Container Ship Market : Key facts and outlook

27 September 2023 Rinaldi Gumulya, Senior Analyst

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Agenda for today

1. The container ship fleet today: some basic key numbers

2. The newbuilding pipeline: orders and deliveries

3. Are we on the way back to overcapacity?

1. The container ship fleet today: some basic market numbers

The global liner fleet – some key numbers

	Sep 2023	Sep 2021	Sep 2019
number of liner ships worldwide:	6,692 ships	6,253 ships	6,131 ships
liner fleet capacity:	27.70 Mteu	24.97 Mteu	23.34 Mteu
year-on-year fleet growth:	6.77%	4.21%	3.7%
Idle fleet (capacity share):	0.9%	0.7%	2.1%
confirmed newbuilding orders (capacity):	7.77 Mteu	5.35 Mteu	2.45 Mteu
vessel order book as % of fleet capacity:	28.5%	21.7%	10.7%
container ship fleet average age:	13.7 years	13 years	11.9 years
container ship fleet weighted age:	10.9 years	10.4 years	9.1 years

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The Alphaliner 'Top 100'

Global figures

6,701 active ships
including 5,874 fully cellular

27,791,731 TEU
27,386,520 TEU fully cellular

DWT **331,477,156**

available for free. no log-in. updated daily!

Figures are consolidated

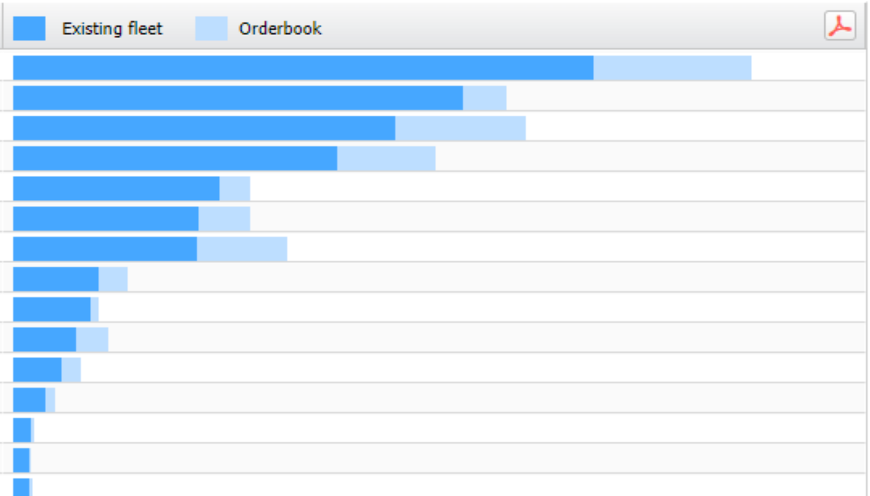
Regional Trades weekly capacities

Trans-Atlantic **157,748** TEU
Trans-Pacific **537,894** TEU
Feast-Europe **457,922** TEU

Top carriers history 1996-2019

* the top-5 and top-10 of 2013 are not the same as today

Rank	Operator	Teu	Share
1	Mediterranean Shg Co	5,326,425	19.3%
2	Maersk	4,134,497	15.0%
3	CMA CGM Group	3,505,018	12.7%
4	COSCO Group	2,979,522	10.8%
5	Hapag-Lloyd	1,900,025	6.9%
6	ONE (Ocean Network Express)	1,699,772	6.2%
7	Evergreen Line	1,688,578	6.1%
8	HMM Co Ltd	790,342	2.9%
9	Yang Ming Marine Transport Corp.	705,614	2.6%
10	Zim	572,978	2.1%
11	Wan Hai Lines	446,194	1.6%
12	PIL (Pacific Int. Line)	295,331	1.1%
13	SITC	156,222	0.6%
14	KMTC	153,261	0.6%
15	X-Press Feeders Group	149,598	0.5%



