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# THE GLOBAL SPIN-OFF REPORT

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March 28, 2012

## Compañía Sud Americana de Vapores S.A. (CSAV)

*Demerger of Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SM-SAAM) following the Successful Recapitalization of CSAV by the Luksic Family, et alia*

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### Pre-Demerger Parent: Compañía Sud Americana de Vapores S.A. (CSAV)

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<b>Price:</b>	CLP 112.74 per share	<b>Ticker:</b>	VAPORES CI
<b>Est. FV (Low/Mid/High):</b>	n/a	<b>Dividend:</b>	None
<b>52-Week Range:</b>	CLP 99 – 405 per share	<b>Yield:</b>	n/a
<b>Shares Outstanding:</b>	8,717,953,531		
<b>Market Capitalization:</b>	CLP 982,862 (USD 2,020) million		
<b>Est. Fair Value Mkt Cap:</b>	n/a		

*Note: The price of pre-demerger CSAV is as of February 29, 2012. The ex-date was March 1, 2012.*

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### Post-Demerger Parent: Compañía Sud Americana de Vapores S.A. (CSAV)

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<b>Price:</b>	CLP 62.85 per share	<b>Ticker:</b>	VAPORES CI
<b>Est. FV (Low/Mid/High):</b>	CLP 46.85 / 65.59 / 93.70 per sh.	<b>Dividend:</b>	n/a
<b>Range Since Spin-Off:</b>	CLP 38.00 – CLP 53.00	<b>Yield:</b>	n/a
<b>Shares Outstanding:</b>	8,717,953,531		
<b>Market Capitalization:</b>	CLP 547,923 (USD 1,127) million		
<b>Est. Fair Value Mkt Cap:</b>	CLP 408,433 / 571,806 / 816,866 (USD 840 / 1,176 / 1,680) million		

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### Demerged Entity: Sociedad Matriz SAAM S.A. (SM-SAAM)

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<b>Price:</b>	CLP 65.45 per share	<b>Ticker:</b>	SMSAAM CI
<b>Est. FV (Low/Mid/High):</b>	See <i>Valuation</i> Section	<b>Dividend:</b>	n/a
<b>Range Since Spin-Off:</b>	CLP 57.19 – CLP 70.00 per share	<b>Yield:</b>	n/a
<b>Shares Outstanding:</b>	9,736,791,983		
<b>Market Capitalization:</b>	CLP 637,273 (USD 1,311) million		
<b>Est. Fair Value Mkt Cap:</b>	See <i>Valuation</i> Section		

*Note: Data as of March 27, 2012; No circular has been issued for the demerger; 1 USD = 486.23 CLP.*



*Exclusive Marketers of  
The Global Spin-Off Report*

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<u>CSAV Announces Establishment of 10% Position by Quiñenco S.A.:</u> <sup>1</sup>	Tuesday, March 22, 2011
<u>CSAV Announces Establishment of 18% Position by Quiñenco S.A.:</u>	Wednesday, April 6, 2011
<u>CSAV Announces Establishment of New Board of Directors and 2011 Capital Raise:</u> <sup>2</sup>	Friday, April 8, 2011
<u>CSAV Announces Completion of Capital Raise Amounting to USD 500 Million:</u>	Friday, July 1, 2011
<u>CSAV Announces Need for Add. Capital:</u>	Friday, September 2, 2011
<u>CSAV Announces Approval of USD1.2 Billion 2012 Capital Raise:</u>	Wednesday, October 5, 2011
<u>1<sup>st</sup> Stage of USD1.2 Billion '12 Capital Raise Increases Capital by USD 658.97 million (i.e., 3,222,357,834 shares, USD0.2045/shr.):</u>	Dec. 19, 2011 – Jan. 17, 2012
<u>2<sup>nd</sup> Stage of USD1.2 Billion '12 Capital Raise Increases Capital by USD 128.84 million (i.e., 630,000,000 shares, USD0.2045/shr.):</u>	Jan. 19, 2012 – Jan. 24, 2012
<u>3<sup>rd</sup> Stage of USD1.2 Billion '12 Capital Raise Increases Capital by USD 412.29 million (i.e., 2,015,612,826 shares, USD0.2045/shr.):</u>	Feb. 10, 2012 – Feb. 15, 2012
<u>CSAV Announces Completion of Capital Raise and Demerger of SM-SAAM:</u> <sup>3</sup>	Thursday, February 16, 2012
<u>CSAV Announces Establishment of 37.44% Position by Quiñenco S.A.:</u>	Thursday, February 16, 2012
Demerger Record Date:	Wednesday, February 29, 2012
Demerger Ex Date:	Thursday, March 1, 2012
SMSAAM Shares Delivered to Shareholders:	Wednesday, March 7, 2012
Distribution Ratio: <sup>4</sup>	1 VAPORES : 1.12 SMSAAM

<sup>1</sup> Additional information about CSAV and SAAM can be found here: <http://www.csav.cl/ir>. Quiñenco S.A. is one of Chile's largest conglomerates and is 83%-owned by the Luksic family, Chile's wealthiest family. The current chairman is Guillermo Luksic Craig. More information can be found here: <http://www.quinenco.cl/>.

<sup>2</sup> At this meeting, Guillermo Luksic Craig was elected Chairman of the Board of Directors.

<sup>3</sup> No circular has been published describing the demerger of SM-SAAM.

<sup>4</sup> Shares of CSAV and SM-SAAM total 8,717,953,531 and 9,736,791,983, respectively.

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Ownership:	Holders	Percent Shares
	Quiñenco S.A. (Luksic Family)	37.44%
	Maritima de Inversiones S.A. (Marinsa) <sup>5</sup>	12.35%
Board of Directors: (Elected 4/8/2011)	Board Member	Proposed By
	Guillermo Luksic Craig, Chairman	Quiñenco
	Francisco Pérez Mackenna	Quiñenco
	Gonzalo Menéndez Duque	Quiñenco
	Juan Antonio Álvarez Avendaño	Marinsa
	Arturo Claro Fernández	Marinsa
	Baltazar Sánchez Guzmán	Marinsa
	Canio Corbo Lioi	Independent
	Domingo Cruzat Amunátegui	Independent
	Víctor Toledo Sandoval	Independent
	Luis Álvarez Marín	-
	Christoph Schiess Schmitz	-

## Combined Security Returns

Period	Pre-Demerger	Post-Demerger	Post-Demerger	Post-Demerger	Post-Demerger	Post-Demerger	Post-Demerger
Ticker	VAPORES	VAPORES	SMSAAM	VAPORES	SMSAAM	VAPORES	SMSAAM
Date	2/29/2012	3/1/2012	3/1/2012	3/1/2012	3/1/2012	3/27/2012	3/27/2012
Pricing	Close Price	Open Price	Open Price	Close Price	Close Price	Close Price	Close Price
Price	112.74	45.00	70.00	41.74	62.71	62.85	65.45
x Shares Out.	8,718	8,718	9,737	8,718	9,737	8,718	9,737
= Mkt. Cap. (CLP)	982,862	392,308	681,575	363,887	610,594	547,923	637,273
Div. Fx Rate	479.48	481.68	481.68	481.68	481.68	486.23	486.23
= Mkt. Cap. (USD)	2,050	814	1,415	755	1,268	1,127	1,311
Combined Mkt. Cap. (CLP)	982,862	1,073,883		974,482		1,185,196	
Combined Mkt. Cap. (USD)	2,050	2,229		2,023		2,438	
Return Since Demerger (CLP)	n/a	9.3%		-0.9%		20.6%	
Return Since Demerger (USD)	n/a	8.8%		-1.3%		18.9%	

Note: Reflects the actual return had one held pre-demerger CSAV and continued to hold post-demerger CSAV and SAAM.

## Post-Demerger Independent Security Returns

### VAPORES CI

Open Price (3/1/12)	45.00
Close Price (3/1/12)	41.74
Current Price (3/27/12)	62.85
Return from 1st Day Open	39.7%
Return from 1st Day Close	50.6%

### SMSAAM CI

Open Price (3/1/12)	70.00
Close Price (3/1/12)	62.71
Current Price (3/27/12)	65.45
Return from 1st Day Open	-6.5%
Return from 1st Day Close	4.4%

<sup>5</sup> Maritima de Inversiones S.A. (Marinsa) is controlled by Chile's Claro family. Mr. Ricardo Claro Valdés, the former patriarch of Marinsa, operated CSAV from 1988 until his death in October 2008.

# THE GLOBAL SPIN-OFF REPORT

## Investment Thesis

Compañía Sud Americana de Vapores S.A. (CSAV) is the largest shipping company in Latin America and the sixteenth largest in the world by container capacity with approximately 332,000 twenty-foot equivalent units (TEUs). Importantly, as of December 31, 2010, the containership fleet operated by CSAV amounted to 157 vessels, with total nominal capacity of 600,000 TEUs. By December 31, 2011, however, the containership fleet had been significantly reduced to 77 vessels, with the company expected to be operating closer to 60 vessels with total nominal capacity of around 300,000 TEUs by the second half of 2012. Such drastic reductions in operating capacity are due to a series of recent operating losses owing to industry overcapacity and to the company's past strategy of chartering a disproportionate percentage of its fleet.

Due to the ongoing weakness of the container shipping market and the series of significant losses, on September 2, 2011, CSAV announced that it was in need of additional capital. On October 5, 2011, the proposal for a US\$1.2 billion capital raise was announced, with the Luksic and Claro families—two of Chile's wealthiest families—investing US\$547 million and US\$100 million, respectively.<sup>6</sup> As a result of this most recent capital raise, the Luksic family increased its ownership of CSAV to 37.44 percent, with the Claro family owning 12.35 percent. Importantly, Guillermo Luksic—the patriarch of the Luksic family—is now the chairman of both CSAV and SAAM. Through their family-operated, publicly-traded investment company Quiñenco S.A., the Luksic family has established a long-term track record of creating value for shareholders. Over the ten year period from December 2001 through September 2011, net asset value (plus cumulative dividends) per share has grown at an annualized rate of 14.5 percent in local currency terms.

Quinenco	Net Assets (USD, millions)	Net Assets (CLP, millions)	Dividend Paid (CLP, millions)	Shares Outstanding	NAV Per Share (USD)	NAV Per Share (CLP)	Divid. Per Share (CLP)	NAV+Div. Per Share (CLP)	Fx Rate	Stock Ex (IPSA)
Dec-01	1,059	693,453	0	1,079,740,079	0.98	642.24	0.00	642.24	661.25	1,183.12
Dec-02	671	482,024	6,204	1,079,740,079	0.62	446.43	5.75	452.17	720.35	1,000.00
Dec-03	1,450	860,717	0	1,079,740,079	1.34	797.15	0.00	802.90	592.60	1,484.80
Dec-04	1,989	1,108,458	18,847	1,079,740,079	1.84	1,026.60	17.46	1,049.80	559.20	1,796.48
Dec-05	2,028	1,039,442	14,012	1,079,740,079	1.88	962.68	12.98	998.86	512.00	1,964.47
Dec-06	2,721	1,448,461	15,600	1,079,740,079	2.52	1,341.49	14.45	1,392.12	532.35	2,693.36
Dec-07	3,071	1,525,753	18,141	1,144,577,775	2.68	1,333.03	15.85	1,399.50	497.79	3,051.83
Dec-08	2,142	1,363,491	52,620	1,144,577,775	1.87	1,191.26	45.97	1,303.71	642.25	2,376.42
Dec-09	3,275	1,660,927	69,819	1,144,577,775	2.86	1,451.13	61.00	1,624.58	507.63	3,581.42
Dec-10	5,789	2,709,121	108,780	1,144,577,775	5.06	2,366.92	95.04	2,635.41	467.95	4,927.53
Sep-11	4,407	2,299,604	145,803	1,144,577,775	3.85	2,009.13	127.39	2,405.00	519.75	3,888.58
CAGR (%)	15.7%	13.1%	n/a	0.6%	15.1%	12.4%	n/a	14.5%	-2.4%	13.0%

Source: Company Reports

In conjunction with this most recent capital raise, the company decided to separate the significantly more stable cargo and vessel services business known as Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SAAM) through the issuance of approximately 1.12 SAAM shares for every one CSAV share held as of February 29, 2012. Such shares were distributed to shareholders on March 7, 2012.

<sup>6</sup> The original commitment from the Luksic family was for up to US\$1 billion. This was reduced to US\$547 million as a result of increased interest from other shareholders.

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With respect to valuation, the transport operations of CSAV have recently undergone a restructuring wherein proceeds from the recent recapitalization are being used to transition the company's charter-based business model to a more balanced ownership model. Though the full impact of the company's recent restructuring is difficult to quantify with a great degree of precision and without knowing the timing and manner in which the recent decoupling of fuel prices, freight rates, and lease rates will reverse itself (see valuation section for more details), the current share price of post-demerger CSAV is suggestive of a significant mispricing.

As made quite evident in the valuation section of this report, as the newly recapitalized company transitions away from its charter-based business model, the potential for increasing profitability through a combination of revenue growth and margin improvement is significant. And though it is difficult to establish precisely what margins will ultimately be, the price at which the company currently trades suggests little in the way of improving profitability. This is unlikely given the cyclically depressed state of the industry and the evolving business model of CSAV.

At the current market capitalization, post-demerger CSAV is trading at only a slight premium to a valuation based on depressed revenues, margins, and multiples. Moreover, there appears to be significant room for improvement in margins as the company transitions from a primarily leased fleet to an owned fleet, as well as the potential for revenue growth as the industry recovers from a cyclical low. Conservative assumptions regarding the company's ability to improve margins is suggestive of a per share fair value upwards of approximately CLP 92 per share, a significant premium to the current price. Importantly, such a scenario assumes little in the way of revenue growth; in other words, the ultimate, longer-term return has the potential to be significantly higher.

Specifically, a more normalized, industry-standard margin of five percent applied to a conservative estimate of the potential revenue base of US\$2,800 million could quite conceivably result in a fair value of US\$1,680 million, or CLP 93.70 per share. If achieved over a 2-year recovery horizon, the annualized return would be 22 percent. Importantly, such a scenario assumes little in the way of revenue growth; in other words, the ultimate, longer-term return has the potential to be significantly higher.

Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SAAM) is Latin America's largest supplier of port services and logistics. SAAM is currently the largest tug boat operator in the Americas and the fourth largest in the world. It is important to note that the company has not issued a circular outlining the merits of the demerger. As a result, insufficiently little information is available about the relative profitability of SAAM's various operating segments (i.e., tugboats, logistics, and port services). What one can observe, however, is that at the current market capitalization and enterprise value of US\$1,311 million and US\$1,371 million, respectively, SAAM is trading at multiples of net income and EBITDA of 25.6 times and 13.4 times.

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While the company appears to possess a very stable business model imbued with attractive growth prospects, such factors appear firmly established in the current price. That said, the recent inability of shipping companies to offset rising bunker fuel costs with higher freight rates may lead to the need to cut costs elsewhere. A natural target for such cost cutting efforts may very well prove to terminal and port operations like those owned and operated by SAAM.

And while the current valuation is not suggestive a meaningful mispricing (at least with the information at hand), the company does appear poised to grow going forward. Moreover, with net debt to EBITDA of only 0.6 times and a rather stable operating profile, the company appears to be in a position to support significantly more debt. In our opinion, such a profile makes for a potentially attractive acquisition target for competitors such as Dutch company Royal Boskalis Westminster N.V. With what appears to be a fairly priced spin-off, the vast majority of the analysis contained herein highlights the more interesting opportunity that is post-demerger CSAV.

Most importantly, perhaps, at the respective helms of the newly recapitalized CSAV and recently demerged SAAM is the Luksic family, headed by Chairman Guillermo Luksic. As demonstrated previously, the family—through their investment company Quiñenco—has established a long-term track record of creating value for shareholders, with annual book value per share growth of 14.5 percent from December 2001 through September 2011 (i.e., inclusive of dividends). This would not be the first instance, recently, of a wealthy private investor making a substantial investment in a shipping company. Much like your authors, presumably such investors are of the opinion that this most cyclical of industries is near a cyclical bottom and poised for a reversion in profitability.

While SAAM's shares do not appear to significantly mispriced, CSAV's shares appear quite compelling, even in light of their recent and significant appreciation following the completion of the company's recapitalization. Shares of CSAV currently provide one with what we deem to be an ample margin of safety in a significantly undervalued company with an improving business model now being run by able owner operators (i.e., Luksic family) and in an industry ultimately poised for a cyclical recovery. Moreover, whereas all shipping companies will undoubtedly benefit from the decreasing spread between freight rates and fuel costs, CSAV is also positioned to benefit from its increased focus on owning rather than leasing its fleet. This is a dimension of the investment thesis contained herein that should not go without due consideration, as it is a characteristic that appears to differentiate CSAV from other operators in the shipping industry.

Ergo, the post-demerger shares of Compañía Sud Americana de Vapores S.A. are recommended for purchase.

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## Company Description

Compañía Sud Americana de Vapores S.A. (CSAV) is the largest shipping company in Latin America and the sixteenth largest in the world by container capacity, with approximately 332,000 twenty-foot equivalent units (TEUs).<sup>7</sup> During 2011, the transport operations provided 36 line services: the company's north-south lines serve the North America-South America and Europe-Asia routes; the east-west lines serve the Asia-Europe routes, among others.

