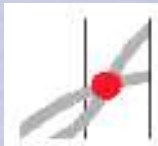


**European Marine Equipment Council
Annual Meeting November 30th, 2010**

Market Outlook

**Erik Bastiansen
MSR-Consult**

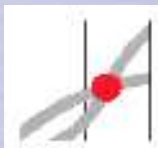


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My Background

- B&W Group 1976-81
- MAN B&W Diesel 1981-86
- MSR-Consult 1986-97
- Maersk Broker 1997-99
- MSR-Consult 1999+
- The Danish Maritime Foundation 2005-10

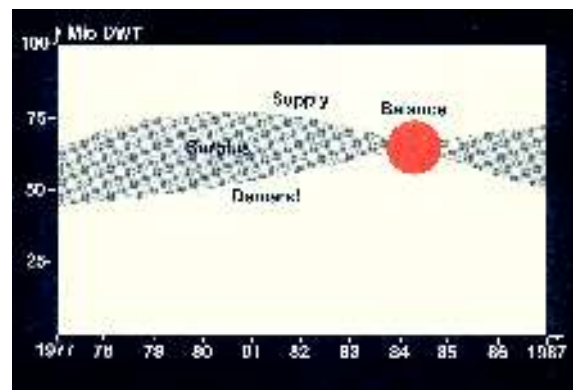


Published report March 1978

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Balance in the Maritime Sector When and How



Market Development Department
Dieselgroup

Burmeister & Wain A/S . Copenhagen . Denmark

March 1978

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The "Art" of Making Forecasts

- An impossible but necessary task
- What one needs:
 - Good information
 - Insight, experiences & scepticism
 - A "robust" model
- Long-term trends are more certain to forecast than short-term movements



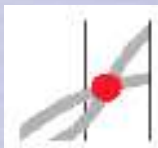
Hat herren tabt noget?
Tja! æh! mit port - det nogle!



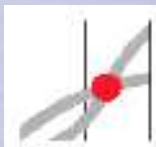
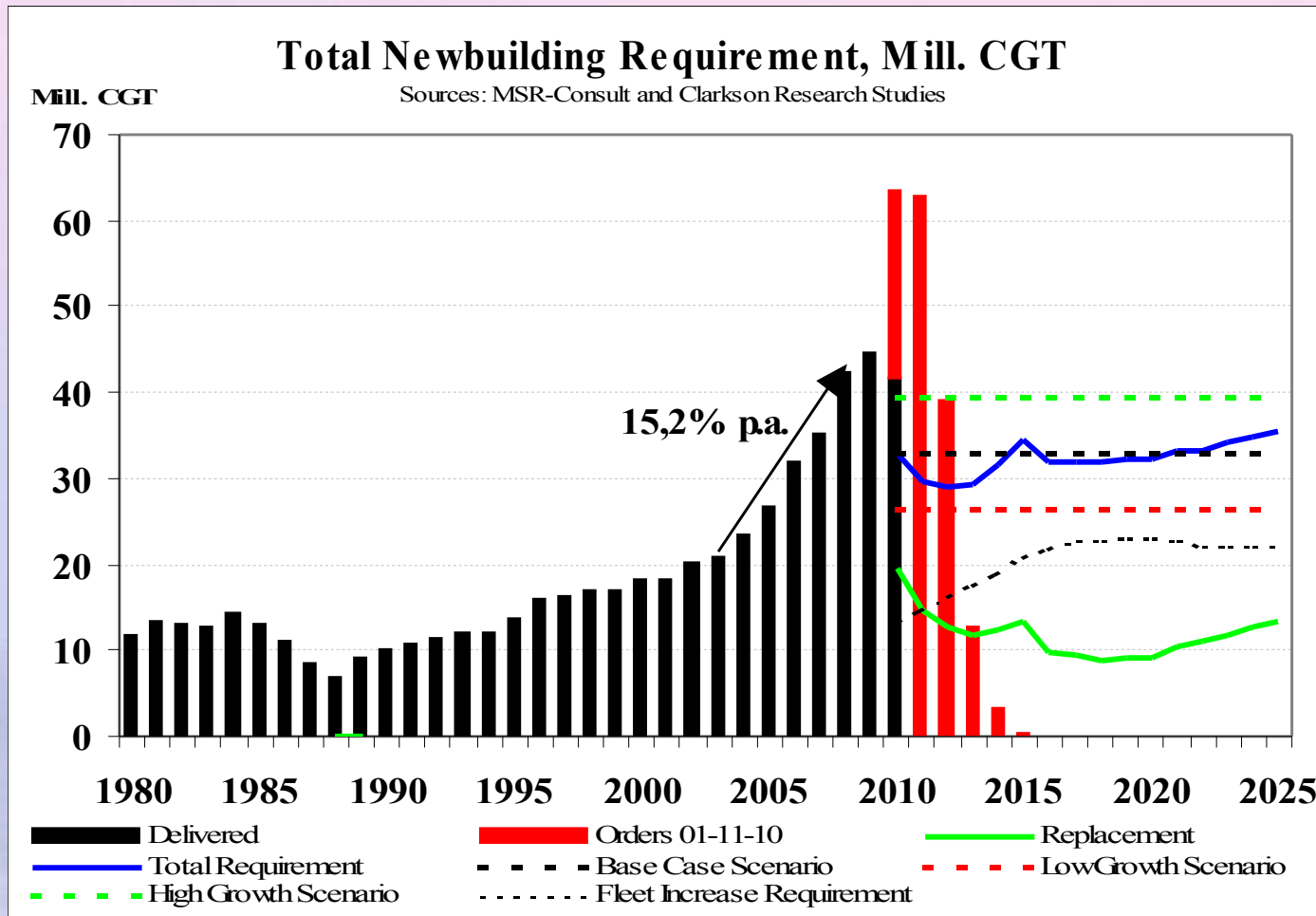
Hat De tabt den her?
- Naer - det var herne i den mørke gade



