

# LAURITZEN NEWS # 9

September 2008



## Isabella Kosan Ship of the Year



Financial half-year results 2008 · Ship of the Year · Project World-Class · Trading places · 2008 Veuve Clicquot Business Woman Award · Watch where you park · Taking the measure of a growing fleet · Tough ships with sweet names · Supporting the search for deepwater oil · JLF supports shipping network · Newbuilding notes · Life after reefers · People and promotions

OCEANS OF KNOW-HOW

4	Half-year results 2008
6	<i>Isabella Kosan</i> - Ship of the Year
8	Project World-Class
9	Trading places
10	Birgit Aagaard-Svendsen receives Denmark's 2008 Veuve Clicquot Business Woman Award
12	Watch where you park
14	Taking the measure of a growing fleet
16	Tough ships with sweet names
17	A truly international naming ceremony
17	A mini-cruise for Sandholm children
18	Supporting the search for deepwater oil
20	JL Foundation supports shipping network
21	Newbuilding notes
22	Life after reefers
23	Lauritzen Bulkercruises Hudson River
23	New sails for Lilla Dan
23	People and promotions
24	A thank-you to the Filipino crew members



**Dear Reader,**

Despite the slowing of the world economy, I am pleased to report that our growing fleet enjoyed good employment conditions during the first six months of 2008.

The interim result as per 30 June 2008 was USD 322 million compared to USD 132 million in the same period of 2007 and USD 342 million for the full year 2007. The half-year result was thus better than expected, very satisfactory and in fact the best ever reported by J. Lauritzen A/S.

Our deliberate growth strategies continued during the period with additional newbuilding orders for 12 Handysize bulk carriers, two Capesize bulk carriers, six fully pressurized gas carriers and two MR shuttle tankers.

I am particularly pleased to convey that a significant breakthrough was accomplished in the market for dynamically positioned off-shore support vessels, where Lauritzen Tankers secured long-term contracts for two purpose-built shuttle tankers for one of the biggest oil companies in the world. Additionally, two vessels are currently under conversion to dynamically positioned off-shore support vessels and are expected to enter our fleet within the next six to eight months.

In that respect, a new JL tailor-made management and leadership programme was launched in May 2008 to ensure that our present and upcoming managers have the right managerial and leadership competencies to support JL's growth strategies and to contribute to the continued development of JL's business activities.

Our lean project, referred to as Project World-Class, is progressing well, contributing not only to improved efficiency of our work processes, but also to improved job satisfaction for our dedicated staff.

I am also proud to report that JL in April 2008 received the prestigious "Ship of the Year" award for the *Isabella Kosan*, at the Lloyd's List London Awards 2008. The *Isabella Kosan* is the first of a series of innovative and environmentally friendly ethylene gas carriers developed by Lauritzen Kosan.

JL currently controls a fleet of about 145 vessels. With 76 fully owned, part-owned and time-chartered vessels on order, JL's newbuilding portfolio is at an all-time high. Furthermore, partners will add 15 additional newbuildings to the JL-managed fleet.

The outlook for the remaining part of the year is positive, and the 2008 full-year result is expected to exceed the record result achieved in 2007.

Sincerely,

Torben Janholt  
President & CEO

***As a consequence of our growth strategies, retention of staff as well as attraction and recruitment of new employees become ever more important. Furthermore, in a globalised world with very keen competition and ever more complex business conditions, we must constantly maintain and develop our skills and competencies in order to remain competitive.***

**Torben Janholt,**  
*President and CEO*



# Best ever half-year results 2008

The result for the first-half of 2008 was USD 322 million, up from USD 132 million in the same period in 2007, and included profits from the sale of vessels of USD 103 million compared to USD 14 million one year earlier, cf. *table 1*. Results were better than expected and very satisfactory – in fact the best ever reported half-year result by the Group.

Return on invested capital was 53.3% compared to 34.5% in the same period in 2007. When excluding prepayments related to JL's comprehensive newbuilding programme, which does not generate revenues until vessels are actually delivered from yard, return on invested capital was 101.9% compared to 51.6% in the same period last year.

Return on equity was 58.0% compared to 36.0% in the first half of 2007. The result improvement was primarily due to the extraordinarily strong bulk market, improved market conditions for gas carriers, the successful entry into the rapidly expanding ethylene gas carrier segment, and increased profits from sale of vessels.

Table 1

Key figures USDm	Year to date		Full year
	2008	2007	2007
Revenue	427.3	313.3	674.3
<b>EBITDA</b>	<b>212.6</b>	<b>114.7</b>	<b>262.5</b>
Depreciation	(19.0)	(17.0)	(34.2)
Sale of assets	103.0	14.0	76.6
<b>Operating income</b>	<b>296.6</b>	<b>111.8</b>	<b>304.9</b>
Associates	27.1	8.3	24.4
Finance net	3.8	17.4	22.7
Result before tax	327.5	137.5	352.0
<b>Net result</b>	<b>322.4</b>	<b>131.7</b>	<b>341.5</b>
Invested capital (average)	1214.9	697.0	858.5
ROIC	53.3%	34.5%	38.4%
ROIC (excl prepayments)	101.9%	51.6%	65.2%
Investments, net	141.3	126.0	335.4
Invested capital (period end)	1343.0	763.8	1,086.8
-hereof prepayments	663.4	251.8	495.9
Fleet (full year average)	135	147	147
- hereof pool/partner share	42	59	59
Average no. of employees	630	556	575

Table 2

Fleet	
Owned	39
Part owned	11
T/C	40
Pool	39
Joint charters	14
Comm. mngt.	3
<b>Total</b>	<b>146</b>
N/B (own)	54
N/B (partown)	6
N/B (T/C)	16
N/B (partners)	15

N/B = Newbuilding

### Main occurrences

During the first half of the year, a total of six owned and part-owned newbuildings, including two Handysize bulk carriers, two 8,000 m<sup>3</sup> and two 9,000 m<sup>3</sup> ethylene gas carriers, were delivered to the JL fleet. A significant breakthrough was achieved in the market for dynamically positioned off-shore support vessels via a long-term contract for two purpose-built MR shuttle tankers for one of the oil majors. Furthermore, two vessels are currently under conversion to dynamically positioned off-shore support vessels, including a shuttle tanker scheduled for delivery late 2008 and an accommodation and support vessel scheduled for delivery early 2009.

