**MD&A 30th of September 2015 versus 30th of September 2014**

## Operating revenue

**General**: Consolidated operating revenue decreased by USD 408.5 million, or 3.3% from USD 12,509.1 million in the first 9 months of 2014 to USD 12,100.6 million in the first 9 months of 2015 primarily due to a 3.9% decrease in shipping revenue and a 5.3% increase in other activities.

Transported volumes increased by 6.5% or 593 thousand TEU, from 9,110 thousand TEU in the first 9 months of 2014 to 9,703 thousand TEU in the first 9 months of 2015.

Average freight rates (calculated as consolidated revenue divided by total carried TEU volumes) decreased by 9.2% or USD 126 per TEU from USD 1,373 per TEU in the first 9 months of 2014 to USD 1 247 per TEU in the first 9 months of 2015.

The 593 thousand TEU increase in volumes was mainly attributable to a 273 thousand TEU, or 5.4% increase in volumes loaded on our main East West lines, out of which 398 thousand TEU relate to volume increases on our lines calling United States partly compensated by a 125 thousand TEU decrease in other East West lines ( mainly Asia Europe, Asia Med and Feedering lines) , to a 117 thousand TEU or 4.9% increase in volumes loaded on our main North South lines , and to a 204 thousand TEU increase in volumes loaded on our subsidiaries, the main increases thereof being related to our Australian subsidiary Australian National Line and our Taiwanese carrier Cheng Lie Navigation.

The main component of the decrease in operating revenue was a USD 472.3 million, or 3.9% decrease in shipping revenue from USD 12,228.8 million in the first 9 months of 2014 to USD 11,756.5 million in the first 9 months of 2015.

Other activities increased by 5.3% or USD 30.8 million, from USD 576.9 million in the first 9 months of 2014 to USD 607.7 million in the first 9 months of 2015 mainly due to the acquisition of LCL from April 29, 2015.

**Operating Expenses excluding depreciation:**

**General**: Consolidated operating expenses excluding depreciation increased USD 670.2 million or 5.8% from USD 11,632.6 million (or 93.0% of operating revenue) in the first 9 months of 2014 to USD 10,962.8 million (or 90.6% of operating revenue) in the first 9 months of 2015, primarily due to a 36.4% decrease in bunker and consumables, a 11.4% increase in chartering and slot purchases, a 3.6% increase in handling and stevedoring, a 7.4% increase in transportation, 0.2% decrease in logistic expenses, a 0.4% increase in port and canal expenses, a 9.0% decrease in other operating expenses, a 3.7% decrease in employee benefits, a 1.8% decrease in general and administrative.

**Bunkers and consumables**: Bunkers and consumables decreased 36.4% or USD 974.0 million from USD 2,678.7 million (or 21.4% of operating revenue) in the first 9 months of 2014 to USD 1,704.7 million (or 14.1% of operating revenue) in the first 9 months of 2015.

This is mainly related to the decrease in our bunkering costs from USD 2,622.1 million in the first 9 months of 2014 to USD 1,653.8 million in the first 9 months of 2015, a 36.9% or USD 968.3 million decrease. This is explained by:

- a 4.5% or 201.5 thousand tons increase in our consumption of bunker fuel from 4,453.1 thousand tons in the first 9 months of 2014 to 4,654.6 thousand tons in the first 9 months of 2015, while carried TEU volume increased by 6.5% in the meantime. As a consequence, consumption per carried TEU decreased by 1.9% from 489 kg/TEU in in the nine months of 2014 to 480 kg/TEU in the nine months of 2015,
- and to the decrease in average bunker rate from USD 589 per ton in the first 9 months of 2014 to USD 355 per ton in the first 9 months of 2015, a USD 234 per ton decrease or a 39.7% decrease. The decrease in average bunker rate mostly reflects the decrease in heavy bunker fuel prices although it also includes more expensive diesel oil purchases. Extended Emission Control Areas in place since January 1, 2015 require indeed the use of low sulphur fuel or alternatively of diesel oil.

Consumables (Lubricating oil, spare parts) decreased by 5.7 million or 10.1% from USD 56.6 million in the first 9 months of 2014 to USD 50.9 million in the first 9 months of 2015.

