

## SIMPLIFIED NOTIFICATION OF CONCENTRATION

### **OSM Maritime Partners Ltd.'s and OCM Luxembourg OSM Holdings S.à.r.l.'s acquisition of control of Thome Group Holding Ltd**

Oslo, 15 February 2023

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## 1. INTRODUCTION

- (1) The notification concerns OSM Maritime Partners Ltd.'s ("**OSM Partners**") and OCM Luxembourg OSM Holdings S.à.r.l.'s ("**Oaktree**") (the "**Acquirers**") acquisition of joint control in Thome Group Holding Ltd. ("**Thome**") ("**Target**") from Skagerak Holding Ltd., through OMH Optimum Maritime Holdings Limited ("**Optimum**"), subsequently referred to as the "Transaction". In the following, OSM Partners, Optimum, Oaktree and Thome will collectively be referred to as the "**Parties**".
- (2) Optimum and Thome, have overlapping activities in the market for ship management, hereunder within the segments for technical and crew management, and marine services. Optimum is a holding company that has five wholly owned subsidiaries. Two of these, OSM Maritime Group Limited and Vestland Management AS, have overlapping activities with Thome within technical ship management. In addition, two other subsidiaries O2Sea Ltd. And OSM Management Ltd. have overlap with Thome within the segment for marine services (catering and accounting). Optimum's subsidiaries will in the following be referred to collectively as "**OSM**". Post Transaction, OSM Maritime Group Limited, O2Sea Ltd, Vestland Management AS and Thome will all be subsidiaries of Optimum. Skagerak Holding Ltd. will post-transaction hold a non-controlling share in Optimum of approx. 21.4 per cent.
- (4) There are also some potential vertical relationships between the Parties, including between Optimum's subsidiary Vestland Offshore AS and Thome. None of the overlapping activities will lead to any anti-competitive effects in the respective relevant market.

## 2. THE TRANSACTION

- (5) OSM Partners and Oaktree will acquire 100 per cent of the shares in Thome through the holding company Optimum. Thome Partners will as part of the Transaction acquire approx. 21.4 per cent of the ordinary shares in Optimum. Thome Partners will not acquire control in Optimum. OSM Partners and Oaktree will respectively hold approx. 40.1 per cent and 38.5 per cent of the ordinary shares in OMH post Transaction. Despite the changes in the shareholding, OSM Partners and Oaktree will retain joint control in Optimum. The joint control follows from the shareholders' agreement concluded between the Parties.
- (6) The Transaction combines Thome's activities, which comprise ship management services, including technical ship management, crew management, and marine services, with the activities of the subsidiaries of Optimum, which also includes technical ship management, crew management and marine services.
- (7) Prior to closing, Thome will ensure that all vessel owning activities, and ownership of premises in the Philippines, including relevant assets, liabilities, employees directly related to the real estate activities, offices, and entities, [REDACTED] [REDACTED] These activities will be retained by Thome Partners and are not part of the Transaction.
- (8) The Transaction constitutes a concentration and is subject to a merger notification in Norway pursuant to Section 18, cf. section 17 of the Norwegian Competition Act, as each of the undertakings concerned have achieved turnover exceeding NOK 100 million and their combined turnover exceeds NOK 1 billion in Norway in the last completed financial year.
- (9) The transaction is notified through the simplified procedure as the Parties' combined market share does not exceed 20 % in the technical ship management, crew management and marine services market segments. There is a potential vertical relation within the marine services market segment because part of Thome's offering within the marine services market may potentially be used as input in OSM's provision of technical ship, crew management services, and commercial ship management. There is also a potential vertical link since OSM provides medical treatment for crew in the company's medical clinic in the Philippines that

can potentially be used as input in Thome's offering of crew management. Furthermore, there is a potential vertical link because three companies in which Oaktree has controlling interests can use technical ship management, crew management and marine services as input in their own production of shipping and commercial ship management. However, the Parties combined market share does not exceed 30 % in any relevant vertical relation. Thus, the requirements of the Merger filing Regulation (FOR-2013-12-11-1466) section 3 nr. 3 b and c are fulfilled.

