

LAURITZEN NEWS # 8

March 2008



Loading logs in Uruguay

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OCEANS OF KNOW-HOW

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Dear Reader,

Our growth strategies continued through 2007 with further fleet expansion in bulk, gas and product tankers and our newbuilding programme is the biggest we have ever recorded.

I am also pleased to report that, despite the slowing of the world economy, the outlook for 2008 is positive and that earnings before tax are expected to be at the same level as 2007.

In September 2007 we moved back to our head office on the Copenhagen waterfront after a year of extensive renovation and refurbishment works. We are extremely satisfied with the result and we are looking forward to welcoming customers, business associates and friends to our fantastic office building. This issue of Lauritzen News is accompanied by a special supplement on the building, its renovation, its history, and its historic neighbourhood. I trust that you will find it an interesting read.

At the beginning of 2008, we introduced a LEAN project to provide further support for JL's ambitious growth strategies and to enhance our ability to cope with constantly changing business conditions. The project is now well underway and it has gained widespread support throughout the organisation. We have decided that the project will be referred to as "Project world-class" since it is intimately interlinked with our "world-class" vision and values.

In February 2008, a workshop organised by the Danish Maritime Authority and the Danish Maritime Fund was held in Copenhagen with the aim of supporting upcoming discussions in the Marine Environment Protection Committee of the International Maritime Committee (IMO). The workshop concluded that in spite of the fact that shipping is the most energy efficient mode of transport and the backbone of global trade, the shipping industry does acknowledge the need for further reduction of gas emissions from shipping in terms of emissions per unit of transport work.

As the Chairman of the Danish Shipowners' Association, I fully agree with the need to further reduce emissions from our operations. However, it is paramount that solutions are obtained internationally via IMO and thus applicable to all ships irrespective of flag. International solutions are necessary to establish a level playing field; otherwise ships with the highest and most costly standards will lose out to ships on registers with lower standards with the result of higher global emissions to the detriment of the environment.

JL is at the forefront when it comes to protection of the environment and in 2007 Lauritzen Fleet Management was awarded ISO14001 accreditation for its environmental management system. This includes initiatives to improve propulsion performance, for example by optimising power plant efficiency and hull/propeller resistance, garbage handling and the use of chemical substances aboard. Further, JL considers environmental factors at an early stage in ship design and strictly complies with the regulations, systems and procedures put in place to safeguard the environment.

Climate discussions will intensify as we approach the UN climate summit in Copenhagen next year. As a responsible and accountable shipping company, JL will continue to take part in and contribute constructively to these discussions.

Sincerely,

Torben Janholt
President & CEO

I am proud to report that with earnings of USD 342 million in 2007, JL's financial performance was not only significantly better than expected and most satisfactory but also the best ever achieved by the Group. My sincere thanks go to all employees at sea or ashore for their dedication and professionalism, without which our financial achievements would not be possible.

*Torben Janholt,
President and CEO*



Record results in 2007

2007 was a very good year for J. Lauritzen (JL) with the best ever results reported for the Group. The fleet expansion continued and additional newbuilding orders were placed for capesize and handysize bulk carriers, ethylene gas carriers and MR product tankers.

Result for the year

JL's 2007 result was USD 342 million up from USD 124 million in 2006 and included profits from sale of vessels and other assets of USD 79 million up from 44 million in 2006. The result was better than expected and very satisfactory.

Return on invested capital was 38.4% compared to 25.7% in 2006. When excluding prepayments on newbuildings not generating revenues until delivery from yard, the return on invested capital was 65.2% compared to 36.1% in 2006. Return on equity was 40.9% compared to 19.3% in 2006.

Revenues totaled USD 657 million compared to USD 460 million in 2006 due mainly to the very strong bulk market.

Lauritzen Bulkera was the main contributor to JL's 2007 earnings, but Lauritzen Kosan, Lauritzen Tankers and Lauritzen Reefers all contributed positively to the result.

Lauritzen Bulkera strengthened its presence in the capesize bulk carrier segment by ordering six newbuildings. Two handysize newbuildings were also ordered and part ownership was acquired in six additional newbuildings.

Lauritzen Kosan took delivery of its first technologically innovative and environmentally friendly ethylene gas carriers and three additional ethylene newbuildings were acquired.

Lauritzen Tankers continued the expansion of its MR product tanker fleet through the contracting of eight additional newbuildings. Furthermore, Lauritzen Tankers initiated conversion projects aiming at the fast growing markets in the off-shore oil exploration and production sectors.

JL's operational involvement in the reefer business was terminated with the sale of its 50% holding in NYKLauritzenCool to NYK Reefers Limited. The transaction marked the end of an era that spanned more than

2007 proved to be the best year ever for JL. The outlook for 2008 is also positive, however the present liquidity crisis and the effect of a possible US recession increase the uncertainty. Business opportunities occur in volatile markets; seen from JL's viewpoint the present liquidity crisis may represent more upside than downside.



