

# Waiting for distressed buying opportunities

THE PAUCITY of transactions suggests a frozen market, defined by wide gaps between the price ideas of willing buyers and willing sellers. Asset bottom-fishers continue their patient vigils, believing that market-clearing prices will ratchet downward. Besides financial funds, a number of mainstream listed owners have been building their war chests for distressed buying opportunities. These include Overseas Shipholding Group and General Maritime Corp (in the tanker trades) and Diana Shipping and Navios (in the dry bulk arena).

Developments on the money front, portending structured financial S&P deals, will move to centre stage. The Grandunion group (Zolotas/Fistes) will gain three Capesizes from Aries Maritime through a share issue. The Navios offshoot, a partnership, has raised \$32M (net), with one use of proceeds being 'fleet expansion', posi-

tioning it to execute a previously announced 'dropdown' from the Navios parent company of a Capesize newbuilding. Euroseas, which has already been a buyer in 2009, is currently raising approximately \$30M in a stock offering (tied to a July 2008 shelf filing). For now, though, monied buyers wait backstage.

The scant sales activity centered on smaller bulk carriers. Unnamed buyers took the 48,910dwt craned bulker (5 holds/ 5 hatches) *Shangor* (built 2001, Nantong), for \$23M, while Turkish owners purchased the 2002-built *Ocean Predator*, with a similar configuration (built at Hakodate) for \$23.5M. This price was described by brokers at CR Weber as "a price which signals a downward shift in the prices for this market segment". The Handysized *Orient Saori*, 30,835dwt Japanese-built (1997), managed to get \$14.5M from unnamed Greek buyers. *Queen Asia* (built



1996, 28,350dwt) was reported sold to Vietnamese buyers, for around \$14M. Another Handy, the 1984-built 23,423dwt *Sumana Naree* showed up on broker reports, sold within India for \$4.3M.

Across the spectrum of shipping sectors, sentiment is generally weak. The tanker sector, in particular, has shed optimism from earlier in



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### Container & Multipurpose

**CAPITAL QUEEN** (General Cargo Ship): sold by Jinyang Shipping Co, South Korea, to undisclosed interests, \$5.75M. 1995. 8,689dwt, 6,271gt. Built Shin Kurushima, B&W.

**OCEAN EMERALD** and **OCEAN MERMAID** sold *en bloc* by Cido Shipping (HK) Co, Hong Kong, to undisclosed interests, Germany, \$43.00M. **OCEAN EMERALD** (Container Ship): 2008. 22,314dwt, 18,123gt, 1,700TEU. Built China Corp. MAN-B&W/19kt. **OCEAN MERMAID** (Container Ship): 2008. 22,314dwt, 18,123gt, 1,700TEU. Built China Corp. MAN-B&W/19kt.

**ROYAL PISCES** (General Cargo Ship) *ex-Durban*: sold by SKS (Ship), India, to undisclosed interests, \$2.20M. 1992. 4,562dwt, 3,972gt, 221TEU. Built Sedef Gemi Endustrisi A.S. B&W/12kt.

**VIKING** (Passenger/Ro-Ro Cargo Ship) *ex-Superseacat Two*: sold by Uni-bank A/S, Denmark, to undisclosed interests, Greece, \$7.50M. 1997. 340dwt, 4,662gt. Built Fincantieri-Cant. Nav. Italiani, Ruston/38kt.

### Bulkers

**ECO PROGRESS** (Bulk Carrier): sold by Fukusei Sangyo, Japan, to undisclosed interests, Turkey, \$13.50M. 2003. 18,820dwt, 11,349gt. Built Hakata. B&W/13kt.

**QUEEN ASIA** (Bulk Carrier) *ex-Ansac Ace*: sold by San-E Maritime, Japan, to undisclosed interests, Vietnam, \$14.00M. Last Sale: \$18.00M (2004), 1996. 28,350dwt, 16,761gt. Built Imabari. Mitsubishi/14kt.

