

## Fitch Downgrades CMA CGM to 'BB-' from 'BB+'; Withdraws Ratings

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Fitch Ratings-London-03 June 2009: Fitch Ratings has today downgraded the French-based global shipping company CMA CGM S.A.'s (CMA CGM) Long-term Issuer Default Rating (IDR) and its senior unsecured rating to 'BB-' from 'BB+'. The Outlook is Negative. CMA CGM's Short-term IDR remains 'B'. The agency has simultaneously withdrawn the ratings and will no longer provide ratings coverage of CMA CGM.

The downgrade reflects a weakening of prospective coverage and leverage ratios, amid the ongoing difficult conditions affecting the global container shipping industry. CMA CGM and its competitors face large vessel order book deliveries in 2009 and 2010 even as the industry is in the midst of a record down-cycle, resulting in fleet over-capacity, reduced freight volumes and downward pressure on freight rates. Dynamics on the key Asia-Europe route, where CMA CGM deploys some 24% of its capacity, remain challenging.

The Negative Outlook reflects Fitch's view that current, exceptional, market conditions will be protracted and any significant improvement is unlikely to occur before 2012. The ratings acknowledge CMA CGM's ability to reduce its capacity through the cancellation of charters, which represents some 71% of its capacity, approximately 40% of which are short-term contracts. Cancelled charter agreements and falling bunker fuel net costs should partially mitigate the decreased revenues from reduced freight rates and volumes.

CMA CGM's liquidity was significantly lower by end-December 2008, with unrestricted cash and cash equivalents of USD0.8bn (YE07: USD2.1bn), which were sufficient to meet estimated short-term maturities in 2009. Total debt rose to USD5.2bn from USD4.8bn in the previous year. Fitch adjusts CMA CGM's coverage and leverage ratios to reflect the annual fixed cost and debt-equivalent effect of chartering/leasing. Lease-adjusted (on a net present value basis) net debt/EBITDAR was 2.5x in FY08 and EBITDAR/interest plus rent was 1.6x. As at December 2008, the majority of CMA CGM's USD7bn vessel order book had been pre-financed.

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