



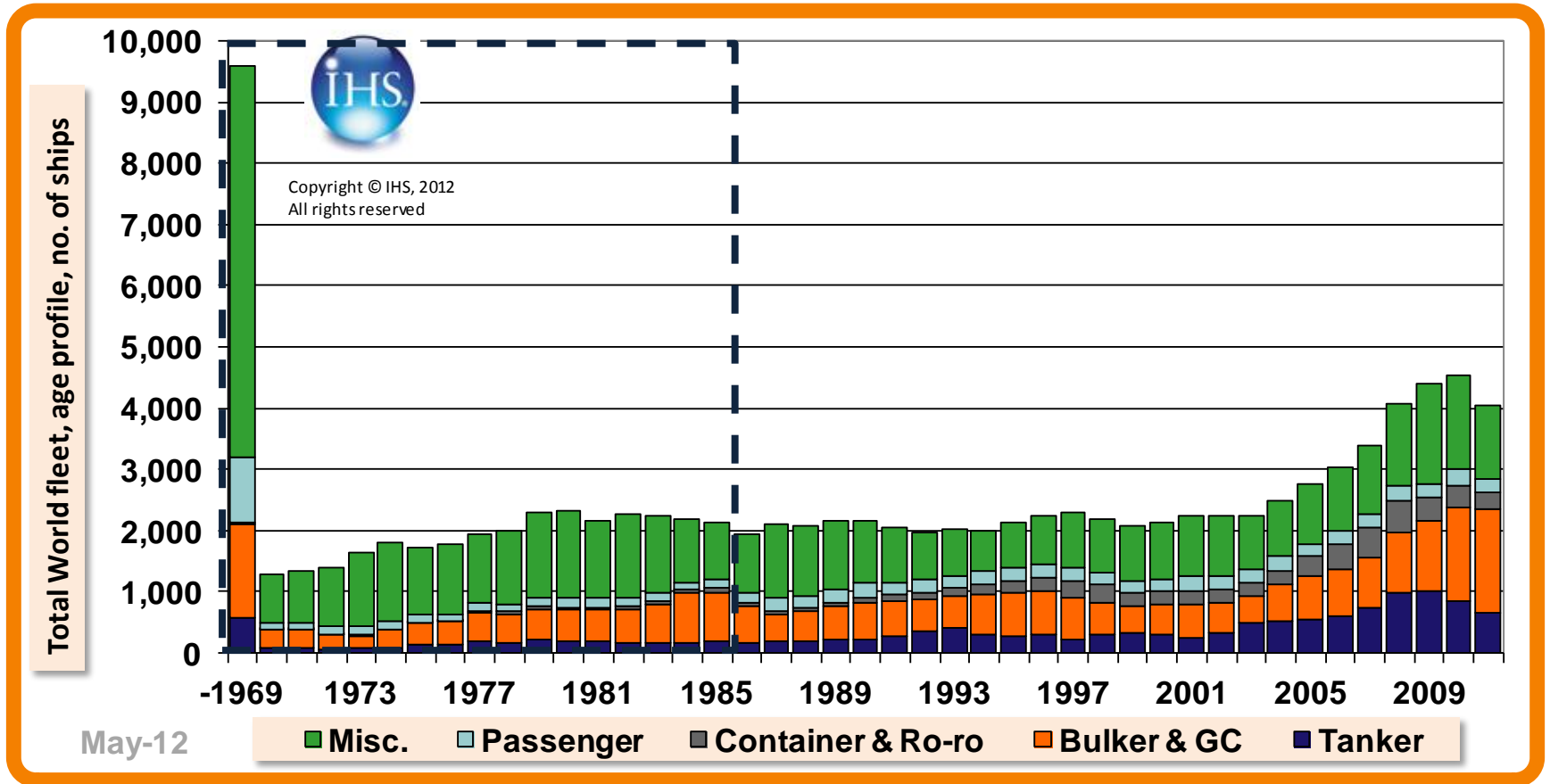
**The coming dramatic fall in
shipbuilders output – or?
Norway, May 21, 2012**

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Director

What do we know right now? As per early May 2012

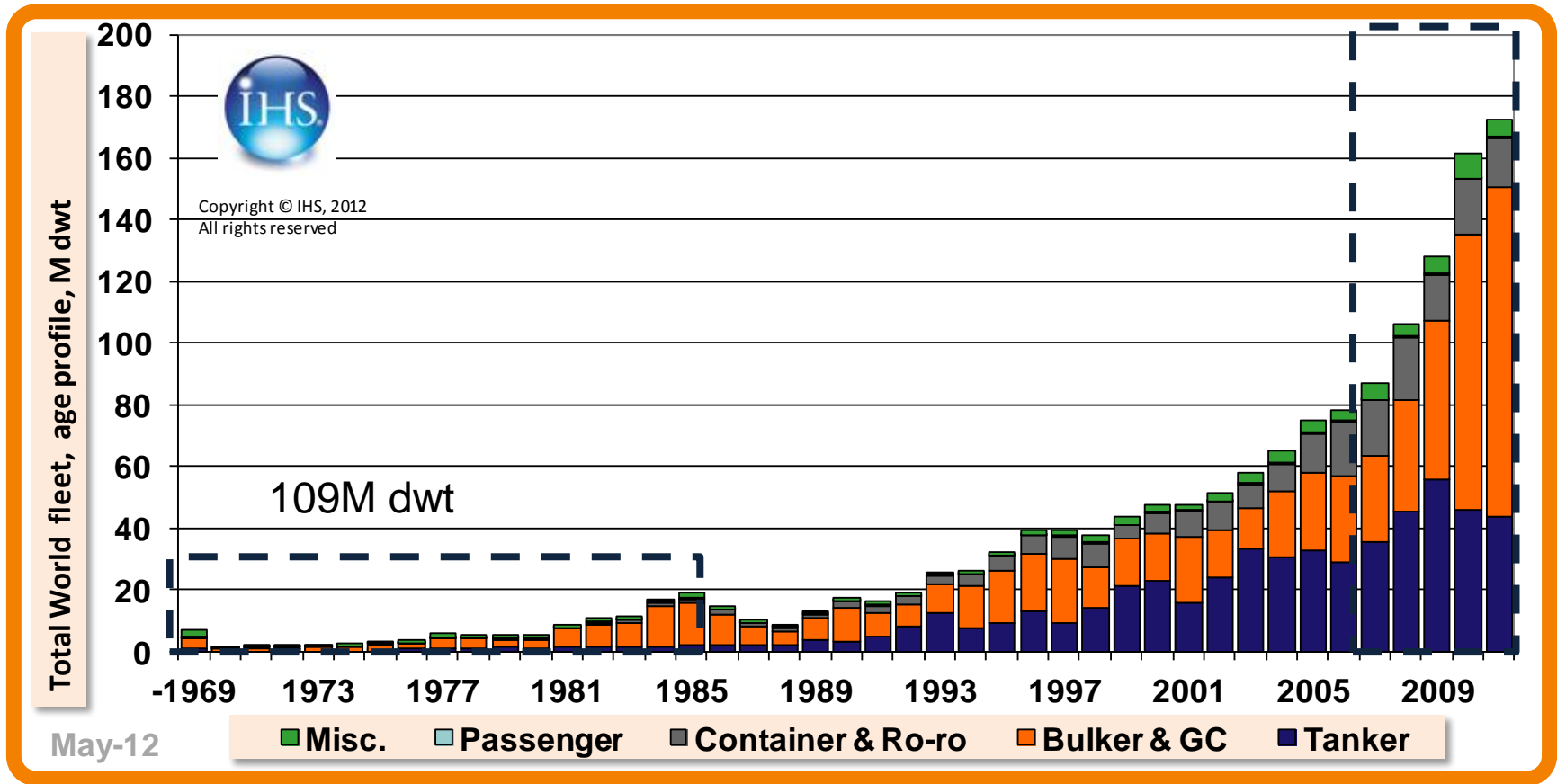
- The World Fleet
 - 108,705 ships
 - 1,584,938,661 dwt
- In 2011 (1st third 2012)
 - 173M dwt delivered (59M dwt)
 - 58M dwt removed (26 M dwt)
 - 79M dwt contracted (14M dwt)

