



**Drivers for new ship ordering
or
the logic behind over/under supply**

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Factors that currently influence individual ship owners new ship ordering behaviour

• Reasons to order

- Replacements
- Expectations of (high) future trade growth
- Current strong market
- Economies of scale
- Energy efficiency
- Cheap ships
- Aggressive shipyards
- Creative financial offerings
- Nationalistic reasons

• Reasons to order, cont.

- Share holders' expectations
- Competitors' actions
- Sulphur
- Panama Canal

• Reasons not to order

- Financial difficulties
- Weak current market
- Expectations of low future trade growth

The shipping market: many sub-markets – lots of overlaps & lots of actors

- **Low degree of consolidation on most global markets**
 - Except for vehicle and cruise
- **Higher consolidation on regional and/or niche markets**
 - Ferries, ice classed small tankers, tugs ...
- **Smaller ships – often more regional**
 - Regional oligopolies common
- **Historic market behavior on regional/niche markets are often repeated**

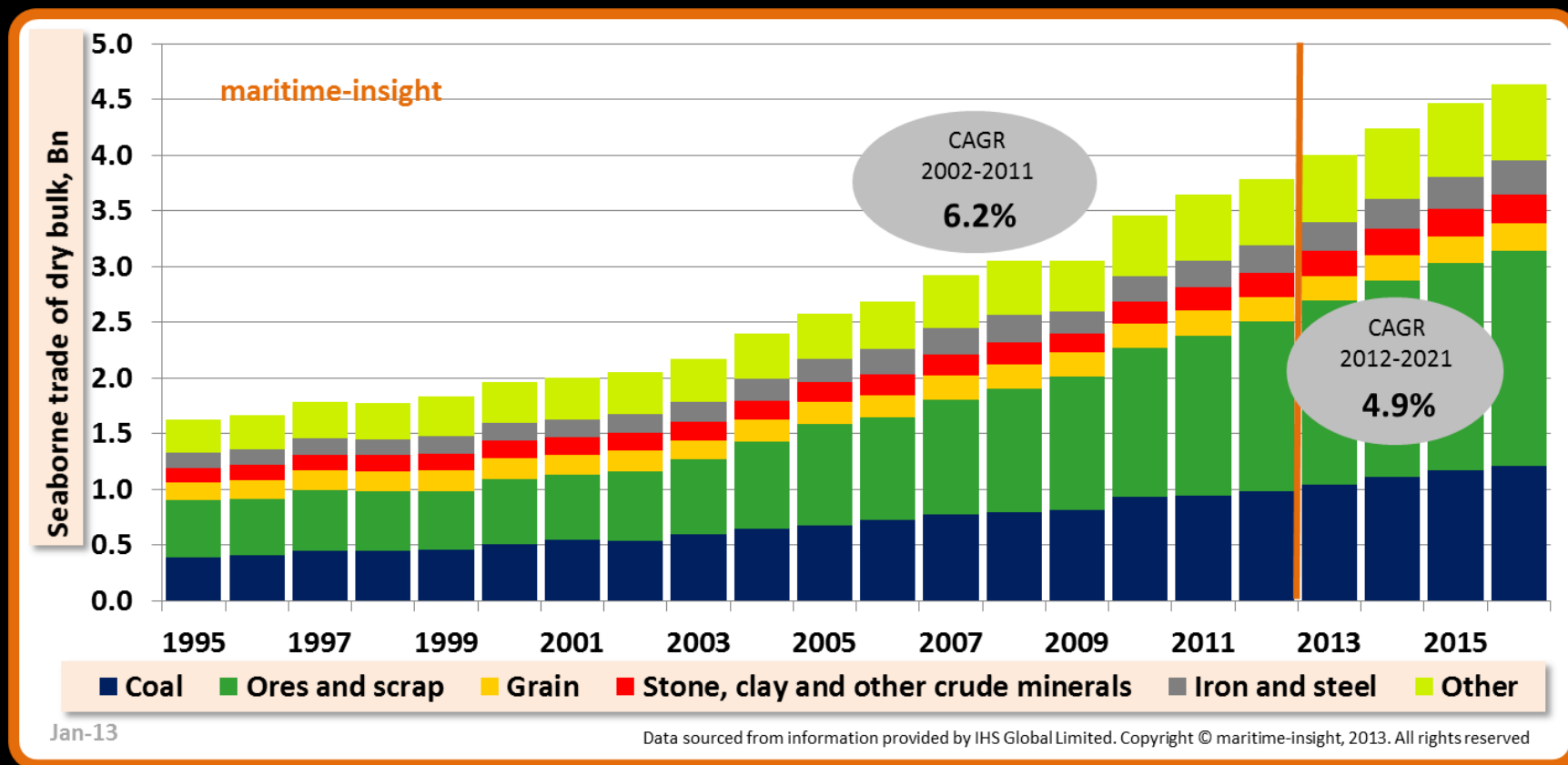
Some examples



Dry bulkers
Vehicle carriers
LNG carriers

Reduced growth, but coal into China & India has a large upward potential

Dry bulkers



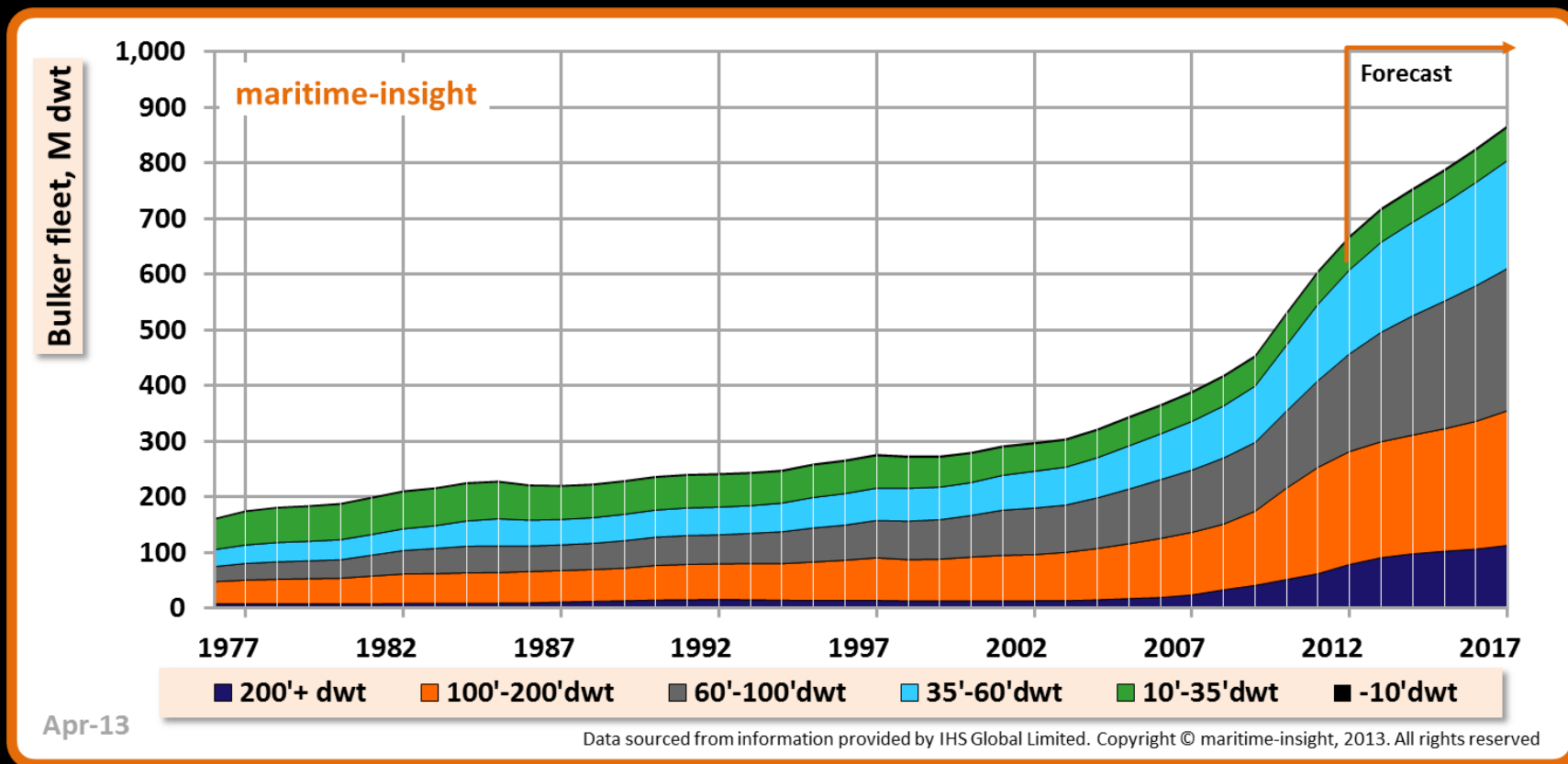
China rocks the boat – imbalance between supply and demand here to stay

Dry bulkers

- **largest freight buyer**
- **largest builder**
- **prefers own built keels**
- **will not pay too much for freight**
- **For China it makes perfect economic sense to build a few ships too many and destroy freight rates**

