



Petrofin Research©

by Ted Petropoulos

1st Part of 2013 Petrofin Research ©

2013 – Research and Analysis: Greek shipping companies

This year marks the 16th year of Petrofin Research into Greek shipping

Petrofin Research© are pleased to announce the release of the first part their 2013 Greek shipping research.

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A. RESULTS AT A GLANCE

- 1. Fewer companies by 28 down to 690, or a 3.9% annual decline**
- 2. Overage fleets of 20 years+ are down by 57 or 8.26% annual decline**
- 3. 15-19 vessel fleets are up by 13**
- 4. 25+ vessel fleets constitute nearly half of the Greek total in DWT terms, although they number only 35**
- 5. Over 1m ton owners are up to 71.33% of the entire fleet**
- 6. Consolidation in numbers of companies continues**
- 7. Economies of scale and market conditions favour larger companies**
- 8. Smaller companies continue to struggle**
- 9. Over the last 16 years of Petrofin Research, the overall number of Greek companies has declined by 25%**

There follows a detailed presentation of this year's research.



B. Greek shipping companies and their numbers since 1998

Another 28 companies leave shipping, down to 690 from 718 last year

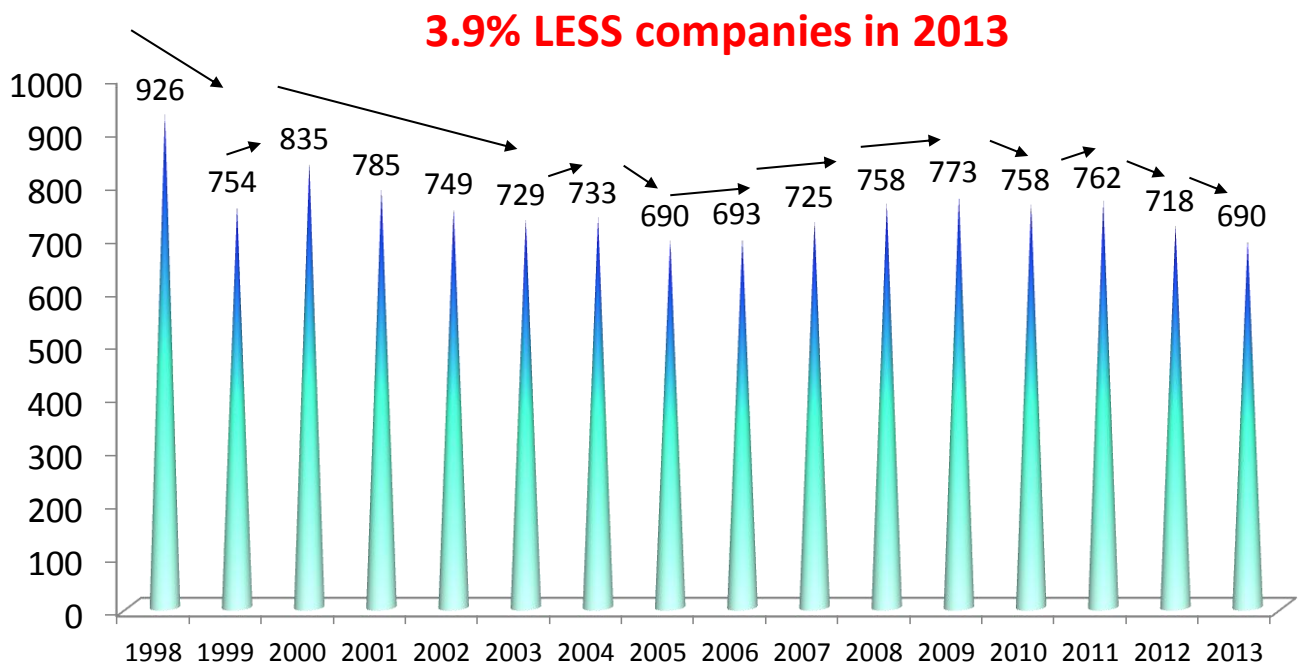
Graph 1



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Number of Greek Shipping Companies in operation – 1998 to 2013

