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*And the Winner Is...*  
*Deals of the Year 2022*

# THE ART OF THE SHIPPING DEAL

Anyone who has ever done a deal knows the feeling when you realize that it's actually going to happen.

When the non-stop negotiation of everything and anything slows down to a trickle, and the parties inch close enough together that the finish line comes into focus. When there is no more room for second thoughts or self-doubt or backing out. When, instead of working across table, as the parties have done from the moment the idea was first originated, everyone begins working together to achieve an outcome that everyone needs or wants (well, okay, not always...).

Shipping deals are tough to get done, which is why the hit rate is probably 1 in 20. It could be a simple loan refinancing, bedeviled by hyper competition from lenders and ceaseless push back on every term in the term sheet. Or a bond deal that exchanges an uncomfortably higher coupon for a low to no amortization, and maybe even the possibility of converting into equity. It might be an M&A deal that eliminates one multigenerational business and helps a precocious newcomer satisfy its ambitions to grow. It can be the birth of an IPO or the loss of a well-loved company through a take private transaction. But what every deal has in common is that the parties do it because they believe it will help them achieve a strategic goal. And that's pretty cool.

No matter on which side of the balance sheet or emotional spectrum it sits, Marine Money's Deal of the Year awards recognize the Art of the Shipping Deal. Our criteria include markers like value creation for stakeholders, strategic focus, creativity, overcoming execution challenges, and innovation. Closing any shipping deal is an accomplishment in an industry as competitive, volatile, and unpredictable as ours. For each transaction that gets across the finish line, there are dozens that don't.

As you peruse this issue, you'll see lots of deal lingo and plenty of big numbers, but don't be fooled; that's not what it's all about. The deals documented in these pages are about people and relationships – some of these relationships were formed through the award-winning deal, and many of them stretch back over decades. We are proud that many of those relationships were first formed and strengthened at Marine Money events over the years.

In a perfect market like shipping, confidentiality is vital to getting a deal done, but it can feel lonely at times. That's why we are so excited about our Deal of the Year Awards issue. It's a chance to celebrate the achievement of the ship finance industry and remind all of us that we are part of a professional community that serves the needs of the greatest industry in the world.

Matt McCleery

# CONSOLIDATING THE MIDDLE EAST OFFSHORE SUPPORT VESSEL MARKET

## OFFSHORE DEAL OF THE YEAR – EAST

By Mike McCleery

*Transaction: Shuaa Capital's Acquisition of Allianz Middle East Ship Management*

*Winners: National Bank of Fujairah & Arab Petroleum Investments Corporation, Alantra, Shuaa Investment Banking*

“Offshore (oil and gas) is back” was a refrain we heard with increasing regularity, over the course of 2022. A combination of factors, including Russia’s invasion of Ukraine, contributed to a year that saw share prices for public offshore support vessel (“OSV”) owners like Tidewater and Seacor Marine Holdings rise more than 200% from start to finish. And, while observing that the sector was coming back, capitalizing on the rising market was a challenging proposition as capital for most, was hard to come by, and many companies were still addressing their own restructurings. In general, when there were transactions, the formula was a well-capitalized acquirer and a target under stress as the result of the tremendously difficult market of the past years. Our winning transaction followed a different formula and matched a thriving company in growth mode with a major strategic investor whose

focus was on creating a Middle East regional leader and global top-5 OSV operator.

Founded in 2014, Allianz Middle East Ship Management (“AME”) took advantage of the significant correction in the offshore market experienced during 2016-2018, and grew its fleet through selective speculative vessel acquisitions, by acquiring non-performing bank

all major NOCs in the GCC region such as ADNOC, ENOC, Saudi Aramco, and Qatar Gas, as well as leading EPC Contractors such as Agility, Saipem, McDermott, and NPCC. At the time of the transaction, shareholders of AME were keen to partially monetize their success in building AME’s platform and, at the same time, partner with a major strategic investor with

