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NORDEN contracts 4 ECO product tankers

The Company takes over newbuilding contracts at Korean STX and optimises the vessels

NORDEN has ordered 4 MR product tankers from the Korean yard STX Offshore & Shipbuilding Co., Ltd. The vessels which have a cargo capacity of 49,600 dwt. are scheduled for delivery in the first and second quarters of 2013. NORDEN has options on 2 additional vessels from the yard.

The vessels will be equipped with an electronic main engine and other equipment and systems which all together are expected to improve the fuel efficiency of the vessels by more than 15% and reduce the CO₂ emissions correspondingly. The improvements imply that the vessels, when sailing at normal speed, will consume 4 tonnes of fuel less per day. Compared to NORDEN's most recent newbuildings from 2007, there is a 25% reduction of fuel consumption and CO₂ emissions.

The contracting is part of NORDEN's strategy to expand the fleet of owned product tankers by purchasing or contracting quality vessels at favourable prices. The investments are expected to yield attractive returns as freight rates and asset prices normalise, and a larger owned fleet also results in economies of scale and makes it easier for NORDEN to meet the oil companies' tightened requirements on quality and safety on board the vessels.

So far, NORDEN has mainly scanned the market for modern secondhand tonnage and has purchased 6 product tankers during the last 18 months. But the market prices for secondhand product tankers have now reached levels at which NORDEN assesses that more favourable deals can be made by taking over newbuilding contracts in default at the yards and improving the planned newbuildings by making them more fuel efficient and eco-friendly. This is the model employed by NORDEN in the negotiations with STX.



Another important factor for NORDEN has been that vessels from STX are of high quality and are therefore expected to be priced favourably in the secondhand market. In addition, the time of delivery is attractive as NORDEN expects an improvement in rates and asset prices in the product tanker market until 2013. The new vessels are expected to contribute positively to NORDEN's profit from operations (EBIT) at daily rates of USD 12,000.

The 4 new vessels will bring NORDEN's owned fleet up to a total of 21 product tankers, of which 16 have been delivered. In total, NORDEN currently operates 40 product tankers and approximately 170 dry cargo vessels.

The most significant improvements on the 4 vessels are: Electronic B&W 6S50ME-C8.2 main engine, Mewis Duct, turbo charger with variable geometry, NPT propeller, frequency controlled pumps in the engine room, advanced Silyl Acrylate based bottom coating, improved insulation, GreenSteam trim optimization, CASPER, etc.

Kind regards,
Dampskibsselskabet NORDEN A/S

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