

Module Handbook
Shipping Financial Management

Scheme & Program	M.Sc. Shipping Management		
Module Title	Shipping Financial Management		
Module Code			
Module Start Date/ Cohort	2021-22		
Module Level	Level 7	Credit Rating	[5 ECTS credits]
Total study time	24 hours academic directed time 3 hours lecture per week	Hours of independent Learning and time for assessments	125 hours of teaching and independent learning and time for assessments
Module Leader & Lecturer(s):	Assoc. Prof. Andreas Andrikopoulos Dr. Nikos Kagkarakis		
Email:	apa@unipi.gr nkagkara@unipi.gr		
Room:			
Office Hours:	Please email us for any queries or arrange an appointment.		
Seminar Tutor(s):			
Program Director:	Professor Angelos Pantouvakis		
Administrator contact:	Ms. Maria Varoucha, 2104142504		
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Lecture day & time:	Weekdays 18.00-21.00		
Seminar day & time:			

1. Welcome Note

Welcome to the module Shipping Financial Management of the M.Sc. Shipping Management Program, University of Piraeus. This module helps students learn and understand the fascinating world of shipping finance and financial management.

2. Module aims

The major objective of this module is to examine comprehensively the field of maritime investments and finance. The subjects covered are:

- (a) characteristics of shipping investments,
- (b) shipping market cycles,
- (c) feasibility of investments utilizing costs, revenues and cash flows analysis,
- (d) risk, return and shipping company economics,
- (e) economics of shipbuilding and scrapping,
- (f) shipping finance
- (g) risk management in the shipping industry
- (g) credit risk in shipping finance.

The learning tools of the module are a blend of theoretical propositions, empirical examples, and discussion questions.

It is expected that upon completion of the module, students will fully understand the main principles of maritime investments and their relation to the maritime environment, the main methods of shipping finance, and the credit risk assessment methods in the maritime investments and finance.

3. Learning Outcomes—what you will gain from taking the module:

Upon completing the course, students should be able to apply the following for the shipping industry:

- 1. Build upon a concise framework that integrates core financial decision-making from a theoretical as well as a corporate perspective
- 2. Develop business-relevant financial, managerial, and accounting expertise
- 3. Assess the value of assets and financial instruments
- 4. Critically evaluate financing and investment decisions
- 5. Assess the importance of corporate governance
- 6. Apply risk management techniques

4. Indicative Module Content:

This module builds on financial and maritime economics to develop a financial analysis principles and toolbox for the shipping financial manager. It explains investment appraisal techniques, security design and risk management in shipping, addressing issues such as bond issuance, bank lending, IPOs and private equity financing. The interplay between corporate governance and corporate finance is also discussed.

5. How the module is taught, attendance and the teaching schedule:

The module will utilize flexible, responsive and interactive learning environments using a combination among lectures, seminars, workshops and independent self-assessment tasks, to encourage students' ability to think critically and creatively. Moreover, critical thinking will be fostered through the discussion of real-life accounting and financial scenarios.

Week	Topic	Reading
Week 1	Introduction to shipping finance <ul style="list-style-type: none"> • Sources of ship finance • Bank financing, leasing, bonds, IPOs • Characteristics of shipping investments and risks 	Notes from Moodle, [MS] Chapters 3, 7, and 8 [KV] Chapter 1 and 3
Week 2	The structure of ship costs <ul style="list-style-type: none"> • Operating costs • Voyage costs • Capital costs • Maintenance costs 	Notes from Moodle and [MS] Chapter 6
Week 3	Ship revenues and cash flow analysis <ul style="list-style-type: none"> • Ship revenue • Balance sheet, income statement • Cash flow analysis 	Notes from Moodle and [MS] Chapter 6
Week 4	Fundamentals of valuation <ul style="list-style-type: none"> • Time value of money • Annuities • Shipping investment criteria 	Notes from Moodle and [MS] Chapter 6
Week 5	Asset valuation in shipping <ul style="list-style-type: none"> • Market-based vessel valuation • Discounted cash flow analysis 	Notes from Moodle, [MS] Chapter 6, [KV] Chapters 13 and 14
Week 6	Risk management and hedging in shipping markets <ul style="list-style-type: none"> • The market for freight derivatives • Principles of freight derivatives valuation 	Notes from Moodle and [KV] Chapter 15
Week 7	Debt Financing in Shipping Business- Senior Bank Loans (1/2) <ul style="list-style-type: none"> • Market overview • Features of ship financing and main types • Types of bank loans and transaction structuring 	Class Notes (NK)
Week 8	Debt Financing in Shipping Business- Senior Bank Loans (2/2) <ul style="list-style-type: none"> • Assessing a bank loan agreement, analysis of main loan terms and exercises • Financing of newbuilding vessels • Credit analysis in shipping and risk assessment 	Class Notes (NK)

Assessment of the module

The module will be assessed as follows:

A) Individual performance (30%): class participation, assignments, cases, exercises, tests

B) Written exams (70%): A 2-hour written exam test.

Assessment Title and Brief Description	Word count/ Hrs where applicable	Weight	Submission deadline	Submission method	Feedback date	How feedback is provided
Individual performance (class participation, assignments, cases, exercises, tests)	-	30%	Continuous	In class	TBD	-
Written exams	2hrs	70%	TBD	In class	TBD	-

Any changes to the assessment schedule will be communicated by e-mail and/ or announcement on e-class.

