



RECORD ATTENDANCE AT CAPITAL LINK's 4th POSIDONIA FORUM



Free Access to Audio Archives & Forum Write-Ups

New York, Monday, June 9, 2014. – Last Monday, June 2, 2014 Capital Link held its “4th Posidonia Investor & Analyst Forum” at the Astir Palace Hotel, in Athens Greece, with record attendance of 600+ delegates. The Forum attracted more than 600 listed and non-listed shipping company executives, investors, analysts, financiers, and other industry participants, active in the shipping markets, who came to Athens from abroad for the biannual Posidonia event, the largest shipping trade event in the world.

The Forum's objective was to discuss the latest developments in the various sectors of the shipping market as well as in the financial and capital markets as they relate to shipping.

AUDIO ARCHIVE & FORUM WRITE-UPS

An audio archive on the Forum can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>

FORUM STRUCTURE

Opening remarks were made by Mr. Doug Pollock, Head of Commodities, Europe - Thomson Reuters. The Opening Address was given by Mr. Clay Maitland, Managing Partner - International Registries, Inc. on the topic of “Sustainability & The Changing Face of the Shipping Industry”. The Minister of Shipping, Maritime Affairs & the Aegean, Mr. Miltiadis Varvitsiotis, made the Official Remarks.

In addition, there were eight discussion panels as follows:

LNG Sector Panel Discussion

with executives from DVB Bank SE, Dynagas LNG Partners LP, (NASDAQ: DLNG), Gaslog Ltd. (NYSE: GLOG), Maran Gas, Maritime Inc. and TMS Cardiff Gas Ltd.

Business & Investment Opportunities Across Shipping & Offshore Sectors Panel Discussion

with executives from EY, DryShips Inc. (NASDAQ: DRYS), Capital Product Partners L.P. (NASDAQ: CPLP), Navios Maritime Holdings (NYSE: NM) – Navios Maritime Acquisition (NYSE: NNA), Dynagas LNG Partners LP (NASDAQ: DLNG), Tsakos Energy Navigation Ltd. (NYSE: TNP)

Tanker Sector Panel Discussion

With executives from Thomson Reuters, Capital Maritime & Trading Corp. (NASDAQ: CPLP), Prime Marine Corporation, Tsakos Energy Navigation Ltd. (NYSE: TNP)

Dry Bulk Sector Panel Discussion

With executives from ABN AMRO Bank, Euroseas Ltd. (NASDAQ: ESEA), Safe Bulkers, Inc. (NYSE: SB); Star Bulk Carriers Corp. (NASDAQ: SBLK), Thomson Reuters

Container Sector Panel Discussion

With executives from Seaborne Capital Advisors Ltd., Danaos Corporation (NYSE: DAC); Euroseas Ltd. (NASDAQ: ESEA); Technomar Shipping Inc.

Growth Opportunities in the Dry Bulk Sector Panel Discussion

With executives from Lloyds List, Globus Maritime Limited (NASDAQ: GLBS), Goldenport Holdings Inc. (LN: GPRT); Hellenic Carriers Limited (LN: HCL); Seenergy Maritime Holdings Corp. (NASDAQ: SHIP)

Offshore Drilling Sector, Discussion

With executives from RS Platou Markets AS, Pacific Drilling (NYSE: PACD) – Quantum Pacific, Ocean Rig UDW Inc. (NASDAQ: OCR); Metrostar

Capital Markets Panel Discussion

With executives from Reed Smith, Clarkson Capital Markets, Morgan Stanley, Maxim Group, RS Platou Markets AS

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About Capital Link

Founded in 1995, Capital Link is an advisory, investor relations and financial communications firm headquartered in New York and with presence in London, Oslo and Athens. Capital Link specializes in the maritime sector and works with the majority of shipping companies listed on US and European Exchanges. It is also a member of the Baltic Exchange. Capital Link, among other services, specializes in the organization of Investment Forums, in New York, London and Athens which are known for combining rich informational and educational content with unique marketing and networking opportunities. Capital Link's Investment Forums include events on International Shipping, Offshore & Marine Services; Commodities, Energy & Freight; Closed-End Funds & ETFs; Master Limited Partnerships; Corporate Social Responsibility in Finance & Investing.

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4th Posidonia
Analyst & Investor Day
Capital Link Shipping Forum
Monday, June 2, 2014 - Athens, Greece





GREEK SHIPPING A GLOBAL FORCE

Controlling 16% of the global & 47% of the European fleet

Posidonia takes place in Greece every two years and is the largest maritime event in the world. During the course of last week, more than 19,000 executives from the Greek and international shipping communities visited the state-of-the-art Athens Metropolitan Expo venue during the five-day event which occupies 35,000 square meters of floor space with a new participation record of more than 1,870 exhibitors from 93 countries and companies from 98 different sectors. Once again, the biggest national participation belonged to China, followed by South Korea and Japan.

In addition, there were many other events organized by various organizations, such as shipping companies, banks, law and auditing firms, shipyards, shipbrokers and more. Capital Link held its traditional Analyst & Investor Day with huge success.

With the Greek fleet's ongoing expansion and modernization strategy, shipping service and product providers from all sectors of the industry converged to Athens for some quality time in the company of Greek shipowners who last year spent \$13bn under their newbuilding programs, investing in more than 300 newbuildings.

The 2014 Posidonia 2014 reaffirmed the leading position of Greek shipping in the global ranking of shipping nations, despite the adverse conditions in the international shipping market. Mr. Theodore Veniamis, the President of the Union of Greek Shipowners (UGS), gave a press conference to Greek and foreign journalists on the occasion of the Posidonia Exhibition 2014 and noted, inter alia, the impressive statistics of Greek-owned shipping, which prove the key role of Greek-owned fleet in global maritime developments:

- 3,669 vessels with an average age of 9.9 years
- 16.16% of the global fleet in dwt
- 46.72% of the European fleet in gt
- 18.51% of the world bulk carriers fleet in dwt
- 23.32% of the world crude oil tankers fleet in dwt
- 13.81% of the world chemical and product tankers fleet in dwt

Greek Shipping does not depend on the Greek economy as it is a global business conducted beyond Greece's borders. Shipping is affected by the global commodity and energy markets and the economic developments in emerging and developed markets. On the other hand, Greek Shipping

contributes materially to the Greek economy and society.