Bulk carrier fleet development. Continued aggressive fleet growth

Dry bulkers



Vehicle carriers, the sector most affected by the Panama canal

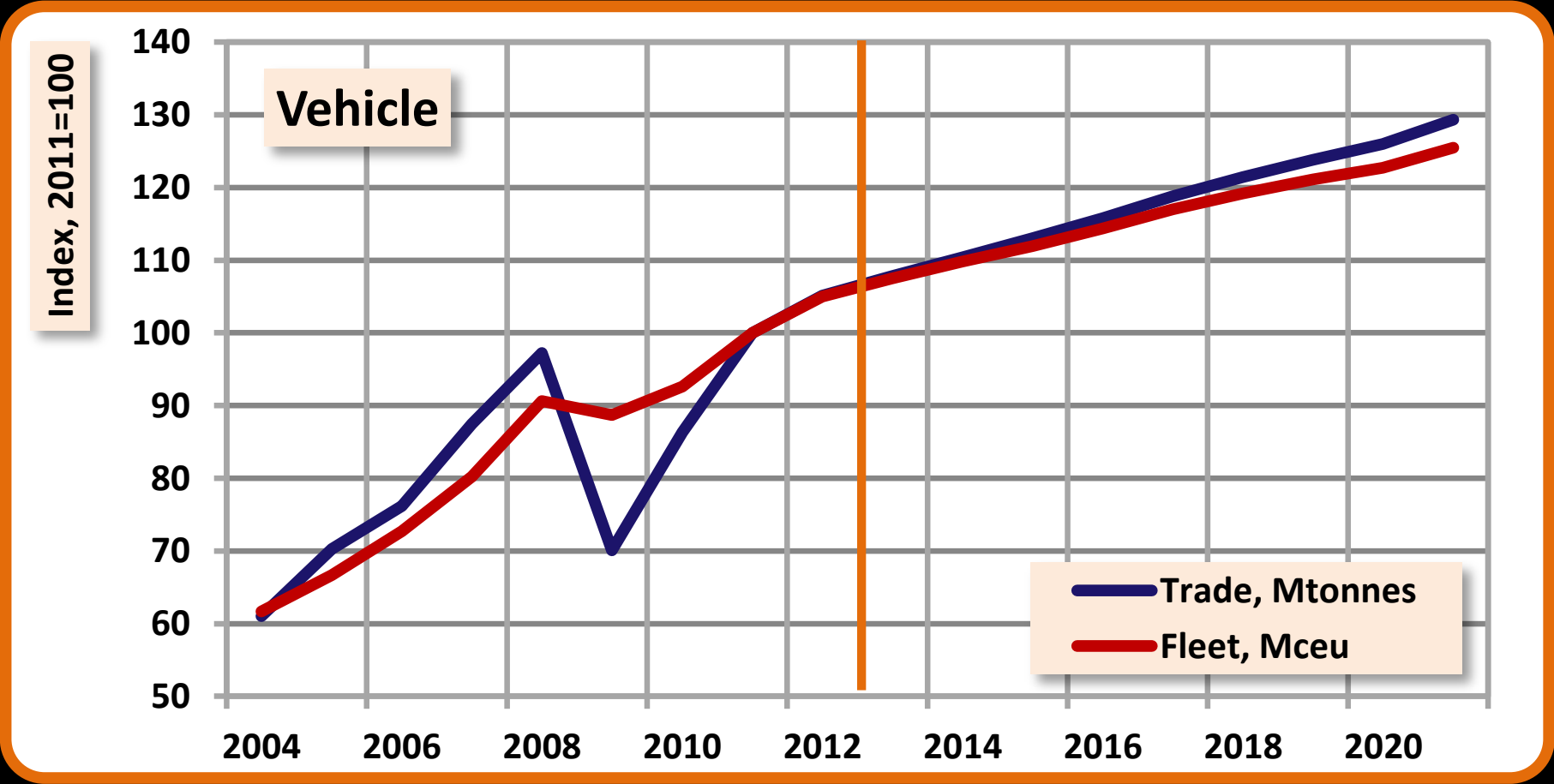
Vehicle carriers



Current status

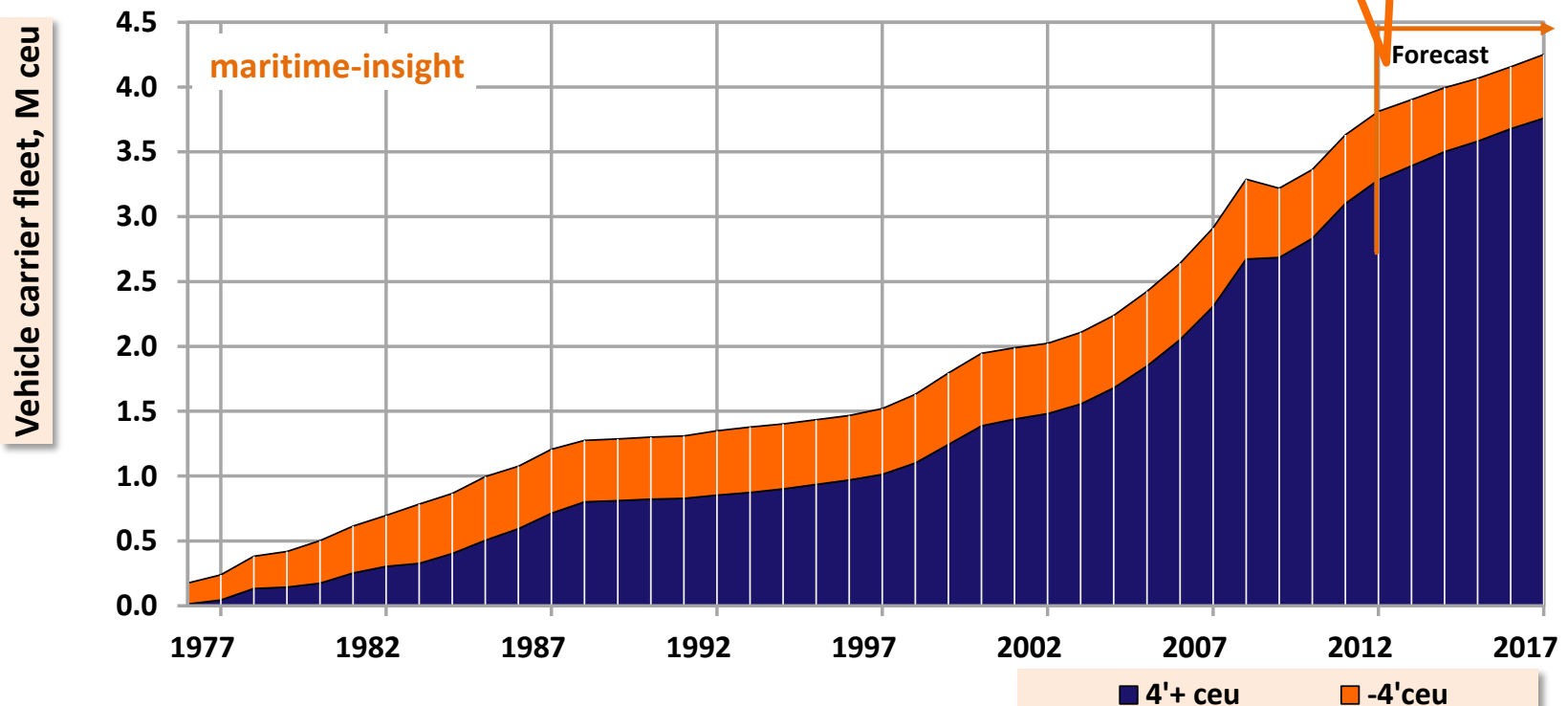
- 900M cars & trucks today
- Expected to pass 2Bn by 2030, some forecasters say 3Bn
- Impact on seaborne trade: 4.7% cagr next ten years

