Maritime trade – past, present & (medium term) future

Antonella Teodoro

Chamber of Commerce Conference 15th July 2014

Ref: 214035_presentation_v8

MDS Transmodal Ltd

Global trade growth: 1996 – 2013

- Global international trade +113%
  - +4.6% per annum and 1.3 times growth of GDP

- growth not steady
  - +21% from 1996 to 2001
  - +35% from 2001 to 2006
  - +22% from 2006 to 2011
    - -6% from 2008 to 2009

- container growth most rapid at +185% (+6.4% p.a.)
  - ex Far East +275% (+8.1% p.a.)
  - to Africa +444% (+10.5% p.a.)
  - to the Gulf +417% (+10.1% p.a.)

Note: trades do not include intra-regional flows

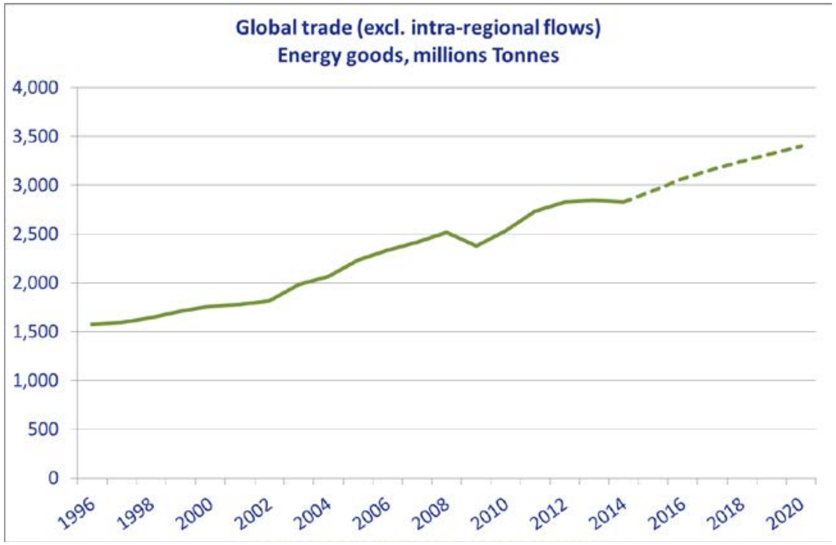
MDS Transmodal Ltd

World Trade Growth by Sector: 1996 – 2013

	Growth per annum	
	1996-2008	2008-2013
Non unitised		
Coal	5.3%	8.5%
Oil/gas	4.9%	0.9%
Agricultural	3.2%	4.4%
Forest products	9.4%	0.7%
Metals	5.7%	2.0%
Oils & fats	14.3%	7.6%
Ores	11.3%	6.6%
Others	8.5%	3.4%
Unitised		
Maritime containers	**10.2%**	**5.6%**

MDS Transmodal Ltd

The energy market: +80% 1996-2013 (4% p.a.)

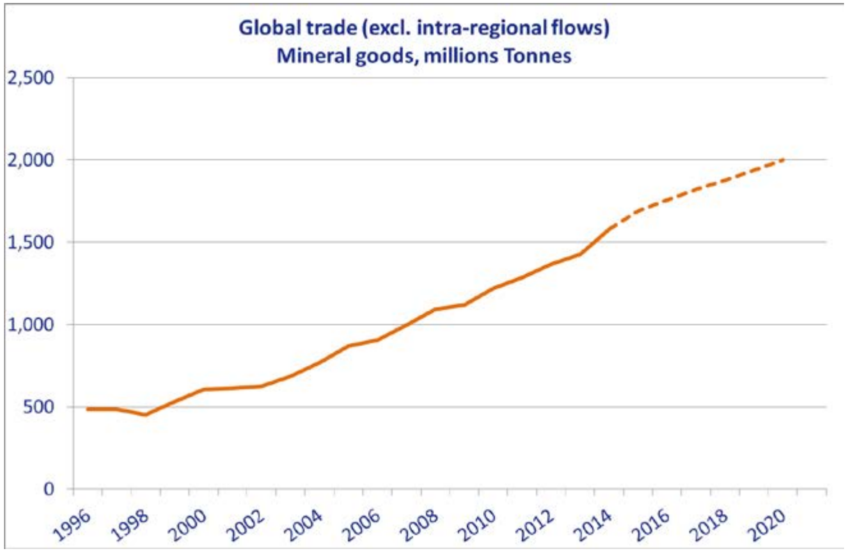


Origin Region to Dest Region Shares	1996	2013	2013 LESS 1996
Top3			
Europe & Med to Far East	0.9%	5.5%	4.6
Australasia & Oceania to Far East	6.6%	10.7%	4.0
Far East to Gulf & ISC	0.2%	3.9%	3.7
Bottom3			
Sub Saharan Africa to North America	5.2%	1.9%	-3.4
Latin America to North America	8.8%	4.0%	-4.9
Gulf & ISC to Europe & Med	11.9%	6.8%	-5.1

- 20% in top 3 region-to-region flows in 2013 versus only 8% in 1996
- Far East destination region for 2 of top 3 flows
- Australasia & Oceania to Far East flow has largest market share in 2013
- Latin America to North America flow has largest market share fall between 1996 and 2013

MDS Transmodal Ltd

The non energy mineral market: +195% 1996-2013 (7% p.a.)

