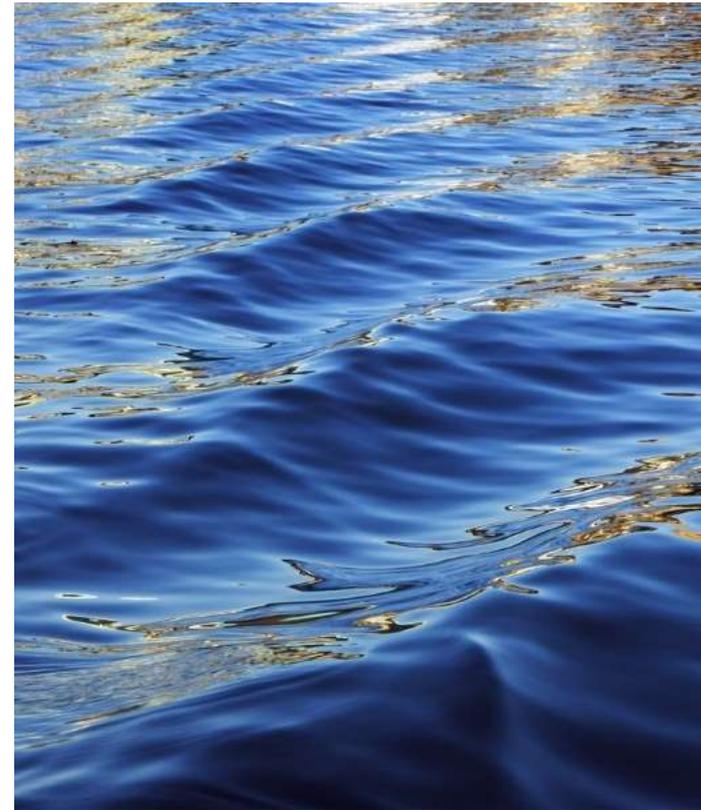


Singapore Country Report

8 Nov 2016



Industry undergoing a deep downturn

Oil-Price Collapse Fuels Singapore Layoffs

Last year was Singapore's worst for layoffs since the global financial crisis, and oil-rig makers felt the pain BT 16 March 2016

Axe to fall on hundreds more in Singapore oil & gas sector

BT 11 March 2016

Offshore and marine SMEs batten down the hatches

ST 14 Mar 2016

Sinking Fortunes

The oil-price drop has squeezed Singapore's offshore-marine sector.