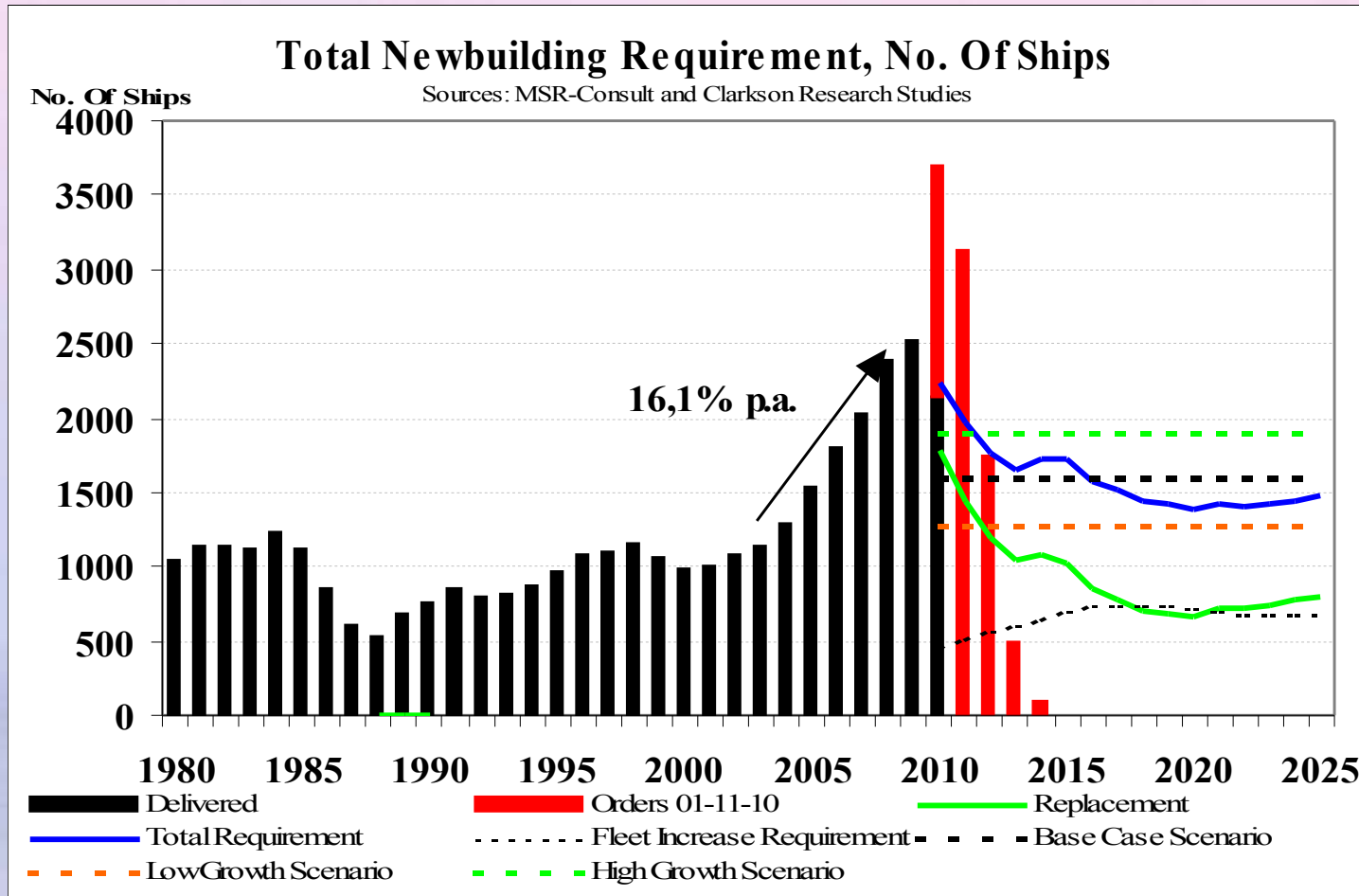
- Jæm, hvordan søger De så her?
- Jo - her står en yggel - her er belysning - vsere.
© 1992 1028