18.57% LESS companies in	1999	4.7% MORE companies in	2007
10.74% MORE companies in	2000	4.55% MORE companies in	2008
5.98% LESS companies in	2001	2% MORE companies in	2009
4.6% LESS companies in	2002	2% LESS companies in	2010
2.7% LESS companies in	2003	0.5% MORE companies in	2011
0.5% MORE companies in	2004	5.77% LESS companies in	2012
6.23% LESS companies in	2005		
0.4% MORE companies in	2006		



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The advantages of economies of scale have been instrumental in setting a long-term trend of consolidation. This can be seen in the above Petrofin Research © statistics over the past 16 years. However, there are other influences that affect the rate of decline. In good market years, i.e. 2004-2009 the long term trend was overwhelmed by short terms market influences and the total numbers rose. However, in the last 5 years, the combined shipping recession and lack of appetite by banks to support the small to medium owners has added pressure to the long term declining trend. In short, small owners of average vessels have not been able to obtain finance to finance new purchases. Against the trend, a number of ex-owners and shipping families have exploited the market opportunities to re-enter shipping or to set up on their own.



C. Greek shipping companies and their fleet SIZE

To facilitate the analysis, please note that Greek companies are divided into the following fleet SIZE groups:

Group A (25+ vessels), Group B (16-24 vessels), Group C (9-15 vessels), Group D (5-8 vessels), Group E (3-4 vessels), Group F (1-2 vessels)

So, between 1998 and 2013, the breakdown of the actual numbers per Fleet Size Group has been as follows:

Table 1

GROUP	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
A (25+ vsls)	19	19	23	19	24	25	31	26	28	29	32	31	31	34	35	35
B (16-24 vsls)	11	25	22	29	25	31	36	36	30	35	32	35	33	37	37	29
C (9-15 vsls)	68	76	85	82	84	69	59	52	64	63	70	80	80	65	54	60
D (5-8 vsls)	149	143	140	134	128	138	141	131	137	126	125	123	103	111	113	117
E (3-4 vsls)	196	166	189	172	170	158	155	157	146	165	159	161	171	165	167	154
F (1-2 vsls)	483	325	376	349	318	308	311	288	288	307	340	343	340	350	312	297
Total number of companies	926	754	835	785	749	729	733	690	693	725	758	773	758	762	718	690

- The overall number of Greek shipping companies is down by 28.
- This further fall is translated into -3.9%
- 1-2 vessel companies are down by 17, 3-4 vessel companies are down by 13 and 16-24 are down by 8.
- An increase by 6 companies is shown in the 9-15 vessel companies and by 4 the 5-8 ones. The biggest fleets remain the same.

Looking at the numbers per sector over the last 16 years we wish to comment as follows:

- The overall number of Greek companies has fallen to 2005 levels, despite the dynamic growth of the fleet, especially in DWT terms.
- The smaller company numbers are approaching their lowest years of 2005 and 2006.
- The two top categories show either no change or a drop.
- The middle ones are getting stronger.

Recession continues and uncertainty plus absence of ship finance make the decision to enter or re-enter shipping at its lowest point quite difficult.



In Table 2 below, we note the percentage of the Greek fleet held by each company **size** in terms of their numbers.

Table 2

	Percentage of the Greek fleet held by companies according to their size						
Year	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies	Totals
1998	52.16%	21.17%	16.09%	7.34%	1.19%	2.05%	100%
1999	43.1%	22%	18.9%	10.1%	3.4%	2.5%	
2000	45%	22.6%	16.8%	10.2%	2.6%	2.8%	
2001	44.45%	22%	17%	10.45%	3.7%	2.4%	
2002	42.45%	22.69%	17.08%	11.21%	3.37%	3.2%	
2003	42.24%	21.66%	18.92%	9.45%	4.25%	3.48%	
2004	42.43%	21.14%	19.24%	8.06%	4.9%	4.23%	
2005	41.73%	22.75%	18.99%	7.54%	5.22%	3.77%	
2006	41.55%	21.07%	19.77%	9.24%	4.33%	4.04%	
2007	42.34%	22.76%	17.38%	8.69%	4.83%	4%	
2008	44.85%	20.98%	16.49%	9.23%	4.22%	4.22%	
2009	44.37%	20.83%	15.91%	10.35%	4.53%	4.01%	
2010	44.85%	22.55%	13.6%	10.55%	4.35%	4.1%	
2011	45.93%	21.66%	14.57%	8.53%	4.85%	4.46%	
2012	43.4%	23.2%	15.7%	7.5%	5.1%	4.8%	
2013	42.75%	22.32%	16.95%	8.69%	4.2%	5.07%	

The two smaller size fleets have dropped their share of the total of the Greek fleets, the two middle sizes have strengthened their presence, whereas the top ones remain fairly stable.



