

SAILING with Stanford



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Getting The
Job Done
Efficiently
and Safely...



MESSAGE FROM THE GM

STANFORD MARINE'S GENERAL MANAGER, MR. DARREN REEVES, GIVES US AN OVERVIEW ON STANFORD'S 2016 PERFORMANCES AND HIS EXPECTATIONS FOR 2017.

►► Darren Reeves.
General Manager



As 2017 begins, the price of oil has rallied and gained after the 30th November 2016 announcement of a concerted oil production cut by OPEC countries. This agreement has somewhat boosted the short-term outlook for the oil industry, but the long-term impact remains to be seen. Prices were unpredictable over the last year, with lows of \$30/bbl and highs of just over \$50/bbl.

We are in the midst of what is looking like a multi-year downturn. Reduced oil prices and a turbulent global landscape have continued to affect our customers both nationally and internationally. Many projects remain on hold or working on significantly reduced scopes and budgets. This situation continues to have a trickledown effect on all our operations.

Globally, offshore vessel utilization was down by up to 60% in 2016, resulting in a continued struggle with over supply of vessels. Hundreds of these vessels are being laid up in the hope of a better 2017. Companies with older tonnage are increasingly under pressure to scrap rather than stack. This scrappage of older tonnage will help rebalance the industry to a certain degree, however the drawn-out pay off periods for PSV's in this new climate of heavily reduced rates make this an almost impossible option for many companies.

Vessels are by definition movable, and what we have also seen is vessel owners in different areas move into our home waters and compete with

us on price for charter rates. The oversupply of vessels also been tempered somewhat by significant cost-control and consolidation, as well as hefty cuts in capital expenditure throughout the industry. In 2016, 81 offshore vessel orders were recorded compared to more than 1,000 at the height of the boom in 2007.

Stanford Marine has weathered 2016 better than many competitors; we have consolidated our position in the Middle East and have outperformed our peers with an average of 75% utilization.

We have a young (average age 7.8yrs) varied fleet of offshore vessels. The conditions that 2016 brought to our door forced some tough economic decisions in order to remain competitive. Our staff both on and off shore have applied themselves vigorously to working efficiently through this difficult period. We maintained our standards in the face of new entrants to our market bringing fierce competition, and often unsustainable prices, along with it the erosion of quality and safety- neither of which have been comprised at Stanford Marine. We have proudly achieved 9.2 million man hours worked as LTI free at the end of 2016.

...MESSAGE FROM THE GM

2016 has led us to look further inward at our processes and efficiencies as well as looking further outward adding new clients to our existing portfolio. We have continued to work in close collaboration with existing clients with a view to supporting and maintaining our strong relationships.

We remain true to our vision 'To be the prime offshore support vessel provider in the Middle East and to expand globally as opportunities arise.' And our mission 'To provide a comprehensive range of

cost effective, offshore marine support services to the oil and gas industry with a determined focus on health, safety, the environment, quality and reliability.'

As I said of 2015, 2016 will not be a year to be remembered fondly; however we have yet again proven that Stanford Marine is a reliable partner in these difficult times for our industry. I am confident that whatever challenges 2017 brings we will prove yet again that we are a partner of the highest quality for our clients.



Chartering Desk

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With a lot of projects either being stalled or postponed, a surplus in supply of offshore vessels was seen and a lot of new builds being pumped in; however there was a drastic drop in demand.

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Stanford
Eagle, 75m
PSV



2016 was the most challenging year for everyone in the offshore industry, overall E&P spending on the upstream fell globally with the decline in oil prices. Lower spending by the E&P majors has reduced the offshore activities resulting in lower demand for OSV's.

Stanford Marine was also not spared from the market situation but we managed to outperform our peers with an average fleet utilization of 75%, which is above the industry's average utilization rate. Of course this wouldn't have been possible without the support and trust of our close clients.

Although the year was tough, but it has ended positively for us with two long term contracts from NOC's of Qatar. MMPL Merlin, 70 M DP2 PSV was awarded a 3 year contract and Stanford Eagle, 75 M DP2 PSV was awarded a 5 years contract. Eagle has started the contract in February and Merlin is due to start the contract in March 2017.

Stanford Eagle has been on charter with RasGas supporting the Barzan Project and with Maersk Oil Qatar as an accommodation support vessel prior to

commencing the long term charter in Qatar.

Dubai Petroleum Establishment (DPE) has extended the contracts of Stanford Energy, Stanford Puma, Stanford Harrier and Sea Robin for a further period of six months. In addition to the extensions, spot contracts were awarded to Stanford Dove, Stanford Mariner 2 and Waha Mermaid during Q4 2016.

Stanford Challenger has commenced a one year plus options charter in Abu Dhabi with Zadco, as end user, as a Safety Standby and Rescue Vessel (SSRV).

The contracts of Waha Mermaid, Stanford Seal and Stanford Gold were extended by NPCC for another 7 months plus options. Further to the extensions, a 3 months contract was awarded to Stanford Condor to support the survey in Saudi Arabia for the upcoming LTA project with Aramco.

Stanford Hudhud and Stanford Caracara secured short term charters supporting various projects with Aramco.

Chartering Desk

Stanford
Bateleur,
87m
PSV



Adyard awarded 3 months contract for Stanford Maya and have extended the charter of Stanford Niger also for another three months to support their ongoing projects with ZADCO.

The contract of Alpha has been extended by HHI for another one month to complete the project in Malaysia.

Stanford Mustang, Waha Mermaid and Firecrest secured various short term charters in Qatar; the latter two being with Total E&P Qatar and the former with Mearsk Oil Qatar.

