Scenarios for the Shipbuilding Industry

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Overview

- Current Outlook
- Forecasting for the future
- Scenarios?
- Conclusions

SEA Europe

- Established in June 2012
- European Association = a joint association of shipbuilders and marine equipment suppliers (EMEC + CESA)
- Represent almost 100% of the European shipbuilding + supply industry.

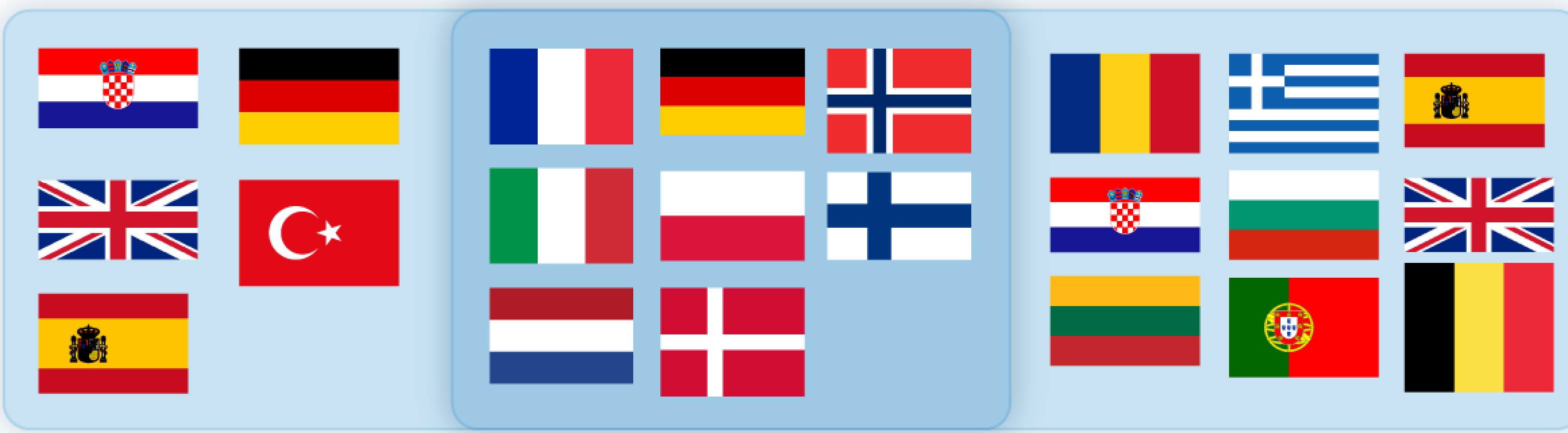
SEA Europe
Ships & Maritime Equipment Association

