

WHERE on earth can you find a really good supplier of shipping, logistics and marine services?

Lloyd's List  
Free Trial

West Africa boom beckons Iron-ore rush opens new opportunities

 Go

Advanced Search

HOME NEWS WORLD MARKETS AWARDS E-PAPER CAREERS EVENTS DIRECTORIES **New APPS**

Containers Dry Cargo Finance Insurance Ports & Logistics Regulation Ship Operations Tankers

**HIGHLIGHTS:** [Rising star of Greek ship finance industry](#) [Iran conflict rubs salt in the wound](#) [Neutrality keeps DB Schenker on right track](#) [Maritime centres: Hong Kong](#)

## Expect five to seven shipping bankruptcies, says investment bank chief

Wednesday 08 February 2012, 10:50 by [Rajesh Joshi](#)

FINANCE

[Send to Colleague](#) [Printer Friendly Format](#) [Email the Editor](#)

Interested in this topic? Set up a custom email alert and we'll tell you everytime we write more like this.

**AMA Capital Partners' Paul Leand said failures would occur despite banks' reluctance to force the issue or to own ships.**  
Shutterstock

Freight environment not expected to improve for 12-18 months

**FIVE to seven shipping companies will file for bankruptcy during 2012 amid a freight environment not expected to improve for 12-18 months, a New York shipping conference was told this week.**

Paul Leand, chief executive of New York-based investment bank and consultancy AMA Capital Partners, told the joint annual conference organised by the Hellenic-American and Norwegian-American Chambers of Commerce that distressed companies would increasingly turn to Chapter 11 in the US.

### Related articles

[TBS International files pre-packed Chapter 11 reorganisation plan](#)  
[Lazard and Evercore seek Torm private equity investor](#)  
[General Maritime files Chapter 11 reorganisation plan](#)  
[Shipping firms use Chapter 11 threat to buy time](#)  
[Seacor becomes main stakeholder in Trailer Bridge](#)  
[Chapter 11: the realities, the myths](#)

This method would be their best chance to maximise value while being forced to the wall by unpaid lenders, Mr Leand said.

There would be five to seven filings during 2012, he said. These failures would occur despite banks staying true to their reluctance to force the issue or to own ships.

Evercore Partners managing director Hugh Baker said the expected increase in bankruptcies would not be because bankers "decide to get tough" over unpaid loans. "On the contrary, banks will absolutely kick the can down the road in every case whenever they can do so," Mr Baker said.

"Sometimes, this is a good thing to do. However, the big difference between now and 2009 is liquidity. In cases where borrowers have run out of cash, banks are forced to make hard decisions."

There would be a fair number of cases this year where the company is in trouble but had cash, and banks would be happy to "amend, extend and pretend, even if covenant issues might be severe," Mr Baker said.

Mr Baker added that while Chapter 11 filings had started garnering all the publicity, private foreclosures were also on the rise.

Behind the scenes, it was becoming common to see delinquent borrowers "quietly handing the keys to their ships back to their lenders", Mr Baker said.

Private equity interest in bankrupt or near-bankrupt companies is no given, said Dahlman Rose managing director Elliott Etheredge. This was particularly true in cases where bank debt equals or exceeds the residual value of a company.

Private equity and hedge funds with money to spare inundated Dahlman Rose with calls during the first half of 2011, wanting to learn about maritime investments with attractive risk-adjusted returns.

However, this interest declined after the world economy deteriorated in the second half, presumably because shipping started competing with other industries that were also distressed by then.

### Track Your Topic

- North America  
 Finance  
 Rajesh Joshi

Frequency:  hourly  daily  weekly

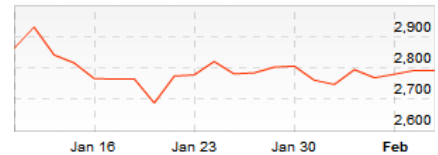
No. of articles:

Email address:

[Manage topic alerts](#)

### More Finance Market Data

[2 791.85 \(-0.36\) Bloomberg Gas Co. Index](#)



[Bloomberg Tanker Company Index](#)

[Bloomberg Dry-Bulk Company Index](#)

[Bloomberg Container Company Index](#)

[All Companies List](#)



[Costa Concordia: Click here for exclusive new analysis and data from Lloyd's List](#)

[Costa Concordia: Click here for exclusive new analysis and data from Lloyd's List](#)

**More Finance**



**Odfjell fixes higher time charter rates**

Norwegian chemical tanker group reports improved spot...

