



FONASBA ANNUAL MEETING

The containership market

Centro de Navegación (Argentina)
Eng. Rodolfo García Piñeiro

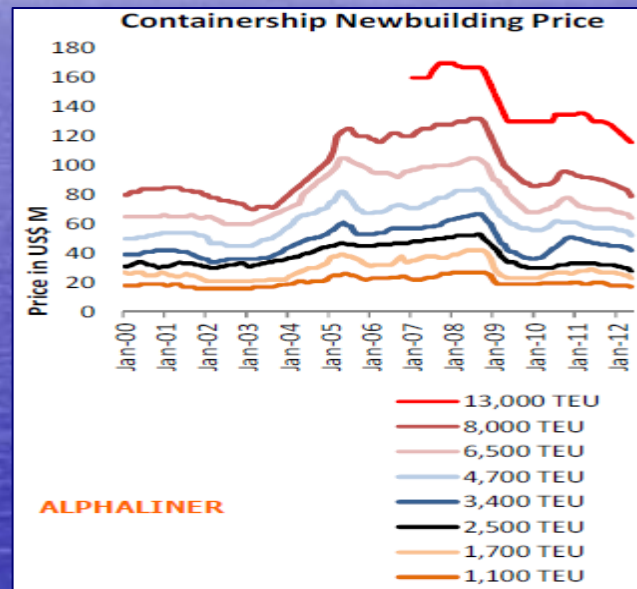
Venice, October 2012

Overview

- Again 2011 and year of overcapacity.
- At the start of the year, 2,3 % of the fleet laid-up: 4,4 % by the end of 2011.
- Container carriers gave away most of their 2010 earnings in 2011. Few carriers reported operating profits in 2011.
- Total operating losses of 22 carriers surveyed reached \$ 5.6 Bn.
- MSC, Hamburg Süd, PIL and UASC financial results not available.
- Poor results due to declining freight rates and high fuel prices last year.
- A majority of the carriers are still expected to post negative operating results this year.
- The orderbook increased at the end of 2011. Difficult to explain.

Newbuilding prices evolution

- Market sentiment that newbuilding prices are very close to reaching a new historic low.



- BIMCO warned that the low prices for new ship orders may tempt owners looking to renew their fleets and replace older tonnage with new designs and fuel-efficient ships despite the overcapacity in the market.

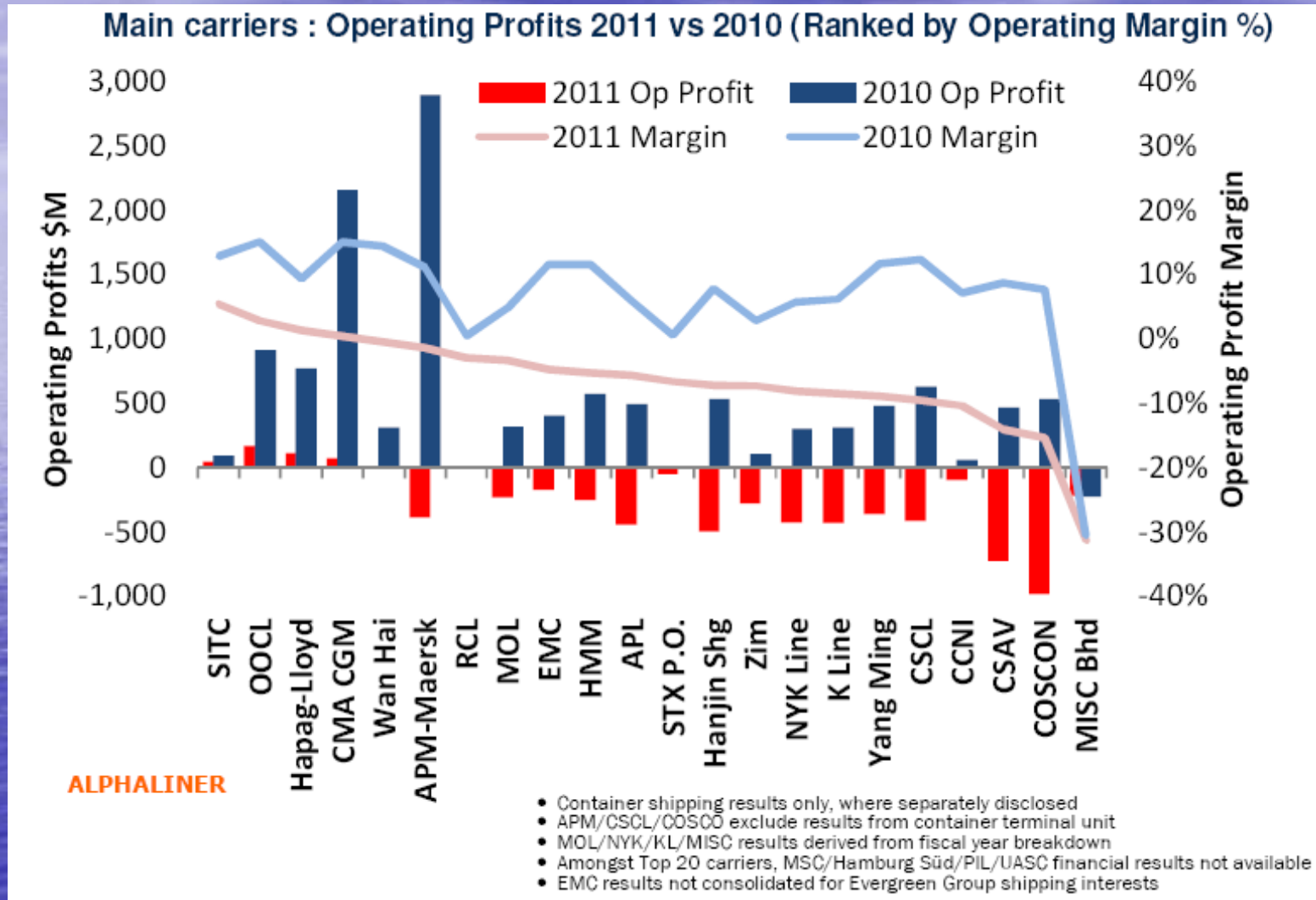
Source: Alphaliner

Main Container Carriers Profit/Loss 2009/2011

Operating Income in US\$ M	2011	2010	2009
OOCL	170	914	-332
Hapag-Lloyd	111	772	-815
CMA CGM	70	2,159	-1,561
SITC	45	89	19
Wan Hai	-11	317	-2
RCL	-13	2	-84
STX P.O.	-46	4	-14
CCNI	-98	59	-50
EMC	-173	403	-371
MISC Bhd	-215	-223	-388
MOL	-229	318	-667
HMM	-251	573	-362
Zim	-276	105	-675
Yang Ming	-358	483	-524
APM-Maersk	-386	2,895	-1,977
CSCL	-411	626	-928
NYK Line	-428	303	-711
K Line	-431	315	-849
APL	-446	492	-698
Hanjin Shg	-497	532	-652
COSCON	-982	530	-1,142
CSAV	-1,050	221	-682

