Date: Oct 23, 1998
(TradeWinds)

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Heidmar Atlantic pool is set to grow stronger

Per Heidenreich, head of the tanker pool Heidenreich Marine (Heidmar), will lose money for only the second year in the past decade as 1998 closes. Heidenreich sees opportunities and not limits in the weak tanker market. "Because Panamax rates have been poor owners are actually more interested in joining the Heidmar tanker pool in the Atlantic," he says. This suits Heidenreich just fine as he is attempting to increase his market share from 22% to 23%, already the largest in the region, to between 35% and 40%.

"When the market is good everyone is happy to go their own way," Heidenreich said. "Nobody is that concerned that they could have made $18,000 a day when they re making $16,000 but a lot of people aren't happy to be making $9,000 when they could have made $11,000." Taking advantage of a poor market is nothing new for 54-year-old Heidenreich.

This is essentially how he founded the company in 1984 after setting out on his own following a long career as a manager for Stolt-Nielsen. He began by persuading a bank in his native Norway, which had repossessed two product tankers, to allow his fledgling company to manage the vessels.

From that modest foothold Heidenreich now operates a fleet of 32 tankers in the Atlantic and Asia where the company has a Singapore-based joint venture with OMI Corp. Heidmar employs more than 30 staff at offices in Greenwich, London and Singapore.

From his offices overlooking a bustling downtown street in one of America s wealthiest communities he discusses the company's future. He says the OMI product-tanker venture and a tanker pool with Pleiades Shipping of Greece in the Atlantic are working fine and should continue despite a bad market in both sectors. "The OMI product-tanker pool is probably faring better than the Caribbean Basin venture even with Asia s economic woes," he says. Heidmar is also looking for a joint-venture partner in China and has been in talks with shipowners in the region whom he refuses to identify. He suggests a prospective partner could place vessels in both pools. Heidmar still intends to take delivery of two 66,750-dwt tanker newbuildings from Korea's troubled Halla Shipyard in 1999 and steel has been cut for the vessels. Heidenreich admits he is concerned Halla has not come to terms with its creditors and is monitoring the situation carefully. The company will finance the vessels through its own equity and traditional bank debt.

Both ships, priced at $34.5m each, are wider than a Panamax beam. Heidenreich admits it would like to build a total of four vessels because it feels its fleet is too old. If it builds ships three and four, it is likely to sell and charter them back.

In addition the company will not explore a public equity offering but may consider a convertible bond issue if it needs to raise capital. "One thing that will not change," Heidenreich says, "is Heidmar's bedrock philosophy own less tonnage; charter in tankers for short terms, generally six to 12 months; employ them on the spot market with a client base that includes Exxon and other oil majors and make money off the margin between the two rates." The company owns only 49% of one tanker, the 61,391-dwt Heidmar Spirit (built 1982). Heidenreich says it likes contracts of affreightment, which occupy some 30% of its tonnage.

"That formula has been profitable for us every year since 1988 with the exception of the market collapse in 1992 and now this year," he said, quickly adding that this year s losses do not approach those from six years ago.

"We re not asset players, we re not the hardware people. We are software people with expertise in marketing and technically managing quality tonnage especially in the Panamax niche," he adds.