Vehicle roro market balance indicator



Fleet growth forecasted to be more modest than demand calls for. New orders hampered by financial constraints among the operators

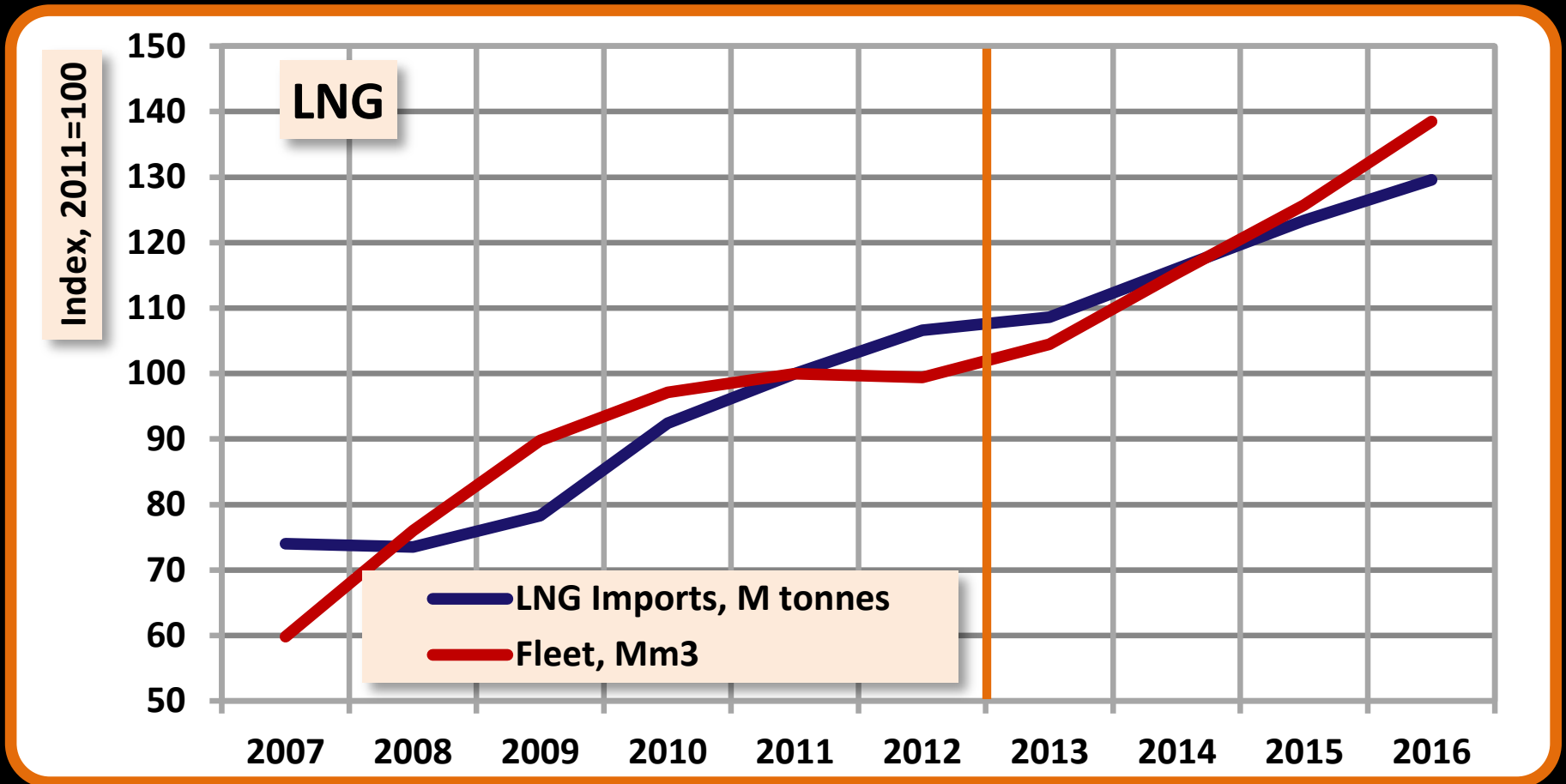
CAGR 13-17: 2.7%



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LNG tanker market balance indicator. New ship ordering will remain high