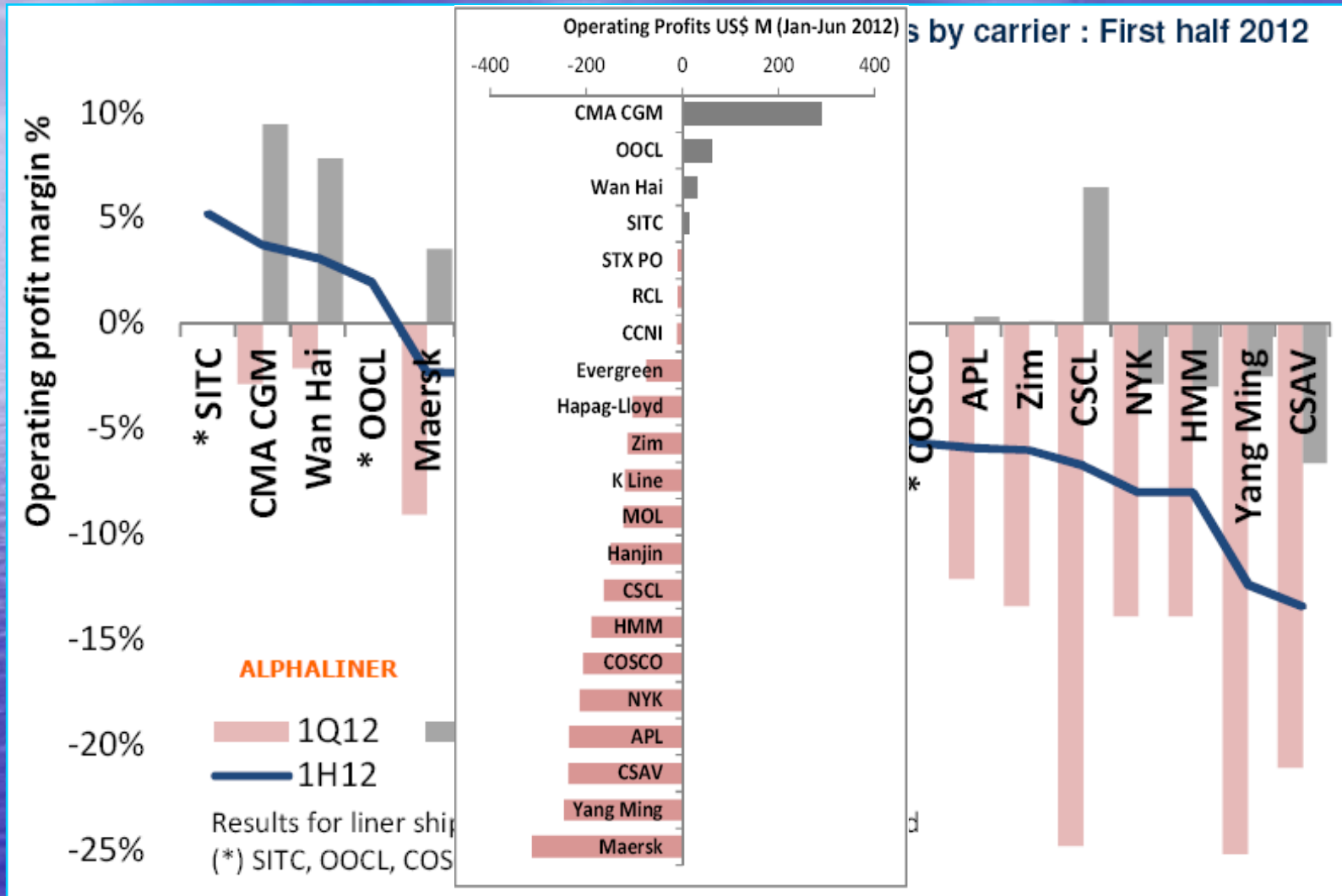
Source: AXS-Alphaliner

Main carriers operating margins (1)



Source: Alphaliner Newsletter

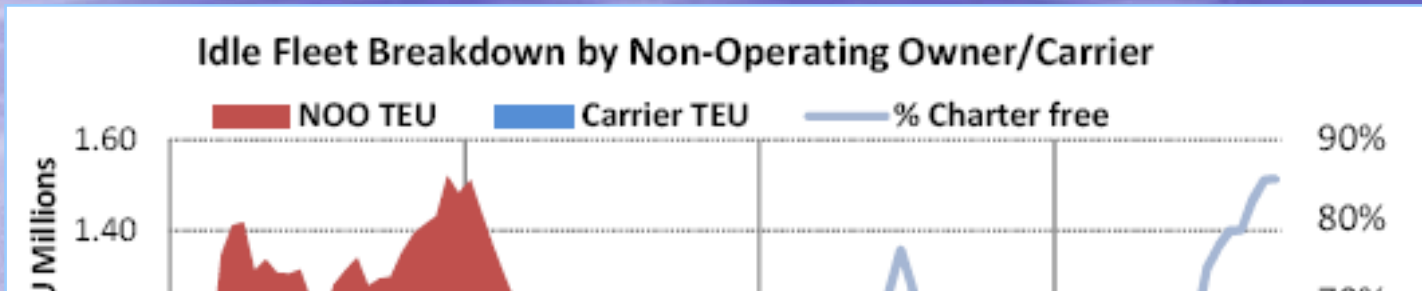
Main carriers operating margins (2)



Source: Alphaliner Newsletter

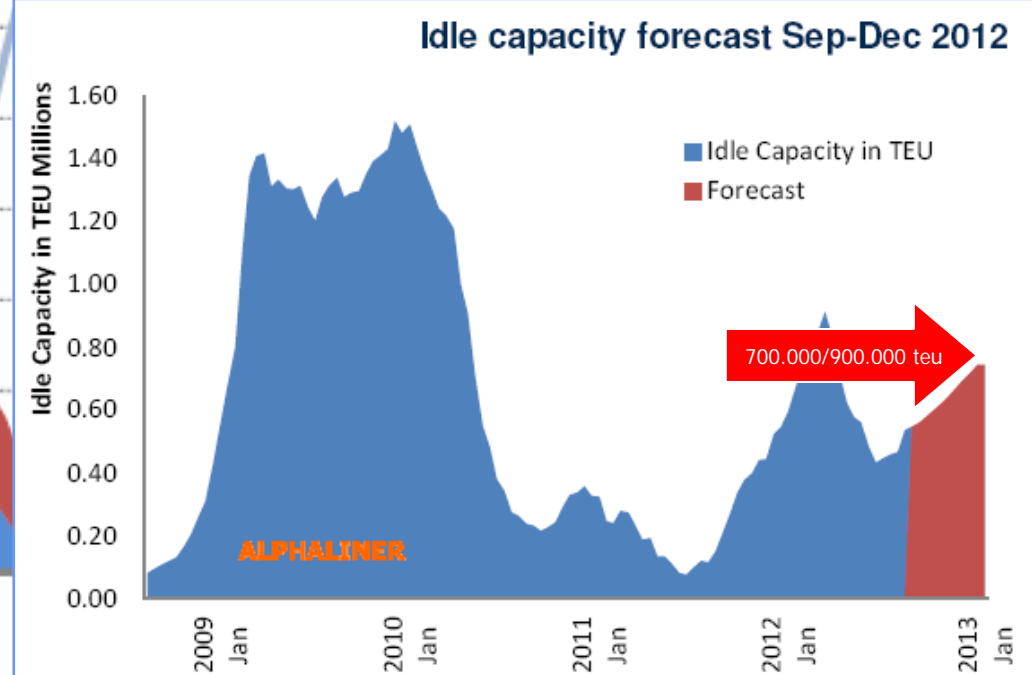
Operating Profits by Carrier
Jan-Jun 2012
In US\$ Millions

