Hyundai Merchant Marine Co. Ltd (HMM)

Confidential credit report: February 24th, 2010

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Prepared for: Petromedia Ltd (Canada)

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Credit Report, prepared for: Petromedia Ltd (Canada)

Hyundai Merchant Marine Co. Ltd (HMM)

Head Office:
66 Jeokseon-dong,
Jongno-Gu,
Seoul
110-052
Korea (South)

15FL. Hyundai Marine & Fire Insurance Bldg
1193-5, Choryang-3 Dong, Dong-Ku
Pusan
Korea (South)

3th floor, Yongdang CY
206-5, Yongdang-Dong, Nam-Gu
Pusan
Korea (South)

Website: www.hmm21.com
Telephone: +82 2 3706 5114
Fax: +82 2 778 4341
Fax: +82 2 734 8496
Telephone: +82 2 3706-5544 (Bunker Dept.)

Report Date	February 24th, 2010
Performance/Credit Rating	A **
Risk Rating	3 (1 = low risk, 10 = high risk)
Sector/Services:	Charterer Logistics Liner Operator Ship Owner/Operator Terminal Operator Tanker Owner/Operator

Company Information:

Date Registered:	25 Mar 1976
Place Registered:	Korea (South)
Registration #	110111-0193740
Type of Company	Publicly-listed Limited Company

Senior Officers

Jeong-Eun Hyun - Chairwoman (and of Hyundai Group)
Seong-Man Kim - Director, President and CEO
Ki-Seung YI - Director
Dong-Gun Kim - Director
Bo-Hyun Kang - Director
Joon-Soo Jon - Director
Taek-Soo Han - Director
Eric Sing Chi Ip - Director
Paik-Hoon Lee - Director and CHO

Capital, Banking & Accounting Information:

Shareholders:	Major shareholders include: Hyundai Elevator Co Ltd (18.89%) Hyundai Heavy Industries Co., Ltd. (17.60%) Hyundai Engineering & Construction Co., Ltd. (8.30%) Hyundaisamho Heavy Industries Co Ltd. (7.87%) Cape Fortune (7.06%)
Share Capital:	153,073,229 shares at KRW (Won) 765,366 million (Approx. US$772.4 million)
Bankers:	Hana Bank
Date of Last Accounts Filed:	2008

Operations

Hyundai Merchant Marine Company Limited (hereafter referred to as HMM) was registered on 25th March 1976 in Seoul, South Korea. HMM is a publicly listed logistics and transportation company.

HMM is an integrated part of the major Hyundai group, though its immediate shareholding is dispersed among a number of Hyundai group and former Hyundai spun-off companies. It is serving both the wider Hyundai group and third party customers.

Originally incorporated as Asia Merchant Marine, the company has been trading under the present style since 1983. Its common shares were floated on the South Korean KRX Stock Exchange in October 1995, but remain under the control of the Hyundai group, and under the ultimate control of the family and heirs of Ju-yung CHUNG, late founder of Hyundai Group. Major shareholders include large members of Hyundai Group and other former Hyundai spun-off companies and these include: Hyundai Elevator Co., Ltd (18.9%), Hyundai Heavy Industries Co., Ltd. (15.3%), Hyundai Engineering & Construction Co., Ltd. (7.2%), and Hyundaisamho Heavy Industries Co., Ltd (6.8%). Other substantial shareholders, but non-group affiliated include KCC Corporation (4.3%), a Korean chemical, construction materials and auto parts manufacturer. At the time of the last report, about 14% of the company was owned by foreign shareholders and this include the single largest foreign investor Cape Fortune (around 7%), reportedly linked to Hong Kong`s Hutchison Whampoa. HMM is headed by its Chairwoman (and of Hyundai Group), Ms. Jeong-eun HYUN. However, day-to-day operations are headed by company`s President and CEO Mr. Seong-Man KIM.

HMM is a large shipping company with operations across both liner and tramp markets, and in both the wet and dry sectors. Apart from that, HMM is also a fully integrated transportation and logistic company. Its business covers three main areas: a) container lines, b) bulk shipping, and c) terminals and logistics.

