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Braemar's new chief eyes expansion

LISTED BROKER BRAEMAR Shipping Services is in talks to buy another shipbroker, according to its recently appointed chief executive.

While the target was not divulged, James Gundy confirmed that it will be complementary to what is now clearly the core activity of a more sharply focused group under his leadership.

"We are in discussions over potential acquisitions and it would be quite nice to push through with that. It's pretty clear it'll be a shipbroker, I'm not going to go and buy a football team," he said.

Mr Gundy, who took the top job at the start of this year, was speaking after the company announced its annual results, which saw the reinstatement of dividend payouts suspended 12 months previously, despite unveiling declines in both revenue and profit.

He defended the headline numbers as a credible performance in the context of the coronavirus pandemic.

He also confirmed that a planned joint venture between Braemar logistics unit Cory Brothers and Vertom UCS of the Netherlands is on track for completion in the second half.

Revenue dropped to £111.8m ($158.5m) from £117.6m last time round, while underlying operating profit from continuing operations fell to £8.9m from £11.0m.

The preferred metric of continuing profit before tax — which reflects profit on the sale of shares held in its AqualisBraemar unit of £2.2m — came in at £9.5m, up from £6.3m in 2020.

The company's balance sheet was substantially strengthened, with net bank debt down by 56% to £8.9m, from £20m previously. Sale of approximately half of the shares held in AqualisBraemar realised net proceeds of £6m.

"I had some jobs to get done and we've executed those jobs, which allows me to look forward to the growth plan and building the business," Mr Gundy said of his first months in office. "Clearing the decks allows us to grow the business, which I want to do."

He described himself as happy with the first set of full-year results unveiled on his watch.

"None of us have been in a situation like we've just been through, with a world pandemic. This is an unprecedented time. The business has been very resilient and performed exceptionally well in strange circumstances."

In particular, the forward order book is up by more than £50m, debt is down and the dividend has been reinstated.

About 50% of Braemar's staff have gone back to working from the office, and intention is to get everybody back behind a desk in the next few weeks.

"You can sit there and say, 'If there hadn't have been a pandemic, what would the numbers be?' Certain markets fell off a cliff, the good story has been the fact that the numbers speak well, bearing in mind the circumstances."

Braemar's outlook is in line with the shipping industry's prospects, which is another way of saying good, if the predicted rebound in world trade materialises.

The joint venture with Vertom is still undergoing due diligence on both sides, but everything on track, Mr Gundy said.

"It was always the case we were getting this done some time in the middle of the year. We are not behind on our expectations."

Hamburg-based ship finance division Naves is in the course of restructuring, which will see it more closely integrated with core London-based shipbroking activities.

A number of good mandates have been secured for 2020-21, particularly in the containership niche. Numbers will be vastly improved, said Mr Gundy.

Braemar has also realised £13m through the sale of its 28% stake in marine and offshore services company AqualisBraemar.

It still owns 1m warrants which are yet to vest, and which will likely be sold for something in the order of £750,000 at some point.

MARKETS:

No respite for shippers even as demand eases

GLOBAL containerised trade volumes eased in April, falling 4.6% from a month earlier to 14.8m teu, according to the latest monthly updates from Container Trades Statistics.

Comparisons with last April are largely meaningless due to the lockdowns at the onset of the pandemic, but global trade figures were up 5% on April 2019, and the year-to-date figure for this year is 6.5% higher than in 2019.

However, the global picture paints a distorted image of the market as a whole even when compared to the last year of "normal" demand.

Analysis by Sea-Intelligence shows that when compared to 2019 figures, annualised growth since last September has been around 4%, declining over the past two months to just 2%.

"To be very clear, if the pandemic had never happened, the reality of April 2021, is that the market has grown 2% per year on average since 2019," said Sea-Intelligence chief executive Alan Murphy.

US consumers continue to drive the recovery from the pandemic, with volumes of 1.9m teu on a par with March's figures, according to CTS.

The annualised growth rate in the US market since 2021 had risen as high as 15% in February, and still stood at 10% in April.

Europe, by comparison, had seen no growth on 2019 figures during the corresponding period.

"The [US] status as of April 2021, is that imports are at the same point as they would have been without the pandemic, but with a 10% annual growth for two years in a row," Mr Murphy said. "This is an extremely high growth rate and would under any circumstances put the port and hinterland infrastructure under severe pressure."

It was this demand on one major trade lane that was leading to the disruptions in the supply chain that were being felt globally, he added.

Hinterland slowdowns were causing a shortage of equipment, despite carrier efforts to inject more capacity into the market.

"General opinion seems to be that equipment shortages will last at least until the end of this year," CTS noted. "The situation is complex. Carriers have been buying more containers, but they are getting caught up in the system and not always getting to where they are needed fast enough."

The congestion at ports was also reducing the sailing schedule reliability of carriers.

