



Qualitative and Quantitative Improvements in Greek shipping

Ted Petropoulos, MD, PETROFIN SA

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Petrofin Research © has, over the past six years, analysed the number of Greek-based shipping companies, their fleet size and fleet age drawing some very interesting conclusions on the structure and trends of Greek shipping and linking this research to on-going debates on subjects such as economies of scale, consolidation trends and the inter-relationship between average fleet size and fleet age of Greek shipmanagement companies.

Petrofin Research © has, this year, extended its scope to also examine the trends of ownership in terms of specific vessel types as per their age involving minimum DWT sizes. This was done in order to remove from the analysis a large number of very small and very aged vessels, which may distort the statistics.

The initial source used for this study is the 2003 Greek Shipping Directory. The collection of data has been crosschecked and enhanced through a large variety of sources. Under the Tanker term we have included Tankers, ULCCs and VLCCs. Bulk carriers include bulkers only. Containers are just that.

The vessel types upon which the Greek industry largely focuses are: Tankers, Bulk carriers, and Containers.

This year we have counted 729 Greek-based shipmanagement companies. We continue to note a downward trend in the number of companies over the last 6 years (Graph 1).



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Graph 1

Number of Greek Shipping Companies in operation

Comparison between 2003, 2002, 2001, 2000, 1999 and 1998

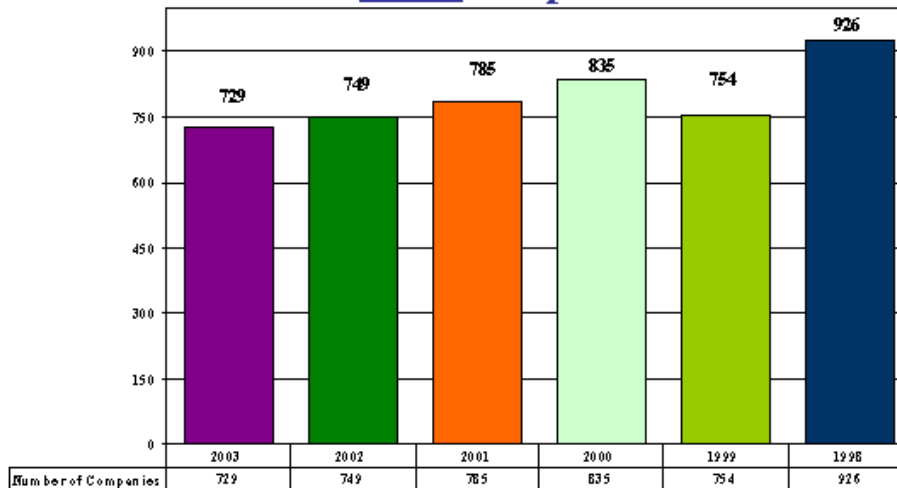
18.57% LESS companies in 1999

10.74% MORE companies in 2000

5.98% LESS companies in 2001

4.6% LESS companies in 2002

2.7% LESS companies in 2003



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We note that this year there are 20 companies less operating in Greece. The consolidation of Greek shipping is continuing, but at a slower pace (2.7% less companies this year, whereas last year there were 4.6% less compared to the year before). This may well be due to the positive prospects for shipping which has lead owners to postpone their selling.

Traditionally, Petrofin Research divides the above companies into 6 size groups: 1-2 vessel fleets, 2-4 vessel fleets, 5-8 vessel fleets, 9-15 vessel fleets, 16-24 vessel fleets and 25+ vessel fleets.

In Table 1 below we note the changes between 1998, 2002 and 2003.

Table 1

GROUP	No. of Companies		
	1998	2002	2003
A (25+ vsls)	19	24	25
B (16-24 vsls)	11	25	31
C (9-15 vsls)	68	84	69

D (5-8 vsls)	149	128	138
E (3-4 vsls)	196	170	158
F (1-2 vsls)	483	318	308
Total number of Companies	926	749	729
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10 companies have been lost from the smallest category (1-2 vessel fleets) and 12 from the 3-4 vessel companies.

