PLOTTING ITS PATH: Kanfer, which is headed by founder and managing partner Stig Anders Hagen (right), has the exclusive rights to a design for using articulated tug barges (above and below) as small-scale ships and offshore LNG terminals. **Photos:** KANFER

LNG start-up Kanfer seeks out investors

Things have been picking up speed at Kanfer Shipping, as it is about to start courting new investors this week

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Norwegian start-up Kanfer Shipping is about to start its very first round of fund-raising, with three letters of intent (LOIs) under its belt for small-scale LNG solutions.

Two of the LOIs are related to projects using Kanfer's patented design for articulated tug barges (ATBs) as small-scale ships and offshore LNG terminals — one in Sweden with Swedegas and one in South America with a large, publicly listed but unnamed client.

As a rough estimate for size, Kanfer founder and managing partner Stig Anders Hagen tells TradeWinds that the South American project could be valued at around $121m and a separate Caribbean project at between $50m and $80m.

Hagen remains tight-lipped on details about the Swedish project as well, where the third LOI is located.

Kanfer's initial target for raising fresh capital is relatively modest at NOK 15m ($1.8m) for the time being, although eventually an initial public offering (IPO) is one of the goals.

Hagen says the effort to find new investors will launch this week, with the help of Credeva Corporate Finance in Norway.

"We are seeking a minimum of three investors for Kanfer Shipping for business and project development and to strengthen the organisation," said Hagen. "These will also be the cornerstone investors in Kanfer Shipholding, when these projects mature."

Kanfer is also looking for "industrial investors" as its main target.

"We are primarily looking for people with experience who can bring knowledge to the organisation," he said. "This could be people from shipping, could be from energy or could be from LNG."

With various sectors of shipping and offshore markets struggling heavily, Hagen indicates that some investors could be in search of more appealing places to put money.

"Is the timing right and is the capital available?" said Hagen.

"We believe the timing is right because look at all that is happening in LNG and small-scale shipping in general. You might say, 'well, shipping is down' but there is money out there, and not only in shipping."

As TradeWinds first reported last year, Kanfer has the exclusive rights to a design using articulated tug barges (ATBs). The main idea of the ATB solution is to offer lower capital expenditure (capex) and operational expenditure (opex) for projects to provide LNG as a fuel.

Hagen says one Kanfer pusher tug and one barge is able do the same job as a purpose-built, small-scale LNG ship but also operate in shallow waters or rivers. One tug and two barges can be used to form a floating terminal, with one barge carrying LNG from the source to another barge, which then becomes the offshore terminal with onboard regasification.

Kanfer's South American LOI includes a plan involving four barges and three tugs, which Hagen calls a "huge project". The financial decision in the South American project is likely to be made in the first quarter of next year.

The Caribbean initiative is a good example of how a small island community is able to tap LNG as power with Kanfer's design but would perhaps not be able to invest heavily in other conventional methods.

"If you look at the Caribbean, there are many sources for LNG, like Trinidad, Dominican Republic and now also Jamaica and the US," said Hagen. "The access to LNG is certainly there and the pricing of LNG is competitive. But for that project, it comes down to the cost of the infrastructure itself.

"We can't do anything about LNG prices but we can do a lot about infrastructure costs."

Hagen says the cost differences will vary from region to region and project to project. As a rough savings estimate, conventional small-scale LNG terminals will cost anywhere from EUR 3,000 ($3,400) to EUR 6,000 ($6,800) per cubic metre, excluding land costs, while Kanfer's solution is claimed to cut that investment nearly in half.

Meanwhile, an important part of Kanfer's development lately has been the effort to beef up management of the former one-man show, especially on the technical side. The first key additions are Alexander Lund, Bjorn Markussen and Arve Andersson.

Master mariner Lund, who has spent 17 years at sea, is Kanfer's technical and operations manager. He worked with Saudi Aramco and was chief officer on a small-scale LNG vessel, where he handled more than 300 cargo operations.

Naval architect and marine engineer Markussen is a senior advisor, bringing gas-related experience from his time at Det Norske Veritas (DNV), Gotaas-Larsen, IM Skaugen, Westfal-Larsen and Hoegh LNG, where he helped develop its first business for floating storage and regasification units (FSRUs).

Andersson, who is now serving as a Kanfer director, has a long background in board positions among shipping, offshore and drilling companies. The list includes names such as Marinvest, Andreas Ugland & Sons, Ugland Nordic Shipping, Cecon, Nexus Floating Production and Venture Drilling.

Hagen himself has been in shipping for about 20 years after starting off in oil major Shell's international marine department in Oslo.

He spent 16 years at Leif Hoegh, before building up Partner Shipping and then selling it to the Siem Group in 2011. After the sale, Hagen had several positions in Siem Car Carriers before staring up Kanfer in 2013.

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