



**Marine Money Seminar**

**27<sup>th</sup> February, Hamburg**

## PRICE TO NAV

### Drybulk carriers

Ratio Price to NAV	Ratio Price to NAV			
Company	23rd November 2007	22nd February 2008	Delta	
1 Belships	0.52	0.47	-8.43%	
2 CMB	1.67	1.66	-0.81%	
3 Diana Shipping	1.07	1.22	13.65%	
4 Dryships	1.21	1.36	12.41%	
5 Eagle Bulk Shipping	1.04	1.14	9.45%	
6 Excel Maritime	0.86	0.84	-2.13%	
7 Genco Shipping	0.89	1.07	19.72%	
8 Golden Ocean	0.93	0.95	1.97%	
9 Jinhui	0.66	0.65	-1.56%	
10 Korea Lines	1.48	1.20	-18.92%	
11 Norden	1.00	0.84	-15.76%	
12 Pacific Basin	3.72	2.24	-39.87%	
13 Precious Shipping	0.66	0.86	30.67%	
14 STX Panocean	1.31	1.19	-9.15%	
15 Thoresen Thai	0.69	0.73	6.15%	
16 Wilson	1.38	1.40	1.50%	

<b>Average</b>	<b>1.19</b>	<b>1.11</b>	<b>-6.66%</b>
<b>Median</b>	<b>1.02</b>	<b>1.10</b>	<b>8.20%</b>

Positive variations	8
Negative variations	8

### Tankers

Ratio Price to NAV	Ratio Price to NAV			
Company	23rd November 2007	22nd February 2008	Delta	
1 Euronav	0.66	0.86	30.31%	
2 Frontline	1.28	1.26	-1.10%	
3 General Maritime	0.70	0.72	2.25%	
4 Knightsbridge	0.89	0.97	9.22%	
5 Nordin American Tankers	0.98	0.88	-10.12%	
6 OSG	0.66	0.70	5.60%	
7 Premuda	0.70	0.59	-16.33%	
8 Top Tankers	0.37	0.54	46.28%	
9 Tsakos Energy Navigation	0.74	0.69	-6.58%	

<b>Average</b>	<b>0.78</b>	<b>0.80</b>	<b>3.30%</b>
<b>Median</b>	<b>0.70</b>	<b>0.72</b>	<b>2.25%</b>

Positive variations	5
Negative variations	4

## PRICE TO NAV

### Containerships

Ratio Price to NAV			
Company	23rd November 2007	22nd February 2008	Delta
1 Hanjin	0.88	0.77	-12.66%
2 Maersk	0.89	0.84	-6.20%
3 Neptune Orient Lines	2.11	1.79	-15.27%
4 OOIL	2.12	0.55	-74.25%
5 Seaspam	0.79	0.82	3.93%
6 Wan Hai Lines	0.92	0.91	-0.90%
7 Yank Ming	0.89	0.71	-20.58%
<b>Average</b>	<b>1.23</b>	<b>0.91</b>	<b>-25.89%</b>
<b>Median</b>	<b>0.89</b>	<b>0.82</b>	<b>-7.97%</b>
Positive variations			1
Negative variations			6

