



# MASSIVE ORDERBOOK MASSIVE PROBLEM



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Global Market Overview  
Sources used: LRFairplay, AIS Live, Clarksons

Jakub Walenkiewicz  
Senior Market Analyst, DNV Market Research  
04.05.2009

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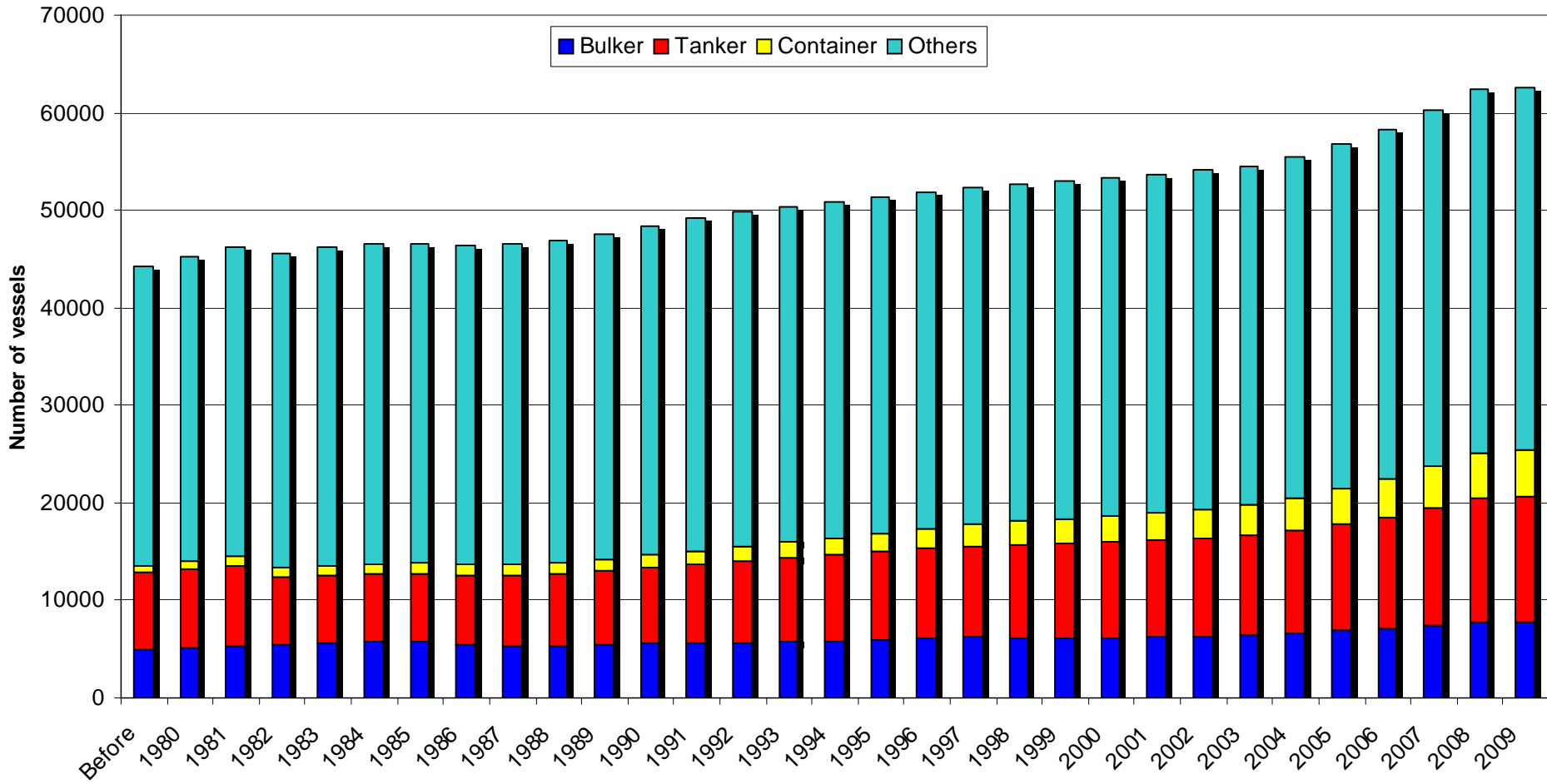
- **Overall picture of the world fleet**
- **Orderbook and scrapping**
- **Cancellations and lay-ups**
- **“What if” scenarios**
- **Conclusions**



# THE WORLD FLEET

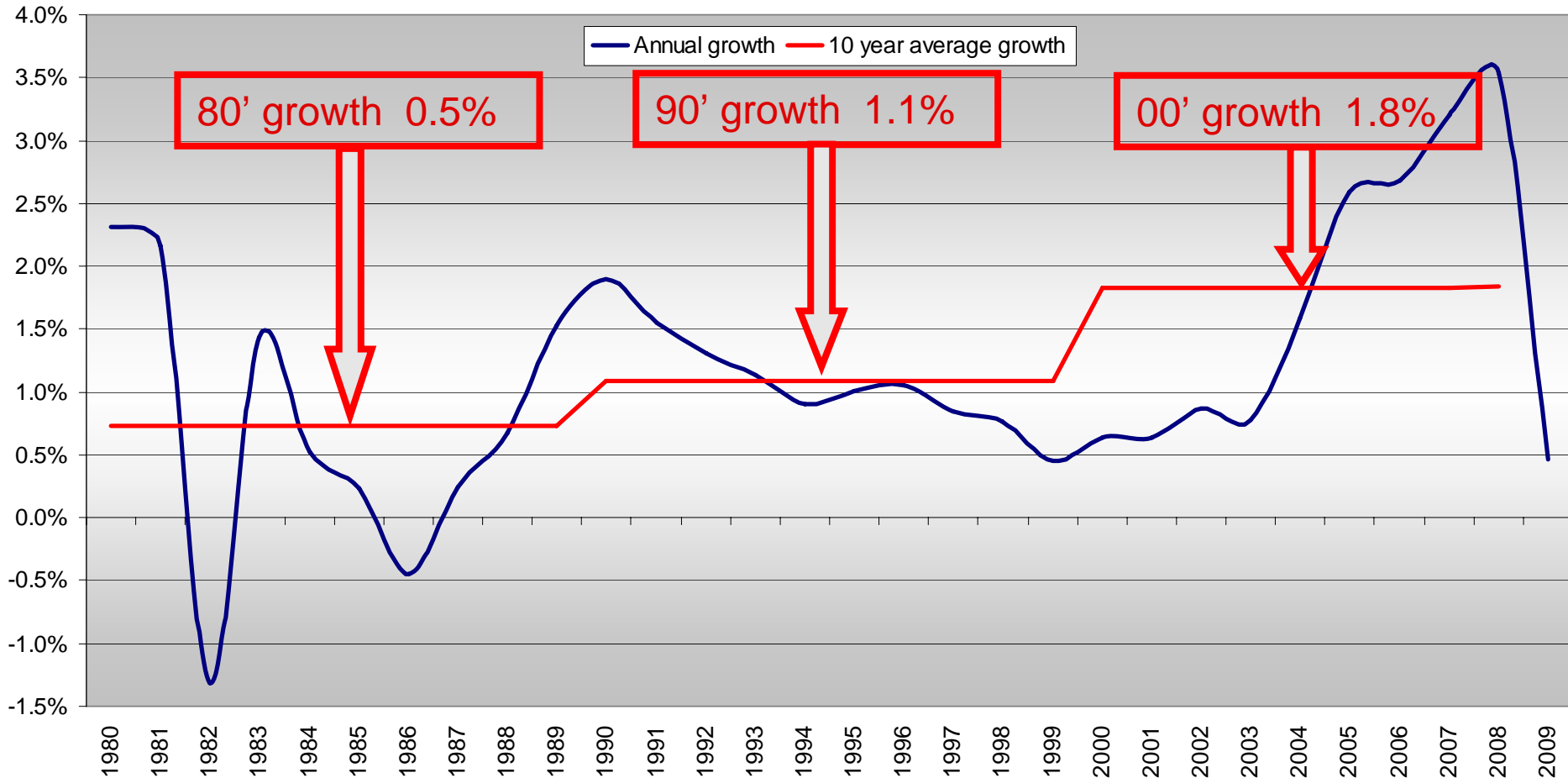
# The World Fleet - development

**World Fleet development 1980 - 2009 (April)**  
**Number of vessels as of 2009.04.01 (vessels over 300 DWT and 100 GT)**



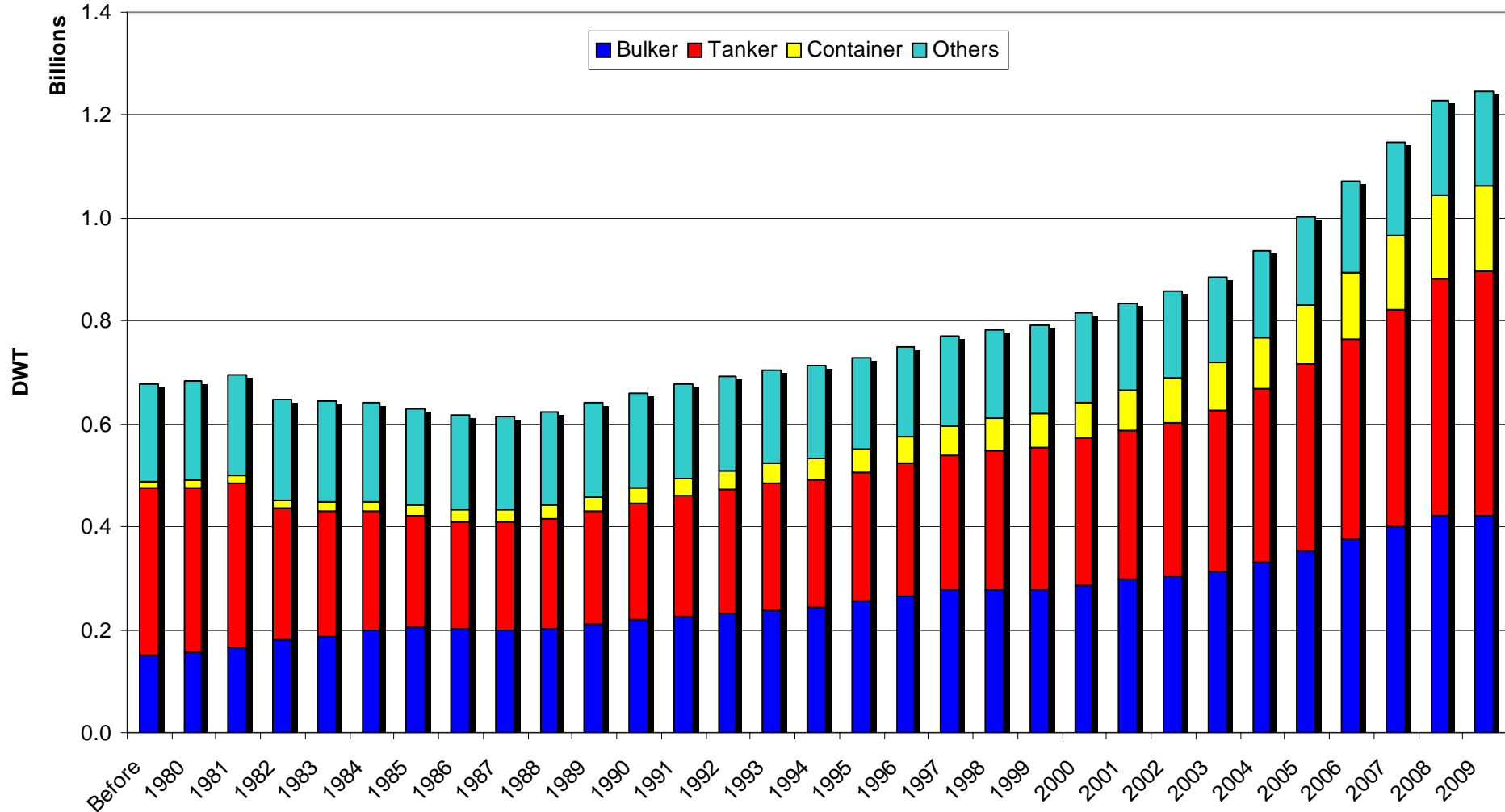
# The World Fleet - development

World Fleet development - percentage change  
Number of vessels as of 2009.04.01



# The World Fleet - development

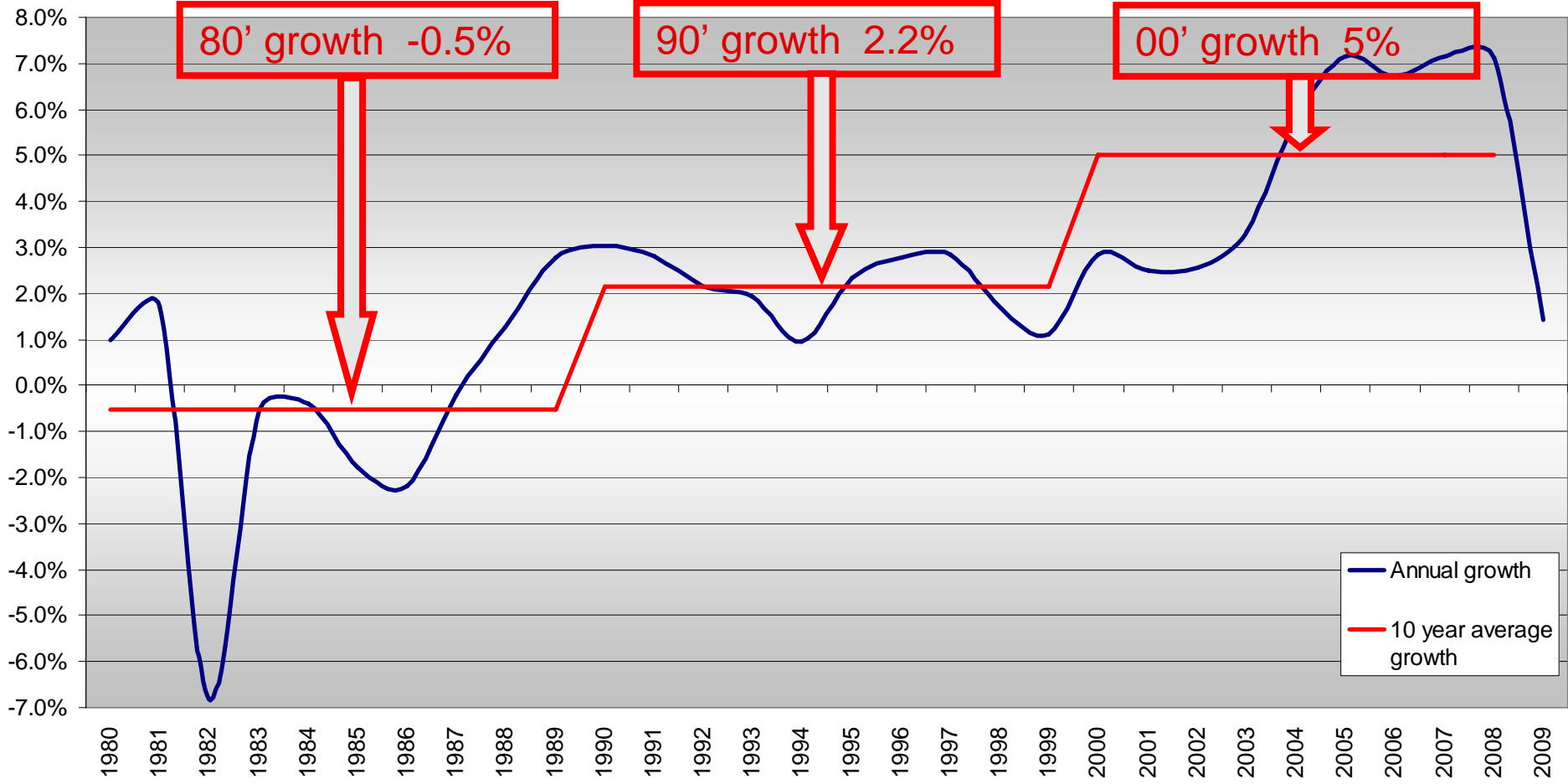
**World Fleet development 1980 - 2009 (April)**  
**DWT as of 2009.04.01 (vessels over 300 DWT and 100 GT)**



