage Expenses	28,290	36,505	33,723	34,479	39,008	38,766	0	0
Net TCE Revenue	69,403	71,586	73,841	70,551	91,280	73,630	91,041	107,450
Vessel Operating Expenses	31,325	32,907	32,823	33,706	36,445	34,929	37,858	37,858
G&A Expenses	5,077	4,850	5,227	5,575	5,427	4,914	5,300	5,600
Other expenses	0	35	0	0	55	(7)	0	0
EBITDA	33,001	33,794	35,791	31,270	49,353	33,794	47,883	63,992
Depreciation	23,461	25,145	25,869	25,939	24,855	25,314	26,498	26,498
EBIT	9,540	8,649	9,922	5,331	24,498	8,480	21,385	37,495
Interest Expense	(9,625)	(10,394)	(10,856)	(10,042)	(9,526)	(8,570)	(12,422)	(12,875)
Interest Income	85	73	142	66	46	69	297	162
Other income/(expense)	1,020	147	(570)	(658)	(451)	220	0	0
Net Income	1,020	(1,525)	(1,362)	(5,303)	14,567	199	9,261	24,782
Diluted Shares	56,443	56,443	56,615	57,286	66,645	80,135	84,692	84,692
EPS	\$0.02	(\$0.03)	(\$0.04)	(\$0.09)	\$0.19	(\$0.02)	\$0.08	\$0.27

Source: Company filings and Stifel estimates

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