AAPA

SHIFTING MARITIME TRADE ROUTES AND THEIR IMPACT ON PORT COMPETITIVENESS

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DECEMBER 2ND, 2015

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XXIV CONGRESO LATINOAMERICANO DE PUERTOS
ARICA-CHILE 2015

AGENDA

- WHO WE ARE
- FLEET SIZE EVOLUTION
- CASCADING EFFECT
- WCSA TERMINALS

MSC stands for…

- 2.6 million TEU carrying capacity
- 150 countries
- 24,000 staff
- 475 vessels
- 200 routes
- 315 ports of call

MSC MEDITERRANEAN SHIPPING COMPANY

MSC.COM

- Since 1970, MSC has grown to become one of the largest container shipping lines in the world.
- During this time, MSC made strategic investments into cargo-related businesses including ports, crewing, trucking/railroad and ship management.
- The group reaffirmed its proud heritage and passion for the sea with the formation of MSC Cruises and further investment in passenger ferries.
- The Group employs over 60,000 people around the world.

MEDITERRANEAN SHIPPING COMPANY

MSC

Terminal Investment Limited

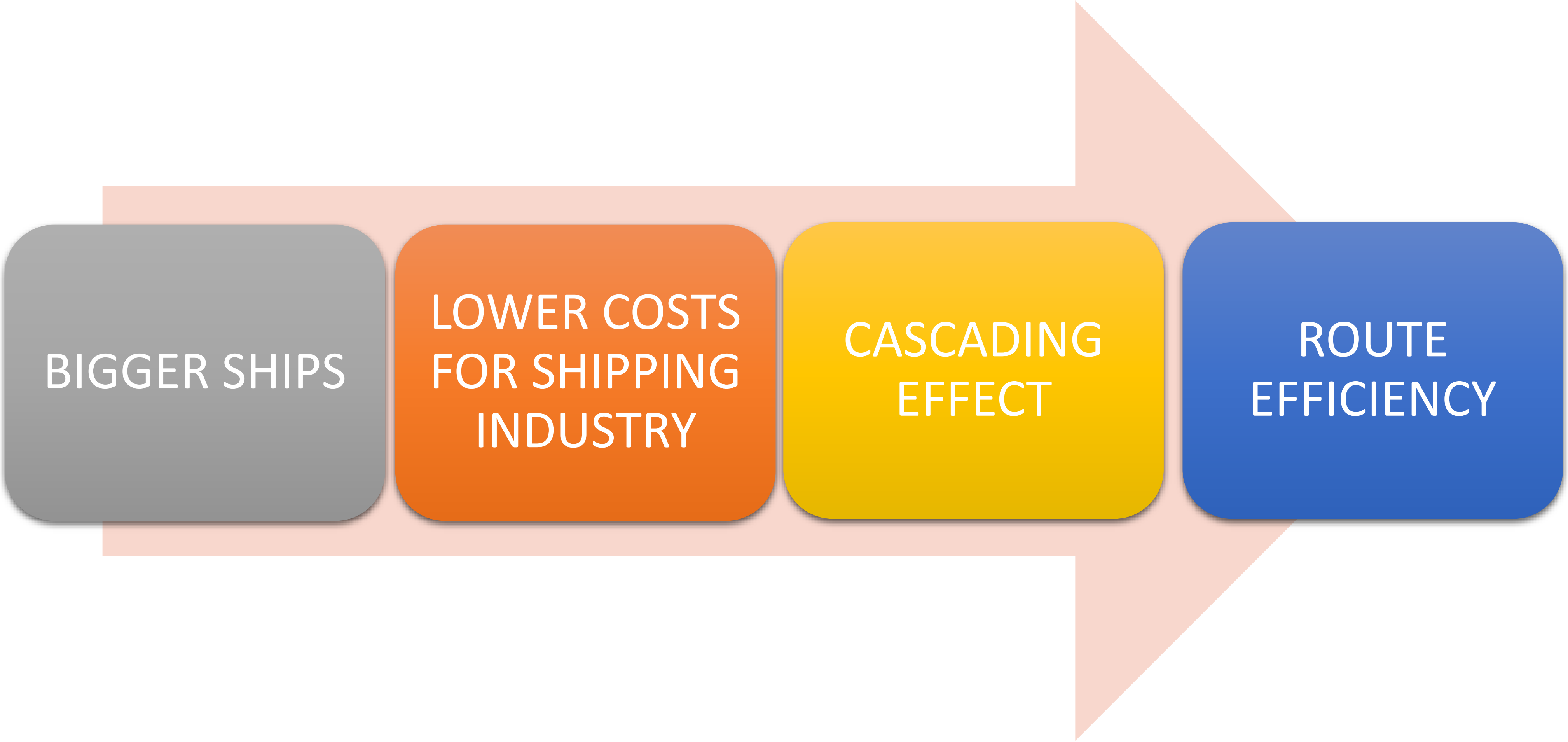
medlog

OPERATED FLEET

		Total		Owned		Chartered			Orderbook		
Rank	Operator	TEU	Ships	TEU	Ships	TEU	Ships	% Chart	TEU	Ships	% existing
1	APM-Maersk	3,040,784	597	1,738,510	262	1,302,274	335	43%	445,084	35	15%
2	Mediterranean Shg Co	2,663,374	500	1,052,055	190	1,611,319	310	60%	672,252	51	25%
3	CMA CGM Group	1,834,010	472	603,820	88	1,230,190	384	67%	292,521	26	16%
4	Evergreen Line	953,555	201	547,991	106	405,564	95	43%	394,000	41	41%
5	Hapag-Lloyd	919,759	171	507,741	69	412,018	102	45%	52,500	5	6%
6	COSCO Container L.	857,751	164	464,412	85	393,339	79	46%	347,386	23	40%
7	CSCL	699,795	136	486,802	65	212,993	71	30%	108,000	8	15%
8	Hamburg Süd Group	641,723	134	292,311	44	349,412	90	54%	24,230	5	4%
9	Hanjin Shipping	628,764	104	278,102	38	350,662	66	56%	36,120	4	6%
10	OOCL	582,623	109	349,019	49	233,604	60	40%	135,488	7	23%

