



Investor Report 3Q 2012

October 31st, 2012





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Highlights

- CSAV returns to profitability after 7 quarters of losses. During the third quarter of 2012, operating profit reached US\$ 37,3 million, compared to the loss of US\$ 61,7 million reached in the second quarter of 2012 and the loss of US\$ 354,9 million reached in the third quarter of 2011.
- The third quarter of 2012 showed an improvement in freight rates and lower bunker prices, as well as a more efficient cost structure, which allowed significant reduction in variable and fixed costs, together with higher utilization factors, compared to the second quarter of 2012 and the third quarter of 2011.
- CSAV's net profit for the third quarter of 2012 reached US\$ 55,8 million, compared to the loss of US\$ 140,2 million reached in the second quarter of 2012 and the loss of US\$ 357,5 million reached in the third quarter of 2011.



Income Statement Analysis

Due to SAAM's spin-off in February 2012, financial information for 2011 is presented without SAAM, in order to improve the analysis of CSAV's financial situation.

Figures in US\$ Million	3Q 12	2Q 12	3Q 11 without SAAM	QoQ	YoY	YTD 12	YTD 11 without SAAM	YoY
Transported Volume [in Teus]	489.675	480.382	785.139	1,9%	-37,6%	1.469.927	2.520.549	-41,7%
Operating Revenue	854,7	933,1	1.154,0	-8,4%	-25,9%	2.619,9	3.770,4	-30,5%
Cost of Sales	(758,5)	(936,1)	(1.437,9)	-19,0%	-47,2%	(2.653,3)	(4.513,0)	-41,2%
Gross Margin	96,2	(2,9)	(283,9)	n.m.	n.m.	(33,4)	(742,6)	-95,5%
Administrative Expenses	(58,0)	(57,7)	(70,2)	0,5%	-17,4%	(173,4)	(196,8)	-11,9%
Operating Profit (Loss)	37,3	(61,7)	(354,9)	n.m.	n.m.	(199,7)	(949,2)	-79,0%
Profit (Loss) from Continuing Operations	59,7	(65,3)	(316,4)	n.m.	n.m.	(181,3)	(862,4)	-79,0%
Profit (Loss) from Discontinued Operations	(3,5)	(75,1)	(39,5)	-95,3%	-91,1%	(105,9)	(45,2)	134,0%
Profit (Loss) attributable to Owners	55,8	(140,2)	(357,5)	n.m.	n.m.	(289,7)	(913,2)	-68,3%
EBITDA *	53,0	(48,5)	(343,5)	n.m.	n.m.	(156,4)	(915,7)	-82,9%

*Calculated as operating profit minus depreciation and amortization.

Since IFRS was implemented, operating revenue and cost of sales from shipping services in course are registered according to their degree of completion. For those voyages that cannot be precisely estimated, revenue is registered only if related costs can be recovered, and thus the same amount is registered in revenue and costs, according to a conservative position. In case that beforehand it can be estimated that a voyage will present losses, this loss is provisioned in cost of sales instead of separately registering revenue and costs (onerous contract). In a stable scenario, the company should register a steady amount of revenue and costs from services in course, according to their degree of completion. However, important changes in capacity and transition from periods of strong operational losses (when services in course are registered as onerous contracts) to periods of positive operational margins, produce significant variations in the revenue and cost recognition according to degree of completion, which impacts the comparison of operational activities between both periods.



Operating Revenue

Figures in US\$ Million	3Q 12		2Q 12		3Q 11 without SAAM	
		(1)		(1)		(1)
Container Shipping Services	812,2	92,5%	726,2	88,7%	1.076,7	91,7%
Operating Revenue	809,2	92,2%	732,3	89,4%	1.043,2	88,8%
Other Revenue	3,0	0,3%	(6,2)	-0,8%	33,5	2,9%
Other Shipping Services	65,7	7,5%	92,5	11,3%	97,5	8,3%
Revenue from Degree of Completion	(23,2)		114,4		(20,2)	
Operating Revenue	854,7	100,0%	933,1	100,0%	1.154,0	100,0%

