Tuesday October 3, 2017

Lloyd's List
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Euroseas reveals merger talks with Poseidon

EUROSEAS, THE NASDAQ-LISTED dry bulk and containership owner, is exploring a merger of its growing boxship fleet with that of fellow Greece-based owner Poseidon Container Holdings.

If the two owners do tie the knot, it would result in a US-listed fleet of more than 30 containerships.

Poseidon, backed by George Youroukos-led Technomar Shipping, was launched in 2010 and sought its own US listing in 2015.

However, the initial public offering was pulled during the Chinese capital market meltdown, despite being fully subscribed.

Investment firms Kelso & Company and Maas Capital Investments have participated in Poseidon's ownership since inception.

Aristides Pittas-led Euroseas has been forthright about its interest in using its public company status to provide a consolidation platform in either the bulker or containers sector and says it could split its fleet into two public companies to facilitate a deal if it would benefit shareholders.

Euroseas and Poseidon have entered a non-binding letter of intent to potentially combine their respective containership fleets "under certain circumstances". But Euroseas said that discussions were "at an early stage".

Poseidon owns and operates 16 container vessels with an aggregate capacity of 86,332 teu. These include four feeder vessels, two panamaxes, four post-panamaxes and another six post-panamaxes described as being of new wide beam/high reefer capacity design.

If the merger goes ahead the agreement is likely to be based on the net asset value of the respective fleets.

"The possible combination may include a spinoff of Euroseas' container

assets into a standalone company or take the form of a different structure," the Nasdaq-listed company said.

Euroseas has significantly expanded its boxship fleet in recent weeks by taking over the fleet of former joint venture affiliate Euromar.

Having last month announced the purchase of two 2,506 teu vessels formerly under Euromar, the owner has now declared options to acquire two further vessels from the same fleet — the 2,556 teu EM Corfu and the post-panamax Akinada Bridge, both built in 2001. Delivery of the two ships is expected within this year.

Euroseas has taken control of several other vessels by acquiring "at nominal cost" the majority 85.7% interest in Euromar that was previously held by a hedge fund and a private equity firm, so that Euromar is now a 100%-owned subsidiary.

Euroseas says its containership fleet currently numbers 15 vessels of 34,044 teu.

Alongside the boxship fleet it owns a fleet of seven bulkers, including one kamsarmax newbuilding under construction.

Poseidon sponsor Technomar has also been investing heavily in the dry bulk sector and a spate of recent purchases is understood to have increased its bulker fleet to about 40 vessels.

NEWS

Hard Brexit could jeopardise UK flag expansion plan, warns Emanuele Grimaldi

BRITAIN's ambitious plan to double the size of the UK Ship Register could be seriously harmed by a hard Brexit, Italian shipowner Emanuele Grimaldi has again warned, with the reflagging of Atlantic Container Line's five newbuildings the worst-case scenario

Mr Grimaldi, who visited Downing Street during London International Shipping Week, said at the weekend that he would like to put more ships on the UK flag, but only if the terms under which the country leaves the European Union are acceptable to businesses such as his.

But there was also the risk that Grimaldi subsidary ACL, which is a Swedish-registered company, could switch its ships to another register if there was the threat of double taxation, restrictions on the movement of personnel, or other negative consequences.

ACL's G3 ships, which are now being scrapped after 30 years in service, were registered in Sweden, but their replacements, delivered over the past two years, all fly the UK flag.

Speaking during Grimaldi Group's annual EuroMed convention in Sardinia, Mr Grimaldi made it clear he regarded Britain as a major shipping nation that, he hoped, would remain a leading player within the European maritime community.

Grimaldi eyes port and ferry acquisitions

ITALIAN ro-ro specialist Grimaldi Group is actively pursuing port investment projects and keeping an eye out for shortsea shipping acquisition opportunities while remaining firmly focused on organic growth.

The family-owned business headed by brothers Gianluca and Emanuele Grimaldi, which is poised to sign a contract for up to 10 new ferries, is already heavily committed to a €2bn ($2.35bn) fleet expansion and upgrade programme. Nevertheless, the deep-pocketed shipping, ports, and logistics entity is still ready to buy other companies that fit with its core business built around the cargo and passenger ro-ro trades, managing director Emanuele Grimaldi told Lloyd's List.

The privately owned company's current operations are broadly concentrated on the Mediterranean and Atlantic trades, but Mr Grimaldi does not discount looking further afield, as long as any takeovers complement existing activities.

The Naples-headquartered group, which already has

extensive terminal interests, is in talks to expand in Savona, Livorno, and Venice in Italy, as well as Malmö in Sweden, Mr Grimaldi revealed in a wide-ranging interview at the weekend during Grimaldi's EuroMed convention.