In 2013, two studies were published on the importance of shipping for the Greek economy. One by the Foundation of Economic and Industrial Research (IOBE) entitled "The contribution of Oceangoing Shipping to the Greek economy" and a second one by The Boston Consulting Group (BCG) entitled "Impact Assessment of Greek Shipping on the Economy and Society".

Both studies, each one following its own methodology, concur that Greek shipping is one of the basic pillars of the national economy, emphasizing the important contribution of the maritime sector to the GDP which in the last two years exceeded 7% of the overall GDP as well as the creation of over 192,000 jobs. Moreover, the two studies highlight the potential of the sector in becoming the key driver of the Greek economy through further establishment of maritime activities in Greece and increase of employment in the various subsectors of the shipping industry.

Posidonia 2014 coincided with the Greek Presidency of the Council of the European Union, which is at a crossroads with significant changes in the governance of its legislative institutions. A few days ago the members of the new European Parliament were elected and soon the new Commissioners will be appointed.

Speaking at the Opening of Posidonia, the President of the Union of Greek Shipowners, Mr. Theodore Veniamis, stated, the following: "Shipping should be a central part of the vision of European politicians due to its strategic importance for Europe and as the main facilitator of world trade and globalization. Continuation of the existing Guidelines on State Aids to maritime transport is of paramount importance. The Guidelines will allow EU member states to meet global competition and provide the necessary legal certainty that all businesses require and expect. May I also remind our distinguished audience that the Greek legal framework for shipping, and I refer in particular to the Greek tonnage tax system for shipping as established in 1975, has been the prototype for European shipping policy in this area, leading eventually to the introduction of these Guidelines which have operated successfully in all EU states that adopted them". In closing, he stressed that Greek shipping is a national asset, which serves not only Greece, but also Europe and the world community.



Clay Maitland: Educate Governments & Investors About Industry Achievements

by James Brewer, All About Shipping

One of the shipping's most experienced practitioners has urged the industry to help educate politicians and financial lenders to recognize its 'green' achievements and the challenges it faces.

Clay Maitland, Managing Partner at International Registries Inc, and Founding Chairman of NAMEPA was the Chairman of Capoitall Link's 4th Posidonia Analyst & Investor Forum and delivered the Opening Address on the topic of "Sustainability and the Changing Face of the Shipping Industry".

He said that many people think that sustainability simply means making a profit. "That is part of it. It is also concerned with the environment." Recalling that the first Posidonia he attended was more than 30 years ago, he said: "If you had talked about sustainability in 1976, no-one would have known what you were talking about."

Mr Maitland defined sustainability as the ability to carry on a business, with government support, with the support of regulators, with counter-parties, with the public and with those who work alongside you, particularly your seafarers... and finally with your lenders, the financial community.

He declared: "The Greek shipping community is every bit as vibrant as in 1976 — even more so. It is very dynamic, forward-looking and it is growing, but the funding for the Greek shipowner today is very different." He said that in 1976 very few banks had a good idea of what it took to run a ship. "Today, that is less and less the case." Factors such as the Erica casualty and the role of the European Union had made it more expensive to run a ship. Ballast water management, and emissions considerations had come on the scene, but some investors still did not know about them, and that was "a bit alarming" because shipping is a much more expensive business than in the 1970s and 1980s.

Mr Maitland said: "Sustainability carries with it a price, and it is very important to remember that the Greek shipping industry has been strong for 2,000 years because they know how to make money. They can factor in the cost of operation. Greek shipping has always prospered because it can do that. The problem we have is to bring our lenders, our financial community, along with us.

"Although the Greek shipping industry will be resilient, we need to educate the new people in the industry who do not recognise that we are in an entirely new climate."

Greece was probably the pre-eminent shipping country in the world, and there were major implications for its shipping community in terms of relationships with Brussels "that go far beyond what you read in the newspapers, to the extent that it

will fundamentally affect the ability of the government and the owners to run their own ships in a sustainable way." He asked his audience to remember that marine environmentalism "began here" with the creation of HELMEPA, and subsequently NAMEPA, of which he is the Founding Chairman. "The shipping industry is very environmentally committed. The majority of owners have done a great deal for cleaner seas, and that message has to be spread around to Brussels."

Mr. Maitland said that "Brussels' heart is in the right place, but we also need to make sure our regulators learn a great deal more about what [owners] do for the shipping industry."

An Audio Archive of his remarks can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>





LNG Fleet Set For 33% Expansion

by James Brewer, All About Shipping

Mr. Frans van de Bospoort, Managing Director, & Global Head of the Tanker Group - DVB Bank SE moderated the LNG Sector Panel discussion. The panelists included Mr. Tony Lauritzen, CEO - Dynagas LNG Partners LP, Mr. Simon Crowe, CFO - Gaslog Ltd., Mr. Richard Gilmore, Director Gas Fleet - Maran Gas Maritime Inc., Mr. Christos Economou, Founder - TMS Cardiff Gas Ltd.

Most positive ocean shipping sector by far is the transport of liquefied natural gas, speakers confirmed during the Capital Link Shipping Forum analyst and investor day coinciding with Posidonia 2014.

Some 400 ships are working in the speciality, and another 100 are on order, which amounts to a one-third increase in terms of capacity.

In the last few years, the sector has grown fourfold to 55m cu m, said Frans van de Bospoort, global head of the tanker group at DVB Bank SE, introducing a panel discussion. Mr van de Bospoort asked if 100 newbuildings was “enough” and Tony Lauritzen, chief executive of Dynagas LNG Partners quickly replied: “Going forward, we do not think that is enough.” Based on current gas production, we need many more units, said Mr Lauritzen. “Most of the order book is already dedicated to projects.”

Mr Lauritzen said that of the current fleet, some 130 to 140 vessels were of less than 140,000 cu m, “which means that they are quite small for the average cargo size. The average cargo size is probably 145,000 cu m. Taking that into account, the market looks very robust.”

Richard Gilmore of Maran Gas Maritime, said that a good estimate might be 70 to 80 ships needed. He said that the market should look at what might happen in Japan after the Fukushima disaster which led to government decision to suspend nuclear power, hitting around 30% of the country’s primary energy supply. Japan had weathered that economic shock; at some point companies might put some nuclear capacity back on line, but many other countries were moving ahead and increasing their gas imports.

