

Shipbuilding outlook Drivers for new orders?

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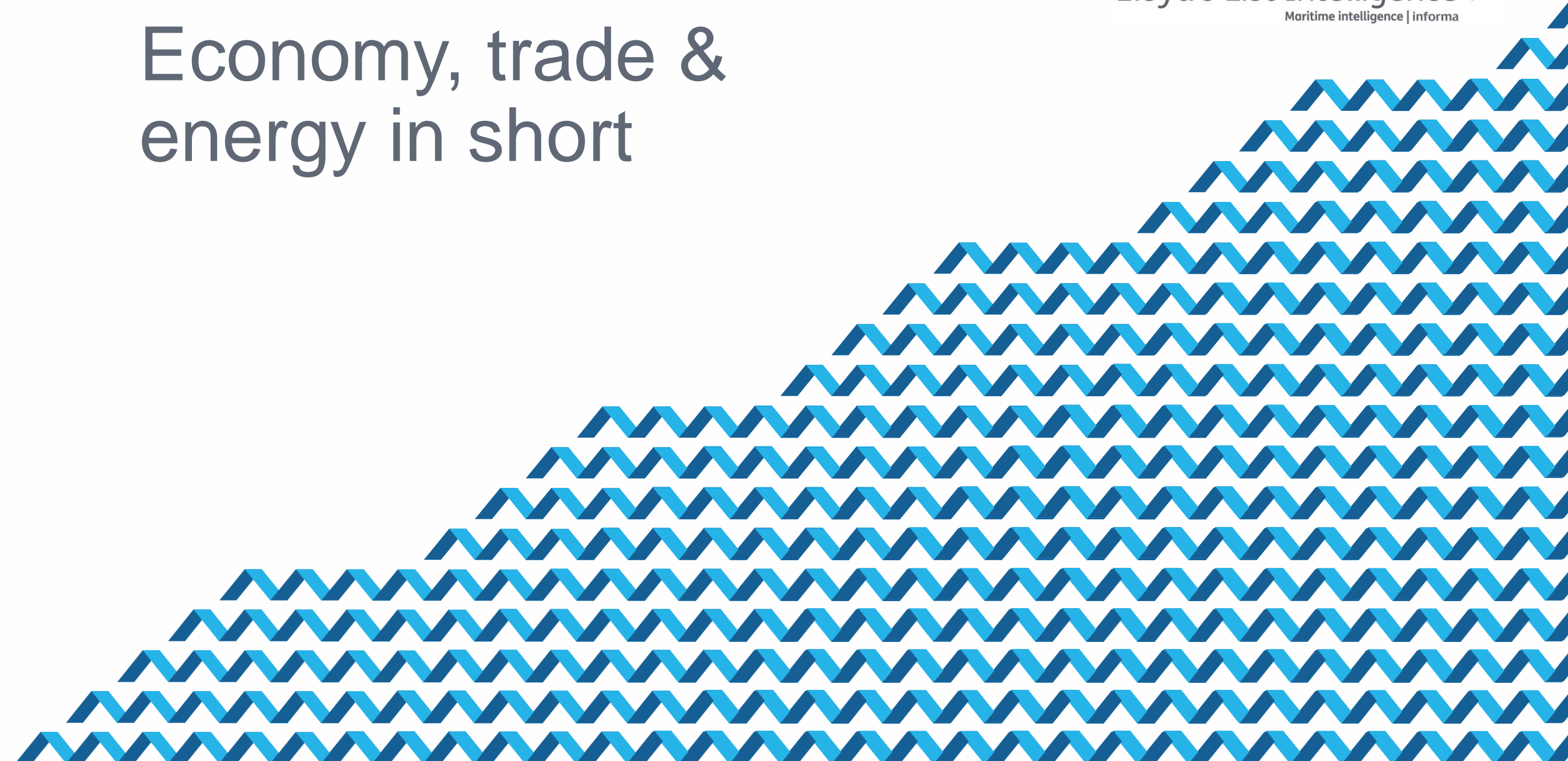
Why order new ships in 2017 and beyond?

- **Economy, trade & energy**
- **Regulations and removals**
- **Orderbooks**
- **Markets**
- **Shipbuilding countries**