### 3. RATIONALE

(10) The rationale for the Transaction is to

[REDACTED]

(11)

[REDACTED]

(12)

[REDACTED]

### 4. DESCRIPTION OF THE PARTIES

#### 4.1 Acquirers

##### 4.1.1 OSM Partners

(13) OSM Partners is a limited liability company incorporated in the Republic of Cyprus, registered with the Registrar of Companies and Intellectual Property under registration number HE 385914.

(14) OSM Partners is ultimately owned and controlled by Bjørn Tore Larsen, alongside some minority owners. These minority owners are key employees of Optimum and OSM (see section 3.1.2.1.1 below for information on OSM).

(15) Through B.T. Larsen & Co Ltd., Bjørn Tore Larsen holds shares in several other companies, but none with overlapping activities with Target (nor OSM). For the sake of completeness, it is mentioned that B T Larsen & Co Limited is the majority holder of shares in ADS Maritime Holding PLC, a shipping investment company established in 2018 and listed on the Euronext Growth Oslo Stock Exchange. ADS Maritime Holding PLC holds investments in the following shipping related activities: (i) 5% indirect ownership of 4 shuttle tankers (ii) 10% indirect ownership in 2 MR tankers and (iii) participates in a profit-sharing agreement with Navig8.

(16) The other companies in which B.T. Larsen & Co Ltd holds shares are active within aviation, airports, and property.

- (17) OSM Partners will post Transaction hold 40.1 per cent of the shares in OHM, thus jointly control OHM together with Oaktree.

#### **4.1.2 Oaktree**

- (18) Oaktree is a wholly owned subsidiary of funds managed and advised by Oaktree Capital Management L.P or their affiliates, incorporated in Luxembourg. It is registered with the Luxembourg Business Registers under RCS number B226152.

- (19) Oaktree will post Transaction hold 38.5 per cent of the shares in OHM and will jointly control OHM together with OSM Partners.

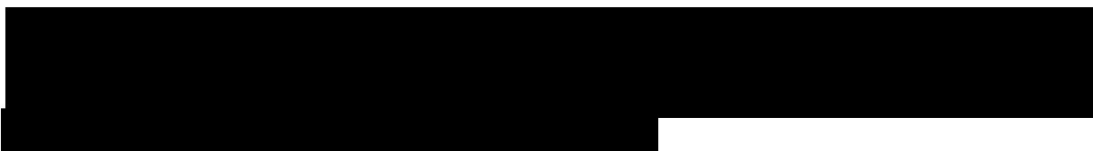
- (20) Oaktree Capital Management L.P. ("**OCM**"), together with its affiliated investment funds and other entities, comprises the Oaktree group. OCM is indirectly jointly controlled by Oaktree Capital Group Holdings GP LLC ("**OCGH**") and Brookfield Asset Management Inc. ("**Brookfield**").

- (21) OCGH is the general partner of, and exercises sole control over, Oaktree Capital Group Holdings LP ("**OCGH LP**"). OCGH LP is a limited partnership comprised of the senior executives, current and former employees of Oaktree, and certain institutional investors, and helps the individuals holding the majority of their economic interests in OCM and the Oaktree Group. OCGH is not controlled by any other entity for the purpose of the EU Merger Regulation.

- (22) OCM is a global alternative and non-traditional investment management firm headquartered in Los Angeles, and emphasises an opportunistic, value-oriented, and risk-controlled approach to investments in distressed debt, high yield bonds, convertible securities, senior loans, corporate control, real estate, emerging market equities and mezzanine finance. OCM has over 1000 employees and offices in 19 cities worldwide.

- (23) For further information about OCM, please refer to OCM's website: <https://www.oaktreecapital.com/>

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- (25) Brookfield is a Canadian global alternative investment management company. It focuses on direct control investments in renewable power and transition, infrastructure, private equity, real estate, and credit and insurance solutions. Its objective is to generate attractive long-term risk-adjusted returns for the benefit of clients and shareholders. Brookfield does not have overlapping activities or vertical relations with neither Thome nor OSM.