(1) Share of revenue calculated over operating revenue excluding degree of completion

Container Rate Index (2)	1.962	1.846	1.596
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(2) Index calculated using average container revenue per teu in 2008 as 2000 points

CSAV's operating revenue reached US\$ 854,7 million during the third quarter of 2012, a decrease of 8,4% compared to the second quarter of 2012 and a decrease of 25,9% compared to the third quarter of 2011. However, operating revenue from container shipping services showed an increase of 10,5% compared to the second quarter of 2012 and a decrease of 22,4% compared to the third quarter of 2011. The YoY decrease is explained by a 37,6% reduction in transported volume, partly compensated by a 23,0% increase in average revenue per teu (freight plus other cargo related revenue).

Figures in Teus	3Q 12		2Q 12		3Q 11 without SAAM	
South America *	363.671	74,3%	341.090	71,0%	434.408	55,3%
Asia-Europe	69.304	14,2%	67.971	14,1%	208.874	26,6%
Intra Asia	26.049	5,3%	37.882	7,9%	99.645	12,7%
Transpacific	0	0,0%	0	0,0%	6.321	0,8%
Africa & Others	30.650	6,3%	33.439	7,0%	35.891	4,6%
Total	489.675	100,0%	480.382	100,0%	785.139	100,0%

* Includes Mexico and Caribbean

Transported volume in the third quarter of 2012 reached 489.675 teus, an increase of 1,9% compared to the second quarter of 2012 and a decrease of 37,6% compared to the third quarter of 2011. The sharp decrease in volume YoY is explained by the restructuring process implemented that included service suspension in the Transpacific, Asia-Europe and Intra Asia, and reduction in operated capacity due to joint service agreements. Due to the above, South America's services increased their share of the total volume from 55,3% in the third quarter of 2011 to 74,3% in the third quarter of 2012, showing focus in relevant markets where CSAV has competitive advantages.

The container rate index, which includes freight and other cargo related revenue, showed an improvement during the third quarter of 2012, increasing 6,3% compared to the second quarter of 2012 and 23,0% compared to the third quarter of 2011, partly compensating the fall in volumes YoY.



Cost of Sales

Figures in US\$ Million	3Q 12		2Q 12		3Q 11 without SAAM	
	(1)		(1)		(1)	
Container Shipping Services	(722,3)	92,4%	(731,5)	89,0%	(1.338,9)	91,8%
Cargo, Intermodal and Others	(252,5)	32,3%	(212,6)	25,9%	(384,9)	26,4%
Vessels, Port, Canal and Others	(280,6)	35,9%	(314,5)	38,3%	(545,9)	37,4%
Bunker	(189,2)	24,2%	(204,4)	24,9%	(408,1)	28,0%
Other Shipping Services	(59,3)	7,6%	(90,1)	11,0%	(119,2)	8,2%
Cost from Degree of Completion	23,2		(114,4)		20,2	
Cost of Sales	(758,5)	100,0%	(936,1)	100,0%	(1.437,9)	100,0%
<i>(1) Share of cost calculated over cost of sales excluding degree of completion</i>						
Bunker Price (US\$/ton)	647		721		656	

