




HSH Nordbank Files for State Guarantee on Hapag Loans (update2)

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Aug. 14 (Bloomberg) -- The lenders to [Hapag-Lloyd AG](#), the cash-strapped German shipping line in which [TUI AG](#) is the biggest shareholder, filed an application for state guarantees on their loans.

The state-owned HSH Nordbank, leader of the lenders' group, filed the bid yesterday, spokesman [Christian Buchholz](#) said in a telephone interview today.

Yesterday, an agreement on seeking financing ended weeks of negotiations between Hapag's owners, which are expected to include Hamburg's government. The global recession has also cut demand for the services of Hapag rivals including A.P. Moeller-Maersk A/S, the world's largest container-vessel owner, and Neptune Orient Lines Ltd., Southeast Asia's biggest. Hamburg stepped in to buy a stake in Hapag earlier this year, partly to preserve local employment in the port city.

"These are very important national as well as international companies, and you must not allow them, if they are fundamentally sound, to go under," said [Theodore Petropoulos](#), founder of Petrofin SA, an Athens-based ship-finance consultant. "It's all to do with the impact to the local economy and how many jobs are at stake."

A German agreement to guarantee Hapag's loans would echo moves in Asia, where South Korea committed 1 billion won (\$743 million) to buying ships to support local companies. [Exports from China](#), the world's fastest growing economy, collapsed a record 23 percent last month, according to customs data.

Funding Breakdown

Hapag's government loan guarantees are worth 1.2 billion euros (1.7 billion) while the owners will give 750 million euros to the shipping line, TUI Chief Financial Officer [Rainer Feuerhake](#) said yesterday.

Hapag's [shares](#) rose for a second day in Frankfurt trading, climbing 7 cents, or 1.4 percent, to 5.27 euros. The stock soared more than 10 percent yesterday.

Hapag's owners said late yesterday that they will provide the funds according to their stake in the shipping line, without providing more details. For TUI's 43 percent stake, the amount would be 323 million while the other owners, including German billionaire [Klaus Michael Kuehne](#) and lender M.M. Warburg, would be responsible for the rest, the owners said.

M.M. Warburg, which together with 2 private individuals holds about 4.8 percent of Hapag, refused to stump up additional funds, Financial Times Deutschland reported yesterday without saying where it got the information. The bank's spokesman [Martin Wehrle](#) declined to comment.

Hapag's spokesman [Robin Zimmermann](#) declined to provide more details on yesterday's agreement. A spokesman for the Federal Economy Ministry said it hasn't received HSH Nordbank's bid yet.

Hapag's sales declined 24 percent in the first half and the loss before interest, tax and appreciation was 435 million euros, compared with profit of 133 million euros a year earlier.

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