STAR Reefers in the Quality Specialised Reefer Market

Presentation organised by the Oslo Bors

November 17 2005

Reefer Market Characteristics

- Commodities in specialised reefers over 300,000 cbft
  - Bananas
  - Decidious
  - Citrus
- South north lanes
- Seasonal business
- Relatively low value
- High Volume
- Low draft
- Small vessels
- Loading in ports with limited infrastructure
- Vessels have cranes

The Forgotten Segment

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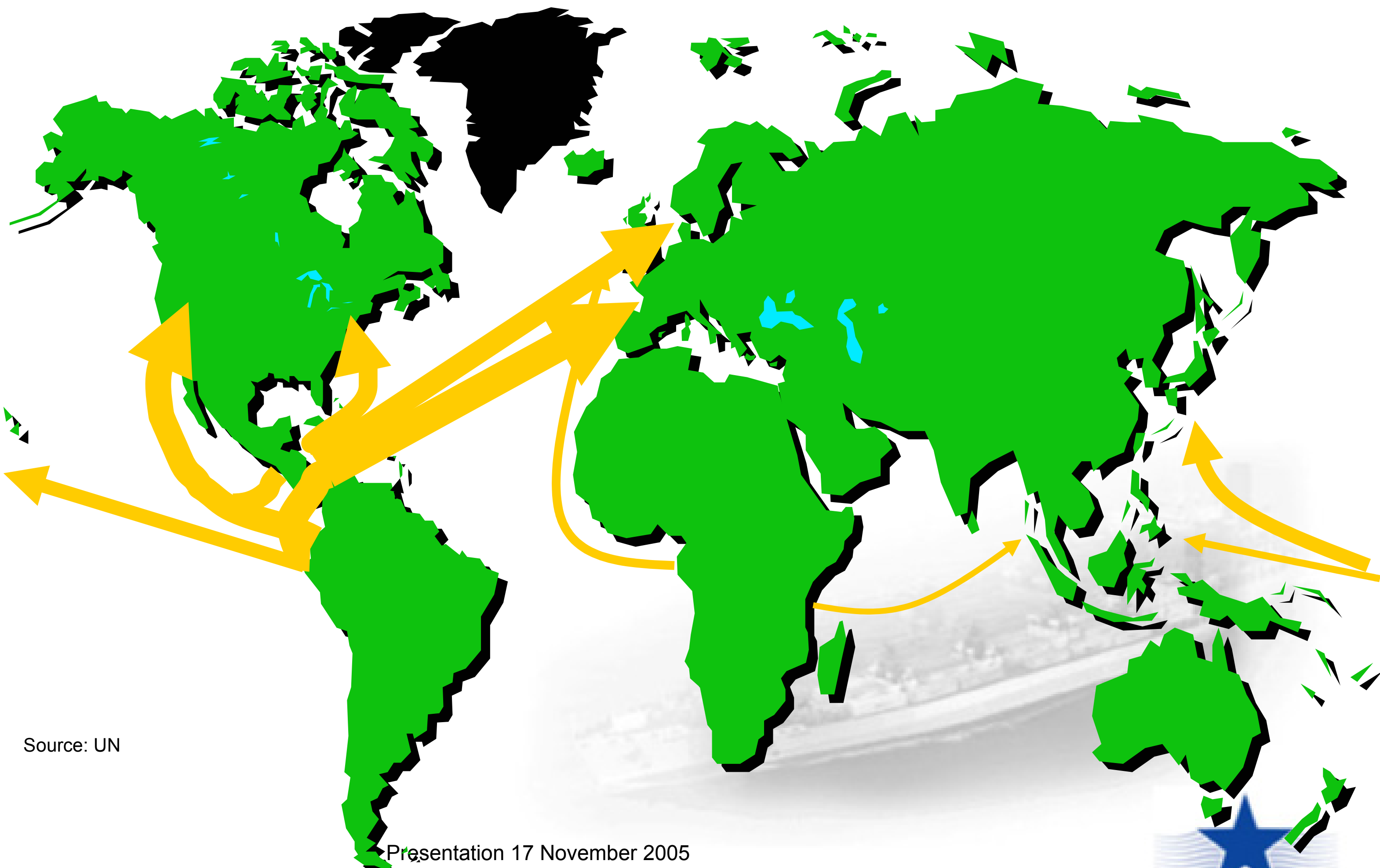
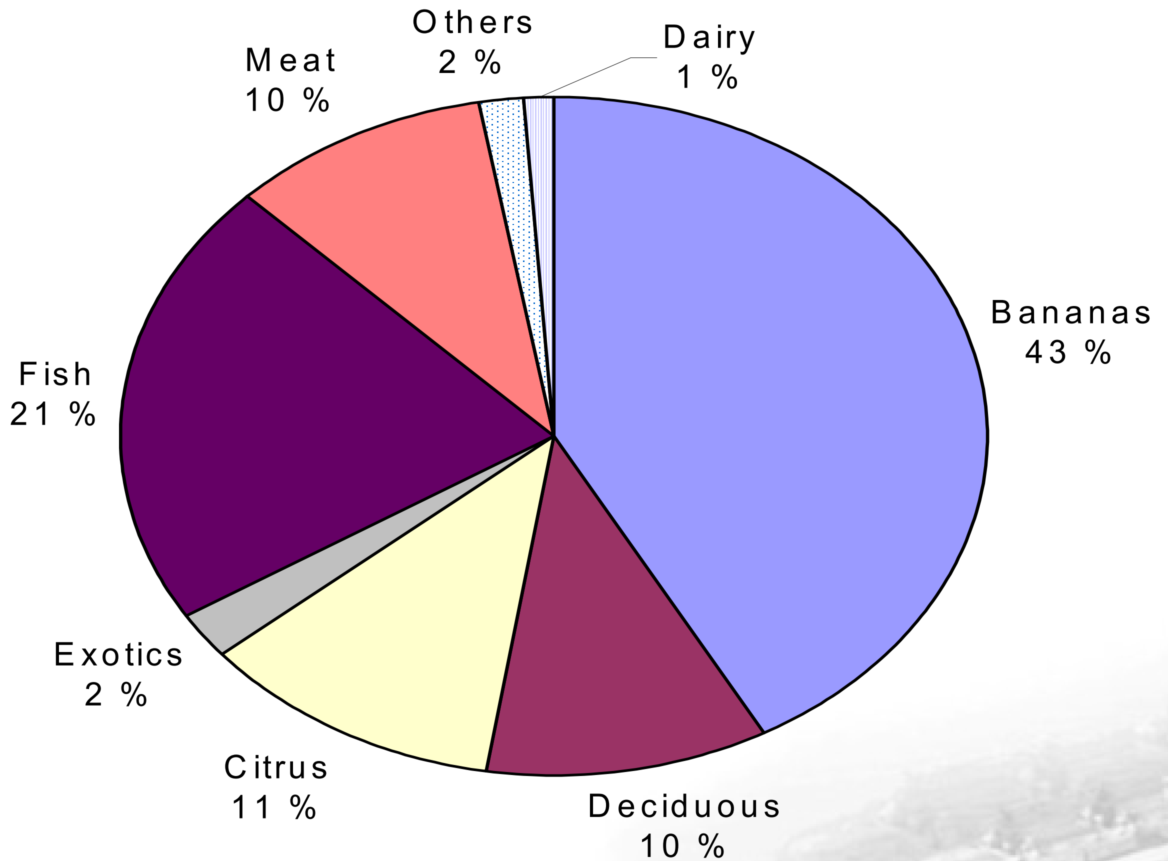
Trade patterns (Banana trade)



