## AGENDA

- **ACM Integration**  
  (Martin Beer- Finance Director)

- **Portfolio Balance**  
  (James Kidwell – Chief Executive)

- **Merged Broking Team**  
  (James Gundy – CEO, Shipbroking)

- **The Tanker Market**  
  (Henry Curra – Head of Research)

- **Q&A and Drinks**
SUCCESSFUL STRATEGY

From a small shipbroking entity to a diversified shipping services group

Braemar incorporating ACM

Revenue £m


Environmental (Projects)
Logistics
Technical
Shipbroking (ACM)
Shipbroking (Braemar)
ACM - INTEGRATION

MARTIN BEER – GROUP FINANCE DIRECTOR
SHIPBROKING – Combined Entity

• Strengthened global presence
• Office locations in all major territories
• Strong synergy between existing teams

• Delivered office consolidation; 19 to 15 in total
• Achieved cost savings
• Established improved base for future growth
### ACM – MERGER INTEGRATION - CASHFLOWS

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger Cash Consideration</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Exceptional items to half year</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Capital Expenditure for office consolidation</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Sale of 35 Cosway Street</td>
<td>9.5</td>
</tr>
<tr>
<td>TOTAL OUTFLOW IDENTIFIED TO DATE</td>
<td>(6.2)</td>
</tr>
</tbody>
</table>
ACM – INTEGRATION - BENEFITS

• Annualised Cost Savings: £4.0m

• Integrated offices and teams

• Greater benefits to clients

• Positive morale and stronger teams

• Stronger platform for future growth
PORTFOLIO BALANCE

JAMES KIDWELL - GROUP CEO
PORTFOLIO BALANCE — Revenue Split

- **Broking:** 49%
- **Technical:** 40.5%
- **Logistics:** 10.5%

*Estimated revenue split based on H2 2014/15 (excluding logistics cost of sales)*
# PORTFOLIO BALANCE

## Exposure to oil price and currency

<table>
<thead>
<tr>
<th>Service</th>
<th>Oil Price Decline</th>
<th>Currency Income/Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tankers</td>
<td>↑</td>
<td>US$/$£</td>
</tr>
<tr>
<td>Sale &amp; Purchase</td>
<td>-</td>
<td>US$/$£</td>
</tr>
<tr>
<td>Dry</td>
<td>↓</td>
<td>US$/$A$, S$</td>
</tr>
<tr>
<td>Offshore</td>
<td>↓</td>
<td>75% £/£</td>
</tr>
<tr>
<td>Technical Offshore</td>
<td>↓</td>
<td>60% US$/Asian currencies</td>
</tr>
<tr>
<td>Adjusting</td>
<td>-</td>
<td>Global/Global</td>
</tr>
<tr>
<td>Salvage Association</td>
<td>-</td>
<td>£/£</td>
</tr>
<tr>
<td>Engineering</td>
<td>-</td>
<td>75% US$/£</td>
</tr>
<tr>
<td>Howells</td>
<td>-</td>
<td>£/£</td>
</tr>
<tr>
<td>Logistics</td>
<td>↑</td>
<td>75% £/£</td>
</tr>
<tr>
<td>Agency</td>
<td>↑</td>
<td>90% £/£</td>
</tr>
</tbody>
</table>
## Portfolio Balance – Shipbroking

### Market Dynamics

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>↑</td>
<td>World trade</td>
<td>=</td>
</tr>
<tr>
<td>↑</td>
<td>Supply vessels</td>
<td>=</td>
</tr>
<tr>
<td>↓</td>
<td>Shipyard prices</td>
<td>=</td>
</tr>
<tr>
<td>↑</td>
<td>New technology</td>
<td>=</td>
</tr>
<tr>
<td>↓</td>
<td>Freight rates</td>
<td>=</td>
</tr>
<tr>
<td>↓</td>
<td>Freight rates</td>
<td>=</td>
</tr>
<tr>
<td>↓</td>
<td>Vessel values</td>
<td>=</td>
</tr>
<tr>
<td>↑</td>
<td>Regulation</td>
<td>=</td>
</tr>
<tr>
<td>↓</td>
<td>Investment One Sector</td>
<td>=</td>
</tr>
</tbody>
</table>
PORTFOLIO BALANCE – Broking

- Bottom cycle
- Long term recovery
- Strength in Asia

- Major Player
- Includes Containers
- Synergy with Tankers
  Project Team

- Services Vessels
- Short-term challenge
- Long-term opportunity

- Volatility
- Oil Price
- Leader

TANKERS: 53%
DRY: 19%
S&P: 15%
OFFSHORE: 13%

Estimated revenue split based on H2 2014/15
PORTFOLIO BALANCE – Technical Division

• Significant increase in revenue of Braemar Engineering
• Design of 6 LNG vessels for Nigeria
• Trained 7 additional staff members for client
• Design complete
• Site supervision underway
• Working on new technology
• Offshore seen completion of project work
• Slow-down of new work in Offshore Asia
MERGED BROKING TEAM

JAMES GUNDY – CEO BROKING
MERGED BROKING TEAM

- Established Shipbroking Board
- Restructured desks and set the platform
- Tanker market assistance to the business
- Shipbroking consolidation and acquisitions
- Strength of team in breadth and depth
THE TANKER MARKET & THE OIL TRADE

