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Global shipbuilding market outlook to 2023

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Agenda

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- Impact of trade disruptions!
- New orders in 2018
- New order forecast for:
  - Crude oil carriers
  - LNG tankers
  - Dry bulk carriers
  - Container carriers
- Total shipbuilding summary:

Impact of trade disruptions!

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Key Findings:	Comments:
GDP and trade growth – positive, but shaky	Partly cloudy, dark horizon, but it may pass by
Supply growth – modest to high	Low for ferries, high for crude
China and India are important	Still the best growth generators we have
The oil trade more interesting than ever	Plenty of pit holes and opportunities
Owners and operators hardship	M&A, bankruptcies, cash-flow in focus
New ships will be ordered	Due to fuel economy, regulations (SOx, BWT, NOx), attractive pricing, cargo efficiency
Scale of economy (low cost) continues to be high on the agenda	Especially in dry bulk, container, product- and chemical tankers, general cargo, ro-ro & ropax

Very many large tankers and dry bulkers were ordered in 2018. In total 2,264 new orders were placed$_p$, of which 43% in China

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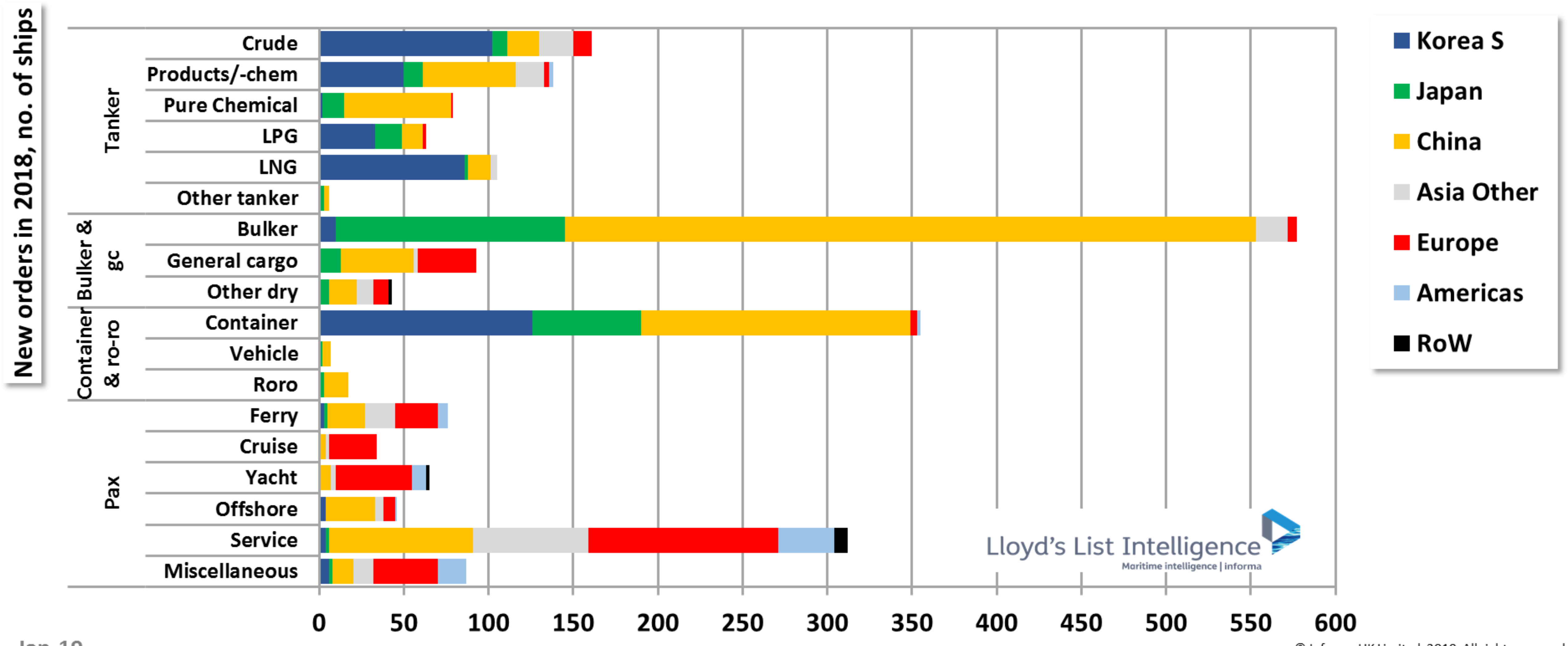

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2,264 new ship orders in 2018 should be compared to 2,073 ships ordered in 2017

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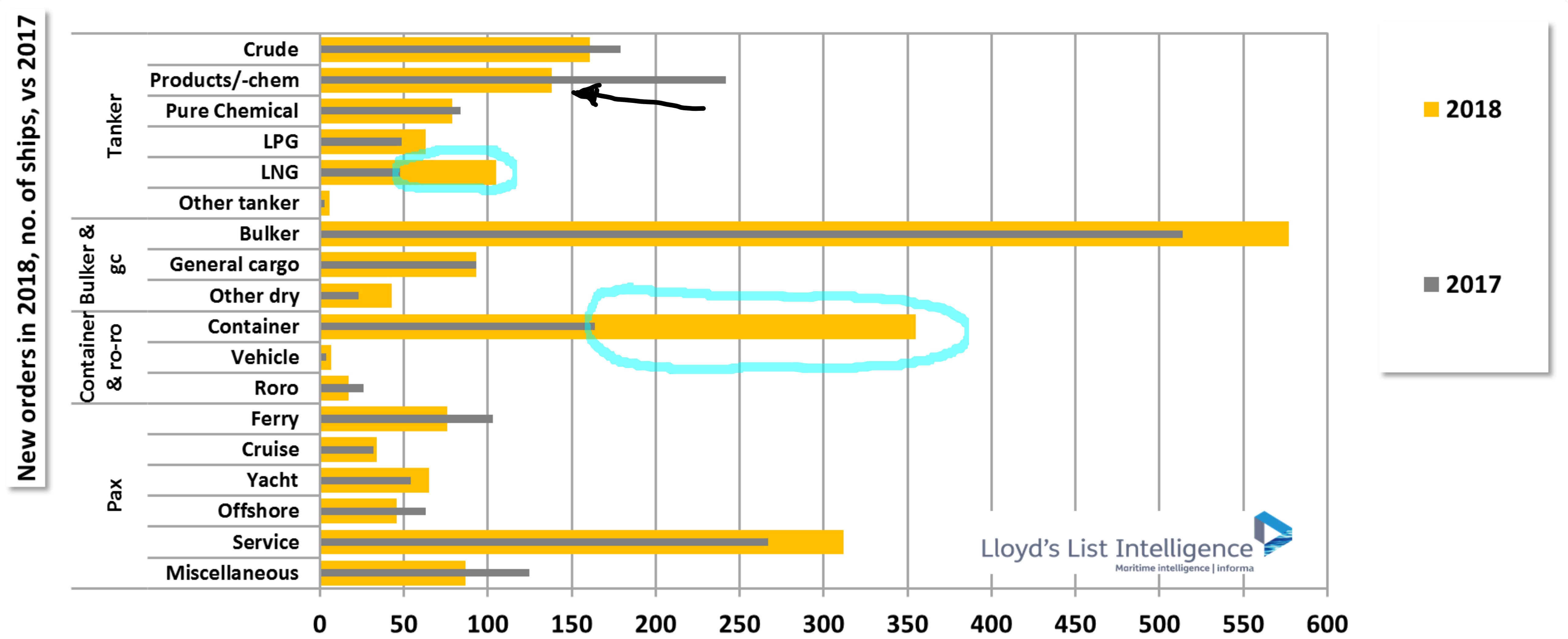

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The new orders in 2018 reached 137M dwt. Most bulkers, followed by crude and container carriers. 42% to be built in China.