Source: UN

Conventional reefer landscape

Reefer commodities
Conventional reefer vessels distance volume



Source: Drewry

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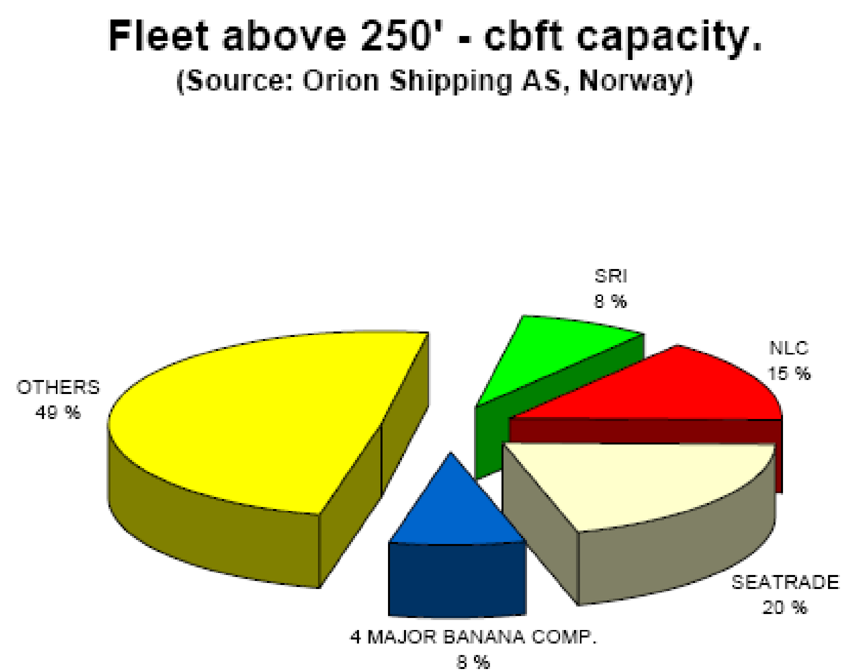
Conventional reefer landscape