<i>Top Fleets as of March 8, 2012</i>		<i>Total</i>			
<u>Rank</u>	<u>Operator</u>	<u>TEU</u>	<u>Ships</u>	<u>% TEUs</u>	<u>% Ships</u>
1	A.P. Moeller-Maersk A/S (MAERSKA DC)	2,564,631	663	16.8%	13.8%
2	Mediterranean Shipping Company (Private)	2,197,840	484	14.4%	10.1%
3	CMA CGM S.A. (Private)	1,343,031	394	8.8%	8.2%
4	China Ocean Shipping (Group) Company (Private)	637,293	148	4.2%	3.1%
5	Hapag-Lloyd (Private)	636,987	144	4.2%	3.0%
6	APL (Private; Subsid. of NOL SP)	608,279	141	4.0%	2.9%
7	Evergreen Marine Corp. (2603 TT)	608,229	165	4.0%	3.4%
8	China Shipping Container Lines (2866 H K)	528,281	145	3.5%	3.0%
9	Hanjin Shipping Co. Ltd. (117930 KS)	491,297	102	3.2%	2.1%
10	Mitsui O.S.K. Lines Ltd. (9104 JP)	447,889	99	2.9%	2.1%
11	Nippon Yusen Kabushiki Kaisha (9101 JP)	411,910	103	2.7%	2.1%
12	Hamburg Süd Group (Private)	402,543	106	2.6%	2.2%
13	Orient Overseas International Ltd. (316 HK)	397,706	84	2.6%	1.7%
14	Kawasaki Kisen Kaisha Ltd. (9107 JP)	346,042	79	2.3%	1.6%
15	Yang Ming Marine Transport (2609 T T)	338,160	80	2.2%	1.7%
16	Cia Sudamericana de Vapores (VAPORES CI)	332,127	75	2.2%	1.6%
17	Zim Integrated Shipping Services Ltd. (Private)	323,029	91	2.1%	1.9%
18	Hyundai Merchant Marine Co. Ltd. (011200 KS)	316,139	63	2.1%	1.3%
19	Pacific International Lines (Private)	268,984	139	1.8%	2.9%
20	United Arab Shipping Company (Private)	261,944	54	1.7%	1.1%
<u>21-100</u>	<u>Remaining Top 100</u>	<u>1,761,642</u>	<u>1,443</u>	<u>11.6%</u>	<u>30.0%</u>
1 - 100	Total - Top 100	15,223,983	4,802	100%	100%

*Source: Alphaliner*

Importantly, as of December 31, 2010, the containership fleet operated by CSAV amounted to 157 vessels with total nominal capacity of 600,000 TEUs. By December 31, 2011, however, the containership fleet had been significantly reduced to 77 vessels, with the company expected to be operating closer to 60 vessels with total nominal capacity of around 300,000 TEUs by the second half of 2012.

Such drastic reductions in operating capacity are due to a series of recent operating losses owing to the company's past strategy of chartering a disproportionate percentage of its fleet. Whereas most shipping companies charter approximately half of their fleets, CSAV has historically operated at a charter rate of approximately 85 percent, in large part due to a lack of capital necessary to purchase ships. Going forward, the new Board of Directors—under the direction Chairman Guillermo Luksic—has concluded that in order to improve profitability the company should have at least one third of the fleet owned, one third on long-term charters, and one third on short-term charters. Further discussion and financial details can be found in the *Valuation* section of this report.

<sup>7</sup> Container fleet capacity figures are provided by Alphaliner (<http://www.alphaliner.com/top100/index.php>). Capacity is also quoted as forty-foot equivalent units (FEUs or FFEs). One FEU is equivalent to two TEUs. TEU refers to container capacity available on board the ships, not to the available containers themselves.

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CSAV was founded in Valparaíso, Chile on October 4, 1872. The company's original focus was predominantly domestic in nature with ships serving as the primary link to the more remote areas of the country. The opening of the Panama Canal in 1914 and the withdrawal of European shipping companies during the First World War provided the company with its first opportunity to extend lines to New York and subsequently to Europe and Asia. Currently, the over half of the company's revenues are derived from trade with Asia, with approximately one-third derived from trade in the Americas. The transport operations are divided into seven primary segments, containers being the most important.

- Container Transport;
- Car Transport;
- Solid Bulks Transport;
- Refrigerator Cargo Transport;
- Cement Transport;
- Oil and Derivatives Transport; and,
- Chemicals and Gas Transport.

In addition to the transport business, the company—through its principal subsidiary Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SAAM)—is Latin America's largest supplier of port services and logistics. SAAM is currently the largest tug boat operator in the Americas and the fourth largest in the world. SAAM's primary operating assets consist of cargo logistical services at 56 ports in eleven countries; 123 tugboats; and nine port concessions: seven port concessions in Chile, one concession at Port Everglades, Florida in the United States, and one concession at the Guayaquil Port Terminal in Ecuador. Compared to the highly variable transport operations—which will remain with the parent company subsequent to the demerger—SAAM's port services and logistics operations have been consistently profitable, exhibiting a positive upward trajectory throughout the last several years, as presented below.<sup>8</sup>

Revenue Breakdown			Operating History		Net Income	EBITDA Margin (%)	Net Inc. Margin (%)
	2010	2011		Revenue	EBITDA		
Revenue	342	361	2004	n/a	45	28	n/a
Chile	50%	n/a	2005	n/a	54	35	n/a
Peru	12%	n/a	2006	n/a	60	40	n/a
Brazil	10%	n/a	2007	n/a	95	69	n/a
Ecuador	9%	n/a	2008	n/a	96	66	n/a
Mexico	9%	n/a	2009	261	82	42	31.3%
USA	4%	n/a	2010	342	103	52	29.9%
Uruguay	3%	n/a	2011	361	n/a	51	n/a
Other	3%	n/a					
Total	100%	n/a					
Tugboats	28%	n/a					
Logistics	40%	n/a					
Port Ops.	32%	n/a					
Total	100%	n/a					

Source: Company Reports

<sup>8</sup> The company has not provided cash flow statements by segment, thus no depreciation figure for 2011. Figures above are taken primarily from the CSAV Capital Increase Road Show Presentation from June 2011. Results for 2007 and 2008 affected by non-operating income. No circular was published for this transaction.



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SAAM was formed in 1961 as the company's air and sea transport agency business and currently provides the following shipping and cargo services:

▪ Shipping Services:

- Shipping Agency Services: Agency services ensure the presence of essential supplies at destination ports and provide for the proper arrangement of documentation and declarations with relevant port authorities for both liner and tramp services.<sup>9</sup> Agency services include acting as a liaison with the harbor authorities; providing port captains to supervise operations; coordinating crew changes, replenishment of bunkers, and on/off hire surveys; ensuring the timely finalization of disbursement accounts; establishing emergency response procedures; and supervising loading and discharge;
- Port Stevedoring Services (Public and Concessioned Terminals): The stevedoring service plans, carries out and controls all the work related to the loading and unloading of merchandise to and from the ships for which SAAM acts as stevedoring agent;<sup>10</sup>
- Tug Services: SAAM operates tugs for port use, tugging and maritime assistance, and supporting ships during their docking and departure operations when they are unable to do so under their own power;
- Container Depot and Maintenance Services: SAAM has depots located at strategic sites at various Chilean ports and at ports in Mexico, Colombia, Ecuador, Peru and Brazil;
- Aircraft Services (Administración de Servicios de Aviación y Terminales S.A., a subsidiary of SAAM, is being held for sale as a result of the closing of airport service operations. Efforts to sell this disposal group have already begun. As of December 31, 2011, the group contains assets totaling US\$76,000); and,
- Launch and Pilotage Services:

▪ Cargo Services:

- The company's cargo services include shipping agency services for exporters; comprehensive logistics service for wine, fruit, salmon, wood, retail and mining products; river transport services; barge and transshipment services; storage and warehouse services; cold storage services; net anchoring and maintenance services (e.g., salmon farming); port and airport primary zone services; mass and bulk cargo services; and land freight services.

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<sup>9</sup> Liner Service is a service that operates within a schedule and has a fixed port rotation with published dates of calls at the advertised ports. Tramp Service is a service that has no fixed routing or itinerary or schedule and is available at short notice to load any cargo with any destination.

<sup>10</sup> See *Port Concessions in Chile* by Juan Foxley and Jose Luis Mardones for more information on the difference between public and concessioned ports.

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# THE GLOBAL SPIN-OFF REPORT

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## Valuation

### Compañía Sud Americana de Vapores S.A. (CSAV)

Before we proceed to a discussion of the potential valuations of both CSAV and SAAM, one should note the following about the recent recapitalization of CSAV. Due to the ongoing weakness of the container shipping market, on September 2, 2011, CSAV announced that it was in need of additional capital.<sup>11</sup> On October 5, 2011, the proposal for a US\$1.2 billion capital raise was announced, with the Luksic and Claro families—two of Chile’s wealthiest families—agreeing to commit up to US\$1 billion and US\$100 million, respectively. The capital raise was completed in three phases:

- the first from December 19, 2011 through January 17, 2012;
- the second from January 19, 2012 through January 24, 2012; and,
- the third from February 10, 2012 through February 15, 2012.

The details of each phase of the capital raise and the participation by the Luksic and Claro families are presented below:<sup>12</sup>

<u>Capital Raise (USD)</u>	<u>Shares (units)</u>	<u>Price</u>	<u>Proceeds (mm)</u>
1st Phase (12/19-1/17)	3,222,357,834	0.2045	659.0
<i>Dec 19, 2011 to Dec 31, 2011</i>	869,753	0.2045	0.2
<i>Jan 1, 2012 to Jan 17, 2012</i>	3,221,488,081	0.2045	658.8
2nd Phase (1/19-1/24)	630,000,000	0.2045	128.8
<u>3rd Phase (2/10-2/15)</u>	<u>2,015,612,826</u>	<u>0.2045</u>	<u>412.2</u>
Total	5,867,970,660	0.2045	1,200.0
Shares Issued 12/19/11-12/31/11	869,753		
Shares Outstanding at 12/31/11	2,850,852,624		
<u>Shares Issued 1/1/12-2/15/12</u>	<u>5,867,100,907</u>		
Total Shares Outstanding	8,717,953,531		
<u>Participation (USD)</u>	<u>Shares (mm)</u>	<u>Price</u>	<u>Proceeds (mm)</u>
Luksic Family	2,674.8	0.2045	547.0
Claro Family	489.0	0.2045	100.0
Other-Subscriptions	2,073.4	0.2045	424.0
<u>Other-Stock Ex. Auction</u>	<u>630.8</u>	<u>0.2045</u>	<u>129.0</u>
Total	5,868.0	0.2045	1,200.0

Source: Company Reports

Presented on the following page are the historical financial statements of pre-demerger CSAV on a consolidated basis and by segment. Though anecdotally one is undoubtedly aware of the distressed nature of the container shipping market, one should note the rather striking effect such conditions have had on the results of CSAV. For example, at the end of 2005, CSAV book value per share was US\$1.12. By the end of 2011, book value per share was US\$0.21, a cumulative decline of nearly 82 percent. From an operating perspective, during 2005, net income amounted to US\$145.3 million. And, despite a 32 percent cumulative increase in sales from 2005 to 2011, during 2011 net income amounted to *negative* US\$1,239.5 million.

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<sup>11</sup> While the most recent, this was not the first significant capital raise. The company was also forced to raise equity capital in 2008, 2009, 2010, and 2011 amounting to US\$36.6 million, US\$409.4 million, US\$579.6 million, and US\$498.5 million, respectively—a total of US\$1,524 million, nearly tripling the share count.

<sup>12</sup> The impact of the 2011 capital raise is reflected in the following financial statements as “2011 Adj”.

# THE GLOBAL SPIN-OFF REPORT

Balance Sheet (USD, millions)	2005	2006	2007	2008	2009	2010	2011	2011 Adj.
Cash, Cash Equiv. & ST Invest.	653.2	617.7	536.2	179.6	341.5	534.5	193.1	193.1
Capital Raise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,200.0
Current Assets	1,133.0	1,088.6	1,155.6	806.3	941.4	1,415.1	854.6	2,054.6
Fixed Assets	272.1	278.3	323.8	614.6	668.5	1,242.7	1,579.4	1,579.4
Total Assets	1,810.3	1,701.3	1,941.5	1,862.3	2,171.6	3,218.2	3,179.5	4,379.5
Current Liabilities	594.3	587.6	675.6	589.8	1,012.2	957.7	1,547.0	1,547.0
Total Future Operating Lease Pay.	not avail.	not avail.	not avail.	not avail.	not avail.	2,554.4	2,216.3	2,216.3
Current Financial Liabilities	10.4	14.9	16.0	19.5	28.0	73.2	199.9	199.9
Non-Current Financial Liabilities	316.6	313.3	328.1	402.4	456.7	812.9	968.8	968.8
Total Financial Liabilities	327.0	328.2	344.0	421.8	484.8	886.2	1,168.8	1,168.8
Tot. Fin. Liab. (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	3,440.6	3,385.1	3,385.1
Total Liabilities	954.9	941.5	1,048.3	1,019.0	1,521.3	1,830.7	2,575.2	2,575.2
Total Liabilities (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	4,385.1	4,791.5	4,791.5
Total Equity	855.3	759.9	893.2	843.4	650.3	1,387.5	604.3	1,804.3
Total Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(1,166.9)	(1,612.0)	(412.0)
Minority Interest	28.3	11.6	13.3	19.1	18.2	23.4	18.8	18.8
Shareholders' Equity	827.0	748.2	879.8	824.3	632.2	1,364.0	585.5	1,785.5
Shareholders' Eq. (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(1,190.4)	(1,630.9)	(430.9)
Shares Outstanding, Year End	735.8	735.8	735.8	769.5	1,498.2	2,029.3	2,850.9	8,718.8
Shs Out., YoY Chng. (%)	n/a	0%	0%	5%	95%	35%	40%	206%
Book Value Per Share	1.12	1.02	1.20	1.07	0.42	0.67	0.21	0.20
BVPS, YoY Chng. (%)	n/a	-10%	18%	-10%	-61%	59%	-69%	0%
Issuance of Equity	0.0	0.0	0.0	36.6	409.4	579.6	498.5	1,200.0
Current Ratio	1.91	1.85	1.71	1.37	0.93	1.48	0.55	1.33
Assets/Equity	2.12	2.24	2.17	2.21	3.34	2.32	5.26	2.43
Assets/Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(2.76)	(1.97)	(10.63)
Debt/Equity	0.40	0.44	0.39	0.51	0.77	0.65	2.00	0.65
Debt/Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(2.89)	(2.08)	(7.86)
Net Debt	(326.2)	(289.5)	(192.1)	242.3	143.3	351.6	975.7	(224.3)
Net Debt (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	2,906.0	3,192.0	1,992.0

Source: Company Reports

Income Statement (USD, millions)	2005	2006	2007	2008	2009	2010	2011	2011 Adj.
Sales	3,895.0	3,839.2	4,150.3	4,886.8	3,033.7	5,452.3	5,151.9	5,151.9
Cost of Sales	(3,366.5)	(3,784.6)	(3,784.3)	(4,688.6)	(3,486.8)	(4,979.7)	(5,877.2)	(5,877.2)
Gross Income	528.5	54.6	365.9	198.3	(453.0)	472.6	(725.2)	(725.2)
Gross Margin (%)	13.6%	1.4%	8.8%	4.1%	-14.9%	8.7%	-14.1%	-14.1%
Sales, YoY Chng. (%)	n/a	-1.4%	8.1%	17.7%	-37.9%	79.7%	-5.5%	-5.5%
Cost Sales, YoY Chng. (%)	n/a	12.4%	0.0%	23.9%	-25.6%	42.8%	18.0%	18.0%
SG&A	(363.9)	(290.9)	(311.8)	(331.8)	(239.7)	(264.8)	(314.6)	(314.6)
SG&A / Sales (%)	9.3%	7.6%	7.5%	6.8%	7.9%	4.9%	6.1%	6.1%
EBITDA	193.9	(129.5)	156.8	6.3	(659.6)	294.0	(959.0)	(959.0)
EBITDA (incl. P/L of JVs)	217.6	(27.6)	201.4	50.3	(626.5)	325.8	(919.3)	(919.3)
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	(37.8)	(43.2)	(41.6)	(40.5)	(42.4)	(76.2)	(83.1)	(83.1)
EBIT	156.1	(172.7)	115.2	(34.2)	(702.0)	217.7	(1,042.1)	(1,042.1)
EBIT (incl. P/L of JVs)	179.8	(70.8)	159.9	9.9	(668.9)	249.6	(1,002.4)	(1,002.4)
Profit/(Loss) Associates/JVs	23.7	101.9	44.7	44.1	33.1	31.9	39.7	39.7
Net Financial Expense	(13.0)	(7.3)	(5.9)	(21.9)	(25.8)	(31.8)	(38.1)	(38.1)
Pre-Tax Income	166.8	(78.1)	154.0	(12.0)	(694.7)	217.8	(1,040.5)	(1,040.5)
Tax Rate (%)	12.9%	n/a	21.0%	n/a	n/a	16.7%	n/a	n/a
Income (Tax)/Benefit	(21.5)	8.0	(32.3)	(18.3)	41.3	(36.3)	81.0	81.0
Net Income, Continuing Ops.	145.3	(70.1)	121.7	(30.3)	(653.4)	181.5	(959.5)	(959.5)
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	0.0	(280.0)	(280.0)
Net Income/(Loss)	145.3	(70.1)	121.7	(30.3)	(653.4)	181.5	(1,239.5)	(1,239.5)
Net Inc./ (Loss) to Min. Int.	13.6	(11.3)	5.4	8.9	3.0	10.7	10.3	10.3
Net Inc./ (Loss) to Equity	131.7	(58.8)	116.3	(39.2)	(656.4)	170.8	(1,249.8)	(1,249.8)
Net Margin (%)	3.7%	-1.8%	2.9%	-0.6%	-21.5%	3.3%	-24.1%	-24.1%
Net Margin to Equity (%)	3.4%	-1.5%	2.8%	-0.8%	-21.6%	3.1%	-24.3%	-24.3%
Shares Outstanding, Year End	735.8	735.8	735.8	769.5	1,498.2	2,029.3	2,850.9	8,718.8
Price, Year End (CLP)	820.11	714.70	1,087.00	415.00	370.18	581.93	102.23	102.23
Market Cap (CLP)	603,473	525,908	799,863	319,350	554,598	1,180,887	291,443	891,325
Fx Rate (CLP/USD)	512.00	532.35	497.79	642.25	507.63	467.95	519.55	519.55
Price, Year End (USD)	1.60	1.34	2.18	0.65	0.73	1.24	0.20	0.20
Market Cap (USD)	1,179	988	1,607	497	1,093	2,524	561	1,716
Current CSAV & SAAM Combined Market Cap (USD)	-	-	-	-	-	-	-	2,155

Source: Company Reports

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On a segmental basis, it is quite obvious that SAAM's vessel and cargo services business is significantly more stable than CSAV's transport business. Whereas the transport business has exhibited rather wild swings in profitability—or lack thereof—the services business has exhibited margins that appear quite stable irrespective of broader macroeconomic conditions.<sup>13</sup> Also of note is that SAAM's operations have been confined entirely to the Americas.

