Going public not for all, says Greek analyst

Although Greeks have been in the forefront of shipping companies heading to the capital markets, the public route is not for all and the majority of them will remain private, says a leading Greek analyst.

Out of a total of 725 Greek shipping companies currently in operation, just 21 (about 2.9%) are listed on the US and London stock exchanges, says Athens-based analyst Ted Petropoulos of Petrofin.

Petrofin's research shows, however, that the listed co ies control 31.4 million dwt, or 16.4%, of the total Greek-controlled dwt, which it calculates at 208 million dwt. The average age of their vessels is 12 years, as compared with an average of 18.7 years for the total Greek fleet.

Giving a sneak preview of Petrofin's annual research paper on Greek shipping companies, Petropoulos reveals that the analysis has tabled 4.7% more shipping companies in 2007 than last year but the figures also show that the number of companies operating fleets over 20 years of age has increased from the previous year to about 500.

Putting the whole capital-markets issue in context, Petropoulos says that in 200 public shipping companies accounted for "a mere 0.3% to 0.4% of global stockmarket value".

This figure compares with shipping's estimated 2% shar f world gross domestic product (GDP) in 2006, underlining the shipping sector's underweight status in the public markets, he says.

Petropoulos says the market capitalisation of all 21 p blicly listed Greek companies totals $11.8bn. The largest is Danaos Corp w th $1.747bn, followed by Diana Shipping with $1.366bn and Tsakos Energy Navigation (TEN) with $1.225bn.

Speaking at the third Global Shipbrokers Forum, held in conjunction with Pireas 2007, Petropoulos highlighted a number of advantages to going public.

Among them, he notes that the procedure gives companies an opportunity to grow quickly and decisively by using other people's money to achieve economies of scale. It allows the use of shares for acquisition or expansion, the opportunity to develop professional management outside the family structure and the possibility of achieving lower cost of finance, among other benefits.

But the disadvantages include the initial costs of going publ c, reduced privacy, higher management costs and management-time related costs as well as the costs of continuous regulatory and legal compliance, he says.

"Going public is not for everyone," Petropoulos said.

He believes that owners must determine if the pros outweigh the cons by using their own criteria and advice from experts in the field.

By Gillian Whittaker, Athens

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