Lloyd's List

lloydslist.com | Friday March 20, 2015
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Tanker pessimists will be proved wrong, says Euronav's Paddy Rodgers

In a candid interview, Euronav chief says that if owners believe in a sustained, robust tanker recovery, it will happen, and the naysayers will end up with egg on their faces

Rodgers: Expecting robust earnings to continue this year because there is "a lot of cargo to be moved".

EURONAV chief executive Paddy Rodgers has responded to some of the more cautious takes on the tanker market doing the rounds, predicting that some people will be "proved wrong this year", *writes Hal Brown*.

In an unguarded interview, Mr Rodgers also revealed some of the hidden factors that shape the market and the decisions taken by tanker owners — dynamics that are often left unreported by industry observers.

His comments came across as a straightforward owner's experience of the tanker market today, rather than an attempt to talk up the market to satisfy shareholders and investors.

"Some people said VLCC [very large crude carrier] rates would go down in January, but they didn't," said Mr Rodgers, speaking to Lloyd's List between business meetings in Europe.

"Rates are strong and robust and some people will be proved wrong this year."

Spot earnings on the benchmark Middle East to Asia VLCC trade are averaging $64,000 per day so far this year, Baltic Exchange data shows.

Mr Rodgers expects robust earnings to continue this year because there is "a lot of cargo to be moved".

The Organisation of the Petroleum Exporting Countries has maintained its oil output of around 30m barrels per day, despite high US oil production, resulting in a glut of oil in the global market, according to oil experts.

The International Energy Agency has forecast global demand growth increase of 1m bpd in 2015.

A 1m bpd rise requires some 40 VLCCs, Mr Rodgers pointed out, with a 1.5m bpd rise requiring around 60 VLCCs.

Sailing distances are longer now, supporting the tanker market, he said.

West African crude, for example, often heads to Asia on longhaul voyages, due to West Africa expanding its customer base after the US started importing less crude.

The combination of longer distances and more cargoes means ships are in shorter supply than in previous years.

Limited fleet growth recently has also helped the ships, keeping them in demand from charterers.

The global VLCC fleet grew by only 2% in 2014 and is on course for 3% growth in 2015, if demolition levels remain the same, BIMCO has forecast.

Fleet growth is likely to rise by more after that, but longer sailing distances should help absorb much of the new tonnage, says Mr Rodgers, whose company has 52 vessels on the water, making it the largest publicly-listed crude tanker company in the world.

Tooled-up

Mr Rodgers' candid comments on the market follow a couple of the more risk-focused assessments of the tanker market that have been circulating the industry in recent days.

One of these focused on the lack of two- and three-year time charters, which suggests charterers do not seem to be

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too bothered about avoiding the spot market, implying they see potential spot rate softness ahead.

Another focused on the lack of floating storage seen so far this year. Floating storage was talked about at the start of the year as a significant development that would add to demand for tankers.

For Mr Rodgers, the floating storage window of opportunity could still reopen at certain points this year.

"The opportunity to put ships into floating storage existed briefly in January," he said.

"That window closed because demand [for oil to be consumed rather than stored] was stronger than expected, but that's good for shipping", because it still generated tanker demand, he explained.

The floating storage window is likely to reopen in the second quarter as demand for oil falls due to refineries being closed for maintenance, he predicts.

"No one will stop supplying the oil," he says. "The US will not stop, Russia will not stop, they'll continue to produce, the oil has to go somewhere, and the result will probably be floating storage — it's a physical issue."

The industry is now prepared for the development.

"A number of ships are now in the hands of traders… everybody is better tooled up for floating storage now."

Essential gravity

When analysing the market, it must be remembered that there are parties in tanker shipping with a vested interest in dragging the freight market down.

Mr Rodgers calls this the "essential gravity" surrounding the market.

For example, people who hire ships might relet a ship cheaply.

Reletting cheaply could contribute to dragging the market freight rate down.