Segment Financial Information	Cargo Transport (CSAV)			Vessel/Cargo Services (SAAM)			Total		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
<b>Income Statement (USD)</b>									
Sales	2,773.0	5,110.0	4,790.7	260.7	342.3	361.3	3,033.7	5,452.3	5,151.9
Cost of Sales	(3,298.5)	(4,727.0)	(5,608.8)	(188.3)	(252.6)	(268.4)	(3,486.8)	(4,979.7)	(5,877.2)
Gross Income	(525.4)	382.9	(818.1)	72.4	89.7	92.8	(453.0)	472.6	(725.2)
Gross Margin (%)	-18.9%	7.5%	-17.1%	27.8%	26.2%	25.7%	-14.9%	8.7%	-14.1%
Sales, YoY Chng. (%)	n/a	84.3%	-6.2%	n/a	31.3%	5.5%	n/a	79.7%	-5.5%
Cost Sales, YoY Chng. (%)	n/a	43.3%	18.7%	n/a	34.2%	6.2%	n/a	42.8%	18.0%
SG&A	(204.0)	(219.1)	(270.6)	(35.8)	(45.7)	(44.1)	(239.7)	(264.8)	(314.6)
SG&A / Sales (%)	7.4%	4.3%	5.6%	13.7%	13.4%	12.2%	7.9%	4.9%	6.1%
EBITDA	(722.2)	214.4	n/a	62.6	79.5	n/a	(659.6)	294.0	(959.0)
EBITDA (incl. P/L of JVs)	(708.1)	223.3	n/a	81.6	102.5	n/a	(626.5)	325.8	(919.3)
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	(19.4)	(40.2)	not avail.	(23.0)	(36.0)	not avail.	(42.4)	(76.2)	(83.1)
EBIT	(741.6)	174.2	(1,087.3)	39.6	43.5	45.2	(702.0)	217.7	(1,042.1)
EBIT (incl. P/L of JVs)	(727.5)	183.1	(1,073.3)	58.6	66.5	70.9	(668.9)	249.6	(1,002.4)
Profit/(Loss) Associates/JVs	14.1	8.9	14.0	19.0	23.0	25.7	33.1	31.9	39.7
Net Financial Expense	(25.2)	(31.7)	(36.2)	(0.5)	(0.1)	(2.0)	(25.8)	(31.8)	(38.1)
Pre-Tax Income	(752.7)	151.4	(1,109.5)	58.0	66.4	68.9	(694.7)	217.8	(1,040.5)
Tax Rate (%)	n/a	17.0%	n/a	22.7%	16.0%	20.5%	n/a	16.7%	n/a
Income (Tax)/Benefit	54.4	(25.7)	95.1	(13.2)	(10.6)	(14.1)	41.3	(36.3)	81.0
Net Income, Continuing Ops.	(698.3)	125.7	(1,014.3)	44.9	55.8	54.8	(653.4)	181.5	(959.5)
Net Income, Discontinued Ops.	0.0	0.0	(280.0)	0.0	0.0	0.0	0.0	0.0	(280.0)
Net Income/(Loss)	(698.3)	125.7	(1,294.3)	44.9	55.8	54.8	(653.4)	181.5	(1,239.5)
Net Inc./ (Loss) to Min. Int.	0.2	6.8	6.8	2.8	3.9	3.5	3.0	10.7	10.3
Net Inc./ (Loss) to Equity	(698.5)	118.9	(1,301.0)	42.1	51.9	51.3	(656.4)	170.8	(1,249.8)
Net Margin (%)	-25.2%	2.5%	-27.0%	17.2%	16.3%	15.2%	-21.5%	3.3%	-24.1%
Net Margin to Equity (%)	-25.2%	2.3%	-27.2%	16.1%	15.2%	14.2%	-21.6%	3.1%	-24.3%

Source: Company Reports

Segment Financial Information	Cargo Transport (CSAV)			Vessel/Cargo Services (SAAM)			Total		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
<b>Revenue By Geography (USD)</b>									
Asia	986.8	2,939.0	2,410.3	0.0	0.0	0.0	986.8	2,939.0	2,410.3
Europe	250.8	474.5	482.1	0.0	0.0	0.0	250.8	474.5	482.1
Americas	1,347.7	1,608.3	1,762.6	260.7	342.3	361.3	1,608.4	1,950.6	2,123.9
Africa	187.7	88.1	135.7	0.0	0.0	0.0	187.7	88.1	135.7
Total	2,773.0	5,110.0	4,790.7	260.7	342.3	361.3	3,033.7	5,452.3	5,151.9

Source: Company Reports

Segment Financial Information	Cargo Transport (CSAV)				Vessel/Cargo Services (SAAM)			Total			
	2009	2010	2011	2011 Adj.	2009	2010	2011	2009	2010	2011	2011 Adj.
<b>Balance Sheet (USD)</b>											
Assets	1,413.1	2,375.1	2,307.6	3,507.6	545.7	699.7	711.6	1,958.8	3,074.8	3,019.3	4,219.3
Assets of associated companies	71.3	9.1	14.0	14.0	141.5	134.3	146.2	212.8	143.4	160.2	160.2
Total Assets	1,484.4	2,384.1	2,321.6	3,521.6	687.2	834.0	857.9	2,171.6	3,218.2	3,179.5	4,379.5
Total Liabilities	1,336.6	1,564.5	2,296.4	2,296.4	184.6	266.1	278.8	1,521.3	1,830.7	2,575.2	2,575.2
Total Equity	147.7	819.6	25.2	1,225.2	502.6	567.9	579.1	650.3	1,387.5	604.3	1,804.3
Assets/Equity	10.0	2.9	92.0	2.9	1.4	1.5	1.5	3.3	2.3	5.3	2.4

Source: Company Reports

<sup>13</sup> Additional financial history can be found at the subsidiary level in Appendix A of this report.

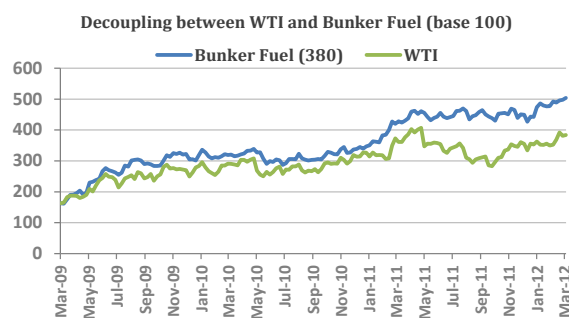
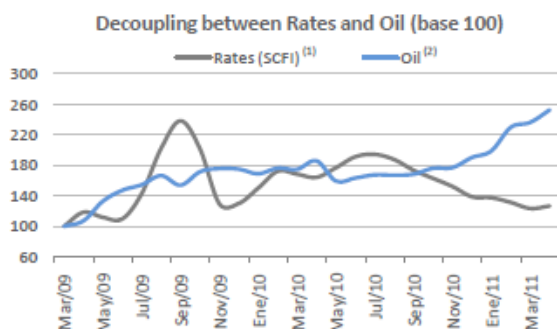
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With respect to the highly variable net margins of CSAV's transport business, one might find it instructive to view such results relative to other industry operators. For comparison purposes the 2010 and 2011 results of shipping industry leader A.P. Moeller-Maersk's liner segment are provided below. Note that the net margin shown below for CSAV is for the transport segment only and excludes the results of SAAM.

<u>Maersk Liner (USD, millions)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue	18,288	24,022	25,108
EBITDA	(347)	4,507	1,009
EBIT	(1,977)	2,820	(483)
Pre-Tax Income/(Loss)	(2,025)	2,804	(532)
Net Income/(Loss)	(2,137)	2,598	(602)
<b>Net Margin (%)</b>	<b>-11.7%</b>	<b>10.8%</b>	<b>-2.4%</b>
Net Margin (%) CSAV Transport	-25.2%	2.5%	-27.0%
<u>Maersk Liner</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Transported Volume (FFE)	6.9	7.3	8.1
YoY Change (%): Volume	n/a	5.8%	11.0%
Average Rate (USD/FFE)	2,370	3,064	2,828
<b>YoY Change (%): Rate</b>	<b>n/a</b>	<b>29.3%</b>	<b>-7.7%</b>
Average Fuel Price (USD/tonne)	342	458	620
<b>YoY Change (%): Fuel Price</b>	<b>n/a</b>	<b>33.9%</b>	<b>35.4%</b>

Source: A.P. Moeller-Maersk

Generally speaking, the recent poor performance of the shipping industry has largely been the product of lower freight rates—especially for the Asia-Europe routes—and higher bunker fuel prices (see left chart below; that which is labeled as oil refers to fuel oil or bunker fuel).<sup>14, 15</sup> Interestingly, not only have bunker fuel prices experienced a decoupling from freight rates but from the price of oil as well (see right chart below; the oil price in this case is West Texas Intermediate).



<sup>14</sup> The freight rate index used herein is the Shanghai Containerized Freight Index (SCFI), which can be found on Bloomberg as SHSPSCFI Index and here: <http://en.sse.net.cn/indices/scfi.jsp>. The SCFI reflects the spot rates of Shanghai export container transport market and includes 15 individual shipping routes. The routes cover all major regions of trade flow and export containers from Shanghai, namely Europe, Mediterranean Sea, US west coast, US east coast, Persian Gulf, Australia/New Zealand, West Africa, South Africa, South America, West Japan, East Japan, Southeast Asia, Korea, Taiwan and Hong Kong.

<sup>15</sup> The oil price used herein is the 380 centistoke bunker fuel spot price at Rotterdam (centistoke is the unit of measurement used for viscosity). The price as of March 12, 2012 was US\$710.50 per metric tonne. Rotterdam 380 centistoke bunker fuel can be found on Bloomberg as BUNKRD38 Index.

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# THE GLOBAL SPIN-OFF REPORT

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The recent decoupling of freight rates and bunker fuel prices is the result of increasing competition marked by a significant increase in industry capacity. Such increases in competition have led to a greater proclivity for the issuance of shorter-term shipping contracts—that is, contracts that are valid for one month or less. These contracts are often based on all-in freight rates with no bunker fuel adjustment factor (BAF), precluding the ability to pass on increasing bunker fuel prices in the form of higher freight rates.

Notably, as of March 8, 2012, the estimated global order book stood at 461 ships and nearly 3.6 million TEUs. Relative to the current fleet of 4,802 ships and 15.2 million TEUs, this represents nearly 10 percent of the current fleet and, more importantly, 24 percent of current container capacity. In the absence of renewed sources of demand (e.g., Chinese iron ore trade, Chinese agricultural trade, etc.), such increases in capacity will continue to prevent operators from passing on rising bunker fuel prices through higher freight rates. A.P. Moeller-Maersk describes the current situation as follows:

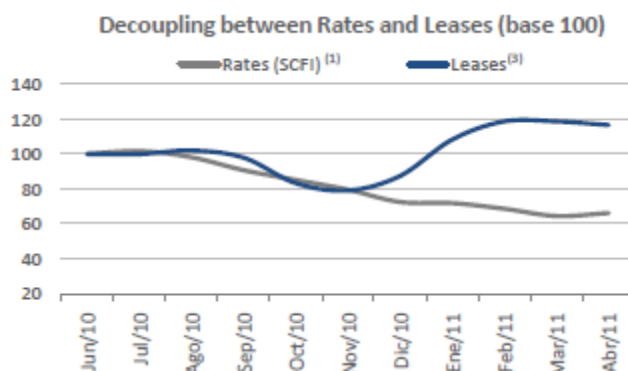
*“In 2011, the market grew by 7% compared to [14% in] 2010 (Drewry). The growth slowed down in second half of 2011 and in Q4 the market only grew by 5% compared to Q4 2010 (Drewry). In general, container imports to Europe and USA softened with no ordinary peak in demand during Q3. Growth for the Asia–Europe trades was 4%, while volumes on the Transpacific trades were unchanged. Competition was intense during 2011 as many carriers took delivery of new tonnage especially during Q2 and Q3. A large number of +10,000 TEU vessels were delivered and employed on the Asia–Europe trades resulting in redeployment of smaller vessels to other trades. This had a negative impact on freight rates especially on the Asia–Europe trades where rates declined to unsustainable levels. In Q4, the spot rates on the Asia–Europe trades reached an unprecedented level below USD 500 per TEU, significantly below the operating costs of most carriers. Despite rate pressure, only limited tonnage was laid-up. However, during Q4 several carriers announced lay-ups and suspension of strings. During 2011, 239 container vessels with a combined capacity of 1.77m TEU were ordered and at year-end the global order book was 4.3m TEU, equivalent to 28% of the current fleet (Alphaliner). During 2012, it is expected that 253 container vessels with a combined capacity of 1.47m TEU will be delivered, equivalent to 10% of the current fleet. At the same time, global demand for seaborne containers is expected to increase by 4-6%, with expected lower growth on the Asia–Europe trades and higher growth in the North-South trades . . . Competition remains tough, not least due to excess capacity and fragmentation of the industry. There is continued need for consolidation, reduction of capacity and more stable and sustainable rates. Some operational consolidation was seen at the end of 2011, but Maersk Line maintains its view that more is needed for the industry to deliver sustainable returns to shareholders . . . Maersk Line is taking initiatives to restore freight rates from loss-making levels by adjusting capacity through lay-ups and super slow-steaming to improve the market balance . . .”<sup>16</sup>*

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<sup>16</sup> A.P. Moeller-Maersk A/S 2011 Annual Report.

# THE GLOBAL SPIN-OFF REPORT

Though such conditions have clearly had a negative industry-wide impact, the cumulative effect on CSAV specifically is significantly worsened by the company's strategy of chartering the vast majority of its ships and containers. As highlighted below, in addition to the decoupling of fuel costs and freight rates, there has also been a decoupling of lease rates and freight rates.



As highlighted below, of the company's 75 vessels, only 10 are owned. Similarly, of the estimated 332,127 TEUs in container capacity, only 14.5 percent is owned. By comparison, the average ownership rate of the top 100 container operators is approximately 47 percent. The proceeds from the recent series of capital raises will be used to increase the amount of owned capacity. By taking advantage of a depressed shipping market to reduce dependency on lease rates through an increase of vessel ownership, post-merger CSAV may very well significantly improve net margins independently of prevailing market conditions—that is, conditions associated with the recent decoupling of freight rates and fuel prices.

Top Fleets as of March 8, 2012

Rank	Operator	Own. / Chart.			Total			Owned			Chartered			Orderbook		
		TEUs (%)	TEU	Ships	%	TEU	Ships	%	TEU	Ships	%	TEU	Ships	%	TEU	Ships
1	A.P. Moeller-Maersk A/S (MAERSKA DC)	47.2% / 52.8%	2,564,631	663	13.8%	1,209,290	222	10.8%	1,355,341	441	16.1%	492,954	43	9.3%		
2	Mediterranean Shipping Company (Private)	45.9% / 54.1%	2,197,840	484	10.1%	1,009,297	202	9.8%	1,188,543	282	10.3%	400,436	35	7.6%		
3	CMA CGM S.A. (Private)	37.2% / 62.8%	1,343,031	394	8.2%	499,788	92	4.5%	843,243	302	11.0%	53,214	6	1.3%		
4	China Ocean Shipping Company (Private)	54.7% / 45.3%	637,293	148	3.1%	348,841	96	4.7%	288,452	52	1.9%	244,168	32	6.9%		
5	Hapag-Lloyd (Private)	45.6% / 54.4%	636,987	144	3.0%	290,409	62	3.0%	346,578	82	3.0%	132,000	10	2.2%		
6	APL (Private; Subsid. of NOL SP)	29.7% / 70.3%	608,279	141	2.9%	180,693	43	2.1%	427,586	98	3.6%	280,740	27	5.9%		
7	Evergreen Marine Corp. (2603 TT)	53.2% / 46.8%	608,229	165	3.4%	323,311	86	4.2%	284,918	79	2.9%	308,000	35	7.6%		
8	China Shipping Container Lines (2866 H K)	66.2% / 33.8%	528,281	145	3.0%	349,700	79	3.8%	178,581	66	2.4%	145,748	18	3.9%		
9	Hanjin Shipping Co. Ltd. (117930 KS)	45.0% / 55.0%	491,297	102	2.1%	220,895	37	1.8%	270,402	65	2.4%	243,864	30	6.5%		
10	Mitsui O.S.K. Lines Ltd. (9104 JP)	49.9% / 50.1%	447,889	99	2.1%	223,462	37	1.8%	224,427	62	2.3%	104,015	10	2.2%		
11	Nippon Yusen Kabushiki Kaisha (9101 JP)	75.0% / 25.0%	411,910	103	2.1%	308,892	58	2.8%	103,018	45	1.6%	57,370	5	1.1%		
12	Hamburg Süd Group (Private)	48.8% / 51.2%	402,543	106	2.2%	196,410	41	2.0%	206,133	65	2.4%	198,928	31	6.7%		
13	Orient Overseas International (316 HK)	72.3% / 27.7%	397,706	84	1.7%	287,566	47	2.3%	110,140	37	1.4%	132,576	12	2.6%		
14	Kawasaki Kisen Kaisha Ltd. (9107 JP)	32.8% / 67.2%	346,042	79	1.6%	113,372	21	1.0%	232,670	58	2.1%	36,160	4	0.9%		
15	Yang Ming Marine Transport (2609 T T)	60.1% / 39.9%	338,160	80	1.7%	203,361	47	2.3%	134,799	33	1.2%	89,038	14	3.0%		
16	Cia Sudamericana de Vapores (VAPORES CI)	14.5% / 85.5%	332,127	75	1.6%	48,178	10	0.5%	283,949	65	2.4%	36,000	4	0.9%		
17	Zim Integrated Shipping Services (Private)	49.0% / 51.0%	323,029	91	1.9%	158,129	34	1.6%	164,900	57	2.1%	153,216	13	2.8%		
18	Hyundai Merchant Marine Co. (011200 KS)	31.8% / 68.2%	316,139	63	1.3%	100,646	17	0.8%	215,493	46	1.7%	142,983	14	3.0%		
19	Pacific International Lines (Private)	64.0% / 36.0%	268,984	139	2.9%	172,127	96	4.7%	96,857	43	1.6%	71,030	20	4.3%		
20	United Arab Shipping Company (Private)	61.9% / 38.1%	261,944	54	1.1%	162,024	27	1.3%	99,920	27	1.0%	67,500	5	1.1%		
<b>21-100</b>	<b>Remaining Top 100</b>	<b>42.9% / 57.1%</b>	<b>1,761,642</b>	<b>1,443</b>	<b>30.0%</b>	<b>755,546</b>	<b>708</b>	<b>34.3%</b>	<b>1,006,096</b>	<b>735</b>	<b>26.8%</b>	<b>190,963</b>	<b>93</b>	<b>20.2%</b>		
<b>1 - 100</b>	<b>Total - Top 100</b>	<b>47.0% / 53.0%</b>	<b>15,223,983</b>	<b>4,802</b>	<b>100%</b>	<b>7,161,937</b>	<b>2,062</b>	<b>100%</b>	<b>8,062,046</b>	<b>2,740</b>	<b>100%</b>	<b>3,580,903</b>	<b>461</b>	<b>100%</b>		

