



### **Taiwanese Shipping Lines facing serious losses**

Evergreen Marine Corporation has reported a loss of us dollar 310 million during 2009. As a comparison, during 2008, Evergreen was still performing a profit of us dollar 20 million. Also the other Taiwanese container carrier Wan Hai faced losses to an extend of us dollar 51.6 million.

The logo for WAN HAI, with "WAN" in blue and "HAI" in red.

In 2008 they were still facing a minor drop in results of 167.000 us dollar. Wan Hai's turn over however decreased with 26.4 pct. Both carriers announced small growth in their results during the 1<sup>st</sup> quarter of 2010.



### **Hanjin financial performance remains unsatisfactory**

South Korean container carrier Hanjin Shipping has not been able to turn back to profitability during the 1<sup>st</sup> quarter of 2010. Although most other global mega carriers reported an improvement on turn over, financial results and carried volumes.

The reported loss was amounting to nearly us dollar 120 million. Hanjin Shipping splitted from the Korean holding last year in December.

### **High losses in liner shipping during 2009**

More then fifteen (15) milliard us dollar ... that's the financial loss the 20 largest container carriers faced all together during the frightening year of 2009. This figure is the definite balance now that all shipping lines have reported their result over last years performance.

Although precise figures remain little doubtful since not all top 20 carriers have reported their figures. Some of them are not registered at the stock exchange and as such have no requirements to publish officially their financial performance.



Two important players in this situation are MSC, Mediterranean Shipping Company (#2) and Hamburg Süd (#14). However assumptions are also these carriers faced definite losses during this period. Also Hyundai Merchant Marine (HMM #18), PIL (#18) and UASC (#20) have not registered their balance sheets.



Dynamar published some interesting figures in their latest newsletter. Worlds container carrier number one faced the biggest loss amounting to more then us dollar 2 milliard. Also CMA-CGM recently reported losses amounting to us dollar 1.42 milliard and was ranked two in this unfortunate list. Coscon faced over one milliard us dollar of loss.

Dynamar warned for the interpretation of the published figures since not all losses were related to shipping. Also other activities of the mega carriers such as stevedoring, bulk shipping and logistic services were included in the results. Quite interesting were the analysis between the losses of the carriers and their transported volumes.

This analysis is showing a totally different picture and ranking. According to these results SCAV and ZIM are leading the pack. These are also the two carriers who were closest to bankruptcy last year and required special measures in order to survive.



## **ZIM lines trying hard to reduce losses**



Despite the fact that Israeli carrier ZIM lines could increase his transported container volumes during the 1<sup>st</sup> quarter of 2010, they have been confronted with losses amounting to us dollar 82 million.

Last year the deficit was still reaching us dollar 119 million so an improvement with 31% was realised. ZIM was successful in reducing the charter expenses of their fleet with approx 32%. However part of these savings have been absorbed by the increase in bunker prices.

In order for ZIM Lines to escape from this uncomfortable situation they will require to increase freight rate levels. During the 1<sup>st</sup> quarter of 2010, they were levelled 12% under last years average tariff levels.

## **Liner operations recovering**

Most container operators have confirmed the improvement of their performance during the 1<sup>st</sup> quarter of 2010 in comparison to 2009. Main mega carriers stated their return to profitability on the East –West trade lines. However all of them claim that further rate improvements are an absolute must.



Maersk Line, worlds number one, reported a profit of us dollar 168 million during the first three months of 2010. Last year they lost us dollar 581 million during the same period. In total Maersk Line's container operations lost us dollar 2.1 milliard during 2009.

Also the volumes transported during 1<sup>st</sup> quarter of 2010 have went up with 18%. On the trade between Europe and Asia the volumes increased with 16% westbound and 15% eastbound.

Hapag Lloyd reported a profit of us dollar 17.4 million in 2010 1<sup>st</sup> quarter. Last year they still faced losses amounting to us dollar 292 million during the same quarter and us dollar 1 milliard for the whole of 2009. Their turn over has grown with 13.4%, their volumes 5% and their profitability per container with 8%. Shareholders are positive to achieve good results for the financial year 2010.



Hanjin realised a profit of us dollar 2.2 million. The activities of the liner operations raised with 30.1%. Despite a raise in turn over of 38.8% they faced losses amounting to us dollar 8 million thanks due to the weak tariff structures on their Transpacific route. Only their bulk division proved to be successful with a profit of us dollar 10 million.

NOL, Neptune Orient Lines were slowed down in their return to benefit. During the 1<sup>st</sup> quarter of 2010 they still faced losses of us dollar 98 million although their volumes raised with 48%.



Nils Andersen of Maersk Line stated that a further rehabilitation with 18% of the tariff structures is an absolute condition to maintain the recovery of the regular liner services. This figure is more then the market average however Andersen feels the increase of rates will remain on track. Also other carriers have announced GRI's within the very near future in combination with PSS, peak season surcharges.