Then, that allows them to benefit from the lower market freight rate level the next time they want to hire a ship.

Despite these tactics, however, the tanker market — and the VLCC market in particular — has managed to hold up well throughout 2015 so far.

"The real story is that the market is in good balance," said Mr Rodgers. People who focus on the occasional dip in fortunes "overestimate short-term moves in the market, without understanding that the market moves all the time".

One potential development rumbling away, which could boost tankers further, is if the US overturns its ban on exporting its crude beyond its neighbours.

While Mr Rodgers has no firm view on US exports, he recognises that it's a "physical" issue; the US has a national crude storage crisis and its abundant crude volumes need to go somewhere.

As the world watches that milestone development closely, tanker shipping can do a lot for itself to ensure it builds on its newfound momentum.

"The cause of misery is other shipowners who undersell their services and don't know the market well enough," says Mr Rodgers.

A sustained, robust recovery in tanker freight rates is within reach for owners.

"If they believe in it, it will happen," he says.

Rickmers looks at Wall Street options

New York IPO among range of possibilities being examined

Rickmers has appointed two investment banks and a law firm to explore options for tapping the US capital markets.

RICKMERS has appointed two investment banks and a law firm to explore options for tapping the US capital markets, with the potential for an initial public offering if conditions are right, Lloyd's List has learned, *writes David Osler*.

The company itself is neither confirming nor denying the strategy, citing regulatory restrictions on what it can say at this stage.

However, multiple sources in both Hamburg and New York are confident that such a plan is in the offing.

The development comes after leading German owner Claus-Peter Offen recently revealed that he is considering a New York listing, most likely via a master limited partnership and most likely in the next 12 months.

A turn to Wall Street is increasingly looking like a logical move for cash-strapped German owners coming to terms with the collapse of the KG system.

If the first forays are successful, others are likely to follow suit, as a number of Greek players did in the 2000s.

Rickmers stands out among its peers for having a more Anglo-American attitude to finance, making it perhaps the least conservative German shipping company in this respect.

It has, for instance, been among the few German owners to tap the domestic high yield market, with a 9.25% coupon five-year bond issued in 2013.

Initially netting €175m ($187m), it has subsequently been topped up in several tranches to €275m.

Rickmers — currently controlled by fifth-generation shipping man Bertram Rickmers — also has a Singapore listing for a trust company, and has done a number of deals with private equity money.

Last month it persuaded its bankers to sign off on a restructuring plan for$1.4bn-worth of debt, which is understood to have given it three years of breathing space, thus leaving the decks clear for the company to seek out finance for further growth.

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Rickmers has also quietly been running down its KG exposure, taking $40m in impairments to bring down the number of KGs it is associated with to just 16, down from a peak of 63.

Sources aware of the situation believe that Rickmers is now looking for an equity tranche that would bring in around the same amount of cash as the bond did.

While neither Oslo nor Frankfurt have apparently been ruled out, New York is regarded as a better bet, due to the far higher capacity.

Moreover, a turn to the other side of the Atlantic would have the further advantage of providing an exit route for the private equity partners, who notably include Apollo.

Cautious line

While Offen principal Claus-Peter Offen used the high-profile platform of the recent Marine Money conference in Hamburg to proclaim his desire to become the first German owner with a New York listing, Rickmers appears to be taking a more cautious line.

Other possibilities include hitting institutional investors for a private placement, or some form of off balance sheet special purpose vehicle.

In addition, there appears to be no immediate rush on the issue, and in particular, no race with Offen to see who can rock up on Wall Street first, with a two- to three-year timespan envisaged for the plan.

Rickmers chief finance officer Mark-Ken Erdmann was asked for comment on this story.

He responded by email: "We have communicated to capital markets that — as part of our overall recapitalisation strategy — we are going to evaluate equity structuring options more intensively, and are now aiming to strengthen our equity.

"In this context we also said on our website that we have mandated investment banks both in Europe and US. Due to regulatory requirements, I can't comment in more detail."

