

Passenger Shipping Industry Market Report

Chances & challenges for ship brokers & agents

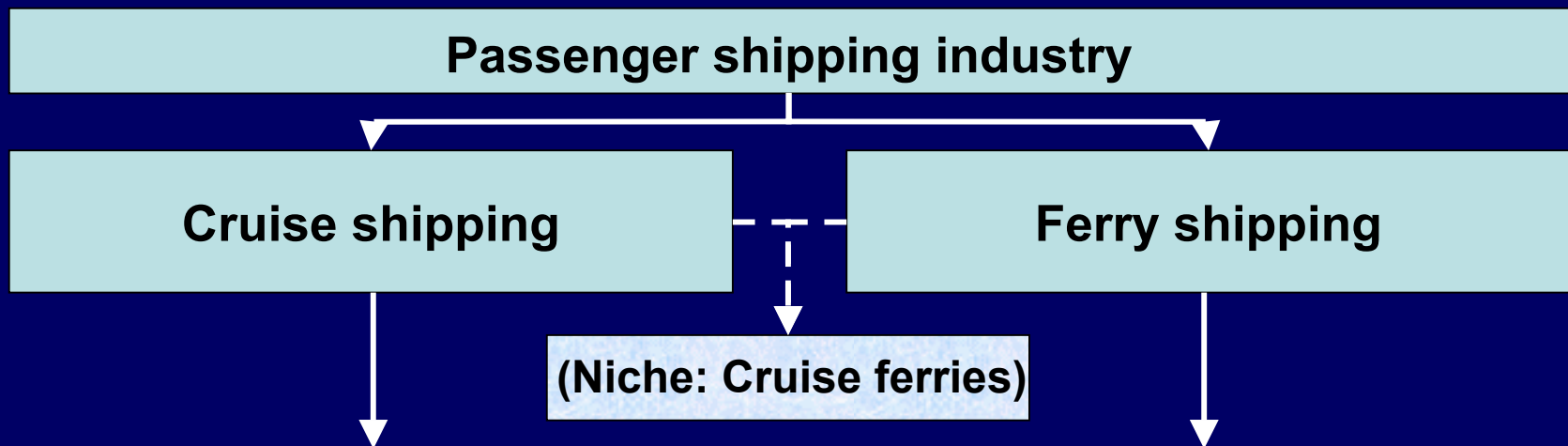


Frederik Naumann, Opatija, October 2008

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Overview: The passenger shipping industry



- Vacation at sea
 - Carrying purely passengers
 - Not serving regular routes
 - Not serving transport demand
- ➔ Part of the tourism sector

- Based on transport demand
 - Carrying passengers & cargo
 - Trading on regular routes
 - Increasing focus on cargo
- ➔ Part of the transportation & logistics sector

Industry relevance for ship brokers & agents

S&P/Chartering brokers

- Small market with few players
- High degree of specialisation
- High entrance barriers
- Often concentrating entirely on passenger ships

Port agents

- More 'open' market
- Lower entrance barriers
- Requirements: Good staff, focus on quality, specific knowledge
- Potential as an 'add-on-business' for companies originating from cargo sector
- Potential as 'door opener' for corporate diversification

Evolution and perspectives of cruise shipping

Cruise passengers based on cruises sold world-wide:

- 1995: about 5.72 million
- 2005: about 14.47 million (+ 152% in 10 years)

Cruise passengers based on cruises sold in Europe:

- 1995: about 1.0 million
- 2005: about 3.3 million (+ 230% in 10 years)
- Land-based tourism in Europe grew by 45% during 1995 to 2005

Evolution and perspectives of cruise shipping



Yesterday's 'classic cruise ship'