These would be in addition to 20 port facilities in 12 countries that Grimaldi already owns, including terminals in Valencia, Antwerp, Hamburg and Lagos.

But in an industry that is rapidly consolidating, it is the ferry sector where there is probably the most potential for takeover opportunities, although Mr Grimaldi acknowledged that those of interest to his company did not appear to be keen to sell right now, despite poor financial results that made it impossible to replace elderly ships with modern tonnage.

Vessels are outpacing EEDI targets, study warns

THE MAJORITY of containerships and general cargo newbuildings already surpass energy efficiency targets for 2025, a study has found.

Brussels-based non-governmental organisation Transport & Environment, which holds consultative status in the International Maritime Organization, produced and published the study. It has called for a modification in shipping's Energy Efficiency Design Index.

The EEDI is an IMO-bred standard aimed at enhancing the global fleet's energy efficiency levels through improved ship design and construction. Currently in its first phase, which lasts from 2015 to the end of 2019, the EEDI forces all vessels built during each phase to be at least 10% more efficient than the average fleet of their type, based on that fleet's average CO2 emissions per tonne mile generated between 1999 and 2009. This average is also known as the reference line.

The second EEDI phase comes in 2020, during which vessels have to be between 15% and 20% more efficient than their reference lines. The third EEDI phase takes that to 30% and is expected to begin in 2025 but that date is not yet set in stone.

Following up on its assertions that the EEDI is not ambitious enough, T&E found that 71% of containerships built between 2013 and 2017 are already compliant with 2025's 30% requirement, as are 69% of cargo carriers, 26% of tankers and 13% of gas carriers. Noticeably, however, less than 1% of bulk carriers are currently compliant with the forthcoming third phase obligation.

T&E argues that the standards should be amended. Instead of using the average, the EEDI should be based on the performance of the top 10% of highest performers in each vessel category.

OPINION

Why does shipbuilder Yangzijiang need more cash?

WHY would a shipyard that already has enough cash want to raise even more funds? That is exactly what Singapore-listed and China-based Yangzijiang Shipbuilding has just done.

As of the first half of this year, China's largest privately owned shipyard had Yuan6.3bn ($953m) in cash and cash equivalents, Yuan6bn of current held-to-maturity financial assets, Yuan1.1bn of current available-for-sale financial assets and Yuan724m of financial assets at fair value, according to figures from OCBC Investment Research.

The yard was already in a net cash position and financially robust. This was before going to the market for a cash call.

At the end of August, the group announced that 137m new shares, representing 3.6% of its existing share capital, would be placed out at S$1.53 ($1.13) per share to raise net proceeds of S$209m.

It said up to half of the proceeds, or S$104.5m, would be used to fund new investments and business expansion through acquisitions, joint

ventures and/or strategic alliances. The remainder was to be used for working capital and general corporate purposes such as repayment of bank borrowings.

Market observers have suggested that buying the remaining 20% stake in Yangzi Xinfu – one of its major yards – is a possibility.

However, the company already possesses significant resources within China, so does it require extra capital from a cash call by its Singapore-listed arm for that purpose?

Instead, the fundraising may have to do with capital controls and the opportunity to make an overseas acquisition.

A significant portion of Yangzijiang's liquid assets are likely to be with its units in China and a slowing domestic economy has prompted the country to reduce cash outflows by imposing tighter capital controls. What is more, the group is also involved in financial investment and ship leasing activity, which can tie up significant capital.

So, if there are opportunities overseas, a cash call by its Singapore-listed arm makes sense. The surge in contracts in the third quarter suggest the yard may even exceed its expectation that new orders will almost double this year to $1.5bn from $823m in 2016.

However, it may be able to accommodate the order flow with existing capacity because last year's drop in orders amid weak market conditions indicate capacity was not fully utilised. Rather, as it looks forward, it may even try to acquire more expensive technology expertise in liquefied natural gas carriers.

It gave a hint in its second quarter results, noting potential demand in the realm of specialised vessels such as LNG carriers and oil tankers, while International Maritime Organization environmental regulations coming into effect in the days ahead would boost demand for environmentally sustainable vessels.

ANALYSIS

Rising Mozambique coal exports open new trades for bulkers

MOZAMBIQUE's rising coal exports are expected to open new trades to Asia, aiding capesize bulkers in particular, as port investments are finally coming good, enabling the larger vessels to finally call. Although Mozambique's coal exports are projected to be one tenth of the 150m tonnes that Australia ships, the additional tonne-miles to countries such as India, Japan, China and South Korea offer the promising prospect of additional bulker demand.

Meanwhile, the World Bank is seeing rising GDP, thanks to the country's recovering coal industry, and the government expects coal to overtake aluminium as the highest export earner incoming years.

MARKETS

US crude exports and tanker fixtures hit new record in September

US crude oil has set a new record for vessel fixtures and exported volumes in September, helping boost tanker demand and drive up very large crude carrier spot rates for another consecutive week.