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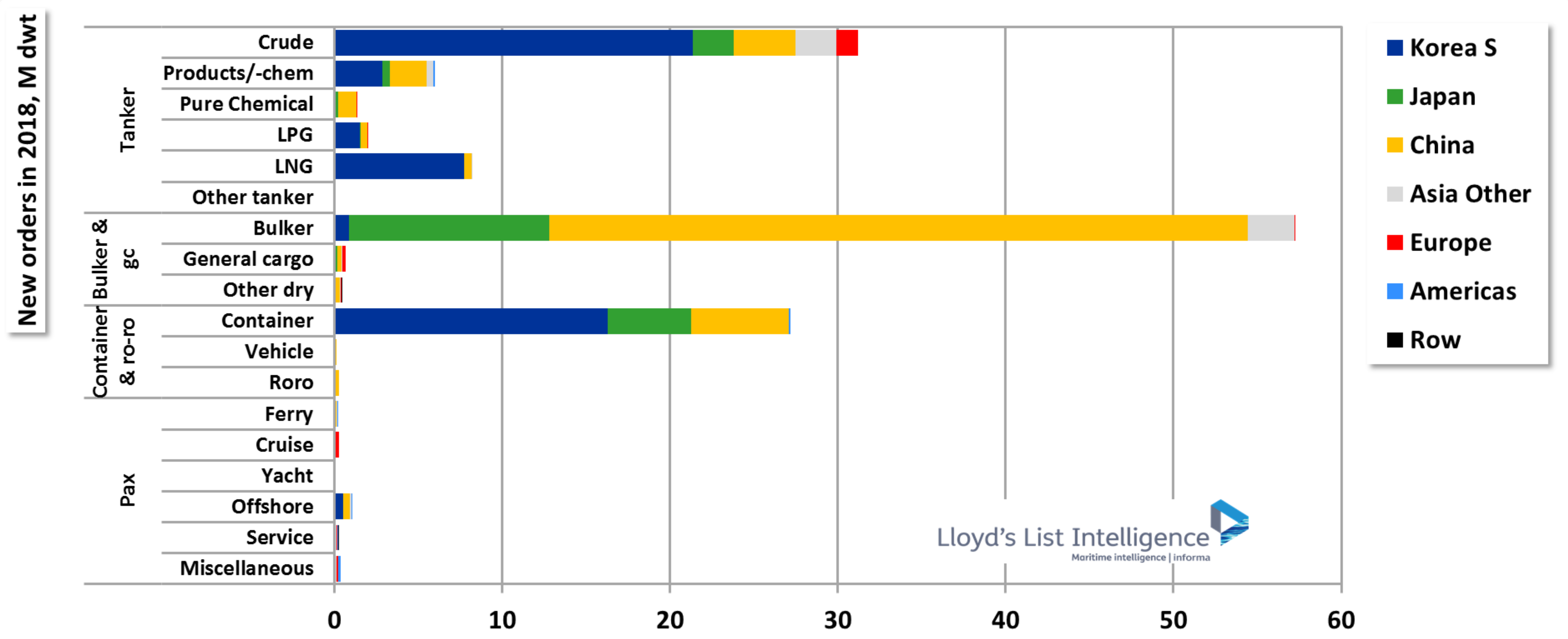

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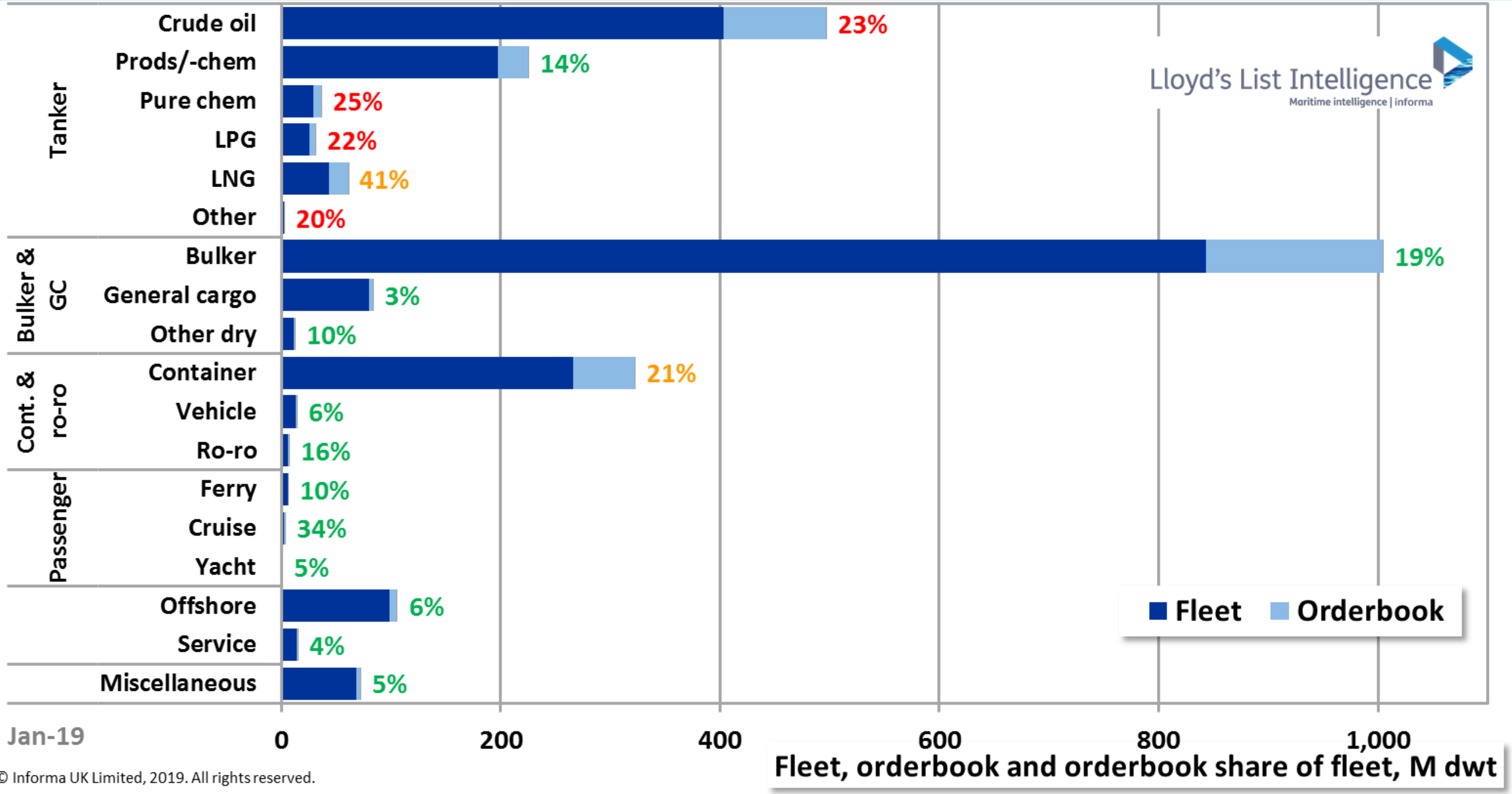
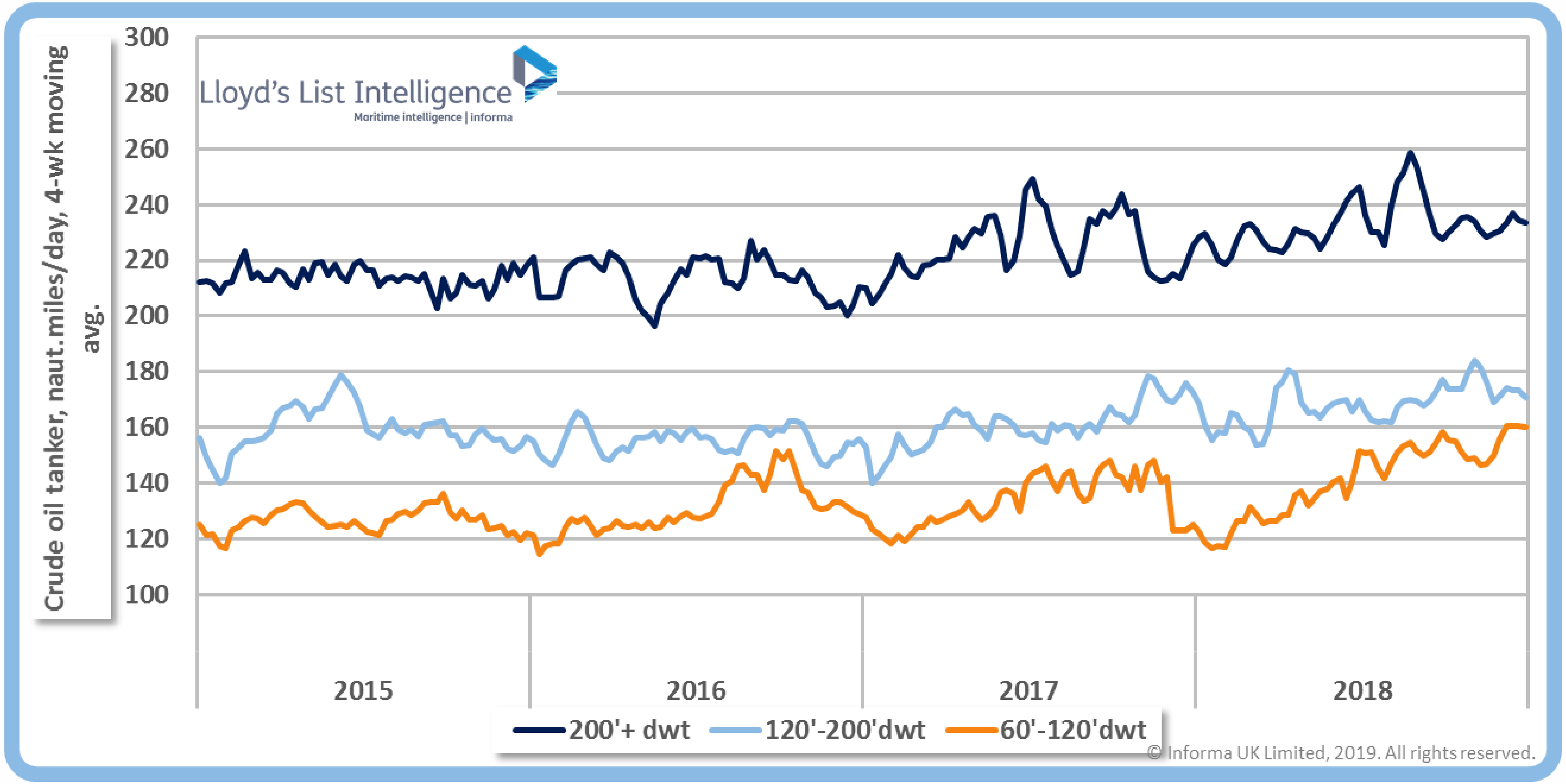
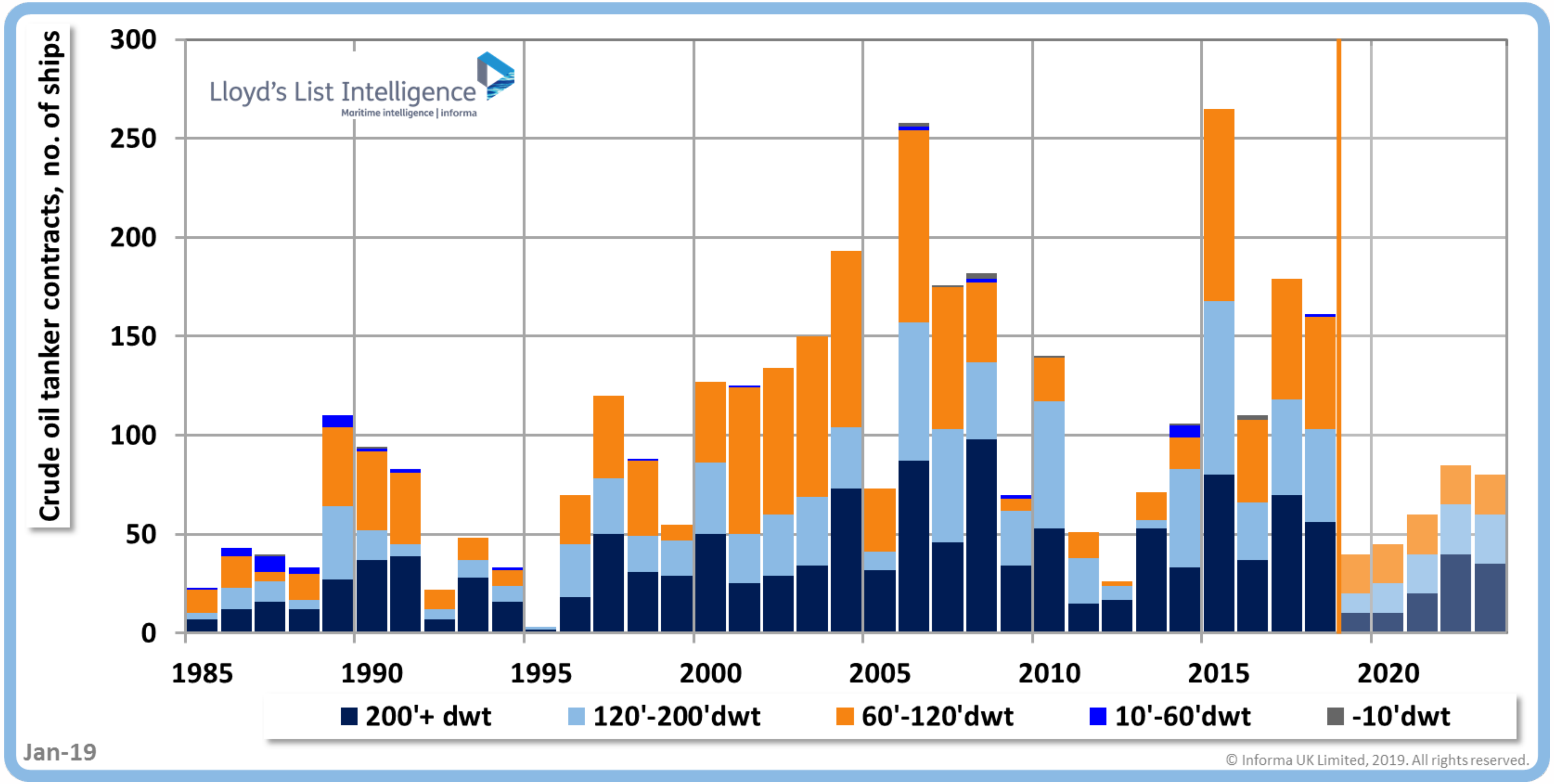
The current orderbook is 5,911 ships large. Level with a year ago, but 14% larger in dwt (387M), due to the many large crude and bulk carriers.