The company operates a total fleet of over one hundred vessels at any one time. These are a mix of owned and chartered (mostly) tonnage. We understand it is currently, as of end-February 2010, operating around 99 vessels. Of this fleet, approximately 60 are owned vessels, controlled through single-purpose vessel owning companies. Fleet list for a list of its vessels.

Liner operations account for 60% of the business, with over 40 liner services operating in five major routes: Transpacific, Asia-Europe, Transatlantic, Intra-Asia and Latin America. The company operates a fleet of over 60 container ships, a mix of owned and chartered tonnage. Most of the ships are between 2,200 and 6,800 TEU, and total capacity is 309,907 TEU and 3.87 million dwt. The fleet is modern, with the majority of ships built in the late 90s and 2000s. HMM is a member of a liner alliance called The New World Alliance or TNWA, (which also includes American President Line and Mitsui OSK Line and covers the transpacific trades).

HMM operates a mixed fleet of bulk carriers (Capesizes, Panamaxes, Handymax and dedicated ore/coal carriers). The fleet fluctuates in size with chartered tonnage supplementing an owned core fleet. We understand the bulk carrier fleet totals around 30 vessels. The dry bulk business is employed in both the spot market and long term contracts of affreightment, including a number of long term contracts to transport iron ore, coal and steel products.

The tanker fleet includes more than forty crude carriers (VLCCs, Suezmaxes and Aframaxes), oil products/chemical tankers (LR2s, MRs and chemical tankers), and around half that many gas carriers (LNG and LPG). The tanker fleet is expected to expand in 2010.

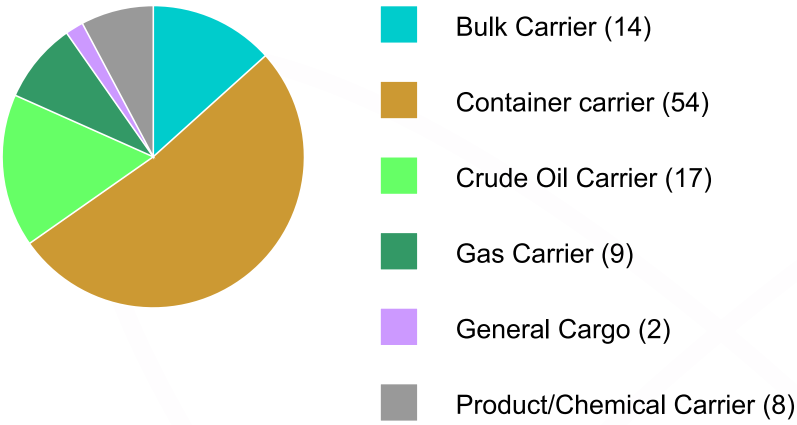
There are still newbuildings on order, (eight in total as of February 2010), and some of these were deferrals from 2009. These are five boxships, two Capesize bulkers and one Handysize bulker. It is worth noting that the five box carriers are 12,600 TEU - some of the largest post-Panamaxes around. Demand for these monolithic single screw giants is projected by HMM to rebound in time for their 2011/12 delivery, but further deferrals cannot be ruled out in our view.

Apart from shipping, HMM owns and operates terminals in the US (Washington United Terminal and California United Terminals), in Korea (Busan New Port), Taiwan (Kaohsiung), and the Netherlands (Rotterdam).

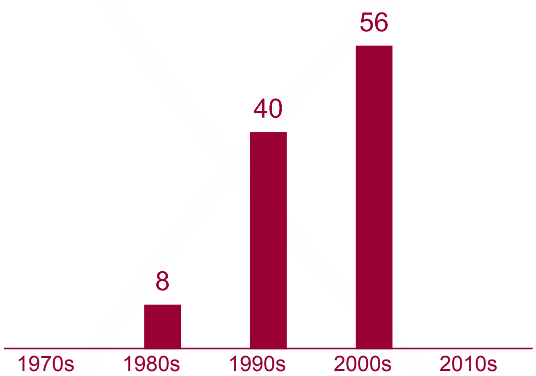
According to a company source, HMM`s current monthly bunker requirement is between 25,000 and 28,000 mt of fuel oil and between 1,500 and 2,000 mt of MDO. The company also requires between 4,000 and 5,000 drums of marine lubricants (engine oil) on a monthly basis. The company requires bunkers all over the world, but mainly in Rotterdam, Singapore and South Korea. The company uses risk management instruments to hedge against fuel price volatility and takes into consideration many options for hedging purposes and are in discussion with suppliers and investment banks concerning these matters.

