



Global shipbuilding market outlook

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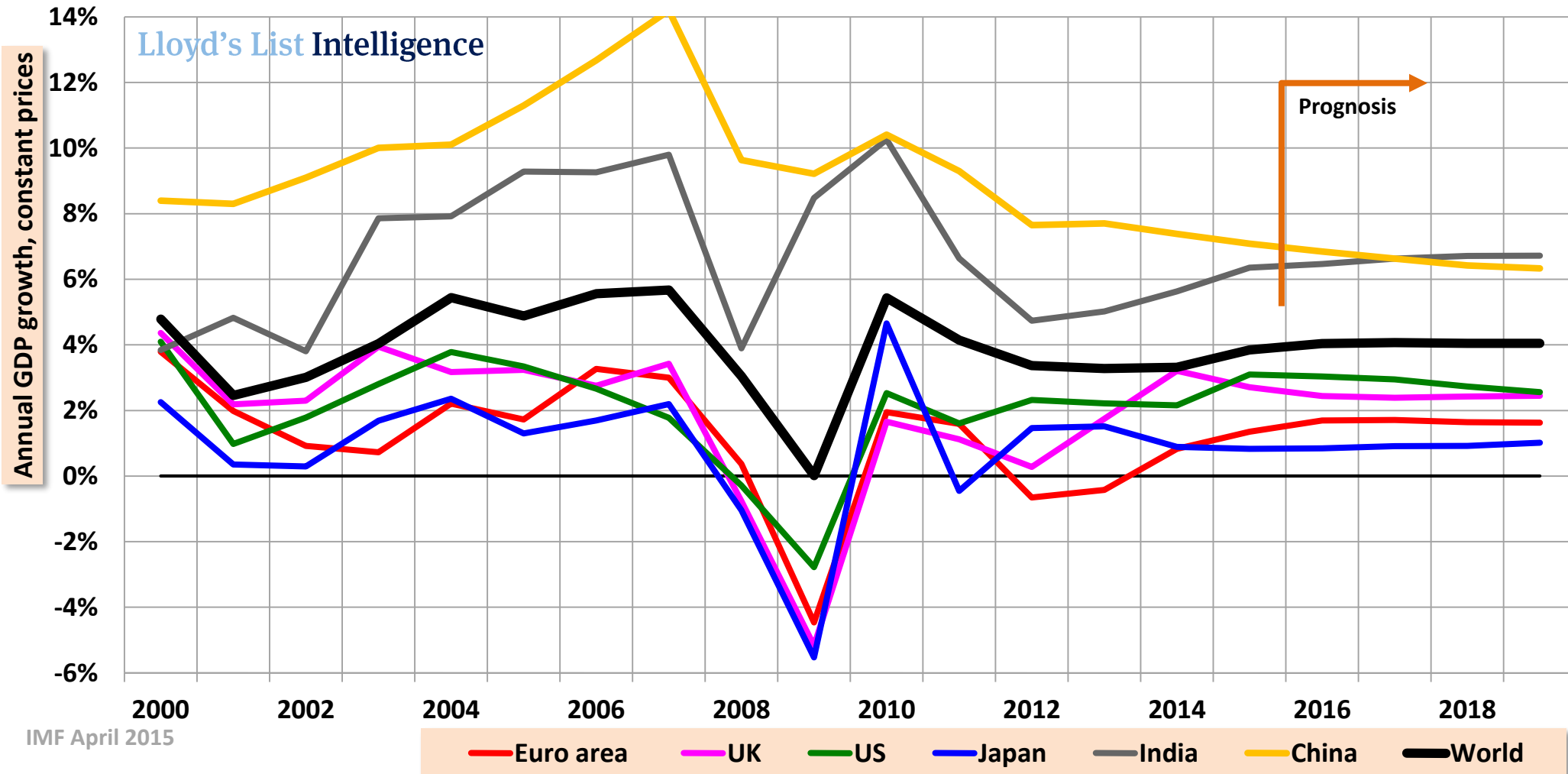
Agenda

- GDP, energy & trade
- Liquid bulk
- Dry bulk
- General cargo
- Total shipbuilding



Source: GLM Marine & Offshore Pte Ltd

Global GDP growth on the roller coaster ride +\$35Tn in the past 15 years, +\$60Tn in the next



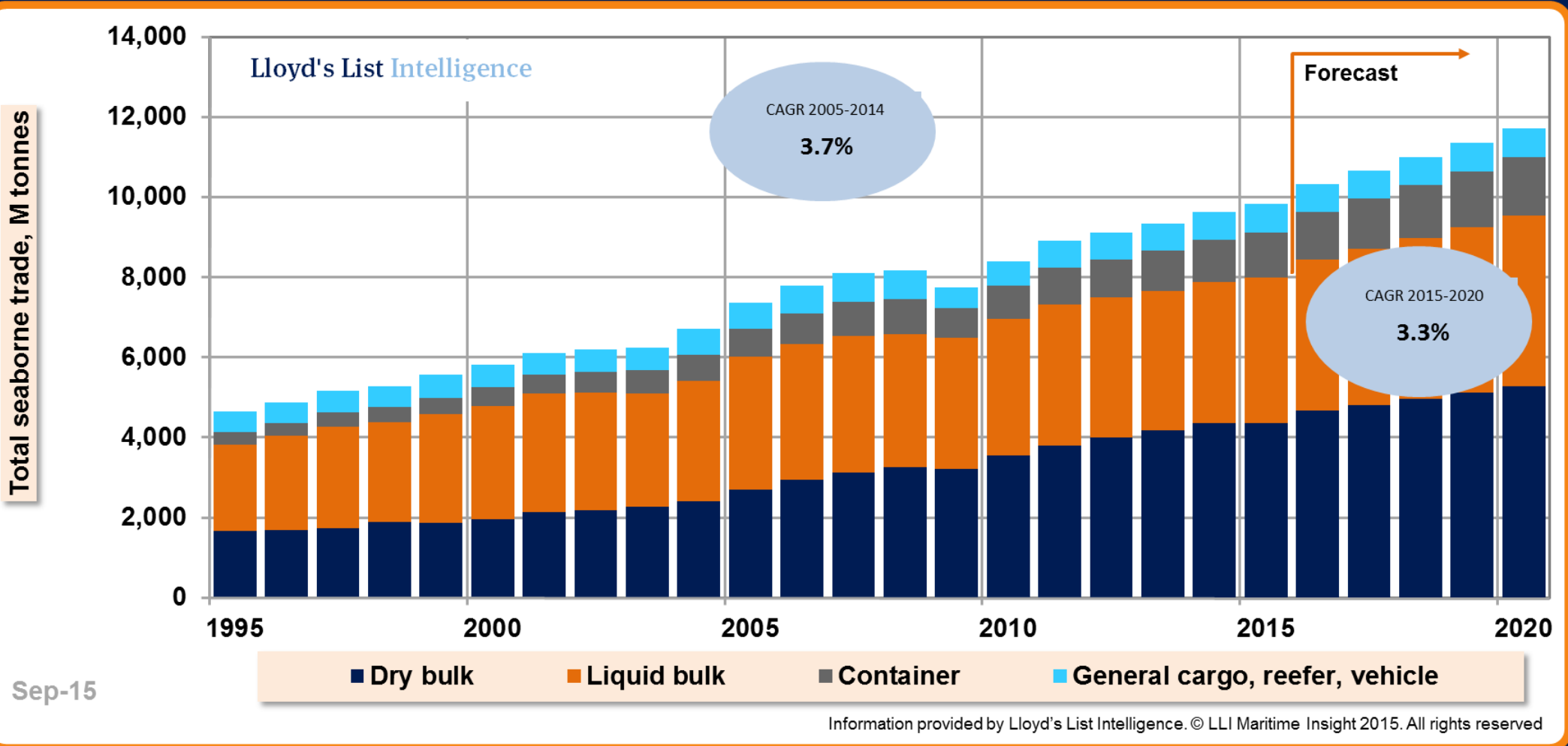
Relation between GDP and seaborne trade

GDP

- + Consumption (ie household spending)
- + Public expenditure (ie government spending)
- + Investment (ie company spending)
- + Exports } trade value = price * trade volume
- Imports }
- + Inventory change

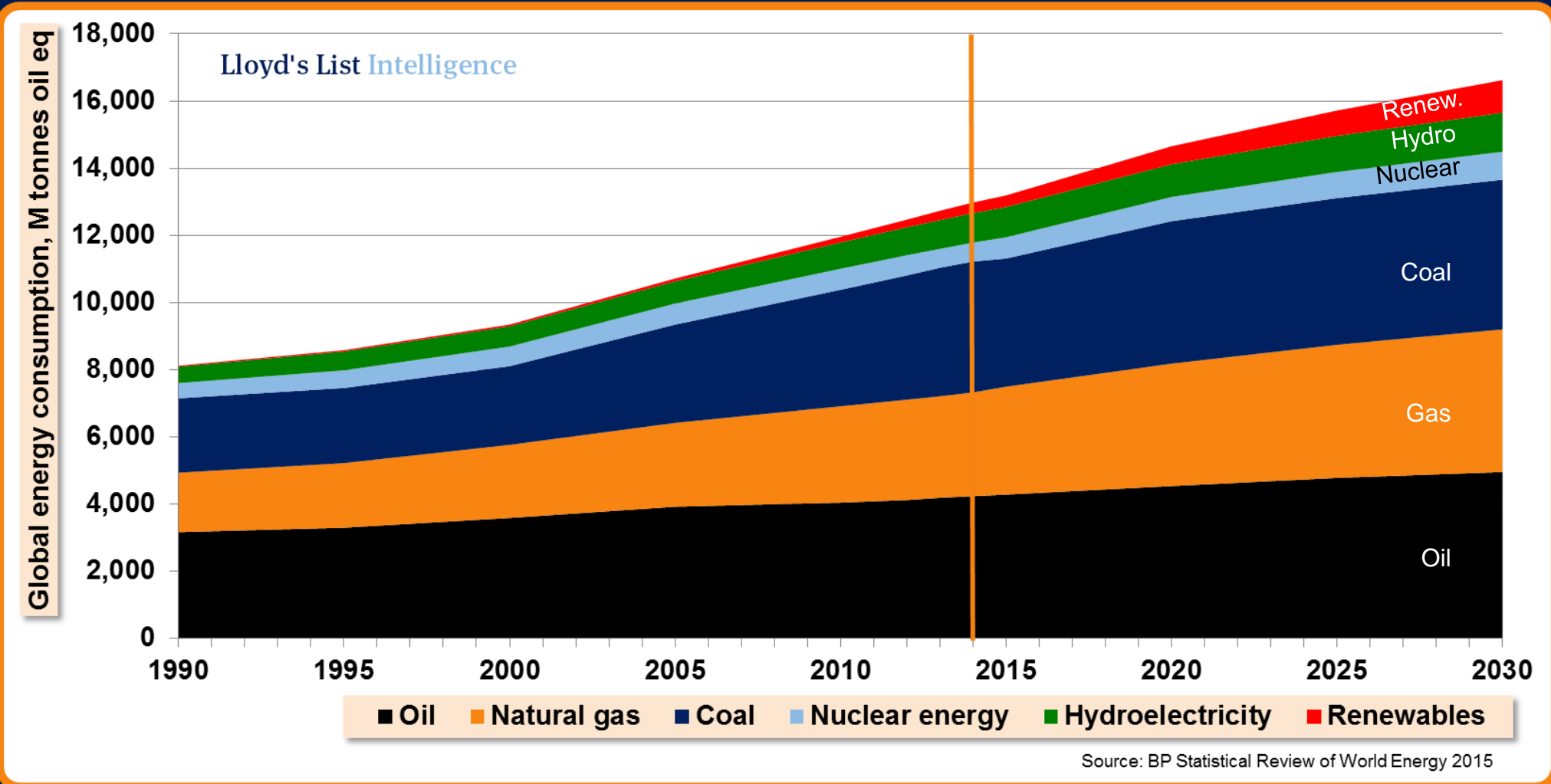
- road
- rail
- pipe
- air
- sea

Total seaborne trade growth will slow down. Container trade growth still strong – in line with absolute GDP growth



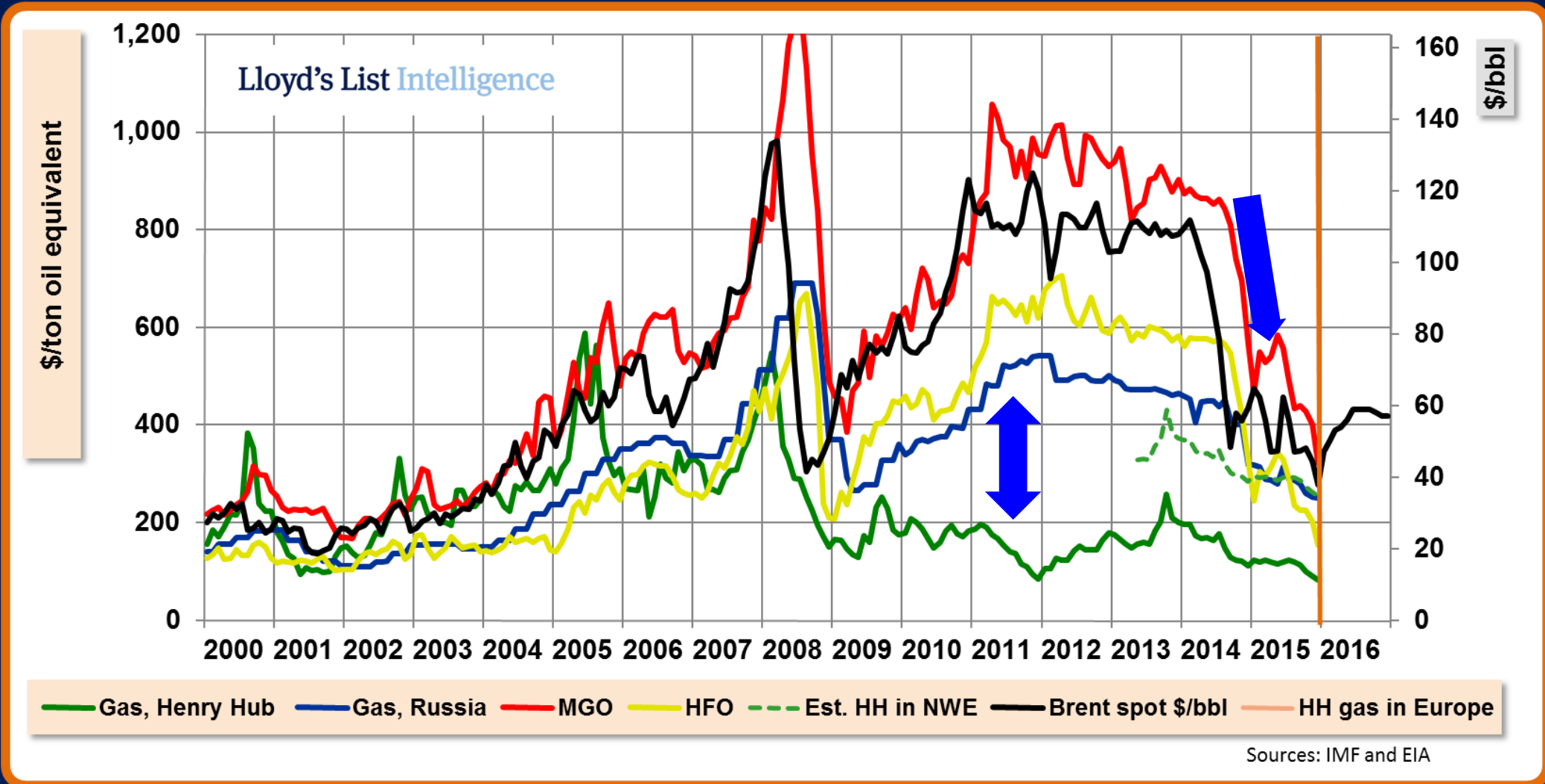
Growth 2015-2020		
	Mt	cagr
GC	33	0.8%
Container	409	5.6%
Liquid bulk	724	3.2%
Dry bulk	928	3.3%
Total	2,094	3.3%