During the period, additional newbuilding orders for 12 Handysize bulk carriers, two Capesize bulk carriers, six fully pressurised gas carriers and two MR shuttle tankers were placed with shipyards in Japan, Korea, and China. JL currently controls a combined fleet of about 145 vessels with a total of 76 newbuildings to be added to the fleet during the coming years, including 60 fully-owned and part-owned vessels and 16 long-term time-chartered vessels. Furthermore, joint venture partners will add another 15 newbuildings to the JL managed fleet, cf. *table 2*. The newbuilding portfolio is the largest ever recorded by JL and confirms the Group's ambitious and broad-based growth strategies.

### Invested capital

Invested capital increased by USD 256 million including prepayments on newbuildings, compared to USD 174m in the same period of 2007. Average invested capital for the period was USD 1,215 million, of which USD 516 million relates to Lauritzen Bulkers, USD 407 million to Lauritzen Kosan, and USD 244 million and USD 98 million to Lauritzen Tankers' product tank activities and the activities within dynamically positioned off-shore support vessels respectively, cf. *figure 2*.

Average invested capital for the year is expected to be USD 1,348 million compared with USD 859 million in 2007.

Due to the solid balance sheet and the financial projections for the coming years, JL has considerable investment capacity in addition to already committed investments in newbuildings and conversions.

### Lauritzen Bulkers

Result before tax was USD 305 million compared USD 113 million in the same period last year. The result was considerably better than expected. During the period, 12 Handysize bulk carriers and two Capesize bulk carriers were ordered in Japan and Korea, cf. *figure 1*.

### Lauritzen Kosan

Result before tax was USD 32 million compared to USD 7 million in the same period in 2007. The result was better than expected.

During the period, six fully pressurized gas carriers were ordered in China.

### Lauritzen Tankers

Result before tax was USD 1 million compared to USD 7 million in the same period last year. The result was in line with expectations and influenced by the postponement of planned sale of assets, increased financial costs in relation to prepayments on newbuildings, and investments in conversions as part of the continuous fleet build-up within product tank and dynamically positioned off-shore support vessels.

During the period two shuttle tankers were ordered in China.

### Outlook

Despite the slowing of the world economy, the outlook for the second half of the year is positive, and the result for 2008 is expected to be noticeably higher than the 2007 record result.

Figure 1

#### Results for the period, USDm

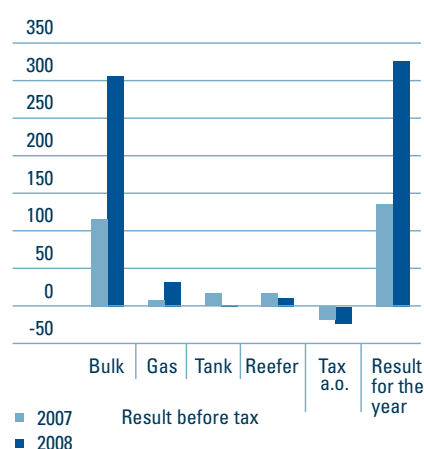
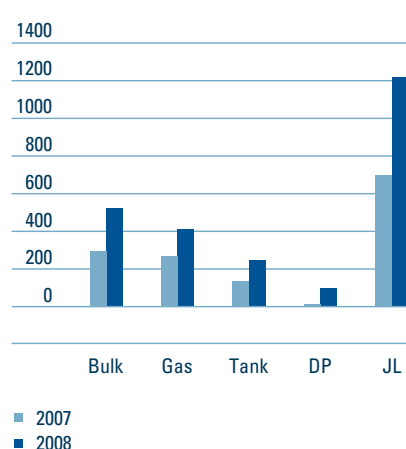


Figure 2

#### Invested capital (average) H1 USDm



# Isabella Kosan



# Ship of the Year

Lauritzen Kosan receives Lloyd's List top 2008 award for engineering and environmental innovation.

At a well-attended black-tie and evening-gown event – think of it as the Oscar awards of shipping – in London this April, the *Isabella Kosan* was honoured with the Lloyd's List Ship of the Year award. Completed in 2007, the *Isabella Kosan* was the first in a series of ten semi-pressurised and fully refrigerated gas carriers with the capability to carry ethylene. These vessels incorporate many technical and environmental innovations, such as the ability to capture and utilise gas vapours that would ordinarily be released into the atmosphere. In fact, the *Isabella Kosan* and her sister ships are the first gas carriers designed to comply with the International Maritime Organisation's (IMO) Green Passport concept and the CLEANSHIP class notation for pollution prevention.

In choosing a winner, Lloyd's List considered a range of factors, including innovation, safety, environmental protection, and operating efficiency. Responding to Lloyd's request for information about the ship's special features, Lauritzen Kosan emphasised environmental factors. "We particularly stressed that, throughout the design and building phases, we gave special attention to minimising the impact

the *Isabella Kosan* would have on the environment," says Jan Kastrup-Nielsen, president of Lauritzen Kosan. "And we were equally concerned with the environment onboard – with deck and bridge layout, minimising noise and vibrations, and so on – to ensure a high level of comfort and safety for the crew working onboard."

#### Technical innovations

The design for this series of ethylene gas carriers was developed by Lauritzen Kosan together with TGE Marine Gas Engineering and in close cooperation with Sekwang Heavy Industries, the shipyard in Ulsan, Korea. Among the technical innovations that set the *Isabella Kosan* apart are:

#### Deck Containers

Instead of fixed N2 units and fixed deck tanks for gassing up, these new ships employ a containerised system that provides tremendous flexibility. In case the vessel's trade demands frequent inerting operations, a further PSA container unit can be added, doubling the N2 production capacity. Similarly, containerised deck tanks provide 20' and 40' units for LPG, as well as 40' cryogenic tank containers for ethylene. This enables the vessel's deck tank composition to be adjusted

to suit its commercial trade. The combination of containerised tanks also enables a complete change of atmosphere in the cargo tanks without venting any product into the atmosphere or calling at a shore terminal.

#### Dual Fuel Auxiliary Engine

Together with MAN Diesel, Høleby, Denmark, Lauritzen Kosan developed a "gas-train" for one of the vessel's auxiliary engines. This allows the ship to utilise most surplus cargo remnants collected in one of the deck tank containers instead of venting them into the atmosphere. The gas train injects the gas into the auxiliary engine together with the charging air, at one stroke helping to power the ship while protecting the environment.

#### Two separate compressor shelters

Whereas most semi-refrigerated gas carriers of this size are equipped with one central compressor shelter, these vessels have two identical shelters. In addition to providing redundancy, this minimises the length of the cargo piping dramatically, thus reducing heat ingress and pressure drop during the cooling operation and providing considerable reduction in energy use.



**"We particularly stressed that, throughout the design and building phases, we gave special attention to minimising the impact the *Isabella Kosan* would have on the environment."**

Jan Kastrup-Nielsen (on right in photo)  
President, Lauritzen Kosan

# Project World-Class

J. Lauritzen embraces “lean” principles as an integral part of the corporate vision to create a world-class shipping company.