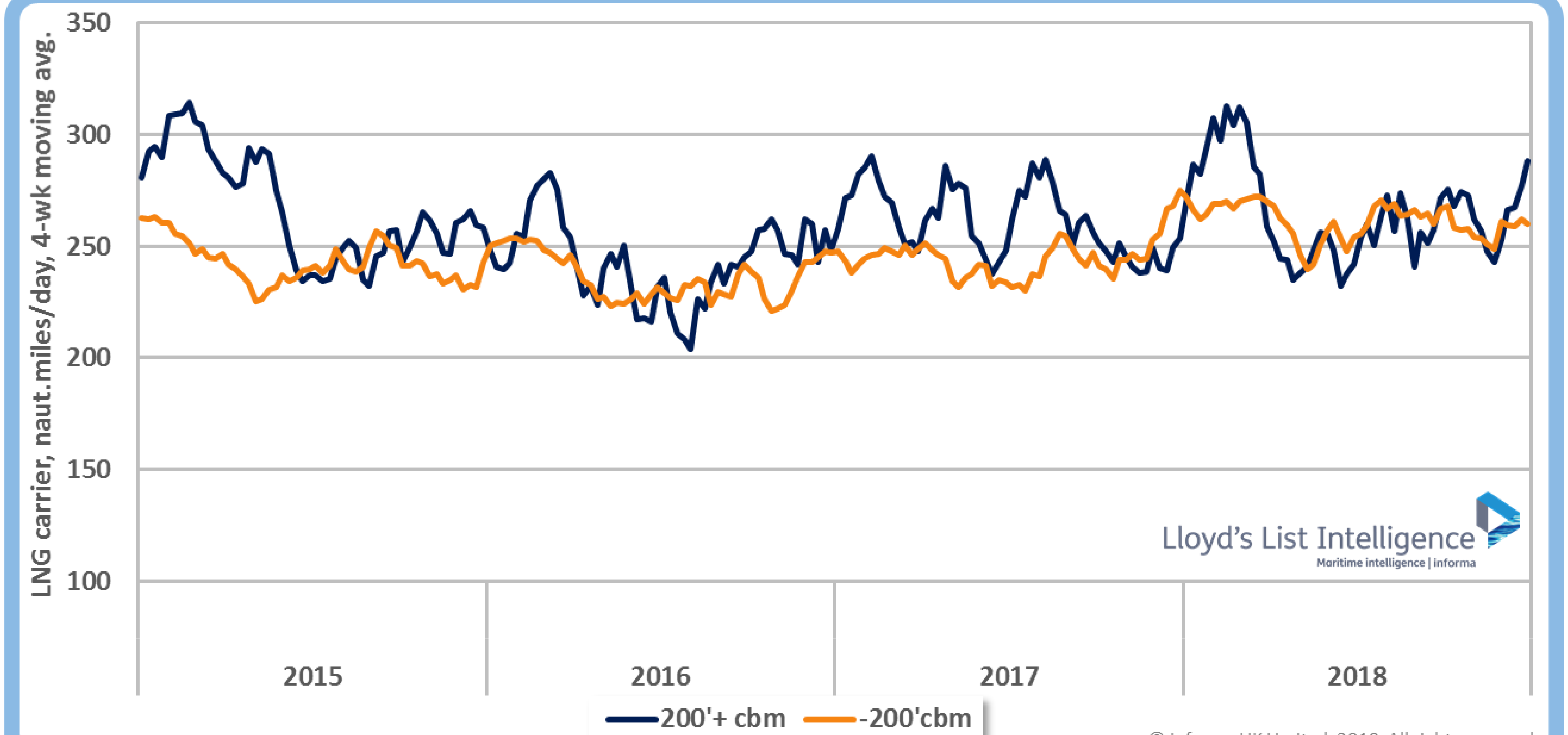
The crude tanker activity has been on a positive development track. Much needed to absorb excess tonnage going forward.



Crude oil tanker contracting must come down, since demand for crude oil transports is bound to fall (≈2030). Still about 50 orders yearly to be signed in the next five years.



LNG carrier activity took off as short-term demand rose early 2018. Then activity came back down.



New LNG carrier orders continue on a high level the next five years; liquefaction expansion in the US and Australia for consumption in China.

