



M3 Marine: Offshore distress asset sales rain in

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We are navigating a storm like we have never seen before and the end is not in sight.” That’s the words of respected offshore broker Mike Meade, today’s *Maritime CEO* interviewee. Meade who heads up M3 Marine, a Singapore brokerage and consultancy focusing on offshore, is also a regular commentator on the sector for *Splash*.

The consultancy side of the business is keeping Meade’s business afloat as deals have dried up on the broking side.

“From an M3 perspective the brokerage has dried up to the point we are in survival mode,” he admits, citing a “quadruple whammy”.

On the capital side of the business M3 saw too many ships being built with no buyers and values dropping off 40%+. On the chartering side the brokerage saw the utilisation of assets plummet along with charter rates.

“As a broker you make your money on commission, you don’t have to be a rocket scientist to work out the impact that has had on our business,” Meade says, adding: “We have had to hunker down, reduce our headcount and trim our costs. We are riding the storm, we are still afloat and will be there for the recovery.”

On the consultancy side M3 continues to offer the bespoke service it has always offered with a heavy focus on dynamic positioning and asset valuations. The model has changed from ‘capital support’ to ‘service support’.

On the current markets, Meade observes that distress sales are now coming in thick and fast as there are no willing buyers at reasonable market values.

“This is the start of what I can see as real pain for some owners, especially those with older equipment,” Meade says. The definition of older equipment has swiftly moved from 20 years down to 10 with some new equipment out of China being sold at distress levels, he warns.

Singapore-based Meade saw the downfall of Swiber Holdings, an oilfield services company which filed for judicial management three weeks ago, a long way off. He describes the demise of the firm as Emperor’s New Clothes syndrome.

Swiber’s fall is being felt across the offshore community, he reports.

“The knock on effect of Swiber is the negative sentiment it has brought to the market, especially to those under capitalised and over leveraged companies out of Singapore and to some extent Norway, which was already evident,” Meade says.

So when will the storm recede? Meade reckons sometime between 2018 and 2020.

“I believe you will see also wholesale consolidation and some of it will surprise you. Expect over the coming months to wake up a few times in the

morning read your *Splash*, and go: ‘Wow! I never saw that coming’, it’s that type of market,” the offshore veteran says.

Come a rebound, Meade is worried that the sector will have lost some of the best and brightest people to other industries.

“The offshore industry became fat over the last decade or so and we are seeing some quite drastic cuts in salaries and conditions, a lot will be able to survive on those cuts, some won’t be able to,” Meade warns. And with that he has to head off – a downturn tends to make every dime take that bit longer to earn in his line of work.



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