Source: Alphaliner

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# THE GLOBAL SPIN-OFF REPORT

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As the result of such industry conditions, the company recently implemented its Shipping Services Restructuring Plan, which is intended to accomplish the following:<sup>17</sup>

- reduce exposure to shipping industry volatility, particularly for routes and services where the company has fewer competitive advantages. *Once completed, the most significant effects of this process will be a reduction in container transport capacity of approximately 50 percent (i.e., from 600,000 TEUs to 300,000 TEUs) and a reduction in the number of vessels in the fleet operated by CSAV of approximately 60 percent compared with the peak figures from 2011.* Over half of the company's transport revenues during 2011 were derived from the Asian trade. As mentioned previously, freight rates along these routes have experienced the most significant competitive pressures;
- increase efficiency by operating larger vessels along each of its routes and services through strategic alliances with industry leading companies. *This new strategic definition has increased the volume of joint operations from close to 30 percent in mid-2011 to nearly 90 percent as of year-end.* Increases in efficiency are also expected to be derived from the company's use new ships that can resort to slow steaming;
- increase the proportion of owned fleet by reducing operating capacity and with support from the vessel investment plan, financed in part with capital increases. *This initiative will enable CSAV to expand its own transport capacity from 7 percent as of year-end 2010—and approximately 13 percent currently—to almost 30 percent by mid-2012 (i.e., approximately 60 total vessels with approximately 17 owned vessels); and,*
- substantially improve the company's organizational structure through the implementation of processes and information systems that improve visibility, increase the degree of responsibility and decentralize the structure, as well as the company's decision-making capacity and ability to integrate with clients. This plan has resulted in the elimination of three hierarchical levels, lay-offs of 520 individuals around the world and boosts to IT projects and processes such as contribution and pricing systems.

To date, a substantial part of the restructuring of vessel services has already been implemented. Importantly, the effects of the restructuring in process began to be seen during the fourth quarter of 2011 (see exhibit below), as the company realized a significant reduction in losses from continuing operations (i.e., by more than 50 percent) in comparison with the third quarter of 2011.

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<sup>17</sup> During the 2009 crisis, the industry overcame the difficult environment by suspending services and laying up vessels. Laid-up vessels reached 12 percent of the world fleet, which helped reduce capacity and balance demand. The current laid-up fleet has begun to increase and reached close to 286 vessels in early January 2011, which represented close to 4.9 percent of global capacity. Containership fleet capacity is estimated to have grown by nearly 7.9 percent in 2011. For the year 2012, it is expected to expand by close to 8 percent. Shipbuilding orders as of January 1, 2012 reached close to 28 percent of current fleet capacity or approximately 4.3 million TEU of total operating capacity. When compared to an order book of 60 percent of total fleet capacity reached in mid-2008, the industry is clearly adjusting to the new environment.



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As made evident in the charts found on the following pages, such improvements in operating performance occurred amidst conditions of greater weakness in the global shipping industry as compared to the third quarter of 2011 (i.e., continued freight rate declines during the fourth quarter amid higher fuel prices).<sup>18, 19</sup>

<i>Segment Financial Information</i>		<i>Cargo Transport (CSAV)</i>										
<u>Income Statement (USD)</u>		<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales		1,036.8	1,277.6	1,518.5	1,277.0	1,434.2	1,342.5	1,312.3	701.6	2,773.0	5,110.0	4,790.7
Cost of Sales		(1,052.8)	(1,149.4)	(1,295.3)	(1,229.5)	(1,582.4)	(1,645.0)	(1,591.2)	(790.1)	(3,298.5)	(4,727.0)	(5,608.8)
Gross Income		(16.0)	128.2	223.2	47.5	(148.2)	(302.4)	(278.9)	(88.5)	(525.4)	382.9	(818.1)
Gross Margin (%)		-1.5%	10.0%	14.7%	3.7%	-10.3%	-22.5%	-21.3%	-12.6%	-18.9%	7.5%	-17.1%
Sales, YoY Chng. (%)		n/a	23.2%	18.9%	-15.9%	12.3%	-6.4%	-2.3%	-46.5%	n/a	84.3%	-6.2%
Cost Sales, YoY Chng. (%)		n/a	9.2%	12.7%	-5.1%	28.7%	4.0%	-3.3%	-50.3%	n/a	43.3%	18.7%
SG&A		(41.8)	(55.4)	(59.2)	(62.7)	(63.6)	(66.8)	(71.7)	(68.5)	(204.0)	(219.1)	(270.6)
SG&A / Sales (%)		4.0%	4.3%	3.9%	4.9%	4.4%	5.0%	5.5%	9.8%	7.4%	4.3%	5.6%
EBITDA		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(722.2)	214.4	n/a
EBITDA (incl. P/L of JVs)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(708.1)	223.3	n/a
Operating Lease Payments		not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A		not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	(19.4)	(40.2)	not avail.
EBIT		(58.6)	83.6	161.5	(12.3)	(208.4)	(377.2)	(342.4)	(159.3)	(741.6)	174.2	(1,087.3)
EBIT (incl. P/L of JVs)		(55.5)	83.2	162.6	(7.2)	(207.7)	(372.3)	(337.3)	(156.0)	(727.5)	183.1	(1,073.3)
Profit/(Loss) Associates/JVs		3.1	(0.5)	1.0	5.2	0.7	4.9	5.1	3.4	14.1	8.9	14.0
Net Financial Expense		(5.2)	(8.1)	(10.0)	(8.3)	(6.7)	(8.1)	(7.5)	(13.9)	(25.2)	(31.7)	(36.2)
Pre-Tax Income		(60.7)	75.0	152.5	(15.5)	(214.4)	(380.4)	(344.8)	(169.9)	(752.7)	151.4	(1,109.5)
Tax Rate (%)		n/a	12.3%	10.2%	n/a	n/a	n/a	n/a	n/a	n/a	17.0%	n/a
Income (Tax)/Benefit		2.0	(9.2)	(15.5)	(3.0)	17.8	35.3	31.9	10.2	54.4	(25.7)	95.1
Net Income, Continuing Ops.		(58.7)	65.8	137.0	(18.5)	(196.6)	(345.1)	(312.9)	(159.7)	(698.3)	125.7	(1,014.3)
Net Income, Discontinued Ops.		0.0	0.0	0.0	0.0	0.0	(5.7)	(39.5)	(234.7)	0.0	0.0	(280.0)
Net Income/(Loss)		(58.7)	65.8	137.0	(18.5)	(196.6)	(350.8)	(352.4)	(394.4)	(698.3)	125.7	(1,294.3)
Net Inc./ (Loss) to Min. Int.		2.1	2.8	1.0	0.9	3.1	1.0	1.6	1.1	0.2	6.8	6.8
Net Inc./ (Loss) to Equity		(60.8)	63.1	136.0	(19.4)	(199.7)	(351.8)	(354.1)	(395.5)	(698.5)	118.9	(1,301.0)
Net Margin (%)		-5.7%	5.2%	9.0%	-1.4%	-13.7%	-26.1%	-26.9%	-56.2%	-25.2%	2.5%	-27.0%
Net Margin to Equity (%)		-5.9%	4.9%	9.0%	-1.5%	-13.9%	-26.2%	-27.0%	-56.4%	-25.2%	2.3%	-27.2%

Source: Company Reports

<i>Segment Financial Information</i>		<i>Cargo Transport (CSAV)</i>										
<u>Revenue By Geography (USD)</u>		<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Asia		500.1	764.9	1,049.6	624.4	688.6	558.9	744.4	418.4	986.8	2,939.0	2,410.3
Europe		83.0	110.9	28.8	251.8	163.0	154.1	153.2	11.8	250.8	474.5	482.1
Americas		435.2	390.8	414.9	367.4	556.0	600.3	368.9	237.5	1,347.7	1,608.3	1,762.6
<u>Africa</u>		<u>18.5</u>	<u>16.0</u>	<u>25.2</u>	<u>28.3</u>	<u>26.7</u>	<u>29.3</u>	<u>45.8</u>	<u>33.9</u>	<u>187.7</u>	<u>88.1</u>	<u>135.7</u>
Total		1,036.8	1,282.7	1,518.5	1,271.9	1,434.2	1,342.5	1,312.3	701.6	2,773.0	5,110.0	4,790.7

Source: Company Reports

<sup>18</sup> From September 30, 2011 through December 23, 2011, freight rates (i.e., SCFI) declined by 12.02 percent—that is, for most of the fourth quarter. From December 23, 2011 through December 31, 2011, freight rates increased by 10.62 percent. With respect to fuel prices, after having increased by 24.26 percent in the first quarter of 2011, fuel prices traded within a band of US\$600 and US\$650 per tonne for the remainder of the year. In other words, freight rate fell significantly, while fuel prices remained high during the fourth quarter of 2011.

<sup>19</sup> Quarterly financial information on a consolidated basis and for the vessel and cargo services segment (i.e., SAAM) can be found in Appendix A of this report.

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With respect to the potential impact of rising bunker fuel prices on the results of CSAV, one may wish to consider the following:<sup>20</sup>

Assuming volumes similar to the fourth quarter of 2011, an increase in fuel prices of US\$10 per tonne would have a negative impact of US\$5 million on the company's quarterly results, *ceteris paribus*.<sup>21</sup> Recalling that during the fourth quarter much of the restructuring plan was accomplished, this seems to be a fair proxy for subsequent quarters.

During the fourth quarter of 2011, 380 centistoke bunker fuel—the price history of which is shown in the chart below—realized an average price of US\$635.53 per tonne. However, from December 31, 2011 through March 15, 2012, the price has increased from US\$628.00 per tonne at year end to US\$724.00 per tonne, averaging US\$689.66 for the period.



Assuming a continuation of the company's inability to pass on increases in the cost of bunker fuel to its customers (i.e., the average BAF applied is zero percent) and a bunker fuel price of US\$724.00 per tonne that persists for the remainder of the year, the approximate negative impact on the operations of CSAV—again, *ceteris paribus*—would be on the order of US\$48 million per quarter, or US\$192 million per year.<sup>22</sup> Relative to the transportation segment's fourth quarter after-tax income of *negative* US\$159.7 million, this would represent a 30 percent increase in after-tax losses over the previous quarter. Clearly, then, in the absence of a moderation in the price of bunker fuel and a recovery in freight rates, CSAV is likely to continue to struggle.

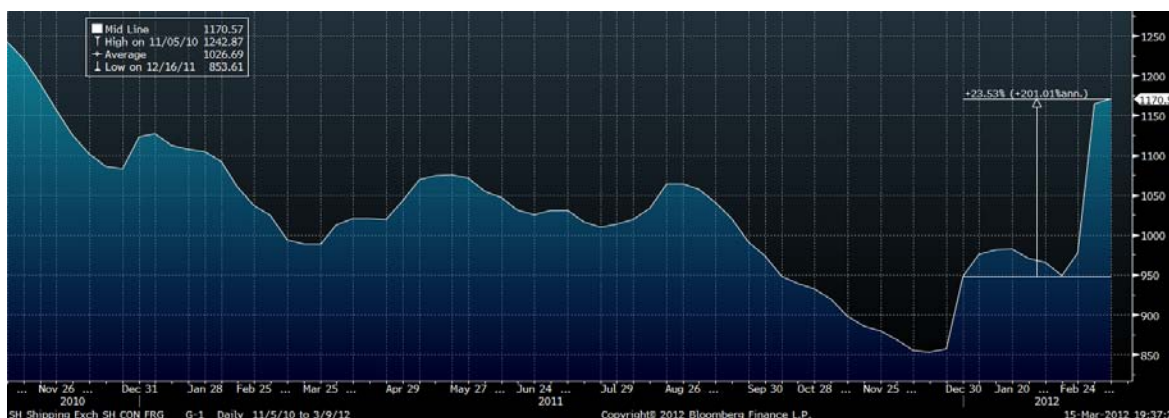
<sup>20</sup> While the company provides information regarding the sensitivity of its results to changes in bunker fuel prices, it does not do that same for changes in lease rates or freights rates. Since the primary component of the company's restructuring program is a significant reduction in the leased fleet, the effect of lease rates is rather important to understand. As well, while one can quantify the significance of the decoupling of freight rates from fuel prices assuming constant freight rates, as made evident on the following page, freight rates are anything but constant, rising 23.5 percent in the first few months of this year. The sensitivity to fuel prices is disclosed on page 50 of the company's 2011 annual results. Importantly, they refer to CSAV prior to the demerger of SAAM. Though such figures may vary well following the demerger of SAAM, bunker fuel prices relate primarily to the company's transport operations. Therefore, it strikes us as a reasonable proxy.

<sup>21</sup> It is unclear if this refers to pre-tax or after-tax results. We have assumed after-tax.

<sup>22</sup> Computed as:  $US\$724.00 - US\$628.00 = US\$96.00 / 10 = 9.6 \times US\$5 \text{ mm} = US\$48 \text{ mm}$  per quarter.

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Notably, however, while the price of bunker fuel has increased by US\$96 per tonne (i.e., 15.2 percent) since year end, freight rates—as measured by the Shanghai Containerized Freight Index (see chart below)—have increased as well, rising by more than 23.5 percent, with the index now at a level higher than at any time during 2011. Though clearly beneficial in offsetting recent increases in fuel prices, the degree to which this is so is uncertain since the company does not release information on its sensitivity to such factors.



While the full impact of the company’s recent restructuring is difficult to quantify with a great degree of precision—specifically as it relates to the impact of the significant reduction in the chartered fleet—and without knowing the timing and manner in which the decoupling of fuel prices, freight rates, and lease rates will reverse itself, one might find the following, more general observations instructive:

- During 2010—a year in which the historical alignment of fuel price, freight rates, and lease rates held—the net margin for the transport operations was approximately 2.5 percent. Keeping in mind that at this point the shipping environment was still in a very depressed state and the company’s chartered fleet still amounted to approximately 85 percent of total fleet capacity (i.e., one of the highest charter rates in the industry), the use of 2.5 percent margins is undoubtedly quite conservative. By comparison, during 2010, A.P. Moeller-Maersk operated at margins of 10.8 percent, with the more similarly sized operator Yang Ming Marine Transport (2609 TT; 338,160 TEUs) realizing margins of 10.5 percent;<sup>23</sup>
- Though the decline in volumes resulting from the restructuring process has yet to fully materialize, the most substantial components of this process were accomplished during the fourth quarter of 2011 (e.g., fleet reduction). Given the still very depressed state of the industry, fourth quarter sales of approximately US\$700 million strikes us as a reasonable basis for determining the approximate magnitude of near-term annual sales;
- With potential full year sales of US\$2,800 operating at 2.5 percent net margins, the company has the potential to earn at least US\$70 million. If capitalized at 12 times (the

<sup>23</sup> Note that Yang Ming Marine Transport has a charter rate of only 40 percent (i.e., very low).

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average Chilean company is currently capitalized at approximately 14.5 times), a fair value market capitalization would be US\$840 million (CLP 46.85 per share), approximately equal to the initial post-demerger trading price of CLP 45.00 per share.

- At higher margins of 3.5 percent—still significantly below those achieved by other operators—net income would amount to US\$98 million and a market capitalization of US\$1,176 million (CLP 65.59 per share). Though margins of shipping businesses are undoubtedly quite variable, it is quite common for similarly sized companies to operate with margins of closer to 5.0 percent. For example, Kawasaki Kisen Kaisha Ltd. (9107 JP)—with capacity of 346,042 TEUs and a charter rate of approximately 33 percent—realized average profit margins of 5.3 percent from 2004-2007.<sup>24</sup> And though companies with such margins typically operate with fleets that are approximately 30 to 50 percent owned, CSAV's new management and board have made it clear that they are intent on moving the business in such a direction. At 5.0 percent net margins—and not having allowed for any growth in revenues—the company would earn US\$140 million, able to support a market capitalization of US\$1,680 million (CLP 93.70 per share).<sup>25</sup>

As the newly recapitalized company transitions away from its charter-based business model, the potential for increasing profitability through a combination of revenue growth and margin improvement is significant. And though it is difficult to establish precisely what margins will ultimately be, the price at which the company currently trades suggests little in the way of improving profitability. This is unlikely given the cyclically depressed state of the industry and the evolving business model of CSAV.

Shares of CSAV currently provide one with what we deem to be an ample margin of safety in a significantly undervalued company with an improving business model now being run by able owner operators (i.e., Luksic family) and in an industry ultimately poised for a cyclical recovery. Therefore, the post-demerger shares of Compañía Sud Americana de Vapores S.A. are recommended for purchase.<sup>26, 27</sup>

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<sup>24</sup> Kawasaki Kisen Kaisha's fiscal year ends in March, so this refers to fiscal 2005 through fiscal 2008.

<sup>25</sup> Alternatively, in order to arrive at an estimate of potential net income, one might also wish to look at competitor gross income, EBITDA and/or operating income per twenty-foot equivalent unit (TEU), accounting for operating and financing cost, as the case may be, as they relate specifically to CSAV.

<sup>26</sup> Though still imbued with a meaningful degree of leverage—especially as compared to SAAM—as a result of the recapitalization, CSAV is now much more conservatively financed. See financial statements presented previously and Appendix A for more information on the company's compliance with various financial covenants. The company is not in compliance with one covenant; however, there is a 24-month cure period.

