

## Sean Day 2005 Commodore profile



These days, the driving forces in shipping are the energy trades and the growth in the Asian markets. This year's CMA Commodore, C. Sean Day has been at the forefront of the business for three decades, bringing the fresh approaches and critical strategic thinking that his Oxford Rhodes Scholar background might imply. Supported by the management team at Teekay Shipping, Day is Chairman of a company with 154 owned and chartered ships of 15.6 dwt. and a market capitalization of nearly \$ 4 Billion (based on recent share prices).

In a market previously described as fragmented, Teekay's critical mass is evidenced by its movement of more than 10% of the world's seaborne crude oil. Indeed, in 2004, Teekay vessels transported nearly 300 Million tonnes of oil.

With daily management of the company in the hands of a global team led by CEO Mr. Bjorn Moller, Teekay is at the confluence of all the forces that make up the tanker business. A leader in the movement of crude oil in its Aframax, Suezmax and shuttle tankers, Teekay is now on the cusp of an offering in the LNG area, utilizing an innovative financial structure – a Master Limited Partnership – which is ideally suited to the stability of LNG contracts and the desire of investors for distributions and payouts.

While he has more time these days for strategic thinking, it wasn't always this way. A South African by birth, Mr. Day studied business at the University of Capetown, and then law at Oxford, following his early education as a merchant marine cadet. He began his business career in Hong Kong and Taiwan with the Jardines Group; three years in Asia was followed by a spell with Fednav in Montreal, which he joined in the late 1970's. Marriage brought him to New York in 1981, where he did freelance work for banks with distressed shipping portfolios. In 1982, after Fednav had bought into Navios, a stodgy raw material moving arm of U.S. Steel Corporation, then based in New York City, he was asked by Fednav's Chairman, Ladi Pathy, to join a team of senior managers being brought in to work Navios out of financial distress in the deep shipping slump in the early '80s. After handling numerous restructurings of freight contracts, he had an increasing desire to "become an owner of a business, rather than just an employee of the company."

Modern shipping company leaders like Day need to be something of a Renaissance Man, with a firm grasp of the commercial and operational aspects of the business, as well as an intimate knowledge of financial techniques and sophisticated balance sheet management that support the consolidation and growth of larger companies. After completing his task at Navios, Day moved over to Citibank's venture group, Citibank Capital Investors, and became a quick study in the ways of high finance, which he describes as "the equivalent of earning a Ph D. in finance." "Wall Street work did not put a diploma on my wall," Day says, " But, I saw how financiers could structure deals to raise money against contracts, rather than only hard assets." He returned to Navios in 1989, as an investor and owner by virtue of the leveraged buyout that he arranged with the backing of Citibank and Fednav, and successfully transformed and re-invented Navios during his 10 years at the helm.



C. Sean Day with boat CARINA at Indian Harbor Yacht Club, March, 2005



He applied Wall Street trading techniques, and Navios morphed from a traditional mover of industrial raw materials to a pure “freight trader”, where physical ships, freight contracts, paper ships and paper freight were interchangeable- enabling Navios to build a substantial new business in the physical movements of bulk cargoes. Financial returns were enhanced, while operational flexibility was improved, because the “fleet” was really a portfolio of owned ships, contracts, with paper (FFA) commitments.

In 1999 Sean and the other investors sold Navios to a private investor group that included U.S. based Saltchuk Resources and a Greek owner. Sean, who was already on the Board of Teekay Shipping, was asked to take over as Chairman from Axel Karlshoej, brother of the late founder of the company, Torben Karlshoej. In the past month, Navios news reports indicate that Navios is being sold again. When asked by Fairplay about recent events, Mr. Day acknowledged that “part of the value being realized today stems from strategies developed in close co-operation with Tony Whitworth- who was then Executive Vice President.”

Six years later, Tokay is synonymous with “consolidation” in the tanker business, having carefully crafted a growth plan and then executed the delicate art of integrating disparate units into a unified whole. Teekay today has evolved from its mid 1990’s positioning as the leading Aframax owner in the Pacific Basin. During Sean Day’s tenure, acquisitions have included well known names such as Bona Shipping (linked closely to the Hoegh family), Uglund Nordic Shipping (another Norwegian independent), Navion (an arm of Statoil with extensive North Sea shuttle activities), and most recently, Naviera Tapias (active in the Suezmax and the LNG trades).