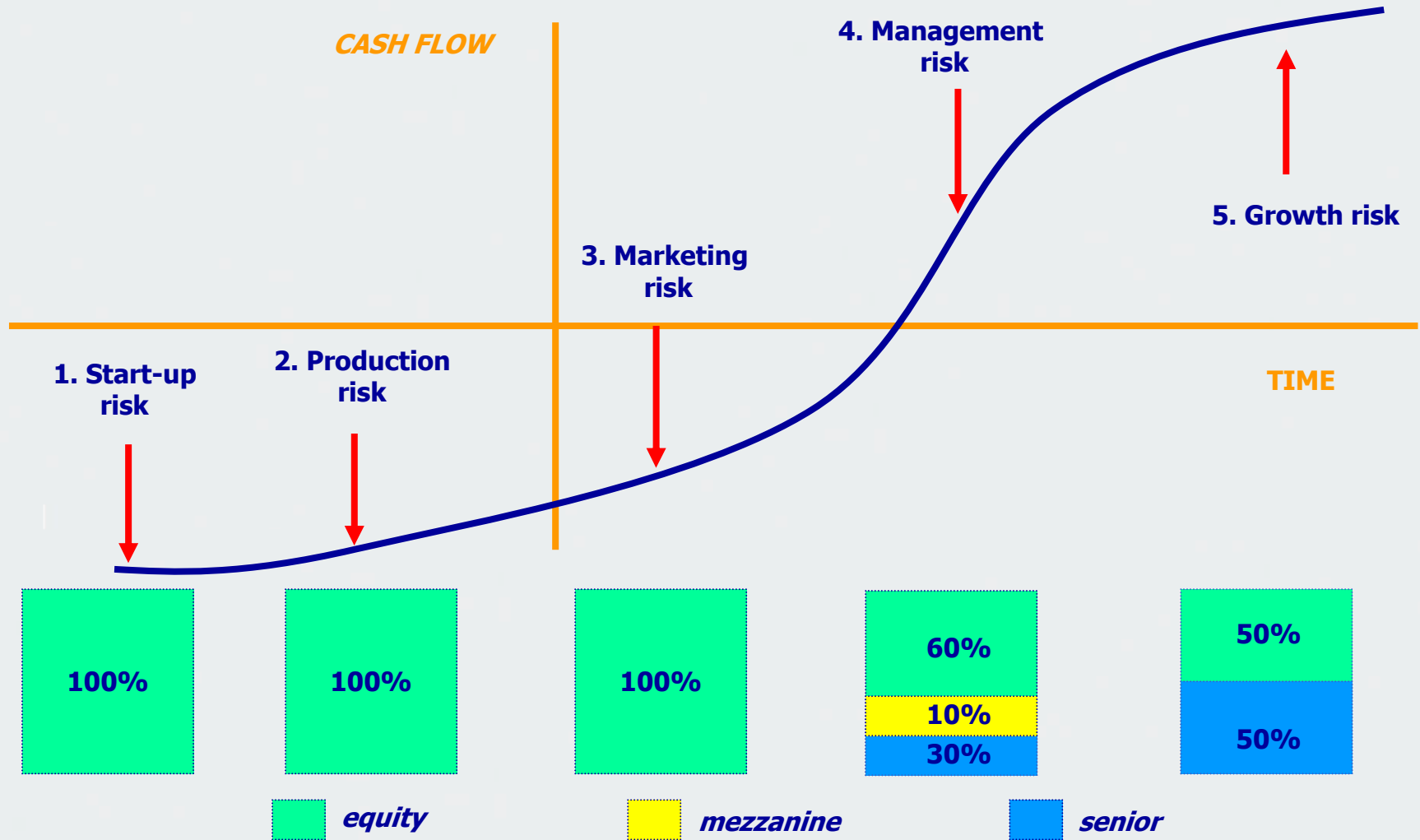
### Chemcarriers

Ratio Price to NAV			
Company	23rd November 2007	22nd February 2008	Delta
1 Berlian Laju Tankers	1.04	1.42	36.58%
2 Brostroms	0.71	0.90	27.30%
3 Camillo Eitzen	0.85	0.52	-39.01%
4 Concordia	0.65	0.52	-20.77%
5 Eitzen Chemical	0.88	0.61	-30.95%
6 Odfjell	0.71	0.73	1.99%
7 Stolt Nielsen	0.61	0.72	17.60%
8 Torm	0.89	0.86	-2.37%
<b>Average</b>	<b>0.79</b>	<b>0.78</b>	<b>-1.04%</b>
<b>Median</b>	<b>0.78</b>	<b>0.72</b>	<b>-7.35%</b>
Positive variations			4
Negative variations			4

