

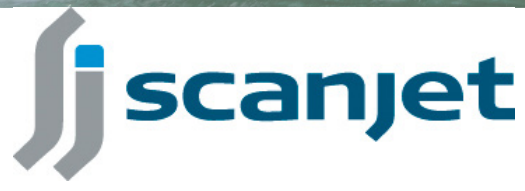
SCANJET COURIER

Scanjet Newsletter
Issue 15 - 2018

Welcome to the 15th edition of Scanjet Courier 2018. We will take you through the latest news and updates from Scanjet Group's offices and production centres all over the world.



Crude Oil Tanker "King Darwin".
Photo: Gabriel Brännlund



ITAMA
INTELLIGENT TANK MANAGEMENT



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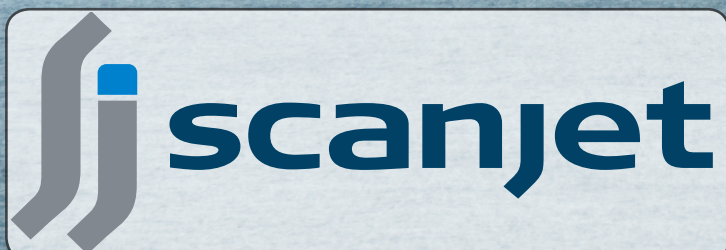
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Scanjet Newsletter
Issue 15 - 2018



Anchor Handling Tug and Oil Rig, South China Sea.
Photo: Gabriel Brännlund

CEO at Speakers Corner

Partners, colleagues and end users of Scanjet services:

The year of 2018 is approaching its golden sunset, and reflecting back it has been a very challenging year for all marine operations, in light of low contracting at yards and conservative budgets from shipping companies.

With the above in mind, it is with great pleasure that Scanjet owners and board of directors can inform you that the 2018 operation of the SCANJET Group was closed above budget expectations. It's truly remarkable.

Actually, all Scanjet units and affiliates are on budget or better. Few marine operations of today can report the same, which is why I proudly take this opportunity to thank everyone involved for keeping up the good spirit, effectiveness and quality that makes Scanjet Group a winner in 2018 with 24 consecutive years of black figures and more than 15 consecutive years with AAA economical rating.

HIGHLIGHTS IN 2018

-The renewed Pressure & Vacuum Valve (PV) cooperation with SCANVENT and the ITAMA (Intelligent Tank Management) concept has rocketed the PV market shares to above 50 % which is absolutely fantastic.

- The Inert Gas operative vehicle Scanjet Feen IGS together with Feen Marine Pte Ltd (where Scanjet Group is a proud part owner as well) is steaming ahead with very strong orders in Korea and China. In fact, STX has appointed SFIGS almost solely as an IGS supplier during 2018. Also, great IGS orders at Hanjin Shipyard in Subic Bay of the Philippines have been successfully executed.

-Scanjet Systems AB (SSAB) with basically industrial tank cleaning services on the menu, closed the year 2018 at an all-time high after breathtaking size orders from the paper and pulp industry in China.

-Tank Cleaning remain the marine engine with over 75 % tanker market share for newbuildings – second to none as always.

-After Sales & Service shows that a professional approach

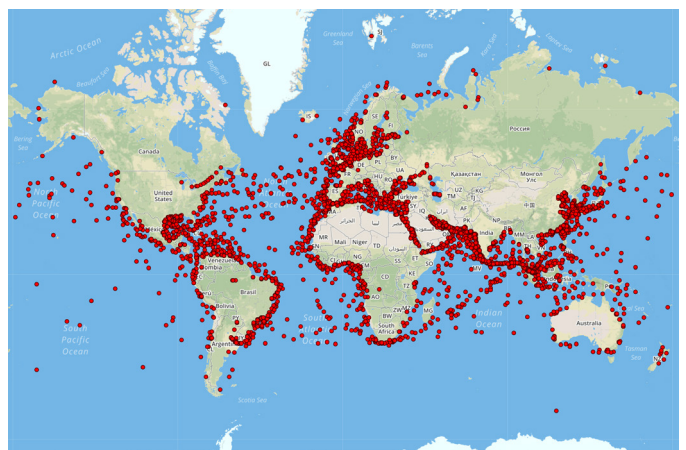
in this segment gives good result. Scanjet Ariston in Norway almost doubled their turnover and PSM in UK has enjoyed success with their newly developed sensors in the Tank Level Gauging sector.

