

Restructuring to rise again



GERMAN shipping faces an even bigger capital challenge this year than in 2009, a leading maritime tax consultant warned today.

The number of one-ship companies heading for a financial restructuring between equity interests and ship lenders is likely to double in relation to the first phase of the financial crunch in 2009-10, according to Thomas Mattheis, senior auditor and tax consultant with TPW Todt & Partner in Hamburg.

“If it was 300-400 KG vessels that underwent restructuring last time,” he told Fairplay and other reporters in Hamburg, “we are now probably looking at 700-800. It’s a dramatic situation, unless we see a market recovery very soon.”

Contrary to the last wave of restructuring, when primarily box ships were affected, today there are more bulk carriers and tankers beset by liquidity shortfalls, he pointed out.

In most cases, mutual solutions between owners and KG shareholders, banks and new investors should still be possible, Mattheis allowed, explaining that banks were often reluctant to execute foreclosures and sell ships because of low market values and lack of buyers.

One of the obvious concessions KG funds would expect to be granted by banks would be a lengthening of mortgage loan maturities from previously 12 years to 15-18 years, he explained. About 10% of all KG vessels have their maturities extended already, according to TPW estimates.

“Generally, the banks are taking pains to find mutual solutions with their clients,” noted Mattheis, who expects many KG general meetings in spring where fund managers will seek approval for further capital increases and debt restructurings with banks.

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Michael Hollmann

mph Pressebüro Hollmann

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