

Excel Maritime (EXM) Bankruptcy

Excel Maritime (EXM) has finally filed for bankruptcy protection. The Co. was our 4th addition into the SNV Focus Fund, and we have regretted the decision ever since it started to plummet from \$2.77 to the final price at \$0.47.

We initially purchased the stock because of the undervalued assets. The ships were selling multiple folds more than the booked value and we thought the ships would recover their value, but we were wrong. We saw a pickup in the economy and thought it would be a good asset play, but the dry bulk traffic never outgrew the supply glut, which kept the freight prices low. Also, oil price shocks and the Greek weakness didn't help too.

The Co. will be able to access \$30 MM in restricted cash, and the maturity for the senior secured credit facility will be postponed to 2018. The Co. chairman will purchase 60% of the equity for \$30MM, and has the option to increase share to 75% for an additional \$20 MM, which will go to the Co. The lenders will own the remaining 40%

We expect the Co. to sell their ships at fire sale prices. It was a great Co. to follow during the economic downturn and we hope to learn from this mistaken investment.