Energy sourcing 15 years from now: twice as much renewables, still >80% fossil



Share 2014	CAGR 2014-2030	Share 2030
2.4%	7.2%	5.5%
7%	1.8%	7%
4%	2.5%	5%
30%	1.1%	28%
24%	2.0%	26%
33%	0.9%	29%

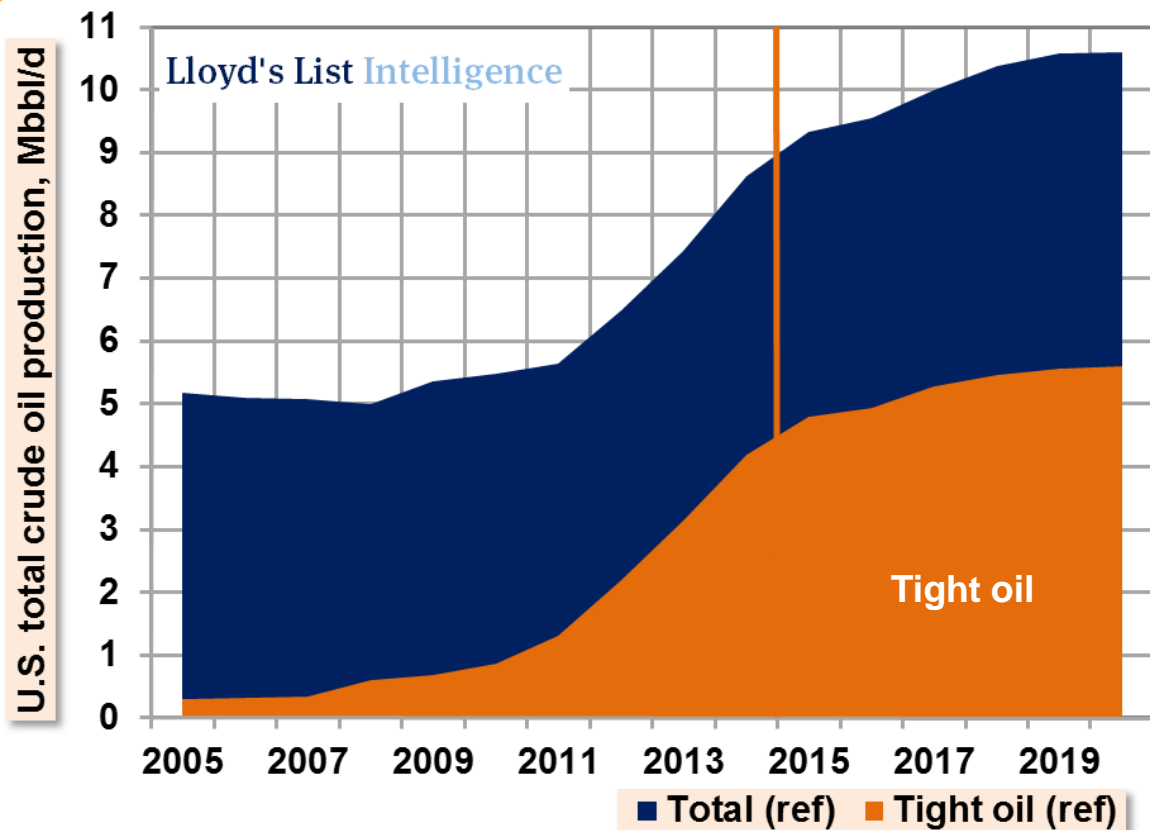
North American gas price is decoupled. Crude oil prices have fallen off the cliff.



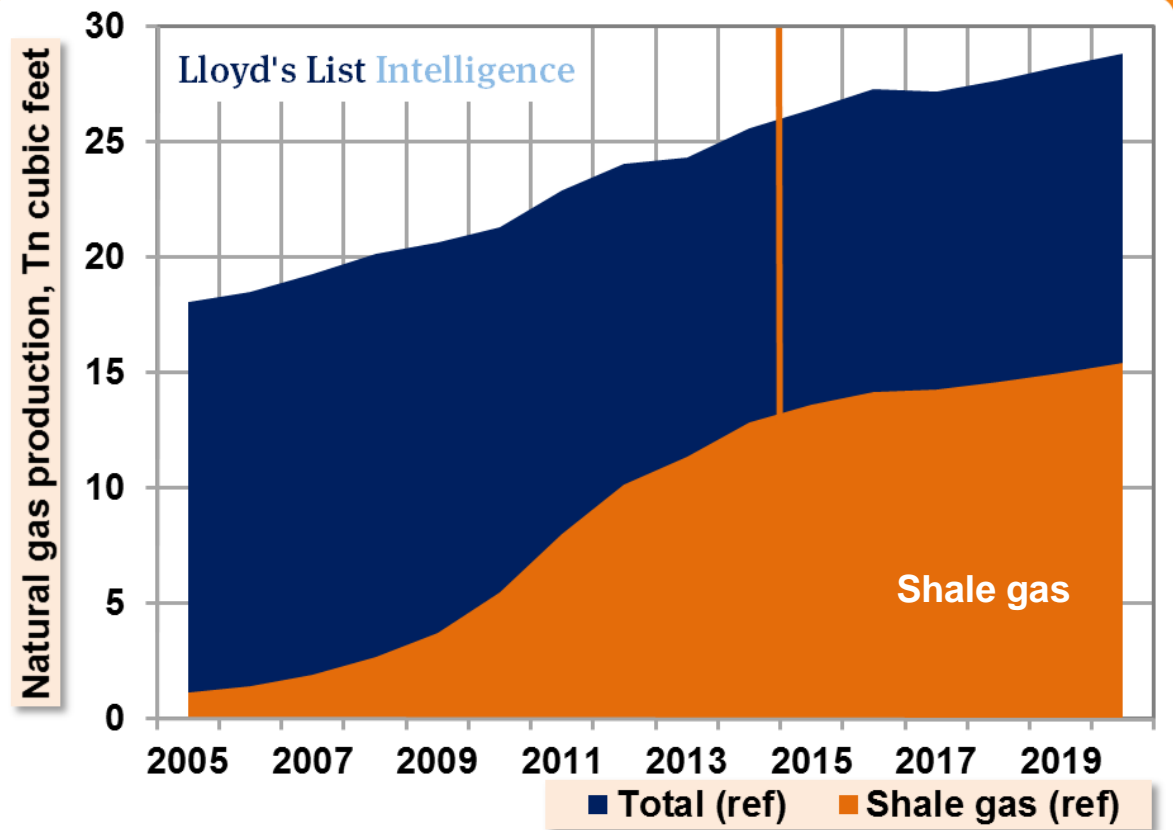
U.S. tight oil production → oil price drop

U.S. shale gas production → decoupling US gas & oil prices

U.S. crude oil production



U.S. natural gas production



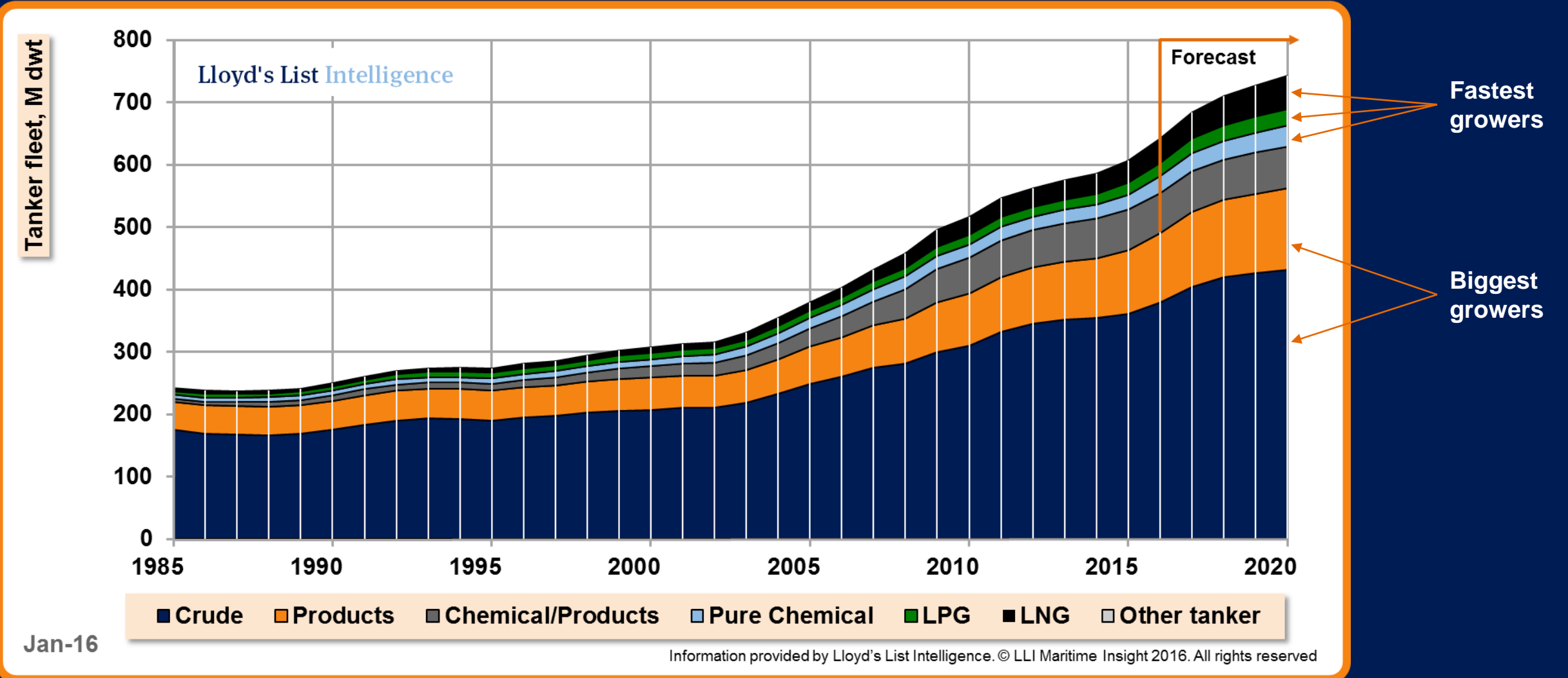
Most important factors for new ship ordering

- Low oil price; oil tankers, offshore
- Shale gas; LNG, LPG & chemical tankers
- Relocation of refineries; product tankers
- China; dry bulk
- Economy of scale; container, small ships

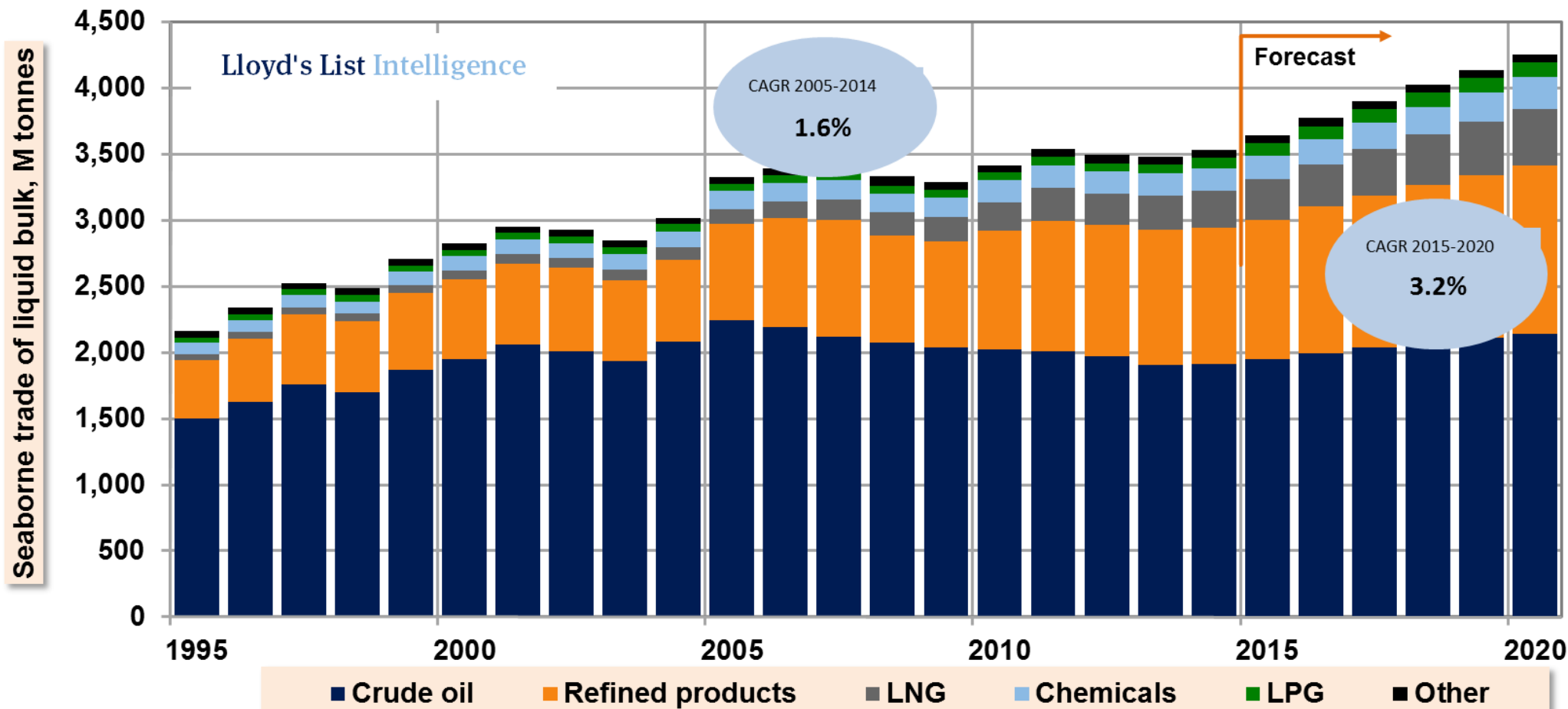
Liquid bulk



The liquid bulk fleet dwt growth is regaining momentum, much due to crude & products



The low oil prices propel trade in liquid bulks – all liquid bulks set to show volume growth



