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## Cover Story

# Reducing our Environmental Footprint

Rickmers Trust Management ("RTM") has been actively taking steps to facilitate and contribute towards environmental conservation and research as part of its role to reduce its environmental footprint.

Rickmers Maritime was recently involved in a research project initiated by Institut de Recherche pour le Développement ("IRD"), a French research organisation which focuses on the relationship between humans and the environment. As part of a study on climate change, IRD has installed a thermosalinograph on board one of Rickmers Maritime's vessels, CMA CGM Onyx, to measure the temperature and salinity of the Indian Ocean.

The device has been set up in the engine room, and is connected to a computer on the bridge, sending data to IRD every six hours via an Inmarsat-C transmitter. A bottle of seawater is also manually collected for sampling every day, with findings recorded in a log sheet, together with the latitude and longitude of the vessel's position at the time of sampling. The findings are intended to help IRD further understand the effects of climate change and better prepare for any side effects in the future.

Other environmental projects by RTM have already started to bear tangible fruits. Earlier this year, RTM announced that it would initially be replacing the bulbous



*MOL Destiny post-retrofitting, beside her old bulbous bow*

bows of five of the Trust's 4,250 TEU vessels. A bulbous bow is a protruding bulb at the front of a vessel, just below the waterline, which modifies the way water flows around the hull at high speeds, reducing drag and increasing stability, thereby improving fuel efficiency. As the average speed of container vessels has been significantly reduced over the past five years, a smaller and differently shaped bulbous bow is now required to maximise the fuel efficiency achieved through slow steaming. In May 2014, MOL Destiny became the first vessel among the Trust's fleet to undergo the retrofitting when it went through dry-docking. Since the retrofitting took place, fuel oil consumption has been reduced by about 16% when the vessel is travelling at optimal speeds/drafts, resulting in lower carbon dioxide emissions.

Other entities within the Rickmers Group have also been embarking on initiatives that seek to conserve energy. Rickmers Shipmanagement, in particular, has been deploying Technical and Energy Efficiency teams to enhance the performance of vessels under its charge. As a testament to its efforts, it has been consistently ranked among the top three performers in the monthly energy efficiency scorecard compiled by Maersk Line, the world's largest container shipping company. For the year to date as at September 2014, the latest assessment period, vessels managed by Rickmers Shipmanagement have been

ranked as the most energy efficient vessels among all vessels operated by Maersk Line.

Besides contributing to environmental conservation, these initiatives also bring commercial benefits to Rickmers Maritime and its customers who prefer to charter the most fuel efficient vessels. New environmental regulations by the International Maritime Organization require vessel operators to use fuels with lower sulphur content which are more expensive. In light of this, given that fuel costs account for up to 70% of container lines' operating costs, chartering fuel efficient vessels translate to significant cost savings.

As stakeholders become more conscious of the shipping industry's impact on the environment, the focus on and importance of environmental responsibility and conservation will only increase. Toyota Motor Corporation Honorary Chairman Fujio Cho once said, "environmentally friendly cars will soon cease to be an option... they will become a necessity." The same can be said of merchant vessels.

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**Corporate Updates**

**Aug 2014 – Nov 2014**

**6 August 2014**

*Rickmers Maritime reported a firm set of results for 2Q2014. Net profit for the Trust surged 108% year-on-year to US\$16.0 million as the Trust recognised a US\$11.4 million one-off gain following the early settlement of a convertible loan at a 20% discount. Charter revenue decreased 10% year-on-year to US\$31.5 million in 2Q2014 as the fleet incurred 2.9 days of unscheduled off-hire, and two vessels underwent routine dry-docking amounting to 44.7 off-hire days. The fall in charter revenue also stemmed from reduced charter rates for two vessels which started their charters to Maersk Line in 1Q2014. The Trust's cash balance stood at a comfortable US\$75.9 million as at 30 June 2014. Distributions for unitholders for 2Q2014 were unchanged at 0.60 US cent per unit.*

**31 October 2014**

*Rickmers Maritime was conferred the Runner-Up title under the Most Transparent Company Award (Mainboard Small Caps Category) at the Securities Investors Association Singapore (SIAS) Investors' Choice Awards 2014.*



**4 November 2014**

*Rickmers Maritime released its financial results for its third quarter ended 30 September 2014 (3Q2014). To access the results announcement and presentation, please visit <http://www.rickmers-maritime.com>.*



**CEO's Message**

**Dear Investor,**

Welcome to the 25th edition of our Rickmers Maritime newsletter, and the final one of 2014. As always, it is a pleasure to have the chance to update you on our latest developments.

