

7th Annual Marine Money Istanbul Ship Finance Conference Wednesday, 5th May 2010, Swissotel – The Bosphorus EVENT REPORT

Revised 13 May 2010

A year on and the mood in Turkey has changed.

On Wednesday 5th May, a glorious day, Marine Money and **Geden Line**, our Anchor Sponsor, held the 7th Annual Marine Money Istanbul Ship Finance Conference. Once more the Turkish shipping community turned out to show their solidarity, to enjoy the networking opportunity and to hear the latest news and views from our speakers and presenters. Indeed, **Mr. Metin Kalkavan, Chairman of the Executive Committee of the Turkish Chamber of Shipping** reminded the audience that it was Marine Money who had the first ship finance conference in Turkey in 2004 and that had started a trend.

Mr. Kalkavan, our keynote speaker, also mentioned how Turkey's banks have managed successfully to stay strong during the recent banking crisis and how inflation in Turkey is low and economic growth accelerating. In terms of shipping, Turkish owners have cancelled and postponed many orders and the general climate is brighter with the market improving and confidence returning.

Dr. Cyrus de la Rubia of HSH Nordbank suggested that the biggest problem today was sovereign debt with Greece, of course, being the one closest to home. However the emerging markets of the Far East should bring global growth figures to acceptable levels over the next year or two.

Dr. Jerzy Majewsky of HSH Nordbank advised that in terms of shipping there was always a two tier market. Whereas in the past the differentiation was in terms of pricing and other terms, today the differentiation is in terms of whether finance is or is not available. Full stop! The good deals with the strong players will get done at about LIBOR plus excess 250 – 300 bps and over a tenor of about 5 years. But generally shipping finance is very hard to get. A silver lining may be that some banks do have a budget for new finance for 2010, that some Far Eastern banks are making gentle moves into shipping, and that 2011 should be better.

Our first panel of the day was about Shipping Restructuring. The panel was led by **Dr. Klaus Dimigen of Ehlermann, Rindfleisch Gadow** and the panelists were **Dr. Dirk Lammerskotter of HSH Corporate Finance, Mr Albert Stein of AlixPartners, Mr. Hayri Cansever of Denizbank and Mr. Kevin Oates of Marine Money Greece.** Dr. Dimigen opened with a presentation about restructuring strategies and who the players are. The panel discussion focused on co-operation and the use of experienced advisers to not only act as a buffer between client and bank but also to be in a position to make concrete proposals which are workable. It was agreed that restructuring is a key component today of the relationship between banks and owners and that to date patience and co-operation had won through. A word of warning though



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from the banks. It is always more difficult to restructure second time around so owners must be willing to put more on the table as discussions get prolonged.

We then had presentations by **Mr. Georg Janssen of HSH Nordbank** on Dynamic Interest Rate Management, **Mr. David Barrow of Lloyds Registry** on Investing in Quality and by **Mr. Vijay Kamath of FSL Trust Management Pte Ltd** on whether there are investment opportunities in today's market.

And that brought us to the much awaited presentation from **Bank of China (Hong Kong) Limited**. **Ms. Catherine Tse** advised how BOCHK is independent of Bank of China and that they run their shipping operation as an independent unit. Although they financed 62 vessels in 2009 and were lead arranger on over \$3 billion of loans, the move towards western shipping companies is recent and Turkey is one of the first port of calls. Ms. Tse made it very clear that BOCHK is indeed willing to finance non-Chinese owners and those owners do not need to be buying Chinese built ships. This is news indeed and we will be watching closely over the next months the activities of BOCHK.

Our final panel was moderated by **Mr. Hansruedi Winter of Bayside Services** and the panelists were **Mr. Christian Nieswandt of HSH Nordbank**, **Mr. Antonios Backos of Watson, Farley & Williams(New York)**, **Mr. Christoph de Buys Roessingh of Global Ship Finance (HK)**, **Mr. Mehmet Mat of Geden Lines** and **Mr. Aslan Paksoy of FinShip Turkey**. The topic was the availability of finance and where would that finance come from. The tone was that finance is generally hard to come by although good companies with good projects can make more progress. Mr. Backos stated that three shipping companies have raised funds through public listings during 2010 and although market sentiment is not yet where he would like it, nonetheless this is an option for well run companies with good assets and a strong balance sheet. Mr. de Buys Roessingh, whose company is involved in senior and junior lending at high fixed returns, says that the lack of available lending has made mezzanine an interesting option for some owners, despite the high pricing.

The conference ended with a cocktail reception hosted by **International Registries / Marshall Islands** flag and in the evening a Bosphorus dinner cruise for speakers and invited guests, hosted by the **Kaptanoglu Family**.

Again Marine Money would like to commend HSH Nordbank for their very visible presence at the conference. We firmly believe that it is better to stand up and be counted, even if the message is not always pleasant, rather than hiding away and letting speculation talk. We also welcome the appearance of Bank of China (Hong Kong) and truly hope that some Turkish owners may find much sought after finance in the Far East. Why not, afterall. We are continuously hearing about the shift to the east.



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Participants Final List <http://www.marinemoney.eu/2010/istanbul/pdf/ListOfParticipants.pdf>
Audio and Visual presentations are available at <http://www.marinemoney.eu/2010/istanbul/program.htm>
Next year Marine Money will be back in Istanbul on Wednesday, 4 May 2011 with the 8th Annual Marine Money Istanbul Ship Finance Forum