Seanergy Maritime bets again on capesizes

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DRY CARGO

Company is bullish on a sustained market recovery in the dry cargo industry.

Spot-oriented fleet poised to reap huge benefits in anticipated market recovery

SEANERGY Maritime has capped a busy first quarter in 2017, acquiring its third capesize vessel in the past six months.

The 2012-built dry bulk carrier, to be renamed *Partnership*, was purchased for $32.65m from a third party, and it is expected to join the company's fleet in May 2017.

Chairman and chief executive Stamatis Tsantanis told Loyd's List that he is bullish on a sustained market recovery in the dry cargo industry and that asset values are poised to continue increasing despite their recent run-up.

Mr Tsantanis believes that growing iron-production from Brazil will have a multiplying effect on ton-mile demand for dry cargo vessels, and they will come at a time when the fleet is expected to grow moderately, and perhaps even shrink because of new regulatory requirements.

As to asset values, he told Lloyd's List that the value of a five year-old capesize vessel, which today is approximately $32m, has ways to go to reach its historical average of $45m during the period from 1990 to 2017, excluding the boom years from 2005 through the first half of 2008.

Mr Tsantanis has managed to rebuild US-listed Seanergy literally from scratch to an owner of 11 modern dry bulk carriers, in a timespan of approximately two years.

Today its fleet consists of nine capesizes and two supramaxes, with an average fleet of eight years.

Following a lengthy restructuring process, Seanergy started its current phase initially relying on debt finance and the support of Claudia Restis, its controlling shareholder.

In the last several months, Mr Tsantanis has sought to restructure the company's debt obligations, raise fresh equity, and diversify its shareholder base.

Seanergy proactively reached agreements with its lenders to waive and defer financial covenants until the second quarter of 2018.

It also agreed with one of its lenders to a 30% principal reduction in exchange for early loan repayment.

The early repayment will result to savings of $11.4m.

Since August 2016, Seanergy has also raised $27.6m from public offerings.

Mr Tsantanis noted is a written statement accompanying the company's earnings results for the fourth quarter "We strongly believe that the capesize segment represents the best fundamentals in the dry bulk industry and our recent acquisitions will significantly improve our shareholder value. Seanergy will continue to actively pursue accretive acquisition opportunities of quality capesize vessels".

He added "we have used the capital raised for vessel acquisitions at historical low values and entered into agreements to reduce our debt which will create a material accretion in value for our shareholders".

According to Mr Tsantanis, when Seanergy acquired the two 2010-built capesizes in September 2016 for $20.75m per vessel it achieved "the lowest price paid by any of our public peers in the last five years".

Seanergy reported a net loss of $6.9m for the fourth quarter of 2016, compared to a net loss of $5.8m in the fourth quarter of 2015.

The results were affected by the drydocking of two vessels during the quarter that resulted in 64 off-hire days, and by an additional 70 off-hire days between voyages.

It fleet utilisation for the quarter was 82.6%.

Seanergy, which trades its vessels predominantly in the spot market, is expected to have substantially increased its fleet utilisation in the first quarter of 2017, in addition to a firmer spot market.