Source: Alphaliner Sep 2015

COSTS AS SHIPPING INDUSTRY DRIVING FORCE



DEVELOPMENT OF CONTAINER SHIP SIZE

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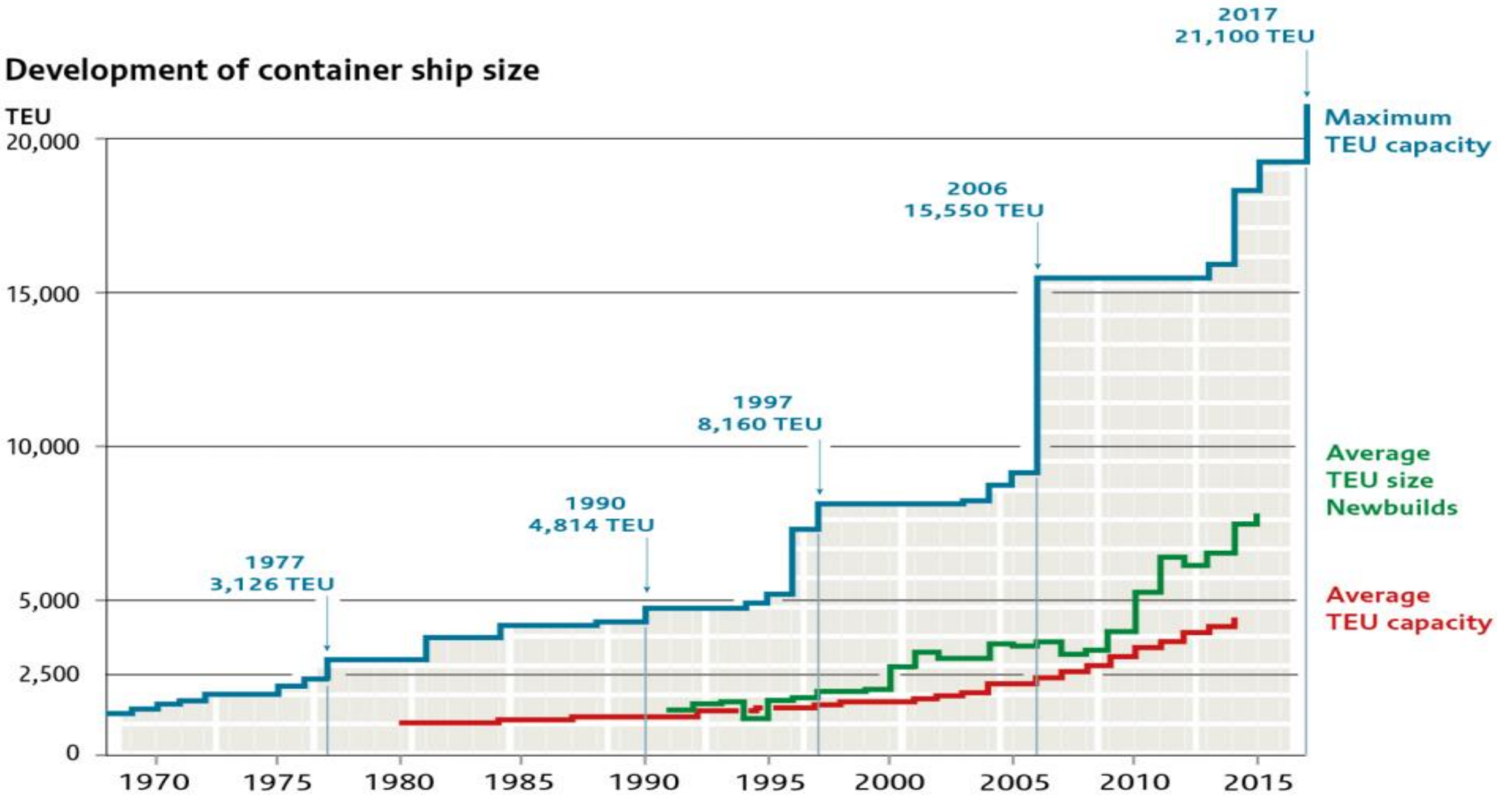
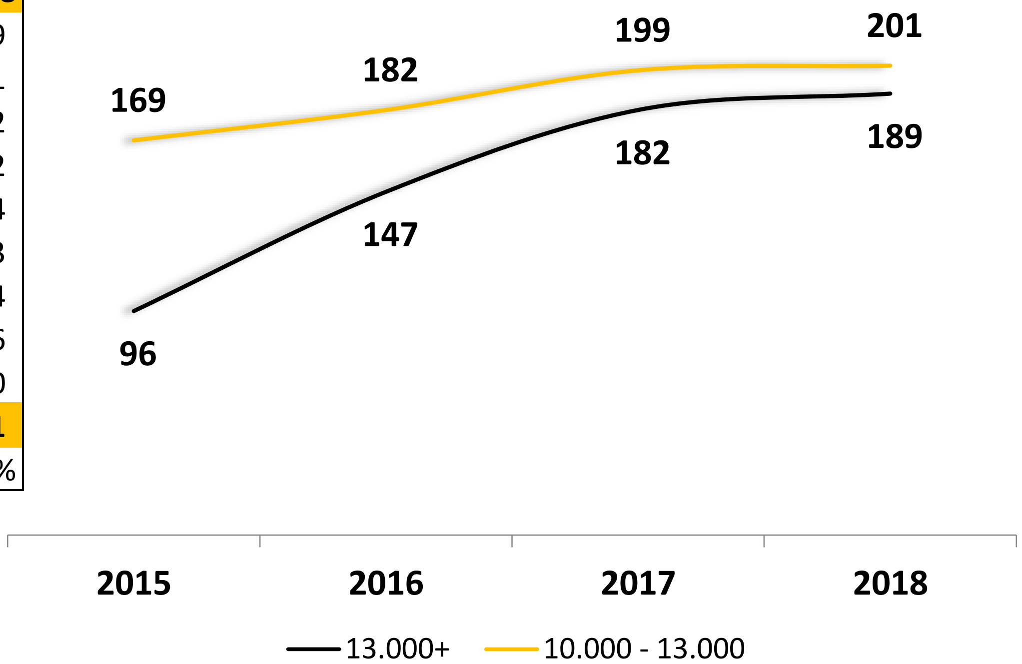