Idle fleet & forecast



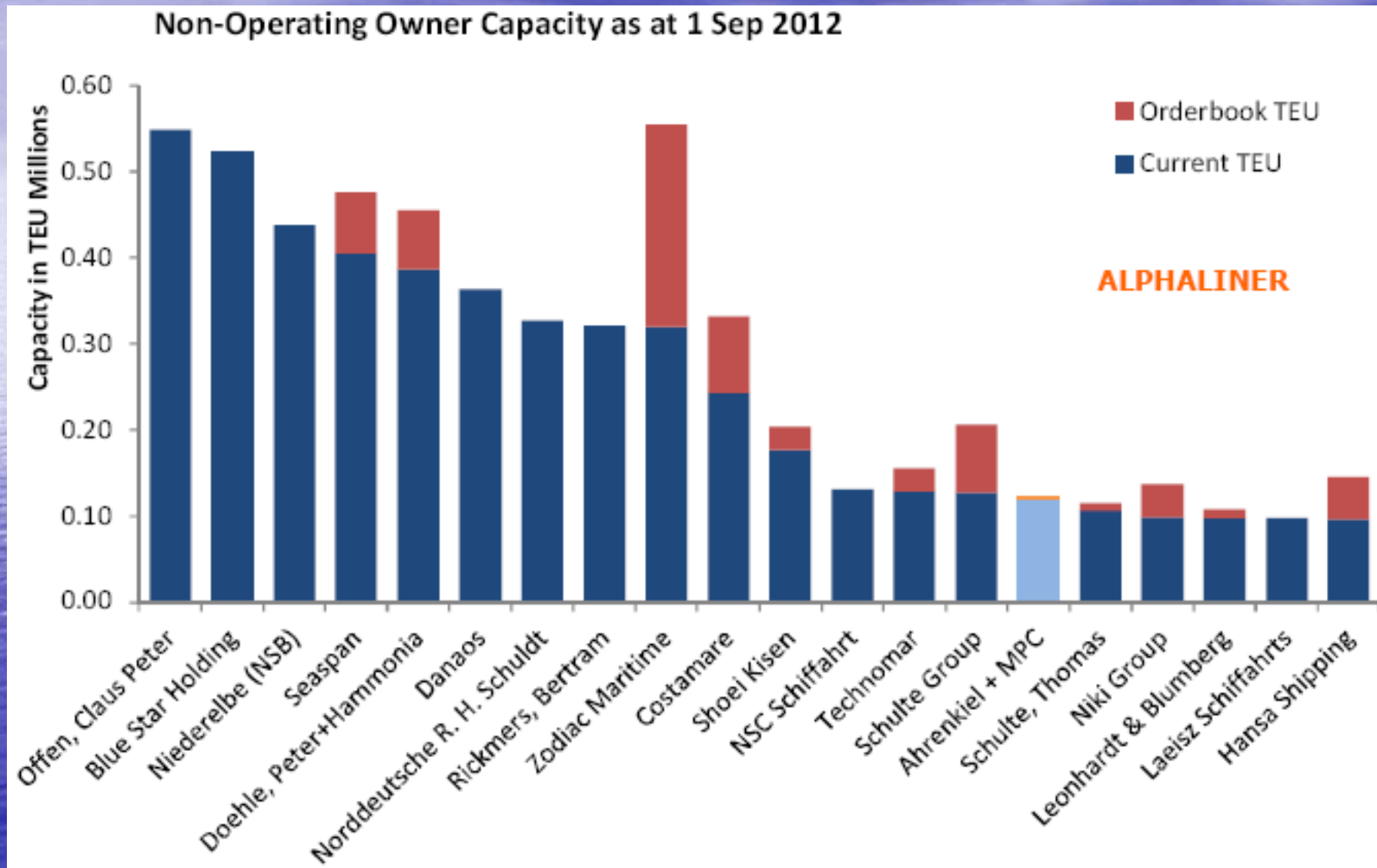
Idle container ship fleet breakdown As at 24 September 2012

TEU Range	Units idle	of which, NOO	
		Units	%
500-999	58	53	91%
1,000-1,999	74	67	91%
2,000-2,999	62	57	92%
3,000-4,999	56	43	77%
5,000-7,499	4	3	75%
7,500 & over	1	1	100%
Total	255	224	88%



- Idle fleet 255 vessels, 550.000 teu, 3,4 % of the fleet.

Non-operating carriers

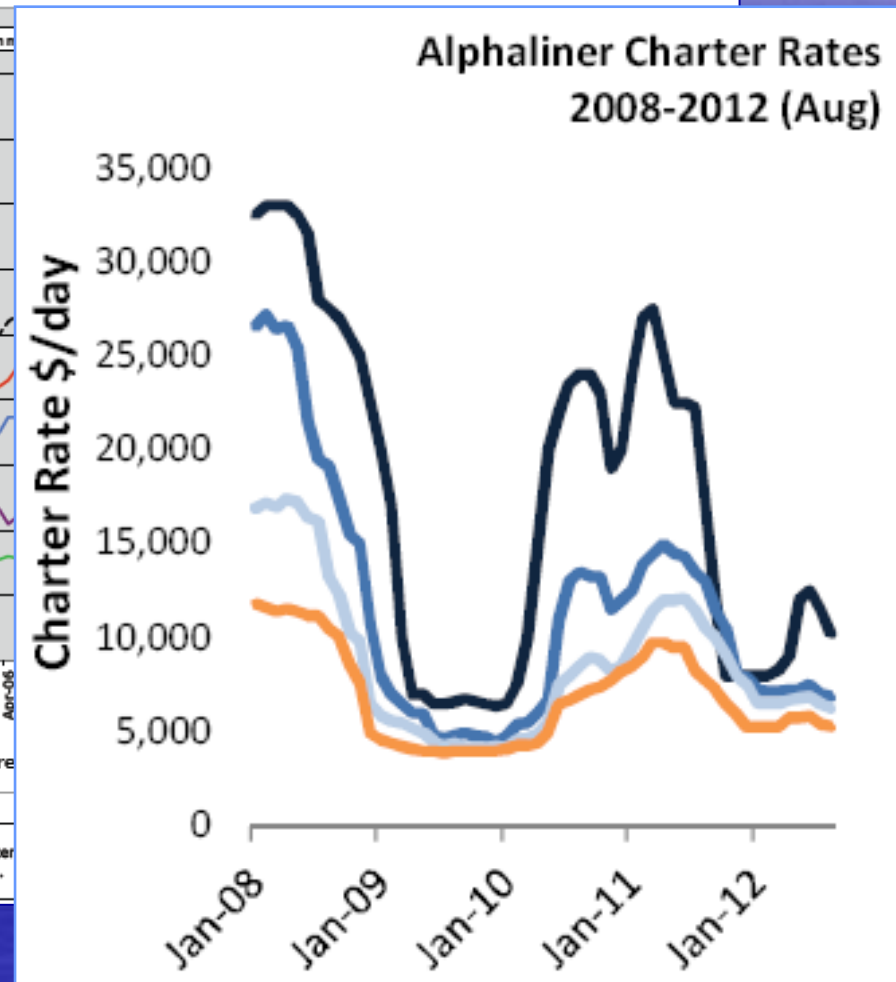
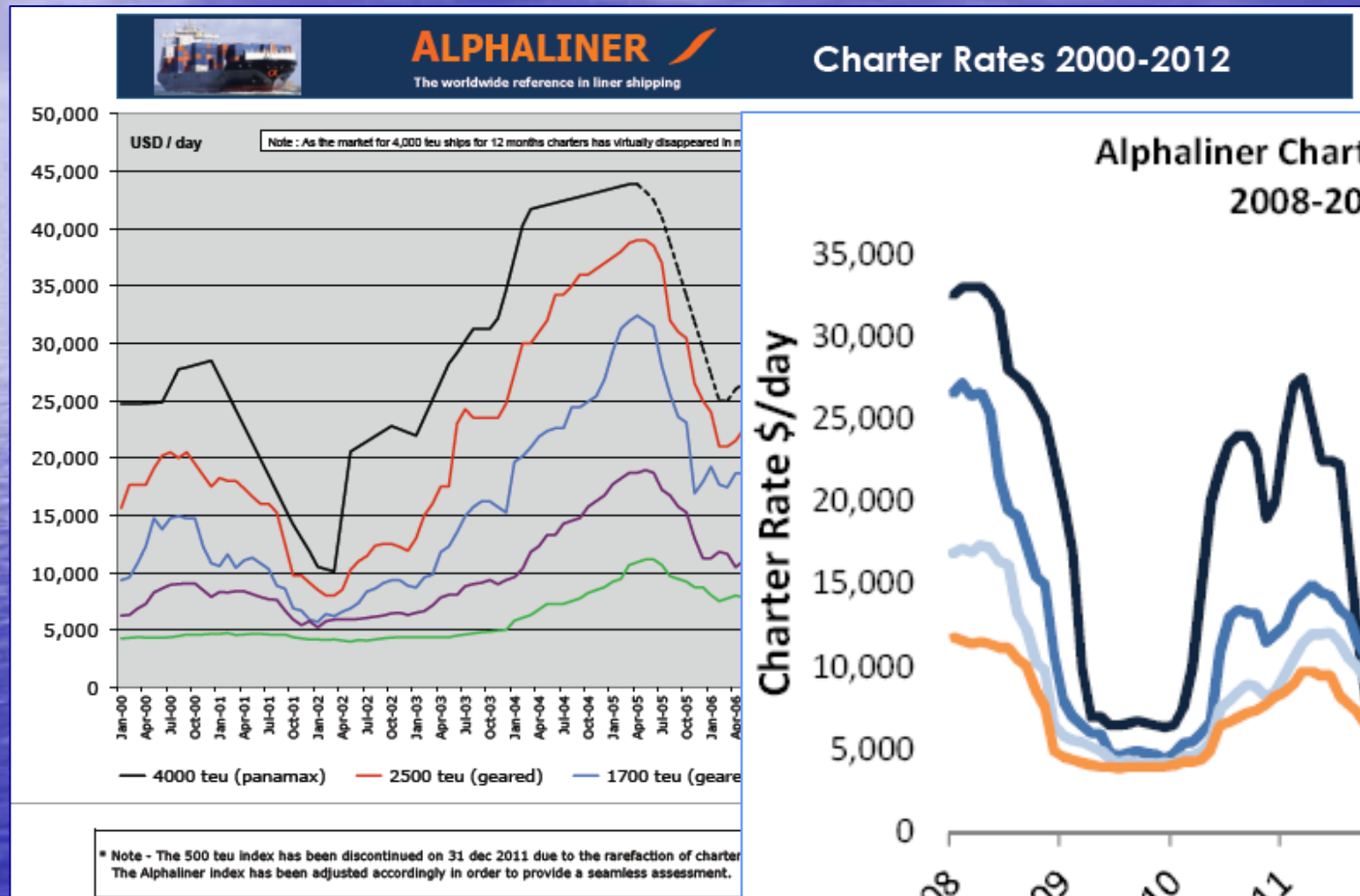


