

Figures and Facts

Hamburg, 28 May 2013: German companies operating in the shipbuilding and ocean industries were largely able to defend their market position in the year under review. Despite intensified international competition, they were able to seize opportunities in high-growth market sectors. **German shipyards** generated a total revenue of 5.1 billion EUR and were thus able to exceed last year's performance by 10%. While domestic revenue further decreased by 11% to 1.4 billion EUR, exports increased by 22% to 3.7 billion EUR and accounted for 72% of the total revenue. Above all, particularly the delivery of ocean-going ships with an export share of 97% contributed to this increase. .

After comparatively weak first three quarters of 2012, the sales figures in the fourth quarter improved significantly due to several large projects. With 18 orders for new vessels in 2012, the number of orders did not match those of the previous years, but tied with last year's performance at 495,000 CGT. Together with the two new platforms ordered for offshore wind farms not subject to CGT measurements, the value of the incoming orders for the entire year reached 3.4 billion EUR, exceeding last year's value by 11%.

Despite the cancellation of eight orders of 89,000 CGT valued 0.4 billion EUR, resulting from a company's insolvency, the total value of order books rose by 1.2% to 8.5 billion EUR for a reduced number of 55 vessels with a tonnage of 1.5 million CGT.

Based on order value, the order books at the end of 2012 were focussed on passenger ships and yachts (80% of orders). The offshore market had a significant share of orders with ships (seismology research vessels; wind farm, erection and service vessels) and transformer/converter platforms for wind farms.

Although nearly all German shipyards operating in the **repair and conversion sector** rated the growth in order numbers in 2012 positively, the total value of repairs, conversions and maintenance (including boat building) carried out in 2012 decreased by 8% to 722 million EUR. The average for the past three years has amounted to approximately 750 million EUR, around 20% lower than in 2008/2009. This is due to the shipping companies' difficult financial situation triggered by low revenues and high fuel costs. Repair and maintenance work has thus tended to be limited to what is strictly necessary.

German shipyards are particularly well-positioned for large conversions of ferries and passenger ships, as well as drilling and production vessels for the offshore oil and gas industry. Expectations are high for repair and conversion shipyards' opportunities to diversify their activities in order to include retrofitting of ships, which are necessary to meet international climate and environmental protection regulations.

The German Navy's order volumes for new vessels, repairs/conversions and maintenance remained largely stable in 2012. However, due to the budget cuts in the Federal Ministry of Defence and downsizing of the fleet, a decrease in orders from the Navy is feared. Thus, export orders for German **naval shipbuilding** increases even further in importance. So far the export share for the shipyards, suppliers and service providers in naval shipbuilding has been significantly over 70%. Multi-year shipyard sales in naval shipbuilding amount to approx. 1 billion EUR per year.

German **inland vessel construction** was also affected by the continuing low demand from the inland navigation industry in 2012. Nevertheless, the demand for special-purpose vessels from public customers and the continuously strong demand for innovative passenger and river cruise ships led to a good annual yield overall.



Additionally, many shipyards have concentrated on demanding conversions, modernisations and repairs of the existing fleet over the past few years. The shipyards operating in inland vessel construction delivered 40 inland vessels in the year under review, with a value of about 224 million EUR. In 2012, orders of 33 units valued at around 245 million EUR were newly acquired. Among them were eight river cruise ships and six passenger vessels and ferries of various designs. In addition, six cargo ships / freight-carrying vessels, as well as 13 harbour, authority and special-purpose vessels were ordered.

The **maritime equipment industry** was only partially struck by the lower demand for new construction in the global market in 2012. Companies with large export shares in the leading shipbuilding countries in the Far East were initially able to maintain high production levels. However, meanwhile the low new order volumes have fully reached the supply chain. Domestically, some companies are severely feeling the consequences of local shipyard insolvencies. According to VDMA estimates, revenues for those firms operating primarily in the engineering and electrical engineering sectors had already decreased by 11% from their 2008 peak of 12.9 billion EUR to 11.5 billion EUR in 2011. The domestic share of incoming orders increased to 29%. Including other European orders, nearly 60% was allocated to Europe. The share of orders from China and Korea has decreased to 23% over the past years.

In Germany, offshore technology for oil and gas production is still the highest yielding market segment in **ocean technology**. Offshore wind energy is showing the strongest rate of growth at around 20%. Driven by increasing oil prices, the offshore market is still expanding worldwide with double-digit annual growth rates. Investments in oil and gas exploration and production increased by 15% in 2012. The number of jack-up rigs has only mildly increased by 6%, while floating drilling platforms - caused by increasing deep water installations - once again strongly increased by 12%. The average demand for offshore supply vessels increased by approximately 9%. The German shipbuilding industry also has excellent prospects in the international oil and gas market. Suppliers of high-tech components and services have successfully established themselves in the market place and shipyards are currently active, for example with large conversions of production, storage and offloading vessels for crude oil and natural gas (FPSO), and new construction of seismology vessels for exploring deposits.

The German Shipbuilding and Ocean Industries Association (Verband für Schiffbau und Meerestechnik e. V., VSM) is the political and commercial representative of interests of the German maritime industry, shipyards constructing seagoing and inland vessels, as well as their suppliers. Further details about the development of the German shipbuilding industry and marine technology are contained in the VSM 2012 Annual Report. Please refer to www.vsm.de or contact us under:

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