The concept of lean business operations (originally “lean manufacturing” or “lean production”) originated in the Japanese manufacturing industry. Its goals include streamlined work processes, improved quality, and increased customer and employee satisfaction. In short, it’s a comprehensive continuous improvement process – one that has generated tremendous interest in businesses worldwide. The lean initiative within J. Lauritzen had its beginning less than two years ago, when Hanne Riis Moltved, manager in Group IT Systems, Erik Bierre, senior vice president of J. Lauritzen’s Business Control, and Mikael Elling, vice president and head of Lauritzen Kosan’s Business Control, independently came to the same basic conclusions: 1) in this period of rapid growth J. Lauritzen work processes needed streamlining, and 2) the company had to improve its prospects for recruiting and retaining the best employees.

“We began to realise that work processes in J. Lauritzen have been developed at different times to meet varying needs,” says Mikael Elling, “which means that even good ones may have inefficiencies built in, which

are then passed along to new projects and new employees. And even though all processes are developed continuously, they can still be negatively influenced by organisational barriers between different departments.” Hanne Moltved adds that “it’s important to emphasise that the lean concept is not only about efficiency and rationalisation of working processes – it’s also very much about improving employee job satisfaction and helping customers and collaborators better use J. Lauritzen’s resources.”

## Working smarter

After discussing their basic conclusions and taking an outside course to brush up their knowledge of lean principles, Hanne Riis Moltved, Mikael Elling, and Erik Bierre made a proposal to J. Lauritzen’s Executive Management Group that they work with one business unit as a test case for implementing their ideas. After that, things happened quickly. The Executive Management Group not only liked the idea, it also recommended that they expand their proposal to include all business units, with the goals of helping the company work smarter, optimise processes, and improve employee satisfaction. The next step was to contract with Valcon A/S, a

consulting company, to analyse the potential for implementing lean principles. Valcon came back with a basic proposal at the end of June and a team has been working within J. Lauritzen to complete the analysis and help implement changes throughout 2008. This activity – called Project World Class – is overseen by a seven-member steering committee, now headed by Hanne Riis Moltved, which reports directly to the Executive Management Group.

“This is exciting for everyone involved,” she says. “With Valcon’s help, we’ve already implemented some new process designs, such as how to better track and manage all the steps of a ship’s voyage, from taking on cargo to final billing. This kind of process extends across many different J. Lauritzen departments, so it helps to reinforce other points of the lean concept, such as knowledge sharing and teamwork. It’s also interesting that lean principles emphasises bottom-up, rather than top-down, thinking, and that’s exactly what happened with Project World Class: employees came up with the idea and the Executive Management Group lets us run with it.”



# Trading places

**“It’s important to emphasise that the lean concept is not only about efficiency and rationalisation of working processes – it’s also very much about giving employees improved job satisfaction and helping customers and collaborators better use J. Lauritzen’s resources.”**

**Hanne Riis Moltved**  
*Manager, Group IT Systems*

*From left to right:*

**Mikael Elling,**  
*Vice President, Lauritzen Kosan  
Business Control*

**Erik Bierre,**  
*Senior Vice President, J. Lauritzen  
Business Control*

**Hanne Riis Moltved**  
*Manager, Group IT Systems*

***Exchange employees from Japan’s Shin Kurushima Dockyard get a feel for day-to-day activities at Lauritzen Tankers.***

Lauritzen Tankers has developed a particularly close working relationship with Shin Kurushima Dockyard in Japan. It began with newbuilding contracts, but deepened when the Lauritzen Tankers commercial and technical sections worked together with dockyard employees to develop a modified design for a series of MR2 ships. The successfully redesigned vessel offered larger cargo space within essentially the standard MR dimensions of beam and depth. The first of these, the *Freja Hafnia*, was completed in 2006, and Shin Kurushima subsequently completed three more of the same type of vessel for Lauritzen Tankers.

That cooperation sparked a mutual respect and interest that resulted in exchange staff from Shin Kurushima visiting Lauritzen Tankers in Copenhagen to experience operations from the shipowner’s point of view. To date there have been four exchange visitors. They receive an introduction to the ins and outs of everything from ship chartering to management software, and are even logged into the J. Lauritzen e-mail system so they can follow the exchange of messages among agents, owners, captains, brokers, and others. Each visit lasts three or four days. It’s a whirlwind tour, but one with enough time to accommodate a social side as well – to spend a couple of evenings looking around Copenhagen and visiting Tivoli.

“I think this is an excellent example of the way we like to do business in general,” says Jesper Kjersgaard, vice president of operations for Lauritzen Tankers, “which is by building and maintaining close relationships. Everyone benefits from this programme. The dockyard gains a deeper understanding of commercial activities, which helps them serve us – and probably other customers – better. And although we haven’t yet sent anyone from our office to sit at one of their desks, the opportunity is there – not just for Lauritzen Tankers but for anyone in the rest of the company who might want to become more familiar with dockyard operations.”



*Hiroaki Yoshimitsu, from Shin Kurushima Dockyard’s Ship Planning Department, Engineering Division, takes time for a visit to Tivoli.*

# A spirit of enterprise, courage, and confidence

## Birgit Aagaard-Svendsen receives Denmark's 2008 Veuve Clicquot Business Woman Award

The Veuve Clicquot Business Woman Award was established in 1972 as a tribute to Madame Clicquot, who at age 27, after the death of her husband in 1805, took over his vineyards and from small beginnings created an internationally known company. At a time when women were virtually invisible in the business world, Madame Clicquot demonstrated a “spirit of enterprise, courage, and the necessary confidence to drive projects through to a successful conclusion” that is now recognised annually through awards in 17 countries worldwide. Judged by these standards, Birgit

Aagaard-Svendsen was a natural choice. The award is made on the basis of lifetime achievements in both business and public affairs. One of the considerations was naturally her accomplishments as executive vice president and CFO of J. Lauritzen. Accomplishments which she is quick to point out, are the result of a team effort. “I accepted the award very much on behalf of all my colleagues within J. Lauritzen,” she says. “Working together is a hallmark of our corporate philosophy, and I see this award as a validation of years of teamwork.”

### **Business accomplishment**

Within the wider arenas of the Danish business community and public affairs, Birgit Aagaard-Svendsen very much shares the pioneering spirit of Madame Clicquot. She is among a relatively small number of Danish women to serve on the corporate boards of major companies: in 1995 she was the first woman appointed to the board of Danske Bank (the largest bank in Scandinavia), and she also serves on the boards of Metroselskabet (the Danish Metro company) and Rådet for det Norske Veritas (the Council of Norwegian Veritas).