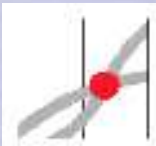
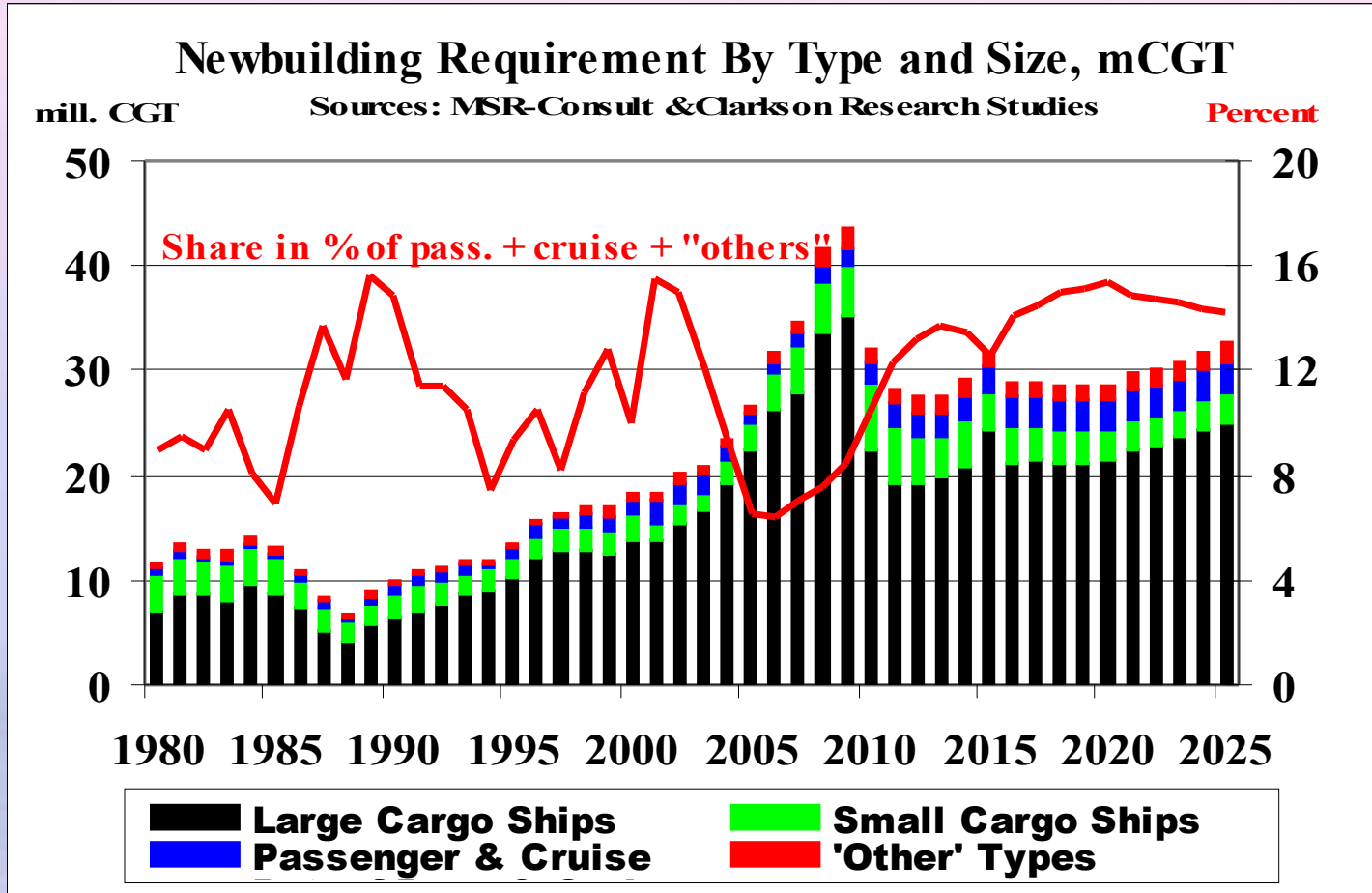
Long-term Newbuilding Requirement - CGT



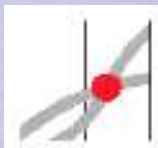
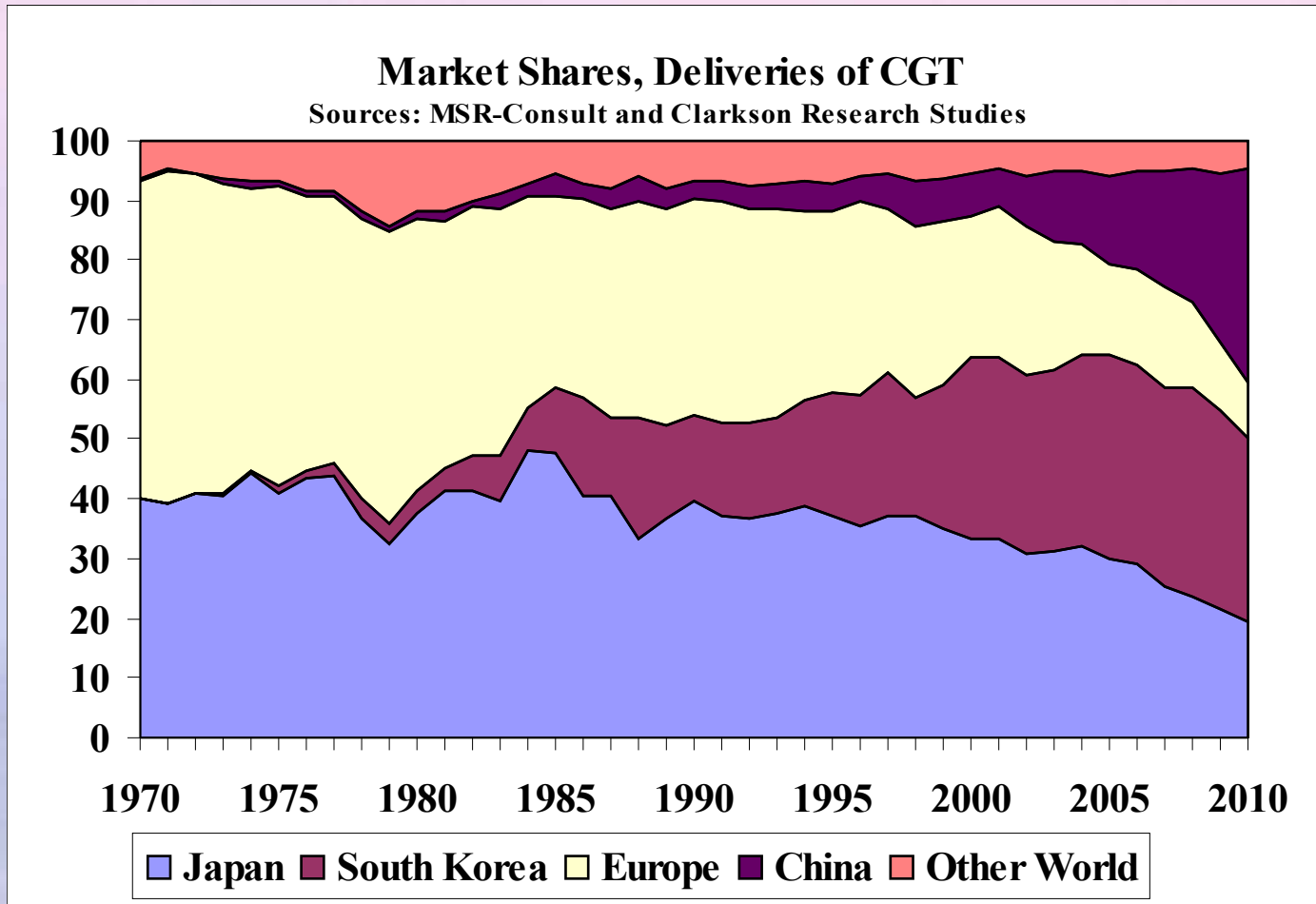
Long-term Newbuilding Requirement - Ships