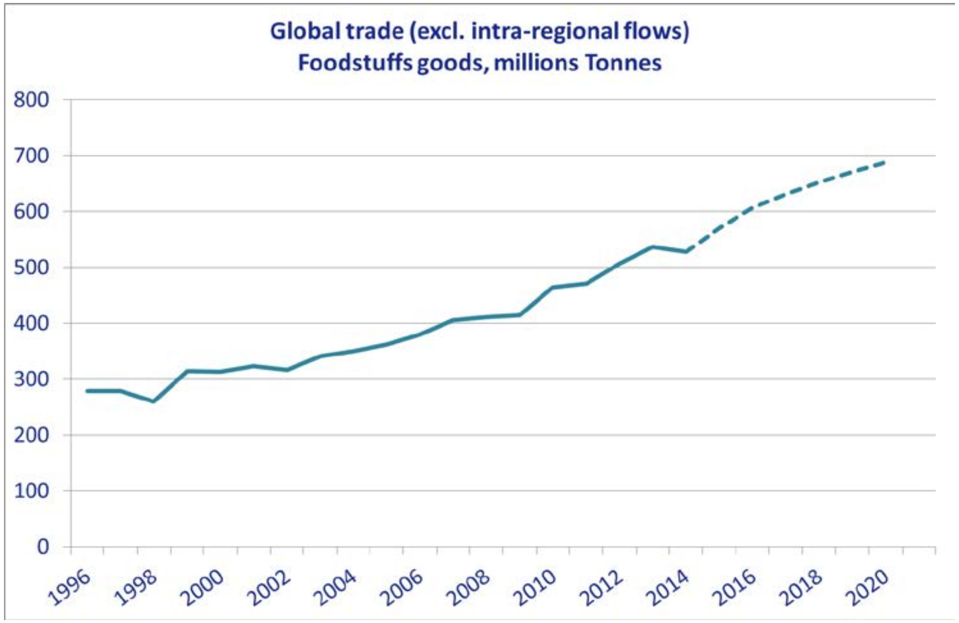


Origin Region to Dest Region Shares	1996	2013	2013 LESS 1996
Top3			
Australasia & Oceania to Far East	23.5%	41.9%	18.4
Latin America to Far East	12.1%	17.8%	5.8
Sub Saharan Africa to Far East	2.6%	7.1%	4.5
Bottom3			
Latin America to North America	6.6%	2.0%	-4.6
Australasia & Oceania to Europe & Med	5.6%	0.3%	-5.3
Latin America to Europe & Med	13.4%	4.6%	-8.8

- 67% in top 3 region-to-region flows in 2013 versus only 38% in 1996
- Far East destination region for all top 3 flows
- N Europe & Med destination region has highest fall in market share

MDS Transmodal Ltd

The bulk foodstuffs market: + 93% 1996-2013 (4% p.a.)

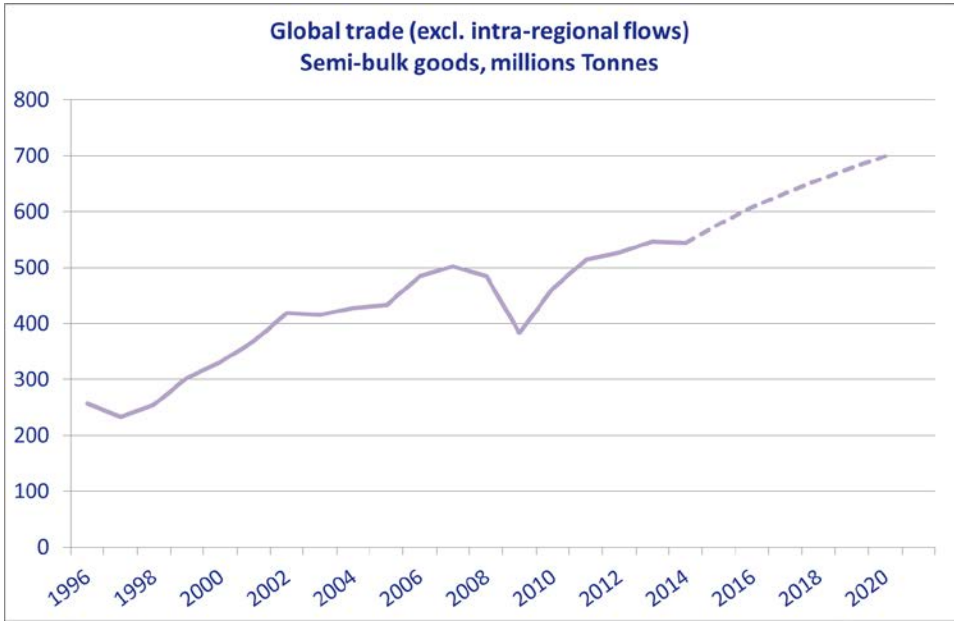


Origin Region to Dest Region Shares	1996	2013	2013 LESS 1996
Top3			
Latin America to Far East	3.8%	16.8%	12.9
Europe & Med to Gulf & ISC	2.8%	6.6%	3.8
Latin America to Gulf & ISC	0.4%	4.0%	3.6
Bottom3			
Australasia & Oceania to Far East	5.5%	4.2%	-1.3
North America to Far East	23.3%	15.2%	-8.1
North America to Europe & Med	15.8%	4.4%	-11.4

- 27% in top 3 region-to-region flows in 2013 versus only 7% in 1996
- Most important trade is between Latin America and the Far East (increased from 3% in 1998 to 17% in 2013)
- North America is the origin region with largest drop in market share in 2013

MDS Transmodal Ltd

The semi-bulk market: +113% 1996-2013 (5% p.a.)