“I was particularly pleased to accept the award because it so strongly supports the idea of equal opportunity for women in the workplace. Areas such as corporate boards, and also the shipping business in general, have been traditionally male enclaves. This has been changing in recent years, and I’m happy to be part of that process.

J. Lauritzen offers a very positive example, as a growing number of talented and qualified women are brought on board every year, in all



*Birgit Aagaard-Svendsen together with her husband, Rolf Aagaard-Svendsen and her daughters, Astrid and Sif at the award ceremony.*



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**Birgit Aagaard-Svendsen**  
*Executive Vice President and CFO of J. Lauritzen*

areas of the company. It’s a trend that I hope is indicative of the future of the industry as a whole. It’s obviously a matter of good policy – and simply good business – to carefully consider all qualified candidates for jobs regardless gender, colour, or religion.”

**Public service**

Another achievement that figured strongly in Birgit Aagaard-Svendsen’s award was her service from 2007-2008 as chairperson of the Danish Infrastructure Commission, charged with evaluating Denmark’s national transportation infrastructure and making recommendations to the government. “The committee consisted of more than 20 people,” she says, “six from universities, eight from organisations, and the rest from various businesses. At the beginning, some people were

sceptical that we could bring all these different points of view together and reach a consensus, but thanks to the effort of everyone involved we were very successful. The result was a comprehensive report on all areas of transportation infrastructure, with future requirements projected to the year 2030. This was quite well received across the political spectrum, by virtually all political parties, and is now under discussion. I expect the government to submit a proposal for action in the near future.”

The award ceremony and champagne reception was held at the Danish National Gallery, followed by a dinner at the Thorvalden Museum for the award committee and previous winners. “The entire day was fantastic,” says Birgit Aagaard-Svendsen. “It was both

a tremendous honour and a lot of fun. In October the 17 worldwide winners will gather at the Clicquot estate in Reims, France, which promises to be a delightful time and should be an excellent opportunity to extend my international network.”



# Watch where you park



**Carelessly leave your car illegally parked in Copenhagen and it could end up as part of a reinforced steel beam in an expensive new hotel in Dubai.**

Lauritzen Bulkera specialises in ocean transport of dry bulk cargo, everything from concrete and iron ore for the booming China market to grain and timber from the Americas. In the Baltic and North European areas different varieties of scrap metal are among the top cargoes. Not surprisingly, mixed into these shipments are the remains of quite a few automobiles. Some – probably most – of them were worn out and ready for the scrap heap. But sometimes you can find bits and pieces of a relatively new, shiny car in the mix.

“As far as I know,” says Ulrik Danstrøm, senior chartering manager for Lauritzen Bulkera, “these are typically cars parked illegally and abandoned for one reason or another – sometimes fairly new cars. If the police can’t locate the owner, the municipal government calls a company like H. J. Hansen, who tows the car, holds it for the required length of time, then turns it into scrap. That scrap is then sold as raw material, to a steel mill in Turkey, for example. So, if you’re particularly careless and forgetful, your BMW could end up being used as reinforced steel for an expensive new hotel in Dubai.”

## **A strong partnership**

Lauritzen Bulkera has carried just about all of H. J. Hansen’s scrap for more than eight years, most of it to Turkey. “You can think of scrap hauling in two ways,” Ulrik Danstrøm points out, “both as good business – which it is – and as socially beneficial, a kind of recycling on a large scale.” Some ship-owners won’t carry scrap metal because it can damage ships if it is not loaded correctly and very gently carried to the bottom of the hold. For this reason, Lauritzen Bulkera is careful to deal only with experienced partners, a description that fits H. J. Hansen, one of



**“When we tell our buyers that Lauritzen Bulklers will deliver, they’re satisfied – they know there’ll be no delays and no headaches.”**

**Flemming Bo Nielsen**  
*Sales Director, H. J. Hansen*

Denmark’s oldest and largest metal recyclers.

It’s an attitude that is reciprocated by H. J. Hansen. “We have a strong partnership with Lauritzen Bulklers because they’re known and respected,” says Flemming Bo Nielsen, H. J. Hansen’s sales director. “When we tell our buyers that Lauritzen Bulklers will deliver, they’re satisfied – they know there’ll be no delays and no headaches. Lauritzen Bulklers isn’t always the cheapest, but they have the best equipment and are always dependable – for us, that’s what’s important.”

## About H. J. Hansen

**H. J. Hansen Recycling Ltd.** is a Denmark-based environment and raw materials organisation with roots stretching back 175 years. Using industry-leading technologies, the company’s most important field of business is the processing of recycled materials into saleable and marketable products.

H. J. Hansen is internationally known for high-quality products and services and for some of the market’s best product specialists. The company collects and processes ferrous and non-ferrous metals all over the world, with special focus on Europe, the Far East and the USA. H. J. Hansen’s worldwide sales network includes offices in China and India and agents in Turkey and Spain.

# Taking the measure of a growing fleet

**Lauritzen Fleet Management's Performance Monitoring System tracks and evaluates an ocean of valuable data.**

Imagine the benefits of being able to calculate accurately and rapidly exactly how much energy each ship in your fleet uses. Or of being able constantly to compare actual fuel and lube oil consumption with a vessel's design specifications adjusted to a common performance reference condition. In short, imagine having a central vantage point from which to oversee and evaluate all the myriad details of ship operation and maintenance. Lauritzen Fleet Management is in the process of implementing a Performance Monitoring System that provides these benefits and many more, and that works in conjunction with a Maintenance Management System to optimise maintenance operations throughout the fleet.

## **Streamlined reporting**

"At its most basic level," says Curt Corneliussen, technical manager for Lauritzen Fleet Management, "the aim of performance monitoring is to control fuel and lube oil consumption, although it extends to many other areas as well. In the past we've been hampered by manual handling of information. All kinds of written reports were filed and refiled and data were manually tracked and evaluated, which was time consuming and inefficient and held a potential risk

of mistakes. In the new system we're putting in place, information is entered only once – at the source. Standardised reports are filed on board the vessels and from there essential data is transmitted to a central database at our Copenhagen headquarters. This greatly improves data reliability and also allows headquarters staff to monitor a wide range of vital data, virtually in real time – a vast difference from what was possible until now. We hope to have the basics of this centralised system available on all our vessels within 2008. On ships with an online connection to Lauritzen Fleet Management – a growing capability in our fleet – ships' officers as well as headquarters staff will have access to the same centralised information."

