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## **MOL container unit may continue losses for two more years**

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Mitsui OSK Lines Limited said that its container unit may be unprofitable for two more years as rising global capacity and slowing world trade damps rates. The unit will make a loss in the year ending March 2011.

Mr Masakazu Yakushiji EVP of MOL said that it may be able to return to profit the following year if rates rise. The container unit, heading for a second straight loss this year, plans to cut costs 30% next fiscal year and delay new vessels to tackle the slump.

Evergreen Marine Corporation and China Cosco Holdings Co have also posted losses, as recessions in the US and Europe slash demand for shipments of furniture, auto parts and consumer electronics.

Mitsui OSK, which gets about 34% of revenue from containers, has cut its box ship fleet to 98 vessels from 115 since March. That reduction will contribute to support costs at the container unit falling to about JPY 20 billion in the year ending March 2011.

He said that the company may also move some administrative work to countries with lower labor costs. No further reductions in fleet size are planned at present. He added that "We're working to cut losses at the container unit. We want to make it profitable within three years."

The container division will probably have a pretax loss of JPY 40 billion in the current fiscal year. Overall, the shipping line expects a net profit of JPY 30 billion this fiscal year, helped by demand for shipping iron ore to China.

The company will announce third quarter earnings and any changes to its full year forecast on October 27th 2009.

(Sourced from [www.bloomberg.net](http://www.bloomberg.net))

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