

What's in store for the newbuild cycle

Few people are better placed to elucidate on ship ordering trends than the president of one of the world's largest ship equipment manufacturers



Forget all the analysts, there's few people on this planet better placed to assess newbuild cycles than Michel van Roozendaal, the president of Finnish ship equipment giant MacGregor.

Bear in mind that one in two deepsea cargo ships today feature equipment manufactured by van Roozendaal's company. This explains van Roozendaal's close scrutiny of

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the world orderbook and his recent decisions to realign the Scandinavian firm to be less reliant on kitting out new vessels, something that should speak volumes to *Splash Extra* readers about the expected growth - or lack thereof - across the world's merchant fleet.

Van Roozendaal has been bracing for a slowdown in orders for some time, a trend that really began to manifest from the second quarter this year. This comes despite two elements of the world fleet contradicting each other. The current fleet is relatively young yet the orderbook is extremely low when compared to the existing fleet, something that will, down the line, lead to a peak cycle, but not anytime soon, the MacGregor boss believes, applauding owners' current

ordering restraint. As a result, MacGregor is increasingly focused on offering services and equipment to existing ships, such as expanding boxship capacities. The overall aim is to make the company split 50:50 revenues-wise between newbuilds and existing ships.

Shipbuilding can be compared to construction sites, argues van Roozendaal. “They're relatively easy to open and close depending on demand,” he says.

In terms of a pointer as to when to invest, van Roozendaal tells readers to keep an eye on the world's largest shipowning nation.

“When Greek shipowners are ordering, they're all very clever, they are also ship traders, watch what they are doing,” he says. “If they start buying, they believe the price is low and can be sold later in an asset play.”

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Van Roozendaal thinks the low ordering trend will prevail for at least the next 12 months, but there are signs that the markets are picking up finally.

“I do see a trend that is cautiously optimistic where people are dusting off their assets,” the Dutchman says, pointing to the recent rises in the Baltic Dry Index and how offshore utilisation rates are picking up of late.

“If you are in maritime you have to brace and embrace its cyclical nature,” van Roozendaal says. Prior to MacGregor, he worked for a number of Wall Street-listed companies, who tended to steer clear of cyclical businesses. By way of countering this cyclicity, van Roozendaal has embarked on an acquisition spree, refocusing the company on offering products to ships in the water as much as those being created in drydocks.

What this aerospace engineer by training wants to see happen in shipping in the coming decade is greater efficiency brought by automation, starting in the ship production line, where vessels today are rarely built alike.

“Ships today are always prototypes,” van Roozendaal observes. “Every one is just a little different to the last one. There are hardly - in the reality of the cargo world - real double-digit sister ships, but with technology and automation - less human intervention - then maritime can wake up a bit and ships can look more state of the art.” ●