



# CSAV®



## ROADSHOW PRESENTATION



CONFIDENTIAL | December, 2014



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La información contenida en esta publicación es una breve descripción de las características de la emisión y de la entidad emisora, no siendo ésta toda la información requerida para tomar una decisión de inversión. Mayores antecedentes se encuentran disponibles en la sede de la entidad emisora, en las oficinas de los intermediarios colocadores y en la Superintendencia de Valores y Seguros (SVS).

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## **Señor inversionista:**

**Antes de efectuar su inversión usted deberá informarse cabalmente de la situación financiera de la sociedad emisora y deberá evaluar la conveniencia de la adquisición de estos valores. El intermediario deberá proporcionar al inversionista la información contenida en el Prospecto presentado con motivo de la solicitud de inscripción al Registro de Valores a cargo de la SVS, antes de que efectúe su inversión. La información íntegra que el Emisor proporciona al mercado acerca de la respectiva emisión se encuentra en dicho Prospecto, el que además está disponible en la página web de CSAV ([www.csav.com](http://www.csav.com)).**

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**Óscar Hasbún**  
*Chief Executive Officer*

- CEO of CSAV since April 2012, after Quiñenco took Control, and CEO of CSAV's Container Business from May 2011 to March 2012
- Previous experience includes positions within the Luksic Group, such as CEO of holding Excelsa and CEO of Atlas Real Estate in Croatia
- Commercial Engineer from Pontificia Universidad Católica de Chile



**Nicolás Burr**  
*Chief Financial Officer*

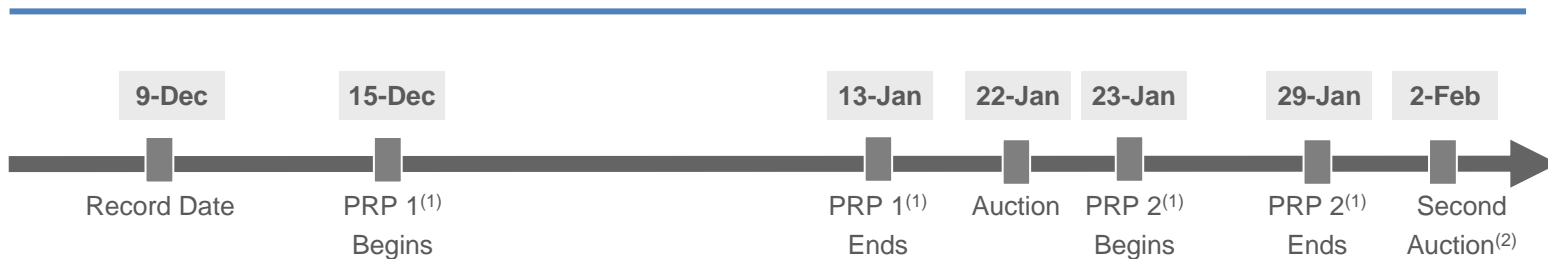
- CFO of CSAV since May 2012
- Previous experience as CFO of Madeco, a company also controlled by the Luksic Group, and CFO of Arauco Argentina
- Industrial Engineer from Pontificia Universidad Católica de Chile
- MBA from MIT Sloan School of Business

<b>Issuer</b>	Compañía Sud Americana de Vapores S.A. (CSAV)
<b>Offering Structure</b>	Rights offering in Chile followed by a potential local and international offering, with sales pursuant to 4(a)(2), of any remaining unsubscribed shares <sup>(1)</sup>
<b>Bloomberg Ticker</b>	VAPORES CI
<b>Current Number of Shares Outstanding</b>	19,469,373,367 shares
<b>Shares Offered</b>	Up to 11,680,000,000 shares (100% primary) or approximately US\$400 mn, representing 37.5% of total capital post-offering
<b>Exchange</b>	Santiago Stock Exchange
<b>Timing</b>	December 15 – January 13, 2015: preemptive rights period in Chile January 22, 2015: Auction of potential rump offering <sup>(1)</sup> January 23 – January 29, 2015: Second preemptive rights period in Chile <sup>(1)</sup> February 2, 2015: Second Auction of potential rump offering <sup>(1)</sup>
<b>Price per Share</b>	CLP 21.0
<b>Use of Proceeds</b>	Participate in Hapag-Lloyd's Capital Increase with an amount of EUR 259 million, acquiring an additional 4% of ownership Cover the remaining expenses involved in the business combination
<b>Placement Agents</b>	 

(1) Subject to the result of the subscription during the preemptive rights period and the decision of the Board of Directors.



## CAPITAL INCREASE PROCESS



(1) Preemptive Rights Period.  
 (2) To be confirmed.

- Founded in 1872 and publicly traded since 1893
- More than 140 years of history and one of the oldest shipping companies in the world



## Specialized Shipping Services & Others

✓ Car Carrier

✓ Non-Containerized Refrigerated Cargo

✓ Liquid & Dry Bulk Cargoes

✓ Norgistics

## Container Shipping Services Hapag-Lloyd

✓ 4th largest container shipping company in the world with a global footprint

✓ Pure play container shipping company

✓ Headquartered in Hamburg, Germany

✓ Founding member of Grand and G6 Alliance

✓ 191 container ships with 998 TTEU<sup>(1)</sup>

✓ Transport volume of 7.4 million TEU in 2013

✓ 338 sales offices in over 110 countries<sup>(2)</sup>

✓ Diversified customers around the world

✓ Employing 10,843 staff worldwide<sup>(1)</sup>

(1) As of Sep-2014.

