

EDITORIAL STAFF

George Weltman,
Editor in Chief
gweltman@marinemoney.com

BUSINESS AND
SUBSCRIPTION OFFICE

UNITED STATES
100 First Stamford Place,
Suite 600
Stamford, CT 06902
Phone: +1.203.406.0106
Fax: +1.203.406.0110
Email: info@marinemoney.com

To learn more about
subscribing, please contact us
via your preferred
medium at the office listed
above. Annual Subscription is
\$1490 US plus postage.

Freshly Minted may be photocopied
by license only. Electronic or physical
reproduction or forwarding of
this document in whole or in part
is strictly prohibited, even for
internal purposes.

While Marine Money has taken
great care in the production of this
publication, no liability can be
accepted for any loss incurred in
any way whatsoever by any person
who may seek to rely on the infor-
mation contained herein.



The Week in Review

Unpredictability = Caution + Discipline

To say the management of Dorian LPG is both cautious and disciplined would be an understatement. Over the last few years, the company's capital allocation policy was unswerving and involved carefully reinvesting, paying down and refinancing debt and returning capital to shareholders through share buybacks. Despite the siren call of the shipping analysts, the company held firm and would not commit to paying a recurring dividend whether regular or formulaic, understanding that once begun there would be no turning back. After its self-tender offer, in which it purchased ~8.4 million shares for \$113 million, Dorian's position subsequently changed, but with a twist. In July 2021, the company initiated a dividend policy declaring what it characterized as its first "irregular" dividend of \$1.00/share. The choice of the adjective "irregular" is significant. According to John Hadjipateras, management considers it "...a more accurate way for a shipping company to describe the prospects for future dividends." They are not regular or extraordinary payments but instead reflect the volatile nature of shipping balanced with the need to return capital to its shareholders. Mr. Hadjipateras continues: "Our board prioritizes return to shareholders consistent with a strong balance sheet and value creation. We are confident in our sector's relevance in the energy mix and in our part in the supply chain and returns over the lifetime of our assets. But we acknowledge that even in the best of times volatility makes it impossible to make reliable, medium-term predictions over the freight markets." This policy correctly leaves the Board with optionality as to the amount and timing going forward.

You have to believe things must be going well at Dorian when analysts' discussions center on the characterization of the dividend and whether they should become regular. From the investor perspective what's in a name? Regular or irregular just keep them coming. However, we concur with the company's approach in putting out a warning label having seen what even a hiccup can do to the stock price if a "regular" dividend ceases or changes. *Caveat emptor.*

Since the first dividend, the company, as shown below, has declared four subsequent payments of \$1.00, \$2.50, \$1.00 and the current \$1.00 for a total of \$5.5D per share. These payments together with share buybacks represent a total return of capital to shareholders of \$490.8 million. For context, this should be compared to Dorian's market cap of \$760.2 million based upon yesterday's closing price.

Dorian's cautious approach also extends to the reporting of earnings with the company taking much of the surprise out of reporting day by issuing an updated financial and operational outlook a week prior to the official announcement. Clearly the company does not like surprises and there were none this quarter. The analysts were satisfied with the preliminary results. TCE revenue guidance was above consensus and their estimates, while charter hire and OPEX were in line. Somewhat of a surprise G&A was below estimates. Their views and calls will subsequently be refined after they digest the numbers in full.

Slow and steady wins the race. Caution is its watchword.

