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Genco founder Georgiopoulos resigns, Apollo's Regan steps in as chairman



In the wake of last week's equity infusion at Genco Shipping & Trading by three private equity (PE) holders, Peter Georgiopoulos, who founded the company in 2005, has now stepped down as chairman.

In a barely worded regulatory filing, the company announced that Arthur L. Regan, who is currently a director of the company, would step in as interim executive chairman of the board. Peter Georgiopoulos will continue to serve as chairman until the end of the year.

Regan, presently operating partner at Apollo Global Management, is best known for his previous roles as the chairman of Principal Maritime Management, an Apollo sponsored entity whose fleet of container vessels was sold to Teekay Corp in late 2015. Prior to his time at Principal Maritime, beginning in 2010, Regan came out of the Stern supercruise, serving as one of Arthur L. Regan, a listed company which had acquired vessels from Stern companies at its outset.

A group of funds within the Apollo universe were part of a preferred equity deal announced last week, the Apollo companies, along with funds led by Cornerbridge Partners and Strategic Value Partners, agreed to invest an aggregate of \$1.2Bn, in a purchase of preferred shares. Bank lenders, in turn, agreed to amend the terms of company bank debt. Following the announcement of PE executives in a first class, the deal was expected to give Genco a "runway" out through 2018, by which time the bulk carrier market might have turned around.

Genco's fleet consists of 70 vessels totaling 5.2m dwt - 13 capesize, eight panamax, four ultraamax, 21 agamex, six tonnage and 18 handysize, with the expected delivery of four ultraamax vessels.

It is premature to predict the exact nature of changes at Genco, which merged with a related company, Baltic Trading, in 2015. However, the recent evolution of Genco's balance sheet has similarities to recent happenings at another headship south, Eagle Bulk Shipping, also originally founded by Greek-American principals, where financial investors have restructured debt and taken control of the company.

Each firm is viewed as a company with operational issues, instead of the circa 2007 model of placing vessels on period time charter. Regan, one of the few executives in the New York market who can navigate the waters of distressed debt financing, is certainly the right man for this tough role.

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