- (26) For further information about Brookfield, please refer to Brookfield's website: <https://bam.brookfield.com/>

#### **4.1.2.1 Optimum**

- (27) Optimum is the jointly controlled holding company of OSM Partners and Oaktree and has no independent activity on the market. However, Optimum has five wholly owned subsidiaries with activities within or related to ship management. The subsidiaries are OSM Maritime Group Ltd., Vestland Management AS, Vestland Offshore AS, OSM Management Ltd. and O2Sea Ltd. These subsidiaries are organized in further subsidiaries for their activities in different countries, as the company operate globally in several countries. The activities relate to crew management, technical ship management, commercial management and marine services. OSM has overlapping activities with the Target within the market segments for



technical ship management, crew management and marine services (see sections 4.1.2.1.1 and 4.1.2.1.2).

#### **4.1.2.1.1 OSM Maritime Group Limited**

- (28) OSM Maritime Group Limited is a limited liability company incorporated in the Republic of Cyprus, registered with the Registrar of Companies under HE 323709.
- (29) OSM Maritime Group Limited is a provider of full-service solutions to the offshore and maritime industries. It holds several specialties within ship management, and in particular technical ship management and crew management.
- (30) OSM Maritime Group Limited has a global presence with approximately 1000 office employees, more than 20 office locations, a total of approximately 700 vessels under management and a [REDACTED] per cent retention.
- (31) OSM Maritime Group Limited offers technical management services to a range of various vessel types and offshore units, such as tankers, bulk carriers, offshore platforms, cruises, ferries and yachts. The technical management services also include offshore drilling management and offshore management solutions within offshore winds and renewables.
- (32) Within crew management services, OSM Maritime Group Limited has a pool of around 17 000 seafarers of all nationalities and ranks, from which they can supply vessels with competent crews, either temporarily or permanently.
- (33) The crew management service includes, inter alia, crew sourcing, screening, selection and employment, payroll and tax management, cost control, accounting, crew planning and change, travel arrangements, training, medical services and crew insurance.

#### **4.1.3 O2Sea Ltd**

- (34) O2Sea Ltd is a limited liability company incorporated in the Republic of Cyprus, registered with the Registrar of Companies under HE 368458.
- (35) O2Sea provides a variety of catering management solutions for offshore projects and conventional vessels. The company offers these services under the brand OSERV Catering.

#### **4.1.4 Vestland Management AS**

- (36) Vestland Mangement was founded in 2009 and is located on the west coast of Norway. The company provides technical ship management to offshore vessels.

#### **4.1.5 Vestland Offshore AS**

- (37) Vestland Offshore was founded in 2008 and is located on the west coast of Norway. The company provides commercial ship management to offshore vessels.

#### **4.1.6 OSM Management Ltd**

- (38) OSM Management Ltd is a limited liability company incorporated in the Republic of Cyprus, registered with the Registrar of Companies under HE 382367. The company offers third party accounting services. The company currently has [REDACTED] contracts.

## **4.2 Target**

### **4.2.1 Thome Group Holding Limited BVI – the Target**

- (39) Thome Group Holding Limited BVI is a company incorporated in the British Virgin Islands. The transaction excludes the company's entities, employees and lines of business related to

vessel owning activity. It is headquartered in Singapore, but has offices several places in the world, including Norway.

- (40) Thome Group Holding Ltd. is owned by Skagerak Holding Ltd.; a limited liability company incorporated in the British Virgin Islands, registered with the Registry of Corporate Affairs under BVI Company Number 1640358.
- (41) Thome has a global presence with around 900 employees, 15 office locations, a total of approximately [REDACTED] under management and a [REDACTED] retention.
- (42) Thome offers technical ship management and crew management, and some ancillary services such as solutions for commercial vessels and offshore vessels and installations. This includes technical ship management, crew management, training, marine services, and corporate services. Thome also offers operational & maintenance of FPSO (floating production storage and offloading) and MOPU (Mobile Offshore Production Unit) in Nigeria and operations and maintenance of FSO (floating storage and offloading) in Egypt. Thome offers full technical ship management services to all vessel types. Included in the crew management services are selection, recruitment, training, development, and management of seafarers. Within crew management services, Thome has a pool of more than [REDACTED] seafarers of all nationalities and ranks, from which they can supply vessels with competent crews, either temporarily or permanently.

