

FUTURE PERSPECTIVES ON VALUE CREATION

The transformation of the shipping industry



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Problem

Transformation

Value proposition

Business models

Shipowners core challenge is to begin creating value.

The return on invested capital has been low across vessel segments and business models during the past decade.

The core operation, transporting cargo from A to B, are struggling to extract value from a volatile freight market, where long-periods of surplus capacity are driving down income potentials.

The industry is primarily operated by small and medium-sized players, which in total operate more than 60,000 vessels sharing few standards.

The highly fragmented structure of the industry makes it vulnerable to the
digital and decarbonising transformation.

This transformation calls for business model innovation and **significant investments** in new technologies and new fuel types.

Problem

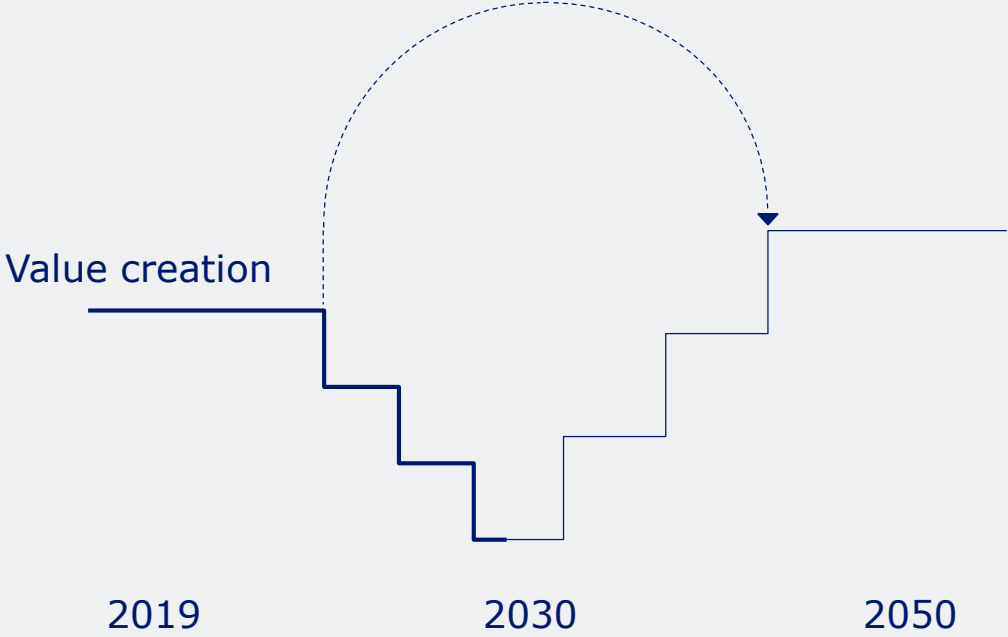
