



# Third Quarter 2013 Results

November 26, 2013





# Agenda

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1. Market Situation
2. Third Quarter 2013 Results
3. Cash Position
4. Outlook

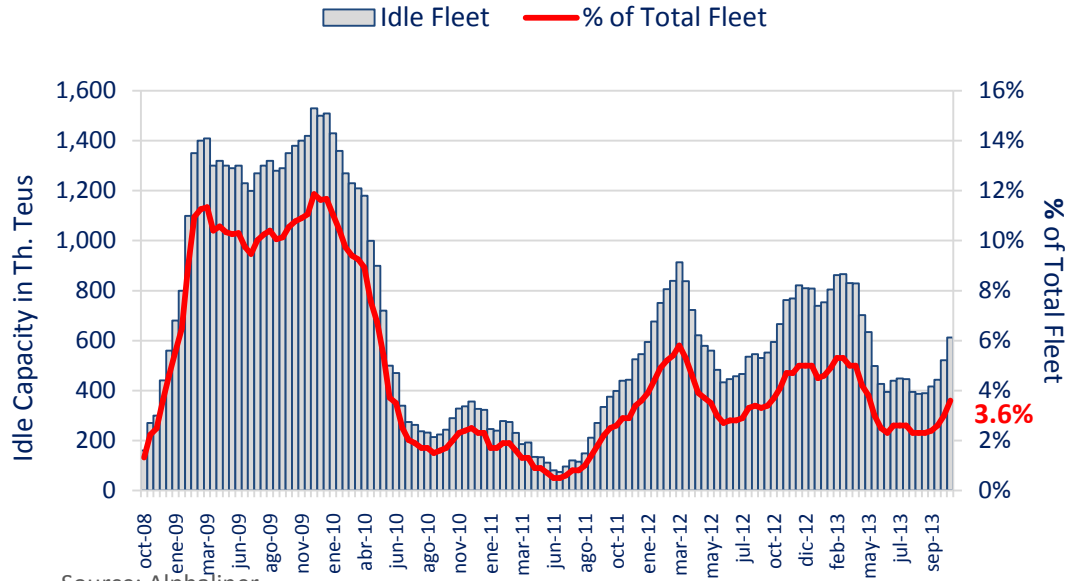


# 1. Market Situation

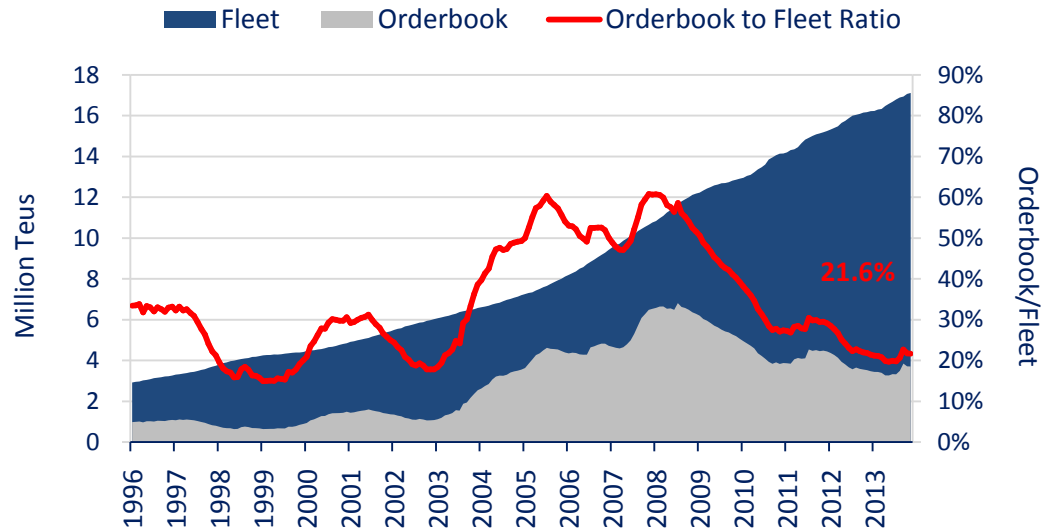
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# Containership Fleet