Total shipbuilding overview

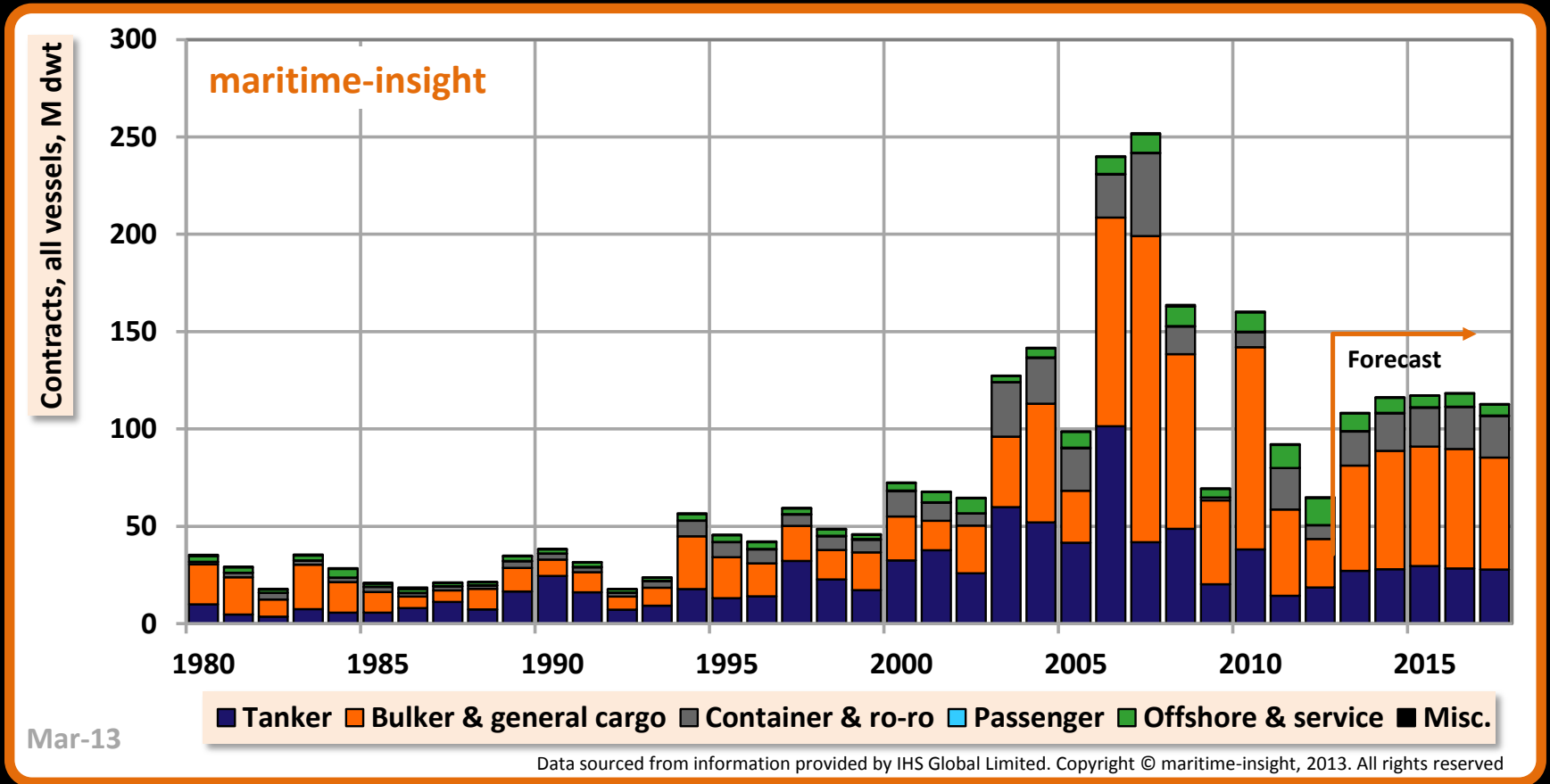


**New order forecast
in the light of the
previous.**

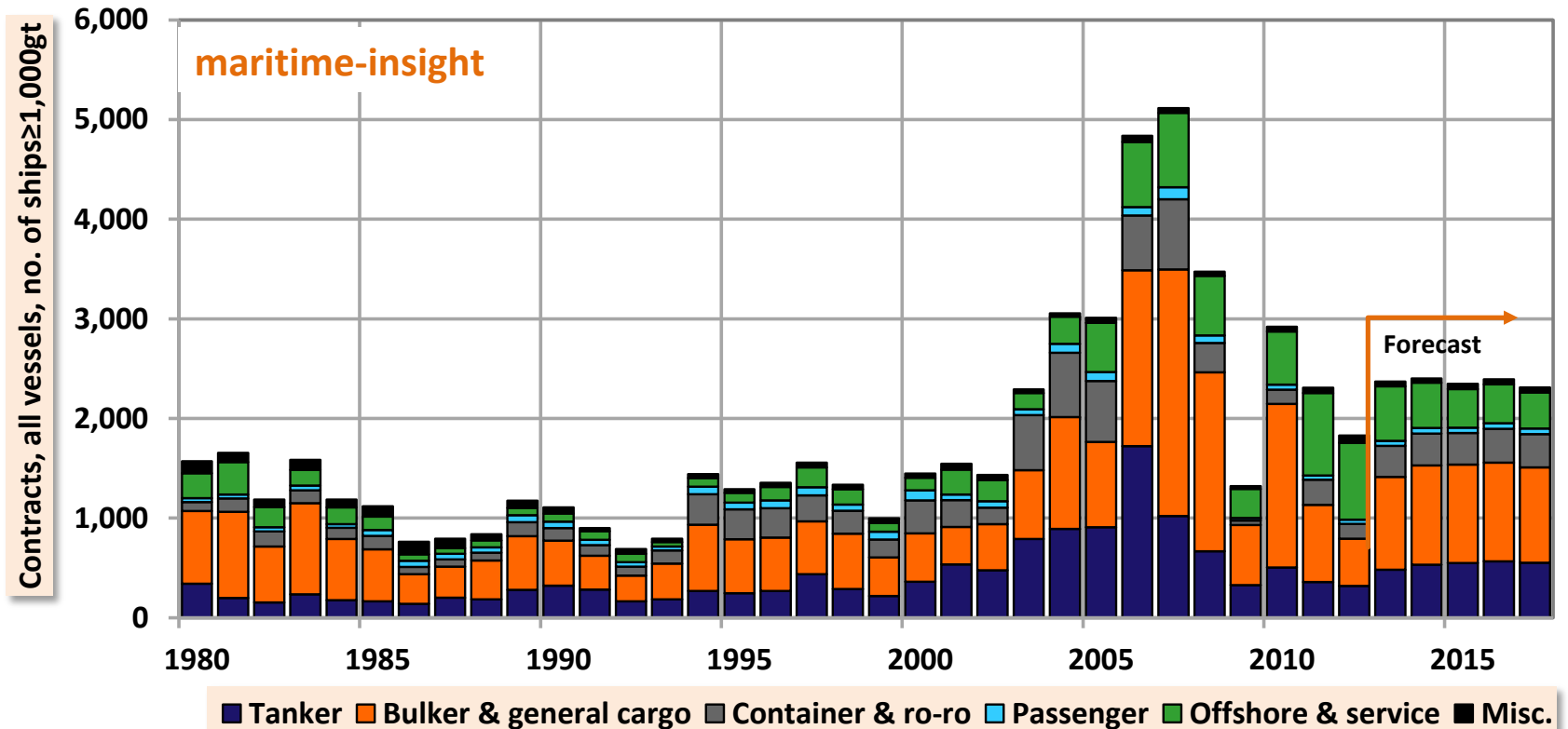
**It is only by trying
to understand the
actions of literally
thousands of
companies and a
few large nations
that we can have a
total view**

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Total contracting in dwt/type



