

E-Interview with Jens Burgemeister about: "Ship Financing - Investment Opportunities and Strategies for New Market Segments"



Titel of Interviews: Ship Finance
Name: Jens Burgemeister
Functional Area: Managing Director
Organisation: HCI Hanseatische Schiffsconsult GmbH

Short professional CV

Inhouse counsel, Peter Döhle Schiffahrts-KG 1995 – 2000

General Manager ICL Holding GmbH & Co. KG 2000 – 2005

Managing Director HCI Hanseatische Schiffsconsult GmbH since 2005

Investment Opportunities and Strategies for New Market Segments

In the context of the Conference on Ship Finance at SMM 2008, Hamburg

While international financial crisis still increases in size and reach some major national economies face severe recession risks. The international ship financing community – being the pacemaker of international trade and growth – now has to deal with those issues as well.

Hence, the ship finance industry has to give some answers to how maritime markets and players are affected by the credit crisis. Which challenges do shipowners face in the near or even distant future, is bank money for new ships getting to expensive to obtain? Do we have to invent new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis?

The DMKN-roundtable wants to shed some light on these issues related to ship financing. We invite experts from companies, banks and institutions to present their views on current and future market perspectives.

Dear Mr. Burgemeister,

Question 1:

Which of the players in the ship financing sector are affected most by the credit crisis? Why is this so, are there substantial differences by country / on the global level?

Answer:



We believe that all players in the ship financing sector will be affected, of course in different manners. First of all the ship financing banks will be more reluctant to grant new loans due to their own problems to refinance the loans under the current market conditions. KG-houses may be affected also, as the availability of ship financing can jeopardize the realisation of new KG-products.

Due to the fact that the financial crisis will have its impact to the global economy we cannot imagine, that the possible negative implications will be limited to specific regions of the world. It would be interesting to follow up the impact of the credit crunch to the existing orderbooks and to the yard industry, especially in Far East. A lot of the vessels ordered are to be built on new or still not existing yards and not all of these orders are backed by firm financing commitments.

Question 2:

Is bank money for new ships getting expensive to obtain? Will the business model stay as attractive as in the last years, especially with the German investors playing a leading role in the sector?

Answer:



Quite contrary to many press comments these last months, German banks are still happy to finance well structured ship projects. Especially projects with long-term charters and with charterers with a good track record face no major problems at all.

Still, in the aftermath of the subprime crisis, banks have gradually upgraded their requirements: Solidity and track record of the debtors are now more important than ever. But these advanced quality standards should be welcomed: By this on the long run only good projects with a substantial amount of equity capital are on the market. We feel in our everyday business that here our long standing relations to financing partner banks and the trust required in years now is actually paying us back. And as for the German investor? He does profit as well, now being offered only solid calculated projects checked by critical banks.

Question 3:

Is there a need to invent completely new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis?

Answer:



First of all I do believe we face a financing crisis and not a shipping crisis and therefore I see no reason to fundamentally question a good working business that, by the way, has survived in market ups-and-downs during the last 30 years. I think, solid structured and well calculated funds are still very attractive for German investors, especially because nearly all other investment opportunities are going down at the moment. We feel indeed a growing demand for “real” assets by German investors shocked and disappointed by volatile share markets. So; in a way, there are indeed opportunities being formed by the crisis.

Innovations surely have been in the past and will be in the future, one of the most important things. HCI Capital AG as the Number one closed-end shipping funds initiator in Europe during the last few years consequently followed a product innovation strategy in order to widen the basis for shipping finance in Germany: Opening the Containership-market to institutional investors by a stock-based company for example was one important step further to professionalise and develop ship financing schemes.

Question 4:

Please name – from your personal expertise – the most significant challenges ship owners will have to face in the near future?

Answer:



- To obtain and develop well trained crews
- Create steady income in volatile markets
- To cope with the slow steaming request of the Charter market and to avoid any technical disadvantages to the vessels

Mr. Burgemeister, thank you very much for this interview!