Simon Crowe of Gaslog Ltd agreed with his fellow panelists, saying: “We see gas as cheap and abundant. The cost and efficiency of moving that gas has got better and better.” The switch from coal to gas continued, and the global population was “set to explode.” He went on: “The emerging economies are increasingly relying on gas. People are thinking of the strategic value of LNG regasification terminals.”

Ships were \$200m assets, and “there will be some bumps in the [market] road” with vessels delivered on time and gas

projects taking longer to complete, so there was what Mr. Crowe called a “very robust outlook with some short term volatility.”

Spot trading or employment contracts — what is the trend? “We see overall gas being a bigger percentage of the energy mix of each country,” he said. The spot market was likely to increase as a percentage of the trade, but the primary driver would be projects.

Mr. Crowe said that the vessels cost a lot of money “so we like to have long-term contracts. Projects costing \$20bn, \$30bn or \$40bn do not want to be reliant on not having a ship available,” but he did foresee the market opening up more.

Floating storage and offshore regasification is another big talking point. Christos Economou of TMS Cardiff Gas said that the cost of building on land was encouraging offshore developments and his company expected to take part in opportunities created by the latter, “but it is a bit early and the trade is really small.” Mr. Gilmore said the innovation in the business was “great, and it is helping to drive more spot trading and open up markets, but like Mr. Economou, “we like the dynamic of the more traditional side at the moment.”

Are the capital markets open currently for LNG ship investment? “Absolutely,” said Mr. Crowe. “People ‘get’ the industry, they ‘get’ the need for gas. They see the long-term nature of this industry — it is not a spot and highly volatile sector. The banking market is there, the bond market is here. Some banks have come back, and new banks are interested.”

Mr. Gilmore said that if you have long-term charters behind the assets, “there is money out there right now chasing deals.”

An Audio Archive of the panel discussion can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>





Mr. Miltiadis Varvitsiotis, Minister of Shipping & The Aegean: Full Steam Ahead with Optimism

Remarks at the Capital Link Posidonia Forum

The Minister delivered the Official Remarks at Capital Link's Posidonia Forum. He stressed that Greek shipping plays a leading role in international shipping since it makes up 15% of the world shipping and 40% of the European. A sector that endures harsh times, flourishes in prosperous ones and supports Greece during both the bad and the good times. After all, Greek Shipping is the highest achievement of modern Greece. Tourism as well as shipping are the mainstay of the Greek economy. They are the keys to growth as they offer more than 7% and 8% to the Greek Gross Domestic Product (GDP).

Setting European Union Shipping Policies

Mr. Varvitsiotis mentioned that in the context of the Greek Presidency in the European Union they have set have set specific priorities for the European Shipping policies and invited other states to collaborate. Regional policies and rationales of over taxation, stemming from relevant perceptions of the bureaucratic Brussels and other states with competitive interests, have been harming the interests of European shipping and as a result funds are being diverted to Asia.

On the initiative of the Hellenic Presidency, an Informal Maritime Ministerial Meeting was held in Athens on the "Mid-term Review of the EU's Maritime Transport Policy until 2018 and Outlook to 2020". The European Ministers of Shipping unanimously adopted the "Athens Declaration" which highlights the priorities of the EU Member States and EEA Countries aiming at the support, development and sustainability of European shipping. Starting with the "Athens Declaration" as a milestone, the objective is to continue with the adoption of relevant Conclusions by the Transport, Telecommunications & Energy Council of the EU (TTEC) in its June 2014 session.

The "Athens Declaration" recognizes seven priorities of the European Maritime Transport Policy: The important role of shipping to Europe's economy and welfare; to secure the long-term competitiveness of the EU's maritime industry; to increase employment in the maritime sector; to ensure free access to markets; to enhance the role of Short Sea Shipping in the European Union; to implement efficient EU-wide digital maritime services; and to sustain EU's leading role in maritime technology & innovation.

The Minister also mentioned that there is an agreement to promote through the Connecting Europe Facility and the European structural funds better connections of islands and long-distance intra-EU passenger and freight transport through quality ferry services and appropriate port terminals, as well as appropriate hinterland connections of ports.

He stated "We have to encourage the development of more sustainable and efficient port systems to further enhance the environmental performance of ports (LNG) and accommodate the ever-increasing maritime transport of goods and passengers with a view to meeting the demands of EU businesses and consumers for cost-efficient and timely transportation from door-to-door."

Enhancing the Greek Registry

His Ministry intends to strengthen the National Registry attracting more ships to the Greek flag. Special attention will be paid to upgrading Naval Education.

He stressed that Greece has shifted towards a far more investments-friendly policy than in the previous era. The focus has been on improving trade and investments, aiming at achieving 50% of GDP through exports of goods and services by the year 2020. Mr. Varvitsiotis mentioned "We are changing our stance to the best "Red Carpet" treatment an Investor can have".

He pointed out the restructuring of the Coast Guard aiming to safeguard more efficiently Greece's maritime borders and to offer a better service.

Port Policy & The Port of Piraeus

Port policy has also, greatly changed. Hellenic ports shall now be able to utilize all their possibilities and attract investment based on their international appeal, competitiveness and outward orientation. The promotion of the Trans-European Transport Network and maritime-based intermodal logistic chains in Europe require adequate infra- and superstructures. For this purpose, investment must be promoted in order to achieve interconnectivity and inter-operability of transport networks.





Capital Link Shipping Forum – Posidonia Week



The Piraeus port is an indicative example of this new strategy. The biggest port in the country has today drastically converted its image, taking on a metropolitan profile in the Mediterranean Sea.

In 2013 there was an increase of 20% of the total sum of Containers handled in Piraeus port. Private investments by COSCO contributed to the above. Big firms like HP, HUAWEY, ZTE have already expressed their will to use Piraeus port as their main distribution facility in Europe. Six investment groups submitted Expressions of Interest for the privatization of Piraeus. Investment groups in the same time expressed their interest for the sale of a 67% stake of Piraeus Port Authority S.A. Major groups like APM Terminals B.V., Cartesian Capital Group LLC, COSCO (Hong Kong) Group Limited, International Container Terminal Services, Inc., Ports America Group Holdings, Utilico Emerging Markets Limited.

