

# **Current situation of Korean Shipbuilding & Offshore**

**2016 Korea-Hellenic Maritime Cooperation Forum**

***Sofitel Athens Airport(Athens) 8th June 2016***

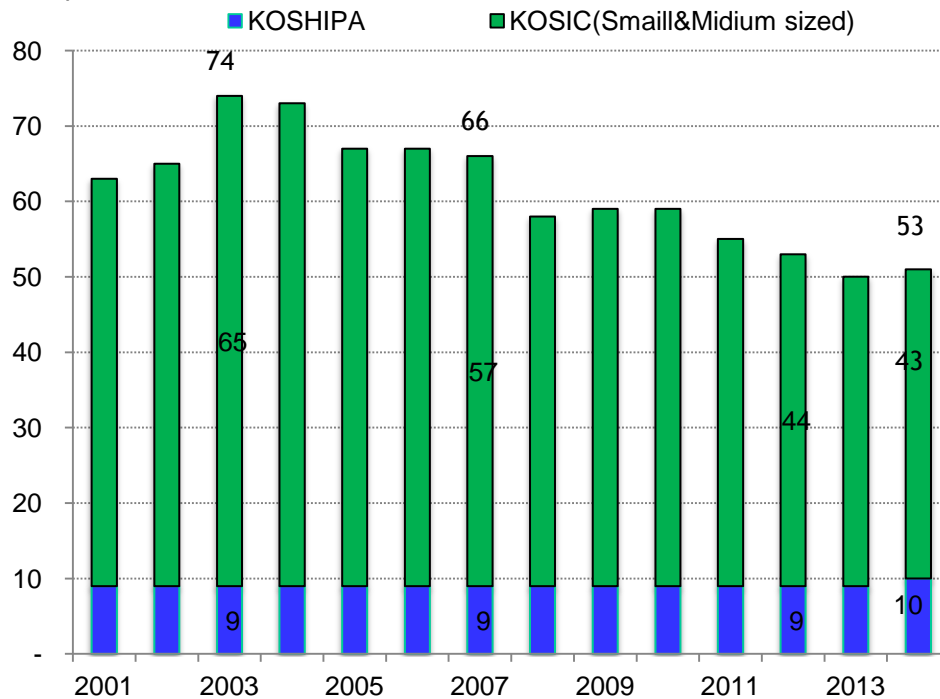
# 1. Situation of Shipbuilding/Offshore Industry

## - Companies & Workforce -

- No. of shipbuilding companies has been **decreased to 53 in 2014** since 2008. KOSHIPA's 9 members **take the majority(95%)** of the total production in Korea.
- Workforce has been jumped to about 170,000, **almost double over the last ten years** owing to offshore work volume.

[ Shipbuilding companies]