ITAMA LOOKBACK

When we launched the ITAMA concept during 2016, it was surely the right way to go, and today with the backlog of 2018 in mind, we can say there's no doubt that consolidated packages and optimized smart delivery solutions like ITAMA creates a win-win solution for ship-owners and yards and these will surely grow in the future.

Scanjet Macron Ltd in Korea is making all-time high scores with the LNG automation success. Their IGS development are making great progress in Korea and is increasing in turnover, unlike other Korean operations facing the opposite situation.

The Scanjet Group consolidated budgets for 2019 looks better than any year before and we have budgeted for plus half a billion SEK in turnover – which has never happened before in the Scanjet Group history. Assume the tanker ordering will also proceed as predicted by the expertise, our Scanjet Group stands rock hard in the future.



Current position of vessels with Scanjet equipment onboard.
Photo: Screenshot from Scanjet Register software.

Let's look forward to the year of 2019, which in China is "The Year of the Pig" and if I read the zodiac forecast right, fortunes ahead are possible indeed.



WELFARE MISSION IN THAILAND

Christmas is now approaching, and I wish you all the best of times with your families and use the holidays time well, we are all struggling - I know - and Christmas shall give time for rest and peace.

However, we are all in general on the bright side of life reflecting below...

Undersigned was, as representative of SCANJET Group, recently participating in a welfare mission in the northwest of Thailand and the province of Karen, which is located on the borderline of Myanmar. Visiting the far-away villages and seeing the poverty with people having in practice nothing, gives a healthy distance.



Rotary International Inez Foundation of Pattaya had made the welfare operation possible and the mission caravan was protected by local army as the areas are not truly safe. All went on very well, we reached the distant Karen villages and schools safely and could by truck, vans and river boat deliver the material to the right receivers, namely the village people themselves.

Those Karen village people are showing a hospitality seldom seen, and despite of their situation I can nothing but respectfully bow for their kindness and happiness in sharing the little they have.



I will bring along this memory of the Karen villagers with me over Christmas, and trust in all of you doing the same.

Merry Christmas and happy new 2019,



Magnus Wallin
CEO & Part Owner
SCANJET GROUP



We have as of 30th of September ended our financial year and are now well into fiscal year 19. Last year was an interesting year for the Scanjet ITAMA package, where we managed to keep our market shares above 70% for the tank cleaning business area and above 50% for the PV valves. For both level gauging and Inert gas area we saw increasing market shares. The newbuilding market for tankers was busy in the beginning of the year but has slowed down during the summer months. However, we are now seeing some recovery again.

We have focused during the year on the after sales and service segment where we have seen good results and expect further development in this area for the years to come. We have delivered and installed several new products during the year for all business areas and we are well geared for the future with supply of most key components from Scanjet Group.

“newbuilding market for tankers will recover in 2019”

We expect that the newbuilding market for tankers will recover in 2019. The fact that new regulations has triggered increased scrapping, transport demand growth and newbuilding prices are still at low levels historically, will lead to additional newbuildings.



VLCC "SEAKING" during drydock at Guangzhou Shipyard.
Photo: Unknown



The Scanjet ITAMA package, with its one port of call for the tank management equipment, has been widely appreciated by both owners and yards, which is why we look forward to 2019 with confidence!

At this time of the year I would also like to thank all of you for the trust and support in Scanjet ITAMA and wish all a Happy New Year and Christmas holiday!