*Birgit Aagaard-Svendsen,
Executive Vice President and CFO.*

Key figures USDm

Full year

	2007	2006
Revenue	674.3	474.8
EBITDA	262.5	100.1
Depreciation	(34.2)	(27.2)
Sale of assets	76.6	44.5
Operating income	304.9	117.4
Associates	24.4	9.7
Finance net	22.7	9.2
Result before tax	352.0	136.3
Net result	341.5	124.4
Invested capital (average)	858.5	493.8
ROIC	38.4%	25.7%
ROIC (excl prepayments)	65.2%	36.1%
Investments, net	335.4	243.7
Invested capital (period end)	1,086.8	630.2
-hereof prepayments	495.9	211.4
Fleet (full year average)	147	184
- hereof pool/partner share	59	91
Average no. of employees	575	839

JL's growth strategies continued in 2007 with further investments in fleet expansion resulting in the largest ever newbuilding portfolio for the Group. Significant additional investment capacity allows further expansion. Satisfactory earnings are also expected in 2008.

a century and the end of a constructive partnership with NYK.

JL controlled an average fleet of 147 vessels compared to 184 vessels in 2006. The decline was due to JL's exit from the small gas carrier segment at the end of 2006 and from the reefer business in 2007; however, deliveries of newbuildings will expand the JL controlled fleet considerably in coming years.

Investments

At year-end, the invested capital amount to USD 1.1 billion compared to USD 714 million at year-end 2006.

During the year, JL's investment in fleet expansion totaled USD 542 million compared to USD 365 million in 2006. Divestments of vessels and other assets amounted to USD 207 million compared to USD 121 million in 2006.

JL's healthy balance sheet with a solvency ratio of 71% at year-end

2007 provides room for further growth and in addition to already committed newbuilding investments, JL's supplementary investment capacity is above USD 1 billion.

At the end of 2007, JL's order book of owned, part-owned and time-chartered newbuildings comprised 66 vessels, including 41 bulk carriers, 9 gas carriers and 16 product tankers. Partners will deliver 12 additional newbuildings to the fleet controlled by JL.

The newbuilding portfolio is the largest ever recorded by JL and confirms the Group's ambitious growth strategy.

After year-end

After year-end 2007, Lauritzen Bulkcarriers acquired a handymax bulk carrier that was subsequently sold and ordered a handysize bulk carrier newbuilding.

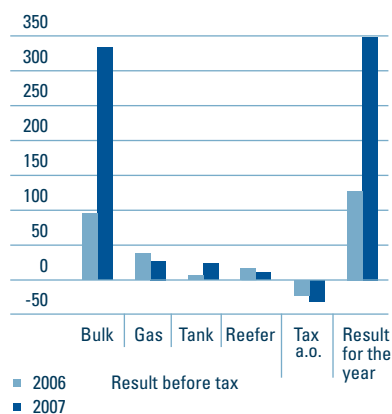
Furthermore, long period charters were concluded for two capesize and two handymax newbuildings on delivery from the yard.

Finally, Lauritzen Kosan took delivery of another ethylene gas carrier newbuilding from Sekwang Heavy Industries, Korea.

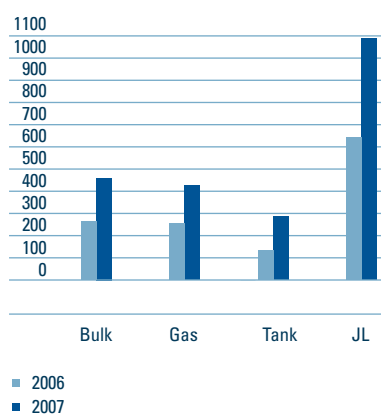
Outlook

In 2008, profits before tax are expected to be at the same level as the one of 2007 and will include gains from already agreed sale of vessels.

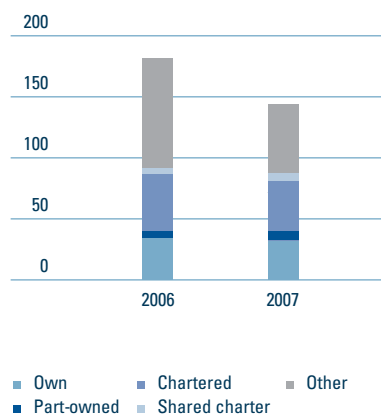
Results for the year, USDm



Invested capital year-end USDm



Average number of vessels



For further details on JL's 2007 Annual Report, please visit our website: www.j-l.com

Loading logs



in Uruguay

“My main job is to act as a go-between for the ship owner and shipper, to help everyone work smoothly together.”

