

Facts & Figures Workshop

16 September 2024

Jun Lin – Chair of Facts & Figures / Gard

jun.lin@gard.no

Workshop Agenda

- Update on Facts & Figures Committee, Report on World Trade , Merchant Fleet, Offshore Energy Outlook – *Jun Lin, Gard AS*
- Global Marine Insurance Report – *Astrid Seltmann, Analyst/Actuary, Norway/CEFOR*
- The Problems with Ports – Assessing the Risk of Cargo Accumulations - Derek Blum, Senior Director Product Management, Moody's
- Shipping Market Outlook: Managing Disruption & Going Green - Stephen Gordon, Managing Director, Clarksons Research

Update on Facts and Figures Committee

Facts and Figures Committee 2024

Jun Lin (UK/Cefor)
Chair

Astrid Seltmann (Norway/Cefor)
Vice Chair

Mathieu Daubin (France)
Vice Chair

David Matcham / Nicola Yuill (UK/IUA)
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Veith Huesmann (IUMI Chief Analyst)

Emiel Paaij (Netherland)

Javier Alonso Puente (Spain)

Paul Hackett (Singapore)

Mario Ciancarelli (Swizerland)

Laurent Verheyen (Belgium)

Sigorney Lau (Hong Kong)

Erika Schoch (USA/ALSUM)

Robert Copp (USA)

Xiaoxuan (Sherwin) Li (China)

Kotaro Miyata (Japan)

Stephan Klein (Germany)

Bruno Davila-Garcia

(Germany/BCG)

Inderjeet Singh (India)

Ahmed Seif El Dine Zaki (Egypt)

James Puglia (Junior Observer / USA)

Data Source: Lloyds List Intelligence

Major Claims Database Update

28 associations and some individual insurers now contribute towards the major claims database



Hull



Cargo

Countries



Data fields

- | | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> • Date of accident • Underwriting year • Loss amount • Type of loss • Location of loss • Event name • IMO number | <ul style="list-style-type: none"> • Vessel name • Vessel type • Comments | <ul style="list-style-type: none"> • Date of accident • Underwriting year • Loss amount • Type of loss • Location of loss • Event name • IMO number | <ul style="list-style-type: none"> • Vessel name • Mode of transport • Type of cargo • Standard industrial classification • Comments |
|--|--|--|---|

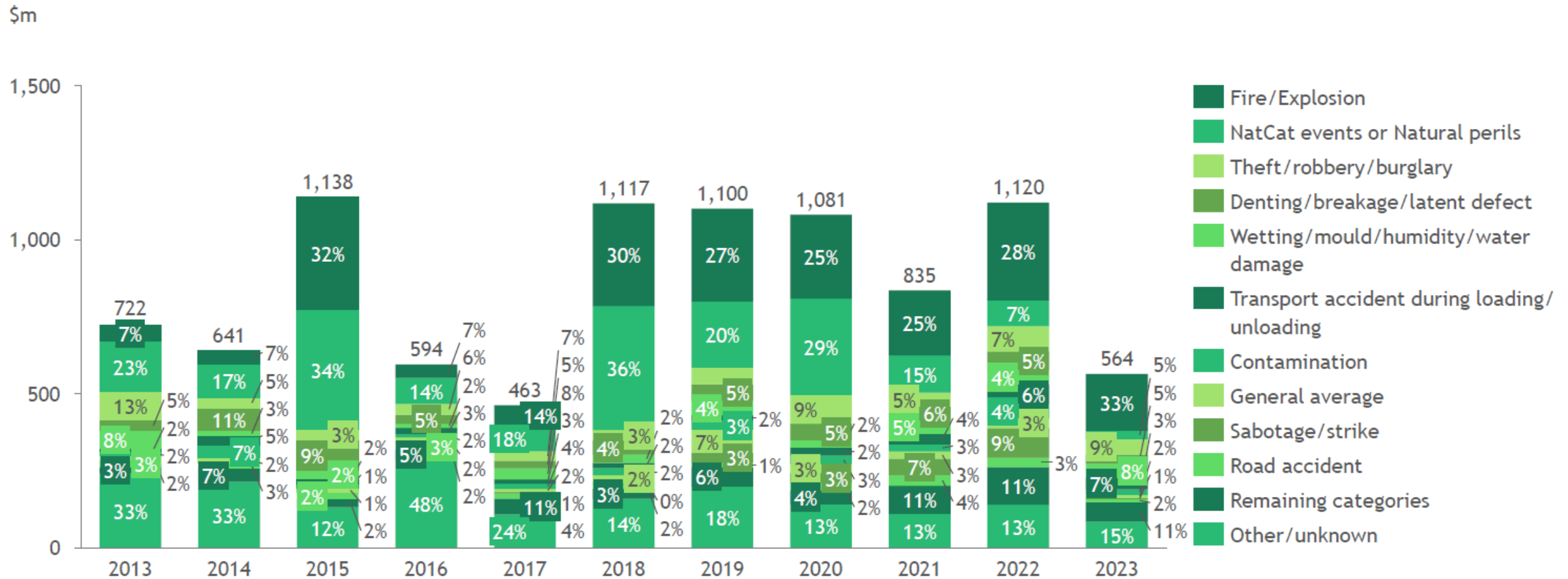
Cumulated losses

<p>~\$14.6b</p> <p>~10,300 observations</p> <p style="text-align: right; border: 1px solid green; border-radius: 50%; padding: 2px;">+20%¹</p>	<p>~\$10.9b</p> <p>~ 6,400 observations</p> <p style="text-align: right; border: 1px solid green; border-radius: 50%; padding: 2px;">+12%¹</p>
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Based on cumulated losses, YoY growth

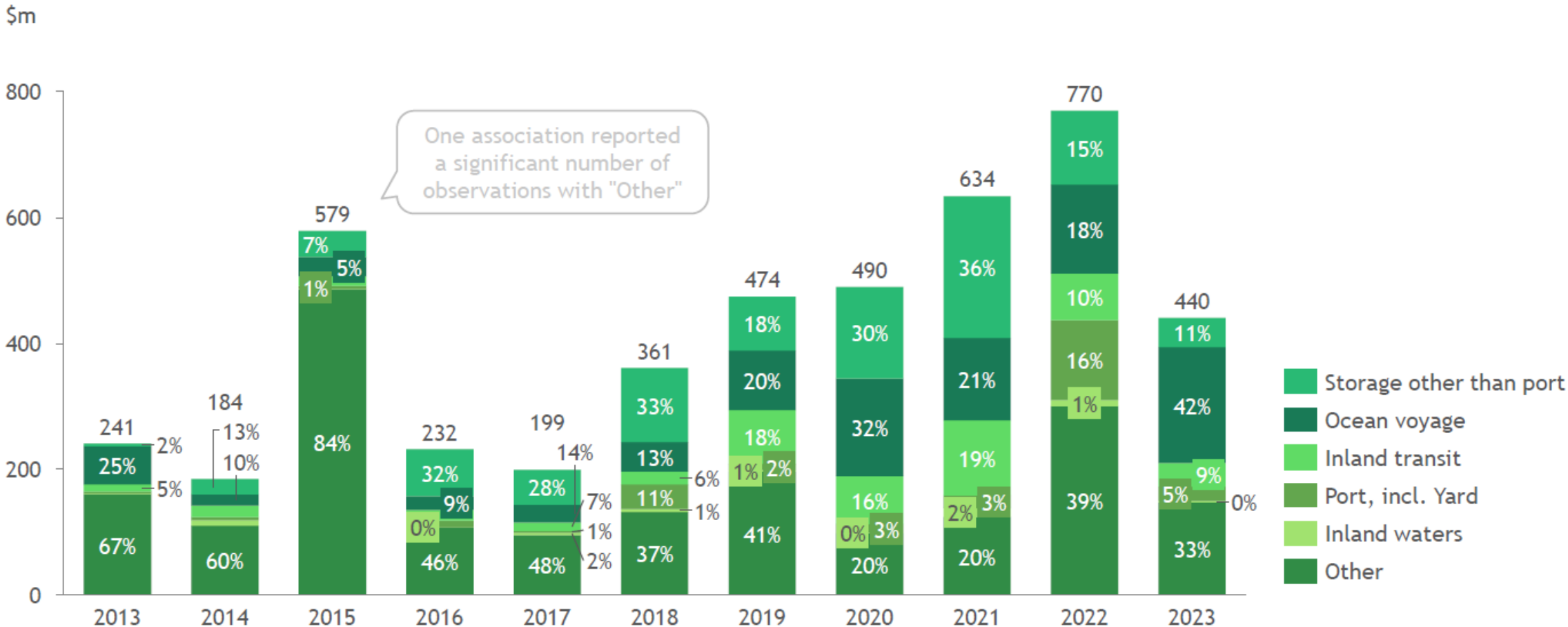
Top 10 major cargo losses by type of loss in the period 2013-2023, \$m

28 associations and some individual insurers now contribute towards the major claims database



Data Source: Lloyds List Intelligence

Cargo losses by loss general location in the period 2013-2023, \$m



Data Source: Lloyds List Intelligence

150 YEARS
IUMI
BERLIN
2024
15.-18. SEPTEMBER



Economic and World Trade

#IUMI2024 X

Inflation mostly heading South

Inflation under control across developed world

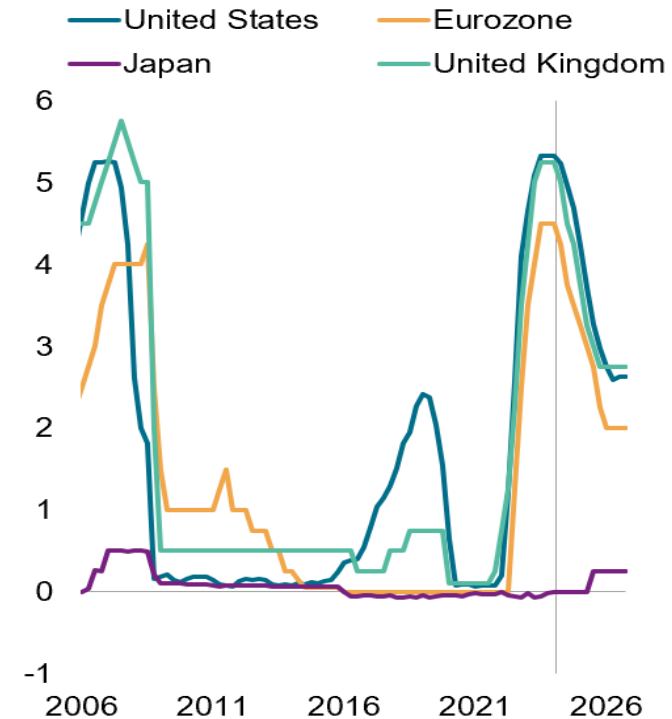
Consumer prices (% change)

Region	2023	2024	2025	2026
World	5.7	4.8	3.2	2.9
United States	4.1	3.0	2.1	2.7
Canada	3.9	2.9	1.9	2.0
Brazil	4.6	4.1	3.2	3.3
Eurozone	5.4	2.5	2.0	1.7
United Kingdom	7.3	2.5	2.3	1.7
Russia	5.9	5.9	5.0	4.4
Mainland China	0.2	1.0	1.7	2.0
Japan	3.3	2.3	1.9	1.6
India	5.7	5.1	4.9	5.5

Data compiled March 15, 2024.

Source: S&P Global Market Intelligence.

