

 <p>D S T DST SHIPPING GROUP SA</p>	<p>'WILL THERE CONTINUE TO BE A PLACE FOR THE TRADITIONAL GREEK OWNER RUNNING A SMALL MATURE FLEET?'</p>
<p>DST SHIPPING GROUP SA</p>	<p>Presentation to:</p>  <p>By:</p> <p>Dr. Stavros Tsolakis</p> <p>Athens, June 14 2007</p>

 <p>D S T DST SHIPPING GROUP SA</p>	<p>Presentation Contents</p>
<p>DST SHIPPING GROUP SA</p>	<ul style="list-style-type: none">•Owner's Background•Analysis of the Question based on Economic Theory•Analysis of the Arguments against Small Shipowners. Testing their validity•Conclusion



The Owner's Background

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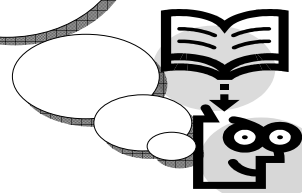
- Fourth Generation of Shipowners, coming from Litohoro, the most important maritime city in Northern Greece.
- Historic Evidence of family's shipowning assets from late 1800s
- The largest shipowning group based in Thessaloniki, the only one in deep-sea trades.
- High Levels of Experience (minimum 10 years for senior management) and Education (Two PhDs, all directors with at least an MSc from top level universities)
- Strong basis for future development through fleet renewal and a newbuilding programme.



Is there a place for a small shipowner in the bulk shipping market?

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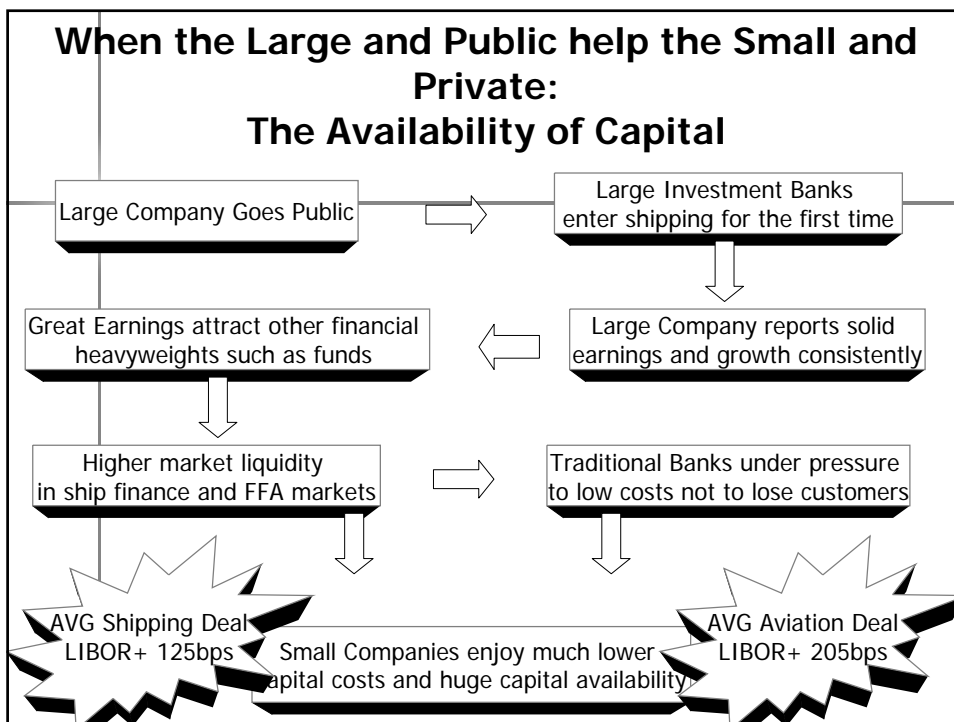
- Economic Theory suggests that a small investor is much better off if he/she invests in markets characterised by high levels of competition.
- To determine whether small shipowners have a place in the industry, we shall analyse bulk shipping within a 'Perfect Competition Model' framework





D S T		The Perfect Competition Model in Bulk Shipping	
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DST SHIPPING GROUP SA	The Perfect Competition Model Conditions	Bulk Shipping	<p>In Theory, Bulk Shipping suits small Shipowners perfectly</p> 
	Homogeneous Product	✓	
	Large Number of Buyers & Sellers	✓	
	Free Entry & Exit of Firms	✓	
	Perfect Knowledge	✓	
	No Government Intervention	✓	
	Perfect Mobility of Factors of Production	✓	
	Profit Maximisation	✓	

D S T		Arguments Against the Future of Small Traditional Shipowners	
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DST SHIPPING GROUP SA	<ul style="list-style-type: none"> •Lack of Economies of Scale •Higher Age Profile •Lower Profitability •Higher Cost of Capital •Higher Risks during downturn •Lower Access to Technology/Services 		

D S T		Profitability of a Traditional Small Shipowner during the last 4 years			
DST SHIPPING GP	1500% ROE after adj. for Time Value of Money!	A Shipowner bought 3 1985 built Panamax bulk carriers			
		06/2003	06/2007		
		Price per vessel	\$7m	\$20m	
		Fleet Value	\$21m	\$60m	
		Loan @ 60% finance for 4 years	\$12.6m	\$12.6m	
		Contribution (incl. SS/DD)	\$8.4m.	\$6m	
		Avg. Earnings per ship @ 30000/day incl. 7000 OPEX/day (350 days)	N/A	\$96.6m	
		Interest expenditure @LIBOR+200bps	N/A	\$1.8m	
		Investment Value June 2003 vs. June 2007	\$8.4m.	\$136.2m	



	<h2 style="text-align: center;">The Question is not IF but WHEN the Downturn Comes</h2>	
DST SHIPPING GROUP SA	<ul style="list-style-type: none"> •What Could Go Wrong when the Unforeseeable Happens? •How Changes in Sentiment because of Unforeseeable Events could unravel years of Wealth Creation? •How much Wealth would leave How Quickly? •What would be the knockoff effects? 	<p>The Dr. Says:</p>  <p>Downturn is like a cold shower. It may shock in the beginning but it cleans and revitalises the body (industry). However, only the strong organisations will be able to overcome the shock without getting sick and enjoy future benefits</p>

	<h2 style="text-align: center;">Is there a future for the small traditional owner?</h2>	
DST SHIPPING GROUP SA	<p style="text-align: center;">YES!</p> <p>Provided the following:</p> <ul style="list-style-type: none"> •Invest in Education (Shore and Ship Based) •Maintain Strong Capital Base/ Balance Sheet •Avoid the Deflation Impact •Establish and Maintain Long Lasting Industry Contacts •Keep a low cost base •Identify and operate in niche, profitable markets •Management of Innovation •Management of Change •Increase the level of sophistication 	<p>The Dr. Says:</p> 