**SUMANA NAREE** (Bulk Carrier) *ex-Seabrand*: sold by Precious Shipping Public Co, Thailand, to undisclosed interests, India, \$4.30M. Last Sale: \$8.70M (1993), 1984. 23,423dwt, 13,854gt. Built K.K. Uwajimasho, Mitsubishi/14kt.

**URANA NAREE** (Bulk Carrier) *ex-Handy Light*: sold by Precious Shipping Public Co, Thailand, to undisclosed interests, Far East, \$4.00M. 1983. 33,005dwt, 20,122gt. Built Minami-Nippon. Mitsubishi/15kt.

### Tankers

**EFFIE MAERSK** (Crude Oil Tanker): sold by A P Moller, Denmark, to undisclosed interests, \$64.00M. 2000. 307,190dwt, 159,187gt. Built Hyundai HI Co Ltd, Sulzer/16kt.

**EL PHOS** (Crude Oil Tanker): sold by Nippon Yusen Kaisha (NYK Line), Japan, to undisclosed interests, Middle East, \$12.50M. 1996. 68,790dwt, 41,401gt. Built Namura Co Ltd, Sulzer, 14,081bhp/15kt.

**MARINA** (Crude Oil Tanker): sold by Dynacom Tankers Management, Greece, to undisclosed interests, \$97.50M. 2009. 299,999dwt, 160,598gt. Built Hyundai HI Co Ltd, MAN-B&W, 33,907bhp/16kt.

**NAUTICA SEGAMAT** (LPG Tanker) *ex-Kelso*: sold by E A Bunkering Services Sdn Bhd, Malaysia, to undisclosed interests, Thailand, \$4.10M. 1991. 3,999dwt, 3,493gt. Built K.K. Usukisho, Mitsubishi, 3,400bhp/14kt.



Photo: E.Yoon

**The \$23.5M price for the 2002-built *Ocean Predator* may indicate a downward shift in prices for smaller bulkers**

are valued at \$64M. What will drive the prices lower? Karatzas noted further that: "Many market analysts think that it's only a matter of time before the few transactions at low levels will become the new standard, and with market pressures piling up, asset prices might trend to even lower levels."

When asked about the future, Karatzas told *Fairplay* that shipping is full of uncertainty, but cautioned that: "The fact that tanker owners and companies are, in general, better capitalised and managed than dry bulk companies has not managed to absolve the sector; on the contrary, the strength of the tanker owners implicitly ensures that the tanker orderbook will probably be delivered in its entirety."

The demolition sector has seen two tankers committed to Bangladesh; *Grand Lady*, a VLCC (built 1981, 33,086ldt) achieved \$370/ldt, while owners of the product carrier *Anawan* (11,092ldt) agreed \$393/ldt.

CR Weber's overview would seem to suggest that "the Indian sub-continent has gone from strength to strength, leaving China lagging behind. Prices in India and Pakistan have been firming in the last two weeks and are on a par with those in Bangladesh, at least as far as dry tonnage is concerned."

Chinese deals included *OOCL Fair* (built 1987, 14,731ldt), done at \$208/ldt. A scrap deal, for *Captain Valentin K* (built 1983, 5,680ldt), into Turkey, was reported at \$174/ldt.

the year. Basil Karatzas, managing director for projects and finance at Compass Maritime, told *Fairplay*: "Although the financial markets have slowly started thawing and trade finance has become available, the trade of oil, and thus tanker freight rates, has dropped precipitously since March 2009."

Karatzas, who carefully examines both freight and asset markets, added: "Throughout much of the shipping cycle, any decline in freight rates was not necessarily reflected on asset prices as owners were reluctant to lower their asking prices. However, the recent decline in tanker freight rates, in a weak macro environment, has indicated a direct and significant relationship on the value of tankers."

Newly reported deals were minimal. *New Ambition* (built 1987, 89,000dwt), from Koyo, was said to have gone to Sea Maritime for \$5.3M. The buyers of *River Spring* (Aframax, built 1997, Namura), previously reported sold, are now said to be companies related to Sanmar (India). CR Weber's analysts, pointing to the softening in the sector said: "Despite [the low prices] some buyers are making moves, perhaps feeling that prices are reaching levels well worth investing in."