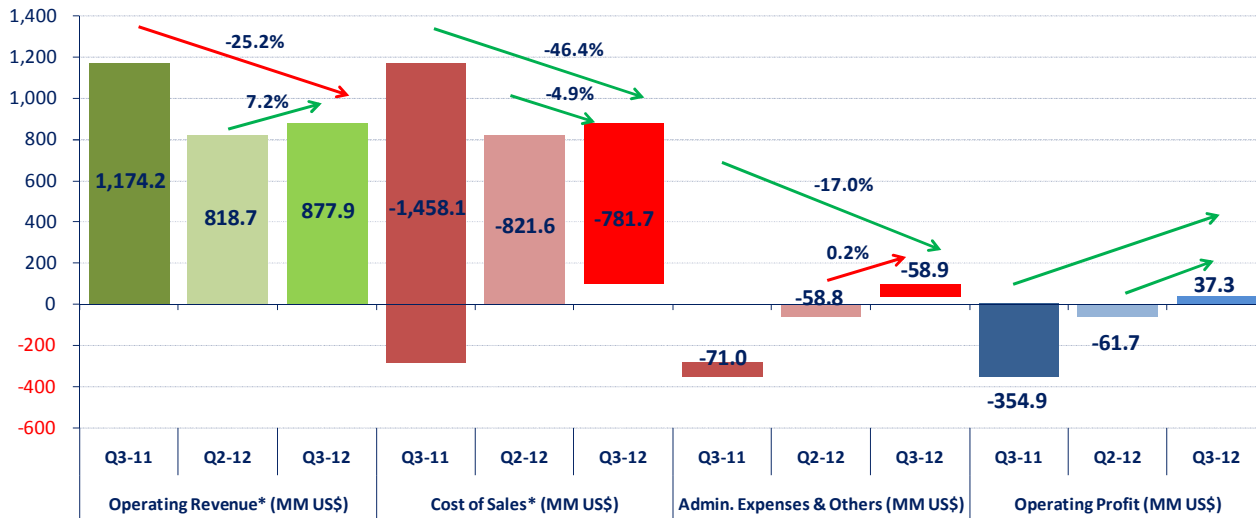
CSAV's cost of sales reached US\$ 758,5 million during the third quarter of 2012, a decrease of 19,0% compared to the second quarter of 2012 and a decrease of 47,2% compared to the third quarter of 2011. However, cost of sales from container shipping services showed a decrease of 1,3% compared to the second quarter of 2012 and a decrease of 46,0% compared to the third quarter of 2011, exceeding the reduction of transported volume. This improvement is explained by a more efficient cost structure, both in variable and fixed costs.

Container shipping services bunker cost is the main single component of CSAV's cost of sales, representing 24,2% in the third quarter of 2012. Bunker price decreased during the quarter reaching an average of US\$ 647 per ton, a decrease of 10,3% compared to the second quarter of 2012 and 1,4% compared to the third quarter of 2011. These bunker costs reflect the effective cost of the vessels included in the result of each quarter, and differ from activity bunker prices due to the delay produced by round voyage accounting.

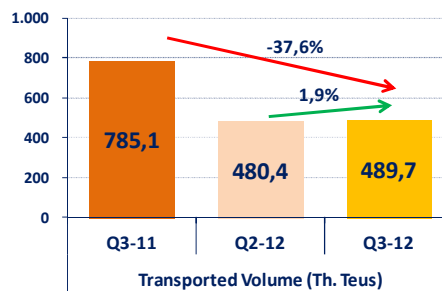


Operating Profit

The following analysis excludes revenue and cost from degree of completion from the total operating revenue and cost of sales, in order to improve comparison between quarters.



* Operating Revenue and Cost of Sales excluding degree of completion.



QoQ Comparison

During the third quarter of 2012, operating revenue (excluding degree of completion) increased 7,2% compared to the second quarter of 2012. Container shipping services showed an increase in operating revenue, due to higher average revenue per teu of 6,3%, including freight plus other cargo related revenue, and an increase of 1,9% in volume.

Cost of sales (excluding degree of completion) decreased 4,9% in the third quarter of 2012 compared to the second quarter of 2012, considering that bunker, the main single cost component, decreased 10,3% per ton. If the same bunker price of the second quarter of 2012 was maintained, cost of sales would have been US\$ 21,1 million higher in the third quarter of 2012, and thus the QoQ cost of sales reduction would have reached 2,3%, in spite of the volume increase. This improvement is explained by a more efficient cost structure, both in variable and fixed costs, together with better utilization factors.

Administrative expenses and others showed no significant variation between the third and second quarters of 2012.



Operating profit reached US\$ 37,3 million during the third quarter of 2012, showing an improvement compared to the loss of US\$ 61,7 million reached in the second quarter of 2012.

YoY Comparison

During the third quarter of 2012, operating revenue (excluding degree of completion) decreased 25,2% compared to the third quarter of 2011. Container shipping services showed an decrease in operating revenue, due to a 37,6% reduction in transported volume, partly compensated by a 23,0% increase in average revenue per teu, including freight plus other cargo related revenue.