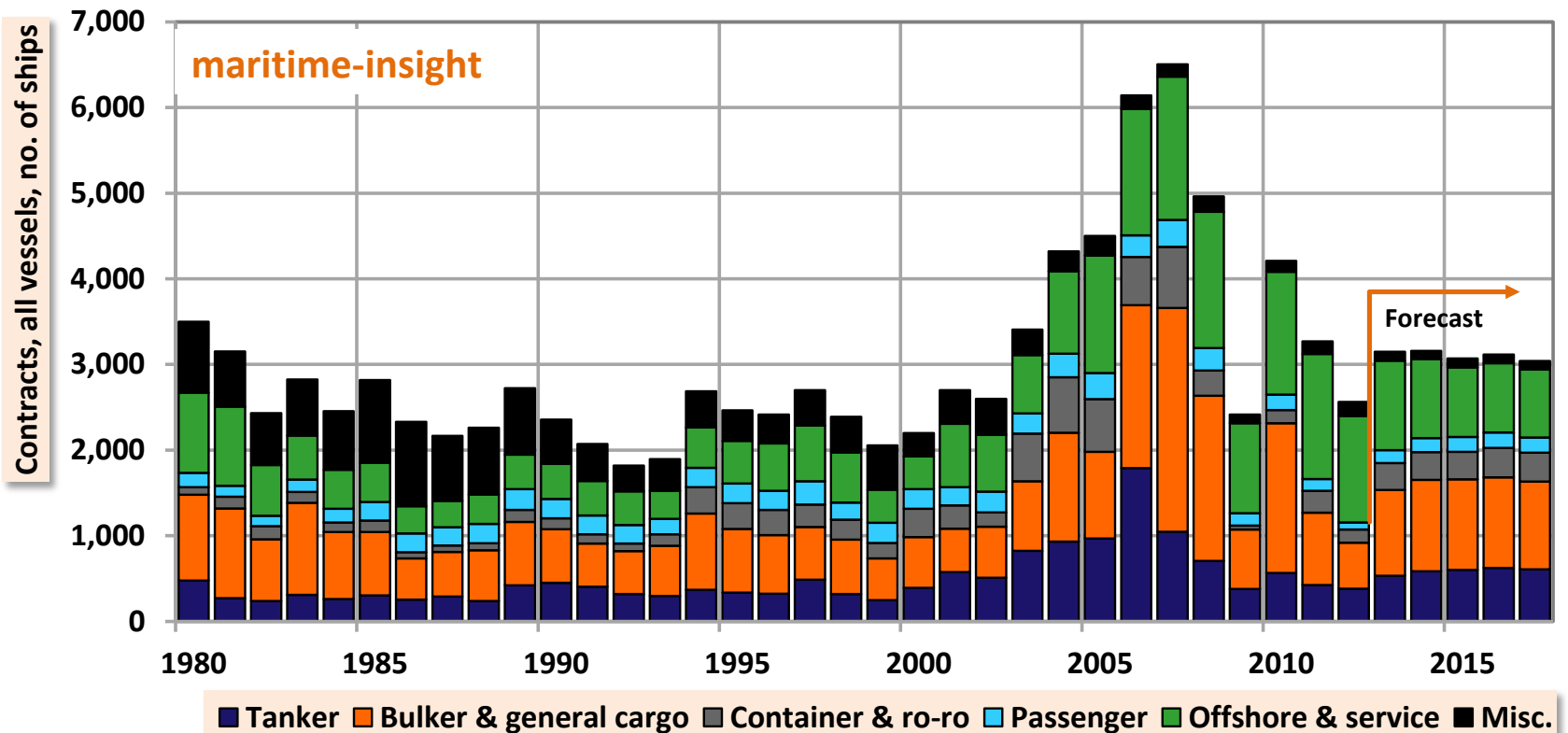
Total contracting in number of ships, larger than 1,000 gt



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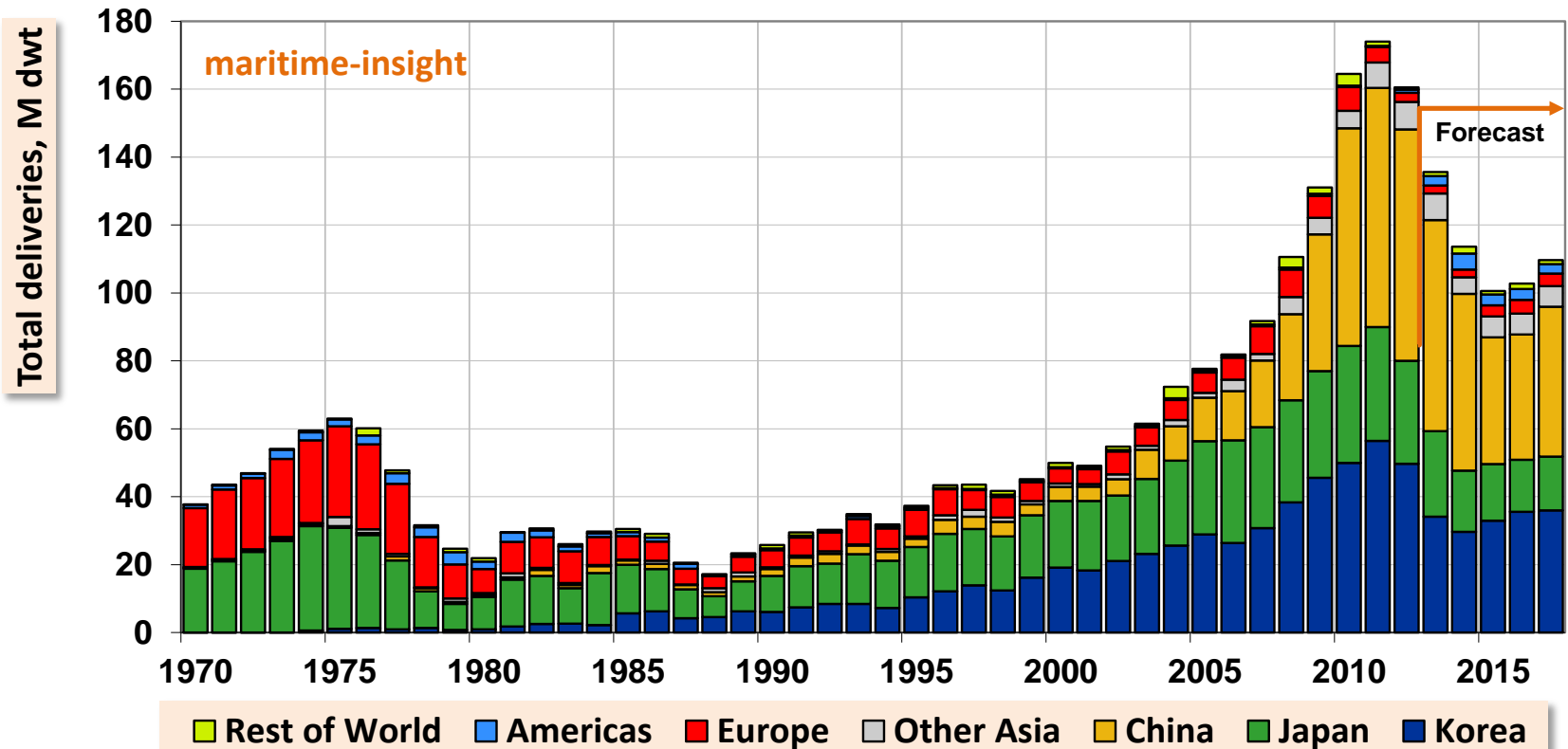
Total contracting in number of ships