The World Fleet is Very Old; 42,000 ships are Older than 25 years

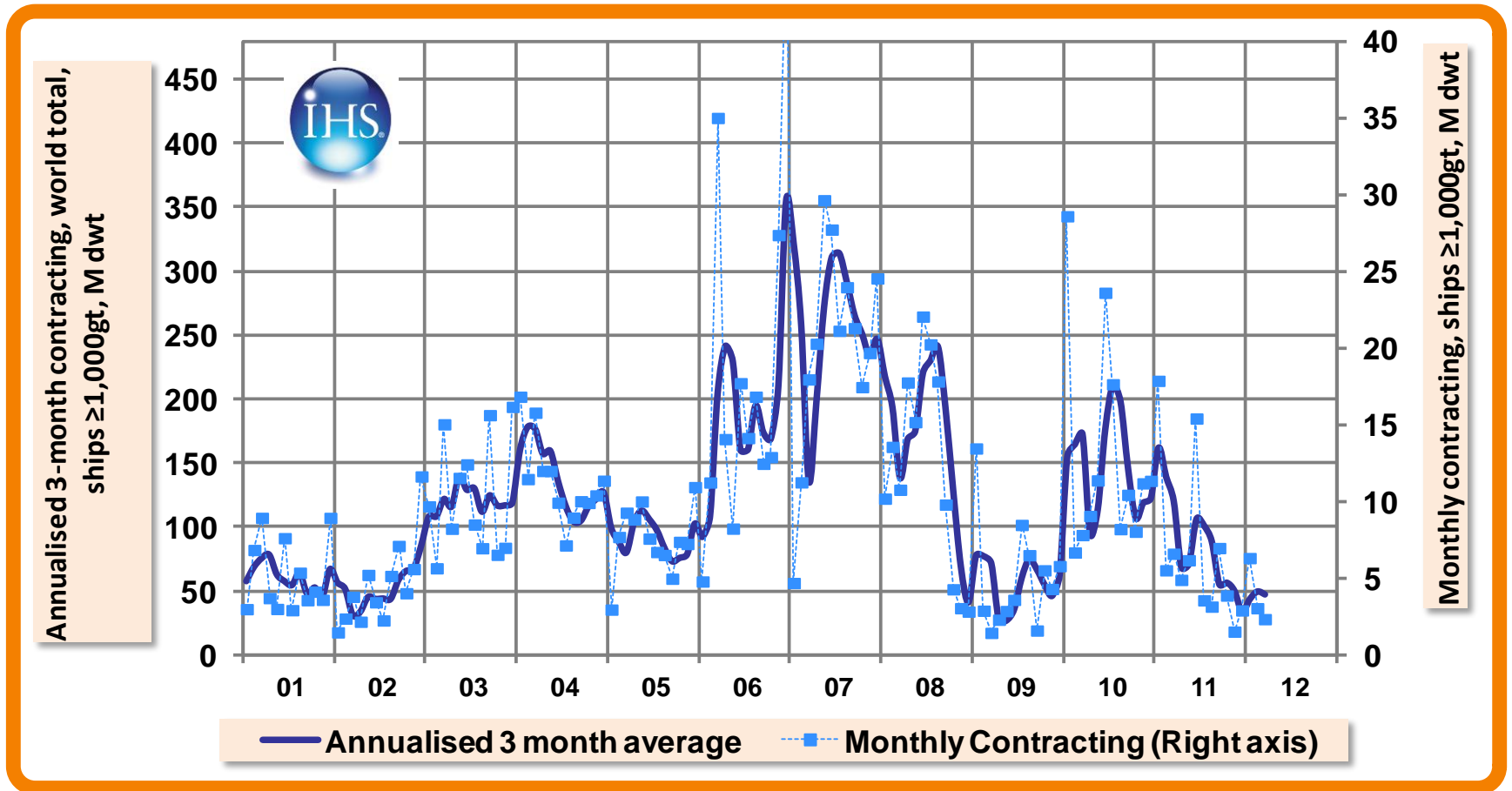


The world fleet is very young; 655M dwt ≤5 years

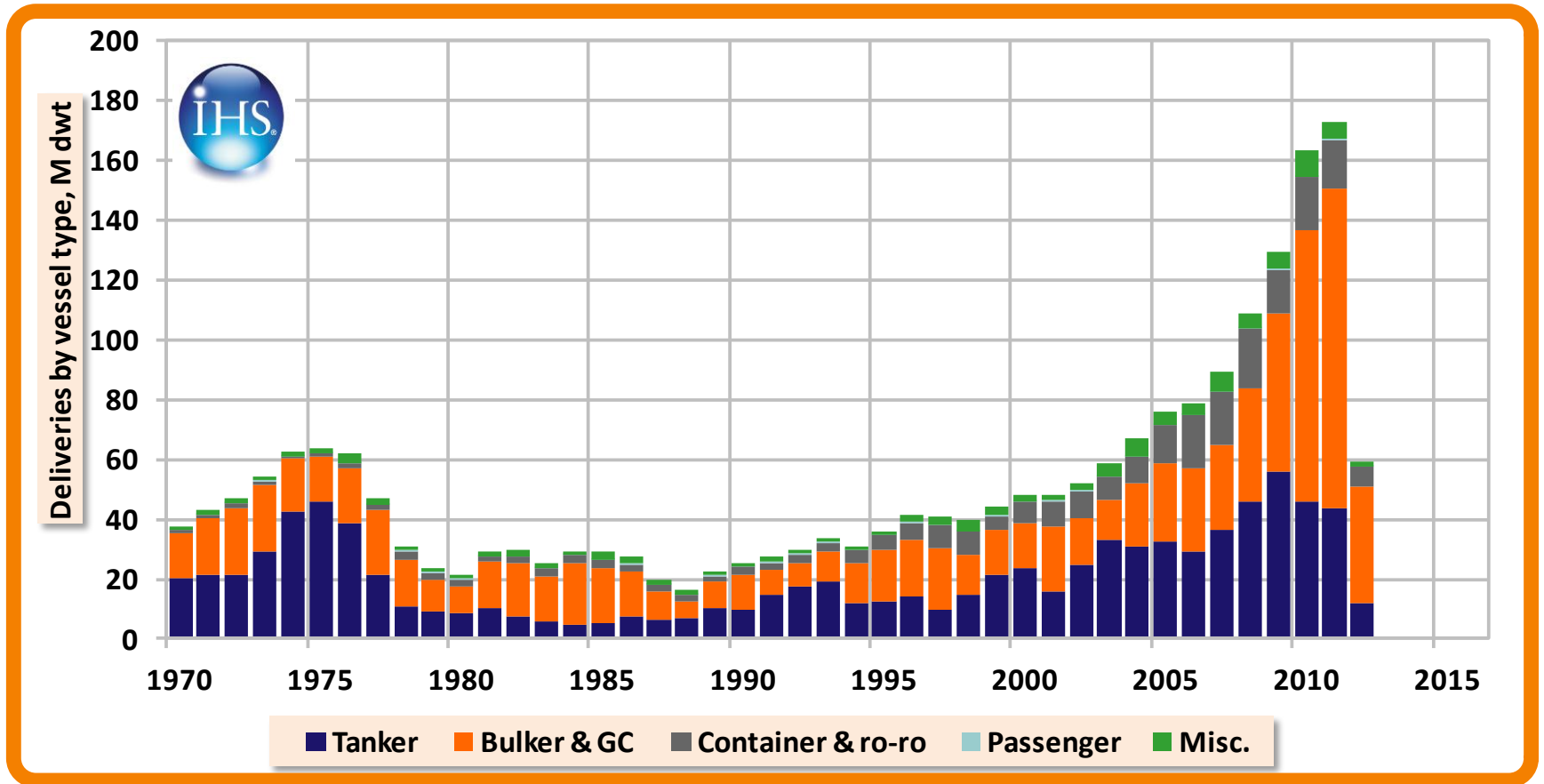
50% Bulkers



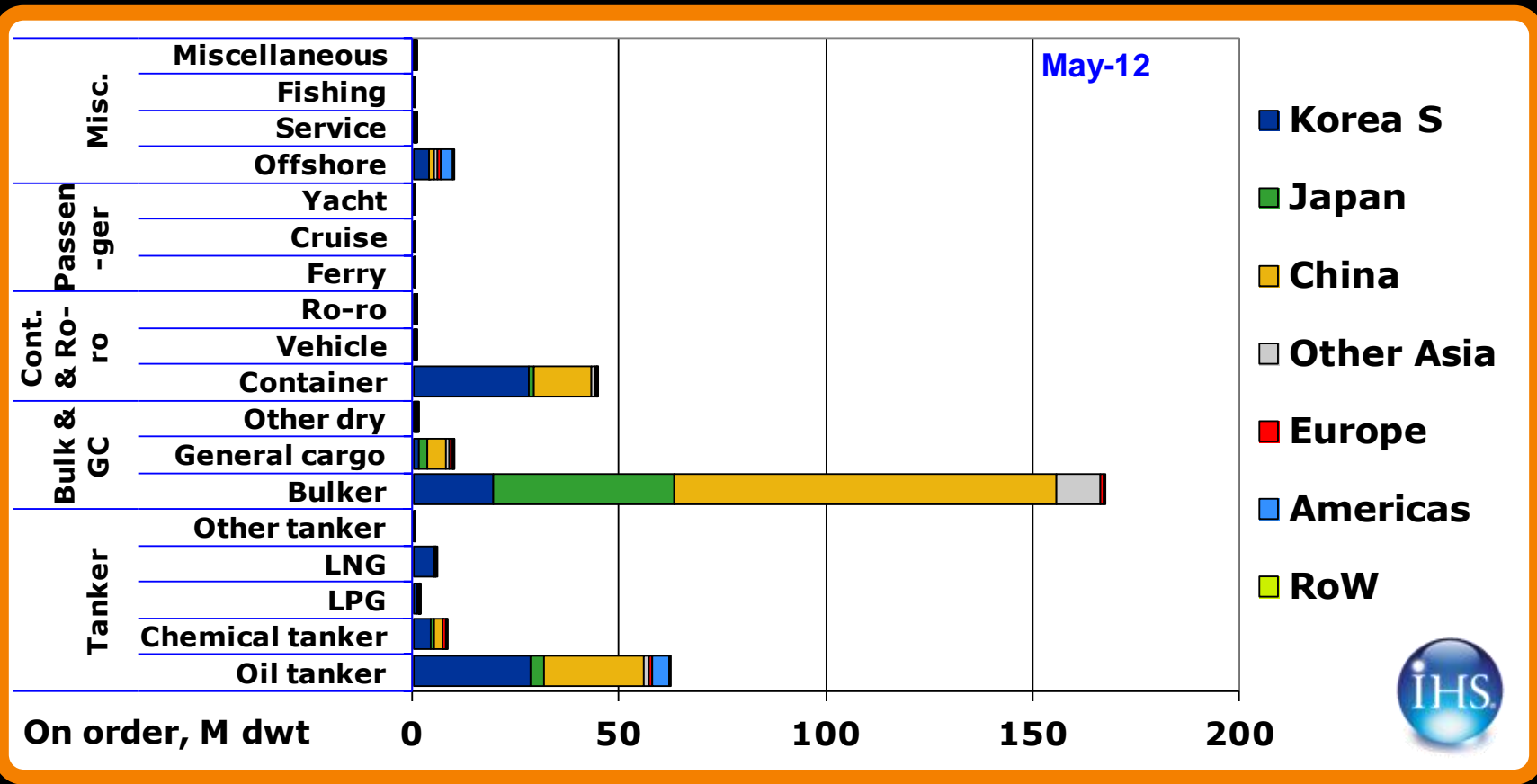
New orders in 2011 higher than the 2009 years level, levels decreasing through the year, but picking up again