Key elements for Greece's national economy: Yachting and Cruise

Greece has already established a business friendly environment in Yachting reforming the legal framework for pleasure boats. The new law abolishes any kind of legislative and administrative impediments to the free sailing of all European yachts in the Greek Sea. The sea tourism is an expanding sector and Greece can benefit from that given its insular geography. There is significant growth potential. Greece accommodates only 17,000 yachts compared to 130,000 for Italy. The objective is to double Greece's capacity in within 2 years bringing doubling the yachts that have a home port in Greece. This will bring more income and more jobs, as it is estimated that a single work position in the yachting sector on board creates four other jobs onshore.

The cruise industry can be another significant source of revenue for local and national economy. This dynamic sector is continuously expanding its offer of products and services, and developing new markets, with an average 8.5% annual growth in the last 20 years, and nearly 90 million passengers since 1980.

The port of Piraeus is the main cruise center (+151 % over the last decade (2002-2012)). The building of a new generation of cruise ships (over 300 meters) in the framework of the Port's Investment Program (2010-2015), it has been decided to extend the southern part of the passenger port, a project that will make the port of Piraeus the main crossroad for the Mediterranean cruises. The project has a total budget of € 120 million financed by 95% by the European Structural Funds (113.9 million Euro).

The Minister concluded stating "I would like to express my strong belief that Shipping is a sector of champions. I and the Ministry must safeguard the competitiveness of shipping and advance policies that will accelerate the contribution of shipping at a financial and social level. Greece will always have

the leading role in the evolution of Shipping, preserving the prominence of shipping internationally. I would like to congratulate Capital Link for the organization of this excellent event. Much remains to be done and the work awaiting us is both interesting and challenging."



4th Posidonia
Analyst & Investor Day
Capital Link Shipping Forum

Monday, June 2, 2014 - Athens, Greece





Five Industry Majors Discuss Opportunities Across Shipping & Offshore Sectors

Mrs. Sofia Kalomenides, Partner, Central & Southeast Europe Accounts, Business Development Leader & Capital Markets Leader – EY moderated this Panel Discussion. The panelists included Mr. George Economou, Chairman, President & CEO - DryShips Inc., Mr. Evangelos Marinakis, Director & Chairman of the Board- Capital Product Partners L.P., Mr. Ted Petrone, President - Navios Maritime Acquisition, Mr. George Procopiou, Chairman - Dynagas LNG Partners LP, and Mr. Nikolas Tsakos, President & CEO - Tsakos Energy Navigation Ltd.

Act quickly to snap up opportunities for financing assets: that was the message to operators of shipping and offshore hardware from speakers at a business and investment session of the Capital Link Shipping Forum analyst and investor day, as Posidonia 2014 got underway.

A series of challenging questions was put to a panel of Greek entrepreneurs by Sofia Kalomenides, partner for central and southeast Europe accounts at transaction and advisory group EY, who began by asking which one of shipping and offshore energy investments was the better choice.

George Economou, chairman, president and chief executive of Dryships, replied confidently: “Offshore. The margins are better, the contracts are longer, and you can forecast your cash flow better.” Mr Economou has been seen talking up the benefits for Greek owners diversifying into offshore investments, where he argues that high barriers to entry, coupled with the Greeks’ operational expertise, will provide much better margins than the mature tanker sectors traditionally favored by Greek owners.

George Prokopiou, chairman of Dynagas LNG Partners, recalled ordering ships 10 years ago without charters when his view was that the spot market would develop. Newbuilding prices had been drifting lower for 15 years, but the time for a similar move had gone.

Evangelos Marinakis, chairman of Capital Product Partners, recommended that companies should be diversified, a view echoed by Nikolas Tsakos of Tsakos Energy Navigation, who cautioned that diversification was wise “as long as the company has the infrastructure.” He added: “I think a private company can afford to be diversified, but I am not sure the public markets are ready to accept diversified shipping companies.”

Mr. Petrone of Navios mentioned “We can manage risk and we can manage cost. When you manage risk you pick your sectors, when you pick your sectors you pick your asset classes in the sectors to diversify your risk and you need to do the same with finance. These markets open and close quickly.

You need to arbitrage between sectors but you also need to arbitrage between the financial structures that will open and close very quickly”.

Access to financing

Has access to traditional bank financing improved, asked Mrs. Kalomenides, and are the margins attractive? Ted Petrone, president of Navios Maritime Acquisition, indicated the answer was yes: his company had recently done a debt refinancing. The phone kept ringing in the Navios office in New York. “There has been a rediscovery.”

Are your transactions being priced within the right range, the moderator persisted in asking Mr. Economou who replied: “The market is the market.” Mr. Tsakos: “The windows of opportunity are short and far between, so it is a good time. We were able to raise more than \$300m in the last 11 months by choosing the right opportunities and times. It is expensive, but when you need to grow you have to use it.”

Mr. Petrone added: “The depth and value that come out of the New York market are second to none.” Mr. Prokopiou said: “Until November last year, we had never gone to the capital markets. It is inevitable to look at alternatives to the capital markets. If you can offer quality services, the market is supporting you. Traditional bank finance and recourse to capital markets is the best combination for companies, going forward.”

Mr. Petrone suggested that owners needed to become more agile in their approach to financing generally. “As a shipowner you can’t manage the market — you do that and you’re going to jail,” he quipped.

Keep your pens in your pockets

“KEEP your pens in your pockets and don’t kill the market” was the stark warning delivered to fellow shipowners by Tsakos Energy Navigation president and chief executive Nikolas Tsakos as oversupply of tonnage again topped the debate at Posidonia in Athens on Monday. Mr. Tsakos tapped into the growing concern among owners that their collective concern about supply is still being contradicted by individual actions.





Capital Link Shipping Forum – Posidonia Week



Mr. Prokopiou joined the chorus of concern that shipowners may be tempted to do deals that Mr. Tsakos suggested would be tantamount to “shooting ourselves in the foot”.

“All of us know when the market is high or low — cyclicalities is an intrinsic part of this business and of course timing is important... You have to invest when it’s really low,” Mr. Prokopiou said. “But we have to be careful.”

Private Equity

Although the general consensus among all major owners attending Posidonia this year seems to suggest that the influx of private equity has now abated, at least for the mainstream shipping sectors, that has not prevented the funds becoming the scapegoat for many concerns about the perceived supply-side problems.