(2) Pre-merger Hapag-Lloyd figures.



**1** **INDUSTRY OVERVIEW**

**2** **USE OF PROCEEDS**

**3** **KEY INVESTMENT HIGHLIGHTS**





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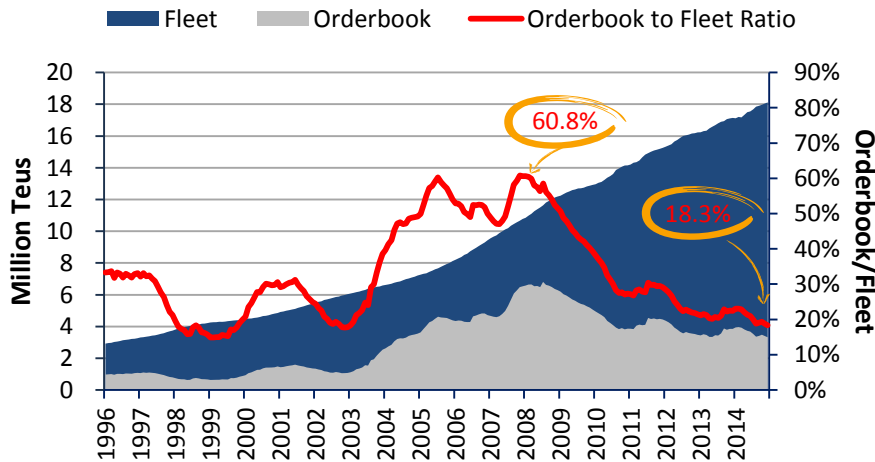
## SECTION 1

# INDUSTRY OVERVIEW



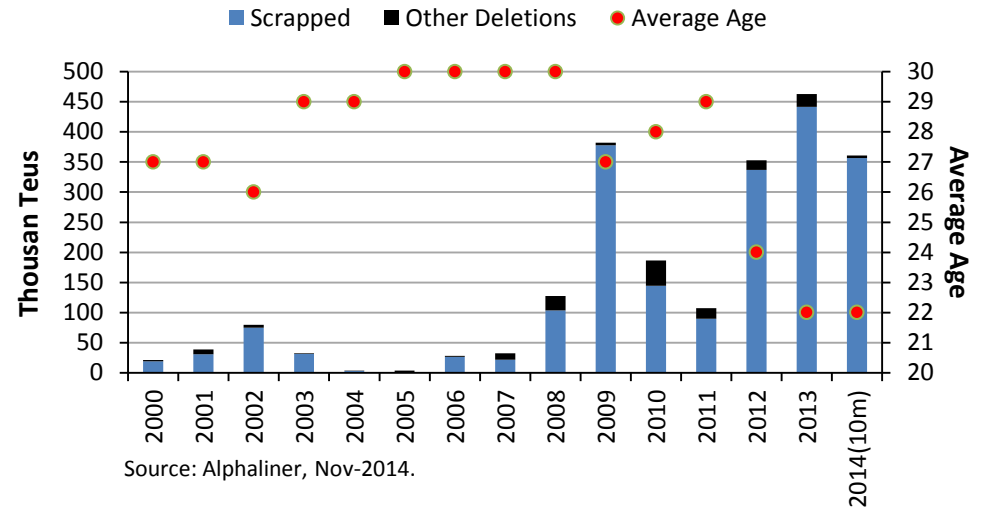
- Structural supply factors have had a relevant impact on the industry dynamics in recent years
- Increase in scrapping, mainly driven by the expansion of the Panama Canal and the delivery of larger vessels, could contribute to adjust the supply and demand imbalances
- Speculative orders have decreased significantly. Currently, 68% of the capacity under construction has been ordered by non-operators, nevertheless over 75% of these orders already have a long-term charter contract

## STEEP FALL IN THE ORDERBOOK TO FLEET RATIO



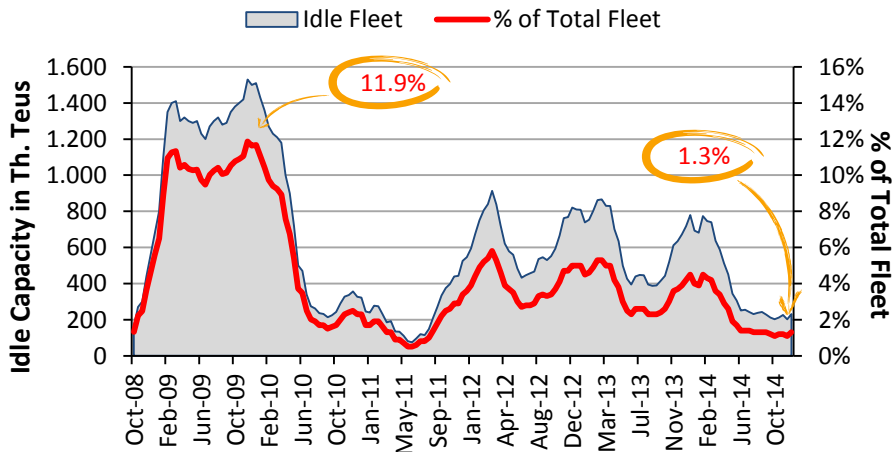
Source: Clarkson Research Services, Dec-2014.