Origin Region to Dest Region Shares	1996	2013	2013 LESS 1996
Top3			
Far East to Gulf & ISC	1.6%	8.2%	6.7
Far East to Sub Saharan Africa	0.2%	3.4%	3.3
Far East to Latin America	0.1%	2.3%	2.1
Bottom3			
North America to Far East	14.1%	10.9%	-3.2
Latin America to North America	7.6%	3.3%	-4.3
Europe & Med to Far East	20.1%	12.2%	-7.8

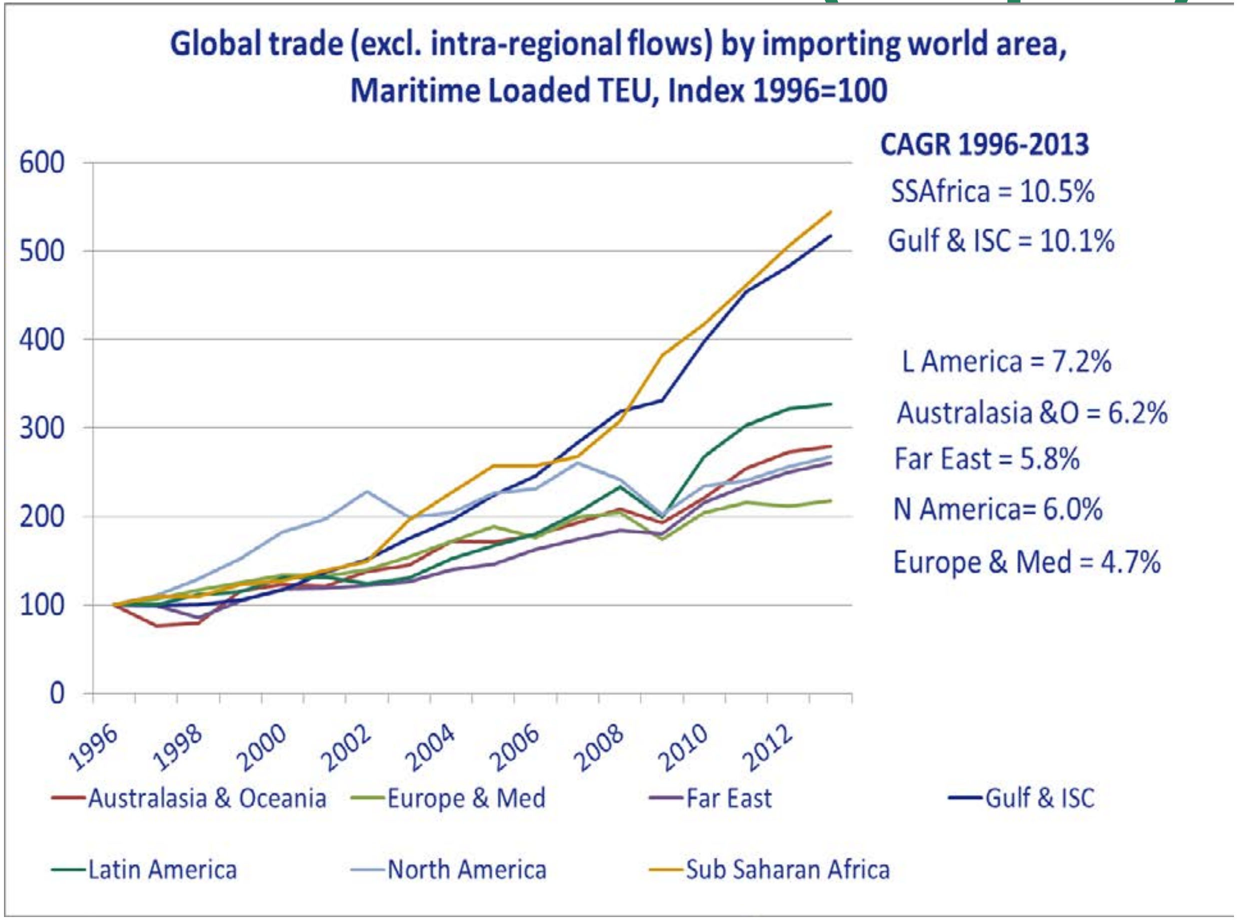
- In 2013 trade from Europe & Med to the Far East accounted for some 12%
  - share down from 20% in 1996

- Trade into the Far East and Gulf & ISC have the highest <u>increase</u> in market share in 2013

- Trade into Europe and North America have the highest <u>decrease</u> in market share in 2013