Source: OECD/ITF based on data from Clarkson Research Services

CELLULAR FLEET COMPOSITION FORECASTED

Number of Ships	2015	2016	2017	2018
13.000+	96	147	182	189
10.000 - 13.000	169	182	199	201
7.500 - 9.999	404	470	500	502
5.100 - 7.499	501	512	512	512
4.000 - 4.999	745	753	754	754
3.000 - 3.999	255	272	273	273
2.000 - 2.999	649	680	714	714
1.000 - 1.999	1,254	1,301	1,346	1,346
-999	962	969	970	970
Total Ships	**5,035**	**5,286**	**5,450**	**5,461**
Growth	-8.2%	5.0%	3.1%	0.2%

Source: DynaLiners. Trades Review 2015



Year 2018

97% More 13.000 TEUS/Ships
19% More 10.000 – 13.000 TEUS/Ships

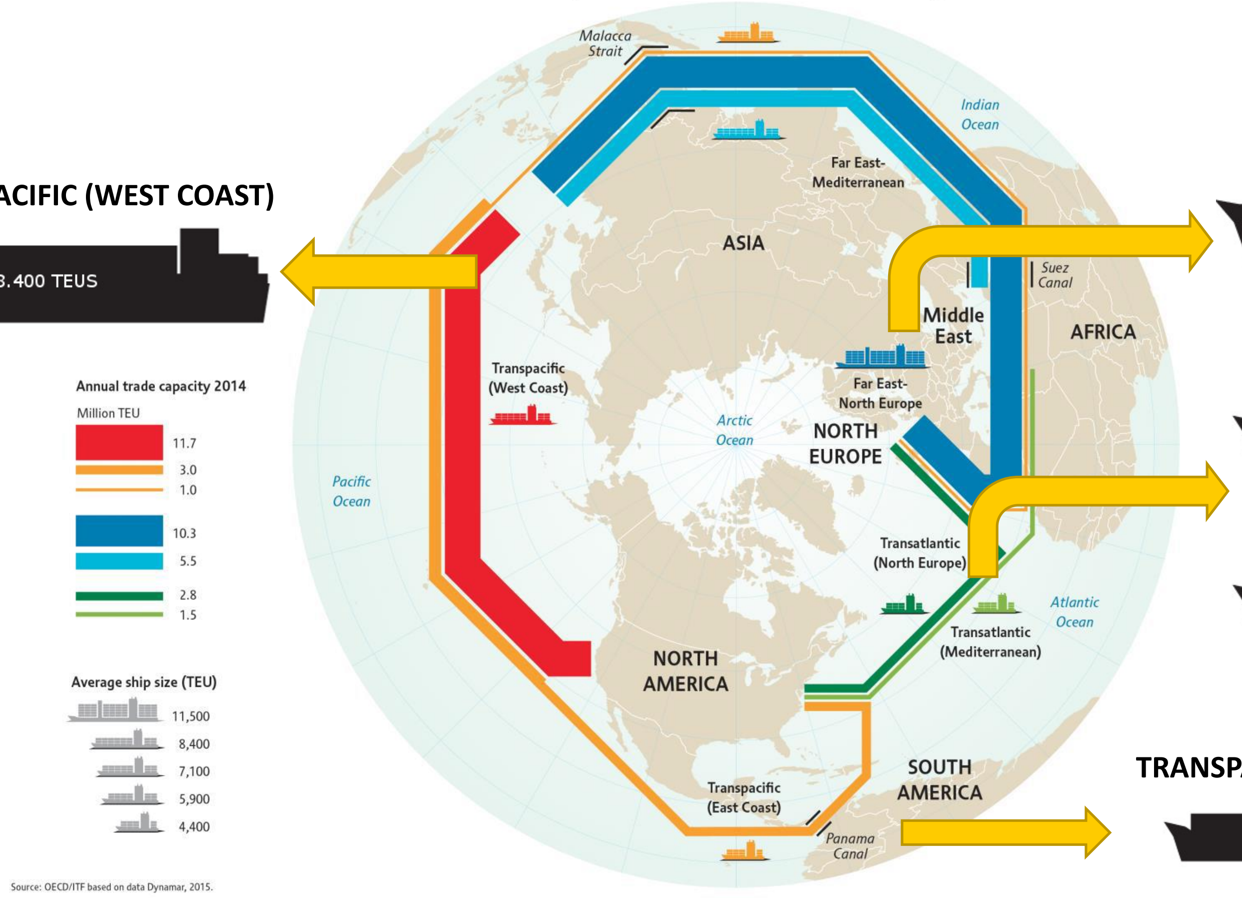
FLEET IN MAIN TRADE
AVERAGE SHIP SIZE

FAR EAST - MED

7.100 TEUS

TRANSPACIFIC (WEST COAST)

