

MARINER

COMMUNICATIONS

A BRIEF INTRODUCTION

Working with us: Neville Smith

- ❖ Maritime industry PR – Content and Editorial Specialist with 20+ years of industry experience.
- ❖ 16 years as a maritime journalist and previously Deputy Editor of leading industry newspaper Lloyd's List, covering dry bulk shipping, environment and regulation, IT and communications. Founded Mariner Communications in 2009.
- ❖ Industry sector expertise: physical and derivative freight markets, digital charts and navigation, classification and regulatory affairs, IT and satellite communications, marine coatings, CSR.
- ❖ Career Highlights: Regular conference chair, panel participant on IT, communications and CSR. Managed global MaritimExperts programme for Wilhelmsen Ships Service, completed re-brand and introduced social media channel for Freight Investor Services, retained on PR and media relations for world's largest class society by orderbook.
- ❖ Blogging on technology, communications and human factors at maritimeinsight.com, 6,000 Twitter, 1,000 LinkedIn followers

Core areas of expertise

Mariner Communications are experts in PR and communications planning, strategy and delivery.

- ❖ Messaging and positioning for global maritime, offshore and shipping clients;
- ❖ PR and media relations: working between clients and media, fulfilling planned and ad hoc editorial requirements globally and regionally (Europe, US, AsiaPac, Middle East).
- ❖ Press office management: managing contacts and requests. Content generation and management for mainstream maritime media, social media channels, conferences and events.
- ❖ Media Training: programmes for senior management and company spokespeople – group training and one to one sessions.
- ❖ Live events: planning, management and delivery of live maritime industry events including product launches, media tours, seminars and conferences.
- ❖ Social media: management of social media strategy and day to day running of accounts: Twitter, Blogs, LinkedIn.

Our clients

Our client list includes global industry players active in the following sectors

- ❖ Classification Services
- ❖ Maritime IT and SatComms
- ❖ Ships Agency and Services
- ❖ Alternative Fuels Lobbying/Public Policy
- ❖ Shipping Research and Consultancy
- ❖ Digital Navigation Services
- ❖ Marine Paints and Coatings
- ❖ Freight and Commodity Derivatives/Risk Management
- ❖ Professional Examinations and Seafarer Welfare

decision-maker

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Different derivative contracts for commodities offered by CLIX

A future for futures

Cleartrade Exchange's boss calls himself a 'hungry guy' who trusts gut instinct in addressing FFA regulatory changes. He talks to Savannah Nightingale

A specialist in strategic leadership, Cleartrade Exchange CEO Richard Baker is used to managing new concepts, ideas and relationships, while working through the latest derivative trading regulations.

"I never sat still myself doing this job," he says. "I am one of these entrepreneurs that just think to educate myself, the hungry guy in every team, and a big believer in gut instinct."

Born in Cork, Ireland, Baker decided against a career in the family building business and pursued his passion for electronics after training as a military radio officer. "All my career moves have given me an understanding of how end-to-end an enterprise works," he says, which has given him the tools needed to understand the FFA market in which he now finds himself. "There are gaps at similarities between bilateral trade, bandwidth and electronic trading platforms."

His trading platform, based in London and Singapore and known as CLIX, is an electronic global futures exchange founded in 2010. It offers more than 40 different derivatives contracts for commodities.

CLIX, which Baker says is at a pivotal point in its growth cycle, is the first platform to offer at night through the afternoon to multi-time trading hours. This significantly reduces the time between execution and clearing.

It is regulated by the Monetary Authority of Singapore and engaged in various metal, agricultural, energy and freight markets.

Baker believes CLIX is ready to benefit from a wave of regulation from the G20 group of industrial nations that is pushing over the counter (OTC) derivatives trading on to electronic platforms. This move is causing concern for many operators. Baker acknowledges, "As a result, I think we will see a lot of consolidation in the market, and I don't think everyone will survive."

Derivatives played a key role in the financial crisis of 2008/09 and directly influenced regulatory changes to the derivatives markets through the US Dodd-Frank Wall Street Reform & Consumer Protection Act, which sought to

'Since 2011, we have been busy helping our clients to understand the trade impact and how they need to respond'

Richard Baker decision-maker

futures

apply greater scrutiny to the largely unregulated OTC derivatives markets. "This year we are going to see a lot of turbulence, particularly around the clearing houses," Baker warns.