Fleet Analysis

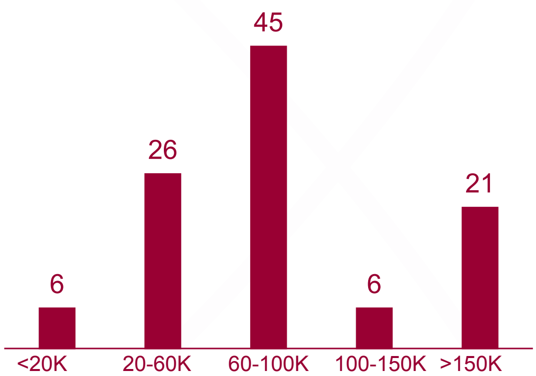
Vessel Type



Vessel Age



Vessel DWT



Download Fleet List

Financial Table

All figures shown as 1,000's, except for dividend.

	Period ending 31 Dec 2008			Period ending 31 Dec 2007		
	USD	KRW	+/-	USD	KRW	+/-
Turnover	6,402,431	8,003,039,000	△ 57%	4,073,508	5,091,885,000	-
Operating Profit	469,347	586,684,000	△ 87%	251,342	314,177,000	-
Pre-Tax Profit	484,287	605,359,000	△ 211%	155,792	194,740,000	-
Net Profit	541,545	676,931,000	△ 282%	141,849	177,311,000	-
Dividend	KRW 500 /Share		0%	KRW 500 /Share		-
Fixed Assets	5,311,974	6,639,968,000	△ 56%	3,414,861	4,268,576,000	-
Current Assets	1,313,792	1,642,240,000	△ 10%	1,197,488	1,496,860,000	-
Other Assets	0	0	-	0	0	-
Total Assets	6,625,766	8,282,208,000	△ 44%	4,612,349	5,765,436,000	-
Long-term Liabilities	3,318,136	4,147,670,000	△ 45%	2,281,189	2,851,486,000	-
Current Liabilities	1,021,074	1,276,343,000	△ 49%	687,239	859,049,000	-
Minority Interest	0	0	-	0	0	-
Provisions	0	0	-	0	0	-
Total Liabilities	4,339,210	5,424,013,000	△ 46%	2,968,428	3,710,535,000	-
Shareholder's Equity	2,286,556	2,858,195,000	△ 39%	1,643,921	2,054,901,000	-
Total Liabilities + Equity	6,625,766	8,282,208,000	△ 44%	4,612,349	5,765,436,000	-
Current Ratio	1.3:1		▼ 24%	1.7:1		-
Working Capital	292,718	365,897,000	▼ 43%	510,249	637,811,000	-
Debt/Equity Gearing	1.5:1		△ 7%	1.4:1		-

Financial Analysis

The latest accounts available for the company are for the year ended 31st December 2008. Some significant figures are tabulated above, along with FY2007 figures.

For 2008 HMM generated consolidated total revenues of KRW 8,003 billion (US$6.4 billion) and earned net profits of KRW 676.9 billion (US$541.5 million), a net margin of 8%. This net result was nearly three times as much as 2007`s net result of KRW 177.3 billion (US$141. 8 million) on total revenues of KRW 5,091.9 billion (US$4.07 billion).

The company registered KRW 8,282.2 billion (US$6.63 billion) worth of total assets at end of 2008, and total liabilities of KRW 5,424.5 billion (US$ 4.34 billion).

At the end of 2008 fixed assets were KRW 6,640 billion (US$5.3 billion), of which KRW 5,575.2 billion (US$4.51 billion) was made up of properties, equipment and vessels. Long term debt against these assets was KRW 4,147.7 billion (US$3.36 billion). The company continues to have a substantial and increased net worth of KRW 2,858.2 billion (US$2.29 billion), although its gearing has increased.