8.400 TEUS



FAR EAST - NWC

11.500 TEUS

TRANSATLANTIC (NWC)

5.900 TEUS

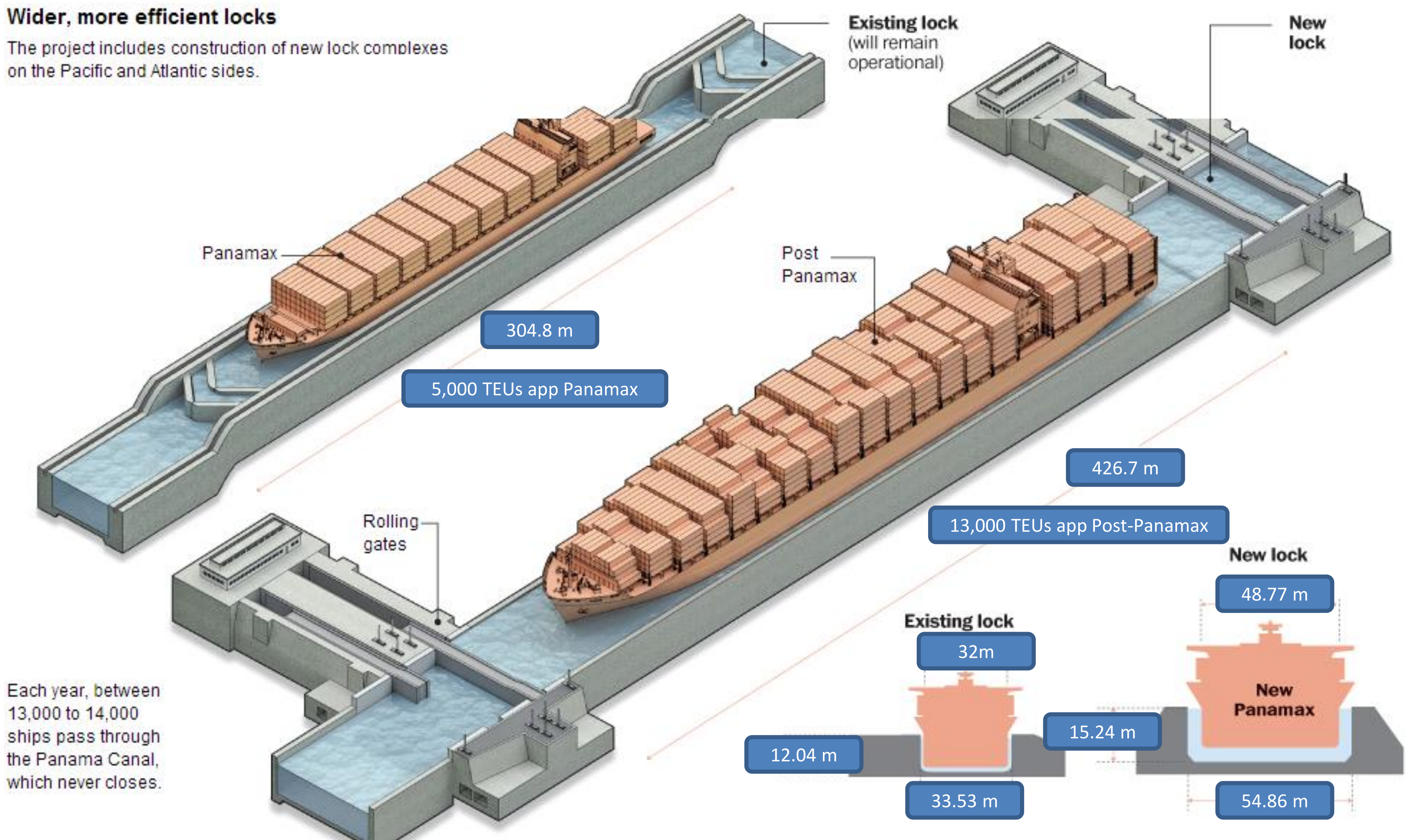
TRANSATLANTIC (MED)

5.900 TEUS

TRANSPACIFIC (EAST COAST)