Niklas Falkmer
Managing Director
Scanjet Marine AB

SCANJET FINANCIALS

The financial year 2018 had a tough start with low profits in the first half of the year, mostly due to slow after sales in the first quarter and a biased order backlog with more deliveries in the second half of the financial year. After the first quarter, after sales picked up speed to budget levels, and with a lot of deliveries for tank cleaning, TLG and PV Valves between June and September, the year had a positive ending which resulted in profits being doubled compared to 2017.

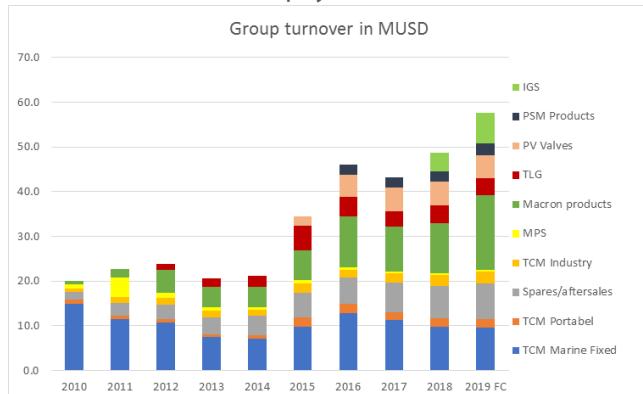
Cash flow management has been a focus during 2018 where major issues have been on optimizing the inventory levels. This has now started to pay off with a better suited balance for the operations which has improved the cash flow overall.

Looking forward for 2019 the business financially looks healthier than ever with a forecasted profit increase of more than 50%. Not only because of higher volumes, but also because of a better mix of sales with better margins and earlier cost reduction arrangements that are now starting to pay off.

An outlook on China



The work with improving the cash flow will continue and is important to strengthen the business for the future. One issue is to continue to optimize inventory levels but also remove long open credits and work more with L/C for faster payments.



Robin Ejerblom
CFO
Scanjet Marine AB

AN OUTLOOK ON CHINA

China is more and more emerging as the largest shipbuilder in the world. Almost 40 of our orders came from China during FY18. It is especially New Times Shipyard and Guangzhou Shipyard international that has had a good year.

GSI

Hafnia extended their 75K program to now include six vessels. We are supplying TCM, P/V, TLG and also the valve remote control system so the package from Scanjet Marine is quite complete.

MAWEI

Ocean Tanker has a large NB program with both 11K and 23,5K. Scanjet is supplying TCM and P/V.

NTS

During the year Navig8 has extended their already large newbuilding program and has added further 114K and 50K at New Times. During FY19 we expect that 12 more 50K will come to effect. Scanjet Marine is supplying TCM, P/V and VECS.



In addition to Navig8's orders, New Times has secured orders for Greek owners as well. Dynacom is a regular customer at NTS and now Moundreas is taking two Suezmaxes with the same design as Dynacom.



Cranes at China's New Times Shipbuilding.
Photo: Unknown

“their attitude towards suppliers is commendable”

It is easy to understand why New Times is so popular. It is private owned with at least one of the owners involved in the daily business. It is very important to everyone from the CEO to the single engineers that they should provide vessels that meet the needs of the owners. They don't always follow the agreed specification if there are improvements to be made. Their attitude towards suppliers is commendable. The cooperation is built on trust and partnership which is quite unique in the marine world.

Even when deviations occur, which happens, their attitude is quite unique - “how do we solve this so we can put it behind us and move on”. It is a true pleasure to work with New Times.



Johan Olbing
Sales Director
Scanjet Marine AB



LOOKING BACK ON A BUSY 2018 FOR PSM

It's been an exceptionally busy and rewarding year for PSM with product launches and high profile project wins throughout 2018.

Our sales to date for 2018 are 20% up on last year, in part due to the launch of the highly anticipated APT product. Our newest product has got off to a flying start with many diverse orders, from Military for Republic of China Navy Mine Countermeasure Vessels, to multiple new-build Chemical and Product Tanker projects, and several tanker retrofit packages to replace another manufacturers transmitters. Overall approaching 2,000 units have been ordered in the first 6 months of release.

