

Lloyd's List

New York IPOs unlikely till September

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by [Rajesh Joshi](#)

No shipping company offerings likely until September at the earliest

NO SHIPPING company initial public offerings in New York are likely until September at the earliest, and a host of uncertainties could slow down follow-on issues as well.

Two "live" situations this week — instability in Europe and the highest level of the volatility index for New York stocks for a year — have added an edge to what traditionally is a slow season for shipping share issues.

The comeback predicted for September will depend on whether these factors are still influencing momentum and sentiment at the end of the summer, finance experts say.

The overall caution also echoes warnings by some sources at the beginning of the year that New York is not yet ripe for shipping IPOs, notwithstanding the three flotations in March. The consensus at the time was that follow-ons would be easier to sell.

Dahlman Rose chief executive Simon Rose does not expect further shipping IPOs until September. Mr Rose said: "The market needs a rest. While there would be more IPOs this year, expect activity to start only after the end of summer."

New York Maritime, the non-profit dedicated to promoting the city as a maritime centre, is resigned to a dry IPO summer.

Nymar chairman Peter Shaerf said: "The window that opened in March closed very swiftly. I hope Simon is right, and we start seeing activity in September.

"However, I would not be surprised if it takes longer. Still, some established public companies might attempt follow-on issues, if vessel acquisition opportunities arise."

Compass Maritime Services managing director for projects and finance Basil Karatzas said: "September is the earliest IPOs can come back."

Mr Karatzas said the recent decline in freight markets, especially in dry bulk, would add to "seasonably slow" finance markets, which usually remain so until the end of summer.

He said the US stock market traditionally picks up after Labour Day, the bank holiday on the first Monday in September. This is "one possible window when IPO aspirants might find the market in a good mood". Otherwise, the next window would only be the end of November, just before the Christmas slowdown, Mr Karatzas said.

"This year, all this will also depend on other factors. For example, can Europe hold it together?" **Mr Karatzas** said.

Jefferies managing director and head of maritime Hamish Norton acknowledged the influence of external factors, but refused to be drawn into identifying months for the window to open or shut.

"I have been doing this work since 1984, and the window can open at very short notice," Mr Norton said. He was not prepared to rule out IPO activity in the summer, something that he has seen happen in the past.

Mr Karatzas agreed with the principle of "being prepared". He said IPO aspirants would keep doing their homework, involving market research as well as documentation.

"Owners wanting to go public must be ready for take-off at a moment's notice," Mr Karatzas said.

Independent sources have suggested to Lloyd's List that at least two private shipping groups from a major European maritime nation are currently collating pre-IPO regulatory documents, but do not plan to go public until autumn.

One reason IPOs are likely to stall is the price performance of the three companies that went public, and the fact that one did not make it.

Baltic Trading's \$228m issue was the first shipping issue in 18 months, followed by Crude Carriers' \$256m issue. Both priced at the bottom of range, then saw their share price decline.

Alma Maritime pulled its proposed \$225m issue, and Scorpio Tankers pushed through a \$162.5m IPO at a dollar below the intended range.

Mr Rose said: "The fact that one deal came to market but did not happen suggests the market would wait a while before another flotation."

Despite sharing this caution, Mr Shaerf added: "What is certain is that when IPOs do return, New York would be the first place in the world where we would see activity."

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