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(Seatrade)

The Heidmar-Pleiades Pool - How it should be done?

Consolidation has been the buzzword for the tanker industry for a couple of years. Bigger units are easier to finance, particularly in the capital markets, and economies of scale should generate lower costs/more consistent earnings.

So far however, there have been precious few deals that you could point to as shining examples of the theory. Though just a joint marketing arrangement at the moment, the Heidmar-Pleiades Panamax tanker pool seems to have the potential.

The venture pools Heidenreich's 10 time-chartered vessels with Pleiades 10 owned/operated ships. Pleiades North American chartering operation headed by Costas Brillis moves into the Heidenreich offices.

Together they have about 20% of the Americas Panamax market which suggests genuine industrial logic. The market is self-contained as there are few opportunities for arbitrage so ships don't flood in from other areas, and there are a handful of key players. Greater access to charterers and the ability and flexibility to handle bigger coas are the main rationale for the deal.

The new venture will surely be tempted to create a joint ownership venture down the line - particularly when it comes to financing newbuilding programmes which comprise up to six ships for each party including options.

Heidmar principal Per Heidenreich, in London with Pleiades chairman Constantine Peraticos to explain the new venture, joked to SWN: "We have just got married, let's get through the honeymoon first." However both indicated they were open to further developments.

On the earnings side, the opportunity to beat the average in the Americas Panamax tanker market seems to be greater than in others if you have the expertise.

Heidenreich says utilisation on his ships was 80% last year and he would expect to beat that through the joint venture. A VLCC owner would die for rates like that.