

British Hellenic Chamber of Commerce

Conference

22th April 2005

***Is traditional shipfinance in danger of being replaced by IPOs
and / or non-bank financing? – Shipping IPOs in the US***

The changing issues in shipping

presented by

Ted Petropoulos

MD

PETROFIN S.A.

Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?



PETROFIN S.A.
www.petrofin.gr

o Total estimated worldwide shipfinance

Global shipfinance at the end of 2004 is estimated at about 230bn, which is approx. 20% up since last year. This includes all shipping related debt

o Total Greek shipfinance

Greek shipfinance on 31/12/2004 stood at \$32.35bn, 26.6% up since last year (Petrofin Bank Research©)

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005

Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?



PETROFIN S.A.
www.petrofin.gr

- **Total number of ship financing banks internationally:**
approx. 160
- **Total number of banks financing the Greek fleet:**
50
- **Trends – Growth - Prospects**

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005

Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?



PETROFIN S.A.
www.petrofin.gr

Non-bank financing/investment provided by

- a. Public markets (US and others)
- b. Private equity (US and others)
- c. Non-banking institutions (insurance companies, hedge funds, mutual funds, investment funds)
- d. Investment / equity arms of banks (DVB/NFC Shipping funds, AMA, etc.)

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005



Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?

- Recent IPOs:

Top Tankers: a) \$146.6m, b) \$148m, c) \$500m ?

Excel Maritime (AMEX) \$55m, \$123.8m

Drytank \$269m

Diana Shipping Line \$210m

Shipfinance International

International Shipping Enterprises

Arlington Tankers

US Shipping

Hornbeck Offshore

Teekay LNG \$260m

Eastwind Maritime

Horizon Lines, Inc

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?



PETROFIN S.A.
www.petrofin.gr

- To come ??:

P&A

Barclay Shipping

Prime Marine

Magnus Carriers

Golden Energy Management

Adventure Holdings

Global Ocean Carriers (in London's AIM)

and many more!

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005

Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?



PETROFIN S.A.
www.petrofin.gr

- **Totals 2004: \$24.2bn**
- **Totals 2005: \$35bn?**
- **Estimated shipping IPO totals for 2004: \$700m**
- **Estimated shipping IPO totals for 2005: \$5bn?**
- **Cost of capital versus debt issues**
- **Distortionary effects**

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005



Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing?

- **Recent IPO activity is not expected to last**
- **Equity only IPOs can only grow quickly through bank debt**
- **The ability of IPOs to grow via commercial paper and other non traditional bank finance is possible but restricted**



Shipping IPOs in the US

A blessing or a curse?

Rags to riches or to ruin?

➤ Necessary ingredients for a successful IPO

- Management
- Assets
- Sector
- Daring



Shipping IPOs in the US

A blessing or a curse?

Rags to riches or to ruin?

- **The optional extras**
- **The ‘players’**
- **The ‘movers and shakers’:**

Cantor Fitzgerald

Jefferies and Co

Harris Direct

Alpha Capital

Citigroup

Hibernia Southcoast Capital

DVB Capital

Lehman Bros

Keyblanc Capital Markets

Raymond James

UBS Securities

Goldman Sachs



Shipping IPOs in the US

A blessing or a curse?
Rags to riches or to ruin?

- The ‘suckers’
- The ‘beauticians’



PETROFIN S.A.

www.petrofin.gr

Shipping IPOs in the US

A blessing or a curse?

Rags to riches or to ruin?

➤ The process

BHCC Conference - Is traditional shipfinance in danger of being replaced by IPOs and / or non-bank financing? – Shipping IPOs in the US

Presentation by Ted Petropoulos, MD, Petrofin S.A. – Piraeus – 22nd April 2005



Shipping IPOs in the US

A blessing or a curse?
Rags to riches or to ruin?

➤ **Risks / Rewards from the viewpoint of:**

- a) **The owner**
- b) **The investment banker**
- c) **The investor**
- d) **others**



Shipping IPOs in the US

A blessing or a curse?

Rags to riches or to ruin?

- ✓ **A temporary or permanent phenomenon?**
- ✓ **IPOs and market cycles**
- ✓ **Shipping cycles and returns on equity considerations**
- ✓ **Is the new capital being drawn to the shipping industry a positive or a negative development?**
- ✓ **What returns are equity investors looking for?**
- ✓ **The risk of chronic underperformance**
- ✓ **Will history repeat itself?**



Shipping IPOs in the US

A blessing or a curse?

Rags to riches or to ruin?

- ✓ **Some forecasts about IPO activity and IPO performance**

- ✓ **Considering various ‘endgames’**