Company fleets in terms of Tonnage

In Table 3 we see that in terms of DWT, for 2013, an entirely different picture emerges from that of Table 2:

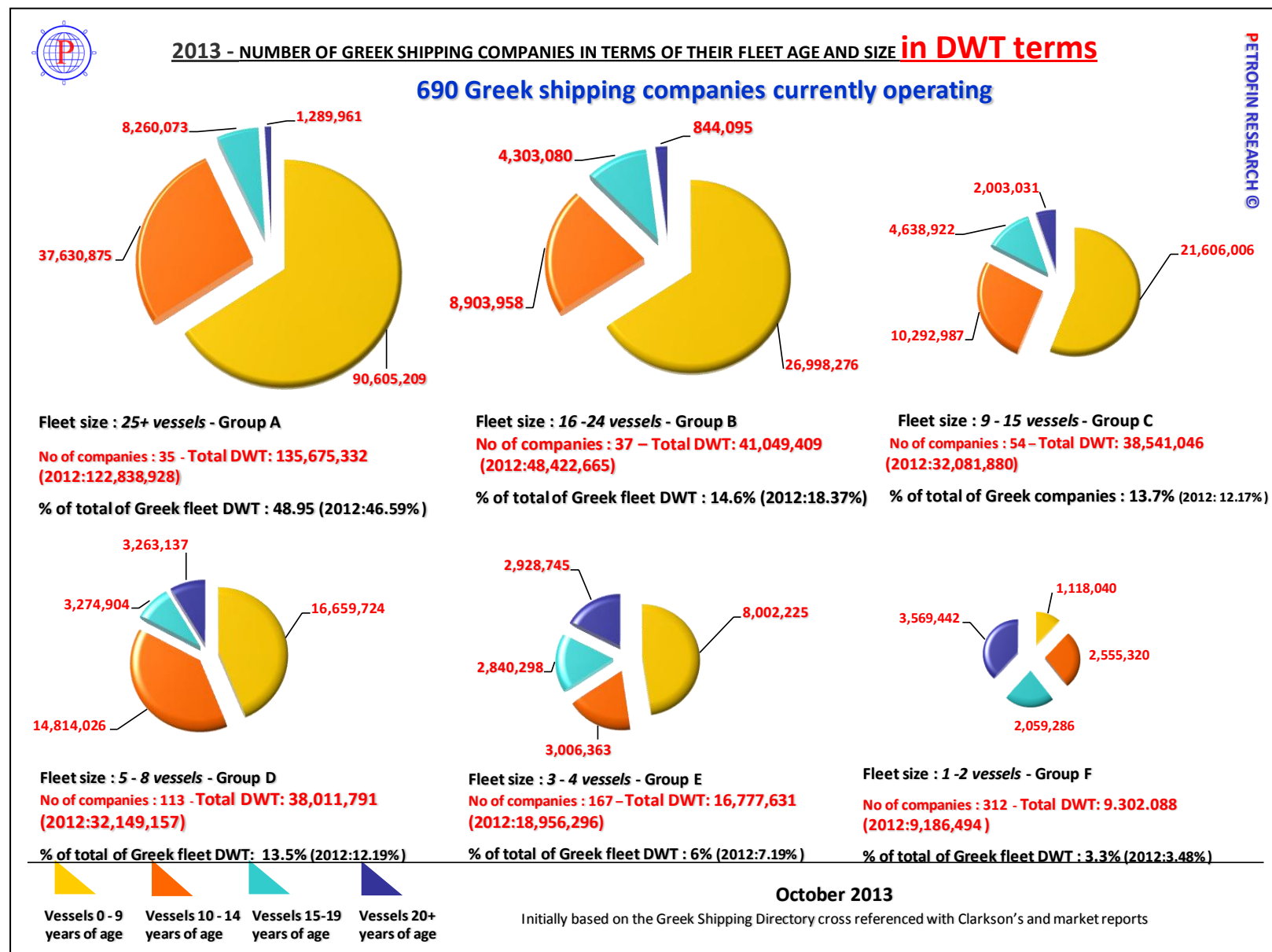
Table 3: Fleet percentage held by each size Group in DWT terms