# The World Fleet - development

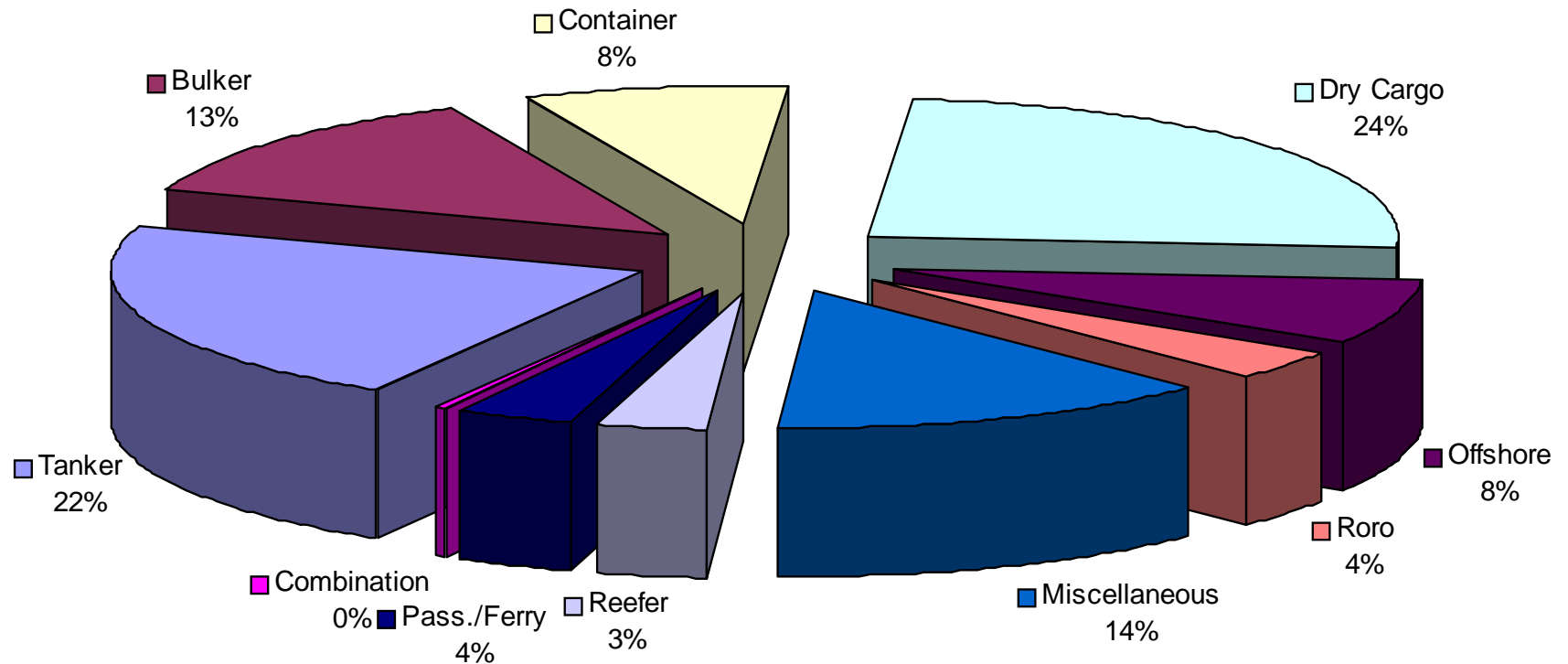


World Fleet development - percentage change  
DWT as of 2009.04.01



# The World Fleet - structure

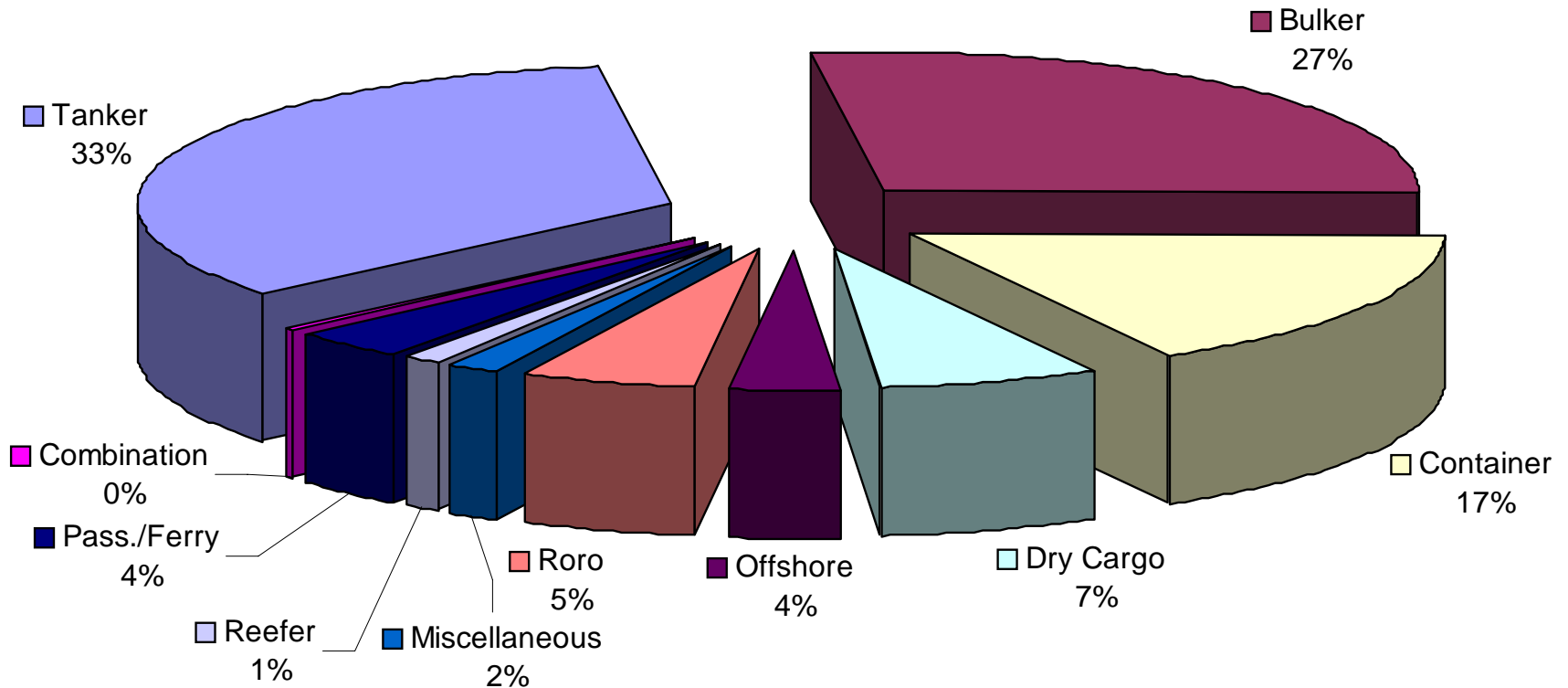
**The World Fleet - SiO**  
**Number of vessels as of 2009.04.01**  
**Vessels built after 1967/01/01 >100 GT and 300 DWT**  
**Total - 58111 vessels**





# The World Fleet - structure

**The World Fleet - SiO**  
**GT as of 2009.04.01**  
**Vessels built after 1967/01/01 >100 GT and 300 DWT**  
**Total - 850 mill. GT**

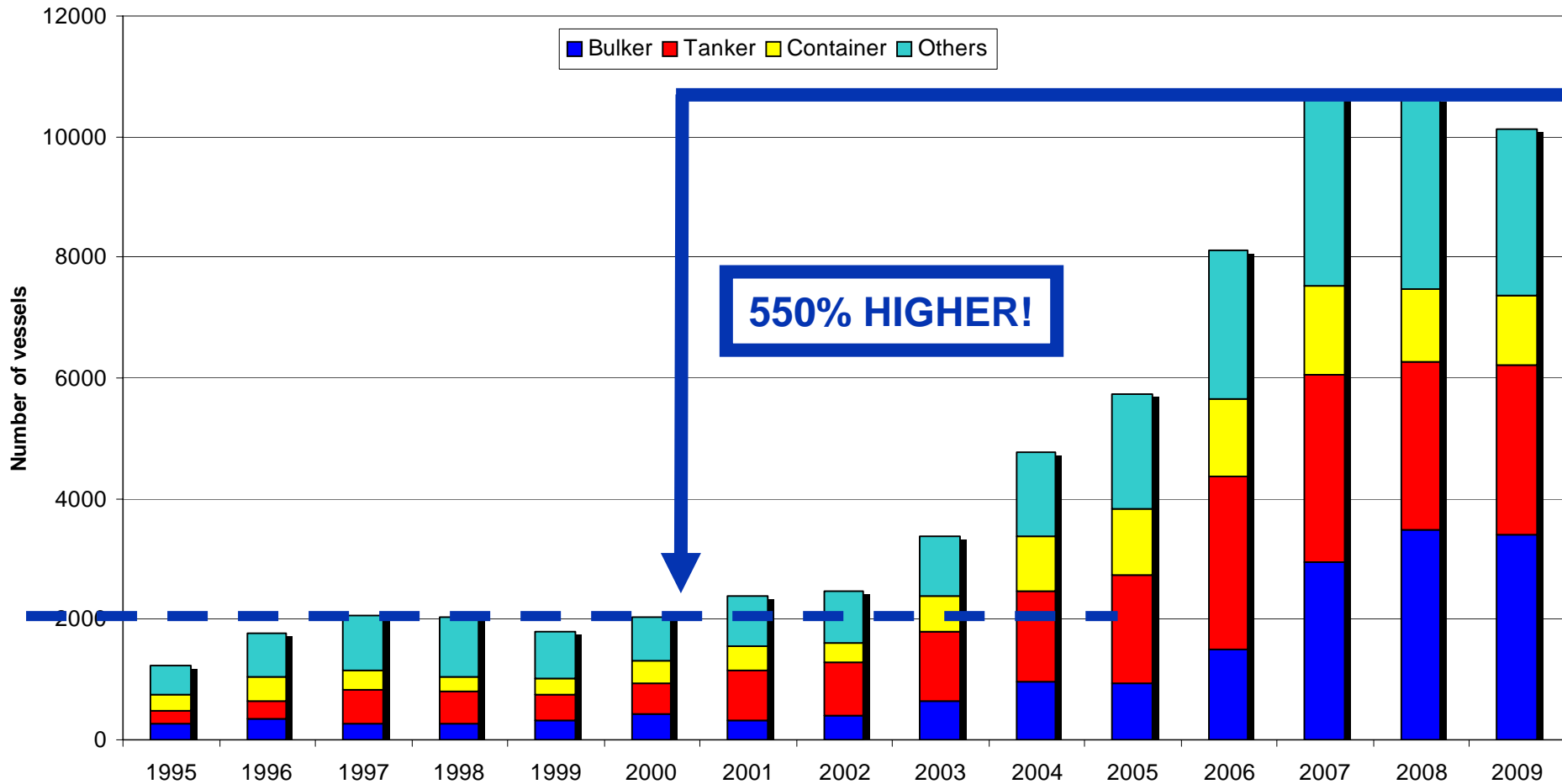




# ORDERBOOK ACCUMULATED

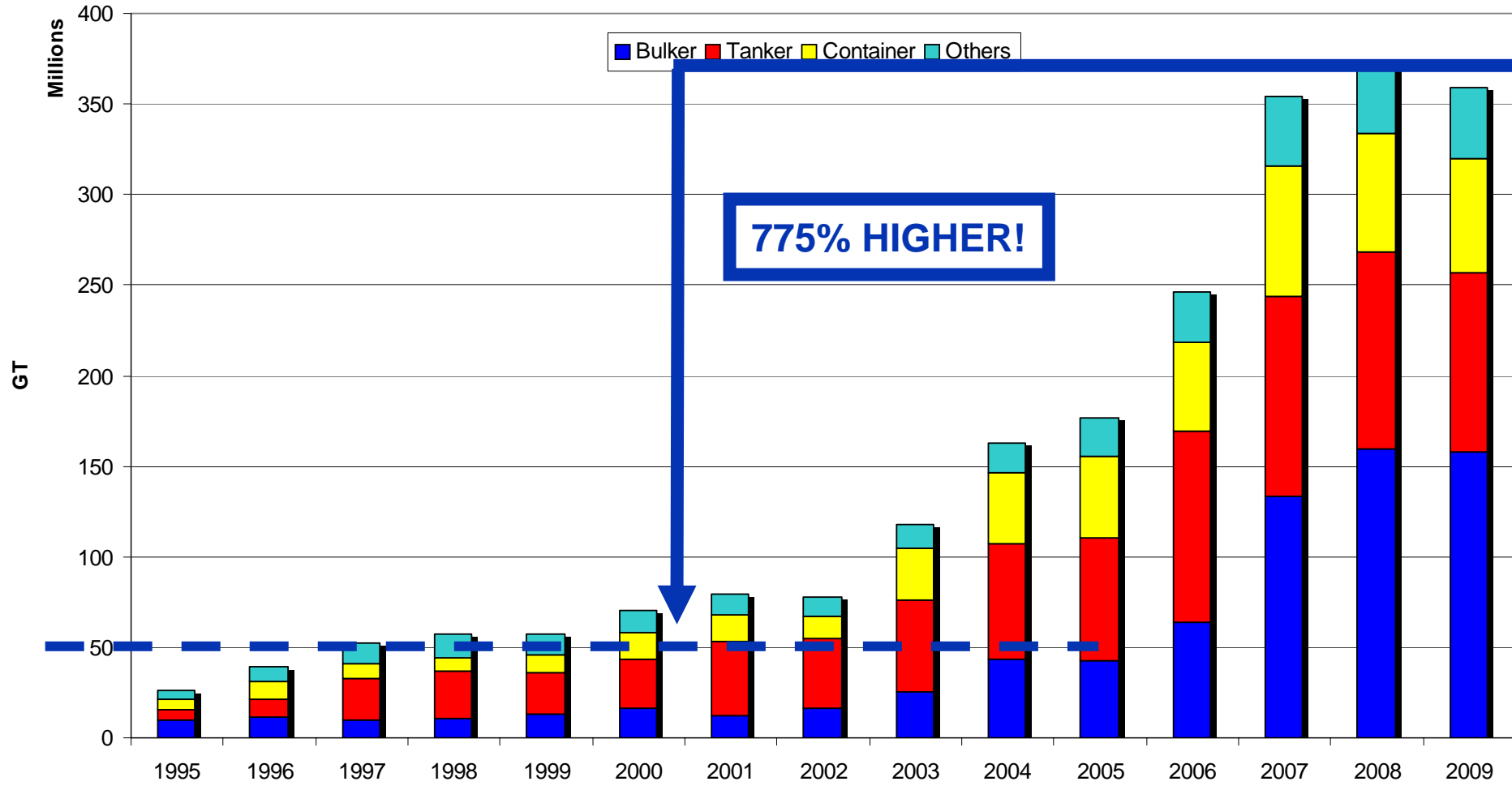
# Orderbook accumulated - development

Orderbook accumulated - development 1995 - 2009 (April)  
Number of vessels as of 2009.04.01 (vessels over 300 DWT and 100 GT)