### 4.3 The Parties turnover and operating income

- (43) The Parties' turnover and operating income in Norway for 2021 are presented in the table below. The turnover in NOK has been calculated by using the Norwegian Central Bank's average exchange rate for USD to NOK for 2021.

**Table 1: The Parties' turnover and operating income in Norway for 2021 (Confidential)**

Company	Turnover	
OSM Partners		[REDACTED]
Oaktree		[REDACTED]
Thome		[REDACTED]
Total		[REDACTED]

## 5. MARKET DEFINITION

### 5.1 Ship management market

#### 5.1.1 Product market

- (44) The Parties have horizontal overlapping activities within ship management, more specifically within the segments for technical ship management, crew management and marine services.
- (45) Ship management is an essential aspect of the shipping industry across the globe and is a service within the maritime industry that encompasses a range of marine-centric services. Ship management's customers will typically be ship owners who outsource all or part of their operations.

- (46) The Parties are not aware that the EU Commission has considered this market previously from a merger perspective. In the "*Communication from the Commission providing guidance on State aid to ship management companies*", the Commission stated that "*Ship management companies are entities providing different services to ship owners, such as technical survey, crew recruiting and training, crew management and vessel operation. There are three main categories of ship management services: crew management, technical management and commercial management*".<sup>1</sup>
- (47) The Parties share the assessment in the Commission's communication on state aid referred to above, that the market for ship management comprises these three segments. In addition, the Parties have identified a fourth segment; marine services.
- (48) Ship management companies may offer one or all of the main categories of services. The customer can therefore purchase different services from different companies. Further, the services in the different segments are not considered substitutable. Thus, the market for ship management may comprise of three separate segments. The Parties have overlapping activities within the segment of technical ship management, crew management services and marine services.

#### **5.1.2 Segment for commercial management**

- (49) Commercial management consists of promoting and ensuring the sale of ships' capacity, such as chartering the ships, take bookings for cargo or passengers and ensuring marketing. Commercial management *inter alia* comprises bidding for tenders, term contracts and interaction with ship agents<sup>2</sup>.
- (50) Commercial ship management differs from technical ship management in that the commercial ship management relates to creating income for the vessel whereas technical ship management relates to making the vessel sea-worthy.
- (51) Hence, the offered services in commercial ship management are different from the services offered by technical ship managers and crew managers, and from a demand perspective these services are not a substitution for commercial ship management. Thus, commercial ship management must be considered a separate segment within the market for ship management services.
- (52) The market is highly competitive due to the high number of companies offering commercial ship management.
- (53) The Parties do not have overlapping activities with commercial ship management, as only Vestland Offshore AS (owned by Optimum) provides such services today.

#### **5.1.3 Segment for technical ship management**

- (54) Technical management consists of ensuring the seaworthiness of the vessel and its full compliance with technical, safety and security requirements<sup>3</sup>. This essentially covers the responsibility for making decisions on the repair and maintenance of ships. This segment is often referred to as ship management within the business.
- (55) In order to be seaworthy, the vessel must withstand the regular threats of the sea which a vessel of its kind is expected to meet on a voyage at a certain time of year. Furthermore, it

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<sup>1</sup> Communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies.

<sup>2</sup> Communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies, p.1

<sup>3</sup> Communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies, p.1

entails that the vessel is capable to receive, contain and convey the cargo loaded on it in good condition. The technical ship management company must therefore ensure the physical preparedness of the ship to endure the challenges that it might face at sea. Technical management may also comprise the responsibility of having correct documentation in place, such as navigational documents and documents necessary for access to ports and cargo.<sup>4</sup>

- (56) The market is highly competitive due to the high number of companies offering technical ship management.

#### **5.1.4 Segment for crew management**

- (57) Crew management consists in particular of dealing with all the matters relating to vessel crew, such as selecting and engaging suitably qualified seafarers, issuing payrolls, ensuring manning level, checking certifications of seafarers, insurance coverage, visa arrangements, handling medical claims, training, and assessing the seafarer's performance. It should be noted that the same crew may serve on different vessel types as the skills are transferable, although there are certain certification requirements. This especially applies to conventional ships such as bulkers and tankers.