	1-4 vessel fleets	5-8 vessel fleets	9-15 vessel fleets	16-24 vessels fleets	25+ vessel fleets
2010	11.67%	10.15%	16.96%	18.96%	42.27%
2011	11.17%	10.35%	12.76%	20.68%	45.04%
2012	10.67%	12.19%	12.17%	18.37%	46.6%
2013	9.27%	13.5%	13.7%	14.6%	49%

The biggest fleets increases their market share by 2% more of the entire Greek fleet, with the 5-8 and 9-15 vessel fleets following with 1.42% more and 1.63% respectively. The smaller fleets have lost 1.36% of their share whereas it is notable that 16-24 vessel fleets have lost 3.67%.

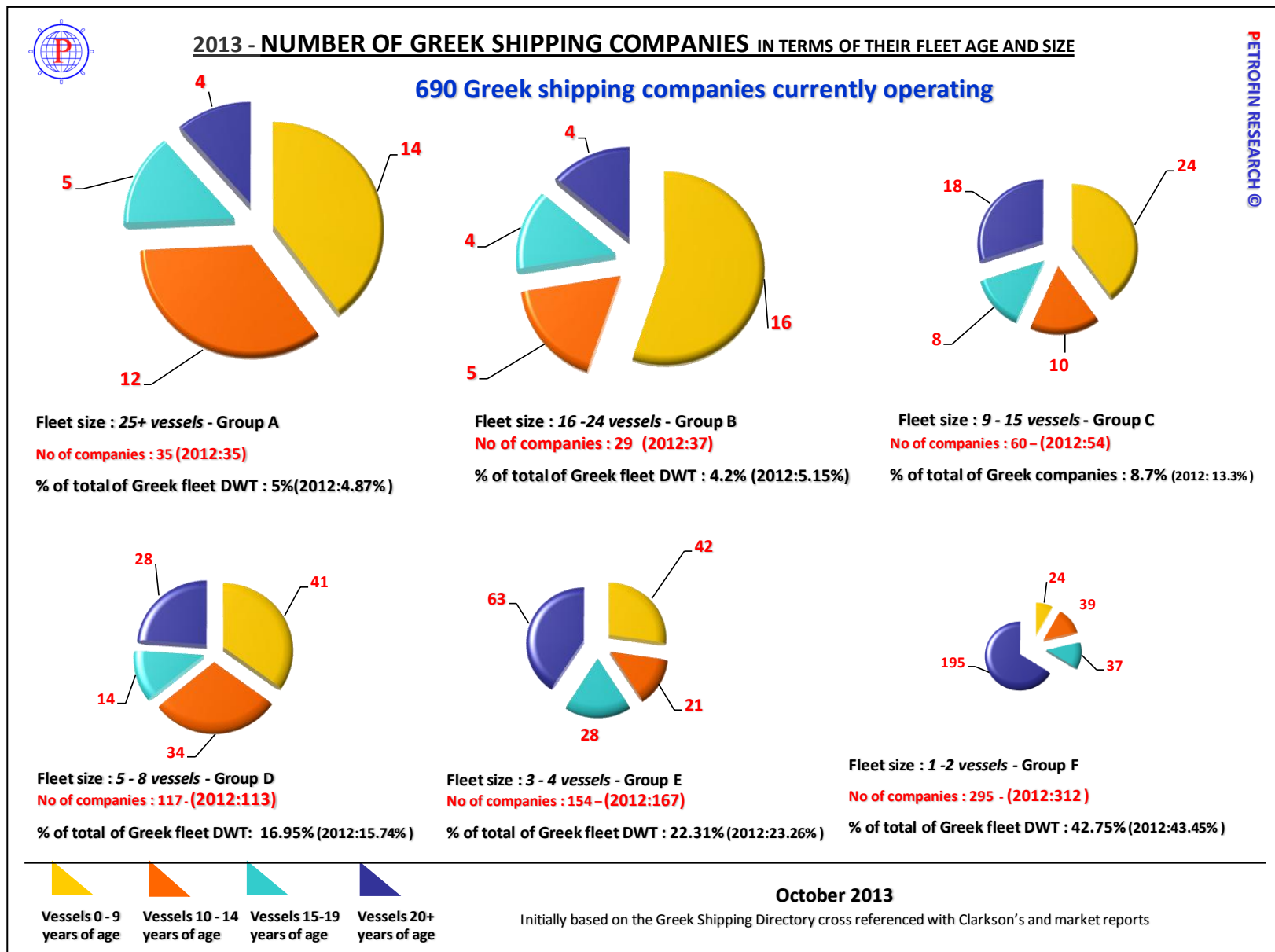


Graph 2





Graph 3





D. Top 30, Top 50 and Top 70 fleets

Table 4

	Top 30	Top 50	Top 70	Total fleet
2007	104,049,575	106,551,097	147,429,915	208,001,159
	50.02%	51.23%	70.88%	
2008	111,643,505	139,772,288	157,349,073	222,368,331
	50.21%	62.86%	70.76%	
2009	118,473,829	147,699,624	166,380,212	237,288,216
	49.93%	62.24%	70.12%	
2010	123,195,698	157,247,298	175,831,037	242,802,092
	50.74%	64.76%	72.42%	
2011	133,219,034	164,584,202	185,644,178	256,174,041
	52.00%	64.25%	72.47%	
2012	139,088,078	172,621,328	193,407,761	263,635,420
	52.8%	65.5%	73.4%	
2013	155,066,892	188,918,600	209,510,387	281,467,983
	55.09%	67.12%	74.3%	

1m DWT companies

This year, the owners with over 1m DWT are 61, whose characteristics are shown below:

Table 5: Details of the over 1m DWT companies

	Number of over 1 million ton companies	Number of vessels	DWT tonnage	Average Vessel DWT	Average vessel age	% of the Greek fleet
2011	62	1764	178,495,577	100,617	8.56	69.7%
2012	60	1769	184,692,854	104,405	8.7	70%
2013	61	1848	201,305,030	108,931	8.6	71.33%

The above tables provide overwhelming evidence of the consolidation trend, whereby the top 10% of the companies now own close to 75% of the total.

The 1m ton companies have invested massively, as is evidence by the risk of their owed tonnage from 178.5m DWT to 201.3m DWT in just 2 years.