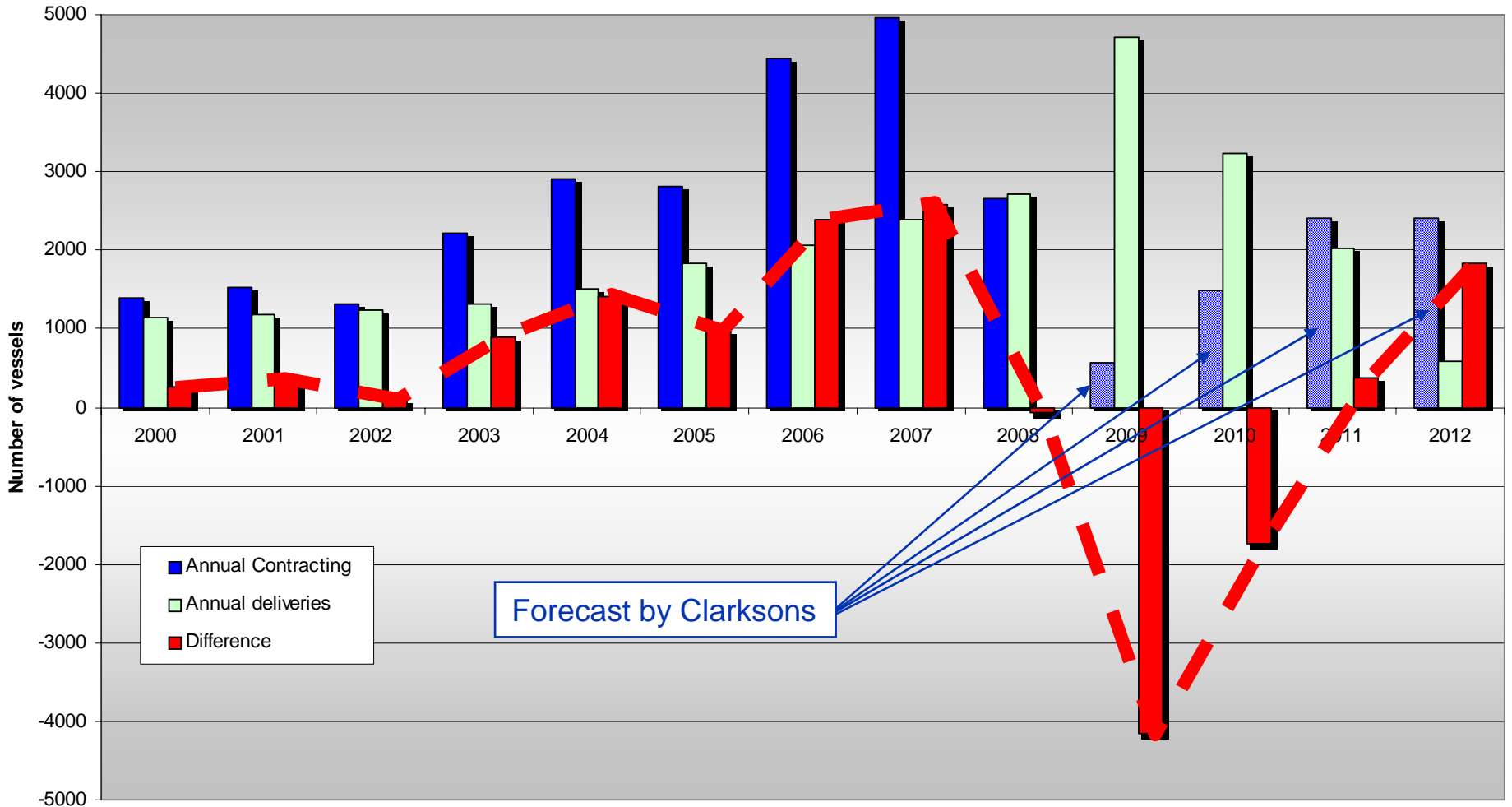
# Orderbook accumulated - development

Orderbook accumulated - development 1995 - 2009 (April)  
GT as of 2009.04.01 (vessels over 300 DWT and 100 GT)



# Orderbook accumulated - development

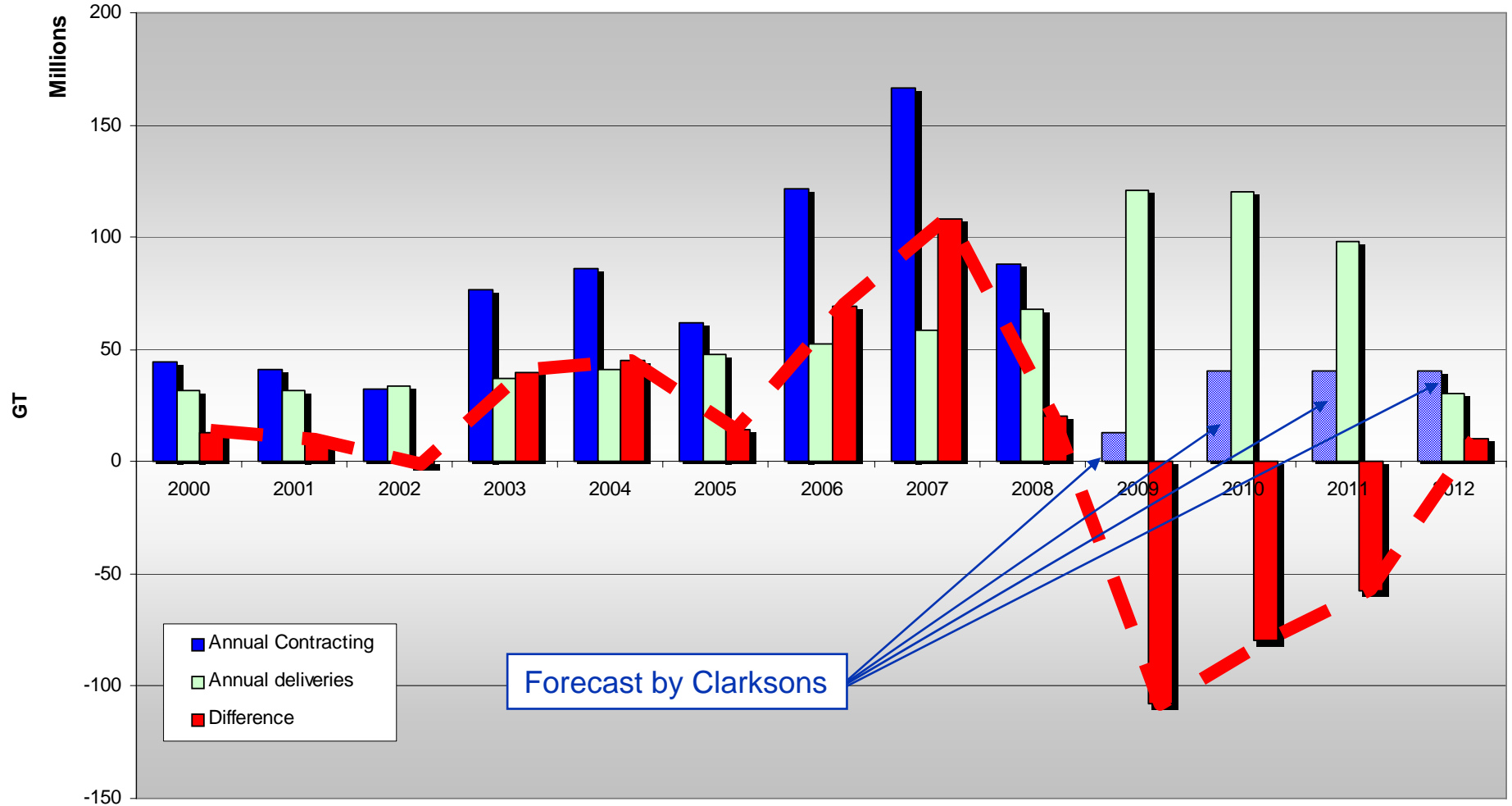
Annual contracting vs deliveries  
Number of vessels as of 2009.04.01



