



# First Quarter 2014 Results

May 2014





# Agenda

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1. Market Situation
2. First Quarter 2014 Results
3. Cash Position
4. Outlook

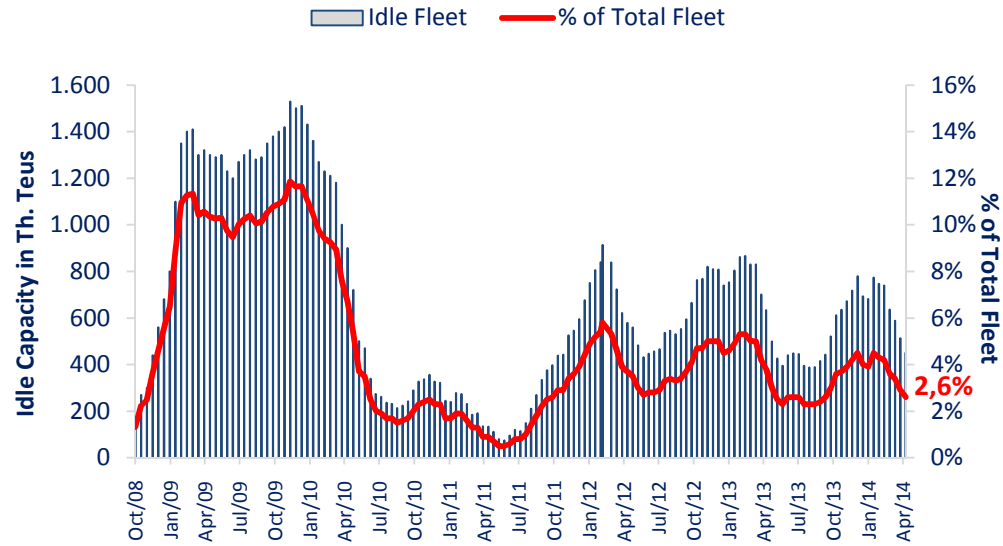


# 1. Market Situation

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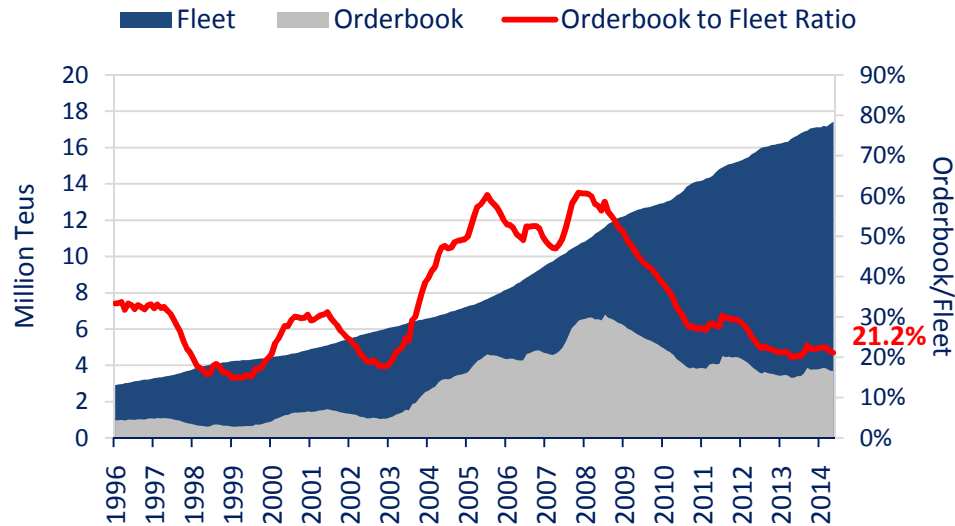
# Containership Fleet