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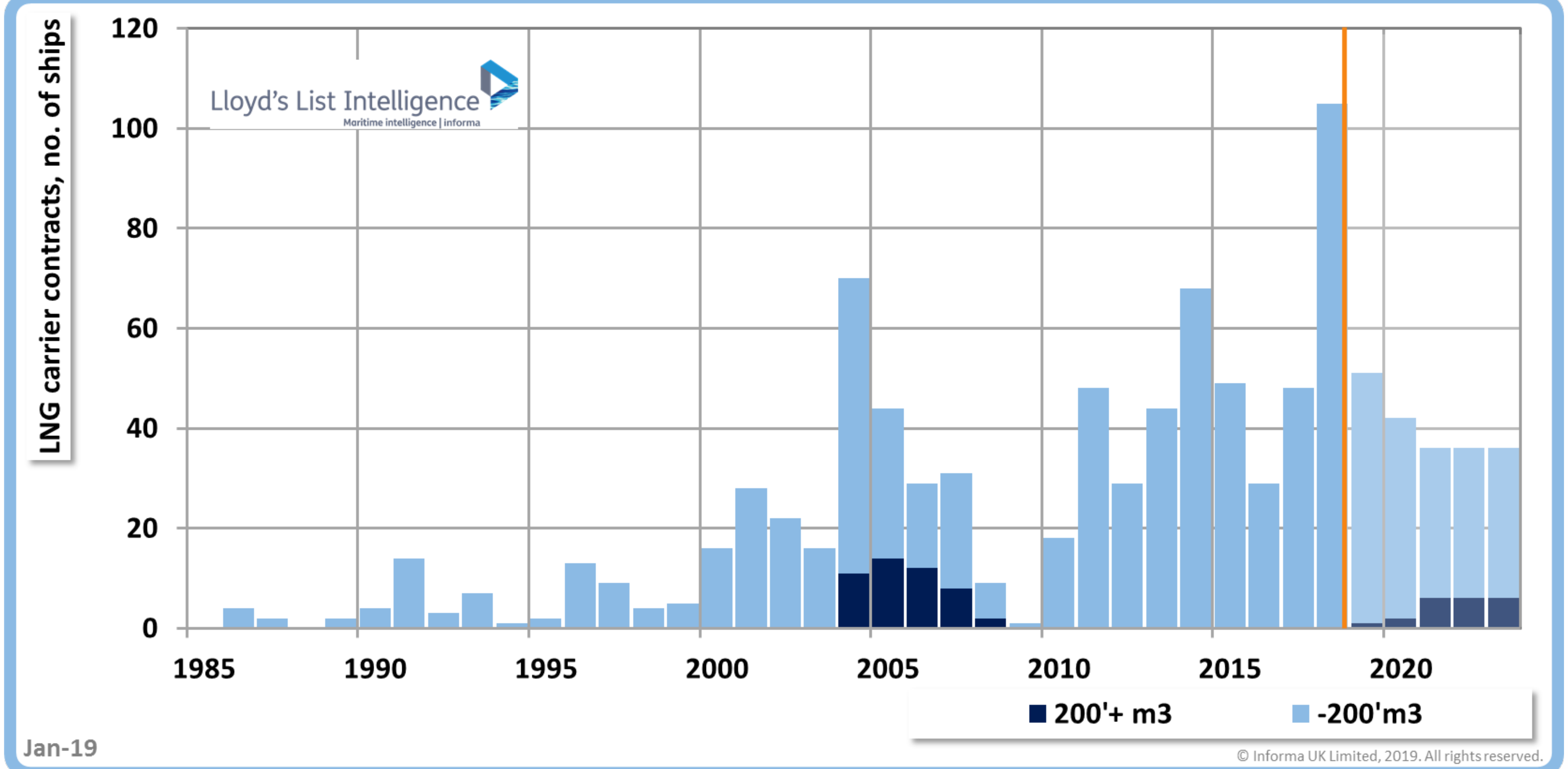

Large bulk carriers increased their sailing last year.

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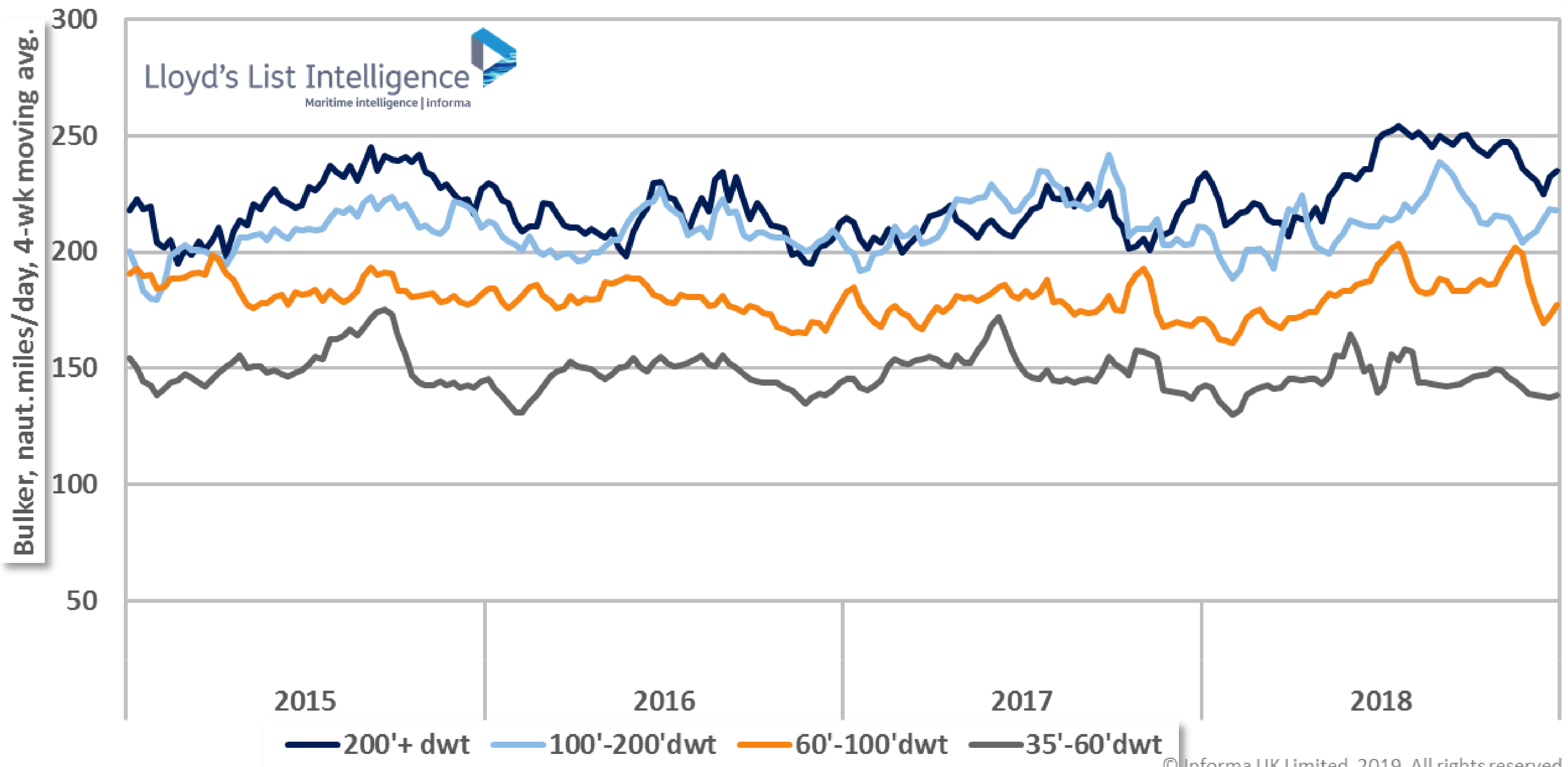
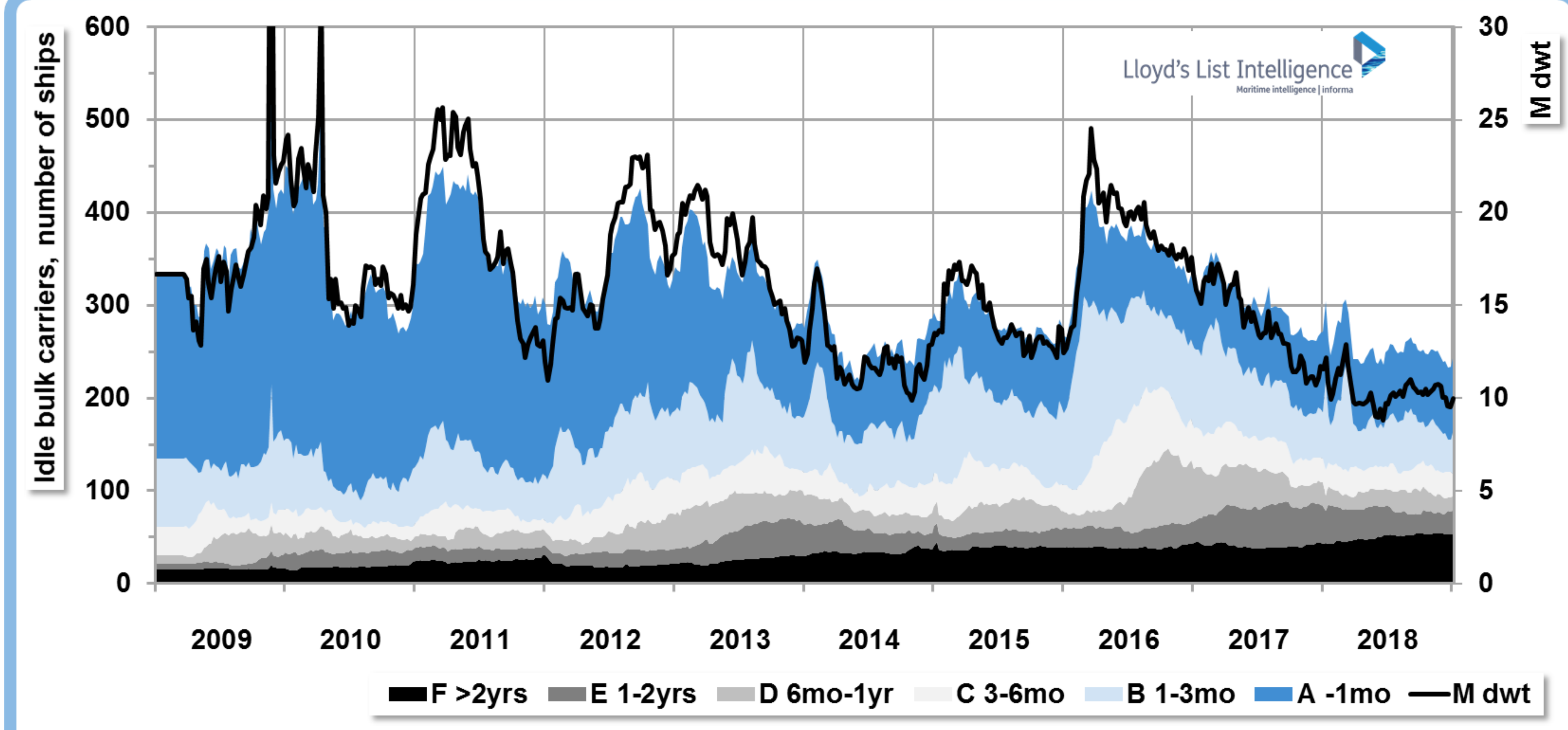