## SCRAP EVOLUTION



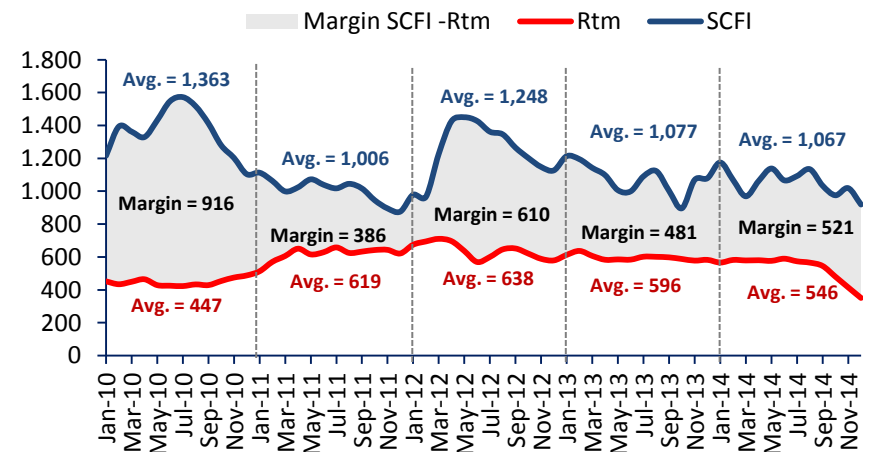
Source: Alphaliner, Nov-2014.

## IDLE FLEET EVOLUTION



Source: Alphaliner, Dec-2014.

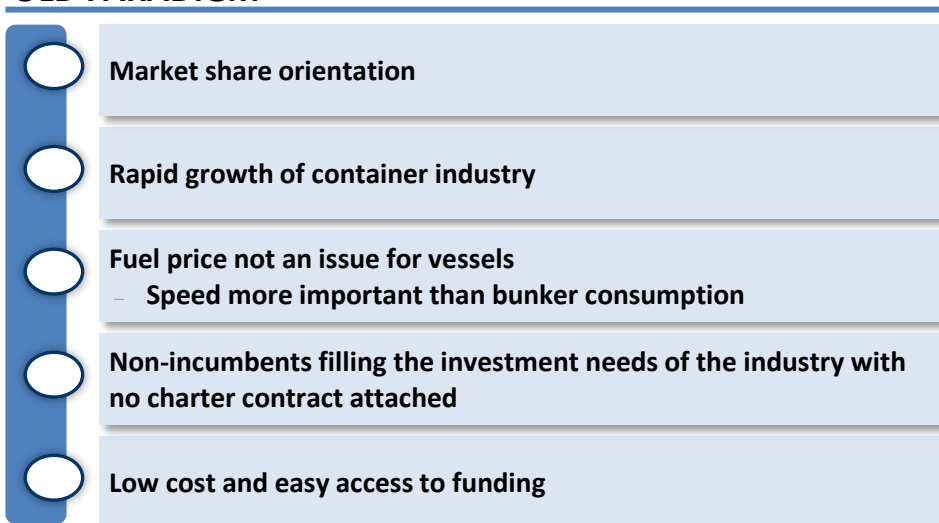
## FREIGHT INDEX AND BUNKER EVOLUTION



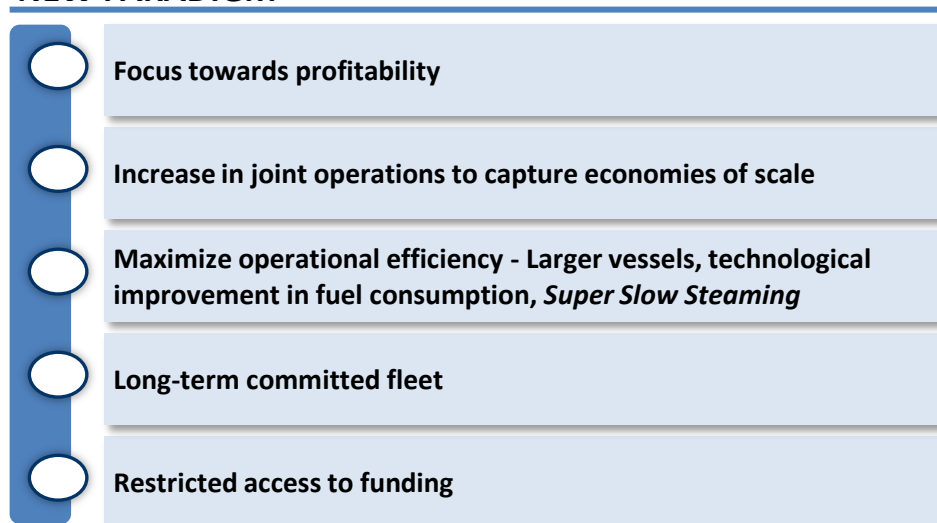
Source: Shanghai Shipping Exchange (SCFI Comprehensive Index), Platts (Rotterdam IFO 380 USD/ton), Dec-2014.

