



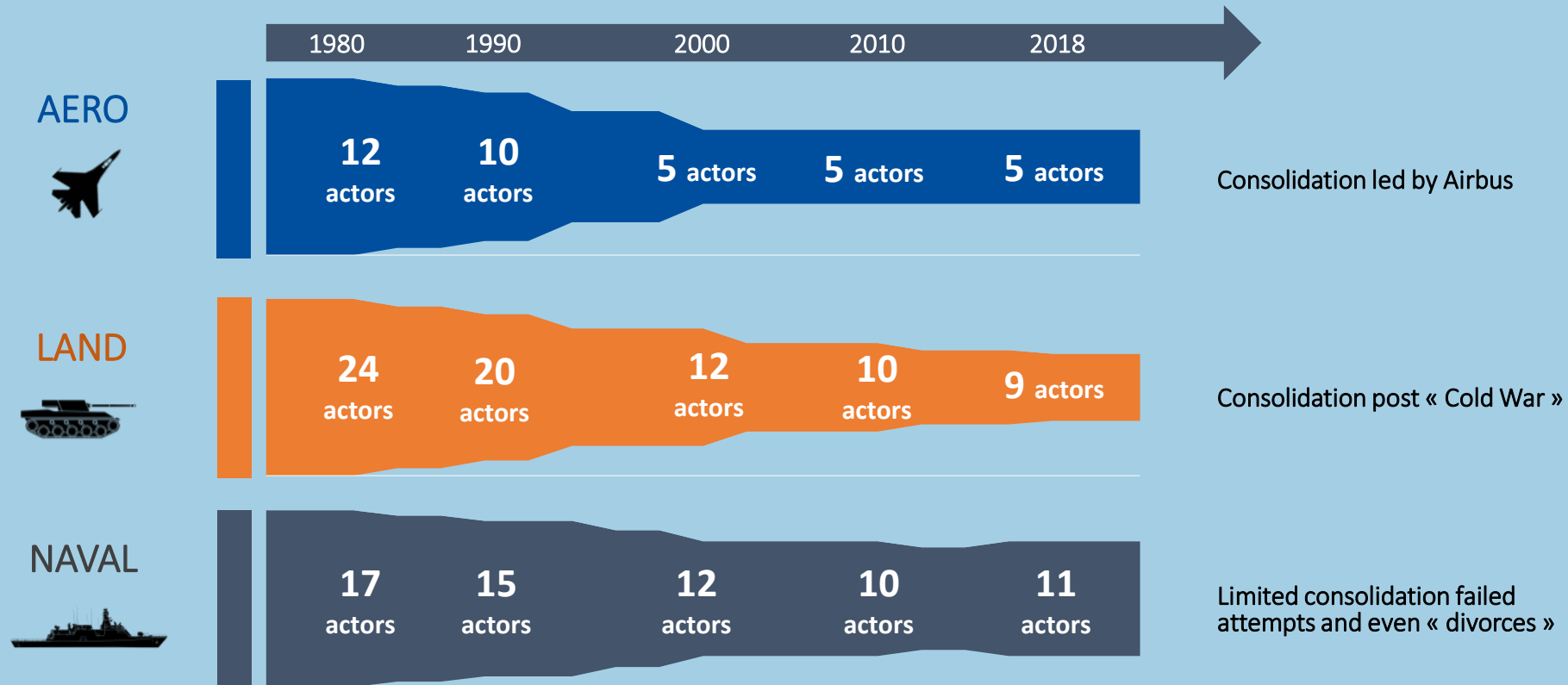
Shipbuilding : Between European consolidation and global challenges