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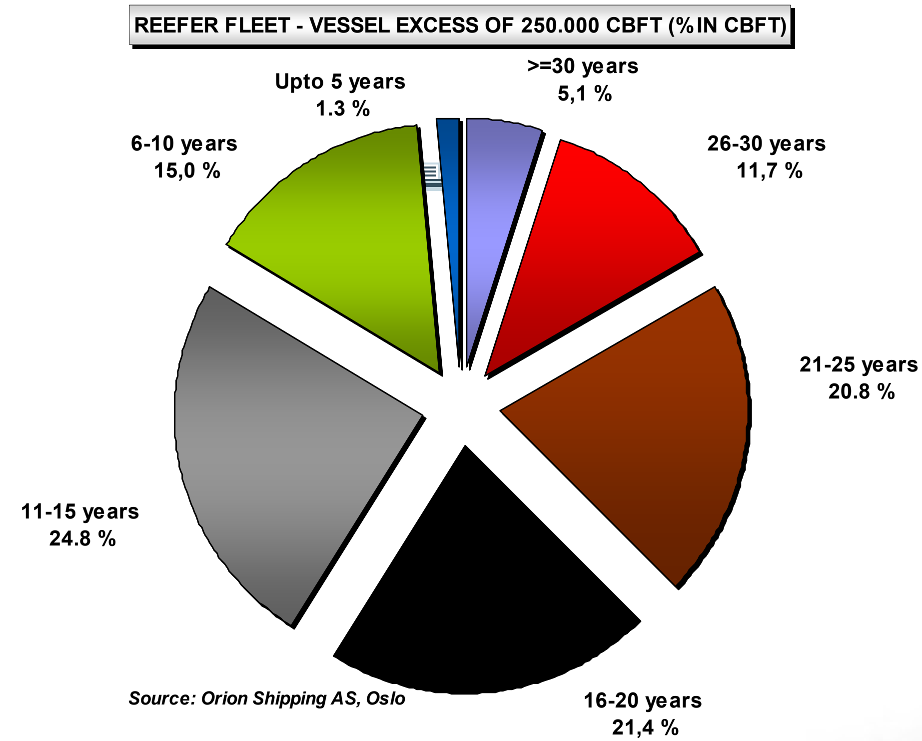
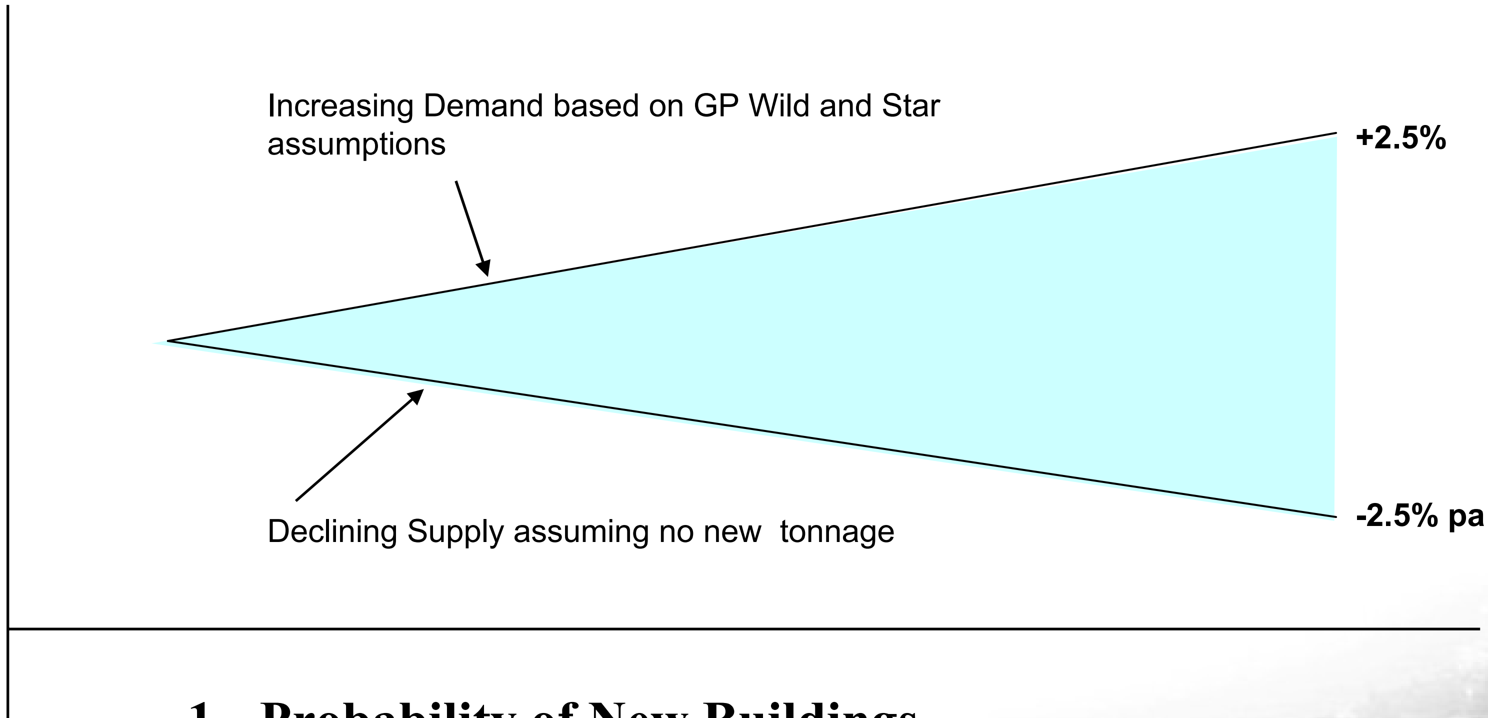
Age Profile Reefer Fleet



Source: Orion Shipping AS, Oslo

Fleet > 250.000 cbft: 563 vessels and 243 mill. cbft

How will the Supply/Demand Gap be filled?



1. **Probability of New Buildings**
2. **Pricing Pressure**
3. **Pricing of Reefer Containers**
4. **Improved Productivity/ Efficiency**