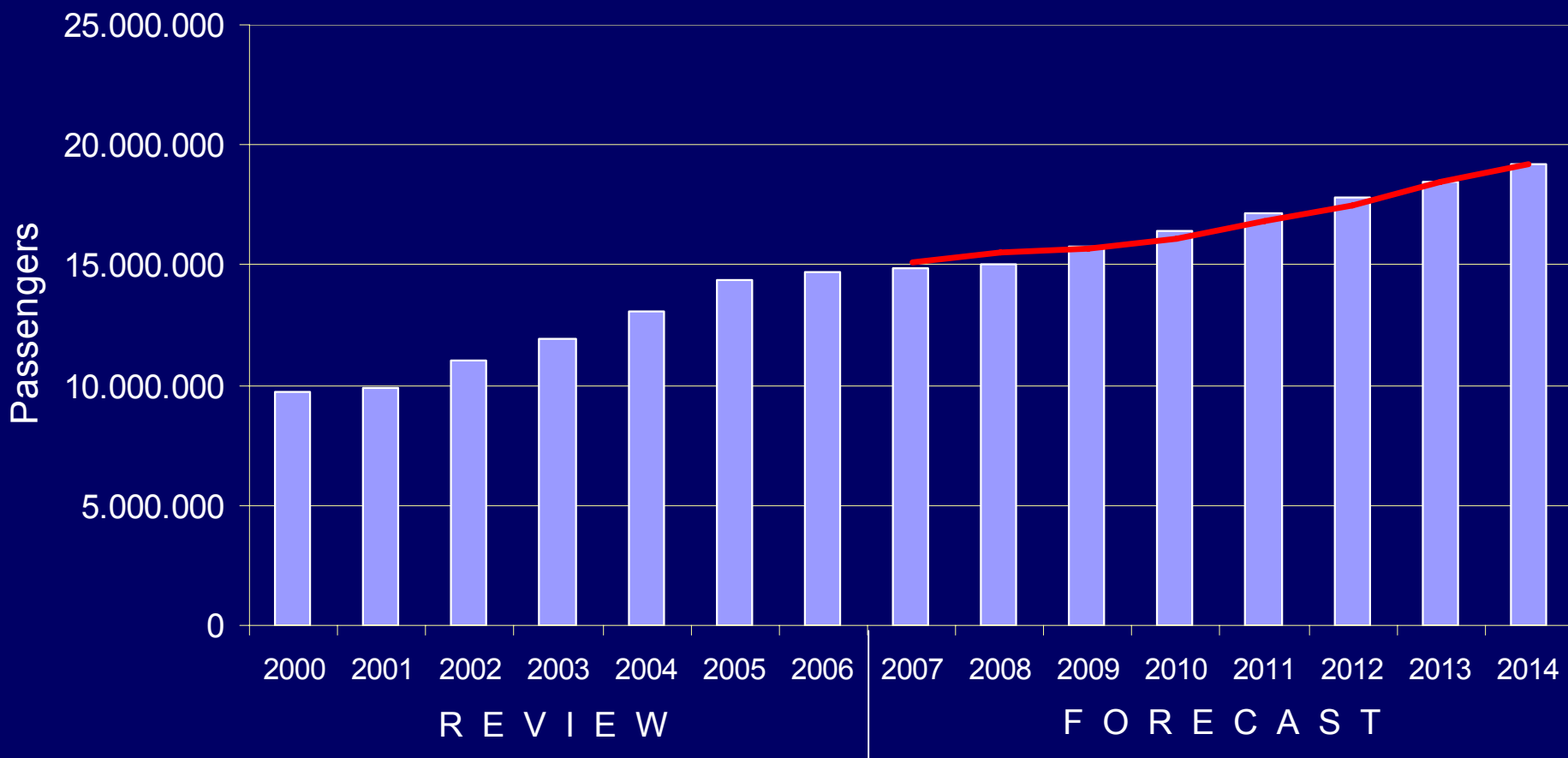
• Size revolution



• Diversification
• Segmentation



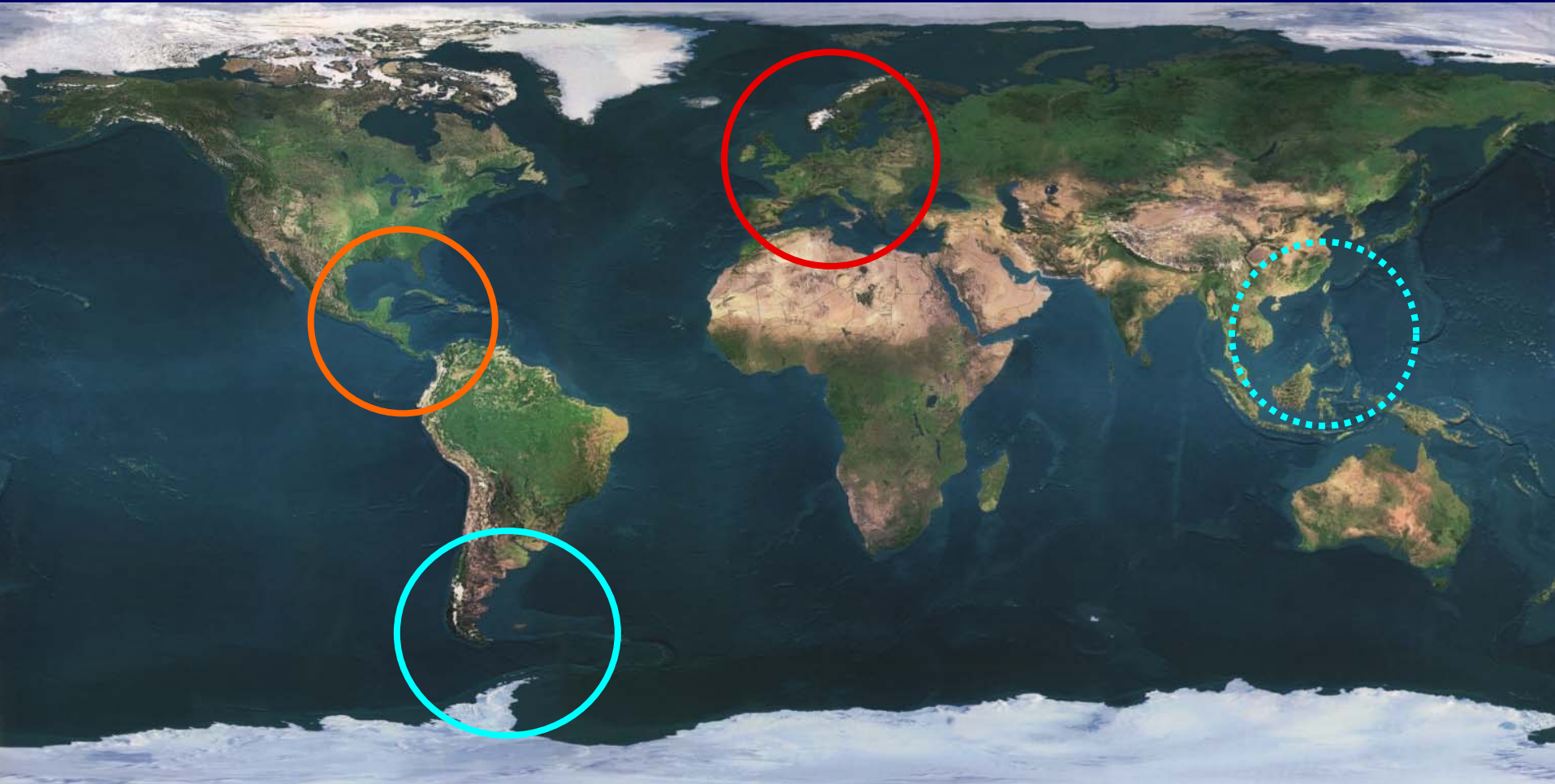