Jens Christian Jensen, Senior Operations Manager, Lauritzen Bulkers

After several years out of the business, Lauritzen Bulkers resumes shipment of eucalyptus logs from Montevideo.

Eucalyptus logs are highly valued by the paper industry, particularly for high-quality printing and writing paper for office use. South American countries such as Argentina and Uruguay offer excellent growing conditions for eucalyptus trees. So it is not surprising that Lauritzen Bulkers finds itself back in the business of transporting logs from Montevideo, Uruguay, to a paper mill in Tofte, not far from Oslo, Norway. The first shipment took place at the end of October 2007 and was performed by the *Kavo Alexandros II* (ex *Baltic Bulker*), which arrived Montevideo 25 October, completed loading, and sailed off again four days later.

Eucalyptus logs, shipped in huge bundles, are not a run-of-the-mill bulk cargo. The bundles present a loading challenge quite different from more typical cargoes such as cereals, coal, ore, or cement – which is why Jens Christian Jensen, senior operations manager for Lauritzen Bulkers, was on hand in Montevideo to help oversee the process. “The bundles of eucalyptus logs require careful handling and stowage to maximize cargo intake in the holds,” he says. “Additional bundles are stowed on the decks, and these have to be carefully secured with cargo chains. To keep the loading process moving efficiently, the on-deck

lashings have to be prepared while the holds are being loaded – otherwise we could easily lose a day’s loading time.”

Loading bundled logs can be dangerous work for the stevedores, so caution and efficient operation have to be carefully balanced. Luck plays a part, too – if it rains on the logs they become too slippery to handle safely and need a period of at least six hours to dry out. Loading of the first shipment was accomplished in about three days. “As always, there were a few unexpected surprises,” says Jens Christian Jensen, “but nothing we weren’t able to handle. My main job is to act as a go-between for the ship owner and shipper, to help everyone work smoothly together. I’d say this time we were successful.” As of this writing, he is putting his experience to the test again, back in Montevideo to assist with the loading of shipment number two.



Eucalyptus logs and paper production

Eucalyptus fibre and pulp are valued by the paper industry because they:

- Ensure excellent paper quality.
- Provide important characteristics like stiffness, weight, and opacity.
- Give paper unmatched performance and excellent printing quality.
- Enable production of high-quality paper using fewer resources.
- Produce paper that is easily recycled into high-quality products.

End products produced from eucalyptus logs include paper for:

- Printing of newspapers, magazines and, books.
- Household use, such as toilet paper and paper towels.
- Business use, such as copy paper and containers.

Partnerships - in pursuit of common goals

In increasingly competitive markets, partnerships help JL maximise business opportunities.

J. Lauritzen is pursuing an aggressive growth strategy through a combination of organic development, acquisitions, and, not least, through various forms of partnerships. Strong partnerships have been achieved within all business areas, and growth through partnerships is an integrated and important part of JL's overall corporate strategy.

A partnership is a cooperative relationship between two or more organisations sharing activities, resources, competencies, benefits, and risks in pursuit of common goals. "This kind of collaborative venture has become frequent in a broad range of industries because organisations can't always cope with increasingly complex business environments from internal resources and competencies alone," says

Jens Søndergaard, vice president of J. Lauritzen.

Motives

There are a number of reasons for the creation of partnerships. The most important of which are the need for:

- Gaining critical mass and economies of scale in global markets.
- Obtaining synergy by leveraging assets, resources, capabilities, etc.
- Allowing each partner to concentrate on activities that maximise the utilisation of their individual capabilities.

Types

Partnerships assume a variety of forms and legal structures and they also differ in terms of strategic objective, logic of value creation, capital commitments, sharing of risks and rewards, etc. They may be formalised mutual

relationships or just loose networks with no shareholding and only limited financial capital or fixed assets involved.

Successful partnerships

The success of partnerships is dependent on how they are managed and how the involved parties foster the evolution of the partnership. For example, a clear strategic purpose for the partnership together with strong senior management commitment is paramount.

However, trust is probably the single most important ingredient of success and a major reason for failure if it is absent. "Trust is vital, as it concerns whether partners trust each other's motives and are compatible in terms of attitudes to integrity, openness, discretion, and consistency of behaviour," says Jens Søndergaard.

"This kind of collaborative venture has become frequent in a broad range of industries because organisations can't always cope with increasingly complex business environments from internal resources and competencies alone."