E. Greek shipping companies and their fleet AGE

The overall age of the fleet

Age has come down at a slower rate this year to **14.05 years old** from **14.7** years in 2012, compared to **15.9** years in 2011, and **16.64** years of age in 2010, down from **17.6** in 2009, **18.4** in 2008, **18.71** in 2007, **19.14** in 2006 and **23** years in 2005. This steady downward age trend does not only reflect the influx of newbuildings, but most definitely the sale, and rising scrapping trend of the older vessels.

The overage fleet

Over 30 year old fleets have reduced down to **158** from 166 in 2012, 187 in 2011 and 205 in 2010. The percentage of vessels of 30 years and above has reduced from 24.54% in 2011 to 12.54% in 2012 to **11.68%** in 2013.

*To enable closer analysis, please note that Greek fleets are divided into the following age groups:
0-9 years of age, 10-14 years of age, 15-19 years of age and 20+ years of age*

Table 5a: Fleets of 20+ years of age

	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies	Totals
2013	195 ↓	63 ↓	28 ↓	18 →	4 ↓	4 →	↓ 312
2012	219 ↓	84 ↓	36 ↓	18 ↓	8 ↑	4 ↑	↓ 369
2011	245 ↓	92 ↓	38 ↓	26 ↓	7 ↓	3 ↓	↓ 411
2010	252 ↓	101 ↓	50 ↓	36 ↑	10 ↓	6 ↓	↓ 455
2009	270 →	106 ↓	67 ↓	31 ↓	11 →	10 ↓	↓ 495
2008	270 ↑	116 ↓	68 ↑	33 ↓	11 →	11 ↑	↑ 509
2007	256 ↑	123 ↑	67 ↓	34 ↓	11 ↑	10 ↑	↑ 501
2006	239	103	72	37	9	7	467
2005	238	116	82	27	14	7	484
2004	258	112	80	35	11	10	506
2003	256	119	84	38	11	10	518
2002	262	134	81	49	10	10	546
2001	292	133	94	46	14	11	590
2000	302	138	89	45	10	9	593
1999	253	130	91	40	13	11	538
1998	No comparable data - in 1998 15-19 and 20+ year old vessels were calculated together						

A further reduction by 57 companies this year follows last year's reduction by 42 in the sector of 20+ year old fleets for each category. Overage fleets continue their steep decline.

