



Hinrich Sietas changes course

Sietas Group sets sail for international shipbuilding

The Sietas Group of Hamburg comprises J.J. Sietas KG Schiffswerft GmbH & Co. and three subsidiaries: Neuenfelder Maschinenfabrik GmbH (achieving strong growth in the construction of heavy duty deck cranes), Norderwerft GmbH & Co. KG (with its stable ship repair business characterised by short turnaround times) and Neuenfelder Wohnungsgesellschaft mbH.

The parent organisation is currently confronted with a rapidly diminishing order book. The company based in the Hamburg district of Neuenfelde could still point to orders worth over one billion euros – equivalent to total production for three years – as recently as the summer of 2008. By the autumn, orders on hand had slid to €700 million, corresponding to total production for two years. At the present time, the company's order balance is worth just €375 million, which equates to one year's production or the construction of eight new vessels. Hinrich Sietas, owner and managing director of the shipyard that bears his name, is consequently plotting a change of course.

On 1st March, his 65th birthday, he will hand over the reins of the business to Rüdiger Fuchs, 42, who will assume the chairmanship of the Sietas Group. Mr. Fuchs will be joined on the management board by Rüdiger Wolf, 37, who will become the chief commercial officer. Hinrich Sietas himself will support the board in his capacity as chairman of a newly formed advisory council.



As Hinrich Sietas explains, “The new course has been decided. The objective is to make Sietas, and especially the construction yard, fit to face the future. We are looking at a fundamental transition from traditional shipyard business to industrial shipbuilding. New ship projects, greater specialisation and faster construction times will generate new orders and raise our profitability. The change in direction would have been unthinkable were it not for the active support and dedication of HSH Nordbank – our local affiliated bank and the world’s largest shipping financier.”

Surpluses of €4 million were generated in 2004, 2005 and 2006. By 2007, losses were approaching €9 million – and significant losses are also anticipated for 2008 and 2009. Painful cuts will have to be made as a result. “Given the sharp reduction in capacity utilisation, we will undoubtedly be forced to resort to personnel measures. At this time we are looking at all options connected with labour market policy. We have initiated talks with the works committee and the union with the aim of finding the best possible solution for the company and its workforce.”

The global financial crisis is one cause of the economic difficulties at the Sietas shipyard, but it’s not the only one. Nobody could have foreseen the extent of the collapse in the market for container shipping, client financing and levels of demand. Nor, it seems, has the company been doing its homework assiduously enough in recent years. As Hinrich Sietas now admits, “It looks as if we were too slow to react, so we were even more susceptible to the severe downturn.”

“We will bring back the lifeblood”

Rüdiger Fuchs and Rüdiger Wolf will now set out to prove that excellent shipbuilding is still possible in a high-wage economy like Germany. “We want to bring back the lifeblood of the Sietas shipyard, which is a jewel in the maritime crown of Germany. We intend to get it moving again quickly, and we believe we will have steered our way into calmer waters by 2011.”



Rüdiger Fuchs believes it is essential that the company is able to combine innovative ideas around shipbuilding with highly efficient process flows. “Sietas already stands for good ideas and appealing designs. We are currently working with a client to develop the next generation of an innovative special-purpose ship. We want to consolidate this ability and bring in the very latest industrial concepts, so that in future we will continue to be synonymous with outstanding workflow management and sequential control.” In fact, the expertise is already in place, along with hard-working employees. In parallel to development activities, the Sietas construction yard will ensure faster turnaround times and greater productivity, with construction times reduced from 13 to 10 months.

As the chief commercial officer, Rüdiger Wolf’s priority will be the introduction of short-term financial measures. “As soon as possible, we will need to adjust our capacities and secure the liquidity of the company. By implementing the industrial concept, we will raise productivity and reduce our inventories.” To give an example of the structural changes envisaged, the production of completely assembled and conserved blocks with net weights of up to 400 tons would significantly reduce the necessary labour input as well as turnaround times in dock.

The Sietas works committee and the IG Metall Küste union have been fully briefed as to the company’s situation. Meetings have commenced with the aim of determining the ideal solution for all parties involved. Axel Gedaschko, Hamburg’s State Minister of Economic and Labour Affairs, is also aware of the Sietas Group’s plans. His personal commitment and the active support of the Ministry of Economics are proving invaluable.

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The Sietas Group in figures (2007)

	Turnover	Employees
Sietas Group	€450 million	1,197
Sietas Schiffswerft	€350 million	949
Neuenfelder Maschinenfabrik	€65 million	149
Norderwerft	€32 million	87
Neuenfelder Wohnungs- gesellschaft	€3 million	12