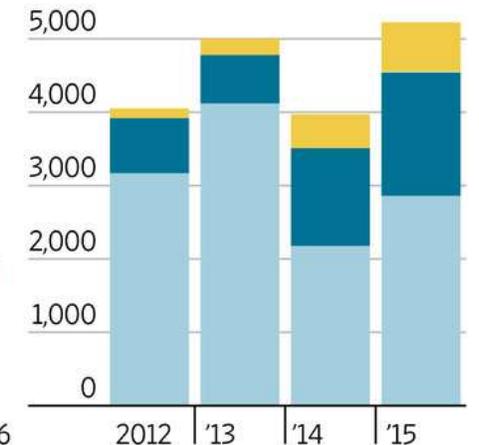
Nymex oil prices

In dollars a barrel



Manufacturing layoffs

Transport equipment
Metal products*
Other



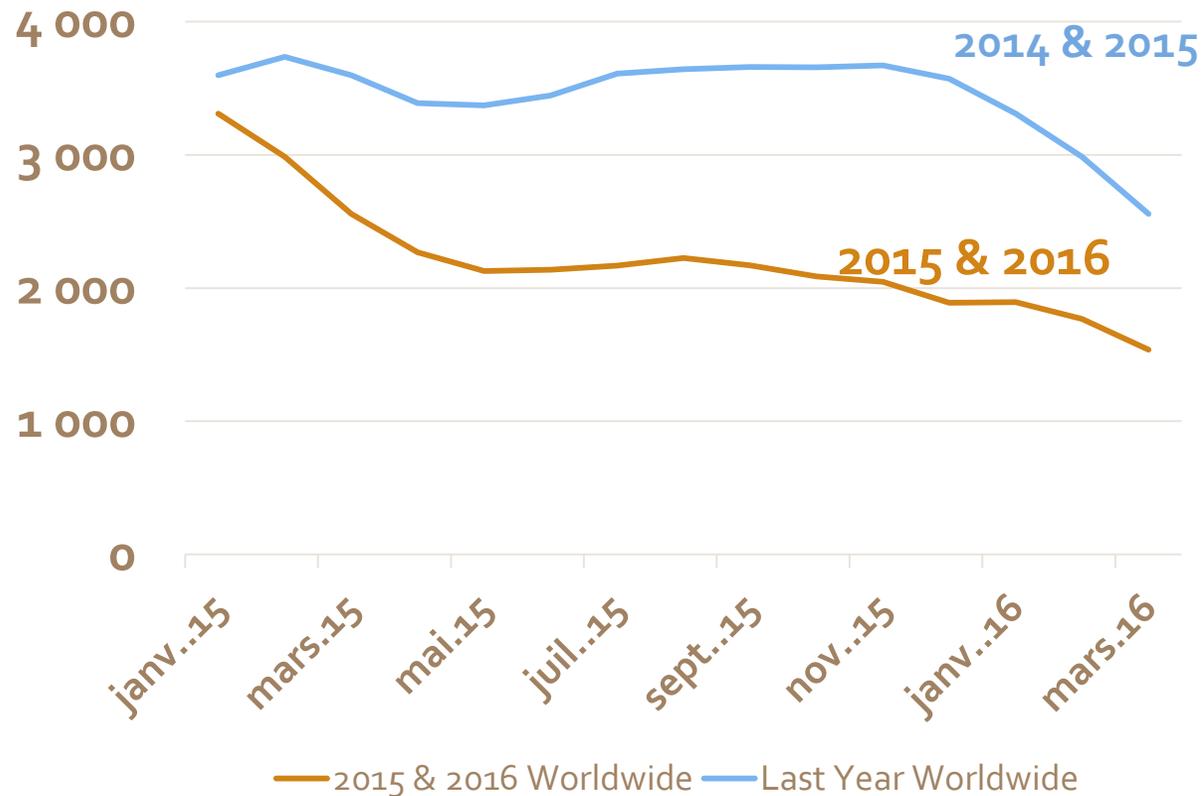
*Fabricated metal products, machinery and equipment, including oil rigs

Sources: Thomson Reuters (oil prices); Singapore government (layoffs)

THE WALL STREET JOURNAL.

Current Situation in Oil and Gas Sector

Worldwide Rig Counts



Source: Baker Hughes Rigs Count

- Rigs operations still low.
- Merger and Acquisitions.
- No upturn in foreseeable future.

Current Situation in Offshore Sector



PHOTO: KEPPEL

- Offshore Supply Vessels utilization down by as high as 50%.
- FPSOs charters also went down.
- Contracts were delayed.

Current Situation in Salvage/Towage/Lifting Sector

- Towage is down due to lesser ship movements.
- Lifting is down due to lesser new constructions.
- Lesser salvage jobs.



Photo: courtesy of Royal Boskalis Westminster NV.

Current Situation in Shipyards Sector

- Repair work slowed and margin squeezed.
- No new built order.
- No re-employment above 62 years old.
- Foreign workers going home due to lack of overtime work.



Cost Cutting

1. Withholding Payments

- Companies/Sub-contractors impacted.

2. Allowances/Benefits

- Temporary measures to be restored in good times.

3. Wages

- Management must lead by example.



Job Placements

1. Professional Conversion Programme

- Redeployment within or to another employer

2. Place and Train

- Emplace and train.

3. Train and Place

- Train first and then emplace.



Riding Out The Storm

Government

- Sectoral Tripartite Committee

Employers

- Innovate and Automate
 - Find new markets

Unions

- Upgrade and Re-skills

We are in this together

CARE . Anchor the industry in Singapore

FAIR . Job placements

GROW . Upgrade and upskill for the future

Marine Transformation Plan (MTP)

Aim: Sustained Global Leadership with Reduced Resource Utilization

Dominant global market share in key segments

Proprietary designs become de-facto industry standards

Location for high value activities, supported by strong network of regional shipyards

Lead in product development for new markets

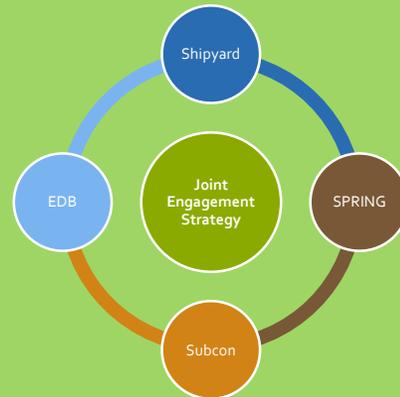
Reduced Marine Dependency Ratio at 1:3.5

Four-pronged Strategy

Improve land and labour productivity



Improve subcon productivity



Enhance design & engineering capabilities



Develop network of regional supporting yards



Capabilities needed to support the MTP

Improve land and labour productivity



Doing more with less manpower



Process Innovation



Process Automation

Improve subcon productivity



Enhance design & engineering capabilities



Engineering capabilities in new areas



Green shipping Analytics



Deepwater exploration

Develop network of regional supporting yards



Managerial talent for regional/global operations





Thank You!