**Graph 1: Idle Fleet: 612,000 TEU or 3.6% (November 2013)**



**Graph 2: Orderbook / Fleet: 21.6% (November 2013)**

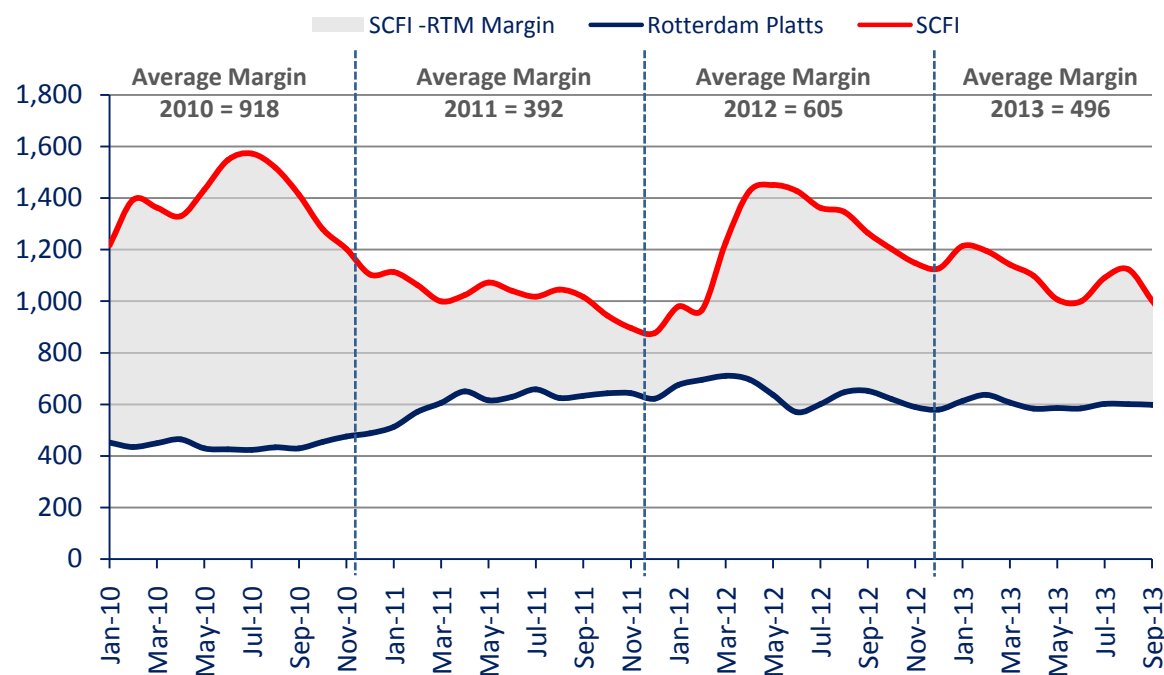




# Market Evolution

- During the first quarter of 2012, freight rates were deeply affected in most markets, achieving historically low margins, due to :
  - Difficult global economic situation
  - Excess of supply in container industry
  - High fuel prices
- Starting March 2012, freight rates began to improve. However, from May onwards freight rates weakened, causing ex bunker margins to remain below historical average levels.
- Third quarter 2013 ex bunker freight rates were significantly lower compared to the same period of last year.

**Graph 3: SCFI vs Rotterdam Platts**



Source: SCFI, Platts.

The SCFI index includes:

