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## Wilbur Ross Suspends Diamond S Shipping IPO on Low Price

By Isaac Arnsdorf and Leslie Picker - Mar 12, 2014

Billionaire Wilbur Ross said an initial public offering for Diamond S Shipping Group Inc., the tanker company in which his firm is the largest shareholder, won't proceed because the suggested price was too low.

The final proposal by the underwriters was not acceptable, the founder of WL Ross & Co. said in an e-mail yesterday. Diamond S won't issue shares at a price equivalent to less than the market value of its fleet, he said. The company filed to sell 14 million shares in a range of \$14 to \$16 each, and was scheduled to price the IPO on March 11.

"Diamond S does not need the money and will not issue stock at the relatively unfavorable price created by the present stock market environment," he said in the e-mail. "We are not opposed to being publicly owned but not at any price."

Investor enthusiasm for oil-product tankers like Diamond S's has dimmed on growing concern that private-equity firms such as Ross's ordered too many new ships, said **Basil Karatzas**, a shipbroker and adviser in New York. Growth in the fleet of tankers could overwhelm demand to ship refined fuels and spoil a recovery in rates, he said.

"It's not a good sign for shipping IPOs in 2014 that Wilbur Ross, the mastermind of Wall Street, is not able to complete a deal," said Erik Nikolai Stavseth, an analyst at Arctic Securities ASA in Oslo.

### Cargill, First Reserve

Richard Khaleel, a spokesman for New York-based Jefferies Group LLC, which had been leading the offering, declined in an e-mail to comment. Craig Stevenson, chief executive officer of Diamond S in Greenwich, [Connecticut](#), wasn't immediately available for comment, his assistant said.

The shipping company, which owns 33 tankers for carrying refined fuels, planned to use the proceeds of the IPO to contribute to the purchase of 10 new ships, according to its prospectus. Other shareholders include First Reserve Corp. and a unit of Cargill Inc., the commodities trader, its website shows.

Ross and his co-investors spent about \$900 million on 30 product tankers in 2011, he said in August of that year. It was the 76 year-old billionaire's first venture into shipping and he also predicted at the time a slump in tanker returns was ending.

Since the time of Ross's acquisition, the price of a five-year-old tanker the same size as those in the Diamond S fleet rose 0.4 percent to \$28.9 million, according to the Baltic Exchange in [London](#). While rates averaged the highest since 2008 last year, the ships are now earning 32 percent less than a year ago, according to data from Clarkson Plc, the world's largest shipbroker.

## Orders Doubled

Shipyards were booked to build 217 product tankers smaller than 60,000 deadweight tons in 2013, more than double the previous year and the most since 2006, Clarkson data show. Outstanding orders are equal to 20 percent of the existing fleet, up from 16 percent a year ago, according to the shipbroker's figures.

Private-equity firms last year invested the most since at least 2008 in shipping, according to Marine Money, an industry researcher and publisher.

Ross's firm also has a 42 percent stake in [Navigator Holdings Ltd. \(NVGS\)](#), which controls the world's largest fleet of handysize liquefied-gas carriers. Shares rose 19 percent to \$23.80 since the [company's IPO](#) in November. Ross and partners last year raised \$100 million to buy as many as eight ships hauling coal, iron ore and grains through a company called Nautical Bulk Holdings Ltd., he said in November.

In December, Ross postponed an IPO for International Automotive Components Group SA, an auto supplier, two people with knowledge of the matter said at the time.

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