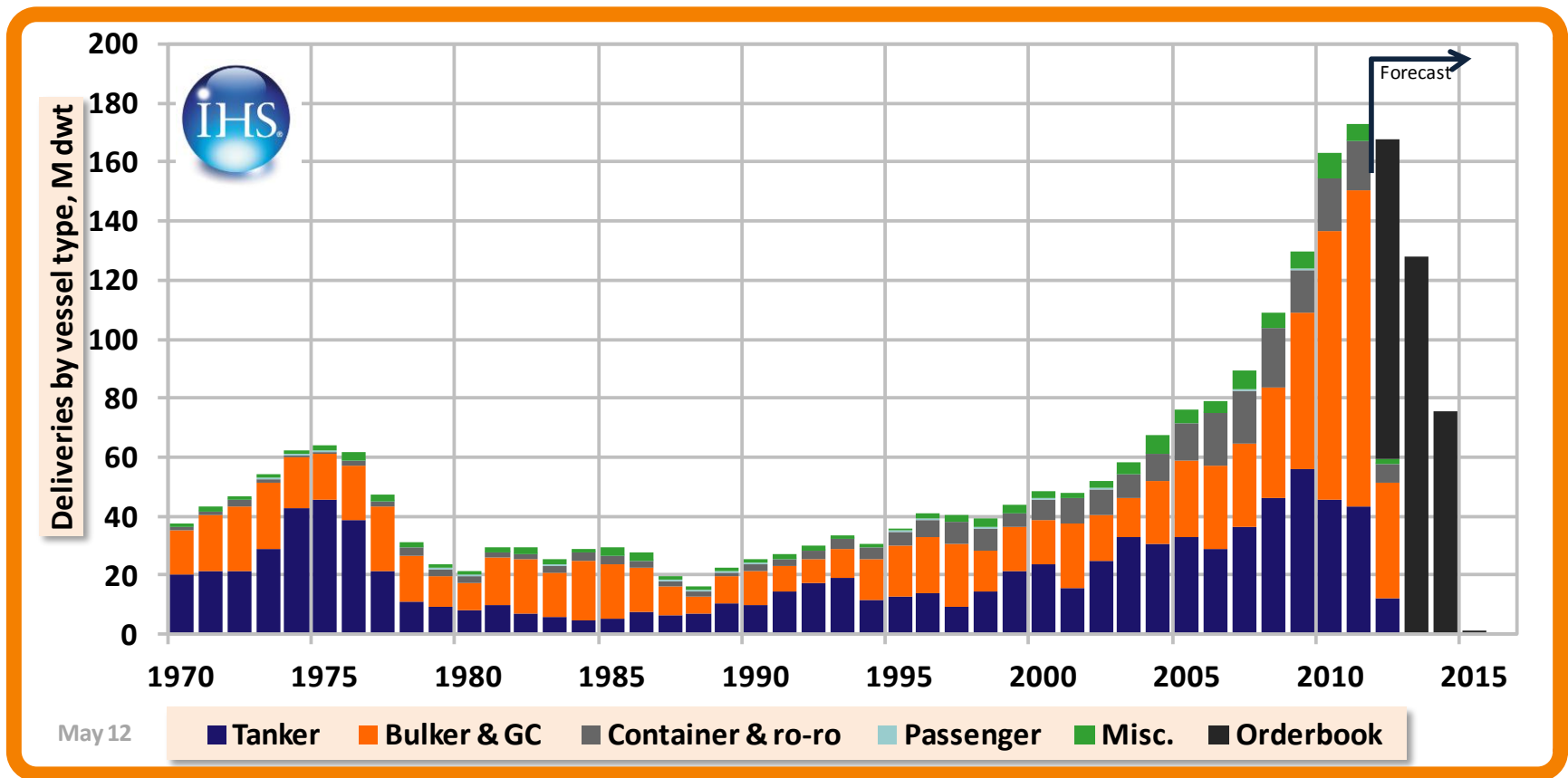
Deliveries in 2010, 2011 and (most likely) 2012 at stunning levels



We also have a substantial orderbook at 355M dwt (23%)



Even so, without any new orders the deliveries would look like this, slightly worrying in a yard perspective...

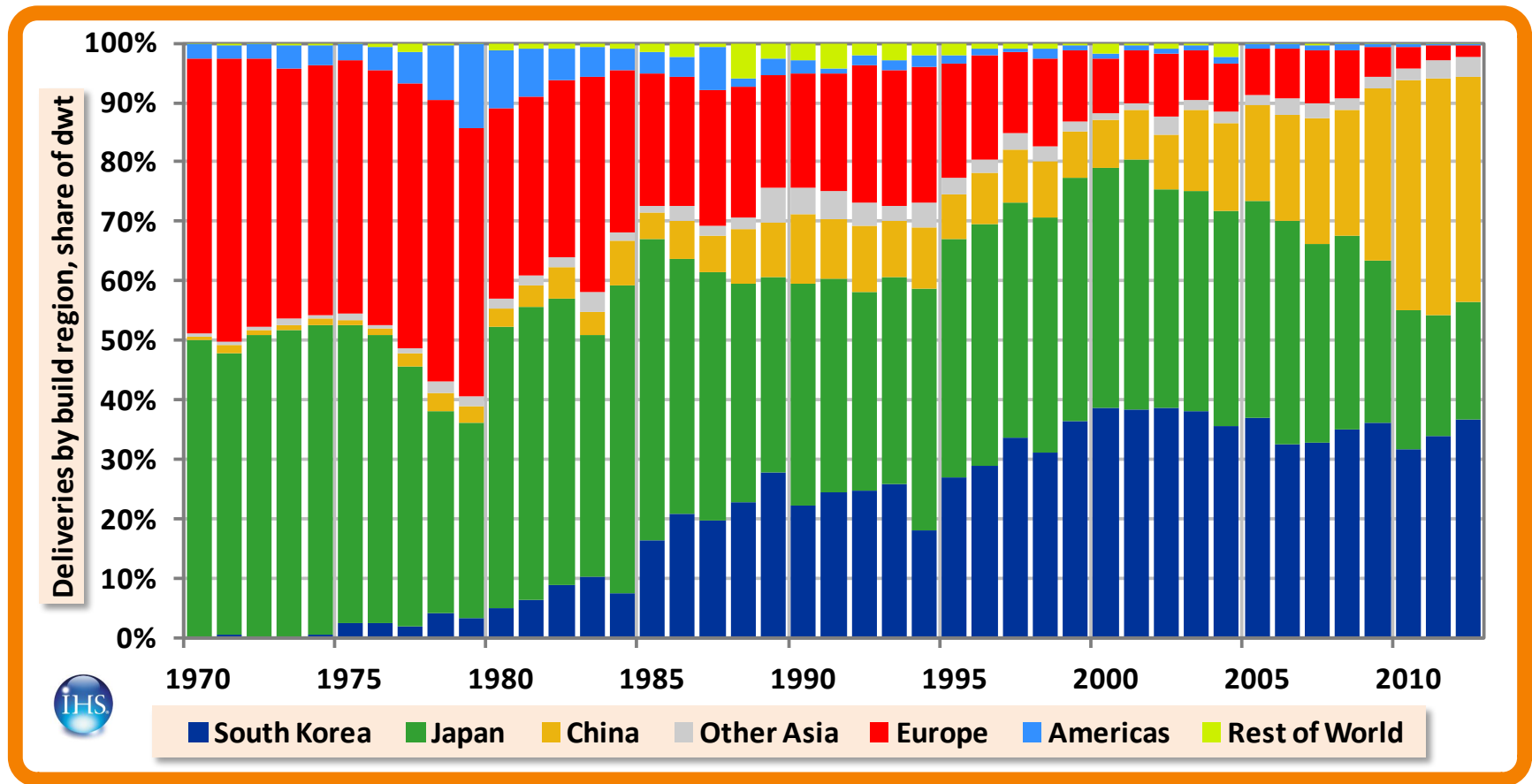


The yards need new orders.

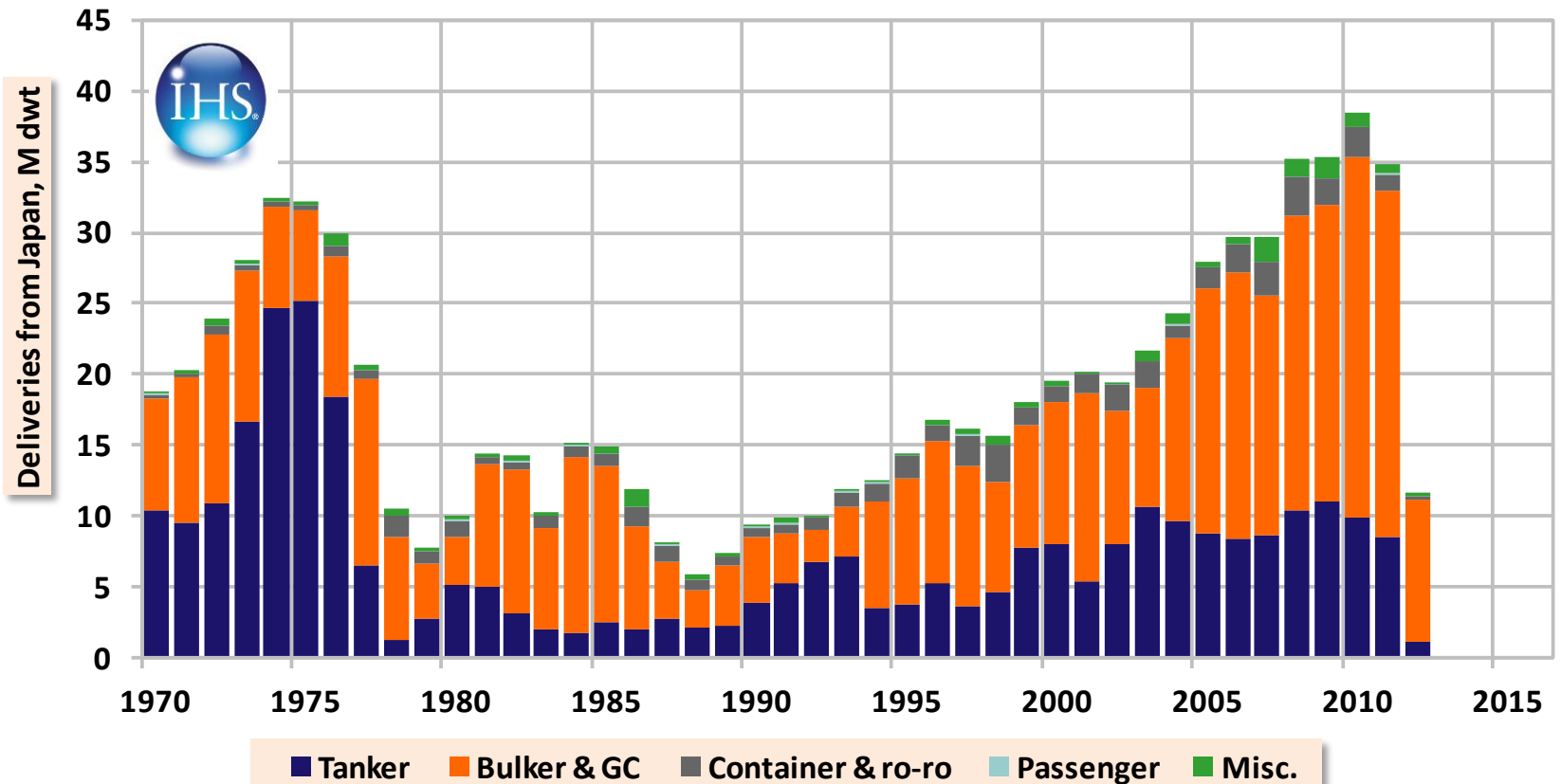
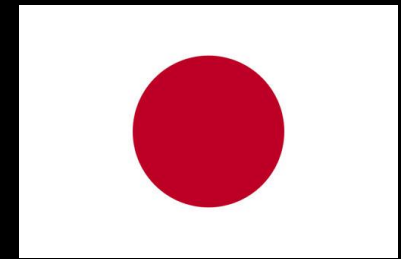
Some drivers are:

- **Technically obsolete / worn out**
- **Scale of economy**
- **Operational efficiency**
- **Environmental performance**
- **Choice of fuel**
- **Surplus building capacity**

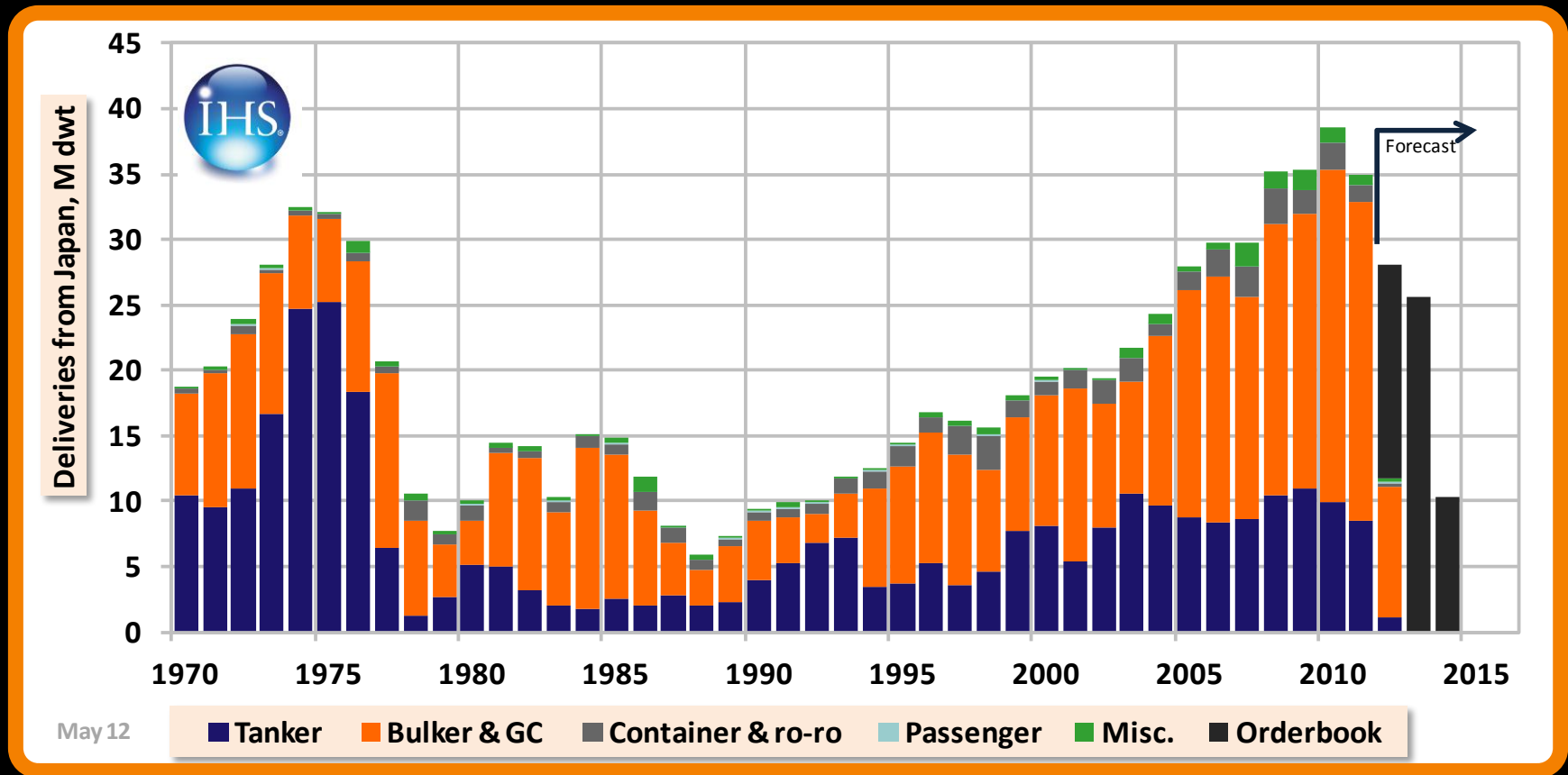
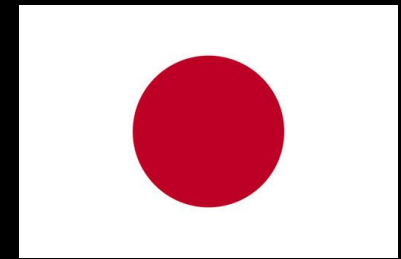
The shipbuilding output the last 43 years, moving east, Japan first and China most rapid



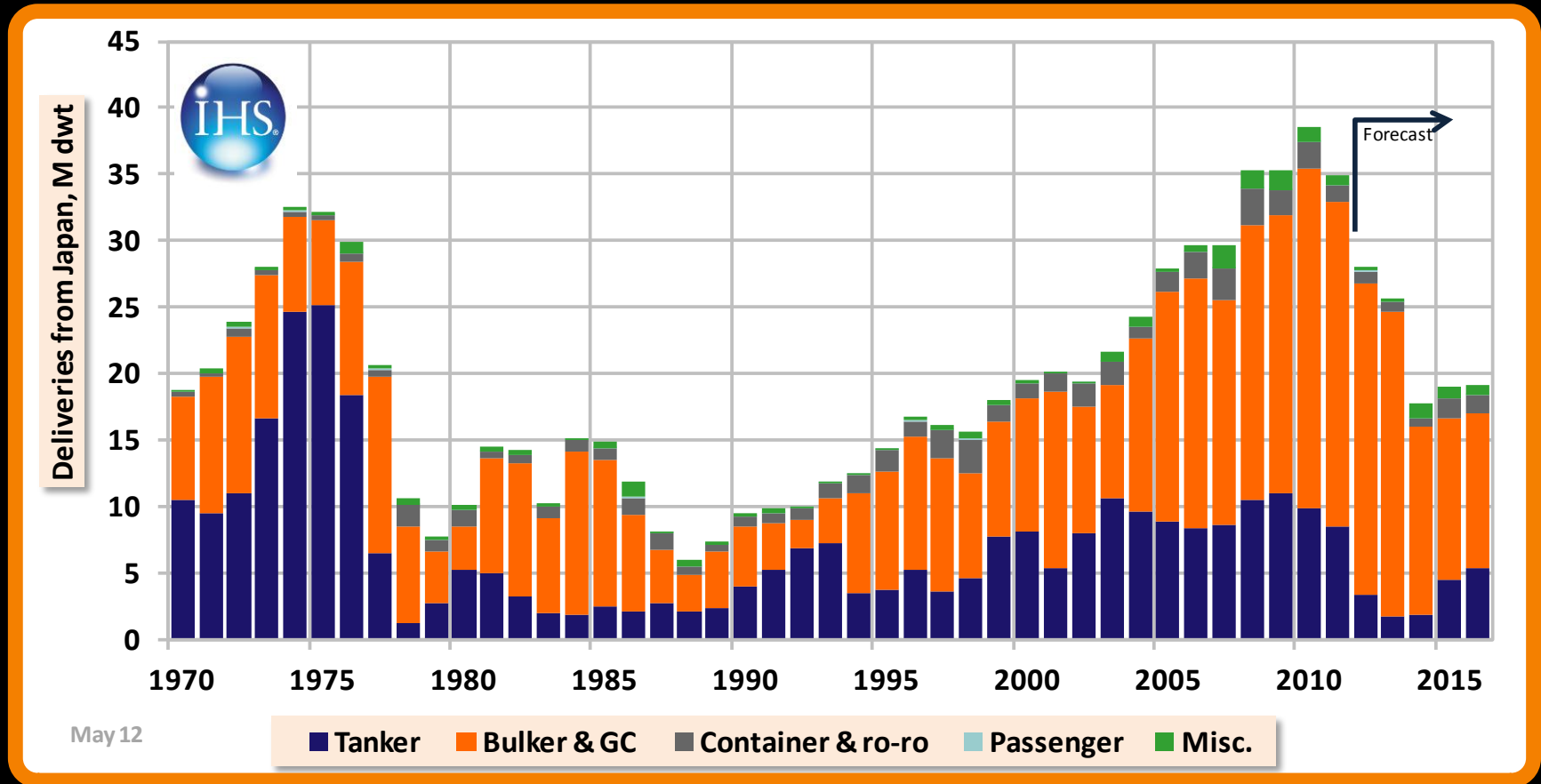
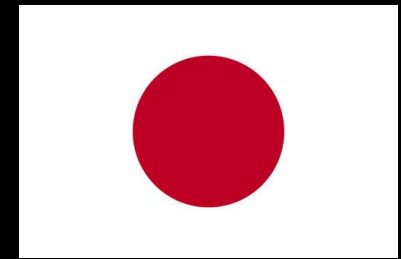
Deliveries from Japan, peaked at 38M dwt in 2010



The orderbook indicates a substantial fall the years ahead...



