

CLOSING REPORT
26 September 2008

SMM 2008 exceeds all expectations

**More than 50,000 trade visitors from all over the world
visit the leading international shipbuilding fair**

Environmental protection and efficiency as innovation drivers



shipbuilding · machinery &
marine technology
international trade fair
hamburg
23 - 26 sept. 2008
www.smm2008.com

With more than 50,000 trade visitors from all over the world (versus 46,946 at SMM 2006), the 23rd shipbuilding, machinery & marine technology international trade fair hamburg reported a new record at the end of the fourth and last day. The largest group of visitors was from shipping lines and shipping companies, accounting for 17%; they were followed by the shipbuilding industry and machinery and equipment suppliers. 72% of trade visitors at SMM 2008 were decision makers within their companies. The mood was good among the 1,965 exhibitors from 56 nations. 64% of exhibitors were from abroad (versus 63% in 2006). These outstanding facts and figures, and a high-quality supporting programme with conferences and workshops on globally important issues, characterised this most important industry meeting point, which takes an exceptional position among the maritime fairs.

Werner Lundt, Chairman of the Management Board of the German Shipbuilding and Ocean Industries Association (VSM), said that the success of SMM 2008 was no surprise. "As the world's leading maritime industry fair, SMM has once again lived up to the high expectations of its international audience." He mentioned the large number of innovative products, making this shipbuilding showcase the key forum for decision makers in all the maritime industries. And he added that the fair could be rated as a major success for the German shipbuilding and equipment supply industry.

Another important element in the success of this leading industry event, apart from the good economic climate in shipbuilding, is the newly modernised Hamburg Fair site, which is much praised by exhibitors for its impressive architecture and excellent functionality. That was also confirmed by Hauke Schlegel, CEO of the Shipbuilding and Offshore Supply Working Group in the German Engineering Federation (VDMA): "SMM 2008 has shown that the new fair site has made a quantum leap in all areas, in line with the outstanding order situation of the equipment supply industry."

A whole range of new developments was presented at SMM, particularly in fuel economy, emissions reduction and environmental standards of products and technologies. The fair shows quite clearly that efficiency enhancement and environmental protection are not opposites. That was emphasised by Dr. Hans-Heinrich Nöll, Managing Director of the German Shipowners Association (VDR): "More than any previous shipbuilding fair, SMM 2008 showcased numerous innovations for more efficiency and cost-effectiveness in ship operating, while at the same time meeting all the requirements for better environmental protection."

One of many examples is the new silicone-based antifouling paint, presented to the market for the first time by Hempel, a Danish company, at SMM 2008. Application of this underwater coating saves 10% of fuel with container ships, according to Product Manager Torben Rasmussen. And this saving is guaranteed. The company, together with Force Technology, offers a monitoring system to check this; no wonder there was such “exceptional interest” on the part of shipowners, charterers and ship managers.

Another fuel saver is the brand new weather route calculation system from Raytheon Anschütz, for automated calculation of the most reliable route with the lowest fuel consumption; the company tested acceptance of this system at SMM, taking the view that whatever is well accepted at SMM has good market potential.

Good contacts with shipping lines were reported by the seven shipyards exhibiting with the Korea Shipbuilders' Association (KOSHIPA), who brought a whole fleet of large container ship models from this top shipbuilding nation to SMM. J.H. Park, Ship Business Manager at DSME, reported 14 orders received from the shipping lines MSC and C.P. Offen for their 14,000 TEU container ship. And a high level of interest from shipowners was also reported by Pham Thu Hang, Director of the Vietnamese shipbuilding group Vinashin, comprising 30 shipyards with a total of more than 100 facilities. She informed the “very numerous visitors” that Vinashin is currently building ten new shipyards, the first of which will be ready for production in 2010. She also praised the “excellent organisation of SMM 2008.”

Andrey B. Fomichev, Director General of the St. Petersburg shipyard Severnaya Verf, described SMM 2008 as the ideal place to prepare contracts, because it was possible to “meet all the top people in the maritime industry under one roof – the shipping lines and the senior executives of shipyards and marine equipment suppliers.” And sure enough, Fomichev was able to finalise negotiations at SMM for delivery of an offshore tender, with a Norwegian client.

SAM Electronics, a member of the L3 Group and a manufacturer of marine navigation systems, reported signing of a cooperation agreement with Thrane & Thrane, the satellite communication specialist. Holger Mahnke, Senior Vice President at SAM, said “Many projects were moved forwards, thanks to the high competence level of visitors.”

Similar comments on successful results at SMM were made by Frank Saccoli, Marketing Director of Northrop Grumman Sperry Marine, a supplier of integrated ship's bridges, navigation and communication systems. He noted that SMM was exactly the right place for information exchange at high level. With problems getting more and more complex, customers were increasingly looking for “one stop” solutions.

The high standard of trade visitors was a topic of discussion with most of the exhibitors. Results at SMM 2008 were “fantastic,” said Mehmet Berke Çiçek, Vice President of the Turkish Cicek Shipyard. He was delighted at how future projects could be moved forward rapidly because all the important partners were there under one roof, and there were so many decision makers from the shipping companies among the visitors.

