Korean Shipbuilding Situation

Korean Shipbuilders,

Sailing Blue Ocean with Creative Innovation

Japan(Okinawa),13-15 November 2013

KOSHIPA

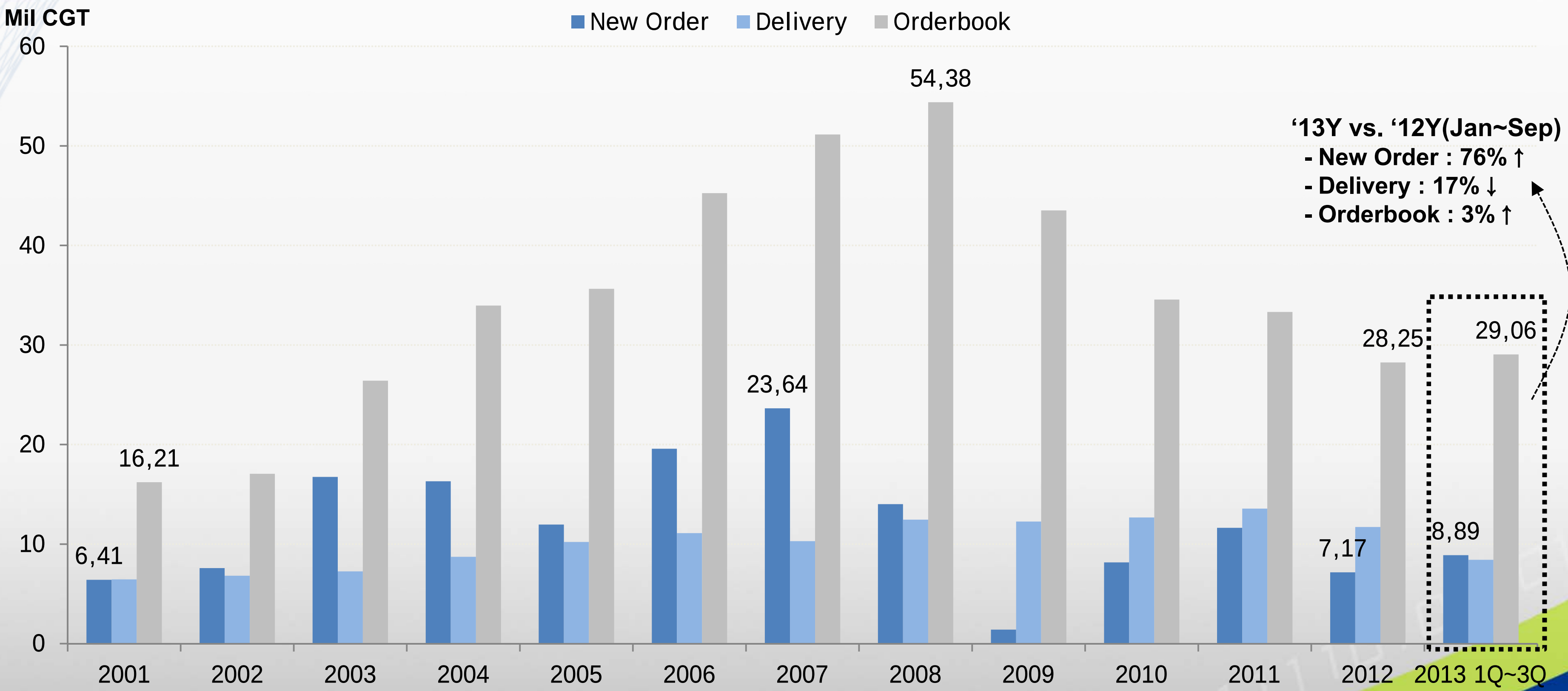
Korea Offshore & Shipbuilding Association

1 Shipbuilding Activity - Overview

- **New order has been increased by 76% during the first nine months of this year**
  ← mainly driven by PC, BC, Gas Carrier

- **However, Orderbook of 9 members of KOSHIPA has been decreased by 47% from 2008**