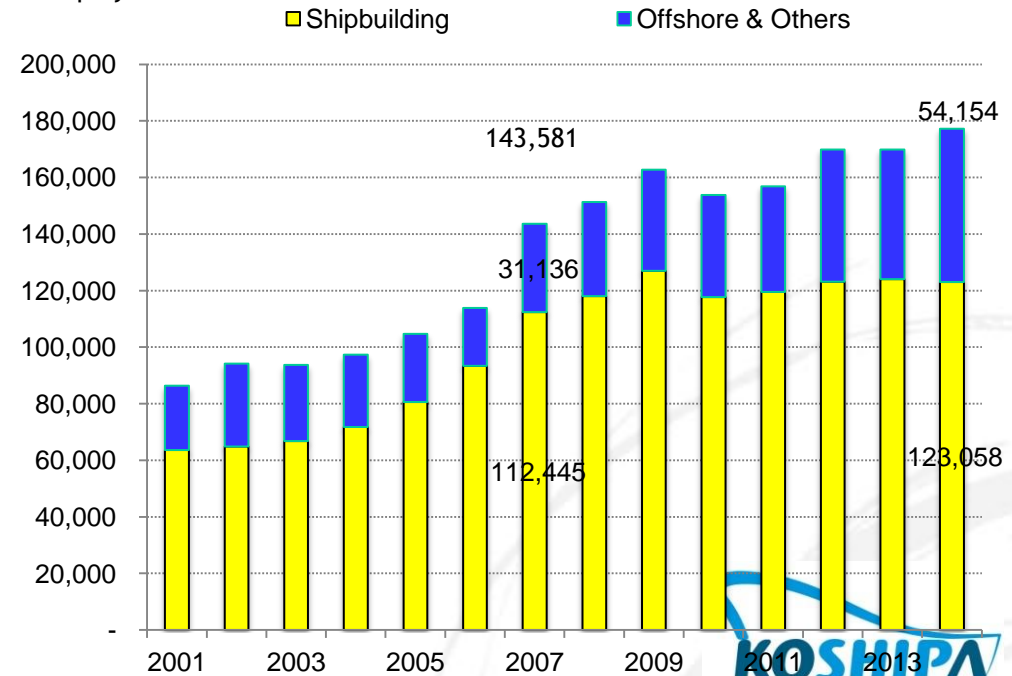
# of companies



Source: KOSHIPA, KOSIC

[ Workforce]

# of employee



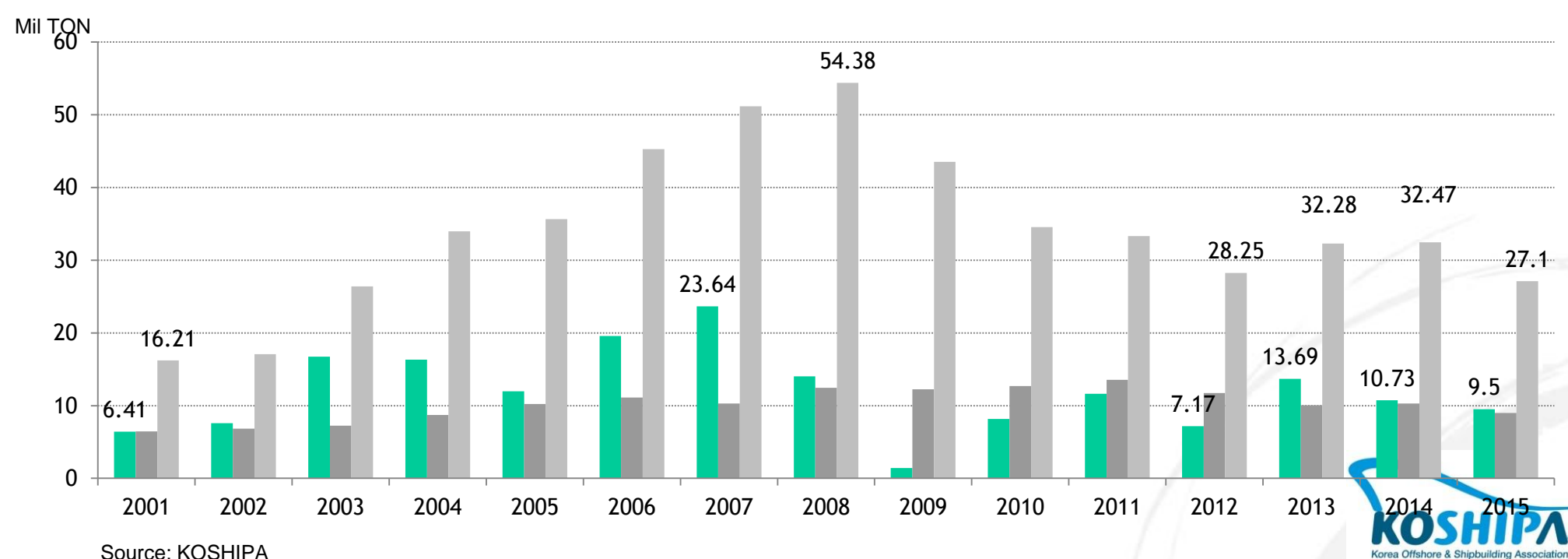
Source: KOSHIPA

## 2. Korean Shipbuilding Activities

- The recent status shows **a downward trend** and **keep stagnant for a while**. Last year, new orders declined by about 11% over 2014.
- Orderbook also **declined to about 18%** comparing to 2014. Recent volume (27.1m cgt) **is equivalent to more than 2.5 years of work load**.