Table 5b: Fleets of 15-19 years of age

	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies	Totals
2013	37 ↑	28 ↑	14 ↓	8 ↑	4 →	5 ↑	96 ↑
2012	30 ↓	25 →	15 ↓	5 ↓	4 ↓	4 ↓	83 ↓
2011	36 ↓	25 →	16 ↑	8 ↓	6 ↓	5 ↑	96 →
2010	42 ↑	25 ↑	11 ↓	10 ↓	7 ↓	1 →	96 ↑
2009	31 ↑	17 ↑	17 ↑	13 ↑	8 →	1 ↓	87 ↑
2008	28 ↑	16 ↓	14 ↓	10 ↑	8 ↓	3 ↑	79 →
2007	23 ↑	18 ↓	20 ↓	6 ↑	10 ↑	2 ↓	79 ↑
2006	14	22	22	5	8	3	74
2005	20	14	20	8	10	3	75
2004	20	28	31	9	13	5	106
2003	24	23	29	17	12	7	112
2002	33	22	31	21	6	9	122
2001	35	27	24	22	6	6	120
2000	47	35	33	24	7	7	153
1999	48	26	33	23	7	7	144
1998	No comparable data as in 1998 15-19 and 20+ year old vessels were calculated together						

A small increase in this age range by 13 fleets, catching up with the year before.

Table 5c: Fleets of 10-14 years of age

	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies	Totals
2013	39 ↑	21 ↓	34 ↑	10 ↓	5 ↓	12 ↑	121 ↓
2012	36 ↑	24 ↓	30 ↑	12 ↓	9 ↑	11 ↑	122 ↑
2011	32 ↑	27 ↑	21 ↑	13 ↑	7 ↑	4 ↓	104 ↑
2010	14 ↓	26 ↑	17 ↑	11 ↓	4 ↓	7 ↓	79 ↓
2009	16 →	22 ↑	16 ↓	14 ↑	6 ↑	9 →	83 ↑
2008	16 ↑	15 ↑	21 ↑	13 ↑	4 ↓	9 ↓	78 ↑
2007	13 ↓	13 ↓	20 ↓	9 ↓	7 ↑	10 ↓	72 ↓
2006	18	14	22	10	6	13	83
2005	14	19	13	9	8	12	75
2004	14	11	15	7	7	11	65
2003	11	10	18	7	6	7	59
2002	10	8	9	8	7	5	47
2001	8	5	11	9	5	2	40
2000	14	8	13	11	3	6	55
1999	10	4	15	10	2	1	42
1998	14	8	15	14	2	2	55

This year, this Group shows stability compared to last year's increase by 18 companies.