The centralised data can be used to help optimise ship performance, maintenance management, and environmental impact evaluation. The key to realising these benefits is Performance Monitoring System software developed jointly by J. Lauritzen and FORCE Technology, a Danish company with years of maritime engineering and consulting experience. Using data taken from daily reports, the system can monitor and analyse a wide range of factors for any given vessel, such as fuel oil/lube oil consumption, power,

thrust, and speed. This data is compared with the original ship design specifications adjusted to a common performance reference condition to help optimise performance. The system can even indicate that maintenance is necessary because of power loss or speed loss due to fouling of the propeller or hull.

## **Optimised maintenance**

"This kind of performance monitoring is essential to our new Maintenance Management System," says Curt Corneliussen. "Constant monitoring of engine and hull/propeller efficiency allows us to perform condition-based maintenance. This means we measure the actual condition of equipment and perform maintenance when necessary – not just on an arbitrary schedule. This is much more efficient and enables us to optimise our maintenance work. For example, it used to be standard to clean a ship's propeller every year; performance monitoring allows us now to pinpoint exactly when cleaning is needed. This also results in fuel savings due to more consistently efficient performance." Working from a single centralized database also means that it's possible to precisely measure everything that goes into a single vessel and across the entire fleet, which will help Lauritzen Fleet Management more

**“In the new system we’re putting in place, information is entered only once – at the source. Standardised reports are filed on board the vessels and from there essential data is transmitted to a central database at our Copenhagen headquarters. This greatly improves data reliability and also allows headquarters staff to monitor a wide range of vital data, virtually in real time – a vast difference from what was possible until now.”**

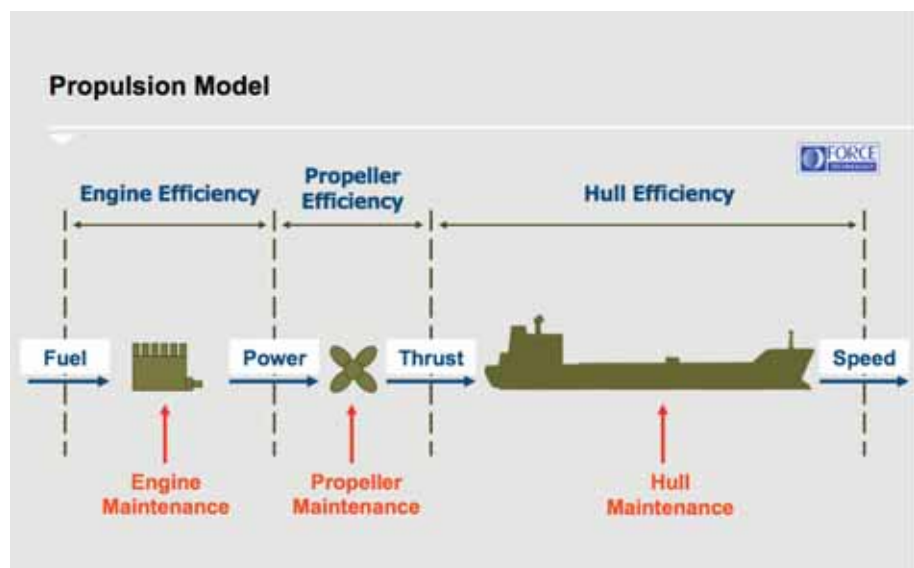
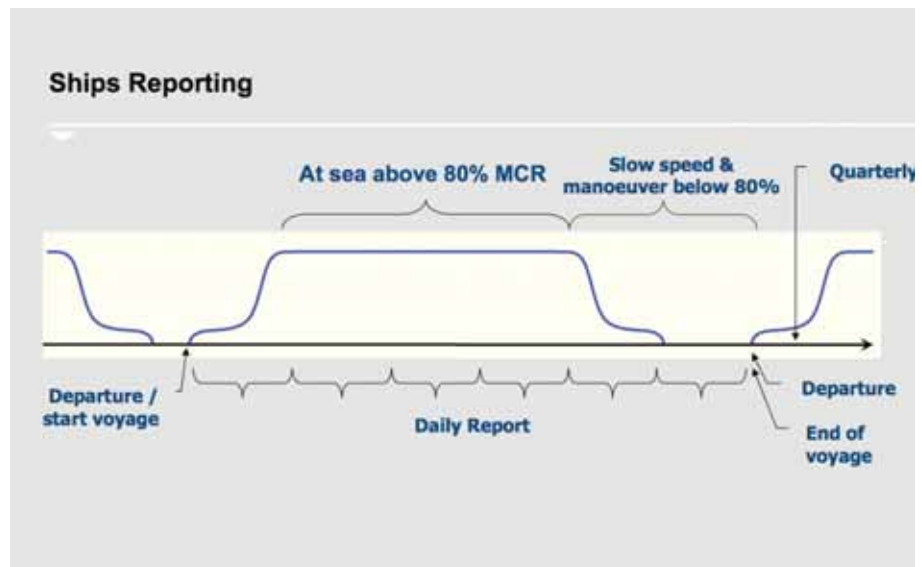
**Curt Corneliussen**  
*Technical Manager, Lauritzen Fleet Management*

*Standardised reports are filed on board the vessels.*

accurately project purchases far in advance for its entire fleet. This capability will extend to lube oil, spare parts, paint, and other supplies, which will allow more reliable quarter-by-quarter planning and more economical bulk purchasing, when the Maintenance Management System is implemented.

Last but not least, the data measured by the Performance Monitoring System will also provide a basis for all kinds of environmental reporting. From total energy consumed and engine exhaust emissions to solid waste and bilge water discharge, the ultimate goal is the ability to calculate and control the total environmental impact of a vessel. Which brings up the intriguing point that advanced performance monitoring and information management is simultaneously good for business and good for the planet.

*The system can monitor and analyse a wide range of factors.*



# Tough ships with sweet names



*Tilda Bonderup onboard her namesake, the Tilda Bulker.*

**“We needed to come up with a steady stream of unique names. Once this naming idea came up, everyone involved – even our outside associates, like customers and brokers – thought it was a great concept for its own sake.”**

**Ejner Bonderup**  
*Senior Vice President,  
Lauritzen Bulkers*

## Lauritzen Bulkers personalises newbuildings with names of employees’ daughters.

As impressive as they may be, it has been difficult, until now, to feel a sentimental attachment to huge bulk vessels. Heavyweight cargoes like iron ore, concrete, scrap metal, and timber simply don’t generate romantic vibrations. But by deciding to name newbuildings after the daughters of employees, Lauritzen Bulkers has managed to create sentimental ties for its new ships – ties that will remain meaningful as long as they sail the seas. “This was partly a consequence of the sheer size of our newbuilding and acquisition programme,” says Ejner Bonderup, senior vice president of Lauritzen Bulkers. “We needed to come up with a steady stream of unique names. Once this naming idea came up, everyone involved – even our outside associates, like customers and brokers – thought it was a great concept for its own sake.”

