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Bibby poised to buy further ships when price is right

Market recovery key to shipping reinvestment

Felicity Landon

LIVERPOOL-based Bibby Line Group has cash ready and is looking to snap up ships "at the right price" in the current market, managing director Sir Michael Bibby has declared.

The group, which sold a series of liquefied petroleum gas tankers, jack-ups and chemical tankers between 2005 and 2007, took delivery of the 57,000 dwt dry bulk carrier *Shropshire* from Yangzhou Guoyu Shipbuilding in July this year but has no other major capital projects being built and no funding demands, said Sir Michael.

"We have a strong balance sheet and spare cash. We have a definite intention to be behind more vessels now that the prices have come down," he said. "We need to find the right opportunities — it is a matter of evaluating which markets are going to recover quickest. We want to make best use of our funds and do the best deals."

The delivery of the *Shropshire* was significant in terms of Bibby's strategic development because the group had been selling ships during the shipping boom years, said Sir Michael. "The *Shropshire* is effectively the first ship in our reinvestment programme, having sold at the right time in the cycle," he said. "We said we were selling ships but not leaving shipping. It is only when you reinvest that people realise that we read the markets. Basically, we got good prices for the ships. We definitely are a shipping company, have been for 200 years and want to be for another 200 years."

The *Shropshire*, delivered to the group's marine division, Bibby Line, is on a 12-month timecharter to STX, which Bibby was able to secure as the market showed signs of recovery, said Sir Michael.

Aberdeen-based Bibby Offshore, meanwhile, has seen good utilisation of its three dive-support vessels during the summer.

Sir Michael, the sixth-generation Bibby to lead the group since it was founded by John Bibby in 1807, said that as a result of selling at the right time, the group's exposure to the shipping markets' woes was "quite small".

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>
> **Michael Bibby**

Michael Bibby: strategy is playing out as expected with earnings still coming in from the ships the group has retained.

"We managed to take funds out of shipping and invest in others areas."

The group's diversification has taken it into woodland burial sites and, more recently, into retail.

In August 2007 Bibby acquired a 51% share of supermarket chain Costcutter, which has just reported a 10% increase in year-on-year sales. In the same sector, Bibby has just made an unsuccessful second takeover bid for Nisa-Today.

"We are looking to expand our presence in the retail sector," said Sir Michael.

As it stands today, the Bibby Line Group fleet includes, apart from the *Shropshire*, a small bulk carrier, one chemical carrier, three dive-support vessels and eight accommodation barges, and the group has a 25% share in Foreland Shipping, which has six ro-ro vessels and a long-term contract with the Ministry of Defence.

"Our strategy is playing out roughly as we expected; we are still earning from the ships we have, and we are now looking to reinvest more in the cyclical markets," said Sir Michael. "We don't gamble at the extremes so we don't get the extreme highs — or the extreme lows."

• Bibby Ship Management has announced it has trained more than 1,000 graduates at its dynamic positioning training facility in Mumbai.

The centre, opened in April 2006, offers training in dynamic positioning, global maritime distress and safety system, and welding to seafarers.

Meanwhile, industry services provider Maritronics has appointed BSM as its firm of consultants as it seeks to boost its Middle East training.

The deal will see BSM supply instructors to lead DP operator courses at Maritronics' Dubai training centre.

BSM operates as an independent business, with almost all its work now being for third-party clients, said Sir Michael.

"We have attracted new business and we now have offices in Ukraine, India, Singapore, Isle of Man and the Philippines, as well as here in the UK."

Shippers' global group to beef up its influence
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Arctic Sea in Las Palmas as investigation closes

ARCTIC Sea, the Russian-owned general cargoship apparently hijacked in European waters this summer, was set to arrive in Las Palmas on Friday evening following the completion of Russian investigations into the case.

Well-placed maritime industry sources in the Gran Canaria port, who did not wish to be named, confirmed that permission had been achieved from the Guardia Civil police force.

A prominent local shipping agent will carry out an inspection on behalf of insurance interests, albeit strictly from a business perspective and with no intention of getting caught up in the political controversy surrounding the vessel, Lloyd's List has been told.

Meanwhile, a spat between Russia and flag state Malta has broken out over who should be responsible for *Arctic Sea* once it arrives in Las Palmas, especially the matter of who should foot the bill for port fees and other expenses accrued now that owner Solchart has declared itself bankrupt.

Russia has called on the Malta Maritime Authority to accept a handover of the vessel. However, the investigators charge that they have received an official note from the Maltese embassy in Russia, declining to do so.

Malta Maritime Authority issued a statement in which it said: "Malta as the flag state of the ship has always maintained that it has no right to assume the ownership of the ship since it is not the rightful owner of the ship and therefore the ship should be handed over to the shipowner."

Malta stressed that it was "in no way renouncing" any of its obligations under international conventions. Seaworthiness will be ensured through class surveyors and flag state inspectors, who will attend the ship in Las Palmas to confirm full compliance with international standards.

A representative of the Malta Maritime Authority said she did not wish to comment further on the matter and invited questions by email. No response had been received as Lloyd's List went to press, leaving it unclear as to how this issue has been resolved.

DOF Installer raises ship funds

NORWEGIAN shipowner DOF Installer has raised another NKr40m ($6.8m) to help pay for four ships it has under construction in Norway, *writes Martyn Wingrove.*

The Oslo-listed company, which is an affiliate of the DOF Group, raised the funds through a share placement with Scandinavian private investors, issuing 800,000 shares at a price of NKr50 per share.

DOF Installer, which is controlled by Norwegian shipping entrepreneur Mons Aase, has four large anchor-handling vessels on order from STX Europe's yard in Aukra and needed the finance to meet the next phase of payments.

The first ship was scheduled to be delivered this year and the other three by 2011. STX Europe said it will deliver two of these anchor-handlers to DOF next year.

The ships will have deck equipment to deploy remotely operated vehicles and 250-tonne offshore cranes.

Oslo-based bank Pareto Securities managed the private placement of shares.