Evolution and perspectives of cruise shipping



Cruise passengers world-wide 2000 to 2014

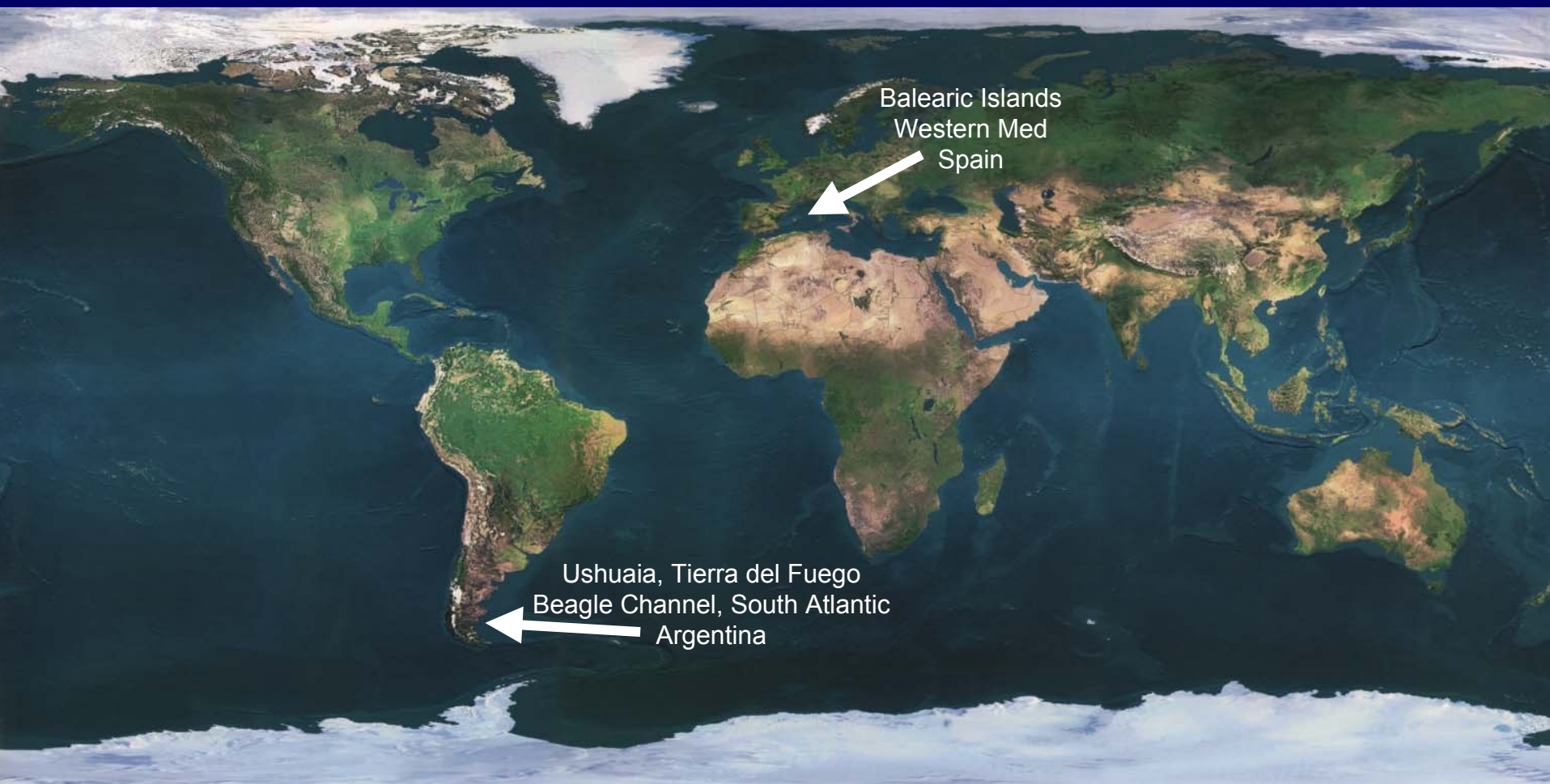
(Sources: G.P. Wild, T. Peisley, own research)