Rival lawyers believe that Norton Rose Fulbright, a corporate law firm with a strong shipping base and offices in both Hamburg and New York, is also acting for Rickmers on this matter.

Banks and owners see little impact from Greek economic crisis

XRTC survey says financing for owners continues but mainly outside cash-strapped Greece

FINANCING of the Greek-owned fleet merchant fleet has been virtually unscathed by the country's ongoing economic drama, according to a new survey of Greece-based shipping companies and their bankers, *writes Nigel Lowry*.

More than three-quarters of the shipowners responding to the new biennial poll organised by Piraeus-based XRTC Business Consultants said that financing had been affected by Greece's debt drama no more than slightly.

About 43% of the total said that their business had been affected "not at all".

Banks responding to the poll considered there had been more of an impact on their business than owners, but not by much.

On a scale of five, with 0 being "not at all" and 5 being "very much", financial institutions rated the impact on average to be a 2.

However, as many banks felt there had been a medium-significant effect from the country's crisis as those answering there had been no impact on business whatsoever — 35% of respondents in each case.

Banks from Germany, China and France appeared to be "more concerned" than the average with the economic situation in Greece.

XRTC sent the survey questions to more than 100 different shipping companies controlling more than 70% of the Greek-owned fleet, as well as 52 different banks engaged in ship finance.

The consultancy firm said that 46% of the owners participated in the poll, while 32% of the banks provided replies.

The response from owners "clearly shows that they consider there has been minimal interference in their financing from the Greek debt crisis", XRTC said.

Increasingly day-to-day banking business related to shipping operations were being handled by banks located outside Greece.

"Most of the lending institutions have either officially or unofficially requested their clients shift their accounts outside Greece in order to avoid any potential haircut of deposits as happened only two years ago in Cyprus," the survey noted.

Xiradakis: Greece stands to lose part of the shipping revenues coming into the country through the banking system.

The banking scene in Piraeus had "completely changed" since 2009 as some traditional banks pulled out of ship finance and a number of bank buildings around the city sought new tenants.

Those continuing their activities with Greek shipping "mainly do this through small representative offices or directly from abroad", said XRTC.

Meanwhile Greek banks had shrunk from 15 in number to five today, including the country's remaining four "systemic" banks.

Lenders reluctant

"Although most shipping companies do not believe their activities are suffering from domestic financial turbulence, the same is not true for the Greek economy which is certainly affected by banks' reluctance to hold loan accounts in Greece," said XRTC managing director George Xiradakis.

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"If the present uncertainty persists it will be to the country's detriment." he told Lloyd's List. Mr Xiradakis warned that Greece stood to lose part of the shipping revenues coming into the country through the banking system, with an inevitable impact on the country's balance of payments.

Both western and Asian shipping lenders were currently reluctant to establish a physical presence in Greece, but support for Greek owners remained stable.

"The market is not helping expansion of the portfolio as there is reduced demand, but lending to Greek shipowners will be maintained or even increased as a portion of global ship lending," Mr Xiradakis said.

Other questions in the poll revealed a fair degree of agreement between owners and banks ranging from loan terms to the main factors blighting the shipping market.

The vast majority of both owners and lenders picked overcapacity as the main threat to the international shipping markets.

According to replies, the vast majority of shipping companies say that their financing costs have remained relatively stable in the last two years while 85% of them expected the cost of loans to either stay the same or drop in 2015.

Nearly half the banks polled also said that the cost of loans had stayed the same since 2013, although a similar number said that their loans had become more expensive, by anything up to 50%.

For this year, 29% of the banks saw a decrease in margins or fees, while another 59% expected loan costs to remain stable.

DP World keeps options open on Suez Canal Zone project

The $50bn project will create a platform for manufacturing, transport, logistics, information and communications, and energy

DP WORLD has expressed an interest in projects linked to the massive $50bn Suez Canal Zone development that will follow the creation of the new canal channel, *writes Damian Brett*.