Hervé Guillou
Chairman - GICAN

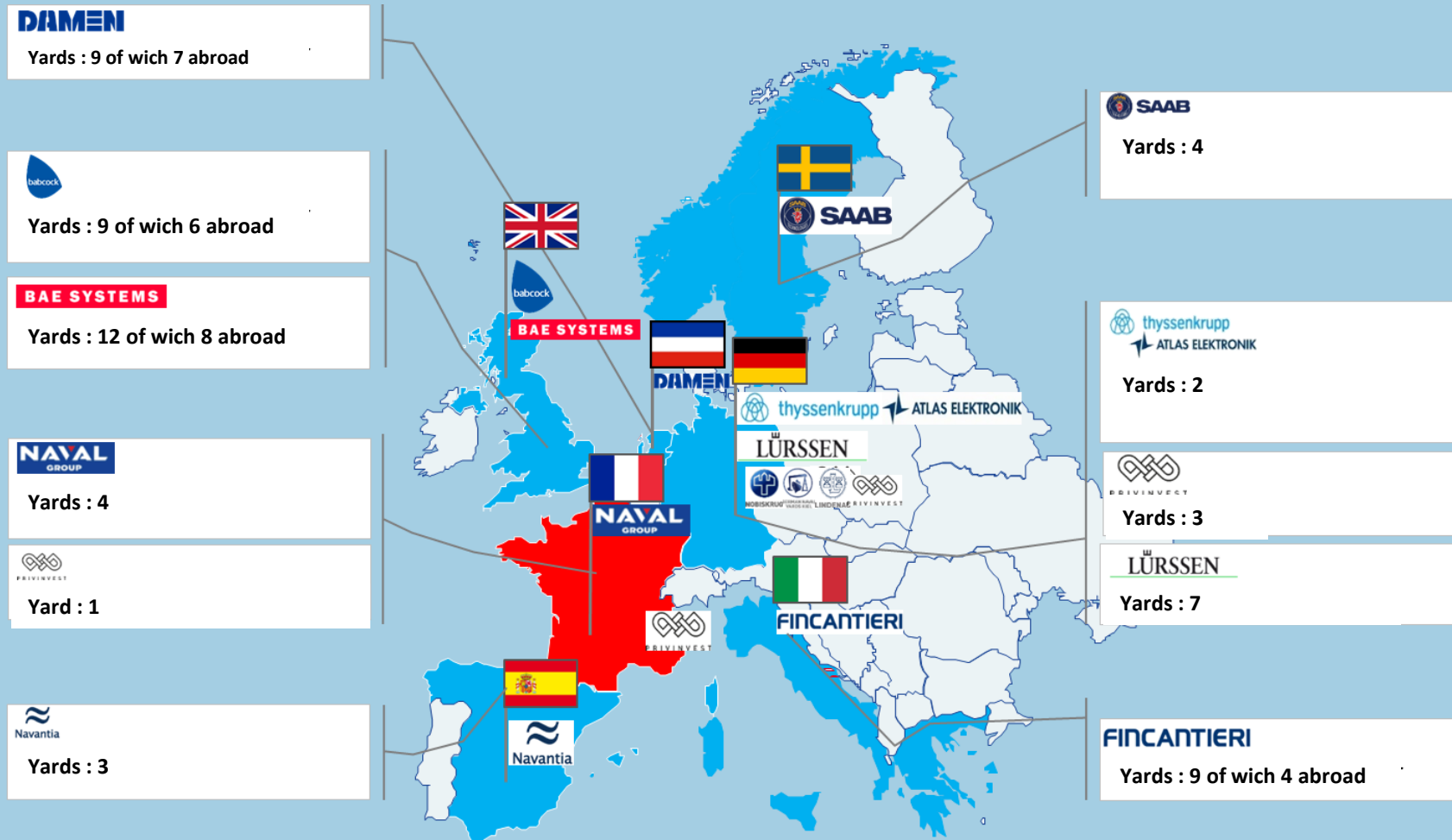


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Consolidation in the naval sector is less advanced than in other segments of the aerospace and defence industry in Europe