[1-1] Korean Shipbuilding Trends

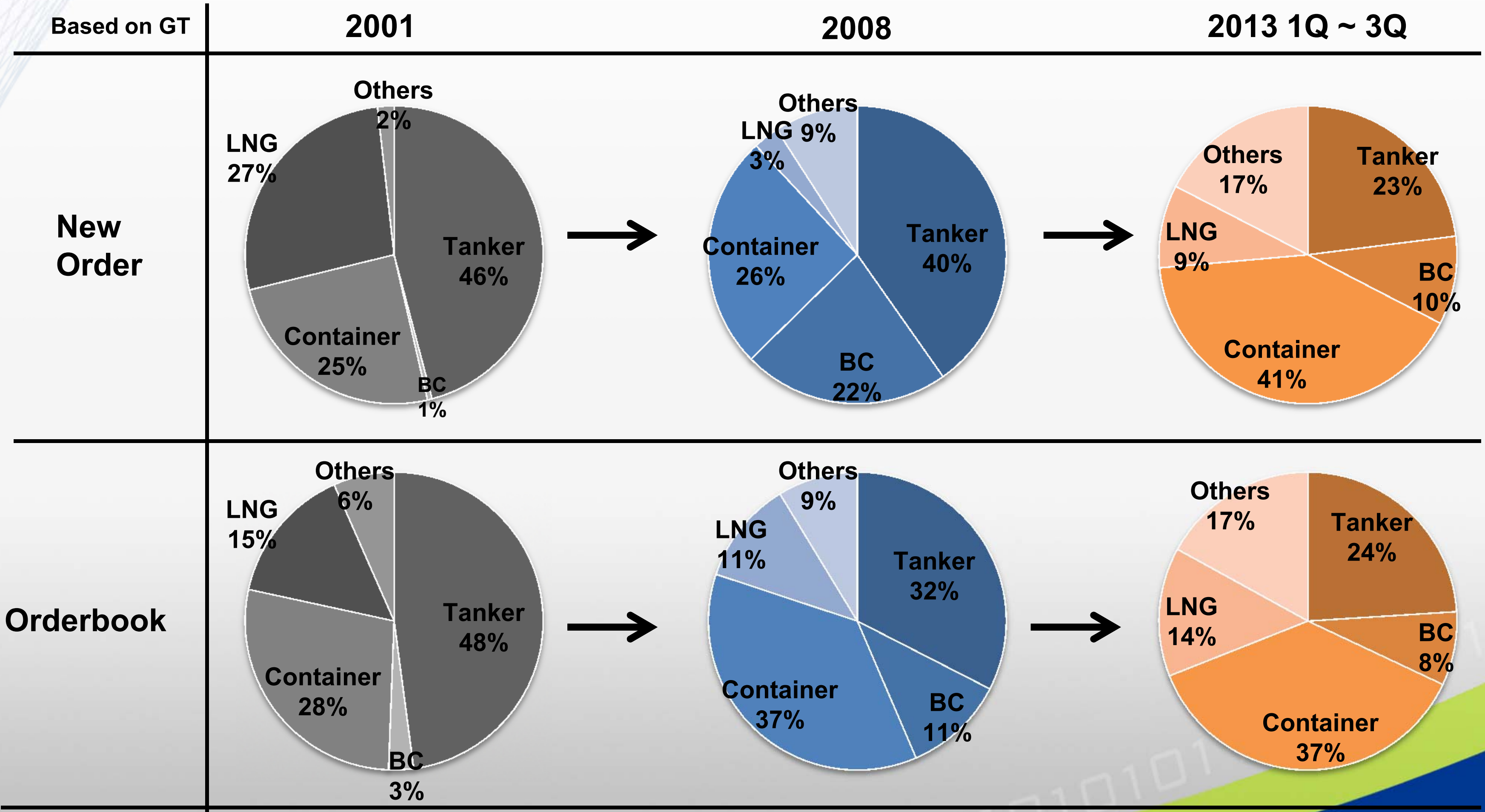


Source: KOSHIPA

2 Shipbuilding Activity – by shiptype

- New order: Tanker 46% in 2001 → Container 41% & Others 17% in 2013
- Orderbook: Tanker 48% in 2001 → LNG & Container 51% in 2013

