

# UPDATE

Schoeller Holdings | AAL | COLUMBIA

4.15

## New premises for CSM Shanghai

### EDITORIAL

#### *Dear Reader,*

Two years ago we started working on our first quarterly newsletter to provide you with insights into the activities of Schoeller Holdings' companies around the world. Thank you for your feedback, which is always appreciated – please continue!

Next to recent developments in Asia and the Middle East this issue will feature articles on how we streamline our operations (see Page 4) and our efforts to reduce vessel operating costs (see page 5).

We are also very proud having received a prestigious award by BIMCO, the world's largest shipping association, recognizing the hard and often dangerous work of our seafarers (see page 3).

Wishing you a successful 2016 and safe sailing.

Yours sincerely

Demetris Chrysostomou

Marketing Director . COLUMBIA Shipmanagement

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## CCS adds Cruise Holdings Inc. as new client

Thomson Cruises has sold the M/V ISLAND ESCAPE to Cruise Holdings Inc - who has awarded COLUMBIA Cruise Services (CCS) with the Full Management of the vessel. The cruise ship is presently at a shipyard in France where she will be renamed to M/V OCEAN GALA. "We are very happy to keep the vessel under CCS Management. Ex ISLAND ESCAPE, now OCEAN GALA, is a well maintained and solid cruise vessel. We are keen to continue managing the vessel and are very excited to work together and look forward to a splendid future with Cruise Holdings Inc" stated Olaf Groeger, Director of CCS.



## New premises for CSM Shanghai

In November 2014, COLUMBIA Shipmanagement and Singhai Marine Services celebrated the official opening of their joint venture ship management company COLUMBIA Shipmanagement (Shanghai) Co Ltd. A year later, the partners have moved into their newly renovated stand-alone building on MinSheng Road in Shanghai's LuJiaZui district – a part of Shanghai's newly established Free Trade Zone.

## AAL and Swire Shipping agree on space sharing

To combat economic challenges facing the Australasia region, AAL has taken the initiative to strengthen its popular Asia to East Coast Australia liner service, with a space sharing agreement with Swire Shipping.

Port rotations will be optimised with calls in all the key Asian and Australian ports. The load ports are Tianjin, Qingdao and Shanghai in China; Incheon and Pusan in South Korea; Kaohsiung in Taiwan and Phu My in Viet-

nam. Destination ports are Brisbane, Newcastle, Melbourne, Geelong and Bell Bay in Australia.

Christophe Grammare, Managing Director of AAL's Liner Services Division explained, "We are reinforcing a well established trade and demonstrating our commitment to local customers and the wider Australian breakbulk, project and heavy lift market – notwithstanding clear economic challenges in the region."

## AAL launches operation in Dubai

In October last year, AAL opened an office in the heart of Dubai, an impressive third new office launch in an eight week period - other offices being South Korea and Canada. AAL Dubai will provide regional customers with tramp and project shipping solutions.

Commenting on the development, Namir Khanbabi, Managing Director of AAL's global Tramp & Projects division, said: "The Middle East and Gulf market con-



tinues to experience significant capital expenditure and development in its infrastructure. It has also seen investment in construction and now growth in nuclear energy - as well as being a major hub for oil and gas projects. In conjunction with the changing geopolitical landscape, there is a real opportunity to work on-the-ground, to deliver competitive transportation solutions for complex and high value cargo in this important region."

## INUI SHIPPING appoint CSM Singapore



INUI SHIPPING (Singapore) Pte. Ltd., a subsidiary of Tokyo-based Inui Global Logistics, has appointed CSM Singapore with technical management of its newest vessel. The Japanese shipyard Oshima Shipbuilding delivered the 37,429 dwt bulk carrier MS Ultra Lascar in early November of 2015.

CSM Singapore is pleased and honoured to provide technical management to a company offering global shipping services for more than 100 years.

## BIMCO Award for CSM Hamburg

At this year's BIMCO Annual Conference and Awards Dinner, COLUMBIA Shipmanagement received the "President's Award". This award, which is not based on nominations, is presented and chosen by the BIMCO President Mr Philippe Louis-Dreyfus and it honours an individual or a company, who has made a significant contribution to shipping and the maritime industry.

Mr Louis-Dreyfus awarded the BIMCO President's Award to COLUMBIA Shipmanagement, for their "outstanding" work in rescue operations involving migrant boats in the Mediterranean. He asked Captain Horber from COLUMBIA Shipmanagement to accept the award on behalf of their crews, but also on behalf of all seafarers who risk their lives in rescue operations.



