

Banks stick by thrifty, combative Greeks

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Petropoulos: Greek owners have limited their cash outflow to the least possible figure to last until the market's recovery.

'Relationship of the needy' is actually effective, says Petropoulos

GREEK shipowners are generally having "a good crisis", although the prolonged recession is quietly taking its toll on small outfits, according to a leading industry consultant and analyst.

In an interview with Lloyd's List, Ted Petropoulos, head of Athens-based Petrofin and Petrofin Research, did not play down the daily hardships being suffered by shipowners in Greece, but he said that the market doldrums had so far brought down few major players.

Meanwhile, Greek owners had proved themselves adept at staying afloat and in a lot of cases were manoeuvring around the paucity of traditional ship finance.

"It is a time when every single dollar is being scanned and Greek owners have progressively been reducing their breakevens — by restructurings with banks, by cost-cutting and other measures," said Mr Petropoulos.

Some companies, but not all, had also laid off staff and reduced salaries.

"They have limited their cash outflow to the least possible figure to achieve longevity and last until the recovery of the market, and many of them are doing it very well," he said.

"It is one of the reasons why they have had a good crisis so far, without notable names going down."

The efficiency of Greek owners was proving to be a key asset as banks scrutinised how well the asset was being run and looked to preserve quality clients in their portfolios.

"In many cases the Greek owner has become the best protector of the asset and merits supporting," said Mr Petropoulos. "He is the bank's guardian. If the guardians fail, the banks will lose a lot of money.

"Also, banks do not like to take decisions over these things, so recognition of these realities is allowing the relationship to continue into a fifth year of anaemic cashflow and asset cover problems. It's a relationship of the needy, but it is also a relationship that is actually working," he said.

Petrofin Research, which among other projects annually charts the rise and fall in numbers of Greek shipowners in the market, may log a reduction this year.

"A lot of small names have quietly disappeared, but not through contentious action," said Mr Petropoulos. "It is going on all the time, it is just not making headlines."

The lack of major casualties and the fact that most owners appear likely at this juncture to emerge intact from the crisis was a success story. "But life is very hard at the moment. Day in, day out, we are all continually fighting. I have not met an owner who is not there all day, every day, fighting."

However, that also created a bond with company bankers. "The banks respect the fight for the last dollar," he said.

According to Mr Petropoulos, the industry in Greece had adapted successfully to a lack of bank finance and acquisitive owners were still managing to do deals.

Many of these were being done for cash, or with very little financing. In addition, owners were increasingly considering private equity tie-ups or seizing the opportunity presented by the desperation of shipyards to book business.

"Some Greeks are turning these problems into opportunities, placing orders, putting very little down — often just 5% — and agreeing a delivery date as far away as possible, even if at this moment they do not know precisely how they will finance it. At some point, though, the yards are going to have to be more discerning."

On the infusion of private equity into Greek shipping, Mr Petropoulos said that "the jury is still out".

Major tie-ups have been few and far between. The only fully detailed joint venture, because it concerns a publicly listed owner, is Nasdaq-listed Euroseas' participation with two private equity players in Euromar, a vehicle that has bought a fleet of feeder container vessels.

Oceanbulk Maritime has teamed up with Oaktree to invest in tonnage while containership owner Technomar Shipping has linked with Kelso.

It was wrong to say that private equity is new to Greek shipping. "Private equity is the reason Greek shipping has developed but it has always been silent private equity. There is hardly a Greek owner who has not built up with the help of silent private investors, so they have a track record but it was not institutional.

"Now the interest comes from institutional private investors, particularly from the US, and that needs a lot of getting to know.

"At the moment the jury is out on whether there will be a happy union or if it will be simply a marriage of convenience that will turn into an inconvenience.

"If it works well and it's a question of structures and the right approach, it could be a good thing for shipping, because it is fresh blood," Mr Petropoulos said.

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