[2.1] Development of Korean Shipbuilding Industry by Shiptype

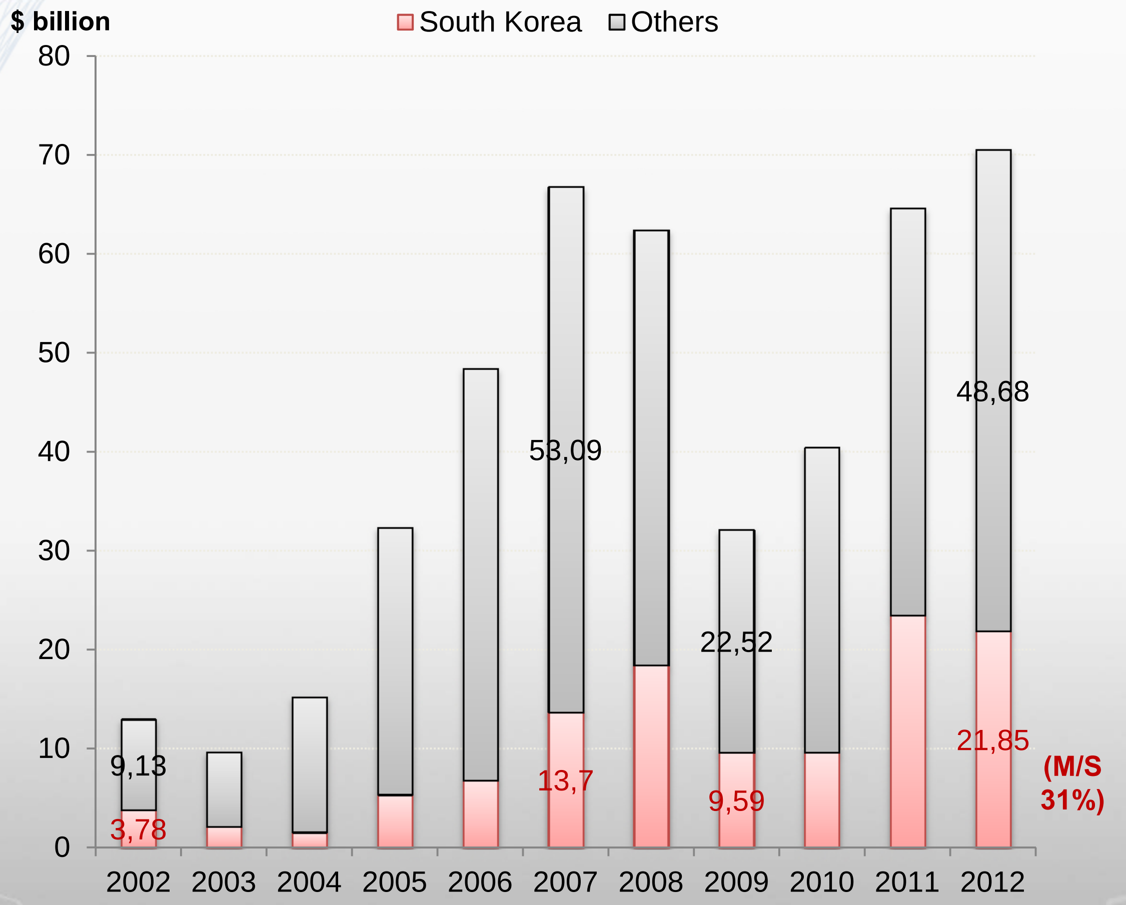


Source: KOSHIPA

3 Shipbuilding Activity - Offshore

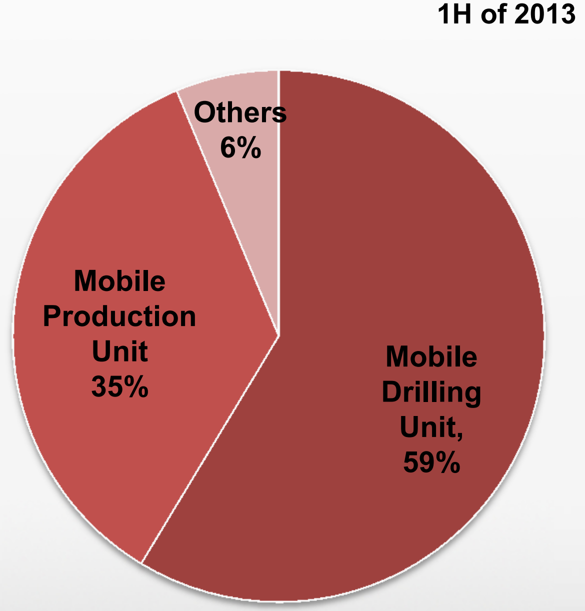
- **Contracting value of offshore in 2012 was $21.85 billion and Market share of Korean Shipbuilders were 31%**