top-3 market share 46.7%
ten years ago: 37.2%

top-5 market share 64.2%
*ten years ago: 46.2%

top-10 market share 83.9%
*ten years ago: 64%

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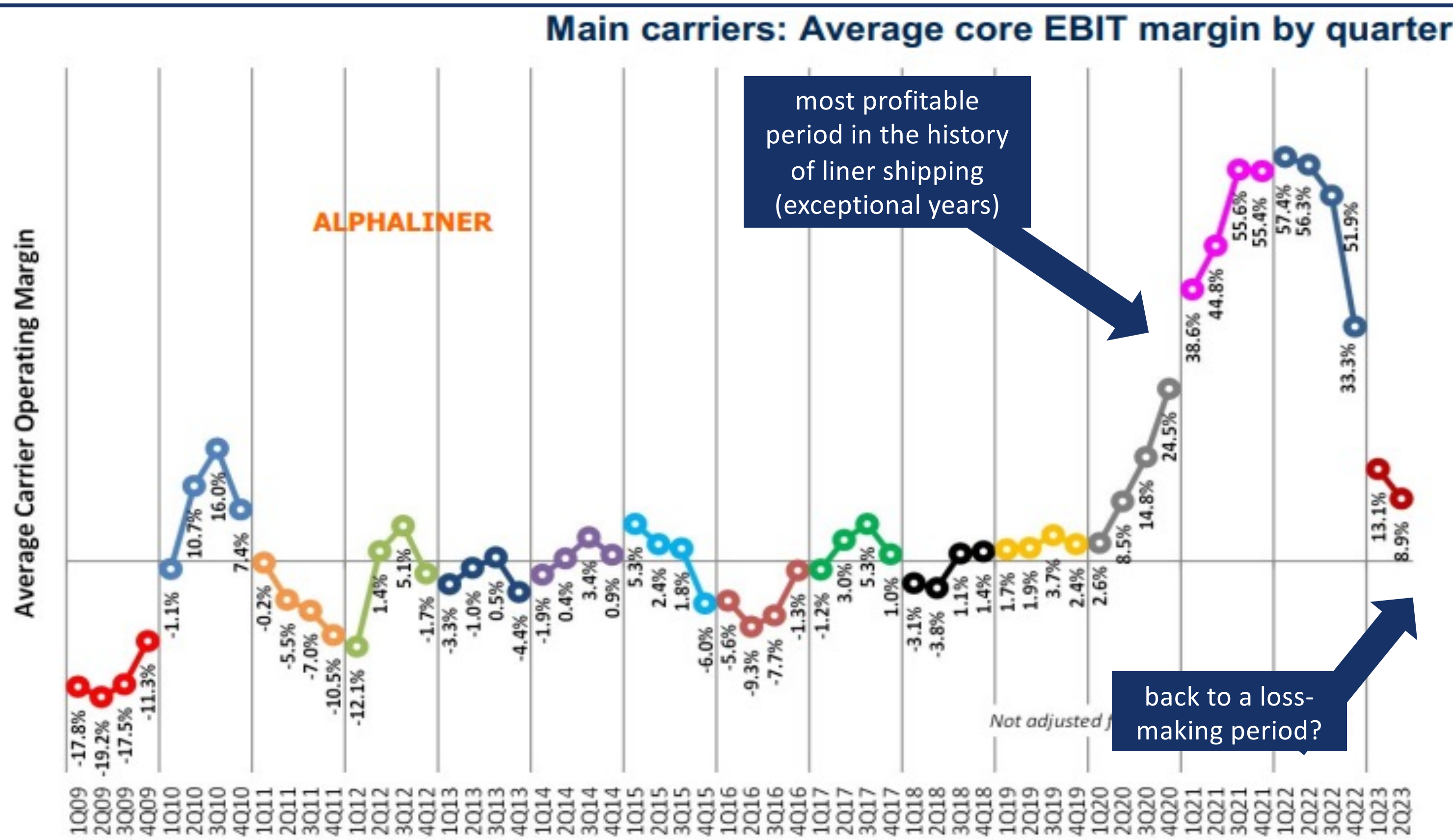
Carrier core EBIT margins 2009 - 2023



Average of CMA CGM until 2022 (incl APL to 2Q16), COSCO Shg (since 1Q 2019), CSCL (to 1Q 2016), EMC, Hanjin (to 3Q 2016), Hapag-Lloyd (incl CSAV to 2014), HMM, Maersk (Ocean from Q120), ONE (from 2Q 2018, formerly KL/MOL/NYK), WHL, YM, ZIM

New normal?