At the end of 2008, HMM`s current assets of KRW1,642.2 billion exceeded (US$1.3 billion) dominated current liabilities of KRW 1,276.3 billion (US$1.02 billion), leaving the business with a positive working capital margin of KRW 365.9 billion (US$292.7 million). This was down substantially from its previous year`s working capital of KRW637.8 billion (US$510.2 million). The company`s payment performance suggests it still manages its cash well and professionally. (See Reputation/Performance section below).

Recently the company declared an annual dividend payment of KRW 500 (US$0.405) per common share and KRW 600 (US$0.486) per preferred share to its shareholders.

The company remained in a positive financial position at end of 2008. However, 2009 will have been a very challenging year for the South Korea shipping industry and for HMM too. Q309 results do back this up. In the first three quarters/nine months of 2009, revenues slipped from KRW5,698 billion to KRW4,545 billion, and net losses widened from KRW106.50 billion to KRW724.24 billion during the same period. Market reports dated around the end of Q309 suggest that HMM's liner fleet had 18% of its capacity idle or laid up. This certainly does tie in the with figures released for the quarter, and do not bode well at all for the end of the year.

We have obtained end-Q309 balance sheet for HMM, and note that fixed assets stood at KRW6,548 billion against long-term debt of 4,588 billion at the end of the quarter. With equity of KRW2,334 billion, gearing was far too high nominally, and this is a further concern. Current assets were heavily outweighed by current liabilities at Q309 end, and with a large working capital deficit moving into the final quarter of the year, liquidity looked very poor for fiscal 2010.

Of course these results have to be taken in the context that the parent company is the largest of the Korean chaebols, and that HMM is very well backed regardless. It should be borne in mind though, that the Hyundai group has a heavy focus on car building, which has suffered very badly in 2009 as a result of reduced consumer spending, and also shipbulding, which has seen massive cancellations and deferrals across all orderbooks, and itself will be in a strained state financially, moving into 2010. Even so, there is a well known phrase in financial circles about a company being "too big to fail", and although this has come in for some ridicule since the global financial crisis started when analysts were saying the same thing about companies like Lehmann Brothers and AIG, but in this case we feel that it rings true. The

Hyundai group represents truly vast financial backing and whilst it is probably in a poorer state than it has been for many years, it is still an unquestioned backer of HMM and our credit rating reflects this accordingly.

We are aware of reports that suggest that HMM has recently entered into an agreement with banks and shareholders for a circa-US$300m bond issue, which should go some way to rectifying any liquidity issues that the company may have moving into fiscal 2010 we think.

Sector Report : Bulker - 26th Feb '10

Last week was quiet because of the absence of Chinese charterers. Many sources were expecting an upbeat trend this week, but their expectations have been disappointed, with the Baltic Dry Index now at 2707 against last Friday's 2714, a small change but a negative one. This was translated into average rates of $33,000 for the capesizes, $26,000 for the panamaxes, $23,000 for supramaxes and $16,000 for the handysize segment. Still workable income, but with little to spare above outgoings.

This week capesize sector saw a high of $47,500, but this was an isolated case of one charterer splashing out for a Baltic to Asia and Brazil trip. Mostly rates were in the low $30,000s, similar to last week, though some desperate ship-owners reluctantly accepted below break-even rates in the mid $20,000s.

It is certainly not sunshine all round, especially as we are now in 'normal' time and there is no tactical excuse for low rates and therefore nothing immediate to use as a trigger for hope of better rates.

On the panamax side, some ships punched well above their weight fetching as much as $45,000 - still vying against their larger sisters and suggesting that shippers still have the appetite for 65,000 ton cargoes rather than the larger capacities. The lowest fixture we saw this week was for $23,000, with the average sitting unsurprisingly in the middle at around $30,000. Overall, panamaxes have been happier this week than last, which the Baltic testifies to showing a current panamax index of 3272 versus last week's 3179.

