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Paul J. Birnbaum
Vice President – Marketing & Sales
Ports America Group
Operations in Over 42 Ports and 80 Locations
# Key Industry Developments

<table>
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<th>Global and US Growth</th>
<th>Ship Supply, Vessel Size and Carrier Rates</th>
<th>Carrier Margins; Alliance Changes</th>
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<td>• 2016 global cargo growth is forecasted in the 3.3%, correlated with global GDP</td>
<td>• 2015 was a difficult year for carriers, beset by a severe ship supply / demand imbalance — Carriers adding capacity faster than it can be absorbed; idle fleet at 5-year high</td>
<td>• Carriers operating at negative margins – ultimately adds pressure to our business</td>
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<td>• US GDP growth forecasted to decelerate to 1.9% in 2016, down from 2015’s 2.4%</td>
<td>• Global vessel fleet increased 8% in 2015, with 5-6% annual growth in 2016-2018 – 2-3x volume growth</td>
<td>• Carrier alliance structures and members are expected to change in the short-term in response to challenging supply / demand dynamics, falling rates and margin erosion — More mergers, acquisitions and/or new partnerships expected</td>
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<td>• More than 50 ultra large container vessel deliveries estimated in 2016</td>
<td>• Despite recovering economies, more pain is in store for the shipping industry</td>
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### Key Industry Developments (continued)

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<th>Mixed US Fundamentals</th>
<th>Terminal Consolidation</th>
<th>Port Assets</th>
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| • Potential upside for autos after record year US sales in 2015 – new all-time high  
• Deceleration in construction growth, with big machinery growth not yet recovered  
• US energy prices stabilizing but remain depressed – oil business is in recession  | • Increase in vessels and size will strain existing infrastructure – investment needed  
• Terminal consolidation will be essential in key markets as future port demand evolves  
• Less fragmented terminal capacity options  
• Greater throughput peaks at terminals and improved productivity  | • The ongoing attractiveness of port assets for investors will continue into 2016  |
6-7% US Container Import Growth Forecasted in ‘16-’17

- JOC forecasts growth of 5.5% in 2016 and 6.5% in 2017 for US containerized import volume on:
  - Favorable income growth and consumer spending
  - Positive exchange rate prospects

Source: JOC, Container Shipping Outlook, December 2015
4-6% US Container Export Growth Forecasted in ‘16-’17

- JOC forecasts growth of 4.1% in 2016 and 5.8% in 2017 for US containerized import volume, down from previous forecasts, citing:
  - Recession or weak growth in numerous global economies: Japan, Brazil, China, Russia, Eurozone
  - Strengthening of the US dollar

Source: JOC, Container Shipping Outlook, December 2015
Ship Supply Forecast: Over-Capacity Continues to Increase

- Vessel supply and size both continue to grow, further widening the capacity gap
- 2015 global fleet capacity increased 7.9%, with 5-6% annual growth forecast in 2016-2018
- Ultra large container vessel deliveries will accelerate in 2017, with more than 50 units due — The largest ULCVs will be deployed on the Asia-Europe route, with smaller units on the FE-NA route
- Similar trend playing out in the RoRo sector – carriers deploying more and larger vessels

Source: Drewry Q3 2015 Container Forecaster
Carrier Freight Rates on the Decline

- The supply / demand imbalance and overcapacity are resulting in downward pressure on carrier rates — 7% rate decline in 2015, with another 5% decline projected in 2016
- Drewry’s Supply/Demand Index declined in 2015 and is projected to decline further in 2016

**Freight Rates and Supply / Demand Index**

Carrier Alliances Expected to Change

- Carrier alliances’ structures and members are expected to change in the next year or so in response to challenging supply / demand dynamics

Global Container Shipping Competitive Landscape following COSCO / China Shipping Merger

- CMA has offered to acquire NOL
- Merger announced
- Hamburg rumored to join Ocean 3

Source: Goldman Sachs Global Investment Research, August 2015
Thank You!