The few ships that were idle have re-entered service – today there are basically NO idle ships



10M dwt

≈1% idle

New orders will be above 500 ships yearly in the years ahead, more focused on smaller tonnage

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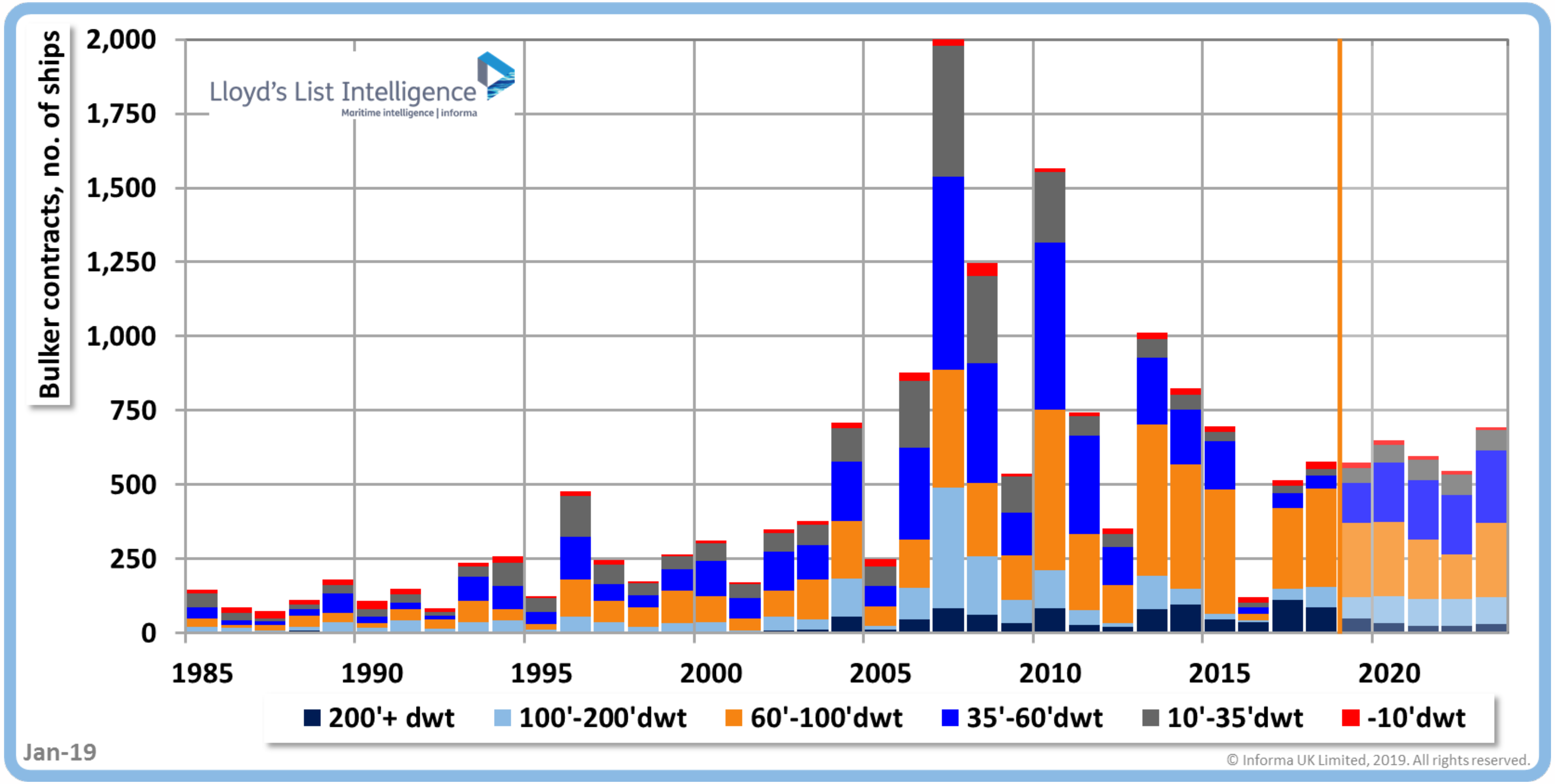
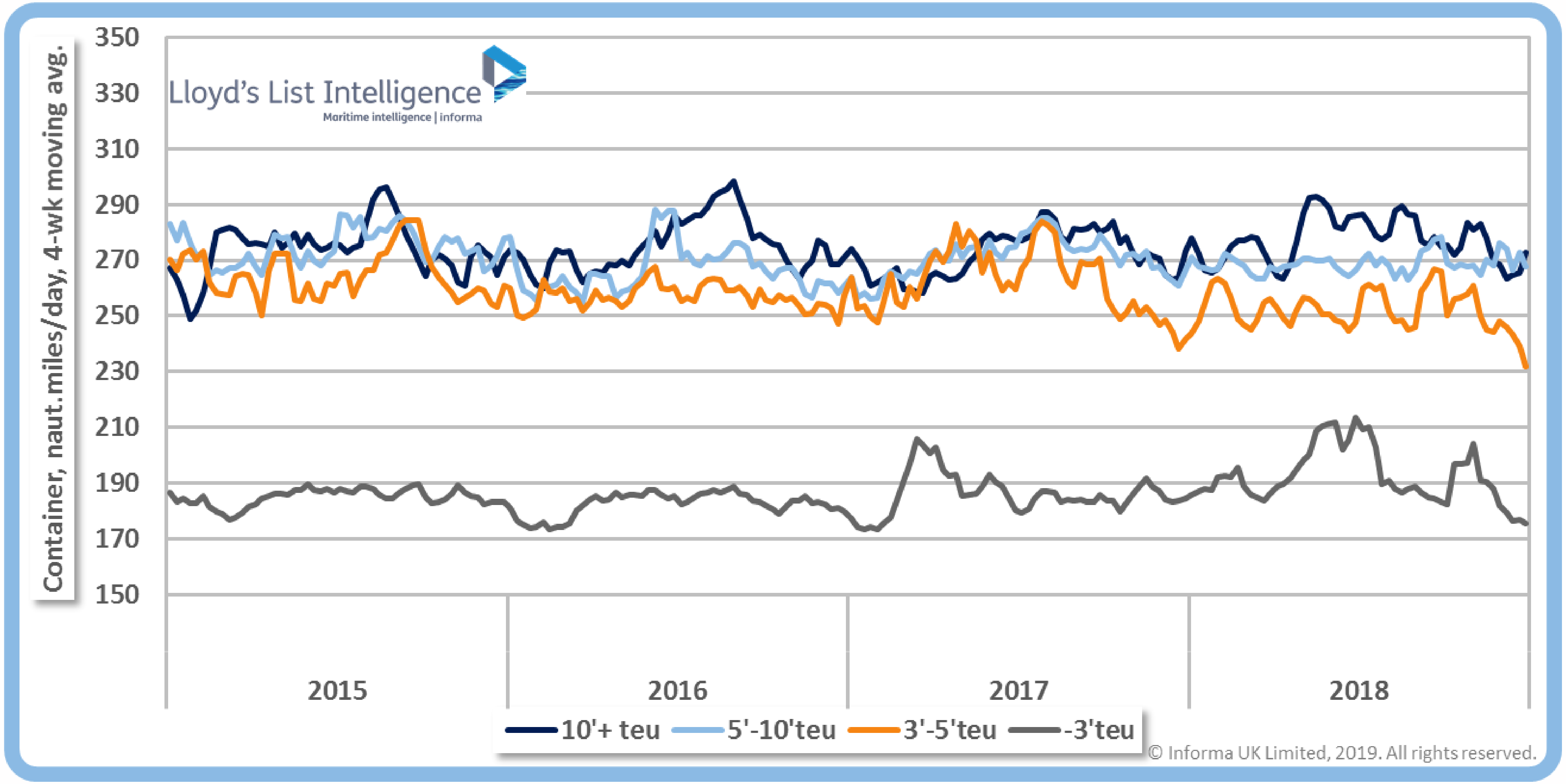
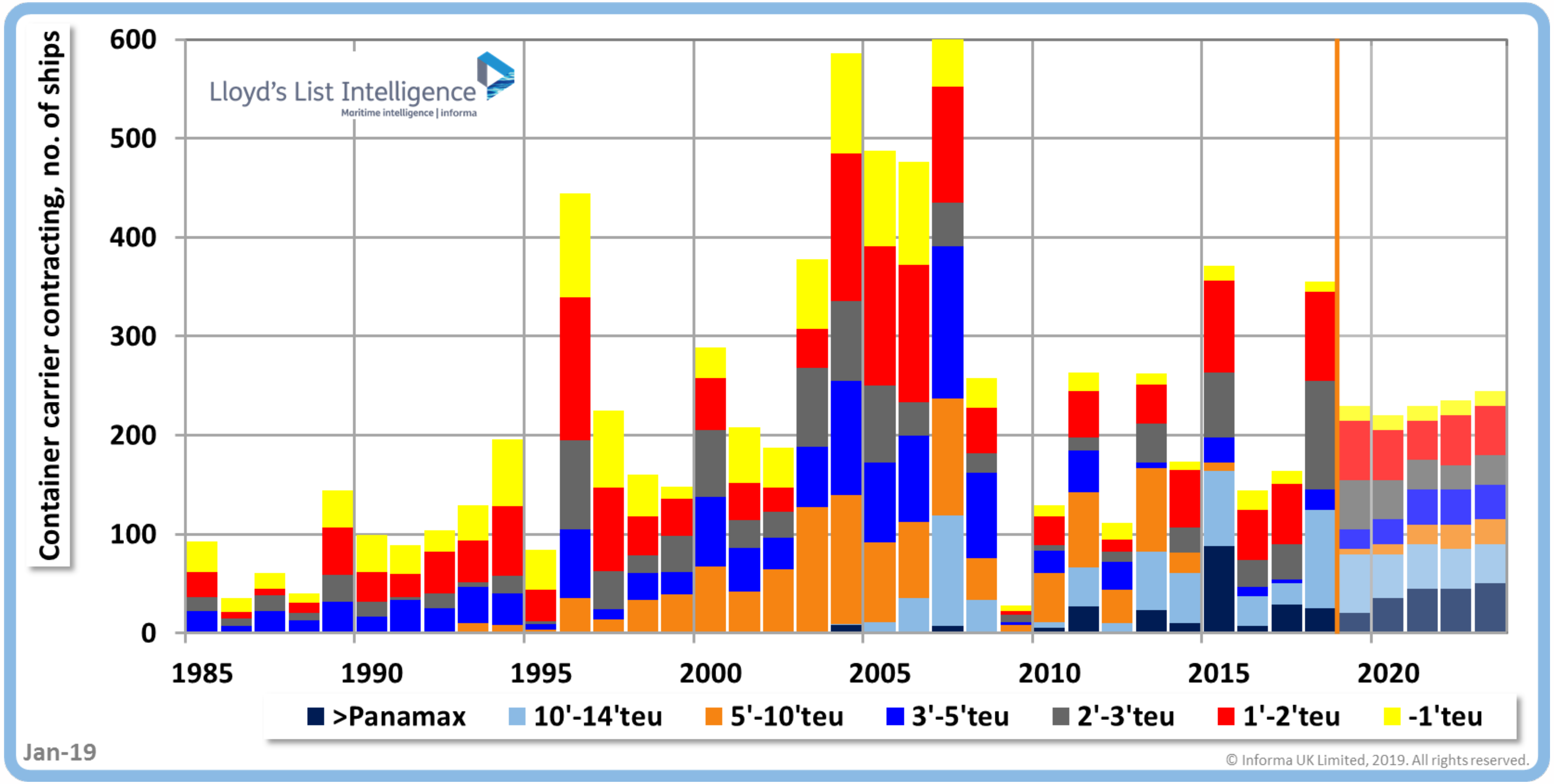