- Container shipping is a key industry in world trade
- Significant structural changes have taken place in the industry, moving towards greater joint operations between liners, a greater focus on operational efficiency and greater percentage of owned vessels
- The increase in demand, along with the reduction of shipbuilding orders, the administration of idle fleet, and the increase in vessel scrapping favor the industry outlook

## OLD PARADIGM



## NEW PARADIGM



## INDUSTRY OUTLOOK

### Attractive demand growth prospects

- 6.1% and 6.7% estimated growth in global container throughput in 2014e and 2015e<sup>(1)</sup> compared to projected global real GDP growth of 3.3% and 3.8%<sup>(2)</sup>, respectively

### Restrictions to supply growth

- Limited access to capital
- Current balance sheets have expensive and illiquid assets

### Return to profitability is a matter of time

- Supply and demand balance
- Complex financial situation of shipping companies
- New paradigm for vessels sharing agreements

(1) Clarkson Research Services, Nov-2014.

(2) IMF, Oct-2014.

## CONSOLIDATION DRIVERS

### M&A

Just two M&A since 2005

- HL / CSAV
- Hamburg Sud / CCNI

### Alliances

Four alliances have been formed in recent years

### Unitary Cost Reduction

















- ✓ Gain economies of scale
- ✓ Productivity increase
- ✓ Gain network economies (M&A only)
- ✓ Eliminate duplicate functions and facilities (M&A only)

### Increase Domain in Certain Markets

- ✓ Increase in frequency
- ✓ Larger network scope

### Risk Reduction

- ✓ Utilization of different types of vessels
- ✓ Higher trade diversification

Recent Alliances	 MAERSK LINE	 MSC	 CMA CGM	 中国海运 CHINA SHIPPING	 UASC	 K LINE	 YANG MING	 EVERGREEN	 HANJIN	 COSCO	 NYK LINE	 MOL	 APL	 HMM	 Hapag-Lloyd	 OOCL
Name	2M		Ocean Three		CKYHE		G6									
Implementation date	1 Q 2015		4 Q 2014		4 Q 2014		4 Q 2011									
Shared vessels <sup>(1)</sup> (#)	195		134		258		226									
Average vessel size <sup>(1)</sup> (TEUs)	10,780		8,970		7,560		8,020									
Scope	Vessels shared on 21 regular trades on Asia, Europe and USA East and West Coasts		Vessels shared on trades on Far East-Europe and Far East-North America trades		Vessels shared on trades on Asia, North Europe and the Mediterranean		Vessels shared on 40 regular trades on Asia, Europe, Mediterranean and North American East Coast									

Source: Alphaliner, Sep-2014. Financial Times, Jul-2014.

(1) Trans-Pacific and Far East.

## DEAL RATIONALE

### A. Strategic rationale

- “New” Hapag-Lloyd **catches up to top 3 players**
- **Selective market leadership** and economies of scale (esp. Latin America)
- Creation of a global platform as a base for further consolidation and **economies of scale**
- Strategic fit – complementary trade routes and **geographic diversification**

### B. Operational rationale

- **Value enhancement** via synergies of approx. US\$ 300 mn
- **Reduction of costs per slot** due to larger and younger fleet
- **Optimized and enlarged network**
- **Reduction of procurement costs** and **imbalances**

### C. Financial rationale

- Gaining an **additional anchor shareholder**
- **Enhancing equity base**
- **Optimizing capital structure** and rating stabilization



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## SECTION 2

## USE OF PROCEEDS





## MAIN USE OF PROCEEDS

- **Subscribe the amount committed by CSAV in Hapag-Lloyd's first capital increase after the business combination**
  - CSAV will subscribe EUR 259 mn of the total EUR 370 mn capital increase :
    1. CSAV's pro rata is EUR 111 mn (according to its 30% stake in Hapag-Lloyd pre-money)
    2. CSAV will subscribe another EUR 148 mn to acquire an additional 4% stake in Hapag-Lloyd

## OTHER USES

- Finance differences related to closing accounts
- Finance business combination related costs

The capital increase will strengthen Hapag-Lloyd's balance sheet in order to meet the business combination and carry-out its investment strategy





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## SECTION 3

# KEY INVESTMENT HIGHLIGHTS







- Leading container shipping company with a global footprint

1



- Profitability improvement through synergies even in an adverse market scenario

2



- Unique and efficient investment structure

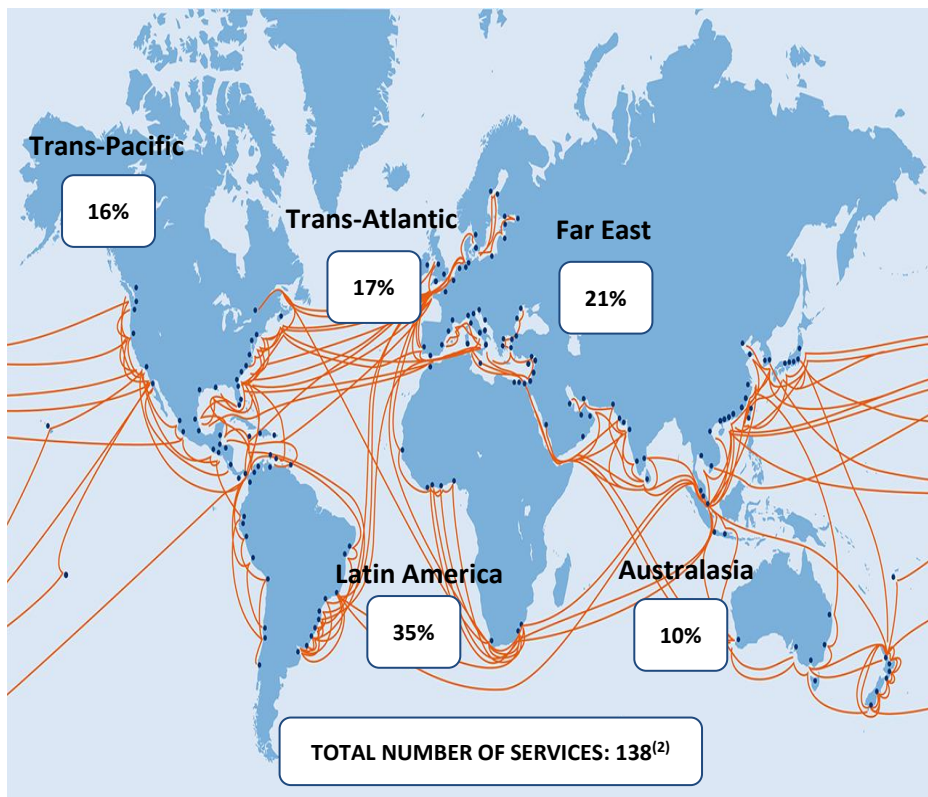
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# Hapag-Lloyd is the 4<sup>th</sup> largest container shipping company with a global footprint