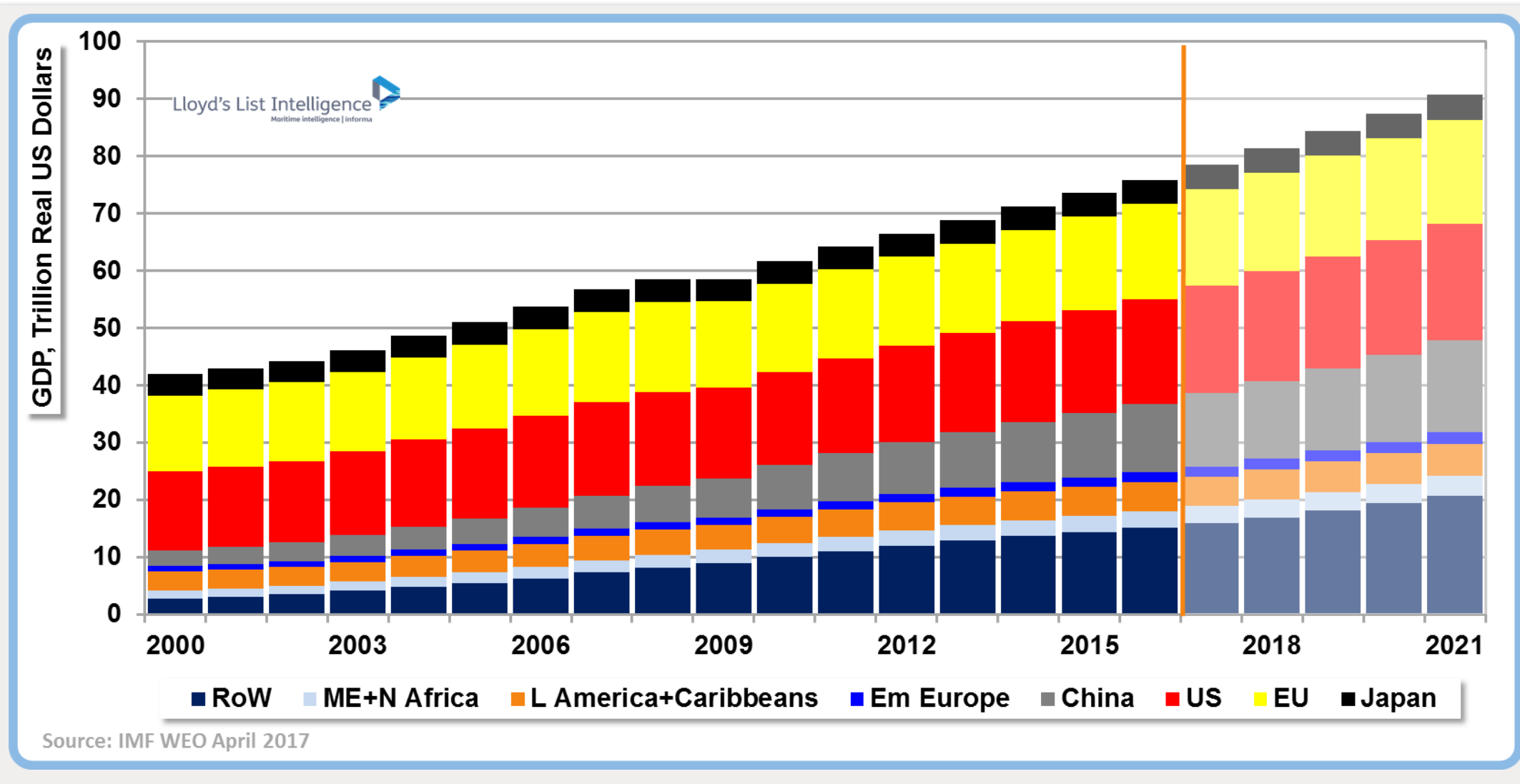


- **New orders & orderbook development**

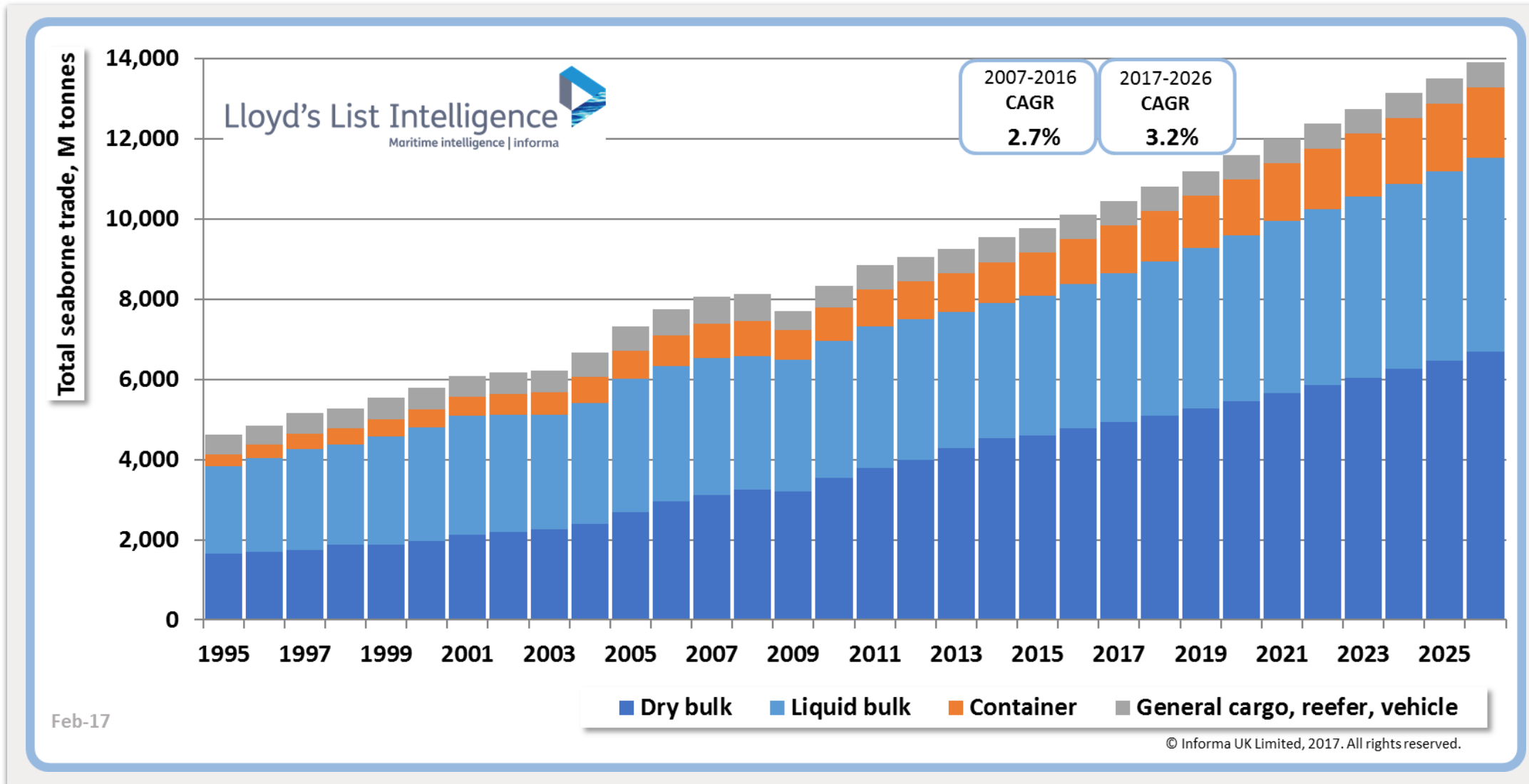
Economy, trade & energy in short



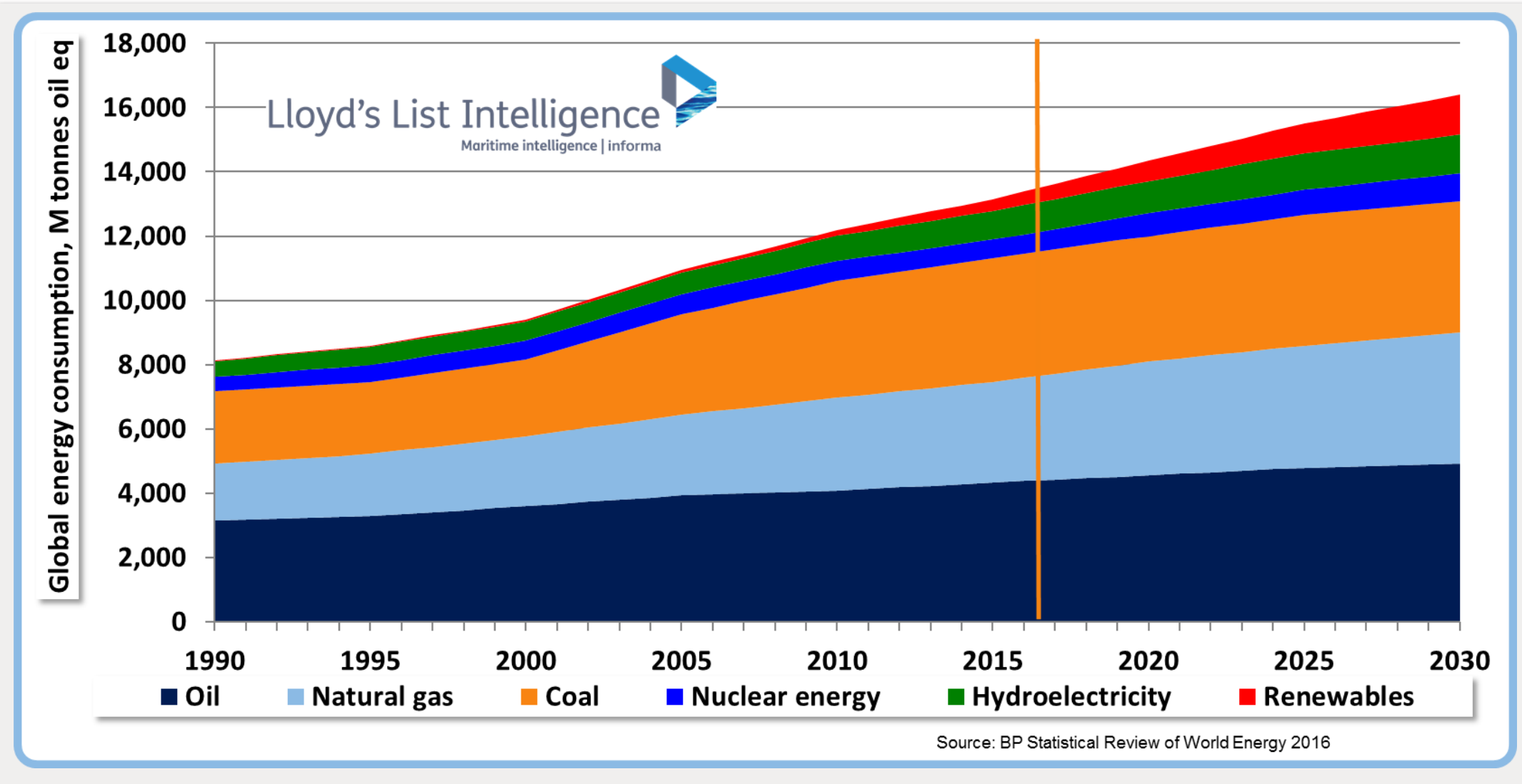
Global GDP growth targets 3.6% (3.5% this year) +\$12Tn in the past 5 years, +\$15Tn in the next 5



The total seaborne trade stands at 10Bn tonnes, not forecast to grow as fast as total imports but faster than in the previous ten years



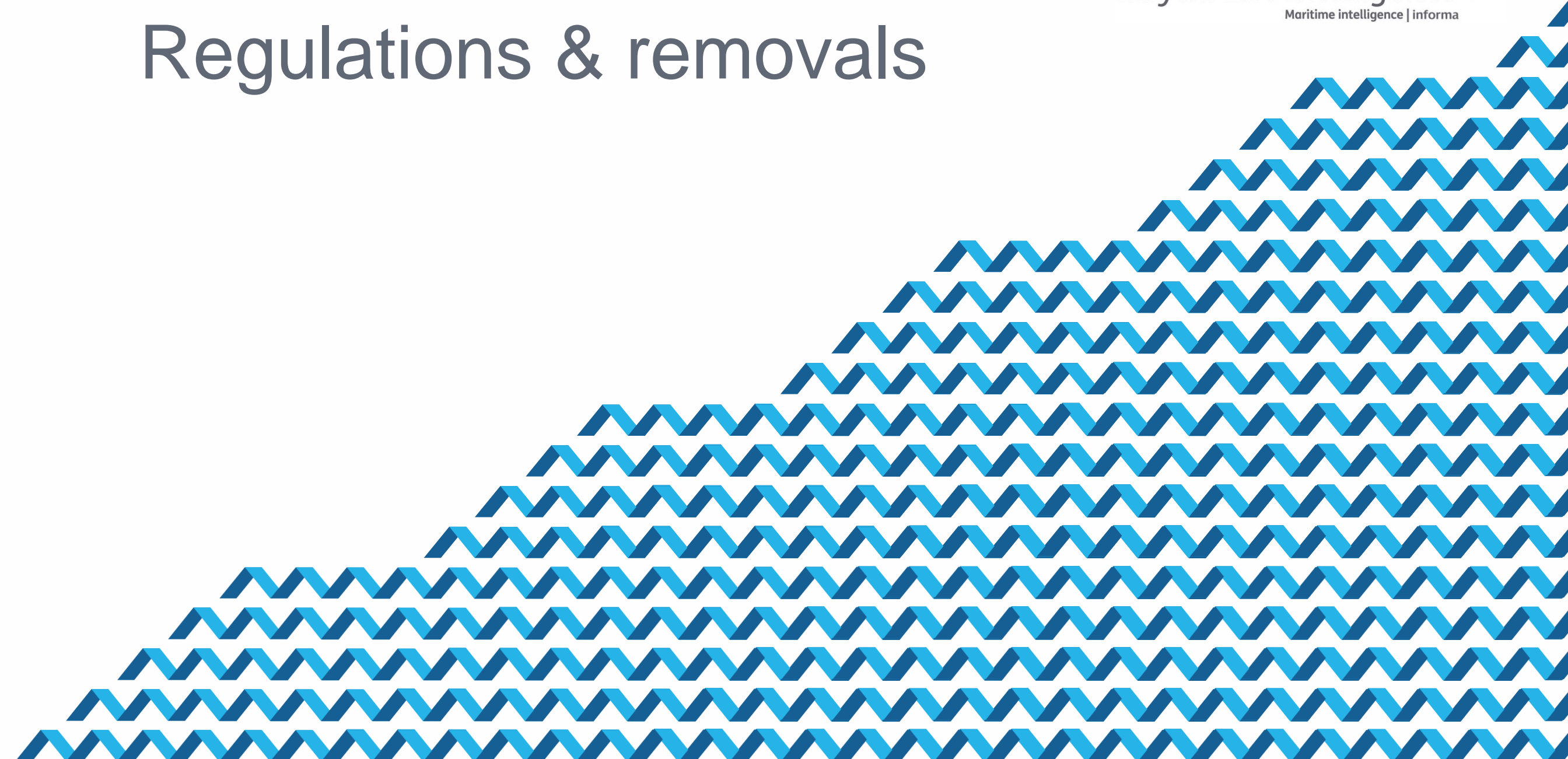
A familiar slide...but very important for shipping. In 2030 there will be energy from twice as much renewables or more, BUT fossil fuels still 80%.



Share 2016	% CAGR	Share 2030
3.1%	8.1%	7.6%
6.8%	2.0%	7.3%
4.5%	2.5%	5.3%
29%	0.4%	25%
24%	1.7%	25%
33%	0.8%	30%



Regulations & removals



Sulphur 0.5% 2020

Options for sulphur compliance

– Existing ships

- Non-energy competitive ones replaced
- MGO/MDO or blended product
- Retrofit with scrubbers

– Newbuildings

- LNG – particularly in North America
- HFO + scrubber
- MGO/MDO or blended product

– For both: Other fuels

- Bio-diesel: some smaller tankers & GC,
Methanol: some ferries, Synthetic diesel?,
LPG?, DME, RME.



