

Freshly Minted

Marine finance weekly by **MARINE**
MONEY

You'll notice our appearance is a bit out of sorts this week, and probably won't be surprised to know that it is a result of the success of our 19th annual Marine Money Week in New York. A brief summary of the event will follow, but first a couple pieces of news and an announcement of our rankings winners.

Morgan Stanley to Adopt Heidenreich Marine

First and foremost, we simply could not publish Freshly Minted this week without noting that the sale of Heidenreich Marine has been officially announced. Despite rumors of interest among shipping companies from OSG to BLT, the pooling company, for those of you who haven't heard, is set to go to a financial buyer: Morgan Stanley Capital Group. This makes great sense to us for several reasons. The first is that Heidmar had hired Lazard to advise on the deal, Lazard of course being a white shoe financial institution known for its skill in handling M&A transactions – as opposed to a well-connected shipping bank or advisory firm.

The second is that, as we wrote when we first discussed the prospects for Heidmar, the company's value lies in its experience and its personnel, and not its assets, and therefore it should be valued by cash flow metrics which, while now used in shipping, ultimately tend to take a back seat to asset value.

Finally, and most importantly, the acquisition of Heidmar by a financial company with trading experience who views it as investment will allow the company to continue to operate in its accustomed manner. Whereas acquisition by another company would have required integration, elimination of redundancies, and possible geographic dislocation, acquisition by a financial company is not done in search of synergies but rather that the company remain wholly intact.

As this was always a condition of the sale – and one FM understands was somewhat difficult for a shipping company to agree to completely.

While most of the details about the sale are not yet available, market talk at the conference pegged the final price between \$200-\$250 million. This is substantially above where most "shipping people" we have spoken to expected pricing, but falls in line with more cash flow oriented estimates. We look forward to doing a full analysis of the deal once details are released, but in the meantime and on a personal as well as professional level, are very pleased to note that management, staff, and operations are all set to remain unchanged after the acquisition – all just as Per Heidenreich promised.