Leadership

Dealmakers of the Year
In a transforming shipping finance landscape, where traditional sources are either withdrawing or becoming more selective while new sources of capital emerge, it is important for shipping companies to be aware of and have access to all different alternative sources whoever and wherever they may be. In this respect, Seanergy Maritime Holdings is at the cutting edge.

In this transaction, Seanergy went far afield from traditional financing sources, reaching out to Cargill, an end-user and one of the biggest names in dry bulk, to participate in the refinancing of the 2011-built Capesize bulk carrier, M/V Championship. To refinance the previous loan facility from Amsterdam Trade Bank, the company entered into a $23.5 million sale-leaseback arrangement with Cargill for five years. The company achieved approximately 80% financing and freed up ~$7.8 million of liquidity, which was used to partially finance the acquisition price of the M/V Fellowship. Materially reduced, the implied interest cost of the transaction is equivalent to approximately 4.65% all-in, fixed for five years. Based on the expected weighted average life of the transaction, the equivalent margin at the prevailing swap rate at the time of closing of the loan would be LIBOR + 1.50%. The leasing agreement does not include any financial covenants or value maintenance provisions. Moreover, the company has continuous options to buy back the vessel during the whole five-year leasing period, at the end of which it has a purchase obligation at $13.5 million.

Concurrently, Seanergy entered the vessel into a five-year time charter with Cargill at a rate which is linked to the 5-routes T/C average of the BCI (BCI AV5). At any time during the charter, the company will have the option of receiving a fixed daily charter hire for a certain period, based on the prevailing market level of the forward freight agreement of the BCI. The firm term of the time-charter is five-years, matching the fixed term of the leasing transaction, with an additional period of 18 months at charterer’s option. This commercial employment agreement between the two, enhances Cargill’s operating profile and exposure to the Capesize market, while Seanergy benefits from a competitively priced financing.

In addition, Cargill will provide 100% financing for the purchase and installation of scrubbers, including the retrofitting of the vessel, through an additional $2.75m tranche which is repayable through a fixed premium over the time-charter rate. On top of the daily hire (index & fixed premium), the company will receive additional compensation based upon the spread between the price of High-Sulphur Fuel Oil and Marine Gas Oil.

Lastly, as consideration for its many roles in the transaction, Seanergy issued in a private placement 1.8 million common shares to Cargill making it a 4.4% shareholder in the company.

There is something to be said about one-stop shopping.