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There is a world of difference between the sources and types of financing enjoyed by public shipping companies and those open to private shipping companies. Nothing has emphasized the difference more than the shutting of the asset based loan markets this year and last. All shipowners, both public and private, have experienced the refusal of lenders to provide new financing for projects. At the Marine Money conferences, the responses of the commercial bankers to the question whether they were loaning new money has ranged from the sincere, “no”, to the slightly insincere “if we can”.

In addition, we have seen virtually no public equity flow into the private shipping companies during 2008 and 2009 as the IPO door shut and then reopened ever so slightly.

Compare and contrast the situation in 2009 of the public shipping companies. They have found all kinds of financing (except, of course, the missing bank financing). The public shipping companies have conducted:



- **At the market offerings**, where their shares have been sold into the market gradually, over many days, weeks or even months, and in amounts that have grown very large
- **Follow-on marketed offerings**, where underwriters have taken the already public companies through a process similar to an IPO, with prospectuses and roadshows, but much more easily and quickly
- **“Bought deals”**, where the investment bankers have actually agreed to assume the market risk in a public offering of shares.
- **“Registered direct” offerings**, where the bankers as agents have publicly offered shares directly to institutional investors in SEC registered transactions
- **Offerings of convertible notes**, in which there are extremely few maintenance covenants and few incurrence covenants, and interest rates are low
- **High-Yield, or “junk bond” offerings**, with tenors of up to ten years, with virtually no maintenance covenants, and payments of interest only, with no amortization of principal
- **Private deals**, in which the public companies have received investments from private equity funds

I am sure I am leaving some out. So, the moral is: Forget the old days of ample bank loans with low margins. Those days are over. During 2008 and 2009, if you needed money, it was definitely worth it to be public.