- **Mobile Drilling units take up a significant portion in Korean shipbuilding backlog**

[3.1] Contracts of Offshore Structures by country



Source: Clarkson

[3.2] Offshore Orderbook by Vessel type



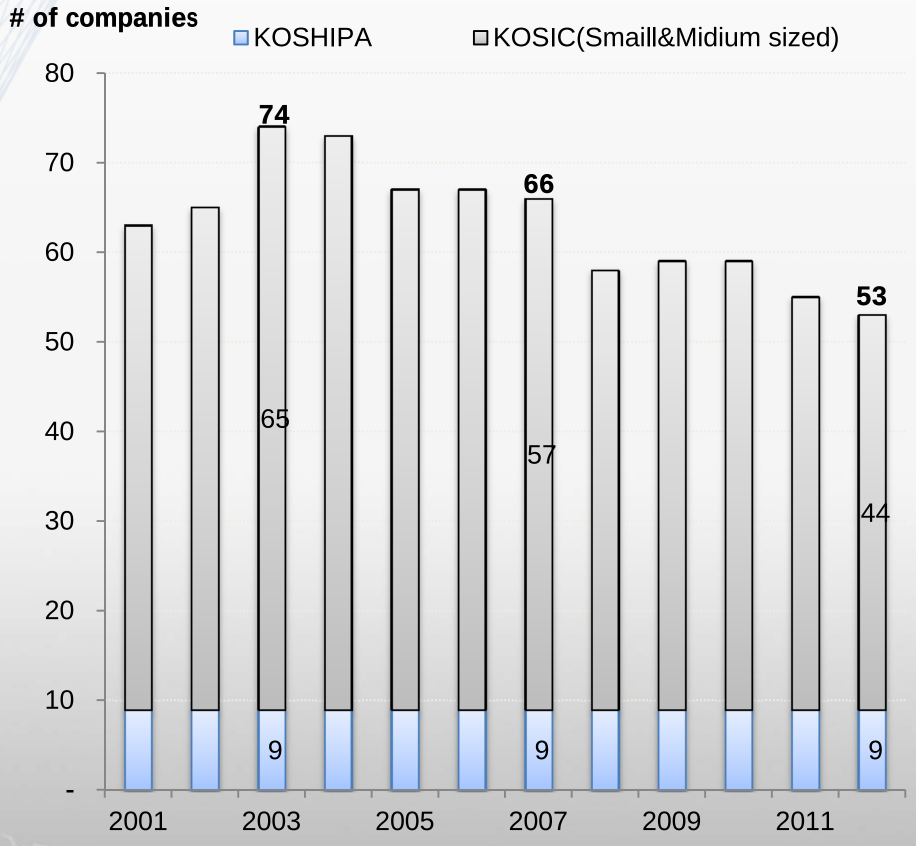
Note
MDU: Drillship, Semi-sub, Jack-Up, etc
MPU: FPSO, Semi-sub, TLP& SPAR, etc
Others: Construction Units, OSV, etc

