

NEWSLETTER

1 – January 2011



New Sales & Marketing Director for Levaco

We are pleased to announce you we have a new Levaco-Family member on board. Marc Taeymans is joining Patrick Braeckmans as Sales and Marketing Director to mutually develop our company in future.

Marc has been active as a Sales Manager for over 20 years with another local leading forwarder where he headed the in- and outside sales team for many years. He brings in an overall pallet of logistic know how boosting Levaco with a long experience of the local market and trade facilities.



In view of the extended strategically vision of Levaco, founding both airfreight operations in Belgium under the name of Levaco Air Bvba and sea freight operations in France under the name of Levaco France, Marc decided the timing was right to take a new challenge in his professional carrier and explore new horizons.

Together with his colleague Patrick they are now both dedicated on sales and marketing within the Levaco-Family and focussed to give our existing and new customers the best service available and tailor-made to your requirements.

OOCL – Considering megaships

OOCL group will be considering the construction of new build vessels with a capacity of 18.000 TEU in future. However any decision in the respect will be taken in compliance with their Grand Alliance partners.

This has been declared by OOCL' corporate planner Mr. Stephen NG to Lloyds List recently. However he also declared they are not yet as far as Danish competitor Maersk Line with their plans for the new built orders of 18.000 TEU. At present OOCL main focus is the engine development which is also a very important factor in costing, cost saving and green operating of the vessels.



Stephen NG also made some side remarks in respect of the profitability of shipping lines over the last two years. He stated that when comparing industrial sectors over the last 10 to 15 years, it was confirmed that shipping was ranked 3th in respect of return on investment.

OOCL has increased his turn over with 65% during the 3th quarter of 2011 up to us dollar 1.6 milliard. Last year they only scored us dollar 970 million. The result stands thanks to increased volumes and peak season rates. For next year Stephen NG revealed OOCL was targeting a capacity growth of 9%. So the possible increase of capacity demand due to the global economy growth resulting in transporting more volumes, will determine whether there will be a break even situation between supply and demand or a light drop of 4 to 5%.

NYK – Profitable again

NYK has reported a healthy performance for the period between March and September 2011, showing a revenue increase with 27%. The operating results showed a us dollar 1 billion at the EBITA levels, giving a 8.5% return on sales ratio.

An NYK spokesman said that due the recovery of the market from the previous years, the liner department deployed vessels as needed and responded flexibly to conditions, thereby substantially boosting cargo volumes on all trades, particularly North America routes.

He added by stating that the improvement in supply-demand fundamentals, the segment restored freight rates and continued charging a peak season surcharge, which substantially boosted the average freight rates on all routes.

Despite the fact that bunker prices increased during 2011 compared with 2010, the shipping operation continued to apply reduced speeds and could successfully reduce costs resulting in a substantial performance in the second half of 2011.



CMA-CGM – talking with FSI

French carrier CMA-CGM is planning to finalise an agreement with FSI, Fonds Stratégique d'Investissement before the end of the year. The participation would involve an investment of us dollar 150 million.

According to Mr. Rodolphe Saadé, CMA-CGM's managing director and son of founder Jacques Saadé, the search for a new partnership has taken longer than expected due to the fact the carrier had been looking for same minded companies to participate within CMA-CGM. The fact Turkish investors Yildirim became shareholder of the group was partly thanks to existing their family structure.



Yildirim is lead by 3 three brothers and is active in various maritime activities like terminals, bulk vessels, shipbuilding ... If within five years Yildirim would decide to withdraw from CMA-CGM, this will be achieved by offering part of their shares to the stock exchange.

Furthermore Rodolphe Saadé declared that negotiations with the bankers will be finalised shortly. He stated they will further support the financing of the new build vessels programme of CMA-CGM in future. The debt ratio of the carrier today is us dollar 5 milliard compared to the activa of the company representing us dollar 9 milliard.

MOL performing good

Japanese container carriers Mitsui OSK Lines has returned to a profitable situation during the first half their financial year ending in September 2010. MOL saw an increase of their revenues with 28.5% to us dollar 9.5 billion, from which they extracted a net profit of us dollar 593 million. Last year they were facing a loss of us dollar 110 million for the same period.



Their operating profit (EBITDA) reached us dollar 1.4 billion, a jump of 280% on the us dollar 391 million achieved in the first six months of 2009, resulting in a strong RoS of 15.5%. As a comparison, last year MOL performed a RoS of only 0.5%.

Spokesmen of MOL stated that during the second quarter they revised and expanded their services to respond to substantial improvements in cargo volumes and the freight rate market, resulting in a vast increase in profits compared to the same period of the previous fiscal years as well as the first quarter.

SCI – Rebounding results

Indian shipping company SCI in Mumbai has seen its liner activities return to profit over the last six months of 2010. The regular liner division increased his revenues by 45% to INR 5.6 billion (approx us dollar 126 million) out of which an operating profit (EBITA) of INR 711 million (approx us dollar 15.8 million) was extracted. Last year for the same period a loss of INR 1.7 billion (us dollar 37.9 million) occurred.

At group level, SCI's revenue increased by 3.5%, up to INR 17.9 billion. Net profit increased by 193% to INR 4.5 billion. The liner division's contribution, as a percentage of the total revenue, was 31% up from the 22% made during the first half of 2009.

SCI's discontinued several loss-making services that were jointly run with other carriers. An East Africa joint venture service (ISEAFR) commenced in November with 3 units of 1.200 TEU, calling at Colombo, Dar Es Salaam, Mombasa and back to Colombo.



Japanese carriers doubtful about economical revival

During their traditional new years speech, top management from Japanese carriers NYK, K-Line and MOL have made clear reservations towards the recovery of the global economical revival.

According to a statement of Mr. Yasumi Kudo from NYK, it is primarily the growing imbalance between supply and demand in the dry bulk sector the main problem. As such he was very careful in his profit prediction for the next fiscal year since he expects a drop in results.

Also Mr. Koichi Muto from MOL declared he was very prudent in his expectations but found the results of the container division very encouraging. Mr. Kenichi Kuroya from K-Line stated that the container division needed to reposition on all trade lanes. According to his point of view K-Line should focus in the near future towards investments in LNG and deep sea projects.



CMA CGM takes receipt of six VLCS

Within short CMA CGM will take receipt of six VLCS-vessels of which the delivery was delayed last year due to economical reasons. As a result the FAL3 service will extend his capacity.

The vessels will come into service between March 20th and May 22nd, all having a capacity of 11.356 teu and will replace six other vessels with a capacity between 8.488 teu and 9.661 teu. Originally these vessels were also ordered as VLCS vessels but before the construction was started the French carrier decided to increase the capacity in agreement with the shipping yards.

The six vessels are already ready since quite some time at the Korean yard, Hyundai Heavy Industries, however the delivery was delayed in view of the financial difficulties of CMA CGM. Thanks to the recent increase of their financial facilities CMA CGM is now able to take receipt of these vessels. They will only come into service after Chinese New Year when new volume increases are to be expected.

The introduction of these vessels will increase the FAL3 capacity with approx 10%. Meantime CMA CGM is also increasing the FAL1 capacity with the introduction of two new ULCS-units of 12.522 teu whereof the "CMA CGM Alaska" will sail from Shanghai on January 25th.