Shipping professionals attending the event saw a video showing the events of an evening in September 2013 when a Columbia ship responded to two calls to assist boats in distress in one night – bringing over 180 people to safety in a matter of hours. Mr Louis-Dreyfus called these events "a classic example of the outstanding work done by our seafarers."

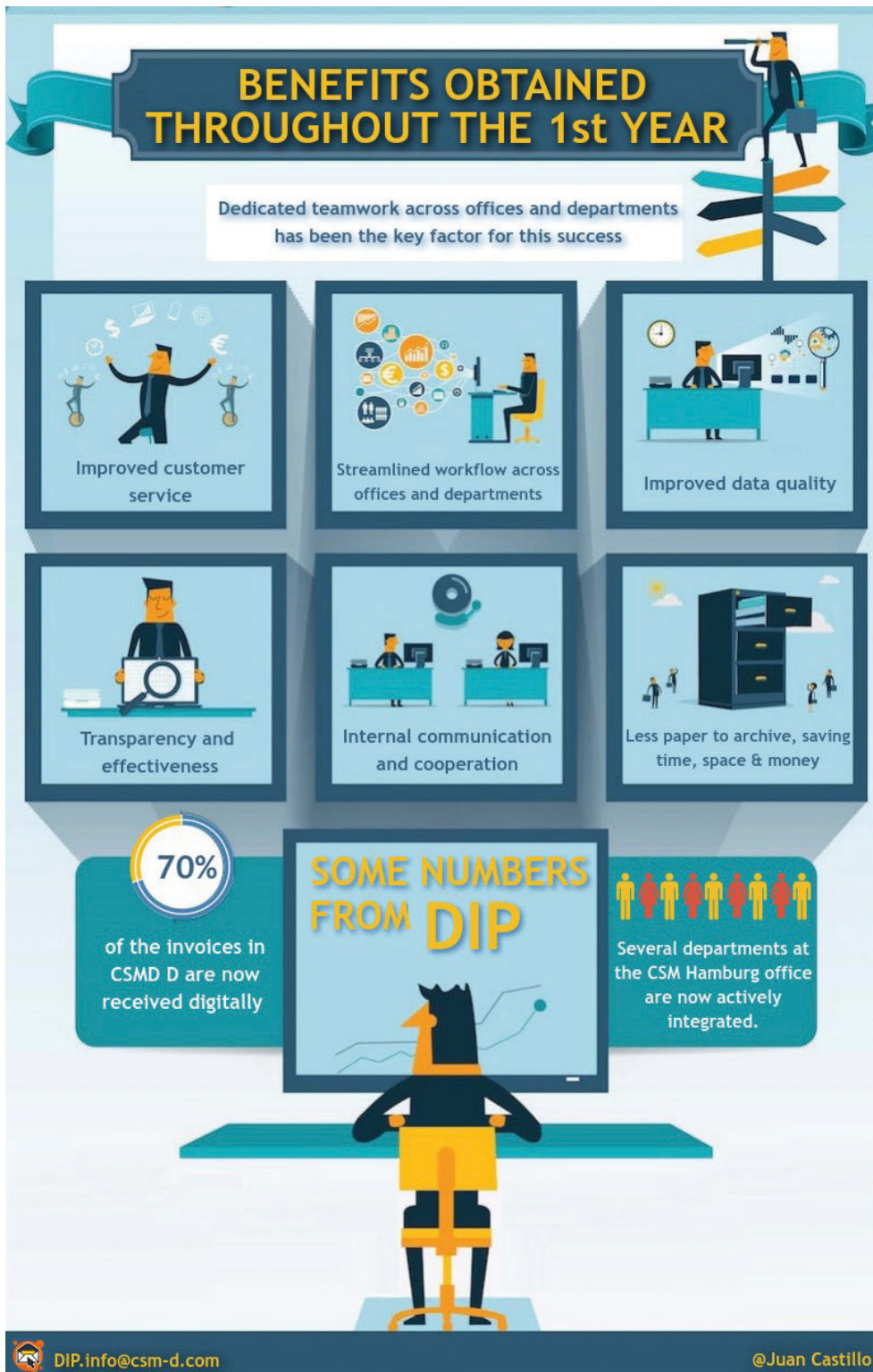
## Timovar appoint CSM Hamburg

Investor Timovar Holdings (Timovar) entrusted CSM Hamburg with the Technical Management of four of their general cargo vessels.