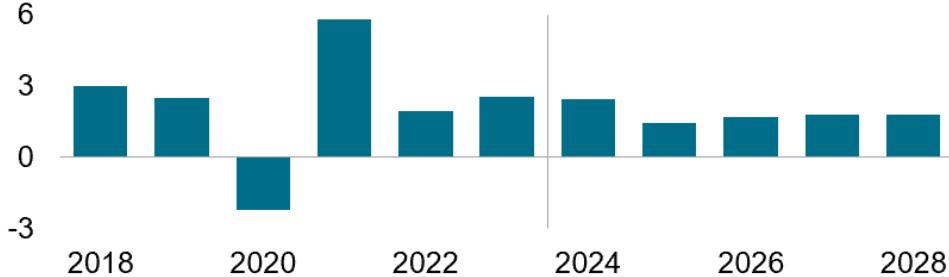
Major central banks started rate cut (ECB and BOE) or going to cut rate



Better than expected Growth in 2024 but headwind remains

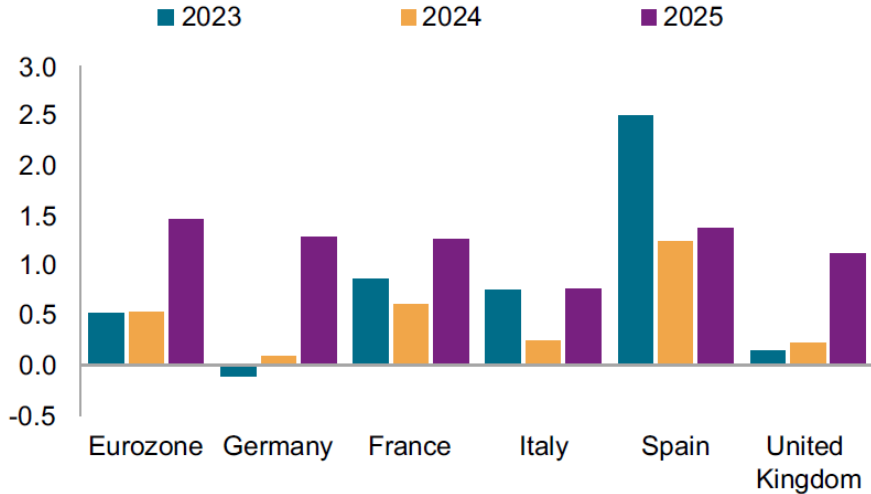
US: growth better than expected in 2024 but forecast to slow subsequently

Real GDP growth (%)



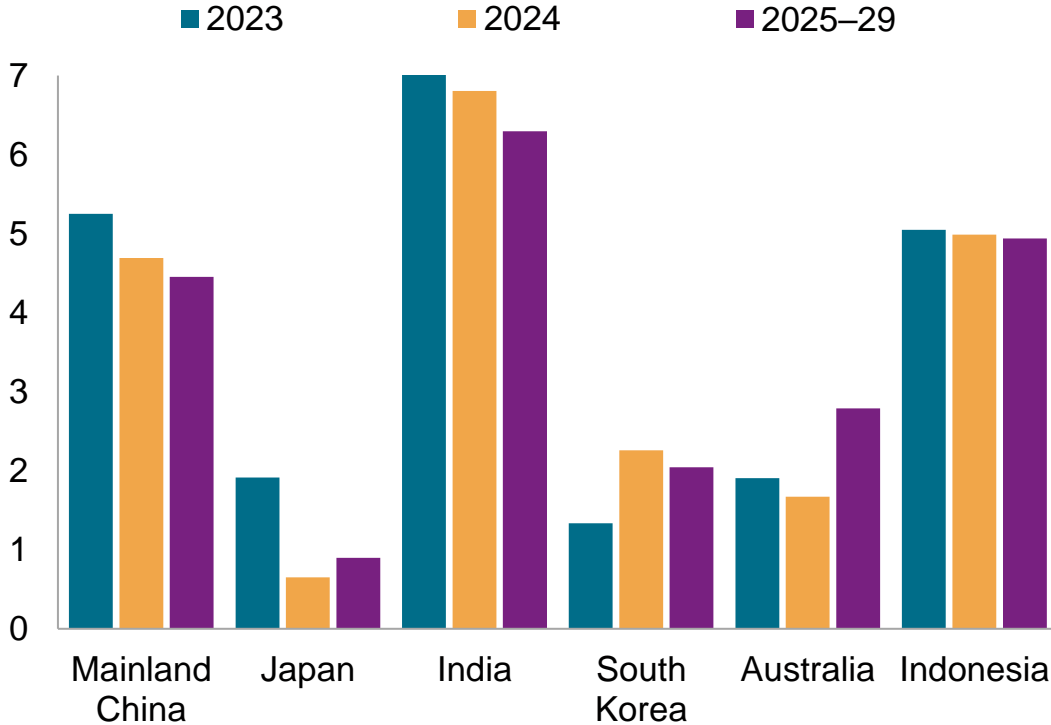
Europe: Diverging paths of growth, but stronger growth forecast in 2025

Real GDP forecast for selected countries, percent



APAC: Chinese housing market slowdown is a major headwind for growth / India growth remain strong

Real GDP (annual % change)

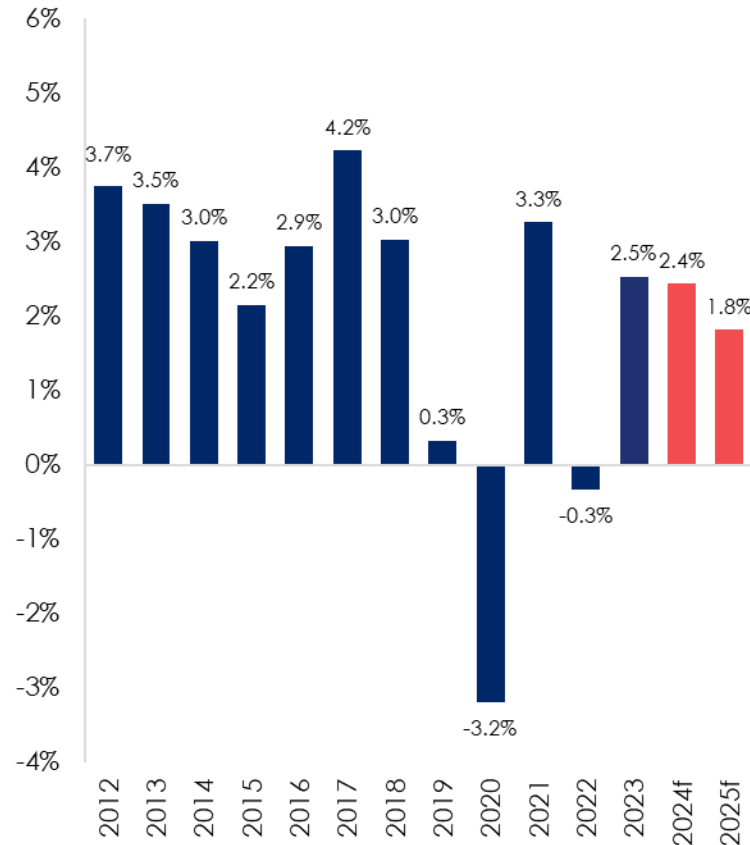


Source: S&P Global Market Intelligence

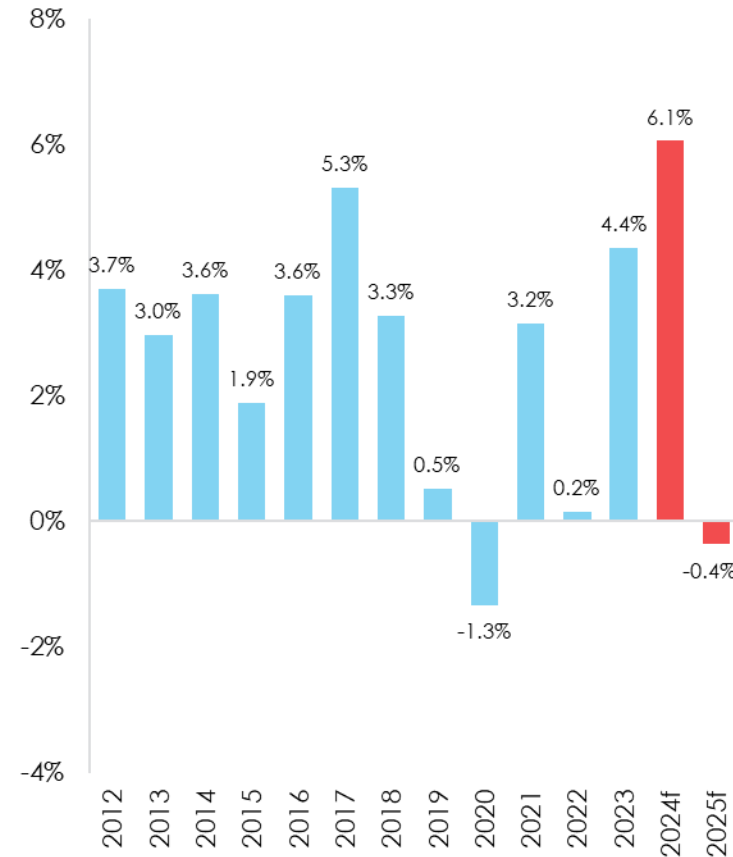
Seaborne Trade Growth face headwind and disruption

Notable tonne-mile boost amid Red Sea disruption in 2024 year-to-date. 'Normalisation' anticipated in 2025

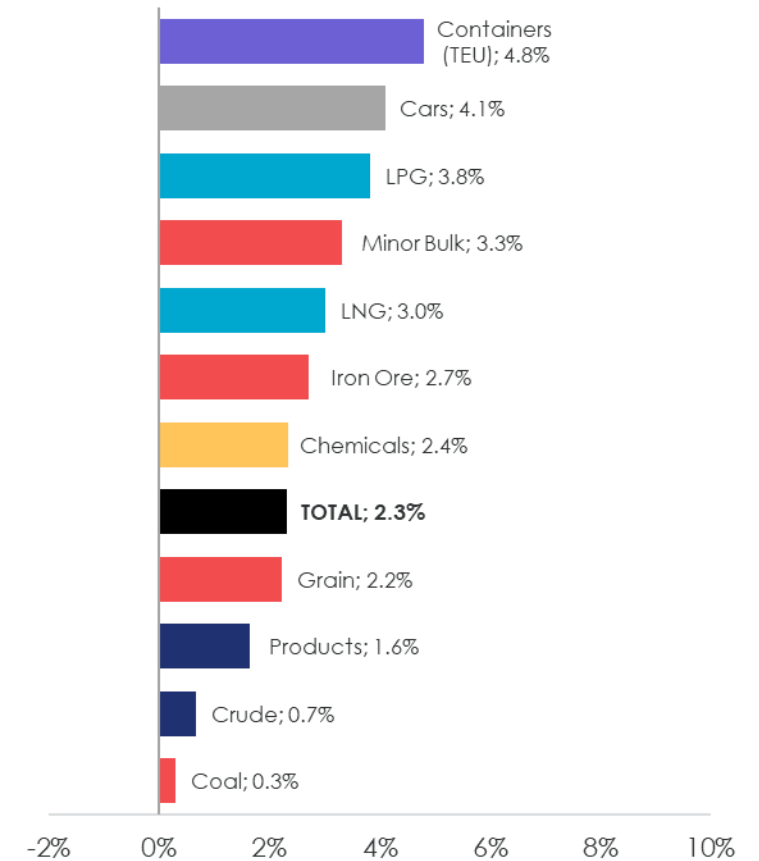
Global Seaborne Trade Growth, tonnes



Global Seaborne Trade Growth, tonne-miles



2024 Projected Trade Volume Growth



Source: Clarksons Research, July 2024. ^Monthly seaborne trade series based on 'basket' of dry bulk, oil, container, gas, chemical and car trades, representing c.80% of global seaborne trade.

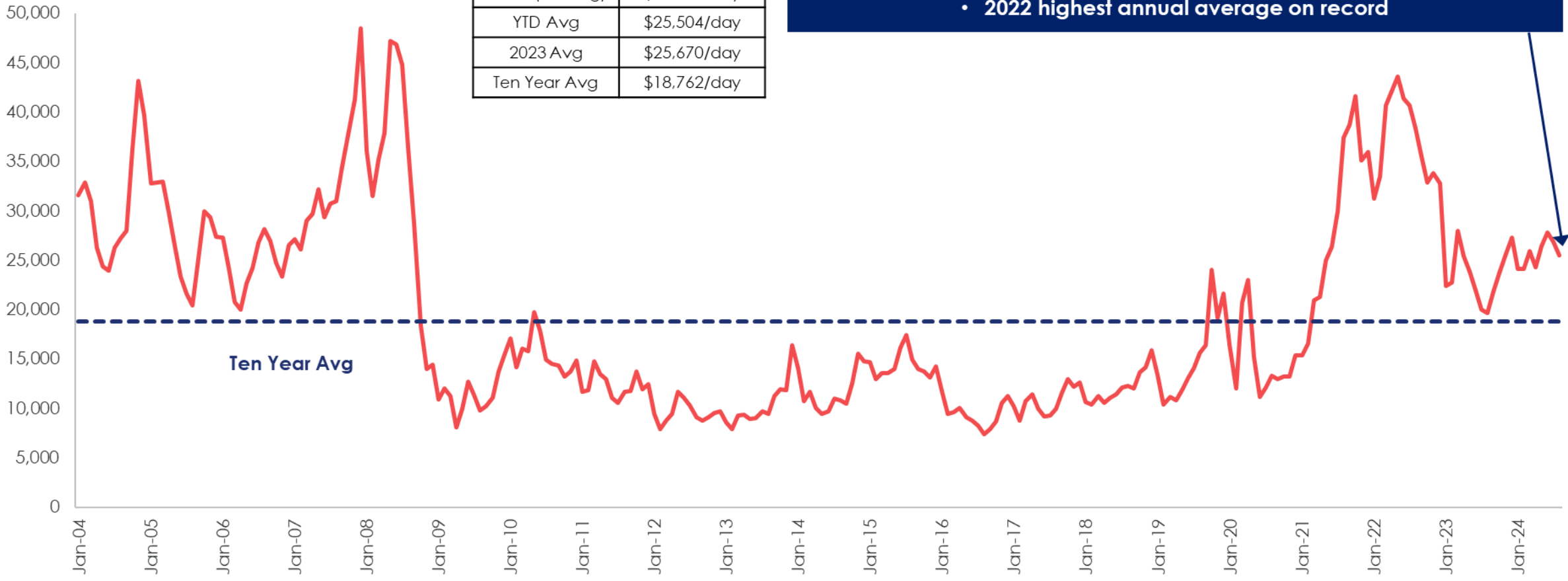
The ClarkSea Index: 2024 Starting Firm, YTD Levels Above 2023 Avg

Clarksons cross-sector vessel earnings index has softened since mid-2022 but remains at historically firm levels