# Orderbook accumulated - development

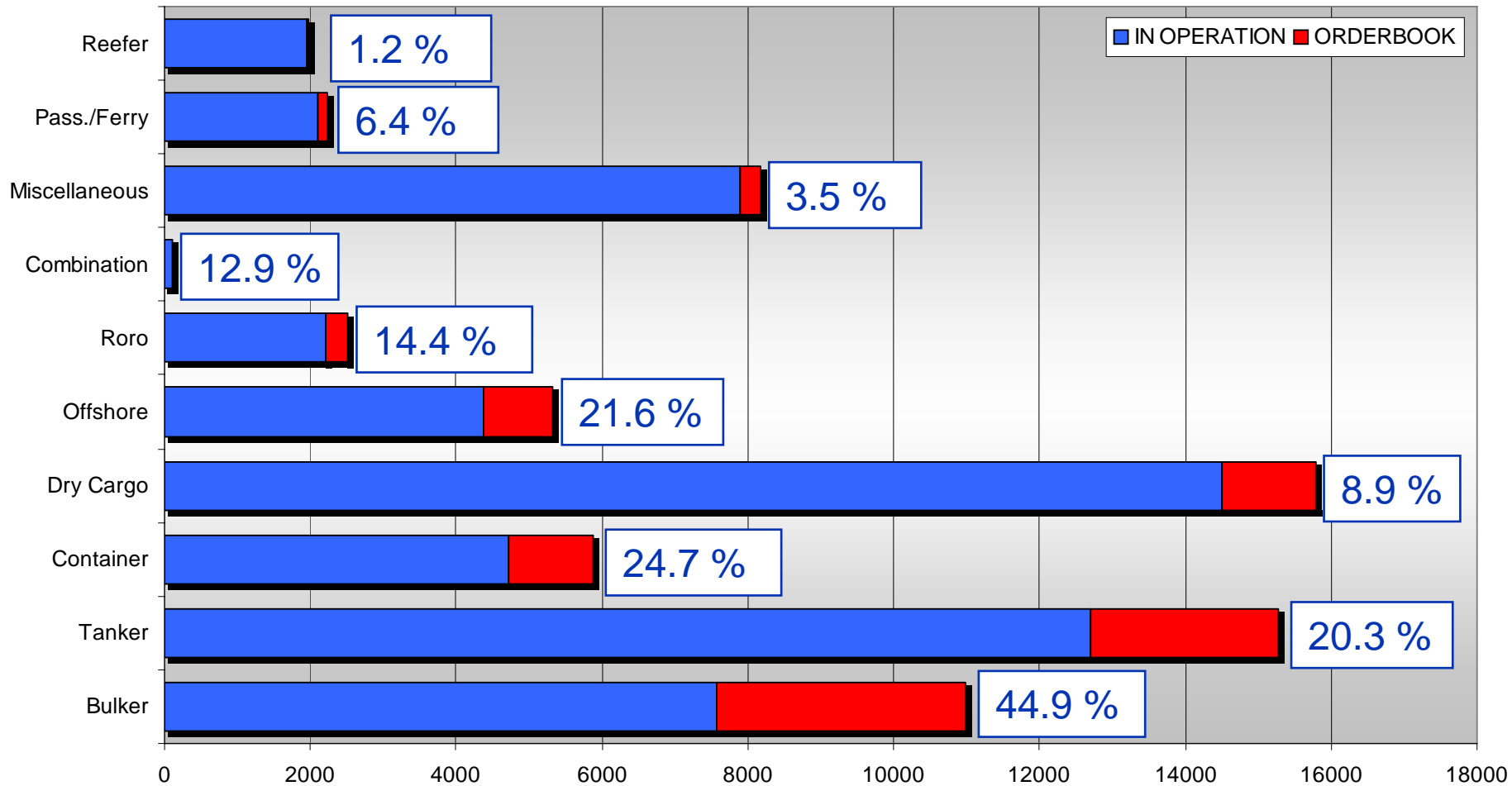


Annual contracting vs deliveries  
GT as of 2009.04.01



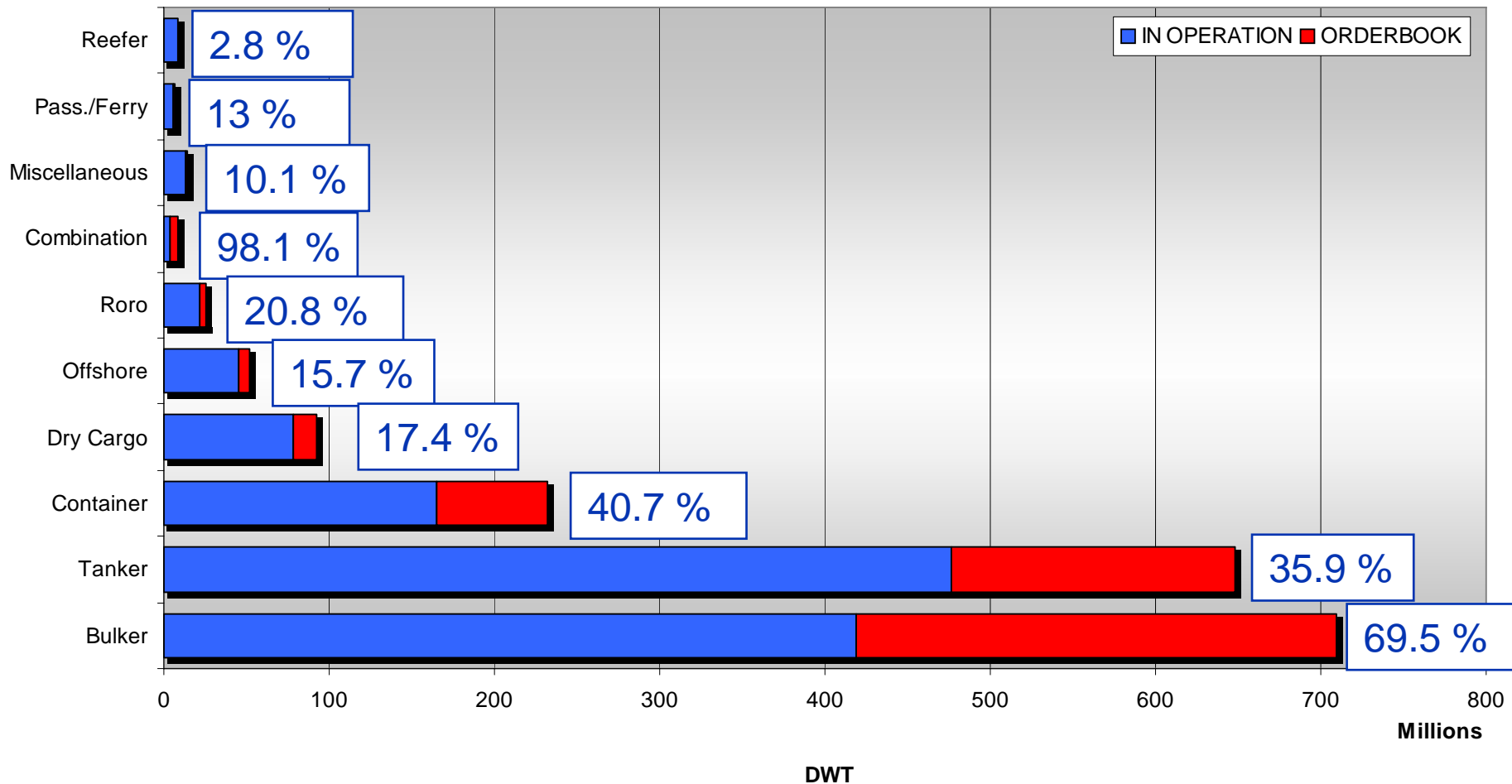
# Existing fleet vs. orderbook

**Ships in operation vs Orderbook**  
Number of vessels as of 2009.04.01



# Existing fleet vs. orderbook

Ships in operation vs Orderbook  
DWT as of 2009.04.01



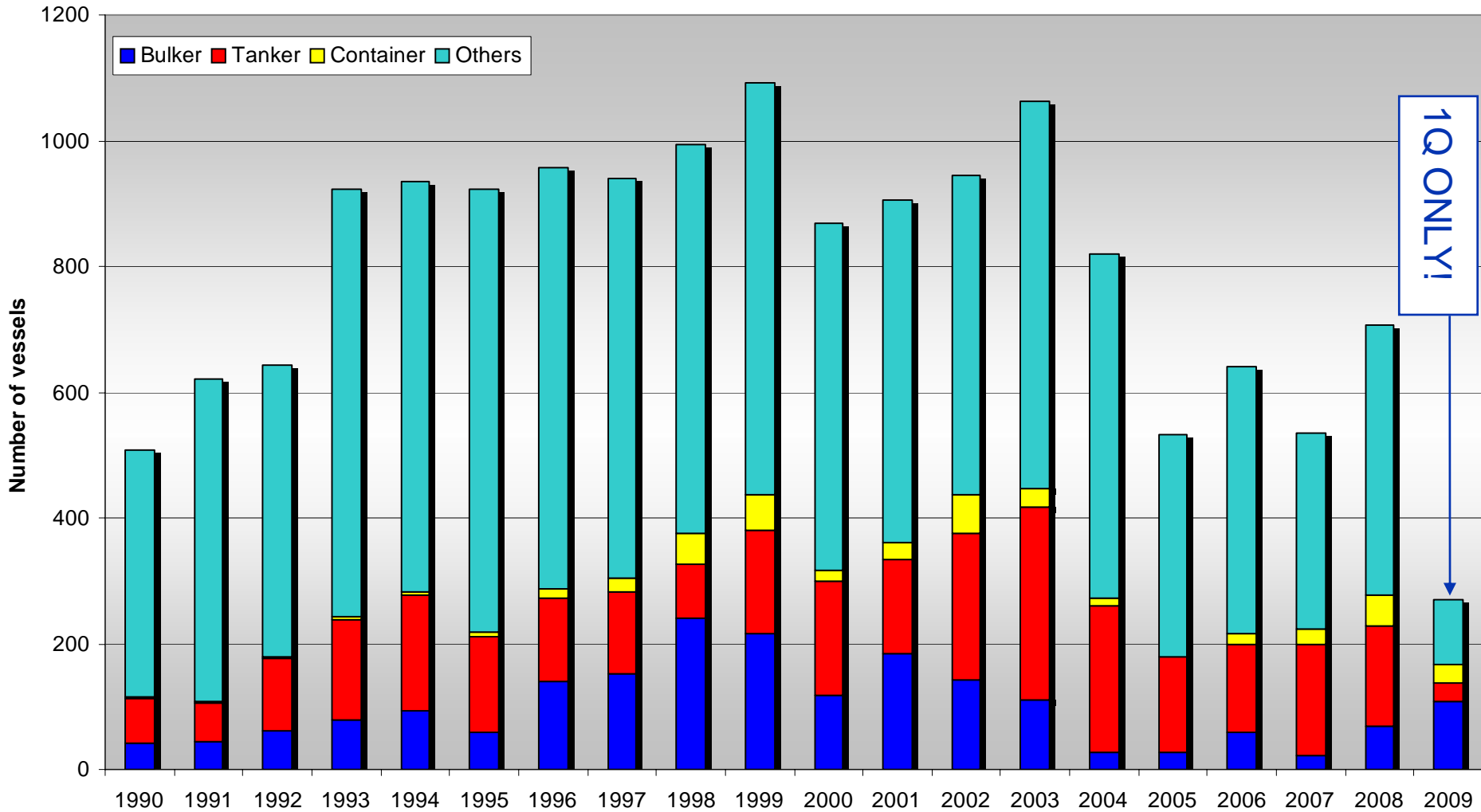




# SCRAPPING

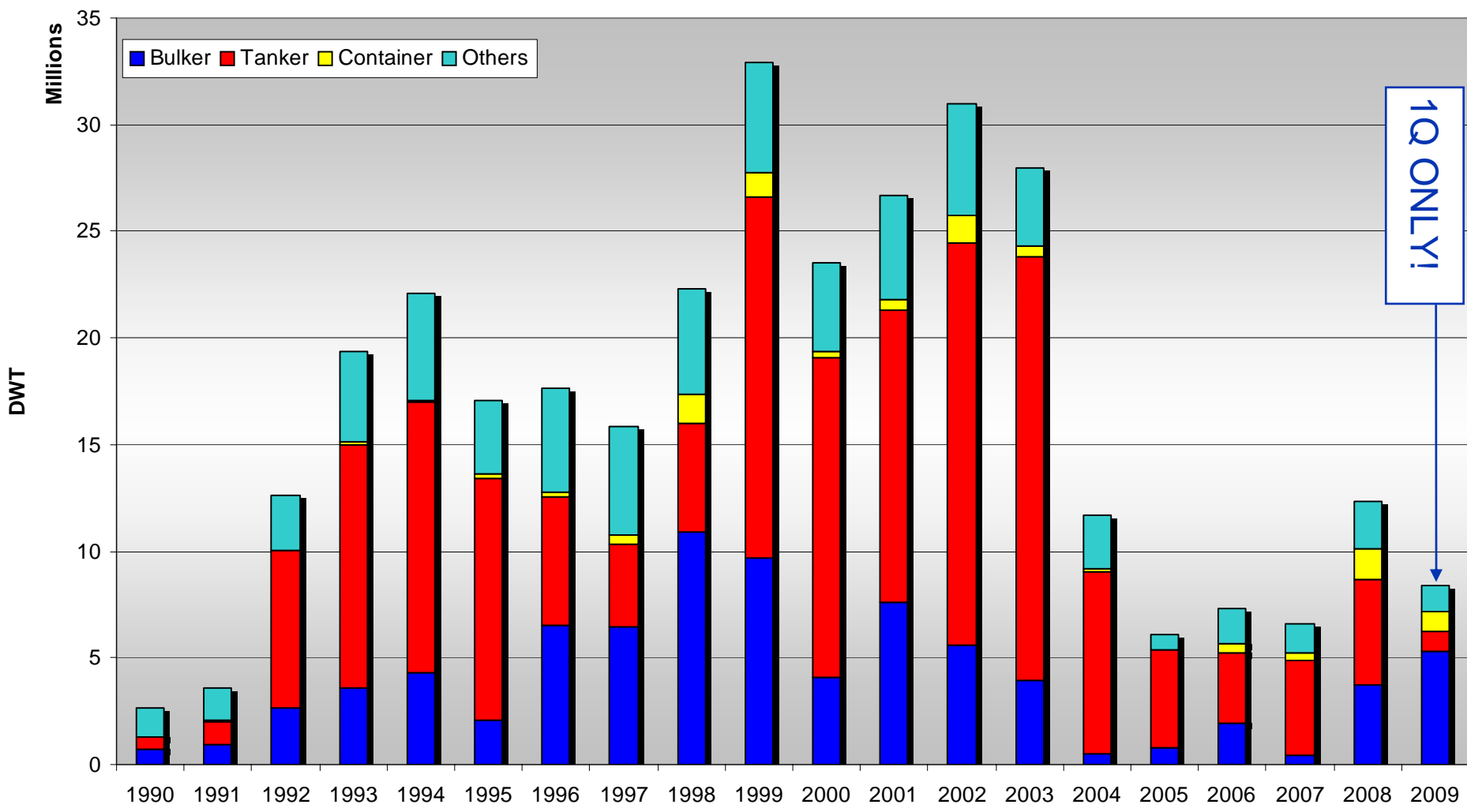
# Annual scrapping

Annual scrapping - Number of vessels as of 2009.04.01



# Annual scrapping

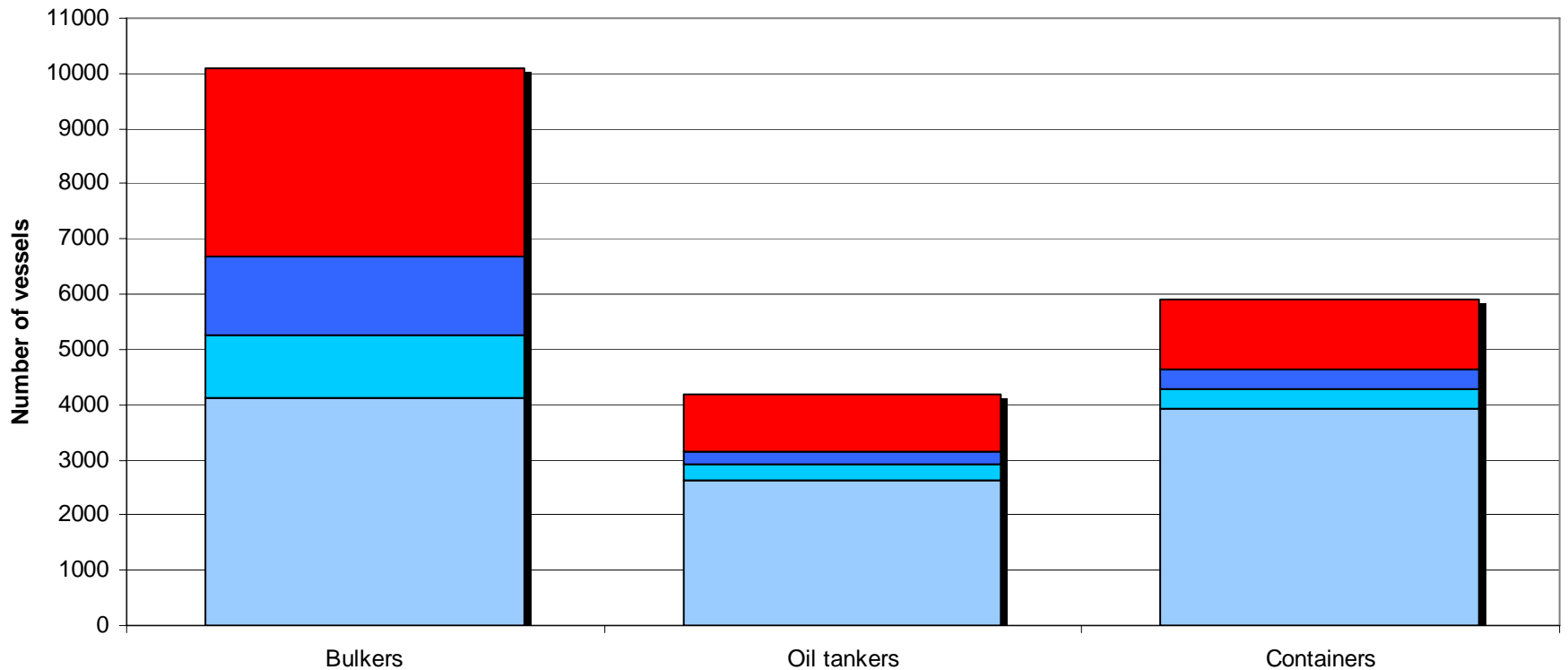
### Annual scrapping - DWT as of 2009.04.01