McDermott awarded a short term charter for Stanford Bateleur and has extended the charters of Stanford Goshawk and Stanford Kite. McDermott has also awarded long term charter for Stanford Hunter and Stanford Nile to support their operations in Saudi Arabia.

Stanford Pride has been on a three months charter assisting towage operations in UAE, Iraq and Kuwait.

"After a storm comes a calm" - 2017 comes with new beginnings and new hopes, we remain positive and hope for a better year ahead.



Stanford Mustang



Stanford Pride

Health, Safety and Environment

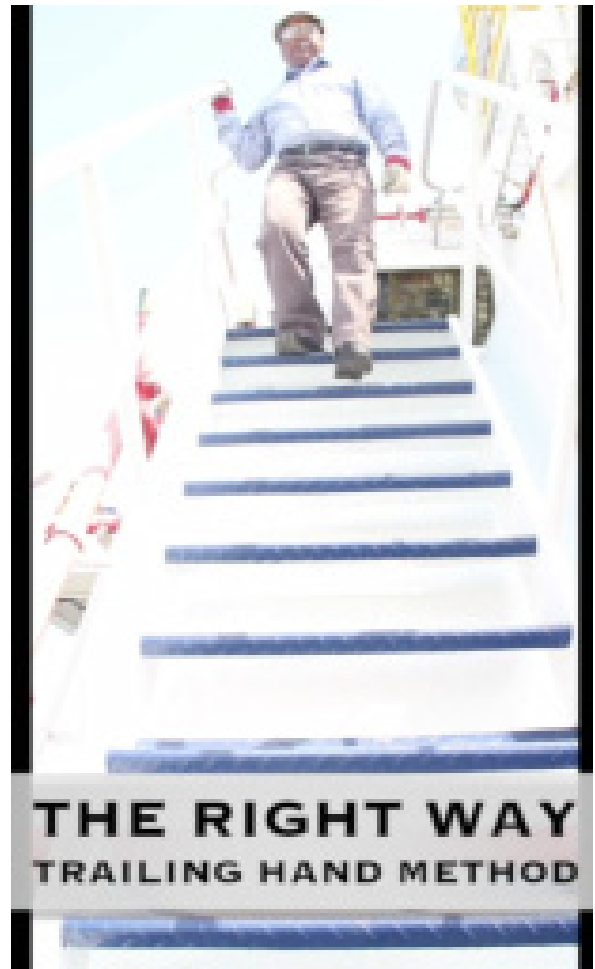
As of January 2017 Stanford Marine has achieved 9.2 million man hours LTI free.

We are extremely proud of all the hard work carried out by our crew and HSEQ Department in achieving this and keeping 2016 LTI free.

Stanford Marine's observation card numbers for 2016 were 25% ahead of target. Our crew and shore team have worked hard to increase awareness and improve reporting. In order to continually improve our efforts a trending breakdown has been added to our observation database from January 2017. This will allow us to target key issues in our safety flashes and campaigns.

In December our vessel the Stanford Mermaid received an appreciation award from one of our long term clients ZADCO, well done to all the crew involved.

The HSEQ Department developed a passenger safety video for the Stanford Eagle in December. This production is vessel and contract specific and was produced with the help of the vessel crew.





CSR...

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We look forward to exploring new initiatives to make a difference

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In 2017, we aim to continue our CSR initiatives of the past years and look forward to exploring new initiatives to make a difference.

In 2016, Stanford Marine Group was awarded a certificate of appreciation by Al Noor Training Centre for Children with Special Needs. SMG has been supporting Al Noor Centre for more than 16 consecutive years, our contribution doesn't only cover financial support we also encourage our employees to do volunteer work for the Centre.

Even though our industry is passing through a challenging period and a lot of companies are withdrawing their financial support to some none profit organizations, we insist on continuing our CSR journey. Our support to The Angel Appeal, for example, continues because it is now more than any other time that they will get even more cases to help and will need as much support as possible.



Conferences & Exhibitions...

ANNUAL OSJ CONFERENCE

London - Feb. 3 & 4

Hundreds of industry professionals attended the Annual Offshore Support Journal Conference in London.

The conference covered several topics like:

A comprehensive analysis of changing oil prices and its impact on the offshore sector, vessel trends and orderbook update, what have the oil majors been asking of the industry and how have companies responded? what is the timeline for recovery? and many more..

We attended the conference and got the chance to network with industry professionals, and gain more information on the industry's situation from the presentations presented in the two day conference.

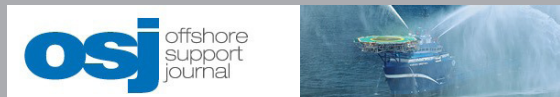


Upcoming...

OSJ ME

Dubai - May 8 & 9

'The 4th Annual Middle East OSJ Conference will take place in Dubai. It will bring together leading shipowners, oil and gas majors, shipbuilders, investors, financiers & technology providers to discuss opportunities in Iran, Africa, Caspian, India and ME region, solutions in the current market uncertainty, and vessel technologies that will be needed to boost UAE's oil output capacity target.'



Celebrations



Christmas ►►

As always, we like to end our year with a fun celebration that brings all our staff together!

Christmas in our offices this year was as festive as it could be; with yummy food and thoughtful secret Santa gifts it surely was a memorable occasion.

Celebration, food, happiness and laughter.. what a great way to end our 2016!

Book Fair

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Year of Reading 2016

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What better way to start our year with?!

We started 2017 by hosting a book fair at our office, this initiative is an extension of the 'Year of Reading 2016' declared by the UAE President. We encourage our employees to read, research and know more about different subjects outside our industry to keep themselves well rounded and knowledgeable of various subjects that interest them.



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