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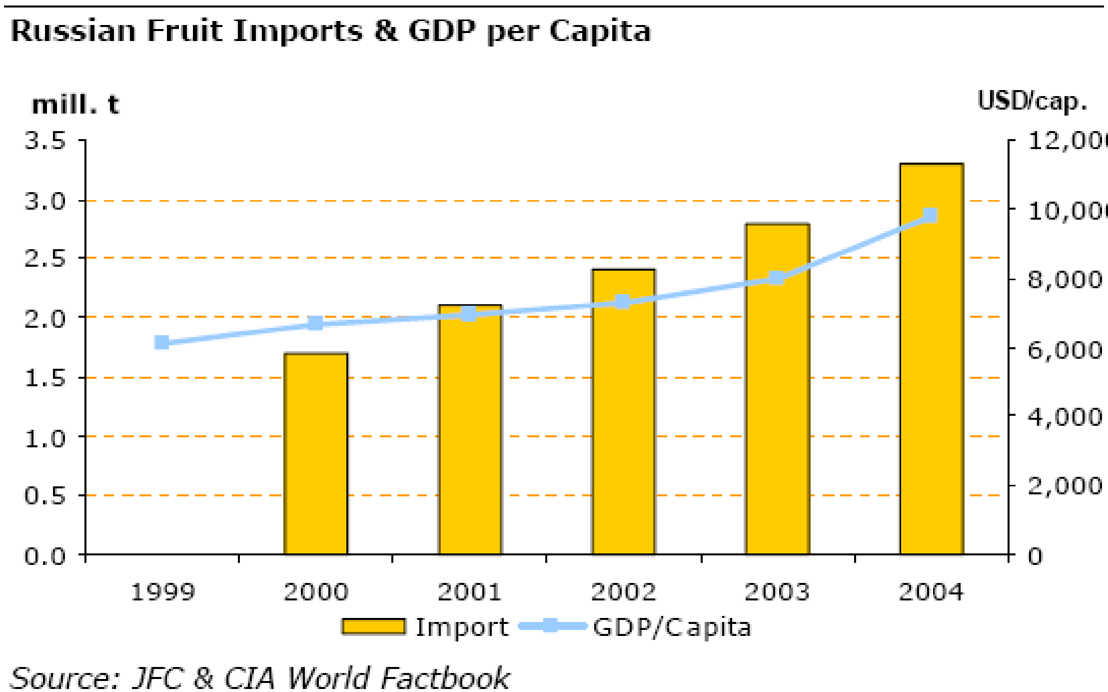
The Russia Factor



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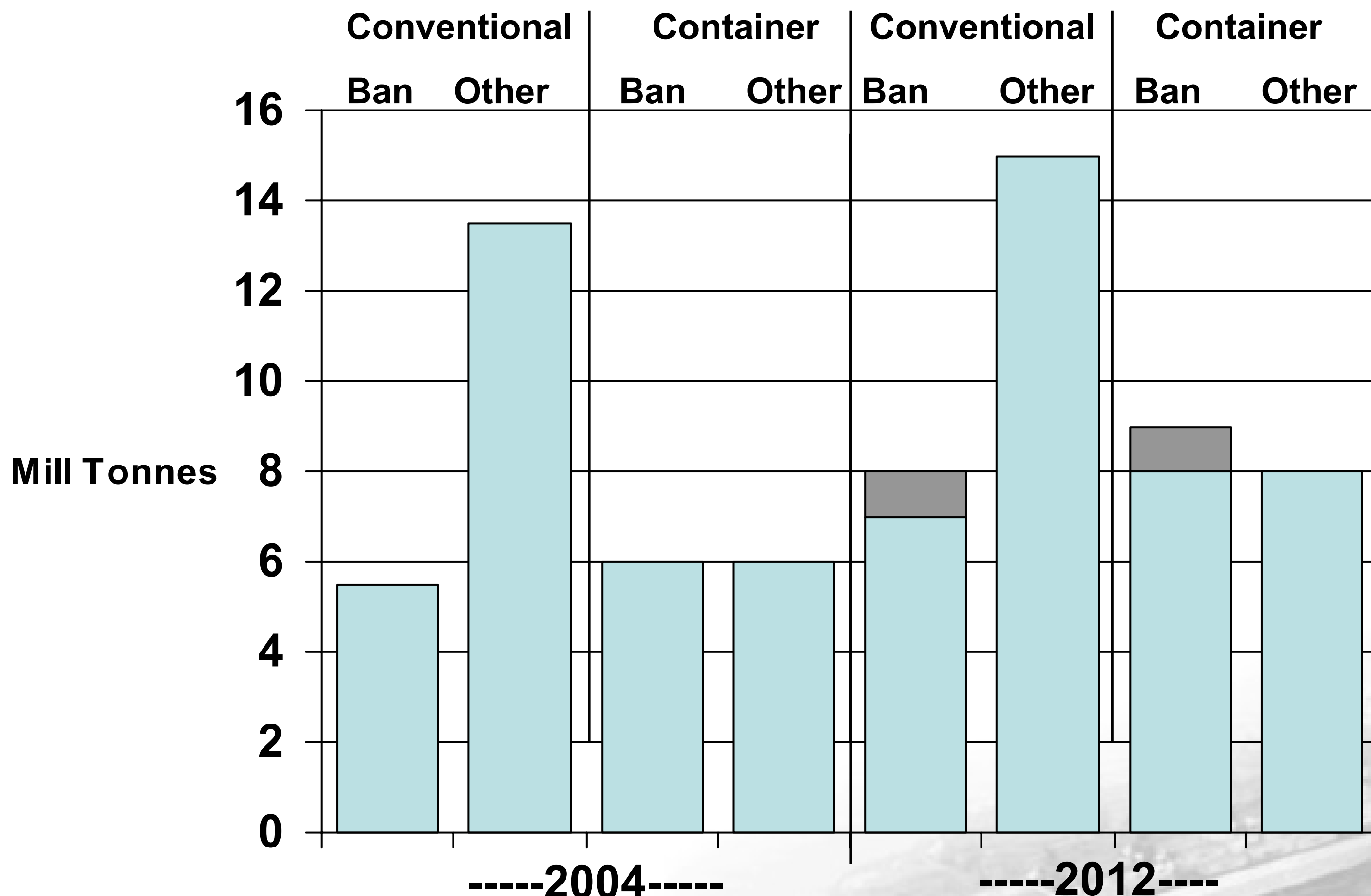
Conventional vs Containers