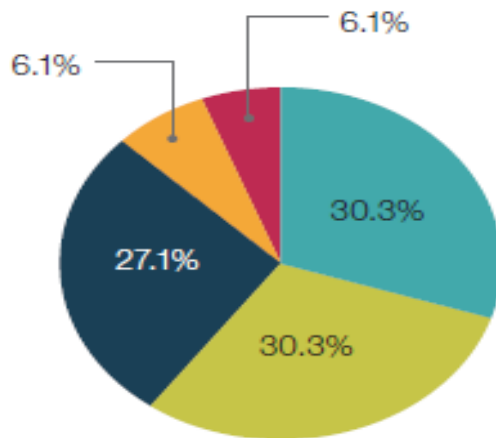
[Korean Shipbuilding Trends]

■ New Order ■ Delivery ■ Orderbook

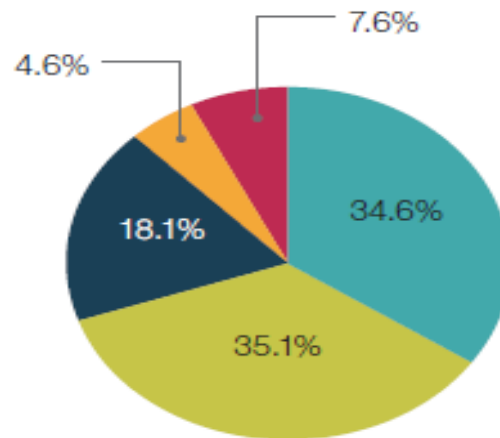


### 3. Korean Market Share Worldwide(End of 2015)

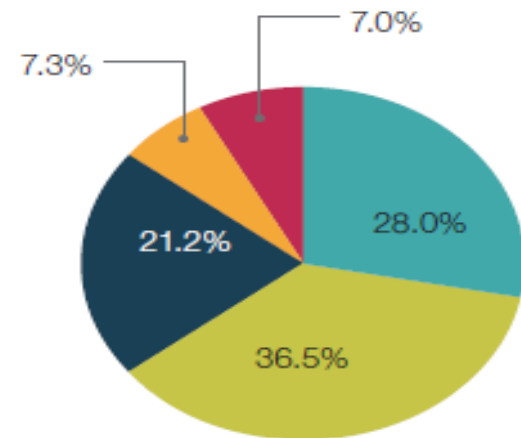
- 3 countries(Korea, China and Japan) are **taking big portion** of world market (88%) in terms of new order.
- Last year, new orders of Korea posted about 30%. **But Based on US\$, Korea was positioned No1** taking high value added vessels such as LNGc, Large-sized containerships, etc.