MDS Transmodal

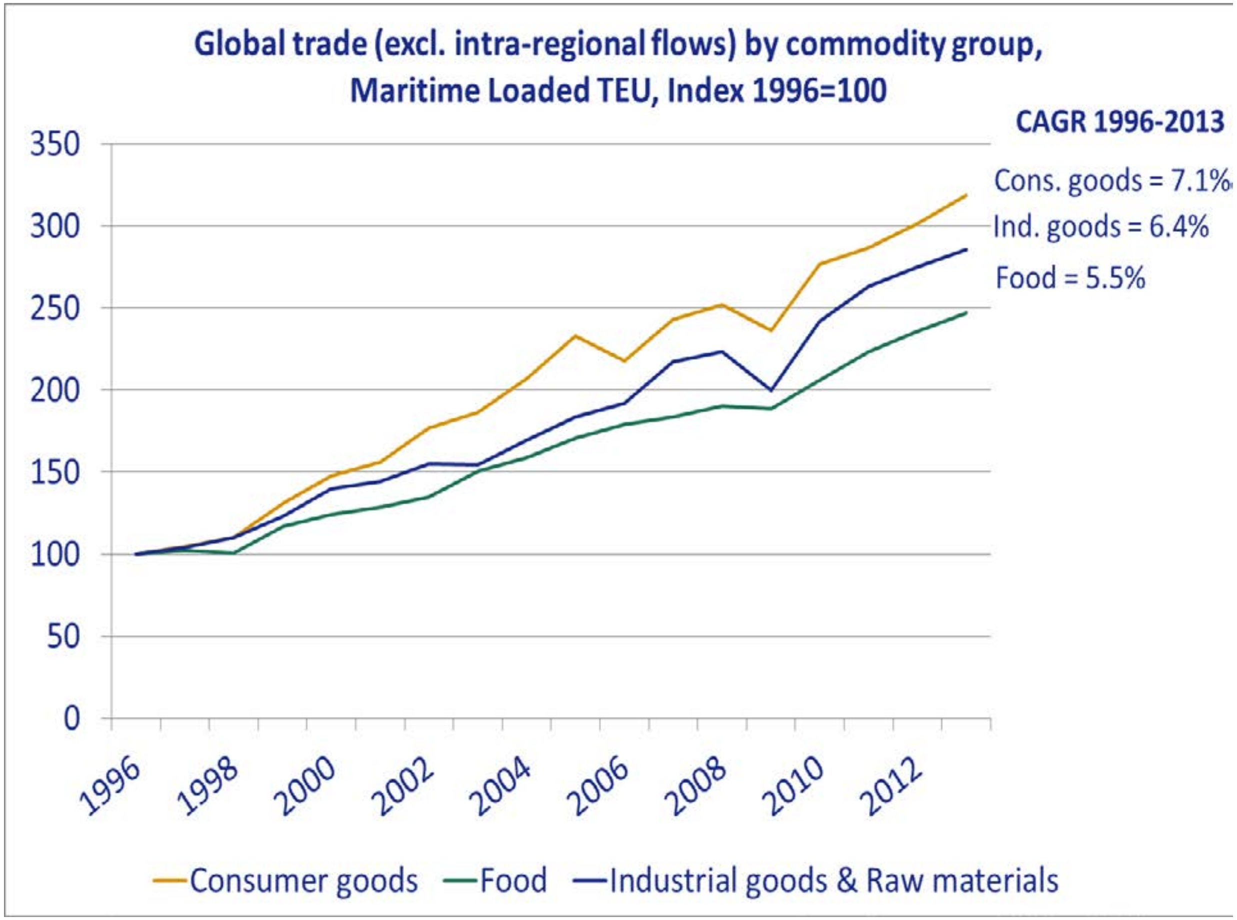
The unitised market:
+185% 1996-2013 (6% p.a.)



- Trade has seen a switch towards the developing world
  - growth to Gulf & ISC and Sub Saharan Africa double that to N Europe & Med between 1996 and 201

MDS Transmodal

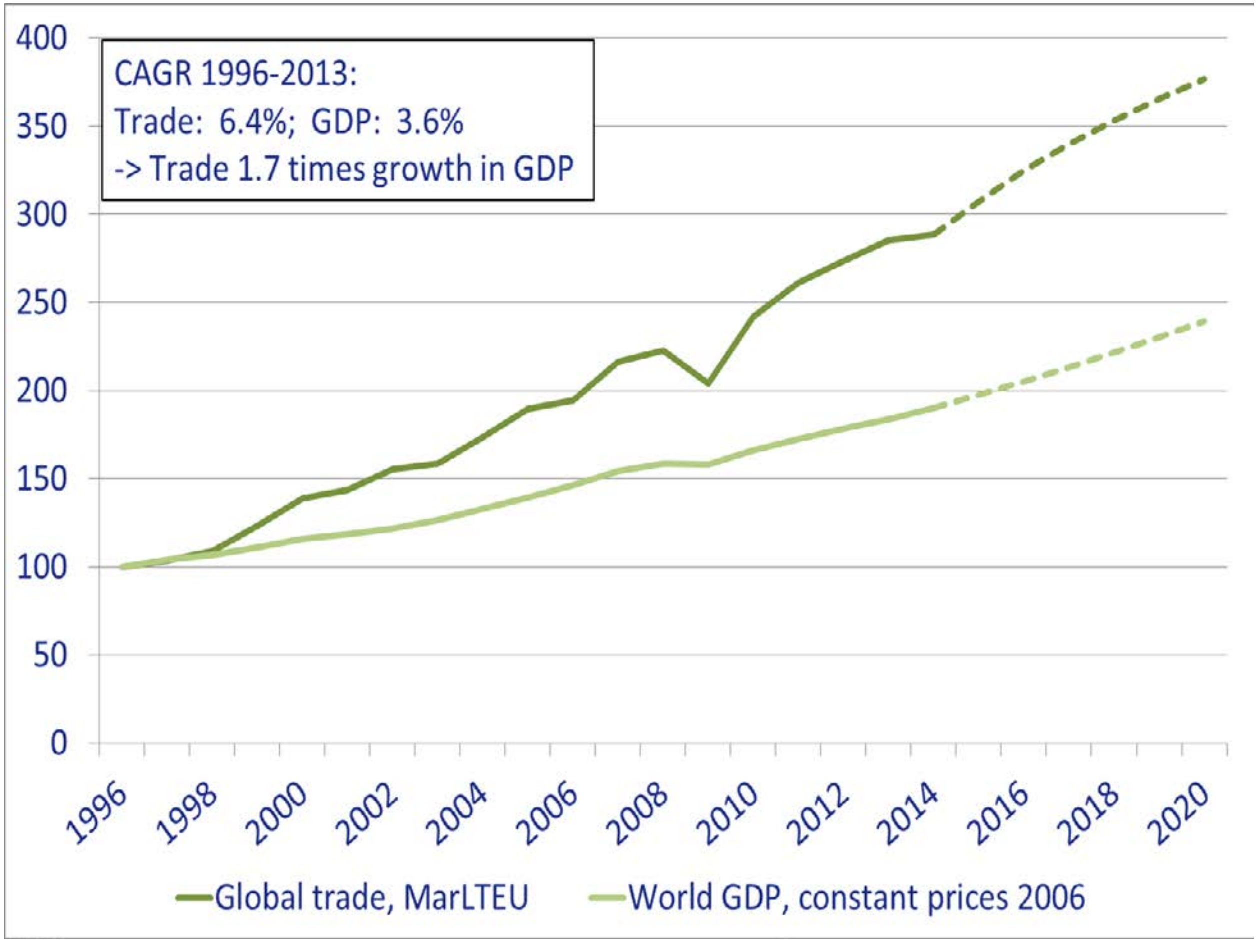
The unitised market – by commodity group