Returning Capital to Shareholders

Uses	1	10
Share Buybacks		
2016	\$33.6	
2020	\$60.5	
2021	\$134.9	Self-Tender (\$113.5) + Repurchases (\$20.4)
2022	\$0.7	
Total	\$229.7	
Dividends		
Jul-21	\$40.0	\$1.00/share
Jan-22	\$40.1	\$1.00/share
May-22	\$100.3	\$2.50/share
Aug-22	\$40.3	\$1.00/share
Oct-22	\$40.4	\$1/share
Total	\$261.1	
Total Capital Returned	\$490.8	

It's a Process

Having put out a deal structure earlier this month for a new bond deal for **Bluewater Holding B.V.** ("Bluewater"), the company's bankers soon discovered that investors were not quite on board with the suggested terms leaving a gap to be bridged to achieve the necessary meeting of the minds. As we highlighted last week, it was a challenging deal on the macro level given geopolitical events, inflation, high interest rates and the prospects for recession. More specifically, we concluded that potential investors needed to get comfortable with the specialized assets and weigh concerns surrounding the transition to clean energy with energy security. To get the deal done, bankers typically, focus on pricing, security, and structure to minimize risk while offering the requisite return. With the input of the investors, the bankers returned to market last week with a revised structure which provided reasonable pricing with tighter terms but left the bond unsecured.

Last Friday, Bluewater successfully placed a \$240 million senior unsecured bond issue, it's fourth in the Nordic high-yield market since 2007. With a four-year tenor, the bonds were priced with a coupon of 12% and were sold at 94% of par, the tight end of price talk range of 94 – 96 percent. At that price, the calculated IRR of the bond is 14.29 percent. Net proceeds from the offering will be used for the full refinancing of the existing senior unsecured bond (BLH03) with \$200 million outstanding, repayment in full of any amounts outstanding under the existing senior secured revolving credit facility (currently \$45 million) and general corporate purposes. Under the new structure, the unsecured bond will represent the main corporate debt in the group while the RCF will be used to finance working capital. Details of the offering are shown below in the Guts of the Deal.

Guts Of the Deal

Issuer	Bluewater Holding B.V.
Amount	\$240,000,000
Notes Offered	Senior Unsecured Bond
Coupon	12.00%
Issue Price	94.00%
Maturity Date	10-Nov-2026
Amortization	Semi-annual installments of \$20 million with the balance to be repaid on the Maturity Date at 100% of the Nominal amount
Optional Redemption	Make whole first 24 months, thereafter callable at 104/103/102/100 after 24/30/36/42 months
Guarantor	Aurelia Eneegy N.V.
Ranking	Pari passu with each other and with all other unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application)
Security	Unsecured
Undertakings	Parri passu ranking, mergers/de-mergers, continuation of business, corporate status, compliance with laws, authorizations, disposal of business, insurances, arm's length transactions, reporting, ownership, holding companies, anti-corruption and sanctions.
Special Covenants	Parent dividend restriction, financial indebtedness restrictions, negative pledge, financial support restrictions, No restrictions on subsidiaries' distributions, vessel covenants, investments in project subsidiaries
Financial Covenants	Minimum Liquidity: higher of \$15 million or 10% of the outstanding bond. Leverage ratio: $\leq 2.5x$ from and incl. the Issue Date to 9/30/23, $2.25x$ from 10/1/23 to 3/31/24 and $2.00x$ from 4/1/24 through maturity. Maximum RCF outstanding i) cash drawings under RCF shall not exceed \$50m and ii) any amount under the RCF (in the form of cash, guarantees or otherwise) less Cash and Cash Equivalent (but only up to the amount equal to cash drawings under the RCF) shall not exceed \$100m.
Dividends	No dividends
Change of Control	Put at 101%
Use of Proceeds	The net proceeds will be used to fully refinance the Existing Bonds (BLH03) of which \$200 million are outstanding, repay the existing senior secured revolving credit facility to zero and for general corporate purposes
Joint LeadManagers	DNB Markets, Pareto Securities
Governing Law	Norwegian
Incorporation	Netherlands
Listing	Nordic ABM, Oslo Bors or other recognized exchange
Trustee	Nordic Trustee

The initial terms were amended to include the following restrictions:

- No dividends
- No parent guarantee of project finance indebtedness (i.e., non-recourse to the issuer)
- No investment in joint ventures
- No equity contribution from issuer to a project subsidiary save for secondary vessels in kind
- Cash drawings under the RCF cannot exceed \$50 million and any amount drawn under the RCF, less cash and cash equivalent, shall not exceed \$100 million
- General basket under Permitted Financial Indebtedness reduced to \$10 million from \$20 million

As part of the transaction, the company amended and extended its existing senior secured revolving credit facility ("RCF") with a new \$30 million senior secured RCF from DNB and ING. Together with the new bond issue, the pro forma net debt of \$180 million (\$60 million of cash retained) equals an operating leverage of 1.9x with a contracted EBITDA backlog (excluding options) corresponding to 1.7x of opening net debt.

Established in 1978, Bluewater supplies Floating Production Storage and Offloading units ("FPSO") and Single Point Mooring systems ("SPM") to the offshore industry. It is a well-established and integrated FPSO player owning and operating five high specification FPSOs of which three are active, producing ~25,000 BOE per day and two are being remarketed. With a solid operational track record, the company holds a leading position in the North Sea, while maintaining a global footprint. In addition, the company has delivered, on a turnkey basis, over 140 SPM projects including engineering, design, and project management. Manufacturing and installation are sub-contracted.

These two businesses play important roles in the oil field life cycle. During the development phase, the SPM business is involved through the design and construction of the FPSOs with the company delivering turrets, buoys, mooring systems, and other components. The FPSOs appear in the production phase as a vital piece of oil field production infrastructure for relevant fields with long-term contracts and high cash flow visibility. When on site, these vessels tend to stay in place as long as the field is economical for the operator.

HONG KONG MARITIME WEEK 2022 (20 - 26 NOVEMBER)



The sixth edition of Hong Kong Maritime Week (HKMW) is around the corner. Organised by the Hong Kong Maritime and Port Board with the continued support from the Hong Kong Shipowners Association and the Hong Kong Maritime Museum as co-organisers, and the Hong Kong Trade and Development Council and Invest Hong Kong as partners, this year's HKMW will be the maritime industry's focus of attention from 20 to 26 November.

For the very first time, internationally renowned maritime organisations will serve as support organisations to promote this flagship maritime event. They include Asian Shipowners' Association (ASA), Baltic and International Maritime Council (BIMCO), China Maritime Law Association (CMLA), China Shipowners' Association (CSA), Comité Maritime International (CMI), Hong Kong Maritime Law Association (HKMLA), International Chamber of Shipping (ICS), Maritime London, and The London Maritime Arbitrators Association (LMAA).

Over 40 industry-led and public events will be organised by over 60 local and international organisations in the HKMW 2022. Look out for further details and a full calendar of events by visiting www.hkmw.hk.

Bluewater's three operating FPSOs are employed on medium- to long-term contracts with reputable counterparties. Contracted to Shell in 1999, the *Haewene Brim*, built in 1996, has been operated on the Pierce field on the UK continental shelf ("UKCS"). The vessel has a contracted EBITDA-backlog of \$116 million with \$51 million in options. The contract ends in December 2026 and includes an indefinite number of options with a 12-month termination notice. Shell recently completed a \$350 million topside upgrade of the vessel allowing the FPSO to export gas in addition to oil. With that improvement and the likely extension of the field life to 2030, the options are likely to be exercised.

Designed by Bluewater with a new dedicated FPSO hull, the *Bleo Holm* was built in 1997 at the Hitachi shipyard in Japan. The vessel is on bareboat charter to Repsol and operates on the Bleo Holm Area on the UKCS where it commenced operations in 1999. The charter period extends until December 2024 with annual extension options thereafter. The vessel's firm contracted EBITDA-backlog is \$69 million with \$190 million in options including \$86 million relating to the production tariff from further Blake infill and the development of the Tain field. Again, the life expectancy of the field is through 2030.