Speaking following the announcement of a $675m profit in 2014, DP World chairman Sultan Ahmed Bin Sulayem confirmed that DP World had attended an event in Sharm el Sheikh last week where Egypt presented its ambitious SCZone project, which includes ports and logistics developments, to the world.

"We are naturally very interested in what we see coming," Mr bin Sulayem said. "As [the plans] become clear, we will see if there is an opportunity for our customers.

"We are already in Sokhna, which is not far from that area, but if we find an opportunity that could benefit our customers of course we will be there."

When questioned further if there were any particular projects within the plans that interested port operator, DP World's group chief executive Mohammed Sharaf said it was too early to say.

"We cannot say anything right now until we review the whole thing," he said.

"It was a masterplan that was presented to the investor community and all the investors are reviewing the projects including us.

"Once we get the full details of it and the feasibility of it we can say more. But right now it's being reviewed by all."

The $50bn project will include three special economic zones covering an area of 500 sq km with the aim of creating a platform for manufacturing, transport, logistics, information and communications, and energy featuring several ports, trade, logistics and manufacturing areas.

There will be 100 sq km to cater for port and logistics projects and 400 sq km for industrial and real estate projects.

The East Port Said zone will include the East Suez Port, which will be able to accommodate 20m teu per annum, with maximum berth length of 1,500 m linear, a basin width of 800 m and a depth 18 m.

The East Port Said development will also feature general cargo, dry bulk, liquid bulk and dedicated automotive terminals, as well as a 40 sq km industrial zone.

Under construction: the new Suez Canal channel, due to be completed later this year, will allow ships to travel in both directions simultaneously.

There are also plans to develop a port in the Ain Al-Sokhna zone which will cater for origin and destination cargo, connecting with the Middle East, Africa and Asia.

It is hoped the overall project will help kickstart the Egyptian economic recovery.

Egyptian Investment minister Ashraf Salman has said the overall project is expected to make up between 30% to 35% of Egypt's economy in the future and create 1m new jobs over next 15 years.

It is also linked in with the development of a new 72 km channel running parallel to the existing Suez Canal channel.

The new Suez Canal channel, due to be completed in 2015, will allow ships to travel in both directions simultaneously without restrictions, shortening transit times and increasing capacity.

The expansion of the Panama Canal, due to be completed early next year, will increase competition with the Suez Canal as it will be able to handle vessels of around 12,000 teu, compared with its current limit of around 5,000 teu.

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Second quarter should still be rosy for tankers, says Nordic American

Suezmax owner that likes to 'underpromise and overdeliver' looks to be doing just that in the current bullish tanker market

AS THE second quarter approaches, the tanker market remains encouraging, Nordic American Tankers said today, *writes Hal Brown*.

The New York-listed company's 24-strong suezmax tanker fleet makes it one of the world's biggest suezmax owners, behind the world's largest suezmax owner Teekay with its roughly 40-strong owned fleet.

"We enjoy this strong market every day," the company's chief executive Herbjorn Hansson said in today's letter to shareholders.

He expects his fleet to achieve rates in the region of $35,000 per day for the first quarter.

This is a good level, but the company stops short of making longer-term predictions, as a matter of company policy.

Mr Hansson explains it thus: "We are now in a period where we see bright spots on the horizon, after experiencing a suezmax tanker market that has been down more or less since the financial crisis in 2008.

New York-listed Nordic American's 24-strong suezmax tanker fleet makes it one of the world's biggest suezmax owners.

"Are we now at a turning point? Based on a combination of a conservative business attitude and cautious optimism, we wish to underpromise and overdeliver — an important principle for our company."

He said 2015 has had a very strong start with the most active tanker market seen in years.

The drop in the oil price in the second half of last year has affected the tanker industry positively, generating demand for tankers to carry cheaper cargoes.

Nordic expects to pay a significantly higher dividend to shareholders in the first quarter of 2015 than in the fourth quarter of 2014.