Table 5d: Fleets of 0-9 years of age

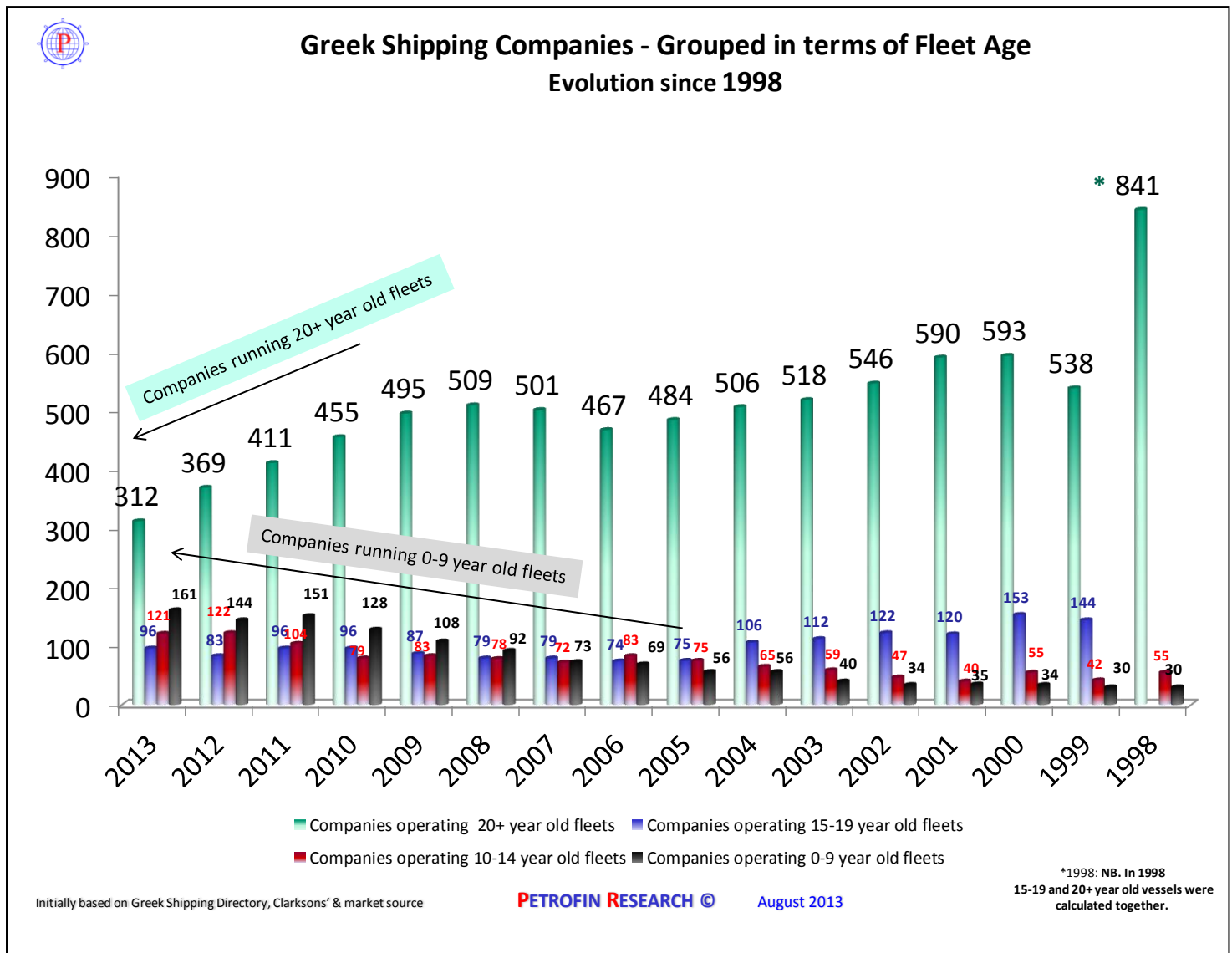
	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies	Totals
2013	24 ↑	42 ↑	41 ↑	24 ↑	16 →	14 ↓	161 ↑
2012	27 ↓	34 ↑	32 ↓	19 ↑	16 ↓	16 ↓	144↓
2011	37 ↑	21 ↑	36 ↑	18 ↓	17 ↑	22 ↑	151↑
2010	32 ↑	19 ↑	25 ↑	23 ↑	12 ↑	17 ↑	128↑
2009	26 →	16 ↑	23 ↑	22 ↑	10 ↑	11 ↑	108↑
2008	26 ↑	12 ↑	22 ↑	14 →	9 ↑	9 ↑	92↑
2007	15 ↓	11 ↑	19 ↓	14 ↑	7 →	7 ↑	73↑
2006	17	7	21	12	7	5	69
2005	16	8	16	8	4	4	56
2004	19	4	15	8	5	5	56
2003	17	6	7	7	2	1	40
2002	13	6	7	6	2	0	34
2001	14	7	5	5	4	0	35
2000	13	8	5	5	2	1	34
1999	14	6	4	3	3	0	30
1998	16	5	5	1	2	1	30

The youngest fleets are up by 17 making up all the lost ground from last year. Last year's purchases of newbuildings and very young vessels is beginning to show, although in this research we do not encompass orders younger than those to be delivered in the following year (built up to 2014).



In Graph 4 we see a collective graph of the above results.