Mr Etheredge said a company in bankruptcy proceedings could get its lenders to accept a lesser payout than their dues, by dangling carrots such as long-term charters on their ships with solid industrial or commodity end-users. Private equity could find such a distressed company more attractive, Mr Etheredge said.

Ordinary shareholders generally are wiped out in any bankruptcy, as has already been witnessed in the cases of General Maritime and TBS International. However, these experiences did not mean the era of the publicly listed shipping company is gone forever, Mr Etheredge insisted.

Retail investors who bought up shipping initial public offerings between 2004 and 2008 had a "short memory" and would flock back to buy shares when the market improved, he said.

Keywords:

- [Home](#)
- [, North America](#)
- [, Finance](#)
- [, Rajesh Joshi](#)
- [, News](#)



**Euro crisis could halve economic growth**



IMF warns China could be among hardest-hit if eurozone...



**KG investments hit an all-time low**

Shipping funds secured \$668m of fresh capital in 2011



**China ship export values rise 8%**

Growth may stall this year as new orders fall

Exclusive new Lloydslist.com video documentary and online special report

Exclusive new Lloydslist.com video documentary and online special report

© 2010 Informa plc, All rights reserved

**Home**

- [Containers](#)
- [Dry Cargo](#)
- [Finance](#)
- [Insurance](#)
- [Ports & logistics](#)
- [Regulation](#)
- [Ship Operations](#)
- [Tankers](#)

**Lloyd's is**

- [News](#)
- [Analysis](#)
- [Comment](#)
- [Profiles](#)
- [Special Reports](#)
- [Top 100](#)
- [Blogs](#)
- [Last Word](#)

**Subscribe**

**Trial**

- [World](#)
- [Africa](#)
- [Asia](#)
- [Central & South America](#)
- [Europe](#)
- [Middle East & Gulf](#)
- [North America](#)

**Contact Us**

**Terms & Conditions**

**Privacy**

- [Markets](#)
- [Tankers](#)
- [Containers](#)
- [Dry Cargo](#)
- [Finance](#)
- [Gas](#)
- [Shipping Movements](#)
- [Lloyd's Shipping Economist](#)
- [Casualties](#)

- [Awards](#)
- [Global](#)
- [Asia](#)
- [Middle East & Indian Subcontinent](#)
- [Greece](#)
- [Italy](#)
- [Turkey](#)
- [E-paper](#)
- [Today's Issue](#)

the registered trademark of the Society

**Careers**

**Classified**

**Events**

[Events Diary](#)

**Directories**

- [About Lloyd's List Directories](#)
- [Contact Lloyd's List Directories](#)
- [Advertise in Lloyd's List Directories](#)

**New Apps**

- [Safety](#)
- [Sales & Purchase](#)
- [Shipbuilding & Repair](#)
- [Towage & Salvage](#)

**Sub-Sectors**

- [Bunkering](#)
- [Casualty](#)
- [Classification](#)
- [CMA](#)
- [Cruise & Ferry](#)
- [Dry Bulk](#)
- [Advertise/Subscribe](#)
- [Advertising](#)
- [Corporate Subscriptions](#)
- [Individual Subscriptions](#)
- [Publishing Schedule](#)

- [Environment](#)
- [Events](#)
- [Gas \(LNG & LPG\)](#)
- [Manning](#)
- [Markets](#)
- [Norshipping](#)
- [General](#)
- [About](#)
- [My Lloyd's List](#)
- [Events](#)
- [Links](#)
- [Careers](#)

- [Offshore \(Energy\)](#)
- [People](#)
- [Piracy & Security](#)
- [Posidonia](#)
- [Reefers](#)
- [Ro-Ro](#)
- [Lloyd's List Asia](#)
- [Asia Home Page](#)
- [About Lloyd's List Asia](#)
- [Contact Lloyd's List Asia](#)
- incorporated by the Lloyd's Act 1871 by the

[Classified](#)

[Why register?](#)

[Lloyd's List Group](#)

[Informa](#)

name of Lloyd's. This site is owned and operated by Informa plc ("Informa") whose registered office is Mortimer House, 37-41 Mortimer Street, London, W1T 3JH. Registered in England and Wales Number 3099067