



## Fact Sheet

Hamburg, October 15, 2009

### Strategies for a future with a future

#### The market and the crisis

German shipbuilders have been feeling the effects of the global economic crisis for some time now. Companies in the industry are bringing all their resources to bear against the dire effects of the collapse in global trade and the alarming drop in cargo fees. On top of this, more restrictive credit policies have led to large-scale payment defaults for contracting parties.

To stem the flow of order cancellations, shipbuilders are now being forced to slash their prices by 50 percent in some cases. Even despite this, German shipyards have struck contracts for 54 vessels from their order books since the beginning of 2008.

#### Situation

- At HDW-Gaarden, the work on six yachts had to be stopped due to the default of payment by the customer
- Cancellation of the order for two 3,400 TEU class container ships to be built by HDW-Gaarden, Kiel
- Cancellation of the order for four 3,400 TEU class container ships to be built by Nordseewerke, Emden
- No orders received for the construction of naval surface vessels and yachts
- Acceptance risk and thus financial risk for two each container ships to be built in Emden and Kiel

#### Consequences

- Insufficient workforce utilization in the production divisions: overcapacities of more than 1 million production hours
- Threat to the existence of the complete shipyard group

#### Countermeasures

- Merger of HDW and HDW-Gaarden
- Reduction of steel shipbuilding capacities in Kiel and the consequential cutback of staff (180 employees)
- Taking over of the production facilities of Nordseewerke Emden as well as 721 employees (inclusive of all apprentices) by SIAG Schaaf Industrie AG
- Taking over of 115 employees of Nordseewerke by an Emden-based HDW branch
- Preservation of 200 jobs at Emden, among others, due to the continuation of naval vessel engineering and marine repair and outfitting



- Strategic partnership with Abu Dhabi MAR in the field of surface shipbuilding with the aim that Abu Dhabi MAR acquires 80 % of each of the companies Blohm + Voss Shipyards, Blohm + Voss Repair and Blohm + Voss Industries.
- Establishment of a 50:50 joint venture in the field of naval surface ships with Abu Dhabi MAR by the foundation of the company Blohm + Voss Naval

## Result

- Safeguarding of the sites in Emden, Kiel and Hamburg.

## Summary

### Restructuring instead of downsizing

With the steps taken, the company is convinced having found suitable solutions for the sites in the best possible way in view of the present economic situation. For this reason, all restructuring measures involved will be endowed with financial and organizational support.

The strategic partnership with Abu Dhabi MAR is a sound basis for the future of the Hamburg site allowing us to acquire customers worldwide - also in new markets - and permanently safeguard jobs.

Blohm + Voss Naval will be a restructured, project-oriented company and will maintain its leading position and know-how in all projects of the German Navy and the NATO partner countries.

With Emden, TKMS will be the first company in the history of German shipbuilding to succeed in restructuring an entire production facility to serve a new purpose. In the future, instead of constructing ships, Emden will build first-class offshore wind energy plants. And staff will enjoy long-lasting, sustainable employment that matches their skills and abilities, in an industry that is oriented to the future.

The restructuring safeguards several thousand jobs at TKMS. The stronger concentration on the sites in Kiel and Hamburg supports the formation of the industrial profile. The sites will specialize and, for instance, benefit from series production and further strengthen its core competencies in the product portfolio. In future, the Kiel site will be responsible for the construction of submarines. The Hamburg site – together with Emden – will be responsible for the engineering of naval surface vessels. The construction of naval vessels and yachts as well as the sectors ship repair and marine components will be continued in Hamburg.



## Workforce of ThyssenKrupp Marine Systems

(Major German companies / as at September 2009)

### Emden

TKMS Blohm + Voss Nordseewerke	1,196
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### Hamburg

Blohm + Voss Shipyards	785
Blohm + Voss Repair	516
Blohm + Voss Industries	356
TKMS Blohm + Voss Nordseewerke / Hamburg	308
ThyssenKrupp Marine Systems (Holding)	47

### Kiel

Howaldtswerke-Deutsche Werft (including the former HDW-Gaarden)	2,326
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