



# NORWAY PRACTICE 2018



## Market Update

We are pleased to present Conyers' 2018 Norway Practice Bulletin. This annual publication underscores the importance of the Norwegian market to our Bermuda corporate practice.

The shipping and offshore sectors experienced another difficult year for new financings and equity raises in 2017. Market activity has focused on consolidation, private placements and debt restructuring, as evidenced by the deals highlighted below.

## Featured Transactions

### Seadrill Limited's US\$1 billion+ restructuring plan

Conyers is advising [Seadrill Limited](#) on its comprehensive restructuring plan – involving US Chapter 11 proceedings and judicial proceedings in Bermuda - which is intended to raise US\$1.06 billion of new capital, comprised of US\$860 million of secured notes, and US\$200 million of equity. **#restructuring #drilling #oil&gas**

### Team Tankers' US\$206 million takeover of Laurin Shipping and Anglo-Atlantic

Conyers advised [Team Tankers](#) ("Team") on its takeover of Laurin Shipping and Anglo-Atlantic Steamship Co. Ltd. Team paid US\$206 million for the companies, with a new US\$220 million credit facility refinancing debt at both the buyer and Anglo-Atlantic. Of the purchase price, US\$65 million was settled in shares. The takeover pushes Team's fleet to 52 ships, increasing its presence in the medium range sector. **#M&A #chemicaltankers #shipping**

### GoodBulk Ltd's US\$100 million private placement of new shares

Conyers advised [GoodBulk Ltd](#) on its US\$100 million private placement of new shares in March 2017, which came soon after the company sealed its initial equity raise in December 2016. For working capital purposes, the shares are listed on the Norwegian OTC market. The proceeds of the private placement were used to purchase six dry bulk vessels. Conyers worked closely with [Advokatfirmaet Thommessen AS](#) (Norwegian law) and [Brown Rudnick LLP](#) (US law) in the equity raise. **#capitalmarkets #drybulk #shipping**

### GoodBulk Ltd's acquisition agreement with entities affiliated with CarVal Investors

Conyers advised [GoodBulk Ltd](#) ("GoodBulk") in October 2017 in respect of an acquisition agreement with entities affiliated with CarVal Investors ("CarVal"). GoodBulk agreed to purchase seven Capesize vessels with the ability to exercise options over another six. The consideration for the vessels is a mixture of cash and new shares to be issued by GoodBulk. CarVal will receive up to US\$10.5 million shares in GoodBulk for the initial seven vessels, with US\$61 million of existing borrowings expected to be refinanced under current and new GoodBulk credit facilities. Upon completion of the deal, CarVal became GoodBulk's largest shareholder. **#M&A #drybulk #shipping**

In challenging times, Norway's over-the-counter market is proving an efficient way to access capital. In this bulletin, we profile the increasingly common use of the OTC by Bermuda companies as a stepping stone on the way to a full listing on the Oslo Børs.

We remain committed to sustaining our highly valued relationships with Norwegian law firms, defence clubs, corporates and financial institutions through the publication of this bulletin and our regular visits to Norway.

## Other Notable Transactions

- **Archer Limited** (OB:ARCHER) completed a share offering valued at NOK\$49.25 million (approximately US\$5.75 million). (April 2017) **#capitalmarkets #oil&gas**
- **BW LPG Limited** (OB:BWLPG) completed a buyback of 284,000 common shares for a total consideration of NOK\$9.5 million (approximately US\$1.12 million). (June 2017) **#capitalmarkets #LNGshipping**
- **Jinhui Shipping and Transportation** (OB:JIN) completed a share offering valued at NOK\$201.71 million (approximately US\$25.1 million). (July 2017) **#capitalmarkets #shipping**
- Artemis Investment Management LLP completed the acquisition of an additional 3.56% stake in **Borr Drilling Limited** (OB:BDRILL) for an undisclosed sum. (October 2017) **#M&A #drilling #hydrocarbons**
- **Borr Drilling Limited** (OB:BDRILL) completed a share offering valued at NOK\$2.032 billion (approximately US\$650 million). (October 2017) **#capitalmarkets #drilling #hydrocarbons**
- **Golden Ocean Group Limited** (OB:GOGL) completed a share offering valued at NOK\$524.36 million (approximately US\$66 million). (October 2017) **#capitalmarkets #drybulk #shipping**
- Folketrygd fondet completed the acquisition of an additional 1 million shares in **Borr Drilling Limited** (OB:BDRILL) for an undisclosed sum, bringing its total stake in the company to 5.2%. (October 2017) **#M&A #drilling #hydrocarbons**
- **Northern Drilling Ltd.** (OB:NODL) completed a substantially oversubscribed share offering valued at NOK\$2.032 billion (approximately US\$250.19 million). (November 2017) **#capitalmarkets #drilling**
- Hemen Holding Ltd. completed the acquisition of an additional 29.6% stake in **Northern Drilling Ltd** (OB:NODL) from Greenwich Holdings Ltd. for NOK\$1.472 billion (approximately US\$177.5 million). (December 2017) **#M&A #drilling**
- **Borr Drilling Limited** (OB:BDRILL) completed a share offering valued at NOK\$1.936 billion (approximately US\$250 million). (March 2018) **#capitalmarkets #drilling #hydrocarbons**