Further to this, MiFID II, a revision of the European Union's 2007 Markets in Financial Instruments Directive, is expected to affect how stocks, bonds, derivatives and commodities are being traded. "A lot of the market are questioning ultimately have on it MiFID II is about risk schedule," Baker notes.

But he is embarking on a journey to understand and the long change, and this is a to go away any time. He emphasizes that been preparing for decision to accept it going to be a bad thing, but he is not intimidated by what decision we could mind we change."

Financial services pulled out of a deal over concerns about Dodd-Frank rules platform's US regulator, a new law.

"We have been shuttling for become a key player OTC freight and trading," Baker part of a bigger competitive advantage.

Germany's E European Fine market place shares and oil state in CLIX, which is in cash, growth growing from to find the right model help Baker explain.

CLIX operates a 'horizontal' model for clearing, in which investors have a choice of whether to process deals they make on the house. The German group operates a 'vertical' also, whereby contracts traded are processed through the exchange's own clearing house.

"We will continue to operate our horizontal model," Baker pledges. CLIX connects with three

step towards making sure FFS was self-regulated," he says. Baker, who notes that this was the focus and direction he wanted. "To start with, it was really about looking at how we would add value to the industry, set up the company, file for regulation, and make sure we established ourselves as a relevant brand."

But it hasn't been a walk in the park, especially dealing with concerns about how regulation will affect the

Richard Baker

Executive Director

CLIX

20 January 2017 TradeWinds

OFFSHORE 23

Opaque offshore vessel valuations a big hurdle to restructuring work

Unrealistic price tags and lack of market data is complicating negotiations, says MSI

David Greig, Opa

A lack of transparency in ship values is a main cause of disagreement in the raft of restructurings among offshore shipowners.

But lenders are also facing the prospect of recovering only about 70% of loans, according to analysts at London-based maritime strategy firm MSI.

The recent downturn in three decades has forced nearly all owners of offshore support vessels (OSVs) to seek investment relief or to launch some financial restructuring and many of these actions are dragging on for months.

With owners in breach of their loan-to-value covenants, a complicated web of varied stakeholders is partly to blame.

Analyst James Frew tells TradeWinds that MSI's work with its own clients shows that a lack of transparency on asset values is also impeding the restructuring process.

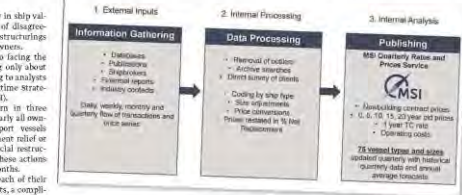
"At the start of last year, a lot of shipowner valuations were not very realistic about the actual amount a vessel could be sold for and this wasn't helped by the absence of data in the public domain and low sales happening," said Frew.

"Banks felt that the valuation certificates they were being presented with from owners weren't particularly realistic."

"Banks have become more realistic, now but I think banks tend, with a degree of justification, that vessel pricing is still on the generous side," Frew added.

MSI, which has been involved in shipping as an independent consultant since 1986, says the providers of about 40% of the world's shipping debt are using its forecasts for asset values.

While the firm has been carrying out OSV valuations for the past eight years, its revenue from the



VALUATION PROCESS: MSI's historical benchmark data collection

Analyst James Frew: If a bank does take possession of a vessel they are not going to get at auction what we call the market value.

offshore sector has doubled over two years, from when the crisis began in about 2004, says Frew. "Some (new offshore clients) had asked for our service because they had lost confidence in the value certificates they had received from others," he said.

MSI has an online valuation tool called Forecast Marine evaluator (FME) for estimates, but MSI provides its own valuations and, daily mostly in specific ships, by building economic models for offshore sectors and using hands-on work for each case.

Currently, its benchmark four classes of platform supply vessels (PSVs) and six classes of anchor handling tug supply (AHTS) vessels, based largely on size and whether they were built in Asia or Europe.

It also takes into account vessel specifications, capacities and equipment, as well equipment replacement prices and yard quality. The craft is used estimate has underestimating total "swept price" on an asset value for OSVs, says Frew.

To illustrate the fall, he gives specific examples: an Asian-built, five-year-old AHTS vessel with 11,000 bhp and a PSV of 1,200 dwt. Value set down by about 50% for the anchor handler and by more than 40% for this PSV, he says, although the general trend for other types is similar.