In addition, we launched our redeveloped VPM display. This small but powerful touch screen display provides a highly cost-effective solution for smaller tank gauging systems or as a repeater display for larger packages. Fully integrated with the ICT level transmitter it allows for simple to install systems which require only a single multi-drop cable connecting the display to all transmitters.

One of our most notable project wins was working with Cammell Laird on their £49.5m refit of the British Royal Fleet Auxiliary (RFA) combined fleet ship, the RFA Fort Victoria, one of the largest vessels operated by the British Ministry of Defence. Our ICT transmitter has a proven track record on other Ministry of Defence vessels and was selected by Cammell Laird they were looking for a solution which provided replacement level transmitters offering enhanced accuracy.



Another project credited to the successful track record of our products was for the Belgian Rock Dumping Vessel, MV Pompeii. Over 20 years ago PSM supplied level transmitters to the Vessel for a number of onboard tanks which continued to give reliable service. Following a refit and upgrade the owners were looking to extend the gauging to all ballast, Service, and fresh water tanks. The upgrade installed a complete TankView system, with additional ICT transmitters, bilge level alarm switches, and a central display.



We've also diversified further into other applications by developing and supplying an alarm and control system for the monitoring and warning of water entry into the dry area compartment of new floating wind turbine platforms.

These are just a few of our 2018 highlights, and we look forward to growing our business further throughout 2019 as part of the Scanjet Group of companies, whilst continuing to broaden and enhance our portfolio of products and applications.

PSM'S APT OFF TO A FLYING START

PSM's sales to date for 2018 are 20% up on last year, and this is in part due to the launch of the highly anticipated two new APT products. The cost-effective APT transmitters are fully certified and have received Type Approval and Intrinsic Safety Approval.

These 2-wire 4-20mA transmitters, which are suitable for marine and industrial applications, have already demonstrated that they are fit for purpose and meet the required environmental and performance criteria, plus they are IECEx and ATEX approved for use in hazardous areas.



The APT range includes both Level Transmitters and Pressure Transmitters in Stainless Steel, Hastelloy, and Titanium for a range of specific applications including ballast tanks, fuel oils, fresh water, cargo overpressure, manifold pressure and a version with a special process connection for use in ODME systems.

“2000 units have been ordered in the first 6 months of release”

PSM’s newest product has got off to a flying start with many diverse orders, from Military for Republic of China Navy Mine Countermeasure Vessels, to multiple new-build Chemical and Product Tanker projects, and several tanker retrofit packages to replace another manufacturers transmitters. Overall approaching 2,000 units have been ordered in the first 6 months of release. Mark Jones, Sales Director, at PSM said ‘we are delighted that the APT now adds a further in-house manufactured key component to the Scanjet ITAMA total solution concept, and equally pleased that it is also proving itself as an OEM product for Marine System Integrators.



Mark Jones
Sales Director
PSM Instrumentation

ORDERBOOK ANALYSIS 2018

	2018 (181206)	
Tanker type	No: vessels	DWT
Aframax	15	1,643,000
Aframax Crude	6	678,860
Aframax L2	12	1,368,530
Handymax	14	671,998
Handymax L2	58	2,873,700
Handysize	2	35,000
Handysize MR1	12	313,400
LNG Bunkering	1	7,200
Medium Chemical	1	12,500
Medium Products	6	98,500
Medium Tanker	0	0
Panamax	4	278,700
Panamax Crude	0	0
Panamax LR1	3	226,000
Small Chemical	13	68,419
Small Products	16	65,035
Small Tanker	8	49,499
Suezmax	23	3,580,500
Tanker	11	779,750
VLCC	40	12,642,712
TOTAL	245	25,393,303



Container Ship Al Nefud, Suez Egypt.
Photo: Johnny Forsman

Scanjet Feen IGS

ScanjetFeen IGS is successfully promoted worldwide by agents and the Scanjet group's sales network. We are enjoying around 5,5 MUSD in orders shipped or to be shipped during 2018 – 2019. A few orders are moved to 2020. With the ongoing negotiations with yards we are anticipating a total order value achieved by Scanjet Feen IGS Pte. Ltd. of over 6 MUSD in Q1 2019.