Xi Kebiao, Commercial Division Director at CSIC, and Chen Xing Hong, Project Manager at China Shipbuilding Trading Company Ltd., a member of the CSSC Group, talked about “fruitful meetings” with many shipowners, and also managers of shipyards and marine

equipment suppliers. China Shipbuilding Industry Corporation (CSIC) and China State Shipbuilding Corporation (CSSC) are China's two largest shipbuilding groups.

The high level of demand in the ship repair and conversion sector was confirmed by Hans-Michael Meissner, Managing Director of Blohm + Voss Repair GmbH, a part of the ThyssenKrupp Marine Systems Group. "It was evident at SMM 2008 that interest in cruising continues to grow, and thus also the demand for maintenance, overhaul and conversion work. Blohm + Voss Repair sees good chances of staying in front in this sector."

SMM 2008 was used not only to make new contacts and cultivate existing ones. Many exhibitors also used this leading shipbuilding event to close contracts with the maximum media attention. Right on the first day of the fair, Dr. Hermann J. Klein, responsible in the Management Board of Germanischer Lloyd for technology, signed an agreement with the world's largest shipyard, Hyundai Heavy Industries of South Korea, for classification of seven new mega container carriers, each with a capacity of 13,100 TEU (standard 20-foot containers). René Berkvens, Chairman of the Board of the Damen Shipyards Group, signed a contract for delivery of three patrol boats to the Lower Saxony police – an order worth nearly 10 million euros. "The show is better than ever before," said Berkvens. The engine builders MAN closed their first deal with stx Europe, which belongs to the new Korean shipyard stx (it was originally a part of the Aker Yard Group), for delivery of eight engines which made their first market appearance at SMM 2008. They also took the first order for two of the new variable VTA turbochargers from the Stena shipping group in the course of the fair.

Protecting the environment and combating climate change were major topics in practically all areas of SMM 2008, with presentation of shipbuilding technology and forward-looking solutions for ever more sophisticated propulsion, navigation, automation and safety systems – a domain of the marine equipment suppliers. That was also very much in evidence at the presentations of the 22 national pavilions. Pim van Gulpen, Vice Chairman of the Holland Shipbuilding Association and Chairman of the equipment suppliers' association Holland Marine Equipment, noted the growing importance of marine equipment suppliers, as reflected at SMM 2008. They are on equal footing with the shipyards – it is a real partnership situation. Appropriate allocation of responsibility is especially important in the building of highly complex ships. The 150 Dutch exhibitors enjoyed excellent business, "better than all previous events". And Kurt Feldtfos of the Danish Export Association and Halvard O. Olafsen, Managing Director of the Association of Norwegian Maritime Exporters, felt that the increased space at the Danish and Norwegian pavilions was in line with the increased interest in products and technologies of the maritime equipment suppliers.

The positive picture of SMM 2008 was rounded off by the interesting and extensive supporting programme, where the dominant topics were environmental protection and security. The most prominent among the many conferences and meetings included the "Environmental Protection and Innovation" Workshop organised by the Federal Ministry of Economics and Technology (BMWi) and the Community of European Shipyards Associations (CESA), presenting solutions for reduction of emissions.

Not surprisingly in these times of financial uncertainty, the Ship Finance Forum, organised by Financial Times Deutschland and Lloyds' Shipping Economist together with Hamburg Messe, met with a very positive response.

There were more participants than expected at the first international conference on "Maritime Security and Defence" (MS&D), hosted by Hamburg Messe and the publishing house Mönch Verlag, based in Bonn, represented by the trade magazine NAVAL FORCES, and focusing on the problems of piracy and terrorist threats to shipping. Vice Admiral (ret.) Lutz Feldt, Chairman of MS&D, noted that the global nature of SMM was reflected in the high standard of international speakers. "MS&D stood out positively from other events on this subject," he said, "because speakers not only analysed the problem, but also suggested concrete solutions." He also felt it was important that there is a political will to put resources into dealing with this security problem. Jan Wiedemann, Publisher and Editor-in-Chief Special Issues of NAVAL FORCES, welcomed the success of the event in bringing together civilian institutions and government authorities. "A successful start to MS&D," said Vice Admiral Feldt. The next international MS&D event, with an accompanying trade fair, will be held at the Hamburg Fair site from 6 to 8 October 2009.

The new SMM overseas events are already on the radar screen for the companies exhibiting at SMM 2008 in Hamburg. Erkan Selah, Vice Chairman of the Turkish Shipbuilding Association and owner of the Selah yard, reported very good business contacts at SMM 2008 and welcomed SMM Istanbul, to be held at the centrally located fair site Lütüfi Kırdar Convention & Exhibition Centre (ICEC) on the European side of Istanbul, for the first time from 21 to 23 January 2009. He felt that a shipbuilding fair with SMM quality was just what this region needs.

There was likewise a very positive reception to the upcoming SMM India from Dharma Krishnan P., Chief Executive of the special-purpose machine manufacturer Benzear Equipment India from Coimbatore. SMM India is to be held at the Bombay Exhibition Centre in Mumbai for the first time from 12 to 14 November 2009. Krishnan feels that this is a very important event, which can give a real boost to development of India's shipbuilding industry.

SMM 2010, 24th shipbuilding, machinery & marine technology, international trade fair hamburg, will be held at the Hamburg Fair site from 7 to 10 September 2010.

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