The European naval defense landscape is complex and fragmented



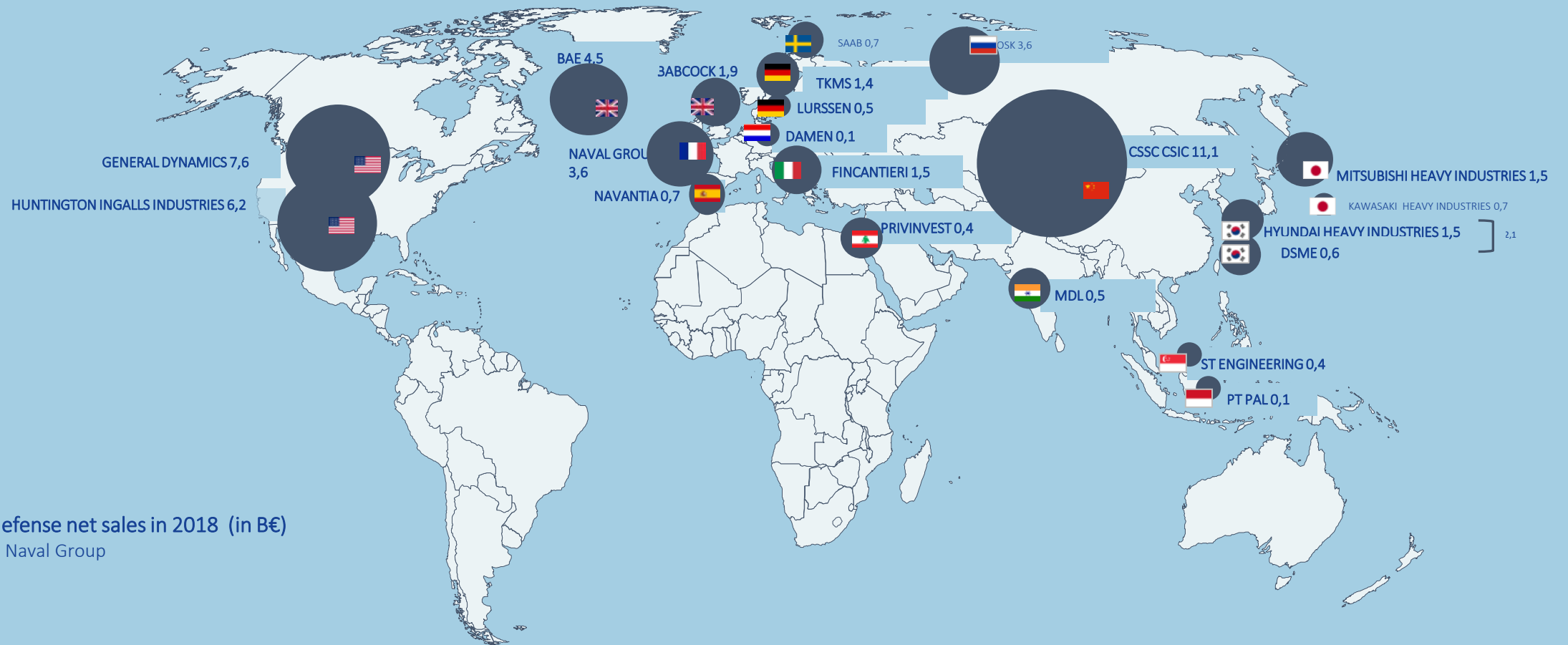
... each actor having a specific positioning

				Equipments and subsystems	Combat systems (functional integration)	New construction	In-Services & Support	ISS system	Weapons
Damen				●		●	●		
Lurssen						●	●		
TKMS / Atlas				◐	●	◐ *		●	
				●	●	●	●	●	●
BAE Systems				●	●	●	● (US)	●	●
Babcock				●		◐	●	●	
Fincantieri				●	◐	●		◐	
				◐	◐	●		◐	
Naval Group				●	●	●	●	●	●
Saab / Kockums				●	●	◐	●	●	●
Navantia				●	●	●	●	●	
Privinvest						●	◐		

*limited to engineering dpt



 Main activities


 Marginal activities or in (re-) development

European actors remain significantly smaller and more dispersed than the global leaders



Naval defense net sales in 2018 (in B€)