- Market growth dominated by consumer goods penetrating deep-sea market

MDS Transmodal

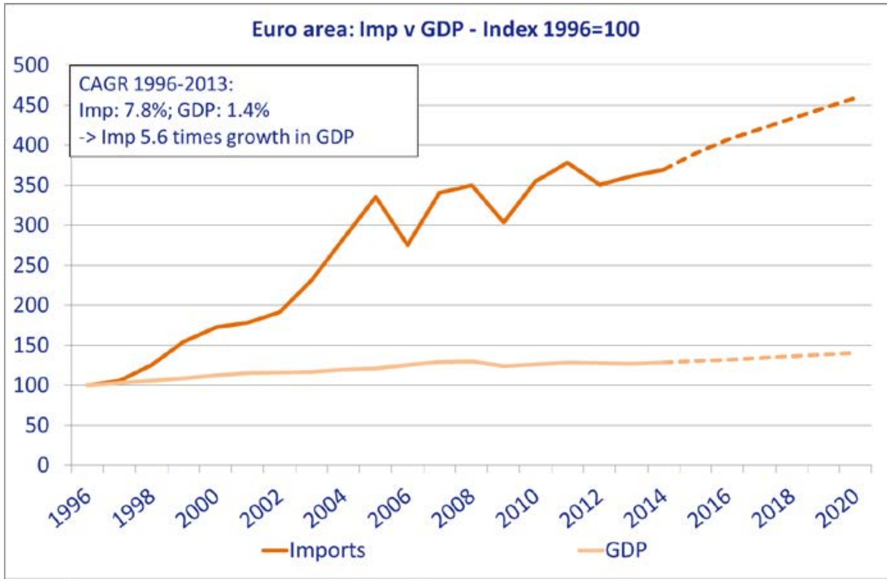
Global trade (excluding intra-regional flows) v. Global GDP

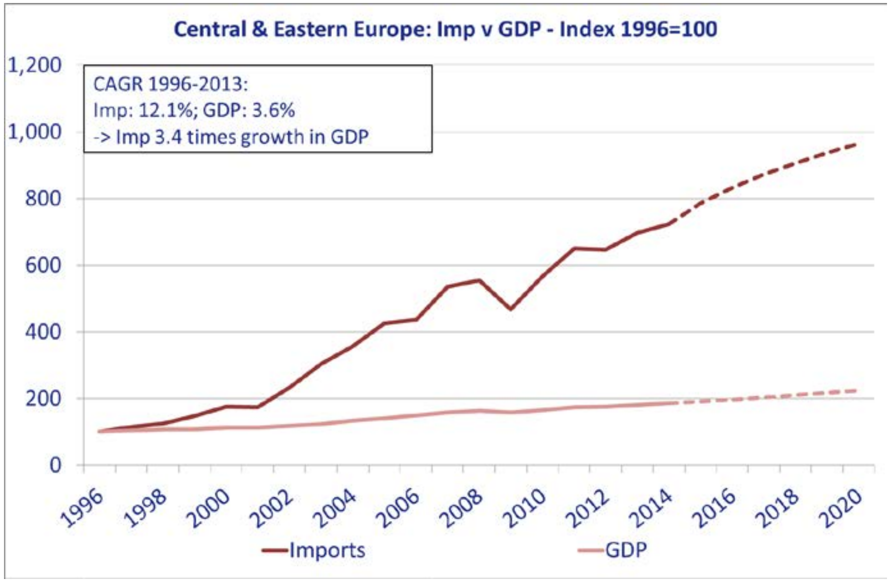


- Between 1996 and 2013 global underlying containers trade almost 2 times growth in GDP

MDS Transmodal Ltd

The unitised market: Euro Area and C & E Europe, relationship with economic growth