“This could have been a very healthy market for us to enjoy, but I think that private equity has presented an additional danger — people with no knowledge of the industry just making a bet for a couple of years and they can get out of it whenever they decide, inflicting huge pain on the industry in the process,” said Mr. Tsakos.

Despite those concerns topping public debate, conversation on the sidelines of Posidonia events is now shifting away from the private equity issue to diversification and financial risk management.

Cost Control

On the issue of cost control all Greek owners and, indeed, the Greek shipping minister Miltiadis Varvitsiotis, who attended the Capital Link event, have been keen to trumpet their prowess when it comes to operational management of their fleets, arguing that Greek shipping remains the world leader when it comes to efficiency.

As Mr. Tsakos pointed out, controlling costs is not simply a question of cutting all the fat and “risking cutting flesh in the process” — the key benchmark to be concerned about is performance.

“It is not all about running costs,” said Mr. Marinakis. “Days off hire, repair time and costs — that is essential and that is how we should analyze our figures. You cannot cut running expenses at the cost of performance.”

But if performance is key, having the economies of scale to back up that approach is the differentiator, argued Mr. Petrone from Navios, which now controls well over 100 vessels. “It’s the suppliers I feel sorry for,” he said, admitting that his company has a firm policy of squeezing every contract. It’s very important not to get fat — it’s our mandate to keep costs low”.

An Audio Archive of the panel discussion can be accessed at <http://forums.capitalink.com/shipping/2014posidonia/index.html>

This article was compiled by Capital Link with material taken from the relevant articles of Richard Meade, Lloyds List and James Brewer, All About Shipping





FOCUS: TANKER SECTOR

Tanker Operators Savor A Mini-Boom

by James Brewer, All About Shipping

Mr. Jonathan Saul, Shipping Correspondent - Thomson Reuters moderated the Tanker Sector Panel discussion at Capital Link's Posidonia Forum. The Panelists included Mr. Jerry Kalogiratos, Finance Director - Capital Maritime & Trading Corp., Mr. Michael Chalkias, Co-Founder & Co-CEO - Prime Marine Corporation and Mr. George Saroglou, COO - Tsakos Energy Navigation Ltd.

Tanker markets are beginning to see "some sort of balance," the Capital Link Shipping Forum was told, in an expression of a mood of cautious optimism in this sector evident among the attendees and exhibitors at Posidonia 2014.

George Saroglou, chief operating officer of Tsakos Energy Navigation, assessed that in the crude tanker market, "we have seen a turning point. "Demand is there, supply is balanced and that has created a mini-boom for two and a half months. We have seen asset prices going higher. The oil majors' sentiment is to fix tonnage forward."

Mr Saroglou was one of a panel who was asked by session moderator Jonathan Saul of Thomson Reuters whether a new "ordering threat" was in the offing. The TEN chief replied: "That is always a risk, but we have faced one of the biggest crises shipping has seen because of overbuilding the fleet. It seems that after five years, some sort of balance is out there. We hope that sense will prevail and that we are not going to face the same problem [as earlier] two years from now. The yards are full until 2016, but if people go out and place more orders, we are going to face again what we did before."

Michael Chalkias, co-founder and co-chief executive of Prime Marine Corp agreed, adding: "I hope that private equity funds will follow the same principles."

Jerry Kalogiratos, finance director of Capital Maritime & Trading, worried: "There is not much you can do as regards discipline. There is always someone to have a berth that is available. There is always a magic availability to cook up berths when you do not expect them."

On a more positive note, Mr Kalogiratos said that there was a tendency to exaggerate the true size of the order book. There had been substantial time slippages and cancellations. Some owners had run into trouble.

Deliveries of medium range tankers had slowed to an average of 6.8 per month, from a previous 9.5, perhaps because owners were delaying acceptances, "but I think there is some excess in the nominal order book. So one has to take the order book with a small pinch of salt," Mr Kalogiratos advised.

An Audio Archive of the panel discussion can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>





FOCUS: DRY BULK SECTOR

Better Days Ahead

by James Brewer, All About Shipping

Mr. Gust Biesbroeck, Global Head of ECT - Transportation - ABN AMRO Bank moderated this panel with **Mr. Aristides Pittas**, Chairman & CEO - Euroseas Ltd., **Mr. Polys Hajioannou**, Chairman & CEO - Safe Bulkers, Inc., **Mr. Spyros Capralos**, President & CEO - Star Bulk Carriers Corp., **Mr. Amrit Singh**, Sr. Shipping Analyst - Thomson Reuters

The belief that there will be a market recovery after the summer was a common theme amongst the panelists at the Capital Link Shipping Forum in Athens.

Mr. Polys Hajioannou of Safe Bulkers stated, “I think we have market recovery already, from the point of view that in the last few years, it tends to become a market of two halves. We have a very weak first half of the year and a very strong second half of the year. This year is no different.”

Mr. Aristides Pittas of Euroseas echoed Mr. Hajioannou's sentiment stating, “The second half of 2014 is going to be better than what we've had up until now and 2015 looks promising from the supply and demand side fundamentals.” He also agreed on the key role China will continue to play as the main driver of the drybulk industry.

Mr. Spyros Capralos of Star Bulk stated, “They (China) still have a lot of infrastructure projects and therefore we are very positive on the fact that the iron ore trade will continue growing, the domestically produced iron ore is of low quality and I think that makes steel mills import more. Both because of quality and because of the price.”

“I think the key factor underpinning this is the urbanization process that has started in China, that will keep on going and the expectations of the people are higher now. I think that urbanization is something that will not stop,” said Mr. Amrit Singh of Thomson Reuters. He continued, “For steel mills, if they use imported iron ore which is cheaper, when their margins are pressurized they can make a better profit out of it.” The speed with which fuel efficient ships came into the market has surprised many and pushed the idea that we will see a prolonged period where we can expect ships having shorter lives.

Mr. Spyros Capralos of Star Bulk commented, “Yes there are new vessels coming in the water that are fuel efficient, they are already in the water and we see the differences so they clearly have an advantage, but still, older vessels have their own market. I do not see that they are obsolete.”

Mr. Aristides Pittas of Euroseas concurred “Yes, I think that the eco ships was one of the reasons why we saw all the ordering happening in the dry bulk section. There are some economies of scale but it is not a lot, maybe a couple thousand dollars. In a bad market it matters, in a good market it tends to be less important.”