# Potential scrapping

**Bulkers, Oil tankers, Container vessels: Ships in operation vs orderbook**  
Number of vessels as of 2008.12.01

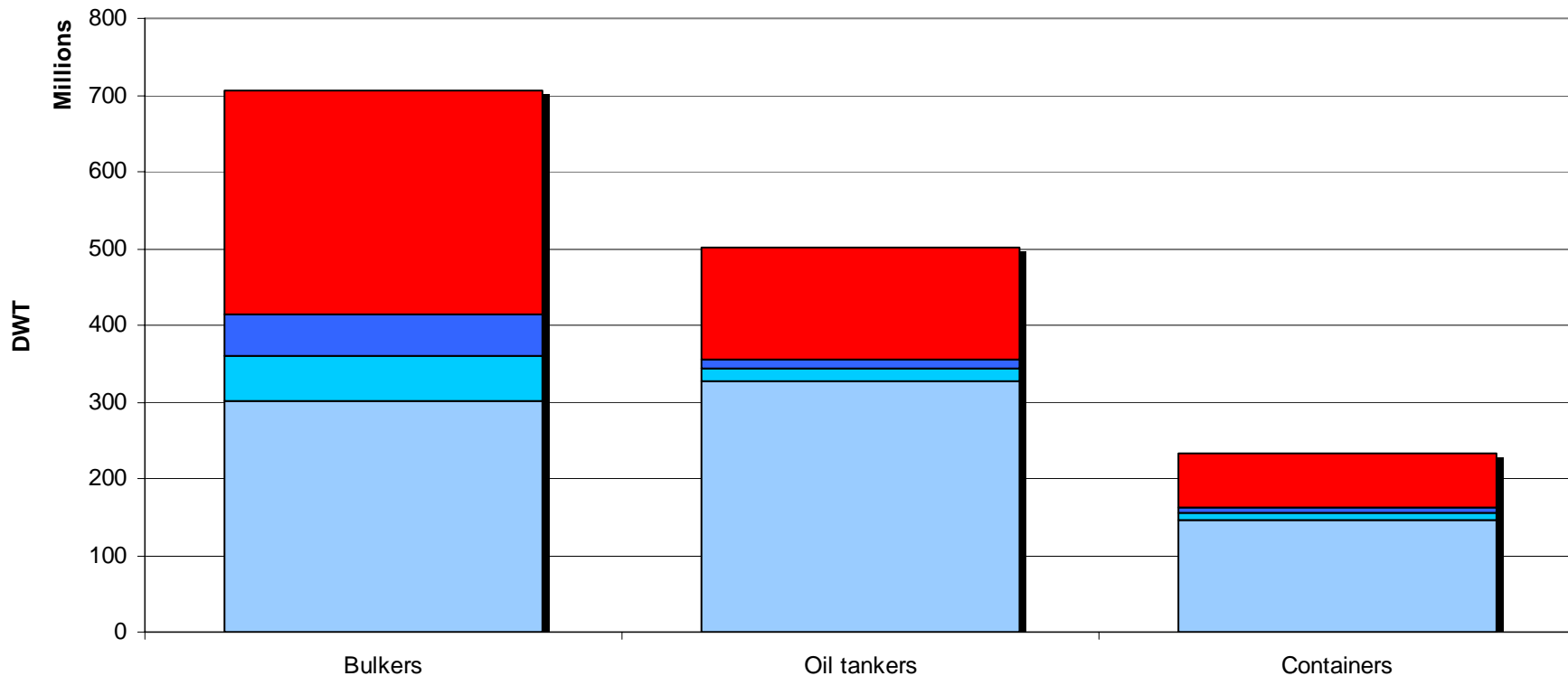
■ In Operation up to 20 ■ In Operation 21-25 ■ In Operation over 25 ■ On Order



# Potential scrapping

**Bulkers, Oil tankers, Container vessels: Ships in operation vs orderbook**  
DWT as of 2008.12.01

■ In Operation up to 20 ■ In Operation 21-25 ■ In Operation over 25 ■ On Order

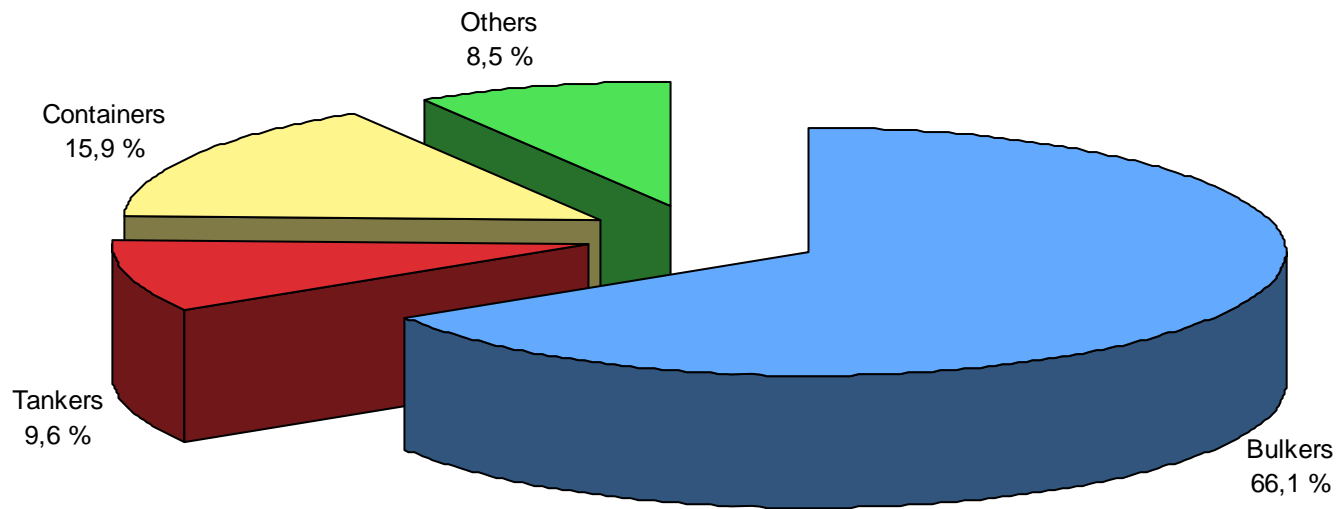




# CANCELLATIONS

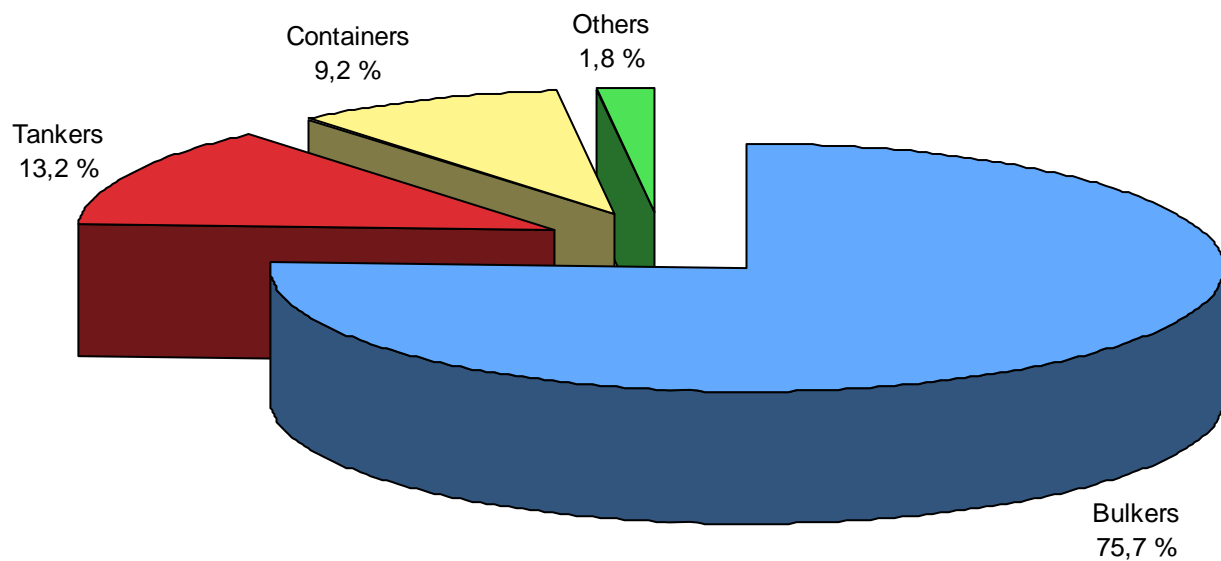
# Distribution of total cancellations by ship types (Number)

**Estimated cancellations by ship type as of April 2009**  
**Based upon number of vessels**  
**Total of 492 vessels cancelled**