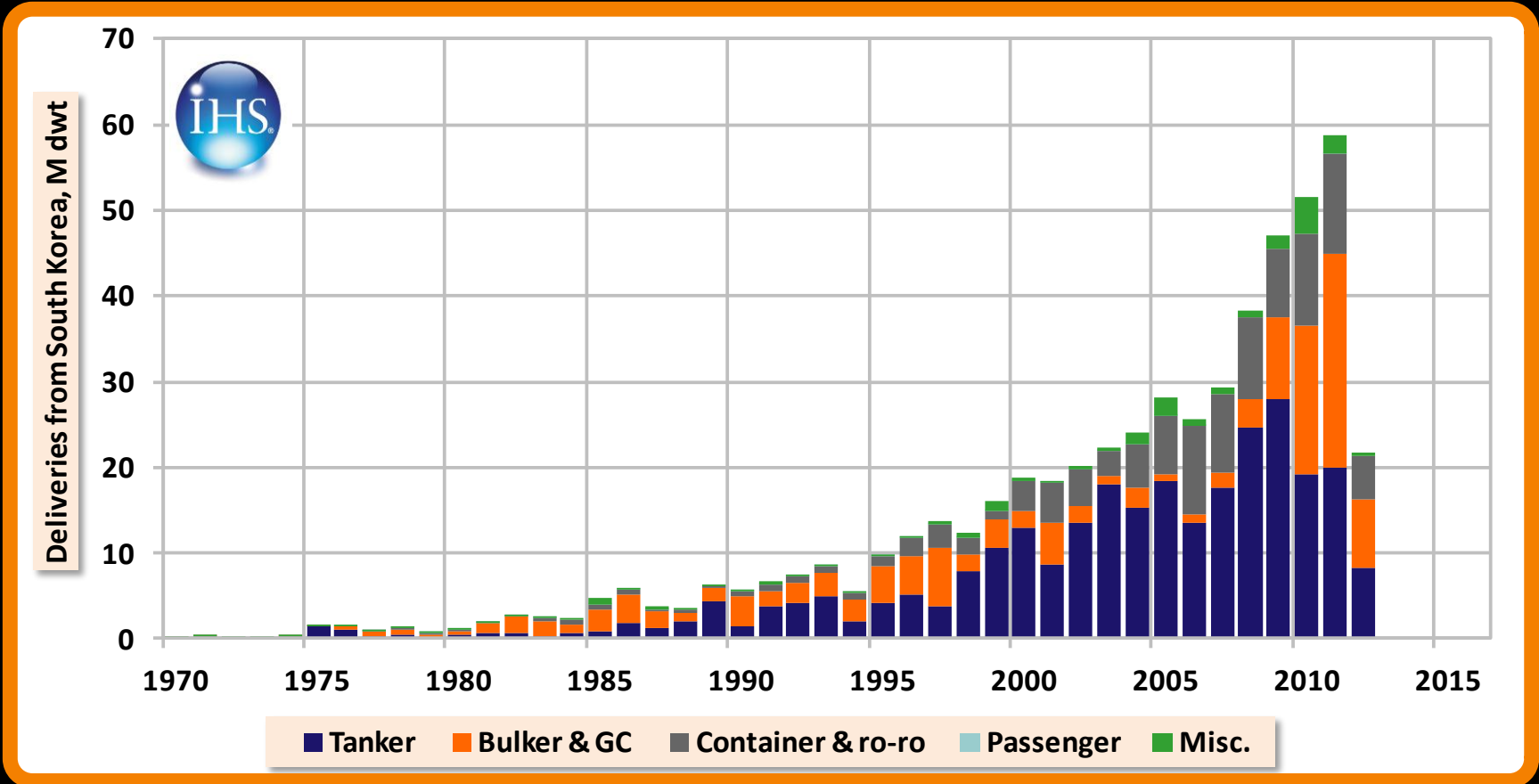
The orders will come to save a production level at 17M dwt – less than 50% of the peak



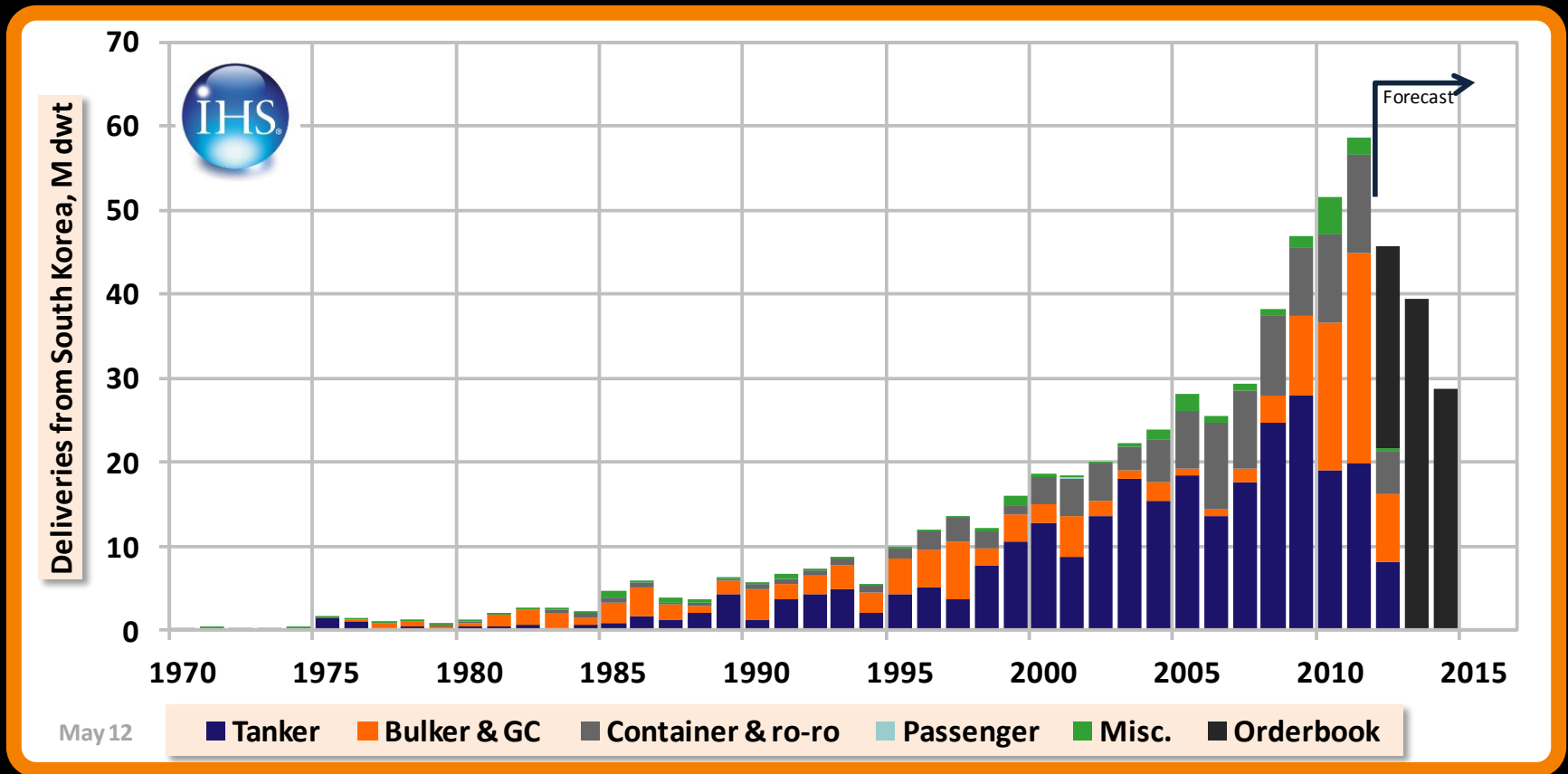
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■ Tanker ■ Bulker & GC ■ Container & ro-ro ■ Passenger ■ Misc.

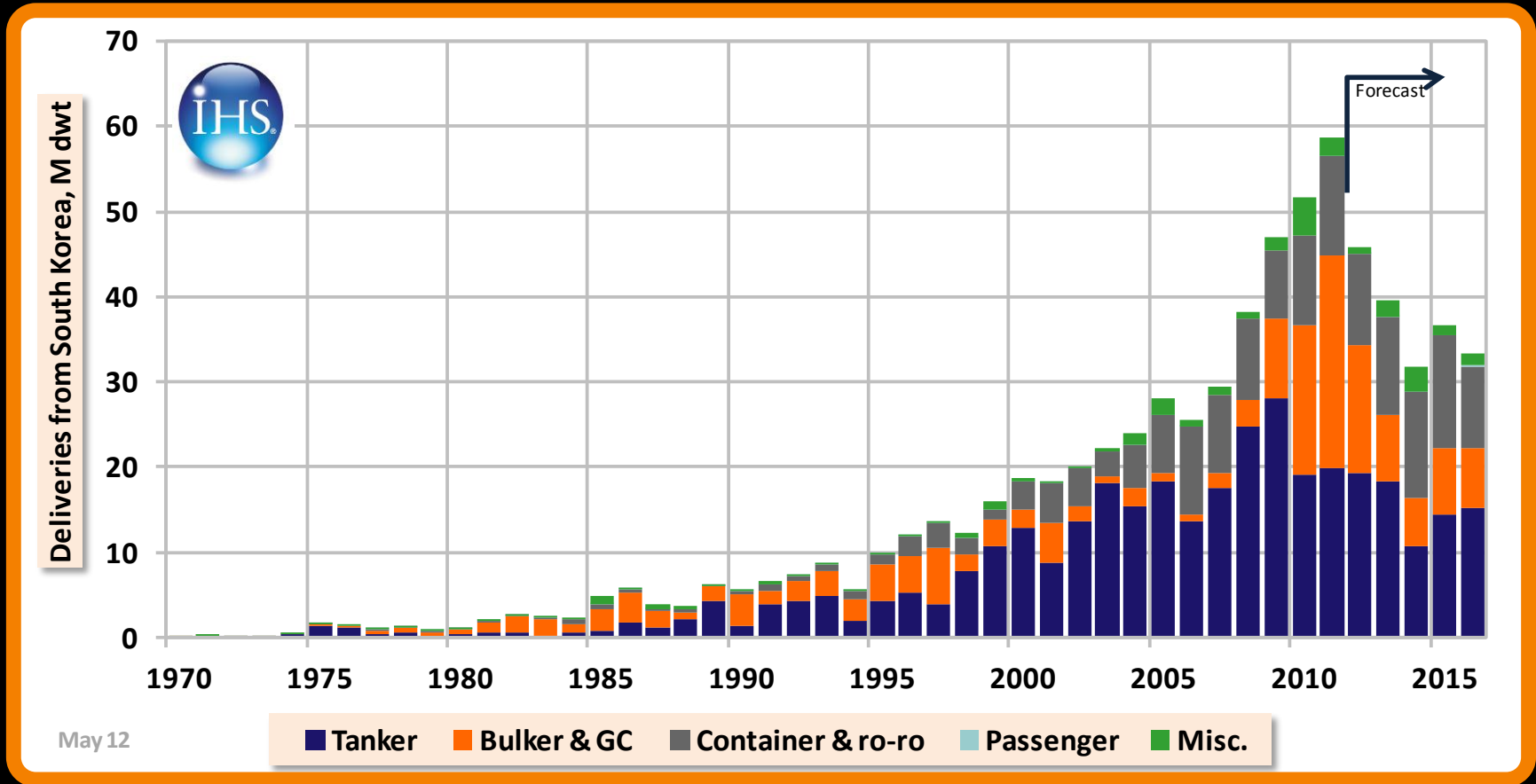
Deliveries from South Korea, peaked at 59M dwt in 2011