ClarkSea Index, \$/day

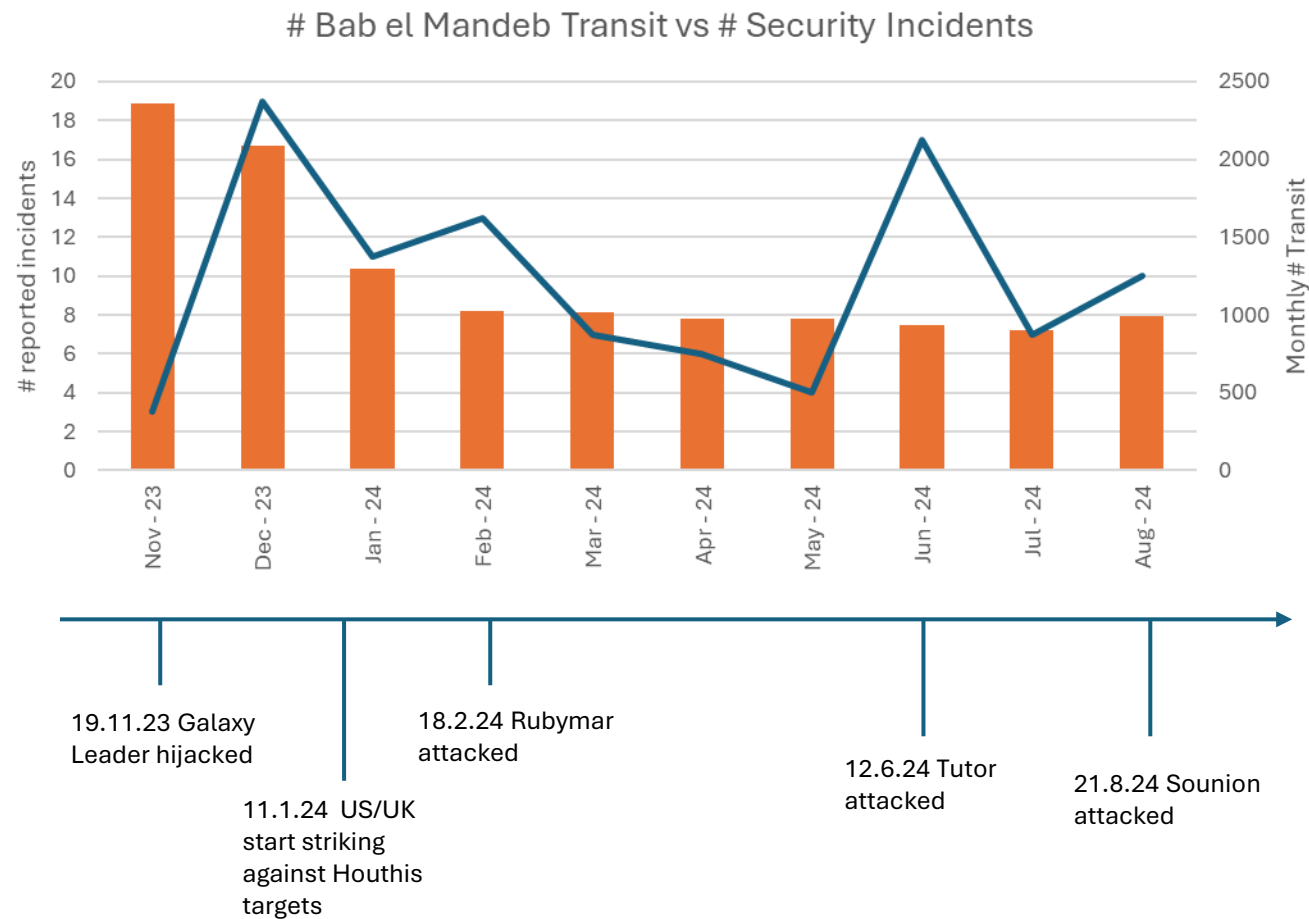
ClarkSea Index	
Latest (2 nd Aug)	\$25,504/day
YTD Avg	\$25,504/day
2023 Avg	\$25,670/day
Ten Year Avg	\$18,762/day

- ClarkSea Index still in **36%** above 10-year average
- **2022 highest annual average on record**



Source: Clarksons Research, August 2024.

Significant Disruption in Red Sea Transit



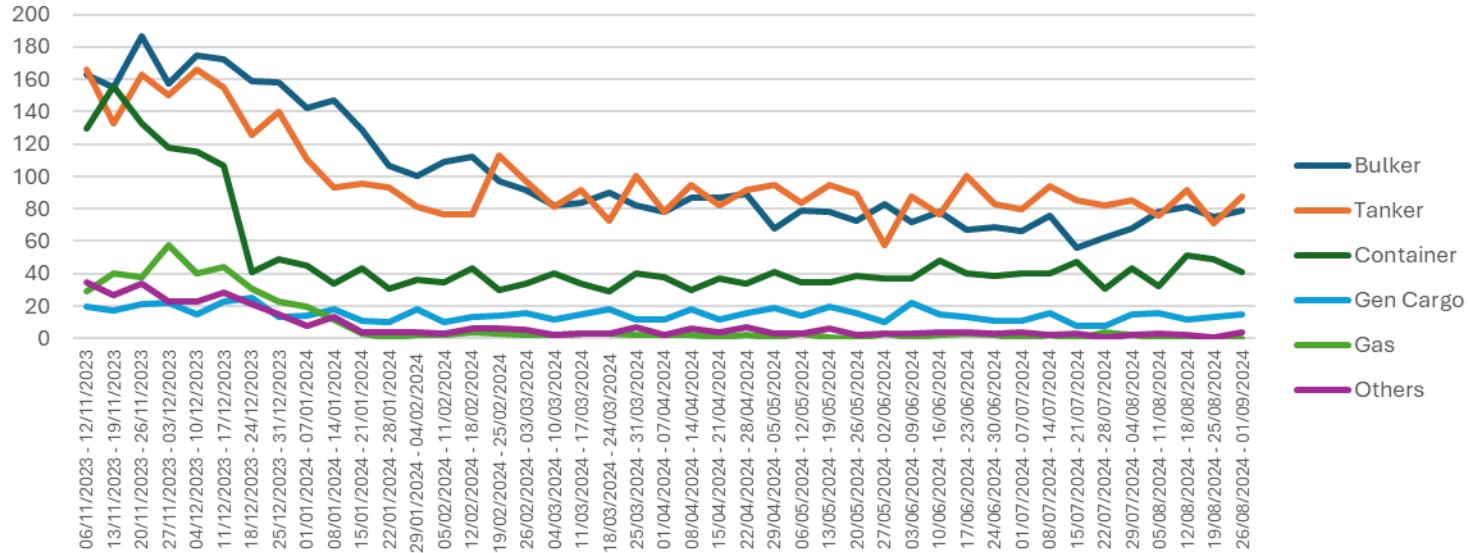
Data Source: Lloyds List Intelligence for # transit / JMIC for # reported security incidents

- Hijacking of Galaxy Leader marks the start of decline of the Red Sea transit
- Decline accelerated just before Christmas 2023 when the Houthis attacks intensified
- US UK air strike did little to stem the disruption
- Surprisingly there is an uptick in transit in August 2024 despite recent increase in frequency of attacks

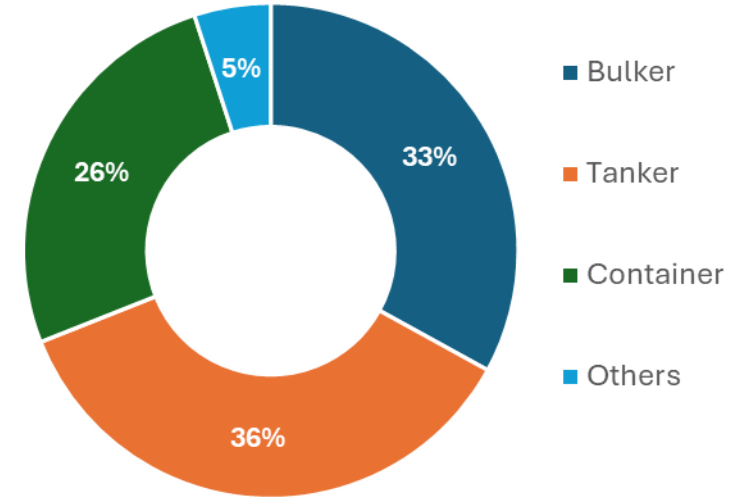


Significant Disruption in Red Sea Transit

Bab el Mandeb Weekly Transit by Vsl Type



Incidents by Vsl Type



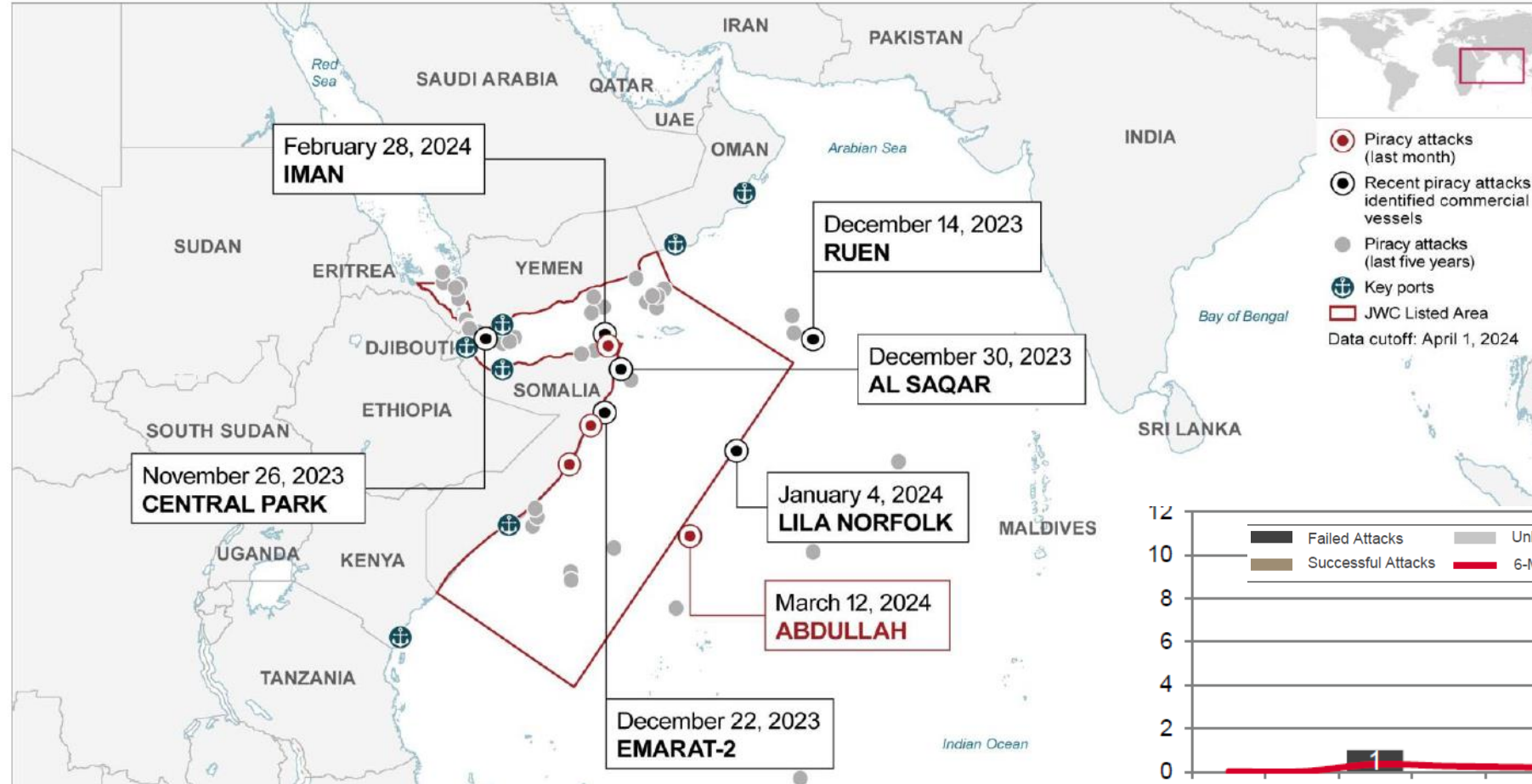
- Container vessels saw the highest reduction in number of transit
- Gas carrier saw the largest reduction in % terms
- Reported incidents reflect vessel mix transiting the areas

Data Source: Lloyds List Intelligence for # transit // JMIC for # reported security incidents



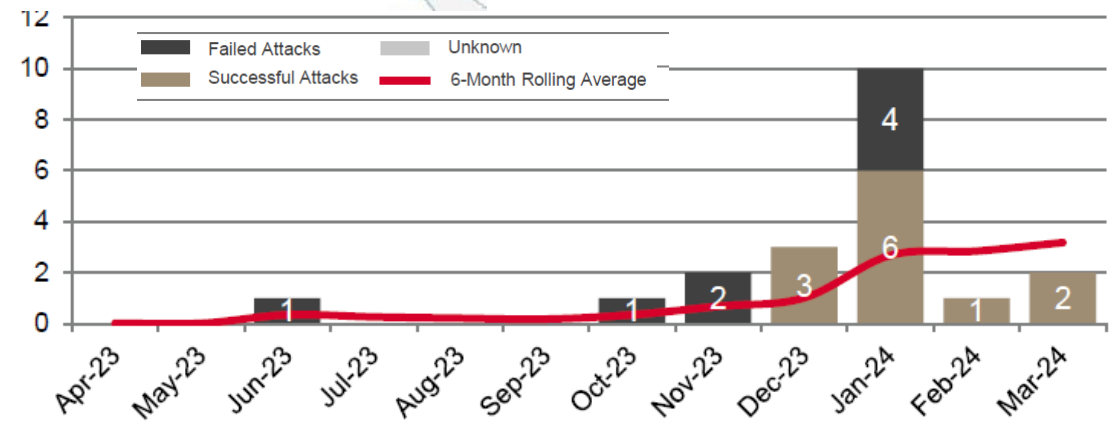
Somali Pirates taking advantage of Red Sea Disruption

