



Rein Amels, heavylift shipowner and joint managing director of Elegant Exit, which will target veteran tankers in new 'green steel' recycling venture. Photo: Elegant Exit Co

17 November 2020 7:27 GMT By [Bob Rust](#) in **Oslo**

Dutch start-up Elegant Exit buying tankers to trade and recycle

A wave of early tanker disposals is coming, and a Dutch venture wants to use it to combine shipowning and green ship recycling

A new Dutch venture — Elegant Exit Co — is planning to spend up to \$100m in 2021 to buy an initial fleet of veteran tankers that it will trade for five to seven years before recycling at its own green facilities.

Former executives of Dutch-based W-O Shipping and Womar Pools are behind the start-up, which aims to build an annual "green steel" scrapping volume of up to 500,000 mt.

Their plan involves buying fleets of sisterships from blue-chip owners that face reputational incentives to ensure their ships do not wind up on a beach.

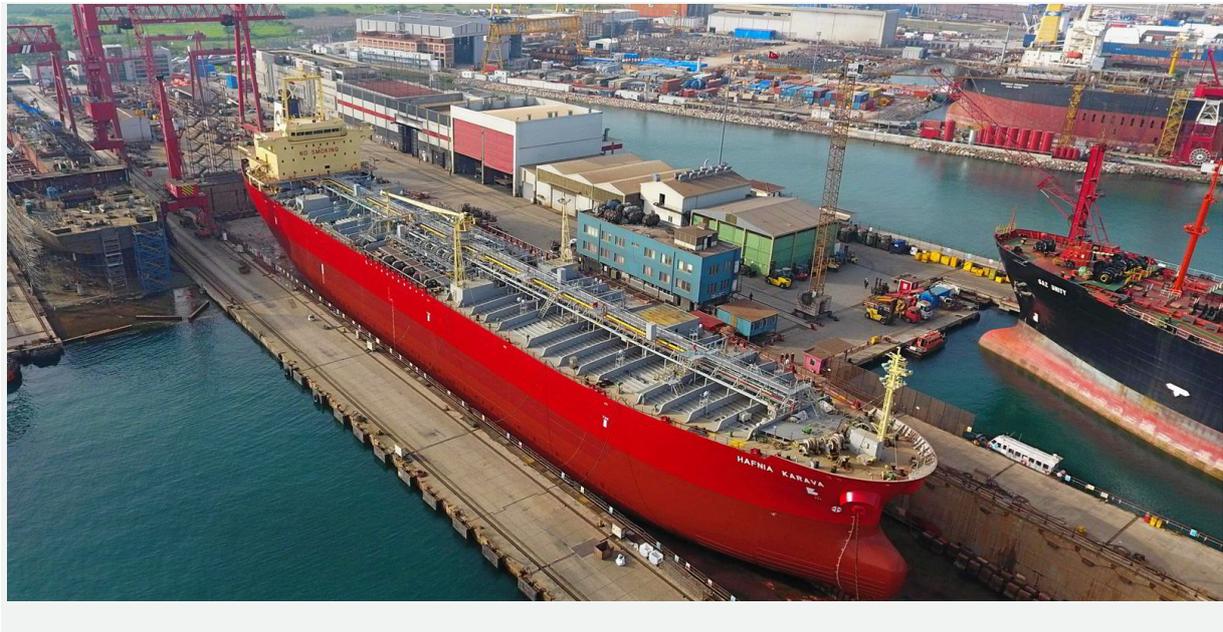
The Drachten-based company was started this year by ex-Womar chairman Captain Uday Yellapurkar, former W-O Shipping managing director Rein Amels and ex-colleague Vladimir Radisic.

Elegant Exit aims to acquire tankers at around their third special survey date, when oil major approvals become difficult to obtain, trade them until fourth special survey, and scrap them in dedicated dry docks that exceed present European Union environmental requirements.

Clear-cut business case

Next year, Elegant Exit hopes to buy six to 10 tankers in one or two en-bloc deals.