SEA Europe

EMEC
Associations with single membership

EMEC/CESA
Associations with double membership

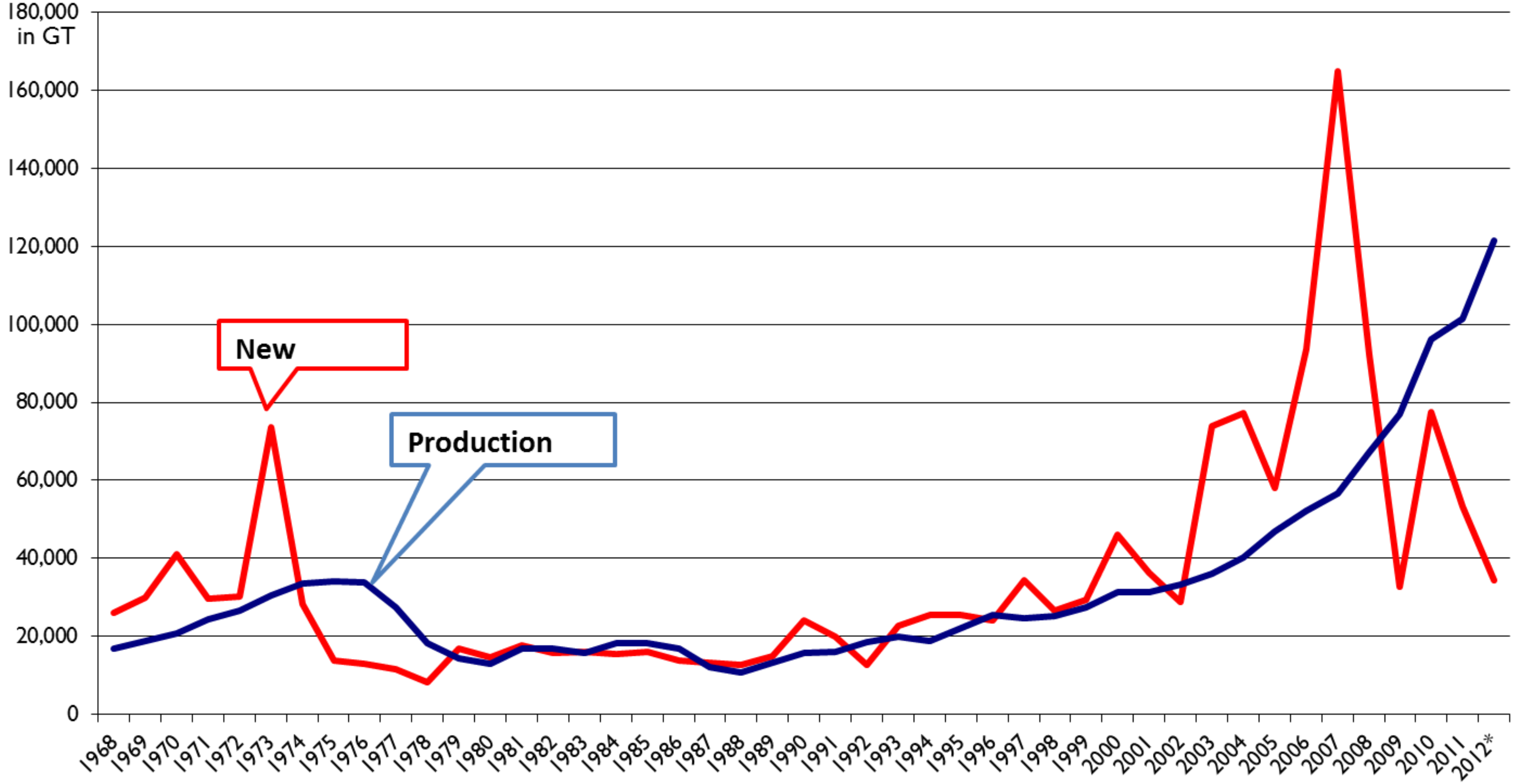
CESA
Associations with single membership



Current Outlook

World Shipbuilding Activity

*2012: New Orders extrapolated based on H1
Completions = delivered H1 + planned for delivery rest of year



