Eurofin
Lateral Thinking

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Business Opportunity Outlook

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EUROFIN GROUP

This Newsletter is the official newsletter published by Eurofin Group on a monthly basis. The purpose of the Newsletter is to provide an up-to-date summary and insight on current developments in both the private and public sectors in Greece and to highlight potential opportunities. The intended audience of the Newsletter is our clients, prospective investors and market participants all over the world.

The Eurofin Group is an investment banking boutique founded in 1984. With offices established in London, Athens and Singapore, Eurofin offers financial advisory services and assistance to corporates and individuals conducting business or considering investments in a number of different industries and countries.

Although the main focus of the Group has been the shipping industry, over the years, Eurofin has also been active in other sectors such as Real Estate, Energy, Telecoms and Tourism among others.

Having established and operated our Athens office for over 25 years, we have been witnessing, monitoring and analysing the developments in Greece. During the recent years nonetheless, where the country has been in the forefront of global news for all the wrong reasons, we have kept a close watch on these developments, in an effort to share our observations with our audience.

NATIONAL ECONOMY NEWS AND TRENDS

With the fluid situation that has developed after the referendum, which took place on Sunday 5th July, our Newsletter is not able to report on the usual economic developments, in the various sectors of the economy, as we are now in unchartered waters and the economy has come to a standstill in anticipation of developments and a signal of where to the country is heading to; according to today's news Eurozone leaders have reached a "unanimous" agreement after marathon talks over the Greek bail out.

It is clear however, that the economy has suffered a huge blow with the persistent uncertainty over the last six months and the drain of deposits and outflow of capital from the banks. The decisions over the next few days may give some indication as to the direction of the country but even on the basis of the most optimistic assumptions it is going to be a very difficult period and significant reforms will have to be implemented and capital injections to start the slow climb to recovery.

As we are going to press, an agreement for maintaining Greece in the Euro was reached but with stringent conditions for structural reform (which may prove to be a boost to economic recovery over the coming years) but also severe cuts and tax increases. The new package worth between €82-86 billion will need to be ratified by the Greek government as well as the German Bundestag and other European parliaments.

Greece's continued presence in the Eurozone is positive and once confirmed should after a period of time enable the attraction of foreign and local investment to kick start the economy.

We hope that by the time of our next Newsletter we may be in a position to report some light at the end of the tunnel.

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GREEK CONTROLLED SHIPPING MARKET DEVELOPMENTS

Decrease in dry bulk chartering activity was recorded during the last week of June; BDI fell below 800 points with Capesize earnings at about $9,000/day, while the Panamax segment also had a positive upturn with earnings in region $7,000/day. In the Supramax segment, levels could not exceed the rate of $8,000/day and in the Handysize segment; the performance is still weak with levels low $5,500/day. In the wet sector the beginning of July brought a downward pressure in the VLCC segment, with positive signs in the Suezmax and Aframax. In the Container marker, the index ended at 641 points at the end of June, 59 points up from previous week and up by 555 points (46%) from the levels as at the beginning of August 2014. The spot market earnings for LNG carriers increased during July, compared to June, reaching $37,000/day although it is still down 49% from the start of the year. The LPG segment still sustain good employment rates as trade flows within the LPG space and rising volumes out of the USG (United State Gulf) continue to support a healthy rate environment.

On the Greek shipping environment June closed on a rather discouraging sentiment with capital controls having been imposed on the last day of June. Nevertheless the Greek shipping community is not yet seriously affected as Greek shipowners maintain their revenues and liquidity with large international Banks outside of Greece. On the other hand, small Greek shipowners that relied on local banks are expected to be affected, although a number of them maintain HSBC and Berenberg Bank internet-based operating accounts outside Greece. Moreover, a number of Greek shipowners are preparing a "Plan B" that involves relocating to other shipping centres such as Cyprus, London, Dubai, Singapore and Switzerland.

Even in this sensitive environment, Greek shipowners remain quite active in the capital markets. Examples of recent transactions include:

- During June, DryShips (G. Economou) announced that its subsidiary; Ocean Rig has closed its offering of 28.6m shares of common stock (par value $0.01 per share), at a price of US$7 a unit, succeeding to raise a net US$193.9m. As part of the offer, Ocean Rig's chairman, president and CEO, George Economou bought US$10m, or 1.4m shares, thus maintaining his 5% direct ownership in Ocean Rig, which plans to use the proceeds for working capital and general corporate purposes, including drilling rig acquisitions. Clarksons Platou Securities, Pareto Securities and Seaport Global Securities LLC acted as lead managers, bookrunners and placement agents.

- NYSE-listed GasLog (P. Livanos) is looking to collect over US$215m from an equity issue to support a triple purchase from parent GasLog. Its offering of 7.5m units to support the dropdown was priced at $23.90 each. Citigroup, Barclays Capital, Morgan Stanley, Evercore, UBS Securities, Wells Fargo

Securities, Credit Suisse Securities, Deutsche Bank Securities and ABN Amro Securities are the book running managers of the offering.

- Navios Maritime Midstream Partners (A. Frangou) has priced a new loan at 4.5% above Libor as it buys two VLCCs from its parent. The NYSE-listed company said the $205m facility will mature over five years. Funds raised will finance the acquisition of two vessels from Navios Maritime Acquisition Corp, refinance existing term debt and pay related fees and expenses. The deal will give both companies a fleet of six modern VLCCs.

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London
Eurofin International Ltd
Suite 217 Harbour Yard
Chelsea Harbour
London SW10 OXD
United Kingdom

Tel.: +44 207 751 5515
Fax.: +44 207 751 5516
eurofin@eurofingroup.com

Athens
Eurofin SA
11 Neofytou Douka
GR-106 74 Athens
Greece

Tel.: +30 210 36 23 334
Fax.: +30 210 36 40373
eurofin@eurofingroup.com

Singapore
Seafin PTE Ltd
8 Cross Street
PWC Building #28-00
Singapore 048424

Tel: +65 6850 7801
Fax: +65 6850 7801
seafin@seafin.com.sg

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