Cost of sales (excluding degree of completion) decreased 46,4% in the third quarter of 2012 compared to the third quarter of 2011, considering that bunker, the main single cost component, decreased 1,4% per ton. The cost of sales reduction exceeds the decrease of 37,6% in transported volume, which is explained by a more efficient cost structure, both in variable and fixed costs, together with better utilization factors.

Administrative expenses and others decreased 17,0% in the third quarter of 2012 compared to the third quarter of 2011, due to the reduction in organizational levels and headcount consistent with the new scale of operation, implemented in the restructuring plan.

Operating profit reached US\$ 37,3 million during the third quarter of 2012, showing an improvement compared to the loss of US\$ 354,9 million reached in the third quarter of 2011.

Discontinued Operations

The result of discontinued operations reached a loss of US\$ 3,5 million after tax and US\$ 8,6 million before tax in the third quarter of 2012, explained by onerous contracts signed during the period for vessel sub leases (US\$ 12,7 million) and reduction in costs from those provisioned (US\$ 4,1 million). The result after tax is positively affected by a one time adjustment of differed tax assets reaching US\$ 3,9 million, due to the tax reform recently approved in Chile.

Figures in US\$ Million	Q1-12	Q2-12	Q3-12	YTD 12
Onerous Contracts signed during the period	(27,0)	(42,3)	(12,7)	(82,0)
Additional Provisions during the period		(57,7)*		(57,7)
Reduction in costs from those provisioned	(3,5)	22,7	4,1	23,3
Sub Total	(30,5)	(77,3)	(8,6)	(116,4)
Taxes	3,2	2,2	5,1	10,5
Total	(27,3)	(75,1)	(3,5)	(105,9)

* Additional provision of US\$ 57,7 million in Jun-12 for costs from excess vessel and container fleet during the second semester of 2012.

The total provision balance on September 30th 2012 is US\$ 90,6 million.



Net Profit

CSAV's net profit for the third quarter of 2012 reached US\$ 55,8 million, improving compared to the loss of US\$ 140,2 million reached in the second quarter of 2012 and US\$ 357,5 million reached in the third quarter of 2011. Third quarter 2012 results are positively impacted by a one time adjustment of differed tax assets reaching US\$ 44,4 million, due to the tax reform recently approved in Chile.

Market Analysis

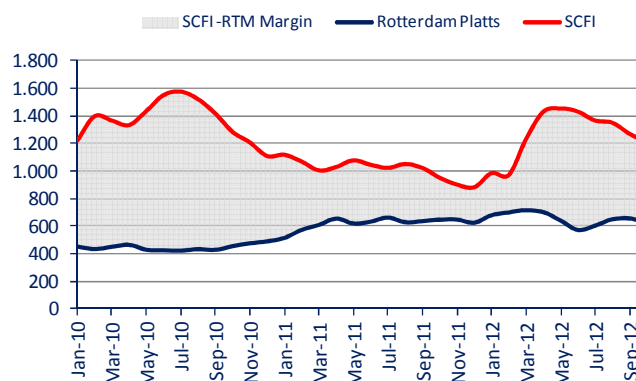
The shipping industry has been facing an adverse market situation since late 2010, characterized by:

- Difficult global economic conditions that have hampered the growth of demand for transport.
- An oversupply of space as a result of excess shipbuilding orders in the years prior to the crisis of 2009.
- Oil prices, the Company's main single cost component, have remained high mainly due to geopolitical reasons, rather than an increase in global demand.

As a result, freight rates for container shipping services sharply declined during 2011 in most markets, reaching their lowest levels during the fourth quarter of 2011. Low freight rates, coupled with low vessel utilization rates and the rise in fuel costs, have had a severe financial impact in the industry.