Piracy attacks recorded off Somalia



Data Source: S&P Global Market Intelligence
Piracy Monitor

Noticeable increase in attack frequency ... also the distance away from Somali Shore



Summary

2024 should be considered a positive year:

- + Inflation now under controlled
- + GDP and Trade growth better than expected
- + Vessel earnings remain strong

Multiple factors driving uncertainty going forward:

- Continued regional conflicts
- 2024 is the year of elections: outcomes can have far reaching consequences
- Globally indebtedness in high interest rate environment remain a concern for growth

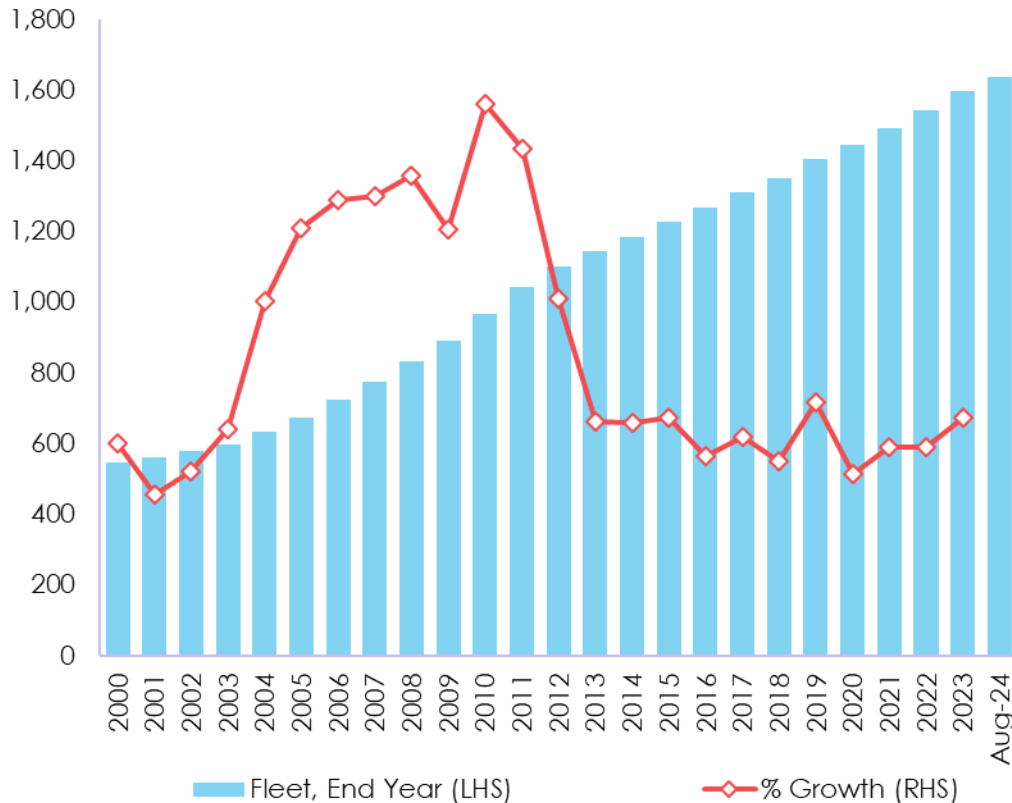
Data Source: S&P Global Market Intelligence

Global Merchant Fleet

Global Fleet Growth remain strong

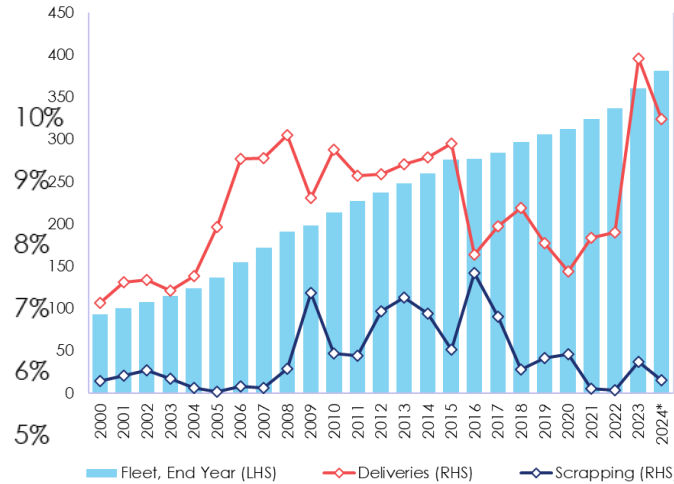
2024 GT growth forecast to be 3.8% - Containers and Cruise continue to drive post Covid recoveries

Development of Global Fleet (million GT)

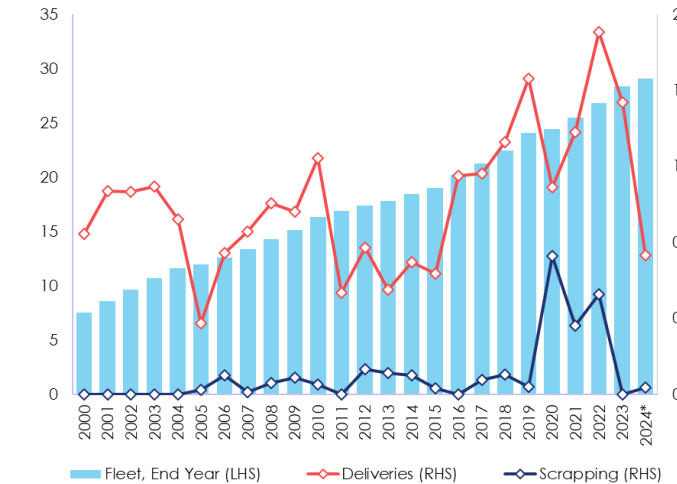


Source: Clarksons Research

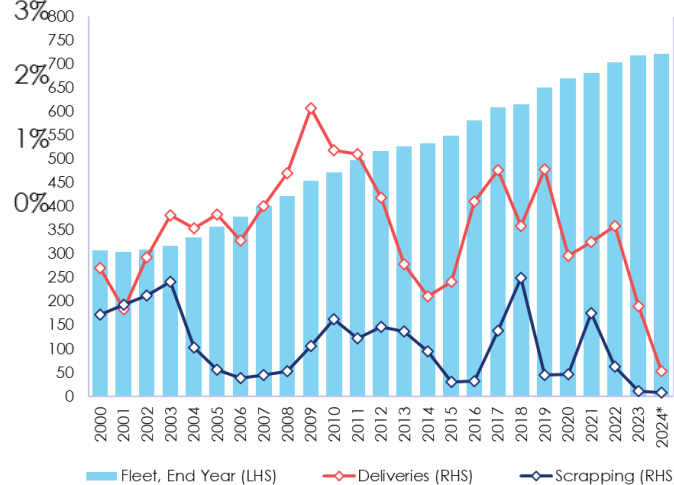
Development of Containership & MPP Fleet (million DWT)



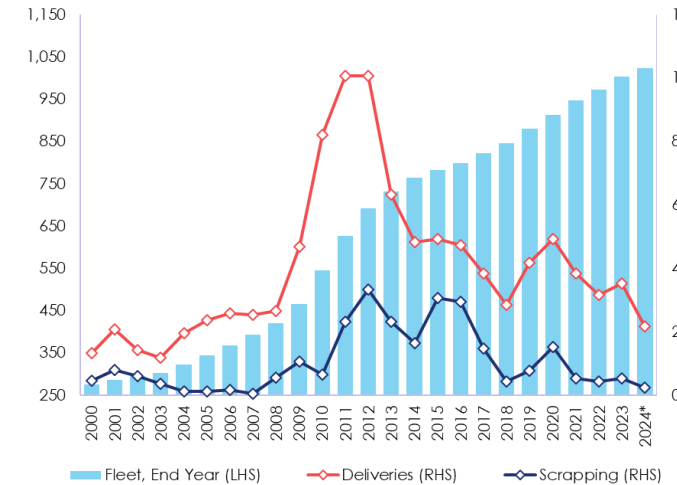
Development of Cruise Fleet (million GT)



Development of Tanker Fleet (million DWT)



Development of Bulkcarrier Fleet (million DWT)

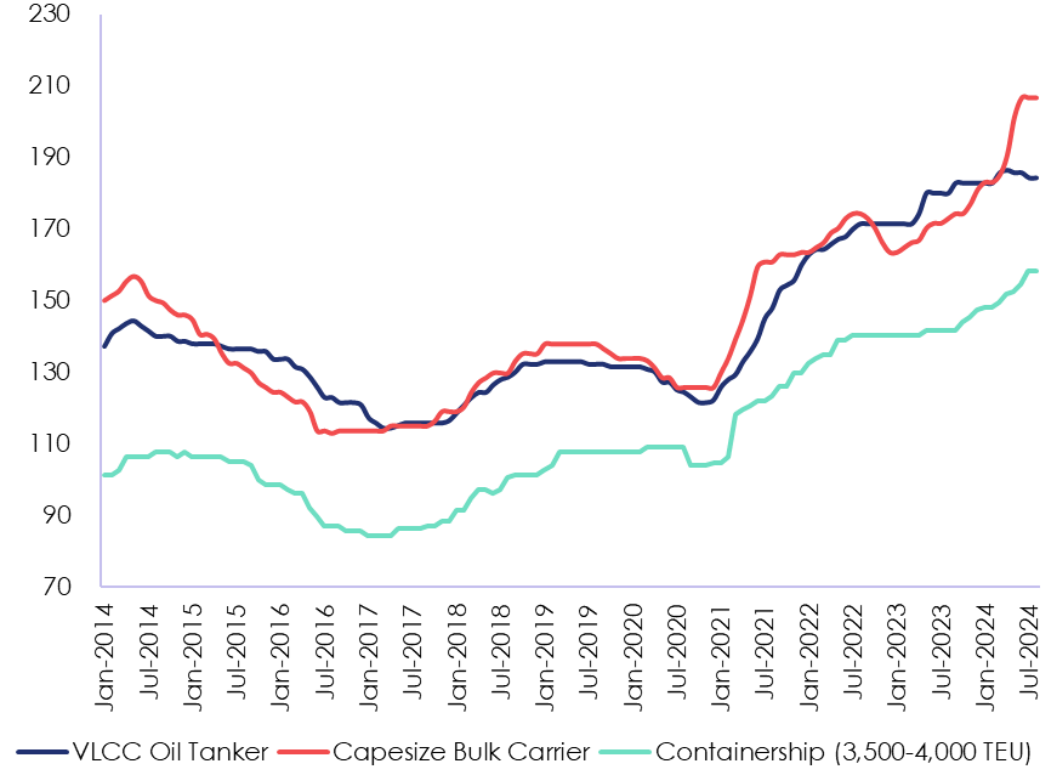


New build and Second hand prices divergence?