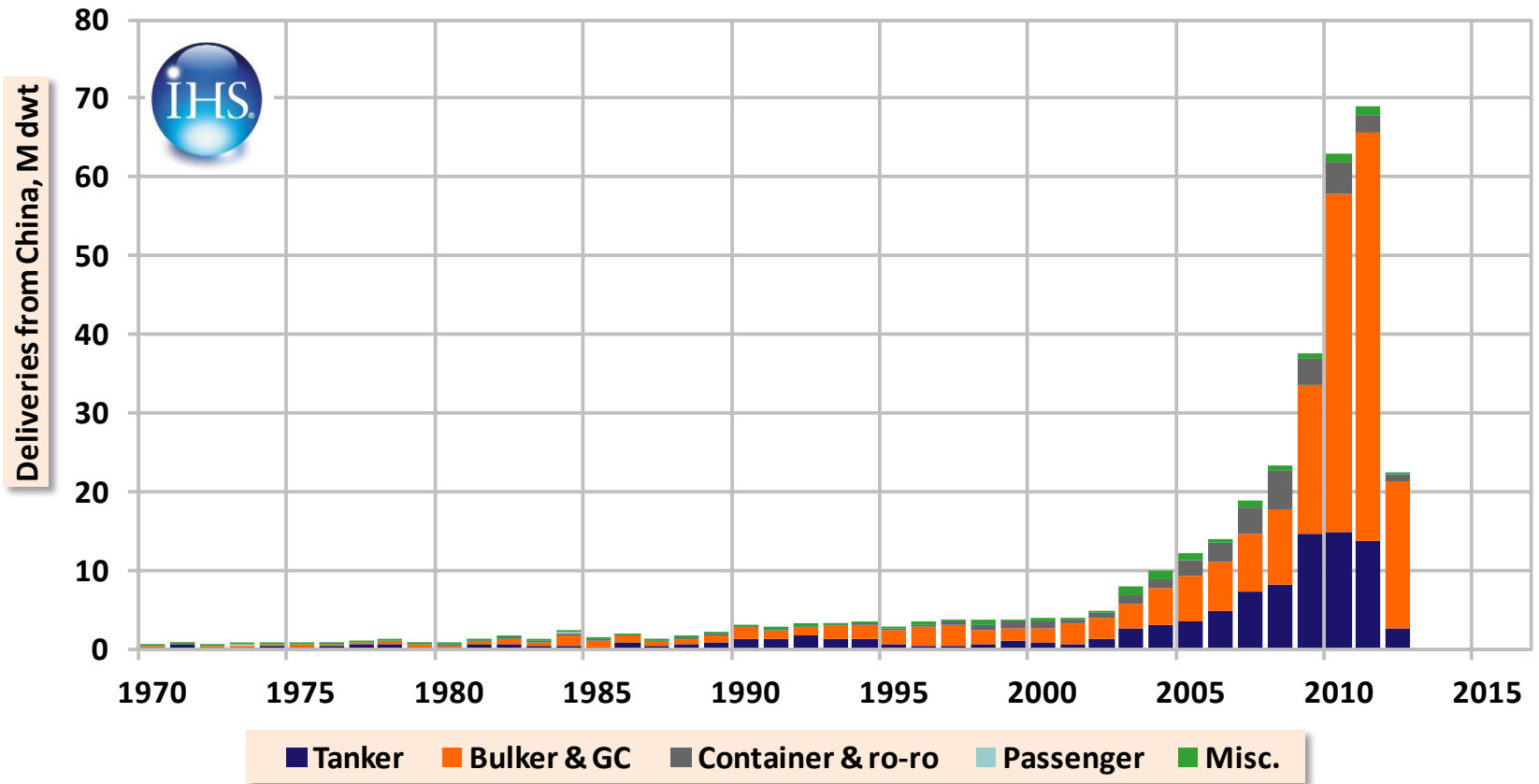
The orderbook indicates a drama in the years ahead



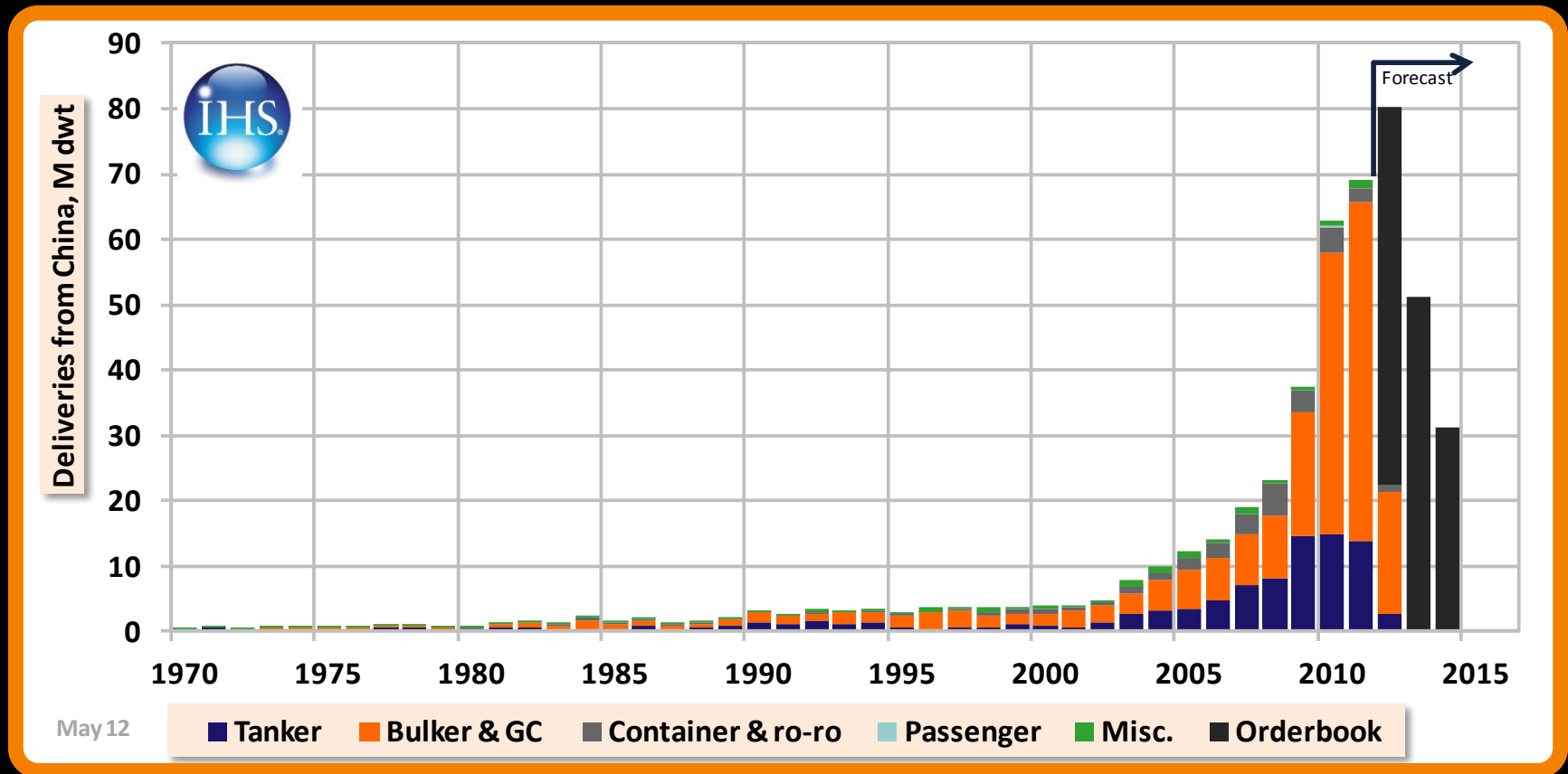
But we forecast that orders will be enough to at least produce 31M dwt, \approx 50% down



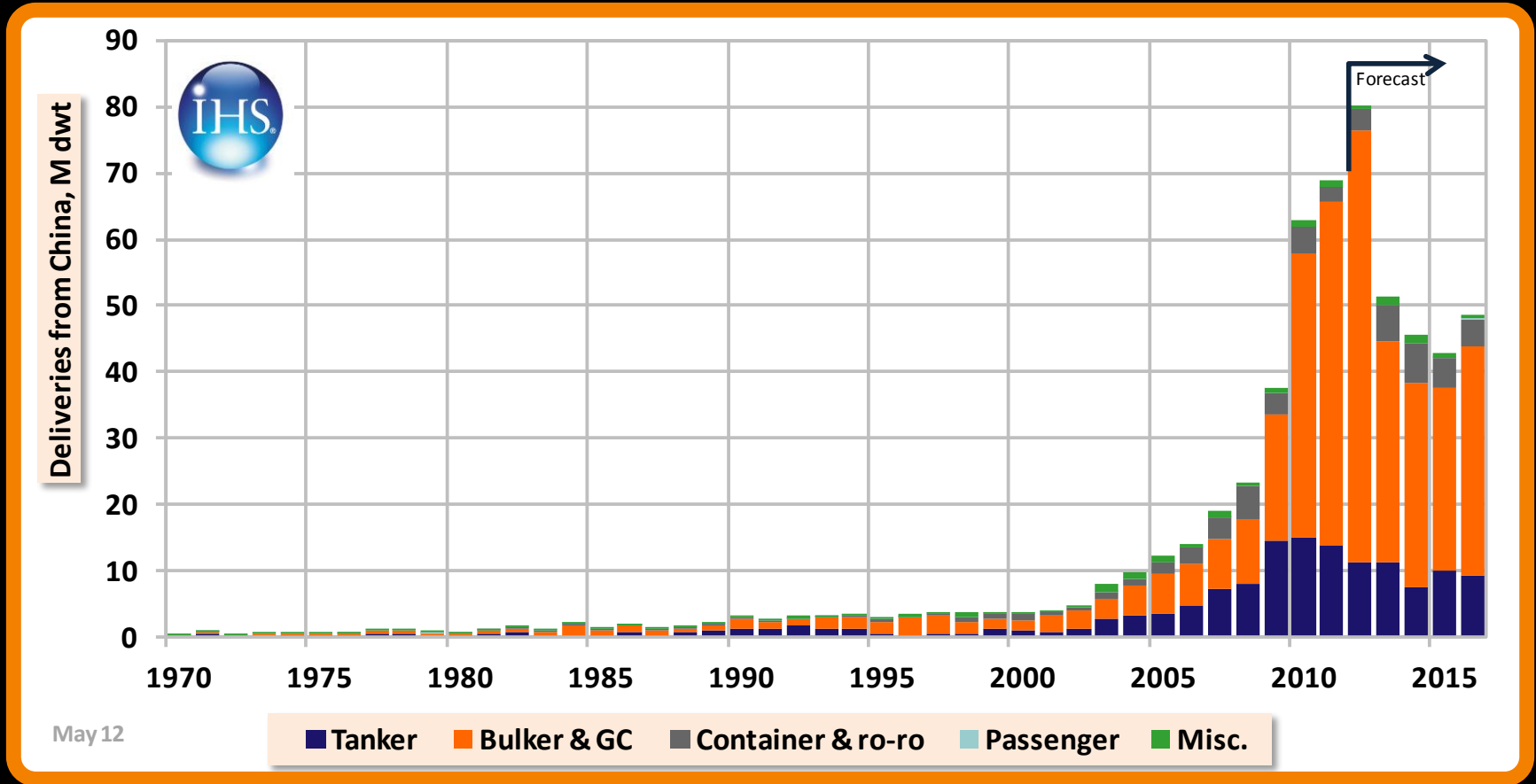
Deliveries from China around 70M dwt in 2011 but...