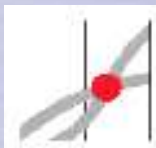
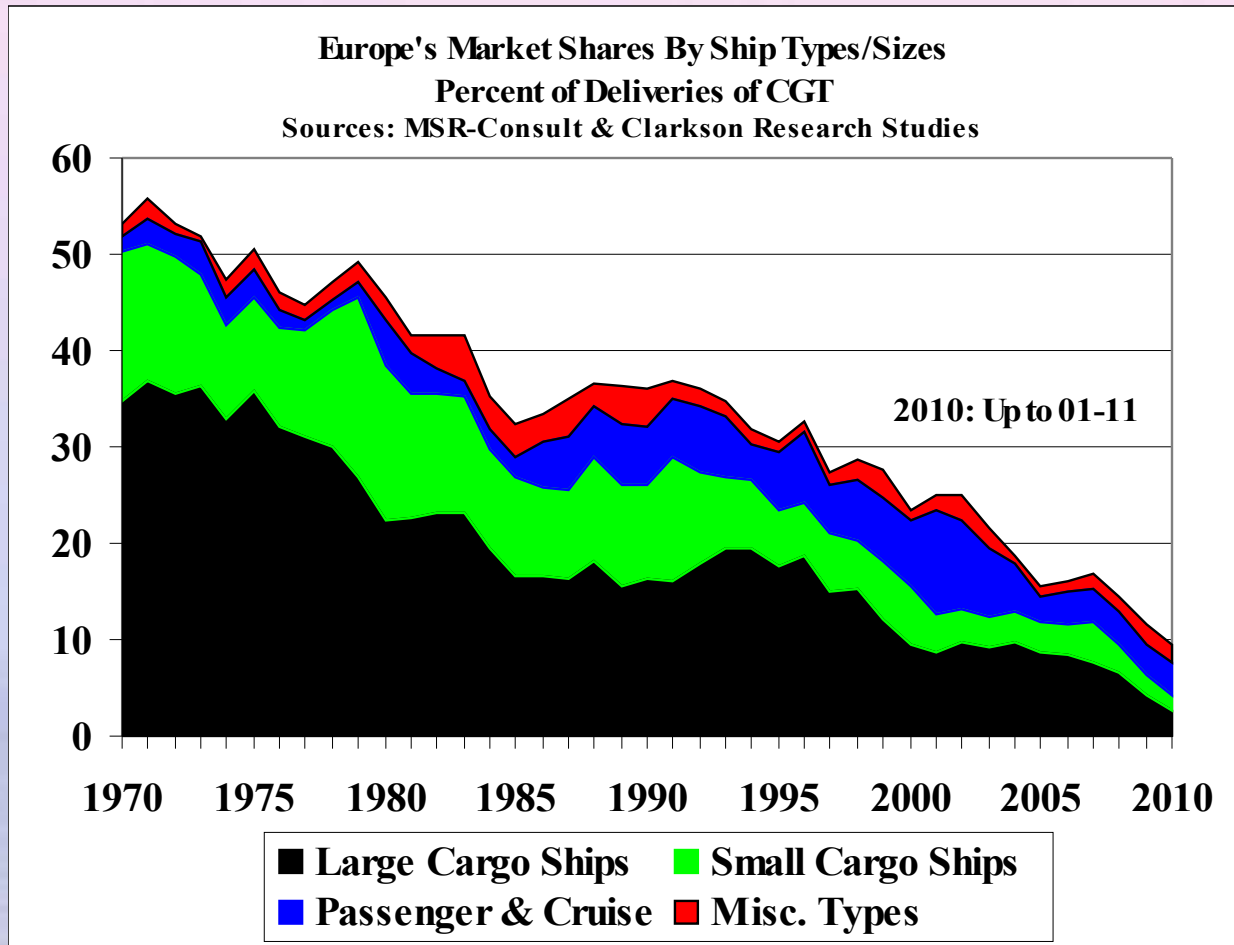
Newbuilding Requirement By Type/Size - CGT