*Jens Søndergaard
Vice President, J. Lauritzen.*



*Jan Kastrup-Nielsen
President
Lauritzen Kosan*



*Anders Mortensen
President
Lauritzen Tankers*



*Jens Ditlev Lauritzen
President
Lauritzen Bulkers*

Lauritzen Kosan

Jan Kastrup-Nielsen, president of Lauritzen Kosan, emphasises the importance of a shared outlook. “We’ve entered into partnerships with a view to building a total fleet large enough to cater to the biggest customers in the market, especially on the ethylene side,” he says. “But our first concern is always to find partners who share our business aims and our ideas about quality shipping. Our two major partners, Allocean and LGR Navigazione, both meet those standards. It’s also a case of mutual convenience, as neither Allocean nor LGR had a major focus on the gas market and both wanted to build a presence there – so we’ve all gained from working together.”

Lauritzen Tankers

A similar pattern holds true for Lauritzen Tankers. Through a joint venture operation with a partner, Lauritzen Tankers has increased its ability to provide long-term charters to major oil traders. “Oil traders need to be invested in shipping, but it’s not their core business,” says Anders Mortensen, president of Lauritzen Tankers. “The partnership helps us pinpoint cargoes that best utilise our ships, and the oil companies in turn are assured of the ships they need to transport their oil.”

Lauritzen Bulkers

Lauritzen Bulkers is involved in a wide range of partnerships that vary in purpose and structure, from fleet sharing to ship management and investment opportunities. With Island View Shipping (IVS), for example, South Africa’s largest bulk shipping operator, Lauritzen Bulkers commercially operates the IVS fleet and also jointly owns a Singapore-based company that owns and operates Handysize ships. Additionally Lauritzen Bulkers works with several other partners to share ship operation and ownership, is part owner of New Century Overseas (NCO), a ship management company, and also of Zuper Logistics, a company in India that specializes in leasing grabs.

Jens Ditlev Lauritzen, president of Lauritzen Bulkers, points out that there are common underlying principles to all these connections: “Our partnerships allow us to build and utilise a growing network of resources, which also helps us to minimise risk. They also open the door to a greater variety of new business opportunities, especially in shared ownership situations. Part ownership of the ship management company is a slightly different matter, but as our newbuildings will be managed by NCO, it was to our advantage to gain a direct say in how the company progresses.”





Final report on JL's renovation and rebuilding project

Claus Pavar headed up JL's project group. He gives a start-to-finish account of the dramatic renovation of the company's grand old headquarters building on Sankt Annæ Plads.

Staff saw the very first preliminary project outline and ideas for a major rebuild of JL's head office at Sankt Annæ Plads 28 in early 2006. This was long before the lead contractor had been selected to make the dream come true, and also even before getting a green light to go ahead with the project.

During the following couple of months, the JL project group worked with JL's consulting architects and engineers (Engstrøm Architects MAA, D&N Engineers A/S, Gert Carstensen A/S and COWI A/S) on the layout of offices, functionality, and facilities. Above all, we wanted to ensure that JL's fine old mansion on the Copenhagen waterfront would be transformed into an open, modern office building with lots of logistic flexibility while retaining its unique maritime atmosphere and spirit.

Emphasis on partnering

After final internal project approval and planning permission from the Municipality of Copenhagen, three top-class contractors were selected – Pihl, MT Højgaard and NCC. All three have impressive track records for building and renovating commercial property. They were also prepared to employ the so-called partnering system on the contract. Partnering, a business relationship that benefits all parties involved and builds on trust, openness and mutual respect, was in fact one of the pre-conditions in our specification for tenders submitted to the contractors on 11 May 2006.

The contractors' had to submit their bids by noon 31 May 2006. As it turned out, only NCC actually submitted a bid. After tough negotiations and detailed reviews of the project and budgets, JL finally signed the contract and partnering agreement with NCC on 20 September 2006. The final total budget for renovating and rebuilding about 6,500 m² office space plus a new 500 m³ basement plant and machinery facility was DKK 72.4m.

There and back

Our original intention was to stay on-site and operate as normal during the construction work, but we soon realized that this was really not feasible. So, we decided to relocate everyone to temporary premises on Amager Strandvej at the end of September 2006 and return a year later to our Copenhagen waterfront. We can now confidently claim to have the best office facilities in the city, in a fantastic, inspirational environment.

NCC started construction work on 2 October 2006. The contract called for them to complete and return the building to JL on 8 October 2007. On completion of the project, the total cost including extra work we asked for, unforeseen expenses, and various design and project changes, was DKK 83.1m. The building was officially handed over to JL on 19 September 2007; an overrun of some DKK 10m but almost three weeks ahead of schedule.

Good chemistry

As so often in major projects, there were various unforeseen and expensive challenges during rebuilding. These included contaminated soil, rising groundwater, prehistoric finds, heavy rain, storms, lack of labour and shortages of building materials, price rises, etc., all of which contributed to the overrun. Actually after having signed the contract, JL decided to include some extra work in the project, such as renovating the canteen kitchen. In the end, however, NCC's team on-site, headed up by project manager Morten Tranberg, worked brilliantly with our consulting architects and engineers, due in part to the partnering agreement, shared values and targets, but also to good chemistry between the people involved.