Since the last newsletter, the Trust released its second quarter results on 6 August 2014, benefitting from the net proceeds of the first issuance of notes from the Trust's multicurrency medium term note programme. Our existing leases continue to provide good earnings visibility amid the prolonged slump in the industry. That said, there are signs that time charter rates seem to be on the path towards recovery.

A number of new container vessel sharing arrangements have started to surface since the unsuccessful tie-up of the P3 alliance in June earlier this year. The 2M alliance by Maersk Line and MSC, and the Ocean Three alliance comprising CMA CGM, CSCL and UASC are the most recent alliances that have been forged in a bid to bring some stability to freight rates. With the industry still facing overcapacity and depressed container freight rates, these alliances are expected to regulate supply more tightly, and allow member carriers to critically reduce operating costs and desensitise themselves from fluctuations in rates. These expanded coalitions are also driving the industry's move towards bigger and more fuel efficient ships to boost yields. To optimise operations, carriers share space on each other's vessels and lines with the largest capacity can thereby command the most leverage in these groups. Alliances, bigger ships and greater fuel efficiency seem to be the order of the day for container lines seeking to restore margins.

keeping abreast of industry trends to remain competitive. We have therefore taken steps to modify our vessels or fit them with new equipment to ensure our ships are both environmentally friendly and fuel efficient. You can read more about some of these initiatives in this issue's cover story.

The global idle fleet has fallen to a low level of 1.3% of the total fleet despite the steady stream of new deliveries that have been introduced to the market. However, growth of the employed container ship capacity did not yet manage to lift the charter market as expected. Container carriers continue their capacity expansion and fleet renewals. Scrapping has slowed down from the brisk pace recorded in the first half of this year, as the summer peak season and port congestion temporarily boosted vessel demand.

As we near the end of the calendar year, we note that container trade volumes are holding up well. The Asia to Europe trade, especially, is experiencing healthy growth rates. Trade growth is expected to reach 6.0% in 2014 before increasing slightly to 6.8% in 2015, and this is a good indication that the container shipping industry is slowly recovering from the effects of the financial downturn. We remain hopeful that the industry will prove resilient and weather the extended dip in this cycle. For the Trust, we will continue to take steps in assessing worthwhile investments to grow our business and reinforce our financial position.

In this issue, besides featuring the environmental conservation initiatives that Rickmers Maritime has embarked on, we also continue our Ports of the World series, bringing you on a journey to visit the Port of Guangzhou in China, ranked the seventh busiest port in 2013. In addition, the glossary section sheds some light on the types of port equipment that are used in the loading and unloading of containers. Following the end of our Crew on Board series, we introduce a new crew-centric series, in this edition titled Hands on Deck to acquaint you with the interesting personalities on board our vessels.

I hope you enjoy reading through this copy of our quarterly newsletter!



**Thomas Preben Hansen**  
Chief Executive Officer

*Rickmers Trust Management Pte. Ltd.*

At Rickmers Maritime, we strongly believe in

## Ports of the World

# The Port of Guangzhou, China

From the Port of New York and New Jersey, we travel west across the Pacific Ocean to explore the bustling Port of Guangzhou, China.

## Inherent Part of China's Flourishing Economy

Having existed for approximately 2,000 years, the Port of Guangzhou has withstood the test of time to prevail as one of the top ten ports of the world today. Located within the Pearl River Delta, a thriving economic zone that comprises nine of the most dynamic cities in China, the Port of Guangzhou sits just beyond the entrance of the Pearl River and at the intersection of the three most important rivers in South China – Dongjiang, Xijiang and Beijiang. All three rivers have waterways, railways, expressways and airline routes interconnecting here, reinforcing the Port of Guangzhou's position as a critical transportation hub. The largest trading hub in South China, the Port of Guangzhou is a gateway for maritime activity that extends along the Pearl River coast and waterfront areas including the cities of Guangzhou, Dongguan, Zhongshan, Shenzhen and Zhuhai.