Example scrubber/LNG -2020:

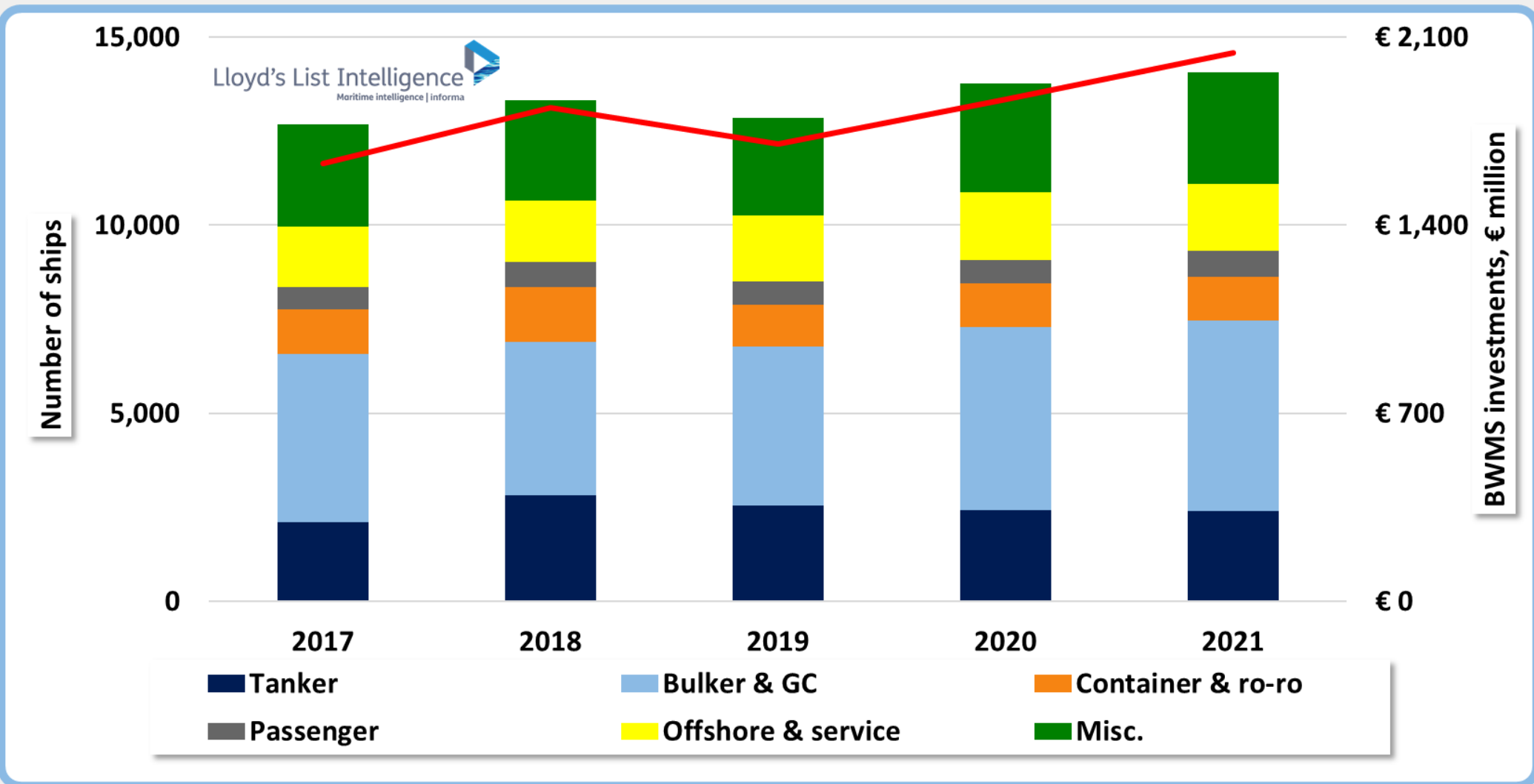
- 88,000 ships tested
- 31,000 came out with scrubber/LNG as a viable alternative
- 57,000 to scrap or to use MGO/MDO

Source: Yara Marine



Ballast Water Treatment

We estimate the maximum number of ships targeted for BWMS are 68,700 ≈ €9Bn up to 2021