Total exports 2015
3.6Bn tonnes

- Crude oil 1.9
- Refined oil 1.1
- LNG 0.3
- Other 0.3

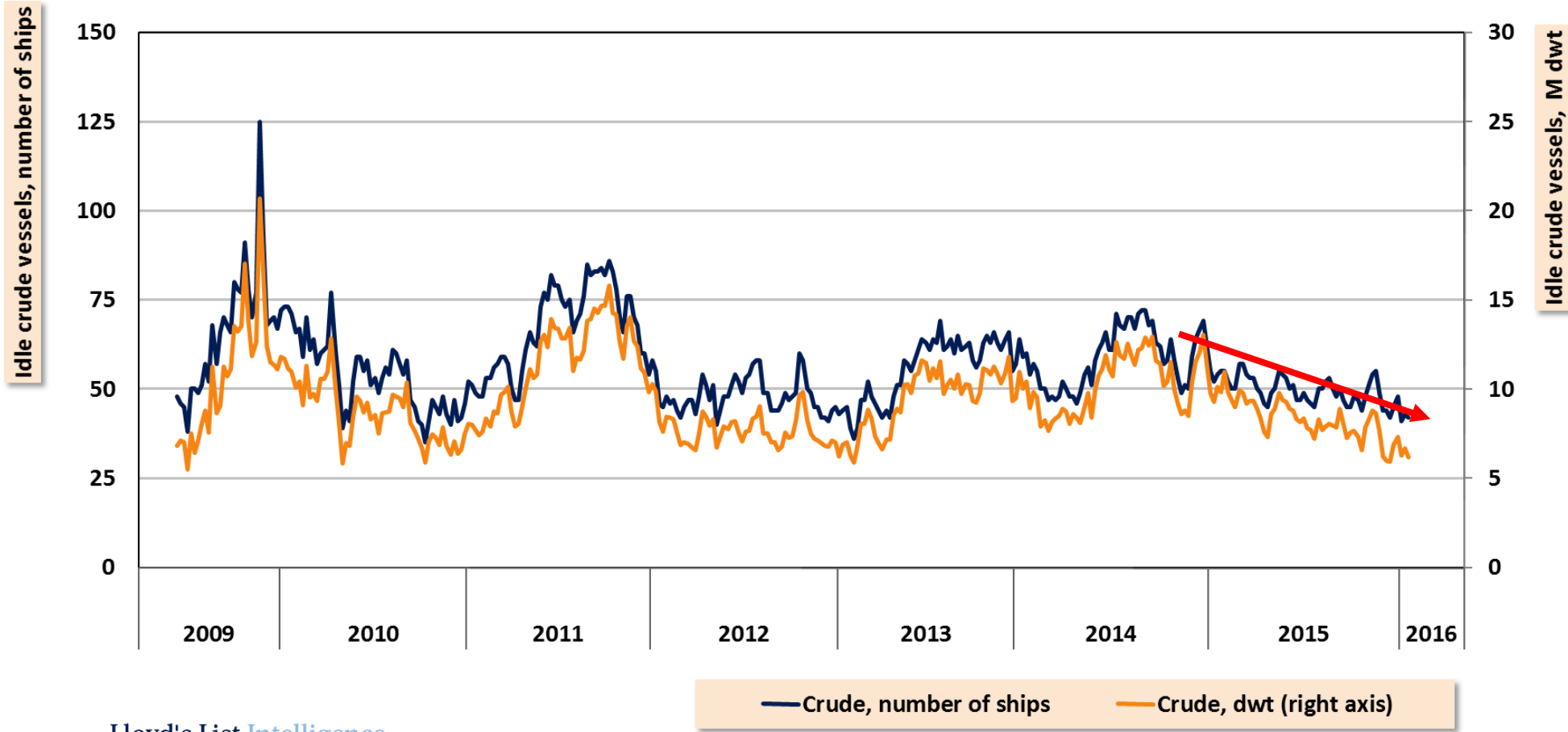
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The drop in oil prices led to increased activity last year with rate improvements as result



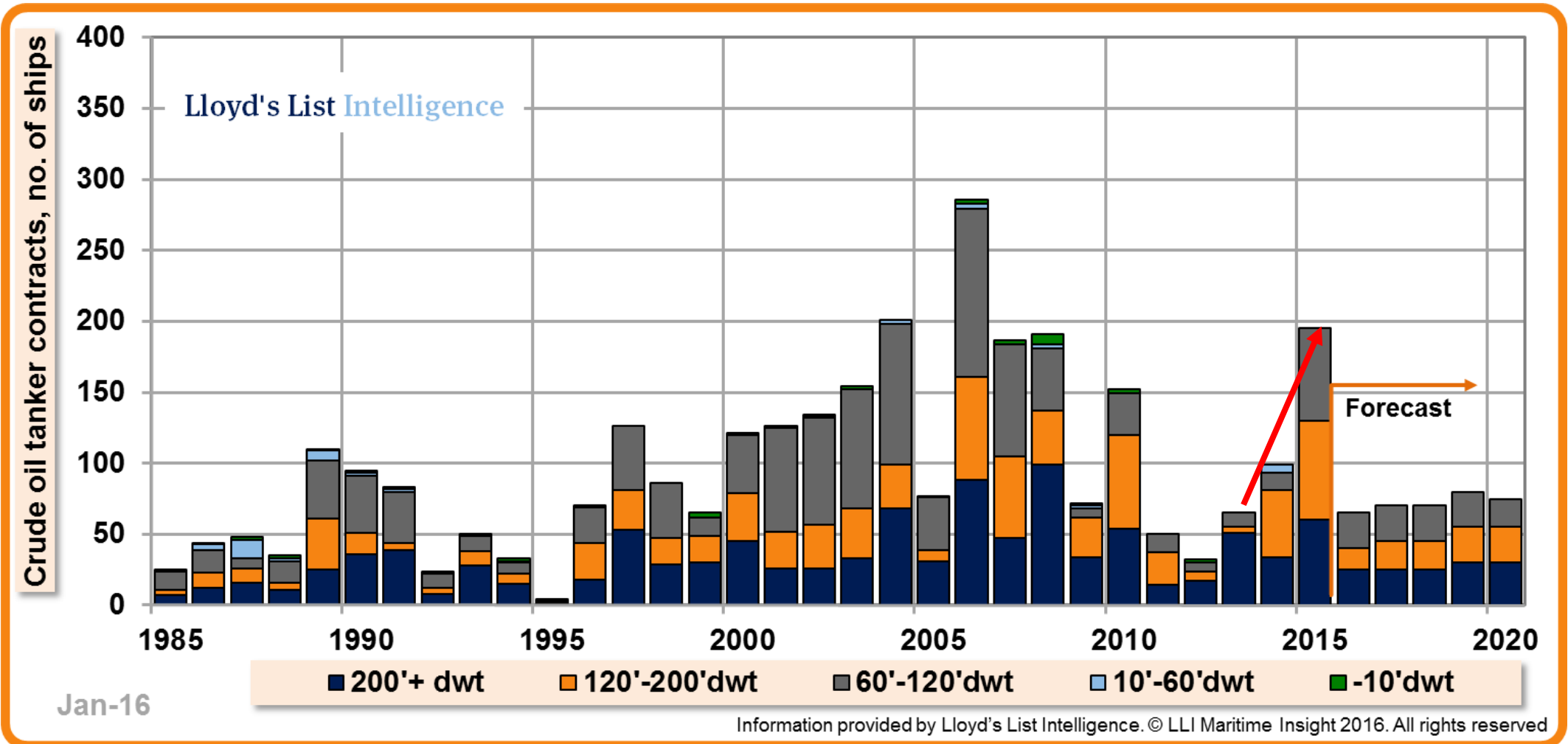
The idle tanker capacity dropped as activity and rates picked up



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Crude tanker market has been rather good – so 2015 ordering was tremendous...