The 33,000 dwt vessels "Berlin Trader", "Madrid Trader", "Oslo Trader" and "Rome Trader" were built between

2010 and 2011 and fly the flag of Liberia. "We are happy to welcome Timovar as a new client and are looking forward to take on the challenge to provide our Technical Management services", says Carsten Sommerhage, Managing Director of CSM Hamburg. Timovar, based in Limassol, Cyprus, focuses on 2nd hand dry tonnage.

# CSM implements Digital Invoice Processing



Companies thrive and develop in many different ways, some of them visible like opening new offices and others happening in the background. A year ago CSM Hamburg successfully implemented Digital Invoice Processing (DIP) to streamline the workflow, speed-up operations and improve its customer services.

The result is more than 31,000 invoices processed digitally so far. Today more than 60 percent of CSM's suppliers adopted DIP as main delivery system and the efforts to reach a 100% conversion rate continue. In the past it could take quite a while before invoices from suppliers, remotely located agents and ports were received, reviewed, approved and processed. Once entered into the system the invoices are now available 24/7 worldwide, considerably easing co-operation between departments, offices, companies and countries. Not to forget the additional benefits: Paper consumption has been reduced significantly, saving cost, archive space, filing time and searching for misplaced documents.

Figures speak for themselves: more than 70 percent of the invoices received in Hamburg are now in digital format. COLUMBIA Cruise Services and CSM Cyprus will be the next companies to implement DIP.

## UNITED FUEL SERVICES – Powered by Pommer

Fuel prices have a significant impact on a vessel's operating costs. So what do you do as a ship owner when bunker prices almost triple as they did between 2002 and 2006? Schoeller Holdings, the Hartmann and Briesche Group of Companies decided that complaining would not solve the problem. Instead in 2007 they set up a company in Bremen, Germany, to act corporately in the bunker market: United Fuel Services GmbH & Co. KG (UFS). From the very first day UFS was unique and it still is.

Firstly, its two Managing Directors Holger and Henning Pommer are brothers. Both are well known figures in the bunker world as they served for many years as trading managers in leading international bunker trading companies before launching UFS. Secondly, they are actively involved in the daily business. Thirdly, they developed a business model that is exceptional in the industry. "When we're buying bunker we're not asking our suppliers to pay us a commission. We forward the net prices to our end users and they settle the bill", says Holger. "Everything is fully transparent. Our remuneration is a fee per ton", adds Henning.

Figures show how attractive this way of doing business is, not just for Schoeller, Hartmann and Briesche but other companies as well. As a result a diverse fleet of approximately 650 vessels is served by UFS. In addition to bulk carriers, various tanker types, container vessels and heavy lift carriers, other vessels are also taking advantage of the centralised purchasing model including anchor handling tug supply vessels, car carriers, cruise liners, dredgers and mega yachts.

### Impressive figures

In 2014 UFS arranged 4,750 individual bunker stems in about 465 ports worldwide. Divide the number of stems by 365 and you arrive at 13 stems per day – and in shipping that means within 24 hours. "Should a problem occur – be it a fuelling barge arriving late, bad weather delaying a vessel's arrival or an unacceptable variation

of quantity – we want people to call us straight away as we don't read emails when we're asleep", says Holger.

"Our objectives are simple and straightforward", Henning states. "We have to make sure that every vessel of our fleet gets the required fuels on time, at the destined port, in the best quality and for the best price."

In 2014 some 350 different sellers/suppliers delivered a total of approximately 1,8 million metric tons of fuels, with quantities ranging from 5 to 3,500 tons. "Basically, we're purchasing mainly four products", explains Holger. "RME 180/RMG 380 for the main engine, MGO DMA for auxiliary engines and ULSFO – Ultra Low Sulphur Fuel Oil – a fairly new bunker fuel that can be used in emission controlled areas."

### A puzzling business

To be able to close the best deals the seven strong UFS purchasing team is constantly communicating with the respective chartering and operational departments. They need to know each vessel's current position, its next destinations and its fuel requirements. Screening this data then allows identifying aggregate demands and negotiating volume discounts. But with markets being as volatile as they currently are bunker prices around the world also require constant monitoring. For an outsider this looks like solving an ever-changing gigantic puzzle.

### Constant vetting

Taking into consideration the values at stake it comes as no surprise that all parties involved are constantly vetting each other. Key criteria for UFS are the quality of products and services, competitive prices and timeliness. Suppliers and traders on the other hand take a very close look at the financial soundness of their business partners. The fact that UFS have established multi-million US-Dollar credit facilities with almost every relevant reliable vendor is a sure proof of trust.

#### IMPRINT

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