From the Qin dynasty to the Qing dynasty, the Port of Guangzhou played a crucial part in China's trade. After the radical economic reforms of China in the 1970s, Guangdong province, where the Port of Guangzhou lies, was able to take advantage of its access to the ocean, proximity to Hong Kong, and historical links to overseas Chinese. The Guangdong province has been the largest province by GDP in mainland China since 1989, and remains so, having an economy comparable to that of many countries. Today, China is the world's largest trading power and exporter of goods, with a total international trade value of US\$4.16 trillion, and the Port of Guangzhou contributes significantly to China's growth as an economic superpower.

## Maritime Silk Road

Once known as the "Silk Road on the Sea" for its vital role as the starting point of the ancient maritime silk route, the Port of Guangzhou now handles about 15 million TEU of cargo a year. Container cargo accounts for around 44.6% of the total freight that passes through the Port of Guangzhou. Coal takes the second largest fraction of the pie at 27.1%, making the Port of Guangzhou the largest port in South China that loads



*The Pearl River in Guangzhou, China*

and unloads coal, supplying South China with a valuable energy source. Other kinds of cargo that pass through the Port of Guangzhou include grain, automobiles, oil, steel, sand and others.

## Container Gateway of the Pearl River Delta

Nansha, Xinsha, Huangpu and Downtown are the four port areas flanking both sides of the Pearl River that facilitate the efficient loading and unloading of containers at the Port of Guangzhou. The Nansha Container Terminal in the Nansha Port Area is where container cargo is primarily handled, and mainly accommodates ocean liners and larger-sized domestic liner services. The Nansha Container Terminal is also the only deepwater container terminal on the West Pearl River Delta region, and houses a total of 10 container berths of 100,000 tonnage class spanning a distance of 3,500 metres. Covering a 65 square kilometre area, Nansha Container Terminal has an abundance of resources, and has advanced hardware and equipment that meet the needs of international container liners that travel to Europe, America, Middle East and the Mediterranean.

Further down the Pearl River and stretching 645 metres along the quay with three 35,000 tonnage class berths, the Guangzhou Container Terminal, situated within the Huangpu Port Area, is one of the oldest container terminals in China. Together with the Huangpu Old Port and Xinsha Container Terminal, Guangzhou Container Terminal serves smaller-sized domestic liner services, and is the terminal of choice within the Port of Guangzhou for providing near sea services.

## Keeping Apace of Industry Peers

The Port of Guangzhou sees industry leading ocean lines like Maersk Line,

CMA CGM and MSC make frequent pit stops on their respective shipping routes. To keep up with industry advancements, the Port of Guangzhou is upgrading its terminals to offer specialised deepwater berths in order to accommodate the ever-growing fleet of larger-sized vessels. Improvements in logistic solutions and enhanced information systems are also underway to consolidate and integrate the various terminals in the port to allow for smoother and more efficient operations. In 2013, the port posted a 6.5% year-on-year increase in container throughput.

As one of the four largest emerging and developing markets, China is still in the midst of structural transformation and advancement. There is room for domestic and international demand growth to further enhance the performance and outlook of the Port of Guangzhou favourably, gradually reinforcing its premier position in the global world trade landscape.

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## Image:

[http://upload.wikimedia.org/wikipedia/commons/f/fdf/Pearl\\_River\\_Canton\\_Tower.JPG](http://upload.wikimedia.org/wikipedia/commons/f/fdf/Pearl_River_Canton_Tower.JPG)

## Hands On Deck

## MOL Dominance



1. Minn Soe San  
Youngest crew member



2. Myint Htay Naing  
Oldest crew member



3. Kyaw Lin  
Most hardworking crew member



4. Nyein Chan Htwe  
Friendliest crew member

In this first instalment, we ask the captain of MOL Dominance to introduce the youngest, oldest, most hardworking and the friendliest members of the crew to our readers.