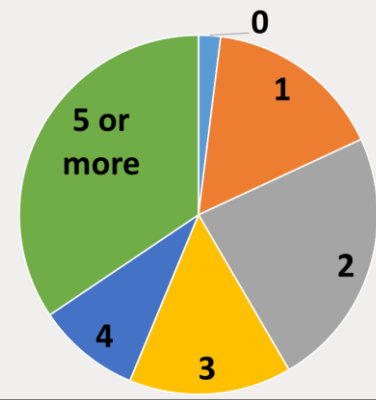
Fleet & OB:
123,000 ships

GT-limit:
-30,600

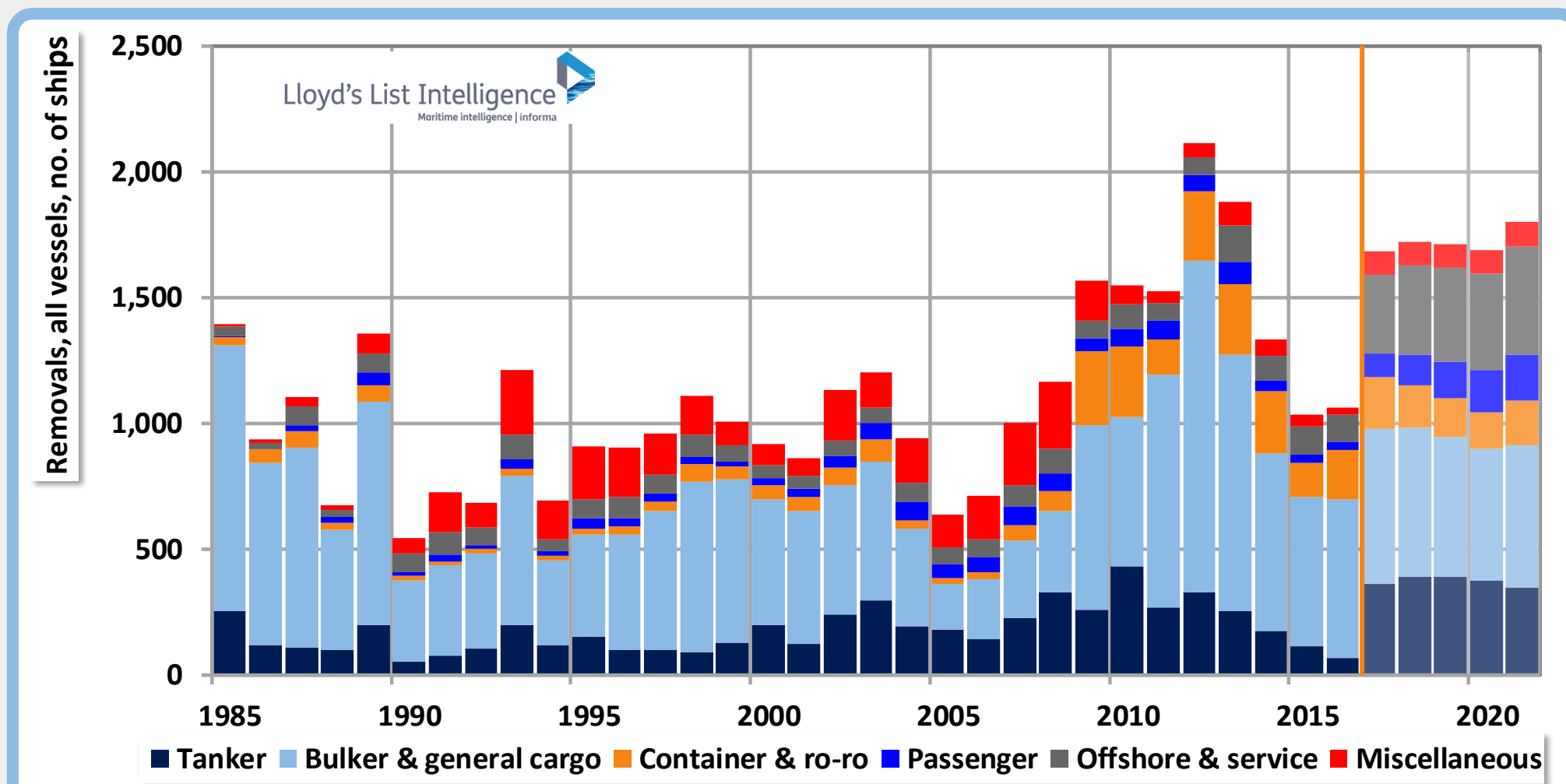
Domestic trading:
-16,700

Removals -2021:
-5,900

Σ BWMS target:
68,700 ships



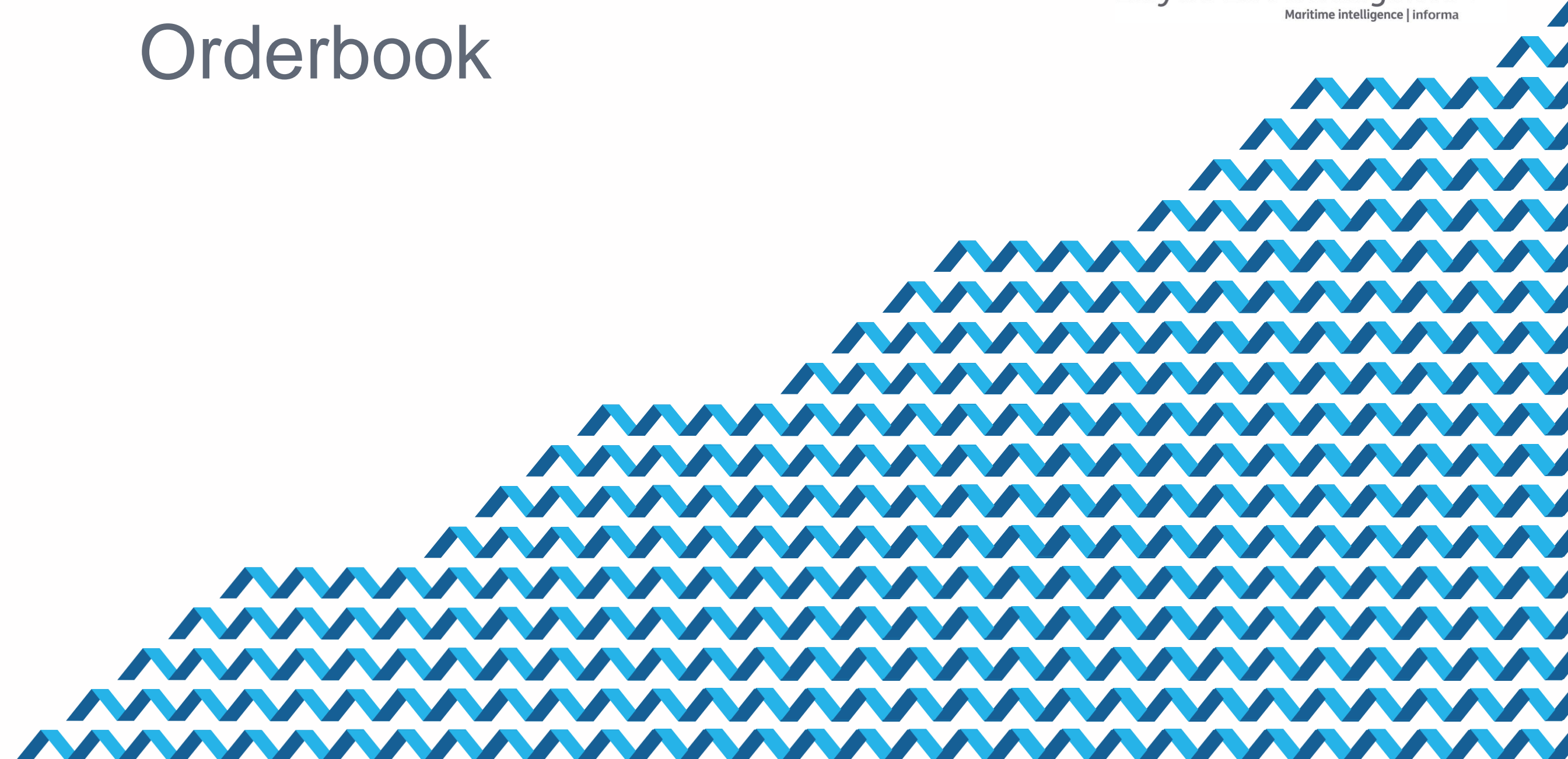
In numbers we will see record years of removals – a lot of small tonnage is very old and too costly to keep up to standard



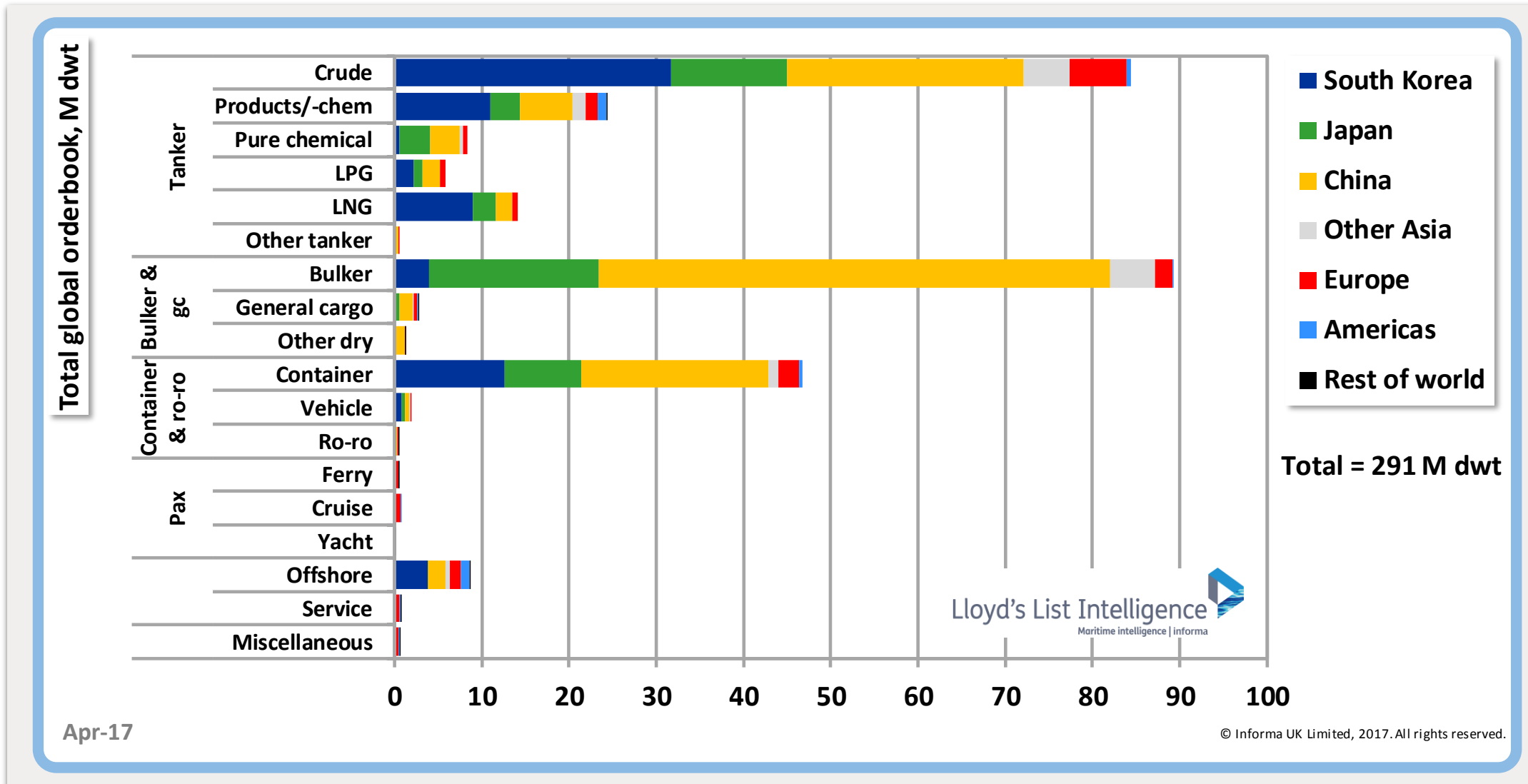
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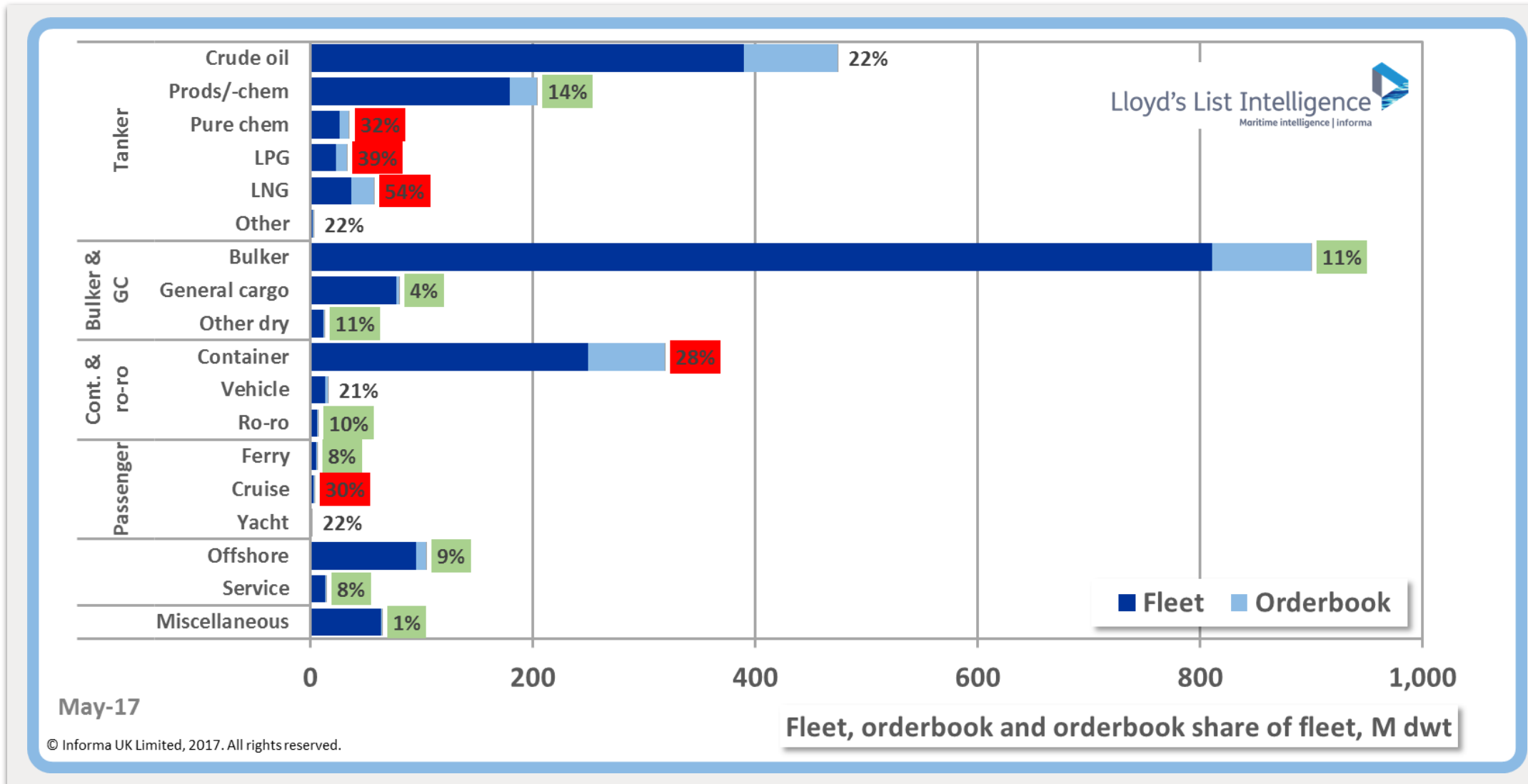
Orderbook