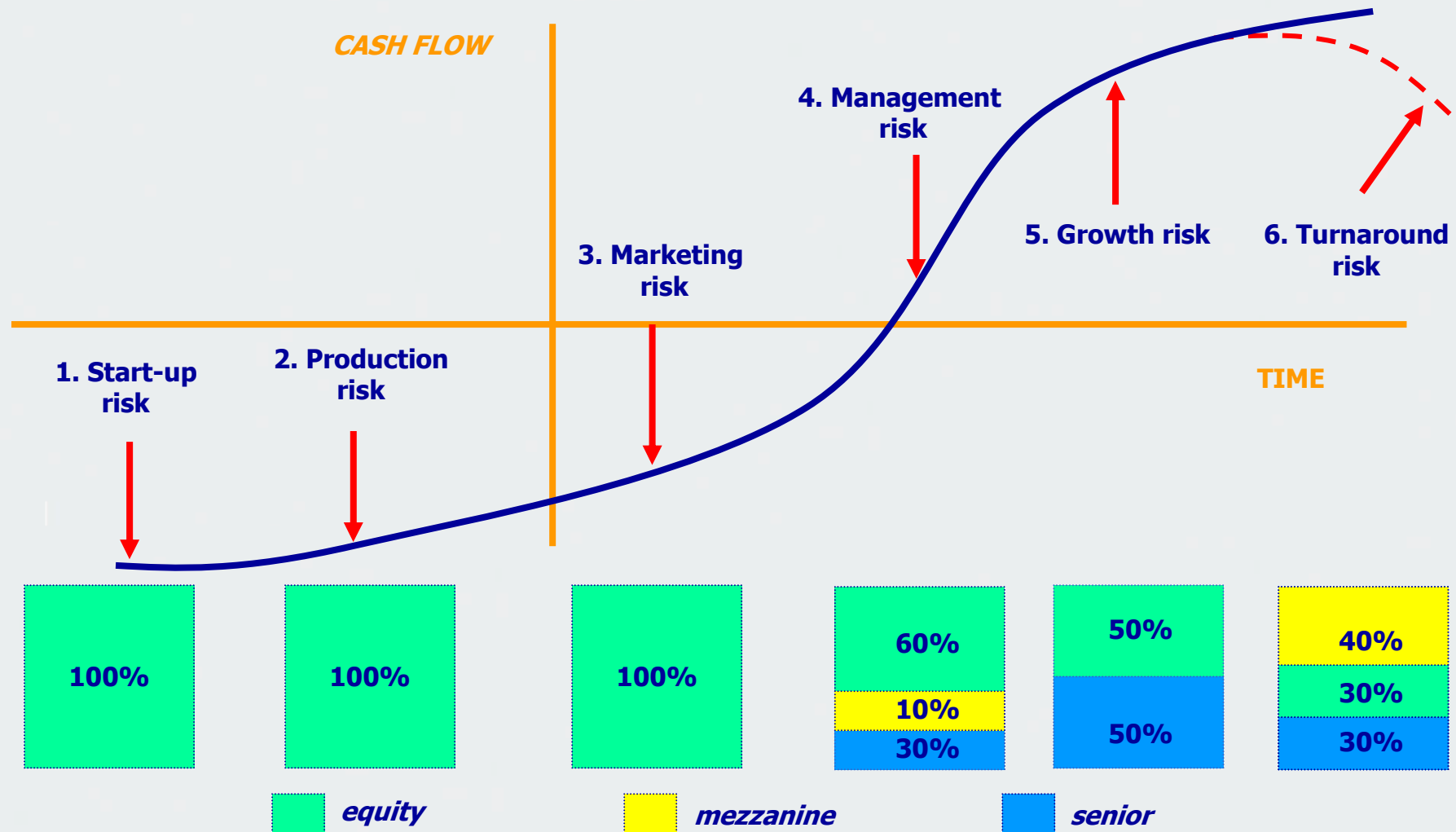
## THE ANALYSTS' RECOMMENDATIONS

	November			February		
<b>Dryships</b>	Buy:4	Hold:1	Sell:0	Buy:3	Hold:1	Sell:1
<b>Excel Maritime</b>	Buy:3	Hold:2	Sell:0	Buy:3	Hold:2	Sell:0
<b>Eagle bulk</b>	Buy:6	Hold:0	Sell:0	Buy:6	Hold:0	Sell:0
<b>Torm</b>	Buy:4	Hold:0	Sell:0	Buy:4	Hold:0	Sell:0
<b>Frontline</b>	Buy:3	Hold:2	Sell:5	Buy:4	Hold:3	Sell:3
<b>OSG</b>	Buy:3	Hold:3	Sell:1	Buy:3	Hold:3	Sell:1