Life for supramaxes was also improved, though the best rate we saw - $42,500 - was still left standing by the top panamax rate recorded. Mostly the supras saw much the same levels as last week.

Handies also kept a steady course, with little improvement on last week, so nothing to get excited about there, while their smaller sisters are still struggling to make break-even.

Bangladeshi breakers will be celebrating as the old ladies of the dry sector come to what can hardly be a happy hunting ground, with scrap rates currently around $10 or less per ton.

Sector Report : Container - 24th Feb '10

The festive mood spilled over from the Chinese New Year celebrations. The Hamburg Shipbrokers' Association's Contex remained in green, having gained another seven points from last week. Brokers had reported that the market had remained fairly quiet but indicators have been good. The Contex have not seen such sustained growth since January 2008. All sectors across the Contex fared well. The 1,100 TEU sector gained over US$60 to settle at US$4,193 per day. The 1,700 TEU gained close to US$200 to settle at US$4,551 per day. Similarly for vessels with 2,500 TEU, the gain was over US$200 at US$5,912 per day. There have been seemingly more period charters lined up. Although the rise in rates are miniscule in the scheme of things, where rates are still well below operating expenses, it indicates a degree of optimism and herald some good news in a market that is severely lacking it.

With China grinding to a halt last week over the Chinese New Year, there was little or no activity reported from there. Even the Shanghai Containerised Freight Index was not updated due to the festivities. Analysts predicts that when markets open this week, there should be a flood of activities. Already market sources have indicated that there is a flurry of activities which have piled up over the festivities.

Container research specialist, AXS Alphaliner reported that the cancellations since October 2008 have made a small impact on the number of newbuildings coming online. Containership cancellations account for 6.7% of the total orderbook as it stood in October 2008 just before the market crashed. AXS Alphaliner estimated that over 140 boxships totaling 436,000 TEU in capacity have been cancelled or converted to other types of vessels. Bulk of the cancellations seem to have come from the German non-operating owners or KG funds. China shipyards have seen the largest number of cancellations. Shipyards are hitting back, standing firm and refusing to make way for anything more than minor concessions. Several shipowners have been trying to cancel the ships but to no avail. Most concessions are likely to be change of vessel types or delivery delays. Companies such as K Line and NYK have successfully switch orders to other vessel types.

In company news, Korea's Hanjin Heavy Industries have given CMA-CGM a deadline to pay up for one of its cotainer ships or risk the vessel being sold off to another buyer at cut throat prices. CMA CGM Kessel is the second in the series of four which has already been sold to interests associated with Greek owner George Economou and is now on charter to Mediterranean Shipping Co. In a depressed lending market, United Arab Shipping Company have managed to secure a US$275 million worth of loans from a consortium of Middle East banks. This fund is thought to be going towards three of the company's 13,100 TEU newbuildings. Chilean liner operator Compania Sud Americana de Vapores (CSAV) is set to issue 318.4 million shares as part of a capital increase exercise to raise US$360 million next month. The capital increase exercise represents the third and the last planned by the company. A group of 80 shipowners is expected to fully participate in the subscription of the company's shares as part of an agreement reached in May 2009. CSAV spokesperson have commented that although the most critical financial part of CSAV has passed, the company will still continue to operate on a deficit in 2010.

Sector Report : Tankers (Clean) - 23rd Feb '10

Global refining capacity, upon which tanker owners had based their newbuild orders so optimistically during long-gone market peaks, is in overhang as a direct result of an estimated six million barrels per day (bpd) of excess crude oil production at the moment. This problem of oversupply, both in petroleum stocks and the tankers needed to move them around, becomes even more acute after we remember that total global refining capability has already been stripped back considerably following mid-2008, to about 80% currently. A sudden upswing in our economic landscape will have the momentum to hack away at such a goliath, but by most accounts we are far away from such a re-birth. The shipping markets for clean petroleum products (CPP) - which feed traditional end-user consumption - have always been a good barometer for the economy at large, and it is no understatement to say that CPP tanker operators are presently being heated directly by the flames.