We expect the average insured value of vessels continued to rise

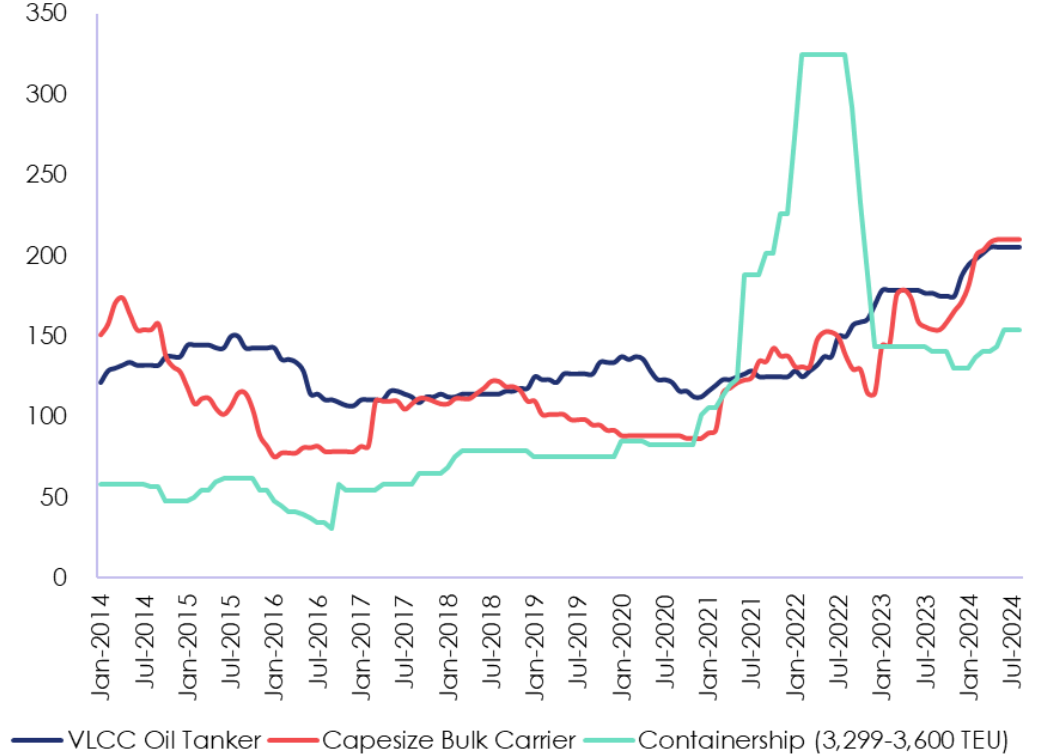
New build prices

Short-Term (Index, Jan-2000 = 100)



Second hand prices

Short-Term (Index, Jan-2000 = 100)

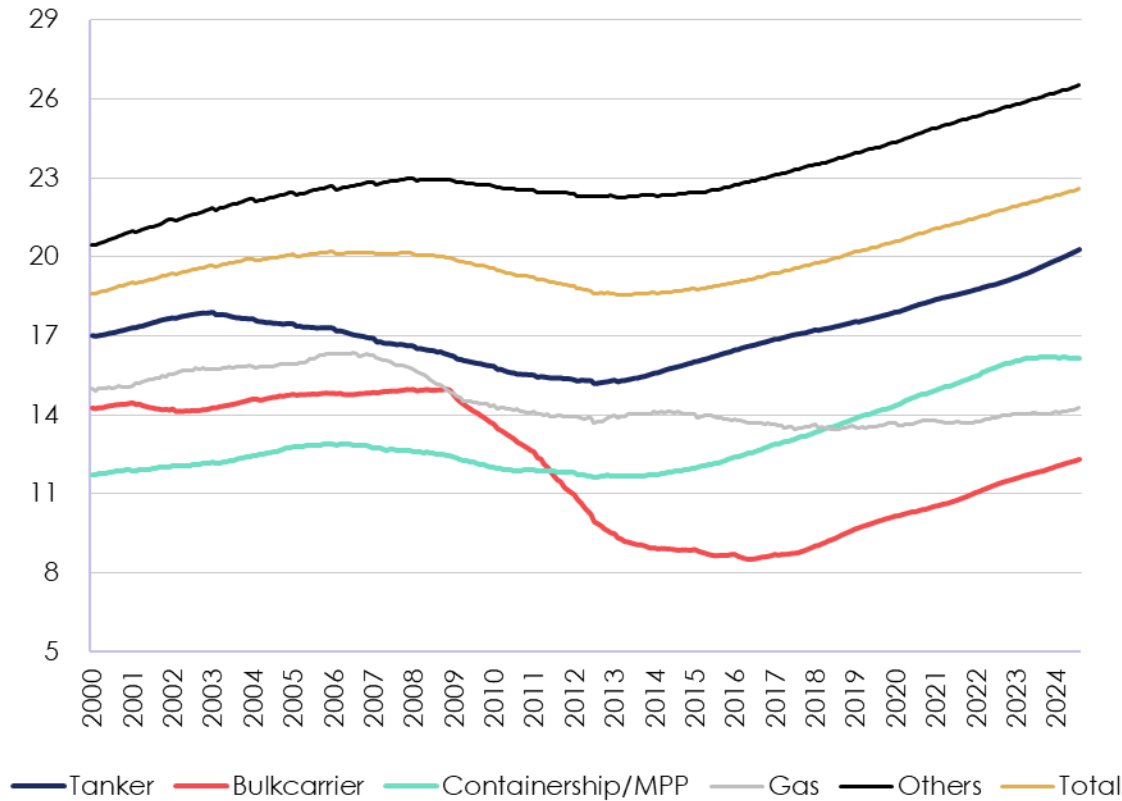


Source: Clarksons Research

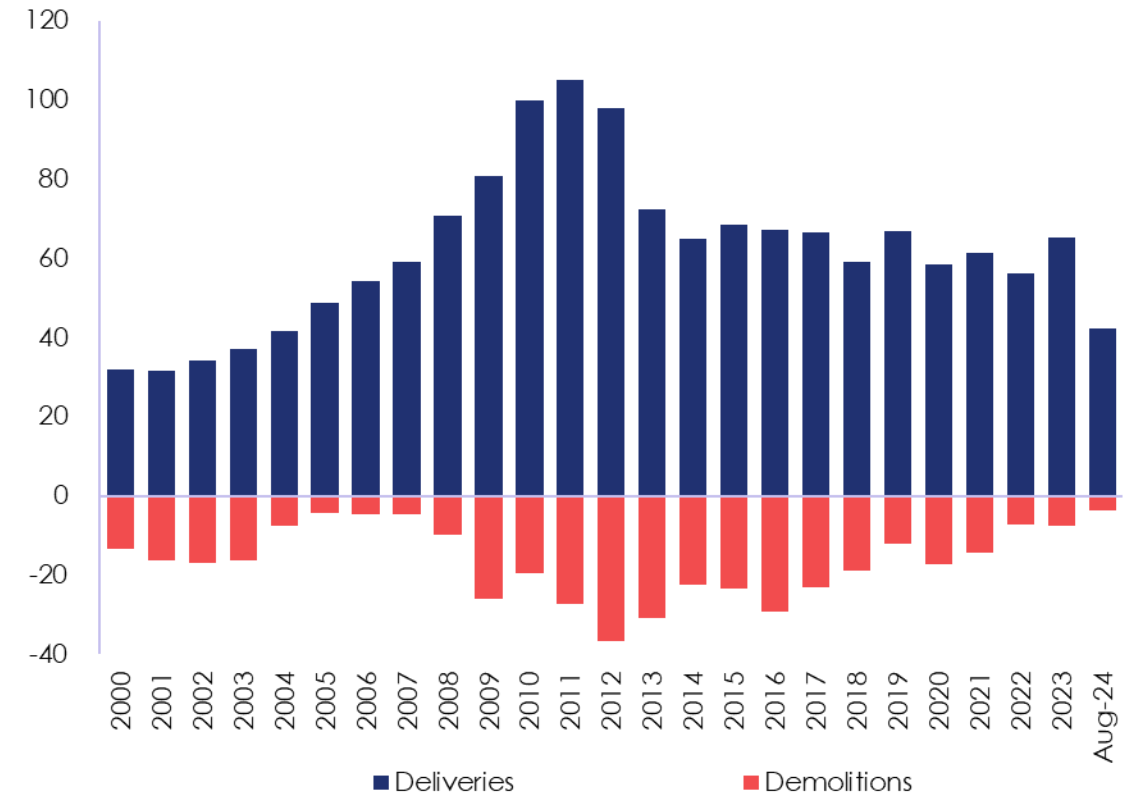
Average age of vessel continue rising

Driving by low demolitions

Average Age by Ship Type (years)



Deliveries & Scrapping of Global Fleet (million GT)

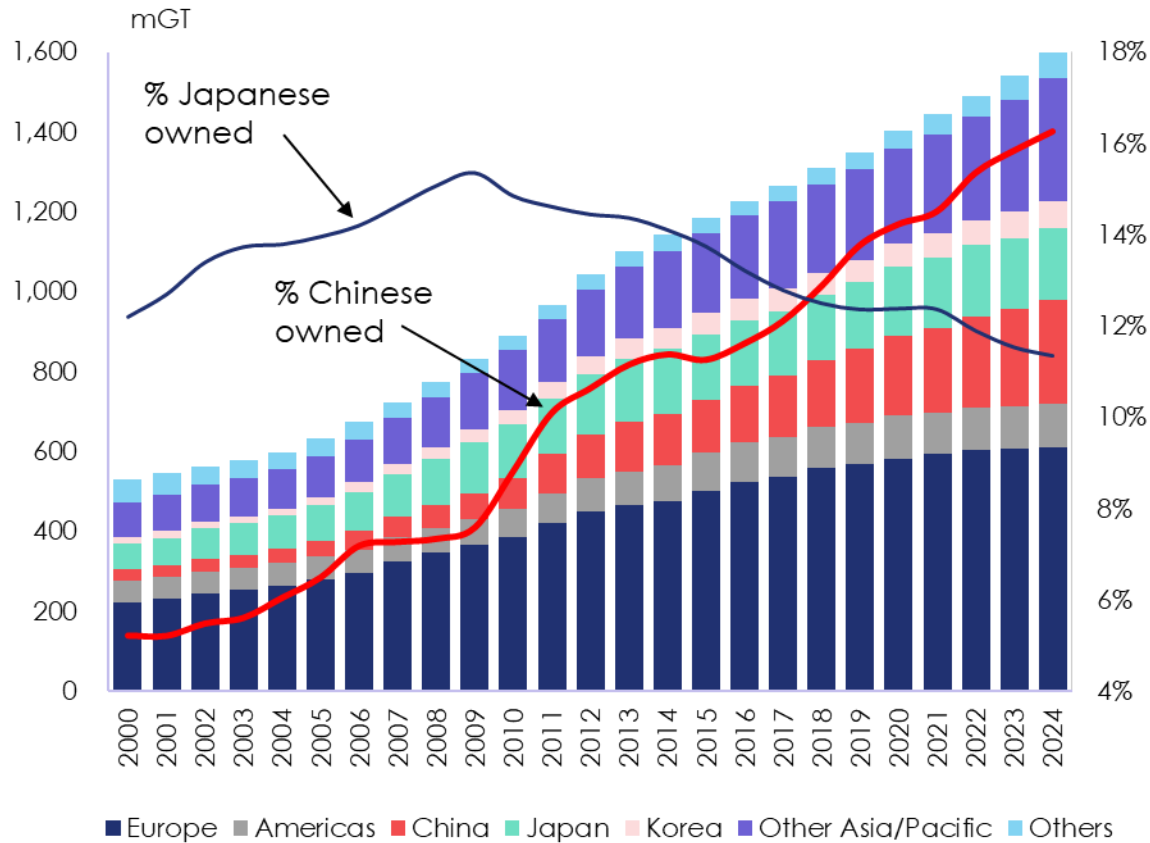


Source: Clarksons Research

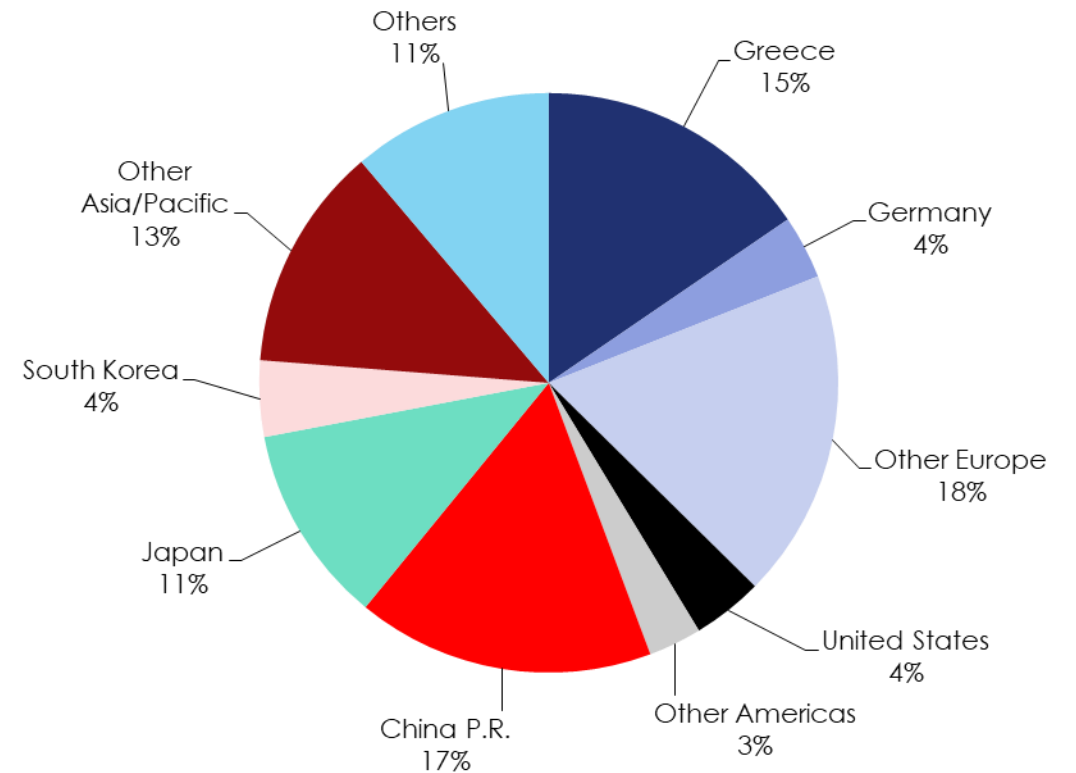
World Fleet Ownership

Chinese ownership continued to growth / Asian Owners now own more than Europeans

Long Term Regional Fleet Development (start-year)



Regional Ownership – August 2024



Source: Clarksons Research

Summary

World fleet growth and rising average vessel value should provide support for insurance premiums development

Few concerns for insurers:

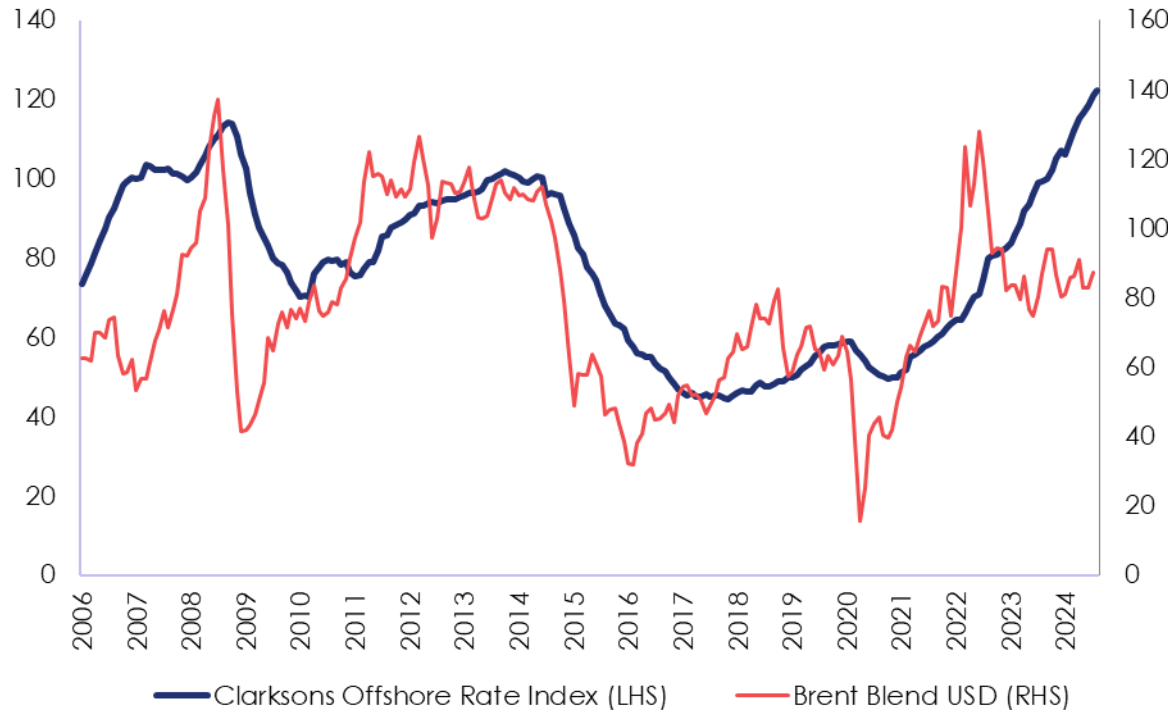
- Stronger growth of container fleet globally when container vessel fire remain a concern, especially on ULCC
- Rising average age, increase travel distance from changing trade routes – will we see a different claims picture?

Offshore Energy Outlook

Offshore markets continue to strengthen

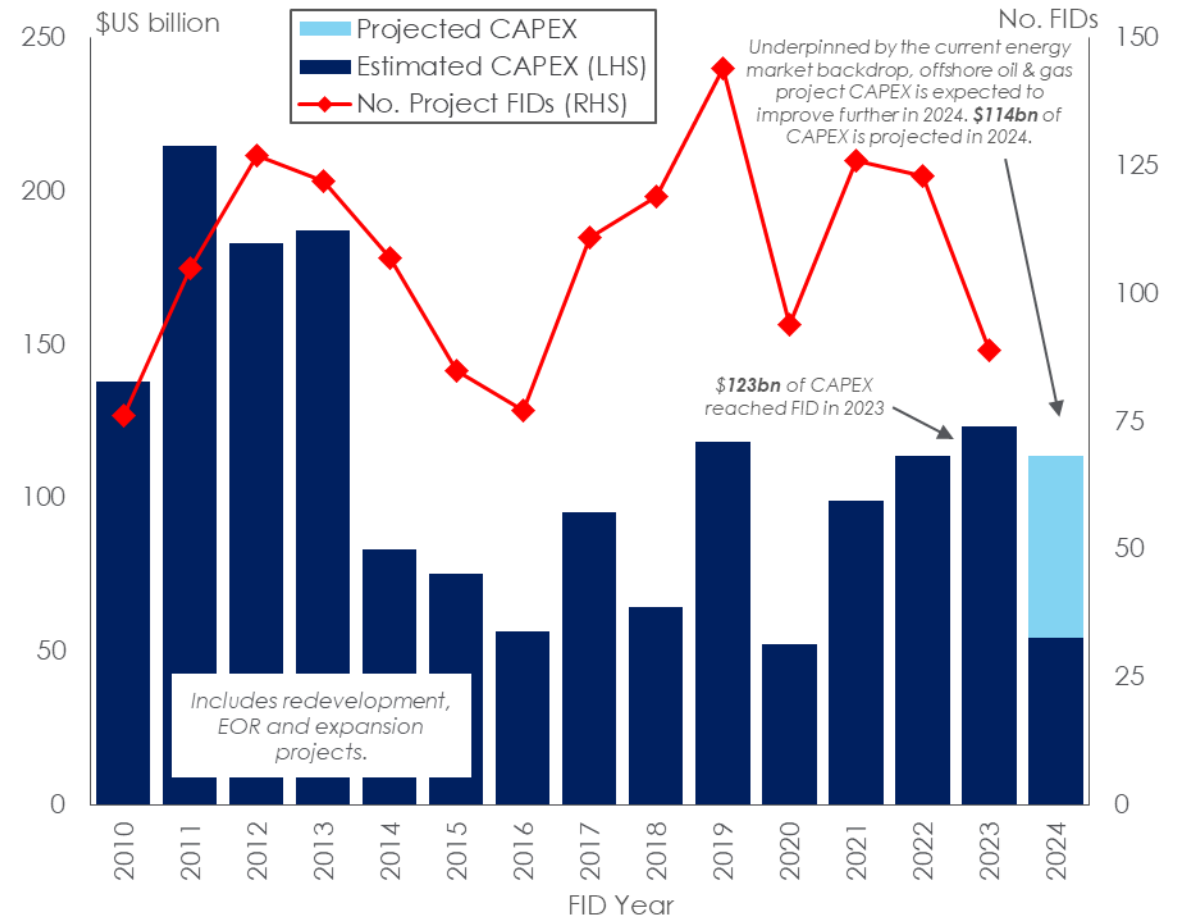
Improved oil & gas project investment environment set to continue

Clarksons Offshore Day Rates Index



Source: Clarksons Research

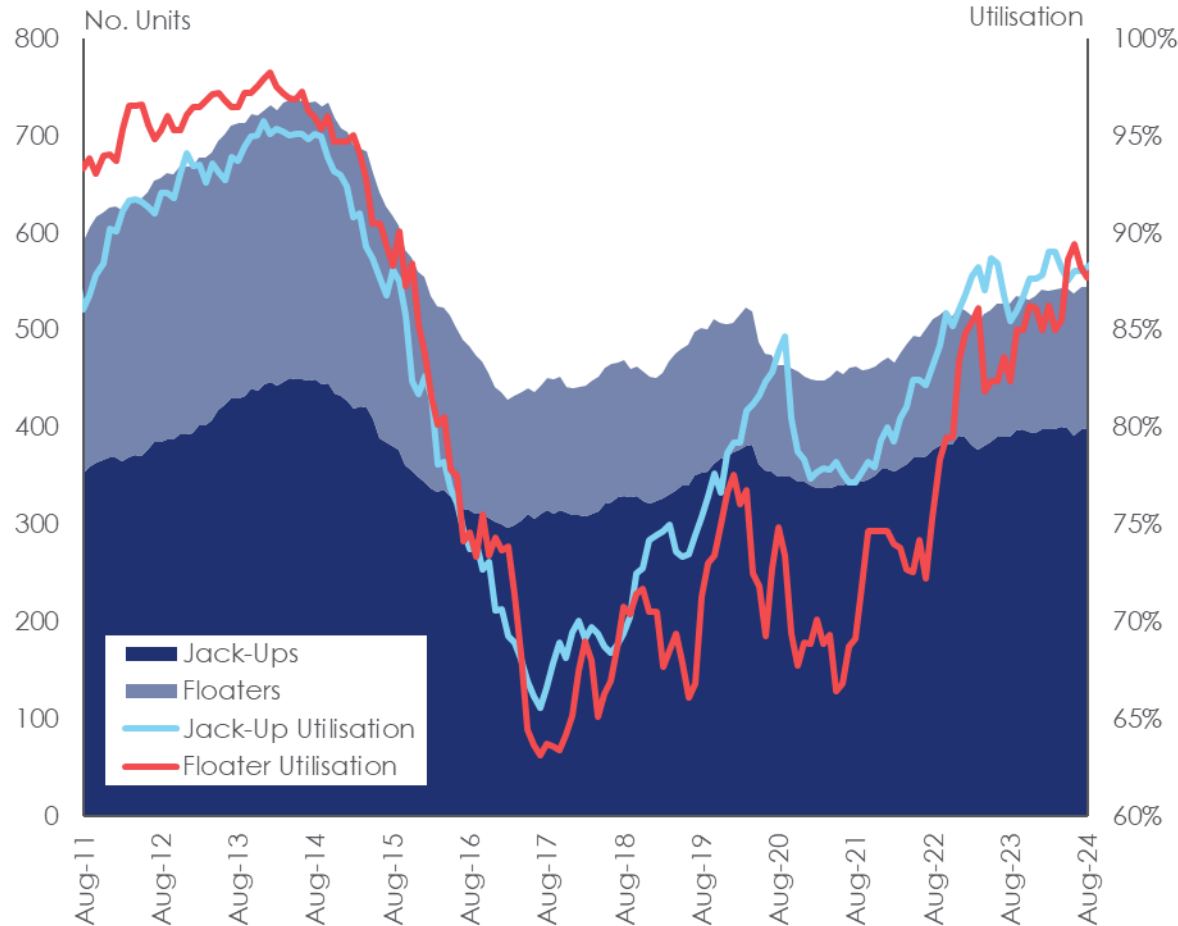
Offshore Oil & Gas Investment



Rig Market Overview: Supply And Demand Trends

Rig market conditions are strong; sustained demand-side growth amidst limited availability has tightened markets

Rig Demand And Utilisation



Source: Clarksons Research

Rig Supply And Demand Trends

DEMAND	August 2021	August 2024	% Change
Jack-Ups	348	400	+15%
Utilisation	80%	88%	+9pp
Floaters	115	145	+26%
Utilisation	75%	89%	+14pp
Total Rigs	463	545	+18%
Utilisation	79%	88%	+9pp

ACTIVE SUPPLY	August 2021	August 2024	% Change
Jack-Ups	435	453	+4%
Floaters	154	163	+6%
Total Rigs	589	616	+5%

Saudi Aramco Jack-Up Contract Suspensions

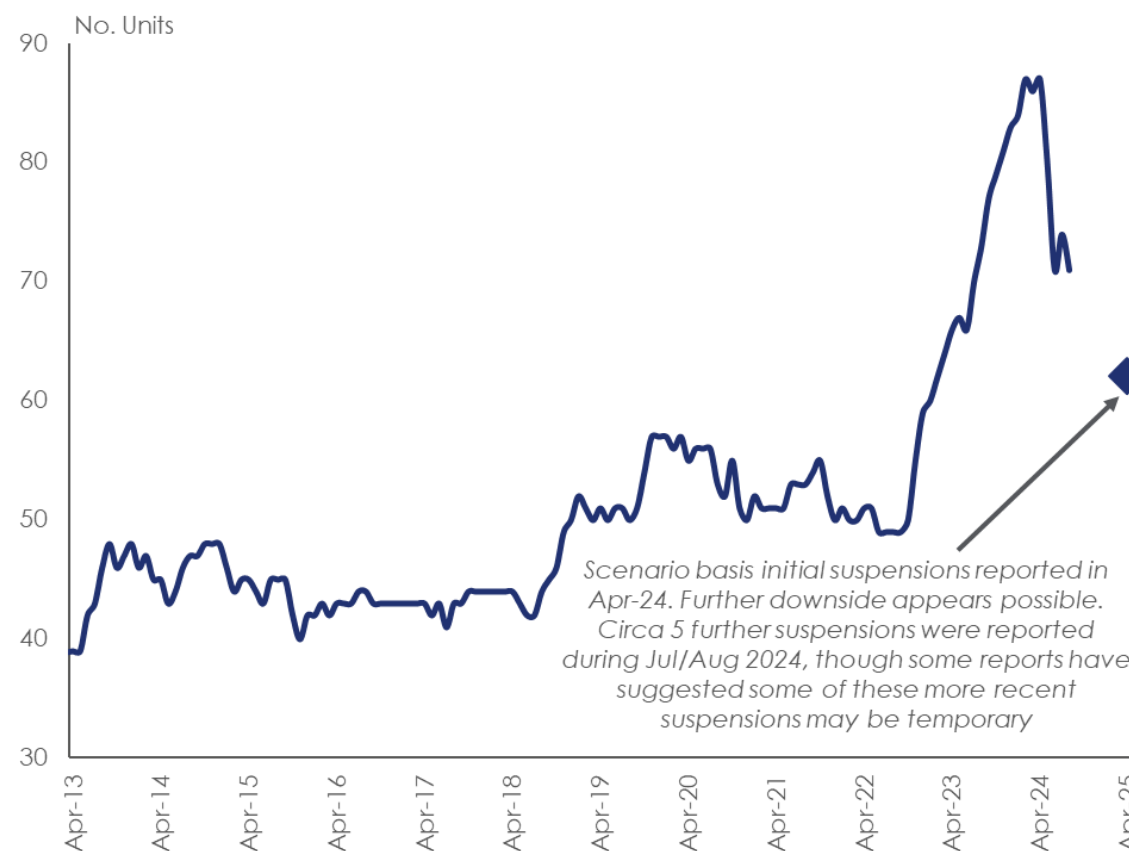
The scale-back of investment plans has seen Saudi Aramco suspend rig contracts; ~23 jack-up contracts have been suspended in Apr-24, with the operator's fleet provisionally expected to fall to ~65 units (albeit still above 2013-22)

Saudi Arabia Jack-Up Fleet By Manager

Manager	No. Rigs, Jan-22	No. Rigs, Apr-24	No. Rigs Suspended	Total After Suspension
ADES	15	32	5	27
ARO Drilling	17	16	1	15
Arabian Drilling Co	4	9	3	6
COSL	2	9	4	5
Shelf Drilling	7	9	4	5
Saipem	3	7	3?	4?
Borr Drilling		3	1	2
Egyptian Drilling	3	2	2?	0?
TOTAL	51	87	23?	64?