ment and investment banking platform based in Dubai, and is no stranger to the OSV market. In December 2019, Shuaa acquired from the liquidation estate of Abraaj Buyout Fund II, Stanford Marine Group (“SMG”), a Dubai headquartered OSV operator with a fleet of 35+ OSVs operating in the Middle East, West Africa and South-East Asia markets. That transaction involved the restructuring of the company’s debt, previously provided by a syndicate of seven Middle Eastern banks, and its successful refinancing with National Bank of Fujairah. And, while the turnaround of SMG was a success, Shuaa’s larger goal was to be a consolidator in the Middle East offshore sector and create both a regional leader and major global player. In AME, Shuaa found an ideal acquisition target. The combination would allow Shuaa to diversify its OSV fleet across all vessel cate-

*And, while observing that the sector was coming back, capitalizing on the rising market was a challenging proposition as capital for most, was hard to come by, and many companies were still addressing their own restructurings.*

exposures and assets of vessel owners under financial distress. In just 8 years of operation, AME built a fleet of more than 80 OSVs while, at its peak, the chartered-in fleet reached 75 vessels, leading to a total operated fleet of more than 150 vessels. Its client base includes

strong financial muscle to implement the company’s next stage of growth including expansion in other dislocated offshore markets.

Enter Shuaa Capital PSC (“Shuaa”). Established in 1979, Shuaa is a leading asset manage-



gories, get immediate direct access to all key Middle East markets such as KSA and Qatar, where it was less present, and offered significant scale in a single transaction versus building up the fleet through piecemeal acquisitions.

On 5th March 5, 2022, Shuaa, through its affiliated entities, completed the acquisition of 100% of the issued share capital of AME (including all its vessels and operations), from its shareholders. At the time of the transaction, AME was the largest operator of OSVs in the Middle East, controlling a 125+ OSV fleet, including ownership of 82 offshore support vessels and chartering of a further 45-vessel fleet, across all OSV categories (Platform Supply Vessels, Anchor Handling Tug Vessels, Barges, Multi-Cats, Crew Boats, etc.).

As a result of the transaction, Shuaa became the largest

offshore support vessel owner/operator in the Middle East (including its existing 100% holding in Stanford Marine Group), controlling a fleet of more than 150+ vessels and becoming one of the largest OSV owner/operators globally. Following the acquisition, the management team of AME (which was also previously its majority shareholder) remained at the helm of the company. In addition to Shuaa's equity investment, the transaction was supported by an acquisition financing facility (ca. \$160mln) provided by a syndicate of two leading Middle Eastern lenders: National Bank of Fujairah, the largest ship-lending bank in the UAE, with a ship-lending book of more than \$1.5bln; and Arab Petroleum Investments Corporation, the Saudi Arabia based leader in energy-focused multi-lateral financial institution with assets of more than \$8.0bln, owned by the ten largest Arab oil-exporting countries. Global

investment banking and asset management specialist Alantra, via its maritime & offshore investment banking team, was crucial to making the deal happen, working closely with both AME and Shuaa, acting as the sole sell-side financial advisor to AME's shareholders, and the sole debt financial placement advisor to Shuaa on the acquisition financing for the transaction. Notably, Alantra's team had acted as the buy-side M&A and the debt restructuring advisors to Shuaa in its acquisition of Stanford Marine in 2019.

Highlights of the transaction include the creation of the largest OSV owner/operator in the Middle East, as well as marking one of the rare occasions where Middle Eastern financiers from different regions have contributed debt capital towards a single transaction. At the time of execution, it marked the largest M&A

transaction in the offshore space in the Middle East and one of the largest M&A transactions in the region (across sectors), without the involvement of a Government Related Entity acting either as a buyer or seller. Additionally, the transaction was one of the largest secured overnight funding rate (SOFR) facilities for a leveraged buyout (LBO) transaction in the region, and also one of the few corporate credit transactions in the Middle East with term SOFR as benchmark pricing. In the time since the acquisition, the offshore market has tightened considerably, with asset values and charter rates rising. We look forward to these better times continuing and to seeing what future transactions Shuaa may consider as it further develops the SMG and Allianz businesses and contributes to the long-term growth of the offshore oil and gas industry in the region.



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