<sup>27</sup> Since no circular has been published, the company has not provided formal pro forma financials for either CSAV or SAAM. The most recent information can be found in the [CSAV Capital Increase Road Show Presentation](#), yet this only provides information through 2010. Balance sheet information on a segmental basis can be found in the annual report, but only at the level of total assets and total liabilities, as presented previously in this report. In relying on the segmental operating history for valuation purposes, we have assumed that the capital structure used by the company to derive the segmental results holds post-demerger.

# THE GLOBAL SPIN-OFF REPORT

## *Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SM-SAAM)*

The valuation of SAAM—relative to that of CSAV—is simplified considerably by the fact that the segment’s historical results have been quite stable, even during the most recent tumult, as summarized in the tables below.<sup>28</sup>

Operating Summary	2004	2005	2006	2007	2008	2009	2010	2011
Revenue	n/a	n/a	n/a	n/a	n/a	261	342	361
EBITDA	45	54	60	95	96	82	103	n/a
Net Income	28	35	40	69	66	42	52	51
EBITDA Margin (%)	n/a	n/a	n/a	n/a	n/a	31.3%	29.9%	n/a
Net Inc. Margin (%)	n/a	n/a	n/a	n/a	n/a	16.1%	15.2%	14.2%

Source: Company Reports

### Segment Financial Information

Income Statement (USD)	Vessel/Cargo Services (SAAM)										
	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3 '11	Q4 '11	2009	2010	2011
Sales	75.0	88.3	95.7	83.3	88.3	84.6	88.7	99.7	260.7	342.3	361.3
Cost of Sales	(43.8)	(74.8)	(74.4)	(59.7)	(66.7)	(66.6)	(66.1)	(69.1)	(188.3)	(252.6)	(268.4)
Gross Income	31.3	13.6	21.3	23.5	21.6	18.0	22.7	30.6	72.4	89.7	92.8
Gross Margin (%)	41.7%	15.4%	22.3%	28.2%	24.4%	21.3%	25.5%	30.7%	27.8%	26.2%	25.7%
Sales, YoY Chng. (%)	n/a	17.7%	8.3%	-13.0%	6.1%	-4.2%	4.9%	12.3%	n/a	n/a	5.5%
Cost Sales, YoY Chng. (%)	n/a	70.8%	-0.5%	-19.7%	11.7%	-0.3%	-0.8%	4.6%	n/a	n/a	6.2%
SG&A	(8.7)	(10.3)	(11.9)	(14.8)	(9.2)	(8.9)	(10.4)	(15.5)	(35.8)	(45.7)	(44.1)
SG&A / Sales (%)	11.6%	11.6%	12.5%	17.8%	10.4%	10.6%	11.7%	15.6%	13.7%	13.4%	12.2%
EBITDA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	62.6	79.5	n/a
EBITDA (incl. P/L of JVs)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	81.6	102.5	n/a
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	(23.0)	(36.0)	not avail.
EBIT	21.9	2.8	10.2	8.6	13.4	10.4	8.2	13.2	39.6	43.5	45.2
EBIT (incl. P/L of JVs)	25.3	9.8	16.6	14.7	18.9	17.3	15.3	19.3	58.6	66.5	70.9
Profit/(Loss) Associates/JVs	3.4	7.1	6.5	6.1	5.6	6.9	7.1	6.1	19.0	23.0	25.7
Net Financial Expense	(0.1)	(0.2)	0.5	(0.2)	(0.7)	(0.9)	(0.4)	0.0	(0.5)	(0.1)	(2.0)
Pre-Tax Income	25.2	9.7	17.1	14.5	18.3	16.3	14.9	19.4	58.0	66.4	68.9
Tax Rate (%)	9.8%	28.1%	13.2%	21.8%	19.9%	16.3%	18.9%	25.8%	22.7%	16.0%	20.5%
Income (Tax)/Benefit	(2.5)	(2.7)	(2.3)	(3.2)	(3.6)	(2.7)	(2.8)	(5.0)	(13.2)	(10.6)	(14.1)
Net Income, Continuing Ops.	22.7	6.9	14.9	11.3	14.6	13.7	12.1	14.4	44.9	55.8	54.8
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income/(Loss)	22.7	6.9	14.9	11.3	14.6	13.7	12.1	14.4	44.9	55.8	54.8
Net Inc./.(Loss) to Min. Int.	0.4	1.2	1.4	0.9	1.3	0.7	0.9	0.7	2.8	3.9	3.5
Net Inc./.(Loss) to Equity	22.4	5.7	13.5	10.4	13.3	13.0	11.2	13.7	42.1	51.9	51.3
Net Margin (%)	30.3%	7.9%	15.5%	13.6%	16.6%	16.2%	13.7%	14.4%	17.2%	16.3%	15.2%
Net Margin to Equity (%)	29.8%	6.5%	14.1%	12.4%	15.1%	15.4%	12.7%	13.7%	16.1%	15.2%	14.2%

Source: Company Reports

### Segment Financial Information

Revenue By Geography (USD)	Vessel/Cargo Services (SAAM)										
	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3 '11	Q4 '11	2009	2010	2011
Asia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Americas	75.0	83.2	95.7	88.4	88.3	84.6	88.7	99.7	260.7	342.3	361.3
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	75.0	83.2	95.7	88.4	88.3	84.6	88.7	99.7	260.7	342.3	361.3

Source: Company Reports

<sup>28</sup> The company has not provided cash flow statements by segment, thus no depreciation figure for 2011. Figures above are taken primarily from the CSAV Capital Increase Road Show Presentation from June 2011. Results for 2007 and 2008 affected non-operating income. As well, since no circular has been published, the company has not provided pro forma financials for either CSAV or SAAM. The most recent information can be found in the CSAV Capital Increase Road Show Presentation, yet this only provides information through 2010. Balance sheet information on a segmental basis can be found in the annual report, but only at the level of total assets and total liabilities, as presented previously in this report. In relying on the segmental operating history for valuation purposes, we have assumed that the capital structure used by the company to derive the segmental results holds post-demerger. The subsequent analysis relies primarily on the 2010 results.

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# THE GLOBAL SPIN-OFF REPORT

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SAAM's operations are comprised of tugboats, logistics, and port services, with each division contributing 28 percent, 40 percent, and 32 percent of 2010 revenues, respectively.

At the current price of CLP 65.45 per share and with approximately 9,737 million shares outstanding, SAAM equity is currently capitalized at approximately CLP 637,273 million, or US\$1,311 million. Relative to 2011 net income of US\$51 million, this represents a multiple of 25.6 times, not suggestive of an undervalued opportunity. At year-end 2010, SAAM's total debt and cash amounted to US\$155 million and US\$95 million, respectively, or net debt of US\$60 million. Relative to 2010 EBITDA of approximately US\$103 million, the company's enterprise value of US\$1,371 million represents a multiple of 13.4 times, again, not suggestive of an undervalued opportunity.

Notably, on November 10, 2011, CSAV announced that SAAM had entered into discussions with the publicly-traded, Dutch company Royal Boskalis Westminster N.V. (Boskalis), with the intention of exploring the possible combination of the tug boat operations of its subsidiary SMIT with those of SAAM. On December 2, 2012, the materiality of such discussions was reaffirmed when SAAM signed a memorandum of understanding with SMIT to continue negotiations regarding the proposed combination.

SMIT Internationale was acquired by Boskalis in May 2010 and is the world's second largest tug boat operator. SAAM is currently the largest tug boat operator in the Americas and the fourth largest in the world. Both parties have agreed to value SAAM's tug boat business at US\$520 million compared to US\$470 million for SMIT. The combined operations would generate annual revenue in excess of US\$270 million and would serve 45 ports in 9 countries with a fleet of more than 170 vessels.<sup>29</sup>

As outlined in SMIT Internationale's 2009 Annual Report, the company's strategy is as follows:

*"SMIT's markets are constantly changing and are increasingly controlled at the global level. This globalisation is forcing the many smaller businesses (most of which are family-owned) in this industry to attempt numerous measures, such as fleet renewal, expansion, and alterations to procedures. This will be very difficult or even impossible for many of them. We expect that the maritime market in general and the towage market in particular will undergo further consolidation. The current economic crisis will accelerate this process. SMIT is responding to this situation by proactively seeking out value-adding acquisitions and expansions in new ports. We focus mainly on growth markets, such as Latin America, Eastern Europe and the Far East."*

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<sup>29</sup> In order to calculate the implied pricing of the remainder of the company (i.e., logistics and port services), one needs to know the relative EBITDA, operating, and/or profit margins, which have not been provided by the company. Should we obtain further transparency regarding the operating characteristics of SAAM's various operating segments, the analysis provided herein will be updated.

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Similarly, according to A.P. Moeller-Maersk:

*“The [company] is investing in terminals and infrastructure to ease the increasing pressure on transport gateways . . . Many growth markets, like Nigeria, currently lack the container terminal capacity to handle increased cargo volumes . . . Governments seek to solve this problem by, among other things, privatising ports and offering land for new terminals, something [A.P. Moeller-Maersk’s terminal business] benefits from.”*

As presented below, the cost of vessels, fuel, and terminal services typically account for approximately 75 percent of Maersk’s total costs.

<u>Maersk Shipping Costs</u>	<u>2010</u>	<u>2011</u>
Vessel Costs	24%	26%
Bunker Fuel	21%	26%
Terminal Costs	25%	24%
Inland Transportation	15%	12%
Admin. & Other Costs	11%	8%
<u>Containers &amp; Other Equip.</u>	<u>4%</u>	<u>4%</u>
Total	100%	100%

Source: A.P. Moeller-Maersk, 2011 Annual Report

Though such figures are not available for CSAV, according to Maersk, in 2011 the company’s total unit cost increased by nine percent compared to 2010, whereas unit cost excluding bunker fuel costs increased by only two percent. Notably, the two percent increase was primarily due to *higher terminal and port expenses, specifically in growth markets such as South America and Africa*. During 2011, Maersk started taking delivery of container vessels specially fitted for Africa and South America. The focus on such markets is the consequence of higher volume growth rates relative to more mature markets, combined with the greater stability of rates, as illustrated below.

<u>Shipping Market</u>	<u>Rate Chng. (2011/2010)</u>	<u>Volume Gr. (2011/2010)</u>	<u>Maersk Volume Distribution (2011)</u>	<u>Maersk Volume Distribution (2010)</u>
Asia-Europe	-19%	16%	39%	38%
Africa	-2%	19%	16%	15%
Transpacific	-7%	2%	12%	13%
Latin America	-7%	17%	14%	13%
Transatlantic	2%	0%	8%	9%
Oceania	6%	-2%	5%	6%
<u>Intra-Asia</u>	<u>5%</u>	<u>5%</u>	<u>6%</u>	<u>6%</u>
Total	-8%	11%	100%	100%

Source: A.P. Moeller-Maersk, 2011 Annual Report

The inability of shipping companies to offset rising bunker fuel costs with higher freight rates may lead to the need to cut costs elsewhere. A natural target for such cost cutting efforts may very well prove to terminal and port operations like those of SAAM. While the current valuation is not suggestive a meaningful mispricing, the company does appear poised to grow going forward. Moreover, with net debt to EBITDA of only 0.6 times and a rather stable operating profile, the company appears to be in a position to support significantly more debt. In our opinion, such a profile makes for a potentially attractive acquisition target.

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# THE GLOBAL SPIN-OFF REPORT

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## Investment Summary

Compañía Sud Americana de Vapores S.A. (CSAV) is the largest shipping company in Latin America and the sixteenth largest in the world by container capacity with approximately 332,000 twenty-foot equivalent units (TEUs). At the current market capitalization of US\$1,127 million, CSAV trades at a moderate premium to a valuation based on depressed revenues, margins, and multiples. Moreover, there appears to be significant room for improvement in margins as spreads between freight rates and fuel costs dissipate and as the company transitions from a primarily leased fleet to an owned fleet, as well as the potential for revenue growth as the industry recovers from a cyclical low. Conservative assumptions regarding the company's ability to improve margins is suggestive of a per share fair value upwards of approximately CLP 92 per share, a significant premium to the current price. Importantly, such a scenario assumes little in the way of revenue growth; in other words, the ultimate, longer-term return has the potential to be significantly higher.

Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A. (SAAM) is Latin America's largest supplier of port services and logistics. SAAM is currently the largest tug boat operator in the Americas and the fourth largest in the world. It is important to note that the company has not issued a circular outlining the merits of the demerger. As a result, insufficiently little information is available about the relative profitability of SAAM's various operating segments (i.e., tugboats, logistics, and port services). What one can observe, however, is that at the current market capitalization and enterprise value of US\$1,311 million and US\$1,371 million, respectively, SAAM is trading at multiples of net income and EBITDA of 25.6 times and 13.4 times. While the company appears to possess a very stable business model imbued with attractive growth prospects, such factors appear firmly established in the current price.

That said, the recent inability of shipping companies to offset rising bunker fuel costs with higher freight rates may lead to the need to cut costs elsewhere. A natural target for such cost cutting efforts may very well prove to terminal and port operations like those owned and operated by SAAM. While the current valuation is not suggestive a meaningful mispricing (at least with the information at hand), the company does appear poised to grow going forward. Moreover, with net debt to EBITDA of only 0.6 times and a rather stable operating profile, the company appears to be in a position to support significantly more debt. In our opinion, such a profile makes for a potentially attractive acquisition target for competitors such as Dutch company Royal Boskalis Westminster N.V.

Most importantly, perhaps, at the respective helms of the newly recapitalized CSAV and recently demerged SAAM is the Luksic family, headed by Chairman Guillermo Luksic. As demonstrated herein, the family—through their company Quiñenco—has established a long-term track record of creating value for shareholders, with annual book value per share growth of 14.5 percent from December 2001 through September 2011 (i.e., inclusive of dividends). This would not be the first instance, recently, of a wealthy private investor



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# THE GLOBAL SPIN-OFF REPORT

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making a substantial investment in a shipping company. Much like your authors, presumably such investors are of the opinion that this most cyclical of industries is near a cyclical bottom and poised for a reversion in profitability.

While SAAM's shares do not appear to significantly mispriced, CSAV's shares appear quite compelling, even in light of their recent and significant appreciation following the completion of the company's recapitalization. Shares of CSAV currently provide one with what we deem to be an ample margin of safety in a significantly undervalued company with an improving business model now being run by able owner operators (i.e., Luksic family) and in an industry ultimately poised for a cyclical recovery. Moreover, whereas all shipping companies will undoubtedly benefit from the decreasing spread between freight rates and fuel costs, CSAV is also positioned to benefit from its increased focus on owning rather than leasing its fleet. This is a dimension of the investment thesis contained herein that should not go without due consideration, as it is a characteristic that appears to differentiate CSAV from other operators in the shipping industry.

Ergo, the post-demerger shares of Compañía Sud Americana de Vapores S.A. are recommended for purchase.

# THE GLOBAL SPIN-OFF REPORT

## Appendix A: Financial Statements<sup>30, 31</sup>

ASSETS		As of December 31, 2011	As of December 31, 2010
	Note	ThUS\$	ThUS\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	173,016	523,532
Other current financial assets	7	20,055	10,976
Other current non-financial assets	12	51,615	78,184
Current trade and other receivables	8	429,677	550,956
Current receivables from related parties	9	10,587	9,286
Inventory	10	129,822	186,220
Current tax assets	20	39,711	55,630
		<b>854,483</b>	<b>1,414,784</b>
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners			
Non-current assets or disposal groups classified as held for sale		76	333
<b>Total current assets</b>		<b>854,559</b>	<b>1,415,117</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	7	138,392	115,339
Other non-current non-financial assets	12	8,965	9,437
Non-current rights receivable	8	27,277	28,729
Equity method investments	15	160,249	143,407
Intangible assets other than goodwill	16	63,945	58,553
Goodwill	17	117,608	117,804
Property, plant and equipment	18	1,579,425	1,242,686
Investment property	19	3,536	4,409
Deferred tax assets	21	225,553	82,678
<b>Total non-current assets</b>		<b>2,324,950</b>	<b>1,803,042</b>
<b>TOTAL ASSETS</b>		<b>3,179,509</b>	<b>3,218,159</b>

<sup>30</sup> For more information, consult the sources below:

<http://www.csav.cl/ir/annual-reports-en.htm>

<http://www.csav.cl/ir/quarterly-summary-en.htm>

<sup>31</sup> In the historical financial summaries found below, note that the company's results were not presented in accordance with IFRS until 2010. All results are as reported, with the exception of 2009, which shows the revised results from the 2010 Annual Report as presented in accordance with IFRS.