The *Aoka Mizu* was ordered by Bluewater and constructed by Hitachi Shipyard in 1999. In 2017, the company entered into an EPC, lease and O&M agreement with Hurricane Energy for the Lancaster field and the vessel was refitted for its new location. Currently, the vessel is on its second contract, a time charter, with Hurricane and will remain operational on the Lancaster field until

the field's end of life which is expected in December 2024. Meanwhile, the *Aoka Mizu* has contracted EBITDA-backlog of \$114 million. The company is currently exploring opportunities for redeployment beyond 2024.

Currently laid-up in Indonesia with an annual lay-up budget of \$2.5 million, the *Glas Dowl* was built as an oil tanker in Japan in 1995 and was subsequently converted to an FPSO at Sembawang Shipyard in Singapore. Built in 1996 at the Samsung shipyard in south Korea as a multi-purpose shuttle tanker, the *Munin* was converted by its previous owners into a FPSO at Jurong Shipyard in Singapore and was acquired by Bluewater in 2001. The vessel is currently laid up offshore in Malaysia with an annual lay-up budget of \$0.8 million. The *Munin* is recognized by the industry as an excellent candidate for redeployment in harsh environments. Tendering activity has picked up and opportunities for both vessels have been identified and targeted.

In total, Bluewater's EBITDA's contracted backlog totals \$302 million with a potential for a further \$240 million if all options are exercised. Earnings are stable as a large portion of contract revenues is fixed day rates and production-based tariffs. The high cash flow visibility provides significant de-leveraging capacity against a beginning opening leverage of 1.9x and an EBITDA-backlog to net debt of 1.7x. Performance counts and the company has a remarkable history of paying down its debt since its first issuance; in fact, since 2007 the company has reduced debt to \$240 million from \$1.174 billion.

**MARINE
M O N E Y**

**Marine Finance Forum
New Orleans
November 30, 2022
Four Seasons Hotel, New Orleans**

WWW.MARINEMONEY.COM

FPSOs are essential and cost-effective infrastructure for oil production, storage, and offloading. FPSO field development has a substantial global presence providing strong market fundamentals. The good news and the bad is that each FPSO is a bespoke key infrastructure asset which is purpose built towards a specific field, hence the replacement cost for operators is high. To relocate the vessel to other fields requires significant modification and large investment, typically covered by the field operators. Competitive advantages revolve around technology, project execution and track record.

The FPSO market has been consolidated with only a few global players with operational experience. There are approximately 215 FPSOs contracted or installed globally, including 30 units on order. Of the fleet, 50% is owned directly by oil companies and 50% by leasing companies, like Bluewater, which number ~10 globally. The North Sea is Bluewater's playground, where there are only three leasing companies active and where FPSOs are subject to more stringent regulatory regimes as well as high technical requirements because of harsh conditions. The fact that they are North Sea compliant does not limit their employment opportunities as they can be remarketed globally due to their high specifications. Bluewater is also just one of three companies which provides integrated services as part of its tendering through its SPM division. Thus, although slightly smaller than most of its FPSO leasing competitors in terms of number of assets, its offering is compatible with some of the more competitive tenders.

The supply side is constrained starting with the 30 units on order which were built, with the exception of one speculative newbuilding, against contracts. Of the new units, 14 will be deployed in Brazil with only four destined to the North Sea. Of the 21 idle units, the majority are not fit or would require significant modifications and upgrades to be suitable for redeployment in the North Sea. And among those, several units due to high capex requirement and low specification are not likely to be competitive for new contracts particularly those that are more complex.

The demand side of the equation is also promising. Historically, new FPSO awards have been linked to new field developments which, in turn are correlated to the price of oil. Following a decline in oil prices and general economic activity during the pandemic,

unit awards hit a historic nadir in 2020. However, activity picked again in 2021 as economic activity picked up and drove energy prices higher. That trend has continued through 2022 as rising oil prices are accelerating the push to move projects through the planning pipeline, leading to a clear increase in sanctioning activity with a high number of expected FIDs in 2023/2024. This is particularly the case in Europe where the ongoing energy crisis has intensified the transition towards an energy independent European Union emphasizing production in markets that are "close to home" for energy security. According to Rystad Energy, 46 FPSOs will be sanctioned over the next four years, with demand mainly from South America where \$30.5 billion will be needed for FPSO greenfield development, followed by West Africa, with \$4.1 billion in investment, and the UK and Norway with another \$4.1 billion. Brazil's Petrobras will account for more than 50% of new FPSO orders to 2025.