Contracts: at 2018 levels

Container activity largely unchanged, but for the largest carriers (marginally higher than in 2017).



Number of container carrier contracts will fall.
Still 200+ orders/year.



Total shipbuilding summary

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Slightly fewer contracts forecast in 2019 at 2,019. Fewer crude, LNG and container orders.

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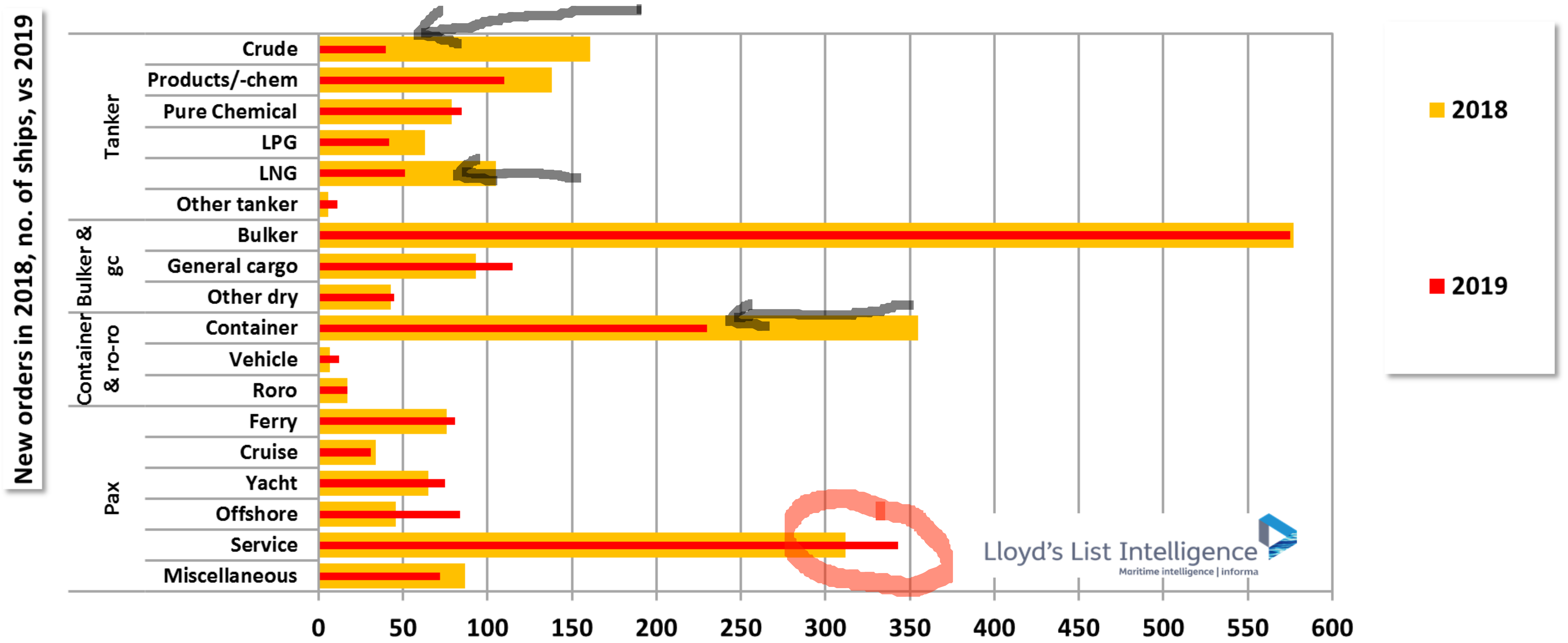

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Total new ship ordering on a slow recovery trend to reach the needed replacement pace.