New Orders



Completions



Orderbooks

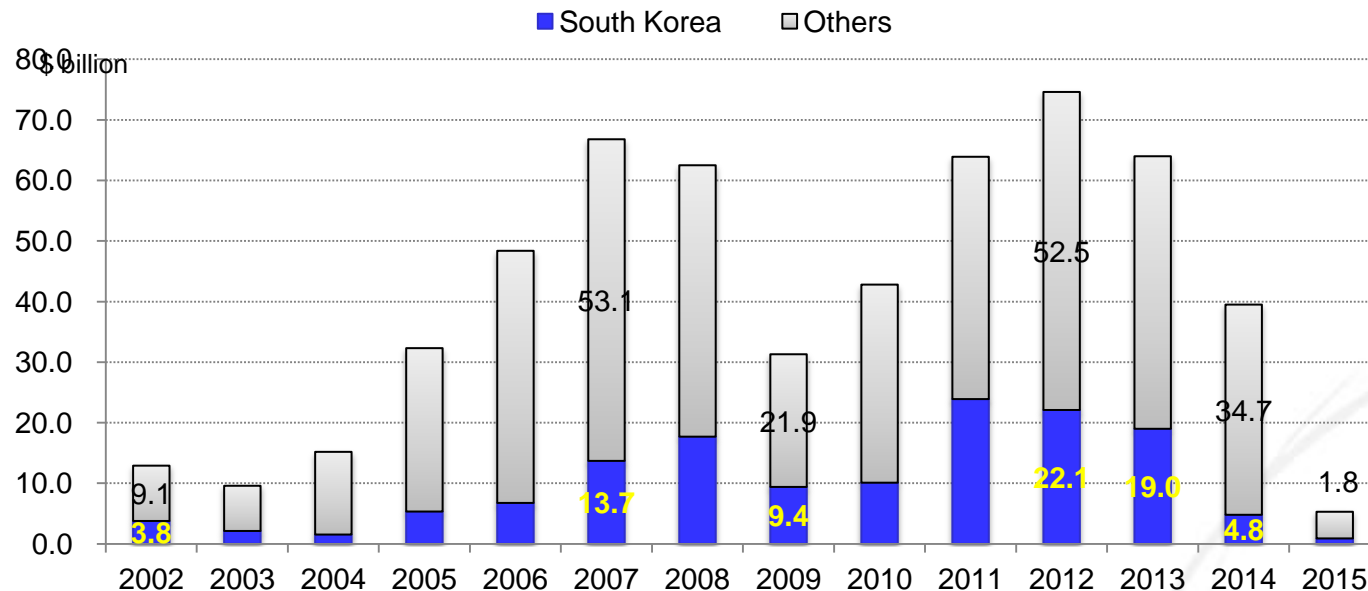


Source: World Shipyard Monitor, Clarkson

## 4. Offshore Activities

- Offshore contract last year was \$14.6bill in worldwide. and market share for Korea was also crunched to 12.3%(\$1.8 billion) in 2015.
- We are now focusing on large Mobile units taking up a significant portion in orderbook sheet.

[Contracts of Offshore Structures by country]

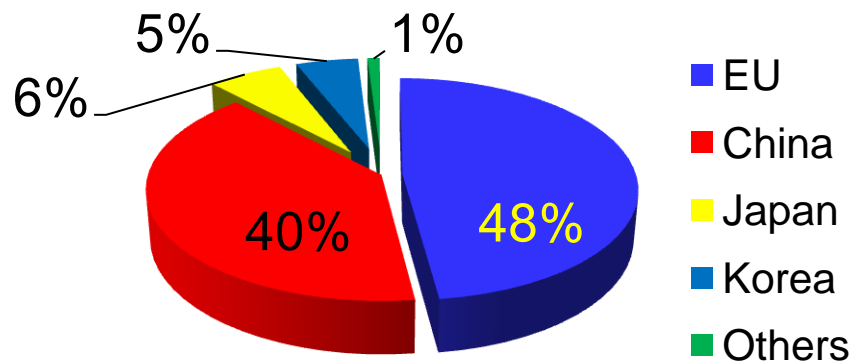


Source: Clarkson June 2015

## 5. Recent Status of Shipbuilding Market

- Unexpectedly, 2 countries(EU, China) are **taking big portion** of world market (88%) in the first five months this year in this single global market.
- Especially, EU was positioned **No1 taking 48%**, which is owing to get 15 of cruise ships, following EU, China are getting a commercial ships from domestic owners.

Market share of New Orders





## 6. Status of Offshore Industry

**Low Oil Price(about US \$ 50)**

**In spite of this, no sign of recovery in the near future**



- Tough Market Condition & nearly ceased new order
- Gloomy market forecasting
- Low Operating Profit in main player like oil major, yards, etc
- Decrease or delay of investment from oil major



# 7. Growth Engine in Korea Shipbuilding & Offshore

## High Quality Manpower >>

- Supply 2,100/year of Naval Architects and offshore plant from 42 universities and Colleges (2013)
- Training about 5,000 of skilled workforce from 6 shipyards' training centers.

## << High Technology

- Maintaining world best technology
- Enhancing technology competitiveness
- Introducing new technology related environment & safety

## Growth Engine

- Taking actions to support offshore /equipment industry actively since 2009
- Have been decided on time management to diversify into world offshore market.