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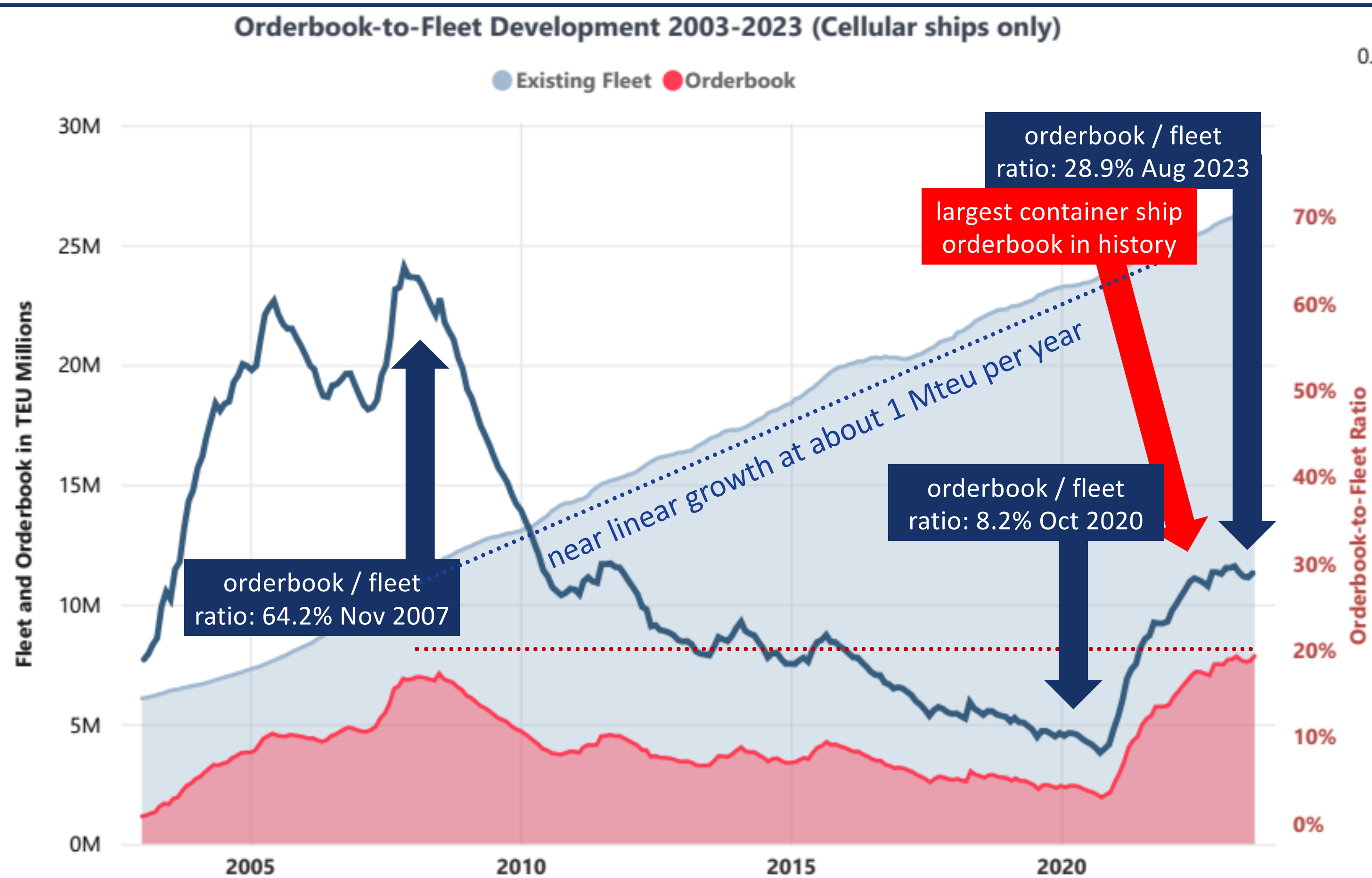
1. The market is highly consolidated with the top 10 carriers controlling 85% of the global capacity.
2. Further consolidation between big carriers unlikely, but acquisition of smaller regional player still in play.
3. MSC is on its way towards a ‘league of its own’ with some 6.0 Mteu in 2025.
4. MSC / Maersk 2M alliance will end in 2025.
5. Carriers have made hundreds of billions in profits from 2020 – 2022 but the party is ending, back to loss making.
6. The sector will need to find a new ‘equilibrium’ with the changing cost structure faced by carriers.