Bananas - Other Fruit - Vegetables



Source of base data = G P Wild

Growth in Conventional 16%

Or with banana correction factor 21%

Specialised Reefers vs. Container Reefers

QUALITY SPECIALISED REEFERS

- SOUTH – NORTH LANE
- SPEED ADVANTAGE
- PORT TO PORT
- LOW DRAFT
- GEAR
- HIGH AVERAGE AGE
- QUALITY PRODUCT
- LIMITED ORDER BOOK
- HIGH VOLUME
- BANANA TRADE
- FOCUS ON SHIPPING QUALITY – NOT LOGISTICS

CONTAINERS

- EAST – WEST LANE
- SPEED IMPROVEMENTS TO COME
- TERMINAL TO TERMINAL
- DRAFT LIMITATIONS
- NO GEAR
- LOW AVERAGE AGE
- QUALITY MARKETING
- HIGH ORDER BOOK
- LOW VOLUME
- SMALLER TRADES
- STRONG LOGISTICAL BASE

STAR Reefers

Specialised Reefers vs. Other Conventional Reefers

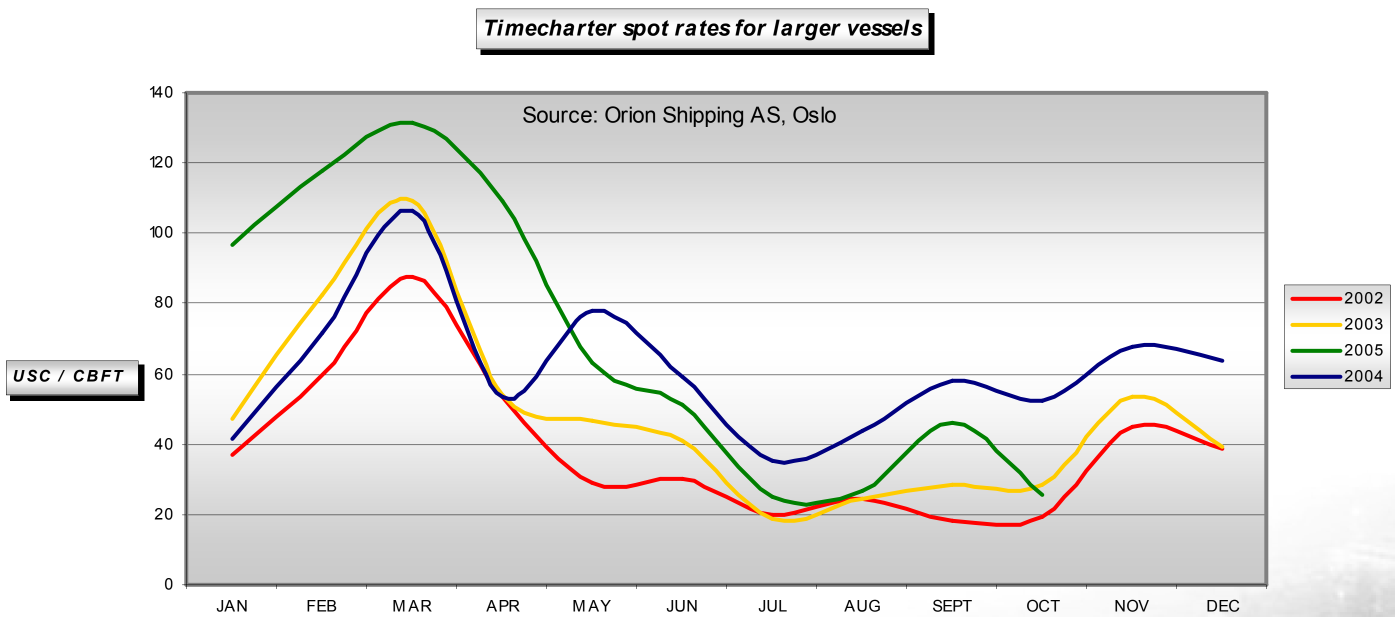
QUALITY SPECIALISED REEFERS	OTHER REEFERS
★ SOUTH – NORTH LANE	ANY LANE
★ SPEED ADVANTAGE	SPEED NOT A CHARACTERISTIC
★ PORT TO PORT	PORT TO PORT
★ LOW DRAFT	LOW DRAFT
★ GEAR	NOT ALWAYS FUNCTIONING
★ HIGH AVERAGE AGE	VERY MATURE
★ QUALITY PRODUCT	INDIFFERENT
★ LIMITED ORDER BOOK	STEADY FLOW IN PIPELINE
★ HIGH VOLUME	ANYTHING WHICH MOVES
★ BANANA TRADE	NOT QUALITY SENSITIVE TRADES
★ FOCUS ON SHIPPING QUALITY – NOT LOGISTICS	FOCUS ON NOT BREAKING DOWN – OPERATED ON MINIMUM COST

Recent Reefer Industry Developments

- Market growth expected to exceed 2,5% p.a.
- Significant spot rate volatility
- Customers concerned about availability of quality tonnage
- Fruit majors securing tonnage on 2,3 & 5 year contracts
- Aggressive competition amongst operators
- Operators chartering in vessels on medium-long term (up to 10 yr)
- Container lines trying to secure more reefer cargo
- Competition for quality 2nd hand ships
- Scrapping of old vessels continuing in strong market
- Ageing fleet, very few new orders

