

String of VLCC sales emerge as prices retrench

International Seaways, Aeolos Management and NYK Line said to have found buyers, while AET is hunting for one

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At least four more VLCCs are said to have changed hands in recent days as buyer interest for large tankers surges during a spot market slump.

Among the transactions, shipbrokers said US-based International Seaways is said to have sold two of its oldest vessels and Greece's Aeolos Management has offloaded a 2000-built vessel.

There are also reports that NYK Line has reportedly sold a second nine-year-old VLCC in less than a week, though some market sources have cast doubt on the report.

The deals come as broker houses cited a growing queue of potential buyers eyeing up tonnage as prices retrench.

"There remains strong interest in VLCCs from buyers," London broking giant Clarksons said in a weekly report where it noted that before last week's sales, dealmaking focused on older tonnage.

Greece's Lion Shipbrokers reported that at least five VLCCs were sold last week amid an active sale-and-purchase market.

Among the latest sales, US and Greek brokers said New York-based International Seaways sold the 319,000-dwt Seaways Mulan (built 2002) for \$23.5m in a deal that is still on subjects.

It is also believed that it may

have sold the sistership Seaways Rosalyn (built 2003) for \$25m.

Buyers of the Hyundai Heavy Industries-built ships have not been revealed.

The New York-listed shipowner's chief financial officer, Jeffrey Pribor, declined to comment on reports of the sales.

"We will say that we will sell non-core assets at good prices to support future growth of Seaways," he said.

"Seaways has a great balance sheet and we are constantly moving to improve our positioning."

Also, US and UK brokers said that Aeolos, a Piraeus-based company within Greece's Embiricos Group, has sold its 299,000-dwt Chryssi (built 2000) to undisclosed buyers. The vessel, which is due for a special survey, reportedly went for \$22m.

Managers at Embiricos companies Aeolos and Andros Maritime did not respond to requests for comment.

Also, US and Greek brokers reported that NYK Line, the Japanese shipping giant, has sold the 311,000-dwt Takaoka (built 2011) for \$45m.

They said the buyer for the IHI-built ship is Greek, though the company's identity could not be verified.

NYK Line did not immediately respond to an email seeking comment on the sale of the Takaoka, but a broker with knowledge of the



INTERNATIONAL SEAWAYS: The company, led by chief executive Lois Zabrocky, has reportedly sold two VLCCs

Photo: Ernest McCreight/TradeWinds Events

company said it had not sold the vessel.

Reports of the deal emerged days after TradeWinds reported that Tokyo-listed NYK Line offloaded a similar Japanese-built VLCC to Greece's Dynacom Tankers Management.

The 306,000-dwt Tokitsu Maru (built 2011) also changed hands for \$45m, sources reported.

Japan's NYK Line has confirmed the sale of the Mitsubishi Heavy Industries-built ship.

A company source said the sale is part of the company's fleet renewal as "much focus internally is [on] alternative propulsion in light of [International Maritime Organization] goals for 2030 and 2050".

Meanwhile, AET's 301,000-dwt Bunga Kasturi Dua (built 2005) has been put on the sales block and has been inspected by a few prospective buyers, market source said.

Despite buyer interest, there are not as many sellers willing to unload tonnage as prices slump.

"Dropping oil demand and prices ... are causing nervousness in the tanker chartering market, where rates are still basically below operating costs," US broking house Compass Maritime said. "Tanker prices are feeling the pain."

The reported price tag for the Takaoka and Tokitsu Maru are reflective of the slump.

The \$45m figure comes in slightly below VesselValue's estimate of \$47.4m for the Takaoka and a third-quarter forecast by Maritime Strategies International of \$46.2m. The ship is scheduled for special service in August of next year, which may be a factor in the ultimate price tag.

This time last year, the ship had an estimated value of \$56m, according to VesselsValue data.

Weighed against the last compa-

nable transaction, both the vessels recently reported sold by Tokyo-listed NYK Line scored \$1m less than Eurotankers paid in July for the 320,000-dwt Hra (built 2011), which was built in South Korea.

"Whilst current pricing trends remain steady, values for VLCCs of this age have dropped by nearly 20% from around 12 months ago," said Clarksons.

Looking at broad indicators for the secondhand market for VLCCs, prices appear to be at their lowest point in more than a year.

The Baltic Exchange's S&P assessment for a VLCC slumped to just over \$67.9m at the end of last week. That is a 12.1% slump since the index peaked in May of this year and the lowest level since May 2019.

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OWNERS SELL OFF OLDER TANKERS AS EARNINGS PROSPECTS WEAKEN

Max Tingyao Lin

A raft of aged crude tankers have changed hands in the secondhand market this month, with some owners seeking to cash in before asset prices fall further, brokers said.

Six VLCCs, four suezmaxes and five aframaxs have been sold since the beginning of September, according to VesselsValue. All but two are aged between 15 and 20 years.

Andreas Martinos-controlled Minerva Marine was the most

active seller, having found buyers for the 309,000-dwt Pantariste, 105,900-dwt Minerva Zenia and 105,700-dwt Minerva Maya (all built 2002).

"When a Martinos sells, it's a sign," said a broker. "A lot of people are worried about [market prospects] indeed and think it's a good time to sell."

Despite a correction since the second quarter, secondhand tanker prices have remained at high levels when compared with historical standards.

Arctic Securities assesses the

price of a 15-year-old VLCC at \$32m — the same as the 2019 average.

A same-age suezmax is valued at \$22m, higher than the average of \$19.5m last year. Aframaxs are valued at \$16m apiece, versus the 2019 average of \$14.9m.

But many tanker players have forecast further asset price downside, with earnings prospects expected to stay weak in the coming quarters.

McQuilling Services has forecast average daily VLCC earnings to fall from \$47,800 this year to

\$18,000 in 2021, suezmaxes from \$27,600 to \$15,800, and aframaxs from \$15,700 to \$10,300.

"It is a good time to dump old assets," said a second broker, adding that some ships may even end up at scrapyards amid firmer demolition rates.

With the gradual, albeit uneven resumption of work at South Asian shipbreakers, scrapping rates have shown strong improvement since the end of the second quarter.

Bangladeshi yards are offering \$370 per ldt for recycling tankers,

compared with \$290 per ldt in early June, according to cash buyer Best Oasis.

"If firmer lightweight [ldt] prices are here to stay, this may entice some owners to consider demolition, particularly in the current depressed earnings environment," Gibson Shipbrokers said in a research note.

"Yet, this could take some time to manifest, as owners will be mindful of the winter season, hoping that weather related delays and disruptions will provide much needed volatility."