The big three nations have 93% of the 291M dwt in the orderbook. Crude and dry bulk largest

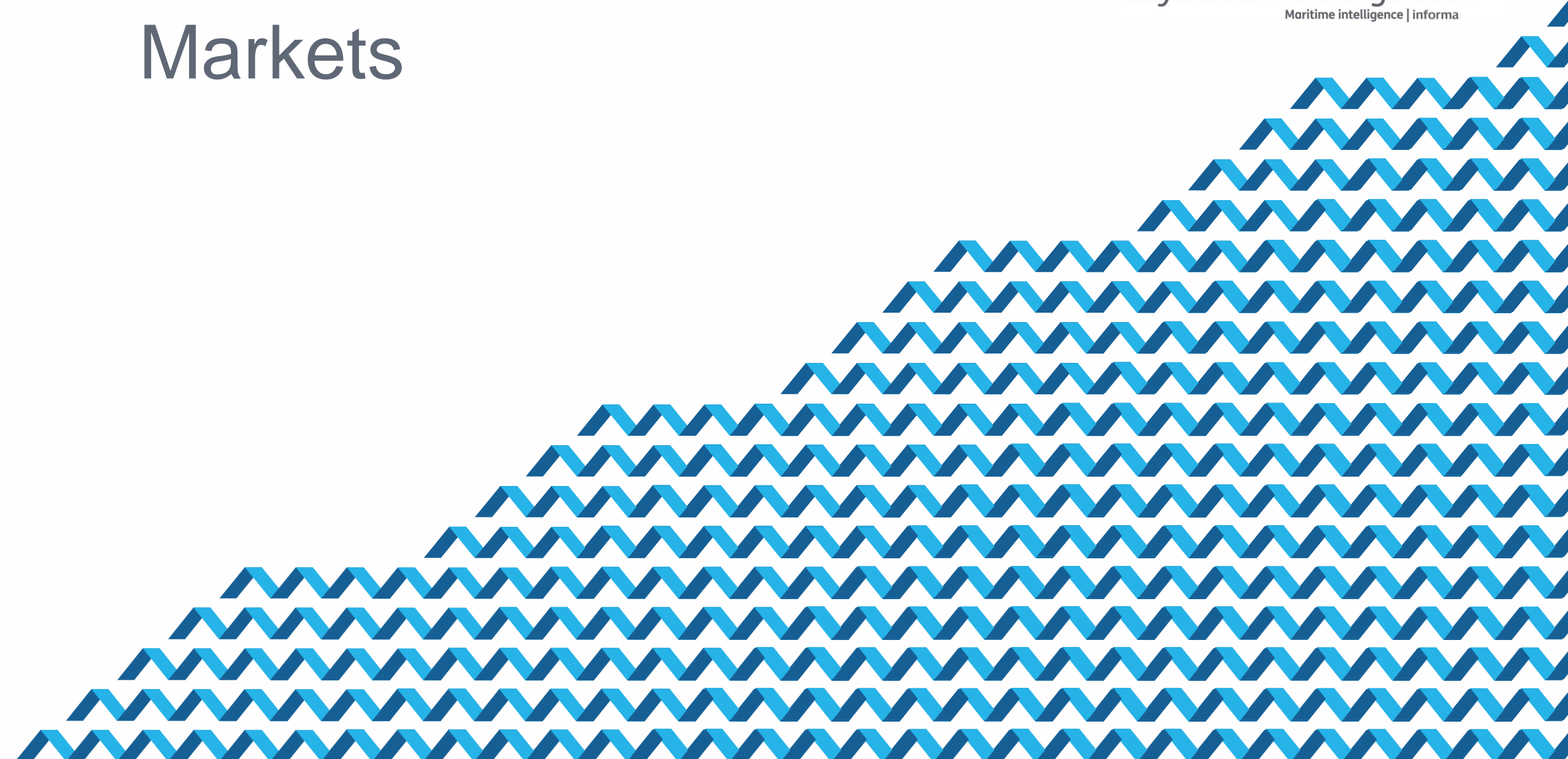


The orderbook-to-fleet ratios vary; tankers & containers large, whereas many are modest



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Markets



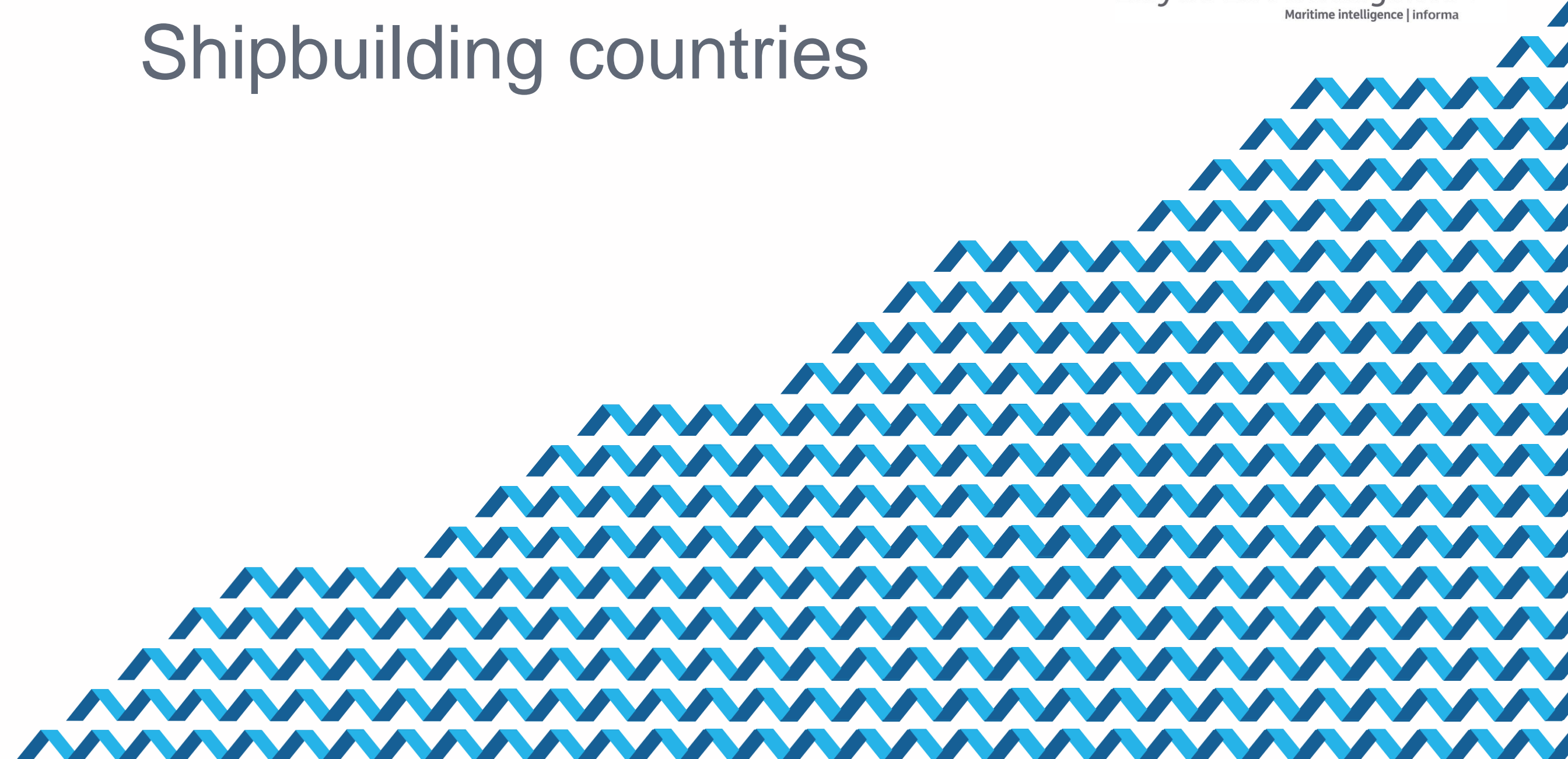
Market conclusions from the yesterday and today

Should anyone order anything?