## Government/Business Policy >>

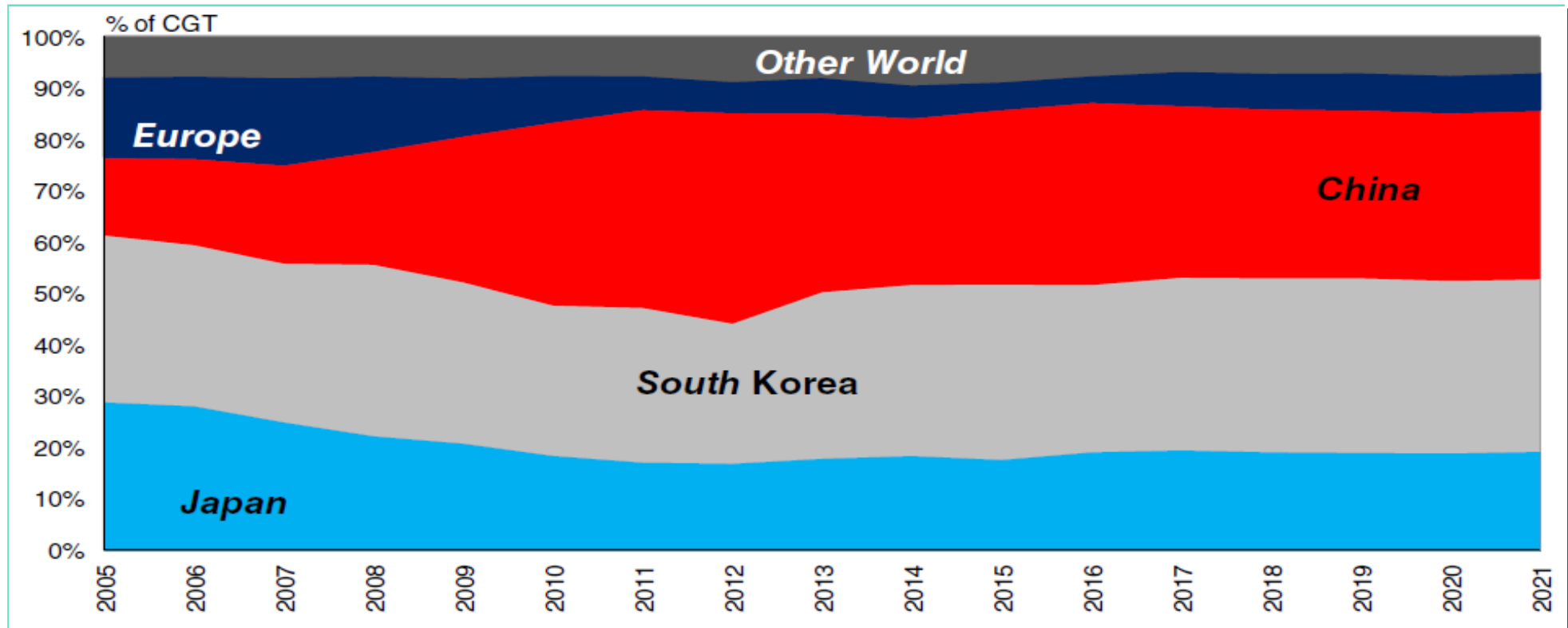
## << Good Infra / Incentives

- Having economies of scale in shipyards
- Having many infra. in southern coast
- Developing/developed supply chain
- Providing incentives for foreign investment



## 8. Prospect of Korean shipbuilding

- High value added Technology in building
- Leading player in global shipbuilding market in medium & long term
- Sufficient Growth Engine in shipbuilding & offshore
- Expecting cooperation with shipping country such as Greece in the future



Source : Clarkson

## 9. Cooperation between Greece and Korea

- Greece, Prolonged & cooperative Big Customer
- Cooperation meeting for K-Greece in 2014
- MOU Signing of shipbuilding cooperation between two sides
- (Korean shipbuilding - Greece equipment)
- Shipping No.1 and shipbuilding Tech. No. 1
- Expecting cooperation in shipbuilding & offshore



**Thank you for attention**