**Chartering and slot purchases**: Chartering and slots purchases increased by USD 154.5 million or 11.4% from USD 1,354.7 million in the first 9 months of 2014 to USD 1,509.2 million in the first 9 months of 2015. Chartering and slots purchases account for 12.5% of operating revenue in the first 9 months of 2015 (versus 10.8% in the first 9 months of 2014).

Chartering increased by USD 133.5 million or 11.3% from USD 1,180.3 million in the first 9 months of 2014 to USD 1,313.8 million in the first 9 months of 2015 mainly as a consequence of the 14.8% increase of the chartered fleet size which increased from 1,111 thousand slots in September 2014 to 1,276 thousand slots in September 2015.This is mainly due to the delivery of new built 9,000 TEU vessels under long term bareboat chartering agreement.
Chartering expenses include both a bareboat charter component and a running cost component (crews, maintenance such as lubricating oil and spare parts, insurance …).

Slots purchase and other fixed expenses increased by USD 21.0 million or 12.0% increase from USD 174.4 million in the first 9 months of 2014 to USD 195.4 million in the first 9 months of 2015 due to a change in some of our Vessel Sharing Agreements.

**Handling and stevedoring**: Handling and stevedoring increased by USD 104.7 million or 3.6% from USD 2,908.3 million in the first 9 months of 2014 to USD 3,013.0 million in the first 9 months of 2015, mainly related to the increase in carried volumes (6.5%) and benefiting from a positive exchange rate impact of approx. USD 149 million on our euro-denominated costs. Handling and stevedoring expenses account for 24.9% of the operating revenue in the first 9 months of 2015. Stevedoring of full containers increased by 2.9% or USD 71.5 million, from USD 2,421.6 million to USD 2,493.1 million while stevedoring of empty containers increased by 6.2% or USD 30.4 million from USD 486.8 million to USD 519.8 million.

**Inland and feeder transportation**: Transportation increased by USD 98.4 million or 7.4% from USD 1,331.9 million in the first 9 months of 2014 to USD 1,430.3 million in the first 9 months of 2015. Transportation expenses account for 11.8% of the operating revenue in the first 9 months of 2015. This increase relates to a USD 27.8 million or 11.6% increase in third party feeders from USD 240.7 million in the first 9 months of 2014 to USD 268.5 million in the first 9 months of 2015 and a 6.5% or USD 50.6 million increase in land transportation costs from USD 1,091.1 million in the first 9 months of 2014 to USD 1,161.8 million in the first 9 months of 2015, reflecting among others the increase volumes in the US where pre and post carriage represent a higher proportion of the market.

**Port and Canal**: A 0.4% or USD 3.1 million increase in port and canal expenses from USD 881.6 million in the first 9 months of 2014 to USD 884.7 million in the first 9 months of 2015. Port and canal expenses account for 7.3% of operating revenue in the first 9 months of 2015. The increase is mainly due to a 0.4% or USD 1.4 million decrease in canal expenses from USD 342.2 million in the first 9 months of 2014 to USD 340.8 million in the first 9 months of 2015 , explained by the increase in the number of passages by 3.2% partly compensated by a reduction in the average unit cost, while port costs increased by 0.8% or USD 4.5 million from USD 539.4 million in the first 9 months of 2014 to USD 543.9 million in the first 9 months of 2015, mainly resulting from the increased capacity of our vessel fleet (14.8%) and the positive impact of the depreciation of the euro, thus reducing the value of the portion of our port costs incurred in euros compared to the first nine months of 2014.

**Container rental and other logistic expenses**: Logistic expenses decreased by USD 2.5 million or 0.2% from USD 973.7 million in the first 9 months of 2014 to USD 971.2 million in the first 9 months of 2015. Logistic expenses account for 8.0% of operating revenue in the first 9 months of 2014. This increase is related to:

- a 5.6% or USD 27.2 million increase in rental of containers and chassis, from USD 483.4 million in the first 9 months of 2014 to USD 510.6 million in the first 9 months of 2015, the fleet of rented containers having increased from 2,032 thousand TEU to 2,065 thousand TEU, a 1.6% or 33 thousand TEU increase,
- a 4.7% or USD 4.4 million decrease in containers maintenance and repairs from USD 93.0 million in the first 9 months of 2014 to USD 88.6 million in the first 9 months of 2015,
- a 6.4% or USD 25.3 million decrease in handling in depots, empty container transportation and storage, from USD 397.3 million in the first 9 months of 2014 to USD 372.0 million in the first 9 months of 2015.