Data Source: IHS-Fairplay

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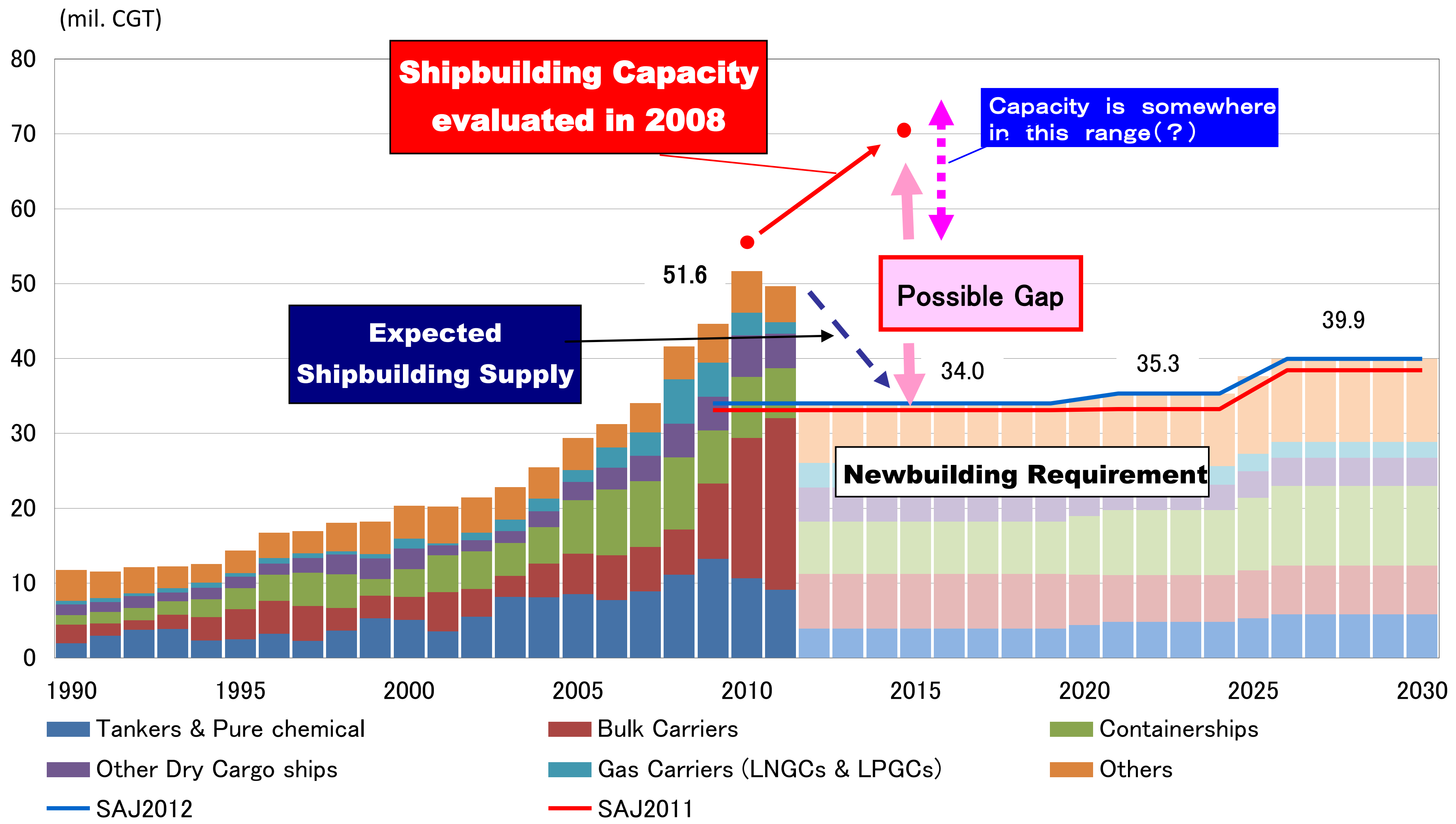
Newbuild requirement vs. capacity (SAJ)