"As we move into the second quarter, the tanker market remains encouraging," said Mr Hannson.

The balance between the fundamentals of supply and demand has been improving for some time, he said.

Demand for tankers has risen as both volumes and trading distances for the company's vessels have increased, he noted.

Crude previously bound for the US is headed in other directions, with longer distances requiring more vessels to handle the volume.

Global demand for oil can be expected to increase over the coming years as emerging economies raise energy consumption, as a result of improved living standards, the International Energy Agency has noted.

Mr Hansson said he intends to grow his fleet further when he believes it is commercially beneficial to do so.

Nordic grew its fleet by four vessels last year.

"We have our strong position intact and we anticipate positive conditions," said Mr Hansson.

Arctic Securities shipping analysts said today that crude tankers are in a "win-win situation".

Tanker demand could rise if vessels are used to store oil; if they are not, they will be in demand to carry oil.

Average suezmax earnings so far this year are $55,600 per day, requiring $36,000 per day for the rest of 2015 to reach Arctic's $40,000 per day target full-year estimate.

Risks for crude tankers include new vessels being ordered now and joining the global fleet in a couple of years; and whether cargo levels will be sustained for the growing fleet.

Box lines need to develop alliances further to improve profits

With overcapacity here to stay carriers are encouraged to seek further cost savings through alliances

SHIPPING lines should concentrate on expanding alliances to improve profitability and escape the vicious cycle of overcapacity, according to a new report, *writes Damian Brett*.

The report from consultant The Boston Consulting Group concludes that current attempts to improve the fortunes of container shipping lines by investing in ultra-large vessels creates only a temporary competitive advantage but in the long term will accelerate overcapacity.

In total, BCG estimates that supply will increase by 30% to 24m teu by 2019 while demand growth will slow.

This will result in freight rates declining by between 1.6% to 2.6% per year until 2019, which will put carrier profitability under further pressure.

The report said that carriers' cost reduction programmes have helped improve performance, but to survive in the future they will need to adopt a more holistic approach and gain further savings from the alliance model.

Conventional alliance models tend to focus on optimising slot
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Box lines need to develop alliances further to improve profits, says a BCG report. *donvictorio/Shutterstock.com*

costs and extending network reach, the authors said.

More sophisticated models could help carriers derive further savings from these partnerships through practices such as joint procurement, joint operations, equipment pooling, back-office consolidation and shared services, and joint IT development.

BCG principal and co-author of the report Lars Kloppsteck said: "Analysis of carrier-specific data derived from BCG's shipping benchmarking database suggests that advanced alliance models could deliver annual savings in excess of $1bn."

This would reduce a mid-size alliance's estimated operating expenses by as much as 3%.

BCG senior partner and co-author of the report Ulrik Sanders added: "Container shipping lines should focus on speeding up their transformation efforts and on unlocking the scale advantages promised by their alliances.

"If they can accomplish these changes, we believe they could begin to lift their earnings to meet — and possibly even exceed — their cost of capital."

The report recommends that carriers begin to improve profitability by sharpening strategic focus and rethinking their approaches to network design, pricing, procurement, and project execution.

Next they need to develop an operational model, or a hybrid of these, with four identified by the authors: regional scale, deepsea scale, shortsea specialist, and product specialist.

Finally, carriers need to sustain the gains they achieve by establishing the right organisation structures, building transformation-leadership teams with the right skills, and developing a performance culture.

AP Moller-Maersk hopes Danske Bank share sale will raise $4.9bn

Shareholders invited to just over 200m shares in bank on a pro-rate basis

AP Moller-Maersk expects to raise DKr34.4bn ($4.9bn) from the sale of its shares in Danske Bank.

AP MOLLER-Maersk is expecting to raise DKr34.4bn ($4.9bn) from the sale of its shares in Danske Bank, *writes Damian Brett*.