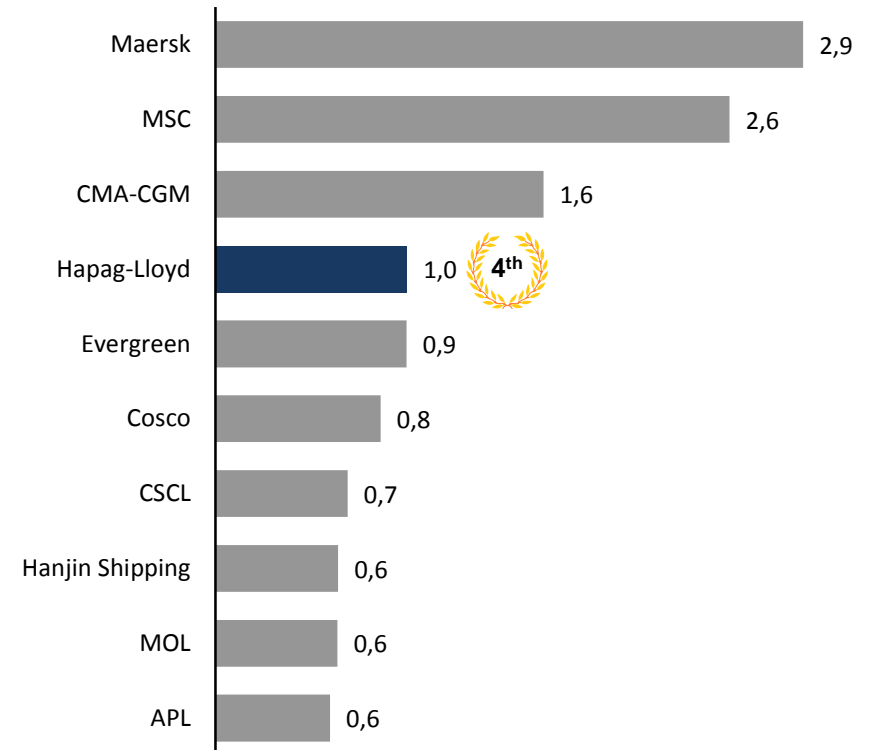


- Strong global network allows the optimization of the company's vessels

## HAPAG-LLOYD – TRADES BY TRANSPORT VOLUME<sup>(1)</sup>



## TOP 10 PLAYERS CAPACITY RANKING (MN TEUS)<sup>(3)</sup>



- Expansion of customer base and strengthening of sales network
- Well-balanced portfolio of trades spread across high growth markets
- Geographical diversification offers the possibility to reduce volatility and mitigate cyclicality
- Economies of scale and network

Notes: (1) Data LTM, Sep-14 (2) Data as Sep-14 (3) Alphaliner, Dec-14.

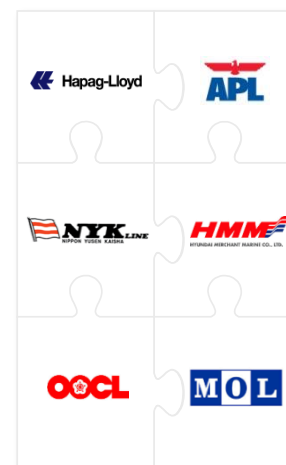
# Hapag-Lloyd participates in one of the four strongest East-West alliances