Graph 4



Companies in black (0-9 years of age) are on the rise again, up by 17.

The expected fall in the other end of the age range has continued this year too. Companies running overage fleets are down by 57. Up by 13 are the 15-19 year old fleets.



Trends and Prospects

Taking into account the significant pressures bearing down on Greek shipping, the latest Petrofin research points out to a reasonable resistance to such negative perspective and an ability of Greek shipping to grow regardless.

In addition to the 5 years of bad shipping markets, decimated vessel values and earnings, defaults in loan covenants and the 'Greek crisis', Greek shipping had to adapt to a harsher financial, regulatory, operational and technical environment. This was achieved in part by Greek owners' ability to adapt and take advantage of change, as well as massive new capital injections, demonstrating a profound commitment to shipping and investment in new eco and green vessels. Moreover, there has been considerable diversification into LNGs, LPGs and offshore vessels.

Part of the credit must go to the shipping banks, which despite the bad markets, loan defaults and their own problems continued to support and believe in Greek owners. This has resulted in hardly any bankruptcies. Hence, banks also contributed to the above success.

Lastly, we must make a specific reference to the substantial fresh equity injected into shipping by mainly US equity funds who have identified shipping as a classic turnaround opportunity.

To a very large extent, the current Greek order book consisting of approx. 360 vessels, coming from 38 to 40 different shipowners, (Source: Naftiliaki) shall ensure further growth of Greek shipping in the years to come.

Growth should not be confused with wellbeing, as the poor shipping markets do not allow for meaningful returns to equity presently. Hence, all this investment is a huge commitment to shipping and a risk that the market shall recover soon.

A recent technical rally in the cape sector has produced some much needed smiles in Greek lips, although the recovery may be short lived, as the fundamentals are still against a meaningful recovery. What impact the above technical rally might do is to impede the true recovery prospects, as it will fuel yet more orders, delay scrapping and increase even further the already sizeable surpluses in most sectors.

As the banking and shipping market remain hostile for the small owners, in the next years, we anticipate a further diminution of the one-to-two vessel sector and strengthening of the 'big players'.

As long as the prospects and, hopefully, the reality of a shipping recovery shall remain intact, equity investors are expected to maintain their interest in Greek shipping and the considerable investment potential it offers. Should their expectations, though, be dashed, the end game for many Greeks / investor schemes may be problematical.

Greek owners across all sizes have been long awaiting for banks to redistribute vessels within their loan portfolios. There have been some notable examples: Navios/HSN and a number of



non-publicised asset transfers. However, on the whole, such asset redistribution has been very limited.

The number of Western active ship lending banks has remained very small indeed. Owners are trying to thread the cotton line, in an ever decreasing thimble opening where less than 1 in 10 initially promising loan applications make it to drawdown.

The potential demand for newbuilding finance remains very high with the Chinese and, to a lesser extent, Koreans covering but a small part of the demand. Many owners have had to delve deep into their pockets to meet delivery instalments.

Despite all the above, confidence in Greek shipping is rising and most owners believe that a recovery is only but a matter of time



Methodology

Petrofin Research © has been publishing for 16 consecutive years the detailed profile of the **entire Greek-owned/Greek-based Shipping Companies and Fleets**. Thus, a trend line since 1998 has been established regarding the overall number of Greek Shipping Companies as well as their fluctuation and profile in terms of size of company and the respective age of their fleets.

The basic source used for this study is the 2013 Greek Shipping Directory, cross-referenced with Clarkson's and other market sources. As we do every year, market reports and data on Greek fleets are extensively used to double-check fleet and company data, as well as the numerous additional industry sources that we use every year.

Our total industry data covers all vessels and all vessel types are included in the total statistics for Greek-based shipping and shipping companies. However, in the second part, specific research is conducted separately into **tankers, bulkers and container vessels**, which are the vessel types upon which the Greek industry largely focuses.

Research Criteria

1. Only the Greek-owned/Greek-based fleets are taken into consideration. This also includes the Groups that operate abroad, provided they have an office in Greece.
2. We have taken into account newbuildings that have a date of delivery up to and including 2014 only, as it is not certain that all Greek newbuilding orders for 2015 onwards shall materialise, due to cancellations, sales and delays.