The 5-8 vessel companies have increased their share in the market by 10 companies and is the section that has grown the most.

Interestingly, the 9-15 vessel companies have shown the biggest reduction by 15, whereas a marginal increase is noted in the biggest fleets: 6 added to the 16-24 vessel fleets and only 1 in the 25+ fleets.

THE ENTIRE FLEET STATISTICS

Observing the results for the entire Greek fleet, owned / managed by the 729 Greek-based companies, we see that it manages 4104 vessels of all types, has a total Deadweight of 169,897,591 tons and is 23.8 years old.

Compared to the previous 2 years, we see in Table 2 that the age has improved only slightly.

This is due to the fact that the entire Greek fleet still has some very old vessels, which operate locally. The second result, which is quite impressive, is that Deadweight is steadily increasing, although the number of vessels was reduced this year.

The preference for bigger vessels is continuing. The overall picture is that LESS companies, operate LESS vessels, but MORE and YOUNGER tonnage.

Table 2

	No. of Companies		
GREEK FLEET	2001	2002	2003
Number of	785	749	729

Companies			
Number of Vessels	4137	4142	4104
Total DWT	152,724,837 tons	166,716,031 tons	169,897,591 tons
Average Age	24.05 ys	23.9 ys	23.8 ys
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These 729 fleets are old in age terms, most of them being of 20+ years of age. In the last 6 years, there has been, however, a reduction in the oldest ones.

The 20+ year old ones show a remarkable consistency in their reduction, especially in the last 3 years:

Table 3

Average Age of the Greek Fleets	2001-Number of fleets	2002-Number of Fleets	2003-Number of fleets
0-9 years old	35	34	40
10-14 years old	40	47	59
15-19 years old	120	122	112
20+ years old	590	546	518
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With the introduction of the large numbers of newbuildings and newer second-hand vessels, the average age of these fleets has improved and ALL sectors shifted upwards towards the younger age categories with the top categories becoming larger.

FOCUSING ON VESSELS RATHER THAN FLEETS

As well as entire fleets, for the first time this year, Petrofin Research © has focused on individual Vessels. These have been categorised in terms of their individual Deadweight, type and age.

This was done in order to exclude from our results the smaller and very old vessels whose local operation is not yet affected by international rules and regulations.

Vessels over 10,000 DWT There are 2,651 vessels over 10,000 DWT operating under Greek-based

management / ownership. These are operated by 432 companies and their total deadweight reaches 166,704,889 tons.

It emerges, therefore, that 64.6% of the Greek-based vessels are over 10,000 tons in DWT. The average age of these vessels is 19.85 years, which is significantly below the entire fleet average of 23.8. Out of these vessels, there are 1,396 Bulkers, 677 Tankers and 158 Containers.

The youngest of these categories are the Containers, which average 17.4 years of age. Second youngest are the Tankers, being of 18.9 years of age on average and third come the Bulkers, being of 19.5 years of age on average.

These results are collectively shown in Table 4:

Table 4

2003	Bulkers	Tankers	Containers
Number of Vessels	1396	677	158
Average Age	19.55 ys	18.9 ys	17.4 ys
Overall Deadweight	77,299,194 tons	71,329,059 tons	5,308,412 tons
Number of COmpanies managing them *	328	94	34
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* It should be noted that the overwhelming majority of companies are managing / owning more than one type of vessel			

It should be noted that the overwhelming majority of companies are managing / owning more than one types of vessel Vessels over 20,000 DWT These are 2,276, managed by 389 companies, reaching a total Deadweight of 160,903,934 tons and averaging 19.3 years of age.

At first glance it is obvious, therefore, that the larger the vessels the younger they are.

The effect of the newbuildings on the Greek fleet are continuing to show this year and it is expected that this trend will be maintained, as we read that as of mid-May 2003 there are 234 orders in progress (these data obtained from Naftiliaki).