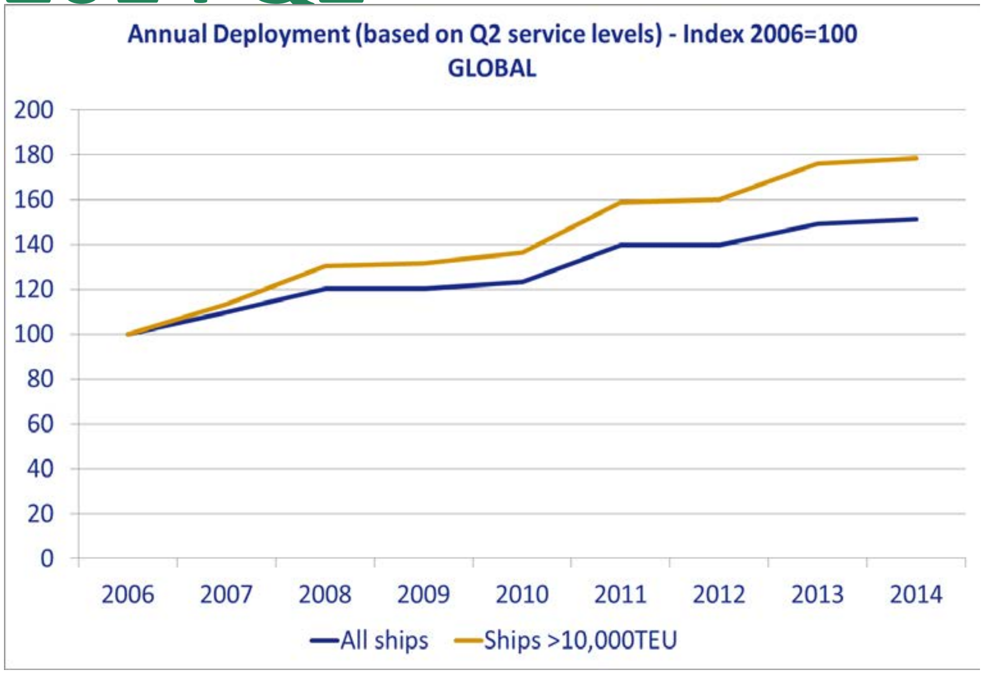




- Between 1996 and 2013 underlying containerized imports into Euro Area and into the Central & Eastern Europe <u>both</u> grew faster than GDP
- However the Central & Eastern Europe area shows much faster absolute growth rates

MDS Transmodal Ltd

Service structure – GLOBAL 2006 Q2 – 2014 Q2

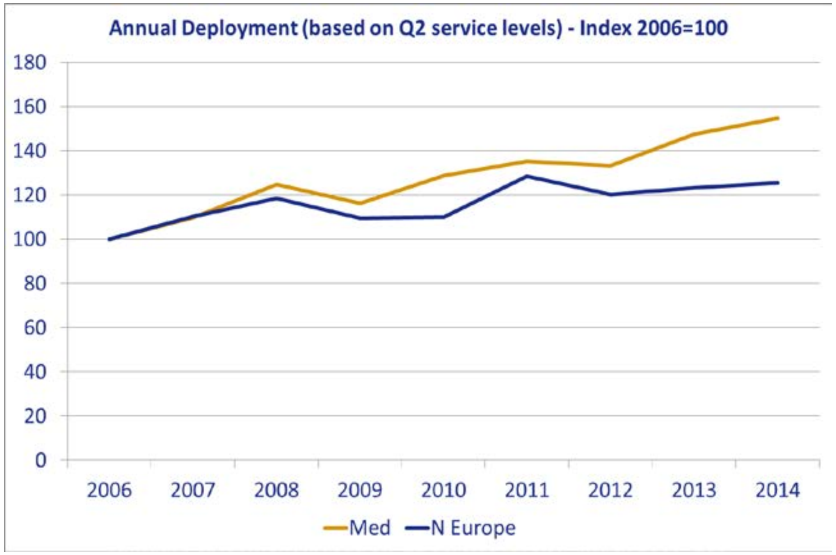


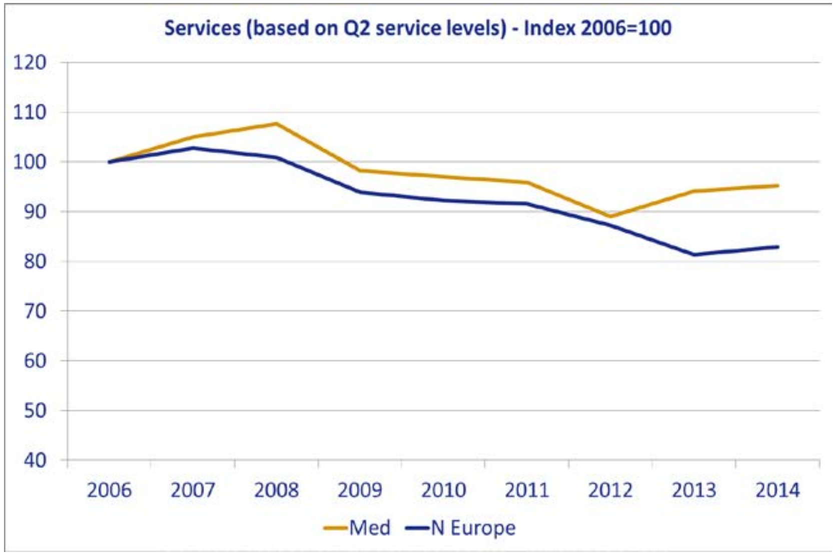
	All ships		Ships >10,000TEU	
	CAGR 2006-2014	% 2006-2014	CAGR 2006-2014	% 2006-2014
Annual Deployment	5%	51%	8%	79%

