The New Maritime Silk Road

Marine Money Istanbul Ship Finance Forum
25th May 2016

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- Crude Oil
- Petroleum Products
- Chemicals

- Coal
- Iron Ore
- Grains

- Consumer Goods

- Energy Production
- OSV’s + Support Vessels

Average Price

- $70 Million
- $50 Million
- $90 Million
- $500 Million

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But it is also

- Ports $1.5 Billion
- Terminals $45 Million
Even in the Area of Clean Energy
World Top 20 Most Populous Countries

- 20% of the world's population (1,043,229,568 people)
- 80% of the world's population (4,081,927,984 people)
From 1995 – 2015
1 billion people rose out of poverty
We also saw one of the greatest expansions of global trade and at one point the strongest shipping market in history.
Petrochemicals are a key harbinger of global health
10 Cargoes

9 Ships

Boom Market

VLCC’s at up to $100,000 a day

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9 Cargoes
10 Ships

Wealth Destruction
VLCC’s running at below operating cost

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That was just the introduction.

The Silk Road is nothing less than a transformative idea to help billions more out of poverty on a global level.
It’s also one of the most massive finance projects in the history of mankind.
A Snapshot of Ship Finance

Shipping Fleet Value by Sector

Billion USD

TOTAL: $713 Billion

- Drybulk: $236 Billion
- Container: $178 Billion
- Tanker: $151 Billion
- LNG: $83 Billion
- LPG: $43 Billion
- Other: $24 Billion

Shipping Sources of Capital

Avg. $85 Billion per Year

- Private Equity
- Bank Debt (Dealogic)
- Equity
- Bonds
- TOTAL

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The New Silk Road
### Some Recent Port & Terminal Deals

**Multi Billion Dollar Transactions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction Type</th>
<th>Company</th>
<th>Million USD</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>April '06</td>
<td>M&amp;A</td>
<td>PSA Corp</td>
<td>$4,388</td>
<td>20% stake in Hutchison Whampoa's portfolio of ports &amp; terminals</td>
</tr>
<tr>
<td>June '06</td>
<td>M&amp;A</td>
<td>Associated British Ports</td>
<td>$5,100</td>
<td>Goldman &amp; Macquarie in bidding war; GS raised</td>
</tr>
<tr>
<td>November '06</td>
<td>M&amp;A</td>
<td>Ontario Teachers' Pension Plan</td>
<td>$2,350</td>
<td>4 x OOIL terminals sold at 21x EBITDA</td>
</tr>
<tr>
<td>July '07</td>
<td>E-IPO</td>
<td>Hamburg Government</td>
<td>$4,120</td>
<td>IPO of 30% of municipal container terminal operator HHLA for port infrastructure investments</td>
</tr>
<tr>
<td>November '07</td>
<td>E-IPO</td>
<td>DP World</td>
<td>$4,960</td>
<td>Listing of 23% of Dubai container terminal operator on Dubai International Financial Exchange; Largest IPO in Middle East history</td>
</tr>
<tr>
<td>April '10</td>
<td>M&amp;A</td>
<td>A.P. Moller-Maersk A/S</td>
<td>$520</td>
<td>Biggest container terminal operator in the world lists its Hong Kong and China port assets under the business trust structure in Singapore. Units were sold at USD 1.01 apiece.</td>
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<tr>
<td>January '11</td>
<td>E-IPO</td>
<td>Hutchison Whampoa</td>
<td>$5,454</td>
<td>China Merchants Holdings International has entered into a sale and purchase agreement with CMA-CGM to acquire 49% of Terminal Link, a global network of 15 terminals owned by CMA-CGM, for €400 million. The deal is expected to close within the first half of 2013.</td>
</tr>
<tr>
<td>January '13</td>
<td>M&amp;A</td>
<td>CMA CGM S.A.</td>
<td>$541</td>
<td>Purchase of APM's Portmsouth container terminal with 20 year lease to VIT.</td>
</tr>
<tr>
<td>June '15</td>
<td>M&amp;A</td>
<td>Alinda Capital Partners and Universities Superannuation Scheme Ltd.</td>
<td>$450</td>
<td>Privatization of Piraeus Port Authority. Interested parties include: COSCO Holding, APM Terminals, A/S Ports America, ICTSI.</td>
</tr>
<tr>
<td>In Progress</td>
<td>M&amp;A</td>
<td>TBD</td>
<td>$550</td>
<td></td>
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</table>
While the new Silk Road is a defined geographic area, The entire world is involved.....

Capital for shipping has been predominantly sourced from the U.S. and Western Europe, Historically...
Asian Funds are Increasingly Important

These funds are closely tied to the promotion of shipyards

Portfolio Size
Billion USD

$35
$30
$25
$20
$15
$10
$5
$0

DnB NOR
HSH Nordbank
KfW IPEX-Bank
Nordea
KEXIM
Bank of China
Credit Agricole CIB
CEXIM
DVB
Commerzbank
SMBC
BNP Paribas
NORD/LB
RBS
China Development
Sumitomo Trust
Citi
ABN AMRO
SEB
Danish Ship Finance
Bremer Landesbank
Danske Bank
KDB
Eksportkredit
Standard Chartered
UniCredit
Swedbank
Bank of America
SocGen CIB
ICBC
Commonwealth Bank of Australia
Alpha Bank
CCIC
Helaba
DekaBank
Bank of Ireland

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ECAs + Leasing
To provide even more context for the importance of Asia Finance

China’s Export Credit Volume has grown from $28.3 billion in 2011 to $58 billion in 2015.

Korea’s Export Credit Volume over the same period has grown from $9.8 billion to $14.4 billion dollars.

According to the stats, in 2014 and 2015 5 Leasing companies in China such as Minsheng, CDB, Bank of Communications ordered 3mm DWT of ships.
Leasing has become the second largest financing sources next to bank loans in China. Up to May 2015, Chinese leasing companies have RMB 65.9bn of ship leasing business.

In 2015 ICBC’s $869 million sale leaseback with BP Shipping for 18 tankers is only the latest example... China is now a major provider of competitively priced capital and has clearly captured the attention of the shipping industry.
So while the Silk Road may be the biggest Marine Transportation Project in history,

We must remember...

9 Cargoes

10 Ships

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Some European banks are exiting shipping or downsizing portfolios. New sources of finance are required.

The Far East is a potential source of new finance in the years to come.
Have deep pockets and risk tolerant capital which understands ships, offshore and infrastructure.
But commercial financiers whether in Hong Kong, NY or Europe have very good memories too.
For Marine Money the New Maritime Silk Road is thousands upon thousands of individuals, companies, and their ambitious projects – Enormous transactions waiting to happen... We look forward to contributing to their success.

We Support Investment in shipping and provide a bridge between ships, owners and capital
A Happy World

thank you