- (58) Crew management differ from the other two segments in that it only handles crew matters.

- (59) The segment has low entry barriers, as it is fairly easy to obtain the necessary skills, permits and competence to start a crew management company.

- (60) Furthermore, the market is highly competitive due to the high number of companies offering crew management and the low barriers to entry.

#### **5.1.5 Segment for marine services**

- (61) In addition to the segments defined by the EU Commission in its notice, the Parties have identified a further segment; marine services. Marine services comprise ancillary services to technical ship and crew management. This is a segment that has been developed further in the last decade, in order to supply services that are not part of technical ship or crew management services, but are requested by customers to further improve the core service of technical and crew management.

- (62) Marine services can and are in practice often also typically sold independently of the delivery of technical ship and crew management services. It is not uncommon that competitors within technical or crew management will be customers of each other for marine services. Some shipping companies will also perform these activities in-house. As the technical ship and crew management services are fairly standardised and the main competition parameter is price, the ability to offer ancillary services may be an important differentiator for companies offering technical ship and/or crew management,. All the larger technical ship and/or crew management companies offer ancillary services, and they tend to offer many of the same services. Nevertheless, it is not uncommon that vessels purchase crew management services from one provider and marine services from another undertaking. In addition to technical ship and crew management undertakings, there are several other companies providing marine services amounting to a large range of suppliers of marine services.

- (63) Examples of marine services are catering, supervision of building of new ships for the owners, travel services, port agency services, accounting services and insurance services.

- (64) There are low barriers to entry in this segment as it is possible to start small and grow over time. It is further easy to scale up as low investments are needed. Most of these services

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<sup>4</sup> Communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies, p.1



entail use of human resources and do not require large investments in buildings or equipment.

- (65) Both Parties deliver a fairly wide range of marine services, but the only services both Parties offer are catering, new building supervision, ship inspections, ship maintenance accounting, training, crew recruitment.
- (66) Based on the above, the Parties are of the opinion that the relevant market comprises ship management services that should be further segmented into commercial ship management, technical ship management, crew management and marine services. These segments relate to different aspects of ship management (i.e. commercial income from the vessel, physical condition of the vessel, crew on the vessel and other services needed to operate a vessel) which are not substitutable from a demand perspective.
- (67) However, it is not necessary to conclude on the exact market definition, as the Transaction will not raise any competition issues regardless of how the markets are delineated.

## 5.2 Geographic markets

- (68) The EU Commission has not previously considered the market for ship management in a merger perspective to the Parties' knowledge. However, the communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies stated that "*like any maritime activity, ship management is a global business by nature*"<sup>5</sup>. This is further substantiated by statistics from the EU Commission showing that maritime trade is global as more than 80% of world merchandise trade by volume is transported by sea across national borders and jurisdictions.<sup>6</sup>
- (69) This approach aligns with the Parties' experience and opinion; that the market for provision of ship management services is global.
- (70) As explained above, section 4.1, the vessel owners are not restricted by any rules or regulations as to their choice of provider. Furthermore, the provision of the services offered by companies in the different ship management segments does not require the companies to be present in certain locations. Thus, potential suppliers are not linked to specific jurisdictions or countries.
- (71) For vessel owners the quality of the services delivered, including the required competencies, and the price, are considered the most important factors determining supplier.
- (72) This is substantiated by ship management companies being present all over the world providing services to a worldwide fleet. Hence, there is a global supply of ship management services.
- (73) There is also a global demand for ship management services, as shipping companies are registered and operate out of a variety of countries around the world, and the services are provided on the ships. Thus, both the demand and supply are global in the ship management market and its three segments.
- (74) However, the precise geographic market definition can be left open, as the Transaction will not raise any competition concerns regardless of how the market is defined.