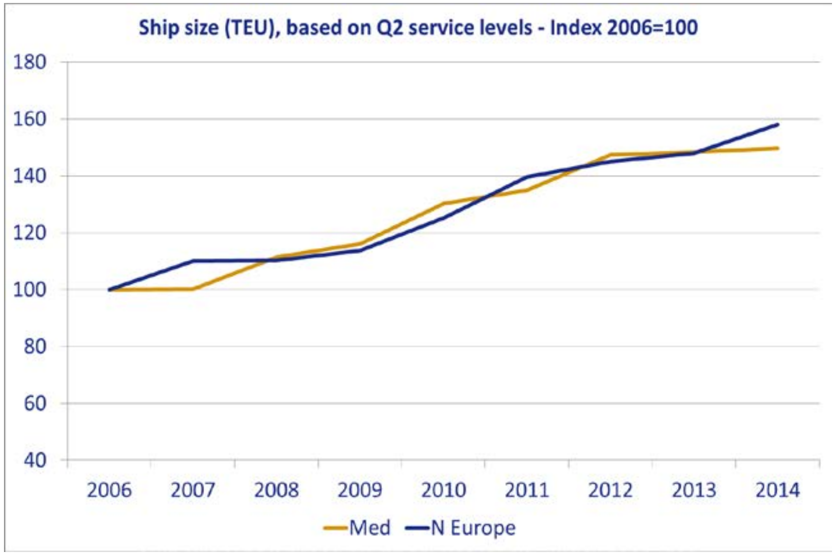
- Number of services deploying ships bigger than 10,000TEU have been growing at a 5% CAGR between 2006-2014
  - leading to an increase of 79% in the annual deployed capacity worldwide

MDS Transmodal Ltd

Service structure – N Europe & Med 2006 Q2 – 2014 Q2





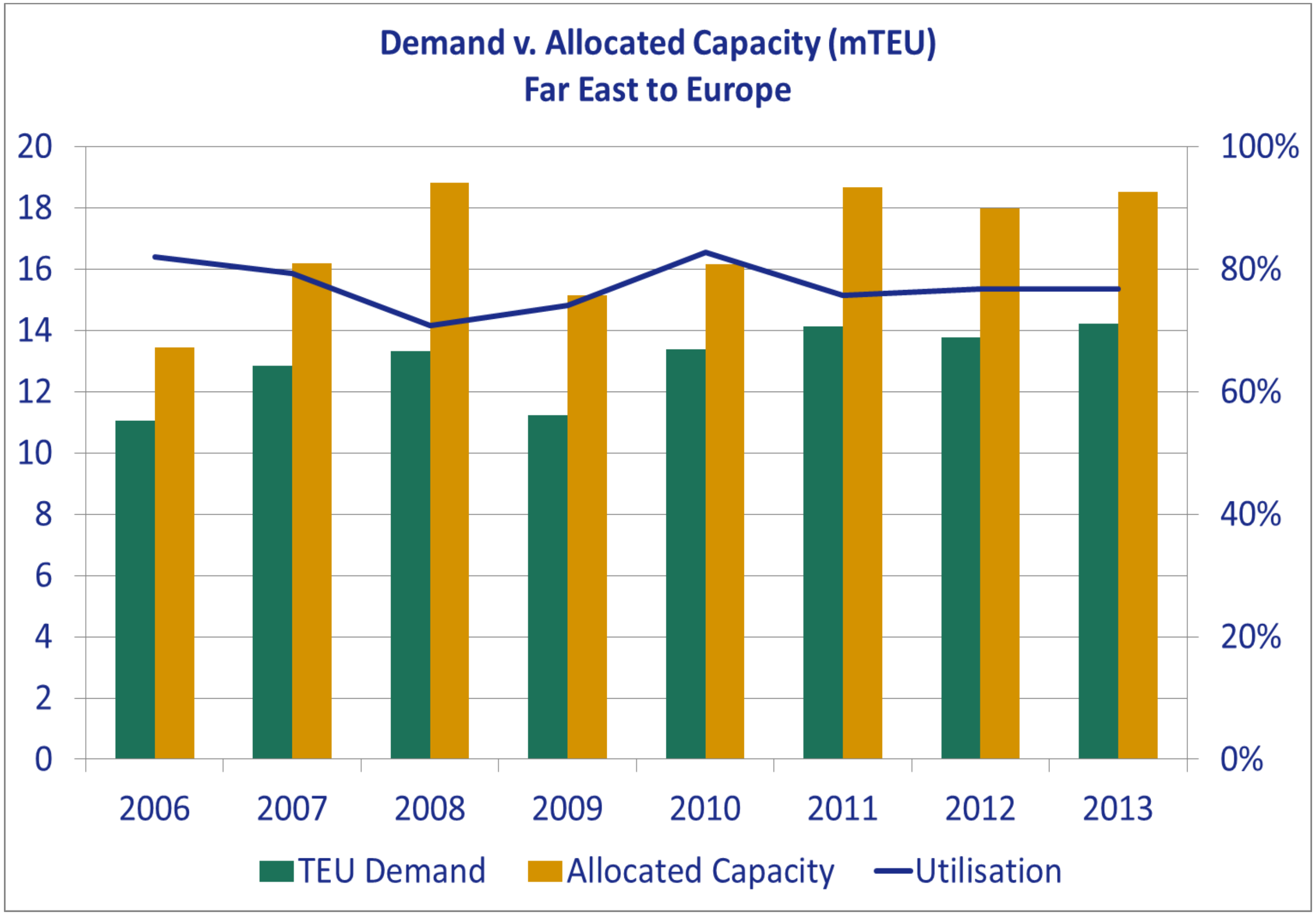


	Med		N Europe	
	CAGR 2006-2014	% 2006-2014	CAGR 2006-2014	% 2006-2014
Service (↓)	-1%	-5%	-2%	-17%
Annual Deployment (↑)	6%	55%	3%	25%
Ship size (TEU) (↑)	5%	50%	6%	58%

- Both N Europe & Med attracting largest ships
  - increase in deployed capacity accompanied with falling in services

