



Hellespont Shipping chief financial officer Joachim Brack (left) and company director Mike Kennedy.
Photo: ADAM CORBETT

HELLESPONT SHIPMANAGEMENT REACHES A FULL TURNAROUND

PAPACHRISTIDIS-BACKED, HAMBURG-BASED OUTFIT POSITIONS ITSELF TO REINVEST IN STEEL

Adam Corbett **Hamburg**

THE PAPACHRISTIDIS family controlled Hellespont Shipmanagement has recovered its balance sheet and is earning enough profits to start thinking about investing in steel again.

The company moved its business to Hamburg in 2003 in pursuit of KG (limited partnership) funding for its fleet and, after a successful start, was hit by the general shipping downturn and collapse of one of its main charterers, Sanko Steamship.

A restructuring took place that changed its business model. A strong in-house management and crewing team were deployed to develop third-party management in a move that is now earning profits.

Company director Mike Kennedy, who moved from Athens to help make the switch, says at his heart Hellespont still thinks of itself as a shipowner but was determined to keep its management resources after the demise of the owned fleet.

"Our business model is that we still think of ourselves as owners but shipmanagement allows us to retain the expertise and most staff. From an ISM point of view, top management is here in Hamburg," he said.

The company still has a strong technical presence in Athens, crewing in the Philippines, and offshore management from Singapore. There are 26 ships on its books comprising 10 tankers, nine bulkers and seven offshore supply vessels. It is also providing a range of services from back-office work to crewing and newbuilding supervision.

The company is considering how to grow its third-party managed

fleet but likes the idea of maintaining a manageable size. "This is always a discussion we have. I am for quality rather than quantity — we treat every vessel as if it was our own," Kennedy said.

Chief financial officer Joachim Brack says management has made the company financially secure. "We had the KG misery but we have now achieved a full turnaround, we are profitable, free of debt and residual obligations, and the company is 100% owned by the Papachristidis family. There is no external investor for now," he said.

But with the company wanting to maintain its identity as a shipowner, it says it is ready to invest with an eye to the capital markets to secure funding.

"We are looking to invest again and newbuildings cannot be excluded. We see chances coming from distressed assets and the yard problem in Asia. We are waiting and observing the markets and when the moment is right we are ready," Brack said.

"We have sources of financing but for the long run our goal is always to have access to the capital market for public debt and equity. This is also one of the goals we have on the agenda," he added.

Brack believes that Basel IV banking regulations are also making it more difficult for lenders to hold onto problem loans and that is going to result in more distressed assets coming onto the market this year.

He says Hellespont will be ready to make its move when the right deal comes along. "In the years before, banks were prepared to do warehousing. Nowadays, they would rather opt for a sale and take a hit rather than putting it [problem loans] aside," Brack said.

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