

TUI in for CP Ships

As this issue was going to press, TUI AG, parent company of Hapag-Lloyd Container Line, announced that it has agreed to acquire CP Ships Ltd in an all-cash transaction for €1.7 bill (US\$2.0 bill), or US\$21.50 per share.

The offer is subject to customary closing conditions, including its acceptance by shareholders representing two thirds of the outstanding CP Ships shares and the receipt of necessary regulatory approvals. The Board of Directors of CP Ships has already unanimously recommended that shareholders accept the offer and TUI anticipates closing the transaction during the fourth quarter of this year.

The news came as a surprise to the industry as TUI was widely believed to be looking to reduce its exposure to container shipping rather than increase it. Only days before TUI's move, CMA CGM was the clear favourite to take over the Canadian carrier after China Shipping pulled out of the running.

In a clear reference to the just completed takeover of P&O Nedlloyd by AP Møller-Maersk, however, Hapag-Lloyd CEO Michael Behrendt commented, "The combination of Hapag-Lloyd and CP Ships will create a company with the strength and scale to compete effectively in an industry where consolidation is changing the landscape."

The merged operation will push Hapag-Lloyd into fifth spot in the container operators' league table after Maersk Line (Maersk

Sealand/P&O Nedlloyd), MSC, Evergreen and CMA CGM. The combined group currently operates 139 ships, with a further 17 on order, with a total capacity of around 400,000 TEU on over 100 routes worldwide.

The deal also includes CP Ships' Montreal Gateway Terminals, which operates one of the largest marine container terminals in Canada.