

# Greek Color

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At the Piraeus Marine Club on the Akti Miaouli Wednesday night shipowners and financiers gathered to celebrate the next day's 8th annual Marine Money Greek Ship Finance Forum. The dinner, sponsored by **Navios Corporation**, was toasted by **Angeliki Frangou** and Marine Money's **Kevin Oates** while such shipping veterans as Angeliki's father, **George Economou**, **Stamatis Molaris**, **George Gourdomichalis**, **Mons Bolin**. Meanwhile **Mark Friedman** of **Merrill Lynch** and **Loli Wu** of **Citibank** both made it to Greece only days after successfully closing the **Danaos** deal. But we could go on some 345 times with names from the dinner and conference that took place at the Ledra Marriott on Syngrou.

A signal theme was the incredibly robust energy and size of the Greek shipping community and its open mindedness to finding the very best capital structure. Whether it was the smiling **John Coustas** of **Danaos** whose deal was done just last week, or the passion of **Stamatis Tsantanis** of **Top Tankers**, the energy level was high and the enthusiasm strong for the future.

Chief sponsor and partner **Fortis** opened the formal conference with a cautiously positive world economic review. **Guy Verberne** ran the audience through China and global trade and growth statistics that wanted to be cautious, but time and again was soberly positive.

**Matt Flynn** with HK and Singapore based **WorldYards** told the audience that Chinese yards, in their goal to be the world shipbuilding leader by 2015, had delivered 10.9 million dwt in 2005 and that additional capacity and efficiency gains added a further 15 million tons. At the same time Korean capacity was pushing out tonnage at ever growing rates and that the view that Japan was in decline was erroneous. Pointing also to newbuilding yards in Vietnam, Brazil, the Philippines and India, Mr. Flynn cautioned that tight supply is just an illusion.

**Clarkson's Vassilis Karakoulakis** enthusiastically spoke of the enormous potential ahead for the wet FFA market. With \$25 billion in dry side paper trades and only 7.5 billion on the wet side, he noted that companies like **Morgan Stanley** with their mix of trading, physical and TC business were indicators of future trends.

Coffee created a buzz that filled the hotel. The delightful mix of international players, coffee and smoke left an upbeat hotel lobby that was difficult to get back to their seats.

But it was worth it as the still critical element of debt finance was well delivered by **Vassilis Mantzavinos** from **Hypovereinsbank**, **Ulf Anderson** from **Nordea** and **Gust Biesbroeck** from **Fortis**. Vassilis left the audience with a prop - a closed umbrella promising

his bank would be there for the industry when markets turned and it began to rain. Ulf pointed out that global lending volumes grew 9% Q1 to Q3 in 2006. He did caution that if 2006 was a borrowers' market, well 2007 could see a shift to a lenders' market, but just somewhat.

Ulf also explained a bit about the Norwegian bond market and its \$4 billion activity in 2006.

Gust Biesbroeck raised issues faced by the industry when lending in the current Super Cycle and wondered if the trend towards more corporate style loans, hybrids he called them, would survive a market correction or if they would simply morph back to their more traditional secured asset backed loan roots. Challenging the audience he spoke about his bank's commitment to corporate sustainability and a bank's role in the maintenance of standards. This writer had never heard a bank speak publicly about this.

A panel on the industry's image moderated by **Jim Lawrence** and on which George Gourdomichalis, **News Front's David Glass**, **Seward & Kissel's Rob Lustrin** and **TEN's Harrys Kosmatos** agreed on two things during a spirited question and answer session: the industry is critical to world trade, and is slowly within an investor community at any rate recognized for that, but that more and more consistent work must be done with the general populace. Comments from the audience seemed to indicate that shipping companies singly were doing more than governments, associations or unions combined.

TEN sponsored a packed lunch where friends and family sat only at the end when all guests had found a seat. TEN Chairman **John Stavropoulos** graciously welcomed the guests and a sharp eye could see deals being discussed room wide.

The afternoon debated values, financing options from private equity to the London AIM and asked the question: Is public worth it?

There was little doubt that the answer was yes. Going public leads to growth, lower costs of capital, recognition by charterers, fuels efficient M&A and permit stronger competitive positions for those public.

Scrutiny and disclosure along with shareholder focus aside, if growth is a goal the markets are there.

Put together 300+ entrepreneurial businessmen and women and, well, only good things can happen. That was true in Greece today.