## EAST-WEST ALLIANCES CAPACITY BY ROUTE (%)<sup>(1)</sup>

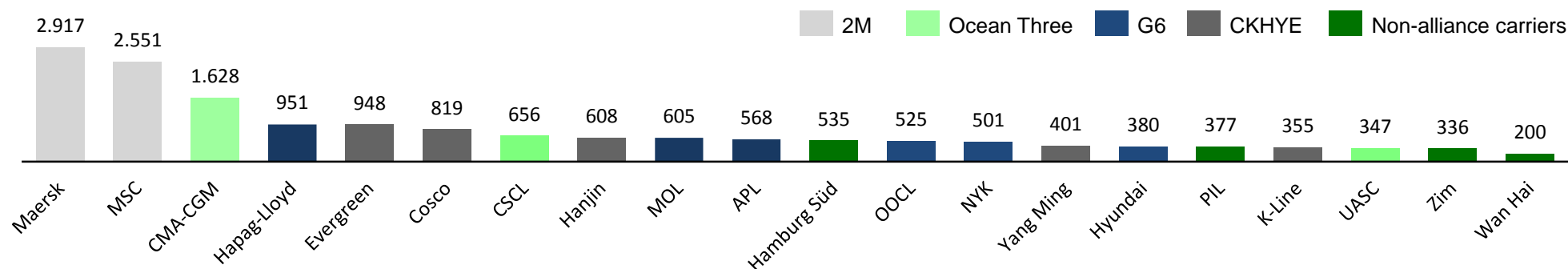
Trade	I Far East Europe	II Trans-Pacific	III Trans-Atlantic
G6	19.7%	32.9%	37.3%
2M	35.2%	15.6%	40.5%
Ocean Three	16.6%	11.4%	5.9%
CKHYE	23.4%	32.9%	4.4%
Other	5.1%	7.2%	11.9%

## ADVANTAGES OF G6 ALLIANCE



- Cost efficiencies
  - Increased average vessel size
- Use of capacity / vessels
  - Efficient vessel deployment
  - Capacity absorption
  - Improved utilization
- Larger network and improved service
  - Larger network scope
  - Shorter transit times
  - Higher frequency
  - More direct port calls

## TOP GLOBAL OPERATORS – CURRENT FLEET (TTEU)<sup>(2)</sup>

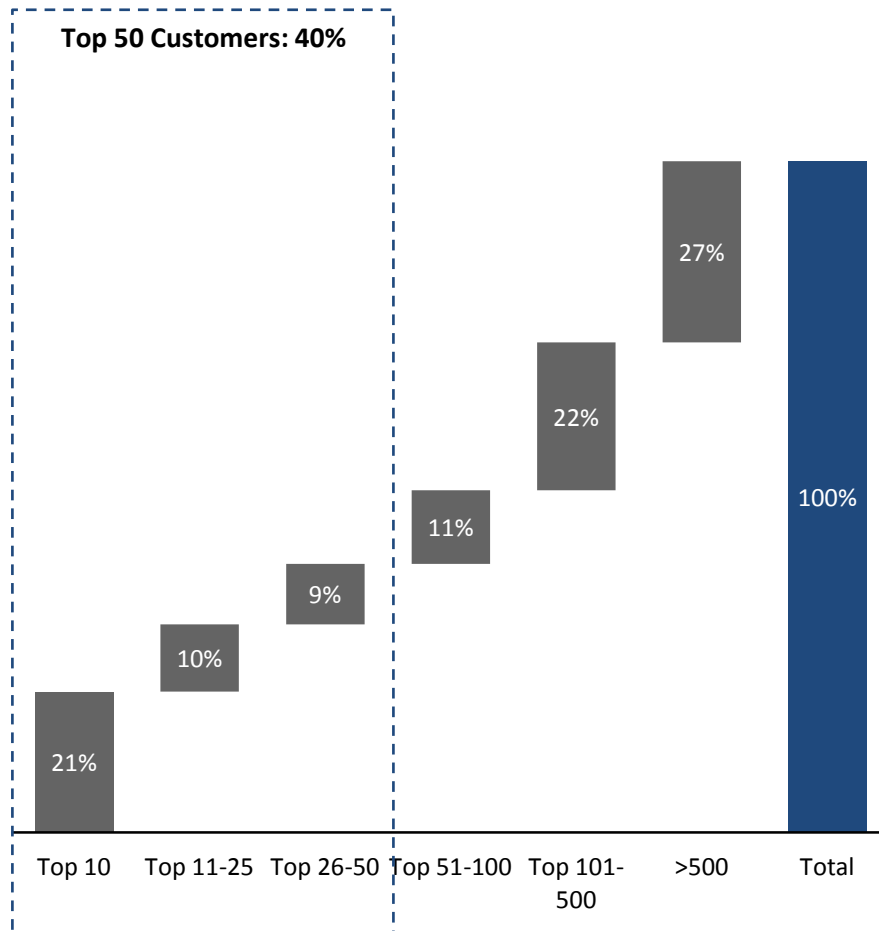


(1) Alphaliner, Oct-14.

(2) Carriers do not deploy total current fleet within alliances. Alphaliner, Dec-14.

- Minimal overlapping between Hapag-Lloyd and CSAV customers reduces risk of losing market share and customers in the merger process
- Diversified by both geography and industry
- Strong and long-lasting customer relationship, with 80% of Hapag-Lloyd's top 20 customers by volume in 2010 continuing to count among its top 20 customers by volume through 2013

## HIGHLY DIVERSIFIED CUSTOMER BASE<sup>(1)</sup>...



## ...REINFORCED BY A STRONG RELATIONSHIP WITH BLUE-CHIP CUSTOMERS<sup>(1)</sup>

**Hapag-Lloyd has a highly diversified customer base: no customer has a share greater than 5% of HL's revenue**

(1) Based on pre-merger Hapag-Lloyd volumes as of 2013.