Other supporting factors last week included robust West African and Middle Eastern markets, supported by high activity in advance of China's Golden Week holidays.

Declining vessel supply growth key to dry bulk market uptrend

ALTHOUGH the Baltic Dry Index has been scaling new heights of late, fleet growth in the dry bulk sector is beginning to subside. The good news is that everything points to continued market strength.

Maritime Strategies International concludes in its third-quarter market analysis report that "even when set against declining growth in demand, the contraction of fleet growth will support an improvement in dry bulk vessel earnings".

NEWS IN BRIEF

El Faro's master was mostly to blame for ship's demise, says US Coast Guard

THE US Coast Guard's Marine Board of Investigation has concluded that the loss of El Faro and all its crew was mainly due to oversight on the part of shipowner Tote Maritime as well as the vessel's master. A report by the board found that Tote had failed to ensure safety of marine operation and provide tools and protocols for accurate weather observations, among a list of other shortcomings. El Faro's master, the late Capt Michael Davidson, was blamed for a series of mistakes such as failing to carry out his responsibilities and duties as master, as well as a lack of complete understanding of certain operations on board the vessel. According to the report, the vessel's crew were also in violation of USCG regulations that required deck officers get a minimum of six hours' rest in the 12 hours immediately before a vessel starts its sea voyage.

CSAV is raising $280m via share issue to up Hapag-Lloyd stake

CSAV is planning a 6.1bn share issue as it seeks to raise more cash to boost its stake in Hapag-Lloyd. The Chile-based shipping line will begin the share sale on October 10 and complete it by November 8. It expects to raise up to $280m in proceeds from the transaction, which will be used to increase its stake in the German line to 25% following the latter's merger with United Arab Shipping Co in May this year.

Navios' plan to buy FSL Trust stake has fallen through

SINGAPORE-listed FSL Trust's proposed share transaction with Navios Maritime Holdings has been terminated after both sides failed to reach an agreement on the terms of the deal. The scuppered agreement leaves FSL going it alone in the search for refinancing measures to provide long-term stability amid volatile vessel values.

In April this year, the company had inked an agreement for Navios Maritime Holdings to purchase a 24.4% stake in the trust along with another $20m convertible loan that could raise the shareholding up to 50.1%.The trust, which is controlled by key stakeholder HSH Nordbank, has a fleet of 22 vessels, composed of five containerships, 12 product tankers, three chemical tankers and two crude oil tankers.

DP World is looking at more port infrastructure projects in Africa

DP WORLD is engaging the governments of African nations as it works with them to develop ports-related infrastructure projects in the region. One of the projects in Senegal will begin constructing Port Du Futur by the end of 2018 as well as drawing up land allocation plans for the nearby free trade zone. The upcoming project is being developed as a multipurpose port with an attached economic and logistics zone next to the Blaise Diagne International Airport.

DP World aims to reach a stage at which there will be free movement of cargoes to aid the nation in economic diversification, and to ramp up non-resource exports. What is more, it will also come up with a master plan to redevelop the old Dakar port.

For classified notices please view the next page.

IN THE SUPREME COURT OF GIBRALTAR
ADMIRALTY JURISDICTION

2017 – ADM - 010

Admiralty action in rem against:
The vessel M/V DIOSA

Between:

GIBRALTAR PORT AUTHORITY

Claimant

and

THE OWNERS OF THE M/V DIOSA

Defendants

Notice is hereby given as follows:-

1. The vessel herein, namely "Diosa", has been ordered to be sold by order of the 24th day of July 2017, of the Honourable Mr. Justice Dudley, Chief Justice.

2. Proceeds of sale have been deposited and paid into Court.

3. The order of priority of the claims against the proceeds of sale will not be determined until after the expiration of the period of 60 days from today's date.

4. Any person with a claim against the ship, or the proceeds of sale thereof, on which he intends to proceed to judgment shall do so before the expiration of the period above described.

Dated the 29th day of September 2017.

Admiralty Marshal

IN THE SUPREME COURT OF GIBRALTAR
ADMIRALTY JURISDICTION

2017 – ADM - 011

Admiralty action in rem against:
The vessel M/V DIOS

Between:

GIBRALTAR PORT AUTHORITY

Claimant

and

THE OWNERS OF THE M/V DIOS

Defendants

Notice is hereby given as follows:-

1. The vessel herein, namely "Dios", has been ordered to be sold by order of the 24th day of July 2017, of the Honourable Mr. Justice Dudley, Chief Justice.

2. Proceeds of sale have been deposited and paid into Court.

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Dated the 29th day of September 2017.

Admiralty Marshal

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GREEK SHIPPING AWARDS 2017

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Athenaeum InterContinental, Athens

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