4.400 TEUS

PANAMA CANAL MODERNIZATION



SHIP SIZE
EVOLUTION & CASCADING EFFECT

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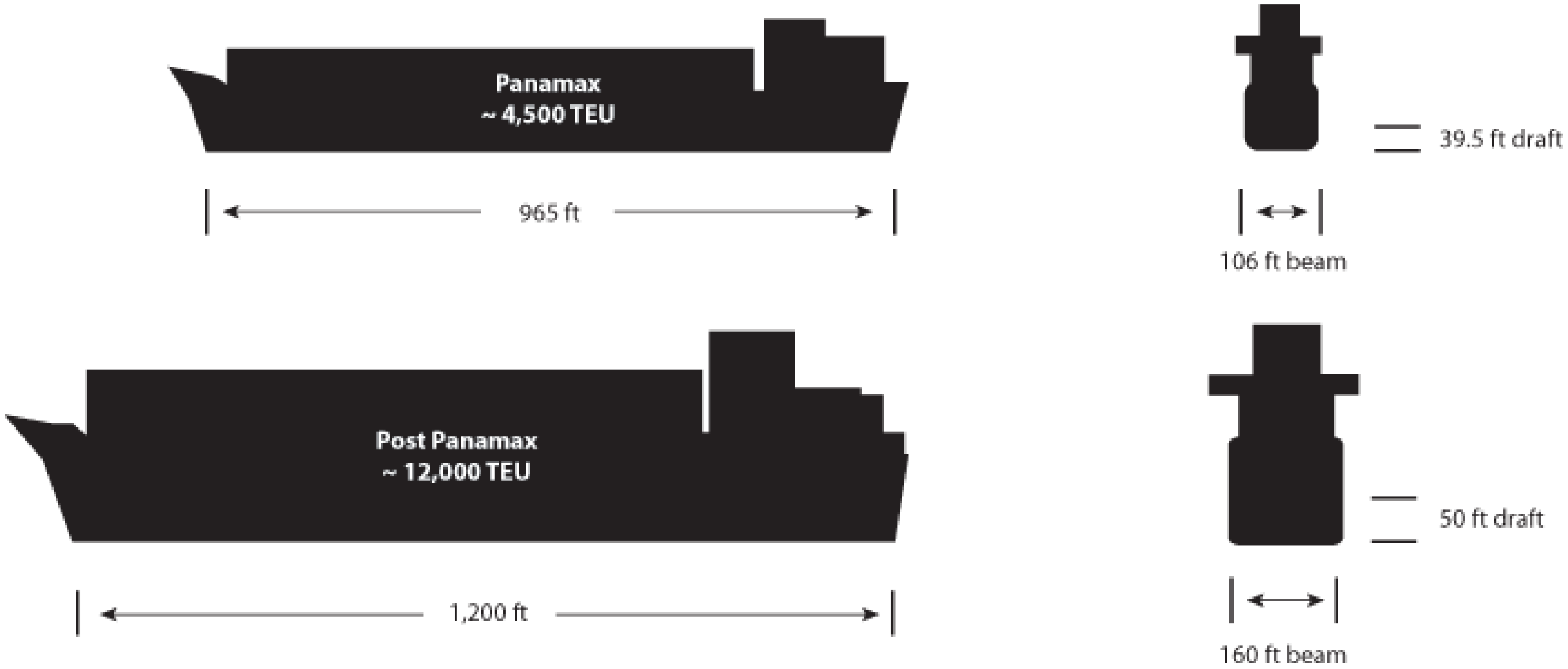
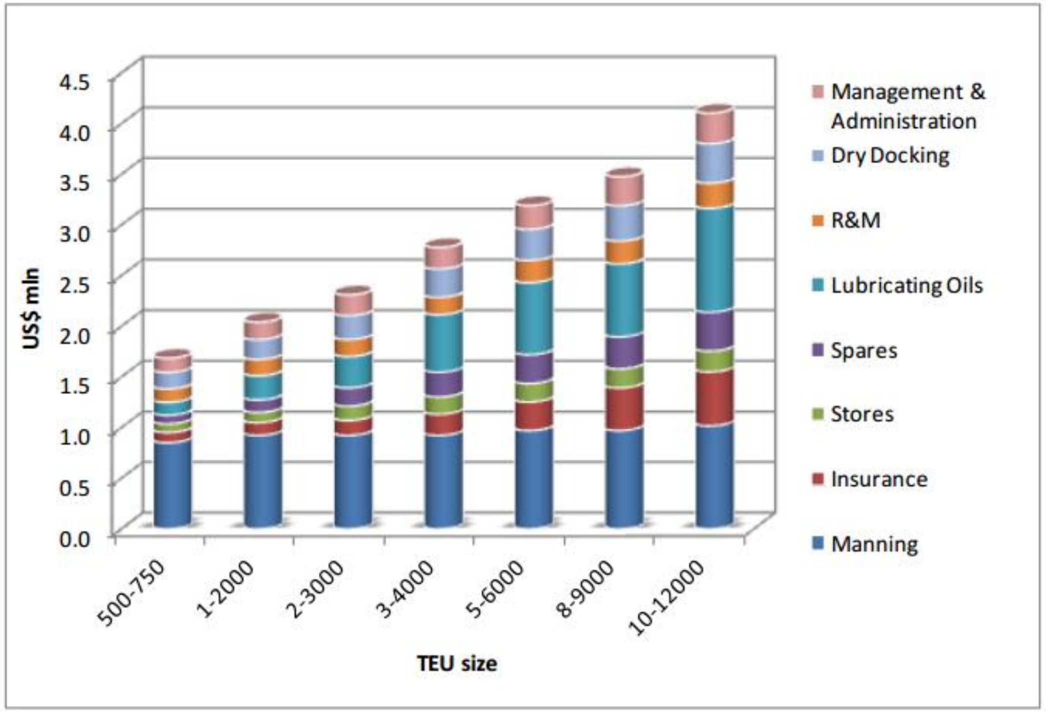


2.6 Times Increased Capacity

BIGGER SHIP = LOWER COSTS



Source: OECD/ITF based on Drewry Maritime Research, Ship Operating Costs Annual Review and Forecast 2014/2015

Estimated propulsion consumption and design speed of different containership generations and sizes

	Built ~ 2003	Built ~ 2008	Built ~ 2015
Capacity (nominal TEU)	~8,500	~15,000	~19,000
Estimated design speed	25.0kn	25.0kn	24.0kn
Estimated consumption at design speed	250t/day	310t/day	250t/day

Source: OECD/ITF based on industry data, desk research and ITF estimates.