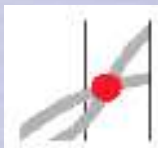
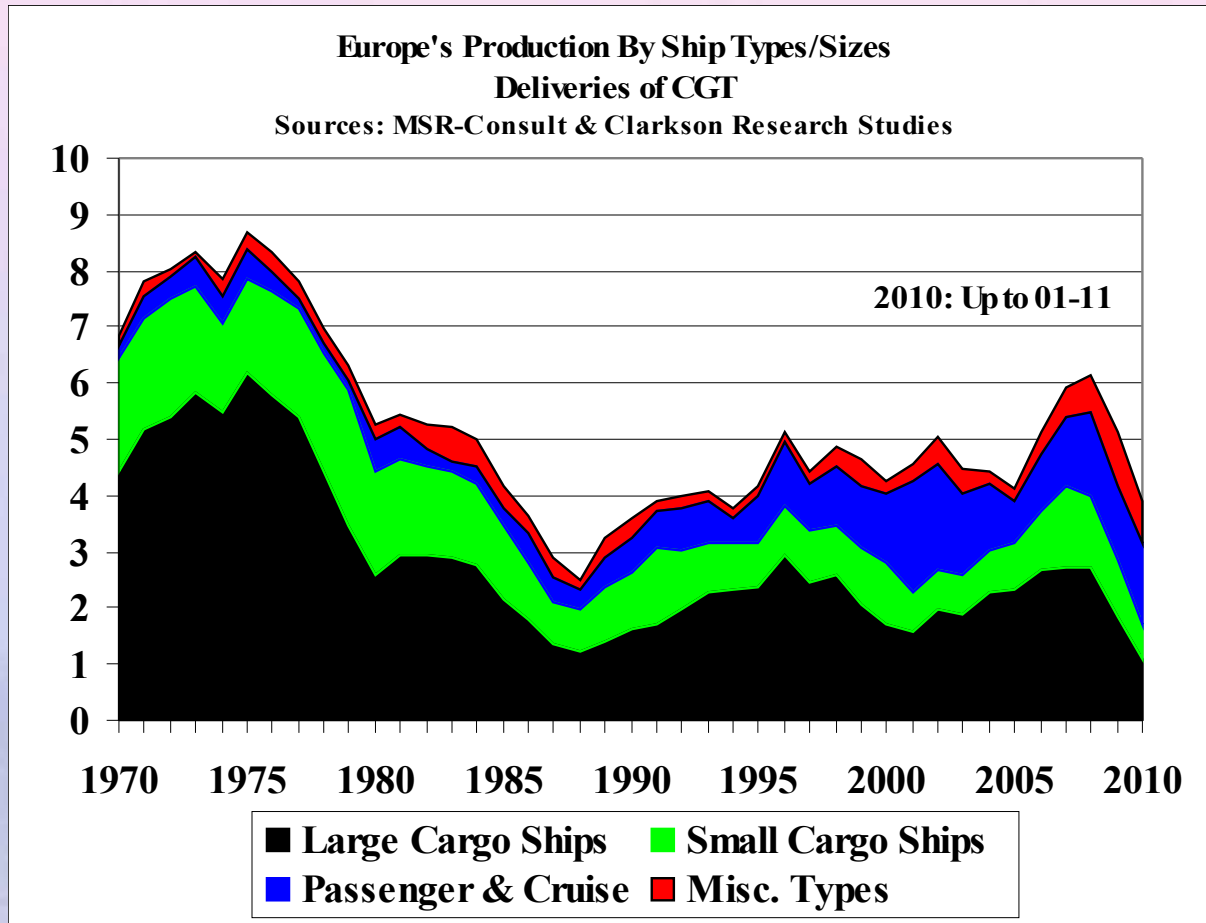
Market Share – Deliveries of CGT



