

# Expanding horizons





PES was delighted to speak with Valentin Hartmann, a partner in Waterworks Offshore CONCEPTS. He was enthusiastic about their new venture, as they branch out into the ship finance market. A bold new chapter is beginning in this young dynamic company, encompassed in a slight change of name. They have already established links with investors, which are proving to be mutually beneficial and will continue to do so in the future.

**PES:** Hi Valentin, welcome to PES Wind, it's great to have this opportunity to talk with you. It would be good to start with an overview of the company.

**Valentin Hartmann:** Hi, yes thanks for giving us the opportunity to introduce our company and its services to the PES readers and the offshore industry.

Waterworks Offshore was founded in 2014 by Sven Boedewig and since then has been active in the offshore oil & gas sector, as well as the renewables market. Chartering and S&P to the industry have been key activities since then.

Lately we have been very busy with recycling offshore assets as well. I joined the company in 2018 and have been actively supporting our clients in the renewables market, especially in chartering for wind park O&M campaigns in the North Sea.

**PES:** How important is the offshore wind industry to you as a company?

**VH:** Since the beginning, the offshore wind industry has always been the main focus of Waterworks. Over the years we have managed to attract larger clients to our services. They charter vessels on a regular basis for their businesses, for both time charters and the on the spot market. So, it is fair to say that offshore wind is an integral part of our company and we are striving to expand our services to this industry.

**PES:** We note that you have changed the company name to Waterworks Offshore CONCEPTS and wondered why and what this means to the company?

**VH:** Since about the beginning of the year we planned to change our focus. Offshore wind offers many more opportunities than serving this market with our brokerage activities. In our view, Services in the name indicates pure brokerage, meaning Chartering and S&P. Concepts on the other hand indicates a more strategic approach, which includes finance and project services



Valentin Hartmann

in addition to vessel brokerage.

With Waterworks Offshore Concepts we are entering the ship finance market, being the first strategic finance boutique purely for assets, which operates in the offshore renewable market. This means a major step for our company, but we are very excited about the future of attractive financial solutions, in a market that we have operated in for some years now.

**PES:** So how does this work in practical terms?

**VH:** Besides long-lasting relations to close HNWIs (High Net Worth Individuals) we have teamed-up with a reputable ESG-focused finance house, which aims to invest in renewable shipping. Waterworks Offshore Concepts will be the link between investors and shipowners who want, or need to finance, or to re-finance assets in their future, or existing fleets.

The channels work both ways, either an investor who wants to invest in the sector, or a shipowner who needs finance solutions, contact and we will tailor the best solution.

There will also be a digital solution to accommodate all but we will save that for the next interview.

**PES: Why do you think there is a need for this type of offer in our industry at the present time?**

**VH:** The energy transition is in full force and offshore wind energy will continue to play a major role. It has been growing significantly over the last 10 years and its share to annual installed capacity is expected to grow even more.

In 2019 Europe connected 502 new offshore wind turbines to the grid across 10 projects. This brought 3,627 MW of new (gross) additional capacity.

Europe now has a total installed offshore wind capacity of 22,072 MW from 5,047 grid-connected wind turbines across 12 countries.

Four new offshore wind projects reached Final Investment Decision (FID) in four different countries during 2019, with construction starting in the coming years. €6.0bn were invested in order to finance 1.4 GW of additional capacity.

All these current and planned projects need special assets to achieve them. We definitely see a lot of older ships and they will need to be replaced. This perception has also been propelled by the Corona crisis and the falling oil price earlier this year, when vintage tonnage became obsolete, as modern vessels also did not reach high utility rates and were favorable to charter.

Expectations at new and specialized assets are higher in terms of offering performance and sustainability in one vessel. This rising trend is projected to keep going, as offshore wind will grow expands in the renewable energy sector. And it is supported by more and more private, as well as institutional investors, willing to invest in sustainable projects. It is not just about the return anymore, but also about how the return is actually generated.

**PES: How do you see your solutions evolving in the future?**

**VH:** In fact, we have already had our first few financing deals for offshore support assets in 2020, which are currently operating in the North Sea. The full process had been handled very privately and confidentially and it was

smooth, safe and successful.

For the future we are looking to develop attractive and flexible financial solutions, which keep pace with the industry's needs. A growing network and fast adaption will be key to achieve our goals. Shipowners are looking for simple handling and flexible terms, while investors obviously look for return and reliable partners. We will have the solution for both parties.

**PES: How do you see the competition in this market?**

**VH:** What competition?

**PES: Seriously, you are not the only ones offering ship finance?**

**VH:** For sure, we are not the only ones, but from those very few companies active in the renewable shipping market, we are proud to be the first mover, who is officially concentrating and focusing purely on this evolving segment.

Our competitive advantage is that we do have an already existing ship finance network, including investment partners who rely on our expertise.





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**PES:** What do you think will be the greatest opportunities and the greatest challenges, for offshore wind in general and Waterworks Offshore CONCEPTS in particular, over the next few years?

**VH:** Starting with opportunities, Bloomberg data showed that investments in offshore wind increased 319%, when comparing 1<sup>st</sup> half 2020 with 1<sup>st</sup> half 2019, to a total of USD 35 billion worldwide. I am not saying that this will happen every year, but the direction is clear. Geographical opportunities are where the investments are not high yet, but are expected to be, like in the USA.

Assets classes with potential surely are wind turbine installation vessels, who are getting bigger and bigger, along with the turbines they need to handle. Larger CTVs will also be needed in the future, while alternative propulsion systems are a must going forward. For us as a company, the opportunities are to be a part of the trend and actively shape the way of broking and vessel finance.

Challenges are the very different political regulations in different countries, which sometimes make it tough for shipowners, or us as brokers to be actively involved in, for

example the U.S. Jones Act.

We as a company have to ensure we deliver as much value as possible to be in the chain. Traditional middlemen are used less, which is also a trend we have observed over some years now. The increased use of tenders is also not something in our favor.

Bringing as much value to the client as possible, while concentrating on a core-set of services, which are key to understanding what we offer. That's a challenge we are ready to dive into every day.

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