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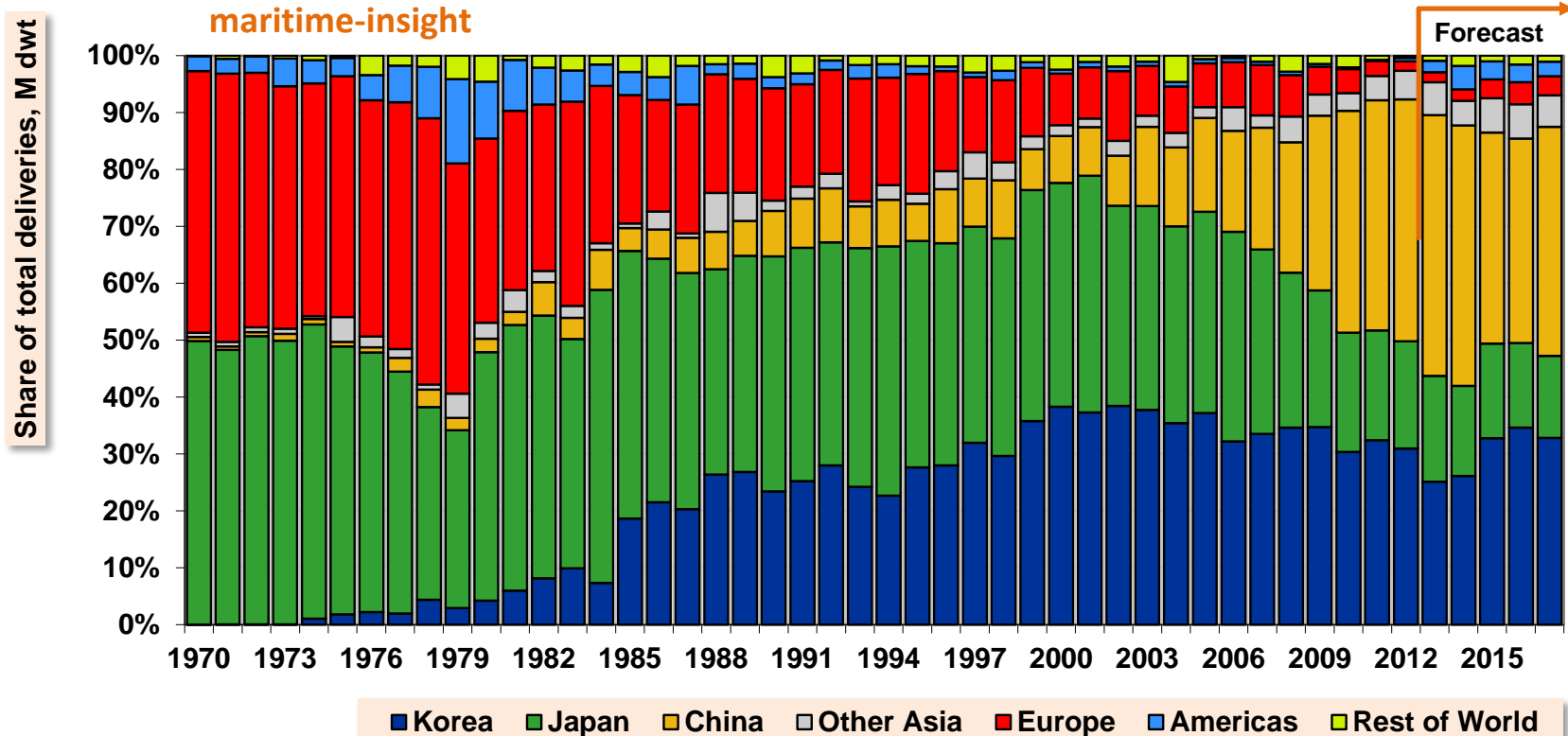
Total deliveries in dwt



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Total deliveries in dwt



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Thanks!