In a stock exchange announcement, the Danish shipping group said its shareholders have the opportunity to acquire, on a pro-rate basis, its entire interest in the bank, which corresponds to just over 200m shares.

The offer period will commence on March 20 and will close on March 26, with the offer price determined as the volume weighted average price of Danske Bank shares traded on the Nasdaq Copenhagen between March 20 to March 2.

The offer price and the result of the offering will be announced on March 27.

The purpose of the offering is allow Maersk to focus on its core activities, the shipping giant said.

"The net proceeds obtained by APMM in connection with the offering will be used to cover, in whole or in part, financing of an extraordinary dividend expected to be distributed in accordance with a decision by the board of directors," it said in the release.

"Based on a pro forma offer Price of DKr170 per Danske Bank share, the estimated gross proceeds obtained by APMM in connection with the Offering are DKr34,376m, provided that all APMM's Danske Bank shares are sold."

CSCL to provide $1.5bn guarantee for Hong Kong-based subsidiary

Board says the risks can be controlled

CHINA Shipping Container Lines, a main unit of state conglomerate China Shipping Group, announced on Thursday that it is to provide maximum $1.5bn guarantee to its wholly-owned subsidiary in Hong Kong between July 1, 2015 and June 30, 2016, *writes Cichen Shen*.

The Hong Kong- and Shanghai-listed company proposed the guarantee because the debt-to-asset ratio of the subsidiary CSCL (Hong Kong) has exceeded 70%, and the amount of a single guarantee has surpassed 10% of CSCL's net assets, according to an exchange filing.

The company's board has approved the proposal but will still need a final go-ahead from shareholders at an extraordinary general meeting to be held in May.

"The board is of the view that the aforementioned matters in relation to provision of guarantee is in line with the operational development needs of the company," the filing said.

"The guarantee-related risks can be effectively controlled and prevented and the interest of the company will not therefore be impaired."

For the first nine months in 2014, CSCL (Hong Kong) booked total assets of $4.7bn, while total liabilities stood at $3.9bn, of which 79% were bank borrowings. It also recorded $31m net losses.

CSCL has thus far provided $1.3bn guarantees in total to CSCL (Hong Kong), accounting for 15.3% of the parent's total assets as per its latest audited financial statements.

The world's sixth-largest container operator forecast a Yuan1.1bn ($170m) net profit for 2014 after posting a loss of Yuan2.6bn from the year before.

The CSCL board's proposed guarantee needs a final go-ahead from shareholders at an extraordinary general meeting in May.

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It's cautious optimism for Clarksons' chemical tanker man Josh Saxby

There are positives on the horizon for the chemical tanker industry, but risks clearly exist

CAUTIOUS optimism was how Clarksons summed up the chemical tanker outlook at the conference in London yesterday run by the International Parcel Tankers Association and Navigate, *writes Hal Brown*.

Previous outlooks by other observers have veered, perhaps, too much towards over-exuberant bullishness, based on a shrinking global fleet in 2012.

Clarksons' chemicals analyst Josh Saxby, however, was the epitome of sobriety.

He acknowledged that chemical tankers have been "robust" in recent weeks.

Today's cheaper oil price is good for chemical tankers, he observed. Cheaper oil drives global economic growth, boosting trade in specialised cargoes such as chemicals.

Seaborne trade in specialised cargoes has risen 4% per year on average since 2007.

The Middle East Gulf and the US are both key to the trade.

Large investments are being made in boosting Middle East Gulf petrochemical plant capacity, generating exports for the ships.

Shale gas has resulted in large investments in petrochemical plants in the US, which need natural gas as a feedstock to create chemicals.

Some 65%-70% of this new US capacity is likely to be exported on ships.

However, the low oil price threatens these investments in petrochemical plant projects in the US, because financing could be harder to come by.

China is an interesting part of the picture. It is the largest chemical consumer in the world, but its economy has been stagnating lately.

Moreover, China has stated its desire to cut its reliance on imports of chemicals, wanting to rely more on domestic production.