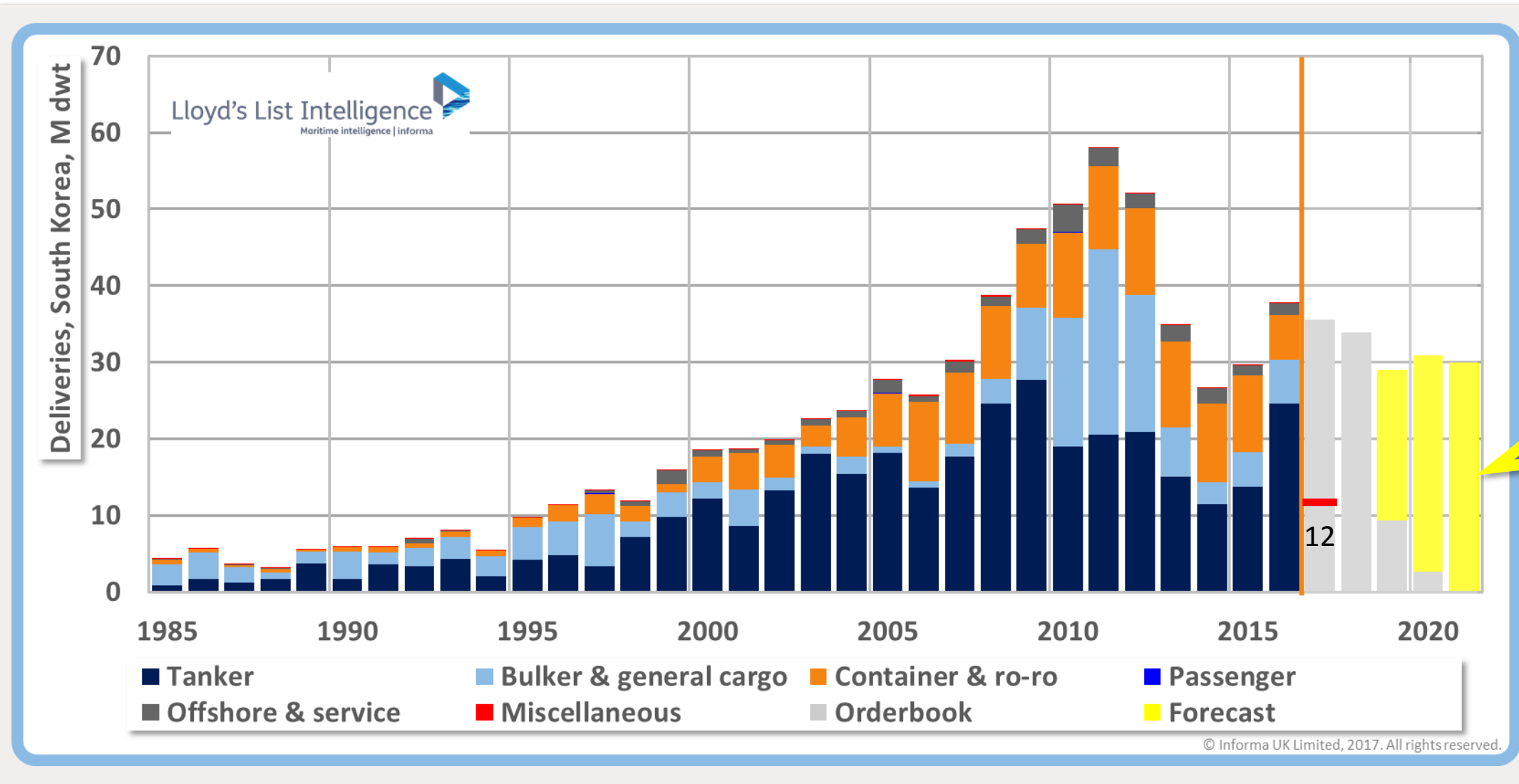
Key Findings:	Comments:
Demand growth – positive;	container better than dry and liquid bulk
Supply growth – high;	lower than previous but larger than demand
Shale gas and tight oil are game changers on the energy market	But solar and wind will grow fastest
Financial pressure on owners and operators – mergers & acquisitions;	especially in container and niche tanker markets
Trump and Brexit are "normal turbulences";	but more important for some...
New ships will be ordered;	due to fuel economy, regulations (SOx, BWT, NOx), attractive pricing
Scale of economy (low cost) continues to be high on the agenda;	especially in dry bulk, container, product- and chemical tankers



Shipbuilding countries

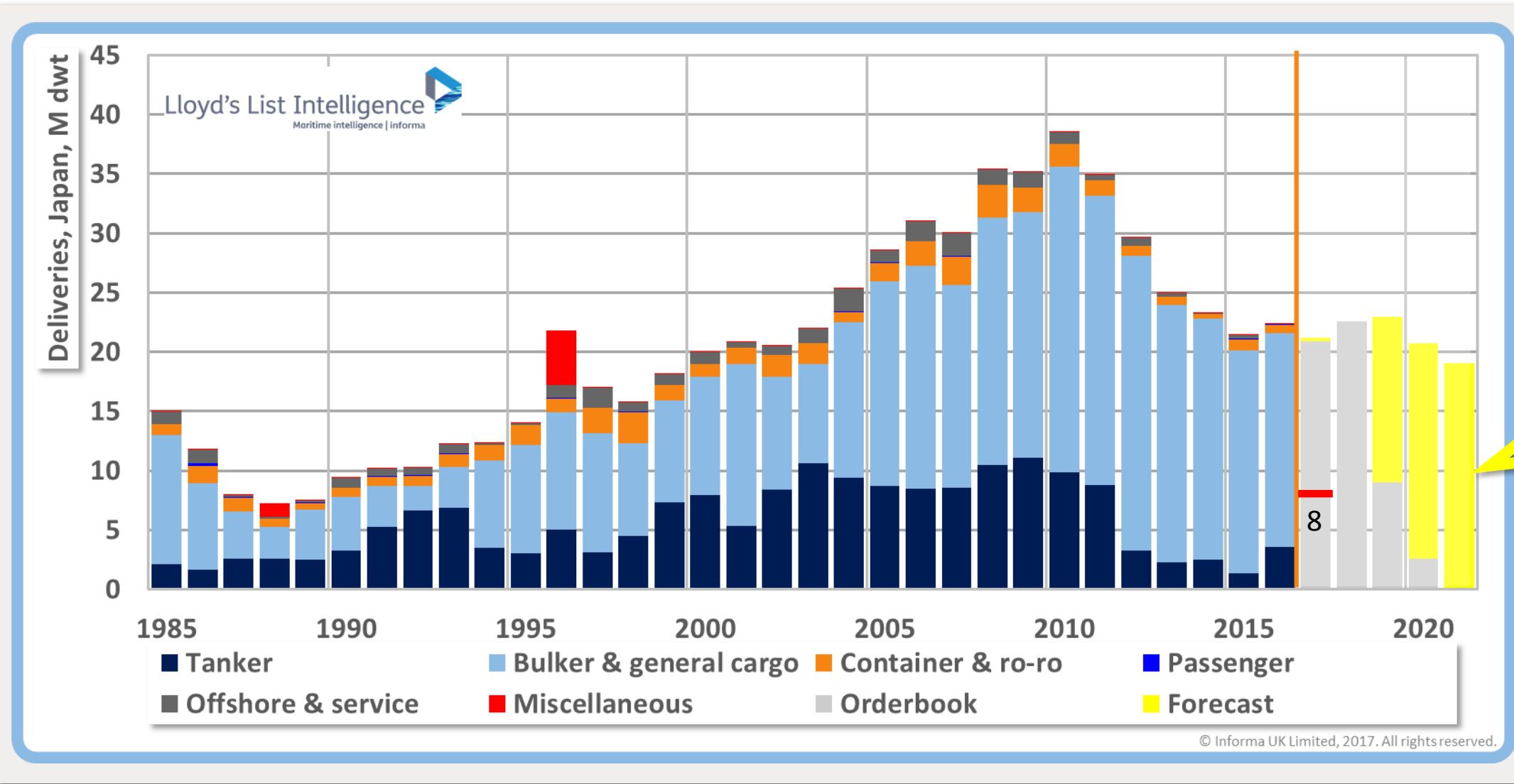
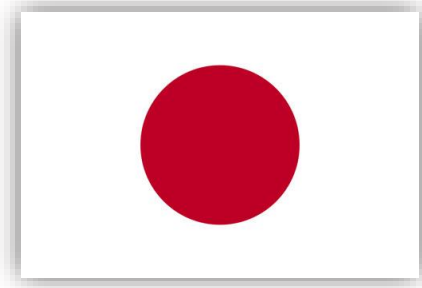


South Korea has gone down in output but are forecast to defend a production of 30M dwt yearly



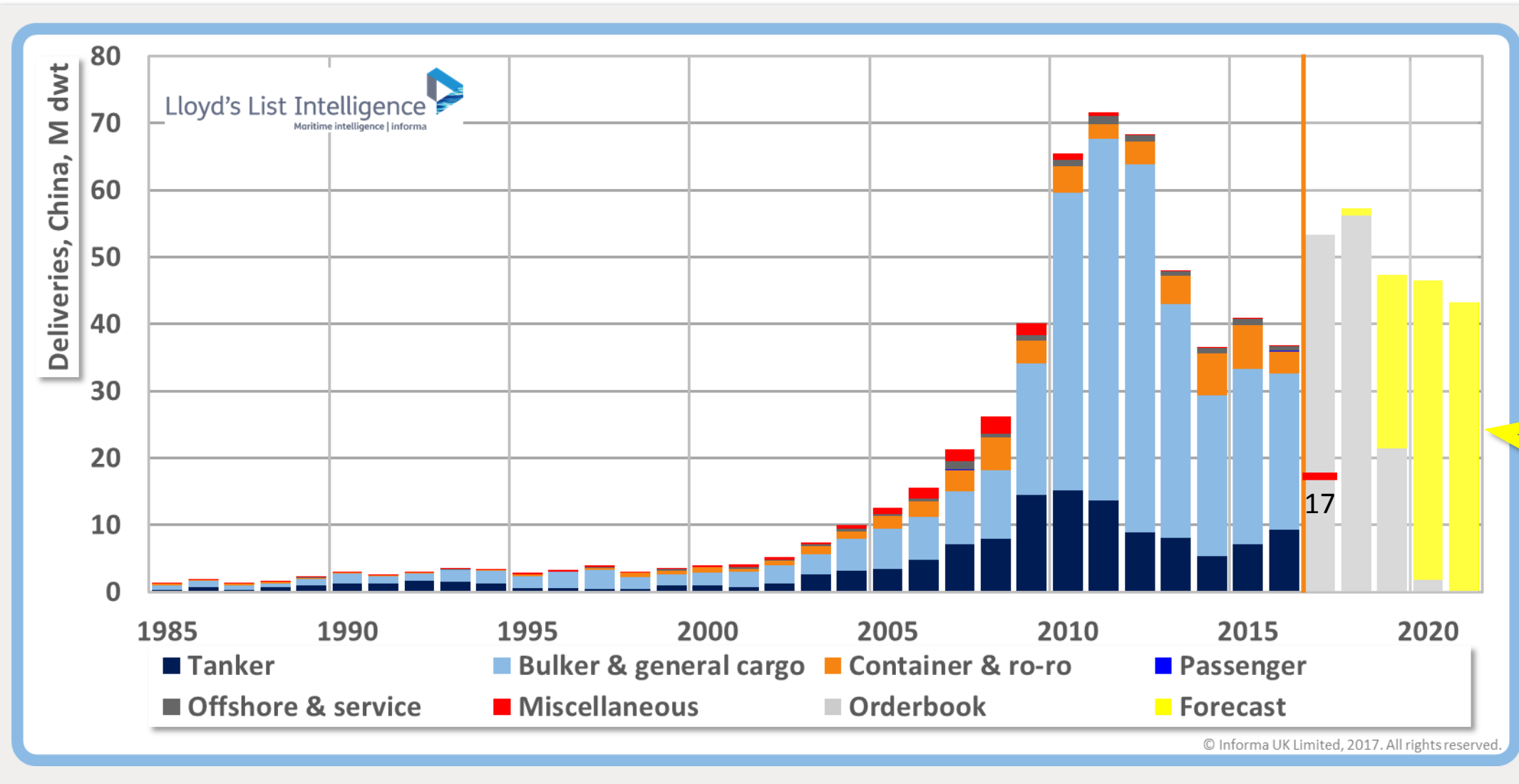
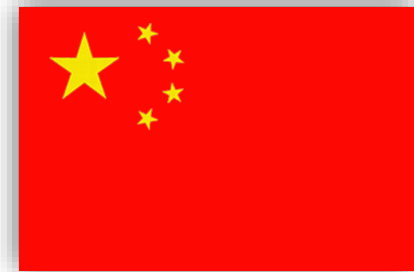
78M dwt