**Employee benefits**: Employee benefits decreased by USD 33.5 million or 3.7% from USD 904.4 million in the first 9 months of 2014 to USD 870.9 million in the first 9 months of 2015. Employee benefits account for 7.2% of operating revenue in the first 9 months of 2015. Foreign exchange rate has a favourable impact of approx. USD 100 million over the period. Changes in the perimeter of the group had a negative impact of USD 22.7 million mainly due to the integration of Marseille Manutention, LCL and OPDR entities. Increase of employee wages and number of employee resulted in a negative impact USD 43.9 million or 4.8%, the number of employee having specifically increased in US due to the development of the business and in our shared service centers.

**General and administrative other than employee benefits**: General and administrative decreased by USD 8.1 million or 1.8% from USD 459.6 million in the first 9 months of 2014 to USD 451.5 million in the first 9 months of 2015. General and administrative expenses account for 3.7% of operating revenue in the first 9 months of 2015. General and administrative consists of:

- Commissions which decreased by USD 10.8 million from USD 155.1 million in the first 9 months of 2014 to USD 144.3 million in the first 9 months of 2015,
- External Fees which decreased by USD 3.5 million from USD 144.1 million in the first 9 months of 2014 to USD 140.6 million in the first 9 months of 2015, as a result of lower commissions paid to CMA Systems following the internalization of certain services and higher legal fees,
- Insurances which increased by USD 7.1 million from USD 48.0 million in the first 9 months of 2014 to USD 55.1 million in the first 9 months of 2015, Other expenses decreased by USD 0.9 million in the first 9 months of 2015 from USD 112.4 million in the first 9 months of 2014 to USD 111.5 million in the first 9 months of 2015. Other expenses mainly consist of communication expenses, real estate rentals, bank expenses, taxes not related to income and fines and penalties.

**Additions to provisions and allowances, net of reversals and impairment of inventories and trade receivables** decreased by USD 1.8 million from a cost of USD 17.5 million in the first 9 months of 2014 to a cost of USD 15.7 million in the first 9 months of 2015.

**Operating exchange gain (losses), net:** Operating exchange gains increased by USD 25.7 million from a gain of USD 24.3 million for the first 9 months 2014 to a gain of USD 50.0 million in the first 9 months of 2015.

**Other operating expenses:** Other operating expenses, net increased by USD 15.1 million from a cost of USD 146.5 million in the first 9 months of 2014 to a cost of USD 161.6 million in the first 9 months of 2015.

**OPERATING PROFIT before gains on disposals, depreciation and amortization, etc** : as a consequence of all preceding items, operating profit before gains on disposals and depreciation increased USD 261.4 million from a gain of USD 876.4 million in the first 9 months of 2014 to a gain of USD 1,137.8 million in the first 9 months of 2015.

## Operating Profit

**Gains and losses on disposal of property and equipment and subsidiaries** decreased by USD 28.3 million from a gain of USD 27.8 million in the first 9 months of 2014 to a loss of USD 0.5 million in the first 9 months of 2015, mainly as a consequence of the disposal of containers for USD 24.6 million during the first 9 months of 2014.

**Depreciation & amortization of non-current assets** increased by USD 0.8 million from USD 298.4 million in the first 9 months of 2014 to USD 299.2 million in the first 9 months of 2015. Depreciation covers:

- Depreciation of vessels, which increased by 3.4% or USD 7.1 million from USD 202.2 million in the first 9 months of 2014 to USD 209.3 million in the first 9 months of 2015,
- Depreciation of containers, which decreased by USD 5.2 million or 15.4% from USD 33.7 million in the first 9 months of 2014 to USD 28.6 million in the first 9 months of 2015,
- Depreciation of handling equipment, real estate and other assets which decreased by USD 1.1 million from USD 62.4 million in the first 9 months of 2014 to USD 61.3 million in the first 9 months of 2015.