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<sup>5</sup> Communication from the Commission providing guidance on State aid to ship management companies and EFTA Surveillance Authority (ESA) Guidelines on State aid to ship management companies, p. 1

<sup>6</sup> [International Cooperation and Coordination \(europa.eu\)](https://ec.europa.eu/euipo/competition/competition_enforcement/2015/05/2015-05-20-international-cooperation-and-coordination-europa.eu)

## 6. COMPETITION ANALYSIS

### 6.1 The Transaction will not have any horizontal effects

- (75) The transaction will not lead to any anti-competitive effects in any of the relevant markets where the Parties have horizontal overlapping activities.
- (76) The Parties do not have access to detailed data such as turnover figures on the market for ship management and marine services nor the relevant segments. Furthermore, the high number of companies active in this market, makes it impossible for the Parties to estimate the turnover in the market and the market segments.
- (77) Therefore, the Parties have estimated the market shares based on the number of vessels globally and under management. There is no official global list of vessels that can be considered addressable by specialized ship managers, but the Parties estimate that there are approximately 64 000 vessels that can be candidates for external technical ship and crew management. The Parties estimate that 8% of these are under external technical ship management, which amounts to approximately 5 000 vessels.
- (78) It has not been possible to estimate the number of ships under crew management, but it is significantly higher than the number of vessels under technical ship management. However, due to the lack of estimate, the Parties will use the same estimate for the market for crew management. It should be noted that this is a very conservative assessment that in the Parties' opinion overestimate their market shares.
- (79) It should also be noted that the market is evolving and expanding, due among other things to stricter regulations from the EU to ensure the transfer to a greener industry and new energy sources for vessels. It will be increasingly difficult for smaller shipping companies to ensure compliance with all the regulations and the use of new energy sources. Therefore, it is expected that more shipping companies will outsource more of the operations to third companies.
- (80) Barriers to entry in the relevant segments are low as evidenced by the high number of companies offering these services. It is possible to start small and grow over time. It is easy to scale up the service offering as low investments are needed. Most of the services provided in the different segments entail use of human resources and do not require large investments in buildings or equipment.
- (81) The low barriers to entry will not be affected by the changes described above as regards the transition to a greener industry. It will still be possible for undertakings to start offering just one or a few services and expand from there. The projected changes might also offer opportunities for new entries into the market given the expected increase in demand.

### 6.2 The transaction does not lead to any anti-competitive effects in the segment for technical management service

- (82) As explained above, there is no available information on the total turnover in the segment for technical ship management. Market shares have therefore been estimated on the basis of the number of ships managed.
- (83) OSM had [REDACTED] ships under technical ship management in 2022. Given a total market of 5 000 vessels, the market share is [REDACTED].
- (84) Thome had [REDACTED] vessels under technical ship management in 2022 and thus a market share of [REDACTED] given a total market of 5 000 vessels.

- (85) The Parties thereby have a combined market share of [REDACTED]. However, as described above, the market is likely to be larger than 5 000 vessels. Subsequently, the Parties' market shares are assumed to be lower than the estimate provided above.
- (86) The Parties estimate that more than 150 technical ship management companies compete worldwide.<sup>7</sup>
- (87) Entry barriers to this market segment are low. As a wide range of services are part of technical ship management, the technical ship management companies do not perform all services themselves but will source some services from suppliers. Thus, investment costs in order to enter the market are low. Furthermore, companies entering the market can start small and grow as it is not necessary to provide technical ship management services to all types of vessels to establish itself on the market.
- (88) The market segment is characterised by customers with strong buying power. Most shipping companies using technical and crew services from third party providers are large companies using a number of different ship management companies. It is easy for the vessel owners to shift between providers without incurring specific switching costs, strengthening their buying power.
- (89) In addition, the market is characterised by several big players, where AngloEastern Univan Group, Fleet Management Limited, V Ships, Bernhard Schulte Shipmanagement and Synergy Marine Group are considered the biggest providers of technical ship management services. According to the database IHS Markit, AngloEastern Univan Group had 673 vessels under technical ship management, Fleet Management Limited had 596 vessels, VGroup 583 vessels and Synergy Marine Group had 472 vessels. These companies will continue to exert a competitive pressure in the market and towards the Parties post-Transaction.
- (90) Accordingly, the Transaction will not have any adverse effects in the market segment for technical ship management services.

