

Update on Norwegian restructurings & Bankruptcy vs Arrest in Norway

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Shiparrested.com Annual Members Meeting, Malaga, 25 May 2018
Audun L. Bollerud & Kyrre W. Kielland



ESTABLISHED

1949



24

PARTNERS



80

EMPLOYEES

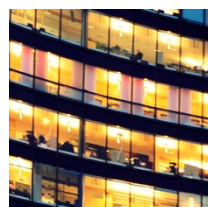
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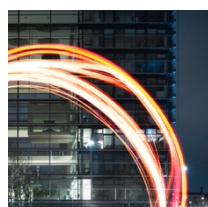
Employment Law



Corporate
(Securities, Company
Law, M&A)



Insurance and
Indemnity



Intellectual Property
Law



Restructuring &
Insolvency



Competition Law



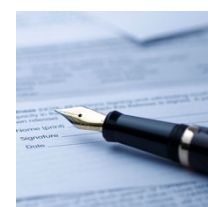
Real Estate



Public Law



Shipping, Marine
and Transport



Tax Law



Leading law firm
covering most areas of
business-law

Norwegian and
international clients

Small experienced
teams handling large
complex issues

Multi-disciplinary
approach



Agenda

- Update on Norwegian Offshore Shipping Restructurings
- Shipowner Bankruptcy vs Arrest in Norway

Update on Norwegian Offshore Shipping Restructurings

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Uksnøy & Co AS

Ålesund, Norway

**WE STRENGTHEN
YOUR OPERATIONS**

What can we do for you?

Uksnøy & Co AS provides services in the Oil & Gas Sector and has an active role in the Renewable Energy Market. We supply Offshore Support Vessels, Guard / Chase Vessels, Accommodation Vessels and Crew Transfer Vessels.

SERVICES
One fuel supplying vessel with huge capacity and three flexible SSV's means improved efficiency to any seismic operation.
[Offshore Support Vessels](#) [Seismic](#) [Security](#)
[Renewable Energy](#)
[See overview](#)

FLEET
Flexibility is the key word in our fleet description. All vessels have several functional areas and are available for charter individually or as a package solution.
[Geo Barents](#) [Rig Andromeda](#) [Tanux I](#)
[Tanux II](#) [Tanux III](#) [Long John \(2018\)](#)
[See overview](#)

RENEWABLE ENERGY
Quality accommodation is crucial when people have to stay offshore for lengthy periods and the possibility of bumpy crew transfers to and from the wind turbines on a daily basis.
[Learn more](#)

Rig Andromeda
The biggest and most cost-efficient Seismic Support Vessel in the market, with 2,800 m³ HFO or MGO refueling capacity. 50 Ton Bollard Pull.
[Learn more](#)