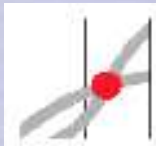
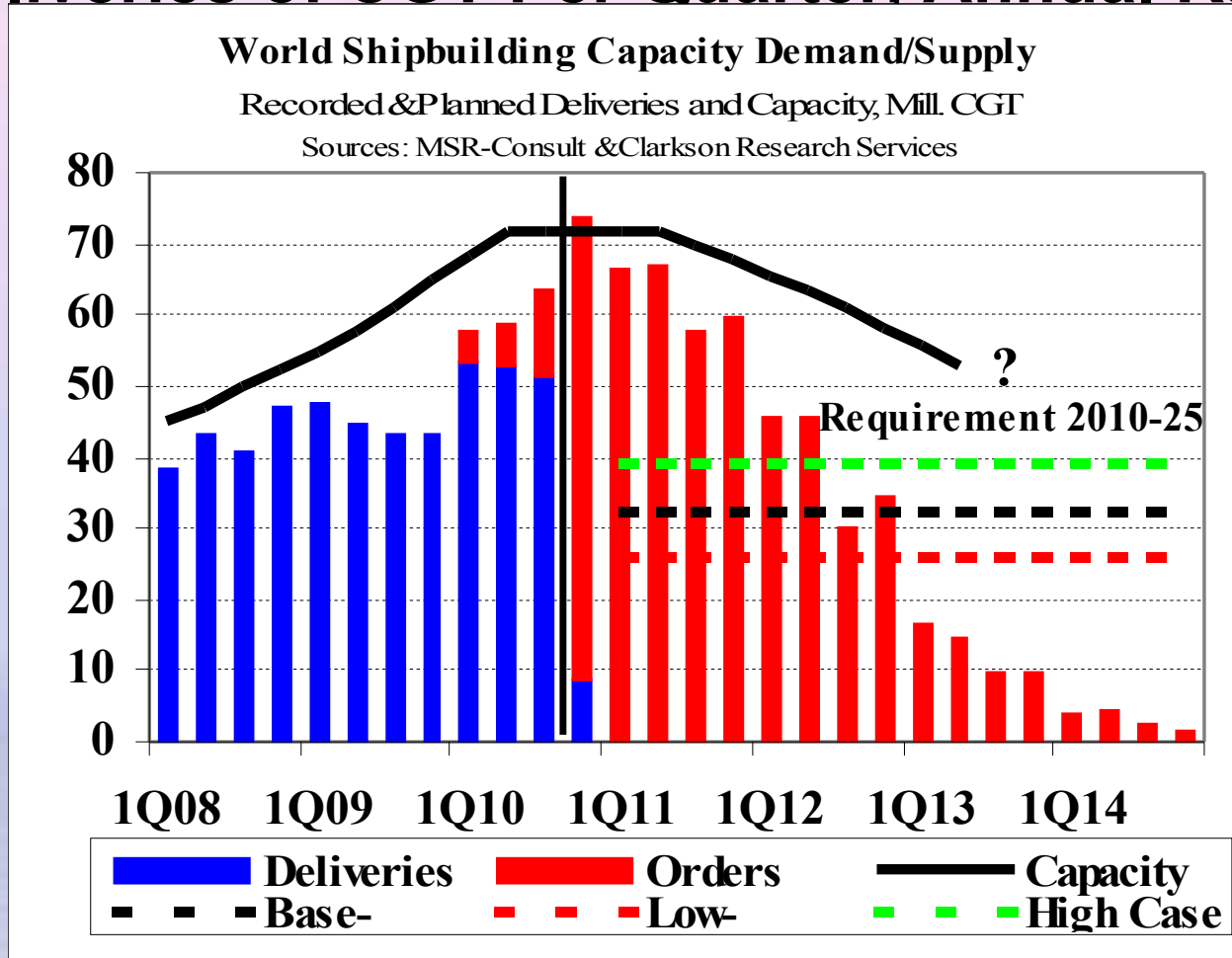
Europe's Market Share By Type/Size Deliveries of CGT



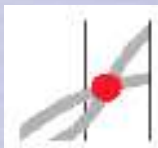
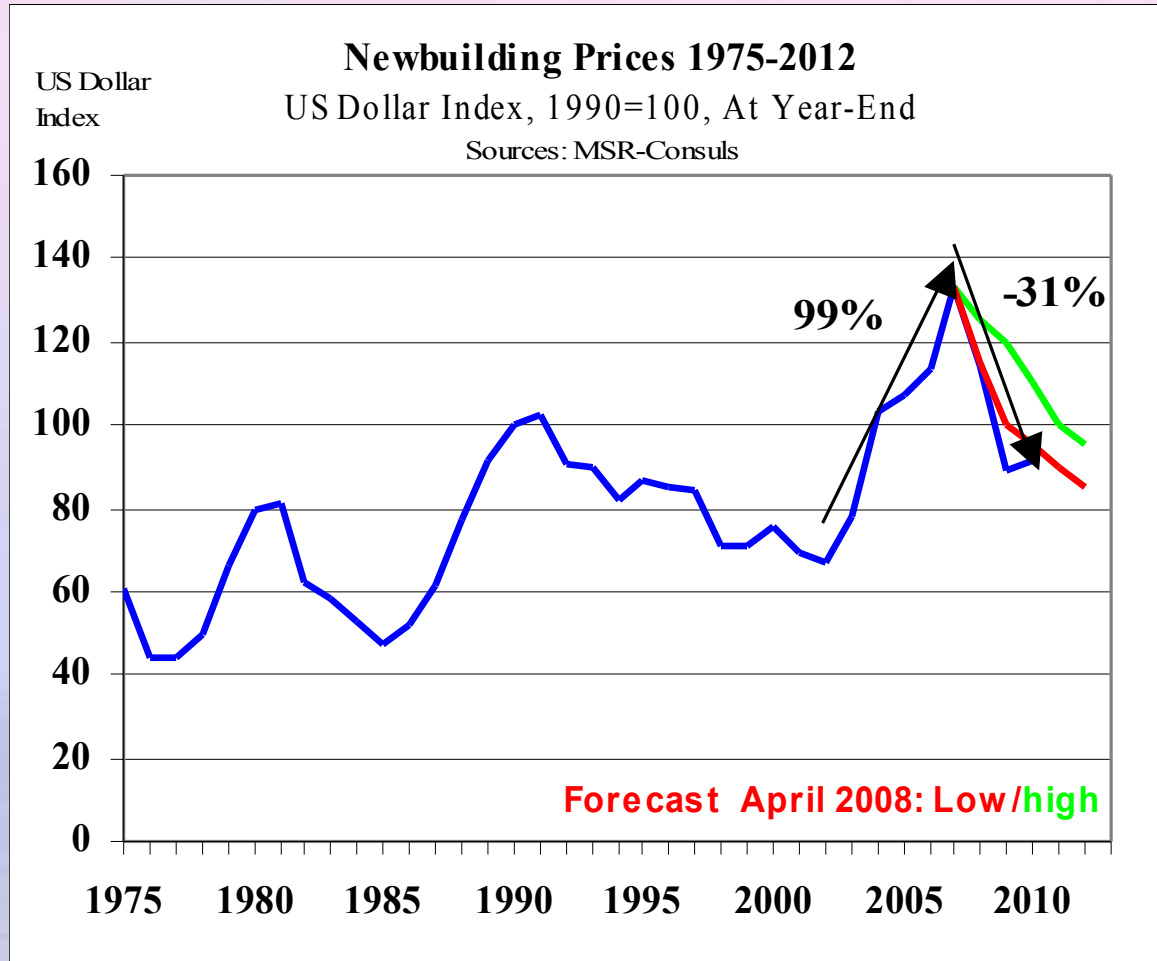
Europe's Production By Type/Size Deliveries of CGT



