

## Greece's top shipping tier grows as smaller players struggle

### **Recession and tight credit availability have seen a significant decline in the number of smaller Greek shipping companies with the bigger players getting stronger**

Consolidation is continuing in the Greek shipping industry with fewer companies, but the tonnage controlled by big owners is increasing. This year, the number of Greek shipping companies dipped below 700 for the first time since 2007.

New data released by Athens-based analyst Petrofin Research shows that in 2013 there are 690 shipping companies operating compared with 718 last year — a drop of 3.9%.

"In the last five years the combined shipping recession and the lack of appetite by banks to support the small to medium-size owners has added pressure to the long-term declining trend," said Ted Petropoulos of Petrofin.

However, economies of scale and market conditions have favoured large companies and this year the one-million-dwt club included 61 companies with 1,848 vessels of 201 million dwt, making up 71.33% of the total Greek fleet.

Fleets comprising 25 or more vessels remained at 35, the same as last year, accounting for almost half of the Greek dwt, but companies controlling 16 to 24 ships decreased significantly from 37 in 2012 to 29 this year.

The small companies with one or two vessels and with three to four decreased in number, with Petropoulos pointing out that small owners of average vessels have not been able to obtain finance for new purchases.

Nevertheless, the analyst notes that, going against the trend, a number of ex-owners and shipping families have taken advantage of market opportunities to re-enter shipping.

Taking into account the significant pressures on Greek shipping, Petropoulos believes the Petrofin research points to a reasonable resistance to negativity and the ability of Greek shipping to grow regardless.

"Growth should not be confused with well-being, as the poor shipping markets do not allow for meaningful returns to equity presently," Petropoulos warned.

As long as the prospects and, hopefully, the reality of a shipping recovery remain intact, the analyst believes equity investors are expected to maintain their interest in Greek shipping and the considerable investment potential it offers.

"Should their expectations, though, be dashed, the end game for many Greeks/investor schemes may be problematical," he cautioned.

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