Source: Alphaliner

The charter market

- The charter market continued falling during the 4Q of 2011.
- Falling also during this year at a slightly lower pace.
- Charter periods have been shortened.
- Flexible periods becoming increasingly popular with charterers, such as 4-12 or 6-9 or 2-6 months periods.
- The market expected to weaken further in the coming months.

Charter rates evolution (August, 2012)



Source: Axs-Alphaliner

The operators

- Container shipping still led by the same trio, Maersk Line, MSC and CMA CGM, who together control 36,9 % of the total fleet in teu terms. A decrease of 0.4 % since october last year (37.3 %).
- Maersk decreased its share from 15.8 % to 15.7 %.
- MSC increased its share from 12.9 % to 13.1 %.
- CMA CGM decreased its share from 8.6 % to 8,1 %.
- Top 10 operators concentrate 62,9 % of the total fleet. (62,2 % last oct.)
- Most remarkable increase Hyundai, racing through the ranking, from number 18 to number 14.
- Most remarkable decrease CSAV, from 2,7 % to 1,7 % falling through the ranking, from number 10 to number 20.

Source: Alphaliner

Top 20 container shipping lines

(Sept. 2012)

Alphaliner - Top 100 : Operated fleets as per 16 September 2012

Rnk	Operator	TOTAL		Owned		Chartered			Orderbook		
		TEU	Ships	TEU	Ships	TEU	Ships	% Chart	TEU	Ships	% existing
1	APM-Maersk	2,615,076	623	1,288,219	234	1,326,857	389	50.7%	457,058	34	17.5%
2	Mediterranean Shg Co	2,183,567	458	1,041,155	194	1,142,412	264	52.3%	294,060	27	13.5%
3	CMA CGM Group	1,353,459	404	487,761	88	865,698	316	64.0%	53,214	6	3.9%
4	COSCO Container L.	717,046	159	384,551	103	332,495	56	46.4%	157,836	20	22.0%
5	Evergreen Line	713,084	182	363,707	91	349,377	91	49.0%	402,232	41	56.4%
6	Hapag-Lloyd	630,981	140	297,921	60	333,060	80	52.8%	118,521	9	18.8%
7	APL	593,626	132	223,512	44	370,114	88	62.3%	228,700	22	38.5%
8	Hanjin Shipping	576,410	110	280,166	43	296,244	67	51.4%	178,444	25	31.0%
9	CSCL	573,077	150	417,102	90	155,975	60	27.2%	98,952	12	17.3%
10	MOL	509,908	112	240,926	40	268,982	72	52.8%	87,200	7	17.1%
11	OOCL	439,620	95	271,534	44	168,086	51	38.2%	132,576	12	30.2%
12	Hamburg Süd Group	416,016	100	220,188	44	195,828	56	47.1%	176,384	28	42.4%
13	NYK Line	410,221	96	300,513	54	109,708	42	26.7%	52,832	4	12.9%
14	Hyundai M.M.	363,682	63	100,646	17	263,036	46	72.3%	90,615	10	24.9%
15	K Line	351,405	73	112,968	20	238,437	53	67.9%	19,184	2	5.5%
16	Yang Ming Marine Tran	343,022	82	206,045	46	136,977	36	39.9%	65,970	11	19.2%
17	Zim	324,612	87	147,826	31	176,786	56	54.5%	148,168	13	45.6%
18	PIL (Pacific Int. Line)	296,803	147	181,697	98	115,106	49	38.8%	75,424	20	25.4%
19	UASC	268,557	44	213,512	28	55,045	16	20.5%			
20	CSAV Group	260,805	58	48,178	10	212,627	48	81.5%	34,400	4	13.2%

Source: AXS-Alphaliner

Top 20 league

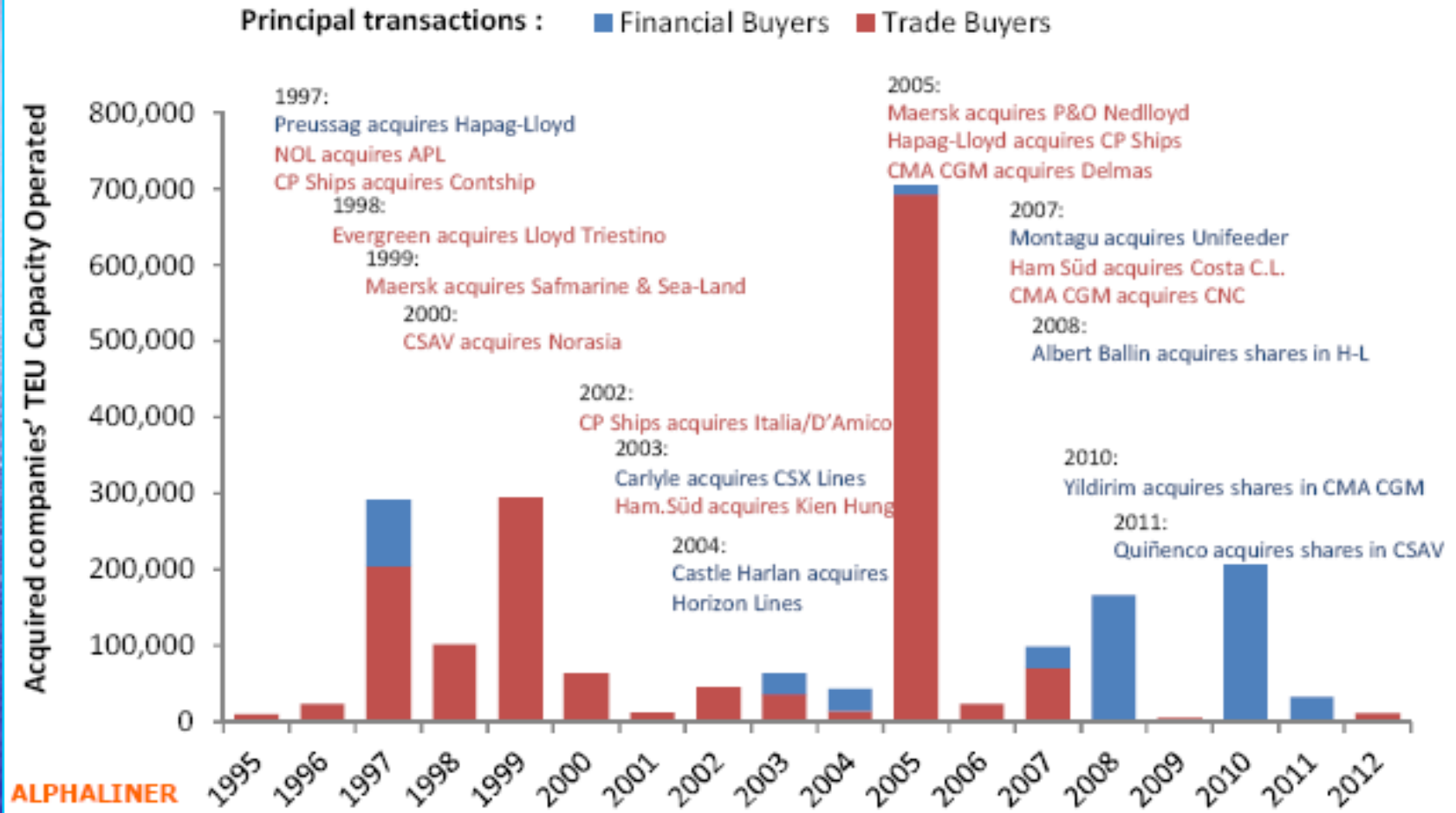
(Sept. 2012)

