

Osmund and Tummas Justinussen rank among the Faroese fishing industry's most dynamic shipowners, but they're starting to look more like the managers of a conglomerate.

WATCH YOUR FATHER start up a fishing vessel company, experience seasons of dramatic upturns and downturns, make some bold moves to re-surface from the depths, then consolidate and take a few steps toward diversification. This is roughly where Tummas Justinussen, 36, is at today. Looking back over the past ten years, he has taken part in restoring and reshaping his family's fishing vessel business in the wake of the economic collapse that swept through the Faroes in the early 1990s.

In the course of the past two years, Mr Justinussen and his partners have invested around DKK 150 (EUR 20 / USD 25) million in business assets and real estate, including five trawlers and a four star hotel in central Tórshavn. Moreover, in order to meet upcoming demands of oil and gas exploration activities in the Atlantic Margin, they have set up an offshore services company.

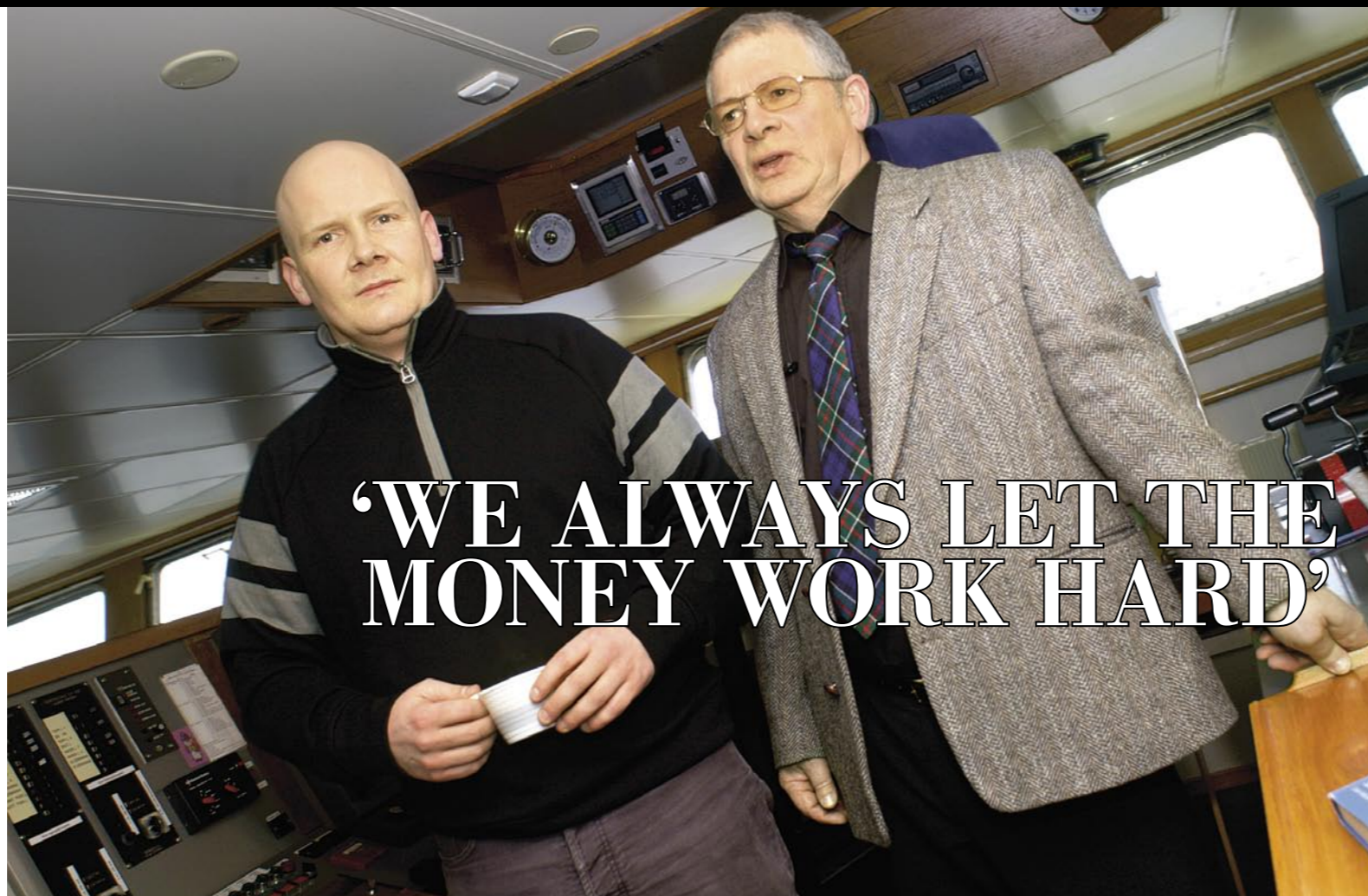
"We always let the money work hard," Mr Justinussen remarked.