In regards to the financial side of the discussion as it relates to the dry bulk industry Mr. Spyros Capralos of Star Bulk stated, “I think private equity and other smart money has already invested in shipping because they were looking for opportunities before the market picked up. Now it is more difficult to have the returns that they require. Also, they are very selective in the partners that they choose. Going forward they will be looking for their exit.”

Mr. Aristides Pittas of Euroseas continued “I am not advising the people that I talk to, to invest today in order to get returns in excess of 15% to 20% that they want to get. I am not optimistic that this will be feasible with the new investments that are made today in the dry bulk sector.”

Mr. Polys Hajioannou of Safe Bulkers offered his opinion on private equity by stating “I think like other industries, private equity is part of our industry from now on we will have to live with it and not complain about this money hitting the market. Also, I think we cannot complain about owners ordering newbuildings when they are cheaply priced.”

The lack of debt financing for smaller companies has sparked concern that it may lead to a run of consolidations.

Mr. Polys Hajioannou stated “I think that in Greek shipping we should not expect too much consolidation, I think it's a very individualistic business, I think that even smaller companies are well prepared.”

Mr. Aristides Pittas seconded this view saying “I found it easier myself to get into the capital markets and become a public company rather than to convince various friends to join forces with us in order to grow our company. I tried that for a few years before deciding to go public. I think it is going to be a tough time trying to merge with other companies.”





Capital Link Shipping Forum – Posidonia Week



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Mr. Spyros Capralos went along stating that “I think many people have been discussing consolidation, I think that it will not take place or if it takes place it is going to be in very small numbers.”

Echoing the sentiment of the other panel members, Mr. Amrit Singh said “Dry bulk is quite a fragmented industry. Because it is family driven, in some of the cases, as long as costs were kept under control, there won’t be so much of an opportunity that they would want to wind up. In terms of consolidation when it comes to dry bulk, there are very few chances.”



4th Posidonia
Analyst & Investor Day
Capital Link Shipping Forum
Monday, June 2, 2014 - Athens, Greece





FOCUS: CONTAINER SECTOR

Speculation Gets Squeezed Out Of Boxship Market

by James Brewer, All About Shipping

Mr. Anthony Argyropoulos, Managing Director - Seaborne Capital Advisors Ltd. Moderated the Container Sector panel discussion. The panelists included Mr. Iraklis Prokopakis, Chief Operating Officer - Danaos Corporation, Mr. Aristides Pittas, Chairman & CEO - Euroseas Ltd. and Mr. George Youroukos, Founder & Managing Director - Technomar Shipping Inc.

Structural change in the containership market heralds better times ahead, the Capital Link Shipping Forum heard.

Many of the owning partnerships which fuelled the ordering boom “do not exist as they used to,” said George Youroukos, founder and managing director of Technomar Shipping.

With some 60% of German limited partnerships – known as KG ventures — in liquidation, the container sector now contained mostly financially healthy owners, unlike the “bubble years,” he said.

Speaking during Posidonia week, Mr Youroukos said that there were now very few shipowners who could order a substantial number of ships, as the KG partnerships did. Smart money would not invest in a high market, so when the market improves, private equity would stop ordering.

“The recovery will be sustainable. Most of the companies that did speculative ordering are no longer here.”

The Technomar head added that “slow steaming is here to stay... for ever.”

Iraklis Prokopakis of Danaos Corp foresaw “ordering, yes; heavy ordering, no.” When the big Maersk ships were ordered, the rest of the sector had to reduce unit costs and go for economies of scale. “That is a vicious circle. The only way... to see some stability is to stop ordering.”

Mr Youroukos advanced a new argument in the scenario for a stronger freight market for boxships. He said that ports in West Africa and South America were not ready for the big ships. Such ports had the cranes to handle arrivals, but lacked the infrastructure to move goods efficiently from the ports. “We have seen a few major operators in South America having schedule problems. The ships stay in port too long. This is going to create demand for more ships. This is going to be a new fact that nobody has taken into account, because until now there were no ships being deployed in such ports. We are seeing the first signs of what is going to happen.”

Panelists were asked by Anthony Argyropoulos of Seaborne

Capital Advisors if they felt panamaxs were becoming obsolete.

Aristides Pittas, chairman and chief executive of Euroseas acknowledged that around 55 such ships had been scrapped so far in 2014, and the forecast for the year as a whole was 500,000 teu to be demolished. Last year 450,000 teu was disposed of. He warned though: “I do not think we shall see a solution to the problem by scrapping, because the fleet is young. The market will improve, but not to a scale where you are going to see huge returns.”

Mr Youroukos said that a big percentage of the idled fleet was not in a fit state to be reactivated, regardless of the market. He believed that there were great opportunities in the secondhand sales market, and “I would go for the smaller ships, or small post-panamax.”

An Audio Archive of the panel discussion can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>





Growth Opportunities in the Dry Bulk Sector

Mr. Nigel Lowry, Athens Correspondent, **Lloyds List** moderated this panel with **Mr. George Karageorgiou**, President & CEO - **Globus Maritime Limited**, **Mr. John Dragnis**, CEO - **Goldenport Holdings Inc.**, **Mrs. Fotini Karamanlis**, CEO - **Hellenic Carriers Limited** and **Mr. Stamatis Tsantanis**, Chairman & CEO - **Seanergy Maritime Holdings Corp.**

The dry bulk owners' panel concluded that while the opportunities expected from a market rebound have yet to materialize in the second quarter of 2014, there are many reasons to be optimistic moving forward.

The panel noted that there are many reasons why the rebound hasn't happened yet.

Mr. John Dragnis of Goldenport said, "What I think is more relevant to us, to our company, is that we cannot underplay the impact that the ban of exports from Indonesia had in the past quarter. Exports from there went down 75 to 80 percent because of this ban. To put things in perspective, that's about 120 Panamax and Supramaxes going out of the market in terms of the Indo China route."

In the first quarter, there was a large amount of deliveries as many owners delayed delivery of late 2013 vessels into early 2014. Also, a slowdown out of South America both for grains and iron ore depressed rates further. Many owners expected a strong trade this year and ballasted their ships to South America in order to take advantage of a strong market, which caused oversupply in that market.