- Leading container shipping company with a global footprint

1



- Profitability improvement through synergies even in an adverse market scenario

2



- Unique and efficient investment structure

3

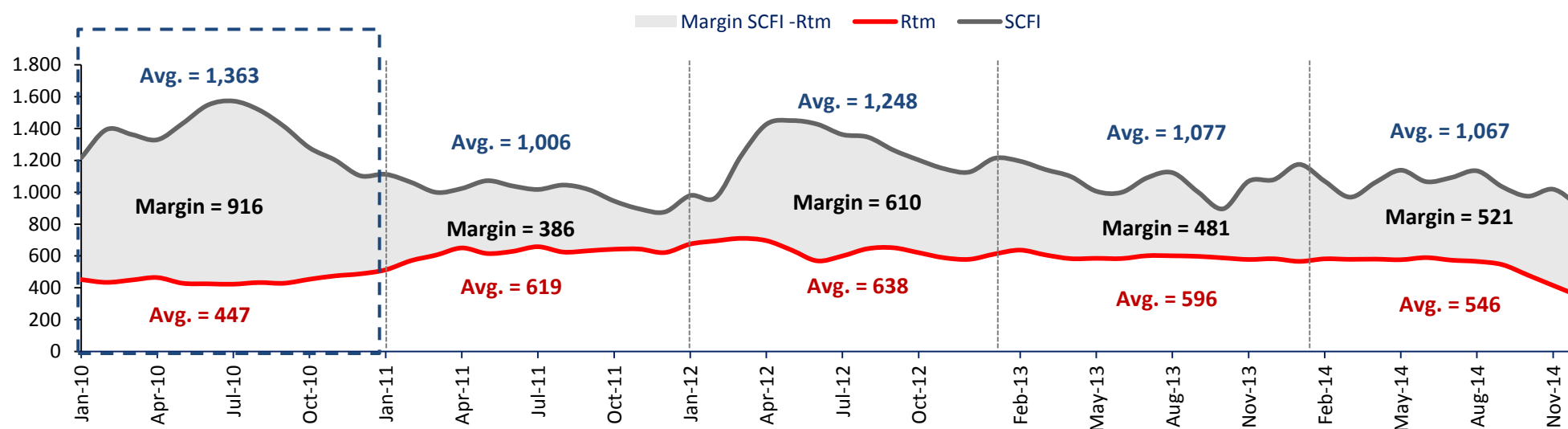
# Hapag-Lloyd will become a profitable player through the merger even in current adverse market conditions



## HIGHLIGHTS

- Synergies
- Volume growth comparable to the industry
- Cost reduction due to deployment of new own vessels, already financed
- Short-term improvement of cost efficiency through:
  - Procurement & inland: inland pricing and steering, bunker procurement
  - Fleet & network: fleet renewal, fleet refurbishment and service structure
  - Sales & product portfolio: utilization, special cargo and spot market

## FREIGHT INDEX AND BUNKER EVOLUTION



Source: Shanghai Shipping Exchange (SCFI Comprehensive Index), Platts (Rotterdam IFO 380 USD/ton), Dec-2014.



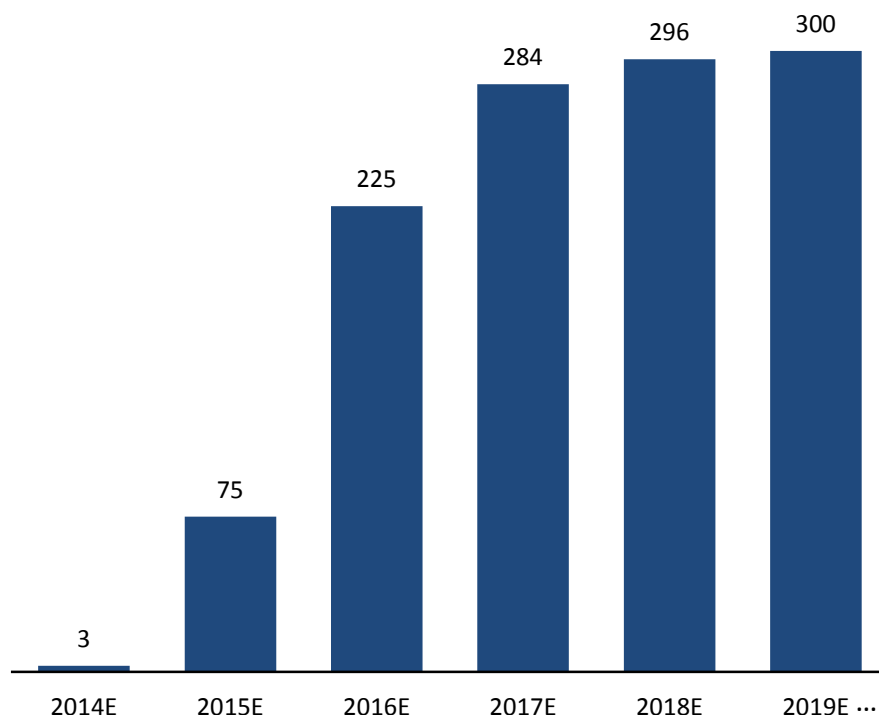
# Hapag-Lloyd's projections show estimated synergies of nearly US\$300 mn per year from 2017 onwards



- Despite adverse market conditions, Hapag-Lloyd's expected synergies will have a strong positive impact on the financial performance of the company

## PROJECTED NET SYNERGY RAMP-UP (US\$ MN)

- Synergies expected to amount to ~US\$300 mn by 2017 onwards
- One-off costs of approximately US\$205 mn related to both the implementation of the planned synergies as well as related to the successful conclusion of the Business Combination, which are largely payable in 2014 and 2015



Source: Company information.