2. The newbuilding pipeline: orders and deliveries

Container fleet growth of the last 20 years



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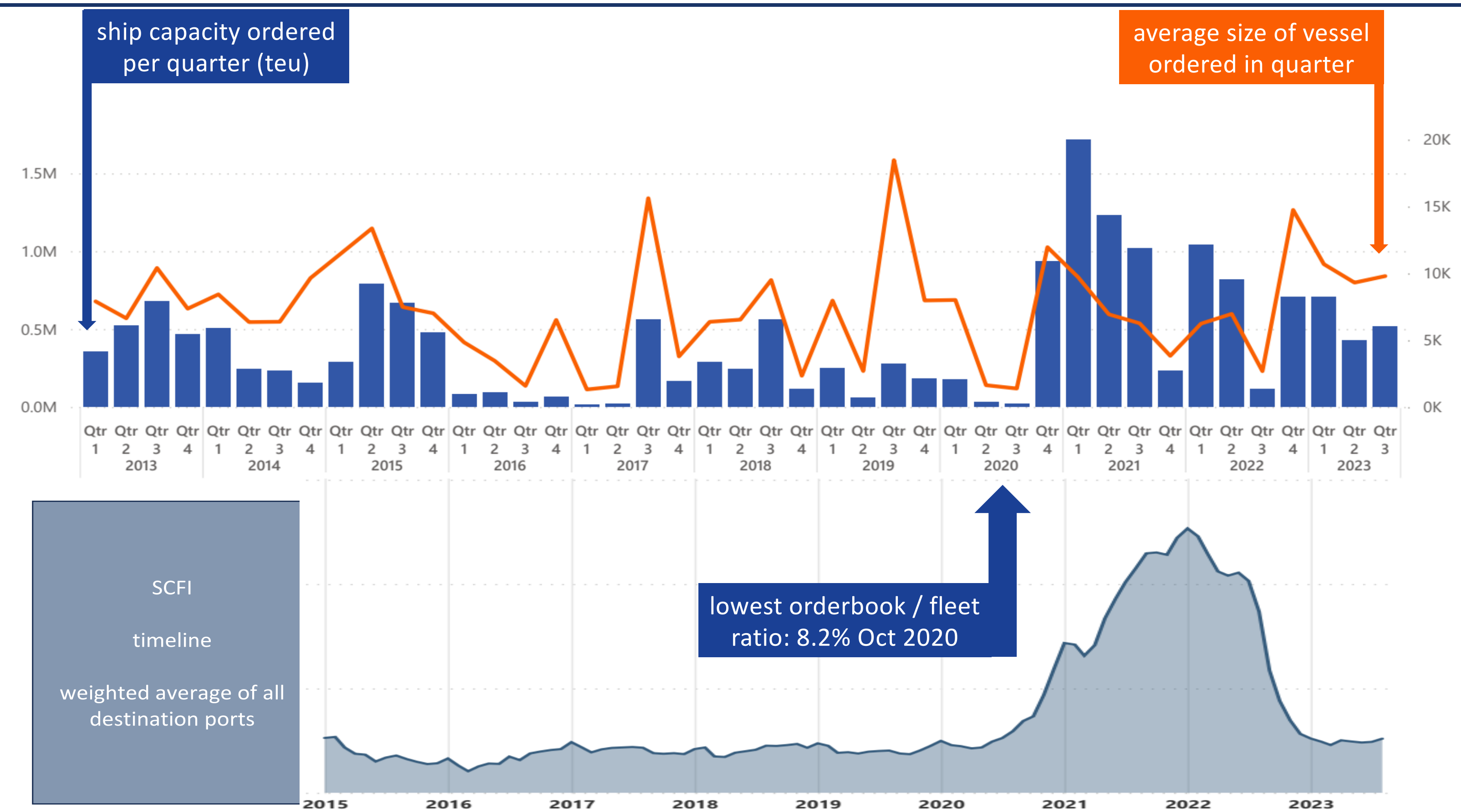
Container ship ordering activity in the past ten years