Source: Clarksons Research.

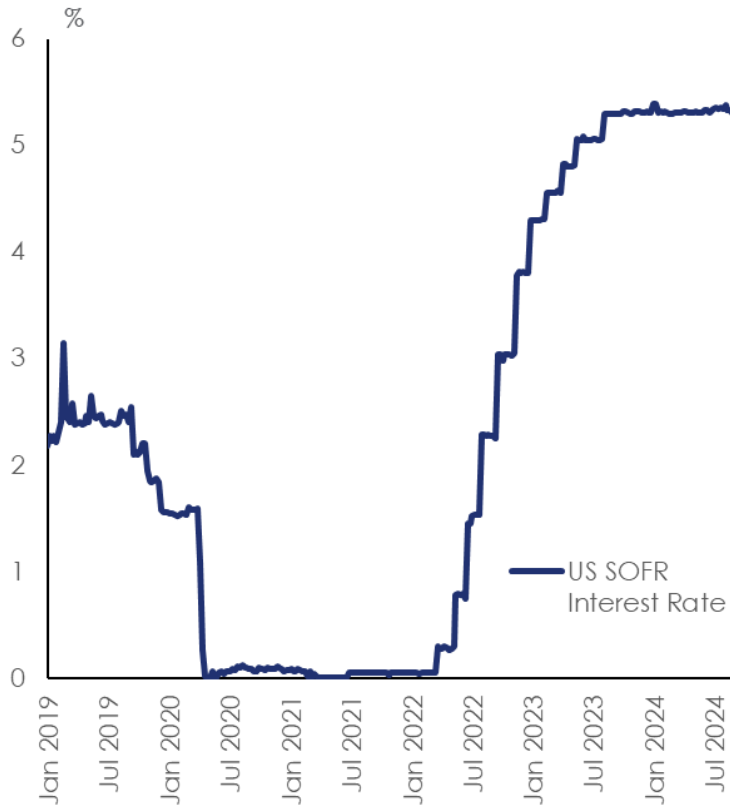
Saudi Arabia Jack-Up Fleet: Potential Scenario



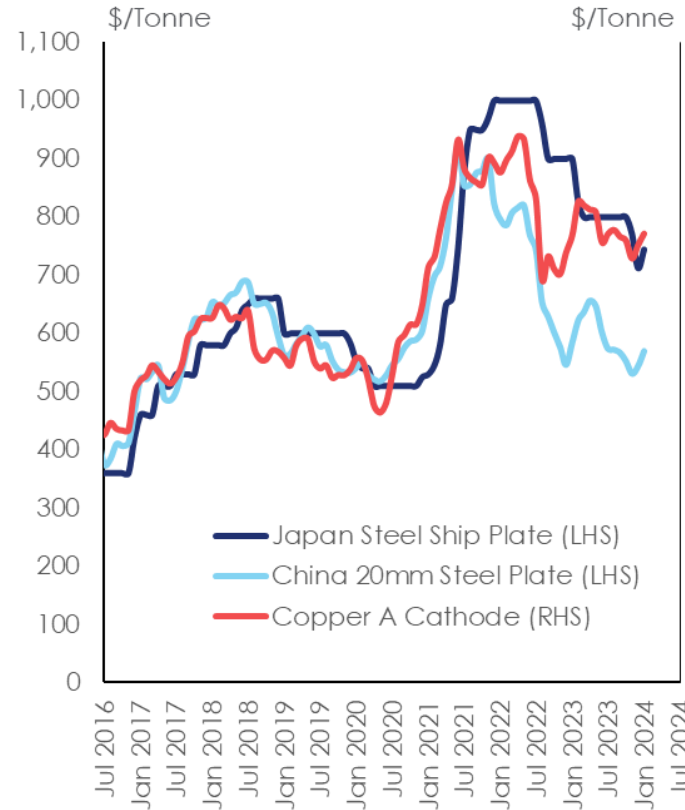
Offshore Wind Developers Faced Commercial Challenges ...

rising raw commodity prices, interest rate hikes, and supply chain bottlenecks—have put pressure on offshore wind developers' profitability

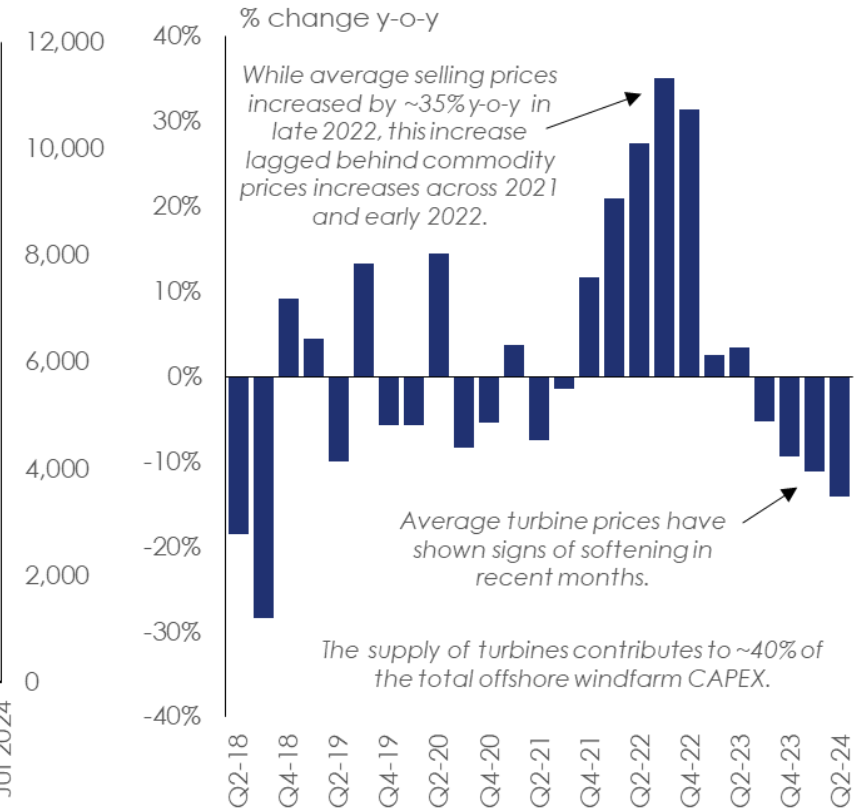
Interest Rates Remained High



Steel & Copper Prices Were Elevated



% YoY Change In Avg. Turbine Selling Price[^]

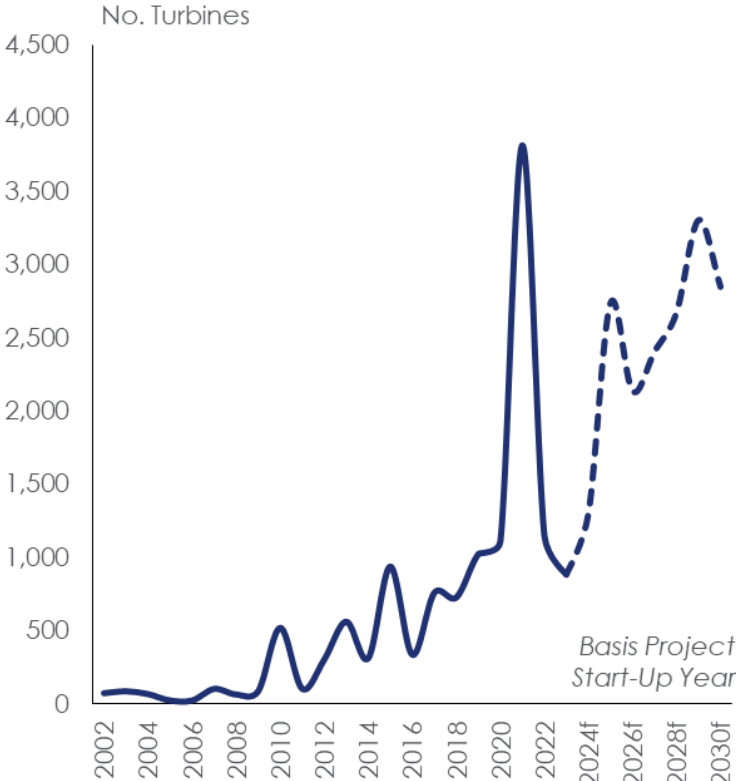


Source: Clarksons Research, Siemens Gamesa, Vestas. [^]The y-o-y change of the average selling price of onshore wind turbines as reported by Siemens Gamesa and Vestas. The average selling price is dependent the cost of the raw materials used to manufacture the turbines as well as the project scopes, geographical distribution and exchange rates.

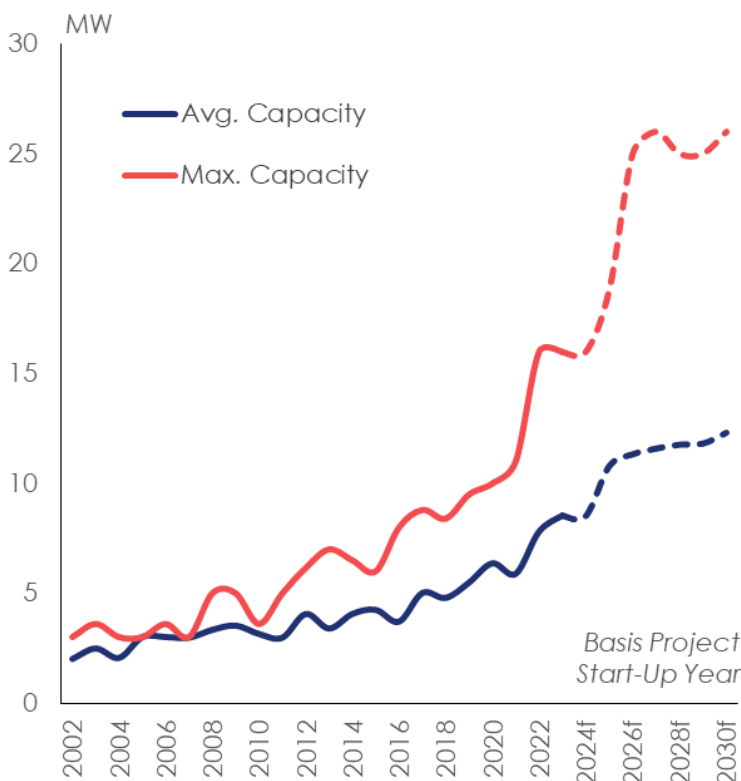
The Trend Towards Larger Turbines Is Accelerating...

