

Business and revenue model

Concordia Maritime’s business model is built on two pillars – daily ship operation and the purchase and sale of vessels.



Vision

To always be the preferred carrier and business partner within tanker transportation.

Business concept

- To create value for our customers and shareholders by providing safe, sustainable and reliable tanker transportation based on innovation and performance.
- To make timely investments in vessels and gain financially from fluctuations in their values.

Business and revenue model

Daily ship operation

Income from daily operation is mainly derived from compensation for contracting either through the spot market or time charters. Freight rate levels for spot charters are completely variable and based on supply and demand at any given time. With time charters, on the other hand, income consists of a pre-agreed time charter rate that applies throughout the negotiated charter period. In addition to the owned vessels, supplementary vessels can be chartered in for short or long periods.

Vessel transactions

Tanker shipping is capital intensive in nature, with high values attached to the vessels. The prices of both new and second-hand tonnage vary according to the market and the ship’s condition. The ability to optimise the timing of purchases and sales is therefore critical to the overall profitability of the business.

Goals and strategies

Concordia Maritime overall goal is to ensure a level of profitability that allows continuous investments and a good return for shareholders. Operations must be conducted with the utmost regard for both people and the environment.



Financial targets

	Target	Outcome 2020	Comments
Profitability	10% Return on equity	-6%	2020 was a year in which the tanker market was very challenging, resulting in poor profitability.
Equity ratio	>40% over a business cycle	28%	2020 saw considerable operating losses as a result of a challenging tanker market. The average equity ratio over the last five years is 37%.
Growth	10%¹⁾ average annual fleet growth over a business cycle.	5%	On 31 December 2020, Concordia Maritime had 13 (14) vessels in the fleet. In addition, another 1.7 vessels were chartered in under the cooperation with Stena Bulk.

¹⁾ Trading in vessels, both purchases and sales, is a key part of shipping operations. The right timing of purchases and sales of vessels can be crucial to long-term financial growth. For Concordia Maritime, this means that the fleet size may vary over time. For this reason, annual growth in the fleet is not an overall objective in itself. However, the aim is for operations to generate a return over time that allows average fleet growth of 10 percent over a business cycle.



Sustainability targets

	Outcome 2020	Comments
Provide safe tanker transport	0.72 LTIF	During the year, two crew members suffered lost-time injuries. Concordia Maritime had almost 3 million man-hours of exposure on board vessels during 2020.
	0 oil spills, litres	None of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water during the year.
Reducing our environmental impact	11.16 EEOI	The fleet consumed more bunker oil during the year and therefore had higher emissions to air compared with 2019. However, more tonne-miles (increased transport work) meant that emission efficiency (EEOI) for 2020 was better than in 2019, when the corresponding figure was 13.14.
	312,680 mt CO ₂ emissions	
	847 mt SO _x emissions	The transition to low-sulphur bunker oil also contributed to significantly lower emissions of sulphur oxides.
	8,930 mt NO _x emissions	

Overall strategy

Preferred partner

Concordia Maritime will be the partner of choice for the transportation of oil and oil products. We will use our comprehensive understanding of market drivers and the individual customer's business to satisfy specific transportation and logistics needs. Collaboration with customers will be based on long-term relationships, characterised by partnership – whether this applies to one voyage or the development of a brand new vessel concept.

Diversified fleet strategy

Concordia Maritime's fleet and employment strategy is aimed at optimising earnings capacity, balancing risks and opportunities and enabling good growth in invested capital if vessels are sold. Although the main focus is on the product tanker segment, this does not exclude a presence in other segments. As a complement to the owned tonnage, other vessels may also be chartered in.

Major focus on sustainability

Concordia Maritime has high ambitions in the area of sustainability, and aims to be a leader in safety, quality and environment. Sustainability work has been an integral part of our activities for many years. The Company's strong position in sustainability will be further strengthened through systematic improvement work, innovation and continuous training programmes.

Cost efficiency and flexibility

Collaboration with several other companies in the Stena Sphere ensures world-leading and unique expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation. This also allows for a cost-effective and flexible organisation.

MONITORING IN 2020

New contracts

During the year, one P-MAX vessel was contracted out on a consecutive voyage charter to a Brazilian refinery company. A further three P-MAX vessels have been contracted out on time charters to a Brazilian oil company.

MONITORING IN 2020

High proportion of niche routes

During the year, several of the vessels in the fleet sailed on niche routes, including in Brazil.

Balance between spot and time charter

Efforts to adapt the fleet's disposition to current market conditions and expected future developments continued during the year. A large proportion (about 65 percent) of the vessels were employed in the spot market during the year.

Suezmax vessels chartered in

Four suezmax vessels were chartered in on short-term contracts during the year. These are joint charters with Stena Bulk, and Concordia Maritime's share is 33 percent for two of the vessels and 50 percent for the other two.

MONITORING IN 2020

Two LTI (Lost Time Injury)

During the year, two crew members suffered lost-time injuries. Both have made a good recovery and are back in service.

Improved emission efficiency

The fleet's emission efficiency (grams of CO₂ emissions per tonne-mile) improved by 15 percent compared with 2019. The transition to low-sulphur bunker oil resulted in significantly lower emissions of sulphur oxides.

Investment in ballast water treatment systems

During the year, ballast water treatment systems were installed on two of the vessels in the fleet. All vessels in the fleet will have the systems installed by the end of 2021.

MONITORING IN 2020

New long-term sustainable legal structure

As part of efforts to reduce administrative costs and also establish the Company within a relevant maritime cluster with European tonnage tax, Concordia Maritime changed its corporate structure in early 2020. With effect from January 2020, the business is run from Denmark and is part of the Danish tonnage tax system.