Output from Japan fell, but not below 20M dwt – which we forecast that they will defend



51M dwt

Chinese output fell to 40M dwt – forecast to increase to more than 50M dwt, then fade

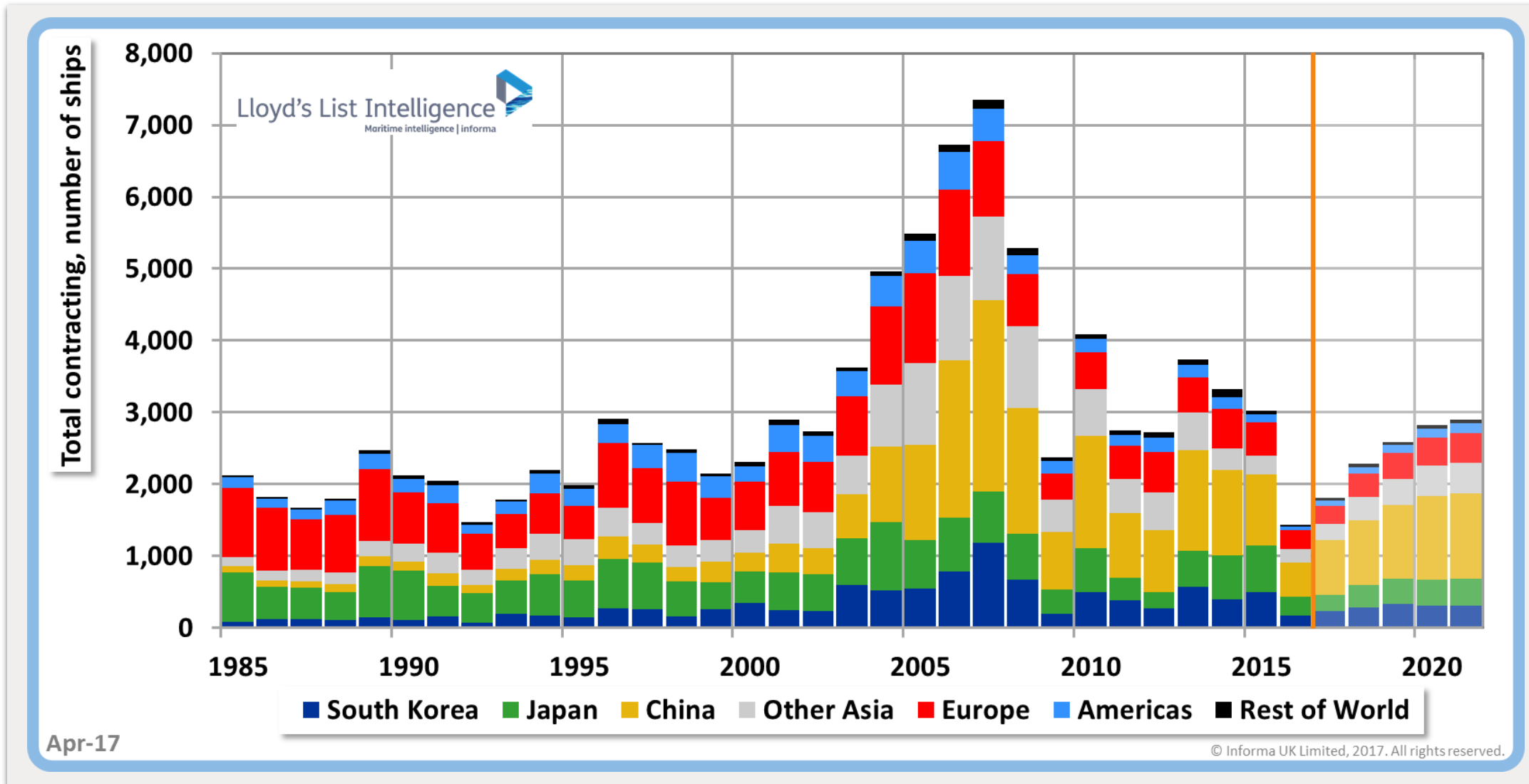


115M dwt

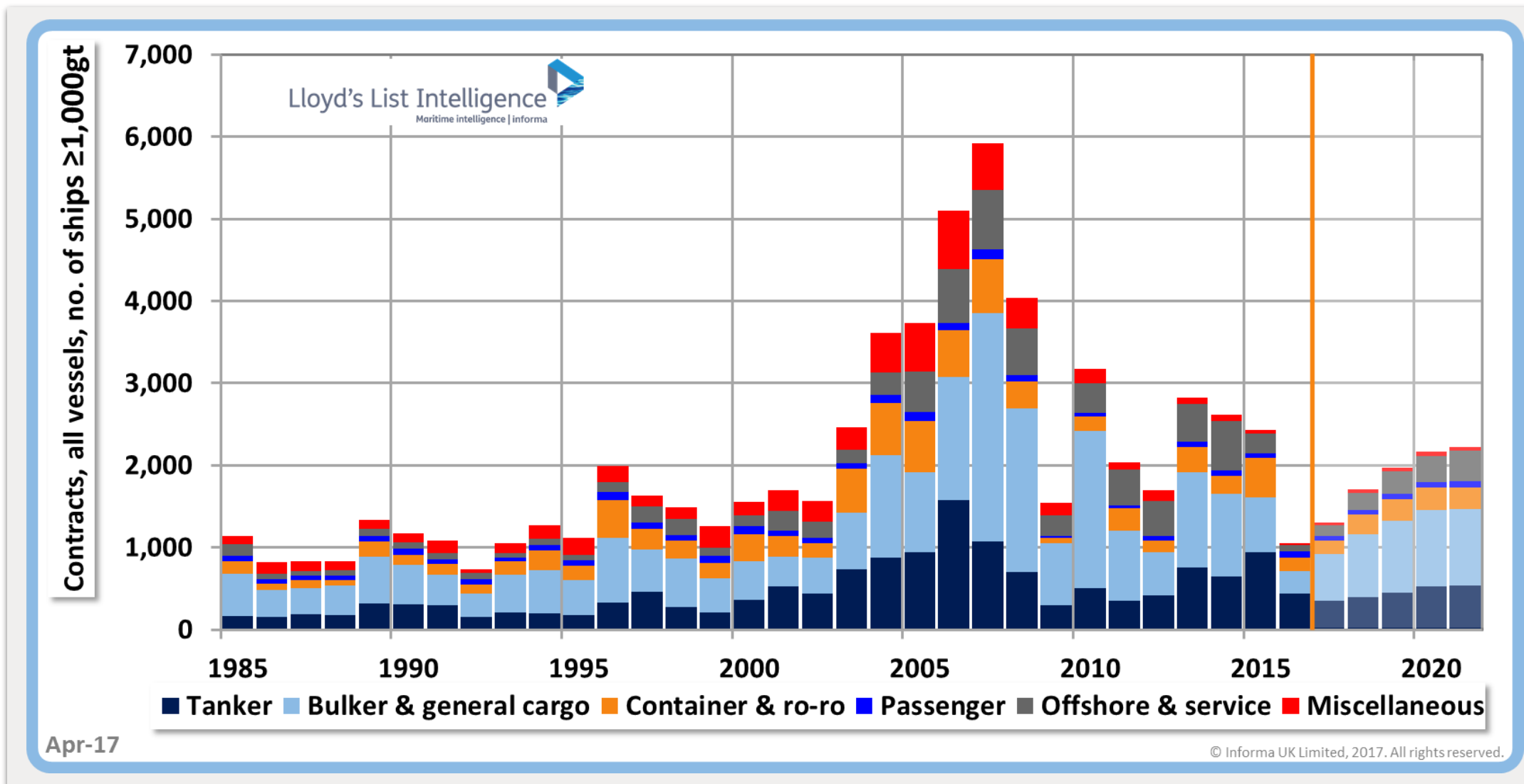
New orders & orderbook development



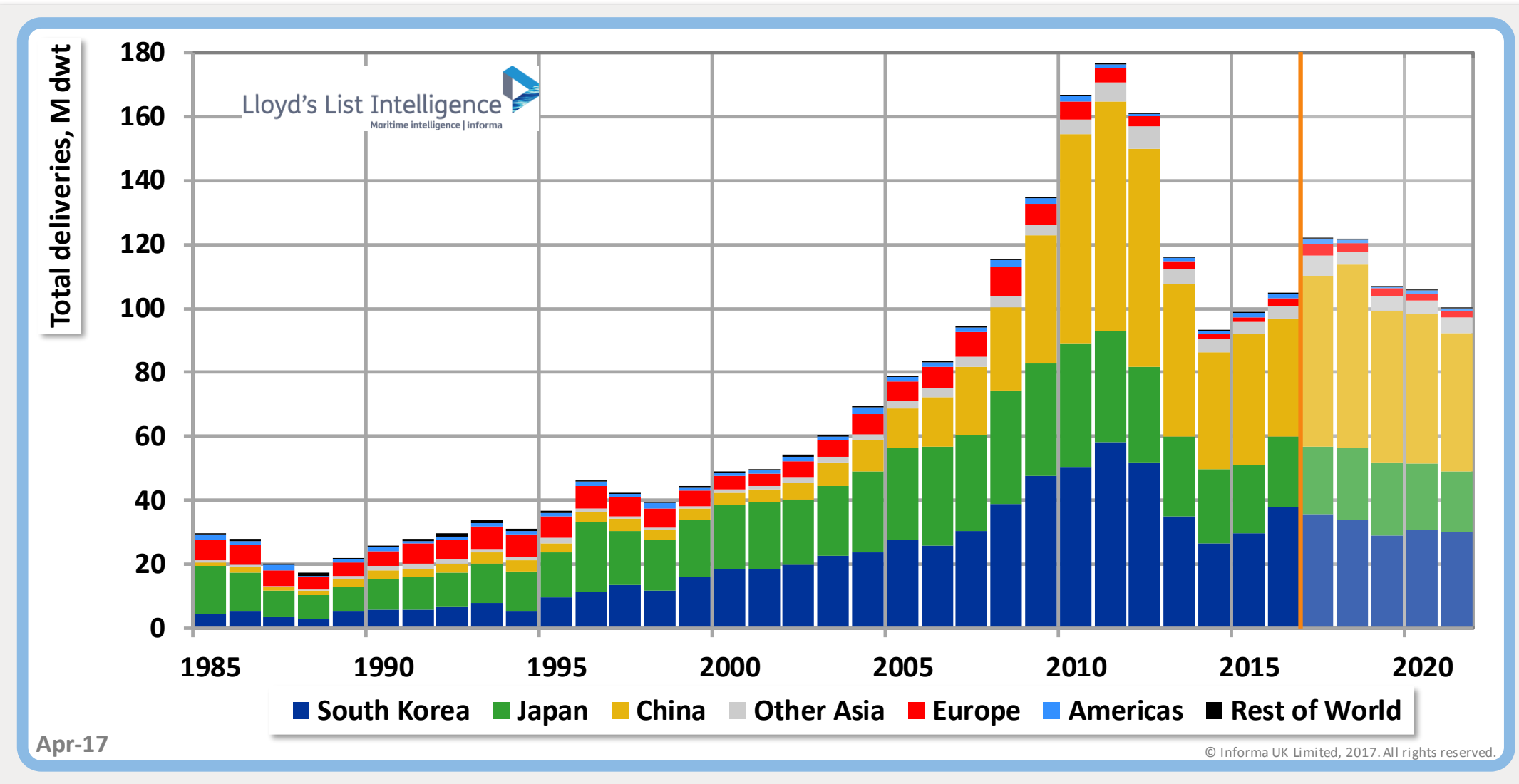
Number of contracts expected to pick up slightly in 2017-2018. Still low levels.



1,000 gt and above – on the same path