In order to keep up the spirits of the workers on site, a few minor breaks in the hard daily round during construction were arranged, such as a small Christmas gathering, a ceremony to mark raising the roof, which included official speeches from JL, the architects and the lead contractor; a hot-dog stand also turned up one day, with free sausages for everyone. Such events proved very popular and provided a good boost for working together and getting on with the job.

Successful outcome

Unfortunately, JL's aim of completing the project with no defects was not entirely successful as there were problems with the heating, ventilation, and air-conditioning systems. Right from the start of this project, everyone focused on safety. The general level of health and safety awareness was very high among workers and others on-site. Only three minor personal accidents occurred during construction, which is excellent considering that the project required more than 100,000 man-hours.

It is now some six months since we returned to our head office. All offices have been redecorated and refurbished. The building faces the Copenhagen waterfront, with the Copenhagen Opera just across the water and with the new Royal Playhouse just next door. All along, JL's main aim has been to create an efficient, up-to-date, inspirational office environment – one which will help JL attract and retain first-rate employees in a highly competitive world. We truly believe that we have successfully achieved this.

For more information, be sure to read the special supplement that comes with this issue of Lauritzen News. It contains in-depth articles – written by Peter Olesen, a well-known writer about Copenhagen architecture – on the history of the J. Lauritzen headquarters building and the surrounding Sankt Annæ Plads neighbourhood.



New Lauritzen Kosan ethylene gas carriers lead the way in networking and communications capabilities.

In a sea change as dramatic as the advent of broadband satellite communications that first linked ships to shore, information technology (IT) is reshaping the way vessels operate. JL is at the forefront of this maritime revolution. By this April, five of the advanced new ethylene gas carriers from the Sekwang shipyard in South Korea will have been equipped with satellite Internet access and all the latest IT hardware. One older vessel has already been retrofitted, and within the next two to three years the aim is to have the majority of ships managed by Lauritzen Fleet Management (LFM) similarly equipped. “Within ten years, this will be a worldwide standard,” says Steen Forsberg, superintendent (IT) of Lauritzen Fleet Management, “so it’s fair to say that JL and Lauritzen Kosan are well ahead of the curve.”

Each ship has one server and ten computers on board. The satellite broadband-equipped vessels can be identified by their distinctive communications domes, which make the ships capable of round-the-clock high-speed Internet connection anywhere in the world. One of the ships has a VPN (virtual private network) connection with Copenhagen headquarters. This means that the ship’s computers are fully integrated into the corporate IT network, and that headquarters has the capability to access shipboard computers to provide software updates and maintenance. Full-time Internet and VPN connections also enable fast updates of a wide range of vital information, including weather forecasts and navigation charts. The optimal solution is to have VPN connections on all the vessels with satellite broadband.

IT at sea



Staying connected

In the future, headquarters will also be able to remotely monitor many ship functions, such as the engine and gas control systems. Until now, if an engine or gas control problem couldn't be solved onboard, a repair technician had to be sent to the ship. With remote monitoring, problems can be identified – and hopefully repaired – remotely by working together with the ship's officers, which is a much faster and less expensive system. "Most of these capabilities will be tested and integrated during the next years," says Steen Forsberg.

In addition to being ahead of the industry in onboard IT capability, Steen Forsberg also points out something else that sets JL apart: permanent Internet access will be available to the entire crew. As reported last year in

this magazine, the new technology will make it possible for crew members of all nationalities to stay in close touch with home, even while on the high seas. Internet telephony and web-cameras will provide more frequent, flexible, and satisfying – not to mention less expensive – contact with family and friends, whether in Denmark or

the Philippines or elsewhere. The system will also make it easy for crew members to remain part of their local communities through online newspapers, or to take care of personal business, such as online banking.



Lauritzen Fleet Management achieves global quality standard for environmental management



Close cooperation between the head office and fleet vessels results in rapid ISO 14001:2004 certification.

Ask anyone who's been through the process: achieving ISO certification is not an easy task. It is a daunting organisational and analytical undertaking, requiring lots of paperwork and long-term determination. All the more remarkable, then, that Lauritzen Fleet Management (LFM) completed the task in less than a year. According to Rolf Andersen, superintendent and project manager for LFM, there are two basic reasons the ISO team was able to make such rapid progress. First, there was from the outset a high level of cooperation and coordination with officers and crews of the vessels being certified. Second, LFM did not have to build a new system from the ground up. "We saw early on that we

could use many of the processes we had in place for our safety management system," he says, "which already addressed a range of environmental concerns. This gave us a head start and also made us realize that our final goal should be a fully integrated safety and environmental management system."