### **6.3 The transaction does not lead to any anti-competitive effects in the segment for crew management services**

- (91) As explained above, there is no available information on the total turnover in the segment for crew management. Therefore, market shares have been estimated on the basis of the number of ships managed.
- (92) OSM has [REDACTED] ships under crew management. Thus, it has a market share of [REDACTED] given a market of 5 000 vessels. Thome has [REDACTED] vessels under crew management and thus a market share of [REDACTED] given a market of 5 000 vessels.
- (93) The Parties thereby have a combined market share of [REDACTED]. However, as described above, the market is likely to be larger than 5 000 vessels. Subsequently, the Parties' market shares are assumed to be lower than the above provided estimate.
- (94) Entry barriers to this market segments are low, as few investments are needed. The companies will in many countries need permits and licences in order to operate, but these are fairly easy to obtain. Furthermore, companies entering the market can start small and grow as it is not necessary to provide crew management services to a high number of vessels or all types of vessels when starting up.

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<sup>7</sup> IHS Markit



- (95) The market segment is characterised by customers with strong buying power, because there are a high number of companies offering these services. Furthermore, the service provided is fairly standardised and the switching costs from one provider to another are low, so it is easy for the customers to switch to another company, giving the customers significant leverage in negotiations.
- (96) There are several large providers of crew management services, such as V Ships, Marlow Navigation Co. Ltd., Atlas Maritime Ltd., Wilhelmsen Ship Management AS and AngloEastern Univan Group that will exert a competitive pressure in the market generally and towards the Parties post-Transaction.
- (97) Accordingly, the Transaction will not have any adverse effects in the market segment for crew management services.

#### **6.4 The transaction does not lead to any anti-competitive effects in the segment for marine services**

- (98) This segment is characterised by a variety of services and a vast number of suppliers, as also suppliers who do not provide technical ship management or crew management services, can provide these services. Therefore, Parties have not been able to estimate the total size of the market, and hence, neither market shares.
- (99) However, the market is highly competitive due to the high number of companies offering different marine services. In addition to technical ship and crew management undertakings, there are several other companies providing different marine services. Marine services are often sold to other customers than those purchasing technical ship and/or crew management from the Parties, even though some of their technical ship and/or crew management customers also purchase one or several marine services.
- (100) As an example, OSM provides catering to [REDACTED] ships, of which [REDACTED] are vessels that are not under a technical ship or crew management contract with OSM. [REDACTED] either buying catering services from other suppliers or providing it themselves, illustrating the competitiveness in the segment. Thome provided catering to [REDACTED] ships which are owned by [REDACTED] different owners on average in 2022. In comparison, the market leader in catering, Garrets International, quotes from 1,600 to 2,000 vessels served. The second biggest provider of catering services, Oceanic Catering, has in its latest marketing stated that it now serves more than 1600 vessels.
- (101) It has not been possible to estimate the market shares for the other marine services that both Parties provide either, such as new building supervision, ship inspections, ship maintenance, training, accounting, and crew recruitment. However, for all marine services, the Parties presume that they have very low market shares. For instance, Thome provided supervision of new building of ship for [REDACTED] ships in 2022. OSM provided supervision of new building of ship for [REDACTED] ships in 2022. Approximately 644 vessels were built in 2022, giving the Parties a combined market share of [REDACTED]. Moreover, this market segment comprising marine services is characterised by low entry barriers as evident by a high number of companies offering these services, fierce competition and low switching costs as the services are fairly standardised, which again results in strong buying power. As an example, there are registered more than 1300 crew recruitment companies just on the website CrewData<sup>8</sup>. Thus, a high number of companies will continue to exert a competitive pressure on the Parties post-Transaction.