Hardly the slick, smooth-talking man that some may imagine, he seems more inclined towards decisive bluntness, but mind you, with grace, always, always with grace. This is something hands-on managers schooled on the rough rocks and stirring seas of the North Atlantic are very good at. While small talk may not be their favorite way of spending time, their sociability is, however, incontestable. All this could be described as a significant mixture of boldness and carefulness, but you wouldn't use too many words.

His father, Osmund Justinussen, affectionately known locally as 'Ossi' is a well-known figure in the Faroes and beyond. With business ventures originating back to the early 1970s,

he has captained, owned and managed a series of ocean-going fishing vessels. A few years ago, in a gesture of appreciation to the community of Leirvík, the village where he grew up, he opened the Boat Museum, showcasing the history of locally-built boats.

For Ossi, as anyone else, business is much about knowing who is who, whom to deal with and so forth. For instance, the Faroes negotiate bilateral fisheries agreements for reciprocal rights and access to fisheries with the EU, Russia, Norway, Ice-



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Managing director Tummas Justinussen with 'Ossi'; trawler 'Havborg' (left), pair trawler 'Stjornan' (middle); trawler 'Sæborg' (right).

land and Greenland; the country also participates as a coastal state in multilateral fisheries negotiations on the management of straddling and highly migratory stocks in the region. On a Faroese governmental delegation to such events, representing the interests of fishing vessels as then chairman of the Shipowners' Association, Ossi would meet many people over the years, some of them eventually becoming valuable business contacts. From time to time, one person he would meet on such occasions was the Norwegian shipping mogul Per Sævik, with whom he later developed a close friendship—a friendship that

is still very much alive. "I think my father and Mr Sævik have much in common," Mr Justinussen noted. "They know quite a few things about the nature of the sea and about fisheries and maritime industry, and they share a lot of interests and ideas."

'ELEMENT OF EXCITEMENT': One of today's worries is that of the rising cost of fuel. As oil prices soar—from about DKK 0.70 (EUR 0.10 / USD 0.12) a few years back, to a recent peak of DKK 2.50 (EUR 0.34 / USD 0.44) per liter—things move in the wrong direction for both shipping and fishing vessel companies.

"We are after all blessed with having a new fleet which means a lot in terms of fuel consumption," Mr Justinussen said. "Two of the trawlers were built in 2004, one of them in 2003, one of them in 2002; one was built in 1989 and refurbished in 2004, another one was built in 1984 and refurbished in 2004. The vessels have been doing just fine, but the way oil prices have been lately is not very encouraging; and with fish prices low, the fishing vessel business isn't looking too good."

In order to stay profitable in spite of rapid environmental changes, today's fishing vessels have to be optimized for a range of factors that often interrelate, including safety at work and personnel comfort, product quality and responsible handling of resources, load capacity, fuel consumption, and the management of limited numbers of days at sea.

"The first thing is to get the vessel

SJÓBORG PF

FO-520 Leirvík
Tel. +298 443347
Fax +298 443349

Managing Director:
Tummas Justinussen

Fishing vessels, fish harvesting and other business activities inc. business holdings — companies: Sjóborg, Sæborg, Polarstjørnan, Hvarvið, Havborg Supply Service, Tavan, VR Bilar, Hotel Hafnia.

Pair trawlers (425 GT each): 'Polarhav' and 'Stjørnan'

Trawlers: 'Sjóborg' (158 GT), 'Sæborg' (140 GT), 'Fríðborg' (64 GT)

Shrimp trawler — convertible for supply service: 'Havborg' (1,531 GT)

On-shore fish processing facility: Tavan, Leirvík (minority stake)

Car dealership: VR Bilar, Tórshavn

Hotel: Hotel Hafnia, Tórshavn

Real estate: Hvarvið industrial buildings, Tórshavn

Museum: Boat Museum, Leirvík

right from the beginning," Mr Justinussen added. "As such, you'll envision the ship from conceptual design to final construction; but also, you consider all the crucial elements of operations. Regulative requirements must be met, and then you have the conditions of the market and your own way of dealing. At the end of the day, you may say the bulk of the balance can be upset somewhat easily; but you can't deny there is an element of excitement in the business."