# Distribution of total cancellations by ship types (DWT)

**Estimated cancellations by ship type as of April 2009**  
**Based upon DWT**  
**Total of 37,2 mill. DWT cancelled**

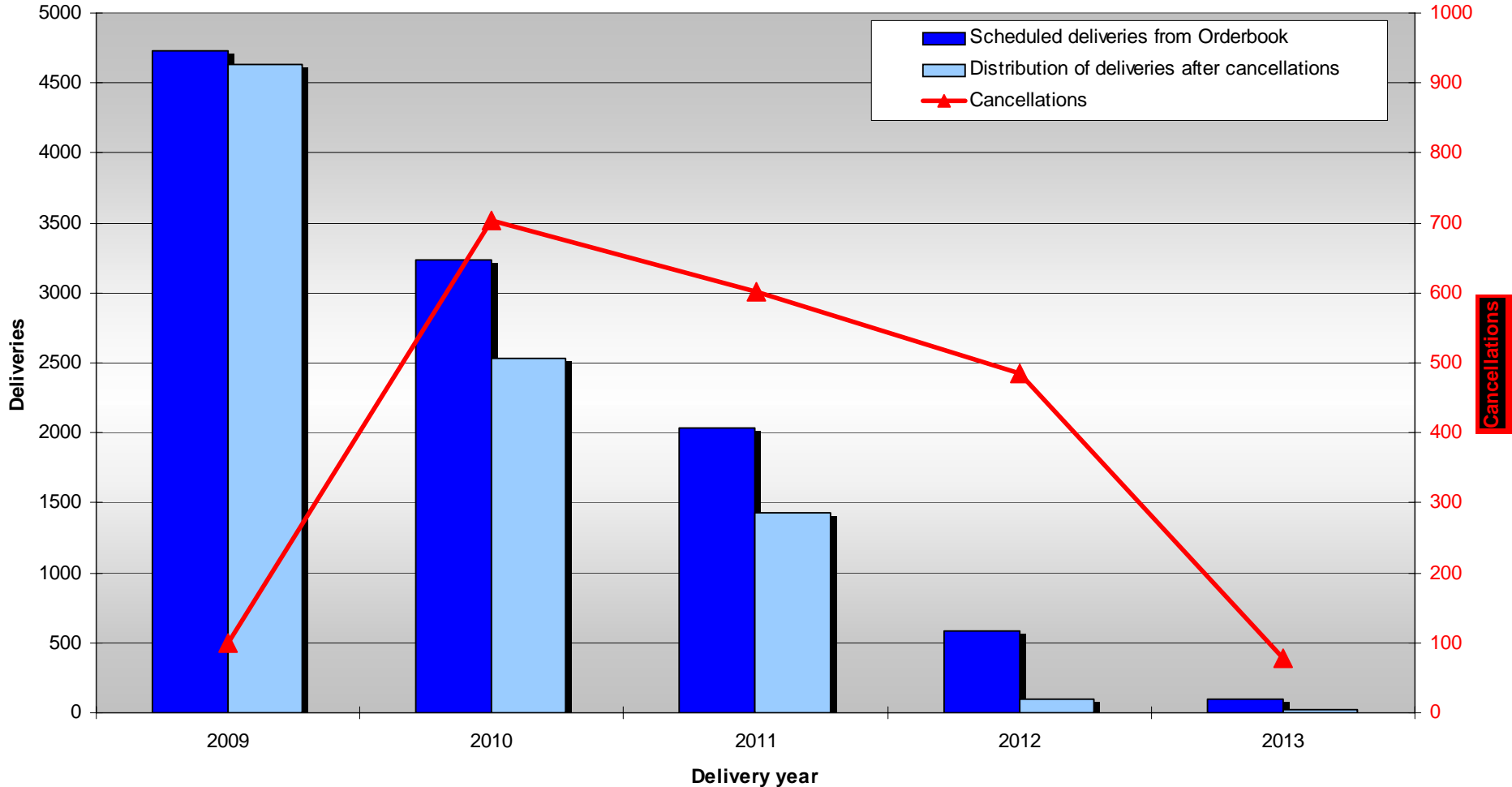




# Cancellations – DNV model (30/30/10)

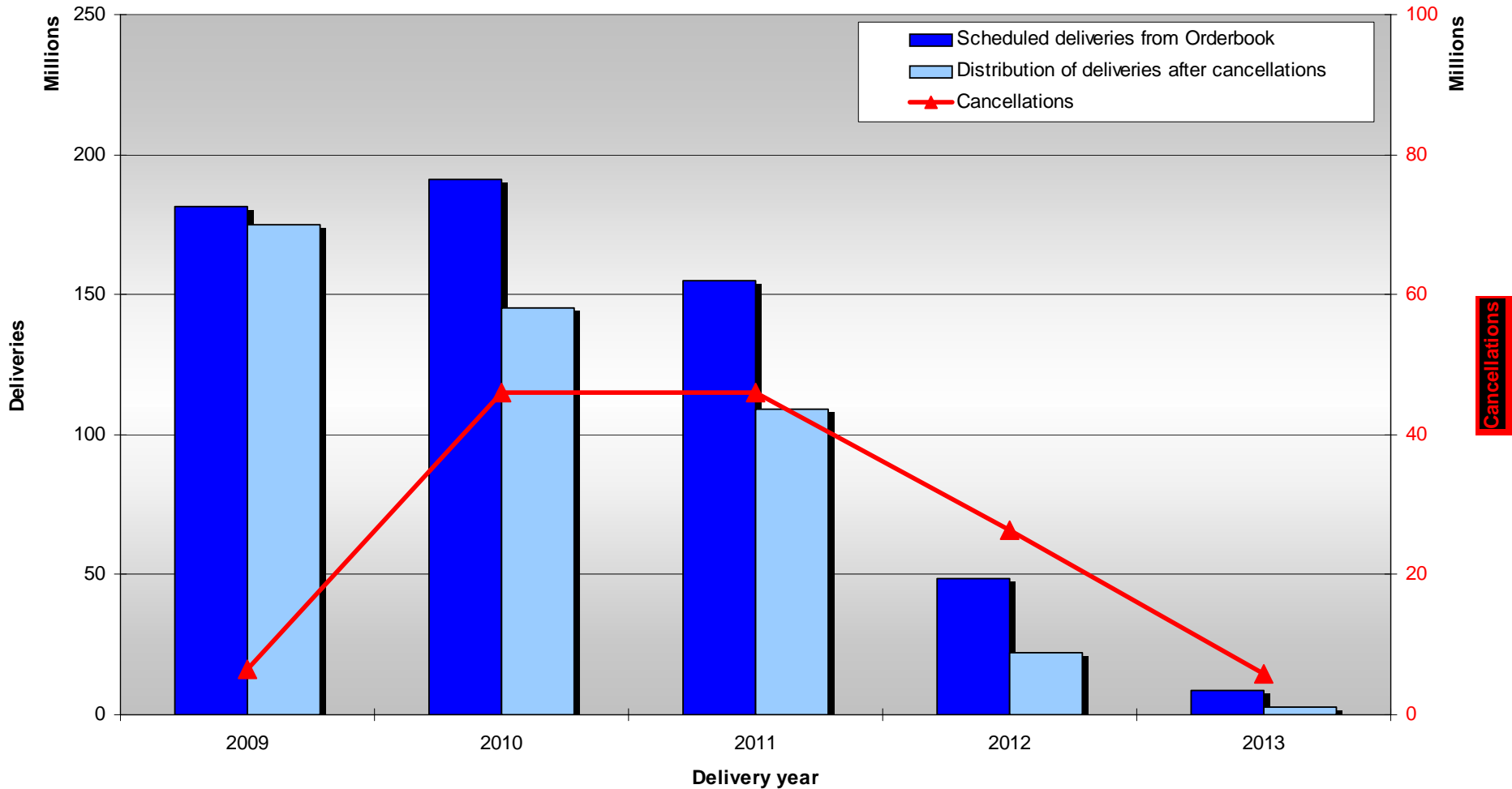


**DNV Model (30/30/10) - estimated cancellations**  
Number of vessels as of 2009.04.01



# Potential scrapping

DNV Model (30/30/10) - estimated cancellations  
DWT as of 2009.04.01





# LAY-UPS

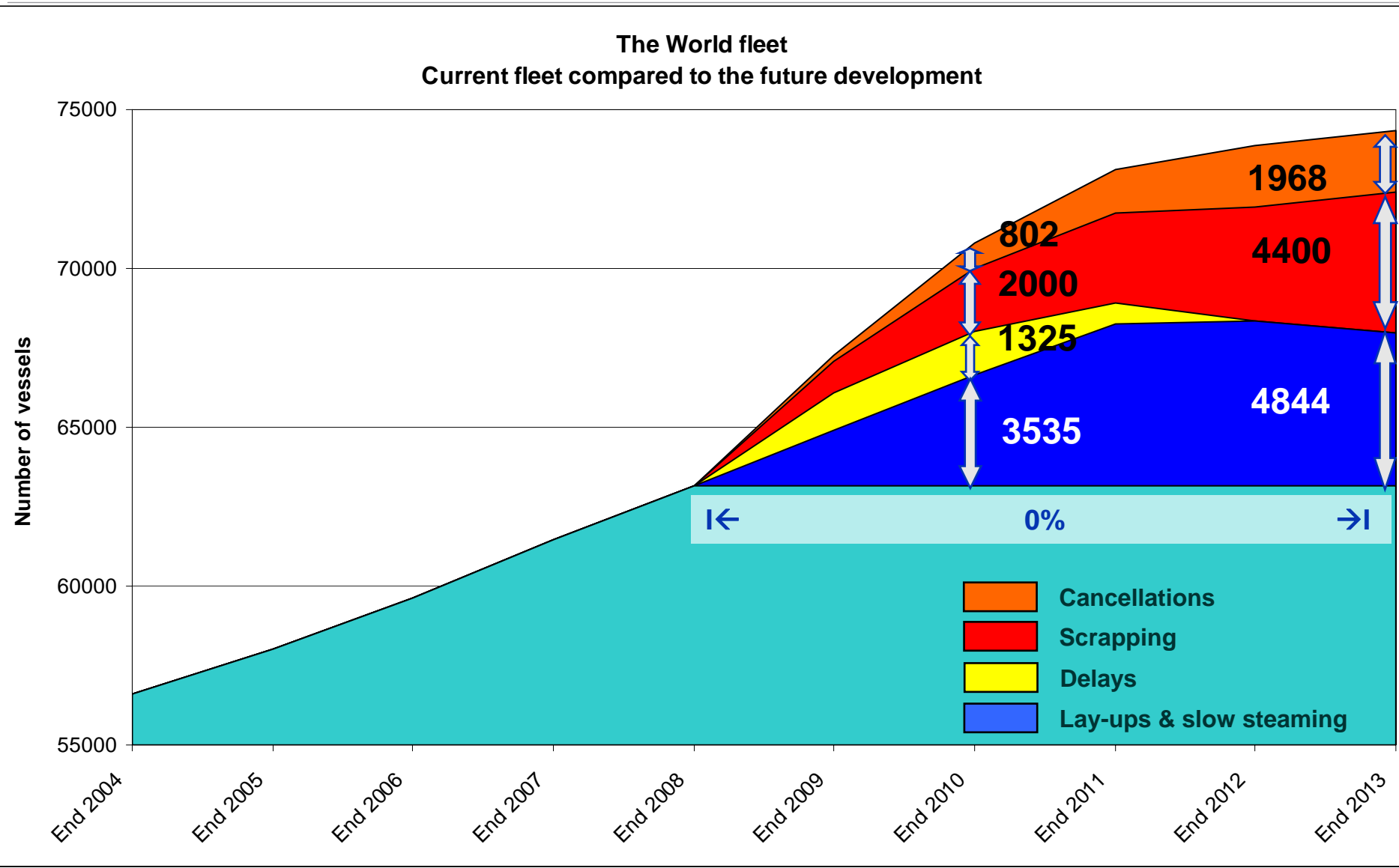
# Vessels in the lay-up position (hot & cold)

- Estimated around 900 vessels currently laid-up or idle
- Container vessels – 486 ships (1.42 million TEU) – it represents 10.4% of the fleet (according to Alphaliner)
- Oil tanker fleet – 50 to 70, mainly VLCCs and Suezmaxes currently idle, used as storage
- Bulk carriers – recovery from more than 200 vessels, now around 100 ships estimated idle
- Car carriers – more than 50 vessels idle (sometimes used as parking)
- More lay-ups expected in the coming months (years?)



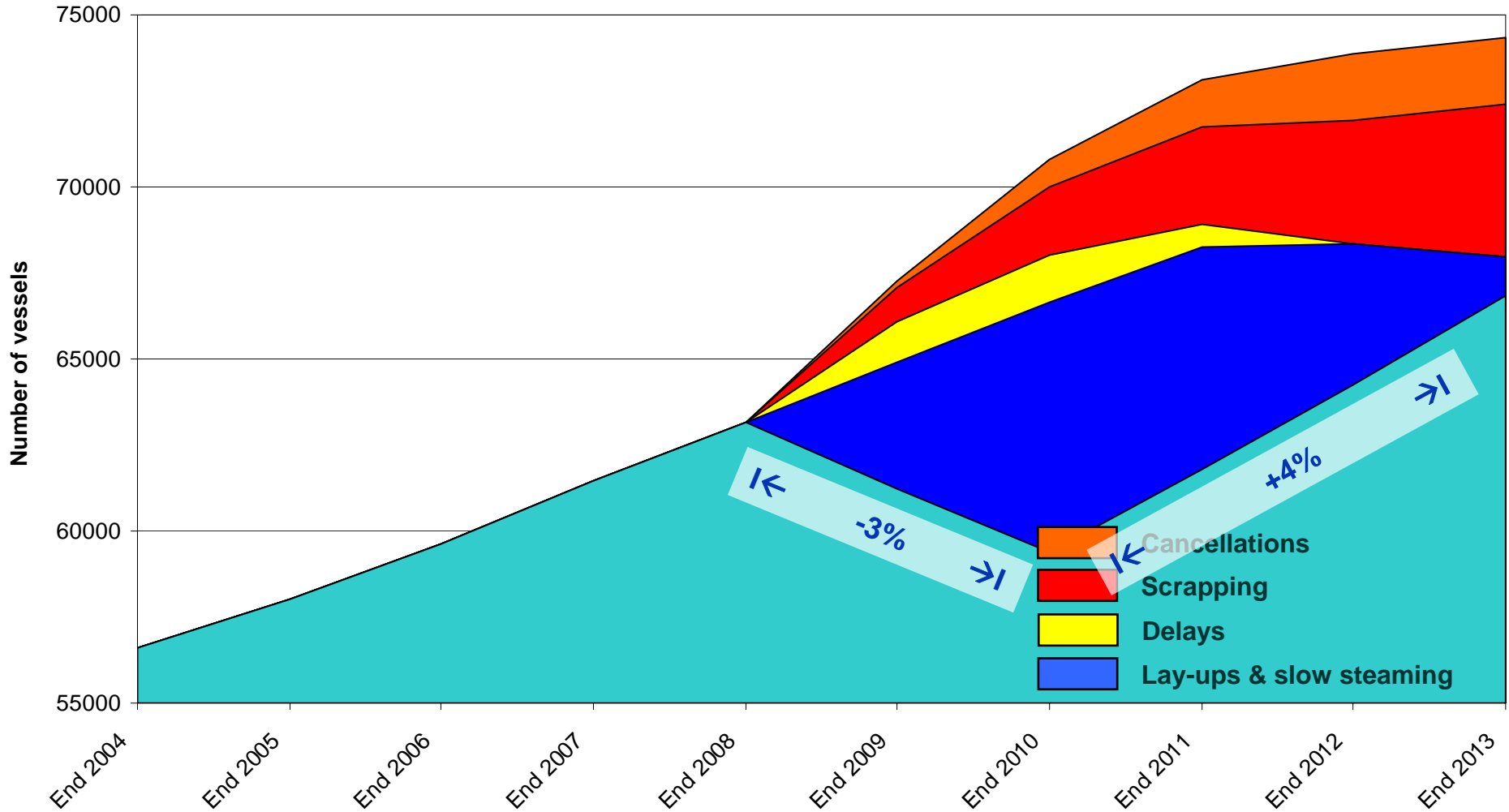
# “WHAT IF” SCENARIOS TOTAL FLEET

# “WHAT IF” scenarios – total fleet



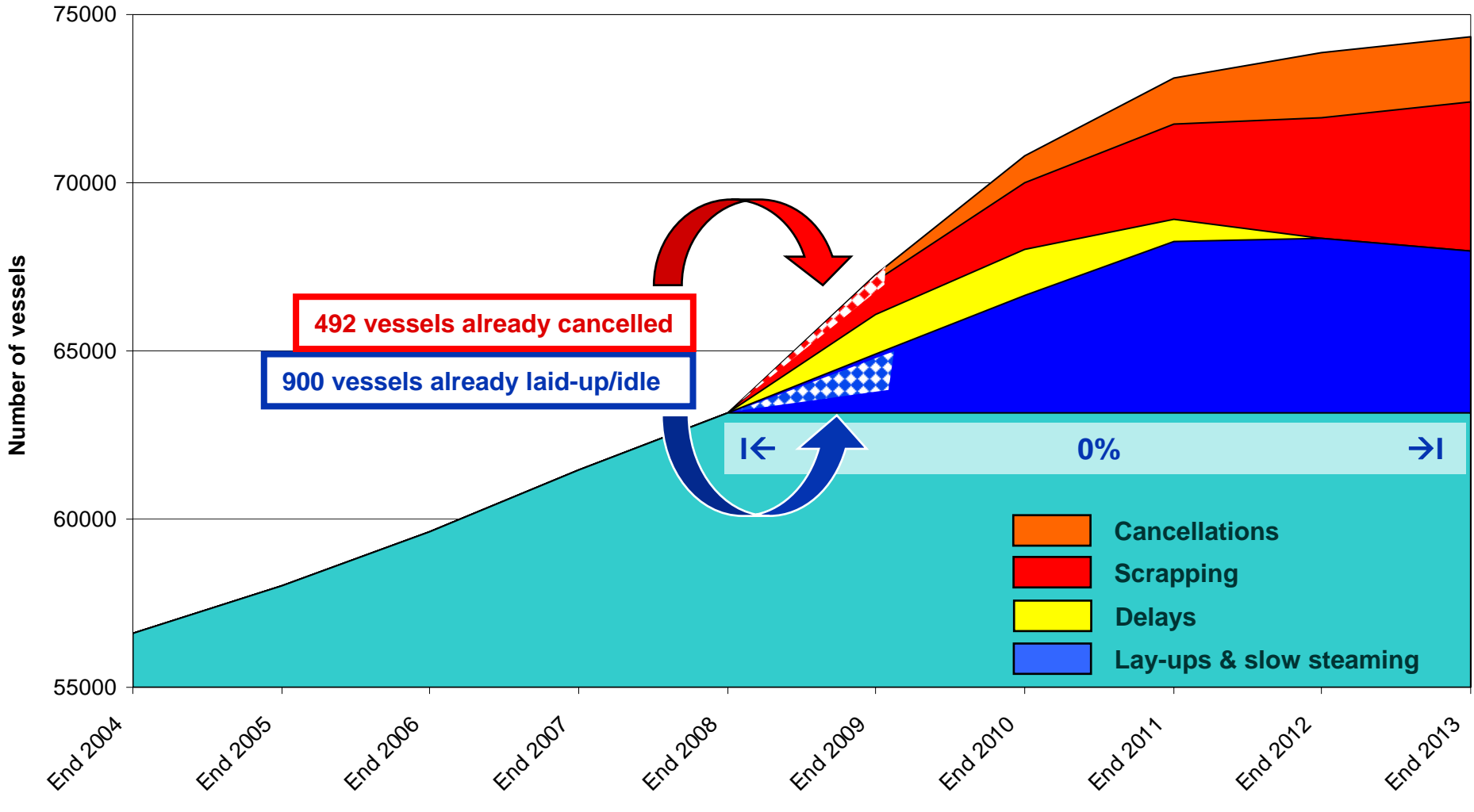
# “WHAT IF” scenarios – total fleet

The World fleet  
Current fleet compared to the future development



# “WHAT IF” scenarios – total fleet

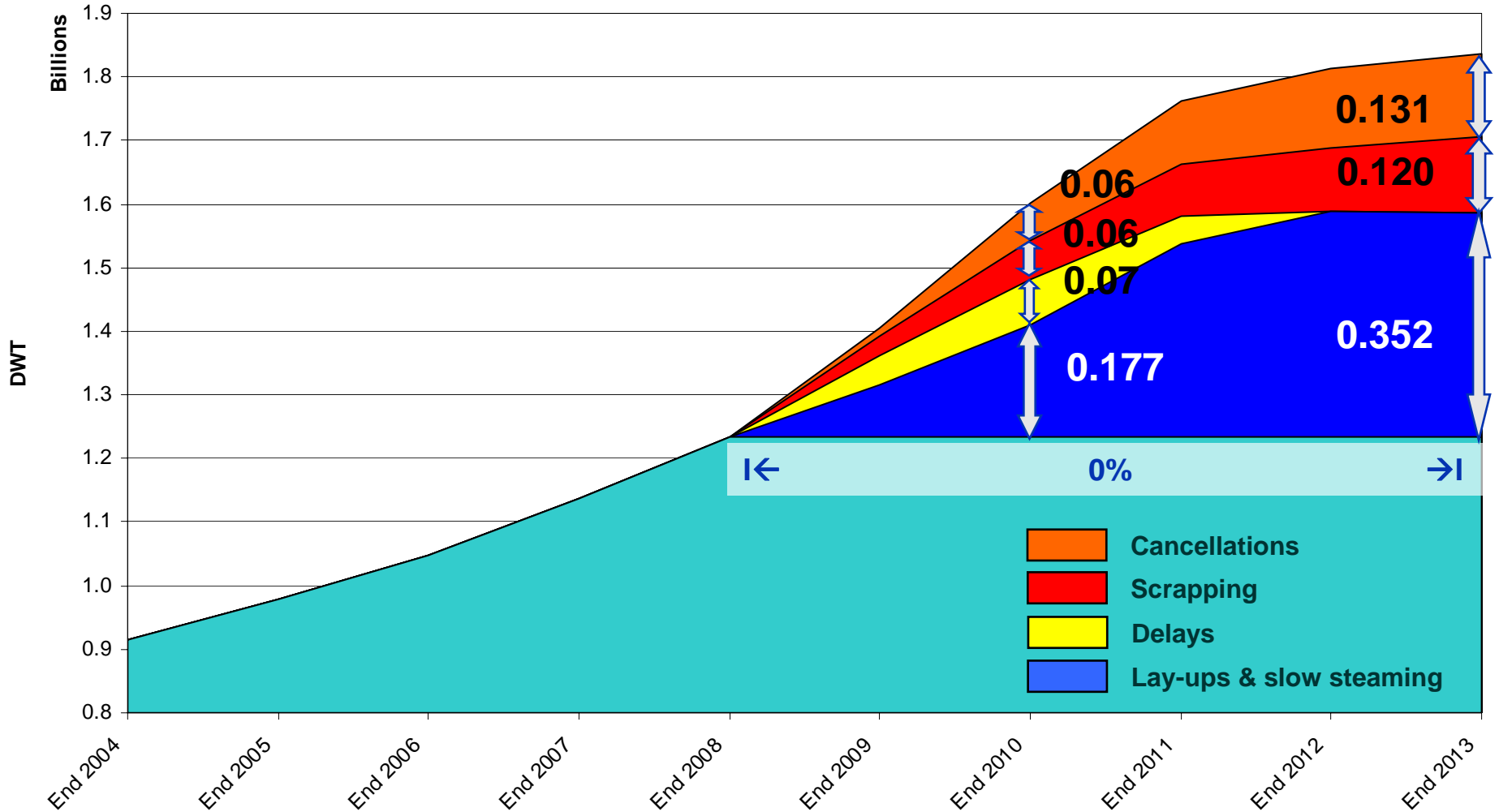
The World fleet  
Current fleet compared to the future development





