

Improvement expected by Hyundai Merchant Marine

HMM, Korean's Hyundai Merchant Marine is expecting to return back to profitability during 2010 after last years deficits. During 2009 the Korean container carrier faced losses of approx us dollar 500 million.



For the running year, HMM is focussing on a profit of us dollar 300 million. The Korean's declared in a press release they are targeting to acquire more assets in the dry bulk sector. Furthermore they will be opening new container services and develop niche markets in the handling and transport of carbon.

In relation to their container services, Hyundai envisages a growth of 7 to 8% in container volumes. Although their projection only foresees in a growth of maximum 5% on the Asia/Europe trade, their expectation on the Inter Asian trade is looking for a 10% increase.

Especially their service between Asia and the Adriatic, as gateway for the Central and Eastern European trade is awaiting an enthusiastic performance. On an investment level Hyundai will double it's levels compared to 2009, mainly on new built ships.

Today HMM is exploiting a fleet of 156 vessels whereof 59 container vessels.

China Shipping optimistic for 2010

CSCL, China Shipping Container Lines is projecting an increase of it's turn over for 2010 with 31%. This ambitious growth is in sharp contrast with the shipping lines negative result of last year amounting to minus 2.1 milliard euro.



China Shipping's president, Mr. Li Shaode predicted this rehabilitation during the presentation of CSCL's annual results. The increase is based on the improvement with 18 to 20% of the rates projected by China Shipping for 2010. This increase will contribute for 50% of the positive growth in 2010.

The other 50% is expected by the increase of volumes thanks to the improvement of global economy. Significant signs of these increases were already confirmed by results for the 1st trimester of 2010.

The Chinese carrier will further rationalise their fleet although they have new buildings coming during 2010 with a capacity of 156.000 TEU. Within a couple of years, this will result in CSCL's total capacity amounting to over 650.000 TEU's spread over 146 container vessels.

Restructuration's beneficial for MOL

Japanese shipping Line, Mitsui OSK Line has reported an annual loss for 2009/2010 amounting to 75 milliard yen. However they will return to benefit still during 2010 with a projected profit of 5 milliard euro.

MOL has made significant efforts over the last year. Their fleet was reduced from 110 to 85 container vessels. Including chartered units, their fleet at present is consisting of 103 vessels. Furthermore they reduced their staff globally with 25% or 1000 employees.



Despite these developments, MOL's president Mr. Akimitsu Ashida, has announced further expansion plans. Within the next three years, MOL's fleet will be increased with 28 large container vessels thus resulting in an increase of 35% of their total capacity.

In 2013 this would result in a total fleet capacity of MOL of 1.050 vessels. Besides the 28 container vessels, the fleet will be also be extended with 120 bulkers and 33 car carriers.



Hamburg Süd recovering



German container carrier Hamburg Süd transported last year 13% less containers. This result is slightly better than the average loss of its colleague competitors. However maintaining these volumes could only be achieved thanks highly competitive freight rates.

Immediate consequence was a drop of turn over with 28% during the same period. Volumes could be restored successfully during the 1st quarter of 2010, freight rate levels on the contrary were not sufficiently restored.

On the costing side, Hamburg Süd cut down expenses with 300 million euro but maintained their staff of 4.800 people worldwide. Half of the cost restructuration was achieved on the ship's operations. The German container carrier is optimistic after reviewing their 1st quarter results. During this period they carried more containers than during the same period in 2008. Even an increase of 3% was reported.

Regretfully same reports show that in comparison, the freight rate level today fell down with approx 65% although slight recovery has been achieved. Nevertheless Hamburg Süd is doubtful tariffs will soon be on an acceptable level since global vessels overcapacity remains a huge problem.

The shipping line does not predict a full tariff recovery before end 2012. By that time also Hamburg Süd will take delivery of 12 new built container vessels whereof 10 ships have a 7.100 TEU capacity each.

Catastrophic performance of COSCO during 2009

Chinese Holding COSCO has reported disastrous losses in their balance sheets for 2009. Due to the fall in turn over of the container division with 43%, the shipping line lost 1.1 milliard dollar ...

In the meantime, the shipping line has taken drastic measures to reduce their cost structure with 11.6%. Today, Cosco's fleet consists of 146 ships. The container capacity was reduced with 10% to a level of 5.23 million TEU. Only the Inter Asian trade achieved a growth of 3.6%.

Last year the Chinese carrier realized a turn over of 10 million us dollar. The bulk division generated 4 million us dollar but saw her volumes going down with 7.3%. As a result thereof Cosco announced they will delay further investments in this sector.

Cosco has still a large order of 84 new built ships pending. 54 container vessels and 30 bulk carriers will be financed through the financial reserves of Cosco. However also investments in terminals will take place during 2010. During the 1st quarter of 2010 better results are projected.



CMA-CGM back on track

According to statements of the CMA-CGM management, results and volumes of the French container carrier are back on track. During the 1st quarter of 2010 the achievements in transported container volumes and turn over have been improved in comparison with the same period in 2008.

Last year CMA CGM was still facing a decrease in their turn over figures of 30%. Over more their container volumes dropped with 780.000 TEU or 9%. Still this result was a better one then the global average decrease of 12%. Nevertheless the deficit relating to maritime activities went up to us dollar 889 million, to be increased with one-off costs amounting to us dollar 548 million.



The shipping line reduced his container fleet from 395 vessels to 352 towards the end of 2009. Eighty five of these vessels are still remaining in property of CMA CGM. The capacity of the container fleet increased with 16.000 TEU to a level of 1.040.000 million TEU.

For this year the carrier is projecting a total recovery. During the 1st quarter of 2009, CMA CGM carried 22% more container then last year at the period. This is also an increase with 4% compared to 2008.

The Earnings Before Interest, Taxes, Depreciation and Amortization (ebidta) increased from minus us dollar 260 million to a positive figure of us dollar 380 million. Also the turn over went up with 30% compared to 2009.

Philippe Soulié, CMA CGM's CEO confirmed that efforts to adapt the fleet and strengthen the financial structure are continuously monitored and improved. Mr. Soulié also denied the fact that the shipping line had received any financial support from the French government. He stated that the credit line CMA CGM had negotiated with the banks to an amount of us dollar 500 million, had only been used to an extend of us dollar 80 million.

Rodolphe Saadé, CMA CGM's Executive officer stated that negotiations with new shareholders to invest new capital into the company will be finalised this summer. The investment will amount to 300 to 500 million us dollar. However the family Saadé will remain majority shareholder.