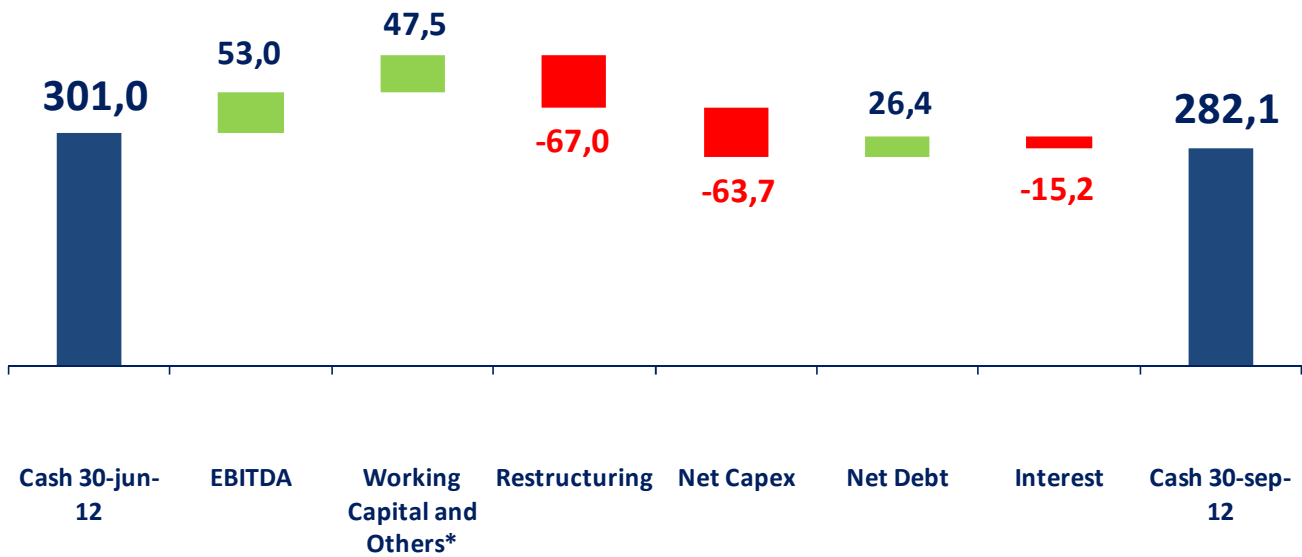
Given this weakened industry financial situation, shipping companies have independently taken a series of measures to mitigate the scenario they are facing, such as suspending services, increasing their laid-up fleet, super slow steaming, increasing joint operations and changing the strategic focus of the industry's leading companies from gaining market share to recovering profitability. The above has produced an important improvement in freight rates from the end of the first quarter of 2012, but still with great volatility and uncertainty, which has caused a decline in freight rates in some trades in the last months. Bunker prices have remained high during the year, despite brief periods of decline.

The balance between supply and demand in the industry is still very unstable, which together with high fuel costs, caused the industry to achieve ex bunker margins below historical average peak season levels.





Cash Position



* Includes US\$ 18 million of cash collateral recovery.

As of September 2012, CSAV's cash balance reached US\$ 282,1 million, a decrease of US\$ 19,0 million or 6,3% compared to US\$ 301,0 million reached in the previous quarter, mainly due to negative cash flows from restructuring and net capex, partly compensated with positive cash flows from EBITDA, working capital and others, and net debt.



Financial Debt

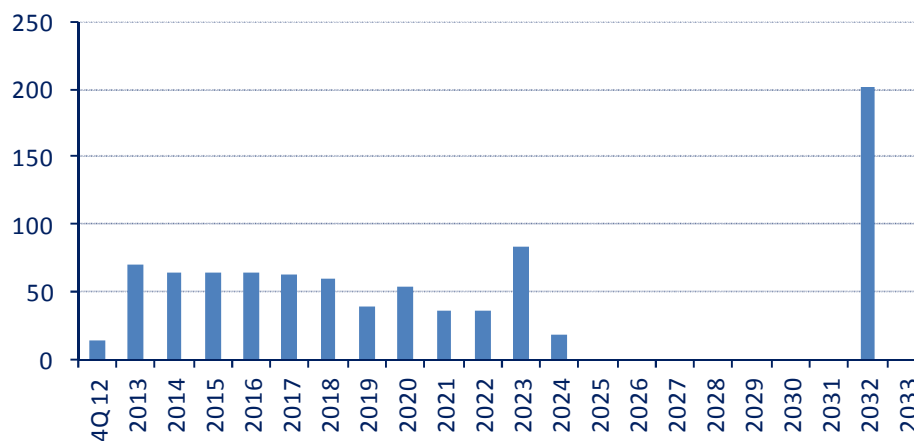
Figures in US\$ Million	Sep-12	Jun-12	Sep-11 without SAAM
Short Term Financial Debt	75,9	81,0	49,5
Long Term Financial Debt*	799,4	772,7	660,4
Total Financial Debt	875,3	853,7	709,9
Cash and Cash Equivalents	282,1	301,0	116,0
Net Financial Debt	593,2	552,6	594,0