Main Readings:

- [NK] Class Notes
By Nikos Kagkarakis
- [MS] Maritime Economics, 3rd Edition (2009),
By M. Stopford
- [KV] International Handbook of Shipping Finance (2016),
By M.G. Kavussanos and I. D. Visvikis.

Recommended Readings

- [ICS] Shipping Finance, (2013)
By the Institute of Chartered Shipbrokers (ICS)
- HSBA Handbook on Ship Finance (2015),
By O. Schinas, C. Grau and M. Johns.
- [SH] Shipping Finance, 3rd Edition (2006),
By Stephenson Harwood
- [KTV] Freight Derivatives and Risk Management in Shipping
By M. Kavussanos, Tsouknidis, D., Visvikis, I. (2021).

ACADEMIC JOURNAL ARTICLES

Students are strongly encouraged to read a number of the following articles which constitute key contributions in the shipping financial management academic literature.

Shipping Finance Literature Review

- Alexandridis G., Kavussanos M., Kim C., Tsouknidis D.A., Visvikis I., 2018. A Survey of Shipping Finance Research: Setting the Future Research Agenda, *Transportation Research Part E: Logistics and Transportation Review* 115, 164-212.

Shipping Corporate Finance

- Drobetz, W., Gounopoulos, D., Merikas, A., Schröder, H. 2013. Capital structure decisions of globally listed shipping companies. *Transportation Research Part E: Logistics and Transportation Review* 52, 49-76.
- Gounopoulos, G., Merikas, A., Nounis, C. 2009. Global shipping IPO performance. *Maritime Policy and Management* 36(9), 481-505.
- Kavussanos M.G. and Tsouknidis D.A., 2016. Default risk drivers in shipping bank loans, *Transportation Research Part E: Logistics and Transportation Review* 94, 71-94.
- Kavussanos, M.G., Tsouknidis, D.A., 2014. The determinants of credit spreads changes in global shipping bonds. *Transportation Research Part E: Logistics and Transportation Review* 70, 55–75. doi:10.1016/j.tre.2014.06.001

Shipping Corporate Governance and Ownership

- Andrikopoulos, A., Merika, A., Merikas, A., Triantafyllou 2013. Internet disclosure and corporate performance: A case study of the international shipping industry. *Transportation Research Part A: Policy and Practice* 47, 141-152. doi: 10.1016/j.tra.2012.10.016
- Andrikopoulos, A., Sigalas, C., Merikas, A., Merika, A. 2021. Related party transactions and principal-principal conflicts in public companies: Evidence from the maritime shipping industry. *Transportation Research Part E: Logistics and Transportation Review* 145, 102171. doi: 10.1016/j.tre.2020.102171
- Andrikopoulos, A., Georgakopoulos, A., Merika, A., Merikas, S. 2019. Corporate governance in the shipping industry: board interlocks and agency conflicts. *Corporate governance: The international Journal of Business in Society* 19(4), 613-630. doi: 10.1108/CG-07-2018-0224
- Andreou, P.C., Louca, C., Panayides, P.M., 2014. Corporate governance, financial management decisions and firm performance: Evidence from the maritime industry. *Transportation Research Part E: Logistics and Transportation Review* 63, 59–78. doi:10.1016/j.tre.2014.01.005
- Drobetz, W., Merikas, A., Merika, A., Tsionas, M.G., 2014. Corporate social responsibility disclosure: The case of international shipping. *Transportation Research Part E: Logistics and Transportation Review* 71, 18–44. doi:10.1016/j.tre.2014.08.006
- Tsouknidis D.A., 2019. The effect of institutional ownership on firm performance: the case of U.S. listed shipping companies, *Maritime Policy and Management*, 46(5), 509-528.

Asset valuation in shipping

- Andrikopoulos, A., Merika, A., Sigalas, C. 2021. Net asset values discounts and premiums in the maritime shipping industry. *Forthcoming in European Financial Management*. doi: 10.101111/eufm.12313.
- Kagkarakis, N., Merikas, A.G., Merika, A. 2016. Modelling and forecasting the demolition market in shipping. *Maritime Policy and Management* 43(8), 1021-1035.
- Merika, A., Merikas, A., Tsionas, M., Andrikopoulos, A. 2019. Exploring vessel price dynamics: The case of the dry bulk market. *Maritime Policy and Management* 46(3), 309-329 doi: 10.1080/03088839.2018.1562246.
- Peng, H.P., Adland, R., Yip, T.L. 2020. Investor domicile and second-hand ship sale prices. *Maritime Policy & Management* 48(8), 1109-1123. doi: 10.1080/03088839.2020.1839684

NEWSPAPERS/DATABASES

- Naftemporiki, Lloyds List, Lloyds Shipping Economist, Marine Money, Tradewinds, Financial Times, Economist, Wall Street Journal.
- Datastream Advance, IMAREX, NYMEX, LCH.Clearnet, Reuters, Bloomberg, Chicago Board of Trade, LIFFE.
- www.clarksons.net, www.lloydslist.com, www.naftemporiki.gr, www.nautilia.gr, www.petrofin.gr, www.hellenicshippingnews.com.