Star well positioned to take advantage of this period of change

Spot Rates Moving Down During October



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Source: Orion Shipping

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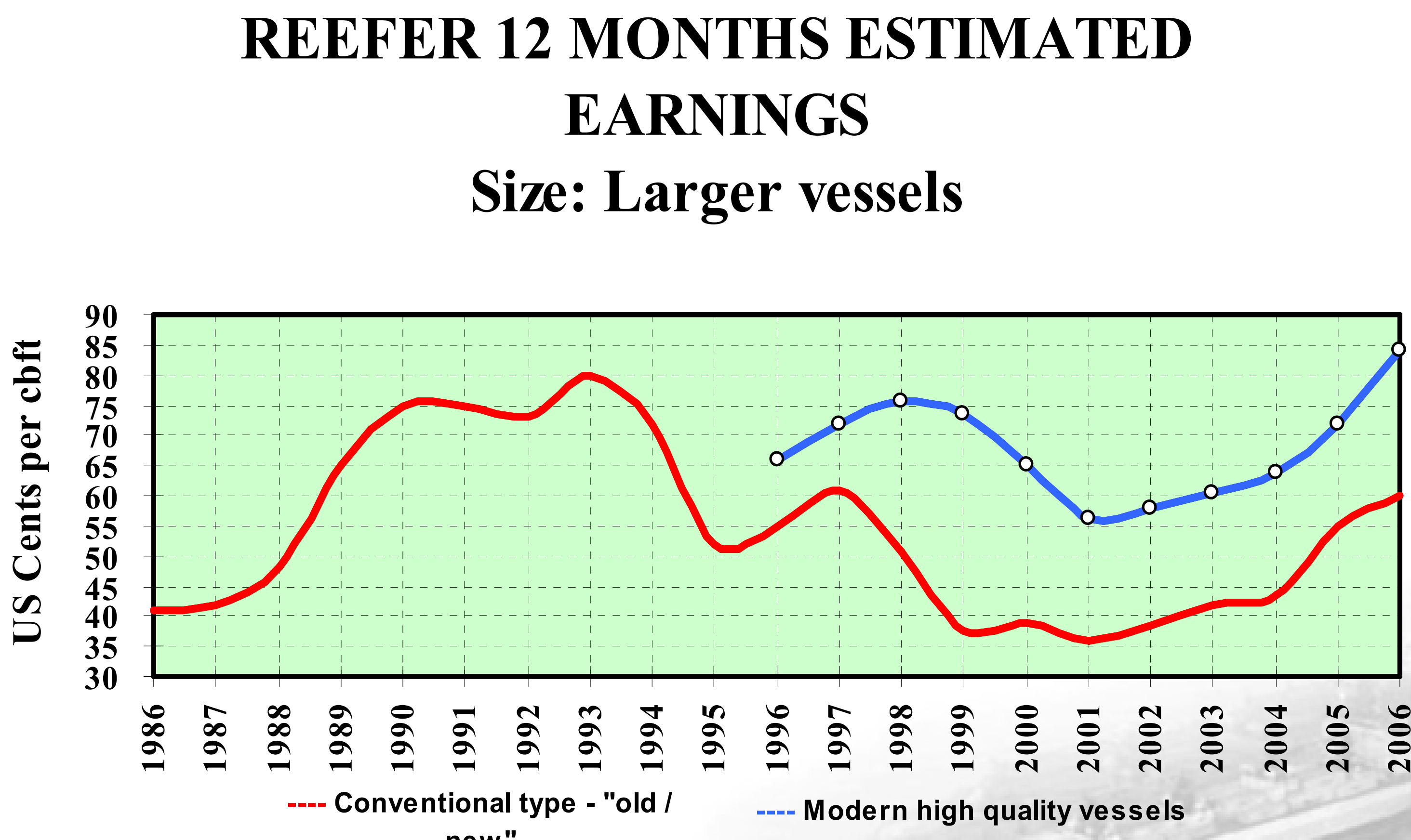
12 Month Rates Moving up During Autumn 2005



Source: Orion Shipping AS, Oslo

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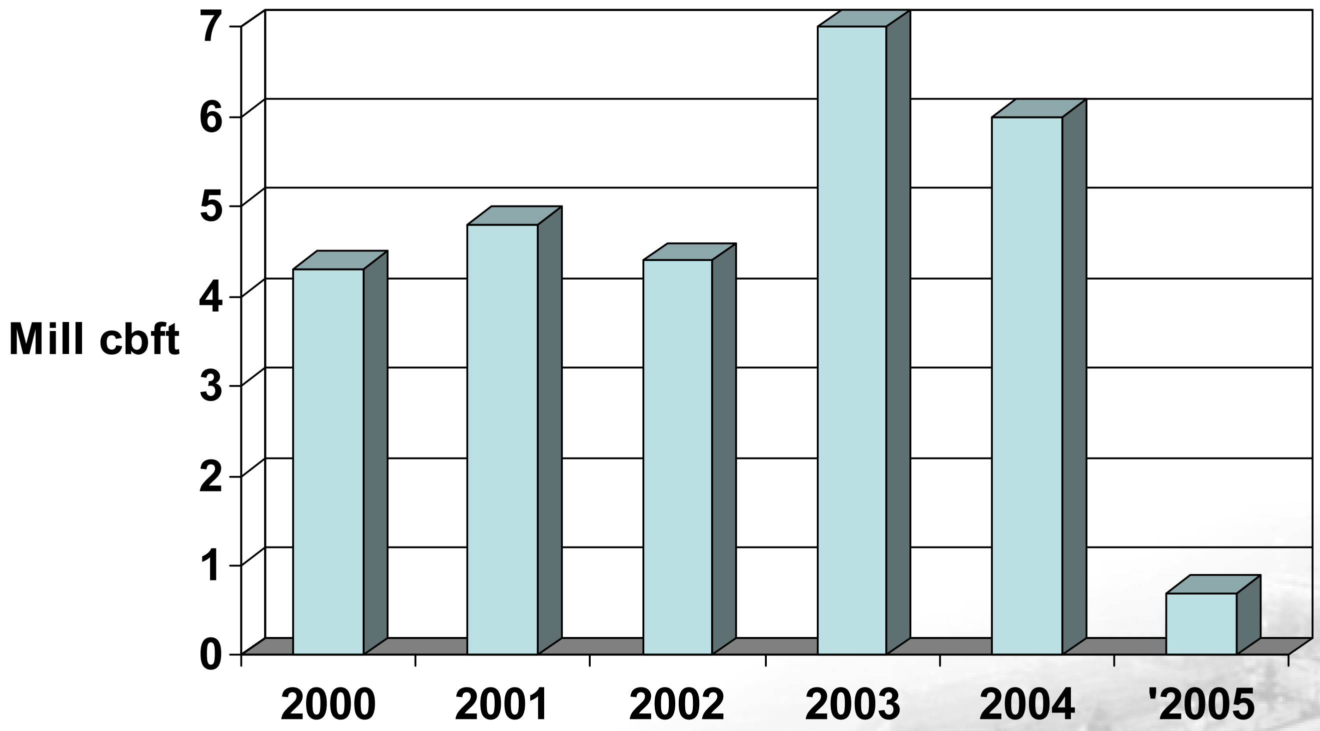
Net Scrapping continues...