We have been particularly active in Korea, China and Turkey. We are slowly gaining ground also in greater Europe even though the number of projects are less there. Interesting projects emerge especially in the demanding LNG field where we are yet to move into with full speed. ScanjetFeen IGS market material is since long distributed to agents and other sales channels and can be ordered anytime from the Scanjet Singapore office. We can also provide customized PP presentations for all our different IG systems.



CHEMICAL TANKERS IN CHINA

Earlier mentioned projects in China are materializing in yard orders. In China we see a dramatic growth of yard orders on chemical tankers. These are perfect for Scanjet Feen IGS to work with. In all these projects a Nitrogen Generator is needed and there are two types:

- N2-PSA type (Pressure Adsorption Swing)
- N2-Membrane type

We market both systems but we sense that the PSA type, due to its lower price, is more commonly requested. The orders we currently are targeting consist of a big numbers of vessels in every order and very suitable for our series production philosophy. This is where we are heading.



To be able to handle and fulfil the customers tight delivery schedules one need sufficient factory spaces, a skilled and well-coordinated work force and structured quality control. All these qualities are needed and the IGS maker that possesses these qualities will win.



100% MARKET SHARE ON STX

Scanjet Feen IGS has taken all orders at STX & Offshore Shipyard in Korea lately. Currently 17 orders secured and more on the way. If also adding the SFIGS orders taken on another Korean owned shipyard, the total amount is climbing to 25+2. This is due to the magnificent sales work and technical support to these yards from Scanjet Macron. We are currently negotiating with the yards regarding IG systems for 3+2 MR tankers to a Singaporean owner.



100% MARKET SHARE ON HANJIN SUBIC BAY

Hanjin has awarded us all the latest IGS orders at the yard. We are now delivering the last two Multi Inert Gas Generator systems 11.250Nm/h capacity for owner CMB in Belgium. Possibly also two more additional options. We are preparing to deliver also two Flue Gas systems for Greek owner, Pantheon. 13,500Nm³/h capacity.

Please allow me to send out this positive message regarding IGS and Scanjet Feen IGS along with wishes for you all of a Merry Christmas and a prosperous New Year.



Mikael Nehvonen
IGS Product Manager
Scanjet Feen IGS

Service & After Sales



Scanjet has a fantastic reference lists on all the systems in our portfolio, and in the following text we would like to focus on how we can assist the vessels & crew with seamless support and maximum operational uptime.

We are currently noticing a buying pattern that reveal that most of our clients fail to perform planned services. They do "breakdown services", meaning that many of them are waiting until they have severe problems with the systems and are urgently forced to take action.



Drive units for tank cleaning machines in three different conditions. Water ingressed, corroded and normal condition.

The continuous training of crew and implementation of Scanjet's preventive maintenance service in the vessels maintenance log are often foreseen. This has economical consequences. Also, most technical issues are covered in the on board Preventive Maintenance System (PMS) if implemented. There, the crew would find the minimum periodic service that should be done to keep the systems operational at all times.

ECONOMICAL ASPECTS

Purchase of wrong or too many spare parts will increase the operational cost and shorten the lifetime of the machines. We notice high costs for some vessels after a few years of operation due to absence of proper service.