Frew estimate average correction for the Asian-built, 11,000-bhp AHTS vessel at \$6,000 per day in the fourth quarter of 2016, which is down by one-third from the fourth quarter of 2015 and down by two-thirds from about 2014. Frew says the same AHTS, if ordered in 2016

by the hefty haircut and costs associated with distressed AHTS transactions in the current market suggest that a bank should expect to recover less than half of the loan outstanding," said Frew.

"If banks are able to tough it out, hold the asset through the down-cycle and execute a sale in 2019 — assuming revenue and costs balance in the intervening period — about 70% of the outstanding loan might be recovered."

TradeWinds asked Frew whether the 70% recovery amount could be generalized for the whole offshore sector. "Yes, in very, very rough terms, for that sort of modern generic asset, that's the range you are looking at, but there are limitations to making those values across the whole market."

"We model each of the assets separately and these will differ a lot and also, the other input that we are looking into that — 70% against less than half recovered — is that we've got data on what the discount in when the bank sells as a forced sale, what the brokers' fees are and so on," he answered.

"If a bank does have to take possession of a vessel and auction it off in a forced sale, then they are not going to get what we would call the market value, even though that market value is already low."

Frew says he "has not exactly been Mr Popular" for bringing MSI predictions to the market, which he describes as "grimly realistic" because some owners and "even some banks" have not been interested in hearing about OSV values that are too low.

"The loans facing a number of offshore products today are ones of insolvency rather than illiquidity, which is even under a market recovery, a significant proportion of the debt on assets purchased at low prices is unrecoverable," said Frew.



James Frew: Banks felt that the valuation certificates from owners weren't particularly realistic.

MSI has eyes on the future with new valuation service

UK research company believes it can accurately estimate ship values up to five years ahead and is ready to launch a forecasting service, despite the sceptics who believe forecasting in shipping is a long shot at the best of times

Adam Corbett, London

Specialist maritime forecasting and advisory company Maritime Strategies International (MSI) is taking one step forward in predicting the price of a ship up to five years into the future.

The London-based company is also the latest, following the launch of VesselsValue.com, to provide an instant online pay-as-you-go service for ship valuations. MSI's service is to be called Forecast Marine evaluator (FME) and will cover tankers, bulkers, hopshippers and gas carriers.

For a one-off £200 (£55) online credit-card payment anyone who is interested can get a quarterly estimate for the value of a ship for the next two quarters and then, accompanied by a time-charts rate forecast.

The big question for many over such a service is what level of accuracy it could offer and will it be educated guess?

The sceptics point out that the perils at the best of times and give the unexpected one-off developments that often freight — could prove even more difficult with difficulty when approval valuations.

MSI managing director Mike Payne is confident reliable valuations can be made as far as five years ahead.

Payne points out that ship valuations are often wrongly viewed as simply reflecting time-charts rates. MSI's own data suggests it is a much more complex matter, with a host of other factors such as newbuilding prices and yard capacity included in its forecast modelling.

A complex interaction is why, he says, tanker asset values have not responded to the degree that other parameters that can be used, but it will increase in value to an encouraging extent by 2020.

MSI FME does not provide future valuations on a ship-specific basis. Instead, its forecast is based on ship type, tonnage, year of build and other parameters that can be adjusted.

These parameters are whether the ship is an "eco" vessel or if it is a tier shipyard.

COY ON YARD CRITERIA MSI is not giving away the names of which yards it views as first or second tier, although it offers a description of the criteria that it concludes.

A Tier 1 shipyard for example is described as a shipyard with a proven track record of building both commodity bulkers, oil tankers and specialised vessels (for example an export market).

The other issue MSI will have to contend with is whether there is a demand in the shipping industry to know future fleet values.



MIKE PAYNE: MSI managing director is confident the new service can deliver the goods.

With dry bulk expected to slide further before it recovers, the tanker boom expected to run out by 2015, and containers seemingly perennially in recession, would forecasting valuations only add to the problems in the market?

Payne insists this is not the case. He says his company is responding to a growing demand in the market for future value forecasts and that the intention is to provide such a service with a high degree of accuracy.

"Today's shipping market is characterised by short cycles, increasing volatility and an increasing need for data to meet compliance requirements, underpinning financial restructuring and as the basis of strategic investments," he said.

"More and more industry players require access to a view of evolution among shipowners. The industry is feeling demand for forward analysis, structured and reliable methods, such as mean reversion or straight-line depreciation, based on forecasts since 2000."