# THE GLOBAL SPIN-OFF REPORT

## LIABILITIES AND NET EQUITY

		As of December 31, 2011	As of December 31, 2010
LIABILITIES	Note	ThUS\$	ThUS\$
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	22	199,938	73,209
Current trade and other payables	23	598,778	604,140
Current payables to related parties	9	368,383	26,923
Other current provisions	24	307,609	96,139
Current tax liabilities	20	14,003	25,787
Current provisions for employee benefits	26	13,295	12,236
Other current non-financial liabilities	25	44,970	119,233
<b>Total current liabilities</b>		<b>1,546,976</b>	<b>957,667</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	22	968,822	812,944
Non-current payables to related parties	9	26	89
Other non-current provisions	24	2,256	1,162
Deferred tax liabilities	21	23,244	25,688
Non-current provisions for employee benefits	26	12,680	11,108
Other non-current non-financial liabilities	25	21,210	22,029
<b>Total non-current liabilities</b>		<b>1,028,238</b>	<b>873,020</b>
<b>TOTAL LIABILITIES</b>		<b>2,575,214</b>	<b>1,830,687</b>
<b>NET EQUITY</b>			
Issued capital	28	1,691,993	1,171,704
Retained earnings (accumulated deficit)	28	( 1,136,638)	125,261
Issuance premium	28	-	23,783
Other reserves	28	30,117	43,294
<b>Equity attributable to owners of parent</b>		<b>585,472</b>	<b>1,364,042</b>
<b>Non-controlling interest</b>		<b>18,823</b>	<b>23,430</b>
<b>TOTAL NET EQUITY</b>		<b>604,295</b>	<b>1,387,472</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>3,179,509</b>	<b>3,218,159</b>

# THE GLOBAL SPIN-OFF REPORT

STATEMENT OF INCOME	Note	For the years ended December 31,	
		2011 ThUS\$	2010 ThUS\$
<b>Profit (loss) for the period</b>			
Operating revenue	29	5,151,948	5,214,623
Cost of sales	29	(5,877,178)	(4,742,018)
<b>Gross margin</b>		<u>(725,230)</u>	<u>472,605</u>
Other income, by function	-	3,411	6,875
Administrative expenses	29	(314,630)	(264,829)
Other expenses by function	-	(4,137)	(8,178)
Other gains (losses)	-	(9,484)	14,723
Finance income	30	10,234	10,816
Finance expenses	30	(48,370)	(42,570)
Net profit (loss) from associates and joint ventures accounted for using the equity method	15	39,678	31,869
Exchange differences	31	7,818	(3,580)
Gain (loss) from indexation	-	163	101
<b>Profit (loss) before income taxes</b>		<u>(1,040,547)</u>	<u>217,832</u>
Income tax expense from continuing operations	21	81,023	(36,329)
<b>Profit (loss) from continuing operations</b>		<u>(959,524)</u>	<u>181,503</u>
<b>Profit (loss) from discontinued operations</b>	32	<u>(279,959)</u>	<u>-</u>
<b>Profit (loss) for the period</b>		<u>(1,239,483)</u>	<u>181,503</u>
<b>Profit (loss) attributable to:</b>			
Profit (loss) attributable to owners of parent		(1,249,775)	170,820
Profit (loss) attributable to noncontrolling interests		10,292	10,683
<b>Profit (loss) for the period</b>		<u>(1,239,483)</u>	<u>181,503</u>
<b>Basic earnings (loss) per share</b>			
Earnings (loss) per share in continuing operations	34	(0.39)	0.10
Earnings (loss) per share in discontinued operations	34	(0.11)	-
<b>Basic earnings (loss) per share</b>	34	<u>(0.50)</u>	<u>0.10</u>

# THE GLOBAL SPIN-OFF REPORT

STATEMENT OF CASH FLOWS		For the years ended	
		December 31,	
	Note	2011 ThUS\$	2010 ThUS\$
Cash flows provided by (used in) operating activities			
Profit (loss) for the period		(1,239,483)	181,503
<b>Reconciliation adjustments of gains (losses)</b>			
Adjustments for income tax expense	21	(107,873)	36,329
Adjustments for decreases (increases) in inventory		56,398	(83,504)
Adjustments for decreases (increases) in trade receivables		117,195	(114,313)
Adjustments for decreases (increases) in other receivables related to operating activities		4,235	15,856
Adjustments for increases (decreases) in trade payables		20,149	(36,528)
Adjustments for depreciation and amortization expenses	16 y 18	83,069	76,294
Adjustments for impairment (reversals of impairment losses) recognized in profit (loss) for the year		3,057	1,611
Adjustments for provisions		215,195	33,971
Adjustments for unrealized foreign exchange losses (gains)	31	(7,981)	3,479
Adjustments for losses (gains) in fair value		(75)	4,067
Adjustments for non-distributed profits of associates	15	(39,678)	(31,869)
Other non-cash adjustments		(108,596)	(173,970)
Adjustments for losses (gains) for disposal of non-current assets		(1,319)	(6,246)
Other adjustments affecting cash flows from investing or financing activities		63,848	6,095
<b>Total reconciliation adjustments of gains (losses)</b>		<b>297,624</b>	<b>(268,728)</b>
Other cash inflows (outflows)		(17,387)	(36,580)
<b>Net cash flows provided by (used in) operating activities</b>		<b>(959,246)</b>	<b>(123,805)</b>
<b>Cash flows provided by (used in) investing activities</b>			
	Note	2011 ThUS\$	2010 ThUS\$
Proceeds from loss of control of subsidiaries or other businesses		-	37,692
Cash flows used to obtain control of subsidiaries or other businesses		(17,713)	(76,285)
Proceeds from sale of property, plant and equipment	18	104,199	32,671
Purchases of property, plant and equipment	18	(528,011)	(328,242)
Purchases of intangible assets		(6,498)	(7,416)
Purchases of other long-term assets		(61)	-
Dividends received		16,230	25,629
Interest received		288	200
Other cash inflows (outflows)		809	(8,021)
<b>Net cash flows provided by (used in) investing activities</b>		<b>(430,757)</b>	<b>(323,772)</b>

# THE GLOBAL SPIN-OFF REPORT

## Cash flows provided by (used in) financing activities

	Note	For the years ended December 31,	
		2011 ThUS\$	2010 ThUS\$
Proceeds from issuance of shares	28	496,474	579,534
Proceeds from long-term loans		367,343	156,394
Loans from related parties	9	369,950	-
Loan payments		(100,511)	(50,472)
Payments on finance leases		(1,115)	-
Loan payments to related parties	9	(20,080)	-
Dividends paid		(43,729)	(9,992)
Interest paid		(27,371)	(12,523)
Other cash inflows (outflows)		314	(207)
<b>Net cash flows provided by (used in) financing activities</b>		<b>1,041,275</b>	<b>662,734</b>
Net increase (decrease) in cash and cash equivalents, before effect of foreign currency translation		(348,728)	215,157
Effects of foreign currency translation on cash and cash equivalents		(1,788)	2,314
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(350,516)</b>	<b>217,471</b>
Cash and cash equivalents, beginning balance	6	523,532	306,061
<b>Cash and cash equivalents, ending balance</b>	<b>6</b>	<b>173,016</b>	<b>523,532</b>

Balance Sheet (USD, millions)	2005	2006	2007	2008	2009	2010	2011	2011 Adj.
Cash, Cash Equiv. & ST Invest.	653.2	617.7	536.2	179.6	341.5	534.5	193.1	193.1
Capital Raise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,200.0
Current Assets	1,133.0	1,088.6	1,155.6	806.3	941.4	1,415.1	854.6	2,054.6
Fixed Assets	272.1	278.3	323.8	614.6	668.5	1,242.7	1,579.4	1,579.4
Total Assets	1,810.3	1,701.3	1,941.5	1,862.3	2,171.6	3,218.2	3,179.5	4,379.5
Current Liabilities	594.3	587.6	675.6	589.8	1,012.2	957.7	1,547.0	1,547.0
Total Future Operating Lease Pay.	not avail.	not avail.	not avail.	not avail.	not avail.	2,554.4	2,216.3	2,216.3
Current Financial Liabilities	10.4	14.9	16.0	19.5	28.0	73.2	199.9	199.9
Non-Current Financial Liabilities	316.6	313.3	328.1	402.4	456.7	812.9	968.8	968.8
Total Financial Liabilities	327.0	328.2	344.0	421.8	484.8	886.2	1,168.8	1,168.8
Tot. Fin. Liab. (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	3,440.6	3,385.1	3,385.1
Total Liabilities	954.9	941.5	1,048.3	1,019.0	1,521.3	1,830.7	2,575.2	2,575.2
Total Liabilities (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	4,385.1	4,791.5	4,791.5
Total Equity	855.3	759.9	893.2	843.4	650.3	1,387.5	604.3	1,804.3
Total Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(1,166.9)	(1,612.0)	(412.0)
Minority Interest	28.3	11.6	13.3	19.1	18.2	23.4	18.8	18.8
Shareholders' Equity	827.0	748.2	879.8	824.3	632.2	1,364.0	585.5	1,785.5
Shareholders' Eq. (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(1,190.4)	(1,630.9)	(430.9)
Shares Outstanding, Year End	735.8	735.8	735.8	769.5	1,498.2	2,029.3	2,850.9	8,718.8
Shs Out., YoY Chng. (%)	n/a	0%	0%	5%	95%	35%	40%	206%
Book Value Per Share	1.12	1.02	1.20	1.07	0.42	0.67	0.21	0.20
BVPS, YoY Chng. (%)	n/a	-10%	18%	-10%	-61%	59%	-69%	0%
Issuance of Equity	0.0	0.0	0.0	36.6	409.4	579.6	498.5	1,200.0
Current Ratio	1.91	1.85	1.71	1.37	0.93	1.48	0.55	1.33
Assets/Equity	2.12	2.24	2.17	2.21	3.34	2.32	5.26	2.43
Assets/Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(2.76)	(1.97)	(10.63)
Debt/Equity	0.40	0.44	0.39	0.51	0.77	0.65	2.00	0.65
Debt/Equity (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	(2.89)	(2.08)	(7.86)
Net Debt	(326.2)	(289.5)	(192.1)	242.3	143.3	351.6	975.7	(224.3)
Net Debt (incl. op. leases)	n/a	n/a	n/a	n/a	n/a	2,906.0	3,192.0	1,992.0

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

Income Statement (USD, millions)	2005	2006	2007	2008	2009	2010	2011	2011 Adj.
Sales	3,895.0	3,839.2	4,150.3	4,886.8	3,033.7	5,452.3	5,151.9	5,151.9
Cost of Sales	(3,366.5)	(3,784.6)	(3,784.3)	(4,688.6)	(3,486.8)	(4,979.7)	(5,877.2)	(5,877.2)
Gross Income	528.5	54.6	365.9	198.3	(453.0)	472.6	(725.2)	(725.2)
Gross Margin (%)	13.6%	1.4%	8.8%	4.1%	-14.9%	8.7%	-14.1%	-14.1%
Sales, YoY Chng. (%)	n/a	-1.4%	8.1%	17.7%	-37.9%	79.7%	-5.5%	-5.5%
Cost Sales, YoY Chng. (%)	n/a	12.4%	0.0%	23.9%	-25.6%	42.8%	18.0%	18.0%
SG&A	(363.9)	(290.9)	(311.8)	(331.8)	(239.7)	(264.8)	(314.6)	(314.6)
SG&A / Sales (%)	9.3%	7.6%	7.5%	6.8%	7.9%	4.9%	6.1%	6.1%
EBITDA	193.9	(129.5)	156.8	6.3	(659.6)	294.0	(959.0)	(959.0)
EBITDA (incl. P/L of JVs)	217.6	(27.6)	201.4	50.3	(626.5)	325.8	(919.3)	(919.3)
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	(37.8)	(43.2)	(41.6)	(40.5)	(42.4)	(76.2)	(83.1)	(83.1)
EBIT	156.1	(172.7)	115.2	(34.2)	(702.0)	217.7	(1,042.1)	(1,042.1)
EBIT (incl. P/L of JVs)	179.8	(70.8)	159.9	9.9	(668.9)	249.6	(1,002.4)	(1,002.4)
Profit/(Loss) Associates/JVs	23.7	101.9	44.7	44.1	33.1	31.9	39.7	39.7
Net Financial Expense	(13.0)	(7.3)	(5.9)	(21.9)	(25.8)	(31.8)	(38.1)	(38.1)
Pre-Tax Income	166.8	(78.1)	154.0	(12.0)	(694.7)	217.8	(1,040.5)	(1,040.5)
Tax Rate (%)	12.9%	n/a	21.0%	n/a	n/a	16.7%	n/a	n/a
Income (Tax)/Benefit	(21.5)	8.0	(32.3)	(18.3)	41.3	(36.3)	81.0	81.0
Net Income, Continuing Ops.	145.3	(70.1)	121.7	(30.3)	(653.4)	181.5	(959.5)	(959.5)
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	0.0	(280.0)	(280.0)
Net Income/(Loss)	145.3	(70.1)	121.7	(30.3)	(653.4)	181.5	(1,239.5)	(1,239.5)
Net Inc./ (Loss) to Min. Int.	13.6	(11.3)	5.4	8.9	3.0	10.7	10.3	10.3
Net Inc./ (Loss) to Equity	131.7	(58.8)	116.3	(39.2)	(656.4)	170.8	(1,249.8)	(1,249.8)
Net Margin (%)	3.7%	-1.8%	2.9%	-0.6%	-21.5%	3.3%	-24.1%	-24.1%
Net Margin to Equity (%)	3.4%	-1.5%	2.8%	-0.8%	-21.6%	3.1%	-24.3%	-24.3%
Shares Outstanding, Year End	735.8	735.8	735.8	769.5	1,498.2	2,029.3	2,850.9	8,718.8
Price, Year End (CLP)	820.11	714.70	1,087.00	415.00	370.18	581.93	102.23	102.23
Market Cap (CLP)	603,473	525,908	799,863	319,350	554,598	1,180,887	291,443	891,325
Fx Rate (CLP/USD)	512.00	532.35	497.79	642.25	507.63	467.95	519.55	519.55
Price, Year End (USD)	1.60	1.34	2.18	0.65	0.73	1.24	0.20	0.20
Market Cap (USD)	1,179	988	1,607	497	1,093	2,524	561	1,716
Current CSAV & SAAM Combined Market Cap (USD)			-	-	-	-	-	2,155

Source: Company Reports

Cash Flow State. (USD, millions)	2005	2006	2007	2008	2009	2010	2011
<i>Operating Activities</i>							
Profit (loss) for the period	145.3	(70.1)	121.7	(30.3)	(653.4)	181.5	(1,239.5)
CF provided by (used in) op. activ.	233.7	(173.6)	60.2	(192.1)	(289.9)	(123.8)	(959.2)
<i>Investing Activities</i>							
CF provided by (used in) inv. activ.	(57.6)	164.1	(106.8)	(229.8)	(25.5)	(323.8)	(430.8)
Purchases of PP&E	(88.6)	(206.9)	(149.0)	(217.0)	(91.8)	(328.2)	(528.0)
<i>Financing Activities</i>							
CF provided by (used in) fin. activ.	(67.6)	(18.1)	(9.0)	19.2	434.6	662.7	1,041.3
Proceeds from issuance of shares	0.9	0.4	0.4	37.2	409.4	579.5	496.5
Net increase (decrease) in cash	108.5	(27.5)	(55.6)	(402.7)	119.1	215.2	(348.7)
Effects of exchange rate variations	(4.0)	0.2	0.1	(1.0)	3.7	2.3	(1.8)
Net increase (decrease) in cash	104.5	(27.3)	(55.5)	(403.7)	122.9	217.5	(350.5)
Cash, beginning balance	557.5	654.8	641.4	586.9	183.2	306.1	523.5
Cash, ending balance	662.0	627.4	585.9	183.2	306.1	523.5	173.0

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

## Segment Financial Information

	Cargo Transport (CSAV)									
<u>Income Statement (USD)</u>	<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2010</u>	<u>2011</u>
Sales	1,036.8	1,277.6	1,518.5	1,277.0	1,434.2	1,342.5	1,312.3	701.6	5,110.0	4,790.7
Cost of Sales	(1,052.8)	(1,149.4)	(1,295.3)	(1,229.5)	(1,582.4)	(1,645.0)	(1,591.2)	(790.1)	(4,727.0)	(5,608.8)
Gross Income	(16.0)	128.2	223.2	47.5	(148.2)	(302.4)	(278.9)	(88.5)	382.9	(818.1)
Gross Margin (%)	-1.5%	10.0%	14.7%	3.7%	-10.3%	-22.5%	-21.3%	-12.6%	7.5%	-17.1%
Sales, YoY Chng. (%)	n/a	23.2%	18.9%	-15.9%	12.3%	-6.4%	-2.3%	-46.5%	n/a	-6.2%
Cost Sales, YoY Chng. (%)	n/a	9.2%	12.7%	-5.1%	28.7%	4.0%	-3.3%	-50.3%	n/a	18.7%
SG&A	(41.8)	(55.4)	(59.2)	(62.7)	(63.6)	(66.8)	(71.7)	(68.5)	(219.1)	(270.6)
SG&A / Sales (%)	4.0%	4.3%	3.9%	4.9%	4.4%	5.0%	5.5%	9.8%	4.3%	5.6%
EBITDA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	214.4	n/a
EBITDA (incl. P/L of JVs)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	223.3	n/a
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	(40.2)	not avail.
EBIT	(58.6)	83.6	161.5	(12.3)	(208.4)	(377.2)	(342.4)	(159.3)	174.2	(1,087.3)
EBIT (incl. P/L of JVs)	(55.5)	83.2	162.6	(7.2)	(207.7)	(372.3)	(337.3)	(156.0)	183.1	(1,073.3)
Profit/(Loss) Associates/JVs	3.1	(0.5)	1.0	5.2	0.7	4.9	5.1	3.4	8.9	14.0
Net Financial Expense	(5.2)	(8.1)	(10.0)	(8.3)	(6.7)	(8.1)	(7.5)	(13.9)	(31.7)	(36.2)
Pre-Tax Income	(60.7)	75.0	152.5	(15.5)	(214.4)	(380.4)	(344.8)	(169.9)	151.4	(1,109.5)
Tax Rate (%)	n/a	12.3%	10.2%	n/a	n/a	n/a	n/a	n/a	17.0%	n/a
<u>Income (Tax)/Benefit</u>	2.0	(9.2)	(15.5)	(3.0)	17.8	35.3	31.9	10.2	(25.7)	95.1
Net Income, Continuing Ops.	(58.7)	65.8	137.0	(18.5)	(196.6)	(345.1)	(312.9)	(159.7)	125.7	(1,014.3)
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	(5.7)	(39.5)	(234.7)	0.0	(280.0)
Net Income/(Loss)	(58.7)	65.8	137.0	(18.5)	(196.6)	(350.8)	(352.4)	(394.4)	125.7	(1,294.3)
Net Inc./(Loss) to Min. Int.	2.1	2.8	1.0	0.9	3.1	1.0	1.6	1.1	6.8	6.8
Net Inc./(Loss) to Equity	(60.8)	63.1	136.0	(19.4)	(199.7)	(351.8)	(354.1)	(395.5)	118.9	(1,301.0)
Net Margin (%)	-5.7%	5.2%	9.0%	-1.4%	-13.7%	-26.1%	-26.9%	-56.2%	2.5%	-27.0%
Net Margin to Equity (%)	-5.9%	4.9%	9.0%	-1.5%	-13.9%	-26.2%	-27.0%	-56.4%	2.3%	-27.2%

