




## CMA CGM Said to Seek Equity Investment as Cash Falls ( update1)

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Oct. 5 (Bloomberg) -- CMA CGM SA, the third-biggest container-shipping operator, is seeking equity investors to reduce \$5.6 billion of debt, according to three people briefed on the company's plan.

CMA CGM used more than \$1.2 billion of cash in the first half, the majority on ship purchases, reducing its reserves to \$599 million as of June 30, according to two of the people, who were briefed on a conference call Oct. 1 and asked not to be identified because the call was confidential.

The closely held company, based in Marseille, is in breach of the terms governing about \$3.9 billion of its loans, according to two of the people. CMA CGM, which has begun talks with banks about a restructuring, has asked the lenders to waive their claims, two of the people said.

"Because of the economic crisis in the west, the demand for container-carried goods has plummeted," [Theodore Petropoulos](#), founder of Petrofin SA, an Athens-based consultant, said by telephone. "It would have some effect on long-term trade" if governments allowed their largest container shipping lines to fail, he said.

CMA CGM has been hurt by a slump in world trade that's caused [rental rates](#) for vessels to decline 46 percent in 2009, according to data from the Hamburg Shipbrokers' Association. Owners have responded by [slowing down](#) their ships to cut [fuel costs](#), firing crew members and idling vessels.

### Sovereign Wealth Fund

The International Monetary Fund expects world trade volume in goods and services to decline 11.9 percent this year, recovering 2.5 percent next year.

[Guillaume Foucault](#), a Paris-based spokesman for CMA CGM, declined to comment on the company's financials or confirm whether the conference call took place.

CMA CGM is in talks with the FSI sovereign wealth fund established by French President [Nicolas Sarkozy](#), one of the people said. [Yves Jambu-Merlin](#), a spokesman for the FSI sovereign wealth fund, didn't return calls seeking comment.

FSI wouldn't consider an investment in CMA CGM before the company restructures its debt, [Jambu-Merlin](#) said in a Sept. 29 interview.

CMA CGM's Lebanese founding chief executive officer, [Jacques Saade](#), began the operation with just a rented boat and seven employees after fleeing his country's civil war in 1978, according to French financial magazine Challenges. His son Rodolphe, daughter Tanya and brother-in-law Farid Salem are senior executives.

### Cancellations

A direct equity investment would dilute the 100 percent stake held by the Saade family. It would also be in contrast to the loan guarantees Hapag-Lloyd AG will receive from the German government as part of a 1.2 billion-euro (\$1.7 billion) rescue package to help the country's biggest container shipper.

CMA CGM completed the acquisition of French shipping g Delmas from billionaire French investor [Vincent Bollore](#) in January 2006 in a \$600 million transaction.

CMA CGM said in a Sept. 29 statement that it will renegotiate and, in some cases, cancel deliveries of new ships this year. The company expects to post a loss before interest, taxes, depreciation and amortization in the third quarter and doesn't foresee a return to profit before the second half of 2010, two of the people said.

About a third of the company's banks are French, another third are from other European countries and the remainder are Asian, including Korean lenders, the people said.

CMA CGM plans to finish construction next year of a 33- story headquarters designed by architect [Zaha Hadid](#). The building is close to the current headquarters overlooking Marseille's port.

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