**Graph 1: Idle Fleet: 450,700 TEU or 2,6% (May 2014)**



Source: Alphaliner

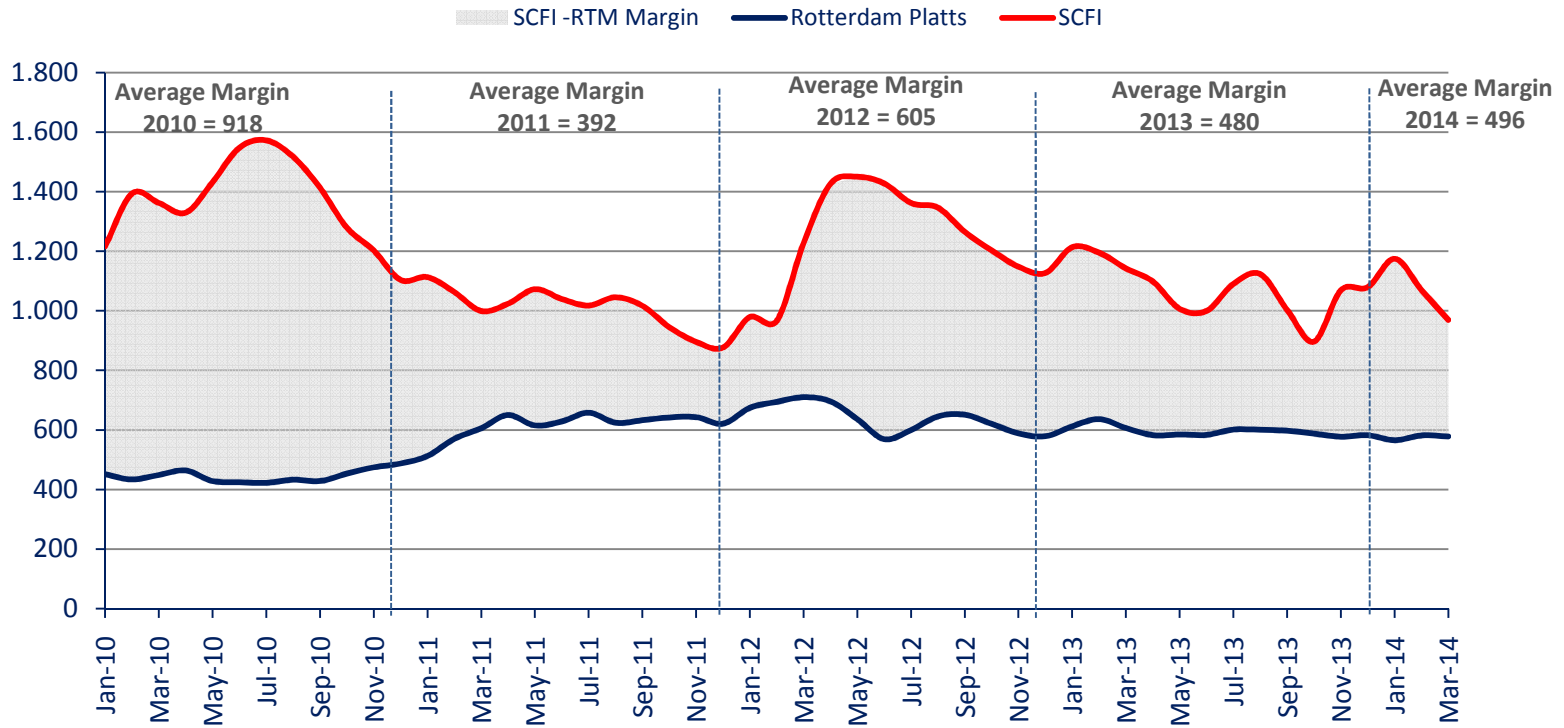
**Graph 2: Orderbook / Fleet: 21.2% (May 2014)**



Source: Clarkson

# Market Evolution

Graph 3: SCFI vs Rotterdam Platts



Source: SCFI, Platts.

The SCFI index includes:

- Spot rates
- Main Haul trades
- Exports from Shanghai

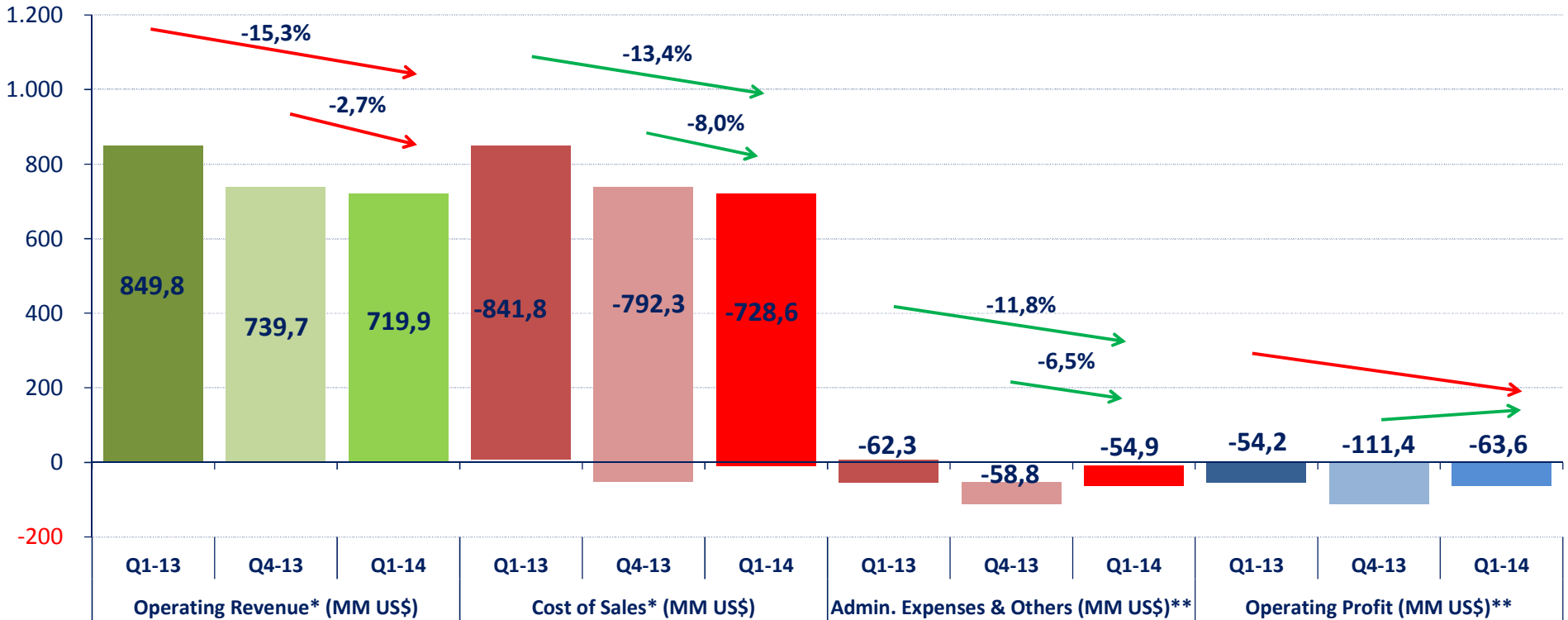


## 2. First Quarter 2014 Results

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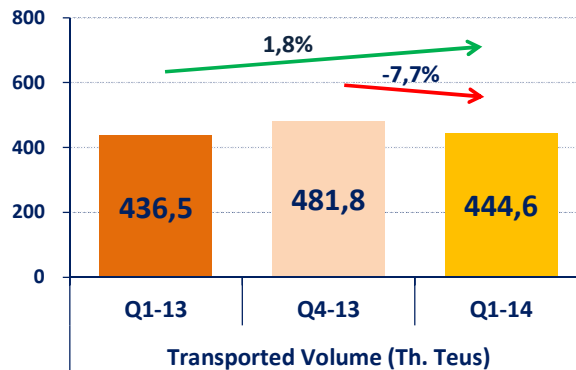
# First Quarter 2014 Results

Graph 4: Main Financial Figures (USD Million)



\*Operating Revenue and Cost of Sales exclude degree of completion.

\*\* Admin. Expenses & Others and Operating Profit exclude provision of MMUS\$ 40 (Q1-13) and profit from prepayment of AFLAC of MMUS\$ 3 (Q4-13).