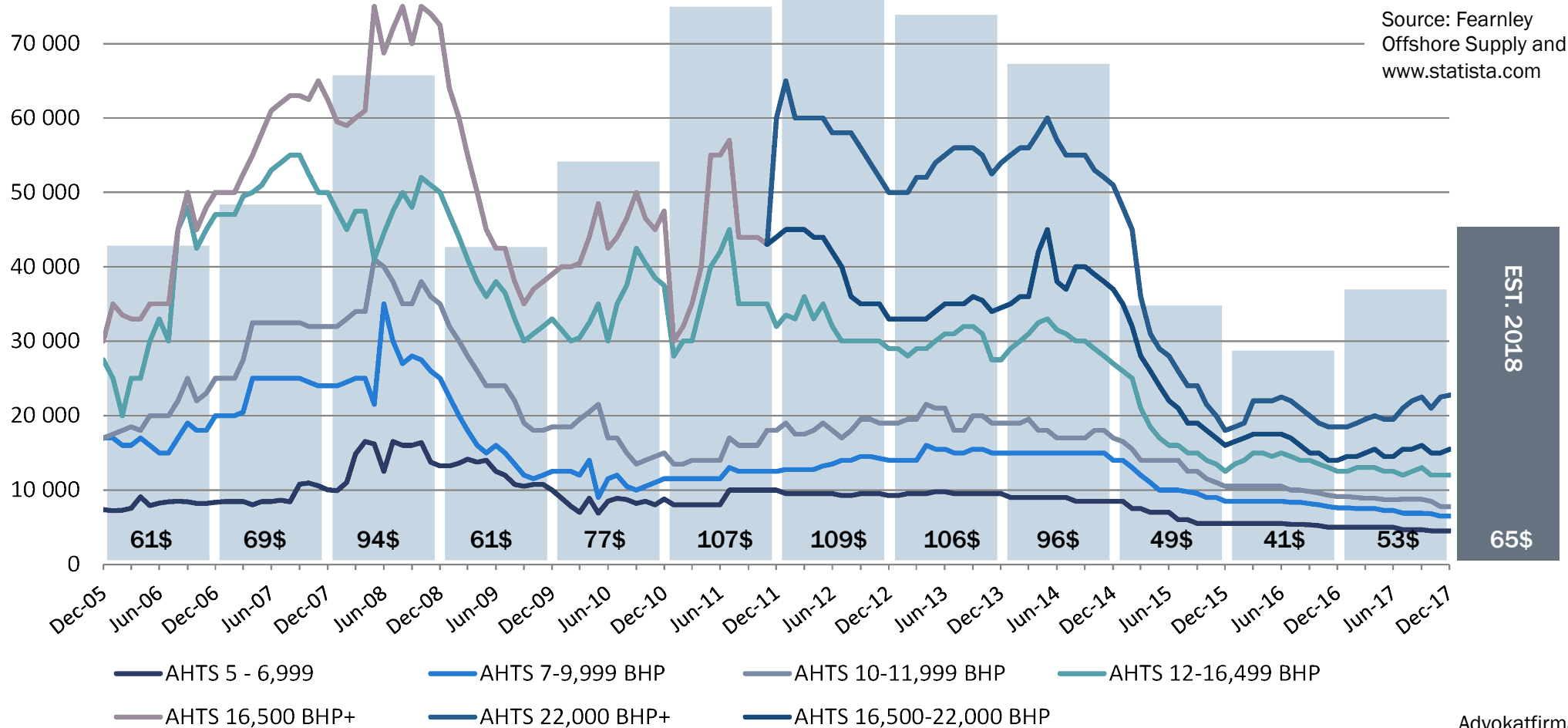
Tanux I
An Offshore Support Vessel with 687 m³ fuel capacity and Chilly Freezers, she has facilities to remain offshore with crew for 10 – 12 consecutive weeks. Often chartered together with Tanux II and III.
[Learn more](#)

Tanux II
An effective Offshore Support Vessel with 460 m³ fuel capacity. Often chartered together with Tanux I and II, using Tanux I as a mother ship.
[Learn more](#)

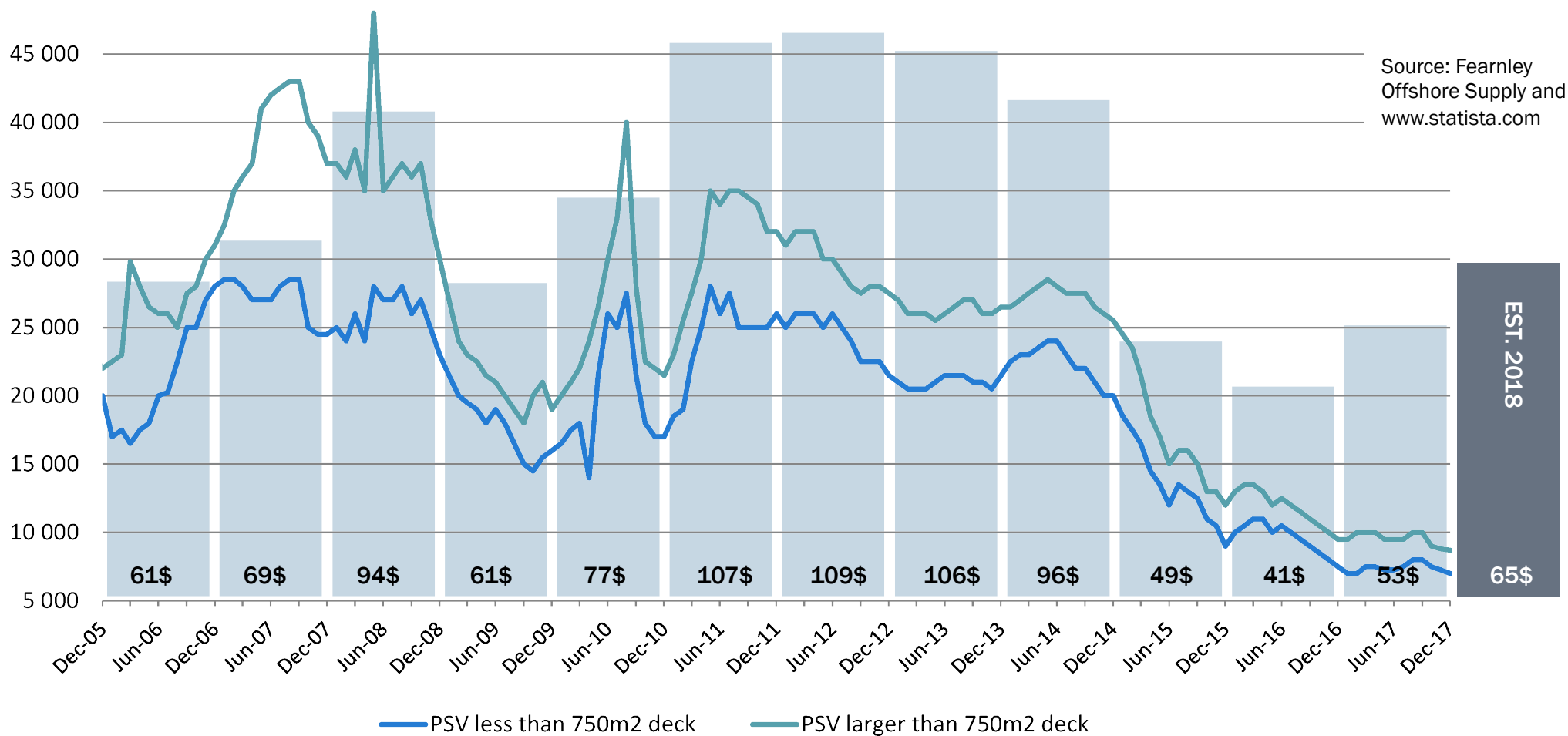
Tanux III
An effective Offshore Support Vessel with 572 m³ fuel capacity and 40 Ton Bollard Pull. Often chartered together with Tanux I.
[Learn more](#)