Vessel prices for tankers, which had resisted the asset drops, now have some fresher lower benchmarks, following a flurry of activity several weeks ago. Based on a three-ship deal, tied to a Pertamina tender, newly built VLCCs are pegged at \$98M, while 10-year-old units

**SANKO UNITY** (Crude Oil Tanker): sold by The Sanko Steamship Co (Sanko Kisen), Japan, to undisclosed interests, \$64.00M. 2000. 298,920dwt, 159,577gt. Built Kawasaki HI Ltd, B&W, 22,931bhp/16kt.

**UNIVERSAL HOPE** (Crude Oil Tanker) *ex-Eugen Maersk*: sold by Hyundai, South Korea, to undisclosed interests, \$42.00M. 1993. 299,700dwt, 158,475gt. Built Odense Staalskibsvaerft, Mitsubishi, 28,824bhp/14kt.

**UNIVERSAL PEACE** (Crude Oil Tanker) *ex-Emma Maersk*: sold by Korea Ship Finance Co (KSF), South Korea, to undisclosed interests, \$47.00M. 1995. 299,700dwt, 158,475gt. Built Odense Staalskibsvaerft, Mitsubishi/14kt.

**Newbuilding Resales**

**SPP SACHEON S5037** (Chemical/Oil Products Tanker) *Tbn-HOPE I*: sold by undisclosed interests, to undisclosed interests, United States of America, \$36.00M. 2009. 50,000dwt, 30,000gt. Built

SPP Plant & Co Ltd, MAN-B&W, 11,510bhp.

**MITSUI CHIBA 1764** (Bulk Carrier): sold by Dampskibsselskabet 'Norden' A/S (Steamship Company 'Norden'), Denmark, to undisclosed interests, Greece, \$36.50M. 2009. 56,000dwt, 31,250gt. Built Mitsui Chiba Works, MAN-B&W, 10,956bhp/14kt.

**MITSUI CHIBA 1782** (Bulk Carrier) *Tbn-NORD PROGRESS*: sold by Dampskibsselskabet 'Norden' A/S (Steamship Company 'Norden'), Denmark, to undisclosed interests, Greece, \$37.10M. 2009. 56,000dwt, 31,759gt. Built Mitsui Chiba Works, MAN-B&W, 10,956bhp/14kt.

**SLS SHIPBUILDING 510** and **SLS SHIPBUILDING 511** sold *en bloc* by undisclosed interests, to undisclosed interests, Hong Kong, \$66.00M. **SLS SHIPBUILDING 510** (Chemical/Oil Products Tanker) *ex-Glenda Mara*: 2009. 51,000dwt, 30,000gt. Built SLS Co Ltd, MAN-B&W, 10,956bhp. **GLENDAMARLENE** (Chemical/Oil Products Tanker) *Tbn-SLS SHIPBUILDING 511*: 2009. 51,000dwt, 30,000gt. Built SLS Co Ltd, MAN-B&W, 10,956bhp

**Sold for Demolition**

**GRAND LADY** sold *en bloc* by TMT Co, Chinese Taipei, to TMT Co, Chinese Taipei, \$12.84M (388.00/ldt) **GRAND LADY** (Crude Oil Tanker) *ex-Bloom Lake*: 1991. 281,794dwt, 156,215gt. Built Hitachi Corp, B&W, 20,612bhp/14kt.

**ICE BELL** (Refrigerated Cargo Ship) *ex-Avila Star*: sold by undisclosed interests, \$2.05M (320.00/ldt), 1976. 11,093dwt, 10,012gt, 16TEU. Built Smith's Dock, B&W/24kt.

**TENORA** (Bulk Carrier) *ex-Morias*: sold by Priamos Maritime SA, Greece, \$1.75M (308.00/ldt), 1977. 21,743dwt, 13,409gt. Built Sumitomo HI, Sulzer/16kt.

All details given in good faith but without guarantee