Mike Payne: MSI's earnings and asset price forecasts for the leading shipping sectors are significantly more accurate than common alternative methods, such as mean reversion or straight-line depreciation, based on forecasts since 2000.

OUR VISION

公司愿景

To create global full brokerage services in freight and commodity futures broking.

To leverage our international client base and outstanding research into domestic Chinese markets.

To be the number one partner to Chinese and international clients in clearing, financing and advisory.

Develop new products and services to generate fresh revenue streams.

创建一个国际化的航运干散货和商品期货经纪的一站式平台

凭借国际化的客户市场以及优质的研究水平深入中国境内市场

成为中国以及全球客户清算、融资和咨询的最佳合作伙伴

拓展新产品和服务以开通新的营收通道。



Freight Investor Services

FIS

The search for improvements to fouling release coatings has resulted in a completely new solution, writes **Peter Schoneveld**, PPG eSHARK Project Leader

Swimsuits for ships: overcoming fouling through coatings innovation

That Asia continues to dominate the merchant shipbuilding market is no surprise but the changes taking place in shipbuilding technology are arguably more dramatic than ever. Asia's shipyards, as well as its ship-repair and dry dock facilities, are responding to a wave of smart shipping initiatives designed to drive the adoption of new technologies.

These range from digital-driven data collection and new navigation processes to the hardware that defines the vessel's operation – right down to the use of marine coatings. Shipyards are increasingly looking for coatings technology solutions that can give their clients' vessels a better operational profile in terms of fuel efficiency and environmental performance.

Fouling, defined as the settlement and growth of marine organisms on submerged structures, such as ship hulls, is a constant challenge for the shipping industry. Fouling has the effect of increasing the hull's resistance to movement as it sails through the water. This friction can seriously hamper a ship's operational efficiency and increase fuel consumption by as much as 50%, leading to additional greenhouse gas (GHG) emissions and a greater carbon footprint.

As fuel consumption represents around half the operational costs of the marine transport industry, fouling can also have significant economic costs for ship owners, and be detrimental to the industry's competitiveness with other transport modes.

TRADITIONAL METHODS

Traditional paint-based biocidal systems are designed to constantly release exactly the minimum amount of active material to prevent fouling over the lifetime of the coating system. This controlled release reached a new level with the introduction of so-called self-polishing anti-fouling in the 1980s.

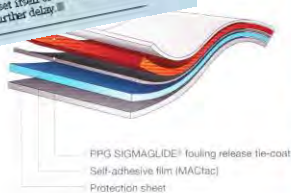
In addition to fouling prevention, this technology provided a smoothing effect of the coating surface and so contributed to lower water friction of the underwater hull surface. Although extremely effective, these coatings release biocidal materials like copper oxide and organic co-biocides into the aquatic environment.

Increased awareness of the long-term effects of biocides released into the sea on the ecosystem has led to a restriction in the use of biocides and into new routes of biocide-free systems. This has led to the development of non-toxic solutions, such as silicone resin-based fouling release coatings.

After intensive research it was found that certain engineered combinations of silicone resins showed repellence and non-adherence of fouling species.

Essentially, this means that fouling species do not like the engineered surface substrate and will therefore not attach to it. Should fouling settling happen 'by mistake', the adherence is so minimal that a self-cleaning effect (known as fouling

fouling release finish



PPG SIGMAGLIDE® fouling release tie-coat
Self-adhesive film (IMAGlac)
Protection sheet

Methanol offers shipping a clean, quick pathway to carbon cuts

IMO member states have agreed on a decarbonisation target, and the means to start is largely in place, says Gregory Dolan, chief executive of trade association Methanol Institute

The hard-fought agreement struck by the IMO's Marine Environment Protection Committee (MEPC) comes at a time when the world's largest shipping companies are beginning to move towards a strategy of decarbonisation. It sets the sector's ambition for emissions cuts.

What the debate overlooked is that the industry has the opportunity to achieve a cleaner emissions profile without a relatively short time frame simply by switching to methanol as its primary fuel.

While still enabling the industry to achieve demand growth projections, methanol could be ready to go as a marine fuel in coming decades, offering a much bigger role in solving the sector's problem, playing a key role in decarbonisation. Methanol offers a pathway to cleaner shipping, first by meeting IMO 2050 low-carbon emissions goals, and then by enabling the industry to achieve demand growth projections.