Long John (2018)
The next generation Crew Transfer Vessel for both the Oil & Gas and Renewable Market
[Learn more](#)

Term fixture rates AHTS / average annual OPEC crude oil price



Term fixture rates PSV / average annual OPEC crude oil price



The Norwegian market

- Downturn from 2014: Cold-stacked ships at staggering levels through the years
 - Summer 2017, more than 35% of the global OSV fleet was cold-stacked
- Major changes
 - Solstad, Farstad, Deep Sea Supply and REM merged to one company
 - Families, who used to control more than 50%, left with shares representing a minority
 - Banks, bondholders and other creditors have played a major role
 - Tidewater and GulfMark – Chapter 11
 - New players entering the market
 - Literally no debt
 - How can the big Norwegian players handle this?





Can we now talk about an upturn?

- More than 3 years downturn – can we talk about an upturn?
 - Clarkson, January 2018 - Time to get back to work: recovery is happening
 - Pareto Securities, March 2018 - The key point is when the recovery will start to gain speed ... «will be sooner rather than later»
- What about cold-stacked ships and class requirements?
 - How many ships will get back
 - Scrapping
 - 25 year an older
 - 10 year an older, will need significant capital expenditure to get back in service
- Seismic, traditionally where recovery starts
- Is it now the right time to start asset play?

