

OSTERREICHISCHER LLOYD

Steadily increasing its activities mostly in shipowning

Osterreichischer Lloyd began operating in Cyprus 15 years ago, fundamentally based on the operation of bulk carriers. Some time later, however, the company had widespread knowledge about the operation of all kinds of vessels.

Today, things have changed for the company. Its strategy is focused on becoming more involved in shipowning instead of managing ships, but it still retains three of its former clients, offering ship management services.

"We'll keep these three clients, and of course we'll look for other shipowners who share our view on ship management and appreciate our high level services," points out Captain Eberhard Koch.

"I am not fighting for a contract if they don't have the same philosophy," he added, underlining that the company's policy for the ships it manages is the same as the policy it exercises for its own vessels.

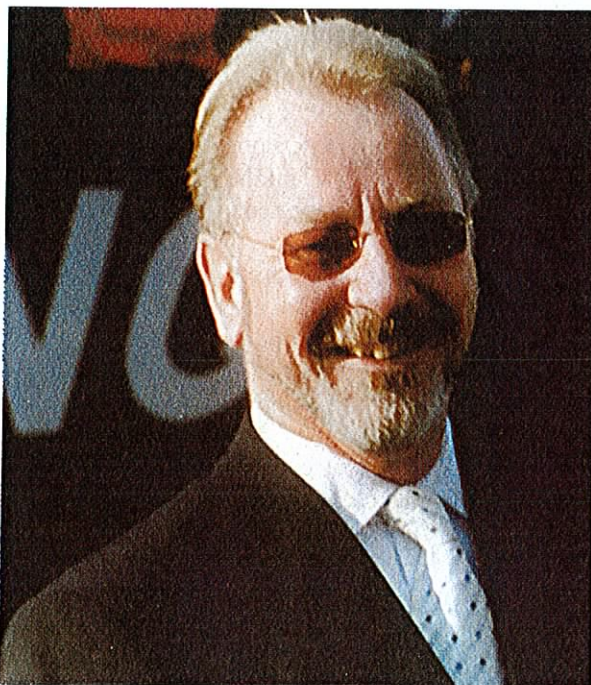
OLSM currently has 26 ships under full management, 50% of which are owned by Captain Koch – who is chairman and managing partner of the company – and his partner, Hans-Georg Wurmbock. The other 50% is controlled by third party ship management.

"As we are definitely more shipowners now than shipmanagers, the target of my partner and me is to increase the number of the owned fleet," says Captain Koch; adding that the company is currently in the process of renewing the fleet, by replacing old ships with newbuildings.

Capt. Koch has personally, already sold his first two ships, built in 1985 and 1986 – 3,800 dwt – to Norwegian interests in April and May 2007; while in July this year two of his 450-teu container reefer vessels, built in 1984 and 1978, were sold to US interests.

OLSM has already ordered four newbuildings in China, which will be delivered to the company from next year to March 2009.

More specifically, they will receive from the Chinese shipyards, three container feeder vessels of 630 teu each, and a small multipurpose bulk carrier of 4,250 dwt. The



Captain Eberhard Koch

three containers will be delivered in August and October next year, and the bulk carrier in March 2009.

Intending to extend this program, the two partners also have some options to negotiate. "Actually, we hesitated to order from China for a couple of years, because we had learnt from the bad experiences which other German shipowners have had from shipbuilding in that country," admits Captain Koch. "But we found a German partner, who had built a lot of newbuildings in China, thus acquiring great experience. Based on this, we ordered at the same shipyard, and the work will be supervised by this partner.

"We are, of course, extremely satisfied, in terms of both quality – primarily – and cost."

The price in China is unbeatable, but, as he points out, "price is not everything. Quality is the first and main consideration."

In the past, OLSM had built in Romania and Bulgaria and it had excellent results from those shipyards. Prices there today, however, are extremely high and if one can combine quality and reasonable cost in China, he believes, it is worth going there. "But once again, supervision is the main target," he warns. "Otherwise you will end up in trouble".

Today OLSM's own fleet consists of seven small multipurpose vessels, four container feeder vessels and two reefers. Within about 18 months, the four newbuildings will be added, plus the two option vessels.

Almost all the company's ships fly the Cypriot flag, but the Turkish ban makes their life difficult. "I would like to have all our ships under the Cyprus flag, which I really want to promote," says Capt. Koch, "on the other hand, the charterers pressure me every day to change the flag because of the Turkish ban."

The company, which does not have its own crew offices, finds crews through its agents and through representatives in other countries. "The good relations we develop with our crews keep them on our ships and we are happy about this," says Captain Koch. "In my opinion, personal relations between the crew and the crew manager are a major factor."

Despite the fact that there are increasing difficulties in the crewing area worldwide, Hanseatic remains ahead of the game inasmuch as it has always made a major investment in training. Its Cyprus-based Hanseatic Marine Training School, which was established in 1983 in Limassol, has recently had a €50m full engine simulator installed, adding to the bridge team simulator and cargo simulator already in place; and the company also runs smaller training facilities in both Manila and Riga.

There is no doubt that Hanseatic's prime concern has always been to have a sufficient number of professionally trained staff on board and Mr. Droussiotis feels that the quality of the Hanseatic crew and the great investment made in their training, represents "a very strong asset" for the company.

"Our seafarers are the ones fighting on the front line. The combination of their professionalism and the support provided from the shore based operation, is how we have attained the name Hanseatic and realized all that it stands for in the shipping world", he pointed out.

Closing his comments on the 35 years success and positive future envisioned for Hanseatic, CEO Andreas Droussiotis stressed: "As a company, we will continue to strive to ensure that our hard earned success continues. There is always room for improvement, for bettering still our quality performance. It is not the size of our fleet that matters, but the high standard of our operations. The efforts of our able

bodied seafarers, qualified shore based staff, and the success of our strategically located manning agencies have all contributed to the success of HSC. It is for these reasons that the company will thrive in the future. We will carry on in the direction we are heading and never forget the hard work and commitment it took towards realizing our shared goal of being the world leader in quality ship management".

Athens office

Hanseatic embarked on a major expansion into the Greek market, setting up an Athens office which was officially opened in October 2005, initially offering just crew management.

Today the office employs 25 staff, including a technical director and four superintendents, and provides full management for 18 vessels and crewing for almost the same number again.

The expansion in the Athens office was definitely inevitable with the number of additional vessels from Greece joining Hanseatic's fleet. The vessels managed from Greece are all tankers – gas, crude and products – except for one bulker, of which some are owned by primarily dry cargo owners who find tanker regulations too onerous.

It should be mentioned that all the staff in charge of manning the Athens office has been trained at the Hanseatic headquarters in Limassol to ensure that services received by its clients will be only of the highest quality.

