CSAV reduces losses by 53% in first quarter of 2013

- The chief executive, Oscar Hasbún, commented that this is another consecutive quarter in which the company has shown a significant improvement in its costs structure when compared with its past performance.

Santiago, May 28, 2013.- Compañía Sudamericana de Vapores (CSAV) reported a loss of US$ 96 million in the first quarter of this year, showing a 53.2% improvement over the first three months of 2012 when the loss was US$ 205.2 million.

This result includes a provision of US$ 40 million that the board of CSAV decided to make to cover possible costs the company might have to incur as a result of the investigations into breaches of free-competition regulations in the car-carrier shipping business.

The operating income in the first quarter of 2013, excluding this provision, was US$ 54.2 million, which represented a 69.3% improvement over the first three months of 2012 when there was an operating loss of US$ 176.8 million.

The results for this first quarter declined with respect to the loss of US$ 23.9 million in the last quarter of 2012, influenced by the seasonality of the industry, as a result of New Year and Chinese New Year celebrations, events that normally impact negatively on trades on the Asian routes.

The chief executive of CSAV, Oscar Hasbún, said that the operating result represents a significant improvement over the same period of the previous year, explained by better market conditions and cost efficiencies. “What we consider to be most important are our long-term prospects. For another consecutive quarter, CSAV has a more efficient costs structure compared to the company’s historic performance”, he stated.

“The industry’s situation continues to show volatility as a result of oversupply and global economic news so, as we have anticipated, the year continues to be a challenge. Nevertheless, we expect that the weak financial position of most of the industry players will be a catalyst for permitting rates to recover from their present level in the next quarters”, he added.

In his opinion, the capital increase of US$ 500 million approved last April will provide CSAV with better conditions for facing these kinds of scenarios in the future. This is because it will allow the company to finance the purchase of seven 9,300 TEUs ships which will increase its own fleet from 37% to 55%. With this investment, chartering costs will fall further and additional savings will be achieved in fuel consumption.

The capitalization will also serve to repay the company's debt with Banco Latinoamericano de Comercio Exterior (Bladex) for US$ 140 million, drawn in April to enable CSAV to prepay a debt of US$ 258 million that it had with AFLAC, with a discount of 46%. This transaction produced a gain of US$ 53.8 million, which will be reflected in the financial results for the second quarter of 2013.