Prev Rnk	Rnk	Operator	TEU	Share	Existing fleet	Orderbook
	1	APM-Maersk	2,615,076	15.7%		
	2	Mediterranean Shg Co	2,183,567	13.1%		
	3	CMA CGM Group	1,353,459	8.1%		
	4	COSCO Container L.	717,046	4.3%		
6	5	Evergreen Line	713,084	4.3%		
5	6	Hapag-Lloyd	630,981	3.8%		
7	7	APL	593,626	3.6%		
9	8	Hanjin Shipping	576,410	3.5%		
8	9	CSCG	573,077	3.4%		
11	10	MOL	509,908	3.1%		
12	11	OOCL	439,620	2.6%		
13	12	Hamburg Süd Group	416,016	2.5%		
14	13	NYK Line	410,221	2.5%		
18	14	Hyundai M.M.	363,682	2.2%		
15	15	K Line	351,405	2.1%		
16	16	Yang Ming Marine Transport Corp.	343,022	2.1%		
17	17	Zim	324,612	1.9%		
19	18	PIL (Pacific Int. Line)	296,803	1.8%		
20	19	UASC	268,557	1.6%		
10	20	CSAV Group	260,805	1.6%		

Source: AXS-AlphaLiner

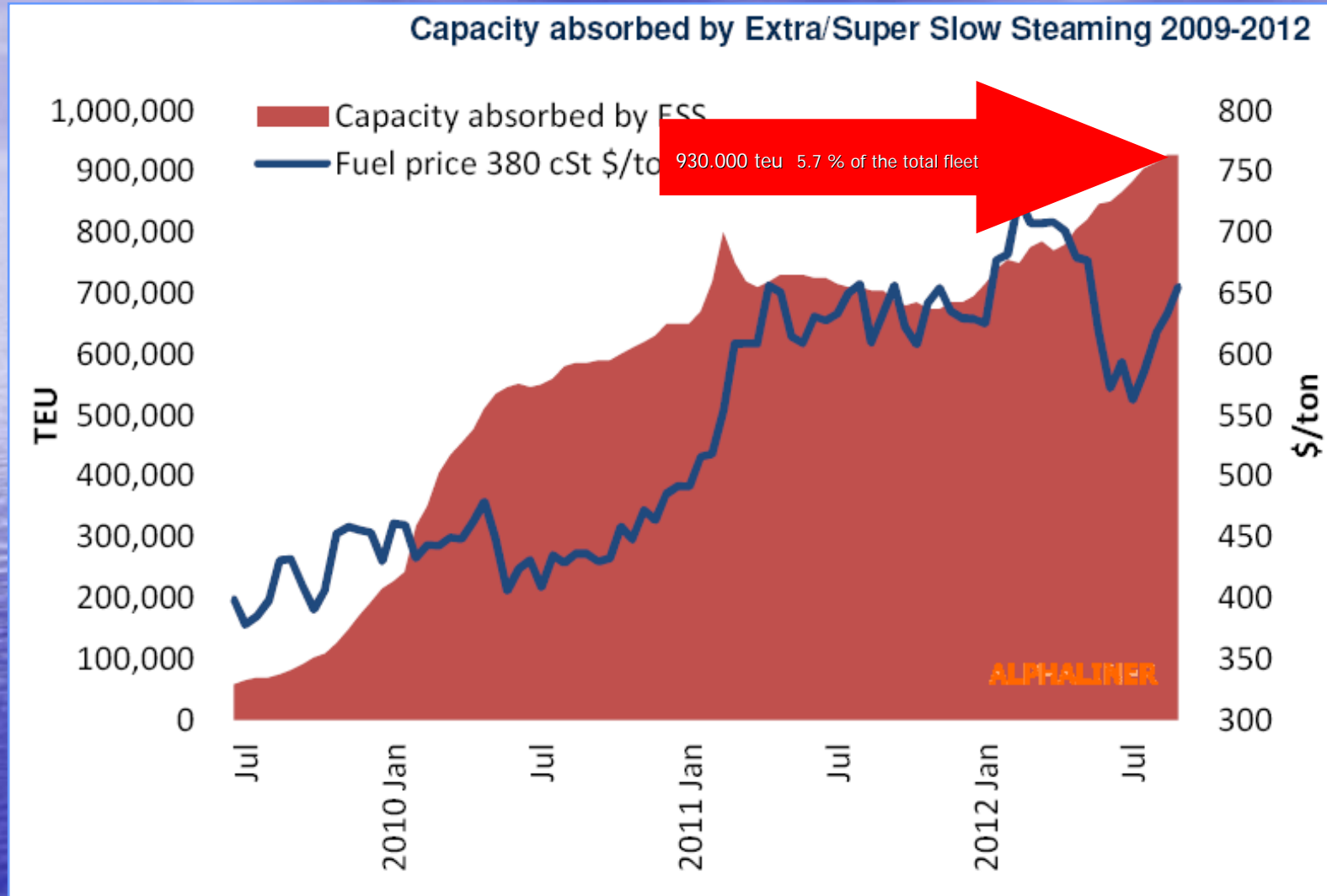
M & A

Principal liner M&A activity since 1995 (by capacity operated of companies acquired)



Source: Alphaliner

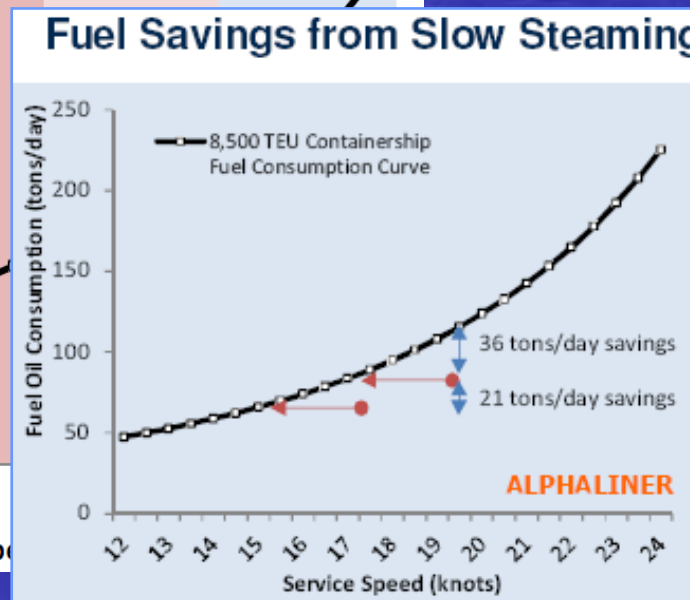
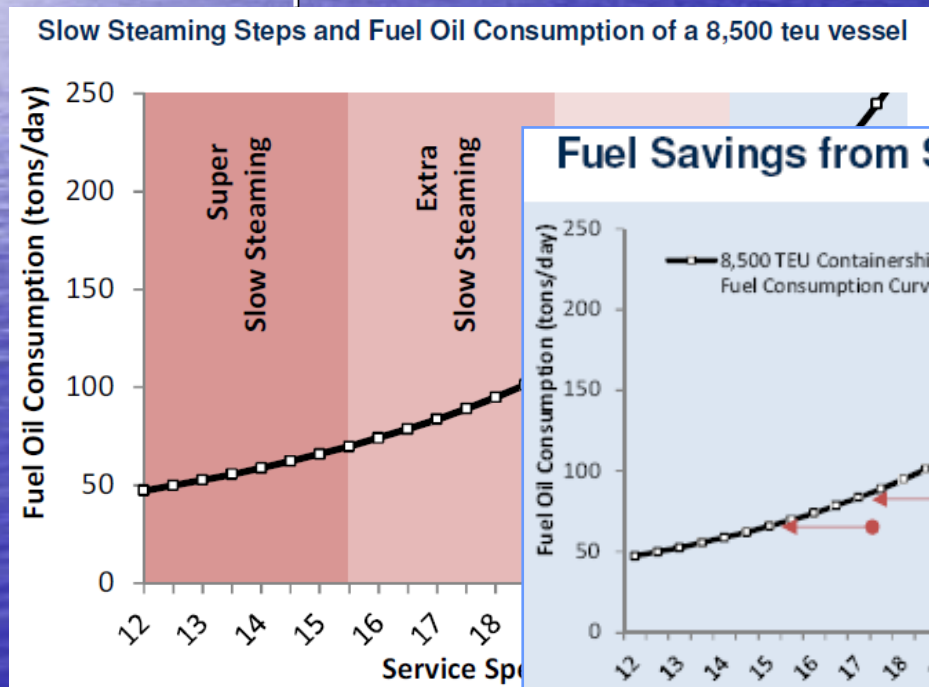
Slow steaming issue (1)