**Other income and expenses** decreased by USD 46.0 million from a loss of USD 26.0 million in first 9 months 2014 to a gain of USD 20.0 million in the first 9 months of 2015.

**NPV** of benefit related to assets financed by tax lease decreased by USD 18.2 million from USD 54.7 million in the first 9 months of 2014 to USD 36.5 million in the first nine months of 2015, mainly resulting from the depreciation of the euro as most of our NPV benefits are held in euros.

**Share of income / (loss) from associates and joint ventures**: Share of profit (or loss) of the associates and joint ventures decreased by USD 11.6 million from a gain of USD 5.4 million in the first 9 months of 2014 to a loss of USD 6.2 million in the first 9 months of 2015. This mainly relates to our share in Global Ship Lease, Inc which recorded an impairment charge of USD 20.0 million (CMA CGM's share) on 2 vessels classified as held-for-sale. Besides, the increase is mainly due to the increase of the results of the terminal entities and the recurrent performance of Global Ship Lease, Inc.

**Operating profit after share of profit of associates and joint ventures**: as a consequence of all preceding items, operating profit increased by USD 248.5 million from a gain of USD 639.9 million in the first 9 months of 2014 to a gain of USD 888.4 million in the first 9 months of 2015.

**Financial Result**

**Cost of borrowings net of interests income on cash and cash equivalents:** Cost of borrowings decreased 11.2% or USD 24.0 million from USD 212.6 million in the first 9 months of 2014 to USD 188.6 million in the first 9 months of 2015 as a result of:

- a USD 28.9million decrease in interest expense on borrowings from USD 236.8million in the first 9 months of 2014 to USD 207.9 million in the first 9 months of 2015, reflecting the early redemption of expensive financings and the depreciation of euro which positively impacted our euro denominated interest expenses,
- a USD 4.9 million decrease of interests income on cash and cash equivalents from USD 24.2 million in the first 9 months of 2014 to USD 19.3 million in the first 9 months of 2015.

**Other financial items**: Other financial items decreased by USD 42.1 million from a net expense of USD 34.7 million in the first 9 months of 2014 to a net expense of USD 7.4 million in the first 9 months of 2015. This resulted mainly from:

- a USD 5.7 million increase related to the change in fair value & settlement of derivative instruments that do not qualify to hedge accounting from a loss of USD 25.3 million in the first 9 months of 2014 to a loss of USD 19.6 million in the first 9 months of 2015,
- a USD 18.9 million decrease in foreign currency income, from USD 65.1 million in the first 9 months of 2014 to USD 46.2 million in the first 9 months of 2015. This item includes the foreign currency exchange gain or losses on financial operations mainly due to the translation of our financial debts denominated in euros (including some of our senior bonds),
- a USD 28.9 million decrease of other financial income and expenses, net, from a loss of USD 5.1 million for the first 9 months of 2014 to a loss of USD 34.0 million for the first 9 months of 2015, reflecting mainly USD 28.1 million of tender and call premiums and USD 11.8 million of past issuance costs being recognized as a consequence of the early repayment of Senior Notes issued in 2011.

**Financial result**: as a consequence of all preceding items, financial result increased by USD 18.1 million from a loss of USD 177.9 million in the first 9 months of 2014 to a loss of USD 196.0 million in the first 9 months of 2015.

**Income tax:** Income tax expense increased by USD 11.3 million from USD 50.5 million in the first 9 months of 2014 to USD 61.8 million in the first 9 months of 2015.

**Profit for the period** : As a consequence of all preceding items profit for the period increased by USD 219.1 million from USD 411.5 million in the first 9 months of 2014 to USD 630.6 million in the first 9 months of 2015.

**Minority interests**: Minority interests decreased by USD 2.2 million from USD 19.7 million in the first 9 months of 2014 to USD 17.5 million in the first 9 months of 2015.

**Profit for the period attributable to the owners of the parent** : Profit for the period attributable to the owners of the parent increased USD 221.3 million from USD  391.8 million in the first 9 months of 2014 to USD  613.1 million in the first 9 months of 2015.