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Keeping it in the family

We take a look at what was said in the market in the last week.

"With only limited sale and purchase activity in the dry bulk market, public company acquisitions could provide for large scale fleet purchases vs smaller one-to-two vessel transactions. Furthermore, the current discounts to market values may provide for accretive or opportunistic transactions."



Deutsche Bank analyst, Justin Yagerman, sees the DryShips – OceanFreight deal as potentially starting a trend.

A George Economou deal is again proving controversial.

(DB talks up M&A)

"We believe some of DryShips' new shareholders that have gotten involved in the name to gain exposure to the company's deepwater drilling business could be somewhat disappointed that the company is giving away part of its ownership in Ocean Rig in order to increase its exposure to the dry bulk shipping market, and the severely overtonnaged capesize VLOC market in particular."

Doug Mavrincac of Jefferies suggest at least some shareholders will be less than enthusiastic about DryShips' decision to use shares in its Ocean Rig drilling business to part fund a takeover of OceanFreight

(Offshore upset at DRYS?)

"Given the severe oversupply in the capesize sector, and our general bearish outlook for the next 18-24 months, we don't suggest this is necessarily a good thing."

Natasha Boyden of Cantor Fitzgerald sounds a note of caution in an "All in the family" report on DryShips takeover of OceanFreight but she keeps a buy recommendation on the stock.

(Street scours DRYS swoop)

"This transaction is a unique opportunity for DryShips to acquire a modern high-quality fleet at close to low cycle prices with protection from the weak spot market through medium to long-term charters. Furthermore, with attractive financing in place, this means we use relatively little of our dry powder."

But no worries about the transaction from DryShips chief operating officer, Pankaj Khanna.

(No cape concern for DRYS)

"I think that's suicidal."

But Top Ships Evangelos Pistiolis is less optimistic about the dry market. He sees continued ordering of bulk carriers creating a bigger downside than upside.

(Top Ships selling off bulkers amid 'suicidal' over ordering)

"We have had Vale officials at our shipyard checking the vessels and they are very satisfied, so we are very pleased we could have more VLOC orders....I do not think there will be any problems with taking these vessels to Chinese ports. Vale will need to conduct negotiations with the port

authorities and the Chinese government, and then it will have no problems."

Yang Zhizhong of Bohai Shipbuilding Heavy Industry looks forward to more 405,000-dwt very large ore carriers (VLOC) orders from Brazilian mining group Vale and sees no problem about trading these giants to China.

(Vale move adds to the dry blues)



Top Ships prefers a safer game.

"The result of the overbuilding 'on spec' during the peak of the booming market two years ago is becoming apparent now, as the influx of vessels has suffocated any rate firmness that could have been generated by the rejuvenation of global oil demand."

Nikolas Tsakos of Tsakos Energy Navigation fears oversupply has put a lid on improvement in the tanker market until well into next year.

(TEN feels tanker pain)

"We don't think there is much room for newbuilding prices to drop further, as long as the price of steel remains firm and if you couple that with modern tonnage second hand tonnage, I can't speak for the older ships, but modern second hand tonnage we think are somewhat linked to those newbuilding prices and so we think there's a floor."

John Wobensmith of Baltic Trading is however hopeful that increased scrapping will help bring the bulk carrier market into balance.

(Baltic's crystal ball)

"When they give Davie subsidies and preferential treatment, it's like we're being eaten by piranhas. Why always subsidise the losers?"

Denise Verreault of Groupe Maritime Verreault is less than enthusiastic about a government backed bailout of Canada's Davie Yards.

(Davie rival bites back)



Denise Verreault is feeling the bite.

"This is nothing dramatic from our point of view. People leave all the time in shipbroking," "We are rebuilding our dry-cargo operation in the area into a much larger outfit, including the expansion in Australia. Some people didn't like the move and therefore they are leaving."

Wilhelm Holst of RS Platou takes a relaxed attitude to the departure of seven brokers from its Singapore team.

(RS Platou Singapore loses eight brokers) and (Holst plots Asia push)

"We could have followed the herd and set up in Singapore or Hong Kong but it is much cheaper to be based in Bangkok and we have many clients here."

Lighthouse Navigation founder Helge Bruns on why Bangkok is the place to be.

(Newcomer avoids following the 'herd')

"We are getting a double benefit. We are saving a lot of money on this deal but we hope the higher retention will change attitudes and make people realise they have to take responsibility. If something bad happens we are going to take the consequences..... Whether the market was soft or hard we would have done this. We are saying we are confident in our operation."

Richard Adler of Ultragas on the South American shipping group's decision to retain substantially more hull & machinery risk despite a soft market.

(Ultragas scores savings of 30%)

"We are still focussed on smaller vessels but our mantra that we are a club for smaller and specialised vessels has never been truer."

Charles Hume of the Shipowners' Club on how the biggest vessels in the small ship club has crept past the 40,000-gt mark.

(Specialised tonnage in Shipowners' Club's sights)

"We have been growing the business since 2007 and slowly realised that a lot of the jobs were being combo'ed together, which means they need the heavylift, the pipe-laying, as well as the SURF work. We had five or six assets coming up, so we said, either we sell it all to a company like Technip or Saipem or we go and acquire a company to build up the SURF expertise."

Not sure about the heavylift and pipelaying but Lionel Lee of Ezra Holdings is enthusiastic about SURF. Sounds fun until one realises it is something that takes place in the deep a long way off the beach.... subsea umbilicals, risers and flowlines!

(Ezra subsea arm fattens job backlog)

"Do we want to be sitting on a 25,000 or 30,000-ltd ship when we don't know what is around the corner?"



Not Lionel Lee's sort of surf.

Steve Wansell of demolition buyer Mideast Shipping & Trading says big tankers are still being offered for scrapping in Bangladesh.

(Bangladesh recycling in fresh chaos)

By [Jim Mulrenan](#) in London

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