CURRENT SERVICE STRUCTURE
WCSA - EUR

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CASCADING EFFECT:
CHALLENGES FOR SHIPPING LINES

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- Incentives for Vessel Share Agreements
- More Port Stay
- Focus of Operations in Less Ports
- Less Ports ⇔ The Proper Infraestructure
- Less Ports ⇔ The Most Efficient

POTENTIAL FUTURE SERVICE STRUCTURE
WCSA - EUR

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TIL: TERMINAL INVESTMENT LIMITED

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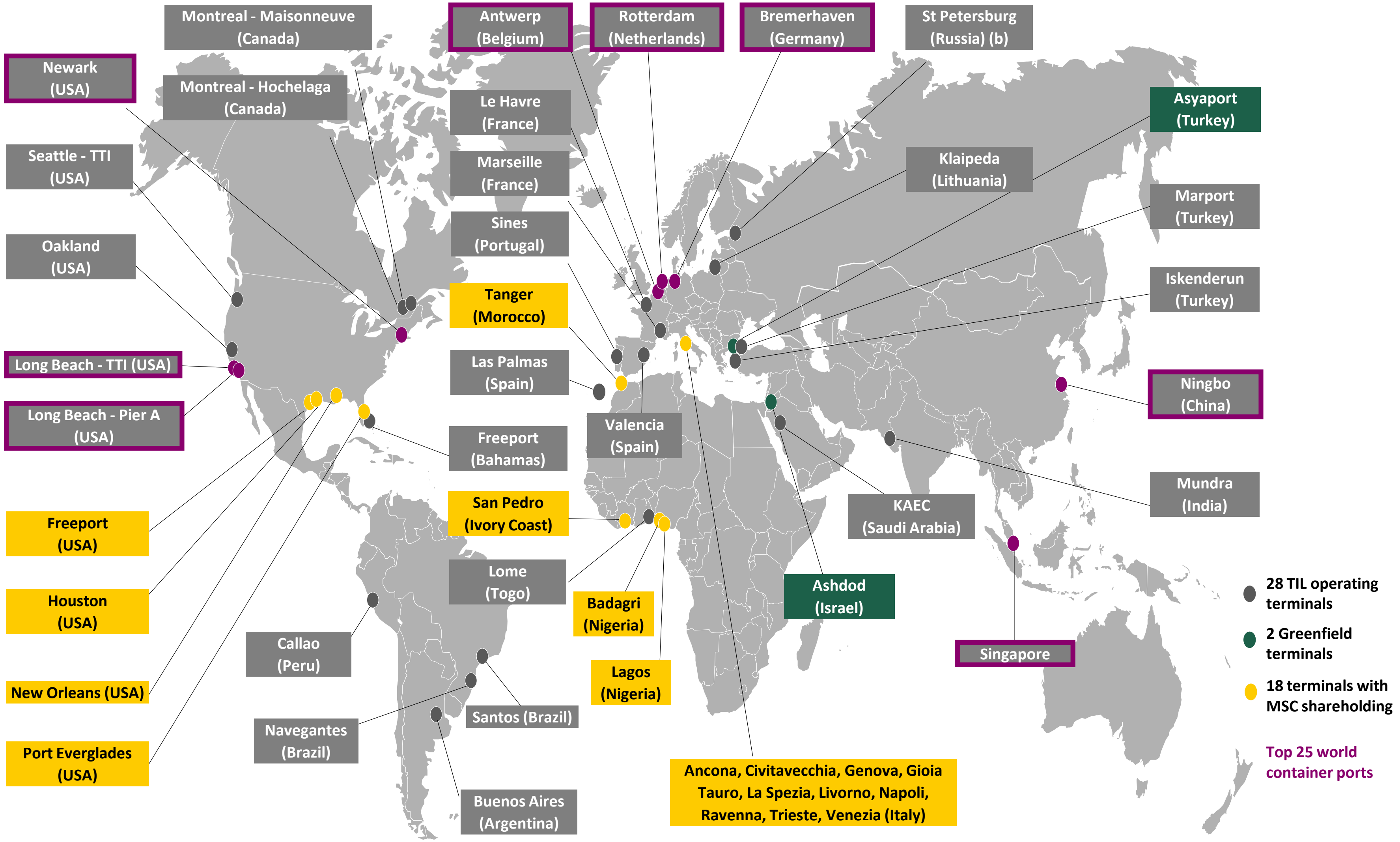