"The demand development in itself can clearly not be the key driver for the extreme shortage of vessel capacity in the market presently," Mr Murphy said.

But delays to voyages were collectively tying up capacity that could not be deployed for cargo.

In February, at the peak of the congestion problem, delayed vessels accounted for 12% of the total fleet capacity. By April this had eased somewhat, but there was still the equivalent of 2.1m teu being held up.

"In very real terms, the congestion problems in 2021 is of such a magnitude, that the effect is the same as if the entire industry had decided to remove all ultra-large containerships from the fleet, without adding any new vessels," Mr Murphy said.

On the one hand this could be seen in a positive light, as it indicated that both equipment and vessel capacity was sufficient to meet demand once the landside bottlenecks had eased.

It also provides a counterpoint to the shipper narrative that carriers are restricting capacity to force up rates.

But Mr Murphy warned that the root causes of the disruptions could last well into next year.

"We are not done with the operational disruptions driven by Covid-19 just yet," he said. "In what can only be described as a highly concerning development, we are seeing rapid escalation in waiting times in Yantian, which was impacted by Covid-19 restrictions last week, and this week more restrictions are now rolled out over a wider part of Guangzhou, also impacting the port of Nansha."

These developments have already been implicated in a downturn in the growth rate of China's export values in dollar terms in May, and indicate that any resurgence of the pandemic at any point along the supply chain could extend the disruption.

New handysize pool to be launched

NOVA Marine Carriers of Switzerland has set up a joint venture company with Germany's Aug. Bolten to operate a handysize pool.

The new entity, to be based in Germany, will own and operate geared bulkers, focusing on asset management, commercial and pool operations, and shipmanagement, the companies said in a statement.

Technical and crew management will be handled through Lydiamar, a Bolten unit which has its head office in Athens, Greece.

"This year's upswing in the bulk market fuelled this opportunity to establish an asset joint venture," said Bolten's principal Gerhard Binder. "We are positive about the possibilities to jointly grow our asset base and substantially strengthen our pool operations.

"Nova Marine, backed by strong equity partners, has a solid contract coverage and this combination will make it easier to execute new ideas for growth."

The company, which operates a fleet of almost 80 vessels, has invested heavily in the handysize sector in recent years.

"This deal signifies another important milestone in our development," said chief executive Vincenzo Romeo, adding that it offers the possibility to enhance Nova Marine's geographical presence.

IN OTHER NEWS:

Divers recover X-Press Pearl's black box

SRI LANKA Ports Authority said marine experts have recovered the voyage data recorder of the grounded containership *X-Press Pearl*.

The VDR — or 'black box' — contains "vital information" that can be used for the investigation about a vessel incident, according to the authority. The device has been handed over the local law enforcement agencies.

The exact cause of the fire on the 2021-built, 2,700 teu *X-Press Pearl* (IMO: 9875343) remains unknown. The vessel is now almost entirely burnt out.

Cosco in talks to acquire Hamburg terminal stake

COSCO Shipping Ports has said it is in talks to acquire a minority stake in Container Terminal Tollerort, a wholly owned subsidiary of Hamburger Hafen und Logistik AG.

"HHLA expects the participation to strengthen the relationship with its Chinese partner as well as to provide sustainable planning security for Container Terminal Tollerort in order to safeguard volume and employment in the port of Hamburg," the German port operator said. "CTT will continue to be open to all customers within HHLA's network."

Talks are ongoing and any deal would require regulatory approval, it added.

Evergreen vessel returns to Italy to repatriate master's body

THE impact of the pandemic on inland delays and port congestion has been widely reported, but instances of coronavirus infection among crew are also having an impact on supply chain integrity.

The case of the Evergreen-operated 5,090 teu *Ital Libera* (IMO: 9322475) demonstrates how one outbreak can have devastating consequences for all on board and lead to an entire cargo being left undelivered.

Ital Libera was en route from Durban to Singapore in April when the ship's master Angelo Capurro fell ill and subsequently died with a suspected coronavirus infection.

Japan looks to develop wind-assisted capsize

JAPANESE yard Namura Shipbuilding has joined forces with dry bulk operator NS United Kaiun Kaisha in a research project aimed at developing a wind-powered system for a 183,000 dwt capesize vessel.

Namura says it believes that fuel-efficient technology using wind power will become an "indispensable technology" in the future.

The company has applied for a patent on "a sail system in which extending sails are located under deck between the holds of a ship and employed whenever wind conditions are able to aid propulsion and so reduce fuel use".

Trafigura to partner with Yara on ammonia fuel project

TRAFIGURA and Yara International are to collaborate on the development of carbon emissions-free ammonia to fuel ships.

The commodity trader and the agricultural firm said they have signed a memorandum of understanding for the development and promotion of the use of ammonia fuel in shipping.

They plan to "explore possible opportunities to work together on certain clean (green and blue) ammonia fuel infrastructure and market opportunities".

Classified notices follow