For Bluewater, prospects in the North Sea remain strong with Rystad Energy estimating that production will remain stable there through 2030 thus giving support to the argument that the field lives will support the exercise of the options. In addition, new discoveries will drive investment growth there with over 150 forecasted FIDs over the next three years and close to 400 within 2030.

There is, of course, the requisite energy transition strategy. While continuing to harvest existing business in offshore oil and gas, the company will invest in selected renewable projects. The energy transition offers new opportunities for Bluewater's engineering and design expertise, allowing it to utilize its existing relationships with oil and gas producers and service companies to co-develop renewable projects. Its proven engineering capabilities will be useful for the development of renewable energy solutions such as floating wind, E-buoys, ammonia buoy, and floating solar.

It was neither the best of deals nor the worst. What mattered was that it was done on reasonable terms in the midst of economic and geopolitical uncertainty.

DNB Markets and **Pareto Securities** acted as the joint lead managers on the transaction.

2022/2023 FORUM CALENDAR

To view all details about upcoming and previous forums please visit www.marinemoney.com

EVENT	DATE	CITY / TYPE OF EVENT
23rd Ship Finance Forum	Nov 17, 2022	New York City – In-person
Marine Finance Forum – New Orleans	Nov 30, 2022	New Orleans, USA – In-person
14th London Ship Finance Forum	Jan 26, 2023	London – In-person
21st Hamburg Ship Finance Forum	Mar 2, 2023	Hamburg – In-person
2nd Palm Beach Superyacht Finance Forum	Mar 21, 2023	Palm Beach, FL, USA – In-person
17th Dubai Ship Finance Forum	Mar 2023 TBA	Dubai – In-person
15th Hong Kong Ship Finance Forum	Mar 2023 TBA	Hong Kong – In-person
Singapore Ship Finance Forum	Apr 2023 TBA	Singapore – In-person
5th Annual Cyprus Forum	Apr 2023 TBA	Limassol – In-person
23rd Norway Ship & Offshore Finance Forum	May 2023 TBA	Oslo – In-person
10th Houston Offshore Finance Forum	May 2023 TBA	Houston – In-person
35th Marine Money Week	Jun 20-22, 2023	New York City – In-person
Copenhagen Members Only Private Event	Sep 2023 TBA	Copenhagen – In-person
Marine Money – Climate Week	Sep 2023 TBA	New York City – Virtual
16th Monaco Superyacht Finance Forum	Sep 2023 TBA	Monaco – In-person
22nd Marine Money Week Asia	Sep 2023 TBA	Singapore – In-person
25th Greek Ship Finance Forum	Oct 2023 TBA	Athens – In-person
13th China Ship Finance Forum	Nov 2023 TBA	Shanghai – In-person
17th Korea Ship Finance Forum	Nov 2023 TBA	Busan – In-person

WINNERS AND LOSERS



VesselsValue provide latest market intelligence as well as valuation, designed to help existing and potential shipping investors better quantify risk, improve reporting and identify opportunities. VesselsValue products are used by the world's leading commercial and investment banks, private equity, investment and hedge funds, ship owners and operators, traders, lawyers, accountants and brokers.