LNG / Methanol propulsions (%) of total capacity ordered :

2021 : 26%

2022 : 59%

YTD 2023 : 76%

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The top-10 carriers' share of the container ship order book

as per August 2023	top-3	top-5	top-10
carrier / order book in teu	3,089,959	4,295,985	6,245,065
MSC	1,479,891	1,479,891	1,479,891
Maersk	403,000	403,000	403,000
CMA CGM Group	1,207,068	1,207,068	1,207,068
COSCO Group (including OOCL)		917,386	917,386
Hapag-Lloyd		288,640	288,640
Ocean Network Express (ONE)			473,479
Evergreen			840,650
HMM			265,027
Yang Ming			77,500
ZIM			292,424
% of total assigned orderbook:	39.39%	54.76%	79.61%

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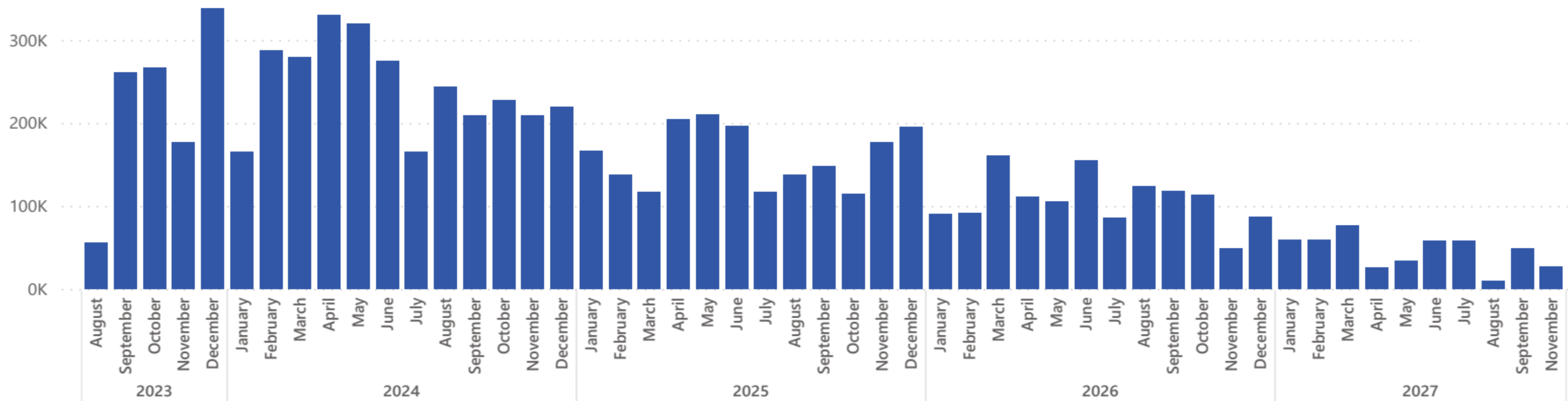
Container ship delivery pipeline (teu per month)



rest of 2023	2024	2025
1.1 Mteu	2.93 Mteu	1.93 Mteu
179 ships	413 ships	194 ships

... the pipeline will likely change with further orders or deferrals

thereof with LNG or methanol propulsion

0.21 Mteu (19%)	0.91 Mteu (38%)	1.02 Mteu (53%)
17 ships	93 ships	90 ships

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1. In terms of teu capacity, the container vessel orderbook is the largest it has ever been.
2. Ordering was driven by carriers, rather than non-operating ship owners.
3. The Top-10 lines account for three quarters of the global container ship orderbook.
4. The market could struggle to absorb this massive influx of new vessel capacity.
5. Competition between carriers will increasingly be on their ‘green’ profile.

3. Are we on the way back to vessel overcapacity?

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How much more potential is there to slow down services?