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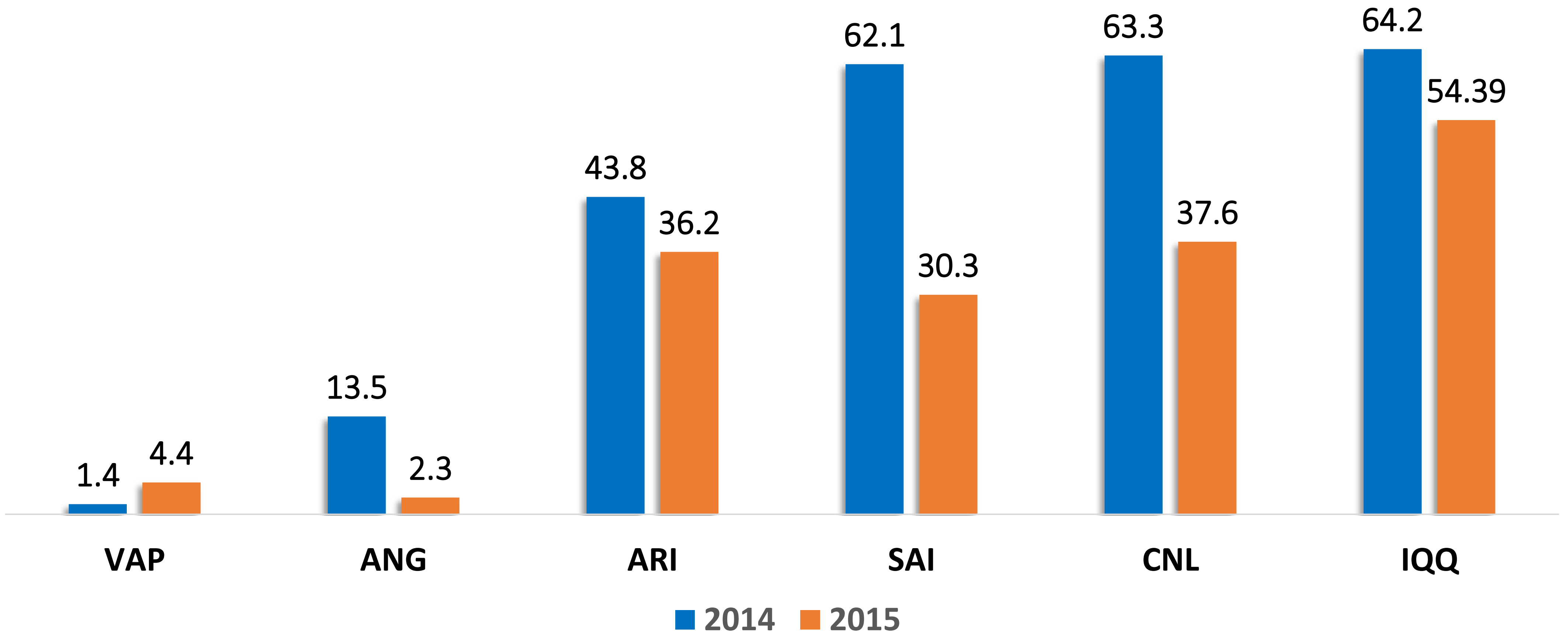
COMPETITIVENESS FACTORS

CHILEAN PORTS CLOSING DAYS



* DUE TO WEATHER AND STRIKES FACTORS

WCSA PORTS PRODUCTIVITY MPH 2015

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* MOVES PER HOUR UP TO SEPT 2015

ACCESS, GATES & YARD FACILITIES

GATE IN

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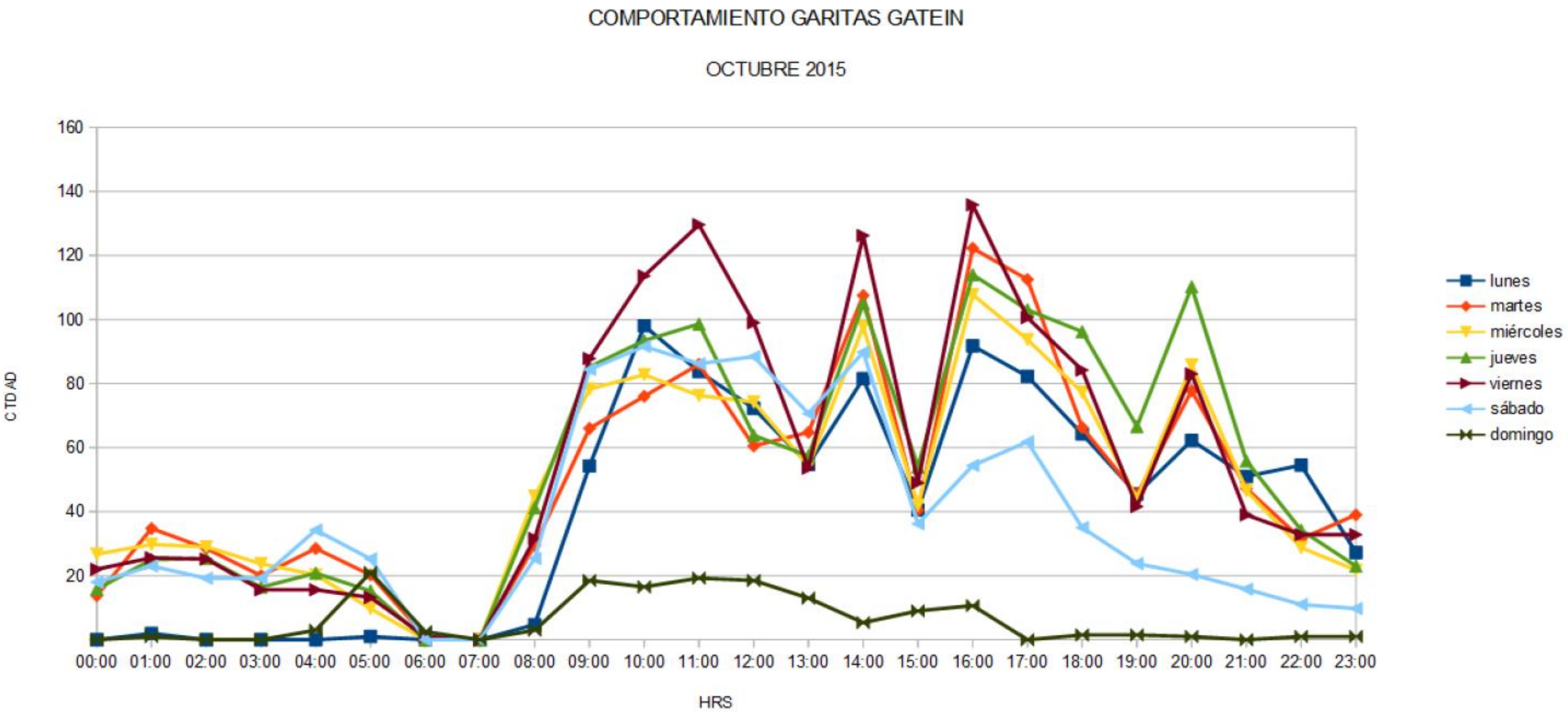