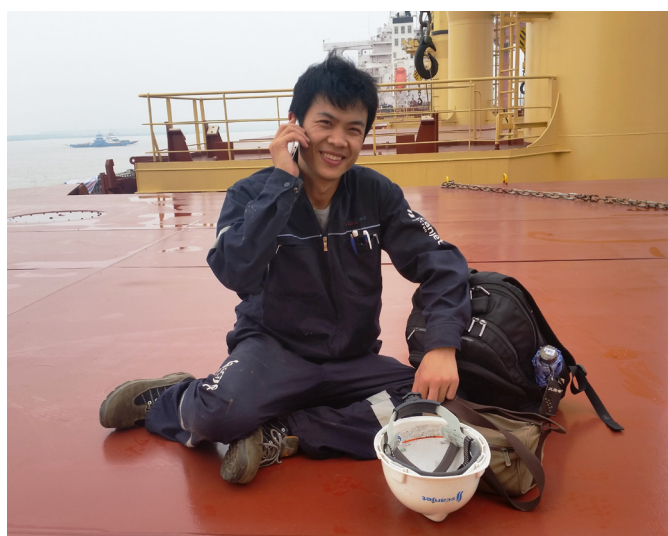
Another issue can be the customers purchase systems, that only allow Scanjet to offer through these systems. Here are no room for customization and the customer will over-buy spare parts they might not need for the service.

"Scanjet is renewing the philosophy of training and service"

SOLUTIONS ARE AROUND THE CORNER

Scanjet is renewing the philosophy of training and continuous service. We are the experts and we want to transfer our knowledge, based on experience and statistics to the users. We offer health checks, reduced prices for service kits, and one-year warranty on the faster workmanship and spare parts. We see a big risk in placing the overhaul of any of Scanjet's systems to the yards at dry docking. There is a great chance that the job will create another service visit shortly after.

Same goes with the Scanvent P/V-Valves. Unauthorized machining and overhaul of the precision seats will not be as exact as done by our trained and certified service engineers and definitely not with a one-year warranty!



"Service done! Pick me up please."
Scanjet Macron service engineer after completed service.

PRE-INSPECTION PRIOR TO DRY-DOCKING

Many customers have seen the benefit of us doing the service and maintenance during dry-docking. We do a pre-inspection of all Scanjet Equipment prior to the docking, so there will be no surprises at the yard. The pre-inspection is free if we do the service. We leave a service certificate on board with service record book filled out and stamped by a certified service technician. This way we know that the service is carried out correctly and the customer can track their service records and show authorities and inspectors if needed.

“very few suppliers can measure up with the capacity of our database”

SCANJET REGISTER - THE CENTER OF GRAVITY

The generator of our operations is the Scanjet Register. The software where all vessels with Scanjet systems are gathered and that is used throughout the group. We can easily look up system type & serial numbers etc. on all vessels. Not seldom do we see customers with more than 2500 tank cleaning machines in their fleets. We are extremely proud to know that very few suppliers in the world can measure up with the vast capacity of our database.

Related objects	Managing Ships	Tech manager
Managing Ships		
	APR 360	9
	Drive Unit APR 390	13
	Drive Unit Media driven 280	966
	Drive Unit Media driven 281	204
	Drive Unit Media driven 290	612
	High Velocity Valve 2	142
	High Velocity Valve 2½	84
	Tripod New	6
	Wash Unit 30 T	771
	Wash Unit 30 TH	195
	Wash Unit 30 TL	204
	Wash Unit 90 T2	550
	Wash Unit HP 3000	50
	Wash Unit Twin 15 SS	56
	Wash Unit Twin 45 SS	57

Screenshot from Scanjet Register displaying number of units.

SCANJET SERVICE AGREEMENTS

The Scanjet group service department offers fixed pricing and all types of service agreements. Always included is the track keeping of the customers dry dockings. We pre-order spares and bring back what is not needed.

Adding training of crew will further secure a smooth operation and prevent breakdowns. Our training facilities around the world are ready for more crews to train within the agreements or separately.

Please help us reach out to our customers with this message. I know that all Scanjet staff will join in all of our different capacities.

Scanjet's After Sales department want to wish customers and staff a Merry Christmas and a Happy New Year!



Patrik Rilby
Global Service & After Sales Director
Scanjet Marine

Scanjet Systems Year Review



At Scanjet Systems the past year has been characterised by capacity-building, clarifying our strategies and growing our sales and business development capability to prepare us to take on fresh new challenges in the months and years to come.

