

Grexit fears prove no impediment to finance for Greek owners

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If anything, interest from banks and funds is picking up, say experts

Greek shipping companies almost invariably pay trade debts from banks outside Greece or branches of foreign banks. © 2015

GREECE's well-publicised struggles to convince its lenders to agree a new financial deal for the beleaguered country do not seem to have had an impact on Greek shipowners' ability to raise finance for their business.

Ship finance experts suggest that, if anything, various types of financing activity have picked up in recent weeks.

"We are witnessing an increased interest from international shipping banks and financial institutions to build and expand their Greek shipping portfolio," said Eurofin, the specialist consultancy with offices in London, Athens and Singapore.

In a new report issued on Wednesday, the group said that during the last couple of months "a number of these institutions" had made marketing trips to hold discussions with Greek owners and "develop business opportunities".

Eurofin Group chief executive Anthony Zolotas told Lloyd's List: "A lot of people [in various national markets] have huge problems, but Greeks have performed much better than most.

"They are still persevering, still there notwithstanding the problems. A Greek will never say no to what he sees as a good opportunity.

"Last week we had two banks visiting, the week before we had one more, so it is quite active and we see more people sniffing around."

Mr Zolotas declined to name specific institutions but he said that if there has been an increase in interest it could be from banks that "are not new to shipping per se, but have temporarily stayed out, licking their wounds in some other parts of the world."

Separately, banks mentioned by sources as having re-booted their interest in the Greek market in recent months include France's BNP, New York-based CIT, DNB of Norway and some German banks, although some of their interest is said to include disposing of bank-owned vessels to Greek clients.

According to Ted Petropoulos, who heads the Petrofin ship finance consultancy and bank research house, there has also been a new flickering of interest from financial funds, that were thought to have switched off the funding tap at some stage of last year.

"We are seeing the return of some shipping investment funds that are supporting Greek clients in bottom-fishing with dry bulk values being so low," said Mr Petropoulos.

While the previous flush of private equity money concentrated on newbuildings and other very modern ships, a greater variety of tonnage up to about 15 years of age was now being considered.

There was "some evidence", said Mr Petropoulos, that the new partnerships were more on an equal footing than many of the past funds set up with only a small minority position taken by the Greek owner.

"Some funds are becoming quasi-lenders with a secured position," he said. "In some cases these will have been pre-existing partnerships that took a bit of a knock when cash flow collapsed but now when vessel prices are so low they have recovered their appetite."

There had also been an increase in leasing deals for Greeks originating from China, Japan and South Korea.

Mr Petropoulos agreed that a number of banks were active in the market at the moment.

However he said that the scope for banks to greatly expand financing activities was limited by the fact that — with conditions dire for bulkers and offshore vessels — only "one and a half market sectors are working at the moment": tanker and, partly, containerships.

He said that fears of a "Grexit" in Europe were having no impact on the country's core shipping industry in terms of financing.

"No one really cares from the banks' point of view," he said. "They care about the values and the market, and headquarters understand that the owners have options."

So-called "Greek risk" also appears to be playing little role in trade credit extended to Greek shipping companies, which almost invariably pay trade debts from banks outside Greece or branches of foreign banks.

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