Fleet size:
363M dwt

2016-2020
ordering:
71M dwt

Dry bulk

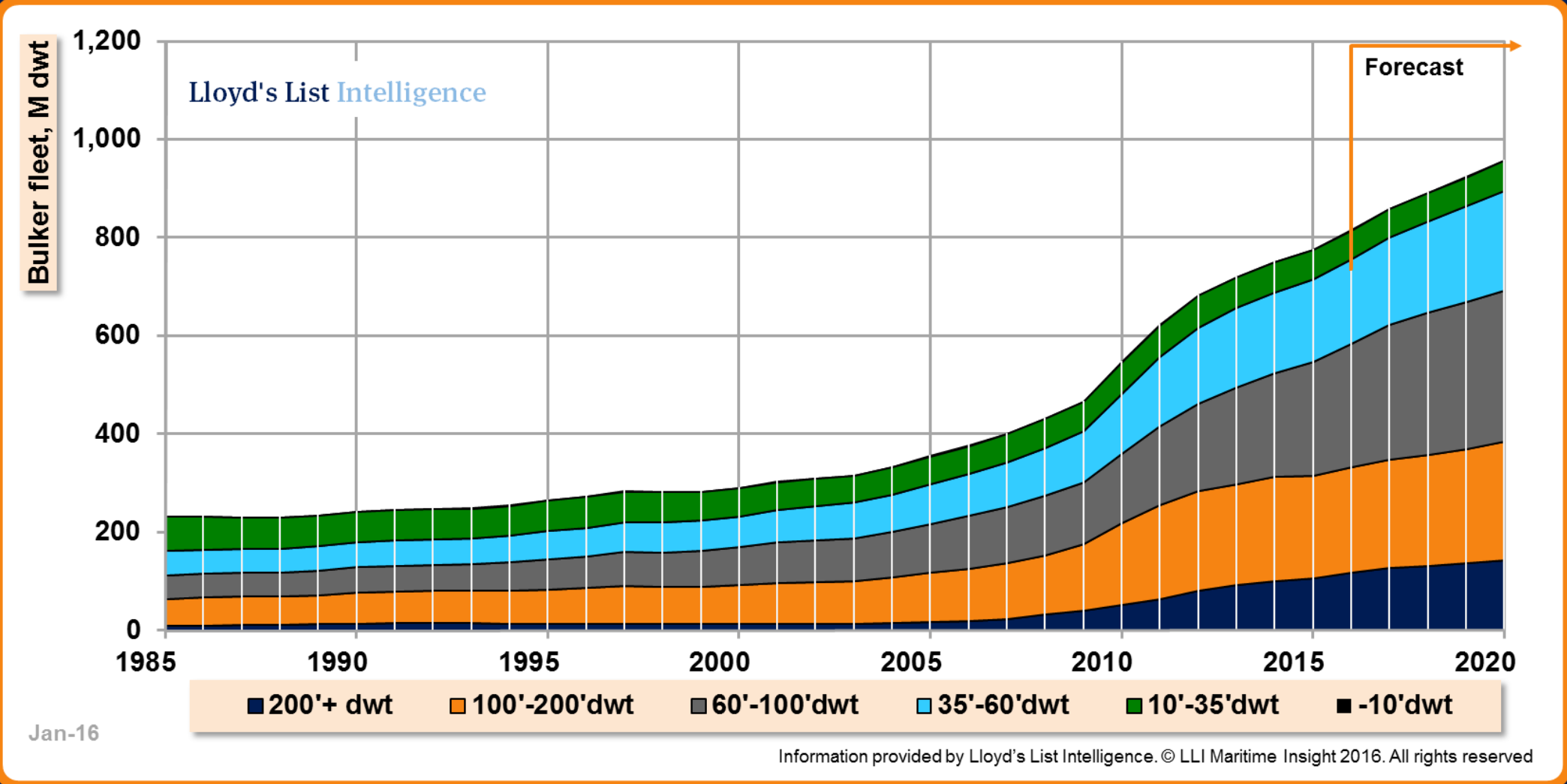


Iron ore

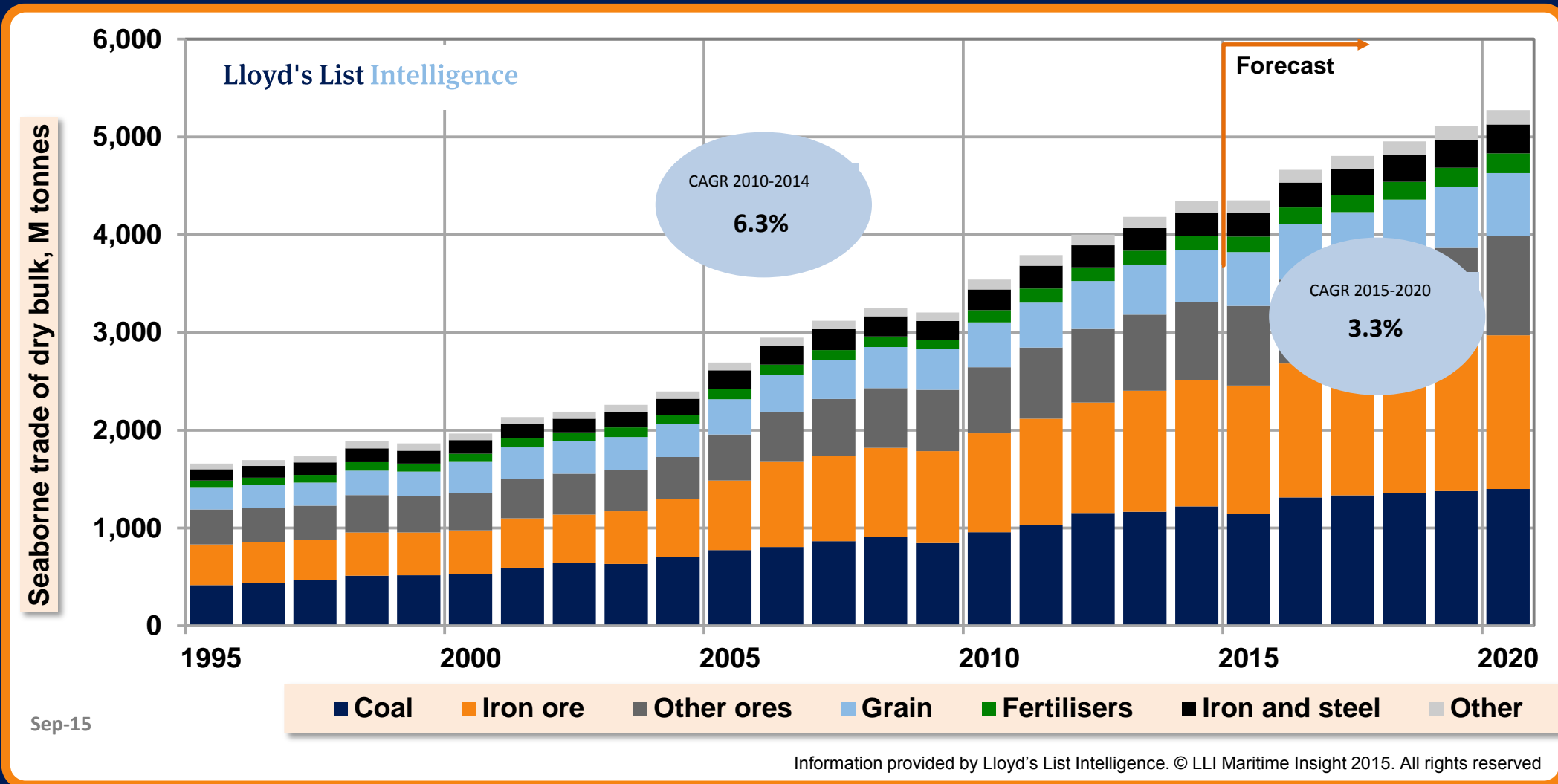


Coal

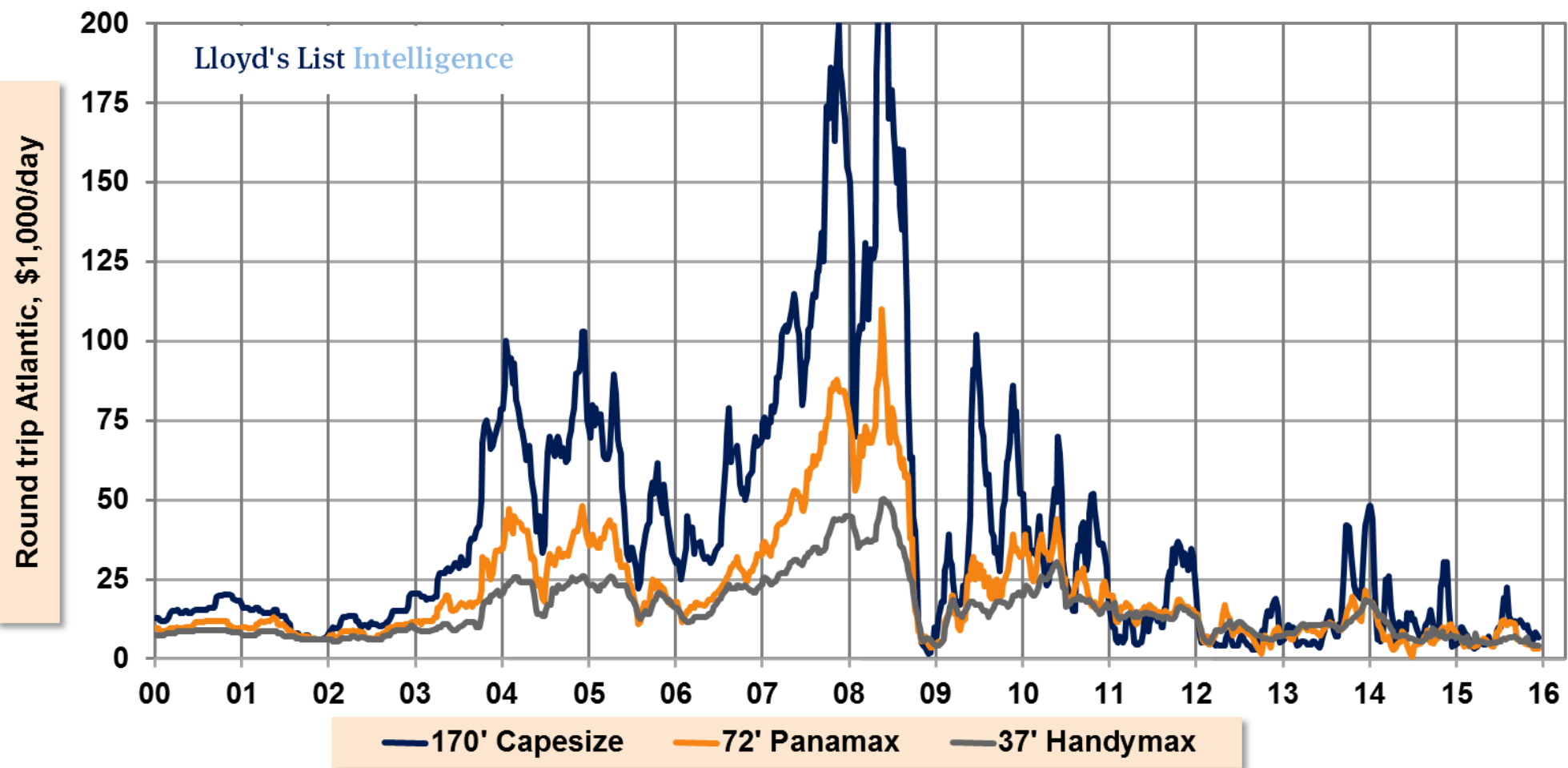
The dry bulk fleet growth has not been in line with demand growth



Iron ore drives near term trade growth. More steam coal into India & S Korea add too.

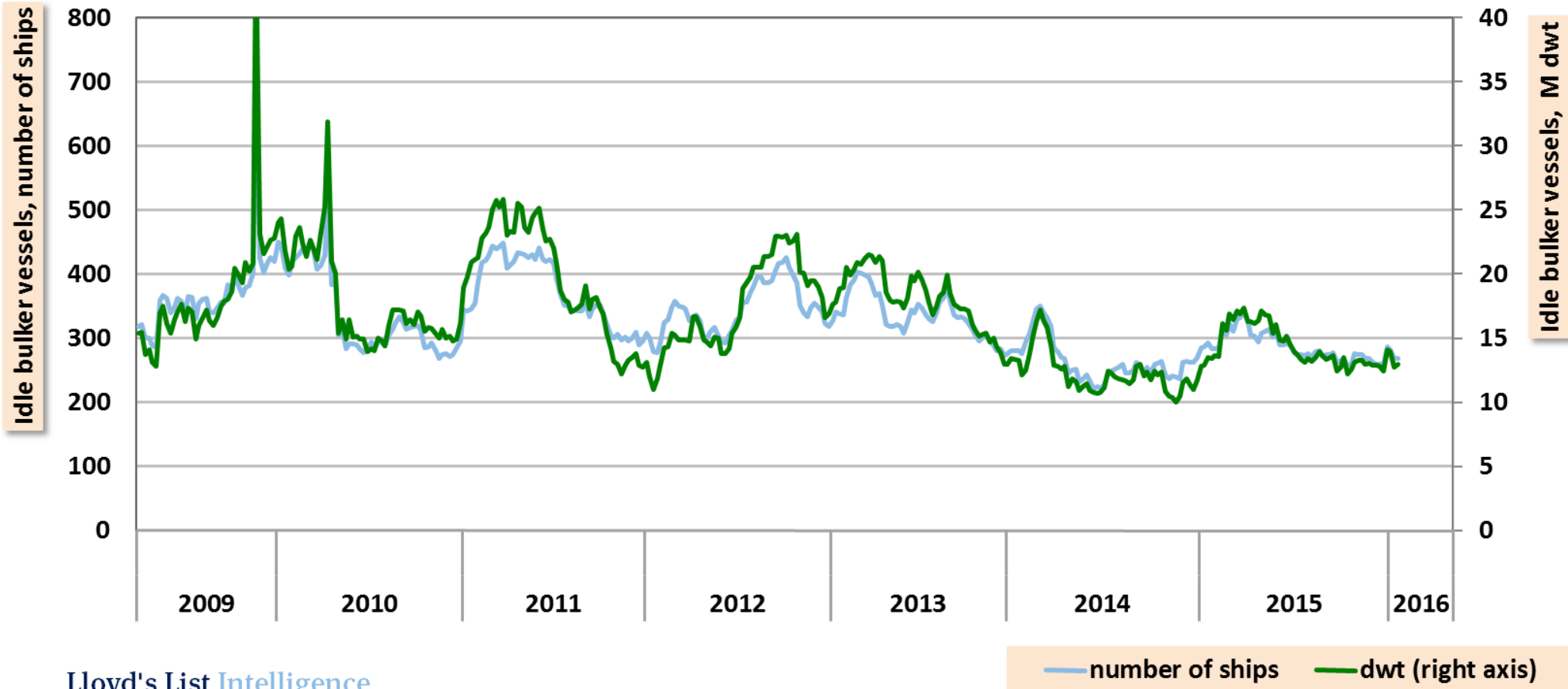


The rates remain on low levels – much in line with the Chinese ambitions



Source: Gothenburg Chartering

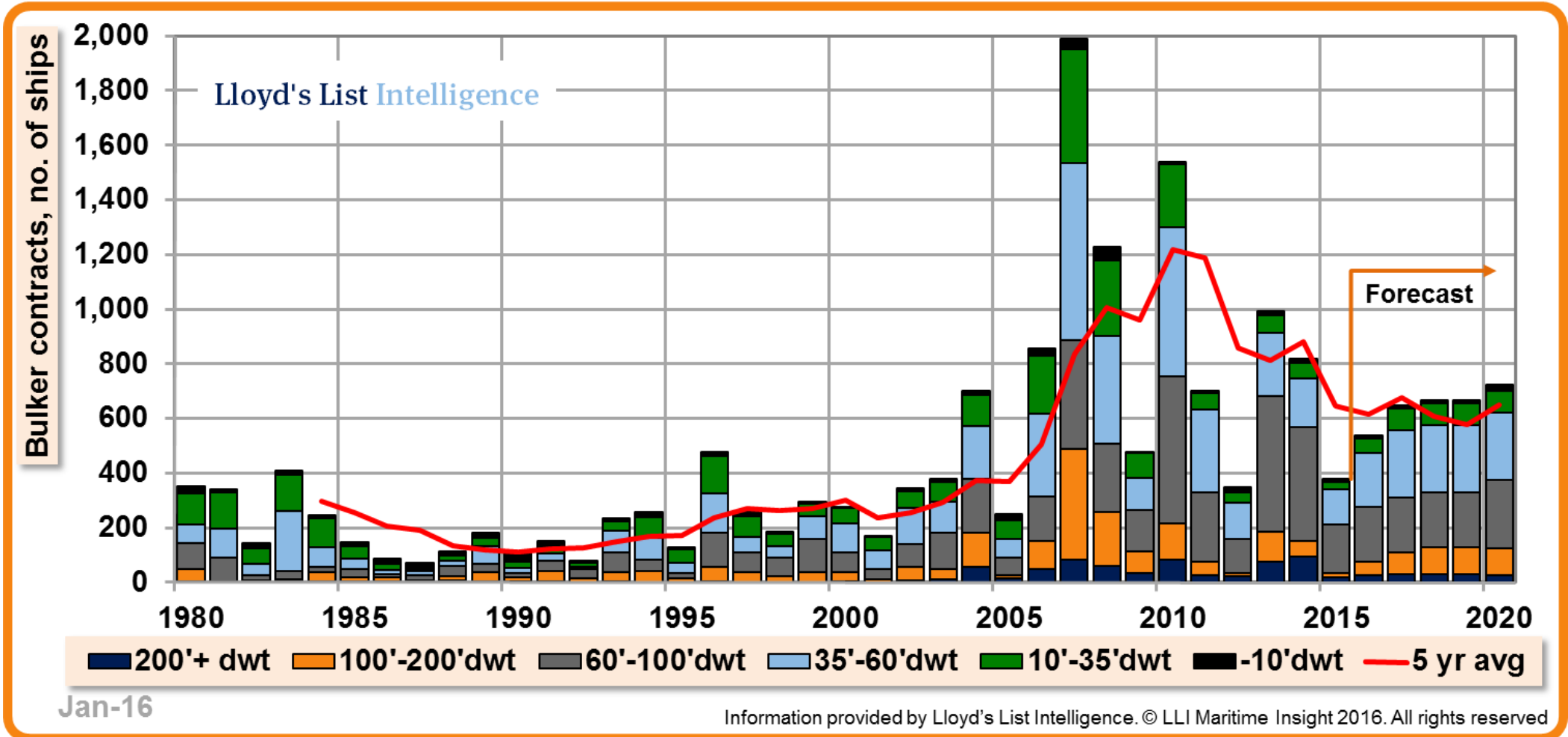
Over supply and low freight rates, but the **idle** bulker capacity is still not rising



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Dry bulk contracts – below 60M dwt per year or around 600+ per year



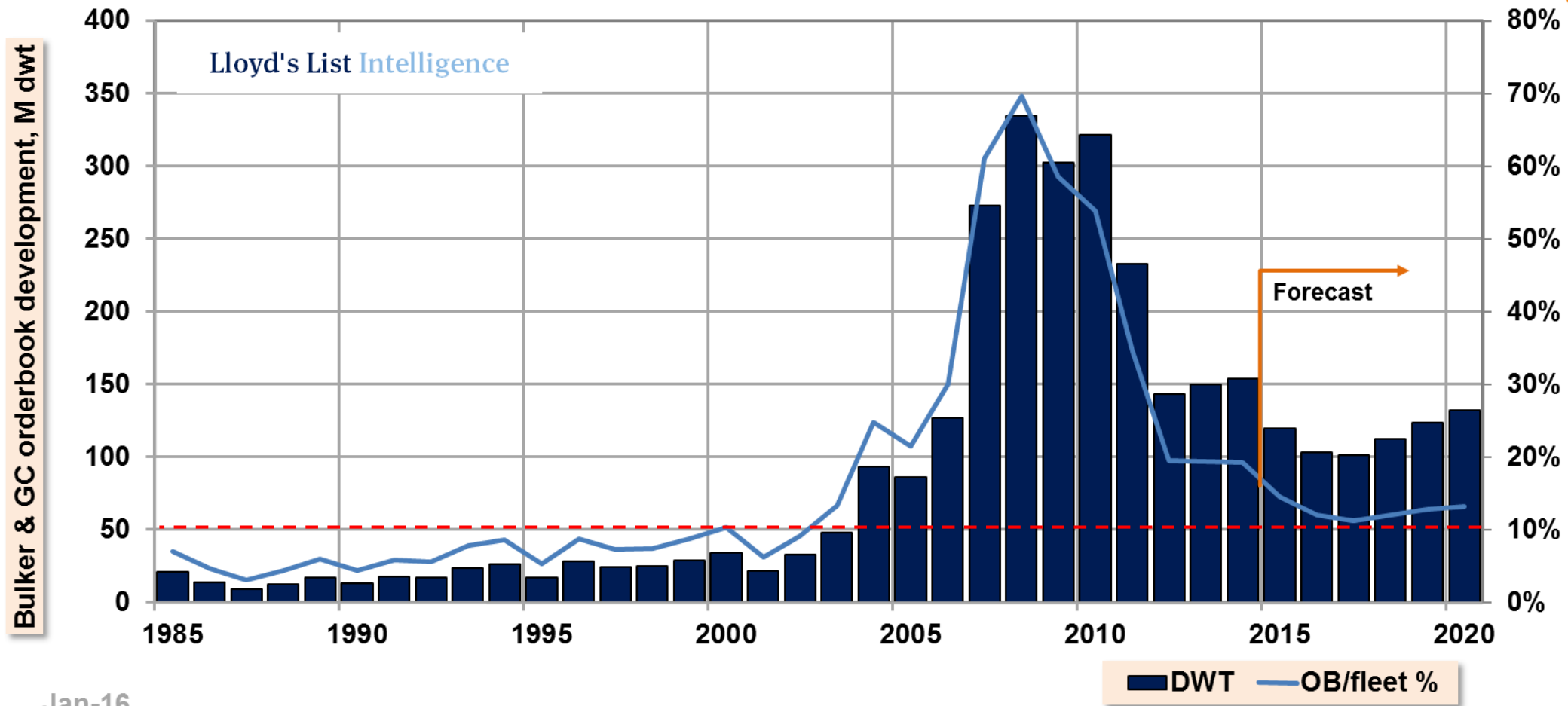
**Fleet size:
775 M dwt**

**2016-2020
ordering:
264 M dwt**

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Orderbook development of tsunami-like proportions – now back to order