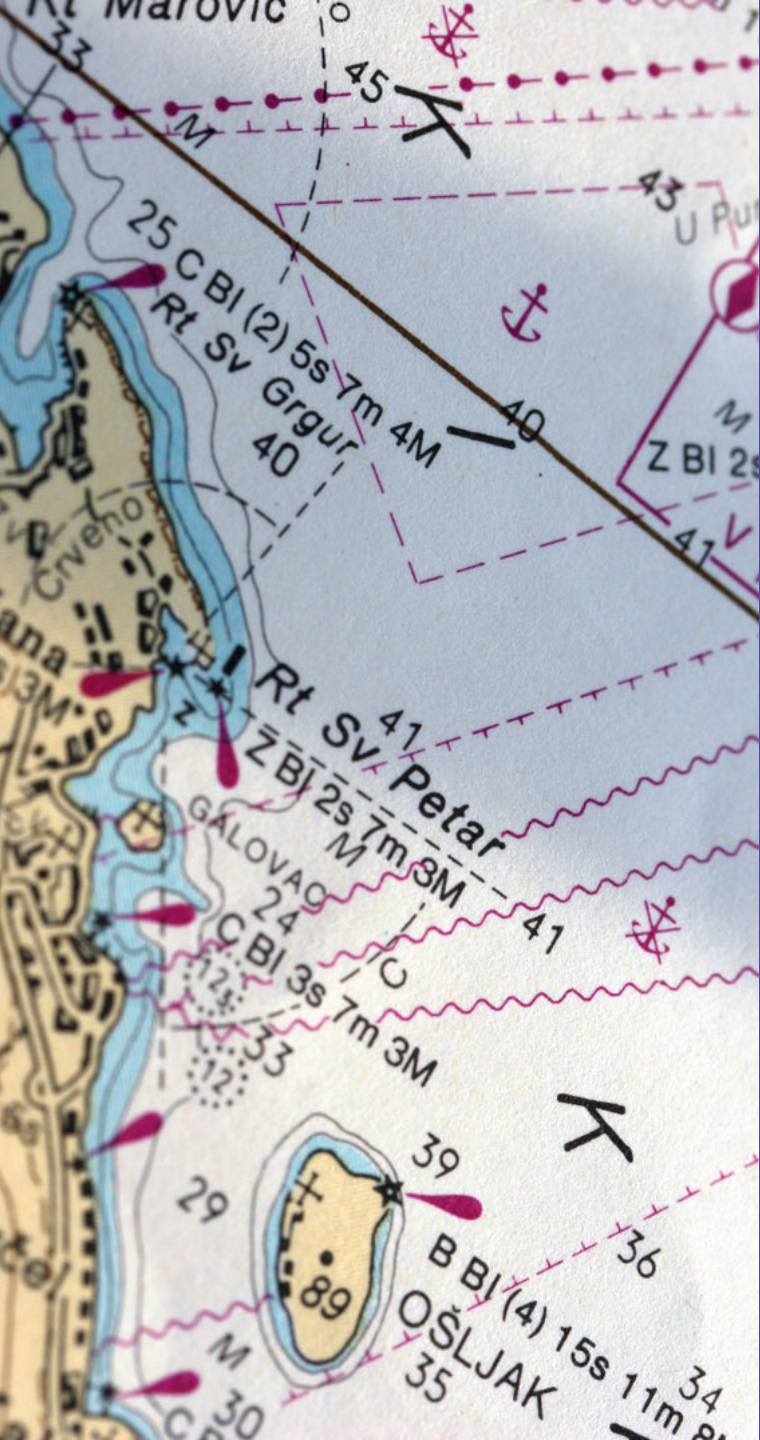
Shipowner Bankruptcy vs Arrest in Norway

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Shipowner Bankruptcy vs Arrest in Norway

- Cross border insolvency - Current Norwegian regime
 - Norwegian bankruptcy law provides Norwegian ship owner / bankruptcy estate with valid protection against arrests
 - Existing arrests are not binding on the bankruptcy estate
 - New arrests may be refused
- Protection valid within the Nordics through Convention 7 November 1933 on Nordic Bankruptcies
- Norway not party to EU's Insolvency Regulations (Regulation (EC) No 1346/2000)
 - Or any other international conventions except the Nordic convention



Shipowner bankruptcy vs arrest in Norway

- Cross border insolvency - Current Norwegian regime
 - Flip-side of the coin: Norwegian arrest courts do not acknowledge extra-Nordic insolvency proceedings
 - Theoretically extra-Nordic insolvency proceedings is not a valid defence for foreign ship owner / bankruptcy estate
 - In practice arrest may be hindered by regulations in relevant insolvency jurisdiction
 - For instance US Chapter 11



Shipowner Bankruptcy vs Arrest in Norway

- Cross border insolvency - Upcoming Norwegian regime
 - Amendments to Norwegian Insolvency Act approved in 2016
 - Inspired by EU's regulations and UNICITRAL Model Law
 - Not yet entered into force
 - Amendments include
 - Insolvency jurisdiction in case of foreign debtor with assets in Norway
 - Main vs subordinate insolvency proceedings in Norway
 - Acknowledgement of foreign insolvency proceedings
 - For main and subordinate proceedings
 - NB Reciprocal acknowledgement required



Shipowner bankruptcy vs arrest in Norway

- Conclusions
- The current Norwegian regime gives Nordic shipowners/bankruptcy estate valid protection against arrests
- Extra-Nordic shipowners/bankruptcy estates will not have valid protection against arrest
- The upcoming Norwegian regime may force Norwegian arrest courts to acknowledge foreign insolvency proceedings
 - Subject always to reciprocal acknowledgement of insolvency proceedings –may take some time!



Audun Ludvig Bollerud
Partner

Phone: +47 23 27 27 14
Cell: +47 951 54 111
Email: alb@raeder.no



Kyrre W. Kielland
Partner

Phone: +47 23 27 51 57
Cell: +47 450 22 056
Email: kwk@raeder.no



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