Source: Alphaliner

Slow steaming issue (2)

- Slow steaming is now firmly rooted and practiced on almost all long haul routes.
- First step usually achieved by port omissions, while retaining the same number of ships deployed.
- Next reduction would add the cost of employing and additional ship



Source: Alphaliner

Slow Steaming Steps

For large ships capable of commercial speeds of 24-25 knots, Alphaliner applies the following different steps in slow steaming

- ▶ 24 knots +/- 1 knot for full speed steaming
- ▶ 21 knots +/- 1 knot for slow steaming 1st step (SS1)
- ▶ 18 knots +/- 1 knot for slow steaming 2nd step (Extra Slow Steaming - ESS)
- ▶ 15 knots +/- 1 knot for slow steaming 3rd step (Super Slow Steaming - SSS)

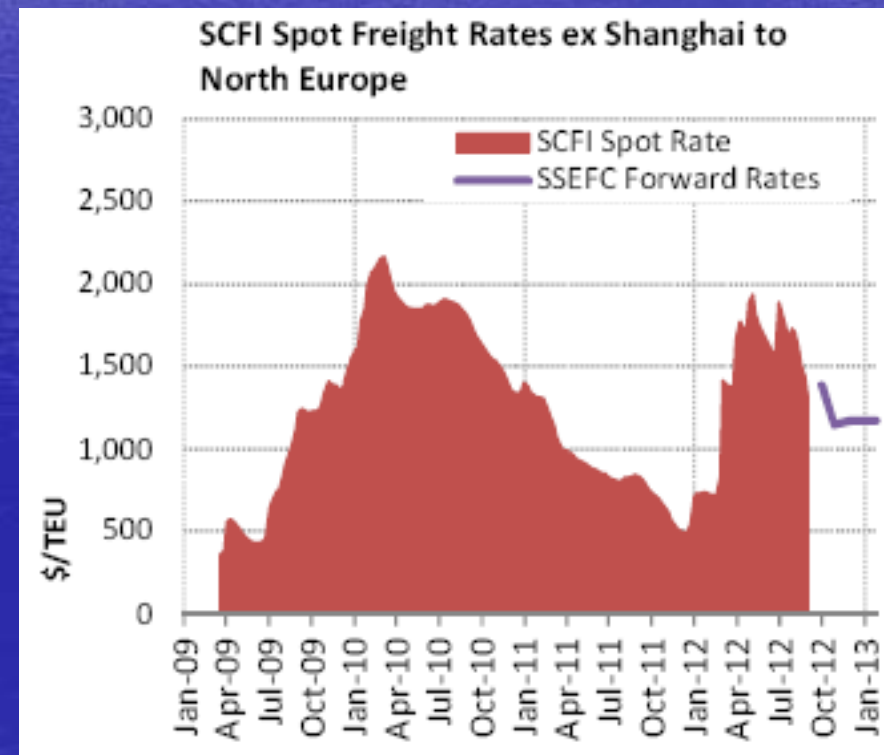
For medium-size ships capable of commercial speeds of 21-22 knots, we apply the following different steps in slow steaming

- ▶ 21.5 knots +/- 1 knot for full speed steaming
- ▶ 18.5 knots +/- 1 knot for slow steaming 1st step (SS1)
- ▶ 16 knots +/- 1 knot for slow steaming 2nd step (Extra Slow Steaming - ESS)
- ▶ 14 knots +/- 1 knot for slow steaming 3rd step (Super Slow Steaming - SSS)

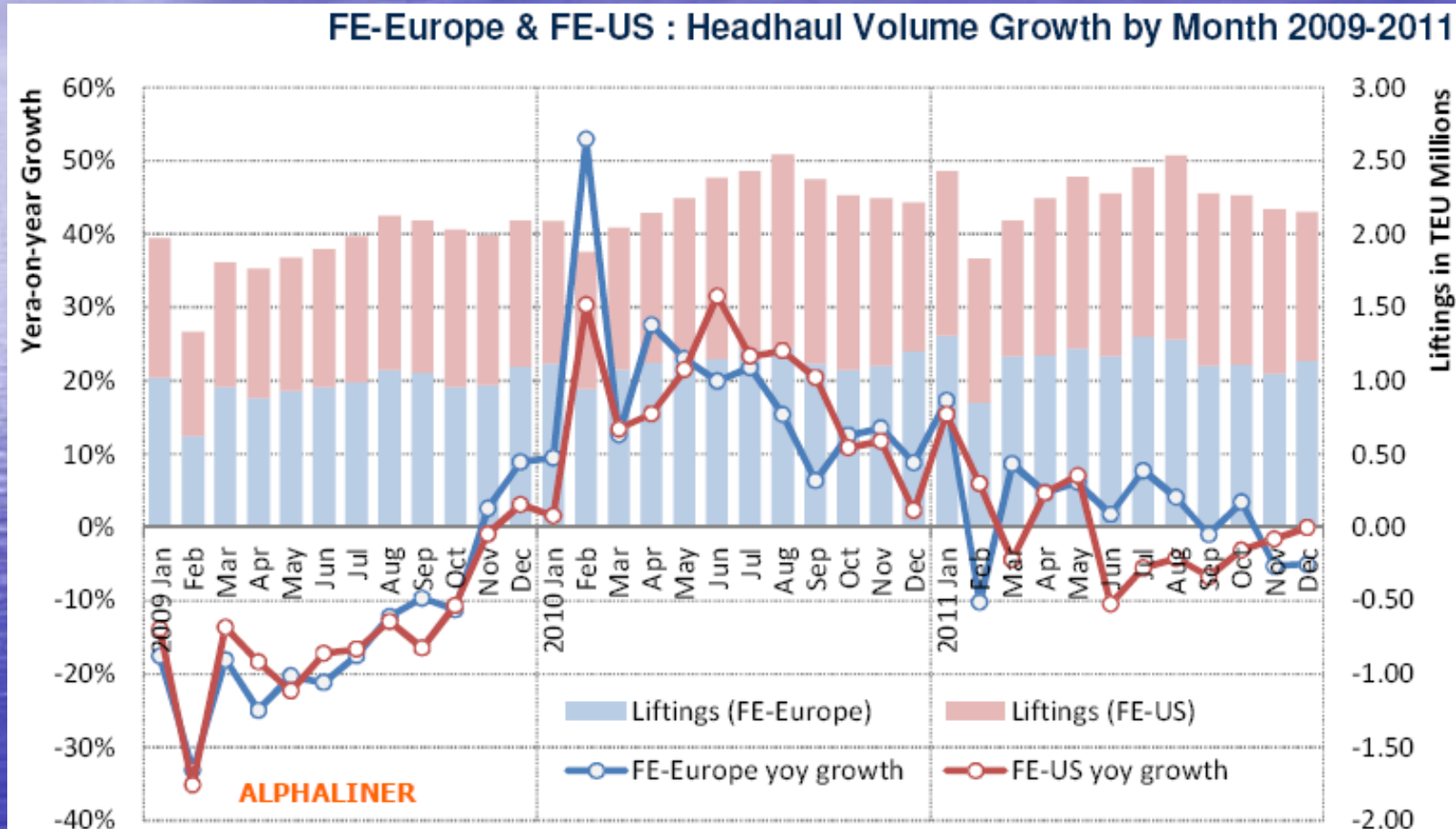
The main trades

	2009	2010	2011(Est)	2012(F)	2013(F)
FE-Europe	-14.8%	17.3%	2.8%	1.5%	6.3%
FE-US	-14.9%	16.9%	-0.8%	4.6%	5.1%

- Weak demand growth in both FE-Europe and FE-US.
- Utilization levels falling to 79 % in June this year in the Fe-Europe trade
- Spot rates on the FE-Europe route up in the 1Q and down in the 2Q.
- Further rate weakness is expected until the end of the year.
- GRI announced for 1st. nov.



