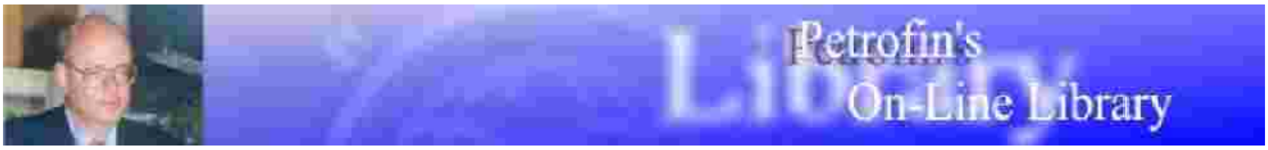
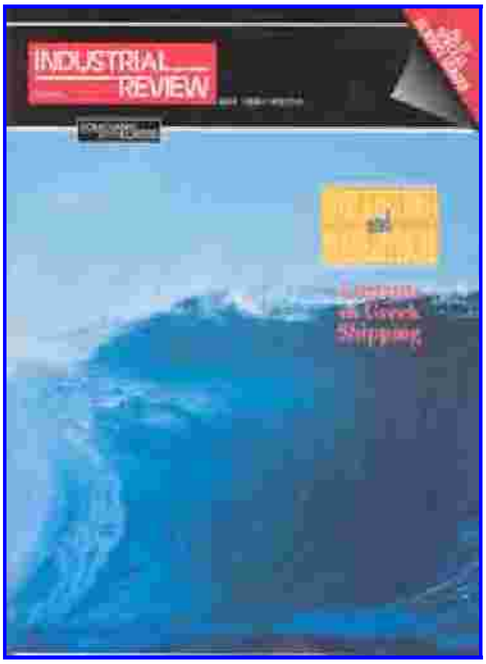


Shipping Flotations?

from the Industrial Review



May 1994

A number of companies have considered using the Athens ock Exchange as a vehicle to raise capital. Attica Enterprises which is already listed wants to become a holding company for its two new ferries it plans to run on Ionian routes. Strintzis Lines wants to bring its entire fleet onto the exchange in order to raise finance for new acquisition and operating capital. Several other operators have declared their i tention to apply.

Cosmos, the textile subsidiary of Globe Group, has been given approval for a capital increase, part of which is to go on the acquisition of a textile company and part of which is to purchase a ship for it bsidiary Globe Trade and Transport Inc. to carry the company's products. Nicolas A Vernicos says that it is the shareholders intention to take Vernicos Yachts public with a view to using it as a holding company fo her shipping activities.

Attica used to be Attica Flour Mills. It was purchased by the Vernicos Bros., Nicolas A. and George, who brought into the com any their holdings in Vernicos Yachts and the Hellenic Register of Shipping plus other interests. Pericles Panagopoulos, cash rich after his sale of Royal Cruise Unes in 1989, was brought into the company thro gh an association with Vernicos Yachts.

Attica has since divested itself of most of its land based investments in order to concentrate on become a holding company for shipping enterprises. It bought a 17 per cent holding in Strint is lines and resold it to the family owners for Dr3.5 bn, after using the holdin to learn about the ferry business. It has created two one-ship companies to own its new ferries. These are held by its subsidiary, Attica Shipping.

In March, Attica Enterprises sold back to the Vernicos Brothers, Vernicos Yachts and a controlling minority interest in the Hell nic Register of Shipping. Panagopoulos. through his ship management company Magna Marine now owns more than 75 per cent of Attica Enterprises and, while the Vernicos brothers maintain a share, they do not pa ate in the management.

The ferry deal has been financed $120 mn through bank inancing and $30 mn through private investment of which Attica Enterprises put up $20 mn. Attica wants another rights issue to allow it to take p the other $10 mn but there is confusion on the Exchange about whether this is permissible following a ruling by the Council that companies should only have one rights issue a year.

The ferry operator Strintzis Lines has been given perm n to join the market in order to raise capital for fleet expansion. It held its existing eight vessels through Law 959/79 NE companies. But, since th Presidential Decree allowing such companies to come to market has n t been promulgated, it was advised it would have to transfer its assets to a company incorporated under the legislation governing public limited companies, anonymos etaireia , Law2190/20. It did this but was then advised that it did not have the necessary five year o ting accounts to qualify. The Capital Markets Committee has powers exce ionally to override this rule and the Stock Exchange, noting that he company had posted accounts regularly as a Law 959/79 company, arg ed that these should be taken into consideration in order to allow t e company to comply with the five year rule. In the end those arguing for a special exemption prevailed.

Part of the problem has been that other ferry operators also wish to join I the Exchange but they are co-operative ventures with limited total shareholdings and limits on the amount that can be held by anyone investor. This also runs contrary to Stock Exchange ru es which say that shares must be able to be freely traded. An amendment to the law was being drafted at the time of writing.

The issue of shipping holding companies remains to be resolved. For example, how are the tax authorities to cope with a holding company whose only assets might be offshore companies not liab o corporation tax?

One way, according to Theodore Petropoulos of Petrofin ight be to have the holding companies listed with selective profi istribution from the offshore companies. " The holding company woul be taxed if the profits were distributed but not if they were held for reinvestment, even if it was reinvestment offshore."

Minister of Merchant Marine George Katsifaras says that he favours allowing coastal shipping companies onto the exchange but says that his recommendation is that they should transfer all their assets to Law 190/20 companies. They would lose nothing by way of tax privileges provided they flew the Greek flag because they would continue to be taxed on tonnage and not on earnings.

"It's up to the companies to judge how restrictive the regime is. But it must be strict to protect the investors."

Katsifaras says he has not finalised his thinking on allowing deep-sea shipping companies onto the Exchange though he does plan to put proposals to the Ministry of National Economy in the n uture.

Moschou doesn't see deep sea operators applying for listing because of their reluctance to comply with disclosure requirements. "If companies lad wanted to get listed, there would lave been a lot of lobbying. For the time being it is going to be coastal operators. For ocean g ing companies it will need time to change the mentality. "But if there is a wish from issuers and the stock exchange to give more diversified risk, then can be worked out. It would be to the benefit of the Stock Exchange to give healthy risk to good investors."

Back to top

From the Industrial Review
May 1994