HENRY CURRA – HEAD OF RESEARCH
THE TANKER MARKET & THE OIL TRADE

Key themes

• Lower shipping costs, higher earnings - for some
• Higher oil import demand - for now
• Land and floating storage demand
• Impact slow-steaming
• Industry consolidation
• New refineries, pipelines, canals
• The future of shale oil
• Weak dry cargo shipping sector
Braemar ACM Research Services

- Client support
  - supply / demand modelling
  - forward-views, event impact analysis
  - proprietary data

- Revenue model
  - vessel valuations
  - subscriptions
LOWER SHIPPING COSTS, HIGHER EARNINGS – FOR SOME
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LOWER SHIPPING COSTS, HIGHER EARNINGS – FOR SOME

Vessel Earnings Vs. cost to charter (VLCC)

- Earnings - $/day (Mid East to Japan)
- Cost - $/t (Mid East to Japan)
LOWER SHIPPING COSTS, HIGHER EARNINGS - FOR SOME

Braemar ACM's chronology of main events affecting oil & tanker markets

- 23 Jun 2011: IEA releases 30mbbls SPR over 30 days.
- 'Arab Spring': Libyan Oil Supply suspended (02/2011) & Japanese Tsunami (03/2011)
- Asian economies growing strongly
- Nigerian Workers Strike shut oil production for 10 days (April / May 2008)
- Hurricane Ivan in Gulf of Mexico 09/2004
- Nigerian Strikers: cut production summer 2003
- 1/3rd of Japan’s nuclear reactors shut down due to safety concerns (from April 2003)
- Iraq War tension mounts (01/2003); War starts 03/2003
- Dot com bubble builds 1995, bursts in March 2000, leading to global economic contagion. Stock market
LOWER SHIPPING COSTS, HIGHER EARNINGS – FOR SOME
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LOWER SHIPPING COSTS, HIGHER EARNINGS – FOR SOME
HIGHER OIL IMPORT DEMAND – FOR NOW
HIGHER OIL IMPORT DEMAND – FOR NOW

- Korea (Feb 15) vs. Korea (Jun 14)
- China (Feb 15) vs. China (Jun 14)
- Europe (Feb 15) vs. Europe (Jun 14)
- India (Feb 15) vs. India (Jun 14)
LAND AND FLOATING STORAGE DEMAND

Days:
- Americas
- Europe
- Asia Oceania

SHIPBROKING + TECHNICAL + LOGISTICS
LAND AND FLOATING STORAGE DEMAND

Temporary floating storage employment

# of ships

Jan-08
Jan-09
Jan-10
Jan-11
Jan-12
Jan-13
Jan-14
Jan-15

Aframax
Panamax
MR
Suezmax
LR1
LR2
VLCC
IMPACT OF SLOW STEAMING
INDUSTRY CONSOLIDATION

• **VLCCs**
  – Feb 15 – Genmar (7 VLCCs + 7 on order) merges with Navig8 (22 VLCCs + 14 on order)
  – Oct 14 - Frontline (24 VLCCs + 2 on order) pools ships with TI (40 VLCCs)
  – From Jan to Jul 14 – Euronav buys 19 VLCCs from Maersk (now in TI Pool)

• **Suezmax**
  – Feb 15 – Genmar (11 Suezmaxes) merges with Navig8 (10 Suezmaxes)
NEW REFINERIES, PIPELINES, CANALS

• New Refineries in 2015
  – Mid East: + 937k b/d (Yanbu (Yasref); Ruwais; Persian Gulf Star 1)
  – India: + 420k b/d (Cuddalore; Paradip)
  – China: + 300k b/d (various)

• New Pipelines
  – Burma to China
  – Canada to USG

• New Canals
  – Panama Canal expansion (2016)
  – Nicaraguan Canal (?)
THE FUTURE OF SHALE OIL

US Liquid Fuels Production Forecast: EIA (m b/d)

- Jan 13, 2015
- Dec 9, 2014

Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4
---|----|----|----|----|----|----|----|----|----|----|---
2014 |     |     |     |     |     |     |     |     |     |     |   
2015 |     |     |     |     |     |     |     |     |     |     |   
2016 |     |     |     |     |     |     |     |     |     |     |   

SHIPBROKING + TECHNICAL + LOGISTICS
THE FUTURE OF SHALE OIL
THE FUTURE OF SHALE OIL

USA Crude Imports By Origin

- Other
- West Africa
- S&C America
- North Africa
- Middle East
- Mexico
- FSU
- Europe
- Canada

SHIPBROKING + TECHNICAL + LOGISTICS
THE FUTURE OF SHALE OIL

Million DWT required per month at 'Constant' Speed

Braemar ACM Forecast

East to West

West to East

SHIPBROKING + TECHNICAL + LOGISTICS
WEAK DRY CARGO SECTOR

Since start of 2015 up to 20 Capes orders switched tankers
  – 8 and 14 LR2s; 3-4 Suezmaxes; 3 LR1s; 0-6 Afras)

Confirmed Conversions -
  – Scorpio: 2 capes each at Daehan, Mangalia and Sungdong to a total 6 LR2s. 3 further capes at Sungdong to 3 LR1s.
  – Korean: 4 Capes to 4 LR2 or 2 LR2s + 2 Afras

Ongoing Projects -
  – Cargill: 1 Cape to Suezmax at New Times
  – Frontline: 2 or 3 capes to 2 or 3 Suezmaxes at New Times
  – Dong-A Tanker: 4 Capes (reportedly) to 4 Aframax/LR2s at Hyundai Samho