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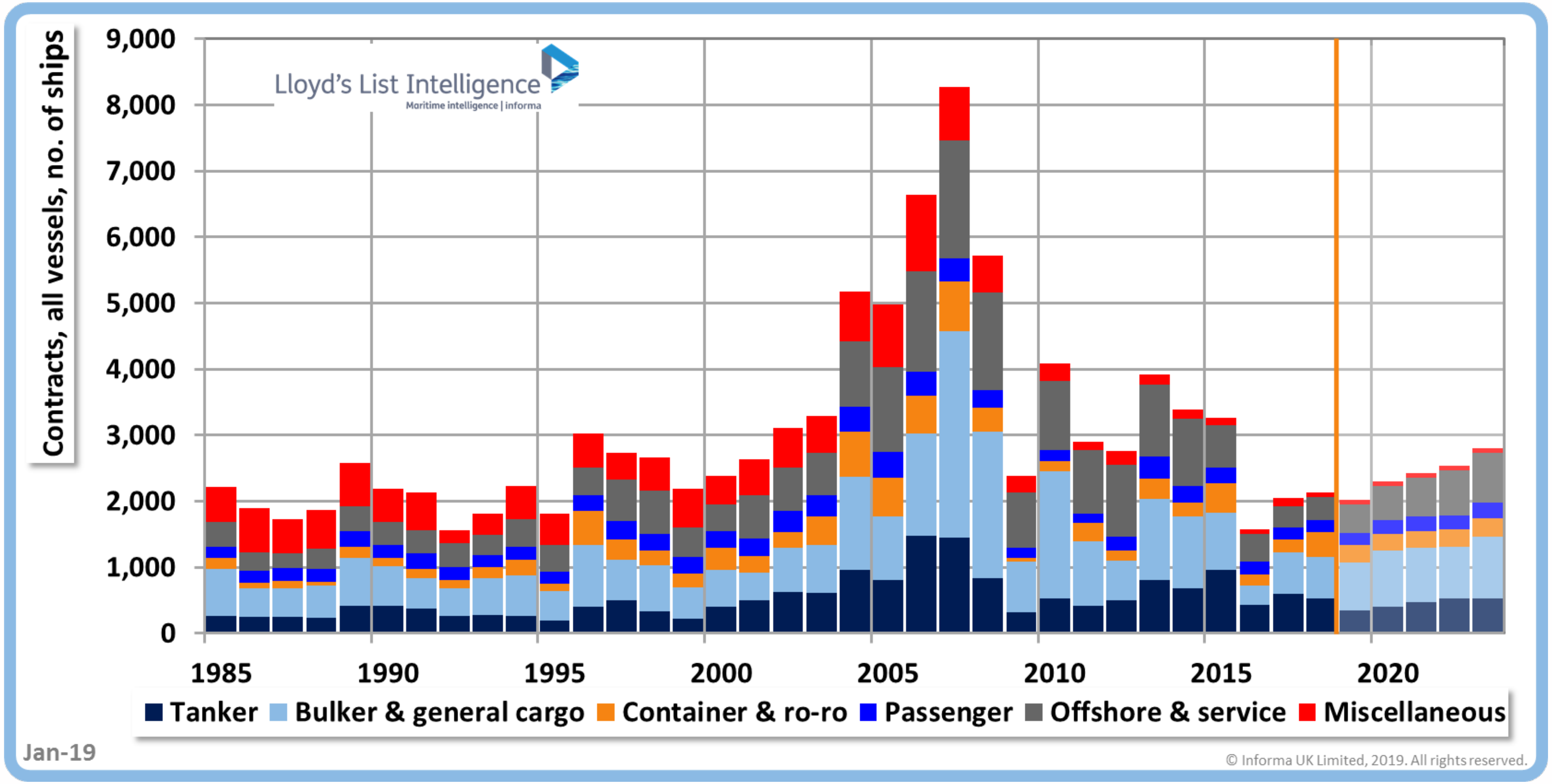

Take away ships smaller than 1,000 gt shaves off some 500-600 ships per year.

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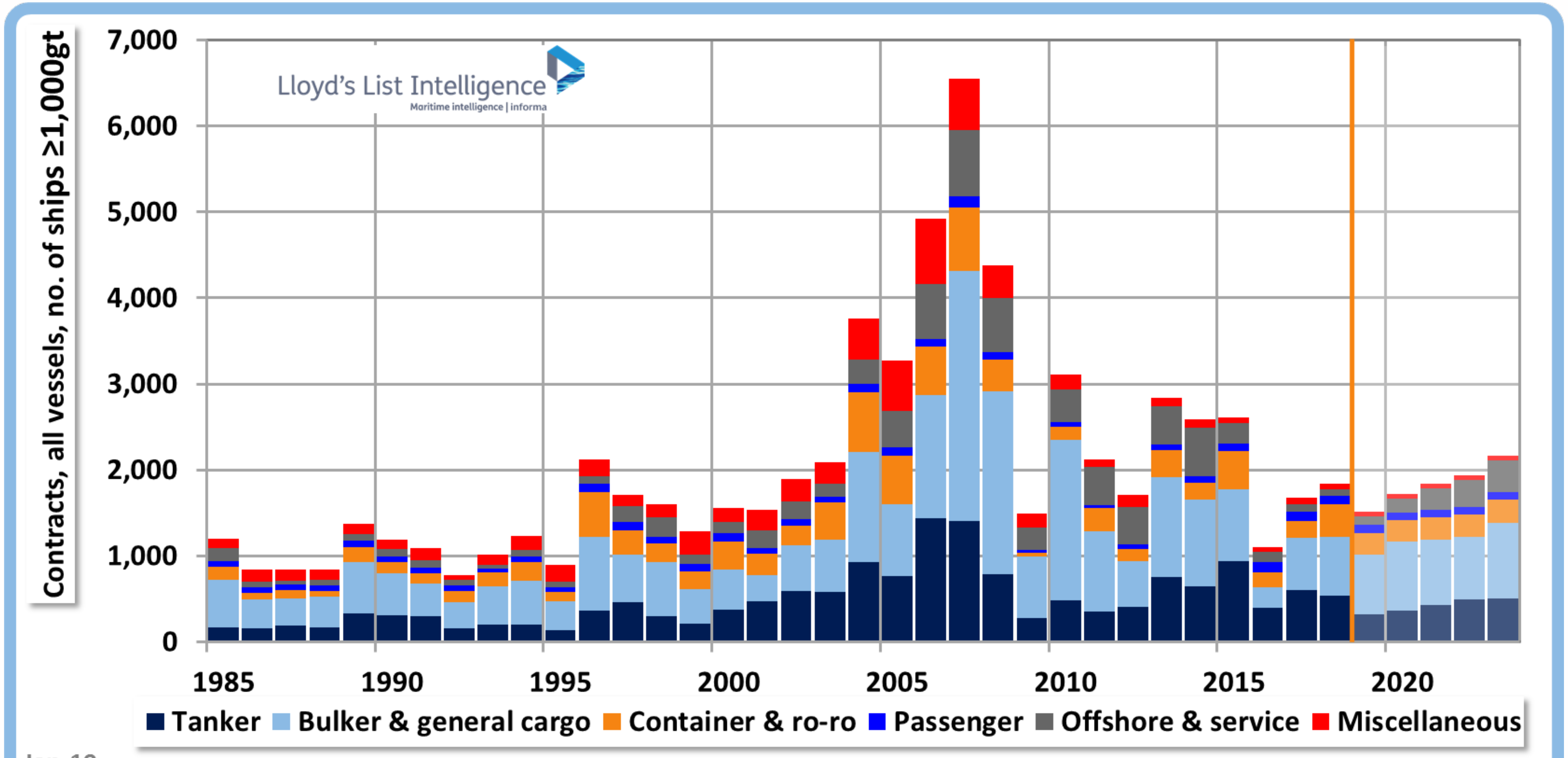

With the current orderbook and forecast new orders, deliveries will be above 120M dwt in the next 4 years. 629M dwt to be delivered to 2023

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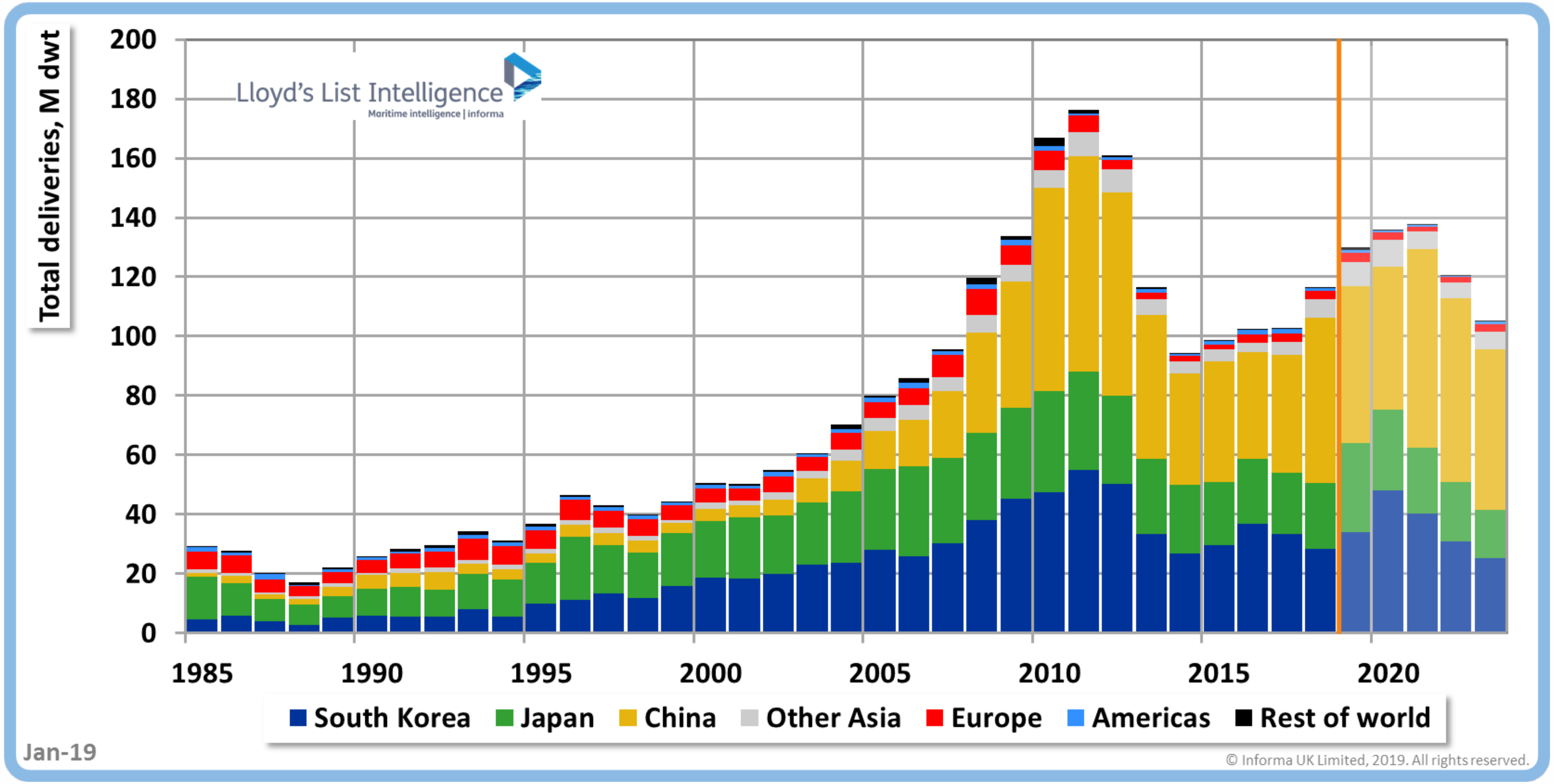

45% of the dwt will be delivered from China

The orderbook vs fleet ratio to continue to fall to <10% of the fleet.