MDS Transmodal Ltd

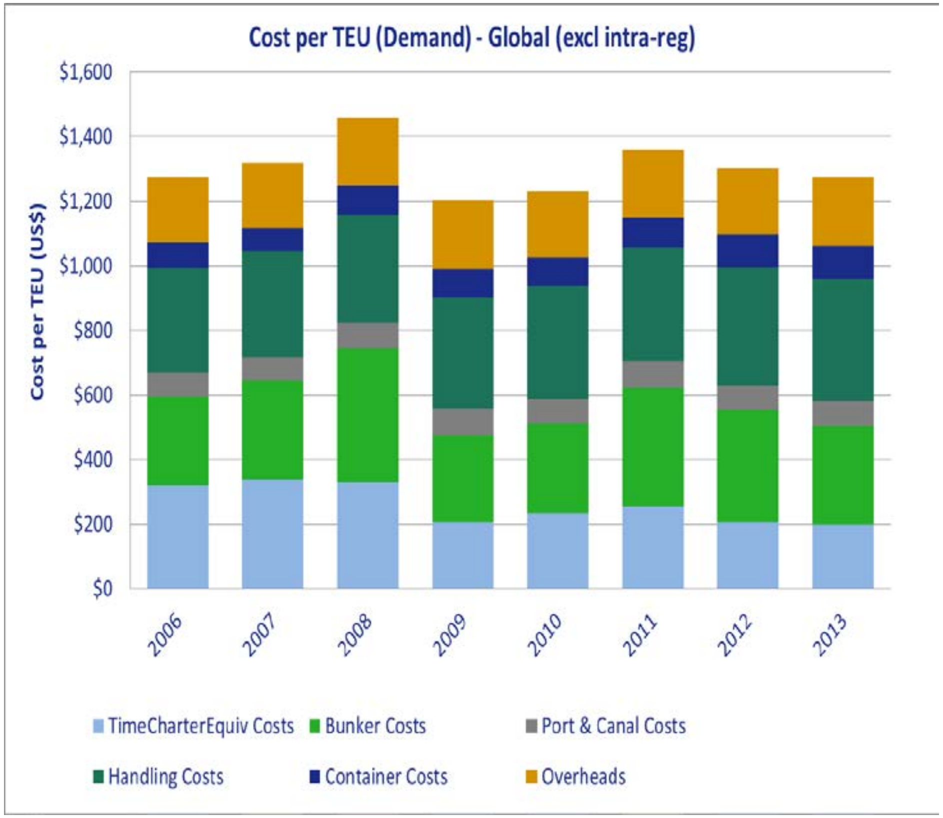
Utilization level – busiest trade lane

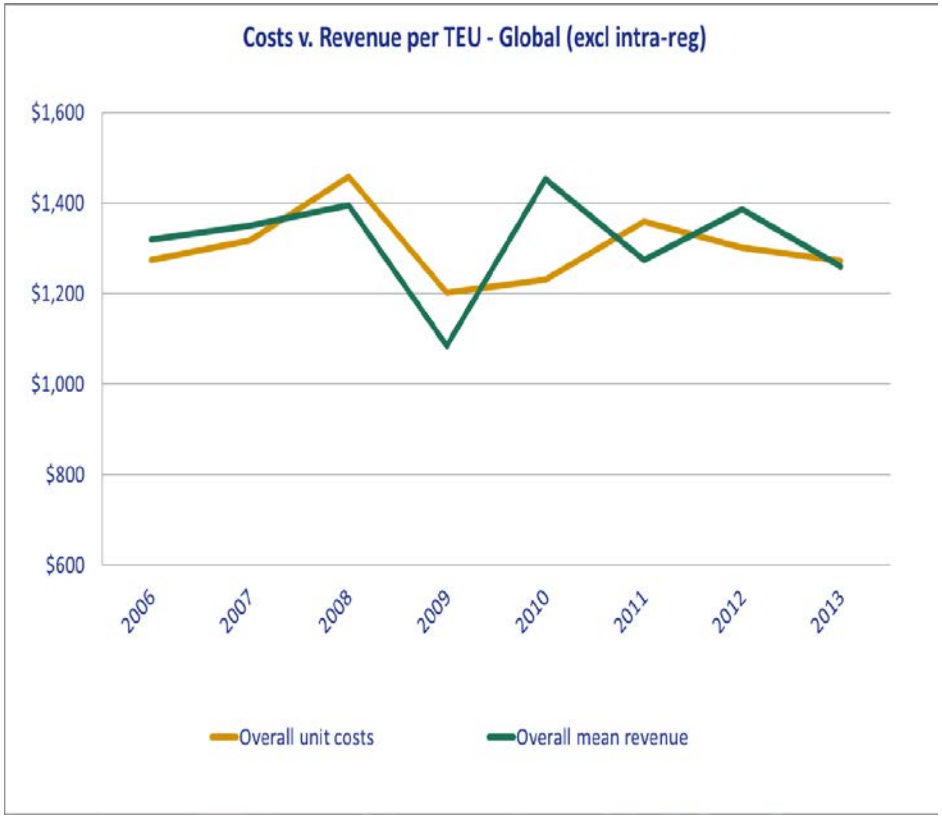


- Signs of improvements in the busiest trade lane, but level of utilisation still 6 points percentage below 2010 level

MDS Transmodal Ltd

Costs and revenues also continuing to fall





- Continuing falling rates afforded by scale economies

MDS Transmodal Ltd

Summary

- Global trade (tonnes) has more than doubled since 1996 by some 5% p.a.
  - despite the recession
- Underlying container trades have grown by 6% p.a. since 1996
  - now strong bias towards developing and nearly developed economies
- Slow growth to Northern Europe may increase incentive to switch from established port calling patterns
- Remarkable contrast between relatively steady market growth and erratic financial performance of carriers on whom the world depends

MDS Transmodal Ltd

Thank you!

antonella.teodoro@mdst.co.uk

www.boxtradeanalyser.com