...but less than in previous years

Source Orion Shipping

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STAR's 2004 Strategy Revisited

- To generate a RoE better than our major competitors
- Simplify and improve the management of the Company
- Optimise fleet structure
- Business risk management
- Reduce costs where appropriate
- To evaluate new reefer shipping and terminal opportunities.

- No change
- Even more focus on quality and safety and integrity
- Getting closer to vessels
- Programme successful
- Central costs contained. Programme continues
- Significant developments implemented.

STAR Core Fleet, as at November 2004

	# of Ships	Capacity (mill cbft.)	Average Age	Average Size 1 000 cbft.
Owned	16	7.9	14	490
Bare Boat Charter	6	3.2	12	540
Time Charter	14	7.7	10	553
Total Fleet	**36**	**18.8**	**12**	**523**

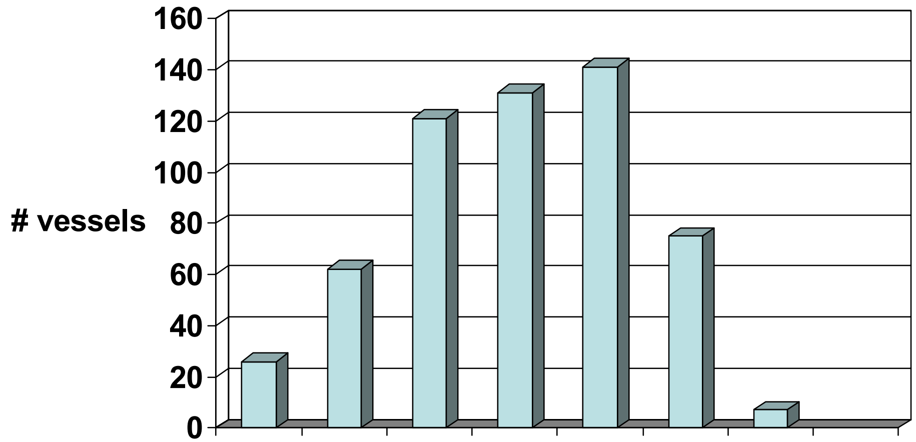
STAR Reefers

STAR Core Fleet, as at November 2005

	# of Ships	Capacity (mill cbft.)	Average Age	Average Size 1 000 cbft.
Owned	23	11.5	14	500
Bare Boat Charter	7	3.8	13	538
Time Charter	7	4.0	10	574
Total Fleet	**37**	**19.3**	**13**	**521**
Newbuildings (TC)	4	2.3	-2	585

STAR Reefers

Reefer Age Distribution of Fleet 563 vessels over 250,000 cbft (243 mill)



Age	>30	26-30	25-21	20-16	15-11	10-6	<5
# Ship Star Owned/BB	-	-	2	4	22	2	
# Ships Star Chartered	-	-	-	1	2	4	