Bermuda was delighted to welcome a Viking Cruises ship for the first time in 2017, and looks forward to three additional visits this year. Founder, chairman and owner Torstein Hagen (left) and MS Viking Sea Captain Bent-Ivar Gangdal (centre) were welcomed by Deputy Premier Walter Roban (right) and presented with Bermuda crests.



## Taking the Bermuda-Oslo Route to Growth

The last five years have seen several new Bermuda shipping and shipping-related companies going on to list on the Oslo Stock Exchange. A key step along the route for a number of them has been the use of the Norwegian over-the-counter market (“OTC”) as a fast-track way to access fresh capital.

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### STEP ONE: BERMUDA

Bermuda has long been a jurisdiction of choice for ship owners and investors in ship-owning structures. They choose to incorporate in Bermuda because investors are comfortable with the island’s reputation as an established international finance centre.

The use of Bermuda vehicles, with recognised ownership and corporate governance structures, can enhance opportunities for international companies to access high-quality capital efficiently.

2

### STEP TWO: NORWEGIAN OTC

A newly-incorporated Bermuda shipping company is typically looking for the capital to grow. Potential investors are more likely to show interest in an equity offering where there is some immediate liquidity for their investment. Norway, where shipping is in the country’s DNA, is the obvious place to turn to raise funds quickly. One option is a private placement of shares to investors, whilst simultaneously agreeing to list the shares on the Norwegian OTC.

A substantial number of the companies listed on the Norwegian OTC are shipping or shipping related companies (including oil and gas drilling and transportation companies) and of those almost 20% are Bermuda incorporated – second only to Norwegian companies. Two recent examples of Bermuda companies listing on Norway’s OTC were [GoodBulk](#) in April 2017 and [2020 Bulkers](#) in December 2017.

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### STEP THREE: OSLO LISTING

The Norwegian OTC has been described as a ‘fast-track listing’ and many companies use it as a stepping stone to a full listing on the Oslo Stock Exchange. Over the past five years several Bermuda companies have followed this route, including [Avance Gas](#) in 2014, [Flex LNG](#) in July 2017 and [Borr Drilling](#) in August 2017.

As of April 2018, there were 16 Bermuda companies listed on the Oslo Børs with a market capitalisation of over US\$9.64 billion. This number could well continue to grow, given the number of Bermuda companies currently listed on the OTC market. Indeed, a surprising 43.5% of the Oslo Børs Shipping Index is made up of Bermuda companies.

Of course, Bermuda companies have been known to list directly on the Oslo Stock Exchange without going via the Norwegian OTC. [BW LPG](#) and [Odfjell Drilling](#), for instance, both launched IPOs on the Oslo Børs in 2013 without prior OTC listings and in 2015 [Team Tankers International](#) was listed following a successful exchange offer for shares of Eitzen Chemical. However, challenging market conditions seem to have made a step by step approach to raising capital a more favoured approach in recent years.

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**BERMUDA COMPANIES**  
ON THE OB + N-OTC  
COMBINED, WITH A  
**TOTAL MARKET CAPITALISATION**

OF  
**US\$12.57**  
billion

5

**BERMUDA COMPANIES**  
ON N-OTC WITH A  
**TOTAL MARKET CAPITALISATION**

OF  
**US\$2.93**  
billion

20%

OF **SHIPPING COMPANIES**  
ON THE N-OTC  
ARE  
**BERMUDA-INCORPORATED**

43.5%

OF **OB SHIPPING INDEX LISTINGS**  
ARE  
**BERMUDA COMPANIES**

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**13** RANKED  
Corporate  
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## WWL AWARDS



Who's Who Legal  
**BERMUDA  
FIRM OF  
THE YEAR**

# CONTACT