Ejner Bonderup is especially aware of the meaning of this new tradition, as in 2006 the *Triton Seagull*, built in Japan in 2003, was bought by Lauritzen Bulkers and renamed *Tilda Bulker*, after his daughter Tilda. In April this year, ship and young girl were brought together when the *Tilda Bulker* conveniently called at Kalundborg in Denmark to load a shipment of malt for Venezuela. “It was a great opportunity for Tilda to meet with Captain Tiberio, his officers and crew – and to see the beautiful red ship that carries her name,” he says. “It was an experience she won’t forget.”

**Tilda, Laura, and many more**  
Including the *Tilda Bulker*, there are nine ships – with many more to follow – proudly trading the oceans of the world named after, the daughters of Lauritzen Bulkers’ employees. The most recent namegiving ceremony took place on 9 May at Hakodate Shipyard in Japan. On that day, the prosaically

# A truly international naming ceremony

At a festive launch ceremony on 8 May at the STX Shipyard in Korea, the *Stina Kosan* was named by Marianne Rieber. It was a very special event for her to be the sponsor of a vessel built in Korea, as she is Korean by birth. She is, however, a citizen of Norway, where she runs a publishing house together with her mother, Anne

Rieber. Which explains why Marianne Rieber is wearing a Norwegian national costume in the accompanying photo. To complete the story, it should be noted that her father, Bjarne Rieber, is the principal shareholder of the Norwegian Rieber Group, which is in turn the principal shareholder of Tailwind, Lauritzen Kosan's joint-

venture partner in LKT Gas Carriers Ptd. Ltd., the owner of the *Stina Kosan*.

*(from left: Anne Rieber; Marianne Rieber; Jan Kastrup-Nielsen, president of Lauritzen Kosan).*



titled Hull #819 was transformed into the *Laura Bulker*. This ship is particularly significant as it is the first in decades to be ordered directly by Lauritzen Bulkens. In honour of the occasion, a delegation from the J. Lauritzen Copenhagen and Tokyo offices attended the ceremony, which was arranged by the Tokyo office and Hakodate Shipyard.

The *Laura Bulker* is named after the daughter of Lena Have, controller in Lauritzen Bulkens. Additionally, this vessel follows the old J. Lauritzen tradition of giving ships a female name of five letters ending with the letter "a". At the tender age of seven, Laura Have was too young to perform the official cutting of the cord, and her mother acted as sponsor in her place. The launching ceremony and naming was performed by the book, even though a very strong wind was threatening to postpone the proceedings. The ceremony was followed by the traditional breaking of a sake barrel and dinner.

The *Laura Bulker* is a Handysize (31,900 tdw) and the first vessel in a

series of eight ordered directly by Lauritzen Bulkens. These Handysize vessels represent a new design that combines shallow draft and high cubic capacity to allow better utilisation in many ports. Delivery of the vessel took place on 20 June 2008.



*Laura Have is introduced to Japanese music.*



*Namegiving ceremony for the *Laura Bulker*.*

## A mini-cruise for Sandholm children

In early August, a group of children from the Danish Red Cross Centre Sandholm, Denmark's largest asylum centre, were invited for a mini-cruise onboard the *Lilla Dan*. The children, between six and thirteen years old, the crew, and JL employees all enjoyed a fantastic summer day onboard J. Lauritzen's beautifully restored old training vessel.



# Supporting the search for deepwater oil

From shuttle tankers to accommodation and support vessels, from newbuildings to ship conversions, Lauritzen Tankers covers the bases.

***Truly staggering amounts of money are being spent to develop newly discovered oil fields in the deep water off the coast of Brazil. Analysts estimate that Brazil's Tupi and Carioca fields are some of the largest discoveries the world has ever seen in deepwater regions. Such discoveries will need massive resources for the development of oil production. Lauritzen Tankers has already taken the first steps to participate in this development, with a 12-year contract for two shuttle tankers to operate under the wings of Transpetro, a wholly owned subsidiary of Petrobras, Brazil's state-owned oil company.***

*The product tanker Freja Pacific is being converted for service as a dynamically positioned shuttle tanker.*



The vessels will be purpose-built at Cosco Nantong Shipyard in China for delivery to Brazil in 2011 and will feature state-of-the-art design and dynamic positioning (DP). The DP system enables these vessels automatically to maintain position and heading by using their own propellers and thrusters. This allows them to maintain a stationary position in order to transfer oil safely from floating production, storage, and offloading platforms (FPSOs) for transport to shore. In effect, a DP shuttle tanker becomes a “floating pipeline”, an arrangement that offers many competitive advantages for development of deepwater fields far from shore, where pipelines are neither economically attractive nor physically practical. DP shuttle tankers are much easier to maintain and repair than deepwater pipelines, which further enhance the economic calculation. Additionally, DP shuttle tankers and the FPSOs, they serve, can be redeployed as flexible units between fields according to the production planning of Petrobras.

## **A growing market**

The combination of FPSOs and shuttle tankers is a proven method, often seen in the North Sea and Brazil. Furthermore, new shuttle tanker projects are also underway in other regions, such as the Gulf of Mexico, where deepwater offshore oil deposits are being developed. In view of the company's experience and an established record with key clients, such as Petrobras, Lauritzen Tankers sees a strong potential for DP shuttle tankers. “In fact,” says Michael Kristensen, manager of business development for Lauritzen Tankers, “Quantum Tankers, which was acquired by Lauritzen Tankers in 2004, introduced the first DP shuttle tanker for use in Brazil in 1998 – so we've got a lot of experience, which is important in such a highly specialised area. The new DP shuttle tankers were designed in close cooperation with Petrobras, and represent our strong intention to compete in this growing market – in Brazil and other areas as well. We have an established track record, and we're in a good position to build on it.”

**“The new DP shuttle tankers were designed in close cooperation with Petrobras, and represent our strong intention to compete in this growing market in Brazil and other areas as well. We have an established track record, and we're in a good position to build on it.”**

**Michael Kristensen**

*Manager of Business Development, Lauritzen Tankers*



*Artist's rendering of new shuttle tanker*

At the same time, Lauritzen Tankers is also working on the conversion of the *Freja Pacific*, a product tanker to be renamed *Dan Eagle*, for service as a DP shuttle tanker. The great advantage of a conversion is the much faster turnaround, compared to a newbuilding: it was begun in dry dock on 1 June, and is due for completion around the beginning of October this year. This is a complex project, but in addition to the experience of the shipyard, which has already completed 11 similar conversions, a Lauritzen Tankers site team, as well as the ship's officers and crew, are on hand to oversee and assist. "The trick with DP shuttle tankers, both conversions and newbuildings," says Erik Møller, fleet manager for Lauritzen Tankers, "is to secure critical long-lead items well in advance. The delivery times are two years or more for critical items like thrusters and engines. In some cases we have to purchase equipment even before we have the vessel, which is a sign of our commitment to this line of business."