The certificate received in December from Lloyd's Register Quality Assurance (LRQA), an ISO accreditation organisation, covers the fleet of tanker vessels under LFM management. The next step is to attain certification for LFM-managed gas carriers – probably within the first half of 2008 – and, ultimately, for all ships managed by LFM and

owned by the J. Lauritzen Group. Additionally, ISO certification may in the future be a service LFM offers to other ship owners whose vessels are under LFM technical management.

Continuous improvement, education and awareness

If this seems to describe an ongoing process, that is an accurate characterisation of the entire ISO certification system. "In fact," says Rolf Andersen, "the ISO doesn't dictate performance standards, that's our job. We have to evaluate JL's environmental impacts – from air emissions to garbage disposal – and then set targets and schedules for future improvement. When those targets are met, we're required to establish new ones. It's a strict system of continuous improvement."

The key to the entire system is the requirement that LFM makes measurable and documented progress toward annual targets. The LRQA, or a similar accreditation body, not only evaluates and audits the overall environmental management system and targets proposed by LFM, but also conducts an audit of each certified vessel at least once every three years. A major component of meeting annual targets and maintaining certification is a thorough programme of awareness campaigns

"We have to evaluate JL's environmental impacts – from air emissions to garbage disposal – and then set targets and schedules for future improvement. When those targets are met, we're required to establish new ones. It's a strict system of continuous improvement."

*Rolf Andersen
Superintendent and Project Manager, Lauritzen Fleet Management*



Celebration in the Philippines

Lauritzen Bulkers joins jubilee to mark a decade of success for two sister companies.

and continuous education for employees. LFM's newly developed ISO environmental standards have already been the focus of officer and crew shore seminars in Denmark, Latvia, and the Philippines (see article, page 17). Additionally, computerised training will be available onboard vessels.

Economic and environmental benefits

Tommy Thomassen, senior vice president and head of Lauritzen Fleet Management, points out that an underlying strength of the ISO certification system is that it brings together economic and environmental interests. "In the long run, ship owners benefit financially from continuous improvement programmes," he says. "There is always an initial investment, but it's typically repaid quickly by improvements in efficiency, reduced consumption of materials, and better-planned voyages. On top of that, being accountable and aware of our impact on the environment is an important part of JL's drive to become a world-class company."

Manila-based New Century Overseas Management (NCO) and Phoenix Maritime Corp. (PMC) celebrated their 10-year jubilee in September 2007. Both companies are close working partners with Lauritzen Bulkers, which operates a total fleet of some 85 Handysize, Handymax, Panamax, and Capesize bulk carriers, of which Lauritzen Bulkers owns 12 vessels. The entire fleet is technically managed by NCO and manned by seafarers of PMC.

The jubilee was celebrated at the Dusit Hotel in Makati City and was attended by the companies' management teams, staff members, seafarers, and their families, as well as by government representatives and customer representatives from Denmark, Japan, and Singapore. Claus Mygind, vice president of operations and Poul Martin Kondrup, senior superintendent, were on hand to offer congratulations from Lauritzen Bulkers.

"NCO and PMC have everything it takes for another ten years of success," says Claus Mygind, "including loyal

principals, professional management, skilled and motivated staff, and reliable and capable crew. The crews are especially important, as their professionalism is the face we present to our customers and has helped us build a good reputation worldwide. Lauritzen Bulkers looks forward to continued successful cooperation with both companies."

Over the next four years, Lauritzen Bulkers will take delivery of at least 20 newbuildings. NCO will supervise the construction and subsequently technically manage the vessels. NCO and PMC are fully-owned by Good Hope Overseas Management Inc. (GHOM), which in turn is 25% owned by J. Lauritzen A/S.



Going global



Lauritzen Kosan puts an international team on the ground at the Sekwang Heavy Industries shipyard in Korea.

Building a series of the industry's most advanced ethylene gas carriers in Ulsan, South Korea, requires close day-to-day supervision and a lot of specialised talent. The team Lauritzen Kosan has put in place to do the job is a regular United Nations of shipbuilding, with members from Denmark, Sweden, South Korea, Ukraine, and Spain. Not so long ago this might have been unusual, but today it increasingly represents the way JL does business all around the world. Flemming Schmidt-Andersen, Ulsan site manager and vice president of Lauritzen Kosan, makes the point that, especially in the Far East, fielding an all-Danish team is becoming a thing of the past.

“There are lots of advantages to bringing together these different nationalities,” he says. “For one thing, it ensures that we speak English all the time – which is good, as it’s the language of international business. And of course, our Korean team members are invaluable in dealing with the shipyard when few English speakers are available.” He also notes that as well as different

nationalities, each team member represents a different professional speciality, expertise that comes in handy every day when dealing with various sub-contractors throughout South Korea and China.