GATE OUT

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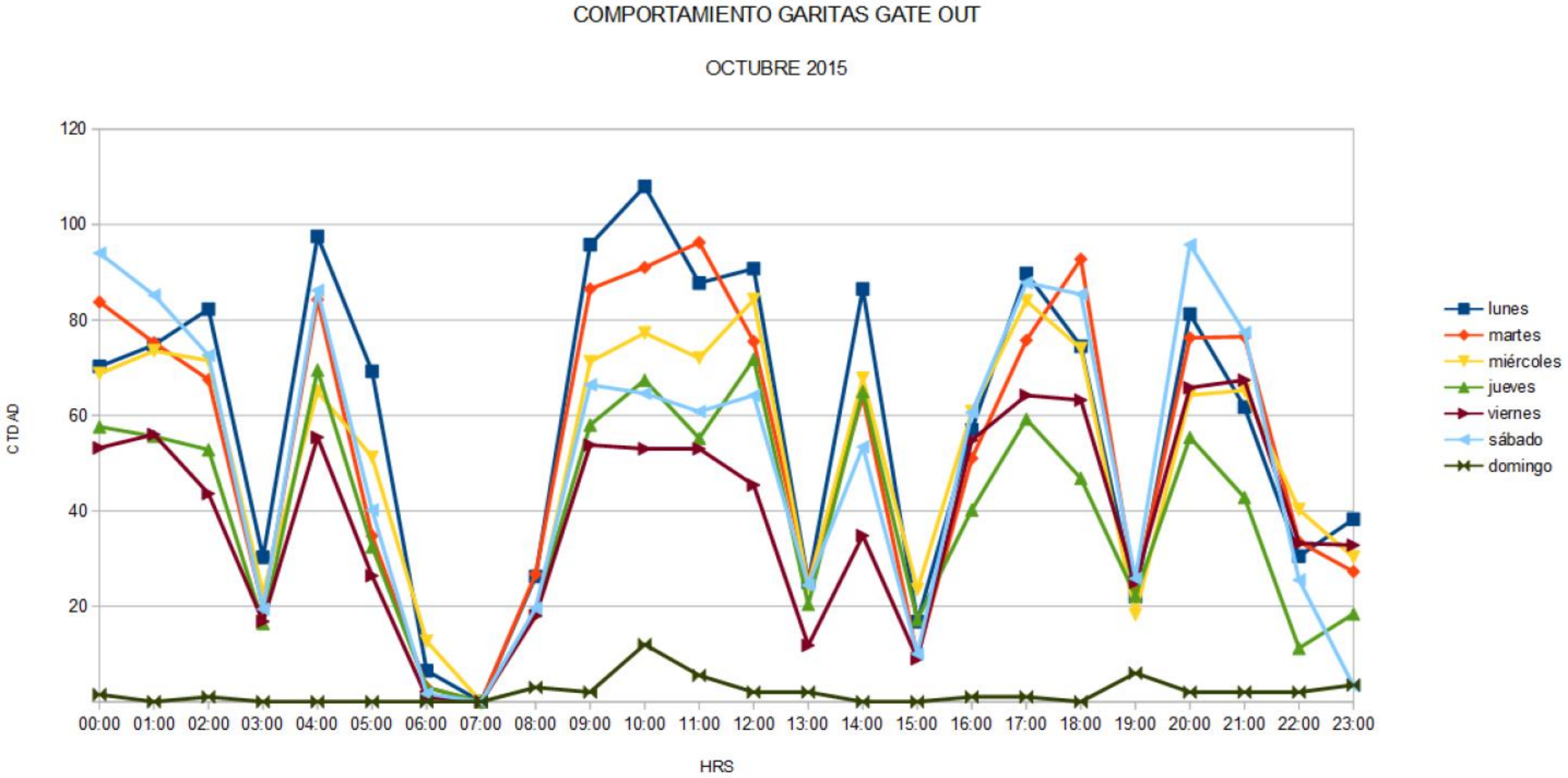

- Law nº 19.542
- Directemar: Circular nº 31A/002
- Standard criteria for port closings in all terminals
- Standard pilot service per port according to the demand.
- "Ventanilla Unica" & modernization of procedures.
- Set up of the authorities out of the terminals.
- "Ley Corta", vessels and terminals can work 24/7?, what about truckers, depots, importers & exporters?

OTHER ISSUES TO BE CONSIDERED

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- **What new ways of cooperation are needed to have successful interfaces on shore?**
- **To set up forums and work alliances between public and private areas.**
- **To create the existance and presence of logistics passages.**
- **To establish a close link city-port and if it is exists, the aim is to improve it.**
- **To create a PCS.**

WHAT MUST BE CHANGED?

- More Depth
- Longer and stronger quays
- Adequate bearing, berthing and mooring capacities
- Higher and Larger Cranes
- Higher Crane Productivity
- Capacity to deal with Peaks in yard operations
- More Peaks ⇔ More Flexible labour
- More Peaks ⇔ More Capacity for Hinterland Connections

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