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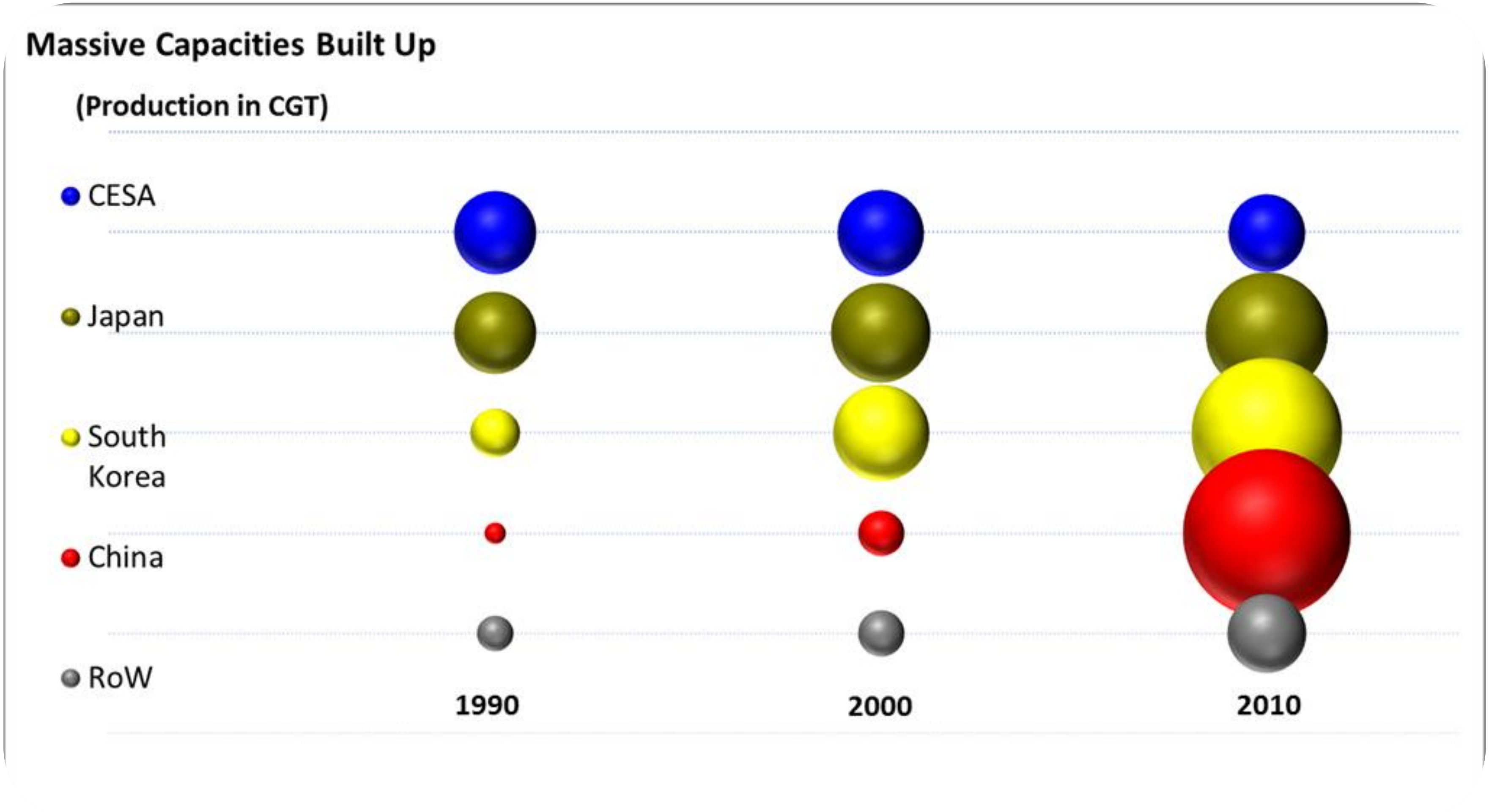
Global Shipbuilding Capacity



Source: CESA based on IHS-Fairplay

Forecasting the Future

Factors of Uncertainty

Factors which make forecasting the future developments difficult:

- Future trade patterns
- Energy Prices
- Societal Expectations // Regulatory Pressures

General Global Trends

1. Drive for energy efficiency
    - Focus from Capex to Opex – sustainable business practices
2. Energy Production
3. Retrofit

Scenarios?

Possible Scenarios

Scenario 1:

- Increase in trade volume (fast growth)
- Ships earn money again
- Deletion of capacity is slow
- Stabilisation

Scenario 2:

- Prolonged stagnation in the market
- Consolidation for ship-owners
- Very challenging market – greater move into small niches?