MR tanker routes directly across or moving up the Atlantic continue suffering dips in spot rate earnings as of February 24. Some voyages, especially moving CPP from Continental Europe to the US, are at present scoring only $10,000 per day per vessel, having slumped steadily from $15,000 in the latter half of January. This is barely above the $7,000 per day per vessel break-even mark for most MRs. Weaker routes in the Atlantic basin currently can't even hit that level, with a typical voyage to move 38,000 tonnes of CPP from the Caribbean to the US Atlantic Coast as of February 24 achieving only $5,000 per day per vessel, a $2,000 fall from levels seen just two weeks ago. Intra-Asian MR spot earnings fell from rock-bottom (yes it is possible to fall from rock-bottom) around $1,000 per day per vessel two weeks ago, to a dramatic negative $480 per day per vessel at the moment. The Intra-Asian MR markets are getting hit hardest given the immense number of high-capacity processing plants located in Asia, which are bearing the full brunt of cutbacks in output by domestic and global oil majors. Royal Dutch Shell for example, has made it crystal clear that its main strategy for this year is the reduction of operations and costs from its downstream activities.

The benefits of alternative employment from floating storage fixtures have meanwhile not been able to shield LR tanker spot rate earnings from this drastic imbalance between vessel count and cargo requirements. As of February 24, LR1s and LR2s were being fixed [between $9,000 and $10,500] and $13,000 per day per vessel respectively, compared to [between $16,000 to $18,000] and about $20,000 respectively just three weeks ago. Spot earnings are basically swirling around the $10,000 per day per vessel mark needed on average to pay for operating an LR tanker. Operators should be shuddering at the thought of bullish oil prices which would release floating cargoes and put a lid on incremental storage fixtures.

Sector Report : Tankers (Dirty) - 22nd Feb '10

With most part of Asia closed to celebrate the Chinese New Year, which happen to coincide with the International Petroleum Week Conference in London, the dirty tanker market sentiments were not dampened and saw rates generally moving upwards late into the week.

VLCCs in Persian Gulf to East generally saw rates slid last week with rates hovering at WS 65 or estimated earnings of between US$25,000 and US$30,000 per day. The last done deal on the VLCC benchmark route, was fixed by Formosa Plastics Marine Corp, taking 265,000 tonne of crude cargoes from the Middle East to the Far East at W65. With the Chinese holidays coming to an end in Asia, activities are expected to increase this week and rates likely to rise. Meanwhile VLCCs on Middle East to Atlantic routes were on WS 49 or US$13,000 per day, mainly due to the lack of cargoes for the past couple of weeks.

Rates continue to improve for suezmaxes. West African suezmaxes heading to US Gulf saw renewed interests with more crude inquiries and more tonnage being fixed. This helped pushed the rates up to WS 95. West African suezmaxes heading to US Atlantic Coast also commanded WS 95.

Aframaxes experienced spike in rates for Baltic to US with rates at between WS 102.5 and WS 130, which are approximately daily rates of US$23,785 and US$37,325. Cross mediterranean aframaxes generally saw rates of WS 90, down WS 5 from the previous week, which came as a surprise with the spike in activities seen in the week.

The Baltic Dirty Tanker Index started the week at 922 points and closed at 904 points on Friday. The general lack of activities during the quiet week was likely to have caused the index to dipped.

With the difficult trading year of 2009 behind us now, shipping companies are gearing up and some has plans to be listed in the New York Stock Exchange. A new shipping company to launch an IPO in US is Scorpio Tankers Inc, an offshoot of Scorpio Group, plans to raise money on an IPO to buy more ships. The company, which currently owns three panamaxes, hopes to expand its fleet while tanker prices are down. It is one of two shipping IPOs filed since the beginning of 2009. Baltic Trading Co., a dry-bulk shipper, registered for IPO on October 14, 2009 but has yet to set a share price or size. Two other shipping companies, Capital Maritime & Trading and Empire Navigation are also rumoured to have plans for an IPO listing.

