

# OSL's new lease of life

**W**hen Pacific Transportation Asia, CLSA Capital Partners' private equity vehicle, announced it was buying into OSL Shipping in December 2010, the Hong Kong-based handysize specialist was essentially known as a charterer with a good trade on the China-West Africa route.

In fact OSL had invested in two ships in early 2010, but since PTA stepped in as the majority stakeholder expansion of the fleet and the trade routes it serves has stepped up a gear or two. The company has since ordered five handysize newbuildings that are scheduled to be delivered between the

end of 2011 and August 2013.

Head of Investments at PTA Peter Min said: "Our interest in OSL was sparked by its solid group of customers and a good profitable trade between China and West Africa. We thought that this was a good platform to build on.

"We did not want to just be a tonnage provider," he stressed.

"We think going forward relationships with cargo interests will be increasingly important, especially in Asia and we wanted to invest in a platform that demonstrated that kind of relationship. It was always our intention to build an

operating business," he added.

OSL already has enough cargo to offer employment to six ships full-time and the company continues to expand its trading routes. This year it successfully moved into Far East-Australia trades and Min revealed the company is looking to embark on China-North America services soon.

PTA's acquisition of much of OSL equipped the company with a \$100m war chest for growth but Min said there is no hurry to expand further given that secondhand valuations remain "a bit rich" and newbuilding prices may yet have further to fall.

"Next year the market will be a little bit worse than this year," he said, because of the spike in newbuild deliveries.