

Private equity in at Konig

Two US private equity firms have come to the rescue of cash-strapped German KG house, Konig & Cie.



Tobias Konig

Dallas-based Delos Shipping and Tennenbaum Capital Partners of Los Angeles have taken an 80% chunk of the company in a move that will see Tobias Konig and Jens Mahnke retain a 20% stake and stay on as managing directors.

Konig & Cie did not reveal the size of the investment but said the entire amount has been used to "settle, restructure or waive all of the company's liabilities".

The company has been fighting for survival since the shipping crisis hit and has slashed its headcount from 140 to 60 in order to cut outgoings to EUR 10m (\$13m) per year.

"As a consequence of the financial crisis in 2008 and the subsequent collapse of the shipping and KG markets, Konig & Cie. entered into a moratorium with its creditors and commenced a restructuring process," it said today in a statement.

"The company changed its business model from a large retail-focused KG house to a small investment boutique and asset manager focused on the shipping sector and its investments including, Konig & Cie, Scorship Navigation and Marenave Schifffahrts.

"Konig & Cie. has a unique international network in the shipping and offshore sector and has been a partner to successful international shipping companies

for many years.

"As such, Konig & Cie. was identified by Delos and Tennenbaum as an ideal platform for further investments in the shipping sector which offers attractive opportunities for investors focused on distressed assets."

Konig & Cie. will continue to manage the assets of closed end funds issued in previous years while cultivating relationships with institutional investors and expanding its presence in the shipping sector, it said.

Tobias Konig will remain CEO of Marenave Schifffahrts and Hamburg-based activities such as Trustee and Ship management would be consolidated and new investment opportunities actively pursued.

Brian Ladin, founder of Delos Shipping said he had been attracted by Konig & Cie's broad involvement in the shipping industry.

"I have known Tobias for a number of years and have been impressed by his shipping expertise and huge network," he said.

"Coming to Hamburg to buy the Konig & Cie. container vessels, I realized that there was an excellent opportunity for us to invest in a broader shipping platform.

"The biggest advantage we have seen is that Konig & Cie. is not just focused on one narrow segment but offers a wide range of expertise across the ship financing sector.

"Based in Hamburg, Konig & Cie. is in the center of the ship finance industry, and has great contacts with many lenders and a proven track record of successfully acquiring and restructuring shipping assets."

JASON O'CONNELL IN LONDON 22 May 2013, 12:31 GMT