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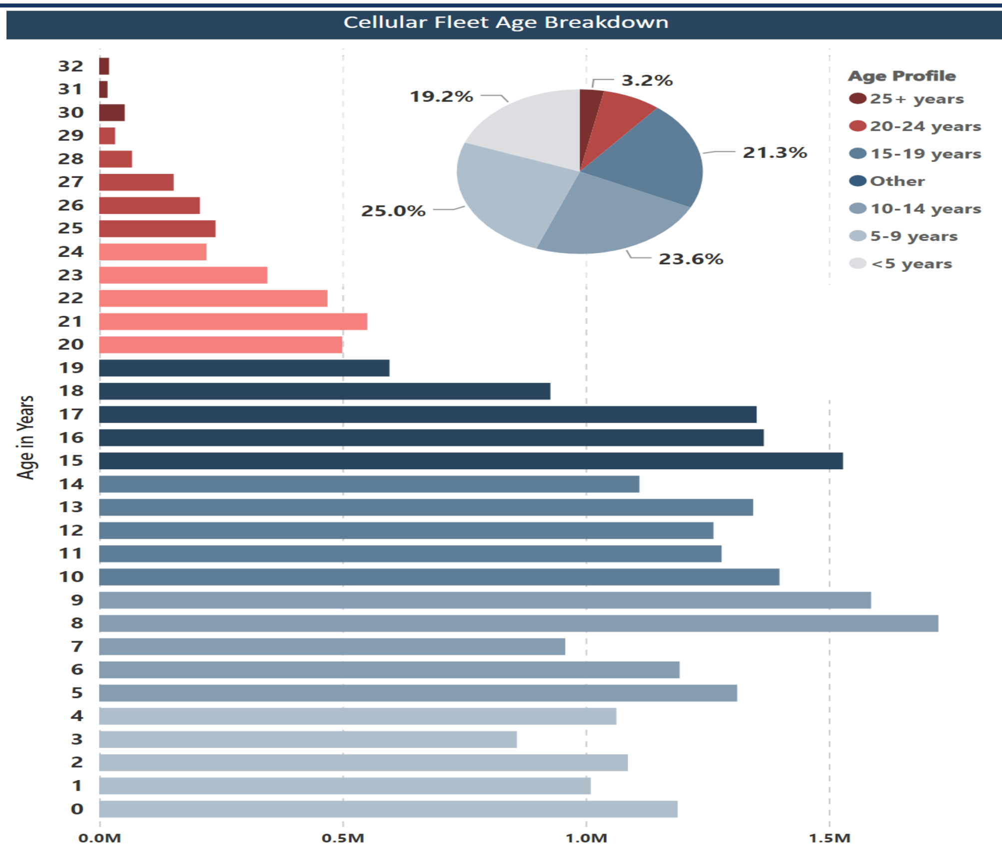
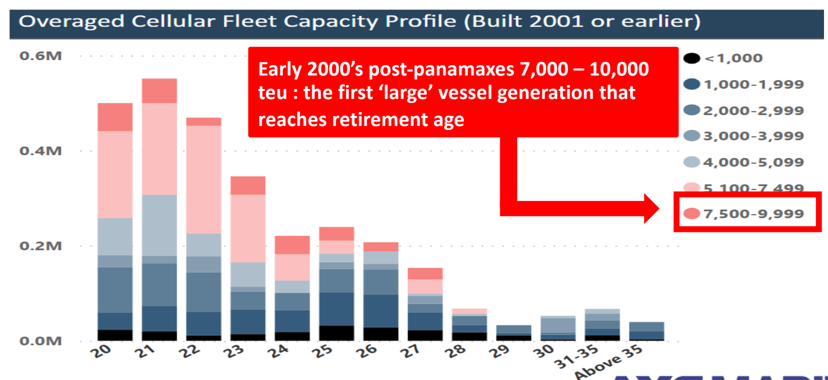
Fleet age profile – potential to be scrapped



Total fleet aged 20 years or more:

1,212 vessels
2,92 Mteu
10.7% of current fleet capacity



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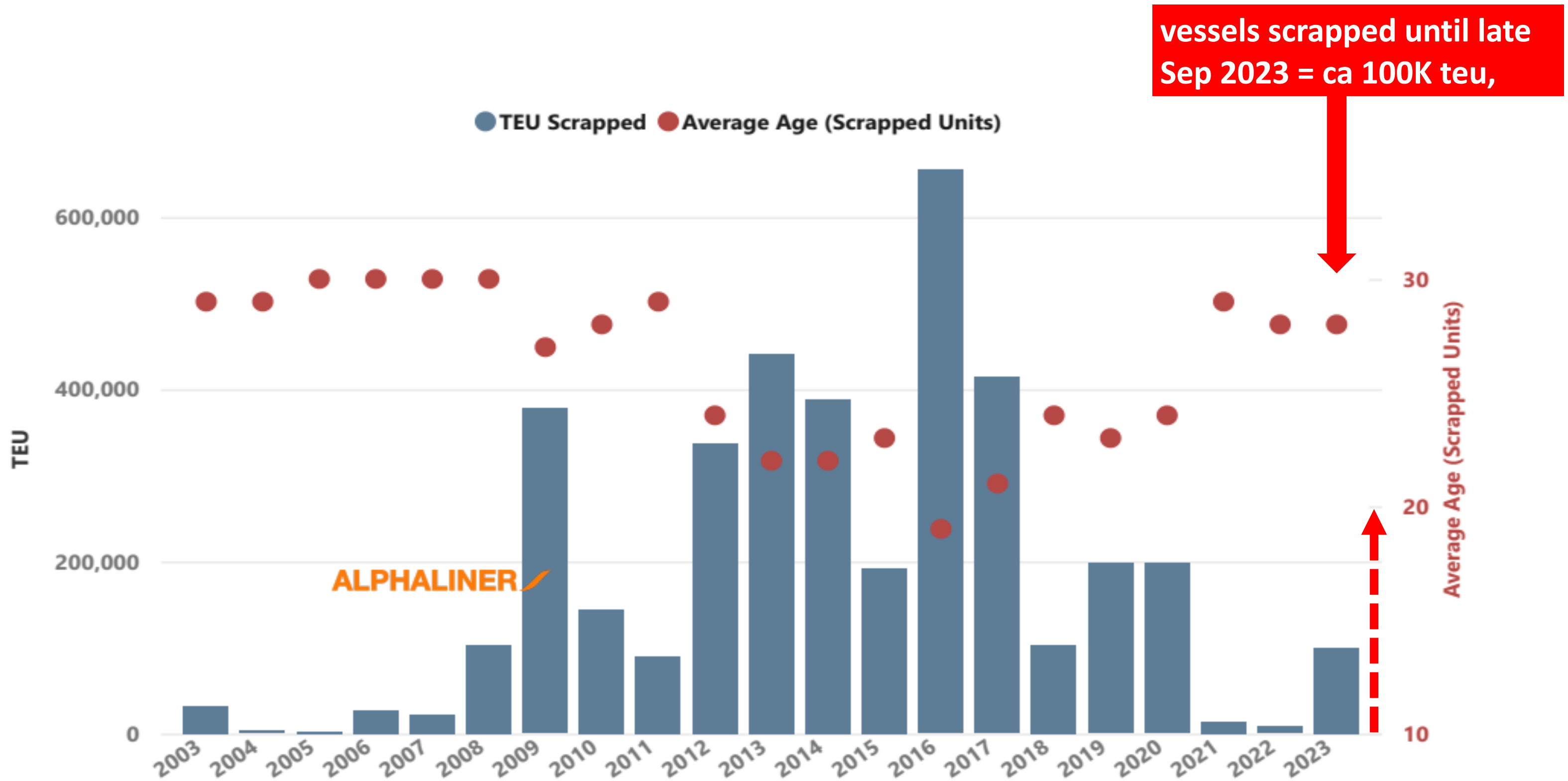
Ship sales for recycling 2003 - 2023