* Financial debt net of financial derivatives.

CSAV's financial debt as of September 2012 reached US\$ 875,3 million, an increase of US\$ 21,6 million or 2,5% compared to June 2012 and an increase of US\$ 165,4 million or 23,3% compared to September 2011, mainly due to new vessel financing for the vessels delivered during the period.

Net financial debt as of September 2012 increased US\$ 40,6 million or 7,3% compared to June 2012, and decreased US\$ 0,7 million or 0,1% compared to September 2011.

Financial Debt Profile (in US\$ Million)





Outlook

CSAV has returned to profitability after 7 quarters of losses. The deep impact of the restructuring implemented by the company, followed by an improvement in freight rates, has allowed this important change to take place. The structure of operating costs has stabilized and the utilization ratio of our vessels has picked up, propelled by a more stable set up of services since the beginning of this year. The results of the third quarter for CSAV are achieved in a context where ex bunker freight rates are still below historical levels, therefore this number is encouraging in terms of the new set up of services and the economies of scale being generated by larger vessels operated.

Despite all the efforts in absorbing the additional capacity being delivered by the shipyards, the industry as a whole has not yet been able to reach ex bunker freight rate levels of a normal year, which allow an adequate return on assets and capital deployed. This assessment is valid for CSAV and for every player in the industry.

We are approaching the low season now and the evolution of freight rates is highly volatile, but the weak financial situation of the industry remains a strong force behind the measures announced by different large carriers in terms of reducing their deployment of vessels as well as different announcements of price increases, particularly on the reefer segment, which are material to CSAV's business. The implementation of these announcements, which is partially reflected in the increase of the idle fleet in the last few weeks, will be the driver of the evolution of the market environment which will be reflected in the results of the quarters to come.



Relevant and Subsequent Events

- In July 2012, CSAV received the seventh and final vessel of the 8000 teu series from Samsung, completing a total own fleet of 16 container vessels and reaching a 37% of own fleet.
- In September 2012, CSAV informed that the company had received a request for information from the governments of USA and Canada, in the frame of an antitrust investigation on the companies participating in car carrier transportation.

Fleet and Service Information

		30-Sep-12	30-Jun-12	30-Sep-11
Container Shipping Services				
Operated Fleet	N° Vessels	54	53	94
	Nominal Capacity (Th. Teus)	247	243	404
Chartered Out Fleet	N° Vessels	29	38	25
	Nominal Capacity (Th. Teus)	152	183	102
Laid Up Fleet	N° Vessels	7	7	5
	Nominal Capacity (Th. Teus)	29	25	25
Total Fleet	N° Vessels	90	98	124
	Nominal Capacity (Th. Teus)	428	452	531
Own Fleet				
	N° Vessels	16	15	11
	Nominal Capacity (Th. Teus)	104	96	64
Other Shipping Services				
Operated Fleet	N° Vessels	8	10	19
Chartered Out Fleet	N° Vessels	16	16	10
Laid Up Fleet	N° Vessels			
Total Fleet	N° Vessels	24	26	29
Own Fleet				
	N° Vessels	2	2	2
Containers				
Total Fleet (Th. Teus)		463	473	533
		3Q 12	2Q 12	3Q 11
Average Service Round Voyage		63	63	59



Disclaimer

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