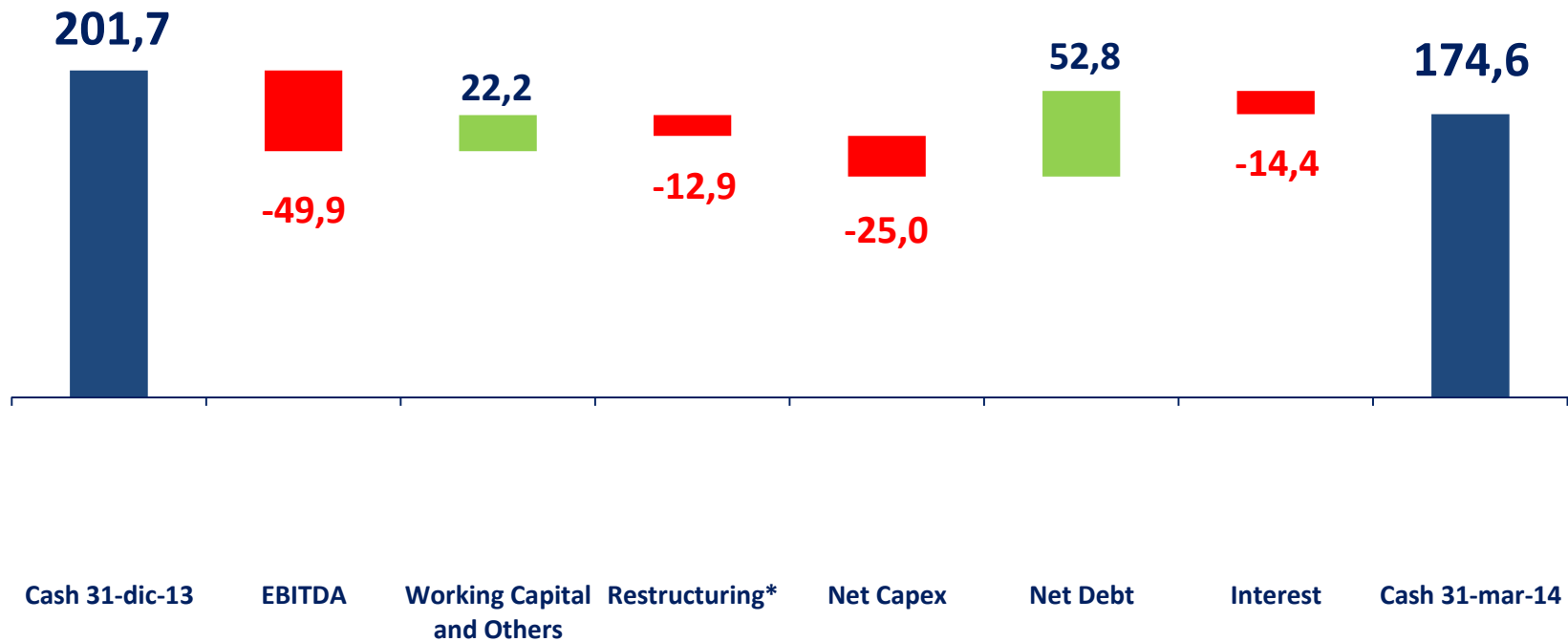
## 3. Cash Position

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# Cash Position

Graph 6: Cash Position (USD million)



\* Restructuring Cash Flow includes all the contracts signed and the provisions recognized in results during 2012.

