Peacock focuses on diverse and sustainable growth

Tankcontainer Magazine **explores how mid-sized lessor Peacock's move to Asia underpins its sustainable growth. Managing Director Jesse Vermeijden explains**

TCM: What is Peacock Container's background and ownership?
JV: Peacock was founded by Van Ommeren (now Vopak) in 1987. It was acquired by its management and a former board member of Van Ommeren in 2000. A few years later, the company was sold to the current shareholder group of private investors with long track records in maritime and financial markets.

TCM: What drove the relocation of Peacock's HQ from Rotterdam to Singapore?
JV: Peacock was looking to create a more efficient corporate structure and to further develop Asian markets to support growth.

As a global maritime hub, Singapore offered sector-specific corporate infrastructure, access to global debt providers, skilled manpower, a business-friendly government and a stable legal environment. Additionally, with its strategically located position in Asia and chemical hub status, it was an ideal location to base the company to enable us to tap the region's potential.

TCM: Unlike in Europe, Singapore and China, Peacock has only an agency representation in the US - does this suggest there is less emphasis on the US?
JV: We support the US market from our European office, though our focus has been on growing the European and Asian businesses.

Our fleet size over the last couple of years was insufficient to service three markets - it would have led to the fleet being spread too thinly and us being unable to service our existing customers to the same extent.

However, the US is certainly an interesting market and we continue to watch it closely, with a view to being more active there, perhaps opening an office in the future.

TCM: Do you manage the fleets of other companies?
JV: No, we do not. We own all the tank containers in our fleet.

TCM: Which markets does Peacock operate in? (i.e. food, gas, etc)
JV: Peacock's main exposure is to chemical markets, but we have tank containers for liquid food stuffs, liquefied gases, special chemicals and bitumen.

TCM: How has Peacock's fleet size, average age and composition changed over the past five years?
JV: The fleet increased from approximately 2,200 to 7,000 units over the past five years. Our strategy has led to an increasing proportion of non-standard tank containers being added over the last few years. As a result of above average growth over the last three years the average age of the fleet is less than six years currently.

TCM: Other than fleet size, what developments did Peacock go through over the last five years
JV: The relocation to Singapore in 2015, combined with the new corporate structure, gave us the strong base needed to implement our growth plan.

In line with Peacock's ownership profile we have focused on sustainable growth whilst further diversifying our portfolio of tank containers, customers and geographically.

Being a mid-sized lessor, we focus on value-added services linked to the tank containers. This support extends beyond the equipment rental and includes advice on chemical product compatibility, logistics, and innovations such as telematics and composite tanks which reduce the customers' carbon footprint.

TCM: Peacock offers swap bodies, standard and specialised tank containers. What does the 'specialised' range include?
JV: It includes tank containers equipped with electrical heating systems, reefer units or highly insulated tank containers for products where temperature control is important, as well as tanks with linings for corrosive products and T20/T22 tank containers for products requiring higher working pressures. We also have multi-compartment and small capacity tank containers for use with small payloads or high density products.

CV: Jesse Vermeijden

Jesse Vermeijden has been managing Peacock since 2009. He previously worked for Fluvia, which operates a fleet of chemical and mineral oil barges in Europe. With a master's degree in Finance and Investment from Rotterdam's Erasmus University, and a Bachelor in Logistics, the tank container leasing market combines both interests perfectly. After Peacock's acquisition of its Singapore-based agent he moved to Singapore where he further developed and expanded the business.

TCM: What are key trends in the global tank container leasing segment?
JV: We can clearly identify several major macroeconomic trends which influence our sector. The abundance of money available due to quantitative easing, as well as the low interest rate environment, has intensified the focus on companies to drive top-line growth and thereby shareholder returns.

This has resulted in margin pressure and, inevitably, a focus on (logistics) costs, driving the need for scale and efficiencies i.e. automation in our market.

There is also an ever-increasing demand for more transparency, safety and compliance within the supply chain. Major accidents like Deep Water Horizon and the explosions in Tianjin and Beirut have resulted in stakeholders pushing for more control and, with that, developments like digitisation and automation have accelerated.

In addition, this must all be done in a more sustainable and safe way, driving innovation and forcing all supply chain players to rethink their business models. Compared with other transport modes such as flexibags, drums and IBC's, ISO tank containers are the better and safer choice and we see a greater transition to tank containers, resulting in nearly 10% annual growth rate in the tank container market over the past few years.

TCM: What sets Peacock apart from other tank container lessors?
JV: The differentiation options in our market are somewhat limited. We therefore do not think Peacock offers a unique product compared to other lessors, in general. However, we do think we offer a different package compared to each of the other lessors. As a privately owned company, growth is not our highest priority. We are ambitious and like to grow, however we aim to do this in a sustainable way.

Over the last years we not only invested in the fleet but also in our platform and people. The team is relatively young, well-educated

and experienced. We have a clear focus on innovation and automation which allows us to be efficient and flexible towards customers.

TCM: Did Peacock exploit the historic lows in tank container prices?
JV: Like most lessors and operators, we have added many new units over the last few years when prices were low compared with other periods.

TCM: Are Chinese-manufactured tank containers different to those manufactured in South Africa?
JV: It is difficult to compare manufactures from South Africa and China as they serve different markets. We feel the manufacturers in South Africa certainly have a place in our industry and provide a counterbalance to Chinese manufacturers.

TCM: How successful are your new composite swap body tank containers?
JV: Like many new types it will take time to fully see the performance of the composite tank containers. They offer some clear advantages, but it is also important that supply chains are adjusted to fully utilise these benefits. We have seen multiple cases where composite swap bodies do allow higher volumes of product to be loaded, becoming more cost efficient and lowering the supply chain's carbon footprint.

TCM: Is the risk/reward balance about right for tank container lessors?
JV: In line with global trends it seems the focus is still very much on the short term and growth, rather than on sustainable long-term business. This results in margin pressure for all the actors in the supply chain. Whilst returns on tank containers remain at similar levels to that of dry containers the balance is not right.

Transporting chemicals incurs more risk than dry bulk products and tanks have a higher maintenance profile over their technical life compared to dry bulk containers. Lessors are insufficiently compensated for this risk. The long-term effects will only be clear in some years from now, when tank containers are off-hired and proper maintenance has to be undertaken to guarantee safe operations for the remainder of their technical and economic life.

TCM: How do you see the tank container telematics market for lessors developing?
JV: Developments like telematics are dictated by the chemical producers so, as a lessor, we are in the back seat of this ride. However, we do believe in further digitisation and are following developments closely. Almost 50% of Peacock's swap body fleet has been fitted with a telematic units, allowing customers to monitor locations and product temperatures.

TCM: Is further consolidation likely among tank container lessors?
JV: This would be in line with global trends and the need for scale. However, some lessors are privately or management owned and will have clear thoughts on the direction of their organisations. For consolidation to take place some of the lessors must be willing to make concessions.