Agenda

- Liner & Charter Markets: Recent Developments
- Outlook: Trade and Fleet Fundamentals
- Base Outlook and Risk Assessment
Liner Markets

• **Liner profitability soars in 2004**
  – Record-high freight rates
  – Shipments expand by double-digit figures
  – Port congestion ties-up vessel capacity
  – Bunker and port-delay related surcharges mitigate surging OPEX

• **Forecast is less optimistic**
  – Capacity added in 2\text{nd} half of 2004 (with much more yet to come) is a major concern, especially if port congestion proves to be less of an issue in 2005
Liner Market Freight Index vs. Fleet Utilization

Rate Index (East-West trades) vs. Fleet Utilization for Vessels over 3000 TEU

Sources: Marsoft, CI on Line

Index for 2004 q4: Preliminary Estimates
Background: GDP and Trade Growth

- World GDP at 30-year high in 2004
- Base trade growth revised higher for 2004 and for 2005
  - Surprising economic growth outside the major-OECD areas, particularly in South-East Asia
  - Strong growth in north-south and regional trades (particularly intra-Asia)
  - China the beneficiary
- Charter markets near full utilization
Charter-vessel utilization approaches full capacity, as trade growth continues to be strong.
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## World Economy, Trade Growth, and the Role of China

<table>
<thead>
<tr>
<th>Global Developments</th>
<th>Annual Trade Growth</th>
<th>Annual GDP Growth</th>
<th>Trade to GDP Ratio</th>
<th>Chinese Export Growth (annual shipments)</th>
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<tbody>
<tr>
<td>Hist. Average (1996-2001)</td>
<td>7.2%</td>
<td>3.2%</td>
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<tr>
<td>2002</td>
<td>12.2%</td>
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<tr>
<td>2003</td>
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<td>2004</td>
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<td>Base Case Forecast 2006</td>
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<tr>
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## Trade Outlook: Base, Low & High Cases

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<tr>
<th>Year</th>
<th>Base Case Total Trade</th>
<th>Base Case Chinese Exports</th>
<th>Low Case Total Trade</th>
<th>Low Case Chinese Exports</th>
<th>High Case Total Trade</th>
<th>High Case Chinese Exports</th>
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<tr>
<td>2002</td>
<td>12.2%</td>
<td>37%</td>
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<td>2003</td>
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<td>2005</td>
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<td>20%</td>
<td>8.5%</td>
<td>15%</td>
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<td>26%</td>
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<tr>
<td>2006</td>
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<td>14%</td>
<td>6.2%</td>
<td>12%</td>
<td>10.5%</td>
<td>20%</td>
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</table>
Orderbook as a Percentage of Fleet: No Slowing Down

- Cellular Vessels Under 3000 TEU
- Cellular Vessels Over 3000 TEU
- Total Cellular Fleet
Cellular Deliveries
(Base Case)

[Graph showing Cellular Deliveries over time, with data for deliveries in thousands of TEU and trends from 2001Q1 to 2009Q1.]

Legend:
- Blue line: Deliveries, Cellular Vessels Under 3000 TEU
- Red line: Total Deliveries, Cellular Fleet
Fleet Growth, Annual Basis
Base Case (container capable fleet)

Fleet Growth (from previous year)
Cellular & Non-Cellular Vessels
trading in container trades

Increase on Year Ago

100-3000 TEU
Total Fleet
Panamax & Post-Panamax
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Alternative Scenarios

• Low Case
  – Low Case considers the impact of US economic slowdown

• High Case
  – High Case assumes continued Asian economic boom and high Chinese export growth
Liner Market Outlook: Fleet Utilization

Utilization Index

Containerships over 3000 TEU  Total Containership Capable Fleet
TC Rates, Geared 1000 TEU
Long-Term Perspective
Geared 1000 TEU

TC Rates
1000 TEU, Geared

USD/ Day

93q1 94q1 95q1 96q1 97q1 98q1 99q1 00q1 01q1 02q1 03q1 04q1 05q1 06q1 07q1 08q1 09q1
TC Rates, Gearless 2000 TEU
Long-Term Perspective
Gearless 2000 TEU