The entire team had cause to celebrate on 18 January, when they attended a double namegiving ceremony for vessels number four and five in the series. Both vessels are 8,000 cbm ethylene carriers. *The Ocean Prize*, owned by Lauritzen Kosan partner Allocean, was sponsored by Deborah Ann Holding, spouse of Peter A. Holding, Allocean technical director. The second newbuilding, the *Alexandra Kosan*, was sponsored by Marilyn Alindato Oyad, spouse of Flemming Schmidt-Andersen. The namegiving ceremonies are themselves international gatherings: there were representatives of 15 countries in attendance at this double ceremony.



A recent addition to the Ulsan team is Won-Ho Lee, an engineering superintendent on contract with Lauritzen Kosan. A 1994 graduate of Mokpo National Maritime University, his background includes six years of sea duty, ending as first engineer, and, most recently, a superintendent position with Star Management Associates in Japan. “Coming back to work in Korea is a pleasure for me, of course,” he says, “but working with Lauritzen Kosan on these ethylene carriers is also a great opportunity to learn about new technologies.”



In touch and up to date

Seminars for ships officers provide a two-way flow of information between JL head-quarters and a worldwide fleet.



Despite recent advances in ship-to-shore links that allow JL vessels to be fully integrated into the corporate IT system and to have full-time high-speed Internet access (see article, page 12), there is no substitute for face-to-face communication. Which is why Lauritzen Fleet Management (LFM) holds officers seminars twice a year in Denmark, the Philippines, and Latvia. These meetings are especially important in view of the increasingly broad and complex range of information ships officers must keep abreast of – and because JL's overall success depends heavily on a high degree of teamwork between the head office and ships at sea.

Marianne Stavid Petersen, assistant crew manager for LFM, helped coordinate the late-November seminar for Danish ships officers held in Middelfart, Denmark, and emphasizes the point about teamwork: "In our seminars officers can put a face to the contact from Copenhagen that they otherwise might know only from a phone call or an e-mail. Days spent together at the seminars add a human dimension. In fact, we extended this

recent seminar from two to three days to intensify the personal contact, and everyone liked the longer format." As in the other two locations, seminars in Denmark are held twice a year, with the goal of allowing all officers to attend one. The Middelfart seminar lasted three days and covered a wide range of subjects of interest to tanker and reefer officers – everything from precautions for protecting against piracy to presentations by an environmental management specialist and a chemical supply company.

Serious work and social contact

The most recent seminar for Filipino ships officers of gas carriers managed by LFM was also held in late November and ran for five days in Manila. Two days were devoted to representatives from Lauritzen Kosan, two to representatives of LFM, and the final day – which is open to crew members as well as officers – featured a series of team-building presentations by an outside facilitator. Karin Halmøe, maritime personnel manager for LFM, was the main representative and seminar coordinator from Copenhagen.

She echoes her colleague Marianne Stavid Petersen in stressing the value of two-way communication in the seminars. "We benefit tremendously from the information and opinions we receive from our officers" she says. "Our technical department, for example, gets invaluable feedback. We send messages to all those who can't attend to ask for their input as well. And this time we even made a DVD of seminar highlights to send out to all our ships." The seminar closes on a social note, as the culmination of the five-day programme is a party on the evening of the last day. Open to officers and crew and their wives, it is a widely anticipated event, with a band, dancing, and a chance for everyone to meet friends and colleagues.

Additionally, LFM arranges twice-yearly seminars in Latvia for Latvian tanker officers. The seminar is run along the lines of those in Middelfart and Manila, but is organised and managed by OSM, a Norway-based crew management company.

Building a better support vessel

“We have previously operated dynamically positioned oil tankers – which automatically maintain position and heading by using their own propellers and thrusters – to transfer oil from floating production, storage, and offloading platforms to shore. It seemed logical to use the same technology to design a new kind of accommodation and support vessel for maintenance crews.”

Erik Møller, Fleet Manager, Lauritzen Tankers



Lauritzen Tankers applies dynamic positioning technology to expand into the offshore accommodation business.

With oil prices hovering around the USD 100-dollar-a-barrel mark, there is a huge financial incentive to keep oil production units up and running. Fixed structures and anchored semisubmersible vessels have been the traditional answer to accommodating the work crews and equipment needed to perform continuous maintenance and repair work. Oil production at large, however, is carried out in deeper water levels and under increasingly demanding conditions. The accommodation and service vessels have to follow this development and meet the demand for versatile units which can provide top service at economical costs.

“We have previously operated dynamically positioned oil tankers – which automatically maintain position and heading by using their own propellers

and thrusters – to transfer oil from floating production, storage, and offloading platforms (FPSOs) to shore,” says Erik Møller, fleet manager of Lauritzen Tankers. “It seemed logical to use the same technology to design a new kind of accommodation and support vessel (ASV) for maintenance crews one that would be much more versatile than semisubmersibles. The challenge was to convert a ship with nearly 300 berths and facilities ranging from changing rooms and workshops to a cinema and a gymnasium.”

