



Petropoulos to mastermind groundbreaking finance venture

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Prominent ship finance consultant **Ted Petropoulos, of Petrofin**, has emerged as the pivotal figure in the launching of a fully fledged shipping operation, aimed partly at providing a conduit for banks to participate in the recovery of the bulk carrier market.

Three European Banks are believed to have already discussed involvement with Petrobulk Maritime, as the new Greek shipmanagement company has been named, in what is possibly one of the most novel moves in ship finance annals.

Petrobulk affiliates have so far acquired one vessel and secured a further two for delivery next month, all to be fully managed by Petrobulk, suggesting at least some of the bank interest has solidified

Managing director Elias Bassoukeas, who heads a start-up staff of 15 at the company's offices in northern Athens, said: "We are on our way to acquiring another five ships."

Mr. Petropoulos, whose Petrofin firm will provide the financial advice for Petrobulk, yesterday described the company as offering a "recovery scheme" for banks which were in danger of losing money during the last two hard years for the industry, although this was not a prerequisite for financiers to do business with Petrobulk.

"Banks who had problem loans hitherto had a grim choice between selling the ship and taking the loss or giving the management to third parties. But the potential benefits from that are modest in most cases." he added.

"Another route to recovery is for additional vessels to be bought, and that is what Petrobulk is being entrusted to do."

"Banks are getting wiser, better at assessing shipping cycles and are expressing their new-found intelligence by looking at more proactive ways of recovering their exposure. that is what this is."

Although banks have used equity kickers and other profit-sharing arrangements in the past, these were linked to vessels they had repossessed."

Petrobulk appears to be the first dedicated bank recovery scheme involving a purpose-built shipmanagement operation and the acquisition from the market of additional vessels.

Mr. Petropoulos is a well-established figure in the shipping market who has provided financial advice for many banks and owners.

He states that none of the banks will put equity into the venture but will be "participating in the upside."

It is presumed, however, that in return Petrobulk must have secured highly attractive financing conditions.

Mr. Bassoukeas said: "The company has identified the handysized bulk carrier sector as offering the best risk-rewards prospects over the long term."

Of the three ships that will comprise the initial fleet, two are handysized bulkers of 15 years of age, while the third is a 24,000 DWT general cargo ship. It is understood that only one of these was directly channelled to Petrobulk by the bank concerned."

Another source of tonnage for the company, Mr. Bassoukeas said, was likely to be a shipping investment fund which Petrofin had been quietly arranging in recent months."

"The pledge kitty now totals a sufficient amount for the purchase of a further two handysized bulkers," it was said.

The well known consultant's involvement with an acquisitive bulker operation at this moment can be seen as a vote of confidence in the prospects of a market uplift."

"I have no doubt the market has turned. There is plenty of technical and market evidence for this," Mr. Petropoulos argued.

"The swiftness of the recovery is, however, still subject to market factors such as the return of confidence in the Far East and the amount of newbuilding."

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