Sector Report : Gas - 25th Feb '10

Nothing much to chant about for this sector as fixture activity kept low this week, even for the coastal segments. The VLGC segment in fact saw its benchmark MEG/Japan route Baltic LPG freight index sink to its lowest level this year at $25.375 per mt at the start of this week. It has reportedly inched back up, but not by a lot, to $25.50 per mt. Spot rates are staying put at last week's $225,000 pcm. A few vessels remain open as the next liftings are slated for March. On a more positive note however, time charter activity appears to have strengthened recently since we last reported some few weeks ago, with the monthly time charter rate for a 78,000-cbm vessel for a 12-month period lifted to around $470,000 pcm.

The smaller segments are facing a similar fate as spot fixture activity remains little changed since we last reported. LGC activity continues to be in the doldrums as the segment remains unattractive to traders and charterers, but indicative spot rate appear to have plateaued and this week, it continued to hold steady at levels seen since the second week of this year around $500,000 pcm. On the time charter side though, due to better prospects ahead, according to recent reported rates by StealthGas Inc., the monthly time charter rate for a 12-month period for a 57,000-cbm vessel seems to have moved upwards since the last reported rate of $565,000 pcm to $610,000 pcm.

The MGC and the handysize segments continue to see spot rates holding steady, but activities are reported to have tapered to a moderate level like last week, so the indicative spot rate for an average-sized vessel in the MGC segment is steady at last week's level around $540,000 pcm. On the time charter front however, recent average monthly time charter rates for an average-sized gas carrier in this segment appear to have dropped from $573,750 pcm when we last reported a few weeks ago to around $538,750 pcm. Spot rates for a handysize S/R (20,000-cbm) vessel continues to remain at last week's rate around $600,000 pcm.

Spot activities in the coastal segments in both Europe and Asia appear to have been taking a breather of late as their activity levels are reported to have been low this week, limited by cargo supply side. Vessel availability appears to have started to build up again as reported, but have not had a chance to exert downward influence on freight and vessel spot charter rates. Spot rates for a coastal vessel (7,500-cbm) in Europe, based on latest Fearnleys data, is staying put at around $350,000 pcm. Asia`s indicative spot rate for smaller coastal vessels (3,500-cbm) hovers around $220,000 pcm at the moment.

Reputation / Performance

Hyundai Merchant Marine Co Ltd has traditionally preferred to purchase its marine supplies from super majors, Korean refiners-bunker suppliers and larger and reputable global bunker traders. Amongst these that we have spoken to, it has a top class reputation as of February 2010.

Unsecured credit lines found extended to the company range from low-six to low-eight figures US$. Payments reportedly are serviced to terms and are good, though one supplier spoke of delays. It is generally well regarded in the bunker market as a prompt payer.

References

Date	Company Type	Credit Given	Payment Performance
24 Feb 10	Major / Bunker Supplier	Low eight figures US$	Pays to terms
24 Feb 10	Large Independent / Bunker Trader	Low six figures US$	Pays to terms
24 Feb 10	Bunker Supplier	Low eight figures US$	Pays to terms
01 Jul 09	National Major / Bunker Supplier	Low seven figures US$	No Comment
30 Jun 09	Large Independent / Bunker Supplier	Low eight figures US$	Pays to terms
30 Jun 09	Bunker Supplier	Low eight figures US$	Pays to terms
30 Jun 09	Major / Bunker Supplier	Low eight figures US$	Up to 10 days late occasionally
30 Jun 09	Large Independent / Bunker Supplier	Low six figures US$	Pays to terms
30 Jun 09	Bunker Trader	Mid seven figures US$	Pays to terms
30 Jun 09	Large Independent / Bunker Trader	Low seven figures US$	Pays to terms
14 May 09	Bunker Trader	Low seven figures US$	Pays to terms

Appraisal

Hyundai Merchant Marine Co., Ltd (HMM) is a large Korean shipping and logistic company, part of the major Hyundai group. It is a publicly listed company traded on the Korean stock exchange. It is one of South Korea`s largest fully integrated shipping and logistics companies.

HMM operates a large fleet of vessels in the wet and dry trades, both on liner and tramp basis. It also operates terminals and has a world-wide network of offices. Its shipping business is diversified, with less emphasis on container shipping, but fairly balanced between dry and wet bulk cargo transportation.