#### 1. Youngest crew member :

**MINN SOE SAN (Trainee-Deck)**  
- 21 years old

#### 2. Oldest crew member :

**MYINT HTAY NAING (Bosun)**  
- 62 years old

Fresh-faced Minn Soe San is alert and enthusiastic at work while Myint Htay Naing is very experienced and performs his tasks with a calm and steady disposition.

While at work, Myint Htay Naing, who has been sailing for 15 years, frequently gives advice to Minn Soe San on how to execute procedures and carry out orders safely and effectively. They have a lot of mutual respect and have developed an excellent personal relationship during their time together on board.

Minn Soe San has big ambitions. He says, "I respect the officers on board. I admire their leadership qualities as well as the way they conduct themselves and perform tasks. This motivates me to become a good deck officer in due time."

As the senior, Myint Htay Naing has this to say: "I would like to encourage him in his dream to be a good deck officer. It will be tough so he must persevere. I hope that he will continue learning from all the senior crew members and remember that safety is always of paramount importance."

#### 3. The most hardworking crew member: **KYAW LIN (Ordinary Seaman)**

Kyaw Lin is known as the most hardworking member of MOL Dominance, and not without reason. He dreams of becoming a

remarkable officer and is extremely driven to work towards his goal.

Whenever he gets tired, he reminds himself, "Success is not gained by sitting around all day. All this effort will be worth it when I achieve my goal and receive the admiration of my crew mates like how I admire my seniors now."

He looks up to the chief officer of MOL Dominance, Thiri Lin, "The chief officer is very diligent and meticulous. He is my biggest source of inspiration to give my all. I hope to emulate him in the near future."

#### 4. Friendliest crew member :

**NYEIN CHAN HTWE (Able Seaman)**

Nyein Chan Htwe enjoys arranging social functions outside of work hours. During these functions, on top of sharing experiences, he likes to play the guitar, sing and surf the internet with his colleagues. He also takes pleasure in being a hairdresser for his crew mates.

With his sociable personality, Nyein Chan Htwe often helps new crew members carry their baggage and show them to their cabins when they first join the ship. After introducing them to the other crew members on board, he would assist in giving his new colleagues an orientation tour of the ship.

Sometimes, small conflicts arise between crew members at work. Nyein Chan Htwe says, "When that happens, I will remind them that we are all brothers on board and we must live and work as one big family. By accommodating one another, we will understand our colleagues better and our time on board will be happier too."

## Glossary

## Types of Port Equipment

#### Container Spreaders

Container spreaders are devices that are used for lifting containers. The four corners of a container spreader have a locking mechanism each, that is able to latch on to a container's four corresponding locking points via a 'twist-lock' system. Container spreaders can be found in container cranes, straddle carriers, and other machinery used to lift containers.

#### Container Gantry Cranes

Found dockside at container terminals, container gantry cranes are used for the loading and unloading of containers from container ships. They are made up of a supporting framework that traverses the length of the quay, and containers are transported via moving container spreaders. Container gantry cranes are generally classified by their lifting capacity, and the size of the container ships they can load and unload containers from.

#### Reach Stackers

As vehicles used for handling containers in small terminals or medium-sized ports, reach stackers are able to transport containers across short distances, and arrange them in rows for easy access. Reach stackers are also able to stack containers higher and store them better than traditional container handling vehicles such as forklift trucks.

#### Straddle Carriers

Straddle carriers are larger vehicles used for stacking and moving containers in medium to large-sized terminals. They pick up the containers by attaching the container's locking points to a spreader, and carry the containers while straddling their load. These machines are able to carry stacks of up to four containers arranged in a single column.

#### Cassettes

Cassettes are detachable steel platforms used in container terminals which can load both the TEU and FEU variants of containers. Cassettes can hold such containers stacked in one or two columns. As containers can be placed on cassettes without being coupled to a vehicle, cassettes also serve as 'floating buffers'.

#### Yard Hustlers

Yard hustlers are essentially trucks, or rolling chassis, that are used for container haulage within terminal premises. These vehicles, when attached to cassettes, are able to transfer containers from ship-to-yard, and from yard-to-ship, ensuring smooth and efficient handling of container cargo.

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