



Port Industry Institutional and Structural Trends
Terminal Operator Perspective
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Major Terminal Operators & Stevedores North America

Size/Scope of Business

\$600 mil plus annual revenue

Broad Geographic/Operating Scope

West Coast No America

East Coast No America

Gulf Coast No America

Marquee – high demand terminal locations

Large asset base readily available

Equipment

Systems

Management

State of the Art, Well Established, and/or Proprietary TOS/IT Systems

Project Development – Internal Resources Available

Research/Analysis Engineering

Finance – Mgmt & Admin

Apparent ready access to Capital

Ability to Respond to opportunities

North American Stevedoring & Terminal Operator Categories/Competitive Profile

Multinationals	Investment Vehicles	Strategic to Liner Parent	Regional Operators	Joint Ventures	Diversified into other Businesses
<ul style="list-style-type: none"> • APM* • APL • CMA-CGM* • (Cosco Pacific) • DP World • Evergreen* • Hanjin* • (HPH) • ICTSI • K Line • MOL • MSC* • NYK • (PSA) • ()=Not yet in NA 	<ul style="list-style-type: none"> • SSA / <ul style="list-style-type: none"> • Goldman Sachs • Ports America/ <ul style="list-style-type: none"> • Highstar Capital • Gateway/ <ul style="list-style-type: none"> • J. P. Morgan • Maher Terminals/ <ul style="list-style-type: none"> • Deutsch Bank • Global Terminals/ <ul style="list-style-type: none"> • Ontario Teacher's Pension Fund • Halterm/Fraser Surrey <ul style="list-style-type: none"> • Macquarie • Total Terminals/* <ul style="list-style-type: none"> • Macquarie 	<ul style="list-style-type: none"> • APM* • Cal United • Eagle Marine • Evergreen* • ITS • LBCT • Matson • PCT • Pier A • Trapac • Total Terminals* • West Basin • YTI 	<ul style="list-style-type: none"> • ASI • Cooper T. Smith* • Eller • Empire • Florida Stevedoring • Flanagan • Holt • Jones Stevedoring • Logistec* • Metropolitan • Pasha* • Shippers • Suderman • Other non union 	<ul style="list-style-type: none"> • APM/CMA • CP&O • Ceres/Logistec • Ceres/MSC • DRS • Eller ITO • MGT • PA/Yang Ming • PA/CSCL • PA/Hanjin • PA/TIL • PET • POMTOC • SSA/Cooper • SSA/MSC • SSA/Cosco 	<ul style="list-style-type: none"> • Cooper T. Smith* • Pasha* • Logistec*

*Appears in more than one category

Global Acquisitions Since 1999

Recent Marine Terminal Transactions						
Date	Target	TEU Volume	Acquirer	Price	Price/TEU	EBITDA Multiple Comment
Nov-99	ECT	4,379,182	Hutchison Whampoa	\$589,000,000	\$134.50	30% Stake 80% Stake 71% Stake in Overseas Unit
Oct-00	Westport	765,027	Hutchison Whampoa	\$350,000,000	\$457.50	
Mar-01	HNN	3,700,604	PSA	\$857,800,000	\$231.80	
Jun-01	ICTSI	1,611,556	Hutchison Whampoa	\$563,400,000	\$349.60	
Oct-02	Ceres Terminals	2,858,837	NYK Line	\$250,000,000	\$87.45	
Jan-03	Casco	299,868	P&O Ports	\$68,400,000	\$228.10	
Jun-03	Mundra Int'l - Phase 1	1,300,041	P&O Ports	\$315,000,000	\$242.30	
Jun-03	Mundra Int'l - Phase 2	1,000,000	P&O Ports	\$170,000,000	\$170.00	
Sep-04	CSX World Terminals	3,300,000	DP World	\$1,142,000,000	\$346.06	
Jun-05	HK Container Terminal	1,490,493	PSA	\$925,000,000	\$620.60	
Jan-06	P&O Ports	22,500,000	DP World	\$6,800,000,000	\$302.22	20% Stake in Hutchison Facility 16.3 20% Stake in Ports Unit 40% Stake in LB/Oak/Sea/KHH/OSA/TKO TSI, NYCT, Global
Apr-06	Hutchison Whampoa	51,800,000	PSA	\$4,388,000,000	\$423.55	
Sep-06	Hanjin		Macquarie Bank	\$348,000,000		
Nov-06	OOIL Terminals	2,568,000	Ontario Teachers' Pension Plan	\$2,400,000,000	\$934.58	
Dec-06	Halterm	210,000	Macquarie Bank	\$157,430,000	\$749.67	
Dec-06	DP World U.S.	2,593,000	AIG Global	\$1,100,000,000	\$424.22	
Feb-07	Montreal Gateway	995,000	Morgan Stanley	\$409,500,000	\$514.45	
Mar-07	Maher Terminals	1,900,000	Deutsche Bank	\$2,000,000,000	\$1,052.63	
Apr-07	Amports		AIG Global	\$430,000,000	N/A	
May-07	MTC	2,458,000	AIG Global	\$800,000,000	\$325.47	
Jul-07	SSA	22,000,000	Goldman Sachs	\$2,800,000,000	\$259.74	49% Stake

Companies Acquired Since 2006 in North America



Montreal Gateway Terminals



Companies Making the Acquisitions



Highstar
Capital



Goldman
Sachs



TEACHERS'
PENSION PLAN

RR
RREEF

Morgan Stanley
Investment Management



Who Bought Whom:



49%



80%

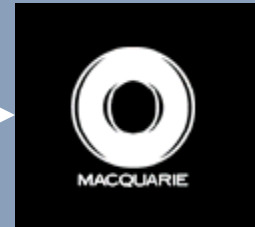
Morgan Stanley
Investment Management



Highstar
Capital



40%

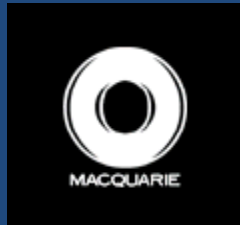


Key Differences:

Highstar
Capital

Goldman
Sachs

Morgan Stanley
Investment Management



- Willing to spend big bucks
- Using other people's money
- May consolidate and/or spin off group companies
- Envisioned flipping for near term gain



TEACHERS'
PENSION PLAN

Using their own money
Appear to be in the business
for the long haul

Container Carrier Mergers and Acquisitions:

NYK Line
Showa
Nippon Liner Service

NYK Line

CP Ships
Canmar
Cast
Lykes Lines
Contship
Ivaran Lines
ANZDL
TMM

CP Ships

Hapag Lloyd

CMA
CGM
Australia National Line

CMA-CGM

NOL
APL

APL
(NOL Owned)

Evergreen
Lloyd Triestino
Uniglor
Hatsu Marine

Evergreen

P&O Containers
Nedlloyd Line
Blue Star Line
Farrell Line

P&O Nedlloyd

Maersk Line
Sea-Land
Safmarine
SCL Line (CMBT)

Maersk/Sealand

Maersk

Resulting Industry Landscape

Opportunities

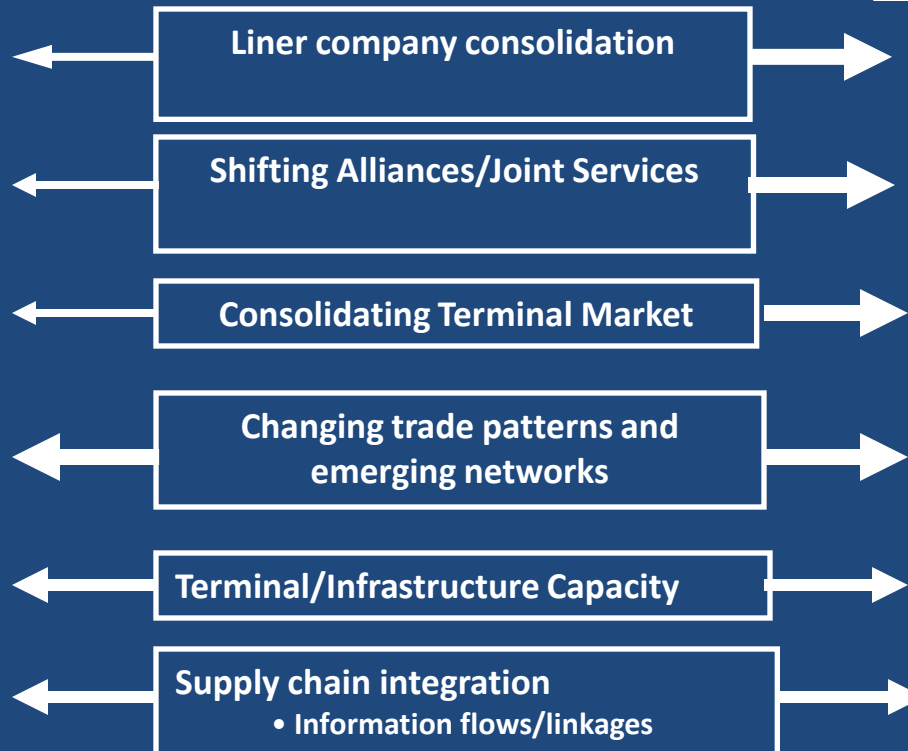
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Risks

Continued World Trade Growth

Increasing competition

- Port majors
- Liner Co's.
- Equity Co's.



Port Investment Ratings Get Shakier

There are signs that the investment rating agencies are becoming less complacent about the short-term future of US ports, with Moody's saying they will be "operating under challenging financial, competitive, and credit conditions that could result in negative rating pressure over the next 12 to 18 months."

"Downside risk endures despite early signs of recovery, and the outlook remains negative". "While economic conditions are stabilizing, negative credit pressures will continue in the sector due to the slow, fragile, and uneven recovery in cargo movement, which is not expected to return to its historic highs until 2012."

"Revenue flexibility" will be tough as competition for limited trade activity accelerates, and customers -- shipping lines and operators -- will remain "financially constrained" through 2011 and continue to seek rate relief and operating efficiencies.

"Reduced cargo activity and reduced congestion due to the economic downturn have alleviated capacity-related pressures at many ports. This, combined with industry anticipation of Panama Canal expansion have increased the potential volatility of trade patterns, which exposes some U.S. ports to relative competitive deterioration, and pressures others to modernize their facilities."

One intriguing observation is that heightened competition will mean that some ports will undertake (or possibly already are doing so) costly and potentially speculative capital plans.

In the long-term, ports will follow long-term trends of GDP, but below the previous level of 6-8 percent. Moody's analysis of all ports notes that financial health is under strain, "leaving narrower margins to manage through the long, unpredictable recovery."

Port Consolidation ?

Port Authorities are the only players in the global supply chain system that have not yet aggressively moved toward consolidation/acquisition/joint ventures to improve economies of scale, operating efficiencies and stabilization/improvement of return on assets.

Is there a sea change coming and does it make economic sense?

Private sector money seems to be backing away from these investments for the near term – will PA's look to collaborate more closely rather than duplicate spending on capacity/assets in limited market range and also eliminate predatory pricing to protect "market share" for political reasons.