Sean Day jokes that “Navios was asset light, while Teekay is heavily into hard assets”. At Teekay, he sees exciting opportunities to add value by being in the “Midstream” sector which includes other activities such as storage and shuttle tankers (not unlike the terminalling operations that were part of Navios’s business mix). Mr. Day’s passion for his work at Teekay was clear when he became very animated in talking to Fairplay about Teekay’s big strategic picture. As he did with Navios, Sean has worked to fashion an enterprise with what he calls “a sustainable business model even when the market turns down.” In his view, industry consolidation will continue to loom large, as will opportunities to move further into Midstream activities. “We plan to be there, when the timing is right,” he says, but cautions that “...we need to be able to access capital markets at any point in the shipping cycle, not just when the market is high.”

Sean, who raced sailboats competitively in his younger days, views his role as Chairman much like the skipper on a Newport/ Bermuda boat- where he participates in discussions about the company’s strategic direction, but relies on an international team of consummate shipping industry professionals to handle the many moving parts of implementation. Teekay’s executive team is headed up by its CEO, Mr. Bjorn Moller, a 20 year company veteran who initially worked in chartering before assuming broader planning and development roles. In 1997, Moller assumed the role of Chief Operating Officer.

Mr. Peter Evensen, Executive Vice President and Chief Financial Officer, came over to Teekay in 2003 after 20 years with a host of financial institutions that eventually became JP Morgan Chase, where he managed its worldwide shipping activities. Teekay Navion Shuttle Tankers, operating in the North Sea, is headed up by Peter Antturi, the CFO prior to Evensen. The team also includes Peter Wogan, a Seachem veteran who heads up Business Development, and Captain David Glendinning, an 18 year Teekay man who is now in charge of Teekay Gas and Offshore- which includes the floating storage business and the burgeoning LNG area that was jump started with the Tapias acquisition. On owned vessels, Teekay employs more than 5500 of its own seafarers, and the operational aspect of the 100+ owned vessels, including training matters, is the purview of Captain Graham Westgarth, who joined Teekay in 1999 after many years in the Maersk



organization. Skaugen Petrotrans, owned jointly with Skaugen and operating independently, has its own management – with ex Stolt man Per Voie at the helm.

With Sean Day's term as CMA Commodore spanning a full year, what can be expected from Teekay over the next twelve months. Because of Teekay's status as a listed company, Mr. Day cannot reveal negotiations in the works, but offering documents were filed in November 2004 regarding the pending Initial Public Offering for Teekay LNG Partners L.P. By spinning out the Tapias entity, since re-named Teekay Spain (with five Suezmaxes, four LNG's bringing gas into Spain, and three LNG's to be built) as a separate company, shareholder value will be greatly enhanced. One thing is very clear- Teekay, led by Commodore Day, will be at center of the shipping action.

### **Sidebar:**

Born: 1949

#### Education:

South African Merchant Marine Academy  
University of Capetown (BBusSc)  
Oxford University (MA, Jurisprudence)

#### Other Board Memberships:

Kirby Corporation, "...a high quality analogue to Teekay, but operating in the U.S. brown-water trades..."

Chairman- Compass Group (private equity investor with a portfolio of 9 companies). Compass, which invests money stemming from a trust set up by Torben Karlshoej, "enables me to utilize the skills I built up in the private equity business".

#### Family: Surrounded by females!

Married Ginny- originally from Seattle, but working in New York in the early 1980's. Children: Four daughters – Annie, 21, junior at Harvard, Alex, 20, sophomore at Princeton, Whitney, 17, junior at Atlantic College in Wales, and Robyn, 13 ,in 7<sup>th</sup> grade at Greenwich Academy

#### Other charitable pursuits:

Founder and President of Friends of South African Schools Fund, a charitable organization supporting talented indigent children at top schools in his native South Africa. In Sean Day's words' "This is something I am very passionate about"

#### Hobbies:

Naval History and Maritime History:

One memorable book is the autobiography of Erling Naess, who stressed that shipping people need to have a good grasp of economics and that our business is highly cyclical. In response to question of what, if anything, in maritime history, is relevant to what you are doing now at Teekay?: "History repeats itself, and to look into the future, you need to understand the past."

Big fan of Patrick O'Brian books, for both the seagoing aspects and also the insights into decision making and leadership under extreme pressure and with imperfect information.

Boating: When younger, involved in ocean going sailing and racing, now owns a powerboat for weekend leisure, time permitting.