Things are looking healthy when it comes to the fleet size.

The global chemical tanker fleet of roughly 4,000 ships shrunk in 2012, giving rise to many of the jubilant forecasts for this industry.

In 2013, the chemical tanker fleet increased by 1.3%, and by 0.9% in 2014 — both still low levels.

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Mr Saxby expects "pretty meagre [fleet] growth going forward".

This is good news for the chemical tanker market; keeping the fleet at a manageable size to avoid frantic competition for cargoes.

"The freight market remains resilient," said Mr Saxby.

But before inflated exuberance threatened to creep into proceedings, he was quick to keep temperatures down, and minds calmly focused.

"To sum up, it's cautious optimism."

Cheaper oil drives global economic growth, boosting trade in specialised tanker cargoes such as chemicals.

Product tanker fleet growing 'very fast' warns Braemar ACM

Warning comes as BW Group orders two new tankers at South Korean yard STX

THE product tanker fleet is growing "very fast", which could put pressure on freight rates, said Braemar ACM Shipbroking head of research Henry Curra, at this week's product and chemical tanker conference in London, *writes Hal Brown*.

Fleet growth is a cloud hovering over the horizon of what is generally an upbeat products market these days.

The products sector looks "much brighter" than in previous years, said Mr Curra at the event run by the International Parcel Tankers Association and Navigate.

There is, though, no getting away from expected fleet growth.

BW Group is among the owners adding to the global fleet.

Affiliated company BW Pacific has ordered two new long range one product tankers, according to South Korean shipyard STX Offshore & Shipbuilding.

The order follows an order for four vessels last December, said STX.

In total, the six newbuildings cost BW around $286m.

Mr Curra believes there could be another widespread round of vessel ordering on the horizon, following the frantic ordering witnessed around three years ago.

Private equity, however, might not be so involved this time.

High returns on investment of 20%, which some private equity players want, are unlikely to materialise, discouraging further private equity investment.

"The private equity side has run out of steam for now," said Clarksons market analyst Josh Saxby.

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Published by Informa UK Ltd.

THE HIGH COURT

2015 NO. 100 COS
IN THE MATTER OF GLENDA INTERNATIONAL SHIPPING LIMITED

AND IN THE MATTER OF THE COMPANIES ACTS 1963 TO 2013

AND IN THE MATTER OF A PROPOSED REDUCTION OF CAPITAL PURSUANT TO SECTION 72 OF THE COMPANIES ACT 1963

NOTICE is hereby given that a petition was presented to the High Court of Ireland on 6 March 2015 (the "Petition") for an order confirming the cancellation and extinguishment of the entire amount standing to the credit of the share premium account of Glenda International Shipping Limited (the "Company") of US$ 146,270,626 or such lesser amount as may be determined by the High Court of Ireland, such that the reserves arising as a result of the cancellation of the share premium be treated as profits available for distribution as defined by section 45 of the Companies (Amendment) Act 1983.

The Petition is directed to be heard before the High Court of Ireland on Monday, 13 April 2015 at 11 am at the Four Courts, Inns Quay, Dublin 7, Ireland.

Any interested party intending to appear at the hearing of the Petition should give written notice of such intention to the Company's solicitors at the address given below (quoting reference BC 664160/1) by not later than 5 pm on Thursday, 9 April 2015 and should indicate whether such person or persons intend to support or oppose the said Petition. If any such interested party wishes to rely on any affidavit at the hearing of the Petition, a copy of such affidavit should be served on the Company's solicitors by not later than 5 pm on Thursday, 9 April 2015.

Dated: 16 March 2015

Signed: MATHESON
Solicitors for the Company
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Note: Any interested party who desires to obtain a copy of the Petition and grounding affidavit should contact the solicitors for the Company. Any interested party who wishes to appear at the hearing of the Petition may do so through solicitor or by counsel, or (in the case of an individual) personally.