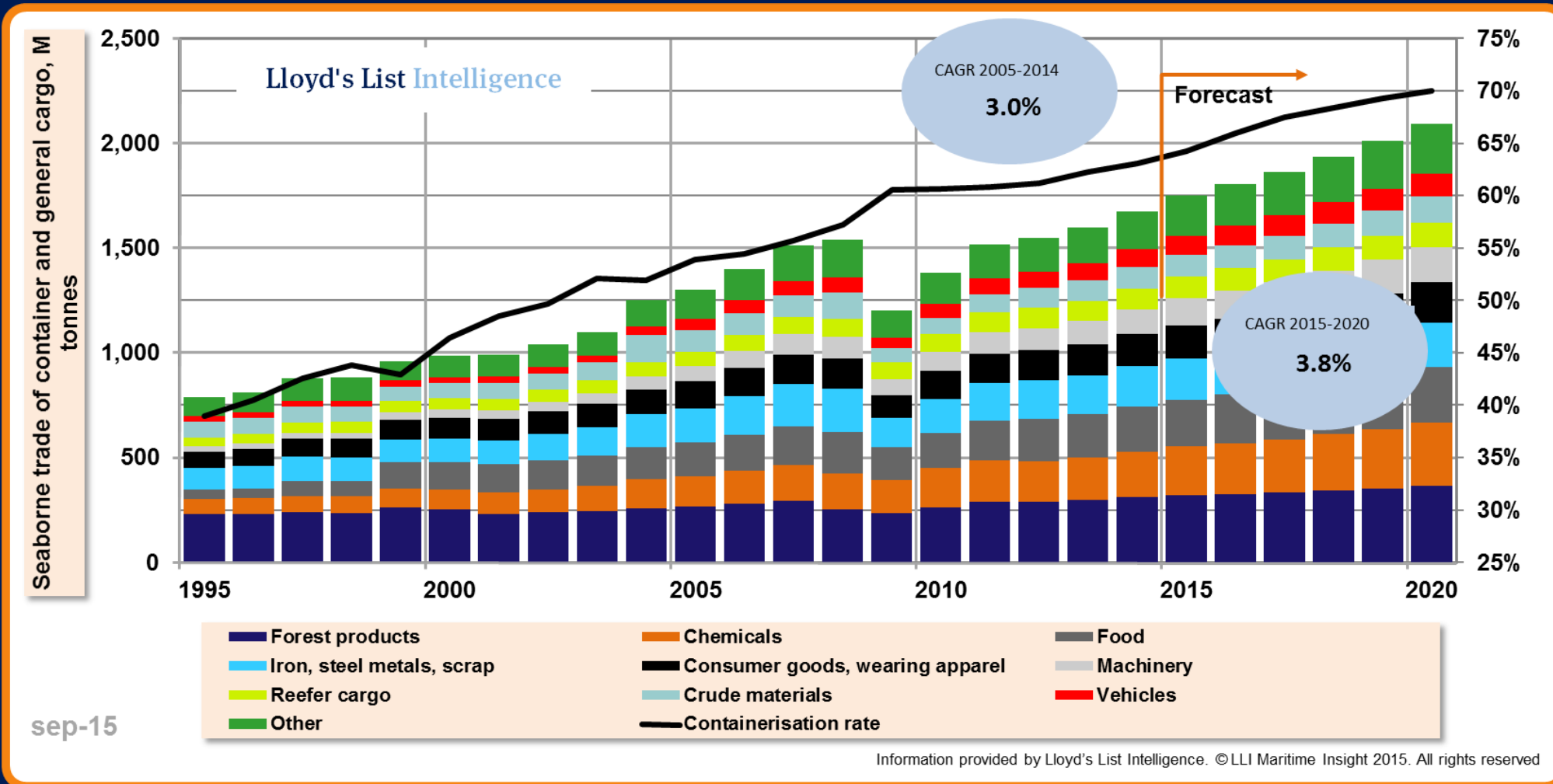
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General cargo



EMEs' income improvements & the containerization of general cargo drive growth.



Growth commodities:

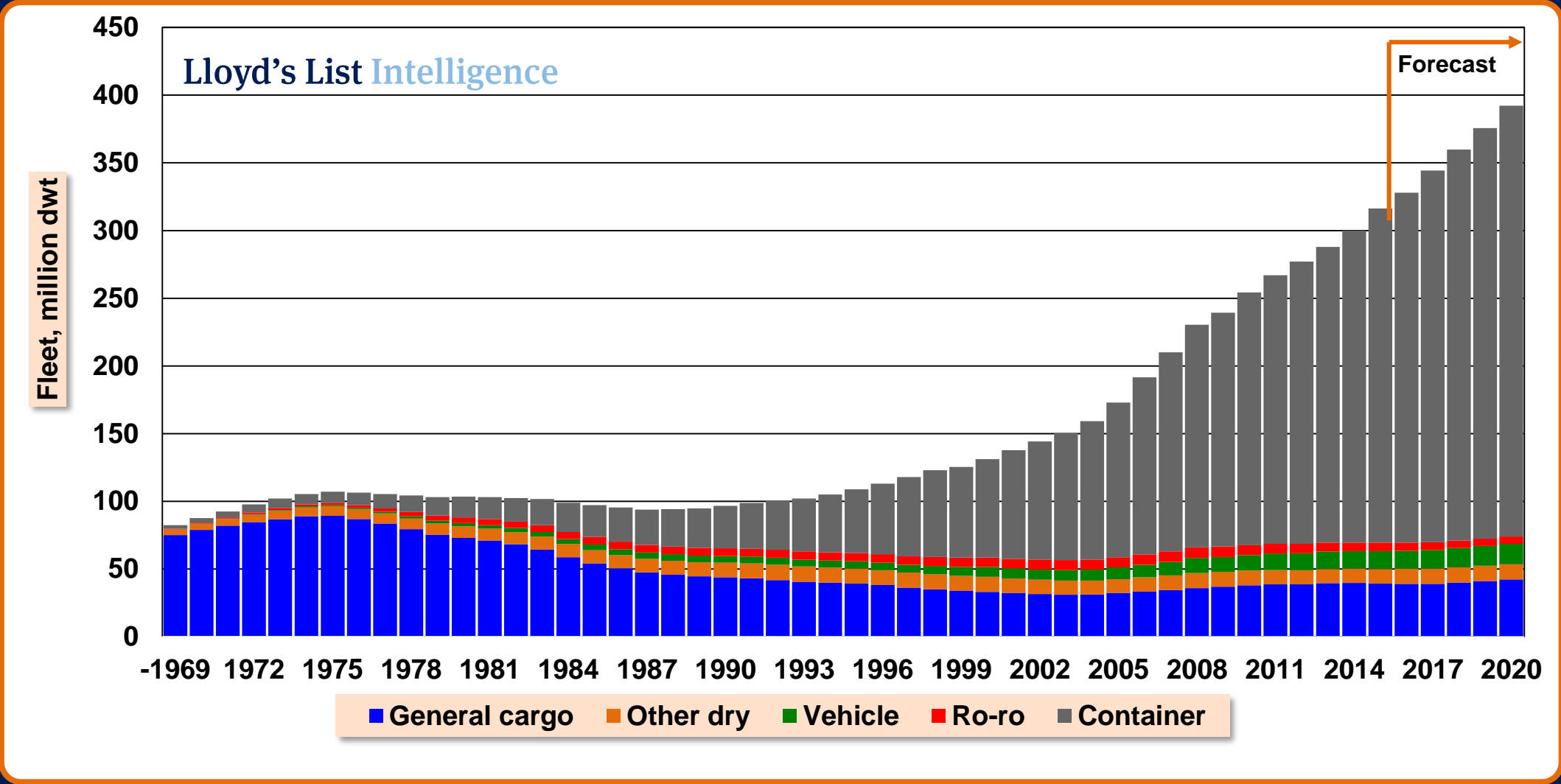
- Chemicals
- Forest products
- Iron, steel, metals, scrap
- Building materials

Growth trades:

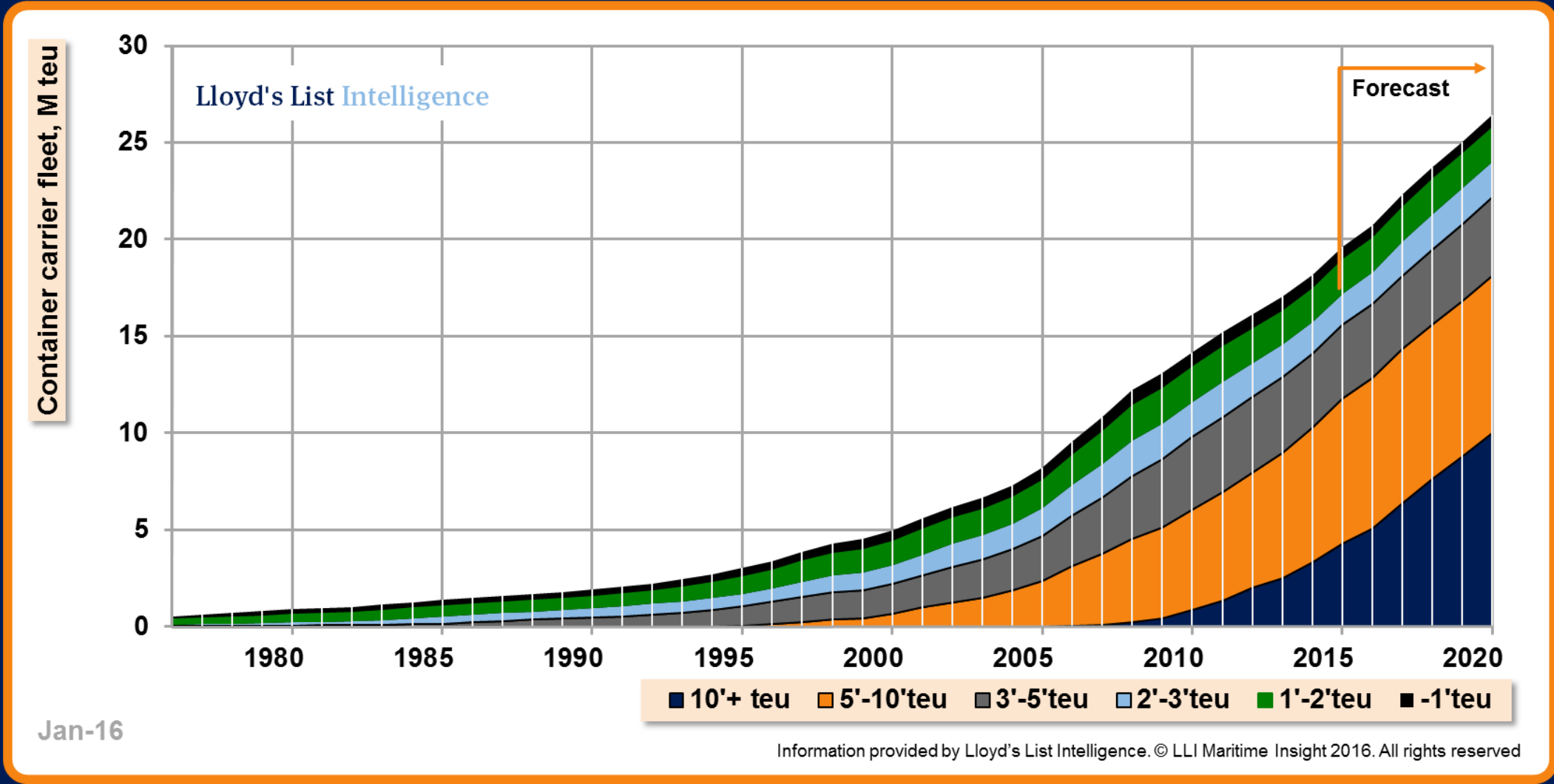
- Intra-regional
- New routes
- Return hauls

sep-15

This is reflected in the global fleet development – 40 years of structural change



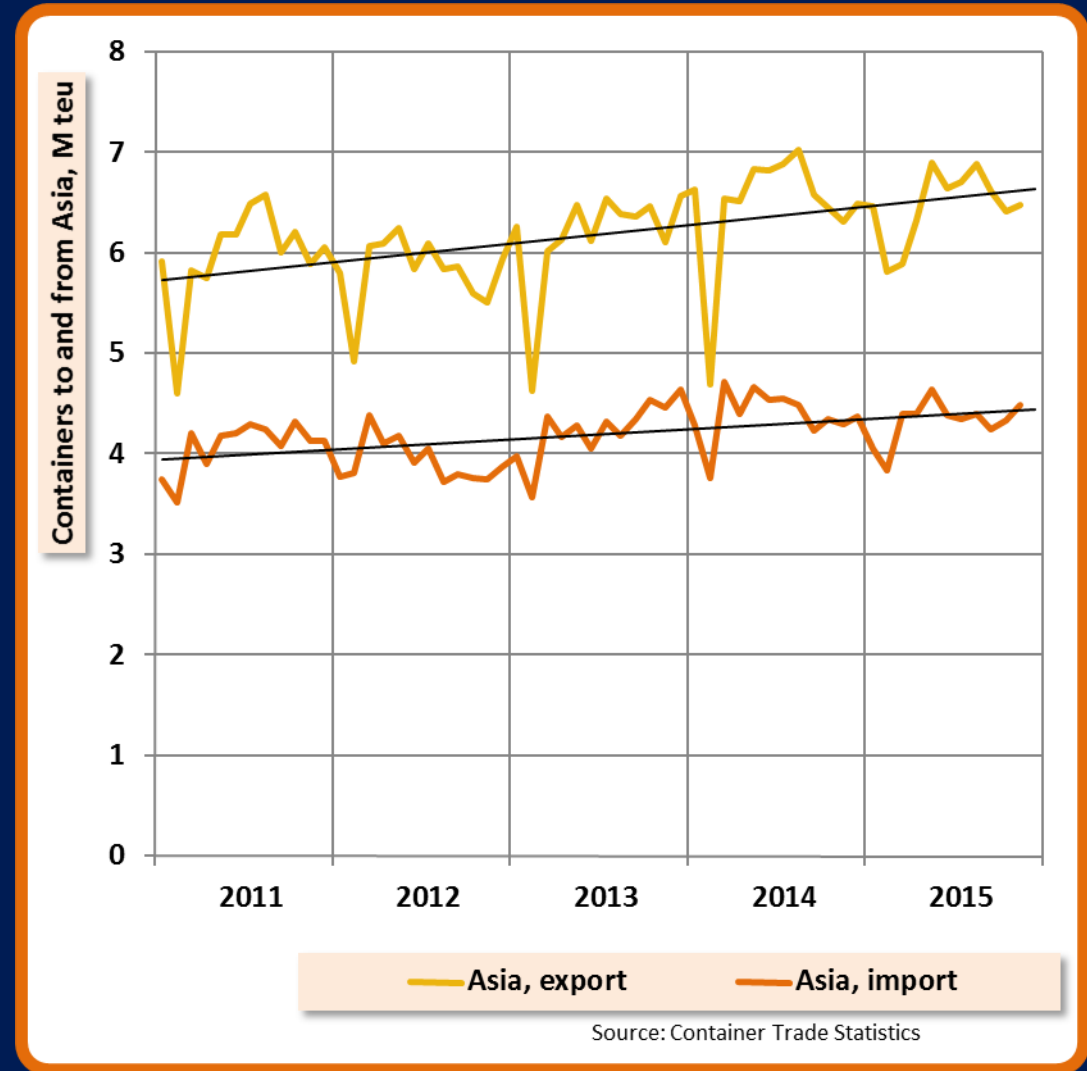
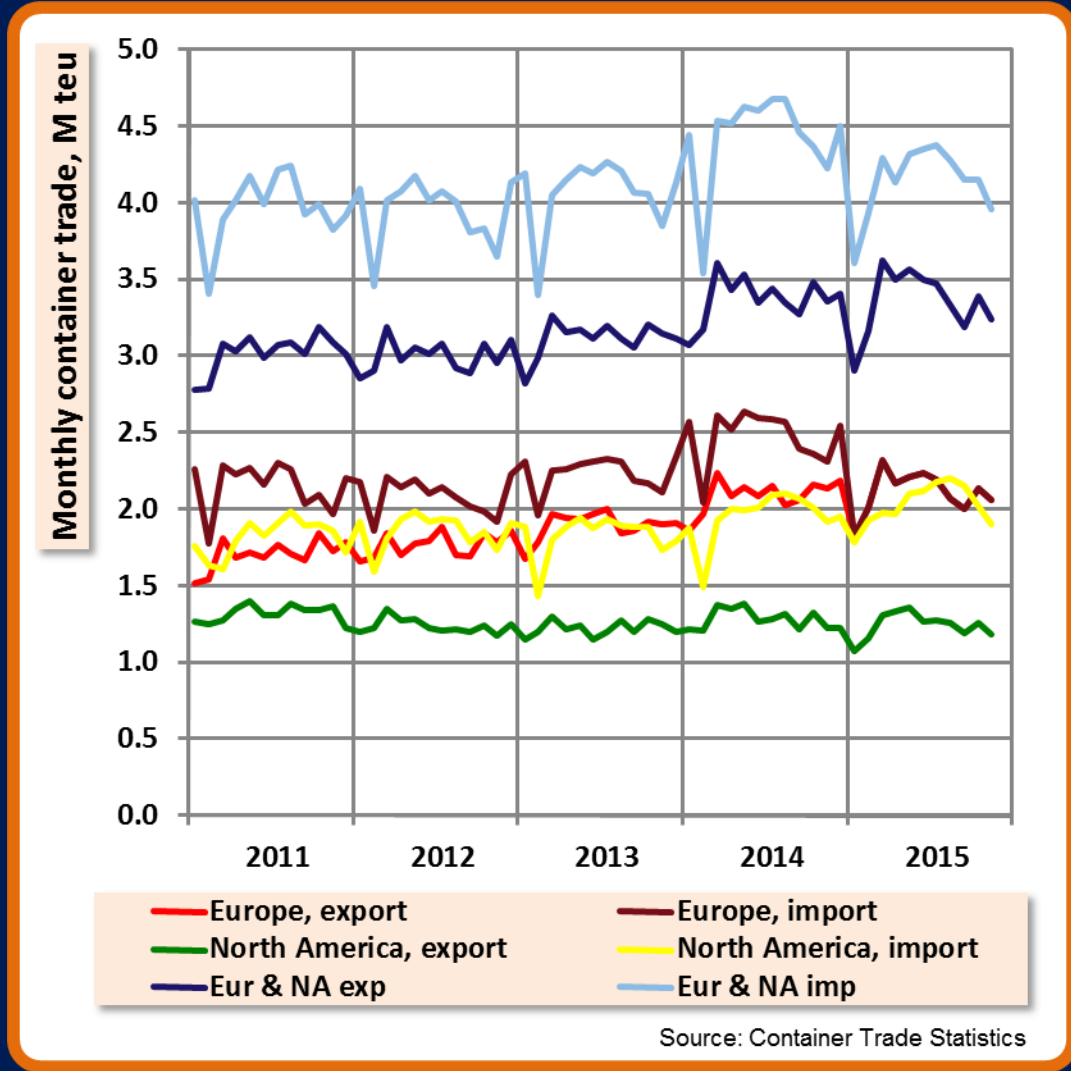
Most of the capacity growth of the container fleet is in the 10,000+ teu size segment