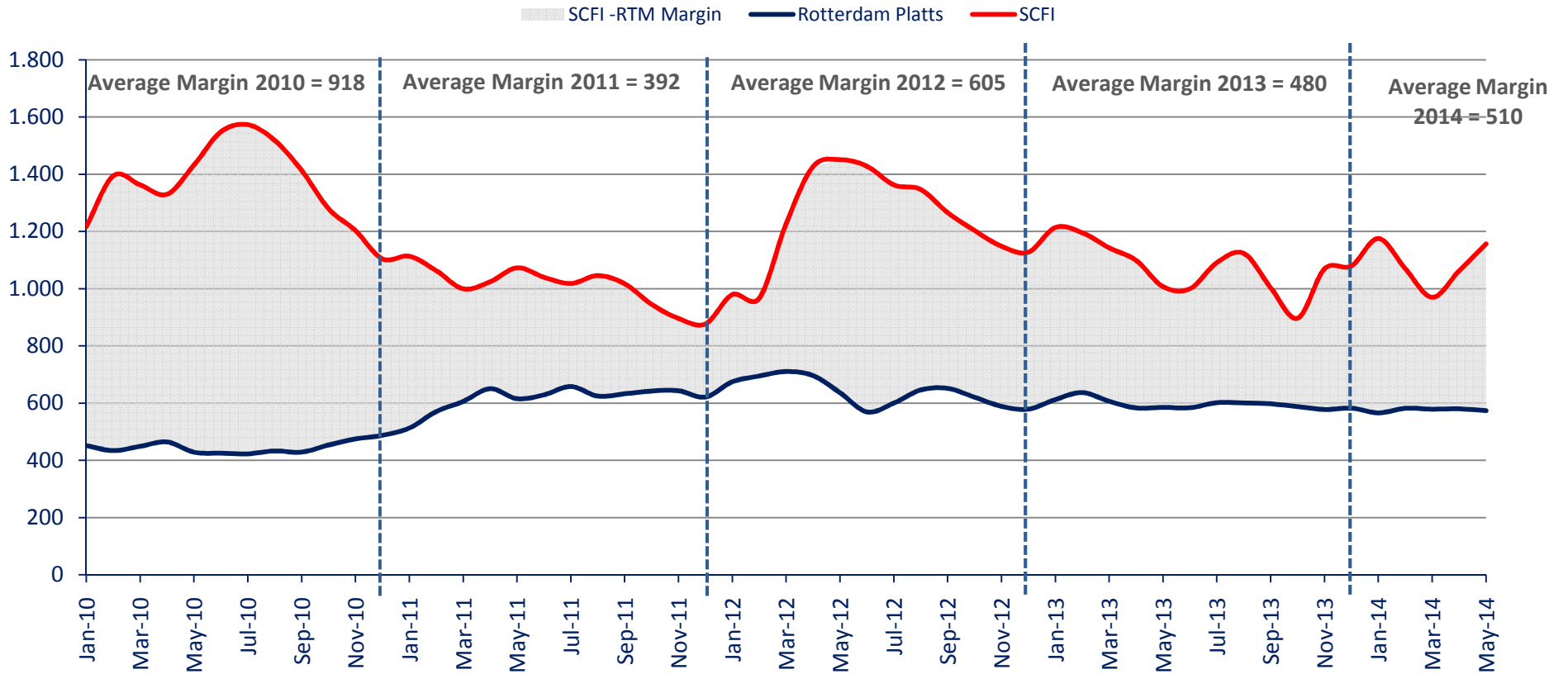


## 4. Outlook

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# Outlook

Graph 7: SCFI vs Rotterdam Platts



Source: SCFI, Platts.

The SCFI index includes:

- Spot rates
- Main Haul trades
- Exports from Shanghai

- The freight rates of the activity were negatively affected by the Chinese New Year during February and this trend continued in March. However, a slight freight rate recovery has started in several relevant trades from April and continues a similar trend in May.



## Outlook

- The operational and commercial activity of the first quarter of 2014, which will explain to an important extent the results of the second quarter, have slightly improved compared to the one impacting the first quarter results, though still far from breakeven levels. The freight rates of the activity were negatively affected by the Chinese New Year during February and this trend continued in March. However, a slight freight rate recovery has started in several relevant trades from April and continues a similar trend in May. Unfortunately, in the East Coast of South America, a significant market for CSAV, the existing imbalance of supply and demand, exacerbated by a weak demand from Brazil, has brought the freight rates to very low levels, as it can be seen in the Shanghai Index. In this complex industry scenario, the company has continued to enhance the cost structure, as it is visible when comparing the first quarter of 2014 to the first quarter of 2013, our cost of sales per teu has dropped 10%. This positive impact is basically explained by all the initiatives of cost reduction taken by the company, the introduction to our fleet of most of the vessels of 8.000 Teus which were chartered out to Maersk during last year and also to the better utilization levels of the vessels.



## Outlook

- Our long term investment plan to be financed by the US\$ 200 million capital increase which will take place during the first half of this year, will allow, after the new vessels arrive, a significant improvement from bunker and charter savings, during the second half of 2015.
- In terms of a broader market outlook for 2014, we expect the markets to continue to be very volatile. According to Alphaliner, the delivery of new vessels is expected to reach an increase of 9.4% of the global fleet. However, due to the scrapping activity, which is expected to reach a record level in 2014, as well as some delivery deferrals, net growth in the world fleet is expected to reach levels of 5.6%, which is in our opinion in line with the expected growth in demand. Despite this positive signal, of no additional oversupply to be created during 2014, the existing oversupply at the beginning of the period will remain on similar levels as in 2013.



## Outlook

- After all conditions precedent are met, the container activity of CSAV, is moving towards a very important consolidation with Hapag-Lloyd. The combined entity resulting from this transaction, would become the fourth largest player, but also the fourth real player with a global footprint in our industry, enjoying therefore significant economies of scale as well as network efficiencies. The estimated value of the synergies resulting from the combination is calculated at US\$ 300 million per year of cost savings. Additionally to that, and using the resources of about US\$ 1.000 million capital increases which have been agreed after the merger take place, the new Hapag-Lloyd would have the ability to further invest in more modern and efficient fleet, therefore improving the operating cost in the years to come in a significant manner. This significant and relevant strategic move is of high importance for both companies and might change, independently of the improvement of the market conditions, the capability to deliver positive results.



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