The company has a good reputation and its balance sheet remains positive and strong, though the Q1/2/309 net losses and drops in revenues are indicative that two the company's three main core businesses (dry bulk and boxes) are suffering in predictable fashion under the market conditions that prevailed for most of 2009. However, it remains absolutely supported by its lenders and shareholders/investors, and the backing of the Hyundai chaebol remains solid. Prospects for 2010 look much better as the tankers continue to do acceptably well, and the bulkers are much improved. The container markets will take a bit longer to rebound but the signs of recovery are certainly there and we predict growth enough to mostly offset the overcapacity arriving onto the markets during the year, for 2010.

Even in the midst of a very challenging shipping market, its payment performance continues to be satisfactory.

Based on available information, HMM continues to be acceptable for credit on unsecured basis to low-eight figure US$ levels or higher and. One could expect prompt payment from this company.

Ratings

	Credit Rating	24-04-08	14-05-09	30-06-09	24-02-10
**	Good for credit to US$ 10 million				X
1*	Good for credit to US$ 7.5 million		X	X	
1	Good for credit to US$ 5 million	X			
2	Good for credit to US$ 3 million				
3	Good for credit to US$ 2 million				
4	Good for credit to US$ 1 million				
5	Good for credit to US$ 500,000				
6	Good for credit to US$ 300,000				
7	Good for credit to US$ 200,000				
8	Good for credit to US$ 100,000				
9	Good for credit to US$ 50,000				
c	Trade on cash or secured basis only advised				
t	Credit a matter of trust in Principals				
x	Trading not advised on any basis				
0	Insufficient data to rate				

	Performance Rating	24-04-08	14-05-09	30-06-09	24-02-10
A	Always pays to terms except in cases of valid query	X	X		X
B	Normally pays to terms			X	
C	Mostly pays to terms, but late or disputed payment not uncommon				
D	Frequent late payments or disputes				
E	Rarely if ever performs to terms				
F	Consistently late or poor payment				
NA	No performance ratings available, refer to report text				

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Kogas secures $630 million to refinance vessels (Ocean Intelligence)

Box firms see increase in share prices despite 'bad' year (Ocean Intelligence)

AADA to raise bunker surcharge (Bunkerworld)

HMM secures $748 million deal (Ocean Intelligence)

Dubai woes 'will not impact' Rotterdam expansion (Portworld)

South Korean carriers seek $630 million (Ocean Intelligence)

TFA to hike bunker surcharge (Bunkerworld)

Maersk Line removes one of three trans-Atlantic services (Ocean Intelligence)

Hanjin Shipping denies terminal sell-off (Ocean Intelligence)

Local report says Hanjin Shipping to sell off assets (Portworld)

Korean carriers take $482 million loan (Ocean Intelligence)

Shipping lines buying less fuel in South Korean ports (Bunkerworld)

TFA to raise bunker surcharge (Bunkerworld)

22% rise in AADA bunker surcharges (Bunkerworld)

AADA to raise bunker surcharges (Bunkerworld)

Frontline teams up with Teekay (Tankerworld)

More ships pulled from Pacific trades (Bunkerworld)

AADA to further cut bunker surcharges (Bunkerworld)

Tanker segment boosts HMM operating profit (Ocean Intelligence)

AADA to reduce bunker surcharge (Bunkerworld)

Carriers to cut bunker surcharges (Bunkerworld)

Shares in shipping gain ground as bunker prices fall (Bunkerworld)

Vessel speeds 'will be cut still further' (Bunkerworld)

Hanjin, Hyundai to slow steam (SustainableShipping)

MDO added to ports fuel incentive programme (SustainableShipping)

Busan port goes for 'clean' energy (Portworld)

AADA to hike bunker surcharges (Bunkerworld)

DP World consortium lands new Rotterdam terminal (Portworld)

Work begins on Charleston's new container terminal (Portworld)

Container group to hike bunker surcharges (Bunkerworld)

Gloomy outlook for S Korean shippers (Bunkerworld)

Shipping lines to raise cost on high bunker prices (Bunkerworld)

Notes