Comparing the first half of 2014 to the second half of 2013 has led to a belief that a weak market exists. Rather, if one were to compare the first half of 2014 to the first half of 2013, improvement in the market becomes more evident. This perspective emerged from the panel discussion at the Capital Link Shipping Forum in Athens.

Mrs. Fotini Karamanlis of Hellenic Carriers commented, "If we compare Q1 of this year to Q1 of last year, there's an improvement. If we compare the numbers to last year, it gives you an idea of how things are better."

Demand for iron ore and coal will continue to remain strong. Stamatis Tsantanis of Seanergy commented, "China is investing heavily in the infrastructure of the country. I remind you that in 2007 there was absolutely no high speed railroad in China. Right now you have 5.8 thousand kilometers of high speed railroad and they have pledged to build another 5 to 6 thousand kilometers in the next couple of years. The main commodity that is needed for this kind of infrastructure is iron ore and coal."

Iron ore imports from China and increasing iron ore exports from Brazil will lead to a rise in the demand for dry bulk vessels, and as a result, spot rates are expected to increase this and next year.

Pointing out that Globus Maritime is in a position to maximize their earning potential when the cycle turns, George Karageorgiou commented, "In our case, we are not over levered and our cash breakeven point is among the lowest in the market, so that allows us to operate our vessels with a little more flexibility."

The panel concluded that while charter rates for dry bulk carriers underperformed during the first quarter of 2014, forward charter rates and asset prices are holding up resiliently, underscoring the bullish market sentiment.

The panel discussed that small to midsize companies have significant growth opportunities given the cyclicity of the shipping markets and where cycle is right now for the dry bulk sector.

On the issue of access to capital, the panelists offered a variety of opinions split between bank financing and capital markets.

Mr. Stamatis Tsantanis of Seanergy mentioned "We have seen a significant slowdown in the traditional banking markets the last few years for a number of reasons and I think that most ship owners, especially those with bigger projects, should not be so dependent on this traditional form of financing. I believe that companies like Seanergy and those that are capital markets friendly should rely more on the equity capital markets."

On the other hand, commenting on bank financing, John Dragnis of Goldenport reassured that "Here in Europe, for the right project, banks are offering reasonable terms to finance a good project."

Discussing the high yield market, Mr. George Karageorgiou of Globus stated that "In order to issue high yield debt, you need to have three things. You need to have a young fleet, long-term charters and large size. Not everyone fits this profile. So, I believe that conventional bank financing, which is available and is becoming available at better terms is the best way to grow a small to medium size dry bulk company."

Mrs. Fotini Karamanlis of Hellenic Carriers also referring to high yield financing agreed that "Yes it is far too expensive for smaller companies, it makes no sense. If you couple that with bank debt, you end of with a very high cost of capital to pay."





FOCUS: OFFSHORE DRILLING

Offshore deep-water drillers preparing for resurgence

by James Brewer, All About Shipping

Mr. Truls Troan, Head of Corporate Finance - RS Platou Markets AS moderated the Offshore Sector Panel Discussion at Capital Link's Posidonia Forum. The Panelists included Mr. Elias Sakellis, Director - Pacific Drilling; Managing Director - Quantum Pacific, Mr. Anthony Argyropoulos, Capital Markets Special Advisor to CEO - Ocean Rig UDW Inc. and Mr. Michael Sapountzoglou, Director of Deep Sea Metro and Finance Director, Metrostar Management Corp.

Operators of offshore ultra-deep water rigs are hoping for a material improvement in market conditions in 2016 which could endure for several years, an audience at the Capital Link Shipping Forum heard during Posidonia Week.

Only five companies are 100% focused on the specialist activity, and experts following the business expressed their confidence in what is believed to be the strongest sector of its type at this stage of the cycle.

The operators work in waters 7,500 ft deep and potentially up to 12,000 ft, with units that can cost \$600m each.

They have had to accept lower day rates in recent months, but are looking to a tightening of availability as the newbuilding delivery rate cools. Some 40 units were ordered in each of 2011 and 2012, but in 2013 only 40 units were ordered, and in 2014 even fewer.

Analysts expect hire rate softness to last possibly through 2015, but thereafter rates could even exceed the previous high of \$600,000 daily seen in 2013.

Elias Sakellis, a director of Pacific Drilling, said there was no doubt that over the last year the market had softened. Activity had slowed. In the first half of this year, 15 rig-years had been awarded, compared with close to 50 in the first six months of 2013.

In the short term, there was perceived oversupply, said Mr Sakellis, but "the reality is that is where the bad news stops." In the long term, there were great prospects for ultra-deep water oil and gas as a source of energy. This would start to show over the next 18 months or so.

He said that the Deepwater Horizon disaster in 2010 in the Gulf of Mexico had changed the risk profile and the barriers to entry.

Eleven people died in a gas release and explosion on the rig, which was working on the Macondo exploration well. Fire

burned for 36 hours before the rig sank, and considerable quantities of hydrocarbons leaked into the Gulf. The oil major had to set aside \$42.7bn for the impact and has so far dispensed \$14bn for clean-up and \$13bn in local compensation claims.

Anthony Argyropoulos, Capital Markets Special Advisor to CEO - Ocean Rig UDW, stressed that the fleet had assets capable of operating in the mid-water market too. Generally speaking, the mid- and deep-water fleet was very old – it had units which dated back as many as 32 years. The Macondo well incident had meant tremendous constraints on using older assets: hence a bifurcation in the hire rates. "The older assets will face a tougher time to work through."

Taking up that theme, Michael Sapountzoglou, finance director of Metrostar, said: "It is technically not possible to upgrade [elderly units]. There is a clear distinction in the market which favours the newer assets." In 2020 there would not be enough rigs in the market, notwithstanding lower exploration and production. "Long term, it is a very, very strong market."

GBI Research UK, quoted by the site Energy Global, has said that subsea hydrocarbon production facilities are expected to witness market growth to around \$130bn in 2020, from \$27bn in 2011.