- Spot rates
- Main Haul trades
- Exports from Shanghai

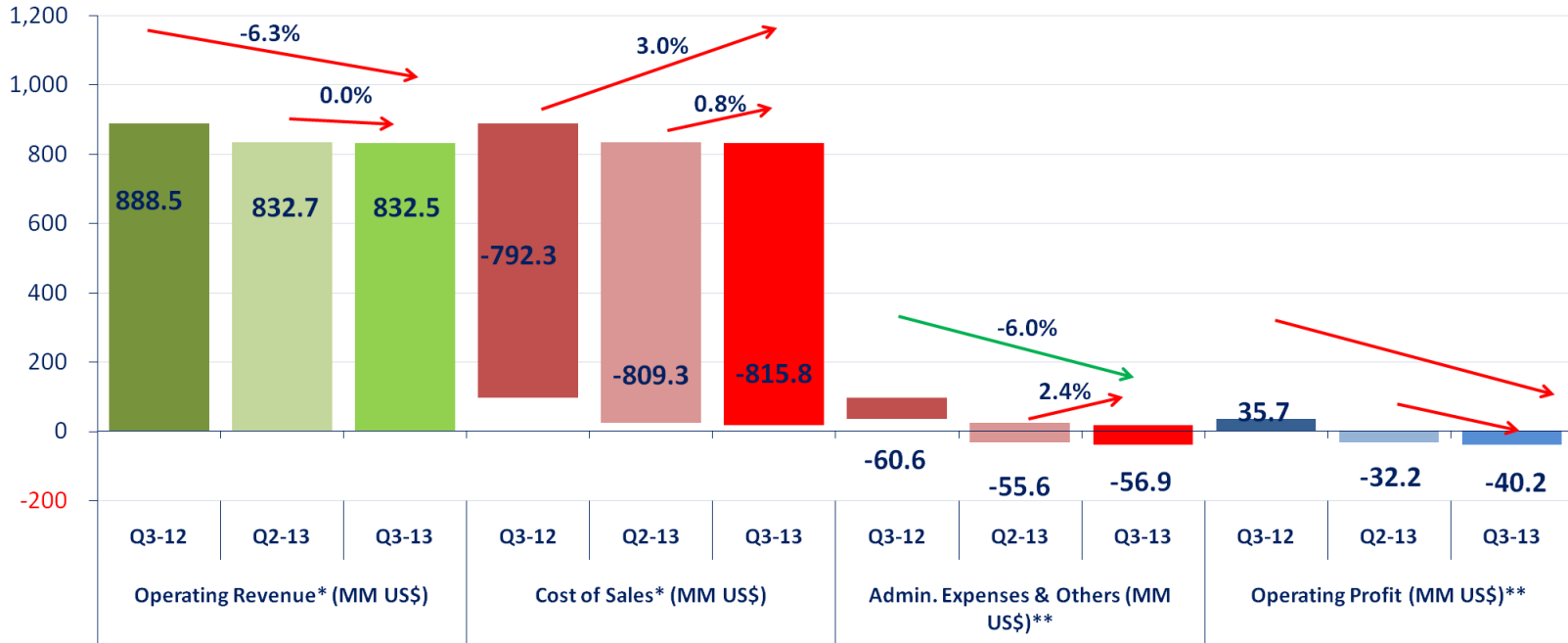


## 2. Third Quarter 2013 Results

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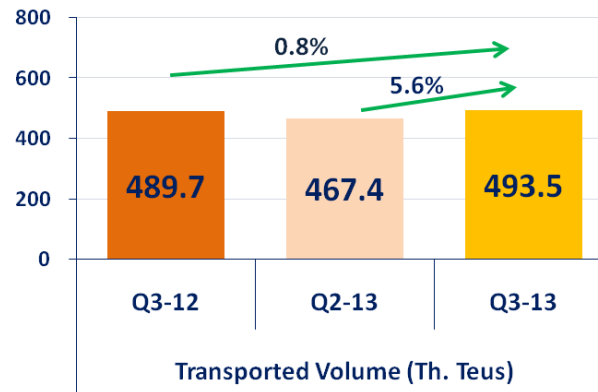
# Third Quarter 2013 Results

Graph 4: Main Financial Figures (USD Million)



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

\*\* Admin. Expenses & Others exclude profit from prepayment of AFLAC of MMUS\$ 54 (Q2-13).