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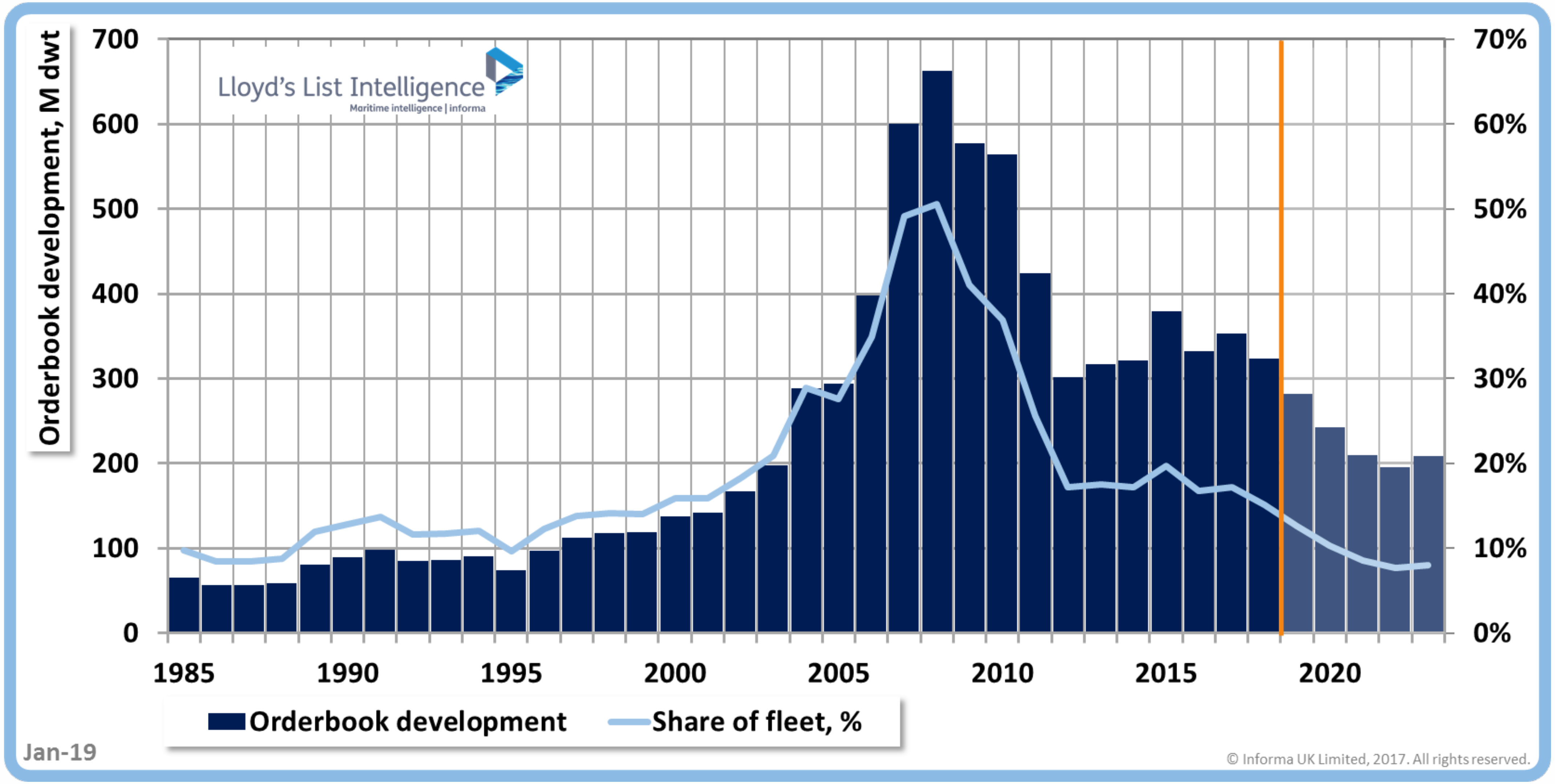

The global fleet will grow faster than total trade.

Low new ship ordering sends fleet growth downwards three years from now.

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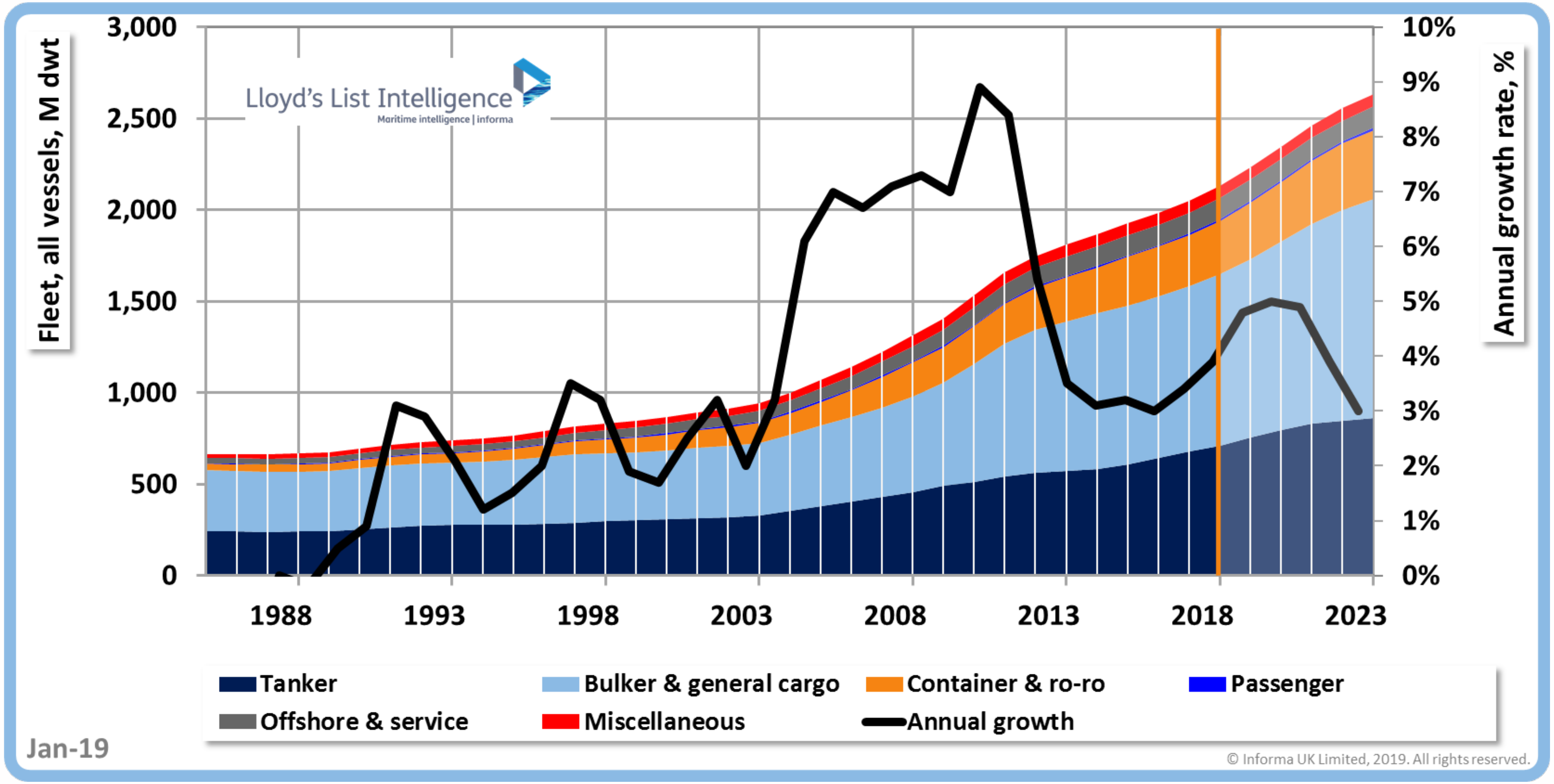

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Thank you !