An Audio Archive of the panel discussion can be accessed at <http://forums.capitallink.com/shipping/2014posidonia/index.html>





FOCUS: CAPITAL MARKETS

Shipowners Should Not Despair Of Attracting Investors, Despite A Slowdown In Deals

by James Brewer, All About Shipping

Mr. Bill Haddad, Partner - Reed Smith moderated the Capital Markets Panel at Capital Link's Posidonia Forum. The panelists included Mr. Nicholas Stillman, Managing Director, Investment Banking - Clarkson Capital Markets, Mr. Stephen Williams, Director, Global Transportation - Morgan Stanley, Mr. Lawrence C. Glassberg, Managing Director, Investment Banking - Maxim Group and Mr. Erik Helberg, CEO - RS Platou Markets AS.

Windows of opportunity are still opening for raising money to support the highly capital intensive industry of shipping, but investors need to hear a 'chunky' and appealing story. This perspective emerged from a panel discussion at the Capital Link Shipping Forum in Athens, although participants had somewhat different takes about the direction of travel.

Nicholas Stillman, managing director of investment banking at Clarkson Capital Markets, said that over the last 12 months investors had been buying assets cheaply – tankers, dry bulk, containerships, "it did not matter what it was." They wanted charter rates to be low to help them get the best price for those assets. A second set of investors were more interested in cash flow, and were charter rate-focused.

Now, "we are in a bit of a predicament. Asset prices have moved 20% to 25% off the bottom. The 'distress' guys are not interested in chasing the market further." A lot of initial public offering plans were on hold, pending charter rate developments. "Right now, we have seen a pull-back in deal activity."

Mr. Stillman said that levels of \$300m market capitalisation were too low in the investment proposition context. "Ideally you would like to have more scale, raising \$150m as a minimum size."

Steven Williams of Morgan Stanley, whose firm has raised more than \$4bn for shipping in a decade, said that current activity was mainly from institutional buyers in the US, but added: "there have been investors who have lost money. There are paper losses at a number of private equity groups around the world." The 'distress' investor had looked at transactions, "and played them very sporadically."

He advised ways of attracting investor attention were to "be visible" and have something "sizeable, chunky, sustainable" to offer. The key was simplicity, telling a message that resonates with investors.

"Investors are focused on one thing, and one thing only: total return to shareholders. There are investors interested in the right situation, there is money to be had," insisted Mr. Williams.

Lawrence Glassberg, managing director for investment banking at Maxim Group, said that his group focused on companies with \$500m market capitalization and below. "We believe that there is a strong market, and there is demand from investors," he said, but admitted: "it is very difficult to keep up with the markets. The markets open and close very quickly, and "a large mega-cap ipo is not necessarily the way to go."

Erik Helberg, chief executive of RS Platou Markets AS, added: "There have been a lot of investable companies without legacy issues. Now you are seeing strong platforms with growth potential. Now we have a lot of good companies building their fleets, getting ships delivered."

Mr. Glassberg ended on an upbeat note. "We do not know when the windows are coming, but when they are open, cash is going to flood into transactions."

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ABN AMRO steps up shipping finance as sector looks to recovery

Interview of Mr. Gust Biesbroeck, Global Head of ECT - Transportation - ABN AMRO Bank

with Mr. Jonathan Saul, Senior Correspondent, Thomson Reuters



ABN AMRO is expanding its shipping finance business as the sector looks to recovery - just as European rivals cut their exposure due to tougher capital constraints, the Dutch state bank's head of shipping said.

Ship owners ordered large numbers of vessels between 2007 and 2009, just as the global economy sank into crisis. Prospects have brightened in recent months as world trade picks up and the ship glut is absorbed.

Recovery still remains fragile and the industry faces a multi-billion dollar financing hole after many European banks, a major source of funding, cut back lending to boost capital in the wake of financial turmoil.

In contrast, ABN AMRO, which had to be rescued in the 2008 crisis, has tripled its ship finance portfolio to around \$7 billion to \$8 billion, from \$2.5 billion in 2009-2010, the bank's head of transportation Gust Biesbroeck told Reuters.

Biesbroeck said ABN AMRO would continue to expand its shipping finance business and was ready to make significant commitments, after having rebuilt the portfolio in recent years. "We expect a growth of 10 to 12 percent of our portfolio this year and the plan for up until 2017 is continued growth at about that pace. Of course, market circumstances allowing," he said on the sidelines of Greece's Posidonia shipping week.

"We started from a very low base. As a result of the financial crisis and everything that happened to our bank and other banks, we lost quite a sizeable portion of our shipping portfolio. So, we quickly took the decision to rebuild our presence in the shipping industry and also we think it is a good time in the cycle to lend money."

OFFLOADING ASSETS

Lending to the shipping sector in the Europe, Middle East and Africa region reached \$2.08 billion in the second quarter of this year, down from \$4.59 billion in the first quarter and the \$6.34 billion and \$12.98 billion in the fourth and third quarters of last year respectively, Thomson Reuters LPC data showed.

Several European banks - including Britain's Royal Bank of

Scotland RBS.L and Lloyds Banking Group LLOY.L - have been pressured to sell off shipping loans or exit the sector in a bid to boost their capital to comply with new, stricter industry legislation since the financial crisis. (Full Story) The banks have suffered alongside shipping firms they lent to as the latter endured one of their worst downturns in decades. Many firms defaulted on loans and several collapsed.

As a result, several banks have been offloading what they see as risky assets at cheaper prices to investors such as hedge funds and private equity firms, even as trading conditions improve.

"The number of dedicated sector banks from Europe as we have seen in the past will continue to be very limited for the foreseeable future," Biesbroeck said.

He said ABN AMRO, which is being readied for an eventual stock market floatation, had looked at the shipping portfolios of other banks "on and off". "If the opportunity is interesting enough we will definitely look at it," he said.

ABN AMRO's energy, commodities and transportation business, which includes its shipping finance activities, is one of its four key international growth areas - also including clearing, private banking and asset-based finance.

ACCESS TO CAPITAL

Biesbroeck said "liquidity is available only for a limited number of borrowers". "You see really a big differentiation between access to capital for the smaller and the bigger shipping companies and that will have a consequence for the way the market will look in a few years' time," he said.

"Third party money - whether it is public equity or private equity, whether it is bonds or any other colour or shape of money - is only available for the larger, more transparent shipping companies."

"From 45 active shipping banks, five to six remain now," leading Greek ship-owner George Prokopiou told a Capital Link conference in Athens this week. "It is inevitable (for companies) to look at the capital markets as an alternative."