Of the vessels of this size there are 1,318 Bulkers, 657 Tankers and 111 Containers. The immediate observation is that between the 10,000 and 20,000DWT cut-off mark there are not many vessels of the above types and that most Bulkers, Tankers and Containers are over 20,000 DWT.

Table 5

2003	Bulkers	Tankers	Containers
Number of Vessels	1316	657	111
Average Age	19.2 ys	18.7 ys	17.5 ys
Overall Deadweight	75,968,309 tons	71,042,296 tons	4,575,564 tons
Number of Companies managing them *	314	90	25
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* It should be noted that the overwhelming majority of companies are managing / owning more than one type of vessel			

Recently published data from the Greek Shipping Co-operation Committee based on Lloyd's Fairplay data, which have a cut off of 100gt, seagoing vessels in their base, show a total of 3,355 vessels of 171.6m DWT or 18.3% of world capacity in service and on order as of May 2003.

It is important to note that the above includes vessels on order, which have not been delivered.

From a purely analytical point of view, since by the time these vessels shall be delivered, the existing fleet will have aged, the decision to include such newbuildings influences the results.

The above study includes 203 vessels of 18.7mDWT said to be on order, as per their data, which helps to reduce the average age of vessel to 17.4 years against 19.6 years last year and even down to 12.7 years in terms of DWT.

What the above data do demonstrate, though, and this is significant, is the impact of newbuildings on the average age of the fleet going forward.

THE IMPACT OF FORTHCOMING DELIVERIES

As of mid-May 2003 there are 234 orders of Greek interests representing 65 companies, a total DWT of 19.73m and an investment of \$6.4bn.

These data are obtained from *Naftiliaki*. The above orders enable us to make predictions regarding the impact of these newbuildings on the Greek fleet, especially in terms of age.

If we assume that 224 of the above vessels are over 10,000 tons in DWT and that they are part in the Greek Fleet today, then the snapshot of the Greek fleet incorporating these vessels is quite impressive.

The vessel average age falls immediately down to 13 years per vessel on average.

Discussion

Consolidation in the market of Greek-based shipping companies is continuing, albeit to a smaller scale this year, but the shift within the fleet towards bigger and younger vessels is impressive.

In terms of the actual size, age and value, Greek shipping has grown enormously over the years considering its very strength and the commitment of both owners and their bankers.

The Greek fleet has ceased to be 'an ageing' fleet and although the leap upwards is not massive, one has to take into account the large number of locally operating smaller and very old vessels that are lying on the edges of international rules and regulations and may not be in service for long.

In terms of the three most popular types of vessels (Bulkers, Tankers and Containers) these break away from the general trend when over 10,000 and 20,000 tons in DWT. Then we see that vessels are larger and younger and managed by just over half of the shipping companies based in Greece.

As Petrofin Bank Research© has shown this year, Greek shipfinance is booming with excellent prospects and this is unavoidably reflected in the improved quality of the larger Greek fleets in terms of age, DWT and newbuildings.

It is expected that the consolidation of numbers will continue and that vessels will continue to be larger

and younger, as Banks have not shifted in their
towards the larger owners involving young and large
vessels.

The Greek-based operators have adapted well in the
above Bank demands, as well as the demands of
international rules and regulations and their deep
know-how of bulkers, tankers and containers, (in
terms of popularity) is effectively applied to fleets
that have a longer-term future and are more welcome
in international ports.

Lastly, there has been an international re-evaluation
of Greek shipping by the International community.
Supported by the realisation that shipping represents
a 'real' economic asset, the robust performance of
Greek shipping over the last decade and the
supportive prospects for international trade and the
competitiveness of Greek shipping, interest and
hence investment in Greek shipping have
accelerated.

Assisted by a quality revolution in operating,
management, technical, IT and financial
transparency, Greek companies have been able to
convince their bankers as well as themselves that
shipping will represent a long-term, safe and
profitable investment.

The odds are greatly in favour that their confidence
will be vindicated.



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