Source: Clarkson

4 Shipbuilding Companies & Employment

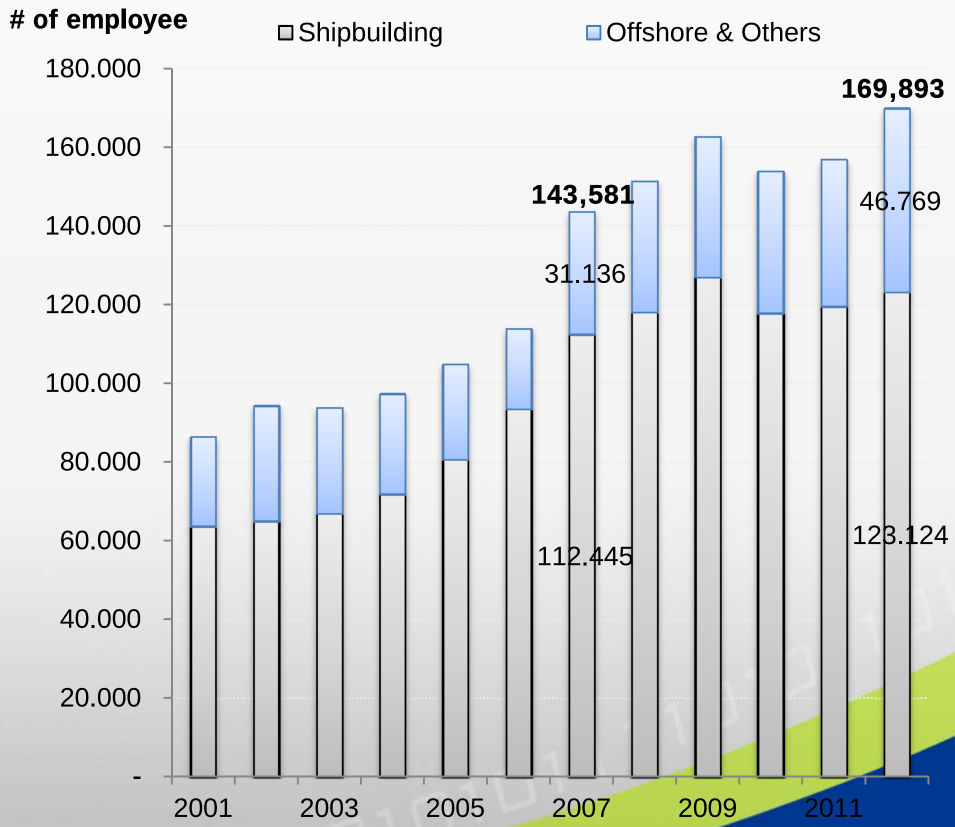
- **During overall restructuring since 2008, the number of shipbuilding companies has been decreased by 13**
- **However, employment of shipbuilding industry has been increased by about 26,000 jobs**

[4.1] Trends of Shipbuilding companies



Source: KOSHIPA, KOSIC

[4.2] Trends and breakdown of Workforce



Source: KOSHIPA

5 Ship Financing in Korea

ECAs	Role and Function
Korea Eximbank	▪KEXIM is a key player of Korean ship financing sector. It is world 14th largest bank in ship financing, amounted to total credit of $11.9 billion ▪Two strategic goals of future KEXIM include building up & strengthening offshore financing and diversifying funding source via capital market
Ksure KOREA TRADE INSURANCE CORPORATION 한국무역보험공사	▪KSure has released the world first ECA guaranteed bond issued by foreign shipowner in August. KSure plans to operate 'the bond' within the range of $1billion and will expand the scale in next year
KoFC KOREA FINANCE CORPORATION	▪KoFC is expected to support ship financing of $3billion in 2013, cumulatively $10billion by 2015

6 Summary and Concluding Remarks

- **Shipbuilding activity in Korea has been gradually recovered from last year**
  - **→ Backlogs of container, LNG, offshore contracts have been increased**
- **Offshore portion in total orderbook has been increased due to mainly MDU**
  - **→ Korean builder's market share in offshore sector was 31% in 2012**
- **KEXIM and KSURE will strengthen their role in ship financing**

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