## KEY SYNERGIES DRIVERS

### Network Optimization

- Combined network configuration
- Efficient use of combined fleet

### Terminals & Intermodal

- Standardized procurement
- Process standardization
- Strategic partnerships

### Equipment

- Imbalance optimization
- Productivity and fleet optimization

### Productivity

- Higher organization efficiency
- Best practice sharing
- Unified IT platform as a key driver for the integration process

### Financial

- More competitive financing sources



- Leading container shipping company with a global footprint

1



- Profitability improvement through synergies even in an adverse market scenario

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- Unique and efficient investment structure

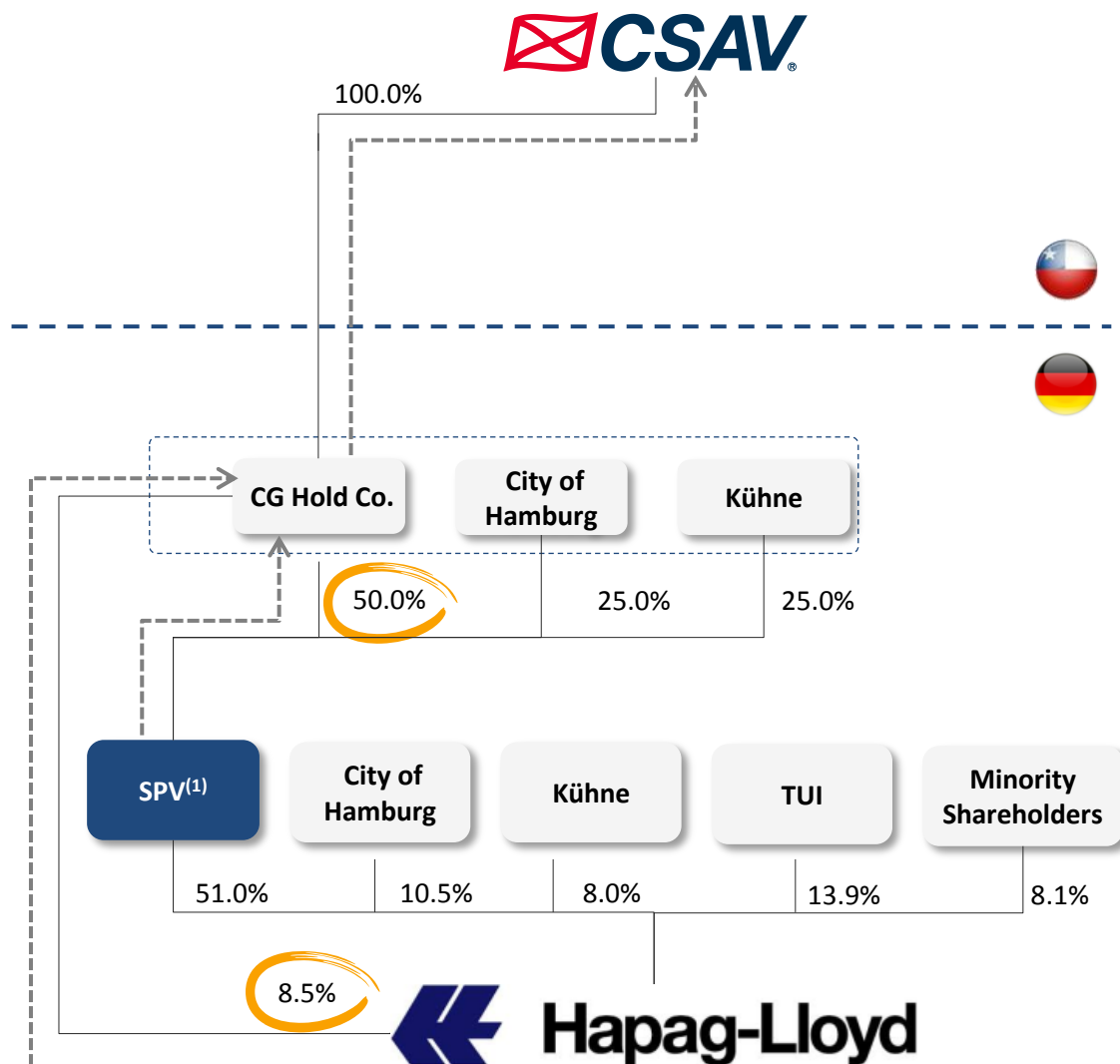
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## MAIN STRUCTURE HIGHLIGHTS

- **Gain exposure to a global container shipping company**
  - Hapag-Lloyd: a unique asset for investors
  - Focused on shipping activities
  
- **Transparent dividend pass-through structure**
  - 100% of the free cash flow received from Hapag-Lloyd to be distributed as dividends to CSAV's shareholders
  - Very lean cost structure: self-sustained / profitable remaining operations, including overhead
  
- **Structure to minimize holding discount**
  - Currently stock price is undervalued
  - Direct control on all companies/subsidiaries
  - Minimum overhead cost
  
- **Tax benefits**
  - Use of tax loss carry forward

## CONTAINER SHIPPING SERVICES STRUCTURE



(1) Special Purpose Vehicle.

-----> Cash Flow From Hapag-Lloyd to CSAV.



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