



# Upping the stakes: expanding horizons

As wind turbines get bigger, wind parks larger and authorities and safety standards are continuously raised by authorities and energy companies, offshore shipping becomes more and more specialised. PES caught up with Sven Boedewig, Managing Director of Waterworks Offshore Concepts, to find out how modern ship finance is meeting high-quality brokerage to get a fair deal.

**PES:** Hi Sven, welcome to PES Wind, it's great to feature you and Waterworks Offshore Concepts again in this interview following the chat we had with your Partner Valentin earlier this year.

**Sven Boedewig:** My pleasure and thanks for having us! We have come a long way since the last interview and are happy to share our progress and elaborate on our key services.

**PES:** What has been keeping you busy so far in 2021?

**SB:** Since our shift from competitive

brokerage to being a financial intermediate and advisor, we deal with ship finance projects and investments which has kept us busy so far this year. Plus, we are working more and more on merger and acquisition (m&a) related projects.

**PES:** Would you say the strategy shift has been the right decision for Waterworks?

**SB:** Yes, definitely. We feel very fortunate to say that feedback from the market has been very positive and we quickly managed to work on new projects. These have mostly been on asset-backed debt finance and equity investments in

vessels working in offshore wind.

**PES:** You just mentioned M&A, where does that come in?

**SB:** Our involvement in M&A projects developed its own dynamic, but has proven to be a very interesting part of our daily business, with great potential. Within finance projects, we are sometimes in very early stage talks with our clients on a specific project, which is when the discussion can reach a very high level. In that moment, we have more than once seen the discussion shift towards 'we might need to find a



strategic partner for the long term' or 'if we sell the company, we might start this project under a new umbrella with the proceeds'.

We are not a full-service M&A advisory firm, but we managed to establish a lean approach to M&A where our clients see the benefit of utilizing our network of potential investors for a smaller fee and no retainers.

An upturn in offshore wind M&A is taking place as energy companies look to reposition themselves and prepare for a renewables future. A total of 36 deals worth US\$7.7 billion took place in the offshore wind sector in 2020, compared to 25 deals worth US\$5.2 billion in 2019. Dealmaking momentum has continued into 2021, with a total of 12 deals announced in the first quarter up from seven deals in Q1 2020. Europe in fact continues to generate the majority of dealmaking activity in the sector, attracting 11 of the 12 deals announced during the first quarter but other countries are speeding up the offshore wind M&A activities as well.

**PES:** Interesting, sounds like a whole new service category you can offer.

**SB:** It certainly is. Investor interest is high, not only in the vessels as single assets but also in whole companies. This means shipowners, technology enablers or service providers in the offshore wind space. We have seen this in the market as well with BW taking over Ideol, or Eneti buying Seajacks, just to name two examples. And this is just the beginning. We expect rapidly increasing

interest from investors and financial institutions in the offshore renewable energy industry, swapping over from the traditional shipping industry as well.

The Offshore Wind industry and the interest worldwide is booming more than ever. The relatively low cost of offshore wind is acting as an incentive for investment in the sector, with the cost of electricity from offshore wind falling by more than 66% since 2012. This trend, combined with various government incentives to boost investment in the sector, will ensure that offshore wind dealmaking continues to accelerate over the course of 2021.

On top of that, Investors are increasingly looking for alternatives to the asset light internet tech companies that are being valued at out-of-this-world numbers with extremely high cash-burn rates. The trend is going towards 'real' values with assets to back up the valuation, while offshore wind also ticks the Environmental, Social and Governance box and delivers clean energy. Shareholders maximizing pressure on big companies to follow that trend will also drive further investments into offshore wind related companies.

**PES:** Since you mentioned worldwide interest, are you still concentrating on Europe primarily?

**SB:** Europe will always be our home turf, but as the industry opens doors to interest from companies and investors worldwide, we are expanding our horizon as well. Recently, we have opened our US branch office on the east coast to be closer to the industry we serve. As Europe has been one of the leading countries for ship investments in the past, today the majority of our investing clients come from the US, which is also a side-effect of the Biden administrations' offshore wind related plans.

**PES:** Besides the new US office, are you also looking to grow in other regions?

**SB:** No, the US has been on the top of our list for quite some time now, but otherwise we will concentrate on manifesting our client base in Europe. Hence, we are pleased to welcome new experts to strengthen our headquarter team in Hamburg as well.



Sven Boedewig

**PES:** It seems as if Waterworks has managed a successful transition. What do you think was key within the process?

**SB:** Key was 100% commitment. Once we made the decision to concentrate on ship finance and the M&A line of business, we dedicated almost all our time and efforts to it. We wanted to avoid the impression of just adding a service to our existing portfolio without delivering on our promise.

**PES:** Many companies offer digital solutions to complement their services, anything in the making on your side?

**SB:** We as Waterworks are not in the business to build digital solutions and we don't have the expertise to do so. Which is why we partnered with DECK 1 ([www.deck1.com](http://www.deck1.com)), an online marketplace to effectively charter vessels, helicopters and drones in a most efficient and sustainable way exclusively to the offshore wind market. We have looked at other digital platforms on the market, but Deck 1 build a very capable tool for owners and project developers and we are looking forward to building up the marketplace with them, starting with crew transfer vessels to go up in asset size step-by-step.

[www.waterworks-offshore.com](http://www.waterworks-offshore.com)

