SUNDAY SPOTLIGHT

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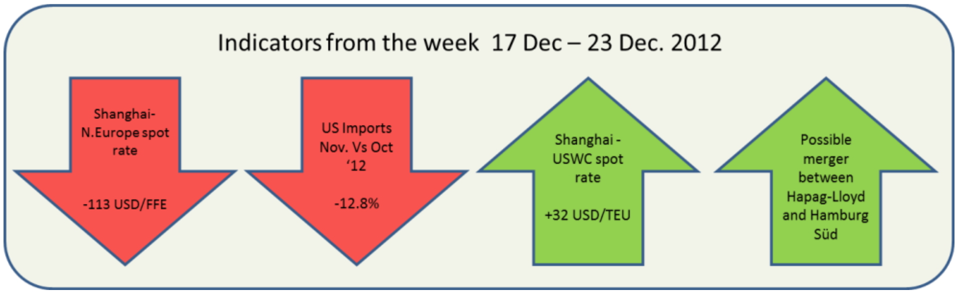
SEAINTEL MARITIME ANALYSIS



Reliability from global vessels to the container at the country level:

Performance in Oct. 2012.

See page 13 for details.

HAMBURG-LLOYD OR HAPAG-SÜD?

What will be the result if the merger talks are successful?

Tuesday morning the two main German carriers - Hapag Lloyd and Hamburg Süd - announced that a discussion regarding a possible merger is active between the two carriers. The question is what the new company would look like, if a merger becomes reality.

The World's 6th and 12th largest container carriers, Hapag Lloyd and Hamburg Süd, are currently investigating if, and under what conditions, a merger of both companies would be of interest. If a merger of the two companies becomes a reality, the new German carrier will become the 4th largest carrier in the World, if we take the current ranking into account. Hapag Lloyd and Hamburg Süd will have a total fleet capacity of 1,050,000 TEU according to Alphaliner's Top100.

In terms of nominal fleet capacity Hapag Lloyd has a global market share of 3.8%, while Hamburg Süd has a global market share of 2.5%. Hapag Lloyd and Hamburg Süd are, however, two very different companies, seen from the perspective of their service networks. Hamburg Süd is best categorized as a large regional carrier with a strong focus on South America, while Hapag Lloyd could be categorized as a global carrier, who is involved in all the major east-west trades and many of the north-south trades as well.

Merry Christmas

Last week the carriers were able to get an early Christmas present in the shape of much-needed rate increases on the main trades. Whilst shippers may not see such an event as quite as festive, one should not lose sight of the obvious: Carriers must – over time – be profitable. If they are not, shippers will be experiencing frequent, and unwelcome, service disruptions and blanked sailings in a highly turbulent market. Hence with rumors now emerging that the EU competition authorities might look at carrier behavior, the authorities would be well-advised to also keep in mind that carriers do need to be profitable to provide a service.

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