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<sup>8</sup> [Crewing Companies and Maritime Agencies \(crewdata.com\)](https://www.crewdata.com)

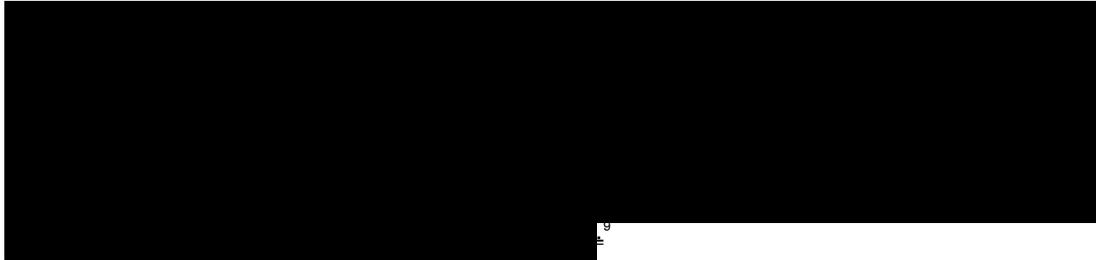


(102) Regardless of how the market is defined, the Parties will have very low market shares, and well below 20%. Furthermore, the Transaction will not have any anti-competitive effects in this segment.

## 6.5 The Transaction will not have any vertical effects

(103) Due to the nature of the market structure and the value chain, there are several potential vertical relations between the Parties in technical ship management, crew management and marine services. The Transaction will not lead to any adverse effects on the competition in these markets.

(104)



(105) Furthermore, there might be vertical links between the Parties in the market segment for marine services. Since the Parties have somewhat different offering of services, they might potentially purchase services they do not offer themselves from the other Party. Thus, it cannot be ruled out that there might be potential vertical links between Thome and OSM's offerings of marine services and their respective activities within the provision of management services. The services in question are Thome's port agency services and travel services, and OSM's insurance and claims handling and medical treatment in OSM's Nordic Medical clinic in the Philippines.

(106) However, for all these services, there is a global market and a vast number of suppliers. Furthermore, the potential vertical links are weak. Port agency services and insurance and claims handling are not commonly needed as input for technical ship management and crew management. Travel services are needed for crew management, but it is uncommon that crew management companies source this service from a competitor. They would rather arrange it themselves or purchase from a travel agency. The medical treatment for crew available in OSM's clinic, can be provided by any hospital or medical clinic.

(107) The Parties have not been able to estimate their respective market shares for marine services, nor the different services within the market segment for marine services. However, based on their respective limited turnover for the provision of port agency services, travel services, insurance and claims handling and medical treatment for crew services, the existence of a high number of other suppliers of these services, and the fact that these services are sold and purchased in fragmented and largely global markets, the Parties nevertheless estimate that their market shares are well below 30 % in all potential vertically relations. Given that the vertical relations first and foremost are of a theoretical nature and the strong competition in all services in the marine services segment, the Parties have neither the incentive nor the possibility to foreclose their competitors from these services. The Transaction will not create any negative vertical effects on the competition.

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<sup>9</sup> For the sake of completeness, it is mentioned that a company, Hafnia AS, in which Oaktree holds a non-controlling minority share, buys technical ship management services for [REDACTED]. Hafnia has more than 253 vessels according to their homepage.

## **7. MOST IMPORTANT COMPETITORS, CUSTOMERS AND SUPPLIERS**

(108) An overview of the Parties' most important competitors, customers and suppliers in the affected markets is enclosed in the appendices below.

**Appendix 1:** OSM's five most important competitors, customers and suppliers

**Appendix 2:** Thome's five most important competitors, customers and suppliers

## **8. ANNUAL REPORTS AND ACCOUNTS**

(109) The Parties' annual report and accounts for the last financial year are included below.

**Appendix 3:** OSM Partners' accounts for 2021

**Appendix 4:** OSM Maritime Group Limited's accounts for 2021

Oaktree Annual Report and Financial Statement for 2021 is available [here](#).

Brookfield's Annual Report and Financial Statement for 2021 is available [here](#).

**Appendix 5:** Thome's accounts for 2021

## **9. CONFIDENTIALITY**

(110) This notification, with attachments, contains business secrets and other information that is of competitive importance to keep secret. This information shall be treated strictly confidential and exempt from public access in its entirety, ref the Public Administration Act section 13, first paragraph, no. 2. The relevant information is double underlined or marked as "confidential".

(111) Further grounds for confidentiality is enclosed.

**Appendix 6:** Grounds for confidentiality (confidential)