"The majority of discussions we are having are for MR1 and MR2 tankers," Amels said.



Product tankers around their third special survey date, such as the 40,000-dwt Hafnia Karava (built 2007), fit the description of Elegant Exit's target tonnage. Photo: Besiktas Shipyard/Marine Traffic

"The case with products tankers is clear-cut," he said. "After they reach an age of 15 years, they have problems getting vettings. From the time of the third special survey, you have to spend a hell of a lot of money with no guarantee you are going to get it back. So the economic end of life comes before the technical end of life. But we think there are tricks to be able to trade tankers of that age."

Amels would not be drawn on sale-and-purchase discussions. But, through the Womar pools and former partners Heidmar and BW Group, the team is likely well acquainted with relevant sellers.

He expects a green business model to help with equity and debt financing.

"We will be asking sellers to stay invested in their ships, as an ethical investment," he said. Mezzanine financing would be through "green bonds" or "blue bonds", and senior debt will count towards lenders' green portfolio.

Amels thinks the ships can profitably trade cargoes that do not need oil major approvals. Nitrogen-generating equipment to allow palm oil cargoes would cost about \$2m per ship, but this could be reinstalled on newly acquired vessels as ships are scrapped.

Sellers would likely retain vessels in their own pools for commercial management.

Dry dock investment

The company would do its first scrappings on a contract basis, but ultimately it needs effective control over facilities. It hopes to acquire or invest in dry docks both east and west of the Suez Canal.

"By 2025 or 2026, we want to be recycling 50 ships a year," Amels said. "That means you have to do a ship every two weeks, and we need to know the dock is going to be available."

The risks of ship scrapping have a high profile in the Netherlands and Belgium. Elegant Exit has been in contact with environmental advocacy groups such as NGO Shipbreaking Platform.

"Our reputation is our main selling point," Amels said. "If we do one ship wrong, we won't be able to buy any more ships."

SECOND ARTICLE

Green scrapping venture wants to do 'newbuildings in reverse'

Series scrapping can make green yards efficient just as it made modern newbuilding yards efficient, thinks start-up Elegant Exit

17 November 2020 7:09 GMT By [Bob Rust](#) in **Oslo**

Rein Amels believes series construction of modern ships holds the key to efficient green ship demolition as well.

The co-founder of Dutch shipowning and recycling startup Elegant Exit Co has been both shipowner and shipbuilder. On the owning side, he served as managing director of W-O Shipping and Beluga Genchart. He also owns several ships in the fleet of Delfzijl-based multipurpose operator Amasus Shipping.

But his career has also included management positions at the Volharding and Sietas yards. And he was literally born in a shipyard. Amels Shipyard, which now builds megayachts under the ownership of the Damen group, was originally his family's business.

He told TradeWinds that his ideas about scrapping are based in part on shipbuilding experience.

"I have seen what series construction does," he said. "You can really achieve enormous efficiency advantages by building in series, so why wouldn't you be able to achieve similar advantages by ship scrapping in series?"

His company plans to buy series-built units and torch them in the order they were built, as their fourth special surveys come due.

"Your recycle date is set in the class certificates," he said.

That allows for long-term scheduling of precious dry-dock time and gives demolition crews a chance to develop efficiency as they reverse the newbuilding process, cutting hulls into blocks and removing them to secondary demolition areas on land for further work.

Amels disapproves of scrapping methods at yards in Aliaga and said Elegant Exit will not scrap in Turkey.

If you look at videos from Aliaga, they run the ship at high speed onto a beach, cut it up in the water, hoist the steel out, and process it further on a concrete floor," he said. "We will do our scrapping in a closed dry dock."

He believes efficient green scrapping can yield a higher payout per tonne than Turkey offers, with South Asian scrap price levels as a benchmark.

On the end user's side, steelmakers under pressure to cut greenhouse gas emissions by increasing the share of recycled steel will pay a premium for quality scrap.

"Well-sorted, traceable steel is something these steelmakers are looking for," Amels said.[\(Copyright\)](#)