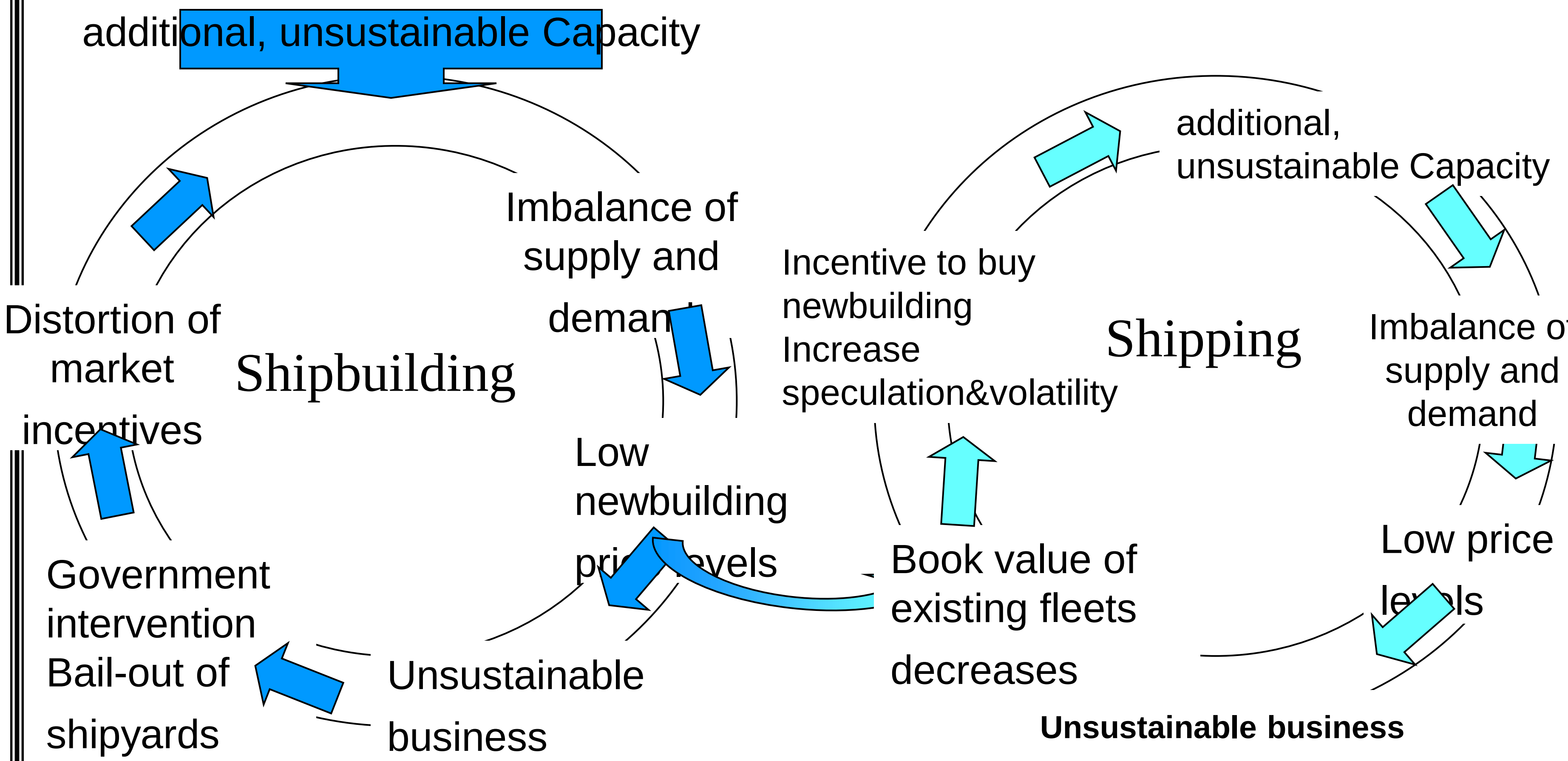
Scenario 3. – Hope for newbuilding

Harnessing global trends driving growth:

- Focus on performance – ‘eco ships’

  (low charter rates, increase in fuel, tough regulation)
- Increased retrofitting of ships
- Ocean Energy – Move from conventional energy production to more challengening sources

The Vicious Cycle:
The Disease in Shipbuilding infects Shipping



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Conclusion

Regulators should support the consolidation of the industry and focus on avoiding speculative exaggerations which have driven the sector in the past.

Sustainable business practices have to be supported to break this cycle…!