Source: Company Reports

## Segment Financial Information

	Cargo Transport (CSAV)									
<u>Revenue By Geography (USD)</u>	<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2010</u>	<u>2011</u>
Asia	500.1	764.9	1,049.6	624.4	688.6	558.9	744.4	418.4	2,939.0	2,410.3
Europe	83.0	110.9	28.8	251.8	163.0	154.1	153.2	11.8	474.5	482.1
Americas	435.2	390.8	414.9	367.4	556.0	600.3	368.9	237.5	1,608.3	1,762.6
<u>Africa</u>	<u>18.5</u>	<u>16.0</u>	<u>25.2</u>	<u>28.3</u>	<u>26.7</u>	<u>29.3</u>	<u>45.8</u>	<u>33.9</u>	<u>88.1</u>	<u>135.7</u>
Total	1,036.8	1,282.7	1,518.5	1,271.9	1,434.2	1,342.5	1,312.3	701.6	5,110.0	4,790.7

Source: Company Reports



# THE GLOBAL SPIN-OFF REPORT

## Segment Financial Information

	Vessel/Cargo Services (SAAM)									
<u>Income Statement (USD)</u>	<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2010</u>	<u>2011</u>
Sales	75.0	88.3	95.7	83.3	88.3	84.6	88.7	99.7	342.3	361.3
Cost of Sales	(43.8)	(74.8)	(74.4)	(59.7)	(66.7)	(66.6)	(66.1)	(69.1)	(252.6)	(268.4)
Gross Income	31.3	13.6	21.3	23.5	21.6	18.0	22.7	30.6	89.7	92.8
Gross Margin (%)	41.7%	15.4%	22.3%	28.2%	24.4%	21.3%	25.5%	30.7%	26.2%	25.7%
Sales, YoY Chng. (%)	n/a	17.7%	8.3%	-13.0%	6.1%	-4.2%	4.9%	12.3%	n/a	5.5%
Cost Sales, YoY Chng. (%)	n/a	70.8%	-0.5%	-19.7%	11.7%	-0.3%	-0.8%	4.6%	n/a	6.2%
SG&A	(8.7)	(10.3)	(11.9)	(14.8)	(9.2)	(8.9)	(10.4)	(15.5)	(45.7)	(44.1)
SG&A / Sales (%)	11.6%	11.6%	12.5%	17.8%	10.4%	10.6%	11.7%	15.6%	13.4%	12.2%
EBITDA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	79.5	n/a
EBITDA (incl. P/L of JVs)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	102.5	n/a
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	(36.0)	not avail.
EBIT	21.9	2.8	10.2	8.6	13.4	10.4	8.2	13.2	43.5	45.2
EBIT (incl. P/L of JVs)	25.3	9.8	16.6	14.7	18.9	17.3	15.3	19.3	66.5	70.9
Profit/(Loss) Associates/JVs	3.4	7.1	6.5	6.1	5.6	6.9	7.1	6.1	23.0	25.7
Net Financial Expense	(0.1)	(0.2)	0.5	(0.2)	(0.7)	(0.9)	(0.4)	0.0	(0.1)	(2.0)
Pre-Tax Income	25.2	9.7	17.1	14.5	18.3	16.3	14.9	19.4	66.4	68.9
Tax Rate (%)	9.8%	28.1%	13.2%	21.8%	19.9%	16.3%	18.9%	25.8%	16.0%	20.5%
Income (Tax)/Benefit	(2.5)	(2.7)	(2.3)	(3.2)	(3.6)	(2.7)	(2.8)	(5.0)	(10.6)	(14.1)
Net Income, Continuing Ops.	22.7	6.9	14.9	11.3	14.6	13.7	12.1	14.4	55.8	54.8
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income/(Loss)	22.7	6.9	14.9	11.3	14.6	13.7	12.1	14.4	55.8	54.8
Net Inc./(Loss) to Min. Int.	0.4	1.2	1.4	0.9	1.3	0.7	0.9	0.7	3.9	3.5
Net Inc./(Loss) to Equity	22.4	5.7	13.5	10.4	13.3	13.0	11.2	13.7	51.9	51.3
Net Margin (%)	30.3%	7.9%	15.5%	13.6%	16.6%	16.2%	13.7%	14.4%	16.3%	15.2%
Net Margin to Equity (%)	29.8%	6.5%	14.1%	12.4%	15.1%	15.4%	12.7%	13.7%	15.2%	14.2%

Source: Company Reports

## Segment Financial Information

	Vessel/Cargo Services (SAAM)									
<u>Revenue By Geography (USD)</u>	<u>Q1 '10</u>	<u>Q2 '10</u>	<u>Q3 '10</u>	<u>Q4 '10</u>	<u>Q1 '11</u>	<u>Q2 '11</u>	<u>Q3 '11</u>	<u>Q4 '11</u>	<u>2010</u>	<u>2011</u>
Asia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Americas	75.0	83.2	95.7	88.4	88.3	84.6	88.7	99.7	342.3	361.3
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	75.0	83.2	95.7	88.4	88.3	84.6	88.7	99.7	342.3	361.3

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

## Segment Financial Information

Income Statement (USD)	Total									
	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3 '11	Q4 '11	2010	2011
Sales	1,111.9	1,365.9	1,614.2	1,360.3	1,522.6	1,427.1	1,401.0	801.3	5,452.3	5,151.9
Cost of Sales	(1,096.6)	(1,224.2)	(1,369.7)	(1,289.2)	(1,649.2)	(1,711.5)	(1,657.3)	(859.2)	(4,979.7)	(5,877.2)
Gross Income	15.3	141.7	244.6	71.1	(126.6)	(284.4)	(256.3)	(57.9)	472.6	(725.2)
Gross Margin (%)	1.4%	10.4%	15.1%	5.2%	-8.3%	-19.9%	-18.3%	-7.2%	8.7%	-14.1%
Sales, YoY Chng. (%)	n/a	22.8%	18.2%	-15.7%	11.9%	-6.3%	-1.8%	-41.3%	n/a	-5.5%
Cost Sales, YoY Chng. (%)	n/a	11.6%	11.9%	-5.9%	27.9%	3.8%	-3.2%	-29.8%	n/a	18.0%
SG&A	(50.5)	(65.6)	(71.2)	(77.5)	(72.8)	(75.7)	(82.1)	(84.0)	(264.8)	(314.6)
SG&A / Sales (%)	4.5%	4.8%	4.4%	5.7%	4.8%	5.3%	5.9%	10.5%	4.9%	6.1%
EBITDA	(26.1)	109.8	190.9	19.4	(174.5)	(346.7)	(314.7)	(123.1)	294.0	(959.0)
EBITDA (incl. P/L of JVs)	(19.6)	116.4	198.4	30.6	(168.3)	(334.9)	(302.5)	(113.6)	325.8	(919.3)
Operating Lease Payments	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.	not avail.
D&A	(10.6)	(23.4)	(19.2)	(23.1)	(20.5)	(20.1)	(19.5)	(23.0)	(76.2)	(83.1)
EBIT	(36.6)	86.4	171.7	(3.7)	(195.0)	(366.8)	(334.2)	(146.1)	217.7	(1,042.1)
EBIT (incl. P/L of JVs)	(30.2)	93.0	179.2	7.5	(188.8)	(355.0)	(322.0)	(136.6)	249.6	(1,002.4)
Profit/(Loss) Associates/JVs	6.5	6.6	7.5	11.2	6.2	11.8	12.2	9.5	31.9	39.7
Net Financial Expense	(5.3)	(8.3)	(9.6)	(8.6)	(7.3)	(9.0)	(7.9)	(13.9)	(31.8)	(38.1)
Pre-Tax Income	(35.5)	84.7	169.6	(1.0)	(196.1)	(364.0)	(329.9)	(150.5)	217.8	(1,040.5)
Tax Rate (%)	n/a	14.1%	10.5%	n/a	n/a	n/a	n/a	n/a	16.7%	n/a
Income (Tax)/Benefit	(0.5)	(11.9)	(17.8)	(6.2)	14.2	32.6	29.1	5.2	(36.3)	81.0
Net Income, Continuing Ops.	(36.0)	72.8	151.9	(7.2)	(182.0)	(331.4)	(300.8)	(145.3)	181.5	(959.5)
Net Income, Discontinued Ops.	0.0	0.0	0.0	0.0	0.0	(5.7)	(39.5)	(234.7)	0.0	(280.0)
Net Income/(Loss)	(36.0)	72.8	151.9	(7.2)	(182.0)	(337.2)	(340.3)	(380.0)	181.5	(1,239.5)
Net Inc./(Loss) to Min. Int.	2.5	4.0	2.4	1.9	4.4	1.6	2.5	1.8	10.7	10.3
Net Inc./(Loss) to Equity	(38.4)	68.8	149.5	(9.0)	(186.4)	(338.8)	(342.8)	(381.8)	170.8	(1,249.8)
Net Margin (%)	-3.2%	5.3%	9.4%	-0.5%	-12.0%	-23.6%	-24.3%	-47.4%	3.3%	-24.1%
Net Margin to Equity (%)	-3.5%	5.0%	9.3%	-0.7%	-12.2%	-23.7%	-24.5%	-47.7%	3.1%	-24.3%

Source: Company Reports

## Segment Financial Information

Revenue By Geography (USD)	Total									
	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3 '11	Q4 '11	2010	2011
Asia	500.1	764.9	1,049.6	624.4	688.6	558.9	744.4	418.4	2,939.0	2,410.3
Europe	83.0	110.9	28.8	251.8	163.0	154.1	153.2	11.8	474.5	482.1
Americas	510.3	474.0	510.6	455.7	644.3	684.9	457.6	337.1	1,950.6	2,123.9
Africa	18.5	16.0	25.2	28.3	26.7	29.3	45.8	33.9	88.1	135.7
Total	1,111.9	1,365.9	1,614.2	1,360.3	1,522.6	1,427.1	1,401.0	801.3	5,452.3	5,151.9

Source: Company Reports

As of December 31, 2011

Company	Assets	Liabilities	Operating revenue	Operating expenses	Profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Tollo Shipping Co. S.A. and Subsidiaries	1,425,538	2,156,196	1,906,767	(2,321,594)	(642,836)
Corvina Shipping Co. S.A. and Subsidiaries	544,611	253,190	83,362	(78,834)	11,889
Odfjell y Vapores S.A.	16,910	1,246	11,330	(9,184)	1,639
Empresa de Transportes Sudamericana Austral Ltda. and Subsidiaries	1,365	3,263	-	(2)	(677)
CSAV Inversiones Navieras S.A. and Subsidiaries	146,348	83,168	180,741	(37,206)	27,479
Compañía Sudamericana de Vapores GMBH	1,938	678	10,326	-	154
CSAV Agency LLC and Subsidiary	11,061	4,232	38,911	-	11,882
CSAV Group (China) Shipping Co. Ltd.	41,521	30,463	34,674	(4,650)	7,842
Norgistics (China) Ltd.	2,671	1,028	361	-	99
Inversiones Nuevo Tiempo S.A.	4,039	9,270	-	(2)	(5)
Inversiones Plan Futuro S.A.	41,556	1	-	(2)	(5)
Sudamericana. Agencias Aéreas y Marítimas S.A. and Subsidiaries	894,855	283,066	425,841	(316,446)	63,764
Norgistics Holding S.A. and Subsidiaries	10,289	5,188	16,089	(15,637)	(293)

# THE GLOBAL SPIN-OFF REPORT

## Note 43 Subsequent Events (continued)

4. As indicated in Note 22 Financial Liabilities in the Consolidated Financial Statements, as of December 31, 2011, the parent company was not in compliance with some covenants related to the Company's equity, which as a result of the capital increase collected to date—and in accordance with the remedy periods established in the contracts—are rectified as follows:

Financial Entity	Covenant	Condition	Dic-11	Dec-11 with increase of US\$788 million (4)	Dec-11 with increase of US\$1.1 billion and excluding SAAM (5)
AFLAC	Leverage Ratio	Leverage Ratio not greater than 1 (1)	1.83	0.79	0.76
	Interest Coverage Ratio (ICR)	Minimum 2.5 (1)	(30.68)	(30.68)	(30.68)
	Minimum Cash	Minimum ThUS\$ 50,000 (1)	ThUS\$ 173,016	ThUS\$ 610,645	ThUS\$ 779,245
Bonds payable (Banco Chile)	Indebtedness Ratio (Consolidated)	Not greater than 1.2	2.39	0.79	0.79
	Equity (Net)	Minimum ThUS\$ 350,000	ThUS\$ 604,295	ThUS\$ 1,391,924	ThUS\$ 1,092,505
BNP Paribas S.A. (Mandated Lead Arranger) and Crédit Industriel et Commercial (Co-Arrangers) (2)	Equity / Asset Ratio	Minimum 30%	19%	38%	37%
	Debt Service Coverage Ratio	Mínimo 1,35	1.53	5.42	6.91
	Minimum Cash	Mínimo MUS\$ 150.000	ThUS\$ 173,016	ThUS\$ 610,645	ThUS\$ 779,245
BNP Paribas S.A. (Mandated Lead Arranger) y The Export-Import Bank of Korea and Crédit Industriel et Commercial (Co.Arrangers) (2)	Razón Patrimonio / Activos	Mínimo 30%	19%	38%	37%
	Razón Caja / Costos Financieros	Minimum 1.35	1.53	5.42	6.91
	Caja Mínima	Minimum ThUS\$ 150,000	ThUS\$ 173,016	ThUS\$ 610,645	ThUS\$ 779,245

(1) The condition must be met as of December 31 of each year.

(2) Loans obtained in 2009.

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## Note 43 Subsequent Events (continued)

As can be observed, with the capital subscribed and paid as of February 10, 2012, and with the second round of preferential options, set to end February 15, 2012, still pending and with the capital reduction resulting from compliance with the condition precedent, the Company has rectified and complies with all covenants, except for the interest coverage ratio in the loan agreement with American Family Life Assurance Company of Columbus (AFLAC). However, the contract establishes a grace period of 24 months, beginning January 1, 2012, for reestablishing compliance with the covenants the Company has failed to meet.

- The Company's covenants have been recalculated assuming that the capital increase of US\$ 1.1 billion will be collected and, therefore, that the split will occur. With this situation, the Company will comply with all financial restrictions with the exception of the aforementioned interest coverage ratio with AFLAC, which has a grace period of 24 months for rectification.

Between January 1, 2012 and the issuance of these financial statements, no other significant events of a financial or other nature have occurred that could impact the appropriate presentation and/or interpretation of the Company's financial statements.

Subsidiary	Sudamericana, Agencias Aéreas y Marítimas S.A. and Subsidiaries						Empresa de Transporte Sudamericana Austral Ltda. and Subsidiaries					
	Chile						Chile					
	100%						100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Total Assets	225.2	260.7	622.9	598.4	708.2	850.8	4.9	5.4	5.4	13.2	1.9	1.6
Total Liabilities	71.2	79.7	201.9	143.3	194.7	269.3	1.9	2.4	3.0	15.7	3.8	3.5
Total Equity	153.9	181.1	421.0	455.0	513.5	581.6	3.0	3.0	2.4	(2.5)	(2.0)	(1.8)
Minority Interest	3.8	5.1	9.7	10.2	12.0	14.4	1.8	1.9	1.6	(0.9)	(0.6)	(0.6)
Shareholders' Equity	150.1	176.0	411.3	444.8	501.5	567.2	1.1	1.1	0.8	(1.7)	(1.3)	(1.2)
Sales	103.1	115.7	268.1	312.0	277.7	361.3	3.3	3.4	3.1	1.1	0.7	0.0
Cost of Sales	(75.9)	(87.6)	(195.5)	(227.7)	(205.4)	(271.8)	(2.8)	(3.3)	(3.8)	(7.0)	(0.2)	(0.0)
Gross Income	27.2	28.1	72.6	84.3	72.3	89.6	0.6	0.1	(0.7)	(5.9)	0.5	(0.0)
Gross Margin (%)	26.4%	24.3%	27.1%	27.0%	26.0%	24.8%	16.6%	1.7%	-24.0%	-551.9%	67.0%	n/a
SG&A	(14.5)	(15.7)	(32.9)	(38.0)	(35.2)	(45.7)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.5)
SG&A / Sales (%)	14.0%	13.6%	12.3%	12.2%	12.7%	12.7%	2.7%	2.2%	2.7%	7.7%	5.4%	n/a
Pre-Tax Income	20.2	23.6	80.2	80.8	58.1	66.3	1.9	0.0	(0.7)	(5.9)	0.9	0.1
Tax Rate (%)	8.2%	5.9%	9.8%	11.9%	22.7%	16.0%	15.8%	-48.0%	n/a	n/a	50.5%	-11.5%
Income (Tax)/Benefit	(1.7)	(1.4)	(7.9)	(9.6)	(13.2)	(10.6)	(0.3)	0.0	0.1	1.0	(0.4)	0.0
Net Income/(Loss)	18.6	22.2	72.3	71.2	44.9	55.7	1.6	0.0	(0.6)	(4.9)	0.4	0.1
Net Margin (%)	18.0%	19.2%	27.0%	22.8%	16.2%	15.4%	48.3%	1.1%	-19.4%	-456.4%	62.6%	n/a
Net Inc/(Loss), Min Int	0.6	0.7	3.3	4.9	3.2	3.9	(0.2)	0.0	(0.3)	(2.4)	0.2	(0.0)
Net Inc/(Loss), Equity	17.9	21.5	69.0	66.3	41.7	51.8	1.8	(0.0)	(0.3)	(2.5)	0.2	0.1