03/11/2022

THIS WEEKS WINNERS					THIS WEEKS LOSERS				
Dry					Dry				
Type (dwt)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*	Type (dwt)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*
					Cape (180k)	-\$0.56	-\$4.92	6.19%	1.33%
					Handy (30k)	-\$0.41	-\$5.92	7.16%	0.78%
					Panamax (80k)	-\$0.34	-\$5.45	5.82%	-3.08%
					Supra (60k)	-\$0.31	-\$7.48	6.59%	-2.99%
Wet					Wet				
Type (dwt)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*	Type (dwt)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*
VLCC (310k)	\$0.39	\$16.02	4.39%	-0.06%	Aframax (110k)	-\$0.02	\$16.67	5.95%	-3.24%
Suezmax (160k)	\$0.29	\$9.32	4.21%	-0.19%	LR1 (75k)	-\$0.02	\$16.89	5.19%	-3.30%
MR2 (50k)	\$0.04	\$11.29	4.68%	-1.76%					
Container					Container				
Type (teu)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*	Type (teu)	Week Change \$*	Year Change \$*	Annual Volatility*	YoY Volatility Change*
					P-Panamax (7,000)	-\$5.17	-\$55.28	11.11%	4.77%
					Panamax (4,250)	-\$4.22	-\$51.93	9.42%	-1.81%
					Sub Pmax (2,500)	-\$1.96	-\$35.00	10.75%	-0.64%
					Handy (1,400)	-\$1.55	-\$24.42	12.04%	-0.06%
					Feedermax (750)	-\$1.21	-\$28.80	8.02%	-2.82%

*The \$ change in value is for standard specification resale vessels from top quality yards over the previous week or year

** "Volatility" is calculated as the standard deviation of the changes in values across the rolling calendar year (expressed as a %)

*** "Volatility trend" is the change in volatility over the previous rolling calendar year

Please visit our website for more information vesselsvalue.com

Follow us



MEMBERSHIP TIERS

STANDARD	PRO	CORPORATE
STANDARD MEMBERSHIP GIVES YOU: <ul style="list-style-type: none"> • Weekly Market Analysis • Monthly Deal Roundups • Quarterly Magazine (online only) • Deal Database Access • Conference & Editorial Archive 	PRO MEMBERSHIP GIVES YOU EVERYTHING IN THE STANDARD MEMBERSHIP PLUS: <ul style="list-style-type: none"> • Discounts to our events • Access to members-only events • Physical copies of the quarterly magazine • Complimentary industry book • Access to concierge service 	CORPORATE MEMBERSHIP GIVES YOU EVERYTHING IN THE PRO MEMBERSHIP PLUS: <ul style="list-style-type: none"> • Multiple digital logins • Multiple conference delegate discounts • Advertising discounts

Standard Membership ☐ One year: \$995 ☐ Two years: \$1,791 ☐ Three years: \$2,537

Pro Membership ☐ One year: \$1490 ☐ Two years: \$2,533 ☐ Three years: \$3,756

Corporate Membership: contact ichia@marinemoney.com for custom offer and separate invoice.

*(Outside North America, please add \$125 postage per year for postage if choosing the Pro Membership.)
(Connecticut Residents please add 6.35% Sales tax to Marine Money Magazine and Marine Money Online.)*

Membership will begin upon receipt of payment.

Mrs./Ms./Mr./Dr./Capt. _____
First Name Last Name

Company _____ Job Position _____

Address _____
International subscribers must provide a street mailing/delivery address.

City _____ Region/State _____ Postal/Zip _____ Country _____

Phone _____ Fax _____ Email _____

3 easy ways to process your membership...

ONLINE <https://www.marinemoney.com/join>

MAIL your completed form, along with a check in USD drawn on a bank with a US branch, to:

International Marketing Strategies, Inc.,
100 First Stamford Place, 6th Floor, Stamford, CT 06902 USA.
Please make checks payable to International Marketing Strategies, Inc.
in US dollars drawn on a bank with a US branch.

INVOICE Remit completed form to egrevatt@marinemoney.com and an invoice will be emailed to you.

For membership details email ichia@marinemoney.com For billing details email egrevatt@marinemoney.com