Transformation

Value proposition

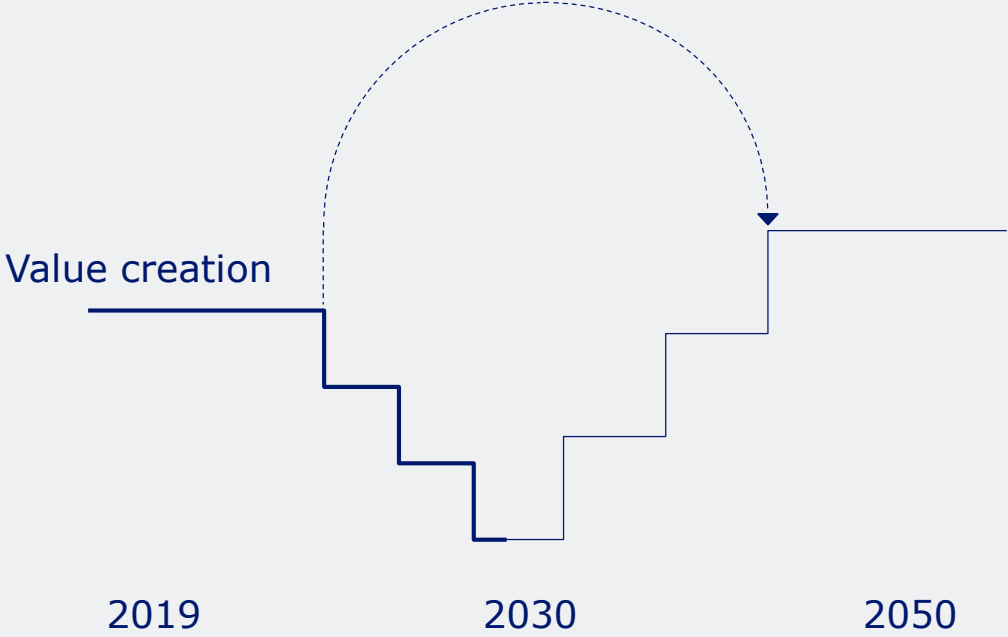
Business models

The shipping industry stands on the brink of a significant shift in value distribution.

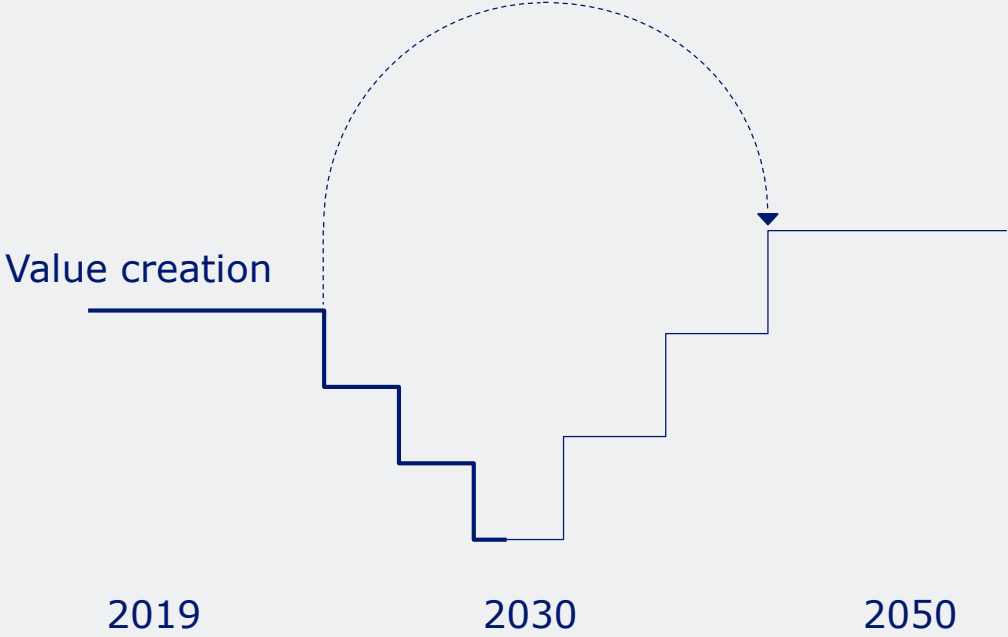
The path towards a digital and decarbonised future **raises cost** but do little to raise revenues in the short-term.



Traditional players may be facing difficult times while other players are investing to prepare for the future.



The competitive landscape is likely to change.



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The climate agenda and the enforcement of new regulation is taken much of the attention of the shipping industry.

This is business critical. Existing players' **licence to operate** is about to expire if they do not decarbonise.

Access to capital, cargo and even ports could become significantly constrained for companies and vessels that do not actively engage in decarbonising their operations.

