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## ESVAGT readjusts costs

**ESVAGT will meet the consequences of the decreasing energy prices and Covid-19 through streamlining and pay reduction, and at the same time ensure that the shipping company can continue to support the vital infrastructural energy production.**

A combination of an oil & gas market in a historical economic downturn and a new situation in consequence of the Covid-19 pandemic leads to ESVAGT launching various initiatives which are to secure the shipping company's continued success.

‘Our oil & gas business is challenged in two essential areas of the current situation’, says CEO Peter Lytzen:

‘The fact that oil storage is full and oil & gas prices are low means that no investments are being made in well drillings. This has an impact on the ERRV spot market, which is a considerable part of our business. At the same time, our rates are affected by exchange losses from the Norwegian krone and the British pound; two markets where ESVAGT has a substantial presence’, says Peter Lytzen.

Furthermore, the Norwegian shipyard Havyard, which is building ESVAGT’s next three Service Operation Vessels for its offshore wind activities, has been in such financial whirlwinds that ESVAGT had to contribute to an economic rescue package and an acceptance of a delayed delivery.

‘All in all, these are elements that put ESVAGT’s liquidity under pressure. We have to relate to this’, says Peter Lytzen.

### **Pay reduction and postponed investments**

ESVAGT is adapting the business in various areas. The Board of Directors and upper management have agreed to a 15 percent pay reduction, and management 10 percent. ESVAGT’s onshore employees have been offered a volunteer arrangement consisting of a 5 percent pay reduction, and there is a genuine understanding from the shipping company’s over 1,000 offshore employees that in times like these, large pay adjustments aren’t expected.

‘We have to balance our responsibility to keep our employees; to ensure the company’s continued healthy operation and at the same time tend to our obligations. We do not wish to send people home, and we can’t, because we have a responsibility as a subcontractor to society’s crucial energy infrastructure’, says Peter Lytzen:

‘For that reason, we have to find alternatives, and I am profoundly thankful for the loyal support and commitment from employees, management and Board of Directors’, he says.

The pay reduction runs for a year, and together with postponement of investments and a few vessel decommissions, it contributes to ESVAGT

having the necessary liquidity. Additionally, a renegotiation of contracts with partners and suppliers will ensue.

‘We need the backing and support from our subcontractors to ensure that we, from a cost perspective, can regulate our activities with the financial reality we are in. It is my impression that the strong public spirit, which has been a solace during the corona pandemic, also applies across the industry. I am witnessing an understanding that we need to stand together in order to get through the current challenges’, says Peter Lytzen.

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## **About ESVAGT**

ESVAGT is a dedicated provider of safety and support at sea and a market leader within offshore wind solutions.

We support the offshore Oil & Gas industries with a wide range of specialized services: Standby, Emergency Response and Rescue Vessels (ERRV), Oil spill response, Firefighting, Tanker assists, Rig moves, Supply services and Interfield transfer of cargo and personnel.

We service offshore wind farms and have a fleet of dedicated Service Operation Vessels (SOV), which ESVAGT pioneered in 2010. The SOVs provide accommodation for technicians, spare time facilities, offices and conference room, storage for small turbine parts, workshops, etc. The SOV offers flexible personnel and equipment transfer capabilities by either Walk-to-Work gangway system or Safe Transfer Boats.

ESVAGT was founded in 1981 and has a fleet of more than 40 vessels and approximately 1000 employees on- and offshore.

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