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quantity as well as reduced financial cost (i.e. no financial guarantees) to the yard resulting from their relationship.

Interestingly, these huge commitments have put little real strain on the company's balance sheet. Working capital has always been thin reflecting the fact that the bulk of the vessels are on time charter which hire is paid in advance.

From a leverage standpoint, net debt at Euros 1,174 million is high. However this has to be put in the context of a Euro 450 million debt reduction resulting from the disposal of the port business. In addition the balance of the debt of Euros 724 million includes Euros 458 million associated with installments for vessels under construction that are not yet generating offsetting revenues.

The company has three main business risks: crew availability, interest rates and the rising Euro. Since the latter two are out of his control, Mr. de Chateaufieux is focused on crew and safety. Although he is hurt by dollar income, he notes that he is benefiting from the fact that newbuilding prices are quoted in dollars.

Although we slightly overstayed our appointed time, we found our conversation with our engaging host to be highly informative. This is surely a company you should keep your eye on.

Hamish Norton, Managing Director Investment Banking, Jefferies & Company

Mr. **Norton** is both excited and challenged by his new opportunity at Jefferies. He now runs and is responsible for the largest dedicated shipping group in the industry with a global presence, including offices in New York, London, Houston and Singapore. His strategy is "simply" to expand the client base and the range of transactions while associating the bank with only the highest quality clients. To accomplish this, he will take the infrastructure his predecessor, John Sindors, put together but only started to enjoy the fruits of, and get it working at peak efficiency.

The attraction of Jefferies for Mr. Norton was its huge commitment to the industry and its infrastructure. In addition to having the dedicated group of real shipping specialists, Jefferies is the largest trader/market maker in shipping securities and has a strong specialist research department led by Doug Mavrinac who is recognized as one of the leading analysts in the industry. It also didn't hurt that the Chairman of Jefferies Executive Committee, **Brian Friedman**, has an extensive shipping background starting at **Furman Selz**.

The importance of experienced personnel cannot be underestimated whether selling internally or externally. In the latter instance, it allows the client and the bankers to focus on the deal rather than the

process of educating personnel. And it certainly doesn't hurt the internal sale when Mr. Friedman is present to support the transaction. For example, Mr. Norton mentioned that Jefferies is currently working on a bridge loan for a friendly shipping company takeover. Jefferies was the only bank that could provide the bridge given its strong balance sheet. Bearing in mind the general difficulties of arranging a take out today; it certainly helps to have a friendly face at the board meeting when you are betting the firm's money.

All, however, is not smooth sailing. Mr. Norton will have to deal with the possible political issues resulting from the overlap of marine with the oil and gas side of the business. In addition, Jefferies sales force is largely institutionally focused. According to Mr. Norton, this is not a negative as both debt and equity are largely institutional with retail largely tax-driven. Even today shipping MLPs are targeting sales to institutional buyers. With shipping companies paying no taxes, there is no unrelated business taxable income and no tax return to file making this paper attractive to institutions unlike domestic MLPs.

And what does Jefferies get? Mainly they have hired an experienced banker who has seen the dark side. He has demonstrated prowess in structuring deals and has been an innovative force in new structures including the application of the MLP to shipping. But more importantly he has been through the bad times and learned the importance of dealing with the right people and structuring deals properly knowing that the cycle has not disappeared. He grinned when he noted that it is easier today to order a ship today from a yard that doesn't exist than from one that does. Perhaps a precursor to some interesting times ahead. There is a maxim that anyone can lend money; the trick is in getting back with interest. This hasn't been a concern in the last few years. However if the cycle does return, Jefferies will be glad that they have Mr. Norton on their team.

We wish Mr. Norton and his crew an easy joining together and a successful year.

34th Annual Shipowners vs. Bankers Football Match – Hamburg

Last Wednesday, September 5th, Hamburg's ship finance community took a break from the container frenzy and met for the 34th annual Shipowner vs. Banker football match. This year's game was played on the prestigious Adolf Jäger Kampfbahn of Altona 93, a football field that had already seen international matches before Hamburg's first ship mortgage was recorded!

Fans visiting the match's official web site were greeted with several provocative questions that seemed to capture the congenial nature of the event:

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What will happen this year? Will the aging owners' team have sufficient wheel chairs and oxygen masks available on the side? Will the young and ambitious bankers' team finally be more than a bunch of promising individuals?

"The bankers' team promises a different result than last year!" were the words of Dr. **Hans-Ulrich Fuchs**, Head of Global Shipping, **Commerzbank AG**, whose generous sponsorship made this year's event possible.

Early play had many fans believing that the bankers would redeem themselves from last year's 1:10 loss and prove Dr. Fuchs prophetic. In the first half, they were the better team and had several chances, including hitting the post. But fabulous play by owners' goalie Tobias Wolf (NSB) and defensive star **Erkan Mete** of **Kalkavan Shipmanagement** (the "owners' Fabio Cannavaro") saved the "Zero". In the last minute of the first half, **Jens Arndt** scored after a fantastic assist of **Björn Jantzen** (Ahrenkiel).

The timing of this goal proved to be "psychologically decisive." In the second half the owners' team played well and the bankers were left to wonder what might have been as the experienced owners, many of them over 40 years old, played their way to a 5:2 victory.



In the end, the members of the ship finance community of Hamburg were the winners. Commerzbank's Fuchs captured this spirit when he remarked, "While we are all eager on the field, it has always been a pleasure to analyze the match over a good glass of beer and some good food afterwards."

Scorers for the owners were 2x **Christian Kockentiedt** (**Intersee**), **Jens Arndt** (**H. Vogemann**), **Patrick Behrens** (**Johs. Thode**) and **Holger Strack** (**Rickmers Reederei**).

The scorers for the bankers were **Frank Bunte** (**HSH Nordbank AG**) and **Jens Taubken** (**Hypovereinsbank AG**).

Game Notes:

Best player was Christian Kockentiedt, in-house-counsel of Intersee. However, we should not forget **Martin Smith** of **Norddeutsche** and **Peter Oltmann**, owner of the company with the same name who showed some bankers in the age of their sons how well they can play!

With Patrick Behrens of Johs. Thode the owners' team had a player of the second generation. His father, the company's owner **Dieter Behrens**, organized the match already 20 years ago.

Matthias Ruttman, junior boss of **Mineralien Schifffahrt** from Bavaria, a company owning a dozen handysize bulk carriers, had the longest way to travel.

The children of **Detlev Struck** (**Ernst Russ**) won the prize for the best fans as they started singing before the match and they did not stop before its end. They got two tickets for the match HSV - Nuremberg.

- Reported by Marine Money and Hamburg Correspondent **Albrecht Gundermann**