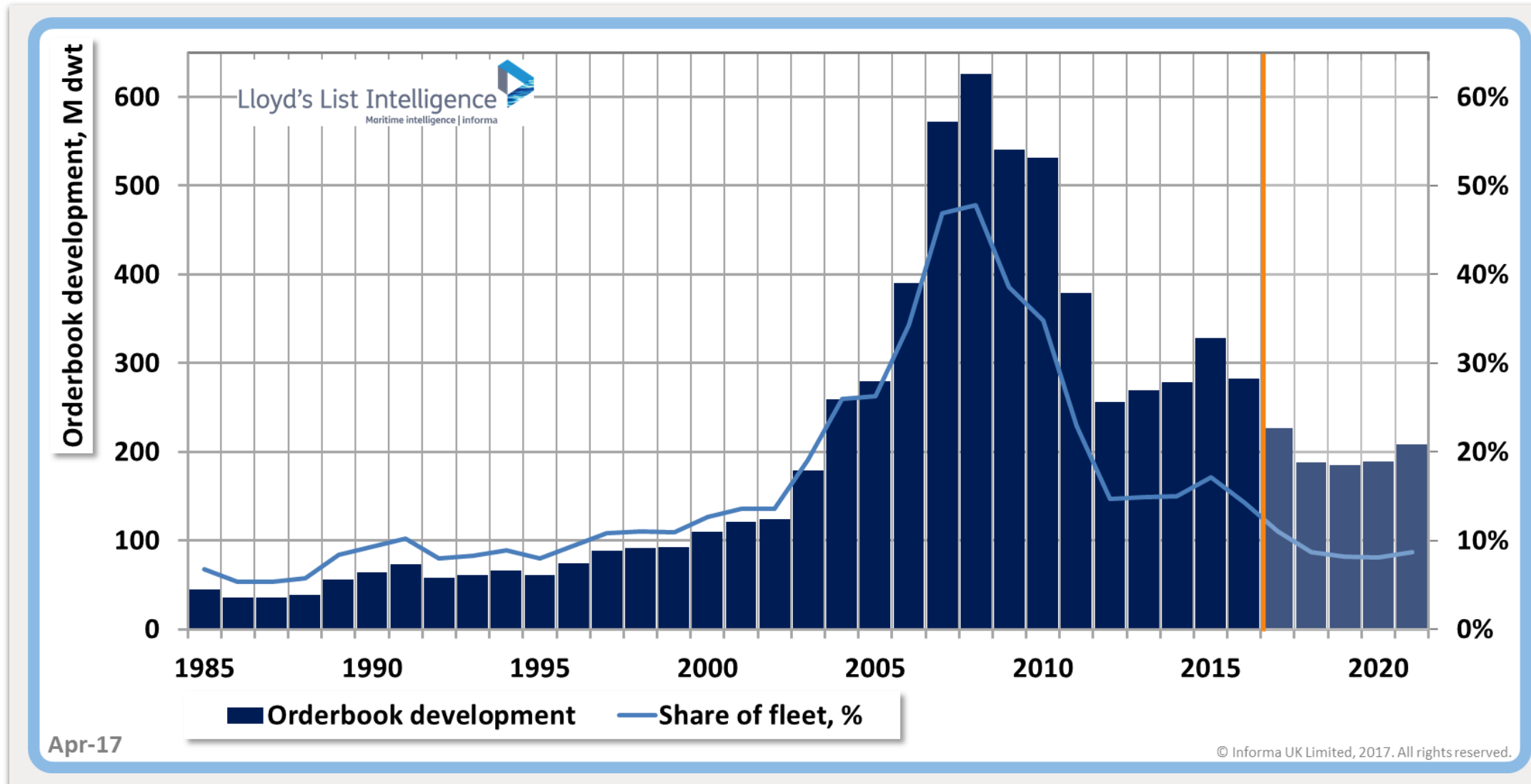


Annual deliveries will be higher than 100M dwt yearly, more early in the forecast period given the current orderbook.



40M dwt
delivered so
far this year

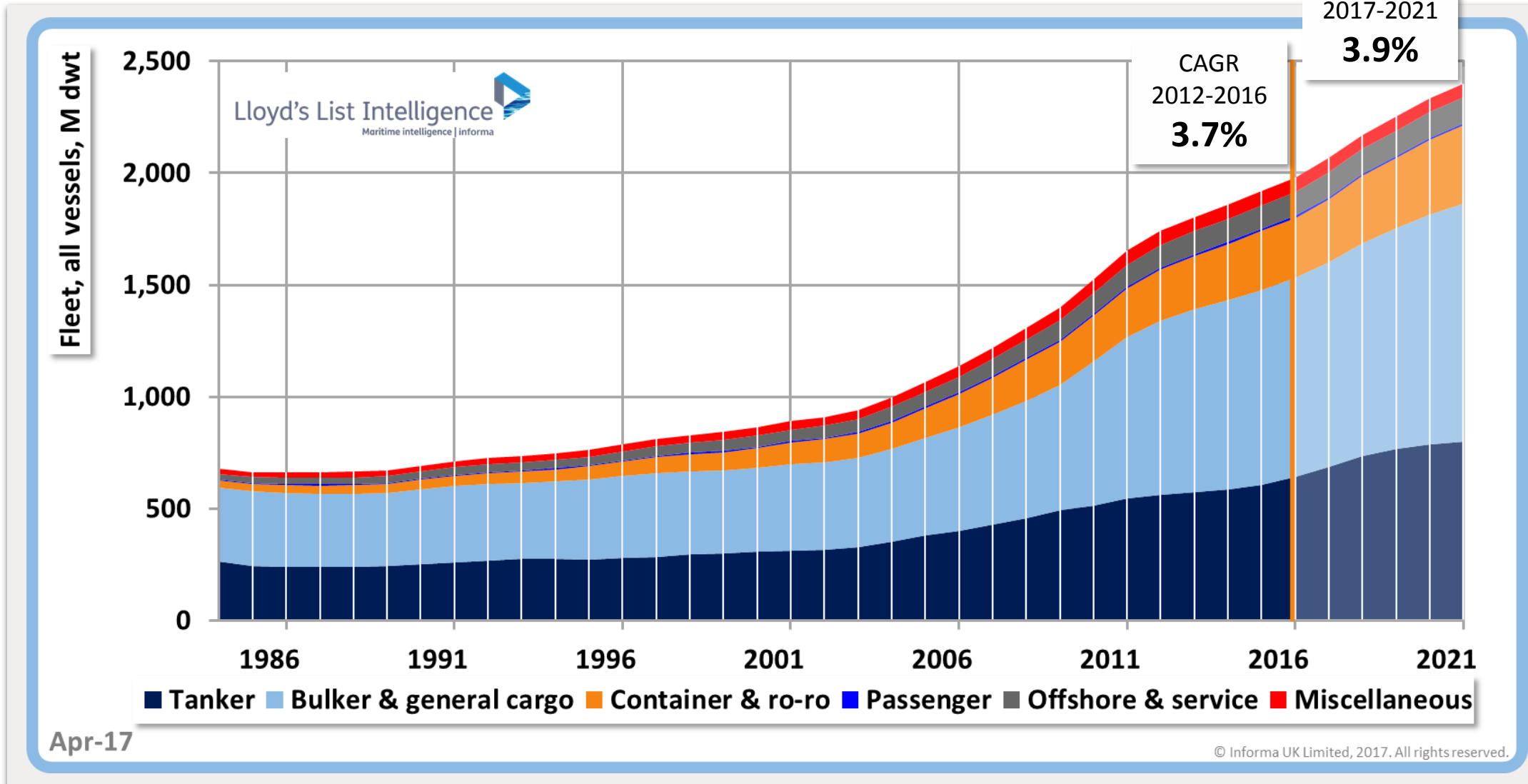
Deliveries will outpace new orders the next two years. Thus the global orderbook will contract further, to below 10% of the fleet.



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The fleet will grow, largely in line with sea borne trade



Thank you!