

NewLead chops more debt with conversion of mortgage notes

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- by [Nigel Lowry](#)

More conversion talks ongoing with Piraeus Bank and Lemissoler Maritime

NEWLEAD Holdings has taken a massive step in its year-long campaign to deleverage and restructure its debt with a deal on more than \$217m of debt which has pushed chief executive Michael Zolotas' control of the dry bulk and tanker owner to about 95%.

The Greece based owner said that Cyprus Popular Bank had agreed to the conversion of \$217m in principal of the company's 7% convertible senior notes due 2015.

The notes are held by Mr Zolotas' vehicle Focus Maritime and the deal will be converted into about 265m shares, boosting NewLead's outstanding common stock to nearly 285m shares outstanding.

"We agreed to convert this debt as a sign of my continued faith in NewLead," said Mr Zolotas. "These shares are being acquired for the long term, and I have no current intention of disposing of them."

His shareholding could be reduced if NewLead clinches further conversion deals with outside creditors, although it said there was no assurance ongoing talks will be successful.

Currently, said the company, it is discussing "similar arrangements" with Piraeus Bank, from which NewLead has a \$69.8m credit facility, and with Lemissoler Maritime Company, to which \$81.2m was owed under a sale and leaseback agreement.

Apart from these facilities, NewLead appears to have indebtedness to Marfin, WestLB and a kamsarmax financing syndicate totaling close to \$140m.

At end-2011, indebtedness stood at \$572m. The restructuring has taken a toll on NewLead's fleet which has been reduced to five vessels and is likely to be further reduced with the company exiting the tanker sector altogether.

At the same time, the company has broken into a new business with a joint venture arrangement with a third party to purchase thermal coal from reserves in the US state of Kentucky.

The venture has deals to purchase certain quantities of thermal coal over a five-year period with roll-over options.

NewLead said it has no plans to exit shipping. On the contrary, it expects to use its own tonnage as well as bulkers sourced from the market to transport the coal to end users or distributors, primarily in Asia.

Nearly two-thirds of the company's value was wiped off in trading prior to Monday's opening in New York, but the stock recovered from a \$0.55 per share low to close at \$1.11. The share rose another 9% in early trading on Tuesday.

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