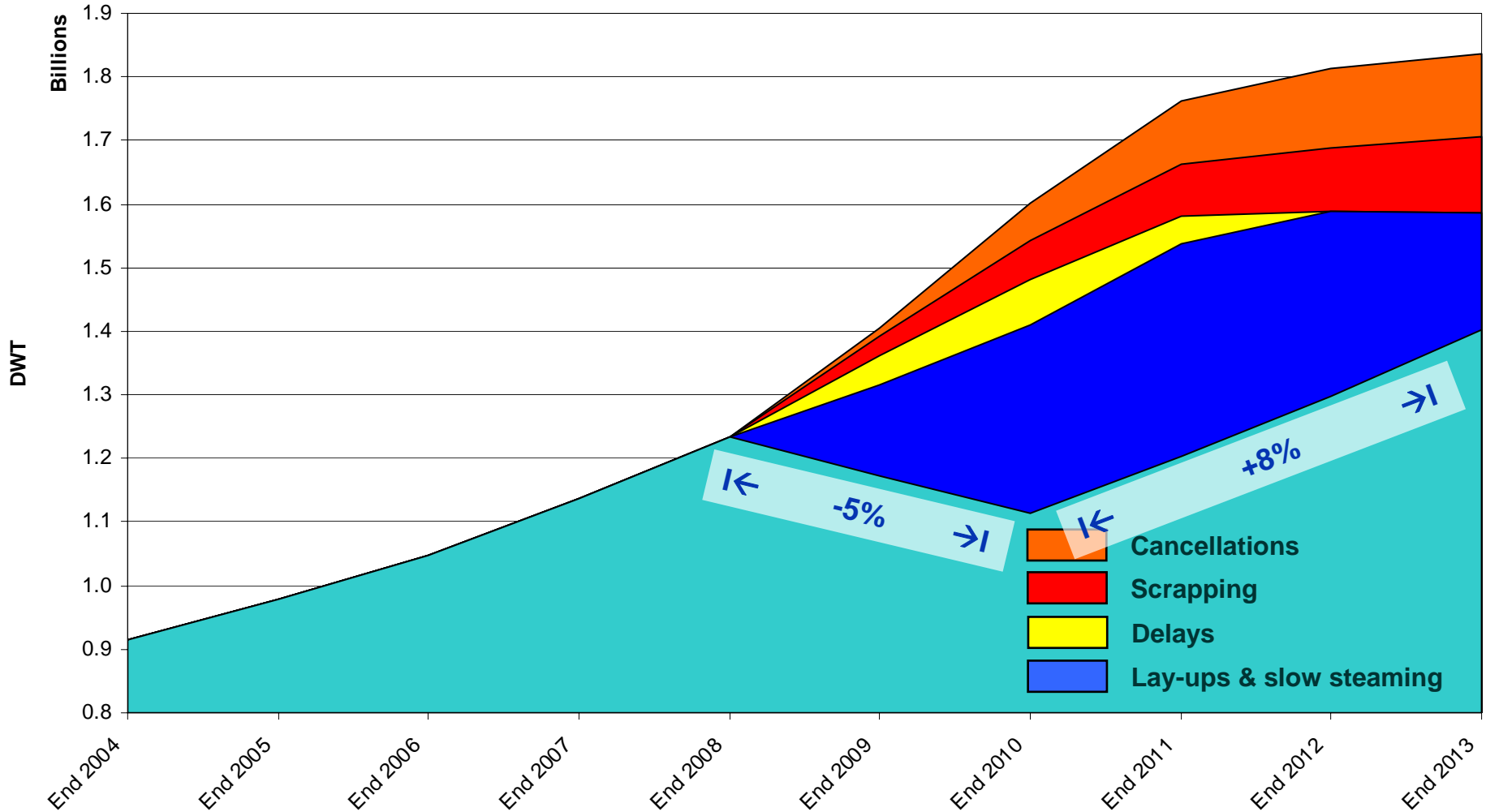
# “WHAT IF” scenarios – total fleet

**The World fleet**  
**Current fleet compared to future development (based upon the current orderbook)**



# “WHAT IF” scenarios – total fleet

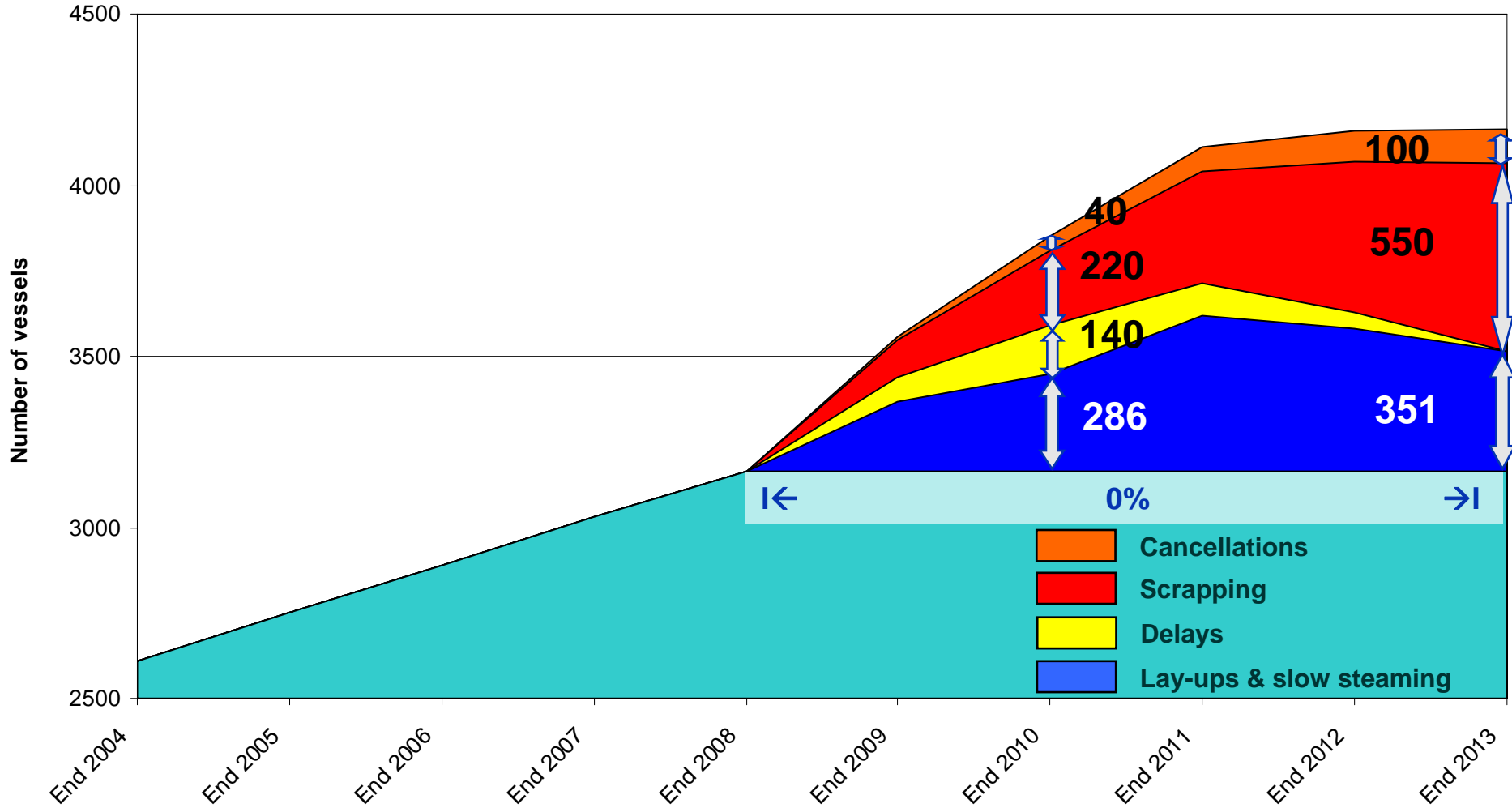
**The World fleet**  
**Current fleet compared to future development (based upon the current orderbook)**



# “WHAT IF” SCENARIOS OIL TANKERS

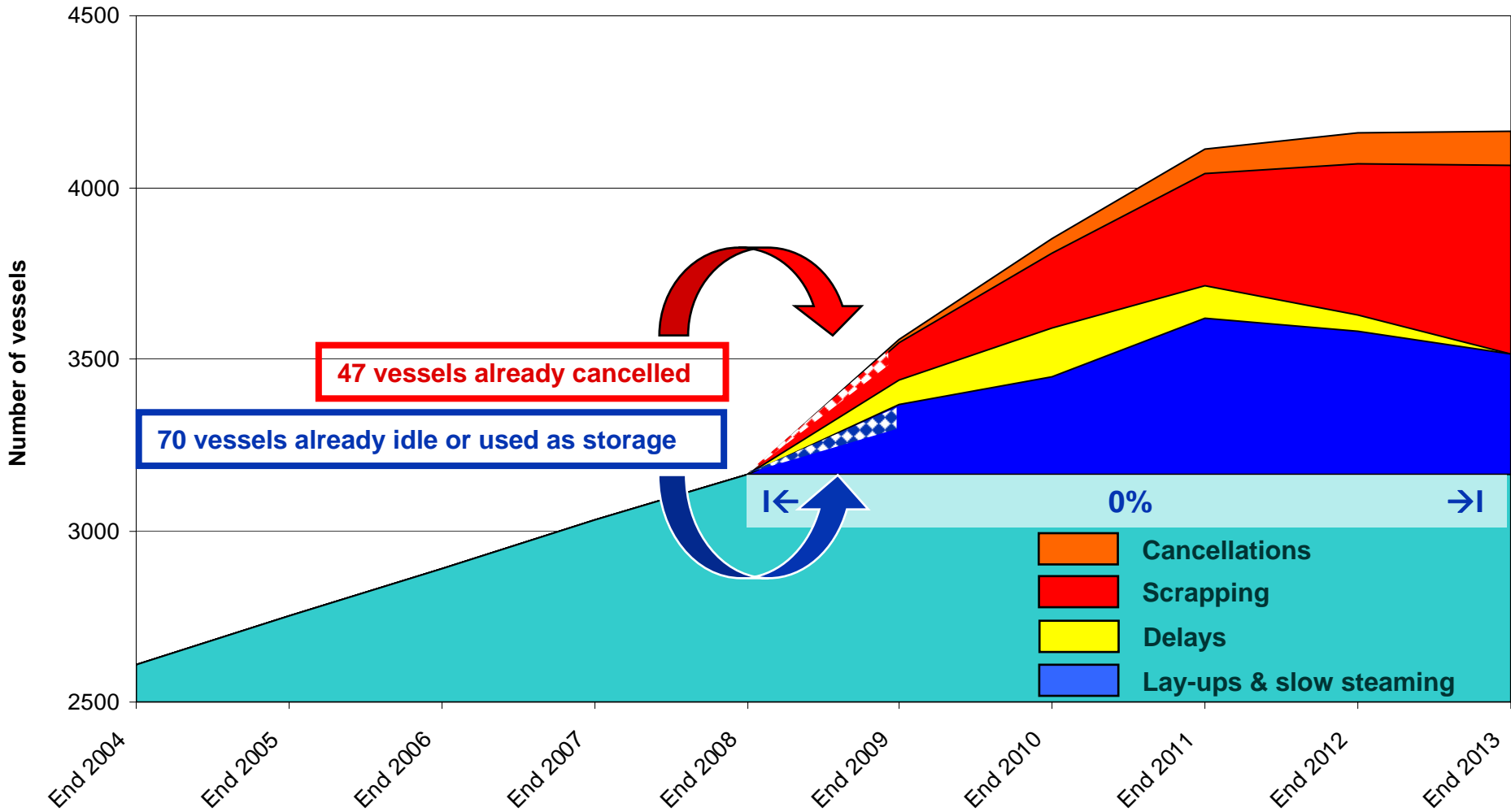
# “WHAT IF” scenarios – oil tankers

The oil tanker fleet (over 10000 DWT)  
Current fleet compared to future development



# “WHAT IF” scenarios – oil tankers

The oil tanker fleet (over 10000 DWT)  
Current fleet compared to future development