Turbine upsizing remains a key theme, with developers looking to use larger models to reduce overall project costs

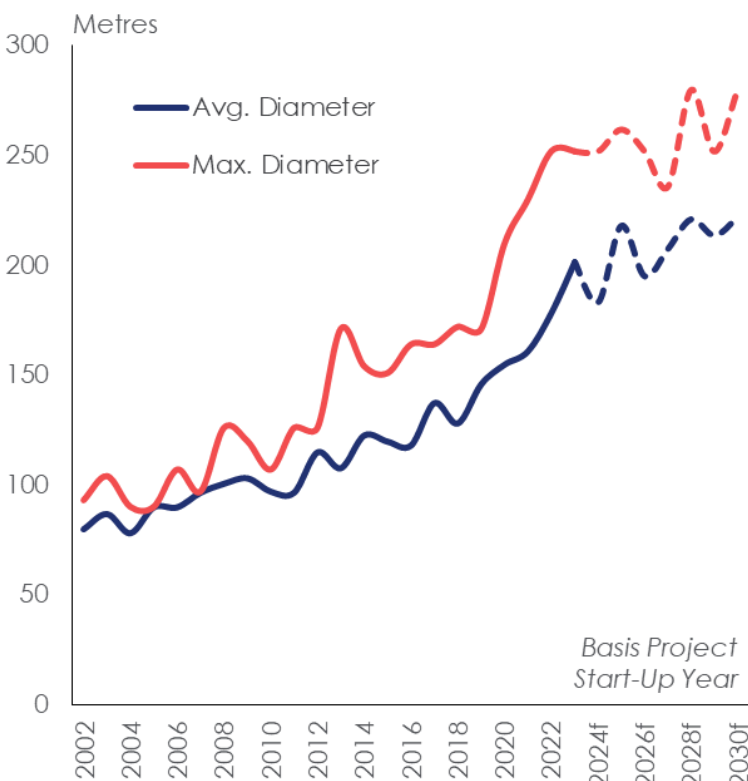
Number Of Turbine Start-Ups



Turbine Start-Ups: Avg. & Max. Capacity



Turbine Start-Ups: Avg. Rotor Diameter

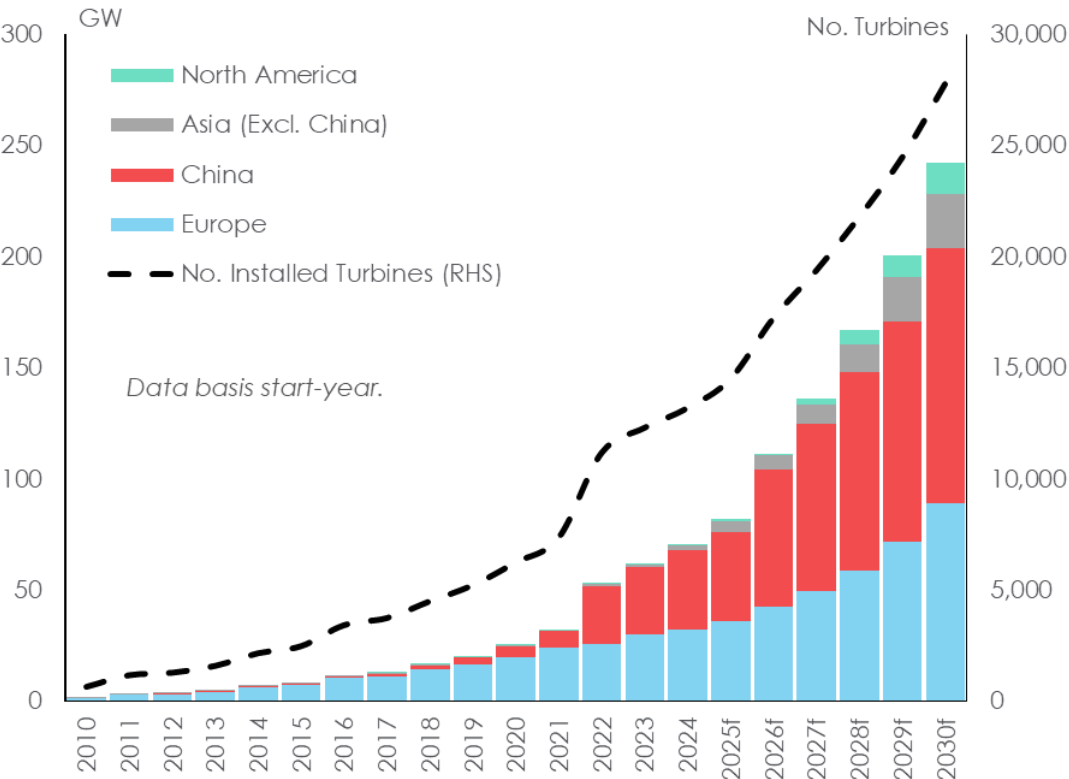


Source: Clarkson Research. All data available on Renewables Intelligence Network. Projections basis expected start-up dates for future projects.

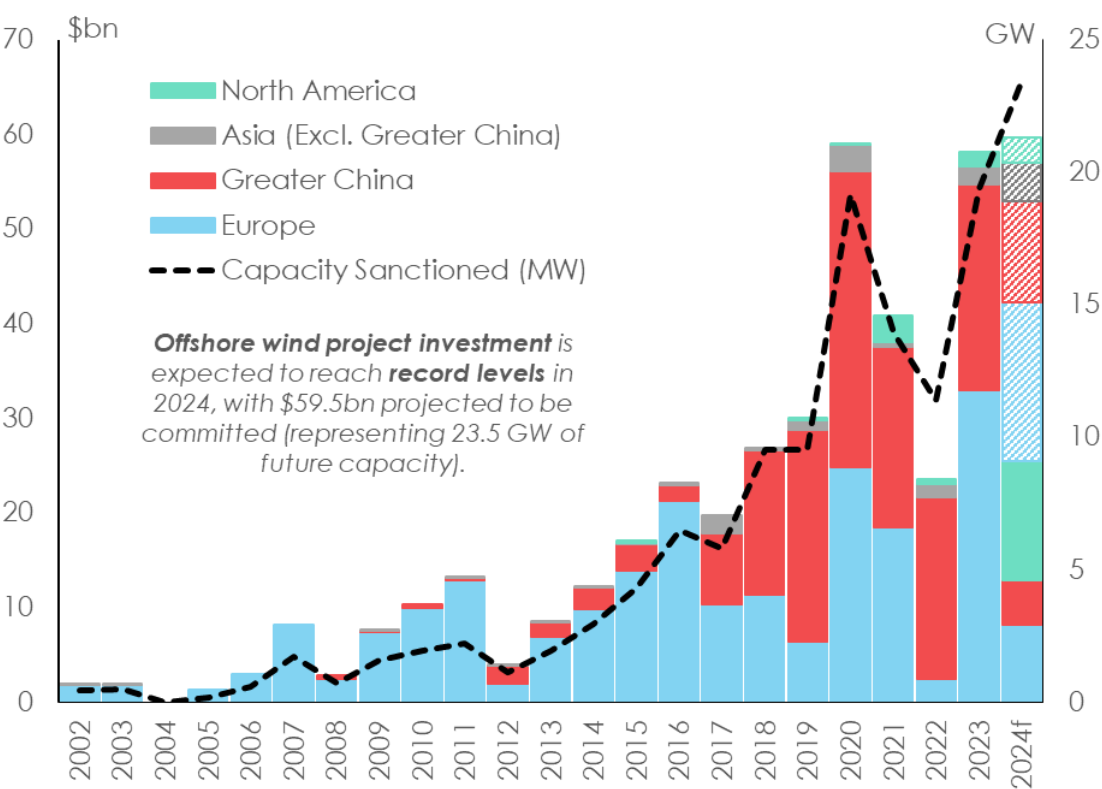
Offshore Wind In An Accelerated Growth Phase

By 2030, ~240 GW (across ~27,000 turbines) is projected to be active (today: ~76 GW and ~13,800 turbines active)

The Growth Of Offshore Wind



Investment In Global Offshore Wind Projects

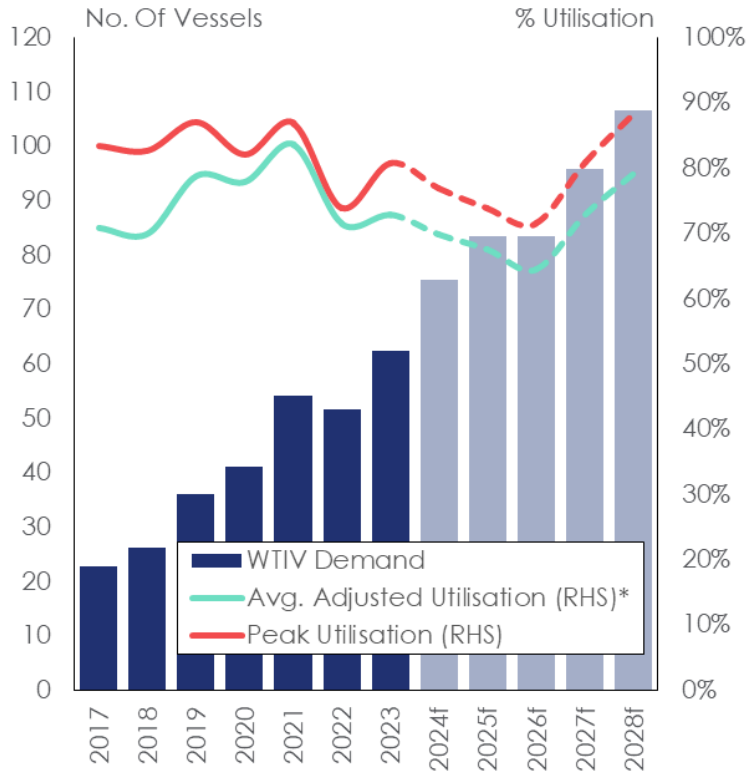


Source: Clarksons Research. All data available on Renewables Intelligence Network.

WTIV Utilisation Outlook

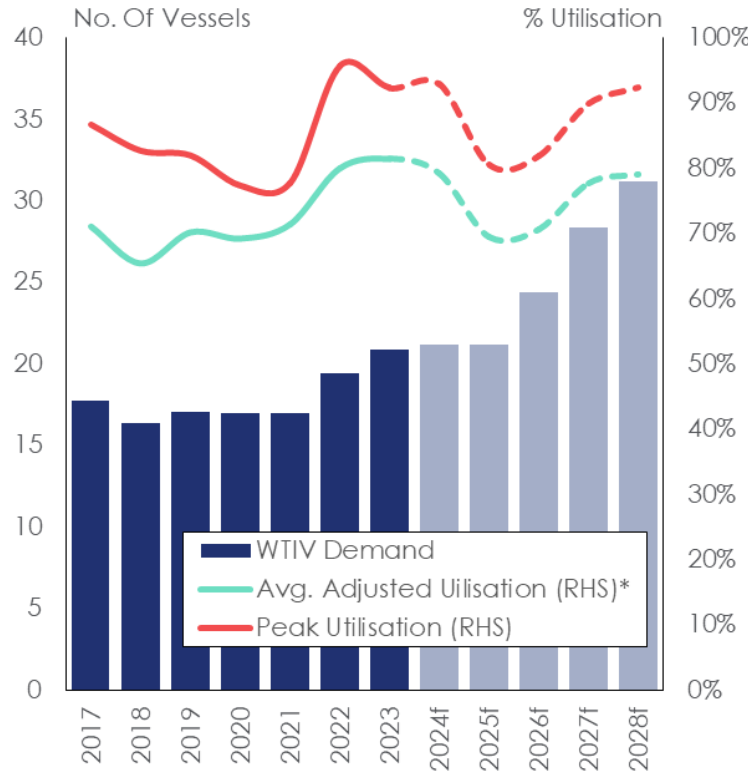
The European WTIV market is expected to soften temporarily in 2025 before tightening again across 2027/28

WTIV Utilisation (Global)



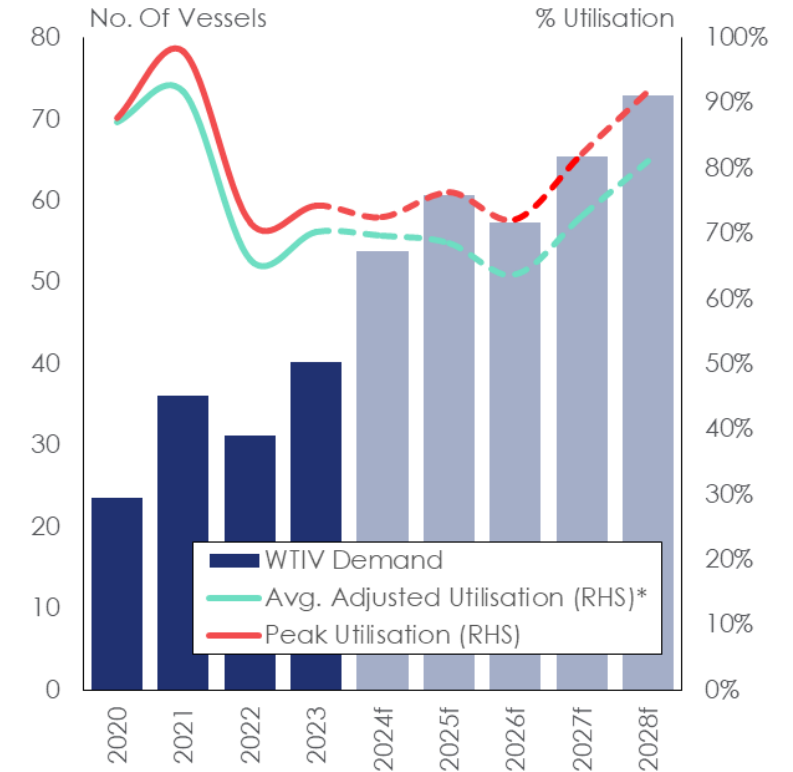
Significant supply expansion across 2024/25 (primarily in China) is projected to weigh on utilisation, before both the Chinese and European markets tighten across 2027/28.

WTIV Utilisation (European Spec^)



The European spec WTIV market is projected to see a transitory period of softness in 2025 before tightening across 2027/28 on the back of strengthening demand.

WTIV Utilisation (China)



Significant supply growth in 2024/25 is projected to limit utilisation gains as demand increases, with the market set for a period of rebalancing across 2026/28.

Source: Clarksons Research. ^Includes all vessels marketed for work in Europe, Taiwan, the US and South Korea, and does not include the Japanese market, which is set to be a 'self-serving' market. Peak season globally and in Europe is assumed to be in Q3, whilst in China, peak season is assumed to be Q4. *Utilisation adjusted to account for WTIVs undergoing planned crane upgrades, with such units removed from the available supply across the duration of the upgrade.

Summary

Offshore Energy market is in a very strong position evident by both strong utilisation and day rate

Offshore Wind market is in an accelerated growth phase despite current commercial challenges post by high inflation and interest rate

Danke schön



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