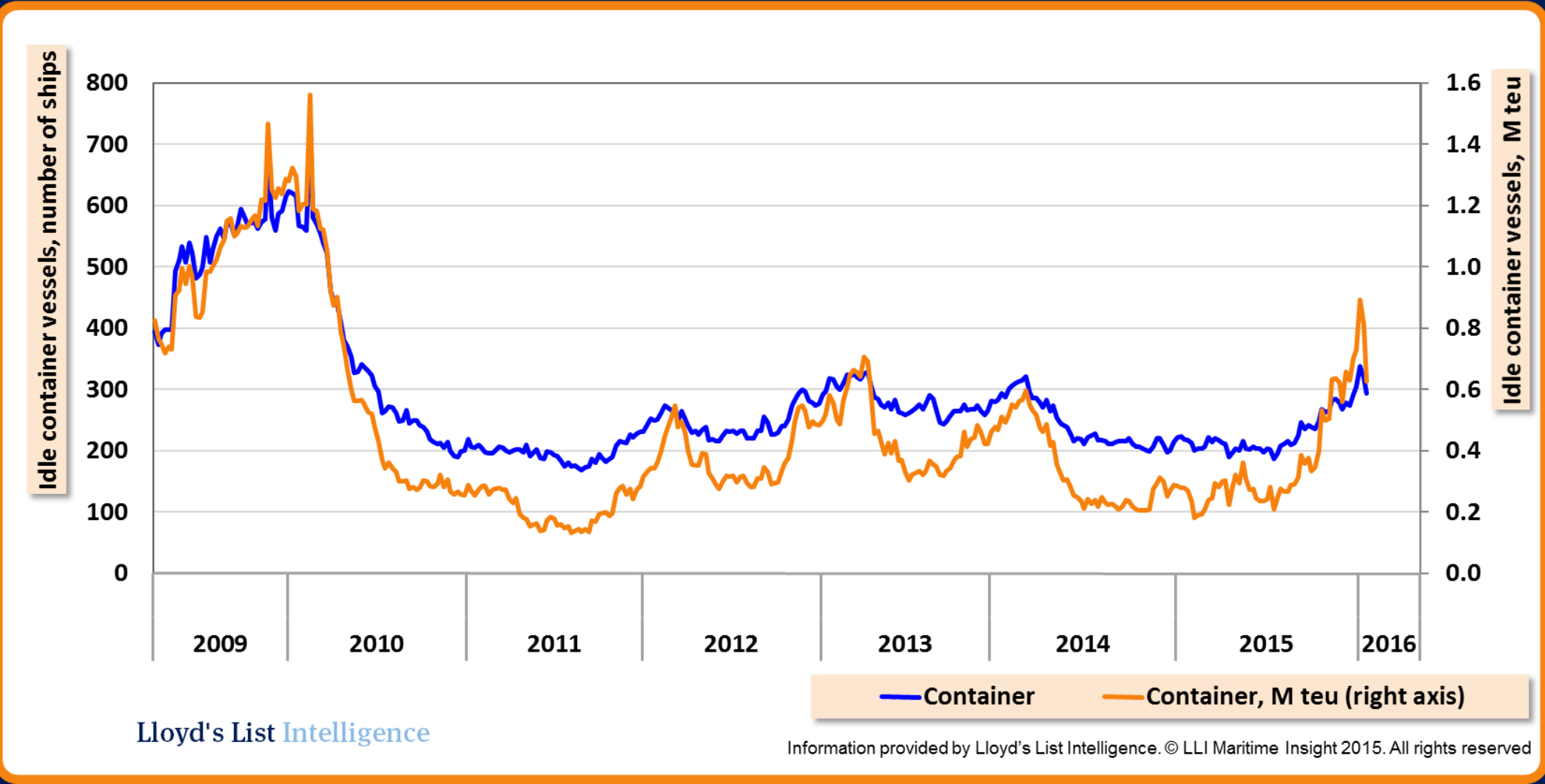
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Despite all the gloomy news, trade is growing. It is just that supply grows too (much)



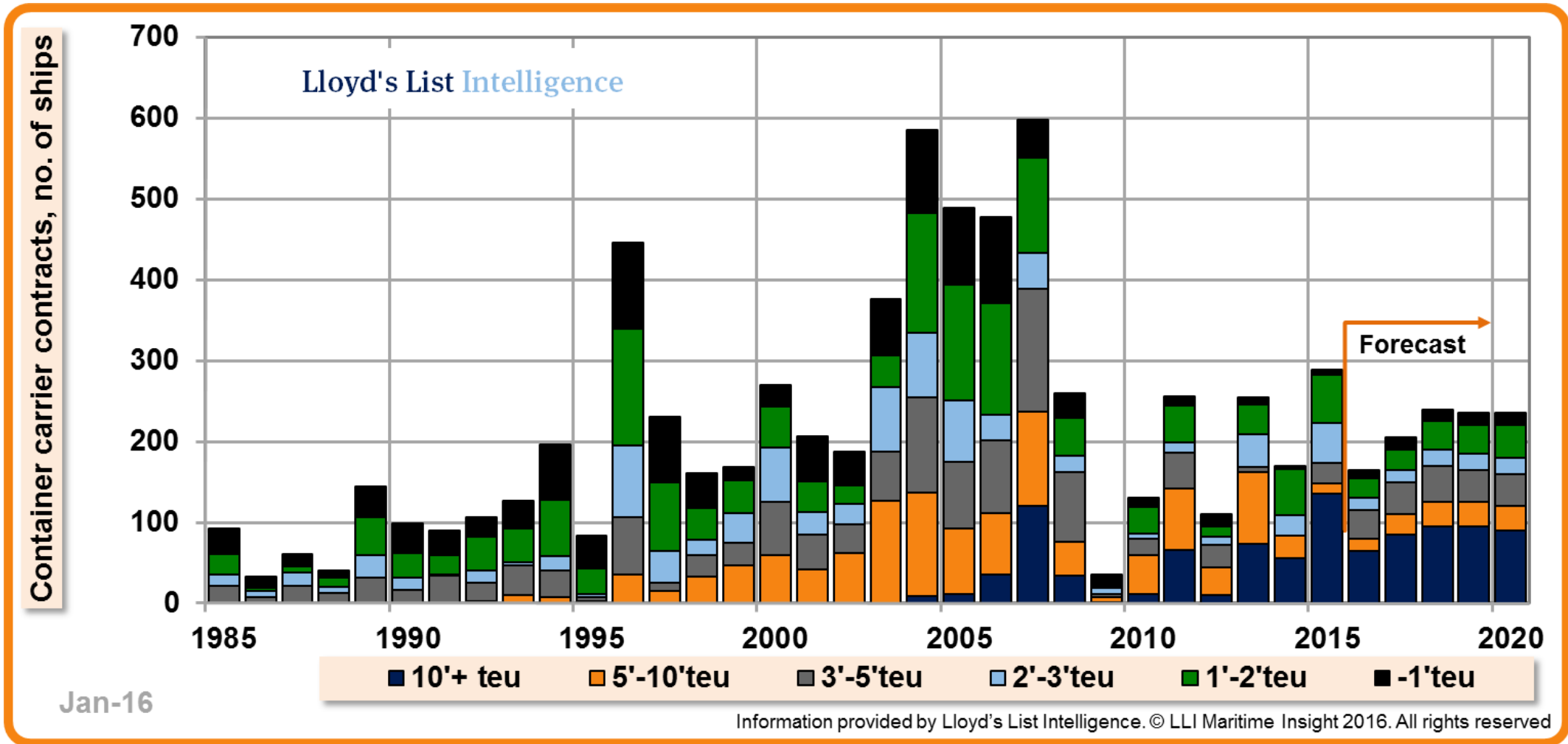
Consequently, the number of idle ships have increased



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New container ship ordering has slowed temporarily, heading for 1.5M+ teu per year or around 200 ships



Fleet size:
19.6M teu

2016-2020
ordering:
7.9M teu

General cargo

- **Container**
 - Profitability challenges for operators & owners
 - Mergers & acquisitions
 - More ships will be ordered
 - Low freight rates in the years ahead
 - More cargo to be containerized
- **Vehicle**
 - Upside potential with some challenges
 - The oligopoly is challenged by “newcomers”
- **Roro**
 - Mounting replacement need – high newbuilding costs hamper ordering
- **General cargo** will take a very long time to phase out

