Click to Print .

Funding round in 1987 gave investors a rare entry

When a joint venture between the Angelicoussis Shipholding Group and American Express Bank raised $45m from the public in 1987 it was hailed, among other things, as giving public investors "a rare opportunity to participate in the Greek shipping industry".

Anangel-American Shipholdings started out with three vessels, the largest of which was of 85,000 dwt, and was indicative of the far-sightedness of the man who still tops the Greek ownership league today, now with a vast mixed fleet of dry-bulk, tanker and LNG tonnage.

However, Angelicoussis was also the rare exception who delisted. At the end of 2001, just when other Greek owners were grappling with the idea of how to access "other people's money", Anangel-American announced its plans and the sale of the company's shares back to the owner's private empire was completed by May the following year.

In the meantime, a few companies had moved toward the public markets. In 1997, Gabriel Panayiotides had bought out a shell listing for B&H Maritime Carriers that became Excel Maritime, Stelios Haji-Ioanou had floated Stelmar, which was later folded, and Tsakos Group had listed Tsakos Energy Navigation (TEN), originally called International Maritime Fund, on the Oslo Bourse but subsequently moved it to New York.

The floodgates opened after the 2005 listing of George Economou's DryShips and whether through direct initial public offerings (IPOs), reverse mergers or special acquisition vehicles, well over 25 Greek companies covering dry bulk, tankers, containerships and mixed fleets have listed, the majority in the US.

Some have been outstandingly successful, while some have fared less well. There have been a couple of casualties such as this year's bankruptcy of Omega Navigation and the absorption of OceanFreight by DryShips. Both Freeseas, in October 2010, and Top Ships in June have resorted to a reverse split to pull up the value of their shares, while just last week NewLead Holdings announced it had received two deficiency notices from Nasdaq.

Evangelos Marinakis-controlled Crude Carriers is being merged into the owner's other listed company, Capital Product Partners.

But on the flip side, Diana Shipping gave birth to Diana Containerships Ltd and Paragon Shipping also spawned a container baby with Box Ships Inc. Euroseas launched Euromar, a joint containership venture with equity capital partners Eton Park and Rhone Capital that has just purchased its eighth boxship. Navios now has three listings: Navios Holdings and Navios Maritime Partners under the dry-bulk heading and Navios Maritime Acquisition Corp with tankers.

So far, the only Greek in the list of LPG/LNG operators is Harry Vafias-led StealthGas.

But despite the prominence of Greek names among listed shipping companies, especially in dry bulk, they are just a handful when compared with the hundreds of Greek owners that are bank-financed.

For the past 10 years, Athens-based analyst Ted Petropoulos, through Petrofin Bank Research, has been compiling figures on the bank-generated financing of Greek shipping. In December 2001, the total portfolio came to $16.5bn and at the end of 2010, stood at $66.2bn, after rising to a high in 2008 of $73.2bn.

Last year, two mergers reduced the number of banks lending to Greek shipping to 39 but there have been high expectations for some time that Chinese finance would start making a showing in the market.

"The main growth is expected to come from the Far East, where liquidity and capital adequacy considerations do not affect the banking sector," Petropoulos said.

But despite announcements — official, semi-official and downright rumours — apart from a few deals guaranteed by Western bankers and one direct financing, the Chinese financiers have been slow to take up the baton.

In June, China Development Bank (CDB) was said to be close to entering Greek ship financing through an investment in privately controlled Aegean Baltic Bank (ABB).

It seems, however, that while the groundwork has all been laid, CDB, one of the most powerful financial institutions in the world, is still waiting for the green light from its government to sign on the dotted line.

Neither the tightness of bank finance nor the present lack of appetite for shipping stocks bode well for large financial deals. Owners who made good earnings and wise investments in the high freight markets are able to honour their commitments to the banks but even though it is viewed as a last ditch move, some banks are already foreclosing on ships.

There can be little doubt that the search for alternative finance sources is on. One of the unadvertised truths about quite a few Greek shipping companies is that in order to be ready to go in that direction, they have reorganised themselves on a more corporate basis, as compared with the traditional vertical management structure, where even the smallest transaction went across the owner's desk.

By Gillian Whittaker Athens

Published: 22:01 GMT, 29 Sep 11 | updated: 19:40 GMT, 28 Sep 11