Source : Naval Group

The rapid rise of international competition increasing European fragility

The naval defense market **in 2003**



In 2003, the export market is still mostly dominated by European actors

The rapid rise of international competition increasing European fragility

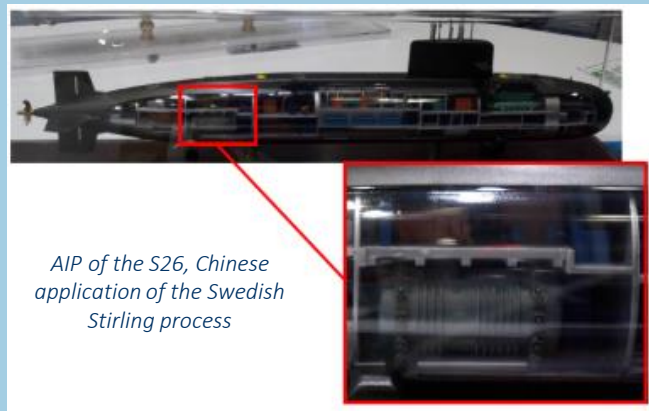
The naval defense market in 2018



Competition has increased worldwide

The development of new actors attracts the european equipment manufacturers who are participating in their technological rise

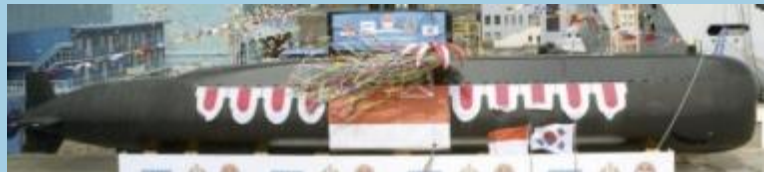
The Chinese presented SM S26 at the exhibition IDEX (EAU)



C 28A Corvettes sold by China to Algeria (ASA FOC 2015)



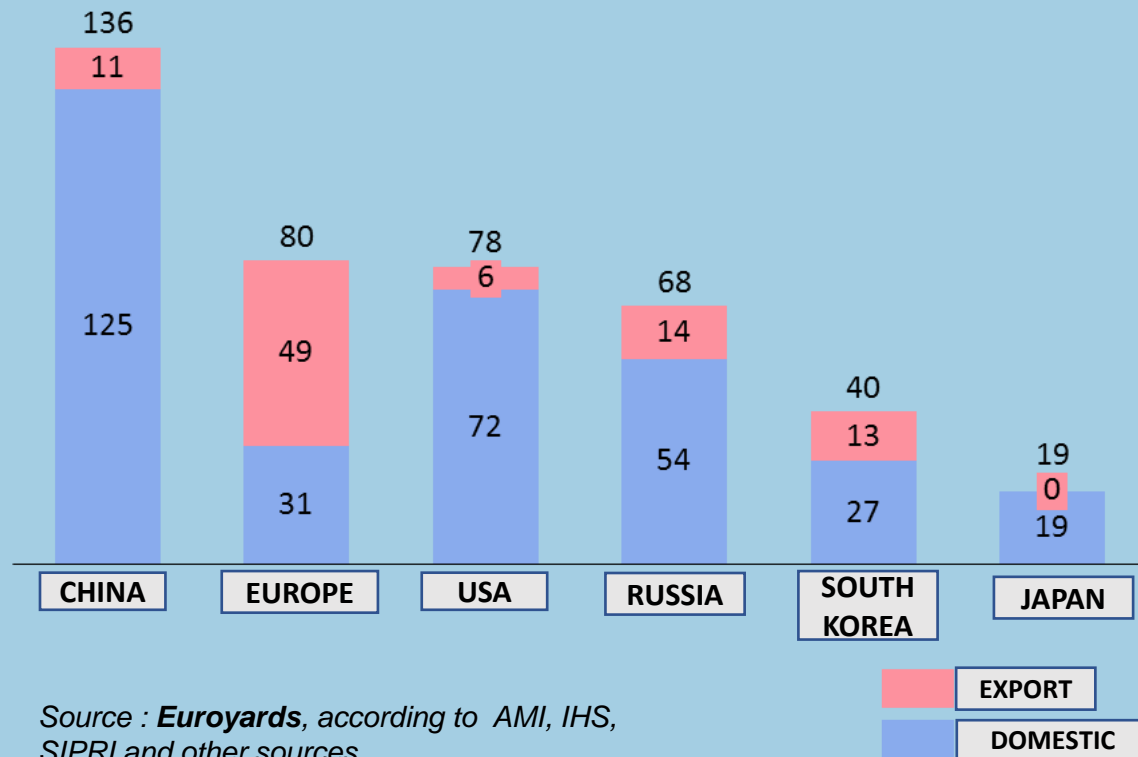
The first Korean U209 sold to Indonesia...
...a copy of the German U209