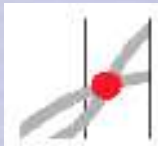
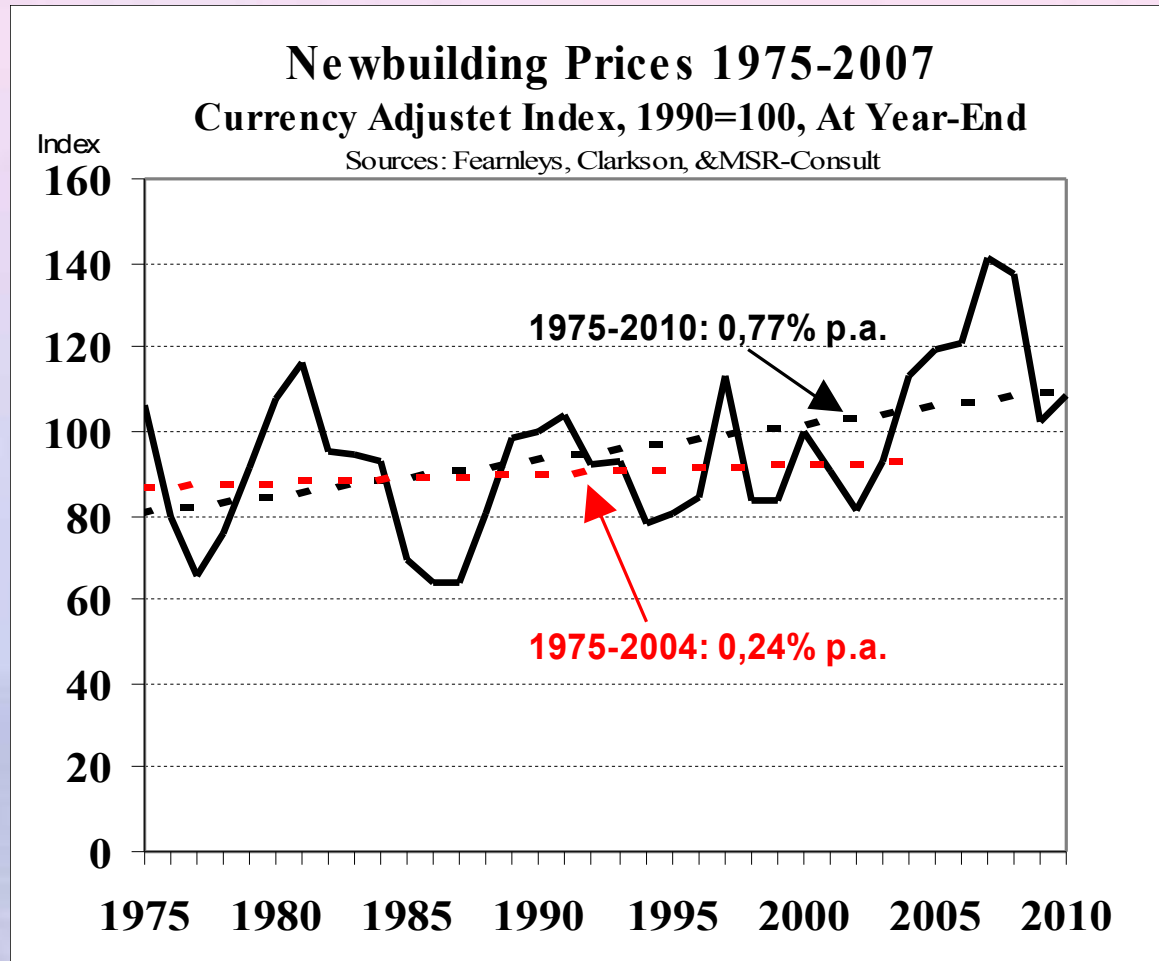
Capacity and Actual/Planned Production Deliveries of CGT Per Quarter. Annual Rates