Most methanol available today is produced from natural gas. However, the low-carbon methanol produced by natural gas is already producing low-carbon emissions through a carbon capture and sequestration process.

Methanol production often uses a wide range of feedstocks and process technologies for future proofing. Methanol can be produced from biomass, waste or even from biomass, while renewable electricity such as solar or wind, together with waste or atmospheric CO₂ streams, can be used as

conversion. The Stena Germania has run completely on methanol since 2016.

seven methanol-fuelled tankers are trading internationally, with four more scheduled for delivery in 2023. The 10,000-ton Stena Germania, the world's largest methanol tanker, is a completed full conversion of the largest oil tanker.

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E-navigation at tipping point

CDIS/ENC The era of digital navigation has not resulted in the end of paper charts. What's more, many shipping companies are yet to realise the benefits of electronic navigation and are still overspending on paper and vital chart products, writes Captain Mike Bailey, head of Navigation Products at Global Navigation Solutions.

research by Global Navigation Solutions (GNS) has found that shipowners are still spending millions of dollars on paper charts, while many of the crews are wasting hundreds of hours needlessly correcting paper charts. The reason is that owners have not invested in the potential of digital navigation.

an electronic navigation strategy properly means some owners are exposing themselves to entirely avoidable compliance risks.

Real-life examples

Navigation using ECDIS is a fact of life for many internationally trading shipowners today; a system they are required to use and maintain on board, as well as training their crews in its use.

Even though the mandate to use ECDIS under IMO SOLAS regulations now affects virtually all international shipping fleets, at the end of the use of paper charts, because shipowners may continue to use paper for navigation and for back-up in case of problems with the ECDIS, crews are still required to work with paper and ensure it is correctly updated.

Rather than create a 'best of both worlds', the result is that many shipowners still face a long journey ahead in achieving the efficiencies and cost savings that ECDIS was designed to deliver. At the same time, they are still tied to processes associated to paper charts that are costing them further time and money.

In two real-life examples, GNS worked with a large Singapore-based shipping company to analyse its navigation chart usage and concluded that it had overspent by more than USD 9,000 per year on navigational supplies for just one vessel in its fleet.

GNS also analysed the purchasing and consumption patterns of a major Greek shipowner and demonstrated that the company was carrying large numbers of unnecessary paper charts, all still being corrected on a weekly basis, taking endless hours of crew time, despite the vessel's Safety Certificate Form E specifying ENC as both its primary and secondary means of navigation.

Data-driven analysis The solution to this problem is not to spend more money on either hardware systems or charts. Instead, owners should

focus on a deeper understanding of their navigation needs and data usage, and identify the opportunities for efficiencies by working smarter using data intelligence.

GNS set out to understand how owners were using navigation charts and data based on a belief that many companies were failing to capitalise on just-in-time delivery of data to drive cost savings. Chart inventories were often not being regularly reviewed against routes sailed or flag state and technical library requirements.

It was also necessary to understand whether the software on board a ship to help it navigate more efficiently is properly installed and set up to deliver maximum efficiency.

In order to enable shipowners to make the most informed decisions, GNS wanted to move the analysis beyond a process of guesswork and estimation or simply examining a shipping company's past orders.

Instead, it developed a data intelligence tool called Voyager Insight to collect, store and analyse millions of data points ranging from AIS (automation identification system) positions to Port State Control and flag state data every day. This data was used to compare what shipping companies have purchased against actual trading and compliance requirements, on a detailed and

Since 2015 Voyager Insight has captured 890,000,000 AIS positions for 75,000 vessels above 400gt. The output provides an extremely clear picture of the areas where a company may be overspending. This can be used to refine vessel inventories to match what is really needed and then, importantly, maintain them at the most efficient levels.

One of the findings from this work has been the scale of unnecessary spending it has uncovered on digital purchases. Using data analysis, GNS has been able to identify that as much as 70% of ENCs purchased are never actually used, equating to any wasted per vessel per year.

ATLAS

analysis by GNS has found that shipowners are overspending on paper charts and publications, with costs of up to USD 1,100 per chart.

of ten globally traded by GNS in 2017 the is an eye-watering figure. On average, shipowners spend more than USD 1,100 per chart.

d is not limited to as found many in using or needing nautical charts they are

per navigational than 30% in the y 2016 to July nities moved to equipping their Cs.

ations and 22.5% since paper published be-

Data-driven analysis

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