The FE-Europe & FE-US trades



Source: Axs-Alphaliner

Container shipping

- World container throughput grew 8.9 % last year to reach 563.78 Mi Teu.
- The highest growth was posted by Chinese ports which grew by 11.1% last year, followed by Latin American/Caribbean region ports which grew by 11.1%
- Drewry forecast a growth of only 4,2 % for 2012.

Table 1
SHARE OF LATIN AMERICA AND THE CARIBBEAN IN WORLD
CONTAINER PORT THROUGHPUT
(Thousands of TEUs)

	2010	2011 ^a	Percent change	2010 share	2011 share
North America (excl. Mexico)	44 010	45 000	2.2	8.5%	8.0%
Northern Europe	57 325	62 000	8.2	11.1%	11.0%
Mediterranean	42 411	46 650	10.0	8.2%	8.3%
China	147 585	164 000	11.1	28.5%	29.1%
Asia (excl. China)	161 199	175 855	9.1	31.1%	31.2%
Latin America and the Caribbean	37 205	41 317	11.1	7.2%	7.3%
Other regions	25 734	27 140	5.5	5.0%	4.8%
World Total	517 845	563 779	8.9	100.0%	100.0%

Source: Infrastructure Services Unit, ECLAC, 2012.

^a Estimate.

Main Container Ports

TOP 20 WORLD CONTAINER PORTS							
Port	Country	2011	2010	2009	2008	2007	2006
Shanghai 1)	China	31,739	29,070	25,002	27,980	26,150	21,710
Singapore	Singapore	29,938	28,431	25,867	29,918	27,932	24,792
Hong Kong 2)	China	24,224	23,699	21,040	24,494	23,998	23,539
Shenzhen	China	22,570	22,510	18,250	21,400	21,099	18,469
Busan	South Korea	16,185	14,194	11,980	13,453	13,261	12,039
Ningbo & Zhoushan 3)	China	14,686	13,144	10,502	11,226	9,462	7,702
Guangzhou	China	14,400	12,550	11,190	11,001	9,200	6,600
Qingdao	China	13,020	12,012	10,260	10,320	9,462	7,702
Dubai Ports	United Arab Emirates	13,000	11,600	11,100	11,827	10,653	8,923
Rotterdam	Netherlands	11,877	11,148	9,743	10,784	10,791	9,654
Tianjin	China	11,500	10,080	8,700	8,500	7,103	5,950
Kaohsiung	Taiwan	9,636	9,181	8,581	9,677	10,257	9,775
Port Klang	Malaysia	9,604	8,872	7,310	7,974	7,119	6,326
Hamburg	Germany	9,014	7,896	7,008	9,737	9,890	8,862
Antwerp	Belgium	8,664	8,468	7,310	8,663	8,176	7,018
Los Angeles	United States of America	7,941	7,832	7,262	7,850	8,657	8,470
Tanjung Pelepas	Malaysia	7,500	6,530	6,016	5,600	5,500	4,770
Xiamen	China	6,461	5,820	4,680	5,035	4,627	4,019
Long Beach	United States of America	6,061	6,263	5,068	6,488	7,312	7,290
Bremen	Germany	5,916	4,888	4,565	5,529	4,912	4,500

Source: Port of Rotterdam

Cellular fleet

- 187 cellular containerships were delivered last year 2011. The cellular fleet has risen 7,9 % during 2011.
- The cellular fleet at 1st of September 2012 comprises 4,958 ships for 16,700,000 teu.
- Vessel deliveries are expected to reach 245 units for 1,45 Mteu this year.
- The fleet should rise 7.7 % during 2012.
- The order book counts 525 ships for 3,59 Mteu representing 22,2 % of the existing fleet. (It was 57 % on sept. 2008).
- 89.7 % of the capacity on order concentrated on ships over 4,000 teu, and 46.5 % is concentrated in vessels of above 10,000 teu.
- 1.5 % of the current fleet representing 235.000 teu were scrapped. Scrappings are estimated to reach 230.000 this year.

Deliveries 2008 - 2012

Deliveries	Vessels	Teus	Total Vessels	Total Fleet	Percentage Increase
2008	448	1.568.754	4.659	12.365.105	13.2
2009	269	1.071.000	4.719	13.057.000	5.6
2010	261	1.382.000	4.849	14.277.000	9.2
2011	187	1.229.000	4.938	15.407.129	7.9
2012	233	1.425.000	5.171	16.832.129	9.2

Source: Alphaliner

Celular fleet, existing & orderbook



ALPHALINER
The worldwide reference in liner shipping

Cellular Fleet at 1st Sep 2012

- > The cellular fleet counts 4958 ships for 16,17 M teu - of which 51,9 % are chartered from non-operating owners
- > The cellular fleet aggregates 97.1 % of the total capacity deployed on liner trades in teu terms
 - >> Out of a total of 5,975 ships active on liner trades for 16.65 M teu and 214.7 M tdw
- > The orderbook counts 525 ships for 3,59 M teu representing 22,2 % of the existing fleet) (firm orders only)
- > The orderbook includes 234 ships for 1,33 M teu with charter status representing 37,1 % of the total orderbook

CELLULAR Size ranges	01 September 2012 - Existing					01 September 2012 - Orderbook					O / E
	All		Of which chartered fm NOO			All		Of which chartered fm NOO			
TEU	ships	teu	ships	teu	% Cht	ships	teu	ships	teu	% Cht	
10000-18000	153	1 955 235	63	815 574	41,7%	121	1 670 787	32	419 412	25,1%	85,5%
7500-9999	314	2 714 721	116	987 790	36,4%	100	882 484	29	257 716	29,2%	32,5%
5100-7499	472	2 895 637	211	1 285 183	44,4%	32	210 593	25	164 669	78,2%	7,3%
4000-5099	733	3 312 282	396	1 783 020	53,8%	90	421 378	55	266 717	63,3%	12,7%
3000-3999	314	1 074 325	183	631 978	58,8%	50	183 301	30	109 011	59,5%	17,1%
2000-2999	683	1 740 397	521	1 328 851	76,4%	36	92 074	21	52 674	57,2%	5,3%
1500-1999	586	994 695	377	639 353	64,3%	48	83 688	28	48 184	57,6%	8,4%
1000-1499	702	824 404	440	519 280	63,0%	39	41 632	8	8 444	20,3%	5,0%
500-999	786	585 859	494	375 794	64,1%	9	6 890	6	4 534	65,8%	1,2%
100-499	215	71 242	53	17 499	24,6%						
TOTAL	4 958	16 168 797	2 854	8 384 322	51,9%	525	3 592 827	234	1 331 361	37,1%	22,2%

* Note : the existing chartered fleet takes into account ships chartered out by non-operating owners to operators, thus it does not take into account 93 ships for 305,130 teu which are normally owned by an owner-operator but are chartered out to another operator, either for operational reasons (operational exchanges within alliances or partnerships) or because they are surplus to their owners requirements.