The orderbook indicates that the peak year will be 2012 at 80M dwt, before falling through



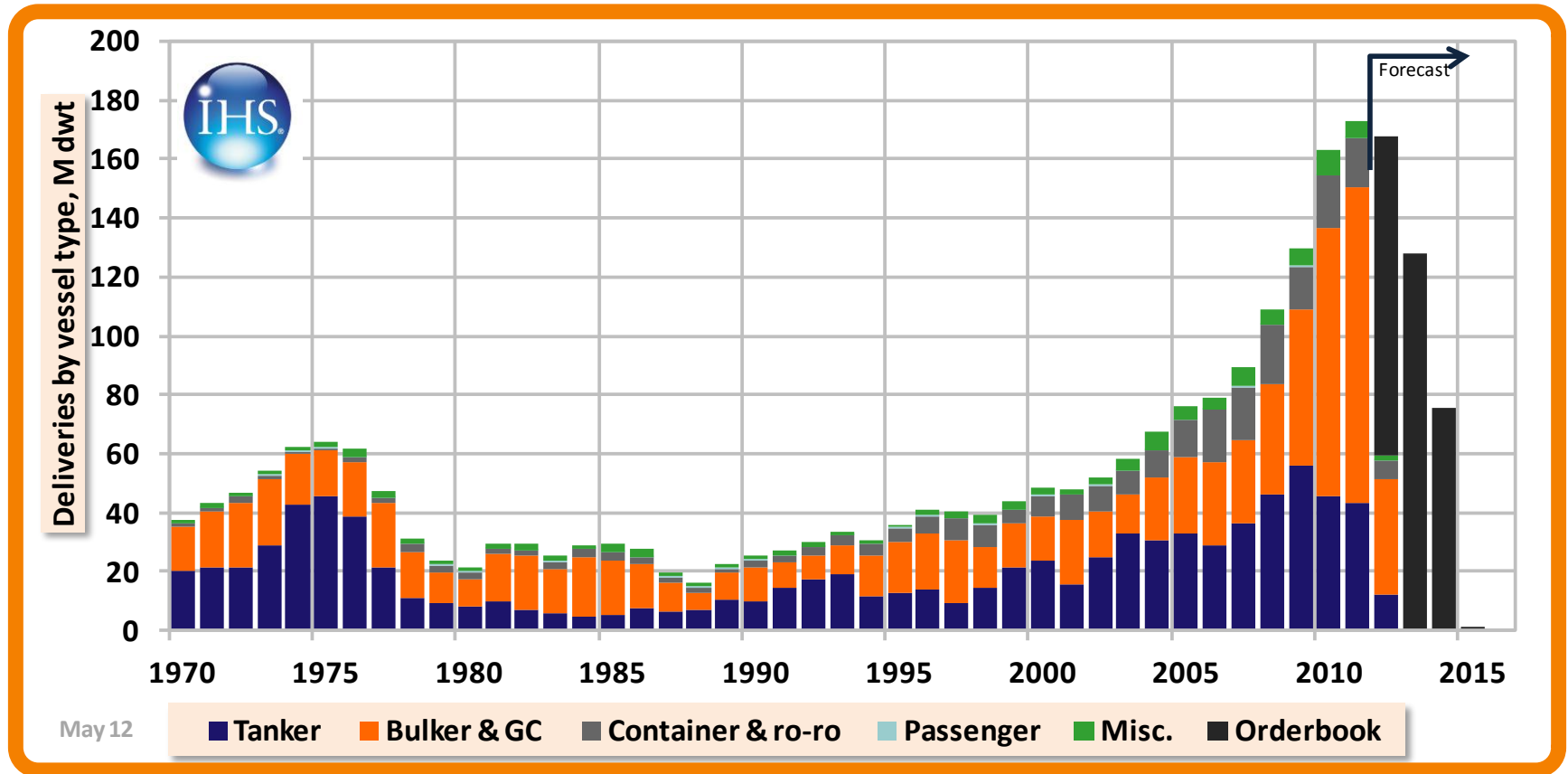
The forecast is that new orders will come and give a bottom at 41M dwt, \approx 50% down



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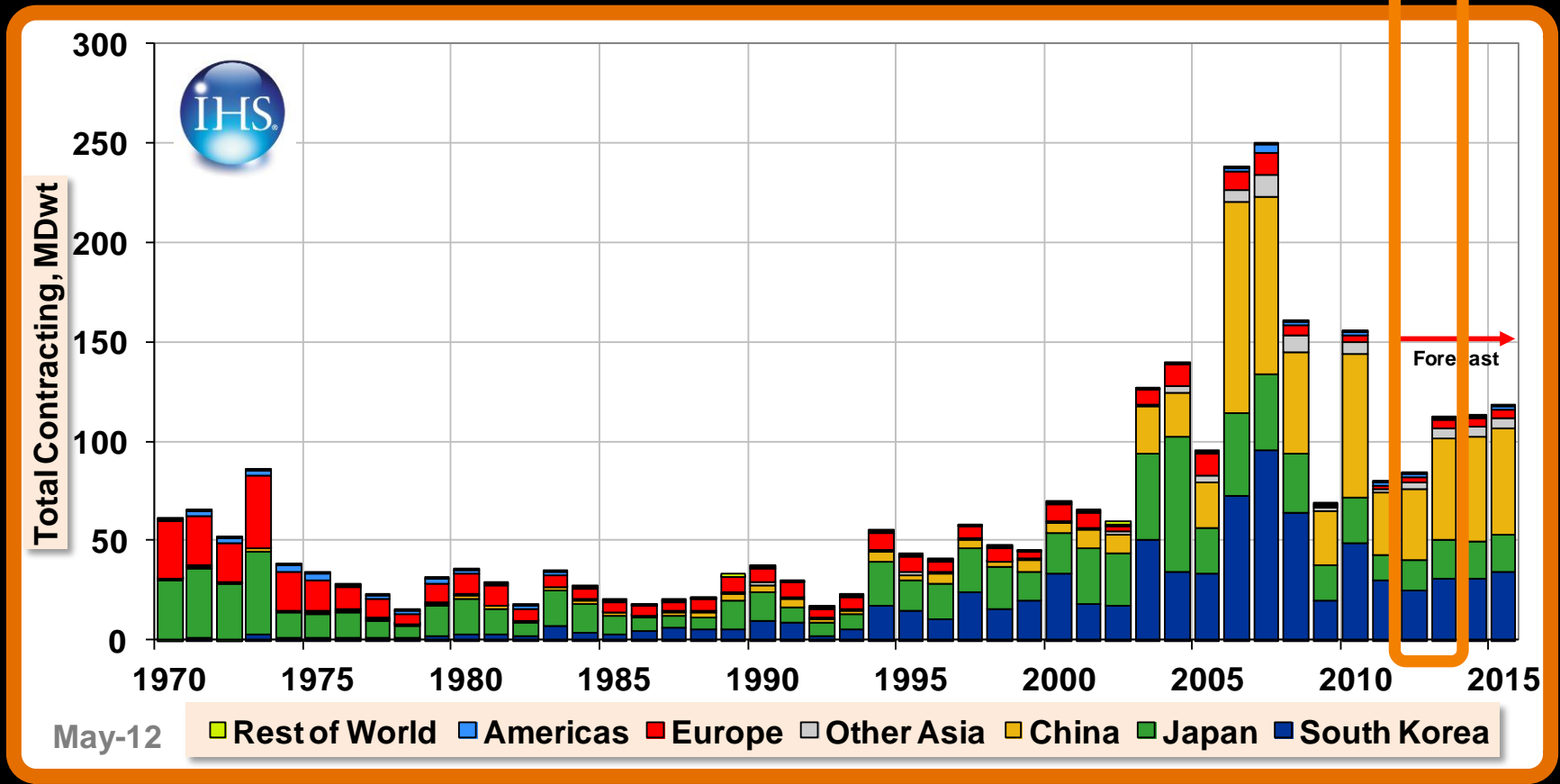
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So back to where we started, the total orderbook indicates a substantial fall ...