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

Subsidiary	CSAV Inversiones Navieras S.A. and Subsidiaries						Odfjell y Vapores S.A.					
	Chile 100%						Chile 51%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Domicile	Chile						Chile					
Ownership	100%						51%					
Total Assets	6.6	18.4	60.7	71.6	104.8	163.2	15.6	27.0	16.6	16.9	15.5	15.4
<u>Total Liabilities</u>	<u>3.7</u>	<u>13.7</u>	<u>42.3</u>	<u>51.2</u>	<u>82.9</u>	<u>107.9</u>	<u>6.0</u>	<u>18.1</u>	<u>5.8</u>	<u>2.9</u>	<u>2.3</u>	<u>1.3</u>
Total Equity	2.9	4.7	18.4	20.4	21.9	55.3	9.6	8.9	10.8	14.0	13.2	14.0
<u>Minority Interest</u>	<u>0.2</u>	<u>1.0</u>	<u>5.5</u>	<u>4.0</u>	<u>5.4</u>	<u>3.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Shareholders' Equity	2.7	3.7	12.9	16.4	16.6	52.0	9.6	8.9	10.8	14.0	13.2	14.0
Sales	7.0	50.3	105.8	150.2	104.9	183.6	20.1	24.1	23.6	10.4	7.4	9.0
<u>Cost of Sales</u>	<u>0.0</u>	<u>(23.7)</u>	<u>(47.2)</u>	<u>(58.9)</u>	<u>(23.8)</u>	<u>(48.6)</u>	<u>(14.2)</u>	<u>(18.3)</u>	<u>(21.4)</u>	<u>(10.8)</u>	<u>(8.6)</u>	<u>(7.8)</u>
Gross Income	7.0	26.6	58.6	91.3	81.1	135.0	5.9	5.8	2.2	(0.4)	(1.1)	1.2
Gross Margin (%)	100.0%	52.9%	55.4%	60.8%	77.3%	73.5%	29.3%	24.0%	9.1%	-3.8%	-15.2%	13.3%
SG&A	(7.1)	(24.6)	(48.5)	(73.2)	(65.1)	(75.0)	(0.1)	(0.3)	(0.3)	(0.4)	(0.3)	(0.2)
SG&A / Sales (%)	101.5%	48.9%	45.9%	48.8%	62.0%	40.9%	0.7%	1.1%	1.2%	3.8%	4.0%	1.9%
Pre-Tax Income	(0.1)	2.7	12.8	16.1	9.7	61.0	5.7	6.9	2.3	3.9	(1.4)	1.0
Tax Rate (%)	n/a	44.9%	35.2%	36.0%	56.1%	30.6%	17.0%	17.0%	17.3%	18.3%	n/a	17.1%
<u>Income (Tax)/Benefit</u>	<u>(0.1)</u>	<u>(1.2)</u>	<u>(4.5)</u>	<u>(5.8)</u>	<u>(5.4)</u>	<u>(18.7)</u>	<u>(1.0)</u>	<u>(1.2)</u>	<u>(0.4)</u>	<u>(0.7)</u>	<u>0.3</u>	<u>(0.2)</u>
Net Income/(Loss)	(0.2)	1.5	8.3	10.3	4.2	42.4	4.7	5.7	1.9	3.2	(1.1)	0.9
Net Margin (%)	-3.0%	3.0%	7.9%	6.9%	4.0%	23.1%	23.4%	23.6%	7.9%	30.8%	-15.0%	9.5%
Net Inc/(Loss), Min Int	0.1	0.6	3.9	5.6	4.2	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Loss), Equity	(0.3)	0.9	4.4	4.7	0.1	36.4	4.7	5.7	1.9	3.2	(1.1)	0.9

Source: Company Reports

Subsidiary	Corvina Shipping Co. S.A. and Subsidiaries						Tollo Shipping Co. S.A. and Subsidiaries					
	Panama 100%						Panama 100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Domicile	Panama						Panama					
Ownership	100%						100%					
Total Assets	213.1	253.8	273.2	266.7	303.8	540.8	1,118.3	1,016.6	1,018.3	1,003.5	956.0	1,412.5
<u>Total Liabilities</u>	<u>20.4</u>	<u>15.4</u>	<u>30.6</u>	<u>18.2</u>	<u>42.9</u>	<u>261.3</u>	<u>824.2</u>	<u>801.5</u>	<u>721.9</u>	<u>769.6</u>	<u>1,103.3</u>	<u>1,499.1</u>
Total Equity	192.7	238.4	242.6	248.4	260.9	279.5	294.1	215.1	296.4	233.9	(147.3)	(86.6)
<u>Minority Interest</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>10.1</u>	<u>(4.7)</u>	<u>(8.0)</u>	<u>(0.4)</u>	<u>(5.1)</u>	<u>0.8</u>
Shareholders' Equity	192.7	238.3	242.5	248.4	260.9	279.4	284.0	219.7	304.4	234.3	(142.2)	(87.4)
Sales	40.6	59.6	60.8	69.0	39.8	74.1	2,218.4	2,196.7	2,204.1	2,303.1	1,250.6	2,160.5
<u>Cost of Sales</u>	<u>(40.4)</u>	<u>(53.6)</u>	<u>(60.5)</u>	<u>(63.2)</u>	<u>(36.8)</u>	<u>(58.6)</u>	<u>(1,991.3)</u>	<u>(2,228.3)</u>	<u>(2,023.4)</u>	<u>(2,332.9)</u>	<u>(1,579.6)</u>	<u>(2,051.8)</u>
Gross Income	0.2	5.9	0.3	5.9	3.0	15.5	227.0	(31.6)	180.7	(29.8)	(328.9)	108.7
Gross Margin (%)	0.5%	10.0%	0.5%	8.5%	7.6%	20.9%	10.2%	-1.4%	8.2%	-1.3%	-26.3%	5.0%
SG&A	(0.7)	(1.0)	(1.7)	(2.9)	(1.1)	(1.7)	(190.2)	(154.4)	(149.0)	(127.0)	(51.1)	(40.6)
SG&A / Sales (%)	1.8%	1.7%	2.8%	4.1%	2.7%	2.4%	8.6%	7.0%	6.8%	5.5%	4.1%	1.9%
Pre-Tax Income	3.6	45.7	4.3	6.1	11.4	18.6	26.9	(79.7)	83.9	(67.2)	(389.0)	59.7
Tax Rate (%)	-0.2%	0.1%	-0.7%	1.3%	0.2%	0.1%	12.0%	n/a	2.1%	n/a	n/a	7.1%
<u>Income (Tax)/Benefit</u>	<u>0.0</u>	<u>(0.0)</u>	<u>0.0</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>(3.2)</u>	<u>(0.8)</u>	<u>(1.7)</u>	<u>(3.7)</u>	<u>(1.8)</u>	<u>(4.2)</u>
Net Income/(Loss)	3.6	45.6	4.3	6.0	11.4	18.6	23.6	(80.4)	82.2	(70.9)	(390.8)	55.4
Net Margin (%)	8.9%	76.6%	7.1%	8.7%	28.6%	25.1%	1.1%	-3.7%	3.7%	-3.1%	-31.2%	2.6%
Net Inc/(Loss), Min Int	(0.0)	0.1	0.1	0.1	0.0	0.0	5.8	(16.1)	(2.4)	(0.7)	(3.9)	0.6
Net Inc/(Loss), Equity	3.6	45.5	4.2	5.9	11.4	18.5	17.8	(64.3)	84.6	(70.2)	(386.9)	54.8

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

Subsidiary	CSAV Agency, LLC. and Subsidiary						Compañía Sud Americana de Vapores GmbH					
	United States						Germany					
Ownership	100%						100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Total Assets	10.0	14.3	12.6	12.9	11.9	15.1	1.8	1.4	2.8	1.1	1.7	1.6
<u>Total Liabilities</u>	<u>3.9</u>	<u>5.1</u>	<u>3.1</u>	<u>4.8</u>	<u>2.9</u>	<u>7.5</u>	<u>1.4</u>	<u>1.0</u>	<u>2.0</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>
Total Equity	6.1	9.3	9.5	8.1	9.0	7.6	0.4	0.4	0.8	0.5	1.1	1.1
<u>Minority Interest</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Shareholders' Equity	6.1	9.3	9.5	8.1	9.0	7.6	0.4	0.4	0.8	0.5	1.1	1.1
Sales	36.1	36.3	27.2	28.9	24.5	35.5	10.5	8.0	15.4	8.3	11.6	8.7
<u>Cost of Sales</u>	<u>(0.6)</u>	<u>(0.6)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Gross Income	35.4	35.7	27.2	28.9	24.5	35.5	10.5	8.0	15.4	8.3	11.6	8.7
Gross Margin (%)	98.3%	98.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SG&A	(30.7)	(32.5)	(27.4)	(26.0)	(21.4)	(23.6)	(10.4)	(7.7)	(15.2)	(8.2)	(10.8)	(8.6)
SG&A / Sales (%)	85.1%	89.3%	100.5%	89.8%	87.5%	66.6%	99.8%	96.4%	98.9%	99.0%	93.5%	98.5%
Pre-Tax Income	4.7	3.3	0.3	3.0	3.0	11.8	0.0	0.3	0.2	0.1	0.2	0.1
Tax Rate (%)	2.0%	2.0%	20.6%	0.3%	2.8%	1.0%	57.1%	100.0%	44.1%	36.7%	33.9%	38.1%
<u>Income (Tax)/Benefit</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>(0.1)</u>	<u>(0.1)</u>
Net Income/(Loss)	4.6	3.2	0.2	3.0	2.9	11.6	0.0	0.0	0.1	0.1	0.1	0.1
Net Margin (%)	12.9%	8.8%	0.7%	10.4%	11.7%	32.8%	0.1%	0.0%	0.8%	0.8%	0.9%	1.0%
Net Inc/(Loss), Min Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Loss), Equity	4.6	3.2	0.2	3.0	2.9	11.6	0.0	0.0	0.1	0.1	0.1	0.1

Source: Company Reports

Subsidiary	Inversiones Plan Futuro S.A.						Inversiones Nuevo Tiempo S.A.					
	Panama						Panama					
Ownership	100%						100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Total Assets	167.6	167.6	41.6	41.6	41.6	41.6	0.0	4.6	1.7	0.0	4.1	4.0
<u>Total Liabilities</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.6</u>	<u>2.2</u>	<u>2.1</u>	<u>3.0</u>	<u>9.3</u>	<u>9.3</u>
Total Equity	167.6	167.6	41.6	41.6	41.6	41.6	(0.6)	2.4	(0.4)	(3.0)	(5.2)	(5.2)
<u>Minority Interest</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Shareholders' Equity	167.6	167.6	41.6	41.6	41.6	41.6	(0.6)	2.4	(0.4)	(3.0)	(5.2)	(5.2)
Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Cost of Sales</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(0.0)</u>	<u>(0.0)</u>
Gross Income	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	(0.0)
Gross Margin (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SG&A	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.4)	(0.2)	(0.0)	(0.0)	(0.0)
SG&A / Sales (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pre-Tax Income	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(1.7)	(3.2)	(2.7)	(2.7)	(2.2)	0.0
Tax Rate (%)	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0%
<u>Income (Tax)/Benefit</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Income/(Loss)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(1.7)	(3.2)	(2.7)	(2.7)	(2.2)	0.0
Net Margin (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Inc/(Loss), Min Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Loss), Equity	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(1.7)	(3.2)	(2.7)	(2.7)	(2.2)	0.0

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

Subsidiary	Grupo CSAV (China) Shipping Co. Limited						Norgistics (China) Limited					
	China 100%						China 100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Domicile	China						China					
Ownership	100%						100%					
Total Assets	28.2	35.1	20.9	48.0	30.9	54.0	1.2	1.6	1.8	1.4	2.0	2.6
Total Liabilities	25.6	30.9	15.8	45.1	25.9	37.1	0.1	0.5	0.6	0.2	0.7	1.0
Total Equity	2.5	4.1	5.1	2.9	5.0	16.9	1.1	1.1	1.2	1.3	1.3	1.5
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	2.5	4.1	5.1	2.9	5.0	16.9	1.1	1.1	1.2	1.3	1.3	1.5
Sales	6.9	9.6	13.4	14.6	16.5	42.8	0.2	0.1	0.1	1.0	0.2	0.2
Cost of Sales	(1.6)	(2.7)	(2.5)	(4.4)	(4.1)	(9.6)	0.0	0.0	0.0	(0.8)	0.0	0.0
Gross Income	5.3	6.9	10.9	10.2	12.4	33.2	0.2	0.1	0.1	0.2	0.2	0.2
Gross Margin (%)	76.5%	71.7%	81.6%	69.6%	75.3%	77.7%	100.0%	100.0%	100.0%	20.4%	100.0%	100.0%
SG&A	(3.8)	(4.6)	(7.3)	(10.3)	(9.6)	(14.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)
SG&A / Sales (%)	55.0%	47.8%	54.3%	70.5%	58.4%	33.6%	45.8%	81.7%	69.8%	10.3%	89.1%	59.8%
Pre-Tax Income	1.5	2.1	3.1	(0.2)	2.8	18.1	0.1	0.0	0.0	0.1	0.0	0.2
Tax Rate (%)	33.0%	28.9%	24.9%	n/a	20.8%	24.3%	12.4%	17.4%	9.1%	18.0%	19.6%	22.2%
Income (Tax)/Benefit	(0.5)	(0.6)	(0.8)	(0.0)	(0.6)	(4.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Income/(Loss)	1.0	1.5	2.3	(0.2)	2.2	13.7	0.1	0.0	0.0	0.1	0.0	0.2
Net Margin (%)	14.2%	15.2%	17.4%	-1.4%	13.4%	32.0%	41.6%	15.1%	7.9%	5.2%	21.1%	61.9%
Net Inc/(Loss), Min Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Loss), Equity	1.0	1.5	2.3	(0.2)	2.2	13.7	0.1	0.0	0.0	0.1	0.0	0.2

Source: Company Reports

Subsidiary	Norgistics Holding S.A. and Subsidiaries						North Trade Shipping Co. Inc.					
	Chile 100%						Marshall Islands 100%					
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Domicile	Chile						Marshall Islands					
Ownership	100%						100%					
Total Assets	0.0	0.0	0.0	0.0	0.0	6.5	5.5	0.0	0.0	0.0	0.0	0.0
Total Liabilities	0.0	0.0	0.0	0.0	0.0	1.1	0.7	0.0	0.0	0.0	0.0	0.0
Total Equity	0.0	0.0	0.0	0.0	0.0	5.4	4.8	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	0.0	0.0	0.0	0.0	0.0	5.4	4.8	0.0	0.0	0.0	0.0	0.0
Sales	0.0	0.0	0.0	0.0	0.0	5.6	6.7	0.0	0.0	0.0	0.0	0.0
Cost of Sales	0.0	0.0	0.0	0.0	0.0	(5.0)	(2.0)	0.0	0.0	0.0	0.0	0.0
Gross Income	0.0	0.0	0.0	0.0	0.0	0.6	4.8	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	n/a	n/a	n/a	n/a	n/a	10.0%	70.9%	n/a	n/a	n/a	n/a	n/a
SG&A	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0
SG&A / Sales (%)	n/a	n/a	n/a	n/a	n/a	2.1%	0.0%	n/a	n/a	n/a	n/a	n/a
Pre-Tax Income	0.0	0.0	0.0	0.0	0.0	0.5	4.8	0.0	0.0	0.0	0.0	0.0
Tax Rate (%)	n/a	n/a	n/a	n/a	n/a	23.2%	0.0%	n/a	n/a	n/a	n/a	n/a
Income (Tax)/Benefit	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Net Income/(Loss)	0.0	0.0	0.0	0.0	0.0	0.4	4.8	0.0	0.0	0.0	0.0	0.0
Net Margin (%)	n/a	n/a	n/a	n/a	n/a	6.9%	70.9%	n/a	n/a	n/a	n/a	n/a
Net Inc/(Loss), Min Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Inc/(Loss), Equity	0.0	0.0	0.0	0.0	0.0	0.4	4.8	0.0	0.0	0.0	0.0	0.0

Source: Company Reports

# THE GLOBAL SPIN-OFF REPORT

Subsidiary	South Trade Shipping Co. Inc.						Total Subsidiaries					
	Marshall Islands											
Ownership	100%											
Year	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Total Assets	5.1	0.0	0.0	0.0	0.0	0.0	1,803.0	1,806.4	2,078.5	2,075.2	2,182.3	3,109.6
Total Liabilities	0.6	0.0	0.0	0.0	0.0	0.0	960.4	970.5	1,029.2	1,054.7	1,469.3	2,198.8
Total Equity	4.5	0.0	0.0	0.0	0.0	0.0	842.6	836.0	1,049.3	1,020.5	713.0	910.8
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	15.9	3.4	8.9	13.0	11.7	17.9
Shareholders' Equity	4.5	0.0	0.0	0.0	0.0	0.0	826.6	832.5	1,040.5	1,007.5	701.3	892.9
Sales	6.7	0.0	0.0	0.0	0.0	0.0	2,459.6	2,504.0	2,721.5	2,898.6	1,733.9	2,881.4
Cost of Sales	(2.2)	0.0	0.0	0.0	0.0	0.0	(2,131.0)	(2,418.3)	(2,354.2)	(2,705.7)	(1,858.4)	(2,453.2)
Gross Income	4.5	0.0	0.0	0.0	0.0	0.0	328.6	85.7	367.3	192.9	(124.5)	428.2
Gross Margin (%)	66.6%	n/a	n/a	n/a	n/a	n/a	13.4%	3.4%	13.5%	6.7%	-7.2%	14.9%
SG&A	(0.0)	0.0	0.0	0.0	0.0	0.0	(257.8)	(241.4)	(282.6)	(286.2)	(194.8)	(210.6)
SG&A / Sales (%)	0.1%	n/a	n/a	n/a	n/a	n/a	10.5%	9.6%	10.4%	9.9%	11.2%	7.3%
Pre-Tax Income	4.5	0.0	0.0	0.0	0.0	0.0	72.1	1.6	183.7	34.1	(306.5)	237.4
Tax Rate (%)	0.0%	n/a	n/a	n/a	n/a	n/a	9.5%	336.8%	8.3%	55.4%	n/a	16.2%
Income (Tax)/Benefit	0.0	0.0	0.0	0.0	0.0	0.0	(6.9)	(5.5)	(15.3)	(18.9)	(21.4)	(38.4)
Net Income/(Loss)	4.5	0.0	0.0	0.0	0.0	0.0	65.2	(3.9)	168.4	15.2	(327.9)	199.0
Net Margin (%)	66.6%	n/a	n/a	n/a	n/a	n/a	2.7%	-0.2%	6.2%	0.5%	-18.9%	6.9%
Net Inc/(Loss), Min Int	0.0	0.0	0.0	0.0	0.0	0.0	6.3	(14.7)	4.6	7.4	3.7	10.5
Net Inc/(Loss), Equity	4.5	0.0	0.0	0.0	0.0	0.0	59.0	10.8	163.8	7.8	(331.6)	188.5

Source: Company Reports