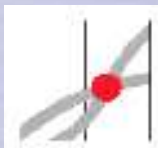
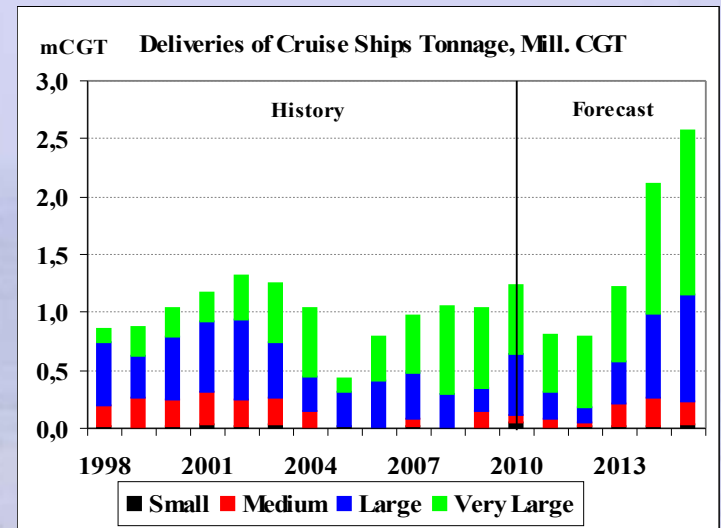
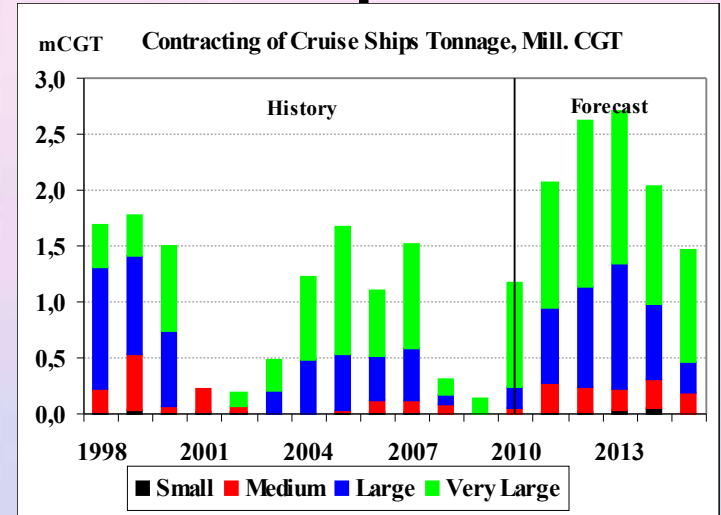
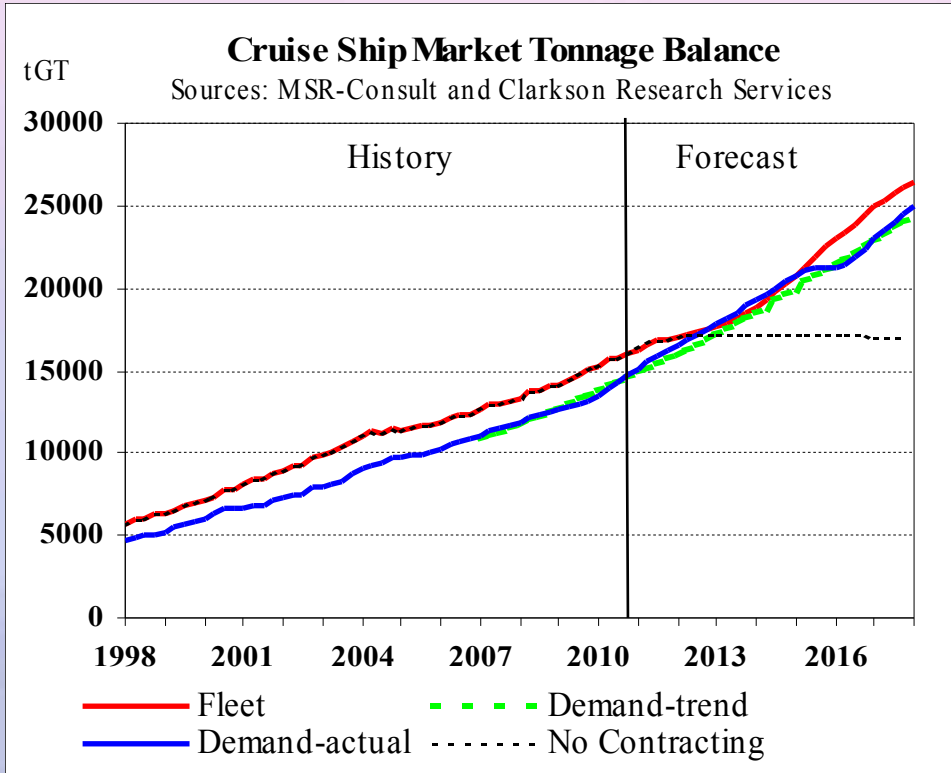
Newbuilding Prices – US\$



Newbuilding Prices – Currency Adjusted

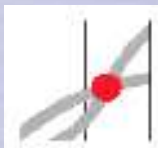


Newbuilding Market – Cruise Ships



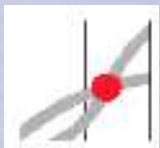
Conclusions: Shipbuilding & Equipment

- **Short- to medium-term:**
 - **Winding-up of current orderbooks**
 - **Upturn in contracting – probably mild**
 - **Pressure on newbuilding prices**
 - **Adjustment of shipbuilding capacity**
- **Long-term:**
 - **Moderate to strong newbuilding requirement**
 - **Likely “structural” over-capacity in shipbuilding**
 - **Likely continued pressure on newbuilding prices**

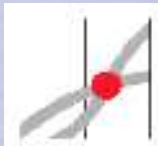


Conclusions: Shipbuilding & Equipment

- **European industries**
 - Further declines in production and market shares
 - Increasing pressure from Asian equipment producers
- **“Wild cards”**
 - “Speculative” waves of contracting of newbuildings?
 - Strong regulatory influences from IMO and/or EU?
 - New financial chocks?



Thank You For Your Attention



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