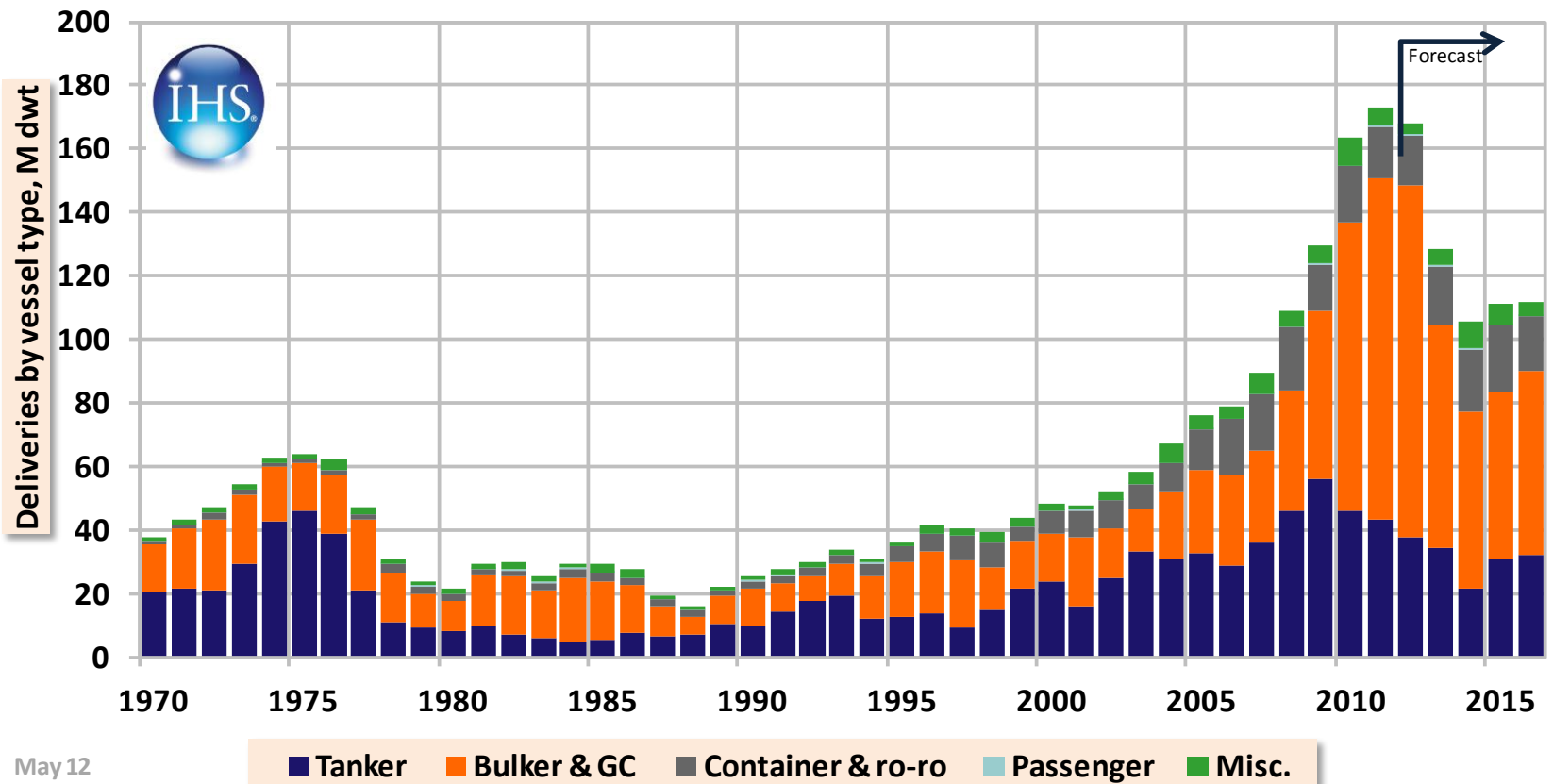


But we forecast a increased ordering to meet these problems – and most in China

195M dwt



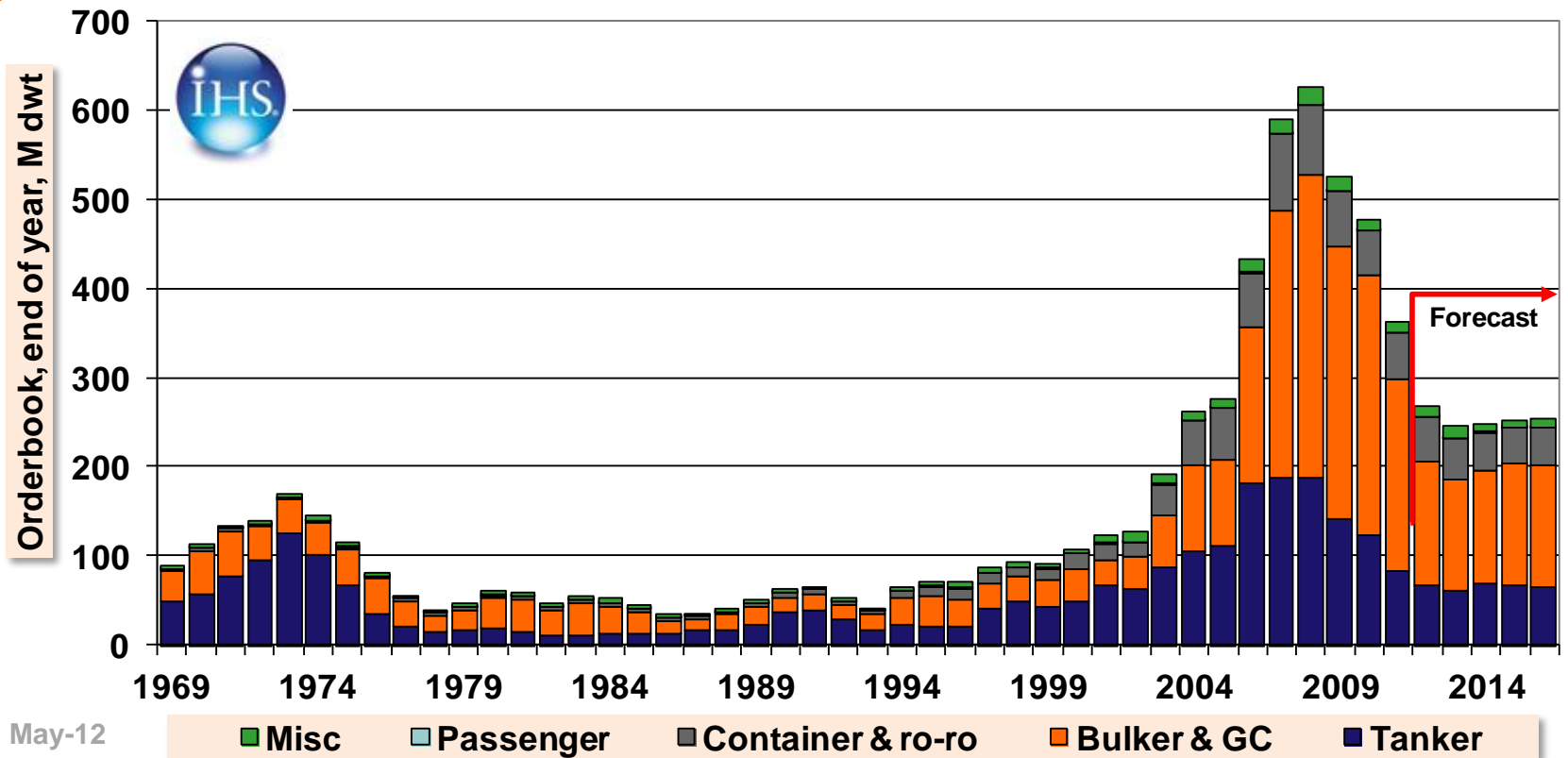
And thus the deliveries will continue to be higher than 100M dwt the years ahead, dry bulkers to dominate



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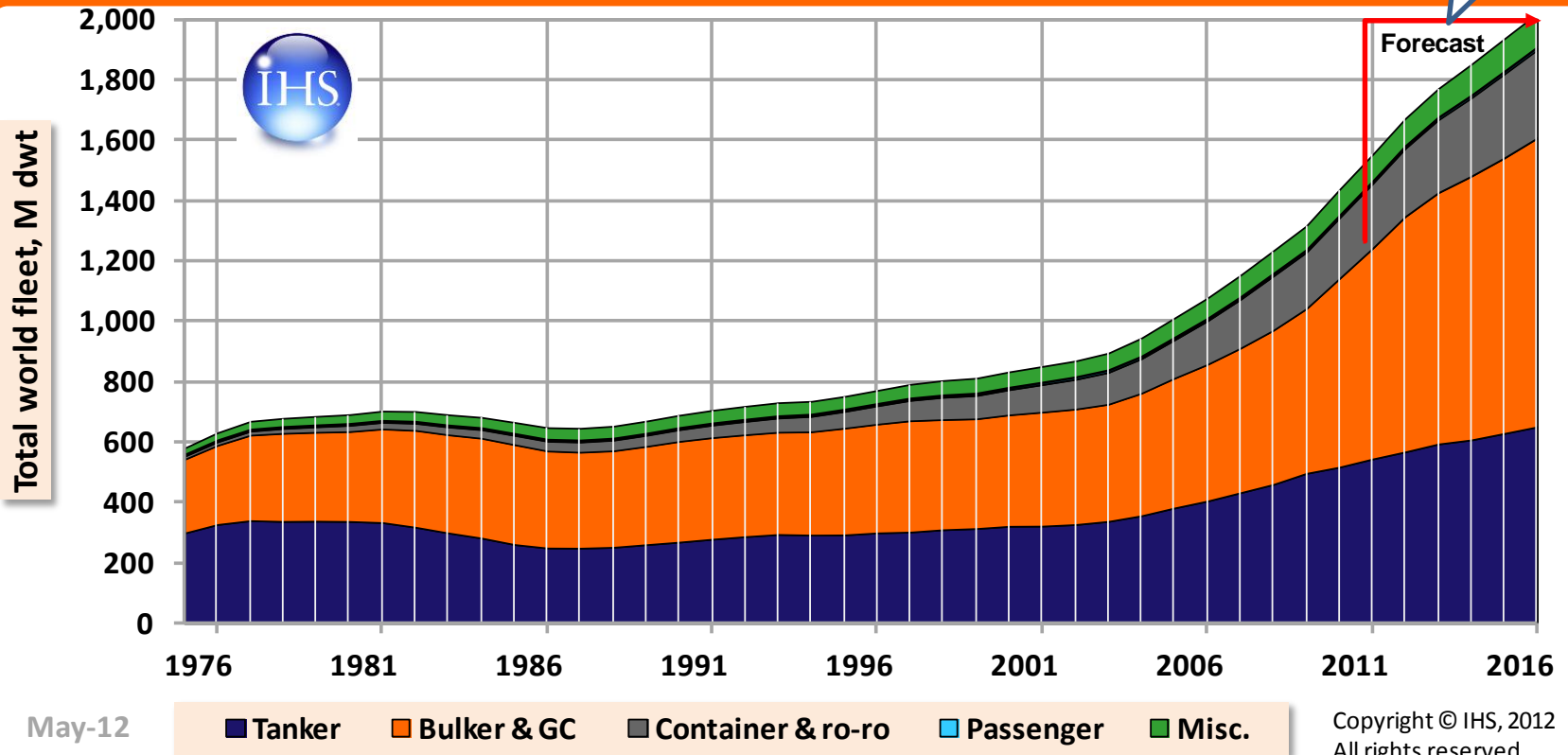
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That leaves us with a new equilibrium level of the orderbook at around 250M dwt



The growth of the world fleet will continue to be strong

5.5%
p.a. 2012-2016



Thanks!

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