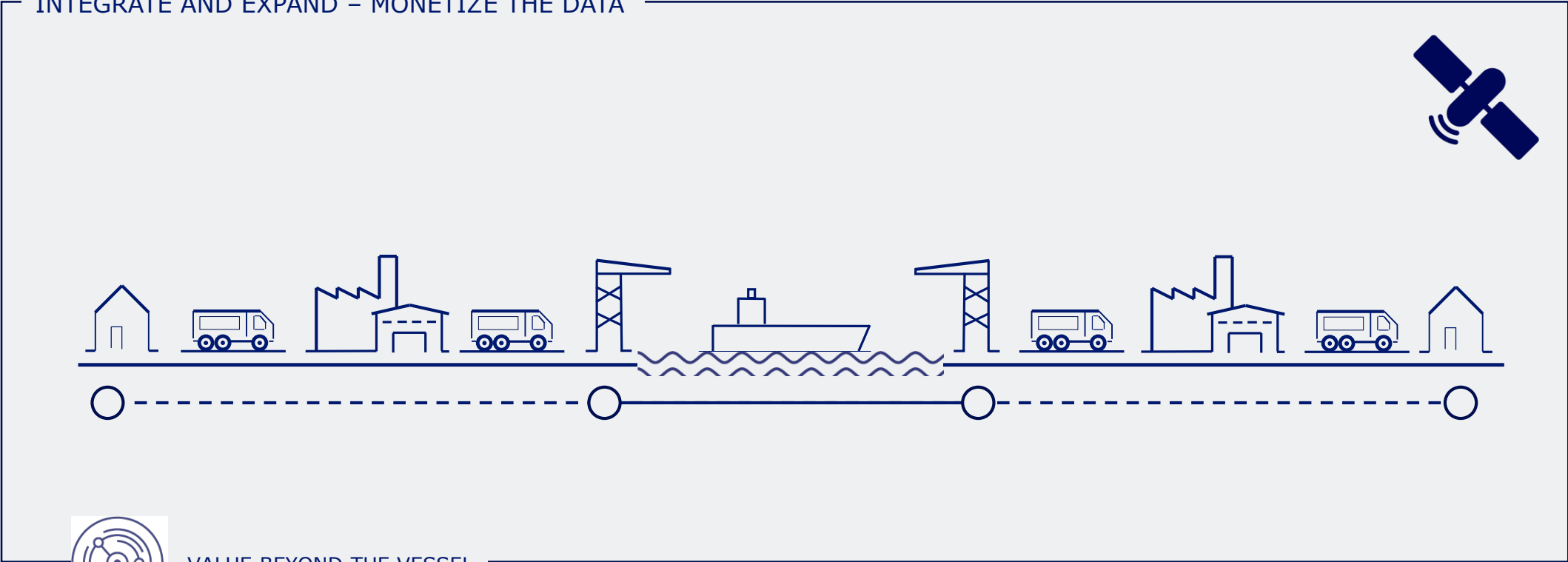
Still, many investments may prove unsuccessful if they have not been placed among the winning technologies.

But it is not enough to decarbonise. The winners' of tomorrow will be defined by their value proposition to customers.

The next-generation shipowner may offer a significant different value proposition to its customers ...

... that has its roots deeply integrated into the industries that is being served.

INTEGRATE AND EXPAND – MONETIZE THE DATA



VALUE BEYOND THE VESSEL

It will be designed to reap the benefits of **standardization** and **economies of scale**. It will be digital, decarbonised and circular.

We are likely to see the creation of a new type of shipowner that supplies capacity to the market that are earmarked to specific cargo requirements.

Entry barriers will be raised and cash-flow stability are likely to increase in tandem with a shrinking spot market.

Asset ownership are likely to be consolidated and vessel capacity will be supplied to the market as a utility.

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The competitive landscape will change during the next decade.

Some of today's shipowner will focus on asset light business models (i.e. owning no vessels) and earn their competitive advantage through data supremacy.

They will seek to create **value beyond the vessels** by deeply integrating into their customers' needs. This integration includes the underlying and connecting industries.

Another group will work to consolidate, scale and standardise the asset base.

They will work to become **digital, decarbonised and circular**. Shipping may eventually be supplied as an utility.

But all vessels will not be owned and operated this way, it is only a feasible model for stable cargo volumes.

There will still be room for more traditional owners that earn the majority of their income during periods of seasonal high demand.

Q & A

THANK YOU FOR YOUR ATTENTION

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