~~Sanko IPO still on track~~

~~Sanko Steamship, Japan's fourth largest shipping group and currently a private entity, has said that it remains committed to previously stated plans to join the Tokyo Stock Exchange by means of an initial public offering later this year. Despite the recent slump in dry bulk earnings, it is awaiting clearance of its application, although company sources say the final timetable for the move has not been determined yet.~~

~~After a surge in net profit to ¥36.2Bn ($376M) on turnover of ¥140.7Bn in the first six months to 30 September 2008, Sanko is expecting a much tougher second half in line with the other major Tokyo-based shipping groups.~~

~~Nonetheless, the company is sufficiently confident about the year-end results, due in May, to press on with its plans, despite watching the share prices of its larger rivals, NYK, Mitsui OSK (MOL) and 'K' Line, falling substantially since last autumn.~~

~~COMPANY PROFILE:~~

~~**Full company name:** Sanko Steamship~~
~~**Founded:** 1934~~
~~**Capital:** ¥11.88Bn ($123.75M)~~
~~**Headquarters:** Tokyo~~
~~**International offices:** New York, New Orleans, Vancouver, Singapore, Sydney, London, Rotterdam, Rio de Janeiro, Mumbai, Manila~~
~~**Employees:** 166 (shore staff)~~
~~**Fleet:** 170 vessels – 87 bulkers, 57 tankers, 9 LPG, 17 offshore~~
~~**On order:** 118 newbuildings – 59 bulkers, 22 tankers, 2 LPG, 35 offshore~~

~~According to Sanko's fleet list, the company currently operates a fleet of 170 vessels, with 118 newbuildings on order. When all the new ships have been delivered, Sanko will be the direct owner of about 80 units. Sanko famously became Japan's largest shipping bankruptcy in the mid-1980s when it overstretched its finances by gambling on an upturn in the Handysize market that never came. Banking sources, however, say that the rehabilitated company has built a strong financial base under the leadership of Takeshi Matsui over the past decade and has generally taken a conservative approach to risk, by keeping its gearing and vessel costs relatively low.~~

~~Part of its planning has included reducing its overall exposure to the dry market by diversifying into such other areas as Aframaxes, MR product tankers and particularly offshore vessels. A fleet replacement programme is also under way to update and expand Sanko's position as a leading niche operator of box-shaped Handysize and Handymax tonnage. Since the start of the downturn last summer, the company has revised its dry~~

General cargo vessel *Sanko Rally* in Hamburg

Seanergy Maritime buys itself time

Seanergy Maritime Holdings (NASDAQ symbol 'SHIP') began its operations in late August during the tumultuous 3Q of 2008, emerging from a blank-cheque company launched a year earlier. Sticking close to dry bulk, Seanergy went on to acquire two Panamaxes, two Supramaxes and two Handies from companies within the Restis group. The ships were then put back on charter to Restis affiliate South African Corporation, for one year, with expiries in late 2009. This arrangement gave Seanergy enough running room to fit into the popular template for listed shipping companies – one that could provide its investors with a healthy dividend.

For the reporting period through the end of December 2008, Seanergy's operating income was a healthy $17.3M on revenues of $35.3M. However, the inopportune timing of Seanergy's launch as a listed entity necessitated that it take offsetting impairment charg-

Seanergy Maritime fleet

Vessel name	Class	Dwt	Built	Delivery date	($/day)	Expiry
Bremen Max	Panamax	73,503	1993	11 Sept 2008	$65,000	Sept 09
Hamburg Max	Panamax	72,388	1994	25 Sept 2008	$65,000	Sept 09
Davakis G	Supramax	54,051	2008	28 Aug 2008	$60,000	Sept 09
Delos Ranger	Supramax	54,051	2008	28 Aug 2008	$60,000	Sept 09
African Zebra	Handysize	38,632	1985	25 Sept 2008	$36,000	Sept 09
African Oryx	Handysize	24,110	1997	28 Aug 2008	$30,000	Sept 09

Total: 6 vessels; 316,676 combined dwt; 11 yrs average age

Photo: Dietmar Hasenpusch

~~chartering strategy, reducing the percentage of its fleet on spot downwards from over half to around 40%, by fixing more ships out for longer term employment.~~

~~The tanker division is mainly focused on long-term chartering out and has therefore maintained steady earnings.~~

~~For the time being, the company has also suspended tonnage procurement through direct orders or chartering in, except for ships to cover short-term cargo requirements.~~

es. Its reported results reflect an impairment charge (albeit non-cash) of $44.8M in the aggregate, mainly against 'goodwill', an accounting measure generated when Seanergy emerged from the chrysalis of the earlier blank check entity. After considering the impairment, 'SHIP' reported a $32M loss during the four month accounting period.

Seanergy has gained a respite from its bankers, Marfin Bank. At end 2008, Seanergy's $378M balance sheet included roughly $212M of debt. CFO Christina Anagnostara said: "We have successfully received a waiver on our market-value-to-loan covenant indicative of the excellent relationship we have with our bankers. As part of this waiver, the bank put a temporary restriction on dividend payments."

This step allows cash reserves to continue building up. In fact, in the earnings release, Anagnostara said cash had grown from $27.5M, at the end of 2008, to $44M nearly three months later. At this point, Seanergy management is taking a wait-and-see attitude about its chartering strategy going forward. Company chairman Dale Ploughman, in a Capitallink interview, said "In general, we are period-oriented and we seek the stability of long-term cash flows. However, depending on market conditions, we may temporarily delay entering into period employment."

Daily costs

Average TCE rate	$49,362/day
Vessel operating expenses	$4,636/day
Management fee	$566/day
Total vessel operating expenses	$5,202/day

(28 August 2008 -31 December 2008)

Ploughman expressed long-term bullishness about the dry bulk market, and offered a possible chartering strategy as follows: "We expect the market to firm up a bit in the second and third quarters of 2009 and… we may enter our Supramax and Handysize vessels into period employment and keep the Panamaxes on spot… until the market improves."

Company shorts

DP WORLD POSTS STRONG RESULTS

TERMINAL operator DP World has posted strong yearly results, but warned of a challenging year ahead. Consolidated throughput grew to 27.7M teu in 2008, up 15% on 2007, and revenue grew by 20% to $3.2Bn. EBITDA rose 22% compared with the previous year to reach $1.34Bn with margins of 40.8%. After tax profits increased by 48% to $621M.

MPC CAPITAL DEFERS PLACINGS

LISTED KG house MPC Capital has been able to postpone a number of equity placings for ships after negotiating delivery delays with the shipyards.

The project delays should give MPC additional breathing space in the current market freeze. "Private investors have lost confidence in the financial and capital markets," and there are no signs of a return in demand yet, the group said. However, the number of delayed shipbuilding projects was not revealed.

HAPAG SEEKS COST REDUCTION

GERMAN container line Hapag-Lloyd has launched a €365M ($492M) cost cutting plan, according to former parent group TUI. The travel group, still holding a 43.3% share in Hapag after its spin-off to the 'Albert Ballin' consortium, said savings would come from the discontinuation of charter parties and further service closures, particularly in the Asia/Europe trade.

NYK SLASHES PROFITS FORECAST

NIPPON Yusen Kaisha said its prediction for profits has dropped for the fiscal year ending 31 March 2009.

Japan's largest shipowner revised its earnings forecast to ¥14M ($142.7M) – which was a sharp drop from the ¥73M predicted last year. NYK said falling freight volumes and a downturn in the market caused some of the losses.