Evolution and perspectives of cruise shipping



The world's "cruise industry gravity centres"

Evolution and perspectives of cruise shipping



The world's "cruise industry gravity centres"

Evolution and perspectives of cruise shipping

The Balearic Islands case:



- 1995: 455 calls with 294,179 passengers
- 2007: 708 calls with 1,219,886 passengers
- Δ calls: + 56 %
- Δ passengers: + 315 %
- Δ average passengers per call: + 166 %
- Economic contribution from cruise pass. in 2007: 85 Mio. €

(Sources: Autoridad Portuaria de Balears, "Sa Nostra" Caixa de Balears, Universitat de les Illes Balears)

Evolution and perspectives of cruise shipping

The Ushuaia / Tierra del Fuego case:



- 1995/96: 139 calls with 14,122 passengers
- 2007/08: 377 calls with 117,266 passengers
- Δ calls: + 171 %
- Δ passengers: + 730 %
- Δ average passengers per call: + 200 %

(Sources: Dirección Provincial de Puertos, Gobierno de la Provincia de Tierra del Fuego, Antártida e Islas del Atlántico Sur, Prefectura Naval Argentina, Instituto Fueguino de Turismo)

Cruise shipping opportunities for port agents

- Cruise ships require first-class port agency services (quality!)
- Market continues to grow very fast
- Operators are looking for new ports of call
- ➔ **A growing market bears chances for new market players!**
- Cruise ships require a wide range of services (lineshandling, luggage and provisions handling, passenger services etc.)
- Cruise operators are trying to have just "one point of contact"
- Port agents offering added value through a wide product portfolio have a competitive advantage
- ➔ **Attending cruise calls bears potential for diversification!**

Cruise shipping opportunities for port agents



Cruise shipping opportunities for port agents

... but mind the **Do's** and **Don'ts**:

- **Do** be aware of the 'gold fever' among potential cruise ports
- **Do** a careful analysis of the cruise market in your region
- **Do** prepare carefully before entering the cruise business
- **Do** mind that, in most regions, cruise tourism is seasonal
- **Do** mind the relatively high volatility of this business.

- **Don't** promote unsuitable ports and destinations
- **Don't** rely entirely on the cruise business - or do so only after having drawn up an elaborate business plan.

Ferry industry opportunities for brokers & agents

- Also ferries (can) have a third-party port agent
- Ferry operators are under cost pressure and attempt to outsource certain parts of their operation, including port services
- Airline handling agents prove that third parties can provide handling of scheduled traffic highly efficient and in superior quality by utilizing synergy effects.



Let's discuss this
in 2009!



**Thank you
for your attention!**

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