

Dear Marine Money Participant, Dear Shipping Enthusiast,

Whether you are a ship owner, a financier, an operator or a service provider in the shipping industry - rarely have times been as challenging and as exciting as today. We are experiencing massive global developments which are moving at speeds faster than the adaptation can take place - requiring strategic repositioning of many shipping businesses. No wonder we see dramatic failures of established incumbents and sudden successes of new entrants.

Owners: In most segments you will not yet be happy with your returns. Acquisition prices, fueled by large amounts of return seeking capital, factored in climbing charter rates which we are only now seeing unfold. Early investors lost their equity, 2017 investors apparently had the right timing. However, global low interest rates lead to massive misallocation of capital and a continued high output of vessels. We are skeptical about steep charter rate increases. You need to find your niche or develop superior employment concepts.

Ship managers and service providers: You probably remained profitable through the crisis - yet margins eroded and there is a serious threat for many and a chance for a few: size matters and consolidation is underway! Different from most other industries, we believe that the larger ship manager cannot only be more cost-competitive but at the same time deliver superior quality services. Digitalization will drive this process and it is a game changer. Organic growth will not suffice to secure your position.

Liners: You are continuously urged to further optimize operations as returns remain volatile. Strong competition drives consolidation through alliances and mergers of MLOs. Feeder operators need to seamlessly complement the MLO's logistics chain. Next to strategic partnering we predict that the single most important competitive advantage of the future lies in advanced IT: exploiting big data analysis and upcoming technologies such as blockchain. Are you prepared?

Financiers: If you are a European shipping banker, you have probably had some arguing with the ECB. For the German debt providers loss-minimizing exit strategies have been a difficult and painful exercise yet to be completed. Albeit, a small number of players are here to stay. Competing globally, all of us must look eastward. Vessel orders originate in Asia, go to Asian yards and will be financed with Asian money. Equity and debt are largely co-located.

In this fast-paced environment, we recommend William A. Ward: "The pessimist complains about the wind; the optimist expects it to change and the realist adjusts the sails." More than ever, we believe the time to challenge and adapt your business model, to recalibrate your focus and to optimize your operations is now! And that is why we are here. We want to support you in choosing the right course forward and help you implement it.

Contact us for strategic advice, transformational tasks, M&A support, restructurings and investment guidance. At the very least we shall have a considerate and amicable discussion about one of the most exciting industries: Shipping. And if we cannot help you, we will know who can. Enjoy your stay at Marine Money - we are looking forward to being in touch.

Dr. Andreas Pres

Philip von Schmeling