Shipbuilding

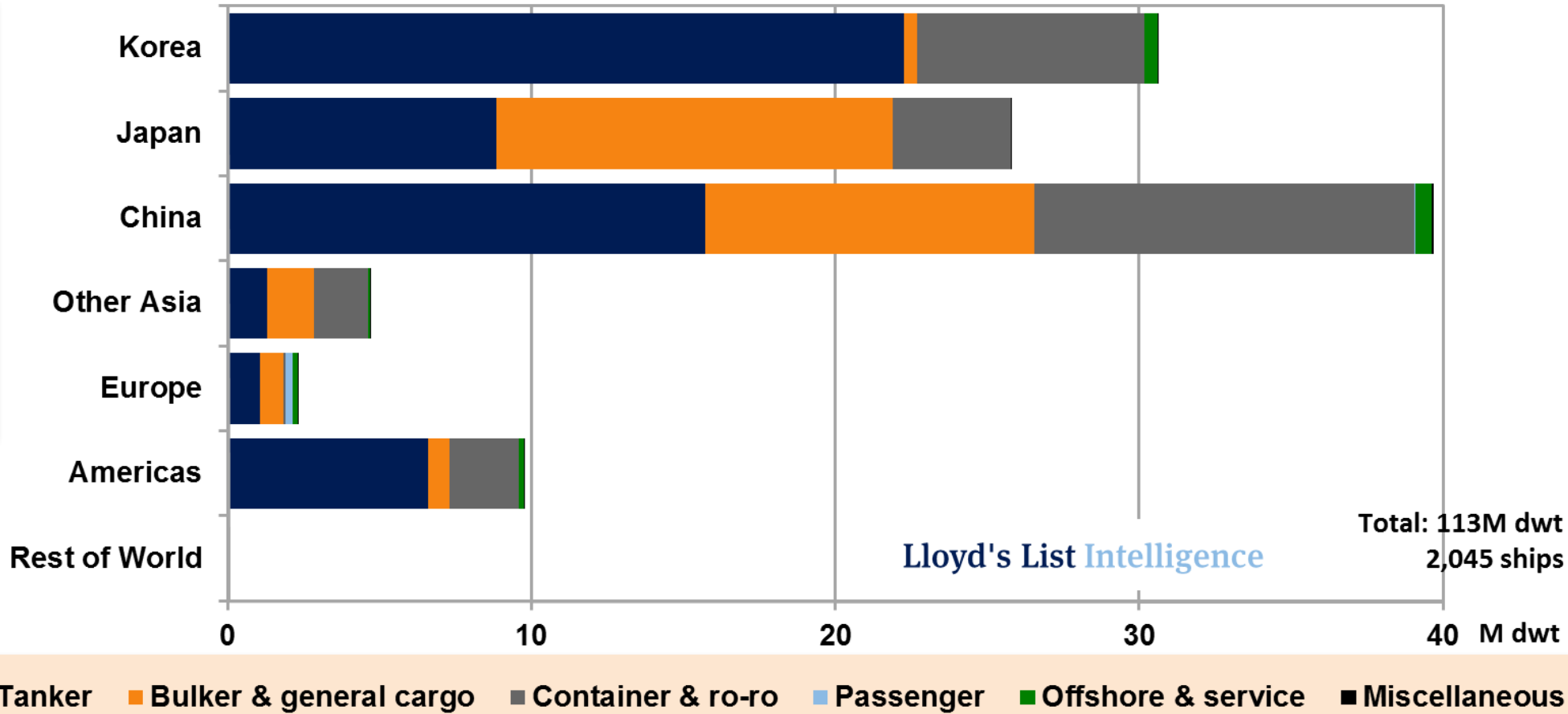


Source: Meyer Turku

2015 was a tanker and container year

China got the largest share of new orders

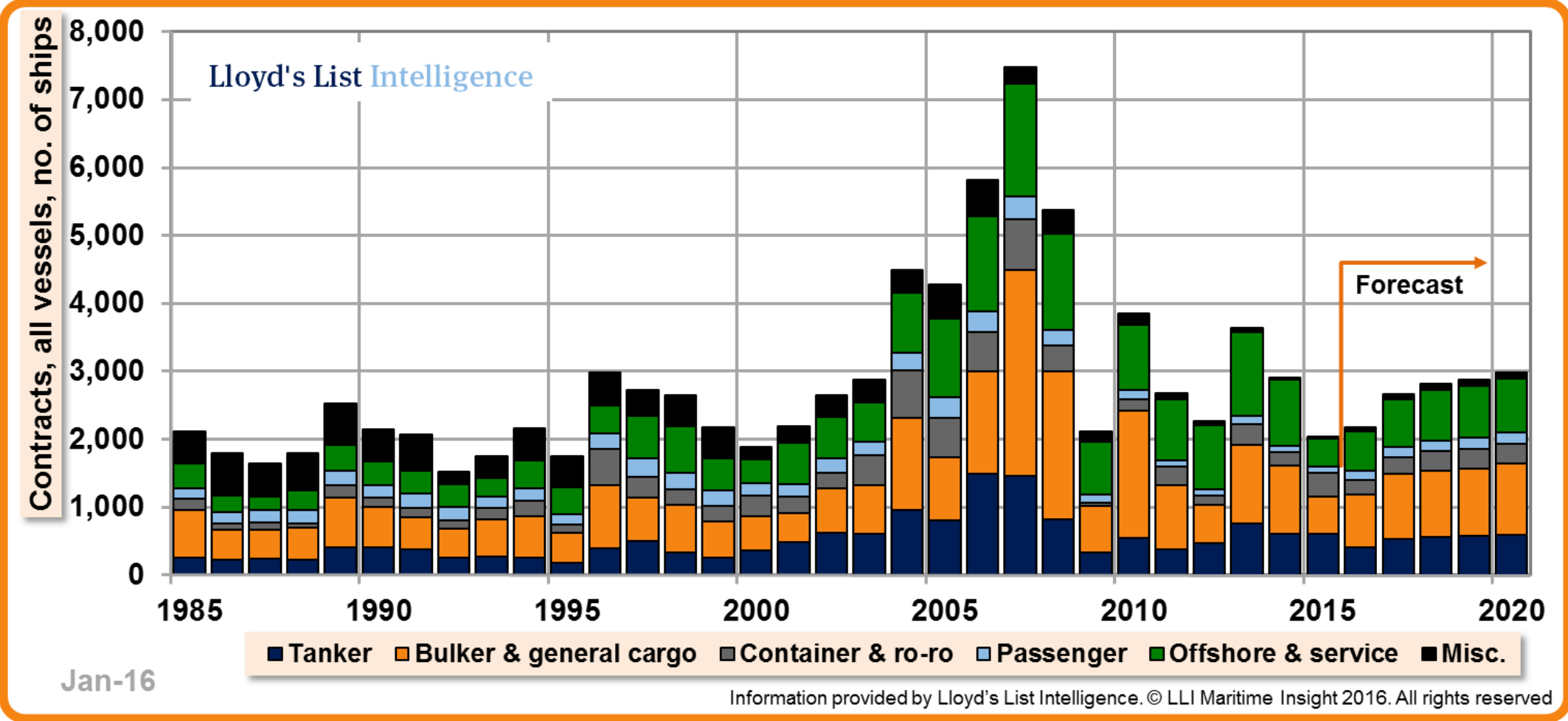
New orders in 2015, M dwt



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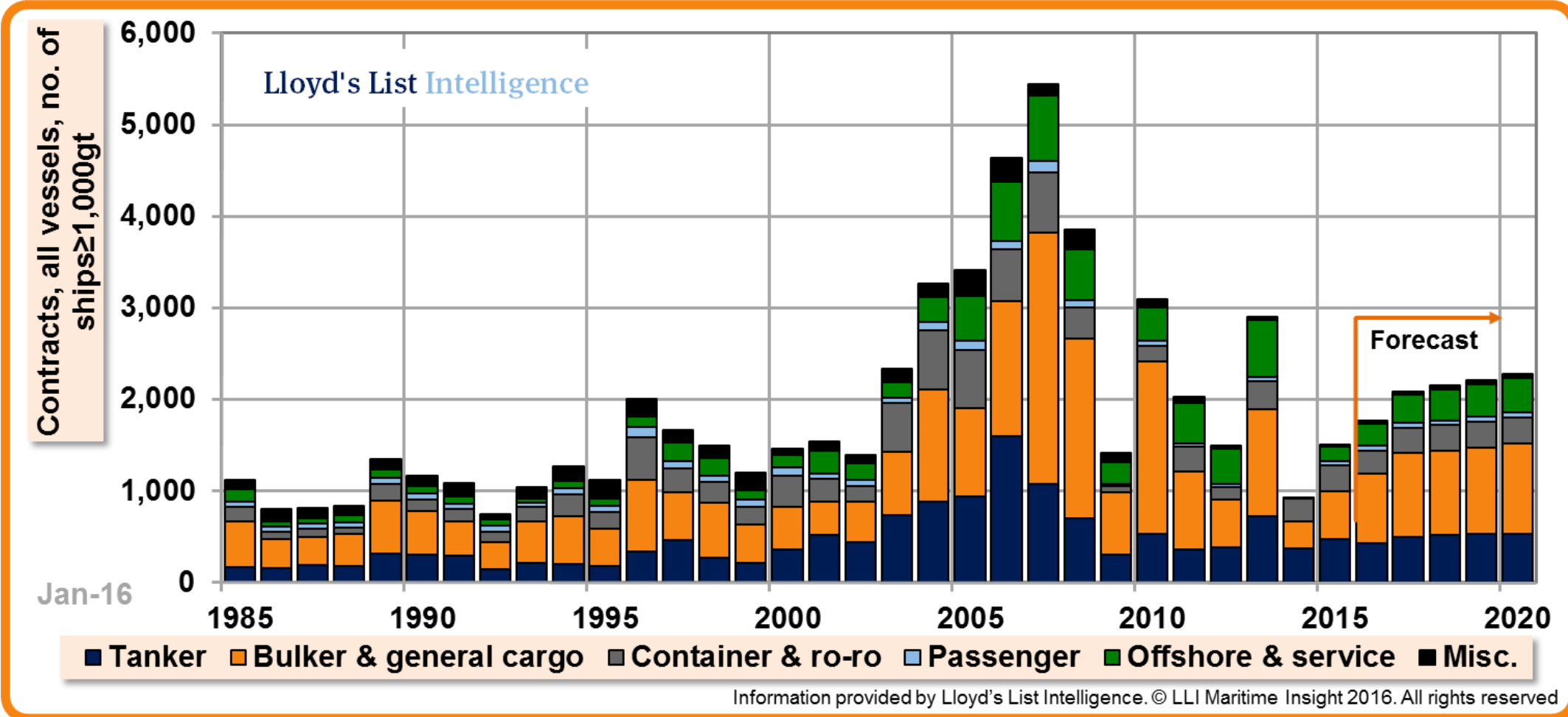
Total new ship ordering to be 2,000 and increase to 3,000 ships until year-end 2020



Fleet size:
114,019 ships

2016-2020
ordering:
13,514

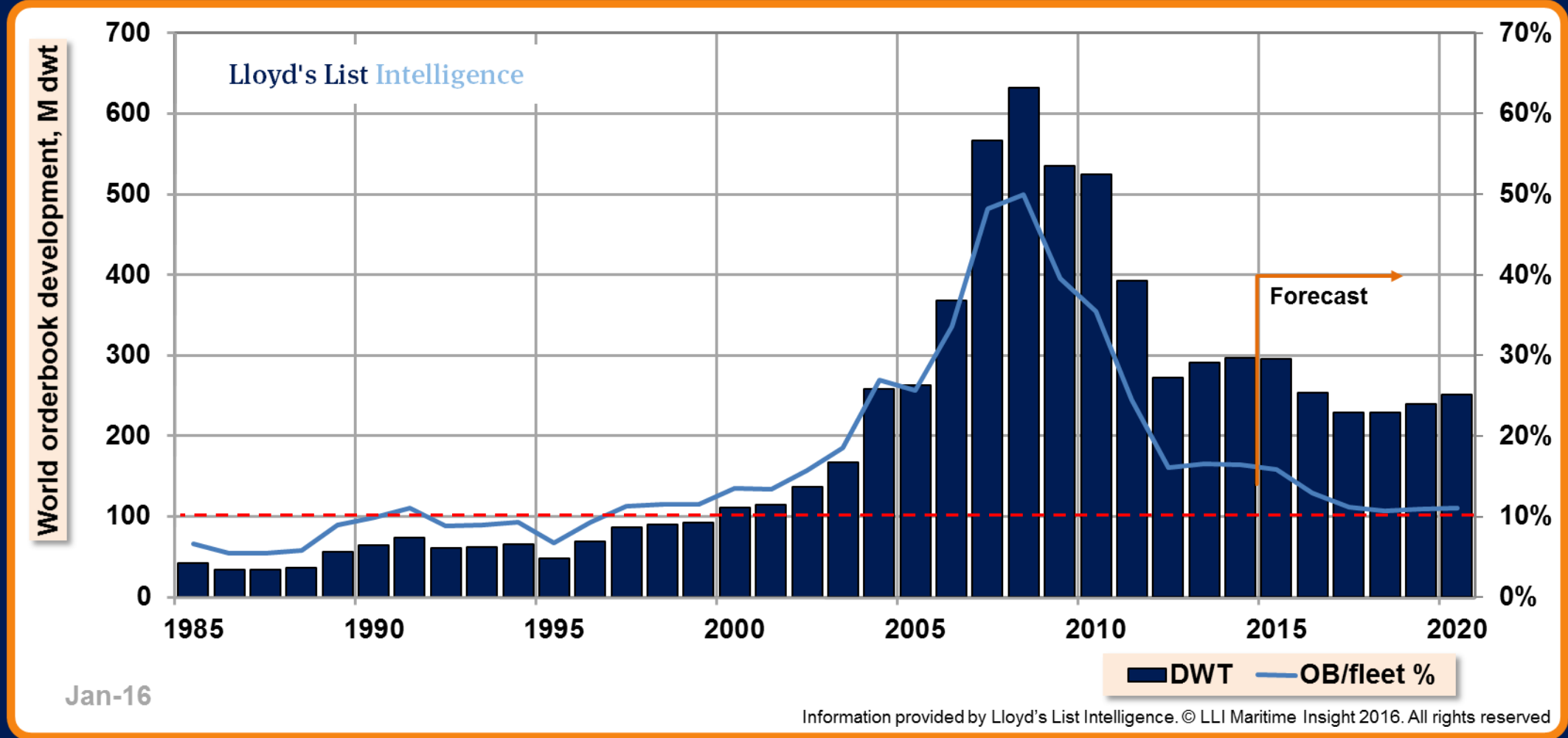
If we take away those smaller than 1,000gt and the numbers drop to around the 2,000/year mark



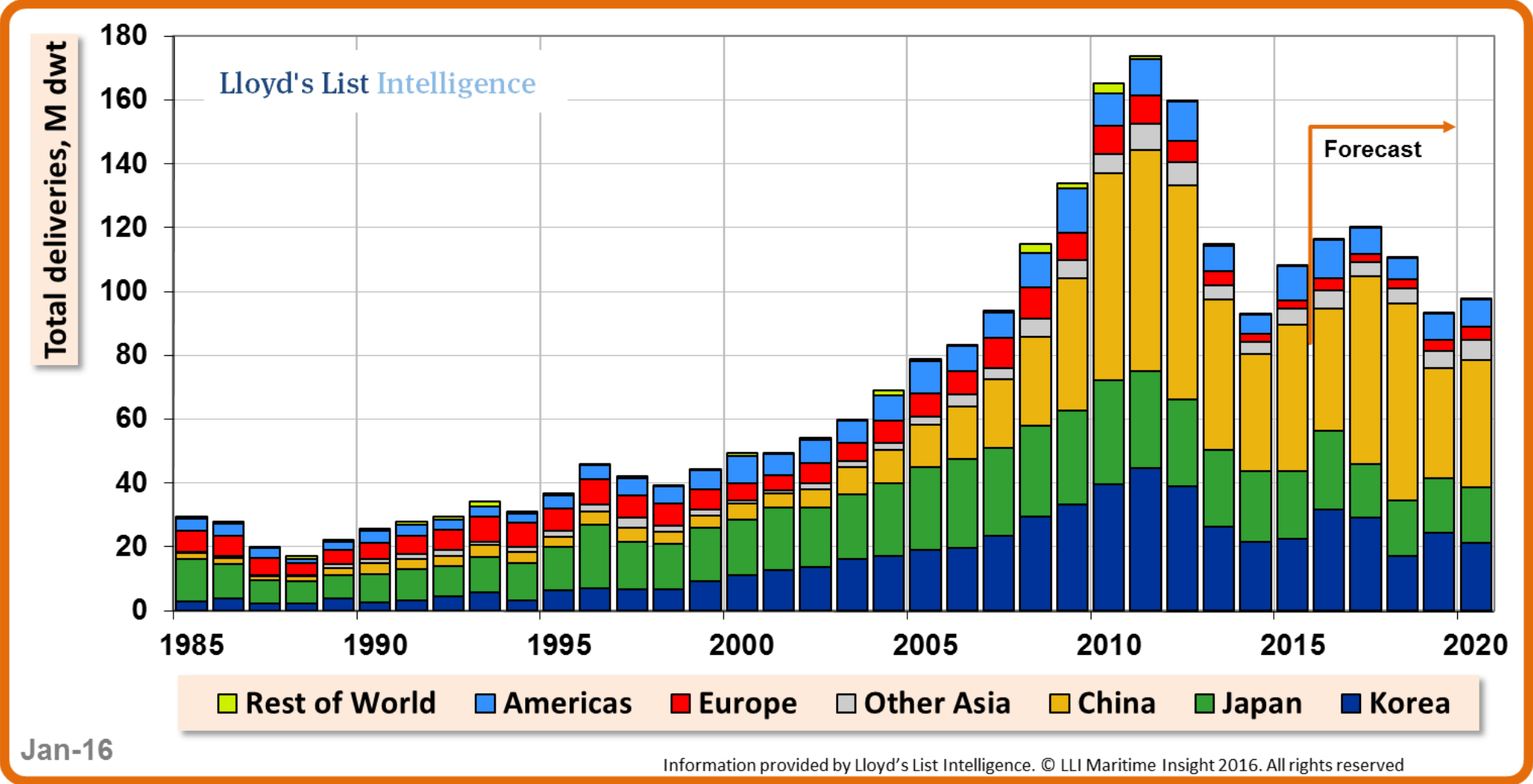
Fleet size:
62,205 ships

2016-2020
ordering:
10,496

The orderbook is falling down to levels we have not seen since 2003. In relation to fleet; 1996!