Combat system provided by the Norwegian Kongsberg and the sonar by the German Atlas Elektronik

The small size of domestic markets force European manufacturers to expand their exports

New orders in units by region,
between 2009 and 2018 (excluding small vessels: OPV, OSV, etc..)



Source : **Euroyards**, according to AMI, IHS, SIPRI and other sources

Implications

- ▶ Budgetary constraints in Europe weigh on domestic demand
- ▶ Development of internationalisation strategies to retain skills, amortize R&D costs and spread risks
- ▶ The export is essential to offer a reasonable cost to national customers (gain for France - 400 M€/year)

A revival plan for maritime industry to be built at european level

- Boosting activity through new orders
- Supply-side recovery, through R&D funding
- Relaunch the industry policy, protect from the aggressive OPA extra-European and consolidate the French and European industry
- Encourage the resilience and the sovereignty through the relocation and development of industrial employment.
- Foster cooperation between the main actors on major structuring programmes such as the EDF through working groups as SEA Naval
- Anticipate and integrate future cooperation programmes and priorities, through MODs, in PESCO projects



The Covid-19 crisis accelerates the need for European consolidation

- Annual sales revenue lost approximately 25-30% ;
- Increased difficulties for companies with dual activities, which will face a more lasting decline in civilian activity;
- Risks of hostile buyouts.



A weakened industrial independance, and a concept of sovereignty to reaffirmed at European level

- Public procurement is essential for the recovery : military programming law, state action at sea ;
- The defense industry, not easily transferable, remains a sovereignty asset;
- A relevant European scale supported by the dynamics of the FED, PESCO, EDIPD and Horizon Europe.



Educational and skills will be the key to increasing local added value

- In France, more than 10 000 recruitments are planned in the next 10 years, from SAT to Master degrees;
- The creation of Naval Industries Campus, bringing together public and private partners, Should make it possible to boost attractiveness :
 - Attractiveness to young people,
 - Adaptation of training,
 - New pedagogical tools.



The major European movements began with the crisis

- Announced during the crisis, the fusion between Lürssen and German Naval Yards is in its way;
- Projects that supports ambition for European consolidation to weight against international competition.
- European competition rules to be reviewed to allow our industries to ally or consolidate.

NAVAL MILITAIRE ALLEMAND : THYSSENKRUPP MARINE SYSTEMS, CHRONIQUE D'UN DECLIN (1/2)

MICHEL CABIROL



Lürssen et German Naval Yards veulent fusionner, TKMS discuterait avec Fincantieri

Voilà qui pourrait provoquer une évolution majeure dans l'industrie navale militaire allemande et, peut-être au-delà, européenne. Deux des trois grands acteurs du secteur Outre-Rhin, le groupe Lürssen de Brême et le chantier German Naval Yards de Kiel, ont officialisé le 14 mai leur projet

ENTREPRISES

Le milliardaire Iskandar Safa lance la restructuration navale allemande

CONSTRUCTION NAVALE

L'homme d'affaires
franco-libanais an-
nonce la fusion de son
chantier naval de Kiel

L'industrie navale de défense allemande en plein remue-ménage

L'industrie navale de défense allemande en plein remue-ménage

Announcement de mariage entre Lürssen et German naval yards, négociation en cours entre ThyssenKrupp marine systems (TKMS) et l'italien Fincantieri, la construction navale militaire allemande est en pleine ébullition.



QUESTIONS / ANSWERS



THANK YOU FOR YOUR ATTENTION