## LIFE CYCLE AND ENTERPRISE RISK



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## ENTERPRISE RISK

**MARKET RISK**



**$\beta$  ASSETS (unlevered)**

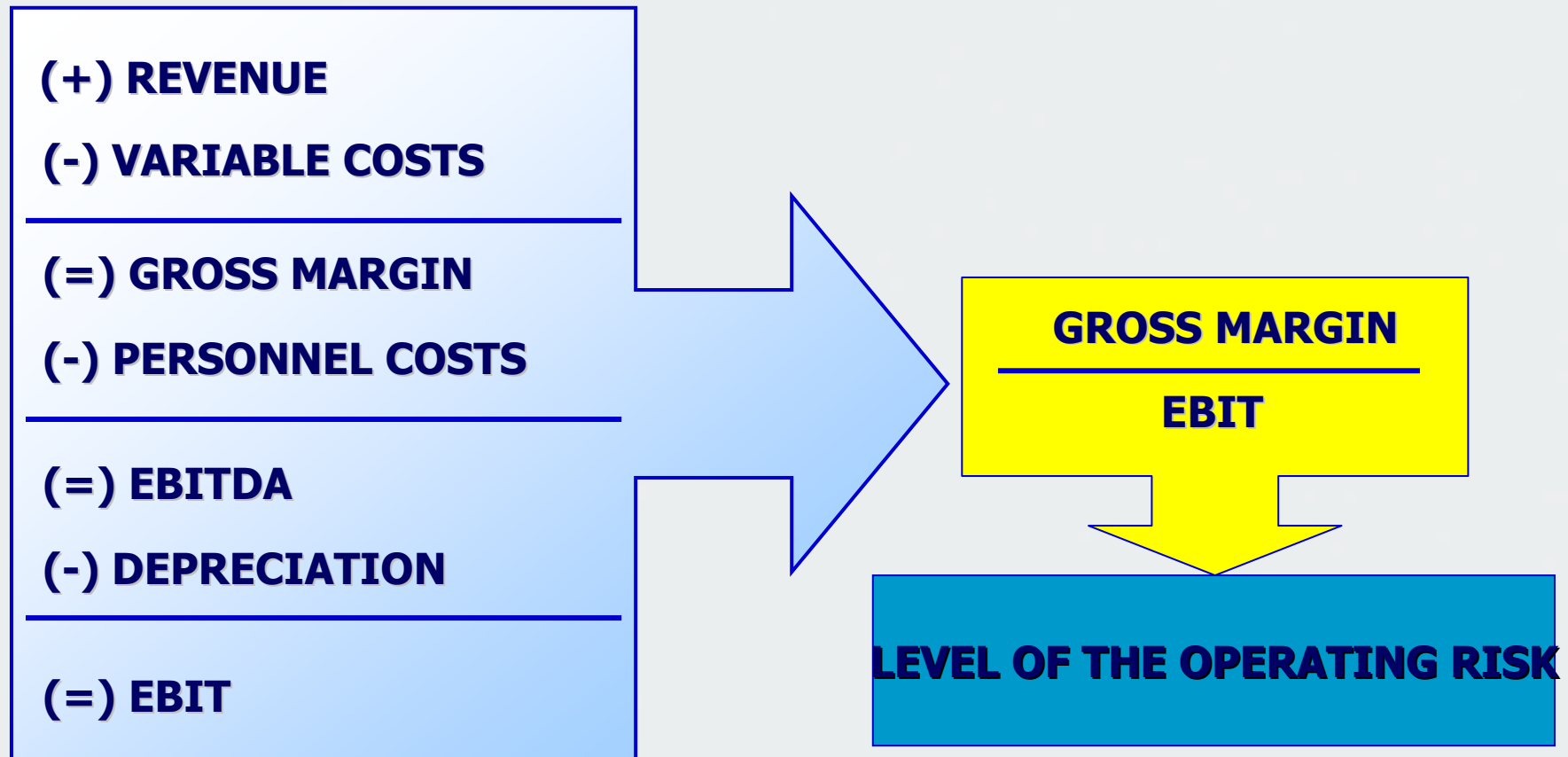


**SPECIFIC RISK**



**$\beta$  LEVERED =**  
 **$\beta$  unlevered  $(1 + D/E(1-t))$**

## ENTERPRISE OPERATING RISK



## DIFFERENT LEVELS OF SUBORDINATION

	<b>COMPLETE SUBORDINATION</b>	<b>PARTIAL SUBORDINATION</b>
<b>Senior Creditors</b>	<b>SPECIFIC CREDITORS</b>	<b>ALL CREDITORS</b>
<b>Interest payment</b>	<b>ONLY IN SOME CASES</b>	<b>ALWAYS</b>
<b>Repayment of the loan</b>	<b>ONLY AFTER THE SENIOR LOAN REPAYMENT</b>	<b>SOMETIMES WITH A NORMAL AMORTIZING PLAN</b>

## An example about the mezzanine effect in a liquidation case

ENTERPRISE VALUE	FINANCIAL INDEBTNESS & SHAREHOLDERS EQUITY
600	LOAN A = 300 LOAN B = 100 LOAN C = 100 EQUITY = 100
600	600

### 1<sup>th</sup> Case: No mezzanine financing

RESIDUAL VALUE	200	300	400	500
VALUE OF THE LOAN A	120 = 40%	180 = 60%	240=80%	300=100%
VALUE OF THE LOAN B	40 = 40%	60=60%	80=80%	100=100%
VALUE OF THE LOAN C	40 = 40%	60=60%	80=80%	100=100%