The Newbuilds

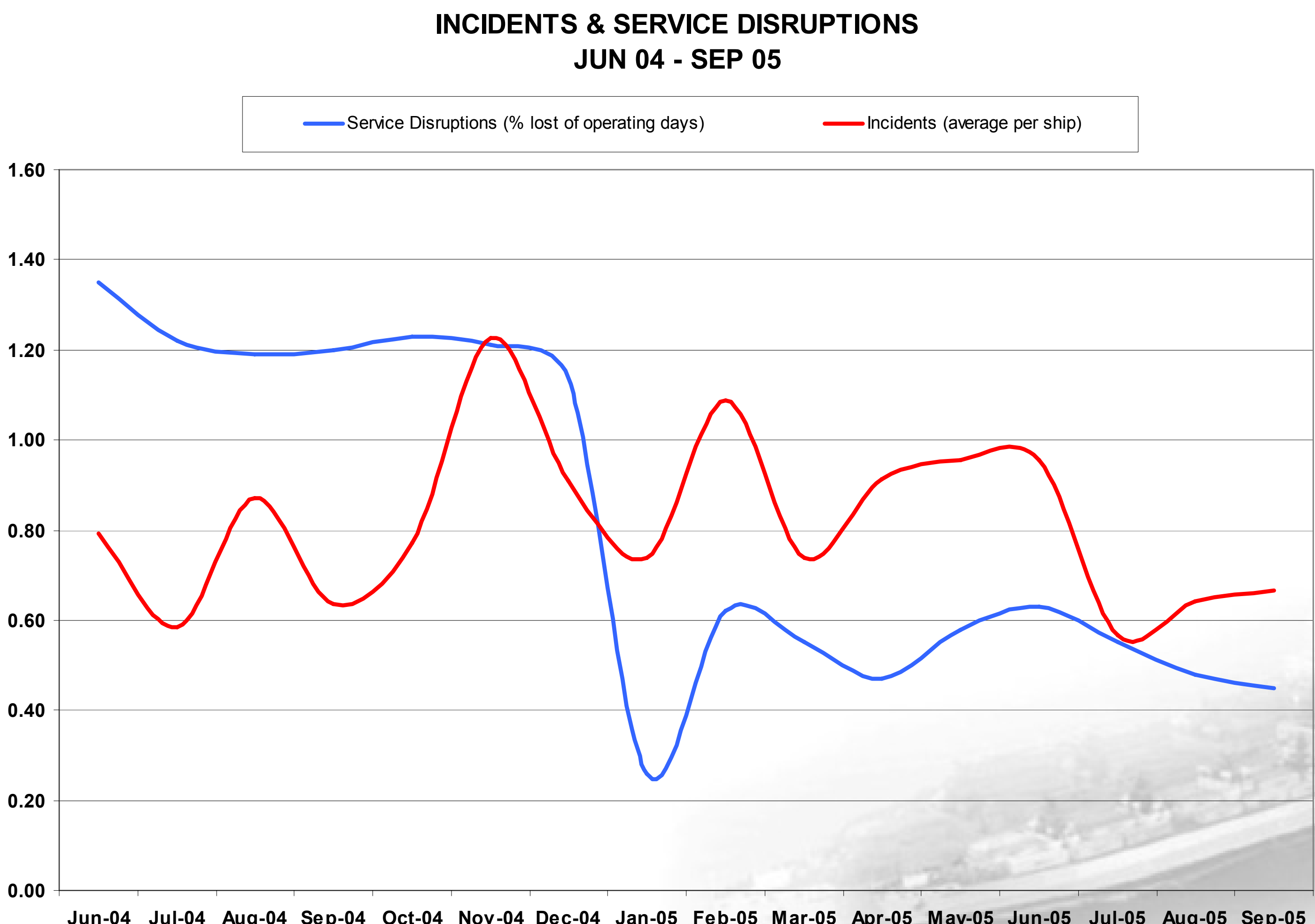
- 10 yr Time Charters for 4 newbuildings
- Vessels to be built at Shikoku Yard in Japan
- Delivery
  - Q1 2006 and Q4 2006
  - Q1 2007 and Q2 2007
- Specialised Reefers of 585,000 cbft.
  - High Speed
  - High container intake
  - Low bunker consumption

STAR securing modern long term tonnage as a leading quality specialised reefer operator

STAR Reefers Highlights Q3 2005 vs Q3 2004

- Net income before gains of USD 2.5 m (USD 0.2m)
- Net income of USD 4.2 m (USD 4.6m)
- EPS of Q3 2005 USD 0.48 (USD 0.54)
- Average freight rates up 20%
- Delivery of 7 vessels for USD 132 m
- Reduced margins & extended maturity on USD 161.2 loans
- Sale & leaseback of Regal Star generating USD 1.7 m in profit
- Improving operational performance

STAR Reefers



STAR Reefers

Profit & Loss Account

	3Q 2005	3Q 2004	YTD 30-Sep-05	YTD 30-Sep-04
Net operating revenues	$ 32.5	$ 29.8	$ 119.2	$ 105.5
Ships operating expenses	-11.1	-9.5	-31.6	-29.6
Time charter hire	-11.0	-12.8	-38.9	-41.7
Administrative expenses	-1.9	-2.3	-6.9	-6.8
EBITDAR	**8.5**	**5.2**	**41.8**	**27.4**
Bare boat charter hire	-2.3	-2.3	-7.0	-6.9
Depr. and amortization	-2.3	-1.7	-5.8	-5.5
Gain sale ships/subsidiary	1.7	4.4	1.7	4.8
Operating profit	**5.6**	**5.6**	**30.7**	**19.8**
Interest expense	-1.2	-1.0	-2.8	-2.5
Other financial items	-0.2			-0.1
Net income	**$ 4.2**	**$ 4.6**	**$ 27.9**	**$ 17.2**
EPS	**$ 0.48**	**$ 0.54**	**$ 3.19**	**$ 2.05**

STAR Reefers

Balance Sheet

	30-Sep-05	31-Dec-04
Vessels	$ 275.2	$ 163.3
Other fixed assets	4.0	8.4
Other current assets	38.5	11.6
Bank deposits	18.8	21.5
Total assets	**$ 336.5**	**$ 204.8**
Equity	**$ 116.9**	**$ 87.5**
Interest-bearing debt	194.2	99.4
Short term liabilities	25.4	17.9
Total equity and liabilities	**$ 336.5**	**$ 204.8**
Equity ratio	**35%**	**43%**
Equity per share	$13.48	$10.29

Summary

The Reefer Market

- The Dimensions
- The Quality Specialised Reefer Niche
- The Russia Factor
- Recent Developments
  - Spot Rates Volatility
  - Quality Specialised Reefer TC Rates Steadiness
  - Further industry consolidation

STAR Reefers Market Position

- Pro-active tonnage procurement
- The Newbuilds
- Steady Improving Performance
- The Recent announcement of Chartering Strategy:
  - 2006: 50%
  - 2007: 40%
  - 2008: 30%

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