

Growing in a niche market

Florida's SunStone Ships has established itself as a specialist tonnage provider for the expedition market and has accrued a whole host of enviable customers. Niels-Erik Lund, the firm's CEO, tells us more

As of December 2018, SunStone Ships had a fleet of ten expedition/small luxury cruise vessels, typically with a passenger capacity between 100-200. This changed in January 2019, when the firm sold two of its vessels, Victory I and Victory II to American Queen Steamboat Company. The remaining eight vessels are chartered out to existing cruise and travel companies such as Quark Expeditions, Silversea Expeditions, Poseidon Expeditions, Iceland Pro Cruises and Adventure Canada. The ships operate worldwide in both cold and warm waters.

Having such a global presence is a major coup for SunStone. "Many of our vessels

are in competition with each other as they are chartered out to operators trading in the same areas of the world," explains Niels-Erik Lund, the company's CEO. "As an example, this past winter there were six of our vessels in Antarctica, all operating out of Ushuaia for different clients. However, we do not see this as a problem as SunStone is not involved in the cruise planning, onboard activities, the product provided by the charterer or any marketing or sales activities. We are sticking to our long-term strategy of being purely a tonnage provider, ensuring that our vessels operate as safely and efficiently at the best possible cost."

Over the past few years, the firm has acquired a number of secondhand vessels which were of good quality and available at

an attractive price. However, this path is no longer proving fruitful. "We are struggling to source the level of quality we demand in the secondhand market," Lund says. "This is a challenge because our existing fleet is very old. The expedition cruise market is very strong but there is a lack of tonnage."

With this in mind, SunStone has made the decision to start a newbuild programme, creating its own Infinity Class Ships. "SunStone has signed a Framework Agreement with China Merchants Industry Holdings and, so far, five shipbuilding contracts have been finalised," Lund says. "SunStone has an additional five options and it is expected that these five vessels will be ordered during 2019."

The Infinity Class Ships are 104 metres long, 80 metres wide, have a draft of five metres, speed of 15.5 knots and each has the capacity for 120 to 200 passengers. "We have tried to opt for all possible safety and comfort features for these vessels and therefore the ships are Polar Class 6, Ice Class 1A, meet all Safe Return to Port requirements, are equipped with zero speed stabilisers, dynamic positioning and X-Bow Hulls," Lund explains.

The vessels' technical design is provided by Ulstein Design & Solution in Norway, who is

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responsible for the entire equipment package comprising of equipment from well-known European manufacturers who have delivered to the cruise industry for more than 15 years.

Makinen in Finland is responsible for the interior construction – a firm that has worked with SunStone for many years to upgrade much of the existing fleet. Meanwhile Tomas Tilberg Design International from Florida, US has created the interior design of the vessels. The firm will oversee that the quality and designs are in accordance with the desires of SunStone and the charterers.

"Based on the close cooperation between the Shipyard, Ulstein Design, Makinen, Tilberg Design and SunStone, we are convinced that we are getting a cruise vessel

built to European standard with European equipment," says Lund.

The first Infinity Class Ship is Greg Mortimer which is on a long-term charter to Aurora Cruises in Australia. This vessel is completed from a steel production point of view and the Shipyard and Makinen are now working on all interior spaces. The vessel will be launched in early March and delivered in August 2019. Aurora will start her cruise season in late October out of Ushuaia.

Lund is confident that demand will match supply in the long-term. The existing worldwide fleet of approximately 40 expedition and luxury small cruise vessels has an average age of approximately 28 years and most will have to be scrapped within the next five to 10-year period.

This, teamed with rapid demand in the segment, means the very large order book will be necessary. "During the 2021-2022 seasons there might be some pressure on pricing in the market as some ships are coming out faster than the old ships are being scrapped," Lund says. "However, this should be a short-term issue and we believe the SunStone charterers have a better chance of competing in a potentially difficult market with more efficient vessels and lower charter rates.

"Overall, we believe the SunStone strategy is correct and we are very optimistic about the future of both the expedition and the small luxury cruise markets, and we expect to continue to be the largest tonnage provider in this segment," Lund concludes. **C&F**