### 2<sup>th</sup> Case: Complete Subordination of the Loan C to the Loan B

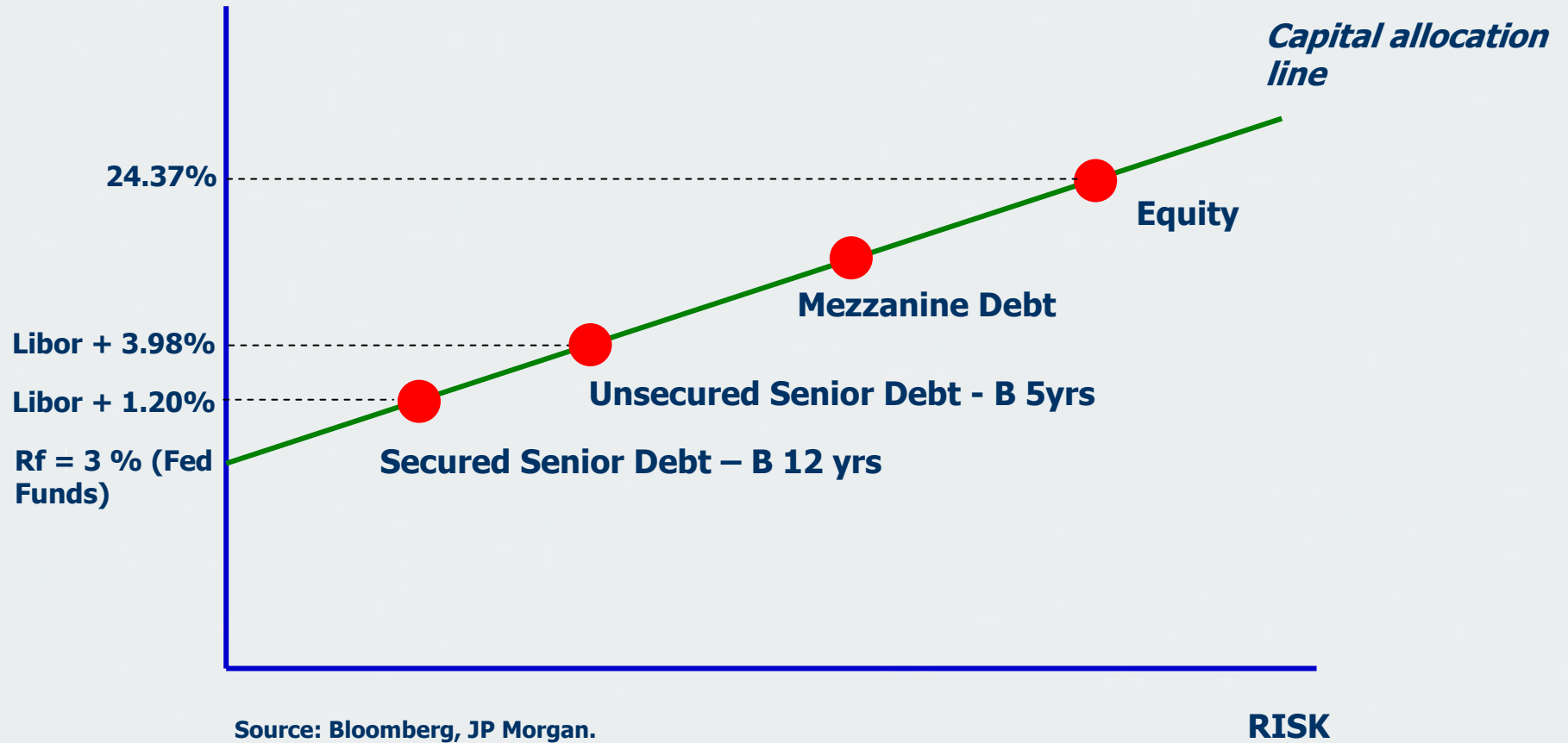
RESIDUAL VALUE	200	300	400	500
VALUE OF THE LOAN A	120 = 40%	180 = 60%	240=80%	300=100%
VALUE OF THE LOAN B	80 = 80%	100=100%	100=100%	100=100%
VALUE OF THE LOAN C	0 = 0%	20=20%	60=60%	100=100%

### 3<sup>th</sup> Case: Partial Subordination of the Loan C

RESIDUAL VALUE	200	300	400	500
VALUE OF THE LOAN A	150 = 50%	225 = 75%	300=100%	300=100%
VALUE OF THE LOAN B	50 = 50%	75=75%	100=100%	100=100%
VALUE OF THE LOAN C	0 = 0%	0=0%	0=0%	100=100%

## Risk profile – RETURN OF THE FINANCIAL ACTIVITIES

EXPECTED RETURN ON A NEW PROJECT (25<sup>th</sup> February)



## Efibanca Group Mezzanine activities:

### SYNERGAS



Advisor for the acquisition of NavGas S.r.l., a company of Montanari Group

Dec 2005 Jun 2006

### ZACCHELLO GROUP



Advisor for structuring of mezzanine finance accorded for the family business restructuring process  
Jun 2005

### CARBOFIN GROUP

Advisor and lender for the acquisition of Tanker Division of the



GROUP

September 2003

### ITALIA MARITTIMA Evergreen Group



Advisor for restructuring of a Vendor Loan

September 2002

**Efibanca's Team specialized in Shipping has acted as advisor and mezzanine lender of companies which operate in different shipping sectors: gas carriers, containerships, tankers, ferries, dry bulk carriers.**

### The Team was involved into:

- **M&A services, from the origination of the operation to its success (not only an intermediary),**
- **services of financial planning,**
- **services of financial and strategic restructuring,**
- **services of fund raising.**

## Conclusions

The mezzanine financing can help to match Seller and Buyers.

The mezzanine financing improves the operation's IRR.

The Financial Institution involved met two first class shipowners sharing the equity risk but avoiding the dilution.

**MEZZANINE IS A SORT OF CHEAP EQUITY NOT EXPENSIVE  
DEBT**