Deliveries: the new normal in 100-120M dwt per year range. China has the largest share.



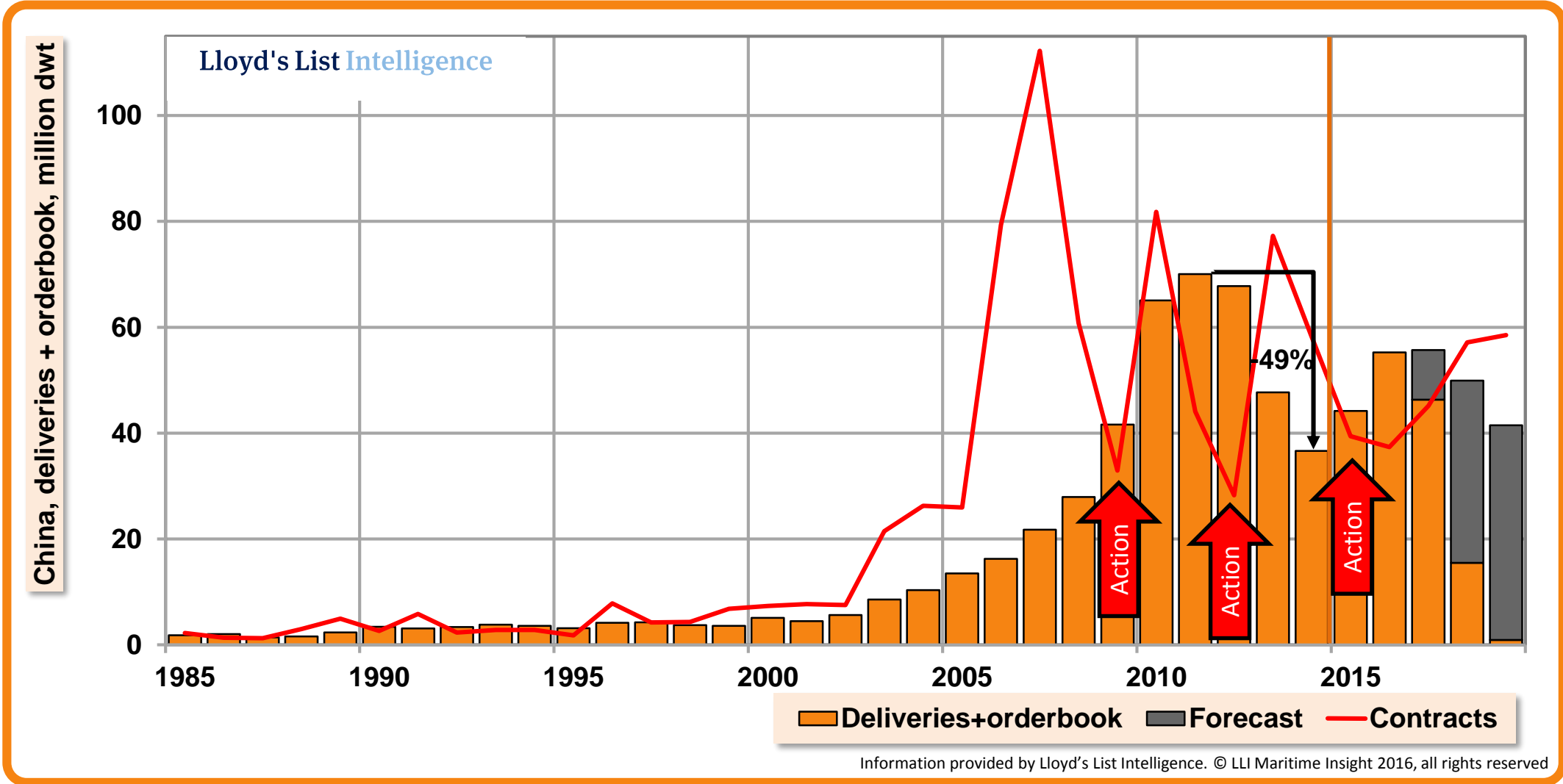
**Fleet size:
1,908 M dwt**

**2016-2020
deliveries:
539M dwt**

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“Chinese interests” will not allow their shipbuilding industry to diminish completely



Shipbuilding financing woes...

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China shipbuilder CSIC to launch financial leasing unit-exec

SHANGHAI | BY BRENDA GOH

Dec 1 China Shipbuilding Industry Corporation (CSIC), one of the country's two largest shipbuilding conglomerates, plans to launch a financial leasing unit as early as next year to help boost orders at its shipyards, the firm's president said.

EDITOR'S CHOICE

"Having a ship financial leasing company will help us increase our share of global orders," Sun Bo, president of state-owned CSIC.

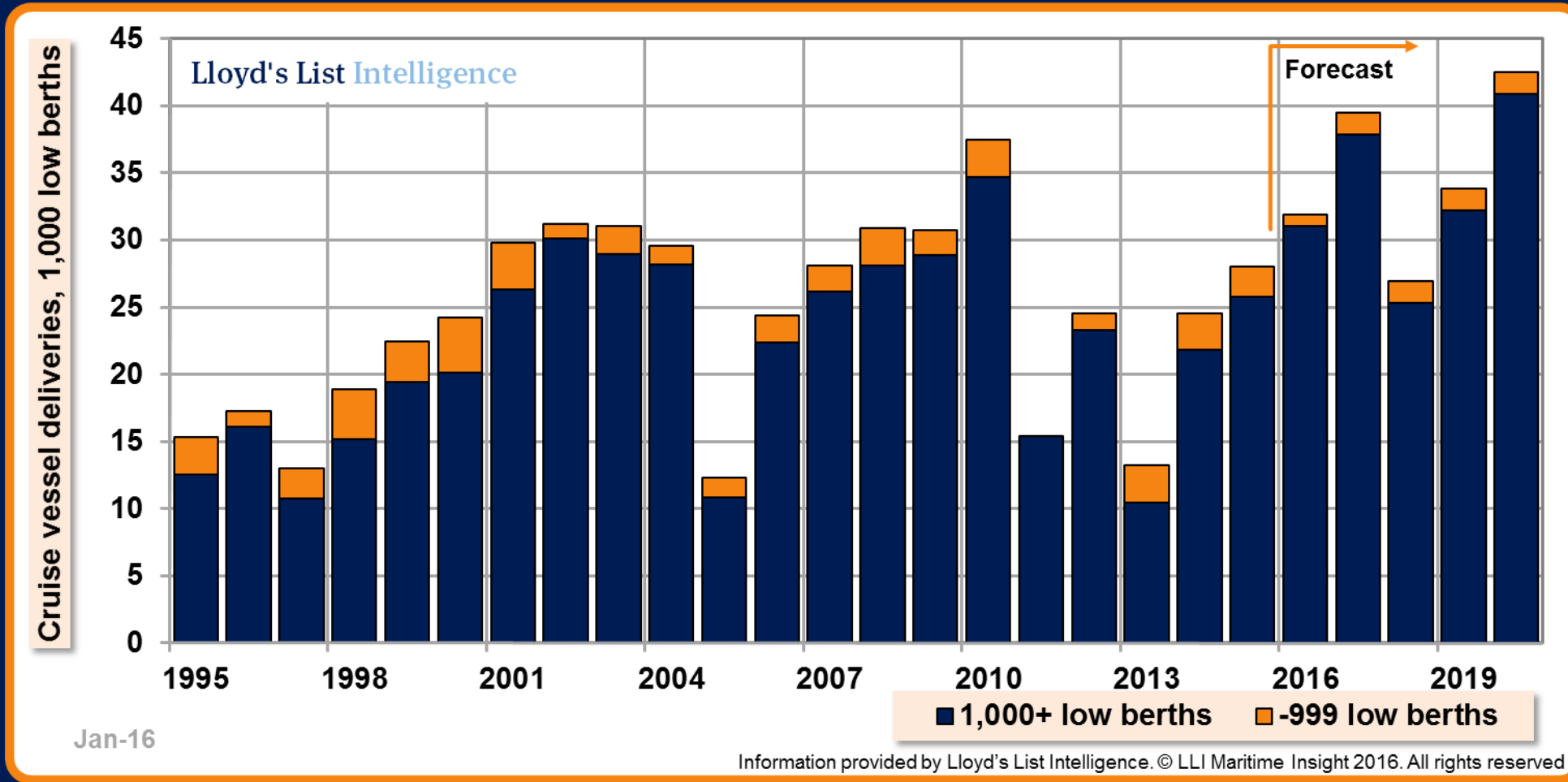
"CSIC's main rival, China State Shipbuilding Corporation, launched its financial leasing unit in 2012."

China's government keeps a **White List** for strategic shipyards that will receive financial support such as financing and tax relief.

In December 2015, 11 shipyards were added the list – totalling **71 shipyards**.

Source: World Maritime News

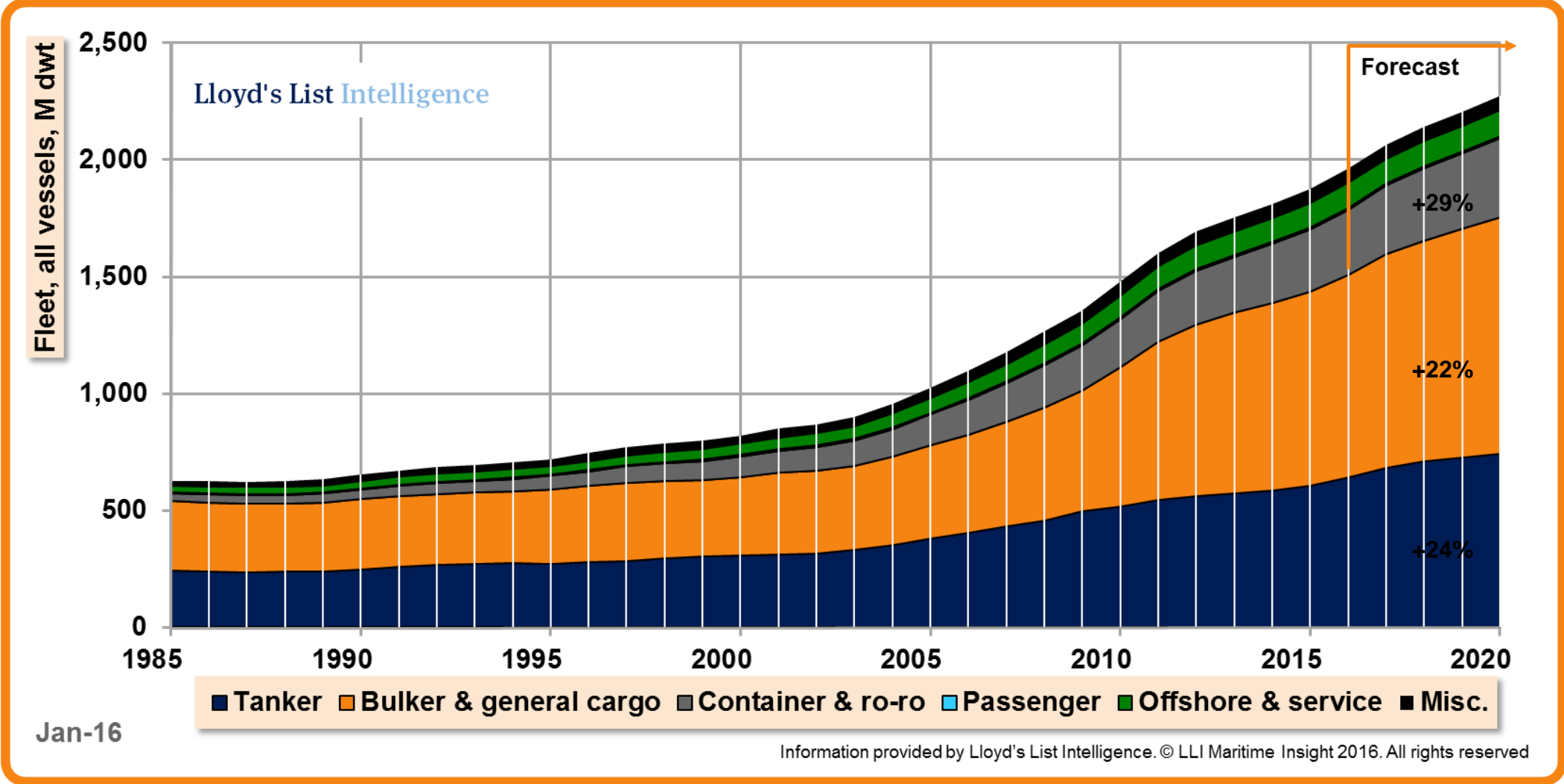
Cruise ship deliveries to remain strong



Some reports expect the Asia/Australasia share of cruise passenger destinations to increase from 10% 2014 to 25% 2019.

Current forecast for new cruise ship ordering in China 2016-20: 1.3M gt / 22 ships

The fleet to grow 400M dwt up to 2020 or 4% per year



Fleet size:
1,908M dwt

Fleet size:
114,019 ships

Want to know more?

Shipbuilding outlook

December 2015, issue 42

Focus on container & ro-ro

1	Business environment
1.1	Political, social & cultural development
1.2	Ecology and technology
1.3	Production factor indicators
2	Demand for transport
2.1	Economic growth
2.2	Trade
3	Container and ro-ro markets
3.1	Structure, strategies, products and services
3.2	Supply & demand balance – contracting drivers

Shipbuilding outlook

January 2016, issue 43

Focus on ferry, cruise & yacht

1	Business environment
1.1	Political, social & cultural development
1.2	Ecology and technology
1.3	Production factor indicators
2	Demand for transport
2.1	Economic growth
2.2	Trade
3	Ferry, cruise & yacht markets
3.1	Structure, strategies, products and services

Shipbuilding outlook

February 2016, issue 44

Focus on offshore & service

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Summary & key points

This February issue of the *Shipbuilding Outlook* is still forecasting the year of 2015. This is because of the delay in data that always occurs. Therefore, the forecast coverage is 2015-2019. Much of the global focus at the moment is on the oil price, which is now hovering around \$30/bbl. The price of Brent crude averaged \$52/bbl in 2015, which is down \$47 from the average price in 2014. As sanctions on Iran were lifted in mid-January, the crude oil price dropped below \$28/bbl – its lowest level since 2003. According to the US Energy Information Administration (EIA), the price of Brent crude is expected to average \$40/bbl in 2016 and to reach \$50/bbl in 2017. We believe there will be an upward turn slightly earlier than that and the forecast for new contracts for offshore ships is based on an oil price that starts to climb in 2016 and reaches at least \$60 during 2017. Otherwise, the number of new orders will be lower.

IS has become a global threat. Paris. Refugees coming to EU is much worse. Active terrorism. Container trade data shows that reached 104M teu, which is a record. The container fleet is very young within the past 20 years. The tonnage is small ships so capacity and will reach 8.1M teu between previous five years. So far in 2015, 230 ships will be placed. Contracts will amount to 1,150 vessels. In November the vehicle carriage of 80 vessels – about 10% of 2019 is almost 40% higher than 2015. In November the ro-ro fleet contracts on average by 2.3%.

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Shipbuilding outlook bi-annual report

October 2015

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