Model Testing

Enter the *DAN Swift*, a Monohull Accommodation Vessel under conversion by Lauritzen Tankers. Originally built as a cable laying ship, she is being converted to an ASV at the German shipyard Blohm & Voss. Before the actual conversion work could begin, however, Lauritzen Tankers commissioned extensive model tests in Holland, which simulated the ship’s performance in a wide variety of environmental conditions.

The tests were overwhelmingly positive, showing that the *DAN Swift’s* dynamic positioning system would be able to keep her reliably alongside both fixed offshore structures and FPSOs in benign and intermediate waters. Also very important to potential clients, the test results indicated a statistical probability of 98% uptime, or an average of only seven days downtime per year.

Complex conversion

Lauritzen Tankers expects to take delivery of the *DAN Swift* at the end of 2008. In addition to the accommodation requirements already mentioned, the ship will need three additional thrusters, conversion to a diesel-electric propulsion system, and major superstructure alterations – not to mention a new bridge and computer systems. She will also be equipped with two independent telescopic gangways.

These can be rapidly disconnected from offshore structures in case of bad weather or an emergency such as a gas leak, which makes the vessel well suited to assist with fast evacuations in emergency situations.





When the conversion work is complete the *DAN Swift* will be prepared for a wide range of tasks, including:

- Accommodation support.
- Commissioning and start-up support.
- Maintenance support.
- Light construction work.
- Crane operations.

Lauritzen Tankers will perform all necessary tests and trials, then turn over technical management of the vessel to Lauritzen Fleet Management, which has been involved throughout the design and conversion process. As the future will undoubtedly bring a demand for more vessels like the *DAN Swift*, Lauritzen Tankers appears to be at the leading edge of what may be a dynamic market opportunity.



Update on newbuilding programmes

As reported in the previous issue of this magazine, JL has the biggest newbuilding portfolio ever recorded – a portfolio that continues to grow. The most recent developments of the newbuilding programmes in each operating group are as follows:

Lauritzen Bulkers

In addition to the four Capsize newbuildings already on the books, Lauritzen Bulkers has ordered two more Capesize vessels from Hyundai in Korea. This brings the total number of Capesize vessels to six. Two Handysize ships of 33.5 thousand tons have also been ordered from Kanasashi, shipyard in Japan, as well as two more of the same size which were ordered together with partners under a shared ownership arrangement. In January 2008 an additional Handysize vessel was ordered from a yard in Hakodate, Japan.

Lauritzen Kosan

Lauritzen Kosan recently took delivery of two new 8,000 cbm ethylene gas carriers, part of the series being built

by Sekwang Heavy Industries in South Korea, and placed an order for two more, which are scheduled for delivery early in 2010. Additionally, three 9,000 cbm ethylene gas carriers – originally commissioned by a Greek shipper but taken over by Lauritzen Kosan – will be delivered in March and April, from STX Shipbuilding, also in South Korea. A third will follow in September.

Lauritzen Tankers

Lauritzen Tankers has added two medium-range product carriers to the six ordered last June from Guangzhou Shipyard in China. All eight ships are expected to be delivered between 2009 and 2011. “Because the shipyard was already geared up and committed to production of product tankers, we were able to get an attractive price on these additional ships,” says Anders Mortensen, president of Lauritzen Tankers. “Additionally, these 58,000 cbm vessels will meet the latest IMO II/III regulations and give us a lot of versatility in terms of both geographical markets and product mix.”

J. Lauritzen Dragon Championship



J. Lauritzen sponsored ocean transport for boats from two ports in Europe to Uruguay for the Dragon Championship races held at the Yacht Club of Punta Del Este, 26 November to 1 December 2007. "It was a fantastic race – 10 races, actually – over the course of a week," says Bent Østergaard, chairman of J. Lauritzen. "The weather was perfect the entire time, and a Danish boat did pretty well – we finished second, and a German boat took first place."

Final results were:

1st Place – Thomas Muller, Vicent Hoesch, Max Scheibmayr (GER996-Sinewave)

2nd Place – Peter Warrer, Lars Wegener, Thomas Sorensen (DEN380-Lil)

3rd Place – Julia Bailey, Graham Bailey, David Herimale (GBR720 -Aimee)



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Facts on J. Lauritzen A/S

J. Lauritzen A/S operates globally through these business units: Lauritzen Bulkera, Lauritzen Kosan, and Lauritzen Tankers. JL employs a staff of approximately 600 persons and together with partners/associates controls a combined fleet of about 220 vessels representing bulk and gas carriers and product tankers.

For more details on JL's business activities and on the fleet, see www.j-lauritzen.com