



Restructurings as a Business & Investment Opportunity Market Review

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I. INTRODUCTION

Ευχαριστώ



II. STATE OF THE SHIPPING INDUSTRY

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- Disclaimer!!
- 2012 and 2013: forecasting wave of Ch. 11 filings in the U.S.
- 2014: “Positioning for the Rebound”
- 2015: “Beautiful but choppy waters”



III. U.S. DISTRESSED INVESTMENT COMMUNITY VIEW ON SHIPPING

III. U.S. Distressed Investment Community View on Shipping

2013 and 2014: “Hot Sector”

- “Hotbed of distressed opportunities”
- Funds acquired vessels through conversion of debt
- “Patient money”

III. U.S. Distressed Investment Community View on Shipping (Cont.)

2015: “Tepid Interest” in the Sector Overall

- Sector reorganization is maturing
- Fundamentals are improving
- Fewer compelling opportunities
- Conventional financing options for select owners
- U.S. PE and hedge fund focus moving rapidly to distressed opportunities in domestic and international oil & gas industries



IV. CURRENT OPPORTUNITY SET

IV. Current Opportunity Set

- Smaller fleets
- Bulk sector
- Diversification into alternative sectors
- Asia
- German KGs
- “Home Port” restructuring proceedings
- Main competition will be PE/hedge funds with established fleet and management platforms
- Anything can happen



V. INVESTMENT STRATEGIES IN THE DISTRESSED SHIPPING MARKET

V. Investment Strategies in the Distressed Shipping Market

- a. Identifying opportunities
- b. Competitive forces
- c. Restructuring strategy
- d. Successful implementation

The U.S. Distressed Debt Market

What is “distressed”?

Investment Risks – *Caveat Emptor*

- Process expertise
- Geared towards restructuring
- Multiple participants with differing views and preferred outcomes
- Marginalized control
- Odd man out

Investment Opportunity Set in the U.S.

- Bank debt
- Public bonds
- Individual vessels

Bank Debt

- Portfolio exits
- Individual loan trades
- “Private sale” process
- Advantages/Drawbacks

Public Debt

- U.S. High Yield Market
- TRACE
- U.S. Insider Trading Laws
- Advantages/Drawbacks

Individual Vessel Acquisitions

U.S. Bankruptcy Sales


- Asset sales
- Transparent process
- Robust sales effort
- Free & clear sale order
- Mitigate/eliminate liabilities
- Foreign comity and recognition

Competition

- PE/Hedge Funds with fleets and/or management partnerships
- Significant cash reserves and quality reputation with lending sources
- Outcome-oriented
- Drive the restructuring process
- Earned reputations

Restructuring Strategy

- Equity ownership in optimized capital structure
- Outright vessel ownership/control
- Advisors



Μπορεί να σας με ασφάλεια σπίτι για δίκαιη άνεμοι
“May the fair winds blow you safely home”

About the Speaker



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Robert Burns is the chair of the Bracewell & Giuliani Maritime Investment and Restructuring Practice. Bob has extensive maritime law experience starting with his position as general counsel of American Commercial Lines, where he advised the company on legal issues such as vessel acquisitions, charters, shipbuilding contracts, ship finance matters, regulatory compliance and international business development. He has also executed dozens of shipping transactions in the U.S., South America, Europe and Asia. Bob has served as counsel in several maritime restructuring matters, including company counsel to Marco Polo Seatrade, TMT Shipping, Trico Marine Services, Omega Navigation Enterprises, and several private shipowners in the United States, Germany, Greece, Asia, Denmark and Norway. On the investor side, Bob has served as counsel to, among others, bondholders in the OSG bankruptcy; an investment fund in the General Maritime bankruptcy; and German and Norwegian investors in the Sanko insolvency proceeding. Bob also represents corporate, private equity and hedge fund clients in the evaluation and execution of investment strategies in the U.S. and international shipping sectors.