#### **A challenging conversion**

As reported in the previous issue of this magazine, Lauritzen Tankers is also hard at work on an innovative approach to the accommodation and support vessel (ASV) market for the work crews and equipment needed to perform continuous maintenance and repair work on floating and fixed structures offshore. The traditional answers to handling these tasks have been fixed structures and anchored semisubmersible vessels, but Lauritzen Tankers reasoned that its experience with DP technology could be applied to develop a new kind of ASV – one

that would provide much greater versatility and flexibility, especially for deepwater projects.

At the German shipyard Blohm & Voss in Hamburg, work is now well underway on the conversion of the *Dan Swift* – originally built as a cable laying ship – to a dynamically positioned ASV. According to Erik Møller, the challenges are formidable and have required intensive design efforts from the shipyard. "Legal requirements and regulations have been our main hurdles," he says. "Because the converted vessel will carry about 300 people – it's been reclassified as a 'passenger' ship. It was a tough job to redesign what was originally a cargo ship and at the same time meet the latest passenger ship requirements in areas such as safety, evacuation, and many others. The good news is that the shipyard has completed the redesign and is making excellent progress on the actual conversion work."

Work completed to date ranges from new decks and structural reinforcement for the ASV's special gangways to sections of new steel in the hull and supporting superstructure for a huge offshore crane. Other major projects include installing the DP system and bridge controls, upgrading the entire engine room, and laying a couple of hundred kilometres of cable to support completely new electronics systems. In addition to shipyard staff, a Lauritzen Tankers site team is on the job daily, along with constant support and weekly visits from headquarters staff. Delivery is on schedule for January 2009. When completed, the *Dan Swift* may be used to support

oil development in Brazil, Mexico, West Africa, or other markets. There are also many other areas where she could be useful, such as light construction work offshore, so the market potential is encouraging.



*Engine room being lowered onto the deck of the Freja Pacific.*

**"The trick with DP shuttle tankers, both conversions and newbuildings," says Erik Møller, fleet manager for Lauritzen Tankers, "is to secure critical long-lead items well in advance. The delivery times are two years or more for critical items like thrusters and engines."**

**Erik Møller**  
*Fleet Manager, Lauritzen Tankers*

# JL Foundation supports Copenhagen Business School shipping network



## New forum aims to share insights into the financial and strategic aspects of shipping.

A group of enthusiastic MBA alumni from Copenhagen Business School (CBS) have set up a formal network that they call the "Forum for shipping economics and strategy". Their aim has been to establish a basis for knowledge sharing and discussing topics relating to the financial and strategic aspects of shipping. There is absolutely no tradition in this field for new knowledge or the results of research to be mediated to the Danish maritime sector.

Torben Janholt, president and CEO of J. Lauritzen, has given his active support to the initiative, stating: "I feel it is absolutely essential to strengthen the two core themes of the initiative - shipping economics and strategy - so as to ensure the foundation for future development of the shipping industry in Denmark."

The target group is senior executives in the Danish shipping industry and associated service partners – banks, consultants, researchers, trade media, producers, and service companies. Specifically, events were organised over the winter season, especially with international speakers being followed by discussion sessions.

### Industry-specific presentations

Søren Rasmussen, J. Lauritzen senior manager of project and business analysis, is a member of the network's steering committee and has been working with CBS on selecting topics and resource candidates for the inspiring presentations that have been given.

In the 2007/2008 season, there were presentations from Dr. Martin Stopford, Director at Clarksons Plc on Key Issues in an Unusual Freight Market; Consultant Erik Bastiansen on Trends in New-building Markets; James Leake,

Director of Research, CAP Hyde on Developments in Dry Bulk and Product Tanker Markets – the Impact from India; Peter Blach, MD Offshore Center, Denmark on The Offshore Industry in Denmark; and Jens Matthiensen, Partner at Danish law firm GFK on Insurance in Shipping with Special Emphasis on Issues Related to Financing of Vessels.

The events have been attracting increasing interest with up to a hundred attendees each time. Discussions have often been lively, with more informal discussions continuing in CBS' foyer after the lectures.

The JL Foundation was especially pleased to provide a sizeable amount in funding, since education and active investment in the shipping business provides support for the future of our companies.



# Newbuilding notes

## Lauritzen Kosan orders six pressurised gas carriers from Chinese shipyard

The Yangzhou Kejin Shipyard Co. is scheduled to deliver the six vessels between December 2009 and December 2010. "This newbuilding order is the result of very constructive cooperation between Lauritzen Kosan and Changjiang Ship Design Institute, a Chinese engineering and design company. We've collaborated to create a modern pressurised gas carrier which can be used for the growing Chinese coastal and inland waterway trade, as well as for international trade," says Jan Kastrup-Nielsen, president of Lauritzen Kosan. The order brings Lauritzen Kosan's newbuilding portfolio to a

total of 12 owned vessels. Partners will deliver three more newbuildings to the Lauritzen Kosan-managed fleet. Additionally, Lauritzen Kosan has entered into a 50-50 partnership with Tailwind, a Norwegian company, to form LKT Gas Carriers Ltd. The new entity will own two 9,000 cbm ethylene gas carriers, the *Stella Kosan* and the *Stina Kosan* (pictured below), which have recently been delivered, as well as a third, *Sophia Kosan*, which is scheduled for completion in October.



**"I feel it is absolutely essential to strengthen the two core themes of the initiative - shipping economics and strategy - so as to ensure the foundation for future development of the shipping industry in Denmark."**

**Torben Janholt**  
*President and CEO, J. Lauritzen*

## Lauritzen Tankers and Lauritzen Bulkers continue to add vessels

In addition to the two dynamically positioned shuttle tankers described on page 18, Lauritzen tankers has eight more newbuildings on order from Guangzhou Shipyard in China. All ten vessels are due for delivery between 2009 and 2011.

With 19 fully owned newbuildings already on order, Lauritzen Bulkers announced in July that contracts have been signed with shipyards in China, South Korea, and Japan for 15 additional vessels. These newbuildings – some of them contracted for together with partners – include both Capesize and Handysize ships

and represent a total contract value of about USD 750 million. "During the last few years, Lauritzen Bulkers has followed a planned growth strategy with the aim of becoming one of the world's leading owners and operators of modern bulk carriers. Our fleet will grow to a total about 150 Handysize, Handymax, Panamax and Capesize bulk carriers during the next few years," says Jens Ditlev Lauritzen, president, of Lauritzen Bulkers.