## 3. Cash Position

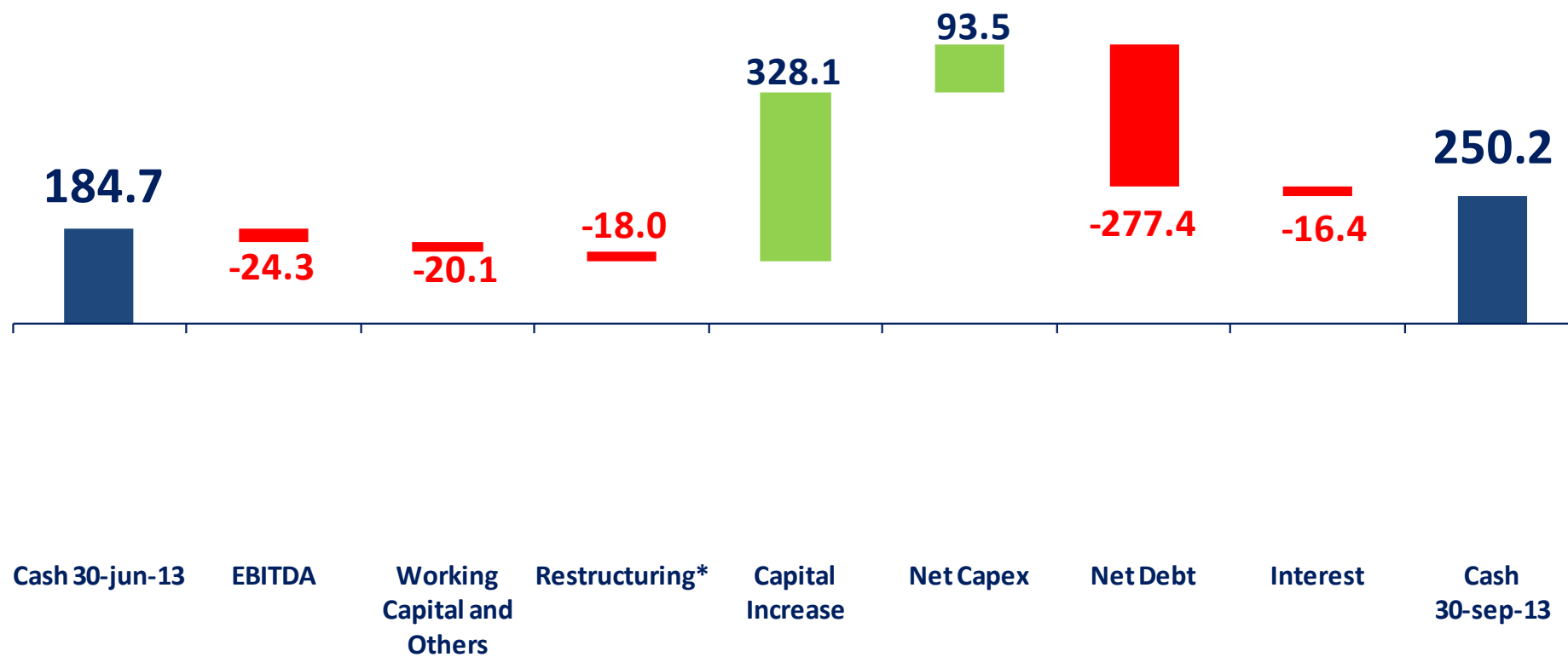
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# Cash Position

Graph 5: Cash Position (USD million)