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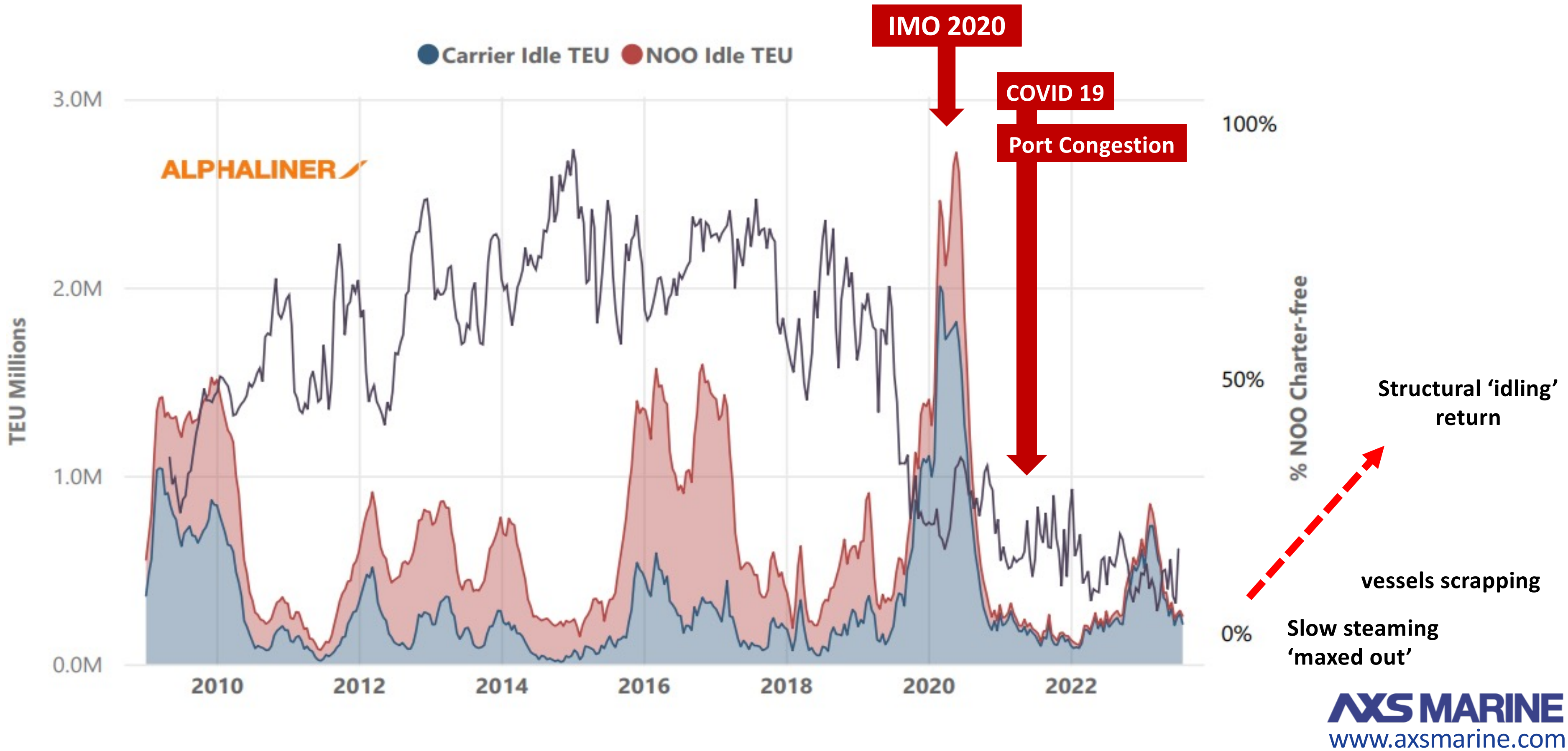
Inactive container ship fleet timeline



Overcapacity on the horizon?

1. Tonnage has been absorbed through shifting / extending loops, slow steaming, but seems to have ‘maxed out’?
2. About 10% of the fleet has reached a ‘natural’ scrapping age.
3. EEXI and CII will shorten the remaining lifetime of older designs.
4. A significant number of ‘older’ ships will be scrapped in the next few years.
5. Despite increase scrapping, structural container vessel overcapacity will become a reality once again.

And the big question is..

Why do the big ocean carriers keep ordering so many vessels?

where does the bullishness come from a deteriorating market environment?

is it the need to 'decarbonize'? and if so, what will happen to all the conventional ships?

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