Our newest colleague, Justin An, recently joined us and is already contributing to our sales team. Based in Shanghai, Justin's role as the Regional Sales Engineer is of course first and foremost to grow sales across the region — namely China, Taiwan and South Korea — both directly and in collaboration with our sales partners, but also to contribute to regional business development more generally, as well as providing that all-important local presence on the ground.

Speaking of sales partners, our South American Sales Director Caio Martins has been busy building our partner network across the region, and we now have several new partners, either recently launched or ready to go live soon. In preparation for this major boost in our South American footprint, we also hosted a partner workshop in Sao Paulo to get everyone on the same page in terms of sales, marketing and business development issues, and to help consolidate the new partner relations and strengthen existing ones.



Partners in the photo: Sudmi from Mexico, SPA Alimentos from Peru, Serimport from Peru, Tecfluid from Chile, Tetralon from Brazil.

SCANJET SYSTEMS AT BRAUBEVIALE 2018

Events-wise, the most important industry get-togethers for the tank storage market, especially although not exclusively within the oil/fuel/petrochemical sectors, have for many years now been the StocExpo/TankStorage event series, which was this year restructured to two annual events, Tank Storage Asia in Singapore taking place every autumn, and StocExpo in Rotterdam in the spring. We continue to exhibit at both events, in line with our sector focus and encouraged by recent good results and expect this new two-event structure to provide more clarity and even better results yet.

We most recently exhibited at BrauBeviale in Germany, the leading annual event covering the full breadth of the beverage industry with emphasis on capital goods and technologies. Our joint stand with our German sales partners USE was well attended and the event was in all respects successful, resulting in healthy numbers of leads for us to follow up.



Scanjet and USE booth at BrauBeviale 2018
Photo: Roope Aaltonen



10 YEAR ANNIVERSARY

In addition to the standard trade show fare at BrauBeviale, we also took the opportunity to mark the 10th anniversary of our Bio 25 rotary jet head — surely one of the greatest ever success stories in tank cleaning technology — which after ten years still remains at the cutting edge of the industry, with a reputation for legendary reliability, low maintenance requirements and lowest Total Cost of Ownership of any machine in its class.

Looking forward, the majority of our proactive sales and marketing efforts for 2019 will be aligned with our priority sectors of oil, pulp & paper and beverages, across the main geographical regions — EMEA, Asia Pacific and Americas — where we operate. This market matrix of sector and geographical focal points will provide us with an even greater clarity of purpose to go forth and conquer the industrial tank cleaning world in 2019!



Lars Cronsjö
Managing Director
Scanjet Systems



We also took part in the largest food and produce technology exhibition in Northern Europe, FoodTech, assisting our Danish sales partners Alflow as the main exhibitor there. One of the main attractions on the stand was our demonstration tank featuring a range of models from the Bio series, which received plenty of interest and attention from visitors representing not only food but also medical and chemical sectors.

MARINE EXHIBITIONS 2019

Nor-Shipping, Oslo 4-7 June

PIC: Niklas Falkmer

Office: Scanjet HQ, Gothenburg

Email: n.falkmer@scanjet.se

Donsö Shipping Meet, Gothenburg 3-5 September

PIC: Niklas Falkmer

Office: Scanjet HQ, Gothenburg

Email: n.falkmer@scanjet.se

Neva, Saint Petersburg 17-20 September

PIC: Niklas Falkmer

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Email: n.falkmer@scanjet.se

INMEX INDIA, Mumbai 3-5 October

PIC: Mikael Nehvonen

Office: Scanjet Singapore Asia & Pacific

Email: mikael.nehvonen@scanjet.sg

Kormarine, Busan 22-25 October

PIC: Ji-Sung Park

Office: Scanjet Macron, Pusan

Email: jspark@scanjet.kr

Europort, Rotterdam 5-8 November

PIC: Patrick Maas

Office: Maas Marine, Rotterdam

Email: patrick.maas@maasmarine.nl

Marintech, Shanghai 5-8 December

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Contents

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