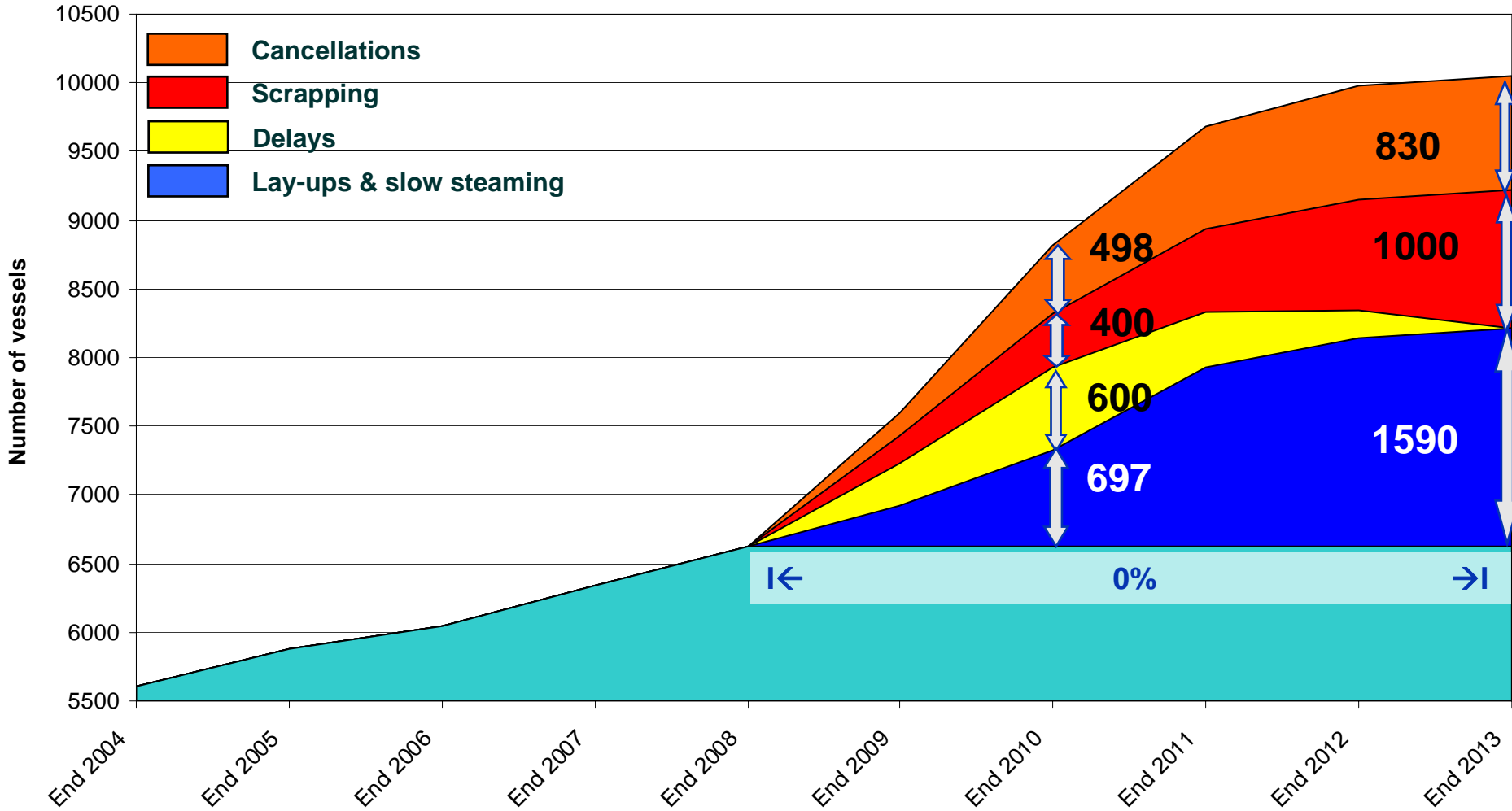


# **“WHAT IF” SCENARIOS BULK CARRIERS**

# “WHAT IF” scenarios – bulk carriers

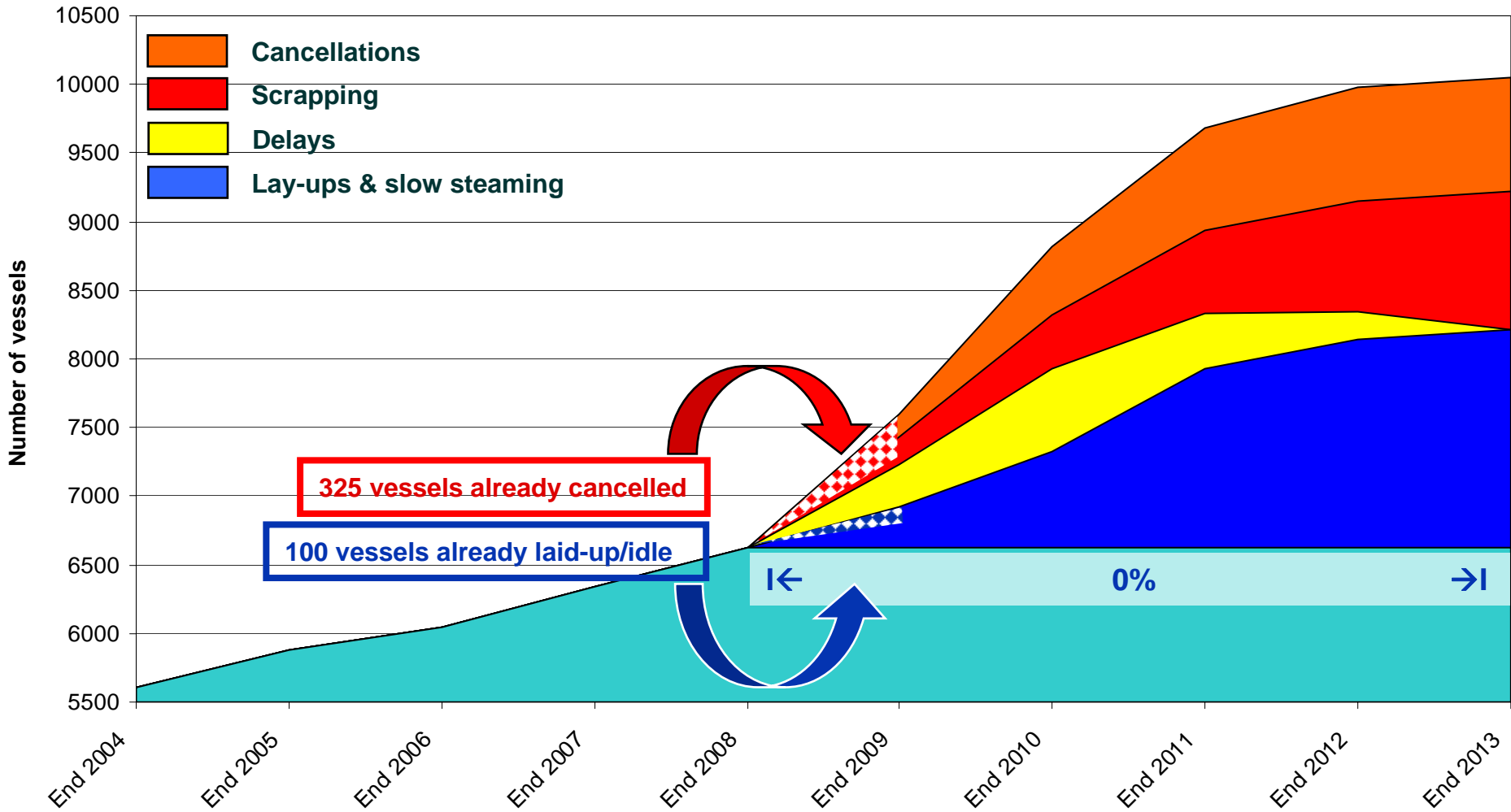


The bulk carrier fleet (over 10000 DWT)  
Current fleet compared to the future development



# “WHAT IF” scenarios – bulk carriers

The bulk carrier fleet (over 10000 DWT)  
Current fleet compared to the future development

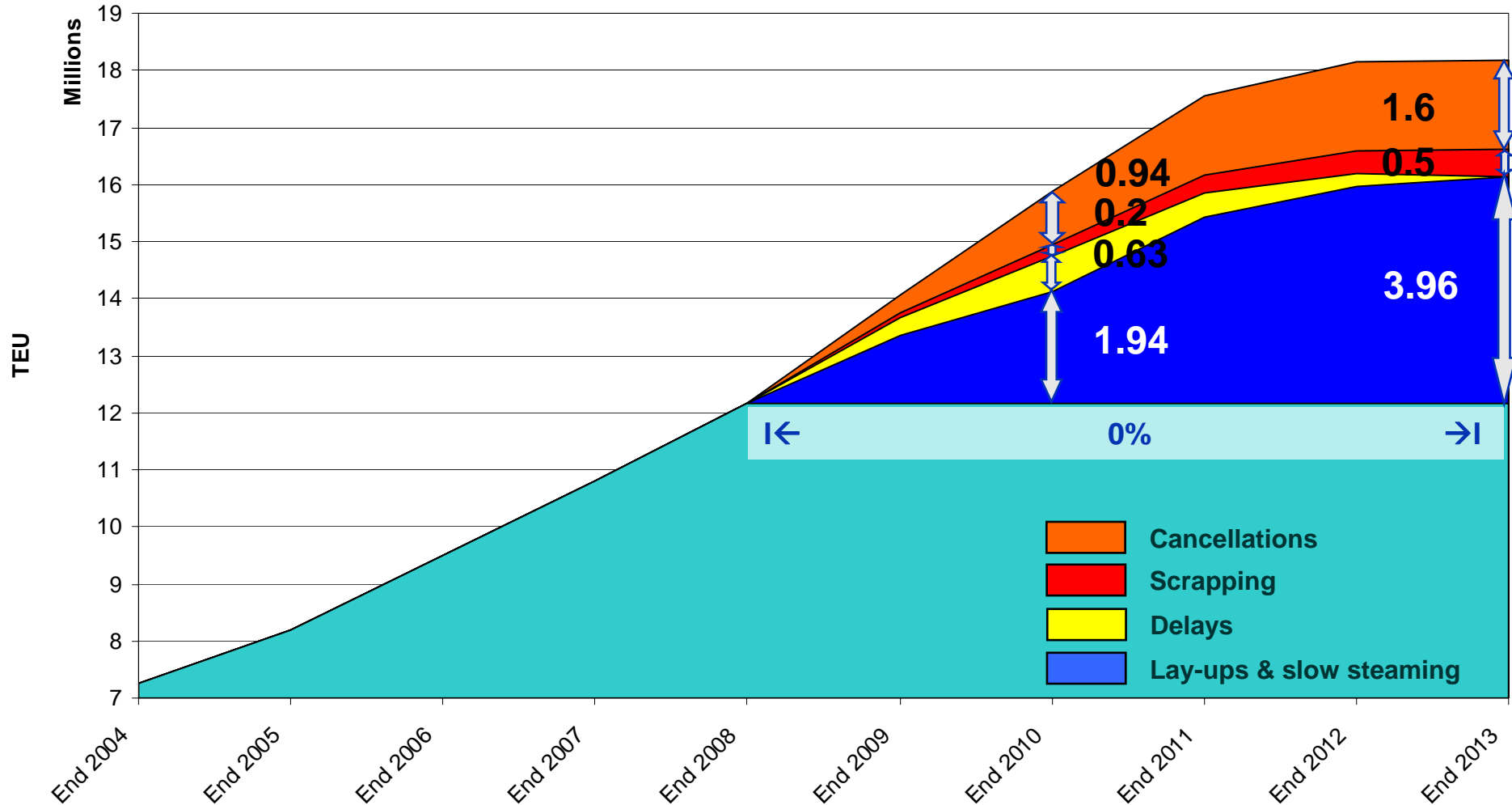




# **“WHAT IF” SCENARIOS CONTAINER SHIPS**

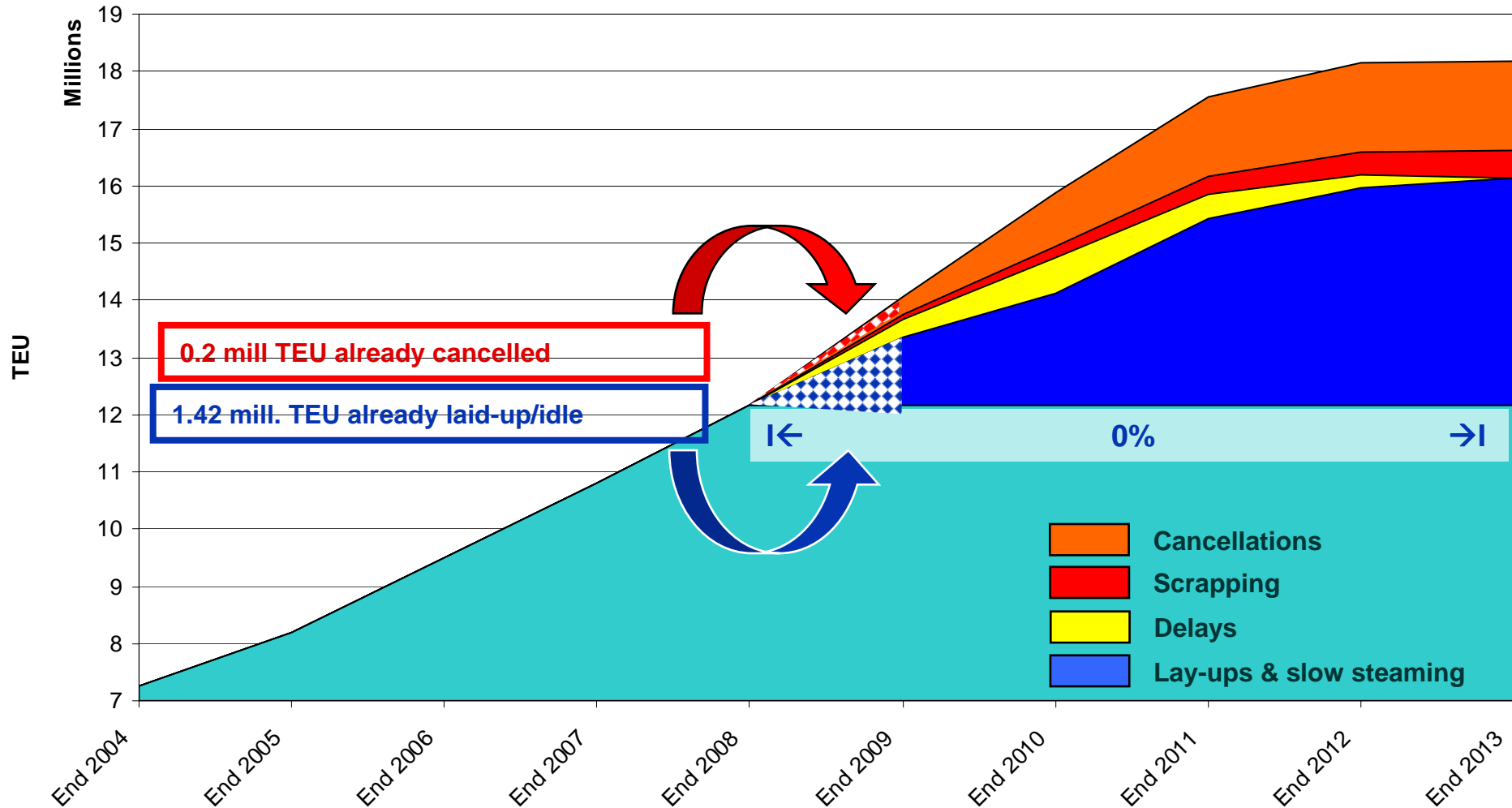
# “WHAT IF” scenarios – container ships

The container carrier fleet  
Current fleet compared to future development



# “WHAT IF” scenarios – container ships

The container carrier fleet  
Current fleet compared to future development





# CONCLUSIONS

- Oversupply is inevitable and likely to remain for a number of years ahead
  - Continued downwards pressure on freight rates
- We expect, very few new contracts will be signed in 2009 as well as 2010
  - Yards will struggle with cash flows
  - Owners unlikely to order, except some niche segments
  - Financing remains difficult
- Cancellations of contracts continue to grow
  - Owners will use any possible means to withdraw from their commitments
- Increased scrapping reaching (or exceeding) historical records
  - Risk to the natural environment
- Many vessels will remain in lay-up positions
- Owners will cut any possible costs
  - Risk for safety and quality of vessels



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**THANK YOU**