# Life after reefers



## Observations on making the transition to a new area of nautical expertise, by Captain Per Gommesen.

With the end of the reefer trade and having previously spent some years on supply vessels, Captain Per Gommesen decided to seek new challenges aboard an Accommodation Support Vessel, the ASV *Dan Swift* (see article, page 18). Operating and manoeuvring such vessels is so specialised that service aboard requires training courses – and preferably practical experience.

Although fitted with computerised dynamic positioning (DP) for automatic position and course keeping, maintaining the vessel's position or manoeuvring also require powerful side-thrusters. DP is a required fit and is excellent for vessels such as the *Dan Swift* and other offshore units. To get some experience for Per Gommesen and other deck watch officers before the *Dan Swift* starts operations, JL made an agreement with Danish ship-owner Alcatel, which operates DP cable layers.

### Per Gommesen reports:

#### Basics of dynamic positioning

After a week on the basics of DP at Svendborg International Maritime Academy (SIMAC), I joined the *C/S Ladbrog* at Keelung on Taiwan as a supernumerary deck watch officer. Based in Keelung, the *Ladbrog*, a half sister to the *Dan Swift*, was converted as a cable ship in 2001 and has since been engaged in servicing and maintaining undersea optical fibre cables in the East China Sea, Korea, and Japan. It is demanding work and the vessel has a crew of 52 Danish officers,

Filipino ratings, and some British technical staff. Crew accommodation is excellent, with nice cabins, large messes, and crew rooms. A Danish steward provides top quality catering.

The vessel worked almost continuously the five weeks I was aboard, with just a few days in port. The vessel has fore and aft bridges. Since cable operations are on the aft deck, the DP controller is in the aft bridge for visibility reasons. Officers work 12-hour watches and change over at midday. There are always two officers on duty with the captain as backup. I was on duty 06-18 to observe both watches. They typically man the DP for an hour at a time, since the DP is on constantly when the vessel is working. The other officer is usually on deck aft when a cable is coming aboard or is being relayed after inspection. A surveyor is always on the bridge as well to monitor all cable operations, position logging, times, etc, so at the end of operations there is a complete report on the work carried out.

#### Baptism of fire

The first job in Taiwan on 9 June was to replace a repeater, one of the amplifiers fitted every 50 km of cable. Since the cable had been laid at a depth of 100 m, the vessel's Remotely Operated Vehicle (ROV) had to be launched to locate the cable. In this operation, control of the vessel passed to the ROV. The DP computer was set to 'ROV follow mode', so the vessel automatically followed as the ROV moved over the seabed. Monitors on

the bridge had input from the ROV's cameras. The water was so clear that everything on the seabed was visible. The ROV was recovered when the cable had been located and a heavy duty line with 'fish hooks' was dragged over the cable to snag and recover it. Retrieving, repairing, and relaying the cable was a lengthy operation.

I had my 'baptism of fire' as DP operator the same day that we started work. Using a computer to manoeuvre a ship is a very special feeling, but you soon get used to it and appreciate just what a unique tool it is. In the time I was aboard, the vessel was often in DP and I spent many hours using it. The greatest depth we worked at was 1,600 m, although the record for a cable repair is at a depth of almost 10,000 m. The crew were highly professional and the vessel has such a good reputation that cable operators request the *Ladbrog* when their cables need repairing.

On 15 July, I left the *Ladbrog* at the Japanese island of Okinawa. My tour aboard was a great experience. Alcatel and the crew were most welcoming and helpful – and gave me the experience I will definitely need in future. With that and the constant stream of technological developments we are seeing in this area, the switch after so many good years aboard reefers will definitely be exciting.



## Lauritzen Bulkercruises Hudson River

More than 90 brokers, clients, and business associates participated in a very successful dinner cruise on 17 June arranged by the Lauritzen Bulkercruises office in Stamford, Connecticut, USA. Many of the participants had traveled far just to attend this event. The setting was

optimal for a pleasant evening on board the *World Yacht's Destiny* – a perfect place for a shipping company to entertain its clients. Cruising the Hudson River in good company, with a tasty buffet and music performed by a live soft-jazz trio – time flew by very fast.



## New sails for Lilla Dan

The *Lilla Dan*, J. Lauritzen's 35-meter topsail schooner, has been equipped with new sails which she had good opportunity to use and show off in a recent race for wooden schooners in the waters around the Danish island of Funen.

# People and promotions



*From left to right:*

**Claus Tommerup**, senior manager, has joined Lauritzen Fleet Management as head of Maritime Personnel. Claus Tommerup had his shipping training at A P Moller-Maersk and has worked for a number of international shipping majors during the years. Earlier this year, his predecessor, Ole Nielsen, decided to retire after more than 30 years with J. Lauritzen.

**Jens Søndergaard** has been promoted to senior vice president of J. Lauritzen, responsible for Executive & Strategic Communications. Jens Søndergaard has been with the company since 1991.

**John M. Jørgensen**, head of Treasury, has been promoted to senior vice president of J. Lauritzen. John Jørgensen has been with the company since 2001.

**Hanne Moltved** has been promoted to manager for Group IT Systems. Hanne Moltved has been with the company since 1988.

## A thank-you to the Filipino crew members



In connection with the record financial results of 2006 and 2007, Lauritzen Bulkers wanted to thank the Filipino crew members of its owned vessels for their dedication and hard work. The Jeepney pictured above is part of that thank-you. In 2007, New Century Overseas Management (NCO), Lauritzen Bulkers' ship-management company, purchased a 1,000 sqm house in central Manila for use

as a dormitory by crew members from various Philippine islands signing on and off vessels. It was agreed that Lauritzen Bulkers would sponsor all inventory for the house, including the Jeepney, which is used for local transportation between the dormitory, the NCO office, and the Manila airport.

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### **Editorial support and design**

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*J. Lauritzen A/S operates globally and is engaged in diversified ocean transport through Lauritzen Bulkers (dry bulk cargoes), Lauritzen Kosan (petrochemical and liquefied petroleum gases), and Lauritzen Tankers (refined oil products). J. Lauritzen is also serving the off-shore oil exploration and production industry with specialised tonnage.*

*JL employs a staff of approximately 650 persons and together with partners/associates controls a combined fleet of about 235 vessels including vessels on order consisting of bulk carriers, gas carriers, product tankers, and dynamically positioned off-shore support vessels.*

For more details on JL's business activities and fleets, see [www.j-l.com](http://www.j-l.com)