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



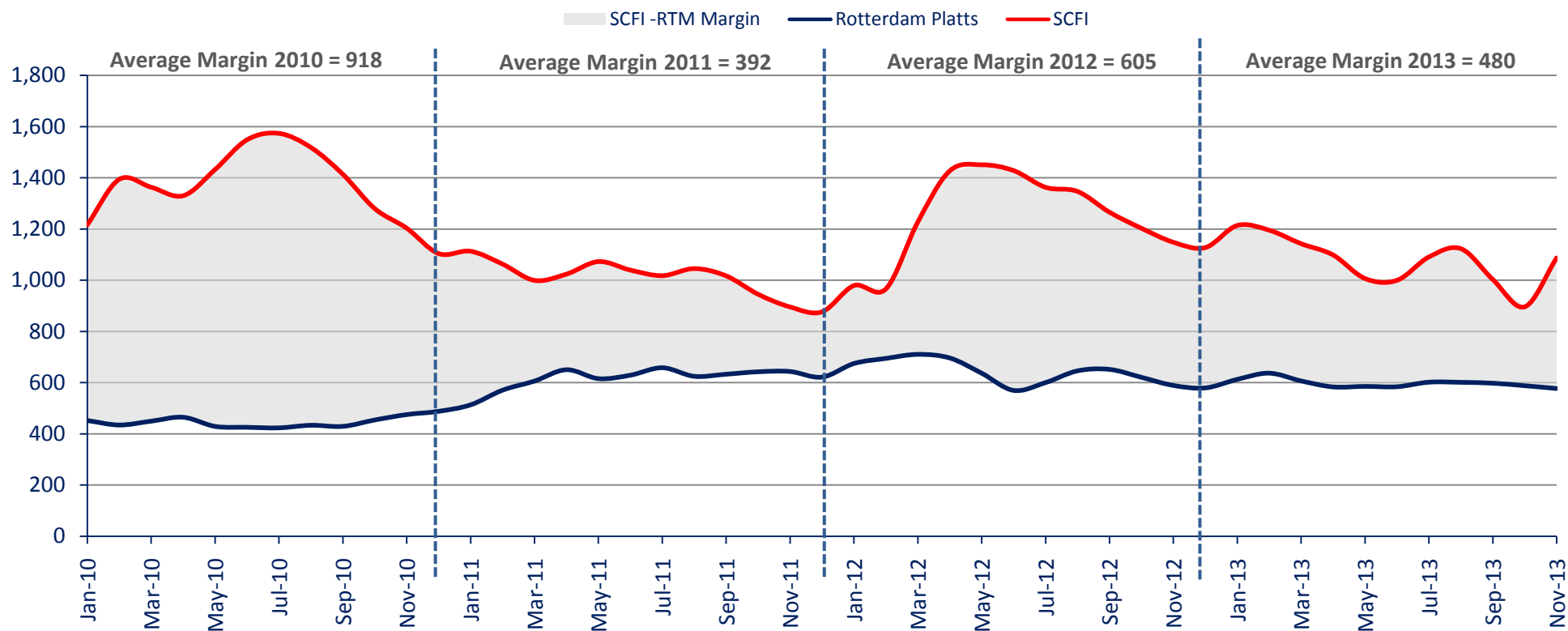
## 4. Outlook

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# Outlook

Graph 6: SCFI vs Rotterdam Platts



Source: SCFI, Platts.

The SCFI index includes:

- Spot rates
- Main Haul trades
- Exports from Shanghai

- Notwithstanding the foregoing, in recent weeks the SCFI, though still shows high volatility, has marked an upward trend that, if sustained and extended to other traffics not represented in this index, could allow improvements in the operational results of the industry going forward.



## Outlook

- The operational and commercial activity of the third quarter of 2013, which will explain to an important extent the results of the last quarter of the year, have shown ex-bunker freight rates below those of the second quarter 2013. Part of this negative effect might be compensated with better utilization ratios of vessels. However, the freight rate differences will hit negatively the results of the company when compared to the third quarter just presented.
- During the month of September and October, the rate trend deteriorated in some of the relevant trades of the company. This negative trend has seen a significant change since the month of November due to rationalizations which have been materialized in the context of slack season programs of several liners in the two most important trades of the company (Asia to East Coast South America and to West Coast South America). As it is visible from the Shanghai Index, several price increases has been announced in different trades across the markets with a bigger chance to succeed than other periods before, due to a better balance of supply and demand.



## Outlook

- Our cost structure has continued to develop significant improvements as explained in this Investor Report, when compared to the same periods of last year, due to the positive impacts of the measures that the company has implemented to reach economies of scale provided by larger vessels, a larger percentage of own fleet, better utilization levels and a number of improvement initiatives throughout the organization. In this context it should be understood the announcement of the company of the newbuilding order of seven 9,300 TEUs vessels, which will produce further significant cost savings in charters and bunker consumption, when the full impact of having them deployed in our trades will be visible in our cost structure during the second half of 2015.



## Outlook

- Despite all the industry's rationalization efforts, the ex-bunker freight rate continues to be positioned below the historical levels in most trades and below the level that the industry should consider as a sustainable equilibrium. This situation has not allowed the industry to enjoy normal returns, and therefore the normal re-investment process is not taking place, particularly in an industry where the asset structure is outdated and out of the frame of a new technological paradigm in relation to bunker consumption. Based on all the above, the management believes that the industry will remain volatile due to the continued oversupply of vessels. However, there are also initiatives being taken individually by some relevant industry players pushing for a more rational approach, particularly relevant for the industry is the announcement of the P3 alliance, which might trigger the creation of new alliances of large scale to match the P3 proposal, which in final term should create an industry operating on a more consolidated basis, at least from an operational point of view.



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