Celular fleet forecast

(Sept. 2012)

Fleet as at :		31 Dec 2011		31 Dec 2012		31 Dec 2013		31 Dec 2014		31 Dec 2015		Rise p.a. (3 years)
TEU nominal	ships	teu	ships	teu	ships	teu	ships	teu	ships	teu	teu terms	
10000-18000	118	1 425 640	171	2 105 746	224	2 827 276	260	3 337 704	280	3 626 022	32,8%	
7500-9999	290	2 555 320	324	2 847 493	375	3 299 721	401	3 529 941	408	3 590 641	11,4%	
6100-7499	463	2 840 841	480	2 946 749	500	3 079 198	504	3 105 598	504	3 105 598	3,0%	
4000-5999	701	3 167 294	746	3 370 638	804	3 638 191	818	3 707 156	823	3 732 166	5,4%	
3000-3999	323	1 101 941	324	1 110 796	349	1 202 047	349	1 202 047	360	1 243 047	2,9%	
2000-2999	712	1 811 511	682	1 737 252	708	1 805 778	716	1 824 014	716	1 824 014	0,2%	
1500-1999	596	1 011 825	598	1 015 867	631	1 073 195	634	1 078 339	634	1 078 339	2,1%	
1000-1499	700	824 027	725	848 564	736	860 299	742	866 903	742	866 903	1,7%	
500-999	798	592 091	791	589 468	795	592 633	795	592 633	795	592 633	0,0%	
100-499	230	75 636	218	71 788	218	71 788	218	71 788	218	71 788	-1,7%	
TOTAL	4 981	16 408 128	6 068	18 844 381	6 340	18 460 128	6 437	18 318 128	6 480	18 731 161	7,8%	
TOTAL after Exp. Scrap/Slip	4 981	16 408 128	4 822	18 686 111	6 137	18 280 878	6 182	18 041 878	6 186	18 368 801	7,3%	
Rise 12 months	2011 >	7,9%	2012 >	7,7%	2013 >	10,0%	2014 >	4,3%	2015 >	1,7%		

* Forecast figures take into account delivery deferrals and slippage.
** Rise p.a. (3 years) represents the average per annum growth during the three years 2012-2013-2014.

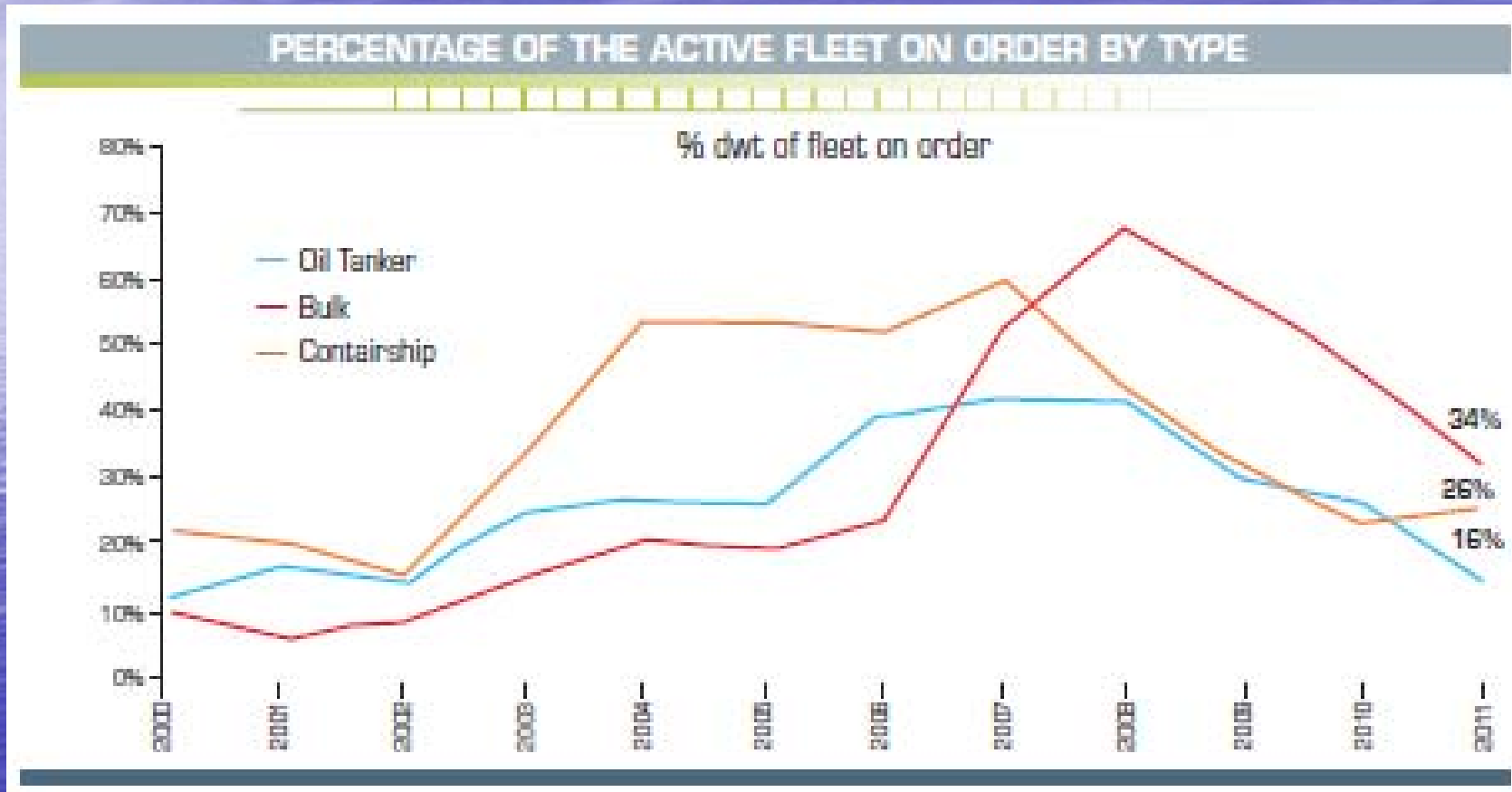
TOTAL after Exp. Scrap/Slip
Expected fleet after provision for future scrappings and delivery slippage, based on the following assumptions :
> Slippage : 12 ships for 25,000 teu planned for delivery in remaining of 2012 are assumed to be delayed to 2013-2014.
> Scrappings are estimated to reach 230,000 teu in 2012, 150,000 teu in 2013 and 100,000 teu per year in 2014-2015.

Note - Only actual scrappings or scrapping commitments are accounted for in the breakdown by size ranges

Cellular Fleet Deliveries									
Cellular ships deliveries by year : 2012 / 2013 / 2014 / 2015									
Based on orderbook as at 01 September 2012									
Note - The addition of the capacity by range at 1st Jan 2012 and of the capacity planned for delivery during the year 2012 leads to a figure which is higher than the capacity stated as at 31 Dec 2012. The difference comes from the capacity removed from the fleet (scrappings and losses) since 1st Jan 2012, or committed for scrap at that date (i.e. 111 ships for 205750 teu).									
		2012 deliveries		2013 deliveries		2014 deliveries		2015 deliveries	
TEU nominal	ships	teu	ships	teu	ships	teu	ships	teu	
10000-18000	53	680 106	53	721 530	36	510 428	20	288 318	
7500-9999	34	292 173	51	452 228	26	230 220	7	60 700	
6100-7499	17	105 908	20	132 449	4	26 400			
4000-5999	47	211 993	58	267 553	14	68 965	5	25 010	
3000-3999	16	57 787	25	91 251			11	41 000	
2000-2999	5	13 366	26	68 526	8	18 236			
1500-1999	18	31 828	33	57 328	3	5 144			
1000-1499	44	47 962	11	11 735	6	6 604			
500-999	11	9 178	4	3 165					
100-499									
TOTAL	246	1 460 301	281	1 806 786	87	886 887	43	416 028	
Exp. Slippage	-12	-26 000	4	10 000	8	16 000			
TOTAL after Slipp.	233	1 425 301	285	1 816 786	105	886 887			

© Alphaliner

The orderbook evolution



Source: Alphaliner

Finally

The industry has started to find a new equilibrium and it needs to settle down and continue to create an environment of stability. Since we do not see significant demand growth in the headhaul east-west trades next year, the industry must refrain from ordering new ships in the next 18 months to enable to return to a more normal supply-demand balance in the medium term.

Source: Drewry

¡ Thanks !



www.centrodenavegacion.org.ar